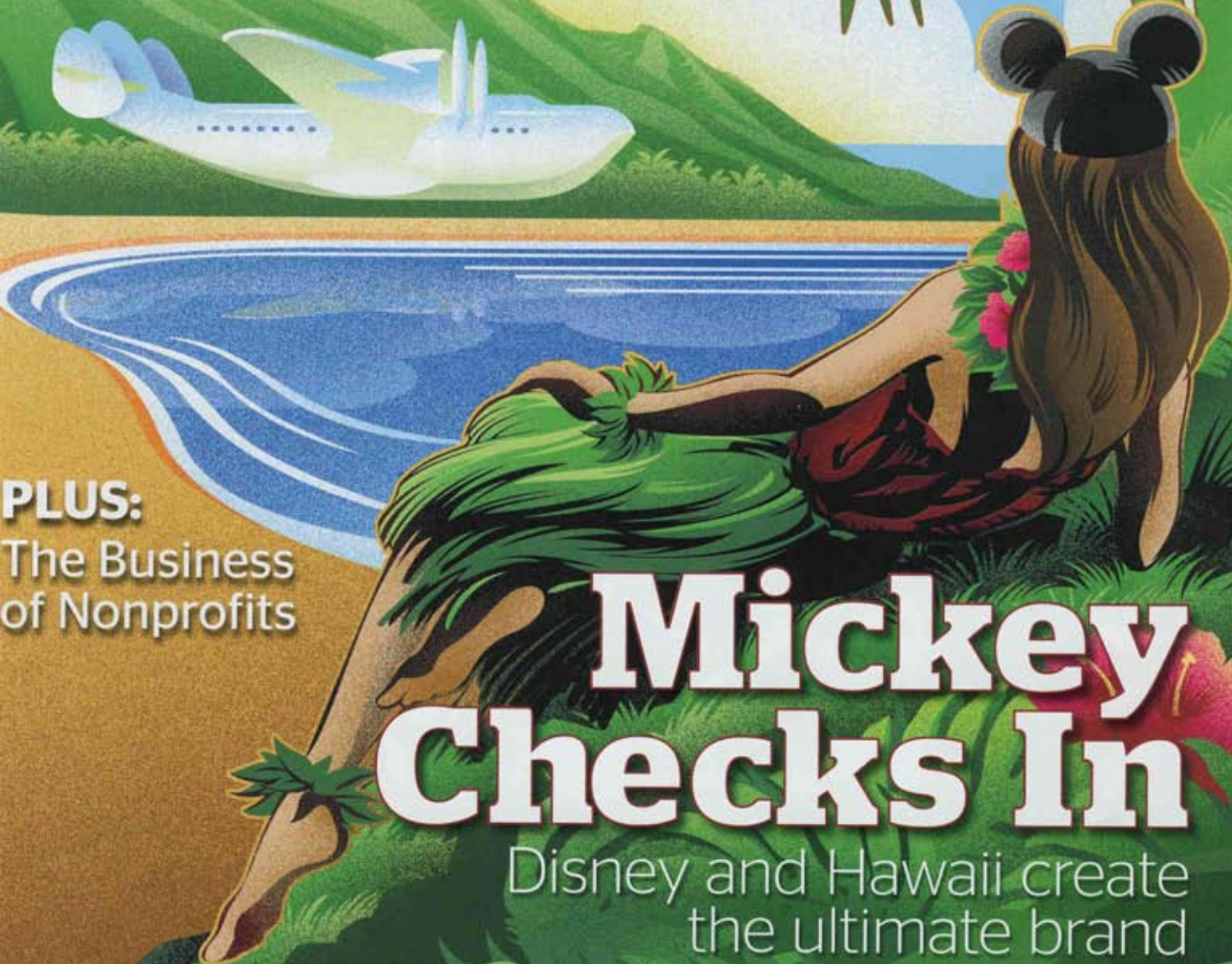


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Disney and Hawaii create
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Mickey Checks In

By Jason Ubay

Disney and Hawaii:
A match made in heaven?



In a windy November day, an empty lot at the Ko Olina Resort & Marina was the site of an event both reverential and literally cartoonish: the groundbreaking for the newest development for Walt Disney Parks and Resorts.

Like most groundbreaking ceremonies in Hawaii, this one started with a chant from kahu, followed by glowing praise of public officials and executives from Walt Disney Parks and Resorts, thanking each other for the opportunity. Before ground was broken, conch shells sounded and dancers from a local halau performed traditional hula. O'o sticks, not gold shovels, turned over the dirt.

The ensuing luncheon and program, however, seemed straight out of Disneyland. Two rows of children no

taller than 4 feet lined up to greet attendees as if they were entering the Magic Kingdom. Disney mascots Mickey and Minnie Mouse (Mickey in a red aloha shirt and kukui-nut lei, Minnie in a muumuu) posed for photos. Grade-school children performed a dance accompanied by a song from the 2002 Disney film, "Lilo & Stitch."

The occasion formally launched construction of an estimated \$800 million Disney resort unlike any other in the world.

In some minds, this was historic. A perfect convergence of two world-renowned brands: the family-friendly Disney combined with the paradise destination of Hawaii.

Even though the economy is in a recession, Disney understands Hawaii's importance in the global travel and leisure market. Hospitality brands Hilton and

PHOTOS COURTESY OF WALT DISNEY PARKS AND RESORTS

RIGHT: Djuan Rivers, VP of Disney Vacations Club Hawaii, stands by a model of Disney's visually distinct resort in Ko Olina. FAR LEFT: Jay Rasulo, chairman of Disney Parks and Resorts, takes part in the groundbreaking festivities with Lilo and Minnie Mouse.



Marriott have increased their local time-share presence with the Grand Waikikian and Ko Olina Beach Club, respectively, for the same reason major airlines fly to Hawaii despite the costs—because their customer loyalty programs demand it.

Here's the challenge: Will Disney produce a product that is both entirely Disney and entirely Hawaii?

As the first Disney resort outside of its theme parks, the Ko Olina project is an experiment for the company. Its success could initiate a new business model for Disney. For Hawaii, it's a free advertising ride that could not be matched by any other entity, including the state's own Hawaii Visitors and Convention Bureau. For West Oahu, it's the piece that could propel the second city to its economic destiny.

Another Reason to Go Hawaii

In October 2007, Disney purchased 21 acres of oceanfront property from Ko Olina. The City and County of Honolulu had zoned the parcel for resort use in the 1980s. It sits between the J.W. Marriott Ihilani Resort & Spa and the parcel planned for the Grand Ko Olina Resort & Spa, which had been called the resort's centerpiece and at one time was to have featured an extravagant aquarium.

In the past year, the Walt Disney Imagineering team came up with a comprehensive plan, consulting cultural leaders and local architects. Judging by artists' renderings, the result is something unique. "This will be visually distinct," says Djuan Rivers, vice president of

Disney Vacations Club Hawaii. "When you come to it, you're not going to go, 'Hmm, which one is the Disney resort?'"

Rivers has been a long-time Disney employee, previously overseeing new Disney Vacation Club destinations in Florida. Aside from a quick summer session at the University of Hawaii, he admits he is still a newcomer to the Islands, only arriving last June. (How new is he? He may be the only person to ever introduce Hawaii's lieutenant governor without saying his nickname, "Duke.")

When Rivers talks about the project, though, it is clear Disney is in for the long haul and is committed to the community. "We have a lot of faith in the viability of Hawaii's long-term tourism," Rivers says. "People will always come here. There are slowdowns, but people are going to have

PHOTO: RAE HUO

Hawaii on their list of destinations.”

Disney Vacation Club (DVC) time share owners have long put Hawaii on their wish lists. Disney routinely surveys its 350,000 DVC members and asks, “Where else in the world would you like to have a Disney experience?” Hawaii is a constant response.

From a marketing perspective, Disney is as big as a brand gets. When people hear Disney, they think Disneyland and cartoon characters, but the corporation and its many arms reach further than that (see

ning to come to Hawaii for a vacation because the kids wanted to go to Orlando, L.A. or even Hong Kong,” she says.

The two brands complement rather than compete with each other. “One is a brand and one is a destination,” Chen says. “When we study branding, sometimes we’re asking whether the context is congruent with the offering of the brand. Here, Disney is the brand and Hawaii is the context.”

This project will be the first Disney hotel outside of its theme parks. (Disney has DVC properties at Vero Beach, Fla.,

Hawaii, such as Diamond Head and Pearl Harbor. Furthermore, Ko Olina fulfills Disney’s “fun for the whole family” theme: Dad can golf, mom can go to the spa and the children can go to the kids’ club or the waterslide.

Since Ko Olina has already been zoned, the site was also chosen for more practical reasons. “From an entitlement standpoint, those costs had been taken care of already, so there wasn’t the kind of time delay you would see to get that done somewhere else,” says Council chair Todd



sidebar). When the Ko Olina project is complete, Disney will no doubt promote the property through its DVC membership; its media networks, ABC and ESPN; special merchandising and other venues. The Hawaii name will be attached at no cost to state taxpayers. “We’re going to promote Hawaii in a way it wouldn’t have been promoted in the past,” Rivers says.

Disney just might provide the family travel package currently missing in Hawaii, says Qimei Chen, associate professor of marketing at the UH Shidler College of Business. “I would view this Disney Vacation Club as a market creator, because we will draw families originally not plan

and Hilton Head Island, S.C., which are both timeshare only.)

“This is really the launch of our new business in doing stand-alone resort complexes around the world in great places,” Rivers says. He declined to elaborate what those other great places might be, but it’s clear Disney intends to make West Oahu one of them.

West Oahu Boost

Rivers says Disney chose Oahu for a number of reasons: It is the most visited of all the Islands; visitor stay lengths are longer than on other islands; and it has the iconic attractions associated with

Apo, who represents Ewa Beach, Kapolei and the Waianae Coast. He is also, it must be said, the vice president of corporate operations at Ko Olina Resort.

From a policy and planning standpoint, West Oahu is the place for new development. “Obviously, both Kapolei and Ko Olina are developing slower than every one had thought back in the ‘80s,” Apo says, “but something like this fits within making Kapolei a true city and not just a bedroom community.”

Apo is familiar with his district’s developments. One wall of his Honolulu Hale office has zoning key maps, while another wall displays more than a half dozen o’o

The BIG Business of Disney

It started with a cartoon, but The Walt Disney Co. is no longer just Mickey Mouse. The following is a list of all affiliated companies.

The Walt Disney Studios: Walt Disney Pictures (Walt Disney Animation Studios, Pixar Animation Studios and DisneyToon Studios), Touchstone Pictures, Hollywood Pictures, Miramax Films, Walt Disney Studios Motion Pictures International, Walt Disney Studios Home Entertainment, Disney Theatrical Productions (Disney Live Entertainment and Disney on Ice), Disney Music Group (Walt Disney Records, Hollywood Records and Lyric Street Records).

Parks and Resorts: Disneyland Resort (Anaheim, Calif.), Walt Disney World Resort (Lake Buena Vista, Fla.), Tokyo Disney Resort (Urayasu, Chiba), Disneyland Resort Paris (Marne La Valle, France), Hong Kong Disneyland (Penny's Bay, Lantau Island), Disney Cruise Line, Disney Vacation Club.

Disney Consumer Products: Disney Toys, Disney Apparel, Accessories & Footwear, Disney Food, Health & Beauty, Disney Home, Disney Stationery, Disney Publishing Worldwide, Disney Libri, Hyperion Books for Children, Jump at the Sun, Disney Press, Disney Editions, disneyshopping.com, Disney Store (North America and Europe only).

Media Networks: The Disney-ABC Television Group (ABC Television Network [ABC Daytime, ABC Entertainment, ABC News], Disney Channels Worldwide, ABC Family, SOAPnet, ABC Studios, Stage 9 Digital Media, Disney-ABC Domestic Television, Disney-ABC International Television, Radio Disney Network, Hyperion, Lifetime Entertainment Services, A&E Television Networks), The Walt Disney Internet Group (Disney.com, Family.com, Movies.com, mDisney mobile entertainment).

ESPN Inc. is 80 percent owned by ABC Inc., an indirect subsidiary of The Walt Disney Company. The Hearst Corp. holds a 20 percent interest in ESPN.

sticks to commemorate each groundbreaking he's attended. On the shelf is a framed Disney photo; in the picture the councilman is standing next to a group of people including Jay Rasulo, chairman of Disney Resorts and Parks, and cartoon figure Lilo.

Of course, other big plans at Ko Olina have been proposed, but have ultimately stalled or failed. A \$75 million state tax credit, meant to entice developers with grand plans to the area, has to be spent by June 2009. But with nothing on the board, the credit is apparently dead. So

sumably be up. With a low cost base, the profit margins could be very high.

Disney expects it will employ 1,000 people, and not just in housekeeping jobs. "We'll have your traditional jobs that every other resort will have," Rivers says, "but, because of our entertainment overlay and the technical pieces that will be infused into the resort, I think you'll probably see a few more unique occupational roles than you may see in other locations."

Just how much of an impact all this will have can be debated, but, as Apo points

Two Global Brands,
One Location



what makes the Disney project different from the others?

"This project is much further along than the others," Apo says. "The others were talked about when they were still in the conceptual level, especially something like the Grand Ko Olina."

And, of course, this is Disney. Experts speculate it's the right time for this project for a company with so many resources. Current economic conditions allow for better pricing on construction and consulting contracts. Interest rates are lower than normal. Full build out is expected in 2013, by which time the tourism and financial market will pre

out. "You compare it with what you're sitting with today, which is an empty piece of land ... versus putting in an operating hotel and timeshare. It's a huge boost to the area."

Most agree that, whatever is built, it must benefit Hawaii, culturally and economically. Disney seems to get the message.

"It's really about [making] sure that you tell the appropriate story in the appropriate context," Rivers says. "Disney's all about entertainment, but we really need to be careful [not to] Disney-ize Hawaiian culture, but really create a spot where people can understand and learn and appreciate." 