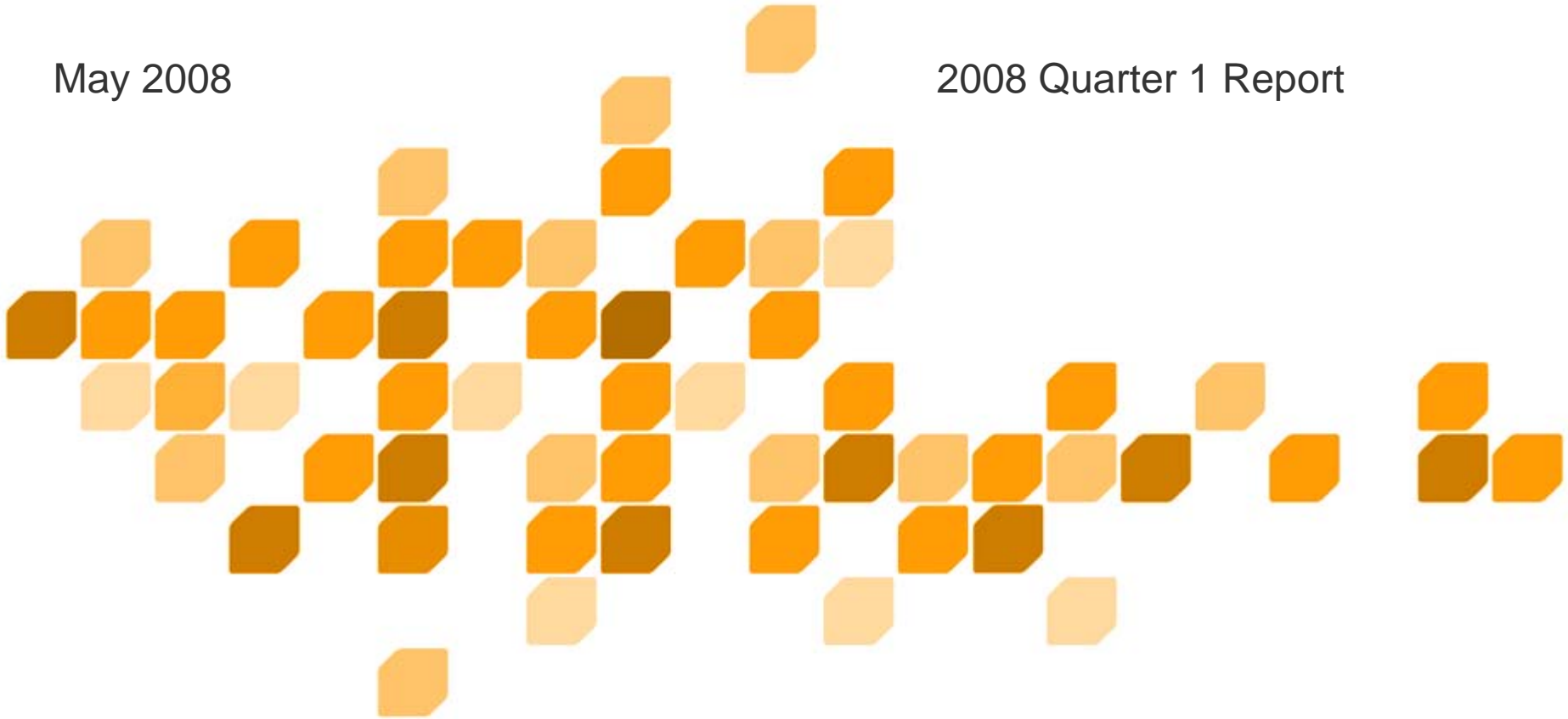


May 2008

2008 Quarter 1 Report



# Purposes and Methodology



# Research Objectives

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This is the 21st quarterly report of a tracking study for Hawaii.

Over time, this research tracks the impact and effectiveness of advertising campaigns. This wave (Q1, 2008) is the fifth wave using a new assessment of Hawaii vis-à-vis its competition (and the first that can show year-to-year comparisons). For each of various image attributes, respondents indicate which one(s), if any, of the listed destinations they **prefer**. TNS believes that being **preferred** on an attribute is far more relevant because it suggests that, when selected, Hawaii persuades people about that item and is a bigger achievement than simply creating awareness. If travelers prefer a destination, they perceive it as a leader.

Specifically, the study measures and monitors changes for the key topic listed below.

- Consideration of Hawaii as a Destination
- Importance of Attributes
- Preference for Hawaii over time (Ranked by Importance)
- Preference for Hawaii by Behavioral Segments (Ranked by Importance Assigned by Each Segment)
- Hawaii vs. Competitors on Each Image Attribute (Ranked by Importance)

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

- Intent and/or Actual Visits to Hawaii
- Travel Patterns and Info on Hawaii Trip (Accommodations, Length of Visit, Frequency, Satisfaction)
- Since Q3, 2006, Japanese Travelers Indicate Reasons for Not Intending/Considering Hawaii

# Methodology

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## Research methods for Hawaii:

- Beginning in Quarter 1, 2006, the Hawaii tracking study shifted research methods from distributing mail-out questionnaires to posting an online survey.
- For this quarter, between January 9 and March 26, 2008, 530 survey invitations (265 in the East and 265 in the West) were e-mailed each week in the US. Overall, 6,360 survey invitations were sent in the US.
- In Japan, potential respondents were pre-screened for international leisure trips in the past 2 years. Between January 11 and March 28, 2008, 41 surveys were e-mailed each week. Overall, 533 invitations were sent in Japan.
- Qualified respondents have taken an overnight leisure trip of 500 miles (US) or an international trip (Japan) in the past 24 months.

# Mailout and Qualified Returns

	Total	Eastern US	Western US	Japan
<b>Quarter 4, 2008</b>				
Mailout				
Qualified				
<b>Quarter 3, 2008</b>				
Mailout				
Qualified				
<b>Quarter 2, 2008</b>				
Mailout				
Qualified				
<b>Quarter 1, 2008</b>				
Mailout	6,893	3,180	3,180	533
Qualified	1,173	386	384	403

# Summary and Implications



# Summary

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## Background and General Characteristics

This summary presents the First Quarter 2008 results of this ongoing tracking study (sixth year). As in the previous waves, three markets are evaluated: Eastern US long distance travelers, Western US long distance travelers, and Japanese international travelers. The findings of this research compare results from Quarter 1, 2008 vs. Quarter 1, 2007 (one year ago), and annual results, as appropriate.

Beginning with the first wave in 2007, the image measurements shift from ratings of Hawaii and competitors to a preference for Hawaii vs. competitors. TNS believes that being **preferred** on an attribute is far more relevant because it suggests that, when selected, Hawaii persuades people about that image item and is a bigger achievement than simply creating awareness. If travelers prefer a destination, they perceive it as a leader. This is the first quarter that a year-to-year attribute preference comparison can be made.

As noted in prior reports, Hawaii is a strong destination:

- The TNS American Traveler Survey (ATS) routinely places Hawaii at the top of its destination growth indices (not shown in this report).
- It provides a high level of satisfaction that competes favorably with top destinations of the world, as shown in this report and verified by ATS as well.

## Demographics and Hawaii Visitor Characteristics

Hawaii draws relatively **upscale visitors from both of the US plus the Japanese markets**. Even when compared to others who travel long distances by air, Hawaii visitors typically earn more and travel more.

**By age**, Hawaii visitors from the US are usually *older* than other long distance travelers (although the West is an exception this wave) while Japanese visitors to Hawaii tend to be *about the same age* as other long distance/international travelers.

Some **travel patterns** between the US and Japan are notably different as well. US travelers stay longer (usually 7+ days) than Japanese visitors (less than a week). However, over half of both US and Japanese visitors travel in pairs.

# Summary (cont'd)

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## What's Important to US Long-Distance Travelers?

Respondents indicate the importance of each of 28 attributes as well as how well (preference) Hawaii performs on each. While Eastern and Western markets generally consider the same attributes to be important, a few subtle differences appear (ranking is based to the total 2007 sample to increase stability and will be used for preference scores throughout 2008):

### Eastern US Market (Attributes Rated 3.4+):

- Safe/Secure (4.42)
- Good Value for the Money (4.29)
- Clean Environment (4.19)
- Great Place to Get Away From It All (4.19)
- Local People Are Friendly (4.12)
- Easy to Get Around (4.10)
- Variety of Types/Prices of Accommodations (3.94)
- Variety of Unique Activities & Experiences (3.93)
- Easy to Get There (3.90)
- Always More to Keep Coming Back (3.87)
- Variety of Cuisine/Dining Options (3.83)
- Different Experience Than Other Places (3.81)
- Unique Scenery Unlike Anywhere Else (3.80)
- Always New Experiences for the Visitor (3.75)
- Intriguing History and Culture (3.74)
- Opportunities for New Discoveries (3.73)
- Variety of Cultural Activities (3.58)
- Wide Variety of Recreational Choices (3.55)

### Western US Market (Same Top Attributes As East):

- Safe/Secure (4.31)
- Good Value for the Money (4.24)
- Great Place to Get Away From It All (4.09)
- Local People Are Friendly (4.07)
- Clean Environment (4.06)
- Easy to Get Around (4.03)
- Variety of Unique Activities & Experiences (3.92)
- Variety of Types/Prices of Accommodations (3.89)
- Different Experience Than Other Places (3.87)
- Unique Scenery Unlike Anywhere Else (3.87)
- Always More to Keep Coming Back (3.85)
- Intriguing History and Culture (3.80)
- Easy to Get There (3.78)
- Variety of Cuisine/Dining Options (3.77)
- Opportunities for New Discoveries (3.74)
- Always New Experiences For the Visitor (3.69)
- Variety of Cultural Activities (3.57)
- Wide Variety of Recreational Choices (3.44)

# Summary (cont'd)

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## Competitive Preference for HAWAII (Q1 2008) -- Long Distance Travelers from the East:

- Generally place Hawaii in a relatively competitive position on the various image elements, ranking or tied for first (6) or second (9) on 15 of the 28 image attributes. Overall, Hawaii leads all competitors on *clean environment*, *friendly local people*, *unique scenery*, *nature-based activities*, *romantic place*, and *adventure activities*. In contrast, it ranks last on four: *good value for the money*, *variety (prices/types) of accommodations*, *easy to get there*, and *variety of nightlife*.
- **Competitor results:** Of the four key competitors (Florida, California, Caribbean, and Europe), Europe leads in the number of image attributes (11), although Florida (8) has the edge for the two most important ones (*safe/secure* and *value for the money*). Hawaii receives the highest recognition for the third most important (*clean environment*).
- **Since the end of 2007:** Images during the first quarter generally remain the same or improve. Minor (insignificant) downward shifts occur for *different experience than other places* and *variety of cultural activities*.
- **Considered Destinations:** As in the past, within the **Eastern Market**, Florida (39%), the Caribbean (36%), and Las Vegas (26%) exceed other destination areas in interest. Further, a higher proportion of long distance travelers in this market also consider traveling to California (27%) and Europe (25%) for a vacation over Hawaii (21%). However, Hawaii maintains its edge over Mexico (18%), positioned at next-to-last unless travelers have visited there (Hawaii) in the past. In that case (**past Hawaii visitors**), Hawaii ranks fourth (33%) – behind Florida (51%), the Caribbean (39%), and Las Vegas (37%), but ahead of Europe (29%), California (18%, as well as Mexico (22%).

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q1 2008) -- Long Distance Travelers from the East:

- Difficult as it is to modify the images held by travelers about destinations, preference for Hawaii generally improves within the US Eastern Market, suggesting a strengthening of its image:
  - **Cuisine Seekers:** This group places a relatively greater focus on *variety of cuisine/dining options* (2<sup>nd</sup> in importance vs. 11<sup>th</sup> among the total US Eastern Market). Overall, they generally express increased preference for Hawaii (all but two attributes improve or remain the same).
  - **Romance Seekers:** These travelers emphasize *romance* (it moves to 6<sup>th</sup> place from 25<sup>th</sup> in importance). Of dimensions that indicate a change from a year ago, Hawaii is twice as likely to show improvement as a decline.
  - **High Experiential Seekers:** Over all dimensions, Hawaii more often improves than declines.
  - **Culture Seekers:** These travelers rearrange attribute importance in predictable ways (*intriguing history/culture* jumps to 2<sup>nd</sup> from 15<sup>th</sup> and *variety of cultural activities* to 4<sup>th</sup> from 17<sup>th</sup>). Although Hawaii's image slips slightly on *intriguing history and culture*, it still exceeds all competitors with a 49% preference. This group appears to maintain a more static (rather than improving) image of Hawaii.
  - **Adventure Seekers:** As anticipated, Adventure Seekers place much greater emphasis on *adventure activities* (importance jumps to 5<sup>th</sup> from 26<sup>th</sup> and *wide variety of recreational choices* moves to 10<sup>th</sup> from 18<sup>th</sup>) than other travelers. Their image of Hawaii closely mirrors last year, but when differences appear they often place below the earlier results. However, *adventure activities* and *wide variety of recreational choices* (the items that are much more important to this segment than others) nearly match last year, indicating a rather static image of Hawaii.
  - **Golfers:** Golfers dramatically reassign the importance of Golf from last place (28<sup>th</sup> of the 28 items) to first. The small sample of this group is subject to considerable volatility and inconsistent changes (sometimes improving from a year ago, sometimes declining). No clear shift in Hawaii's image appears among those in this behavioral segment.

# Summary (cont'd)

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## Competitive Preference for HAWAII (Q1 2008) -- Long Distance Travelers from the West:

- Consider Hawaii a more viable vacation destination than those in the Eastern US, placing Hawaii at the top on half (16) of the 28 items (including the lead that it shares on *variety of nightlife* with Caribbean). Further, those from the West never place Hawaii last and only once (*good value for the money*) as next-to-last.
- **Competitor results:** Of the four key competitors (Mexico, Alaska, Australia, and the Caribbean), none provide much threat to Hawaii. Including a tie with Australia on *opportunities for new discoveries*, Alaska ranks a distant second in the number of strong images (seven -- particularly for *cleanliness*, *scenery*, and *natural* attributes), followed by Australia, Mexico, and the Caribbean.
- **Since the end of 2007:** Images during the first quarter generally remain the same or improve. Minor (insignificant) downward shifts occur for: *safe/secure*, *great place to get away from it all*, *variety of accommodations*, *easy to get there*, *opportunities for new discoveries*, *special events/festivals*, *romantic*, and *variety of nightlife*.
- **Considered Destinations:** Western long distance travelers prefer Hawaii among its competitive set, in this order: Hawaii (38%), Las Vegas (35%), Europe (26%), Alaska (26%), Mexico (24%), the Caribbean (22%), and Australia (15%). **Past Hawaii visitors** find Hawaii strikingly more enticing (53% consider it vs. 35% for second-place Las Vegas).

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q1 2008) -- Long Distance Travelers from the West:

- Preference for Hawaii generally remains static within the US Western Market, but continues to outperform competitive destinations:
  - **Cuisine Seekers:** This group places a relatively greater focus on *variety of cuisine/dining options* (2<sup>nd</sup> in importance vs. 14<sup>th</sup> among the total US Western Market). Differences in preference for Hawaii mirrors the year ago level for most dimensions, but of those that change, the direction tends to be a slight downward shift, most notably for *safe and secure*. The general patterns suggests a static image of Hawaii among this group, perhaps needing a promotional boost.
  - **Romance Seekers:** These travelers emphasize *romance* (it moves to 5<sup>th</sup> place from 25<sup>th</sup> in importance). Of the top dozen dimensions in importance, Hawaii tends to stay in place, sometimes posting a small gain (4 items), sometimes a small decline (4 items). Overall, Hawaii's image appears rather static within this group.
  - **High Experiential Seekers:** Of the top dozen most important dimensions for this behavioral segment, Hawaii generally tends to slip slightly from a year ago. Several dimensions reflect minor deterioration, but most stay in place. Generally, Hawaii's image is relatively static, perhaps needing greater marketing support in the Western Market.
  - **Culture Seekers:** These travelers rearrange attribute importance in predictable ways (*intriguing history/culture* jumps to 1<sup>st</sup> place from 12<sup>th</sup> while *variety of cultural activities* moves to 3<sup>rd</sup> from 17<sup>th</sup>). However, Hawaii's preference slips slightly on the top three items, including *intriguing history and culture* (57% from 63%), *safe and secure*, and *variety of cultural activities*. It still exceeds all competitors, but could benefit from additional promotions.
  - **Adventure Seekers:** As anticipated, Adventure Seekers place much greater emphasis on *adventure activities* (importance jumps to 3<sup>rd</sup> from 26<sup>th</sup> and *wide variety of recreational choices* moves to 11<sup>th</sup> from 18<sup>th</sup>) than other Western US travelers. *Great place to get away from it all* rises to first place (from 3<sup>rd</sup>). Adventure Seekers' image of Hawaii loosely mirrors last year, with differences occurring both above and below the year-ago quarter. Their lack of a clear shift in preference indicates a rather static image of Hawaii.
  - **Golfers:** Golfers dramatically shift the importance of Golf from last place (28<sup>th</sup> of the 28 items) to first. The small sample of this group is subject to considerable volatility and inconsistent changes (sometimes improving from a year ago, sometimes declining), and they indicate no clear shift in Hawaii's image.

# Summary (cont'd)

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## What's Important to Japanese International Travelers?

Respondents indicate the importance of each of 30 attributes as well as how well (preference) Hawaii performs on each. Similar attributes top the list as in the US markets, although a few difference elements appear (ranking is based to the total 2007 sample to increase stability and will be used for preference scores throughout 2008):

### Japanese Market (Attributes Rated 3.4+):

- Safe/Secure (4.41)
- Good Value for the Money (4.27)
- Always More to Keep Coming Back (4.19)
- Great Place to Get Away From It All (4.18)
- Unique Scenery Unlike Anywhere Else (4.16)
- Intriguing History and Culture (4.08)
- Variety of Unique Activities & Experiences (4.00)
- Different Experience Than Other Places (3.99)
- Clean Environment (3.98)
- Opportunities for New Discoveries (3.92)
- Variety of Types/Prices of Accommodations (3.88)
- Local People Are Friendly (3.84)
- Easy to Get Around (3.83)
- Variety of Cuisine/Dining Options (3.66)
- Easy to Get There (3.64)
- Unspoiled, Not Overdeveloped (3.58)
- Always New Experiences For the Visitor (3.47)
- Many Things To Do For Active Lifestyles (3.44)
- Good Place for Family/Children (3.41)

# Summary (cont'd)

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## Competitive Preference for HAWAII (Q1 2008) – Japanese International Travelers:

- View Hawaii as competitively as long distance travelers from the West US Market. Travelers prefer Hawaii to all others on more than half (18) of the 30 dimensions, plus it nearly ties Australia on two, and ranks (or ties for) second place on seven more. Except for a last-place tie with Guam/Saipan (*unspoiled, not overdeveloped*), Hawaii never ranks last and places next-to-last on only four other items (lagging on *unique* and *intriguing* related dimensions).
- **Competitor results:** As in the Western US Market, the four key competitors (Thailand, Australia, Guam/Saipan, and China) trail Hawaii. Including the two items (*value for the money* and *always new experiences for the visitor*) which almost tie with Hawaii, Australia maintains the second-strongest image (leading on 10). Guam/Saipan and China outperform others on only one dimension each; Thailand on none.
- **Since the end of 2007:** Images during the first quarter generally remain the same or improve, particularly for *variety of cultural activities*. Only two features post minor slippage: *variety of cuisine/dining options* and *easy to get there*.
- **Considered Destinations: Japanese international leisure flyers** place Hawaii (38%) in second place among a short list of international competitors: Europe (49%), Hawaii (38%), Australia (31%), Korea (26%), Guam/Saipan (25%), Thailand (21%), Guam/Saipan (22%), and China (16%). Of course, **past Hawaii visitors** hold it in much higher esteem – Hawaii (62%) leads second and third place Europe (54%) and Australia (40%) by a wide margin.

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q1 2008) – Japanese International Travelers:

- Preference for Hawaii generally improves within the Japanese Market, suggesting a strengthening of its already superb competitive image:
  - **Cuisine Seekers:** This group places a relatively greater focus on *variety of cuisine/dining options* (5<sup>th</sup> in importance vs. 14<sup>th</sup> among the total Japanese Market). Differences in preference for Hawaii mirrors the year ago level for most dimensions, but of those that change, most improve, especially: *different experience than other places* and *easy to get around*.
  - **Romance Seekers:** These travelers emphasize *romance* (it moves to 7<sup>th</sup> place from 22<sup>th</sup> in importance). Of the top dozen dimensions in importance, Hawaii improves on six, slips on two, and remains at the year-ago level on the other four. Of all dimensions that indicate a shift, Hawaii is twice as likely to show improvement as a decline.
  - **High Experiential Seekers:** Over all dimensions, Hawaii almost universally improves – reflecting a positive shift in image for this segment.
  - **Culture Seekers:** These travelers rearrange attribute importance in predictable ways (*intriguing history/culture* jumps to 2<sup>nd</sup> from 6<sup>th</sup> and *variety of cultural activities* to 9<sup>th</sup> from 21<sup>st</sup>). Hawaii's preference remains the same or improves on every attribute except two (*wide variety of recreational choices* and *golfing*), reflecting a generally improving image in the Japanese Market.
  - **Adventure Seekers:** As anticipated, Adventure Seekers place much greater emphasis on *adventure activities* (importance jumps to 8<sup>th</sup> from 28<sup>th</sup>). Adventure Seekers' image of Hawaii loosely mirrors last year, with a few noteworthy gains in preference, indicating an improving image.
  - **Golfers:** Golfers move the importance of *golfing* from last place (30<sup>th</sup> of the 30 items for total Japanese International travelers) to third. The small sample of this group is subject to considerable volatility and inconsistent changes (sometimes improving from a year ago, sometimes declining), indicating no clear shift in Hawaii's image among those in this behavioral segment.

# Travel Patterns

Eastern Market



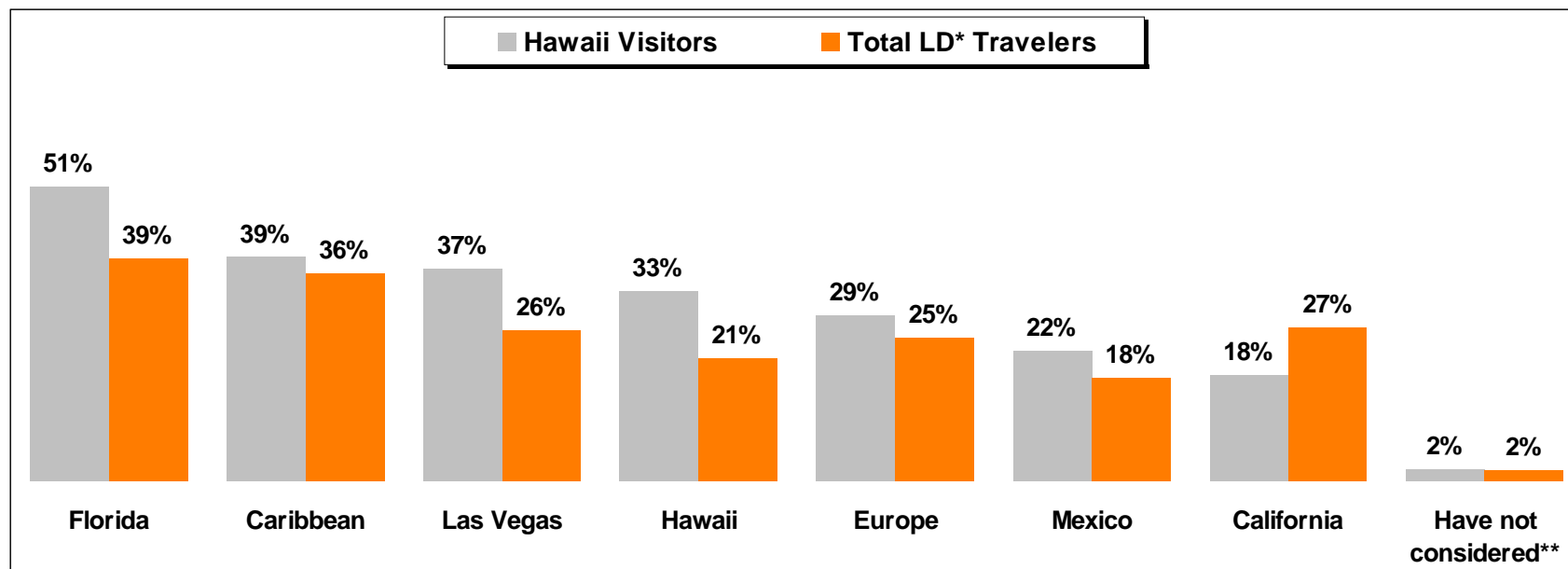
# Considered Destinations (Q3)

## Eastern US Market

The top destinations selected by Eastern US 500+ mile air travelers rank differently than those selected by Hawaii visitors:

- Proportionately more Hawaii visitors choose every destination except California, for which they show less interest than the total long-distance Eastern travelers. Of course, Hawaii appeals to past visitors (that is why they have been there), but as noted in the prior three waves, the Caribbean (39%), and now Florida (51%) and Las Vegas (37%), exceeds Hawaii (37%) even for them (past visitors).
- Among all Eastern long distance travelers, Hawaii (21%) remains ahead of only Mexico (18%), as noted in prior waves.

YTD 2008



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

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

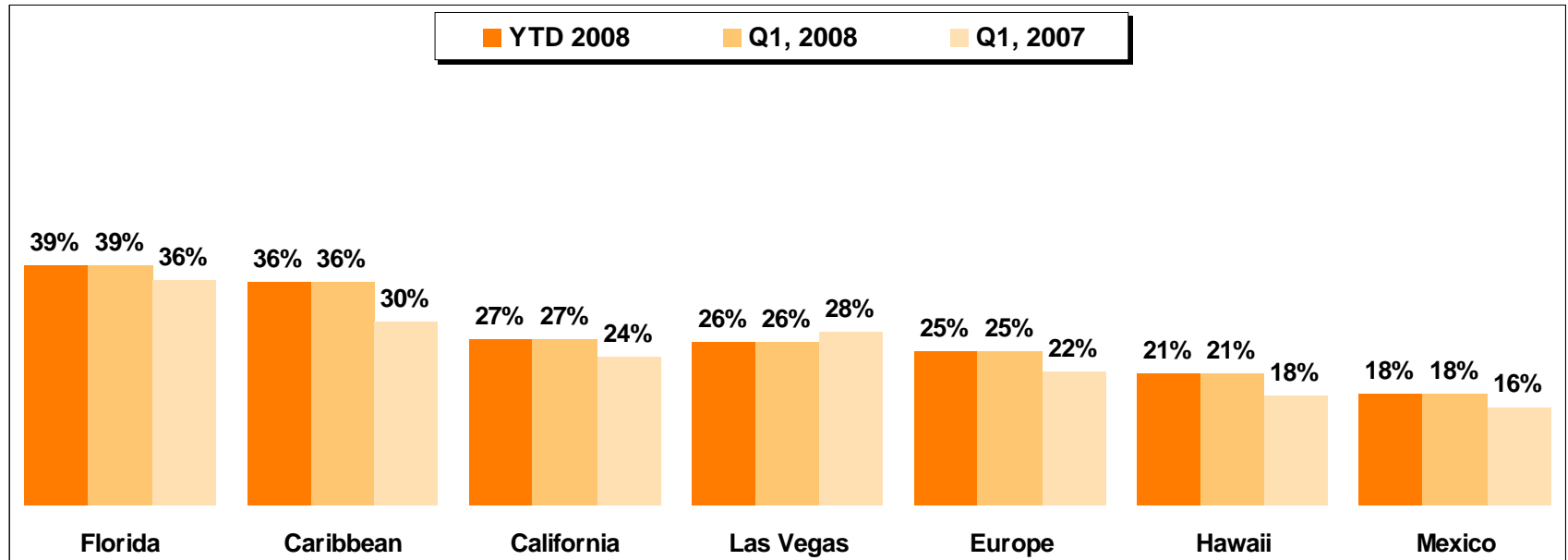
# Considered Destinations (Q3)

## Eastern US Market

With minor differences, Eastern US travelers tend to **rank** their list of considered destinations similarly from wave to wave, with Hawaii consistently somewhat stronger than Mexico:

- Interest in six of the seven listed destinations rises slightly from the same quarter a year ago, most notably, the Caribbean (36% from 30%). Only Las Vegas posts a minor decline (26% from 28%).
- Compared to the calendar year 2007, Q1, 2008 consideration of Hawaii rises (21% from 18%), but Florida (39% from 33%) and the Caribbean (36% from 31%) gain more strikingly. California posts a similar gain as Hawaii (27% from 24%); others (Las Vegas, Europe, and Mexico) remain at similar levels.

### Total LD\* Travelers



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

# Importance of Attributes and Preferences for Hawaii and Competitors

Eastern Market



# Prefer Hawaii by YTD (Q5)

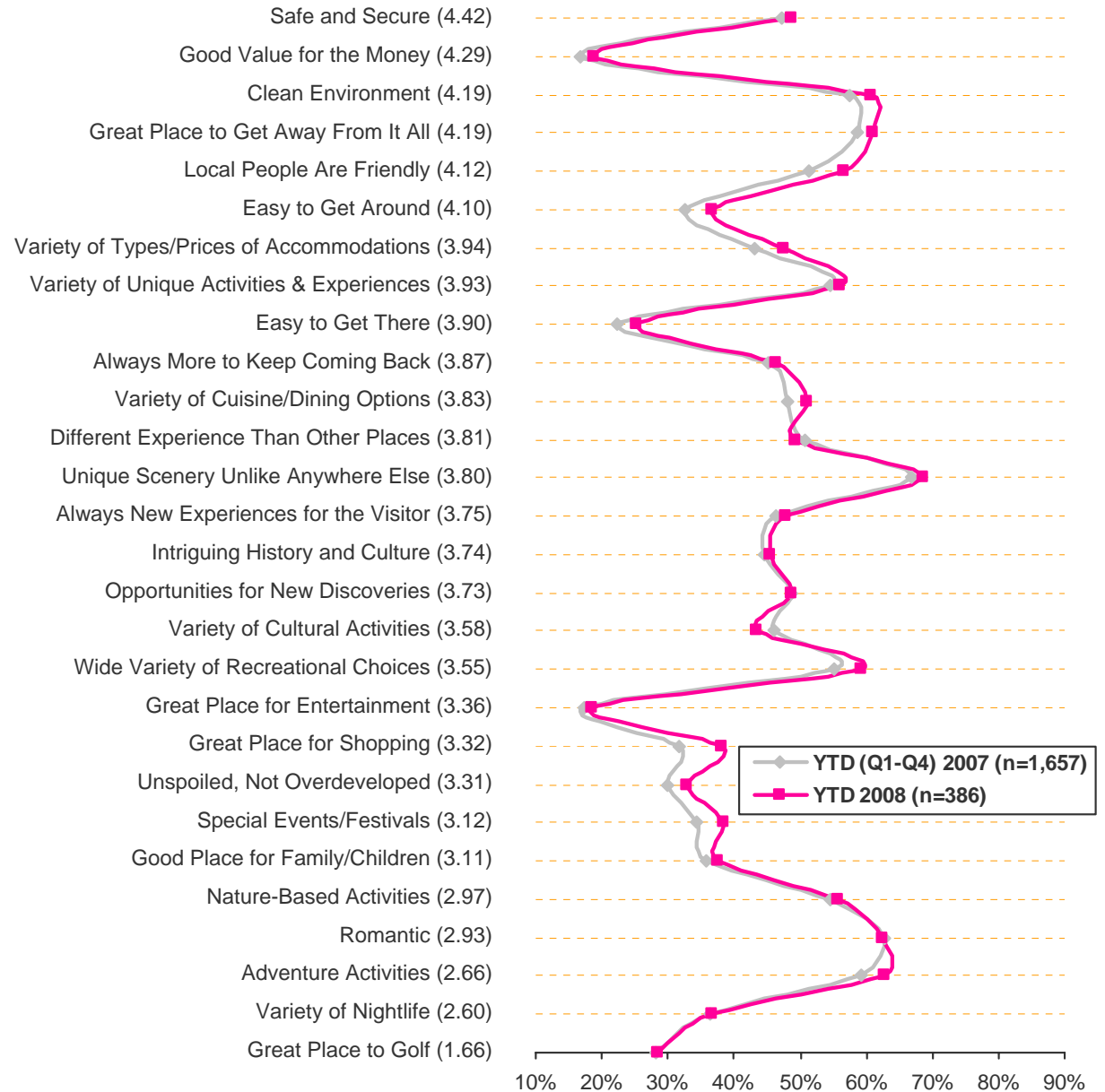
## Eastern Market

Travelers consider the following as Hawaii's strongest features:

- *Clean environment, a great place to get away, friendly, unique activities and experiences, unique scenery, wide variety of recreational choices, romantic, and a place for nature-based and adventuresome activities.*
- Hawaii's first quarter 2008 results generally exceed last year.

### Prefer Hawaii (% for Each Attribute)

Ranked by Average Importance (2007 YTD) for Eastern Market Noted in Labels



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, California, Caribbean, Europe, Florida, or None). Base noted in legend

# Prefer Hawaii by Quarter (Q5)

## Eastern Market

As just noted, travelers consider the following as Hawaii's strongest features:

- *Clean environment, a great place to get away, friendly, unique activities and experiences, unique scenery, wide variety of recreational choices, romantic, and a place for nature-based and adventuresome activities.*
- Hawaii's first quarter 2008 results exceed the year-ago quarter on several dimensions, particularly, *great place to get away and shopping.*

Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, California, Caribbean, Europe, Florida, or None). Base noted in legend



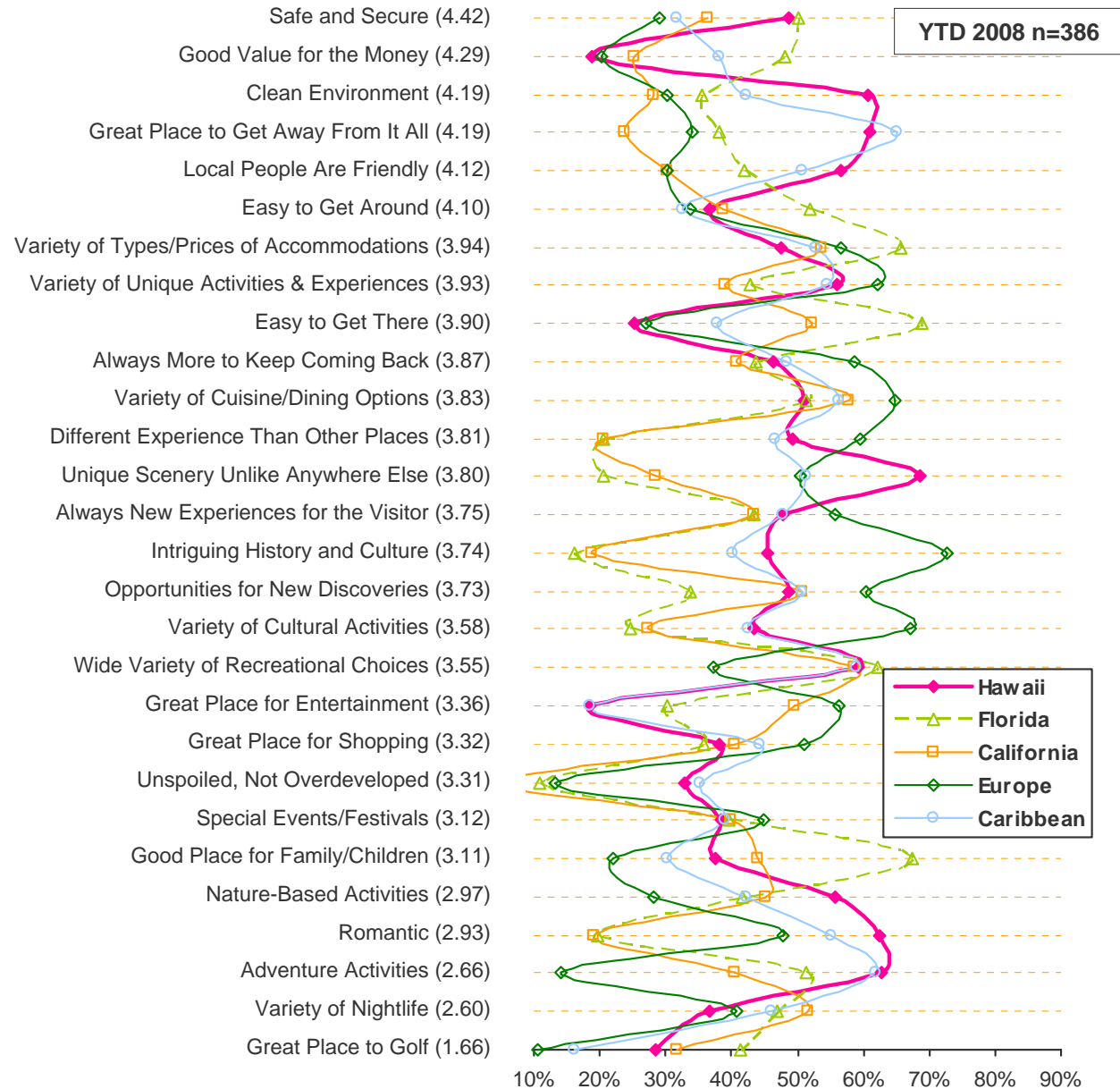
# Prefer Hawaii by YTD (Q5)

## Eastern Market

Competitively, each of these destinations have strengths and opportunities. Hawaii's position on each attribute is shown more clearly on the following two charts.

### Prefer Destination (% for Each Attribute)

Ranked by Average Importance (2007 YTD) for Eastern Market Noted in Labels



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, California, Caribbean, Europe, Florida, or None). Base noted in legend

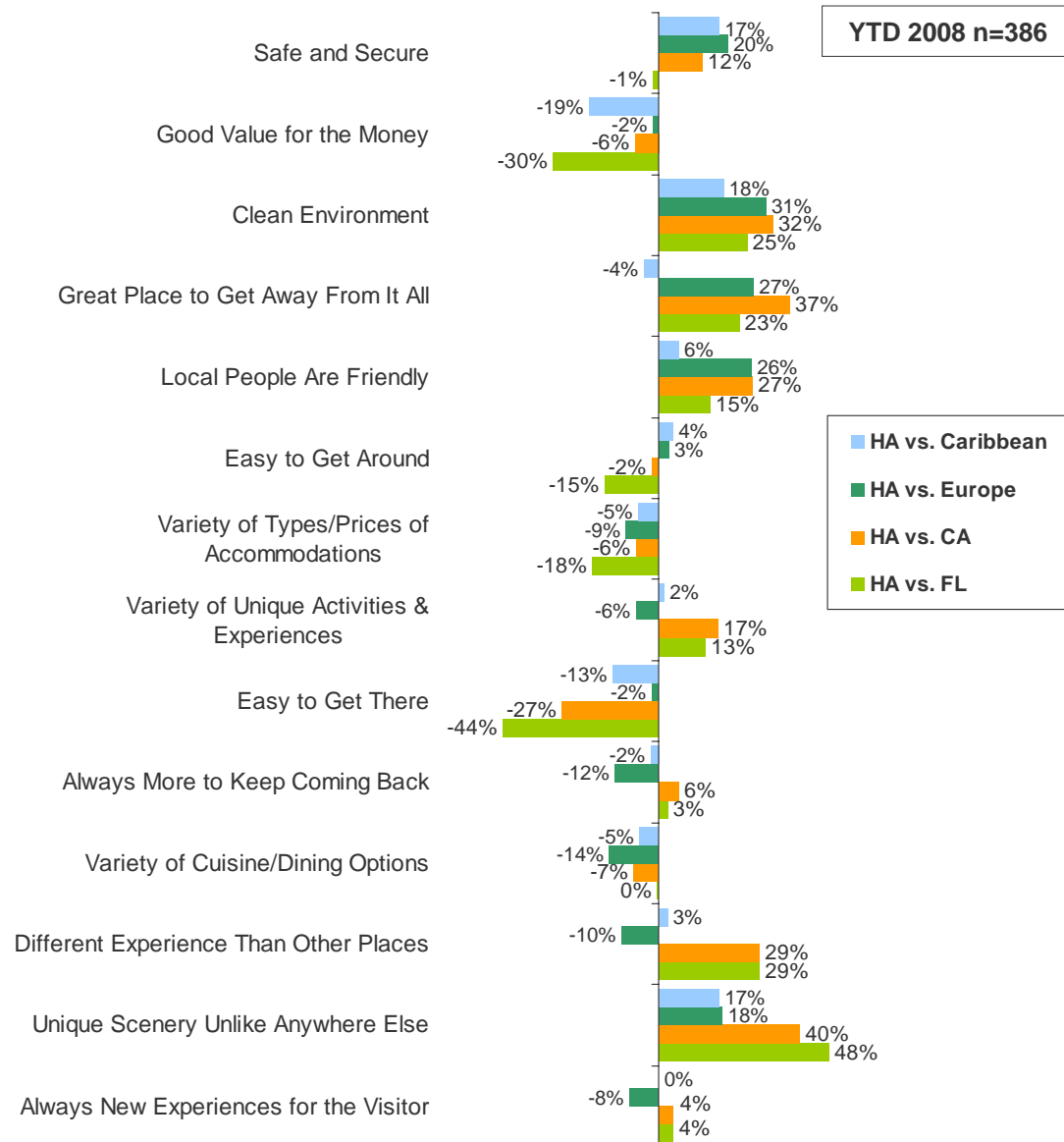
# Preference for Hawaii (Gap Over Competitors)

## Eastern Market

Competitively (all attributes from another viewpoint):

- The attribute preferences underscore **Florida's** and **Europe's** strong images. **Europe** leads on 11 dimensions (particularly historical and cultural features) while **Florida** leads on eight, most strikingly on *value for the money*, *easy to get there*, *family/children*, and *golfing*.
- Hawaii** nearly matches **Florida** on *safe/secure* (the most important feature) and leads on six others: *clean environment*, *friendly locals* (these two features also place in the top five in importance), *unique scenery*, *nature-based activities*, *romantic*, and *adventure activities*.
- Similarly, **Hawaii** and the **Caribbean** lead all others by a wide margin on *unspoiled*.

Preference for Hawaii Minus Preference for Competitor



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, California, Caribbean, Europe, Florida, or None). Base noted in legend

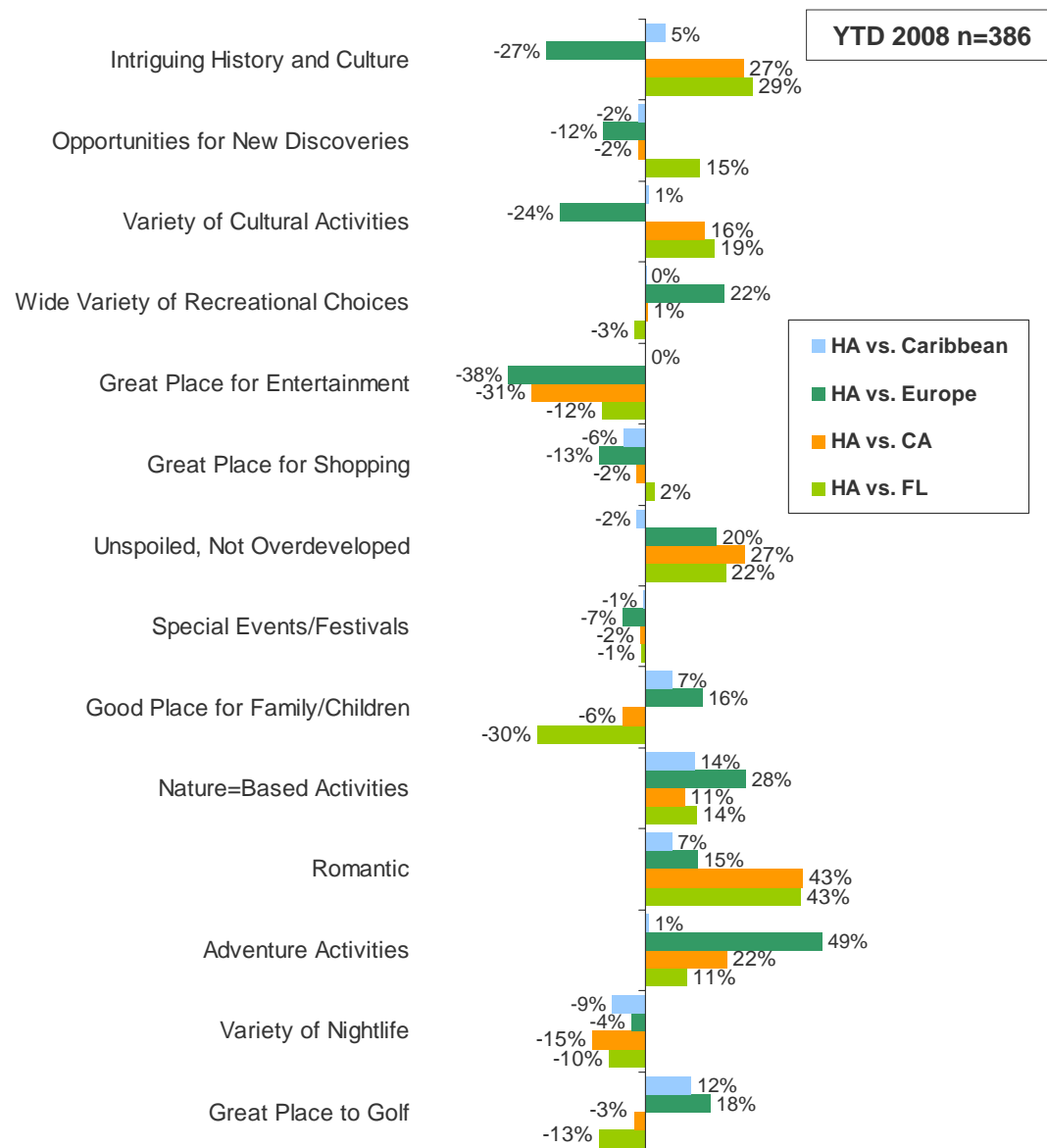
# Preference for Hawaii (Gap Over Competitors) continued

## Eastern Market

Competitively (all attributes continued):

- In contrast, **Hawaii** lags all competitors on: *good value for the money* (the second most important), *easy to get there*, and *variety of nightlife* and shares the bottom position with the **Caribbean** for *entertainment*.

Preference for Hawaii Minus Preference for Competitor



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, California, Caribbean, Europe, Florida, or None). Base noted in legend

# Travel Patterns

Western Market



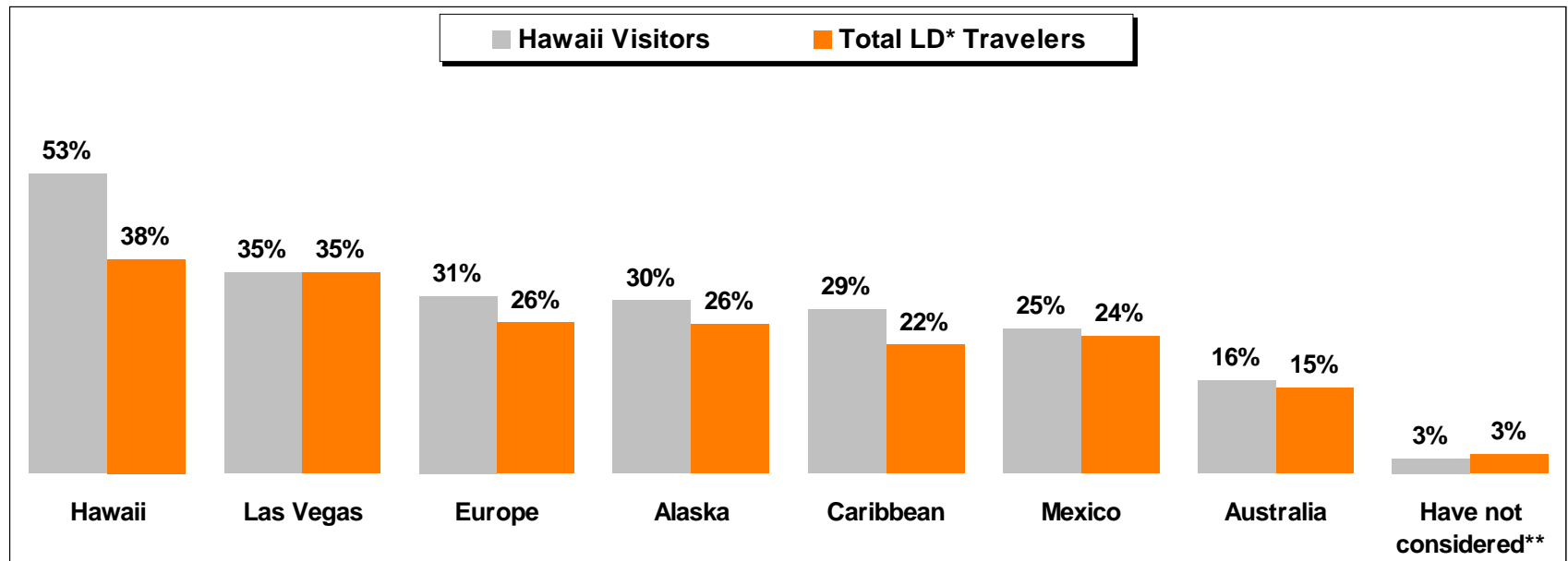
# Considered Destinations (Q3)

## Western US Market

The top destinations considered by Western US 500+ mile air travelers rank similarly to those considered by Hawaii visitors:

- Hawaii ranks first for both groups while Las Vegas ranks second. Europe and Alaska vie for “third place.” Beyond those destinations, Hawaii visitors have a slightly different order, showing greater interest in the Caribbean than Mexico. Australia lags.
- Those who visited Hawaii in the past three years are more likely to choose each of these destinations (except Las Vegas) than other travelers – and more than half (53%) are likely to consider visiting Hawaii again.

### YTD 2008



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

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

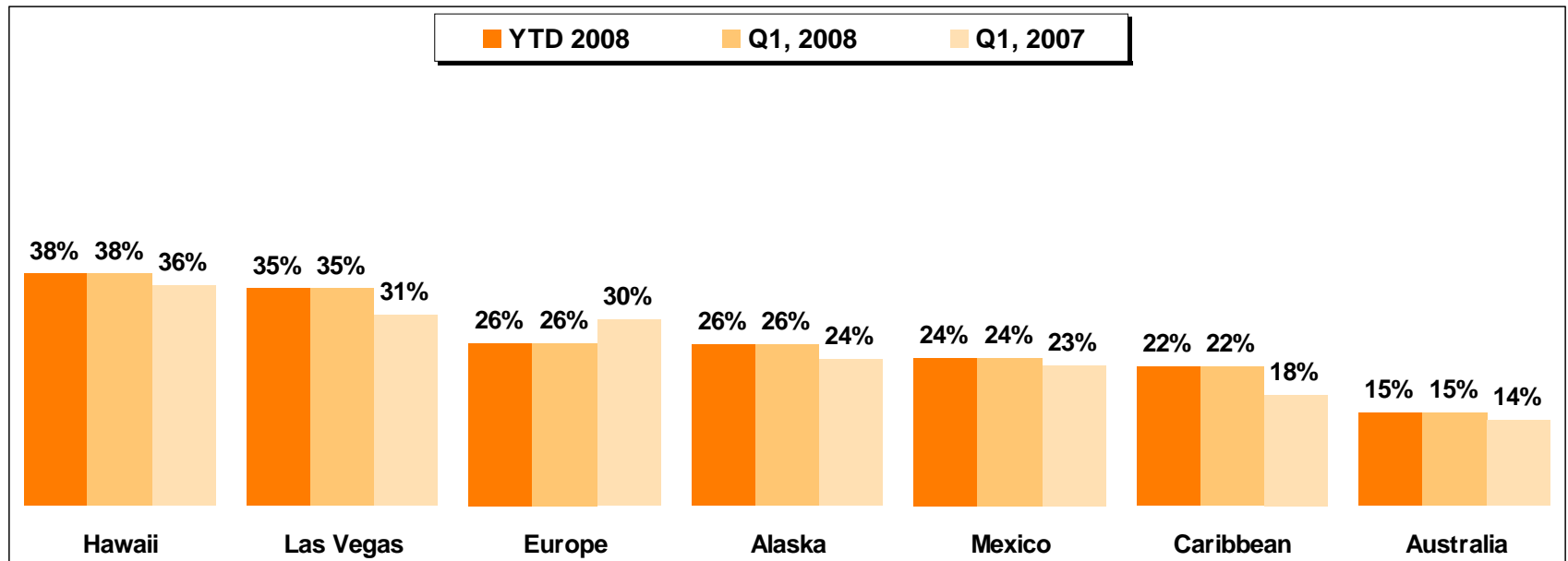
# Considered Destinations (Q3)

## Western US Market

Quarter 1, 2008 highlights:

- Among Western long-distance travelers, Hawaii consistently leads competing destinations.
- Quarter to quarter, all destinations except Europe gathers a boost in interest.

Total LD\* Travelers



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

# Importance of Attributes and Preferences for Hawaii and Competitors

Western Market



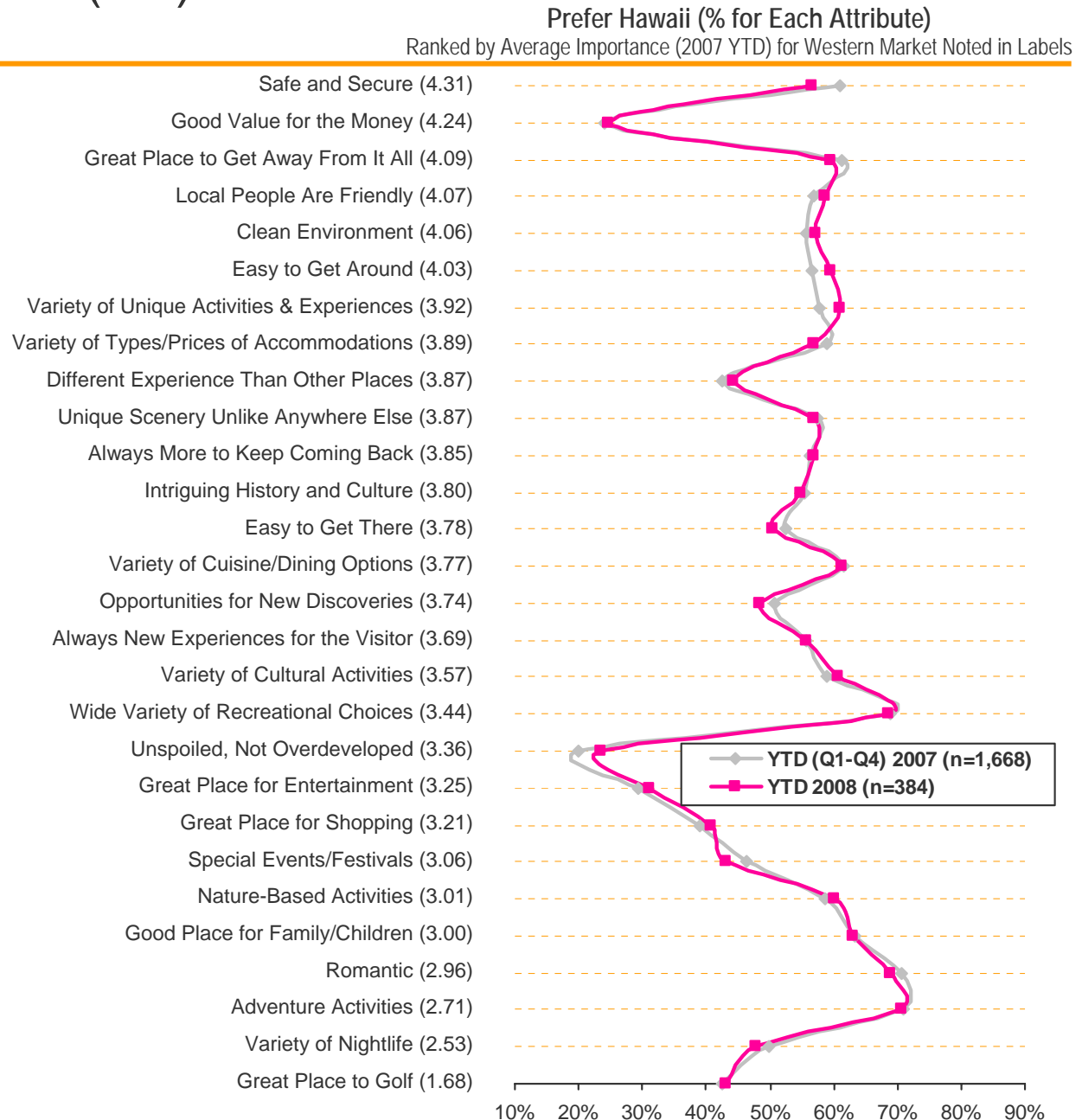
# Prefer Hawaii by YTD (Q5)

## Western Market

Travelers from the Western Market consider Hawaii as very strong on most features – so much so that it is easier to cite the exceptions than list its strengths. Hawaii falls short on only a few features:

- Value for the money, unspoiled/not overdeveloped, and entertainment.
- Hawaii's first quarter results meet or exceed last year on two-thirds of the dimensions.

Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend



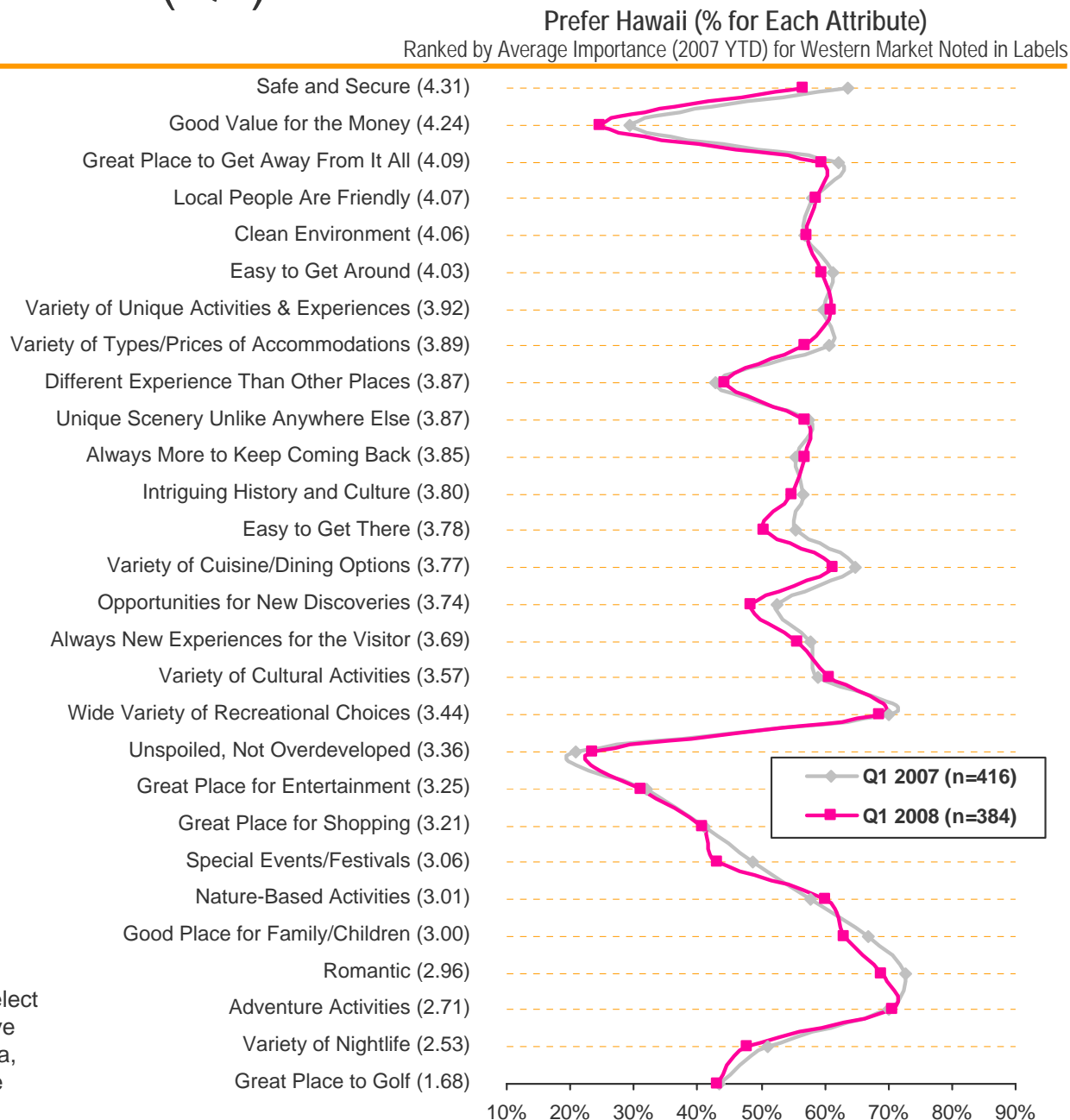
# Prefer Hawaii by Quarter (Q5)

## Western Market

Comparing the quarter to quarter results only also show little shift in image:

- A few items improve, but only to a very minor degree – most notably, *unspoiled, not overdeveloped*.
- Several appear below the year ago level, but only slightly – most notably, *safe and secure*.

Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend



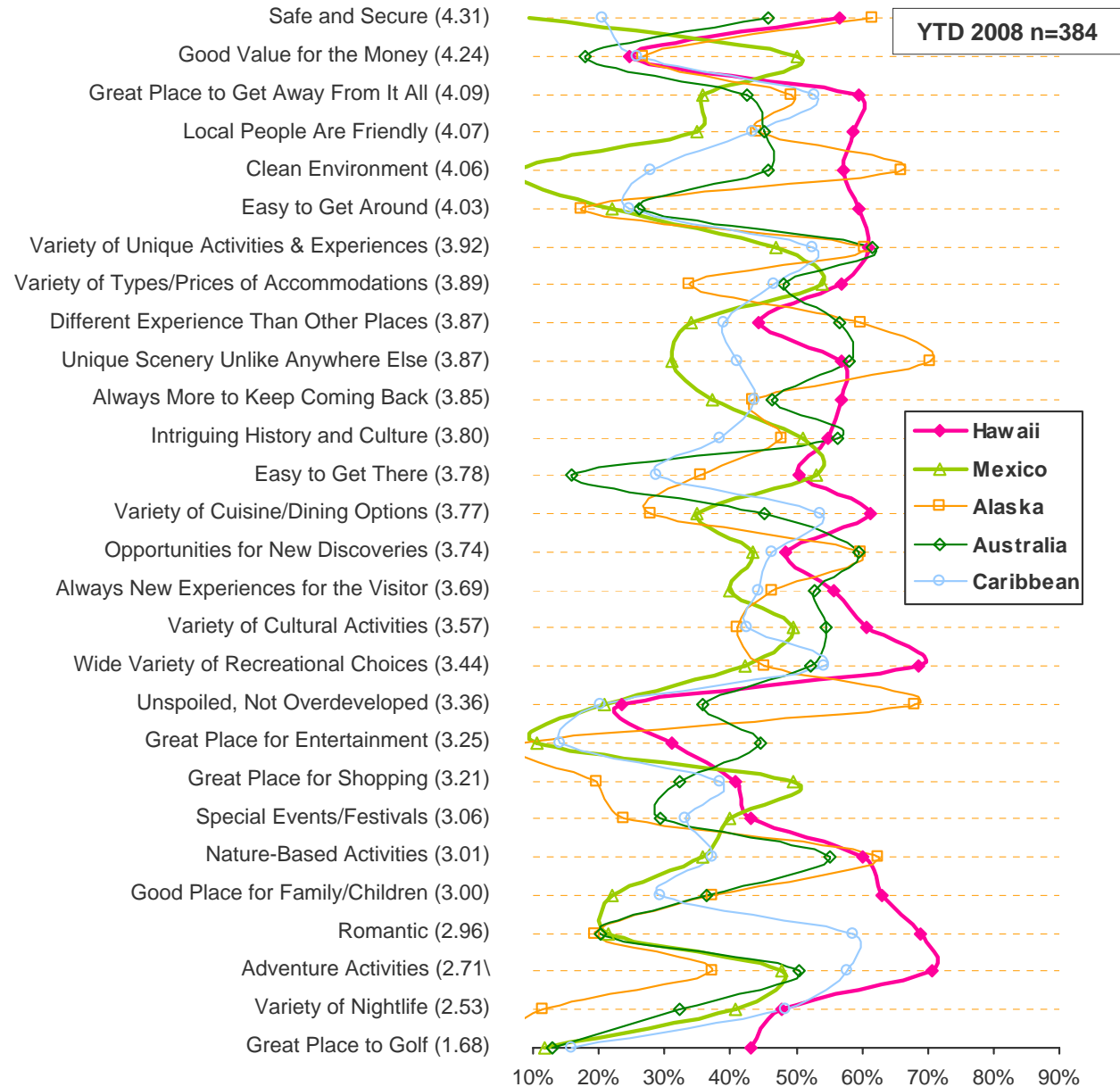
# Prefer Hawaii by YTD (Q5)

## Western Market

Competitively, each of these destinations have strengths and opportunities. Hawaii's position on each attribute is shown more clearly on the following two charts.

### Prefer Destination (% for Each Attribute)

Ranked by Average Importance (2007 YTD) for Western Market Noted in Labels



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend

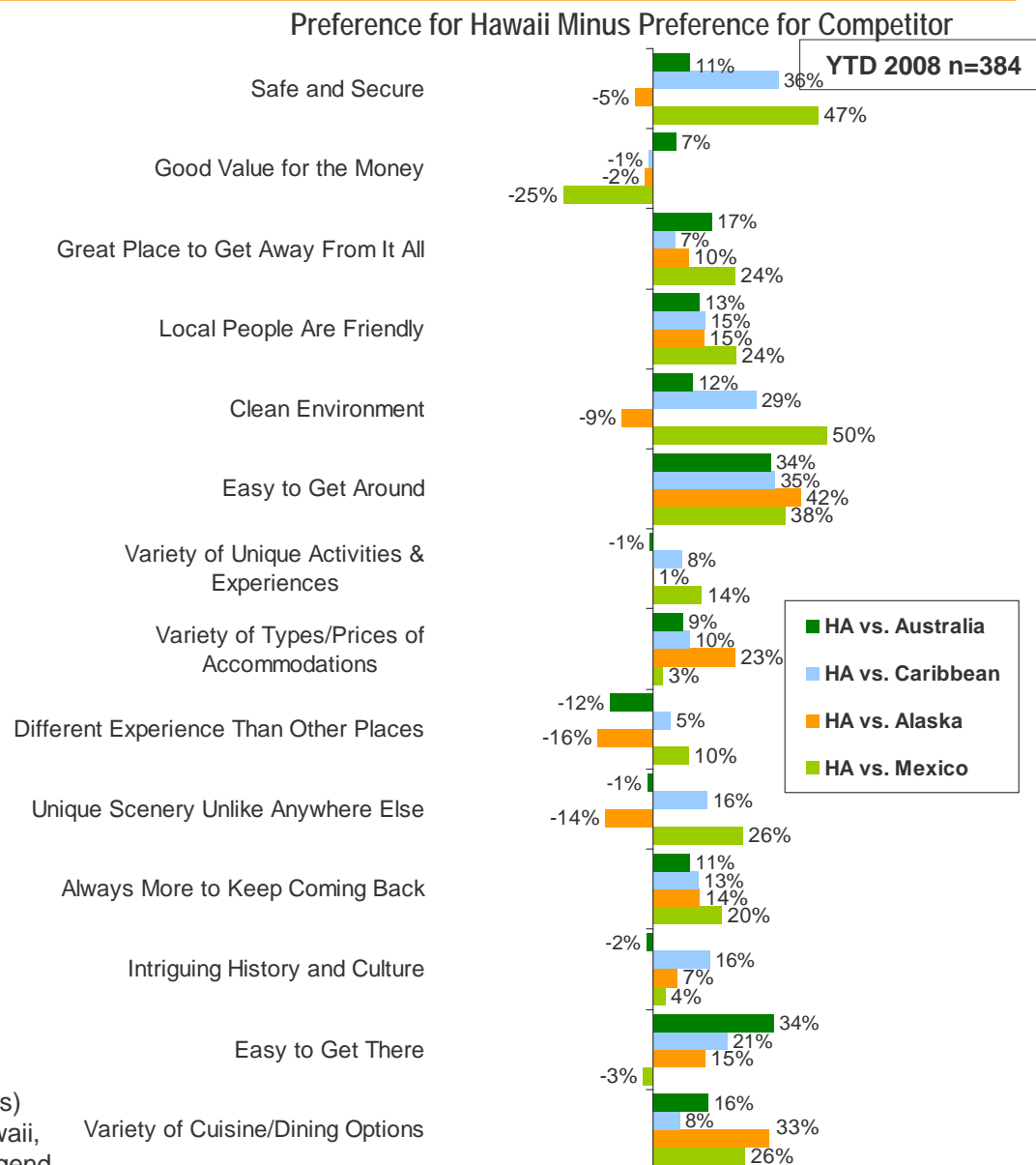
# Preference for Hawaii (Gap Over Competitors)

## Western Market

Competitively:

- **Hawaii** emerges as the clear winner – with those in the Western Market placing Hawaii at the top on half (16) of the 28 items (including the lead it shares with Caribbean on *variety of nightlife*).
- Further, **Hawaii** never ranks last and next-to-last only once (*good value for the money*). No competitor poses much threat to **Hawaii**.
- **Alaska** ranks a distant second in the number of strong preferences, leading on seven, particularly for particularly for *cleanliness*, *scenery*, and *natural* attributes. It also leads on the most important item – *safe and secure*.
- **Australia** edges past Hawaii in *intriguing history and culture* and posts its only clear “win” on *entertainment*.
- **Mexico** leads on the second most important attribute – *good value for the money*. It places at the top on two other attributes: *shopping* and *easy to get there* for these Western US residents.
- The **Caribbean** leads (with Hawaii) on *variety of nightlife*.

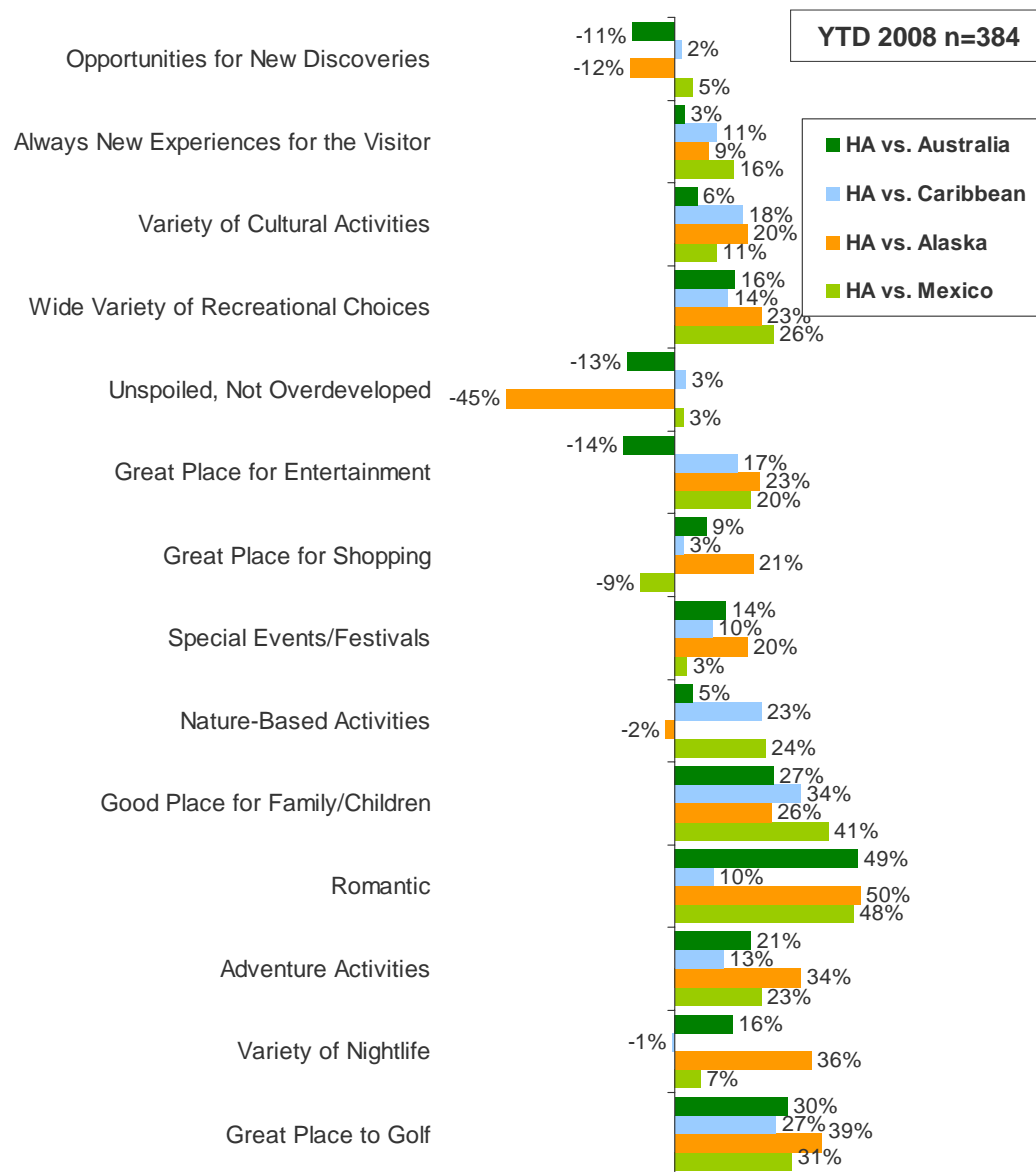
Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend



# Preference for Hawaii (Gap Over Competitors) continued

## Western Market

Preference for Hawaii Minus Preference for Competitor



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend

# Travel Patterns

Japanese Market



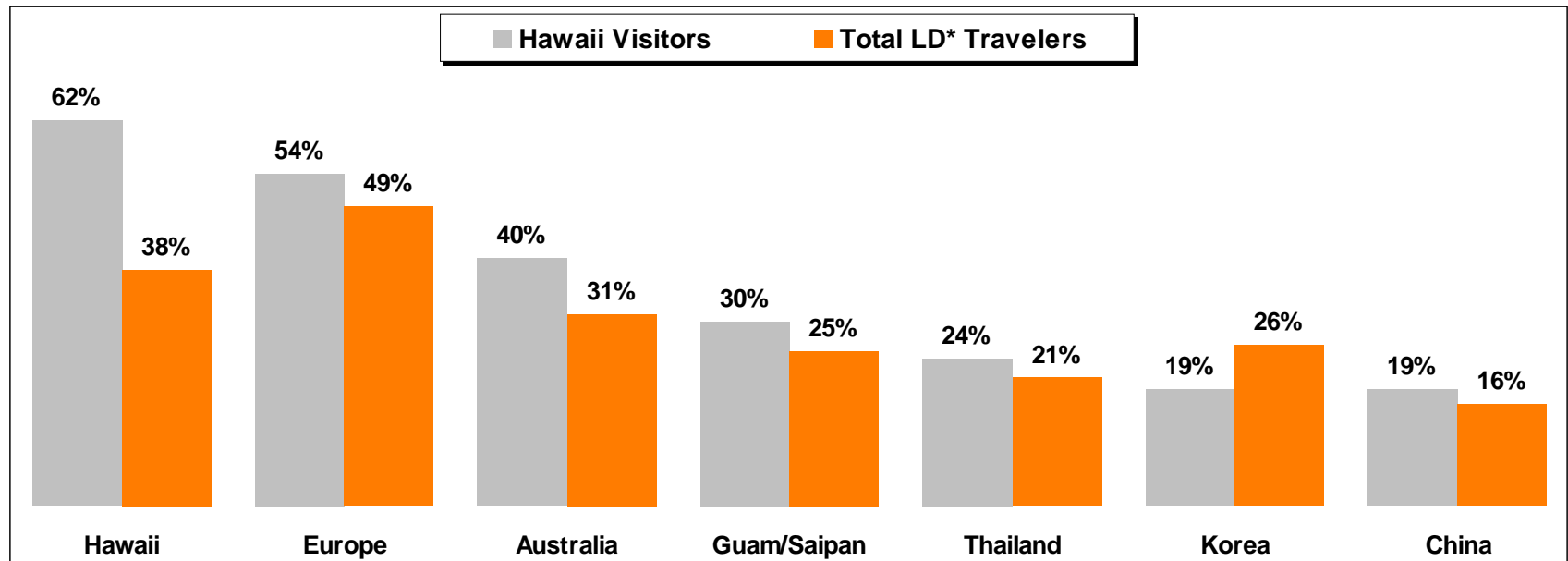
# Considered Destinations (Q3)

## Japanese Market

The ranking of the top destination choices of Japanese international travelers varies by whether they have been to Hawaii in the past or not.

- Generally, Hawaii visitors exhibit greater interest in all destinations – Korea is the exception.
- As in prior reports, Hawaii visitors still express much greater future interest in Hawaii (+24%-points over total international travelers). Much smaller gaps occur for other destinations: Europe (+5%), Australia (+9%), Guam/Saipan (+5%), Thailand (+3%), Korea (-7%), and China (+3%).
- Those who have been to Hawaii want to return (62%). Europe (54%) and Australia (40%) hold strong secondary appeal.
- Europe leads among total international travelers (51%) while Hawaii holds second place, outpacing Australia by 7-percentage points.

### YTD 2008



LD\* = Long-distance: International travelers

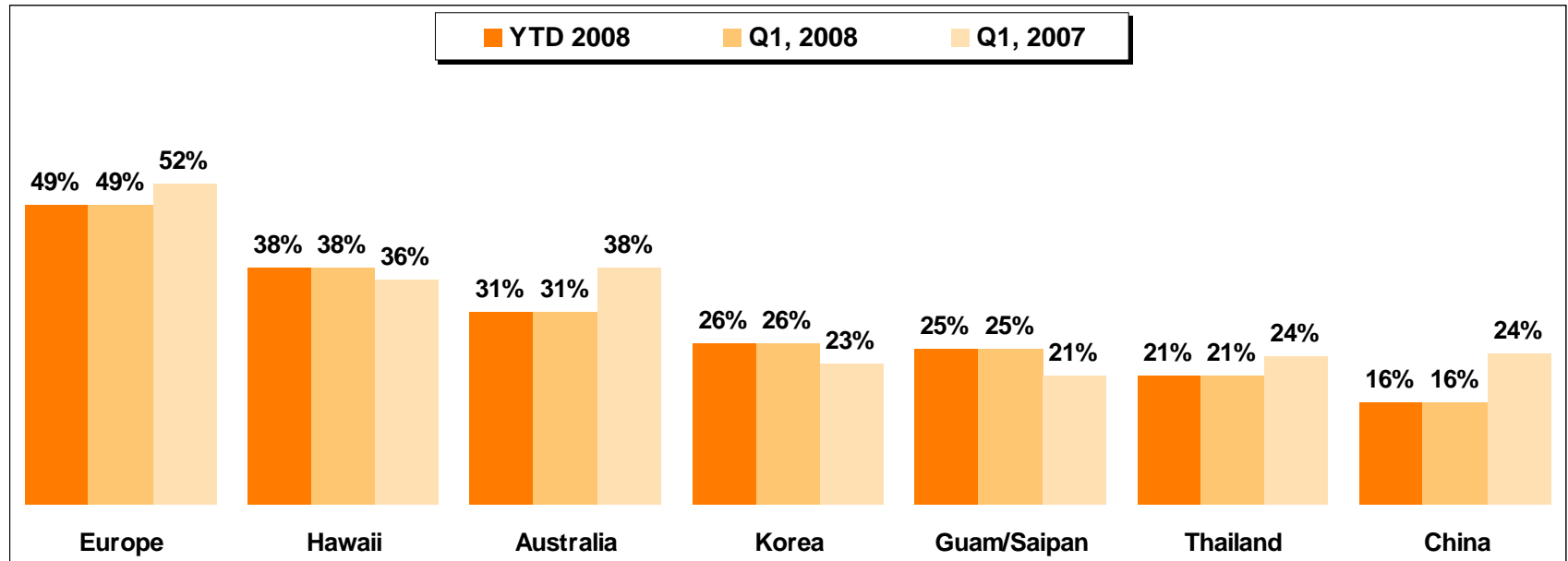
# Considered Destinations (Q3)

## Japanese Market

Quarter 1, 2008 highlights:

- Respondents indicate a mild gain in interest in Hawaii this quarter compared to the same time last year (38% from 36%). Only Korea (26% from 23%) and Guam/Saipan (25% from 21%) rise as well; all other destinations decline: Europe (49% from 52%), Australia (31% from 38%), Thailand (21% from 24%) and China (16% from 24%).
- Interest in Hawaii remains at the same level that it was for 2007 total year (38%).

### Total LD\* Travelers



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

# Importance of Attributes and Preferences for Hawaii and Competitors

Japanese Market



# Prefer Hawaii by YTD (Q5)

## Japanese Market

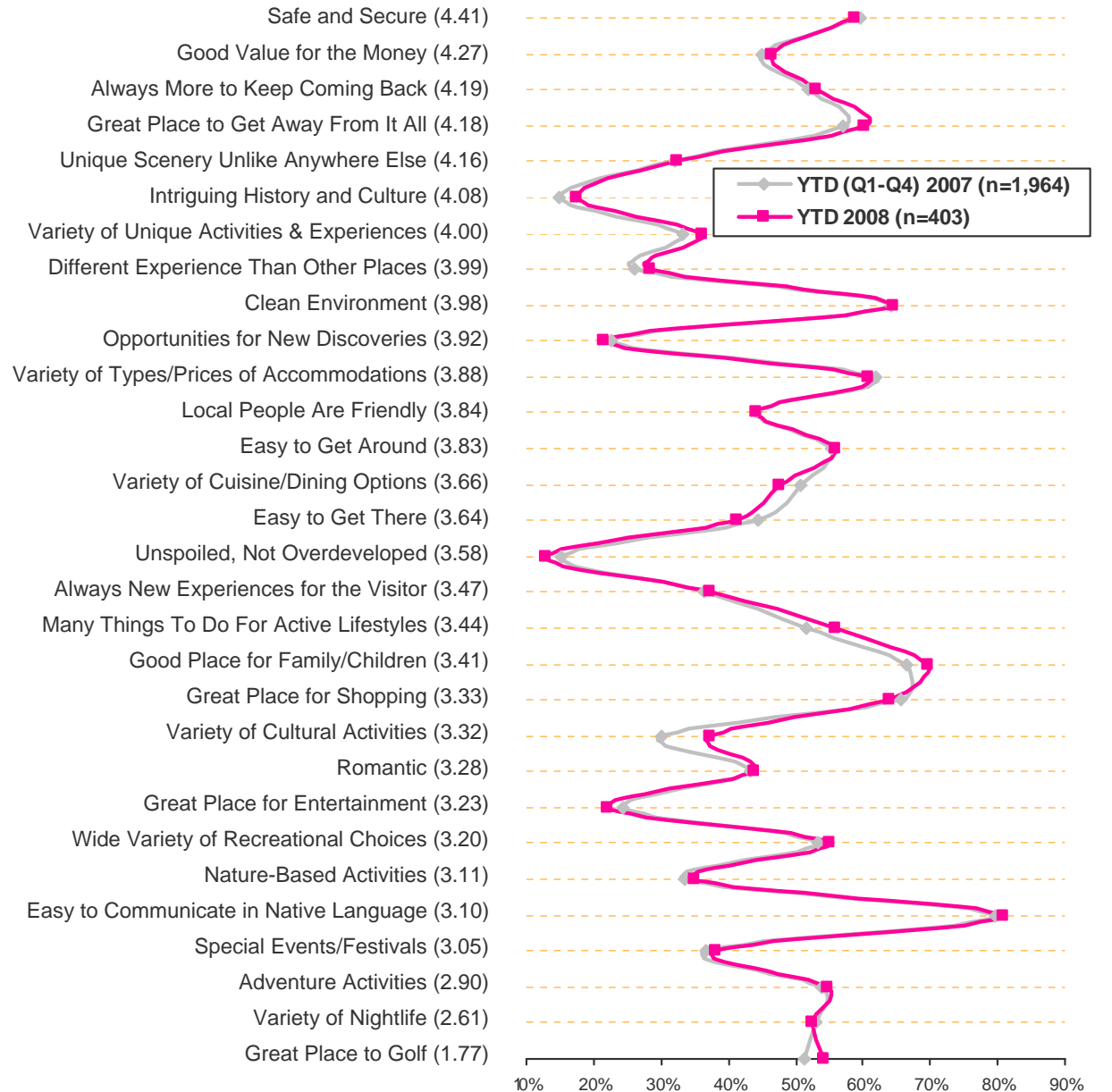
As with the Western Market, travelers from Japan consider Hawaii as very strong on most features – so much so that it is easier to cite the exceptions than list its strengths in this market as well as the Western Market. Hawaii falls short on only a few features:

- *Intriguing history and culture, different experience than other places, opportunities for new discoveries, unspoiled/not overdeveloped, and entertainment.*
- Hawaii's first quarter results meet or exceed last year on all but two dimensions (*variety of cuisine/dining options and easy to get there*) and then by only a small degree.

Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend

### Prefer Hawaii (% for Each Attribute)

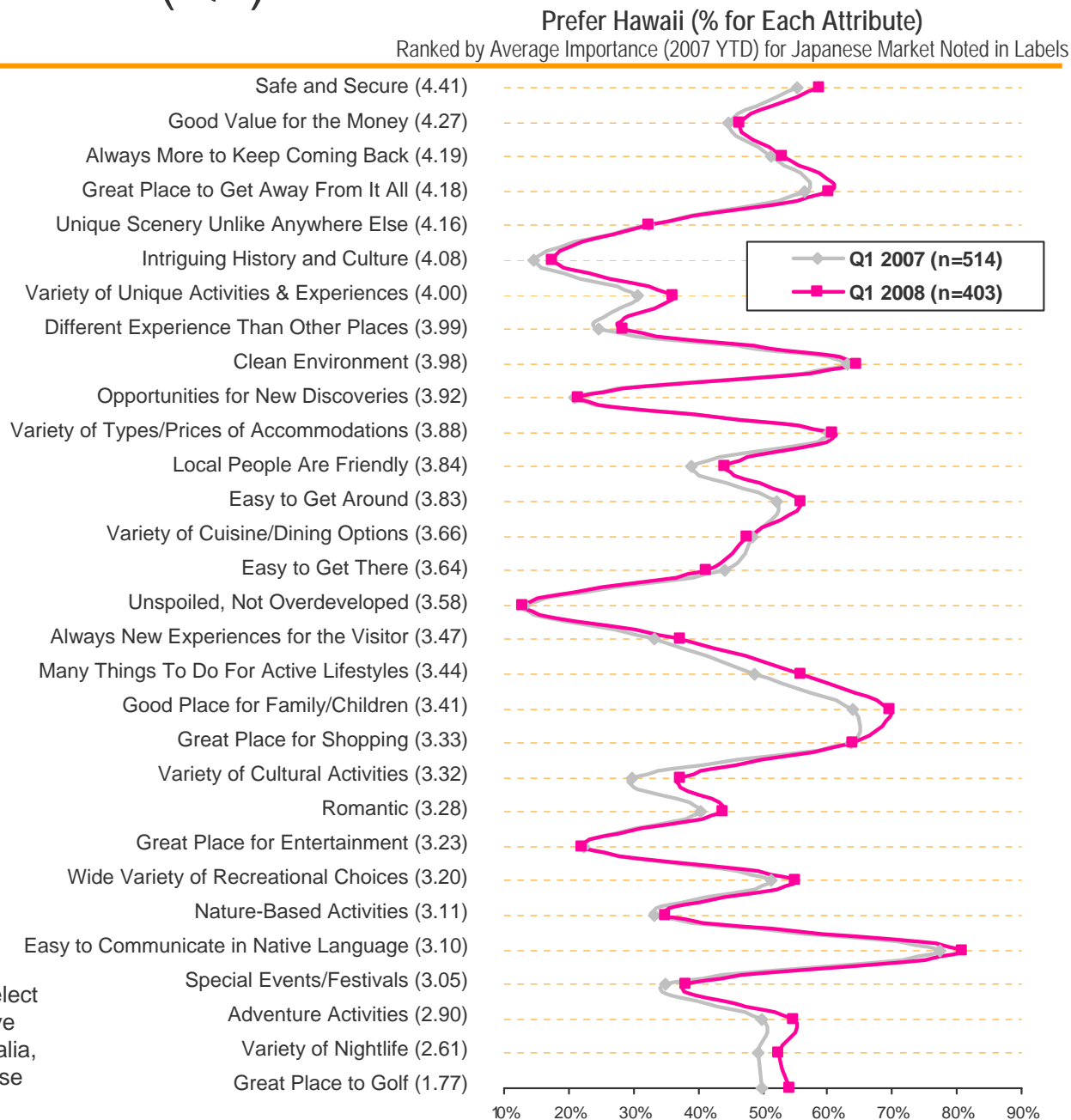
Ranked by Average Importance (2007 YTD) for Japanese Market Noted in Labels



# Prefer Hawaii by Quarter (Q5)

## Japanese Market

Comparing the quarter to quarter results only also show little shift in image. However, when changes appear, they are nearly always positive.



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend

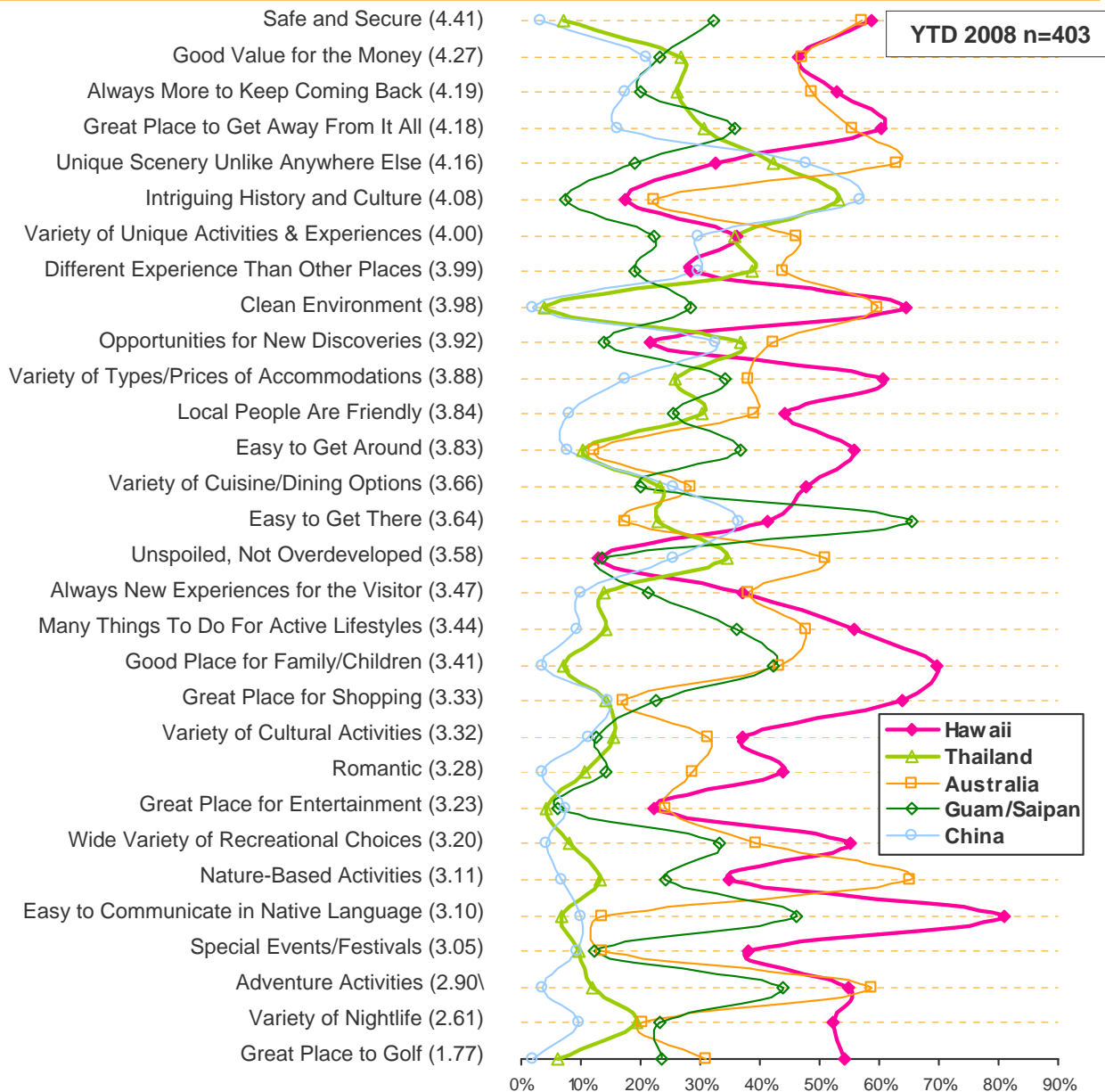
# Prefer Hawaii by YTD (Q5)

## Japanese Market

Competitively, each of these destinations have strengths and opportunities. Hawaii's position on each attribute is shown more clearly on the following two charts.

Prefer Destination (% for Each Attribute)

Ranked by Average Importance (2007 YTD) for JapaneseMarket Noted in Labels



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend

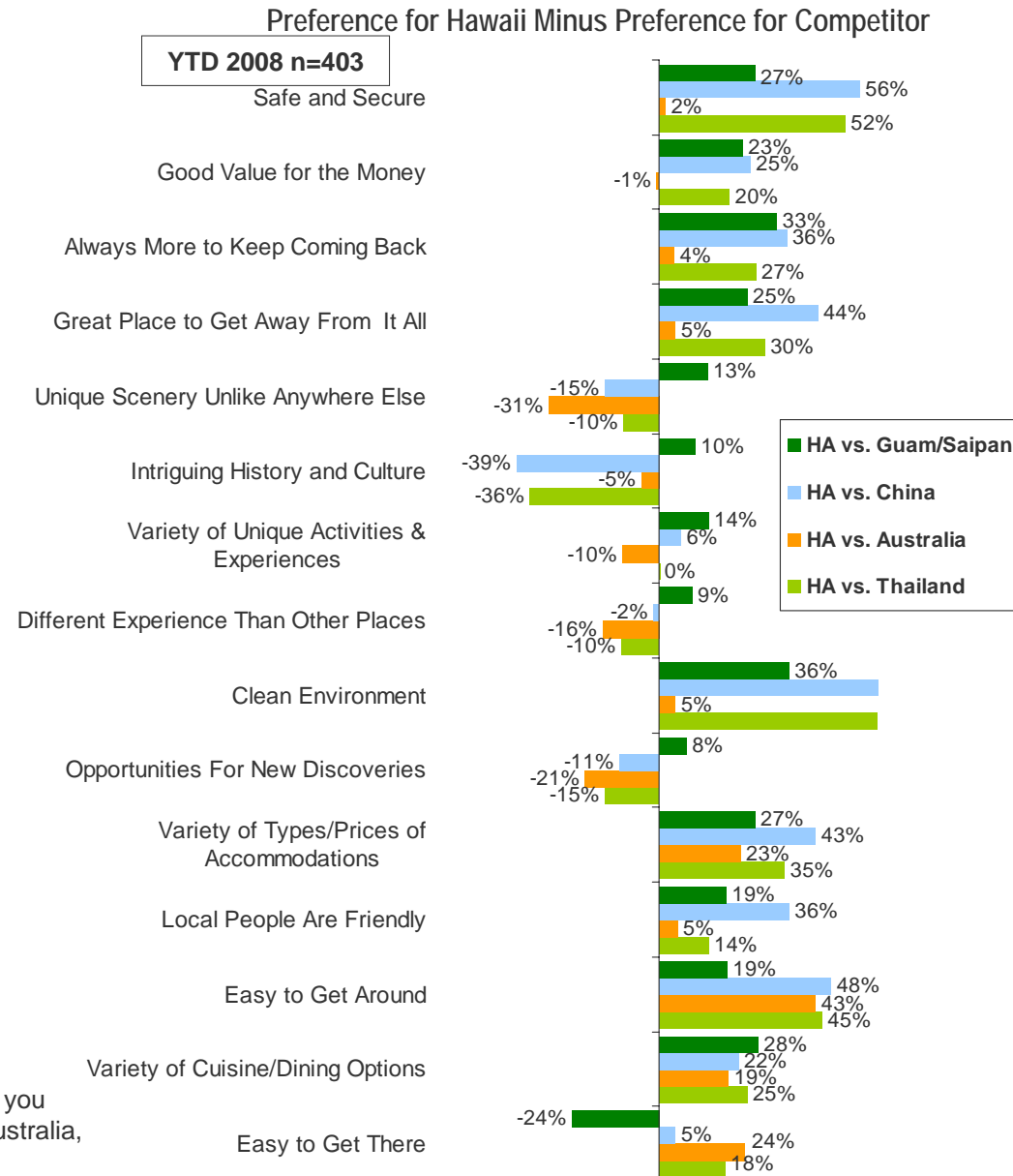
# Preference for Hawaii (Gap Over Competitors)

## Japanese Market

Competitively:

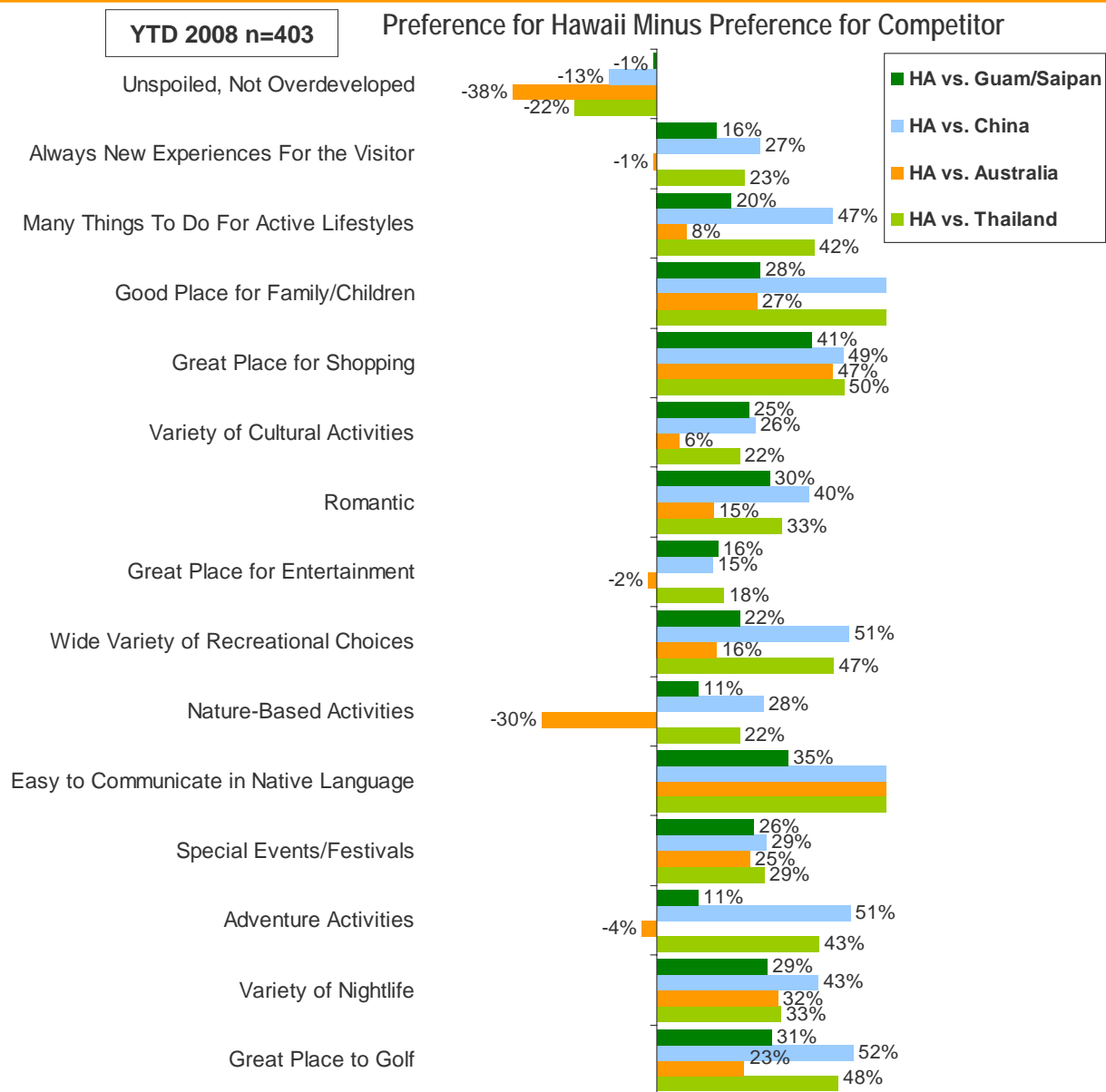
- **Hawaii** emerges as the clear winner for the Japanese Market as well as the Western US Market. More than half of the attributes (18 of 30) show Hawaii leading all competitors in preference. In addition, it nearly ties Australia on two and ranks (or ties for) second on seven more.
- Except for a tie with **Guam/Saipan** on *unspoiled/ overdeveloped*, **Hawaii** never ranks last and next-to-last only four items (*unique-* and *intriguing-*related items. As in the Western US Market, no destination seriously threatens **Hawaii's** lock on image.
- **Australia** ranks second in the number of strong preferences, leading on 10 (including two items which almost tie **Hawaii**: *value for the money* and *always new experiences for the visitor*), particularly for *unique scenery*, *unspoiled*, and *nature-based activities*.
- **Guam/Saipan** leads on only one dimension, which is not really an attribute easily controlled by Hawaii: *easy to get there*.
- **China** also leads on only one: *intriguing history and culture*.
- **Thailand** always trails others.

Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend



# Preference for Hawaii (Gap Over Competitors) continued

## Japanese Market



Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend

# Appendix A: Demographics and Overall Travel Patterns All Markets



# Hawaii Visitors vs. Total Travelers

## Demographics

	Total All LD* Respondents		Hawaii Visitors Past 3 Years				
	Total 2007	YTD 2008	Q1: Jan-Mar 07	Q2: Apr-Jun 07	Q3: Jul-Sep 07	Q4: Oct-Dec 07	Q1: Jan-Mar 08
<b>EASTERN US</b>							
Median Age	51	48	59	50	53	56	52
Median Income	\$58,500	\$58,700	\$63,800	\$76,400	\$66,700	\$61,300	\$68,300
# LD* Trips Annually	2.5	2.6	3.6	2.5	2.5	3.4	3.0
<b>WESTERN US</b>							
Median Age	49	48	52	51	51	53	45
Median Income	\$59,800	\$61,500	\$67,500	\$69,400	\$70,600	\$69,100	\$70,700
# LD* Trips Annually	2.7	2.8	3.5	3.9	3.4	3.7	4.1
<b>JAPAN</b>							
Median Age	48	48	50	53	52	53	50
Median Income	\$57,400	\$57,500	\$64,000	\$64,700	\$67,600	\$65,200	\$65,900
# Int'l Trips Past 2 Years	2.2	2.2	2.5	2.8	2.8	3.0	2.5

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

# Hawaii Visitors vs. Total Travelers

## Travel Patterns

	Total All LD* Respondents		Hawaii Visitors Past 3 Years				
	Total 2007	YTD 2008	Q1: Jan-Mar 07	Q2: Apr-Jun 07	Q3: Jul-Sep 07	Q4: Oct-Dec 07	Q1: Jan-Mar 08
<b>EASTERN US</b>							
Average # LD Overnight Trips	2.5	2.6	3.6	2.5	2.5	3.4	3.0
% Reporting "No Change" in Travel in Previous 12 Months	61%	59%	50%	61%	72%	62%	71%
NET Change: More/Fewer Trips	+4	+9	-17	+0	+2	-8	-4
<b>WESTERN US</b>							
Average # LD Overnight Trips	2.7	2.8	3.5	3.9	3.4	3.7	4.1
% Reporting "No Change" in Travel in Previous 12 Months	58%	60%	66%	60%	54%	55%	67%
NET Change: More/Fewer Trips	+6	+8	-4	+6	-1	+5	+7
<b>JAPAN</b>							
Average # LD Overnight Trips	2.2	2.2	2.5	2.8	2.8	3.0	2.5
% Reporting "No Change" in Travel in Previous 12 Months	52%	48%	55%	54%	54%	51%	51%
NET Change: More/Fewer Trips	+1	+3	-2	+4	-6	+4	+1

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

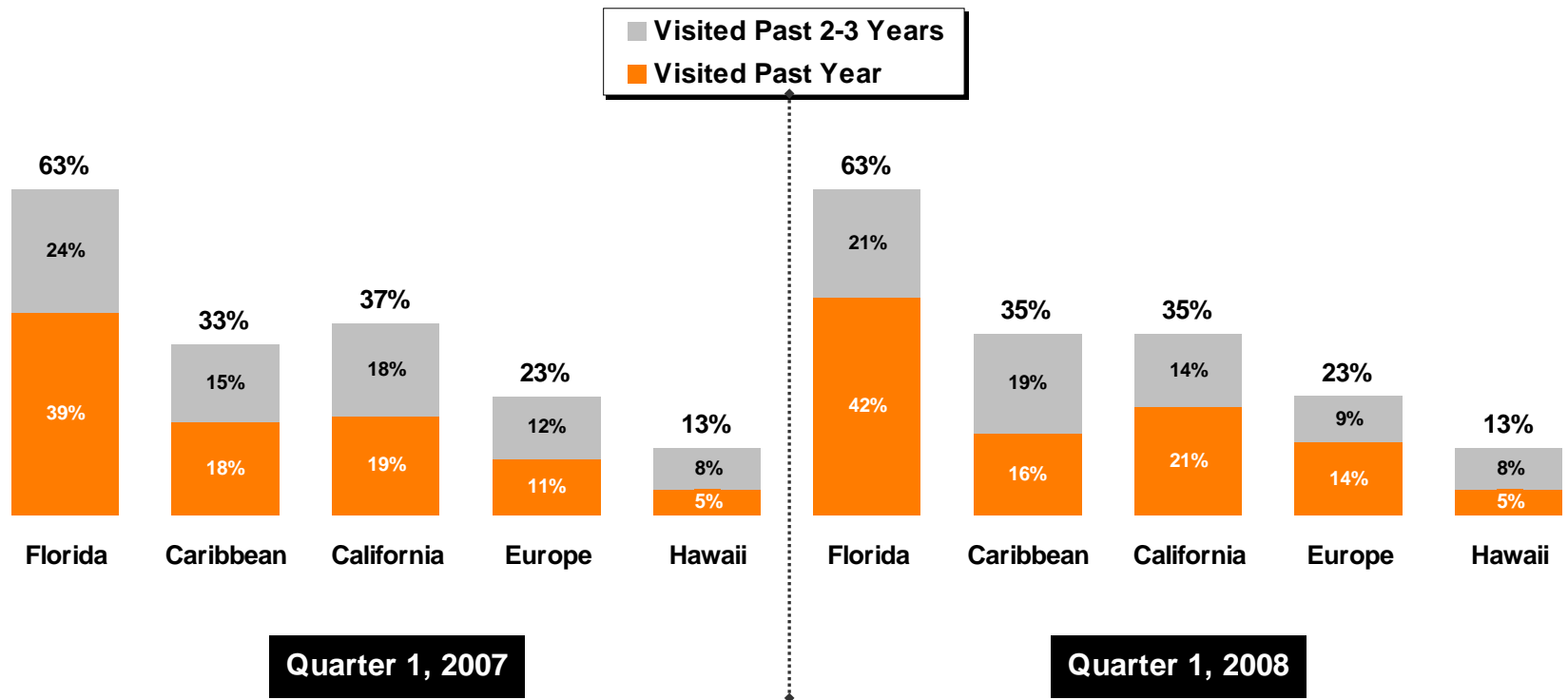
# Appendix B: Travel Patterns

Eastern US Market



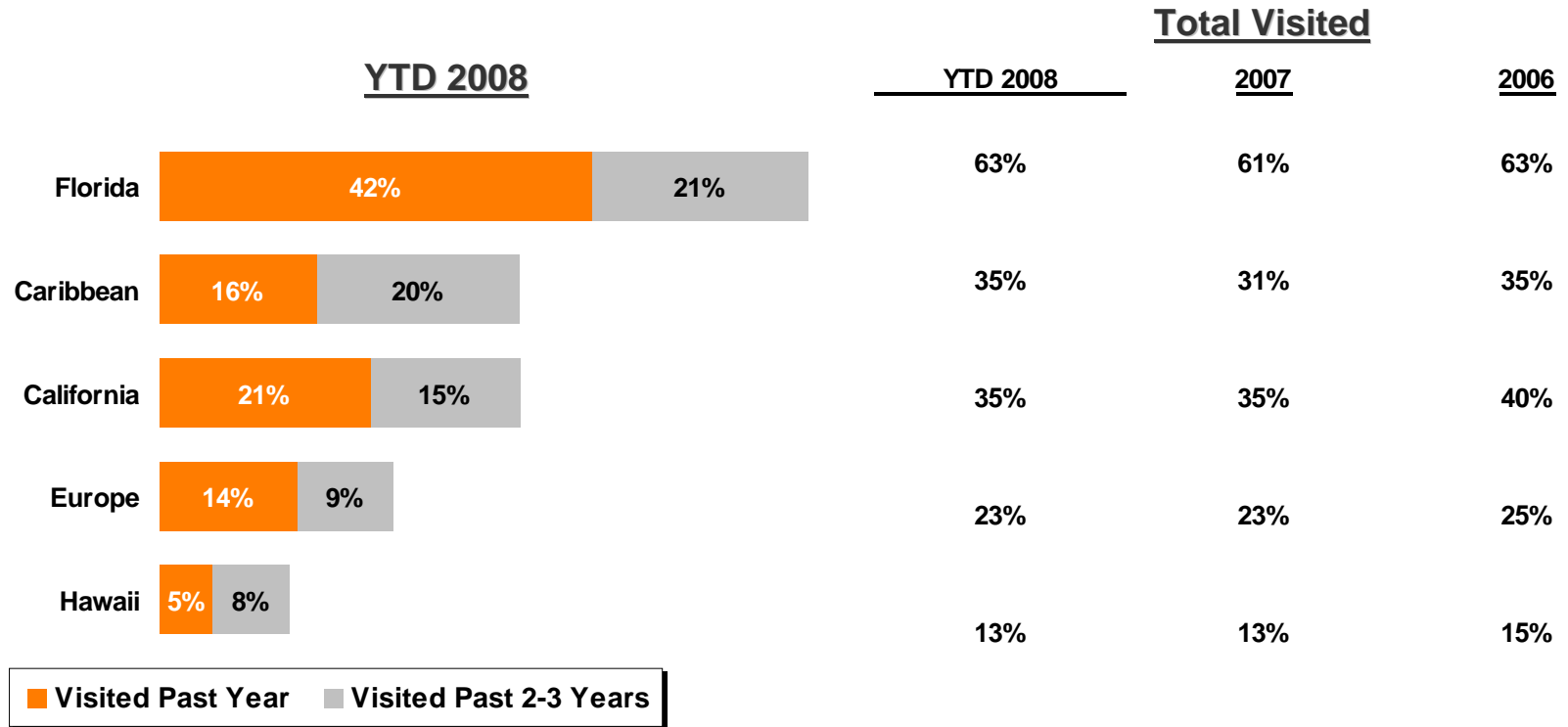
# Destinations Visited Past Year/Past 3 Years (Q6)

## Eastern US Market



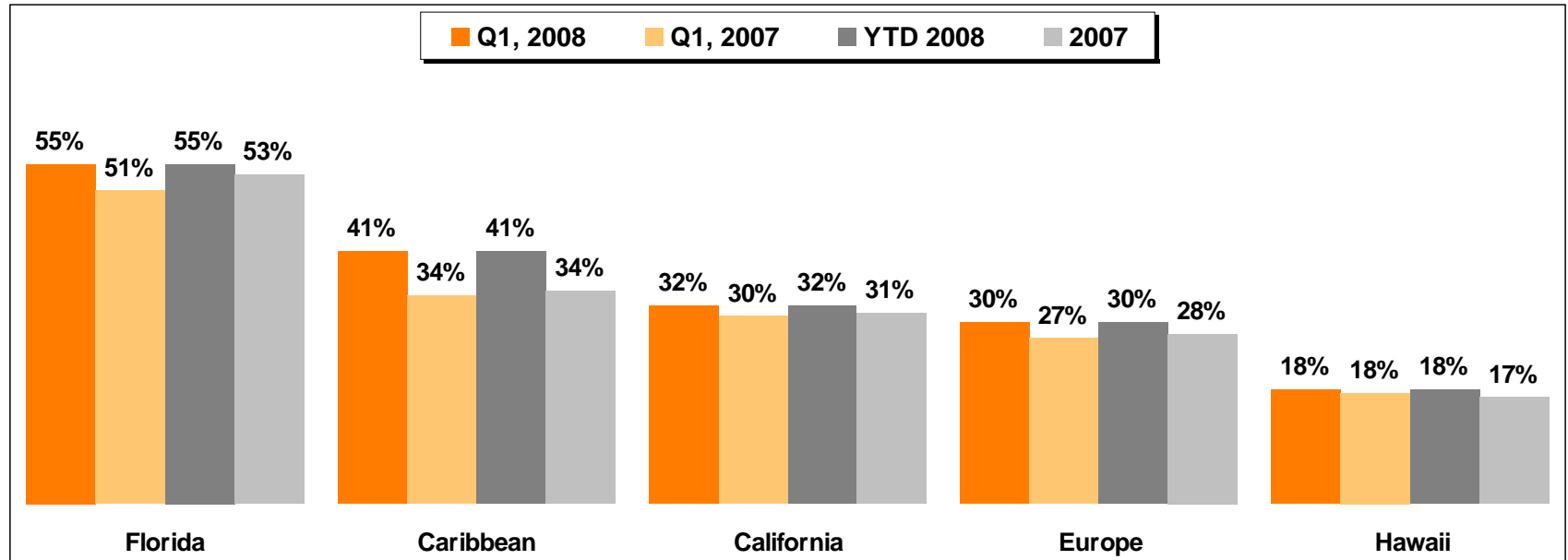
# Destinations Visited Past Year/Past 3 Years (Q6)

## Eastern US Market



# Destinations Planned for Leisure within 24 Months (Q6)

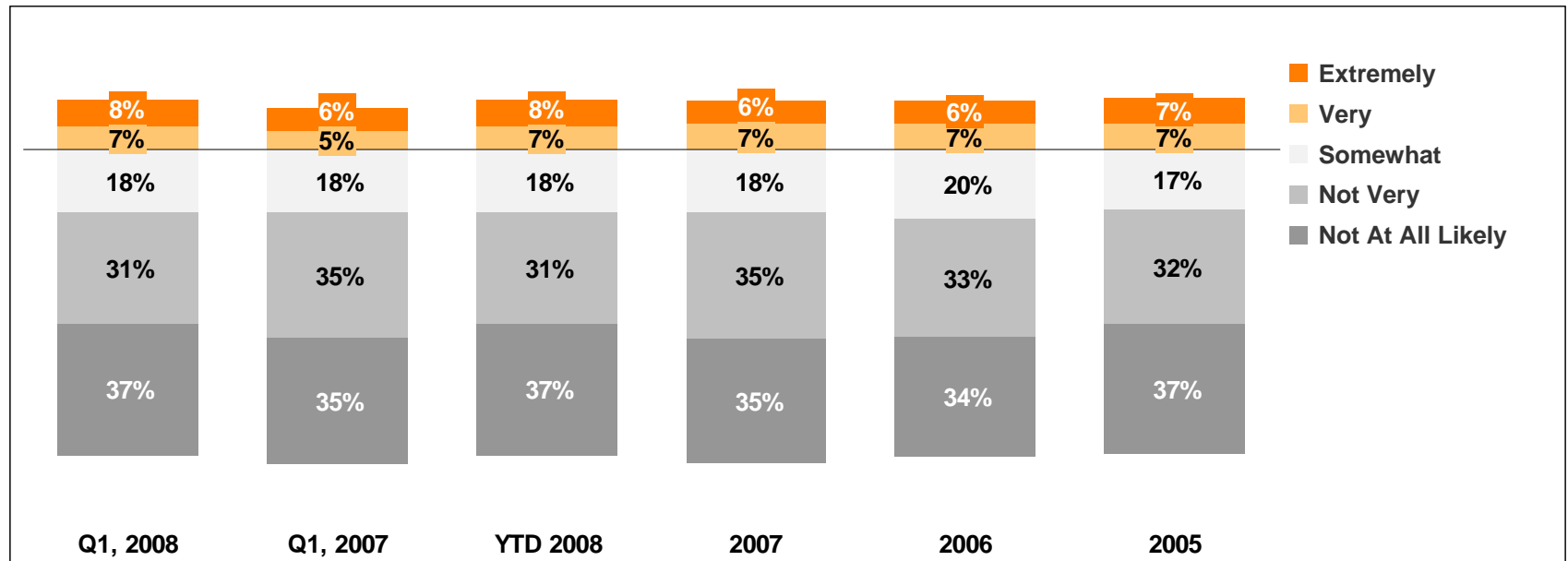
## Eastern US Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Eastern US Market

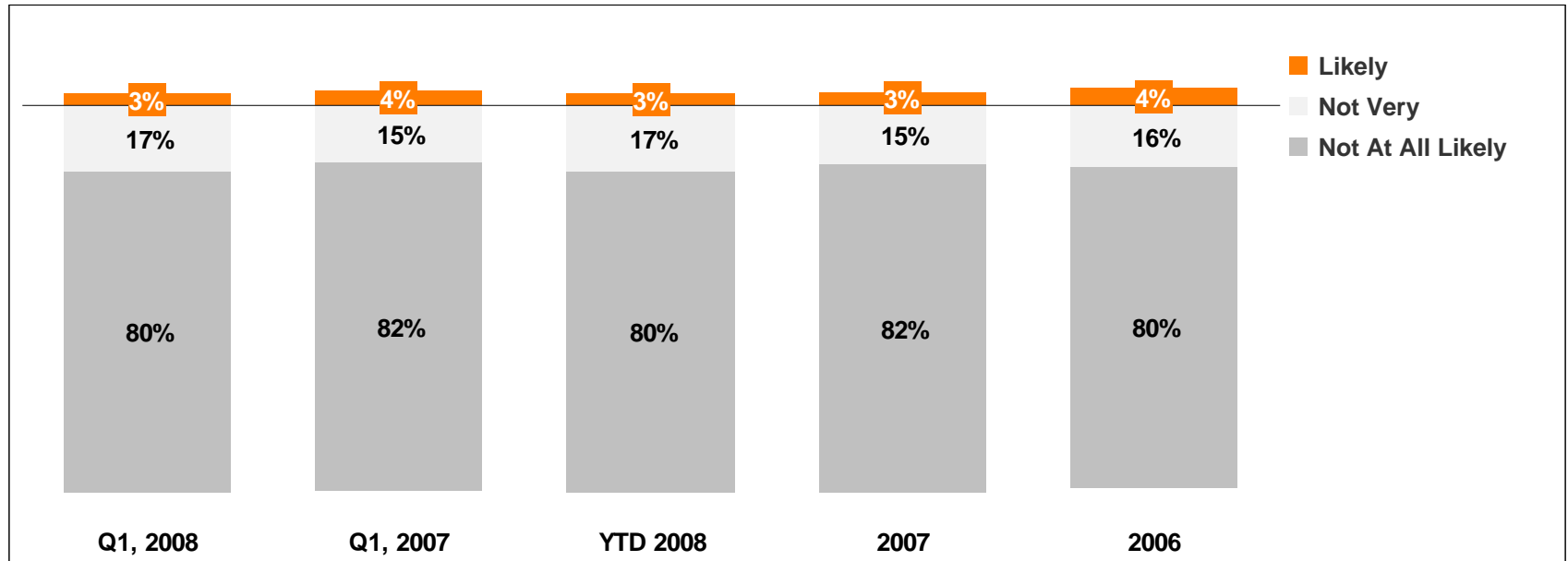
- Hawaii will continue to face the distance, time, cost, and competitive challenges in enticing Eastern US travelers to visit in the next 24 months. Eastern US travelers who are *extremely* likely to visit Hawaii remains virtually unchanged since 2003, although a minor bump (8% from 6% a year ago) appears this quarter.



# Likely to Visit Hawaii FOR BUSINESS (Q15)

## Eastern US Market

- Travelers infrequently cite Hawaii as a business destination (next 24 months).



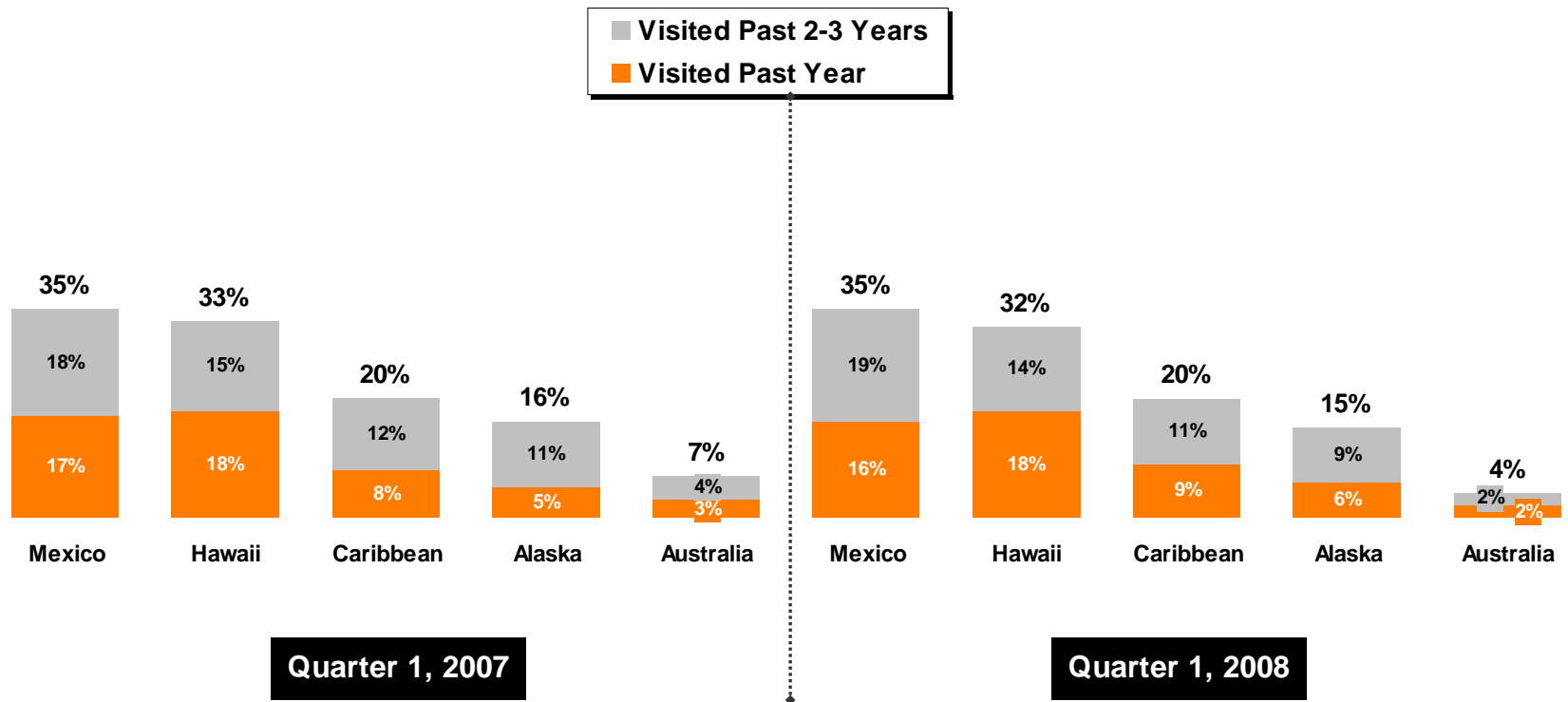
# Appendix C: Travel Patterns

Western US Market



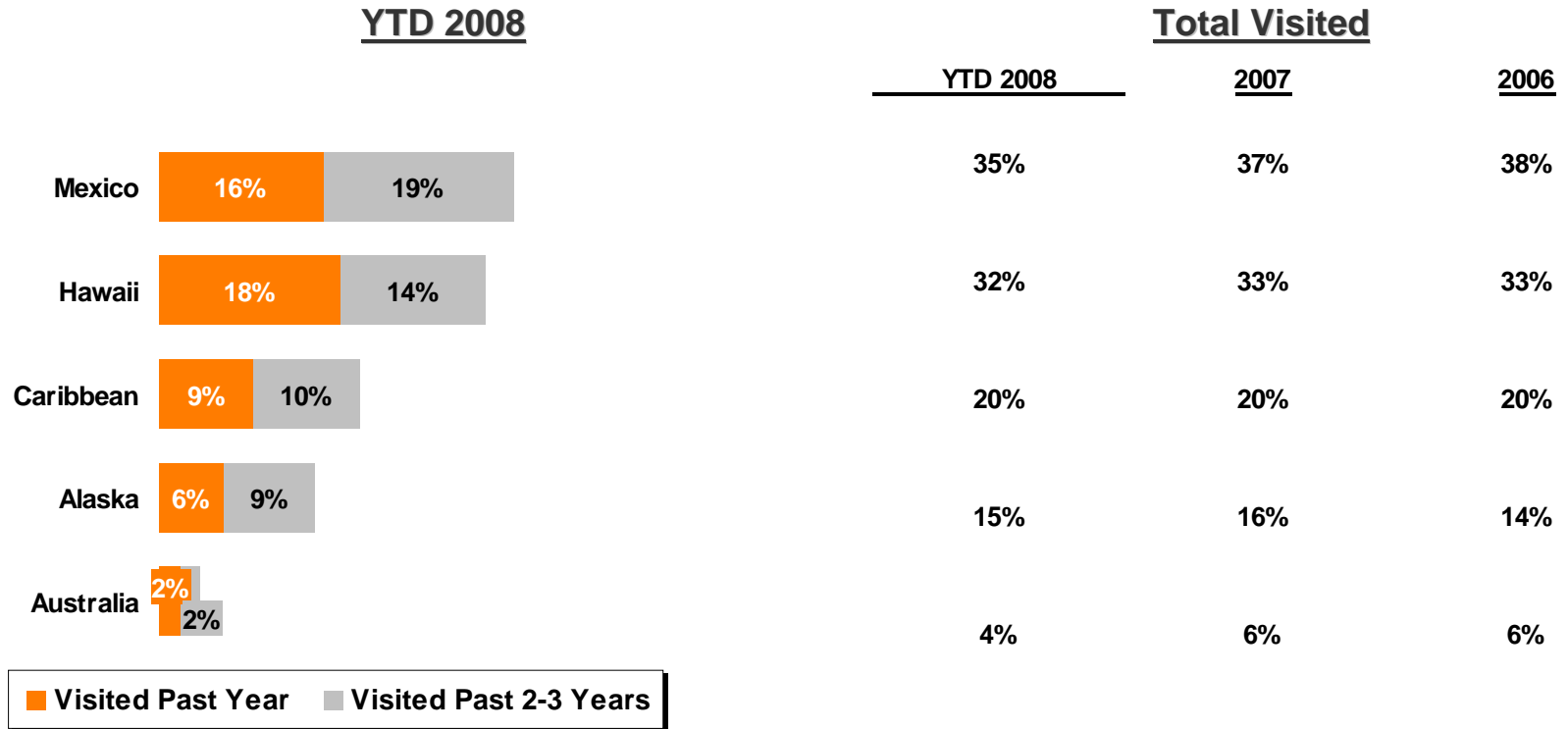
# Destinations Visited Past Year/Past 3 Years (Q6)

## Western US Market



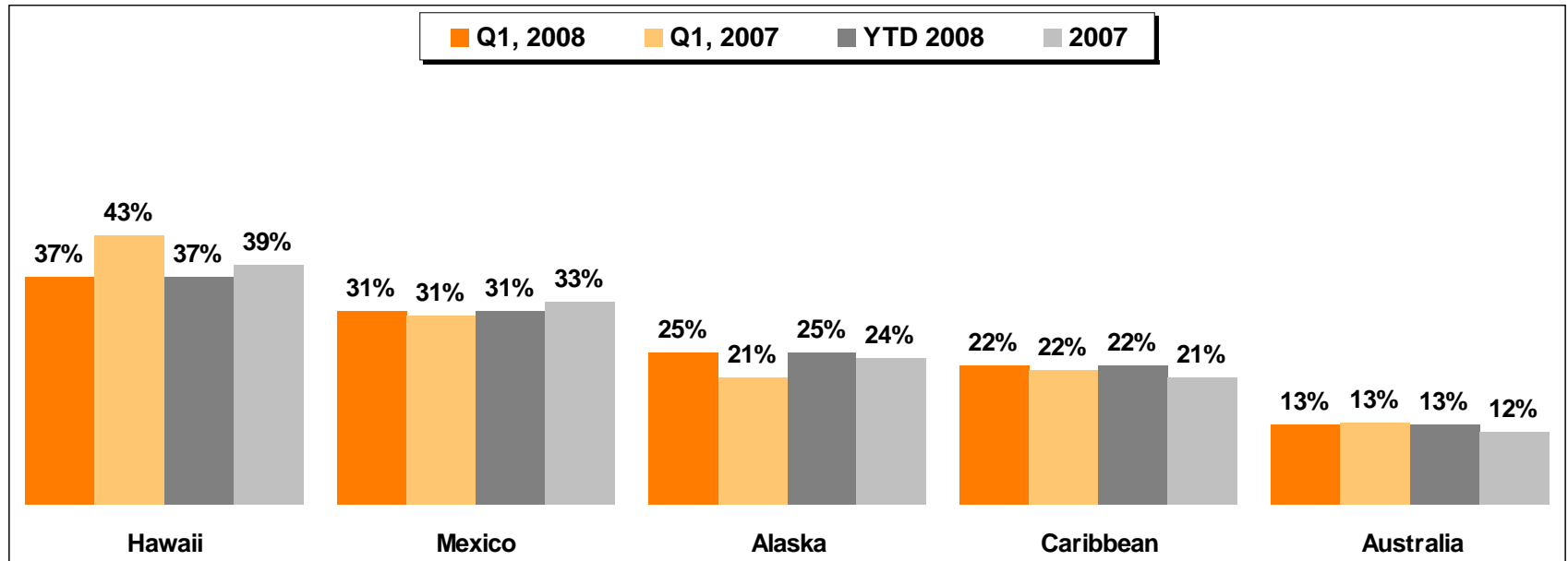
# Destinations Visited Past Year/Past 3 Years (Q6)

## Western US Market



# Destinations Planned for Leisure within 24 Months (Q6)

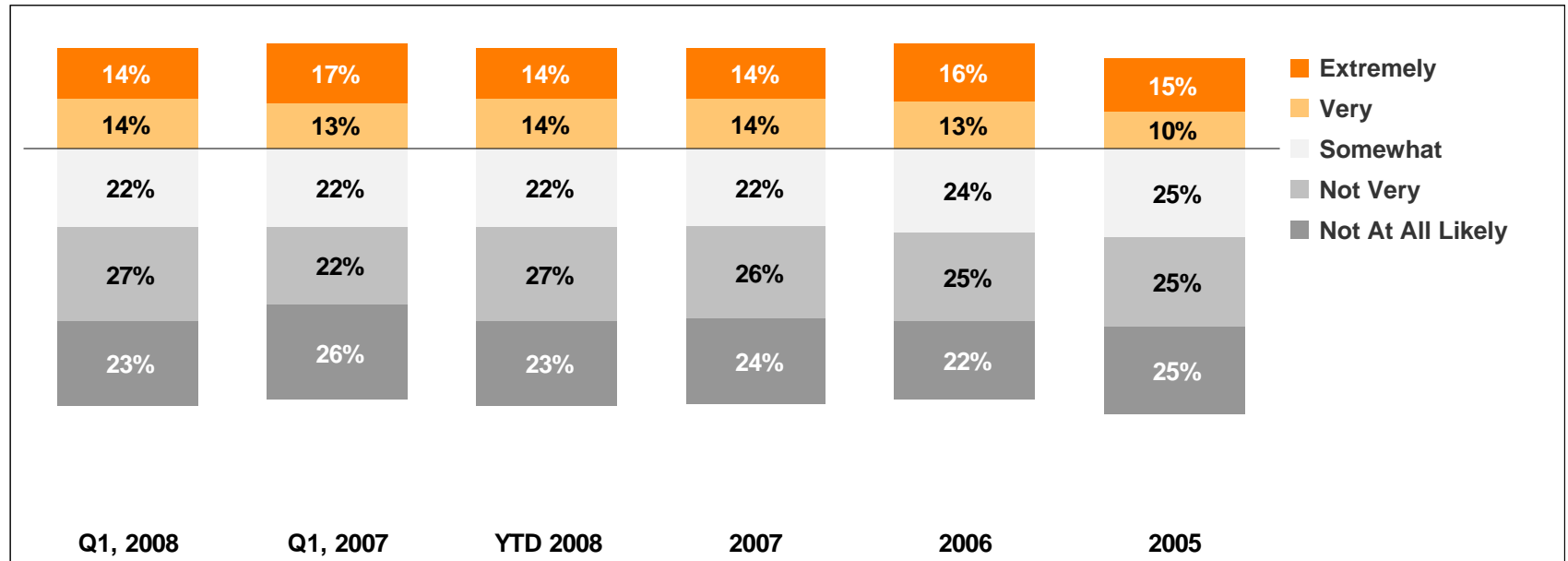
## Western US Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Western US Market

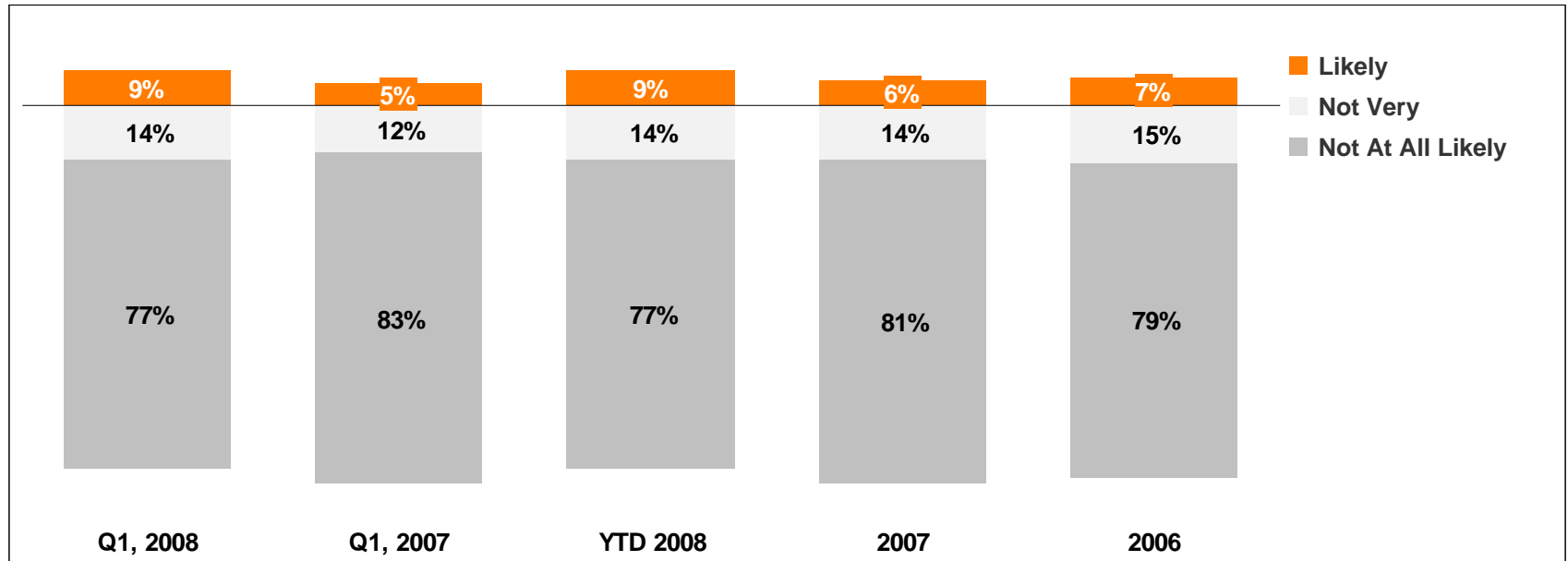
- Despite a drop in the number of Quarter 1, 2008 Western US travelers who report that they are *extremely likely* to visit Hawaii (14% from 17% a year ago), the proportion that is *very/extremely likely* to visit Hawaii remains similar to the past (28%, vs. 28% last year and 29% in 2006). The total of likely visitors also remains much higher than among travelers from the East.
- Hawaii faces the same challenges in enticing Western US travelers to visit in the next 24 months as it does with Eastern travelers; specifically, distance and time (it is still a relatively long flight), cost, and competitor destinations.



# Likely to Visit Hawaii FOR BUSINESS (Q15)

## Western US Market

- Although selected more often for Western than Eastern US Market travelers, Hawaii remains an infrequent business destination choice over the next 24 months.



# Appendix D: Travel Patterns

Japanese Market



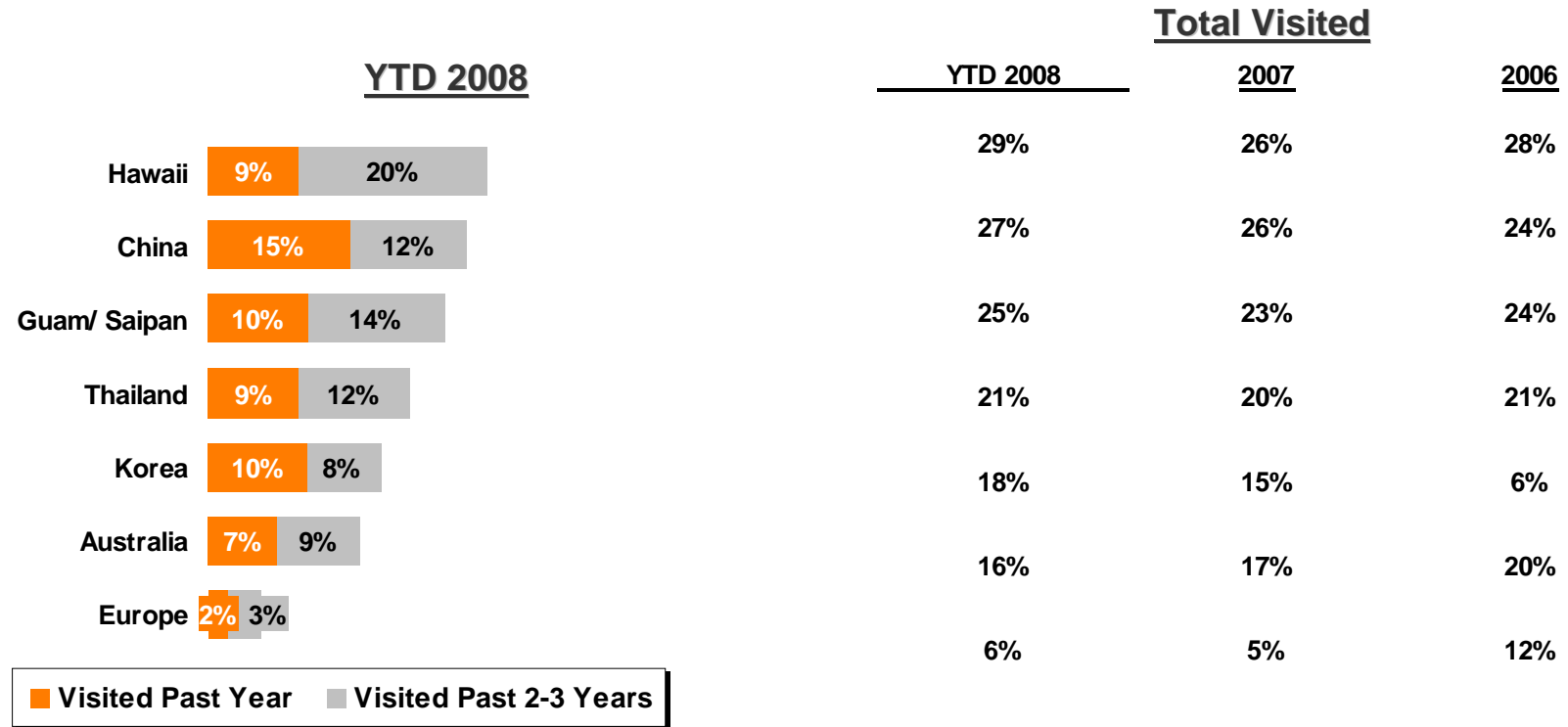
# Destinations Visited Past Year/Past 3 Years (Q6)

## Japanese Market



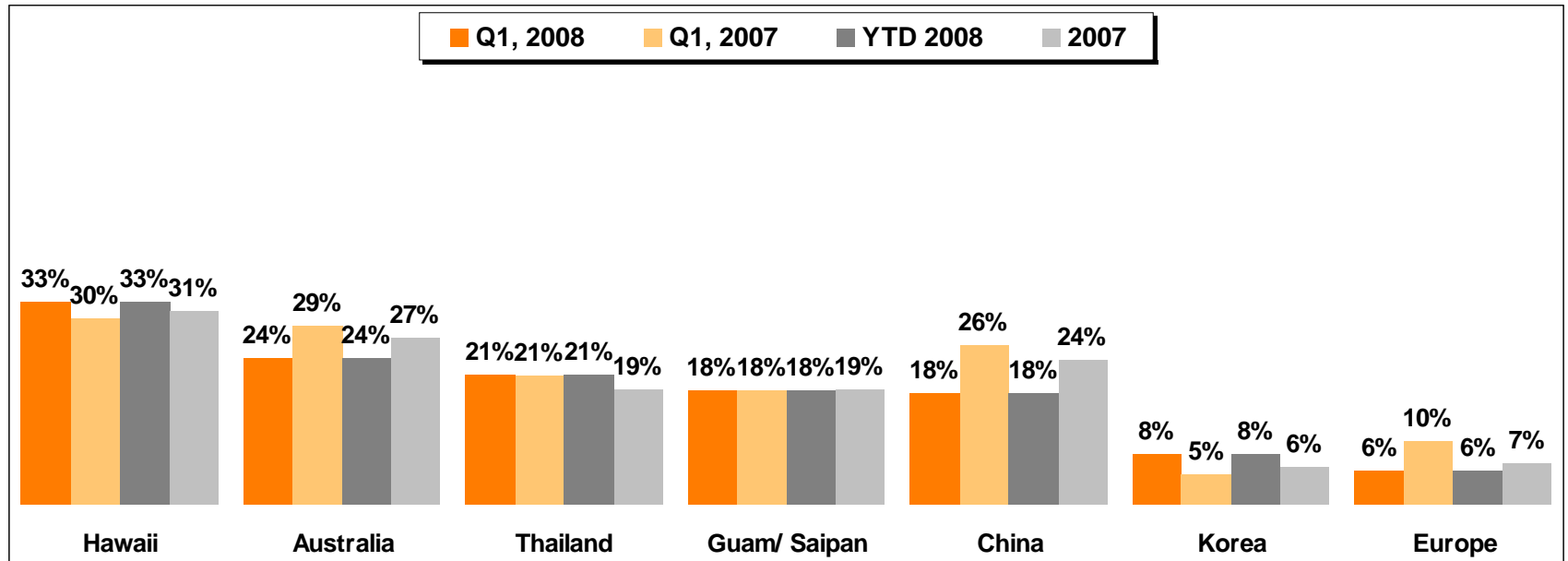
# Destinations Visited Past Year/Past 3 Years (Q6)

## Japanese Market



# Destinations Planned for Leisure within 24 Months (Q6)

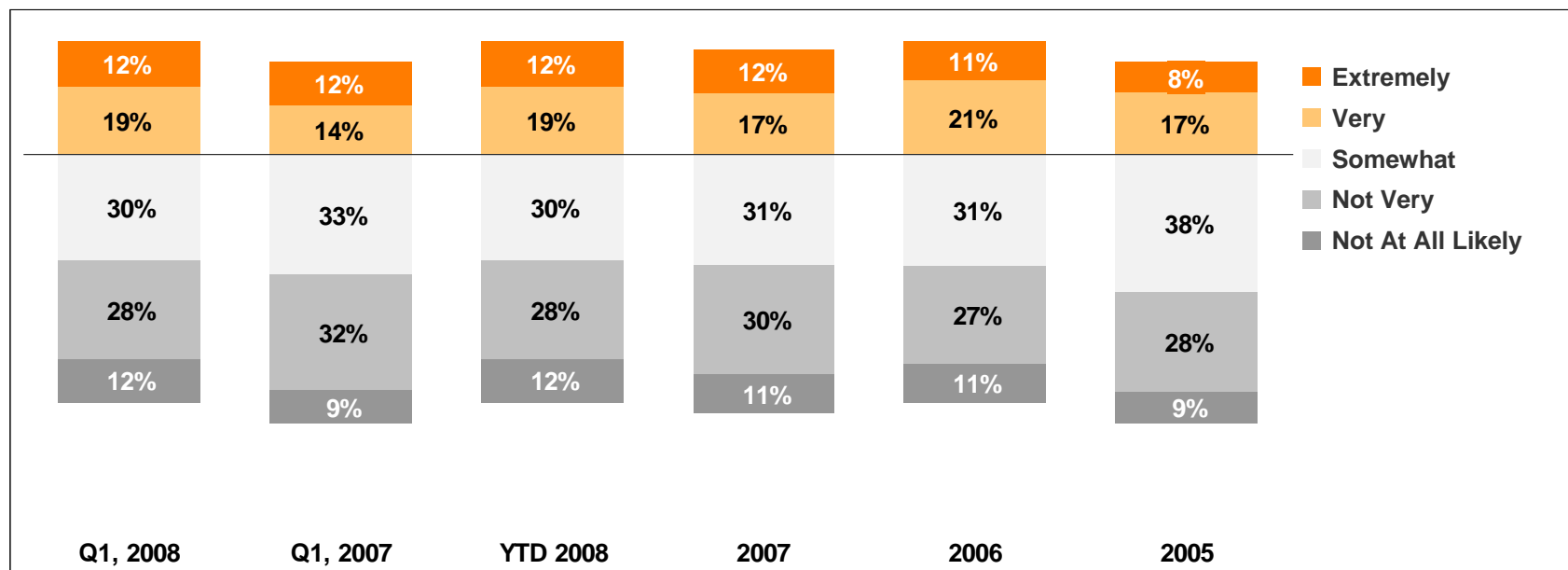
## Japanese Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Japanese Market

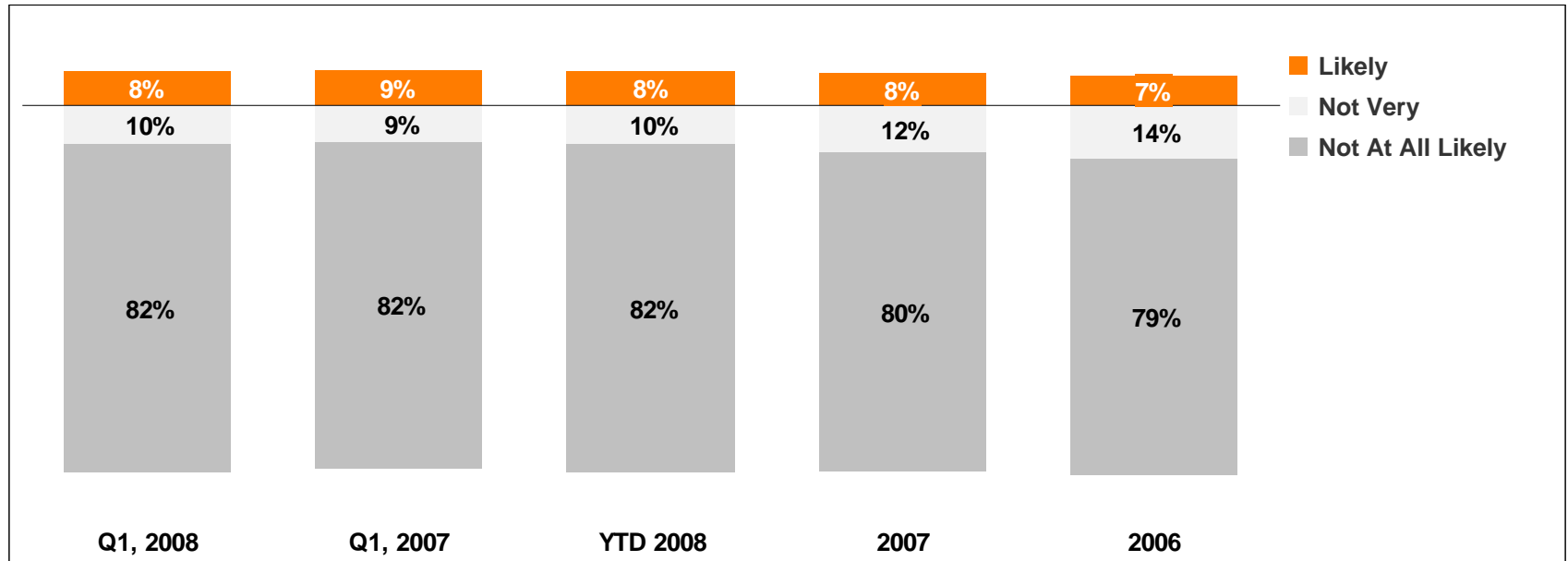
- In Q4, 2007, international Japanese travelers express greater likelihood in visiting Hawaii in the next 24 months than they did a year ago (31% vs. 26%). These first quarter results also surpass the 2007 YTD total (29%).
- Meanwhile, the subset of those who state that they are *extremely interested* (and the most likely to visit) remains strong (and much stronger than the 8% recorded in 2005).
- Of course, Hawaii faces challenges in Japan similar to those in the US in enticing potential visitors; specifically, distance and time, cost, and pressure from competitive destinations.



# Likely to Visit Hawaii FOR BUSINESS (Q15)

## *Japanese Market*

- Similar to US residents, Japanese travelers seldom cite Hawaii as a business destination (next 24 months).



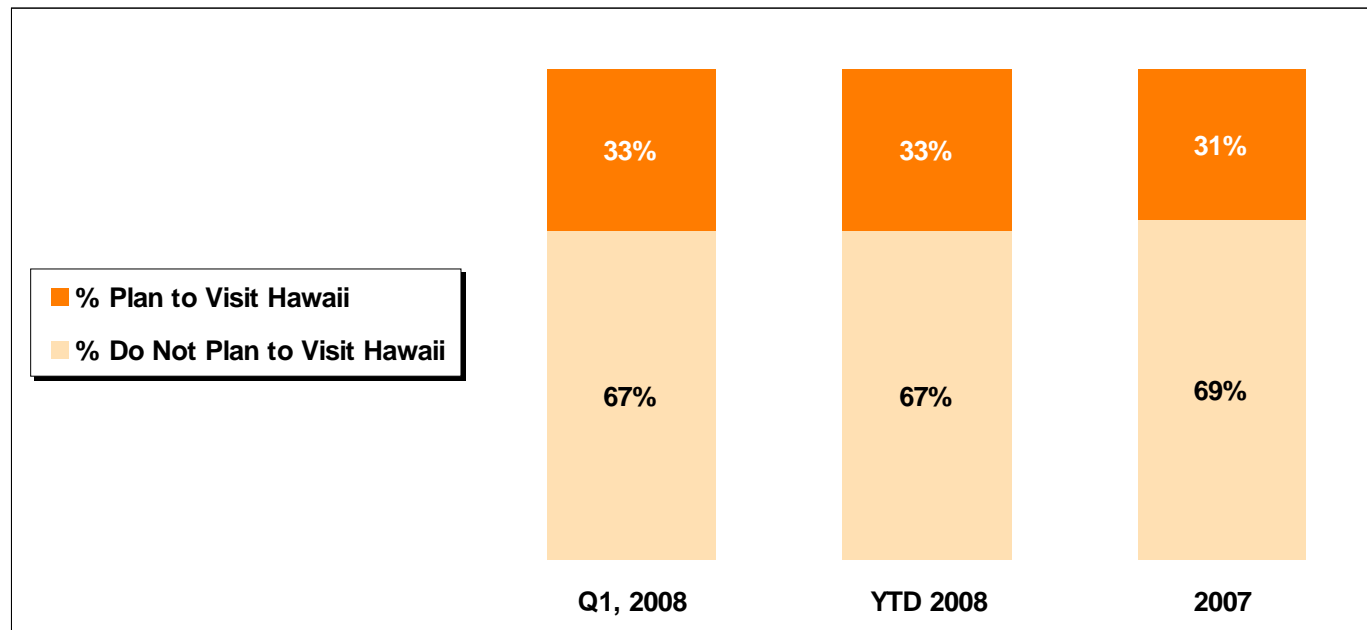
# Appendix F: Concerns About Travel and Their Effect on Destination Choices (Japanese Int'l Travelers Only)



# Consider Visiting Hawaii in Next 24 Months (Q21)

## *Japanese Market*

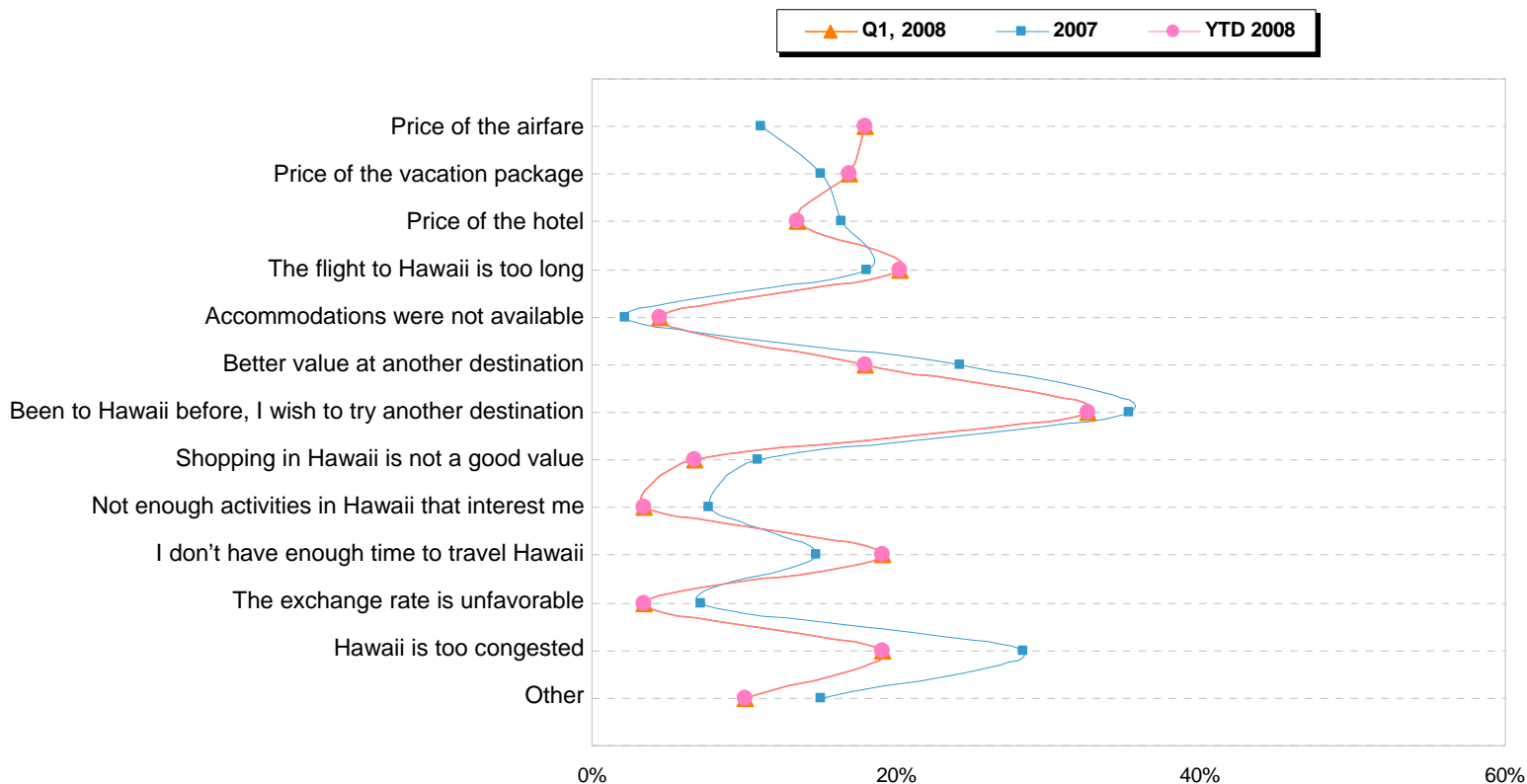
- A third (33%) of Japanese respondents consider visiting Hawaii in the next 24 months (based to those who answer in Q1, 2008), representing a slight boost from 2007 YTD.



# Reasons Not Intending to Visit Hawaii in Next 24 Months (Q22)

## Japanese Market

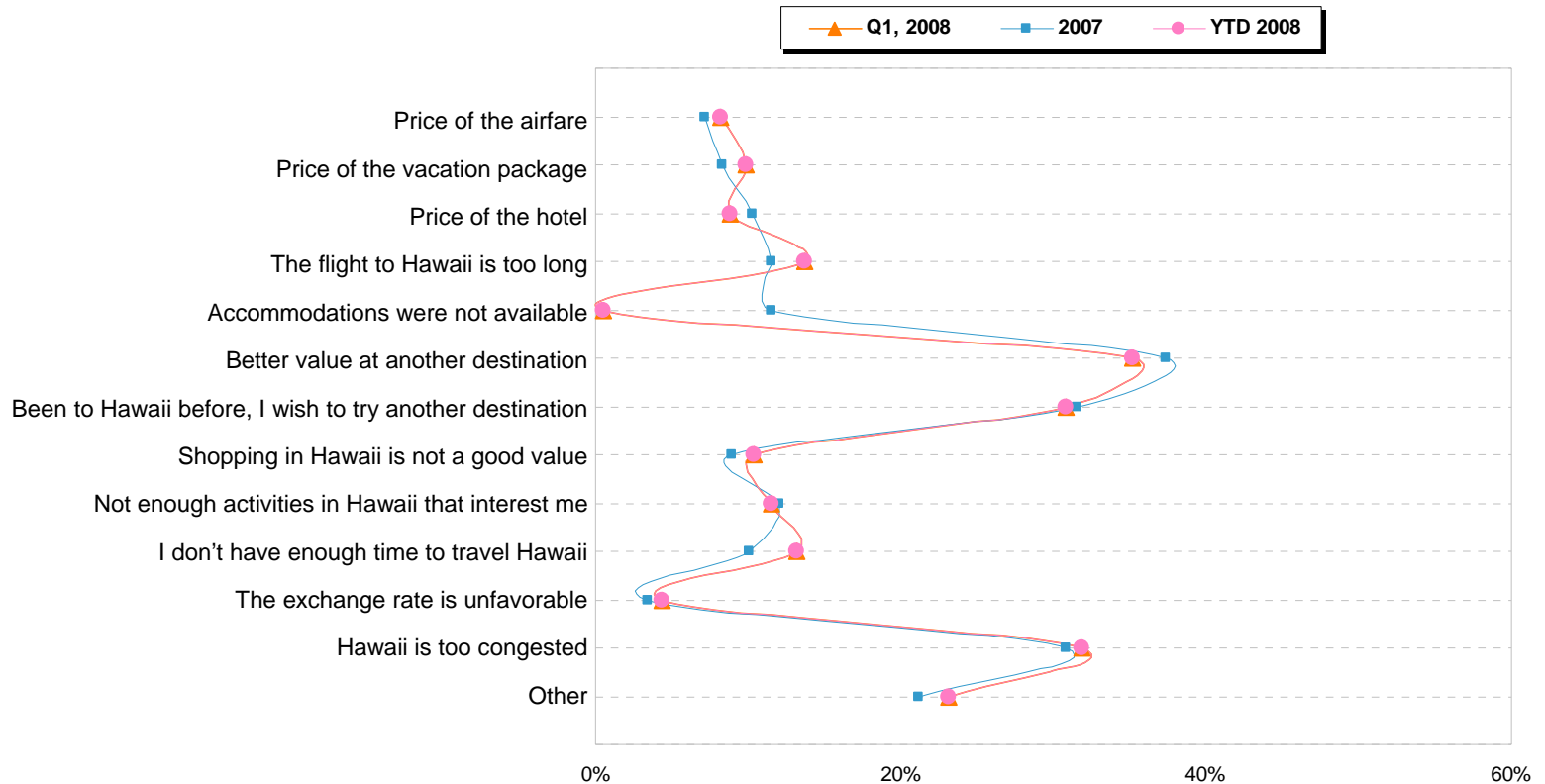
- Quarter 1, 2008: Of those (22%) Japanese travelers considering a visit to Hawaii in the next 24 months, but not *intending* to visit, the top reason is that they feel that *been to Hawaii before and wish to try another destination* (33%). *The flight is too long* (20%), *Hawaii is too congested* (19%), *not enough time to travel to Hawaii* (19%), *price of the airfare* (18%), *price of vacation package* (17%), and *better value at another destination* (18%) vie for the second-place reason.
- YTD 2008 vs. YTD 2007 (Q1-Q4): Generally, both time periods reflect the same patterns, although current non-intenders complain more about *the price of the airfare*, *the price of the vacation package*, *length of flight*, and *flight time*. While still a major reason, fewer complain about Hawaii's congestion.



# Reasons Not Considering a Visit to Hawaii in Next 24 Months (Q23)

## Japanese Market

- Quarter 1, 2008: Japanese travelers who are not considering a visit to Hawaii typically believe that they will discover a *better value at another destination* (35%). They also resist because they have *been there before* (31%) and want to avoid *congestion* (32%).
- YTD 2008 vs. YTD 2007 (Q1–Q4): The patterns diverge somewhat between in Q1. While *better value elsewhere* still tops the list, current “non-considerers” deem it less important, instead emphasizing *prices (both air and packages)*, and *travel time*.





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