

# Hawaii Tourism Authority

2005 Annual Report to the Hawaii State Legislature

October 31, 2005



# Letter from the Hawaii Tourism Authority

Aloha! We are pleased to present the Hawaii Tourism Authority's (HTA) Annual Report for Calendar Year (CY) 2005 which covers the agency's activities, challenges and accomplishments from January through October 2005. To date, 2005 has been a very good year—for HTA as well as the industry. Below, are some of the highlights for the year:

- First, according to the latest year-end projections, tourism in 2005 will exceed last year's performance in terms of visitor spending, visitor days and visitor arrivals. And this is good news not only for the industry, but for every resident of the State who benefits directly and indirectly from every visitor dollar spent. As the economic engine for the state, tourism provides 183,000 jobs in Hawaii and 23 percent of the tax revenues to the State. Importantly, that 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.
- Second was a successful legislative session. Through the enactment of Act 235, SLH 2005, HTA was given more resources and greater flexibility to improve its overall operations. Specifically, beginning in FY 2007, the percentage of Transient Accommodations Tax (TAT) revenues into HTA's Tourism Special Fund will increase from 32.6 percent of TAT to 34.2 percent of TAT. These additional resources will allow HTA to support more programs and activities throughout the State that enhance both our residents' quality of life and the visitor experience.
- Third, 2005 marked the first year that the *Hawaii Tourism Strategic Plan: 2005–2015* was implemented. The plan calls for building a sustainable tourism industry that values and perpetuates Hawaii's natural and cultural resources, honors Hawaii's people and heritage, and supports a vital and sustainable economy. Consistent with this plan, the HTA made changes to existing programs and launched new ones. Examples include the following:
  - Revamping the *Keep It Hawaii Program* to involve and recognize a broader segment of the community who perpetuate and preserve Hawaii's host culture;
  - Enhancing the 2<sup>nd</sup> Hawaii Tourism Conference which attracted over 450 participants and featured speakers from around the world to present global topics and discuss local issues;
  - Holding the first-ever *Hawaii Festivals and Events Seminars* to provide event organizers with information and resources to enhance their individual operations and programs; and
  - Initiating an HTA Board Familiarization Trip Program designed to give the board and staff first-hand experience with industry happenings around the State and opportunities to meet with island stakeholders.

In closing, we would like to say thank you to all of those who have supported, assisted and worked with us throughout the year. This includes those who participate in HTA's marketing, product development and sporting events programs, as well as the community groups, industry and government entities, including the Legislature, who partner with us on a variety of efforts. Together, we can attain the vision of a Hawaii that is a special place to live, work and visit.

Mahalo,



John J. Toner  
HTA Chair



Rex D. Johnson  
HTA President & CEO

# Hawaii Tourism Authority

(as of October 31, 2005)

## Members

## Representation

John J. Toner, Chair Executive Vice President Ko Olina Resort	At-Large
Douglas Kahikina Chang, Vice Chair General Manager Hotel Hana Maui	At-Large
Vernon Char Attorney at Law Char Sakamoto Ishii Lum & Ching	At-Large
Rodney Haraga Director State of Hawaii Department of Transportation	Ex-Officio
Gail Y. Haraguchi Haraguchi Consulting Group, LLC.	At-Large
Kawaikapuokalani K. Hewett Cultural Health Director Waimanalo Health Center	Hawaiian Culture
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
Nadine Nakamura Principal NKN Project Planning	County of Kauai
Lorrie Lee Stone Attorney at Law Law Office of Lorrie Lee Stone	At-Large
Sharon Weiner Group Vice President, Business Development Public Relations and Consumer Marketing DFS Pacific Group	City & County of Honolulu

## Members (continued)

Marsha Wienert  
Tourism Liaison  
State of Hawaii Governor's Office

Ronald Yamakawa  
Executive Director  
State of Hawaii, State Foundation on Culture & the Arts

Stephen Yamashiro  
Consultant

Leon Yoshida  
President  
Sawayaka Hawaii, Inc.

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

## Representation

Ex-Officio

Ex-Officio

County of Hawaii

At-Large

Ex-Officio

## HTA Staff

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

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# 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 lead agency and advocate for Hawaii'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 Hawaii's visitor industry. Among its responsibilities, 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 foster and sustain a healthy tourism industry for the state;
- Developing and monitoring implementation of the Tourism Strategic Plan; and
- Coordinating tourism-related research, planning, promotional and outreach 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 sixteen 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. In 2004, the HTA, with much assistance and input from the industry and the broader community, completed a 10-year tourism plan for the State, *Hawaii Tourism Strategic Plan: 2005–2015 (Hawaii TSP)*. The 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 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: John Toner (Chair), Douglas Chang (Vice-Chair), Lawrence Johnson and Nadine Nakamura.
- **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), Lawrence Johnson (Vice Chair), Douglas Chang, Vernon Char and Marsha Wienert.
- **Marketing Standing Committee** makes policy recommendations on initiatives that relate to promote the visitor industry. Committee members: Sharon Weiner (Chair), Kyoko Kimura (Vice Chair), Lorrie Lee Stone, Ronald Yamakawa and Leon Yoshida.
- **Strategic Planning Standing Committee** makes policy recommendations relating to the following program areas: Research and Planning. Committee members: Nadine Nakamura (Chair), Marsha Wienert (Vice Chair), Douglas Chang, Gail Haraguchi, Rodney Haraga, Kawaikapuokalani Hewett, Ronald Yamakawa and Peter Young.

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

- **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 (Co-Chair), Gail Haraguchi (Co-Chair), Vernon Char and Leon Yoshida.
- **Kauai Field Trip Investigative Committee** provided findings related to various visitor attractions and product development initiatives on the island of Kauai. Committee members: John Toner, 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 perform work in-house. In addition, HTA staff 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);
- Product Development efforts: County of Hawaii's Department of Research and Development, County of Kauai's Office of Economic Development, County of Maui's Office of Economic Development, and City & County of Honolulu's Office of Economic Development;
- Legislative and Government Affairs: Okudara & Associates;
- Communications services: Stryker Weiner & Yokota Public Relations; and
- Financial Services: Bank of Hawaii.



### III. HTA Program Areas

A brief narrative of the HTA's programs and activities from January 1 through October 31, 2005, 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 considerable portion (62%) of the HTA's budget. Marketing categories under this heading are as follows:

##### Marketing Categories

	Budget (in \$ millions)
Leisure Marketing	\$34.7
Hawaii Arts Season	\$0.1
Corporate Meetings & Incentives	\$2.0
Hawaii Convention Center	\$4.0
Marketing Flexibility Fund	\$2.0
Health & Wellness Research	\$0.05
TNS Research	\$0.2
TOTAL	\$43.05

**1. Leisure Marketing.** The HTA's leisure marketing strategy is to attract active, higher-spending visitors to Hawaii by targeting key consumer groups and optimizing marketing programs to attract more visitors in the "shoulder" periods. In 2005, HTA's focus in leisure marketing, included five key areas:

- Collaboration with and management of the marketing contractors;
- Development of the accountability measurement system with TNS Research;
- Creation of the 2005 Hawaii Arts Season;
- 2005 Hawaii Tourism Conference; and
- Other: Health & Wellness market research, *Travelsmarthawaii* website, and the 2005 International Pow Wow.

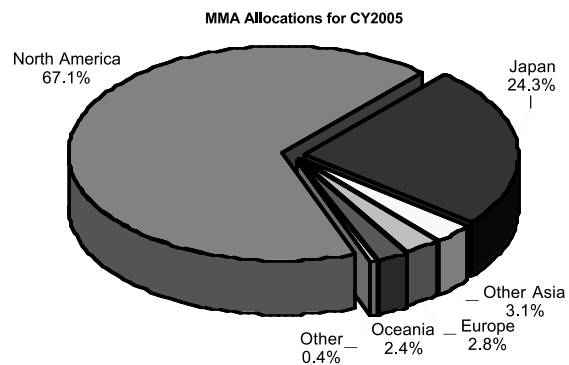
Management of the Marketing Contractors. CY 2005 marked the second year of the four-year contracts with the following five organizations that provide global leisure marketing services:

- Hawaii Visitors & Convention Bureau (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; and
- The Walshe Group (working as Hawaii Tourism Oceania): Australia and New Zealand.

Of the total leisure marketing budget, nearly 94% 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.

### 2005 Leisure Budget

MMAs	\$\$
North America	23,245.3
Japan	8,412.5
Other Asia	1,073.2
Europe	959.0
Oceania	817.0
Other	155.0
TOTAL	34,662.0



Leisure marketing highlights by MMA are provided below:

- *North America.* The HVCB’s 2005 marketing plan is designed to implement HTA’s strategic initiatives and specifically, to increase promotional presence, target active, higher-spending visitors, stimulate demand during shoulder periods and support the following vertical markets to provide additional focus: golf, culture and arts, romance, family and sports.
  - Highlights include the following:
    - Supported the *2005 Hawaii Arts Season* through new TV spots and print advertising in magazines reaching consumers with an interest in cultural tourism.
    - Sponsored *Aloha Swing*, a TV package and promotional program with the Golf Channel that generated more than 100 hours of golf programming in the month of January. A viewer sweepstakes with four Hawaii trips was part of the program. Also launched the 2005 spring online golf promotion with *pgatour.com*, *golfonline.com*, and *Google* and *Overture* search marketing programs.

- Sponsored a spring flight on cable TV January 31- February 27 in support of the spring shoulder season. The “active traveler” message aired on *Travel Channel*, *Discovery Health Channel*, *Outdoor Life*, and *National Geographic*. The cultural traveler message aired on *Travel Channel*, *Discovery*, and *National Geographic*.
- Placed advertisements in publications such as *Condé Nast Traveler*, *Sunset* magazine, *National Geographic Traveler*, *Travel & Leisure Golf*, *Coastal Living*, *Islands*, and *Wall Street Journal*.
- Released a new promotional three-minute video, *Hawaiian Paradise*.
- Supported shows aired in May including Nissan Action Sports, XTerra Planet and a re-air of Nissan XTerra USA Championship.
- Launched *agents.gohawaii.com*, a new travel agent focused website.
- Helped support airline and wholesale partners: Aloha Airlines, Hawaiian Airlines, American Airlines Vacations, Air Canada Vacations, MLT Vacations/NW World Vacations, United Vacations, Delta Vacations, and Certified Vacations (Continental). The fall shoulder season program which targeted active/higher-spending visitors included 17 partners at a 2.6:1 partner funding ratio with total funding of \$1.4 million.
- Promoted the *Aloha Festivals* with a single leaf insert in *The New Yorker* in cooperation with Hawaiian Airlines.
- Launched a fall shoulder season promotion, *Ultimate Hawaii Dream Vacation* promotion which featured the diverse activities available in Hawaii and introduced an itinerary planner (with a related sweepstakes) to allow consumers to build their own dream itineraries. The promotion included the following:
  - *Aloha Live! 2005 Hawaiian Music Concert Tour* in September with mainland performances by Kealii Reichel and Na Leo Pilimehana in Seattle, San Francisco, San Diego and Los Angeles. The tour continues in October with Na Leo headlining in Sacramento, Anaheim, Mesa, Portland, Las Vegas, Chicago and New York.
  - Print and Television Advertising: *The Wall Street Journal*, *The Travel Channel*, *Outdoor Life Network*, *National Geographic Channel*, *Food Network*, *Oxygen* and *Style* cable networks.
  - Online Advertising: Online advertising on *Discovery.com*, *TravelChannel.com*, *Forbes.com*, *WSJ.com*, *TravelandLeisure.com*, *TravelandLeisureGolf.com* and *Yahoo.com*.
  - Email blasts, travel trade education programs, and a satellite media tour (featuring Jasmine Trias).
- Promoted golf as follows:
  - Supported a gatefold in *Golf Magazine* that highlighted “Best of 36” holes in Hawaii. Circulation: 350,000.
  - Placed a full-page ad in *Travel+Leisure Golf* with golf/cuisine messaging. Circulation 632,000.
  - Placed a full-page ad in the launch issue of *Golf Living* (distributed by *LA Times*) with golf/cuisine messaging that focused on golf lifestyle opportunities in the West. Circulation 105,000.

- *Japan.* Hawaii Tourism Japan’s (HTJ) 2005 marketing plan is designed to re-brand and refresh Hawaii’s image so that Hawaii will be an exciting destination once again in the minds of the Japanese consumer. In addition, the plan seeks to “close the gap” between the image of Hawaii and the attributes that are considered to be important by Japanese travelers (from the TNS report).

– Highlights include the following:

- Continued use of Jake Shimabukuro as spokesperson for the Hawaii campaign, including appearances in HTJ’s produced material and at promotional events.
- Completed production of three television commercials and a variety of posters and collateral marketing materials as part of its 2005 *Discover Aloha* campaign, putting more emphasis on culture.
- Aired five minute mini-programs on TV Tokyo entitled *Deep in Aloha* every week in March, reaching approximately 17 million households.
- Sponsored a radio program on J-Wave FM called *Colors of Hawaii*, broadcast live from Honolulu, and featuring contemporary topics, visitor information, and events. The broadcast, along with Hawaii images, is available on streaming video at <http://www.j-wave.co.jp>.
- Scheduled Golden Week promotions featuring Hawaiian Music and hula built around the theme *Discover Aloha*, and held in Tokyo, Hiroshima, and Sapporo.
- Sponsored three promotional events at the Aichi Expo in Nagoya in the Expo Dome. The event was covered by major newspapers and television stations.
- Expanded the number of downloadable materials on the website for travel trade professionals, including additional maps, logos, and illustrations.
- Launched a summer *Aloha* Shirt promotion on July 7. The program coincided with a national “Cool Biz” campaign by the Japanese government to encourage energy savings by raising office temperatures and persuade men to forego neckties. The program was supported with a newspaper ad in *Nikkei* with an *Aloha* shirt sweepstakes with 400 winners. Sig Zane, Reyn’s, Blue Ginger and Hilo Hattie participated in the promotion.
- Participated in the Japan Association of Travel Agents (JATA) Travel Show and World Tourism Conference on September 22–24 in Tokyo. 104,000 travel professionals and consumers attended the show and more than 33,000 attendees visited the Hawaii booth, which featured forty Hawaii partner organizations. Entertainment included hula, Hawaiian music, and appearances by Miss Hawaii.



*Discover Aloha*

- *Other Asia.* Hawaii Tourism Asia's (HTAsia) 2005 marketing plan is designed to position Hawaii as a compelling choice for a growing segment of the upscale traveling population from the Other Asia MMA. The plan focused on three main geographic areas: China, Taiwan and South Korea. The main marketing activities included: intensive travel trade marketing campaigns; focus on increasing media coverage; aggressive tie-up consumer marketing campaigns; broad-based market research; and strategic initiatives with Island Chapters, associations, airlines, and strategic partners.
  - Highlights include the following:
    - Supported (Hawaii Tourism Korea - HTK) filming in Hawaii for a segment of Korea Broadcasting Systems' edu-tainment program *Sponge*. The show was broadcast in three eight minute segments over three weeks beginning February 5 reaching an audience of 12.8 million Koreans.
    - Participated in a number of tradeshow, including: *My Wedding Fair* (30,000 attendance), World Travel Fair in Shanghai, *Guangzhou International Travel Fair* (115,000 travel professionals and visitors), *See America* Booth at the *Taiwan Travel Fair*, *Taiwan International Travel Fair* in Taichung, *Kaohsiung Travel Fair*, *Ilsan Wedding Expo*, *Xin Tian Di Hawaii Tourism Promotion* in Shanghai, *Qingdao International Tourism Expo*, *China International Business & Incentive Travel Mart (CBITM) July 25–27 in Beijing*, and *Pacific Asia Travel Association (PATA) travel mart* in Kuala Lumpur.
    - Sponsored a Hawaii Travel Mission, which invited Korean travel professionals to meet one-on-one with hotels and suppliers from Hawaii.
    - Arranged lei greetings, an airport reception and press conference to acknowledge EVA Air's resumption of three-times-weekly non-stop service between Taipei and Honolulu.
    - Responded to a recent memorandum of understanding between HTK, the US embassy in Seoul, and six major travel agents, to ease application procedures for Korean honeymooners.
    - Organized and participated in familiarization tours with media and travel trade.
  
- *Europe.* Hawaii Tourism Europe's (HTE) 2005 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 uses the tagline "The dream" to sell Hawaii to the European market.
  - Highlights include the following:
    - Launched a comprehensive marketing campaign in cooperation with Windsurfing Chiemsee. The 9 month program includes promotional hang tags on *Blue Hawaii*



China

- garments, point of sales materials, events, activities, media and online promotions.
  - Represented Hawaii at *Destinations*, the UK's largest consumer travel show in conjunction with United Vacations.
  - Coordinated a Hawaii delegation of industry and HVCB Island Chapters at the *ITB Berlin* trade show. 144,000 visitors attended the show.
  - Coordinated a spring/Easter promotion with Europe's leading online flower retailers, *www.flowers.de*, which featured the use of tropical flowers, Hawaii graphics, imagery and promotional materials including pop-up displays, flyers, and newsletters.
  - Produced 100,000 Hawaii inserts in the German DVD release of *Lilo and Stitch* in cooperation with Hilton Hawaiian Village, United Airlines, Meiers Weltreisen, and others.
  - Partnered with American Airlines to offer discounted fares for Hawaii tickets from the United Kingdom booked online from July–December 2005.
  - Cooperated with Hawaiian Tropic for a summer promotion including a four-city promotional tour and 180,000 product flyers offering Hawaiian materials and a Hawaii trip giveaway.
  - Launched a 52-page German language travel guide featuring information on trip planning, product news, events, and stories on local attractions. The publication will be distributed by HTE and travel agencies.
- 
- ITB booth*
- *Oceania*. Hawaii Tourism Oceania's (HTO) 2005 marketing plan is intended to:
    - Increase visitor numbers to Hawaii by supporting profitable airlift on the route via raising consumer demand and promotional presence;
    - 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 Hawaii's unique selling points; and
    - Stimulate high-spending visitors, throughout the targeted segments of business tourism and niche markets, by positioning Hawaii as a dual-purpose destination.
  - Highlights include the following:
    - Assisted HVCB at the AIME incentive and meeting trade show in Melbourne to develop the meetings market in Australia.

- Organized a Hawaii-themed presence at the *Holiday and Travel Expo* with partners Hawaiian Airlines, Aston, and Alamo.
- Partnered with Qantas Holidays in an advertising campaign that included radio, TV and print (promoting holiday travel to Hawaii in the May–June period).
- Partnered with Explore Holidays (a wholesaler) in a three week advertising co-op (1:1) campaign promoting April–May travel to Oahu and the Big Island.
- Participated in Australia’s *Visit USA* seminars held in the state capitals with a total of 1,070 travel agents attending.
- Launched two new websites for travel professionals and media: [www.hawaiiitourism.com.au](http://www.hawaiiitourism.com.au) and [www.hawaiiitourism.com.nz](http://www.hawaiiitourism.com.nz).
- Coordinated a marketing promotion in cooperation with Air New Zealand and five travel wholesalers featuring multi-island stays and free interisland flights.
- Held the *Aloha Down Under (ADU)*, HTO’s major travel trade program, in May which included 24 Hawaii partners and suppliers. Seminars and events were scheduled in Auckland, Sydney, Melbourne and Brisbane and attracted more than 1,000 travel industry attendees.
- Produced a 24 page *Guide to Unique Hawaii* to capitalize on the ADU theme, following the *Aloha Down Under (ADU)* seminars. 17,800 copies were distributed to travel agents who attended ADU and to the general industry through inserts in *Travel Week* and *Travel Trade* publications.
- Fielded a promotion in New Zealand titled *The Month of May is the Month of Lei*, with advertising in the leading trade publication, *Tabs on Travel* and a co-op campaign with Air New Zealand which featured special fares, and co-op marketing with wholesalers.
- Aired a seven minute Australia segment focusing on Oahu in its *The Great Outdoors* TV travel show on Channel 7.
- Featured a five minute segment focusing on Hawaii movie locations on *Getaway*, a TV travel show in Australia. The show attracted 1.8 million viewers.
- Participated in the PGA Golf Show (partner: [iseekgolf.com](http://iseekgolf.com)). 6,000 consumers attended the show, with HTO providing a grand prize of a 7 day golfing holiday for two visiting 3 islands.
- Distributed Island Chapter collateral regarding romance, weddings and honeymoons at the Bridal Expo, Melbourne.



*Aloha Down Under*

Accountability. 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. The HTA continued its accountability measurement system through a contract with TNS 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, with information collected and analyzed each quarter. The study examined:

- 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 2004 results and compared it to the 2005 findings to gauge consumers' perceptions about Hawaii as a destination. The quarterly reports are available on HTA's website. The 2005 final report is due in February 2006.

2005 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 second Hawaii Arts Season (HAS) program. The concept of the program is designed 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 HAS was promoted in the North America and Japan markets during Spring 2005, 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 2005 HAS Program, which produced the following results:

- Over 110 arts organizations and presenters participated in HAS which featured over 150 performances and exhibitions across the state. New signature events and partners were created including the following:
  - Ala Moana Center’s “The Art of Style” spectacle of performance and fashion which featured aerial artists, singers, musicians, and dancers.
  - The Kosasa Foundation/ABC Stores’ grant of \$25,000 was used for special projects to advance the progress of HAS.



- HAS 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 January, with “The Travel Mom”, Emily Kaufman on January 3, 2005. HAS commercials were run on national and cable TV (*Travel*, *Discovery*, and *National Geographic*). Ads were placed in top consumer publications like *The New Yorker*, *Sunset*, *Condé Nast Traveler*; as well as in trade publications, *Travel Weekly* and *TravelAge West*.
- Locally, HAS was promoted at Ala Moana Center, hotel concierge desks, and through an insert in Honolulu Magazine.
- According to the results from the State’s Visitor Satisfaction Survey, 11% of all visitors saw or heard about HAS. Those who saw or heard about this program 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. 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.

2005 Hawaii Tourism Conference—*Aloha Aku, Aloha Mai ~ The Responsibility of Aloha*. The HTA held its 2<sup>nd</sup> Hawaii Tourism Conference—*Aloha Aku, Aloha Mai ~ The Responsibility of Aloha* on September 13–14. The purpose of the conference was to bring together Hawaii’s visitor industry to learn about current trends, market developments and issues occurring in the global and local visitor industry. This two-day conference featured experts and respected community leaders from around the nation, across the world, and in Hawaii. The first day was comprised of presentations on research findings, ideas and trends in the areas of: consumer markets trends in Japan and the U.S.; the meetings and convention market; tourism security; accommodations; Hawaii visitor statistics; niche markets (arts & culture, health & wellness, sports); Hawaii sense of place; and transportation issues. The keynote speaker for the Conference was Regynald Washington of Disney Entertainment. The second day featured presentations of the 2006 tourism marketing plans from HTA’s marketing partners (HVCB, Hawaii Tourism Japan, Hawaii Tourism Oceania, Hawaii Tourism Europe, Hawaii Tourism Asia, and SMG). Approximately 465 people attended the conference, which overall received positive evaluations.



2005 Hawaii Tourism Conference Collateral

Other HTA Marketing Efforts:

- 2005 International Pow Wow. The HTA, HVCB’s Island Chapters, and HTA’s international marketing partners representing Japan, Europe, Other Asia and Oceania, along with 24 Hawaii vendors participated in the Travel Industry Association of America’s (TIA) 2005

International Pow Wow held in May in New York City, New York. The 37<sup>th</sup> 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 were held with international wholesalers and tour companies. In addition, an all-island media release highlighting travel announcements was distributed to over 200 international media.



37<sup>th</sup> Annual International Pow Wow

- *Travelsmarthawaii.com*. The HTA continues to maintain and post new information regarding trip preparation planning and safety information for travel to and from Hawaii on the website: *www.travelsmarthawaii.com*. The website is featured on each of its marketing partners' websites, in addition to travel wholesalers.



- Health & Wellness Market Research. The HTA hired SMS to conduct market research to measure the size and potential for a health and wellness tourism market and the potential of the Wellness Tourism industry in Hawaii in each of its Major Market Areas. The study identified three health and wellness areas: 1) Medical Tourism; 2) Spa Tourism; and 3) Complementary and Alternative Medicine Tourism, and examined Hawaii's competitors in the market and Hawaii suppliers of wellness tourism products. Using the research, the HTA developed concept statements of Hawaii as a health and wellness destination. The concept statements were tested on the mainland through four focus groups in Los Angeles and Chicago. The HTA has set aside funding next year to test a marketing program promoting wellness travel to Hawaii in North America.

**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 2005, there were two areas of focus for HTA in business marketing:

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

HCC Sales and Marketing. The HTA continued to work with its contractor SMG for marketing of the Center which included the following activities:

- Monitored HCC activity against the targeted goals (outlined below).

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

#### Bookings of Offshore Events (as of September 2005)

	1999	2000	2001	2002	2003	2004	2005
Final/ Definite	17	31	30	28	40	39	44
Goal	15	24	22	30	34	34	34

#### Delegate Count (as of September 2005)

	1999–2002	2003	2004	2005
Final/ Definite		132,696	162,515	174,530
Goal		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.*

- Hosted key client events with participation from HVCB and destination hotel partners at various annual meetings and tradeshow including American Society of Association Executives (ASAE), Professional Convention & Management Association (PCMA), Meeting Planners International (MPI), and Incentive Travel & Meetings Expo (ITME).
- Focused on the Japan market for conventions through the development of a Japanese brochure, the upgrade of the HCC Japan website and the conduct of sales missions and meetings with Japanese corporations, travel companies and key wholesale group departments including JTB, Kintetsu, NTA, Jalpak, Tokyu and Hankyu.
- Developed and launched the Asia Pacific Advisory Group to review the Center’s marketing strategy for the Asia Pacific region and to identify new market areas including medical associations and universities.
- Developed a new ad campaign “Legends Canoe” and created a direct mail postcard campaign. HCC received the Pele Award in the category for Direct Marketing—Business to Business for The Hawaii Advantage kit. Produced by the Hawaii Advertising Federation, the Pele

Awards is a competition designed to recognize the best advertising and design work created in the Hawaii market.

- Updated HCC’s website to include interactive maps and client testimonials on their experiences of holding meetings in Hawaii.
- Opened HCC’s Midwest Sales Office in Woodridge, Illinois. The purpose of opening a central office in the Midwest is to have the ability to interact, strategize, improve efficiencies, and increase future bookings.

Major events held at HCC in 2005, are listed below:

- In January, the Center hosted the 49<sup>th</sup> Annual Meeting of the Professional Convention Management Association (PCMA), with an attendance of 2,700. This was the organization’s highest attended meeting since Miami (2001).
- In July, the Center hosted the National Association of Counties (NACo) for its 2005 Annual Conference, with attendance of over 3,100, and the 90<sup>th</sup> Annual Kiwanis International Convention which drew 5,000 people to the Center.
- In August 2005, Microscopy and Microanalysis held its 2005 Annual Session with over 1,600 attendees and 848 exhibitors. That same month, the Academy of Management 2005 Annual Meeting set a record number with over 6,500 attendees at HCC.
- In October, the 2005 FranMac Convention was held at the Center with a record attendance of 1,785 people.

For the first six months of 2005, SMG spent \$2.9 million on its marketing efforts. In FY 2006, which includes the last six months of 2005, 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. The HVCB’s 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 creates business for Hawaii’s companies, from restaurants to transportation companies, retailers, activities and attractions. The 2005 CMI marketing plan included the following goals:

### **CMI Goals and Indicators**

<b>Indicator</b>	<b>Goal</b>	<b>Y-T-D September</b>
Leads	1,100	863
Room nights (Leads)	765,000	707,746
Bookings	361	294
Room nights (Bookings)	232,000	172,664

CMI marketing highlights for the year include the following:

- Worked with Hawaii suppliers and SMG to maintain a dominant presence in critical trade shows such as the American Society of Association Executives, The Motivation Show, Meetings Professionals International, and Incentive Travel & Meetings Executives.
- Launched multiple aggressive new e-marketing programs to create top-of-mind awareness of Hawaii as the Ultimate Global Gathering Place for CMI business.
- Placed 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.
- Continued to place focus on corporate, association and incentive segments to generate business opportunities.
- Executed integrated marketing activities showcasing Hawaii for business programs through client provided events, FAM trips and targeted sales blitzes
- Implemented a public relations program to elevate and reinforce Hawaii's stature within the CMI industry as a great place to hold meeting and incentive programs.
- Conducted site inspections to enable potential clients to experience the diversity of Hawaii as a CMI location.

## **B. Sporting Events**

The HTA recognizes the value of sports events in Hawaii, such as providing the state with worldwide media coverage, creating economic impact through the direct spending of those involved in the event, and assisting in leveling the drop in visitor arrivals during the shoulder seasons. Additionally, sports events have other positive benefits, in that they:

- Facilitate interaction among diverse cultures; and
- Provide added value for Hawaii residents by giving them opportunities to attend or participate in world class sports activities or to give back to the community through volunteerism and charitable giving.

For 2005, HTA's Sports Events Program was aligned with the marketing initiative identified in the *Hawaii TSP*, "*To develop marketing programs that contribute to sustainable economic growth.*" Specifically, sports events assist in accomplishing this initiative through the use of three guiding principles:

- Acquire and leverage a portfolio of sports events;
- Affiliate Hawaii with sports events that maximize marketing values, generate positive economic impact, and contribute to a higher quality of life in our community; and

- Connect Hawaii with sports events in categories that are appropriate to the Hawaii brand message, which is, “Year-round, high-quality and world leading warm-weather sports destination.”

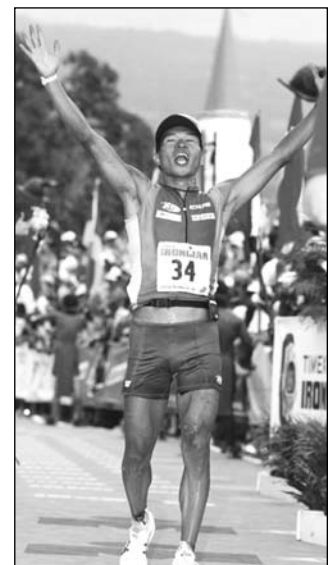
In 2005, the HTA continued its partnerships with the NFL and PGA Tour. Highlights of those events and the relationships are provided below:

- **NFL Pro Bowl.** The 2005 NFL Pro Bowl marked the first year of a new five year contract with the NFL. There were 49,600 spectators at this year’s event, of which 33,300 were visitors. Of the 33,300 visitors, 25,400 came specifically to Hawaii to attend the NFL Pro Bowl, a 16.5 percent increase from the previous year, and accounted for \$39.45 million in visitor spending and generated \$3.83 million in state taxes. The household rating for the Pro Bowl was 4.1 with a total household viewing audience of 4.539 million (compared to a household rating of 3.91 and a household viewing audience of 4.242 million in 2004).
- **PGA Tour.** HTA is moving into the final year of a five year contract with the PGA Tour and is negotiating a multi-year contract with the PGA Tour that will begin in 2007. The HTA’s current contract supports six Hawaii-based tournaments that provides for over 20 hours of network coverage, broadcast nationally during the winter months. Providing a new element to the original six tournaments in 2005, the HTA added a Ladies Professional Golfers’ Association (LPGA) tournament to the schedule, reaching seven professional golf tournaments altogether.



In addition to the above, HTA also invested approximately \$880,000 for sporting events in CY 2005, as listed below:

- Hula Bowl (NCAA Football) – Maui, February 22
- PWA Hawaii Pro (Windsurfing) – Maui, March 28–April 4
- YMCA Kauai Challenge (Outrigger Canoe) – Kauai, May 7
- Maui Jim Hawaii Marlin Tournament Series – Statewide, June–November
- Waikiki Offshore Series (Yacht Race) – Oahu, August 6–12
- Maui Marathon & Half Marathon – Maui, September 18
- AVP’s Best of the Beach (Beach Volleyball) – Oahu, October 1–2
- JAL World Triathlon Championships – Oahu, October 9
- Ironman Triathlon World Championship – Big Island, October 15
- Xterra World Championship (Off-Road Triathlon) – Maui, October 23
- Xcel Pro Surf Contest – Oahu, October 27–November 10
- EA Sports Maui invitational (NCAA Basketball) – Maui, November 21–23
- Sheraton Hawaii Bowl (NCAA Football) – Oahu, December 24



*Ironman Triathlon*

In July 2005, the HTA issued a Request for Proposal (RFP) in July 2005 for sports events planned for 2006. Proposals were submitted in three categories, and selected based on specific categorical characteristics, as outlined below:

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

Using the above process, the HTA review committee selected fifteen sports events that will receive funding in CY 2006:

- SBS Open (LPGA) – Oahu, February 13–18
- The Fields Open (LPGA) – Oahu, February 23–26
- Pacific Alliance Gymnastics Championship – Oahu, April 13–15
- YMCA Kauai Challenge (Outrigger Canoe) – Kauai, May 10–13
- Maui Jim Hawaii Marlin Tournament Series – Statewide, June–November.
- TranSports Hawaiian Classic International (Volleyball) – Oahu, June 14–19
- Hawaiian International Billfish Tournament – Big Island, July 23–29
- Maui Marathon & Half Marathon – Maui, September 18
- Na Wahine O Ke Kai and Molokai Hoe (Outrigger Canoe) – Molokai & Oahu, September 24 and October 8
- JAL World Triathlon Championships – Oahu, October 9
- Ironman Triathlon World Championship – Big Island, October 15
- Xterra World Championship (Off-Road Triathlon) – Maui, October 23
- Xcel Pro Surf Contest – Oahu, October 27 – November 10
- EA Sports Maui Invitational (NCAA Basketball) – Maui, November 21–23
- Sheraton Hawaii Bowl (NCAA Football) – Oahu, December 24



*Xterra World Championship*

## C. Product Development

Programs within the HTA’s Product Development Office (PDO) are an essential element of the state’s tourism strategy, and play a vital role in the future growth of Hawaii’s visitor industry. In particular, HTA’s Product Development Programs (described in more detail below) help to improve the visitor experience, encourage length of stay, reduce peaks and valleys of seasonality, ease overcrowding of popular tourism resources and add value to the existing product mix. Importantly, these programs are designed to encourage community partnerships in protecting Hawaii’s unique cultural, social and environmental assets.

In line with the *Hawaii TSP*, this year, the HTA's PDO managed programs in seven of the nine strategic initiatives as follows:

<b><u>Strategic Initiatives</u></b>	<b><u>PDO Programs</u></b>
<i>Access</i>	Harbor and Airport Greetings Program
<i>Hawaiian Culture</i>	Hawaiian Culture Program and <i>Keep it Hawaii</i> Program
<i>Natural Resources</i>	Natural Resources Program
<i>Research and Planning</i>	Surveys of Festivals and Events
<i>Safety and Security</i>	Visitor Assistance Program
<i>Tourism Product Development</i>	Product Enrichment Program, Major Festivals Program, and Other Product Development
<i>Workforce Development</i>	Academy of Hospitality and Tourism

Importantly, the PDO 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 appropriate sections.

### **Activities for the Year**

- ***Access: Greetings Program***

The goal of the Greetings Program is to “maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawaii.” Over the last two years, there has been a significant increase in visitors to Hawaii, reflecting a strong visitor industry. Additionally, this has resulted in dock facilities and airports struggling to provide for the current demands of passengers coming to Hawaii via cruise ships and airplanes.

Concurrent with the state's efforts to improve, expand or renovate current facilities, in 2005, the HTA provided resources to support the Greetings Programs statewide. The program which is primarily available at the State's major harbors and two major airports, included entertainment, flowers, visitor information flyers, refreshments, minor physical improvements, and other amenities.

The HTA meets quarterly with representatives of each Greetings Program provider, convening once each on Oahu, Maui, Kauai and Hawaii. These meetings provide an opportunity to experience the cruise ship greetings programs firsthand, to observe facilities challenges faced at each harbor, and to discuss common issues, concerns and suggestions.

For 2005, the total budget for this program was \$400,000 which was distributed to each of the HTA's Greetings Program partners based on ship numbers, passenger counts, and airport inclusion. HTA's partners in this effort include Destination Kona Coast and Destination Hilo (Hilo Harbor and Kailua-Kona Harbor), Maui Visitors Bureau (Kahului Harbor/Kahului



Airport), County of Kauai (Nawiliwili Harbor/Lihue Airport) and Aloha Boat Days Committee (Honolulu Harbor).

- **Hawaiian Culture: Hawaiian Culture and Keep it Hawaii Programs**

In 2004, the HTA formed a Hawaiian Cultural Program Advisory Council (HCPAC) which included representatives from the following: key agencies involved with the Hawaiian community, the visitor industry, cultural practitioners and each county. The purpose of HCPAC was to guide HTA on addressing the goal of the “Hawaiian Culture” initiative: *To honor and perpetuate the Hawaiian culture and community.* To date, this successful partnership has continued into 2005 with HCPAC assisting with the following efforts:

- Developing a new Hawaiian Culture Program;
- Supporting the efforts of the Native Hawaiian Hospitality Association (NaHHA) to develop an action plan for the initiative;
- Developing the theme and protocol, and participation in a plenary session for HTA’s annual Tourism Conference; and
- Revamping the *Keep it Hawaii* Program (with more details below).

In July 2005, the HTA held a press conference and awards ceremony to announce the *2005 Keep it Hawaii Award* recipients who were being recognized for their efforts in maintaining Hawaii’s special values through demonstrated commitment to “honor and perpetuate the Hawaiian culture and community.” Now under the management and coordination of the HTA, and with the guidance of the HCPAC, the program, has undergone major structural changes. One of the changes was the institution of a new *Koa Award - Ku Kilakila Ka Ulu Koa I Ka Nahelehele*—Standing Dignified, the Grove of Koa in the Forest—to be bestowed upon an individual, community organization or business that best exemplified a long-term commitment to preserve and perpetuate Hawaii’s host culture for visitors and residents. The *2005 Koa Award* was presented to Hawaiian Airlines for its sponsorship of Aloha Festivals.



The *2005 Kahili Awards - He Kahili Ku Kiekie*—A Kahili Standing Majestic—were presented as follows:

- Individual Category:
  - County of Hawaii: George Lanakilakeikiahialii Naope (*Kumu hula, co-founder of Merrie Monarch Festival*);
  - County of Kauai: Ken Robert Emerson (*Steel and slack key guitar musician*);
  - County of Maui: Francis Palani Sinenci (*Kumu of Hawaiian hale building*) and Pilipo Solatario (*Na Piko Cultural Garden - The Lodge and Beach Village at the Molokai Ranch*); and
  - City & County of Honolulu: Kawaikapuokalani Hewett (*Hula Hoolauna Aloha cultural advisor*)

- Community Organization Category:
  - o County of Maui: Kipahulu Ohana, Inc. (*Ahupuaa management and traditional cultural practices*); and
  - o City & County of Honolulu: Bishop Museum Press (*Hawaii's oldest book publisher*).



*Maui fishpond*

- Business Category:
  - o County of Hawaii: Mauna Lani Bay Hotel & Bungalows (*Mauna Lani's Historic Tours, Ke Kumu o Mauna Lani, & Turtle Independence Day*);
  - o County of Maui: The Ritz-Carlton, Kapalua (*Celebration of the Arts*); and
  - o City & County of Honolulu: Mutual Publishing (*Kue: Thirty Years of Land Struggle in Hawaii*).

The HTA also established a brand new award - *He Kuleana Ke Aloha* – to annually 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 2005, the *He Lei Hulu Kau Hanohano—A Feather Lei Placed in Honor—*was presented to Aunt Mary Lou Kekuewa, Aunt Nona Beamer, Aunt Genoa Keawe, Prince Lot Hula Festival, Merrie Monarch Festival, Kaanapali Beach Hotel, and Hawaii Visitors and Convention Bureau.

In addition to the work with HCPAC, HTA staff also furthered relationships with various Hawaiian organizations including the Office of Hawaiian Affairs, NaHHA, Aha Punana Leo, and the Council for Native Hawaiian Advancement; and began efforts to provide additional support to three signature Hawaiian events—Aloha Festivals, King Kamehameha Celebration and Prince Kuhio Festival.

- **Natural Resources: Natural Resources Program**

Utilizing and implementing the information and recommendations from the completed State Parks Survey and Natural Resources Assessment, the HTA, with the members of its Natural Resources Advisory Group (NRAG), formalized a plan to address the identified priority sites and projects for 2005, including: Akaka Falls State Park, Diamond Head State Monument, Haena State Park, Hapuna Beach State Recreation Area, Kekaha Kai and a Statewide Signage and Website program. Other projects supported in 2005 were the Alien Algae Clean-Ups and Marine Outreach Coordinator Program, Banana Poka Roundup, and Waimea Valley Pond Improvements. (A list of the 2003–2005 Natural Resources projects is available on the HTA website at [www.hawaii.gov/tourism](http://www.hawaii.gov/tourism).)

As part of the quarterly meetings of the NRAG, two site inspections were conducted—one to Fern Grotto and Kee Beach/Haena State Park on the island of Kauai and one to the Waimea Valley Audubon Center on Oahu. In December, a site visit is being planned for East Hawaii, and the Hawaii Watchable Wildlife Guidebook is being finalized for release in 2006. These efforts are undertaken in partnership with the identified lead agencies, such as DLNR, for the “Natural Resources” initiative of the TSP to work towards the goal: *To respect, enhance and perpetuate Hawaii’s natural resources to ensure a high level of satisfaction for residents and visitors.*



*Moorhen at Waimea Valley Audubon Center*

- **Research and Planning: Product Enrichment Program (PEP) and Major Festivals Surveys**  
For 2005, \$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 with the main purpose of helping to improve individual programs and operations.

In addition, SMS Research was again contracted in 2005 by HTA for \$115,100 to survey the 2005 major festivals as a continuation of the effort to gather baseline and trend data on these programs. These surveys provide HTA with the following:

- Consistent and comparable data across events including overall attendance, visitor attendance, satisfaction levels, and length of stay;
  - Trend and group data to analyze the overall effect of the program; and
  - Information to help organizations improve and/or expand their programs.
- **Safety and Security: Visitor Assistance Program and Prevention and Deterrence Efforts**  
The Visitor Assistance Program (VAP) falls under *State TSP* strategic initiative “Safety and Security” and its goal is *to achieve a safe Hawaii visitor experience*. While it is important to work to ensure the safety of both visitors and residents, the HTA recognizes that it is impossible to prevent all accidents and crimes from occurring. It therefore becomes equally important, to address the needs of those who become victims of crime or who experience other hardships while in Hawaii. The VAP assists victims who have met with unfortunate circumstances or adversity while vacationing in Hawaii. Examples of services provided to such visitors include financial aid, transportation, airline ticket changes, funeral arrangements, and hotel accommodations.

In 2005, HTA's budget for this program was \$300,000 which was distributed to VAP providers listed below, according to need and the historical number of cases:

- Oahu: Visitor Aloha Society of Hawaii;
- Hawaii: VASH West Hawaii and East Hawaii – Hawaii Island
- Maui: Maui Visitors Bureau; and
- Kauai: Visitor Aloha Society of Kauai.

In addition to HTA support, VAP providers are also assisted by those in Hawaii's visitor industry. Ironically, the work of these organizations is becoming so well known that there has been a significant increase in the numbers of victims served.

Of equal importance are the efforts to prevent crime and adversity in the visitor industry. To that end, the HTA supported a safety brochure for Kauai and installed security cameras at Pali Lookout and Ehukai Beach Park as part of a safety and security pilot program to help deter crime and apprehend criminals at these two popular visitor sites. Through a partnership with Sensormatic Hawaii, the Honolulu Police Department, City and County of Honolulu Department of Parks and Recreation, DLNR's State Parks Division, and Akal Security, HTA is supporting a six-month monitoring period that will run into 2006 to determine possible impacts and benefits of this new technology.

- ***Tourism Product Development: Product Enrichment Program (PEP), Major Festivals and Other Product Development Activities***

The goal of the *State TSP* initiative for "Tourism Product Development" is to provide a diverse and quality tourism product unique to Hawaii that enhances the Hawaii visitor experience and enriches residents' quality of life. For the most part, HTA's efforts in this area are centered on the experiential aspects of the tourism product, as described below:



*Kauai Festival*

- **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 allotted \$475,000 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, more community-based activities for the visitors, and increased effectiveness and efficiency in the use of both county and state funds and resources. In 2005, 110 projects received

support from the CPEP, with three additional projects totaling \$65,000 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 HTA's website ([www.hawaii.gov/tourism](http://www.hawaii.gov/tourism))).

As part of HTA's program management and accountability responsibilities, staff held quarterly meetings with the County representatives to ensure progress of the program, address challenges, and share successes.

Work with the counties has begun for the 2006 PEP with public workshops held in August and September 2005 on each major island to announce the application periods and to answer questions about the program. To date, all counties have completed the review, evaluation and awarding procedures with their respective community committees.

- **Major Festivals Program.** This program's strategy supports:
  - o Festivals that portray the diversity and culture of Hawaii as well as engender significant attendance from within and without the state; and
  - o 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 select number of festivals that have met the above criteria. For CY 2005, the HTA supported the major festivals program with a total of \$1.2 million, of which \$1,025,000 went to the following events: Aloha Festivals, Big Island Festival, 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 Hawaii Festival, and Volcano Party Festival.

Quarterly meetings for the major festivals organizers occurred throughout the year, in an effort to discuss issues, challenges, successes, and other noteworthy topics. Additionally, HTA staff continues to attend major festival events as part of the evaluation and accountability process.



*Chefs - Big Island Festival*



*Maui Matsuri*

New this year, the HTA sponsored its first ever *Hawaii Festivals and Events Seminar* in May 2005. The seminar, conducted on Oahu, Maui, Kauai and the Big Island of Hawaii, drew over 400 participants, and was intended to assist in providing festivals and events organizations an initial level of professional development that hopefully will lead to enhanced product quality in the future. The event included national and local speakers:

- Laurie Lang, President of BrandCentrics, who conducted a major part of the seminar dealing with brand stewardship and the identification of festival brand values intended to complement the Hawaii destination brand;
- Steve Schmader, President of the International Festivals and Events Association;
- Ira Rosen, President of Entertainment on Location, Inc., a major national events organizing firm;
- Kirk Smith and Debbie Nakanelua Richards of Hawaiian Airlines; and
- Dr. Guy Kaulukukui, formerly of Bishop Museum.

- **Other Product Development.** For 2005, funds were made available to support other product development initiatives not covered under the PEP or Major Festivals activities. Under a new initiative focused on Heritage Corridors, \$187,500 was provided to support eight projects throughout the state. Revitalization efforts continued with \$300,000 for a Waikiki program including support for the hula and torch lighting ceremonies and the Sunset and Brunch on the Beach series, and \$43,950 to Kauai programs. In addition, each county was provided \$50,000 to address any major product development projects they felt were critical for their counties future tourism success.

- **Workforce Development: Academy of Hospitality and Tourism and Education Program**

The goal of the Workforce Development initiative in the *State TSP* is to ensure a sufficient and highly qualified workforce that is provided with meaningful careers and advancement opportunities.

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 Oahu, Kauai, and Maui and receives significant support from Hawaii's visitor industry. HTA's partnership of \$65,000 supported the overall AOHT program, the annual AOHT workshop, attendance of AOHT students and advisors at the HTA's Hawaii Tourism Conference; and the Annual AOHT student conference and career fair day.



*Academy of Hospitality and Tourism*

HTA staff also attended regular AOHT board meetings; conducted a site visit of Waipahu High School's program; and contracted with Murakami Consulting to explore ways to expand AOHT to other schools in further efforts to support the program.

On another level, the HTA and the University of Hawaii-School of Travel Industry Management (UH-TIM) have formed a partnership to develop a strategic workforce plan. The first of its kind, this document is intended to provide a roadmap for implementation of the Workforce Development Initiative of the *State TSP* including short-term efforts to address current workforce demand and long-term strategic planning efforts for the future. 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.

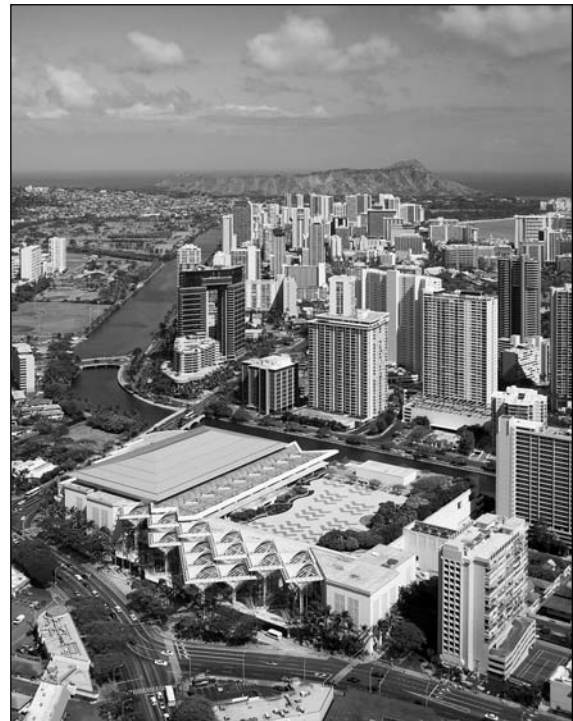
## D. Hawaii Convention Center (HCC)

The Hawaii Convention Center (HCC) marketed and managed by SMG Hawaii offers more than one million square feet of meeting facilities including an exhibit hall, theatres, and expansive conference rooms. Through the bookings of large off-shore meetings, HCC draws new dollars into the economy and generates tax revenues for the State. In recent years, HCC has also been a major benefit for the local community, serving as a venue for concerts, civic and educational events, trade and auto shows and sporting events.

### Management and Operations

Throughout 2005, the management team of SMG Hawaii continued to work towards improving the overall facility operations to benefit HCC users, both internationally and locally. Major highlights for the year are listed below:

- The Center has received its 7<sup>th</sup> consecutive Prime Site Award from *Facilities & Destination Magazine*, based on convenience of location, attractiveness of facility, quality of staff, maintenance, food and beverage functions, technological capabilities.



*Hawaii Convention Center*

- *Meeting News* magazine honored the Center with a Planners Choice Award, which recognizes excellence in convention centers, conference centers, convention and visitors bureaus, hotels and resorts.
- The Client Survey report reflected an excellent year-end average rating of 98 percent. Clients have consistently rated the facility and staff performance as excellent in most categories since the opening of the Center in 1998.
- Emergency Preparedness Plan has been revised to include up-to-date emergency procedures and contact information. In addition to the safety of those within the facility, the Convention Center and SMG have made efforts to work and cooperate with city and state agencies and emergency support providers, including the American Red Cross, local law and rescue agencies and neighborhood associations. The Center is revisiting the Emergency Shelter Plan in light of recent hurricane emergencies.
- 2005 Capital Improvement Projects included signs that were hung in the Exhibit Hall above each of the outlets. General Graphics & Exhibits in San Francisco was the contractor for the project.
- SunGard SCT held its 2005 Summit at the Center with a 4,000 plated function in the Exhibit Hall. It was the largest Food & Beverage plated function held at the Center. Feedback from the client and attendees was extremely high in the areas of food and beverage products and exceptional service.
- The HCC operates at a loss each year and in FY 2005, the net operating loss was \$2,867,000. This is \$433,000 better than the budgeted annual net loss of \$3,300,000.

Discover  
**THE HAWAII ADVANTAGE**  
INCREASED PRODUCTIVITY • IRRESISTIBLE INCENTIVES

"You can absolutely do serious business in Hawaii, but it's always tempered by great hospitality, great people, and great fun. So you get a lot accomplished and you do it in a wonderful atmosphere."  
- JOE FRACK, Chief Executive Officer, Boeing of Financial Services

Absolutely. Industry and association leaders are discovering that the power of Aloha really does inspire, energize and revitalize their people, partners and clients. They get things done. Many say their most productive meetings have been in Hawaii. And then there's life before and after your meeting. Whether your attendees prefer the royal treatment or affordable comfort, an adventure seeker or tranquil nature lover, Hawaii has it all - and at the right price. Our Aloha stands offer thousands of unparalleled experiences for young and old. At an location we're irreplaceable.

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## 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. That plan is 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 *Hawaii TSP* also outlines a roadmap—strategic directions, specific goals and responsible and supporting partners—for achieving that vision. In support of that plan, the HTA also implemented its agency 2005 action plan consistent with the framework of the *State TSP* and completed a 2006 action plan to be implemented next year.

Recognizing that each county has unique opportunities, threats, weaknesses and strengths relating to tourism, HTA funded the second phase of the planning process: development of county tourism strategic plans (County TSP). To assist in this process, HTA contracted with SMS Research and Marketing Services, Inc. to work with the four counties of Hawaii to develop their respective County TSP. The inclusive planning process includes the creation of county advisory committees to provide oversight and input to the planning team, the coordination and conduct of island meetings and key stakeholder interviews to gather input, the development of advisory committee and community websites to disseminate and collect information, the gathering and analysis of research and other relevant data, and assistance with drafting the plans. County TSPs are targeted for completion by the end of June 2006.



*CTSP meeting*

In 2005, HTA also completed an update of its agency procedures relating to various crisis or emergencies with the goal of minimizing the impact of such events on Hawaii’s tourism industry and to expedite recovery. In addition to continuously reviewing and refining the procedures as necessary, HTA management and staff regularly met with statewide emergency planners and industry stakeholders to prepare for dealing with these types of situations that could affect the Hawaii tourist industry.

Research to support future planning efforts were also conducted in 2005, including the *Resident Sentiment Survey* and two visitor industry accommodations reports: 1) Research study on vacation rentals and bed and breakfast units operating throughout the State; and 2) *Analysis of Trends in Accommodations Supply, with Focus on Condominium and Timeshare Conversions*.

- **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. As such, HTA’s communication and outreach efforts in 2005 included the following:

- *Media relations and publicity efforts.* To raise awareness about HTA activities and the agency, regularly scheduled press releases, monthly newsletters, and media briefings were done throughout the year.
- *Learn About the Visitor Industry Campaign.* Begun this year, this is a new initiative designed to educate key individuals not usually involved in tourism about HTA and the industry through special briefings, tours of HTA-sponsored events and other site visits. Additionally, this program was expanded to include HTA Familiarization Trips to ensure that the agency's board and staff are knowledgeable and up-to-date about what's going on in the industry and around the State;
- *Communication vehicles* were improved, resulting in a newly developed HTA brochure and an enhanced HTA website: [www.hawaii.gov/tourism](http://www.hawaii.gov/tourism) launched in December; and
- *Visitor Industry Communication Campaign* is a newly developed effort within HTA's overall communications program that is intended to foster a stronger relationship between the industry and the local community as well as address some resident concerns about tourism. This year's activities included initial production of television spots focusing on programs sponsored by the visitor industry that relate to the environment, native Hawaiian culture and community involvement in planning. The campaign is set to run next year.



E-Bulletin



HTA website

Outreach efforts for the year included legislative meetings in all counties to talk with representatives from government, industry and the community, and board meetings on the islands of Oahu, Hawaii, Maui 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 targeted and projected performance in terms of visitor expenditures, visitor days, and visitor arrivals for 2005 are listed in the table below:

**Table 1: Targeted and Projected Performance for 2005**

Visitor Statistics	2005 Targets	2005 Projections*
Visitor Expenditures	\$11.220 billion	\$11.600 billion
Visitor Days	65.77 million	69.37 million
Visitor Arrivals	7.198 million	7.440 million

*\*Projections are based on DBEDT statistics using actual information from January–September and projections for the months of October, November and December 2005.*

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

**Table 2: Targeted and Projected Performance for 2005 by MMA**

	Visitor Expenditures		Visitor Days		Visitor Arrivals	
	Targets (\$billion)	Projections* (\$billion)	Targets (million)	Projections* (million)	Targets (million)	Projections* (million)
US West	\$3.8369	\$4.162	27.004	28.074	2.807	2.964
US East	3.2115	3.446	19.158	19.667	1.851	1.904
Japan	2.3147	2.159	9.120	8.830	1.559	1.538
Canada	0.3623	0.397	2.899	3.123	.218	.238
Others	1.1405	1.149	6.941	7.072	.683	.716
Business supplement	0.1736	0.1598	N/A	N/A	N/A	N/A
Visitors by cruise ships	0.0676	0.1273	.650	0.642	0.080	.080
Total	\$11.220	11.5996	65.773		7.198	7.440

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

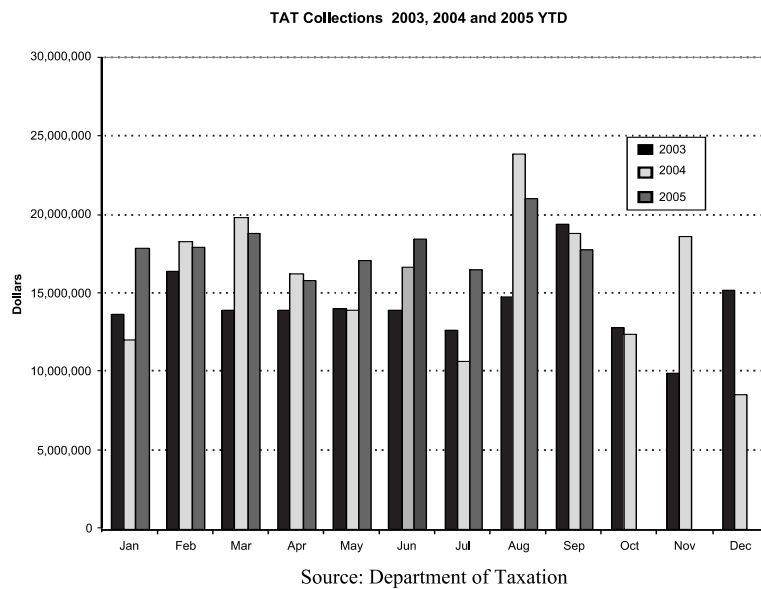
*\*\*2004 projections are based on DBEDT statistics using actual information from January–September and projections for the months of October, November and December.*

## 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 2005 (through September), show TAT collections to be at \$161 million, a 7.3 percent increase over the same time period last year as shown below:



## Contributions of Hawaii's Travel & Tourism's Economy in 2004

- Hawaii's Travel & Tourism Economy is expected to produce \$11.4 billion or 23.1 percent of Gross State Product;
- Hawaii's Travel & Tourism Economy is estimated to account for approximately 183,800 jobs or 22.8 percent of total employment for the state; and
- Hawaii's Travel & Tourism Economy taxes are expected to contribute \$1.15 billion tax dollars to the state and county government or 23.3 percent of total state and county tax revenue.

Source: DBEDT

Hawaii Tourism Authority  
**Fiscal Year 2005 Actuals**  
**(\$000)**

**REVENUES**

Tourism Special Fund	\$63,800
Investment Pool Interest/Miscellaneous Receipts	641
<b>TOTAL REVENUES</b>	<b><u><u>\$64,441</u></u></b>

**APPROPRIATIONS**

FY 2005	<u>\$69,030</u>
<b>TOTAL APPROPRIATIONS</b>	<b><u><u>\$69,030</u></u></b>

**HTA EXPENDITURES**

Administrative Costs	2,263
Sports & Festival Events (Includes Pro Bowl/PGA)	9,585
Community & Special Events	1,480
Product Development	4,998
 <b>MAJOR MARKETING</b>	
Leisure Marketing	42,521
Meetings, Conventions & Incentives Costs	<u>8,183</u>
 <b>TOTAL HTA EXPENDITURES</b>	 <b><u><u>\$69,030</u></u></b>