

Hawai'i Tourism Authority

# Strategic Plan

Approved  
October 29, 2015

## **Strategic Plan Overview**

### **MANAGING CONTINUED GROWTH OF HAWAII'S VISITOR INDUSTRY**

The Hawai'i Tourism Authority (HTA), established by Act 156, SLH 1998, was created to be the lead for Hawai'i's visitor industry. Since its inception, the HTA has been at the forefront of guiding the visitor industry through good times and bad. Tourism is Hawai'i's main economic driver and will continue to provide economic benefits for Hawai'i's people in the foreseeable future. In 2014, it provided for 165,000 jobs, generated over \$14.7 billion in visitor spending, and \$1.6 billion in tax revenue.

The purpose of the HTA Strategic Plan is to guide the organization in addressing issues and creating opportunities that will move Hawai'i's visitor industry forward. Measures of success are identified to track progress. HTA's kuleana is to drive demand to Hawai'i; deliver on the Hawai'i brand promise and experience; and continue to respect our Native Hawaiian culture and mālama Hawai'i and its people.

Our mission has not changed. It is to strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs. The plan also has a Collective Ambition which consists of a strong set of principles and vision as to how tourism should be cultivated. The seven guiding principles include: a healthy economy, environmental sustainability, cultural authenticity, market knowledge, host & guest satisfaction, collaboration, and accountability.

### **THE STRATEGIC DIRECTION**

This is the HTA's strategic plan and the HTA intends to accomplish four goals by working and collaborating with partners and stakeholders. We developed strategies to increase economic activity, sustain positive net benefits of tourism, grow visitor spending, and be an effective organization. We will take action in four key areas:

1. Improve the Integrity of the Destination
2. Ensure Stable Economic Benefits
3. Elevate Hawai'i's Value Perception
4. Strengthen HTA's Reputation

Below are the goals and related objectives. The detailed strategies related to each objective can be found in Chapter 4.

#### **GOAL 1: IMPROVE THE INTEGRITY OF THE DESTINATION**

A successful tourism economy balances the needs of the community, visitors and the destination. It contributes to the sustainability of natural resources, perpetuates cultural resources, and fosters support within the community and industry. Therefore, the HTA must strengthen its community relations efforts for further engagement and collaboration between the community and industry. In addition, the HTA must be a good steward of the destination in order to lessen impacts on Hawai'i's cultural and natural resources. To improve the balance between host, guest and place, the HTA will:

- Increase community support for tourism.
- Be a better steward of the destination.

#### **GOAL 2: ENSURE STABLE ECONOMIC BENEFITS**

One of the HTA's key responsibilities is to maintain, grow and extend the benefits of tourism beyond the industry. The goal is to sustain and cultivate a constant and consistent source of visitor arrivals and expenditures throughout all of the Hawaiian Islands and over periods of varying economic cycles and/or unforeseen events. To maintain a positive impact of Hawai'i Tourism economy, the HTA will:

- Focus marketing on producing consistent arrivals.
- Increase visitor expenditures by attracting high-spending visitors and creating spending opportunities.

**GOAL 3: ELEVATE HAWAI'I'S VALUE PERCEPTION**

In an increasingly competitive world, it is vital that Hawai'i differentiate itself from other destinations by promoting authentic experiences unique to the Hawaiian Islands and a sense of value for travel costs. To enhance a globally competitive brand, HTA will:

- Maintain and improve air access to the Hawaiian Islands.
- Protect Hawai'i's brand to remain competitive.
- Meet traveler expectations for accommodations and infrastructure.

**GOAL 4: STRENGTHEN HTA'S REPUTATION**

As the state's lead entity for tourism, the HTA is responsible for directing and managing local and global efforts in maintaining and improving the vitality and sustainability of Hawai'i's visitor industry. To be an effective leader in the industry, the HTA is committed to being a forward-thinking, knowledge-based organization that uses information and research to develop programs and policies and serve as a resource for all stakeholders. To be the state's lead agency in tourism, we will:

- Continually improve the organization's ability to lead the industry.
- Ensure transparency and accountability for the HTA's tourism marketing efforts.

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## **1.0 Introduction**

Tourism is Hawai'i's most important economic activity. It is a fabric that knits together jobs and income for residents, access to and from the rest of the world, and elements of this island place that are prized by visitors and residents alike – our culture, our climate, our natural resources, and our worldwide reputation for hospitality and Aloha. However, it is a mature industry in a fiercely competitive world.

The Hawai'i Tourism Authority (HTA) was created in 1998 through a legislative act (Act 156) to be the lead state agency for Hawai'i's visitor industry. The same act also established the Tourism Special Fund – a portion of the revenues from the transient accommodations tax (TAT) collections that is assessed on hotels, condominiums, timeshare, vacation rentals, and other visitor accommodations - to be used by the HTA to market, develop and support Hawai'i's economy. Currently, the HTA's budget limit is determined by the legislature in accordance to HRS 237D-6.5. The HTA also manages the Convention Center Enterprise Special Fund, which also is also funded from a portion of TAT collections.

HTA is charged by State law [HRS 201B-7(b)(1)] with “creating a vision and developing a long-range strategic plan for tourism in Hawai'i.” Furthermore, the HTA “shall be responsible for developing a tourism marketing plan. The plan shall be a single, comprehensive document that shall be updated every year...” [HRS 201B-6]. Therefore, going forward the HTA will develop and maintain two major planning documents. First, the Hawai'i Tourism Authority Strategic Plan (HTASP) which provides a vision and sets strategic directions over a 5-year period. Secondly, a short-term “operational/tactical plan” to implement the strategic directions on a year-by-year basis, which will be labeled the Brand Management Plan (BMP).

### **Formation of the Strategic Plan**

This is the HTA's fourth strategic plan since the agency was established in 1998. The previous plan, *Hawai'i Tourism Strategic Plan 2005-2015* (“TSP 2005-15”), adopted in 2004 was organized as a “State Plan” that assigned responsibilities for some of the strategic initiatives to other government agencies and private-sector organizations. In reality and from lessons learned in implementing TSP 2005-2015, the HTA does not have sufficient authority to enforce a “State Plan”, or to constantly monitor and oversee all that might be done by other organizations. Therefore, this proposed Strategic Plan is focused as an “HTA” plan, and recognizes the need to work with partners and stakeholders for successful implementation.

The planning process began with a review of the older plan's various initiatives, issues, and goals – and still incorporates what are judged to be the highest priority concerns from the previous document. Industry, community, and government stakeholders helped to develop this plan from individual interviews (Spring and Summer 2013) to Strategic Planning Working Group discussions (Fall 2014). The Strategic Planning Working Group and HTA staff and Committee reviewed the goals, measures and strategies, and provided input to targets for years 1, 3, and 5.

Independent consultants provided a review of published information about changing conditions in the local, national, and international tourism environment and a “state of the destination” assessment in early 2014 (see Chapter 3.2). The HTASP included additional goals and strategies, and de-emphasized some older ones. Final decisions about goals, objectives, strategies, and success measures were from the HTA staff and Board

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### ***Our Mission***

To strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs.

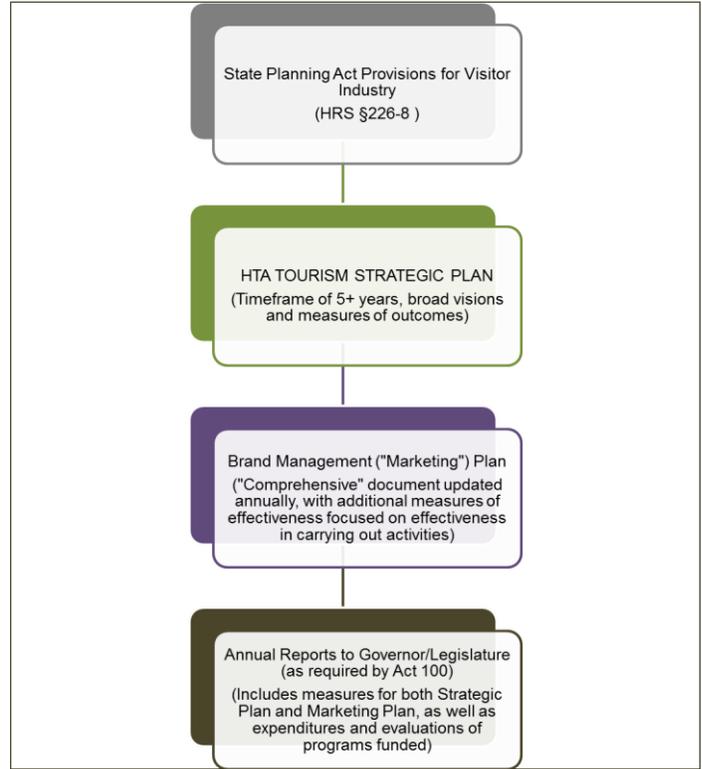
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members. Additionally, the Collective Ambition statement was based on oral and written input from industry and community stakeholders, and was reviewed at the August 2013 Annual Tourism Conference.

**1.1 Relationship of Strategic Plan to State Planning Act**

The Hawai‘i State Planning Act (HRS §226) contains a number of economic, social, and land use objectives and policies, including economic priority guidelines to promote the economic health and quality of the visitor industry for Hawai‘i’s economy (HRS §226-103). The §226 language relating to the “visitor industry” has been only lightly amended since that time, testifying to the enduring values of the Legislature regarding the economic importance of tourism and the need to ensure its development in a sensitive manner. At the same time, today’s visitor industry is a mature one with less rapid growth than in 1978. Other circumstances have changed as well, not the least of which has been the creation of the HTA.

Every State agency, not the HTA alone, is assumed to be responsible for carrying out the policies in the State Planning Act. As such, the State Planning Act is assumed to play the role of a “State Plan” and the HTA understands and accepts its responsibility to assure that its plans comply with this Act through the implementation of its Strategic Plan



**Figure 1 HTA Plans and Reports**

As stated earlier the Strategic Plan provides the HTA’s goals and objectives, strategic directives, measures to make decisions on allocating its resources and efforts. The Strategic Plan is a long-range strategic plan for tourism in Hawai‘i as required by HRS §201B-7(b)(1) with four over-arching goals. It contains both short and long term objectives with timeframes attached and strategies that will be reviewed and, if necessary, revised annually by the Board of Directors.

Using the Strategic Plan as the foundation, the Brand Management Plan (BMP), therefore is “a single comprehensive document that shall be updated every year...” containing “statewide Hawai‘i brand management efforts and programs” and direction for promotional and marketing programs. In addition, performance goals, targets and key performance indicators will be developed in conjunction with the annual budget.

Each year, the HTA will account for its activities via the Annual Report to the Legislature, as required by Act 100, which reports on the HTA’s expenditures and programs in the calendar year, including evaluation of the success measures for both HTA’s Strategic Plan and Brand Management Plan. Figure 1 illustrates the alignment of State Planning Act to the HTA plans and reports.

The purpose of the HTASP is to guide the organization in addressing issues and creating opportunities that will move Hawai'i's visitor industry forward. As stated above, this is HTA's strategic plan, though the HTA intends to accomplish its four goals by working and collaborating with partners and stakeholders. It is the kuleana of the HTA to drive demand to Hawai'i; deliver on the Hawai'i brand promise and experience; and continue to respect our Native Hawaiian culture and mālama Hawai'i and its people.

### 1.2 Components of the Strategic Plan

The first section, Chapter 2, is the collective ambition which sets a vision and principles for tourism in Hawai'i. Instead of a simple vision of future tourism, which could be interpreted in many ways, the HTA is specific about what behaviors are expected from all stakeholders. A common aim is established to ensure that Hawai'i's visitor industry remains successful and viable well into the future. It was developed with input from industry, community, government and staff, we hope will inspire Hawai'i's tourism stakeholders to work together around a common set of principles to move Hawai'i's visitor industry forward and ensure its long-term sustainability, which in turn will benefit our community at-large.

The next section, Chapter 3, describes how tourism works in Hawai'i today. A situational analysis is provided which examines a variety of areas including the Hawai'i's attributes, the competition, the economy, environment, infrastructure, and community. This is not intended to be a comprehensive assessment of all issues, as was done in the 2005-15 TSP, but instead focuses mostly on emerging trends and issues highlighted in the 2013 planning process for the TSP Update.

Following the situational analysis, is the core of the Strategic Plan organized by goals, objectives, strategic directions, and measures. As mentioned previously, there are four overarching goals. Each goal has objectives, to which strategies and timeframes are identified. Measures of success were developed to ensure progress will be tracked and outcomes met.

## **2.0 Collective Ambition**

This collective ambition, developed with input from industry, community, government and staff, is our vision as to how tourism should be cultivated based on principles, goals and responsibilities. We hope this will inspire Hawai'i's tourism stakeholders to work together around a common set of principles to move Hawai'i's visitor industry forward and ensure its long-term sustainability, which in turn will benefit our community at-large.

What makes Hawai'i's visitor industry unique is that it touches the lives of so many of our residents. The aloha of our people, our rich natural environment and our diverse culture, sets Hawai'i apart from other destinations. Hawai'i's visitor industry is comprised of numerous businesses, from hotels and airlines to retail and restaurant among others, which function independently, but are collectively an integral part of one of the state's largest industries. Tourism not only helps to maintain our state's economic viability, it funds programs that sustain our natural environment and infrastructure and creates opportunities for residents to access to world-class events, amenities and enjoy vibrant lifestyles. The HTA, together with government officials, industry stakeholders and community partners, have a common goal to ensure that Hawai'i's visitor industry remains successful and viable well into the future. The decisions that we make today will help to shape the future of Hawai'i's tourism economy and our communities. We therefore declare to support these guiding principles and our intent to work together:

PRINCIPLE	GOALS	RESPONSIBILITIES
1. Healthy Economy	Grow Hawai'i's visitor industry's contributions to the state's economy; maintain and enhance job opportunities; and increase benefits for local communities.	Nurture career development and entrepreneurial opportunities to ensure that all industries benefit from the success of the visitor industry and demonstrate the economic significance of the tourism industry.
2. Environmental Sustainability	Protect Hawai'i's natural environment and preserve it for future generations.	Practice and promote destination stewardship by reducing waste and environmental impact, increasing energy efficiency and educating visitors on mālama 'āina (caring for the land).
3. Cultural Authenticity	Integrate authentic cultural practices into the visitor industry to perpetuate Hawai'i's unique cultural heritage.	Foster practices that perpetuate Hawai'i's multi-cultures, with emphasis on the Native Hawaiian culture, by involving cultural practitioners in tourism development and expanding opportunities for interaction and cultural exchange between residents and visitors.
4. Market Knowledge	Proactively manage resources and data to address and adapt to changing markets trends and cycles.	Assess market trends and economic cycles to identify and pursue strategic potential markets and encourage diversification of Hawai'i's tourism products and visitor segments to ensure economic stability and success.

PRINCIPLE	GOALS	RESPONSIBILITIES
5. Host and Guest Satisfaction	Maintain high levels of support and satisfaction among visitors and residents in order to strengthen “The Hawaiian Islands” brand as a unique, world-class destination.	Engage with the community, industry and visitors to understand and identify balanced solutions that will serve the needs and interests of residents, visitors and Hawai‘i’s tourism economy.
6. Collaboration	Cultivate respectful and responsive relationships between communities, governments and Hawai‘i’s visitor industry.	Develop and maintain relationships between the visitor industry, government, community and other industries and stakeholders to identify needs and determine mutual solutions that affect tourism industry planning and policies.
7. Accountability	Develop and implement a comprehensive evaluation system that measures specific results, determines impact, and requires remedial actions that will ensure the success of Hawai‘i’s tourism economy, environmental and cultural sustainability and resident-visitor balance.	Be accountable to follow a comprehensive evaluation system and provide strategic analysis and guidance that takes into consideration multiple factors that affect visitor industry success.

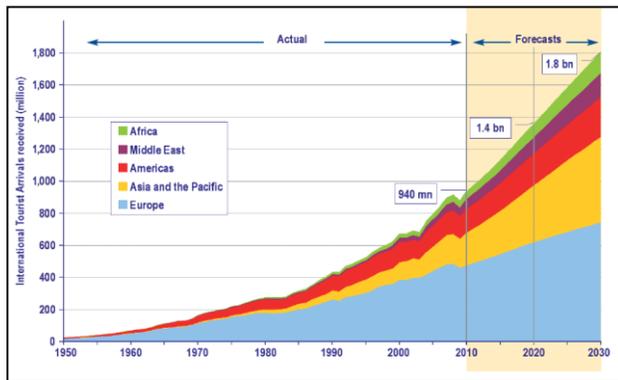
### 3.0 Tourism in Hawai'i: Situational Analysis

As a mature visitor destination, Hawai'i has experienced its fair share of tourism booms and busts. Since statehood in 1959, the visitor industry has grown to be Hawai'i's economic mainstay. While the State encourages other industries to diversify the economy, tourism continues to be an integral part of Hawai'i's community and influences its people, place, and culture.

The visitor industry is cyclical, and again tourism in Hawai'i is at a critical stage of its lifecycle. The global environment has changed since the plan was last written in 2005. The following review of tourism in Hawai'i was done with the assistance of our consultant John Knox & Associates.

**Changing nature of leisure demand:** Rising incomes, more affordable and efficient air transportation, reduction in travel barriers, urbanization, and the globalization of travel industry sales, distribution, and supply systems have all contributed to a sharp rise in leisure travel. As a result, travel markets are becoming more complex and less homogenous than in the past.

Figure 1 Global Tourism Forecast



Source: UNWTO Tourism Highlights of 2012

**Explosive increase in global travel:** The United Nations World Tourism Organization forecast for international tourism is an average 3.3 percent annual growth through 2030. A substantial portion of the projected growth is from emerging markets in the Asia and the Pacific. This strong growth is driving tourism product development in a variety of destinations that are (or are potentially) competitors to Hawai'i.

**Core-market repeat visitation and desire for additional experiences:** Roughly two-thirds of visitors from Hawai'i's core markets (U.S. and Japan) are repeat visitors, many coming for a 4<sup>th</sup>, 5<sup>th</sup>, or 6<sup>th</sup> visit. While

these markets are rapidly aging on average, visitors are still spry and healthy enough to seek out new experiences. There is a clear need to ensure revitalization of the product and more things to do and see.

**Acceleration of technology:** Travel consumers have become adept and active participants in the sales and distribution systems, which has led to shorter booking windows and enables post-arrival visitors to obtain information on a real-time basis. Suppliers are also able to better market and/or develop travel products to specific market segments and have enabled greater inventory revenue yield and utilization control.

**Developments in air transportation:** Deployment of new, long range, fuel-efficient aircraft – such as the Airbus 380 and Boeing B787 “Dreamliner” aircraft – will open up new long-haul markets for Hawai'i and, simultaneously, introduce new competitive destinations for existing Hawai'i markets. However, most of these aircraft will be delivered to foreign carriers, making them more critical marketing targets for Hawai'i and its competitors. These carriers are more likely to shift capacity to other destinations on the basis of short-term gains, unless and until Hawai'i establishes a lasting track record of appeal to their customers.

**Decline of cruise travel:** At the time of the last TSP, cruise travel was a high-growth activity, leading to many questions about the Islands' harbor infrastructure. The Great Recession sharply reduced the number of vessels home-ported in or visiting Hawai'i. If the industry recovers, dormant infrastructure and logistical issues will be revived.

**Lodging inventory and mix:** There has been significant redevelopment in Waikīkī since the last TSP was developed, but there is still a great deal of aging inventory there and, especially, the Neighbor Islands. The early 21<sup>st</sup> century has seen changes in the Hawai'i mix of accommodations, through conversion of many traditional hotel or condo-hotels to timeshare and resort residential use, or reduction in room count due to reconfiguration of inventory into larger units. There has also been growth in vacation rentals and bed-and-breakfasts, causing friction in some affected residential areas, as well as the growth of websites like vrbo.com and airbnb.com

**Growing trend for visitors to explore or stay outside designated resorts:** In part because of the large extent of repeat visitation, and because visitors are much more likely now to be independent travelers using technology to plan their own activities, more visitors are driving rental cars on the highway, exploring “secret” cultural or scenic spots revealed by guidebooks, staying at vacation rentals in residential areas, etc.

This has profound implications – both positive and negative – for relations between residents and the industry. Some communities (e.g., Kailua on O'ahu or Hanalei on Kaua'i) have enjoyed significant economic growth for local businesses, at the cost of increased traffic, recreational-area conflicts, and disputes over the legality and impacts of growing numbers of vacation rentals and bed-and-breakfast operations.

**Growing resident ambivalence toward tourism:** Various DBEDT and HTA survey questions over the years show residents consistently believe tourism, on balance, brings more benefits than problems. However, only a minority of residents now believes that tourism brings them or their families' *direct* benefits. There is usually opposition to growth, and a strong preference for economic diversification. And in recent years, a majority has agreed their islands are “run for tourists at the expense of local people.”

Surveys suggest that residents think the most important tourism effects have to do with economic benefits and provision of amenities (e.g., shopping centers and restaurants), and that they are satisfied with the industry's performance on those topics. But only slightly less important to them are environmental and cultural factors, and there is less satisfaction with the industry in those areas. Most residents do not strongly agree tourism is “consistent with community values,” a finding that bears further research.

**Government relations:** In interviews for this plan, many stakeholders focused on relations between HTA and other agencies. There was a feeling the agency has greatly improved key informal communications and has done a good job in advocating for the industry. However, there was also some concern that more formal connections – such as directors of other State agencies holding ex-officio seats on the HTA Board – have been reduced, and that more technical planning capacity could be helpful.

HTA's exact mission and role as a governmental agency is not always clear, either to industry or community stakeholders. The term “Authority” in the Hawai'i Tourism Authority's name may lead to expectations that it has powers – particularly in regard to planning or regulation – that it does not in fact possess. Many interviewees stressed the importance of constant communication with elected government officials.

**Economic volatility and change:** Tourism is the dominant sector of Hawai'i's economy, and the visitor industry led Hawai'i's recovery from the Great Recession. However, all markets tended to decline at the start of that global event, raising questions about whether a “recession-proof” portfolio of markets is possible. Further, other economic sectors have grown more rapidly than tourism over the past few decades, diversifying the economy but also reducing the industry's political profile.

### 3.1 Brand Management at Work

One of the HTA’s key strategic roles is brand management, more specifically, the promotion of the Hawaiian Islands through the support of programs and events that deliver on the brand promise. The HTA coordinates with its global marketing contractors, visitor industry partners, travel trade and community stakeholders to ensure that marketing and communications tactics are in line with Hawai’i’s unique and distinctive products, including natural resources, Hawaiian culture and multi-cultures.

Figure 2 Brand Management at Work



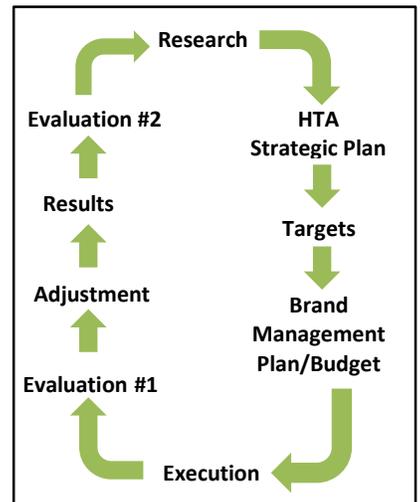
The HTA contracts with eight (8) marketing organizations to promote Hawai’i in each major market area (geographic segmentation of the world that have roughly similar travel characteristics known as MMA). With direct HTA oversight, the marketing contractors are responsible for developing strategic marketing plans and cooperative programs.

The HTA also manages, creates and supports the development of unique tourism experiences such as community and cultural festivals, sporting events, natural resources and community programs. The HTA also directly affects the visitor experience through its support of career development and visitor assistance initiatives, all the while integrating the community and residents considerations and respect for the Hawaiian host culture.

### 3.2 HTA Annual Work Cycle

The HTA has an evolving work cycle (Figure 3) that begins with the gathering of research and market intelligence. This information is used to help formulate the direction of the HTA within each of the major market areas, while balancing the needs of the Hawaiian Islands to optimize the industry’s contributions to Hawai’i’s communities.

Figure 3 HTA Work Cycle



- **Research.** Research is the foundational source that helps the HTA formulate its plans for sustainability of Hawai’i’s tourism industry. The HTA utilizes market intelligence, historical and current visitor data that takes into account changes in seasonal trends, demographics and economic conditions.
- **HTA Strategic Plan.** The HTA Strategic Plan serves as the road map to address short and long-term goals to achieve Key Performance Indicators (KPI), based on research data, market intelligence, stakeholder meeting input and collaboration with industry associations.
- **Targets.** KPIs (i.e. percentage of residents who agree that tourism brought more benefits than problems, percentage of potential visitors considering a trip to Hawai’i, gross domestic product, and percentage of organizations in the tourism industry that recognize the HTA as a leader ) are used to measure the success of initiatives by HTA.

- **Brand Management Plan.** The Brand Management Plan is the HTA’s annual action plan, which details initiatives and programs to achieve KPIs. The budget is formulated in conjunction with the Brand Management Plan.
- **Execution.** The HTA’s global marketing contractors will then develop their annual brand management plans for incorporation into HTA’s Brand Management Plan, based on HTA’s directives for the MMA and their respective market’s current trends and conditions.
- **Evaluation #1.** From monitoring research data, drawing from market intelligence and reviewing its global marketing contractor initiatives during the Spring Marketing Update, the HTA reassesses its KPIs in an effort to optimize performance outcomes in the spring.
- **Adjustments.** The first evaluation provides an opportunity for the HTA and its marketing contractors to regroup and review current market trends and economic conditions and make necessary adjustments to its marketing plans in order to obtain its objectives.
- **Results.** During the third quarter the HTA continues to monitor year-to-date results, analyze economic conditions and trends, and compare them against KPIs in order to plan for the next year.
- **Evaluation #2.** Towards the end of the year, the HTA will evaluate the effectiveness of its initiatives and weigh market research and intelligence to consider which initiatives to refine, retool, and implement in the next year.

### 3.3 The Place-Host-Guest Framework

Tourism planning today typically considers the three elements of “Place” (the overall destination, as valued by residents and visitors alike), “Host” (the visitor industry and workforce), and “Guest” (the customers). The HTA sits in the middle of these, and so the following analysis of Hawai’i’s tourism trends and issues looks at all of these as well.

### 3.4 Hawai’i Tourism Situation Assessment

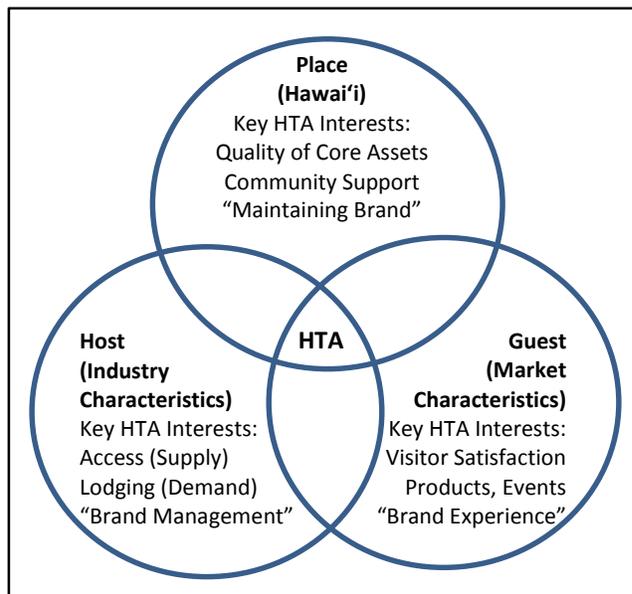
Each of the following sections notes key developments since the last TSP was prepared; examines recent changes in (1) the Hawai’i visitor industry and (2) the larger “destination” (all of Hawai’i, not just resort areas); and then looks at Strengths, Weaknesses, Opportunities, and Threats (“SWOT analysis”). At the end of the SWOT, conclusions will be drawn about appropriate positioning of Hawai’i in the competitive market and then in relation to the community and stakeholders.

#### **Strengths**

The destination’s key strengths identified in the 2005-15 Tourism Strategic Plan remain a foundation for competitive positioning going forward:

- Brand Awareness

**Figure 4 Guest-Host-Place Diagram**



- Climate
- Culture and History
- Destination Allure and Appeal
- High Visitor Satisfaction
- Natural Resources
- People and Aloha Spirit
- Quality and Variety of Accommodations
- Safe but Exotic
- Variety of Activities and Attractions

When it comes to “unique selling propositions,” Hawai‘i possesses demonstrable (and believable) unique attributes, including:

**Variety:** Hawai‘i offers six islands to explore, from urbanized O‘ahu to deeply rural Moloka‘i, from cozy Lāna‘i to the “Big Island” of Hawai‘i, with Maui and Kaua‘i in between. There is a great mix of accommodation types, at various price points – full-service hotels, condominiums, timeshare, bed-and-breakfasts, small inns, etc. Activities are available for a wide range of interests (culture seekers, cuisine, golfers, romance seekers, adventure seekers, nature enthusiasts, etc.)

**Aloha spirit and Hawaiian culture:** The friendliness of Hawai‘i residents is storied. As discussed later, attitudes toward the *visitor industry* can be mixed, but attitudes toward *visitors* themselves have remained deeply positive. Hawai‘i has a heritage of hospitality, as reflected in the Native Hawaiian concept of *ho‘okipa*, which has been a centerpiece of some workforce training programs.

Native Hawaiian culture is at the heart of the Islands’ uniqueness. There has been a renaissance of the Hawaiian language, and Native Hawaiian cultural practitioners are increasingly visible in hotels. Native Hawaiian cultural events such as the Merrie Monarch Festival (hula competition) draw residents and visitors alike.

**History, culture, and heritage:** ‘Iolani Palace is the only royal palace in the United States, and there is a host of additional heritage sites from Native Hawaiian royalty or *ali‘i* (noble class), some administered as National Parks or National Historic Sites. World-class museums contain both the political and natural history of the Pacific, as well as modern art. The Islands boast enticing ethnic neighborhoods and experiences (Chinatown, plantation sites, and ethnic festivals). World War II sites and attractions range from the start of the conflict (Pearl Harbor) to its conclusion (the *USS Missouri*, where the surrender of Japan was signed).

**Authentic experiences:** The Islands offer numerous local festivals, events, crafts, and activities – from longstanding parades on Kamehameha Day to newer community-based initiatives supported by the HTA’s County Product Enrichment Program. Hawaiian music is a unique musical genre popularized across Hawai‘i and Japan by performers such as Don Ho, Israel “Iz” Kamakawiwo‘ole, and Jake Shimabukuro. Diners can enjoy a variety of cuisines, including a range of ethnic foods as well as the unique Hawai‘i Regional Cuisine.

**Safety:** No place is without hazards, and the Visitor Aloha Society of Hawai‘i (VASH) is dedicated to helping visitors who have been victimized by crime or accidents. However, Hawai‘i’s violent crime rate is quite low compared to the national average; disasters such as hurricanes and tsunamis have been infrequent; there are no deadly predators on the land; and there is a sense of political stability and racial amity.

**Scenic/natural resources:** Hawai'i's visual beauty is a basic reason why many visitors pay premium prices and why many residents are willing to make economic sacrifices to live here. The Environmental Protection Agency rates the current overall condition of Hawai'i coastal waters as "good," the highest rating possible. Hawai'i's ocean quality is an important factor in the health of the visitor industry given the importance of marine recreation. Marine and coastal recreation sports are likely to continue to gain popularity in the next five years, as new technology (e.g. water-propelled jetpacks) emerges. HTA recognizes the importance of these assets through creation of a standing Natural Resources Advisory Group.

**Unique Native Hawaiian culture, multi-cultural milieu:** Hawai'i "rainbow" of ethnic and racial diversity is unique in the nation. It is the top-ranked state for proportion of population comprised of "minorities." The indigenous Native Hawaiian culture is particularly distinctive. A challenge to sustaining this core asset is lack of agreement on how to measure cultural strength and vibrancy.

**Lifestyle, quality of life:** These are also hard to measure objectively, but Honolulu emerged as the top American city (and 28th in the world), in a 2012 "Quality of Living Survey." In addition, the Gallup-Healthways Well-Being Index consistently ranks Hawai'i residents as the overall "happiest and healthiest in the nation." Remaining life expectancy for seniors 65+ is highest in the nation, according to the U.S. government.

**Access to and from the outside world:** Hawai'i is the world's most remote sizeable land mass, about 2,400 miles from California and 3,850 miles from Japan. Thanks in most part to the success of tourism, Honolulu International Airport was the 28th-busiest airport in the country in 2014, with some 280,700 aircraft operations (source: Airports Council International). Kaua'i, Maui, Lāna'i, Moloka'i, and Hawai'i Island also have numerous air connections to the rest of the state, and some have direct flights to the Mainland and Canada (prior to 2010 Hawai'i Island also had direct flights from Japan).

These various unique attributes can make the entrenched position of Hawai'i as a "sun, sand, surf" destination more appealing by adding dimensions to the brand's position. Hawai'i competes on a single dimension (or a limited number of dimensions). It risks operating at a competitive disadvantage relative to lower-cost destinations.

## **Weaknesses**

**Value for the money:** The HTA's Marketing Effectiveness Study (MES) shows that Hawai'i scores well among the traveling public in core markets for attributes long associated with Hawai'i: safety, relaxation, cleanliness, etc. However, some key attributes scored relatively lower, especially "value for the money." Since Hawai'i cannot effectively compete solely on price because of distance and high land, labor and other costs improvements in value perception can only be achieved by delivering a superior visitor experience and/or amenities to justify its higher overall costs.

**Geographical isolation and travel costs:** Hawai'i is the most remote significant landmass in the world. That means significant travel costs – in both time and money – for the visitor and for carriers. The Islands and their travel suppliers are thus highly vulnerable to changes in fuel prices.

**Single functioning international airport:** Neighbor islands are handicapped when international visitors must fly first and only to the Honolulu International Airport, then take another plane to other islands – and inter-island airfares have risen as, ironically, more domestic passengers now fly straight to Neighbor Islands and thus reduce inter-island demand. On Hawai'i Island, Japan Airlines stopped flying to the "Kona International

Airport,” endangering its status. Maui, the state’s 2<sup>nd</sup> leading visitor destination, has yet to achieve international status.

**Limited supply of visitor units:** Especially on O’ahu at peak seasons, traditional hotel and condominium hotel (“condo-hotel”) occupancy is reaching capacity. This is due in part to the previously-mentioned redevelopments that have resulted in net redirection of units to residential, resort-residential, or timeshare uses. Emerging international markets are dominated by first-time visitors seeking such traditional lodging units, and their scarcity has sometimes resulted in foreign carriers reducing airlift to Hawai’i.

**Business market:** Business travel – both use of the Convention Center and the MCI (Meetings, Conventions, and Incentives) market – has not grown since the previous 2005-15 TSP was prepared. Hawai’i’s strong leisure brand has continued to have the negative side-effect of discouraging organizations from “boondoggle” meetings in the Islands.

**Declining real average daily visitor expenditures:** Since the late 1980s, inflation-adjusted (“real”) average daily spending has trended downward – not steadily, but in a see-saw pattern in which rises such as those seen in the last few years still do not reach previous real levels. If this trend is not reversed, over the years more visitors will be required simply to maintain current total levels of economic contribution to Hawai’i.

**Workforce international experience is weak:** While emerging international markets present a potential opportunity for Hawai’i (see below), the workforce has limited experience with the languages or cultural expectations of growing numbers of visitors from places such as China and Korea. There are significant challenges not only for accommodations, but also tour guides, restaurant wait-help, etc.

**Other workforce challenges:** HTA resident surveys indicate many residents question the quality of visitor industry jobs in regard to pay or advancement opportunities, and there are some indications tourism wage levels have not kept pace with Hawai’i cost of living increases. There has also been a long-term decline in direct and indirect visitor-related employment, despite some healthy increases in the past several years. More anecdotally, interviewees for this Plan worried about aging and potential retirement of some sectors (especially housekeeping) and perceived lack of training in customer service and cultural values among younger workers.

Workforce training requires collaboration of various public agencies for education and training with facilitation of employee training and providing access for career paths. Training programs on Neighbor Islands tend to be weaker, as fewer such agency resources are available there.

**Economic pressures on residents:** Despite a high quality of life, Hawai’i residents pay a large economic “paradise tax” for living here – average incomes are relatively low; cost of living is highest in the nation; and the economy is subject to particularly intense boom-bust cycles that often correlate to the visitor industry’s own erratic peaks and valleys over the past few decades. This is a fundamental political fault line in any move for significant expansion of the visitor plant: While residents appreciate that tourism failure would devastate the islands, they also see that a tourism-centric economy has been imperfect and so may question the wisdom of any increased dependence.

**Population density:** Population brings economic opportunity, but crowding seems inconsistent with Island lifestyle. There is wide variation among islands, but Hawai’i as a whole is now the most densely settled state west of the Mississippi River. Recent visitor surveys indicate some decline in overall visitor satisfaction (although still very high) that coincide with an increase of dissatisfaction due to overcrowding.

From the resident perspective, visitors add to a sense of crowding when they make up a particularly high proportion of the overall number of bodies on the island (“de facto population”) – e.g., the counties of Maui and Kaua‘i, where more than 1 in 4 people were visitors in 2012. This is less than in past peaks, but the trend has been sharply upward the past several years.

**Infrastructure overload or maintenance:** County governments have generally worked well to provide resort areas with water, sewage, streets, etc., though the O‘ahu wastewater (sewage) system has capacity issues that may affect future growth and development patterns – for tourism or any other use – in urban Honolulu.

**Outside resort areas, key infrastructure issues include:** (1) Highway congestion – Every major island has bottlenecks, but various national traffic “scorecards” rank Honolulu traffic as among the worst in the nation, and other measures suggest maintenance of O‘ahu interstate highways also rank consistently low. During the 2015-20 timeframe, O‘ahu is scheduled to see substantial traffic disruption due to construction of the island’s planned new rapid transit system. (2) Entryways (airports and harbors): Despite improvements at Honolulu International Airport, some Neighbor Island airports continue to deteriorate and lack sufficient cultural ambiance. Most Hawai‘i harbors are at capacity and experiencing conflicts with recreational use; there is potential for a new or improved berth at Hilo; and in Honolulu, DOT-Harbors will continue to make improvements to the flow of ground transportation at Aloha Tower.

**Parks, trails, and recreational facilities:** Residents have expressed particular concern about visitor impacts on parks or trails in natural areas, as well as recreational use conflicts in coastal areas, and the HTA has worked with the State Parks Division to address these – including annual contributions of \$1 million to improve affected facilities. But interviews for this plan still found widespread concern about the impression left on visitors by non-working, smelly restrooms in many State and county beach parks, which were repeatedly described as “embarrassments” demanding attention.

## **Opportunities**

**Emerging international markets:** The most dramatic post-recession change has been the leap in higher-spending international markets – especially China, Korea, and Australia – driven by economic growth, favorable exchange rates, security in the Pacific, and new air routes. In 2005, non-Japanese foreign visitors accounted for 13.7% of all visitor spending; by 2012, it was 23.8%. Most of these markets are attracted to Waikīkī, resulting both in higher room revenues and higher occupancies for O‘ahu than for other islands. Assuming steady growth in these markets, there will be opportunities to develop product offerings, infrastructure, and workforce training programs that will avoid some of the historic issues experienced in the early growth years of the Japan market.

**Higher-spending market segments:** Among the higher-spending segments which can be further developed are (a) *Wedding/honeymoon* – numbers declined significantly from the 2005 benchmark but has recovered in 2011-12, especially from Japan. More marketing to other areas may be warranted. (b) *Golf* – the percentage of golf visitors from Hawai‘i’s domestic markets has been declining, due at least in part to significant baggage fees imposed by the airlines and changes in market mix and demographics that favor activities other than golf. Logistical arrangements might reverse some of this decline.

**International conferences:** Hawai‘i’s strong showing and international exposure from the late 2011 Asia-Pacific Economic Conference gathering of world leaders has restored some momentum to the MCI markets.

Hawai'i is now bidding to be the site of the 2016 World Conservation Council. International diplomatic, academic, and environmental meetings may lead to eventual gains in more traditional business meetings.

**Potential to increase resort unit inventory:** Recently, the primary way that new units have been created has been through higher-density redevelopment of existing properties (especially in Waikīkī), although many of the new units have not been traditional hotel or condo-hotel uses. Entirely new resort unit construction is more likely to occur in existing master-planned resort areas, where many or most entitlements are already in place. However, such new development will depend on investor economics and factors such as the location of entitled land (i.e., rural O'ahu and the Neighbor Islands) relative to the actual demand for such locations.

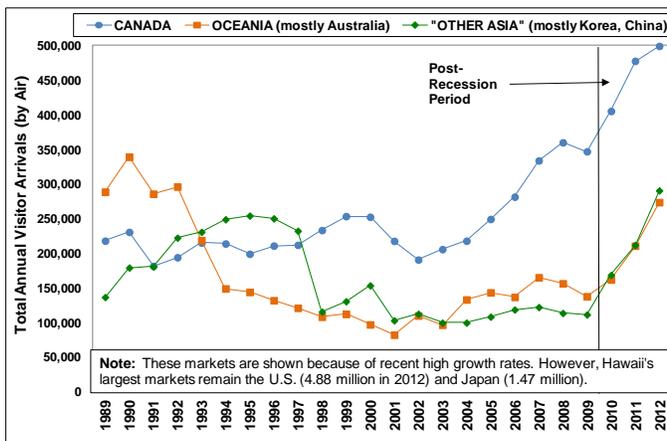
**Potential to capture more in-community visitor spending:** The increasing tendency of visitors to “spill over” from designated resort areas has been a mixed blessing, but the positive side has been more opportunity for local businesses to benefit. If this potential can be more widely distributed among the islands through careful planning, it might avoid the negative side effects of “visitor overwhelm” in particular communities.

**Resident desire to work collaboratively in communities:** Interviews and strategic working group sessions for this plan consistently found community leaders who want more consultation at the local level about tourism activities. This “complaint” is also an “opportunity” because – despite the wide variety of interests and viewpoints about tourism in any area – it was apparent there are many community leaders who want to work constructively both to solve/avoid problems and also to identify opportunities for more in-community visitor activities that would benefit residents, so long as they can help determine appropriate scale and location.

**Island Visitors Bureau offices:** HTA's longtime contractor, the Hawai'i Visitors and Convention Bureau (HVCB), maintains offices on every island and typically has a wide network of contacts in the community. These offices historically have focused on marketing, and there is a danger in mixing the missions of “selling” and “listening.” But the offices still represent a potential mechanism for systematic attention to the basic need of improving industry-community relations and of collaborative planning to sustain the core assets valued by both residents and visitors.

## Threats

**Volatility of developing international markets:** Despite the promise of international markets, history shows



some of these markets once had similar or higher levels in the early 1990s, but then dropped back. Average spending may drop if the initial pool of affluent travelers expands to include more cost-conscious people. International markets are subject not only to global economic cycles and fierce competition for new destinations closer than Hawai'i, but also to shifts in exchange rates and political tensions with the U.S. or with one another. Under some conditions, a surge in new markets might lead to visitors from established markets feeling less welcome.

Figure 5 Arrivals by International Markets

**Many destinations can replicate some of Hawai'i's brand attributes:** Subject to a few further limitations discussed below, Hawai'i's "package" of activities and attributes is arguably among the best in the world. However, when potential visitors judge the destination based on single attributes or a limited range of attributes, strong competitors emerge. For example, "Quality Resort" competitors include Las Vegas, Mexico, Bali, Fiji, and developing Asian destinations. "Unique Scenery" competitors include Costa Rica, New Zealand, Canada, and Alaska. "Family-Friendly" competitors include Florida/Orlando, California/Anaheim, and Asian theme park areas.

Implications are that (a) Hawai'i must continue to nurture its most unique and authentic attributes, including culture; and (b) the whole package is critical to emphasize in marketing and avoid promoting those activities that are easily replicated (gaming, etc.).

**Intensity of competition in activities and amenities:** With the rapid development of global tourism, competitive destinations are building new, state-of-the-art facilities in places where land, labor, and other costs are much lower than in Hawai'i. These accommodation and activity facilities coming online will provide strong competition for Hawai'i, especially as much of the resort plant in Hawai'i is more than 30 years old.

**Technology provides the consumer more access:** The Internet provides the consumer with unparalleled opportunities to research product information and recommendations outside of the purview of industry organizations. However misinformation and encouraging over-use of unsafe or sacred sites has occurred. Better monitoring of these potential problems, as well as more effective overall use of social media and related tools in marketing, is required.

**Rising room rates:** While the recent strong recovery from the Great Recession has allowed hotels to generate new record gross revenues, there is a sense that a tipping point has been reached where visitors must reduce their expenditures in other sectors to afford accommodations.

**Environmental degradation:** There may be no more fundamental asset valued by both visitors and residents than the *'āina* – the land and water that support life and whose unique Hawaiian beauty is a spiritual treasure as well. As the population grows, view plane preservation is critical for both residents and visitors.

Beyond the visual, beach erosion and pollution are top concerns for the visitor industry in Hawai'i. Sand shipped in to sustain Waikīkī Beach has been lost at faster rates than in the past. Coral reefs, as elsewhere in the world, are struggling to survive. In upland areas, Hawai'i forests continue to struggle against invasion by alien species, which may be exacerbated with increased visitor use and which environmentalists consider to be in some cases a tourism impact because of inadequate inspections of incoming airplanes.

**Climate change and/or disasters:** Interviews for this Plan found increasing awareness of global *climate change* (in part due to research at the University of Hawai'i) and its local implications – not only future sea-level rise, but also fiercer weather such as droughts and, especially, fierce storms and hurricanes. *Disasters* – including tsunamis and major earthquakes – can happen anytime. Individual hotels and visitor attractions may have their own evacuation plans, but some interviewees noted there is yet no comprehensive destination-wide contingency plan for worst-case scenarios in which visitors may be stranded, lack accommodations, etc.

**Visitor exposure to hazards:** During the planning period for this document, the more immediate safety concern had to do with drowning, shark attacks, or similar hazards in the ocean and other natural areas. Visitors were particularly likely to be victims, raising concerns about the adequacy of guidebooks, signage, and other methods to notify both visitors and residents of hazards.

Figure 6 SWOT Summary

<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>Brand Awareness</li> <li>Climate</li> <li>Culture, History, and Heritage</li> <li>Destination Allure and Appeal</li> <li>High Visitor Satisfaction</li> <li>Natural Resources</li> <li>People and Aloha Spirit</li> <li>Quality and Variety of Accommodations</li> <li>Variety</li> <li>Aloha Spirit &amp; Hawaiian Culture</li> <li>History, Culture &amp; Heritage</li> <li>Authentic Experiences</li> <li>Safety</li> <li>Scenic/Natural Resources</li> <li>Unique Native Hawaiian and Multi-Culture Setting</li> <li>Lifestyle, Quality of Life</li> <li>Access to and from the Outside World</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>Value for the Money</li> <li>Geographical Isolation and Travel Costs</li> <li>Single Functioning International Airport</li> <li>Limited Supply of Visitor Units</li> <li>Business Market – “Boondoggle” Perception</li> <li>Declining Real Average Daily Visitor Expenditures</li> <li>Workforce International Experience</li> <li>Quality of Visitor Industry Jobs/Aging Workforce</li> <li>Economic Pressures on residents</li> <li>Population density</li> <li>Infrastructure Overload or Maintenance</li> <li>Impacts on Parks, Trails &amp; Recreational Facilities</li> </ul>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Emerging International Markets</li> <li>Higher-Spending Market Segments</li> <li>International Conferences</li> <li>Potential to Increase Resort Unit Inventory</li> <li>Potential to Capture More In-Community Visitor Spending</li> <li>Resident Desire to Work Collaboratively in Communities</li> <li>Expanding role of Island Visitors Bureau Offices</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>Volatility of Developing International Markets</li> <li>Many Destinations can Replicate Some of Hawai‘i’s Brand Attributes</li> <li>Intensity of Competition in Activities &amp; Amenities</li> <li>Technology Provides the Consumer More Access</li> <li>Rising Room Rates</li> <li>Environmental Degradation</li> <li>Climate Change and/or Disasters</li> <li>Visitor Exposure to Hazards</li> </ul>

### 3.5 Positioning Hawai'i in the External Market

The revolution in the web and communications technology has complicated the concept of positioning but simultaneously opens up the prospect of tailoring the positioning of the destination to the specific needs and interests of various target groups. In the era of mass markets and mass media, it was previously necessary to choose a single position for the destination that would generally appeal to a broadly defined target audience.

With the fragmentation of media and the explosive growth of the internet, it is now possible to develop marketing positions explicitly crafted for the narrowly defined interests of specific audiences.

In this environment, positioning operates on two levels. First, in order to maintain brand consistency overall, a general position for the destination requires a common base of universally appreciated (and unique) attributes. For Hawai'i, these undoubtedly include the variety of things to do, see and experience across six different islands and the unique (and universally understood) aloha spirit.

Second, when applying this overall position to narrowly defined markets (based on consumer interests), additional attributes are included that link unique features of the destination to the specific interests of the audience.

- Golf: 70+ courses in incomparable settings with year-round play
- Romance: Hawai'i is renowned as the most romantic place on earth
- History/Culture: A surprisingly rich heritage highlighted by a royal past and a culture formed by different ethnic groups
- Cuisine: Authentic ethnic foods and Hawai'i Regional Cuisine
- Business/MCI: A range of meeting facilities and a culture of hospitality (*ho'okipa*) that sets Hawai'i apart from other business sites
- Adventure: Hiking, surfing, diving, exploring (via zip lines or all terrain vehicles) in an island setting
- Shopping: Everything from luxury goods to craft fairs

With the ubiquity of the internet, it is now possible to pursue micro-markets. Websites appealing to quilters, artisans, tri-athletes, astronomy buffs, etc. can effectively reach small target audience that historically have been impossible to penetrate in the past.

### 3.6 Implications

The preceding Situation Analysis shows that tourism planning takes place in a fast-changing and complicated environment, both globally and within Hawai'i itself. Different people can look at the same set of facts and draw different conclusions about what to do. Here is what the HTA believes are the main implications of this analysis, given its mission and resources:

Because Hawai'i is a mature industry dependent on resident good will and the Islands' cultural and natural resources, the HTA must increase its focus on community relations and on protecting what might be called "Integrity of Place."

- Resident appreciation for tourism's importance must be reinforced, but that is most likely to occur only if the HTA and the industry also make an improved effort to listen and respond effectively to community desires.

- While the Authority has long emphasized the importance of culture, the 2014 Legislature has given this new emphasis by mandating the HTA to ensure outcomes such as authenticity in cultural portrayals, protection of cultural sites, and cultural education of workers. This further increases priority of culture.

The HTA's major responsibility is to ensure that tourism's substantial economic benefits are maintained and grown if at all possible. This requires not just industry success, but success in ways that can be shared by everyone.

- Growing and spreading the wealth (a) to ensure all islands receive as close to a "fair share" of tourism as is possible; and (b) taking feasible steps to soften the economic blows to the state from inevitable downturns in the business cycle.
- Visitor spending is the key to both private-sector benefits and public-sector benefits (i.e., taxes, which fund public services for all). That means attracting higher-spending visitors; eliminating seasonally low points and more effectively stimulating spending on activities after they have arrived.

None of this is possible without industry success in an increasingly competitive world. It is vital to stand out from the competition and to provide a sense of *value* for the relatively high price tag necessitated by travel, land, and labor costs here.

- The most critical objectives here are protecting Hawai'i's strong and positive "brand" in major market areas (which is largely about *messaging*) and ensuring that distinctive competitive features – certainly culture but also other relatively unique visitor experiences are part of the actual *product* on the ground and sea.
- Airline routes must be vigorously pursued and defended, and the travel experience for all visitors – particularly international ones coping with visa applications, customs, and security – must be as positive as possible.

The HTA has a fourth major topic of planning: Itself. The Authority recognizes a responsibility to use tax revenues generated by the industry and appropriated by the Legislature as effectively and efficiently as possible.

- The HTA must maintain policies, procedures, and guidelines for complying with state tourism marketing plan requirements and for documenting progress to achieving strategic goals.
- The HTA must constantly monitor and improve both contract management and internal program management and improve policies, procedures, and training needed to ensure consistent and efficient monitoring of its contracts and programs.

## **4.0 Goals, Objectives, Strategies, and Measures**

As stated above, this is HTA's strategic plan and the HTA intends to accomplish four goals by working and collaborating with partners and stakeholders. We developed strategies to increase economic activity, sustain positive net benefits of tourism, grow visitor spending, and be an effective organization. We will take action in four key area:

1. Improve the Integrity of the Destination
2. Ensure Stable Economic Benefits
3. Elevate Hawai'i's Value Perception
4. Strengthen HTA's Reputation

### **Goal 1: Improve the Integrity of the Destination**

A successful tourism economy balances the needs of the community, visitors and the destination. It contributes to the sustainability of natural resources, perpetuates cultural resources, and fosters support within the community and industry. Support for tourism will be reinforced if the HTA strengthens its community relations efforts for further engagement and collaboration between the community and industry. In addition, the HTA must be a good steward of the destination in order to lessen impacts on Hawai'i's cultural and natural resources. To improve the balance between host, guest and place, the HTA will:

- Objective 1: Increase community support for tourism.  
Strategic Directives:
  - Monitor and proactively respond to communities' needs and core issues. (within 3 years)
  - Implement a plan to enhance residents' understanding of the value of tourism. (within 3 years)
  - Collaborate with organizations to promote career pathways to inspire future tourism professionals and leaders. (within 1 year)
  - Expand community-based programs to enrich visitor-resident interactions and economic benefits. (3 years)
- Objective 2: Be a better steward of the destination.  
Strategic Directives:
  - Increase support for programs that manage, improve and protect Hawai'i's natural environment and areas frequented by visitors. (within 1 year)
  - Perpetuate and promote the uniqueness and integrity of the Native Hawaiian culture and community, and their significance in differentiating the destination through unique and genuine visitor experiences. (within 1 year)
- Metrics:  
Measure of Success: Sustain positive net benefits of tourism as measured by the HTA Resident Sentiment Survey question: *The percentage of residents who agree that tourism has brought more benefits than problems.*  
Measures of Performance:
  - Residents feel that HTA helps to preserve Native Hawaiian culture and language.
  - Visitors feel that Hawai'i is a good steward of natural resources, parks and cultural sites.

## Goal 2: Ensure Stable Economic Benefits

One of the HTA's key responsibilities is to maintain, grow and extend the benefits of tourism beyond the industry. The goal is to sustain and cultivate a constant and consistent source of visitor arrivals and expenditures throughout all of the Hawaiian Islands and over periods of varying economic cycles and/or unforeseen events. To maintain a positive impact of Hawai'i Tourism economy, the HTA will:

- Objective 1: Focus marketing on producing consistent arrivals  
Strategic Directives
  - Market the Hawaiian Islands as a preferred destination for the corporate meetings, conventions and incentives (MCI) segment, including efficient management of the Hawai'i Convention Center (HCC). (within 1 year)
  - Deploy a meetings and conventions business strategy to increase business to HCC. (within 3 years)
  - Employ marketing to fully implement *The Hawaiian Islands* brand. (within 1 year)
  - Increase promotion of other islands besides O'ahu to the North America markets. (within 1 year)
  - Develop more tourism infrastructure to facilitate international visitors to the Neighbor Islands. (within 3 years)
  - Leverage our competitive advantages in the Asia-Pacific region to explore a new Asia market (within 5 years)
  - Facilitate more cruise ship arrivals and increased cruise ship berths. (within 3 years)
  
- Objective 2: Increase visitor expenditures by attracting high-spending visitors and encouraging spending opportunities.  
Strategic Directives
  - Focus product development to increase spending during shoulder-seasons. (within 3 years)
  - Strengthen marketing of visitor activities and experiences. (within 3 years)
  - Expand research to determine long-term travel trends, high-spending segments, and insights on the next generation of travelers. (within 3 years)
  - Refresh destination brand programs and activities targeting the next generation of travelers. (within 5 years)
  
- Metrics:  
Measure of Success: Increase economic activity generated by visitors as measured by visitor-related gross domestic product  
Measures of Performance:
  - Rating of Hawai'i as a convention site compared to other destinations
  - Increase in Booked Room Nights for MCI
  - Incremental gain in average daily census during shoulder season
  - Incremental gain in visitor related expenditures

### Goal 3: Elevate Hawai'i's Value Perception

In an increasingly competitive world, it is vital that Hawai'i differentiate itself from other destinations by promoting authentic experiences unique to the Hawaiian Islands and a sense of value for travel costs. To enhance a globally competitive brand, HTA will:

- Objective 1: Maintain and improve air access to the Hawaiian Islands.  
Strategic Directives
  - Maintain and grow airlift. (within 3 years)
  - Increase interisland connectivity to improve visitor distribution. (within 3 years)
  - Advocate for pre-clearance approval at the federal level for international markets. (within 3 years)
  - Expand Hawai'i's international ports of entry beyond Honolulu International Airport. (within 3 years)
  - Identify and resolve any access issues such as visa waiver programs, customs and border protection, airport visitor experience, and interline efficiencies. (within 3 years)
  
- Objective 2: Protect Hawai'i's brand to remain competitive.  
Strategic Directives
  - Conduct ongoing research to identify consumer needs and awareness of Hawai'i's attributes in order to adjust brand marketing initiatives. (within 1 year)
  - Emphasize culture, and other critical attributes (i.e., variety of unique experiences, different experiences and safety and security) that drive visitors to a destination. (within 3 years)
  - Develop world-class visitor experiences.. (within 5 years)
  - Improve visitor safety programs, destination-wide disaster planning, and other safety measures. (within 3 years)
  - Support workforce training in hospitality, service and culture. (within 1 year)
  - Create, incentivize and support quality certification programs. (within 3 years)
  
- Objective 3: Meet traveler expectations for accommodations and infrastructure.  
Strategic Directives
  - Expand research efforts to analyze travel trends, consumer behavior and preferences to identify lodging opportunities and needs. (within 3 years)
  - Identify and determine ways to improve the quality of accommodations and address infrastructure issues. (within 5 years)
  
- Metrics:  
Measure of Success: The Hawaiian Islands brand remains competitive as measured by percentage of potential visitors considering a trip to Hawai'i from our major markets (source: HTA Marketing Effectiveness Study).  
Measures of Performance:
  - Percentage of travelers who feel Hawai'i has a "Variety of Unique Experiences and activities" in Marketing Effectiveness Study (MES)
  - Percentage of travelers who feel Hawai'i "Offers Different Experiences than Other Places" in MES
  - Percentage of travelers who feel Hawai'i is a "Safe and Secure place" in MES
  - Number of incremental air seats

- Percentage of travelers who feel Hawai'i has a "Variety of Accommodations" in MES
- Score in Visitor Satisfaction Survey – "if visitor would recommend Hawai'i"

#### **Goal 4: Strengthen HTA's Reputation**

As the state's lead entity for tourism, the HTA is responsible for directing and managing local and global efforts in maintaining and improving the vitality and sustainability of Hawai'i's visitor industry. To be an effective leader in the industry, the HTA is committed to being a forward-thinking, knowledge-based organization that uses information and research to develop programs and policies and serve as a resource for all stakeholders. To be the state's lead agency in tourism, we will:

- Objective 1: Continually improve the organization's ability to lead the industry

##### Strategic Directives

- Elevate the leadership skills of the HTA board and staff through ongoing training and seeking out the best in destination management. (within 5 years)
- Connect resources between government, other industries, the community, and tourism to benefit economic development in Hawai'i. (within 3 years)
- Annually analyze the organizational structure and programs and make modifications to respond to market conditions. (within 1 year)
- Harness new technology and innovative practices to enhance destination management and marketing initiatives. (within 3 years)

- Objective 2: Ensure transparency and accountability for the HTA's tourism marketing efforts.

##### Strategic Directives

- Maintain a single comprehensive marketing plan (Brand Management Plan: The Official Tourism Marketing Plan) that aligns the HTA's strategic objectives and goals. (within 1 year)
- Institute a program evaluation system for all HTA programs. (within 1 year)
- Implement an electronic contract management system that includes tracking of contract authoring and execution, connects to a payment system, tracks deliverables, and provides automatic alerts. (within 1 year)
- Create a compliance function to ensure internal policies, regulatory requirements and contracts are in accordance with statutes and mandates. (within 1 year)

- Metric:

Measure of Success: The perception of HTA as a leader as measured by percentage of organizations in tourism industry that recognize HTA as a leader

##### Measures of Performance:

- Percentage of contracts in compliance
- Progress reports of achieving strategic plan
- Residents' awareness of HTA
- Positive reputation of HTA
- Industry participation in HTA programs

#### 4.1 Proposed 1-, 3-, and 5-year Targets

GOAL	Measure of Success	Recent Value(s)	Proposed 1-Year Target (2016)	Proposed 3-Year Target (2018)	Proposed 5-Year Target (2020)
Increase Synergy	Percentage of residents who agree that tourism has brought more benefits than problems  Source: HTA Resident Sentiment Survey	2002: 77% 2005: 71% 2006: 74% 2007: 71% 2009: 78% 2010: 80% 2012: 67% 2014: 64%	64%	75% (average of 2002 to 2010 results)	80%
Ensure Stable Economic Benefits	Real (inflation-adjusted) Gross domestic product generated by visitor-related expenditures.  Source: DBEDT/READ (2009=100)	2005: \$11,823 mil 2006: \$12,133 2007: \$11,895 2008: \$10,857 2009: \$ 8,898 2010: \$9,567 2011: \$10,236 2012: \$11,741 2013: \$11,712	\$12,170 mil	\$12,750 mil	\$13,280 mil
Elevate Hawai'i's Value Perception	Percentage of potential visitors considering a trip to Hawai'i  Source: HTA Marketing Effectiveness Study	<u>late 2014</u> U.S. West: 54% U.S. East: 24% Canada: 36% Japan: 34% <u>early 2015</u> U.S. West: 45% U.S. East: 21% Canada: 36% Japan: 31%	U.S. West: 45% U.S. East: 21% Canada: 36% Japan: 31%	U.S. West: 50% U.S. East: 24% Canada: 38% Japan: 34%	U.S. West: 52% U.S. East: 26% Canada: 40% Japan: 34%
Strengthen HTA's Reputation	Percentage of organizations in the tourism industry that recognize the HTA as a leader  Source: TBD	Measure does not exist yet	Baseline: Identify core question or index	Baseline + 10% of difference between baseline and 100%.  (Example: If baseline is 50%, target is 55%.)	Baseline + 25% of difference between baseline and 100%.  (Example: If baseline is 50%, target is 62.5%.)