



MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, June 27, 2018
Hawai'i Convention Center

1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF MARKETING STANDING COMMITTEE MEETING

COMMITTEE MEMBERS PRESENT: Sean P. Dee, Fred Atkins, Sherry Menor-McNamara, George Kam, Kelly Sanders

BOARD MEMBER PRESENT: Rick Fried

HTA STAFF PRESENT: Jadie Goo, Laci Goshi, Chika Miyauchi, Chris Sadayasu, Minh-Chau Chun, Marc Togashi, George Szigeti, Christina Wieand, Naomi Sjoquist

GUESTS: Wayne Yoshioka, Jay Talwar, John Monahan, Mitsue Varley, Eric Takahata, Teri Orton, Peter Honig (by phone)

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order

Presiding Officer Sean Dee called the meeting to order at 1:32 p.m.

2. Approval of Minutes from the May 30, 2018 HTA Marketing Standing Committee Meeting

Mr. Dee requested for a motion to approve the minutes from the May 30, 2018 Marketing Standing Committee meeting. Mr. Sanders so moved. Mr. Atkins seconded the motion, which was approved by all committee members present.

3. HTJ Island of Hawai'i Recovery Plan Proposal

Mr. Dee acknowledged Eric Takahata, who began his presentation by reporting that the Japan market's reaction to the recent volcanic activity has not been as negative as was expected. Mr. Takahata explained that HTJ has broken their recovery plan down to three phases: Phase 1, which commenced in early May and has been monitored through June, was to get the most accurate information out to the market in a timely fashion; Phase 2, which started in late June, involves HTJ approaching direct consumers via SNS, mail magazine, events, and media exposure; and Phase 3, which will commence in July 2018, consists of a coop with Japan travel agencies and airlines to promote travel to Hawai'i Island. Mr. Takahata reported that funding was approved for Phases 1 and 2 at the May 2018 Board meeting; HTJ's request to this Committee is to approve the funding request over the initial \$250,000 for Phase 3.

After briefly discussing HTJ's efforts toward Phase 1, Mr. Takahata then reported that there have been 7,109 trip cancellations due to the volcanic activity on Hawai'i Island as of June 20, 2018. Mr. Takahata noted that 30% of these cancellations were switched to O'ahu-only packages rather than total trip cancellations. Mr. Takahata also reported that the booking pace is slower compared to the same time last year: one-day tour bookings have reduced significantly and air bookings are around 70% compared to last year.

Mr. Takahata then discussed Phase 2, which is focused on emphasizing the many natural and cultural attractions on Hawai'i Island other than the Hawai'i Volcanoes National Park. Mr. Atkins asked whether HTJ has exhausted the \$250,000.00 that the Board approved at the May Board meeting. Mr. Takahata reported that there are enough remaining funds to facilitate Phase 2 through August 2018.

Mr. Takahata reported that safety continues to remain a source of major concern for Japanese visitors. Many of the comments that HTJ has received center on air quality and general safety concerns, but HTJ's efforts in Phase 1 have helped to develop a positive spin on the current events programming in Japanese media; interweaving safety messages is key to HTJ's Phase 2 consumer campaigns.

Mr. Takahata then reported that HTJ has received the survey results from the Ebisu Festival. Of the 250,000 attendees, 6,439 were surveyed regarding their plans to visit Hawai'i Island in the near future. 1,833 attendees reported that they plan to visit Hawai'i Island within six months and 3,825 attendees plan to visiting Hawai'i Island within the next year. Mr. Takahata explained that the survey responses show that a majority of the attendees plan to stay at least three days compared to responses in previous years where a majority of attendees planned one-day tours with no overnight stays; 1,400 attendees reported planning to stay on Hawai'i Island for six days or more.

Mr. Dee gave some background regarding the Ebisu Festival survey, explaining that he suggested that HTJ should attend the Ebisu Festival the day after last month's Board meeting. Mr. Dee added that HTJ acted on his suggestion immediately and did a great job with the survey.

Mr. Takahata then reported that HTJ has scheduled press tours of Hawai'i Island for Japanese media outlets. Six major media companies will be flying to Hawai'i Island for tours from June 23 to July 3, 2018. Additionally, the top three to five newspapers in Japan are visiting in mid-October to run stories on Hawai'i Island. Mr. Takahata also reported that Japanese lifestyle magazine and television shows will be visiting now through August to cover the volcanic activity. Mr. Takahata noted that HTJ, HTA, and two UH professors will be speaking at a media briefing in Tokyo to answer any questions the media may have about the volcanic activity and its impact on Hawai'i tourism.

Mr. Takahata then addressed Phase 3 of HTJ's Hawai'i Island Recovery Plan. JAL and Hawaiian Airlines, through their existing partnership, are independently investing in marketing Hawai'i Island to keep direct flights to the Ellison Onizuka Kona International Airport at Keāhole running. Mr. Takahata also reported that HTA is planning agent education events to bring wholesaler agents to Hawai'i Island to promote bookings.

Next, Mr. Takahata reported on the Total Trade Initiatives aspect of Phase 3. Over five million dollars have been collected from airlines and wholesalers to promote travel to Hawai'i Island in addition to the \$450,000.00 in special funds from HTA under this current request. Mr. Takahata explained that the industry's goal number of visitors to Hawai'i Island for 2018 was 222,825 passengers. That goal has been revised due to the volcanic activity to maintain the 2017 numbers of 180,000 passengers, which is in line with the airlines' and wholesalers' goals to keep the 2018 passenger count flat for Hawai'i Island, but to reach 2018's original goal of 228,852 visitors in 2019.

Mr. Szigeti applauded Mr. Takahata's hard work in disseminating accurate information to media outlets and correcting misinformation. Mr. Szigeti then asked whether the media and tourists are worried about the air quality on Hawai'i Island. Mr. Takahata stated that air quality is a major concern as the press keeps discussing the "toxic poisonous gasses" being released into the air. Mr. Szigeti thanked Mr. Takahata for his time and effort.

Mr. Monahan noted that, in regards to HTA's funding of HVCB's Hawai'i Island efforts, the satellite media tour went extremely well. HVCB received good data and the correspondents asked well-informed questions. Mr. Monahan also noted that the #exploreislandofhawaii campaign is going strong with over four million views and thousands of photos and videos posted.

Mr. Dee thanked Mr. Monahan for attending the June Committee meeting even though HVCB's program was not on the agenda. Mr. Dee then asked Mr. Takahata whether HTJ is requesting that the Board release the remaining \$450,000.00 of the funds approved by the Board at the May Board meeting. Mr. Takahata confirmed that request. Mr. Dee then opened discussion to the other Committee members.

Mr. Atkins asked if HTJ will be able interview the members of the media and wholesaler agents traveling to Hawai'i Island as part of this recovery plan to survey their impressions before they

return home. Mr. Takahata responded affirmatively and confirmed that HTJ will do so.

There were no further questions. Mr. Dee announced that the request to release the remaining funds will be brought up at the next Board meeting on June 28, 2018.

4. Global Tourism Summit Update

Mr. Dee acknowledged Laci Goshi, who presented an overview of HTA's preparation for the Global Tourism Summit. Ms. Goshi reported that registration opened on May 18, 2018. As of June 27, 81 attendees have registered; HTA's registration goal is 2,500. Registration income to date is \$19,195.00; HTA's goal is \$330,000.00. Ms. Goshi noted that HTA revised the starting time for the General Sessions to 9:00 a.m. in order to give attendees more time to settle in. Ms. Goshi then announced that Susie Richards Vowinkel, Google's Head of Industry for Travel will serve as a keynote speaker for the Summit. Ms. Goshi added that HTA is approximately a month ahead of where they were last year in regards to registration numbers and planning.

Ms. Goshi then provided an update on HTA's progress with obtaining sponsorships. There has been a lot of interest in high-level sponsorships with airlines leading the way to present cash and in-kind packages. JAL and Hawaiian Airlines through their partnership, Alaska Airlines, and Southwest Airlines have already expressed interest in contributing cash and in-kind sponsorships. Mr. Szigeti noted that, in the previous years, the highest level of sponsorship that HTA offered was \$50,000.00 and the highest amount secured was \$35,000.00. This year, Mr. Szigeti explained, there has been a lot of interest in the newly introduced \$75,000.00 sponsorship level.

Ms. Goshi concluded her update by reporting that HTA's marketing efforts are on track. There were no questions from the Committee members.

5. Digital Marketing Update

Mr. Dee acknowledged Jadie Goo, who introduced HTA's Fiscal Year 2019 (FY19) budget for the HTA Digital Marketing Strategy and gohawaii.com, which totals \$1.4 million.

Mr. Dee asked whether the FY19 budget will be discussed in detail at the June 28, 2018 Board meeting. Mr. Togashi responded that he planned to discuss the budget in detail at today's Marketing Committee meeting, but offered to postpone discussion until the Board meeting. Mr. Dee asked Ms. Goo to continue.

Mr. Atkins asked Ms. Goo why the fee to maintain and run the website is similar in price to the website's development cost. Ms. Goo responded that it costs \$629,000.00 annually for Miles Partnership, the vendor who constructed the redesigned gohawaii.com, to maintain and run the website. This maintenance amount is substantially lower than what other vendors charge for the same services. Mr. Togashi added that there are several groups of costs: site development costs; maintenance costs; and content development costs. Mr. Togashi explained

that while the cost of ongoing maintenance will remain flat, the cost of site development will decrease and the cost of content development may increase.

Ms. Menor-MacNamara asked whether budgeted items with a set amount of hours allocated to complete are to be paid regardless of how many hours Miles Partnership spends completing those tasks. Ms. Goo responded affirmatively, but explained that Miles Partnership has already spent significantly more time than budgeted at no extra cost to HTA.

Mr. Dee stated that the Committee is not trying to micromanage the budget, but expressed that HTA should explore ways of allocating a larger portion of this budget to traffic generation.

6. Sports Marketing Update

Mr. Dee announced that the Committee endeavors to keep discussion in the public session as much as possible, but explained that discussion regarding the Pacific Rim Cup is the only sports marketing topic to discuss in the public session; the Committee will enter executive session to discuss the remaining topics. Mr. Dee then acknowledged Peter Honig, Senior V.P. of Ascendant, speaking by phone, to discuss the Pacific Rim Cup proposal.

Mr. Honig began his presentation by noting that this year's inaugural event generated a lot of interest in from the North American Major League Soccer and Japan Soccer organizations.

Mr. Dee asked whether the event has been budgeted. Mr. Sadayasu confirmed that a budget has been created for the event; the contract expires in August 2018 and HTA has an option to renew for 2019.

Mr. Kam asked Mr. Takahata how well this event was received in Japan. Mr. Takahata explained that international soccer is always a draw from Japan, but it would draw more interest from Japanese market if HTA could attract international champions to the event. Mr. Honig added that the facilities at Aloha Stadium are a big problem for attracting the international champion teams, but expressed that HTA can continue to work on showcasing Hawai'i to draw those teams for future events.

Mr. Kam then asked HVCB for their input and opinions of the Pacific Rim Cup on the North American markets. Mr. Talwar responded that it has not been a large attendance-building event, but expressed that it could grow if HTA can attract the top clubs to enter into the event. In response to Mr. Honig's concerns regarding the facilities at Aloha Stadium, Mr. Takahata added that the J League will allow its clubs to play exhibition games on turf, but requires a grass pitch for all championship and league games.

Mr. Dee stated that HTA's investment in these programs should decrease over time as the programs become more established. Mr. Togashi agreed with Mr. Dee, but noted that HTA may be seeing more money spent for this contract renewal, which reflects more lead-up time for the organizer.

Mr. Dee announced that the remainder of the Committee's discussion of sports marketing must take place in executive session because it involves specific fees that need to be discussed confidentially to ensure protection of Hawai'i's competitive advantage as a visitor destination. Mr. Dee stated that the representatives from HVCB will be invited to remain during the executive session. Mr. Dee then asked for a motion to enter executive session. Mr. Kam so moved. Mr. Atkins seconded the motion, which was approved by all Committee members present.

The meeting was recessed for an Executive Session at 2:47 pm.

The Executive Session ended at 3:34 pm.

7. Adjournment

Mr. Dee requested a motion to adjourn the meeting. Mr. Atkins so moved. Mr. Kam seconded the motion, which unanimously approved by all the Committee members present.

The meeting was adjourned at 3:34 p.m.

Respectfully submitted:

A handwritten signature in black ink, appearing to be 'Jacob L. Garner', written over a horizontal line.

Jacob L. Garner
Recorder