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Fewer Groups Say Aloha to Hawaii

More than 132 groups canceled meetings, incentives in Hawaii

By Rachel Wimberly -- Tradeshow Week, 4/27/2009

The Grand Wailea Resort Hotel & Spa, a 780-room four-star Waldorf-Astoria luxury property on Hawaii's Maui, has had a tough time of late.

The one-two punch of, first, an economic downturn and, second, the ripple effects from a harsh public backlash against companies planning meetings in places perceived as inappropriate, has landed hard on the resort.

According to Matt Bailey, Grand Wailea's managing director, 40 percent of the resort's business involves groups. "This media-fueled hysteria is hurting us," Bailey said. "So far this year, we've lost 10,000 room nights."

Some of those room nights have been moved to future dates, he added, but several others were "out and out cancellations."

Bailey said, "Ninety percent of the problem we are dealing with is perception."

In other words, companies that might have happily sent their employees on incentive trips to Grand Wailea in the past, for example, now are having second thoughts.

And, that's not the only business in Hawaii that has been impacted.

In an open letter to President Obama from Hawaii Gov. Linda Lingle, Lt. Gov. James R. Aiona, four county mayors and 90 industry stakeholders, state officials explained the importance of conventions, meetings and incentive travel to the Hawaiian economy and wrote the current atmosphere that brands this "legitimate CMI travel as excess" has resulted in 132 group cancellations to the state since the beginning of the year.

The letter implored the Obama administration to oppose legislation that would punish companies for holding legitimate business meetings in Hawaii.

At the Grand Wailea, Bailey said, several groups have walked away from contracts worth upwards of \$100,000.

Even so, he added, things could be worse. Bailey recounted a story he had heard about "vigilante guests" at another property who approached a group that was meeting there, asked if their company had received TARP money and scolded them for meeting in Hawaii.

"Groups coming through (now) are having more security," he added. "They are being protective of the name of the meeting."

According to the governor's letter, groups that decided to skip the islands all together have resulted in 87,000-plus lost room nights, \$58.5 million in direct revenue lost, an "economic impact of \$97.6 million in total lost output and 694 full- and part-time jobs from all of the visitor industry."

Murray Towill, president of the Hawaii Hotel & Lodging Assn., which represents more than 180 lodging properties and 350 supplier members, said the cancellations have taken a toll.

"It affects a wide range of properties in terms of group business," Towill said.

Other businesses that depend on group business for their livelihood, such as Current Affairs, a Honolulu-based event production company that works on up to 200 events a year, also have felt the pinch.

Philip Richardson, the company's president, said Current Affairs has had several cancellations, including a 1,000-person event.

"It's a perception issue," he added. "The type of companies that have been coming here are the pre-eminent (ones) in the world."

Richardson said companies often send their employees on incentive trips to Hawaii because it's considered an enticing reward. "Where are they going to send them?" he asked. "A Third World country where they will be eating off of tin plates?"

Most of the losses, so far, seem to be in the meeting and incentive business, particularly related to the financial and banking industries, but Honolulu's Hawai'i Convention Center, which hosts more than 30 conventions annually, among other local meetings, has seen very little impact.

Joe Davis, SMG general manager of the center, said to date, the only group that's canceled has been Wells Fargo. But, Davis added, while the center was holding space for the company, the meeting wasn't confirmed and there was no money on the table.

On the other hand, he said, there still is some uncertainty about whether another group will back out, the Natl. Assn. of Insurance Commissioners, expected to bring 2,100 attendees to its Dec. 3-8 meeting at the center.

"They might postpone the meeting," Davis said. "(If they do cancel it), they are looking at some pretty serious attrition fees."

The good news for Hawaii is that most agree the group-cancellation craze seems to be tapering off.

A handful of big events, such as the **American Dental Assn.'s Annual Session** Oct. 1-7 at the HCC, with 30,000-plus expected attendees, will bring some much-needed business to the islands, as well as **the American Society of Human Genetics' Annual Meeting** Oct. 20-24 at the HCC, which is expected to draw up to 6,000 attendees.

James P. Donovan, the ADA Annual Session's director, said his organization meets in Hawaii every 10 years, and "it's always a popular destination."

ASHG Press Office, ASHG's communications manager, said her group looks forward to going to Hawaii. "Who wouldn't want to go there in October?" she asked.

Davis said the industry needs to get past "this boondoggle" and move forward. "We're more than just a pretty face," he added. "Hawaii is a great place to do business meetings."

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