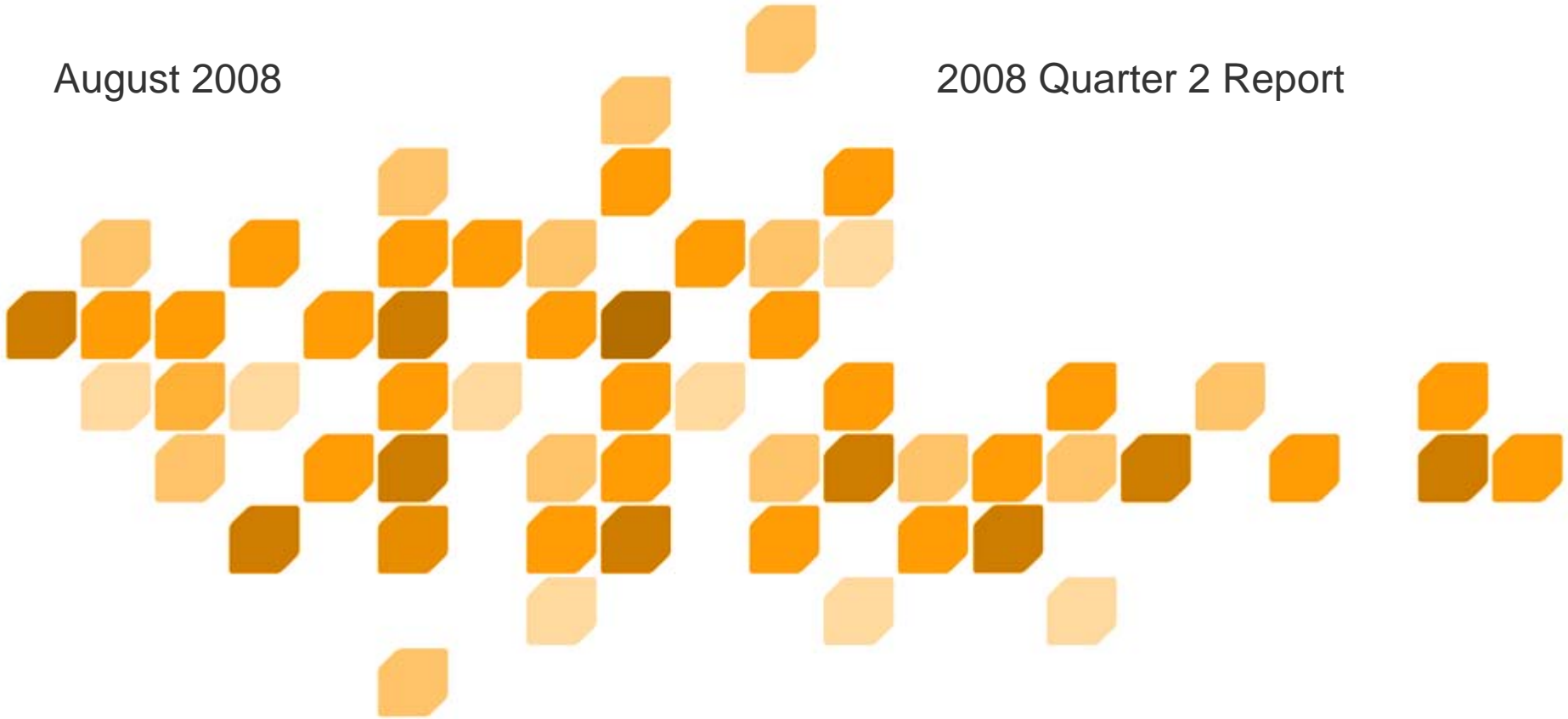


August 2008

2008 Quarter 2 Report



# Purposes and Methodology



# Research Objectives

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This is the 22<sup>nd</sup> quarterly report of a tracking study for Hawaii.

Over time, this research tracks the impact and effectiveness of advertising campaigns. This wave (Q2, 2008) is the sixth wave using a new assessment of Hawaii vis-à-vis its competition (with 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 topics 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 April 2 and June 25, 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 April 4 and June 27, 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	6,893	3,180	3,180	533
Qualified	1,226	408	415	403
<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 Second 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 2, 2008 vs. Quarter 2, 2007 (one year ago), and/or year-to-date 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. Thus, 2008 is the first year that year-to-year attribute preference comparisons 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 (except the West in Q1, 2008) 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, roughly 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 (Q2 2008 YTD) -- Long Distance Travelers from the East:

- Generally place **Hawaii** in a relatively competitive position on the various image elements, ranking first (7) or second (9, including ties) on 16 of the 28 image attributes. Overall, **Hawaii** leads all competitors on *safe/secure* (edging ahead of **Florida**), *clean environment*, *friendly local people*, *unique scenery*, *nature-based activities*, *romantic place*, and *adventure activities*. In contrast, it ranks/ties for last on five: *good value for the money*, *variety (prices/types) of accommodations*, *easy to get there*, *entertainment*, and *variety of nightlife*.
- **Competitor results:** Of the four key competitors (**Florida**, **California**, **Caribbean**, and **Europe**), **Europe** leads in the number of top image attributes (11), although **Florida** (7) has the edge for the second most important one (*value for the money*) and nearly matches **Hawaii** on the very most important (*safe/secure*). By a wide margin, **Hawaii** receives the highest recognition for the third most important (*clean environment*).
- **Since the end of 2007:** Preference for Hawaii during the first half-year generally remains the same or improve for each image attribute.
- **Considered Destinations:** As in the past within the **Eastern Market**, Florida (35%) and the Caribbean (33%) exceed other destination areas in interest. Further, a higher proportion of long distance travelers in this market also consider traveling to California (27%), Las Vegas (26%), and Europe (22%) for a vacation over Hawaii (19%). Hawaii slimly maintains its edge over Mexico (18%). Even when travelers have visited Hawaii in the past, Hawaii still faces stiff competition. Although **past Hawaii visitors** assign higher percentages than total Eastern Market travelers, Hawaii (28%) still ties for last – behind Florida (44%), the Caribbean (38%), Mexico (34%), Las Vegas (33%), California (29%), and ties Europe (28%).

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q2 2008 YTD) – Eastern Long Distance Travelers:

- Consistent placement of Eastern Market travelers' preference for Hawaii indicates the challenge in strengthening 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 the few dimensions that indicate a change from a year ago, fewer prefer Hawaii for *variety of cultural activities*, *special events/festivals*, and *variety of nightlife* while slightly more consider it *easy to get there*. Overall, this group prefers Hawaii at about the same level as a year ago.
  - **High Experiential Seekers:** Hawaii generally tends to stay in place on most dimensions, reflecting little shift in image.
  - **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>). Hawaii's image slips somewhat on the top two important attributes: *safe/secure* and *intriguing history/culture* (although it still exceeds all competitors on this defining attribute with a 48% preference). It lags on several less important items as well. Preference for Hawaii noticeably outpaces last year on only one dimension – *great place to get away from it all*. About a third of attributes reflect no change.
  - **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 a few small differences appear: *Intriguing history and culture* gains while *always more to keep coming back*, *unique scenery*, and *different experience than other places* slip from last year. However, *adventure activities* and *wide variety of recreational choices* (items that are much more important to this segment than others) 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 (Q2 2008 YTD) -- 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 (14) 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 near last only twice (*good value for the money* and *unspoiled/not overdeveloped*).
- **Competitor results:** Of the four key competitors (**Mexico**, **Alaska**, **Australia**, and the **Caribbean**), none provide much threat to **Hawaii**. **Alaska** ranks a distant second in the number of strong images (six -- particularly for *cleanliness*, *scenery*, and *natural* attributes), followed by **Australia** (leads on 4), **Mexico** (also leads on 4), and the **Caribbean** (ties **Hawaii** on one).
- **Since the end of 2007:** Images during the first half of 2008 generally remain the same. Only minor (insignificant) shifts appear, the largest gap (downward) occurs for *special events/festivals*.
- **Considered Destinations:** Western long distance travelers prefer Hawaii among its competitive set, in this order: Hawaii (37%), Las Vegas (32%), Europe (26%), Alaska (26%), Mexico (25%), the Caribbean (23%), and Australia (15%). **Past Hawaii visitors** find Hawaii strikingly more enticing (53% consider it vs. 33% for second-place Las Vegas).

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q2 2008 YTD) – Western Long Distance Travelers:

- Preference for Hawaii generally remains static to a slight dip 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 slightly downward, most notably for *safe and secure* and *easy to get there*. 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 or lose momentum, slipping most notably on *safe/secure* and *variety of accommodations*. Hawaii posts no substantial gains compared to the first half of 2007. Overall, Hawaii's image appears to deteriorate slightly 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. Overall, several dimensions reflect minor deterioration or stay in place. Although Hawaii's image is static to slightly below last year, it widely leads competitors on most items.
  - **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>). Hawaii's preference slips somewhat on the most important item, *intriguing history and culture* and loses ground on several others. Results indicate a static to slightly deteriorating image that could benefit from additional promotions, but still exceeds all competitors.
  - **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 first six months of a year-ago. The most striking gains appear for *clean environment* and *easy to get around* while *special events and festivals* decline. The lack of a clear shift in preference indicates a rather static image of Hawaii among this group.
  - **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 staying in place, and sometimes declining), indicating 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 (Q2 2008 YTD) – Japanese International Travelers:

- View **Hawaii** as competitively strong as long distance travelers from the West US Market. Travelers prefer Hawaii to all other destinations on more than half (18) of the 30 dimensions, plus it ties Australia on three more, and ranks (or ties for) second place on four more. Except for *unspoiled/ overdeveloped*, **Hawaii** never ranks last and is next-to-last on only three *unique-* and *intriguing-*related items. As in the Western US Market, no destination seriously threatens **Hawaii's** lock on image.
- **Competitor results:** As in the Western US Market, the four key competitors (**Thailand**, **Australia**, **Guam/Saipan**, and **China**) trail **Hawaii**. Including the three items (*value for the money*, *always new experiences for the visitor*, and *adventure activities*) which 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:** Hawaii's first half-year results meet or exceed last year on all but three dimensions (*variety of cuisine/dining options*, *easy to get there*, and *variety of nightlife*) and then by only a small degree.
- **Considered Destinations: Japanese international leisure flyers** place Hawaii (39%) in second place among a short list of international competitors: Europe (51%), Hawaii (39%), Australia (35%), Korea (25%), Guam/Saipan (24%), Thailand (20%), and China (15%). Of course, **past Hawaii visitors** hold it in much higher esteem – Hawaii (64%) leads second Europe (50%) and third place Australia (41%) by a wide margin.

# Summary (cont'd)

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## Behavior Segments: Preference for HAWAII (Q2 2008 YTD) – Japanese International Travelers:

- Preference for Hawaii generally remains static or 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). Preference for Hawaii mirrors the year ago level for most dimensions. Of those with a notable change, one improves (*different experience than other places*) and one slips (*easy to get there*). The results suggests a static image of Hawaii among those in this behavioral segment.
  - **Romance Seekers:** These travelers emphasize *romance* (it moves to 7<sup>th</sup> place from 22<sup>th</sup> in importance). Of all the dimensions, Hawaii remains in place almost universally compared to a year ago. Of the dimensions that indicate a shift, Hawaii slightly dips (*entertainment, nature-based activities, and nightlife*). Hawaii's image appears fairly stable among those in this behavioral segment.
  - **High Experiential Seekers:** Among the top dozen dimensions in importance, Hawaii meets or improves (especially on *great place to get away from it all*) on each compared to January – June 2007. Hawaii hovers near last year on the remaining elements. Over all dimensions, Hawaii generally reflects a stable to slightly 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 *nature-based activities*). The greatest increases appear for these: *always more to keep coming back, great place to get away from it all, and different experience than other places*. This segment reflects 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 these more noteworthy shifts: gains for *great place to get away from it all* and *different experience than other places* and slippage for *nature-based activities*. Overall results for this behavior segment point toward a static image of Hawaii.
  - **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, more often declining), indicating no clear shift in Hawaii's image among those in this behavioral segment.

# Travel Patterns

Eastern Market



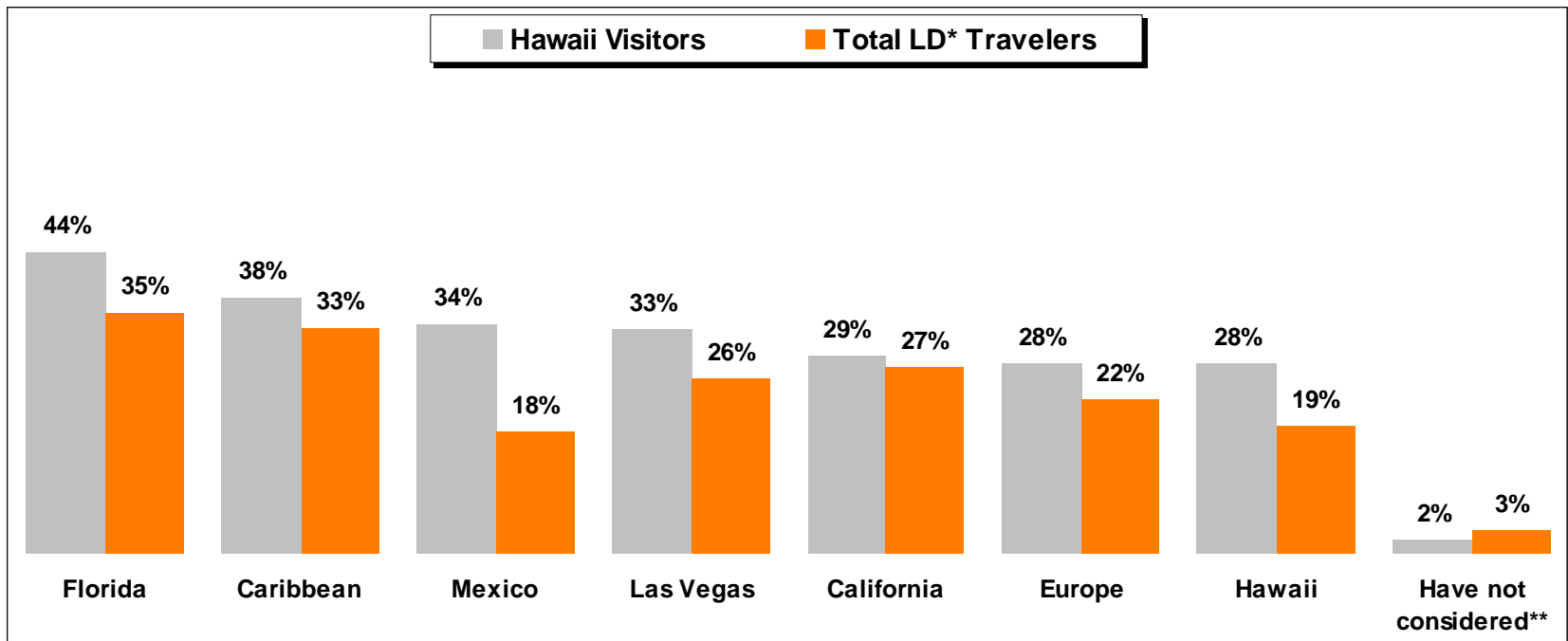
# Considered Destinations (Q3)

## 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, although the lead is slim for California. Of course, Hawaii appeals to past visitors (that is why they have been there), but as noted in prior waves, Florida (44%), the Caribbean (38%), Mexico (34%) and Las Vegas (33%), exceeds Hawaii (37%) even for them (past visitors). Hawaii, California, and Europe receive roughly equal levels of interest (28% to 29%) for the future. Mexico, which usually lags all other destinations, ranks third this wave.
- Among **all Eastern long distance travelers**, Hawaii (19%) 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"

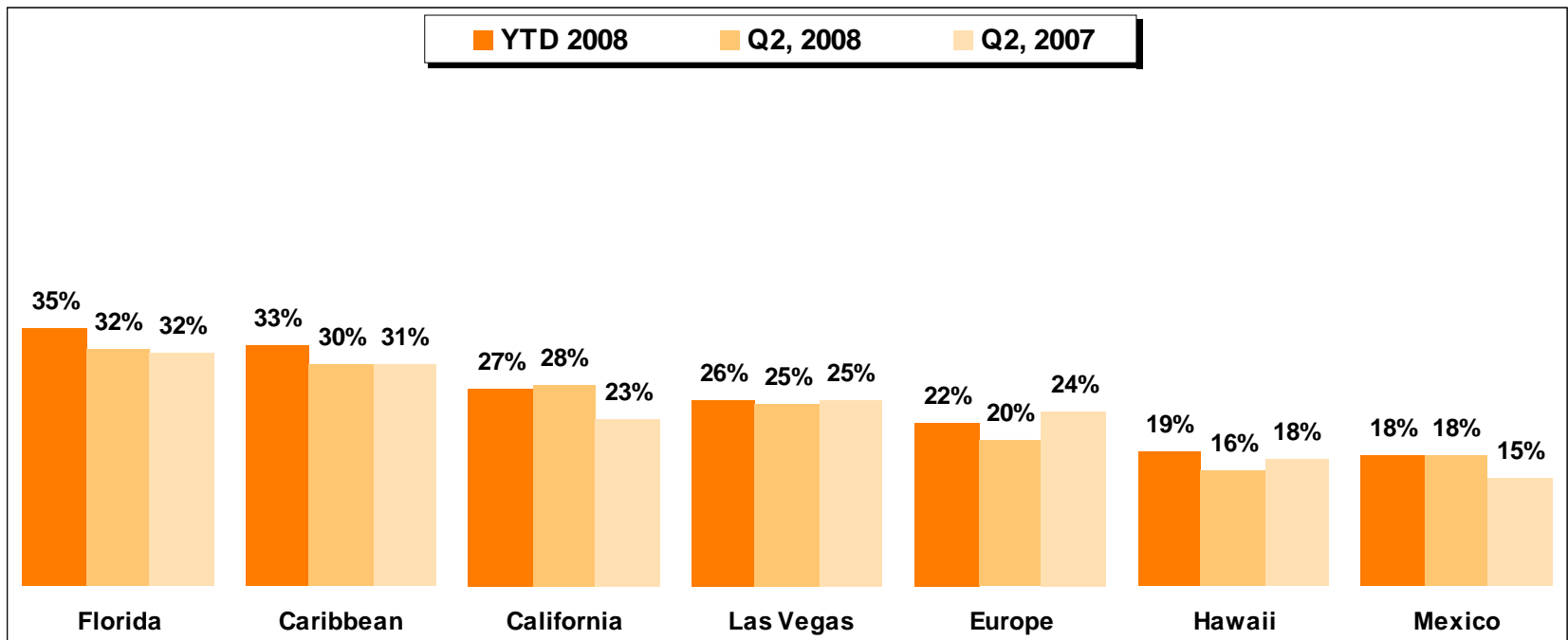
# Considered Destinations (Q3)

## Eastern US Market

With minor differences, Eastern US travelers tend to **rank** their list of considered destinations similarly from wave to wave. However, Mexico, which usually lags Hawaii (and still does year-to-date), edges into sixth place in Quarter 2:

- Interest in three of the seven listed destinations remain near the level noted for the same quarter a year ago (Florida, Caribbean, and Las Vegas). California and Mexico post a gain and Europe a drop. Hawaii slips, but only slightly.
- Compared to calendar year 2007 (not shown), 2008 (YTD) consideration of Hawaii slips (19% from 21%), but less than Florida (35% from 39%), the Caribbean (33% from 36%), and Europe (22% from 25%). California (27%), Las Vegas (26%), and Mexico (18%) remain at the same 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)

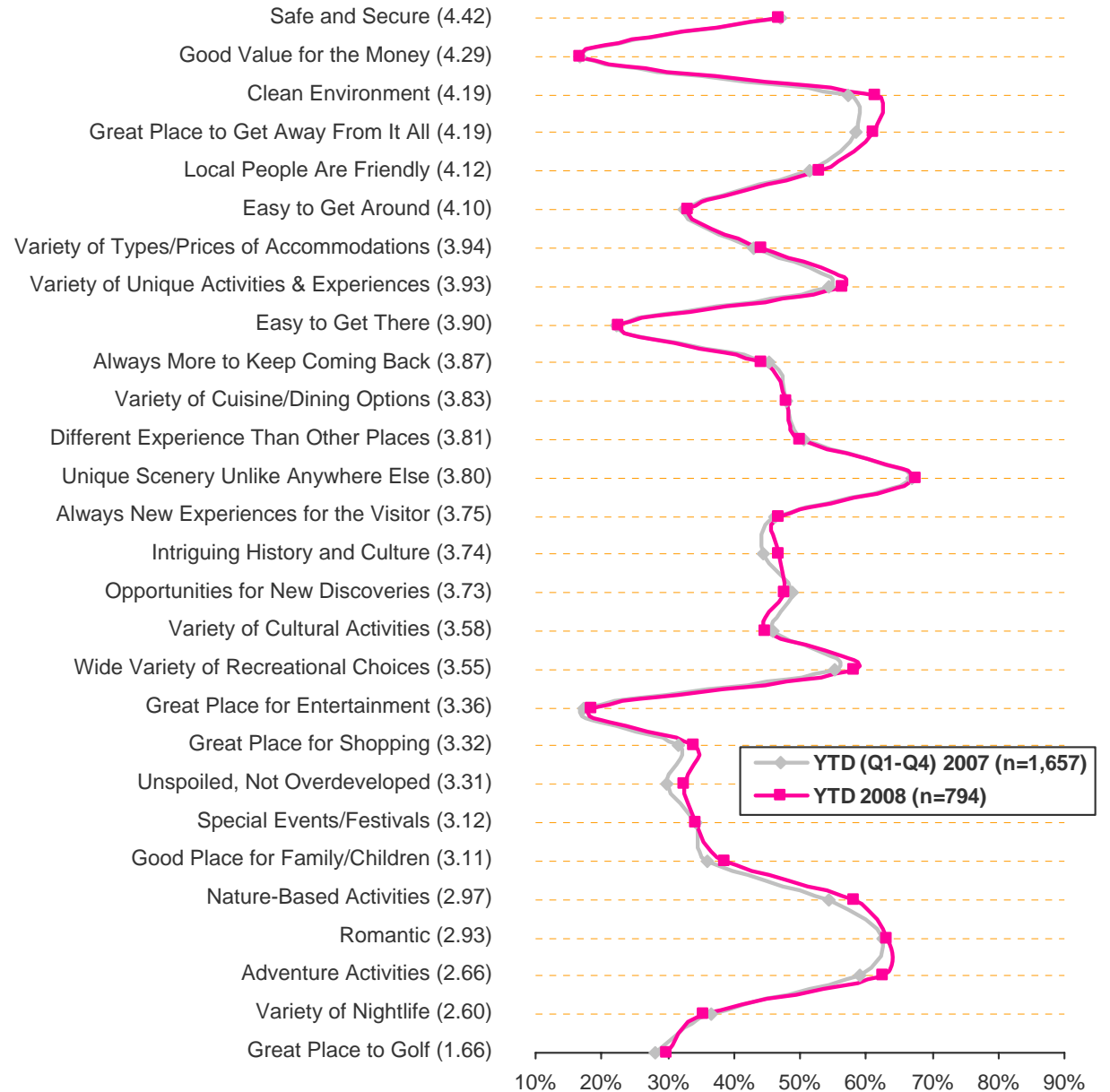
## Eastern Market

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 half of 2008 results generally match or 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

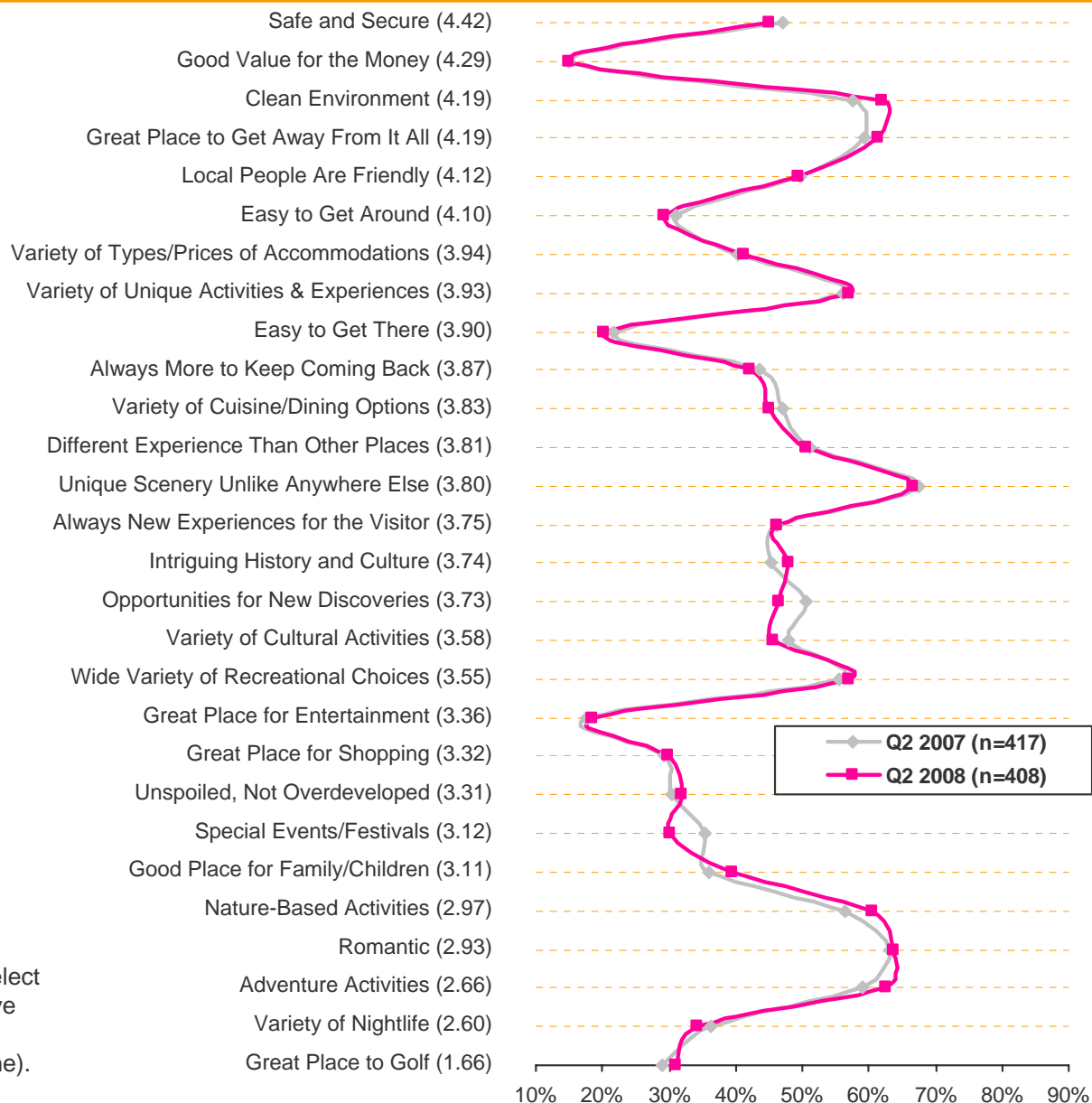
As just noted, travelers consider the following as Hawaii's strongest features:

- *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 second quarter 2008 results exceed the year-ago quarter on environmental images (*clean environment, place to get away from it all, nature-based activities, and adventure activities*), but slips on a few other features (*new discoveries, cultural activities, and special events/festivals*).

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 (% for Each Attribute)

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



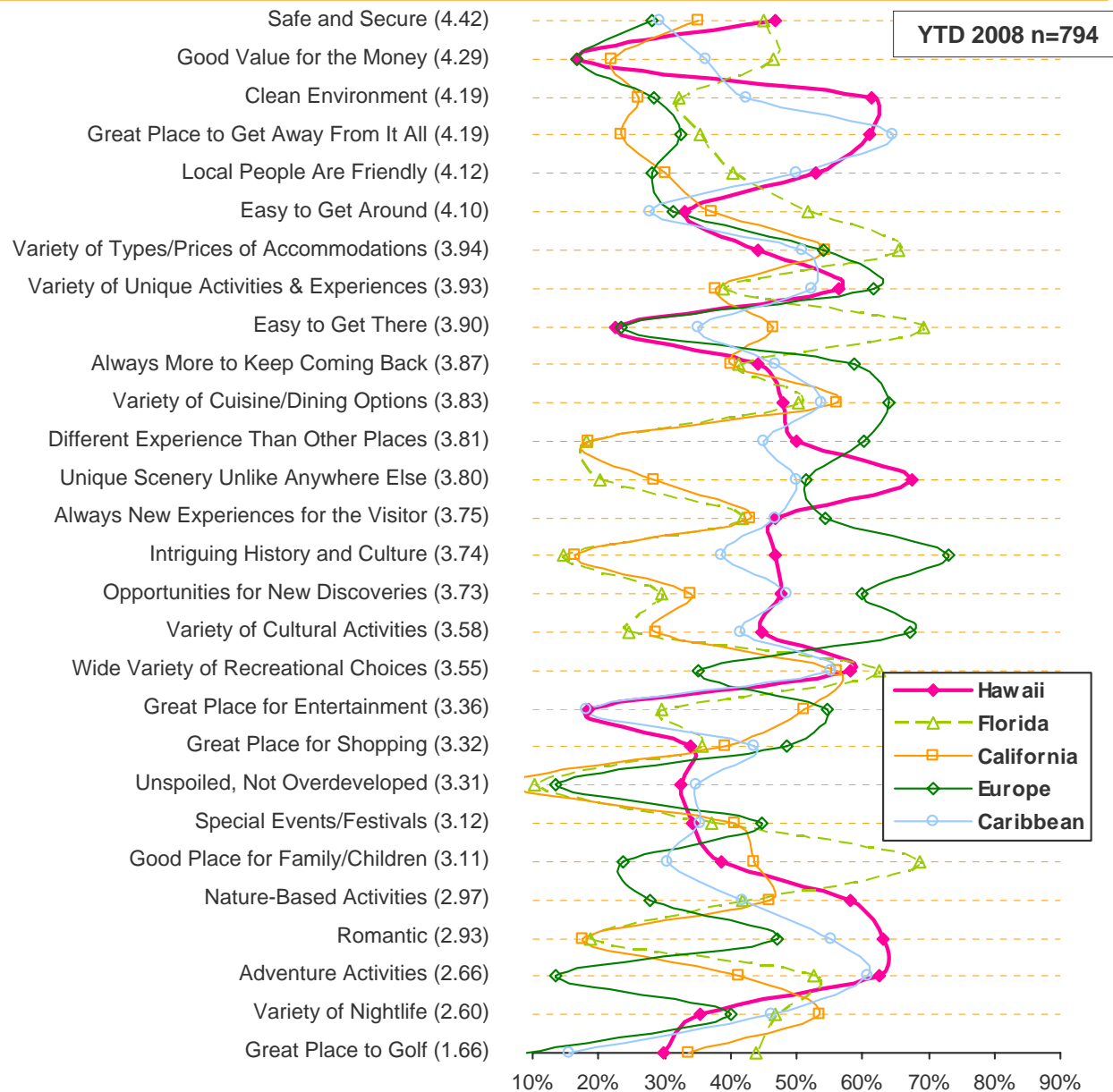
# Prefer Hawaii by YTD (Q5)

## 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

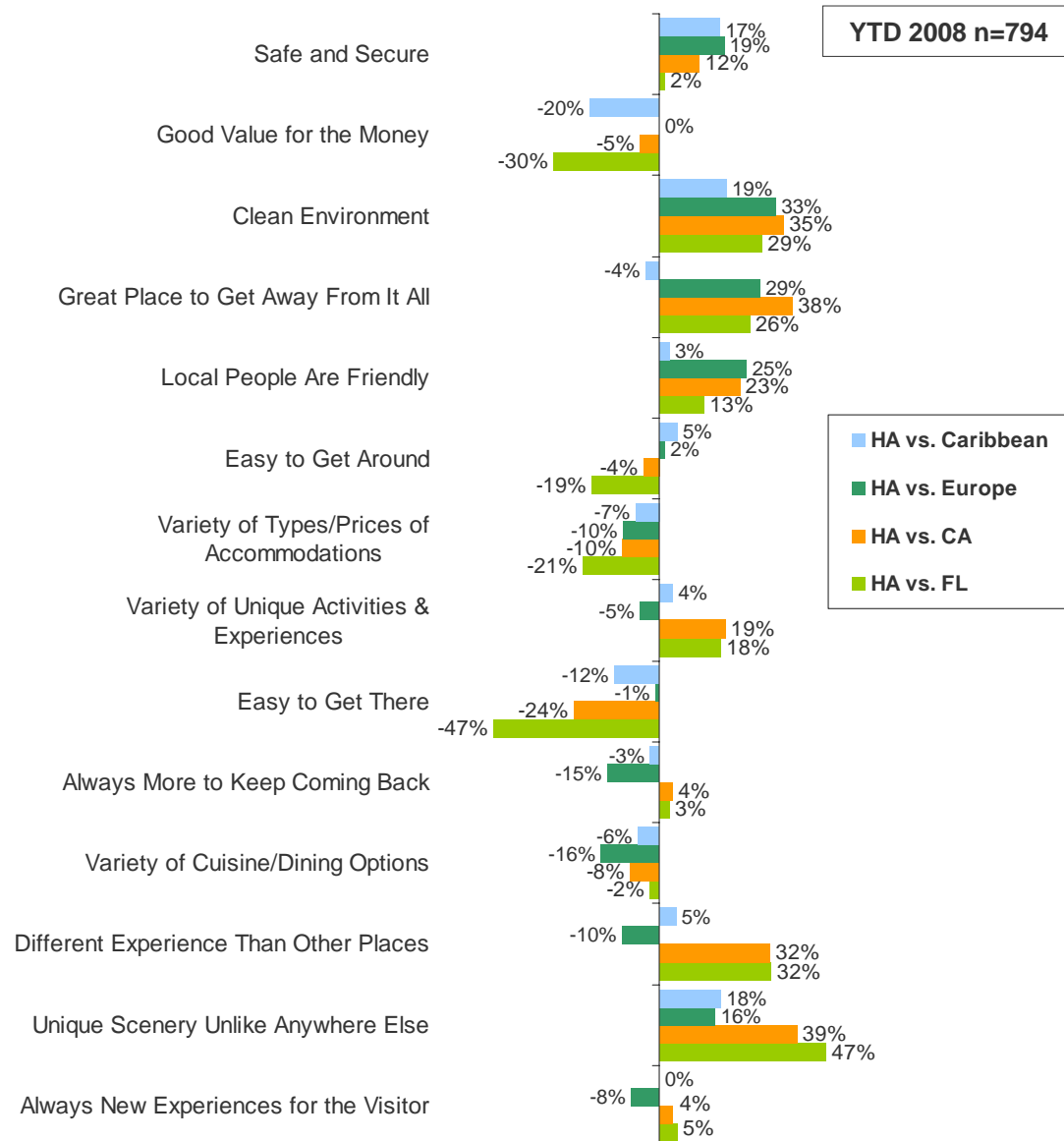
# Preference for Hawaii (Gap Over Competitors)

## 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 seven, most strikingly on *value for the money*, *accommodations*, *easy to get there*, *family/children*, and *golfing*).
- Hawaii** surpasses **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

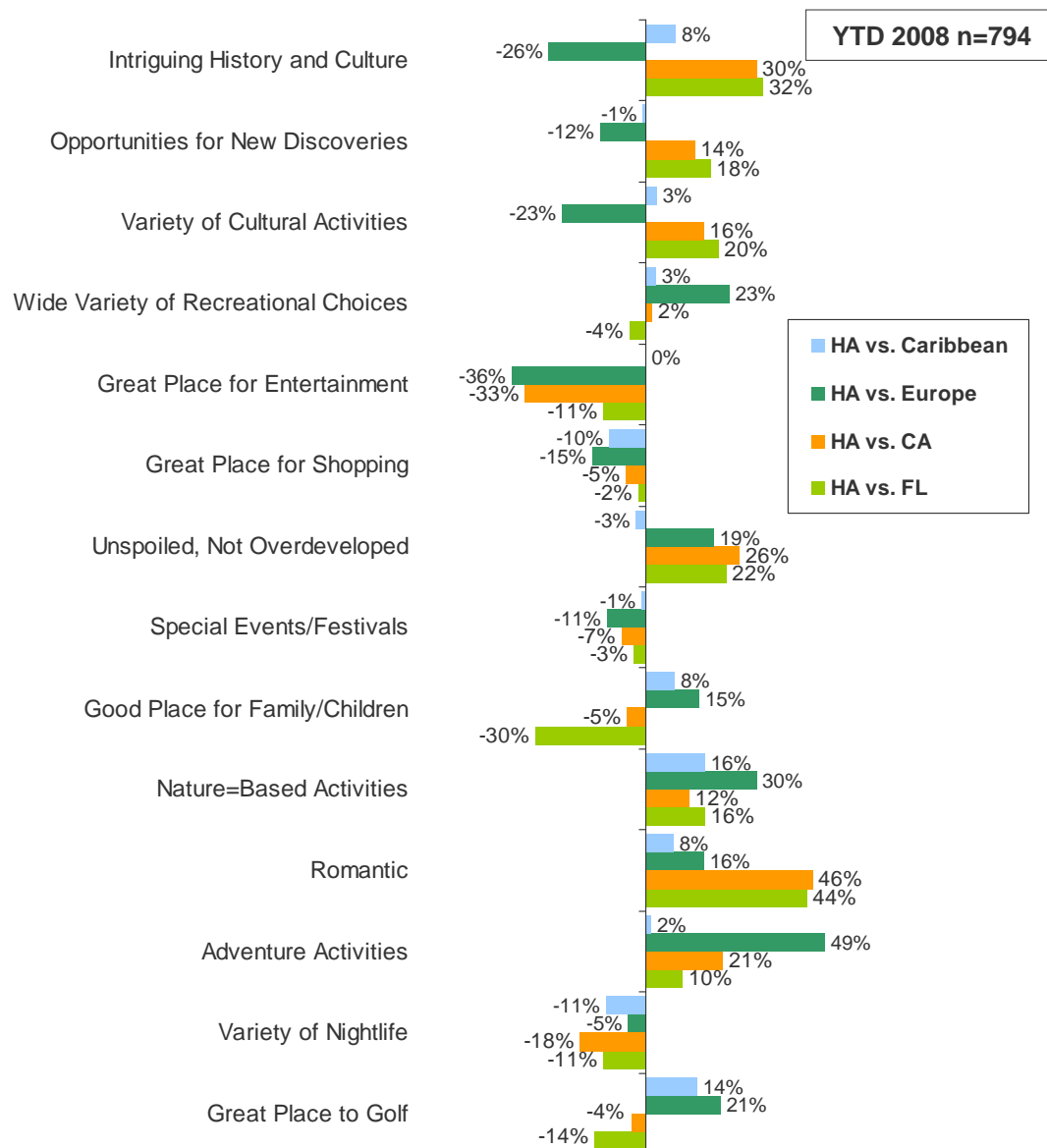
# Preference for Hawaii (Gap Over Competitors) continued

## Eastern Market

Competitively (all attributes continued):

- In contrast, **Hawaii** lags (last or ties for last) most competitors on *good value for the money* (the second most important), *accommodations*, *easy to get there*, *variety of cuisine/dining options*, *entertainment*, and *variety of nightlife*.

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



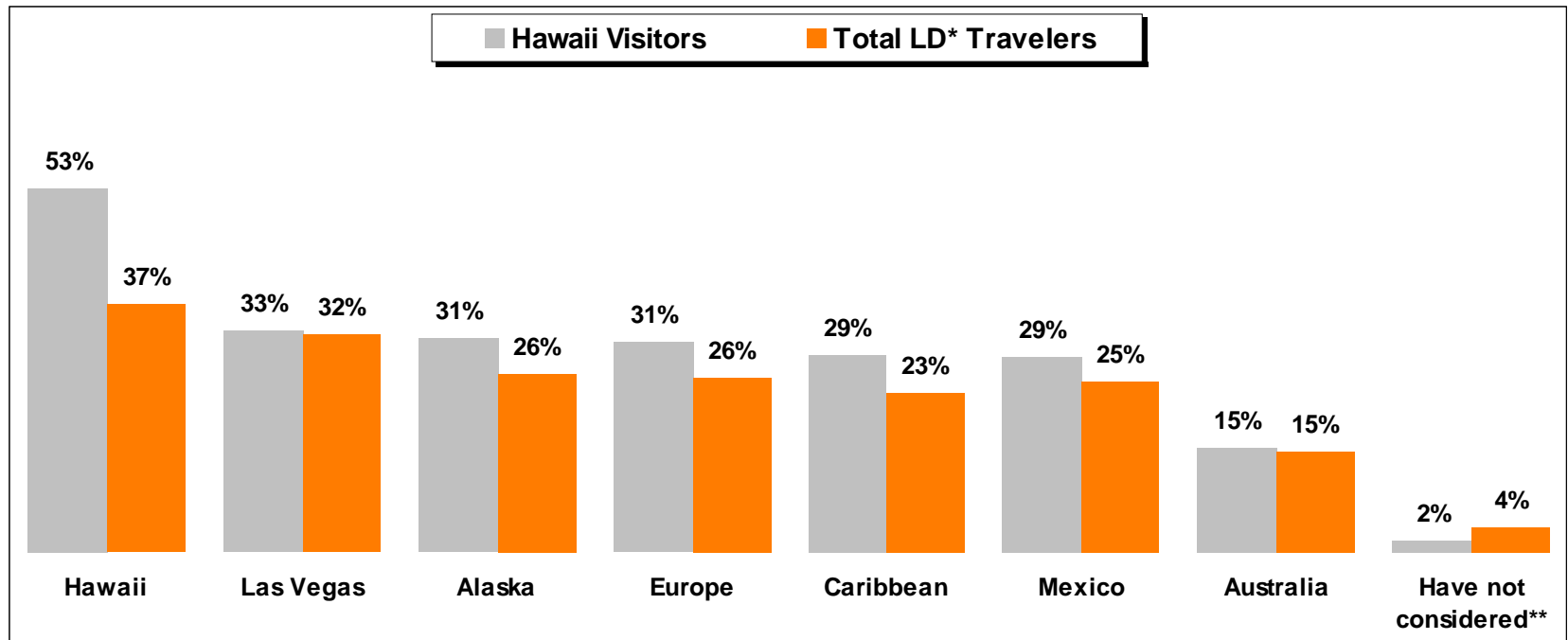
# Considered Destinations (Q3)

## 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 equal interest in the Caribbean and Mexico while the total West prefers Mexico. Australia lags for both groups.
- Those who visited Hawaii in the past three years are more likely to choose each of these destinations 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”

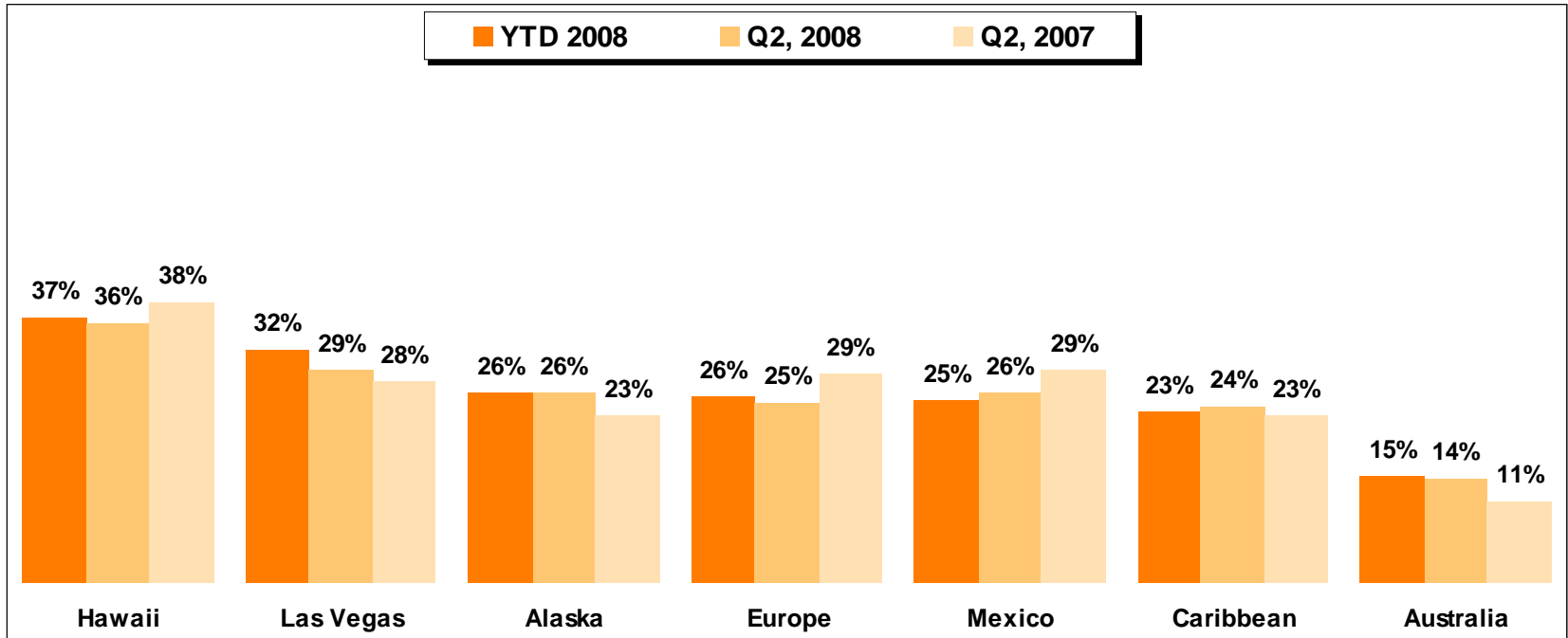
# Considered Destinations (Q3)

## Western US Market

Quarter 1, 2008 highlights:

- Among Western long-distance travelers, Hawaii consistently leads competing destinations.
- This quarter vs. Q2 a year ago, Hawaii, Europe, and Mexico fall in interest, Alaska and Australia gain, and Las Vegas and the Caribbean remain about the same.

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

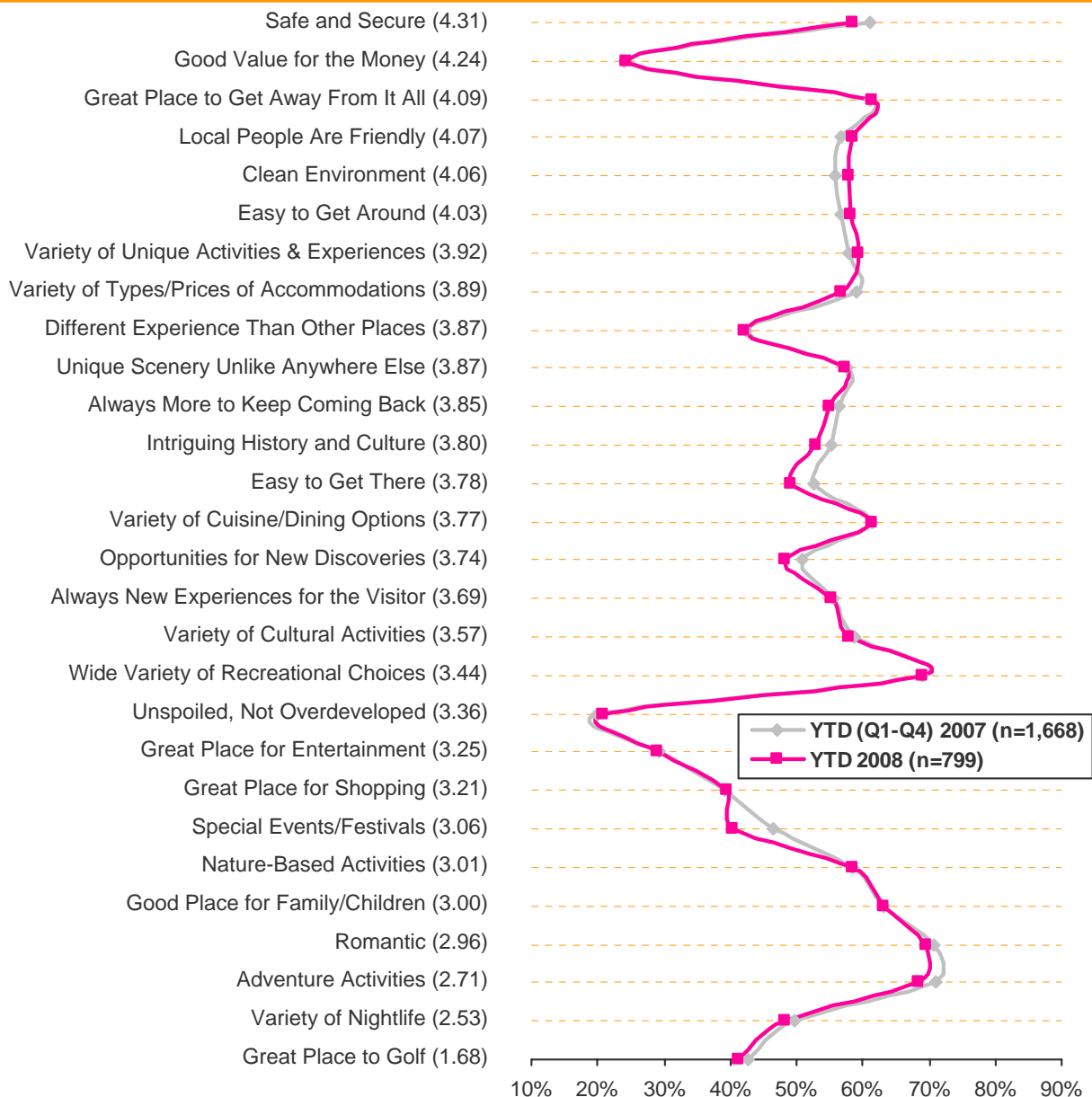
Travelers from the Western Market consider Hawaii as very strong on most features – so much so that it is easier to cite the exceptions than list its strengths. Hawaii falls short on only a few features:

- Value for the money, unspoiled/not overdeveloped, and entertainment.
- Hawaii closely mirrors its year-ago image. The largest gap is a dip for special events/festivals.

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 (% for Each Attribute)

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



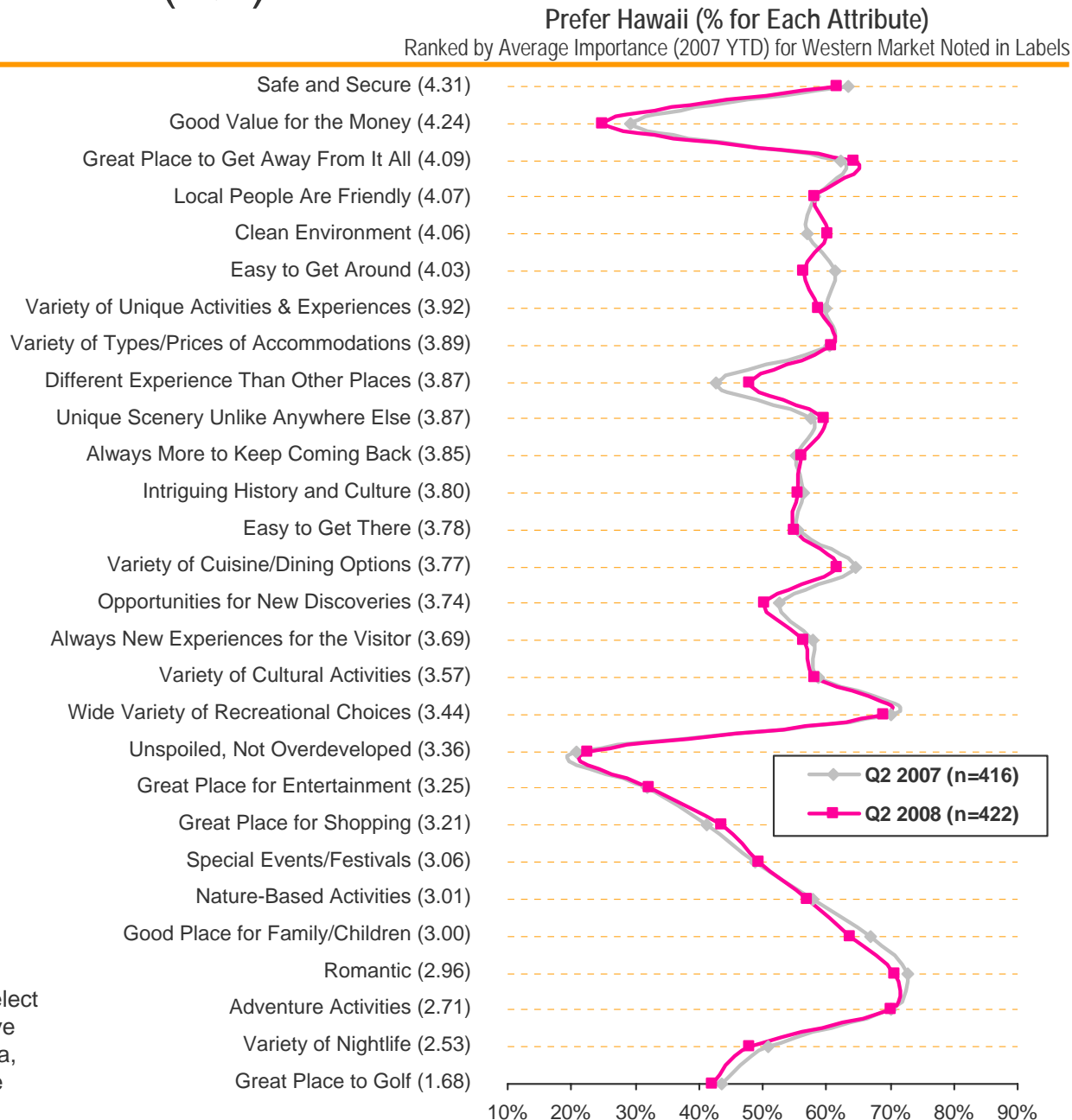
# Prefer Hawaii by Quarter (Q5)

## 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, *easy to get around*.

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



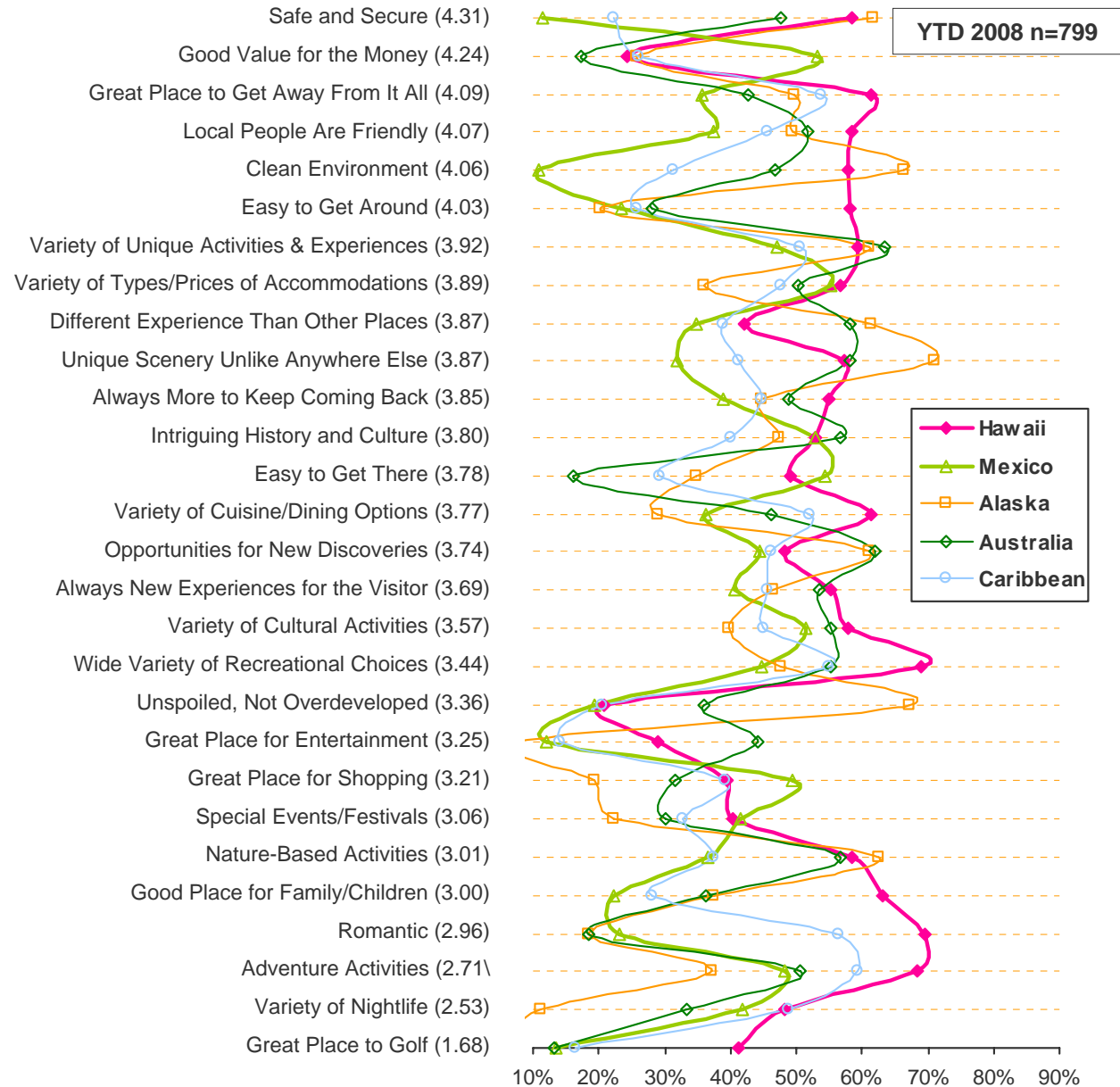
# Prefer Hawaii by YTD (Q5)

## 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

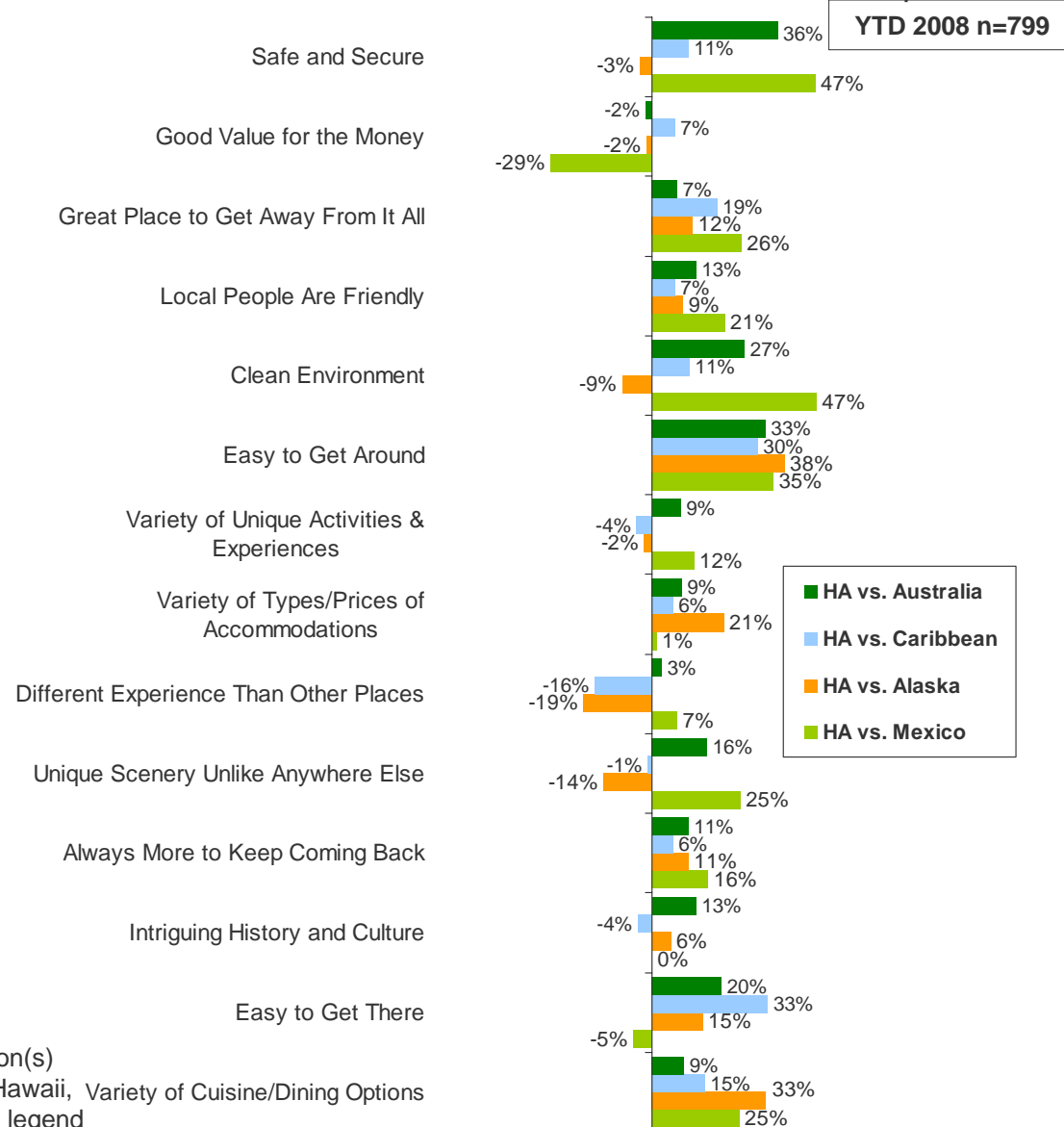
# Preference for Hawaii (Gap Over Competitors)

## Western Market

Competitively:

- **Hawaii** emerges as the clear winner – with those in the Western Market placing Hawaii at the top on half (14) of the 28 items (including a tie on *nightlife*).
- Further, **Hawaii** never ranks last, next-to-last only twice (*good value for the money* and *unspoiled*). No competitor poses much threat to **Hawaii**.
- **Alaska** ranks a distant second in the number of strong preferences, leading on six, particularly for *cleanliness*, *unique scenery*, and *unspoiled* attributes. It also leads on the most important item – *safe and secure*.
- **Australia** leads on four: *variety of unique activities/experiences*, *intriguing history/culture*, *new discoveries*, and posts a clear “win” on *entertainment*.
- **Mexico** leads on the second most important attribute – *good value for the money* – and places at the top on three others: *easy to get there*, *shopping*, and *special events/festivals*.
- The **Caribbean** leads (with Hawaii) on *variety of nightlife*.

Preference for Hawaii Minus Preference for Competitor

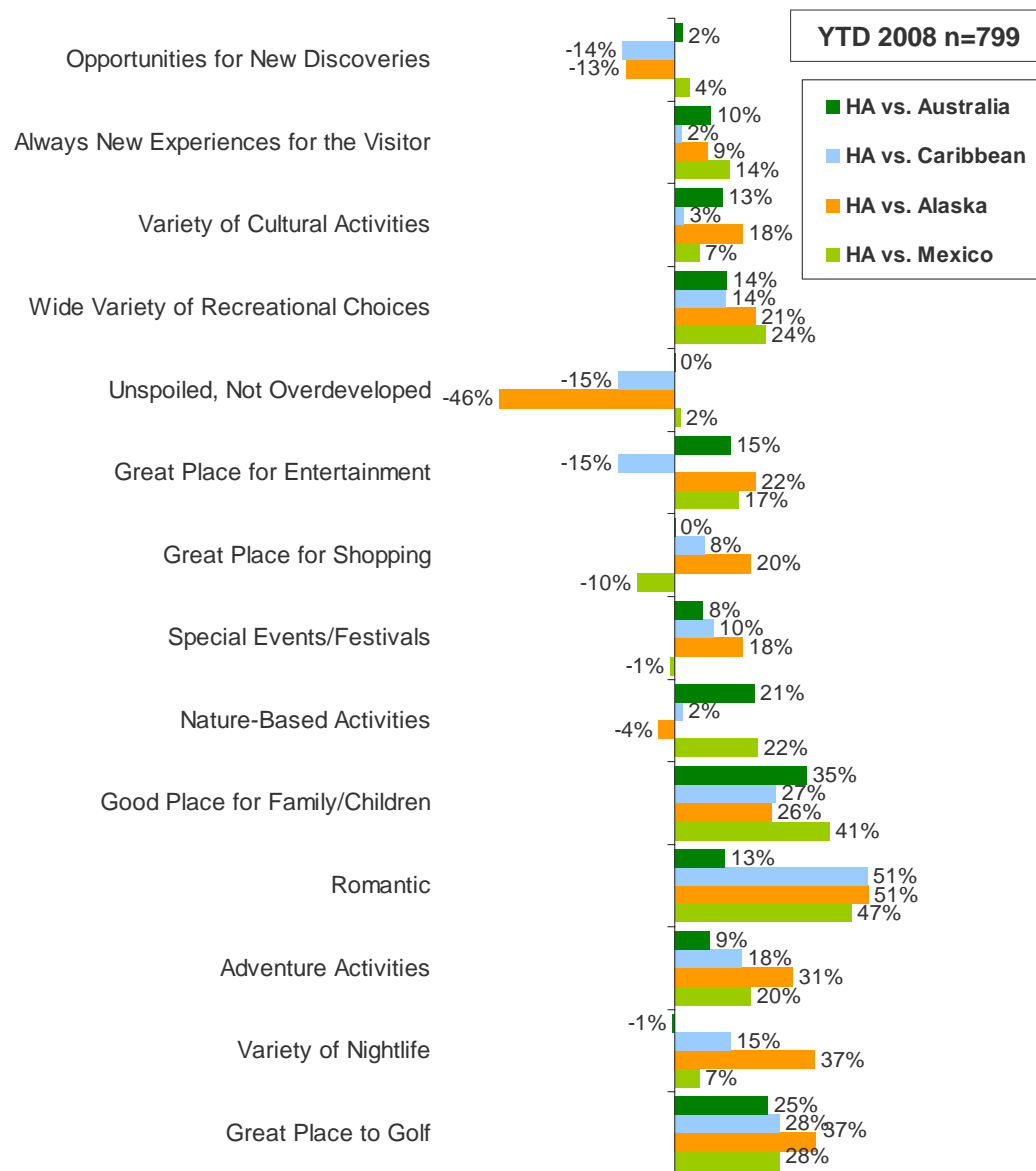


Q5. For each attribute listed below, please select the destination(s) you prefer, whether you have been to the destination or not. (Hawaii, Variety of Cuisine/Dining Options Alaska, Caribbean, Australia, Mexico, or None). Base noted in legend

# 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



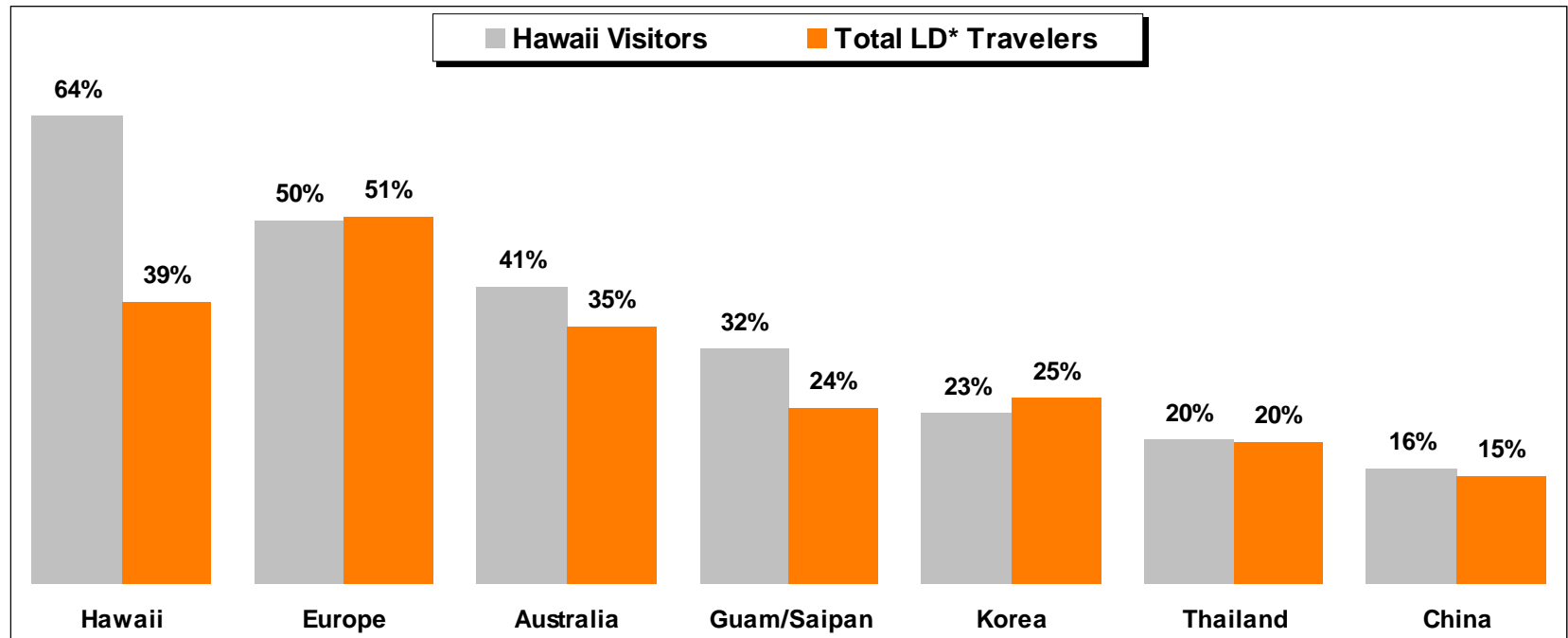
# Considered Destinations (Q3)

## 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 equal or greater interest in all destinations, excepting Korea.
- As in prior reports, Hawaii visitors still express much greater future interest in Hawaii (+25%-points over total international travelers). Much smaller gaps occur for other destinations: Europe (-1%), Australia (+6%), Guam/Saipan (+8%), Thailand (+0%), Korea (-2%), and China (+1%).
- Those who have been to Hawaii want to return (64%). Europe (50%) and Australia (41%) also attract them.
- Europe leads among total international travelers (51%) while Hawaii (39%) holds second place, outpacing Australia by 4-percentage points.

### YTD 2008



LD\* = Long-distance: International travelers

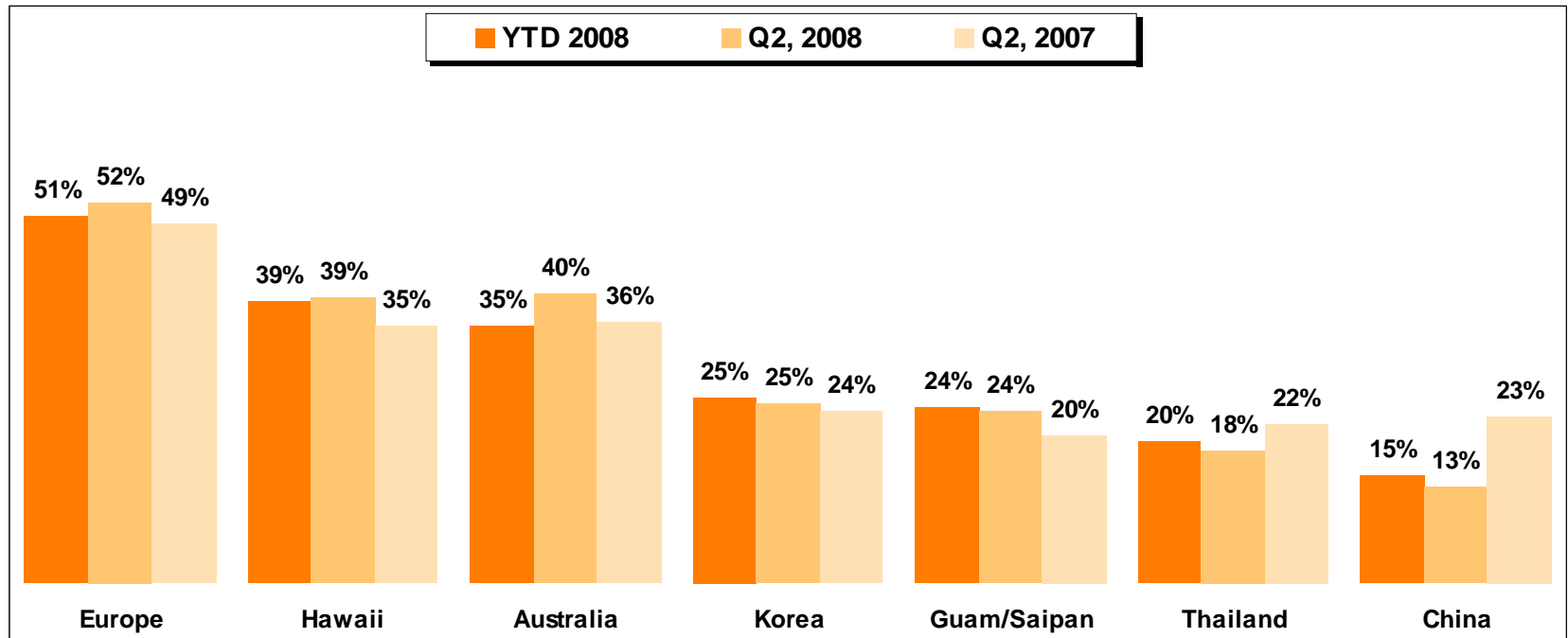
# Considered Destinations (Q3)

## Japanese Market

Quarter 2, 2008 highlights:

- Respondents indicate a gain in interest in Hawaii this quarter compared to the same time last year (39% from 36%). Most other destinations rise as well: Europe (+3%), Australia (+4%), Korea (+1%), and Guam/Saipan (+4%). Thailand (-4%) and China (-10%) decline.
- Interest in Hawaii (39% YTD) remains near 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

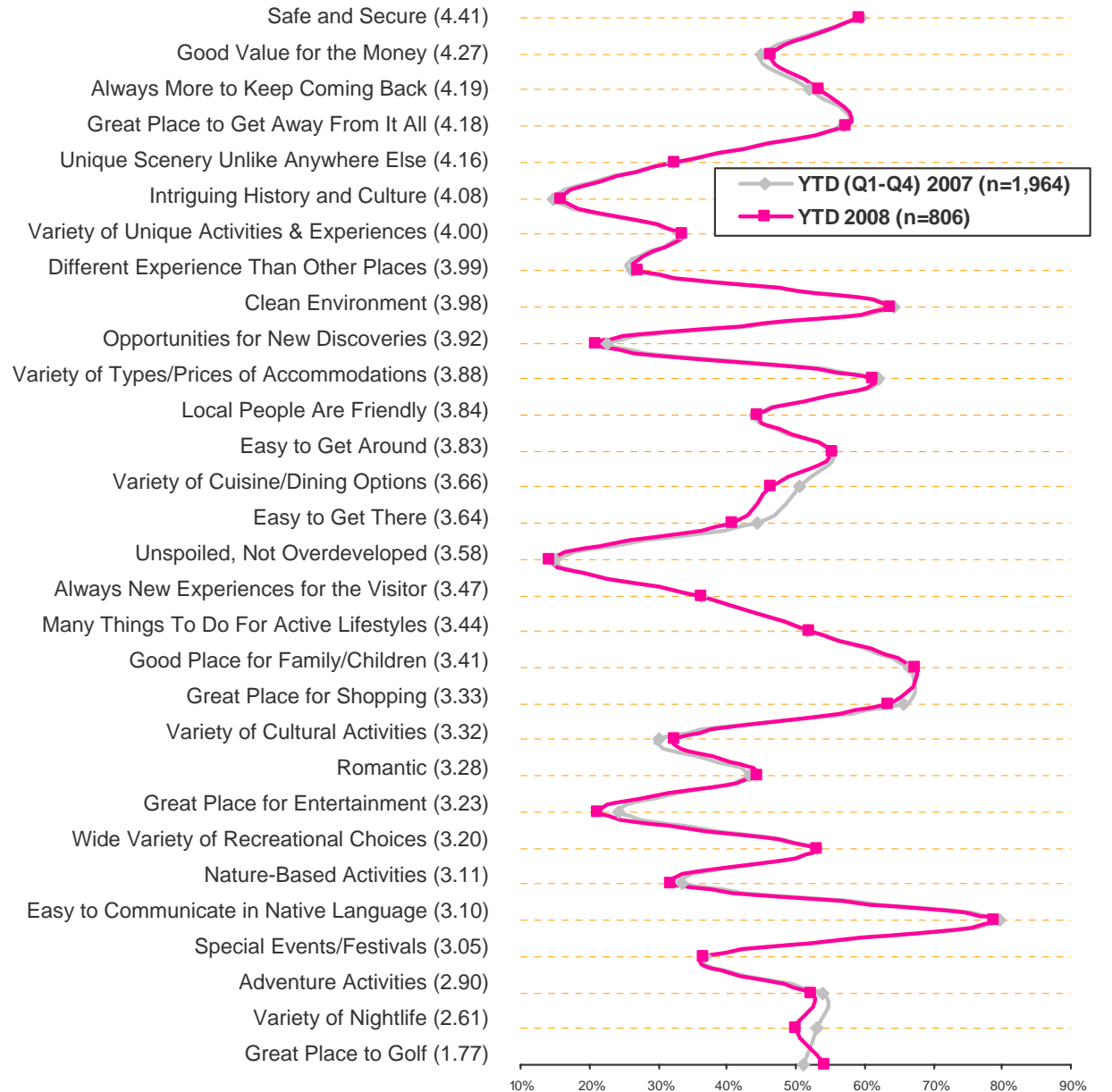
As with the Western Market, travelers from Japan consider Hawaii as very strong on most features – so much so that it is easier to cite the exceptions than list its strengths in this market as well as the Western Market. Hawaii falls short on only a few features:

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



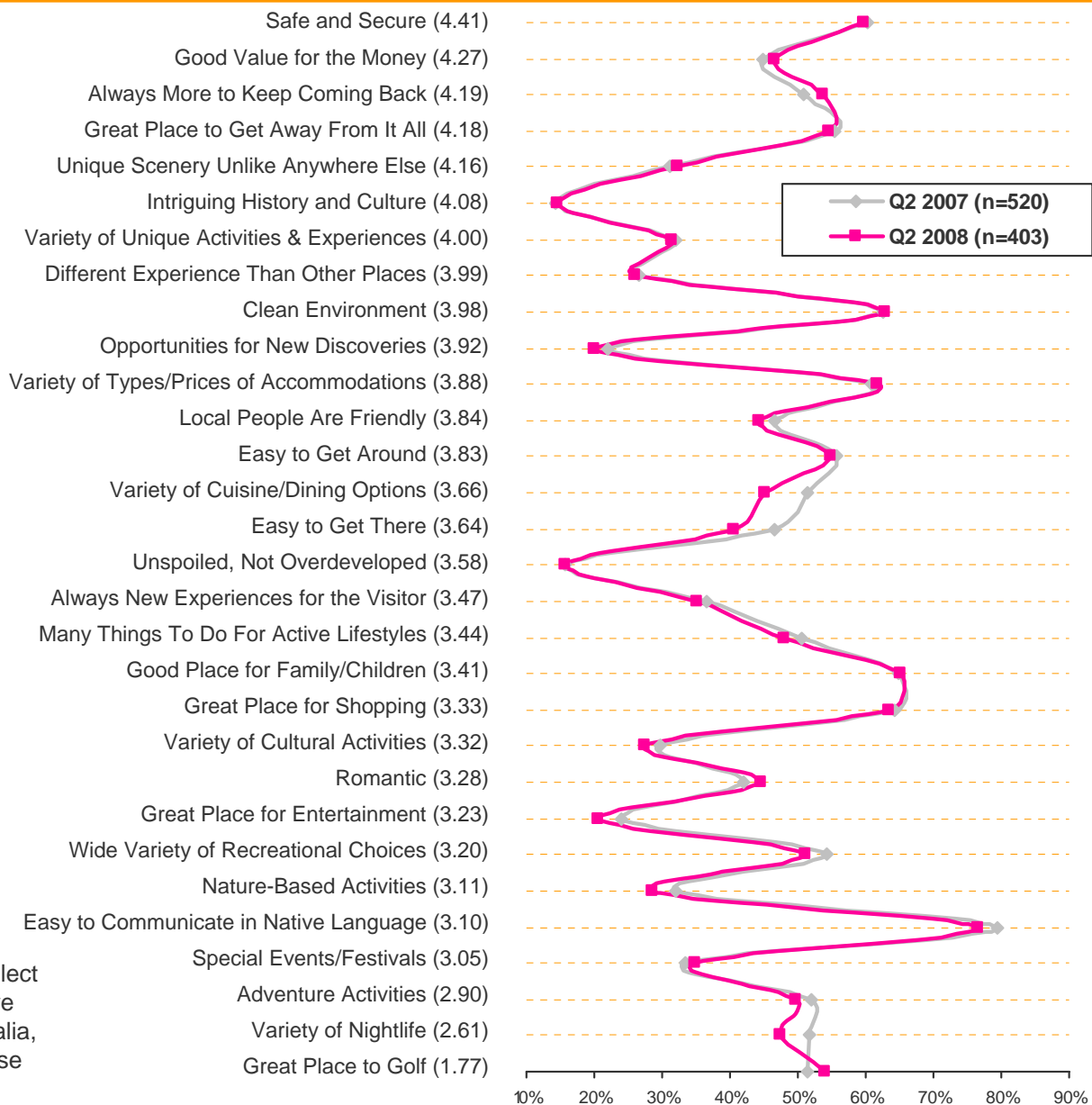
# Prefer Hawaii by Quarter (Q5)

## Japanese Market

A comparison of the quarter to year-ago quarter results also shows little shift in image.

However, the notable changes that appear tend to place below the year-ago quarter: *variety of cuisine/dining options, easy to get there, and variety of nightlife.*

Prefer Hawaii (% for Each Attribute)  
Ranked by Average Importance (2007 YTD) for Japanese 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, Australia, China, Guam/Saipan, Thailand, or None). Base noted in legend

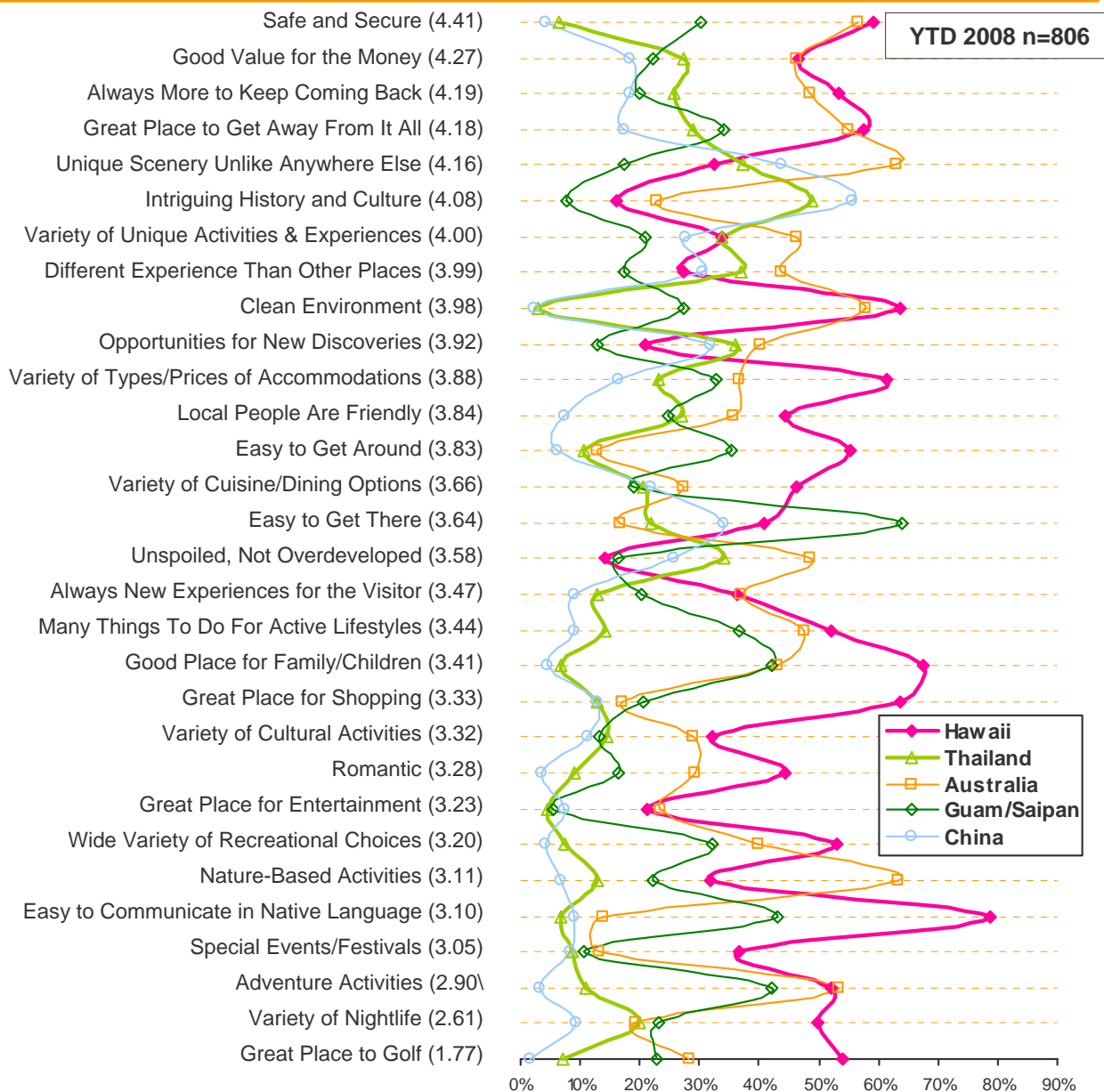
# Prefer Hawaii by YTD (Q5)

## 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

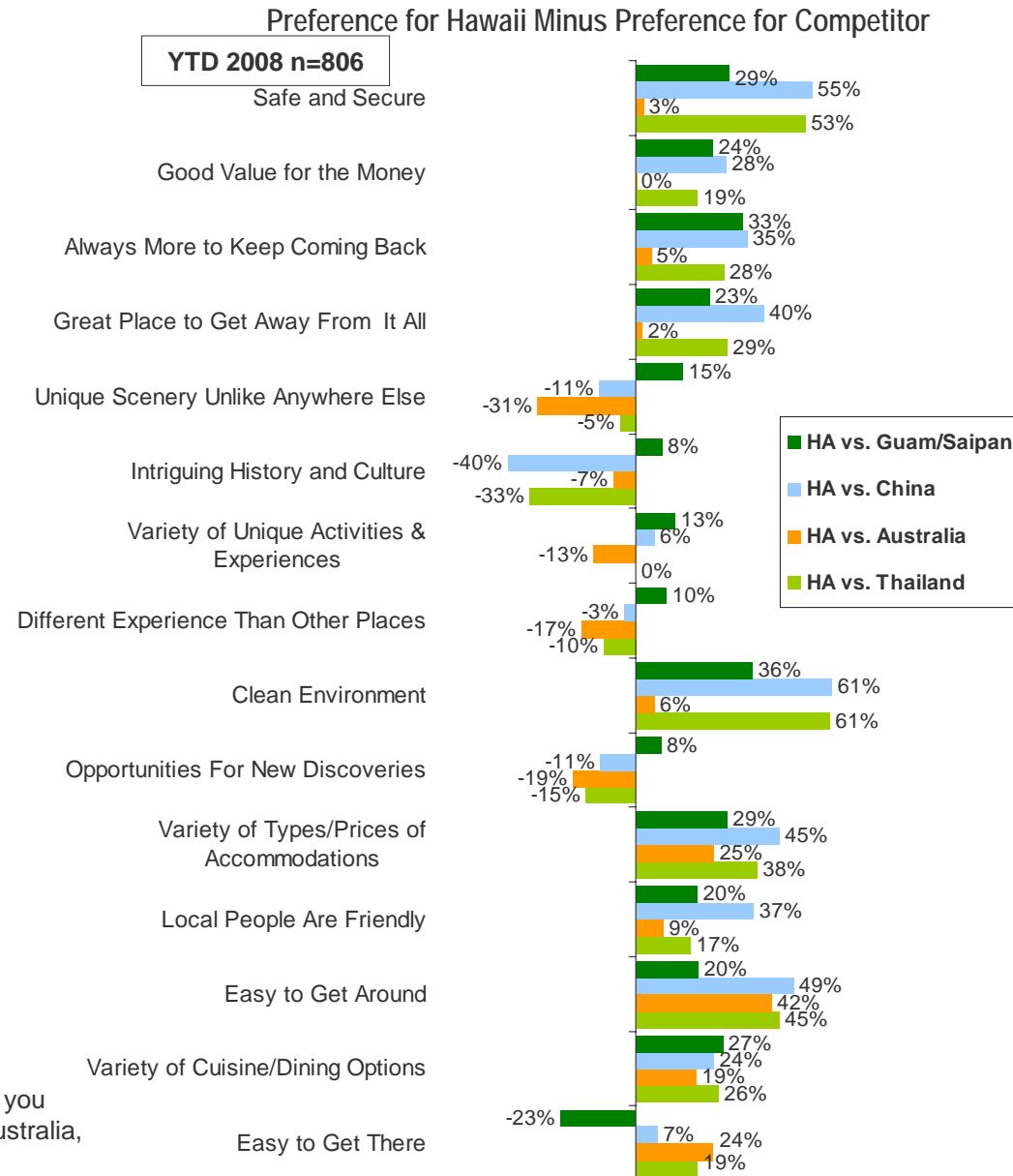
# Preference for Hawaii (Gap Over Competitors)

## Japanese Market

Competitively:

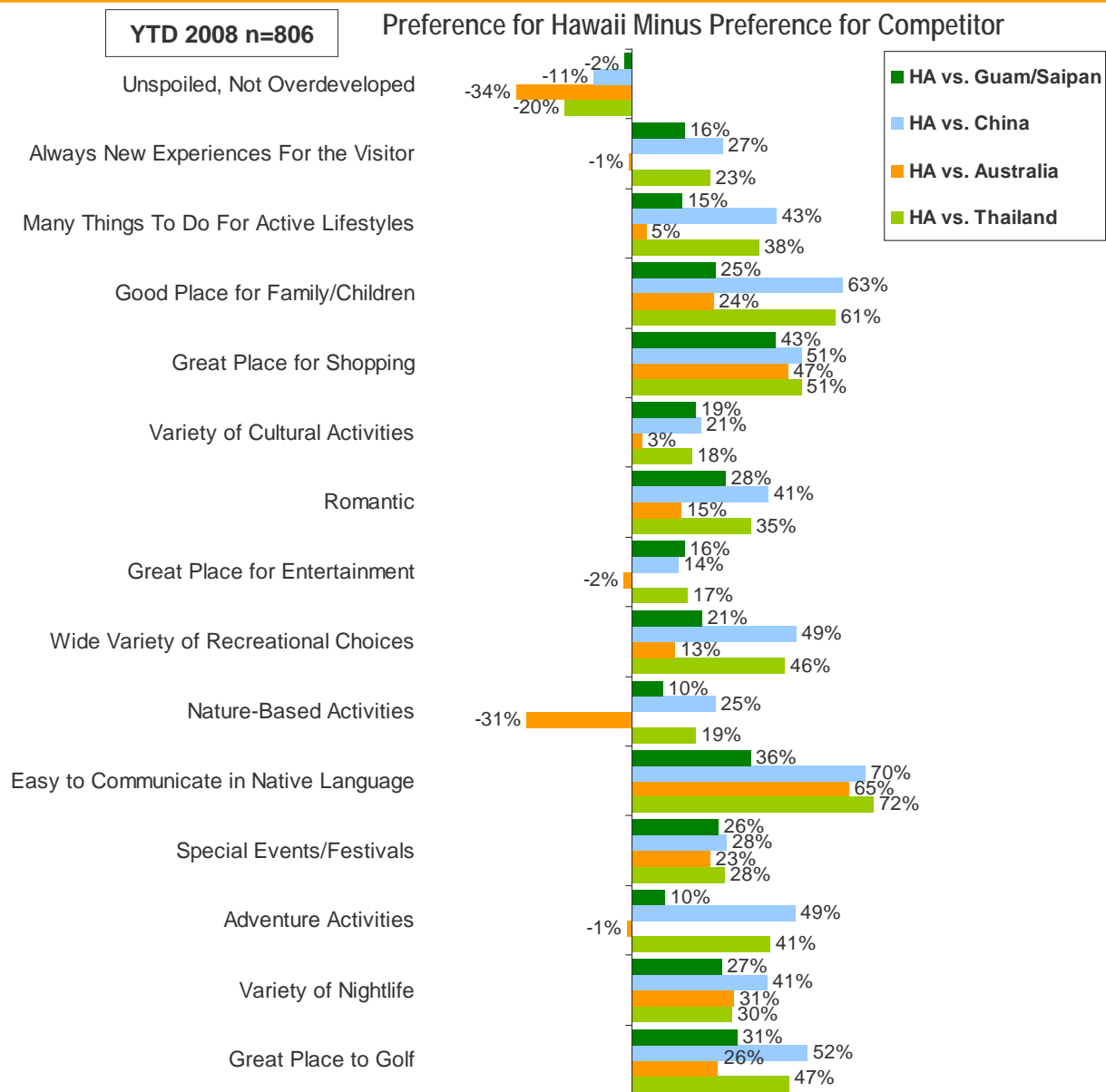
- **Hawaii** emerges as the clear winner for the Japanese Market as well as the Western US Market. More than half of the attributes (18 of 30) show Hawaii leading all competitors in preference. In addition, it ties Australia for first on three more and ranks (or ties for) second on another four.
- Except for *unspoiled/ overdeveloped*, **Hawaii** never ranks last and is next-to-last on only three *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 three items which tie **Hawaii**: *value for the money*, *always new experiences*, and *adventure activities*), 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	Q2: Apr-Jun 07	Q3: Jul-Sep 07	Q4: Oct-Dec 07	Q1: Jan-Mar 08	Q2: Apr-Jun 08
<b>EASTERN US</b>							
Median Age	51	50	50	53	56	52	58
Median Income	\$58,500	\$59,100	\$76,400	\$66,700	\$61,300	\$68,300	\$75,000
# LD* Trips Annually	2.5	2.6	2.5	2.5	3.4	3.0	4.2
<b>WESTERN US</b>							
Median Age	49	50	51	51	53	45	51
Median Income	\$59,800	\$64,300	\$69,400	\$70,600	\$69,100	\$70,700	\$75,600
# LD* Trips Annually	2.7	2.9	3.9	3.4	3.7	4.1	2.8
<b>JAPAN</b>							
Median Age	48	50	53	52	53	50	49
Median Income	\$57,400	\$59,400	\$64,700	\$67,600	\$65,200	\$65,900	\$71,300
# Int'l Trips Past 2 Years	2.2	2.2	2.8	2.8	3.0	2.5	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	Q2: Apr-Jun 07	Q3: Jul-Sep 07	Q4: Oct-Dec 07	Q1: Jan-Mar 08	Q2: Apr-Jun 08
<b>EASTERN US</b>							
Average # LD Overnight Trips	2.5	2.6	2.5	2.5	3.4	3.0	4.2
% Reporting "No Change" in Travel in Previous 12 Months	61%	59%	61%	72%	62%	71%	67%
NET Change: More/Fewer Trips	+4	+6	+0	+2	-8	-4	-7
<b>WESTERN US</b>							
Average # LD Overnight Trips	2.7	2.9	3.9	3.4	3.7	4.1	2.8
% Reporting "No Change" in Travel in Previous 12 Months	58%	59%	60%	54%	55%	67%	68%
NET Change: More/Fewer Trips	+6	+9	+6	-1	+5	+7	+8
<b>JAPAN</b>							
Average # LD Overnight Trips	2.2	2.2	2.8	2.8	3.0	2.5	2.5
% Reporting "No Change" in Travel in Previous 12 Months	52%	51%	54%	54%	51%	51%	52%
NET Change: More/Fewer Trips	+1	-1	+4	-6	+4	+1	-15

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

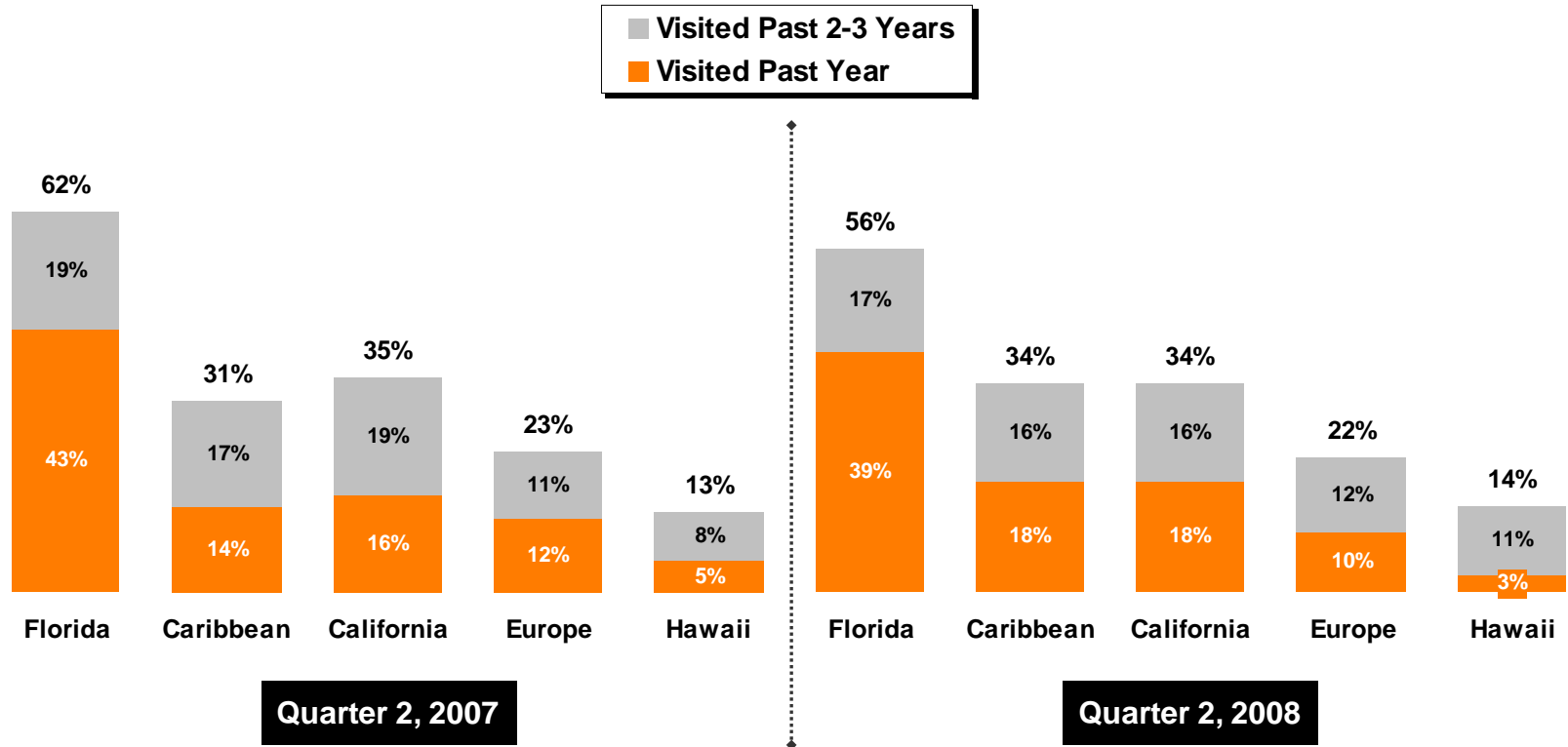
# Appendix B: Travel Patterns

Eastern US Market



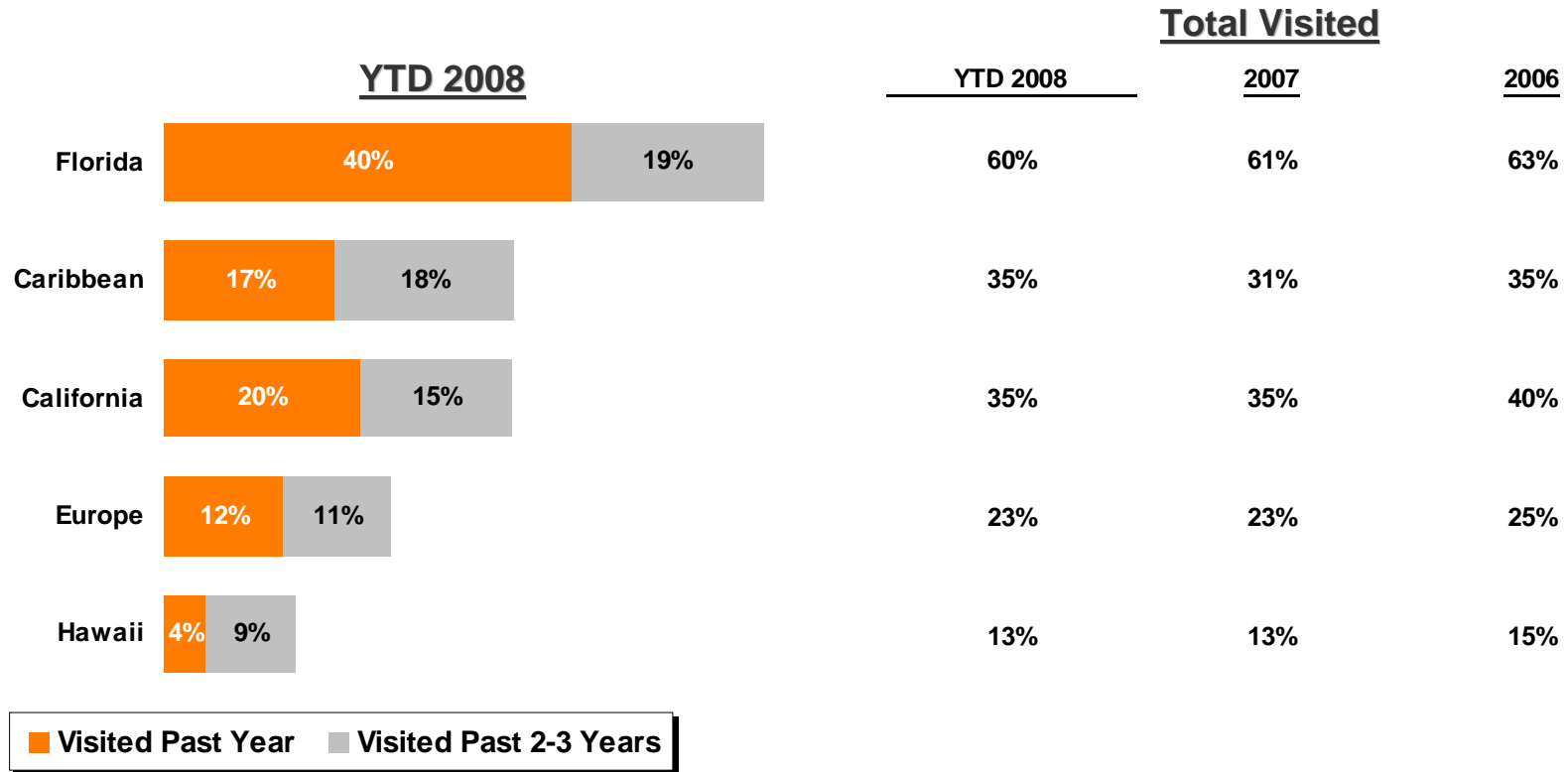
# Destinations Visited Past Year/Past 3 Years (Q6)

## Eastern US Market



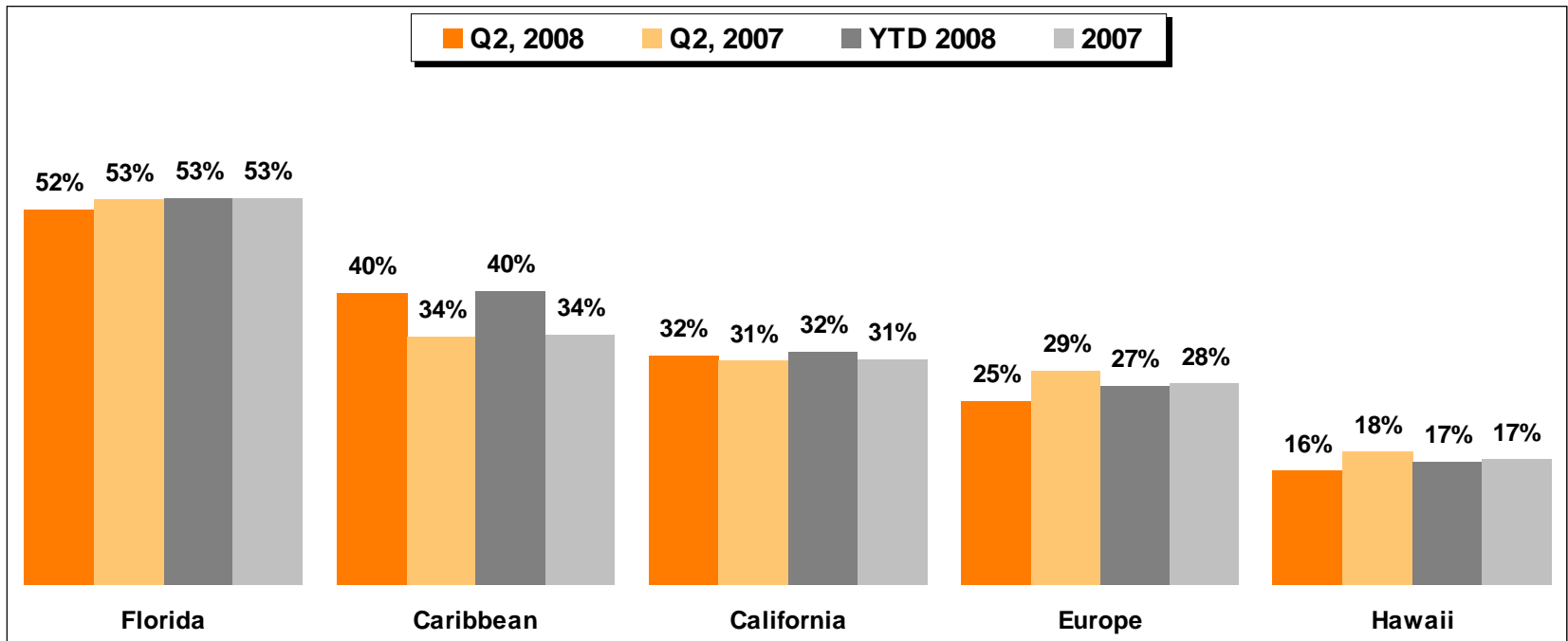
# Destinations Visited Past Year/Past 3 Years (Q6)

## Eastern US Market



# Destinations Planned for Leisure within 24 Months (Q6)

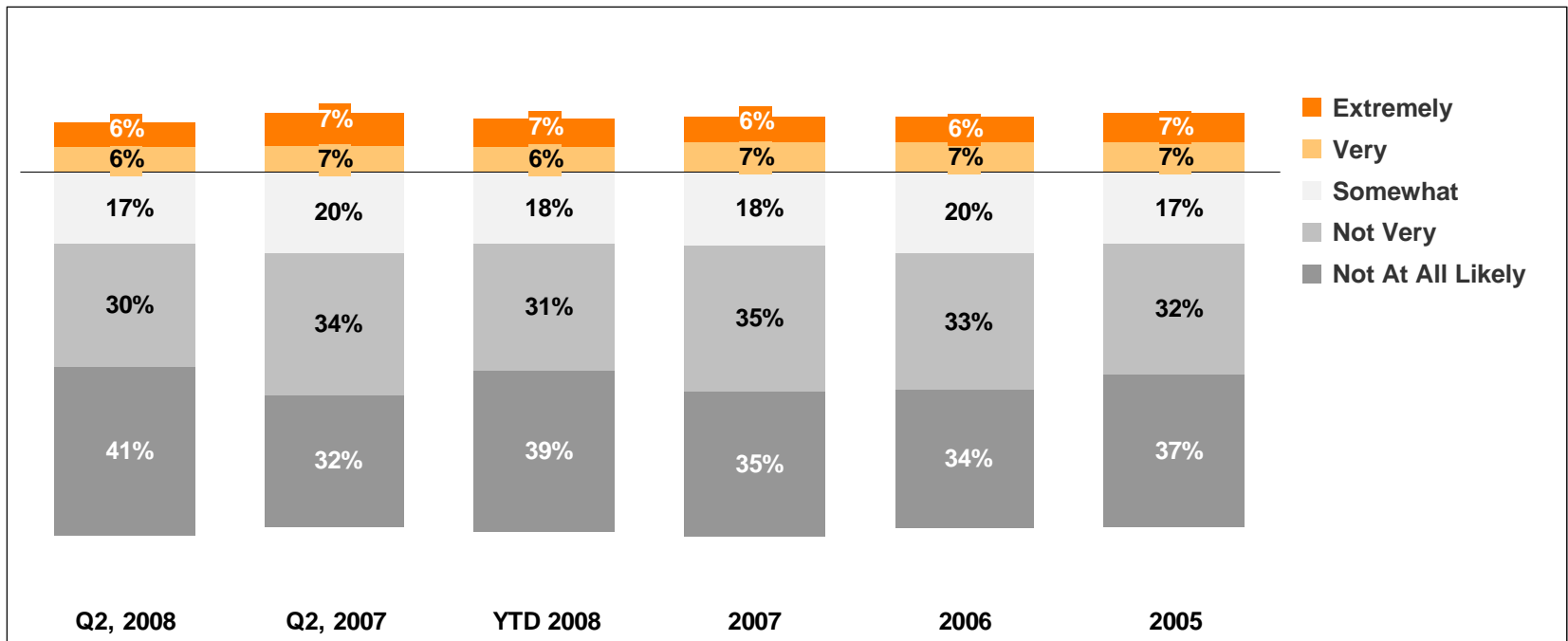
## Eastern US Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Eastern US Market

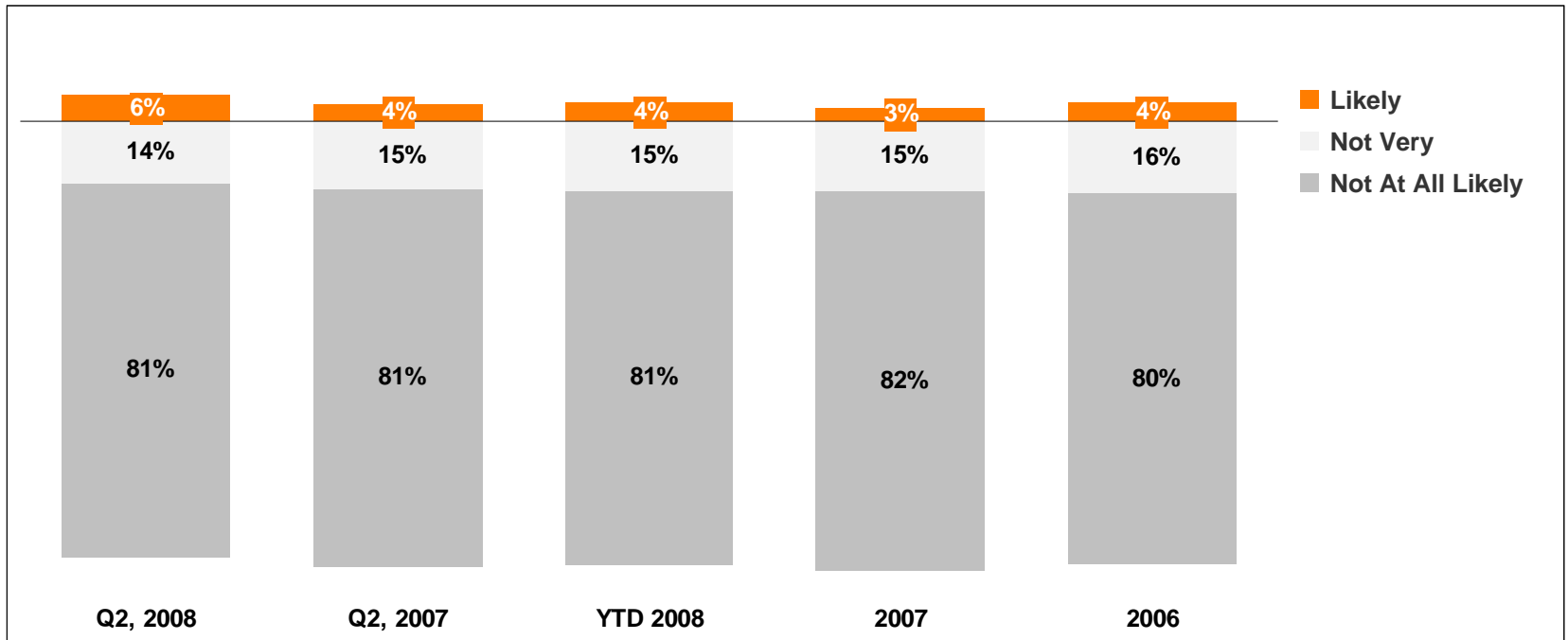
- Hawaii will continue to face the distance, time, cost, and competitive challenges in enticing Eastern US travelers to visit in the next 24 months. Eastern US travelers who are *extremely/very* likely to visit Hawaii remains virtually unchanged since 2003.



# Likely to Visit Hawaii FOR BUSINESS (Q15)

## Eastern US Market

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



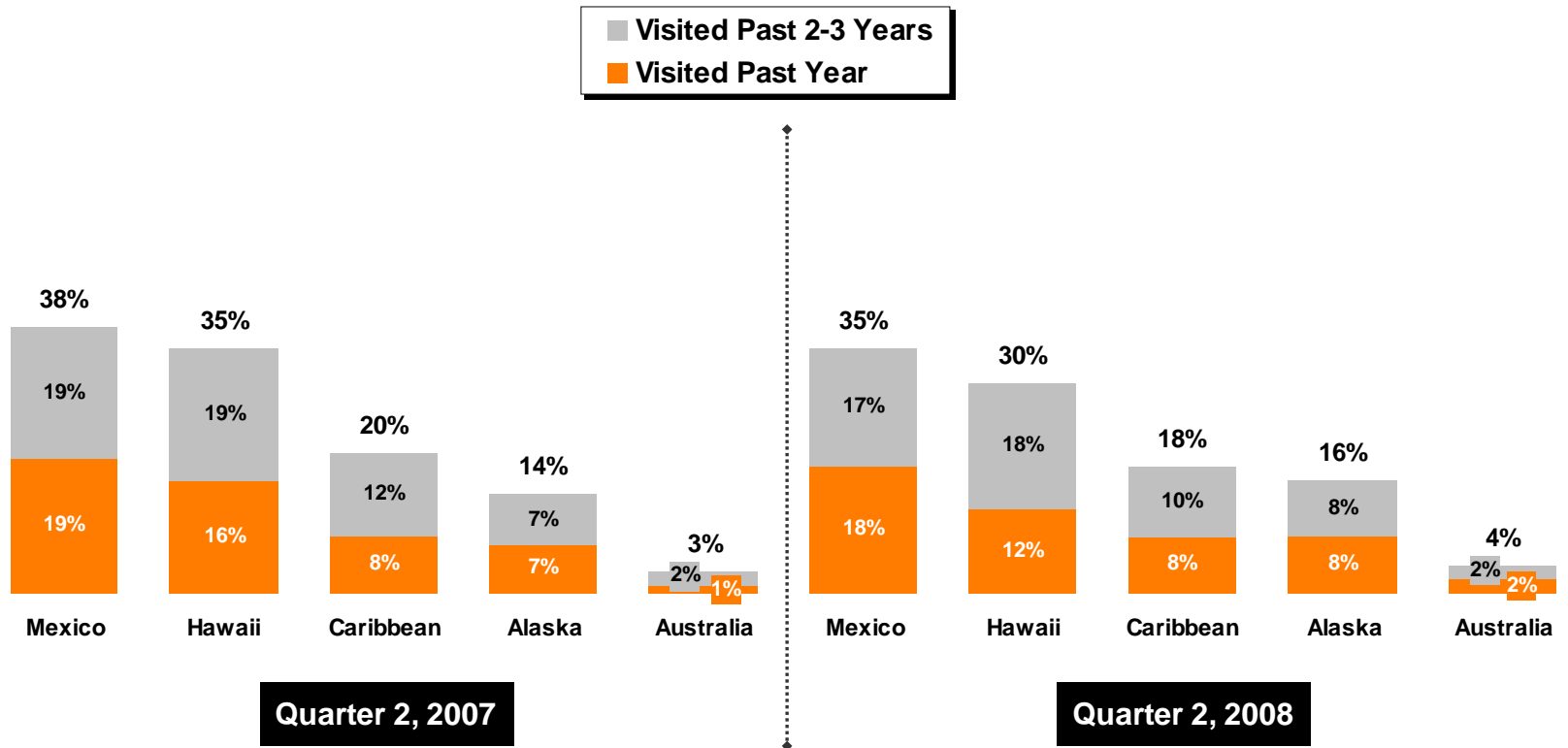
# Appendix C: Travel Patterns

Western US Market



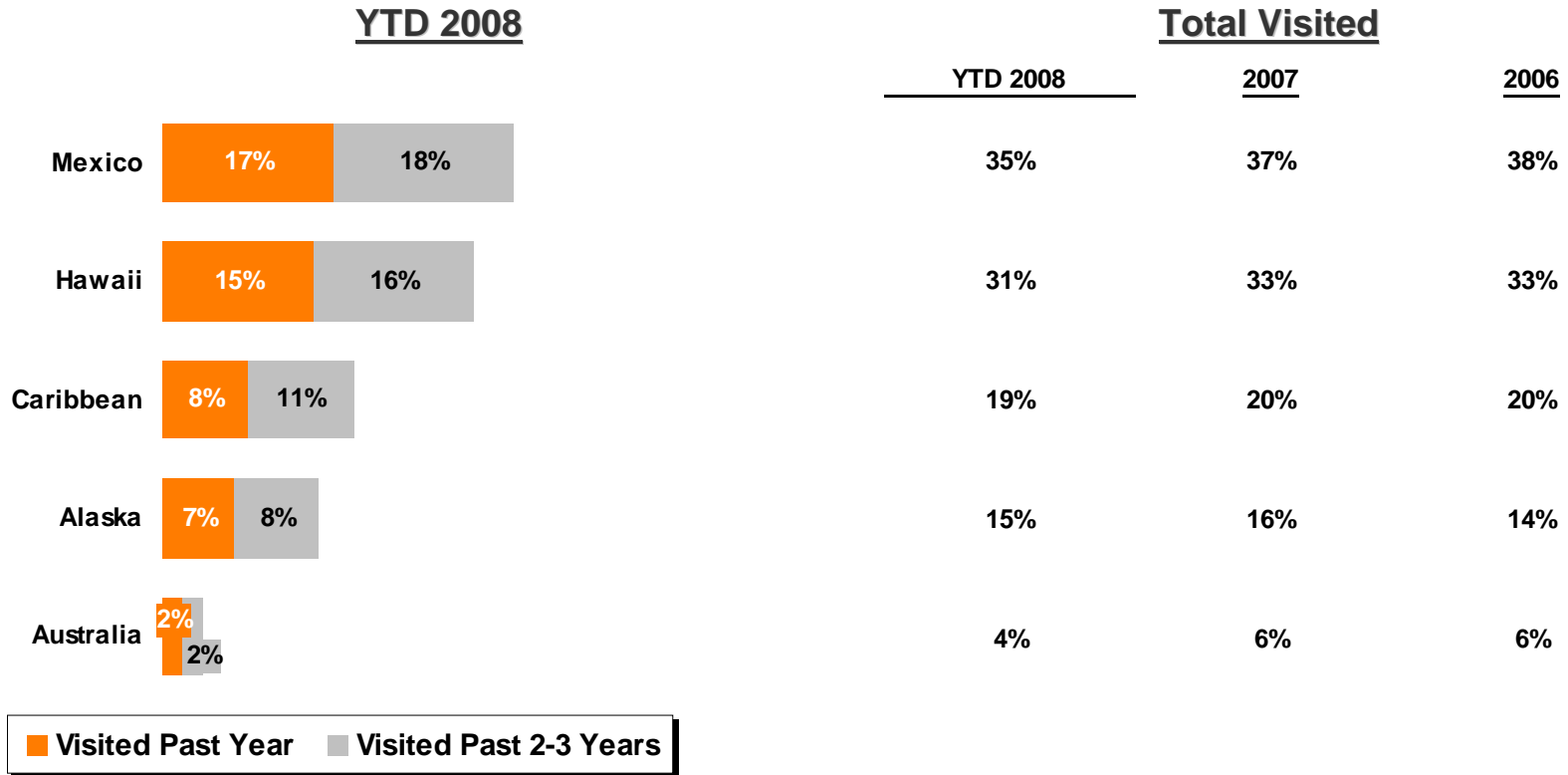
# Destinations Visited Past Year/Past 3 Years (Q6)

## Western US Market



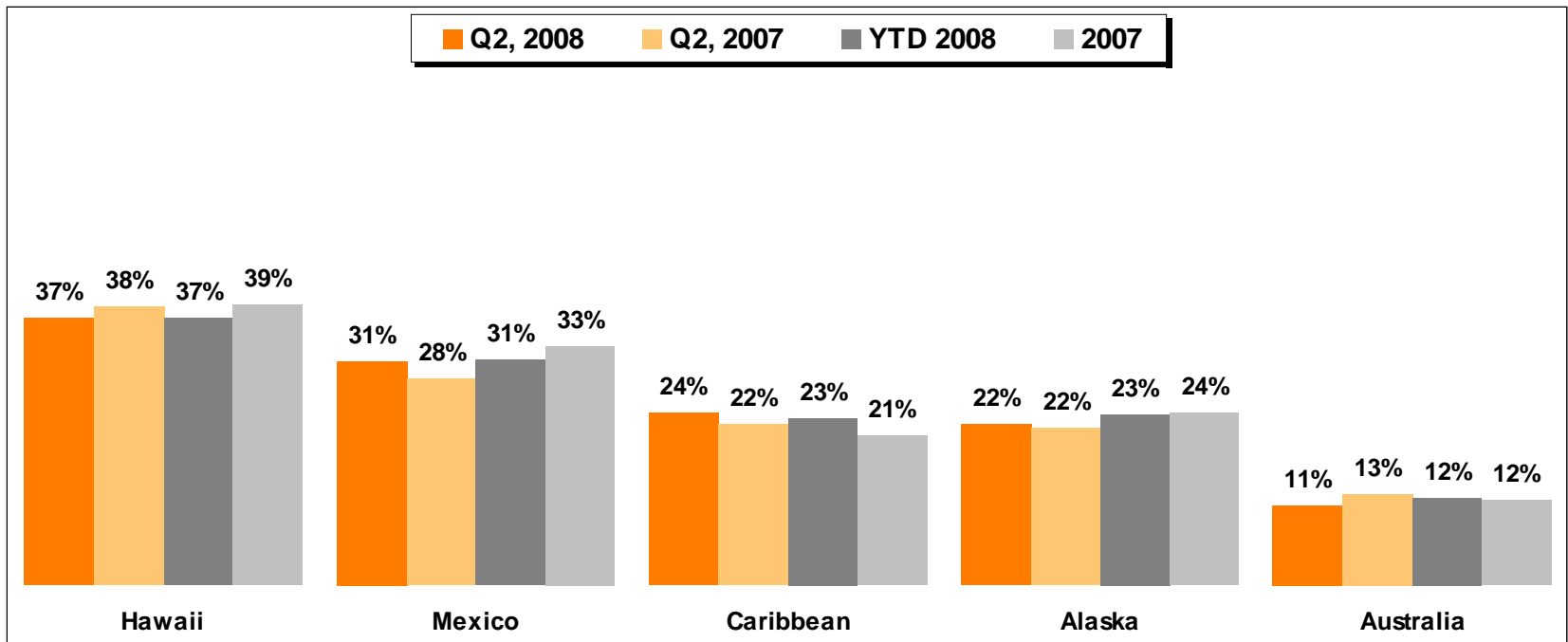
# Destinations Visited Past Year/Past 3 Years (Q6)

## Western US Market



# Destinations Planned for Leisure within 24 Months (Q6)

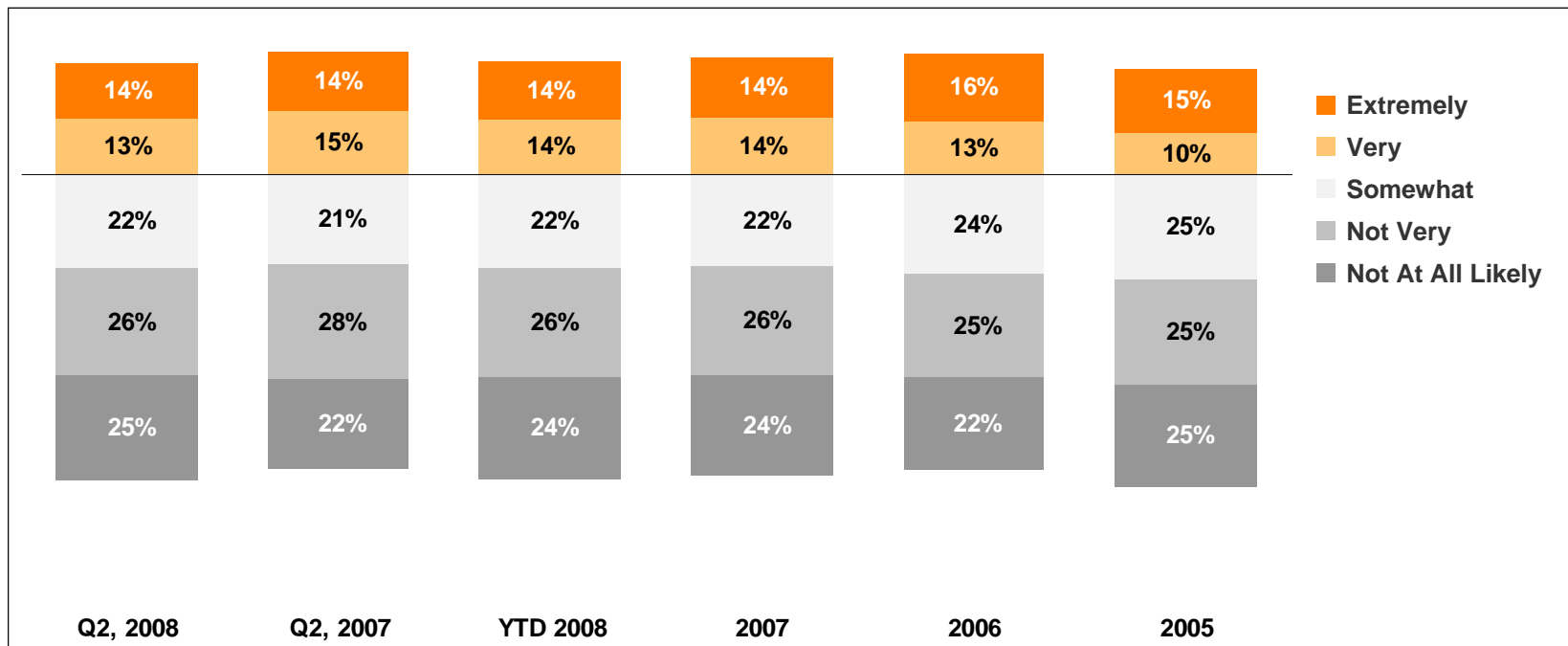
## Western US Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Western US Market

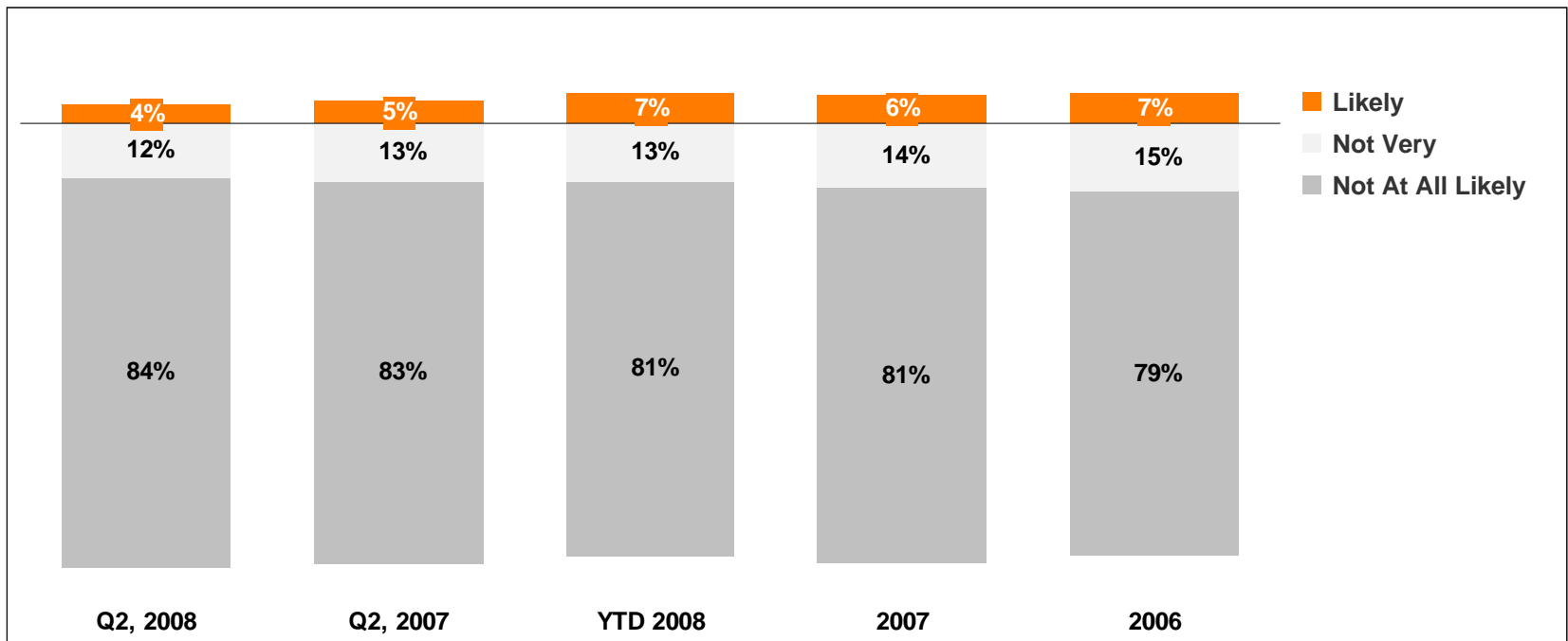
- The proportion of Western US travelers who report that they are *extremely likely* to visit Hawaii (14%) or *very likely* (13%) mirrors prior years. The total of likely visitors also remains much higher than among travelers from the East.
- Hawaii faces the same challenges in enticing Western US travelers 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 this quarter is an exception, Hawaii is usually selected more often for Western than Eastern US Market business travel. Nonetheless, Hawaii remains an infrequent business destination choice over the next 24 months.



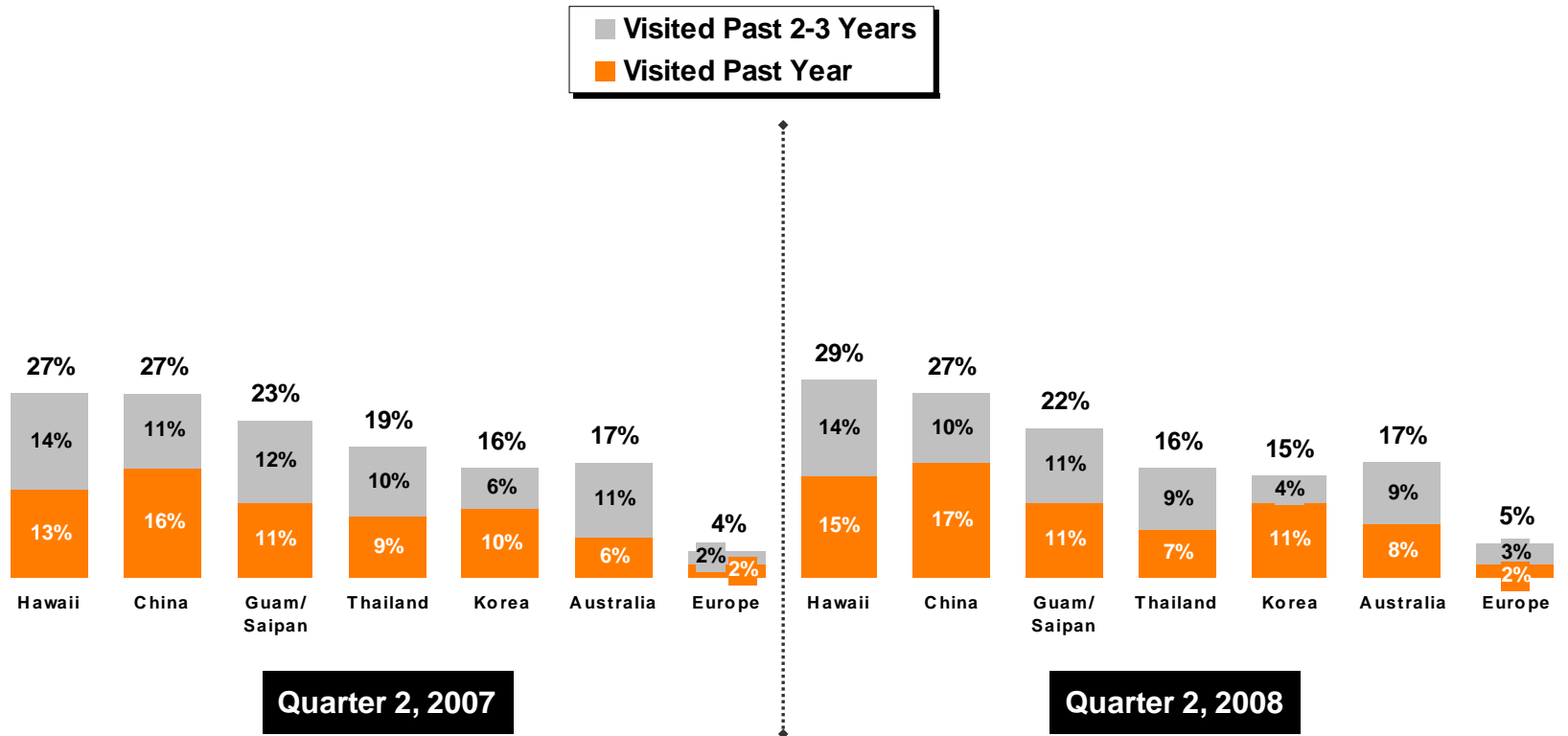
# Appendix D: Travel Patterns

Japanese Market



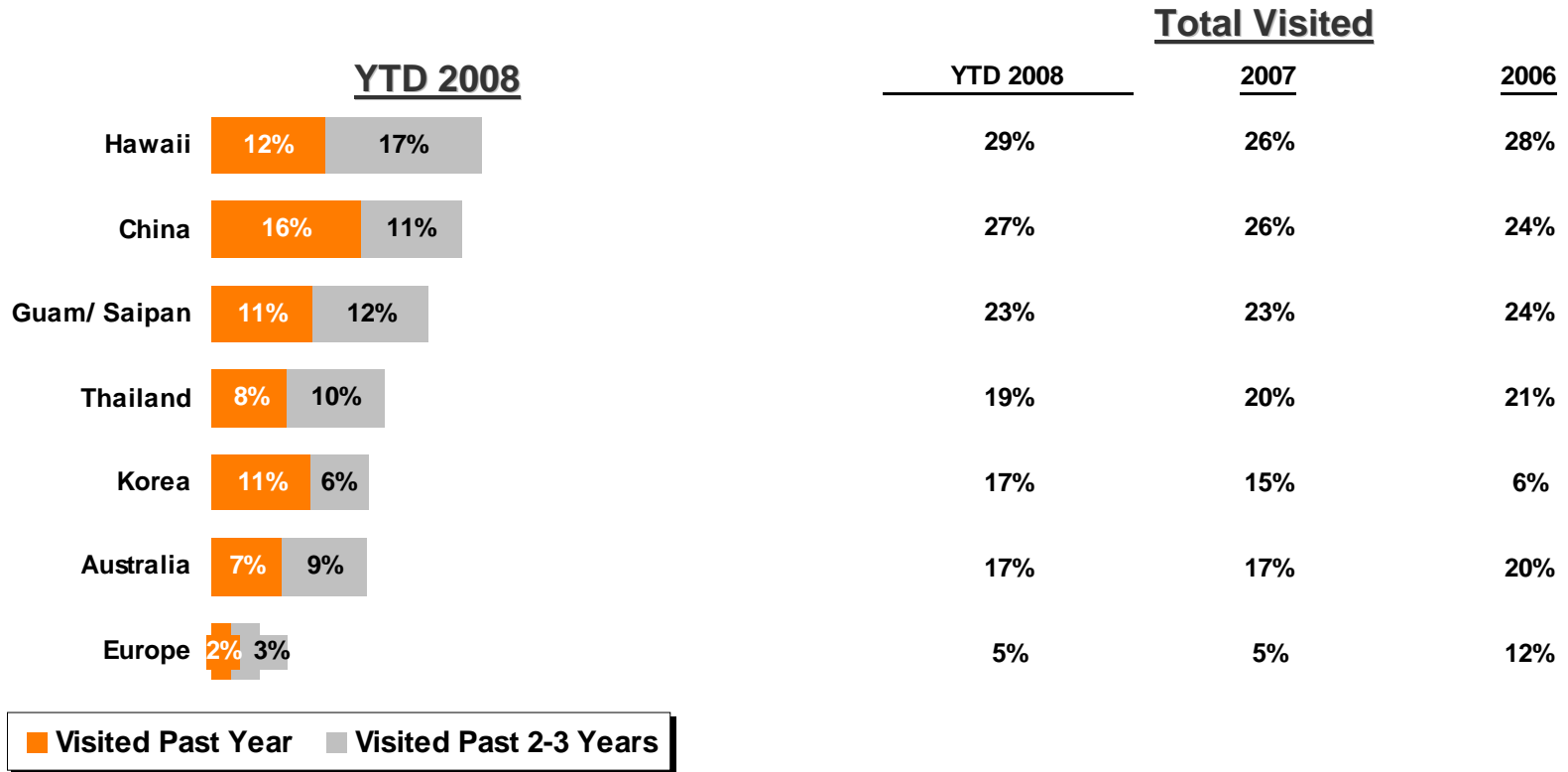
# Destinations Visited Past Year/Past 3 Years (Q6)

## Japanese Market



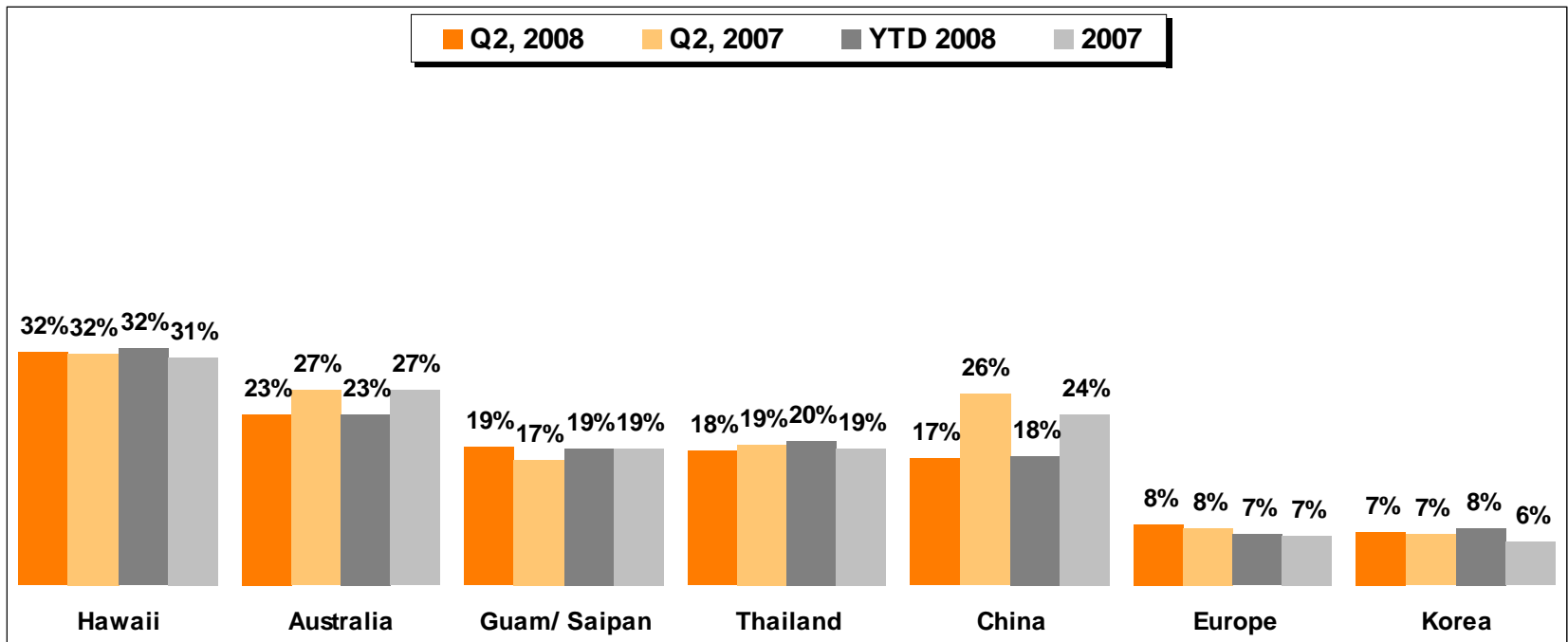
# Destinations Visited Past Year/Past 3 Years (Q6)

## Japanese Market



# Destinations Planned for Leisure within 24 Months (Q6)

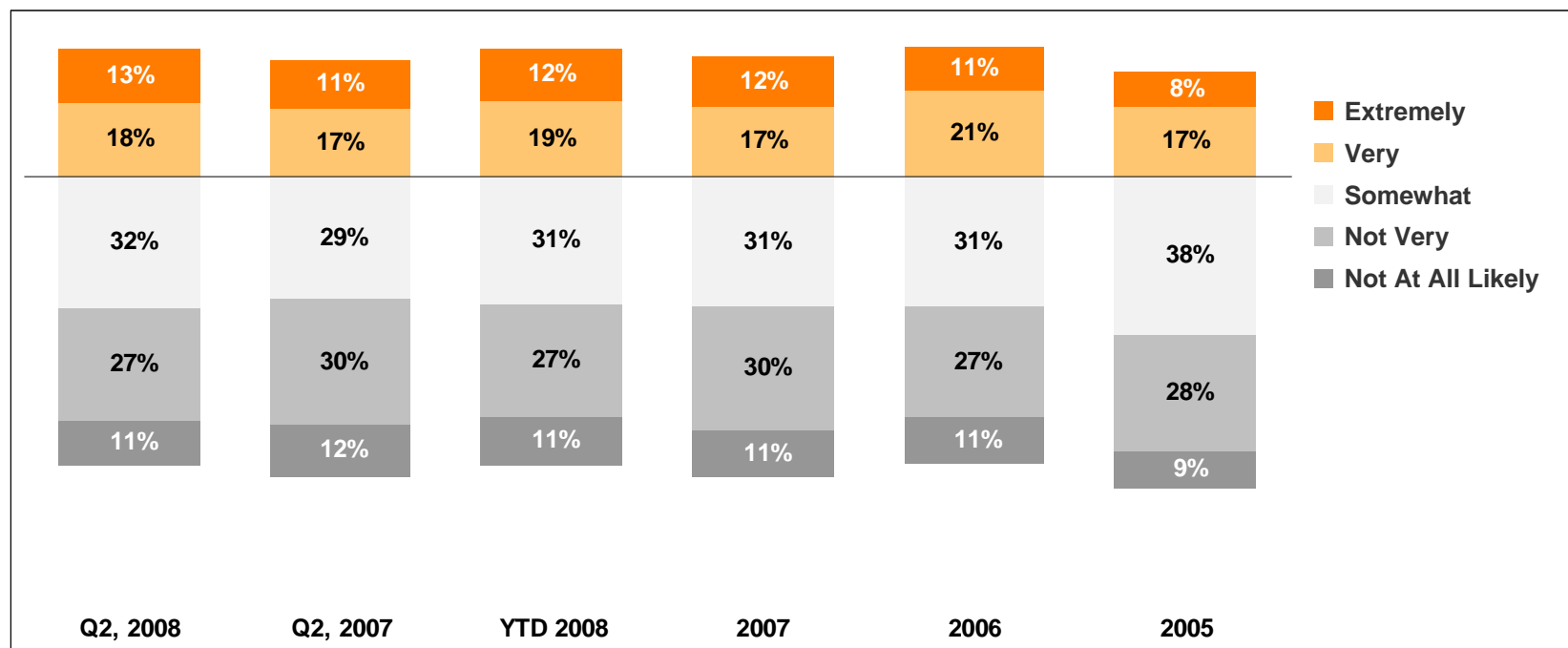
## Japanese Market



# Likely to Visit Hawaii FOR LEISURE (Q14)

## Japanese Market

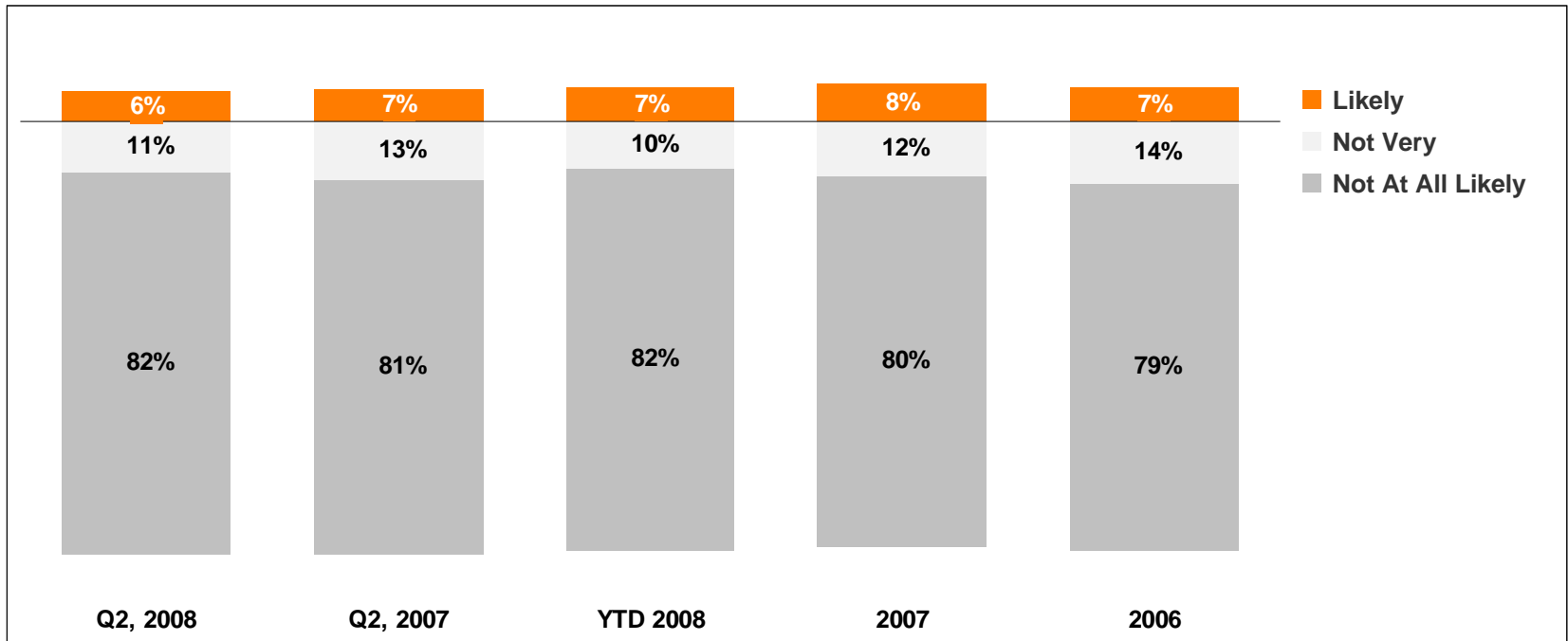
- In Q2, 2008, international Japanese travelers express greater likelihood in visiting Hawaii in the next 24 months than a year ago (31% vs. 28%), contributing to first half-year results that surpass the 2007 total (31% vs. 29%).
- Meanwhile, the subset of those who state that they are *extremely interested* (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).



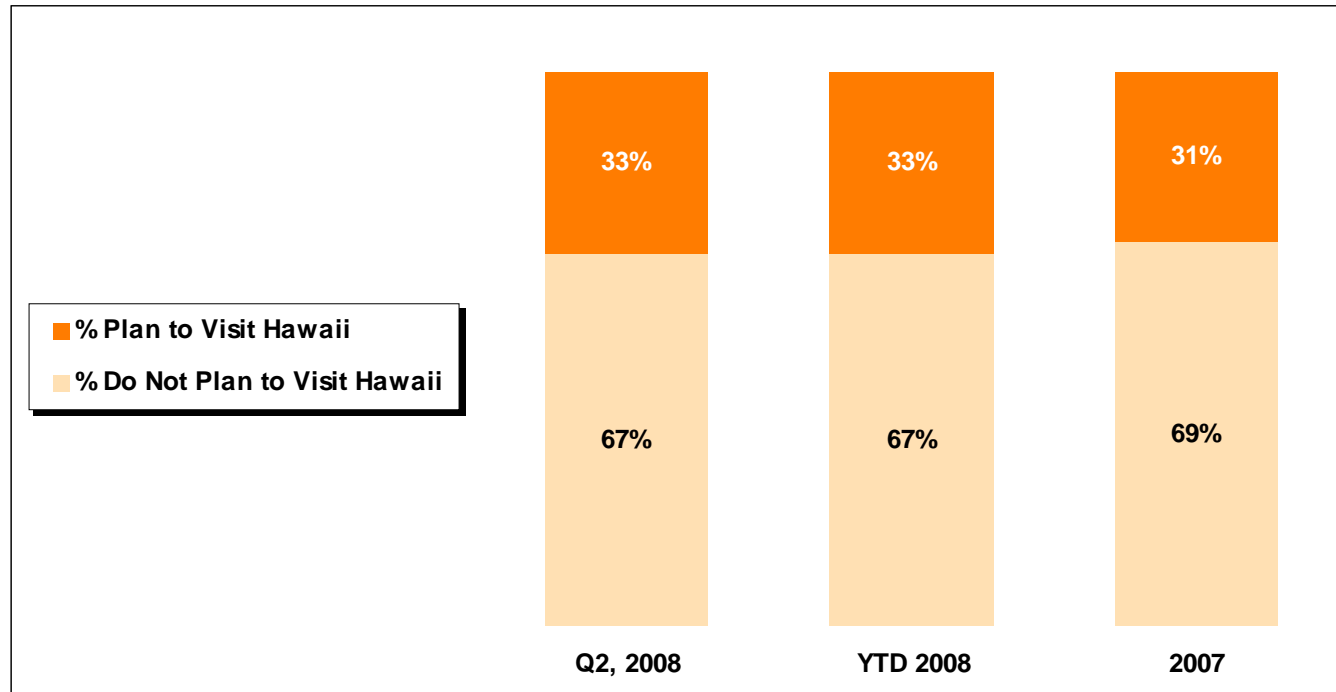
# Appendix F: Concerns About Travel and Their Effect on Destination Choices (Japanese Int'l Travelers Only)



# Consider Visiting Hawaii in Next 24 Months (Q21)

## *Japanese Market*

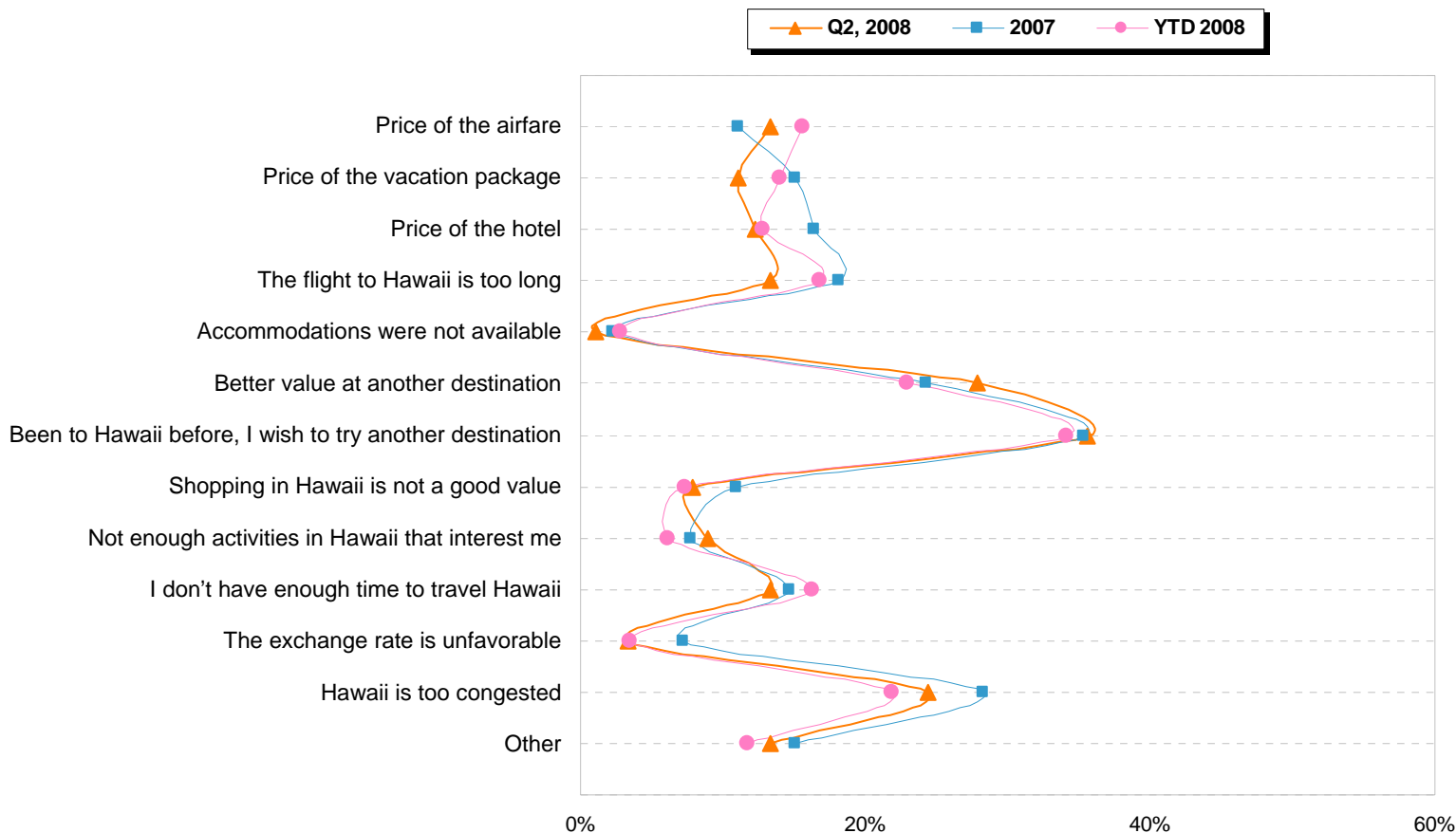
- A third (33%) of Japanese respondents consider visiting Hawaii in the next 24 months (based to those who answer), representing a slight boost from 2007 YTD.



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

## Japanese Market

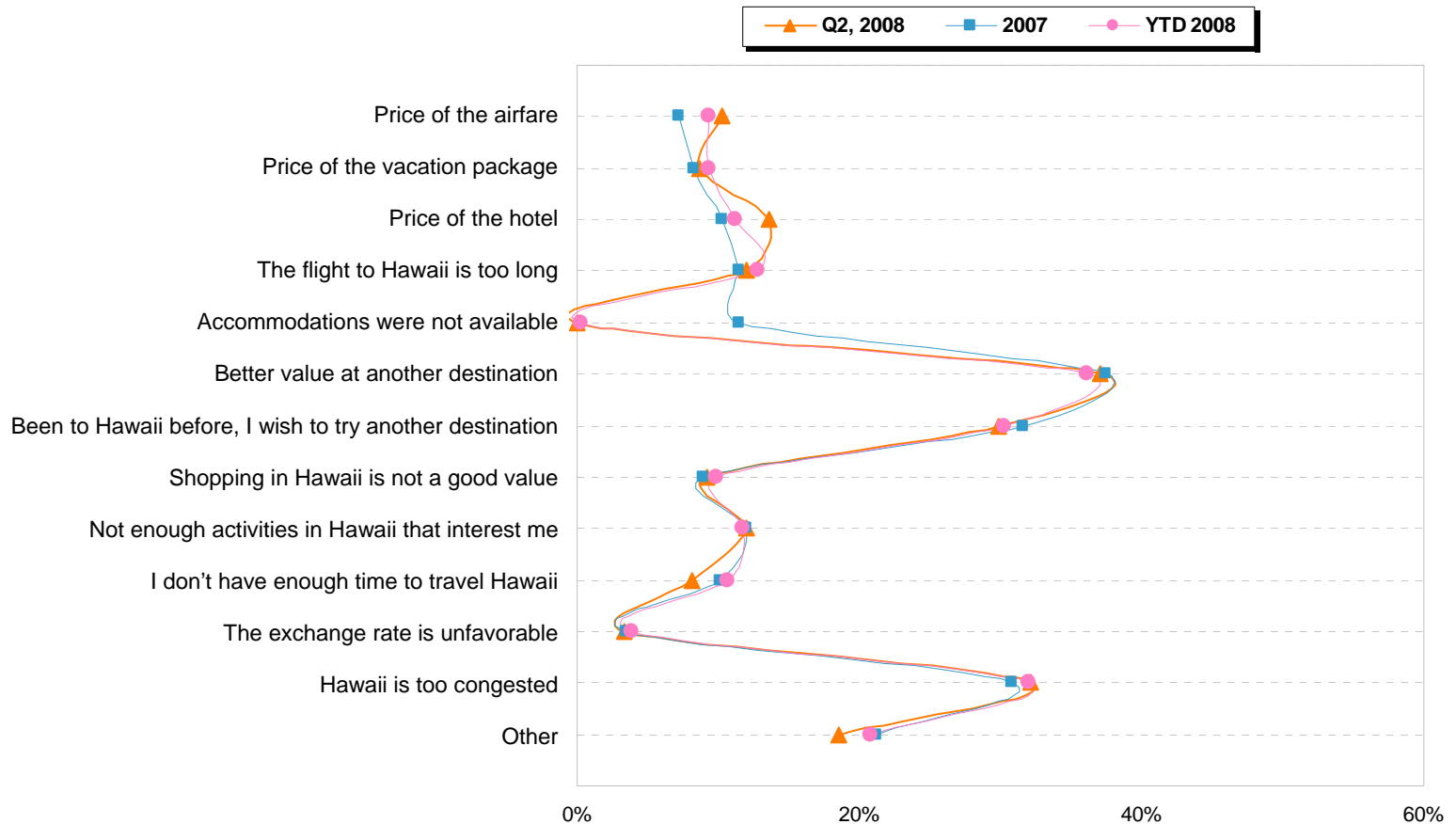
- Quarter 2, 2008: Of those (22%) Japanese travelers considering a visit to Hawaii in the next 24 months, but not *intending* to visit, the top reasons are that they feel that *been to Hawaii before and wish to try another destination* (36%) or that they can find a *better value at another destination* (28%). Nearly a quarter feel that *Hawaii is too congested* (24%), followed by *the flight is too long* (13%), *not enough time to travel to Hawaii* (13%), *price of the airfare* (13%), and *price of vacation package* (11%).
- YTD 2008 vs. YTD 2007 (Q1-Q4): Generally, both time periods reflect the same patterns, although more current non-intenders complain about *the price of the airfare* and fewer about the *price of the hotel*, *the exchange rate*, and *Hawaii's congestion*.



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

## Japanese Market

- Quarter 2, 2008: Japanese travelers who are not considering a visit to Hawaii typically believe that they will discover a *better value at another destination* (37%). They also resist because they have *been there before* (30%) and want to avoid *congestion* (32%).
- YTD 2008 vs. YTD 2007 (Q1–Q4): The years follow a similar pattern, except that most travelers now expect that *accommodations are available* and slightly more worry about the *cost of airfare*.





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