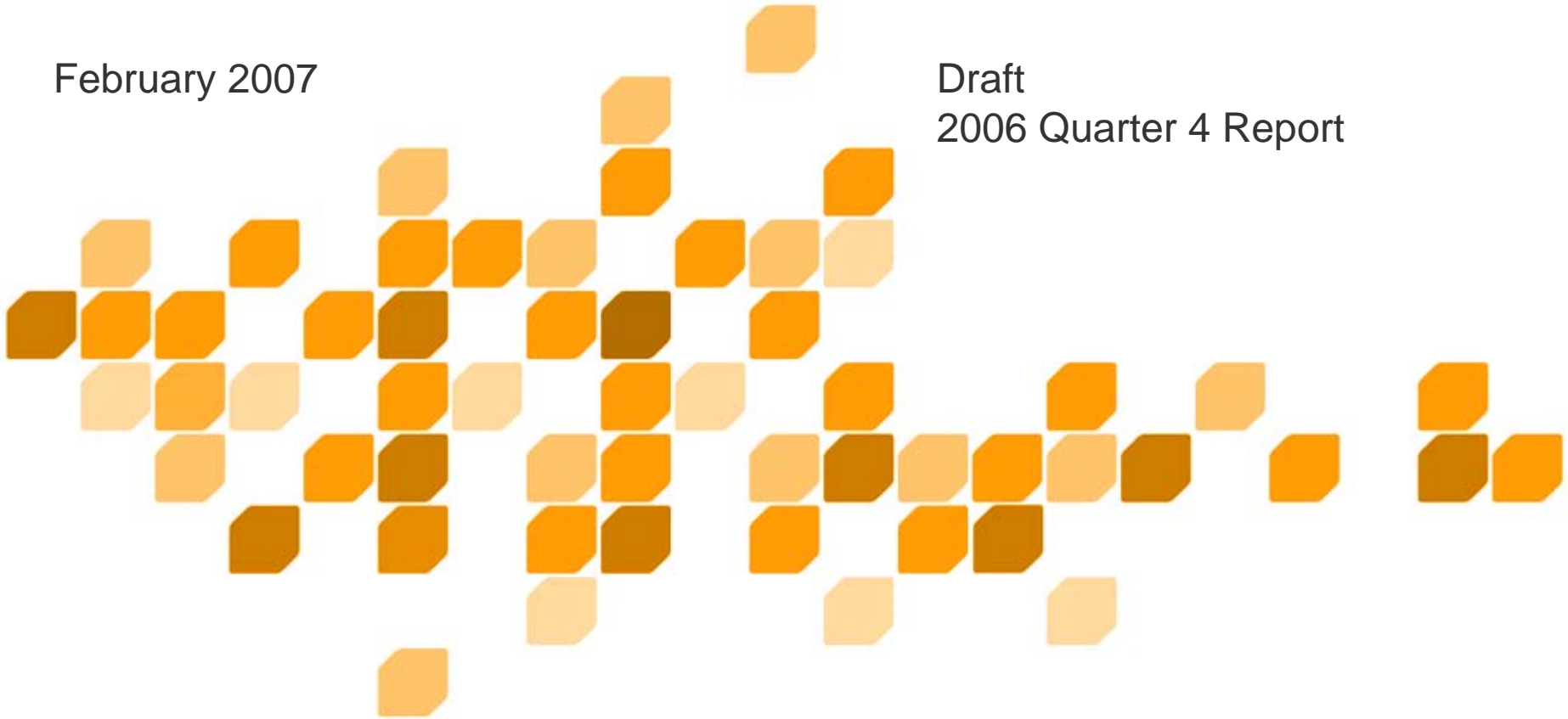


February 2007

Draft  
2006 Quarter 4 Report



# Purposes and Methodology



# Research Objectives

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This is the 16th quarterly report of a tracking study for Hawaii.

Over time, this research tracks the impact and effectiveness of advertising campaigns. Specifically, it measures and monitors changes for these key topics:

- Consideration of Hawaii as a Destination
- Factor Ratings of Hawaii Indexed to Prior Year
- Factor Importance and Hawaii Ratings
- Factor Ratings of Hawaii and Competitor Destinations

In addition, the study tracks data on these topics as well (in the appendix):

- Awareness and Image of Hawaii and Competitors
- Intent and/or Actual Visits to Hawaii
- Ratings of Hawaii and Competitors on Detailed Attributes
- Travel Patterns and Info on Hawaii Trip (Accommodations, Length of Visit, Frequency, Satisfaction)

Q3 and Q4, 2006 addresses a few topical issues about traveling:

- Travel to Specific Destinations
- Specific Concerns and Whether Concerns Caused a Change in Plans
- Reasons Why Japanese Travelers Not Intending/Considering Hawaii

**It is important to realize that, when looking at the improved ratings in 2006, the change in methodology (described on the next slide) impacts the results.** The impact is especially clear when reviewing the country comparisons since ratings, regardless of country or market, tend to rise. In essence, Q1, 2006 became a new benchmark to which future waves are now compared.

# Travel Patterns

Eastern Market

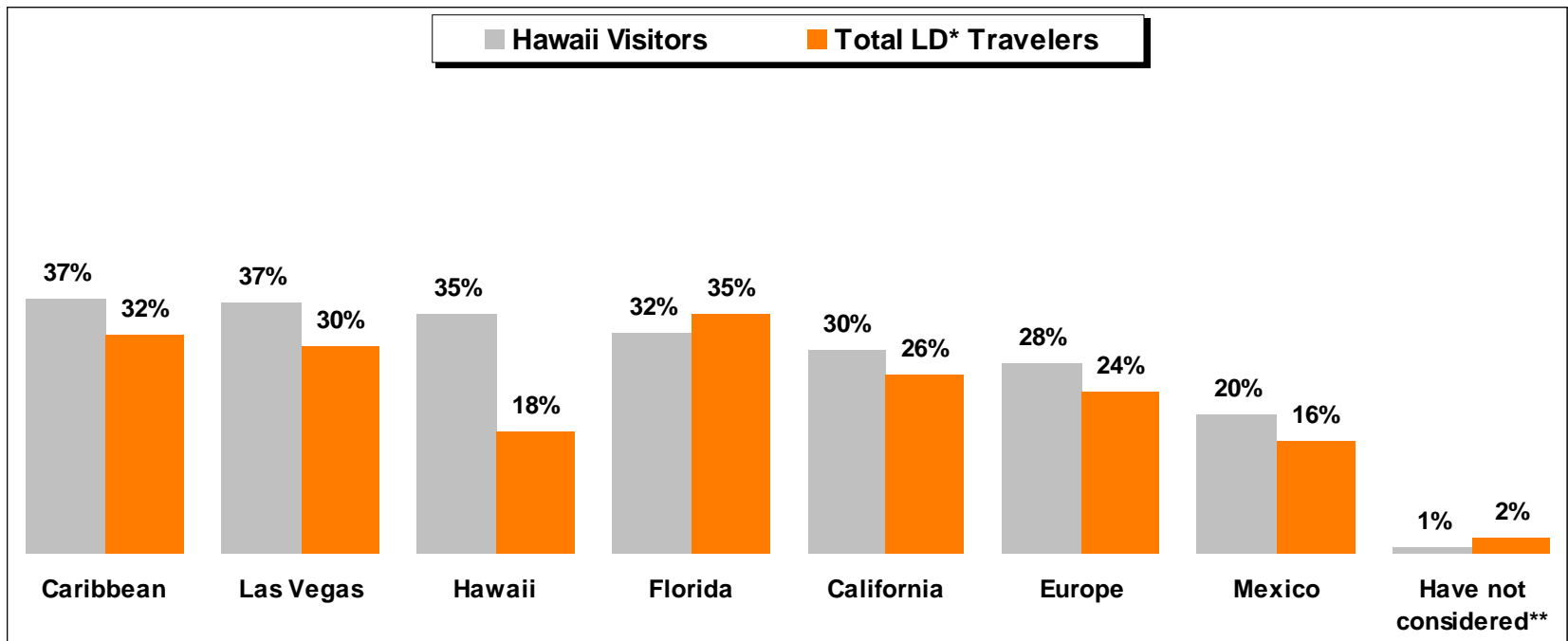


# Considered Destinations (Q3)

## Eastern US Market

- The top destinations selected by Eastern US 500+ mile air travelers are similar to those selected by Hawaii visitors; however, the ranking differs markedly between the two groups.
- Those who have visited Hawaii are more likely to choose distant and foreign destinations. Of course, Hawaii appeals to past visitors (that is why they have been there), but in 2006, the Caribbean (37%) and Las Vegas (37%) slightly exceed Hawaii (35%) in attracting past Hawaii visitors.
- Similar to other quarterly reports, Hawaii visitors (past 3 years) are more likely than other travelers to choose all of the listed destinations, except Florida (32% vs. 35%).

### YTD 2006



LD\* = Long-distance: 500+ mile air travelers

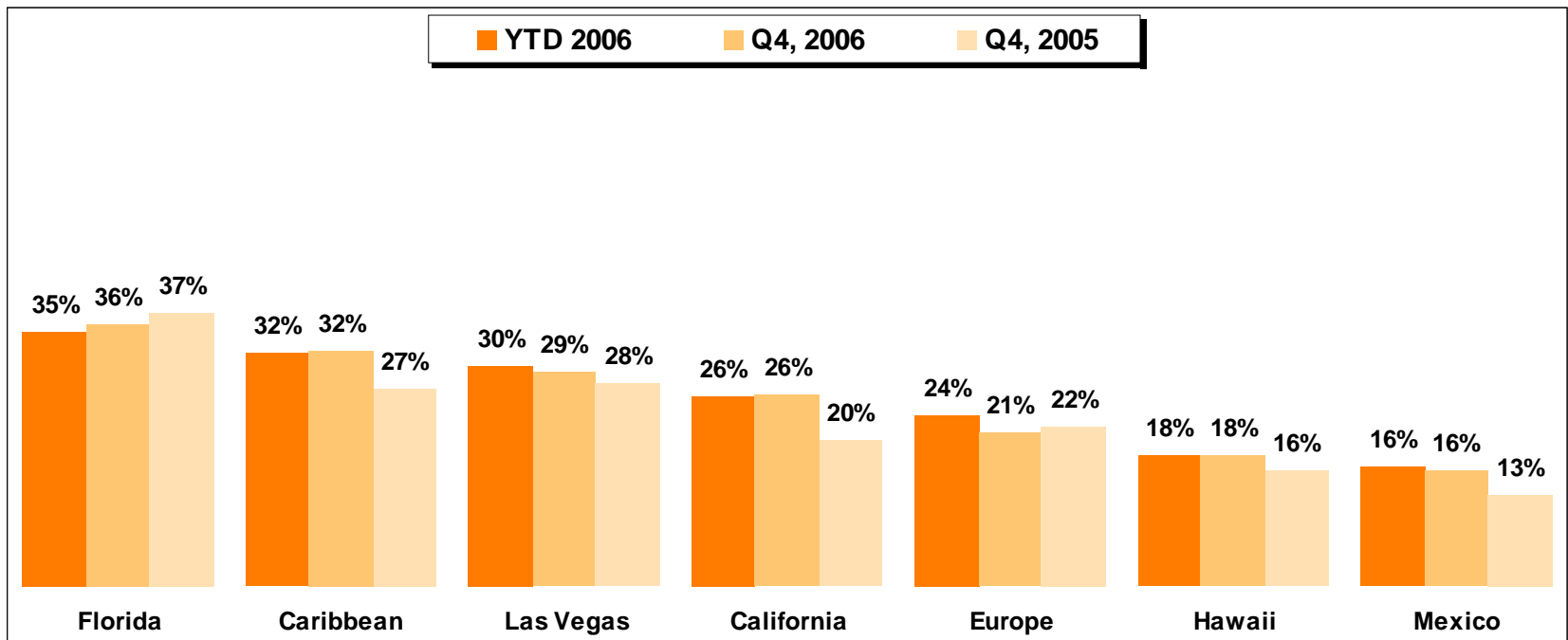
\*\*Pre-2006 data does not include, "Have not considered any future vacation destinations"

# Considered Destinations (Q3)

## Eastern US Market

- With minor differences, Eastern US travelers tend to **rank** their list of considered destinations similarly from wave to wave.
- However, concurrent with a shift in methodology, several destinations gain in interest among Eastern US travelers, particularly the Caribbean and California (5% and 6%-point increases from a year-ago). Mexico gains by a modest three percent point increase, while Las Vegas, Europe, and Florida change very little from the same quarter a year-ago.
- Florida consistently leads other destinations, followed by the Caribbean and Las Vegas.

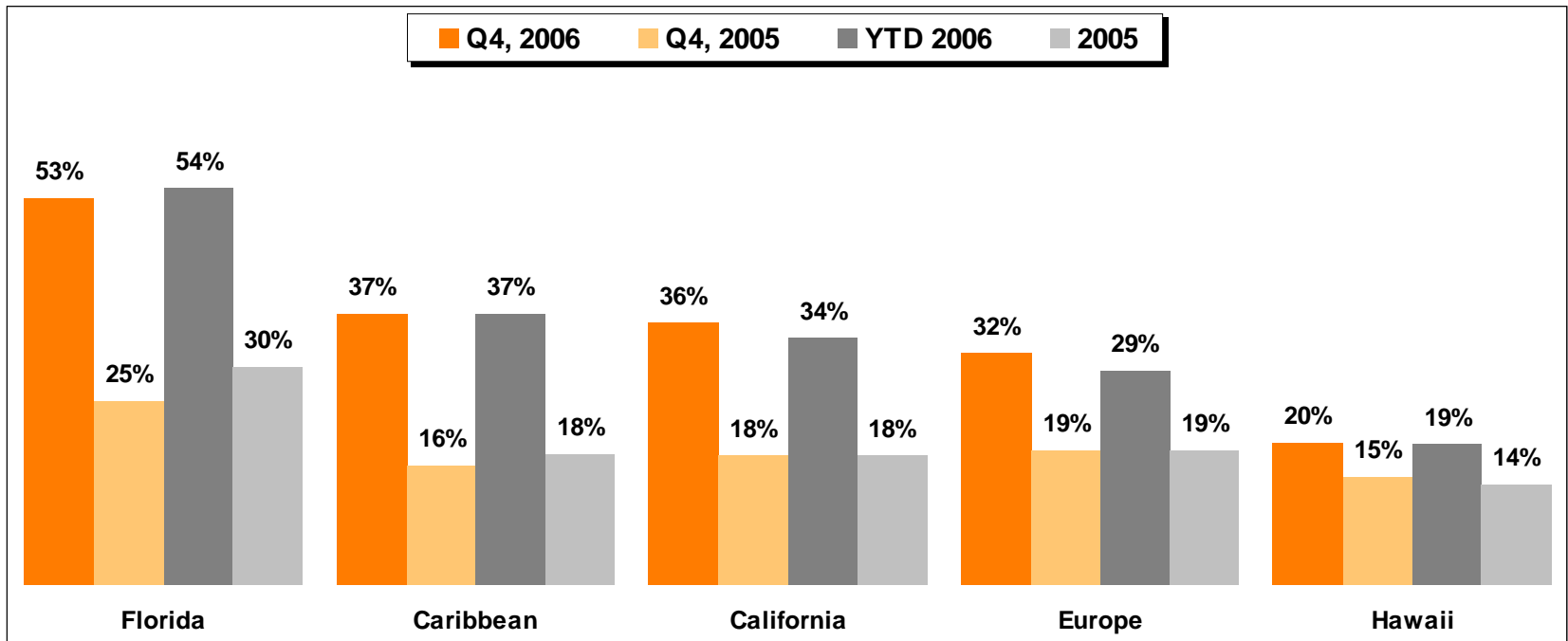
Total LD\* Travelers



\*LD=Long-distance travelers: 500+ Mile Air Trip in Past 12 Months

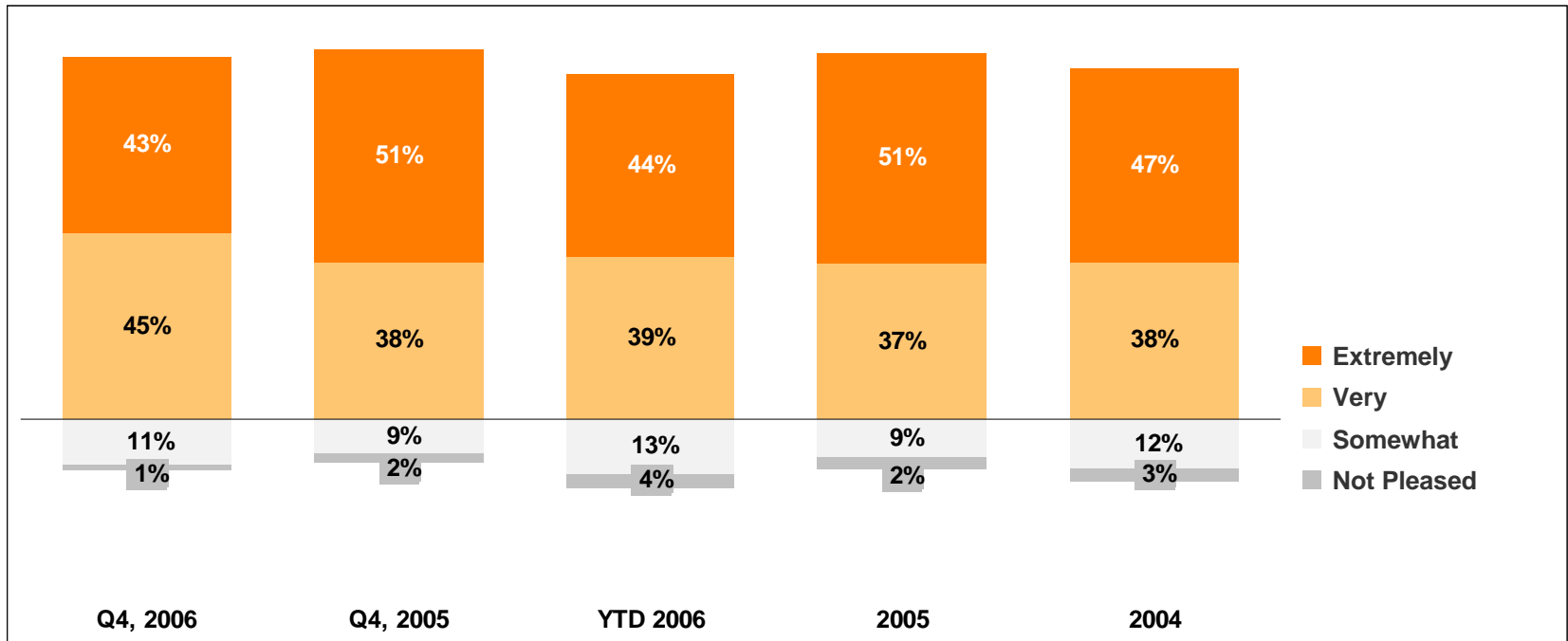
# Destinations Planned for Leisure within 24 Months (Q6)

## Eastern US Market



# Hawaii Visitors: How Pleased With Last Visit (Q13) (Ever Visited)

## *Eastern US Market*



# Importance of Attributes and Current/Year Ago Ratings of Hawaii

Eastern Market



# Hawaii Rating Index (Q5)

## Eastern US Market

- Eastern long distance travelers rate Hawaii much stronger than a year ago on every factor, but as noted last quarter, this phenomenon, at least in part, reflects the change in methodology.
- The greatest increases occur for *Events/Entertainment* (21% higher than YTD 2005), *Good for Family* (15%), and golfing (14%).
- Quarterly** results show only slight variations. *Good for Family/Friendly* (-4), *Active Recreation Choices* (-3), and *Golfing* (-3) slip slightly; *Events/Entertainment* partially recovers from a dip in Quarter 3 (+2) – and, as noted above, remains much stronger YTD.

	Eastern US Market Change in Factor Means - Indexed: 2006/2005					YTD*	Total 2005
	Q1	Q2	Q3	Q4			
<b>Factors</b>							
Easy, Value, Safe, Clean	113	111	110	111	111	100	
Unique & Unspoiled (Scenery)	111	109	107	108	109	99	
New Discoveries/Unique	113	112	110	110	111	99	
Good for Family/Friendly	119	114	115	111	115	100	
Social Scene	115	111	112	113	113	99	
Active Recreation Choices	110	112	115	112	112	99	
Events/Entertainment	125	122	117	119	121	99	
Golfing	114	115	116	113	114	100	

**Index Formula = Current Year/Previous Year x 100.**

**100 indicates no change from a year ago; 110 indicates a 10 percent increase, 90 indicates a 10 percent decline in scores.**

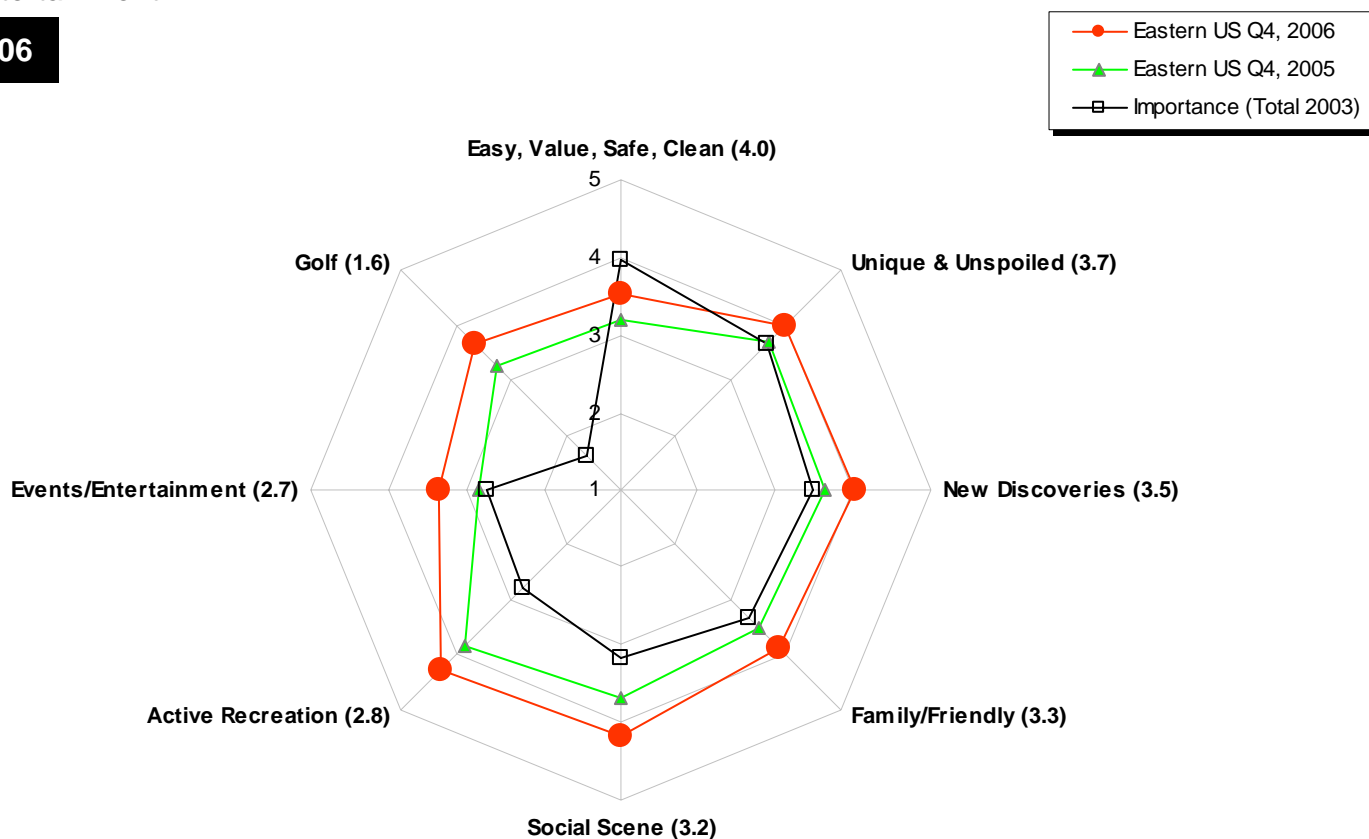
\* YTD current year indexed to same time period as previous year

# Factor Importance and Hawaii Ratings (Q5)

## Eastern US Market

- This chart graphically illustrates the gains noted on the prior table. Results for Quarter 4, 2006 consistently exceed those of Quarter 4, 2005, although the reader is reminded that the new web-based data collection plays a role in the shift.
- Travelers generally assign high scores to the Hawaii experience, except for the factor that is consistent with its distance from this market: *Easy, Value, Safe, Clean*.
- Factors on which Hawaii excels in the ratings – above their importance level in both time frames – include the *Social Scene*, *Active Recreation*, and *Golfing*, and to a much lesser degree, *New Discoveries*, *Family/Friendly*, and *Events/ Entertainment*.

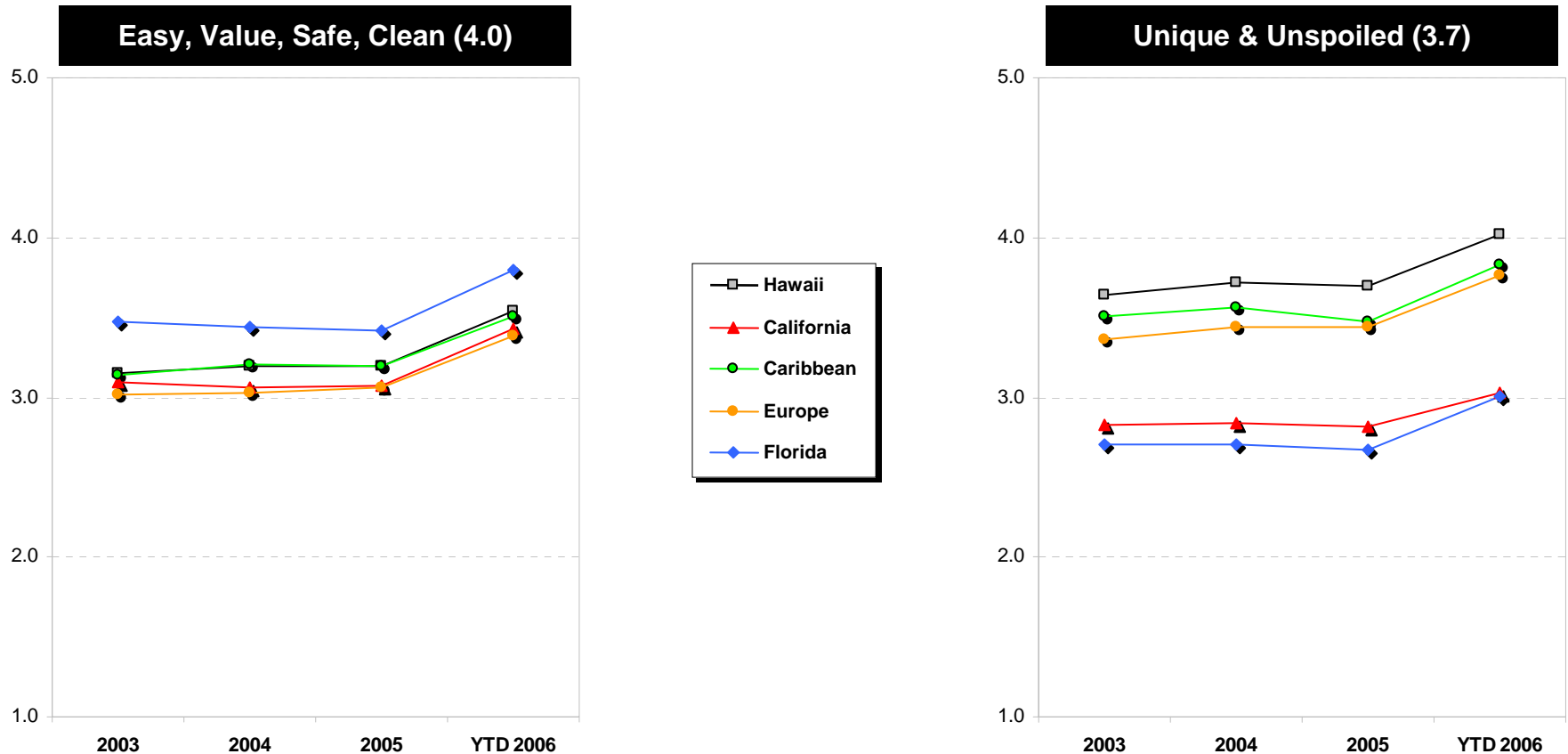
Q4, 2005/Q4, 2006



# Hawaii vs. Competitors (Gap) (Q5)

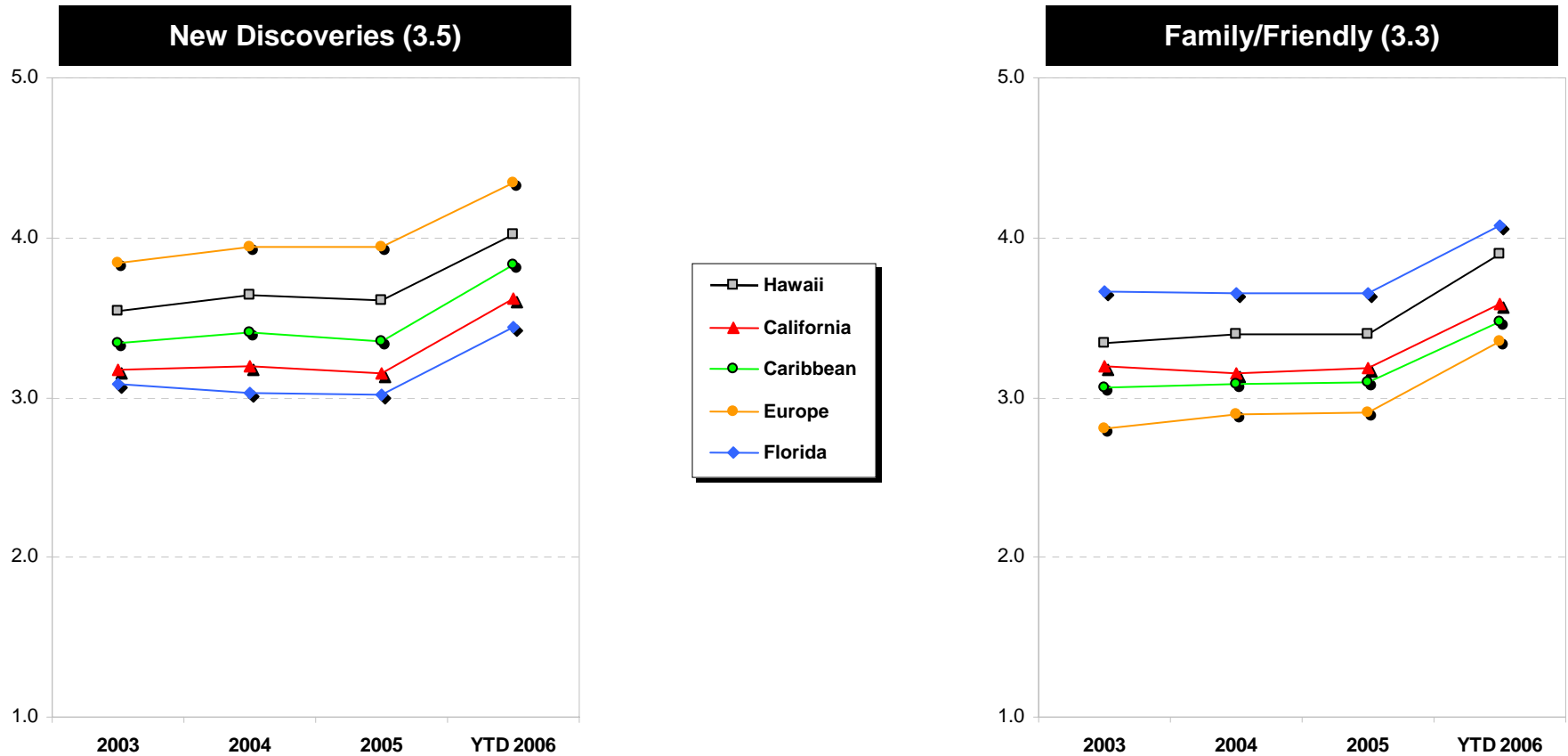
## Eastern US Market – Average Ratings: 2003-2006

- Although **Hawaii** lures fewer visitors than **California**, **the Caribbean**, **Europe**, or **Florida**, travelers rate it much higher on several attributes that are important to them (*Unique & Unspoiled*, *Social Scene*, and *Active Recreation*).
- Hawaii** is also very strong on *New Discoveries* (only **Europe** surpasses it) and on *Family/Friendly* where **Florida** excels.
- Other exceptions include: *Easy/Value/Safe/Clean* (**Florida** ranks higher; **the Caribbean** closely competes), *Events/Entertainment* (**Europe** and **California** lead, **Florida** and **Hawaii** closely match), and *Golf* (**Florida** wins; **California** and **Hawaii** vie for second place).



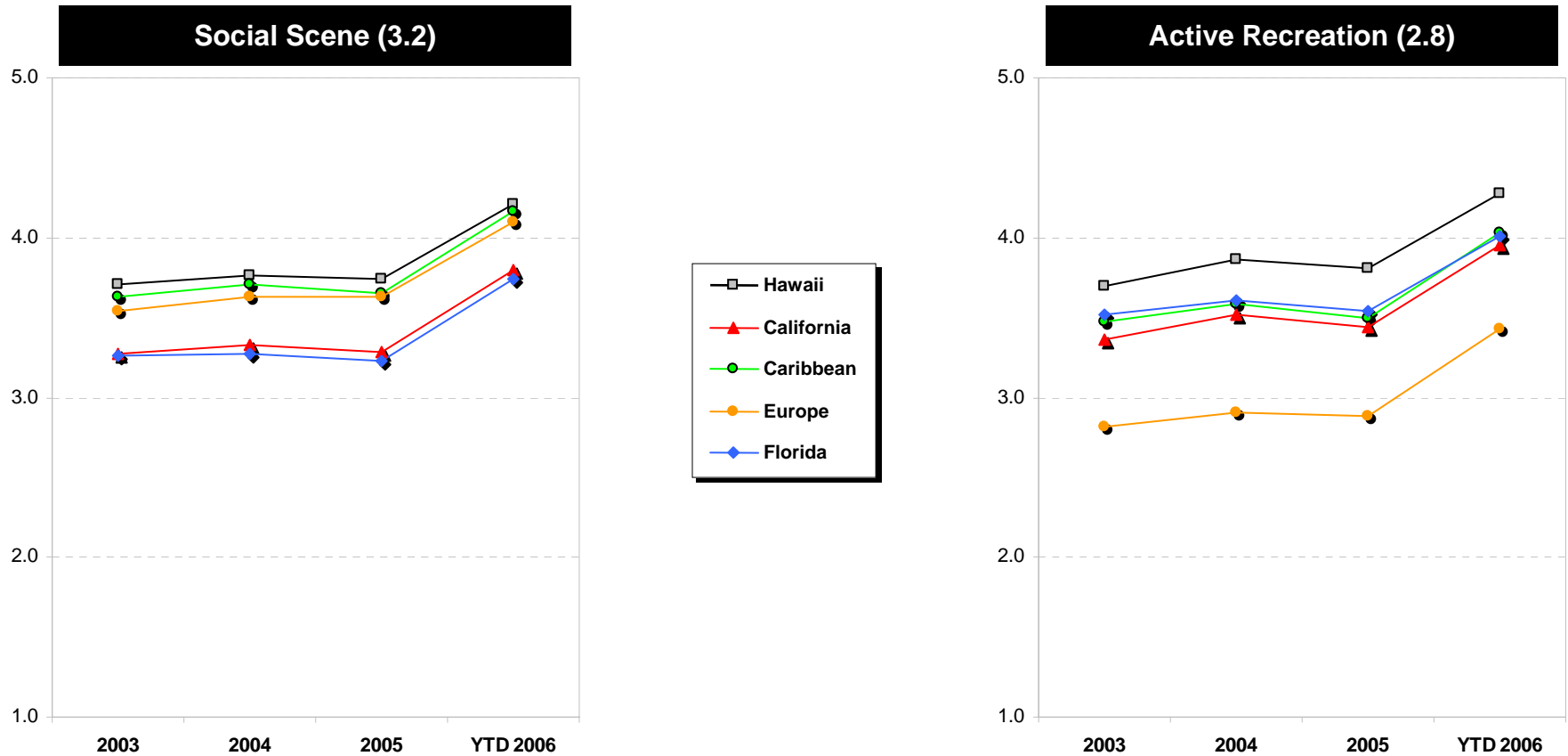
# Hawaii vs. Competitors (Gap) (Q5)

*Eastern US Market – Average Ratings: 2003-2006*



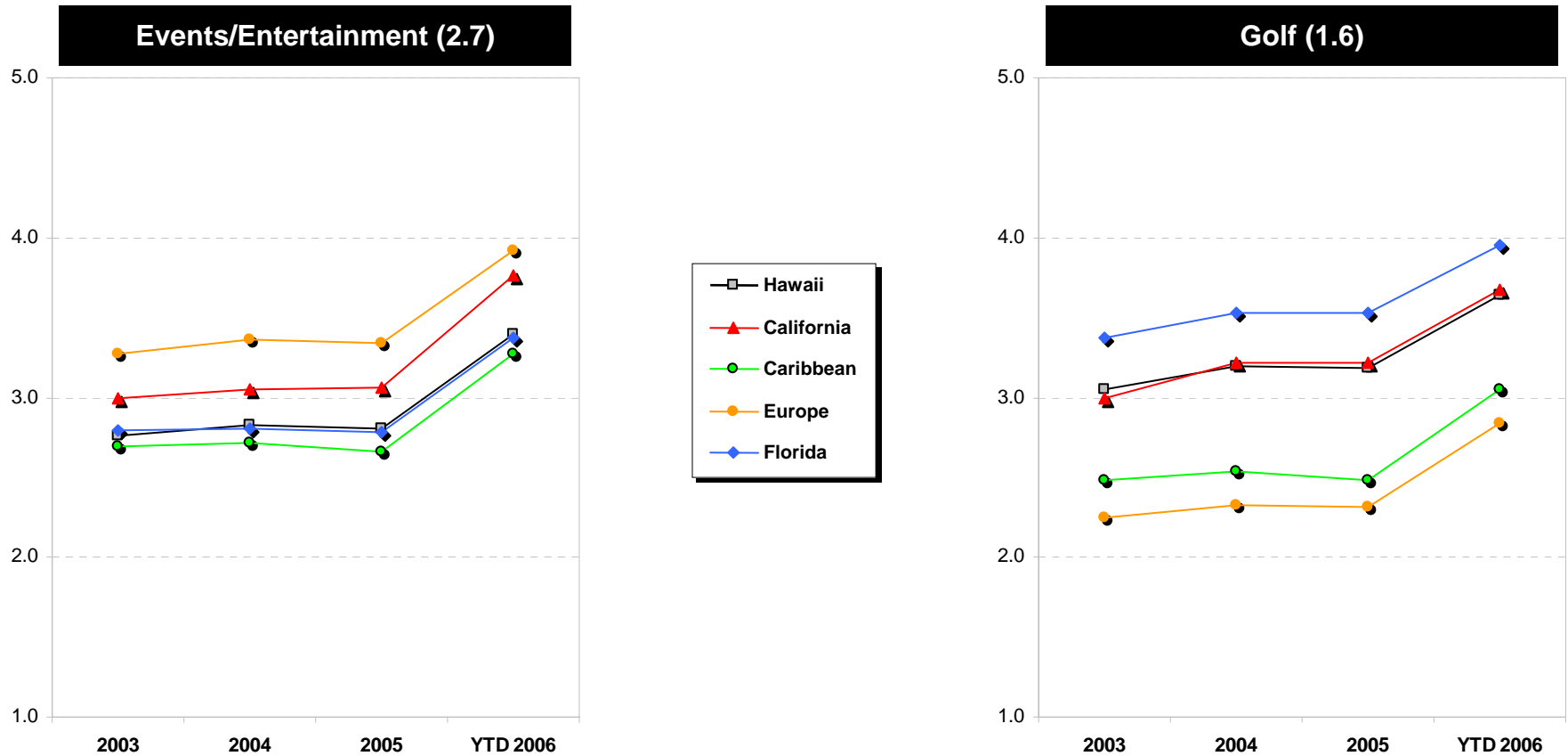
# Hawaii vs. Competitors (Gap) (Q5)

*Eastern US Market – Average Ratings: 2003-2006*



# Hawaii vs. Competitors (Gap) (Q5)

*Eastern US Market – Average Ratings: 2003-2006*

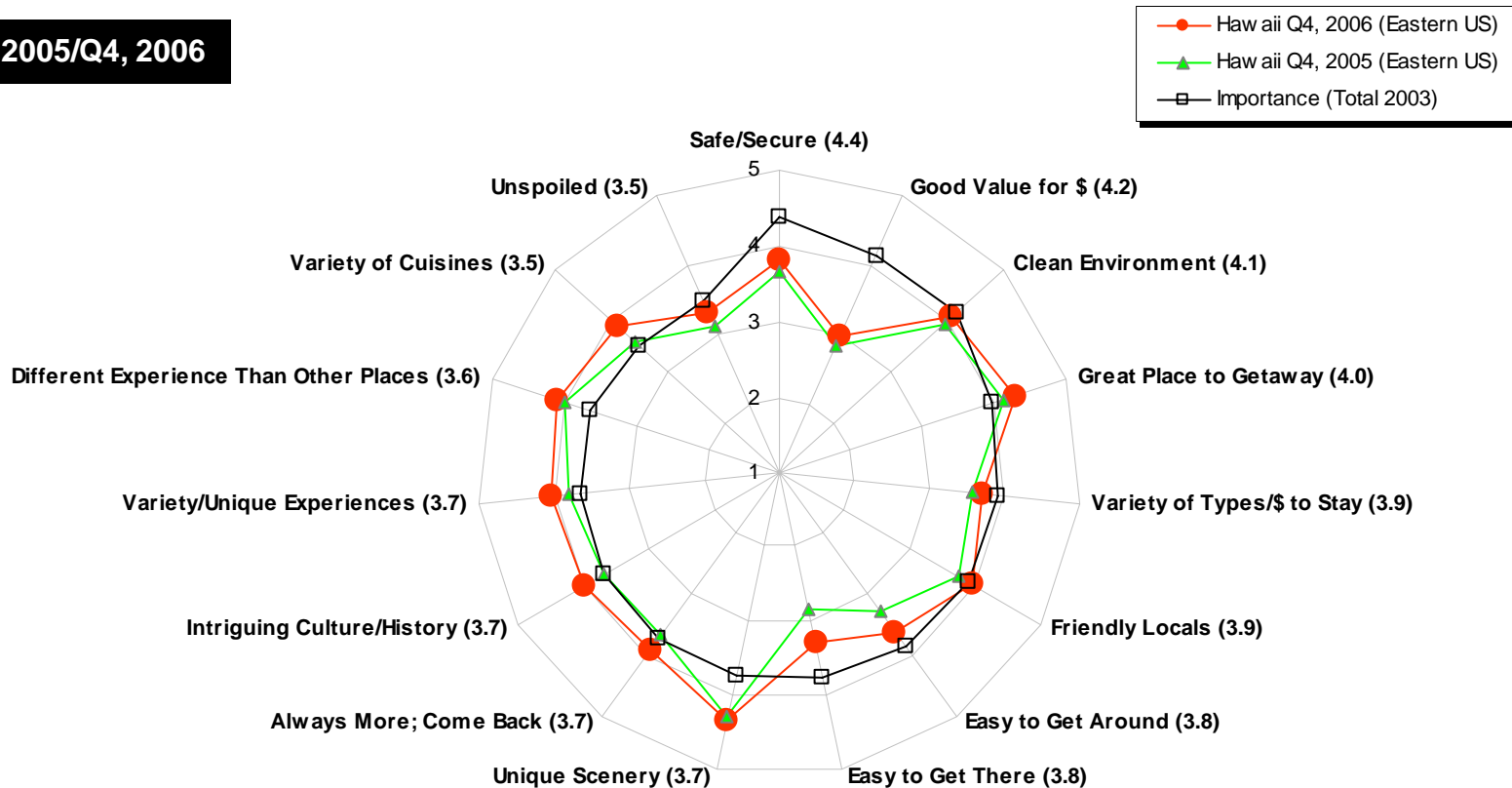


# Attribute Importance and Hawaii Ratings (Q5)

## Eastern US Market

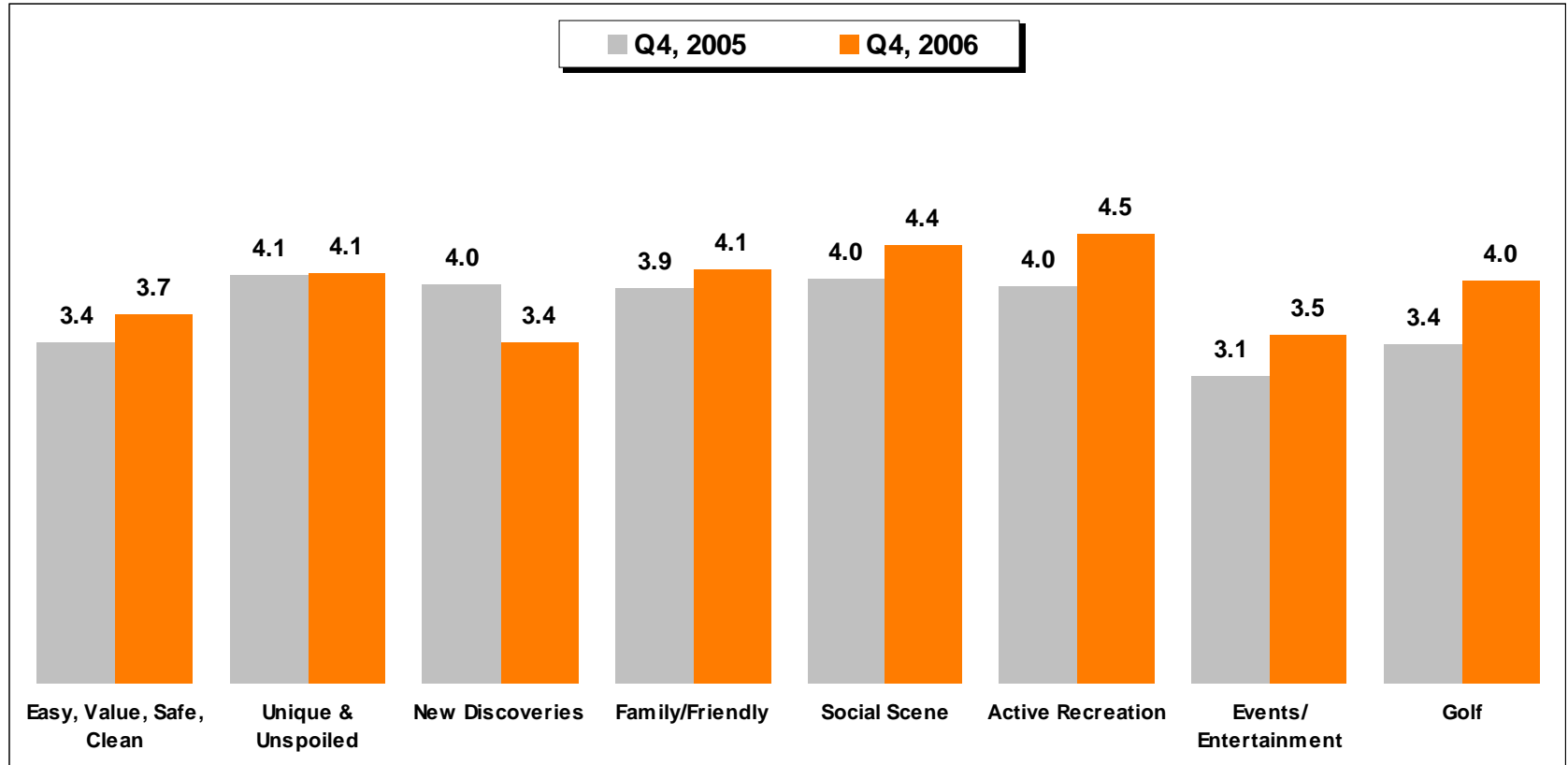
- Included in the factor of *Easy, Value, Safe, Clean* are two dimensions that are highly relevant for travelers from this distant market: *Good Value for the Money* and *Easy to Get There*. Hawaii ratings lag the importance of these attributes and it also lags the importance of *Safe/Secure*.
- Other areas where the importance exceeds Hawaii's ratings, although by a smaller gap than those listed above, include: *Variety of Types and Prices of Places to Stay*, *Easy to Get Around*, *Unspoiled*, and *Clean Environment* (very slightly).
- All attributes exceed the year-ago quarter, coinciding with the shift from a mail to online methodology.

Q4, 2005/Q4, 2006



# Rating of Hawaii by High Spenders (Q5)

## Eastern US Market



# Travel Patterns

Western Market

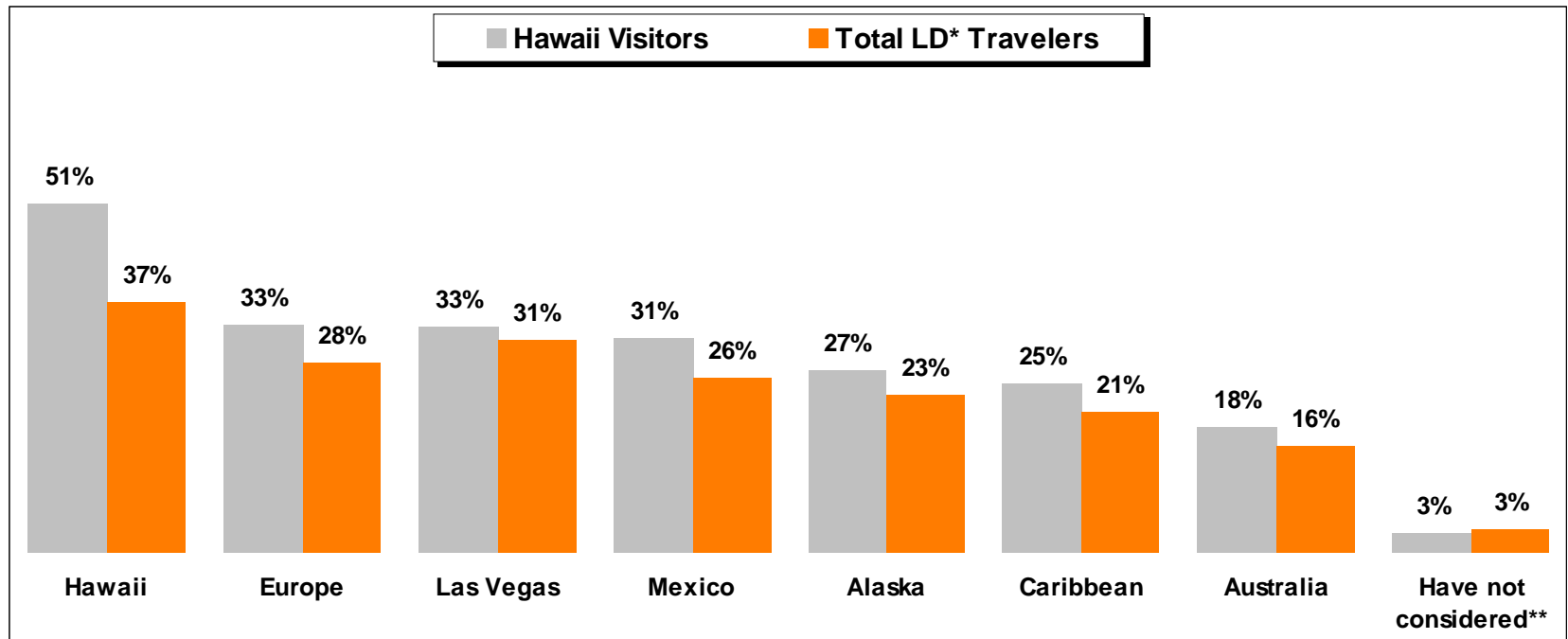


# Considered Destinations (Q3)

## Western US Market

- The **rank order** of top destinations considered by Western US 500+ mile air travelers is similar to those considered by travelers who have visited Hawaii, except that total long-distance travelers more often consider Las Vegas than Europe while Hawaii visitors position them equally.
- Those who visited Hawaii in the past three years are more likely to choose each of these destinations than other travelers – and half (51%) are likely to consider visiting Hawaii again.

### YTD 2006



LD\* = Long-distance: 500+ mile air travelers

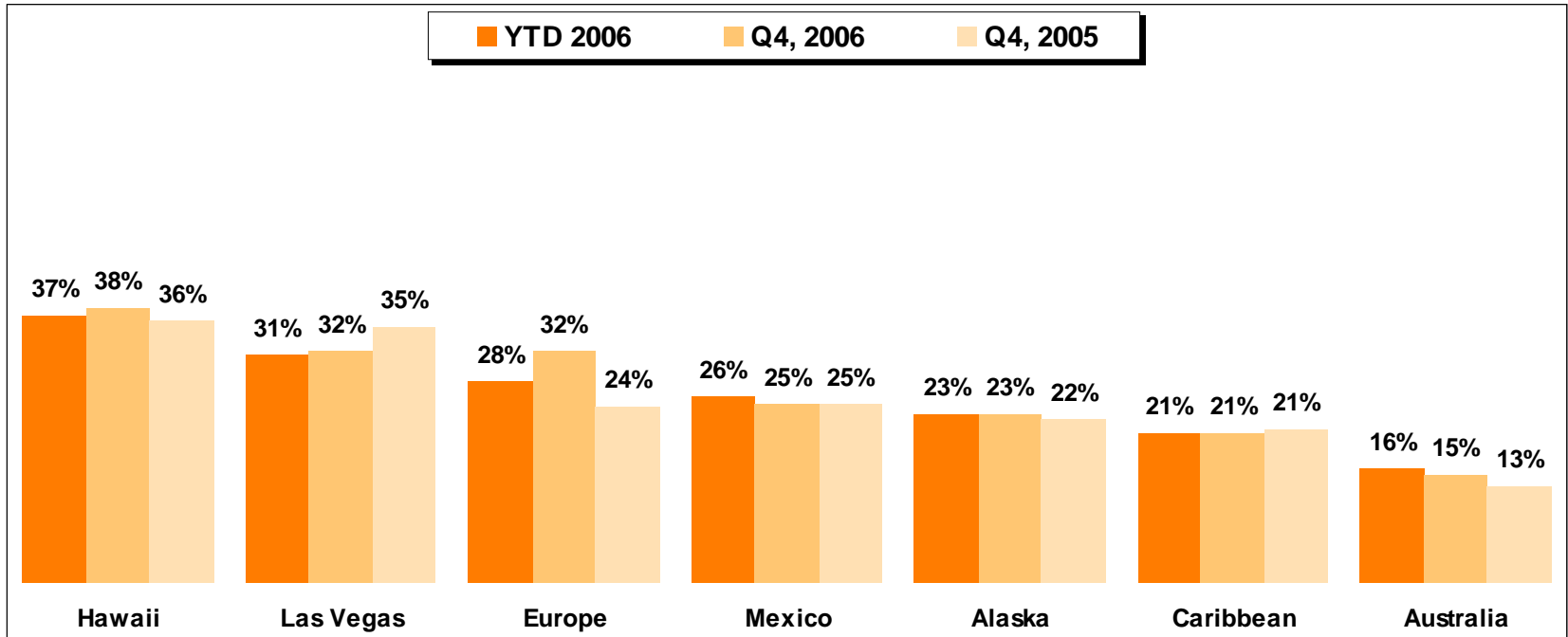
\*\*Pre-2006 data does not include "Have not considered any future vacation destinations"

# Considered Destinations (Q3)

## Western US Market

- Among Western long-distance travelers, Hawaii leads competing destinations.
- Quarter to quarter, 2006 travelers are almost equally as likely to consider each of these destinations as 2005 travelers. The most noticeable differences appear as an increase for Europe (32% from 24%) and a moderate decrease for Las Vegas (32% from 35%).

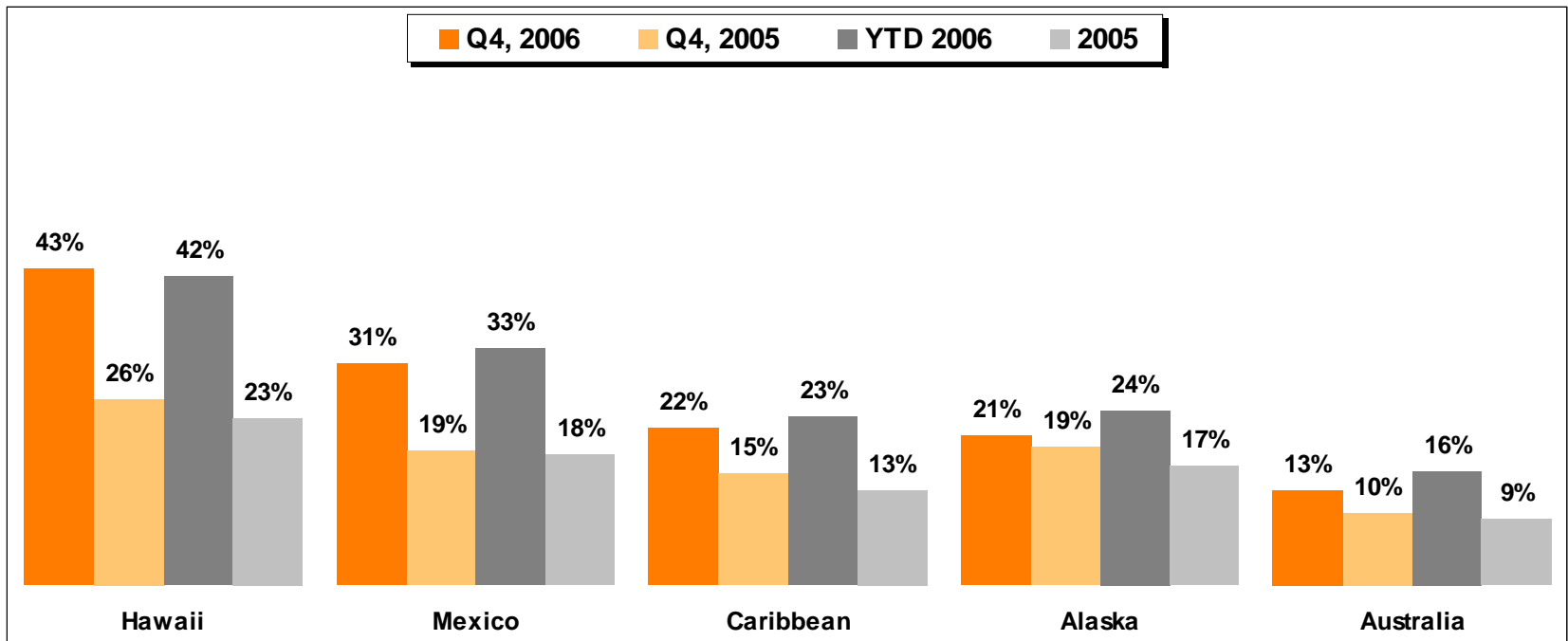
Total LD\* Travelers



\*LD=Long-distance travelers: 500+ Mile Air Trip in Past 12 Months

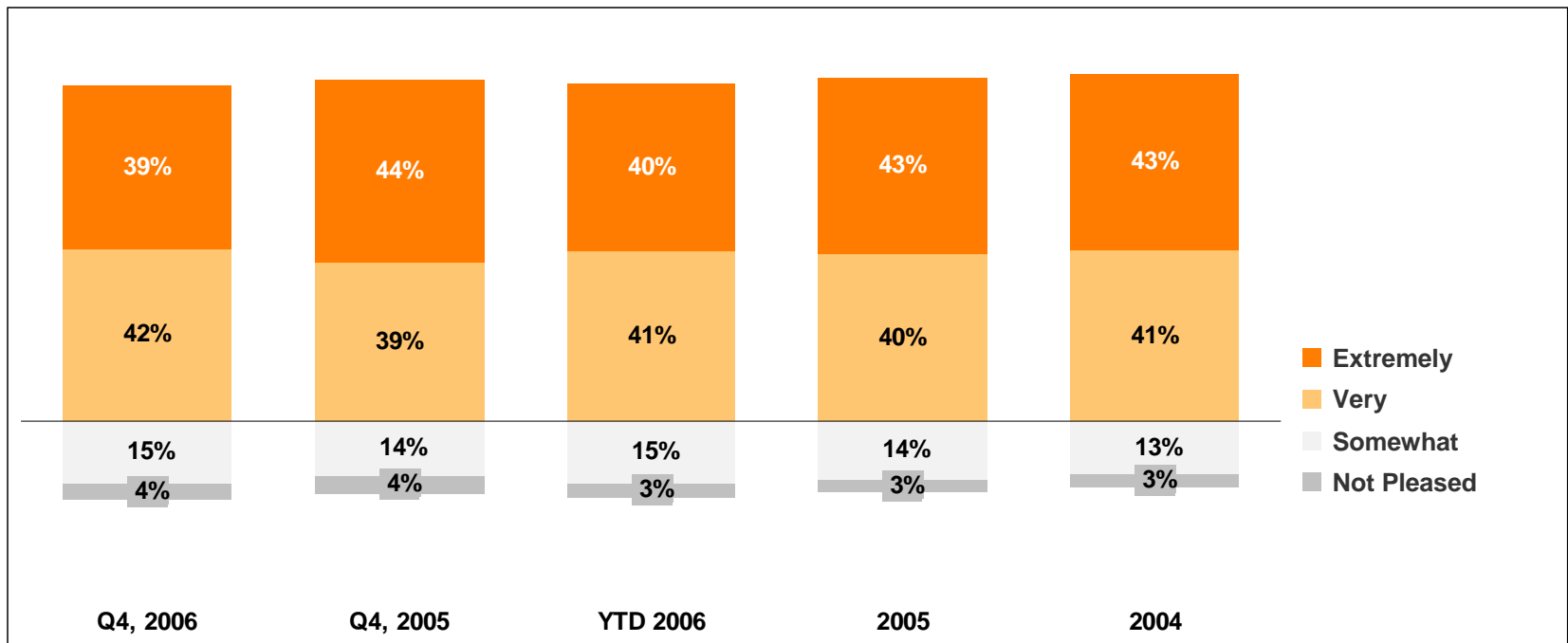
# Destinations Planned for Leisure within 24 Months (Q6)

## Western US Market



# Hawaii Visitors: How Pleased With Last Visit (Q13) (Ever Visited)

## *Western US Market*



# Importance of Attributes and Current/Year Ago Ratings of Hawaii

Western Market



# Hawaii Rating Index (Q5)

## Western US Market

- Duplicating the pattern noted among Eastern long distance travelers, Western long distance travelers also rate Hawaii much stronger than a year ago on every factor. The greatest increase occurs for *Events/Entertainment* (20% higher than 2005 and very similar to the Eastern results which were 21% higher on this dimension). Again, the shift reflects, at least in part, the change in methodology.
- Overall, the index usually moves up slightly since last quarter, with the largest changes noted for *Events/Entertainment* (+8), *Active Recreation Choices* (+4), and *Unique and Unspoiled* (-4).

	Western US Market Change in Factor Means - Indexed: 2006/2005					Total 2005
	Q1	Q2	Q3	Q4	YTD*	
<b>Factors</b>						
Easy, Value, Safe, Clean	108	110	109	108	109	99
Unique & Unspoiled (Scenery)	107	107	111	107	108	100
New Discoveries/Unique	110	111	109	111	110	101
Good for Family/Friendly	111	113	111	111	112	100
Social Scene	113	115	111	112	112	100
Active Recreation Choices	111	111	108	112	110	101
Events/Entertainment	120	119	118	126	121	101
Golfing	110	111	112	110	111	102

**Index Formula = Current Year/Previous Year x 100.**

**100 indicates no change from a year ago; 110 indicates a 10 percent increase, 90 indicates a 10 percent decline in scores.**

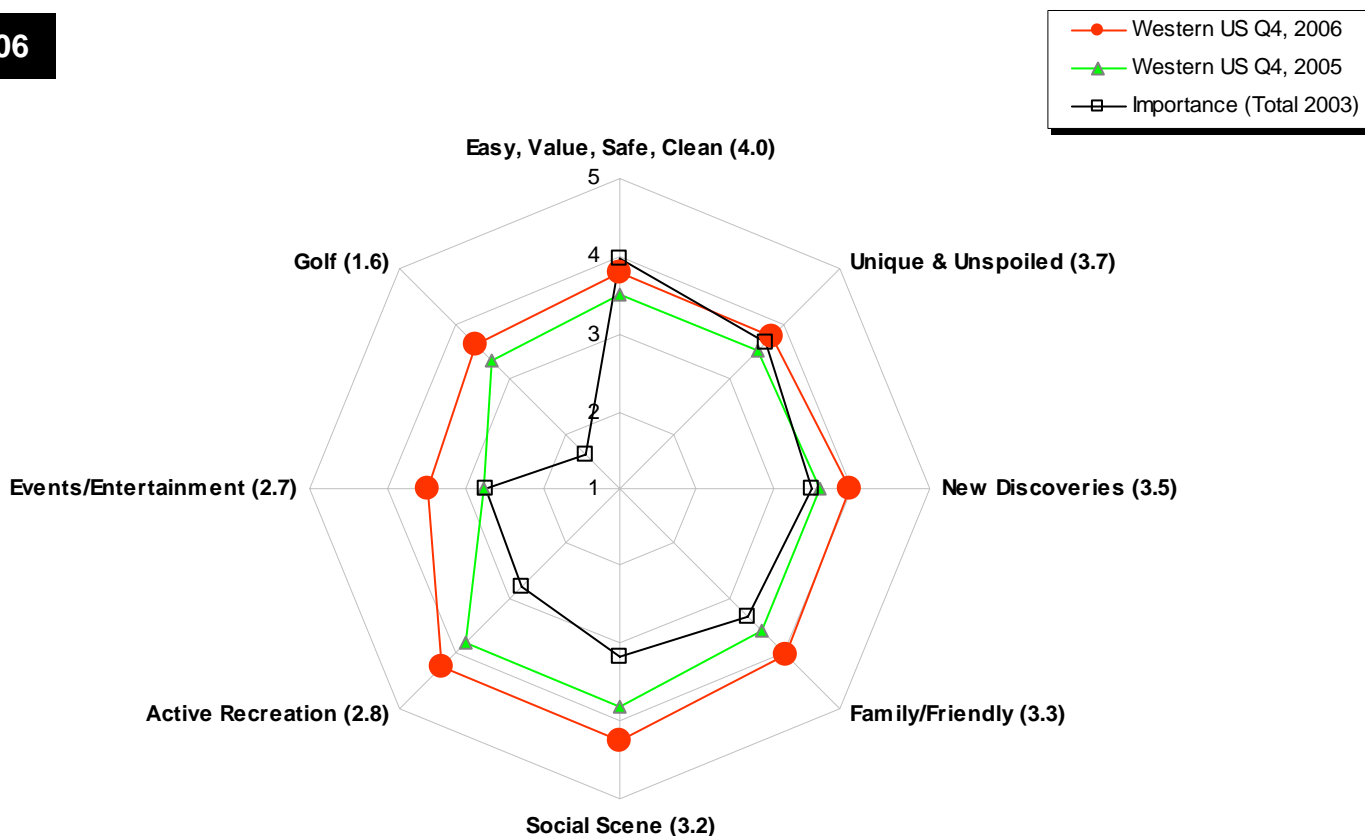
\* YTD current year indexed to same time period as previous year

# Factor Importance and Hawaii Ratings (Q5)

## Western US Market

- This chart graphically illustrates the gains noted on the prior table. Hawaii's results for Quarter 4, 2006 consistently exceed those of Quarter 4, 2005 (particularly *Events/Entertainment* by +0.71), although the reader is reminded that the new web-based data collection may play a role in the shift.
- Travelers generally assign high scores to the Hawaii experience. Performance and importance ratings nearly match for *Easy, Value, Safe, Clean* (Importance +0.18) and *Unique and Unspoiled* (Performance +0.12).
- Factors on which Hawaii excels in the ratings – above their importance level in both time frames – include *New Discoveries, Family/Friendly, Social Scene, Active Recreation, Events/Entertainment*, and, especially, *Golf*.

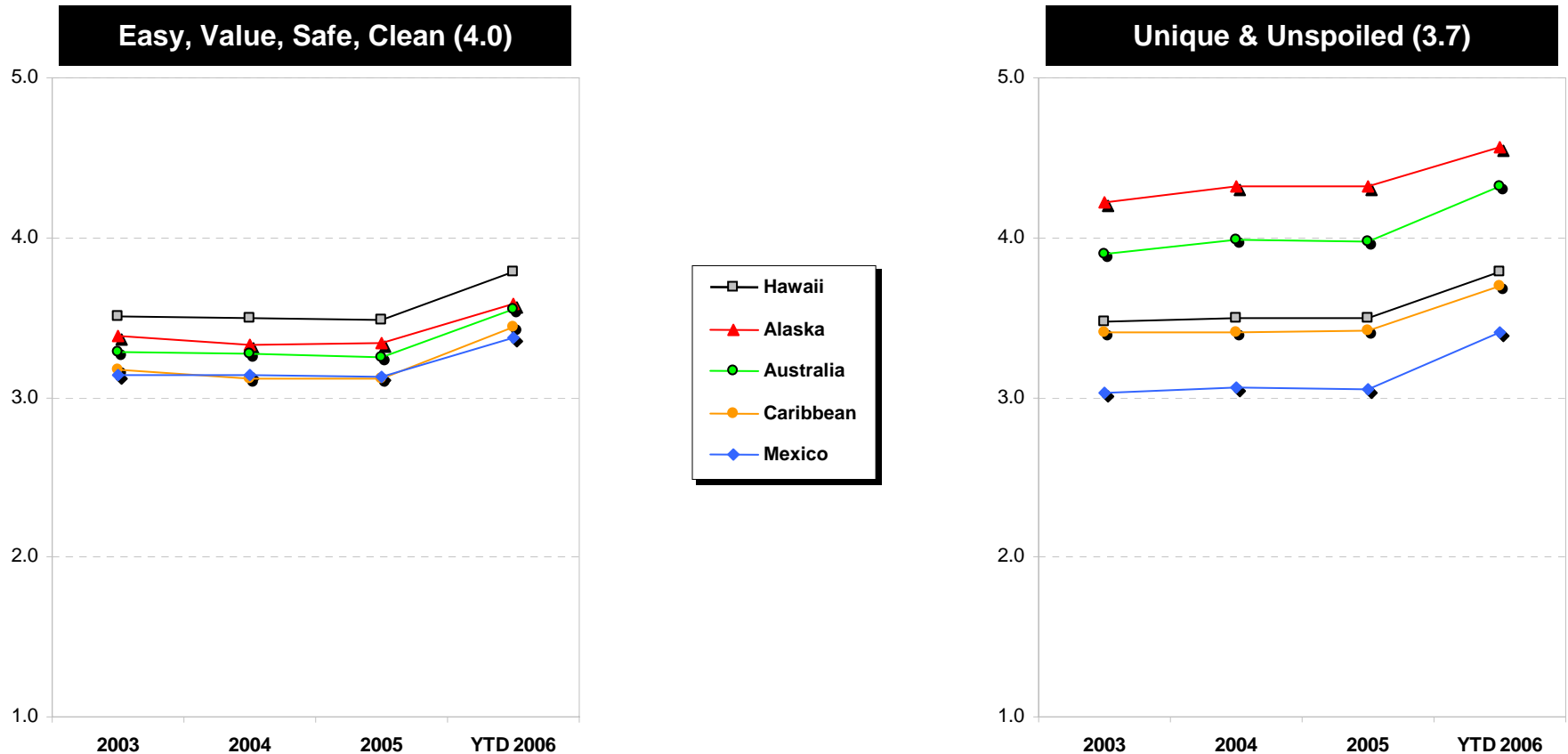
Q4, 2005/Q4, 2006



# Hawaii vs. Competitors (Gap) (Q5)

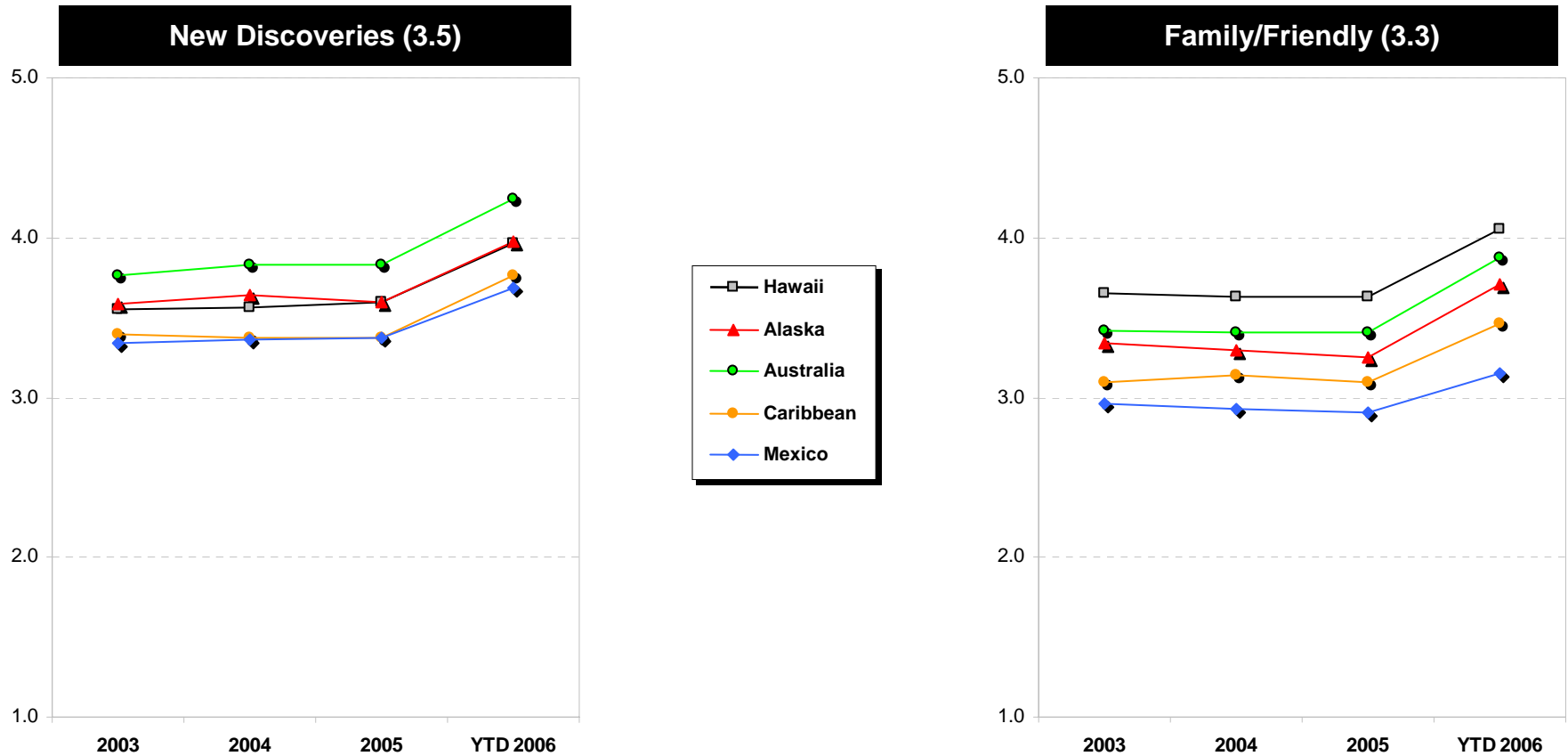
## Western US Market – Average Ratings: 2003-2006

- More competitive (for considered destinations) in the West than in the East, **Hawaii** receives generally high scores for the **Hawaii** experience, leading others on *Easy/Value/Safe/Clean*, *Family Friendly*, *Social Scene*, *Active Recreation* (although **Australia** has been gaining and nearly matches **Hawaii** this year – 4.28 vs. 4.25), and, especially, *Golf*.
- Hawaii** trails two competitors on *Unique and Unspoiled* (behind **Alaska**, the “owner” of this attribute, and **Australia**). The Caribbean also provides competitive pressure to Hawaii.
- On *New Discoveries*, **Hawaii** considerably lags **Australia**, but essentially ties Alaska.
- Australia** slightly exceeds **Hawaii** on *Events/Entertainment*.



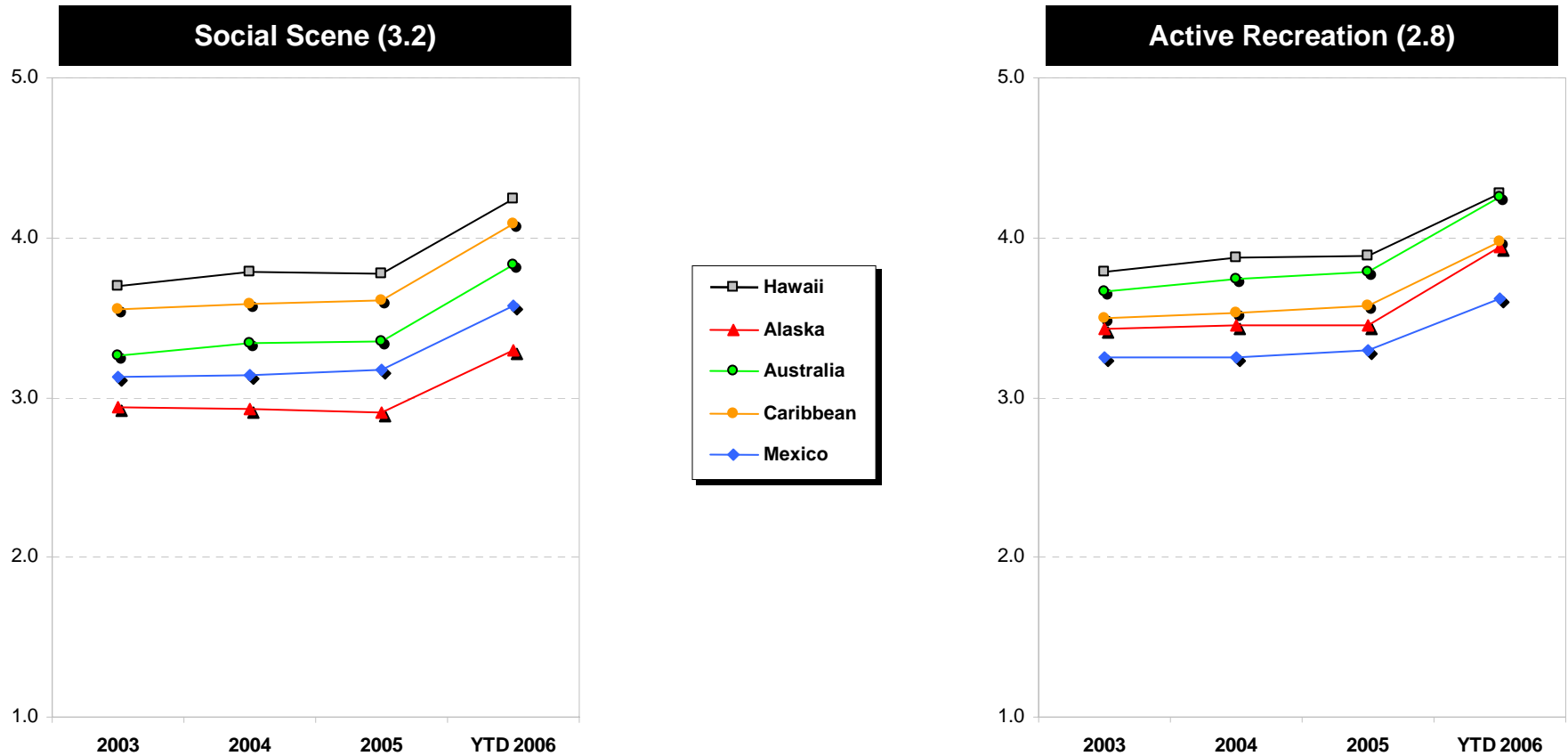
# Hawaii vs. Competitors (Gap) (Q5)

*Western US Market – Average Ratings: 2003-2006*



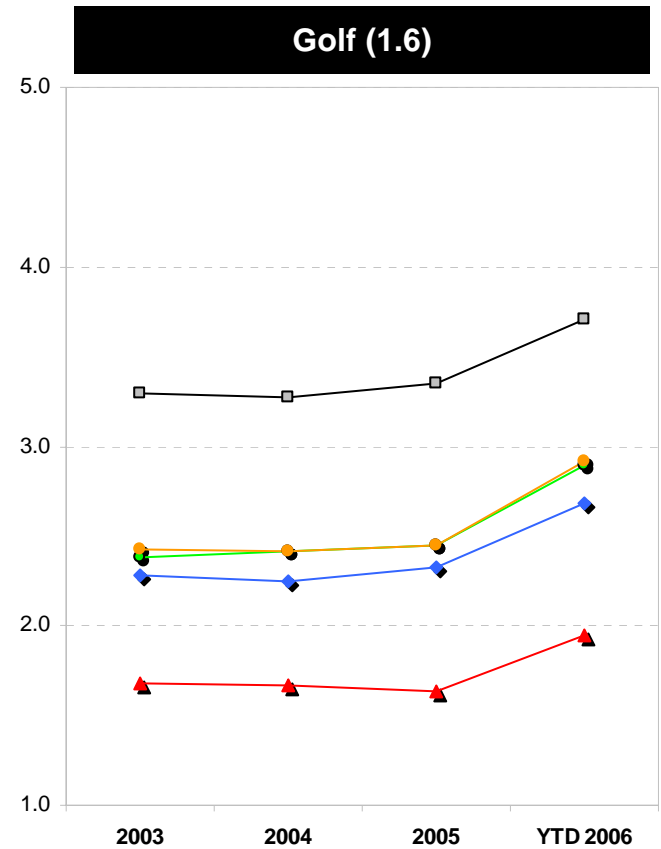
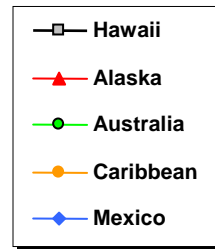
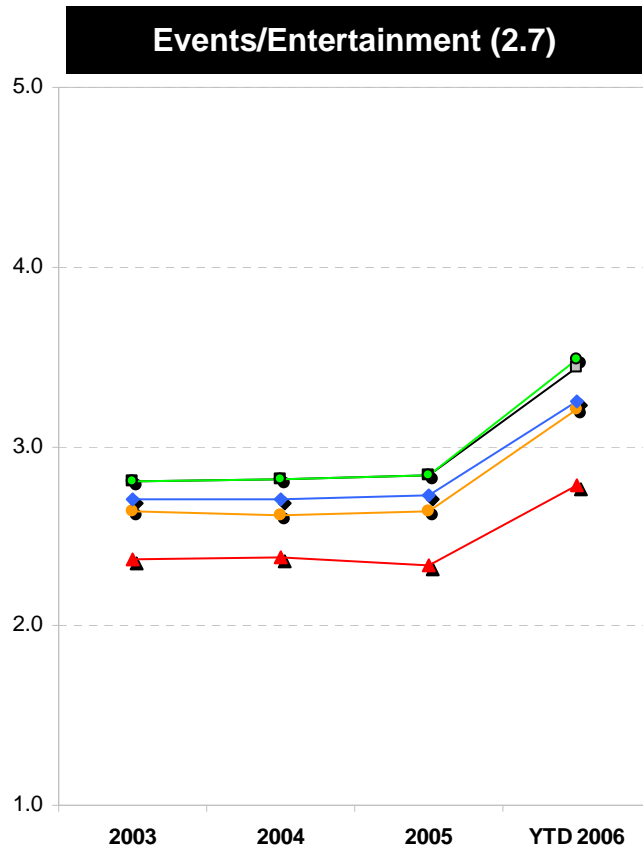
# Hawaii vs. Competitors (Gap) (Q5)

*Western US Market – Average Ratings: 2003-2006*



# Hawaii vs. Competitors (Gap) (Q5)

*Western US Market – Average Ratings: 2003-2006*

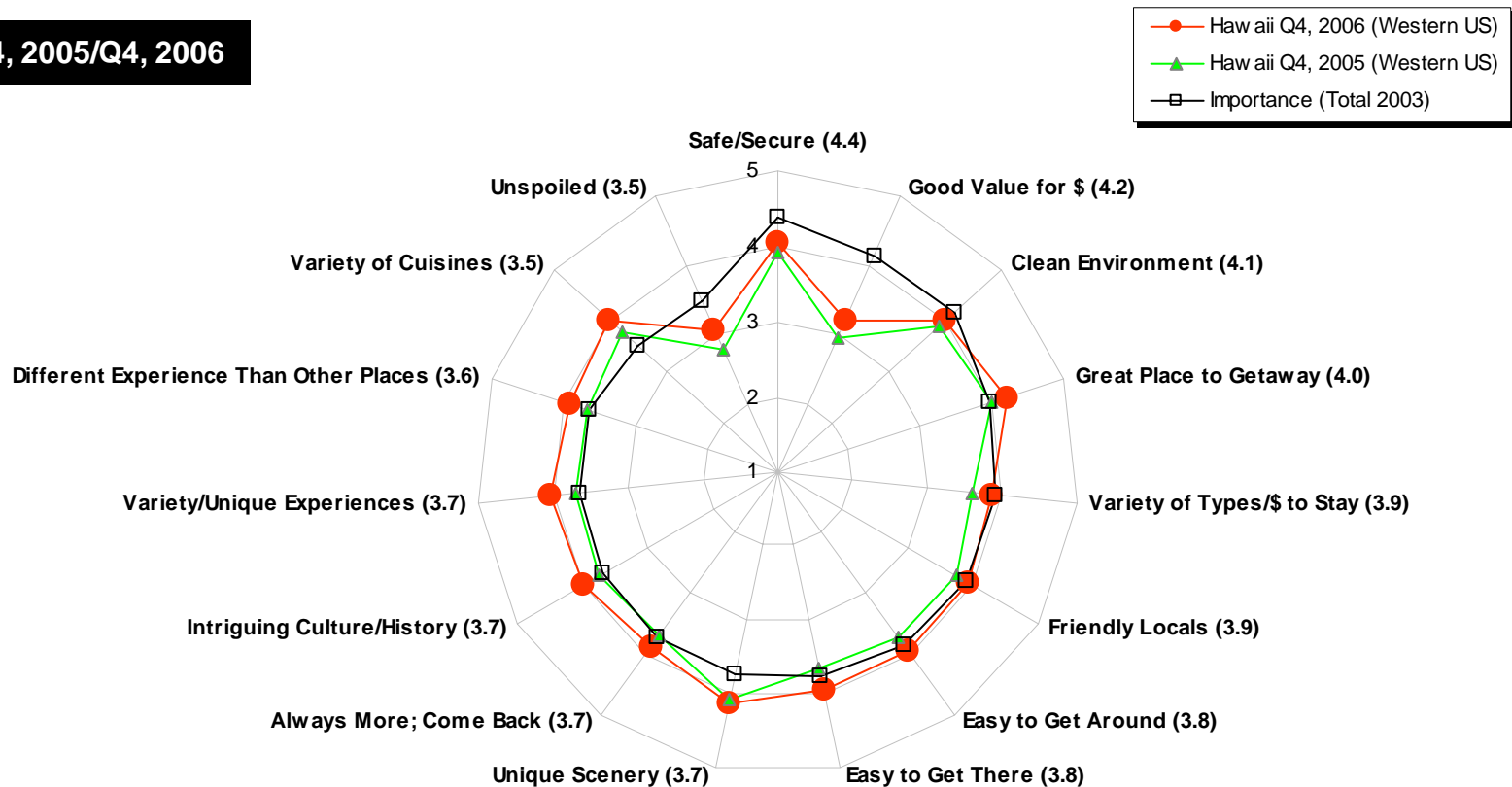


# Attribute Importance and Hawaii Ratings (Q5)

## Western US Market

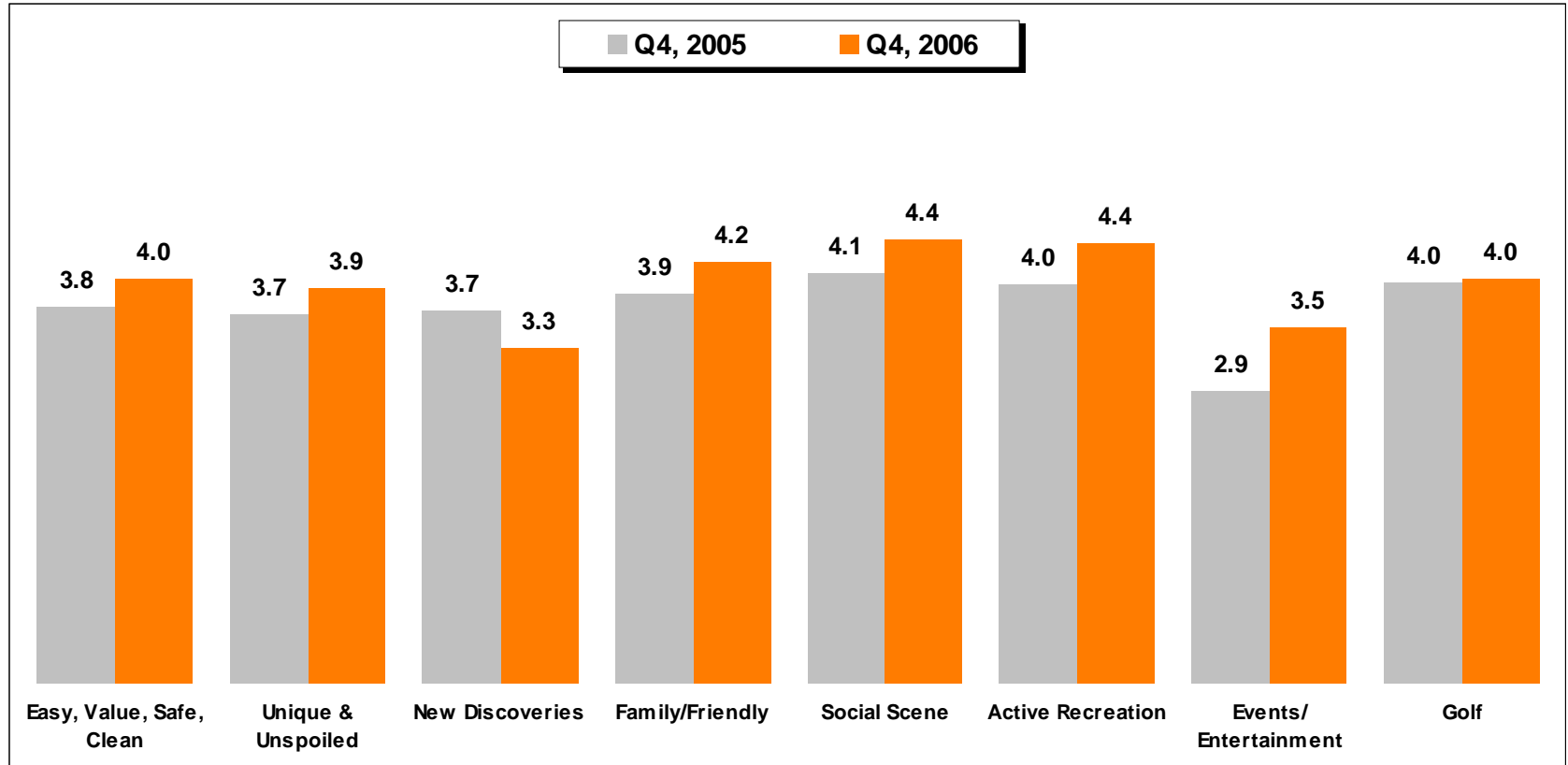
- Western travelers generally assign high scores to the Hawaii experience, except for *Good Value for the Money* and *Unspoiled*.
- They also perceive a noticeable gap between importance and Hawaii's "delivery" on *Safe/Secure* and a very small gap on *Clean Environment*.
- All attributes equal or exceed the year-ago quarter, coinciding with the shift from a mail to online methodology.

Q4, 2005/Q4, 2006



# Rating of Hawaii by High Spenders (Q5)

## Western US Market



# Travel Patterns

Japanese Market

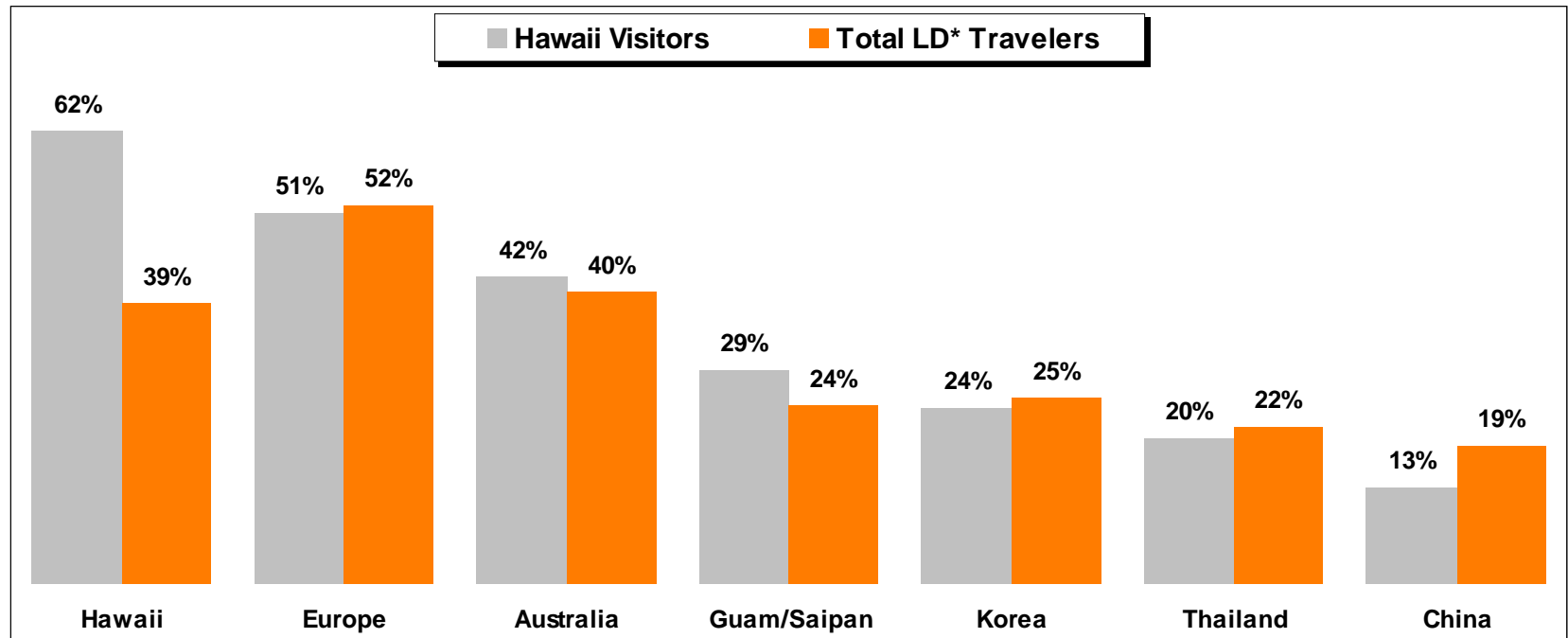


# Considered Destinations (Q3)

## Japanese Market

- The ranking of the top destination choices of Japanese international travelers are similar (within 2%-points) between Hawaii visitors and others, except that Hawaii visitors express much greater future interest in Hawaii (+23%). Notable, but less striking gaps occur for Guam/Saipan (+5%) and China (-6%).
- Those who have been to Hawaii want to return (62%), but Europe holds strong appeal as well (51%).
- Europe is the top ranked destination among total international travelers (52%), while Australia and Hawaii vie for second place (40% and 39%, respectively).

### YTD 2006



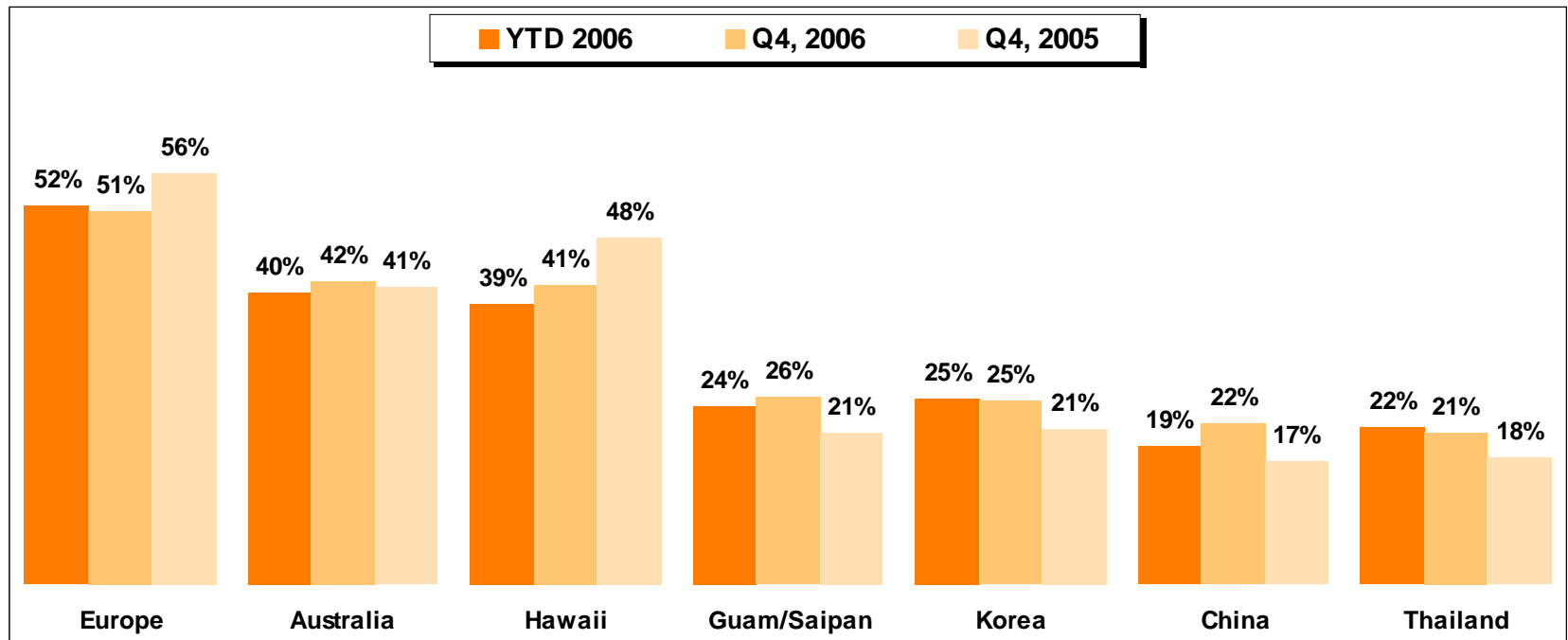
LD\* = Long-distance: International travelers

# Considered Destinations (Q3)

## Japanese Market

- Interest in Hawaii drops somewhat this quarter compared to the same time last year (41% from 48%). Interest in Europe also decreases (51% from 56%).
- Travelers indicate increased interest in all of the Asian destinations, particularly Guam/Saipan (26% from 21%) and China (22% from 17%).
- As just noted on the prior chart, YTD Europe remains the clear leader among competitive destinations, while Australia and Hawaii continue to vie for second place (40% vs. 39%, respectively).

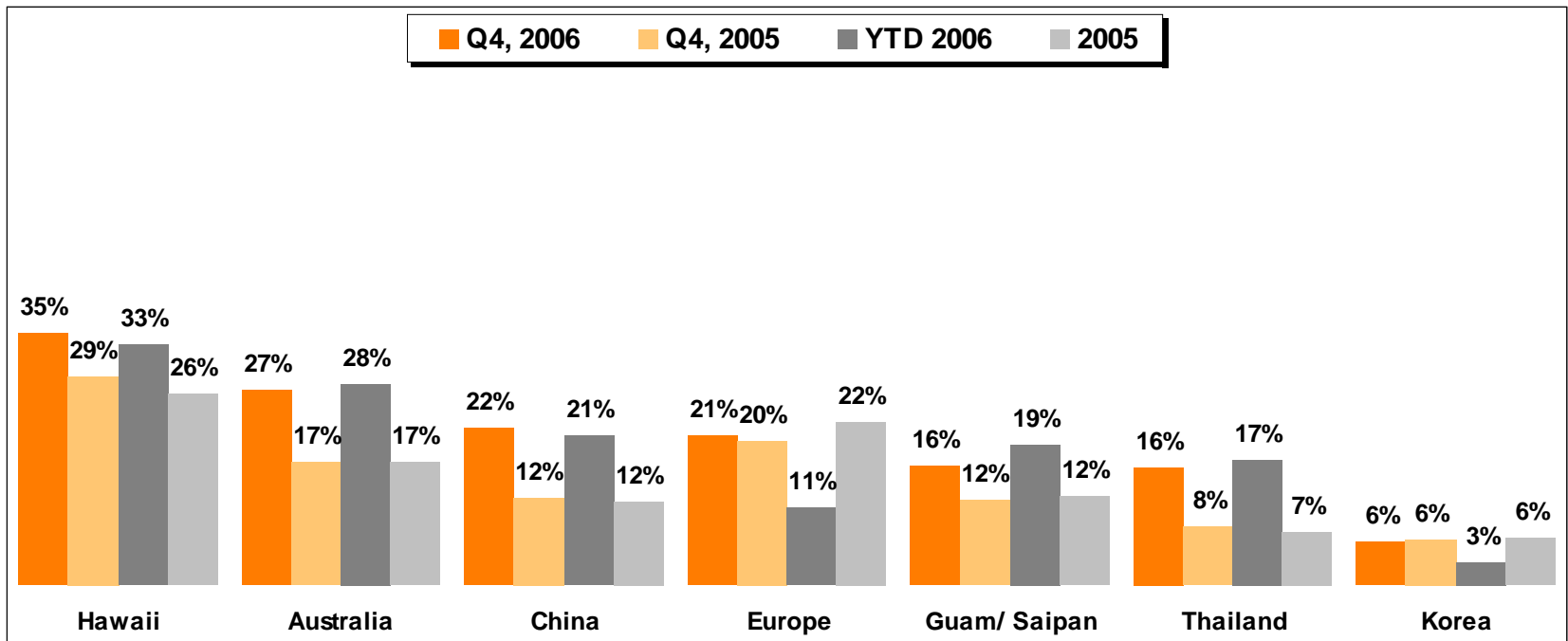
Total LD\* Travelers



\*LD=Long-distance travelers: International Trip in Past 2 Years

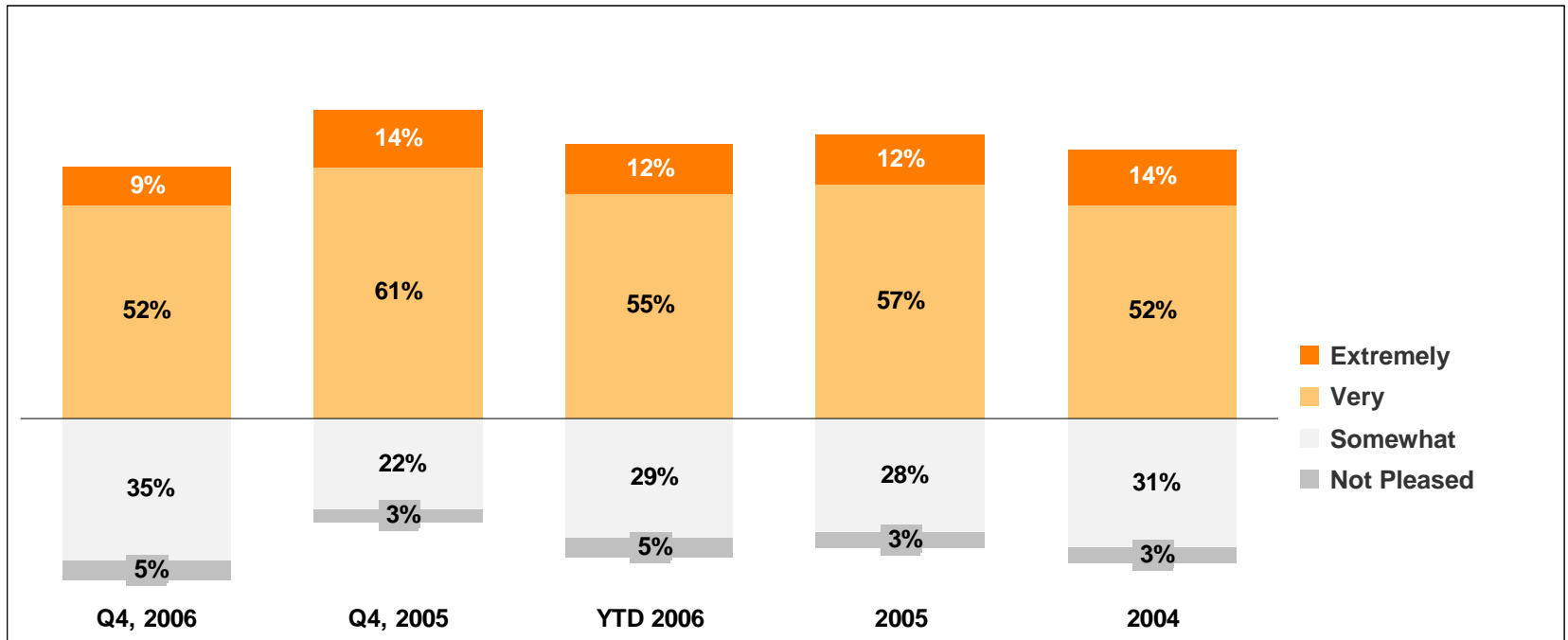
# Destinations Planned for Leisure within 24 Months (Q6)

## *Japanese Market*



# Hawaii Visitors: How Pleased With Last Visit (Q13) (Ever Visited)

## *Japanese Market*



# Importance of Attributes and Current/Year Ago Ratings of Hawaii

Japanese Market



# Hawaii Rating Index (Q5)

## Japanese Market

- Similar to results noted last quarter, considerable variation occurs among Japanese international travelers' year-to-year ratings of Hawaii. Three of the six mirror the year-ago quarter, but the other three place much higher. Again, the results may reflect, at least in part, the change in methodology.
- YTD** increases from 2005 occur for *Unique and Unspoiled* (+15%), *Social Scene* (+7%), and *Good Value/New Discoveries* (+7%). Generally similar ratings appear for *Active Recreation Choices* (+3%), *Great Place to Getaway* (-2%), and *Clean/Safe/Family Oriented* (-1%).
- The **quarterly** index reflects the same patterns as last quarter, although most factors decrease very slightly (0% - 2%).

	Japanese Market Change in Factor Means - Indexed: 2006/2005					Total 2005
	Q1	Q2	Q3	Q4	YTD*	
<b>Factors</b>						
Great Place to Getaway	99	99	98	96	98	100
Good Value/New Discoveries	108	108	107	106	107	101
Unique and Unspoiled	115	116	114	113	115	101
Clean, Safe, Family Oriented	99	99	99	99	99	100
Active Recreation Choices	102	102	105	104	103	101
Social Scene	109	108	107	105	107	99

**Index Formula = Current Year/Previous Year x 100.**

**100 indicates no change from a year ago; 110 indicates a 10 percent increase, 90 indicates a 10 percent decline in scores.**

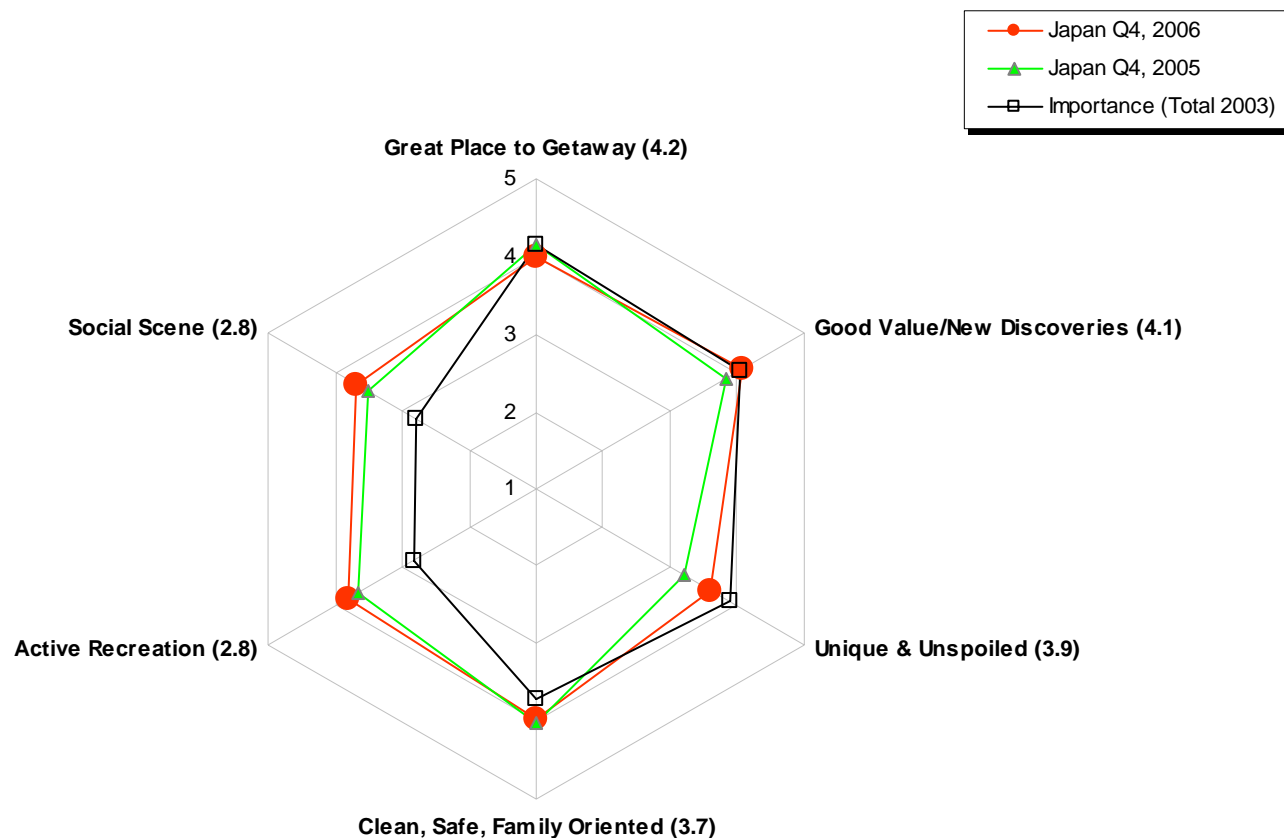
\* YTD current year indexed to same time period as previous year

# Factor Importance and Hawaii Ratings (Q5)

## Japanese Market

- This chart graphically illustrates the results noted on the prior table. Results for Quarter 4, 2006 exceeds those of Quarter 4, 2005 on *Good Value/New Discoveries*, *Unique and Unspoiled*, *Active Recreation*, and *Social Scene*, although the reader is reminded that the new web-based data collection may play a role in the shift.
- Travelers generally assign high scores (at least as high as the importance ratings) to the Hawaii experience except for *Unique and Unspoiled* and, for this quarter in 2006, *Great Place to Getaway*.
- Factors on which Hawaii excels in the ratings – clearly above their importance level in both time frames – include *Clean, Safe, Family Oriented*; *Active Recreation*; and *the Social Scene*.

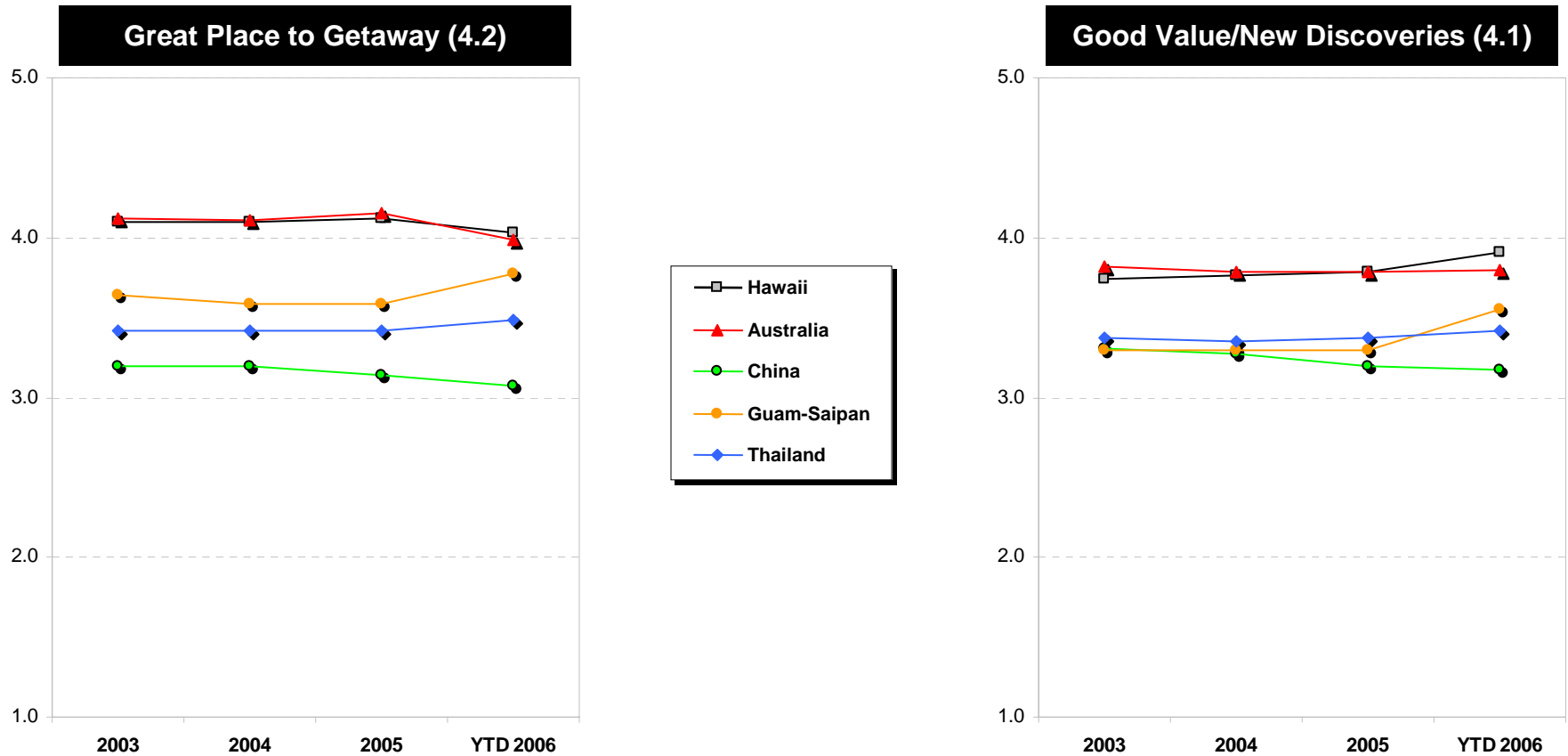
Q4, 2005/Q4, 2006



# Hawaii vs. Competitors (Gap) (Q5)

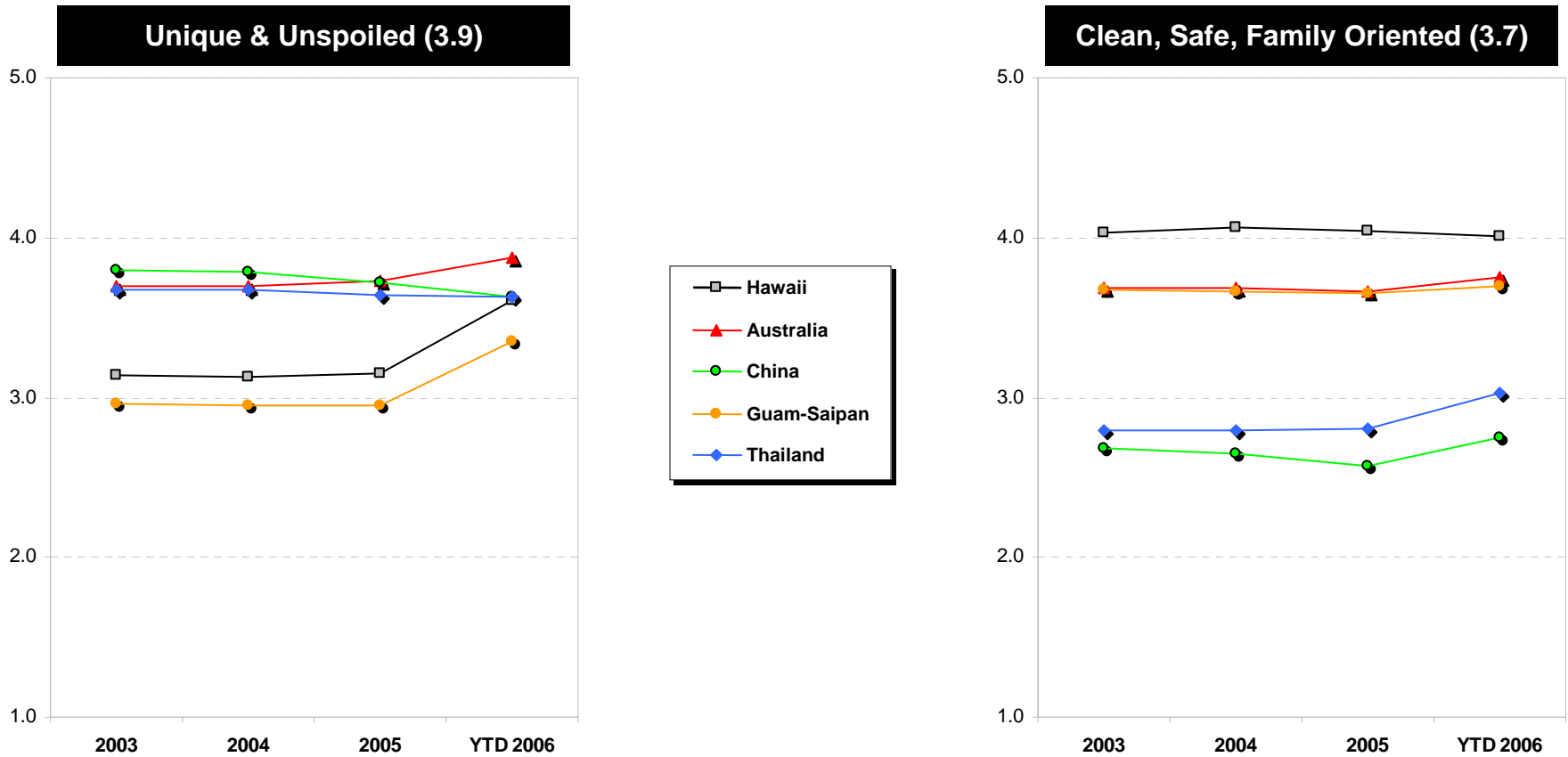
## Japanese Market – Average Ratings: 2003-2006

- Japanese travelers place only Europe (not measured on the attributes) and Australia (slightly) ahead of Hawaii as a destination considered for their next vacation. Consequently, they often assign the highest scores to **Hawaii** and **Australia**.
- Hawaii** clearly leads on *Clean/Safe/Family Oriented* and the *Social Scene*. While **Australia** maintains the competitive advantage over **Hawaii** on *Unique & Unspoiled*, Hawaii “catches” **Thailand** and **China** in 2006.
- These two top destinations, **Hawaii** and **Australia**, closely match on the remaining factors (*Great Place to Getaway*, *Good Value/New Discoveries*, and *Active Recreation*), although Hawaii tends to place slightly higher this year.



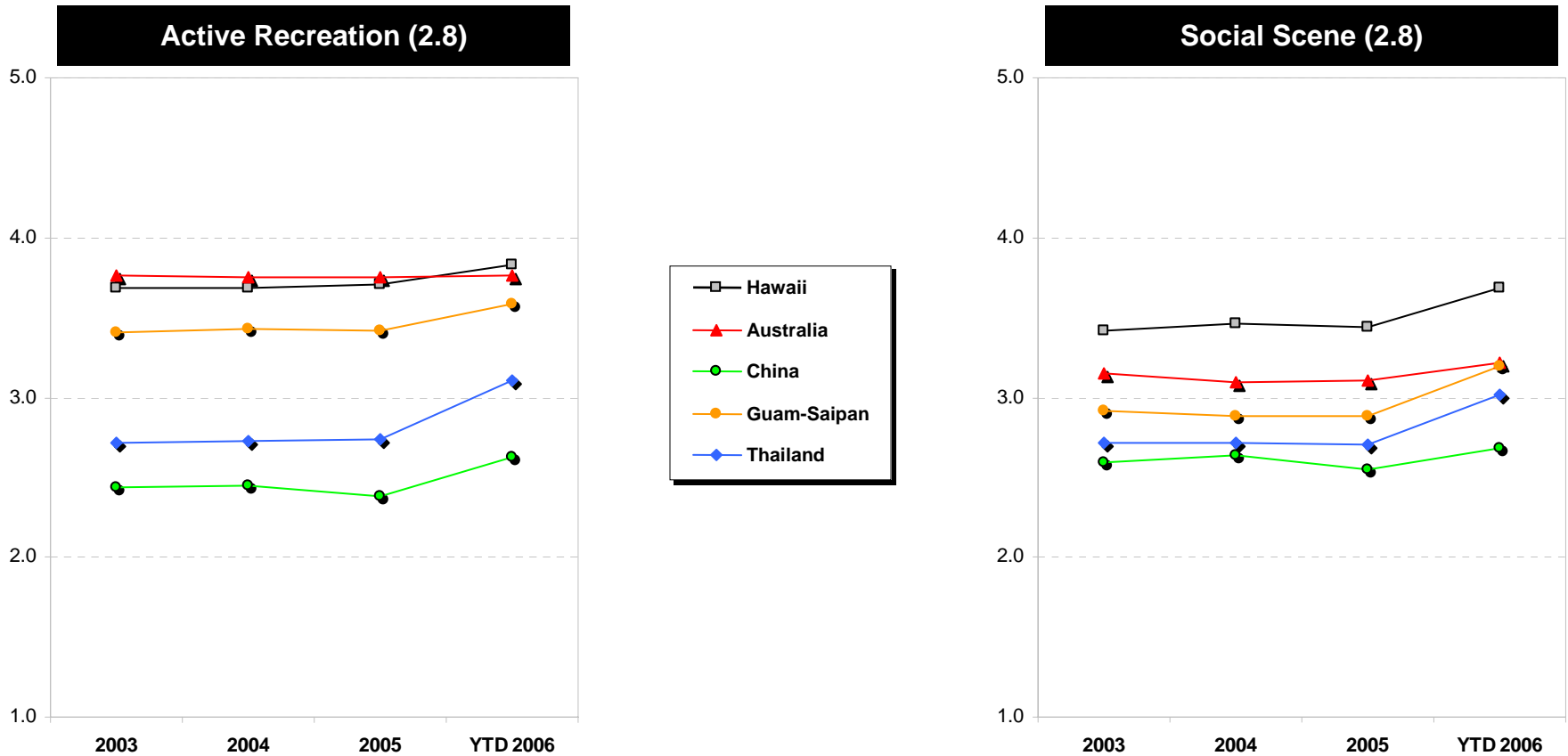
# Hawaii vs. Competitors (Gap) (Q5)

*Japanese Market – Average Ratings: 2003-2006*



# Hawaii vs. Competitors (Gap) (Q5)

*Japanese Market – Average Ratings: 2003-2006*

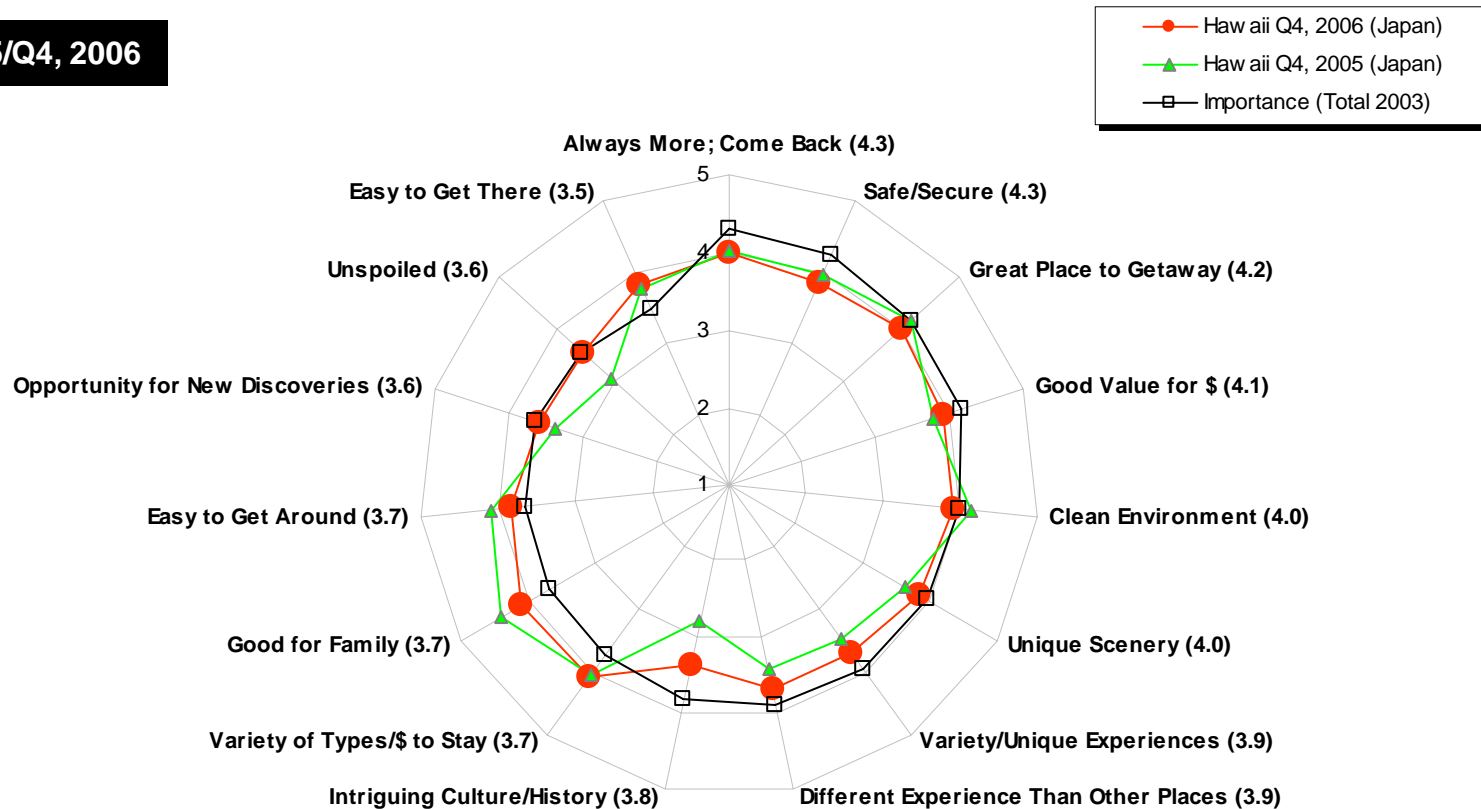


# Attribute Importance and Hawaii Ratings (Q5)

## Japanese Market

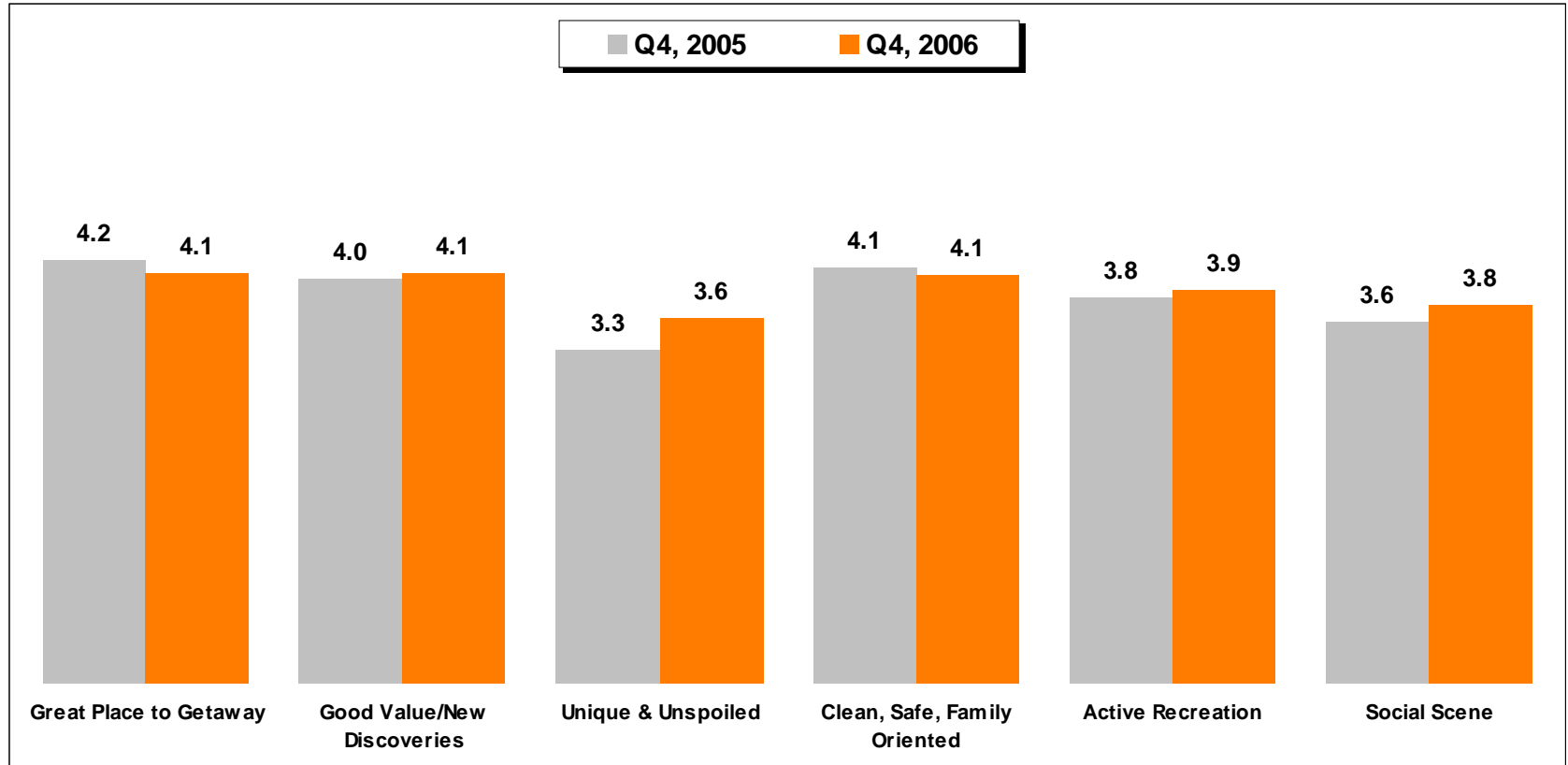
- Comparing Quarter 4, 2006 to Quarter 4, 2005, travelers score Hawaii's image similarly between the two time periods, but with several noticeable gaps (at least somewhat impacted by the change in methodology):
  - Stronger than a year-ago: *Good Value for the Money, Unique Scenery, Variety/Unique Experiences, Different Experiences Than Other Places, Intriguing Culture/History, Opportunity for New Discoveries, Unspoiled, and Easy to Get There.*
  - Trailing a year-ago: *Safe/Secure, Great Place to Getaway, Clean Environment, Good for Family, and Easy to Get Around.*

Q4, 2005/Q4, 2006



# Rating of Hawaii by High Spenders (Q5)

## *Japanese Market*



# Appendix A: Demographics All Markets



# Hawaii Visitors vs. Total Travelers

## Demographics

	Total All LD* Respondents		Hawaii Visitors Past 3 Years				
	Total 2005	YTD 2006	Q4: Oct-Dec 05	Q1: Jan-Mar 06	Q2: Apr-Jun 06	Q3: Jul-Sep 06	Q4: Oct-Dec 06
<b>EASTERN US</b>							
Median Age	53	51	56	51	57	58	58
Median Income	\$58,500	\$58,500	\$68,200	\$81,800	\$69,400	\$52,500	\$53,800
# LD* Trips Annually	2.0	2.5	2.3	3.3	2.6	2.9	3.0
<b>WESTERN US</b>							
Median Age	53	49	58	45	50	51	52
Median Income	\$57,400	\$59,800	\$66,300	\$72,700	\$69,700	\$67,800	\$67,500
# LD* Trips Annually	2.1	2.7	2.5	4.1	3.3	3.5	3.1
<b>JAPAN</b>							
Median Age	47	48	40	43	45	50	48
Median Income	\$60,600	\$57,400	\$64,700	\$55,800	\$67,700	\$69,000	\$66,200
# Int'l Trips Past 2 Years	1.9	2.2	2.1	2.6	2.6	2.7	2.4

\*LD=Long-distance travelers: US=500+ Mile Air Trip in Past 12 Months; Japan=International Trip in Past 2 Years

# Appendix H: Factor Definitions and Components



# Importance Factors (Q5)

## *US Market*

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The following two charts present the results from the factor analysis prepared from the importance of attributes assigned by respondents when selecting a destination (developed from total 2003 surveys).

The factors were prepared for the US and Japan separately to allow for cultural variances. They are listed in order of the importance of the factors.

The primary attributes for each factor are shown and are listed in the rank order of their “loading” score.

The importance score shown in parentheses is the importance of the primary attributes weighted by their loading scores to the factor.

# Importance Factors (Q5) (cont'd)

## *US Market*

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**Easy, Value, Safe, Clean (4.0):** Easy to get there, good value for money, easy to get around, safe/secure, clean environment, variety of types/prices of places to stay

**Unique and Unspoiled (3.7):** Unique scenery unlike anywhere else, unspoiled and not over-developed

**New Discoveries/Unique (3.5):** Opportunities for new discoveries, variety of cultural activities, always new activities, more to “come back for,” intriguing history/culture, variety of unique experiences, different experience than other places

**Good for Family/Friendly (3.3):** Good for family/children, local people are friendly

**Social Scene (3.2):** Romantic, variety of nightlife, place to “get away from it all,” cuisines and dining options

**Active Recreational Choices (2.8):** Adventure activities; nature activities, wide variety of recreational activities

**Events & Entertainment (2.7):** Special events/festivals, entertainment (theatre, concerts, galleries), shopping

**Golfing (1.6):** Great place to golf

# Importance Factors (Q5) (cont'd)

## *Japanese Market*

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**Great Place to Getaway (4.2):** Great place to “get away from it all”

**Good Value/New Discoveries (4.1):** Good value for the money, more to “come back for,” opportunities for new discoveries, easy to get around

**Unique and Unspoiled (3.9):** Unique scenery unlike anywhere else, intriguing history/culture, unspoiled and not over-developed, different experience than other places, variety of unique experiences

**Clean, Safe, Family Oriented (3.7):** Clean environment, safe and secure, good for family/children, easy to communicate in native language, variety of types/prices of places to stay, easy to get there, local people are friendly

**Active Recreational Choices (2.8):** Nature activities, always new activities, adventure activities, many things to do for active lifestyles, variety of cultural activities, wide variety of recreational activities, great place to golf

**Social Scene (2.8):** Variety of nightlife, entertainment (theatre, concerts, galleries), cuisines and dining options, romantic, special events/festivals, shopping



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