

July 20, 2021

MEMO TO: BFED-45 File

F R O M: Keani N.W. Rawlins-Fernandez, Chair   
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO  
ECONOMIC DEVELOPMENT AND TOURISM MANAGEMENT**  
(BFED-45)

The attached informational document pertains to Item 45 on the Committee's master agenda.

bfed:ltr:045afile02:ljcm

Attachment

# Can Hawai‘i Rise from the Ashes of COVID-19 as a Smart Destination?

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April 27, 2020

A recent headline in the Honolulu Star-Advertiser said it all: **TOURISM MELTDOWN**. As a result of the COVID-19 pandemic Hawai‘i hotels and attractions have closed, incoming passengers are quarantined, unemployment claims have skyrocketed, and daily passenger counts went from 30,000 plus to a few hundred. In a matter of weeks, Hawai‘i went from “overtourism” to virtually no tourism. What a dramatic change from just a few months ago when some were concerned that there were “just too many tourists.”

Although the economic pain of tourism’s collapse is excruciating, the COVID crisis has given us an opportunity to think about what Hawai‘i should look like as it recovers. Which visitors do we miss now? Which ones were creating frustration? What sites are benefitting from a respite from the crush of visitors? In short, what should Hawai‘i tourism look like when it recovers and how can we do a better job of managing the destination in the future?



Climbing Diamond Head at 7:00 a.m. before COVID-19 (Photo by PingSun Leung)

Before the collapse of tourism, Hawai‘i Tourism Authority (HTA) surveys found resident attitudes about tourism becoming more negative as the number of visitors increased. Traffic congestion, overcrowding, and damage to the environment are among the problems that are of greatest concern to residents. Visitors also complain about overcrowding.

While some have argued that the solution is to somehow “cap” the total number of visitors to Hawai‘i, the problem is much more complex. Technology (smart phones, social media, GPS systems) have allowed people to find – and overrun – many sites that can’t accommodate their numbers. The problem isn’t so much that Hawai‘i has ten million visitors, but

that we have, for example, a few hundred people congregating in a site that can only accommodate a handful. Or we had too many cars on a two-lane road that wasn't designed for high volume traffic. The point is that even with relatively low tourism volumes, Hawai'i still needs to manage tourism.

Advances in technology have certainly contributed to what has been called “overtourism.” Technology has reduced the cost of transportation making travel more affordable for many people. The spread of social media has encouraged people to visit places previously unknown to most travelers. Peer-to-peer apps led to the proliferation of short-term vacation rentals in residential neighborhoods. GPS systems make it easy for visitors to go off the beaten path..

Information and communications technology (ICT) can also provide smart solutions to help manage the destination and reduce overcrowding.<sup>1</sup> For example, in Amsterdam (Netherlands), Visit Amsterdam uses data stored on the chip of the Amsterdam City Card to analyze tourist behavior and devise ways to reduce congestion. Amsterdam also uses an app to notify tourists when an attraction is overcrowded and suggests alternate attractions for the day. The World Travel & Tourism Council (WTTC) provides additional examples of how destinations are using technology to better manage tourism.<sup>2</sup> “Smart Cities” have been using technology to address congestion. London, for example, imposes a hefty £11.50 “congestion charge” for driving into central London during congested times.<sup>3</sup>

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<sup>1</sup> World Travel & Tourism Council (WTTC), *How can new technologies help deal with overcrowding,*” August 31, 2018 at <https://medium.com/@WTTC/how-can-new-technologies-help-deal-with-overcrowding-dda554fb164b>

<sup>2</sup> WTTC, March 31, 2018.

<sup>3</sup> Transport for London, <https://tfl.gov.uk/modes/driving/congestion-charge/congestion-charge-zone>

Hawai'i lags behind other destinations in the application of destination management technology. For example, Hanauma Bay Nature Preserve on O'ahu is generally regarded as a success story in destination management. The management plan put in place in 1990, and subsequent revisions, has reduced the number of visits to the preserve from a high of 7,500 per day to the present 3,000 per day (until the COVID-19 shutdown). But the current management system for Hanauma comes at a high cost. When the 300 parking spaces are filled (often as early as 7:30 a.m.) guards gather in front of the highway entrance to the preserve to turn cars away, frustrating visitors and local residents alike who made the drive to the nature preserve only to be refused entry. Ticket booths are manned by employees. On-line reservations and pre-payment are not allowed. This antiquated management approach causes delays and frustration, especially since the residency status of park visitors must be individually verified (because residents are admitted free). There are certainly twenty-first century technological solutions that can ration access better and cheaper. Today's visitors and residents are likely to feel very comfortable using their smart phone and an app – or another technology – to schedule and pay for their visit. Technology can also accommodate variable pricing to smooth out demand. As tourism increased around the world (before COVID-19) more museums, attractions, and sites have turned to technology to manage admission and fees. Technology is now part of the tourism landscape.

ICT has revolutionized travel. Technology empowered the visitor, ushering in the era of the do-it-yourself (DIY) traveler. Imagine creating Airbnb without the internet. Already, tourism suppliers can analyze massive amounts of data — “big data” — to pinpoint the preferences of their customers and provide services tailored to each user (the “customer of one”). Airlines and hotels analyze customer data to change prices frequently—i.e. dynamic pricing-- to maximize profits. Among destination marketing/management organizations, no DMO does more with

technology to support tourism businesses and travelers than the Singapore Tourism Board and its Technology Transformation Group.<sup>4</sup>

While tourism operators have made great strides in technology applications, there has been much less use of technology to address stewardship of destination resources and concerns of residents. That is starting to change.

Around the world, tourism organizations are building “smart destinations” using technology to manage resources, enhance destination competitiveness, and improve the lives of residents. In 2017, the World Tourism Organization (UNWTO) organized its first annual world conference on smart destinations. At the second world conference held in Oviedo (Spain) in 2018, over 600 delegates from around the world attended seminars on how destinations can use technology to spur sustainable management of tourism destinations.<sup>5</sup>

There is no single definition of a smart destination. The One Planet Network defines it “as an innovative tourism destination, consolidated on a cutting-edge technological infrastructure, ensuring sustainable development of the tourist area, accessible to all, that facilitates interaction and integration between visitors and the environment and increases the quality of their experience at the destination as well as improving the quality of life for resident population.”<sup>6</sup>

Spain, a world leader in the development of smart destinations, initiated a much publicized and praised smart destination planning and development initiative that began in 2012

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<sup>3</sup> <https://www.youtube.com/watch?v=xWS1DxzaxBM>

<sup>5</sup> <https://www.unwto.org/global/press-release/2018-06-27/fostering-smart-destination-development>;  
<https://www.unwto.org/europe/event/2nd-unwto-world-conference-smart-destinations-0>

<sup>6</sup> at <https://www.oneplanetnetwork.org/initiative/smart-destinations-program>

through its National Integral Tourism Plan.<sup>7</sup> In a critique of Spain's effort, Francesc González-Reverté examined 980 actions initiated either under a smart city or a smart tourism plan implemented in 25 Spanish destinations and cities in 2017. The critique found that in most tourist cities, most measures adopted to increase sustainability were aimed at reducing negative spillovers and the costs associated with mass tourism. The author found that "Spanish tourism destinations that have adopted smart tourism destination plans address their actions towards some elements of urban sustainability, especially the quality of the environment and residents' lives, but tend to not go far enough...Destinations see smart tourism plans as an opportunity to improve competitiveness rather than a holistic strategy for improving urban sustainability."<sup>8</sup> The author further opined that technology "should be in the very DNA of cities looking to implement smart tourism plans."

Technology can be helpful in achieving goals, but it cannot be the goal itself. And technological solutions aren't free. They must demonstrate that they are cheaper than alternative solutions and their potential benefits outweigh the cost of using them. The idea is to adopt sensible technological solutions. Optimal solutions are likely to vary from destination to destination depending on local conditions and the problem being addressed. What makes sense for Singapore may not make sense for Hawai'i.

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<sup>7</sup> Segittur, *Smart Destination Report: building the future*, Madrid, September 2015 at <https://www.segittur.es/opencms/export/sites/segitur/.content/galerias/descargas/documentos-en/Smart-Destination.pdf>; and Francesc González-Reverté, "Building Sustainable Smart Destinations: An Approach Based on the Development of Spanish Smart Tourism Plans," *Sustainability*, December 3, 2019, 11, 6874; doi:10.3390/su11236874

<sup>8</sup> Segittur, 2015, p. 20.

Technology can aid in implementing good policy, but it cannot correct damages caused by bad policy. An example of bad policy is the extremely low admission to climb Diamond Head State Monument. The State started charging \$1 per hiker at Diamond Head in May 2000 and \$5 per private car beginning in January 2003.<sup>9</sup> Currently, a uniform \$5 admission fee per private car applies to almost all the state parks that charge an admission fee; residents are admitted free except at the Diamond Head State Monument. (Commercial vehicles pay more.)<sup>10</sup> By comparison, Honolulu County’s Hanauma Bay Nature Preserve charges \$7.50 per adult visitor with free admission for residents. Many National Parks now charge admission of \$15 or more per person.

The European Capital of Smart Tourism Associations sponsors an annual contest among EU cities “to raise awareness about smart tourism tools, measures, and projects implemented in cities across four categories: sustainability, accessibility, digitalization, and cultural heritage and creativity.” For 2020 Gothenburg (Sweden) and Malaga (Spain) were the winners. Gothenburg stood out “for its digital offering that is helping improve experiences for both citizens and tourists. This includes future-oriented solutions for traffic and transport, open data, as well as sustainability measures. The waterside city works together with a wide variety of stakeholders and industry sectors to implement a truly integrated approach to smart tourism.”<sup>11</sup>

The coastal city of Malaga won because “it has a strong focus on using novel technologies to improve the visitor experience and boost the innovative capacity of local

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<sup>9</sup> at <http://archives.starbulletin.com/2005/10/13/news/story05.html>

<sup>10</sup> at <https://dlnr.hawaii.gov/blog/2019/12/13/nr19-205/>

<sup>11</sup> <https://smarttourismcapital.eu> For more on Gothenburg, see [https://smarttourismcapital.eu/wp-content/uploads/2020/03/GOTHENBURG\\_Preliminary\\_Programme.pdf](https://smarttourismcapital.eu/wp-content/uploads/2020/03/GOTHENBURG_Preliminary_Programme.pdf)



businesses. The city is also a leader in involving the local community and working to sow the seeds of smart tourism on an educational level.”<sup>12</sup> More details on the two winners are offered through the links provided in the footnotes. A compendium of best practices under each of the four categories in the EU-wide competition for 2019 and 2020 are available at <https://smarttourismcapital.eu/best-practices/>

Technology has radically changed the way people travel and that change is likely to accelerate. Hawai‘i should develop plans on how best to use technology to manage tourism and improve stewardship of these islands for the benefit of residents and tourists. It would align nicely with the work of Governor Ige’s newly established planning initiative, Hawai‘i Economic & Community Navigator, charged with “Changing the trajectory of Hawai‘i towards a more balanced, innovative, sustainable economy that balances the people, the place, and culture with the environment, land, and ocean.”<sup>13</sup>

In the anticipated slow recovery from COVID-19, the state will certainly see far fewer than the ten million visitors of 2019. With fewer visitors, it is critically important to focus on attracting higher spending, lower impact visitors in the mix. A smart tourism destination plan for Hawai‘i may entail using technology applications like data mining and analysis to precisely identify who those visitors are and tailor our marketing messages accordingly.

Technology will also be critical in the Post COVID world to conduct a health screening for incoming passengers. Hawai‘i needs to assure travelers that it is safe to visit – and we need to assure residents that the arriving visitors are not a health threat. Because nearly all Hawai‘i arrivals are by air, effective screening technology can provide the state with a competitive

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<sup>12</sup> <https://smarttourismcapital.eu/cities-2020-winners/>; and <https://smarttourismcapital.eu/city/malaga-2020/>

<sup>13</sup> <https://recoverynavigator.hawaii.gov>

advantage in tourism recovery. Places like Orlando and Las Vegas with substantial drive in visitation will find it very difficult to achieve the same controls as an island state like Hawai‘i.

Technology may also support destination management by using post-arrival location tracking with aggregated, anonymized data provided by visitors’ smart phones to design solutions to mitigate traffic congestion and crowding at popular tourist attractions. The U.S. government is holding discussions with American technology companies such as Facebook and Google to develop such technology to understand the spread of the coronavirus.<sup>14</sup> Some countries are already using location tracking to combat the pandemic. A University of Maryland study is using anonymized cellphone location data that is updated daily to track whether people are complying with stay-at-home orders.<sup>15</sup>

Certainly, the time has come to adopt digital payment systems to collect revenue to fund maintenance of parks, hiking trails, beaches and public facilities. The technology is not new, so we can look to best practices employed in many destinations around the world for ideas.

The recently adopted Hawai‘i Tourism Authority Strategic Plan (2020-2025) lays out an approach for an integrated destination management system. As part of the system, the plan calls for HTA to “evaluate, and utilize when possible, emerging technologies.”<sup>16</sup> There is no better time than now, as we plan for recovery to move toward a technology-based “smart tourism” model. We shouldn’t default to the old recovery models of indiscriminate promotion: put “butts in seats and heads in beds.” We need to manage tourism no matter what the total arrivals are. The

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<sup>14</sup> Tony Romm, Elizabetgh Dwoski and Craig Timberg, “U.S. government, tech industry discussing ways to use smartphone location data to combat coronavirus,” *The Washington Post*, March 17, 2020 at <https://www.washingtonpost.com/technology/2020/03/17/white-house-location-data-coronavirus/>

<sup>15</sup> Mihir Zaveri, “‘Quarantine Fatigue’ Has More People Going Outside,” *New York Times*, April 27, 2020 at <https://www.nytimes.com/2020/04/27/us/coronavirus-social-distancing-lockdown.html>

<sup>16</sup> Hawai‘i Tourism Strategic Plan 2020-2025, <https://hawaiiitourismauthority.org/who-we-are/our-strategic-plan/>

decimation of the visitor industry caused by COVID-19 has given us the opportunity to make a fresh (and smart) start.