

# Hawaii Tourism Authority

2004 Annual Report to the Hawaii State Legislature

October 31, 2004





## Letter from the Hawaii Tourism Authority

We are pleased to present the Hawaii Tourism Authority's (HTA) Annual Report for Calendar Year (CY) 2004 which covers the Authority's activities, challenges and accomplishments over the first ten months of 2004. To date, 2004 has been an incredible year—both for HTA and the industry. Listed below, are some of this year's highlights:

- First, according to the latest year-end projections, tourism in 2004 will surpass last year's performance in terms of visitor spending, visitor days and visitor arrivals. Notably, tourism's economic impact goes far beyond "tourism" businesses like airlines, hotels or attractions. What's important are the benefits that tourism brings to Hawaii and its communities. Tourism spending generates \$1.14 billion in state and local taxes, providing the "fuel" that keeps programs like education, health and public safety operating. It also accounts for over 180,000 jobs to Hawaii residents throughout the State.
- Second was the completion of the *Hawaii Tourism Strategic Plan: 2005–2015*. This plan resulted from the input and involvement of hundreds of people representing different communities, businesses, organizations and government agencies. In the coming months, their participation in following the course that the plan charts over the next 10 years will allow tourism to continue playing a positive role in Hawaii's development and improvement.
- Third was the successful staging of the HTA's 2004 Hawaii Tourism Conference which featured top speakers from around the globe who provided expertise and spurred ongoing discussion about global trends and Hawaii tourism issues. This first-ever event attracted over 350 participants and was so well-received that plans for the 2005 event have already begun.
- Last was a successful legislative session. Through the passage of Act 58, SLH 2004, HTA was given more flexibility and resources to improve its operations. This included an \$8 million increase to fix cash flow problems and an additional \$2 million for maintenance of the Hawaii Convention Center in FY 2005. In addition, HTA was also able to maintain its procurement exemptions and save four vacant positions. HTA also continued efforts to address issues related to the legislative audit. As a result, this matter was not a focus during the session nor did the Legislature mandate any further audits of the HTA or its contractors.

Looking back over the past several months, it is also an appropriate time to make acknowledgements and give thanks. Most especially, we would like to thank all of our partners—those who participate in HTA's marketing programs, product development initiatives and sporting events, as well as the community groups, industry and government entities, including the Legislature—who collaborate with us on various issues and specific efforts. It is this collective effort among Hawaii tourism stakeholders that will enable us to attain the vision of a successful and sustainable industry well into the future. We look forward to continuing our partnerships with each and every one of you to make Hawaii the best place to live, visit and work.

Mahalo,



John J. Toner  
HTA Chair



Rex D. Johnson  
HTA President & CEO

# Hawaii Tourism Authority

(as of October 31, 2004)

<b>Members</b>	<b>Representation</b>
John J. Toner, Chair Executive Vice President Ko Olina Resort	At-Large
Nadine Nakamura, Vice-Chair Principal NKN Project Planning	County of Kauai
Douglas Kahikina Chang General Manager Hotel Hana Maui	At-Large
Vernon Char Attorney at Law Char Sakamoto Ishii Lum & Ching	At-Large
Rodney Haraga Director Department of Transportation State of Hawaii	Ex-Officio State Department of Transportation
Gail Y. Haraguchi Haraguchi Consulting Group, LLC.	At-Large
Kawaikapuokalani K. Hewett Cultural Health Director Waimanalo Health Center	At-Large
Lawrence M. Johnson Chairman of the Board and Chief Executive Officer (retired) Bank of Hawaii	At-Large
Kyoko Kimura President & General Manager Diamond Resorts Hawaii	County of Maui
Lorrie Lee Stone Attorney at Law Rohlfing and Stone	At-Large
Sharon Weiner Group Vice President, Business Development Public Relations and Government Affairs DFS Hawaii	City & County of Honolulu

## Members (continued)

Marsha Wienert  
Tourism Liaison, Governor's Office  
State of Hawaii

Cheryl A. Williams  
Regional Director of Sales & Marketing  
Starwood Hotels & Resorts  
Hawaii and French Polynesia

Stephen Yamashiro  
Consultant

Peter Young  
Chair, State of Hawaii  
Board of Land and Natural Resources

## Representation

Ex-Officio, At-Large  
State Department of Business, Economic  
Development & Tourism

At-Large

County of Hawaii

Ex-Officio  
State Department of Land and Natural  
Resources

## HTA Staff

Rex D. Johnson	President & Chief Executive Officer
Caroline Anderson	Tourism Planner
Muriel A. Anderson	Director of Tourism Programs
Lynn Bautista	Contracts Specialist
Sharon M.L. Freitas	Information Coordinator
Kay Fujimoto	Executive Secretary
Frank Haas	Vice President and Director of Tourism Marketing
Lorraine Koike	Program Specialist
Robbie Kane	Product Development Coordinator
Stella V. Montero	Budget/Fiscal Officer
Winfred Pong	Contracts & Program Manager
Vengie S. Talaro	Secretary
Lloyd I. Unebasami	Chief Administrative Officer
Marilyn Waialeale	Receptionist

# Table of Contents

I. Overview of the Hawaii Tourism Authority (HTA) .....	1
II. Organization of the HTA .....	2
III. HTA Program Areas .....	4
A. Marketing .....	4
B. Sporting Events .....	14
C. Product Development .....	16
D. Hawaii Convention Center .....	21
IV. Other Efforts .....	24
V. Hawaii's Travel & Tourism Industry .....	27
VI. Attachments	
A. HTA Fiscal Year (FY) 2004 Actuals .....	29

# I. Overview of the Hawaii Tourism Authority

## Background

The Hawaii Tourism Authority (HTA) was established by Act 156, Session Laws of Hawaii 1998 (Chapter 201B, HRS), as the overall tourism agency for the State of Hawaii. As a cabinet-level agency, the HTA reports directly to the Governor and to the Legislature and is attached to the Department of Business, Economic Development and Tourism (DBEDT) for administrative purposes.

As the lead entity and advocate for the tourism industry, the HTA:

- formulates short- and long-range tourism policy;
- develops and implements the state's tourism marketing plan and efforts;
- administers programs and activities to foster and sustain a healthy tourism industry for the state;
- develops and monitors implementation of the Tourism Strategic Plan; and
- coordinates tourism-related research, planning, developmental and promotional activities with the public and private sectors.

## Mission

*To strategically manage the growth of Hawaii's visitor industry in a manner consistent with our economic goal, cultural values, preservation of natural resources, and community interests.*



## 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 fifteen members who represent the visitor industry, business community, community-at-large, and government, as well as Hawaii'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, as a means of fulfilling its statutory authority as mandated by Chapter 201B, HRS. Since 1999 until present, this has primarily been accomplished through the development and implementation of HTA's Tourism Strategic Plan—*Ke Kumu: Strategic Directions for Hawaii's Visitor Industry*. *Ke Kumu* outlines eight initiatives for the industry under which the HTA develops and implements its tactical programs and activities throughout the year.

It should be noted, that this report provides information consistent with the *Ke Kumu* framework above. However, it should also be noted that the HTA has recently completed a broader, long-range plan for the State of Hawaii, titled, "*Hawaii Tourism Strategic Plan: 2005–2015*." As this plan takes effect next year, it will provide the framework under which the HTA will develop an action plan beginning in 2005.

### Board Committees

In developing policy recommendations on tourism matters, the Board utilizes various standing committees. In 2004, the following four standing committees held meetings as outlined below:

- **Administrative Standing Committee** serves as a resource for findings and policy recommendations related to the evaluation of the executive director, major contractors, and efforts related to communications and outreach to all sectors. Committee members: John Toner (Chair), Nadine Nakamura and Larry Johnson.
- **Budget Standing Committee's** 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), Larry Johnson (Vice Chair), Douglas Chang, Vernon Char and Marsha Wienert.
- **Marketing Standing Committee** makes policy recommendations relating to the following program areas: Leisure Marketing, Business Tourism Marketing, and Sporting Events. Committee members: Sharon Weiner (Chair), Kyoko Kimura (Vice Chair), Lorrie Lee Stone and Cheryl Williams.



- **Strategic Planning Standing Committee** makes policy recommendations relating to the review, evaluation and update of Hawaii’s statewide tourism strategic plan. Committee members: Nadine Nakamura (Chair), Marsha Wienert (Vice Chair), Rodney Haraga, Kawaikapuokalani Hewett and Peter Young.

This year, the Board also established three investigative committees as follows:

- **Strategic Planning Investigative Committee** assists the Strategic Planning Standing Committee to review and provide feedback on the proposed revisions to the tourism strategic plan and to collect and analyze information from the community. Committee members: Nadine Nakamura (Chair) and Marsha Wienert (Vice Chair).
- **Sports Investigative Committee** assists the HTA to assess the feasibility of a Hawaii Sports Commission, Committee or other structure to enhance sporting activities in the State. Committee members: Marsha Wienert (Chair), Gail Haraguchi (Vice Chair) and Vernon Char.

## **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, HTA programs and overseeing the HTA office’s day-to-day operations. To accomplish these tasks, the President and Chief Executive Officer is supported by a staff that perform work in-house. In addition, HTA worked with professionals in their respective fields to accomplish the necessary work in various program areas, as outlined below:

- Tourism marketing in the leisure and business segments: Hawaii Visitors and Convention Bureau (HVCB) for the North America Major Market Area and Corporate Meetings and Incentives (CMI); Hawaii Tourism Japan for the Japan Major Market Area; Hawaii Tourism Asia for the Other Asia Major Market Area; Hawaii Tourism Europe for the Europe Major Market Area; and Hawaii Tourism Oceania for Australia and New Zealand;
- Management and marketing of the Hawaii Convention Center: SMG;
- Research and accountability studies: Research and Economic Analysis Division (READ) of the State Department of Business, Economic Development & Tourism (DBEDT), TNS Intersearch, PBR Hawaii, SMS Research, Market Trends, Hospitality Advisors, OmniTrak Group, Inc., and the University of Hawaii School of Travel Industry Management (UH-TIM); and
- Communications services: Stryker, Weiner & Yokota Public Relations.

### III. HTA Program Areas

A brief narrative of the HTA's programs and activities from January 1, 2004 through October 31, 2004, is presented over the following pages.

#### A. Leisure and Business Marketing

This program area relates to the HTA's primary responsibility to oversee the efforts to market Hawaii to the world in both the leisure and business markets, and represents a significant portion (73%) of the HTA's budget. Marketing categories under this heading are as follows:

##### Marketing Categories

	Budget (in \$ millions)
Leisure Marketing	\$32.7
Hawaii Arts Season	\$0.1
Corporate Meetings & Incentives	\$2.0
Hawaii Convention Center	\$4.0
Marketing Flexibility Fund	\$2.0
Business Branding	\$0.4
TOTAL	\$41.2

1. **Leisure Marketing.** The HTA's leisure marketing strategy is to promote Hawaii as a preferred destination for leisure travelers by increasing promotional presence and brand identity to more globally competitive levels that optimize performance in each Major Market Area (MMA). In 2004, HTA focused on four major areas in Leisure Marketing:

- Collaboration with and management of the marketing contractors;
- Development of the accountability measurement system with TNS Research;
- Creation of the 2004 Hawaii Arts Season; and
- Implementation of the Business Branding project.

Management of the Marketing Contractors. For CY 2004, the HTA contracted with the following five organizations to provide global leisure marketing services:

- HVCB: North America and worldwide Corporate Meetings and Incentives
- Hawaii Tourism Japan: Japan
- Marketing Garden, Ltd. (working as Hawaii Tourism Asia): Asia (outside Japan)

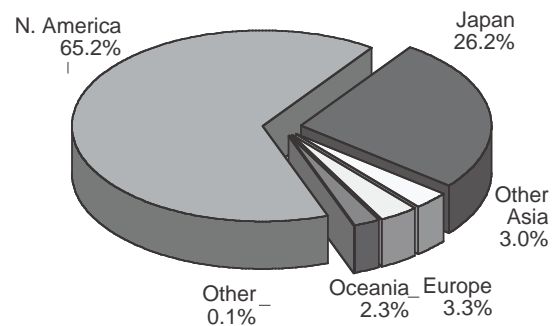
- The Mangum Group (working as Hawaii Tourism Europe): Europe
- The Walshe Group (working as Hawaii Tourism Oceania): Australia and New Zealand

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

### 2004 Leisure Budget

MMAs	\$\$
North America	21,352.4
Japan	8,587.4
Other Asia	974.1
Europe	1,065.3
Oceania	748.0
Other	18.1
<b>TOTAL</b>	<b>32,745.3</b>

### MMA Allocations for CY2004



Leisure marketing highlights by MMA are provided below:

- **North America**
  - The HVCB's 2004 marketing plan is designed to implement *Ke Kumu* initiatives and specifically, to:
    - Differentiate the Hawaii brand and efficiently target marketing programs;
    - Over time, attain optimal balance in key drivers of visitor expenditures:
      - Attain first-time visitor rate of 40% or higher;
      - Maintain or grow length of stay for each MMA;
      - Optimize peaks and grow shoulder periods;
    - Create marketing programs with investment opportunities for partners to close the sale; and
    - Support the achievement of all HTA strategic initiatives, including the promotion of events, festivals, and other tourism activities.
  - Highlights include the following:
    - Supported the *Hawaii Arts Season* through new TV spots and hosting of the Hawaii Arts Season satellite media tour on the grounds of Iolani Palace.
    - Created the tag line, "*There's plenty of time to do absolutely nothing...on your plane ride home,*" for Hawaii's new statewide fall promotion campaign, "Come Experience Aloha", that underlines the multitude of "after beach time" activities to be enjoyed in Hawaii's six major islands.
    - Launched *Aloha Live!*, a 20 city music tour through North America in cooperation with WorldSound, United Vacations, Starwood, Alamo Rent-a-Car (in the U.S.

market) and with FunSun Vacations in Canada. *Aloha Live!* kicked off in Vancouver on July 29 and continued through 13 West Coast cities ending in Sacramento on August 15.

- Re-launched *www.gohawaii.com* website with an exciting new look and innovative features showcasing the beauty, culture and people of “America’s Paradise.” Visitors can download the website’s interactive jukebox and enjoy contemporary and traditional songs of Hawaii anytime on their computer—for free. Web visitors can also e-mail free interactive musical postcards specially created by the sender.
- Featured Hawaii and its islands in television shows such as *American Idol*, *Average Joe 2 Hawaii*, *Extreme Home Makeover*, and *Hawai’i’s Ocean Games*.
- Enhanced HTA’s golf program by incorporating golf offers on HVCB’s website (*www.gohawaii.com/golfoffers*), in addition to the assets provided through HTA’s contract with the PGA Tour.
- Helped support airline partners such as Aloha Airlines, Hawaiian Airlines, Continental Airlines, and Northwest Airlines.
- Increased on-line advertising on websites such as *Travelocity*, *Expedia*, *Orbitz*, *AOL*, *The Knot*, *Wedding Channel*, and *Iexplore*.



*New www.gohawaii.com website.*

- **Japan**

- Hawaii Tourism Japan’s (HTJ) 2004 marketing plan is designed to re-brand Hawaii and to refresh Hawaii’s image so that Hawaii will be an exciting destination once again in the minds of the Japanese consumer.
- Highlights include the following:
  - Developed a new marketing tagline, “Islands Beyond Your Imagination, 6 Islands, 6 Surprises, Hawaii, ” to establish a new brand image for Hawaii, breaking away from the stereotypical image of Hawaii and differentiating Hawaii from the up and coming Asian destinations in particular.
  - Selected Jake Shimabukuro as spokesperson for the Hawaii campaign, including Jake’s appearances in HTJ’s produced material and various promotional events.
  - Relaunched website (*www.gohawaii.jp*) to better meet the needs of Japanese



*Jake Shimabukuro as spokesperson for the Hawaii campaign.*

consumers. The new website included virtual tours of the six islands and articles on specific themes—art, culture, and natural heritage. Approximately 100,000 visitors are accessing the website each month.

- Used the network of its partner marketing agency—Dentsu—to develop promotions with Shiseido, Crimson, Yahoo, Infoseek and others. By end of third quarter, obtained US\$15 million equivalent in advertising value media exposure.
- Created a consumer information booth in the Shiodome area, one of the most talked-about commercial areas in Tokyo.
- Supported the launch of new routes: Northwest Airlines' Osaka-Honolulu service; United Airlines' second Narita-Honolulu service; and Continental Airlines' Nagoya-Honolulu service.
- Supported the authentic hula performed in front of 8,000 audience and major national TV at Musashimaru's retirement ceremony.

- **Other Asia**

- Hawaii Tourism Asia's 2004 marketing plan is designed to position Hawaii as a compelling choice for a growing segment of the traveling population from the Other Asia MMA. The plan focused on three main areas: China, Taiwan and South Korea.

- Highlights include the following:

- Promoted Hawaii at consumer events such as the KBS Morning Program "YoYu ManMan" TV Shooting, and the Hawaii themed promotion at the CITIC Plaza, the top shopping mall/office complex in all of China.
- Promoted Hawaii through KBS TV, a popular Korean morning program. As a result, three 65-minute shows which included filming in Hawaii were produced
- Coordinated special events such as couples' vow renewals at the beach, and the honeymoon of Mr. Sangmin Lee and Ms. Hyeyoung Lee, a celebrity couple who visited Hawaii for their honeymoon in June. This latter event is expected to generate at least \$1 million in advertising value for Hawaii from TV exposure and newspaper/magazine coverage.
- Participated in consumer and trade shows such as: 2004 World Travel Fair Shanghai, Luxury Wedding Fair in Korea, Korea World Travel Fair (KOTFA), PATA Travel Mart, and China International Travel Mart 2004.



*Taiwanese couples renew their wedding vows on Waikiki Beach.*

- **Europe**

- Hawaii Tourism Europe’s (HTE) 2004 marketing plan is designed to increase the marketing and public relations exposure for Hawaii in order to increase brand awareness for Hawaii in the European market. Emphasis is placed on public relations, travel trade and consumer awareness. HTE will be selling the “dream.”

- Highlights include the following:

- Participated in trade and consumer shows such as: ITB trade show in Berlin, World Travel Mart (WTM) travel show in London, and TOP RESA in Paris.
- Created a Dole & Hawaii retail promotion in supermarkets in Germany, Austria, Switzerland, Scandinavia, and Eastern Europe. Since the start of the promotion, page views on the *hawaii-tourism.de* website increased 300%.
- Coordinated Hawaii photo shooting with Cube bicycles, one of Europe's major bicycle manufacturers, which included 6 days on the Big Island to do Cube’s annual catalogue photo-shoot.
- Launched an *Ironman Hawaii* promotion during the summer, which included a 2-week radio promotion on one of Germany’s largest radio station.
- Developed a cooperative advertising program with American Golf Holidays featuring Hawaii golf packages.
- Coordinated a marketing program to promote and support Delta Airlines’ route from Rome, Italy and Amsterdam, Holland to Honolulu, Hawaii via Cincinnati, Ohio.



*ITB Trade Show in Berlin.*

- **Oceania**

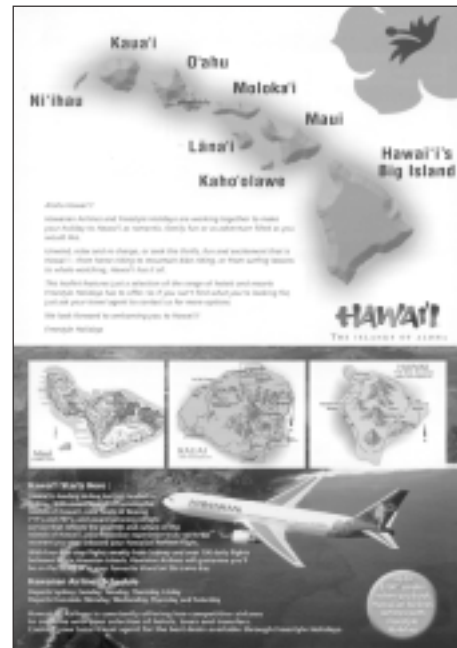
- Hawaii Tourism Oceania’s (HTO) 2004 marketing plan is aimed to re-awaken the interest in Hawaii in the Oceania marketplace; raise the profile and awareness of Hawaii; create a demand for more seat capacity; and increase the length of stay and visitor expenditures.

- Highlights include the following:

- Implemented the “Month of Lei” in New Zealand which included contributions from the airlines, the wholesalers, and representatives of Hawaiian product for coverage of and promotions for Hawaii.



- Supported Hawaiian Airlines' new weekly Sydney to Honolulu service.
- Organized a successful travel agency training program—*Aloha Down Under* to coincide with the new Hawaiian Airlines service to Australia.
- Coordinated with Australia's TV Channel 7 and one of Australia's top retail group for Australia's top rated TV breakfast show "*Sunrise*" which broadcast live from Hawaii for a complete week in June.
- Featured "*Taste Hawaii*," a segment on Television New Zealand's *Taste NZ* lifestyle program which showcased Oahu and the Big Island.



*Promoting Hawaiian Air's new Sydney to Honolulu service.*

The HTA continued its oversight of the HVCB and the international marketing partners with a "360°" evaluation of their performance and programs which incorporated a self-assessment as well as comments by the industry and community. The results of this evaluation will lead to continuous improvement of their programs and reporting.

TNS Research. The HTA continued its accountability measurement system through a contract with TNS Research (previously known as NFO Plog Research in 2003) which tracks the effectiveness of marketing programs in three MMAs—U.S. West, U.S. East, and Japan. Self-administered questionnaires are mailed weekly to a sample of qualified households. The information is collected and analyzed each quarter. Specifically, the study examines:

- Intention to travel to Hawaii;
- Brand valuation (positive impressions of the Hawaii brand overall and relative to competitors); and
- Measurements of specific marketing attributes of Hawaii in three MMAs.

The HTA used the 2003 information and compared it the 2004 findings to gauge consumers' perceptions about Hawaii as a destination. The reports are available on HTA's website.

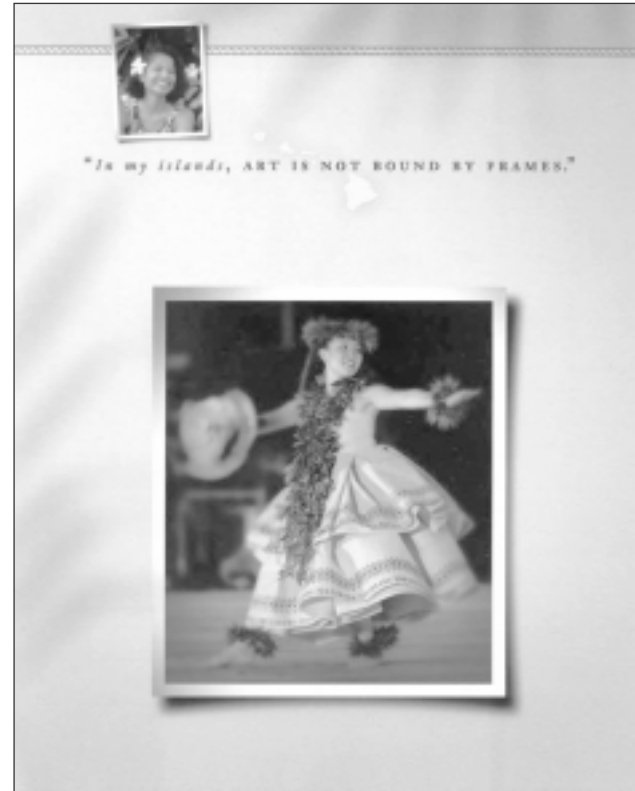
2004 Hawaii Arts Season. In efforts to promote Hawaii as a place with a countless variety of things to see, do and experience, the HTA collaborated with a cross section of cultural and arts organizations and the HVCB to develop and promote the first Hawaii Arts

Season program. The concept of the program is aimed to:

- Consolidate existing art and cultural events into a defined time period;
- Explore “marquee” events to generate additional publicity; and
- Market the “season” using leisure marketing budgets and with the support of travel wholesalers.

The Hawaii Arts Season was promoted in the North America and Japan markets during Spring 2004 (February 27–May 2), which allowed the travel industry to incorporate events that showcased arts and culture into their collateral and product offerings. The HTA worked with the Hawaii Consortium for the Arts (HCA) and Tim Bostock Productions to implement and manage the Season Program, which produced the following results:

- 110 arts organizations and presenters participated in the Season Program, creating over 150 performances and exhibitions across the state.
- The Hawaii Arts Season was featured on the *gohawaii.com* website, *visit-oahu.com* website, and *gohawaii.jp* website. Program information was publicized through a national campaign which included a Satellite Media Tour in February, “Arts & Culture” TV spots for US national cable, and ads placed in top publications including *The Smithsonian*, *Condé Nast Traveler*, *New York Times Sunday Travel*, *Travel & Leisure Magazine*, and *The Wall Street Journal*.
- The Program was promoted locally at Ala Moana Center, hotel concierge desks, and through a 16-page insert in *Honolulu Magazine*.
- According to the results from the State’s Visitor Satisfaction Survey, 8% of all visitors saw or heard about the Hawaii Arts Season. Those who saw or heard about the Arts Season tend to fall into a higher income bracket and stayed in Hawaii longer than two weeks. Visitors were most aware of Hawaiian Music and Hawaiian or Pacific dance events, and Hawaiian music events (rather than Hawaiian or Pacific dance events art exhibits or other festivals). The survey also showed that one-third of all visitors indicated that they would be likely to return to Hawaii for arts and cultural events, and one third would recommend Hawaii’s arts and cultural activities to family and friends.



2004 Hawaii Arts Season.



2004 International Pow Wow. The HTA, HVCB's Island Chapters, and HTA's international marketing partners representing Japan, Europe, Other Asia and Oceania, along with 21 Hawaii vendors participated in the Travel Industry Association of America's (TIA) 2004 International Pow Wow held in April in Los Angeles, California. The 36th 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. Over 140 meetings by the HTA marketing team with international wholesalers and tour companies were held. In addition, an all-island media release highlighting travel announcements was distributed to over 200 international media.

**2. Business Marketing.** The strategy for business marketing is to promote Hawaii 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 2004, there were three areas of focus for HTA in business marketing:

- Hawaii Convention Center (HCC) Sales and Marketing;
- Corporate Meetings and Incentives; and
- Business Branding Project.

HCC Sales and Marketing. The HTA continued to work with its contractor SMG for marketing of the Center. With the responsibility for marketing HCC, SMG undertook the following activities:

- Continued to monitor HCC activity against the targeted goals (outlined below).

### **Hawaii Convention Center (HCC) Goals and Indicators**

#### **Bookings of Offshore Events (as of September 2004)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Final/ Definite	17	31	30	28	40	39	22	15	13	5
Goal	15	24	22	30	34	34	34	34	34	34

#### **Delegate Count (as of September 2004)**

	1999–2002	2003	2004	2005	2006	2007	2008
Final/ Definite		132,696	162,515	101,500	77,500	55,400	31,500
Goal		122,500	122,500	122,500	122,500	122,500	122,500

Notes:

- Table 1 includes important re-booking from key groups such as the American Association of Endodontists (2006), American Dental Association (2009), American Academy of Periodontology (2010), American Academy of Neurology (2011) and American Association of Orthodontists (2012).
- Table 2 - Information on delegate count for years 1999–2002 was not collected previously.

- Continued to place a new focus on the Japan market for conventions.
- Launched a major sales and marketing program. "The Hawaii Advantage," which included the creation of new collateral material for sales efforts.
- Redeveloped its website to allow for more interaction.
- Met with the Industry Advisory Board throughout the year to assist in HCC marketing.
- Hosted several events and client activities at the 2004 PCMA trade show in Indianapolis in anticipation of bringing PCMA to the HCC in 2005.



*Hawaii Business Advantage.*

SMG made an offer of free convention center rent to qualified organizations who booked the center in targeted years at the PCMA meeting in Honolulu. This "bodacious offer" had generated significant interest in the HCC and is helping boost attendance for the Honolulu meeting.

For the first six months of 2004, SMG received \$2.4 million for its marketing efforts. In FY 2005, which includes the last six months of 2004, the HTA budgeted \$6 million for SMG to market the HCC.

Corporate Meetings and Incentives. The HTA continued to contract with the HVCB for marketing to the corporate meetings and incentives (CMI) market. Their CMI division focuses on direct selling, lead generation and client services for corporate meetings and incentives for hotels/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 Hawaii's companies, from restaurants to transportation companies, retailers, activities and attractions. The 2004 CMI marketing plan included the following goals:

#### **CMI Goals and Indicators**

<b>Indicator</b>	<b>Goal</b>	<b>Y-T-D August</b>
Leads	1,000	710
Room nights (Leads)	660,000	502,056
Bookings	270	186
Room nights (Bookings)	168,000	108,369

CMI marketing highlights for the year include the following:

- Maintained a dominant presence in trade shows such as the American Society of Association Executives, California Society of Association Executives, Meetings Professionals International, and Incentive Travel & Meetings Executives.

- Placed targeted advertising in trade publications such as *Incentive Magazine*, *Meetings West*, *Successful Meetings*, and *Meetings & Conventions* to develop a strong position among business executives, meeting planners and ultimate decision makers.
- Enhanced partnerships with the PGA and NFL for customized corporate incentive packages.
- Conducted site inspections to enable potential clients to experience the diversity of Hawaii as a CMI destination.

Business Branding Project. The HTA's goal is to increase visitor expenditures in Hawaii—and one important component of that goal is to increase the proportion of business visitors as a part of the visitor mix. The HTA hired Milici Valenti Ng Pack for the development of a three month marketing program to create a marketing message and establish a brand for Hawaii to convince key decision makers that Hawaii is a dynamic business destination, where meetings, conventions and other business activities can be productive and effective because of Hawaii's unique attributes.

The results of the project included the following:

- A focus group comprised of community businesses assisted in the development of the message.
- Advertising with a call to action was placed in publications such as the *Wall Street Journal*, *Forbes*, *Business Week*, and *Money Magazine*, in addition to on-line websites.
- Public relations efforts—media, print, radio & TV, national internet wire releases and BIO 2004 Convention—throughout the San Diego and Orange County market.
- Development of the *hawaiiworks.com* web portal.
- Research by OmniTrak was conducted for the pre and post message testing. The post research showed that relative to San Diego and Orange County, consideration of Hawaii as either a meeting or office venue improved, as well as broadening of Hawaii's brand associations (e.g. attractive to business leaders and talent, creativity and new ideas, and productive & skilled human resources), and increased existing advantages of Hawaii as a place to hold meetings and its business environment.



*Advertising for the Business Branding Project.*

Travel Ease. In the summer, the HTA completed production of three commercials that aired on Network Media (hotel room television channels) which provided visitors information to help expedite check in and travel through the airport. In addition, to assist visitors in preparation for their trip to and from Hawaii, the HTA also created the website: *www.travelsmarthawaii.com*, which is featured on each of its marketing partners' websites, in addition to travel wholesalers.

## B. Sporting Events

The HTA recognizes the value of sporting events in providing the state with worldwide media coverage and creating significant economic impact through the direct spending of those involved in the event. As such, the purpose of this program is to invest in a comprehensive portfolio of sporting events for the State that:

- Generates awareness of the Hawaii brand and establishes Hawaii as the preferred destination for high-profile, quality sports events through national and international media exposure;
- Attracts visitors to Hawaii as participants, spectators, and operators; and
- Provides residents with opportunities to attend or participate in activities which add to their quality of life.

In 2004, the HTA continued its partnerships with the NFL and PGA Tour. Highlights of those events are provided below:

- **NFL Pro Bowl.** The 2004 NFL Pro Bowl brought in 22,000 visitors who specifically came to Hawaii to attend the game (compared to 18,000 in 2003), which accounted for \$29.5 million in visitor spending and \$2.84 million in state taxes. The household rating for the Pro Bowl was 3.91 with a total household viewing audience of 4.242 million. The 3.91 rating in 2004 represents a 34 percent decrease over 2003. In 2004, HTA also successfully negotiated a new agreement with the NFL to ensure that the Pro Bowl remains in Hawaii for five more years. The new agreement begins in 2005 and runs through 2009.



- **PGA Tour.** The HTA's contract with the Professional Golfers' Association (PGA) supports five Hawaii-based tournaments and provides for marketing support for destination golf programs. In 2004, HTA, HVCB and SMG worked to increase the effectiveness of the PGA Tour contract through programs designed to reach both corporate and consumer customers. Consumer programs include co-op programs with travel wholesalers.

- **Other Sporting Events.** In addition to the NFL Pro Bowl and PGA Tour events, the HTA also invested a total of \$615,000 in other sporting events for 2004, as listed below:

Feb.–Mar. and Jun.–Oct.	Maui Jim Hawaii Marlin Tournament Series	Statewide
Mar. 29–April 4	2004 PWA Hawaii Pro	Hookipa, Maui
Apr. 18	US Olympic Team Trials Triathlon	Honolulu, Oahu

Apr. 24	2004 Steinlager Kauai World Challenge	Waiialua, Kauai
Aug. 8-14	44th Annual Hawaii International Billfish Tournament	Kailua-Kona, Hawaii
Aug. 9-15	2004 UVF Hilo World Sprints	Hilo, Hawaii
Sept. 19	Maui Marathon	Maui
Oct. 16	Ironman Triathlon World Championships	Kailua-Kona, Hawaii
Oct. 28-Nov. 10	Xcel Pro Surf Contest	Haleiwa, Oahu
Nov. 22-24	EZ Sports Maui Invitational	Wailuku, Maui

The HTA issued a Request for Proposal (RFP) in July 2004 for the sporting events that occur between October 15, 2004 to December 31, 2005. Events were selected based on the ability to market and promote Hawaii as a preferred destination for high-profile, quality sports events through national and international exposure and attract participants and spectators to Hawaii. The HTA formed an evaluation committee that selected thirteen events for funding:



*2004 PWA Hawaii Pro, Maui.*

- 2005 Ironman Triathlon World Championship
- 2004 & 2005 Xterra World Championship
- 2005 EA Sports Maui Invitational
- 2005 JAL World Triathlon Championships
- 2005 Maui Jim Hawaii Marlin Tournament
- 2005 Maui Marathon
- 2005 Hula Bowl Maui All Star Football Classic
- 2005 Xcel Pro Surf Contest
- 2004 & 2005 Sheraton Hawaii Bowl
- 2005 AVPs Best of the Beach
- PWA Hawaii Pro 2005
- 2005 Waikiki Offshores Series
- 2005 YMCA Kauai Challenge



*2004 Kauai World Challenge.*



## C. Product Development

As noted earlier in this report, the *Hawaii Tourism Strategic Plan: 2005–2015 (TSP)* was not completed until October 2004. As a result, the 2004 Product Development Programs (PDP) of the HTA were based on the 2002 *Ke Kumu: Strategic Directions for Hawaii's Visitor Industry (Ke Kumu)*. Specifically, the major strategies for the PDP are encompassed in the following three *Ke Kumu* initiatives:

- *Tourism Product Enrichment and Diversification for Tourism Product*: To develop new and enhance existing community based tourism programs and events related to the tourism product niches of agriculture, culture, education, health and wellness, nature and technology;
- *Advocacy and Representation for Tourism*: To encourage programs which help to protect Hawaii's fragile environment and public recreational areas and to provide tourism support services; and
- *Communications and Community Relations*: To engage in communication, education and outreach efforts to enhance the understanding of, support for, and participation in tourism by the various stakeholders including Hawaii's residents, the business community, visitor industry, and government agencies.

To accomplish the above, the PDP focused on several major program efforts including the following: **Product Enrichment Program (PEP)**, **Major Festivals Program**, **Greetings Program**, **Visitor Assistance Program**, **Natural Resources Program**, and other product development issues affecting Hawaii as a destination.

Importantly, the PDP has enlisted the assistance of two advisory committees, the Natural Resources Advisory Group and the Hawaiian Cultural Program Advisory Council, whose members provide the HTA with information and advice in their respective fields of expertise. The role of these committees is further explained in the following sections.

### Activities for the Year

HTA's activities within PDP can be broken down into the following:

- **Product Enrichment Program (PEP)**. The County PEP (CPEP) involves partnerships between the HTA and each of the four major counties of Hawaii. In this year's program, each county was



*Ku'u Home O Wailuku, Hoolaulea, Maui.*

allotted \$400,000 to support tourism activities on their respective islands in the niches of agritourism, cultural tourism, ecotourism, health and wellness tourism, edutourism, and technotourism. The partnership with the counties 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 the use of both county and state funds and resources. In 2004, over 100 projects have received support from the CPEP, with six additional projects totaling \$122,500 supported under the Statewide PEP (SPEP) which covers multi-county or special activities. (Lists of all county projects supported through the CPEP are available on the HTA website at [www.hawaii.gov/tourism](http://www.hawaii.gov/tourism).)



*Matsuri Kauai Performers, Kauai.*

As part of HTA’s program management responsibilities, staff continued to hold quarterly meetings with the County representatives to ensure adequate progress, share successes and address similar challenges across counties.

All of the events sponsored under the PEP must contact HTA’s marketing contractor for inclusion in the official calendar of events and the Knowledge Bank when applicable. The projects are also listed on the HTA website and county websites when possible and promoted through the HTA’s monthly email newsletter or county-wide marketing programs. The events also conduct extensive marketing campaigns to encourage both local resident and on-island visitor attendance. Lastly, when feasible and affordable, off-island promotions are also included as part of the effort to attract visitors specifically to the island for the event.

In addition, \$168,200 was utilized through a contract with SMS Research to conduct surveys of a sampling of PEP activities throughout the State in an effort to more quantitatively, comparably and consistently measure the benefits of these programs. Reports of the survey findings are shared with the county coordinators and event organizers to help improve programs and operations.

Work with the counties has begun for the 2005 PEP with public workshops held in August and September 2004 on each major island to announce the application periods and to answer questions about the program. All counties completed their application process by October 2004 and have begun the review, evaluation and awarding procedures with their respective community committees.

- **Major Festivals Program.** The *Ke Kumu* Initiative for Tourism Product Enrichment and Diversification states that the strategy should include “those major festivals which portray the diversity and culture of Hawaii and engender significant attendance and marketing activity within and outside the state.” Major festivals have proven to be an excellent way to offer both economic and social benefits to the State. These events engender significant attendance from visitors who come to Hawaii specifically to attend the event, as well as providing on-island visitors and residents with unique, cultural experiences that are intended to drive their desire to return to Hawaii for future visits. These festivals provide opportunities for significant national and/or international marketing support; allow Hawaii to take full advantage of its heritage and community pride; and support HTA’s overall goal of focusing on visitor industry expenditures and contributing to the average length of stay for the visitor.

For 2004, a total of \$1,125,000 was provided to support nine signature and flag-ship events under this program, with funds ranging from \$50,000 to \$300,000. (A list of the 2004 Major Festivals is available on the HTA website at [www.hawaii.gov/tourism](http://www.hawaii.gov/tourism).) As significant national and/or international media coverage/marketing is one of the criteria for this program, all of the Festivals conduct extensive marketing campaigns to attract both participants and attendees to their events. The pilot program to objectively survey the impacts of the Major Festivals that began in July 2003 was continued for all of 2004 with \$111,500. Results from the surveys were shared with each festival organizer to help improve operations and promotions and set baselines for accountability measures.



2004 Big Island Festival, Hawaii.

HTA staff has coordinated quarterly meetings with representatives from all of the major festivals funded by the HTA. These meetings provide an avenue for networking; for ongoing assessment and improvements to the program; for the sharing of ideas, successes and challenges; and for problem-solving on a collective basis.

- **Greetings Program.** The *Ke Kumu* Initiative for Advocacy and Representation for Tourism states that “the HTA will advocate for further development of island cruise facilities as well as support programs that enhance visitors’ arrival and departure experiences at those points.” This directive has led to the development of HTA’s Greetings Program which provides Hawaii’s visitors with an enjoyable first and, sometimes, last experience



of the islands. Primarily a harbors' greetings program, the program is also open to airport activities. Thousands of visitors are given a special greeting welcoming them to our islands. In general, the greeting includes live entertainment such as Hawaiian musical groups and hula performances, lei or flower presentations, visitor information, refreshments, and rest areas.

While each county program initially received \$75,000 for efforts in 2004, due to the inaugural visit of the Norwegian Cruise Line's (NCL) "Pride of Aloha," an additional \$45,000 was provided for special greetings and to enhance the physical features of the harbor areas. The program budget is matched on a one-to-one basis by the Greetings providers in each county and together the program is estimated to greet over one million passengers in 2004. HTA staff has convened quarterly meetings with representatives of the counties as well as the providers of these greetings services for each county in an effort to monitor the program, share ideas, develop new programs, and address issues and concerns relating to the cruise industry and transportation services in general. Years 2005 and 2006 will see significant increases in cruise ship passenger arrivals as NCL will be introducing more ships to Hawaii.



*Celebrating NCL's Pride of Aloha's stop at Honolulu Harbor, Oahu*

- **Safety and Security Program.** The Visitor Assistance Programs (VAP) provide a much needed service to visitors who become victims of accidents or crimes while in Hawaii, and often turn a negative experience into a positive memory of Hawaii. While it is important to work to ensure the safety of both visitors and residents, it is impossible to prevent all accidents and crimes from occurring. It becomes equally important, therefore, to address the needs of those who become victims of crime or who experience other hardships while in Hawaii. This year, Hawaii received high-profile media attention with assault incidents and shark attack victims.

In 2004, HTA provided \$200,000 to the Visitor Aloha Society of Hawaii (VASH) and its counterparts in each county. In addition, the programs receive significant in-kind services and donations from island businesses and residents. VAP provides a wide variety of services to visitors ranging from financial aid and transportation services, to general assistance with challenges such as ticket changes and funeral arrangements. With approximately 900 victims being assisted from January to June 2004, it is anticipated that a significant number of victims are expected to be assisted statewide by the end of 2004. Partnerships continue with the county police departments, visitors' organizations, the hotel industry, and others.

In September 2004, the HTA received the perpetual General Fred Weyand Award from VASH's Oahu Chapter for its support of and contributions to the program. This first-ever awards program provided an avenue for VASH to recognize those members of the community who support efforts to assist visitors to Hawaii who are victims of crime or other adversities. HTA was also presented with an award of merit from the City and County of Honolulu for its contributions.

In addition, based on comments received from law enforcement agencies and with an opportunity to initiate a security system to help deter car break-ins at public park sites, the HTA invested \$67,500 in a pilot program with a private firm, the Honolulu Police Department, and the State and City parks departments to install security cameras at two high profile sites on Oahu to measure the impact such cameras may have on deterring crime, and assisting in the apprehension and conviction of the criminals involved. The six month monitoring program runs into early 2005 when results on criminal activities should be available.

- **Natural Resources Program.** HTA's plan for the first year of this program consisted of several elements including an overall assessment of Hawaii's natural resources and a state parks survey, both of which were completed this year. While awaiting the results of these studies, the HTA supported seven projects throughout the State with a total of \$1 million for 2004. (A list of the 2004 Natural Resources projects is available on the HTA website at [www.hawaii.gov/tourism](http://www.hawaii.gov/tourism).) With the information from the completed survey and assessment, the HTA, with the members of its Natural Resources Advisory Group, is working to finalize the list of projects to be supported for 2005.



*Volunteers from the Molokai Earth Preservation Organization help clear the Nature Trail at Kokee.*

Additionally, at the request of the 2004 State Legislature, HTA's joint committee of the Natural Resources Advisory Group and the Hawaiian Cultural Program Advisory Council is developing a recommendation for a definition of "eco-tourism" for the State of Hawaii and possible policy issues to be considered to better manage and sustain successful eco-tourism activities throughout the State.

- **Education Program.** In its first year, HTA's education program activities focused on supporting the Academy of Travel and Tourism with \$50,000 to broaden participation in

this career development and training program for high school students interested in a visitor industry career. Currently this program serves six high schools on Oahu, Kauai and Maui.

A nationwide program that was established in 1987, the Academy of Travel and Tourism (AOTT) has formally changed its name to the Academy of Hospitality and Travel (AOHT). The basic tenet of 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 a curriculum that provides an in-depth look at all aspects of tourism and hospitality.

- **Hawaiian Cultural Program.** The HTA formed a Hawaiian Cultural Program Advisory Council representing key agencies involved with the Hawaiian community, visitor industry representatives, cultural practitioners and each county. No funds were allocated for the program in 2004. However, the members have been meeting to discuss the needs and challenges facing the Hawaiian community and visitor industry, and the development for a program in 2005, with funds allocated to HTA's Product Development budget to support the strengthening of the culture and the relationship with the industry. The Council has also evaluated and made suggestions for revamping and redefining the "Keep It Hawaii" program, a program which was initiated by the HVCB and is now being coordinated by the HTA, to recognize those individuals, organizations and companies for efforts in maintaining and preserving Hawaii's unique culture.
- **Other Product Development.** For 2004, funds were made available to support other product development initiatives not covered under the existing programs: \$100,000 was set aside to support the production of Hawaiian cultural films that help to market Hawaii to potential visitors; \$50,000 was used to complete a business plan for health and wellness tourism; \$370,000 was approved for a Waikiki Revitalization effort including support for the hula and torch lighting ceremonies and the Sunset and Brunch on the Beach series; and \$99,500 supported another three projects on Oahu and Kauai.

## **D. Hawaii Convention Center (HCC)**

The Hawaii Convention Center was built in 1997 as a world-class facility to accommodate large, off-shore meeting, convention and incentive events. While the primary purpose of HCC is to draw new dollars into the economy and to increase tax revenues for the State, the facility also provides other benefits Hawaii's residents by serving as a venue for a broad and diverse mix of community events including concerts, civic events, trade shows, educational seminars, sporting events, and a world-class car show.

### **Management and Operations of HCC**

In 2004, the management team of SMG continued to explore and enhance the attributes of the HCC to benefit the HCC's users and the community-at-large. In addition to the

ongoing maintenance, management and operation of the HCC, highlights for the year are listed below:

- Short-term bookings and food and beverage productivity allowed the HCC's financial performance to exceed its goals and expectations for the year.
- The HCC continues to be a nationally recognized facility. The prestigious METROPOLL X study ranked the Hawaii Convention Center No. 1 as the most attractive convention center and No. 3 for good food served among 40 major convention centers in North America.
- Additional pre-pay validation machines were installed for customer convenience and efficiency. Parking revenues were increased to "market rate" to help offset the increase in maintenance and parking operation expenses.
- Eight (8) video information stations that include "You Are Here" maps and real time event schedules were added to provide attendees with additional directional signage and up-to-date meeting information.
- A new AM radio station was added to provide traffic advisories around the areas adjacent to the HCC.
- The HCC's fire alarm system was upgraded to state of the art technology.
- SMG has taken over the direct operation of the Landscape Department which will provide better internal control and will be cost effective for the HCC.
- A consultant was hired to survey the HCC to inspect the updates done in compliance with the American Disabilities Act (ADA). Results will serve as the basis for future capital planning.
- The HCC has installed a new "jockey chiller" which is estimated to save 30% on energy use. An energy incentive rebate of \$16,000 was received from Hawaiian Electric Company.
- The HCC operates at a loss each year and in FY 2004, the net operating loss was \$2,706,000. This is \$794,000 better than the budgeted annual net loss of \$3,500,000.
- The Audissey Company of Honolulu has installed a public address system to reach people in the Lobby area to enhance the HCC's customer service.
- The State Foundation on Culture and the Arts has taken over the operation and display

of the museum cases located on the 3rd floor "mauka" concourse. Exhibits will feature the State's collection of items that have been archived.

- The new hit television series "Lost" has filmed several sequences at the HCC to replicate locations germane to the storyline.

The HTA continued its oversight of SMG's management of the facility which included the Client Survey Evaluation by users of the HCC. While overall the Customer Satisfaction Ratings have ranged between 95 to 97 percent in all service categories, operations have consistently been ranked excellent and exceeding user expectations. In addition, food and beverage continues to be a point of distinction for the HCC.

## IV. Other Efforts

Other efforts for the year are detailed below:

- **Planning.** As the state tourism agency, the HTA is mandated to create a vision and develop a long-range plan for tourism in Hawaii. For that reason, in 2003, the HTA began revising its tourism strategic plan, *2002 Ke Kumu: Strategic Directions for Hawaii's Visitor Industry*, with efforts continued throughout 2004. The planning process included the following:
  - the establishment of a Strategic Planning Advisory Group of approximately 30 individuals representing industry, business, government and community and including representation from all counties to provide assistance and input into the planning process and the final product;
  - an update of the foundation studies that examined Hawaii's competitive position as well as a product best practices analysis. This report was completed through a contract with Hospitality Advisors for \$200,000;
  - a review of other research studies including the *2004 Sustainable Tourism in Hawaii Study*, *Resident Sentiment Survey*, *Visitor Satisfaction Survey* and the *Natural Resource Assessment*; and
  - the gathering of comments, suggestions and concerns from the community, industry and government through numerous outreach efforts including the Governor's Tourism Summit, focus group and public information meetings on all islands, industry discussions, and on-line and email venues; and an assessment of the changes happening globally, locally, within the State and Hawaii's own visitor industry.

To help staff this planning effort, the HTA contracted with PBR Hawaii for \$185,000 to coordinate and conduct island meetings to gather input for the plan, gather research and other relevant data, and assist with drafting the plan. During the initial planning process, it became clear that in addition to HTA's plan—*Ke Kumu*—a more



*TSP meeting in Hilo.*

comprehensive and inclusive plan that addressed the needs as well as identified the responsibilities of all Hawaii's visitor industry stakeholders was also needed. The result was the *Hawaii Tourism Strategic Plan: 2005–2015 (TSP)*, a 10-year plan for the State of Hawaii which identifies a shared vision for Hawaii tourism by Hawaii's tourism stakeholders. The *TSP* also outlines a roadmap—strategic directions, specific goals and responsible



and supporting partners—for achieving that vision. On October 14, 2004, the HTA Board voted to approve this *TSP*. In addition, the HTA Board agreed to develop its own agency action plan for calendar year 2005 which outlines HTA strategies and actions, consistent with the framework of the *TSP*.

- **2004 Hawaii Tourism Conference.** During the 2004 legislative session, the House Committee on Tourism & Culture passed HR 48, HCR 71 which urged the HTA to sponsor a statewide conference on tourism in Hawaii. As such, the HTA put on a two-day conference featuring experts and respected community leaders from around the nation, across the world, and in Hawaii. The first day featured speakers who presented research findings, ideas and trends related to tourism. Topics included a case study of Australia; consumer markets trends in Japan and the U.S.; the meetings and convention market; the sports industry; Hawaii visitor statistics; market trends; niche markets (honeymoon, golf, culture, health & wellness); Hawaii sense of place; and transportation issues. The second day featured the HTA's marketing partners (HVCB, Hawaii Tourism Japan, Hawaii Tourism Oceania, Hawaii Tourism Europe, Hawaii Tourism Asia, and SMG) presenting their 2005 Annual Tourism Marketing plans. Approximately 360 people attended the conference, which overall received positive evaluations.



2004 Hawaii Tourism Conference collateral.

- **Communications and Outreach.** The HTA's communications efforts are intended to provide information to key constituencies about HTA plans and programs as well as educate the public about tourism issues including the role the industry plays in Hawaii, from an economic and community perspective. As such, HTA's communication efforts in 2004 included the following:
  - Establishing a basic communications program for HTA. This included developing a schedule of regularly planned activities—monthly releases and newsletters, speeches and briefings—that would communicate information about HTA programs and efforts, to selected audiences in the community, industry and government, on a consistent basis. This also included holding press conferences and media briefings on an as needed basis. The HTA contracted with Stryker Weiner & Yokota, a communications firm, to assist them in more effectively carrying out these tasks.
  - Developing a longer-term communications program for HTA. The intent of this program is to reach a larger audience, provide a broader tourism content (not just about HTA activities), and utilize additional communication methods (e.g., collateral and enhanced website). Efforts for this included conducting research to help identify key

issues and messages for the development of a future tourism campaign and identifying various options for this longer-term program. During the year, HTA was also focused on developing and promoting the *TSP*. Importantly, this document provides significant information about the industry including critical issues affecting tourism and tourism's contributions to the State.

Outreach efforts for the year included stakeholder meetings (public and focus group sessions) on all islands regarding the *TSP*, legislative meetings in all counties to talk with representatives from government, industry and the community, board meetings on the islands of Oahu, Hawaii and Kauai, as well as specific meetings on marketing and product development initiatives.



## V. Hawaii's Travel and Tourism Industry

The purpose of these next two pages is to share some information on how the industry did for the year and to demonstrate how tourism contributes to Hawaii's economy. Below are some of the industry indicators for the year, based on the latest data available.

### Visitor Industry Projections

The industry's performance in 2003 compared to its projected performance in 2004 in terms of visitor expenditures, visitor days, and visitor arrivals are listed in the table below:

**Table 1: 2003 Performance and Projected Performance for 2004**

Visitor Statistics	2003 Actuals*	2004 Projections**	% change over previous year
Visitor Expenditures	\$10.07 billion	\$10.58 billion	5.02%
Visitor Day	59.23 million	63.70 million	7.55%
Visitor Arrivals	6.44 million	6.93 million	7.64%

\*2003 actuals are based on DBEDT's revised statistics.

\*\*2004 projections are based on DBEDT statistics using actual information from January - September and projections for the months of October, November and December.

The above information is further broken down by the following Major Market Areas (MMA) and by business segment as listed below:

**Table 2: 2003 Performance and Projected Performance for 2004 by MMA**

	Visitor Expenditures		Visitor Days		Visitor Arrivals	
	2003* (\$billion)	2004** (\$billion)	2003* (million)	2004** (million)	2003* (million)	2004** (million)
US West	\$3.835	\$3.775	25.062	26.207	2.610	2.711
US East	2.773	2.956	16.976	18.541	1.653	1.793
Japan	1.902	2.119	7.921	8.681	1.340	1.504
Canada	0.336	0.341	2.760	2.756	.205	0.209
Others	1.000	1.155	6.063	7.092	.572	0.656
Business supplement	0.184	0.190	N/A	N/A	N/A	N/A
Visitors by cruise ships	0.045	0.043	0.445	0.4228	0.062	0.061
Total	\$10.073	10.578	59.228	63.700	6.442	6.934

\*2003 actuals are based on DBEDT's revised statistics.

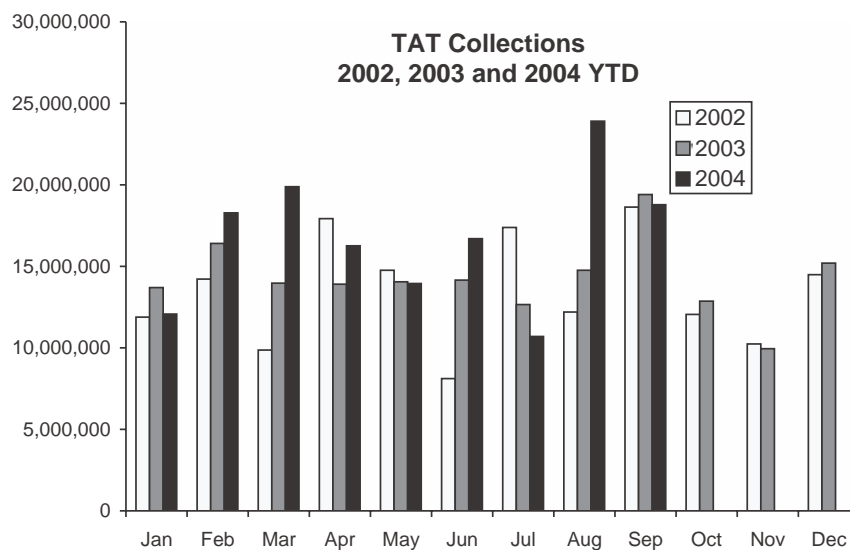
\*\*2004 projections are based on DBEDT statistics using actual information from January - September and projections for the months of October, November and December.

## 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 and to the individual counties, which therefore benefits Hawaii's residents. As of July 1, 2002, the TAT revenues collected are broken down 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 Kauai, 18.6 percent to Hawaii, 22.8 percent to Maui and 44.1 percent to Honolulu).

Year-to-date 2004 (through September), show TAT collections to be at \$150.4 million, a 13.2 percent increase over the same time period last year as show below:



Source: Department of Taxation

## Contributions of Hawaii's Travel & Tourism's Economy in 2003

- Hawaii's Travel & Tourism Economy is expected to produce \$11.0 billion or 21.7 percent of Gross State Product;
- Hawaii's Travel & Tourism Economy is estimated to account for approximately 183,600 jobs or 22.8 percent of total employment for the state; and
- Hawaii's Travel & Tourism Economy taxes are expected to contribute \$1.14 billion tax dollars to the state and county government or 23.1 percent of total state and county tax revenue.

Source: DBEDT

Hawaii Tourism Authority  
**Fiscal Year 2004 Actuals**  
**(\$000)**

**REVENUES**

Tourism Special Fund	\$62,292
Investment Pool Interest/Miscellaneous Receipts	<u>348</u>

<b>TOTAL REVENUES</b>	<b><u><u>\$62,640</u></u></b>
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**APPROPRIATIONS**

FY 2004	<u>\$61,000</u>
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<b>TOTAL APPROPRIATIONS</b>	<b><u><u>\$61,000</u></u></b>
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**HTA EXPENDITURES**

Administrative Costs	1,899
Sports & Festival Events (Includes Pro Bowl/PGA)	9,354
Community & Special Events	890
Product Development	3,673

**MAJOR MARKETING**

Leisure Marketing	36,288
Meetings, Conventions & Incentives Costs	<u>8,852</u>

<b>TOTAL HTA EXPENDITURES</b>	<b><u><u>\$60,956</u></u></b>
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