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Cover Story

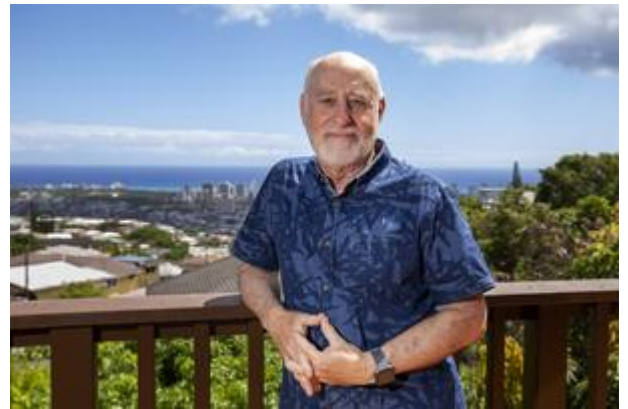
Hawaii's corporate incentives market waits to make its post-Covid re-entrance

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They're the visitors most residents rarely see in Hawaii, part of the \$1 billion meetings, conventions and incentives industry, whose often lavish expenses are paid by the companies they work for as a reward for a job well done.

They spend more per day than the average tourist and are feted by their employers with elaborate galas at some of the best hotels and private estates in the Islands, cocktails on the bow of the USS Missouri and other iconic locations and concerts by headline performers such as [Bruno Mars](#) or [Elton John](#).

But while the beaches in Waikiki may be crowded and hotels on Maui are enjoying high occupancy, the visitors who come to the Islands on corporate incentive trips have yet to return in numbers



EUGENE TANNER | PBN

Rick Schneider owns Events International shown here at his home, Monday, July 12, 2021, in Honolulu. Events International plans and produces events for corporate incentives clients.

since the Covid-19 pandemic shuttered the live events industry last year.

The businesses that rely on corporations rewarding their top people with all-expenses-paid trips to Hawaii include destination management companies, event planners, stage and lighting companies, entertainers, tent rentals, caterers, florists and dozens of hotels, event venues and activity companies around the state.

Most have had to shut down and lay off their staff over the past 15 months and government aid such as the Payroll Protection Program funds wasn't much help since there was no work for employees to do.

And they're frustrated by Gov. [David Ige's](#) refusal to budge on his pledge not to reopen the state until 70% of the entire population is vaccinated — a point he reiterated last week.

"Of any industry, this is probably the worst hit by this pandemic," said [Rick Schneider](#), CEO of Events International Inc. "We're still out of work."

The industry has a few more months to wait for the work to return, as corporations on the Mainland that had to cancel or postpone incentive trips in 2020 or earlier this year are rebooking starting in October, and even more in 2022.

But the uncertainty surrounding when Hawaii will fully reopen has made some companies hesitant to commit to a trip that can easily cost \$5,000 or more per person, and some in the industry fear Hawaii is losing business to other states that have already reopened.

The pandemic prompted Schneider and a number of other local business owners and executives to form the Hawaii Events Coalition to advocate for their industry to be allowed to open up as much as possible with operating protocols and Covid-safe guidelines for live events.

"But at this point, because almost all the other states have opened, we're losing business to other locations because we can't guarantee or at least commit to a specific date when the state will

be open and there will be no restrictions,” said Schneider, who chairs the group’s political action committee.

The group earlier this year helped lobby Honolulu Mayor [Rick Blangiardi](#) to open up the wedding industry but has been unable to convince Ige to loosen restrictions for live events, which are integral to incentive trips.

“We went to the mayor and basically explained to him the protocols we were using ... a set of protocols where the companies would have their own contact tracing people,” said [Kalani Rodrigues](#), vice president of Hawaii Stage and Lighting Rentals Inc. “We encouraged everyone to take the Johns Hopkins [University] contact tracing course, and the thought process behind that was everyone’s human resource departments know their people better than anybody else.”

The coalition encouraged members to conduct training and adopt protocols such as using a wellness tracker Altres Staffing offers to their clients, he said. They also took a page from the film industry and encouraged companies to assign a Covid compliance officer, so there would be one person keeping track of everything.

Honolulu did open up for small groups under Tier 3, but it wasn’t enough to relaunch the industry, he said.

Despite that, the coalition did help bring the industry more together. While they may compete for the same business, the pandemic has brought the local events companies to work together.

“Our community has come together more through Covid than I ever would have anticipated,” said [Gabrielle Richter](#), president of Accel Events & Tents, who said the work of the Hawaii Events Coalition, the Oahu Wedding Association and other networking groups pulled people together during the pandemic. “We’ve actually created an affinity that we never had. I feel great about the support that we have now.”

[Tiffany Richardson](#), president and partner of event production company Current Affairs Hawaii, said her parents, who founded the company 37 years ago, always stressed that the people and

businesses in the events and incentives industry should be treated as partners.

“We all come together and we’re not competitors, we’re all just trying to sell Hawaii and put Hawaii back on the map,” she said. “That’s the goal here, there’s enough business to go around.”

The incentives market is a segment of the tourism industry that spent \$210 million in Hawaii in 2019, part of \$904 million in total spending for the tourism segment known as MCI, for meetings, conventions and incentives, according to data from the Hawaii Tourism Authority.

Companies bring anywhere from 50 to 3,000 people to Hawaii for incentive trips, often with spouses or friends and sometimes family. And they spend more. The average visitor spent \$196.10 per day in 2019 — the incentive visitor spent \$237.80 per day.

Incentive programs are important to a lot of companies — many Fortune 500 companies including technology giants such as Oracle, SAP or Cisco and pharmaceutical companies use them to recognize, motivate and build loyalty among their top performers and often include such programs in their compensation packages, said [Johan Marzuki](#), executive vice president and general manager at MC&A Inc., one of the largest destination management companies in Hawaii.

“It’s really a very effective to recognize and maintain all of that, their key employees and key producers,” he said. “It’s one of those things that a lot of companies don’t want to cancel out because without sales and without the loyalty of the sales team, or those who produce revenue for the company, they won’t have operations, if you will.”

The trips involve more than blocking seats on planes and rooms at hotels — a group of several hundred can take large blocks of rooms at several hotels, such as in Waikiki, or the resorts in Kaanapali or Wailea on Maui or Waikoloa Beach Resort on Hawaii Island.

Typically there are social events to welcome attendees, themed parties at the hotel or other special venues — the USS Missouri is a favorite — “dine-arounds” where group reservations are made for

high-end restaurants, activities such as a day at Kualoa Ranch's Secret Island and a gala dinner event, Schneider and Marzuki said.

There may also be a business meeting or two thrown in, and many companies will spend big money to fly in big name acts for private concerts.

That has benefits for the local community — oftentimes when acts such as Bruno Mars or Elton John are flown in for a private incentive event, they will book shows at public venues for their local fans, Rodrigues said.

But all that has been on hold since Covid, as companies that count on incentives for 80% to 90% of their business have had to furlough their workers or lay them off. Rodrigues said Hawaii Stage and Lighting had 65 employees before Covid and employed hundreds more part-time workers for concerts and events such as the lantern lighting at Magic Island and the Ironman triathlon.

Some of those people left Hawaii to go work in Texas or Florida, which have few, if any, Covid restrictions on events, and some left to work in the film industry, which has been working under Covid protocols since last year, he said.

"We'll be back," Rodrigues said. "I was hoping it would be much sooner than now but it has been devastating."

Schneider's Events International had 11 full-time people prior to the pandemic, and is down to six now. Richardson said Current Affairs went from 16 people pre-pandemic to six now.

Accel Events & Tents had to lay off 148 employees when Covid shut the industry down, and is back up to about 40, although President Gabrielle Richter is looking to add 30 more people by September.

MC&A went from 90 to 120 full-time employees at peak times down to 40 essential employees during Covid to handle the rebookings, Marzuki said.

The incentives season generally runs during the early part of the year, with a lull in the summer, then picks up in the fall.

At first, companies postponed their 2020 events for later in the year. But then the goalposts kept moving as the pandemic dragged

on and trips that were postponed for earlier this year were moved again.

That business is now being layered with new business being booked last minute by companies that came through the pandemic intact and want to recognize their employees “and the safest place to go right now is to Hawaii,” Marzuki said.

“In a very good month we would typically have between 55 to 60 events for the entire month,” he said. “Right now, for the month of October, we are in excess of 80 to 90 events.

“We’re almost double what we would typically do and that’s unprecedented, it’s not something that we’ve ever seen and it’s not only stretching our resources but the Islands’ resources.”

Hawaii was the top destination preference, by far, for incentive travel, according to a recent report by the Incentive Research Foundation. Among the destinations in the Islands, Maui, the Kohala Coast, Honolulu and Wailea were the top choices.

According to another industry measurement, the Incentive Travel Industry Index, 66% of corporate respondents around the world said they expected to resume incentive travel within one to two years of post-Covid conditions and they are more likely to stay in their part of the world post-Covid — 40% of North American companies saying they would stay in the contiguous United States and 25% said they would go to Hawaii.

Marzuki said his company’s relationships with the corporations and the third-party companies they hire to set up incentive trips run deep.

“They trust us on how to manage this kind of business,” he said. “Hawaii has always been on everybody’s rotation, or is on everyone’s rotation at some point.”

Richter, whose company recently leased more warehouse space in anticipation of an increase in business, said April to August bookings have already picked up because of the loosened restrictions on weddings. She said more business is being booked for the fall and even more for 2022.

“We’re going to be at maximum demand as we move toward the back half of next year,” she said. “Which means, operationally, I need to be ready to service the business that is coming so we’ve got to be ready to rock.”

What they did during the pandemic

While the live events industry has been largely shut down since early last year, some of the companies that rely on corporate incentive trips for the bulk of their revenue found other ways to make some money and stay relevant with their clientele.

— Accel Events & Tents provided tents for schools, airport Covid screening sites and vaccination clinics.

— Events International acquired new local clients including Hawaiian Telcom.

— Hawaii Stage and Lighting Rentals set up a drive-in movie theater at Aloha Stadium, installed large outdoor video screens for high-school graduations and provided the lighting for the Beyond Van Gogh Honolulu exhibit at the Hawaii Convention Center.

— MC&A reached out to its Mainland clients to keep Hawaii top of mind, and created a virtual summer concert series so clients could tune in to see [Henry Kaponu](#) and other local musicians play “to remember that Hawaii is still here and that we're all still craving some of those things,” Murzaki said.

— Current Affairs Hawaii produced drive-through events for some local companies that wanted to recognize employees, helped The Queen’s Medical Center with its vaccination clinic at the Neal S. Blaisdell Center and produced Foodland’s mahalo event for vendors at Kualoa Ranch.

“It actually gave us the time to bring all of our partners together” for the Foodland event, including Rodrigues, whose company provided the lighting, Richardson said.

“We all got to be face to face and make this event come to life together,” she said. “Generally, pre-Covid, because you're jamming, we keep it in house and we all get together and then we bring in our partners. [So] Covid could be positive — it helped us all slow

down and we were able to actually have multiple meetings and make this skyrocket.”

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