As we start the year 2012, I see a mixed outlook, which I would like to share with you along with a bit of personal history.

On one hand, I believe we have many reasons to have a great deal of hope for the year.

We have seen a gradual rise in both occupancy and room rates in most of our properties across the Pacific, from Hawai‘i to Thailand and Australia.

• The Hawai‘i Tourism Authority is predicting that when all the numbers are in, 2011 will have turned out to be the best year since 2007, when 7.5 million visitors came to Hawai‘i and spent $12.6 billion.

• The airlines are predicting that seat capacity to Hawai‘i will increase by 3.8 percent during the first quarter of 2012. This will further improve both occupancy and rates.

• In Australia, next week we will open the 411-room, deluxe Outrigger Surfers Paradise after completing its conversion from the Holiday Inn® flag.

• In Asia, we continue moving ahead with projects in Bali, Thailand, Vietnam and China.

On the other hand, I see reasons not to make an overly optimistic forecast for 2012. As I pointed out in my end-of-year message on December 17, 2011, it’s a scary world out there. There are a lot of things that could disrupt Travel & Tourism either regionally or globally.

I am reminded of the early 1960s. In 1962, I had just returned to Hawai‘i to practice medicine at Queen’s Hospital after living in the San Francisco Bay Area and working not far from the Haight-Ashbury district, the West Coast center of drug culture and the rock ‘n’ roll lifestyle.

A year later, a 22-year old singer-composer-songwriter named Bob Dylan wrote and recorded a song titled ‘The Times They Are A-Changin’ and published it along with other songs that described and predicted the challenges and turmoil of the coming decade. This included significant social change, military involvement in Vietnam and turmoil in the streets of many U.S. cities.
Our markets are changing in a positive direction. The decline in the value of the U.S. dollar is bringing more overseas travelers to our country. The legalization of same-sex civil unions in Hawai‘i may increase gay and lesbian travel to the 50th State, at least in the near term.

We are forecasting increased numbers of Chinese travelers everywhere, but potential financial and political issues in that country could change that positive trend. For example, reports indicate there are some 28 million unsold condominium units in China, many clustered in ghost cities along with empty streets and vacant shopping malls, libraries and public buildings. (See Sky News report at http://news.sky.com/home/world-news/article/16117228.)

The U.S. national debt has grown by $4 trillion since Barack Obama was sworn in as president and now totals over $15 trillion, the highest in our country’s history. Federal spending is now an alarming 24 percent of the nation’s gross domestic product (GDP). With new government programs on the books, it will top 26 percent in a decade and 35 percent in a generation – unless current trends are checked.

Proposed reductions in funding for the U.S. armed forces could have devastating effects in Hawai‘i where military spending provides 18 percent of the state’s GDP. This would probably impact Outrigger and OHANA properties, both of which welcome thousands of military guests – on leave and on active duty – annually.

Recently introduced environmental taxes on airline travel to and from – or even passing over – Europe is making flying more expensive for European travelers. If these taxes continue or increase, they will affect our properties in Asia, many of whose guests are from Europe.

Increasing federal and state regulations are adding significantly to the cost of doing business in the U.S.

Interest rates in the U.S. have been kept artificially low over the past few years. The possibility of significant inflation is real.

These are just a few of the issues; the list could go on and on.

All of us in the Outrigger ‘ohana will have to focus on doing the best we can in the environment we face. We need to keep our properties functioning at peak levels in terms of service, efficiency and hospitality. We depend on that strong base of business to provide the resources needed to tackle the new projects we have on the books.

We also need to continue strengthening our reputation as the best hospitality company in the Pacific, so that we will always be top of mind when developers or hotel owners are looking for a management or marketing company for their properties.

We are much like a championship football team where everyone’s job is vital, whether they are on offense, defense or a special team. In our business, it does not matter whether you work in reception, sales, engineering, housekeeping, the bell department, or food and beverage. What you do or say can make all the difference in the world to the guest you are serving, meeting or helping. And that affects the number of future guests we will have the opportunity to host.

Welcome to 2012! Let’s go out there and do what we all do so well, but being prepared to adapt as necessary since, once more, The Times They Are A-Changin’!

The Times They Are A-Changin’!

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