

HAWAI‘I TOURISM IN SEARCH OF THE PROMISED LAND



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Photo by Juo Leung

EXECUTIVE SUMMARY

Public pressure has been mounting on the Hawai‘i Tourism Authority (HTA) to shift its focus from mainly marketing to destination management to mitigate tourism’s negative impacts on the community. HTA’s 2020-2025 Strategic Plan states that “This is the first strategic plan developed while HTA is re-balancing our attention from mainly marketing to greater emphasis on destination management.” In the past, HTA responded to community concerns about tourism’s negative impacts only on “an informal basis.”

Hawai‘i has a long history of community-based tourism planning going back to the 1970s. The problem has been implementation. The biggest hurdle has been the lack of effective co-ordination among tourism’s many and diverse stakeholders.

HTA does seem to have statutory basis for managing Destination Hawai'i via Chapter 201B-3 Hawai'i Revised Statutes. But the language that gives HTA authority to co-ordinate tourism's stakeholders to work together is weak. A stronger governance structure is called for.

In support of the broad 2020-2025 Strategic Plan, HTA produced a Destination Management Action Plan (DMAP) for each island to "rebuild, redefine and reset tourism's direction" over a three-year period (2021-2023/2024). The DMAPs were shaped by steering committees representing diverse stakeholders on each island. They lay out specific actions – consistent with the broad goals established in the 2020-2025 Strategic Plan – for HTA to undertake in collaboration with other tourism stakeholders. HTA calls it a regenerative model of tourism.

The DMAPs are essentially an ad hoc "to do" list. Some proposed actions may be ill advised perhaps because they were not based on thorough research. Implementation of the actions and the 200 sub-actions in the DMAPs are divided into three phases. For example, Action A of the O'ahu DMAP aims to "decrease the total number of visitors to O'ahu to a manageable level." Most sub-actions require more than one phase to complete.

To assist in the implementation of DMAP initiatives, HTA solicited bids for a single contractor to manage both U.S. marketing and destination management. Combining these two functions recognizes the interplay between the marketing message for Hawai'i and the management of the place. The marketing part of the RFP aims to overhaul Hawai'i's brand to attract a different type of visitor to Hawai'i; the destination management part aims to mitigate the negative spillover effects of tourism. The contract was awarded to the Council on Native Hawaiian Advancement (CNHA) but the award was challenged by the Hawai'i Visitors & Convention Bureau (HVCB). Nonetheless, HTA has begun to implement the DMAPs.

We argue here that there is an opportunity to reform the way we manage Destination Hawai'i to get better results. We consider Peter Apo's suggestion that a cabinet position be created for HTA's CEO in the governor's cabinet to offer more opportunities for him/her to access heads of other State departments and agencies. We note that if HTA is elevated to the cabinet level, it may lose (even more of) its authority.

There is another approach. A House Bill in 2022 (HB1785) would have required the Legislative Reference Bureau to study and evaluate alternative tourism governance systems. Unfortunately, the bill did not pass. We urge that it be re-introduced in the next legislative session, with adequate funding to support a high-quality study. Hawai'i is not alone in grappling with tourism-related governance issues and the State could benefit from examining other models from around the world.

In the meantime, strong leadership from the incoming governor is essential. The governor has the power to bring the department/agency heads to work together. The governor needs to develop legislative packages (and budgets) derived from some of the best ideas from the DMAPs with input from State agencies.

Hawai'i is embarking on a new direction in tourism recognizing the need for better management. We have an opportunity to create a governance structure that can achieve it.

BACKGROUND

Hawai'i tourism has seen seismic changes in the past few years. In 2019, visitor arrivals crossed the historic milestone of ten million arrivals, yet visitor inflation-adjusted spending remained below that in 1989; residents' angst about tourism's negative impacts continues unabated; there have been massive changes in top senior personnel at the Hawai'i Tourism Authority (HTA); resident and legislative concerns compelled HTA to take a new direction in its [2020 - 2025 strategic plan](#) pivoting from mainly marketing toward greater emphasis on destination management; John De Fries became the first Native Hawaiian CEO of the HTA; to go along with the new strategic plan, HTA crafted [destination management action plans](#) (DMAPs) for each island identifying and responding to rising community apprehension about inadequate management of tourism growth; changes in legislation now require the HTA to annually request funding from the state's general fund; for the first time, HTA awarded a contract that combined U.S. marketing and destination management to an organization other than the Hawai'i Visitors & Convention Bureau (which traces its role in tourism promotion back to 1902).

If all that wasn't enough, the COVID-19 pandemic prompted an unprecedented total shutdown of tourism in April 2020. The dramatic absence of tourism provided a glimpse of both tourism's economic importance and its negative impacts.

The disruptions and intense activity of the last few years have unleashed strong emotions about tourism but also have fueled frenetic efforts to manage it. A lot of ad hoc measures are being tried. Ad hocery is not policy.

We have previously written about our sense that Hawai'i needs to review and revamp its governance model to effectively manage tourism. It seems now, with all these seismic shifts and disparate initiatives, a new tourism model is needed more than ever.

WHY PIVOT TO DESTINATION MANAGEMENT NOW?

HTA's annual resident sentiment surveys show support for tourism has diminished among Island residents. While most residents still believe that tourism brings substantial economic benefits to the Islands, it is also perceived to cause a lot of problems. The biggest problems mentioned in these surveys are traffic, high cost of living, overcrowding, and damage to the environment. Many blame tourism's negative impacts on overtourism. Public pressure has been mounting on HTA to shift its focus from mainly marketing to destination management.

In 2018, as the legislature threatened drastic budget cuts for HTA, the HTA board fired its CEO without cause stating that the unanimous move by the board was to "go in a new direction." The new strategic plan for 2020-2025 "... is the first strategic plan developed while HTA is re-balancing our attention from mainly marketing to greater emphasis on destination management."¹

On the surface, HTA does appear to have a statutory basis for managing Destination Hawai'i. Chapter 201B-3 Hawai'i Revised Statutes gives HTA the authority to "Develop, coordinate, and implement state policies and directions for tourism and related activities taking into account the economic, social, and physical impacts of tourism on the State, Hawai'i's natural environment, and areas frequented by visitors; [and also] coordinate all agencies and advise the private sector in the development of resources, as well as other powers and responsibilities."² However, the powers granted by Chapter 201B-3 are not as strong as they appear. Chapter 201B-13 states: "Any state or county agency may render services upon request of the authority."³ "May" is not "shall."

DESTINATION MANAGEMENT ACTION PLANS – HTA'S INITIATIVE

Hawai'i has a long history of community-based tourism planning going back to the 1970s.⁴ The issue hasn't been planning, but implementation. The biggest hurdle has been the lack of effective co-ordination among tourism's many and diverse stakeholders.

Destinations that want to effectively manage tourism are more likely to succeed when there is effective governance. An effective governance system is one that is able to provide horizontal coordination (e.g. coordination across State agencies), vertical coordination (e.g. coordination between State and county agencies) and interaction with the community, the industry, and all other stakeholders. A recent policy paper issued by the Organization for Economic Co-operation and Development (OECD), notes that effective tourism governance requires a "Whole of Government" approach in tourism.⁵ In our earlier (2019) UHERO paper ([Charting a New Course for Hawai'i Tourism](#)), we argued that three critical conditions are required to effectively manage a destination: (1) authority to take action; (2) sufficient

1 <https://www.hawaiitourismauthority.org/media/4286/hta-strategic-plan-2020-2025.pdf>

2 https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201B/HRS_0201B-0003.htm

3 https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201B/HRS_0201B-0013.htm

4 James Mak, *Developing a Dream Destination, Tourism and Tourism Policy Planning in Hawaii*, Honolulu: University of Hawai'i Press, 2008, Chapter 3.

5 <https://www.oecd.org/cfe/tourism/Tourism-meeting-Issues-Paper-on-Fostering-a-Whole-of-Government-Approach-in-Tourism.pdf>

resources to implement actions; and (3) a long-term strategic view. We found HTA, as currently structured, failing to meet these conditions.

As a companion to the 2020-2025 Strategic Plan, HTA produced a Destination Management Action Plan (DMAP) for each island to “rebuild, redefine and reset tourism’s direction” over a three-year period (2021-2023/2024) divided into three phases. The DMAPs were shaped by steering committees representing diverse stakeholders on each island.⁶ They lay out specific actions – consistent with the broad goals established in the 2020-2025 Strategic Plan – that HTA would undertake in collaboration with other tourism stakeholders. HTA calls it a regenerative model of tourism. Regenerative tourism aims to use tourism to make things better for future generations.⁷ It tries to regenerate or to restore what has already been damaged by past tourism activities.

The DMAPs contain many good ideas (and some that are questionable). The plans contain 200 actionable items divided into three phases.

Consider the O’ahu DMAP.⁸ It lists ten actions to be completed in three phases between 2021 and 2024. At the top of the list, “Action A” aims to “decrease the number of visitors to O’ahu to a manageable level by controlling the number of visitor accommodations and exploring changes to land use, zoning, and airport policies.” The remaining actions call for improving infrastructure and managing visitor sites; implementing a pre- and post-arrival tourism communications program to encourage respectful and supportive behavior; identifying sites and implementing stewardship plans for key hotspots; establishing a “regenerative tourism fee” to fund protection of Hawai’i’s natural resources; and others.

The actions are broken down into forty-five sub-actions with proposed delegation to government and non-governmental organizations in lead or supporting roles. HTA has lead responsibility in thirty-three sub-actions and a supporting role in ten of them. Non-HTA organizations that are named as prospective contributors include State agencies (Department of Transportation, Department of Land and Natural Resources, the Public Utilities Commission, Department of Agriculture, and the Department of Business, Economic Development and Tourism), Hawai’i Invasive Species Council, the City & County of Honolulu, the “community/communities,” O’ahu Visitors Bureau, HTA’s Global Marketing contractors, the Hawai’i Visitors & Convention Bureau, Native Hawaiian Hospitality Association, private land owners, and the private sector/private industry/visitor industry. One member of the O’ahu Steering committee questioned whether the designated agencies are aware of their assigned responsibilities or even in agreement with them.⁹

Similarly, the destination management action plans for the Neighbor Islands include 155 sub-actions to be completed by 2023. HTA is designated as the lead agency in 71, the supporting agency in 75, and the rest are assigned to others.

To assist in the implementation of DMAP initiatives, HTA solicited bids for a single contractor to manage both U.S. marketing and destination management. Combining these two functions recognizes the interplay between the marketing message for Hawai’i and the management of the place. The marketing part of the RFP aims to overhaul Hawai’i’s brand to attract a different type of visitor; the destination management part aims to mitigate the negative spillover effects of tourism.¹⁰ The RFP states that the winning contractor will “work collaboratively with the various lead agencies identified in the DMAPs to ensure the plans are implemented to the best of our collective ability.”¹¹

Soliciting a contractor that could deliver both deliverables opened up the bidding to organizations besides the

6 <https://www.hawaiiitourismauthority.org/what-we-do/hta-programs/destination-management-action-plans/>

7 <https://www.nytimes.com/2020/08/27/travel/travel-future-coronavirus-sustainable.html>

8 Approved by the HTA board in July 2021. Maui and Kaua’i DMAPs were approved in December 2020, and Hawai’i Island DMAP was approved in February 2021.

9 “Culture and Tourism,” Honolulu Star Advertiser, September 26, 2021.

10 <https://www.civilbeat.org/2022/04/hawaii-tourism-plan-focuses-on-marketing-not-management/>

11 <https://www.hawaiiitourismauthority.org/media/9150/rfp-22-01-hawaii-destination-brand-marketing-and-management-services-for-the-united-states-mma.pdf>

Hawai'i Visitors & Convention Bureau (HVCB), which had managed tourism marketing in one form or another since 1902. The contract was awarded to the Council for Native Hawaiian Advancement (CNHA), although the award was disputed.¹²

PLAN EFFECTIVENESS

HTA employs two measures of success: (1) milestone success, which measures progress toward accomplishing a specific defined action; and (2) long term measures of success, which are measured through HTA's Strategic Plan's four Key Performance Indicators (more on this below).

HTA issues progress reports several times per year that measure milestone success toward completion of the sub-actions in the DMAPs. Some sub-actions are allocated more time – or “phases” – to complete than others. Some may find the progress reports quite confusing. Broadly stated, though, they imply that work on executing the DMAPs has begun, but we won't know how many of the 200 sub-actions in the DMAPs will be completed until the end of Phase 3 either in 2023 or in 2024.

While it is too early to identify significant shifts in resident sentiment, the Spring 2022 resident sentiment study shows some awareness of HTA's efforts in destination management (27%) and, more specifically, HTA's DMAPs (24%). The study hopefully notes that “early signs of strengthening resident sentiment are appearing.”¹³

Ultimately, long term success is what really matters. The 2020-2025 Strategic Plan adopted four Key Performance Indicators (KPIs) as long-term measures of success: (1) resident satisfaction, (2) visitor satisfaction, (3) average daily visitor spending, and (4) total visitor spending.

Unfortunately, visitor expenditure figures are in current year (nominal) dollars and not in inflation-adjusted (real) dollars.¹⁴ Nominal visitor expenditure data are useless to evaluate HTA's performance over time. If nominal visitor spending rises, will that make Hawai'i residents better off? We don't know. Not if prices rise by more than visitor spending. The same is the case with daily visitor spending. Thus, the KPIs, at best, will have limited usefulness when they are published. In any case, it is unlikely that HTA will be able to attribute changes in the current indicators specifically to actions taken by HTA. What is badly needed are new measures of long-term success and clear methods for how to interpret them.

DO DMAPS HINDER OR HELP TOURISM POLICY DEVELOPMENT?

The DMAPs are essentially an ad hoc “to do” list. Some proposed actions may be ill advised perhaps because they were not based on thorough research.

Consider Action A of the O'ahu DMAP aiming to “decrease the total number of visitors to O'ahu to a manageable level.” On the face of it, this implies that residents of O'ahu want to decrease the actual number of visitors. But that is unclear. Are the 6.1 million visitors (average daily census of nearly 115,000) to the island in 2019 too many – or were they not well-managed? A “manageable level” doesn't necessarily imply a lower number.¹⁵

The feeling that “there are too many visitors” is often expressed as a simplistic response to tourism's negative impacts when the real issue is a poorly managed destination. In 2017 *Star Advertiser* columnist Lee Cataluna argued that 8.5 million visitors were far too many. However, she correctly recognized that there is no magic number of tourists that's best for Hawai'i. Eight million visitors might be okay “... if the explosion in tourism meant better living for everyone,

12 <https://www.civilbeat.org/2022/07/out-of-the-shadows-native-hawaiian-nonprofit-is-suddenly-in-the-spotlight/>

13 <https://www.hawaiiitourismauthority.org/media/9745/22-19-hta-spring-2022-resident-sentiment-survey-nr.pdf>

14 In the 2016 HTA Five Year Strategic Plan, real (inflation-adjusted) gross domestic product generated by visitor related expenditures was used as a measure of success.

15 Curiously, the latest O'ahu General Plan (approved January, 2022 by the mayor) makes no mention of decreasing visitors to O'ahu. Of the 10 tourism policies listed, 3 are about Waikiki. (<https://www.honolulu.gov/dpppd/plans-in-place/oahu-general-plan.html>) The O'ahu DMAP doesn't mention Waikiki.

nicer schools, cleaner parks, spiffy roads.”¹⁶ In other words, we can have more tourists if we can increase community benefits from tourism and decrease the negative impacts.

Taleb Rifai, (former) Secretary General of the UN World Tourism Organization (UNWTO), argues that “growth is not the enemy; it’s how we manage it that counts ... The current ‘tourism phobia’ on the part of citizens is largely a failure to manage growth in a sustainable manner.”¹⁷ Failure to identify the real cause(s) of the problems leads to wrong policies.

GETTING TO THE PROMISED LAND

The mission of the Hawai'i Tourism Authority has been unchanged since at least 2005: “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.” Its vision foresees a Hawai'i that will “Ho‘oulu” (Grow) the uniqueness and integrity of the Native Hawaiian culture and community; provide a unique, memorable and enriching visitor experience; generate clear community benefits and responsibly manage tourism-related impacts and issues; [and] support a vital and sustainable economy.“

Certainly, this idyllic imagery is consistent with the concept of regenerative tourism. But is it achievable, given Hawai'i's current model of tourism governance? For the years between the creation of the Hawai'i Tourism Authority in 1998 and its 2020-2025 strategic plan, HTA has been given the charge to manage tourism, but it has responded to community concerns about tourism's negative impacts only on “an informal basis.”¹⁸ Moving forward, and under its current structure, we are skeptical that HTA has the capacity to manage Destination Hawai'i effectively. Its recent activities are not all smoke and mirrors. They are genuine efforts in response to painful effects of poor destination management of the past. There is an opportunity to shape all that energy by creating a governance structure that moves beyond “ad hoc.”

CONCLUSION

The current tourism governance model has existed in the form of HTA for almost twenty-five years. HTA has been subject of several critical audits by the State Auditor for the way it manages tourism and how it has failed to measure its own effectiveness; the most recent audit was released in 2018.¹⁹ We believe that there is an opportunity to reform the way we manage Destination Hawai'i to get better results.

One approach to strengthening authority and inter-agency collaboration is to make the HTA president and CEO a member of the governor's cabinet. In a Civil Beat opinion piece, Peter Apo argues that the current approach is akin to “herding cats.” He proposes that a cabinet seat be created for HTA's CEO because it would offer more opportunities for him/her to access heads of other State departments and agencies, even though Chapter 201B-13 already says that HTA may establish an advisory body comprised of heads of State departments and agencies.²⁰ There are at least two issues with that suggestion that need to be considered. First, tourism is ostensibly represented at the cabinet level by the Department of Business, Economic Development and Tourism (DBEDT) ... albeit HTA is only an attached agency. More importantly, HTA was created as an “authority” so that it would have some autonomy and not be another executive department of State government. In other words, if HTA is elevated to the cabinet level, it may lose (even more of) its “authority.”

There is a better idea. A House Bill in 2022 (HB1785) would have required the Legislative Reference Bureau to study and evaluate alternative tourism governance systems.²¹ Unfortunately, the bill did not pass. We urge that it be re-introduced in the next legislative session, with adequate funding to support a high-quality study. Hawai'i is not alone in

16 <https://uhero.hawaii.edu/how-many-tourists-is-too-many/>

17 <https://www.unwto.org/archive/global/press-release/2017-08-15/tourism-growth-not-enemy-it-s-how-we-manage-it-counts>

18 <https://www.hawaiiauthority.org/media/4286/hta-strategic-plan-2020-2025.pdf>

19 <https://uhero.hawaii.edu/hawaii-tourism-authority-and-sustainable-destination-management-in-hawaii/>

20 <https://www.civilbeat.org/2021/07/peter-apo-how-to-manage-hawaii-tourism-for-the-future/>

21 https://www.capitol.hawaii.gov/measure_indiv.aspx?billtype=HB&billnumber=1785&year=2022

grappling with tourism related governance issues and the State could benefit from examining other models from around the world.

In the meantime, strong leadership from the incoming governor is essential. The governor has the power to bring the department and agency heads to work together. The governor needs to develop legislative packages (and budgets) derived from some of the best ideas from the DMAPs with input from State agencies.

Hawaii is embarking on a new direction in tourism recognizing the need for better management. We have an opportunity to create a governance structure that can achieve it.

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