

INCENTIVE

WHAT MOTIVATES

INDUSTRY

Incentive Firms Respond to Earthquake and Tsunami

No participant or staff injuries, but one program on Hawaii's Big Island had to be relocated to a new hotel

By Donna M. Airoidi
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Meg Proskey, vice president of air, registration and technology for Maritz Travel, was sound asleep when one of Maritz's lead travel directors called her at 2:30 a.m. on March 11. News of the devastating 9.0 earthquake and resulting tsunami in Japan began to hit the U.S. airwaves, and tsunami warnings for Hawaii and the West Coast of North America had been issued. It was time to activate Maritz's emergency response plan.

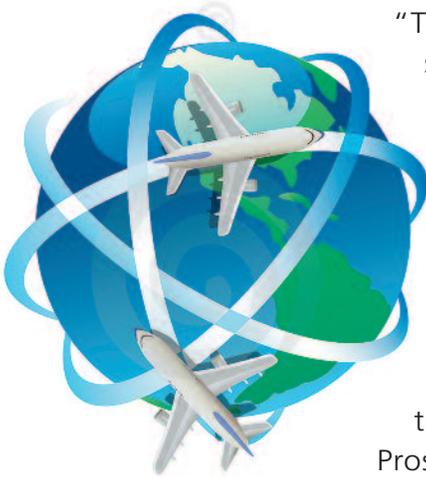
There weren't any Maritz programs running in Japan, but calls were made to team leaders of programs currently taking place in tsunami warning zones, which included Hawaii, San Diego, and Costa Rica, and guests were moved to the upper floors of their respective hotels. Back office support kicked in, with staff and phone lines available early so family members of program participants calling in with questions could receive timely answers and updates.

"All our programs are equipped with satellite phones, so if something catastrophic happens,

we can remain in contact," says Proskey. "We continued to monitor the situation and pulled our emergency tracking to see what programs had just operated and which were about to, to cover any pre- and post-program extensions."

The tsunami waves hit before the morning was over, and fortunately there was no damage in San Diego or Costa Rica, while Hawaii reported minimal impact. Unfortunately, there was enough damage to close the Four Seasons Resort Hualalai on the Big Island's Kona Coast, and it just so happens that a five-day Maritz incentive program for a global buildings products manufacturer with 110 participants flying in from all over the United States was due to start there on Sunday, March 13.





“The client contact, salesperson, and project manager for the incentive program where all onboard the same plane on route to Hawaii when the Four Seasons decided to close,” says

Proskey. “While they were up in the air, we had

a buyer look at different properties to see where we could move the group. If we couldn’t keep them in the same destination, we were then looking at the penalties involved, the shifts in air, changing dates.”

Luckily, Maritz’s buyer found an alternative property on the Big Island that had its meeting and event space open, so the elements of the program wouldn’t have to be changed much. In addition, there were 10 people from the group already in Hawaii, with a few staying at the Hualalai, so Maritz worked with the Four Seasons to find new accommodations for those participants.

“By the time the group [in flight] landed, we had a backup hotel holding space, and they could go directly to that hotel to do a quick site inspection to determine if it was viable,” says Proskey. “They talked to upper management, who gave the green light. We then had staff work late to let all the participants know what the changes were.”

The group was able to keep all the air arrangements in place, and force majeure kicked in, so they weren’t liable to the Four Seasons and were able to book at the new hotel—the Fairmont Orchid Hawaii—without an advance deposit.

Basically, the Maritz team rebooked an entire program in a four-hour time frame.

“I’ve sort of become known as the disaster expert,” Proskey says, only half-jokingly. During the past year alone she had to deal with the volcanic ash cloud over Europe, strikes in Greece, and fires on Lanai. “We usually don’t have to issue our emergency response that often, maybe once or twice a year. Fortunately, when we do, it works really well, and that’s an area where we shine. Clients see the value we can create when we can turn on a dime and arm them with the information they need to make decisions.”

Proskey also credits the staff at the Four Seasons with working with the Fairmont to provide as much information as possible on the planning side and for helping to ensure a seamless transition to the new property for the client.

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In addition, none of the participants contacted on Friday had thought about canceling their trip. “They all were very grateful for the communication Maritz had provided during the day and especially with the personal phone call late Friday night,” says Proskey. “This group was also grateful that [their] company had decided to continue to host the [program] so they could celebrate their achievement for all their hard work.”

The Four Seasons Hualalai has already been repairing most of the debris-related damage it sustained and is currently slated to reopen on April 30. According to the Hawaii Tourism

Authority, the only other significant effects to date are the closing of the Kona Village Resort and the City of Refuge, the Pu'uhonua o H naunau National Historical Park, while the National Park Service assesses damages.

According to Proskey, all of Maritz's upcoming Hawaii programs are still operating and everything is status quo.

Affected Hotels in Japan

It's hard to say whether there had been any North American incentive travel programs taking place in Japan last week, or if there are ones planned for the very near future, but according to responses from multiple hotel companies and incentive houses received so far, including Maritz, Carlson Marketing, ITAGroup, BCD Meetings & Incentives, and Incentive Depot, it doesn't look like any were on the books.

The additional good news is that nearly all incentive-level hotels in Japan, most of which are in Tokyo, sustained little to no damage, with no injuries reported. A few brands are also offering concessions on their change and refund policies for a period of time.

Hilton Worldwide is allowing affected guests holding non-changeable or non-refundable advance purchase bookings at any of its hotels in Japan to rebook to another date at no charge or to receive a full advance deposit refund. In addition, all cancellation fees will be waived for affected guests until further notice.

For travelers who have reservations for arrivals through March 20, 2011, Starwood Hotels & Resorts Asia Pacific will waive all cancellation and rebooking charges for Starwood hotels in Japan as well as for outbound travelers from Japan to any

Starwood hotel worldwide, and will work with each traveler for re-accommodations.

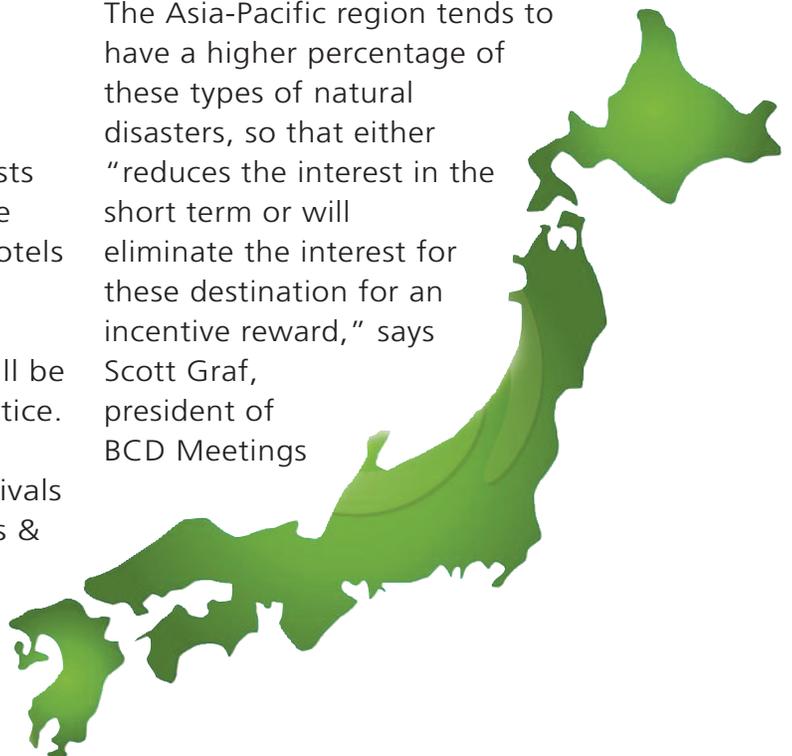
Hyatt Hotels, which operates eight properties in Japan, will waive all cancellation and rebooking charges through Thursday, March 31, and will work with each traveler to make future arrangements.

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Future Impact on the Incentive Industry

Just because there weren't many incentive programs immediately affected by this latest natural disaster, it doesn't mean there aren't going to be longer-term ramifications on the industry.

The Asia-Pacific region tends to have a higher percentage of these types of natural disasters, so that either "reduces the interest in the short term or will eliminate the interest for these destination for an incentive reward," says Scott Graf, president of BCD Meetings



& Incentives. "We certainly have proposals for the Asia-Pacific, and Japan in particular, that will assuredly be eliminated from consideration. In the short-term, people considering this part of the world will wonder, 'What if we have the same problem as last year or two years ago?' With so many wonderful options around the world, they may choose to look elsewhere."

The effect will also be felt by airlines, hotels, ground services—essentially any company that supports incentive travel programs. Graf also sees potential impact in vertical industries.

"Japanese auto manufacturers have taken a huge hit because they either can't manufacture cars or they can't [currently] distribute them," says Graf. "One automaker had more than 2,000 cars ruined. There could be a domino effect of not being able to produce cars, dealers not able to get

cars, which means they might not be able to sell what they thought they could and not qualify for any incentive programs [they were eligible for]."

Graf extends the analogy to the technology and electronics sectors. "For merchandise incentives, electronics are the highest-ranked choice all the time," he says. "What if the products cannot get made or distributed to where they need to be [for program redemption]?"

Still, Graf believes that the destination will recover and travel to Japan will come back. "People will want to support the region, but there will be some period of time when that doesn't happen, especially with [the nuclear radiation situation]. There will have to be a very clean bill of health before clients will bring it up again."



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