

# Hawaii Tourism Authority

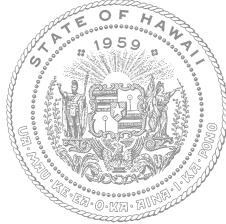


2006 Annual Report to the Hawaii State Legislature

# 2006

October 31, 2006





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## Letter from the Hawaii Tourism Authority

On behalf of the Hawaii Tourism Authority (HTA), we are pleased to present HTA's 2006 Annual Report to the Hawaii State Legislature. This report covers the agency's programs, activities, challenges, and accomplishments during the 2006 calendar year. A summary of these highlights are recapped below:

- Co-sponsored along with the Office of Hawaiian Affairs and the Native Hawaiian Hospitality Association, the first-ever Native Hawaiian Tourism Conference. More than 200 people attended the conference that provided a venue to discuss the impact of tourism on the Native Hawaiian community and identify key strategies to address concerns of the Hawaiian community as they relate to Hawai'i's visitor industry.
- Awarded funding support to 14 organizations through its Hawaiian Culture Program for projects that helped to strengthen the relationship between the visitor industry and the Hawaiian community; nurture the Hawaiian culture by creating visitor experiences, activities and marketing programs that are respectful and accurate; and support Hawaiian practitioners and artists who preserve and perpetuate the Hawaiian culture.
- Worked with industry representatives, community members and government agencies in all four counties to gather input for the development of individual county tourism strategic plans. Completed plans identify a vision for tourism in each county and outline a roadmap for achieving it.
- Launched a communications campaign developed to highlight the programs around the state in which the visitor industry and community are working together to make Hawai'i a better place for everyone.

Overall, this year, has been a successful one for the HTA and Hawai'i's visitor industry. In addition to the industry's strong performance in 2006, much progress by HTA and others has been made on the *Hawai'i Tourism Strategic Plan: 2005 – 2015*. The plan calls for building a sustainable industry in the future and identifies a shared vision that places Hawai'i's people and heritage at the top, along with natural and cultural resources, a vital economy and an enriched visitor experience.

In closing, we would like to thank the board members and staff of HTA for their continued hard work, commitment and dedication to our organization. We would also like to thank all of those in the public and private sectors for their ongoing support. We look forward to continuing our partnership with each and every one of you as we strive to make Hawai'i the best place to live, visit and work.

Mahalo,



Douglas K. Chang  
HTA Chair



Rex D. Johnson  
HTA President & CEO

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# Hawaii Tourism Authority

(as of October 31, 2006)

<b>Members</b>	<b>Representation</b>
Douglas Kahikina Chang, Chair General Manager Hotel Hana Maui	At-Large
Leon Yoshida, Vice-Chair President Sawayaka Hawaii, Inc.	At-Large
Kelvin Bloom President ResortQuest Hawaii, LLC	At-Large
Vernon Char Attorney at Law Char Sakamoto Ishii Lum & Ching	At-Large
Patricia Ewing Owner Kong Lung Company	County of Kaua'i
Rodney Haraga Director State of Hawai'i, Dept. of Transportation	Ex-officio
Gail Y. Haraguchi Deputy Director City & County of Honolulu Dept. of Enterprise Services	At-Large
Kawaikapuokalani K. Hewett Cultural Health Director Waimanalo Health Center	Hawaiian Culture
Kyoko Kimura President & General Manager Diamond Resort Hawaii	County of Maui
Michael Kobayashi President Kobayashi Travel Services, Ltd.	At-Large
John J. Toner Executive Vice President Ko Olina Resort	At-Large
Sharon Weiner Group Vice President, Business Development Public Relations and Consumer Marketing DFS Pacific Group	City & County of Honolulu

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**Members (continued)****Representation**

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Marsha Wienert Tourism Liaison State of Hawai'i, Governor's Office	Ex-officio
Ronald Yamakawa Executive Director State of Hawai'i, State Foundation on Culture & the Arts	Ex-officio
Stephen Yamashiro Consultant	County of Hawai'i
Peter Young Chair State of Hawai'i, Board of Land and Natural Resources	Ex-Officio

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**HTA Staff**

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Rex D. Johnson	<i>President &amp; Chief Executive Officer</i>
Momi Akimseu	<i>Strategic Planner</i>
Caroline Anderson	<i>Marketing Manager</i>
Muriel A. Anderson	<i>Director of Tourism Programs</i>
Lynn D. Bautista	<i>Contracts Specialist</i>
Sharon M.L. Freitas	<i>Communications Officer</i>
Kay Fujimoto	<i>Executive Secretary</i>
Jadie Goo	<i>Administrative Assistant</i>
Frank Haas	<i>Director of Tourism Marketing</i>
Irene Iha	<i>Administrative Assistant</i>
Lois Kajiwara	<i>Administrative Assistant</i>
Lorraine Koike	<i>Tourism Specialist</i>
Robbie Kane	<i>Product Development Coordinator</i>
Stella V. Montero	<i>Budget/Fiscal Officer</i>
Andrea Oka	<i>Administrative Assistant</i>
Winfred Pong	<i>Project Manager</i>
Michele Shiowaki	<i>Administrative Assistant</i>
Michael Story	<i>Sports Events Manager</i>
Vengie S. Talaro	<i>Secretary</i>
Lloyd I. Unebasami	<i>Chief Administrative Officer</i>
Keli'i Wilson	<i>Hawaiian Cultural Coordinator</i>

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# I. Overview of the Hawaii Tourism Authority

## Background

In 1998, the Hawaii Tourism Authority (HTA) was established through a legislative act as the lead agency and advocate for Hawai'i's visitor industry. This same act also established the Tourism Special Fund – a set percentage of transient accommodations tax (TAT) collections that is assessed on hotels, vacation rentals and other accommodations – that is used by HTA to market, develop and support Hawai'i's visitor industry.

Among its responsibilities as the state's tourism agency, the HTA is charged with the following:

- Setting tourism policy and direction from a statewide perspective;
- Developing and implementing the state's tourism marketing plan and efforts;
- Administering programs and activities to sustain a healthy visitor industry for the state;
- Developing and monitoring implementation of the State Tourism Strategic Plan; and
- Coordinating tourism-related research, planning, promotional, and outreach activities with the public and private sectors.

## HTA Mission

*To strategically manage Hawai'i tourism in a sustainable manner consistent with our economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs.*

## HTA Values

As an organization, and among ourselves and others, we value:

- Openness and respectfulness;
- Collaboration and partnership;
- Our host and multi-ethnic cultures;
- Social responsibility to our community; and
- Excellence and integrity in who we are and what we do.

## HTA Vision Statement

To be recognized as an exemplary tourism organization, respected by our community, our visitors, the visitor industry, and ourselves.

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## II. Organization of the HTA

The HTA Board of Directors is a policy-making board that is guided by a Chair and Vice-Chair who are elected by their peers for a one-year term of leadership. The HTA Board of Directors has 16 members who represent the visitor industry, business community, community-at-large, and government, as well as Hawai'i's four counties. Both the private and public sectors are also represented.

The primary purpose of the Board is to set broad policies and directions for the HTA's activities, consistent with the *Hawai'i Tourism Strategic Plan: 2005-2015* (State TSP). This 10-year plan identifies nine initiatives for the industry that make up the framework under which the HTA develops and implements its tactical programs and activities throughout the year.

### Board Committees

In developing policy recommendations and directions on tourism matters, the Board uses various standing committees, as outlined below:

- **Administrative Standing Committee** makes policy recommendations related to the evaluation of the executive director and the administration of the HTA. Committee members: Douglas Chang (Chair), Leon Yoshida (Vice-Chair) and John Toner.
- **Budget & Audit Standing Committee** develops policies to ensure the financial integrity of the HTA through the proper allocation and expenditure of funds in a manner consistent with the Board's policies and objectives, and ensures that funds are properly expended under a budget previously approved by the Board. Committee members: Stephen Yamashiro (Chair), Vernon Char (Vice Chair), Kelvin Bloom, Kyoko Kimura, and Marsha Wienert.
- **Marketing Standing Committee** makes policy recommendations on initiatives that relate to promoting the visitor industry. Committee members: Sharon Weiner (Chair), Kyoko Kimura (Vice Chair), Kawaikapuokalani Hewett, Michael Kobayashi, John Toner, Ronald Yamakawa, and Leon Yoshida.
- **Strategic Planning Standing Committee** makes policy recommendations relating to Research and Planning. Committee members: Gail Haraguchi (Chair), Marsha Wienert (Vice Chair), Patricia Ewing, Rodney Haraga, Kawaikapuokalani Hewett, Michael Kobayashi, Stephen Yamashiro, and Peter Young.

This year, the Board also utilized the following investigative committees:

- **Sports Investigative Committee** assisted the HTA to assess the feasibility of a Hawai'i Sports Commission, Committee or other structure to enhance sporting activities in the state. Committee members: Marsha Wienert (Co-Chair), Gail Haraguchi (Co-Chair), Vernon Char, and Leon Yoshida.



- **O‘ahu Field Trip Investigative Committee** provided findings related to various visitor attractions and product development initiatives on the island of O‘ahu. Committee members: Vernon Char, Gail Haraguchi, Sharon Weiner, and Leon Yoshida.

## HTA Staff and Operations

The HTA’s President and Chief Executive Officer reports directly to the HTA Board of Directors and is responsible for assisting the Board in its responsibility to execute the mandates of Chapter 201B, HRS. This includes carrying out board policies, administering HTA programs and overseeing the agency’s day-to-day operations. To accomplish these tasks, the President and Chief Executive Officer is supported by a staff that performs work in-house. In addition, HTA staff worked with various professionals in their respective fields to accomplish the necessary work in various areas, as outlined below:

- Tourism marketing in the leisure and business segments: Hawai‘i Visitors and Convention Bureau (HVCB) for the North America Major Market Area and Corporate Meetings and Incentives (CMI) market; Hawai‘i Tourism Japan for the Japan Major Market Area; Hawai‘i Tourism Asia for the Other Asia Major Market Area; Hawai‘i Tourism Europe for the Europe Major Market Area; and Hawai‘i Tourism Oceania for Australia and New Zealand;
- Management and marketing of the Hawai‘i Convention Center: SMG;
- Research efforts and accountability studies: TNS; Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism; SMS Research & Marketing Services, Ltd.; John Knox & Associates; OmniTrak Group, Inc.; Market Trends; and the University of Hawai‘i School of Travel Industry Management (UH-TIM);
- Product Development, Natural Resource and Hawaiian Culture efforts: County of Hawai‘i’s Department of Research and Development, County of Kaua‘i Office of Economic Development, County of Maui’s Office of Economic Development, and City & County of Honolulu’s Office of Economic Development, Native Hawaiian Hospitality Association and various community groups statewide;
- Legislative and Government Affairs: Okudara & Associates;
- Communications services: Stryker Weiner & Yokota Public Relations and Digital Mediums; and
- Financial Services: Bank of Hawaii.

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### III. Hawai'i Tourism Strategic Plan (State TSP) and HTA's Efforts in each of the Nine Initiatives

In 2004, the HTA, with much assistance and input from the industry and the broader community, developed the *Hawaii Tourism Strategic Plan: 2005-2015* (State TSP). This 10-year plan, which is focused on creating a sustainable future for Hawai'i's visitor industry, identifies a shared vision for Hawai'i tourism by industry stakeholders:

*By 2015, tourism in Hawai'i will:*

- Honor Hawai'i's people and heritage;*
- Value and perpetuate Hawai'i's natural and cultural resources;*
- Engender mutual respect among all stakeholders;*
- Support a vital and sustainable economy; and*
- Provide a unique, memorable and enriching visitor experience.*

The plan also provides a roadmap for achieving that vision, including the following components:

- Guiding principles and Native Hawaiian values;
- Performance indicators to help measure the collective success in achieving the vision for Hawai'i's visitor industry;
- Nine strategic initiatives, each with its own goal, that were identified as the priorities needed to achieve the vision; and
- Lead and support partners in the public and private sectors that need to work together on each initiative to achieve the overall vision.

A successful and sustainable visitor industry will not be the result of the work of any one organization. This is a plan for all of Hawai'i and all stakeholders to take responsibility for their role in the plan, to work together to address issues as they arise and to achieve overall success. Therefore, consistent with the philosophy of the State TSP, the HTA develops its own agency programs and plans within each of the nine initiatives, which are listed below:

- Access
- Communications and Outreach
- Hawaiian Culture
- Marketing
- Natural Resources
- Research and Planning
- Safety and Security
- Tourism Product Development
- Workforce Development

Presented over the following pages, is a brief narrative of the HTA's programs and activities for each of the nine initiatives for the period January 1, 2006 through October 31, 2006. Note that the budgeted allocations for each of the initiatives is also provided, although these amounts may differ from the final expenditures for the year.

## A. Access

Goal: *To maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawai'i.*

2006 Budget: \$2,600,000

For this initiative, the HTA plays a supporting role, and its primary programs include the following:

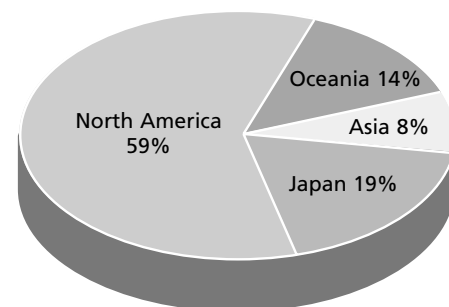
- **Statewide Airport and Harbor Greetings Program.** Facilitating positive arrival and departure experiences and ensuring a "Hawaiian sense of place" is one of the strategies within the Access initiative of the State TSP. As such, HTA provided support for a Statewide Greetings Program that included entertainment, services, physical amenities, and other support at harbors and airports throughout Hawai'i. This year's program included a significant increase of resources from the previous year, which allowed for continued services at all major harbors with cruise ship activity as well as an expansion of services to all major airports throughout the state. In particular, an expanded program was developed for the Honolulu International Airport that included training opportunities for airport employees. As part of this overall program, the HTA meets quarterly with representatives from each Greetings Program provider. These meetings provide a venue for discussing and sharing ideas, and an opportunity to check on the progress of work.

HTA's partners in this effort include: Aloha Boat Days (Honolulu Harbor), County of Hawai'i (Hilo and Kona Airports), County of Kaua'i (Nāwiliwili Harbor and Līhu'e Airport), State Department of Transportation (Honolulu International Airport), Destination Hilo Association (Hilo Harbor), Destination Kona Coast (Kona Harbor), and the Maui Visitors Bureau (Kahului Harbor and Kahului Airport).

- **Airlift Development Program.** Ensuring adequate lift to Hawai'i is one of the objectives within the Access initiative in the State TSP. As such, HTA invested in cooperative programs in conjunction with airlines and travel wholesalers to support the following:
  - Routes with low yields or load factors;
  - Untapped marketing opportunities; and/or
  - Routes that are at risk of cancellation.

To be considered for the cooperative programs, proposals were required to provide at least a 1:1 match with partner funds. HTA reviewed the proposals submitted by airline/wholesale partners through its marketing contractors.

**2006 Airline/Wholesale Co-Op**



All Major Market Areas (MMAs) with the exception of Europe received funding, although the majority of programs funded were in the North America market. Examples of the 2006 cooperative programs include the following:

- A spring and fall campaign with Hawaiian Airlines, Creative Holidays, and Flight Centre in the Australian market.
  - Consumer in-theatre media and a familiarization tour for authorized Korean travel agents with Korean Airlines.
  - Trade program and brochure support for Continental Airlines' Nagoya operations.
  - Joint promotions with a Japanese travel agency to conduct tours for seniors to fly Northwest Airlines business class.
  - "Sports & Smile" brochure featuring Japan Airlines sports events in Hawai'i.
  - Campaign with American Airlines Vacations highlighting the Hawai'i vacation product through *American Way* magazine advertisements, aavacations.com, emails, and aa.com.
  - Advertisement placements with Apple Vacations on the Internet, TV, newspaper, radio, in addition to promotional giveaways. Primary markets included Chicago, Denver, Los Angeles, San Francisco, Phoenix, San Diego, Seattle, San Jose, and Philadelphia.
  - Campaign with Pleasant Holidays in the San Francisco and Los Angeles market, featuring television advertising on NBC and NBC's Weather Plus.
- **Airlines and Cruise Industry Meetings.** In order to maintain close relations with airlines serving Hawai'i, HTA's top executives meet with their airline counterparts annually to discuss their concerns, operating issues and outlooks. This year, meetings were held with 15 airlines from the U.S. East, U.S. West, Japan, Other Asia, and Oceania including Air New Zealand, All Nippon Airlines, Aloha Airlines, American Airlines, China Airlines, Continental Airlines, Delta Airlines, Eva Airlines, Hawaiian Airlines, Japan Airlines, Korean Airlines, Mesa Airlines, Northwest Airlines, Qantas Airlines, and United Airlines. HTA also met with representatives from the cruise industry to discuss mutual concerns, research issues and talk about future plans.

## B. Communications and Outreach

Goal: *To facilitate interaction among all stakeholders, improve the lines of communications and enhance greater understanding of roles, values and concerns.*

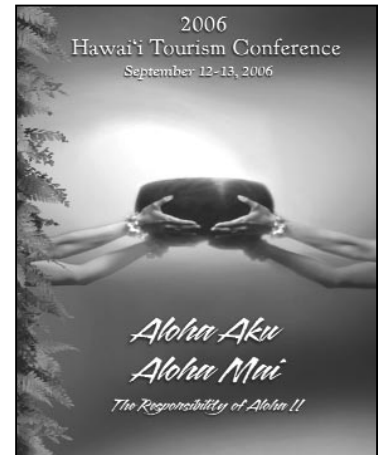
2006 Budget: \$525,000

Consistent with the goal of this initiative, the HTA's communication efforts are intended to provide information to key constituencies about agency plans and programs as well as educate the public about tourism issues including the role the industry plays in Hawai'i. Within this initiative, the HTA's primary programs for the year included the following:

- **Media Relations and Publicity Efforts.** To educate the public about HTA, its activities and the industry, press releases and monthly electronic newsletters were prepared and

disseminated; speeches and presentations were given to more than 40 tourism and non-tourism organizations within and outside of Hawai'i; and media briefings, editorial boards and press conferences were held throughout the year.

- **Hawaii Tourism Conference.** On September 12-13, 2006, the HTA held its 3rd Hawai'i Tourism Conference – *Aloha Aku, Aloha Mai ~ The Responsibility of Aloha II* at the Hawai'i Convention Center. The purpose of the conference was to bring together Hawai'i's visitor industry to learn about current trends, market developments and issues occurring in the global and local visitor industry. The two-day conference featured experts and respected community leaders from around the nation, across the world, and in Hawai'i. The first day featured presentations on research findings, ideas and trends in the areas of: consumer markets trends in Japan and the U.S.; corporate meetings and incentives; destination crisis management; Hawai'i visitor statistics; niche markets (including arts, culture, sports, festivals, voluntourism); and airline industry trends. Peter Greenberg of NBC's *Today Show* was the keynote luncheon speaker. The second day featured presentations of the 2007 tourism marketing plans from HTA's marketing partners. Approximately 465 people attended the conference, which overall received positive evaluations.



- **Learn About the Visitor Industry Campaign.** This campaign began in 2005 and was originally designed to educate key individuals not usually involved in tourism about HTA – its plans and programs – and the industry, through special briefings, tours of HTA-sponsored projects, site visits and ongoing dialogue. Additionally, HTA recognized that the agency itself was another important audience. As a result, this program was expanded to include all-day familiarization (fam) tours for HTA board and staff to experience various tourism-related activities and programs throughout the state in conjunction with HTA monthly board meetings. In 2006, this effort was conducted in Maui and Waikīkī.



*Ancient Hawaiian tool demonstration at the Outrigger Waikiki*

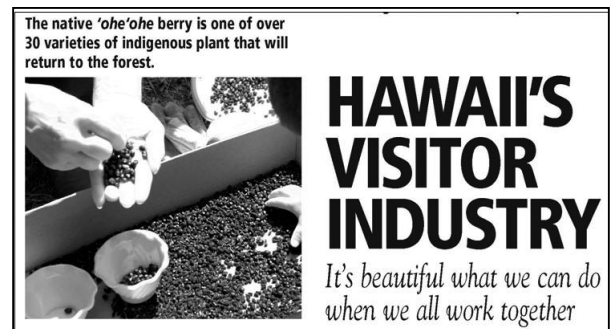
- **Visitor Industry Communications Campaign.** HTA's ongoing efforts to educate the public about tourism includes this campaign, which highlights programs around the state that are supported by the visitor industry and that demonstrate how the visitor industry and community are working together to make Hawai'i better for all. Featured projects in the campaign included:



*Ali'i Kula Lavendar Farm on Maui*

- A trail restoration project on Kaua'i organized by the community group Hui o Laka;
- The restoration and preservation of the Moku'ula on Maui, the royal compound of Kamehameha III;
- The Academy of Hospitality and Tourism (AOHT) Programs on the islands of O'ahu, Maui and Kaua'i that provide hands-on learning experiences for students in grades 10-12 who are interested in the field of travel and tourism; and
- The Visitor Industry Charity Walk that raises funds for various local charities around the state.

The campaign, which included a series of radio, print and television ads was sponsored in part by HTA, along with the Hawaii Hotel & Lodging Association, Hawaii Restaurant Association, Outrigger Hotels and Resorts, Sheraton Hotels in Waikiki, Hilton Hawaiian Village Beach Resort & Spa, and DFS Hawaii.



- **Other Communication efforts for the year included:**

- Web site development and enhancement for:
  - HTA's Web site ([www.hawaii-tourism-authority.org](http://www.hawaii-tourism-authority.org)) which provides information about HTA programs, plans, activities, and the agency; and
  - Travel Smart Hawaii's Web site ([www.travelsmarthawaii.com](http://www.travelsmarthawaii.com)) which provides information on trip preparation, planning and safety information for travel to and from Hawai'i. This Web site was especially useful in providing the latest information on the various events that occurred this year, including weather-related impacts, natural disasters, up-to-date airport security measures, and new smoking laws.
- Ad development and photography of HTA-supported events for use in brochures, Web sites and other informational materials.
- Crisis Communications Support.

- **Legislative Services.** In preparation for the 2006 legislative session, HTA, together with its government affairs contractor, Okudara & Associates, met with representatives from the community, industry and government throughout the state to talk about island issues and establish priorities for the legislative session. During the session, HTA maintained ongoing communication with legislative leadership, committee chairs and administration personnel to advocate for measures that strengthened and supported the agency, industry and the state, while countering opposing measures. Overall, it was a very successful session for the HTA. Major outcomes are listed below:

- Act 209, SLH 2006 became law on June 20, 2006. The purpose of this Act was to increase deposits into the Convention Center Enterprise Special Fund (CCESF), to ensure that the Hawai'i Convention Center has adequate resources to be maintained at the level

expected of a world-class facility. Previously, this fund was capped at \$31 million annually. This bill increased deposits into this fund from \$31 million to \$33 million. Additionally, another \$1 million was provided for the Center as part of a Capital Improvement Reserve Fund.

- Act 306, SLH 2006 became law on July 11, 2006. The purpose of this Act was to change the sunset date of HTA's authority to supervise its own accounts, appoint a sports coordinator, retain independent attorneys in certain contract situations, and expend five percent of its moneys for administration from 2007 to 2010. These provisions were given to the HTA following the 2004 legislative session and have allowed the agency to be more responsive, as well as to operate more efficiently and effectively.
- Act 250, SLH 2006 became law on June 29, 2006. This Act amended the Land Use Law to describe agricultural tourism as a permissible use on lands classified as agriculture. Previously, the land use law was silent on whether "agricultural tourism" was a permissible use on lands classified as agricultural.
- In addition to legislative meetings in all counties, outreach efforts for the year included board meetings on the islands of O'ahu, Hawai'i, Maui, and Kaua'i, as well as specific meetings on marketing and product development initiatives.

## C. Hawaiian Culture

Goal: *To honor and perpetuate the Hawaiian culture and community.*

2006 Budget: \$1,500,000

The HTA's efforts in this initiative include the *Keep it Hawai'i* Recognition Awards, a Native Hawaiian Signature Events Program, support for the Native Hawaiian Hospitality Association, and a general community program to *develop and implement projects that support the Hawaiian Culture initiative*, a strategy identified in the State TSP.

- **Hawaiian Culture Program.** In 2004, the HTA formed a Hawaiian Cultural Program Advisory Council (HCPAC) representing key agencies involved with the Hawaiian community, visitor industry representatives, cultural practitioners, and each county. The HCPAC was formed to advise the HTA on addressing the goal of this initiative. This successful partnership has continued throughout 2006 with the HCPAC assisting in expanding upon the Hawaiian Culture Program and related efforts.

Through the general program and with the help of the first ever public request for proposal for projects that help to perpetuate the Hawaiian culture, the HTA provided support to 18 projects throughout the state. (A complete list of these projects is available on HTA's Web site at [www.hawaiitourismauthority.org](http://www.hawaiitourismauthority.org).) The program will continue to develop under the direction of HTA's new Hawaiian Cultural Coordinator.

- **Keep it Hawai'i Program.** The Keep it Hawai'i Recognition Awards Program provides a venue for recognizing individuals, community organizations and businesses across the state who authentically portray the Hawaiian culture and who have demonstrated commitment to honor and perpetuate the Hawaiian culture and community, thus providing visitors and residents with opportunities to experience the true culture. The recipients of this program also serve as role models to encourage others to engage in similar efforts throughout the state.

The HTA announced the *2006 Keep it Hawai'i Award* recipients at an awards ceremony in July. One of the awards – *Koa Award - Kū Kilakila Ka Ulu Koa i Ka Nahelehele* – Standing Dignified, the Grove of Koa in the Forest – was instituted to be bestowed upon an individual, community organization or business that best exemplifies a long-term and exemplary commitment to helping preserve and perpetuate Hawai'i's host culture for visitors and residents alike. This award was presented to the **Pacific Islands Institute** for providing learning experiences in Hawai'i and the South Pacific for over 15 years.



*HTA board chair Doug Chang with (from left to right) Karen Lockwood, Andrew Lockwood and Leslie Pelton of Pacific Islands Institute, recipient of the Koa Award.*

Additionally, *He Kahili Kū Ki'eki'e* – A Kahili Standing Majestic – the *2006 Kahili Awards* were presented to the following:

- City & County of Honolulu, Individual: Francis S. Oda for ensuring that his architectural and planning projects are true to the history of Hawai'i, its land, people and traditions;
- County of Maui, Community Organization: Kauahea Inc. for "Ka 'Aha Hula 'O Halauaola," a world conference on hula and Hawaiian cultural practices;
- City & County of Honolulu, Business: Hawaiian Airlines for its "Hawaiian Skies In-Flight Video Entertainment," which showcases island people, language, activities and places;
- County of Kaua'i, Business: Aloha Beach Resort Kaua'i for "Wailuanuiaho'ano: Great Sacred Wailua," which provides visitors with authentic activities and experiences that expose them to Kaua'i's unique history and rich culture;
- County of Kaua'i, Business: Waimea Plantation Cottages for its "Kūpuna Outreach Program"; and
- Out-of-State: Ad Wave Advertising for "Hula Le'a Magazine," a quarterly magazine, published in Japan and dedicated entirely to the art of hula.

The HTA also presented the *He Kuleana Ke Aloha* award to recognize those who have built a "legacy of aloha," who continually strive to honor and perpetuate the Hawaiian culture, and who have spent a lifetime towards this effort. For 2006, the *He Lei Hulu Kau Hanohano* – A Feather Lei Placed in Honor – was presented to the family of the late 'Anakala Edward Todoc Ka'anānā, Herb Kawainui Kane, Pius Mau Pailug, and the family of the late R. Dwayne "Nakila" Steele. (A complete list of the awards is available on HTA's Web site.)



- **Native Hawaiian Signature Events Program.** The HTA provided funding support to the event organizers of the three signature events identified as having potential to help preserve and perpetuate Hawai'i's culture and history:

- Prince Kūhio Celebration, which is held each year in March, helps to educate residents and visitors on his many achievements and contributions;
- King Kamehameha Celebration, which is held annually in June, honors Hawai'i's first monarch; and
- Aloha Festivals, which is held each year in September, helps to draw visitors to Hawai'i during one of the major shoulder seasons.



*Aloha Festivals*

- **Native Hawaiian Hospitality Association (NaHHA).** The State TSP includes a strategy to support organizational capacity building of NaHHA to take the lead in planning and implementing various strategies to honor and perpetuate the Hawaiian culture. To that end, the HTA provided support to NaHHA and has been working with them to develop a master plan by end of 2006 to address the Hawaiian Culture initiative of the State TSP. This year, NaHHA also coordinated and implemented the 2006 Native Hawaiian Tourism Conference as part of its effort to build partnerships with the Hawaiian community and to gather input for the Master Plan.

## D. Marketing

Goal: *To develop marketing programs that contribute to sustainable growth.*

2006 Budget: \$50,125,000

The HTA's primary responsibility is to oversee the efforts to market Hawai'i to the world in both the leisure and business markets. Within this initiative, HTA's primary marketing efforts are categorized as follows:

### Marketing Categories

	Budget (in \$ millions)
Leisure Marketing	\$33.74
Hawai'i Arts Season	\$0.15
Marketing Resource Book	\$0.075
Corporate Meetings & Incentives	\$2.48
Hawai'i Convention Center	\$4.0
Marketing Flexibility Fund	\$2.0
Sports	\$7.68
<b>TOTAL</b>	<b>\$50.125</b>

**1) Leisure Marketing.** The HTA's leisure marketing strategy is to attract active, higher-spending visitors to Hawai'i by targeting key consumer groups and optimizing marketing programs to attract more visitors in the Spring and Fall "shoulder" periods. In 2006, HTA continued to meet with industry partners, monitor Hawai'i's visitor industry and visitor markets, and focus on four areas:

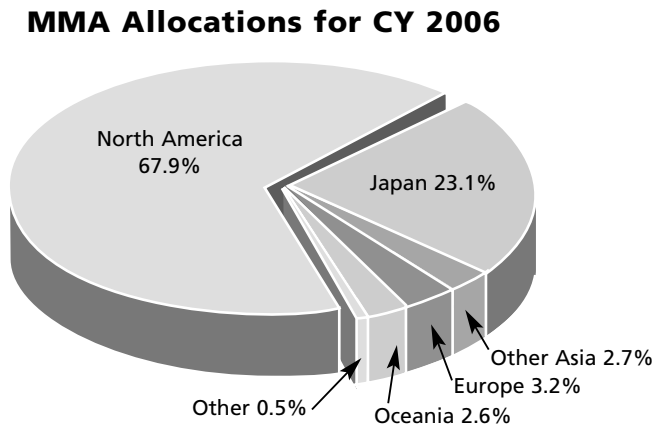
- Collaboration with and management of the marketing contractors;
- Creation of the 2006 Hawai'i Arts Season;
- Implementation of research studies to measure marketing effectiveness and a variety of issues, including awareness of programs; perceptions by U.S. and Japanese long distance travelers and visitors to Hawai'i; and visitor segmentation analysis; and
- Development of a cultural evaluation system for marketing materials.

**Management of the Marketing Contractors.** On February 9, 2006, the HTA board approved a four-year extension to the five marketing organizations that provide global leisure marketing services: Hawai'i Visitors & Convention Bureau (HVCB); Hawai'i Tourism Japan; Marketing Garden, Ltd. (working as Hawai'i Tourism Asia); The Mangum Group (working as Hawai'i Tourism Europe); and The Walshe Group (working as Hawai'i Tourism Oceania).



Of the total leisure marketing budget, nearly 90 percent of the funds were allocated to Hawai'i's three largest source markets (or major market areas – MMAs): North America (U.S. West and U.S. East) and Japan.

<b>2006 Leisure Budget</b>	
MMA's	\$\$
North America	22,927.0
Japan	7,810.0
Other Asia	900.0
Europe	1,070.0
Oceania	883.0
Other	155.0
<b>TOTAL</b>	<b>33,745.0</b>
* Includes rollover funds from 2005.	



Leisure marketing highlights by MMA are provided below:

- **North America.** The HVCB's 2006 marketing plan is designed to:
  - Develop critical mass with marketing programs that target a select portfolio of market segments;
  - Target higher spending, longer staying, experiential travelers;
  - Leverage programs that fill-in spring and fall shoulder seasons; and
  - Maintain a consistent brand position throughout North America.

Highlights include the following:

- *Aloha Swing* golf promotion on Golf TV during the Spring Season;
- *Hawaii Culture & Arts Dream Vacation* advertising and promotion via TV, print, and the Web, which introduced North American consumers to the multitude of culture and arts activities unique to Hawai'i in the 2006 Hawai'i Arts Season;
- Television, print and on-line advertising and promotions;
- Relaunch of the *Hawaii Destination Specialist* program for travel agents;
- Filming of PBS' *Antiques Roadshow*, scheduled to air in January 2007; and
- Participation in over 150 training seminars, trade shows and events;
- *Picture Hawai'i* Fall Marketing Campaign, a comprehensive marketing program of online, print and TV advertising, and P.R. activities. The islands are marketed through the eyes of residents, and the centerpiece is an online collection of 300 photos submitted by residents of activities, venues and sights at [www.gohawaii.com](http://www.gohawaii.com). The photos are part of the special interactive vacation planning tool; and
- Creation of the 2007-2010 Waikiki Marketing Plan to "relaunch" the new Waikiki, which will be implemented next year.



- **Japan.** Hawai'i Tourism Japan's (HTJ) 2006 marketing plan is designed to re-brand Hawai'i as a destination worth traveling to and improving the quality of its visitors by communicating advantages offered by Hawai'i and new reasons for visiting the islands. The campaign theme for Japan is *Discover Aloha*, which is meant to introduce a deeper understanding of Hawai'i in the Japan market. Highlights include the following:



- *Discover Aloha* television, radio and magazine advertisements;
- Development of new collateral materials that propose specific reasons to travel to Hawai'i, with a focus on hula, history and art, romance, and walking and running;

- Promotions with JCB (credit card company) for the "Discover Aloha Hawaii" campaign, which targeted JCB cardholders;
- Consumer promotions during Golden Week and summer, and the "Aloha Shirt Present" campaign (to take advantage of the government's energy saving suggestion of wearing light clothing while increasing room temperatures to save air conditioning);
- Continued development of travel trade educational programs, seminars and workshops; and
- Participation at consumer and travel trade shows, including: Tour Expo, JATA and World Travel Fair.



- **Other Asia.** Hawai'i Tourism Asia's (HTAsia) 2006 marketing plan positions Hawai'i as a compelling choice for a growing segment of the upscale traveling population from the Other Asia MMA, and focuses on three main geographic areas: China, Taiwan and South Korea. The main marketing activities include: intensive travel trade marketing campaigns; increasing media coverage through public relations and media tie-ups; broad-based market research; and strategic initiatives with Island Chapters, associations, airlines, and strategic partners. Highlights include the following:

- Hawai'i Tourism Korea (HTK) launched the *Aloha Honeymoon Visa Program* with six agents in September 2005. As of July 2006, the program has grown to 20 participating travel agents.
- HTK produced the first 150-page Korean language guidebook for Hawai'i.
- Participation in a number of major trade and consumer shows, including: Weddex (Korea), China International Travel Mart, World Travel Fair (China), Watabe Wedding/Garden Hotel Bridal Fair (China), and Kaoshiung Travel Mart (Taiwan).
- Editorial coverage in a number of publications, including: Golf Tips (Korea), ABroad (Korea), W (Korea), An JiaMagazine - China, Golf Digest (China), To Go Travel Magazine (Taiwan), and Traveler Magazine Mook (Taiwan).
- Hawaii Travel Mission in Seoul, Korea with over 200 trade members present.
- Agent training seminars in all three countries.
- Promotions with Rose Wedding Formalities in Shanghai, China. A dozen Chinese couples and a TV crew/ media crew of more than 30 arrived in Honolulu for a week-long wedding and honeymoon program covered by Chinese television, and surrounded by extensive promotions.



*HTK promoted Hawai'i to Honeymoon couples.*



*HTAsia (Taiwan) PR activities with Eva Airlines*

- **Europe.** Hawai'i Tourism Europe's (HTE) 2006 marketing plan is designed to increase the marketing and public relations exposure for Hawai'i in order to increase brand awareness for Hawai'i in the European market. Specifically, Hawai'i is promoted as "The Dream" to the European market. Emphasis continued to be placed on public relations, travel trade and consumer awareness. Highlights include the following:

- Development of the first German and English Hawai'i Travel Guide.
- *Hawaii's Aloha Academy* – an online travel agent training program in the U.K. was started in late 2005 in the languages of German, French and Italian.
- Golf /Activity/Romance/Luxury & Wellness promotions and campaigns were launched with partners including Wilson Golf, Fossil Consumer and Trade, Hawaiian Tropic, BHS department store, Mos Bros, Next Generation, and Fitness First.
- *Aloha on Tour* Sales and Media Mission held during July in the U.K, Ireland, Germany, Switzerland, and France.
- Tradeshows included: ITB, WTM, TTG Incontri, and London Golf Show in addition to many smaller shows and events.



*HTE partnered with Fossil for a Hawai'i promotion*



*HTE at ITB Berlin*

- **Oceania.** Hawai'i Tourism Oceania's (HTO) 2006 marketing plan is designed to support current airlift and explore new opportunities for increased lift through raising consumer brand awareness and creating consumer demand; increase travel agents' and consumers' destination knowledge through targeted promotional activity, specialist training and media efforts; increase visitor's length of stay by showcasing the islands, the activities, the host culture, and highlighting Hawai'i's unique selling points; and stimulate high-spending visitors, throughout the targeted segments of niche markets and position Hawai'i as a business and leisure destination.

Highlights include the following:

- Implementation of the *Hawaii Kuhina Specialist Program* on the Web.
- *Aloha Down Under Roadshow* held on May 31 to June 2, which provided a showcase for Hawai'i's visitor industry to Oceania's trade and media.
- *Experience Aloha* familiarization tour in Hawai'i with top travel agents.



*HTO's Kuhina program for travel agents*

- Production of *The Guide to Unique Hawaii* for the travel trade.
- Participation in trade and consumer shows such as: See America Trade Seminars, Flight Centre Expo, Luxury Travel show, Bridal Expo, and Golf Show.
- **2006 International Pow Wow.** The HTA, HVCB's Island Chapters, and HTA's international marketing partners representing Europe and Oceania, along with 24 Hawai'i vendors participated in the Travel Industry Association of America's 2006 International Pow Wow held in May in Orlando, Florida. The 38th Annual International Pow Wow brought international buyers in direct contact with domestic suppliers and allowed HTA and its marketing team to establish new, as well as maintain, existing travel relationships. More than 150 appointments were scheduled by the HTA



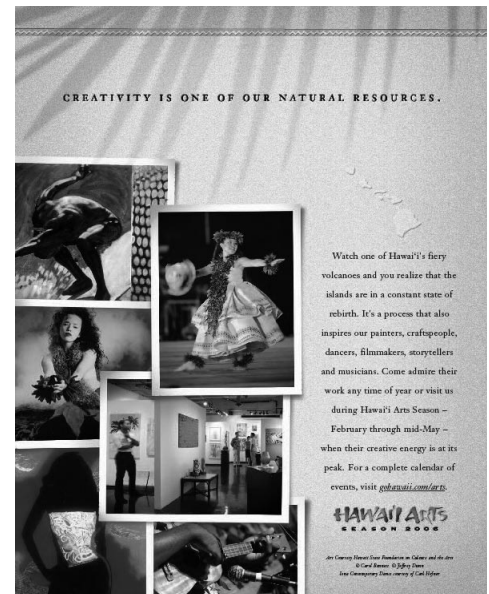
*Jill Gardner from HTO New Zealand presents to travel agents at Visit USA Auckland*



marketing team with international wholesalers and tour companies. In addition, an all-island media release highlighting travel announcements was distributed to more than 200 international media.

**2006 Hawai'i Arts Season.** To promote Hawai'i as a place with a countless variety of things to see, do and experience, the HTA collaborated with a cross section of cultural and arts organizations and the marketing contractors to develop and promote the third Hawai'i Arts Season (HAS) program. The program was marketed in the North America and Japan markets during Winter 2005 through Spring 2006, allowing the travel industry to incorporate events that showcased arts and culture into their collateral and product offerings. The HTA partnered with the Hawai'i Alliance for Arts Education to implement and manage this program, which included expanded efforts:

- Having island coordinators in each of the four counties to promote HAS statewide;
- Developing and distributing a "concierge book" to numerous hotels across the state, as well as the Hawai'i Arts Season logo to participating arts and cultural venues;
- Producing a 16-page insertion in *Honolulu Magazine*, which featured HAS; and
- Placing advertisements and articles of HAS in a number of publications, including *Travel Agent*, *Seattle Magazine*, *Los Angeles Times*, and *The New Yorker*.



Results from the 2006 Visitor Satisfaction Survey that asked specific questions on HAS showed the following:

- One out of seven visitors saw or heard about Hawai'i's arts and cultural events;
- Hawaiian or Pacific dance events topped the list of types of events, which visitors were aware of, followed by Hawaiian music and Hawaiian or Pacific cultural events; and
- Brochures, pamphlets, posters, and flyers were the dominant source of learning about HAS.

**Hawaiian Cultural Review of Marketing Materials.** The HTA contracted Anne Inouye Communications to develop guidelines and a process for the evaluation of future marketing materials. In addition to these guidelines, the contract calls for the development of a Marketing Resource Book. The Marketing Resource Book will be used by HTA and the private sector to promote an accurate and sensitive portrayal of the Hawaiian culture that is consistent with the Hawaiian Culture initiative of the State TSP. The Marketing Resource Book is scheduled for completion in mid-2007.

**2) Business Marketing.** The strategy for business marketing is to promote Hawai'i as a preferred destination for business tourism (to attend a meeting, convention or incentive conference) by increasing promotional presence and brand identity on a global basis. In 2006, the HTA continued to monitor and work with the Hawai'i Convention Center's Sales and Marketing Department and HVCB's Corporate Meetings and Incentives (CMI) Department to build Hawai'i's business brand to:

- Brand Hawai'i as a business destination - Hawai'i is an excellent place for corporate meetings and incentives **"Where Business and Aloha Meet"**;
- Expand and broaden sales efforts through collaborative partnerships; and
- Increase "Top of Mind" awareness for Hawai'i.

**HCC Sales and Marketing.** Below are highlights of SMG's marketing activities and accomplishments with respect to marketing the Hawai'i Convention Center (HCC):

- "Offer a Phenomenon" advertisements continued in publications such as *Tradeshow Week*, *Convene Magazine*, and *Association Management Magazine*.
- The Center received second place for the Pele Award of Excellence for the design of its Japanese Sales Kit. The Pele Award is a competition designed to recognize the best advertising and design work created in the Hawai'i market.
- Participation in trade shows and events, including: PCMA, Conference Direct, Direct Selling Association, MPI WEC Conference, ASAE - Annual Meeting, and IT&ME.
- Achievement of 87 percent of its targeted goal of 700,000 room nights in 2006.

**Room Nights (as of September 2006)**

	2004*	2005*	2006**	2007**	2008**
Room Nights	579,731	706,339	608,157	715,214	602,614
Goal	N/A	N/A	700,000	700,000	700,000

\* 2004 and 2005 are final numbers.

\*\* 2006 through 2008 are forecasted numbers based upon pace and added pick up.

Some of the major events held at HCC this year are listed below:

- For the first time in 44 years, the Risk and Insurance Management Society (RIMS) held its annual conference outside the continental U.S. bringing risk managers from international countries together at the HCC in April 2006. RIMS was one of the largest conferences bringing in more than a million pounds of exhibition freight to the Center.
- The 143rd American Veterinary Medical Association (AVMA) Annual Conference held in July 2006 set a record high of 10,291 attendees as compared to its previous record of 9,300 attendees, with the largest international participation in the 143-year history of the AVMA. One of the key initiatives that the HCC has implemented is the Attendance Marketing Partnership (AMP), which involved promotions and the creation of marketing programs in Japan, China, Korea, and Taiwan.
- The American Bar Association held its August 2006 Annual Meeting at the Center, with close to 9,700 registered delegates who attended the various events, including legal education programs, and an exhibition that showcased over 100 exhibitors.
- During September 2006, over 7,400 attendees and exhibitors came to Honolulu for the American Dietetic Association (ADA). Due to HCC's international attendance building program, there was key international participation from Japan, Korea, and for the first time, Australia.



*ADA – Attendees and exhibitors from the U.S. and Asia do business on the exhibit floor at the 2006 American Dietetic Association's (ADA) Food & Nutrition Conference & Expo (September 2006)*



*ASAE – HCC, HVCB CMI and Hawai'i's Destination Partners meet with customers at the ASAE 2006 Annual Meeting & Exposition in Boston (August 2006)*

**Corporate Meetings and Incentives.** The HVCB's CMI division continued to focus on direct selling, lead generation and client services for corporate meetings and incentives for hotels and resorts on all islands. The leads generated are selling opportunities for the hotel/resort properties to convert into definite business, which in turn create business for Hawai'i's companies, including restaurants, transportation companies, retailers, activities, and attractions. The 2006 CMI marketing plan included the following goals:

**CMI 2006 Goals and Indicators**

Indicator	Goal	Y-T-D September
Leads	1,126	803
Room nights (Leads)	859,573	646,819
Bookings	370	171
Room nights (Bookings)	240,920	172,664



CMI marketing highlights for the year include the following:

- Advertisements in corporate publications, such as *Meetings & Conventions*, *Meetings West*, *Smart Meetings*, and *Successful Meetings*.
- Sales blitzes and sales calls in North American cities, Japan, Australia, New Zealand, Taiwan, and China.
- Attendance at tradeshows, including: ASAE, various MPI chapters, Meeting World, California Society of Association Executives, IT&ME, PCMA, and Destination Showcase.

A major development in the state's business marketing efforts this year is the improved coordination of activities for SMG (Hawai'i Convention Center) and HVCB (for Corporate Meetings and Incentives).

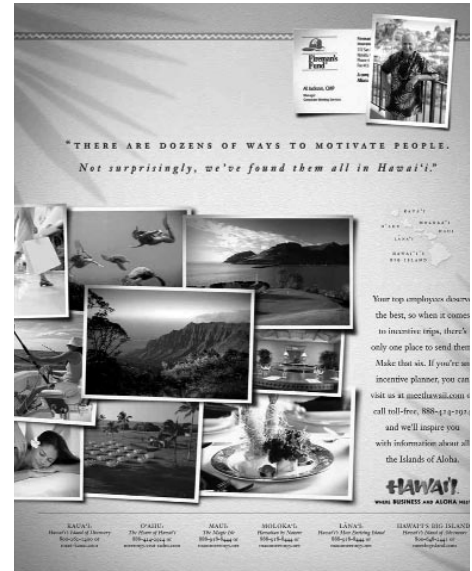
The two organizations now have a common advertising agency, use the same logo and tag line, coordinate their public relations programs, and have developed improved systems to share leads. In addition, they are working to develop a common Web portal.

**3) Accountability.** The HTA continued its oversight of the marketing partners with a "360°" evaluation of their performance and programs that incorporated a self-assessment as well as comments by the industry and community. The results of this evaluation, in addition to the findings of the TNS surveys (discussed in the Research and Planning Initiative) will lead to continuous improvement of marketing programs and activities.

**4) Sports Marketing.** The HTA desires to increase Hawai'i's sports presence to a globally competitive level through its Sports Marketing Program that facilitates sports business development in Hawai'i. The Sports Marketing Program stimulates visitor travel during non-peak travel periods, "shoulder" seasons (Fall and Spring), and focuses on increasing visitor expenditures. Through this program, the HTA also supports local sports organizations, sports intrinsic to the islands, residents' quality of life, and initiatives that showcase the islands, the host culture, and distinctive cultural assets.

A Sports Program Development Strategy was adopted this year that includes a vision of Hawai'i being "*recognized as a world-renowned sports destination*," with a mission of seeking "*to enhance Hawai'i's economy, image and quality of life through the attraction, promotion and development of sports.*" The Sports Program Development Strategy also provides the following goals:

- To diversify the state's economy through sports tourism;
- To build a sustainable sports tourism market; and
- To accentuate the state's cultural diversity through sports.

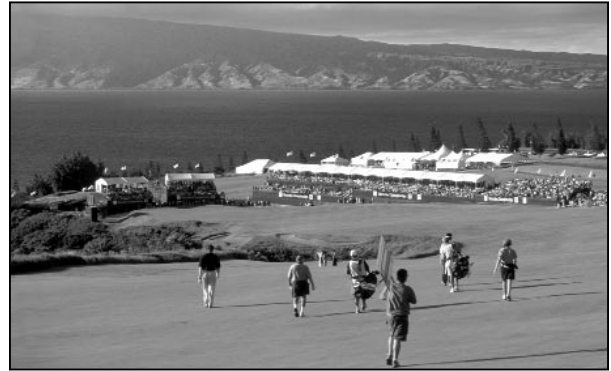


CMI Ad Campaign

In 2006, the HTA continued its partnerships with the NFL, PGA Tour and other sports events. Highlights of those events and the relationships are provided below:

- **NFL Pro Bowl.** The 2006 NFL Pro Bowl brought in approximately 26,924 visitors, of which 77 percent specifically came to Hawai'i to attend the game that accounted for \$33.26 million in visitor spending and \$3.23 million in state taxes. The household rating for the Pro Bowl was 3.8 with a total household viewing audience of 2.9 million.

- **PGA Tour.** Fall 2006 marked the final year of HTA's first multiple-year contract with the Professional Golfers' Association TOUR (PGA TOUR), which supported six Hawai'i-based professional golf tournaments in Hawai'i and provided over 20 hours of network coverage broadcast nationally during the winter months. As this 2006 season winds down, the HTA will embark on a new, four-year agreement with the PGA TOUR. This latest agreement provides a new element to the original six annual tournaments – two additional Ladies Professional Golfers' Association (LPGA) tournaments. In addition to generating significant media exposure and revenue for the state, these top-rated golf tournaments provide Hawai'i golf fans with an opportunity to see their favorite players in action.



*Mercedes-Benz Championship, Kapalua, Maui*

- **Portfolio of Other Sports Events.** The HTA has also invested \$880,000 for other sports events in 2006:

- Ironman Triathlon World Championship – Big Island, October 21
- Xterra World Championship (Off-Road Triathlon) – Maui, October 29
- EA Sports Maui Invitational (NCAA Basketball) – Maui, November 20-22
- Honolulu Triathlon – O'ahu, May 14
- Maui Jim Hawai'i Marlin Tournament Series – Statewide, June - October
- Maui Marathon & Half Marathon – Maui, September 17
- Xcel Pro Surf Contest – O'ahu, October 26 – November 9
- Sheraton Hawaii Bowl (NCAA Football) – O'ahu, December 24
- YMCA Kaua'i Challenge (Outrigger Canoe) – Kaua'i, May 10-13



*Na Wahine O Ke Kai*

- Pacific Alliance Gymnastics Championship – O‘ahu, April 13-15
- Hawaiian International Billfish Tournament – Big Island, July 23-29
- Na Wahine O Ke Kai (Outrigger Canoe) – Moloka‘i to O‘ahu, September 24
- Moloka‘i Hoe (Outrigger Canoe) – Moloka‘i to O‘ahu, October 8

In preparation for 2007, the HTA issued a request for proposal (RFP) in July 2006 for the sports events that occur in 2007. Proposals were submitted in three different categories, and will be selected based on the following:

<b>Event Category</b>	<b>Main Categorical Characteristic</b>
1) Championship	Events that generate solid visibility by offering television broadcasts on a network or upper-tier cable outlet.
2) Attendance	Events that attract large numbers of participants and/or spectators, but may not generate significant market visibility.
3) Intrinsic	Events that represent sports that are inherent to our islands.

In June 2006, the HTA issued an RFP for sports marketing management services. The purpose of this RFP was to partner with an experienced, knowledgeable and qualified contractor to provide services that complement and expand the efforts of the HTA by broadening the support for sports programs in Hawai‘i, and to develop synergistic sports programs and expand their impact. The contractor will be selected by year-end.

## E. Natural Resources

*Goal: To respect, enhance and perpetuate Hawai‘i’s natural resources to ensure a high level of satisfaction for residents and visitors.*

2006 Budget: \$2,000,000

The HTA, which is identified as a support agency in this area, has been working very closely with public and private sectors throughout the state to achieve the goal for this initiative. Specifically, this year, the HTA, along with the members of its Natural Resources Advisory Group (NRAG), continued to address the identified priority sites and projects, utilizing and implementing the information and recommendations from the completed State Parks Survey and Natural Resources Assessment that was prepared in 2003.



*NRAG Site Inspection, Hilo*

With double the budget of 2005 to a total of \$2 million, the HTA was able to support the Hawaii State Department of Land and Natural Resources (DLNR) in addressing additional projects on the priority list identified through the Assessment, as well as support 22 community projects throughout the state. (A list of the NRAG as well as the 2006 Natural Resources projects is available on the HTA Web site.)

As part of the NRAG meetings, a site inspection was conducted at the Diamond Head State Monument where members were provided with an update on the master plan for the Diamond Head linear park. In the future, NRAG will be conducting a site visit to Kealakekua Bay and the West Hawai'i region.



*New and improved restroom facility at Diamond Head*

## **F. Research and Planning.**

*Goal: To perform collaborative research and planning for use in the development of programs, policies and plans that will positively contribute to the State's economy, benefit the community and sustain Hawai'i's resources.*

2006 Budget: \$900,000

Within this initiative, the HTA's primary efforts for the year are listed below:



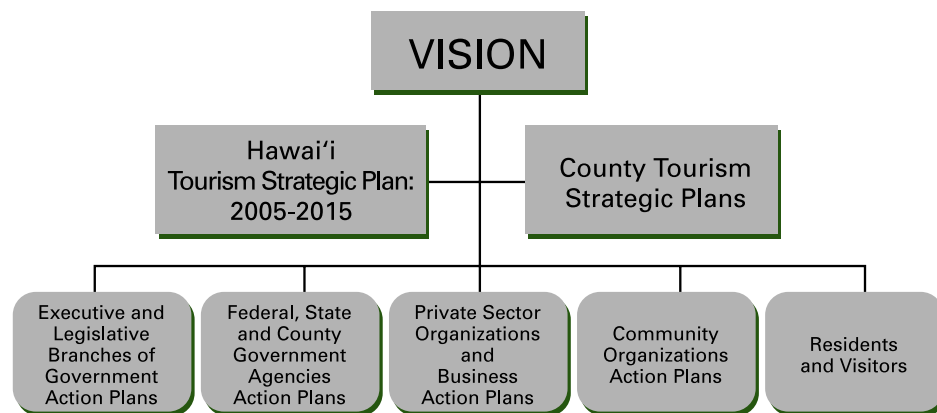
- **TNS.** The HTA continued its accountability measurement system with TNS, which tracks the effectiveness of marketing programs in three MMAs – U.S. West, U.S. East and Japan. This year, TNS replaced the mailed surveys with a web-based version and continued to analyze the results each quarter. Specifically, the study examines:
  - Intention to travel to Hawai'i;
  - Brand valuation (positive impressions of the Hawai'i brand overall and relative to competitors); and
  - Measurements of specific marketing attributes of Hawai'i in three MMAs.

The 2006 results are compared to the 2005 findings to gauge consumers' perceptions about Hawai'i as a destination. The quarterly reports are available on the HTA's Web site. Additional questions were placed on the 3rd quarter surveys, which looked at whether the March rains impacted travel to Hawai'i and also examined the reasons the Japanese are not considering or intending to visit Hawai'i. The 2006 final report is due in February 2007.

- **Strategic Planning.** Efforts in this area are outlined below:
  - **State TSP.** In support of this plan and the nine strategic initiatives, the HTA implemented its 2006 agency action plan and budget. To gauge progress in the implementation of the State TSP by all tourism stakeholders, HTA also tracked and reported on the plan's measures of success including resident sentiment, state and county tax receipts, visitor spending and visitor satisfaction (more information on this can be found in the Hawai'i's Travel and Tourism section of this report); and

- County Tourism Strategic Plans.** A second phase of the planning process involved the development of subsidiary plans for each of the counties. Following an RFP, HTA contracted SMS Research & Marketing Services, Ltd. to work with each county to develop individual plans that while consistent with the State TSP, would reflect individual county tourism issues. Each county established its own advisory committees to provide oversight, input and overall direction for respective plans. Committee members represented a broad range of stakeholder groups including state and county government, the visitor industry, educational institutions, community groups and arts and cultural organizations. For Maui County, members included representatives from Moloka'i and Lāna'i.

The county planning process included a series of advisory group meetings, stakeholder interviews, community meetings, and presentations on all islands. Input from the advisory group and community meetings, along with reports, other plans and research provided the basis for the county plans. The resulting county plans each contain a vision, goals, strategies, performance benchmarks and action plans specific to their respective county and are expected to be completed by year-end.



- Resident Sentiment Survey.** One of the performance benchmarks in the State TSP is an assessment of resident attitudes. While the HTA had previously conducted this benchmark study on a bi-annual basis, in 2006, the HTA increased the frequency of this measure to be done annually. The new format provides for increased frequency for tracking resident attitudes and allows for more flexibility to ask new questions based on market conditions when necessary. Fielding for the 2006 Resident Sentiment Survey started in September, and a final report is scheduled for completion in December.
- Hawai'i Sports Facility Guide.** This year, the HTA developed the *Hawai'i Sports Facility Guide*, which will be used as an information source and marketing tool. The Guide provides a detail of each island's unique supply of island-based facilities conducive to the conduct of a sport event, pertinent descriptive information for each respective facility, and a list of the predominant sport(s) played at the facility.

- **Emergency Preparedness Planning.** HTA’s primary role in emergency preparedness is in pre-planning and recovery efforts. Pre-planning includes understanding roles and responsibilities, communicating with stakeholders, surveying plans from other organizations, incorporating lessons learned from incidents, sharing HTA’s plans, maintaining current contact information of all stakeholders, having resources, guidelines and plans in place, testing procedures, and tracking potential and emerging crises. In a recovery phase, HTA’s crisis plan outlines the agency’s primary responsibility in implementing advertising, promotional, marketing communications and other programs to minimize the impact of the crisis event on the visitor industry.

Throughout the year, the HTA meets with state and county civil defense officials, federal emergency workers, hotel security officials, county emergency responders, the visitor industry, and other related private and public sector organizations to prepare for and debrief from crisis situations. HTA also participates in training exercises and updates its crisis references and procedures regularly.

In 2006, Hawai‘i had its share of crises including the Kaloko Dam Break on Kaua‘i, the Ala Wai sewage spill on O‘ahu, the Turtle Bay and Waikīkī hotel labor disputes, the H-1 West freeway shutdown, and the Kona earthquake with subsequent power outages on O‘ahu. Throughout each of these crises, HTA worked closely with the visitor industry and crisis officials to incorporate lessons learned, update procedures and make improvements to better handle future crises.

- **Product Enrichment Program (PEP) and Major Festivals Assessment.** For 2006, HTA contracted with SMS Research & Marketing Services, Ltd. to continue a third year of surveys of a sampling of PEP activities throughout the state as well as all of the festivals supported through the HTA’s Major Festivals program. Reports of the survey findings are shared with the county coordinators and event organizers with the main purpose of helping to improve programs and operations. In addition, for 2006, SMS Research & Marketing Services, Ltd. utilized the data gathered over the last three years as well as other research to develop a Festivals and Events Strategic Plan to assist the HTA in directing this program in the future.



*East Maui Taro Festival*



*Prince Lot Hula Festival, Oahu*

## G. Safety and Security

Goal: *To achieve a safe Hawai'i visitor experience.*

2006 Budget: \$700,000

Within this initiative, the HTA's primary efforts for the year are listed below:

- **Visitor Assistance Program.** While striving to ensure visitor and resident safety is of utmost importance, understandably, it is impossible to prevent all accidents and crimes from occurring. Therefore, it is critical to address the needs of those who become victims of crime or those who experience other hardships while in Hawai'i. The Visitor Assistance Program (VAP) assists victims who have met with unfortunate circumstances or adversity while vacationing in Hawai'i. Examples of services provided to such visitors include financial aid, transportation, airline ticket changes, funeral arrangements, and hotel accommodations.

For 2006, HTA supported VAP providers listed below, which also receive assistance from Hawai'i's visitor industry:

- Visitor Aloha Society of Hawaii (VASH) – O'ahu
  - VASH West Hawai'i and East Hawai'i
  - Maui Visitors Bureau
  - Visitor Aloha Society of Kaua'i (VASK)
- **Prevention and Deterrence Efforts.** In this area, the HTA undertook the following efforts:
    - HTA supported the Victims of Crime Association in a conference to discuss various programs available to support resident and visitor victims of crime in Hawai'i; and
    - HTA provided support for a six-month security pilot program of cameras installed at two popular visitor sites on O'ahu: Pali Lookout and Ehukai Beach Park. Partners for this project included Sensormatic Hawaii, the Honolulu Police Department, City & County of Honolulu Department of Parks and Recreation, DLNR's State Parks Division, and Akal Security.

## H. Tourism Product Development

Goal: *To provide a diverse and quality tourism product unique to Hawai'i that enhances the Hawai'i visitor experience and enriches residents' quality of life.*

2006 Budget: \$4,700,000

For the most part, HTA's efforts in this initiative are centered on the experiential aspects of the tourism product. Specifically, HTA's efforts for the year are listed below:

- **Product Enrichment Program (PEP).**

The County PEP (CPEP) involves partnerships between the HTA and each of the four counties of Hawai'i, to support tourism activities on all islands in the niche areas of agritourism, cultural tourism, ecotourism, health and wellness tourism, edutourism, and technotourism. The HTA/County partnership continues to be a "win-win" situation with expanded community input as well as more community-based activities for the visitors, and increased effectiveness and efficiency in



*Lili'uokalani Festival, Hilo*

the use of both county and state funds and resources. In 2006, each county was allotted \$500,000 and a total of 120 projects received support from the CPEP, with five additional projects totaling \$150,000 supported under the Statewide PEP (SPEP) that covers multi-county or special activities. (Lists of all county projects supported through the CPEP and SPEP are available on the HTA Web site.)

As part of HTA's program management and accountability responsibilities, staff continued to hold quarterly meetings with county representatives to ensure program progress, discuss challenges and share success stories.

Work with the counties has begun for the 2007 PEP with public workshops held in July 2006 on each major island to announce the application process and to answer questions about the program. By October 2006, all counties had completed the review, evaluation and awarding procedures with their respective community committees. Project lists by county for 2007 will be available on HTA's Web site by year-end.



*Kamehameha Day Celebration, Big Island*



- **Major Festivals Program.** This program's strategy supports the following events:
  - Festivals that portray the diversity and culture of Hawai'i as well as engender significant attendance from within and without the state; and
  - Festivals that market and promote its activities outside as well as inside the state.

Over the years, the HTA has been able to identify a handful of events that have met the criteria as noted above. For 2006, the HTA supported the Major Festivals program that included support for the following events:

- Big Island Festival
- Diamond Head Crater Festival
- Filipino Centennial Celebration
- Hawaii International Film Festival
- Hawaii International Jazz Festival
- Honolulu Festival
- Koloa Plantation Days Festival
- Maui Film Festival at Wailea
- Maui Writers' Conference
- Pan Pacific/Matsuri in Hawai'i Festival

Quarterly meetings for the Major Festivals organizers occurred throughout the year. These meetings are intended to discuss issues, challenges, successes, individual reports and other noteworthy topics. In addition, HTA staff attended Major Festival events as part of the evaluation and accountability process.

In June 2006, the HTA sponsored its second Hawai'i Festivals and Events Seminar. The seminar, conducted on O'ahu, Maui, Kaua'i, and the Big Island of Hawai'i, drew 300 participants, and was intended to continue the effort started last year to provide festivals and events organizations with professional development opportunities that would lead to enhanced product quality in the future. Renowned speakers on the agenda included:

- Laurie Lang, President of BrandCentrics, who continued the discussion on brand identification and management;
- Paul Jamieson, Director of Florida's largest music, art and waterfront festival- SunFest, who shared operational and management tips;
- Bruce Erley, President and CEO of Creative Strategies Group, who spoke on how to sell and secure sponsors; and



*Koloa Plantation Days, Kaua'i*



*Honolulu Festival, O'ahu*

- Julie Zadeh, Director of Market Management-Hawaii for Expedia Partner Services Group, who shared the trends in Internet travel business from the perspective of some of their operations like Expedia.com and Hotels.com.

To build on the efforts from the 2005 Festivals and Events Seminar that identified core brand values for Hawai'i's festivals and events, the HTA secured a contractor for a post-arrival promotional campaign featuring Hawai'i's festivals and events. This program, in partnership with Network Media, will include in-flight and in-room video, media campaigns, Web site programs, and a concierge program throughout the state, and will be conducted in 2007.

- **Other Product Development.** For 2006, funds were made available to support other product development initiatives not covered under the PEP or Major Festivals activities. Projects supported through this effort included:
  - Honolulu Capital Cultural District Feasibility Study for a National Heritage Corridor Designation;
  - Saddle Road Heritage Corridor Interpretive Signage Program;
  - Arizona Memorial Visitor Center Planning and Design Effort;
  - Honolulu Zoo Family Visitor Marketing Program;
  - Waikiki Visitor Center Pilot Program;
  - International Cultural Summit for State Foundation on Culture and the Arts;
  - Waikiki Revitalization Program, including torch lighting and hula performances; and
  - Product Revitalization Support for the counties of Hawai'i, Kaua'i and Maui.

## I. Workforce Development

Goal: *To ensure a sufficient and highly qualified workforce that is provided with meaningful careers and advancement opportunities.*

2006 Budget: \$500,000

The HTA's efforts in this initiative are listed below:

- **Academy of Hospitality and Tourism.**

The basic tenet of the Academy of Hospitality and Tourism (AOHT) is to provide high school students with the requisite skills and knowledge for a successful career in one of the world's largest service industries through curriculum that provides an in-depth look at all aspects of tourism and hospitality. Currently this program serves six high schools on O'ahu, Kaua'i and Maui and receives significant support from Hawai'i's visitor industry. HTA's partnership supported the following:

- Overall AOHT program;
- Annual AOHT workshop;
- Attendance of AOHT students and advisors at the Hawai'i Tourism Conference; and
- Annual AOHT student conference and career fair day.



*AOHT Student Conference*

- **Other Efforts** included:

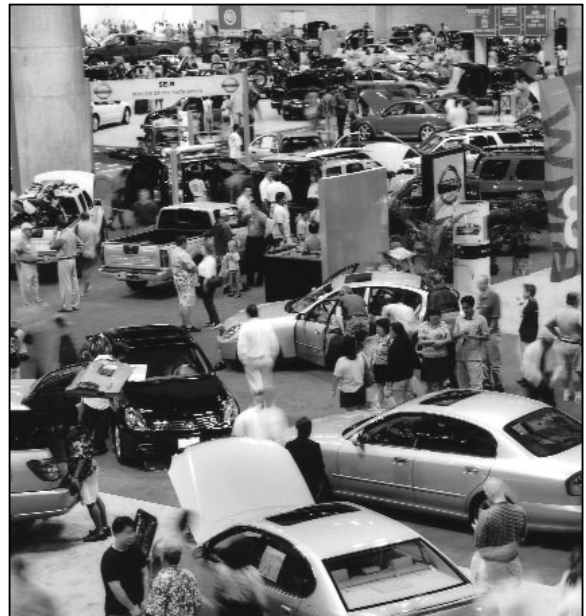
- Support for Kapi'olani Community College in refining and expanding its Hawaiian hospitality training program for the visitor industry workforce.
- Development of a partnership between the HTA and the University of Hawai'i - School of Travel Industry Management (UH-TIM), for a strategic workforce master plan. The first of its kind, the resulting plan is intended to provide a roadmap for the implementation of the Workforce Development Initiative of the State TSP that will include long-term strategic planning and more immediate, short-term initiatives to address current workforce demands. The plan will be a collaborative effort involving many sectors of the industry, community and business. An important component of this partnership with the UH-TIM School will be a quick-response element to identify immediate hospitality training needs and the resources required for implementation.

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## IV. Other Efforts

### Hawai'i Convention Center (HCC)

The Hawai'i Convention Center (HCC), marketed and managed by SMG Hawai'i, continued to draw new dollars into the economy and increased tax revenues for the state through the bookings of large offshore conventions and meetings. In FY2005, HCC commissioned a study by an independent market research firm – OmniTrak Group – to evaluate the economic impact of conventions held at the Center. The findings, presented in FY2006, showed that the total direct spending from HCC delegates, organizers, exhibitors, and their respective travel party was \$908.3 million. In addition to the economic benefits, HCC, continued to provide benefits for the local community, serving as a venue for consumer shows, concerts, civic and educational events throughout the year.



*First Hawaiian Auto Show*

### Management and Operations. Major Highlights:

- The Center received its eighth consecutive Prime Site Award from *Facilities & Destination Magazine*, based on convenience of location, attractiveness of facility, quality of staff, maintenance, food and beverage functions, and technological capabilities.
- The HCC was one of ten Convention Centers to receive the Association Meetings Inner Circle Award based on the quality of service provided for meetings and conventions over the past 12 months. HCC was also honored by being the recipient of the Meeting Planner's Choice Award exemplifying an unsurpassed level of quality and service in the meetings and hospitality industry as voted upon by conference organizers.



- HCC received HTA's "Keep It Hawai'i" Certificate of Merit Award recognizing HCC for its efforts in demonstrating the spirit of Aloha and perpetuating the essence of Hawai'i through its Hawaiian Music Nights Concert Series.
- The Client Survey report reflected an excellent year-end average rating of 98 percent. Clients have consistently rated the facility and staff performance with excellent in most categories since the opening of the Center in 1998.
- Major 2006 Capital Improvement Projects included: the refurbishment of three additional escalators, a major upgrade of the Security Systems and the Building Control Systems, development of specifications for ballroom carpet replacement and the selection of the vendor, installation of a sports court product on the roof of the porte cochere, and the installation of a facility-wide public address system.
- International events had a significant impact on the Center's financial results. For FY 2006, revenues exceeded \$12.2 million, an all time high, and the net operating net loss came in at \$2.46 million that is \$1 million better than planned. Record food and beverage revenues were recorded at an all time high of \$7.7 million exceeding last year by over 25 percent and the previous best year by 18 percent.

## V. Hawai'i's Travel and Tourism Industry

The overall health of the visitor industry is measured by four high level performance indicators that are noted in the State TSP:

- Visitor Expenditures;
- Visitor Satisfaction;
- Resident Sentiments; and
- Tax Receipts.

It is important to point out that in the past, the measurement of a healthy and successful visitor industry was based on the number of visitor arrivals to Hawai'i. However, with the development of the State TSP and its stated vision, the measurement of a successful and sustainable visitor industry has shifted away from counting visitor arrivals. The new measures of success are based on economic growth and benefits, satisfied visitors and most importantly, satisfied residents. All of these elements are essential to the long-term health of tourism in Hawai'i.

### Visitor Industry Performance

The industry's projected performance for 2006, as compared to last year's (2005) performance in terms of visitor expenditures, visitor days and visitor arrivals, are listed by Major Market Areas (MMA), business supplement and cruise ship passengers in the table below:

**Table 1: 2005 Performance and Projected Performance for 2006 by MMA**

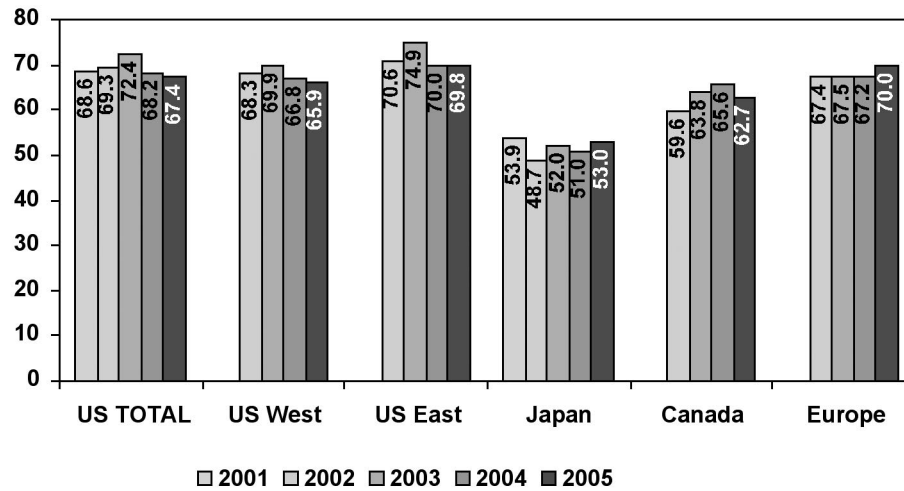
	Visitor Expenditures		Visitor Days		Visitor Arrivals	
	2006 Projections* (\$billion)	2005 Actuals (\$billion)	2006 Projections* (million)	2005 Actuals (million)	2006 Projections* (million)	2005 Actuals (million)
US West	4.6759	4.2892	29.965	28.861	3.149	3.032
US East	3.7309	3.5515	19.913	19.903	1.931	1.929
Japan	2.1097	2.2144	7.866	8.670	1.377	1.517
Canada	0.5188	0.451	3.606	3.292	0.272	0.249
Others	1.2601	1.1442	7.304	6.963	0.723	0.689
Business supplement	0.2140	0.2078	na	na	na	na
Visitors by cruise ships	0.048	0.046	0.555	0.555	0.078	0.078
Total	12.5577	11.904	69.208	68.242	7.528	7.494

\*2006 projections are based on DBEDT statistics using actual information from January - September and projections for the months of October, November and December 2006.

Source: Department of Business, Economic Development & Tourism

## Visitor Satisfaction

**Table 2: Overall Visitor Satisfaction Percentages by select MMAs: U.S. Total, East, U.S. West, Japan, Canada, Europe for 2001 - 2005**



Source: Department of Business, Economic Development & Tourism

## Resident Sentiment Survey

Another measurement of the State TSP is resident sentiments. An important question on the survey is listed below:

Agree or disagree: *"Overall, tourism has brought more benefits than problems to this island."*

- Survey conducted in 2005 and released in February 2006. 71 percent agree
- Survey conducted in 2002 and released in 2003. 77 percent agree

Source: Market Trends Pacific, Inc., and John M. Knox & Associates

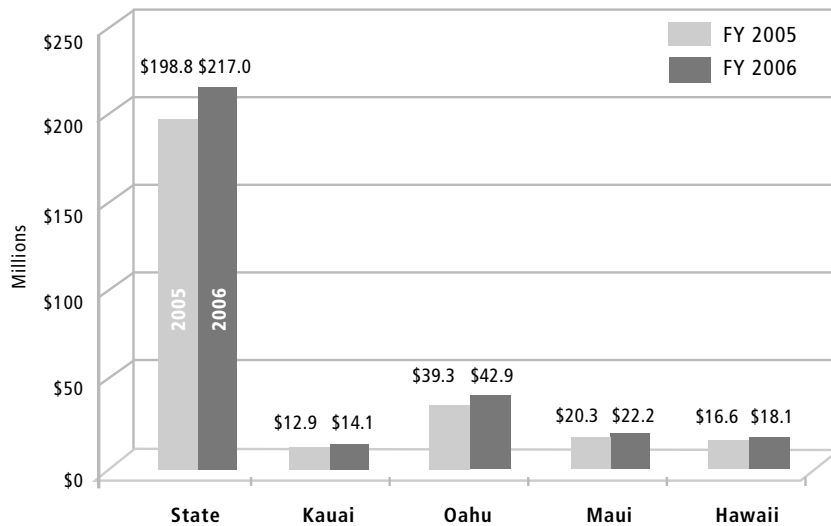
## Transient Accommodations Tax (TAT) Collections

Another measurement of the industry’s performance is the amount of TAT collections that the state receives each month. The more TAT collected, the more benefits that are accrued to the state as a whole, to the individual counties, and also, to Hawai‘i’s residents. Importantly, this revenue finds its way into the local community on each island, to support schools, police, infrastructure and parks, and contributing to an improved quality of life for all.

As of July 1, 2002, the TAT revenues collected for the state are distributed as follows:

- 17.3 percent is deposited into the convention center enterprise special fund;
- 32.6 percent is deposited into the tourism special fund (HTA’s fund);
- 5.3 percent is deposited into the transient accommodations tax fund; and
- 44.8 percent is distributed to the counties (14.5 percent to Kaua‘i, 18.6 percent to Hawai‘i, 22.8 percent to Maui and 44.1 percent to Honolulu).

**Table 3: Comparison of TAT collections to the state and to each county for FY 05 and FY 06.**



Source: Department of Taxation

## Economic Contributions of Hawai‘i’s Travel & Tourism Industry in 2005

- Hawai‘i’s Travel & Tourism Industry produced \$12.4 billion or 23.0 percent of the Gross State Product;
- Hawai‘i’s Travel & Tourism Industry accounted for approximately 201,766 jobs or 24.2 percent of total employment for the state; and
- Hawai‘i’s Travel & Tourism Industry contributed \$1.27 billion tax dollars to the state and county government or 23.2 percent of total state and county tax revenues.

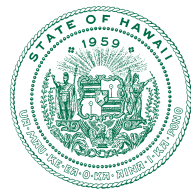
Source: Department of Business, Economic Development & Tourism



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Hawaii Tourism Authority  
**Fiscal Year 2006 Actuals**  
**(\$000)**

<b>REVENUES</b>	
Tourism Special Fund	\$69,741
Investment Pool Interest/Miscellaneous Receipts	<u>776</u>
<b>TOTAL REVENUES</b>	<b><u><u>\$70,517</u></u></b>
<b>APPROPRIATIONS</b>	
FY 2005	\$69,223
	<u>                    </u>
<b>TOTAL APPROPRIATIONS</b>	<b><u><u>\$69,223</u></u></b>
<b>HTA EXPENDITURES</b>	
Administrative Costs	2,347
Sports & Festival Events (Includes Pro Bowl/PGA)	9,083
Community & Special Events	6,687
Product Development	5,649
<b>MAJOR MARKETING</b>	
Leisure Marketing	37,262
Meetings, Conventions & Incentives Costs	<u>8,183</u>
<b>TOTAL HTA EXPENDITURES</b>	<b><u><u>\$69,211</u></u></b>



**Hawaii Tourism Authority**

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