



**HĀLĀWAI PAPA ALAKA'Ī KŪMAU  
KE'ENA KULEANA HO'OKIPA O HAWAII'**

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY**

**Po'ahā, lā 29 o Nowemapa 2018, 9:30 a.m.  
Thursday, November 29, 2018 at 9:30 a.m.**

**Kikowaena Hālāwai O Hawai'i  
Lumi Papa Ho'okō A  
1801 Alaākea Kalākaua  
Honolulu, Hawai'i 96815**

**Hawai'i Convention Center  
Executive Board Room A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815**

**Papa Kumumana'o  
AGENDA**

1. *Ho'omaka A Pule*  
Call to Order and Pule
2. *'Āpono I Ka Mo'o'ōlelo Hālāwai*  
Approval of Minutes of the October 25, 2018 Board Meeting
3. *Hō'ike Lālā*  
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Hō'ike Ho'okō Papahana 'Okakopa 2018*  
Report Relating to Staff's Implementation of HTA's Programs During October 2018
5. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*  
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
6. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*  
Presentation, Discussion and Action on HTA's Financial Reports for September and October 2018
7. *Hō'ike No Ka Papahana Ho'oponopono*  
Update on the Status of the 2018 Audit Action Plan

8. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*  
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
9. *Hō'ike, Kūkākūkā A Noi Kālā No Nā Papahana I Hāpai 'Ia E Ke Kōmike Hokona Kūmau\*\*\**  
Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee\*\*\*
10. *Kūkākūkā A Ho'oholo I Ka Mana'o Hāpai A Ke Kōmike 'Imi Luna Ho'okele*  
Discussion and Action on the Recommendation of the CEO Search Committee, Reported to the Board at its September 27, 2018 Meeting, on the Selection of a New CEO for the Hawai'i Tourism Authority
11. *Kūkākūkā A Ho'oholo No Ka Hai Luna Ho'okele Kūmanawa*  
Discussion and Action to Appoint an Interim CEO for the Hawai'i Tourism Authority, to Serve Until the New CEO Commences Employment
12. *Kūkākūkā A 'Āpono I Nā Palapala I Pūlima 'Ia*  
Discussion and Approval of the Board Ratifying Any and All Documents Signed by HTA's Vice President, Finance and Director of Communications from November 1, 2018 through November 28, 2018
13. *Hō'ike No Ka 'Imi I Luna Ho'oponopono a Hope Pelekikena Hokona A Ho'omohala HTA*  
Report of the Search Committee for HTA's Chief Administrative Officer and HTA Vice President of Marketing and Product Development
14. *Ho'oku'u*  
Adjournment

\*\*\* *'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

\*\*\* Executive Session: The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

*Kono 'ia ka lehulehu i ka hālāwai no ka ho'olohe a hāpai mana'o waha paha no nā kumuhana i helu 'ia ma ka papa kumumana'o. Inā hoihoi i ka hāpai mana'o kākau, hiki ke ho'ouna 'ia i ke Ke'ena Kuleana Ho'okipa O Hawai'i ma mua o ka hālāwai ma o ka leka uila iā carole@gohta.net; ma o ka leka i ka helu wahi o luna; a i 'ole ma o ke kelepa'i i ka helu o luna. Inā pono ke kōkua ma muli o kekahi kīnānā, e ho'omaopopo aku iā Carole Hagihara (973-2255 a i 'ole carole@@gohta.net), he 'ekolu lā ma mua o ka hālāwai ka lohi loa.*

Members of the public are invited to attend the public meeting and provide oral testimony on any agenda item. Written testimony may also be provided by submitting the testimony prior to the meeting to by email to Carole@gohta.net; by mail at the above address; or by facsimile transmission. Any person requiring an auxiliary aid/service or other accommodation due to a disability, please contact Carole Hagihara (973-2255) no later than 3 days prior to the meeting so arrangements can be made.



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, October 25, 2018**  
**Hawai'i Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Micah Alameda, David Arakawa, Fred Atkins, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Kelly Sanders

**MEMBER NOT PRESENT:**

Sean Dee (listening by phone), Sherry Menor-McNamara, Craig Nakamura, Benjamin Rafter

**HTA STAFF PRESENT:**

George Szigeti, Marc Togashi, Charlene Chan, Jadie Goo, Kalani Ka'anā'anā, Carole Hagihara, Caroline Anderson, Chika Miyauchi, Chris Sadayashu, Jadie Goo, Jennifer Chun, Lawrence Liu, Maile Carvalho, Minh-Chau Chun, Naomi Sjoquist, Noriko Sloan, Pua Sterling, Kehau Meyer, Chael Kekona, Ronald Rodriguez, Evita Cabrera, Vengie Talaro

**GUESTS:**

Representative Richard Onishi, Senator Glenn Wakai, Representative Mark Hashem, Brad Gessner, Teri Orton, Mari Tait, Noelle Liew, Priscilla Texeira, John Monahan, Katie Murar, Allison Shaefers, Patrick Dugan, Nathan Kam, Erin Khan, Jennifer Nakayama, Kathy Kato

**LEGAL COUNSEL:**

Gregg Kinkley

## **1. Call to Order and Pule**

Presiding Officer Rick Fried called the meeting to order at 9:34 a.m. Gregg Kinkley informed the Board that Sean Dee, who was listening in to the meeting by phone, could not take any actions as a Board member for purposes of the meeting.

Kalani Ka'anā'anā and Pua Sterling offered an oli on connections and relationships, and the things that draw us together that keep us close, for George Szigeti's last board meeting.

## **2. Approval of the Minutes of the September 27, 2018 Board Meeting**

Chair Fried asked for a motion to approve the minutes of the September 27, 2018 Board Meeting. George Kam made the motion, and Ku'uipo Kumukahi seconded the motion, which was unanimously approved by all the Board members present.

## **3. Report of Permitted Interactions at an Informal Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c).**

Chair Fried asked the Board whether there were any permitted interactions to report. There were no reports of any permitted interactions between board members since the last Board meeting.

## **4. Report of the CEO Relating to HTA's Programs**

Chair Fried acknowledged George Szigeti, who gave the Report Relating to the HTA Staff's implementation of HTA's programs during September 2018. Chair Fried offered his comments that Mr. Szigeti would be missed as President and CEO of HTA, and that he considers Mr. Szigeti to be ethical, hardworking, and transparent. Mr. Szigeti thanked the Board, stakeholders, and industry partners for their friendship and aloha during the last three and a half years. He stated it was a privilege to work by the HTA Board and Staff's side in guiding the tourism industry to strong, exciting, and vibrant years. He stated that, within the last 10 months, Staff worked during tropical storms, hurricanes, workforce strikes, and volcanic activity, without a Chief Administrative Officer for eight months and Vice President of Marketing and Product Development for five months.

Mr. Szigeti stated that, for the last forty-two Board meetings, the Board had received his report. He stated that the 2018 Global Tourism Summit had 2,200 attendees from 30 countries. He stated that the intent of the Global Tourism Summit was to build new partnerships and connections within the tourism industry. He said that the Global Tourism Summit was exciting due to the relevant keynote speakers, Sophia, the A.I., the innovation days and student debate.

## **5. Recap of the 2018 Global Tourism Summit**

Chair Fried acknowledged Caroline Anderson for a recap on the 2018 Global Tourism Summit.

Chair Fried stated that, thanks to Mr. Szigeti and HTA Staff, the event elevated from a conference to an actual, global tourism summit. Ms. Anderson reported that registration opened May 18, 2018, with the goal of 2,500 registrants. She stated that the total number of registrants was 2010, and that HTA met 87% of its goal. She stated that 1,357 were paid registrants and 658 were complimentary. Ms. Anderson stated, compared to the previous year, sponsorship revenue increased, including a total cash commitment of \$320,600.00 and a total in-kind value of \$179,923.38, making a total combined value of \$500,623.38. She stated that sponsorships also included 38 exhibitors in the networking lounge.

Ms. Anderson reported that the conference was two and a half days, compared to one-and-a-half and three-and-a-half day conferences in the past. She stated that for business-to-business networking (B2B), there were 1404 total scheduled meetings, including 85 buyers and 99 suppliers. She stated that HTA received feedback that the Global Tourism Summit was more organized, and that some suggested having longer sessions with more length of time between each session.

Ms. Anderson stated that, overall, marketing and website statistics increased from the previous year, though there were less social media posts this year. She stated that the reason for less posts is likely due to less people using the relevant tags or mentioning HTA's handles.

Ms. Anderson then reported preliminary survey results for the 2018 Global Tourism Summit. She stated that HTA received 209 survey responses as of Wednesday, October 18, 2018. Ms. Anderson stated that the Global Tourism Summit met expectations in every category, and that for the Tuesday Aloha Reception and Wednesday Luncheon, the Global Tourism Summit exceeded expectations. Ms. Anderson stated that areas to improve for next year's Global Tourism Summit includes reducing the summit to two days, securing more exciting guest speakers for general sessions, adding concurrent sessions, and reviewing the Global Tourism Summit's price structure.

Ms. Anderson stated that 89% of respondents stated that they anticipate signing up for next year's Global Tourism Summit. Of those respondents, 56% reported that the Global Tourism Summit was excellent, whereas 33% stated that it met expectations. Ms. Anderson stated that Paragon Events and the Hawai'i Convention Center donated fabric signs, tote bags, water bottles and cups to local charities, and leftover food to Aloha Harvest.

Kyoko Kimura asked Ms. Anderson for the total cost of the Global Tourism Summit. Ms. Anderson, in response to Ms. Kimura, stated that the cost of the Global Tourism Summit was roughly \$1.7 million. She stated that HTA's budget was \$800,000 from the Tourism Special Fund and \$392,000 for food and beverage from the Convention Center Enterprise Special Fund budget. She stated that HTA came under budget at \$718,000, plus the \$392,000 from the Hawai'i Convention Center budget, came to \$1.1 million from HTA. Fred Atkins asked whether the \$1.1 million cost was hard costs contributed to the budget. Ms. Anderson replied yes. David Arakawa suggested that, in the future, HTA Staff include the relative costs of the Global Tourism Summit in its recap report. Mr. Atkins asked whether any of the sponsors made commitments for next year. Ms. Anderson replied to Mr. Atkins by responding that there were no

commitments, and that HTA has not reached out to sponsors to commit to the following year. Chris Sadayasu stated that Mr. Szigeti encouraged the Global Tourism Summit's sponsors to consider their sponsorship for the following year, and that Mr. Szigeti wrote personal notes to major sponsors to encourage them to be a part of 2019's Global Tourism Summit. Mr. Szigeti stated that the Global Tourism Summit has a large spend, but it is a small component in comparison to the tourism industry, which is a \$17 billion dollar industry for the State.

## **6. Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets**

Chair Fried acknowledged Minh Chau-Chun to deliver the presentation on current market insights and conditions in key major Hawai'i tourism markets. Ms. Chun stated that the September visitor spend and arrival numbers would be released on Tuesday, October 30, 2018. Data previously released showed that hotel occupancy decreased and revenue per available room (RevPAR) increased in September. Ms. Chun stated that the numbers were not surprising given the impacts to tourism from Hurricane Lane and Tropical Storm Olivia. She further stated that booking pace on Hawai'i Island is slow due to the Kilauea volcanic eruption. Ms. Chun stated that, for the first nine months of 2018, the State saw continued growth in RevPAR and ADR, while the occupancy rate remained flat. She stated that the State's statistics were comparative to other competitive destinations, including international surf and sea destinations. She further stated that O'ahu leads in occupancy rate among international destinations at 84.8% through the first three quarters of 2018.

Mr. Arakawa commented that it would be beneficial to include daily rate numbers and "bottom line" numbers that would reflect the increase in costs to the hotel industry. He stated that industry stakeholders would like to see statistics reflecting the bottom line because industry costs rise, and the "top line" numbers do not always reflect the state of the visitor industry. Chair Fried agreed that Mr. Arakawa's suggestion was a good idea. Mr. Atkins, in response to Mr. Arakawa's comments, stated that he doubted hotels would be willing to share information regarding their costs. Mr. Arakawa suggested that perhaps general information could help to indicate the bottom line. Chair Fried stated that visitor statistics would not look as positive with statistics on costs. Sean Dee, listening to the Board meeting by phone, asked if he could comment as a member of the general public. He stated that ADR based on consumer-price index may be available, but that it had not been reported for a long time. George Kam asked Ms. Kimura whether the hotel industry had information they would be willing to share such information, and Ms. Kimura, in response, stated that the hotel industry would not, though in her experience hotels had previously shared such information with union officials.

## **7. Presentation, Discussion, and Action on HTA's Financial Reports for September 2018**

Chair Fried acknowledged Marc Togashi for presentation and discussion on HTA's financial reports. Mr. Togashi stated that the financial reports were included in their Board packets, including an executive summary of the report. He stated that, because financial reports were distributed the day prior, he would ask for approval of the financial reports at the next Board

meeting.

## **8. Update on Status of the 2018 Audit Action Plan**

Chair Fried acknowledged Mr. Szigeti on the status of the 2018 Audit Action Plan. Mr. Szigeti stated that updated items on the 2018 Audit Action Plan were in bold in the board packets. He stated that the rest of the HTA staff had completed training on the State Procurement Code, HRS Chapter 103D, and the State ethics code on October 23, 2018. He stated after September's Board meeting, at recommendation by the Board, HTA Staff began reviewing HTA's quality assurance functions, labeled as action item number two, which originally remained pending the appointment of a Chief Administrative Officer. Mr. Szigeti stated that HTA Staff had been working to keep the action plan current and address the remaining items.

## **9. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives**

Chair Fried acknowledged Teri Orton for her presentation on Hawai'i Convention Center recent operational activities and sales initiatives. Ms. Orton stated that her presentation was for financial numbers for the month of September. She stated that the Hawai'i Convention Center hosted 20 events, including, for the first time, the 36th Annual Okinawan Festival. For the month of September, the Hawai'i Convention Center had \$685,500 in gross revenue, \$442,400 less than the original projection. The loss in projected revenue was in part due to the cancellation of an international cosmetic group, as well as the rescheduling of the Global Tourism Summit from September to October. Ms. Orton stated that there were other cancellations which have affected the year-to-date projections, including cancellations by a basketball tournament, Applied Materials, Inc., and Art Hawai'i. She added that she is hoping to rebook these groups for 2019. Ms. Orton stated that food and beverage revenue was also less than anticipated due to cancellations; cash flow for food and beverage revenue was at 8%, compared to the average of 42%. Last, she reported that the return on investment for the State from Hawai'i Convention Center is at \$17.61 for every dollar spent.

Ms. Orton presented Hawai'i Convention Center sales updates. She reported that 2,373 room nights were converted in September 2018, bringing the year-to-date room nights through September 2018 to 75,970, and that Hawai'i Convention Center was on pace to achieve a room night goal of 232,000 by years end. Ms. Orton reported that a Customer Advisory Board was tied into the Global Tourism Summit, and it received feedback on incentive offers made by similar convention centers. Last, Ms. Orton stated that Hawai'i Convention Center aims to create a website for all general managers to access, and to increase the number of general manager meetings to discuss meetings, conventions and incentives (MCI) from two to four meetings per year.

Chair Fried stated that a committee on the convention center would meet after the Board meeting to discuss the difficulties of being in Hawai'i and countering perceptions of doing business in the State, as well as to discuss repairs to be attended to with greater urgency. Mr.



Atkins asked where additional room nights are aimed to be placed. Ms. Orton, in response to Mr. Atkins, stated that most tentative commitments are in the next three years, and that Hawai'i Convention Center is looking toward providing incentives for 2022, but that incentive offers are most likely less competitive than other cities due to the fact that Hawai'i has such a strong leisure market. Ms. Orton added that hotels are beginning to offer more competitive rates for incentive offers to encourage group rates and additional business, and that this offers the State a more competitive position in the group meeting market. Mr. Atkins asked whether Art Hawai'i canceled the year prior as well. Ms. Orton responded that Art Hawai'i canceled in 2017, and that they also canceled this year due to difficulty encouraging exhibitors to attend. Ms. Orton stated that Art Hawai'i's difficulty in obtaining exhibitors was in part due to recent events, including the January 13, 2018 false missile alert and recent volcanic activity on Hawai'i island. She explained that Art Hawai'i has an incentive contract with Hawai'i Convention Center to host the event, and that she is looking at other incentive offers that may assist Art Hawai'i in realizing the event. Mr. Atkins asked whether Art Hawai'i was given cash incentives, in which Ms. Orton responded that they were given "destination dollars," meaning that they were not given cash but rather \$200,000 worth of expenses to be used at the property. Ms. Kimura asked about the American Dental Association conference. Ms. Orton, in response to Ms. Kimura, stated that the event hosted 6,500 delegates, and that the conference was a success, though the number in attendance had dropped from previous years. Ms. Orton contributed the drop in number of attendees due in part to exhibits and attendance dropping in all cities across the U.S., as well as dentistry offices consolidating or buying each other out. Kelly Sanders asked if American Dental Association will book their conference for 2028. Ms. Orton replied to Mr. Sanders by stating that she will begin discussions on rehosting the conference with American Dental Association in January. Mr. Sanders said that, through conversations with American Dental, recent workforce strikes at hotels had a negative effect on the conference. Ms. Orton replied to Mr. Sanders by stating that it appeared that American Dental Association was targeted by the union strikes, and that picketers appeared at the Hawai'i Convention Center and Waikiki Shell during American Dental Association events.

#### **10. Discussion and Action on the Report by the Convention Center Planning Investigative Committee to Extend the AEG Contract for One Year**

Chair Fried acknowledged Marc Togashi to deliver the report by the Convention Center Planning Investigative Committee to extend the AEG contract for management of the Hawai'i Convention Center for one year. Mr. Togashi stated that Craig Nakamura, head of the Committee, apologized for not being able to attend the Board meeting and to deliver the report. Mr. Togashi reported that the Committee is advising the Board to extend the AEG contract for one year, and recommended that the Board make a motion. Mr. Kam moved to extend the AEG Contract for one year. Mr. Sanders seconded the motion. Chair Fried clarified that the current AEG contract ends in December, so the new contract term would be from January to December. Chair Fried, hearing no further discussion, called for a vote. The motion was approved by all members present.

## **11. Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee**

Chair Fried acknowledged Mr. Togashi to deliver the report of funding approval of Programs recommended by the Marketing Standing Committee. Mr. Togashi stated that the Marketing Committee met and discussed three important things: the 2019 Mayors' Conference, the Los Angeles Rams, and the Los Angeles Clippers.

Mr. Togashi reported that the Committee is close to closing the contract with the L.A. Rams, and that the Committee is also working closely with the Stadium Authority.

Mr. Togashi reported that the Committee discussed the Mayors' Conference, including funding \$500,000 for the conference in combined financial and in-kind support. Mr. Togashi stated that John Manahan of Hawai'i Visitors and Convention Bureau assessed that \$6 million of direct spend back into the State would result for holding the conference in Honolulu. He stated that a dinner event would be held at the Hawai'i Convention Center as part of the funding proposal, and that the Mayors' Conference would highly consider hosting additional events during that week in relation to the conference. Mr. Togashi stated that hosting the Mayors' Conference would show that Hawai'i can host an esteemed event. He stated that Hawai'i Tourism Authority has funding and recommended spending out of the Hawai'i Convention Center's 2019 budget. He explained that within the Hawai'i Convention Center Sales and Marketing budget, there is a fund called the Marketing Flexibility Fund. He explained that the fund is typically used to fund various incentive support to clients to encourage groups to have their events at the Hawai'i Convention Center, and that the incentive funding assists clients in offsetting some of the costs of having their event in Hawai'i. Mr. Togashi explained that the Hawai'i Convention Center has \$1.1 million in the fund that is likely to carry over to the 2019 budget, and could be used for the \$500,000 funding proposal for the Mayors' Conference. Mr. Togashi added that the value of the dinner held at the Hawai'i Convention Center was approximately \$275,000.

Mr. Togashi stated that the Committee recommended to the Board to have a motion to approve the financial and in-kind support toward the Mayors' Conference for up to \$500,000. Mr. Kam moved, and Ms. Kumukahi seconded the motion. Mr. Atkins asked that the Mayors' Conference show off more of the Hawai'i Convention Center than just the rooftop, and that it was important to get the conference on climate change the day prior to the dinner to showcase the Convention Center in a more meaningful way. Mr. Sanders agreed, stating that the \$500,000 worth of support is an investment, and delivering an exceptional experience to attendees is crucial to market the Convention Center to governmental bodies and corporate attendees to bring other conventions and events to Hawai'i. Mr. Sanders added that the Mayors' Conference was an opportunity to showcase Hawai'i, including assets such as the U.S.S. Missouri and 'Iolani Palace. Mr. Togashi agreed with Mr. Sanders, stating that the Mayors' Conference would bring intangible benefits. Mr. Togashi asked the Board whether it wished to approve the \$500,000 in financial and in-kind support conditionally on hosting the climate change conference at the Hawai'i Convention Center. Mr. Arakawa suggested that the Board not do so, but instead make holding a secondary event a strong suggestion. He added

that he would include the following suggestions: showcasing the Hawai'i Convention Center, including as part of the Mayors' Conference the opportunity to visit various areas of the State that would support tourism, offer opportunities to visit other islands besides Oahu, having a conference or breakout session on tourism, holding discussions on how other cities are handling AirBNB and other alternative accommodation services, holding discussions on how to preserve the destination, including preservation of environment and culture, and holding discussion on the effect of climate change on the tourism industry. Chair Fried asked Mr. Arakawa to provide his points in written form so that he could bring up these points in his discussions with Mayor Kirk Caldwell. Chair Fried stated that he suspects that some of the items would be covered in the conference as it currently sits, but it is worth further discussion.

Chair Fried suggested that the Board have a motion to authorize the financial and in-kind support to the Mayors' Conference up to \$500,000 without further contingencies. Chair Fried called for a vote. The motion was approved by all members present.

Mr. Togashi reported that the third item discussed by the Marketing Committee was the Los Angeles Clippers. Mr. Togashi presented that HTA Staff has been in negotiations with the Clippers, and were considering increasing the value the State would receive under the proposal. He stated that the Clippers were asking HTA for a commitment to secure an opponent for the 2019 game. Mr. Togashi stated that HTA had the budget for the Clippers' request, and recommended to the Board that it go into executive session to discuss monetary amounts for the proposal. Chair Fried added that the Clippers are looking at a competitive NBA team to compete against.

Chair Fried asked for a motion to go into Executive Session for the remainder of agenda items 11 and 12, due to negotiations in both items. Mr. Kinkley asked whether items 11 and 12 would be treated differently. He asked whether item number 11 needed to go into Executive Session due to confidentiality of costs. Chair Fried replied, yes. Mr. Fried stated that, at the time the agenda was published, the Board believed that it could perform item number 12 in open session, and that the Permitted Interaction Group had worked diligently to select the Chief Administrative Officer and Vice President of Marketing and Product Development. Chair Fried stated that the Board does not want to lose its applicants for the positions by discussing during open session, and that the discussion necessarily included personal employment matters and personal information.

Mr. Kam moved to enter Executive Session for the remainder of agenda item 11 and agenda item 12. Ms. Kumukahi seconded the motion, which was approved by all members present.

**Executive session entered at 11:14 a.m.**

**Executive session ended at 11:41 a.m.**

**13. Discussion and Action on the Recommendation of CEO Search Committee, Reported to the Board at its September 27, 2018 Meeting, on the Selection of a New CEO for the Hawai'i Tourism Authority.**

Chair Fried stated that, during executive session, the leaders of each Permitted Interaction Group discussed the search for a Chief Administrative Officer and Vice President. He stated that, for various reasons, the Board could not disclose any additional information on the Chief Administrative Officer and Vice President of Marketing and Product Development candidates.

Chair Fried stated that the President and Chief Executive Officer could also not be announced. Chair Fried acknowledged Mr. Sanders to deliver a report on the search for the President and Chief Executive officer. Mr. Sanders stated that he is thrilled with the candidate they have chosen, and that, due to negotiations and other outside factors, the name of the candidate could not be announced. Mr. Arakawa stated that they have found an excellent candidate for the Chief Administrative Officer, they selected an excellent candidate, but that they cannot announce the candidate for confidential and procedural reasons. Mr. Kam stated that he had the same sentiments in regard to the Vice President of Marketing and Product Development.

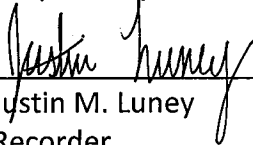
#### **14. Adjournment**

Ms. Kumukahi stated, that before saying departing, she would like to share an 'ōlelo no'eau. She said, "I am a wind-resisting 'a'ali'i; no gale can push me over. This is a boast saying, 'I can hold my own even in the face of difficulties.' The 'a'ali'i bush can stand the worst of gales, twisting and bending but seldom breaking off or falling over."

Mr. Szigeti stated that he was humbled by the kind words of the Board. He thanked everyone for their friendship and aloha, and that it was an honor and privilege to work by the Board and Staff's side in guiding the tourism industry through exciting and robust times. He said that the new leadership team will be highly respected and skilled, and that HTA Staff has filled in tremendously in the last eight months. Last, Mr. Szigeti thanked press partners for supporting HTA, and that he was looking forward to new successes.

Chair Fried asked for a motion to adjourn the Board meeting. Mr. Kam moved, and Ms. Kumukahi seconded the motion, which was approved by all Board members present.

Respectfully submitted

  
Justin M. Luney  
Recorder



## **MEMORANDUM**

TO: HTA Board of Directors

FROM: HTA Staff

DATE: November 29, 2018

RE: Report Relating to Staff's Implementation of HTA's Programs During October 2018

The following narrative utilizes the 2019 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated October 25, 2018. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

### **I. AWARENESS, CONVICTION AND ACCESS**

#### **A. Major Market Management**

##### **Aloha Canada Trade Mission**

HTA and the island chapter visitor bureaus participated in Hawai'i Tourism Canada's Aloha Canada Trade Mission in Toronto, Vancouver, and Edmonton from October 23-25. The trade mission consisted of media interviews, tradeshow, destination presentations, and partner briefings. Wholesalers, hotels, airlines, transportation companies, activities/attractions partners, and MCI planners were also in attendance.

### **II. UNIQUE AND MEMORABLE EXPERIENCES**

#### **A. Hawaiian Culture Initiative**

##### **Kūkulu Ola Program**

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 51 proposals for work to be performed in 2019, with requests for funding totaling \$2,703,389.50. Projects awarded were notified in September by HTA staff. A formal public announcement is being made soon via a news release issued by HTA.

##### **Signature Events (Hawaiian Festivals)**

Aloha Festivals: HTA and the various island contractors implemented the events statewide during September. Event details are available at [events.gohawaii.com](http://events.gohawaii.com) and have been shared with the island chapters and GMTs.

### **Strategic Partnerships (Hawaiian Culture Initiative)**

HTA and the Native Hawaiian Hospitality Association continue to build stronger ties between the Hawaiian community and tourism industry. A primary change in this year's contract was bolstering support of Hawaiian culture training within the industry.

The Kālaaimoku Group continues to organize the 'Aha Mele concert series this year. The series has been revamped to have four larger concerts in O'ahu's resort areas and feature a stronger list of performers. This results in savings in logistical costs for sound, lights, tents etc. The series will also partner with two organizations for collaborative projects at 'Onipa'a Celebrations at 'Iolani Palace and The Gabby Pahinui Music Festival in Waimānalo, O'ahu.

HTA staff and Hawaii Investment Ready have finalized an agreement to support a cohort of 12 social enterprises that have a tourism focus and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs. The intent is to elevate these social enterprises to seek other forms of capital to enhance and improve their programs. Hawai'i Investment Ready has completed the first four modules, which cover individual enterprise assessments, theory of change and social business model canvas. Modules 5-8 are being completed this year.

### **B. Natural Resources**

#### **Aloha 'Āina (Natural Resources) Program**

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 47 proposals for work to be performed in 2019, with requests for funding totaling \$2,654,798.52. Projects awarded were notified in September by HTA staff. A formal public announcement is being made soon via a news release issued by HTA.

#### **Hawai'i Ecotourism Association**

The Hawai'i Ecotourism Association (HEA) has executed a contract for services in 2018. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. In addition, HEA will provide trainings that will be available via the internet and YouTube.

#### **Hawai'i Green Business Program**

HTA staff is working to finalize a Memorandum of Agreement with the Hawai'i Green Business Program. The primary focus of this work will be to assist and recognize businesses that strive to operate in an environmentally, culturally and socially responsible manner. The program has a proven record of reducing energy consumption, water usage and waste, which are three key metrics in HTA's strategic plan.

### **C. Safety and Security**

Visitor Assistance Program (VAP). Programs in all four counties are ongoing. Contracts for 2019 programs are in execution.

Lifeguard Support Program. Contracts with the ocean safety departments in all four counties are in execution.

Waikīkī Camera Program. A contract with the City and County of Honolulu is in execution.

#### **D. Signature Events**

##### **Kona Coffee Cultural Festival**

Coffee farm tours, art exhibits, musical performances, a lantern parade, a half-marathon, a pageant, a Kona coffee recipe contest and other activities made up this year's 48th annual Kona Coffee Cultural Festival from November 9-18.

#### **E. Community Enrichment Program**

##### **Capacity Building Workshop – Growing Success II**

HTA, in partnership with the International Festivals & Events Association (IFEA), conducted workshops on Maui, Kaua'i, the island of Hawai'i and O'ahu from October 30 to November 2. The workshops were geared to enhance the success of events in the areas of sponsorship proposals and follow-up reports, keeping events fresh, marketing event, and social media. Professional event organizers and consultants led the workshop sessions, including Steven Wood Schmader, president & CEO of IFEA World; Stephen King, executive director of the Des Moines Arts Festival; Ira Rosen, director of the Event Leadership Executive Certificate Program at Temple University; Penny McBride, president and CEO for the Chamber of Commerce in Fredericksburg, Texas; and Gwen Woltz, co-founder of Wahine Media. Approximately 125 event planners and organizers attended the workshops statewide. Online evaluation surveys conducted of the participants showed they overwhelmingly felt the workshop sessions exceeded expectations.

##### **Contractors' Meetings**

Caroline Anderson and Kehau Meyer conducted HTA's Community Enrichment Program (CEP) contractors' meetings on Kaua'i, O'ahu, Maui and the island of Hawai'i from November 8-16. These meetings informed HTA's 2019 CEP recipients about the contracting and payment process, and the elements of the CEP contracts, including deliverables, invoicing, and reporting. In addition, HTA discussed assistance in marketing and promoting the CEP projects, which included a presentation by a representative from each island chapter.

### **III. KNOWLEDGE AND COLLABORATION**

#### **A. Communication and Outreach: October 2018**

##### **News Releases/Statements**

- News Release: Global Tourism Summit: Day Two: Variety of Sessions to Address Key Issues About Future of Cultural Tourism, Sustainable Tourism and Global Tourism Trends (October 1)
- News Release: Global Tourism Summit: Day Three: General Sessions to Address Air and Cruise Service to Hawai'i, Crisis Responses to Major Disasters, and Latest Trends in the Hotel Industry (October 2)

- News Release: Hawai'i Hotel Properties Led Nation in Revenue Per Available Room (\$225) and Average Daily Rate (\$278) in First Three Quarters of 2018 (October 22)
- News Release: Hawai'i Visitor Statistics Released for September and First Three Quarters of 2018 (October 30)

### **Media Relations**

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
  - Global Tourism Summit:
    - KHON and KITV: George Szigeti (GS) with reporters Nikki Schenfeld (KHON) and Paul Drewes (KITV) regarding Sophia the Robot and the potential impact of artificial intelligence on jobs held by hotel workers (October 1).
    - KHON: Sophia the Robot with Nikki Schenfeld (October 1).
    - Honolulu Star-Advertiser: HTA consultant Shannon McKee of Access Cruise with reporter Allison Schaefer regarding the status of NCL and the cruise industry's future for the Hawaiian Islands (October 2).
    - KHPR: Howard Nusbaum of the American Resort Development Association with Catherine Cruz for a segment on "The Conversation" about the timeshare industry (October 2).
  - West Hawaii Today: Ross Birch (RB) with reporter Chelsea Jensen about the island of Hawai'i being named by U.S. News and World Report as one of the best places in the world for a winter vacation (October 16).
  - Chicago Tribune: Reached out to reporter Angie Leventis in response to her inquiry about the helicopter crash on October 22 and any potential effect on tourism (October 25).
  - KHPR: Jennifer Chun (JC) with reporter Casey Harlow about the visitor statistics results for September (October 30).
- **Publicity Support:** Provided the following information and/or assistance:
  - Global Tourism Summit:
    - KHPR: Provided reporter Wayne Yoshioka with the marketing update presented by Hawai'i Tourism United States (October 1).
    - Pacific Business News: Provided reporter Katie Murar with contact information for Dr. Thomas Kohler of Hawai'i Pacific University, who heads up the Innovation Days program (October 1).
    - USAE News: Provided editor Todd McElwee with photos and a caption (October 10).
    - Successful Meetings Magazine: Assisted GS with providing comments for a possible story about artificial intelligence and the appearance of Sophia the Robot (October 10).



Reviewed and provided edits to the content for accuracy purposes (October 12). Note: Story was pulled from the magazine at HTA's request.

- Oahu Concierge: Provided editor Pam Davis with a photo and information about Aulani, A Disney Resort, receiving a Hawai'i Tourism Legacy Award (October 17).
- Hawaii Business: Assisted Charlene Chan (CC) with preparing a quote from HTA for inclusion in a story about illegal vacation rentals (October 2).
- Unite Here Local 5 Hotel Strike:
  - KHON: Provided reporter Sara Mattison with a statement from GS commenting on the strike by hotel workers (October 8).
  - Hawaii News Now: Provided news producer Daryl Huff with a statement from GS commenting on the strike by hotel workers (October 8).
  - Honolulu Star-Advertiser: Responded to an inquiry from reporter Allison Schaefer that the Hawai'i Visitors and Convention Bureau's (HVCB) Call Center had received no calls of complaints from visitors after the first day of the strike (October 9).
  - KHON: Provided reporter Sara Mattison with HTA's news releases reporting Hawai'i's visitor statistics and hotel performance through August to reference for a story about the ongoing strike by hotel workers (October 14).
  - Honolulu Star-Advertiser: Responded to an inquiry from reporter Allison Schaefer that HVCB's Call Center had received one call of complaint from a visitor in the first week of the strike by hotel workers (October 15).
  - USAE News: Provided reporter Grant Broadhurst with a statement from GS regarding the ongoing strike by hotel workers (October 16).
- KITV: Responded to an inquiry from reporter Eliza Larson regarding the Hawai'i Convention Center seeking more funding for maintenance work (October 9).
- Pacific Business News: Assisted CC in reviewing the opportunity for HTA to be part of a roundtable discussion on sports marketing. Notified reporter HJ Mai that HTA declined to participate (October 10).
- Pacific Business News: Assisted Kalani Ka'anā'anā (KK) with responses to questions from reporter Katie Murar about HTA's support of the Honolulu Pride festival (October 16).
- KHON: Responded to an inquiry from reporter Sara Mattison that HTA had no update on the status of Southwest Airlines beginning service to Hawai'i (October 18).
- KITV: Responded to an inquiry from reporter Diane Ako that HTA had no comment about a drive-by shooting in Waikīkī as a police investigation is underway (October 22).
- ETurboNews: Responded to an inquiry from editor Juergen Steinmetz that HTA had no comment about a drive-by shooting in Waikīkī as a police investigation is underway (October 22).

### **Public Outreach**

- Hawaiian Airlines Diamond Head Classic: Provided the HTA boiler plate for a news release being issued by event organizers about tournament activities (October 16).
- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the October E-Bulletin (October 26).

### **Brand Management**

- Global Tourism Summit:
  - Monitored all three days of the Summit and assisted with media inquiries and other requests needing public relations support (October 1-3).
  - Prepared the day two script for emcee Jill Kuramoto on October 2 (October 1).
  - Prepared the day three script for emcee Jill Kuramoto on October 3 (October 2).
  - Assisted GS with talking points for his remarks welcoming attendees to the Aloha Reception (October 2).
  - Assisted GS with talking points for his closing remarks (October 3).
  - Participated in the meeting with national parks representatives immediately following the Summit (October 3).
  - Participated in the Summit debrief meeting (October 3).
  - Provided Brian Lynx, director of sales and marketing for the Grand Wailea Resort, with the global market presentations (October 11).
- Website, Special Alert Page: Assisted CC with improving the process and functionality for issuing of special alerts during crisis situations (October 19).
- HTA Executive Search: Assisted CC with preparing talking points for responding to inquiries about the delay in announcing HTA's new president and CEO (October 24).
- BTS Concert in Hawai'i: Assisted GS in preparing a message of aloha to Korean musical group BTS to support efforts about having Hawai'i included its concert tour schedule (October 31).
- Black Pink Concert in Hawai'i: Assisted GS in preparing a message of aloha to Korean musical group Black Pink to support efforts about having Hawai'i included in its concert tour schedule (October 31).
- 2018 Annual Report:
  - Continued with reviewing and editing copy provided by the brand managers for the page layouts and design. Continued with selecting of photos for inclusion (ongoing).

### International News Bureau

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
  - **Hawai'i Tourism Oceania**
    - Reviewed and forwarded a request by Australian journalist Emily Chantiri of Family Travel magazine to Chris Sadayasu (CS) (October 4).
    - Reviewed and forwarded a request by Nichola Clark of Forge Magazine to CS (October 9).
    - Reviewed and forwarded an advertising request by Mike Niu of The Australian Traffic Network to CS (October 18).
    - Reviewed and forwarded a request by Debbie, director of television show "Pete the Surfaroo," to CS (October 20).
    - Reviewed and forwarded a request by Stephen Friedman of Save Your Day Films to CS (October 29).
  - **Hawai'i Tourism United States**
    - Reviewed and forwarded an advertising inquiry by Jennifer Boone of 7 News Boston to HTUSA (October 9).
    - Reviewed and forwarded a partnership inquiry by Michael Nanton-Knight of Gay Star News to HTUSA (October 17).
    - Reviewed and forwarded a request by freelancer James Murray to HTUSA (October 28).
    - Reviewed and forwarded a request by Stephen Friedman of Save Your Day Films to HTUSA (October 30).
    - Reviewed and forwarded a request by Steven Mars of OutEast Entertainment to HTUSA (October 31).
  - **Hawai'i Tourism Europe**
    - Reviewed and forwarded a request by Kasper Kunnas of MTV, Finland's TV channel and news site, to Caroline Anderson (CA) (October 22).
  - **Miscellaneous**
    - Reviewed and forwarded a request by Natalia Baldysheva, producer of television show "Food I Love You!" in Russia to CA (October 29).

### Social Media

- **Facebook Posts:**
  - Post from Hawai'i Food & Wine Festival. **Total Reach** 717 | **Total Reactions** 41 (October 20).
  - Post on September Visitor Statistics. **Total Reach** 811 | **Total Reactions** 54 (October 30).

- **Twitter Posts:**
  - Post on September Visitor Statistics. (October 30).
- **Instagram Posts:**
  - Post from Hawai'i Food & Wine Festival. (October 20).

## **B. Research and Planning**

The Tourism Research Division (TRD) issued the September 2018 visitor statistics on October 30, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Air Seat Outlook data tables for November 2018 through January 2018 to the Infrastructure Research Section of the HTA website.

State, major market and island fact sheets were updated with the September 2018 data and posted to the Board site. State and market fact sheets were published on the website.

TRD issued the September Hawai'i Hotel Performance Report on October 25. The report and related September 2018 data tables were posted to the Infrastructure Research Section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

TRD continued to work with the State Attorney General's office to analyze visitor data related to the impacts of the national travel ban on inbound travel from seven affected countries.

TRD is participating in the redesign process for the HawaiiTourismAuthority.org website.

Charlene Chan and Jennifer Chun attended Hawai'i Economic Association's annual conference on October 5.

Chris Sadayasu, Chika Miyauchi and Jennifer Chun presented to the Urban Science Association of Okinawa on October 10.

Jennifer Chun attended the 2018 Marketing Outlook Conference in Nevada from October 22-25.

Jennifer Chun was interviewed by Hawaii Public Radio (KHPR) on October 30 regarding the visitor statistics results for September and year-to-date.

TRD continues to reply to requests for information from HTA global marketing team, industry, media, and the general public. Data requests completed include:

- Airline updates for 2018 and 2019 for the Honolulu Star Advertiser.
- Flight cancellations due to Typhoon Jebi in western Japan for Hawai'i Tourism Japan.
- Historical hotel performance data for Tess Cory Ech fund management
- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests • Responded to research inquiries routed through DBEDT

### **C. Career Development**

Industry Customer Service Training. The next Certificate of Customer Service Training Program on the island of Hawai'i is scheduled for each Saturday from December 1, 2018 through February 2, 2019. This HTA-supported program helps workers in the visitor and service industry to focus on developing practical skills to provide a gratifying memorable customer service experience. An information session was conducted on November 15 at the Hawai'i Community College's Palamanui Campus.

Kapi'olani Community College HOST Program. HTA staff attended the HOST program advisory board meeting on November 1. The meeting's agenda and discussion focused on HOST Program's new curriculum and topics of current interest to the the tourism industry, including union relations, safety and security, climate change, over-tourism and artificial intelligence.

Kaimukī High School Hospitality Academy. HTA staff attended the academy advisory board meeting on November 14 to discuss program goals and standards, the certification process, upcoming events and industry support.

### **IV. STRATEGIC OVERSIGHT AND GOVERNANCE**

**Contracts List.** A list of contracts executed in the month of October is attached.

## Hawai'i Tourism United States Monthly Marketing Report October 2018

September saw Hawai'i's visitor growth extend into the shoulder season, with U.S. arrivals increasing +7.1 percent, while expenditures likewise grew +4.6 percent. The *#LetHawaiiHappen* campaign continues to garner recognition and keep the destination top of mind for U.S. travelers.

### Leisure

#### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

The U.S. economy grew by an annualized rate of +3.5 percent in Q3 2018, exceeding some forecasts and increasing the probability that total 2018 GDP growth will top +3.0 percent. A surge in consumer spending, itself a product of robust consumer confidence, was one of the major drivers of the growth, offsetting losses in agriculture and other sectors hit hard by the ongoing trade disputes. Still, there are signs the economy will begin to slow in coming months. Business spending and residential investment, for instance, remained flat in the third quarter.

The U.S. dollar, though subject to frequent and often volatile swings of fortune, has grown in strength considerably over the past year. As measured against a basket of foreign currencies, the dollar is up +7.3 percent from where it stood in October of last year. If it continues to grow in strength, as is expected, the long-term impact could have a chilling effect on international arrivals to the U.S. and an increase in U.S. travelers opting for foreign destinations over domestic ones. Additionally, growing fears that a recession is just over the horizon—expected perhaps sometime in 2020—could also have potential impact on the U.S. leisure travel industry going into next year and beyond.

#### **Economy**

**The U.S. economy continues to remain strong, as demonstrated by the U.S. Consumer Confidence Index's October increase of +2.6 points to 137.9. The index is near its all-time high and will likely continue to grow as consumers exhibit increased optimism towards both the current and future economy.**

**After dropping -0.2 points in September, the U.S. unemployment rate remained unchanged at 3.7 percent in October. Other important labor market indicators such as the Labor Force Participant Rate likewise remained stable. It is also worth noting that wage growth hit a nine-year high in October, and wages should continue to increase as the economy remains near full-employment level.**

#### **Airfare Update**

Round-trip airfares from the U.S. Mainland declined considerably in the second quarter of 2018, driven in large part by the increase of air seats flown. Overall, the average round-trip fare from the mainland fell -10.8 percent. Lower prices were seen across most major gateways, though they were more pronounced in West Coast gateway cities where the increased competition was the strongest.

It is worth noting that moving into 2019, the number of seats will continue to grow at a much slower rate. As such, it is likely that fares will in turn stabilize and perhaps even resume upward growth.

## **Airlift**

Growth in air seat capacity will continue to level off compared to the glut in air seats that started in early 2018. This can be seen in the relatively modest +4.8 percent growth in expected air seats between November 2018 and January 2019 as compared to the same three-month period the year prior.

Capacity from the U.S. West market will remain relatively strong at +5.8 percent, driven by capacity growth in San Francisco (+7.4%), Seattle (+9.7%), and Portland (+24.6). These gains offset some of the more troubling declines in capacity from major gateways like Los Angeles (-5.1%), though some of that can be explained by the resumption of flights out of nearby Long Beach.

Meanwhile, capacity from the U.S. East market continues to decline, shedding a full -2.2 percent of air seats on a year-over-year basis. The greatest declines are seen in seats flown from Minneapolis (-38.0%) and Dallas (-3.0%), though other gateways like Chicago (+6.8%) will still see healthy growth.

## **LEISURE ACTIVITIES**

### **Consumer**

#### On-line

October firmwide digital campaign estimates: Central 23.6 million impressions; KVB 5.8 million impressions; OVB 4.6 million impressions; MVCB 3.9 million impressions; LVB 1.1 million impressions; DMVB 1.1 million impressions; IHVB 7.5 million impressions.

#### – Social Media

In October, HTUSA continued Episode 6 of the *Hawai'i Rooted* video series (featuring professional surfer Dustin Tester) through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

Print. Firmwide print programs have been negotiated to deliver the *#LetHawaiiHappen* campaign's influencer content messaging in print, as well as additional added value media exposure throughout the year. In the month of October, HTUSA ran consumer brand ads in the following publications:

- Two-page MVCB Maui spread ad (full-page brand ad adjacent to a full-page influencer advertorial) in *Cooking Light*, circ. 1,775,000.
- Full-page MVCB Maui ad adjacent to a 1/3-page Destination Moloka'i Visitors Bureau (DMVB) ad in *Travel + Leisure*, circ. 950,000

Television/Video. HTUSA continued a flight of video in October to reach the Hawai'i target audience.

- HTUSA continued a video flight with VideoAmp in October (Sept. 3-Oct. 31) to build incremental reach to a more targeted audience viewing by alternate methods (FEP, OTT, In-Stream). Media included the following industry partnerships:

- Four 30-second brand commercial spots in the *#LetHawaiiHappen – Journeys* campaign (one per major island).
- Four 30-second brand commercial co-op spots with partner tags for Hawaiian Airlines (one per major island).
- Four 30-second brand commercial co-op spots with partner tags for Alaska Airlines (one per major island).

### **Travel Trade**

HTUSA hosted its annual Wholesale Forum in Honolulu, HI, Oct. 4. Fourteen wholesale representatives attended presentations by HTUSA and the Island Chapters, along with one-on-one meetings and an industry luncheon co-hosted by 'Alohilani Resort, Waikīkī Beach. Participating Hawai'i partners included Delta Vacations, All About Tours, Classic Vacations, Flight Centre USA, American Airlines Vacations, Pleasant Holidays, Apple Leisure Group/The Mark Travel Corporation and Travel Leaders.

Signature Travel Network held a Hawai'i webinar on Oct. 10. Of the 63 agents who registered to view the webinar recorded by HTUSA, 35 agents tuned in live for the webinar.

At the International Travel Agent Forum in Cancun, Mexico, Oct. 14-17, HTUSA was one of four destination sponsors presenting to 203 pre-qualified travel agents. In addition to conducting two Hawai'i training sessions for a total of 69 agents, HTUSA also participated in 13 roundtable sessions, 25 one-on-one appointments and a trade show at the conference. Participating Hawai'i partners at the forum included Delta Vacations and The Mark Travel Corporation.

HTUSA participated in the Association of Westchester Travel Agents (AWTA) Fall Trade Show on Oct. 22 in New Rochelle, NY. 215 agents were in attendance. Hawai'i partners included Classic Vacations, Delta Vacations, Globus Family of Brands, GOGO Worldwide Vacations and Norwegian Cruise Line.

Travel Leaders Luxury Brands East Coast Trade Show was held on Oct. 30 in New York, NY. HTUSA participated in the trade show attended by 450 ALTOUR, Andrew Harper Travel, Protravel International and Tzell Travel Group advisors.

NACTA and HTUSA teamed up to conduct an educational webinar featuring updates on all the major Hawaiian Islands on Oct. 15. There were 85 nationwide travel advisors in attendance and the online training will remain accessible for advisors who wish to view the webinar later.

HTUSA participated in Pleasant Holidays' 2018 Travel Advisor Receptions in San Diego and Los Angeles, CA, from Oct. 22–23. 95 advisors in San Diego and 135 advisors in Los Angeles visited the HTUSA booth. Participating Hawai'i partners included 'Alohilani Resort, Waikīkī Beach, Aulani, A Disney Resort & Spa and Hilton Hotels & Resorts.



HTUSA joined Northern California (NorCal) ASTA for their 2018 Hawai'i Product Seminar in Honolulu, HI from Oct. 24-28. IHVB and KVB joined OVB for destination presentations. There were 45 travel advisors in attendance. The week-long event included O'ahu FAM tours, hotel site inspections, new attractions and historic tours. KVB and IHVB co-hosted the trade show's mid-morning refreshments on Oct. 26. The program also consisted of 45 one-on-one appointments and HTUSA conducted a destination presentation for all attendees. Participating Hawai'i partners included Alaska Airlines, All About Tours, 'Alohilani Resort, Waikīkī Beach, Aqua-Aston Hospitality, Atlantis Adventures, Castle Hotels & Resorts, Hawai'i Forest & Trail, Hawaiian Airlines, Hawaiian Hotels & Resorts, Hilton Garden Inn Waikīkī Beach, Holiday Inn Express Waikīkī, Honua Kai Resort & Spa, Ka Moana Lū'au, Mana Kai Maui, Maui Coast Hotel, Nāpili Kai Beach Resort, Outrigger Hotels & Resorts, Paradise Cove Luau, Paradise Helicopters, Polynesian Cultural Center, Prince Resorts Hawai'i, Queen Kapi'olani Hotel Waikīkī Beach, Ritz-Carlton Residences Waikīkī Beach, The Laylow Autograph Collection, The Modern Hotel and Waimea Plantation Cottages.

Travel Industry Exchange was held in Palm Beach, FL, Oct. 8-12. 130 carefully vetted advisors were chosen to participate in educational sessions, one-on-one appointments and networking events. Most advisors were members of consortia and over 62 percent of attendees sell between \$900K-\$1.7 million in annual revenue. HTUSA met one-on-one with 30 advisors, conducted a destination presentation to all 130 attendees and spoke on a destination wedding/romance panel attended by 25 advisors. Participating Hawai'i partners included The Mark Travel Corporation and GOGO Worldwide Vacations.

Ensemble Travel Group hosted their 50th Anniversary International Conference at the Grand Hyatt Baha Mar in Nassau, Bahamas, Oct. 24-28 attended by 900 travel advisors. HTUSA participated in the preferred supplier trade show, one-on-one appointments and conducted two destination presentations attended by 120 Ensemble member agents. Participating Hawai'i partners included Apple Vacations, Classic Vacations, Delta Vacations, Globus Family of Brands, Hyatt Hotels and Resorts, Marriott International, Norwegian Cruise Line, Outrigger Hotels & Resorts, Travel Impressions, UnCruise Adventures and Disney Destinations.

### **Public Relations**

As part of island of Hawai'i recovery efforts, HTUSA co-hosted a private event in Hilo with Norwegian Cruise Line (NCL) on Oct. 2 for media and travel trade partners. The luncheon, which included remarks from local government officials, demonstrated Norwegian Cruise Line's commitment to Hawai'i with its new, limited-time airfare promotion from airports nationwide. In addition to financial assistance, the PR team worked closely with the NCL communications team on event logistics, coordinated a videographer and followed-up with attending media. The event and announcement were covered by a variety of local and national outlets including Honolulu Star-Advertiser, Hawaii Tribune-Herald, Travel Pulse, Travel Weekly, USA Today and others.

HTUSA provided travel assistance to the hit TV show "Best Thing I Ever Ate" that will air on Cooking Channel and Food Network in early 2019. Hawai'i restaurant locations selected by celebrity chefs and foodie personalities included: TinRoof, MW Restaurant and Hy's Steak House. The HTUSA PR team helped coordinate film permits, provided recommendations as well as on-site assistance at MW Restaurant.

Timed with the Hawai'i Food & Wine Festival, HTUSA hosted a mini-press trip on Maui and O'ahu, Oct. 19-27. In addition to attending festival events, media experienced a curated media dinner at Lineage, chef Sheldon Simeon's newly-opened restaurant on Maui. The trip also incorporated an array of culinary- and spirit-focused activities such as: tours of Ocean Vodka, Hali'imaile Distillery, Surfing Goat Farm and Pono Pork's farm; a Kaimukī brunch dine-around; and Fete Local l'a prix fixe dinner. Media

represented outlets such as Mic.com, Forbes, Thrillist, Tasting Table, AFAR and others.

The final weekend of New York Botanical Garden's "Georgia O'Keeffe: Visions of Hawai'i" exhibit, Oct. 26-28, included two spectacular Aloha Night events honoring Pele. Special programming coordinated by the HTUSA PR team included live music by George Kahumoku, kahiko by E Hula Mai Dance Academy, storytelling performance by Micah Kamohoali'i and Desiree Moana Cruz, as well as an informative presentation by volcanologist Dr. Rick Hazlett.

KVB. Kaua'i was featured eight times online resulting in an estimated 17.6 million unique visitors per month (uvpm) and five times in print for an estimated circulation of 759,000. Local broadcast resulted in an audience of approximately 30,000 viewers.

OVB. O'ahu was featured three times online resulting in 36.8 million in estimated uvpm and twice in print for an estimated circulation of 1.8 million.

MVCB. Maui was featured seven times online resulting in an estimated 1 billion uvpm.

IHVB. The Island of Hawai'i was featured six times online for an estimated total of 24.5 million uvpm.

- In October, HTUSA generated:
  - 24.1 million social media impressions (*Facebook, Instagram*)
    - o 30 million print impressions
    - o 30.5 billion online impressions
    - o 103.7 million broadcast impressions

### **Sales Activities – See Travel Trade above**

### **"COMING ATTRACTIONS" FOR LEISURE MARKET**

Golf Player Video Production. 30-second commercial videos were produced from a shoot preceding the Sentry Tour of Champions tournament. The spots, featuring four PGA TOUR players, each engaging in an activity that he enjoys seeing/experiencing in the destination, will air during the upcoming Aloha Season golf promotional window:

- Wesley Bryan – water raft/snorkel (Maui)
- Jon Rahm – helicopter (Maui)
- Bryson DeChambeau – zipline (Maui)
- Jhonattan Vegas – sunset sail/whale watch (Maui)

Travel trade team will participate in AAA Training, Rye Brook, NY, Nov. 6-7; Working in Travel Services Training and Trade Show, Nov. 7, Scotia, NY; HTUSA & Pleasant Holidays Hawai'i Blitz, Western WA, Nov. 7-8; CruiseWorld, Nov. 7-9, Fort Lauderdale, FL; MAST HDS Training, Nov. 13, Davenport, IA; The Mark Travel Corporation Hawai'i Dinners, Denver, CO and Salt Lake City, UT, Nov. 13-14; MAST Sales Sensation, Chicago, IL, Nov. 15; Cruise Planners Annual Convention, Hollywood, FL, Nov. 26-29; Signature Travel Network 2018 Conference, Las Vegas, NV, Nov. 27-30; Hawaiian Airlines & Pleasant Holidays Training, Boston, MA, Dec. 4; Grandview Travel HDS Training, Columbus, OH, Dec. 5; Provident Travel Hawai'i Training, Cincinnati, OH, Dec. 6; TravelSavers Supplier Luncheon, New York, NY, Dec. 13; Travel Weekly Readers Choice Awards, New York, NY, Dec. 13.

PR Team is coordinating an upcoming media visit with freelance writer Shane Mitchell (Saveur, Food52, Travel + Leisure).

## **Hawai'i Tourism Japan Monthly Marketing Report October 2018**

### **SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS**

#### **Economy**

- The Internal Affairs and Communications Ministry stated spending of Japanese households in August reached levels not obtained since 2015. Households with two or more people rose by 2.8% vs 2017 after adjustments for inflation. This jump in spending is mainly attributed to the large summer bonus payments at some companies, encouraging consumers to make costly purchases.
- The Japanese Cabinet Office announced that the September confidence index declined to 114.6 reaching low levels not seen since the beginning of 2017. This prompted the Cabinet to adjust their economic outlook from recovering, to stagnant. Many experts speculate that the significant decline is attributed to the series of natural disasters, and that October levels are likely to recover.

#### **Outbound Travel Market**

- Henley Partners' Passport Index studies on global access of various passports found that the Japanese passport granted the bearer the greatest freedom of access to other countries. The Japanese passport grants access to 190 countries for Japanese citizens, with countries such as Singapore, Germany and France following.
- AI technology is greatly changing the way visitors travel. HIS will be expanding their presence in the hotel industry through their "Henna Hotel" (strange hotel), a hotel run solely by robots and AI technology aimed at maximizing efficiency. Currently only in Tokyo, HIS recently announced plans to expand operations to New York and Turkey. Similar initiatives are being carried out by China's Alibaba as they recently announced that they will begin selling robots for the accommodation industry. The robot is capable of a range of tasks from meal services to housekeeping.

#### **Competitive Environment**

- Mariana Visitors Authority launched a new campaign where Japanese visitors are encouraged to enjoy Korea and Saipan concurrently. Because there are currently no direct flights to Saipan, most travel via Korea or Guam. The campaign suggests visitors to stay in Korea upon their layover, to experience the gourmet and fashion options, and visit Saipan to relax on the beach and partake in marine activities. Major Japanese wholesalers including JTB, HIS and KNT have shown great interest for this campaign, beginning the introduction of products for the campaign.
- As 2019 approaches, tourism bureaus of various destinations have been hosting destination seminars and workshops for travel agencies and media to announce their strategies and goals. Many destinations stated intents to continue the use of SNS amongst other promotional tools to revitalize and/or boost demand.
  - o Destination Canada (DC) CEO Mr. D. Goldstein visited Japan and presented on current Japan market conditions along with strategies. As visitors from Japan continue growth, DC predicts 2018 to attract over 304,000 Japanese visitors. With growth rates of roughly 6%, 2019 goals have been set at 320,000. Major targets were announced to be the senior generation with interests in history and culture, and the millennial generation with "free spirits".

- Tahiti Tourism (TT) hosted a seminar at five major Japanese cities including Tokyo, Osaka and Sapporo. Accompanying the destination seminar provided by TT, were presentations by hotels, airlines and stakeholders. The seminar attracted 120 agents in Tokyo alone. General Manager of TT Mr. J. Uenoyama explained their desire to further disseminate the appeals of Tahiti, as many Japanese consumers remain unaware. In 2019, they will continue their promotional campaign, "Surrounded by Mana", and utilize the internet along with SNS and OOH to appeal initiatives.

### **Consumer Trends**

- Neilson Digital Japan conducted survey studies on consumers, regarding the use of devices and services used. Results showed that to access the internet, 57% of respondents used smartphones, followed by 40% using computers. Consumers accessing the internet solely via smartphones have been increasing throughout all generations. The majority of respondents also stated the use of smartphones to view videos, regardless of whether they were paid content or not. This indicates the shift of consumers to be increasingly preferring smartphones over PCs, tablets, and any other device with internet access. HTJ will adopt these trends for future campaigns and promotional initiatives.
- Studies reported by Nikkei Newspaper found that purchases made online via smartphones had grown by over 40% vs 2017, while simultaneously boosting the average annual consumption values. Brick and mortar stores have been incorporating this trend by allowing customers the option to pay for products via electronic currency saved on their phones, indicating the widespread common use of smartphones amongst consumers' daily lives.

### **Travel Trends**

- LINE Corporation has been growing their presence in the travel industry. After initially launching the travel plan comparison service, "LINE Travel", they entered joint venture operations with Japanese travel site, "Travel.jp", allowing them to launch the unification of their branding for services offered under the name, "LINE Travel JP". Through 2019, the companies will be adding functionality for users during travels, such as the ability to search for transportation. As both companies are well renowned entities in Japan, consumers are likely to increasingly adopt the service.
- Fare aggregator and travel metasearch engine KAYAK developed a function for users to measure carry-on items with smartphones. Using AR technology, the new function allows measurements to be made with the camera of smartphones. It will also provide information on fees for oversized luggage for each airline. Various travel related entities including KAYAK will be increasingly implementing developments in AR, VR, voice recognition, etc. to increase convenience for users when traveling. Such developments will be beneficial to the overall travel industry as it encourages consumers to travel by diminishing potential causes for the worries of traveling.
- Sharing economy is greatly becoming diffused within the travel industry. Most popular segments of the sharing economy were the transportation segment, with services such as ridesharing becoming used by visitors and residents alike. The second largest segment was the sharing of space, which entails physical property such as parking lots and lodging. With further growth of the sharing economy expected, changes in the way visitors travel will continue.

### **Media & Online Trends**

- For online media, companies are beginning to value engagements over traditional page views as KPI statistics as they better indicate the fondness of consumers towards contents. Engagements often incorporate the four key points of time spent, habituation, ease of access

to contents and frequency of visits for the site. As technological developments are made, online media has become very successful, and measurements of success are changing from those traditionally used to strategize efficiently.

- Although measures are beginning to change, some companies continue the use of traditional metrics such as page views. For example, popular women's magazine curation site, "Happy Plus" distributed a press release stating their achievement of obtaining record level page view numbers, indicating their continued focus on the metric and its importance.

### **Airlift**

- Both Japan Airlines' and Hawaiian Airlines' direct flight service to the Island of Hawaii has continued exhibiting difficulties for full recovery. Both companies are currently revising prices and working with wholesalers to create products at a valuable price to boost usage. With parts of Volcanoes National Park also starting to reopen, parties remain hopeful for the full recovery of travels. Performance for Hawaii overall has remained relatively sluggish. Main reasons for this are attributed to the fuel surcharge rates of 17,000 yen. With rumors for surcharge rates to climb to 22,000 yen in February 2019, difficulties may continue.
- **JAL:** Although a significant portion of seats on the direct service to Kona are being filled by FIT travelers, usage by package travelers has yet to fully recover. To change this, prices are being revised together with agents' efforts, resulting in the start of tour products being priced at very low levels. Poor performance on the double daily flights from Kansai International Airport is prompting JAL to consider cancelling the additional service in March 2019.
- **ANA:** The launch of the Airbus A380 is planned for the end of May, and preparations have been underway for the launch of the service. Some wholesalers have already begun purchasing seats on the new aircraft, causing the industry to expect aggressive competition to obtain shares for the Japan – Hawaii market.
- **Hawaiian Airlines:** Struggles continue for the Kona route, prompting the company to offer special rates. For the Kansai – Honolulu route, seats are increasingly being filled by FIT travelers. Initiatives were also made to boost usage on the Sapporo – Honolulu route by launching a passport campaign with HIS and NTA, to attract more first timers.
- **Delta:** Despite efficient rerouting of flights during the closure of Kansai International Airport, struggles to fill seats continue for the Kansai – Honolulu route. Delta is currently discussing potential TV promotions for their Fukuoka route in collaboration with JTB, HIS and HTJ.
- **Scoot:** Bookings for Scoot are held in relatively equal proportions for agents and direct bookings. Although JTB had been hesitant to incorporate the use of LCCs for products, they have begun changing policies to begin incorporating their use. With special rates already offered to wholesalers such as HIS, they are establishing a strong basis with wholesalers. HTJ also plans to support them with the LCC coops; details are yet to come.

### **LEISURE ACTIVITIES**

#### **Hawaii Island Response**

- Timed together with the Global Tourism Summit, an Island of Hawaii FAM was held for wholesaler and industry media personnel. A total of 21 representatives from 12 companies participated in the FAM tour to better understand the recent developments on the Island. Attendees participated in site inspections of Volcanoes National Park and held meetings with local suppliers on the Island such as snorkeling tours, which are highly popular with the US market. Attendees experienced the activity first hand, to better understand the potential products. The FAM served as a great opportunity for the Japanese wholesalers to work

together towards new product development on the Island. Through the individual meetings with various suppliers, attendees were able to receive the latest updates on the Island and were provided with hints for future product development. As a result of the FAM tour, the participating wholesalers began discussions for incorporating new attractions together in products under the "All Japan" brand.

- The ability to provide attendees with an opportunity to inspect the recently reopened Volcanoes National Park was highly beneficial, as this remains the most popular attraction on the Island. All attendees stated intents to share the information acquired with the rest of their respective companies to better sell Island of Hawaii products throughout Japan.
- Despite initial plans to start distributing informational fliers on the benefits of using the Kohala Coast Evening Shuttle Service to begin in October, the sudden relocation of Mauna Lani Golf Course has made it so that revisions were necessary. Distribution is now set to begin in November. The continuation of the shuttle service is currently being discussed with participating wholesalers, prompting the potential end of services in March.

### **Aloha Program / Responsible Tourism**

- Special video contents created by the director of the Japanese film, "Go For Broke!: Memories of Hawaii Japanese Niseis", Mr. Matsumoto were uploaded to the Aloha Program website. Videos included rare interview footage with Japanese immigrants living in Hawaii and were accompanied by informative materials such as slides and introductory statements. HTJ hopes to raise awareness, respect and appreciation for the 150<sup>th</sup> anniversary of Japanese immigrants to Hawaii amongst the Japanese consumers.
- A special campaign to increase the number of Hawaii specialists began on October 1, set to run through November 30. The campaign explains the various benefits of becoming specialists, and offers prizes for members who pass the beginner level exams during the campaign period. Prizes include round trip tickets to the Island of Hawaii, signed Jake Shimabukuro ukuleles, among many other prizes. Results from the campaign will be reported in the November monthly report.
- As a benefit for local Hawaii Specialist travel agents in Hawaii, HTJ arranged a tour of the Honouliuli Internment Camp site with support from the Japanese Cultural Center of Hawaii. 13 agents from 4 major wholesalers participated in the special tour. Participants of the tour learned about the history of the internment camp in a story telling format from Ms. J. Kurahara. Many participants were shocked to learn that there was an internment camp in Hawaii and viewed it as a valuable learning experience.
- A webinar with the title, "Traditional Hawaiian Food" was conducted for Hawaii Specialists with Aloha Program Curator Ms. Sayuri Roberts as the instructor. 87 Specialists attended the webinar and were able to learn about the various foods that Hawaiian people ate, along with how it is enjoyed today to stir their interests for Hawaii.
- In efforts to raise awareness of Hawaiian culture amongst Japanese consumers, the Aloha Program provided Hawaii Specialist members an opportunity to experience Lauhala weaving in Tokyo, Yokohama and Nagoya. Over the course of 3 days, a total of 61 intermediate and advanced level specialists were able to learn about the traditional Hawaiian crafting process with fellow members.
- Aloha Program delivered 4 email blasts with an average click through rate of 17.90%.
- Aloha Program site statistics: Unique users at 24,996; Page Views at 308,640; Average Browse Time at 7:05.
- Aloha Program members totaled 481 youth, 9,893 beginners, 4,265 intermediate and 5,424 advanced members for a total of 20,063 specialists. (Total of 34,339 Aloha Program Members)

### **Travel Trade**

- HTJ invited 100 representatives from 20 travel related entities, along with reporters from 4 travel trade media companies to the 2018 Global Tourism Summit (GTS). Additionally, 3 speakers were invited for the keynote speeches during the Japan Summit session. Because a central theme for the GTS was the various technological developments and their applicability to the tourism industry, all three keynote speakers discussed the use of data management and AI and their use in reforming businesses in the tourism industry, while also prompting significantly greater levels of convenience for consumers. One of the keynote speeches discussed the use of fingerprints in making travels convenient by allowing travelers to not need to carry money or ID cards, as all data can be stored and accessed via fingerprints. This technology was utilized in the B2B sessions of the Japan summit, where local stakeholders were matched and verified with the visiting agents using their fingerprints, allowing them to experience its practical applications.
- Overall, 150 local suppliers participated in the B2B sessions and exchanged valuable information while discussing potential future business. Participating agents stated that the B2B was highly beneficial for them, as they were able to acquire a great amount of information from many different suppliers. For further details on the GTS 2018, please refer to the supplemental attachments.
- As part of initiatives to boost visitors from regional cities, HTJ worked with the Hawaii Association of Japan to present a Hawaii Seminar in the City of Takamatsu in Kagawa Prefecture. A total of 29 representatives from 15 companies including airlines, major wholesalers and local travel product retailers throughout Kagawa attended the seminar. While obtaining information on the current situation of Kagawa, representatives, HTJ and the Hawaii Association representatives were able to exchange valuable information to strengthen promotions for Hawaii. Prior to the series of typhoons, the majority of visitors from Kagawa utilized services from Kansai for travels to Hawaii, but the temporary closure of Kansai International Airport prompted a rise in popularity of travels via Tokyo. As airlines develop initiatives and strategies, consumers are given more options for travel, increasing their propensity to travel. Attending companies expressed that they will be strengthening initiatives for Hawaii, including the use of charter flight programs.

### **Public Relations**

- HTJ generated a total of 102 exposures, 1,978,940,385 impressions, and \$1,211,680 ad value in October.
- HTJ distributed a press release on the Hawaii Camera Girls Reporter Campaign.

### **Sales Activities** – HTJ conducted 26 sales calls and met with 48 agents to promote Hawaii.

- Although drastic moves towards recovery for the Island of Hawaii are yet to be seen, many developments have been underway for revitalization of travels to the Island. With wholesalers starting to incorporate Kilauea tours in products starting from late October, combined with the revision of airfare by airlines, many remain hopeful for the recovery initiatives to begin taking effect.
- In the Kansai market, in efforts to recuperate the losses from the closure of Kansai International Airport in September, many airlines are striving to reobtain customers. With LCCs offering rates as low as 25,000 yen (including fuel surcharge), recovery is speculated by the end of the year.

### **JTB**

- **Initiatives:** With JTB's announcement of selecting Hawaii as the destination for their 2019 Global Destination Campaign (GDC) at the Global Tourism Summit (GTS), many initiatives

have been underway to prepare for its launch throughout the entire company. HTJ is currently discussing with the operation department of JTB to finalize plans for the GDC, with set plans to be announced by December. HTJ was also able to hold meetings with JTB's various directors, to discuss future campaigns in Hawaii while they attended the GTS.

- On October 30, JTB gathered 140 personnel from various departments of their company for a Hawaii seminar and event, in efforts to better prepare the agents for the 2019 initiatives. HTJ provided a presentation on the latest updates and trends in Hawaii. Plans are also being made with Delta to create a TV program promoting Hawaii in Fukuoka. HTJ is also planning to support this coop initiative.

#### HIS

- **Performance:** Issues with the completion of renovations at the Crouching Lion Chapel has caused HIS to forcibly cancel the reservations of 260 couples, resulting in a media frenzy from claims made against HIS. As a result, HIS has been refraining from advertisements to Hawaii until the issue is fully resolved. Overall performance for Hawaii remains relatively similar to 2017. With airlines and hotels revising rates downward, special tour products for the Island of Hawaii with Kilauea tours as low as 99,800 yen are being offered in efforts to recapture the market.

#### KNT

- **Performance:** Despite the closure of Kansai International Airport in September, customers sent to Hawaii YTD remain greater than those sent in 2017.
- **Initiatives:** KNT's annual Pan-Pacific Festival will be celebrating its 40<sup>th</sup> anniversary in 2019. Because sister-city relationships between Hiroshima and Hawaii will also be celebrating its 60<sup>th</sup> anniversary, KNT is planning to greatly promote attendance to the festival in Hiroshima.

#### JALPAK

- **Performance:** Struggles continue for recovery of customers to the Island of Hawaii. JALPAK remains hopeful of recovery to be imminent with the reopening of Volcanoes National Park.
- **Initiatives:** JALPAK is working with credit card companies and developing various plans for members. HTJ will also provide support to parts which align with HTJ's strategies such as the affluent market initiatives. JALPAK is also working to raise awareness of Hawaii amongst Japanese consumers; they are currently working with a popular Japanese TV program to feature Hawaii across 4 broadcasts. Contents will mainly be focused on promotion of the neighbor islands.

#### Hankyu Travel

- **Performance:** Upon the reopening of Volcanoes National Park, although there was a slight surge in the amount of bookings being made, struggles returned after the initial hype died down. With close to 1,000 pax handled in September 2017 for their special Island of Hawaii tour, the rise in fuel surcharge costs have caused the price of this same tour to rise by over 10,000 yen, causing struggles for bookings to ensue.

#### Honolulu Office Activities

- **JHTA TAT Meeting:** HTJ organized a special seminar on October 25, led by Mr. T. Shiraishi from the Department of Taxation for JHTA members, regarding the implementation of the new TAT laws. This was arranged in response to the concerns of several JHTA members for the new TAT starting on January 1, 2019. HTJ will continue communicating with JHTA members and the Department of Taxation to alleviate the concerns of stakeholders.
- **HIS Meeting:** HTJ held a meeting with HIS Hawaii to discuss promotions for 2019, after they had heard of HTJ's 2019 strategies at the GTS. HIS expressed great interest in the 2019 HTJ initiatives and looked to become involved.



**Partner Relations**

- HTJ worked with Hawaiian Airlines to host a Wedding FAM Tour on Oahu from October 21 – 26. 13 agents from 9 wholesalers and wedding companies participated. Because on previous Wedding FAM tours for these agents, contents mainly focused solely on hotel and chapel inspections, HTJ arranged for the agents to experience various activities that couples and their guests could experience in Hawaii, to provide agents the ability to suggest various plans to potential customers. As Japanese couples tend to prefer staying in Waikiki prior to their wedding, agents were shown alternative options such as the Kahala resort to suggest as a honeymoon hotel. HTJ will continue communicating with attendees and other wedding related agents and provide support as necessary.
- Halekulani Hotel has shown great interest in the Aloha Program Hawaii Specialist programs. They are currently developing customized programs to promote the Hawaii Specialist programs.
- Roberts Hawaii expressed interest in the possibility of creating unique tours for the Japanese market. HTJ discussed and suggested potential plans for them, along with the possibility for implementing special membership benefits Hawaii Specialist members.

**Brand Experience Update**

- Various events in October such as the Hula Hoolauna Aloha and the Ironman Triathlon were promoted via the HTJ portal site, allhawaii.jp, SNS and mail magazines.

**Island Chapters Engagement Update**

- IHVB: HTJ acquired the contents and artwork for the “Pono Pledge” to translate into Japanese. Updates on the Halemaumau Crater were also collected, and updated on allhawaii.jp, with emails being sent to partners as well.
- MVB: Conducted the monthly conference call meeting with Mr. R. Parker of MVB and discussed regarding the current situation of Haleakala National Park, along with the use of the special funds received from the City & County for special promotions. HTJ agreed to support by assisting in the selection of wholesalers for support to increase Japanese visitors to Maui. Finally, the schedule of the Maui portion of the Aloha Program Week in Hawaii was shared.

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

#	Event Name	Date	Location
1	Aloha Program Week in Hawaii	11/5 – 11/10	Island of Hawaii & Maui
2	Media Event	11/15 – 11/16	Tokyo
3	Chigasaki Loco Hawaii Festa	11/23 – 11/25	Chigasaki, Kanagawa
4	Satellite Office Staff FAM	12/2 – 12/7	Island of Hawaii

## **Hawai'i Tourism Canada Monthly Marketing Report October 2018**

### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

The Canadian economy has seemingly stabilized a bit with the signing of the USMCA replacement to NAFTA. Consumer confidence is high, the unemployment rate has dropped, but the exchange rate is holding at around \$0.76, which is still a bit too close the point where Canadians reconsider discretionary U.S. travel.

Three out of the past four months have registered a decline in the Canadian visitor numbers as compared to 2017. While many variables could contribute to this result, it should be noted that overall, Canada is still up 4% compared to 2017. The first 9 months of 2018 was the highest total for Canadian visits in the past 6 years.

While many variables contribute to a Canadian's travel decision making, it is likely that the combination of the volcanic eruption and hurricane activity have had an impact. As has been noted separately, key Canadian Tour Operator partners have noticed the impact on their current and future bookings. This may take several additional months to moderate. HTCAN is working cooperatively with its partners to try to make up for lost bookings. The operators have challenged their hotel partners and collectively we are aggressively putting strong offers into the marketplace. Barring any further volcanic or significant storm activity, a booking rebound is anticipated for the key winter period.

### **Economy**

The Canadian economy remains well on track to grow by about 2% in 2018 despite an expected moderation in the third quarter. Reduced trade-related uncertainties are courtesy of the new USMCA trade (NAFTA replacement) agreement, expectations of accelerating wages amidst labor shortages, the stabilization of the housing market, and generally positive signals from businesses about investment, have all made the Bank of Canada more confident about the economic outlook, which explains the central bank's increasingly hawkish signals. Economists expect three more interest rate hikes before the end of 2019, which would put the overnight rate in the lower end of the estimated range of 2.50%-3.50%.

Canada's labor market remains hot. The job vacancy rate —the number of job vacancies as a share of the sum of all occupied and vacant jobs —jumped in the second quarter to 3.4%, the highest on records. The unemployment rate has dropped to 5.8% from 6.0%, a positive sign, but some economists believe this may be due to less Canadians engaging with the labor market.

The oil sector (crucial to Canada's economy) is continuing to stagnate due to low prices, high inventories, limited transportation capacity, and record production.

There has been some stabilization of the housing market, which is a very positive sign after many economists had predicted a downturn.

The Canadian Dollar has been hovering between \$0.76 and \$0.77, seemingly unable to rise any higher as the US Dollar continues to remain strong.

### **Consumer Confidence**

The national consumer confidence rating was 119.6 points in October, a 3.0-point increase compared to last year. Consumers residing in Atlantic Canada, Quebec, and BC were more positive, while the confidence of residents of Alberta and Ontario was mostly unchanged, and a decline was recorded the Prairies. At the same time, the overall attitude towards purchase intentions did not fluctuate, remaining at 31 percent of Canadians. Like last month, the largest change was registered in Quebec, where 44.1 percent of respondents indicated that now is a good time to make a major purchase; a 4.9 percent increase compared to October 2017.

### **Outbound Travel Market & Competitive Environment**

#### **Total Canadian Outbound Travel**

Canadians made almost 23.6 million overnight trips to the U.S. and other outbound destinations during the first eight months of 2018, an increase of 2.1 percent. Of this total, almost 18.0 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 3.2 percent, while leisure travel to the U.S. has grown 2.3 per cent. The first four months of the summer travel season saw Canadians make an estimated 9.6 million overnight leisure trips to the U.S. and other destinations; an increase of 0.4 percent.

#### **Canadian Travel to the United States**

Canadians have taken 14.3 million overnight trips to the U.S. so far this year, almost 11.0 million of which were for leisure purposes. In addition, the first four months of the summer travel season recorded almost 6.3 million leisure trips. Due partly to a stronger exchange rate at the beginning of 2018, the average daily hotel rate in \$CAD increased just 0.2 per cent to \$166.92. So far this year, the Canadian dollar has averaged \$0.78 USD, compared to \$0.76 USD during the first eight months of 2017.

#### **Canadian Travel to the Caribbean, Mexico, and Central America**

More than 3.8 million Canadians visited destinations in Mexico, the Caribbean, and Central America during the first eight months of 2018, an increase of 4.2 per cent. Of the larger volume destinations, arrivals in Mexico have grown 11.0 per cent so far this year, while the Dominican Republic experienced an increase of 8.6 per cent. In contrast, travel to Cuba declined 7.6 per cent. Mexico and the Dominican Republic accounted for 55.7 per cent of activity in the region during the period; this proportion was 52.7 per cent last year. The first four months of the summer travel season (May-Aug) saw Canadian visitation to the region surpass 951 thousand, an increase of 3.1 percent.

#### **Canadian Travel to Europe**

Canadians made almost 4.1 million visits to European destinations during the first eight months of 2018 (based on reporting by 26 countries). This represents an increase of 5.7 percent compared to last year. With year-over-year growth of more than thirty per cent, Slovenia and Turkey continue to see large proportional increases in Canadian visitors. The first four months of the summer travel season saw almost 2.9 million Canadian arrivals in various European destinations, an increase of 5.9 percent.

#### **Canadian Travel to Asia and the South Pacific**

Canadians made more than 2.3 million visits to key destinations in the Asia/Pacific region throughout the first eight months of 2018, a 6.8 percent increase compared to last year. Malaysia and Singapore have experienced the largest proportional increases in arrivals so far this year. During the period, China welcomed an estimated 495 thousand visitors; 21.5 percent of the region's Canadian market. The first four months of the summer travel season saw 981 thousand Canadian arrivals in the region, an increase of 5.0 percent.

### **Consumer Trends**

- The first three quarters of 2018 saw visits to O'ahu grow 3.1% and visits to the island of Hawai'i increase 0.8%.
- Prior to Kīlauea's eruption, visits to Hawai'i were up 5.6%, however Jun-Sept saw activity decline by 2,500 visitors compared to 2017.
- Visits to Maui increased by 8.4% during the period, and accounted for 40% of total visits.

### **Airlift**

- Air Canada and WestJet offered 343K direct seats during the first three quarters of 2018; 2.3% more than STLY.
- Compared to last year, Air Canada offered 5.7% more seats, while WestJet's capacity was flat (0.1%).
- Air Canada offered 7,000 more seats from Vancouver, but capacity on other routes saw little change.
- Following a dip in activity after Kīlauea's eruption, the overall average load factor so far this year has dropped to 80.1%, compared to 82.8% in 2017.

### **LEISURE ACTIVITIES**

#### **Consumer**

##### **Centre Holidays – Bucket List Travel Show, Calgary – October 28**

- Approximately 150 clients of Centre Holidays attended
- Trade show provided quality engagements with attendees and material distribution; answered inquiries about the diversity of the islands. Strong interest in returning to the Hawaiian Islands to experience a different island than first visited.

#### **Travel Trade**

##### **Aloha Canada Trade Mission, Toronto – October 23**

- 187 travel agency owners/managers/consultants from Toronto and surrounding area in attendance
- 5 MCI Meeting Planners and 10 Media (travel trade and consumer) also attended
- The four island chapters and 16 supplier partners participated
- Musicians and dancers from the Polynesian Cultural Center assisted with a lei and musical welcome and entertainment during dinner
- Tradeshow, Island chapter presentations, supplier partner presentations, grand prize and a number of prizes awarded as provided by partners
- Partner, Island Chapter and attendee response was highly favorable from all 3 events

##### **Aloha Canada Trade Mission, Vancouver – October 24**

- 142 travel agency owners/managers/consultants from Vancouver and surrounding area in attendance
- 5 MCI decision makers and 4 Media attended
- The four island chapters and 18 supplier partners participated

##### **Aloha Canada Trade Mission, Edmonton – October 25**

- 123 travel agency owners/managers/consultants from Edmonton and surrounding area in attendance
- The four island chapters and 17 supplier partners participated

### **Public Relations**

- 2018 to date: 84 journalist requests have been received, 21 journalists have travelled via HTCAN, with **more than 400 articles published in 2018 to-date.**
  - o **170+ articles published online and in print for the month of September**; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.
  - o **Canada's newspaper of record, Globe & Mail, featured two articles focusing on two separate islands (Kaua'i and Maui), these appeared online and print.**
  - o Notably, two different pieces appeared across Canada's two largest news services with the most circulated news service Sun Media/Post Media, as well as a number of features in Travel Week (a top travel-trade publication in Canada).
- Aloha Canada events in Toronto, Vancouver, and Edmonton were a resounding success; media focus on Toronto and Vancouver events led to articles in all major travel-trade publications in Canada.
- October FAM with the adventure + luxury theme included the Island of Hawai'i and Lana'i. Publications included Travel Week, PAX News, Journal de Montreal/de Quebec, and a top Instagram travel photographer.
- Working with WestJet Magazine on article detailing Honolulu as a top location for conferences and events.
- Arranging individual media FAM for two different journalists under assignment; separate trips will include a tour of Moloka'i and a food/culinary experience on O'ahu.

### **Sales Activities**

#### **Island of Hawai'i Trade FAM – December 2 to 8, 2018**

- FAM invitations sent to key travel agency consortia, owners, managers and select agents across Canada
- Confirmed seven qualified agents, all are Hawai'i Destination Specialists

#### **Edmonton Travel – Bob Chapman, Owner**

- Senior Travel Consultant, Lea-Ann, is confirmed for the island of Hawai'i FAM in December
- They would like to coordinate their own unique Hawai'i packages that include tours/activities. They tend to book directly with hotels as they offer more value-add options and flexibility with cancellation.
- Discussed future Edmonton Travel client event to promote and increase bookings for Hawaii

#### **Flight Centre Holidays, Toronto – David Gallie, Destination Manager**

- Will focus on more Hawai'i marketing, promotions, and training with their Flight Centre team across Canada
  - Provided David with a list of current Flight Centre Hawai'i Destination Specialists; he will continue to encourage agents to complete the training
  - Flight Centre has launched a Better Beach Product, which includes Hawai'i – targeting the elite, or more affluent client (\$100,000 household income and higher)
- [www.flightcentre.ca/destination/hawaii](http://www.flightcentre.ca/destination/hawaii)

### **“COMING ATTRACTIONS” FOR LEISURE MARKET**

- TravelLeaders Regional Meeting – November 13, Winnipeg
- CAA Hawai'i Consumer Show – November 14, Winnipeg
- Air Canada Vacations Hangar Event – November 14, Vancouver
- Occupation Double TV Show Filming, November 16 – 22, O'ahu & Kaua'i

- Crème de la Crème Grand Wedding Showcase – November 18, Vancouver
- Maritime Travel National Conference – November 23 & 24, Halifax
- HTCAN and island of Hawai'i FAM – December 2 to 8

## Hawai'i Tourism Oceania Monthly Marketing Report October 2018

### Leisure

#### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

##### Economy

###### **Australia:**

The Australian dollar dropped to a two year low against the USD this month, to register at US\$0.703. This exchange rate does not necessarily mean a softer Australian economy, rather that global factors are impacting Australia's currency. Australia's economy remains enviably strong, supported by favorable global conditions and strong domestic demand from population growth. It is global uncertainty and high household debt that may weaken growth prospects.

###### **New Zealand:**

Recent economy indicators have pointed to a reasonably strong economy with GDP growth higher than expected and unemployment lower. By the end of the month, the New Zealand Dollar had recovered from the September declines to be valued at US\$0.67.

##### Outbound Travel Market & Competitive Environment

###### **Australia:**

The number of Australians returning from overseas trips in August 2018 (934,300) remains on par with the previous month. The current trend estimate for overseas trips is 6% higher than in August 2017. The USA saw a 2.7% increase overall. The top five destinations for departures with increases year on year were: Singapore (+13.5%); China (+13.4%); Italy (+9.5%); United Kingdom (+6.8%); Indonesia and Fiji (+5.1%).

###### **New Zealand:**

Overseas trips by New Zealand residents were up 17,500 to 291,100. The biggest changes were in departures to: Australia (up 4,300); Indonesia (up 3,100); United States (up 2,900). Interestingly, Hawai'i contributed to over 2,000 of those increased arrivals to the United States.

##### Travel Trends

Specialist wholesaler Venture Far has ceased operations and been placed into liquidation after 39 years of operation. Venture Far was a member of Magellan Travel Group and last year underwent major changes, including a total rebrand from Venture Holidays.

A recent article by Travel Today Magazine following interviews with NZ travel industry has reported that affordability and accessibility are key reasons the industry is seeing an increase in family travel, with Kiwi families not only travelling more, but also further.

##### Airlift

The Australian Government has signed a new expanded air services agreement with Fiji that allows for a capacity increase of more than 20% - the largest such boost since 1999. Virgin Australia has been granted a 99-year approval to operate unlimited flights to Fiji from points in Australia other than Sydney, Melbourne, Brisbane and Perth.

AirAsia has announced it is stopping its Auckland-Gold Coast route from February 11, 2019. This will also impact the number of NZers travelling to Malaysia now that the connection option to Kuala Lumpur will no longer be in place.

## **LEISURE ACTIVITIES**

### **Consumer**

Hawai'i Tourism Oceania in conjunction with Hoot Holidays and Hawaiian Airlines have launched a fully integrated cooperative campaign with a focus on multi-island trips. This multi-channel campaign will be promoted through press ads, digital, EDM, social media and third-party channels. This campaign aims to increase awareness of Hawai'i as a holiday destination for both couples and families. Hoot Holidays is a wholesaler that sells exclusively to the retail brand TravelManagers - a network of over 500 home-based travel agents across Australia.

### **Travel Trade**

Hawai'i Tourism Oceania hosted four familiarization trips with 44 travel agents from Australia and New Zealand visiting O'ahu, Maui, Kaua'i and the island of Hawai'i. HTO worked with the Island Chapters to create individual four-day island adventures and Hawaiian Airlines sponsored the international and inter-island flights. The feedback from participants was extremely positive and the FAMs have successfully showcased the depth of experiences that each of the four main islands can offer.

### **Public Relations**

Hawai'i Tourism Oceania facilitated Melbourne's Triple M Radio Hot Breakfast morning show on their end of season trip to Hawai'i. Broadcasting live from Outrigger Waikiki Beach for a week, the Triple M Hot Breakfast team streamed their show back to Australia, describing to listeners their experiences in Hawai'i. The group undertook a number of experiences during the week which they shared with listeners, including a helicopter flight over the island, a surfing lesson and interviews with local identities.

### **Sales Activities**

HTO met with key partners during the month, to plan 2019 campaign and PR activities.

### **"COMING ATTRACTIONS" FOR LEISURE MARKET**

- Mahalo Lunch with KVB and IHVB in Sydney – November 2018
- International Traveller Foodie Campaign – December 2018
- Sydney Kings – Hawai'i Night Promotion – February 2019



## Hawai'i Tourism China Monthly Marketing Report October 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

#### Economy

- **GDP:** China's GDP growth in Q3 slowed down to 6.5% compared to the 6.7% in Q2. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency:** Chinese Yuan depreciated further to 6.95 per USD in October compared to 6.48 RMB per USD at the end of Q2. This may impact the spending power of Chinese travelers during travel. Many financial experts predict that the depreciation may continue.
- **Unemployment rate:** China reached a record low of 3.83% in the third quarter of 2018. The forecast of unemployment rate in Q4 is 4.00%.
- **Consumer confidence Index:** Consumer confidence in China slightly increased in Q3, standing at 118.6 Index Points from 113 in Q2. Confidence index higher than 100 points showed that Chinese consumers are positive about the current and future economic trends.

#### Outbound Travel Market

- According to Ctrip's data, on the first day of the Golden Week alone, 122 million Chinese people were on the move to travel. A 7.5% increase compared to 2017 was observed by state-media outlet Xinhua. However, the U.S. saw a sharp decline in Chinese visitors, with flight bookings to the country down by 42% compared to Golden Week of last year.
- A report published by Spain-based travel intelligence provider, ForwardKeys, showed that bookings by Chinese tourists to the United States were down 8.4% for January to August 2018, compared to the same period last year. It is estimated that for August to December 2018, Chinese bookings for overseas travel will grow by 5.5%, while travels to the U.S. will dip to 9.6% on an annual basis.

#### Consumer Trends

- As the Chinese International Travel Monitor (CITM) survey released by Expedia Group showed that the U.S. is a top 3 international destination for Chinese travelers -- accounting for their 4<sup>th</sup> largest market spending and capturing the longest stay per trip at 8.4 days. Favorite destination activities among Chinese travelers include: tasting local foods (69%), sight-seeing (65%), and shopping for authentic local items (43%).
- The study also shows that 36% of 3,047 Chinese respondents (age 18-58 who had traveled overseas in the last 12 months) are planning a visit to the U.S. in the next year, with 26% visiting for the first-time visit. Payment technology dominated traveler preferences, with 59% wanting to see more QR codes for WeChat payment and 57% looking for greater acceptance of China mobile payment platforms overall. On top of that, 44% would like to see more public Wi-Fi spots and restrooms.

#### Travel Trends

- According to Ctrip, China's new First-Tier and Second-Tier cities drove the 'Golden Week' tourism. Leading the growth was the southeastern city of Changzhou with an increase of 288% in residents

traveling, followed by the southern city of Foshan at 244% and Zhuhai - which borders Macau - at 237%.

- Residents of China's new First-Tier cities saw significant increases in spending on overseas travel during National Day holidays. Spending by Chinese from Dalian, Suzhou, Shenyang, Chengdu, Fuzhou, Zhengzhou, Xian and Xiamen ranged from about USD 982 - 1,127 per pax (RMB 6,800 - 7,800), a significant rise from the Golden Week in 2017.
- The latest report from The Luxury Conversation, the intelligence platform focused on high-end market in Asia, outlined new trends and preferences of Chinese Millennials now traveling with young children in the research report 'Next-Gen Luxury Travellers: Affluent Chinese Families.' The data was drawn from over 400 affluent families across China. Decades-long one-child policy and unique socio-cultural factors have resulted parents and grandparents often focusing on one child, raising a 'little emperor' of the family.

### **Airlift**

- China is predicted to become the world's largest aviation market by 2025. Five of the top 10 international routes will touch China by the end of 2037, up from the current three, according to the International Air Transport Association (IATA).
- Shanghai Hongqiao International Airport, one of the city's two major airports, introduced China's first automated clearance system for airline passengers using facial recognition technology. These machines scan passengers' ID cards using facial recognition technology to complete the security check process in about 12 seconds. Shanghai's facial recognition technology is part of Beijing's new airport development plan, and expected to complete project in 2020. The airport is designed to handle up to 100 million passengers a year at full capacity.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **Hawai'i Shone on the 2018 Guangzhou Ukulele Festival**

With the rising interest of the Ukulele amongst Chinese millennials, HTC collaborated with UKULELECN on the 2018 Guangzhou Ukulele Festival on October 21 to strengthen the awareness of the unique, world-class musical and cultural resource of Hawai'i.

Considered as one of the most significant Ukulele events in Southern China, the Nation's Ukulele Masters like Zongli Liu, G.J. Lee and other 10 groups were invited to meet **300** ukulele enthusiasts on site. HTC invited Hula dancers to showcase Hawaiian culture and the Islands' magnificent travel resources to the audience. The Festival was promoted through UKULELECN's website and social media channels, reaching **100,000** impressions.

## **Travel Trade**

### **Chinese Top Travel Agencies Explore the GTS and Hawaiian Islands**

As a part of 2018 marketing plan, HTC invited 10 trade buyers from 4 main markets (Beijing, Shanghai, Guangzhou & Chengdu) to attend the 2018 Global Tourism Summit and a pre-FAM on the Hawaiian Islands. The FAM has been divided into two groups, one to the Island of Hawai'i, and the other to the island of Maui. They have inspected many hotels and attractions. In addition, over 60 one-on-one meetings were conducted between Chinese travel trade buyers and local suppliers during the B2B networking sessions at the summit.

### **Mid-Autumn Festival Greetings to 75 Chinese Trade Partners**

To further strengthen relationships with China's top trade partners and to express gratitude for their continuous support to Hawai'i, HTC visited and sent them well-wishes for Chinese Mid-Autumn festival and National Day. A total of over 75 trade partners across airlines, OTAs, travel agencies, MCI intermediaries and government were reached.

### **Happy Healthy Hawai'i at 2018 China-ASEAN Expo Tourism Exhibition**

HTC attended the 2018 China-ASEAN Expo Tourism Exhibition in Guilin on October 26 to 28, the biggest travel fair in Southwest China. The aim is to build relationships with new partners in secondary cities like Guilin, Nanning and Guizhou. HTC set up a vibrant Hawai'i booth at the International Destination Pavilion, showcasing the Hawaiian Islands as an ideal stand-alone vacation destination.

This multiday exhibition included both B2B and B2C sessions reaching over **50,000** audiences in total. HTC also met with over 20 travel agencies and tour operators who were interested in developing Hawai'i products.

### **Educational Training to Nicetour**

HTC reached out to Nicetour and organized a destination training to their products and sales department in Beijing office. A total 9 account managers and OPs attended the training and learned about Hawai'i's travel resources.

Nicetour is a new agency that mainly focuses on organizing and planning themed travel and customized groups. HTC will follow up with them for future potential series groups as well as assist them with online promotions.

## **Public Relations**

### **HTC Men's Fashion and Lifestyle Media FAM**

To promote the Hawaiian Islands as a premium destination for upscale Chinese travelers, HTC invited 6 leading men's fashion and travel media including Men's Uno (风度), Modern Weekly (周末画报), So Figaro, Holiday Mook (度假), Travel & Leisure (旅游休闲) and Feekr to visit O'ahu and Kaua'i from September 27 to October 2.

Island Chapters and Hawai'i's industry stakeholders greatly supported this FAM. Coverage of Hawai'i by these publications will be launched in November and is estimated to reach **3 million** readers.

**October Press Release: The Highlights of Hawai’i Food & Wine Festival**

To continuously promote the annual Hawai’i Food & Wine Festival in China and attract seasoned food-lovers to visit Hawai’i, HTC issued a press release to recommend the most delighted activities during the festival from October 10 to 28.

The press release was published on 8 Chinese mainstream media with a total PR value of **USD 255,000** and over **1,300,000** impressions reached.

**Media Highlights – National Geographic Traveler**

National Geographic Traveler(时尚旅游), a top travel publication in China targeting high-end and FIT travelers, posted a 8-page feature named The Philosophy of Taro. This article featured the culture of Hawai’i and the relationship between Taro and the people of Hawai’i through the eyes of a local farmer who grows taro in Waipi’o Valley. Traditional and local food specialties such as poi, lau lau, lomi lomi salmon and pineapple pie were also recommended in the article.

**COMING ATTRACTIONS**

No	Event Name	Date	Location
1	2018 Shenzhen Ukulele Festival	Nov 17, 2018	Shenzhen, China
2	2018 HTC Beijing Roadshow with America Asia	Nov 14, 2018	Beijing, China
3	Hyde OP Training Seminar	Oct 18 – Nov 22, 2018	China
4	Norwegian Cruise Line Sales/Training Seminar	Oct – Nov, 2018	Guangzhou, Chengdu, Kunming, Beijing
5	11/11 Singles’ Day Online Promotion	Nov, 2018	Online

## **Hawai'i Tourism Korea Monthly Marketing Report October 2018**

### **Leisure**

#### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

- Increases in FIT travel and decreases in overseas travel package sales are closely related to the rapid growth of OTAs and meta search engines, according to Sejong University. About 7 out of 10 FIT travelers (69.5%) purchased accommodation via OTAs, up 8.2% compared to the same quarter last year. Direct bookings of accommodation fell by 4.7% (14.1%), and reservations through travel agencies dropped by 2.8% (7.1%). The purchase of flight tickets directly from airlines held at 39.7%, still a large portion in the market, but declined 1.8% compared to the same quarter last year. However, OTAs commanded 27.2% of activity and other channels, such as the open market and social commerce, snared 14.2%, representing gains of 3.1% and 3.2% respectively compared to the same time last year. Travel agents' roles in selling flight tickets continued to fall, down 4.5% to 19% compared to last year. Their market power decline is attributed to the convenience of purchasing online travel products through OTAs, the open market, and social commerce. There is a slow decline in purchases of group packages and a sharper fall in sales of airtel packages.

#### **ECONOMY**

- South Korea's 3rd quarter growth was 2%, the lowest year-on-year gain since the third quarter of 2009. The sluggish result was announced a week after the Bank of Korea revised down its growth target for 2018 from 2.9% to 2.7%. It said quarterly growth of 0.6% was still in line with the country's growth potential in an annual range of 2.8% to 2.9%.
- South Korea's global competitiveness ranking has risen two notches this year thanks to improvement in the macroeconomic environment and a high-level of information technology. In 2018, Asia's fourth-largest economy ranked 15th out of 140 countries surveyed in the World Economic Forum competitiveness index, up from 17th the previous year. WEF said this year's gains were tempered by challenges in the country's labor sector and certain structural problems.
- South Korea's government will create 59,000 temporary jobs and lower taxes on refined fuel products by 15% for the next six months in a bid to reinvigorate the sluggish economy. Seventeen trillion won (\$13 billion) will be spent to bolster private investment amid the protracted economic downturn and weak jobs data. These are part of measures the Ministry of Economy and Finance unveiled on October 24 to create more jobs, bolster sluggish private investment and promote innovation-led growth.
- The average USD/WON exchange rate in October was 1129.53 won, a slight increase from the previous rate of 1119.65 won in September. Fuel surcharges were imposed in September up to 184,800 won (\$162) for a round trip between Korea and the U.S.

#### **OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT**

- Korea Tourism Organization reported the number of Korean outbound travelers in September was 2,225,756, a year-on-year increase of 0.99%.

#### **CONSUMER TRENDS**

- More people in South Korea are striving to live plastic-free and generate zero waste. The trend is in line with government aims to phase out disposable plastic cups and straws at coffee shops and other public places by 2027 as part of a broader initiative to reduce hard-to-recycle waste. The purpose of the project is to cut down urban life waste in all processes from production and consumption to management and recycling. As an example, Starbucks Korea started a pilot project in September offering paper straws at 100 of its stores. The government will further expand

a radio frequency identification (RFID) disposal system to small restaurants by 2027 and, through such measures, aims to reduce the amount of waste by 20% and increase the recycling rate from the current 70% to 82% by 2027.

### **TRAVEL TRENDS**

- With less than three months left in 2018, South Korean workers are scurrying to use their remaining annual leave in light of the Moon government's new overtime policy. Traditionally, November hasn't been the most favored month to travel, but more workers are getting a chance to do so under the Moon Jae-in administration's new 52-hour maximum workweek policy. Results from a Skyscanner survey show that 66% of the 576 respondents had yet to take all of their annual leave and 40% had more than 10 days remaining. The labor law stipulates a person is entitled to 15 days paid leave if they work at least 80% of a year. As this year has seen a trend toward more people trying to strike a better balance between work and life, Skyscanner predicted a surge in the overseas trips to nearby destinations in November and December.
- A strong won and cheap airfares resulted in South Koreans spending a record ₩32 trillion (US\$1=₩1,130) overseas last year, a 9.3% year-on-year increase, according to Bank of Korea statistics. The figure does not include online shopping on overseas websites like Amazon and Alibaba or spending on business trips, meaning most of it occurred on holiday or during overseas study or training. The amount is expected to increase further this year due to a weak Japanese yen and other factors encouraging Koreans to spend money offshore. Overseas spending accounted for only 4.2% of the total private consumption of ₩759.9 trillion, but the growth rate surpassed the increase in income and domestic consumption, thereby contributing to the economic slump.

### **MEDIA & ONLINE TRENDS**

- If social media has been the playground mainly for South Korea's younger generations, more elderly members of society are joining their ranks. Senior celebrities over 50 and into their 80s have newly jumped into social media for various reasons. And the younger generations are supporting their rather unpolished and clumsy efforts. Experts say the trend reflects the increasing use of social media by people aged 60 and older. The ratio of senior citizens using social media soared to 12.9% in 2017 from 5.1% in 2014, said a report by Korea Information Society Development Institute (KISDI) on social media usage. The time spent by seniors on social media each day rose to 60 minutes in 2017 from 35.8 minutes in 2014.

### **AIRLIFT**

- Air travelers can expect to pay even higher fares in the next month due to the increase in fuel surcharges. In November, the fuel surcharge for international flights will exceed the maximum of ₩100,000. The price of air fuel averaged 225.47 cents per gallon between September 16 and October 15, corresponding to a Level 8 levy. Korean Air will impose a fuel surcharge between ₩14,400 and ₩1,050,600 next month, depending on flight distance.
- South Korea's air passenger traffic reached a new record high in August on increased overseas travel demand, the government reported on September 27. The number of air passengers was 10.58 million in August, up 6.1% from a year earlier and a new monthly record, the Ministry of Land, Infrastructure and Transport reported. It is the second time the country's monthly number of air passengers had surpassed 10 million. In January this year, the figure was 10.06 million. The ministry attributed the record August tally to a steady increase in the number of overseas travelers. International air passenger traffic surged 10.9% year-on-year to a record high of 7.82 million last month thanks to increased demand for outbound trips during the summer vacation season, more flights from low-cost carriers, and China's move to allow some group tours to South Korea.
- South Korea's first duty free store available to returning travelers will open at Incheon International Airport as early as next May, the Finance Ministry announced on September 27. Currently, duty free purchases are allowed only for passengers departing Korea, either at an international airport or in advance at city locations, with the goods available for pick-up at the departure terminal.

## LEISURE ACTIVITIES

### Consumer

- **GoHawaii Website – Phase II Updates:** HTK is working on 2<sup>nd</sup> phase updates of the GoHawaii Korean website. It will follow up on the updates where necessary in the coming months, providing translation and new personalization functions.
- **'Real Hawaii Travel Tips' Talk Fest with CGV & Travie:** HTK successfully held a consumer talk fest in collaboration with CGV, the largest movie theater chain in Korea, and travel magazine, Travie. The event was led by host Ms. Sangeun Lee, a musician and travel writer, who talked about her experiences in the islands and offered travel tips. The October 30 event included a destination presentation and lucky draw prizes.
- **#AlohaEverywhere Instagrammer FAM trip:** HTK is in discussion with magazine The Traveller for an upcoming influencer FAM visit to the islands. The trip will involve influencers who are active both on Instagram and YouTube and is being targeted for departure by end of year.

### Travel Trade

- **Brand USA - USA Specialist Program (USP) Fam Tour:** HTK collaborated with multiple trade partners from DMOs and airlines – Hawaiian Airlines, Brand USA, and Las Vegas Convention and Visitors Authority (LVCVA) – to do a Joint Dual-City Fam Tour to increase incremental visitor arrivals. The participants visited Las Vegas, Honolulu and Hilo, Hawaii, from October 22 to 29 to learn about Las Vegas and Hawaii routes, two of the most popular layovers for honeymooners in Korea. The 3N/4D islands' itinerary enabled participants to explore a variety of vibrant natural attractions and to learn about Hawaii's cultural and historical background.
- **#TastyHawaii Promotion:** HTK successfully conducted the #TastyHawaii promotion, a culinary marketing campaign in collaboration with StrEAT, one of Korea's leading Asian fusion restaurants. Held in the high-end Seoul residential district of Gangnam, the promotion extensively promoted Hawaii-inspired cuisine, offering interactive culinary experiences to consumers. As part of the promotion, HTK and StrEAT co-produced a Hawaii-inspired menu and created Hawaii cuisine meal coupons which were distributed via #TastyHawaii online sweepstakes events on Instagram. The offline sweepstakes event at StrEAT restaurant awarded door prizes – including roundtrip flights from Incheon to Honolulu, limited edition Aloha clutches and mouse pads – to more than 500 consumers. For its online social event, HTK posted a user-interface news card introducing Pacific Rim cuisine and held a sweepstakes event from September 20 to 26.
- **#LuxuryHawaii Promotion:** HTK will launch an online #LuxuryHawaii themed consumer promotion in collaboration with Korean Air to position it as a premium destination. The promotion will involve a Participation Event and ICN-HNL Ticket Purchase Event that targets consumers who purchase Korean Air tickets for the route. Six participating partners – The Ritz-Carlton Residences, Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Fairmont Orchid Resort, Trump International Hotel Waikiki, and Hertz, Mariposa.

### Public Relations

- **Celebrity Photo Shoot on O'ahu:** HTK has invited top entertainment company, SM Entertainment, to undertake a celebrity photo shoot in November. The project involves a fashion pictorial featuring one of the hottest K-pop boy groups, EXO to target consumers in their 20-30s. The EXO Hawaii pictorial will be published next April with a minimum of 300 pages of editorial. The result will be extensively promoted via various media channels, including press release, printed media, social media and online article exposure.

### Sales Activities

- The Korea team had 39 meetings in October with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
  - **Airlines** (8): Korean Air for #LuxuryHawaii promotion and airlift updates; Asiana Airlines for

airlift update; Jin Air for co-op promotion supporting the airline's return from December 29; Hawaiian Airlines for airlift update on daily services from January 2019; and four major airlines based in Busan –Japan Airlines Busan, Delta Air Line Busan, Korean Air Busan and Asiana Airlines Busan – to discuss Busan market activation.

- **Travel Agents** (21): Hana Tour, Mode Tour, YB Tour, Very Good Tour, Hanjin Travel, Lotte JTB, Lotte Tour, Interpark Tour, Chalet Travel, SMTown Travel, Redcap Tour, Tidesquare, LAS Tour (Busan), Busan Blue, I AM Tour Busan, Hana Tour Busan, Tournet Hawai'i, TRAVA, Tournet, Koreana Tour Service, and Hankook.
- **Hotels** (3): Aqua-Aston Hospitality, Trump International Waikiki, and Outrigger Waikiki Beach Resort.
- **Rent-a-car/Transportation/Attractions** (2): Hertz and Alamo Rent-a-car.
- **DMOs, U.S. Government/Organizations** (2): Brand USA and Las Vegas Convention and Visitors Authority.
- **Consumer Brands** (3): StrEAT, Hawai'i Water, and G Market.

#### "COMING ATTRACTIONS" FOR LEISURE MARKET

- Hana Tour Busan International Travel Show (Nov 30 – Dec 2)



## **Hawai'i Tourism Taiwan Monthly Marketing Report October 2018**

### **SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS**

#### **Economy**

- In the third quarter of 2018, GDP grew 2.28% year-on-year, slightly lower than the preliminary reading of 2.36. The unemployment rate in September is 3.76%, decreased by 0.11 points compared to August 2018.
- Taiwan's Consumer Confidence Index (CCI) in October fell 1.52 points to 81.95 compared to September, with all six sub-indicators in the index dropping. The Taiwan currency exchange rate went up to 30.904 (average) in October, which is 0.149 higher when compared to the previous month.

#### **Outbound Travel Market**

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,293,123 in September 2018 with a 4.94% increase compared to September 2017. The outbound number to U.S. went down by 2.71% to 46,991 in September 2018 compared to the same period last year.

#### **Consumer Trends**

##### **Senior Travelers Are the Fastest-Growing of Any Age Group on Airbnb**

According to the research conducted by Airbnb, the number of Taiwanese senior travelers who have booked on Airbnb grew more than 81.33% from 2017 to 2018, making them the fastest growing age group in Taiwan. As senior travelers age over 60 have more flexibility in traveling, they tend to plan their own trips and select destinations in which they can spend time with their families. The research reveals that multi-generational family travel is on the rise, with travel bookings growing 75% in the past year. Senior travelers prefer to book accommodations with kitchen facilities and dining spaces so that they can enjoy their vacation time with their families and grandchildren.

#### **Travel Trends**

##### **Booking.com Reveals Eight Travel Trends in Taiwan for 2019**

Booking.com reveals eight biggest travel trends for the Taiwan market in 2019. First, up to 85% of Taiwanese travelers would consider participating in cultural exchanges to learn new skills. Second, travelers like travel tech innovations such as a "virtual travel agent", using voice-activated assistants to answer travel queries, and would like to use the AR to help them familiarize with a destination before they arrive. Third, 39% of Taiwanese travelers confirmed they are excited about space travel. Fourth, travelers want someone to give personal travel recommendations and make travel plan for them, bringing a truly bespoke experience. Fifth, environmental concerns will turn into greater environmental action. Over 93% of Taiwanese travelers prefer to spend some time on activities that offset the environmental impact. Seventh, 44% of travelers plan to visit a destination that makes them feel like a kid again, especially the Millennial and Gen Z groups. Lastly, travelers are more willing to take weekend trips. With continued innovations in transport, the micro trip will become more varied and tailored, making shorter trips more personal and rewarding.

## **Media Trends**

### **Easyjet's New App Allows Users to Book Flights to the Exact Places Seen on Instagram**

Budget airline EasyJet is now allowing travelers to find airfare with the help of Instagram. Easyjet recently announced a feature on its iOS app called Look&Book. Users will be able to find and book tickets to destinations around Europe directly from their Instagram feeds. In using typical image recognition technology, the Look&Book will identify where the photo was taken by reading the text and detecting key landmarks. Moreover, once a user clicks on the image, Look&Book will allow him/her to see the nearest airport, and pre-populates the booking form in the app with those details.

## **Airlift**

### **EVA Air, Air New Zealand to Codeshare Flights**

EVA Airways and Air New Zealand will resume direct flights between Taiwan Taoyuan International Airport and Auckland in late December, initiating a codeshare agreement with the aim of expanding service networks in Northeast Asia and Oceania for Star Alliance's flight network. Passengers will have codeshare options from Taoyuan to Seoul and to eight destinations in Japan via flights operated by EVA Air. Travelers will also be able to choose Air New Zealand flights from Taoyuan to Auckland, and on to other cities in New Zealand.

### **EVA Air and Copa Airlines of Panama Partners to Boost Taiwan-Central America Tourism**

EVA Air plans to develop Latin American destinations by partnering with Copa Airlines of Panama in early November. Both airlines will manage more than 40 flight connections a week between Taiwan Taoyuan International Airport and Panama City via Los Angeles, San Francisco, Chicago, and New York. The new code-share gives passengers the convenience and makes it easier than in the past to plan both business and leisure itineraries to Central American countries.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **HTT Hosted the First-ever Hawai'i Aloha Festival 2018**

HTT host its first-ever Hawai'i Aloha Festival on October 13th and 14th at Huashan Cultural Park Lawn to replicate the ambience and experiences of Hawai'i to Taiwanese consumers. A total of ten vendors participated in the event, including Islander Hawaiian Coffee, Plantation Prestige, KAMEKONA, Voda Swim and YesTrip (an affiliate of China Airlines). In addition to these Hawai'i brands and goods, HTT organized experiential activities at the festival as well, including ukulele music, Hula dancing and handmade lei workshop. Many families with kids, couples, and friends enjoyed their time at the Hawai'i Aloha Festival, as they had fun watching performances, learning Hawai'i culture as well as taking photos at the photo booth and uploading onto their social media. Taiwanese leading media including CTI Television Corporation, TVBS media, China Times and Power News participated in the event and interviewed HTT for details about the festival. With a great turnout of local consumers and celebrities' surprise appearance, HTT's first Hawai'i Aloha Festival was a big success.

### **Travel Trade**

#### **Taipei International Travel Fair & Trade Event**

HTT is adding a B2B trade event on the day before the 2018 Taipei International Travel Fair. The aim of the trade event is to provide Hawai'i stakeholders who are coming to the Travel Fair an added platform to connect with Taiwan travel trade and to introduce their products and services. During this month, HTT has been inviting the leading trade partners and securing an event venue to host the B2B session. Nine

stakeholders including O'ahu Visitor Bureau, Prince Waikiki, Aqua Aston hotel, The Ritz-Carlton Residences, Marriott Hawai'i Hotels, Highgate Hotels, Kualoa Ranch, Waikīkī Trolley, and Battleship Missouri Memorial have committed to participating in the trade event.

**Public Relations**

Media Monitoring (Clippings & Publicity Calendar): In October 2018, Hawai'i Tourism Taiwan secured 77 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$ 1,450,790.

**Sales Activities**

<b>Company</b>	<b>Name</b>	<b>Location</b>
Lion Travel	Manager, Mr. James Huang Hawai'i Line Route Planner, Ms. Jean Wu	Taipei
Phoenix Tour	Vice General Manager, Mr. Stanley Shao	Taipei
Cola Tours	MICE Dept. Vice General Manager, Ms. Julia Hsu	Taipei
Life Tour	MICE Dept. Vice Manager Mr. Ray Ko	Taipei
Dragon Tours	American Line Manager, Ms. May Sun	Taipei
KKDay	Senior Business Developer, Nina Huang	Taipei
China Airlines	Assistant Manager Mr. Sung Tao Ming	Taipei

**COMING ATTRACTIONS**

- November [2018 Taipei International Travel Fair], Taiwan
- November [The Publishing of Ciao Magazine], Taiwan
- December ["Global Focus" TV Show On Air], Taiwan
- December [The Publishing of Men's UNO], Taiwan
- December [Co-op with Smart Magazine], Taiwan

## **Hawai'i Tourism Europe Monthly Marketing Report October 2018**

### **Leisure**

#### **European summary of market intelligence/ market conditions**

- The Consensus forecast for UK GDP growth in 2019 remained the same through October at 1.5
- The Office for Budget Responsibility, an independent advisory agency, released their latest projections for GDP which upheld the small rebound for growth in 2019 to an estimated 1.6%
- September's fall in inflation comes a day after figures showed that wages were rising by 3.1% - the fastest pace in nearly a decade - easing pressure on consumer spending power
- The gender pay gap reported a drop this year to a low of 17.9%, according to figures from the Office for National Statistics
- FocusEconomics Consensus Forecast panellists expect the economy to expand 1.8% in 2019, unchanged from last month's forecast, and 1.6% in 2020
- The KOF economic barometer—a leading composite indicator for the Swiss economy forecasting a six-month period—dipped to 100.1 points in October from a revised 102.3 points in September

#### **Exchange rate**

- The GBP/USD average through YTD October 2018 was \$1.34, which is 5.2% above the \$1.28 average during the same ten months in 2017. In terms of a vacation costing \$2,500 USD, the same trip would be £1,952 in 2018 versus £1,856 in 2017
- EUR/ USD: €1 = \$1.15

#### **Consumer Confidence**

- Overall, consumer confidence in October was considerably better than during October 2017. During the month it was at negative 5.2 points and major purchase intentions also at negative 7.5 points

#### **Unemployment**

- Unemployment in the UK continued to fall, with 55,000 fewer people out of work over the period. Wages for British workers surged in the three months to July, according to new data released by the Office for National Statistics
- Germany's unemployment numbers fell more than expected in September, pushing down the rate to its lowest level since German reunification in 1990. The Federal Labour Office said the seasonally adjusted unemployed total fell by 23,000 to 2.303 million
- Unemployment in France still maintains at 9.3%

#### **European Outbound Travel Market & Competitive Environment**

- Mauritius Tourism Promotion Authority and Hills Balfour win the 'Best in Luxury' award at the World Travel Market International Travel and Tourism Awards (ITTA) for the Taylor Morris & Mauritius Luxury campaign
- Thailand ranks top in Ctrip's global destinations during Chinese Golden Week 2018

- German tourism group FTI has maintained strong double-digit growth this year and is adding new destinations in Egypt, Turkey and Greece along with more own-brand hotels for summer 2019

### **European Consumer Trends**

- Millennials are ditching review sites and turning to travel agents to book “better” holiday experiences, according to new research. ABTA's Holiday Habits report found one in five people in this age group said one of the advantages of booking with a travel professional is that they have a better holiday
- This year Germans have travelled more and spent more on their holidays than ever before. The tourism industry is heading for an excellent year in 2018 in terms of leisure travel revenues, according to German travel industry association DRV

### **European Travel Trends**

- Travel Counsellors launched an online sustainable tourism training programme to its 1,500 homeworkers this week. Travel Counsellors chief executive Steve Byrne hailed the training as “a significant step”, saying: “Sustainable tourism is something the company is investing in emotionally and financially, and we're glad to have the experts at The Travel Foundation to guide us.”
- Late checkouts, welcome packages, wellness treatments and family extras are among the latest bookable extras from Thomas Cook Germany for summer 2019 along with 20 more own-brand hotels and price increases
- Intrepid Travel just published their Top 10 destinations for travel in October, number 1: USA with New England as well as the West Coast

### **European Media & Online Trends**

- Channel 4 has announced that it will establish its new national headquarters in Leeds and create a ‘major’ news hub in the city. The broadcaster also plans to open two regional news bureaux in other parts of the UK: in Glasgow, set to open next year, and an as yet unspecified city in the Midlands
- Facebook made \$13.7bn (£10.6bn) in revenues over three months to the end of September 2018 – up by a third on the same period last year, new quarterly financial figures show
- BBC Radio 4's Today programme is launching a spin-off podcast in a bid to reach a growing on-demand audience of younger listeners to offer them a ‘different take’ on the news. Beyond Today will air for the first time later today, with alternate presenters Tina Daheley and Matthew Price, alongside a team largely made up of female journalists under 30 from across the BBC
- Three new culinary magazines have launched, including, WILD – Bewusst Geniessen, B-EAT, Das große Backen. All of them are foodie focused, including features about culinary topics and recipes from around the world
- 80% of French tourism boards are on Instagram. Paris has the most followers, followed by Paris-Ile-de-France and Chamonix. 50% of the destination accounts use the stories tool

### **European Airlift**

- Heathrow has announced plans for a full-scale roll out of new biometric services from next summer. The new technology will be a first for the airport and will streamline the passenger journey through Heathrow from check-in to take-off. The new technology uses facial recognition at check-in, bag drops, security lanes and boarding gates to create a seamless experience for passengers travelling through the airport

- Norwegian has reported earnings before tax of £149 million for the third quarter of 2018. The company continued to reduce its unit costs despite a capacity growth of 33 per cent. Going forward, the growth will abate, consequently further reducing unit cost. The total revenue increased by 33 per cent to £1.2 billion. In total, approximately 11 million passengers chose to travel with Norwegian in the third quarter - an increase of 11 per cent and the load factor remained high at 90.5 per cent compared to 91.7 per cent last year
- Virgin Atlantic has unveiled a partnership with award-winning food writer and television host Donal Skehan to reinvent their dining experience at 38,000ft. An Irish native, and now LA-based, Skehan has been working with Virgin Atlantic for 12 months to develop a completely new approach to in-flight dining
- Air France celebrated its 85th anniversary. For this event, from 5th to 8th of October, customers could benefit from special offers on many French and European destinations: 85 euros for a round trip ticket. On the same dates, "VIP" flights and animations in boarding lounge and in business area were organized by Air France's employees

## **Leisure Activity**

### **UK & Ireland**

- Continued monitoring of 'Experience our Aloha' digital consumer campaign now it is live
- Ongoing 'Hawai'i on Screen' campaign activity
- Continued plans for 2019 Brand Management and consumer campaigns
- Ongoing communication with Gwen and Tara to discuss social media and close monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month

### **Germany**

- Continued to update GoHawaiiDE website
- Instagram Stories were introduced to German Instagram account. Next Social Media conference call to discuss future strategies on November 14, 2018
- Co-ordinating Experience our Aloha campaign with UK team, and CTA partner Canusa

## **Travel Trade**

### **UK and Ireland**

- Conducted a meeting with Kuoni to discuss Hawai'i performance and opportunities to partner
- Continued to monitor all Tour Operator bookings to the Hawaiian islands
- Conducted destination training at Carrier, in Manchester
- Ongoing liaison with Flight Centre and Trailfinders, regarding Experience our Aloha campaign
- Ongoing joint marketing activity with Thomas Cook and TravelBag
- Conducted Aloha Europe 2018 in London and Manchester with full report to follow
- Conducted Global Tourism Summit/ Product Manager FAM trip
  - Presented HTE 2019 strategy at the Global Tourism Summit
  - Coordinated a Product Manager FAM Trip to coincide with the Summit
  - HTE UK and 5 Product Managers visited O'ahu and Island of Hawai'i
- Confirmed all participants for the Maui dedicated FAM trip and shared details with Maui Visitor Bureau. Currently secured the following tour operators: Hayes and Jarvis, Kuoni, STA Travel, US Airtours, Bon Voyage, and TravelBag
- Continued liaison with Aloha Europe 2017 prize winners to coordinate upcoming trips to Hawai'i

- Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit. Updates continue to be made from sales calls, training and Aloha Europe roadshow

### **Scandinavia**

- Ongoing liaison with NYHaven Rejser and USA Rejser ahead of and during GTS Summit/ FAM trip
- Coordination of Aloha Europe 2018. Conducted a Product Manager and Media lunch, and Sales Agent evening event in Copenhagen

### **Germany and Switzerland**

- Planning and preparation for Aloha Europe 2018
- Liaison with trade regarding upcoming Experience our Aloha campaign
- Ongoing liaison with trade attendees ahead of PM FAM trip in October
- Liaison with trade attendees ahead of PM FAM trip in December to Maui

### **France**

- Ongoing liaison with 8 tour operators

### **Public Relations**

- Drafted press release ready for distribution to all European markets
- Held media meetings with key editors from national newspapers and consumer magazines
- Ongoing media liaison and press trip organisation across target European markets

### **Germany**

- Ongoing support of individual media trips
- Proactive pitching – general and specific/niche topics
- Regular posting on facebook and Instagram channels

### **France**

- *1 Press release will be sent shortly*
- 2 journalists communicated with in September

### **Sales Activities**

#### **UK and Ireland/Germany**

- Ongoing liaison with trade
- 34 sales calls carried out in total

#### **France**

- Ongoing liaison with trade
- 10 sales calls carried out in total

### **“Coming Attractions” for Leisure Market**

#### **UK & Ireland**

- Flight Centre USA Training Day in November
- Maui Dedicated FAM trip in December

**Germany**

- Kaua'i & Hawai'i Island Agent Fam in October
- Maui Dedicated FAM trip in December

**France**

- Organization of a FAM Trip with a TO in November to create a new product (Ultramarina)
- Publication of an ad in the newspaper oriented honeymoon "Mariée Magazine"



## Hawai'i Tourism Southeast Asia Monthly Marketing Report October 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

**Malaysia:** Malaysia's economy is expected to grow slower than anticipated due to the cancellation of large infrastructure projects and dimmer trade and export prospects. Malaysia will experience slower growth in the next three years due to the easing of exports and public investments until 2020. The World Bank, in its recently released World Bank East Asia and Pacific Economic Update, expects growth to moderate to 4.9% this year, 4.7% next year and 4.6% in 2020. Last year, Malaysia' economy expanded 5.9%. Malaysia's domestic financial markets are more bullish as investor's sentiment was initially affected by the electoral transition and the turmoil in several emerging markets as well as continuing global trade tensions. The heightened financial market volatility either triggered by shifting monetary expectations in advanced economies or crisis in other regions could spread across emerging economies including Malaysia through capital outflows and pressures on exchange rates.

Currency Exchange: USD 1 = MYR 4.18 as of October 31, 2018 vs MYR 4.13 as of September 30, 2018

**Singapore:** Singapore's economy is likely to expand at a slower pace for the rest of the year, averaging 2.5% to 3.5% range due to the United States-China trade war and coupled with the tightening global financial conditions. Singapore's core inflation is expected to come in at 1.5% to 2% for 2018 and 1.5% to 2.5% for 2019. The number of millionaires in Singapore grew 11.2% in the 12 months to mid-2018 to 183,737 as wealth per adult rose 5.3% to over USD 283,000, the ninth highest in the world.

Currency Exchange: USD 1 = SGD 1.38 as of October 31, 2018 vs SGD 1.36 as of September 30, 2018

**Indonesia:** Bank of Indonesia (BI) maintains key rate at 5.75% as it remains confident that the current key rate can attract foreign investors to the domestic financial market. The Government of Indonesia is targeting USD 106.53 billion in tax revenues for 2019, or 19.58% higher than the target for 2018. It has set a 12.11% tax-to-GDP ratio.

Currency Exchange: USD 1 = IDR 15.3 as of October 31, 2018 vs IDR 14.9 as of September 30, 2018

**Thailand:** Thailand's Q3 GDP grows 4.3% YOY, best since 2013. On an annual basis, the economy expanded 4.3% in the third quarter, the best pace for any period since the first quarter of 2013. That number beat the Reuters poll median of 3.8% and was also above its highest forecast. In April-June, annual growth was a revised 3.8%. Thai economy "to remain in good health" and exports "should continue to do well". Despite the baht being at its strongest in more than two years, Thailand's exports have recovered in 2017, benefiting from a strong tech cycle. Exports in the third quarter jumped 12.5% from a year earlier.

Currency Exchange: USD 1 = THB 33.10 as of October 31, 2018 VS THB 32.83 as of September 30, 2018

#### Outbound Travel Market

**Malaysia:** Malaysia outbound travel remains healthy with positive forward bookings to Europe for Northern Lights experience despite many consumers commented that the economy wasn't doing great ever since the cancellation of large infrastructure projects.

**Singapore:** Singapore outbound travel is still buoyant with a 5% increase as of year ended August 2018 compared to the same period previous year. Europe and Northern Lights tours are hot selling for year-end travel with several agents conducting pre-departure briefing for more than 1,200 pax each.

**Indonesia:** A combination of Turkey – Dubai – Abu Dhabi for 12 days make a value-for-money trip and become a new experience for Indonesia leisure travelers and MCI program. South Africa trip for 10 days is a new experience for Indonesia leisure travelers, particularly for those who have got bored with the 'usual practice' of outbound trips such as Europe, Australia & Mainland USA.

**Thailand:** Thai outgoing traveler has picking up very quickly after Q2, winter and New Year end travel program has been sold out. Over 40% of the travelers and more than 40% travel long-haul destination while the rest prefer travel domestically.

### **Competitive Environment**

#### **Malaysia:**

- **Philippines Department of Tourism (PDOT)** hosted a Philippines Tourism Fair from October 5 to 7, 2018 at Sunway Pyramid.
- **Japan National Tourism Office (JNTO)** participated at Apple Travel Fairs organized by Apple Vacations at the Curve Shopping mall from October 4 to 7, 2018.
- **Ningxia Tourism (China)** organized a travel seminar promoting their "Beautiful China Amazing Ningxia" with tagline "Desert, Oasis, Endless Odyssey". Both travel agencies and media partners were present during the seminar.
- **Austria Tourism** organized a B2B matchmaking session on October 24, 2018. This is the first time they organized a roadshow in Malaysia and they have 30 sellers from Austria meet with over 50 travel agencies. The event was held at Impiana KLCC Hotel.
- **Korean Tourism Organization (KTO)** hosted a travel mart event themed "Gangwon 2018 Winter Travel Mart". The event was held at Majestic Hotel Kuala Lumpur on October 24, 2018 with over 50 participants.
- **Macao Government Tourism Office (MGTO)** organized an event themed "Only in Macao" from October 19 to 21, 2018 at Publika KL. There were several engagement activities to lure the crowd, e.g. racing simulator, face paintings, Portuguese egg tart tasting and etc.
- **Hong Kong Tourism Board (HKTB)** spent more than USD 1.5 million on a series of improvements and marketing activities globally to promote one of the city's poorest districts, Sham Shui Po, as a destination for visitors who seek for a unique local experience. HKTB also organized a Sham Shui Po themed roadshow for travel agencies and media on 16 October 2018 at Westin KL.
- **Tour Espana** organized a Spanish roadshow on October 24, 2018 at Mandarin Oriental Hotel. There were over 15 sellers from Spain participated and meet with 64 travel agencies.

#### **Singapore:**

- **New York City & Company** opened a satellite office in Singapore on October 16, 2018, to oversee marketing outreach in Singapore, Vietnam, the Philippines, Indonesia, Malaysia and Thailand. The announcement comes after Singapore Airlines launched the 19-hour flight between Singapore and Newark. In addition, the new campaign "2019-A Monumental Year" will be rolled out to highlight new developments, events and cultural activities taking place in 2019.
- **Tourism Northern Territories** in end October 2018 brought its sales mission back to Singapore after a hiatus of four years. The roadshow connected Singapore and Malaysia travel agents with 18 territory operators under the Adventure NT theme. In addition, more resources will be channeling into marketing in Singapore as Singaporeans are eschewing Australia's traditionally popular cities like Sydney and Melbourne in favor of the Outback for their adventure fix.

- **Germany National Tourism Board** organized its ASEAN Roadshow at Carlton Hotel on October 9, 2018 followed by networking dinner at Smoke & Mirrors.

**Indonesia:**

- **South Africa Tourism Board** conducted a B2B product presentation to an approximately 30 travel agencies in Jakarta to promote Africa as a warm destinations for MCI & Leisure activities.

**Thailand:**

- **The Spain Travel Roadshow** 2018 was organized by the Tourist Office of Spain on October 26, 2018. There were more than 100 travel trade partners participated, during this event there was a cultural showcase, destination product and updated.

**Consumer Trends**

**Malaysia:**

- Malaysian travelers are most likely to take an average of 5.5 flights annually (3.6 average flights for leisure while 1.9 average flights for work), with 83% of them checking into flights online or via mobile.
- Malaysia travelers are the most cost-conscious in Asia with 97% said that price is an important factor for air travel booking.

**Singapore:**

- Growing trend of Singaporeans splashing out to travel in luxury, where 70% go on at least two-to-three luxury vacations per year, preferring a tropical beachside getaway (80%), followed by a foodie tour (43%) and adventure holiday (36%). The survey also found that 23% of the respondents set aside between USD 3,700 and USD 7,410 for travel; 40% budgeted between USD 7,410 and USD 18,520; while 13% were willing to fork out between USD 18,520 and USD 37,040.

**Travel Trends**

**Malaysia:**

- Malaysians who are travelling to the Russian Federation will enjoy simplified visa application process through Fun Sabah Tours Sdn Bhd. Since Fun Sabah Tours is located in East Malaysia, the visa application facility will be expanded to other states. With the effortless visa application to Russia, they anticipate more Malaysians to visit the country.

**Singapore:**

- Singaporean travelers continue to lead the Asia Pacific region in international travel with an average of 7 trips for leisure and business. The number exceeds Asia Pacific average of 2.7 trips and global average of 2.5 trips.

**Media & Online Trends**

The search giant – Google has recently rolled out a business tool that change user's hotel search experience. When user search for hotels in Honolulu for example, they can browse hotel results easily with photos from hotel or other travelers. Users will also get hotel information such as activities to do near hotel and places to explore near hotel. Users can check reviews from around the web that can be searched by keywords like "air conditioning", "free Wifi" and etc. The most interesting part of this tool is the addition of user-submitted photos for each hotel, which Google can access via Google Images. It enables Google to crowd-source photos to help provide more context when users are searching for that particular hotel.

On the other hand, Facebook has rolled out Flight Ads to capture people who are interested in travel. Flight Ads enables airlines to reach more potential travelers based on people's visits to other flight-related pages, websites and apps. Now, airlines can reach more people who have expressed interest in travel. For example, users on Facebook are looking at holiday trips to Mexico by browsing several airline sites and flight pricing apps. Airline brands can now use Flight Ads to reach this bunch of people with tailored ads promoting relevant flight routes. In addition, travelers that visited a travel-related Facebook page, but have not yet chosen a trip destination may see an ad to visit an airline brand's website.

### **Airlift**

Philippine Airlines (PAL) commenced 16-hour non-stop flight from Manila to New York's John F. Kennedy International Airport on October 29, 2018. PAL will be flying 4x weekly to New York by using the brand-new Airbus A350-900 which offer Business Class, Premium Economy Class and Economy Class cabin of 295-seat.

## **LEISURE ACTIVITIES**

### **Consumer**

SNS Result: Facebook stands at 12,833 fans; Instagram has 1,167 followers as of October 31, 2018.

### ***[APPLE VACATIONS had organized Hula performance in conjunction with their yearly APPLE TRAVEL FIESTA]***

Organized annually by Apple Vacations, Apple Travel Fiesta lures 6,000 consumers, to promote attractive travel packages. Hawai'i was amongst some of the desirable travel destinations such as Korea, Japan, Macao and Guam at this year's event. There was a prominent presence of Hawai'i as Apple Vacations had arranged Malaysia based hula dancers for performance as well as conducting hula lessons for the audience.

### ***[AirAsia X is actively promoting The Paradise Within Reach Campaign through digital out of home]***

AirAsia X has been actively promoting the promotional video of Hawai'i, Paradise within Reach, which was created through the joint effort with HTSEA via digital out of home (OOH) advertisement. The video can be spotted at the screens placed at high traffic areas such as Kuala Lumpur Convention Center, Time Square, Damansara-Puchong Highway and Spring Highway, with exposure to over 30 million traffic flow with the PR value of \$39,000.

### **Travel Trade** - N/A

### ***[AMWAY considering Hawaii as an incentive travel]***

AMWAY is considering to organize incentive trips from various countries to Hawai'i between 2021 and 2022 and has requested for support. Teleconference has also been organized with Meet Hawai'i. Tentative details:

- Japan – 2,527 pax in December 2022
- Thailand – 1,600 pax in March 2022
- Vietnam – 300 pax in April 2021
- Indonesia – 250 pax in April 2021
- Philippines – 200 pax in April 2021
- ANZ – 25 pax in May 2021

***[Destination Training for POTO Travel]***

HTSEA – Malaysia office conducted an in-house training and total 20 persons attended. As the result of the destination training, they are planning to promote Hawai'i with US west coast tour packages.

***[Joint Sales Visits with Trump International Hotel Waikiki]***

HTSEA – Malaysia office assisted Trump International Hotel Waikiki with its inaugural sales visits in Kuala Lumpur from October 29 to 30, 2018 during which time 10 sales visits were conducted. Through the visit, trade partners have developed a better understanding of hotel choices and offers in Hawai'i. Most partners commented that Trump International Hotel Waikiki is ideal for family travels, however, will also consider the property for smaller MCI groups if budget permits.

**Public Relation**

October news clippings saw a total number of digital news coverage over 1 platform and 1 print coverage generating USD 3,000 worth of PR value with more than 10,000 impressions in total. Below are the links for news clippings.

**Sales Activities**

HTSEA conducted 27 sales calls in Southeast Asia to promote Hawai'i.

***[AF Travel]*** They are in the midst of finalizing an incentive group of 45 pax to Hawai'i coming up in November. One of the concerning factors for this group is the ongoing strike at Marriott properties as the group will be staying at Sheraton Princess Kaiulani. According to the sales manager of Marriott, the group will be offered services such as breakfast and housekeeping, however, AF Travel agent is concerned about the potential interruptions that may be caused as a result of the strike in the surrounding area of the hotel.

***[Sedunia Travel]*** Joint sales visit with Trump International Hotel Waikiki was made to explore partnership opportunities. Sedunia Travel has shared that they have sold a few Hawai'i FIT ground packages through their e-commerce channel, and the most well received hotels by their customers are Sheraton Waikiki and 'Alohilani due to its location. Moving forward, they will consider recommending Trump International to those who wish to have a family suite.

***[Corporate Information Travel]*** Joint sales visit with Trump International Hotel Waikiki, discussed the potential upcoming group of 280 pax to Hawai'i in year 2020. Trump International Hotel Waikiki is unable to offer 140 rooms at the same room category as this is one of the criteria by the client.

***[MICE Matters]*** Followed up on potential MCI groups for Hawai'i. Agent will propose Hawai'i to their clients for 2019 and beyond. Request for USA destination has been slowed at the moment as the strong demand for Europe persists

***[Scoot]*** Scoot has advised that load factors ex-SIN is still slow and would like HTSEA to provide more support if possible. Scoot has no intention to increase flight capacity to Hawai'i at the moment.

***[Apple Holidays]*** HTSEA explored the opportunity to promote FIT travel package. Agent will organize customized itinerary upon request by customers. Provided a brief update on the destination to refresh agent's knowledge.

**Coming Attractions - NIL**

## **Hawai'i Tourism Hong Kong Monthly Marketing Report October 2018**

### **SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS**

#### **Economy**

Hong Kong's economy expanded by 3.5% year-on-year in real terms in the second quarter of 2018, after the growth of 4.6% in the preceding quarter, marking the seventh consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past decade. Hong Kong dollar and US dollar has a linked exchange rate: Currency Exchange is 1 USD = 7.8267 HKD as of September 30, 2018. The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at 2.8% for the three months ending July 2018, the lowest level in more than 20 years. Overall consumer prices rose by 2.3% in August 2018 over the same month a year earlier, slightly slower from 2.4% in July. Looking ahead, consumer price pressures are expected to increase somewhat. The Government forecasts Hong Kong's consumer price to increase by 2.2% in 2018. Hong Kong stocks fell the most in a month on October 2, 2018, hit by China's weaker-than-expected manufacturing data that fuelled worries of slowing economic growth amid the ongoing US-China trade war. Standard Chartered downgraded Hong Kong's full-year economic growth forecast from 3.8 per cent to 3.6 per cent on October 3, 2018. The bank cited the US-China trade war, the likelihood of further interest rate rises, an expected slowdown in exports, and disappointing growth in the second quarter, in its "Global Focus – Q4 2018" report.

#### **Outbound Travel Market**

Hong Kong International Airport (HKIA) has recorded total 5.6 million passengers in September 2018, which is a year-on-year decrease of 0.3%. It was primarily due to Typhoon Mangkhut, which resulted in no flight movement for more than 20 hours. Although Hong Kong resident travel and visitor traffic to Hong Kong as destination saw 4% and 1% growth respectively, the decrease in transfer/ transit traffic led to an overall decrease in the passenger traffic in September compared with the same month last year. Overall passenger traffic to and from Japan and Southeast Asia experienced the most significant drop as a result of the typhoon. According to the Travel Industry Council of Hong Kong (TIC) whose members are travel agents, they have USD2,951,332 levy income received during January 2018 to September 2018, which is 8.3% YOY incremental. International Air Transport Association (IATA) recorded USD285 million total billing of air-ticketing sales in Sept 2018, which decrease 2.3% YOY. However, the number of air tickets transactions have been increased to 863,748 times in September 2018, which is 5.1% YOY incremental. This is caused by the increasing trend of low-cost carrier.

#### **Competitive Environment**

The Australian dollar has fallen to a 2.5 year low against the greenback. It also fallen heavily against most other major currencies. The lower currency, along with firmer global economic growth, has helped to boost the value of Australian services exports, particularly for tourism. In comparison, traveling to Hawai'i may seem less attractive to Hong Kong travelers as USD would cost more. In its latest arrival report, the Guam Visitors Bureau said the island welcomed 145,817 visitors last August. However, GVB said arrivals for September are tracking lower than last year primarily due to weather events that have occurred in the Pacific region affecting markets such as Japan, Hong Kong, Hawai'i, Philippines and Guam.

## **Consumer Trends**

The Hong Kong-Zhuhai-Macau Bridge finally opened to public traffic on October 24. Hong Kong Tourism Board has predicted the bridge, and the new cross-border high-speed rail link, will boost tourist numbers to the city by 3.6 per cent, to about 60 million people. The cross-border high-speed rail link carried about 63 per cent of its targeted number of passengers in its first month of operation, but more people are now trying the new services, Hong Kong's railway operator said on October 25, 2018.

## **Travel Trends**

According to online hotel reservation site Booking.com, eight trends were predicted to dominate 2019. The report found that the most popular kinds of "appren-trips" among travelers are cultural exchanges (68%), volunteering trips (54%) and international work placement (52%). Around two-fifths (41%) of travelers said they want brands to use AI to offer personalized travel recommendations. Travel and retail businesses in the city should drive new technological solutions instead of waiting for consumer demands to shift their offerings, Google Hong Kong said. The study pointed out that only 22 per cent of consumers regarded Hong Kong's tourism and travel industry as having successfully digitized its services. Thirty-five per cent of local residents requested better real-time price bidding on flights and hotels to improve their travel booking experience.

## **Airlift**

Hong Kong Airlines and Turkish Airlines have commenced a new codeshare partnership following an agreement signed by both airlines in Istanbul, the hub city of Turkish Airlines on 29 October 2018. Hong Kong Airlines will add Istanbul and popular destinations in Europe, including Paris, London, Barcelona and more to its international network, while Turkish Airlines will extend its reach to other major destinations beyond Hong Kong. Cathay Pacific will increase the frequency of services to Adelaide, Frankfurt, Madrid and Tokyo respectively. This change of schedule gives customers greater choice and improved connectivity to and from European destinations via its Hong Kong hub.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **HTHK x Sony - Meet our Aloha Ambassador**

HTHK joint Sony Hong Kong to launch the "Meet our Aloha Ambassador" at the West Kowloon Cultural District Art Park, an open area with green grass and sea breeze in the city center. We demonstrated the happiness and harmony lifestyle of Hawai'i, and reached to mid-high end market and educate participants about Hawai'i. Dog-lovers and dog owners were targeted for this event. As those who keep dogs in Hong Kong are mostly in the mid-high end category since it requires space, and space in Hong Kong is luxury. In collaboration with Sony Hong Kong, the photo gallery included Aloha-style portraits and stories of 18 aloha ambassadors from Hawai'i AccesSurf, a nonprofit organization creating community-based programs for the disabled to enjoy the water activities and LAP, an animal charity organization, in hopes of touching the hearts of someone by their emotional stories and provide the LAP animals with a loving home. During the event, 3 lucky dogs were adopted. Besides, a photo booth was set up for participants to take interesting GIF photos with Hawai'i props. Participants received a printed hard copy of the GIF photo as a souvenir to capture their "Aloha Moments" made in the event. This campaign has blasted out on multiple channels, including the social media channels of Sony Hong Kong, LAP, Gohawaii.hk and Pink Dot HK, which attracted more than 400,000 viewership.

**Travel Trade**

**“Live Love Aloha” at Pink Dot HK - LGBT Romance in the Rainbow State**

HTHK as Hong Kong’s first ever tourism board to sponsor Pink Dot HK 2018, the largest LGBT annual event in the West Kowloon Cultural District Art Park on October 21. This event has successfully attracted over 12,000 attendees. HTHK has further popularized Hawai’i as a unique romantic destination to the LGBT community in Hong Kong. In recent years, the LGBT community has been identified as a mid-high spending niche market in Hong Kong, HTHK aimed to capture a greater market share of LGBT travelers from Hong Kong market with this event. With the support from United Airlines, a representing giant flower wedding arch was erected at the venue entrance, welcoming each participant with an affectionate arrival moment and reminiscent of a wedding photography scene. Besides that, in co-operation with United Vacations and Wedding Centre, a booth displaying LGBT couple specific tourist information was in place, introducing romantic tourist spots in Hawai’i, as well as their new Hawai’i romance travel products. Partnering with Shadow Factory, a creative VR agency in Hong Kong, a romantic Hawai’i themed AR filter was introduced to the attendees via Facebook. As a token of support, United Airlines has sponsored two round-trip air tickets and The Ritz-Carlton, Waikiki Beach has sponsored two-night hotel as the most appealing lucky draw grand prize of the event.

**Public Relations**

In October, HTHK secured 20 media stories with a total viewership of 12,887,143 and total PR value worth US\$308,275.

**Coming Attractions**

No.	Event Name	Date	Location
1.	HTHK x Sony – Hawai’i Guidebook	December 2018	Hong Kong





## HT Global MCI – October 2018

### OVERVIEW

A recent study conducted by J.D. Power provided new evidence of a global trend towards increased spending and participation in incentive programs. Economic optimism and company growth are cited as major drivers; half of the respondents (54%) indicated budgets will increase next year while an additional 65 percent said their incentive programs will have more qualifying participants. The median spend of such programs was \$4,000 per person.

This confirms broad trends observed for Hawai'i's Meetings, Conventions, and Incentives (MCI) market over the past several years. The encouraging news for Hawai'i is that destination appeal was the top criteria for choosing a location, outweighing other factors such as cost and safety. Of note, all-inclusive packages are increasingly being sought out by incentive programs.

### SALES PRODUCTION (in the month for any year)

**Table 1: Total Sales Production – October 2018**

	Month			Year-to-Date		
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year
<b>Room Nights</b>						
Definite & Assist-Definite	28,644	55,921	-49%	309,714	241,102	28%
Tentative & Assist-Tentative	109,748	142,747	-23%	845,203	1,180,899	-28%

Beginning January 2018, production is categorized by MCI and non-MCI group sales. See Definitions at the end of this report for a general description of the new categories. Database cleansing is ongoing and may result in changes to previously reported year-to-date figures.

**Table 2a: Hawai'i Convention Center (HCC) Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	1,510	34,660	-96%	77,480	82,191	-6%	232,000	33%
New to Hawai'i	0	1,195	-100%	14,740	9,847	50%		
Tentative	29,868	88,294	-66%	273,495	662,594	-59%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite	0	27,040	-100%	59,608	54,584	9%		
New to Hawai'i	0	0	N/A	8,000	7,522	6%		
Tentative	21,557	86,049	-75%	252,184	475,143	-47%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	1,510	7,620	-80%	17,872	27,607	-35%		
New to Hawai'i	0	1,195	-100%	6,740	2,325	190%		
Tentative	8,311	2,245	270%	21,311	187,451	-89%		

HCC database updates with regard to MCI and non-MCI categories are ongoing and may result in changes to previously reported year-to-date figures.

<b>COMMENTS</b>
<p><i>October saw one sports group turn definite for 1,510 room nights. The year to date total on definite room nights is at 77,480 behind of last year by 6 percent.</i></p> <p><i>An additional 29,868 room nights were added to the tentative pipeline, bringing the total to 273,495 room nights.</i></p> <p><i>October group activity was a robust month for citywide business with the largest group for the year, the American Dental Association annual convention. Unfortunately, October also saw the most recent hotel workers strike, which had a dramatic impact on the ADA convention and its attendees. ADA has returned to Hawai'i every 10 years, but that has been put in jeopardy as their most recent experience left them with a bad taste and any future return has been tabled for a future discussion.</i></p> <p><i>The month also saw the annual Global Tourism Summit which continues to develop in to a valuable conference for the hospitality industry. It was followed by the second annual Client Advisory Board meeting with 10 in attendance and a General Managers meeting that heard from members of the advisory board on the future of citywide business.</i></p> <p><i>Site inspections with a scientific association for their meeting in 2020 and a medical association's annual convention in 2022 occurred in the month.</i></p> <p><i>IMEX America, the annual industry trade show, highlighted the sales team activity in October.</i></p>

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	22,187	9,638	130%	148,905	80,491	85%	180,000	83%
New to Hawai'i	6,188	5,763	7%	57,849	33,664	72%	75,000	77%
Tentative	68,763	38,581	78%	432,493	397,490	9%	500,000	86%
<b>MCI</b>								
<b>Room Nights</b>								
Definite	22,057	9,638	129%	144,519	78,923	83%		
New to Hawai'i	6,058	5,763	5%	53,743	32,986	63%		
Tentative	63,872	33,072	93%	420,872	381,940	10%		
<b>Non-MCI</b>								
Definite	130	0	N/A	4,386	1,568	180%		
New to Hawai'i	130	0	N/A	4,106	678	506%		
Tentative	4,891	5,509	-11%	11,621	15,550	-25%		

**COMMENTS**

**Market Conditions**

*The previously mentioned J.D. Power study was the largest ever conducted — more than 1,000 senior players in the incentive travel industry in 80 countries. It was co-sponsored by three major incentive organizations — Society for Incentive Travel Excellence (SITE), Incentive Research Foundation (IRF), and Financial and Insurance Conference Professionals (FICP). The Incentive Travel Industry Index powered by SITE Index, IRF Outlook, and FICP is a landmark for the industry, providing unprecedented, consolidated insights into the current state of incentive travel and where it is headed. The study is a wide-ranging analysis of business conditions, attitudes, and expectations impacting the incentive travel and motivational events industry worldwide. Detailed insights will be used in determining future sales and marketing programs aimed at the lucrative incentive market.*

*For the Meet Hawai'i team, October marked another successful IMEX America trade show, with 15 Meet Hawai'i team members and 40 partners in attendance. Appointments and client meetings were up for the core team from previous years; however, partners reported their appointments were down. A survey of the attending partners indicated that more and more of their clients would promise to stop by rather than make an appointment and, in many instances, they did follow through on their promise to visit the booth. It was also noted that the high-profile clients who were hosted buyers in previous years chose to pay their own way and visit clients on their own schedule rather than go through the IMEX hosted buyer requirements. Of note, the Island of Hawai'i had a busy schedule this year, which was a marked change from their low volume of appointments last year.*

**Sales Production vs. Goals Analysis**

*The team produced stellar figures during October 2018, converting 22,187 definite room nights. This pushes year-to-date production to 85 percent growth over same time last year.*

*New tentatives are at a steady nine percent growth compared to year-to-date production same time last year. Apprehension over the Island of Hawai'i's volcanic activity could be a contributing factor; the team will be surveyed for their consensus once they have had the opportunity to communicate with partners and clients.*

**Highlights of Any Key Definites**

- *Convention – medical corporation, January 2026 (4,472 room nights)*
- *Convention – medical corporation, January 2022 (4,105 room nights)*
- *Incentive – insurance corporation, November 2021 (2,905 room nights)*
- *Convention – medical corporation, January 2026 (1,881 room nights)*
- *Incentive – energy corporation, June 2019 (1,103 room nights)*

**Public Relations and Collateral**

*Public Relations efforts on behalf of HTUSA Meet Hawai'i included:*

1. *The PR team attended IMEX and shared Hawai'i updates with media representing Meetings & Conventions, Corporate Event News, Incentive, Successful Meetings and others.*
2. *Media Coverage Highlights:*
  - *“Hawai'i Hurricane Blows, But Doesn't Ruin Paradise” – Smart Meetings – August 24 – <https://bit.ly/2wk4JTo>*
  - *“MGM's Michael Dominguez Offers Insights on the Economy, Meetings, and More at Northstar's Destination Hawai'i” – September 4 – Meetings & Conventions – <https://bit.ly/2CaIJPP>*
  - *“Sheraton Maui Resort & Spa Reveals \$26.5 Million Renovation” – Meetings & Conventions – September 6 – <https://bit.ly/2C7CKed>*
  - *“2018 Incentive Travel Report” – Successful Meetings – October 2 – <https://bit.ly/2QEDn2I>*

<i>October</i>	<i>October</i>
<i>Impressions</i>	<i>Publicity Values</i>
<i>Print: 34,000</i>	<i>Print: \$4,200</i>
<i>Online: 600,800</i>	<i>Online: \$15,200</i>
<i>Broadcast: 36,900</i>	<i>Broadcast: \$8,900</i>
<i>Total: 641,100</i>	<i>Total: \$28,300</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	3,044	946	222%	4,000	76%
New to Hawai'i	0	0	N/A	2,122	896	137%	2,000	106%
Tentative & Assist-Tentative	530	402	32%	14,059	16,203	-13%	25,000	56%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	2,867	922	211%		
New to Hawai'i	0	0	N/A	1,945	872	123%		
Tentative & Assist-Tentative	530	402	32%	11,382	16,179	-30%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	177	24	638%		
New to Hawai'i	0	0	N/A	177	24	638%		
Tentative & Assist-Tentative	0	0	N/A	2,677	24	11054%		

**COMMENTS**

**Market Conditions**

**A. Economy**

*The Canadian economy remains well on track to grow by about 2 percent in 2018 despite an expected moderation in the third quarter. Reduced trade-related uncertainties are courtesy of the new USMCA trade (NAFTA replacement) agreement, expectations of accelerating wages amidst labor shortages, the stabilization of the housing market, and generally positive signals from businesses about investment, have all made the Bank of Canada more confident about the economic outlook, which explains the central bank's increasingly hawkish signals. Economists expect three more interest rate hikes before the end of 2019, which would put the overnight rate in the lower end of the estimated range of 2.50-3.50 percent.*

*Canada's labor market remains hot. The job vacancy rate – the number of job vacancies as a share of the sum of all occupied and vacant jobs – jumped in the second quarter to 3.4 percent, the highest on records. The unemployment rate has dropped to 5.8 percent from 6.0 percent, a positive sign, but some economists believe this may be due to less Canadians engaging with the labor market.*

*The oil sector (crucial to Canada's economy) is continuing to stagnate due to low prices, high inventories, limited transportation capacity, and record production.*

*There has been some stabilization of the housing market, which is a very positive sign after many economists had predicted a downturn.*

*The Canadian Dollar has been hovering between \$0.76 and \$0.77, seemingly unable to rise any higher as the U.S. Dollar continues to remain strong.*

**Consumer Confidence**

*The national consumer confidence rating was 119.6 points in October, a 3.0-point increase compared to last year. Consumers residing in Atlantic Canada, Quebec, and BC were more positive, while the confidence of residents of Alberta and Ontario was mostly unchanged, and a decline was recorded the Prairies. At the same time, the overall attitude towards purchase intentions did not fluctuate, remaining at 31 percent of Canadians. Like last month, the largest change was registered in Quebec, where 44.1 percent of respondents indicated that now is a good time to make a major purchase; a 4.9 percent increase compared to October 2017.*

**B. Outbound Travel Market**

**Total Canadian Outbound Travel**

*Canadians made almost 23.6 million overnight trips to the U.S. and other outbound destinations during the first eight months of 2018, an increase of 2.1 percent. Of this total, almost 18.0 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 3.2 percent, while leisure travel to the U.S. has grown 2.3 percent. The first four months of the summer travel season saw Canadians make an estimated 9.6 million overnight leisure trips to the U.S. and other destinations; an increase of 0.4 percent*

**Canadian Travel to the United States**

*Canadians have taken 14.3 million overnight trips to the U.S. so far this year, almost 11.0 million of which were for leisure purposes. In addition, the first four months of the summer travel season recorded almost 6.3 million leisure trips. Due partly to a stronger exchange rate at the beginning of 2018, the average daily hotel rate in \$CAD increased just 0.2 percent to \$166.92. So far this year, the Canadian dollar has averaged \$0.78 USD, compared to \$0.76 USD during the first eight months of 2017.*

**Sales Production vs. Goals Analysis**

*HT Canada is currently at 76 percent of their annual 2018 targeted Definite Room Nights. HT Canada is working with HT Global MCI on a bid and site inspection for an international association. The site inspection is confirmed to take place in November.*

**Highlights of any Key Definites**

*N/A*

**Table 2d: Hawai'i Tourism China Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	2,223	1,440	54%	10,113	9,814	3%	12,000	84%
New to Hawai'i	873	1,440	-39%	8,763	9,814	-11%	9,600	91%
Tentative & Assist-Tentative	8,360	168	4876%	23,618	17,654	34%	45,000	52%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	2,123	1,320	61%	9,811	8,766	12%		
New to Hawai'i	773	1,320	-41%	8,461	8,766	-3%		
Tentative & Assist-Tentative	3,600	78	4515%	18,656	15,953	17%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	100	120	-17%	302	1,048	-71%		
New to Hawai'i	100	120	-17%	302	1,048	-71%		
Tentative & Assist-Tentative	4,760	90	5189%	4,962	1,701	192%		

<b>COMMENTS</b>
<p><b><u>Market Conditions</u></b></p> <p><b>A. China Economy</b></p> <ul style="list-style-type: none"> <li>• <b>GDP</b> – China's GDP growth in Q3 is expected to slow down to 6.5 percent compared to the 6.7 percent in Q2. This matches the market expectations in light of intensifying trade disputes with the U.S.</li> <li>• <b>Currency</b> – Chinese Yuan depreciated further to 6.95 per USD in October compared to 6.48 RMB per USD at the end of Q2. This may impact the spending power of Chinese travelers during travel. Many financial experts predict that the depreciation may continue.</li> <li>• <b>Unemployment rate</b> – China reached a record low of 3.83 percent in Q3 of 2018. The forecast of unemployment rate in Q4 is 4.00 percent.</li> <li>• <b>Consumer confidence</b> – Consumer confidence in China slightly increased in Q3, standing at 118.6 Index Points from 113 in Q2. Confidence index higher than 100 points showed that Chinese consumers are positive about the current and future economic trends.</li> </ul> <p><b>B. Outbound Travel Market</b></p> <ul style="list-style-type: none"> <li>• According to Ctrip's data, on the first day of the Golden Week alone, 122 million Chinese people were on the move to travel. A 7.5 percent increase compared to 2017 was observed by state-media outlet Xinhua. However, the U.S. saw a sharp decline in Chinese visitors, with flight bookings to the country down by 42 percent compared to Golden Week of last year.</li> <li>• A report published by Spain-based travel intelligence provider, ForwardKeys, showed that bookings by Chinese tourists to the United States were down 8.4 percent for Jan - Aug 2018, compared to the same period last year. It is estimated that for August - December</li> </ul>

2018, Chinese bookings for overseas travel will grow by 5.5 percent, while travels to the U.S. will dip to 9.6 percent on an annual basis.

**C. Travel Trends**

- The first business travel managing company in China, CITS American Express, held the 14th China Business Travel Forum in Shanghai. According to their 14th Annual China Business Travel Market Report, 45 percent of the Chinese corporates show interest in increasing business travel budget in 2019 even with the intense China-U.S. trade wars.

**Impact on Hawai'i:**

The intensity of the ongoing trade wars and availability of other destination options for Chinese MCI groups might impact Hawai'i as an important U.S. destination for big MCI groups.

**Strategy & Action:**

With corporates showing willingness to increase business travel budget in 2019, HTC will tap on the opportunities and focus on smaller but high-yielding MCI groups. Moving forward, HTC will also follow-up with large MCI groups in advance to overcome challenges in travel logistics.

**Sales Production vs. Goals Analysis**

**Root Cause:**

HTC has secured 10,113 room nights as of October and achieved 84 percent of the KPI for 2018 definite room nights. With a total 23,618 tentative room nights so far, HTC has achieved 52 percent of the KPI for 2018 total tentative room nights.

**Analysis & Countermeasures:**

October was a shoulder season for MCI travel agencies and business travelers as most leisure tourists travel during the Golden Week. HTC will channel more efforts towards sales calls with potential MCI intermediaries and corporate end-users to secure more bookings and increase attendance-building for events to be held in the last two months of 2018. The focus will be on smaller, high-yield MCI groups.

**Highlights of any Key Definites**

- Incentive Group – 08/24/2018-08/31/2018 (600 room nights)
- Incentive Group B – 11/01/2018-11/05/2018 (450 room nights)
- Incentive Group D – 11/15/2018-11/19/2018 (450 room nights)
- Incentive Group A – 10/25/2018-10/29/2018 (225 room nights)
- Incentive Group C – 11/09/2018-11/13/2018 (225 room nights)



**Table 2e: Hawai'i Tourism Europe Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	613	310	98%	500	123%
New to Hawai'i	0	0	N/A	613	310	98%	500	123%
Tentative & Assist-Tentative	0	0	N/A	11,442	2,988	283%	1,500	763%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	266	310	-14%		
New to Hawai'i	0	0	N/A	266	310	-14%		
Tentative & Assist-Tentative	0	0	N/A	11,095	2,768	301%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	347	0	N/A		
New to Hawai'i	0	0	N/A	347	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	347	220	58%		

<b>COMMENTS</b>
<p><b>Market Conditions</b></p> <p><b>French Economic Forecast</b>  <i>Late September confirmed significantly slower growth for the first half of 2018 and also a drop-in consumer confidence to the lowest reading since April 2016. This comes at a time when President Macron is facing serious pressure from the French people in reaction to his proposed reforms.</i></p> <p><i>However, the proportion of people at work is now nearly 66 percent, the highest level on record since 2003, an indication that the economy's growth potential is improving. Additionally, more businesses are offering full time contracts, which were previously avoided for fear of being unable to lay off workers when needed. New business creation is also showing positive growth trends. Together these trends indicate a positive future.</i></p> <p><b>German Economic Forecast</b>  <i>The German central bank has predicted that the German economy will accelerate into Q4 after what it has deemed a "growth pause" over the summer. A brief period of weaker than expected GDP growth over the summer months was attributed to new standards in the automotive industry and the Bundesbank is confident this is temporary. Although the Bundesbank indicates tempered optimism, this month the International Monetary Fund cut its forecast for Germany for the first time in two years. Trade concerns, the Italian budget, and local politics are having a negative impact on the German economy.</i></p> <p><b>UK Economic Forecast</b>  <i>Official figures point to the UK facing its worst year in almost a decade, mostly due to the growing risks from a no-deal Brexit. The government's economic forecaster, the office for Budget Responsibility, warns of border delays, food stockpiling, and grounded aircraft in the</i></p>

*event of a no-deal Brexit. The uncertainty is also influencing business investment decisions. Consumer spending growth is expected to remain limited as a consequence of falling inflation, to 2.3 percent from 2.7 percent by the end of the year.*

*Overall the tone of the industry remains optimistic, but the uncertainty is becoming more of a concern as the deadline nears. This may cause UK planners to show more restraint when booking events abroad, but the longer lead times required for long-haul incentives and meetings should prevent this from having too much of an impact.*

***Brexit***

*With the deadline for settling and agreement for the transition period looming, uncertainty is the biggest concern for UK based companies planning events. The UK has seen a drop in the number of conferences planned for the end of the financial year. There has been coverage that companies are putting off plans for conferences usually planned for Q4 and Q1 due to too many unknown factors surrounding Brexit. There is hope that the industry will rebound after the plans become clear in March 2019. International business appears to be less affected.*

***Trends***

***Exponential Growth in number of international association meetings***

*ICCA says that the number of meetings counted have grown about 10 percent with the number of meetings doubling every decade. Europe remains the most popular destination for association meetings, with the U.S., Germany and UK hosting the most.*

*There has been a parallel in the growth of association meetings and progress in the fields of science, healthcare and technology. This supports HTE's efforts in this area with the Meet Hawai'i global Aloha Connects initiative to win more association business.*

***Meetings have grown by 25 percent in the last two year***

*The latest figures from Meetings Industry Association point towards a strong 2019 for the meetings industry. There were 49 percent more meetings held over the summer of 2019 (June to August) than in the same period in 2017. Over the last two years, the overall number is up 25 percent. The industry's performance has been impressive, particularly under the shadow of ongoing Brexit negotiations.*

***Sales Production vs. Goals Analysis***

*Currently on target for annual KPI – leads gained in the European market from IMEX America will be included in the November reports.*

***Highlights of any Key Definites***

*N/A*

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	515	7,864	-93%	44,110	41,436	6%	49,500	89%
New to Hawai'i	0	6,059	-100%	28,263	24,583	15%	18,325	154%
Tentative & Assist-Tentative	515	11,117	-95%	44,715	43,612	3%	40,505	110%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	515	2,872	-82%	35,975	22,760	58%		
New to Hawai'i	0	2,872	-100%	20,348	9,340	118%		
Tentative & Assist-Tentative	515	5,179	-90%	35,660	25,177	42%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	4,992	-100%	8,135	18,676	-56%		
New to Hawai'i	0	3,187	-100%	7,915	15,243	-48%		
Tentative & Assist-Tentative	0	5,938	-100%	9,055	18,435	-51%		

<b>COMMENTS</b>
<p><b><u>Market Conditions</u></b></p> <p><b><u>Economy</u></b></p> <ul style="list-style-type: none"> <li>• Various economic indicators are suggesting a rise in consumer prices. The CPI values announced by the Ministry of Internal Affairs and Communications for September indicated a 1.0 percent rise vs 2017. With the prices of cigarettes in Japan raised in October, along with the speculated continued rise in oil prices, prices are expected to continue upward. Concurrently, unemployment rates have been under 3.0 percent since 2017 May, settling at roughly 2.5 percent in recent months, indicating the continued lack of labor for firms.</li> <li>• As the Japanese population continues to age, the Japanese Government is considering implementing laws urging companies to reevaluate the age of retirement to 70 years. The Government also hopes to establish wage rates based on the capabilities of each employee regardless of age, to encourage continued employment. Firms are being urged to either increase the age of retirement, revise policies on retirement, or pay employees on commission to offer fair wage rates to employees.</li> </ul> <p><b><u>Competitive Environment</u></b></p> <ul style="list-style-type: none"> <li>• The tourism environment of Kyoto has been rapidly evolving in recent years. With over 3 million annual visitors and expenditures reaching 1 trillion yen, many concerns for overtourism have been raised. 3 points are raised to impede the harmony between residents and visitors as follows, 1) the rapid increase of foreign visitors and their poor mannerisms, 2) unauthorized accommodations and 3) the concentration of visitors in certain areas causing congestion. Illegal accommodations in residential areas, are prompting concerns for safety and poor manners. Similarly, because the main transportation for residents, the city bus, are being used by visitors which haul in large suitcases, commute for local workers and students are being impacted. Kyoto serves as a</li> </ul>

*prime example for what could potentially happen with overtourism. With entities in Hawai'i such as the IHVB recently announcing the "Pono Pledge", it will potentially serve as a positive example for Hawai'i when formulating counter measures. HTJ believes that initiatives such as the "Pono Pledge" will be vital and will support similar measures to the extent possible.*

- *The Tourism Authority of Thailand (TAT) announced their goals for 2019 Japanese visitors to be 1.8 million. Because the goal of 1.65 million visitors in 2018 was relatively easily achieved, new goals were set at a more ambitious 12.5 percent increase. They have stated intents to increase initiatives to appeal towards the first timer market particularly. As part of these initiatives, they announced intents to begin campaigns supporting the issuance of passports for Japanese students. Along with hosting tour planning contests and internships programs at TAT, they will be providing partial support for funds to obtain passports. HTJ will continue monitoring initiatives by the TAT while comparing them with those undertaken in Hawai'i to help plan successful initiatives.*

#### **Travel Trend**

- *To prepare for the Tokyo Olympics and enhance inbound tourism for Japan, Narita Airport has announced a series of incentives for airlines to increase or begin service from Narita. Incentives include a discount of 50 percent for aircrafts landing between 2019 April and 2022 April. Additionally, to improve convenience for consumers, Narita will be waiving landing fees for aircrafts for 3 years should they decide to operate service between 6 – 8 AM. New incentives provided by Narita are likely to greatly affect the airlift market for Japan; HTJ will perform hearings from the industry to respond as necessary.*
- *The Japan National Tourism Organization (JNTO) announced enhancements to their official app, "Japan Official Travel App". Push notifications for app users will now include warnings for tsunamis, abnormal weather and volcanic eruptions in efforts to help secure the safety of visitors with the series of recent natural disasters. The series of recent natural disasters in both Japan and Hawai'i has reminded stakeholders of the importance of emergency awareness. HTJ will work with Japanese stakeholders from both a responsible tourism and crisis management standpoint for effective solutions.*

#### **Edu-Tourism Related**

- *Rikkyo University and the Regent Taipei Hotel signed a contract for students in the tourism field to intern with the hotel for 6 months while staying at the hotel. As such an initiative is unprecedented within the field, many stakeholders are excited for the opportunity this provides to progress the industry. As the hotel industry in Hawai'i is also well developed, similar initiatives in Hawai'i are likely to be met with high demand.*

#### **Airlift**

- *Japan Airlines announced the launch of joint operations with Vietnamese low-cost airline VietJet Air, launching on October 28, expanding the competitiveness of Southeast Asian destinations. Plans for code-share operations are set for the Kansai – Hanoi route, and several other inter-Asian routes such as Ho Chi Minh – Hanoi. Both companies are currently considering further expansion of code-share operations as well as mileage sharing opportunities. HTJ will continue monitoring potential effects on MICE business as relatively cheaper alternative destinations continue to develop.*
- *In efforts to further stimulate growth in Japanese visitors to Vietnam, Vietnam Airlines hosted a product seminar in Tokyo, for Japanese agents. At the seminar, they highlighted their expansion of services to Vietnam with new daily operation from Kansai and*

*Fukuoka, as well as the change of their aircraft used for the Chubu – Hanoi route in the winter. With speculations of annual visitors from Japan to grow to over 1 million, the airline discussed initiatives for product development and expansion in the edu-tourism market. Vietnam is a highly competitive destination for MICE business to Hawai'i, due to their pricing and ROI for firms. As airlift develops for the market, HTJ speculates their competitive nature to continue rising. HTJ will perform hearings from agents and stay aware of updates.*

- *Singapore Airlines has been increasing their presence in key regions of Japan by establishing services throughout major ports including Kansai, Fukuoka and Narita. With double daily service for their Kansai – Singapore routes planned between December 8 and January 3 along with the implementation of the latest Boeing 787-10 variant aircraft on all routes from Japan. Impacts from the implementation of new aircrafts on MICE business will need to be monitored. HTJ will communicate with agents in the Kansai and Kyushu markets particularly and appeal to them the support that HTJ can provide for Hawai'i.*

**Sales Production vs. Goals Analysis**

*In October, HTJ was able to secure an education group with 510 room nights as Assist Definite business to Hawai'i. Please refer to the Simpleview Reports for further details. As of the end of October, HTJ has secured a total of 44,110 room nights YTD, achieving 90 percent of the 2018 annual goal. For November and December, the Incentive and Edu-tourism business discussed in the sales activity portion of previous reports will be becoming definite bookings.*

**Highlights of any Key Definites**

- *Meeting Group – 12/2/2018 (515 room nights)*

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	1,186	368	222%	17,864	11,075	61%	21,000	85%
New to Hawai'i	587	318	85%	8,271	9,377	-12%	13,500	61%
Tentative & Assist-Tentative	680	3,541	-81%	17,030	14,402	18%	42,000	41%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	1,186	368	222%	17,864	11,039	62%		
New to Hawai'i	587	318	85%	8,271	9,341	-11%		
Tentative & Assist-Tentative	680	3,541	-81%	17,030	14,366	19%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	36	-100%		
New to Hawai'i	0	0	N/A	0	36	-100%		
Tentative & Assist-Tentative	0	0	N/A	0	36	-100%		

**COMMENTS**

**Market Conditions**

***Korean Political & Economic Overview***

- *South Korea's 3rd quarter growth was 2 percent, the lowest year-on-year gain since the third quarter of 2009. The sluggish result was announced a week after the Bank of Korea revised down its growth target for 2018 from 2.9 percent to 2.7 percent. It said quarterly growth of 0.6 percent was still in line with the country's growth potential in an annual range of 2.8 percent to 2.9 percent.*
- *South Korea's global competitiveness ranking has risen two notches this year thanks to improvement in the macroeconomic environment and a high-level of information technology. In 2018, Asia's fourth-largest economy ranked 15th out of 140 countries surveyed in the World Economic Forum competitiveness index, up from 17th the previous year. WEF said this year's gains were tempered by challenges in the country's labor sector and certain structural problems.*
- *South Korea's government will create 59,000 temporary jobs and lower taxes on refined fuel products by 15 percent for the next six months in a bid to reinvigorate the sluggish economy. Seventeen trillion won (\$13 billion) will be spent to bolster private investment amid the protracted economic downturn and weak jobs data. These are part of measures the Ministry of Economy and Finance unveiled on October 24 to create more jobs, bolster sluggish private investment and promote innovation-led growth.*

***Travel Market Trends***

- *A recent tendency among South Korean tourists to prefer destinations that give them satisfaction regardless of distance and expense is helping major airlines cope with rising costs in an increasingly competitive market. The tendency, called "value consumption," is starkly different from the past trend of overseas tourists preferring cheap and nearby destinations. It is benefiting domestic airlines which have been strengthening their competitiveness in medium to long-haul flights. Industry sources reported securities companies have adopted a rosy outlook for large airlines which have struggled with higher costs due to a spike in international oil prices.*
- *With less than three months left in 2018, South Korean workers are scurrying to use their remaining annual leave in light of the Moon government's new overtime policy. Traditionally, November hasn't been the most favored month to travel, but more workers are getting a chance to do so under the Moon Jae-in administration's new 52-hour maximum workweek policy. Results from a Skyscanner survey show that 66 percent of the 576 respondents had yet to take all of their annual leave and 40 percent had more than 10 days remaining. The labor law stipulates a person is entitled to 15 days paid leave if they work at least 80 percent of a year. As this year has seen a trend toward more people trying to strike a better balance between work and life, Skyscanner predicted a surge in the number of overseas trips to nearby destinations in November and December.*
- *A strong won and cheap airfares resulted in South Koreans spending a record W32 trillion (US\$1=W1,130) overseas last year, a 9.3 percent year-on-year increase, according to Bank of Korea statistics. The figure does not include online shopping on overseas websites like Amazon and Alibaba or spending on business trips, meaning most of it occurred on holiday or during overseas study or training. The amount is expected to increase further this year due to a weak Japanese yen and other factors encouraging Koreans to spend money offshore. Overseas spending accounted for only 4.2 percent of the total private consumption of W759.9 trillion, but the growth rate surpassed the*

*increase in income and domestic consumption, thereby contributing to the economic slump.*

***Outbound Travel Market & Airlift***

- *Korea Tourism Organization reported the number of Korean outbound travelers in September was 2,225,756, a year-on-year increase of 0.99 percent.*
- *South Korea's air passenger traffic reached a new record high in August on increased overseas travel demand, the government reported on September 27. The number of air passengers was 10.58 million in August, up 6.1 percent from a year earlier and a new monthly record, the Ministry of Land, Infrastructure and Transport reported. It is the second time the country's monthly number of air passengers had surpassed 10 million. In January this year, the figure was 10.06 million. The ministry attributed the record August tally to a steady increase in the number of overseas travelers. International air passenger traffic surged 10.9 percent year-on-year to a record high of 7.82 million last month thanks to increased demand for outbound trips during the summer vacation season, more flights from low-cost carriers, and China's move to allow some group tours to South Korea.*
- *South Korea's first duty free store available to returning travelers will open at Incheon International Airport as early as next May, the Finance Ministry announced on September 27. Currently, duty free purchases are allowed only for passengers departing Korea, either at an international airport or in advance at city locations, with the goods available for pick-up at the departure terminal.*
- *Air travelers can expect to pay even higher fares in the next month due to the increase in fuel surcharges. In November, the fuel surcharge for international flights will exceed the maximum of KRW100,000. The price of air fuel averaged 225.47 cents per gallon between September 16 and October 15, corresponding to a Level 8 levy. Korean Air will impose a fuel surcharge between KRW14,400 and KRW1,050,600 next month, depending on flight distance.*

***Sales Production vs. Goals Analysis***

*HTK's MCI team missed its KPI targets during the month of October, securing 1,186 definite room nights against a target for the month of 2,500 definite room nights. Since Kilauea volcano which was erupted in early May, volcano issue still affected the potential demands for Korea's MCI trips. Thus, most Korean corporate clients, especially incentive trips and large groups by Finance, Insurance, Multi-Level Marketing companies have chosen other competitive destinations.*

***Highlights of any Key Definities***

- *Incentive Group (227 nights): visited O'ahu.*
- *Incentive Group (124 nights): visited O'ahu.*
- *Incentive Group (124 nights): visited O'ahu.*
- *Incentive Group (104 nights): visited O'ahu and Island of Hawai'i.*
- *Incentive Group (100 nights): visited O'ahu.*

**Table 2h: Hawai'i Tourism Oceania Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	1,023	1,951	-48%	7,585	9,138	-17%	16,000	47%
New to Hawai'i	1,023	655	56%	6,011	5,372	12%	12,000	50%
Tentative & Assist-Tentative	1,032	644	60%	28,118	25,591	10%	33,000	85%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	1,023	1,951	-48%	6,017	6,714	-10%		
New to Hawai'i	1,023	655	56%	4,515	5,022	-10%		
Tentative & Assist-Tentative	718	644	11%	22,228	22,662	-2%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	1,568	2,424	-35%		
New to Hawai'i	0	0	N/A	1,496	350	327%		
Tentative & Assist-Tentative	314	0	N/A	5,890	2,929	101%		

**COMMENTS**

**Market Conditions**

- *At the end of October, the AUD closed at 0.70 Comparing to the same time last year, the AUD has since dropped around 10 cents.*
- *The NZD has also dropped almost 10 cents since the start of this year and was sitting at USD0.65 at the end of October. This is something HTO monitors very closely as a weakened exchange rate can impact greatly on group travel.*
- *HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai'i.*
- *The weakening of AUD & NZD remains a major challenge for MCI clients when considering Hawaiian Islands as Conference & Incentive destination.*

**Sales Production vs. Goals Analysis**

- *HTO are keeping an eye on the above areas and ensuring that clients are aware that Hawai'i has a variety of accommodation and activity options to suit any budget. HTO believes that this is critical in maintaining and growing the market share of Business Travel for Hawai'i.*
- *HTO continue to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.*
- *There were major MCI roadshows in October, such as IMEX in Las Vegas and ITB Asia in Singapore where PCOs, meeting & event planners were out of the office to attend.*
- *The Strike at 5 hotels operated by Marriott and owned by Kyo-ya: Sheraton Waikiki, The Royal Hawaiian, Westin Moana Surfrider, Sheraton Princess Kaiulani and Sheraton Maui has major impact on contract-signing process. Many contracts have been delayed due to the lack of manpower in the Sales offices across 2 islands. Moreover, Fujitsu General Program from NZ was in-housed during the strike at Sheraton Maui where the brief*



*incident occurred at their welcome reception according to the hotel report. HTO will follow up with the client to obtain full details.*

- *Starwood Waikiki Complex, one of the most iconic properties in O'ahu, has relocated several groups due to the strike. HTO has yet to receive a complaint from MCI clients at this stage, however HTO will keep monitoring the situation with HTO's clients and partners to ensure that HTO offers a prompt support if need be and what is the impact for MCI clients in the long run.*

**Highlights of any Key Definites**

- *International Convention confirmed 700 room nights on O'ahu.*
- *Group meeting confirmed 226 rooms nights on Maui.*
- *Group meeting confirmed 97 room nights on Maui.*

**Table 2i: Other International Single Property Sales Production  
October 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	5,701	-100%	N/A	N/A
New to Hawai'i	0	0	N/A	0	5,701	-100%		
Tentative & Assist-Tentative	0	0	N/A	233	365	-36%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	5,701	-100%		
New to Hawai'i	0	0	N/A	0	5,701	-100%		
Tentative & Assist-Tentative	0	0	N/A	233	365	-36%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A		

**Table 3: Island Distribution of HTUSA Single Property Sales  
Year-to-Date October 2018**

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	250,943	36,600	1,155	40,891	112%	18%	16%
Kaua'i	141,344	25,300	31	14,455	57%	27%	10%
Maui County	299,083	74,500	8,788	64,226	86%	29%	21%
Hawai'i	210,777	43,600	12,213	29,333	67%	27%	14%
<b>Total</b>	<b>902,147</b>	<b>180,000</b>	<b>22,187</b>	<b>148,905</b>	<b>83%</b>		

\*Tentative room nights do not match those in Table 2b because many leads are distributed to more than one island.

## 'ELELE PROGRAM

<b>COMMENTS</b>
<p><i>October meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):</i></p> <p><i>October was a busy month of introducing the 'Elele program. Presentations were made to:</i></p> <ul style="list-style-type: none"> <li><i>The Hawai'i Convention Center Customer Advisory Board, introducing both the East/West strategy and the 'Elele program.</i></li> <li><i>The University of Hawai'i Deans and Heads of Research Units, to which the Vice Chancellor Bruno encouraged all in attendance to actively engage in the 'Elele program.</i></li> </ul> <p><b><u>Promising Prospects</u></b></p> <ul style="list-style-type: none"> <li><i>Invited the local society to bid on the international medical convention in 2025. They responded warmly and invited Debbie to meet with them again once the RFP is received.</i></li> <li><i>Brianna Leite-Ah Yo and Debbie are working on a scientific association for Hawai'i in 2020.</i></li> <li><i>Debbie met with Dr. Mariana Gerschenson and Dr. Rachel Boulay from JABSOM to discuss Hawai'i's potential to bid for international medical congress for 2022.</i></li> </ul> <p><b><u>Support for Definite Conventions</u></b></p> <p><i>Debbie met with 'Elele to discuss attracting attendance from the Pacific Islands for two conventions.</i></p>

## LOST BUSINESS

**Table 4: Lost Business – October 2018**

HTUSA SINGLE PROPERTY – HIGH PROFILE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Meeting (12041)	Sports	835	175	05/11/2019 - 05/18/2019	Initially, Hawai'i only	Program lost to Macau.
MCI: Incentive (12635)	Finance, Banking	1,800	500	10/24/2018 - 10/28/2018	Initially, Hawai'i only	Program lost to Mexico.
MCI: Convention - Domestic (12964)	Other	1,524	800	10/05/2021 - 10/09/2021	Maui and O'ahu	Program lost to Orlando, Florida, due to overall costs.
MCI: Incentive (13007)	Retail	693	184	09/12/2019 - 09/17/2019	Maui and several other warm weather destinations	Program lost to Costa Rica
MCI: Meeting (13474)	High Tech	900	225	11/10/2018 - 11/13/2018	Caribbean islands, Mexico, Maui, Kua'i, Island of Hawai'i and O'ahu	Program has been cancelled.

INTERNATIONAL SINGLE PROPERTY						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT China: MCI: Incentive (13166)	Sports	100	30	10/21/2018 - 10/25/2018	Thailand	Program has been cancelled.
HT China: MCI: Incentive (13167)	Sports	80	30	10/25/2018 - 10/28/2018	Thailand	Program has been cancelled.
HT Europe: MCI: Meeting (13354)	3rd Party	2,100	479	01/18/2019 - 01/25/2019	Unknown	Client booked directly with the hotel.

HAWAI'I CONVENTION CENTER						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Non-MCI: Tradeshow (1257)	Art	13,500	14,000	11/01/18 - 11/04/18	None	Changed dates from 2018 to 2019.
Non-MCI: Sports (2041)	Sports	899	1,200	12/07/18 - 12/15/18	Unknown	USA did not make short list.
MCI: Incentive (2023)	Technology	2,076	800	01/18/19 - 01/25/19	Unknown	Selected hotel as venue.
MCI: Meeting (2045)	Medical	3,760	800	05/09/19 - 05/18/19	Unknown	Changed dates.
MCI: Meeting (1983)	Technology	11,620	2,750	02/20/20 - 02/27/20	Unknown	Not sourcing until quarter 1 in 2019.
MCI: Meeting (2008)	Technology	3,570	1,000	05/16/20 - 05/22/20	Cities in California and Austin, Texas	Lost to Austin, Texas.
Non-MCI: Sports (2013)	Sports	1,825	865	05/11/21 - 05/16/21	N/A	Need time to prepare to move the event to Hawaii.
MCI: Convention (2036)	Scientific	6,016	3,500	05/21/22 - 05/28/22	Unknown	Client requested to release space.

## NEW-TO-HAWAI'I **DEFINITE BOOKINGS**

**Table 5: New to Hawai'i Definite Bookings – October 2018**

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Incentive (12952)	Energy, Environment	553	250	02/06/2020 - 02/13/2020	Maui, Island of Hawai'i and Danube Cruise
MCI: Meeting (12984)	Trade Assns	548	180	09/28/2019 - 10/06/2019	Maui and California
MCI: Incentive (13501)	Insurance	580	175	05/01/2021 - 05/08/2021	Maui and Island of Hawai'i only
MCI: Incentive (13585)	Unknown	1,103	700	05/27/2019 - 06/05/2019	Maui
MCI: Meeting (13615)	Business Services, Consulting	517	100	05/30/2019 - 06/09/2019	Hawai'i only

INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: MCI: Meeting (12698)	Educational	97	50	11/12/2018 - 11/20/2018	Australia
HT China: MCI: Incentive (13302)	Travel	36	15	08/08/2018 - 08/10/2018	Hawai'i only
HT China: MCI: Incentive (13308)	Unknown	600	130	08/24/2018 - 08/31/2018	Hawai'i only
HT China: MCI: Incentive (13326)	Travel	57	34	08/18/2018 - 08/24/2018	Hawai'i only
HT Oceania: MCI: Convention - International (13467)	Franchise	700	250	08/18/2019 - 08/21/2019	Fiji and Phuket, Thailand
HT China: Non-MCI: Special Event (13511)	Travel	40	14	09/16/2018 - 09/19/2018	Hawai'i only
HT Korea: MCI: Incentive (13617)	Entertainment, Media	55	25	10/16/2018 - 10/20/2018	Hawai'i only
HT Korea: MCI: Incentive (13620)	Insurance	124	62	10/18/2018 - 10/21/2018	Hawai'i only
HT Oceania: MCI: Meeting (13629)	Manufacturing, Distrib.	226	89	10/25/2018 - 10/31/2018	Hawai'i only
HT Korea: MCI: Incentive (13652)	Energy, Environment	124	61	10/09/2018 - 10/12/2018	Hawai'i only
HT Korea: MCI: Incentive (13656)	Incentive	125	49	10/12/2018 - 10/16/2018	Hawai'i only
HT Korea: MCI: Incentive (13659)	Medical, Healthcare	104	51	10/24/2018 - 10/27/2018	Hawai'i only
HT Korea: MCI: Incentive (13675)	Technology	22	20	10/20/2018 - 10/21/2018	Hawai'i only
HT Korea: MCI: Incentive (13676)	Technology	33	20	10/22/2018 - 10/24/2018	Hawai'i only
HT China: Non-MCI: Special Event (13681)	Travel	30	14	09/19/2018 - 09/21/2018	Hawai'i only
HT China: Non-MCI: Special Event (13682)	Travel	30	14	09/21/2018 - 09/23/2018	Hawai'i only
HT China: MCI: Incentive (13738)	Travel	80	34	08/19/2018 - 08/22/2018	Hawai'i only
<b>TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH</b>					<b>39</b>
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS</b>					<b>8,671</b>

New to Hawai'i bookings are accounts that have never met in Hawai'i before or, in the case of citywides, have not met in Hawai'i in the last 10 years or for single property bookings, not in the past five years.

## MAJOR SALES AND MARKETING ACTIVITIES

Meet Hawai'i participated in the following MCI events in October:

- 2 client promotional events
  - HCC
    - Society for Advancement of Chicanos and Native Americans (SACNAS), San Antonio, TX, October 10-12
    - American Academy of Periodontology Annual Meeting, Vancouver, Canada, October 25-31

- 6 educational events
  - HCC
    - Global Tourism Summit, Honolulu, HI, October 1-3
    - Client Advisory Board, Honolulu, HI, October 3-5
    - ADA 2018 Meeting, Honolulu, HI, October 16-23
  - International GMTs
    - HTJ – Int'l Hotel Bridal School Vocational College (IHBS), Chiba, Japan, October 19
    - HTJ – Kyoto Gaidai Nishi High School, Kyoto, Japan, October 21-22
    - HTC – Joint MCI Seminar with NCL, Beijing, China, October 25
  
- 4 trade shows
  - HTUSA
    - IMEX, Las Vegas, NV, October 15-18
    - Connect Tech / Medical, Las Vegas, NV, October 20-22
  - HCC
    - IMEX America, Las Vegas, NV, October 16-18
  - International GMTs
    - HTO – National Franchise Convention, Melbourne, Australia, October 14-16
  
- 1 sales blitz
  - HTUSA
    - South East Sales Blitz Atlanta, GA, September 23-28
  
- 13 major site visits and familiarization (FAM) tours with clients and potential clients
  - HTUSA
    - 3 site visits, Maui, Kaua'i, and O'ahu
    - 2 site visits, Maui
    - 1 site visit, Kaua'i and Maui
    - 1 site visit, Island of Hawai'i and Maui
    - 1 site visit, Kaua'i
  - HCC
    - 2 site visits, O'ahu
  - International GMTs
    - 1 site visit, O'ahu
    - 1 site visit, Kaua'i, O'ahu, and Island of Hawai'i
    - 1 site visit, Kaua'i, O'ahu and Maui

## FUTURE SALES AND MARKETING ACTIVITIES

Meet Hawai'i will participate in the following MCI events in the upcoming months:

<b>Nov. 2018</b>			
4-7	Financial Insurance Conference Professionals (FICP), San Diego, CA	Trade Show	HTUSA
5-12	Annual Meeting of the American Studies Association, Atlanta, GA	Client Promo	HCC
6-9	Prestige, San Jose, CA	Trade Show	HTUSA
7-9	PCMA ICESAP Annual Conference, Bangkok, Thailand	Trade Show	HCC
11-15	Sales Blitz, New York, NY	Sales Blitz	HTUSA
13-15	All Things Meetings, San Francisco, CA	Trade Show	HTUSA
16	National Guard Association of the United State (NGAUS) 2023 Presentation	Sales Blitz	HCC
20	PAICE 2018, Auckland, New Zealand	Trade Show	HTO
24- Dec. 1	IBTM Trade Fair, Barcelona, Spain	Tradeshow	HCC
26-30	Morris Meetings & Incentives FAM, Kaua'i, Maui	FAM Tour	HTUSA
30	NALC Site Visit, Honolulu, HI	Client Promo	HCC
<b>Dec. 2018</b>			
2-5	NorthStar Leadership, San Francisco, CA	Trade Show	HTUSA
4-13	Texas/Arizona Sales Blitz, Austin, TX, Phoenix, AZ	Sales Blitz	HTUSA
8-14	CalSAE Association Tradeshow/Pre-Show Sales Calls, Sacramento, CA	Tradeshow/Sales Blitz	HCC
9-11	Society for Incentive Travel Excellence (SITE) – Southern California, Beverly Hills, CA	Trade Show	HTUSA
11-13	CVB Reps, New Orleans, LA	Trade Show	HTUSA
11-15	Share Aloha, Chicago, IL	Trade Show	HTUSA

12-14	California Society of Association Executives (CalSAE), Sacramento, CA	Trade Show	HTUSA
13-14	Association Forum Holiday Showcase, Chicago, IL	Tradeshow	HCC
18	Key Incentive Blitz, MN, MO, IL, WI	Sales Blitz	HTUSA
<b>Jan. 2019</b>			
5-12	American Astronomical Society, Seattle, WA	Client Promo	HCC
6 -9	PCMA Convening Leaders 2019, Pittsburgh, PA	Tradeshow	HCC
6-11	Sports Express, Honolulu, HI	Tradeshow	HCC
26-Feb. 3	Japan Trade Seminar and Workshop by HTJ, Osaka, Nagoya, Tokyo, Japan	Educational Event	HCC
TBD	CalSAE Elevate + Sales Calls	Trade Show	HTUSA
TBD	Independent Planner Education Conference (IPEC), Successful Meetings	Trade Show	HTUSA
TBD	Northern California Chapter, Meeting Professionals International (NCCMPI), Northern California Hui Luncheon	Client Promotional Event	HTUSA
TBD	Professional Convention Management Association (PCMA), Pittsburgh, PA	Trade Show	HTUSA
TBD	Sales Blitz, UT	Sales Blitz	HTUSA
TBD	Sales Calls, St. Louis, MO, IA	Sales Blitz	HTUSA
TBD	2018 MCI Incentive & Award Program, South Korea	Seminar	HTK

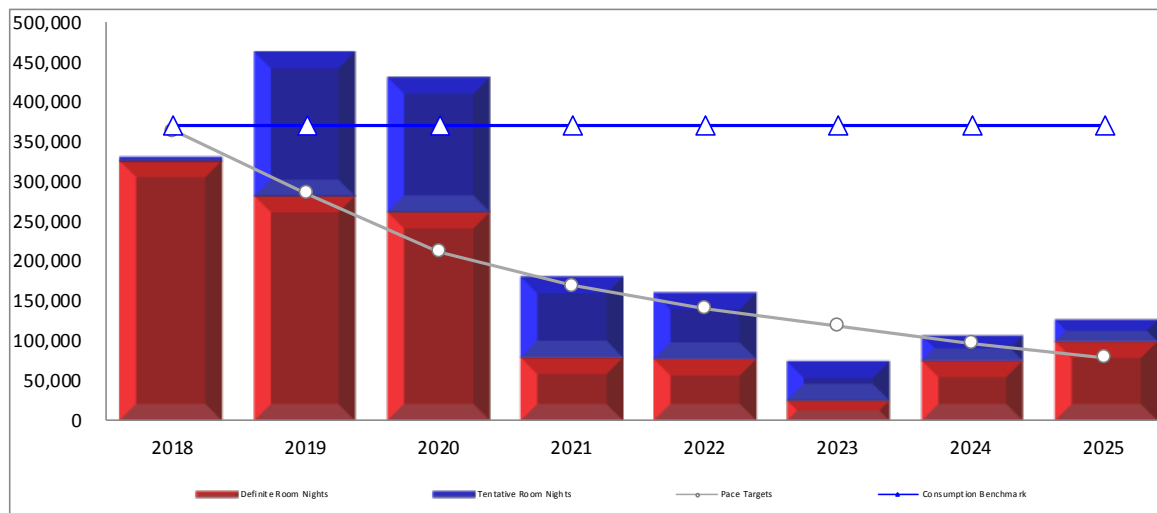


## CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2018-2025 against a rolling 36-month consumption benchmark.

**Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)**

**THE TAP REPORT** **Hawai'i** **Period Ending: October 31, 2018**  
Report Date: November 5, 2018



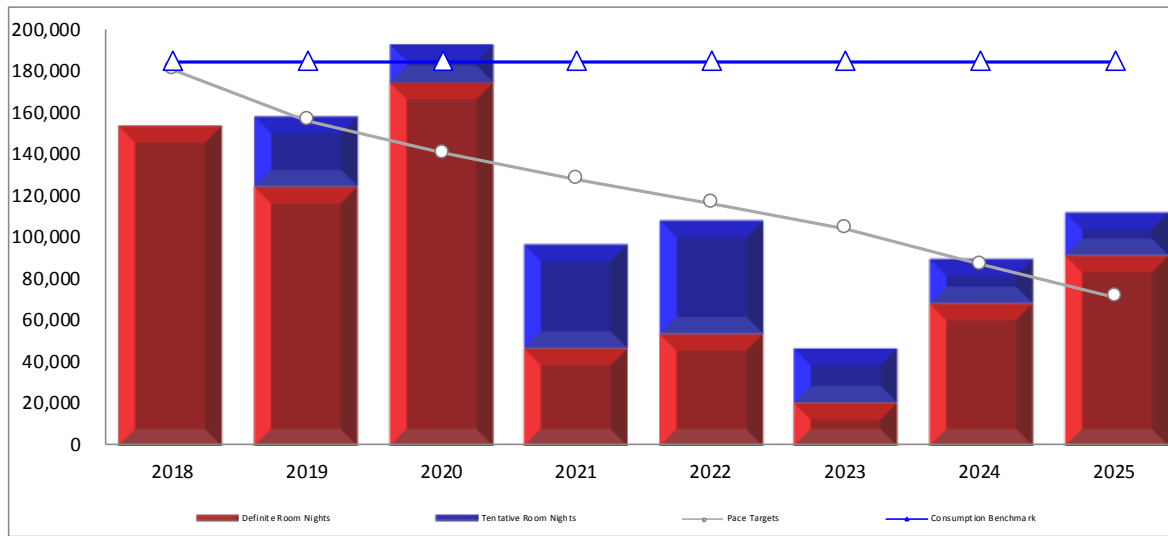
<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	323,787	281,709	261,593	81,158	79,118	26,083	76,068	100,786	1,230,302
Pace Targets	363,789	285,119	211,687	169,369	139,828	118,960	96,939	78,765	1,464,456
Variance	(40,002)	(3,410)	49,906	(88,211)	(60,710)	(92,877)	(20,871)	22,021	(234,154)
Consumption Benchmark	370,497	370,497	370,497	370,497	370,497	370,497	370,497	370,497	2,963,976
Pace Percentage	89%	99%	124%	48%	57%	22%	78%	128%	84%
Total Demand Room Nights	794,399	636,489	459,503	263,435	187,686	62,719	87,310	126,686	2,618,227
Lost Room Nights	470,612	354,780	197,910	182,277	108,568	36,636	11,242	25,900	1,387,925
Conversion Percentage	41%	44%	57%	31%	42%	42%	87%	80%	47%
Tentative Room Nights	7,675	179,851	167,968	101,036	82,590	50,452	31,290	26,731	647,593

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Events	351	176	82	27	17	6	7	7	673
Pace Targets	314	135	52	29	16	11	7	3	567
Variance	37	41	30	(2)	1	(5)	0	4	106
Consumption Benchmark	327	327	327	327	327	327	327	327	2,616
Pace Percentage	112%	130%	158%	93%	106%	55%	100%	233%	119%
Total Demand Events	702	366	154	55	26	10	8	9	1,330
Lost Events	351	190	72	28	9	4	1	2	657
Conversion Percentage	50%	48%	53%	49%	65%	60%	88%	78%	51%
Tentative Events	32	312	183	53	30	14	11	8	643

The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

**Table 7: The TAP Report: Convention Center 8-year Pace (citywide only)**

**THE TAP REPORT** **Hawai'i** **Period Ending October 31, 2018**  
 Convention Center **Report Date: November 5, 2018**



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	153,240	124,706	174,332	46,931	54,201	20,885	68,759	91,116	734,170
Pace Targets	180,648	156,108	140,469	127,819	116,019	103,965	86,689	71,005	982,722
Variance	(27,408)	(31,402)	33,863	(80,888)	(61,818)	(83,080)	(17,930)	20,111	(248,552)
Consumption Benchmark	184,457	184,457	184,457	184,457	184,457	184,457	184,457	184,457	1,475,656
Pace Percentage	85%	80%	124%	37%	47%	20%	79%	128%	75%
Total Demand Room Nights	355,011	325,236	284,797	198,756	160,059	56,386	80,001	117,016	1,577,262
Lost Room Nights	201,771	200,530	110,465	151,825	105,858	35,501	11,242	25,900	843,092
Conversion Percentage	43%	38%	61%	24%	34%	37%	86%	78%	47%
Tentative Room Nights	0	33,325	18,405	50,286	53,793	25,965	20,940	20,940	223,654

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Events	23	18	13	4	5	2	5	5	75
Pace Targets	27	17	14	12	10	8	3	2	93
Variance	(4)	1	(1)	(8)	(5)	(6)	2	3	(18)
Consumption Benchmark	28	28	28	28	28	28	28	28	224
Pace Percentage	85%	106%	93%	33%	50%	25%	167%	250%	81%
Total Demand Events	53	46	32	19	12	5	6	7	180
Lost Events	30	28	19	15	7	3	1	2	105
Conversion Percentage	43%	39%	41%	21%	42%	40%	83%	71%	42%
Tentative Events	0	12	3	9	9	5	4	4	46

The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

**Glossary of TAP Report Terms**

<p><b>Consumption Benchmark</b> – The average number of definite room nights produced by Meet Hawai'i for each month and year for the last three twelve month periods. Each month the "oldest" month is dropped from the calculation and the most recent month is added.</p>
<p><b>Conversion Index</b> - A measurement for each month and year of the client city's Conversion Percentage compared to the Peer Set's Conversion Percentage. A value greater than 100 indicates that the client city is converting more demand to definite room nights than the Peer Set. A number less than 100 indicates that the client city is converting less demand to definite room nights than the Peer Set.</p>
<p><b>Conversion Index Rank</b> - The position of the client's Conversion Index compared to the Peer Set.</p>
<p><b>Conversion Percentage</b> - The percentage of Total Demand Room Nights that Meet Hawai'i converts to Definite Room Nights for each month and year at the time the report is published.</p>
<p><b>Definite Room Nights</b> – Number of definite room nights, confirmed by Meet Hawai'i for each month and year at the time the report is published.</p>
<p><b>Definite Room Night Share %</b> – A percentage indicating the client city's portion of the Peer Set's Definite Room Nights.</p>
<p><b>Lost Room Nights</b> – The number of room nights, both definite and tentative, that have been lost for each month and year at the time the report is published.</p>
<p><b>Pace Index</b> - A measurement for each month and year of the client city's Pace Percentage compared to the Peer Set's Pace Percentage. A value greater than 100 indicates that the client city's Pace Percentage is higher than that of the Peer Set. A number less than 100 indicates that the client city's Pace Percentage is less than that of the Peer Set.</p>
<p><b>Pace Index Rank</b> - The position of the client's Pace Index compared to the Peer Set.</p>
<p><b>Pace Percentage</b> – The percentage of Definite Room Nights compared to the Pace Target. If Meet Hawai'i continues to book at current trends the same percentage can be applied to the Consumption Benchmark when each month and year passes.</p>
<p><b>Pace Target</b> – Number of definite room nights that should be confirmed for each month and year at the time the report is published (updated every month). Pace targets are determined by analyzing a minimum of the last three years definite room nights and all definite room nights confirmed for the future. The analysis is completed by comparing the date a booking was confirmed to that of the arrival date for each confirmed booking and computing the number of months in advance of arrival that each booking was confirmed.</p>
<p><b>Room Night Demand Share %</b> – A percentage indicating the client city's portion of the Peer Set's Demand.</p>
<p><b>Tentative Room Nights</b> – The number of tentative room nights pending for each future month and year at the time the report is published.</p>
<p><b>Total Demand Room Nights</b> - Number of total lead room nights issued by Meet Hawai'i for each month and year at the time the report is published.</p>
<p><b>Variance</b> – The difference between the Definite Room Nights and the Pace Target.</p>

## CONVENTION CENTER PERFORMANCE

**Table 8: Convention Center Performance – September 30, 2018 Year-to-Date**

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	27%	31%	-4%
Total Events	140	154	(14)
Total Attendance	297,625	256,257	41,368
Visitor Spending	\$225,701,439	\$225,701,439	\$0
Tax Revenue	\$20,656,404	\$20,656,404	\$0
Revenue per Attendee	\$33.73	\$45.45	(\$11.72)

### COMMENTS

*It was a busy September 2018 with 20 events at the Hawai'i Convention Center (HCC). The highlight was hosting an international festival for the first time which brought in 60,000 attendees and \$187,000 in revenue for HCC. Along with the 19 other events in house, HCC generated \$685,500 in gross revenues which was \$414,600 less than budgeted and a net loss of \$442,400 which was \$120,500 more than planned. The shortfall in gross revenues and bottom line was due to the cancellation of C.KAY International as noted below and a timing difference as HCC had budgeted for the HTA Global Tourism Summit to take place in September, but it occurred in October.*

*For the year to date HCC's financials reflect gross revenues of \$10,059,000, \$1,597,100 less than budgeted, a net loss of \$1,428,900, \$495,800 more than planned, and 27 percent occupancy. HCC's 2018 year-end reforecast reflects a net loss of \$2,371,800 which is \$412,500 higher than the budget of \$1,959,300.*

*The summary below highlights why HCC's year-end reforecast is not meeting budget.*

1. *Cancellations resulting in over \$1.1 million in lost revenue.*
  - a. *Applied Materials, 1,000 delegates, budgeted \$85,000 in event revenue and \$628,000 in F&B revenue in June 2018. On a positive note, however, HCC does expect this event to return in 2019.*
  - b. *Youth Basketball of America, 3,000 delegates, budgeted \$84,000 in event revenue and \$34,000 in F&B revenue in June 2018.*
  - c. *C.KAY International, 1,500 delegates, budgeted \$20,000 in event revenue and \$224,000 in F&B revenue in September 2018.*
  - d. *Art Hawai'i, 12,000 delegates, budgeted \$60,000 in event revenue and \$34,000 in F&B revenue in November 2018.*
  - e. *Hurricane Lane resulted in three events cancelling in August 2018.*
2. *Business Mix*
  - a. *No U.S. corporate business in 2018 (vs 2017 – 4 events, Homeaway Summit, Taco Bell, Aflac, Applied Materials and 2016 – one event, Applied Materials).*

- b. No association event in 2018 that singularly generates over \$1 million in revenue (vs 2017 – 1 event, IEEE CVPR, 4,730 delegates generated over \$1.8 million; 2016 – three events, BMT Tandem, 5,171 delegates generated \$1 million, and CPCU, 11,014 delegates generated over \$2.7 million, International Union for the Conservation Nature, 10,000 delegates generated over \$1.1 million).*
- c. The business mix has impacted HCC's F&B bottom line results. HCC's prior two-year average flow through in F&B was 49 percent. With lower spend events in 2018 HCC's F&B flow through is 35 percent.*

*For the year to date, visitor spending and tax revenue are on target. Occupancy, total events and revenue per attendee are all short of meeting targets impacted by the summary noted above. Total attendance is over 41,000 more than target due to an international festival that brought in more attendees than expected for the first-time event in the facility.*

## DEFINITIONS

- **Single Property Group:** A group that can be booked into a single hotel for both guest rooms and meeting space.
- **Citywide Group:** A group that books Hawai'i Convention Center for space, which either has at least 1,000 out-of-town attendees or utilizes two or more hotels with a minimum of 500 out-of-town attendees.
- **Group Bookings:** The total number of group room nights booked for the future. A group is defined as needing a minimum of 10 hotel rooms.
- **MCI and Non-MCI Bookings:** Both MCI and Non-MCI Bookings must primarily be off-shore bookings requiring attendees to stay in visitor accommodations. An MCI booking is an association or corporate meeting, convention or incentive program that requires meeting space. A Non-MCI booking requires off-site meeting space or no meeting space, or is public/consumer-facing like expos, sporting events, etc.
- **Definite Room Night:** Room nights associated with groups that have a signed contract or letter of commitment with the convention center and or a signed contract with a hotel.
- **Tentative Room Night:** Room nights associated with groups that have indicated interest in holding a meeting or convention in Hawai'i and a lead has been sent to the convention center and/or the hotels. Citywide leads are considered tentative when space is blocked at the convention center. Includes leads generated by partners at HVCB coordinated trade shows.
- **Economic Impact:** The direct and induced spending generated from a group meeting in Hawai'i. The economic impact formulas are based on research of attendee spending patterns.
- **Lead-to-Booking Conversion:** Conversion of tentative leads into definite bookings as measured by dividing tentative room nights generated in the month/year by definite room nights for the same month/year.
- **Consumed Room Night:** Room nights generated from groups that have convened in Hawai'i. For citywide events, this figure is calculated from the number of attendees. For single property meetings, the figure is the contracted room nights.
- **Goal:** A level of achievement that has been determined through the goal setting process that includes industry stakeholders and the HTA board.
- **International Markets:** Current areas of focus for international groups. These markets are supported by contractors of HTA.
- **New to Hawai'i – New Business:** A group that has never met, or has not had a single property meeting in Hawai'i over the past five years or a citywide meeting within the past 10 years.

- **Repeat Business:** A group that has had a single property meeting in Hawai'i within the past five years or a citywide meeting in Hawai'i within the past 10 years.
- **Island Distribution:** The breakdown of room nights that have been booked on the neighboring islands. This includes Maui, Kaua'i, O'ahu and the Island of Hawai'i.
- **Pace:** A calculation that evaluates the annual sales activity level by comparing production to the same time frames for previous years. This calculation shows if the current year-to-date room night bookings are at the same or higher/lower levels than the past year.
- **Need Period:** A future timeframe where the projections for room night demand are lower, therefore warranting specific sales strategies to attract business.
- **Lost Business:** A group where a lead has been generated due to client interest and Hawai'i was not chosen for the meeting or convention.
- **Total Events:** Total licensed events held at the Hawai'i Convention Center
- **Total Attendance:** Total delegate attendees at licensed events at the Hawai'i Convention Center
- **Visitor Spending:** State economic impact of offshore licensed events
- **Tax Generation:** State tax generation of offshore licensed events

<b>October 2018</b>					
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Dollar Amount</b>	<b>Start Date</b>	<b>End Date</b>
17029 S6	HVCB	Hawai'i Tourism US Leisure & MCI Contract Recovery Plan	\$1,080,000.00 \$48,735,000.00	10/30/2018	12/31/2018
17232 S2	International Festivals & Events Association	Festivals & Events CFEE Certification and Workshops	(+ \$0.00) \$79,000.00	10/20/2018	12/31/18
19004	Friends of Hawai'i Charities, Inc.	Sony Open Pro-Junior Challenge 2019	\$63,000.00	10/30/2018	10/31/2019

Contract Type:  
 • Sole Source  
 † Procurement Exemption



# Market Insights – October 2018

The HTA Monthly Market Insights reports on the most recent key performance indicators that the Hawai'i Tourism Authority (HTA) uses to measure success. The following measures provide indicators of the overall health of Hawai'i's visitor industry and help to gauge if the HTA is successfully attaining its goals.

## Report on Economic Impact

For the first ten months of 2018, Hawai'i's tourism economy experienced:

- \$14.93 billion in visitor spending, an increase of 8.8 percent compared to 2017.
- Total visitor arrivals rose 6.3 percent to 8,262,497, with growth in arrivals by air service (+6.4% to 8,163,637) offsetting a decline arrivals by cruise ships (-6.1% to 98,861).
- Hawai'i's tourism economy experienced \$1.74 billion in generated state tax revenue, up 8.8 percent (+140.3 million) compared to the first ten months of 2017.
- Through August 2018, the state collected \$109.9 million in TAT, an increase of 13.2 percent compared to FY 2018 through August 2017.
- Total air capacity into Hawai'i grew 8.9 percent to 11,031,179 seats.

**Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – October 2018**

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.1%	6.3%	8,262,497	8,255,643
Visitor Spending (\$mil)*	👉 98.9%	8.8%	14,931.8	15,098.1
Visitor Days	➡ 100.1%	6.0%	73,443,810	73,381,170
Daily Spend (\$pppd)	👉 98.8%	2.6%	203.3	205.7
Airlift (scheduled seats)	👆 110.0%	8.7%	10,940,359	9,941,289

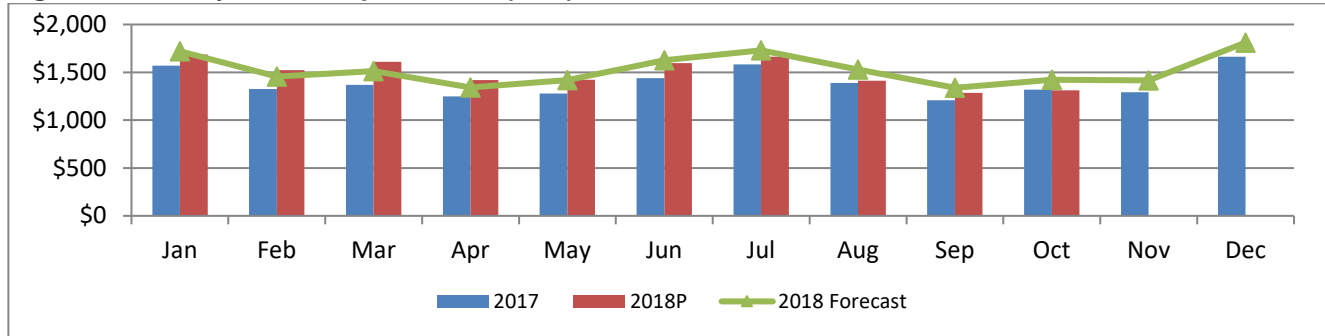
*\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures*

Visitors to the Hawaiian Islands spent a total of \$1.31 billion in October 2018, a slight decline (-0.7%) compared to a year ago. On a statewide level, average visitor spending was down (-2.4% to \$200 per person) in October year-over-year.

Total visitor arrivals rose to 770,359 (+4.4%) in October with growth in arrivals from both air service (+4.0%) and cruise ships (+20.1%). Total visitor days increased by 1.8 percent. The average daily census (i.e. number of visitors on any given day) in October was 210,960, up 1.8 percent compared to a year ago.

In October, O'ahu recorded a slight decrease in visitor spending (-0.5% to \$598.4 million) despite increased visitor arrivals (+4.3% to 467,747) compared to a year ago. Maui realized growth in both visitor spending (+1.8% to \$377.3 million) and visitor arrivals (+1.8% to 216,606). Kaua'i also achieved increases in both visitor spending (+2.1% to \$145.1 million) and arrivals (+2.4% to 103,089). The island of Hawai'i recorded declines in both visitor spending (-11.4% to \$169.2 million) and visitor arrivals (-15.7% to 115,573) compared to October of last year.

**Figure 1: Monthly Visitor Expenditures (\$mil)**



## **Major Market Areas (MMAs)**

### **USA**

- The U.S. economy grew by an annualized rate of 3.5 percent in Q3 2018, exceeding some forecasts and increasing the probability that total 2018 GDP growth will top 3.0 percent. A surge in consumer spending, itself a product of robust consumer confidence, was one of the major drivers of the growth, offsetting losses in agriculture and other sectors hit hard by the ongoing trade disputes. Still, there are signs the economy will begin to slow in coming months. Business spending and residential investment, for instance, remained flat in the third quarter.
- The U.S. dollar, though subject to frequent and often volatile swings of fortune, has grown in strength considerably over the past year. As measured against a basket of foreign currencies, the dollar is up 7.3 percent from where it stood in October of last year. If it continues to grow in strength, as is expected, the long-term impact could have a chilling effect on international arrivals to the U.S. and an increase in U.S. travelers opting for foreign destinations over domestic ones.
- The U.S. economy continues to remain strong, as demonstrated by the U.S. Consumer Confidence Index's October increase of 2.6 points to 137.9. The index is near its all-time high and will likely continue to grow as consumers exhibit increased optimism towards both the current and future economy.
- After dropping 0.2 points in September, the U.S. unemployment rate remained unchanged at 3.7 percent in October.
- Round-trip airfares from the U.S. Mainland declined considerably in the second quarter of 2018, driven in large part by the increase of air seats flown. Overall, the average round-trip fare from the mainland fell 10.8 percent. Lower prices were seen across most major gateways, though they were more pronounced in West Coast gateway cities where the increased competition was the strongest. It is worth noting that moving into 2019, the number of seats will continue to grow at a much slower rate. As such, it is likely that fares will in turn stabilize and perhaps even resume upward growth.
- Growth in air seat capacity will continue to level off compared to the glut in air seats that started in early 2018. This can be seen in the relatively modest 4.8 percent growth in expected air seats between November 2018 and January 2019 as compared to the same three-month period the year prior.

## US WEST

Table 2: Key Performance Indicators - U.S. West

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↗ 101.1%	9.6%	3,463,510	3,424,430
Visitor Spending (\$mil)*	➡ 99.7%	10.2%	5,474.5	5,490.6
Visitor Days	➡ 100.6%	8.1%	30,895,248	30,703,730
Daily Spend (\$pppd)	➡ 99.1%	2.0%	177.2	178.8
Airlift (scheduled seats)	➡ 99.4%	11.2%	6,762,856	6,803,310

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- The U.S. West market reported a 7.6 percent gain in visitor spending to \$500.6 million in October year-over-year. Visitor arrivals increased (+9.3% to 322,696) and the average daily spending (+1.3% to \$176 per person) was higher compared to October 2017.
- Airlift: Capacity growth from the U.S. West market between November 2018 and January 2019 will remain relatively strong at 5.8 percent, driven by additional seat growth in San Francisco (+7.4%), Seattle (+9.7%), and Portland (+24.6). These gains are expected to help offset declines in capacity from major gateways like Los Angeles (-5.1%), some of which be explained by the resumption of flights out of nearby Long Beach.

## US EAST

Table 3: Key Performance Indicators - U.S. East

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.9%	8.4%	1,813,606	1,796,968
Visitor Spending (\$mil)*	➡ 99.0%	9.0%	3,842.2	3,879.3
Visitor Days	➡ 100.5%	6.9%	18,030,508	17,933,054
Daily Spend (\$pppd)	↘ 98.5%	2.0%	213.1	216.3
Airlift (scheduled seats)	↗ 108.1%	11.1%	932,924	862,886

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by U.S. East visitors rose 4.9 percent to \$303.7 million in October 2018. Visitor arrivals increased (+7.3% to 147,785) but daily spending was down slightly (-0.5% to \$215 per person) from a year ago.
- Air capacity from the U.S. East market between November 2018 and January 2019 will continue to decline (-2.2%) year-over-year basis. The largest decrease will be from seats out of Minneapolis (-38.0%) and Dallas (-3.0%) despite growth in other gateway cities like Chicago (+6.8%).

## CANADA

Table 4: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.0%	3.8%	412,740	416,736
Visitor Spending (\$mil)*	➡ 99.8%	7.1%	861.1	862.7
Visitor Days	↘ 99.0%	2.6%	5,071,066	5,122,796
Daily Spend (\$pppd)	➡ 100.8%	4.4%	169.8	168.4
Airlift (scheduled seats)	↗ 106.9%	3.3%	366,859	343,320

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by Canadian visitors rose 3.6 percent to \$59.8 million in October 2018, boosted by growth in visitor arrivals (+1.5% to 30,346) and higher daily spending (+4.5% to \$168 per person) compared to a year ago.

- The Canadian economy remains well on track to grow by about 2 percent in 2018 despite an expected moderation in the third quarter.
- The Canadian Dollar has been hovering between \$0.76 and \$0.77, seemingly unable to rise any higher as the U.S. Dollar continues to remain strong.
- The national consumer confidence rating was 119.6 points in October, a 3.0-point increase compared to last year. Consumer sentiment for those residing in the Atlantic Canada, Quebec, and British Columbia provinces was positive. Confidence of residents of Alberta and Ontario was mostly unchanged, and a decline was recorded in the Prairies. At the same time, the overall attitude towards purchase intentions did not fluctuate, remaining at 31 percent of Canadians. Like last month, the largest change was registered in Quebec, where 44.1 percent of respondents indicated that now is a good time to make a major purchase; a 4.9 percent increase compared to October 2017.
- Hawai'i Tourism Canada executed the Aloha Canada Trade Mission in Toronto, Vancouver, and Edmonton from October 23-25. The trade mission consisted of media interviews, tradeshow, destination presentations, and partner briefings. Wholesalers, hotels, airlines, transportation companies, activities/attractions partners, and MCI planners participated in the trade mission.

## JAPAN

**Table 5: Key Performance Indicators – Japan**

	% of Forecast*	YOY Rate	YTD	Forecast
<b>Arrivals</b>	➡ 99.3%	-2.0%	1,306,769	1,316,073
<b>Visitor Spending (\$mil)*</b>	➡ 98.7%	2.1%	1,941.8	1,968.2
<b>Visitor Days</b>	➡ 99.4%	-1.7%	7,826,388	7,874,421
<b>Daily Spend (\$pppd)</b>	➡ 99.3%	3.8%	248.1	249.9
<b>Airlift (scheduled seats)</b>	⬆ 112.0%	1.5%	1,700,382	1,517,867

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by Japanese visitors increased 1.4 percent to \$190.5 million in October 2018 compared to last year. Visitor arrivals (-3.0% to 130,809) declined but daily spending was higher (+2.1% to \$247) compared to October 2017.
- HTJ continues its effort to minimize the negative effects caused by the Kīlauea eruption with its three-phased recovery plan. Examples of the recent major activities include social media campaigns, media briefing session held in Tokyo, a full-page advertorial on the Japanese national newspaper, collaborative event with JAL/Hawaiian Airlines at Tommy Bahama Ginza and the release of a new Island of Hawai'i promotional video – all of which are aimed in promoting travel to the Island of Hawaii. The September 22 reopening of Volcanoes National Park has resulted in a steady regrowth of inquiries by consumers, a positive indication of the market recovery.
- In an effort to boost and to fully recover the market, both Japan Airlines and Hawaiian Airlines are revisiting the pricing of their direct flight service to the Island of Hawai'i.
- Performance for Hawai'i overall has remained relatively sluggish due to the increase in fuel surcharge rates (currently at 17,000 yen)
- In the Kansai market, in efforts to recuperate the losses from the closure of Kansai International Airport in September, many airlines are striving to reobtain customers. With LCCs offering rates as low as 25,000 yen (including fuel surcharge), recovery is speculated by the end of the year. HTJ continues to be in close communication with stakeholders.

## OCEANIA

Table 6: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 97.8%	4.6%	344,253	351,954
Visitor Spending (\$mil)*	↓ 92.9%	3.6%	886.5	953.8
Visitor Days	↓ 97.3%	4.6%	3,305,448	3,397,664
Daily Spend (\$pppd)	↓ 95.5%	-0.9%	268.2	280.7
Airlift (scheduled seats)	↑ 112.1%	11.9%	448,776	400,306

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- **Australia:** There were 28,334 visitors in October, up 1.0 percent from a year ago. Arrivals also increased through the first ten months (+1.0% to 272,382 visitors) compared to the same period last year.
- **New Zealand:** Supported by an increase in air service, visitor arrivals rose in both October (+15.6% to 7,055) and year-to-date (+21.2% to 71,870) from last year.
- The Australian economy continued to grow at a strong annual rate of 3.4 percent after better than expected growth in the June quarter. Domestic demand accounted for much of the growth, reflecting strong sales of food, recreation and culture, and furnishings and household equipment.
- The Australian dollar dropped to a two year low of 70.3 cents against the USD in October. Economists believe this is largely due to global factors and Australia's economy remains robust.
- The New Zealand economy is predicted to see GDP growth of between 2.5 percent and 3.5 percent over the next few years.
- After a long period of stability, the New Zealand dollar has experienced a weakening against the USD. This has impact on the perceived costs for the NZ traveler.

## EUROPE

Table 7: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	→ 99.3%	3.3%	124,347	125,237
Visitor Spending (\$mil)*	↑ 106.0%	5.4%	287.3	271.2
Visitor Days	→ 101.1%	5.4%	1,637,248	1,620,135
Daily Spend (\$pppd)	↑ 104.9%	0.1%	175.5	167.4
Airlift (scheduled seats)	NA	NA	NA	NA

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from the United Kingdom, France, Germany, Italy, and Switzerland declined in October (-3.9% to 13,469) but remained higher through the first ten months (+3.3% to 124,347) compared to a year ago.
- Overall, consumer confidence in October was considerably better than during October 2017. During the month it was at negative 5.2 points and major purchase intentions were also at negative 7.5 points.
- The GBP/USD average through YTD October 2018 was \$1.34, which is 5.2 percent above the \$1.28 average during the same ten months in 2017. In terms of a vacation costing U.S. \$2,500, the same trip would be £1,952 in 2018 versus £1,856 in 2017.

- Unemployment in the U.K. continued to fall, with 55,000 fewer people out of work over the period. Wages for British workers surged in the three months to July, according to new data released by the Office for National Statistics.
- Germany's unemployment numbers fell more than expected in September, pushing down the rate to its lowest level since German reunification in 1990. The Federal Labor Office said the seasonally adjusted unemployed total fell by 23,000 to 2.303 million.
- Unemployment in France still remains at 9.3 percent.

## CHINA

**Table 8: Key Performance Indicators – China**

	% of Forecast*	YOY Rate	YTD	Forecast
<b>Arrivals</b>	↓ 91.3%	-9.3%	121,979	133,622
<b>Visitor Spending (\$mil)*</b>	↓ 94.1%	-0.5%	331.6	352.3
<b>Visitor Days</b>	↓ 94.2%	-8.9%	930,913	988,477
<b>Daily Spend (\$pppd)</b>	→ 99.9%	9.2%	356.2	356.4
<b>Airlift (scheduled seats)</b>	↑ 108.4%	0.8%	139,531	128,732

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals declined in both October (-35.2% to 7,847) and through the first ten months (-9.3% to 121,979) year-over-year.
- The share of China's GDP in the world economy was 14.9 percent (or U.S. \$12 billion) in 2017, maintaining 2nd place after the U.S. The Chinese economy expanded 6.9 percent year over year in 2017, above the official target of 6.5 percent. For the first half of 2018, the Chinese economy grew by 6.8 percent. However, with escalating trade tariff disputes between the U.S. and China, many believe the GDP growth rate might decelerate in the second half of 2018.
- In October, HTC participated in the 2018 China-ASEAN Expo Tourism Exhibition in Guilin, the biggest travel fair in Southwest China. HTC set up a vibrant Hawai'i booth at the International Destination Pavilion, showcasing the Hawaiian Islands as an ideal stand-alone vacation destination. This multiday exhibition included both B2B and B2C sessions reaching over 50,000 audiences in total. HTC also met with over 20 travel agencies and tour operators who were interested in developing Hawai'i products.
- To promote the Hawaiian Islands as a premium destination for upscale Chinese travelers, HTC invited six leading men's fashion and travel media including Travel & Leisure, Men's Uno, Modern Weekly, So Figaro, Holiday Mook, and Feekr to visit O'ahu and Kaua'i from September 27th to October 2nd. Island Chapters and Hawai'i's industry partners greatly supported this press trip. Coverage on Hawai'i of these publications was planned for November with an estimated reach of three million readers.
- National Geographic Traveler, a top travel publication in China targeting high-end and FIT travelers, featured Hawai'i with an eight-page editorial entitled "The Philosophy of Taro." This article showcased the culture of Hawai'i and the relationship between Taro and the people of Hawai'i through the eyes of a local farmer who grows taro in Waipi'o Valley. Traditional and local food specialties such as Poi, Lau Lau, Lomi Lomi Salmon and Pineapple pie were also recommended in the article.

## KOREA

**Table 9: Key Performance Indicators – Korea**

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓	90.8%	-4.8%	195,951	215,909
Visitor Spending (\$mil)*	↓	91.9%	11.0%	431.9	469.8
Visitor Days	↓	92.2%	-2.8%	1,471,716	1,595,869
Daily Spend (\$pppd)	→	99.7%	14.2%	293.5	294.4
Airlift (scheduled seats)	↑	110.2%	1.2%	302,636	274,744

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in both October (-31.1% to 17,793) and year-to-date (-4.8% to 195,95) compared to a year ago.
- South Korea's third quarter growth was 2 percent, the lowest year-on-year gain since the third quarter of 2009. The sluggish result was announced a week after the Bank of Korea revised down its growth target for 2018 from 2.9 percent to 2.7 percent.
- South Korea's global competitiveness ranking has risen two notches this year thanks to improvement in the macroeconomic environment and a high-level of information technology. In 2018, Asia's fourth-largest economy ranked 15th out of 140 countries surveyed in the World Economic Forum competitiveness index, up from 17th in 2017.
- South Korea's government will create 59,000 temporary jobs and lower taxes on refined fuel products by 15 percent for the next six months in a bid to reinvigorate the sluggish economy.
- The average USD/WON exchange rate in October was 1129.53 won, a slight increase from the previous rate of 1119.65 won in September. Fuel surcharges were imposed in September up to 184,800 won (U.S. \$162) for a round trip between Korea and the U.S.
- Korea Tourism Organization reported the number of Korean outbound travelers in September was 2,225,756, a year-on-year increase of 0.99 percent.

## TAIWAN

**Table 10: Key Performance Indicators – Taiwan**

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓	91.1%	-6.8%	14,704	16,136
Visitor Spending (\$mil)*	↑	104.7%	7.6%	34.2	32.7
Visitor Days	↑	105.7%	11.4%	136,687	129,337
Daily Spend (\$pppd)	→	99.1%	-3.5%	250.5	252.8
Airlift (scheduled seats)	↑	111.5%	3.7%	26,622	23,868

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals declined in both October (-12.1% to 1,403) and through the first ten months (-6.8% to 14,704) versus last year.
- The overall economic outlook in Taiwan continues its momentum with an ongoing cyclical recovery that is expected to continue in the second half of 2018. Taiwan's government has revised its economic forecast for 2018 to a GDP growth of 2.6 percent. The unemployment rate for 2018 is estimated to be 3.8 percent, similar to 2017.
- Currency exchange rate fluctuations impact Taiwanese decision-making in overseas destination visitation and spending. There is an increasing number of affordable and attractive offerings from nearby destinations to entice Taiwanese visitors.

- In October, Hawai'i Tourism Taiwan hosted its first-ever Hawai'i Aloha Festival at Huashan Cultural Park Lawn to replicate the ambience and experiences of Hawai'i to Taiwanese consumers. In addition to participating vendors promoting and selling Hawai'i goods on site, HTT organized experiential activities at the festival, including ukulele music, Hula dance, and lei making workshops. Many families with kids enjoyed their time at the Festival learning about Hawai'i and Hawaiian culture. Taiwanese leading media including CTI Television Corporation, TVBS media, China Times, and Power News were also invited to cover this event with interviews of HTT on the festival and the Hawaiian Islands.

## LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 107.6%	8.9%	22,161	20,595
Visitor Spending (\$mil)*	↑ 114.7%	10.4%	59.0	51.5
Visitor Days	↑ 105.6%	7.1%	232,082	219,786
Daily Spend (\$pppd)	↑ 108.6%	3.1%	254.2	234.1
Airlift (scheduled seats)	NA	NA	NA	NA

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina declined in October (-14.0% to 1,950) but rose over the first ten months (+8.9% to 22,161) versus last year.

## Island Distribution

- **O'ahu:** In October, visitor spending declined slightly (-0.5% to \$598.4 million) compared to a year ago as lower daily spending (-5.3% to \$195 per person) offset growth in visitor days (+5.1%). Arrivals were up 4.3 percent to 467,747 visitors. The average daily census rose 5.1 percent to 99,204 visitors in October. In the first ten months, both visitor spending (+8.4% to \$6.81 billion) and visitor arrivals (+4.6% to 4,946,386) increased compared to the same period last year.
- **Maui:** In October, visitor spending rose to \$377.3 million (+1.8%). Visitor days increased (+2.2%) while daily spending (-0.4% to \$219 per person) was similar to a year ago. Arrivals increased 1.8 percent to 216,606 visitors. The average daily census increased 2.2 percent to 55,608 visitors in October. Through the first ten months, both visitor spending (+10.9% to \$4.26 billion) and visitor arrivals (+7.2% to 2,433,648) surpassed last year's results.
- **Island of Hawai'i :** In October, visitor spending declined (-11.4% to \$169.2 million) as a result of decreased visitor days (-10.9%) and slightly lower daily spending (-0.5% to \$197 per person) versus last year. Arrivals were down 15.7 percent to 115,573 visitors. Fewer visitors took day trips (-47.6%) compared to a year ago. The average daily census decreased 10.9 percent to 27,718 visitors in October. Through the first ten months, visitor spending increased (+3.5% to \$2.01 billion) but visitor arrivals dipped slightly (-1.0% to 1,436,747) compared to last year.
- **Kaua'i:** In October, visitor spending increased (+2.1% to \$145.1 million) boosted by growth in visitor days (+1.6%). Daily spending (+0.5% to \$196 per person) was comparable to 2017. Arrivals increased 2.4 percent to 103,089 visitors. The average daily census rose 1.6 percent to 23,940 visitors in October. Through the first ten months, both visitor spending (+11.5% to \$1.69 billion) and visitor arrivals (+8.4% to 1,156,388) increased year-over-year.



HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

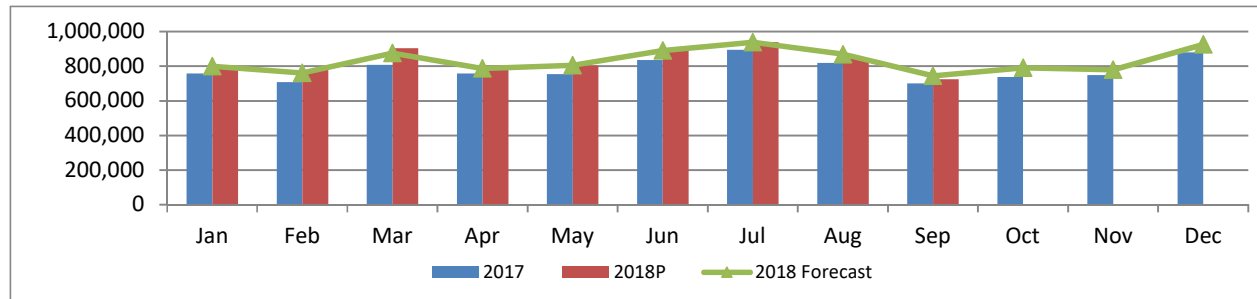
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 100.4%	6.5%	7,492,138	7,465,417	O'ahu	N/A	4.6%	4,478,639	N/A
Visitor Spending (\$mil)*	➔ 99.6%	9.8%	13,620.6	13,677.1	Maui	N/A	7.8%	2,217,043	N/A
Visitor Days	➔ 100.5%	6.4%	66,904,056	66,601,542	Moloka'i	N/A	2.9%	44,759	N/A
Daily Spend (\$pppd)	➔ 99.1%	3.1%	203.6	205.4	Lāna'i	N/A	18.2%	56,479	N/A
Airlift (scheduled seats)	➔ 99.8%	9.0%	9,925,183	9,941,289	Kaua'i	N/A	9.0%	1,053,299	N/A
					Hawai'i Island	N/A	0.6%	1,321,174	N/A

\*DBEDT Forecasts as of August 2018

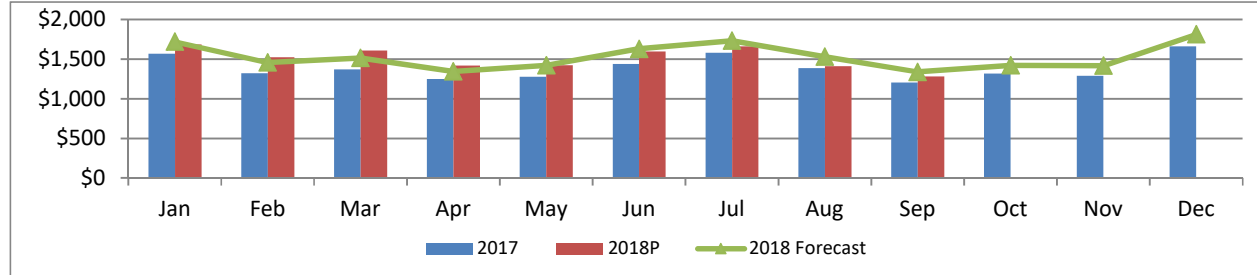
Arrows represent increments of 1%

Monthly Indicators

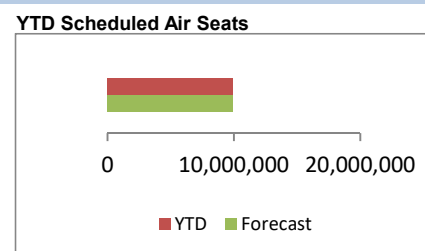
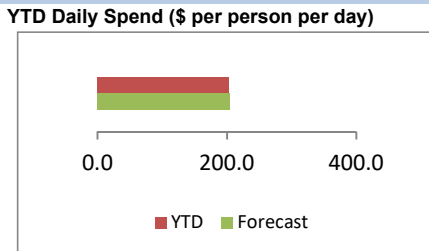
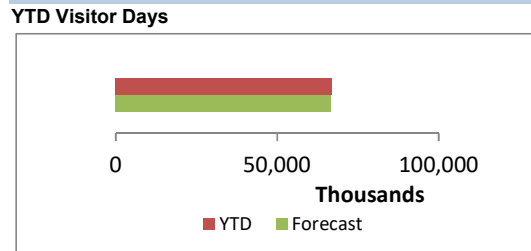
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

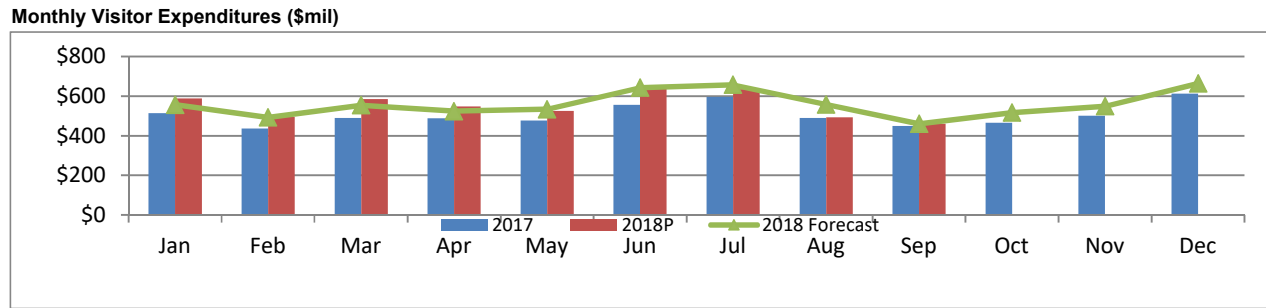
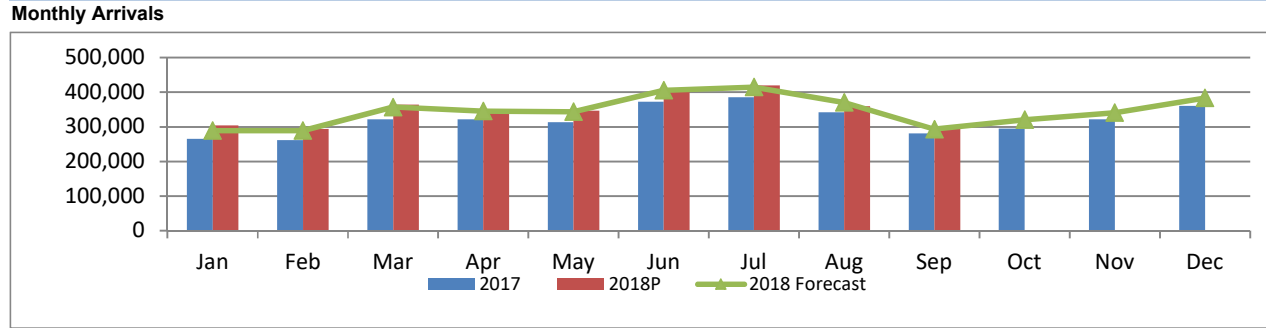
Market: **U.S. WEST**

Key Performance Indicators

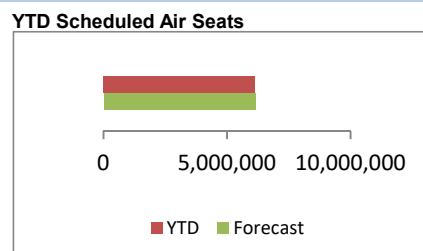
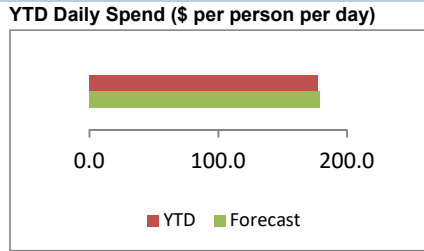
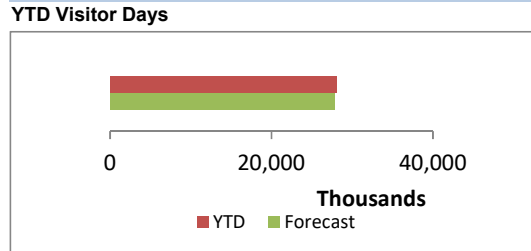
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	9.6%	3,140,814	3,104,133	O'ahu	N/A	8.6%	1,331,857	N/A
Visitor Spending (\$mil)*	→ 100.0%	10.5%	4,973.9	4,974.6	Maui	N/A	9.7%	1,114,703	N/A
Visitor Days	→ 100.8%	8.3%	28,052,635	27,824,807	Moloka'i	N/A	6.7%	17,987	N/A
Daily Spend (\$pppd)	→ 99.2%	2.1%	177.3	178.8	Lāna'i	N/A	12.9%	20,304	N/A
Airlift (scheduled seats)	→ 99.7%	11.5%	6,131,662	6,153,061	Kaua'i	N/A	9.8%	543,115	N/A
					Hawai'i Island	N/A	3.5%	544,709	N/A

\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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Visitor Industry Performance Measures

Market: **U.S. EAST**

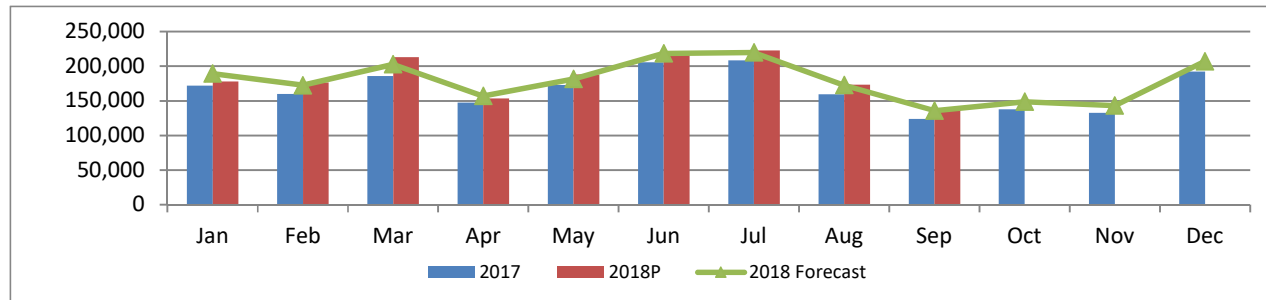
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.1%	8.4%	1,665,821	1,648,316	O'ahu	N/A	6.9%	946,501	N/A
Visitor Spending (\$mil)*	→ 99.4%	9.4%	3,538.5	3,560.6	Maui	N/A	7.6%	622,829	N/A
Visitor Days	→ 100.7%	7.0%	16,618,418	16,502,642	Moloka'i	N/A	13.3%	13,186	N/A
Daily Spend (\$pppd)	↘ 98.7%	2.2%	212.9	215.8	Lāna'i	N/A	38.6%	21,194	N/A
Airlift (scheduled seats)	→ 100.0%	11.7%	862,886	862,886	Kaua'i	N/A	8.5%	324,177	N/A
					Hawai'i Island	N/A	-1.0%	357,494	N/A

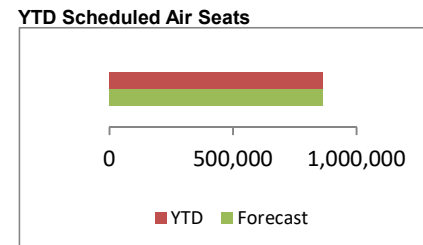
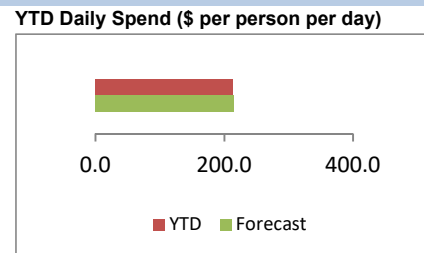
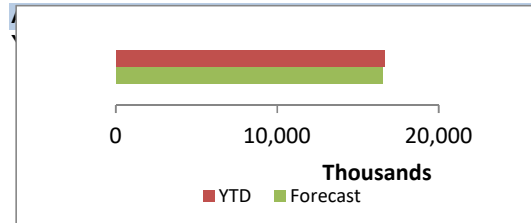
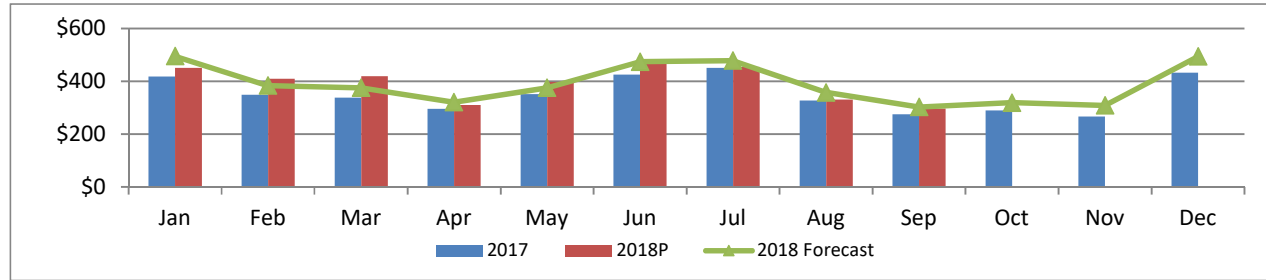
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **CANADA**

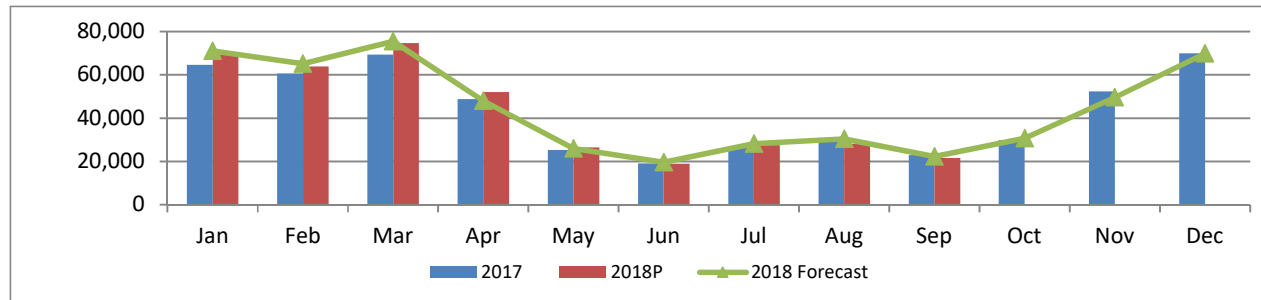
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 99.1%	4.0%	382,394	386,020	O'ahu	N/A	3.1%	161,989	N/A
Visitor Spending (\$mil)*	→ 100.1%	7.4%	801.3	800.9	Maui	N/A	8.3%	197,800	N/A
Visitor Days	→ 99.0%	2.9%	4,714,480	4,760,678	Moloka'i	N/A	-10.0%	2,595	N/A
Daily Spend (\$pppd)	→ 101.0%	4.4%	170.0	168.2	Lāna'i	N/A	17.2%	4,219	N/A
Airlift (scheduled seats)	→ 99.9%	2.3%	343,038	343,320	Kaua'i	N/A	8.5%	56,685	N/A
					Hawai'i Island	N/A	0.8%	74,620	N/A

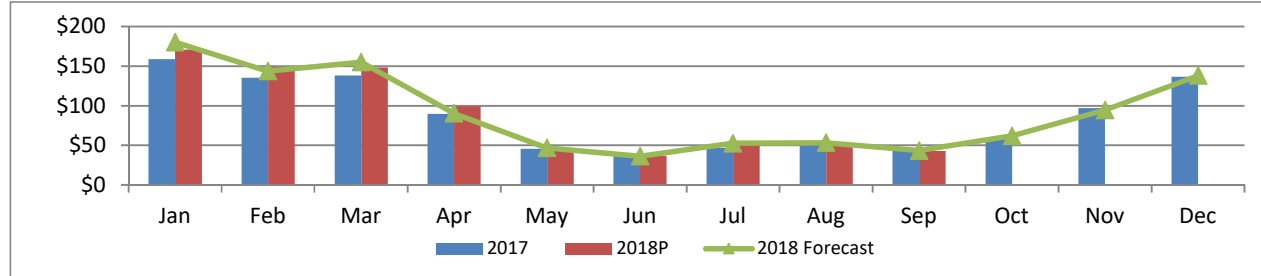
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

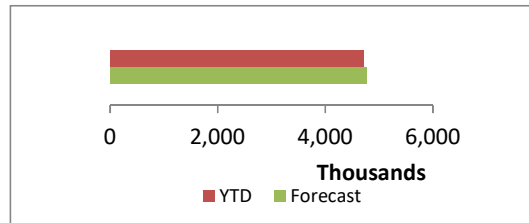


Monthly Visitor Expenditures (\$mil)

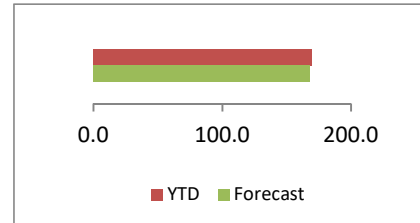


Annual Indicators

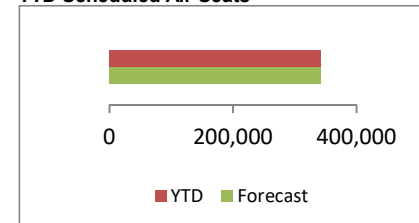
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **JAPAN**

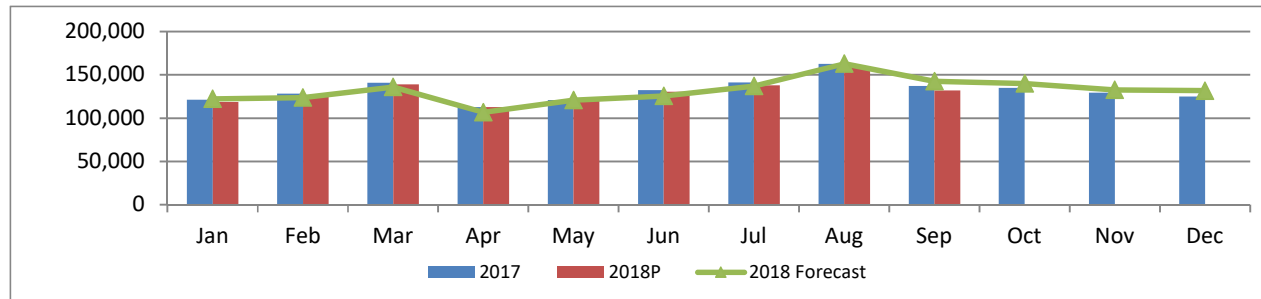
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 100.0%	-1.9%	1,175,960	1,176,175	O'ahu	N/A	-3.5%	1,107,361	N/A
Visitor Spending (\$mil)*	➔ 99.6%	2.2%	1,751.3	1,758.3	Maui	N/A	-12.9%	38,626	N/A
Visitor Days	➔ 99.8%	-1.8%	7,054,068	7,070,078	Moloka'i	N/A	-49.6%	912	N/A
Daily Spend (\$pppd)	➔ 99.8%	4.0%	248.3	248.7	Lāna'i	N/A	-25.0%	1,291	N/A
Airlift (scheduled seats)	➔ 100.6%	1.3%	1,526,386	1,517,867	Kaua'i	N/A	2.8%	19,521	N/A
					Hawai'i Island	N/A	0.6%	139,047	N/A

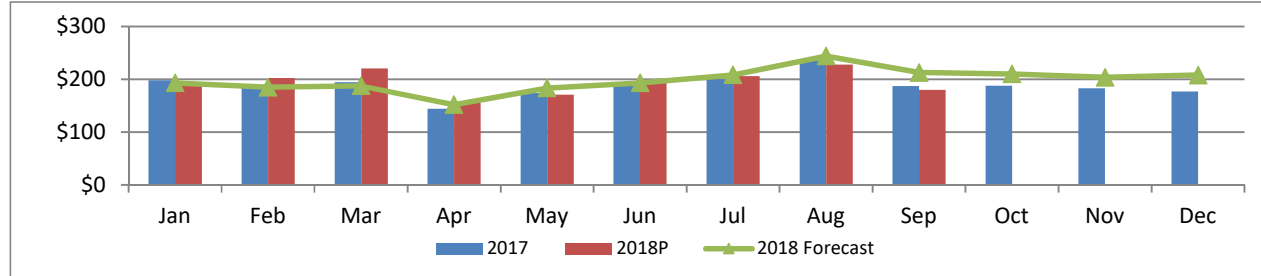
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

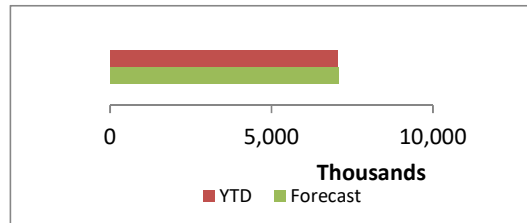


Monthly Visitor Expenditures (\$mil)

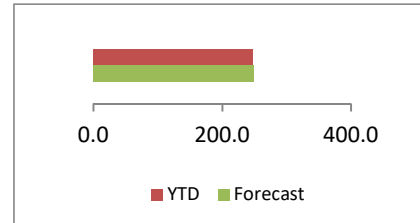


Annual Indicators

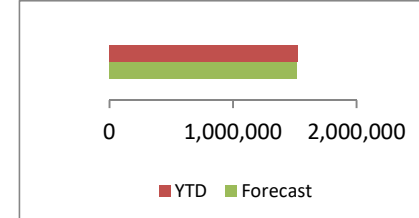
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **CHINA**

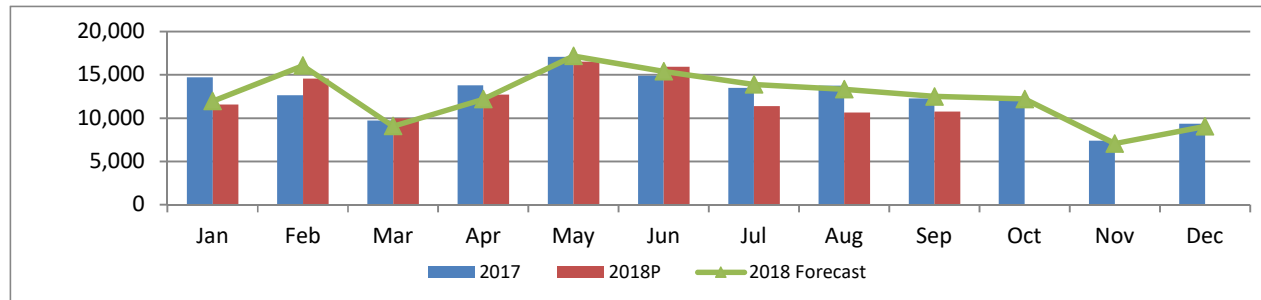
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 94.0%	-6.8%	114,132	121,431	O'ahu	N/A	-6.2%	111,387	N/A
Visitor Spending (\$mil)*	↓ 97.1%	5.4%	310.7	320.0	Maui	N/A	-4.7%	24,226	N/A
Visitor Days	↓ 96.9%	-6.1%	874,112	902,439	Moloka'i	N/A	76.5%	1,033	N/A
Daily Spend (\$pppd)	→ 100.2%	12.2%	355.4	354.6	Lāna'i	N/A	-16.1%	830	N/A
Airlift (scheduled seats)	→ 99.7%	3.9%	128,316	128,732	Kaua'i	N/A	-9.6%	3,555	N/A
					Hawai'i Island	N/A	-12.1%	38,074	N/A

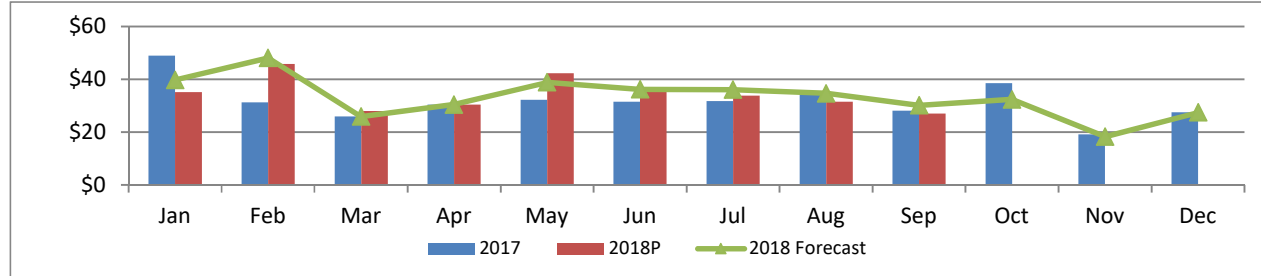
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

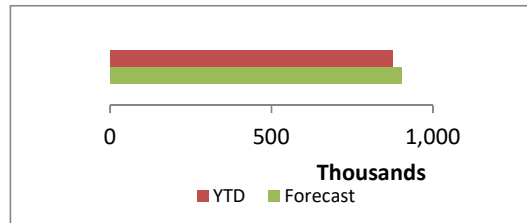


Monthly Visitor Expenditures (\$mil)

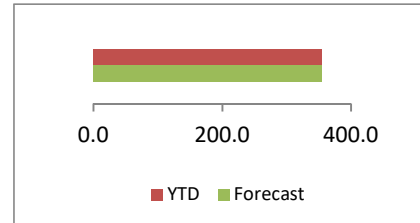


Annual Indicators

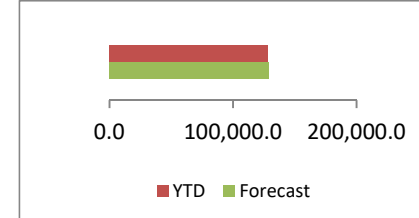
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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Visitor Industry Performance Measures

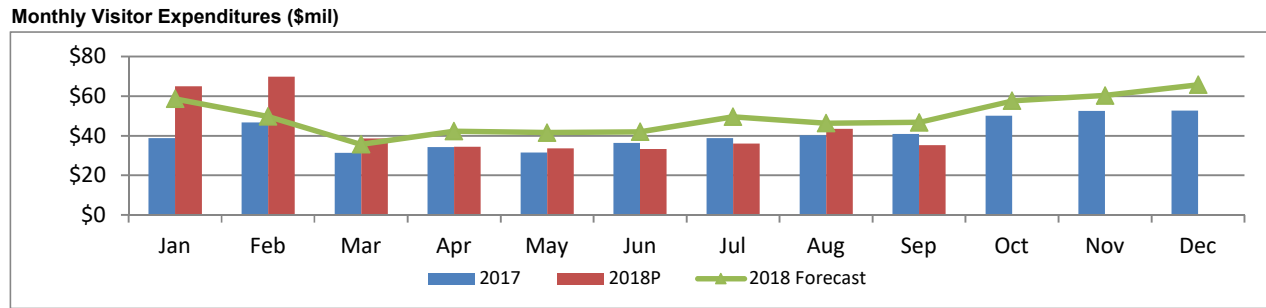
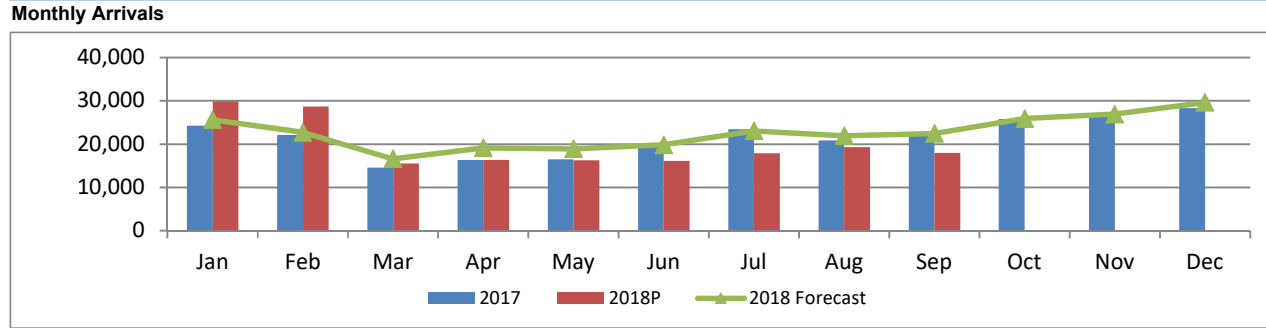
Market: **KOREA**

Key Performance Indicators

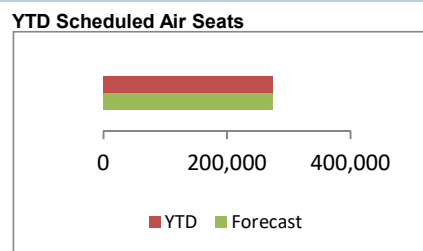
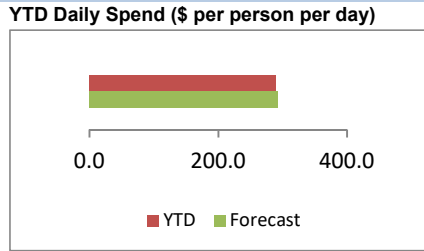
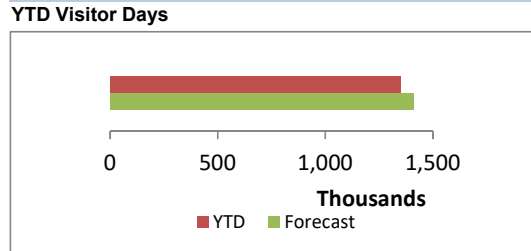
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 93.7%	-1.1%	178,158	190,041	O'ahu	N/A	-1.7%	173,796	N/A
Visitor Spending (\$mil)*	↓ 94.6%	15.1%	389.8	412.2	Maui	N/A	-25.1%	24,650	N/A
Visitor Days	↓ 95.7%	2.1%	1,347,131	1,408,006	Moloka'i	N/A	-24.0%	672	N/A
Daily Spend (\$pppd)	↘ 98.9%	12.7%	289.4	292.7	Lāna'i	N/A	-26.1%	504	N/A
Airlift (scheduled seats)	↗ 99.7%	3.5%	274,022	274,744	Kaua'i	N/A	2.3%	7,579	N/A
					Hawai'i Island	N/A	15.3%	20,106	N/A

\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **TAIWAN**

Key Performance Indicators

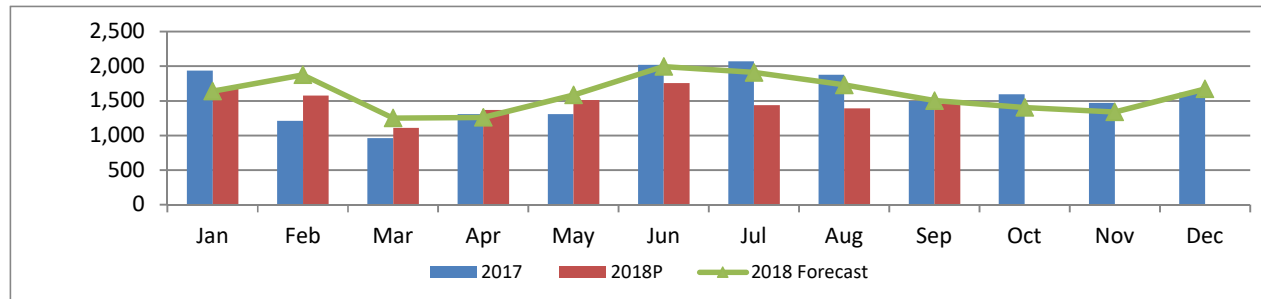
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 90.3%	-6.2%	13,301	14,733
Visitor Spending (\$mil)*	↑ 103.1%	8.5%	31.0	30.1
Visitor Days	↑ 105.2%	13.7%	124,380	118,209
Daily Spend (\$pppd)	↓ 98.0%	-4.6%	249.2	254.4
Airlift (scheduled seats)	→ 100.0%	4.2%	23,868	23,868

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	-5.0%	12,855	N/A
Maui	N/A	56.2%	2,741	N/A
Moloka'i	N/A	246.9%	90	N/A
Lāna'i	N/A	419.6%	228	N/A
Kaua'i	N/A	-33.6%	506	N/A
Hawai'i Island	N/A	13.2%	3,682	N/A

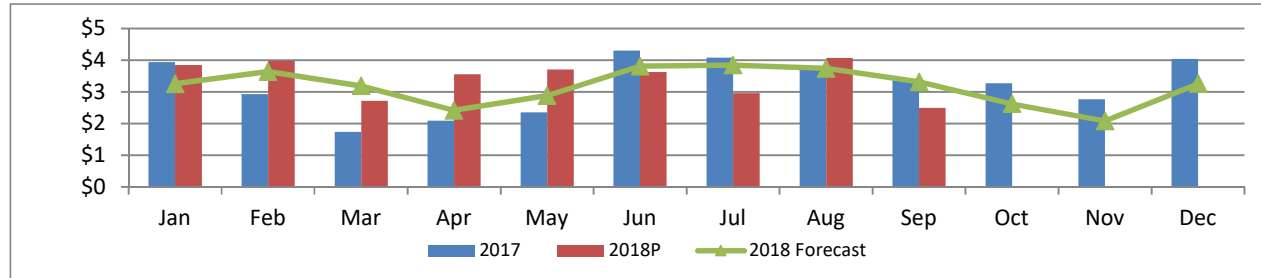
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

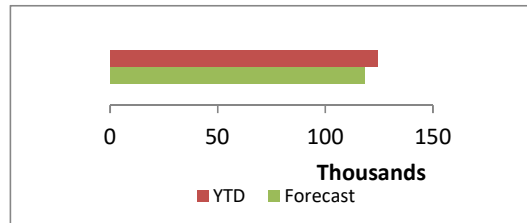


Monthly Visitor Expenditures (\$mil)

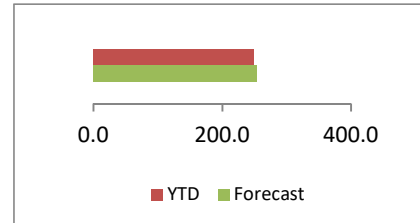


Annual Indicators

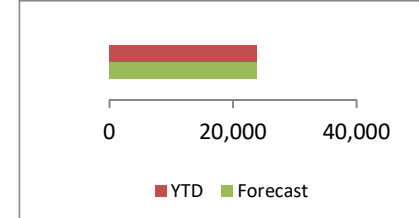
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures



HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **OCEANIA**

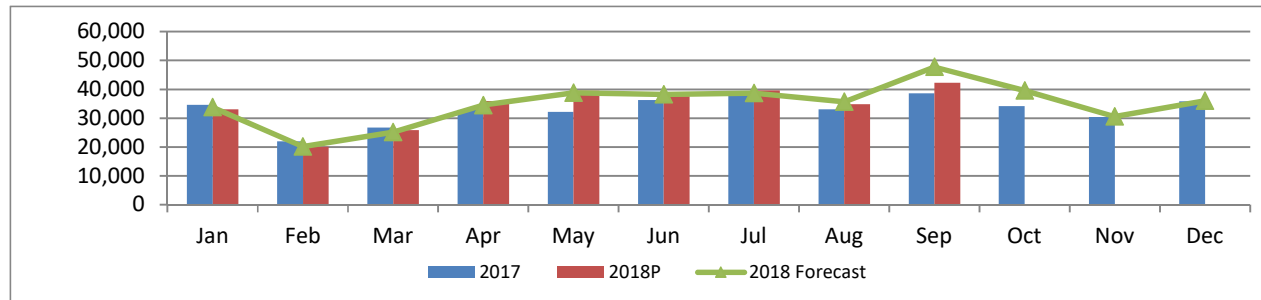
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	98.9%	4.7%	308,863	312,395	O'ahu	N/A	5.2%	302,060	N/A
Visitor Spending (\$mil)*	95.3%	5.8%	804.1	843.8	Maui	N/A	-4.9%	52,440	N/A
Visitor Days	98.4%	4.9%	2,969,231	3,017,918	Moloka'i	N/A	-31.8%	2,620	N/A
Daily Spend (\$pppd)	96.9%	0.8%	270.8	279.6	Lāna'i	N/A	-19.2%	3,710	N/A
Airlift (scheduled seats)	100.2%	11.1%	400,932	400,306	Kaua'i	N/A	-7.9%	24,519	N/A
					Hawai'i Island	N/A	-20.5%	38,393	N/A

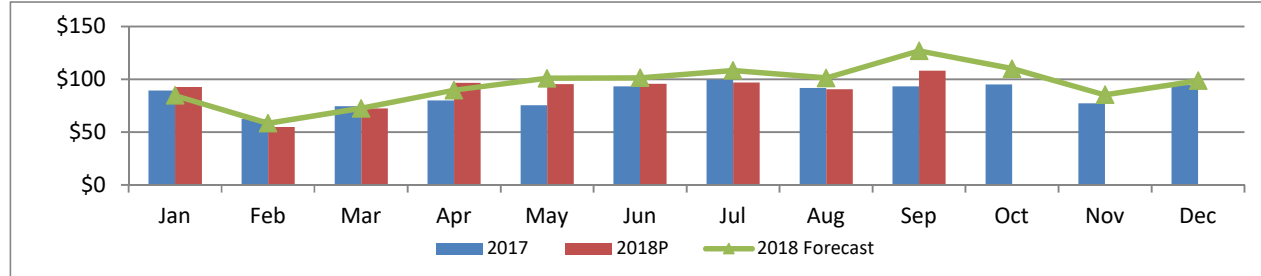
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

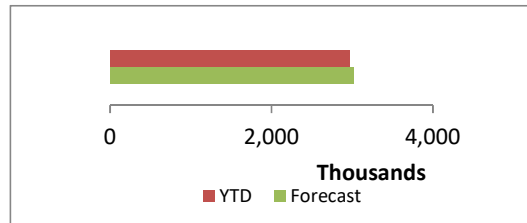


Monthly Visitor Expenditures (\$mil)

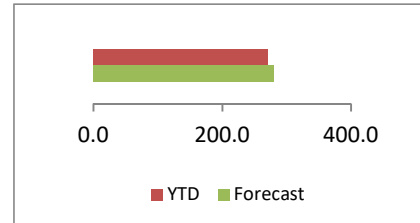


Annual Indicators

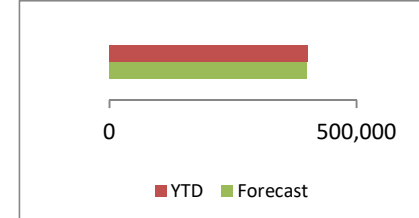
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

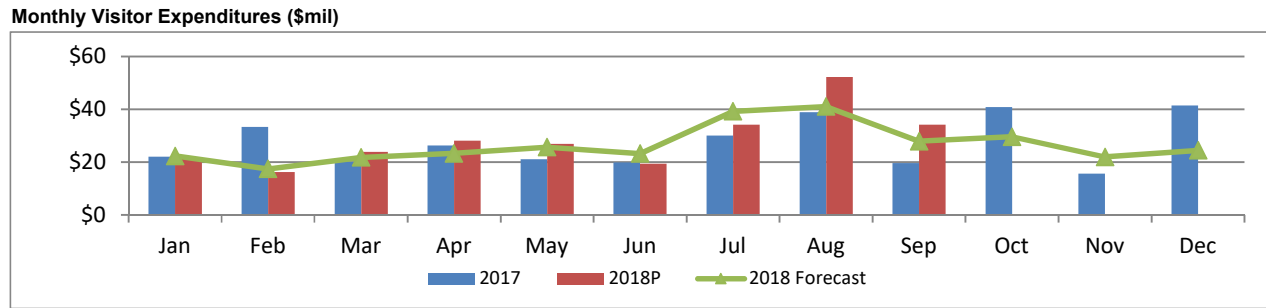
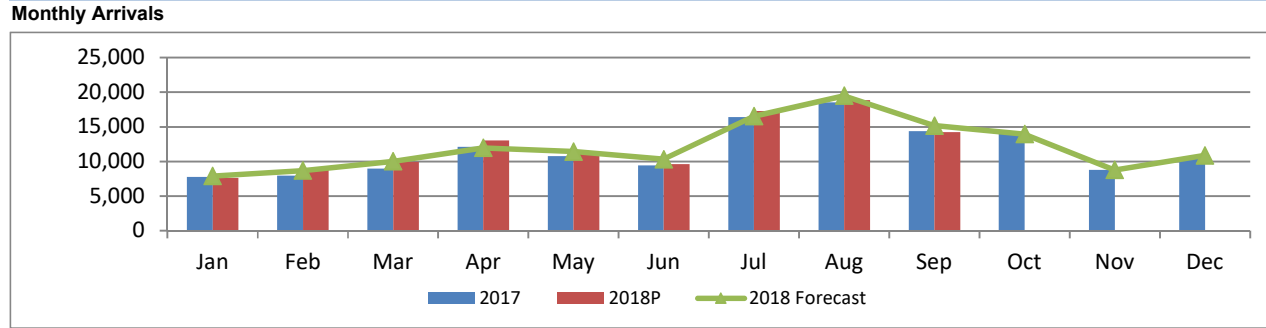
Market: **EUROPE**

Key Performance Indicators

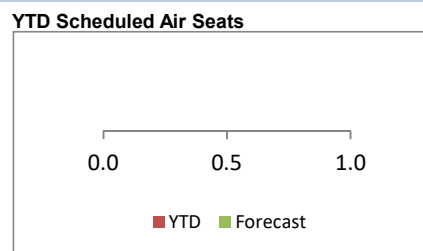
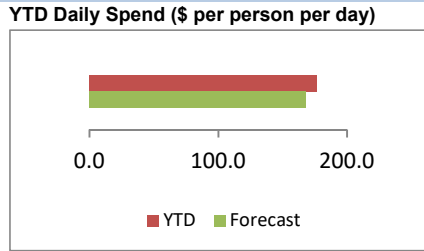
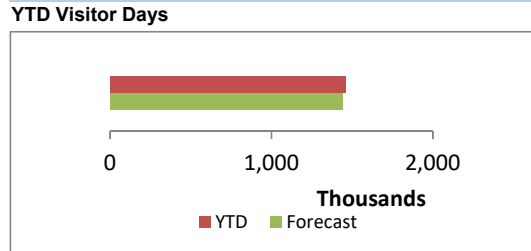
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 99.6%	4.3%	110,878	111,314	O'ahu	N/A	8.1%	83,040	N/A
Visitor Spending (\$mil)*	↑ 106.5%	11.1%	257.3	241.6	Maui	N/A	4.0%	47,988	N/A
Visitor Days	↗ 101.6%	6.4%	1,458,794	1,436,467	Moloka'i	N/A	27.8%	2,269	N/A
Daily Spend (\$pppd)	↑ 104.9%	4.4%	176.4	168.2	Lāna'i	N/A	13.3%	1,204	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	10.9%	28,892	N/A
					Hawai'i Island	N/A	-8.2%	36,503	N/A

\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Sep-18** Preliminary

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

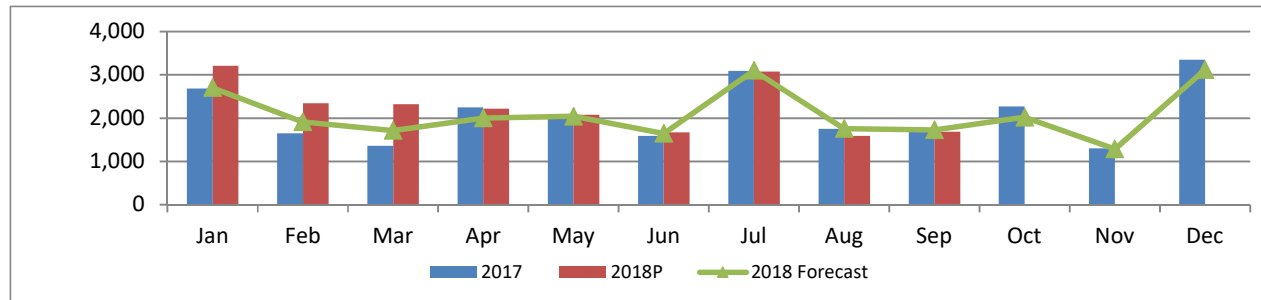
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 108.8%	11.8%	20,212	18,577	O'ahu	N/A	15.2%	15,539	N/A
Visitor Spending (\$mil)*	↑ 111.1%	6.4%	52.1	46.9	Maui	N/A	10.0%	7,658	N/A
Visitor Days	↑ 107.0%	9.9%	213,251	199,387	Moloka'i	N/A	60.9%	328	N/A
Daily Spend (\$pppd)	↑ 103.8%	-3.2%	244.5	235.4	Lāna'i	N/A	91.4%	354	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	14.2%	2,486	N/A
					Hawai'i Island	N/A	0.6%	4,502	N/A

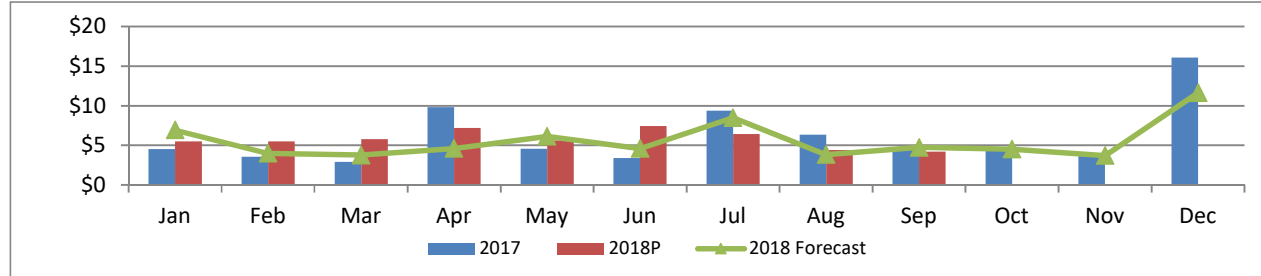
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

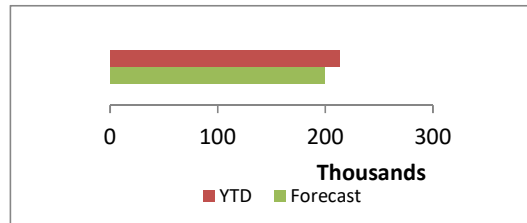


Monthly Visitor Expenditures (\$mil)

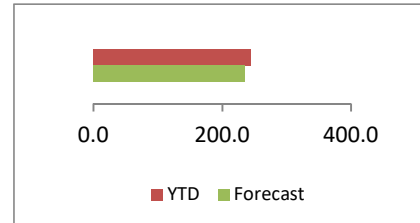


Annual Indicators

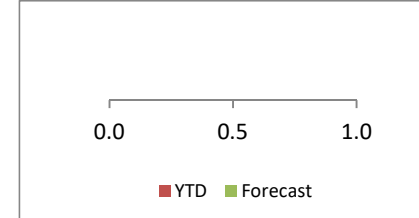
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

# Market Insights – October 2018

The HTA Monthly Market Insights reports on the most recent key performance indicators that the Hawai'i Tourism Authority (HTA) uses to measure success. The following measures provide indicators of the overall health of Hawai'i's visitor industry and help to gauge if the HTA is successfully attaining its goals.

## Report on Economic Impact

For the first ten months of 2018, Hawai'i's tourism economy experienced:

- \$14.93 billion in visitor spending, an increase of 8.8 percent compared to 2017.
- Total visitor arrivals rose 6.3 percent to 8,262,497, with growth in arrivals by air service (+6.4% to 8,163,637) offsetting a decline arrivals by cruise ships (-6.1% to 98,861).
- Hawai'i's tourism economy experienced \$1.74 billion in generated state tax revenue, up 8.8 percent (+140.3 million) compared to the first ten months of 2017.
- Through August 2018, the state collected \$109.9 million in TAT, an increase of 13.2 percent compared to FY 2018 through August 2017.
- Total air capacity into Hawai'i grew 8.9 percent to 11,031,179 seats.

**Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – October 2018**

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.1%	6.3%	8,262,497	8,255,643
Visitor Spending (\$mil)*	👉 98.9%	8.8%	14,931.8	15,098.1
Visitor Days	➡ 100.1%	6.0%	73,443,810	73,381,170
Daily Spend (\$pppd)	👉 98.8%	2.6%	203.3	205.7
Airlift (scheduled seats)	👆 110.0%	8.7%	10,940,359	9,941,289

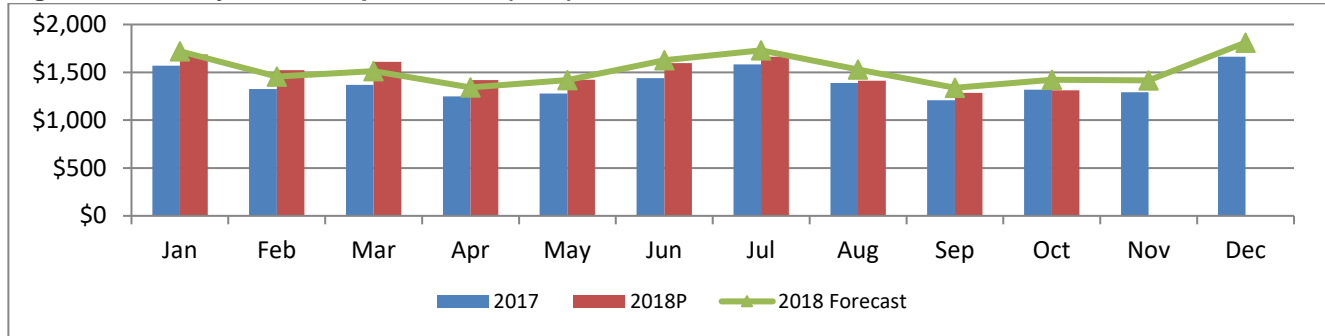
\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

Visitors to the Hawaiian Islands spent a total of \$1.31 billion in October 2018, a slight decline (-0.7%) compared to a year ago. On a statewide level, average visitor spending was down (-2.4% to \$200 per person) in October year-over-year.

Total visitor arrivals rose to 770,359 (+4.4%) in October with growth in arrivals from both air service (+4.0%) and cruise ships (+20.1%). Total visitor days increased by 1.8 percent. The average daily census (i.e. number of visitors on any given day) in October was 210,960, up 1.8 percent compared to a year ago.

In October, O'ahu recorded a slight decrease in visitor spending (-0.5% to \$598.4 million) despite increased visitor arrivals (+4.3.% to 467,747) compared to a year ago. Maui realized growth in both visitor spending (+1.8% to \$377.3 million) and visitor arrivals (+1.8% to 216,606). Kaua'i also achieved increases in both visitor spending (+2.1% to \$145.1 million) and arrivals (+2.4% to 103,089). The island of Hawai'i recorded declines in both visitor spending (-11.4% to \$169.2 million) and visitor arrivals (-15.7% to 115,573) compared to October of last year.

**Figure 1: Monthly Visitor Expenditures (\$mil)**



## **Major Market Areas (MMAs)**

### **USA**

- The U.S. economy grew by an annualized rate of 3.5 percent in Q3 2018, exceeding some forecasts and increasing the probability that total 2018 GDP growth will top 3.0 percent. A surge in consumer spending, itself a product of robust consumer confidence, was one of the major drivers of the growth, offsetting losses in agriculture and other sectors hit hard by the ongoing trade disputes. Still, there are signs the economy will begin to slow in coming months. Business spending and residential investment, for instance, remained flat in the third quarter.
- The U.S. dollar, though subject to frequent and often volatile swings of fortune, has grown in strength considerably over the past year. As measured against a basket of foreign currencies, the dollar is up 7.3 percent from where it stood in October of last year. If it continues to grow in strength, as is expected, the long-term impact could have a chilling effect on international arrivals to the U.S. and an increase in U.S. travelers opting for foreign destinations over domestic ones.
- The U.S. economy continues to remain strong, as demonstrated by the U.S. Consumer Confidence Index's October increase of 2.6 points to 137.9. The index is near its all-time high and will likely continue to grow as consumers exhibit increased optimism towards both the current and future economy.
- After dropping 0.2 points in September, the U.S. unemployment rate remained unchanged at 3.7 percent in October.
- Round-trip fares from the U.S. Mainland declined considerably in the second quarter of 2018, driven in large part by the increase of air seats flown. Overall, the average round-trip fare from the mainland fell 10.8 percent. Lower prices were seen across most major gateways, though they were more pronounced in West Coast gateway cities where the increased competition was the strongest. It is worth noting that moving into 2019, the number of seats will continue to grow at a much slower rate. As such, it is likely that fares will in turn stabilize and perhaps even resume upward growth.
- Growth in air seat capacity will continue to level off compared to the glut in air seats that started in early 2018. This can be seen in the relatively modest 4.8 percent growth in expected air seats between November 2018 and January 2019 as compared to the same three-month period the year prior.

## US WEST

Table 2: Key Performance Indicators - U.S. West

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↗ 101.1%	9.6%	3,463,510	3,424,430
Visitor Spending (\$mil)*	➡ 99.7%	10.2%	5,474.5	5,490.6
Visitor Days	➡ 100.6%	8.1%	30,895,248	30,703,730
Daily Spend (\$pppd)	➡ 99.1%	2.0%	177.2	178.8
Airlift (scheduled seats)	➡ 99.4%	11.2%	6,762,856	6,803,310

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- The U.S. West market reported a 7.6 percent gain in visitor spending to \$500.6 million in October year-over-year. Visitor arrivals increased (+9.3% to 322,696) and the average daily spending (+1.3% to \$176 per person) was higher compared to October 2017.
- Airlift: Capacity growth from the U.S. West market between November 2018 and January 2019 will remain relatively strong at 5.8 percent, driven by additional seat growth in San Francisco (+7.4%), Seattle (+9.7%), and Portland (+24.6). These gains are expected to help offset declines in capacity from major gateways like Los Angeles (-5.1%), some of which be explained by the resumption of flights out of nearby Long Beach.

## US EAST

Table 3: Key Performance Indicators - U.S. East

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.9%	8.4%	1,813,606	1,796,968
Visitor Spending (\$mil)*	➡ 99.0%	9.0%	3,842.2	3,879.3
Visitor Days	➡ 100.5%	6.9%	18,030,508	17,933,054
Daily Spend (\$pppd)	↘ 98.5%	2.0%	213.1	216.3
Airlift (scheduled seats)	↗ 108.1%	11.1%	932,924	862,886

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by U.S. East visitors rose 4.9 percent to \$303.7 million in October 2018. Visitor arrivals increased (+7.3% to 147,785) but daily spending was down slightly (-0.5% to \$215 per person) from a year ago.
- Air capacity from the U.S. East market between November 2018 and January 2019 will continue to decline (-2.2%) year-over-year basis. The largest decrease will be from seats out of Minneapolis (-38.0%) and Dallas (-3.0%) despite growth in other gateway cities like Chicago (+6.8%).

## CANADA

Table 4: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.0%	3.8%	412,740	416,736
Visitor Spending (\$mil)*	➡ 99.8%	7.1%	861.1	862.7
Visitor Days	↘ 99.0%	2.6%	5,071,066	5,122,796
Daily Spend (\$pppd)	➡ 100.8%	4.4%	169.8	168.4
Airlift (scheduled seats)	↗ 106.9%	3.3%	366,859	343,320

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by Canadian visitors rose 3.6 percent to \$59.8 million in October 2018, boosted by growth in visitor arrivals (+1.5% to 30,346) and higher daily spending (+4.5% to \$168 per person) compared to a year ago.

- The Canadian economy remains well on track to grow by about 2 percent in 2018 despite an expected moderation in the third quarter.
- The Canadian Dollar has been hovering between \$0.76 and \$0.77, seemingly unable to rise any higher as the U.S. Dollar continues to remain strong.
- The national consumer confidence rating was 119.6 points in October, a 3.0-point increase compared to last year. Consumer sentiment for those residing in the Atlantic Canada, Quebec, and British Columbia provinces was positive. Confidence of residents of Alberta and Ontario was mostly unchanged, and a decline was recorded in the Prairies. At the same time, the overall attitude towards purchase intentions did not fluctuate, remaining at 31 percent of Canadians. Like last month, the largest change was registered in Quebec, where 44.1 percent of respondents indicated that now is a good time to make a major purchase; a 4.9 percent increase compared to October 2017.
- Hawai'i Tourism Canada executed the Aloha Canada Trade Mission in Toronto, Vancouver, and Edmonton from October 23-25. The trade mission consisted of media interviews, tradeshow, destination presentations, and partner briefings. Wholesalers, hotels, airlines, transportation companies, activities/attractions partners, and MCI planners participated in the trade mission.

## JAPAN

**Table 5: Key Performance Indicators – Japan**

	% of Forecast*	YOY Rate	YTD	Forecast
<b>Arrivals</b>	➡ 99.3%	-2.0%	1,306,769	1,316,073
<b>Visitor Spending (\$mil)*</b>	➡ 98.7%	2.1%	1,941.8	1,968.2
<b>Visitor Days</b>	➡ 99.4%	-1.7%	7,826,388	7,874,421
<b>Daily Spend (\$pppd)</b>	➡ 99.3%	3.8%	248.1	249.9
<b>Airlift (scheduled seats)</b>	⬆ 112.0%	1.5%	1,700,382	1,517,867

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by Japanese visitors increased 1.4 percent to \$190.5 million in October 2018 compared to last year. Visitor arrivals (-3.0% to 130,809) declined but daily spending was higher (+2.1% to \$247) compared to October 2017.
- HTJ continues its effort to minimize the negative effects caused by the Kīlauea eruption with its three-phased recovery plan. Examples of the recent major activities include social media campaigns, media briefing session held in Tokyo, a full-page advertorial on the Japanese national newspaper, collaborative event with JAL/Hawaiian Airlines at Tommy Bahama Ginza and the release of a new Island of Hawai'i promotional video – all of which are aimed in promoting travel to the Island of Hawaii. The September 22 reopening of Volcanoes National Park has resulted in a steady regrowth of inquiries by consumers, a positive indication of the market recovery.
- In an effort to boost and to fully recover the market, both Japan Airlines and Hawaiian Airlines are revisiting the pricing of their direct flight service to the Island of Hawai'i.
- Performance for Hawai'i overall has remained relatively sluggish due to the increase in fuel surcharge rates (currently at 17,000 yen)
- In the Kansai market, in efforts to recuperate the losses from the closure of Kansai International Airport in September, many airlines are striving to reobtain customers. With LCCs offering rates as low as 25,000 yen (including fuel surcharge), recovery is speculated by the end of the year. HTJ continues to be in close communication with stakeholders.

## OCEANIA

Table 6: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	🔻 97.8%	4.6%	344,253	351,954
Visitor Spending (\$mil)*	🔻 92.9%	3.6%	886.5	953.8
Visitor Days	🔻 97.3%	4.6%	3,305,448	3,397,664
Daily Spend (\$pppd)	🔻 95.5%	-0.9%	268.2	280.7
Airlift (scheduled seats)	🔼 112.1%	11.9%	448,776	400,306

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- **Australia:** There were 28,334 visitors in October, up 1.0 percent from a year ago. Arrivals also increased through the first ten months (+1.0% to 272,382 visitors) compared to the same period last year.
- **New Zealand:** Supported by an increase in air service, visitor arrivals rose in both October (+15.6% to 7,055) and year-to-date (+21.2% to 71,870) from last year.
- The Australian economy continued to grow at a strong annual rate of 3.4 percent after better than expected growth in the June quarter. Domestic demand accounted for much of the growth, reflecting strong sales of food, recreation and culture, and furnishings and household equipment.
- The Australian dollar dropped to a two year low of 70.3 cents against the USD in October. Economists believe this is largely due to global factors and Australia's economy remains robust.
- The New Zealand economy is predicted to see GDP growth of between 2.5 percent and 3.5 percent over the next few years.
- After a long period of stability, the New Zealand dollar has experienced a weakening against the USD. This has impact on the perceived costs for the NZ traveler.

## EUROPE

Table 7: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 99.3%	3.3%	124,347	125,237
Visitor Spending (\$mil)*	🔼 106.0%	5.4%	287.3	271.2
Visitor Days	👉 101.1%	5.4%	1,637,248	1,620,135
Daily Spend (\$pppd)	🔼 104.9%	0.1%	175.5	167.4
Airlift (scheduled seats)	NA	NA	NA	NA

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from the United Kingdom, France, Germany, Italy, and Switzerland declined in October (-3.9% to 13,469) but remained higher through the first ten months (+3.3% to 124,347) compared to a year ago.
- Overall, consumer confidence in October was considerably better than during October 2017. During the month it was at negative 5.2 points and major purchase intentions were also at negative 7.5 points.
- The GBP/USD average through YTD October 2018 was \$1.34, which is 5.2 percent above the \$1.28 average during the same ten months in 2017. In terms of a vacation costing U.S. \$2,500, the same trip would be £1,952 in 2018 versus £1,856 in 2017.



- Unemployment in the U.K. continued to fall, with 55,000 fewer people out of work over the period. Wages for British workers surged in the three months to July, according to new data released by the Office for National Statistics.
- Germany's unemployment numbers fell more than expected in September, pushing down the rate to its lowest level since German reunification in 1990. The Federal Labor Office said the seasonally adjusted unemployed total fell by 23,000 to 2.303 million.
- Unemployment in France still remains at 9.3 percent.

## CHINA

**Table 8: Key Performance Indicators – China**






	% of Forecast*	YOY Rate	YTD	Forecast
<b>Arrivals</b>	↓ 91.3%	-9.3%	121,979	133,622
<b>Visitor Spending (\$mil)*</b>	↓ 94.1%	-0.5%	331.6	352.3
<b>Visitor Days</b>	↓ 94.2%	-8.9%	930,913	988,477
<b>Daily Spend (\$pppd)</b>	→ 99.9%	9.2%	356.2	356.4
<b>Airlift (scheduled seats)</b>	↑ 108.4%	0.8%	139,531	128,732

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals declined in both October (-35.2% to 7,847) and through the first ten months (-9.3% to 121,979) year-over-year.
- The share of China's GDP in the world economy was 14.9 percent (or U.S. \$12 billion) in 2017, maintaining 2nd place after the U.S. The Chinese economy expanded 6.9 percent year over year in 2017, above the official target of 6.5 percent. For the first half of 2018, the Chinese economy grew by 6.8 percent. However, with escalating trade tariff disputes between the U.S. and China, many believe the GDP growth rate might decelerate in the second half of 2018.
- In October, HTC participated in the 2018 China-ASEAN Expo Tourism Exhibition in Guilin, the biggest travel fair in Southwest China. HTC set up a vibrant Hawai'i booth at the International Destination Pavilion, showcasing the Hawaiian Islands as an ideal stand-alone vacation destination. This multiday exhibition included both B2B and B2C sessions reaching over 50,000 audiences in total. HTC also met with over 20 travel agencies and tour operators who were interested in developing Hawai'i products.
- To promote the Hawaiian Islands as a premium destination for upscale Chinese travelers, HTC invited six leading men's fashion and travel media including Travel & Leisure, Men's Uno, Modern Weekly, So Figaro, Holiday Mook, and Feekr to visit O'ahu and Kaua'i from September 27th to October 2nd. Island Chapters and Hawai'i's industry partners greatly supported this press trip. Coverage on Hawai'i of these publications was planned for November with an estimated reach of three million readers.
- National Geographic Traveler, a top travel publication in China targeting high-end and FIT travelers, featured Hawai'i with an eight-page editorial entitled "The Philosophy of Taro." This article showcased the culture of Hawai'i and the relationship between Taro and the people of Hawai'i through the eyes of a local farmer who grows taro in Waipi'o Valley. Traditional and local food specialties such as Poi, Lau Lau, Lomi Lomi Salmon and Pineapple pie were also recommended in the article.

## KOREA

**Table 9: Key Performance Indicators – Korea**






	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 90.8%	-4.8%	195,951	215,909
Visitor Spending (\$mil)*	 91.9%	11.0%	431.9	469.8
Visitor Days	 92.2%	-2.8%	1,471,716	1,595,869
Daily Spend (\$pppd)	 99.7%	14.2%	293.5	294.4
Airlift (scheduled seats)	 110.2%	1.2%	302,636	274,744

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in both October (-31.1% to 17,793) and year-to-date (-4.8% to 195,95) compared to a year ago.
- South Korea's third quarter growth was 2 percent, the lowest year-on-year gain since the third quarter of 2009. The sluggish result was announced a week after the Bank of Korea revised down its growth target for 2018 from 2.9 percent to 2.7 percent.
- South Korea's global competitiveness ranking has risen two notches this year thanks to improvement in the macroeconomic environment and a high-level of information technology. In 2018, Asia's fourth-largest economy ranked 15th out of 140 countries surveyed in the World Economic Forum competitiveness index, up from 17th in 2017.
- South Korea's government will create 59,000 temporary jobs and lower taxes on refined fuel products by 15 percent for the next six months in a bid to reinvigorate the sluggish economy.
- The average USD/WON exchange rate in October was 1129.53 won, a slight increase from the previous rate of 1119.65 won in September. Fuel surcharges were imposed in September up to 184,800 won (U.S. \$162) for a round trip between Korea and the U.S.
- Korea Tourism Organization reported the number of Korean outbound travelers in September was 2,225,756, a year-on-year increase of 0.99 percent.

## TAIWAN

**Table 10: Key Performance Indicators – Taiwan**

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 91.1%	-6.8%	14,704	16,136
Visitor Spending (\$mil)*	 104.7%	7.6%	34.2	32.7
Visitor Days	 105.7%	11.4%	136,687	129,337
Daily Spend (\$pppd)	 99.1%	-3.5%	250.5	252.8
Airlift (scheduled seats)	 111.5%	3.7%	26,622	23,868

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals declined in both October (-12.1% to 1,403) and through the first ten months (-6.8% to 14,704) versus last year.
- The overall economic outlook in Taiwan continues its momentum with an ongoing cyclical recovery that is expected to continue in the second half of 2018. Taiwan's government has revised its economic forecast for 2018 to a GDP growth of 2.6 percent. The unemployment rate for 2018 is estimated to be 3.8 percent, similar to 2017.
- Currency exchange rate fluctuations impact Taiwanese decision-making in overseas destination visitation and spending. There is an increasing number of affordable and attractive offerings from nearby destinations to entice Taiwanese visitors.

- In October, Hawai'i Tourism Taiwan hosted its first-ever Hawai'i Aloha Festival at Huashan Cultural Park Lawn to replicate the ambience and experiences of Hawai'i to Taiwanese consumers. In addition to participating vendors promoting and selling Hawai'i goods on site, HTT organized experiential activities at the festival, including ukulele music, Hula dance, and lei making workshops. Many families with kids enjoyed their time at the Festival learning about Hawai'i and Hawaiian culture. Taiwanese leading media including CTI Television Corporation, TVBS media, China Times, and Power News were also invited to cover this event with interviews of HTT on the festival and the Hawaiian Islands.

## LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 107.6%	8.9%	22,161	20,595
Visitor Spending (\$mil)*	↑ 114.7%	10.4%	59.0	51.5
Visitor Days	↑ 105.6%	7.1%	232,082	219,786
Daily Spend (\$pppd)	↑ 108.6%	3.1%	254.2	234.1
Airlift (scheduled seats)	NA	NA	NA	NA

\*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina declined in October (-14.0% to 1,950) but rose over the first ten months (+8.9% to 22,161) versus last year.

## Island Distribution

- **O'ahu:** In October, visitor spending declined slightly (-0.5% to \$598.4 million) compared to a year ago as lower daily spending (-5.3% to \$195 per person) offset growth in visitor days (+5.1%). Arrivals were up 4.3 percent to 467,747 visitors. The average daily census rose 5.1 percent to 99,204 visitors in October. In the first ten months, both visitor spending (+8.4% to \$6.81 billion) and visitor arrivals (+4.6% to 4,946,386) increased compared to the same period last year.
- **Maui:** In October, visitor spending rose to \$377.3 million (+1.8%). Visitor days increased (+2.2%) while daily spending (-0.4% to \$219 per person) was similar to a year ago. Arrivals increased 1.8 percent to 216,606 visitors. The average daily census increased 2.2 percent to 55,608 visitors in October. Through the first ten months, both visitor spending (+10.9% to \$4.26 billion) and visitor arrivals (+7.2% to 2,433,648) surpassed last year's results.
- **Island of Hawai'i :** In October, visitor spending declined (-11.4% to \$169.2 million) as a result of decreased visitor days (-10.9%) and slightly lower daily spending (-0.5% to \$197 per person) versus last year. Arrivals were down 15.7 percent to 115,573 visitors. Fewer visitors took day trips (-47.6%) compared to a year ago. The average daily census decreased 10.9 percent to 27,718 visitors in October. Through the first ten months, visitor spending increased (+3.5% to \$2.01 billion) but visitor arrivals dipped slightly (-1.0% to 1,436,747) compared to last year.
- **Kaua'i:** In October, visitor spending increased (+2.1% to \$145.1 million) boosted by growth in visitor days (+1.6%). Daily spending (+0.5% to \$196 per person) was comparable to 2017. Arrivals increased 2.4 percent to 103,089 visitors. The average daily census rose 1.6 percent to 23,940 visitors in October. Through the first ten months, both visitor spending (+11.5% to \$1.69 billion) and visitor arrivals (+8.4% to 1,156,388) increased year-over-year.

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

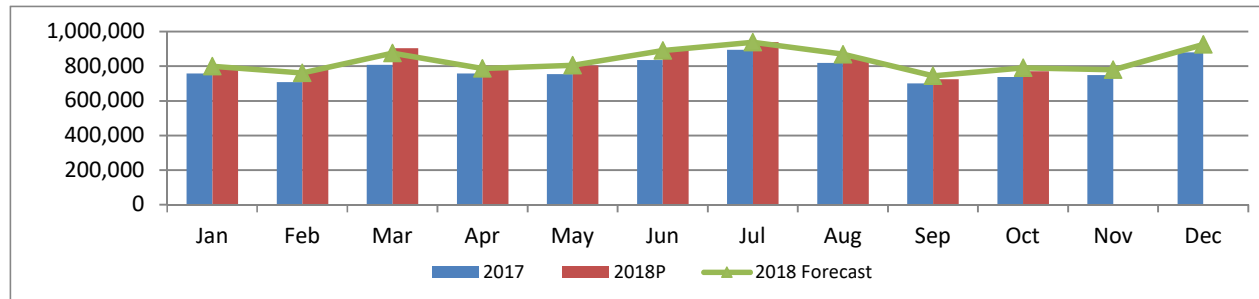
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 100.1%	6.3%	8,262,497	8,255,643	O'ahu	N/A	4.6%	4,946,386	N/A
Visitor Spending (\$mil)*	→ 98.9%	8.8%	14,931.8	15,098.1	Maui	N/A	7.2%	2,433,648	N/A
Visitor Days	→ 100.1%	6.0%	73,443,810	73,381,170	Moloka'i	N/A	3.5%	49,490	N/A
Daily Spend (\$pppd)	→ 98.8%	2.6%	203.3	205.7	Lāna'i	N/A	17.2%	61,908	N/A
Airlift (scheduled seats)	↑ 110.0%	8.7%	10,940,359	9,941,289	Kaua'i	N/A	8.4%	1,156,388	N/A
					Hawai'i Island	N/A	-1.0%	1,436,747	N/A

\*DBEDT Forecasts as of August 2018

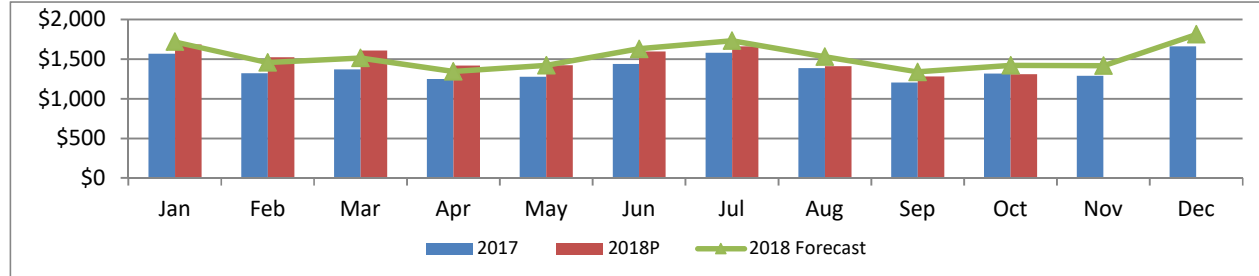
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

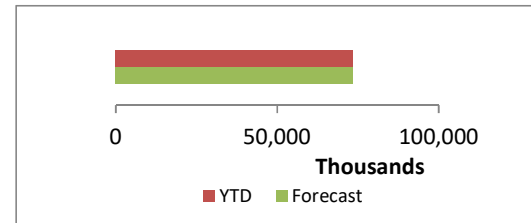


Monthly Visitor Expenditures (\$mil)

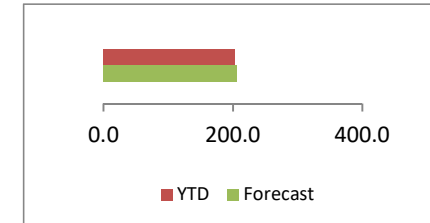


Annual Indicators

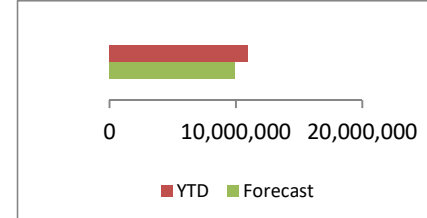
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **U.S. WEST**

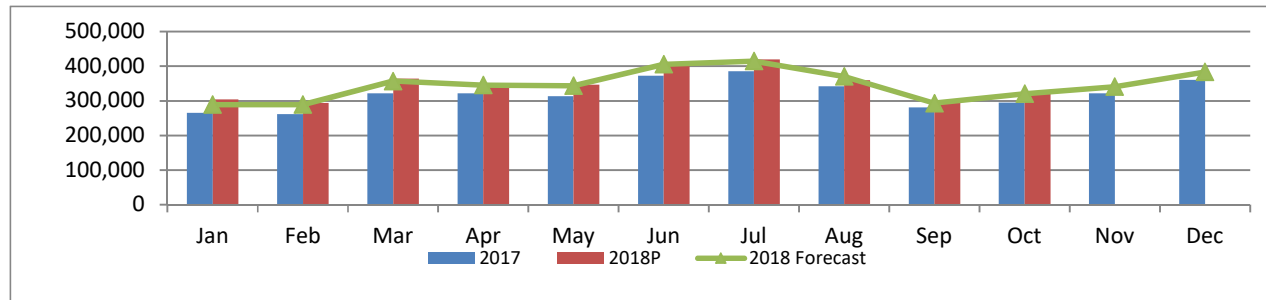
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.1%	9.6%	3,463,510	3,424,430	O'ahu	N/A	9.1%	1,471,720	N/A
Visitor Spending (\$mil)*	→ 99.7%	10.2%	5,474.5	5,490.6	Maui	N/A	9.5%	1,231,929	N/A
Visitor Days	→ 100.6%	8.1%	30,895,248	30,703,730	Moloka'i	N/A	5.9%	19,760	N/A
Daily Spend (\$pppd)	→ 99.1%	2.0%	177.2	178.8	Lāna'i	N/A	12.2%	22,325	N/A
Airlift (scheduled seats)	→ 99.4%	11.2%	6,762,856	6,803,310	Kaua'i	N/A	9.4%	599,381	N/A
					Hawai'i Island	N/A	2.9%	592,658	N/A

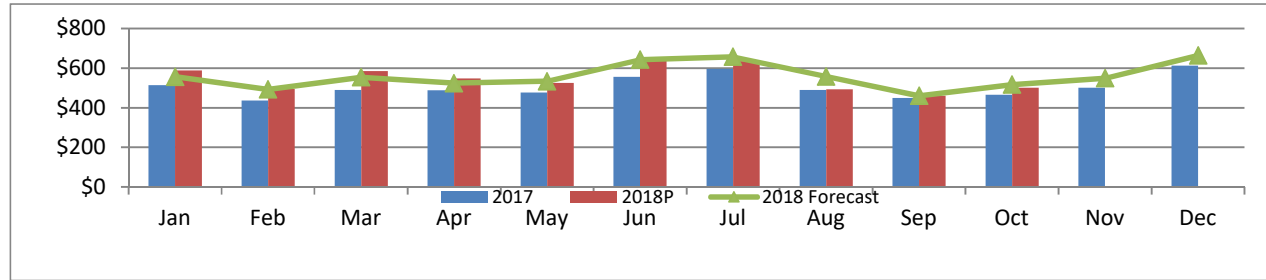
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

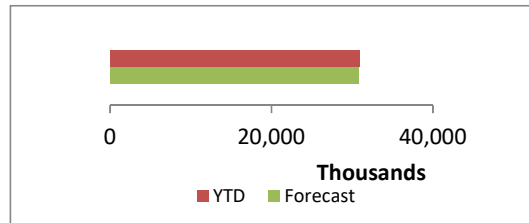


Monthly Visitor Expenditures (\$mil)

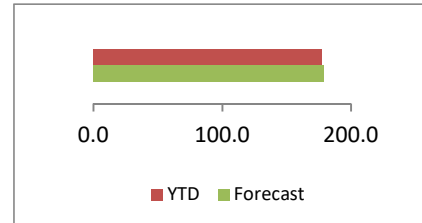


Annual Indicators

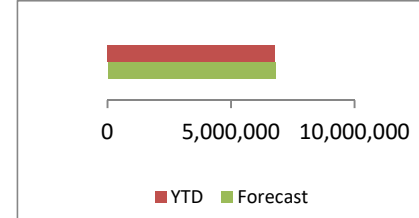
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **U.S. EAST**

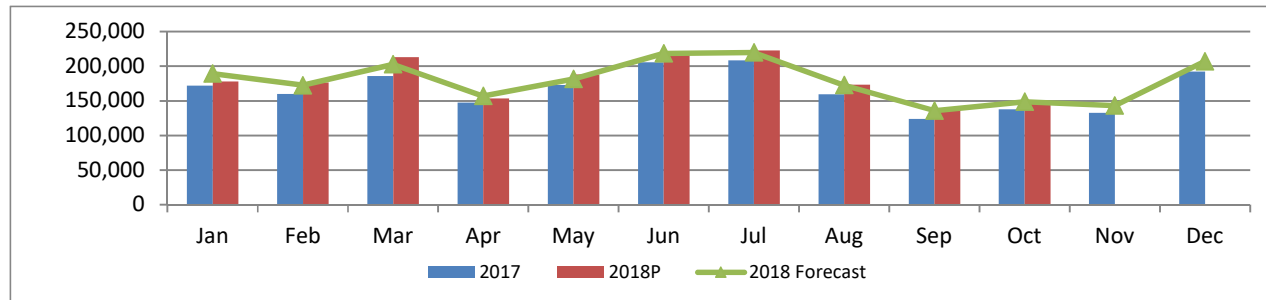
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 100.9%	8.4%	1,813,606	1,796,968	O'ahu	N/A	7.2%	1,033,702	N/A
Visitor Spending (\$mil)*	→ 99.0%	9.0%	3,842.2	3,879.3	Maui	N/A	7.1%	676,294	N/A
Visitor Days	→ 100.5%	6.9%	18,030,508	17,933,054	Moloka'i	N/A	13.0%	14,252	N/A
Daily Spend (\$pppd)	→ 98.5%	2.0%	213.1	216.3	Lāna'i	N/A	36.8%	22,876	N/A
Airlift (scheduled seats)	↑ 108.1%	11.1%	932,924	862,886	Kaua'i	N/A	8.1%	352,837	N/A
					Hawai'i Island	N/A	-1.9%	385,901	N/A

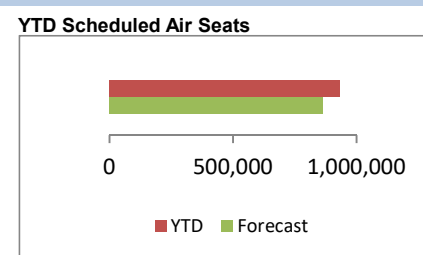
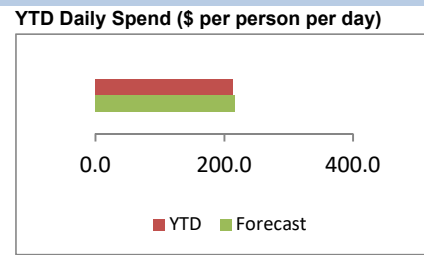
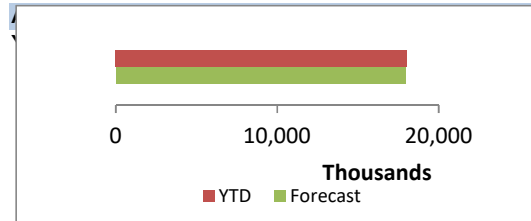
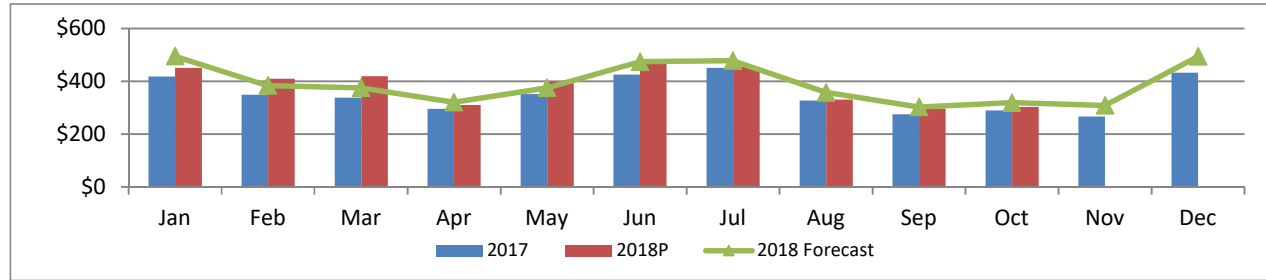
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **CANADA**

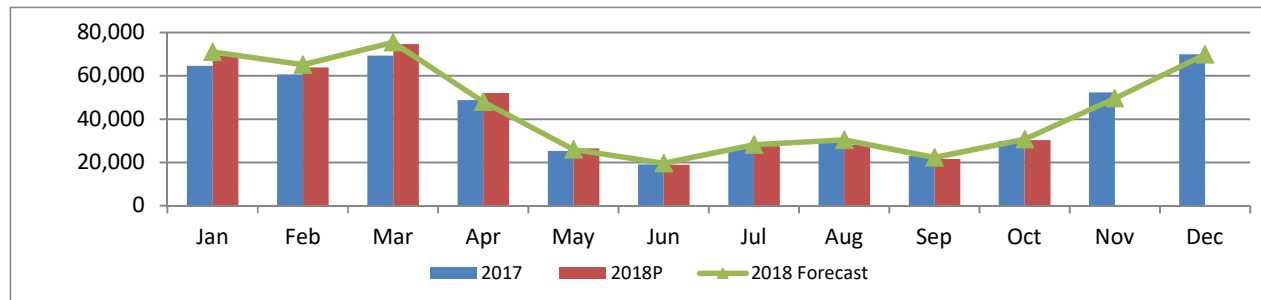
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 99.0%	3.8%	412,740	416,736	O'ahu	N/A	3.0%	175,569	N/A
Visitor Spending (\$mil)*	→ 99.8%	7.1%	861.1	862.7	Maui	N/A	7.4%	213,851	N/A
Visitor Days	→ 99.0%	2.6%	5,071,066	5,122,796	Moloka'i	N/A	0.4%	3,046	N/A
Daily Spend (\$pppd)	→ 100.8%	4.4%	169.8	168.4	Lāna'i	N/A	29.0%	4,956	N/A
Airlift (scheduled seats)	↑ 106.9%	3.3%	366,859	343,320	Kaua'i	N/A	7.6%	60,702	N/A
					Hawai'i Island	N/A	-0.7%	79,268	N/A

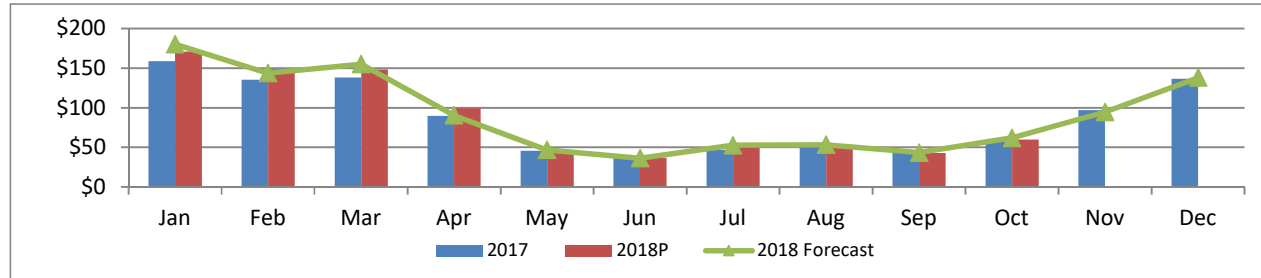
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

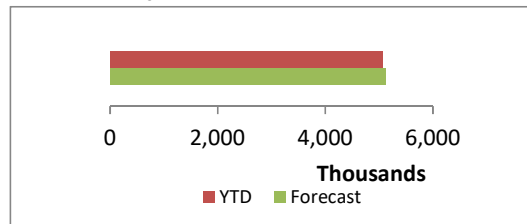


Monthly Visitor Expenditures (\$mil)

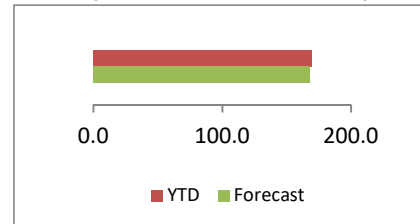


Annual Indicators

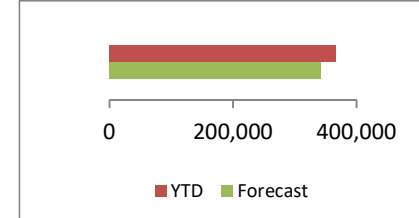
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **JAPAN**

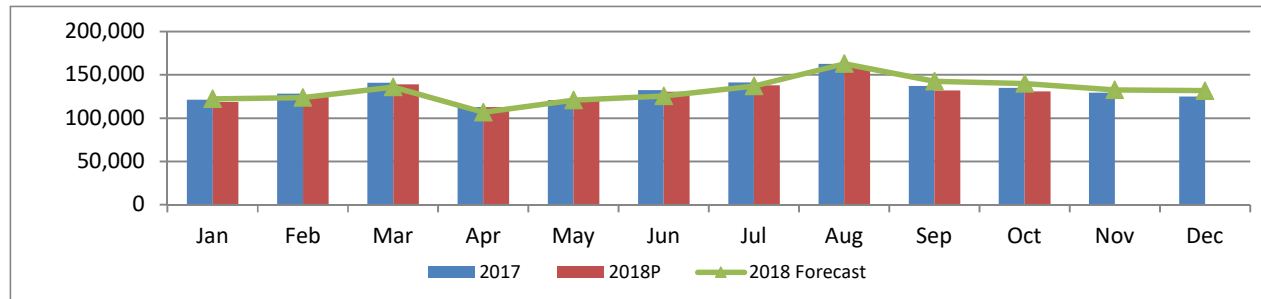
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 99.3%	-2.0%	1,306,769	1,316,073	O'ahu	N/A	-3.4%	1,232,395	N/A
Visitor Spending (\$mil)*	→ 98.7%	2.1%	1,941.8	1,968.2	Maui	N/A	-12.4%	43,460	N/A
Visitor Days	→ 99.4%	-1.7%	7,826,388	7,874,421	Moloka'i	N/A	-46.1%	1,102	N/A
Daily Spend (\$pppd)	→ 99.3%	3.8%	248.1	249.9	Lāna'i	N/A	-9.3%	1,591	N/A
Airlift (scheduled seats)	↑ 112.0%	1.5%	1,700,382	1,517,867	Kaua'i	N/A	3.1%	22,454	N/A
					Hawai'i Island	N/A	-2.7%	152,048	N/A

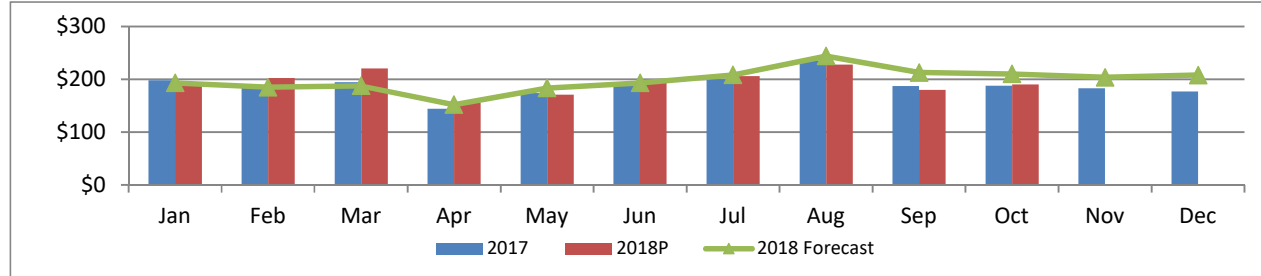
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

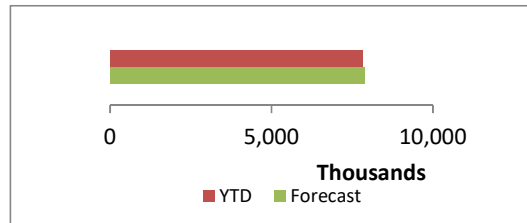


Monthly Visitor Expenditures (\$mil)

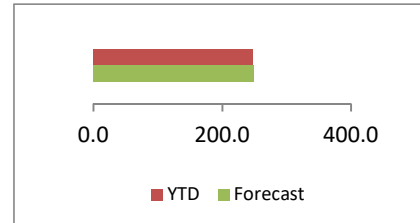


Annual Indicators

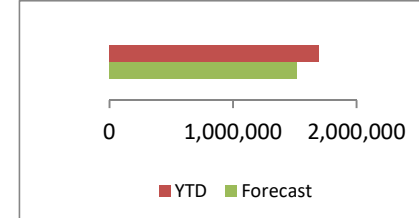
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures



HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

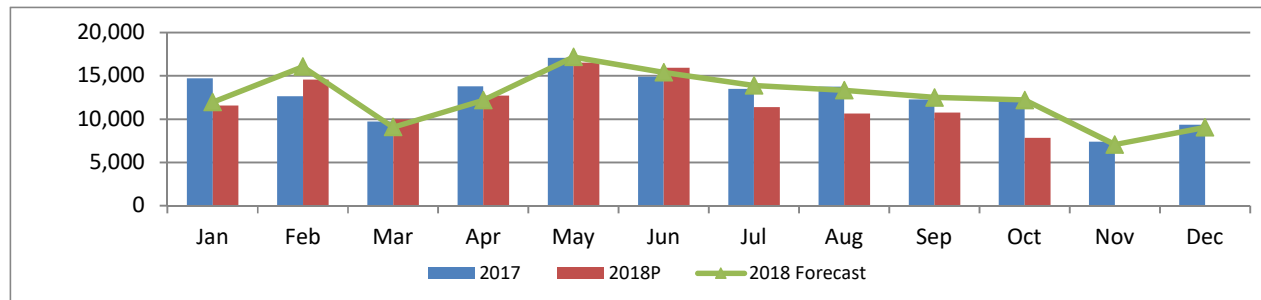
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 91.3%	-9.3%	121,979	133,622
Visitor Spending (\$mil)*	↓ 94.1%	-0.5%	331.6	352.3
Visitor Days	↓ 94.2%	-8.9%	930,913	988,477
Daily Spend (\$pppd)	→ 99.9%	9.2%	356.2	356.4
Airlift (scheduled seats)	↑ 108.4%	0.8%	139,531	128,732

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	-8.8%	118,967	N/A
Maui	N/A	-7.4%	25,961	N/A
Moloka'i	N/A	51.8%	1,070	N/A
Lāna'i	N/A	-16.8%	865	N/A
Kaua'i	N/A	-9.6%	3,870	N/A
Hawai'i Island	N/A	-15.8%	40,381	N/A

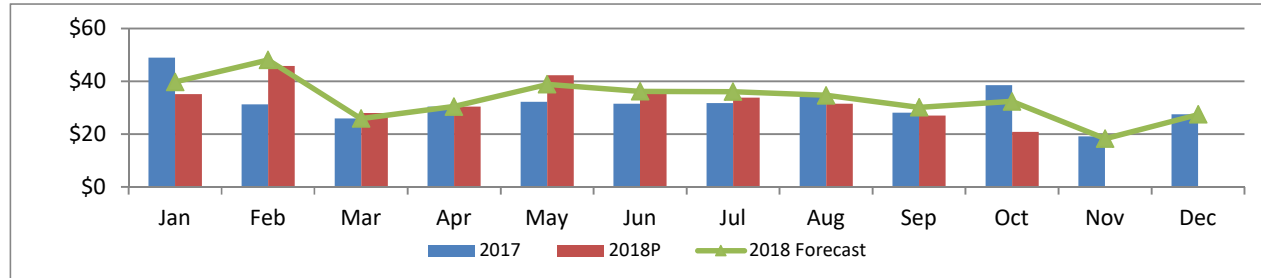
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

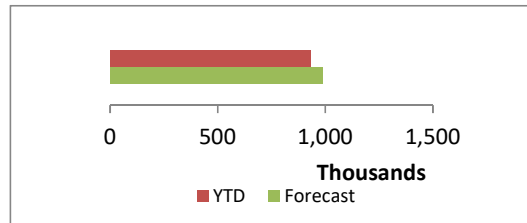


Monthly Visitor Expenditures (\$mil)

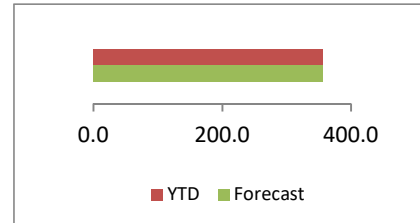


Annual Indicators

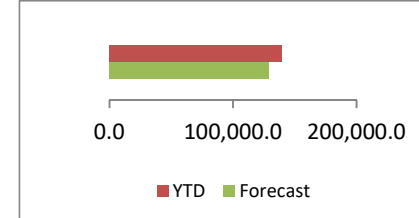
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **KOREA**

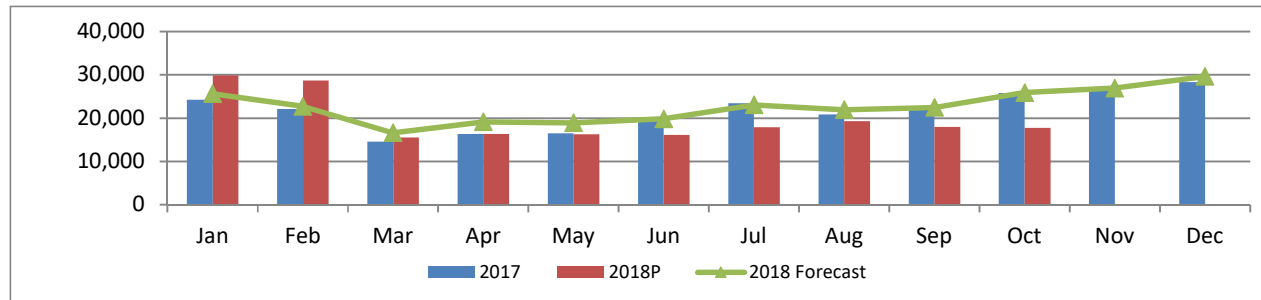
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 90.8%	-4.8%	195,951	215,909	O'ahu	N/A	-5.5%	191,322	N/A
Visitor Spending (\$mil)*	↓ 91.9%	11.0%	431.9	469.8	Maui	N/A	-28.5%	26,866	N/A
Visitor Days	↓ 92.2%	-2.8%	1,471,716	1,595,869	Moloka'i	N/A	-26.3%	708	N/A
Daily Spend (\$pppd)	→ 99.7%	14.2%	293.5	294.4	Lāna'i	N/A	-28.9%	539	N/A
Airlift (scheduled seats)	↑ 110.2%	1.2%	302,636	274,744	Kaua'i	N/A	-11.2%	7,992	N/A
					Hawai'i Island	N/A	-4.5%	21,389	N/A

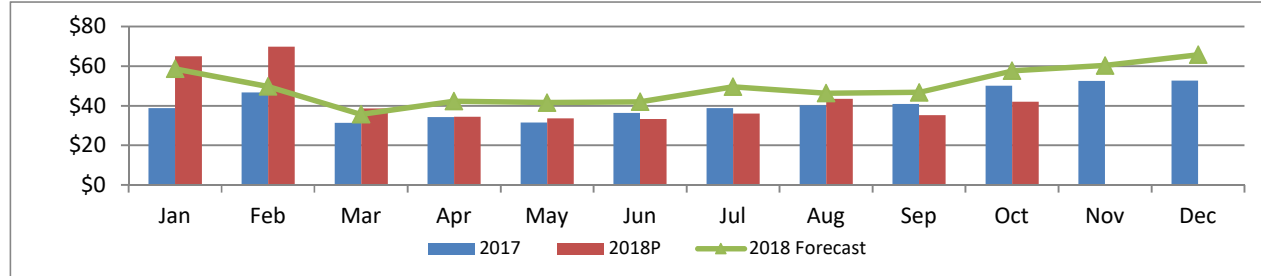
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

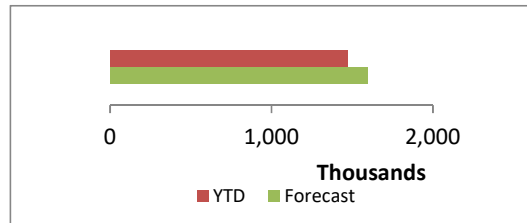


Monthly Visitor Expenditures (\$mil)

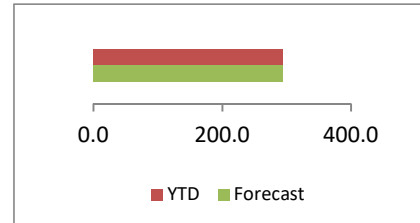


Annual Indicators

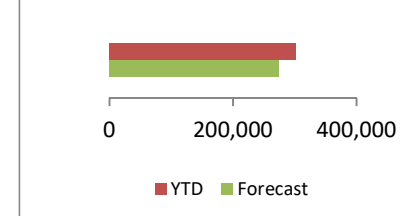
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **TAIWAN**

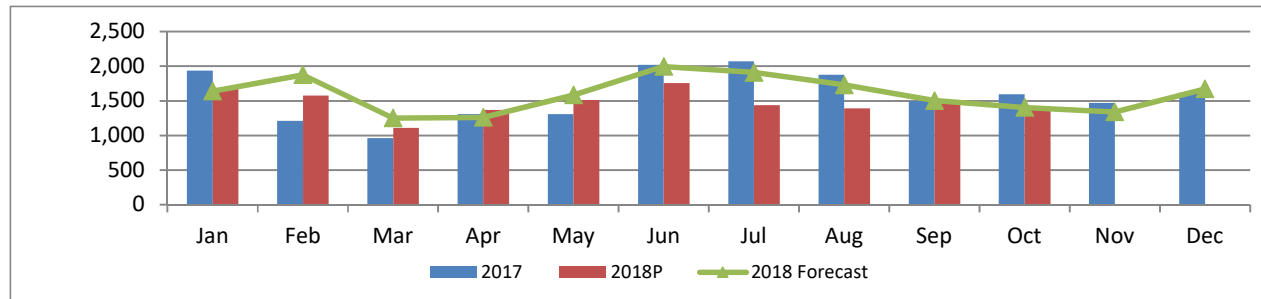
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 91.1%	-6.8%	14,704	16,136	O'ahu	N/A	-6.2%	14,163	N/A
Visitor Spending (\$mil)*	↑ 104.7%	7.6%	34.2	32.7	Maui	N/A	64.6%	3,077	N/A
Visitor Days	↑ 105.7%	11.4%	136,687	129,337	Moloka'i	N/A	246.9%	90	N/A
Daily Spend (\$pppd)	→ 99.1%	-3.5%	250.5	252.8	Lāna'i	N/A	403.6%	242	N/A
Airlift (scheduled seats)	↑ 111.5%	3.7%	26,622	23,868	Kaua'i	N/A	-29.4%	543	N/A
					Hawai'i Island	N/A	6.7%	4,088	N/A

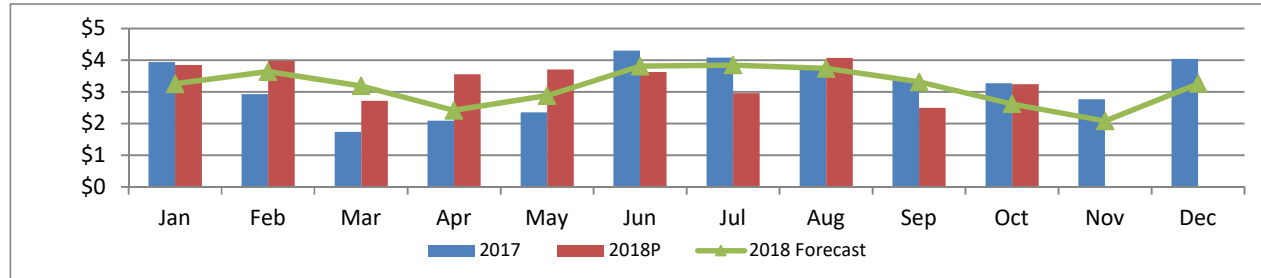
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

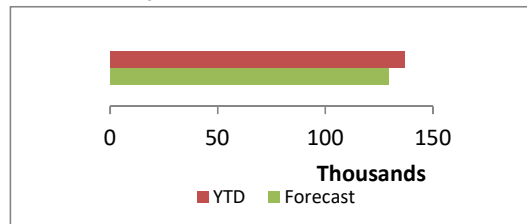


Monthly Visitor Expenditures (\$mil)

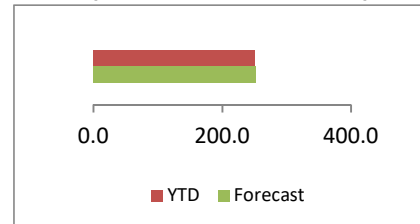


Annual Indicators

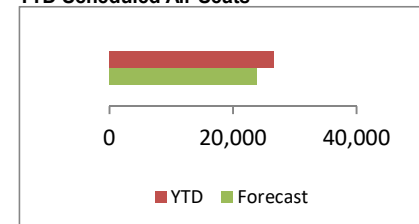
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **OCEANIA**

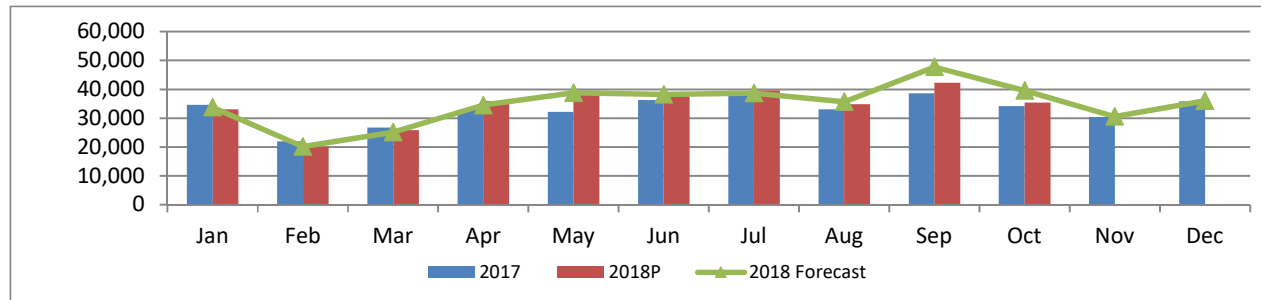
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 97.8%	4.6%	344,253	351,954	O'ahu	N/A	5.1%	336,681	N/A
Visitor Spending (\$mil)*	↓ 92.9%	3.6%	886.5	953.8	Maui	N/A	-6.9%	57,922	N/A
Visitor Days	↓ 97.3%	4.6%	3,305,448	3,397,664	Moloka'i	N/A	-28.6%	3,157	N/A
Daily Spend (\$pppd)	↓ 95.5%	-0.9%	268.2	280.7	Lāna'i	N/A	-22.6%	4,086	N/A
Airlift (scheduled seats)	↑ 112.1%	11.9%	448,776	400,306	Kaua'i	N/A	-7.4%	27,249	N/A
					Hawai'i Island	N/A	-20.4%	42,886	N/A

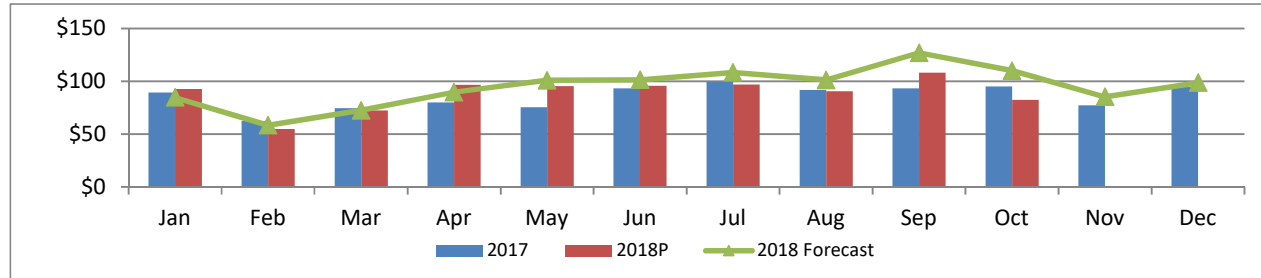
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

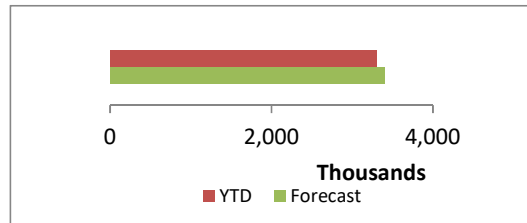


Monthly Visitor Expenditures (\$mil)

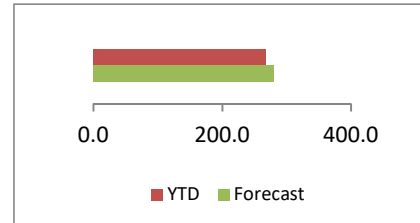


Annual Indicators

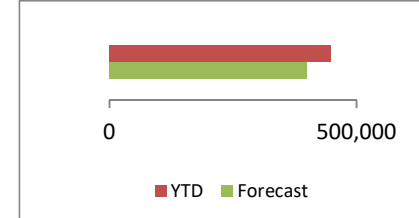
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **EUROPE**

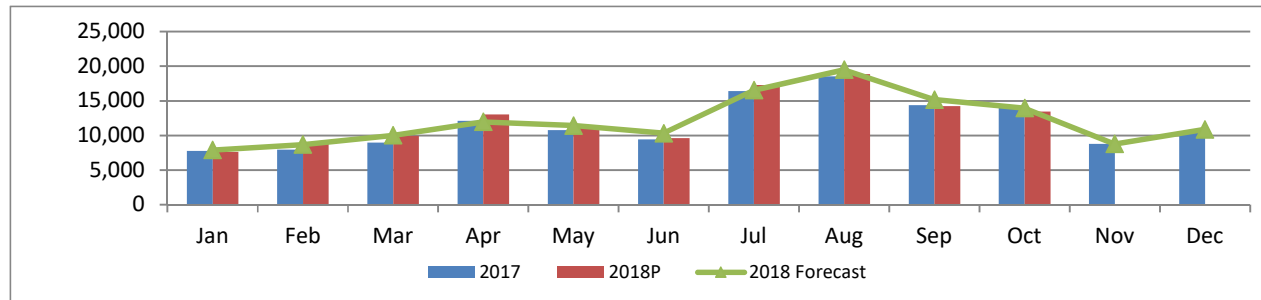
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 99.3%	3.3%	124,347	125,237	O'ahu	N/A	6.2%	92,050	N/A
Visitor Spending (\$mil)*	↑ 106.0%	5.4%	287.3	271.2	Maui	N/A	2.8%	53,994	N/A
Visitor Days	↗ 101.1%	5.4%	1,637,248	1,620,135	Moloka'i	N/A	25.3%	2,418	N/A
Daily Spend (\$pppd)	↑ 104.9%	0.1%	175.5	167.4	Lāna'i	N/A	11.2%	1,298	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	9.7%	32,546	N/A
					Hawai'i Island	N/A	-6.9%	42,458	N/A

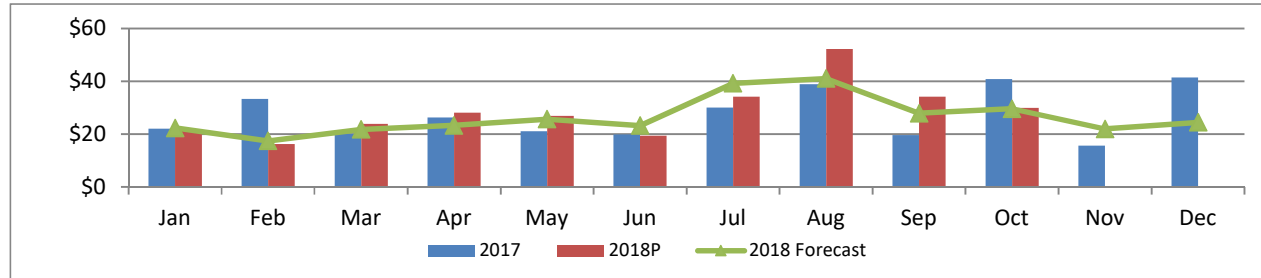
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

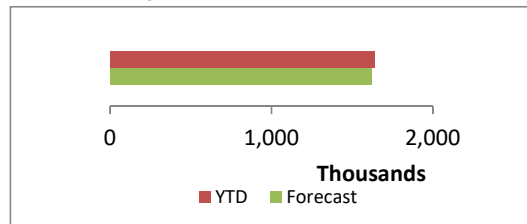


Monthly Visitor Expenditures (\$mil)

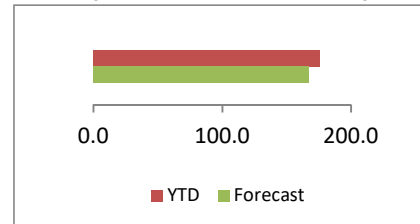


Annual Indicators

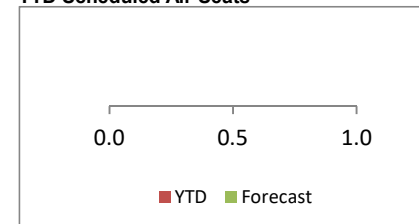
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Oct-18** Preliminary

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

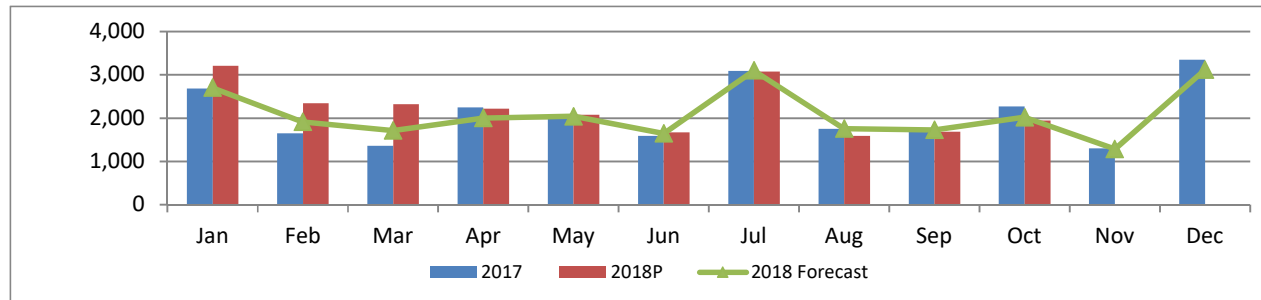
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 107.6%	8.9%	22,161	20,595	O'ahu	N/A	11.9%	16,764	N/A
Visitor Spending (\$mil)*	↑ 114.7%	10.4%	59.0	51.5	Maui	N/A	6.8%	8,279	N/A
Visitor Days	↑ 105.6%	7.1%	232,082	219,786	Moloka'i	N/A	15.7%	338	N/A
Daily Spend (\$pppd)	↑ 108.6%	3.1%	254.2	234.1	Lāna'i	N/A	37.0%	359	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	10.8%	2,705	N/A
					Hawai'i Island	N/A	-0.8%	5,079	N/A

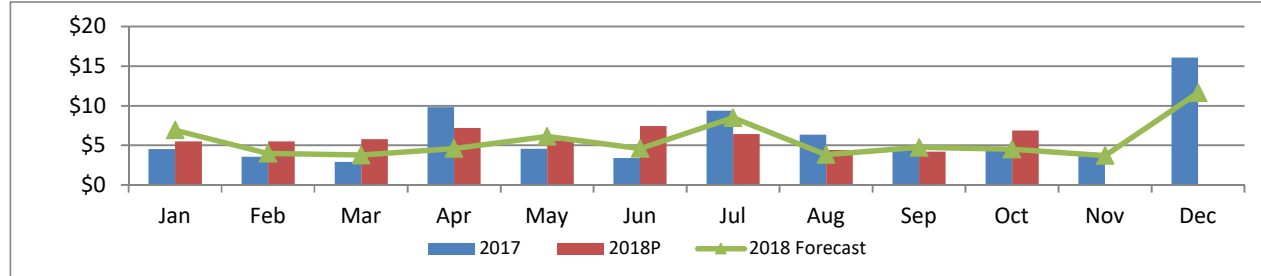
\*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

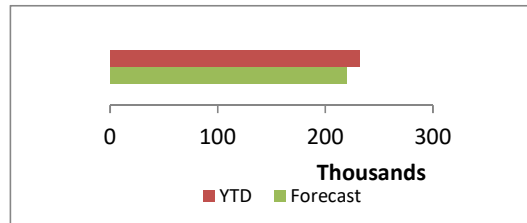


Monthly Visitor Expenditures (\$mil)

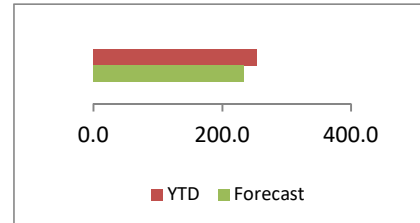


Annual Indicators

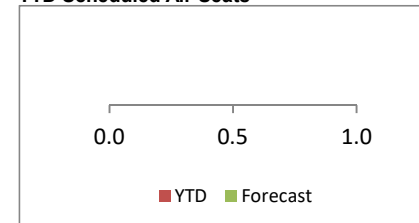
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

# HAWAII TOURISM

AUTHORITY

Financial Statements – Executive Summary  
October 1, 2018 - October 31, 2018

***Tourism Special Fund:***

1. \$88.7M in cash and investments
  - a. Includes \$5M in Emergency Fund held as investments
  - b. Decrease from September of \$2.0M due primarily to the following:
    - i. Recording \$6.6M in TAT revenues
    - ii. Offset by \$8.6M in expenditures
2. \$31.7M of prior year encumbrances being spent down
3. \$22.5M in Board allocations projected for June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
  - a. \$5M in Emergency Fund established under statute;
  - b. \$3M allocated by the Board for use during a significant economic downturn;
  - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
  - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$7.7M of the \$88.7M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures.
5. Operating Income:
  - a. Recorded \$6.6M in TAT for October 2018, and \$26.3M in TAT YTD.
  - b. Incurred \$8.6M in program and other expenditures for October 2018.

***Convention Center Enterprise Special Fund:***

6. \$27.5M in cash
  - a. Increase of \$1.4M from September due to the following:
    - i. Receiving \$1.4M in TAT
7. \$20.5M in cash with contractor or with DAGS, for R&M projects (as of September 2018).

- a. Includes \$2M Emergency
  - b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
  - c. Reflects \$10.7M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
9. \$2.5M of prior year encumbrances being spent down.
10. \$267K in accounts receivable for HCC F&B revenue as of October 31, 2018.
11. Operating Income:
- a. Recorded \$1.4M in TAT for October 2018, and \$5.5M in TAT YTD.
  - b. Convention Center operations:
    - i. \$757K operating loss year-to-date (As of October 2018).
12. Spending according to Budget.



**Hawaii Tourism Authority**  
 Balance Sheet  
 348 - Tourism Special Fund  
 As of 10/31/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	83,720,778.20
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	83,725,778.20
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	83,725,778.20
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	(63,659.01)
Credit Card Payable	1,205.90
Total Current year payables	(62,453.11)
Current year net assets	
	11,614,115.38
Total Current year net assets	11,614,115.38
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
FY 2018 Funds	40,696,801.61
Unreserved Fund Balance	(115,627,508.89)
Total Prior years	72,174,115.93
Total Fund Balance	83,725,778.20

**Hawaii Tourism Authority**  
 Balance Sheet  
 361 - Convention Center Enterprise Special Fund  
 As of 10/31/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	27,461,001.47
Other	0.00
Total Current Assets	27,461,001.47
Accounts Receivable	
Accounts Receivable	266,952.70
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	266,952.70
Total Assets	27,727,954.17
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	6,883,836.44
Total Current year net assets	6,883,836.44
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	1,139,398.30
FY 2019 Funds	18,353,058.99
Unreserved Fund Balance	(22,277,135.20)
Total Prior years	20,844,117.73
Total Fund Balance	27,727,954.17

HTA Allocations  
FY 2019

HTA Allocations:

<p><b>Annual Budgets:</b>  <b>-\$87.5M HTA Tourism Special Fund</b>                  (\$79M TAT + \$4.9M prior year carryover + \$3.6M Funds set aside last year by HTA Board for FY19)</p> <p><b>-Convention Center Fund</b> (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&amp;M Reserve)</p>
---

<b>\$8M Emergency Funds</b>	
<p><b>\$5M Emergency Fund Reserve</b>                  (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p><b>\$2.98M Mandated by Board</b> (to be used in the event of a significant economic downturn upon Board approval)                  [\$4.3M at June 30 2018; In FY 19, the Board allocated an additional \$1.25M out of this fund for Hawaii'i Island.]</p>

	Projected			Projected	
	6/30/2018	6/30/2019		6/30/2018	6/30/2019
<b>Tourism Special Fund Long-Term Obligations and Commitments:</b>					
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	Reserve for Operations	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	Funds for R&M - (Of which, \$6,797,393 is designated by law) **	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,969	HCC MFF Commitments	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233			
Center for Hawaiian Music & Dance	4,153,000	4,153,000			
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000			
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000			
Accrued Vacation Liability	442,245	442,245			
HCC MFF Commitments *	-	-			
<b>Total Long-Term Obligations and Commitments</b>	<b>21,662,556</b>	<b>14,453,448</b>		<b>18,353,059</b>	<b>19,355,440</b>
<p>** In an effort to build available funds for future significant HCC R&amp;M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&amp;M reserves.</p>					
<p>*Used to replenish Emergency Funds.</p>					

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Tourism Special Fund  
19 - FY 2019 Funds  
From 10/1/2018 Through 10/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
<b>Revenue</b>				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	26,333,333.32	(52,666,666.68)
Interest and Dividends	0.00	202.87	(326.34)	(326.34)
Miscellaneous	0.00	0.00	766.44	766.44
HCC Revenue	0.00	0.00	0.00	0.00
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>79,000,000.00</u>	<u>6,583,536.20</u>	<u>26,333,773.42</u>	<u>(52,666,226.58)</u>
<b>Expense</b>				
Hawaiian Culture	3,735,000.00	21,949.66	42,855.75	3,692,144.25
Natural Resources	2,180,000.00	0.00	906.10	2,179,093.90
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	0.00	0.00	636,000.00
Career Development	720,000.00	0.00	0.00	720,000.00
Major Market Management	45,746,000.00	8,711.87	8,711.87	45,737,288.13
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	0.00	0.00	2,713,000.00
Industry Collaboration and Coordination	55,000.00	0.00	(928.46)	55,928.46
Digital Marketing Projects	1,400,000.00	1,266.42	1,266.42	1,398,733.58
HTA Product Development	654,000.00	0.00	0.00	654,000.00
Sports Marketing	8,135,000.00	0.00	0.00	8,135,000.00
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	0.00	275,000.00
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	0.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	30,000.00	50,590.00	4,180,624.00
Governance	4,977,894.00	4,689.80	11,802.22	4,966,091.78
Industry Relations	1,357,000.00	55,725.00	56,155.52	1,300,844.48
<b>Total Expense</b>	<u>87,444,108.00</u>	<u>122,342.75</u>	<u>176,359.42</u>	<u>87,267,748.58</u>
<b>Net Income</b>	<u>(8,444,108.00)</u>	<u>6,461,193.45</u>	<u>26,157,414.00</u>	<u>34,601,522.00</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Convention Center Enterprise Special Fund  
19 - FY 2019 Funds  
From 10/1/2018 Through 10/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	5,500,000.00	(11,000,000.00)
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	9,725,250.00	0.00	1,383,836.44	(8,341,413.56)
Total Revenue	<u>26,225,250.00</u>	<u>1,375,000.00</u>	<u>6,883,836.44</u>	<u>(19,341,413.56)</u>
Expense				
Governance	875,000.00	0.00	0.00	875,000.00
HCC Operating Expense	11,965,530.00	0.00	0.00	11,965,530.00
HCC Repair and Maintenance	5,414,443.00	0.00	0.00	5,414,443.00
HCC Sales and Marketing / MFF	6,967,896.00	0.00	0.00	6,967,896.00
Total Expense	<u>25,222,869.00</u>	<u>0.00</u>	<u>0.00</u>	<u>25,222,869.00</u>
Net Income	<u>1,002,381.00</u>	<u>1,375,000.00</u>	<u>6,883,836.44</u>	<u>5,881,455.44</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Tourism Special Fund  
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,703,716.94	111,724.66	462,171.25	1,241,545.69
Natural Resources	1,266,954.83	37,949.51	693,183.20	573,771.63
Community	1,465,470.95	296,491.14	516,300.91	949,170.04
Communications	434,050.58	37,296.05	130,620.07	303,430.51
Career Development	280,750.00	23,000.00	23,000.00	257,750.00
Major Market Management	24,998,960.33	5,485,686.09	7,588,268.55	17,410,691.78
Business Destination Management	623,119.53	81,664.25	204,206.50	418,913.03
Access	3,530,331.50	334,600.00	1,157,100.00	2,373,231.50
Industry Collaboration and Coordination	24,101.97	0.00	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	117,242.22	417,891.22	2,047,215.80
HTA Product Development	120,794.30	0.00	48,600.00	72,194.30
Sports Marketing	2,775,102.26	1,067,709.27	1,335,709.27	1,439,392.99
Festivals and Events	958,381.11	92,000.00	371,000.00	587,381.11
Brand Development Projects	234,896.80	38,427.25	127,054.75	107,842.05
Greetings	905,595.44	35,000.00	94,000.00	811,595.44
Safety and Security	558,213.31	218,439.12	326,470.53	231,742.78
Tourism Research	2,152,865.34	127,826.57	459,039.98	1,693,825.36
Governance	946,904.96	109,993.91	166,092.84	780,812.12
Industry Relations	837,458.99	214,893.38	420,011.24	417,447.75
<b>Total Expense</b>	<u>46,282,776.16</u>	<u>8,429,943.42</u>	<u>14,543,298.62</u>	<u>31,739,477.54</u>
<b>Net Income</b>	<u>(46,282,776.16)</u>	<u>(8,429,943.42)</u>	<u>(14,543,298.62)</u>	<u>31,739,477.54</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Convention Center Enterprise Special Fund  
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	0.00	0.00	2,089,065.81
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
<b>Total Expense</b>	<u>2,492,694.48</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>
<b>Net Income</b>	<u>(2,492,694.48)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>

**Hawaii Convention Center**  
Facility  
Reforecast  
From 11/1/2018 Through 12/31/2018  
(In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
<b>Direct Event Income</b>						
Rental Income (Net)	2,159,010	517,697	2,676,707	2,330,000	346,707	2,300,956
Service Revenue	693,927	64,667	758,594	887,100	(128,506)	908,564
Total Direct Event Income	2,852,937	582,364	3,435,301	3,217,100	218,201	3,209,520
Direct Service Expenses	1,523,170	312,356	1,835,526	1,790,900	(44,626)	1,870,174
Net Direct Event Income	1,329,767	270,008	1,599,775	1,426,200	173,575	1,339,346
<b>Ancillary Income</b>						
F&B Concession (Net)	528,560	46,759	575,319	605,000	(29,681)	596,056
F&B Catering (Net)	3,600,356	502,924	4,103,280	5,822,675	(1,719,395)	7,697,213
Event Parking (Net)	649,639	103,400	753,039	757,400	(4,361)	691,002
Electrical Services	180,733	22,200	202,933	233,400	(30,467)	261,850
Audio Visual	323,350	23,910	347,260	314,800	32,460	318,910
Internet Services	18,176	1,310	19,486	0	19,486	21,455
Rigging Services	72,174	3,941	76,115	76,900	(785)	102,494
First Aid Commissions	2,973	435	3,408	4,300	(892)	4,062
Total Ancillary Income	5,375,961	704,880	6,080,841	7,814,475	(1,733,634)	9,693,042
Total Event Income	6,705,728	974,888	7,680,616	9,240,675	(1,560,059)	11,032,388
<b>Other Operating Income</b>						
Non-Event Parking	48,021	9,200	57,221	55,200	2,021	62,373
Other Income	75,308	28,360	103,668	38,100	65,568	64,129
Total Other Operating Income	123,329	37,560	160,889	93,300	67,589	126,502
Total Gross Income	6,829,057	1,012,448	7,841,505	9,333,975	(1,492,470)	11,158,890
<b>Net Salaries &amp; Benefits</b>						
Salaries & Wages	3,674,838	831,701	4,506,539	4,989,000	482,461	4,159,961
Payroll Taxes & Benefits	953,457	220,650	1,174,107	1,169,500	(4,607)	1,102,710
Labor Allocations to Events	(419,166)	(56,140)	(475,306)	(409,251)	66,055	(407,543)
Total Net Salaries & Benefits	4,209,129	996,211	5,205,340	5,749,249	543,909	4,855,128
<b>Other Indirect Expenses</b>						
Net Contracted Services	256,322	68,592	324,914	402,396	77,482	349,348
Operations	136,633	23,044	159,677	200,300	40,623	207,311
Repair & Maintenance	492,631	152,849	645,480	795,200	149,720	744,770
Operational Supplies	467,670	93,515	561,185	675,700	114,515	629,579
Insurance	106,673	68,819	175,492	176,100	608	202,371
Utilities	1,892,798	411,300	2,304,098	2,337,748	33,650	2,194,274
Meetings & Conventions	17,030	13,100	30,130	24,900	(5,230)	20,109
Promotions & Communications	52,999	8,000	60,999	42,400	(18,599)	39,073
General & Administrative	210,065	62,407	272,472	327,002	54,530	304,339
Management Fees	108,000	144,700	252,700	285,100	32,400	279,840
Other	158,845	18,079	176,924	77,200	(99,724)	569,676
Total Other Indirect Expenses	3,899,666	1,064,405	4,964,071	5,344,046	379,975	5,540,690
Net Income (Loss) before CIP Funded Expenses	(1,279,738)	(1,048,168)	(2,327,906)	(1,759,320)	(568,586)	763,072
CIP Funded Expenses	58,223	0	58,223	0	58,223	575,840
Net Income (Loss) from Operations	(1,221,515)	(1,048,168)	(2,269,684)	(1,759,320)	(510,364)	1,338,912
Fixed Asset Purchases	115,516	36,500	152,016	200,000	47,984	222,331
Net Income (Loss) after Fixed Asset Purchases	(1,337,032)	(1,084,668)	(2,421,700)	(1,959,320)	(462,380)	1,116,581



**Hawaii Convention Center**  
Facility  
Income Statement  
From 10/1/2018 Through 10/31/2018  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	194,834	220,473	(25,639)	216,031	2,159,010	1,995,482	163,528	2,037,077
Service Revenue	147,708	111,880	35,828	113,529	693,927	791,980	(98,053)	747,616
Total Direct Event Income	342,542	332,353	10,189	329,560	2,852,937	2,787,462	65,474	2,784,693
Direct Service Expenses	218,940	217,017	(1,923)	179,642	1,523,170	1,560,820	37,650	1,595,838
Net Direct Event Income	123,602	115,336	8,266	149,917	1,329,767	1,226,643	103,124	1,188,855
Ancillary Income								
F&B Concession (Net)	49,583	104,760	(55,177)	13,831	528,560	536,770	(8,210)	535,103
F&B Catering (Net)	603,354	701,401	(98,047)	1,152,272	3,600,356	5,289,048	(1,688,692)	6,368,472
Event Parking (Net)	59,931	82,100	(22,169)	74,589	649,639	645,050	4,589	630,792
Electrical Services	62,532	92,600	(30,068)	20,573	180,733	215,400	(34,667)	249,459
Audio Visual	80,758	66,220	14,538	16,637	323,350	301,540	21,810	255,782
Internet Services	16,726	0	16,726	1,981	18,176	0	18,176	3,179
Rigging Services	11,766	500	11,266	14,841	72,174	60,500	11,674	92,304
First Aid Commissions	400	445	(45)	311	2,973	3,735	(762)	3,458
Total Ancillary Income	885,051	1,048,026	(162,975)	1,295,035	5,375,961	7,052,043	(1,676,082)	8,138,550
Total Event Income	1,008,653	1,163,362	(154,710)	1,444,952	6,705,728	8,278,686	(1,572,958)	9,327,405
Other Operating Income								
Non-Event Parking	2,888	4,600	(1,713)	8,378	48,021	46,000	2,021	56,043
Other Income	35,128	3,174	31,954	9,069	75,308	31,740	43,568	57,344
Total Other Operating Income	38,015	7,774	30,241	17,446	123,328	77,740	45,588	113,387
Total Gross Income	1,046,668	1,171,136	(124,468)	1,462,398	6,829,057	8,356,426	(1,527,369)	9,440,792
Net Salaries & Benefits								
Salaries & Wages	387,302	405,883	18,581	347,207	3,674,838	4,058,830	383,992	3,351,282
Payroll Taxes & Benefits	94,850	94,885	35	87,512	953,457	948,850	(4,607)	895,851
Labor Allocations to Events	(53,819)	(46,375)	7,444	(42,221)	(419,166)	(353,111)	66,055	(329,534)
Total Net Salaries & Benefits	428,332	454,393	26,061	392,498	4,209,129	4,654,569	445,440	3,917,599
Other Indirect Expenses								
Net Contracted Services	15,539	32,615	17,076	32,883	256,322	320,250	63,928	275,874
Operations	32,031	17,091	(14,940)	22,672	136,633	151,310	14,677	176,045
Repair & Maintenance	53,013	66,265	13,252	66,806	492,631	662,650	170,019	615,376
Operational Supplies	65,479	63,333	(2,146)	67,552	467,670	567,049	99,379	503,399
Insurance	14,370	18,452	4,082	15,822	106,673	152,599	45,926	146,434
Utilities	255,170	215,288	(39,882)	197,657	1,892,798	1,924,821	32,023	1,826,460
Meetings & Conventions	1,718	3,608	1,890	4,901	17,030	21,260	4,230	18,071
Promotions & Communications	5,408	3,533	(1,875)	204	52,999	35,330	(17,669)	34,239
General & Administrative	27,698	27,325	(373)	18,325	210,065	275,240	65,175	223,950
Management Fees	10,800	10,800	0	10,600	108,000	108,000	0	106,000
Other	71,856	6,384	(65,472)	5,602	158,845	64,440	(94,405)	622,568
Total Other Indirect	553,081	464,694	(88,387)	443,025	3,899,667	4,282,949	383,282	4,548,414
Net Income (Loss) before CIP Funded Expenses	65,255	252,049	(186,795)	626,875	(1,279,739)	(581,092)	(698,647)	974,778
CIP Funded Expenses	38,735	0	38,735	5,402	58,222	0	58,222	572,081
Net Income (Loss) from Operations	103,989	252,049	(148,060)	632,277	(1,221,517)	(581,092)	(640,425)	1,546,859
Fixed Asset Purchases	12,090	33,334	21,244	8,895	115,517	100,002	(15,515)	83,640
Net Income (Loss) After Fixed Asset Purchases	91,899	218,715	(126,817)	623,382	(1,337,034)	(681,094)	(655,940)	1,463,219

**Hawaii Convention Center**  
 Facility  
 Income Statement  
 From 10/1/2018 Through 10/31/2018  
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Revenues</b>								
Food & Beverage	1,189,722	1,257,464	(67,742)	1,631,241	7,570,632	9,350,343	(1,779,711)	10,601,185
Facility	619,964	589,692	30,272	485,725	4,298,093	4,152,977	145,115	4,205,103
<b>Total Revenues</b>	<b>1,809,686</b>	<b>1,847,156</b>	<b>(37,470)</b>	<b>2,116,966</b>	<b>11,868,724</b>	<b>13,503,320</b>	<b>(1,634,596)</b>	<b>14,806,287</b>
<b>Expenses</b>								
Food & Beverage	735,021	643,578	(91,443)	655,672	5,001,663	5,328,813	327,150	5,248,506
Facility	1,009,411	951,529	(57,882)	834,420	8,146,800	8,755,600	608,799	8,583,003
<b>Total Expenses</b>	<b>1,744,432</b>	<b>1,595,107</b>	<b>(149,325)</b>	<b>1,490,091</b>	<b>13,148,464</b>	<b>14,084,413</b>	<b>935,949</b>	<b>13,831,509</b>
Net Income (Loss) before CIP Funded Expenses	65,255	252,049	(186,795)	626,875	(1,279,739)	(581,092)	(698,647)	974,778
CIP Funded Expenses	38,735	0	38,735	5,402	58,222	0	58,222	572,081
Net Income (Loss) from Operations	103,990	252,049	(148,060)	632,277	(1,221,517)	(581,092)	(640,425)	1,546,859
Fixed Asset Purchases	12,090	33,334	21,244	8,895	115,517	100,002	(15,515)	83,640
Net Income (Loss) after Fixed Asset Purchases	91,900	218,715	(126,816)	623,382	(1,337,034)	(681,094)	(655,940)	1,463,219



Financial Statements – Executive Summary  
September 1, 2018 - September 30, 2018

***Tourism Special Fund:***

1. \$90.8M in cash and investments
  - a. Includes \$5M in Emergency Fund held as investments
  - b. Increase from August of \$3.0M due primarily to the following:
    - i. Recording \$6.6M in TAT revenues
    - ii. Offset by \$3.0M in expenditures
2. \$40.2M of prior year encumbrances being spent down
3. \$22.5M in Board allocations projected for June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
  - a. \$5M in Emergency Fund established under statute;
  - b. \$3M allocated by the Board for use during a significant economic downturn;
  - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
  - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$2.1M of the \$85.5M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures.
5. Operating Income:
  - a. Recorded \$6.6M in TAT for September 2018, and \$19.7M in TAT YTD.
  - b. Incurred \$3.0M in program and other expenditures for September 2018.

***Convention Center Enterprise Special Fund:***

6. \$26.1M in cash
  - a. Increase of \$2.8M from August due to the following:
    - i. Receiving \$1.4M in TAT and \$1.4M in HCC operations revenue
7. \$20.5M in cash with contractor or with DAGS, for R&M projects (as of August 2018).

- a. Includes \$2M Emergency
  - b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
  - c. Reflects \$10.6M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
9. \$2.5M of prior year encumbrances being spent down.
10. \$267K in accounts receivable for HCC F&B revenue as of September 30, 2018.
11. Operating Income:
- a. Recorded \$1.4M in TAT for September 2018, and \$4.2M in TAT YTD.
  - b. Convention Center operations:
    - i. \$407K operating loss year-to-date (As of August 2018).
12. Spending according to Budget.

**Hawaii Tourism Authority**  
 Balance Sheet  
 348 - Tourism Special Fund  
 As of 9/30/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	85,752,101.25
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	85,757,101.25
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	85,757,101.25
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	(740.38)
Credit Card Payable	1,205.90
Total Current year payables	465.52
Current year net assets	
	13,582,865.35
Total Current year net assets	13,582,865.35
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
FY 2018 Funds	40,696,801.61
Unreserved Fund Balance	(115,627,854.44)
Total Prior years	72,173,770.38
Total Fund Balance	85,757,101.25

**Hawaii Tourism Authority**  
 Balance Sheet  
 361 - Convention Center Enterprise Special Fund  
 As of 9/30/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	26,086,001.47
Other	0.00
Total Current Assets	26,086,001.47
Accounts Receivable	
Accounts Receivable	266,952.70
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	266,952.70
Total Assets	26,352,954.17
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	5,508,836.44
Total Current year net assets	5,508,836.44
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	1,139,398.30
FY 2019 Funds	18,353,058.99
Unreserved Fund Balance	(22,277,135.20)
Total Prior years	20,844,117.73
Total Fund Balance	26,352,954.17

<p><b>Annual Budgets:</b>  <b>-\$84.2M HTA Tourism Special Fund</b>                  (\$79M TAT + \$4.9M prior year carryover + \$300K Funds set aside last year by HTA Board for FY19)</p> <p><b>-Convention Center Fund</b> (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&amp;M Reserve)</p>
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<b>\$8M Emergency Funds</b>	
<p><b>\$5M Emergency Fund Reserve</b>                  (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p><b>\$2.98M Mandated by Board</b> (to be used in the event of a significant economic downturn upon Board approval)                  [\$4.3M at June 30 2018; In FY 19, the Board allocated an additional \$1.25M out of this fund for Hawaii'i Island.]</p>

	Projected			Projected	
	6/30/2018	6/30/2019		6/30/2018	6/30/2019
<b>Tourism Special Fund Long-Term Obligations and Commitments:</b>			<b>Convention Center Fund Long-Term Obligations and Commitments:</b>		
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	Reserve for Operations	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	Funds for R&M - (Of which, \$6,797,393 is designated by law) **	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,969	HCC MFF Commitments	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233			
Center for Hawaiian Music & Dance	4,153,000	4,153,000			
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000			
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000			
Accrued Vacation Liability	442,245	442,245			
HCC MFF Commitments *	-	-			
<b>Total Long-Term Obligations and Commitments</b>	<b>21,662,556</b>	<b>14,453,448</b>		<b>18,353,059</b>	<b>19,355,440</b>
*Used to replenish Emergency Funds.			** In an effort to build available funds for future significant HCC R&M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&M reserves.		

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
348 - Tourism Special Fund  
19 - FY 2019 Funds  
From 9/1/2018 Through 9/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
<b>Revenue</b>				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	19,749,999.99	(59,250,000.01)
Interest and Dividends	0.00	(178.27)	(529.21)	(529.21)
Miscellaneous	0.00	0.00	766.44	766.44
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>79,000,000.00</u>	<u>6,583,155.06</u>	<u>19,750,237.22</u>	<u>(59,249,762.78)</u>
<b>Expense</b>				
Hawaiian Culture	3,735,000.00	20,713.59	20,906.09	3,714,093.91
Natural Resources	2,180,000.00	713.60	906.10	2,179,093.90
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	0.00	0.00	636,000.00
Career Development	720,000.00	0.00	0.00	720,000.00
Major Market Management	44,496,000.00	0.00	0.00	44,496,000.00
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	0.00	0.00	2,713,000.00
Industry Collaboration and Coordination	55,000.00	256.54	(928.46)	55,928.46
Digital Marketing Projects	1,400,000.00	0.00	0.00	1,400,000.00
HTA Product Development	654,000.00	0.00	0.00	654,000.00
Sports Marketing	6,135,000.00	0.00	0.00	6,135,000.00
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	0.00	275,000.00
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	5,000.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	20,590.00	20,590.00	4,210,624.00
Governance	4,977,894.00	5,109.84	7,112.42	4,970,781.58
Industry Relations	1,357,000.00	430.52	430.52	1,356,569.48
<b>Total Expense</b>	<u>84,194,108.00</u>	<u>52,814.09</u>	<u>54,016.67</u>	<u>84,140,091.33</u>
<b>Net Income</b>	<u>(5,194,108.00)</u>	<u>6,530,340.97</u>	<u>19,696,220.55</u>	<u>24,890,328.55</u>



**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
361 - Convention Center Enterprise Special Fund  
19 - FY 2019 Funds  
From 9/1/2018 Through 9/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	0.00	1,375,000.00	4,125,000.00	4,125,000.00
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	0.00	1,383,836.44	1,383,836.44	1,383,836.44
Total Revenue	<u>0.00</u>	<u>2,758,836.44</u>	<u>5,508,836.44</u>	<u>5,508,836.44</u>
Expense				
Governance	555,167.00	0.00	0.00	555,167.00
Total Expense	<u>555,167.00</u>	<u>0.00</u>	<u>0.00</u>	<u>555,167.00</u>
Net Income	<u>(555,167.00)</u>	<u>2,758,836.44</u>	<u>5,508,836.44</u>	<u>6,064,003.44</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Tourism Special Fund  
From 9/1/2018 Through 9/30/2018

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,703,716.94	144,217.40	350,446.59	1,353,270.35
Natural Resources	1,266,954.83	95,792.50	655,233.69	611,721.14
Community	1,465,470.95	139,809.77	219,809.77	1,245,661.18
Communications	434,050.58	92,848.80	93,324.02	340,726.56
Career Development	280,750.00	0.00	0.00	280,750.00
Major Market Management	24,998,960.33	1,306,755.26	2,102,582.46	22,896,377.87
Business Destination Management	623,119.53	86,875.25	122,542.25	500,577.28
Access	3,530,331.50	12,500.00	822,500.00	2,707,831.50
Industry Collaboration and Coordination	24,101.97	2,028.72	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	128,583.00	300,649.00	2,164,458.02
HTA Product Development	120,794.30	600.00	48,600.00	72,194.30
Sports Marketing	2,775,102.26	250,000.00	268,000.00	2,507,102.26
Festivals and Events	958,381.11	157,000.00	279,000.00	679,381.11
Brand Development Projects	234,896.80	88,627.50	88,627.50	146,269.30
Greetings	905,595.44	5,000.00	59,000.00	846,595.44
Safety and Security	558,213.31	9,031.41	108,031.41	450,181.90
Tourism Research	2,152,865.34	195,913.67	331,213.41	1,821,651.93
Governance	946,904.96	39,999.96	56,098.93	890,806.03
Industry Relations	837,458.99	204,862.86	205,117.86	632,341.13
<b>Total Expense</b>	<u>46,282,776.16</u>	<u>2,960,446.10</u>	<u>6,113,355.20</u>	<u>40,169,420.96</u>
<b>Net Income</b>	<u>(46,282,776.16)</u>	<u>(2,960,446.10)</u>	<u>(6,113,355.20)</u>	<u>40,169,420.96</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Convention Center Enterprise Special Fund  
From 9/1/2018 Through 9/30/2018

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	0.00	0.00	2,089,065.81
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
<b>Total Expense</b>	<u>2,492,694.48</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>
<b>Net Income</b>	<u>(2,492,694.48)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>

**Hawaii Convention Center**  
 Facility  
 Reforecast  
 From 9/1/2018 Through 12/31/2018  
 (In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
<b>Direct Event Income</b>						
Rental Income (Net)	1,750,930	788,350	2,539,280	2,330,000	209,280	2,300,956
Service Revenue	506,146	216,855	723,001	887,100	(164,099)	908,564
<b>Total Direct Event Income</b>	<b>2,257,076</b>	<b>1,005,205</b>	<b>3,262,281</b>	<b>3,217,100</b>	<b>45,181</b>	<b>3,209,520</b>
Direct Service Expenses	1,172,128	625,199	1,797,327	1,790,900	(6,427)	1,870,174
<b>Net Direct Event Income</b>	<b>1,084,948</b>	<b>380,006</b>	<b>1,464,954</b>	<b>1,426,200</b>	<b>38,754</b>	<b>1,339,346</b>
<b>Ancillary Income</b>						
F&B Concession (Net)	461,460	121,416	582,876	605,000	(22,124)	596,056
F&B Catering (Net)	2,876,766	1,379,155	4,255,921	5,822,675	(1,566,754)	7,697,213
Event Parking (Net)	528,081	194,800	722,881	757,400	(34,519)	691,002
Electrical Services	115,101	120,400	235,501	233,400	2,101	261,850
Audio Visual	226,271	88,123	314,394	314,800	(406)	318,910
Internet Services	1,309	19,210	20,519	0	20,519	21,455
Rigging Services	60,408	14,250	74,658	76,900	(2,242)	102,494
First Aid Commissions	2,452	1,290	3,742	4,300	(558)	4,062
<b>Total Ancillary Income</b>	<b>4,271,848</b>	<b>1,938,644</b>	<b>6,210,492</b>	<b>7,814,475</b>	<b>(1,603,983)</b>	<b>9,693,042</b>
<b>Total Event Income</b>	<b>5,356,796</b>	<b>2,318,650</b>	<b>7,675,446</b>	<b>9,240,675</b>	<b>(1,565,229)</b>	<b>11,032,388</b>
<b>Other Operating Income</b>						
Non-Event Parking	41,936	18,400	60,336	55,200	5,136	62,373
Other Income	32,812	12,708	45,520	38,100	7,420	64,129
<b>Total Other Operating Income</b>	<b>74,748</b>	<b>31,108</b>	<b>105,856</b>	<b>93,300</b>	<b>12,556</b>	<b>126,502</b>
<b>Total Gross Income</b>	<b>5,431,544</b>	<b>2,349,758</b>	<b>7,781,302</b>	<b>9,333,975</b>	<b>(1,552,673)</b>	<b>11,158,890</b>
<b>Net Salaries &amp; Benefits</b>						
Salaries & Wages	2,961,071	1,602,401	4,563,472	4,989,000	425,528	4,159,961
Payroll Taxes & Benefits	764,188	410,420	1,174,608	1,169,500	(5,108)	1,102,710
Labor Allocations to Events	(327,979)	(128,562)	(456,541)	(409,251)	47,290	(407,543)
<b>Total Net Salaries &amp; Benefits</b>	<b>3,397,280</b>	<b>1,884,259</b>	<b>5,281,539</b>	<b>5,749,249</b>	<b>467,710</b>	<b>4,855,128</b>
<b>Other Indirect Expenses</b>						
Net Contracted Services	197,728	124,952	322,680	402,396	79,716	349,348
Operations	78,771	66,610	145,381	200,300	54,919	207,311
Repair & Maintenance	399,332	295,205	694,537	795,200	100,663	744,770
Operational Supplies	366,825	189,543	556,368	675,700	119,332	629,579
Insurance	85,458	75,595	161,053	176,100	15,047	202,371
Utilities	1,457,163	837,600	2,294,763	2,337,748	42,985	2,194,274
Meetings & Conventions	13,222	14,050	27,272	24,900	(2,372)	20,109
Promotions & Communications	37,136	24,136	61,272	42,400	(18,872)	39,073
General & Administrative	158,727	110,101	268,828	327,002	58,174	304,339
Management Fees	86,400	166,300	252,700	285,100	32,400	279,840
Other	85,187	18,701	103,888	77,200	(26,688)	569,676
<b>Total Other Indirect Expenses</b>	<b>2,965,949</b>	<b>1,922,793</b>	<b>4,888,742</b>	<b>5,344,046</b>	<b>455,304</b>	<b>5,540,690</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(931,685)</b>	<b>(1,457,294)</b>	<b>(2,388,979)</b>	<b>(1,759,320)</b>	<b>(629,659)</b>	<b>763,072</b>
CIP Funded Expenses	19,259	0	19,259	0	19,259	575,840
<b>Net Income (Loss) from Operations</b>	<b>(912,426)</b>	<b>(1,457,294)</b>	<b>(2,369,720)</b>	<b>(1,759,320)</b>	<b>(610,400)</b>	<b>1,338,912</b>
Fixed Asset Purchases	74,094	101,906	176,000	200,000	24,000	222,331
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(986,520)</b>	<b>(1,559,200)</b>	<b>(2,545,720)</b>	<b>(1,959,320)</b>	<b>(586,400)</b>	<b>1,116,581</b>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 8/1/2018 Through 8/31/2018  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Direct Event Income</b>								
Rental Income (Net)	100,034	190,626	(90,592)	152,202	1,750,930	1,657,192	93,738	1,791,398
Service Revenue	63,709	42,925	20,784	46,383	506,146	568,690	(62,544)	546,813
<b>Total Direct Event Income</b>	<b>163,743</b>	<b>233,551</b>	<b>(69,808)</b>	<b>198,585</b>	<b>2,257,076</b>	<b>2,225,882</b>	<b>31,194</b>	<b>2,338,212</b>
<b>Direct Service Expenses</b>	<b>102,031</b>	<b>111,415</b>	<b>9,384</b>	<b>110,923</b>	<b>1,172,128</b>	<b>1,225,339</b>	<b>53,210</b>	<b>1,324,510</b>
<b>Net Direct Event Income</b>	<b>61,712</b>	<b>122,136</b>	<b>(60,424)</b>	<b>87,662</b>	<b>1,084,948</b>	<b>1,000,544</b>	<b>84,404</b>	<b>1,013,702</b>
<b>Ancillary Income</b>								
F&B Concession (Net)	29,169	51,844	(22,675)	37,916	461,460	421,371	40,089	516,078
F&B Catering (Net)	381,354	462,285	(80,931)	387,429	2,876,766	4,222,587	(1,345,821)	5,114,975
Event Parking (Net)	41,250	74,700	(33,450)	60,870	528,081	527,550	531	540,183
Electrical Services	323	2,800	(2,477)	1,212	115,101	112,200	2,901	227,679
Audio Visual	5,323	8,100	(2,777)	8,606	226,271	172,800	53,471	186,477
Internet Services	615	0	615	197	1,309	0	1,309	197
Rigging Services	2,921	3,600	(679)	2,865	60,408	50,400	10,008	72,523
First Aid Commissions	180	285	(105)	133	2,452	2,990	(538)	3,008
<b>Total Ancillary Income</b>	<b>461,136</b>	<b>603,614</b>	<b>(142,478)</b>	<b>499,227</b>	<b>4,271,848</b>	<b>5,509,898</b>	<b>(1,238,050)</b>	<b>6,661,120</b>
<b>Total Event Income</b>	<b>522,848</b>	<b>725,750</b>	<b>(202,902)</b>	<b>586,890</b>	<b>5,356,796</b>	<b>6,510,442</b>	<b>(1,153,646)</b>	<b>7,674,822</b>
<b>Other Operating Income</b>								
Non-Event Parking	6,130	4,600	1,530	2,993	41,936	36,800	5,136	44,300
Other Income	5,630	3,174	2,456	18,694	32,812	25,392	7,420	45,359
<b>Total Other Operating Income</b>	<b>11,760</b>	<b>7,774</b>	<b>3,986</b>	<b>21,686</b>	<b>74,747</b>	<b>62,192</b>	<b>12,555</b>	<b>89,659</b>
<b>Total Gross Income</b>	<b>534,608</b>	<b>733,524</b>	<b>(198,916)</b>	<b>608,576</b>	<b>5,431,543</b>	<b>6,572,634</b>	<b>(1,141,091)</b>	<b>7,764,481</b>
<b>Net Salaries &amp; Benefits</b>								
Salaries & Wages	369,880	405,883	36,003	334,234	2,961,071	3,247,064	285,993	2,707,639
Payroll Taxes & Benefits	93,716	94,885	1,169	89,241	764,188	759,080	(5,108)	728,349
Labor Allocations to Events	(29,185)	(28,898)	287	(27,105)	(327,979)	(280,689)	47,290	(263,956)
<b>Total Net Salaries &amp; Benefits</b>	<b>434,411</b>	<b>471,870</b>	<b>37,459</b>	<b>396,370</b>	<b>3,397,280</b>	<b>3,725,455</b>	<b>328,175</b>	<b>3,172,032</b>
<b>Other Indirect Expenses</b>								
Net Contracted Services	39,374	32,115	(7,259)	30,606	197,728	255,320	57,592	205,447
Operations	11,671	14,291	2,620	21,849	78,771	119,928	41,157	132,491
Repair & Maintenance	57,806	66,265	8,459	108,724	399,332	530,120	130,788	493,089
Operational Supplies	42,458	53,534	11,076	45,252	366,825	451,828	85,003	372,609
Insurance	10,350	14,455	4,105	9,064	85,458	120,505	35,047	124,887
Utilities	202,806	246,967	44,161	201,864	1,457,163	1,507,888	50,725	1,466,651
Meetings & Conventions	2,178	1,608	(570)	133	13,222	16,044	2,822	12,084
Promotions & Communications	5,943	3,533	(2,410)	5,387	37,136	28,264	(8,872)	27,478
General & Administrative	14,517	23,118	8,602	21,758	158,727	223,761	65,034	195,506
Management Fees	10,800	10,800	0	10,600	86,400	86,400	0	84,800
Other	(129)	6,384	6,513	82,433	85,186	51,672	(33,514)	604,226
<b>Total Other Indirect</b>	<b>397,774</b>	<b>473,070</b>	<b>75,296</b>	<b>537,671</b>	<b>2,965,949</b>	<b>3,391,730</b>	<b>425,781</b>	<b>3,719,267</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(297,577)</b>	<b>(211,416)</b>	<b>(86,161)</b>	<b>(325,464)</b>	<b>(931,686)</b>	<b>(544,551)</b>	<b>(387,135)</b>	<b>873,182</b>
<b>CIP Funded Expenses</b>	<b>2,871</b>	<b>0</b>	<b>2,871</b>	<b>417,283</b>	<b>19,259</b>	<b>0</b>	<b>19,259</b>	<b>551,254</b>
<b>Net Income (Loss) from Operations</b>	<b>(294,706)</b>	<b>(211,416)</b>	<b>(83,290)</b>	<b>91,819</b>	<b>(912,427)</b>	<b>(544,551)</b>	<b>(367,876)</b>	<b>1,424,436</b>
<b>Fixed Asset Purchases</b>	<b>0</b>	<b>33,334</b>	<b>33,334</b>	<b>12,959</b>	<b>74,094</b>	<b>66,668</b>	<b>(7,426)</b>	<b>74,745</b>
<b>Net Income (Loss) After Fixed Asset Purchases</b>	<b>(294,706)</b>	<b>(244,750)</b>	<b>(49,956)</b>	<b>78,860</b>	<b>(986,521)</b>	<b>(611,219)</b>	<b>(375,302)</b>	<b>1,349,691</b>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 8/1/2018 Through 8/31/2018  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Revenues</b>								
Food & Beverage	753,881	816,075	(62,194)	718,597	6,047,389	7,350,944	(1,303,555)	8,593,962
Facility	230,062	337,010	(106,948)	299,738	3,326,182	3,205,164	121,018	3,518,994
<b>Total Revenues</b>	<b>983,943</b>	<b>1,153,085</b>	<b>(169,142)</b>	<b>1,018,335</b>	<b>9,373,571</b>	<b>10,556,108</b>	<b>(1,182,537)</b>	<b>12,112,955</b>
<b>Expenses</b>								
Food & Beverage	486,928	476,418	(10,510)	433,639	3,957,104	4,147,150	190,046	4,206,271
Facility	794,592	888,083	93,491	910,160	6,348,154	6,953,510	605,356	7,033,502
<b>Total Expenses</b>	<b>1,281,520</b>	<b>1,364,501</b>	<b>82,981</b>	<b>1,343,799</b>	<b>10,305,258</b>	<b>11,100,660</b>	<b>795,402</b>	<b>11,239,774</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(297,577)</b>	<b>(211,416)</b>	<b>(86,161)</b>	<b>(325,464)</b>	<b>(931,687)</b>	<b>(544,551)</b>	<b>(387,135)</b>	<b>873,182</b>
<b>CIP Funded Expenses</b>	<b>2,871</b>	<b>0</b>	<b>2,871</b>	<b>417,283</b>	<b>19,259</b>	<b>0</b>	<b>19,259</b>	<b>551,254</b>
<b>Net Income (Loss) from Operations</b>	<b>(294,706)</b>	<b>(211,416)</b>	<b>(83,290)</b>	<b>91,819</b>	<b>(912,428)</b>	<b>(544,551)</b>	<b>(367,876)</b>	<b>1,424,436</b>
<b>Fixed Asset Purchases</b>	<b>0</b>	<b>33,334</b>	<b>33,334</b>	<b>12,959</b>	<b>74,094</b>	<b>66,668</b>	<b>(7,426)</b>	<b>74,745</b>
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(294,706)</b>	<b>(244,750)</b>	<b>(49,956)</b>	<b>78,860</b>	<b>(986,522)</b>	<b>(611,219)</b>	<b>(375,302)</b>	<b>1,349,691</b>

STATUS UPDATE ON  
HTA ACTION PLAN  
ADDRESSING  
RECOMMENDATIONS FROM  
STATE AUDIT 18-04  
NOVEMBER BOARD MEETING

# HTA Action Plan Status Summary

This is an update to the audit action plan approved by the Board on March 29, 2018. Change in status from the previous update are in bold.

Status	# from Auditors' 21 Recommendations
Completed	4e, 4g, 5, 6, 7, 11, 12, 18, 19
In Progress	1, <b>2</b> , 3, 4a, 4b, 4c, 4d, 4f, 8, 9, 10, 13, 14, 15, 16, 17 (HTA Policies and Procedures need to be updated)
Have Not Started Beyond Initial Discussion	20, 21 (Working to identify solutions)



## General Recommendations

1. Update internal Policies and Procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel.

Action Plan	Timeline	Assigned to	Status
Currently updating internal Policies and Procedures in the areas of:	Started: Q3 2017 Completion: Q3 2018	Chief Administrative Officer	In Progress
Finance		VP of Finance	
Procurement		Contract Specialist	
Operations (IT, Board of Directors and HR)		Operations Manager	
Quality Assurance/Compliance		Chief Administrative Officer Quality Assurance Specialist	

## General Recommendations

2. Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.

Action Plan	Timeline	Assigned to	Status
Chief Administrative Officer(CAO) oversees Hawai'i Tourism Authority's (HTA) quality assurance function.	Upon filling the currently vacant CAO position.	President and CEO	Pending
Review current quality assurance process. Implement changes to the process if necessary.	Upon filling the currently vacant CAO position.	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

3. Update internal Policies and Procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.

Action Plan	Timeline	Assigned to	Status
HTA is currently updating internal Policies and Procedures to identify and incorporate any necessary changes in responsibilities and to reflect the Chief Administrative Officer's areas of oversight.	Q3 2018	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

a. Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.

Action Plan	Timeline	Assigned to	Status
Solicitation Procurement Planning Worksheet (PPW) is being updated to require price justification and documentation of market research as applicable.	May 2018	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated accordingly.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Available competitive cost data will be provided prior to solicitation. Contracts Specialist or Chief Administrative Officer will be included in any sole source or 201B-12B HRS procurement process.	Immediately and ongoing	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

b. Requiring proposals for each contract, contract amendment, and extension.

Action Plan	Timeline	Assigned to	Status
The Contract PPW and Contract Supplemental PPW have both been updated to require attachment of a contractor proposal.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff to be trained regarding HTA's expectations of the content that should be included in contractor proposals.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

c. Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

Action Plan	Timeline	Assigned to	Status
CVC is currently required to be filed prior to contract execution for all contracts with a value of \$2,500 or more and for the exercising of contract options. For some RFPs, CVC is being required from applicants as part of their proposal submission and as a condition for award.	Immediately and ongoing.	Program Managers Contracts Specialist Quality Assurance Specialist	Completed
Policies and Procedures are also being updated.	Q3 2018	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

d. Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

Action Plan	Timeline	Assigned to	Status
Contract PPW and Supplemental PPW include a requirement to outline contract objectives. The CAO, Contracts Specialist, and Program Manager will work together to ensure that the intended criteria, benchmarks, and deliverables are documented in the PPW and align with these objectives.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - e. Requiring contractors to provide regular progress reports.

Action Plan	Timeline	Assigned to	Status
Existing practices and procedures are in place regarding the submission of progress reports. Staff is being trained to file these reports in a manner that ensures compliance can be evidenced.	Immediately and ongoing.	Chief Administrative Officer Program Managers Quality Assurance Specialist	Completed



## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - f. Evaluating contractor performance against performance criteria.

Action Plan	Timeline	Assigned to	Status
Policies and Procedures are being updated regarding the evaluation of performance criteria. Program Managers will work with the Vice President of Marketing & Product Development and Chief Administrative Officer to ensure performance is being measured against the criteria.	Immediately and ongoing.	Chief Administrative Officer VP of Marketing & Product Development Program Managers	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

g. Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.

Action Plan	Timeline	Assigned to	Status
HTA will continue to train staff to ensure a written evaluation of contractor performance is completed before the contract is amended, modified, or extended. Procurement Planning Worksheet will be modified to incorporate a requirement for a written evaluation of contractor performance.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

5. Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State’s ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW and Contract PPW have been modified to ask whether intellectual property is to be waived. HTA is working with Attorney General to craft exceptions to State ownership, including language, where applicable, that differentiates the assets being paid for versus the technology or the process used to gather those assets. Attorney General’s office will have final approval on waivers.	Modified in February 2018	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

6. Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.

Action Plan	Timeline	Assigned to	Status
HTA's annual employee performance form will be reviewed and updated to include the above.	June 2018	Chief Administrative Officer	Completed

## Overall Procurement Recommendations

7. Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS,12 and the State Ethics Code, specifically, Section 84-15, HRS.

Action Plan	Timeline	Assigned to	Status
HTA will continue to hold annual agency-wide in-house procurement training, as well as individual training upon hire, to ensure compliance with Policies and Procedures as updated.	Immediately and ongoing.	Chief Administrative Officer	In Progress
All staff will continue to attend annual Ethics Commission training and attorneys will attend additional State attorney ethics training.	Immediately and ongoing.	Chief Administrative Officer	Completed

## Sole Source Procurements Recommendations

8. Limit sole source procurement to where a good or service is deemed available from only one source.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations, such as RFPs.</li> <li>Sole Source Procurements.</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: April 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained in filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

## Sole Source Procurements Recommendations

9. Require completed documentation to support use of sole source procurement.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations such as RFPs.</li> <li>Sole Source Procurements,</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: Q2 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained on filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

## Sole Source Procurements Recommendations

10. Require written confirmation and justification of sole source contract pricing.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW was updated, and Policies and Procedures are being updated, to include questions regarding price justification and market research information.	PPW: May 2018  Policies and Procedures: Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Contracts Specialist or Chief Administrative Officer will provide best available cost data and will be included in any sole source or 201B-12B HRS procurement process prior to award.	May 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff will be trained on definitions and practices.	May 2018	Chief Administrative Officer Contracts Specialist	Completed



## Sole Source Procurements Recommendations

11. Develop a publicly accessible list of sole source procurement contracts.

Action Plan	Timeline	Assigned to	Status
The monthly Board book that is published, and made public in conjunction with the monthly Board meeting, includes a list of contracts executed in the previous month. Starting with the April Board book, that list will include a legend to identify any contracts that were procured by sole source or by 201B-12B HRS procurement process exception.	April 2018	Contracts Specialist	Completed

## Cost Reimbursement Contracts Recommendations

12. Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
Receipts for cost reimbursement contracts will be required from contractors.	April 2018	VP of Finance	Completed

## Cost Reimbursement Contracts Recommendations

13. Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
HTA will draft and develop procedures for cost reimbursement payments to be included in the Policies and Procedures updated manual.	Q3 2018	Chief Administrative Officer VP of Finance	In Progress

## Major Contractors (AEG and HVCB) Recommendations

14. Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.

Action Plan	Timeline	Assigned to	Status
Currently in practice with HTA's Major Market Area (MMA) contractors, HTA will update its Policies and Procedures to include semi-annual performance evaluations of MMA contractors. Performance evaluations for AEG will be increased to a semi-annual basis.	Q3 2018	Chief Administrative Officer	In Progress

## Major Contractors (AEG and HVCB) Recommendations

15. Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

Action Plan	Timeline	Assigned to	Status
Updating Policies and Procedures to require Major Market Area contractors, who are subcontracting individual subcontracts greater than \$50,000 in services, to obtain prior approval by Chief Administrative Officer and Program Managers.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

## Major Contractors (AEG and HVCB) Recommendations

16. Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.

Action Plan	Timeline	Assigned to	Status
HTA Policies and Procedures will be updated to include a form with points (1) to (4) to be completed for HTA's Major Market Area contractors and AEG.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

## Major Contractors (AEG and HVCB) Recommendations

17. For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.

Action Plan	Timeline	Assigned to	Status
Current subcontracts of major contractors will be reviewed and assessed for reasonableness and necessity.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Policies and Procedures will be updated to include prior written approval of all subcontracts of major contractors.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Major Contractors (AEG and HVCB) Recommendations

18. Determine whether “agreements” and “arrangements” for goods or services relating to AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.

Action Plan	Timeline	Assigned to	Status
HTA will determine the legal relationship between AEG and Levy.	Q2 2018	Chief Administrative Officer VP of Finance	Completed, discussed with the HCC Investigative Committee



## Major Contractors (AEG and HVCB) Recommendations

19. Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.

Action Plan	Timeline	Assigned to	Status
Once the legal relationship between AEG and Levy is determined, the information will be submitted to the Attorney General's office to determine appropriate action to ensure that the agreement is compliant with the change made to Section 102-2(b) HRS, which previously, but no longer, applied an exception to the bidding requirement for concessions at the Hawai'i Convention Center.	Q2 2018	Chief Administrative Officer VP of Finance Contracts Specialist	Completed

## The Limit on Administrative Expenses Recommendations

20. Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

## The Limit on Administrative Expenses Recommendations

21. Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

# HTA Audit Timeline

Date	Event
July 7, 2017	HTA Audit Entrance Conference with the State auditors was held.
February 21, 2018	HTA Audit Exit Conference with the State auditors was held.
February 22, 2018	The Audit Report 18-04 was issued.
March 16, 2018	Based on the Audit Report, HTA staff created “HTA Audit Action Plan” to address auditor’s recommendations.
March 29, 2018	The HTA Audit Action Plan has been approved by the Board at the March Board meeting.
November, 2018	Staff has been working to address auditor’s recommendations, and is providing updates of progress at each Board meeting.

# October 2018

HTA Board of Directors Update  
November 2018 Report



# *Agenda*

- **Financials – October 2018**
- **HCC ROI**
- **Sales & Marketing, Facility Updates**

# 2018 Facility Financial Update

Facility	2018 October	2018 October YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
Occupancy	54%	30%	30%	31%	(1)%	33%
Number of Events	21	161	207	205	2	182
Gross Revenue	\$1,809,700	\$11,868,700	\$13,543,700	\$15,072,400	(\$1,528,700)	\$17,586,400
Gross Expenses	\$1,717,800	\$13,205,700	\$15,965,400	\$17,031,700	\$1,066,300	\$16,469,800
Net Income(Loss)	\$91,900	(\$1,337,000)	(\$2,421,700)	(\$1,959,300)	(\$462,400)	\$1,116,600

# 2018 Food & Beverage Update

Food & Beverage	2018 October	2018 October YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
F&B Revenue	\$1,189,700	\$7,570,600	\$8,470,500	\$10,303,900	(\$1,833,400)	\$12,768,900
F&B Expenses	\$735,000	\$5,001,700	\$5,681,100	\$6,025,100	\$344,000	\$6,383,200
Net Income	\$454,700	\$2,569,000	\$2,789,400	\$4,278,800	(\$1,489,400)	\$6,385,700
% of flow through	39%	34%	33%	42%	(9%)	50%



## 2018 ROI OCTOBER YTD

HCC Revenue + State Revenue + Tax Revenue  
= \$394.9M

HCC Expense \$14.3M

***ROI = For every dollar spent by HCC we returned  
\$21.369 to the State***

# HCC Sales Updates

- Converted 1,510 room nights in October 2018; bringing YTD room nights to 77,480.
- On pace to achieve room night goal of 232,000 by year end.
- The tentative pipeline total is 641,092. Focus continues to be to convert these to Definite.

# General Managers Forum



## PLEASE SAVE THE DATE FOR OUR NEXT GENERAL MANAGERS' FORUM

Friday, February 22, 2019  
12:00 pm to 3:00 pm  
Hawai'i Convention Center

*Lunch will be served. Agenda and meeting details to follow.*

For any questions, please contact David Kliman at [david@klimangroup.com](mailto:david@klimangroup.com)

# Waikiki General Managers Meeting



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**General Managers' Forum Microsite  
Hosted by the Hawai'i Convention Center**

The image shows the exterior of the Hawai'i Convention Center, a large glass-fronted building with a distinctive architectural design. Several palm trees are in the foreground, and flags are visible on poles. The sky is clear and blue.

# Client Advisory Board Meeting



**PLEASE SAVE THE DATE FOR OUR NEXT  
CUSTOMER ADVISORY BOARD MEETING**

**February 20 to 22, 2019  
Hawai'i Convention Center**

**You are also welcome to attend the MCI General Managers' Forum which will  
take place on February 22nd from 12pm to 3pm after the CAB Meeting**

*Agenda and other details to follow*

**For questions, please contact David Kliman at [david@klimangroup.com](mailto:david@klimangroup.com) or visit [cab.hawaiiconvention.com](http://cab.hawaiiconvention.com)**

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From our Ohana  
to yours,  
*Mele Kalikimaka!*

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