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Vendors anticipating Aulani's opening

Disney remains tight-lipped about just how much it is spending with local companies

Premium content from Pacific Business News - by Linda Chiem , Pacific Business News

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The opening of Disney's much-anticipated Aulani resort in West Oahu in just 17 days is the culmination of a multiyear, multimillion-dollar effort that already has infused the Ko Olina resort area — and the entire state — with a level of promise and prestige that will help sustain the overall tourism industry's economic momentum.

What remains to be seen is how far that will trickle down to the Hawaii-based contractors, vendors and suppliers that have landed seemingly lucrative contracts with the famous "Mouse House" throughout its three-year development of the 21-acre Aulani resort.

The famously tight-lipped Disney corporation has remained quiet on much of the back-of-the-house development details, and the companies that do business with Disney also have little to say.

Aulani executives did not respond to repeated requests for comment on this story.

But what PBN has learned anecdotally is that the theme park and media conglomerate does much of its business locally by hiring local employees, including senior management, and securing vendors, suppliers and contractors from the area in which it's looking to make its mark.

In the almost four years since Disney announced that it chose Hawaii for its first mixed-use family resort outside of its theme park developments, the \$800 million Aulani has spelled big business for companies such as **Hawaiian Dredging Construction Co.** and Philpotts & Associates, which served as general contractor and interior designer, respectively.

Tourism industry sources tell PBN that Disney has fully embraced Hawaii by incorporating much of the local culture into the design and flow of the resort, and that many Hawaii-based firms likely were very much a part of realizing the vision.

"One of the things that impressed me the most is their vision," said **David Uchiyama**, vice president of brand management for the **Hawaii Tourism Authority**. "They have taken quite a bit of time to understand the cultural protocol and incorporate the [Hawaii] culture throughout the property. I think they wanted to embrace that, and they went local in terms of the people they brought in.

"I just hope we can showcase more properties that have this host culture, and a lot of our properties do, but we don't talk about them enough," he said.

Another local company, **Pictures Plus**, in collaboration with **Peggy Krantz** of Design Studio and **Maile Meyer** of Na Mea Hawaii and Native Books, landed a contract with Disney to furnish the resort with artwork commissioned from a number of local artists, according to Pictures Plus President and CEO **Kent Untermann**, who said landing hotel contracts such as the one with Disney can yield big business for local firms.

"Just given the magnitude of these projects — and it's instant delivery — so it works well for them and works well for us," he told PBN. "And [Disney] recognizes they want this to be real Hawaii."

Y. Hata & Co., one of the state's largest food-service distributors, is one of the approved suppliers for Aulani. But Chairman, President and CEO **Russell Hata** said he is uncertain how much business he will get from Aulani.

One anticipated benefit is the impact Disney's marketing machine will have on Ko Olina as a visitor destination, said **Joseph Toy**, president and CEO of Hospitality Advisors.

"You can see that Disney is really embracing Hawaii as a destination for its resort, and you only have to look at who they've chosen to run the property — they didn't look outside," Toy said. "They've understood the Disney experience blends with the Hawaii destination, and to see just how Ko Olina has come together after such a difficult start in the 1980s — it's a good marriage."

Even if companies aren't selling to or servicing Disney directly, Aulani's opening will draw business to retailers, restaurants and other

businesses in West Oahu.

"It essentially brings a lot of people to that side of the island, and business will improve in Ko Olina just because of that," said **John Reed**, principal with Retail Strategies Inc., a Honolulu retail and commercial real estate consultancy. "Over time you develop a critical mass out there, and obviously the big new gorilla in town will be Disney."

The Walt Disney Co.'s Parks and Resorts division, the second-largest division in the Disney empire, saw revenue increase 12 percent year over year to \$3.2 billion in the fiscal third quarter, the company reported earlier this week.

And, even though its Hawaii resort has no theme park attached to it, it's still expected to generate millions in visitor spending as evidenced by its impact in Anaheim, Calif., and Orlando, Fla.

"Disney is one of the major draws for Anaheim and Orange County, [and] they've lent a tremendous amount to the economic impact of tourism in the area for over 50 years," said **Elaine Cali**, vice president of communications for the Anaheim/Orange County Visitor & Convention Bureau. "They're a major employer, a major reason that people come to vacation, such that revenue has spilled over across a multitude of businesses from restaurants to shopping to hotels. And they contribute a tremendous amount to the economic fabric of Orange County."

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