Disruption and reinvention
By Richard Kelley

Bitsy Kelley and I recently traveled to Spain to attend the World Travel & Tourism Council’s annual Global Summit, which was held this year in Madrid. Each of these summits raises awareness of the global social and economic role of Travel & Tourism and attracts significant international media attention.

This year, the Summit’s presentations and discussions focused on the challenges that *Disruption and Reinvention* present to the industry’s current and future decisions and operations. On stage and in the audience were the leaders of the major players in all segments of Travel & Tourism – hotels, airlines, cruise lines, tour operators, finance, technology, etc. – as well as top representatives of governments and the United Nations.

WTTC President and CEO David Scowsill said, “World events continue to throw new scenarios, new challenges and fresh opportunities at us. In recent days we have witnessed the historic and public thawing of relationships between U.S. and Cuba. It heralds an era of collaboration with the enormous potential for commercial reinvention between the two nations.

“Within our business, consolidation and reinvention is happening everywhere. Airlines, cruise lines, hotels, travel agencies and technology providers have all evolved as they have merged or acquired, seeking scale to withstand the constant curve of change. What we have learned though is that this sector has a constant ability to reinvent itself.”

Yes, examples of *Disruption and Reinvention* are easily found in almost every area of Travel & Tourism. We all have to be quick and decisive to survive, let alone grow and prosper in this age of accelerating change.

Our current situation might at first seem very different from the way it was in the sleepy days around 1947 when Roy and Estelle Kelley opened their first hotel, the Islander, on Seaside Avenue in Waikiki. But it’s not really that different. In those days, the world was facing reconstruction after the massive destruction of World War II, the development of a vast global network of airlines and the needed supporting infrastructure, and additional armed conflicts with aggressors in Korea and Vietnam. Roy and Estelle certainly faced *Disruption and Reinvention* in their time too.

Yet the basic concepts of hospitality remain at the core of this industry and are just as vital to survival and success today as they were seven decades ago. I pointed this out when I was interviewed by Charles Kao, CEO and publisher of the TravelMole Media Group, at the Global Summit in Madrid. The interview can be seen at [http://tinyurl.com/RRK-Interview](http://tinyurl.com/RRK-Interview) where it is also available for 400,000 TravelMole travel trade subscribers in U.S., Asia Pacific and UK/EU.

In another example of how *Disruption and Reinvention* are changing Travel & Tourism, *Pacific Business News* (PBN) carried a front-page article in its May 1 edition which featured a round-table discussion with seven of the top executives in Hawai‘i’s tourism industry: David Carey, CEO, Outrigger Resorts; Mark Dunkerley, president and CEO, Hawaiian Airlines; George Szigeti, president, Hawai‘i Lodging and Tourism Association (the next president of the Hawai‘i Tourism Authority); Alfred P. Grace, president and CEO, Polynesian Cultural Center; Brad Logsdon, director of sales and marketing, Moana Surfrider, a Westin Resort & Spa, Waikiki Beach; Peter Shaindlin, COO of Halekulani Corp.; and David Uchiyama, vice president, brand management, Hawaii Tourism Authority.

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The mood of the participants was generally upbeat, but they also highlighted five things that are creating Disruption in Hawai‘i’s tourism industry and an urgent need for Reinvention:

1. **Homelessness:**
   Hawai‘i’s growing number of homeless individuals, particularly in Waikīkī and other popular beach areas on Oahu and the neighbor islands, must be addressed quickly and decisively.

2. **Alternative Accommodations:**
   Airbnb.com, VBRO.com and other Web-based reservation services have made it popular and easy for almost anyone to rent out their home, apartment or condominium on a short-term basis. These accommodations are unregulated in the many ways that hotels are and slip by, escaping the burden of taxes, insurance coverage, and health and safety regulations imposed on hotel operations. The impact on hotels of this unregulated competition is growing every day.

3. **Currency Fluctuations:**
   The appreciation of the U.S. dollar and depreciation of currencies such as the euro and Japanese yen has made Hawai‘i a tough market for many international travelers.

4. **Inadequate State Spending to Support Tourism:**
   The Transient Accommodations Tax (TAT, or hotel room tax) was supposed to be dedicated to the promotion of Travel & Tourism, but it has been raided and much of its proceeds diverted to the state’s General Fund, leaving Hawai‘i without adequate resources to invest in much-needed advertising and promotion in today’s competitive travel market.

5. **False Perception That Hawai‘i Is Not a Destination for Business Travel:**
   Hawai‘i needs to work harder to establish that it is a legitimate location for serious business meetings, but, again, the diversion of TAT funds to other purposes has made it almost impossible to do so.

PBN Subscribers can read the complete article at: [http://tinyurl.com/FiveThings-PBN](http://tinyurl.com/FiveThings-PBN).

To sum it all up, the WTTC Global Summit 2015 and the PBN round table remind us that while we all have a great deal to be thankful for, there is much about which we should be concerned. If business, government and labor work together now, as we have in the past, we can effectively deal with **Disruption through Reinvention** no matter where it comes from or how it arrives.