

## **Tourism Task Force**

### **Mission: Blueprint for Recovery**

**February 2011**

*Every major local industry needs to flourish, but tourism remains the engine of our economy. You may hope and dream of something else, but the reality for the foreseeable future is tourism. Live with it. Encourage it. Thank a tourist. If we want to build better schools and universities, incentivize a tech and alternative energy industry and protect open spaces, then tourism revenue, tourism jobs and tourism taxes will pay for much of that... Steve Petranik, Editor, Hawaii Business, September 2010*

## Introduction

*Tourism has the most direct and immediate impact on Hawaii's economy and our community. In response to the changing market, the Hawaii Tourism Authority (HTA), an agency of the State of Hawaii, must also change the way we conduct business, to deal with both the short-term current crisis facing Hawaii's tourism industry and the longer-term challenge of achieving a healthy and sustainable industry that provides maximum benefits to Hawaii's community...HTA Strategic Plan: 2010-2012*

We could not agree more. In April 2010, the Kona-Kohala Chamber of Commerce convened the Tourism Task Force **to recommend a blueprint for recovery** for its service area (the West Hawaii region). The Tourism Task Force carried out background research, discussed issues and ideas, deliberating for 10 months before reaching the findings published herein. The Tourism Task Force undertook its charge at a very bleak time and while volume began to re-build throughout 2010, these findings remain important cornerstones in the journey toward recovery.

This island has never reached full stride even before the Great Recession decimated tourism. Faced with plunging visitor arrivals (some 350,000 fewer land-based tourists now visit the Kona-Kohala Coast annually as compared to four years ago) and a sharp decline in visitor spending, this island's crisis can no longer be classified as short-term<sup>1</sup>. This crisis could further deepen with the loss of direct air service from Japan (another 86,000 passengers).

These factors have contributed to:

- A jobless rate of 1 in 10 Hawaii Island residents unable to find employment<sup>2</sup>. Our regional economic recovery across all sectors – construction, real estate, retail, services, arts and culture – depends upon tourism recovery.
- A significant reduction in transient accommodation tax revenues that resulted in local and state government officials quarreling over the distribution of these revenues, making it apparent government relies upon tourism as well<sup>3</sup>.

This document represents a summary of the Kona-Kohala Tourism Task Force findings over a 10 month review and is our recommended road map for a healthy and sustainable tourism industry.

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<sup>1</sup> Data source: Hawaii Tourism Authority, Tourism Research

<sup>2</sup> Data source: U.S. Bureau of Labor Statistics, August 2010

<sup>3</sup> Hawaii State Legislature, HB2598 HD1 SD2

**Tourism Task Force  
Top Line Blueprint for Recovery  
Hawaii Island**

**10 KEY RECOMMENDATIONS**

1. Embrace Transparency & Open Communication
2. Define Accountability
3. Transform Leadership
4. Build Alliances
5. Plan Short- and Long-Term Strategic Initiatives
6. Centralize and Contextualize Research
7. Rebalance Marketing Effectiveness
8. Partner Public & Private Resources
9. Drive Airlift
10. Improve Infrastructure

**Part One**

**Tourism Task Force  
Recommendations**

## ORGANIZATIONAL RECOMMENDATIONS<sup>4</sup>

**These suggestions focus on better communication with the broader business community and visitor industry regarding goals for tourism and how to promote partnership collaboration.**

### **1. Communication strategies to benefit HVCB members and interested prospective members, associations and other contacts within the visitor industry.**

A. Easy access for HVCB members to:

1. Governance and organizational documents, including bylaws, a board of directors list in addition to the corporate staff listings.
2. Expansion of the interactive membership portal to include:
  - a. industry intra-communications
  - b. annual reports from each of these organizations
  - c. shared best practices
  - d. an annual calendar of industry marketing events, like blitzes, travel shows, etc. – updated as needed
  - e. encourage prospective members by providing introductory access
3. Video conference capability for all statewide HTA/HVCB meetings to encourage broader membership participation without added travel expense for those not located on the island where the meeting is occurring.

### **2. Accountability**

A. Report of expenditures of public funds (HTA & County funds), made available in a timely fashion and on a regularly recurring basis.

1. Financial statements (P&L, Balance Sheet, Budget v Actual expenditures)
2. Integrated BIVB/HIVB budget

B. Clarify chain of command between HVCB and BIVB

### **3. Leadership**

A. A leadership team that provides the direction needed to restore the island's brand performance and to engage broader industry participation

B. Clear articulation of the industry's focus and specific initiatives shared with all industry stakeholders

C. Proven ability to build networks and alliances on specific initiatives

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<sup>4</sup> During the drafting of this report, certain Task Force concerns were independently addressed by HVCB and have been eliminated from this report.

**4. Building Alliances**

- A. Achieve buy-in on marketing strategies by leading island organizations
- B. Offer creative, timely industry partnership opportunities
- C. Build confidence through consistent industry communications

## STRATEGIC MARKETING RECOMMENDATIONS

**According to tourism research statistics from the Hawaii Tourism Authority, Hawaii Island tourism recovery lags behind other islands and the Hawaii Island brand consistently ranks as the least popular of all major islands. Does the marketing focus support destination success?**

### **5. Strategic Initiatives**

- A. Predetermined acceptance of poor island performance guarantees present outcome. This mindset must be changed to strive for success.
- B. Five- and ten-year strategic plans needed with defined measurements and outcomes supported by industry leaders
- C. Collective island goal: 70% occupancy and increased length of stay
- D. Drive demand to gateway cities and protect/build on direct flights

### **6. Research**

- A. Comprehensive approach to data analysis with centralized research base
- B. Comparative analysis between islands
- C. Trends and insights contextualized for strategic planning and decision making
- D. All marketing initiatives are research based

### **7. Marketing Effectiveness**

- A. HVCB accountable for the individual success of all island brands
- B. Refocus HTA/HVCB measurements of success from the statewide brand to each individual island's performance in key indicator areas, providing additional resources to those areas that are under-performing.
- C. Allocate dedicated HVCB funding to launch and coordinate island's branding change; BIVB to engage all marketing partners on brand implementation
- D. BIVB razor-sharp focus on recovery within its Top 10 markets. Postpone activities in other markets as they serve as short-term distractions.
- E. All marketing plans must be results oriented and measured against visitor arrivals/visitor days/visitor spending/average rate in addition to media impressions
- F. Evaluate potential to streamline operations and locations; reassign resources to marketing

## TOURISM PARTNERSHIPS

### How can partnerships provide important marketing leverage and improve tourism?

#### 8. Public & Private Partners

- A. Embrace the mindset that we are all *Partners in Tourism*
- B. Capture federal support for island tourism through creative partnerships with –
  - U.S. Department of Agriculture
  - U.S. Department of Housing and Urban Development
  - U.S. Department of the Interior
  - U.S. Department of Transportation
  - National Endowment for the Humanities
- C. Strengthen partnerships with Hawaii Tourism Authority
- D. Preserve funding sources for marketing, e.g. TAT revenues
- E. Boost collaboration with the decision makers in private industry
- F. Build stronger alliances with all appropriate state and county departments and personnel

#### 9. Airlift

- A. Airlift always follows demand. Enhance partnerships with airlines offering direct service to Kona to support their marketing and expand service.
- B. Campaign in those cities and with those air carriers with direct flights to Oahu and Maui
- C. Negotiate with Hawaiian Airlines to invest in this destination with direct mainland-Kona service
- D. Seek an exception to indefinitely extend Customs and Border Protection Services at Kona International Airport

#### 10. Infrastructure

- A. Immediately improve airport satisfaction with cosmetic updates; partner with private industry to bridge funding gaps
- B. Advocate for Kona International Airport master plan improvements
- C. Partner with Hawaii Department of Transportation and employee unions to enhance airport conditions through private volunteer efforts

## **Part Two**

### **Tourism Task Force Supporting White Papers**

## **HAWAII VISITOR INDUSTRY ORGANIZATIONAL STRUCTURE**

Hawaii State Legislature established the Hawaii Tourism Authority (HTA) in 1999, providing it with dedicated funding at a more globally competitive level. Its purpose is to create a strategic vision and direction for tourism and implement the key initiatives for sustainable, social and economic benefits for all of the Islands of Hawaii. HTA is the lead agency and advocate for the tourism industry, its funding is provided through a percentage of transient accommodations tax (TAT). It is responsible for marketing Hawaii to the world, large sports partnerships and product development.

HTA's mission is to strategically manage Hawaii tourism in a sustainable manner consistent with our economic goals, cultural values, preservation of natural resources, community desires and visitor industry needs.

HTA engages a number of entities worldwide to market the state of Hawaii. Hawaii Visitors & Conventions Bureau (HVCB) is a non-profit, private corporation that is retained by HTA as the lead agency promoting Hawaii to North America and working the Conventions Meetings and Incentives (CMI) Market worldwide.

HTA derives its funding from a share of the Transient Accommodations Tax levied by the state on all hotels, bed & breakfasts, timeshare and other short-term rental businesses. The funds are divvied up among the world marketers and, in HVCB's case, channeled down to the individual islands.

Under HVCB are four island (county) chapters – Kauai, Oahu, Maui & Hawaii Island, currently known as Big Island Visitors Bureau (BIVB). BIVB promotes the Island of Hawaii to North America and Conventions/Meetings/Incentives groups worldwide. It is funded by HVCB – through HTA, membership dues and monies from the County of Hawaii.

The other individuals and entities in the visitor industry include:

- State Tourism Liaison. This position was created by the Lingle administration and it may/may not be retained under the Abercrombie administration.
- Hawaii County Department of Research & Development and a tourism liaison position for the Island of Hawaii. The County provides communication and facilitation between industry groups, government and the public on tourism-related issues, funding and support for community-based projects and festivals and leadership in the development of a tourism strategic plan for the island.
- Hawaii Island Visitors Bureau – a separate, non-profit marketing organization that supports the marketing efforts of BIVB through use of private and County funds.
- Destination Associations like Destination Kona Coast, Kohala Coast Resort Association and Kailua Village Business Improvement District, whose members provide funding for specific projects and initiatives, not covered by any of the other industry organizations.
- Every business in West Hawaii that has a marketing budget and promotes the island as a vacation destination.

With the current economic downturn, tourism on the Island of Hawaii is at a startling low. The Hawaii Island visitor industry, which has consistently and historically lagged behind the other islands in hotel occupancy is struggling to keep residents employed and doors open for business.

According to a 2009 First Hawaiian Bank special study of tourism, 74% of all jobs in the state of Hawaii are some way touched by the visitor industry. The study opines, “It is imperative leadership efforts be made now to revive and maintain the industry as much and as quickly as possible. The path of our economy depends upon a healthy tourism industry.”

In order to explore possible avenues to improving the tourism industry in West Hawaii, members of this committee asked for detailed information from the organizations key to marketing Hawaii as a visitor destination.

What the committee found as it began to probe for this information was a lack of transparency in the industry and between the aforementioned organizations. Requests were made to provide membership lists, organizational documents (bylaws, articles of incorporation, etc), annual reports on accomplishments by HVCB/BIVB on behalf of the island and information on how marketing dollars are spent. Most of the document requests were fulfilled over time, some were not.

This raised questions about accountability by industry leadership. We also see gaps in internal communications, HVCB to BIVB, BIVB to island members, and communications with the industry as a whole from Hawaii’s top marketing organizations. These gaps within the industry also mean the broader community is not in sync with and does not have an appreciation for the visitor industry as a whole. This internal communications issue can also be seen within member organizations, from the general manager to the director of sales and marketing, to the front line staff members of our hotels, attractions, etc. The suggested next step may include better communications and accountability within and between the various industry sectors.

If, as research has shown, the visitor industry touches up to 74% of all jobs in Hawaii, this committee feels that building alliances between members and including non-members should be a priority. HTA and HVCB clearly see opportunity for increased participation from the industry on Hawaii Island.

#### **TRANSPARENCY/OPEN COMMUNICATION:**

- HVCB members and prospective members should be able to find out, easily, who the other island members are and learn about ongoing marketing initiatives. This would also allow HVCB members to identify and encourage a broader buy-in by non-members in the visitor industry. With this information, each marketing organization, including destinations, individual properties or activities, could reference this list and add it to their toolkit of references.

- Statewide HTA and HVCB board meetings – generally held on Oahu – should provide venues on each island for teleconferencing. Members should not be expected to travel to Oahu in order to participate; meetings should be structured to make them teleconference friendly. Alternatively, annual statewide meetings could be hosted on a rotating basis around the islands, as is the case with PRIME and statewide Visitors Security Association.
- Consistency in communications between HVCB, its chapters and its membership. Example, membership should have, well in advance of their September’s budgeting crunch detailed marketing plans for the following year, with specific buy-ins. More members would participate if they had advance notice of specific outreach programs and could build it into their plan.
- In keeping with this idea, if an island chapter has a “best practice” that works, they should share it with the other islands so everyone can be successful. This is in keeping with HVCB’s “we are one” philosophy. For example, if Kauai’s structure for working with the festivals and events industry is the best, then it should be shared and replicated by the other islands.

#### **ACCOUNTABILITY:**

- HVCB indicates 94% of its budget is provided by HTA; 6% comes from membership. As such, these public dollars should be accounted for publically, and especially to partners in the industry.

If the industry had this information, members could take a look at their marketing budget – normally 5 to 10 percent of a budget – and decide which initiatives would best benefit their organization. This would leverage HVCB/BIVB dollars for a longer, better, increased impact on whatever market they are targeting. This sharing could go both ways.

#### **BUILDING ALLIANCES WITHIN HAWAII ISLAND’S TOURISM INDUSTRY:**

There are public/private resources available to build alliances at the island chapter level that will help the industry have clear, confident direction.

It is not about re-inventing the organizational structure. It is about taking what we have and sharpening those tools so they support the island visitor industry to its best potential.

## STRATEGIC MARKETING

The tourism product throughout West Hawaii is sound though there is always room for improvement. A wide variety of visitor accommodations, pristine natural settings and memorable experiences can be found on Hawaii Island. Collectively, we need to **tell a better story** and amplify our messaging to the marketplace.

The popularity of the major Hawaiian Islands is revealed through various data reports including visitor counts and average length of stay. Roughly just 16% of those who visit Hawaii visit the Kona-Kohala Coast, while 62% visit Oahu and 30% Maui<sup>5</sup>. A penetrating, comparative examination of the effectiveness of marketing programs, messaging, product, targets, budgets and leadership is in order to set the stage for meaningful change and positive outcomes.

Further, HTA's 2009 Visitor Satisfaction Research indicates that Hawaii Island trails the islands of Maui and Kauai, and is more in line with Oahu. It should be noted that HTA and HVCB believe product and customer satisfaction are core issues facing the West Hawaii region and that adjustments are in order to amplify marketing messages to audiences more appropriate for this destination. This strategic initiative is readying for launch under their new branding roll-out.

Predictably, declines in visitor counts were dramatic over 2007-2009, reflecting national and world economic woes. The recent surge and subsequent decline in cruise visitors has also left its significant imprint on island visitation patterns and arrival statistics during this time period. HTA/HVCB suggests that once the cruise bubble is statistically removed, Hawaii Island recovery has kept pace with statewide recovery.

On the other hand, it is our belief that Oahu and Maui fared much better than Hawaii Island, and their performance has far surpassed us in the 2010 recovery cycle. What we can all agree upon is the need to increase the number of visitors to West Hawaii.

Given the stability and positive growth in overall statewide performance, the time has come for the Hawaii Visitors & Convention Bureau to harness its marketing power and drive demand specifically to Hawaii Island.

## STRATEGIC INITIATIVES

As the Tourism Task Force undertook its research, one industry leader was left scratching his head in wonder on why the Kona-Kohala Chamber of Commerce was undertaking this effort since Hawaii Island consistently lacked performance and was logically the slowest to recover. If we do not believe we can succeed, we won't. To win, we need a new playbook.

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<sup>5</sup> Data source: Hawaii Tourism Authority, Tourism Research

Under the present structure, HCVB and each of the islands undertake the delivery of an annual marketing plan. These annual marketing plans, by default, are more tactical rather than strategic. Hawaii Island lacks a strategic marketing plan that maps short-term recovery and long-term success. Specifically, a five- and ten-year Hawaii Island strategic marketing plan with defined measurements and outcomes is urgently needed. These plans should be developed with intense collaboration and challenge from top-level industry leaders and marketing masterminds. With a winning island strategy in-hand, industry partners can chart their future, and plan and budget for multi-year marketing partnerships.

Ask a Hawaii Island hotelier where to set the benchmark bar for collective success and the consensus is 70% occupancy. Certainly other measures of success can be benchmarked including visitor arrivals, visitor days, visitor spending, average rate, etc. Strategic marketing plans need to embrace these real-world benchmarks and measure outcomes against these benchmarks. Focusing the island's limited resources to this specific course of action (whether it be occupancy or arrivals) is warranted. Success cannot be determined without defined goals. Without these crisp measures of success, it is far likelier that unsuccessful initiatives will continue to drain funds from a limited budget.

With a strategic marketing plan adopted, dynamic annual marketing plans would then refine the tactics needed to achieve the goals as defined in the five- and ten-year plans. We need to understand what we are striving for and adapt along the way to changing marketplace conditions.

Laser-like focus should bolster marketing performance to attract first-time visitors and continue to drive demand to gateway cities that protect and grow direct flights. HTA and HVCB call our attention to the fact that interisland capacity to Hawaii Island has been declining at a faster rate that overseas service has been increasing, and that passenger arrivals have not kept pace with gains in air seats. This island's overall load factors are well under the airlines' 85% load factor targets. HTA/HVCB suggests Hawaii Island has more of a travel demand problem than an air service capacity problem.

## **RESEARCH**

In 2009, HTA assumed tourism research functions and responsibilities previously conducted by DBEDT due to the passage of Act 5 in a Special Session. HTA, as lead advocate and tourism agency for the State of Hawaii, was established in 1998 and is funded by the Transient Accommodations Tax. HDOT is charged with interisland data collection and the two agencies do not share research data. Note: DBEDT continues to maintain their research archives. Cross-agency data collection/retention leads to inefficiencies. Tourism is Hawaii's largest industry and one with significant resources devoted to marketing. Tourism should command a centralized research base.

HTA collects data and reports on visitor arrivals, length of stay, visitor days, visitor spending, island visitations, visitor plant inventory, visitor satisfaction, air seats by point of origin, and so on. There is no shortage of data collected. What is missing, however, is

a high level analysis to interpret that data consistently for the travel industry partners – many of whom are not equipped to undergo in-depth analysis.

A more comprehensive approach to data analysis would enable those impacted by the visitor industry to incorporate trends and changes within the industry into their individual strategic plans. This would help them tweak their products to enhance customer satisfaction which boosts their ability to grow business.

## **MARKETING EFFECTIVENESS**

HVCB has statewide marketing kuleana and responsibility for the performance of the island brands. Asserting home rule, the island chapters attempt to market what they know best. Where the islands often miss out is the broader, more strategic view and in consuming limited marketing resources to duplicate administrative services.

HVCB has done a fine job at bringing overall recovery to the state – driven by the success of Oahu and Maui. With the recovery of these two stalwart brands, HVCB's emphasis should breathe life support into Hawaii Island. A reversal in thinking is in order: HVCB's success ought to be judged on the individual performance of each island. Reallocate marketing spend to do what it takes to foster success for each island. Pack in the power of HVCB's marketing punch and Hawaii Island will be lifted from its doldrums. HTA support is of utmost importance.

Short-term focus for Hawaii Island must center wholly on recovery within its Top 10 markets. Other marketing initiatives dilute this drive and become distractions. Marketing initiatives for Hawaii Island's European and Asian markets should be undertaken by the larger resources of HTA and its worldwide marketing partners. We understand changes have been made at HVCB to accomplish this.

In 1994 the Kohala Coast Resort Association commissioned a private baseline marketing study for the destination. Concerns noted within this study have, for the most part, remained status quo. Initiatives have been started, but have failed to gain traction. Building an industry team whose powerful commitment to a fundamental, long-term tourism strategy will reposition Hawaii Island to achieve its full potential.

## TOURISM PARTNERSHIPS

Each year the travel book *Lonely Planet* publishes its list of the coming year's top travel locations. This list contains traditional vacation spots that continue to be popular with tourists, plus new, fashionable destinations that fit the more trendy lifestyles. The 2010 Top Ten List of the best destinations included as their number 7 pick – The Big Island, Hawaii. Here's how it described our island:

### 7). *The Big Island, Hawaii*

*Who doesn't want to visit Hawaii? It has been one of the most popular beach vacation spots for the last several decades. But the draw of The Big Island is different than that of its smaller siblings. With (sic) reach active volcanic lava wastes, beaches filled with white, black, and green sand, and ample time to spend in a less crowded, much more affordable area, this is a less popular, but much more appealing, Hawaiian vacation.*

So why does Hawaii Island continue to lag behind its sister islands in tourism recovery and how can we strategically leverage support from federal, state, county and local associations to increase visitor traffic, improve per person/per day spending and increase visitor satisfaction? HVCB reports the answer to the problem is in effective branding of Hawaii Island and they are readying a roll out of new branding strategies.

## FEDERAL SUPPORT

Resources are available at the federal level that support programs that help promote and support local or regional heritage tourism initiatives. Understanding that travelers are regularly and frequently choosing to incorporate cultural experiences into their itineraries, and choosing their leisure destinations based on cultural merit indicate this is a niche market worthy of expansion. Historic preservation grants-in-aid—such as Historic Preservation Fund projects, grants to Certified Local Governments, American Battlefield Protection grants, and Save America's Treasures grants—could each theoretically be used for some relevant aspect of a heritage tourism project or program.

In addition to creating new jobs, new business and higher property values, well-managed tourism improves the quality of life and builds community pride. According to a 2009 national research study on U.S. Cultural and Heritage Travel by Mandela Research, 78% of all U.S. leisure travelers participate in cultural and/or heritage activities while traveling translating to 118.3 million adults each year. Cultural and heritage visitors spend, on average, \$994 per trip compared to \$611 for all U.S. travelers. Perhaps the biggest benefits of cultural heritage tourism, though, are diversification of local economies and preservation of a community's unique character.

Avenues worthy of exploration include:

***Department of Agriculture***

**Agritourism and Alternative Enterprises**

Natural Resources Conservation Service

This technical assistance program assists farmers and ranchers in exploring alternate economic enterprises, including heritage tourism.

**Resource Conservation and Development Program**

Natural Resources Conservation Service

This program provides technical and limited financial assistance to assist more than 300 local RC&D Councils with development projects, including heritage tourism and related business development.

*Department of Housing and Urban Development*

**Community Development Block Grants**

Community Development Block Grant funds help communities carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Because they are block grants, communities have discretion in how they spend funds and can use them to support heritage tourism initiatives or related infrastructure. Strengthen presence within Hawaii's CEDs program by working more closely with Hawaii Island Economic Development Board.

*Department of the Interior*

**National Heritage Areas Program**

National Park Service

National Heritage Areas are individually authorized by Congress and receive funding, technical assistance, and management support from the National Park Service. Heritage area designation provides a vehicle for promoting local economic and cultural vitality by capitalizing on an area's heritage assets, particularly through heritage tourism.

**National Register of Historic Places "Discover Our Shared Heritage" Travel Itineraries**

National Park Service

Maps and travel itineraries (printed and online) have been developed linking National Register properties on a thematic or regional basis.

**National Trails System**

National Park Service and Bureau of Land Management [with USDA Forest Service]  
Today, the National Trails System is comprised of eight national scenic trails, 18 national historic trails, and more than 1,050 national recreation trails. Although designated by Congress and administered by federal agencies, ownership may be public or private. Our participation through Hawaii Island's Ala Kahakai National Historic Trail should be touted.

*Department of Transportation*

**National Scenic Byways Program**

Federal Highway Administration

This program provides technical and financial assistance to help preserve America's scenic roads and promote tourism and economic development. Grants are available to

assist states in implementing projects on National Scenic Byways and developing state scenic byways. Hawaii's first two designated byways are both in West Hawaii (Kona Heritage Corridor in Holualoa and Royal Footsteps Along the Kona Coast on Alii Drive) and are making their way to national recognition.

### **Recreational Trails Program Grants**

Federal Highway Administration

These grants can be used to maintain, restore, and rehabilitate trails, including National Historic Trails, and rehabilitate trailside facilities. They can also support acquisition of easements or titles to property for trails.

Multi-Agency

### ***National Endowment for the Humanities***

#### **America's Historic Places Grants**

Part of NEH's We the People Initiative, this program provides funding for public programs that use one or more historic sites to address issues central to American history. Projects eligible for funding may interpret a single historic site, a series of sites, whole neighborhoods, communities or towns, or larger geographical regions. Fundable activities include docent tours, publications (e.g., brochures, guidebooks, etc.), driving or walking trails or tours, annotated itineraries, exhibition labeling or trail signs, films, and digital media.

## **STATE SUPPORT**

Tourism support from the State for Hawaii Island is dependent on HTA and its mandates as described in the section titled "Organizational Structure." As outlined, the Island's share of marketing dollars and marketing presence is dependent upon the overall HTA plan as presented year to year.

HTA is a valued partner as it oversees the marketing of Hawaii globally and provides resources and market reach beyond the capabilities of the individual island chapter. HTA offers a consistent state marketing message and represents the Islands with strategic marketing exposure. In addition, resources are allocated to support product development (CPEP funding) to ensure the Hawaii experience is competitive, keeping pace with consumers' changing desires and expectations. The sporting events program offers worldwide media coverage to a variety of sport genres and increased visitor spending via participants, spectators and operators.

Support at this level can be improved through better coordination by island-wide events organizers who receive CPEP funding. A well-structured and planned calendar of events could be created via collaboration of event organizers and result in improved efficiency and improved attendance numbers. Local support for Hawaii Island sporting events, such as the Ford Ironman Triathlon and the Mitsubishi Electric Championship at Hualalai golf tournament are imperative to preserve their positive influx of dollars into the westside economy. Other events should be explored to add to this list.

Challenges arise when the state budget faces a shortfall and legislators and government officials look for other sources to feed the general fund. This was the case when attempting to balance the 2011 State budget, lawmakers tried to appropriate the Counties share of the TAT. Action by County officials and local organizations as well as the general public was required to preserve this revenue stream for the County. The ability of the legislature to withhold/alter funding to the Counties should be addressed to create a reliable and consistent funding base on which the Counties can depend for services and programs to support the tourism base.

Individual island needs versus the overall impetus of the state initiative is another challenge. Current economic figures indicate the State as a whole is recovering nicely, however, Hawaii Island numbers continue to reflect a painfully slow and gradual incline. Focus should be directed at the individual Island chapter numbers versus the combined state as an indicator of success.

## **COUNTY SUPPORT**

The County of Hawaii annual budget provides \$550,000 to the Hawaii Island Visitors Bureau for use in marketing the destination. Specific initiatives outlined for this funding include support for direct airlift to Hawaii Island, corporate meetings and incentives, kamaaina tourism, international marketing and visitor information services.

## **OTHER ENTITIES**

Partnerships among BIVB and other Hawaii Island tourism related agencies should be explored as avenues for collaboration and cooperation. Among those included could be the Kona-Kohala Chamber of Commerce, Kohala Coast Resort Association, Destination Kona Coast, Kailua Village Business Improvement District, Hawaii Hotel & Lodging Association, the National Park Service, Hawaii Island Bed & Breakfast Association, Hawaii Island Wellness Travel Association, Hawaii Coffee Association, Hawaii Island Economic Development Board, Big Island Film Office, Kamehameha Schools, Hawaii Community College, University of Hawaii, to name a few.

## **AIRLIFT**

Airlift is a critical component for the Island's overall success. Kona International Airport is part of the State of Hawaii Airport System and is owned and operated by the State of Hawaii, Department of Transportation, Airports Division. It currently accommodates domestic overseas, international, interisland, commuter/air taxi, and general aviation activities. KOA has an 11,000-foot runway and a complex of facilities at the eastern edge of the airfield for arriving and departing passengers, air cargo and mail, airport support and general aviation operations.

The loss of Japan Airlines' nonstop Narita-Kona flight on October 30, 2010 will greatly impact the visitor arrival numbers. Approximately 86,000 visitors arrived via this flight

last year<sup>6</sup>. Loss of this flight with no replacement in sight will mean the removal of the airport's Customs and Border Protection services. CBP ports of entry are places (seaports, airports, or land border ports) designated by the Secretary of the Treasury where CBP officers or employees are assigned to accept entries of merchandise, clear passengers, collect duties, and enforce the various provisions of CBP and related laws. Once this designation is lost, reinstating KOA as a port of entry will require another request for new service and must meet the minimum criteria as outlined by the Department of Homeland Services. The State Tourism Liaison has advised the temporary structure (tent) currently servicing these passengers will not meet the criteria and future reinstatement of CBP is highly unlikely until a permanent facility is constructed.

Loss of the JAL seats and CBP services will necessitate an increase in airlift from domestic locations to accomplish the goal of 70% hotel occupancy. How many seats will be needed?

According to HTA's most current visitor plant inventory report (2009) Hawaii Island has a total of 11,541 rooms, including hotels, condo hotel, timeshare, bed/breakfast, individual vacation unit, and other. Kona, Kohala, Waimea and Kawaihae room inventory numbers 9,873 of that total.

A straightforward study of visitor plant inventory, transpacific and interisland air seats, load factors and average length of stay would reveal the number of arriving visitors needed on a daily basis to achieve 70% hotel occupancy. The importance of destination demand and airlift cannot be understated along with the need for concentrated efforts and continued support by all partners in the community.

To achieve increased airlift, airport satisfaction must be considered. The airport experience - the first and last impression a visitor will have with the destination – is critical. The airport, as a gateway, is an opportunity to capitalize on enhancing and completing the visitor experience. Increased security measures dictate travelers must spend more time at the airport. How can we use this to our advantage?

A 2010 North American Airport Satisfaction Study conducted by J.D. Powers revealed passengers are most concerned with basic needs – getting through check-in quickly, short security lines and seating comfort. Therefore, airports should focus on key elements such as clarity of airport signage, facilitating quick and accurate delivery of baggage and partnering with TSA to reduce security check wait times. Interesting to note is passengers who reported a “high level” of satisfaction with the airport also had a high level of retail spending – 45% higher than those who were disappointed with their experience. Also interesting to note is smaller airports (traffic of fewer than 10 million passengers per year) scored markedly higher than medium or large airports.

Efforts have been made by the industry – specifically Kohala Coast Resort Association – to assist the airport in making improvements to the facility. Efforts focused on cleanliness, customer service and enhancing the airport's arrival and departure areas.

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<sup>6</sup> Data source: Hawaii Visitors & Convention Bureau

Unfortunately, due to security and union regulations, the majority of these offers were declined. Conversations with airport manager Chauncey Wong-Yuen disclose our airport conditions are less than desirable yet staffing and budget prohibit the much-needed improvements. Wong-Yuen would welcome assistance, yet the current system prohibits it.

How can the community assist the airport in creating a visitor experience that is unique to the culture and destination, improve visitor satisfaction and encourage repeat travelers? Clearly a partnership is needed here and efforts must continue to find acceptable methods that will satisfy all management regulations. A partnership with the State and the community has already been requested. Methods to achieve desired results must continue to be explored, including partnerships with the unions.

## **Conclusion**

Partnerships with and between government, industry and community organizations would result in increased visitor satisfaction, visitor traffic and visitor spending. The mindset that we are all **Partners in Tourism** and can collectively improve Hawaii Island as a visitor destination should be adopted.

Opportunities are available for exploration and implementation. Examples can be found in successful projects such as the Kailua Village Business Improvement District's recent approval for the designation of Alii Drive as a State Scenic Byway and their efforts to continue the movement towards national recognition. Likewise, Pulama Ia Kona has achieved a State Scenic Byway designation for the Kona Heritage Corridor along the Mamalahoa Highway from Keauhou through Holualoa. The efforts of these local organizations puts Kona well ahead of the rest of the state to tap into increased federal dollars to protect, preserve and market these resources rich in cultural heritage and history.

To improve our recovery numbers, perhaps it is best to remember that the overall uniqueness of a community is usually the result of a combination of elements rather than one or two big things. Our competitive edge should be a composite of all the factors that make our destination unique.

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