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BRANDING STANDING COMMITTEE MEETING
HAWAIʻI TOURISM AUTHORITY
Monday, August 19, 2024, at 2:30 p.m.

Virtual Meeting

MINUTES OF THE BRANDING STANDING COMMITTEE MEETING

MEMBERS PRESENT:	Blaine Miyasato (Chair), Kimberly Agas, David Arakawa, Mufi Hannemann, Roy Pfund
NON-VOTING MEMBER:	James McCully
HTA STAFF PRESENT:	Daniel Nāhoʻopiʻi, Ilihia Gionson, Trishia Mendoza
GUESTS:	Andrew Koh, Lynn Whitehead, Tyler Gomes
LEGAL COUNSEL:	John Cole

1. **Call to Order and Opening Protocol**

   Chair Miyasato called the meeting to order at 2:39 p.m.

2. **Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic**

   Mr. Nāhoʻopiʻi conducted the roll call, and members were confirmed in attendance by themselves.

3. **Opening Protocol**

   Mr. Nāhoʻopiʻi conducted the opening cultural protocol by sharing his manaʻo of what hospitality, hoʻokipa, means. He thinks that hoʻokipa, treating everyone well, makes Hawaiʻi a different tourist destination because it is engrained as a traditional value in Hawaiʻi.

4. **Presentation and/or Discussion Regarding an Update on the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawaiʻi Convention Center Activity and Local Sales with Meet Hawaiʻi**

Chair Miyasato introduced this presentation and explained that since presentations on this item have been taking place regularly, it would not be an entire presentation. He aimed to create a cadence allowing the presenters' time to be appropriately utilized.

Mr. Nāhoʻopiʻi introduced Ms. Lynn Whitehead, the Hawaiʻi Visitors' and Convention Bureau (HVCB) Vice President of Global Meetings, Conventions, and Incentive (MCI) Sales and Marketing, and Mr. Andrew Koh, the Executive Director of Asia and Oceania, who would lead discussions on the MCI and Pace report. They would also report on activities at the HCC and Meet Hawaiʻi local sales.

Ms. Whitehead expressed her pleasure at being part of the meeting. She stated that she would make complete reports on production and strategies every quarter during the January, March, July, and November meetings. In the "off months," she would present critical highlights of topics that arose during those months.

Ms. Whitehead explained that Meet Hawaiʻi was a collaboration between the HVCB and the HCC to showcase the State as a venue for meetings, conventions, and business. The HVCB was responsible for booking events scheduled more than 13 months ahead. These were offshore groups that would occupy significant numbers of room nights. Booked room nights contributed to economic impact by driving taxation revenue. The HVCB also contracted hotel meetings across the State. The Services Team focused on developing the contracted group program in the destination by connecting them to transport companies, offsite venues, the Convention Center, and overflow hotels and other facilities.

The HCC team focused on managing the building's operations. Ms. Whitehead explained that the HCC local sales team focused on events scheduled within the next 13 months, including festivals, marathons, and sports groups. The Event Management Team serviced groups inside the building, connecting clients to food and beverage providers and audiovisual and telecom facilities.

Ms. Whitehead informed committee members that, as had been explained over the previous two presentations, the State Department of Business, Economic Development and Tourism (DBEDT) had recently released a new review of spending for MCI business, which was estimated at more than one billion dollars in total spending to the State. Without corporate and business meetings, this amount would not have been achieved. Ms. Whitehead noted that these were 2023 figures which had just been published. Figures for 2024 will only be available in August 2024.

Meet Hawaiʻi contributed $572 million to this economic impact in concert with the Citywide and Single-Property teams.

Ms. Whitehead presented a detailed report showing statistics divided into three categories: convention/conference, corporate meeting (including association and business), and incentive. There had been 401,000 visitors, representing an increase in Convention Center and incentive visitors. The average length of stay was 7.6 days since meeting participants usually attended the conference for 3–4 days and then added some 3–4 vacation days, often involving a visit to another island. Per person, per day spending had increased by $15 to $305 compared with the previous year. Ms. Whitehead noted that business was gradually returning to pre-pandemic levels.

Ms. Whitehead presented insights on visitor spending, which had increased by $233 million compared with the previous year. Convention/conference business had reduced by 5%, but per person per day spending for that category had increased by $33.6.

Meet Hawaiʻi had deployed a new Citywide sales team to cover the vertical market for Citywide events, and this was due to funding provided by the HTA early in 2024. This critical decision would likely bring positive results over the next six months.

Ms. Whitehead explained that the Single-Property position had been redeployed from Oʻahu to California because the West Coast was an important market. This seller was focused on corporate and incentive business.

From a marketing standpoint, a digital messaging incentives campaign was to be launched during the present and the following quarter to remind meeting planners that Hawaiʻi was a key destination for incentive business.

Ms. Whitehead mentioned some measures still in the planning phase, including a follow-up from the July meeting to work on sports events. Through contacts at the San Diego Sports Commission, the team partnered with the Sports Events and Tourism Commission, which provided membership to sports groups dedicated to partnering with destinations. This commission tracked room nights and spending by event participants. Meet Hawaiʻi was committed to a strategy around the sports market and had a team member dedicated to this market.

Ms. Whitehead mentioned the concern about measuring the impact of local events on the local economy. Destinations International, which the HTA was a member, had developed an Event Impact Calculator tool. Ms. Whitehead had discussed this issue with Ms. Chun of the HTA, who intended to obtain measures of the impact of some local groups, and these would be shared with committee members during a subsequent meeting.

Ms. Whitehead referred to the Hawaiʻi Captive Insurance Council (HCIC). She pointed out that the insurance market segment was important for Meet Hawaiʻi and was entrenched in developing relations with this sector.

The HCIC was to meet in Kauaʻi, and this was a local group based in the State whose meetings all fell within the State. The Captive Insurance Company was based in the Midwest, and Meet Hawaiʻi in that region was working to bring another group rotation to Hawaiʻi, hoping to finalize this during the next six months.

The Meet Hawaiʻi team was investigating new ways to present key performance indicators (KPIs) for Future Pace. They had asked fellow destination management organizations (DMOs) for suggestions to determine a better method of presenting targets and delivering them to the Board.

One of the highlights from July was a presentation to HPN, a third party focusing on corporate and association meetings. Thirty-five participants attended this presentation, which concentrated on Maui in the presence of the Maui Visitor Bureau, emphasizing the message that Maui was open for business.

The IEEE Convene took place in July, with 250 meeting planners representing over 30 countries participating. The Institute of Electrical and Electronics Engineers was a key market, and ten leads had been generated. One of them would hopefully be closed by the end of 2024 to bring 3,000 participants in 2028.

Ms. Whitehead explained that all MCI businesses contribute to corporate social responsibility. The IEEE Convene had benefited the Lahaina Restoration Foundation and Kapili Maui, and the team was waiting to hear how much had been raised. They hoped to develop a method of tracking and reporting community support.

The HCC hosted Indoor Air with double the attendance of the previous year. Kawaii Kon's repeat business was booked for 2025, representing $19.8 million in economic impact.

The Mid-Western team had contracted the International Foundation of Employee Benefit Plans for a 2027 meeting. This Canadian organization had a $12.9 million economic impact.

Ms. Whitehead explained that from 2027 onwards, about 19 groups were contracted in the Convention Center, and 33 tentative contracts were under consideration. She noted that production was somewhat behind, but she believed there would be an improvement during the next two months. Contracted groups through July 2024 involved 70,000 attendees, with 136,000 definite room nights. There was an economic impact of $360 million between the Citywide and the Single-Property teams.

Ms. Whitehead introduced Mr. Andrew Koh, the Asia/Oceania team leader, who brought in much business and opportunities for members and island partners. Mr. Koh had been in

Hawaiʻi recently, but due to the typhoon, he would be presenting his report from his Tokyo hotel.

Mr. Koh thanked Ms. Whitehead for the introduction and said he would fly to Korea the following day to meet Mr. Nāhoʻopiʻi and the Lieutenant Governor. They were to meet Korean agents and corporate representatives. Mr. Koh explained that he was responsible for overseeing the Asia Pacific market, including China, Taiwan, Southeast Asia, Japan, Korea, and Oceania. Mr. Koh had six team members, comprising in-market country directors for each market and a coordinator based in Taiwan. Mr. Koh was based in Taiwan and traveled extensively, especially to Japan, to build the MCI business. Japan was a key market and had the most potential to use the Convention Center.

Mr. Koh highlighted Asia/Oceania activities. Meet Hawaiʻi recently participated in DSA Connect Australia, which connected with corporate planners from several direct sales companies. More than 20 leads were generated from direct-selling corporate clients during this event.

Meet Hawaiʻi was to join the JTB Expo, which would expose the destination to about 1,000 sales agents within JTB to generate more leads.

Daito Kentaku was a Japanese construction company that held an event in Hawaiʻi in early August with 6,000 participants and 12,000 room nights. This was the most significant international MCI group to visit Hawaiʻi since the pandemic. The event generated $35.5 million in economic impact and $4.15 million in tax revenue for the State. There were three waves of gala dinners at the Convention Center, and the center manager, Ms. Orton, did a phenomenal job of satisfying the customers. The team was working with Daito Kentaku for 2025 and 2026. Construction would be taking place in 2026, but the team had approval from Ms. Orton to move ahead with the contract.

Mr. Koh informed committee members that more than 600 participants from the Daito Kentaku group had participated in a Mālama Plogging Event, in which they went out to pick up trash in Kapiʻolani Park.

Ms. Whitehead explained that it would be possible to host Daito Kentaku in 2026 because it would be an evening event during which no construction would be in progress.

Mr. Koh showed pictures of the plogging event during which about 30 pounds of trash was collected between 6:30 and 7:30 a.m. He also showed a picture of Mr. Nāhoʻopiʻi presenting a ceremonial canoe paddle to the President of Daito Kentaku in appreciation for their being such a loyal customer with a record number of participants.

A member of the Asia/Oceania team had been working with sports groups from New Zealand, including volleyball and rugby associations, with the potential to hold their events in Hawaiʻi. Results will be presented in subsequent meetings.

Meet Hawaiʻi had developed a strategic partnership with JTB under a Memorandum of Understanding (MOU) and was to participate in the September JATA Expo. Mr. Koh explained that JTB was the largest wholesaler in the Japanese market, controlling 60% of the corporate incentive market in Japan and handling most of the significant marquee mega business from Japan, which was 1,000 pax and above. The Marquee groups handled by JTB had the most significant potential to provide Citywide business for HCC and the State.

The strategic partnership was to take effect for two years and strengthen Hawaiʻi as the go-to destination for Japanese MICE (Corporate Incentive groups). The target was to secure the return of Marquee Mega Groups that had formerly come to Hawaiʻi but stopped due to the pandemic and the depreciation of the Yen.

Meet Hawaiʻi was to develop an internal Aloha program to train JTB staff to serve as Hawaiʻi ambassadors. Mr. Koh explained that there has been high turnover among JTB sales teams since the pandemic, and they need to be trained about Hawaiʻi's unique facilities and culture. The Mālama Plogging Event, created by HIS for Daito Kentaku, was an example of a creative event in Hawaiʻi.

Meet Hawaiʻi already had an MOU with HIS, the second-largest wholesaler in the Japanese market. The return of Daito Kentaku in 2024 was a perfect example of the MOU's success. The company had been considering other destinations, but with HIS's cooperation, it had returned to Hawaiʻi.

Mr. Koh explained that these two MOUs were partnerships with the largest wholesalers, controlling about 80% of the Japanese corporate incentive market.

Chair Miyasato thanked Ms. Whitehead and Mr. Koh and congratulated them on being so organized, ensuring that the meeting would be productive.

The Chair asked about collaboration between Hawaiʻi Tourism Japan (HTJ) and the HVCB since they appeared to operate in the same space. Mr. Koh replied that HVCB worked very closely with HTJ. For example, they collaborated on signing the MOU and the JATA event. He added that every March/April, a Japan summit was held in Hawaiʻi, where HVCB and HTJ collaborated. HTJ was responsible for inviting all the leisure sales agents to Hawaiʻi, and the HVCB was accountable for inviting corporate sales agents. The two agencies discussed markets together to obtain leverage and amplify their efforts.

Ms. Whitehead added that Meet Hawaiʻi was fortunate to have Mr. Koh's innovation. She thanked him for his presence at the meeting. Chair Miyasato pointed out that there was a synergy between the HVCB and Hawaiʻi Tourism USA (HTUSA) and between HVCB and HTJ. He asked whether there was any redundancy and whether resources were being effectively leveraged.

Ms. Whitehead explained that at the spring meeting, the HVCB collaborated with the global marketing teams (GMTs) that attended. Discussions occurred about how to deliver Fam visits for the travel trade. The two agencies shared core competencies, and Ms. Whitehead appreciated the round table organized by the HTA at the last meeting.

The Chair asked whether the benefits in one area offset the negative aspects of another area. Ms. Whitehead pointed out that diversification through a creative portfolio was essential. MCI was highlighted when leisure visits were down. The meetings business was the base business even though the leisure business gave a higher average daily rate (ADR). The MCI business had more exposure with partners, so Ms. Orton emphasized the importance of diverse groups at the Convention Center. Developing a market mix between local and offshore groups, including corporate events, was essential. Mr. Koh pointed out that the short-term, two-year market was necessary. There was a role for every type of market.

Mr. Nāhoʻopiʻi added that the international market showed MCI leading in arrivals. This was important because it built up confidence, showing that it was safe to travel to Hawaiʻi after the pandemic. There was still much to see and do, and word of mouth was important because people who had been to Hawaiʻi on a business trip would recommend it to their friends. This had been helpful with the Japanese market, where many people were apprehensive about traveling to Hawaiʻi.

Mr. Pfund asked about support for smaller groups from the Japanese market and whether these small corporate and incentive groups were being encouraged. However, he understood that Citywide groups provided the most significant economic impact.

Mr. Koh responded that this was their strategy, focusing on large Marquee Citywide groups and working with HIS on smaller groups, as Mr. Pfund had mentioned. This means that there were two directions of strategy.

Ms. Whitehead referred to the policy that all sellers were deployed towards in-house groups on all islands. There were four single-property sellers on the team. All the statistics resulted from a combination of Citywide and single-property events. This was the diversification to which the Chair had referred. For instance, during the Maui fires, the single-property team had been deployed to ensure that they remained in touch.

Regarding moving groups out of the Convention Center during construction, Ms. Whitehead stated that single-property sellers were using incentives to attract more business for that year. They were conscious of the need to cover all areas.

Mr. Arakawa referred to the issue of economic impact on page 8 of the report. He commented that he and Chair Miyasato had been discussing methods of measuring economic impact and assessing its circular nature. He asked Ms. Whitehead to briefly overview the revenue types recorded as having an economic impact.

Ms Whitehead responded that it was developed from the DBEDT statistics she presented. Economic impact related to the purpose, per-day spending, length of stay, and transportation. DBEDT developed this calculation tool to estimate the economic impact of every event when the relevant data was entered.

Mr. Arakawa stated that he and Chair Miyasato had asked DBEDT whether spending on local products could be tracked. Ms. Whitehead responded that local revenue was included in Destinations International's Economic Impact Calculator. Before the next meeting, she and Ms. Orton would collaborate with Ms. Chun to assess the impact of local groups.

Mr. Arakawa stated that during the next couple of months, there would be two large local events. One of them was Kawaii Kon, which was changing into a Citywide event. This event had previously been a local event. Ms. Whitehead responded that many single-property groups began in a smaller hotel, moved into a larger hotel, and finally moved into the Convention Center because they had outgrown the hotel. Kawaii Kon had become a Citywide event, and their room nights and spending would be tracked.

Mr. Arakawa stated that Kawaii Kon and the Okinawan Festival would allow local revenue to be tracked. Kawaii Kon would be included only if it contracted hotels. Local groups were not usually monitored or measured since most were from within the State. Offshore groups were different. The Economic Impact Calculator would enable Ms. Orton to evaluate the contribution of festivals and other local groups.

Chair Miyasato asked Ms. Whitehead to demonstrate the tool at the next Branding meeting so that committee members could identify the required inputs. Ms. Whitehead promised to collaborate with Ms. Chun on this since she was unfamiliar with everything that went into calculating economic impact. However, this would be the primary focus of the next meeting.

Mr. Nāhoʻopiʻi promised to assist Ms. Whitehead because he was familiar with the calculator. He also noted that it would be essential to identify various definitions of the economic impact during a future meeting. It was sometimes defined as money flowing into the State, but by that definition, local events would be excluded because they did not bring money into the State from outside. However, there were other impacts, such as food, beverage, imports, etc. The calculator also included ancillary revenue such as shipping and drayage.

Chair Miyasato gave the example of the Okinawan Festival, which involved inter-island travel for participants, and stated that this must have an economic value. The Chair requested a brief summary of how the calculator works.

Mr. Arakawa asked whether the DBEDT calculator would account for food purchases from local vendors.

Mr. Arakawa referred to page 17 of Mr. Koh’s report regarding the JTB partnership for the internal ambassador program. He asked who the trainers for this program would be. Mr. Koh responded that it would be a collaborative exercise with the HVCB and resources from the HTA. The program would highlight the cultural elements of the islands.

Mr. Arakawa replied that a training program for tour guides is currently being implemented. He asked about the strategic partnership with JTB. He suggested that in a subsequent meeting, information could be given regarding data collection about venues visited by groups, whether they enjoyed their visits, and where they would like to go in the future. The destination stewardship team would be involved in these issues.

Chair Miyasato stated these issues would be covered in the second to last agenda item.

Mr. Hannemann thanked Ms. Whitehead and Mr. Koh. Their report was critical because MCI was one aspect of the visitor industry that was doing well. He also thanked Ms. Whitehead for discussing sports, an area where the Hawaiʻi visitor industry could continue to grow.

Mr. Hannemann reminded Mr. Nāhoʻopiʻi that staff could be asked to compile highlights of forthcoming festivals and events to be used during the saturation in Southern California. This would provide critical information for Gov. Green and the mayors who would be there.

Mr. Hannemann thanked Mr. Koh for explaining the Japanese market. Some people proposed postponing working with Japan until the Yen issue improved, but he disagreed. Mr. Hannemann referred to the success of Daiko Kentaku and the Tourism Expo meetings. He expressed the hope that success stories on neighboring islands would be included because it was important for other islands to benefit rather than focusing on Waikīkī and Oʻahu.

Ms. Whitehead responded that Mr. Talwar had been informing them about the Southern California saturation to ensure that they would be included.

Mr. Koh informed members that the Yen was at its lowest point when Daiko Kentaku decided to go to Hawaiʻi. His team collaborated with JTB on the specifics of the MOU, and when this was complete, he presented it to the Board.

Chair Miyasato reminded committee members that the Japanese market was a long-term relationship, and the Board should provide resources. He thanked Ms. Whitehead and Mr. Koh for their productive and enlightening presentation.

5. Presentation, Discussion, and Action on Sports Opportunities for FY25

Mr. Nāhoʻopiʻi began his presentation by referring to the presentation at the April meeting, which mentioned the potential for contracts. Now that funding has been awarded, this item would be a follow-up for approval, which means that spending from the budget line items could be executed. He noted that the information packet supplied to committee members provided additional details about events and the financing of 2024.

The presentation listed five major sporting events, budgeted costs, and line-item numbers. The total cost was $3.6 million. The events included both signature events and community enrichment events.

The HTA staff recommended the employment of a sports consultant whose role would be to support the development of a revised sports strategy, to set up partnerships in alignment with the plan, and to support the fulfillment of the agreements that were entered into,

Mr. Nāhoʻopiʻi reminded committee members that the function of the Branding Committee was to lead in protecting and enhancing Hawaiʻi's globally competitive brand in ways that would be coordinated, authentic, and market-appropriate. He pointed out that sports were a critical branding component because they increased awareness in critical markets through association with quality sports events, activities, and the fan base. Sport added to economic impact by attracting visitors to major sporting events. It was also crucial for diplomacy since it allowed visitors and residents to interact over common interests at significant and smaller community-based sporting events. Mr. Nāhoʻopiʻi listed the following sports projects:

- LA Clippers event, scheduled for the end of September, funded by the sports opportunities fund line item,
- PGA Tour events for 2024 to be funded from the PGA line item,
- The LPGA Lotte Championship would take place later in November, funded by a specific line item,
- The World Surf League was to be funded from the sports activities line item.
- The Big West Tournament partnerships.

The final line was $100,000 for a sports consultant.

The HTA staff recommended that the Board of Directors approve expenditures of $3,605,850 from FY25 funds for the budget line items specified in the table.
Chair Miyasato asked Mr. Nāhoʻopiʻi whether these events had previously been presented, and Mr. Nāhoʻopiʻi confirmed that the only additional item was the contract for the Sports

Consultant position.

Mr. Arakawa asked whether the line items had already been defined in these amounts. Mr. Nāhoʻopiʻi responded that the quantities for the PGA, the LPGA, and the Big West were the same. The World Surf League and the L.A. Clippers events had been reduced to $300,000 and $750,000, respectively. These events were funded from the Sports Opportunity line item, totaling $1.65 million. Staff was requesting $1.05 million to be used for the abovementioned events. Lastly, $100,000 for the sports consultant was to be taken from the second sports opportunity and signature events line item, which totaled $768,000.

Chair Miyasato asked if the sports consultant position had already been budgeted. Mr. Nāhoʻopiʻi explained that the sports strategy was for a consultant to identify new major activities, produce a sports strategic plan, and devise measures and metrics. A staff person was still needed to work with the contracts, execute procurement with the procurement officer, and manage the contracts. Both positions were necessary.

Mr. Arakawa stated that he had the same question and thanked Mr. Nāhoʻopiʻi for explaining the difference between the staff person and the consultant. He noted that the sports opportunity fund had been created for events that might occur during the year, like the L.A. Clippers and the World Surf events.

Mr. Nāhoʻopiʻi explained that a long list of other proposals had come in over the past few months, and the consultant would help to negotiate these. The consultant would also identify new sports and work with venues to determine if facilities were available to bring in other sports.

Mr. Arakawa thanked Mr. Nāhoʻopiʻi for this presentation and said he supported the motion with the caveat that the budget team would work on the details.

Mr. Hannemann proposed a motion for the Board of Directors to approve expenditures of $3,605,850 from FY25 funds from the budget line items specified in the table for the programs noted above. Mr. Arakawa seconded the motion.

There was no further discussion. Mr. Nāhoʻopiʻi conducted the roll call vote, and the motion was carried unanimously, with Mr. Arakawa's caveat that he accepted the motion because the legislature had passed the budget. Still, the details were to be reviewed by the budget and fiscal department.

6. Presentation and/or Discussion Regarding Destination Management Application and Relation to Branding and Marketing

Mr. Nāhoʻopiʻi introduced Mr. Tyler Gomes, the Chief Administrator of Kilohana.

Chair Miyasato pointed out that this was in the budget and had been approved by the legislature. His concern was to ensure that there would not be multiple applications and redundancy. He also thought it would be unwise not to review already funded applications to see how they worked. No new presentation was needed. He wished only to hear an explanation of what was being done.

Mr. Gomes gave some procedural background, stating that funds had been set aside for intelligent tourism when the project started. However, this was eventually honed down and has now created a white paper due by December 31st. The purpose of this white paper was to indicate directions for the development and implementation of the current app starting in 2025. The funds used to develop the white paper were separate from those appropriated by the legislature under the budget. Only about $200,000 was to be used, and it was likely that a contractor would have been hired before September 1st.

It was intended to review all instances of legislative language relating to apps and tourism. Legislators were interested in ocean safety apps, and the goal was to combine all issues in a "wrap around." The first two or three months would be dedicated to research. Then, up to 100 interviews will be conducted with stakeholders, legislators, HTA Board members, key opinion leaders in the tourism industry, Hawaiʻi tourism industry groups, activities, hotels, and government agencies. Some government agencies managed reservation systems for hikes and trails. Experienced local contractors would conduct these interviews and create the application starting in 2025.

Chair Miyasato thanked Mr. Gomes and mentioned that, in his experience, it was essential to have an owner for this significant initiative. Many applications already existed, and given that this was to be funded from taxpayer dollars and that the constituency was so huge, this was an opportunity to do something. The Chair asked where this app was to be housed and who was to manage and own the app. He intended for the HTA to be the proprietor of the app. He also suggested that this discussion be recapitulated at the full Board meeting to initiate a robust conversation.

Mr. Gomes responded that he would be away on a prearranged vacation during the following week's Board meeting, but he would arrange for a team member to attend and brief Board members.

Chair Miyasato repeated that this was such a huge undertaking that the following week's meeting would only include discussion and no decisions.

7. Presentation, Discussion, and Action on Proposed Fiscal Year 2026 and 2027 Hawai‘i Tourism Authority Operating Budget for Branding and Marketing (BED114) and Related Strategy and Planning

Mr. Nāhoʻopiʻi introduced the next item and stated that they would focus on the branding and marketing section of the total budget since the Budget, Finance, and Convention Center (BFCC) Standing Committee meeting was scheduled for the following day.

Chair Miyasato listed the principles that he wanted to submit for discussion:

Firstly, it should be agreed that since the Branding Standing Committee bears the major responsibility for the HTA's most important marketing and branding functions, budgets, plans, and strategies should be initiated in this committee. The Chair understood that the finance committee would review budget provisions the following day. However, plans and strategies should originate with the committee responsible for initiating them.

Mr. Arakawa stated that the process began with general guidance from the administration, but the HTA was free to develop its budget. Branding and marketing started with this committee, and destination stewardship and management started with the Hoʻokahua committee. The proposals were then submitted to the budget committee to ensure they fit within the total agreed upon by the Board. There had to be give and take between the three links of the spool: Administration, Branding, and Destination Stewardship.

Mr. Arakawa explained that the entire Board would decide on the budget to be submitted to the administration and the legislature. The HTA and its staff might even testify to a higher budget than what had happened the previous year. He stated that the process the Chair had described was generally correct. The committee could discuss general principles that might apply as had been done in the budget committee.

Chair Miyasato stated that, given Mr. Hannemann and his team's miraculous achievement of obtaining $63 million, it was essential to ask for what was needed based on a plan. In building the budget, the Chair wanted the circular economy to be considered so that whenever a dollar was spent, it would return to the State of Hawaiʻi and its people as two dollars. Everything had to be seen through a filter beginning and ending with the State of Hawaiʻi.

Finally, everything this committee did had to enhance the HTA brand. That was their kuleana. The Chair suggested that these principles should be used to build the budget.

Chair Miyasato reviewed how the HTA had arrived at this point. He noted that the budget was based on intelligence and feedback. He also stated that the budget had to be modified or changed before the following morning. It was essential to have a sense of direction.

Mr. Nāhoʻopiʻi stated that the recommendations of this committee would be submitted to the Budget, Finance, and Convention Center (BFCC) committee meeting the following afternoon. The budget committee would make recommendations, which would be submitted to the full Board at the next Board meeting. Mr. Arakawa reviewed the general principles that the BFCC committee had laid out in the form of questions:

- Is it our kuleana?
- Can another department or private company do it, as recommended by the governance study?
- Can we prioritize requests?
- Are there sufficient details, such as who, what, when, how, and do we have sufficient staff to handle this so that questions from the legislative Ways & Means and Finance committees can be answered?
- What is the current status of the State budget, and how do we operate within it?

Chair Miyasato responded that he assumed the entire Board would adopt these principles. His instant response to the last point was that while the HTA had to be concerned about the State, it was essential to realize that the State's problems were related to the lack of visitors to the State. Every businessperson was aware that money must be spent to generate money. It did not make sense to shortchange the tourism industry in the face of a crisis.

Mr. Arakawa responded that the state's approach to its financial situation involved spending money to make more money or tightening its belts, as other State departments had been asked to do.

Chair Miyasato asked Mr. Nāhoʻopiʻi to continue his presentation. He presented the timeline slides entitled Budgeting for the Horizon to set the tone for each year.:

> **FY25 Stabilize**
> There was to be a focus on markets, particularly on recovering domestic demand affected by the Maui wildfire and some economic issues. The international market that was recovering from the pandemic was to be rebuilt. For example, Japanese travelers were apprehensive about travel in general, not just because of the exchange rate.
>
> **FY26–27 Optimize**
> The destination was to be the focus, with the development of island-based destination management comprising five island positions. New Destination Management Action Programs (DMAPs) would be developed for the next few years, along with integrating more island-based decision-making. This had been one of the recommendations of the governance study.

FY28–29 Realize
There would be a focus on Hawaiʻi. Some work had to start at present. There would be a shift to a regenerative tourism model focusing on the circular economy. Some present tourism products were not like that, so it was necessary to consider how the industry, the community, and the brand could be shifted. At present, the Hawaiʻi brand is strong on sun, sea, and surf activities. It was necessary to consider how Hawaiʻi could become known for education, history, and other experiences that would contribute to local efforts and employ more local people.

Mr. Nāhoʻopiʻi presented a slide entitled Leisure Marketing Funnel Kuleana, which portrayed branding and marketing from a destination perspective.

Hawaiian Islands Campaign – Awareness and Inspiration
This was the bulk of what was done to maintain the Hawaiian Islands in people's consciousness.

Industry Partner Campaigns –Active Consideration
This was aimed at the travel trade and other information sources. The island chapters were to create greater awareness and encourage people to do more research about available activities. Travel agent training would ensure that agents were aware of new products and updates that could be offered to the market.

Industry Partner Campaigns – Intent
At this level, there was a conversion from consideration to intent. The marketing team was to work with partners to remind them to create offers that would obtain customers, such as the best value for a trip to Hawaiʻi, along with the costs of activities and tourism opportunities. Collaboration with partners would enable them to execute the conversion and create the bookings.

Mr. Nāhoʻopiʻi reviewed the budget spreadsheet:

Canada
Mr. Nāhoʻopiʻi explained that each row showed a project or activity. The columns showed the budget for FY25, and the request for FY26 was shown in blue. Two amounts were shown for each line because a 10% restriction had been imposed on the FY25 budget. On paper, $1 million had been allocated to Canada, but only $900,000 could be used because of the 10% restriction imposed by the Budget and Finance Department. 5% might be returned later in the fiscal year, but the assumption was to plan for a budget of $900,000.

Because of this, the request for FY26 would be increased by 10% to get back to the desired spending. The spreadsheet showed the change between FY25 and FY26, and the green column was to be discussed by BFCC the following day.
Mr. Nāhoʻopiʻi explained that Canada was Hawaiʻi's third or second-largest market

after the U.S. East and West. This meant it was the first or second of the international markets. It was essential to emphasize Canada's development and stabilization, especially as Canada was one of the core markets for Maui, and building Maui back was a significant concern. Staff recommended a 10% increase because of rising costs; hence, the request was for $1.2 million.

Mr. Nāhoʻopiʻi explained that the yellow lines showed the incremental amounts that staff considered should be added. This applied particularly to the destination marketing section for specific actions involving cooperation with defined tie-ins and KPIs. Another $100,000 was requested for the Canadian market to conduct specific tie-ins with travel trade and promotions. Partners would be informed that they would not receive their funds unless they put up matching funds and achieved specific minimum sales goals.

China

Mr. Nāhoʻopiʻi explained that there was a zero budget for FY25 even though marketing was taking place in China. This was because a three-year standing contract had been paid from the Tourism Special Fund in 2021. That contract was ending, and it would be necessary to use general funds to source a new contract.

The budget for China marketing was divided into two parts. The base was in-market, working with the travel trade in China. Some legislators and industry partners participated in a small mission. Typically, there would be no mission in a GSA item because that would be very costly.

Staff recommended that China's marketing be increased to a full representation in the market. Mr. Nāhoʻopiʻi explained that the U.S. government was pushing to improve and increase relations with China. This included working with airlines and conducting additional marketing, so it was possible that by FY26, there could be a nonstop service. If not, the marketing team was already promoting a one-stop service through Narita with the idea that it would be successful and convenient for the Chinese market. For this reason, the request was for additional funds to bring the China budget up to $1 million and develop a full-service representative in the market.

Europe

Mr. Nāhoʻopiʻi stated that $1 million had currently been allocated, and he considered this adequate. Hawaiʻi had entered the European market recently and intended to take a mission there during the coming fall. There was no nonstop Service, but there was a one-stop service. Europe was a niche market for some industry partners. European travelers were big spenders and stayed longer because they usually had one month of holiday.

Japan
This critical market was still building to reach the pre-pandemic level. It was hoped that the budget would be increased by 10%. The incremental amount passed for FY25 was approved at the last Board meeting. Mr. Nāhoʻopiʻi explained that, even at 10% for the base funding, there should still be coop funding to be put aside and used if opportunity were to arise, such as an additional route, an increase in frequency of service, or another MOU or partnership. The request was for a coop amount of 722,000, a 10% increase over the amount allocated at present.

Korea
Mr. Nāhoʻopiʻi explained that there was a full-service representative office in Korea. The request was for an 11% budget increase. Rising advertising and marketing costs were expected to have cost implications for FY26. The request was for $1.1 million.

Korea has been a very productive market. It had been one of the first Asian markets to open and start outbound travel. Air service from Korea was very stable, and it was served by Hawaiian Airlines and Korean Air. Air Premier was another airline that started service at the beginning of 2025. Mr. Nāhoʻopiʻi was to travel to Korea with the Lieutenant Governor in a few days to discuss partners and potential for the Korean market.

Oceania
Mr. Nāhoʻopiʻi explained that Australia and New Zealand were Hawaiʻi's fourth largest markets. This was a robust market because visitors stayed longer and spent within the range of the other Asian markets. This market needed more attention, but the proposed amount appeared sufficient. There was a need for more air service, but the demand for the destination had to be demonstrated. This is related to building interest in visiting Hawaiʻi rather than other destinations.

Taiwan
Mr. Nāhoʻopiʻi explained that this was a low-priority line item. He suggested that it could be serviced as a GSA. This would be a representative office that would provide information without doing any marketing. This could be achieved through an office supported by DBEDT, which maintains an office in Taiwan. Regarding MCI, Taiwan has been performing well for a couple of years.

The U.S. Market
Staff had recommended that the budgeted amount should remain the same. It had increased by about 14% to make up some payments in the market. This 14% increase would represent a rise from $16 million to $19 million, including an increase in the second half of the financial year. Coop and in-market activations

were recommended, similar to those conducted in Southern California. Additional adjustments might be necessary across the West Coast and other source markets such as Chicago, Texas, and the East Coast. These modifications would help some U.S. West visitors. There was interest from both business and higher-end leisure and luxury travel, typically coming out of the U.S. East. $6.6 million was requested for additional activation. Mr. Talwar had presented a basic activation of $1.5 million in Los Angeles, and partners would supplement this. There was to be a larger activation in other markets.

Salaries

Mr. Nāhoʻopiʻi stated that basic salary increases, including current positions and payments, were recommended. Staff had recommended that one new brand manager be added since, under brand and marketing, there were only two senior brand managers and one brand manager in addition to the Chief Branding Officer. This meant that only four positions were responsible for expanding markets and markets as well as managing island chapter programs. These staff also managed Meet Hawaiʻi, whose activities had been growing, necessitating reviews of many contracts and agreements. The recommended new position would be allocated $86,000.

Travel missions

Mr. Nāhoʻopiʻi explained that this involved attending trade missions and trade shows, which often included training. The total budget was $100,000.

Air route development

This was a low-priority item. The previous year, $250,000 had been requested for a consultant to develop a strategic plan and selling points. The consultant would determine how to communicate demand in Hawaiʻi and work with the airlines. Mr. Eslinger had been conducting this function part-time under the GSS contract. The consultant to be hired would possess established relationships with airlines since they would be negotiating for other destinations and would be aware of the expectations of each airline. The request was for $250,000 per year to work with Mr. Eslinger to support his research. Mr. Nāhoʻopiʻi explained that if the consultant's work, such as attendance at events and expos, overlapped with Mr. Eslinger's work, the consultant's work would be reduced. He would also be expected to train staff to carry out this work.

Cruise consultancy

The request for a cruise consultant, $100,000, was the same as the previous year.

Global Support Services

Mr. Nāhoʻopiʻi reminded committee members of the presentation by staff at the previous meeting. The details showed that the increased budget was due to the request to upgrade the GoHawaii website. Website optimization would require $500,000. An amount of $150,000 had already been allocated to upgrade assets. This referred to shared digital material such as photos and videos. These would not only be used by the U.S. marketing team but would also be used by other global marketing teams. This amount would not be requested for FY26 but would be requested for FY27, being required every other year. The digital market had changed, and videos were more critical. In reply to a question from the Chair, Mr. Nāhoʻopiʻi confirmed that this also referred to trade show assets.

Mr. Nāhoʻopiʻi explained that the island destination chapters supported the office, the Executive Director, and staffing. The five positions for destination managers would be housed in those same offices. The request was for the same level of funding with a 10% increase to cover staffing cost increases.

Trade shows

Mr. Nāhoʻopiʻi stated that there were two major international trade shows. IPW was an international trade show organized by the U.S. Travel Association. IMEX was a major annual meeting and convention trade show in Los Angeles. He explained that the IMEX booth needed to be renovated since its limited size meant that additional partners could not be included. The HTA booth was less compelling than those of the other major destinations. The previous year, IPW had attracted much more participation from other countries, and it was important for Hawaiʻi to stand out compared with other destinations. The request was for $1 million, representing an increase of $555,000.

Mr. Nāhoʻopiʻi continued that the Meet Hawaiʻi budget would be flat, and discussions were taking place with Mr. Kishi to determine whether funds would remain.

Marketing ground support

Mr. Nāhoʻopiʻi stated that the final request was for marketing ground support, which could be used for coop projects in areas not already mentioned, such as Taiwan or Oceania. The request was for $550,000. If coop partners were unavailable, the funds would be spent on advertising.

Chair Miyasato asked for the amount of the increase compared with the previous year and reminded committee members that if there was to be a 10% margin, then the 10% had to be inserted from the start.

Mr. Nāhoʻopiʻi replied that there was a 38% increase over the budget for FY25, including some expanding markets and the 10% margin. Regarding the opportunity activation saturation coop, the legislature had to understand that it was an activity to be conducted with a partner, from which the investment would return to Hawaiʻi. He added that budget line items would identify all budget areas.

Chair Miyasato asked for questions from committee members.

Mr. Hannemann stated that having been in two-by-two discussion meetings, he realized that there was never enough money. There would be feedback that the budget requests were too low. However, he considered that this was a good starting point for further discussions. The legislature had come through with a budget for FY25. but the 10% reduction had to be factored in.

Mr. Hannemann continued that 80% of Hawaiʻi travelers were from the USA, and U.S. marketing took up nearly $20 million. He appreciated that the private sector was being asked to demonstrate what they were doing on their part. This could be the template for all marketing campaigns, so the $6 million allocated was good.

Mr. Hannemann recalled that trade show partners had complained that the Hawaiʻi booth was not good enough. He considered that $500,000 for IPW and IMEX stated that Hawaiʻi was conducting a strong messaging campaign. He also appreciated that there were still opportunities for further investment since Mr. Nāhoʻopiʻi had identified leftover funds.

Mr. Hannemann hoped that staff would do more to develop the airline routes. The budget requested two places: consultant studies and approval for a route with marketing support. As Mr. Nāhoʻopiʻi had explained regarding Taiwan, DBEDT and the Department of Transportation (DOT) were concerned with air transport, and it was necessary to determine if DBEDT still maintained an office in Taiwan. If so, there could be collaboration. He stated that there was a similar issue with airline consultants. Hotels would suffer without sufficient air capacity.

Mr. Hannemann agreed with the budget and hoped for more. Requests needed to be reasonable, but if the State hoped to increase revenues, only the tourism industry could achieve that. It was essential to show a robust budget that would demonstrate to partners that the HTA was doing its part. He believed that the legislature would appreciate a justified and robust budget line.

Chair Miyasato pointed out that, for airlines, coop meant leveraging relationships for the state's benefit. Airlines conducted their promotions, but the visitor industry needed seats.

When Mr. Arakawa asked about the total amount allocated for Branding and Marketing, Mr. Nāhoʻopiʻi replied that the total amount for FY26 was $54.5 million, compared with $39.3 million for FY25.

Mr. Arakawa pointed out that the amount requested for Hoʻokahua or administration was unknown. He asked Mr. Nāhoʻopiʻi about prioritizing this budget, and Mr. Nāhoʻopiʻi replied that the spreadsheet showed a priority column that could be discussed offline. During the meeting of the BFCC committee the previous week, staff had been asked to prioritize budget items so that if cuts were demanded by DBEDT, the Governor, or the legislature, the most important items would be maintained. Mr. Arakawa offered to collaborate with Chair Miyasato and staff to prioritize items.

Mr. Arakawa referred to Chair Miyasato's comment about partnering. This was discussed at the meeting of the BFCC committee, and Ms. Agas referred to industry partnerships that might be available. Chair Miyasato had also mentioned this, but it appeared that partnerships were described as optimization. Mr. Arakawa noted that there seemed to be an increase in the budget based on partnerships, not a decrease or a leveraging of money spent by private industry. He asked Mr. Nāhoʻopiʻi whether more funds were being spent on partnerships.

Mr. Nāhoʻopiʻi responded that partnerships represented an increase in money but also an increase in utilization.

Mr. Arakawa asked how these partnerships were divided, whether 95:5 or 50:50.

Mr. Nāhoʻopiʻi replied that it depended on the activity, but it was never less than 1:1 in the HTA's favor. Mr. Arakawa asked Mr. Nāhoʻopiʻi to insert an asterisk against these items.

Chair Miyasato stated that a committee appeared necessary to decide where these decisions were made. He asked whether protocols should be written to define a coop. There was a structure around these issues. He pointed out that the Come Home Hawaiʻi initiative would never happen unless committee decisions planned for it.

Mr. Arakawa reminded committee members that the committee had to recommend a Board decision. He asked Mr. Nāhoʻopiʻi to insert notes on the right-hand side of the spreadsheet showing the ratio of input between partners. Key performance indicators (KPIs) and return on investment (ROI) had to be defined such that if these were not achieved, the partnership would be readjusted the following year.

Mr. Nāhoʻopiʻi responded that some coops had a built-in ROI, and if the partner did not fulfill the KPIs, the full amount would not be invested.

Mr. Arakawa referred to Mr. Hannemann's point about DBEDT and DOT. Mr. Arakawa had volunteered to participate in planning the HTA conference in September, partly because the HTA partners DBEDT and DOT had not been invited to prior conferences. He understood that DOT had not been invited but did not know whether a DBEDT representative had been invited to speak at the present year's conference. Mr. Hannemann had mentioned that airline routes had to collaborate with DBEDT and DOT, and Mr. Arakawa asked Mr. Nāhoʻopiʻi to make a note so that the topic could be discussed offline.

Mr. Nāhoʻopiʻi responded that he had followed up with DBEDT and DOT and would discuss the issue with Mr. Arakawa offline.

Mr. Pfund commented that it was essential to keep the budget as it was at present and work through it. An issue previously mentioned was how to generate information to show the importance of the industry. It was necessary to discover how much revenue was generated by visitors and how much of the revenue went into supporting local small businesses. Mr. Pfund noted that it was essential to work with people who could help demonstrate the importance of the industry to the State by producing detailed information for the administration and the legislature. This information would justify investment in the industry. Mr. Pfund commented that the funds invested in tourism were small compared with the amount generated by the industry. The Board needed to accurately represent the amount of money generated and how it flowed through the economy.

Chair Miyazato informed committee members that revisions would be passed onto the BFCC committee before the following morning.

Mr. Pfund proposed a motion that the committee should recommend approval of the budget as shown. Mr. Hannemann seconded the motion.

Mr. Arakawa stated that he would vote Aye with reservations. He understood that this would bring the total up to $90 million. He noted that DBEDT research indicated a revenue shortfall due to the economic downturn, the downturn in tourism, the reduction in income tax voted by the 2024 legislature, and the wildfire. DBEDT expected a very lean FY26, and departments would be lucky to receive the same funding. The Budget and Finance Department was to send out a memo within the next three weeks.

Based on this information from DBEDT, the BFCC committee had recommended a budget of $70 million and asked the HTA staff to suggest cuts to bring the FY26 budget down to this figure. Mr. Arakawa mentioned that he had already laid out five principles in this meeting and would not repeat them. Staff had been given a deadline of August 15 to get back to the BFCC committee. Mr. Arakawa, VP Choy, and Mr. Kishi had prepared a $70 million budget just in case.

Mr. Arakawa would vote in favor of the motion because some items in the $70 million budget were identical and consistent with the view of the BFCC committee. For amounts above $70 million, the HTA staff could provide a prioritized list in case the administration or the legislature demanded a budget cap. A list would be ready to identify items to be cut.
Chair Miyasato responded that continuing to build a budget without input from subject committees was to invite dysfunction. He asked why Mr. Arakawa, VP Choy, Mr. Kishi, and DBEDT had devised a budget for branding and marketing when the Branding committee had not yet met. He had just been told that the following day was the deadline for revisions.

Mr. Arakawa explained that the deadline he had mentioned was for staff to make suggestions. Standing committees had been asked to meet before the budget committee meeting. Staff had not contributed suggestions about branding to cut the budget down to $70 million.

Mr. Nāhoʻopiʻi responded that the staff had met on the specified day and identified lines that could be modified. The committee Chair had instructed him to leave everything in and allow the committee to make the final decision. The lines shown in yellow on the spreadsheet could be removed to bring the total down to $70 million.

Chair Miyasato informed committee members that voting was for the left alone spreadsheet, including the yellow lines. Mr. Arakawa apologized for leaving Chair Miyasato out of the process and explained that it had never been the intention for one, two, or three people to make the budget. It was intended for committee and staff input.

Chair Miyasato stated that the vote was on the budget presented.

Ms. Agas pointed out that there was no manual on being a Board member. Complaints had been made on several occasions that the HTA never filed their budgets promptly, and many warnings had been given. Instructions had been provided in the March/April meeting that work on the budget should begin. Chair Miyasato was correct in stating that there should be time for discussions. Guidance had been given, and members who were in business all knew about the economy. In their businesses, they all built very conservative budgets.

Ms. Agas suggested developing a prioritized list with recommendations to submit a budget similar to the present year. Like Mr. Arakawa, she would approve submitting the budget as long as it was prioritized. The BFCC committee knew that the staff understood the budget better than anyone, so they asked the staff to prioritize. Ms. Agas appeals that budget deadlines should be complied with. She did not believe that everything requested would be allocated but considered that it was necessary to adhere to the timeline to avoid warnings.

Chair Miyasato agreed with Ms. Agas that prioritizing could come later. At present, the issue is whether the budget will be submitted to DBEDT on time. The budget should be passed on to the BFCC committee the following day.

Mr. Hannemann responded to Ms. Agas' comment by stating that he did not wish to be delinquent by failing to respect deadlines. He had submitted to a two-by-two review, which was an opportunity to submit comments. The next step was submitting the budget to the administration, who would likely cut it. Still, the Board had to do its best to prioritize the list, whether it was Hoʻokahua or personnel or consultants. Ultimately, the legislature would examine the budget and either cut or add. He agreed with Ms. Agas that it was essential to be compliant while advocating for the number one industry of Hawaiʻi.

Chair Miyasato commented that he did not understand why two-by-two meetings were necessary and did not feel they were productive. He called for a vote on the motion.

Mr. Nāhoʻopiʻi conducted the roll call vote. As stated, the motion was carried unanimously with reservations from Mr. Arakawa.

8. Adjournment

The meeting was adjourned at 5:07 p.m.

Respectfully submitted,

Sheillane Reyes
Recorder