



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

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY**

Po'ahā, lā 30 o Aukake 2018, 9:30 a.m.
Thursday, August 30, 2018 at 9:30 a.m.

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

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

Papa Kumumana'o
AGENDA

1. *Ho'omaka A Pule*
Call to Order and Pule
2. *'Āpono I Ka Mo'o'ōlelo Hālāwai*
Approval of Minutes of the July 26, 2018 Board Meeting
3. *Hō'ike Lālā*
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Mana'o OKa Luna Ho'okele No Ka Ho'okō Papahana HTA Ma Mei 2018*
Report of the CEO Relating to Staff's Implementation of HTA's Programs During July 2018
5. *Nā'ana I Nā Kānāwai Akaaka Aupuni Na Ke Ke'ena Lawelawe 'Ikepili*
Overview by the Office of Information Practices of the Sunshine Law and Uniform Information Practice Act
6. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
7. *Hō'ike, Kūkākūkā A 'Āpono I Nā Palapala Mo'okālā HTA No 'Apelila A I Iune 2018*
Presentation, Discussion and Action on HTA's Financial Reports for April 2018 through June 2018

8. *Hō'ike A Kūkākūkā No Ka 'Aha Ho'okipa Honua*
Presentation and Discussion on the 2018 Global Tourism Summit
9. *Hāpai I Nā Loli O Nā Lālā Papa Alaka'i Ma Nā Kōmike*
Subject to Board Approval, the Suggested Additions and Deletions for the Nomination, Selection and Appointment of Board Members for the Following Committees: Audit Standing Committee (*David Arakawa to Replace Donna Domingo*), Marketing Standing Committee (*Kyoko Kimura to Replace Denise Hayashi Yamaguchi*), Convention Center Planning Investigative Committee (*George Kam to Replace Denise Hayashi Yamaguchi*), Legislative and Governmental Affairs Investigative Committee (*Sean Dee will Step Down to be Replaced by Ben Rafter, David Arakawa to Replace Gerald De Mello*), Visitor-Related Infrastructure Investigative Committee (*Micah Alameda to Replace Donna Domingo, No Replacement for Denise Hayashi Yamaguchi*)
10. *Hāpai, Koho A 'Āpono I Ka Hope Po'o 'Elua O Ke Kōmike Hokona Kūmau*
Nomination, Selection and Appointment of the 2nd Vice Chair of the Marketing Standing Committee (*George Kam*)
11. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan
12. *Hō'ike No Ka 'Imi Pelekikena A Luna Ho'okele, Luna Ho'oponopono, A Hope Pelekikena Hokona A Ho'omohala HTA*
Update of the Search for HTA's President and CEO, HTA Chief Administrative Officer and HTA VP of Marketing and Product Development
13. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
14. *Hāpai, Koho A Ho'oholo I Ka Luna Ho'omalua O Ka Papa Alaka'i HTA*
Nomination, Selection and Vote of the Chairperson of the Hawai'i Tourism Authority Board of Directors
15. *Kūkākūkā A 'Āpono I Ko HTA Papahana Ho'okele Hi'ona 2019*
Discussion and Approval of the 2019 HTA Brand Management Plan
16. *Hō'ike, Kūkākūkā A Noi Kālā No Nā Papahana I Hāpai 'Ia E Ke Kōmike Hokona Kūmau****
Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee***
17. *Kūkākūkā A 'Āpono I Ka Mo'ohelu Kikowaena Hālāwai Makahiki Kālā 2019****
Discussion and Approval of the FY19 Convention Center Budget***
18. *Ho'oku'u*
Adjournment

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

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

He kono kēia i ka po'e e hō'ea i ka 'aha ho'olohe no ka hāpai mana'o ma o ka waha a i 'ole ma o ke kākau. No ka po'e e makemake ana e kākau i ko lākou mau mana'o kāko'o/kāko'o 'ole, ua pono ko lākou ho'ouna 'ana aku i kā lākou 'ōlelo hō'ike ma mua o ka 'ōlelo ho'olohe. Hiki ke ho'ouna 'ia iā Carole@gohta.net; ma o ka hoouna 'ana aku i leka (e ho'ouna i ka helu wahi o luna); a i 'ole ma o ke kelepa'i 'ana aku. No ka 'ikepili hou aku e pili ana in ā kumuhana kūikawā, e kelepona aku iā Carole Hagihara ma kāna kelepona (808) 973-2255 he 'ekolu (3) lā ma mua o ka hālāwai.

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

Agenda Item

2

Approval of Minutes of the
July 26,2018 Board Meeting



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 26, 2018
Hawaii Convention Center

1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), Fred Atkins, Sherry Menor-McNamara, Craig Nakamura, Kelly Sanders, Ku'uipo Kumukahi, Sean Dee, David Arakawa, George Kam, Micah Alameda, Kyoko Kimura, Benjamin Rafter

MEMBERS NOT PRESENT:

HTA STAFF PRESENT:

George Szigeti, Marc Togashi, Charlene Chan, Kalani Ka'anā'anā, Jennifer Chun, Carole Hagihara, Ronald Rodriguez, Jadie Goo, Laci Goshi, Minh-Chau Chun, Naomi Sjoquist, Caroline Anderson, Christina Wieand, Noriko Sloan

GUESTS:

Rep. Richard Onishi, Sen. Glenn Wakai, Rep. Mark Hashem, Teri Orton, Nicole Liew, Scott Foster, Ferd Lewis, Ryan Finnerty, Guillaume Maman, Albert Vargas, Pris Texeira, Debbie Zimmerman, Jay Talwar, Chris Kam, Katherine Stokoe, Lee Conching, Eric Kinoshita, Allison Schaefer, John Monahan, Mitsue Varley

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Presiding Chair Rick Fried called the meeting to order at 9:34 a.m. Mr. Fried acknowledged Kalani Ka'anā'anā, who offered an oli and shared insights about new dawns and beginnings for

the new Board members. Mr. Ka'anā'anā reminded the Board of what a dynamic time Hawai'i is currently experiencing. Chair Fried then introduced and welcomed the three newest members of the Board: Kyoko Kimura, Benjamin Rafter, and Micah Alameda.

2. Approval of Minutes from the June 28, 2018 Board Meeting

Chair Fried requested a motion to approve the minutes of the Board meeting held on June 28, 2018. Mr. Kam made a motion. Ms. Kumukahi seconded the motion, which was unanimously approved by all the Board members present.

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

There were no permitted interactions to report at this meeting.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During June 2018

Chair Fried acknowledged George Szigeti, who presented the CEO's report. Mr. Szigeti began by welcoming Representative Mark Hashem to the meeting. Chair Fried then welcomed Rep. Onishi and thanked him for attending the Marketing Committee meeting earlier in the day.

Mr. Szigeti reported that HTA held meetings with the Global Marketing Teams to keep Hawai'i on top of the current global market.

Mr. Szigeti reported that later in the day, HTA will be issuing its mid-year and June hotel statistics reports for the first half of 2018. Mr. Szigeti noted that HTA has seen some positive results in the reports. Mr. Szigeti then reported: Hawai'i had its highest revenue per available room (RevPAR) at \$229.00; average daily rate (ADR) was the highest of any market in the U.S. at \$280.00; occupancy was second only to New York. Mr. Szigeti then thanked and congratulated the Board and to all of the stakeholders for contributing to these numbers.

Mr. Szigeti then asked if Hawai'i Tourism Japan (HTJ) could provide a brief update with the Japan market recovery status for travel to Hawai'i Island. Ms. Varley of HTJ reported that all of HTA's industry partners are working with HTA in the recovery efforts; the industry has raised over \$5 million towards those efforts.

Ms. Varley reported that HTJ hosted a media and travel trade briefing with a representative from the Hawai'i Island Visitors Bureau, a representative from UH Hilo, and Mr. Ka'anā'anā of HTA to clarify to the Japan market that Hawai'i Island is safe for tourists.

Mr. Szigeti concluded his presentation by reporting that the early bird registration deadline for the Global Tourism Summit is next Tuesday, July 31, 2018. Mr. Szigeti explained that the Summit is going to be very informative and impactful and added that more details will be given later in the meeting.

Chair Fried announced that, due to the lengthy agenda, the Board will postpone presentation from the Director of the State of Hawai'i Office of Information Practices until August. In September, Dan Gluck, executive director of State Ethics Commission, will make a presentation to the Board.

5. Final Action on the Permitted Interaction Group's Recommendation to Terminate HTA President and CEO George Szigeti Without Cause

Chair Fried commenced discussion by explaining that the Permitted Interaction Group (PIG) went through a lengthy discussion in determining whether Mr. Szigeti should be terminated without cause. Chair Fried announced that Mr. Szigeti's effective termination date will be October 31, 2018. HTA will pay Mr. Szigeti a severance package consisting of half of his annual pay, approximately \$140,000.00, on November 1, 2018.

Chair Fried noted that Mr. Szigeti's departure has been delayed so that the top three staff positions at HTA are not all vacant at once. Chair Fried explained that Mr. Szigeti has put his heart and soul into his job and he will continue to do so until his departure.

Chair Fried requested a motion that, pursuant to HRS section 92.2-2.5(b)(1), Mr. Szigeti's final day will be October 31, 2018 with a severance payout of one half of his base salary. Mr. Atkins moved so moved. Ms. Kumukahi seconded the motion.

Mr. Arakawa noted that there were two votes in favor with reservations in PIG meeting and added that the PIG decided that it is important to retain Mr. Szigeti while the HTA deals with the Hawai'i Island recovery efforts.

Mr. Atkins explained that the Board also wants to retain Mr. Szigeti through the Global Tourism Summit as he has been the main driver in raising funds and developing the conference.

Chair Fried then asked if there was any further discussion. There was none. The motion was unanimously approved by all the Board members present.

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

Chair Fried acknowledged Jennifer Chun, who presented the June 2018 market insights. Ms. Chun stated that tab six in the Board packet contains the newest hotel report, which shows the State's overall statistics compared to other leading domestic and international destinations.

Ms. Chun then presented the overall breakdown of hotel statistics by island and highlighted the changes in hotel performance for Hawai'i Island and the Kohala Coast.

Ms. Chun concluded by reporting the statistical breakdowns of arrivals by county.

7. Presentation of the Resident Sentiment Survey Results

Chair Fried acknowledged Chris Kam, President, and Allan Ellis, Executive Vice President, from Omni Track Group. Mr. Kam then presented the results from the Resident Sentiment Survey that Omni Track conducted on behalf of HTA. Mr. Kam began with the research objectives behind the survey: 1) the industry is growing, but we know we cannot grow if residents are opposed to the industry; and 2) the research measures key resident attitudes toward the visitor industry, perceived positive and negative impacts, and any issues or concerns they may have.

Mr. Kam reported that there are three key takeaways from the survey results: 1) while some indicators weakened, none fell too deeply compared to previous years' surveys; 2) in order to improve resident sentiment, the State needs to address giving residents a voice in tourism development; and 3) residents want the State to shift from destination marketing to destination management.

Mr. Kam then presented the methodology that Omni Track utilized for the survey, which consisted of a statewide sample size of 1,614 residents spread across all islands and demographics.

Mr. Kam then reported that the impact of tourism on residents and their families is trending upwards overall. More survey respondents agreed that tourism has a beneficial impact on them and their family than in last year's survey. Mr. Kam also reported that by island, this sentiment is increasing for both O'ahu and Hawai'i Island residents while this sentiment decreased slightly for Maui County and Kaua'i residents.

Mr. Kam then reported that the survey results showed that responses on whether tourism has brought more benefits to the islands than problems have weakened a slightly compared to last year's survey results. Mr. Kam noted that this statistic tends to result in much higher scores in years coinciding with major tourism downturns such as the September 1, 2001 terrorist attacks and the Great Recession. Mr. Kam explained that the challenge ahead is to improve resident sentiment in a growing tourism industry.

Mr. Kam then reported on resident sentiments regarding problems created by tourism. Increased traffic was the top complaint by residents in the survey results. This was followed by overcrowding and the high cost of living. Mr. Kam noted that changes in the marketplace should be taken into consideration as not all of these issues are attributable to tourism. Mr. Kam reported that the resident count in the State has been rising, which contributes to traffic congestion and overcrowding. The fact that visitors are appearing in places they did not before can be attributable to the advent of social media and the rise of the sharing economy in Hawai'i.

Mr. Kam then reported on residents' sentiment toward the impact of tourism, which had mixed results in the survey. The survey results reflected some gains in the assertion that tourism

creates more well-paying jobs for residents, but there was a slight decrease in resident sentiment that tourism creates job opportunities for advancement.

Mr. Kam then reported that the survey results appear to demonstrate that Hawai'i residents are interested in a shift from marketing to management of Hawai'i as a tourist destination. There has been an increase in positive responses when residents were polled whether they believe that Hawai'i is run for tourists at the expense of local people. Mr. Kam reported that these results track directly with the increase in visitor arrivals to the State. This increase was reflected in surveys of residents from all islands except Kaua'i.

Chair Fried, Mr. Atkins and Mr. Dee questioned Mr. Kam regarding Omni Track's survey methodology. Ms. Kimura asked whether the relatively small sample size for O'ahu was chosen intentionally. Ms. Chun noted that HTA wanted to oversample neighbor islands, but explained that the results are weighted by population size. Mr. Arakawa stated that the data from this survey data will be used by decision makers in the Legislature and at City Council.

8. Presentation, Discussion and Action on Hawai'i Tourism USA's Recovery Plan Proposal to Use Emergency Funds to Fund Response and Recovery Marketing Plans Resulting from the Volcanic Activity on the Island of Hawai'i

Chair Fried acknowledged John Monahan, CEO of the Hawai'i Visitors and Convention Bureau (HVCB) and Jay Talwar. Mr. Monahan opened the presentation by reporting that HVCB has been implementing Phase 1 of the Hawai'i Island Recovery Plan in the past six to eight weeks with existing funding. Phase 1 started in June and will continue through August. Mr. Monahan then reported that the social media campaign aspect of Phase 1 resulted in over 7 million impressions; funds were expended to boost posts to get them in front of more of the U.S. market audience.

Mr. Monahan then reported that the satellite media tour in conjunction with U.H. Hilo, designed to provide real time factual data to the media outlets, was picked up by 31 television stations nationwide and reached a total broadcast audience of 12.3 million viewers. Mr. Monahan further reported that a supplemental photoshoot to develop content for ongoing media campaigns is scheduled for August on Hawai'i Island.

Mr. Monahan added that some data that HVCB gathered in connection to the volcanic activity demonstrates that Hawai'i Island was leading the State in visitor expenditures and arrivals growth, but that rise was swiftly cut in May with an immediate 2% drop in arrivals as a result of the volcanic activity. For June, Kohala Coast hotel occupancy is down 12% (compared to 6% for Hawai'i Island as a whole) and RevPAR is down by 13% (compared to 9% for Hawai'i Island). Mr. Monahan noted that HVCB believes that there are two driving causes for these numbers: 1) air quality; and 2) the inability to visit Hawai'i Volcanoes National Park, which is the biggest traditional attraction for tourists on Hawai'i Island.

Mr. Talwar explained that HVCB wants to move existing consumer perception from "it's not the

right time to visit” to “now is the perfect time to visit.” Mr. Talwar stated that, moving forward, HVCB wants to develop content with talent as part of this campaign. They want to balance out the media coverage of the eruptions to show everything else on the Hawai’i Island that visitors can engage with and enjoy.

Mr. Talwar then explained that HVCB will organize a follow up media tour and key media press trips as part of this campaign. Mr. Talwar added that Rep. Onishi has offered to assist with the follow up tour.

Mr. Talwar then stated that on the marketing side, HVCB want to integrate information about what the ongoing eruption means to local residents with its existing Hawai’i Rooted campaign. HVCB will work with Great Big Story to create more editorial stories on the eruption and its impact on local residents and Hawaiian culture.

Mr. Talwar reported that HVCB continues to update consistent talking points for their Meetings, Conventions and Incentives (MCI) team and industry partner sales teams. Mr. Monahan noted that the MCI segment has seen the biggest decrease in bookings, as meeting planners are very concerned about air quality. Mr. Monahan then explained that HVCB is proposing to coordinate a marketing blitz with senior industry partners and government officials to meet with target customers in Minneapolis, Chicago, and Washington D.C., Hawai’i’s three biggest MCI markets. Chair Fried stated that Rep. Onishi provided the Board with an update during the Marketing Committee meeting regarding this tour. Mr. Dee added that the Board wants to emphasize that there is some marketing flexibility in HVCB’s budget to deal with shifts in visitor trends in the event that Hawai’i Volcanoes National Park reopens.

Scott Foster, representing Hawai’i Tourism Wholesalers Organization (HTWO) addressed the Board. Mr. Foster stated that HTWO is a group of competitors who have met on a monthly basis for the past six years to discuss mutual problems in the market. He expressed that he is glad to see the Board addressing this issue and added that the recent boat accident near the location where lava is entering the sea has triggered discussions regarding whether the State can assist with a public-private partnership to start a small-to-mid-size tour boat that could leave Kona in the morning, travel to and stop in Hilo in the afternoon, and end up offshore from the Puna coast at night to view the lava flowing into the sea before returning to Kona.

Mr. Monahan thanked Mr. Foster for his input and noted that HVCB has seen a lot of private commercial interest in increasing the number of tour boats.

Rep. Onishi added that after the volcanic activity shut down Puna’s main boat launch, the three licensed tour companies began operating out of Hilo. The main problem for these companies is that it takes two hours to reach the viewing area. Regardless, these operators are seeing a lot of interest in tours, as their bookings are full weeks out. Chair Fried added that the Coast Guard has approved four tour operators.

Mr. Dee stated that funding for HCVB’s request would come from HTA’s \$4 million discretionary

emergency funds, not the emergency funds set aside by statute. Mr. Dee added that HTA has released about \$1 million of these funds to date, which were replenished in the 2019 budget.

Ms. Kumukahi explained that the spirit of Pele is extremely strong and cautioned that she is not one to be reckoned with. Those who are from Hilo know this and the Board needs to focus on promoting the other areas of Hawai'i Island and respect Pele's activity.

Chair Fried thanks Ms. Kumukahi for her insight and requested a motion to approve HVCB's requested \$1.25 million from the HTA emergency fund for Phase 2 of the HT USA Hawai'i Island Recovery Plan. Mr. Kam so moved. Mr. Dee seconded the motion.

Mr. Togashi requested clarification that the funding would be sourced from the funds that HTA set aside as an emergency reserve, for use out of the tourism special fund (TSF), not the Tourism Emergency Special Fund. Mr. Dee confirmed so.

Mr. Kam again moved to approve HVCB's funding request. Mr. Dee seconded the motion, which was unanimously approved by all the Board members present.

9. Presentation and Discussion on the 2018 Global Tourism Summit

Chair Fried acknowledged Katherine Stokoe, event manager at Paragon Events, who began her presentation by stating that HTA has set high level goals for the summit: 2,500 attendees; increased registration revenue; and increased sponsorship revenue.

Ms. Stokoe reported that there are 233 registered attendees to-date, which is in line with where registration was at this time last year. Ms. Stokoe noted that the majority of registrations are for the full Summit. On the programming side, Paragon is working with HTA staff to develop new programming and has added a general session topic on illegal vacation rentals.

Ms. Stokoe then reported that sponsorship numbers have skyrocketed compared to last year's numbers. Confirmed sponsors for this year's summit are: Alaska Airlines; Hawai'i Convention Center AEG Facilities; Hanatour USA, Inc.; Rocky Mountain Sunscreen; Levy; and Honolulu Cookie Co. Pending sponsors include: Hawaiian Airlines; Japan Airlines; Southwest Airlines; Oahu Publishing, which publishes the Honolulu Star Advertiser; Ala Moana Hotel; Outrigger Hotels & Resorts; Enterprise Rent-A-Car; and Kualoa Ranch.

Ms. Stokoe added that Paragon has received 25 exhibit booth inquiries to date. Because Paragon believes they will sell out the networking lounge, they are working with HTA to locate additional areas for more exhibit booths.

The current marketing blasts are being handled by Paragon's marketing partner who has started working earlier than for last year's Summit. Ms. Stokoe also noted that Paragon is updating the Summit website as needed and will be adding a sponsor page in the next week or two.

Ms. Stokoe concluded her presentation by reminding the Board of the theme for this year's summit, "Charting the Course," which will be integrated throughout the Summit marketing materials moving forward.

Mr. Szigeti thanked Ms. Stokoe and Paragon as well as the HTA Summit team for their great work. Mr. Szigeti added that there will be attendees from over 18 countries at the Summit and that Paragon's sponsorship packages have been well received. Mr. Szigeti concluded that this year's Global Tourism Summit is shaping up to be a very powerful and impactful conference.

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

Chair Fried announced that discussion on this item will be postponed to next month's Board meeting.

11. Update on the Status of the 2018 Audit Action Plan

Chair Fried acknowledged Mr. Szigeti, who introduced the 2018 Audit Action Plan. Mr. Szigeti began by stating that discussion on this action plan will be on every HTA monthly Board meeting agenda moving forward.

Mr. Szigeti provided the timeline for the plan: the audit entrance conference was held on July 7, 2017; the exit conference was held on February 21, 2018; the audit report was released on February 22, 2018; HTA created the Audit Action Plan on March 16, 2018 and received Board approval on March 29, 2018. Mr. Szigeti then provided a snapshot of HTA's implementation of the Action Plan.

**The meeting was recessed at 11:00 a.m.
The Board was reconvened at 11:12 a.m.**

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

Chair Fried acknowledged Mr. Dee, who reported that the proprietary information contained in the L.A. Rams' proposal will be discussed in the budget section of today's agenda. Mr. Dee noted that a discussion on the Hawai'i Island Recovery Plan and the Global Tourism Summit took place earlier in the meeting.

Mr. Dee concluded his report by stating that HTA is ahead of schedule on marketing and sponsorship for the Summit and acknowledged both Paragon and HTA's team for all of their great efforts.

13. Establishment of a Permitted Interaction Group Serving as a Selection Committee to

Propose Candidate(s) to Fill the Vacancy Position of the *HTA Chief Administrative Officer* Position

Chair Fried explained that the HTA is in a very unique situation and began to summarize the events that have taken place to date with respect to vacancies in HTA's top three positions. Chair Fried added that the Board Administrative Committee has put a great deal of thought into who should serve on the selection committees, looking at every Board member's skill set and time commitments.

Chair Fried explained that the Board decided to put a bid out to three firms to conduct HTA's search; this bid made it clear to the firms what was expected of them. The clear bid winner was Inkinen & Associates, LLC.

Inkinen will be the sole recipient of job applications and questions from applicants. The firm will evaluate applicants and create a short list of not more than five applicants for each of the three open positions. Inkinen will verify education, employment, and references for each applicant. For the Vice President of Marketing position, which HTA has already advertised, Inkinen will review the 70 resumes that HTA has already received.

Chair Fried reported that the contract price for this search is not to exceed \$46,750 plus tax to fill all three positions, not including the cost of placing the advertisements.

Chair Fried then explained that, while the Board is open to a national search, it will be primarily Hawai'i-focused and advertising of the posts will reflect this focus. The position advertisements will cost a total of \$8,152.00 plus tax. Chair Fried noted that the first advertisement will run in the Pacific Business News on July 27, 2018. On Sunday, July 29, 2018, the advertisement will be published in the Honolulu Star Advertiser. The final advertisement will be published in the Pacific Business News on August 3, 2018. Chair Fried added that the advertisement will also be placed on the HTA website.

The deadline to apply for the position is August 24, 2018.

Chair Fried then asked that out two documents be distributed to the attendees. Chair Fried explained that the first document is a sample advertisement and the other a flyer from the Hawai'i State Ethics Commission relating procurement procedures for State agencies.

Chair Fried explained that the salaries for the two Vice President positions will be set at \$150,000 each. The CEO's salary will be left open, but interested applicants have a rough idea of what to expect in terms of compensation given the current publicity on HTA's CEO salary.

Chair Fried then thanked Ron Rodriguez and Carole Hagihara from HTA for all of their help with the search for applicants.

Mr. Arakawa thanked everyone for their hard work and asked if the President and CEO should

be selected first and have that person select applicants to fill the two Vice President positions. Chair Fried thanked Mr. Arakawa for his input and explained that given the timeline for Board approval of the final candidates, there is not sufficient time to wait for a President/CEO to be hired and then fill the Vice President positions. Chair Fried noted that the hope is that the extreme vetting the Board is doing for the CEO position should aid in the next CEO's ability to work with the selected Vice Presidents.

Mr. Arakawa responded that he respectfully disagrees with Chair Fried's position and compared the Chair's proposal to a situation where the shareholder Board of the New England Patriots selects assistant coaches without asking Head Coach Bill Belichick for his input. Chair Fried acknowledged Mr. Arakawa's position but stated that his suggestion was taken into consideration and the Board decided that the current proposal is the best course of action.

Mr. Kam suggested that the Board compromise by interviewing candidates for all three positions, selecting the CEO first, and then asking that person to provide input on the final selection applicants to fill the open Vice President positions.

Mr. Arakawa stated that in most such contracts, the CEO usually has the authority to hire and fire employees like Vice Presidents and the Board needs to be careful to review and limit severance pay clauses in the event HTA selects a Vice President before hiring a CEO. Chair Fried acknowledged Mr. Arakawa's point and noted that, while the Board is a long way from drafting these contracts, this point should be considered at that time.

Chair Fried then announced the recommendation for members to serve on the Selection Committee for the Chief Administrative Officer position: Sherry Menor-McNamara (recommended chair), Ben Rafter, Craig Nakamura, Kyoko Kimura, and David Arakawa.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the Chief Administrative Officer position. Mr. Kam so moved and Ms. Kumukahi seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members present.

14. Establishment of Permitted Interaction Group Serving as a Selection Committee to Promote Candidate(s) to Fill the Vacancy of the HTA VP of Marketing and Product Development Position

Chair Fried announced the recommendation for members to serve on the Selection Committee for the Vice President of Marketing and Product Development position: Sean Dee (recommended chair), Micah Alameda, Ku'uipo Kumukahi, and George Kam.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the Vice President of Marketing and Product Development position. Mr. Sanders so moved and Mr. Arakawa seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members

present.

15. Nomination, Selection, and Appointment of Board Members to the Permitted Interaction Groups Established in Items 14 and 15 Above

The nomination, selection, and appointment of Board Members to the Permitted Interaction Groups established as the Selection Committee for the Chief Administrative Officer and the Selection Committee for the Vice President of Marketing and Product Development were conducted in agenda Items 14 and 15 above.

16. Establishment of a Permitted Interaction Group Serving as a Selection Committee to Guide the Search for the next *HTA President and CEO*, with Members to be Recommended by the Administrative Standing Committee

Chair Fried announced that two or three community members should be added to this Committee in addition to the Board members and asked the Committee Members to meet at the conclusion of this Board meeting to discuss. Chair Fried then announced the recommendation for members to serve on the Selection Committee for the HTA President and CEO: Fred Atkins, Kelly Sanders (recommended chair), George Kam, David Arakawa, and Rick Fried.

Chair Fried requested a motion to approve the appointment of these Board members to the Selection Committee for the HTA President and CEO. Mr. Dee so moved and Mr. Nakamura seconded the motion. Hearing no discussion, Chair Fried asked for a vote. The motion was unanimously approved by all the Board members present.

17. Discussion and Approval of the FY19 HTA Budgets

Chair Fried acknowledged Marc Togashi, who opened discussion of the HTA FY2019 Budget by touching on the mechanics employed in developing the current draft Budget and which were discussed in the previous meetings. Mr. Togashi reminded the Board that the HTA's strategic plan guides everything that HTA does, including the discussions in today's meeting. The Strategic plan requires the HTA to market the destination, but also requires HTA to take a look at how they can do a better job at managing the destination. Mr. Togashi added that the Board was provided a draft Budget that HTA staff feels works to address concerns from local communities and stakeholders.

Referring to Mr. Dee's earlier discussion regarding the L.A. Rams' proposal, Mr. Togashi explained that the Board's options are to: fund the L.A. Rams' proposal by reducing other areas of the proposed draft Budget; proceed with the budget as drafted without funding the L.A. Rams; or fund the Rams' proposal using the \$1.5 million set aside for the FY2020 budget. Mr. Togashi noted his concern this last option, explaining that the reserve was purposefully set aside so that HTA does not see a drastic fall off in their funding from the current year's budget.

Mr. Togashi then asked HTA's program directors to discuss details of their program budgets. First, Mr. Ka'anā'anā discussed HTA's proposed \$1 million environmental sustainably fund. Mr. Ka'anā'anā explained that the biggest component of this budget item is funding for DNLR's Mālama Hawai'i program and Park and Trail Ambassador program, which serves to assist visitors and residents accessing Hawai'i's busiest trails and parks. The Mālama Hawai'i program operates in partnership with several of the main tour shuttle operators to provide information to visitors on how to respect the environment during their vacation. Mr. Ka'anā'anā added that HTA will also provide funding for DLNR's Comprehensive State Parks Survey, which has not been updated since 2007, in order to gather information and data on what parks visitors are going to. The Survey will be a year-long study to track seasonal differences and differences in the time of day that visitors visit different parks. Mr. Ka'anā'anā noted that this data will help DNLR to deploy their maintenance resources more efficiently.

Mr. Ka'anā'anā explained that this budget item also includes the Hawai'i Green Growth Initiative, which is the continuation of HTA's engagement with the Sustainable Business Forum and their work in convening statewide stakeholder meetings, implementation of the Aloha+Challenge Dashboard and identifying robust tourism metrics by which to measure and manage tourism's impacts on the islands.

Mr. Ka'anā'anā then provided details on the last program in this budget item, the State Department of Business, Economic Development, and Tourism's Green Business Certification program. Mr. Ka'anā'anā explained that this program is similar to the Hawai'i Ecotourism Association's certification program, but it is focused on hotel accommodations and physical locations as opposed to activities.

Mr. Atkins asked if this budget item is separate from HTA's Aloha 'Aina budget. Mr. Ka'anā'anā confirmed so. Mr. Atkins then asked if the park ambassador program will be taken over by DNLR after the year of funding provided in this budget item. Mr. Ka'anā'anā explained that it is a pilot program at the moment, but if is successful, DNLR will look at funding the program permanently. Mr. Atkins asked if it was a part-time program and what parks are included. Mr. Ka'anā'anā stated that DLNR does not know which parks will be part of the program, but it will fund 40 hours of work per week, which will be scheduled mostly on the weekends.

Mr. Sanders stated that he loved the idea but thought that HTA should look at park data to see where to deploy the ambassador. Mr. Ka'anā'anā responded that HTA and DLNR are working with current data right now, but they will use the updated study data once it is completed.

Mr. Atkins asked if the ambassadors will have enforcement responsibility. Mr. Ka'anā'anā explained that the ambassadors will not be deputized, but will have a direct line to DLNR's Division of Conservation and Resources Enforcement (DOCARE).

Rep. Onishi asked what the extra \$50,000.00 in this budget item is for. Mr. Ka'anā'anā responded that the money is for the Mālama Hawai'i program, which is a DNLR program that

HTA will supplement. Rep. Onishi then asked what was new that required the supplemental funding. Mr. Ka'anā'anā responded that the park survey and ambassador program are new to this program.

Rep. Onishi then asked if DNLR would conduct the state park survey. Mr. Ka'anā'anā stated that this is a survey that HTA has conducted in the past because the survey looks at visitor experience and quality of the experience. Rep. Onishi asked if DNLR has any current program to determine visitor impacts at their parks. Mr. Ka'anā'anā responded that he is unaware of any such DNLR programs.

Mr. Atkins asked if this funding is in addition to the \$3 million from the TSF given directly to DNLR. Mr. Ka'anā'anā confirmed such, adding that \$2 million of that transfer goes to the State parks for lifeguard services at State beaches and the rest goes to the Office of Conservation and Coastal Lands (OCCL) and DOCARE. Mr. Ka'anā'anā added that OCCL has not spent any of the TSF money yet.

Sen. Wakai asked why the \$1 million budget line states that it is sole-sourced. Mr. Ka'anā'anā explained that sole-source notation refers to HTA's partnership with DNLR. Sen. Wakai then asked if this entire budget item is primarily for cooperation with other government entities. Mr. Ka'anā'anā confirmed such, except for the survey, for which HTA will release a request for proposals.

Mr. Dee expressed that he had some issues with how HTA is getting approval of the budget. Mr. Dee stated that the new plan is good overall, but it is a first draft and needs a lot of work before the Board is ready to approve it.

Mr. Atkins asked if the Board should be approving each line item as they go through the draft budget. Mr. Togashi explained that he wants to present the plan to the Board, answer any questions the Board may have, and then move onto approval of the revised line items.

Chair Fried announced that the meeting would recess briefly for lunch.

The meeting was recessed at 12:00 p.m.

The Board was reconvened at 12:32 p.m.

Mr. Togashi acknowledged Ms. Chan, who presented the highlights of the Ho'okaulike program detailed in the Budget. Ms. Chan explained that this program is a statewide initiative developed last year to address management of the State as a destination and to provide a balance between marketing and management.

The first part of the Ho'okaulike budget item that Ms. Chan discussed related to the various counties' tourism strategic plan updates. Maui County recently updated their tourism strategic plan in 2016, so HTA will cover half of the costs associated with developing interpretive language. This budget item provides \$50,000 each to Kaua'i and Hawai'i counties for their plan

updates.

Ms. Chan explained that the bulk of the Ho'okaulike budget provides funding to install security cameras in 42 locations in the City and County of Honolulu, 30 locations in Kaua'i, and 92 locations in Hawai'i County; Maui County is still determining if they want to use this program.

Mr. Atkins asked if the strategic plan money is being used for implementation or development of those counties' strategic plans. Ms. Chan stated that she believed the money will be used for implementation but reported that she will confirm with all of the counties.

Mr. Atkins added that installing security cameras is a great idea for security purposes, but expressed concern that vandals will destroy them and asked if the Budget has any funds earmarked to maintain the cameras. Ms. Chan responded that the current budget item is a one-time funding initiative, but agreed that HTA needs to be cooperating with the counties to require that they fund a maintenance program for the cameras. Mr. Kam noted that HTA can insert language into the contracts with the counties to clarify that responsibility for maintenance and replacement of vandalized cameras lies with the counties. Chair Fried agreed with Mr. Atkins and Mr. Kam and added that the counties should be required to maintain the cameras.

Mr. Dee expressed concern that this program may be a slippery slope for counties to request funding from the TSF to supplement traditional county services. Mr. Dee added that the TSF is primarily intended for marketing the State as a destination and expressed that it would be naïve of the Board to think that the funding would be a one-time request.

Mr. Sanders agreed with Mr. Dee's concerns, adding that if HTA is expected to support county infrastructure, HTA will need more funding from the State. Mr. Sanders explained that he does not believe that this initiative can work without a longer-term commitment from the State and the counties.

Mr. Togashi thanked the Board members for their input, but noted that the Legislature has consistently expressed the need for HTA to pivot from destination marketing to destination management and this is one way that HTA is attempting to comply with that request.

Mr. Arakawa agreed with all of the opinions expressed so far and noted that the cameras could save the State and counties money if they prevent high-impact crimes. Mr. Arakawa also expressed that the Board needs to know whether it will be HTA's policy to not fund infrastructure requests from other governmental entities such as these cameras, noting that such a policy would impact HTA's ability to fund other similar requests, such as jetskis for county lifeguard programs.

Rep. Onishi stated that the Board needs to be careful when reviewing the proposals from other governmental entities that are supposed to work within their own budgets. As an example, Rep. Onishi provided that DNLR should conduct their own survey of park visitors; if HTA pays for the

survey, there is less of a chance that DNLR ever will do so in the future.

Sen. Wakai stated that, while he appreciates the Board acknowledging that the Legislature wants the HTA market less and manage more, the goal is not to have HTA pay for county infrastructure. Sen. Wakai suggested that HTA should advocate in front of the Legislature to allocate TAT revenue to other departments and the counties to support their infrastructure and budget shortfalls.

Chair Fried responded that he does not think that it matters to the Board where the money comes from, but it needs to be from somewhere.

Sen. Wakai responded to Chair Fried by stating that if HTA takes on this work, HTA will be responsible if someone were to be killed. Sen. Wakai suggested HTA not to take on that responsibility. Rep. Onishi agreed with Sen. Wakai. The State gives HTA funds to do what it is supposed to do and the same for the counties and DNLR.

Mr. Dee asked whether HTA is going to fund the security camera program. Mr. Dee added that because two members of the Legislature just told the Board not to fund the program, he believes it is a poor use of HTA's funds.

Ms. Chan stated that she would like to keep the proposal on the table and suggested that HTA require the counties to match the money. Mr. Sanders stated that he believes that the proposal needs to be clarified and added that he is not ready to approve the funding of this work. Mr. Sanders added that he would support funding a study to identify the counties' long-term need for funding so that the Board can go to the Legislature's next session with a specific and detailed request. Mr. Sanders added that he believes that HTA's role is to provide information and suggest a path forward rather than take on and fund work.

Ms. Chan explained that HTA is already implementing Mr. Sanders' suggestion as part of the State Tourism Strategic Plan's product assessment component. Mr. Arakawa asked how long it would take HTA to complete Mr. Sanders' suggestion. Ms. Chun responded that the State has not conducted a product assessment in 15 years and the survey is long overdue. Mr. Atkins asked if the counties should be doing their own product assessment. Ms. Chun responded that HTA will have to work with the counties on that, but added that that the counties do not generally assess infrastructure from a visitor standpoint, so HTA should be at the center of this.

Ms. Chan added that this State-wide product assessment will take at least two years to complete and so will not be able to dictate which immediate needs to address.

Ms. Goo added that, while HTA agrees that a long-term plan needs to be developed, the State needs to address the short-term needs as well. Ms. Goo asked whether the Board would consider funding the security cameras as a short-term partnership with the counties. Mr. Kam added that the camera request was not a random request, explaining that Honolulu Police Chief Ballard asked HTA to partner with the Honolulu Police Department to help fund the cameras,

similar to HTA's support of county lifeguards. Mr. Kam noted that HTA could just refuse everyone asking for assistance, but added that he does not believe that such action would accomplish the right balance for HTA's role in the State.

Mr. Szigeti agreed with Mr. Kam and noted that there is a sense of urgency with this safety issue, but added that HTA should not pay for everything that is requested of them. Chair Fried suggested that the Board move forward with the camera partnership, but also work with the counties this year with regards to what they need for long-term planning so that the Board can advocate for them at the 2019 Legislative Session.

Mr. Atkins then asked whether the Board has another budget line item for Waikiki security cameras. Ms. Goo confirmed such.

Mr. Dee stated that he wanted to return to his original point that HTA's funding of county lifeguards is different than funding physical infrastructure like security cameras. Mr. Kam disagreed, stating that the lifeguard funding pays for lifeguard stands and jet skis as well as salaries.

Rep. Hashem stated that the first question that will come up at the Legislature is "why did you fund that?" Rep. Hashem explained that the Board has no basis for choosing the programs they are choosing to fund. Without a plan backed by research, the Board is opening itself to criticism from the Legislature for funding these programs. Rep. Hashem concluded that the Board needs to be able to explain to Legislature that "we have a certain number of visitors in this location and specific events are happening in that location so we need to fund this program to address this documented issue."

Rep. Onishi stated that in the 2018 Legislative Session, a bill was introduced to provide \$2 million in matching funds to government entities to address tourism impacts across the state; the Legislature did not advance this bill. Rep. Onishi continued that now the Board is using HTA's funding to accomplish what was attempted through the legislative process. Rep. Onishi concluded that the Board needs to be careful in setting their own mandate and suggested that HTA approach the Legislature to request a legislative mandate to address these issues.

Mr. Atkins added that the Legislature will then come back to the Board and criticize them for spending too much money on tourism marketing, which is the Board's "Catch 22."

Chair Fried stated that the Board's current predicament is that if HTA rejects this funding request for security cameras, the program will not be implemented. Rep. Onishi noted that he understood the Board's predicament today, but added that HTA needs to plan to come back to the Legislature with an actual plan to move forward.

Mr. Atkins suggested a compromise, making this a pilot program with matching funds. Mr. Arakawa indicated that this suggestion is the same as that which Ms. Chan proposed earlier in the meeting.

Ms. Chan added that the City and County of Honolulu conducted a study to locate the tourist areas where security is lacking. This study is the basis that the Board is using for this proposal, although Ms. Chan conceded that this proposal is more *ad hoc* than is ideal.

Mr. Togashi noted that HTA does not know whether the counties have room for matching funds in their budgets this year. Chair Fried noted that the current proposal would give the counties a year to find room in their budgets. Mr. Togashi agreed and recommended that the Board, in order to ensure that this program is successful, make their funding contingent on the counties adding this program to their budgets to continue next year. Mr. Togashi added that it will be important to assess the appropriate level of matching funding for each program. Mr. Sanders noted that the Board's funding would need to be consistent between all the counties. Ms. Chan agreed.

Mr. Rafter then asked if the Board is going to agree that if a county refuses to fund a continued maintenance program or to match funding, the Board will not fund the county's security camera program at all. Ms. Chan confirmed so.

The meeting was recessed at 1:38 p.m.

The Board was reconvened at 1:49 p.m.

Chair Fried acknowledged Caroline Anderson, who presented highlights of the Responsible Tourism Program with a proposed budget of \$1.1 million. Ms. Anderson reported that, based off the Resident Sentiment Survey, residents want HTA to address visitor sensitivity to cultural and environmental issues. Ms. Anderson explained that this program is a marketing and informational campaign and is devoted to promoting responsible and sustainable travel across the State, working in conjunction with HTJ and HT USA, to educate potential visitors on how to travel around Hawai'i sustainably and respectfully. The program's budget is \$1.1 million, of which \$750k is allocated to content development.

Mr. Atkins stated that he understood that the Board was going to stop authorizing programs until HTA hired new staff to run new programs, adding that this program will take a lot of time to develop. Mr. Atkins added his belief that these programs are necessary, but is concerned that there is not enough manpower to implement them right now.

Ms. Anderson acknowledged that HTA staff has a lot on their plate and these programs will require a lot of work, but added that they have been working with HTJ and HT USA for content development and those marketing teams have already committed to working on this project.

Ms. Kimura asked whether this program will replace the money currently allocated for the illegal vacation rental program. Mr. Togashi confirmed so, but noted that the illegal vacation rental program did not get off the ground because the counties were not ready to proceed. Mr. Togashi added that this program will help HTA get a similar message across to prospective visitors.

Mr. Kam asked for a breakdown of the budget request. Ms. Anderson reported that \$750k of the budget item is for content, messaging, and video development for the global markets; \$150k is set aside for content and messaging development for inflight and post-arrival messaging; and \$200k is set aside for airline distribution.

Mr. Kam indicated that this seemed like a high amount for content development, but added that the Board is on board with getting the information out to visitors. Ms. Anderson noted that the global marketing teams will help with distribution.

Mr. Atkins expressed his concern that these programs are still conceptual.

Ms. Menor-McNamara asked whether it this will be an ongoing campaign. Ms. Anderson confirmed that it will be ongoing.

Mr. Kam asked if HTJ and HT USA were going to spend additional money on this program. Ms. Anderson confirmed so, but noted that they do not have their plans confirmed yet.

Mr. Dee stated that these were all great ideas but agreed with Mr. Atkin's opinion in that HTA may be taking on too much work without the necessary staff support. Mr. Dee then asked how many more quality visitors HTA will attract by funding these programs. Mr. Rafter stated that he did not have the data, but his understanding is that Hawai'i is in a weak position for visitors aged 18-35. Mr. Rafter added that they have been discussing a lot about destination management versus destination marketing and explained that, if executed correctly, this program achieves both.

Mr. Atkins asked if HTA would own the content. Ms. Anderson confirmed so.

Chair Fried acknowledged Jadie Goo, who presented highlights of the Waikiki Security Program budget request of \$800k. Ms. Goo stated that this request covers two separate projects with the same purpose. The first project is to increase the number of security cameras in Waikiki; there are only 10 existing cameras in the Waikiki area. Ms. Goo explained the City will be adding six new cameras and replacing three older ones. Ms. Goo stated that HTA is looking at funding the remainder as part of this partnership to a total of 20 new cameras for a total cost to HTA of \$500k.

Ms. Goo then presented the second project in this request, which is to assist with funding of the Waikiki Ambassadors Program. There are currently 10-15 ambassadors who work from 10 a.m. to 11 p.m. every day of the year in Waikiki. Ms. Goo stated that HTA has been requested to provide \$300k to add 4-5 ambassadors in order to strengthen the program.

Mr. Kam stated that he does not believe the Waikiki Ambassador Program is in HTA's jurisdiction.

Mr. Atkins agreed that, based on the guidance the Board received today from the Legislators in attendance, the Board cannot fund personnel in Waikiki even though the additional Ambassadors are necessary. Mr. Atkins added that, as for the request for additional cameras, the Board cannot provide more funds than the City will match; if the City needs \$500k, they will need to contribute \$250k to match HTA's \$250k.

Mr. Kam asked for the cost breakdown of the security camera request. Ms. Goo reported that the 20 cameras will cost \$160k; network costs total \$100k; the new controller system is \$40k; materials and installation account for \$150k; and monitoring fees make up the remaining \$50k.

Mr. Togashi noted that HTA can approach the City with a revised offer dropping the ambassador program. Mr. Kam then suggested the Board offer \$300k for the cameras, suggested the City to contribute a meaningful amount, using \$200k as an example, and drop the ambassador program. Ms. Goo confirmed she will do so.

Mr. Togashi then presented the changes between HTA's original May 2018 draft Budget and the June 2018 draft Budget, as a continued discussion from the June meeting. Mr. Togashi reported that some of the items have strikeouts in red, which reflect changes since the June 2018 draft. The illegal vacation rentals program has been cut and a related increase in the responsible tourism program budget was made. The Waikiki Safety Program will decrease from \$800k to \$300k based on today's discussions.

Mr. Togashi then reported the comprehensive changes: line item 15, Community Outreach General Public Relations fund, was decreased by \$45k; line item 25 is for new in house programs; line item 60, Visitors Assistance Program, increased by \$80k; line item 62, Waikiki Safety Program will now be decreased from \$800k to \$300k; line item 66, USA MMA has been restored to \$22,480,000; line item 69, Japan MMA has also been restored to original funding level; line item 74, China MMA has been combined with Hong Kong MMA, which has resulted in a \$300k decrease to the combined budgets; line item 79, Europe MMA, has been increased by \$50k; line item 90, Access Funds, increased slightly by \$23k; line item 94, gohawaii.com, decreased by \$500k due to the timing of the contract date; line item 99, Infrastructure Research, increased by \$300k primarily for vacation rental research; line items 103 and 104 , Governance-General and General and Administrative, have increased by nominal amounts; line item 115, HawaiiTourismAuthority.org, which is Phase 2 of HTA's redevelopment of its business site, increased by \$25k.

Mr. Kam asked if the lifeguards' funds can be retained until the Board can get partnerships formalized with the counties. Mr. Arakawa asked for clarification from Mr. Kam if his proposal will require the Board to delay funding to the counties other than Kaua'i while those counties formalize partnership and matching details. Mr. Kam confirmed so.

Mr. Togashi then requested the Board's perspective on the HTA's current sports consultant contract. The budget for the sports consultant contract is currently \$300k, but HTA has received a request to increase the budget to \$350k on the basis that HTA's sports contractor spends a lot

of time flying to Hawai'i to brief the Board at monthly meetings.

Mr. Kam stated that the Board can cut the consultant's travel costs in order to keep costs down. Mr. Dee suggested that the sports contractor be provided a 10% raise. Chair Fried agreed with Mr. Dee. Mr. Togashi then asked whether the Board will keep the budget at \$300k. Mr. Dee explained that the Board would reduce the contract's travel stipend and give the sports contractor a 10% bump to the base salary under the contract.

Ms. Chan stated HTA needs more information before approving an increase in base salary as the Board does not increase other contractors' base salaries year-over-year. Mr. Dee responded that Ms. Chan's recommendation would have been welcome before bringing the sports contractor's proposal to the Board.

Mr. Kinkley stated that this was an RFP, so the Board may not be able to increase the base. Mr. Atkins asked when the contract ends, whether this request is for a new contract, and whether a new RFP is required.

Mr. Atkins then asked if line items 99 and 102 were duplicative. Ms. Chun responded that these line items fund two separate plans, a State Tourism Strategic Plan and an HTA-specific Strategic Plan.

Chair Fried requested a motion to enter Executive Session to discuss proprietary information related to sports proposals. Mr. Arakawa so moved. Mr. Sanders seconded the motion, which was approved unanimously by Board members present.

The Board entered an Executive Session at 2:47 p.m.

Executive Session ended at 3:19 p.m.

Mr. Togashi requested a motion from the Board to incorporate the \$500k decrease in Waikiki Safety Program budget and the \$50k reduction in sports marketing contractor proposed budget increase and to approve the final budget of \$84,209,108.00.

Chair Fried requested a motion. Mr. Kam made such motion. Mr. Atkins seconded the motion and thanked HTA staff for all of their hard work on the budget. Mr. Kam thanked all of the Board members for their participation and input. The motion was approved unanimously by all the Board members present.

18. Adjournment

Chair Fried announced that it was decided in the executive session that the Board will continue discussions with its partners regarding the L.A. Rams' proposal for a 2019 pre-season game. Discussion of this proposal will continue at the next Board meeting.

Chair Fried requested a motion to adjourn the meeting. Mr. Kam so moved. Mr. Sanders

seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 3:34 p.m.

Respectfully submitted:

A handwritten signature in black ink, consisting of a stylized first name and a long, sweeping line for the last name, positioned above a horizontal line.

Jacob L. Garner
Recorder

Agenda Item

4

**Report of the CEO Relating
to Staff's Implementation of
HTA's Programs During July
2018**



MEMORANDUM

TO: HTA Board of Directors
FROM: George D. Szigeti, President and CEO
DATE: August 30, 2018
RE: Report of the CEO

The following narrative utilizes the 2018 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated July 26, 2018. The narrative also describes the actions conducted by staff to implement the Hawaii'i Tourism Authority (HTA) budget previously approved by the Board.

I. AWARENESS, CONVICTION AND ACCESS

A. Access

Honolulu Harbor Master Plan Update: Technical Advisory Meeting

HTA staff participated in a meeting with the Department of Transportation's Harbors Division and its various consultants and stakeholders to receive an overview on the Honolulu Harbor Master Plan Update programming and Sub-Technical Advisory Committees. HTA staff will be part of the Cruise & Excursion Operations Technical Advisory Sub-Committee (Sub-TAC), which will identify needs and opportunities to improve maritime and landside infrastructure and operations to accommodate emerging trends and future demands in the cruise industry. HTA will also participate on the Non-Maritime Opportunities Sub-TAC, with the goal of developing recommendations to enhance and improve the public's interaction with Honolulu Harbor by supporting culture, history and education.

B. Major Market Management

Japan Hawai'i Tourism Association Bi-Monthly Meeting

HTA staff attended the Japan Hawai'i Travel Association's (JHTA) bi-monthly meeting on July 19. Updates on Kīlauea volcano, the Japan market, Global Tourism Summit, legislative matters and upcoming JHTA events were discussed at the meeting.

L.A. Clippers Activities in Hawai'i

Staff has been coordinating with the L.A. Clippers about the team's public activities on O'ahu in conjunction with its pre-season training camp in September. Activities include a basketball youth clinic and school refurbishment event. Ticket sales started on August 8 for the pre-season game between the L.A. Clippers and Sydney Kings on September 30.

China, Hong Kong, Taiwan, Korea & Southeast Asia Marketing Advisory Committee Meeting

HTA staff, along with representatives via teleconference from Hawai'i Tourism China, Hawai'i Tourism Hong Kong, Hawai'i Tourism Taiwan, Hawai'i Tourism Korea, and Hawai'i Tourism Southeast Asia, met with a joint advisory committee to present HTA updates, 2018 activities, 2018/2019 market outlooks, and proposed 2019 brand management plan initiatives.

Representatives from hotels, activities, and attractions companies participated.

Global Tourism Summit Planning

HTA's planning continued for the 2018 Global Tourism Summit, including the confirmation of additional speakers and sponsors. A Global Tourism Summit Steering Committee Meeting will be held on August 28, 2018. The meeting agenda will include updates regarding the Summit's programming, sponsorships, marketing, and registration, and will also garner recommendations on the Summit's final attendance building efforts.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

Kūkulu Ola Program

HTA continues to work with 2017 awardees to close out their work and complete our final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff continues to work with 2018 awardees on their work for this year. Proposals submitted for programs seeking HTA's support in 2019 closed on August 3. HTA staff and the evaluation committees are reviewing the proposals.

Signature Events (Hawaiian Festivals)

Prince Lot Hula Festival: HTA recently presented the 41st Annual Prince Lot Hula Festival at 'Iolani Palace on July 21-22. It was a successful day. HTA is awaiting the festival to submit its final report for evaluation.

Aloha Festivals: HTA and the various island contractors have finalized planning for the events taking place statewide next month in September. Event details are available at events.gohawaii.com and have been shared with the island chapters and Global Marketing Team.

Strategic Partnerships (Hawaiian Culture Initiative)

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

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

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

B. Natural Resources

Aloha ‘Āina (Natural Resources) Program

HTA continues to work with 2017 awardees to close out their work and complete our final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff continues to work with 2018 awardees on their work for this year. Proposals submitted for programs seeking HTA’s support in 2019 closed on August 3. HTA staff and the evaluation committees are reviewing the proposals.

Hawai‘i Ecotourism Association

The Hawai‘i Ecotourism Association has executed a contract for services in 2018. The primary focus will continue to focus on training certified tour operators statewide and enhancing their training capacity. It will also provide for trainings that will be made available via the web and YouTube.

C. Signature Events

Hawai‘i Food & Wine Festival Planning

HTA staff attended the Hawai‘i Food and Wine Festival PR Planning Meeting at which 2018 event and public relations and marketing initiatives were shared.

D. Safety and Security

Visitor Assistance Program (VAP)

Programs in all four counties are ongoing. On August 15, HTA staff met with Visitor Aloha Society of Hawaii (VASH) program directors and case managers at the Hawai‘i Convention Center. The meeting agenda included HTA updates, VASH program year-to-date updates, 2019 budget and program planning, and discussions on safety and security measures, fundraising ideas, and safety education.

Waikīkī Camera Program

HTA staff is working with the City and County of Honolulu and the Waikīkī Business Improvement District Association to further plan and coordinate this new initiative of adding security cameras to enhance safety and security in the Waikīkī district.

Lifeguard Program

HTA staff is working with all four county ocean safety chiefs to further plan and coordinate this new initiative to support lifeguards with additional safety equipment.

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: July 2018

News Releases/Statements

- News Release: Hawai'i Tourism Authority Welcomes David Arakawa, Micah Alameda, Kyoko Kimura and Ben Rafter to Serve on its Board of Directors (July 2)
- News Release: Hawai'i Timeshare Properties Averaged 92 Percent Occupancy in First Quarter 2018 (July 6)
- News Release: Hawai'i Hotels Statewide Led U.S. Markets in RevPAR (\$229) and ADR (\$280) in First Half of 2018 (July 26)
- News Release: Hawai'i Tourism Authority Begins Executive Search for New President and CEO, Chief Administrative Officer, and Vice President of Marketing and Product Development (July 27)
- News Release: Hawai'i Visitor Spending Increased 10.8 Percent to \$9.26 Billion in First Half of 2018; Statement by George D. Szigeti (GS) commenting on the results (July 31)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
 - Hawaii News Now: GS and Rick Fried (RF) with reporter Howard Dicus about the change in leadership at HTA (July 2).
 - USAE News: RF with Associations Editor Todd McElwee about the HTA board's decision to make a change in leadership at HTA (July 2).
 - Travel Weekly: RF with reporter Tovin Lapan to discuss the HTA board's decision to make a change in leadership (July 3).
 - Travel Weekly: GS with reporter Tovin Lapan to discuss GS's tenure at HTA (July 10).
 - Sports Destination Management Magazine: GS and Chris Sadayasu (CS) with writer Michael Popke about the hosting of sports events in Hawai'i (July 12).
 - KHPR: Jennifer Chun (JC) with reporter Casey Harlow on Hawai'i's hotel performance for the first half of 2018 and month of June (July 26).
 - KHPR: JC with host Catherine Cruz of The Conversation about the results from the resident sentiment survey (July 27).
 - KHPR: JC with reporter Casey Harlow on Hawai'i's visitor statistics results for the first half of 2018 and month of June (July 31).
- **Publicity Support:** Provided the following information and/or assistance:

- C-SPAN: Provided contacts and information for having the C-SPAN Bus in Hawai'i as part of its "50 Capitols Tour" this August (July 10).
- Honolulu Star-Advertiser: Assisted GS with providing reporter Allison Schaefer with a statement commenting on two acts of violence against women in Waikīkī along with information on the status of HTA funding security cameras in Waikīkī (July 11).
- Cruise Industry News: Provided writer Monty Mathisen with data on cruise visitors entering Honolulu Harbor from 2012-2017 (July 16).
- Virtuoso Life Magazine: Provided fact checking about the new law banning certain sun screen products after June 2021 (July 16).

Public Outreach

- Roberts Hawaii: Assisted Charlene Chan (CC) with providing talking points to the office of Governor Ige for a recorded video message shown on tour buses welcoming travelers to Hawai'i (July 17).
- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the July E-Bulletin (July 25).
- Small Business Administration: Provided Garth MacDonald of SBA with the hotel performance and visitors statistics news releases for the first half of 2018 and month of June (July 31).

Brand Management

- Fiscal Year 2019 Budget: Assisted CC with preparing an info graphic showing the comparison between the budgets of FY2018 and FY2019 (July 10).
- Colorado Governor's Tourism Conference: Assisted CC with updating her bio for printing in the program and introduction at the conference in October (July 11).
- Mayor Caldwell and Visitor Industry and Waikīkī Stakeholders Meeting: Assisted GS with preparing talking points for the topics being covered at the July 18 meeting (July 17).
- TravelTalk (Malaysia): Provided documents and counsel to Chika Miyauchi (CM) for responding to media inquiries about the "lava bomb" tour boat accident (July 17).
- Executive Searches: Assisted CC with the following
 - Reviewing and revising the position descriptions for the President and Chief Executive Officer, Chief Administrative Officer, and Vice President of Marketing and Product Development (July 19).
 - Reviewing and revising the copy content for the print advertisements being placed in Pacific Business News and the Honolulu Star-Advertiser (July 23).
- Global Tourism Summit (October 1-3):

- Communicated with Anthony Chang of Hawaii Chinese Daily about doing a feature story leading up to the Summit (July 3).
 - Brainstormed potential themes for the Summit (July 13).
 - Secured Jill Kuramoto of RKT Media and former TV news anchor to serve as the emcee for the general sessions (July 23).
 - Assisted GS with preparing a message in the monthly e-bulletin featuring the early bird registration deadline of July 31 for the Summit (July 25).
 - Assisted GS with drafting a letter to former President Barack Obama inviting him to present the opening day keynote address (July 25).
 - Assisted CC in providing edits to the news release from Paragon Events about organizing the Summit for a second straight year (July 31).
 - Participated in the communications/marketing planning call on July 13 and 27.
 - Managing media credentials (ongoing).
- 2018 Annual Report:
 - Provided timeline for developing the theme, content and identifying photos for inclusion in the report (July 3).
 - Met with team to review timeline and reviewed potential cover photo artwork (July 17).

Crisis Communications

- Island of Hawai'i: Kīlauea Eruption
 - Media Interviews (IHVB): Assisted with the following interviews by Ross Birch (RB) regarding Kīlauea and its impact on the tourism industry:
 - Hannah Doyle, RCIVentures (July 13).
 - Katie Murar, Pacific Business News (July 17).
 - Media Relations: Interacted with the following media:
 - Circa News: Provided journalist Julia Boccagno with the May visitor statistics and recommendations on island of Hawai'i farmers and associations for her story on the eruption's impact on tourism (July 2).
 - National Public Radio: Provided Alex Schmidt with island of Hawai'i chamber and association contacts, May visitor statistics and May hotel performance report a for potential story on how small businesses are dealing with the impacts of Kīlauea volcano (July 11).

- TravelAge West: Assisted RB in providing Marty Wentzel with responses on the potential creation of a volcano viewing area and tools being provided to travel agents to keep them informed about the eruption (July 12).
- RCIVentures: Provided Hannah Doyle with HTA's news release on the first quarter timeshare results (July 13).
- Honolulu Star-Advertiser: Provided Allison Schaefer with a list of permitted lava boat tour operators and verified no Norwegian Cruise Line passengers were on the July 16 Lava Ocean Tours excursion in which an explosion of lava at the ocean entry resulted in damage to the vessel and guest injuries (July 16).
- Reuters: Assisted RB in providing Andrew Hay a quote regarding the July 16 Lava Ocean Tours incident (July 16).
- New York Times: Provided Julia Jacobs and Shannon Sims with the May hotel performance report, May visitor statistics news release, Department of Land and Natural Resources (DLNR) news release on the July 16 Lava Ocean Tours incident, and Kīlauea Quick Facts sheet (July 17).
- Pacific Business News: Provided Katie Murar with the DLNR news release and Kīlauea Quick Facts sheet, for her story on the current state of tourism on the island of Hawai'i and impacts stemming from the Lava Ocean Tours incident (July 17).
- MarketWatch: Provided Jacob Passy with the DLNR news release, information on Kīlauea volcano for travelers, the May 12 Hawai'i County directive to vacation rental operators, and RB statement on Lava Ocean Tours incident (July 17).
- CNBC: Provided Seema Mody with the DLNR news release and contact information, and RB statement on the Lava Ocean Tours incident (July 17).
- Travel Agent Central: Provided Adam Leposa with the DLNR news release and RB statement on the Lava Ocean Tours incident (July 17).
- Mic.com: Responded to interview request by reporter Josh Ocampo regarding the current state of tourism on the island of Hawai'i and what could be done moving forward in spite of the recent activity (July 17).
- Associated Press: Provided Audrey McAvoy with photo usage approval of the Pāhoā night sky image taken by Nathan Kam (July 17).
- CNN: Provided Madison Park with the May hotel performance and visitor statistics news releases in response to her inquiry about Kīlauea volcano and its impacts on tourism (July 18).
- CNN: Provided Samira Said with the May hotel performance and visitor statistics news releases in response to her inquiry about Kīlauea volcano and its impacts on tourism (July 18).
- USAE: Provided Jon Trager with the DLNR news release and RB statement on the Lava Ocean Tours incident (July 18).

- Travel Weekly: Provided Stacey Zable with a quote by RB on the latest Kīlauea activity and pertinent information available to travel agents (July 23).
- AccuWeather.com: Provided Ashley Williams with the June and First Half of 2018 visitor statistics, June and May Hawai'i hotels performance reports, Kīlauea updates and IHVB news release, "Where Can You Still Go on the Island of Hawai'i? Just About Everywhere!" (July 31).
- Communicated with visitor Nadja Huber (July 24).
- Alerts on HawaiiTourismAuthority.org website: Posted informational updates and maps provided by HTA, HTUSA, IHVB and government entities on a continuing basis for the public and industry's knowledge.

International News Bureau

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
 - **Hawai'i Tourism Japan**
 - Reviewed and forwarded a request by Geary Haynes of Zekoo Hawai'i to CM (July 2).
 - **Hawai'i Tourism Oceania**
 - Reviewed and forwarded a request by Lilly Powell of Australian primetime travel series "Travel Guides" to CS (July 5).
 - **Hawai'i Tourism Europe (HTE)**
 - Reviewed and forwarded a request by freelance writer Helen Soteriou to Caroline Anderson (CA) (July 23).
 - Reviewed and forwarded a request by Celine Tater of German television channel Redaktion Explosiv surrounding Kīlauea volcano and the June 16 Lava Ocean Tours incident to CA (July 31).
 - **Hawai'i Tourism United States (HTUSA)**
 - Reviewed and forwarded an advertising request by Brandon Walzer of Minneapolis Vacation & Travel Experience show to HTUSA (July 17).
 - Reviewed and forwarded a social influencer request by James Cohen of Top Flight Family to HTUSA (July 17).
 - Reviewed and forwarded a marketing request by Tim Branco of New England DOT Media to HTUSA (July 25).
 - Reviewed and forwarded a request by blogger Rachael Jerahian of Lady With A Passport to HTUSA (July 29).
 - Reviewed and forwarded a request by YouTube video blogger Dominique Lockhart to HTUSA (July 29).
 - **Other**

- Reviewed and forwarded a request by Dina Barile of Portal SPOT LIFE in Brazil surrounding Kīlauea volcano and support toward her Hawai'i visit to CA. Provided Dina with the DLNR news release on the July 16 lava boat tour incident, Quick Facts sheet and latest Kīlauea update (July 31).

Social Media

- **Facebook Posts:**
 - Post on HTA's 2018-2019 Board of Directors. **Total Reach** 939 | **Total Reactions** 73 (July 2).
 - Post on Maui2Molokai SUP Cup. **Total Reach** 203 | **Total Reactions** 21 (July 10).
 - Shared We Share Hawai'i post on Facebook Live talk story with Anaina Hou's Director of Operations Collin Darrell. **Total Reach** 160 | **Total Reactions** 4 (July 11).
 - Post on We Share Hawai'i's Facebook Live from Kaua'i. **Total Reach** 643 | **Total Reactions** 10 (July 12).
 - Post on the 48th Annual 'Ukulele Festival Hawai'i. **Total Reach** 287 | **Total Reactions** 19 (July 13).
 - Post on the Queen Lili'uokalani Keiki Hula Competition. **Total Reach** 214 | **Total Reactions** 21 (July 19).
 - Post on the 2018 Maui SUP Cup Poi Bowl Race. **Total Reach** 592 | **Total Reactions** 8 (July 20).

B. Research and Planning

The Tourism Research Division (TRD) issued the June 2018 monthly visitor statistics on July 31, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

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

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

TRD issued the June Hawai'i Hotel Performance Report on July 26. The report and related June 2018 data tables were posted to the Infrastructure Research Section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

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

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

Jennifer Chun was interviewed by KHPR on July 26 regarding the hotel performance report for June 2018, and on July 31 regarding visitor statistics for June 2018.

Jennifer Chun was also interviewed for Hawai'i Public Radio's The Conversation regarding the Resident Sentiment Survey on July 27.

Jennifer Chun participated in Destinations International's Annual Conference in Anaheim, CA from July 10 to 13.

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

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests.
- 2016 data on usage of social media and smart phone apps for trip planning, as requested by DBEDT for its 2017 Hawai'i State Databook.
- 2012-2017 cruise passenger counts to Honolulu Harbor, for Monty Mathisen, Cruise Industry News
- 2016 and 2017 data on spending and characteristics of visitors who came to attend school in Hawai'i, for Kapi'olani Community College.
- Air seat to Honolulu, for Society of American Travel Writers.
- 1958-present visitor counts, for Paul Brennan.

C. Career Development

HOST Sector Partnership Education Committee

HTA staff participated in a conference call with committee members to further discuss the collection of educational program data and application of the data for further program partnership between education institutions and industry businesses.

Global Tourism Summit Student Participation

HTA staff is working on the planning of a student debate, innovation days, and a Pacific Asia Travel Association (PATA) forum. Department of Education Career & Technical Education Program Hospitality students and teachers as well as local college students and faculty are invited to attend the three-day summit. To date, eight out-of-state debate teams have been confirmed from Australia, New Zealand, Canada, Japan, China, Hong Kong, Taiwan, and the U.S. mainland. Staff is working with the Hawai'i Speech League to recruit local high school teams and coaches for the debate.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

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

Hawai'i Tourism United States Monthly Marketing Report July 2018

In the month following the start of the current Kīlauea eruption on the island of Hawai'i, the Hawaiian Islands saw an increase of +9.0 percent year over year in U.S. visitor arrivals. The drop in U.S. visitors to the island of Hawai'i (-3.4%) was offset by an increase to all other islands. Meanwhile, HTUSA's *#LetHawaiiHappen* campaign continues to showcase Hawai'i's unique offerings to keep the destination at top of mind for U.S. travelers.

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

The U.S. GDP grew +4.1 percent in the second quarter of 2018. This is best and fastest growth recorded since the third quarter of 2014 boosted by a surge in consumer spending and business investment from last year's tax cut, and exportation. Nevertheless, many economists remain cautious about the sustainability of its growth for the second half of the year or in the long term.

Overall, economic conditions remain favorable for the U.S. travel market. A strong labor market and relatively high consumer confidence means Americans are willing to spend in the upcoming months.

Economy

The U.S. Consumer Confidence Index fell -2.4 points to 126.4 in June. While perceptions of current economic conditions remained mostly unchanged from May, consumers are growing increasingly wary of what the near-term future will bring for the economy. It should be noted that the Index remains well above historic norms

The unemployment rate rose +0.2 percentage points to 4 percent in June 2018 from the lowest point observed in 18 years last month. The number of unemployed persons increased by 499,000 to 6.6 million.

Travel Trends – Hotel Update

Hawai'i's hotel performance remained positive year to date through the second quarter of 2018. Statewide occupancy increased +1.4 percentage points to 81.7 percent, while Average Daily Rate (ADR) ticked up +6 percent year over year to \$280.09 per night. O'ahu remains the busiest market with occupancy reaching 84.4 percent, a growth of +1.6 percentage points from the same period last year.

Maui and Kaua'i continue to maintain double-digit growth in ADR, with solid increases of +10.9 percent and +12.0 percent, respectively.

Airlift

There will be 2.2 million air seats flown between August and October, an +8.1 percent increase from the same period last year.

Capacity from the U.S. West market increase by +8.1 percent with Denver (+88.0%), Seattle (+19.8%), and San Francisco (+11.0%) all adding more than 35,000 new seats each. Other gateways such as Las Vegas (-11.8%) and Salt Lake City (-10.8%) will likely continue to shed seats.

Meanwhile, capacity from the U.S. East market will grow +8.5 percent from the previous August through October period, an increase of roughly +25,000 seats. Chicago (+25.0%), Dallas (+19.4%), and Newark (+11.7%) are again driving this growth, fully offsetting the decline in seats scheduled from Washington (-21.5%), and Atlanta (-15.4%).

LEISURE ACTIVITIES

Consumer

On-line

July firmwide digital campaign estimates: Central 7 million impressions; KVB 2 million impressions; OVB 2.4 million impressions; MVCB 2 million impressions; LVB 597,000 impressions; DMVB 510,000 impressions; IHVB 2.3 million impressions.

– Social Media

In July, HTUSA continued Episode 5 of the *Hawai'i Rooted* video series which featured Anela Evans through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

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Travel Trade

HTUSA participated in Delta Vacations' annual Hawai'i Day at their call center in Minot, ND, on July 13 along with 10 Hawai'i suppliers. HTUSA presented four training sessions and two Webex webinars to 172 call center employees. Participating Hawai'i suppliers included Aloha VIP Tours, Aqua-Aston Hospitality, Courtyard Kaua'i at Coconut Beach, Courtyard Marriott O'ahu North Shore, Fairmont Orchid, Hawaiian Hotels and Resorts, Hilton Hotels & Resorts, Kā'anapali Beach Hotel, Marriott Hawai'i and Outrigger Hotels & Resorts.

HTUSA and MVCB participated in a trade show at the Apple Vacations call center in Elk Grove Village, IL, on July 16 and met with 104 employees. Participating Hawai'i suppliers included Courtyard Kaua'i at Coconut Beach, Fairmont Orchid, Hertz, Hilton Hotels & Resorts, Kā'anapali Beach Hotel, Marriott Hawai'i, Queen Kapi'olani Hotel Waikīkī Beach and United Airlines.

Global Travel Marketplace (GTM) took place in Fort Lauderdale, FL from July 12-15 drawing 129 pre-qualified advisors, each with a minimum of \$1 million in annual sales. HTUSA and the Island Chapters participated in 50 one-on-one appointments each for a total of 250 overall appointments, and conducted an exclusive breakfast presentation to 80 attendees. Participating Hawai'i suppliers included Apple Vacations, Delta Vacations, Disney Destinations, Globus Family of Brands, The Mark Travel Corporation and Travel Impressions.

HTUSA joined forces with the Midwest 'Ohana to participate in Aloha Week in Itasca, IL, Omaha, NE, and Kansas City, MO, from July 16-19. Each event kicked off with afternoon training sessions by the Island Chapters and continued into the evening with a trade show, dinner, entertainment by Danny Akaka, Jr. and presentations by HTUSA and Hawai'i hoteliers. 207 agents attended throughout the week. Participating Hawai'i suppliers included Apple Vacations, All About Tours, Aqua-Aston Hospitality, Courtyard Kaua'i at Coconut Beach, Courtyard Marriott O'ahu North Shore, Fairmont Orchid, Four Seasons Resorts Lāna'i, Globus Family of Brands, Hawaiian Hotels and Resorts, Hilton Hotels & Resorts, Hyatt Hotels in Hawai'i, Kā'anapali Beach Hotel, Marriott Hawai'i, Mauna Lani Bay Hotel & Bungalows, Montage Kapalua Bay, Outrigger Hotels & Resorts, Pleasant Holidays, Queen Kapi'olani Hotel Waikīkī Beach, The Mark Travel Corporation, Travel Impressions and Westin Kā'anapali Ocean Resort Villas.

The Dallas ASTA Chapter welcomed HTUSA as the key sponsor for their meeting in Dallas, TX, on July 19. Sponsorship included a 40-minute presentation to 50 travel agents during dinner. In addition,

HTUSA conducted a Hawai'i Destination Specialist (HDS) training workshop for 20 agents. Participating Hawai'i suppliers included Classic Vacations.

Hawai'i hoteliers and HTUSA visited The Mark Travel Corporation in Milwaukee, WI, on July 20 to hear an update by La Macchia Enterprises executives, as well as to take part in a trade show for TMTC's employees. 185 employees attended the trade show held by HTUSA, Courtyard Marriott O'ahu North Shore, Fairmont Orchid, Four Seasons Resort Lāna'i, Hawaiian Hotels & Resorts, Hertz, Honua Kai Resort & Spa, Kā'anapali Beach Hotel and Marriott Hawai'i.

On behalf of the Maui Visitors & Convention Bureau, HTUSA attended the Travel + Leisure World's Best Awards on July 24 in Brooklyn, NY. Maui was named the #1 Island in Hawai'i. 300 guests attended, including the WBA #1 winners, top travel industry executives, Travel + Leisure editors and media.

HTUSA led a webinar for Travel Leaders agents on July 25 for 51 participants. The webinar was recorded and will be available to Travel Leaders agents for the remainder of the year.

In partnership with The Mark Travel Corporation, HTUSA conducted a destination presentation in Milwaukee, WI, on July 25 to 20 top selling KHM travel agents and sponsored an evening networking reception.

HTUSA was one of five suppliers at the Tzell Millennial Day trade show in New York, NY on July 26. Thirty-seven agents attended.

Public Relations

As a result of HTUSA's Craving for Culture Mini Press Trip to Maui and island of Hawai'i, Jennifer Rice published a story on Vogue.com, titled, "How to Vacation in Maui for Self-Guidance and Healing This Summer," which highlights a lei po'o-making activity with Aloha Missions, yoga and meditation mini retreat at Lumeria Maui, and transformative experience at Travaasa Hana.

The HTUSA PR team supported Chef Sheldon Simeon's guest appearance at SAVEUR Supper in June by inviting national media and providing travel support. HTUSA also secured alcohol vendors Maui Ocean Vodka, Maui Brewing and Loke Rose, ordered lei for the guests and provided on-site assistance during the dinner event on June 28. An event recap titled, "Chef Sheldon Simeon Gives Us A Taste Of Hawaii" was published on SAVEUR.com and over 25 media representing outlets such as VICE, SAVEUR, Travel+Leisure, Eater, Scripps and Tastemade attended the dinner, which was also used as an opportunity to set the record straight about the ongoing Kīlauea eruption.

The HTUSA PR team coordinated programming logistics for the New York Botanical Garden's "Fashion and Design Weekend" on July 28-29 to continue promoting the Garden's "Georgia O'Keeffe: Visions of Hawai'i" exhibit. Programming included various demonstrations and displays: a lecture on traditional Hawaiian tattooing followed by live demonstrations with Keone Nunes, kapa-pounding with Micah Kamohoali'i, hula performances with select members of Halau Na Kipu'upu'u, pop-up fashion shoots featuring fashion designer Manaola Yap and his new collection inspired by the Garden, and "Meet the Curator" presentations on the displayed replicas of Queen Kapi'olani and Queen Lili'uokalani's gowns on loan from 'Iolani Palace. All artists, including Manaola, Micah, Keone and New York-based Bliss Lau, came together for a Fashion Walk that showcased the progression and impact of Hawai'i fashion. While in New York, the HTUSA PR team met with over 20 media and industry professionals representing outlets such as W Magazine, Conde Nast Traveler, Travel + Leisure, New York Magazine, Travel Channel, Vogue, VICE and Great Big Story to share Hawai'i messaging.

KVB. Kaua'i was featured six times online resulting in an estimated 14.8 million unique visitors per month (uvpm) and five times in print for an estimated circulation of 284,000.

OVB. O'ahu was featured three times online resulting in 68.7 million in estimated uvpm.

- MVCB. Maui was featured eleven times online resulting in an estimated 19.4 million uvpm and once in print for an estimated total of 984,000 in circulation.

IHVB. The Island of Hawai'i was featured five times online for an estimated total of 1.9 million uvpm and four times in print resulting in an estimated 4 million in circulation.

- In June, HTUSA generated:
 - 15.4 million social media impressions (*Facebook, Instagram*)
 - Publicity (spike in online and broadcast due to extensive national coverage of the Kīlauea eruption)
 - 37.8 million print impressions
 - 47.9 billion online impressions
 - 140.3 million broadcast impressions

Sales Activities – See Travel Trade above

“COMING ATTRACTIONS” FOR LEISURE MARKET

HTUSA travel trade team will participate in the MAST Summer Workshop, Waukesha and Appleton, WI, Deerfield, IL, July 31-Aug. 2; HDS Training, Appleton, WI, Aug. 1; NorCal 'Ohana Travel Agent Lū'aus, Novato, San Ramon and Palo Alto, CA, Aug. 1-2; Mark Travel Hawai'i Events in Chicago, IL, Kansas City and St. Louis, MO, Aug. 7-9; MAST Summer Workshop, Edwardsville and Rock Island, IL, Aug. 7-8; Virtuoso Travel Week, Las Vegas, NV, Aug. 11-17; ASTA National Conference, Washington D.C., Aug. 21-23; NACTA Conference, Washington D.C., Aug. 24-26; HTUSA Leisure Sales Blitz, Westchester, NY; Jersey City, NJ; Denver, CO; Salt Lake City, UT, Aug. 27-30; Travel Quest World, Minneapolis, MN, Sept. 8; Cruise Planners Land Summit, Cabo San Lucas, Mexico, Sept. 4-7; Apple Vacations Trade Show, Chicago, IL, Sept. 11; Delta Vacations University, Minneapolis, MN, Sept. 22-23; Mark Travel Summit, Cancun, Mexico, Sept. 26-29.

HTUSA PR team is finalizing details for the New York Botanical Garden's "Music Weekend," Aug. 18-19, and working with local musicians Led Ka'apana, Kamakakēhau Fernandez and Willie K.

Hawai'i Tourism Japan Monthly Marketing Report July 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Effects of the Bank of Japan's (BOJ) money-printing program to jumpstart the stagnant economy remain relatively low. The initial target inflation rate of 2% is not expected to be reached until 2021. BOJ speculates that results remain lackluster from wage growth rates being small, along with the deflationary mindset of consumers.
- The Japanese Ministry of Health, Labor and Welfare announced support and encouragement of small – mid sized firms to implement systems ensuring that employees are given at least 11 hours of rest between work days. Companies which implement such systems can receive support funds of up to 1,000,000 yen.

Outbound Travel Market

- Studies by AB-Road found that for 4 consecutive years, Taiwan was the most popular destination for travels followed by Hawaii and Korea respectively. Taiwan's popularity is attributed to its proximity to Japan, low costs and number of photogenic locations, attracting many millennials, females and repeaters. For trips taken with family or as a married couple, Hawaii ranked first. Concurrently, Hawaii was the most popular destination amongst inexperienced travelers.
- AB-Road Research Center hosted a seminar event explaining trends of the Japanese outbound market. As outbound travelers continue to increase, the millennial generation's interests for international travels have also begun recovering. The Japan Association of Travel Agents also expressed desires to revitalize millennial travels from these findings.

Competitive Environment

- Tahiti Tourism hosted a summit with 40 local suppliers and 23 companies from Japan, China and Korea. These nations contribute roughly 11% of their inbound travel market, and are vital markets for tourism to Tahiti. To maintain business, the French Polynesian Government will be backing the construction of a new hotel complex called "Tahitian Village" and renovations at the airport to improve infrastructure for accommodating inbound travelers.
- The Philippine Department of Tourism announced a campaign targeting Japanese women, promoting the Philippines as a destination where one can become beautiful. With Japanese travelers already trending upward, they intend to further accelerate growth from the market. A new airport also opened on Cebu's Mactan Island increasing the capacity of yearly travelers by 12 million, greatly improving the infrastructure of the islands.

Consumer Trends

- Japanese consumers have been increasingly utilizing payment methods other than traditional cash. Rakuten Research found that purchases of commodities with alternative methods such as credit cards have been significantly growing. Although cash was stated as being used by 90% of subjects, 82.5% also stated the use of credit cards for purchases. Popular reasons for the use of cash were to limit spending and its universal acceptance. As technological developments continue convenience for use of alternative payment methods will become necessary.

- Payments made via smartphones have also been increasingly popular amongst millennials. Payment services such as Apple Pay, Line Pay, and Google Pay are increasingly utilized. In response, major corporations such as Amazon and Softbank have begun moves to implement options for smartphone payment in services.

Travel Trends

- Popular SNS app LINE announced their entry into the travel industry under the name “LINE Travel” in June. LINE Travel will allow users to search accommodation options for both domestic and international travels. From October, functionality will be increased to allow users to search for air tickets and tours.
- LINE also launched a collaborative initiative with “Kokorokara” of Japan which utilizes the LINE chat function to provide grounds for consumers to discuss and make accommodation reservations with agents. Within one year, they hope to expand operations to allow users to make reservations for activities and air tickets internationally.
- Bank, Inc. announced the launch of an app “Travel Now” which will provide financial aid for travels (up to 100,000 yen) to encourage consumers to travel. The app will allow consumers to receive funds for traveling, with conditions of being reimbursed within 2 months for products listed on their service, which include tickets, hotels, transportation etc.

Media & Online Trends

- While the shift to digital platforms has been increasing within the publishing industry, Japan still maintains a relatively strong proportion of traditional paper based media globally. Limelight Networks found that Japanese consumers least engaged with digital media amongst consumers from countries including but not limited to the United States, France, Germany and Korea and most frequently purchased paper-based media such as newspapers. Many speculate this to be based on the strong paper-based culture established throughout Japan’s history.
- Studies performed by the Ministry of Economy, Trade and Industry found that overall sales in the advertisement industry declined by 1.4% year over year. Significant declines in sales for advertisements on newspapers, magazines, radio and TV (-4.1% to -8.5%) are major factors for the reduction. Of the various mediums, internet advertisements alone recorded significant growth (+8.3%), highlighting the digital shift in the industry.

Airlift

- With fuel surcharge rates set to increase in August, airlines had hoped for surge in demand in efforts to lower costs of traveling in July. However, airlines have still expressed difficulty in obtaining customers. Particularly in the Kansai market, excessive supply of airlift has been a growing concern, prompting seats to be offered at particularly low rates.
- **Japan Airlines:** Concerns have been expressed for their double daily flight service from Kansai and the direct flight service to Kona. Concerns for the Kansai flight are attributed to the surge in airlift from the market, while the concerns for the Kona flight are attributed to the negative imagery created by the volcanic activity. Japan Airlines aims to increase sales with the collaborative Island of Hawaii recovery campaign with HTJ and Hawaiian Airlines.
- **Hawaiian Airlines:** Performance of Hawaiian Airlines’ direct flight service to Kona has been relatively stronger than that of JAL, as they maintained service to a strong customer base of repeaters. Overall future bookings remain cause for concern.
- **Korean Air:** Intents to continue working with their alliance partner Delta has been expressed in efforts to reobtain customers. Korean Air remains wary of the introduction of the Airbus 380 as there is potential for rates offered by All Nippon Airways to be lower than those of Korean Air.

LEISURE ACTIVITIES

Consumer

Hawaii Island Response

- HTJ organized a Travel Agent and Media Briefing Session to provide accurate information on travels to the Island of Hawaii on July 19. Close to 40 journalists were in attendance at the session with 35 representatives from 14 travel agencies. A list of key speakers is as follows.
 - Mr. Ross Birch, Executive Director (Island of Hawaii Visitors Bureau)
 - Dr. Richard Hazlett, Affiliate Faculty Member (University of Hawaii at Hilo, Department of Geology), Associate researcher (Hawaiian Volcano Observatory)
 - Mr. Hideki Itagaki, Pilot, 767 Flight Crew Division (Japan Airlines)
 - Mr. Kalani Ka'anā'anā, Director of Hawaiian Cultural Affairs (Hawaii Tourism Authority)
 - Ms. Mitsue Varley, Vice President (Hawaii Tourism Japan)
- A fact book was created by HTJ to be distributed to attendees as supportive material. The booklet included information on the mechanisms of volcanoes (Kilauea), basic information on the Island of Hawaii and cultural stories of Hawaiian Goddess Pele. The booklet was well-received by attendees and many expressed its strong efficacy.
- Many agents expressed desires for the creation of lava viewing spots and new optional tours relating to the volcano as something that would be helpful for them to increase sales. HTJ will assist various travel agencies according to their needs through initiatives such as ad-support, events and FAM tours.
- 25 articles were created after the briefing, leading to 2,162,112,102 impressions and Advertising Value Equivalent of \$182,051.59. HTJ received numerous positive feedbacks from attendees, stating better comprehension of the situation unfolding on the Island of Hawaii.
- HTJ arranged an advertisement for visiting the Island of Hawaii on the July 21 edition of the national Yomiuri Newspaper. The article provided various facts about the Island of Hawaii and introduced various attractions/sightseeing spots on the island excluding the volcano. 8,732,514 copies of the newspaper were distributed to consumers.
- As part of Phase 3 for HTJ's Island of Hawaii recovery plan, the collaborative promotion event between HTJ, JAL and Hawaiian began at Tommy Bahama Ginza on July 19. Over two months, various events to promote travels to the Island of Hawaii will be arranged at the restaurant including consumer events, seminars, special Hawaii themed menu items and an Island of Hawaii decoration. Close to 30 journalists attended the launch of the event with over 151 online exposures and 1 TV exposure (5 min. 20 sec.), resulting in 7,998,132,531 impressions and Advertising Value Equivalent of \$734,087.
- HTJ arranged a meeting to discuss the Kohala Coast Evening shuttle service between 7 travel agencies (9 agents), IHVB and HTJ to discuss various opinions on the service and its continuation. HTJ is working with each travel agency to develop various coupons and/or benefits to be used at shopping malls and hotels on the route of the shuttle service. To have the shuttle service continued through 2019, HTJ will continue supporting and monitoring effective routes, hours of operation, and vehicles to be utilized for the service.

Aloha Program

- The Aloha Program held a seminar and workshop event for intermediate level and above Hawaii specialists on July 12 at Aloha Table Daikanyama (satellite office restaurant) to 39 Hawaii specialists. Aloha Program curator Ms. J. Moride lectured on Hawaiian mythology to deepen the understanding of Hawaiian culture for attendees. A Ukulele and Hula performance / workshop were also provided for attendees. Many attendees expressed learning new

information that they had not known of and stated desire to visit the locations introduced upon their next visit to Hawaii.

- A webinar was conducted to 96 Hawaii Specialists on July 14 from Hawaii with Aloha Program Curator Mr. D. Yoshimi as the instructor. Participants learned about the characteristics of Hawaiian music and the various locations introduced in songs on the Island of Hawaii and Oahu.
- Aloha Program contents were published in the August/September edition of “alohastreet”, Hawaii’s local free paper. The article briefly covered various facts about Hawaii and also featured an advertisement to recruit additional members.
- The HTJ Aloha Program certified a total of 11 satellite offices in 3 new areas (Tohoku, Hokushinetsu and Shikoku) in July.
- Aloha Program delivered 4 email blasts with an average click through rate of 19.01%.
- Aloha Program site statistics: Unique users at 18,779; Page Views at 90,723; Average Browse Time at 3:03.
- Aloha Program members totaled 460 youth, 8,158 beginners, 3,231 intermediate and 5,443 advanced members for a total of 17,292 specialists. (Total of 29,891 Aloha Program Members)

“Konin Program”

- The annual collaboration between HTJ and McDonald’s Japan was launched on July 11, dubbed the Locomoco Day. On July 4, McDonald’s hosted a press release for the launch of the campaign. Vice President of HTJ M. Varley attended the press event and provided a speech. The campaign will feature 8 different Hawaiian themed menu items which have been officially recognized by HTJ.
- From the press event, the following exposures have been recorded: 4 TV clips (56,000,000 impressions with AVE \$220,795.49); 23 newspaper articles (133,777,154 impressions with AVE \$110,865.65); and 544 online articles (313,609,447,860 with AVE \$2,953,117.97)
- McDonald’s also launched their locomoco website which features links to the HTJ portal site, Gohoubi Hawaii campaign site and the Island of Hawaii Support Campaign page.

Hawaii Camera Girls

- HTJ organized a photo shoot with the Hawaii Camera Girls to obtain content for the Oahu version Hawaii Camera Girls site, set to launch in November. 21 Hawaii Camera Girls attended the photoshoot on Oahu. Various images obtained from the tour will be utilized in the HCG website and other promotional initiatives.
- HTJ organized the second Hawaii Camera Girls photo exhibition event at Orbi Osaka from July 20 to Aug 31.
- 2,502 women joined HCG as of July 31.

Travel Trade

- HTJ participated in Hankyu Department Store’s Hawaii Fair event from July 4 to July 10. This annual event is the largest Hawaii consumer event in the Kansai region. HTJ operated a booth at the event together with Delta, JTB, HIS and KNT to provide consumers a one-stop booth to obtain information on Hawaii, tours and air tickets. The quality of consumers at the event was also high as many considered use of business class seats. Despite poor weather, the event attracted close to 200,000 attendees.
- The Aloha Program also arranged a talk show with Aloha Program curator Mr. D. Asanuma on June 5 at the Hawaii Fair. The talk show covered various facts on Hawaii ranging from climate to popular dining options to raise the interest of consumers. HTJ also worked with the Nisei

Veterans Legacy Center to organize a special Japanese immigrant exhibit to raise awareness of the affinity of Hawaii and Japan.

- HTJ supported Prince Resorts Hawaii to host a seminar & reception on July 24 at the Shinagawa Prince Hotel to raise awareness of the rebranding of Westin Hapuna Beach Resort. The event attracted 70 participants to the seminars and 90 participants to the reception that followed. At the seminar, HTJ explained about the current situation on the volcanic activity, and introduced the numerous activities unrelated to the volcano for visitors to experience. HTJ also exchanged valuable information on market trends during the reception with the various travel agents in attendance.
- HTJ conducted two travel trade webinars in July to educate the Japanese market of the various offerings in Hawaii. The two webinars were hosted with rental car companies and Aqua Aston Hospitality respectively. Close to 30 travel trade members attended both of the webinars to learn of new suggestions for their clients/customers.

Public Relations

- HTJ generated a total of 777 exposures, 10,519,397,727 impressions, and \$9,266,706 ad value.
- Two press releases were distributed on the Hawaii Expo Sapporo and the Island of Hawaii Support campaign.

Sales Activities – HTJ conducted 20 sales calls and met with 64 agents to promote Hawaii.

- HTJ organized the creation of a running club called the Hui Ho'oholo Running Club to promote growth of sports events in Hawaii. Members include representatives from the travel industry including wholesalers, airlines, stakeholders, etc. dealing with Hawaii in some way. Because the sports market offers many opportunities for collaborations, HTJ hopes the entity can promote travels to Hawaii as a unified group.
- Difficulties for package sales in the Tokyo and Osaka market continue. Despite lackluster growth of package sales, visitor arrival numbers continue growth, indicating the shift in travel styles towards FIT.
- The FIT shift is particularly concerning for wholesalers in the Kansai market, with wholesalers reporting performance at similar levels to 2017 (little to no growth) despite airlift growth by 40 – 50%. For some wholesalers, Hawaii has slowly been becoming less of a profitable destination, raising possibilities for some to stop handling Hawaii products.

JTB

- **Performance:** Package products from Tokyo and Osaka have continued struggling with underwhelming performance compared to 2017. Their main line of products under the “LOOK” brand has particularly struggled as they are priced relatively high.
- **Initiatives:** Preparations have begun in both package and group sales departments for the 2019 Global Destination Campaign. HTJ plans to collaborate with JTB to create an unprecedented campaign to revitalize travels with JTB. HTJ has been suggesting the co-organization of the service with other wholesalers for more efficient service to both wholesalers and users for the Waikiki Trolley.

HIS

- **Performance:** Package products have continued to struggle but have been slightly better than others, but the Kansai market has shown particular difficulty in growing sales. Although YTD pax handled has been relatively strong from their success with the summer sale campaign in Tokyo, the majority of sales were made during sales period.

- **Initiatives:** From fall, HIS plans to strengthen campaigns in the regional cities, mainly through passport campaigns. Because this aligns with HTJ's initiatives, support will be provided by HTJ for the creation of campaigns.

JALPAK

- **Performance:** Packages for the Island of Hawaii have continued exhibiting lackluster growth with difficulties in obtaining new bookings. They remain wary of the ideal timing to produce new products, as desired results may not be obtained should they become published too early.
- **Initiatives:** Because JALPAK is the main wholesaler that HTJ will be working with for Island of Hawaii Initiatives, HTJ will continue strategizing and providing the best support possible to JALPAK.

KNT-CT

- **Performance:** Overall package sales have continued struggling. They speculate that the rise of prices for products (due to fuel surcharge and exchange rates) and the poor allocation of holidays in the 2018 contributed greatly to the decline of pax handled. They have reported a number of customers switching destinations to more affordable destinations that can be visited with shorter durations. Performance for fall onwards has been relatively strong with the number of sales surpassing those of 2017.

Hankyu Travel

- **Initiatives:** In preparation for Hankyu Travel's regional city product utilizing charter flights, two informational sessions for consumers was arranged. HTJ supported the session with a Hawaii seminar for attendees. This session was held for two of their special products from Kagoshima and Hiroshima in November. Two informational sessions for each consumer region recorded 70 participants and 41 participants respectively. Sales for these products are currently still ongoing.

Rakuten Travel

- **Performance:** As the FIT shift continues, performance for Rakuten Travel has been exhibiting strong growth for destinations including Hawaii, Guam and Korea. New API's were implemented for various hotels to use on their user platform, allowing for effective sales to be made with their app. Despite strong results, performance for the Island of Hawaii has been struggling with high rates of cancellations. Because accommodation remains expensive on the island, they have struggled to attract customers for these products.

Partner Relations

- HTJ participated in an educational seminar organized by the Japan Hawaii Wedding Association (JHWA) on July 6. At the seminar, HTJ was able to discuss with Council Chair Mr. E. Martin and Ms. H. Tsuneyoshi regarding current trends and updates on the wedding market.
- HTJ participated in the bi-monthly Japan Hawaii Travel Association (JHTA) meeting on July 19. At the meeting, HTJ provided updates on the Kilauea situation and informed the various local travel trade members on HTJ's initiatives such as the media and travel trade briefing session described above. Ms. C. Miyauchi from HTA was also invited to the meeting to encourage participation in the GTS.
- The Aloha Program Curator Meeting was held on July 30. HTJ shared various updates within the Aloha Program and discussed 2019 initiatives. Plans were also made towards conducting an "Aloha Program Deep FAM tour" as well as the 2nd annual Aloha Program Week in Hawaii event for members.
- Numerous meetings were held with various local stakeholders throughout Oahu in July to share with them, HTJ's various planned activities for the 3rd and 4th quarters. HTJ met with a total of 8 local partners: Kaanapali Beach Hotel, Alohilani Resort, Roberts Hawaii, Bishop Museum, Pacific

Aviation Museum and Hawaiian Legacy Hardwoods. Japanese Market updates were shared with the partners and HTJ was also able to secure support for future Aloha Program initiatives.

Brand Experience Update

- HTJ arranged for Mr. K. Ka'anā'anā, from HTA to lecture for a seminar directed towards media journalists who frequently cover topics relating to Hawaii on July 20. 12 journalists learned about the Maemae Program of HTA and basic Hawaiian Language, cultural experiences and history of the Hawaiian Islands. The purpose of the seminar was to educate the various Hawaii related journalists on the proper portrayal of Hawaiian culture to inform the public of accurate cultural information. After the seminar, time was also allocated for a Q&A session for attendees to further deepen their understanding of Hawaiian culture.

Island Chapters Engagement Update

- IHVB: Worked with IHVB to prepare for the Island of Hawaii Media and Travel Trade Briefing session
- OVB: Discussed with Ms. N. Schilling-Wheeler regarding the welcome event for the GTS. HTJ also shared details on the Japan summit at the meeting.

“COMING ATTRACTIONS” FOR LEISURE MARKET

#	Event Name	Date	Location
1	RKB Hawaii Festival & Japanese Immigrant Exhibit	8/16 – 8/19	Fukuoka
2	JATA Hawaii Seminar in Hokkaido	8/21 – 8/23	Hokkaido
3	Ukulele Paina	8/25	Kanazawa
4	Hawaii Expo in Sapporo	9/1 – 9/2	Sapporo

Hawai'i Tourism Canada Monthly Marketing Report July 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

As frequently mentioned, the currency exchange rate is the key variable that impacts US discretionary travel by Canadians. The Canadian economy seems to be performing well, despite economists predicting a significant downturn in 2018. The threat of an escalating trade war with the U.S. remains, and should an escalation occur, the impact on the Canadian economy (and currency) would be significant, but for the time being, the currency rebounded in July, closing at just below \$0.77.

HTCAN continued to monitor the impact of the Kilauea volcano in terms of cancellations and future bookings, remaining in contact with key Tour Operator partners. It appears the impact on Canadian travel to Hawai'i has been minimal, partially due to the eruption taking place at a quieter time for both Canadian visits and bookings.

Economy

Through July Canada's economy seems to be rolling along and gaining strength despite the ongoing trade battle with the U.S. Exports rose to a record high and Canada's GDP (May) expanded at its fastest rate in the past year. The growth was broad as 19 out of 20 sectors posted gains. This has economists predicting second quarter growth of more than 3% and talking about another interest rate increase, which is again surprising considering the uncertainty around the NAFTA and trade with the U.S. The Canadian Dollar rose to a seven-week high at the end of July, climbing to almost \$0.77 to the USD.

Consumer Confidence

The national consumer confidence rating was 116.2 points in July 2018, a 2.6-point increase compared to last year. Consumers residing in Atlantic Canada, Quebec, Alberta, and BC were more positive, while a drop in confidence was registered in Ontario and the Prairies. At the same time, purchase intentions were mostly unchanged compared to last year, both nationally (+0.3) and in most regions.

Outbound Travel Market & Competitive Environment

Total Canadian Outbound Travel

From January-May 2018, Canadians made almost 14.9 million overnight trips to the U.S. and other outbound destinations. Of this total, an estimated 11.5 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.0 per cent, while leisure travel to the U.S. has grown 5.3 percent.

Canadian Travel to the United States

The first five months of 2018 saw Canadians take almost 8.5 million trips to the U.S., an estimated 6.5 million of which were for leisure purposes.

During the period, direct deplanements in various Florida destinations surpassed 1.1 million, a 3.0 per cent increase compared to last year. In addition, Las Vegas (4.5%), New Orleans (1.1%), and Phoenix (9.5%), as well as destinations in California, Texas, and Hawai'i all recorded an uptick in direct arrivals from Canada during the period.

Due to a stronger exchange rate, the average daily hotel rate in Canadian funds fell -2.2 per cent to \$163.12. The Canadian Dollar averaged \$0.79 USD during the period, compared to \$0.75 USD in the previous year (+5.0%).

United States Average Daily Hotel Rates

The daily hotel rate in the United States averaged USD \$128.30 throughout Jan-May 2018, a year-over-year increase of 2.7 percent. Due to a stronger exchange rate, the average rate in Canadian funds fell -2.2 percent to \$163.12. The Canadian Dollar averaged \$0.79 USD during the period, compared to \$0.75 USD in both 2017 and 2016.

Canadian Travel to the Caribbean, Mexico, and Central America

More than 3.1 million Canadians visited destinations in Mexico, the Caribbean, and Central America throughout the first five months of 2018, an increase of 4.8 percent compared to 2017. Of the larger volume destinations, Mexico saw its arrivals jump 11.8 percent and the Dominican Republic experienced an increase of 7.1 percent. In contrast, travel to Cuba declined an estimated -4.6 percent. Mexico and the Dominican Republic accounted for 57.1 per cent of activity in the region during the period; this proportion was 54.2 percent last year.

Canadian Travel to Asia and the South Pacific

Canadians made more than 1.6 million visits to key destinations in the Asia/Pacific region throughout the first five months of 2018. This volume represents a 7.7 per cent increase compared to last year. During the period, Malaysia, Sri Lanka, and Singapore experienced the largest proportional increases in arrivals. China welcomed an estimated 330 thousand visitors; 20.6 per cent of the region's Canadian market. Compared to last year, the first five months of 2018 saw the average room rate in CAD\$ increase in Hong Kong (1.8%), Singapore (10.9%), and Thailand (16.0%).

Consumer Trends

Increase in Proportion of First-Time Visitors

- Less than two-thirds (65.3%) of Canadians who visited so far in 2018 were repeat visitors.
- This represents the lowest share for the period since 2011.
- The share of repeat visitors for the period reached 69.2% in 2015, but has contracted each year since.
- The number of stays this year in both condos (-2.8%) and timeshares (-8.2%) have decreased compared to 2017.
- In contrast, hotel stays have increased 6.0%.

Travel Trends

Indirect Arrivals to Hawai'i Continue to Grow

- Compared to 2017, arrivals from Canadian airports grew 2.4% during the first five months of 2018, while arrivals via U.S. airports jumped 19.4%.
- Almost 12 thousand Canadians arrived via a U.S. airport in April—the sixth consecutive month of increases in indirect passenger volumes.
- YTD, 75% of visitors arrived direct from Canada, which is a smaller share than 2017 (78%) and 2016 (81%).

- While it faltered a bit, the Canadian Dollar averaged \$0.79 USD throughout the first five months of 2018; a gain of .04¢ compared to the same period in 2017.

Airlift

According to the Conference Board of Canada U.S. Regional Travel Outlook 2018-2022 report, "...as of 2017, three-quarters of visitors deplaned directly from Canada. Looking forward, carriers are currently reporting a 5.0 percent increase in direct capacity, which along with indirect options, is expected to result in 555 thousand visitors in 2018. After that, visitation to Hawai'i is forecast grow at an average annual rate of 3.2 per cent through 2022."

LEISURE ACTIVITIES

Travel Trade

WestJet, Vancouver – Kimberly Tobias, Corporate BDM British Columbia

- WestJet Winter 2018/19 Schedule will be released on Aug 15
- The Plus seating in current aircraft undergoing reconfiguration – will be two seats and wider
- Building their own WestJet Lounges in Canadian Airports – Domestic, Transborder and International (currently use Plaza Premium Lounges).
- Currently code-share with Delta, will be strengthening this relationship to a "joint venture"
- First 787 Dreamliner to arrive Q1 of 2019 – range of 16 hours, 16 flatbeds

Classic Vacations, Canada – Justin Heckman, Manager, New Business Development North America

- Classic Elite Education Experience www.classicvacations.com/e3 from September 24 to 27. Designed for high-potential agents who are newer to the business. It is not Hawaii specific, but it is taking place at the Westin Hāpuna Beach Resort; several Hawaii hotel partners will be attending. Although it is primarily US agents, Justin would like to host a few agents from Canada. Provided suggestions of few agents to invite from Western Canada

NCL, Vancouver – Ramon Jacinto and Fatima Dasilva, BDM Western Canada

- Discussed partnering for an NCL Pride of American FAM in Spring 2019
- They will be attending a regional meeting in August, we will connect again in September

Public Relations

- 2018 to date: 24 journalist requests have been received, 8 journalists have travelled via HTA Canada, with **126 articles published in 2018 to-date**.
 - o **38 articles published online and in print for the month of March**; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs
- Group media fam to Maui and Moloka'i executed on March 19 – 26 featuring four eclectic, top-tier publications (notable.ca, Vancouver Sun, NUVO Magazine, and Cruise & Travel Magazine).
- Travel writer for Calgary Herald and WestJet Magazine (both confirmed assignments) visited Maui; article published in March on "Family Friendly Happy Hours Deals in Maui".
- CAA Magazine featured an article on O'ahu, particularly focusing on the culture and stunning landscapes.

- Honolulu selected as a top traveler destination in Canadian Traveller Magazine after HTC Canada submitted for the coveted spot; currently organizing a fam with the publication for O'ahu in the spring.

LogiMonde Media, Toronto – Fergal McAlinden, Journalist

- Continued coverage of the January O'ahu Destination Wedding FAM (page 64): PAX Magazine July 2018 - Living Like a King at The Kahala

Sales Activities

Escapes.ca, Vancouver – Jason Mills, Business Development & Brand Manager

- Their agencies in Vancouver and Calgary produced \$239,499CAD gross Hawai'i sales from October 2017 to July 2018
- In the last two months they've experienced a decrease in Hawaii bookings and their Las Vegas sales are down as well. Jason feels that the CAD and other political factors may be affecting US bookings.
- Summer is the slower season for sales, they will ramp up Hawaii marketing once their new website is in the early Fall

Travel Professionals International (TPI), Western Canada – Christine Winchester, Director of Sales, Western Canada

- Highlighted the Hawai'i Destination Specialist Program and advised that 13 TPI agents in Western Canada have completed the program
- Christine would like to see their consultants increase their sales to Hawai'i. She will encourage the consultants to complete the Specialist Program and attend Aloha Canada in October

Expedia CruiseShipCenters, Don Mills – Renee Siao, Cruise & Vacation Consultant

- Renee has been teaching hula for 40 years (she introduced hula to Toronto), no longer has her own Hālau, however keeps in touch with her previous students who now have their own Hālau. She decided to become a part-time travel agent to be able to coordinate the travel for groups to Hula events/competitions
- Renee is working on a group of 50+ guests for next year's Ohana Hula Hawaii Tour - July 16-19 staying at Kauai Shores and July 19-25 at Courtyard Marriott Waikiki Beach. Will include the Prince Lot Hula Festival and the Circle Island Tour with Polynesian Cultural Center
- To date, 25 guests have confirmed, and Renee has received group net rates from the hotels
- Also considering another Hālau group in November 2020 – Hula O Nā Keiki at the Kaanapali Beach Hotel

Lloyds Travel, Surrey – Joanne Gallagher, Bleisure Specialist

- Joanne requested assistance with booking a Waikīkī condo long stay for November through January
- Provided Canadian and US Tour Operator suggestions along with condos in Waikīkī area
- Joanne later advised that her client narrowed their request to Aqua-Aston properties; provided sales manager contact for Joanne to request detailed information and quotes for long-stay

Imperial Vacations, Surrey – Ashok Sheth, Owner

- Recently booked a family group of 19 staying at the Hilton Hawaiian Village Waikīkī Beach in September
- Ashok wants to increase his Hawai'i bookings and requested an invitation to any upcoming events
- Encouraged completion of the Hawai'i Destination Specialist Program

Vision Travel, Calgary – Tanja Walsh, Group Specialist

- Recently quoted a three-week honeymoon to Maui and Kaua'i. For Maui, Tanja quoted Hyatt, Westin Kā'anapali Villas, Fairmont; she included three nights at the Four Seasons in Lāna'i. For Kauai, Tanja quoted Westin Princeville and Kōloa Landing. I suggested to include activities in their itinerary and advised how to use Agents.GoHawaii as a reference
- Spending her birthday in Maui September 8 to 15; booked an agent rate at Fairmont for five nights and three nights at Hyatt Regency. Encouraged her to contact Maui partners for agent rates on tours and activities
- She will work on completing the Hawai'i Destination Specialist Program

TPI Nordal Travel, Edmonton - Stan and Debbie Nordal, Travel Advisors

- Confirming a small Celebrity Cruise Group from Australia to Hawai'i and are considering post-cruise option in either O'ahu or Maui
- Offered assistance with contacts for group transportation, activities, and accommodation if required
- Encouraged completion of the Hawai'i Destination Specialist Program and advised how to use Agents.GoHawaii and GoHawaii as a reference for information/suggestions for their group

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Air Canada Vacations Product Launch– September 10, Vancouver
- Air Canada Vacations Product Launch – September 11, Calgary
- ACTA Dine Around Networking Event – September 13, Saskatoon
- Uniglobe Carefree Travel Fall Product Launch – September 15, Saskatoon
- Hawai'i Island Visitors Bureau Partner Showcase – September 17, Vancouver

Hawai'i Tourism Oceania Monthly Marketing Report July 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

The exchange rate between the AU\$/US\$ has ranged between US\$0.73 and US\$0.75 since mid-June. In early July, it was around US\$0.7315, its lowest level since January 2017. However, the Commonwealth Bank predicts expects the AU\$ currency to remain firm for most of the next six months and to be at US\$0.75 by December 2018. The Australian economy grew by 1% in the first quarter of 2018; on an annualized basis it has grown at 2.6%, exceeding the forecasts.

New Zealand:

There was a surprise move from the New Zealand Reserve Bank with an announcement that it expects to keep the Official Cash Rate at record lows through 2020. This move was largely due the economy growth being slightly slower than expected. This decision drove the NZ\$ down by more than US\$0.01 to under the US\$0.67. This exchange rate naturally has an impact on the buying power of the NZ traveler to Hawai'i, although is still in an acceptable range.

Outbound Travel Market & Competitive Environment

Australia:

Outbound resident travel during May 2018 increased 1.1% when compared with April 2018 This followed monthly increases of 1.1% for both March and April 2018. The current trend estimate for returns is 5.5% higher than in May 2017. Japan has become a favorite destination for Australians, recording a 21% increase in visitation, followed by China (16%) and Indonesia (11%).

New Zealand:

The NZ Dept of Statistics have released the June departure figures. Overseas trips by New Zealand residents were up 26,700 to 288,500. The biggest changes were in departures to: Fiji (up 5,900); Australia (up 2,500); China (up 2,500); Indonesia (up 2,300). Hawai'i continues to outperform the rest of the USA. The total of USA was only up 1,300 from NZ yet we know that Hawai'i was up 2,000 for June.

Travel Trends

The Helloworld Travel Brand will launch a new weekend travel show on the Nine network in October and featuring a host of well-known presenters.

Jetstar will roll out a new wholesale solution for travel agents in September this year, allowing them to book a bundle including baggage, meals and inflight entertainment in one transaction.

Corporate Travel Management (CTM) completed its \$5 million acquisition of Australian-based SCT Travel and its Platinum Travel Corporation in New South Wales and Queensland.

The Cruise Lines International Association (CLIA) Australasia's 2017 Source Market Report was recently released. And when it comes to cruise holidays, New Zealand continues to outperform many more

established cruise markets, in percentage terms, well ahead of the USA, Europe and UK and Ireland. The figures show a record 98,000 Kiwis took an ocean cruise in 2017, up 8.7% year-on-year.

Airlift

Australia:

Qantas is set to significantly boost capacity between Sydney and Honolulu next month, with the seasonal deployment of Boeing 747-400 aircraft to Hawai'i. Qantas planes will replace A330-300s from August 20 to September 26, operating QF3/4 five times per week.

New Zealand:

Virgin Australia (who recently ended its ties with Air New Zealand) have announced a new route between NZ and Australia. The airline will begin offering flights between Auckland and Newcastle.

LEISURE ACTIVITIES

Consumer

- **Flight Centre 48 hours TV show (July 28):** Flight Centre's "48 hours" TV series Hawai'i segments were broadcasted at the end of July on Channel 10. The program features experiences in O'ahu and Maui including: a hula lesson, O'ahu East Coast drive, tasting local eats, Kualoa Ranch, Diamond Head Crater hike, Paia Town, the Road to Hāna, Maverick helicopter tour on Maui, and Old Lahaina Lū'au. The episode received over 250,000 views across broadcast and digital. Flight Centre also ran a two-week sales promotion in the same period promoting Maui Packages and a special international sale fare to Maui of AU\$989.
- **Sydney Kings partnership:** HTO in conjunction with Sydney Kings has launched a competition ahead of the Sydney Kings vs LA Clippers game in Honolulu giving away a chance to WIN a family holiday to Hawai'i to watch the game. The prize includes return flights to Hawai'i for four people, five nights accommodation, tickets to the game, VIP experiences including dinner with the team, in an exclusive breakfast with the players and coaches. The competition has already received 1,600 competition entries.
- **Food Show Consumer Show:** HTO coordinated a prize for this very popular show which takes place in Auckland, Wellington and Christchurch. The return included promotional signage and access to the opt-in database of 25,000 consumers.

Travel Trade

- **Flight Centre National (July 19 – August 1):** HTO in conjunction with Flight Centre and Hawaiian Airlines launched a fully integrated Hawai'i campaign. The two-week campaign included TV, press, radio, print, point-of-sale, digital and paid social activity. August is the second biggest booking period for the year for Flight Centre and this campaign aligned perfectly with the Flight Centre Expos to help drive travel to Hawai'i in shoulder periods. It provided amazing brand exposure across a diverse scope of channels and great ROI through increased sales.
- **Aloha Down Under:** HTO held their annual Hawai'i dedicated roadshow, Aloha Down Under, in Brisbane, Melbourne, Sydney, Parramatta, Wellington and Auckland between July 23 – 31. Twenty-two Hawai'i partners took part, with registrations for the evening events up from last year and attendance at a record high. In addition to travel professional evening events, HTO conducted B2B sessions in Sydney and Auckland which gave Product Managers an opportunity to network with our Hawai'i partners. HTO gained strong coverage in the trade press and received great feedback from travel agents and partners.

Public Relations

- **The Morning Show:** Hawai'i Tourism Oceania secured television broadcast coverage on weekday breakfast program "The Morning Show" featuring the Polynesian Cultural Center and HTA Brand Manager Chris Sadayasu, who were in Australia for the Aloha Down Under trade show. Mr. Sadayasu and Pōmaika'i Krueger spoke about Hawaiian culture and things to do in Hawai'i, while performers from the Polynesian Cultural Center performed on the live television segment. This segment was viewed by **170,000 people** across Australia, with the PR value (AVE) for this segment totaling **AU\$898,992.50**.
- **Aloha Down Under:** Hawai'i Tourism Oceania hosted the annual Aloha Down Under media lunch, as the media component of the Aloha Down Under trade show. Over 20 top national travel trade and leisure media attended the function, including editors and reporters from the country's top publications including Escape, Traveller, International Traveller, Travel Daily and more.

Sales Activities

HTO have met with key partners during the month while in Hawai'i, during Experience Aloha Business Exchange, and in market to explore opportunities and partnerships.

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Sydney Kings Partnership – Aug/Sept
- Augustine Photo Shoot
- Jetstar family Holiday Campaign – August
- Travel Managers Conference – August
- Helloworld TV show filming – September
- 2018 Global Tourism Summit – AU/NZ delegation including pre-fam – September/October
- Triple M location broadcast- October

Hawai'i Tourism China Monthly Marketing Report July 2018

Economy

- **GDP:** China's GDP growth in Q2 slows down to 6.7% compared to the 6.8% in Q1. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency:** Chinese Yuan depreciates sharply to 6.9 per USD in July compared to 6.27 RMB per USD in March. This may impact the purchasing power of Chinese travelers' during travel. Many financial experts predict that there may be a consecutive rise.
- **Unemployment Rate:** China maintained a record low of 3.89 percent in the first quarter of 2018.
- **Consumer Confidence Index:** Consumer confidence index points in China decreased from 122.90 in May to 118.20 in June. This reflects that Chinese consumers are less optimistic with the current economic situation.

Outbound Travel Market

- According to OPI (China Outbound – Tourism Price Index), the average price of Hawai'i group products ranked first in July among island destinations (Guam, Maldives, Saipan, Bali, Phuket and Mauritius). The price has also increased by 5.9% from RMB 18,720 (USD 2,864) in June to RMB 19,824 (USD 3,049) in July.

Consumer Trends

- Research by China Outbound Tourism Research Institute (COTRI) reveals that the new upscale Chinese travelers for tailored itinerary tend to be younger. HTC can achieve customer satisfaction by partnering with luxury travel agents to create tailor-made unique routes and experiences.

Travel Trends

- Recent data published on Global Times sees a decline in popularity of previously go-to U.S. cities (Los Angeles, New York, San Francisco, Las Vegas and Boston) for the first half of 2018. This could indicate that Chinese tourists' interests to visit the U.S. have declined amidst increasing trade disputes between China and the U.S.

Airlift

- On July 15, Civil Aviation Administration of China announced that China Southern Airlines' new international route between Shenyang and Los Angeles is set to launch this November. With the saturation of navigation rights in China First-Tier cities and the U.S., 5 new direct flights connecting China Second-Tier cities to the U.S. was launched in 2017. These new routes provide tourists with more options when traveling to the U.S.

LEISURE ACTIVITIES

Consumer

Hawai'i Baby Ambassador – Startup Event at Shanghai J-Mall

HTC collaborated on the “Hawai'i Baby Ambassador” competition with Gymboree, a leading early childhood institution with 400 branches in China that serves more than 300,000 Chinese families. The initiative kicked off at Shanghai J-Mall, and more than 50 VIP families were invited with their children to experience the Aloha ambiance from Ukulele and Hula classes and to know about the abundant family travel resources of The Hawaiian Islands.

In late July, a digital campaign for the “Hawai'i Baby Ambassador” competition was launched through social media platforms. Through this digital campaign, parents were given the opportunity to share their baby photos on social media.

HTC continues to position The Hawaiian Islands as one of the world's best destinations for China's multi-generation families.

Island Styles of Seasons - Hawai'i's Outdoor LED Advertisement in the Center of Guangzhou

HTC cooperated with Globalfun to launch an outdoor advertising at the heart of Guangzhou to drive travel interest to the Hawaiian Islands. The ads showcased inspirational and distinctive Hawai'i destinations and exciting outdoor activities such as whale watching, stargazing and surfing.

In order to maximize the advertising effects, new mono-Hawai'i products were also launched in the Guangzhou market. The outdoor advertisement will be displayed through September, with an expected outreach of over 4 million citizens and an ad value of over USD 180,000.

Travel Trade

HTC Ohana Fun Hawai'i 2018 – Joint Campaign with Korean Air

The “Ohana Fun Hawai'i 2018” online campaign, targeting FIT market in China, ended successfully in July. With the support from Hawai'i industry partners, the campaign secured a total of 607 reservations during the promotion period and achieved a year-on-year increase of 45% from 2017.

In addition, this campaign banner was featured on Korean Air's official website, as well as the flagship stores on Fliggy and Qunar, with a total reach of 1.69million.

Hawaiian Islands showcased on Spring Airlines' In-flight Magazine

HTC collaborated with Shanghai Spring Tour to increase the popularity of mono-Hawai'i products with special air ticket fares from China Eastern Airlines. The key products consist of 7D5N packages promoting O'ahu, Island of Hawai'i and Maui, with 800 reserved seats from China Eastern Airlines.

HTC also secured coverage on Spring Airlines' in-flight magazine via Shanghai Spring Tour. The in-flight magazine will reach a total of 2 million passengers.

HTC Educational Training in Beijing, Chengdu and Guangzhou

- Hawaiian Airlines New GSA (Global Service Agent): HTC organized a training session for Hawaiian Airlines' new GSA to introduce the destination travel resources in Beijing. A total 10 groups of travel trade professionals attended the training.

- Champion Holiday and Diamond Alliance Tourism: HTC and China Eastern Airlines conduct an educational seminar for two of biggest wholesalers in Chengdu, Champion Holiday and DTA (Diamond Alliance Tourism). Over 30 sales representatives took part in the training program.
- Quillo English: HTC introduced Hawai'i's iconic landmarks, attractions, and fun activities to Quillo English's students in Guangzhou. Through the offline event and Quillo WeChat posts, HTC reached to over 2,000 students/families.

4 New Products Launched in Guangzhou, Chengdu and Xi'an

HTC assisted 4 tour planners, DTA U-best Holiday, Silkroad Holiday, DISTA Group and Winner Travel, in the creation of mono-Hawai'i products in July. These travel packages are targeted at groups, FITs and families visiting Hawai'i between September to December 2018, and available online and in retail stores nationwide.

Public Relations

HTC Secured Feature Articles with M&C China and Outdoor Exploration

HTC recently cooperated with M&C China, one of the most influential travel trade publications in China, featuring Hawai'i MCI resources. This feature is expected to reach 10,000 industry experts with approximately USD 16,000 PR value.

To promote outdoor activities of Hawai'i, HTC also secured an 8-page feature in Outdoor Exploration. The feature is expected to reach 712,600 outdoor enthusiasts with approximately USD 912,000 PR value.

July Press Release : Experience the Filming Location of “Jurassic World” in Hawai'i

The film “Jurassic World II” was a big hit in China. HTC issued a press release to introduce Kualoa Ranch, where part of the filming took place; HTC also took this opportunity to communicate that Hawai'i is safe for tourists to enjoy all kinds of experiences despite the ongoing volcanic activities. The press release was shared by 14 Chinese mainstream media outlets with a total PR value of USD 271,700 and over 274 million reached.

Media Highlights – *Richesse* (女人雅集)

Richesse, the China's luxury publication targeting the influential, well-educated women with sophisticated taste, recently posted a 26-page article to introduce the luxury lifestyle of Hawai'i. Well-known restaurants and unique culture of Hawai'i were showcased, and total media impressions reached 152,800 audiences.

COMING ATTRACTIONS

No	Event Name	Date	Location
1	Island Styles of Seasons Campaign Co-op with KEEP	Aug – Sep, 2018	China
2	Chinese Valentine's Day Offline Promotion with Utour Xi'an	Aug 18 – 19, 2018	Xi'an, China
3	Toursforfun 2018 Happy Healthy Hawai'i Promotion	Aug – Dec, 2018	China
4	Ningbo Travel Expo	Aug 31 – Sep 2, 2018	Ningbo, China

5	Chengdu Aloha Moment Offline Promotion	Sep 1, 2018	Chengdu, China
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Hawai'i Tourism Korea Monthly Marketing Report July 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

- Korea's leading travel agencies Hana Tour and Mode Tour reported their outbound sales decreased in July. Travel demand for Japan and the U.S. fell, the agencies said, due to recent natural disasters such as an earthquake in Osaka and volcano eruption in Hawai'i. At the same time, they said the China outbound market recovered from last year's recession. The total number of Korean travelers to China and Europe increased 20.3% for Europe and 14.9% for China, Hana Tour reported.
- A survey of 1,106 workers conducted by education business institute Hunet showed 83.7% of respondents were planning to take a vacation this summer and they would probably spend an average of 596,000 won while on holiday. The average duration of their leave would be 4.3 days. Only 14% of the surveyed workers said they would be taking a vacation of seven days or more. A majority, 63.5%, said they were planning to travel within the country for vacation, with their average planned expenses being 596,000 won. Some 25.3% said they would be taking overseas trips, 5.8% said they had no specific plans and 2.6% said they would devote their time to "self-development" projects.

ECONOMY

- South Korea's low consumer prices are likely to pick up in the second half of the year and get close to Bank of Korea's target rate, mainly due to the recovering global economy and rising public utility rates, a report by the central bank said in late July. Its monetary policy report submitted to the National Assembly said inflationary pressure from the demand side was rising throughout the world, led by an upturn in the world economy. The International Monetary Fund revised up its 2018 world growth forecast by 0.2% to 3.1%, led by the brisk U.S. economy. Also, a strengthening U.S. dollar and a weakening Korean won will contribute to pushing up import prices, the bank said. Surging international crude prices will also increase prices of oil-related products in Asia's fourth-largest economy as it relies almost entirely on imports for its oil needs.
- South Korea's minimum wage for the next year has been set at 8,350 won (\$US7.37) per hour, up 10.9% from this year. It is the first time in history that the country's minimum wage will surpass the 8,000 won mark. The monthly salary at the minimum wage level, based on a 40-hour work week, will be 1,745,150 won.
- The average USD/WON exchange rate in July was 1,122.78 won, a slight increase from the previous rate of 1,075.14 won in June. Fuel surcharges were imposed in July up to 169,400 won (\$150) for a round trip between Korea and the U.S.

OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT

- Korea Tourism Organization reported the number of Korean outbound travelers in June was 2,323,986, a year-on-year increase of 10.7%.

CONSUMER TRENDS

- While millennials in their late 20s and early 30s have been the key purchasers on e-commerce in S. Korea, an industry survey published on July 12 revealed that consumers in their 50s and 60s are looming as a major new group which has become more familiar with shopping online. Leading e-commerce platform Auction reported there had been a 135% increase in the purchase amounts of consumers in this age group in the past five years. They made up 27% of buyers ranging from teenagers to those in their 60s and above. In particular, the total purchase amount made by people in their 60s and above went up by 171% over the past five years, the survey showed. By product

category, elderly consumers focused on purchasing travel tickets and luxury goods. Sales of flight tickets on Auction rose by a factor of 114 in five years, while those of imported luxury goods had doubled since 2014 among consumers in their 50s and 60s.

TRAVEL TRENDS

- There are stronger prospects for a rise in the price of shares in South Korea's tour service firms now that the summer vacation season is in full swing. The so-called "tour shares" have long suffered from a series of external factors, including the Chinese government's economic retaliation against Seoul's decision to deploy the U.S. Terminal High Altitude Area Defense (THAAD) battery. But market analysts said they have managed to post solid sales despite unfavorable factors and are recommending a "buy" rating. Share prices for the nation's first and second largest tour firms, Hana Tour and Mode Tour, both slightly decreased in the first quarter this year, according to the Korea Exchange (KRX). However, analysts expect an increase in sales and a recovery in share value in the second half thanks to the summer vacation season. Also, according to Hana Financial Investment, Mode Tour's overseas affiliates and local subsidiaries are expected to post sound earnings in the period, contributing up to 2 billion won in operating profit to the firm's yearly results by end of year.
- Almost 20% of all Seoul residents who used foreign hotel booking sites last year for overseas accommodation were misled, encountering hidden charges and deceptive price claims, according to a Seoul Metropolitan Government report published in July. The findings were the result of the government's monitoring of seven major booking sites, including Expedia, TripAdvisor, Booking.com and Hotels.com, and surveying consumers in Seoul. The inquiry also found that it was sometimes cheaper to book rooms directly through hotel websites, rather than using the booking sites. City government data showed the proportion of Seoul consumers who used the sites and experienced problems had significantly increased from 12.3% in 2015 to 19.3% last year.

MEDIA & ONLINE TRENDS

- Fashion and beauty industries have quickly caught on to the trend that South Korea's younger generation is spending a significant amount of time on social media platforms, such as Instagram, Facebook, Twitter and YouTube, rather than traditional advertising platforms like TV. A 2017 survey by research portal Statista found that 84% of Koreans were active social media users. Another set of statistics showed that an average of 2 hours and 15 minutes per day is spent on social networks globally. As for Instagram, 90% of its users are younger than 35, and 68% are female, according to U.S. social media marketing firm Dreamgrow. This has led to more brands turning to influencer marketing to lure consumers, further boosting the power of social media stars.

AIRLIFT

- Asiana Airlines, the second-largest nation's carrier, has been accused of appointing a foreigner to its board of directors, which is illegal under Korean aviation laws. Earlier this year, budget carrier Jin Air got into trouble for the same violation. The Ministry of Land, Infrastructure and Transport said on July 9 that a probe into the boards of domestic carriers revealed that a U.S. citizen named Brad Park sat on the Asiana board from March 2004 until March 2010. Employees of Asiana Airlines and Kumho Asiana Group, a mother company of Asiana Airlines have staged rallies to protest alleged corruption and abuse of power by Chairman Park Sam-koo in the wake of the carrier's no in-flight meals fiasco. Asiana employees have raised allegations about the chairman's unfair business practices against subcontractors and unfair subsidies to affiliates as well as other acts of corruption.

LEISURE ACTIVITIES

Consumer

- **Family Promotion with Social Media Influencer:** HTK is planning to send a social media influencer and famous photographer and his family to O‘ahu and the island of Hawai‘i to target both the family and millennial market. The group will visit for 6 nights and Yoribogo will generate social media feeds on both HTK’s social media and his own channel. He will share the generated images and social media content with HTK for further marketing use.
- **Consumer Promotion for Jin Air Service Resumption:** HTK wrapped up the co-op promotion with Jin Air to celebrate its resumption of flights from Incheon to Honolulu. HTK produced a collaborative giveaway item and launched another consumer promotion for July on its website and social media to spread the word about the flight resumption.
- **Aloha Report Season II:** HTK launched a second round on social media channels of its Aloha Report, the bi-weekly video series involving reports by local correspondents. The video series has a changed format and frequency to generate a new energy for HTK’s social media feeds.

Travel Trade

- **2018 Brand USA Sales Mission:** HTK participated in the 2018 Brand USA Sales Mission on July 12 at Seoul Dragon City Hotel. The sales mission involved a Korea market briefing and B2B one-on-one meetings followed by a VIP Welcome Dinner. During the B2B travel mart, HTK networked with 26 key travel agents, sharing market updates and destination information. About 140 trade partners attended the dinner, including 26 delegates from airlines, DMOs, rent-a-car firms, and tour option companies, etc. For the lucky draw session, The Laylow, Autograph Collection sponsored a 3-night certificate door prize.
- **Eco/Edu Tourism Sales Contest with Asiana Airlines:** HTK implemented a sales promotion for nine invited travel agencies from June 15 to July 15 following the Eco/Edu Tourism Fam in co-op with Asiana Airlines. The promotion involved Hana Tour, Mode Tour, YB Tour, Very Good Tour, Jau Tour, Online Tour, Tour 2000, KRT, and Lotte Tour. Newly developed Edu/Eco Tourism Hawai‘i package products were advertised on travel agents’ multiple channels along with the #SafeHawaii campaign’s key messages. HTK and Asiana Airlines will award top travel agents according to sales booking data on August 7.
- **Mother & Daughter Promotion with TMON Tour:** HTK ran a Mother & Daughter Hawai‘i promotion on July 16 in co-op with TMON Tour to target the new niche market segment and vacation seasons. By utilizing TMON Tour’s various owned media channels and strong consumer support, the promotion extensively introduced the destination’s various aspects, highlighting must-visit spots/activities conducive to maternal Mother & Daughter bonds. Maui Visitors and Convention Bureau and Queen Kapiolani Hotel sponsored door prizes for a social media sweepstakes event during the promotion.
- **Kona Card Co-promotion:** HTK is discussing a promotion collaboration with a technology company involving a tailored credit card and a major consumer festival. HTK plans to work with Korean IT/Fin-Tech Corporation ‘Kona I’ to design and produce an Aloha Limited Edition Kona Card and host a mega Kona Festival consumer event. The promotion will involve online/offline activities targeting consumers in their 20s and 30s who will be issued with the Aloha edition Kona Card.
- **#SafeHawaii Campaign Sales Promotion:** HTK is carrying out new sales-oriented incentive promotions to generate immediate bookings for summer peak season. The aim is to minimize the effects of cancellations due to the recent volcano issue. Eight major participating travel agents

will deliver the key message that Hawai'i is safe to visit and is still open for business.

- **#TastyHawaii Promotion:** HTK will tie in with 'StrEAT', one of Korea's leading Asian Fusion restaurants, to produce a Hawaiian menu to promote the Hawai'i Food & Wine Festival to be held from October 6 to 28. HTK will publish Hawai'i cuisine meal coupons which will be distributed to consumers and travel agencies through sales contests.
- **#LuxuryHawaii Promotion:** HTK will launch an online #LuxuryHawaii themed consumer promotion in collaboration with Korean Air to position it as a premium destination. The promotion will involve a Participation Event and ICN-HNL Ticket Purchase Event that targets consumers who purchase Korean Air tickets for the ICN-HNL route. Six participating partners -- The Ritz-Carlton Residences, Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Fairmont Orchid Resort, Trump International Hotel Waikiki, and Hertz, Mariposa -- will sponsor the promotion.
- **2018 Pre-GTS Fam Tour:** HTK will host a Pre-GTS Fam tour from September 29 to October 7 in conjunction with the 2018 Global Tourism Summit. The Korean Fam group will visit three islands -- O'ahu, Kaua'i and the island of Hawai'i -- to experience their diverse attractions and cultural heritage. It will involve 18 team leaders of major wholesalers, retailers, OTAs and MCI operators based in Seoul and Busan. After the Fam, a follow-up sales contest will be held to stimulate participating travel agents' development of various Hawai'i package/FIT products.

Public Relations

- **Hawai'i Lifestyle Week:** HTK developed a 'Hawai'i Lifestyle Week' in July in collaboration with Hyundai Department Store in Seoul and Busan. Targeting the high-end market, Hyundai invited Hawai'i-related retail brands from the lifestyle, food and culture sectors to create a "Hawai'i Fair". This was an integrated consumer event including a DJ Party, Hawai'i market and Cooking class. HTK also invited ukulele bands to enhance the Hawai'i-inspired atmosphere.
- **Premium Media Fam:** HTK successfully held a Premium Media Fam Tour from June 28 to July 4 involving four key membership magazines which target the high-end market. Each magazine published 4-pages featuring O'ahu, Maui and Lāna'i as premium destinations in their August issues. The Hawai'i travel articles featured high-end accommodation, restaurants and activities on each island as well as the newly-launched premium cabin of Hawaiian Airlines.
- **Tourism Ambassador's trip to Hawaiian Islands:** HTK invited its tourism ambassador, Mina Sohn, to Hawai'i to produce promotional videos with its production crew. Mina visited the five islands -- Island of Hawai'i, Kaua'i, Maui, Lana'i and O'ahu -- from July 16 to August 5. Each island's diverse attractions and activities will be featured in the resulting videos which are scheduled for release in mid-September. They will be exposed via Mina's own social media channel as well as HTK's official Facebook page and Instagram account.
- **Elle Magazine Instagram TV:** HTK will capitalize on Instagram's emerging popular new feature called Instagram TV, or IG TV, by cooperating with Elle Korea, leading fashion & lifestyle magazine, to create IG TV digital content. It has invited the magazine and a celebrity influencer, Ms. Yeongjoo Oh, to O'ahu in August to develop relevant digital travel content. This will be released via Elle's IG TV, which has more than 127 million followers, to promote the island as an ideal destination for FIT travelers. The contents will highlight shopping, restaurants and accommodation as well as activities. The results will be published in mid-September.

Sales Activities

- The Korea team had 48 meetings in July with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
 - **Airlines (9):** Korean Air for #LuxuryHawaii promotion and airlift updates; Asiana Airlines for Eco/Edu Tourism Fam tour and follow-up sales promotion; Jin Air for co-op promotion for the airline's return from July 21; Hawaiian Airlines for airlift update regarding daily service from January 2019; American Airlines to share recent booking status; and four major airlines based in Busan – Jin Air Busan, Japan Airlines Busan, Korean Air Busan and Asiana Airlines Busan – to discuss Busan market activation.
 - **Travel Agents (27):** Hana Tour, Mode Tour, Tidesquare, LAS Tour (Busan), Bomulsum Tour, Blue Chip Tour & Culture, Blue Travel, CampingCar USA Korea, Dongbu Tour, Drive Travel, KRT, LTE Tour, Naeil Tour, Pharos Travel Artifex, Samho Tour, Saturn Air & Travel, Segyero.com, Shin Heung Travel Agency, Socuri Pass, TIRATS, Tour 2000, Tour Baksa, Tour Mart America, Web Tour, Yana Tour, America's Hubworld Tours, and Tournet Hawai'i.
 - **Hotels (5):** Hilton Busan, Lotte Hotel Busan, Seoul Dragon City Hotel, L7 Hongdae by Lotte, and RYSE Autograph Collection
 - **Rent-a-car/Transportation (1):** Hertz
 - **DMOs, U.S. Government/Organizations (3):** Brand USA, Las Vegas Convention and Visitors Authority, and Travel Oregon
 - **Consumer Brands (3):** Hyundai Department Store, Kona Card, and StrEAT

"COMING ATTRACTIONS" FOR LEISURE MARKET

- 2018 Mode Tour Travel Mart (Aug 30 – Sep 2)
- 2018 Pre-GTS Fam Tour (Sep 29 – Oct 7)
- Brand USA - USA Specialist Program (USP) Fam Tour - Hawai'i & Las Vegas (Oct 22 – Oct 29)

Hawai'i Tourism Taiwan Monthly Marketing Report July 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- In the second quarter of 2018, GDP grew 3.29%; it surpassed the preliminary reading of 3.08%. The overall growth rate for the first half of 2018 reached 3.16%. The unemployment rate in June is 3.70%, slightly decreased by 0.07% compared to May 2018.
- Taiwan's consumer confidence index (CCI) continued to drop from 83.82 in June to 82.38 in July. The Taiwan currency exchange rate went up to 30.565 (average) for the month of July, which is 0.485 higher when compared with the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,521,633 in June 2018 with a 7.86% increase compared to June 2017. The outbound number to U.S. went up by 2.96% to 56,543 in June 2018 compared to the same period last year. The Taiwanese arrival number to Hawai'i decreased by 0.6% to 1,755 in June 2018 when compared year on year to June 2017.

Competitive Environment

New Taipei City and Eva Air Cooperates on Boosting on New Taipei City-Vietnam Tourism

Aiming at the growing Vietnamese market, New Taipei City is cooperating with Eva Air to promote its tourism. The inbound/outbound visitors between Taiwan and Vietnam have reached 600,000 up to May, expecting to exceed one million by the end of the year. Eva Air has been running the Taiwan-Vietnam route since 1992, currently having 21 flights to Ho Chi Minh City and 7 flights to Hanoi weekly. More collaboration between the two countries is in the pipeline, as New Taipei City and Ho Chi Minh City tourism association will be signing a memorandum soon and the Taiwan-Vietnam tourism conference will also be held in New Taipei City in November.

Hong Kong Tourism Board Launches Sightseeing Photo Guide for Women

Seeing the trend that over 60% of the leisure visitors are young female office workers who like to share travel photos on social media, Hong Kong Tourism Board published the "HK Shop Eat Play Guidebook" this summer. The guidebook is arranged in three aspects; photo, food and shopping, providing suggestions on popular sites for visitors to post photos, check-in and put hashtags on their social network.

Consumer Trends

Mastercard Survey: Taiwan Ranks Top 2 in Planning Trips Abroad for the Next 12 Months

According to Mastercard Survey on Consumer Purchasing Priorities – Travel in the second half of 2017, 47% of Taiwanese are planning trips abroad for in the coming year, the second highest in the Asia-Pacific. 71% of the participants have traveled abroad in the past year, which ranked fourth place in Asia-Pacific, with popular destination including Japan (53%), China (10%), Australia (5%) and South Korea (5%). The average spending for traveling abroad is US\$1,770, a 25% growth from last year. Currently card payment accounts for 41% of the total payment and Taiwanese spent the most in accommodation (39%) compared to other Asia-Pacific countries.

Travel Trends

GBTA, CWT Research: Travel Prices Set to Rise

According to the fifth annual Global Travel Forecast published by GBTA (Global Business Travel Association) and CWT, travel prices will be rising in 2019, with hotels going up 3.7% and flights 2.6%. For Asia-Pacific market, airfare will see a 3.2% rise in pricing and hotel for a 5.1%. The aviation market will be mainly influenced by introduction of ultra-long-haul flights and the increasing competition from low-cost carriers. The hotel rate rise is fueled by the increase in air travel that brings higher demand for rooms. Use of technology, further mergers and competition between upscale with midscale ones are also changing the hotel industry.

Media Trends

How Are Millennials Using Travel Technology?

Technology is changing the travel industry; social media is providing consumers a more authentic and real experience while artificial technology is removing the need for human contact. Among the social media tools, Instagram is the most used one by the Millennials during travel with an average of 100,000 posts every day that are tagged with “travel”. Social media empowers consumers to create travel trends by themselves, while also offering travel advisors and hotels to know more about their clients. Social sharing today is more about refining content, introducing storytelling and Instagram feeds. As Millennials tend to be more experiential, aspirational and craving for authenticity, more companies are hiring them as advisors for instant accessibility and savvy communication to inspire their clients.

Airlift

Eva Air to Launch Direct Flights from Taipei to Chiang Mai

Eva Air announced daily direct flights from Taipei to Chiang Mai in Thailand from July 1st 2018, which offers a total of 184 seats in Business and Economy classes. The new route will provide 128 flights flying to 11 cities in the South East Asia, especially 35 flights to Thailand which arrives early, so passengers can enjoy the sightseeing right after arrival. It also connects Eva Air’s 82 weekly flights from North America to Northern Thailand which enable easier access for passengers to transfer from North America to South East Asia.

Jeju Air Starts Taipei-Muan Route

Jeju Air launched on July 27th its Taipei to Muan (South Korea) route, which is the fourth direct flight it runs between Taiwan and Korea. It operates five flights per week, allowing passengers easier access to Korea.

LEISURE ACTIVITIES

Consumer

Co-op with Fashion/Fitness Influencer Angelina Featuring Trendy Vacation Activities in O’ahu

HTT worked with one of the leading influencers in the fashion and fitness genres in Taiwan, Angelina, to showcase the natural beauty and fun activities in O’ahu on her social media accounts. Angelina is a sought-after model/influencer in fashion and fitness with 342K subscribers on Instagram and 249K followers on Facebook.

Angelina shared a video on Instagram of her outdoor adventures in Kualoa Ranch, including horseback riding, ATV and zipline. In addition, she featured iconic food joints in O’ahu such as Giovanni’s Shrimp Truck and Matsumoto Shave Ice. The Instagram video has achieved 27.1K views since July 11th. On her Facebook Page, she posted a video of herself participating in an outdoor yoga class with 3.2K views.

Planning & Preparations for “Global Focus” TV Program Filming

As part of the recovery plan for volcanic activities, HTT has been working with an award-winning, in-depth TV show "Global Focus" by EBC News to promote the ecosystems, natural landscape, wildlife and cultures in Hawai'i and why it's still safe to travel there during this time. The crew has committed to producing 1 one-hour episode and will be traveling to O'ahu and Island of Hawai'i in from August 19th to 26th. Meanwhile, HTT has been working closely with IHVB and OVB to develop the itinerary and activities for the TV program. The crew is confirmed to go on a lava boat tour, enter Kahuku Unit of Hawai'i Volcanoes National Park, interview local community heroes, snorkel with manta rays, participate in a shark snorkel with One Ocean Diving, visit Kualoa Ranch and join Fishpond Community Workday with Paepae o He'eia. The episode is expected to air in late November or December.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In July 2018, Hawai'i Tourism Taiwan secured 59 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$985,365.

Sales Activities

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

COMING ATTRACTIONS

- July-August [Travel with Locals Videos Launch with Black Buddha], Taiwan
- August [Hawai'i Digital Tour Platform Launch], Taiwan
- August ["Global Focus" TV Program Filming], Hawai'i
- September [Hawai'i Aloha Festival], Taiwan
- September [Taiwan Agent FAM], Hawai'i
- October [Global Tourism Summit], Hawai'i

Hawai'i Tourism Europe Monthly Marketing Report July 2018

Leisure

European summary of market intelligence/ market conditions

- UK economy continues to show positive growth. Results this week show that the UK's strong economic performance has led to new job creation over the last three months, which at an annual rate, will see more than half a million people find work
- UK Employment is at its highest levels since records began and unemployment also is at its lowest since May 1975
- Economists have stated that the UK economy has regained momentum as the dominant services sector recorded its fastest growth for eight months. The good weather has caused a 'feel-good' factor, and is keeping consumer confidence high, as well as stimulating the economy

European Outbound Travel Market & Competitive Environment

- G Adventures will offer guests travelling with it in the Galapagos Islands free water bottles after single-use plastics were banned by the destination. The Galapagos Council has announced as of February 26, 2019, non-reusable bottles of any description will no longer be allowed on the islands. This follows a ban on plastic straws which came into effect on May 26 and plastic bags, which are no longer allowed from July 26

European Consumer Trends

- Holiday bookings grew 7 percent year-on-year in revenue terms in June, with summer sales up by 4 percent, the market researchers' analysis of sales by 2,000 representative travel agencies, OTAs and tour operator websites found
- It has been revealed that millions of Britons are putting aside money during winter to help cover the cost of the following summer months, particularly holidays. Two in five adults made savings of around £485, giving them an increase amount of disposable income for their summer holidays
- Data recently published by travel research firm, Sojern, highlights a 15 per cent increase in travel related searches directly following England's 2-1 defeat to Croatia on the 11 July, demonstrating the influential role of sporting events on a nation's economy, business and tourism
- Overall, summer 2018 sales for Germany are so far 13 percent ahead of last year and 91 percent of last year's total revenues have already been reached. In terms of departure months, June closed with a slight 1.1% sales increase. Demand has been high for July with a 13.4 percent rise in booked revenues
- According to a survey by BVA, 55 percent of the French intend to travel this summer, this shows a stable score compared to the previous years
- The CSA study for Franfinance shows that 68 percent of French people go on holiday between June and
- September. August is the most demanded period with one third of French who travel during this month

European Travel Trends

- Roam was officially launched on 17 July, after months of testing, and aims to simplify the process of selecting holiday cover. The insurance product offers three levels of cover and is designed for use via a mobile app. It takes just a few minutes to set up an account and customers can buy either an annual policy or switch the cover on and off as and when they need it
- TUI has added two new Family Life resorts and three new adults-only Sensimar resorts to its summer 2019 programme in destinations including Turkey, Crete, Egypt and Majorca. This brings the number of concept hotels in the TUI UK portfolio to 174 across 48 destinations with the latest additions reflecting the demand for multi-generational family holidays and adult-only resorts
- According to a recent survey, 20 percent of French consumers will go abroad this summer season, a 2 percent increase compared to 2017

European Media & Online Trends

- Facebook and Instagram users will soon be able to create pop-up alerts to limit their time on the apps, block push notifications for fixed periods and get updates on the time they have spent on the social networks each day. The launch of these pop-up warnings is to help children spend less time on social media. Facebook commented: "Our hope is that these tools foster conversations between parents and teens about the online habits that are right for them"
- Apple's App Store turns 10 this year. Germany's top 10 travel apps are: DB Navigator, Google Earth, Booking.com, Lufthansa, HRS Hotel Search, Calculator X, TripAdvisor, mytaxi, Airbnb, Flightradar24. Switzerland's top 10 travel apps are: SBB, Google Earth, Booking.com, easyJet mobile, TripAdvisor, SWISS Air, Flightradar24, Airbnb, Uber, ebookers Travel

European Airlift

- In a bid to meet growing demand, British Airways and Norwegian are set to introduce new transatlantic routes.
- Norwegian will add nearly 40 per cent more weekly U.S. and Canada departures from Ireland for summer 2019, including a new Dublin to Toronto service. British Airways' U.S. route expansion will see the introduction of a new direct service from London to Pittsburgh in April 2019
- EasyJet has announced the launch of 16 new routes from the UK for winter 2018 to destinations across Europe and North Africa. In Scotland, Glasgow will have a new route to Venice, and in Northern Ireland, easyJet will operate new services to Fuerteventura, Prague, and Salzburg. Closer to London, customers will be able to reach Gibraltar and Krakow from London Luton and Hurgarda from London Stansted.
- Eurowings CEO Thorsten Dirks plans to invest millions of euros to broaden the fast-growing Lufthansa low-cost airline into a travel supplier with its own flight operations

Leisure Activity Update & Plan Variance

UK & Ireland

- Ongoing 'Hawai'i on Screen' campaign activity
- Coordinated filming with Brian in O'ahu for 'Experience our Aloha' campaign
- Edited raw footage from 'Experience Our Aloha' videos with media agency

- Discussed UK Visitor numbers to GoHawaii website with Miles team to ensure KPI targets were met
- Conducted bi-monthly call with Gwen and Tara to discuss social media updates and strategies. KPIs for 2019 to be discussed in August 2018, and next conference call in September 2018

Germany

- Continued to update GoHawaiiDE website
- Conducted bi-monthly call with Gwen and Tara to discuss social media updates and strategies. KPIs for 2019 to be discussed in August 2018, and next conference call in September 2018
- HTE Germany attended 4th of July event at the US Embassy in Munich
- Liaised directly with Maui on 2018 marketing activity with FTI Touristik

Travel Trade

UK and Ireland

- Conducted face-to-face tour operator training at First Class Holidays, British Airways and 2 Flight Centre offices, and a Flight Centre USA training day at Bloomsbury Lanes
- Attended Hawaiian Airlines event with 24 tour operators including American As You Like It, Virgin Holidays and TravelBag
- Meeting with Flight Centre to discuss campaign that will be launching in August, with ongoing liaison
- Further liaison with confirmed tour operators, Flight Centre and Trailfinders, to discuss Experience our Aloha proposals for cooperative marketing. Campaign will launch in September 2018
- Approval for joint tour operator marketing proposals with Thomas Cook and Travel Bag
- Ongoing planning ahead of Aloha Europe 2018
 - Ongoing coordination of the microsite with media agency
 - Continued to secure venues for London, Manchester and Copenhagen
 - Coordinated accommodation and travel for HTE staff, partners, dancers and musicians
- Continued liaison with Aloha Europe 2017 prize winners to coordinate upcoming trip to Hawai'i
- Continued to monitor and respond to all trade enquiries regarding bookings to Island of Hawai'i and Kaua'i due to recent activity
- Secured final attendees and liaised ahead of GTS / FAM trip in September
- Ongoing communication with Virgin Holidays regarding Student Debate at the GTS
- Ongoing updates to Trade Account Management Matrix Segmentation. Updates are made from all meetings, and trade events

Scandinavia

- Secured place for NYHaven Rejser and USA Rejser on GTS Summit/ FAM trip

Germany and Switzerland

- Planning and preparation for Aloha Europe 2018
- Continued to monitor and respond to all trade enquiries regarding bookings to Island of Hawai'i and Kaua'i due to recent activity

France

- Continued to monitor and respond to all trade enquiries regarding bookings to Island of Hawai'i and Kaua'i due to recent activity
- Ongoing liaison with tour operators with FAM interest
- Sales calls with 3 tour operators (Directours, Votre Japon and World 4 U)

Public Relations

European co-ordination

- Issued January press release to all European markets
- Ongoing media liaison and press trip organisation across target European markets including:
 - o UK and Irish group press trip for February 2018
 - o German group press trip with FTI Touristik to O'ahu, Hawai'i Island and Maui (April 15-21, 2018)
 - o Individual press trips

Germany

- Press release: July press release (Eco Tourism in Hawai'i) was sent to 1,156 German speaking contacts
- Ongoing support of individual media trips

France

- 1 Press release issued on the 25th of July 2018 – Ecotourism in Hawaii

Sales Activities

UK and Ireland/Germany

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

France

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

“Coming Attractions” for Leisure Market

UK & Ireland

- Flight Centre joint market activity to launch in August
- Webinar training with Steppes Travel in August
- *Experience Our Aloha* campaign to launch in September
- Product Manager FAM and Global Tourism Summit in September
- Aloha Europe to take place in October
- Flight Centre USA Training Day in November

Scandinavia

- Aloha Europe to take place in October

Germany

- Ongoing trade and media maintenance and support
- Ongoing discussions for joint marketing activity with potential partners
- Training with key tour operators

- Experience Our Aloha campaign to launch in September
- Aloha Europe to take place in October
- Providing specific information to consumer magazines on upcoming events
- Regular posting on social media (Facebook, Instagram)

France

- Follow up of an individual press trip in July around the theme Jurassic Park
- Organization of a FAM Trip with a TO in October to develop and create a new product
- Organization a training in Paris in October in a Poké Bowl restaurant

Hawai'i Tourism Southeast Asia Monthly Marketing Report July 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Malaysia: The Malaysian Ringgit is expected to stabilize and become stronger by end of 2018. It is expected that the ringgit will appreciate to MYR 3.80 against the USD compared to MYR 4.06 as of July 25, 2018 due to the country's strong economic fundamentals and trading activities.

Following a robust Q1, the economy appears to have gotten off to a solid start to Q2: Exports jumped and industrial production growth accelerated in April. On the downside, the manufacturing PMI moved further south of the neutral 50-point threshold in May due to weakening domestic demand. The new government reduced the Goods and Services Tax (GST) to 0% effective June 1. This should provide a boost to private consumption in the short term until the Sales and Services Tax (SST) is introduced on September 1. However, slashing the GST creates a sizable gap in the budget, raising questions about the government's finances and whether it will be able to stick to the 2.8% deficit target for 2018. To rein in spending, Prime Minister Mahathir Bin Mohamad has cancelled big infrastructure projects and told ministers to implement austerity measures.

Currency Exchange: USD 1 = MYR 4.07 as of July 31, 2018 vs MYR 4.04 as of June 30, 2018

Singapore: Singapore's economy expanded 3.8% year on year in the second quarter of 2018, lower than economist expectations of 4.1% growth, according to Ministry of Trade and Industry (MTI) advance estimates. In view of the increase in rising food and services prices, core inflation is also expected to increase by 1.7% in June 2018.

Currency Exchange: USD 1 = SGD 1.362 as of July 31, 2018 vs SGD 1.362 as of June 30, 2018

Indonesia: Bank Indonesia estimates that Indonesia was favored with a surplus of USD 1 billion in its foreign trade in June 2018. Cumulatively from January to May 2018, Indonesia had a trade deficit of US\$2.8 billion as against a surplus of US\$5.9 billion in the January to May 2017 as a result of improved export performance.

Currency Exchange: USD 1 = IDR 14.420 as of July 31, 2018 vs IDR 14.293 as of June 30, 2018

Thailand: Economic growth should accelerate this year thanks to firming domestic demand—with government consumption expected to increase in the lead-up to elections currently set for next year—and a strong tourism sector. However, the external sector will likely soften on higher oil prices and a large export base effect. Downside risks include a possible escalation of trade tensions between the U.S. and China, as well as further monetary tightening in the U.S. Focus Economics panelists expect the economy to grow 4.2% in 2018, which is unchanged from last month's forecast. The panel projects growth of 3.8% in 2019.

Currency exchange rate USD 1 = THB 33.26 of July 31, 2018 vs THB 33.22 of June 30, 2018

Outbound Travel Market

Malaysia: Overall, the travel market has been slow for the months of May and June due to the General Elections and Ramadan months. This applies to other destinations as well. Agents are hopeful that travel will pick up again for the months of September to December.

Singapore: Agents are actively organizing travel fair almost every weekends at shopping malls due to low season in order to capture the market by offering good deals. Korea, Taiwan, Japan and Europe are still the most popular destinations as observed by agents' travel fairs in July.

Indonesia: Mexico & Guatemala is another consideration / option for the Indonesians for traveling. Morocco & Sahara Desert are also catching the attention of the Indonesians for traveling.

Thailand: Though July is typically the low season month for outbound sector, high demand for domestic travel and short haul travelling was observed due the long holiday from July 20-24, 2018, majority of which attributed to Japan, Korea, Singapore, and China.

Competitive Environment

Malaysia:

- **Tourism Authority of Thailand (TAT)** established a partnership with leading hotel in Kuala Lumpur – Mandarin Oriental to lure Malaysian tourist through culinary art, presenting the “Taste of Thailand” with renowned Thai Chef, Prasert Sussadeewong.
- **Macau Government Tourist Office (MGTO)** collaborated with their supporting travel agencies Macao Super Sale Roadshow happening from July 5-8, 2018 at Sunway Pyramid Shopping Mall. During the 3-day roadshow, many activities were held including food tasting, Grand Prix stimulator and etc. to encourage engagement with the consumers.
- **Tourism Australia** held an exhibit during Malaysia International Travel Mart (MITM) Penang held on July 14-15, 2018 at SPICE Arena. Tourism Australia also had two mascots, a Kangaroo and a Koala Bear, and a 3-D car cut-out board stationed at their booth for Insta-worthy picture sessions.
- **Japan National Tourism Organization (JNTO)** organized Japan Incentive Travel Seminar in Kuala Lumpur on July 17, 2018 as part of JNTO annual roadshow where 45 luxury MICE buyers are invited to network with 16 sellers from Japan.
- **Hong Kong Tourism Board (HKTB)** collaborated with AirAsia to leverage on Malaysian tourist visiting Macao by offering complimentary TurboJet Ferry ticket from Macao to Hong Kong for all AirAsia passenger with a valid one way or return ticket from Kuala Lumpur to Macao in an effort to promoting cross-border arrival into Hong Kong after a heavy week-long promotional activities done by MGTO.

Singapore:

- **Tourism Western Australia** organized destination content in 8 Days and digital banners to drive traffic to the content. In addition, Tourism Western Australia has worked with Dynasty Travel to promote the destination in various platforms, including digital and travel fairs.
- **Korea Tourism Organization (KTO)** and Dynasty Travel mounted digital campaign to promote 45% discount on selected tours to entice bookings. A dedicated landing page has also been created on Dynasty Travel's website.

Indonesia:

- **MGTO** participated in B2B TTC Travel Mart in Makassar and managed to do exposure to at least 200 travel agents from Makassar and surrounding area / region during the 1-day travel fair.

Consumer Trends

Malaysia:

- Malaysia Association of Tour and Travel Agent – MATTA is launching the first ever consumer travel fair in Selangor known as MATTA Fair Selangor Carnival from July 27-29, 2018 at Malaysia's largest agro tourism park – the Malaysian Agro Exposition Park Serdang (MAEPS). 63 companies had taken up 150 booths at the travel fair.

Singapore:

- For year-end booking, destinations such as Europe still emerge as hotspot. Similarly for Korea, Taiwan and Japan. The Scoot direct access to Honolulu has also seen increase in consumer enquiries.

Travel Trends

Malaysia:

- Cruise market is gaining popularity in Malaysia as package prices are all inclusive. Travelers also have one point of accommodation throughout the cruise despite traveling to many ports of call.

Singapore:

- Chan Brothers Travel jointly with Scoot has featured tactical airfare to Honolulu from USD696 (SGD940) at the booth of Chan Brothers Travel's travel fair on July 21, 2018. There have been enquiries and interest but booking has been slow.

Media & Online Trends

Digital Out-of-Home is one of the fastest growing and interactive forms of advertising. The ability of delivering a strong visual and to reach audiences through public transport, highways and pathways on their routes of daily commute. Digital Out-of-Home has unconsciously influenced the audiences, brands can even maximize the impact utilizing the combination of mobile devices and Digital Out-of-Home to engage audiences. Since Millennials are very active and are on-the-go, this gives Digital Out-of-Home the opportunity to bridge the gap between brand and audiences. For instance, when Coke has launched its brand new flavor of drink, it advertised on Digital Out-of-Home showcasing their new product with a call to action QR Code for audiences to scan and redeem for their free drinks. This is an example of creating a hype for a product through utilization of digital OOH advertisement.

For Social Media, Facebook users are now able to see all the active ads run by a page. This new feature is definitely a game changer for every marketer as it allows users to view their competitor's Facebook ads, enabling them to learn which ads work the best for their target audiences. Users can check a brand's recent active ads through a new button called "info and ads" at the top of a Facebook page.

Airlift

Singapore Airlines (SIA) will be launching non-stop flights between Singapore and Los Angeles using the new Airbus A350-900ULR aircraft on November 2, 2018, and increasing the total non-stop flights to 10 times per week by December 7, 2018. It will fly in a two-cabin configuration with no coach seating, having 67 business class seats and 94 premium economy seats. In addition, SIA will also step up existing daily non-stop Singapore-San Francisco services to 10 times per week from November 28, 2018.

LEISURE ACTIVITIES

Consumer

SNS Result: Facebook stands at 12,737 fans; Instagram has 1,178 followers as of July 31, 2018.

[Video filming with AirAsia X – Paradise within reach has garnered over 300,000 impression]

HTSEA collaborated with AirAsia X and the popular social media influencer Hannah Tan (@hannaonline) in creation of the promotional video targeting Southeast Asian audiences. The video showcases the comparison between busy life in Southeast Asia as opposed to heavenly vacation in Hawai'i, enticing desires to travel to the Hawaiian islands. During her filming trip, Hannah has shared some of the behind the scenes and sceneries on her social media platforms, creating a total of 15 postings which have garnered 303,181 impressions and 45,221 engagements. The promotional video is set for September release.

[Hawai'i on the LED screen has garnered over 200 million Impression]

AirAsia X has promoted Hawai'i at one of the biggest LED screen measure at 127ft (width) x 29ft (height) for two weeks which has garnered 201,600,000 Impression.

Travel Trade

[Destination training for My Tours & Chan Brothers Travel Indonesia]

HTSEA – Indonesia office conducted an in-house training which was attended by a total 30 Chan Brothers agents. As a result of the destination training, Chan Brothers will consider creating Hawai'i tour packages, especially O'ahu and Island of Hawai'i's tour packages.

Public Relation

July news clippings saw a total of 17 digital media clippings over 3 platforms, 3 print titles with 10 pages of coverage generating a total of more than \$18,631 worth in PR value with more than 2 Million impressions in total.

Sales Activities

HTSEA conducted 24 sales calls in Southeast Asia to promote Hawai'i.

[Golden Destination] Their cruise package sales are going well as they collaborate with Malaysian celebrity as an ambassador and a special guest for group departures. Enquiry to Hawai'i is slow despite they have special rates from AirAsia X for them to bundle as group package.

[AirAsia X] Final discussion with AirAsia X's digital and brand team before the filming in Malaysia and Hawai'i.

[Chan Brothers Travel] Agent will be rolling out new itinerary for New York City to capture the FIT market and encourage longer length of stay with Singapore Airlines launching the new non-stop direct flight. Agent will also be launching new 15D South America packages (Peru and Bolivia) that includes a photographer for the group at about SGD10,000 (ground cost about SGD3,000).

[UOB Bank] Follow-up with UOB bank for the collaboration, especially sourcing the venue. This will be the tripartite collaboration alongside Corporate Information Travel (CIT) as a fulfilment agent.

[Dynasty Travel] Followed up with agent on her recent experience in Hawai'i for MCI familiarization trip and its incentive group to Hawai'i. Agent commented that 1-on-1 meeting is preferred over the group presentation for more effective communication at the MCI workshop. Dynasty Travel's incentive group

has enjoyed their stay in Hawai'i but saw some room for improvements in services provided during their stay. Agent is likely to send a corporate group from a marketing firm, comprising 20 pax on an 8 day trip to Hawai'i using ANA (S\$2,700 airfare). In addition, the agent is also planning an itinerary for a family of 20 pax to visit Hawai'i for more than 1 week comprising 3 islands.

[Lovely Tours] Lovely Tours specialize in MCI business and their clients are mostly from banks, insurance and heavy industry. So far they have not received any enquiries for Hawai'i but they will continue to strive in promoting the destination.

Coming Attractions

[Aug] Paradise Within the Reach

[Oct] Jetset to the Hawaiian Islands

Hawai'i Tourism Hong Kong Monthly Marketing Report July 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy. Hong Kong's economy expanded notably by 4.7% year-on-year in real terms in the first quarter of 2018, up from 3.4% growth in the preceding quarter, marking the sixth consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past ten years. Hong Kong dollar and US dollar has a linked exchange rate: Currency Exchange is 1 USD = 7.84873 HKD as of July 31, 2018. The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at 2.8% for the three months ending June 2018. Overall consumer prices rose by 2.4% in June 2018 over the same month a year earlier. Looking ahead, consumer price pressures are expected to increase somewhat. The Government forecasts Hong Kong's consumer price to increase by 2.2% in 2018. Merchandise exports increased by 3.3% in June 2018 over the same month a year earlier, compared to 15.9% in May.

Outbound Travel Market. Hong Kong International Airport (HKIA) has recorded total 6,211,000 passengers in June 2018, which is a total 4.3% YOY incremental of February 2017. According to TIC the Travel Industry Council of Hong Kong whose members are travel agents, they have USD2,068,062 levy income received during January 2018 to June 2018, which is 14.8% YOY incremental.

Competitive Environment. From January through the third week of April this year, Hong Kong arrivals dipped by 74 percent, compared to the same period last year, preliminary GVB statistics show. According to the recent research done during the International Travel Expo 2018 (ITEHK 2018), UK has received 337,000 Chinese travelers in 2017, which is 29% incremental over the year before with over US\$900 million spending there, up for 35%.

Consumer Trends. Survey by an international credit card in last November, which collected 8610 replies from 14 markets in the Asia Pacific, found some 60% of respondents from Hong Kong reported using mobile phone to make online purchases, and their three most popular purchases include air plus hotel package. As the world of digital continues to transform, artificial intelligence has become a hot topic for the future of marketing, trends like conversational commerce, using chatbots and voice search have been closely associated to widely-adopted online shopping habits amongst millennials as well as other population segments. More and more stores are moving online and constantly taking measures to improve their online shopping experience and multichannel approach.

Travel Trends. Hongkongers are widening their horizons when putting together their travel bucket lists, with visits to natural attractions and relaxation holidays now far outweighing city breaks, according to research by travel website Skyscanner. Kayak released their 2018 travel hacker guide based on identified cities around the world with the greatest year-over-year increase in search between March 3, 2017 and February 28, 2018. Top of the leader-board was Maui, Hawai'i with a 51% increase in searches, followed by Barcelona, Bali, Amsterdam, Lisbon, Las Vegas, Madrid, Athens, Paris and Rome. (Kayak, 2018). According to the World Tourism Organization (UNWTO) projection, the world's sport tourism market will likely exceed US\$400 billion by 2020.

Media Trends. According to the new South China Morning Post CEO Gary Liu, he predicted that messaging apps would overtake Facebook as the primary source of news content delivery. PwC has released its 'Global entertainment and media outlook 2018–2022' study, despite traditional media's

dominance in revenue (defined as both advertising and consumption spend), in Hong Kong, total digital revenue overtook non-digital in 2017 on advertising and consumption spend at US\$4.5 billion and US\$4.3 billion respectively.

Airlift. Seattle will be Cathay Pacific Airways' next long-haul destination, starting next March, as Hong Kong's flagship carrier launches more new routes to avoid direct competition with rivals on existing flight destinations. Hong Kong Airlines celebrated a big win yesterday at the prestigious 2018 World Airline Awards, when it once again retained its Skytrax 4-star rating. Hong Kong Airlines also made historic headway in the global rankings and is proud to be represent Hong Kong in the top 20 list of the World's Best 100 Airlines in 2018. The airline was also recognized as one of the top 10 airlines in Asia. The eastern and central European low-cost carrier saw its load factor increase by one percentage point year-on-year to 93.3%. Its June performance gave an annual rolling passenger total of 31 million, up 23% on the previous 12 months.

Activities

Consumer

The Aloha Spirit takes over Hong Kong - Ukulele 'Ohana Jam

HTHK supported "Ukulele 'Ohana Jam" by IMY Creations to showcase Hawai'i arts and culture at the heart of Hong Kong during Jul 8 - 15, 2018. This campaign aims to raise awareness of the incredible Hawai'i culture amongst Hong Kong families travelers. The top Hawai'i performers Taimane, Herb Ohta Jr., Chris Kamaka, Brittany Waihili' Okalani Atiburcio, and Delys Hulali Recca were invited to Hong Kong to share their music and life journey with the Hong Kong public. This event includes a number of activities such as public performances, workshops, and concerts, attracting over 10,000 audiences and drew more than 1,000,000 viewership.

This campaign kicked off with the public performance at the high-traffic city hub, International Financial Centr and Hong Kong Cultural Centre. The Hula Dance workshops and Ukulele classes offered Hong Kongers opportunities to meet the artists from Hawai'i and learn more about Hawai'i culture. 4 Ukulele concerts were also held at town hall and civic center and audiences were encouraged to bring their ukulele to "jam" with the Hawai'i musicians and enjoy the fun of hula dance in the concert.

Travel Trade

United Airlines X Zuji - Summer Splash Sale to Hawai'i

United Airlines X Zuji rolled out a "Summer Splash Sale to Hawai'i" campaign in Hong Kong on Jul 10, 2018, for 3 weeks. United Airlines offered special airfare to Hawai'i from USD466 (tax included). On top of the special fare, Zuji offered a USD32 limited discount to the consumers. This summer sales campaign was promoted via online channels such as the leading digital travel media Flyagain.la and Flyday.hk, google ad banners, the social media channels of Zuji and their eDM, garnering 600,000 of viewership. United Airlines has seen 10% growth YOY in flight bookings to Hawai'i within the campaign period.

Public Relations

In July, HTHK secured 29 media stories with a total viewership of 22,448,775 and total PR value worth USD \$466,250.

Coming Attractions

No.	Event Name	Date	Location
1.	I am ALOHA	September - October 2018	Hong Kong
2.	Global Tourism Summit Trade FAM	September 26 – October 2, 2018	O’ahu, Island of Hawai’i
3.	Romance in the Rainbow State – Pink Dot 2018	October 21, 2018	Hong Kong



HT Global MCI – July 2018

OVERVIEW

As Millennials continue to reshape the labor force, so are they shifting the attitudes, trends and expectations of business travel. Currently, there are some 56 million 21 to 36-year-olds in the labor force, compared to just 41 million Baby Boomers. That makes Millennials the single largest cohort of American workers.

This is generally good news for the business travel market, as Millennial workers typically have favorable attitudes towards traveling for work. According to a major hotel chain, 75 percent of young workers view travel requirements as a major perk of their job. In a nod to the vanity of which they are often accused, 65 percent of Millennials view business travel as a “status symbol”.

Of course, Millennials are putting their own spin on what the ideal business trip looks like. Compared to previous generations, they are more likely to incorporate elements of personal leisure—the so-called “bleisure” phenomenon—into their business travel. It is, therefore, the destinations that can provide both a suitable meeting environment and the type of personal fulfillment that Millennials crave that will thrive in the Meetings, Conventions and Incentives (MCI) markets in the coming years.

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – July 2018

	Month			Year-to-Date		
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year
Room Nights						
Definite & Assist-Definite	33,740	24,570	37%	218,744	147,647	48%
Tentative & Assist-Tentative	52,770	85,146	-38%	559,066	720,894	-22%

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

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	9,027	11,550	-22%	68,812	39,734	73%	200,000	34%
New to Hawai'i	1,800	0	N/A	9,955	3,355	197%		
Tentative	12,141	47,977	-75%	172,123	375,756	-54%		
MCI								
Room Nights								
Definite	7,227	11,550	-37%	58,745	20,877	181%		
New to Hawai'i	0	0	N/A	8,000	3,355	138%		
Tentative	10,905	40,407	-73%	161,747	225,241	-28%		
Non-MCI								
Room Nights								
Definite	1,800	0	N/A	10,067	18,857	-47%		
New to Hawai'i	1,800	0	N/A	1,955	0	N/A		
Tentative	1,236	7,570	-84%	10,376	150,515	-93%		

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

COMMENTS
<p><i>July had two groups turn definite for 9,027 room nights, one International meeting and one U.S. corporate trade show. The U.S. corporate trade show, which is organized locally, has quite a number of offshore attendees. They are utilizing the Ala Moana Hotel and Hilton Hawaiian Village for their housing. This is being planned to be an annual event. The year to date total on definite room nights is at 68,812 ahead of where HCC was in 2017 at the end of July at 39,734.</i></p> <p><i>An additional 12,141 room nights were added to the tentative pipeline, bringing the total to 172,123 room nights.</i></p> <p><i>July group activity included a scientific convention with 3,000 in attendance and an international corporate convention with 1,500 attendees. July saw another local volleyball tournament that brought 3,000 to the Center.</i></p> <p><i>Major site inspections took place for a medical association for their 2019 conference and fraternal association's international convention in 2020.</i></p>

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	15,584	10,788	44%	87,856	53,618	64%	180,000	49%
New to Hawai'i	7,742	4,294	80%	45,998	19,193	140%	75,000	61%
Tentative	29,255	31,137	-6%	284,244	258,559	10%	500,000	57%
MCI								
Room Nights								
Definite	15,449	10,302	50%	83,880	52,114	61%		
New to Hawai'i	7,607	4,108	85%	42,022	18,579	126%		
Tentative	29,255	30,867	-5%	280,083	252,431	11%		
Non-MCI								
Definite	135	486	-72%	3,976	1,504	164%		
New to Hawai'i	135	186	-27%	3,976	614	548%		
Tentative	0	270	-100%	4,161	6,128	-32%		

COMMENTS

Market Conditions

Airfare continues to be an issue, as MCI airline departments have been almost eliminated across the board. As a result, there has been a loss of confidence in the level of partnership and service that planners have come to expect from airlines. Planners no longer have airline sales contacts who can resolve challenges that they may be experiencing in booking air for their participants.

The Continuing Medical Education (CME) team at a major West Coast university shared that different political administrations can affect the ability produce their CME programs. With the current administration, expected tax breaks have not materialized; and obtaining grant approvals has been difficult, if not impossible, and extremely time consuming. The organization is now raising its exhibitor prices in order to fund future programs.

The Smart Meetings Magazine July issue featured a discussion on the changes to the MCI commission structure. There are some major hotels and resorts that have taken a stand to hold to existing commissions in recognition of valued relationships. The July issue also reported on the possible increase in tech-based meetings, such as those using web-based distribution instead of face-to-face interaction. When meeting planning and event technology speaker Corbin Ball was asked about this possible trend, he argued that face-to-face interaction remains important because the need for human interaction and the ability to communicate in person are critical. Sporting events are a great example: stadiums are still filled with paying guests even though interaction via a streaming channel is arguably more accessible. This viewpoint is echoed in the Meeting Professionals International (MPI) organization slogan: "When we meet, we change the world".

Sales Production vs. Goals Analysis

As of the month of July, 2018 definite and new to Hawai'i production for HTUSA has exceeded that of last year, with a slight dip in tentative production. Year-to-date, the team is exceeding same time last year on all touch points and is on pace to achieve the annual goal.

Daily news coverage of the island of Hawai'i lava situation has at least temporarily moved planners away from sourcing the island. Well-traveled customers understand the situation and have moved beyond the immediate issues; however, some programs have moved to other islands for their final decision. One notable change this month was the relocation of a financial trade association's annual meeting from the Fairmont Orchid to the Grand Hyatt Kaua'i. The executive decision on the relocation was due to the eruption.

Highlights of Any Key Definites

- Convention — scientific association, December 2021 (3,400 room nights)
- Convention — manufacturing association, December 2020 (2,610 room nights)
- Convention — medical association, January 2020 (1,372 room nights)
- Incentive — high tech corporation, May 2019 (932 room nights)

Public Relations and Collateral

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

1. *The PR team is working with Successful Meetings to provide information for a series of Hawai'i stories, including unique incentive programs, noteworthy statistics, MICE updates, and more in their upcoming issue.*
2. *Media Coverage Highlights:*
 - *"Hawaii's largest city offers more than just beautiful beaches" – Associations Now – June 1 - <https://bit.ly/2sFJaLk>*
 - *"Readers Choice Awards" – Sports Destination Management – June 1 - <https://bit.ly/2srSiDZ>*
 - *"Royal Treatment" – Meetings Today – June 1 – PDF available upon request*
 - *"Destination: Hawaii" – Associations Now – June 1 - <https://bit.ly/2sFJaLk>*
 - *"Hawaii High" – Meetings & Conventions – June 6 - <https://bit.ly/2lYrgk0>*
 - *"Hawaii is Safer Than You Think" – Meeting Professionals International - June 8 - <https://bit.ly/2KQxxw0>*
 - *"Air Travel: New Flights to Hawaii, the Caribbean and More" – International Meetings Review – June 12 - <https://bit.ly/2Nwq6lK>*
 - *"Top 10 Wellness Destinations in the United States" – Successful Meetings – June 24 - <https://bit.ly/2Nsvpcp>*
3. *July Impressions and Publicity Values for Articles that included Hawai'i:*

July	July
Impressions	Publicity Values
Print: 31,800	Print: \$4,500
Online: 600,950	Online: \$16,800
Broadcast: 32,700	Broadcast: \$6,500
Total: 665,450	Total: \$27,800

Meeting Planner Guide: Production was completed on the 2018 Meeting Planner Guide (MPG) mid-year annual publication. Statewide information was produced, as well as individual inserts for each island, and the Hawai'i Convention Center.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	210	-100%	2,649	572	363%	4,000	66%
New to Hawai'i	0	210	-100%	1,727	572	202%	2,000	86%
Tentative & Assist-Tentative	1,734	821	111%	12,001	13,555	-11%	25,000	48%
MCI								
Room Nights								
Definite & Assist-Definite	0	210	-100%	2,607	548	376%		
New to Hawai'i	0	210	-100%	1,685	548	207%		
Tentative & Assist-Tentative	1,734	821	111%	9,459	13,531	-30%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	42	24	75%		
New to Hawai'i	0	0	N/A	42	24	75%		
Tentative & Assist-Tentative	0	0	N/A	2,542	24	10492%		

COMMENTS

Market Conditions

Total Canadian Outbound Travel – July

From January-May 2018, Canadians made almost 14.9 million overnight trips to the U.S. and other outbound destinations. Of this total, an estimated 11.5 million trips were for leisure purposes. Compared to 2017, overseas trips have increased 6.0 percent, while travel to the U.S. has grown 5.3 percent.

The 2017-18 winter travel season saw Canadians make 13.8 million overnight leisure trips to the U.S. and other destinations; an increase of 6.2 percent. Canadians made almost 7.5 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew 4.6 percent.

Canadian Travel to United States

Direct deplanements in various Florida destinations surpassed 1.1 million throughout the first five months of 2018, a 3.0 percent increase compared to last year. In addition, Las Vegas (4.5%), New Orleans (1.1%), and Phoenix (9.5%), as well as destinations in California, Texas, and Hawai'i all recorded an uptick in direct arrivals from Canada during the period.

Direct Air Arrivals to Select U.S. Destinations (January-April each year)

Destination	2014	2015	2016	2017	2018	% of change (2018 vs. 2017)
Hawai'i	188,560	196,652	199,971	210,577	215,710	+2.4%

The daily hotel rate in the United States averaged USD \$128.30 throughout Jan-May 2018, a year-over-year increase of 2.7 percent. Due to a stronger exchange rate, the average rate in Canadian funds fell -2.2 percent to \$163.12. The loonie averaged \$0.79 USD during the period, compared to \$0.75 USD in both 2017 and 2016.

Hawai'i Daily Hotel Rate:

YTD ADR (\$CAD)	2014	2015	2016	2017	2018	% change YTD avg (\$ CAD)	% Change YTD avg (\$ USD)
Hawai'i**	\$263.29	\$300.47	\$334.37	\$352.54	\$356.69	1.2%	6.2%

***2014-15 rates for HI represent the average of weekly reporting

Consumer Confidence:

The national consumer confidence rating was 116.2 points in July 2018, a 2.6-point increase compared to last year. Consumers residing in Atlantic Canada, Quebec, Alberta, and BC were more positive, while a drop-in confidence was registered in Ontario and the Prairies. At the same time, purchase intentions were unchanged compared to last year, both nationally (+0.3) and in a number of regions. The largest change was registered in Atlantic Canada (-7.0), while Quebecers reported the largest positive change (+2.9) for the period.

National retail trade grew 3.6 percent in May 2018, with almost all sectors recording positive growth. While sales declined in Manitoba, New Brunswick, and Newfoundland, the changes were fairly small. During the month, e-commerce sales grew to \$1.4 billion, representing 2.5 percent of retail trade during the period

Outbound Canada – U.S. Travel Regional Outlook 2018-2022

Forecast Assumptions and Risks

Direct air capacity is always a crucial variable to a forecast for a specific destination. An increase or decrease in direct capacity to a destination usually has a significant effect on arrivals. Additional capacity can occur either when a new carrier enters a market, or an existing provider introduces new routes or an increase in service. Air capacity is also affected by the demise of carriers which reduces available seats and can result in higher air fares. No carrier failures are anticipated over the forecast period. As such, the current forecast assumes that seat capacity data filed with OAG as of May 2018 will not change significantly during the remaining months of the year.

Economic factors such as exchange rates, household consumption, and Canadian's real disposable income influence tourism activity, while political, environmental and health issues impact travel patterns. Civil unrest, terrorist attacks, health crises, and significant weather events can have a short-term negative impact on travel to a destination.

Since the end of the recession in 2009, Canada's economy grew at a rate that supported outbound leisure travel. This trend began to change along with economic performance in 2014 and faltered for a couple of years before regaining momentum in 2017. Looking forward, regional performance will vary, but Canadians' leisure and business tourism activity is expected to remain relatively robust throughout the forecast period. Canadian demographics continue to be the primary driver of outbound performance, but there are several factors in place to support leisure travel activity throughout the forecast period.

Canadian Economic Trends

After growing at a rate that supported outbound travel, Canada's economy weakened significantly in 2015 and 2016 due to lackluster performance in the resource sector. The regional impact varied across the country, but business investment was weak in many sectors. Then, in 2017, the economy strengthened significantly due to the introduction of federal stimulus programs, resulting in a 3.0 percent jump in GDP.

Looking forward, normal economic growth of 1.9 percent is projected for 2018, with the strongest performance expected in Alberta, British Columbia, Ontario, Quebec, and Manitoba. While economic performance will undoubtedly be challenged by trade uncertainty, the top four performing provinces also produce the highest volume of travelers so healthy economic growth in these regions will positively impact outbound travel activity.

Amidst a lack of business investment, Canadian consumers had been driving economic growth. Faced with rapid employment growth, low interest rates, and large increases in borrowing, consumer spending jumped 3.5 percent in 2017. This pace is forecast to slow to 2.4 percent growth this year, and average 2.1 percent throughout the forecast period. The surge in consumer activity has contributed to record levels of consumer debt, which now sits at more than 170 percent of disposable income. Most of that borrowing is associated with residential mortgages, which will continue to affect Canadians' mortgage debt service ratio. Interest payments are forecast to account for an increasingly larger share of disposable income going forward, reaching 8.0 percent by 2020. Even so, people continue to be interested in consuming experiences, rather than buying more stuff.

Price does remain a deterrent for some markets, but the CAD-USD exchange rate is no longer an acute shock for travelers. After quickly losing 25 percent of its value and dropping to its lowest level in over a decade, the loonie has now stabilized against the U.S. greenback. The dollar saw some gains last year and is forecast to stay in the high-seventy-cent range throughout 2018 and 2019, before creeping up again to average eighty cents U.S. throughout the forecast period.

Canadian Demographics

Unlike some other global regions, baby boomers (those born between 1946 and 1964) continue to be the primary driver of outbound travel performance. Looking ahead, the population is expected to increase to 39 million by 2025, with the largest changes reflected in the 55 and older cohorts. While travel frequency declines after age 74, older Canadians are now healthier, wealthier, and more mobile than their predecessors. This has and will continue to positively influence overseas travel over the short-term, but in the long-run, leisure destinations in the U.S., the Caribbean, and Central America will be more popular for the older population due to proximity.

In addition, the composition of the population is changing. According to the Census, the foreign-born population has tripled in the past twenty years and continues to grow. Projections indicate that by 2031, Canada's visible minority population could rise to 12.8 million, an increase of 143 percent. In conjunction with this increase, the place of birth of foreign-born persons in Canada will exhibit major changes. The proportion of Asian-born persons will continue to steadily increase, while the proportion of persons born in Europe continues to decline. This change in the structure of the population impacts where people travel.

Outbound Travel Forecast

In 2016, Canadians took 24 million overnight trips out of the country. While travel to non - U.S. destinations increased for the third straight year, travel to the U.S. settled at the lowest level since the global recession. Interestingly, the tumbling dollar had a more acute year-over-year impact than either the global recession or 9/11. Increased capacity, price incentives, and pent-up demand contributed to a recovery in travel to the U.S. in 2017, but the region captured a smaller share of total outbound activity. Canadians took more than 25 million trips, but with increasing numbers of travelers exploring other parts of the globe and immigration patterns boosting VFR trips to other countries, travel to countries other than the U.S. set a new record, reaching 10 million trips.

Looking forward, a shift in the demographics of travelers combined with increased visitation to overseas destinations will help overall outbound travel perform well in the coming years. While the U.S. will regain some of the market, the increasing share of trips to non-U.S. destinations is not expected to reverse significantly during the forecast period.

Outbound travel is forecast to grow at an average annual rate of 4.4 percent between 2018 and 2022. Overseas travel will continue to be supported by immigration patterns, a large volume of older Canadians and a growing number of millennial families. Throughout the forecast period, trips to the U.S. are expected to post an average annual rate of growth of 4.1 percent, while overseas destinations are expected to see average annual growth of 4.9 percent.

United States: Tourism Performance

Following a downturn in trip volumes in the early 2000s, there was a 70.7 percent increase in overnight visits to the States between 2004 and 2014. After reaching a peak of 18.1 million in 2014, the devalued loonie resulted in a multi-year decline in leisure visits. In 2016, trip volumes settled at the lowest level since the global recession but started to regain strength in 2017. Throughout the year, Canadians made 15.4 million leisure trips to the U.S., an increase of 4.2 percent.

Throughout 2017, the Conference Board of Canada asked Canadian travelers who were likely to vacation in the U.S. questions regarding the Trump Presidency and any impact on their travel plans. The most recent results (October 2017) indicated that the current administration would negatively affect the travel intentions of 33.7 percent of travelers—this proportion was 36.7 percent early in 2017 when the “travel ban” policies were first announced. Interestingly, the likelihood of the Trump Presidency negatively impacting travel to the U.S. decreases with age. Forty -two percent of travelers aged 18-24 said they are less likely to travel to the U.S. compared to one-third (32.9%) of travelers aged 65+. There were varying geographic and gender impacts reported as well, but these social statements did not

translate into significantly lower trip volumes from Canada. Economic and demographic factors have had more of an impact on activity over the past few years.

With a forecasted average exchange rate in the high-seventies, overnight trips stateside are estimated to see additional gains this year. Trade issues remain a concern, but tourism activity traditionally lags any economic shocks. Barring any major disruptions, U.S trip volumes are forecast to grow at an average annual rate of 4.1 percent throughout the forecast period.

Airline Seat Capacity

Since 2012, direct capacity to the U.S. increased at an average annual rate of 2.1 percent to surpass 18.5 million scheduled seats in 2017. In volume terms, California, Florida, New York, Illinois, and Texas accounted for just over half (52%) of direct capacity during in 2017 (9.6 million seats). Even though they remained in the top three, both Florida and New York saw fewer direct seats during the year, while places like Texas and Louisiana, as well as New England, California and Hawai'i all saw new and expanded service. This increase in capacity helped support a recovery in visitation to the U.S., which is expected to continue to strengthen this year, though trade and political factors do remain a concern.

Direct Seat Capacity to the U.S. by Carrier, 2013-2018

Carrier	2013	2014	2015	2016	2017	2018	% of Change
Air Canada	5,601,187	5,896,443	6,625,152	7,490,023	8,316,387	8,975,177	7.9%
WestJet	2,439,555	2,605,099	2,656,694	2,841,391	2,988,162	3,110,307	4.1%

Future Visits – Hawai'i

After a decade of growth, Canadian arrivals in Hawai'i fell -6.5 percent in 2016 as the value of the loonie dropped to an annual average of \$0.76 USD. With the exchange rate less of a shock to travelers, pent -up demand and new capacity bumped up tourist activity in 2017. During the year, direct arrivals grew 9.6 percent to surpass 383 thousand, while indirect arrivals from U.S. ports jumped 12.7 percent. From 2007 to 2014, lower taxes and fees more flight options, and a loonie that averaged in the high-ninety cent range prompted 4-in-10 visitors to travel to Hawai'i via the U.S. A floundering exchange rate and new direct capacity started to impact this trend in 2015. As of 2017, three-quarters of visitors deplaned directly from Canada. Looking forward, carriers are currently reporting a 5.0 percent increase in direct capacity, which along with indirect options, is expected to result in 555 thousand visitors in 2018. After that, visitation to Hawai'i is forecast grow at an average annual rate of 3.2 percent through 2022.

Sales Production vs. Goals Analysis

HT Canada is currently at 48 percent of our new annual 2018 targeted Tentative Room Nights of 25,000. 66 percent of new annual targeted Definite Room Nights of 4,000. 86 percent of new annual targeted numbers Definite Room nights – New to Hawai'i. July was a very slow month due to many planners taking advantage of summer vacation. A few new quotes have come in early August and numbers will be reflected in that month's report. Much of July was spent on administrative duties, reports, BMP Plan and upcoming 2nd quarter 2018 review. More time is needed to sell. HTCAN is consistently following up on old lost groups as well as new requests coming from EABE. Nothing concrete as of yet, just inquiries – no formal RFP's currently.

Highlights of any Key Definites
 N/A

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	1,822	84	2069%	7,734	8,203	-6%	12,000	64%
New to Hawai'i	1,822	84	2069%	7,734	8,203	-6%	9,600	81%
Tentative & Assist-Tentative	1,738	348	399%	15,333	17,285	-11%	45,000	34%
MCI								
Room Nights								
Definite & Assist-Definite	1,822	84	2069%	7,532	7,380	2%		
New to Hawai'i	1,822	84	2069%	7,532	7,380	2%		
Tentative & Assist-Tentative	1,738	84	1969%	15,131	15,809	-4%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	202	823	-75%		
New to Hawai'i	0	0	N/A	202	823	-75%		
Tentative & Assist-Tentative	0	264	-100%	202	1,476	-86%		

COMMENTS

Market Conditions

• **China Economy**

GDP – China's GDP growth in Q2 slows down to 6.7 percent compared to the 6.8 percent in Q1. This matches the market expectations in light of intensifying trade dispute with the U.S.

Currency – Chinese Yuan depreciates sharply to 6.9 per U.S. dollar in July compared to 6.27 RMB per USD in March. This may impact the purchasing power of Chinese travelers' during travel. Many financial experts predict that there may be a consecutive depreciation.

Unemployment rate – China reached a record low of 3.89 percent in the first quarter of 2018.

Consumer confidence – Consumer confidence index points in China decreased from 122.90 in May to 118.20 in June. This reflects that Chinese consumers are less optimistic with the current economic situation.

Outbound Travel Market

- Recent data published on Global Times sees a decline in popularity of previously go-to U.S. cities (Los Angeles, New York, San Francisco, Las Vegas and Boston) for the first half of 2018. This could indicate that Chinese tourists' interests to visit the U.S. have declined amidst increasing trade disputes between China and the U.S. HTC will be monitoring data and feedback from trade partners to understand the situation.

Travel Trends

- *The number of foreign study tours by Chinese students is likely to hit 1 million in 2018, involving 30 billion yuan (USD 4.5 billion) in expenditure, China's biggest online travel agency, Ctrip, reports. The United Kingdom, the U.S, Australia, Singapore, New Zealand, Canada, Japan, Thailand, Indonesia and France are the Top 10 popular destinations among Ctrip users. HTC see the opportunity with Hawai'i's special study tour resources such as Oceanography, Geography, Astronomy, Environmental Sciences and Tourism studies.*
- *Jinlv Consulting & TMC Meiya has released the "2018 China Business Travel Management Market White Paper" recently, which reveals the competition between the travel management company is more intense in China. The Concentration Ratio Index (CR5) maintained 17.5 percent within these 3 years, this percentage much lower compare with the European and U.S. market (CR5 around 50%). The key players including not only Chinese company like Ctrip, Ali Trip, TMC Meiya, UB Trip, Travel No.1, On the Way, Tuniu, but also overseas company like American Express, Carlson Wagonlit Travel, BCD, HRG, and newcomers like Concur as well.*

Impact on Hawai'i:

The above offers more travel trade partners to reach the different category clients in China

Strategy & Action:

HTC will continue to keep good relationship with existing travel management companies, also will assign the sales call plan to development the new travel trade partners. Look forward reach different type of clients through corporate with more travel management companies.

Sales Production vs. Goals Analysis

Root Cause:

HTC has secured 1,822 room nights in July, achieved 64 percent of the KPI for 2018 definite room nights. With a total 15,333 tentative room nights so far, HTC has achieved 34 percent of the KPI for 2018 total tentative room nights.

Analysis & Countermeasures:

As the looming trade war between U.S. and China is having significant impact on corporations and MCI intermediaries in choosing destinations over Hawai'i. HTC is transferring the main target in the second half year of 2018 from mega incentive groups to high-end tailor-made smaller groups who are not sensitive to political issues. HTC will actively communicate with high-end MCI Intermediaries to develop more potential group clients.

Highlights of any Key Definities

- *Incentive Group – 10/01/2018-10/06/2018 (252 room nights)*
- *Incentive Group 1 – 07/21/2018-07/30/2018 (96 room nights)*
- *Incentive Group 2 – 07/23/2018-07/29/2018 (50 room nights)*
- *Incentive Group 3 – 08/06/2018-08/12/2018 (50 room nights)*

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	310	-100%	500	0%
New to Hawai'i	0	0	N/A	0	310	-100%	500	0%
Tentative & Assist-Tentative	2,374	0	N/A	10,544	1,968	436%	1,500	703%
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	310	-100%		
New to Hawai'i	0	0	N/A	0	310	-100%		
Tentative & Assist-Tentative	2,374	0	N/A	10,064	1,748	476%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	480	220	118%		

COMMENTS

Market Conditions

French Economic Forecast
Unemployment in France continues to grow affecting consumer confidence and leads to concerns on consumer confidence over the summer which may affect their GDP and economic growth over the previous two quarters.

German Economic Forecast
In Germany politics continue to unsettle the ruling coalition and economy with an internal dispute over migration policy. The dispute is jeopardizing Chancellor Angela Merkel's leadership as Interior Minister Horst Seehofer is threatening to turn away migrants who have registered in another EU country at the border—a move Merkel opposes—unless she can secure an E.U. wide solution.

On top of internal political turbulence, growing global trade tensions are also impacting Germany as on the 22 June 2018 U.S. President Donald Trump threatened to escalate a trade dispute with the EU by putting a 20 percent tariff on automobiles. The statement came after the EU enacted retaliatory tariffs on U.S. goods, following the U.S.'s imposition of tariffs on steel and aluminum. While the U.S.'s initial tariffs on steel and aluminum are expected to have a relatively small economic effect, the automobile industry is a much larger sector and the U.S. is the biggest market for EU car exports, meaning that the economic effect would be much more pronounced if Trump follows through this will hit Germany the hardest as they are Europe's leading car manufacturer. This will have a direct impact on automotive events.

UK Economic Forecast
PWC project "UK growth to remain modest at around 1.3 percent in 2018 and 1.6 percent in 2019. This is due to continued subdued real consumer spending growth and the drag on

business investment from ongoing economic and political uncertainty relating to the outcome of the Brexit negotiations. The stronger global economy, and the competitive value of the pound, have boosted UK exports and inbound tourism, offering some support for overall UK GDP growth that should continue through 2018”

Brexit

The EU and the UK have still not agreed on a future trading relationship, and the latest white paper unveiled by Prime Minister Theresa May on 12 July contained several measures that its speculated that European officials are unlikely to agree to. Foreign Secretary Boris Johnson and Brexit Secretary David Davis have also quit their cabinet positions this month due to disagreements on the Brexit plan.

Trends

Event planners opting for independent hotels and venues

The competitive gap between independent venues and well-known hotel chains has narrowed considerably, according to UK data in Cvent’s 2018 Global Planner Sourcing Report. Large chain hotels continue to be UK planners’ first choice of venue, but their position isn’t as rock solid as it once was. UK results show that there is a greater desire to produce a more unique and memorable event experience for delegates. Planners are therefore looking at a wider variety of venues to host their events, with a quarter of UK planners (25%) booking independent hotels compared to just under a third (29%) opting to book large chain hotels. Just under a quarter (24%) also said they organize events at cultural venues – typically museums or galleries. As large hotel chains make up the majority of hotel stock in Hawai’i, this still remains planners first choice of venue which is positive. The change in interest from hotel chains to independent hotels may have arisen due to the reduction in commission offered by some of the larger hotel chains earlier in the year.

Strong global economy means higher travel costs in 2019

The price of travel will go up sharply in 2019, according to the fifth annual Global Travel Forecast from Carlson Wagonlit (CWT) and the Global Business Travel Association (GBTA). They predict that a strong global economy will cause hotel prices to rise 3.7 percent, and flight prices to rise 2.6 percent. The aviation sector will be shaped by the introduction of ultra-long-haul flights and an increasing competition from the low-cost carriers. Airfares are likely to become more expensive due to rising oil prices, the competitive pressure from the shortage of pilots and potential trade wars. Increase in air travel will fuel demand for rooms, with hotels introducing new tech developments to personalize the guest experience. Further hotel mergers are expected along with a growing appetite for boutique accommodation among younger travelers.

Higher travel costs will impact the flight costs to Hawai’i inflating the overall cost of the program. However, clients are still travelling long haul but just reducing the number of days in the program. The airlines are also compensating for the increase in travel costs by offering even cheaper no-frills fares (e.g. without meals/no seat selection/hand luggage only). Norwegian Air are a great example of this with their Low Fair/Low Fair + /Flex ticket types.

Sales Production vs. Goals Analysis

HTE has seen an increase in tentative bookings YOY exceeding the KPI target (340% increase). This demonstrated the limited impact of the travel ban and volcanic activity. Notable bookings which HTE are working to confirm include the MCI Software Program with 3,370 room nights and the Top Banana program with 2,100 room nights.

Highlights of any Key Definites
 N/A

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	5,424	0	N/A	30,517	23,616	29%	49,500	62%
New to Hawai'i	0	0	N/A	15,767	13,528	17%	18,325	86%
Tentative & Assist-Tentative	1,674	0	N/A	31,027	23,648	31%	40,505	77%
MCI								
Room Nights								
Definite & Assist-Definite	5,424	0	N/A	24,187	14,548	66%		
New to Hawai'i	0	0	N/A	9,657	4,460	117%		
Tentative & Assist-Tentative	1,674	0	N/A	23,872	14,963	60%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	6,330	9,068	-30%		
New to Hawai'i	0	0	N/A	6,110	9,068	-33%		
Tentative & Assist-Tentative	0	0	N/A	7,155	8,685	-18%		

COMMENTS

Market Conditions

Economy:

- According to studies performed by JNTO, May 2018 Japanese inbound visitors increased 16.6 percent year over year (2.67 million) creating a new record for the month of May. Significant growth in inbound visitors from MICE business was also observed.
- As part of work reform initiatives, the Japanese Ministry of Health, Labor and Welfare announced the requirement of firms to monitor the labor hours of management level personnel in addition to the prior guidelines for monitoring labor hours of regular employees. As the effects of the work reforms become diffused amongst firms in Japan, various benefits for employees such as incentive travels are also likely to increase to improve the overall well-being of labor in Japan.
- The Japanese Government announced in their monthly economic report for July that the Japanese domestic economy was maintaining moderate growth; however, the unstable international economy is causing fluctuations in financial and capital markets. Other potential risks arise from relationships between U.S. and China and unpredictable natural disasters such as those developing recently.

Competitive Environment:

- MICE business in Kyoto consecutively grew for the past 4 years reaching a total of 308 cases in 2017, resulting from effective use of media promotions covering a large span of audiences. Although renovation of the Kyoto International Conference Hall has caused

declines in large scale International Academic Conferences, Universities such as University of Kyoto and Doshisha University have hosted smaller scale conferences on their campus, contributing to the strong results. HTJ will continue communicating with various academic institutions including the University of Hawai'i system to establish a stronger reputation for International Academic conferences in Hawai'i. A significant opportunity arises from the Kilauea Volcano situation, as it attracts researchers, geologists and volcanologists to Hilo. HTJ will work closer with Meet Hawai'i as well as the Elele Program for future recruitment.

- *Recent studies on high schools throughout Japan conducted by Okinawa prefecture found that reasons for popularity of school excursions in Okinawa were opportunities for 1) Peace study, 2) Nature/Environment study and 3) History. HTJ recognizes Okinawa and Hawai'i to have similar Educational Elements, indicating potential for effective promotions to the edu-tourism market. To promote Hawai'i as an academic destination, HTJ will educate the public of the deep contents of Hawaiian culture and history, with a focus on the 150th anniversary of the Japanese immigrants to Hawai'i.*
- *The Hong Kong Tourism Board organized the largest E-sport event in history, called the ICBC (Asia) E-sports & Music Festival in Hong Kong from August 24 – 26 at the Hong Kong Convention & Exhibition Center. The event will invite 110 e-sports contestants from throughout the world to compete. One of the contests (Zotac Cup Masters CS:GO) will feature a grand prize of \$300,000. This indicates strong directionality of e-sports market to be growing globally, indicating the likelihood of more similar large-scale tournaments to be organized in the near future. HTJ considers this to be a potentially growing market from Japan as well and will begin strategizing the possibility of such events in Hawai'i.*

Travel Trend:

- *The Japan Tourism Agency (JTA) selected 8 cities to become National projects for MICE business enhancement. The 8 cities will receive funds and training/consultation support from JTA. The selected 8 cities include Kyoto, Nagoya, Sendai, Chiba, Hiroshima, and Kitakyushu. Training and consultation support will be provided by MICE experts from other countries for each municipality to gain knowledge and skills relating to MICE. HTJ will utilize this opportunity to increase awareness and promote Hawai'i as an advanced DMO destination to strengthen positioning in Japan. Because Hiroshima and Hawai'i have particularly strong affinity with the 60th anniversary of sister-city relationships being in 2019, HTJ will work with Hiroshima to create a strong example for "Two-Way Tourism" initiatives.*
- *Taiwan maintains strong relationships with Japan and has hosted the most high school excursions of all international destinations in 2016. Conversely, the territorial disputes between Japan and China/Korea in recent years have caused the popularity of these two destinations to decline from their original levels. Although demand for school exchanges is high, selection of an appropriate destination is highly dependent on Local School communities. HTJ will work with various government offices, particularly those with sister-state/city relationships, in efforts to promote Hawai'i for edu-tourism.*

Airlift:

- *In preparation for the launch of the Airbus A380, ANA began promotional initiatives, emphasizing their service excellence, alluding to Sky Trax's study results ranking ANA as 3rd for the "2018 Airline of the Year" out of 335 airlines. (Singapore Airlines: #1, Japan Airlines: #13) HTJ will continue working with ANA to promote Hawai'i by 1) discussing ways for MICE business to utilize the A380 air seat capacity, 2) hosting MICE seminars*

for ANA Sales staff and 3) sharing HTJ's MICE strategies with ANA. Destination education to ANA will be vital to the success of MICE business.

- Airlines announced that fuel surcharge rates will be increased for tickets issued from August 2018 to 17,000 yen from 12,000 yen. HTJ will monitor effects on MICE business for future group business.
- Japan Airlines announced additional flight service to Guam for their winter schedule. Similarly, United Airlines announced a new daily service from 12/2 - 3/30, between Chubu (Nagoya) and Guam, totaling 11 flights per week to Guam operated by United Airlines alone. This decision came from the increasing market demand, indicating popularity of Guam to be returning. United is also planning to increase service to Guam in summer 2019 (8/2-8/27) with 20 additional charter flights. HTJ will monitor Guam's MICE initiatives and how its returning popularity may affect MICE business in Hawai'i.

Sales Production vs. Goals Analysis

In July, HTJ was able to secure 3 groups as Assist Definite. Incentive and Company Anniversary business has been particularly successful for Hawai'i. With incentive groups, companies in the automobile industry such as Toyota has shown strong performance as affiliate companies follow guidelines on the destination/scheduling of trips determined by the parent company. Because major companies such as Toyota have repeatedly chosen Hawai'i, contributions from the industry have been significant. The Toyota family alone accounts for over 10 Incentive/ Anniversary groups each year. To maintain business to Hawai'i, HTJ will continue support by offering welcome letters and banners, providing updates on "what's new" in Hawai'i, along with various other materials. For details, please refer to the Simple View Reports.

Highlights of any Key Definites

- Incentive Group – 1/14-18, 2019 (3,750 room nights)
- Incentive Group – 1/20-25, 2019 (960 room nights)
- Incentive Group – 7/30-8/4, 2018 (714 room nights)

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	872	392	122%	15,600	10,078	55%	21,000	74%
New to Hawai'i	492	392	26%	6,919	8,638	-20%	13,500	51%
Tentative & Assist-Tentative	1,411	392	260%	15,179	10,232	48%	42,000	36%
MCI								
Room Nights								
Definite & Assist-Definite	872	392	122%	15,600	10,042	55%		
New to Hawai'i	492	392	26%	6,919	8,602	-20%		
Tentative & Assist-Tentative	1,411	392	260%	15,179	10,196	49%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	36	-100%		
New to Hawai'i	0	0	N/A	0	36	-100%		
Tentative & Assist-Tentative	0	0	N/A	0	36	-100%		

COMMENTS

Market Conditions
Korean Political & Economic Overview:

- South Korea's low consumer prices are likely to pick up in the second half of the year and get close to Bank of Korea's target rate, mainly due to the recovering global economy and rising public utility rates, a report by the central bank said in late July. Its monetary policy report submitted to the National Assembly said inflationary pressure from the demand side was rising throughout the world, led by an upturn in the world economy. The International Monetary Fund revised up its 2018 world growth forecast by 0.2 percent to 3.1 percent, led by the brisk U.S. economy. Also, a strengthening U.S. dollar and a weakening Korean won will contribute to pushing up import prices, the bank said. Surging international crude prices will also increase prices of oil-related products in Asia's fourth-largest economy as it relies almost entirely on imports for its oil needs.
- The average USD/WON exchange rate in July was 1122.78 won, a slight increase from the previous rate of 1075.14 won in June. Fuel surcharges were imposed in July up to 169,400 won (\$150) for a round trip between Korea and the U.S

Travel Market Trends

- More than half of South Korea's employees plan to go on vacation between July and August, and they would probably spend an average of 596,000 won while on holiday, a survey showed on July 13. The survey of 1,106 workers, conducted by education business institute Hunet, showed 83.7 percent of respondents were planning to take a vacation this summer. The average duration of their leave would be 4.3 days. Only 14 percent of the surveyed workers said they would be taking a vacation of seven days or more. A majority, 63.5 percent, said they were planning to travel within the country for vacation, with their average planned expenses being 596,000 won. Some 25.3 percent

said they would be taking overseas trips, 5.8 percent said they had no specific plans and 2.6 percent said they would devote their time to “self-development” projects.

- Another South Korean carrier, Asiana Airlines, has been accused of appointing a foreigner to its board of directors, which is illegal under Korean aviation laws. Earlier this year, budget carrier Jin Air got into trouble for the same violation. The Ministry of Land, Infrastructure and Transport said on July 9 that a probe into the boards of domestic carriers revealed that a U.S. citizen named Brad Park sat on the Asiana board from March 2004 until March 2010. Park is a friend of the chairman of parent conglomerate Kumho Asiana, Park Sam-koo. The government is still reviewing whether to cancel Jin Air's license after it was revealed that Korean Air chief Cho Yang-ho had planted his daughter Hyun-min, a U.S. citizen, on the board of the affiliated budget airline. The ministry probe is part of a wider government crackdown on corruption in the country's top conglomerates.

Sales Production vs. Goals Analysis

HTK's MCI team achieved its KPI targets in July. The target was 600 definite room nights and HTK secured 872 definite room nights. Incentive groups from Shinsegye (196 nights), Daesung Academy (196 nights) and Pusan National University (140 nights) contributed to the result.

Highlights of any Key Definites

- Incentive Group (196 nights): visited O’ahu
- Incentive Group (196 nights): visited O’ahu
- Incentive Group (140 nights): visited O’ahu and island of Hawai’i
- Incentive Group (124 nights): visited O’ahu and Maui
- Incentive Group (90 nights): visited O’ahu

Table 2h: Hawai’i Tourism Oceania Single Property Sales Production July 2018

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	1,011	1,546	-35%	5,576	6,180	-10%	16,000	35%
New to Hawai’i	1,011	1,546	-35%	4,250	3,782	12%	12,000	35%
Tentative & Assist-Tentative	2,443	4,471	-45%	18,495	19,891	-7%	33,000	56%
MCI								
Room Nights								
Definite & Assist-Definite	435	1,266	-66%	4,669	3,756	24%		
New to Hawai’i	435	1,266	-66%	3,415	3,432	0%		
Tentative & Assist-Tentative	1,618	4,191	-61%	16,204	16,962	-4%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	576	280	106%	907	2,424	-63%		
New to Hawai’i	576	280	106%	835	350	139%		
Tentative & Assist-Tentative	825	280	195%	2,291	2,929	-22%		

COMMENTS

Market Conditions

- *At the end of July, the AUD was sitting at 0.74 while the NZD remained at around USD 0.67.*
- *In the July Quarterly Economic Outlook, KPMG Economics is reporting that global growth in 2018 has been strong across most sectors despite losing some of its momentum in Q1 2018 while Australian economy grew by 1.0 percent in the March quarter of 2018 following an upwardly revised 0.5 percent q/q growth in Q4 2018. The unemployment rate was unchanged at 5.4 percent (seasonally-adjusted) in June 2018, with the Australian economy adding a substantial 51,000 (seasonally-adjusted) jobs in June 2018 bringing the total number of employed people to 12.57 million.*
- *Australian's domestic travel continues to rise with the recent announcement of a \$96 million boost following a record year of events from Brisbane Convention Bureau. Brisbane had secured 78 conferences, including 34 international events in the last financial year, creating "valuable, professional development, networking and investment opportunities within local growth sectors" which delivered flow-on economic benefits for tourism and hospitality businesses.*
- *HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai'i.*

Sales Production vs. Goals Analysis

- *HTO are keeping an eye on the above areas and ensuring that clients are aware that Hawai'i has a variety of accommodation and activity options to suit any budget. HTO believe that this is critical in maintaining and growing the market share of Business Travel for Hawai'i.*
- *HTO continue to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.*
- *Reporting on the Kilauea eruption in the local media has continued, although to a lesser extent this month. HTO continues to update clients that it is safe to travel to Hawai'i and HTO are providing relevant information to MICE clients.*
- *With School holidays across Australia and New Zealand in July (VIC & QLD 30 June – 15 July and NSW & NZ 07-23 July) many clients were on leave and the decisions were placed on hold.*
- *There were multiple industry events and roadshows during the month of July such as No Vacancy Business Expo at ICC Sydney on 16-17 July, Get Global on 20 July, Singapore MICE Roadshow, and New Caledonia MICE Roadshow which resulted a very busy schedules among the MICE clients.*
- *In April, Marriott International, which now has Starwood in its fold, announced that it would cut commissions on group hotel bookings in the U.S. and Canada from 10 percent to 7 percent. According to a meeting with Marriott Global Sales team Sydney, local meeting planners started to look around more and focus on other better valued-destinations or even hotel brand to maximize the value of group businesses due to the group commissions cut.*
- *Tourism NZ targets MICE - Tourism NZ has announced it has plans to invest in the promotion of New Zealand as a favorite business events destination among international buyers from Asia Pacific following a strong appearance at Get Global where they were the main sponsor of the event. Tourism NZ also announced the "Strategic Funding Program" to support business events to New Zealand.*

Highlights of any Key Definites

- Corporate Group has confirmed 435 room nights in O’ahu
- Corporate Group has confirmed 576 room nights in O’ahu

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	5,336	-100%	N/A	N/A
New to Hawai'i	0	0	N/A	0	5,336	-100%		
Tentative & Assist-Tentative	0	0	N/A	120	0	N/A		
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	5,336	-100%		
New to Hawai'i	0	0	N/A	0	5,336	-100%		
Tentative & Assist-Tentative	0	0	N/A	120	0	N/A		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A		

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

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O’ahu	167,103	36,600	6,162	30,580	84%	18%	18%
Kaua’i	97,528	25,300	1,371	5,868	23%	27%	6%
Maui County	210,958	74,500	6,467	37,949	51%	29%	18%
Hawai'i	134,766	43,600	1,584	13,459	31%	27%	10%
Total	610,355	180,000	15,584	87,856	49%		

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

‘ELELE PROGRAM

COMMENTS

July meetings and updates from Deborah Zimmerman, ‘Elele Program Director from New Millennium Meetings (NMM):

Major Marketing Initiative

Partnering with the Hawai‘i Convention Center, Debbie participated in the Council on Engineering and Scientific Society Executives (CESSE) Annual Meeting in Pasadena, California. During this event she:

- Worked with Meghan Feldstein and HCC to sponsor lunch and present on Kīlauea and the success of the recent Asia Oceania Geosciences Society conference in Hawai‘i.*
- Presented on global research and development trends, highlighting Asia’s growing and important role in science and innovation.*
- Entertained the Executive Director of a major scientific organization booked for April 2022 and tentative for 2026 alongside Meghan Feldstein.*
- Lobbied to bring the CESSE CEO meeting to Hawai‘i in 2020.*

Support for Definite Conventions

The Center hosted the IEEE Engineering in Medicine and Biology Conference this month. Since this was an ‘Elele assisted booking, Debbie participated in the pre-convention meeting, the Opening Reception and made appearances throughout the week. The chair of the Local Host Committee was Dr. Aaron Ohta of the UH College of Electrical Engineering.

Support for Tentative Meetings

Lee Conching and Debbie met with Dr. Margaret Maaka who is a council member of a prominent education association considering Hawai‘i. Dr. Maaka has been lobbying internally to bring this convention to Hawai‘i and provided us organizational insight. Our destination bid is being coordinated by Lee and Christy Chang this month.

Business Development Activities

Debbie hosted lunch for Dr. David Ai, UH Office of Technology Transfer and Commercialization and Mark Ritchie, DBEDT. The group discussed what types of conferences would be of the greatest strategic value to the state. Agricultural technology meetings were among the most important. We also discussed DBEDT’s interest in establishing a network of high level corporate executives on the mainland who have ties, or strong feelings about, Hawai‘i.

Briana Leite-Ah Yo and Debbie also hosted a meeting with David Ai, Meli James (Manu UP) and Lyle Fujikawa (DBEDT) to discuss securing a Natural Products show in Hawai‘i. The Japanese and Chinese are thirsting for organic, natural products and they view Hawai‘i as an important resource for these types of offerings. The goal is to approach an existing natural food show on the mainland and encourage them to start an East/West, business to business event in Hawai‘i.

Pris Texeira and Debbie had a meeting with Dean Andy Sutton about bidding on an Asia-Pacific Association who is now accepting bids for their 2022 Annual Meeting. Dean Sutton

will approach a domestic association related to Asian studies to determine their interest in being involved with this bid.

LOST BUSINESS

Table 4: Lost Business – July 2018

HTUSA SINGLE PROPERTY – HIGH PROFILE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Incentive (9991)	Multi Level Marketing	1,000	500	08/08/2018 - 08/12/2018	Kaua'i	Program lost to Cancun.
MCI: Incentive (12587)	Unknown	755	290	01/05/2020 - 01/09/2020	Hawai'i, Grand Cayman and New Zealand	Client decided to book a cruise.
MCI: Incentive (12907)	3rd Party	1,467	420	05/08/2020 - 05/15/2020	Initially, Hawai'i only	Client is looking at booking a cruise instead of a land program.
MCI: Meeting (13087)	Legal	660	150	02/22/2019 - 03/02/2019	O'ahu, Island of Hawai'i and California	Program lost to Santa Monica, CA.

INTERNATIONAL SINGLE PROPERTY						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Oceania: MCI: Meeting (13019)	Technology	84	28	02/11/2019 - 02/13/2019	O'ahu and Kaua'i	Client booked Boulder, CO, as they are opening a new office there.
HT Oceania: MCI: Meeting (13051)	3rd Party	248	31	11/25/2018 - 12/02/2018	Fiji, New Zealand and Northern Hemisphere	Client has decided on an undisclosed destination in the Northern Hemisphere.
HT Oceania: MCI: Meeting (13349)	Medical, Healthcare	490	100	09/07/2019 - 09/13/2019	Fiji and Spain	Program lost to Spain.

HCC CITYWIDE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Meeting (2014)	Technology	3,975	1,100	1/6/19 - 1/10/19	San Diego, Scottsdale	High airfare cost.
Meeting (1958)	Franchise	3,845	2,200	5/14/21 - 5/20/21	Unknown	Moving anniversary year to 2023. Rebidding for 2023.
Meeting (1947)	Government	2,150	1,000	7/31/18 - 8/3/18	Unknown	Program changed and attendance dropped.
MCI: Convention - Domestic (10199)	Other	1,050	650	7/11/19 - 7/14/19	Initially, Hawai'i Only	Program lost to the U.S. Mainland.

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

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

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Meeting (12319)	Medical, Healthcare	529	150	07/30/2019 - 08/04/2019	O'ahu and Santa Monica, CA
MCI: Convention - Domestic (12795)	Manufacturing	2,610	1,200	12/07/2020 - 12/13/2020	O'ahu only
INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT China: MCI: Incentive (12282)	Business Services, Consulting	600	200	09/22/2018 - 09/26/2018	Hawai'i only
HT China: MCI: Incentive (12283)	Business Services, Consulting	480	185	09/19/2018 - 09/22/2018	Hawai'i only
HT China: MCI: Incentive (12729)	Travel	84	34	07/23/2018 - 07/25/2018	Hawai'i only
HT China: MCI: Incentive (12730)	Travel	140	34	07/26/2018 - 07/30/2018	Hawai'i only
HT Korea: MCI: Incentive (13211)	Energy, Environment	90	35	07/02/2018 - 07/06/2018	Hawai'i only
HT Oceania: Non-MCI: Sleeping Rooms Only (13253)	Manufacturing, Distrib.	576	111	03/31/2018 - 04/06/2018	Hawai'i only
HT Korea: MCI: Incentive (13274)	Educational	66	44	07/08/2018 - 07/10/2018	Hawai'i only
HT Korea: MCI: Incentive (13276)	Educational	140	70	07/26/2018 - 07/29/2018	Hawai'i only
HT China: MCI: Incentive (13294)	Trade Assns	252	63	10/01/2018 - 10/06/2018	Hawai'i only
HT China: MCI: Incentive (13310)	Educational	96	24	07/21/2018 - 07/30/2018	Hawai'i only
HT China: MCI: Incentive (13311)	Educational	50	10	07/23/2018 - 07/29/2018	Hawai'i only
HT China: MCI: Incentive (13312)	Educational	50	10	08/06/2018 - 08/12/2018	Hawai'i only
HT Korea: MCI: Incentive (13321)	Educational	196	155	07/29/2018 - 08/02/2018	Hawai'i only
HT Oceania: MCI: Meeting (13344)	Finance, Banking	435	200	10/01/2018 - 10/05/2018	Hawai'i only
HT China: MCI: Incentive (12851)	Travel	70	28	07/08/2018 - 07/14/2018	Hawai'i only
TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH					32
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS					11,067

HCC CITYWIDE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Trade Show (1961)	Beauty & Health	1,800	2,500	9/15/18 - 9/17/18	Unknown
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					1
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS					1,800

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

MAJOR SALES AND MARKETING ACTIVITIES

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

- 3 client promotional events
 - HTUSA
 - Orange Country Board and Brush Event. Orange County, CA, July 10
 - Hawai'i Planner Event at Four Seasons O'ahu at Ko Olina, Kapolei, HI, July 28
 - International GMTs
 - HTK – Meet Hawai'i VIP Weekend, Busan, Korea, July 14-15

- 4 educational events
 - HCC
 - CESSE Annual Meeting – Education Forum, Pasadena, California, July 10-12
 - 2018 Meet Hawai'i MICE VIP Workshop, Busan, Korea, July 12-18
 - Cvent Connect, Las Vegas, Nevada, July 23-26
 - International GMTs
 - HTJ – Fukuoka Chuo High School Seminar, Fukuoka, July 11-12

- 3 trade shows
 - HTUSA
 - All Things Meetings, Santa Clara, CA, July 25
 - HCC
 - AEG Connect Summit, London, England, July 11-13
 - International GMTs
 - HTO – Get Global, Sydney, Australia, July 20

- 12 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA
 - 2 site visits, Maui and island of Hawai'i
 - 1 site visit, O'ahu, Maui and island of Hawai'i
 - 1 site visit, Maui
 - 1 site visit, O'ahu

- 2 site visits, island of Hawai'i
- HCC
 - 2 site visits, O'ahu
- International GMTs
 - 1 site visit, island of Hawai'i, Maui and Kaua'i
 - 1 familiarization tour, island of Hawai'i
 - 1 site visit, Maui

FUTURE SALES AND MARKETING ACTIVITIES

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

Aug. 2018			
2	Convention Visitors Bureau (CVB) Reps Summer Splash, Washington, D.C.	Client Event	HTUSA
9-15	National Medical Association, Orlando, Florida	Client Promo	HCC
11-16	Goldschmidt Conference, Boston, Massachusetts	Client Promo	HCC
12-15	Experient e4, Houston, Texas	Tradeshow	HCC
16-24	ASAE Annual Meeting and Exhibition, Chicago, Illinois	Tradeshow	HCC
18-21	American Society of Association Executives (ASAE), Chicago, IL	Trade Show	HTUSA
23-25	Connect Sports Conference, Salt Lake City, Utah	Tradeshow	HCC
23-25	Connect Corporate, Salt Lake City, UT	Trade Show	HTUSA
26-29	Destination Hawai'i, Maui, island of Hawai'i, HI	Trade Show	HTUSA
TBD	Meet Hawai'i Educational Seminar, South Korea	Educational Event	HTK
TBD	Modetour Travel Mart 2018, South Korea	Trade Show	HTK
Sep. 2018			
1	Southwest Sales, TBD	Sales Blitz	HCC
5-8	Society for Incentive Travel Excellence (SITE) Classic, Bluffton, SC	Trade Show	HTUSA
10-13	Sports the Relationship Conference, Winston Salem, North Carolina	Tradeshow	HCC
16-20	Ungerboeck Unite Global Conference, St. Louis, Minnesota	Educational Event	HCC
18	Northern California Hui Luncheon, CA	Client Event	HTUSA
28	Meet Hawai'i Sales Meeting, Honolulu, Hawai'i	Educational Event	HCC

Oct. 2018			
1-3	HTA Global Tourism Summit, Honolulu, Hawai'i	Tradeshow	HCC
1-4	TEAMS 2018, Louisville, Kentucky	Tradeshow	HCC
3-5	Customer Advisory Board Meeting, Honolulu, Hawai'i	Educational Event	HCC
10-12	IMEX America, Las Vegas, Nevada	Tradeshow	HCC
11-13	HTLA General Membership Meeting, TBD	Educational Event	HCC
15-20	IMEX America, Las Vegas, NV	Trade Show	HTUSA
16-23	ADA 2018 Meeting, Honolulu, HI	Educational Event	HCC
21-25	American College of Surgeons, Boston, Massachusetts	Educational Event	HCC
27-30	American Academy of Periodontology Annual Meeting, Vancouver, Canada	Client Promo	HCC

CONSUMPTION

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

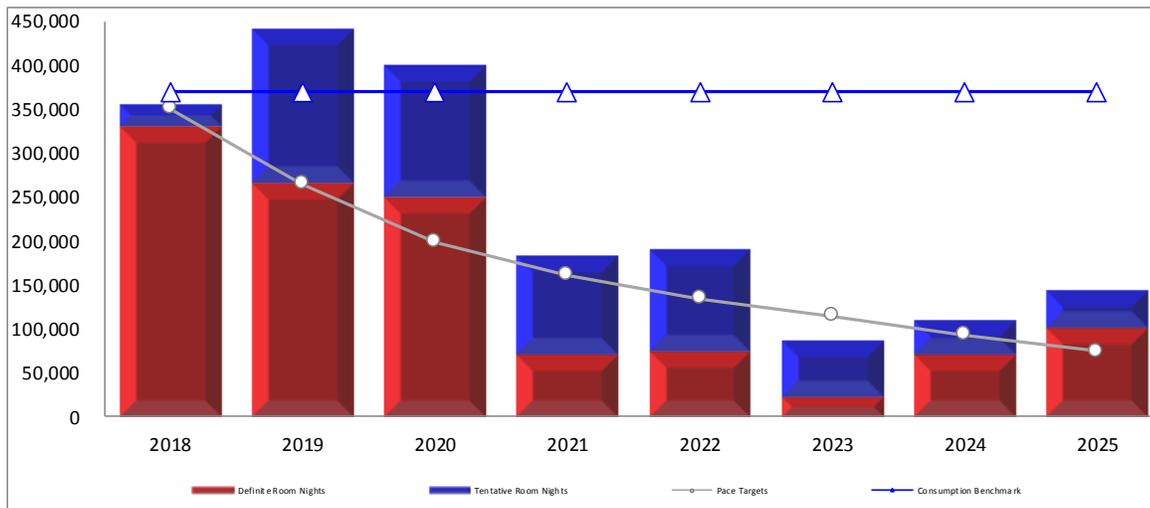
Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

THE TAP REPORT

Hawai'i

Period Ending July 31, 2018

Report Date: August 3, 2018



<i>Hawaii R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	330,461	265,995	249,747	71,473	74,099	22,606	72,029	100,786	1,187,196
Pace Targets	350,893	264,764	198,859	161,406	134,083	114,915	93,523	74,222	1,392,665
Variance	(20,432)	1,231	50,888	(89,933)	(59,984)	(92,309)	(21,494)	26,564	(205,469)
Consumption Benchmark	369,484	369,484	369,484	369,484	369,484	369,484	369,484	369,484	2,955,872
Pace Percentage	94%	100%	126%	44%	55%	20%	77%	136%	85%
Total Demand Room Nights	780,301	589,289	437,342	241,735	157,342	56,482	83,271	126,686	2,472,448
Lost Room Nights	449,840	323,294	187,595	170,262	83,243	33,876	11,242	25,900	1,285,252
Conversion Percentage	42%	45%	57%	30%	47%	40%	86%	80%	48%
Tentative Room Nights	24,814	174,538	150,987	112,755	116,417	65,483	38,065	43,231	726,290

Hawaii Events

Definite Events	323	135	72	21	15	5	6	7	584
Pace Targets	309	119	48	27	15	10	6	4	538
Variance	14	16	24	(6)	0	(5)	0	3	46
Consumption Benchmark	360	360	360	360	360	360	360	360	2,880
Pace Percentage	105%	113%	150%	78%	100%	50%	100%	175%	109%
Total Demand Events	652	294	135	43	22	8	7	9	1,170
Lost Events	329	159	63	22	7	3	1	2	586
Conversion Percentage	50%	46%	53%	49%	68%	63%	86%	78%	50%
Tentative Events	99	263	140	46	29	12	7	9	605

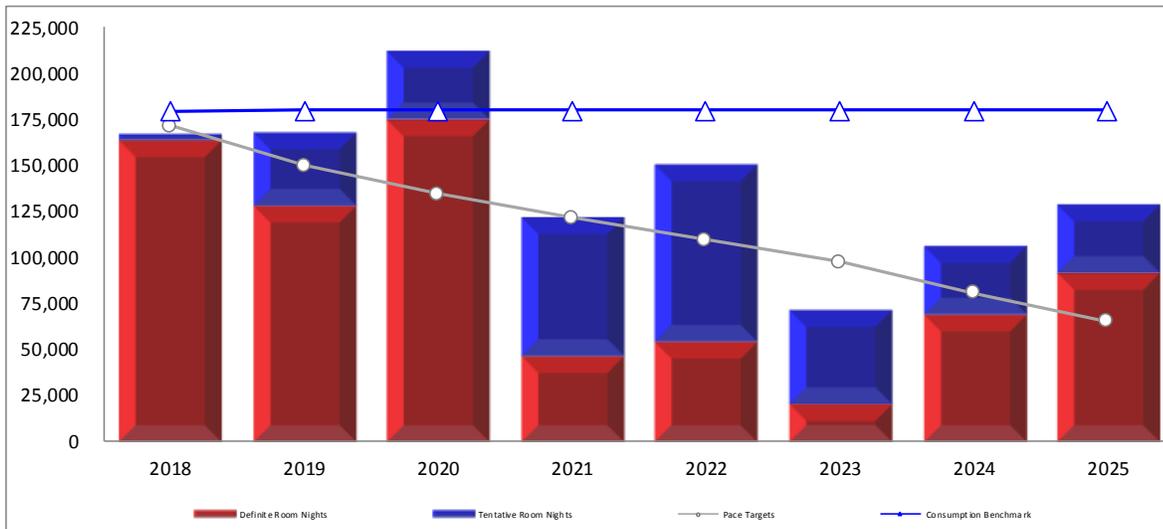
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

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

THE TAP REPORT

Hawai'i
 Convention Center

Period Ending July 31, 2018
 Report Date: August 3, 2018



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	162,575	127,886	174,332	46,931	54,201	20,885	68,759	91,116	746,685
Pace Targets	171,515	149,740	134,482	121,539	109,143	97,267	80,347	64,718	928,751
Variance	(8,940)	(21,854)	39,850	(74,608)	(54,942)	(76,382)	(11,588)	26,398	(182,066)
Consumption Benchmark	179,905	179,907	179,907	179,907	179,907	179,907	179,907	179,907	1,439,254
Pace Percentage	95%	85%	130%	39%	50%	21%	86%	141%	80%
Total Demand Room Nights	350,846	312,859	284,797	191,241	134,734	53,626	80,001	117,016	1,525,120
Lost Room Nights	188,271	184,973	110,465	144,310	80,533	32,741	11,242	25,900	778,435
Conversion Percentage	46%	41%	61%	25%	40%	39%	86%	78%	49%
Tentative Room Nights	4,165	39,150	36,981	74,301	95,618	50,313	37,440	37,440	375,408

Hawai'i Events

Definite Events	23	17	13	4	5	2	5	5	74
Pace Targets	28	20	14	12	11	9	6	2	102
Variance	(5)	(3)	(1)	(8)	(6)	(7)	(1)	3	(28)
Consumption Benchmark	31	31	31	31	31	31	31	31	248
Pace Percentage	82%	85%	93%	33%	45%	22%	83%	250%	73%
Total Demand Events	52	43	32	18	10	4	6	7	172
Lost Events	29	26	19	14	5	2	1	2	98
Conversion Percentage	44%	40%	41%	22%	50%	50%	83%	71%	43%
Tentative Events	1	11	5	11	12	8	5	5	58

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

Glossary of TAP Report Terms

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

CONVENTION CENTER PERFORMANCE

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

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	32%	32%	0%
Total Events	95	108	(13)
Total Attendance	188,118	182,142	5,976
Visitor Spending	\$169,039,990	\$169,039,990	\$0
Tax Revenue	\$15,160,243	\$15,160,243	\$0
Revenue per Attendee	\$37.92	\$33.98	\$3.94

COMMENTS

22 licensed events came through the Hawai'i Convention Center (HCC) in June 2018, of which 5 were MCI bookings which generated \$31M in State visitor spending and over \$3M in State tax revenue. However, as mentioned in prior month's financial statements, HCC had budgeted for Applied Materials, a corporate client to return to HCC this month but they cancelled their 2018 event and instead look to return in 2019. HCC had also budgeted for the Youth Basketball of America tournament with 3,000 attendees that also cancelled their event. The loss of these events significantly affected our financial results this month. HCC posted \$1.3 million in gross revenue, however this was \$642,600 less than budgeted and a net loss of \$69,200 which was \$349,700 less than planned.

For the year to date HCC has posted gross revenues of \$7.1 million, \$1 million less than budgeted, a net loss of \$580,000, \$447,700 more than planned, and 32 percent occupancy. Our reforecast now reflects a net loss of \$2.9 million against budget of \$1.9 million. Since last month we've made additional adjustments due to the loss of repeat local events in December including First Hawaiian Bank, Central Pacific Bank, the National Guard and less than expected food and beverage revenue for the American Dental Association in October.

For the year to date occupancy, visitor spending and tax revenue are all on target, attendance and revenue per attendee are up over target by 5,976 and \$3.94, respectively, however, total events are down by 13.

DEFINITIONS

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

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

July 2018					
Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
18173 S1	Hui O Wa'a Kaulua	26th Annual Celebration of the Arts	(+ \$0.00) \$35,000.00	7/31/2018	10/31/2018
•17003 S5	Ascendent Sports Group LLC	Consult on Sports Marketing and Sporting Events	(+ \$75,000.00) \$772,250.00	7/30/2018	10/31/2018
18005 S2	Manageability LLC	Project Manager for redesign of HTA.org Website	(+ \$22,800.00) \$68,400.00	7/30/2018	3/31/2019
18143 S1	The Merrie Monarch Festival dba Merrie Monarch Festival	Merrie Monarch Festival 2018	(+ \$0.00) \$50,000.00	7/30/2018	10/31/2018
17054 S3	Honolulu Festival Foundation	Honolulu Festival	(+ \$0.00) \$276,000.00	8/10/2018	11/30/2018

Contract Type:
 • Sole Source
 † Procurement Exemption

Agenda Item

5

Overview by the Office of
Information Practices of the
Sunshine Law and Uniform
Information Practice Act



Office of Information Practices (OIP)

No. 1 Capitol District Building
(where Hawaii State Art Museum is located)
250 S. Hotel Street, Suite 107
Honolulu, Hawaii 96813

Phone: **586-1400**

oip@hawaii.gov

oip.hawaii.gov

OIP administers:



- Uniform Information Practices Act (“UIPA”), HRS Chapter 92F
– **open records**
- Sunshine Law, Part I of HRS
Chap. 92 – **open meetings**



Penalties and Consequences:



- **Public and media complaints**
- **Adverse OIP and court decisions**
- **Fines**
- **Final action voided**
- **Lawsuits, attorney fees and costs**
- **Potential misdemeanor**
- **Lose immunity from liability**
- **Removed from board**

Today's presentation:



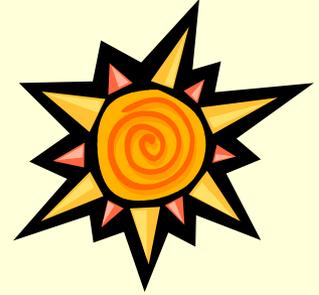
- A broad, overall summary of the laws
- Information relevant to the HTA
- Many free resources online
at *oip.hawaii.gov*

Common policy of UIPA and Sunshine Law:



“[I]t is the policy of this State that the formation and conduct of public policy -- the discussions, deliberations, decisions and actions of government agencies -- shall be conducted as openly as possible.”

Sunshine Law:



- Protects the people's right to know
- Open meeting provisions to be liberally construed while **exceptions to be strictly construed against closed meetings**

UIPA: Purposes



- Promote the **public interest in disclosure**;
- Provide for **accurate, relevant, timely, & complete government records**;
- Enhance **governmental accountability** through a general **policy of access** to government records;
- **Make government accountable to individuals** in the collection, use, and dissemination of information relating to them; and
- Balance the individual privacy interest and the public access interest, **allowing access unless it would constitute a clearly unwarranted invasion of personal privacy.**

UIPA:



UIPA is a disclosure statute requiring public access, unless access is restricted or closed by law.

UIPA:

- A “government record’ means information **maintained by an agency** in written, auditory, visual, electronic, or other physical form.” (HRS sec. 92F-3)

- Includes **emails** and **texts**.



UIPA:

Certain types of specified records must be disclosed to the public, **including**



1. **minutes** of all public meetings;
2. “information collected and maintained for the purpose of making information **available to the general public**” – e.g., HTA’s tourism brochures;
3. employee names, compensation, job titles/descriptions, business address, and other **specified employment information**;
4. for contract hires and consultants: **contract** itself, amount of **compensation**, contract’s **duration**, and its **objectives**;
5. government **purchasing information**, including all **bid results**, “except to the extent prohibited by section 92F-13.”

UIPA:

Other non-specified records **must also be disclosed** to the public (HRS Sec. 92F-12(b)) if they fall within these **categories**:



1. Requester has the **prior written consent** of all individuals to whom the record refers;
2. Record is **expressly authorized by federal or state law** to be disclosed to the requester;
3. **Compelling circumstances affecting an individual's health or safety**;
4. **Court order**; or
5. House or Senate **subpoena**.

UIPA:



Agency **may disclose to any other agency** for various reasons, including if the disclosure is:

1. **Necessary for the performance of the requesting agency's duties and functions, and (1) compatible with the purpose for which the information was collected, or (2) consistent with the conditions or reasonable expectation of use and disclosure under which it was provided** – e.g., HTA working with DBEDT on a tourism impact study
2. **Otherwise subject to disclosure under the UIPA;**
3. Pursuant to **court order.**
4. To the **legislature**, or a county **council** or any committee or subcommittee thereof, **the offices of the legislative auditor**, the **legislative reference bureau**, or the **state ombudsman;**
5. To the state, county, or agency **personnel offices;** or
6. **To another agency for the purpose of auditing or monitoring** an agency program that receives federal, state, or county funding.

UIPA:



Exceptions to Disclosure

HTA could keep records confidential if:

1. Disclosure would constitute a **clearly unwarranted invasion of personal privacy** – this is not applicable to businesses;
2. The records would **not be discoverable** in litigation in which the state or county is or may be a party;
3. The records must be confidential in order for the government to avoid the **frustration of a legitimate government function**; or
4. The records are protected from disclosure by state or federal **law or court order**.

UIPA:



HTA exceptions:

HRS 201B-7(d) states, “Where public disclosure of information gathered or developed by the authority may place a business at a competitive disadvantage or may impair or frustrate the authority’s ability to either compete as a visitor destination or obtain or utilize information for a legitimate government function, the authority **may withhold from public disclosure competitively sensitive information** including:

- (1) Complete survey forms and questionnaire forms;
- (2) Coding sheets; and
- (3) Database records of information.

UIPA:



HTA exceptions:

HRS Sec. 201B-4(a)(2) states “that information relating to **marketing plans and strategies** may be disclosed **after** the execution of the marketing plans and strategies.”

But after execution, marketing plans and strategies may no longer be confidential.

Sunshine Law:

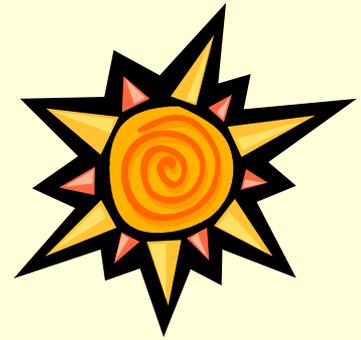


Basic Requirements:

Sunshine Law requires a **board and its committees** to conduct all board business in the open:

1. **6 days' advance written notice and agenda;**
2. Meeting open to the public and allow **testimony;**
3. **Minutes posted online** within 40 days, whether or not board approved; and
4. **Discussions, deliberations, and decision-making** by the more than two board members can occur **only at open meetings.**

Sunshine Law:



What is board business?

Is it a specific matter within the board's authority that is on an agenda or likely to appear on an agenda in the foreseeable future?

Not board business and any number of members may discuss if:

- Ministerial – e.g., meeting scheduling
- Was considered in past, and not expected to reconsider in foreseeable future

Sunshine Law:

Permitted Interaction #1:



Two board members may discuss between themselves matters relating to official board business, as long as no commitment to vote is made or sought and the two members do not constitute a quorum.

Serial communications are prohibited.
Always remember the Sunshine Law's purpose.

Sunshine Law:



Permitted Interaction #2:

A **permitted interaction group** (PIG) may also be established by the board so that two or more board members, but less than a quorum, may **investigate** a board matter, provided that you do so via a **minimum of three meetings**:

- 1) **Board defines the scope** of the investigation and scope of each member's authority;
- 2) **PIG presents** findings and recommendations to the board at a second meeting;
- 3) **Board's deliberations and decision-making** takes place at a third, subsequent meeting, after people have been given the opportunity to **testify** on the PIG's recommendations.

Sunshine Law:



Permitted Interaction #3:

A **PIG** may also be established to present, discuss, or **negotiate** any position which the board has adopted at a board meeting.

But can't have PIGs forever – standing committees must meet Sunshine Law requirements.

Sunshine Law:



Permitted Interactions:

4. Two or more members of the board, but less than a quorum, may privately discuss the **selection of the board's officers** – but serial communications are prohibited (Right to Know Committee v. City Council, 2007 ICA opinion)
5. Board can also **meet with the Governor** in private over matters in which the board is not exercising its adjudicatory function.
6. Board can **meet with the head of the department (DBEDT)** to which it is administratively assigned to discuss administrative matters only.

Sunshine Law:



Permitted Interaction #7:

If a meeting must be **canceled** because of insufficient quorum or glitches in the interactive conference technology, then the members present at a meeting can still **continue to receive testimony and ask questions** – **but no deliberation or decision-making.**

The remaining members must **create a record of the oral testimony received and provide its report to a subsequent duly noticed meeting**, where deliberation or decision-making can take place.

Sunshine Law:



Permitted Interaction #8:

Less than a quorum of board members may also attend an **informational meeting** on matters relating to board business, such as a meeting of another entity, a legislative hearing, convention, seminar, or community meeting

- **so long as the meeting is not specifically and exclusively organized for or directed toward members of the board.**

Members may **participate in discussions** at informational meeting

- so long as **no commitment relating to a vote is made or sought,** and
- **members report** at the next board meeting.

Sunshine Law:



Discuss board business only in an open meeting, which requires an agenda, opportunity for the public to testify, and minutes.

Social and personal conversations are OK.

Sunshine Law:



Executive Sessions:

Closed meeting or “executive session” OK only if directly related to the following specified purposes:

1. To consider the **hire, evaluation, dismissal, or discipline** of an officer or employee, where consideration of matters affecting **privacy** will be involved;
2. To deliberate the **authority** of persons designated by the board to conduct **labor negotiations or the acquisition of public property**;

Sunshine Law:



Executive Sessions:

3. To consult with the **board's attorney** on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities;
4. To investigate proceedings regarding **criminal misconduct**;
5. To consider sensitive matters related to **public safety** or security;

Sunshine Law:



Executive Sessions:

6. To consider matters relating to the solicitation and acceptance of **private donations**;
7. To deliberate or make a decision upon a matter that requires the consideration of **information deemed confidential under state or federal law or court order**; and
8. To consider and evaluate personal information of individuals applying for **licenses**.

Sunshine Law:



HTA has a **special provision** (HRS Sec. 201B-4(a)) that requires its board meetings to be open to the public, **except** when it is necessary for the board to receive:

1. Information that is **proprietary** to a particular enterprise or the **disclosure of which might be harmful** to the enterprise's business interests; or
2. Information that is **necessary to protect Hawaii's competitive advantage as a visitor destination; provided that information relating to marketing plans and strategies may be disclosed after their execution;**
3. So this HTA provision essentially allows the board to go into a closed executive session to consider information proprietary to a business or necessary to protect Hawaii's competitive advantage

But CANNOT go into a closed meeting to discuss HTA's entire budget.

Sunshine Law:



Even with the special provision, **the HTA still has to follow the Sunshine Law's procedures** for going into executive session, which first requires:

- **an affirmative vote,**
- **taken at an open meeting,**
- **of 2/3 of the members “present” and a majority of the members to which the board is “entitled.”**

Note: Per HRS Sec. 201B-b(e)), HTA would need at least 7 members to take action, **but Sunshine Law determines how it can go into a closed meeting -- so HTA needs 8 of 12 members to go into executive session.**

Sunshine Law:



To discuss a matter that is not on the agenda, need to first **amend the agenda** and can do so only if:

- the matter to be discussed is **NOT of reasonably major importance, and**
- the board's **action thereon will NOT affect a significant number of persons.**

The board still needs to **also vote** to add the new matter to the agenda with:

- **an affirmative vote,**
- **taken at an open meeting,**
- **of 2/3 of “all members to which the board is entitled.”**

(For HTA, 8 of 12 members)

Sunshine Law:



Finally, the Sunshine Law requires **minutes** to be taken, **even of executive meetings.** (HRS Sec. 92-9) Remember that **executive meeting minutes may be kept confidential only for so long as their disclosure would defeat the lawful purpose of having the closed meeting.**

Therefore, at some point in the future, **executive committee minutes may have to be disclosed to the public.**

This is consistent with HRS 201B-4, which specifies that information relating to **marketing plans and strategies may be disclosed after their execution.**

Limit executive meetings to only matters that may be kept confidential by law.

OIP can conduct an *in camera* inspection of executive meeting minutes

Be careful not to waive confidentiality of executive session discussions.

Limit the people attending an executive session and do not discuss matters with people who were not present, unless necessary.

Sunshine Law:



Remember, actions taken in violation of the Sunshine Law **may be voided by a court.**

A willful violator may be found **guilty of a misdemeanor or be summarily removed from the board.**



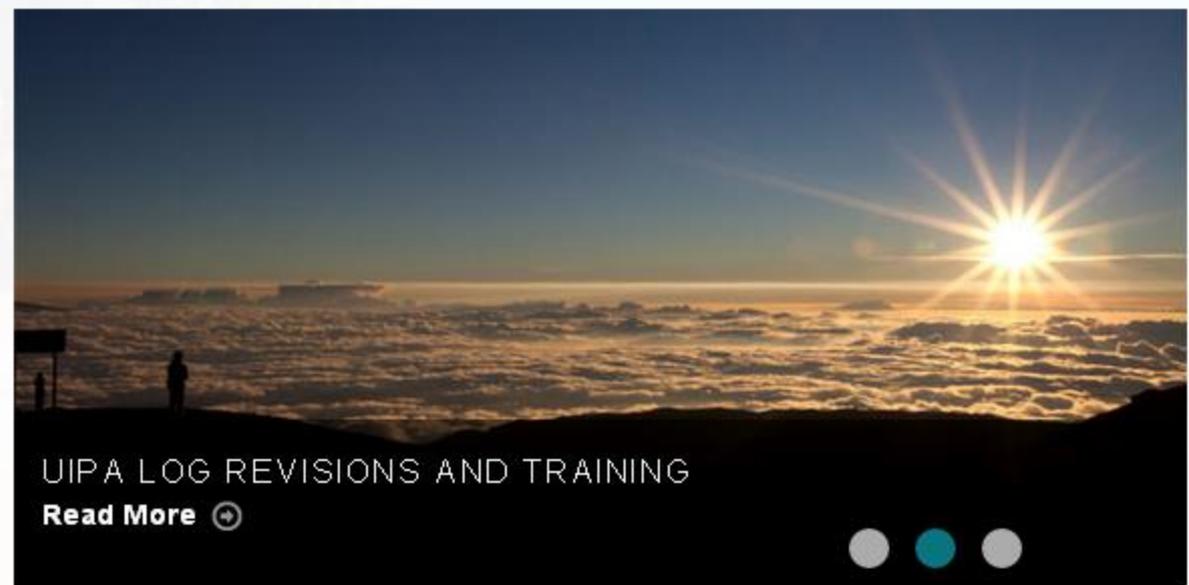
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Office of Information Practices

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ALOHA!

Need Help?



Attorney of the Day:

- Call **586-1400**
- E-mail **ois@hawaii.gov**
- Fax **586-1412**
- Write **250 S. Hotel Street, #107
Honolulu, Hawaii 96813**
- Website **ois.hawaii.gov**

Agenda Item

6

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

Market Insights – June 2018

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

Report on Economic Impact

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

- \$9.26 billion in visitor spending, \$901.1 million more in visitor spending compared to same period last year.
- Total visitor arrivals rose 8.2 percent to 4,982,843, with growth in arrivals by air service (+8.4% to 4,916,841) offsetting decreased arrivals by cruise ships (-5.8% to 66,003).
- Hawai'i's tourism economy experienced \$1.08 billion in generated state tax revenue, up (+10.8 percent or +\$105.2 million) compared to the first half of 2017.
- Through May 2018, the state collected \$510.8 million in TAT, an increase of 7.9 percent compared to FY 2017 through May 2017.
 - In August 2016, DoTAX reallocated \$25 million from GET to TAT.
 - If this adjustment is subtracted from the FY2017 total, FY2018's collection through May 2018 would show an increase of 13.9 percent compared to this adjusted total for FY2017 through May 2017.
- Total air capacity into Hawai'i grew 10.3 percent to 6,622,844 seats.

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 104.8%	8.2%	4,982,843	4,754,977
Visitor Spending (\$mil)*	 106.6%	10.8%	9,261.5	8,686.5
Visitor Days	 103.9%	7.2%	44,784,872	43,092,114
Daily Spend (\$pppd)	 102.6%	3.3%	206.8	201.6
Airlift (scheduled seats)	 100.0%	10.2%	6,572,112	6,571,967

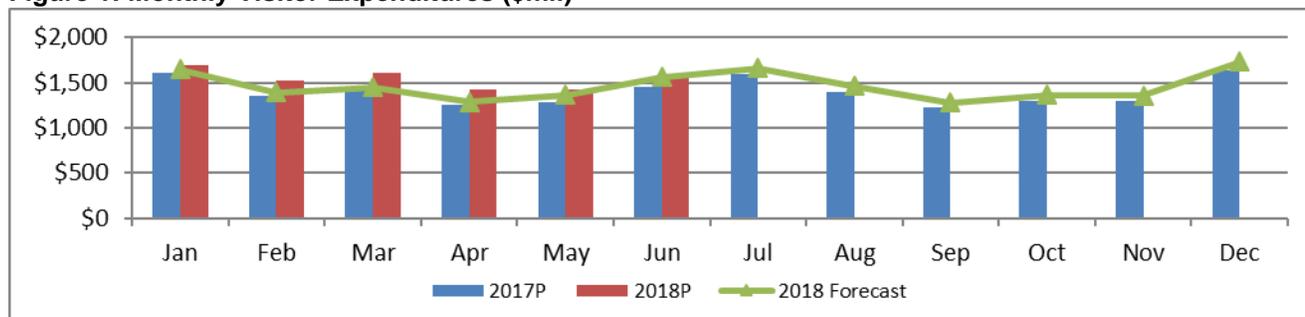
*DBEDT Forecasts as of February 2018

* Excludes Supplemental Business Expenditures

Visitors to the Hawaiian Islands spent a total of \$1.60 billion in June 2018, an increase of 10.3 percent compared to last year. Total visitor arrivals increased 7.3 percent to 897,099 visitors in June with more visitors coming by air service (+7.2% to 895,963) and by cruise ships (+1,137 visitors). Total visitor days rose 8.6 percent compared to June 2017. The average daily census, or the number of visitors on any given day was 272,020 in June 2018, up 8.6 percent from last year.

O‘ahu recorded increases in both visitor spending (+12.3% to \$760.6 million) and arrivals (+5.5% to 542,951) compared to June of last year. Maui also saw growth in visitor spending (+10.1% to \$433.5 million) and arrivals (+11.5% to 280,561), as did Kaua‘i with gains in visitor spending (+13.1% to \$195.3 million) and arrivals (+9.1% to 135,484). However, the island of Hawai‘i recorded a slight drop in visitor spending (-0.9% to \$194.3 million) and decreased arrivals (-4.8% to 149,817) compared to June 2017.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

- There were no flight cancellations in June 2018 related to the Kīlauea eruption and HTUSA continues to monitor scheduled air service.
- Growth in air seats flown to Hawai‘i from the U.S. mainland will remain strong throughout the summer of 2018. More than 2.5 million air seats are bound for Hawai‘i from the U.S. mainland over the next three months, a record high for the visitor industry.
- The U.S. Consumer Confidence Index increased in May 2018. The Index presently stands at 128.0, up +2.4 points from the month prior. Of note, measured perceptions of current economic conditions were the most positive they have been in 17 years, strongly suggesting that Q2 2018 will bring with it sound GDP growth.
- After holding steady at 4.1% for six months, the U.S. unemployment rate finally dipped below the 4% threshold to 3.9%. This is the first time since 2000 that the country has seen such low unemployment figures.
- Moving further into the second quarter of 2018, conditions remain set for strong growth in the overall economy. However, the pace of this growth might begin to slow from the robust +3% observed throughout most of last year, especially as the economy continues to operate at its full potential and the Federal Reserve gradually increases interest rates. Compounding these factors is the ongoing ambiguity surrounding U.S. trade policy. If tensions remain high with China, the European Union, close neighbors Canada and Mexico, and other major global economies, the resulting uncertainty will continue to drag on U.S. economic growth.
- As the U.S. economy continues to hum along at a decent pace, the healthy growth observed is increasingly translating into strong performance for the leisure travel market. Hospitality researcher TravelClick, for instance, is reporting that non-group leisure bookings are up +6.6% in the third quarter of 2018 versus last year. Similarly, cheaper fares (the result of intense competition in the airline industry) have driven summer passenger bookings up +3.7% year-over-year. Barring unforeseen circumstances, the U.S. leisure industry should remain on sound footing throughout the summer months. In light of national coverage of the Kīlauea eruption, HTUSA continues to monitor possible impacts on intentions to visit Hawai‘i in the near future.

US WEST

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

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑	107.0%	11.3%	2,065,554	1,931,133
Visitor Spending (\$mil)*	↑	107.0%	10.5%	3,383.4	3,161.4
Visitor Days	↑	105.8%	9.6%	18,641,039	17,622,206
Daily Spend (\$pppd)	↔	101.2%	0.8%	181.5	179.4
Airlift (scheduled seats)	→	100.0%	13.5%	4,033,187	4,032,816

- The U.S. West market reported a gain of 14.9% in visitor spending to \$640 million in June year-over-year, boosted by growth in visitor arrivals (+9.8% to 408,751) and higher daily spending (+4.7% to \$169 per person).
- Airlift: Capacity from the U.S. West market will increase by +13.5% from June through August 2018, with Denver (+32.6%) continuing to lead in percentage capacity growth. San Diego (+35.4%) and Portland (+27.3%) will also add more than +15,000 seats each. Other gateways such as Oakland (-24.8%) and Las Vegas (-11.6%) are expected to continue to shed seats.

US EAST

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

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑	105.9%	8.3%	1,130,783	1,067,322
Visitor Spending (\$mil)*	↑	107.1%	11.0%	2,455.8	2,292.1
Visitor Days	↑	104.5%	6.5%	11,380,191	10,890,947
Daily Spend (\$pppd)	↑	102.5%	4.2%	215.8	210.5
Airlift (scheduled seats)	→	100.0%	12.7%	581,821	581,821

- Spending by U.S. East visitors rose 9.4% to \$467.2 million in June 2018. Visitor arrivals were up (+7.7% to 221,319) and daily spending (+1.5% to \$207 per person) also increased from a year ago.
- Air seat capacity from the U.S. East market will grow at a year-over-year rate of +12.7% percent from June to August. Chicago (+53.4%), Dallas (+21.2%), and Newark (+12.1%) are again driving this growth, offsetting the decline in seats flown from Atlanta (-13.5%), Washington D.C. (-11.6%) and Minneapolis (-22.9%).

CANADA

Table 4: Key Performance Indicators – Canada

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	→	101.0%	5.7%	305,138	302,216
Visitor Spending (\$mil)*	→	100.4%	6.8%	650.0	647.1
Visitor Days	↓	98.2%	3.3%	3,816,940	3,886,394
Daily Spend (\$pppd)	↑	102.3%	3.4%	170.3	166.5
Airlift (scheduled seats)	→	100.0%	2.2%	286,056	286,056

- The Canada market saw a slight decrease (-1.4%) in visitor spending to \$36.7 million in June. Visitor arrivals also decreased (-1.4% to 18,894) and daily spending was lower (-4.6% to \$165 per person) compared to a year ago.

- Airlift: Scheduled air seats from Canada rose slightly (+1.0% to 18,732 seats) in June compared to last year.
- Hawai'i Tourism Canada continues to distribute updates directly to partners on the status of the volcanic activity on Hawai'i Island and respond to inquiries. Cancellations have been minimal from the Canadian market. No major impacts to bookings as a result of the flooding on Kaua'i.
- The first six months of the winter season saw Canadians make almost 11 million overnight trips to the US and other destinations; an increase of 4.7%. Canadians made an estimated 5.8 million trips to the US during the period, while visits to sun destinations were up 5.4% due to robust performance in Mexico and Central America. Europe continues to see growth in winter season arrivals (12%), while activity in the Asia/Pacific region has increased 6%.
- After a year of rapid growth, the Canadian economy is expected to slow in 2018 amid the prospect of rising interest rates and lower consumer spending, according to the latest RBC Economic Outlook. Gross domestic product (GDP) growth is forecasted to slow to 1.9% in 2018, followed by 1.6% in 2019, compared to 3.0% in 2017.
- The unemployment rate in Canada remained unchanged at 5.8% in May from previous months.
- The national consumer confidence rating was 120.8 points in May 2018, a 9.2-point jump compared to last year. Increased confidence was registered in all regions, except for a small decline in British Columbia (-0.8).
- While the Canadian dollar appreciated throughout 2017, it is forecast to face uncertainty this year. Although an increase in oil prices and short-term interest rates spreads have favored the Canadian currency in the short run, RBC Economics expects the dollar to hover at 78 US cents early this year before strengthening to 82 cents by end of 2018. Overall the Canadian economy remains strong enough to believe that Canadians will continue to travel, but the key variable of the exchange rate is to be watched.
- Boomers and “zoomers” continue as the hottest outbound market. Canada’s aging population will continue to be a positive contributor to growth in outbound leisure travel as the propensity to take outbound leisure trips increases with age. Baby boomers (those born between 1946 and 1964) will continue to drive the outbound leisure travel market during the next five years. In 2017 there are more seniors (65+) in Canada than children. Multi-generational travel, wellness tourism and long stay travel will increase.

JAPAN

Table 5: Key Performance Indicators – Japan

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡	101.0%	1.2%	746,584	739,538
Visitor Spending (\$mil)*	⬆	106.1%	7.1%	1,136.8	1,071.5
Visitor Days	➡	101.9%	1.7%	4,414,005	4,332,959
Daily Spend (\$pppd)	⬆	104.1%	5.4%	257.5	247.3
Airlift (scheduled seats)	➡	100.0%	0.3%	974,396	974,576

- Spending by Japanese visitors gained 6% to \$194.5 million in June, boosted by growth in visitor arrivals (+3.2% to 130,456) and a slight increase in average daily spending (+0.5% to \$252 per person) compared to June 2017.
- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawai'i with approximately 9% of all outbound travel from Japan choosing Hawai'i. Sixty percent of the travelers are also repeat visitors to Hawai'i.

- Japan's economy remains on a moderate path to recovery with unemployment at 2.8% and the exchange rate stabilizing approximately 107 JPY to USD.
- The overall trend in airline seat category for the Japan market is shifting to higher-end economy which reduces the number of seats for each aircraft, however, allows higher yield to airlines.
- Introduction of low cost carrier, AirAsia X and Scoot, and the relaunch of Japan Airline's direct air service to Kona have resulted in additional routes for the Japan market.
- Launch of ANA's A380 in 2019 is expected to change the dynamic of the seat distribution for Hawai'i – Japan route.
- Active collaboration with industry partners and private sectors maintains high exposure of Hawai'i within the Japan market.
- News of the volcanic activity throughout May has resulted in new booking challenges. Although cancellation has not been significant, wholesalers have expressed concerns on future bookings for summer period and beyond. HTJ has been in close communication with HTA, IHVB and industry partners to monitor and assess the situation as well as countering the spread of misinformation.

OCEANIA

Table 6: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 105.4%	8.5%	192,124	182,290
Visitor Spending (\$mil)*	↑ 107.3%	11.6%	508.1	473.6
Visitor Days	↑ 106.7%	10.0%	1,847,151	1,731,177
Daily Spend (\$pppd)	→ 100.6%	1.4%	275.1	273.5
Airlift (scheduled seats)	→ 99.8%	10.6%	257,934	258,413

- There were 37,622 visitors in June 2018, an increase of 5.5% from a year ago. Through the first six months of 2018, arrivals rose 8.5% to 192,124 visitors compared to the same period in 2017.
- The Reserve Bank of Australia cash interest rate remained low through 2017. Interest rates are expected to remain so or increase slightly in 2018 which will continue to drive growth.
- The Australian dollar is down slightly, reaching a monthly high of \$US0.760 in late May. The unemployment rate has remained relatively constrained over the past 12 months and is currently at 5.6%. The inflation rate remains at around 2.2% and is estimated to stand at 2.3% in 12 months' time.
- Other potential impacts on the Australian economy include mortgage and rent stress as housing prices and rental accommodation prices in Australia's capital cities continues to soar and remains a hot topic in the media and around the water cooler.
- Overall, business confidence remains buoyant, however consumer confidence is flat as Australians are concerned about rising living costs and flat wages growth.
- The New Zealand economy is predicted to see GDP growth of between 2.5% and 3.5% over the next few years.
- The unemployment rate has dipped below 5% which is a sign of New Zealand's economic growth, and is predicted to be stable.
- After a year of exchange rate falls, the New Zealand dollar appears to have settled and strengthened to a range between \$0.65 and \$0.73 cents. The 2017 General Election surprise – which saw a new coalition government formed – has led to a slight softening in the NZD, but still within that range.

- Tourism Research Australia predicts that outbound short-term resident departures from Australia will continue to remain at record levels, with growth of 4% predicted in 2017/18. Australians' outbound travel to the U.S. (which includes Hawai'i) is expected to grow 3.8% to 1.1 million visitors in 2017/18.

EUROPE

Table 7: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 104.1%	6.0%	60,456	58,071
Visitor Spending (\$mil)*	 105.2%	6.2%	136.5	129.8
Visitor Days	 103.2%	3.9%	778,002	753,981
Daily Spend (\$pppd)	 101.9%	2.2%	175.5	172.2
Airlift (scheduled seats)	NA	NA	NA	NA

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland increased in June (+1.8% to 9,604) and through the first six months of 2018 (+6.0% to 60,456) compared to a year ago.
- Recent data shows that the UK economy is now 11% bigger than it was before the recession, having taken five years for GDP to recover to pre-recession levels.
- Germans spend almost 5% of their purchasing power on holiday travel. At €1,020 per person, Germans' expenditure on holiday travel exceeds expenditure spend on automobile purchase.
- There has been a strong increase in interest towards sustainable travel. Consumers and producers are now working together to maintain an eco-friendly approach to the planet. This shows positive signs, as the United Nations World Tourism Organization (UNWTO) predicts that 1.8 billion people will be travelling every year by 2030.
- According to the UNWTO Global Tourism Barometer, almost all issuing markets reported increased tourism spending in 2017. French travelers ranked 5th market with 41 billion in U.S. dollars, an increase of 1% compared to 2016.
- Virgin Atlantic has announced it will increase flights by up to 20%, to a number of U.S. routes from Manchester Airport starting next March. The expansion will offer increased connections to other U.S. destinations through its code-share agreement with Delta. Virgin will offer passengers up to 14,000 seats a week from Manchester to the U.S. and Caribbean. VA will also be launching a 3-times a week service to Los Angeles. Customers will be able to make the most of the onward connection opportunities with our partners Delta, including Manchester's only same-day one-stop connection to Hawai'i.

CHINA

Table 8: Key Performance Indicators – China

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 97.0%	-1.9%	81,319	83,854
Visitor Spending (\$mil)*	 100.4%	4.4%	218.2	217.3
Visitor Days	 95.1%	-4.9%	602,085	633,310
Daily Spend (\$pppd)	 105.7%	9.7%	362.5	343.1
Airlift (scheduled seats)	 100.1%	3.4%	85,148	85,064

- Visitor arrivals increased in June (+6.9% to 15,944) but decreased through the first six months of 2018 (-1.9% to 81,319) compared to a year ago.

- The China economy grew 6.9% in 2017. For 2018, many economists believed that the GDP growth rate will decelerate further with an estimate of 6.7%.
- The strengthening of Chinese RMB will increase spending power of the Chinese travelers to U.S.
- As reported by China National Tourism Administration (CNTA), the volume of outbound tourism reached 128 million people in 2017, an increase of 4.9% over 2016. Forecast for 2018 outbound travel growth rate will maintain at around 4%.
- The Millennials FIT segment is growing with travelers seeking authentic local culture, food, thrilling activities and self-driving experiences.
- Over 60 destinations/countries offer Chinese visitors visa waiver or visa upon arrival to entice the market.
- Competition continues to be intense with countries and continental U.S. destinations investing large amounts on access development in the China market. The overall increase in airlift from Tier 1 and Tier 2 China cities made continental U.S. the main beneficiary in terms of providing more convenience and destination offerings to Chinese travelers posing direct competition to the Hawaiian Islands.
- Total arrivals to U.S. in 2018 are expected to reach 3.2 million according to the U.S. Department of Commerce.
- To help students learn more about Hawaiian culture and encourage them to travel to Hawai'i, in May, HTC partnered with Guangzhou TV and Guangzhou Science and Technology Innovation Commission (the government organization) to launch the Little Astronomer campaign. The publicity of the campaign reached to over 5,000 families in 30 schools in Guangzhou City. 3 schools were selected to host the Hawai'i Little Astronomer roadshow, where students had a fun time creating their own Hawai'i-themed telescope and enjoyed Ukulele performances. HTC also shared about stargazing in Hawai'i. The program was filmed and broadcasted on Guangzhou TV Children's Channel, reaching to 3 million audiences. Meanwhile, two trade partners, GZL and Pan-Pacific, also launched new Hawai'i stargazing products targeting family travelers during May - August.
- HTC collaborated with 3 leading outbound agencies in Shanghai (Utour, Spring Tour and JinJiang Travel) for Shanghai World Travel Fair 2018 on May 25 - 27. The three partnered agents occupied the 3 biggest booths in the exhibition hall to promote Hawai'i products. HTC brought in Hawai'i themed decorations for their booths and conducted 4 presentations to highlight destination Hawai'i. Hula dance performances were also showcased for all audiences to enjoy. In total, the promotion attracted over 60,000 audiences, with over 100 transactions conducted on Hawai'i products that drove Hawai'i sales of over RMB 2 million revenue (USD 330,000).

KOREA

Table 9: Key Performance Indicators – Korea

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓	97.9%	8.5%	122,972	125,665
Visitor Spending (\$mil)*	↑	102.8%	16.3%	275.0	267.5
Visitor Days	→	99.5%	9.9%	912,598	916,806
Daily Spend (\$pppd)	↑	103.3%	5.9%	301.3	291.8
Airlift (scheduled seats)	→	100.0%	8.6%	181,659	181,588

- Visitor arrivals decreased in June (-17.3% to 16,156). Year-to-date, arrivals rose 8.5% to 122,972 visitors.

- HTK is executing sales-oriented incentive promotions to generate immediate bookings for the summer peak season to minimize cancellations due to the recent volcano activities.
- The peace mood in the Korean Peninsula will have a positive influence on the wider Korean economy through labor and resource exchanges between South and North Korea, leading to a stronger and more stable Korean economy. South Korea's economy is expected to grow 2.7% this year according to the Korea Economic Research Institute (KERI).
- Korea Tourism Organization reported the number of Korean outbound travelers in April was 2,230,200, a year-on-year increase of 11.2%. The final tally in 2017 marked the first time that the figure surpassed 26 million with year-to-date growth of 18.7%, which is a remarkable number at more than half of the nation's population of around 51 million. The upward trend is expected to continue to 2018, taking advantage of favorable external conditions, cheaper fares, strong seat supplies offered by low-cost carriers, strong KRW, and extended national holidays. The forecast for the Korean outbound travels this year is 30 million trips, 15% up from 2017. Similarly, we are expecting to see more than a 10% increase in the number of Korean visitors to the U.S. this year.
- The average USD/WON exchange rate in May was 1075.14won, a slight increase from the previous rate of 1,066.27won in April. Fuel surcharges were imposed in May up to 112,200won (\$104) for a round trip between Korea and the U.S.
- Korean airlines raised their fuel surcharges amid soaring oil prices, meaning passengers must pay extra for all tickets purchased from February 2018.
- Koreans are expected to bypass the long customs and immigration lines at United States airports and the need to do entry interviews for foreigners as early as next year as U.S. politicians make efforts to include Korea in the U.S. Global Entry program.
- Hawai'i is ranked as the top destination for Korean honeymooners according to a study by Interpark Tour, a leading OTA. Hawai'i is followed by Phuket, Bali, Maldives, and Cancun.
- Korea's social commerce TMON reported that Hawai'i's popularity as a top family holiday destination has grown rapidly. The finding was based on data for 50,000 bookings made for the period September 2017 to March 2018. TMON noted Hawai'i had jumped into the top 6 destinations in terms of 'family trips & reservations,' a five-fold gain from the previous year.
- HTK is developing a co-op promotion with Jin Air to celebrate its resumption of flights from Incheon to Honolulu. The airline plans to resume service on July 21, initially with 6 flights a week. It will switch to 3 a week from August 30 to October 27, the end of the summer schedule.

TAIWAN

Table 10: Key Performance Indicators – Taiwan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 93.9%	-3.1%	9,010	9,597
Visitor Spending (\$mil)*	 111.9%	18.2%	21.5	19.2
Visitor Days	 108.3%	16.6%	80,882	74,669
Daily Spend (\$pppd)	 103.3%	1.3%	265.2	256.7
Airlift (scheduled seats)	 100.0%	4.5%	15,606	15,606

- Visitor arrivals decreased in June (-0.6% to 1,755) and have also declined year-to-date (-3.1% to 9,010).
- Taiwan Government revised its economic forecast for 2018 to a GDP growth of 3.2%, which is higher than previously projected. Unemployment rate for 2018 is estimated at 3.7%, similar to the year before.

- Currency exchange rate fluctuations impact Taiwanese decision making in oversea destination visitation and spending.
- 2017 Taiwan total outbound reached 15.6 million, a 7.3% increase year over year. 92% of total outbound were to short haul Asia destinations.
- Forecast for the 2018 Taiwanese outbound to the U.S. will have a growth rate of 3% to reach 482,000 arrivals.
- There are increased affordable and attractive offerings from nearby destinations to entice Taiwanese visitors.
- Taiwanese travelers are heavy social media users with 77% penetration rate for Facebook, followed by 75% for YouTube.
- Since the launch of new A350 in November 2017, load factor for China Airlines has improved with an average of more than 85%. Hawai'i continues to strive for additional air capacity with seasonal and/or regular scheduled flights.
- In May, HTT worked with Nestle Taiwan on a consumer campaign capitalizing the movie release of Jurassic World: Fallen Kingdom. The company launched new packaging for 5 cereals products and consumer sweepstakes from May 11th to July 31st, 2018. Consumers who purchase a box of cereal can use the code enclosed inside to enter the sweepstakes on its event website. HTT provided the grand prize offering a free trip to Hawai'i for 4 people, including accommodations and a tour to the famous movie sites in Kualoa Ranch. Other sweepstake prizes that Nestle Taiwan has prepared include Jurassic World: Fallen Kingdom merchandise and free cereals for an entire school semester.
- HTT partnered with Ciao Travel Magazine on a cover story to promote Hawai'i as the top destination for couples and honeymoon goers who seek luxurious and pampering experiences in accommodation, dining, spa and breathtaking landscapes. Published monthly in print and digital versions, Ciao Magazine is a Taiwanese travel magazine focusing on luxury and lifestyle, which are themes that align with Hawai'i's brand image. As the magazine has direct access to over 4 million VIP members of China Airlines, HTT will be able to target its affluent readers more effectively with the exposure. Featuring a renowned Taiwanese actress/TV program hostess Alyssa Chia, the cover story will focus on the romantic elements in Hawai'i, including a luxurious five-star hotel, Waikīkī Beach, engagement or honeymoon photo shoots, fine dining, spa and the breathtaking landscape in O'ahu.

LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 115.4%	20.2%	13,850	11,999
Visitor Spending (\$mil)*	↑ 123.9%	50.2%	37.1	29.9
Visitor Days	↑ 111.4%	16.8%	145,461	130,549
Daily Spend (\$pppd)	↑ 111.2%	28.6%	254.8	229.2
Airlift (scheduled seats)	NA	NA	NA	NA

- Visitor arrivals from Mexico, Brazil and Argentina grew in June (+4.9% to 1,669) and year-to-date (+20.2% to 13,850).

Island Distribution

O'ahu: Visitor spending rose 12.3% to \$760.6 million in June boosted by growth in visitor days (+8.9%) and higher average daily spending (+3.1% to \$201 per person) versus last year. Arrivals were up 5.5% to 542,951 visitors. The average daily census rose 8.9 percent to 126,132 visitors.

Through the first six months of 2018, both visitor spending (+10.6% to \$4.08 billion) and arrivals (+6.3% to 2,914,320) increased compared to a year ago.

- **Maui:** Visitor spending increased in June 2018 (+10.1% to \$433.5 million), boosted by growth in visitor days (+12.9%), which offset lower daily spending (-2.5% to \$195 per person) compared to last June. Arrivals rose 11.5% to 280,561 visitors. The average daily census increased 12.9 percent to 73,988 visitors.

Year-to-date, visitor spending (+12.2% to \$2.71 billion) and arrivals (+7.6% to 1,463,513) surpassed results from a year ago.

- **Island of Hawai'i:** Visitor spending decreased slightly (-0.9% to \$194.3 million) due to total visitor days being flat (-0.2%) and lower average daily spending (-0.7% to \$175 per person) compared to June 2017. Arrivals dropped 4.8% to 149,817 visitors. The average daily census (-0.2%) in June was 37,019 visitors.

Through the first six months, growth was realized in both visitor spending (+9.3% to \$1.33 billion) and arrivals (+7.2% to 930,419) versus last year.

- **Kaua'i:** visitor spending increased (+13.1% to \$195.3 million) in June 2018, bolstered by growth in total visitor days (+8.6%) and higher daily spending (+4.1% to \$195 per person). Arrivals were up 9.1% to 135,484 visitors. The average daily census rose 8.6 percent to 33,368 visitors in June.

Through the first six months, both visitor spending (+9.2% to \$1.04 billion) and arrivals (+11.5% to 698,375) increased compared to the same period last year.

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **OVERALL**

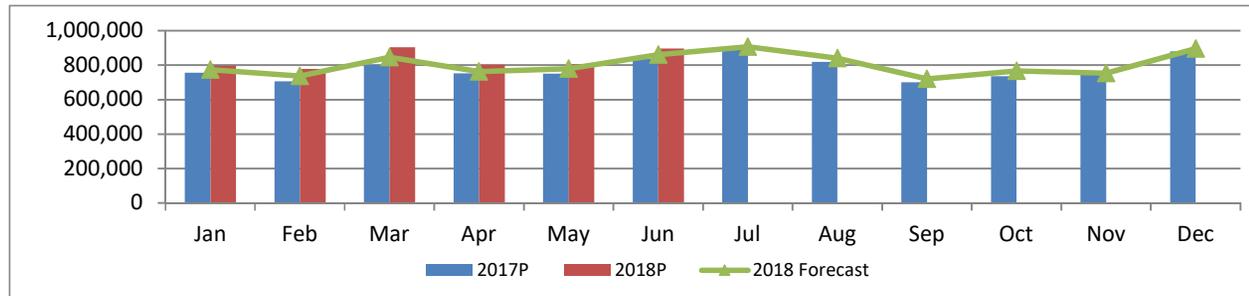
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 104.8%	8.2%	4,982,843	4,754,977	O'ahu	N/A	6.3%	2,914,320	N/A
Visitor Spending (\$mil)*	↑ 106.6%	10.8%	9,261.5	8,686.5	Maui	N/A	7.6%	1,463,513	N/A
Visitor Days	↑ 103.9%	7.2%	44,784,872	43,092,114	Moloka'i	N/A	6.1%	30,516	N/A
Daily Spend (\$pppd)	↑ 102.6%	3.3%	206.8	201.6	Lāna'i	N/A	22.2%	39,169	N/A
Airlift (scheduled seats)	→ 100.0%	10.2%	6,572,112	6,571,967	Kaua'i	N/A	11.5%	698,375	N/A
					Hawai'i Island	N/A	7.2%	930,419	N/A

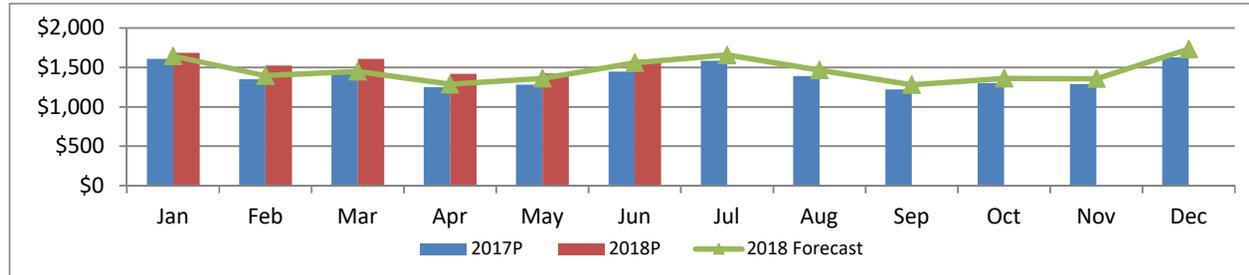
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

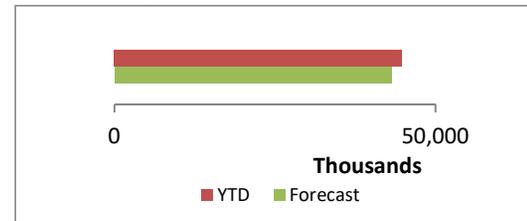


Monthly Visitor Expenditures (\$mil)

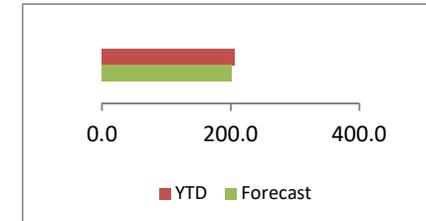


Annual Indicators

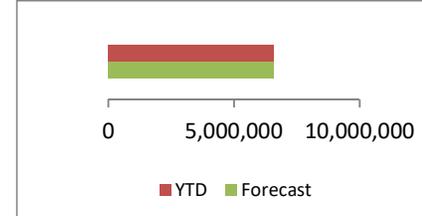
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **U.S. WEST**

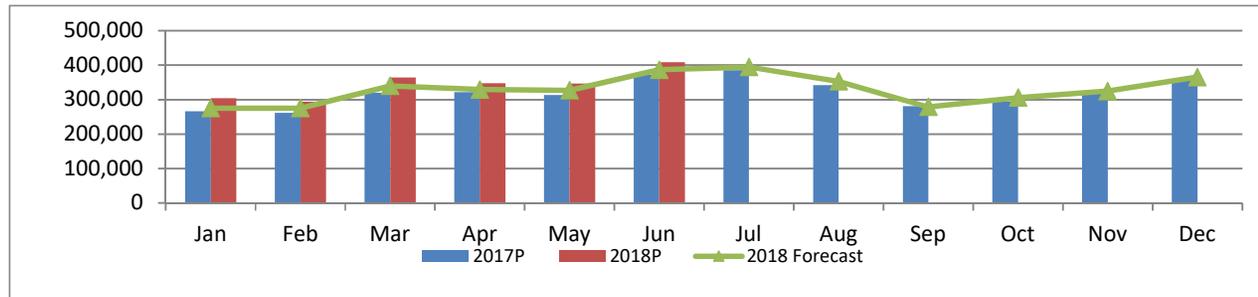
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 107.0%	11.3%	2,065,554	1,931,133	O'ahu	N/A	9.5%	865,020	N/A
Visitor Spending (\$mil)*	↑ 107.0%	10.5%	3,383.4	3,161.4	Maui	N/A	10.2%	719,755	N/A
Visitor Days	↑ 105.8%	9.6%	18,641,039	17,622,206	Moloka'i	N/A	-0.4%	11,477	N/A
Daily Spend (\$pppd)	↔ 101.2%	0.8%	181.5	179.4	Lāna'i	N/A	15.1%	13,906	N/A
Airlift (scheduled seats)	→ 100.0%	13.5%	4,033,187	4,032,816	Kaua'i	N/A	14.1%	358,414	N/A
					Hawai'i Island	N/A	7.1%	380,448	N/A

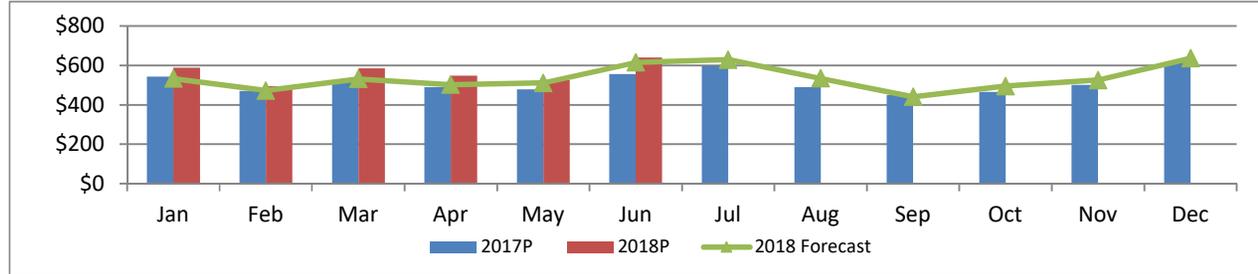
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

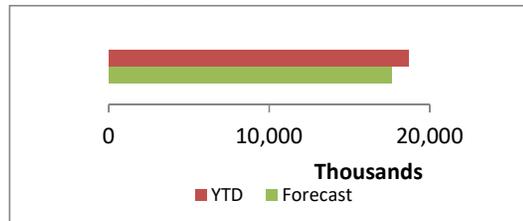


Monthly Visitor Expenditures (\$mil)

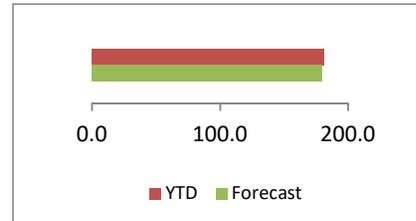


Annual Indicators

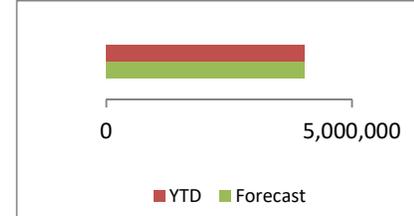
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **U.S. EAST**

Key Performance Indicators

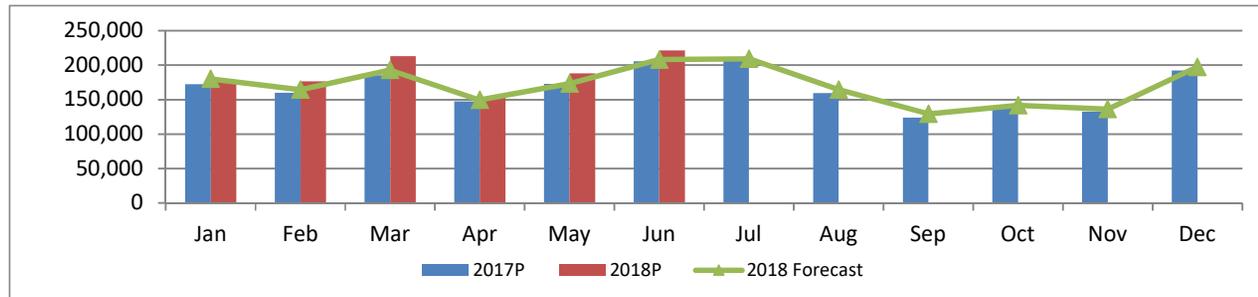
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 105.9%	8.3%	1,130,783	1,067,322
Visitor Spending (\$mil)*	↑ 107.1%	11.0%	2,455.8	2,292.1
Visitor Days	↑ 104.5%	6.5%	11,380,191	10,890,947
Daily Spend (\$pppd)	↑ 102.5%	4.2%	215.8	210.5
Airlift (scheduled seats)	→ 100.0%	12.7%	581,821	581,821

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	7.1%	632,985	N/A
Maui	N/A	7.2%	422,960	N/A
Moloka'i	N/A	26.2%	9,811	N/A
Lāna'i	N/A	38.2%	14,411	N/A
Kaua'i	N/A	9.6%	220,735	N/A
Hawai'i Island	N/A	3.9%	253,107	N/A

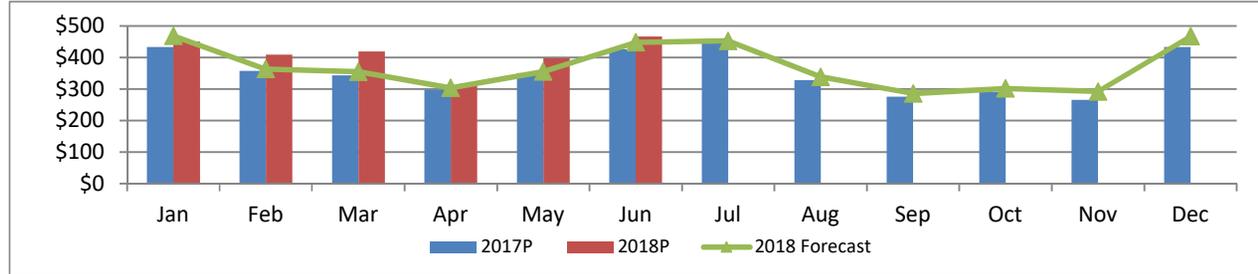
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

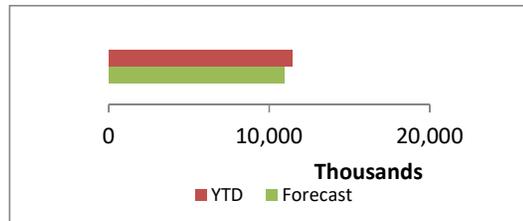


Monthly Visitor Expenditures (\$mil)

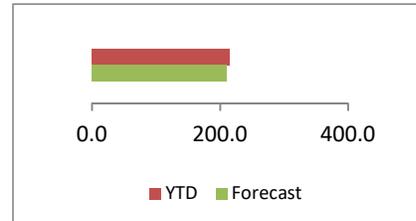


Annual Indicators

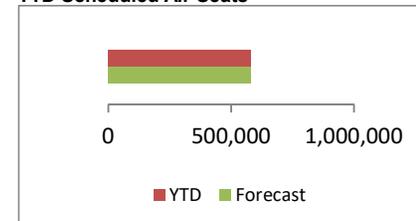
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **CANADA**

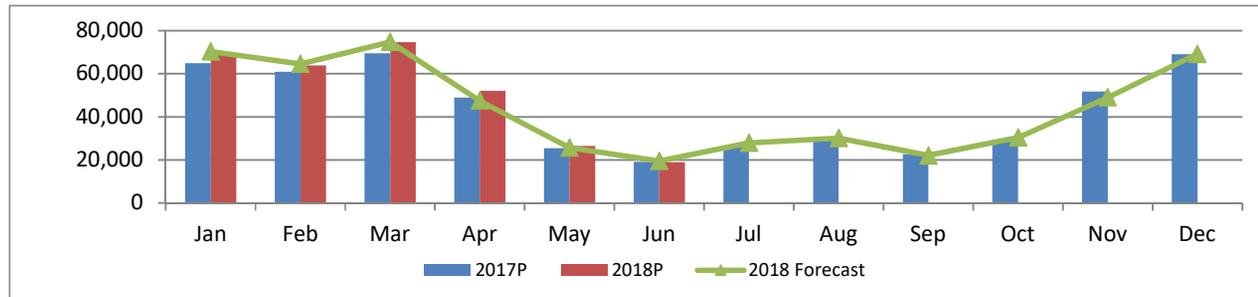
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 101.0%	5.7%	305,138	302,216	O'ahu	N/A	5.9%	121,215	N/A
Visitor Spending (\$mil)*	→ 100.4%	6.8%	650.0	647.1	Maui	N/A	7.1%	153,526	N/A
Visitor Days	↘ 98.2%	3.3%	3,816,940	3,886,394	Moloka'i	N/A	-7.4%	2,217	N/A
Daily Spend (\$pppd)	↑ 102.3%	3.4%	170.3	166.5	Lāna'i	N/A	7.3%	3,145	N/A
Airlift (scheduled seats)	→ 100.0%	2.2%	286,056	286,056	Kaua'i	N/A	5.0%	44,026	N/A
					Hawai'i Island	N/A	3.3%	60,205	N/A

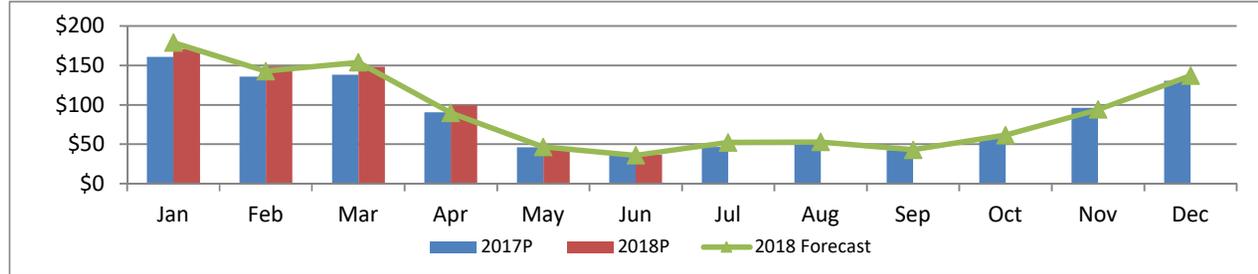
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

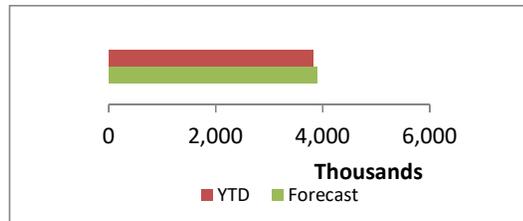


Monthly Visitor Expenditures (\$mil)

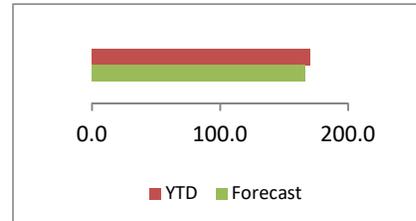


Annual Indicators

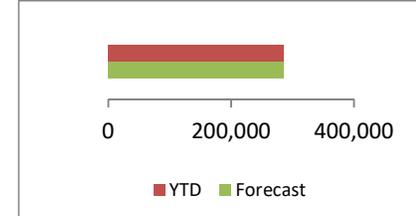
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **JAPAN**

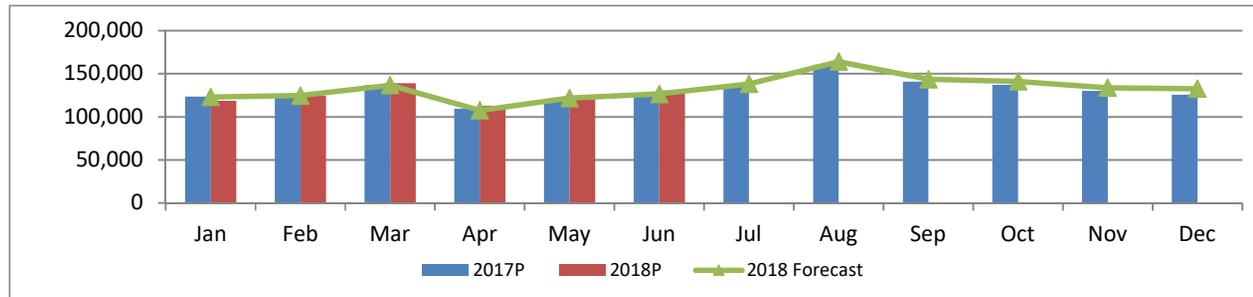
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 101.0%	1.2%	746,584	739,538	O'ahu	N/A	-1.2%	701,347	N/A
Visitor Spending (\$mil)*	⬆ 106.1%	7.1%	1,136.8	1,071.5	Maui	N/A	-9.3%	24,629	N/A
Visitor Days	➔ 101.9%	1.7%	4,414,005	4,332,959	Moloka'i	N/A	-39.4%	723	N/A
Daily Spend (\$pppd)	⬆ 104.1%	5.4%	257.5	247.3	Lāna'i	N/A	-15.4%	767	N/A
Airlift (scheduled seats)	➔ 100.0%	0.3%	974,396	974,576	Kaua'i	N/A	5.5%	13,172	N/A
					Hawai'i Island	N/A	18.3%	97,653	N/A

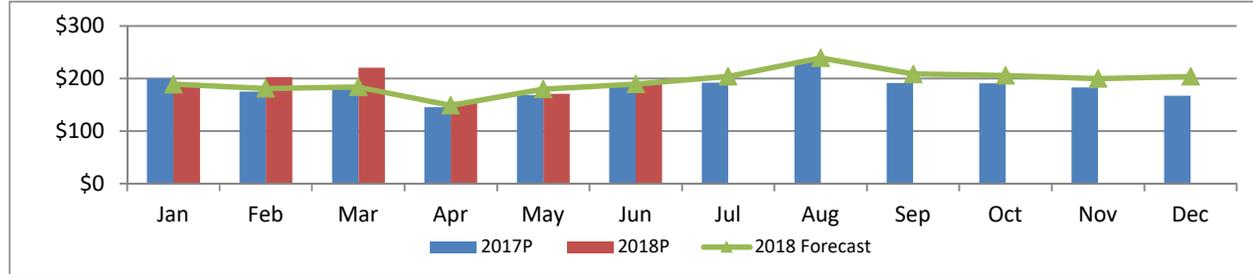
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

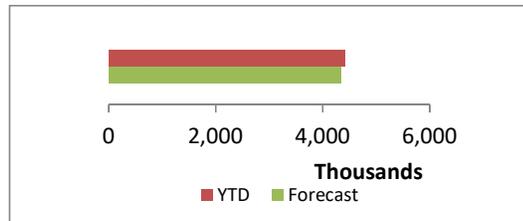


Monthly Visitor Expenditures (\$mil)

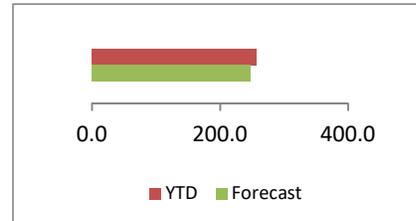


Annual Indicators

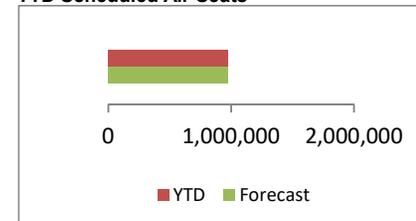
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

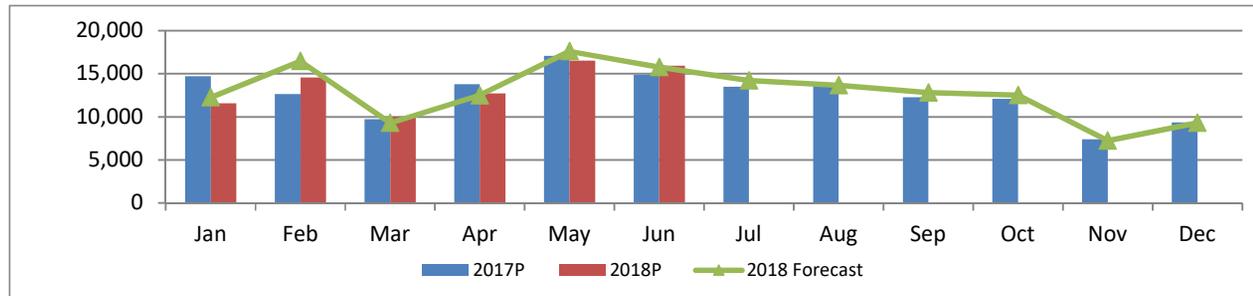
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 97.0%	-1.9%	81,319	83,854
Visitor Spending (\$mil)*	→ 100.4%	4.4%	218.2	217.3
Visitor Days	↓ 95.1%	-4.9%	602,085	633,310
Daily Spend (\$pppd)	↑ 105.7%	9.7%	362.5	343.1
Airlift (scheduled seats)	→ 100.1%	3.4%	85,148	85,064

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	-1.0%	79,506	N/A
Maui	N/A	-8.1%	16,177	N/A
Moloka'i	N/A	131.5%	798	N/A
Lāna'i	N/A	-9.5%	667	N/A
Kaua'i	N/A	-11.5%	2,335	N/A
Hawai'i Island	N/A	-1.1%	27,487	N/A

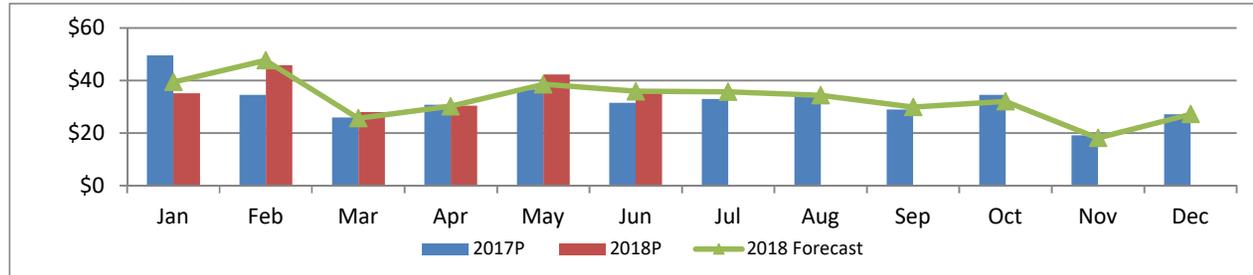
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

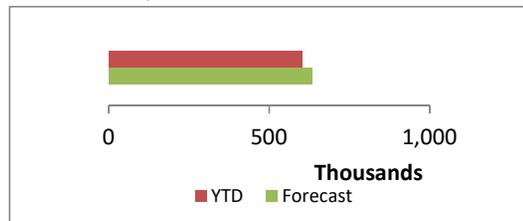


Monthly Visitor Expenditures (\$mil)

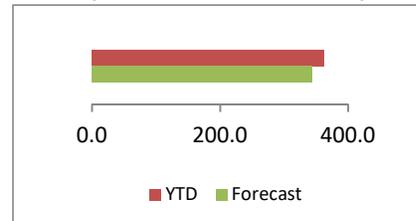


Annual Indicators

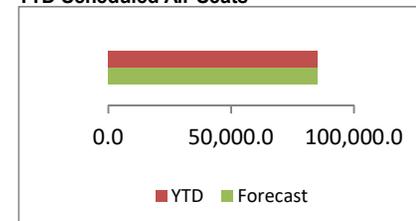
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **KOREA**

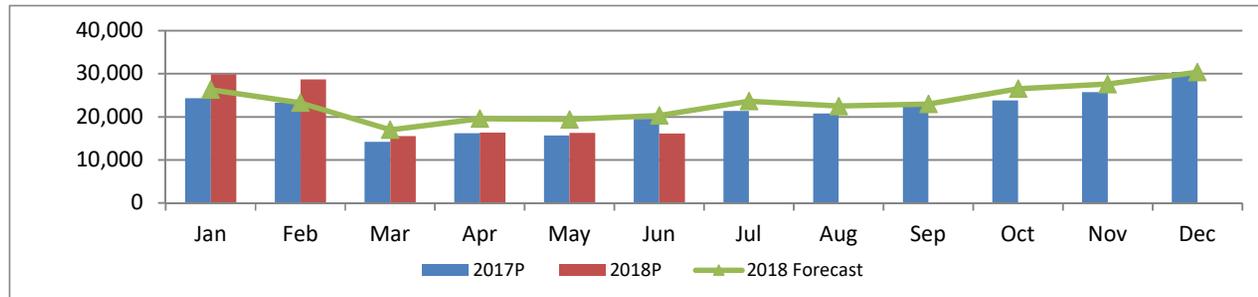
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 97.9%	8.5%	122,972	125,665	O'ahu	N/A	7.3%	119,779	N/A
Visitor Spending (\$mil)*	↑ 102.8%	16.3%	275.0	267.5	Maui	N/A	-27.9%	16,011	N/A
Visitor Days	→ 99.5%	9.9%	912,598	916,806	Moloka'i	N/A	99.4%	584	N/A
Daily Spend (\$pppd)	↑ 103.3%	5.9%	301.3	291.8	Lāna'i	N/A	33.7%	293	N/A
Airlift (scheduled seats)	→ 100.0%	8.6%	181,659	181,588	Kaua'i	N/A	3.3%	5,199	N/A
					Hawai'i Island	N/A	50.1%	15,639	N/A

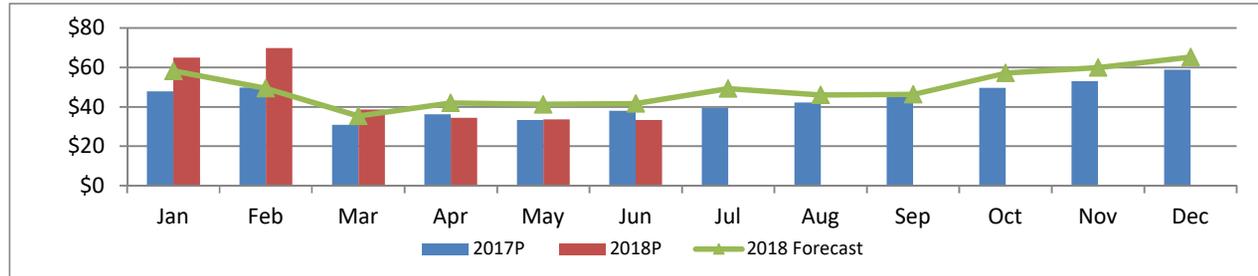
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

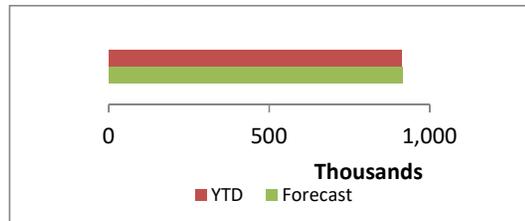


Monthly Visitor Expenditures (\$mil)

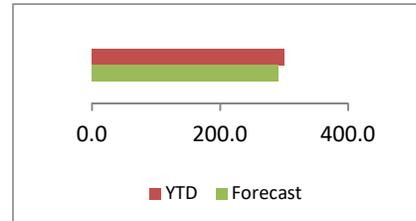


Annual Indicators

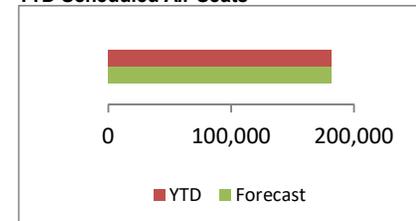
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

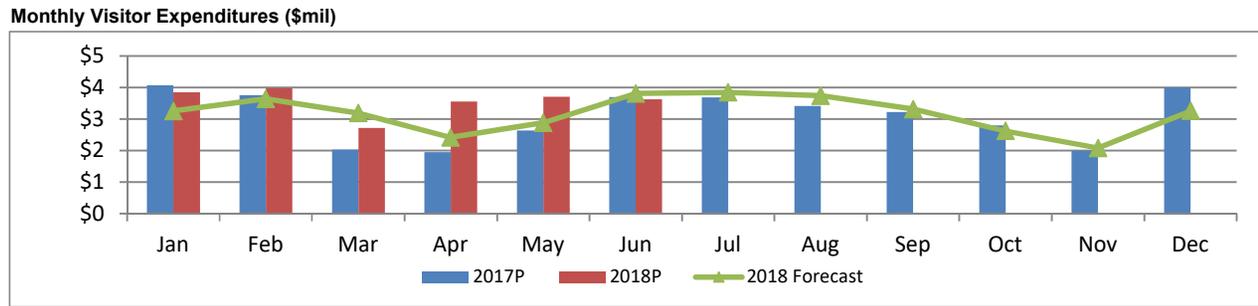
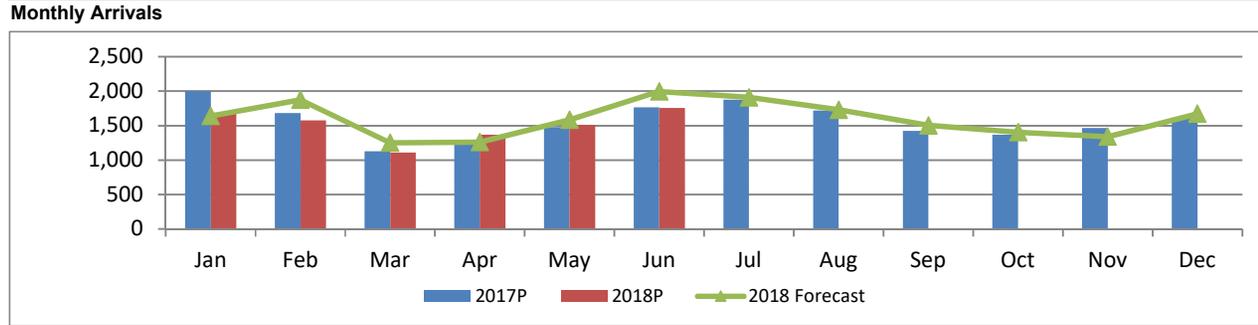
Market: **TAIWAN**

Key Performance Indicators

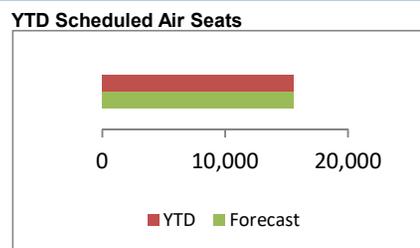
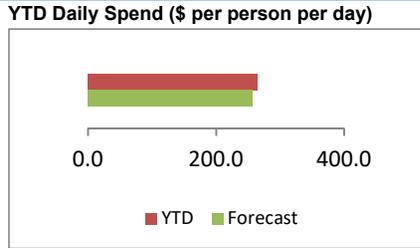
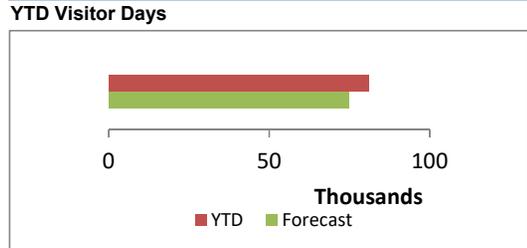
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 93.9%	-3.1%	9,010	9,597	O'ahu	N/A	0.8%	8,771	N/A
Visitor Spending (\$mil)*	↑ 111.9%	18.2%	21.5	19.2	Maui	N/A	73.8%	1,746	N/A
Visitor Days	↑ 108.3%	16.6%	80,882	74,669	Moloka'i	N/A	68.8%	41	N/A
Daily Spend (\$pppd)	↑ 103.3%	1.3%	265.2	256.7	Lāna'i	N/A	1441.5%	82	N/A
Airlift (scheduled seats)	→ 100.0%	4.5%	15,606	15,606	Kaua'i	N/A	-19.8%	307	N/A
					Hawai'i Island	N/A	34.2%	2,654	N/A

*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **OCEANIA**

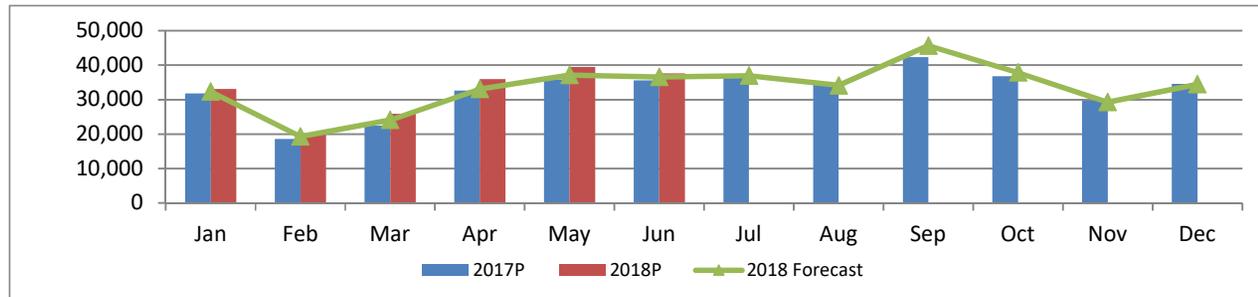
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 105.4%	8.5%	192,124	182,290	O'ahu	N/A	9.8%	188,378	N/A
Visitor Spending (\$mil)*	↑ 107.3%	11.6%	508.1	473.6	Maui	N/A	-4.3%	32,663	N/A
Visitor Days	↑ 106.7%	10.0%	1,847,151	1,731,177	Moloka'i	N/A	-36.9%	1,619	N/A
Daily Spend (\$pppd)	→ 100.6%	1.4%	275.1	273.5	Lāna'i	N/A	-12.2%	2,748	N/A
Airlift (scheduled seats)	→ 99.8%	10.6%	257,934	258,413	Kaua'i	N/A	-5.4%	14,782	N/A
					Hawai'i Island	N/A	-14.3%	24,752	N/A

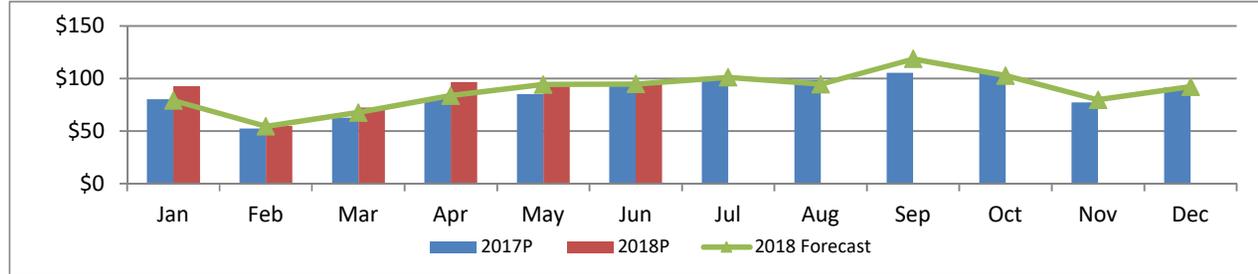
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

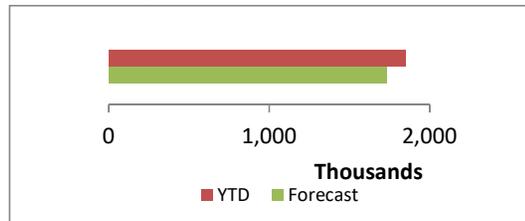


Monthly Visitor Expenditures (\$mil)

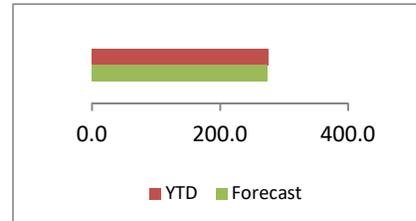


Annual Indicators

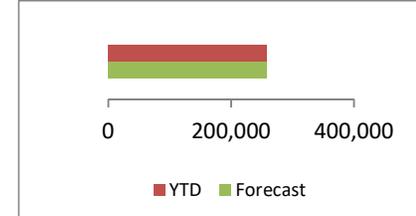
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

Market: **EUROPE**

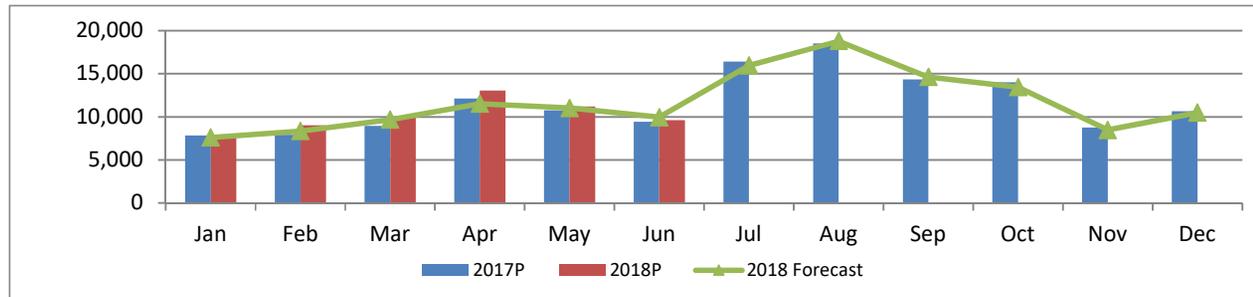
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 104.1%	6.0%	60,456	58,071	O'ahu	N/A	11.2%	45,166	N/A
Visitor Spending (\$mil)*	↑ 105.2%	6.2%	136.5	129.8	Maui	N/A	1.9%	23,317	N/A
Visitor Days	↑ 103.2%	3.9%	778,002	753,981	Moloka'i	N/A	-16.5%	882	N/A
Daily Spend (\$pppd)	↔ 101.9%	2.2%	175.5	172.2	Lāna'i	N/A	8.1%	603	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	3.8%	13,278	N/A
					Hawai'i Island	N/A	-10.7%	19,886	N/A

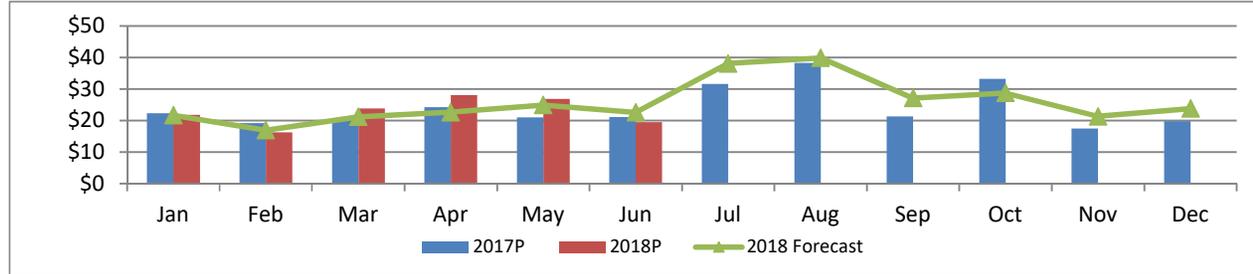
*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

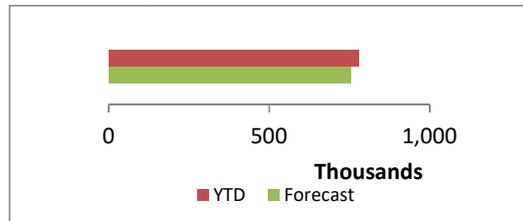


Monthly Visitor Expenditures (\$mil)

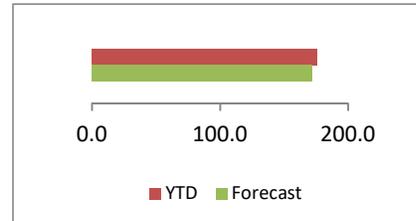


Annual Indicators

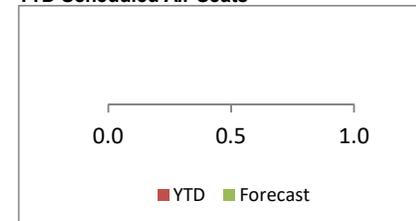
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of February 2018

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

Visitor Industry Performance Measures

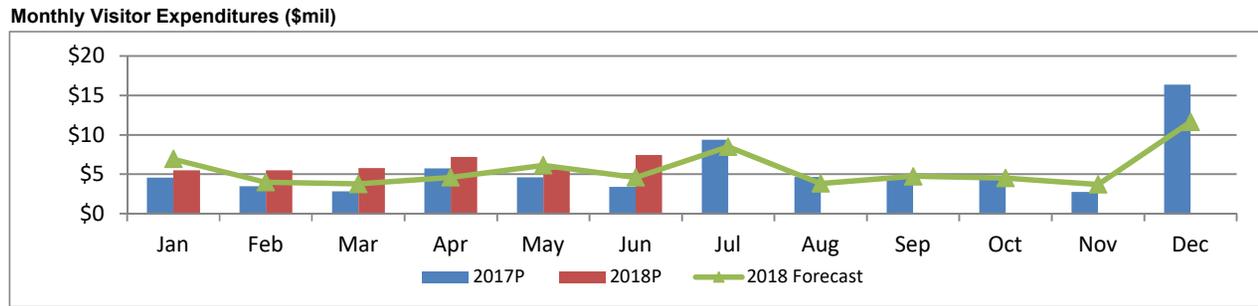
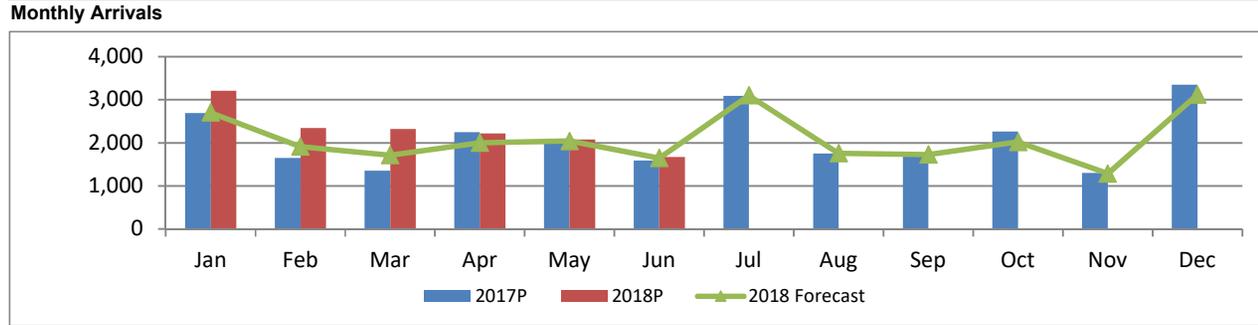
Market: **LATIN AMERICA**

Key Performance Indicators

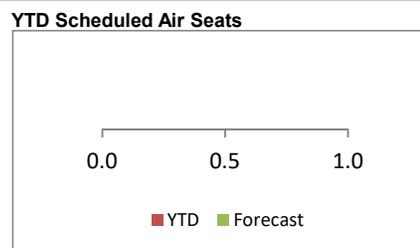
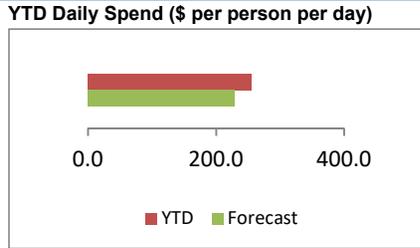
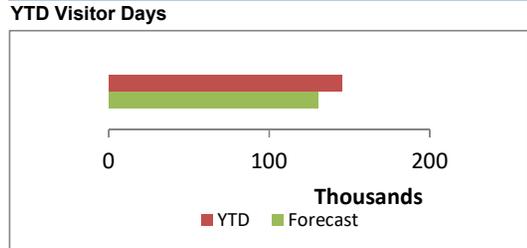
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 115.4%	20.2%	13,850	11,999	O'ahu	N/A	28.1%	10,736	N/A
Visitor Spending (\$mil)*	↑ 123.9%	50.2%	37.1	29.9	Maui	N/A	7.5%	5,035	N/A
Visitor Days	↑ 111.4%	16.8%	145,461	130,549	Moloka'i	N/A	181.0%	260	N/A
Daily Spend (\$pppd)	↑ 111.2%	28.6%	254.8	229.2	Lāna'i	N/A	192.8%	305	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	34.1%	1,705	N/A
					Hawai'i Island	N/A	20.9%	3,121	N/A

*DBEDT Forecasts as of February 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

Market Insights – July 2018

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

Report on Economic Impact

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

- \$10.92 billion in visitor spending, \$977.4 million more in visitor spending compared to same period last year.
- Total visitor arrivals rose 7.7 percent to 5,922,203, with growth in arrivals by air service (+8% to 5,855,448) offsetting decreased arrivals by cruise ships (-9.5% to 66,755).
- Hawai'i's tourism economy experienced \$1.28 billion in generated state tax revenue, up (+9.8 percent or +\$114.1 million) compared to the first seven of 2017.
- Through May 2018, the state collected \$510.8 million in TAT, an increase of 7.9 percent compared to FY 2017 through May 2017.
 - In August 2016, DoTAX reallocated \$25 million from GET to TAT.
 - If this adjustment is subtracted from the FY2017 total, FY2018's collection through May 2018 would show an increase of 13.9 percent compared to this adjusted total for FY2017 through May 2017.
- Total air capacity into Hawai'i grew 9.6 percent to 7,826,729 seats.

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	7.7%	5,922,203	5,853,302
Visitor Spending (\$mil)*	↗ 101.1%	9.8%	10,924.2	10,808.9
Visitor Days	→ 100.9%	6.9%	53,306,253	52,837,297
Daily Spend (\$pppd)	→ 100.2%	2.7%	204.9	204.6
Airlift (scheduled seats)	→ 99.9%	9.4%	7,764,973	7,770,609

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

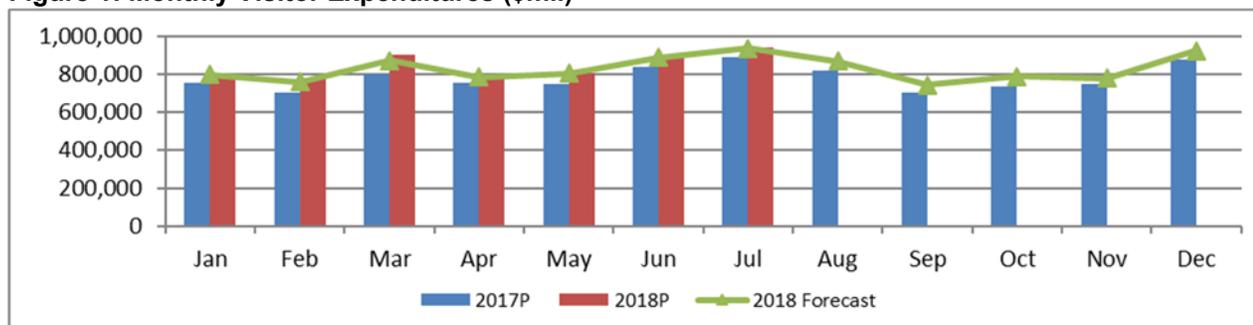
Visitors to the Hawaiian Islands spent a total of \$1.66 billion in July 2018, an increase of 4.8 percent compared to last year. Total arrivals rose 5.3 percent to 939,360 visitors in July – the most ever for any month in Hawai'i's history – comprised of arrivals by air service (+5.7% to 938,608 visitors) and cruise ships (-79.3% to 752 visitors). Total visitor days¹ rose 5.3 percent. The average daily census², or the number of visitors on any given day in July statewide, was 274,883, up 5.3 percent from last year.

¹ Aggregate number of days stayed by all visitors.

² Average daily census is the average number of visitors present on a single day.

O'ahu recorded increases in both visitor spending (+1.2% to \$773.7 million) and arrivals (+2% to 566,059) in July compared to last year. Maui also saw growth in visitor spending (+11.3% to \$481.5 million) and arrivals (+12.7% to 295,110), as did Kaua'i with gains in visitor spending (+17.6% to \$194.6 million) and arrivals (+7.3% to 137,641). The island of Hawai'i recorded decreases in visitor spending (-7.2% to \$201.1 million) and arrivals (-12.7% to 153,906) compared to last year.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

- There were no flight cancellations in July 2018 related to the Kīlauea eruption and HTUSA continues to monitor scheduled air service.
- There will be 2.2 million air seats flown between August and October, an 8.2% increase from the same period last year
- The U.S. Consumer Confidence Index fell -2.4 points to 126.4 in June. While perceptions of current economic conditions remained mostly unchanged from May, consumers are growing increasingly wary of what the near-term future will bring for the economy. It should be noted that the Index remains well above historic norms.
- The unemployment rate rose +0.2 percentage points to 4% in June 2018 from the lowest point observed in 18 years last month. The number of unemployed persons increased by 499,000 to 6.6 million.
- The U.S. GDP grew +4.1% in the second quarter of 2018. This is best and fastest growth recorded since the third quarter of 2014 boosted by a surge in consumer spending and business investment from last year's tax cut, and exportation. Nevertheless, many economists remain cautious about the sustainability of its growth for the second half of the year or in the long term.
- Overall, economic conditions remain favorable for the U.S. travel market. A strong labor market and relatively high consumer confidence means Americans are willing to spend in the upcoming months.

US WEST

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.8%	10.9%	2,485,758	2,441,573
Visitor Spending (\$mil)*	👉 101.6%	9.8%	4,019.6	3,957.8
Visitor Days	👉 101.4%	9.2%	22,445,580	22,127,220
Daily Spend (\$pppd)	👉 100.1%	0.6%	179.1	178.9
Airlift (scheduled seats)	👉 99.9%	12.5%	4,794,243	4,798,447

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

- The U.S. West market reported a gain of 6.2% in visitor spending to \$636.2 million in July year-over-year, boosted by growth in visitor arrivals (+9.1% to 420,204). The average daily spending (-0.7% to \$167 per person) was slightly lower compared to July 2017.
- Airlift: Capacity from the U.S. West market increase by +8.1% with Denver (+88.0%), Seattle (+19.8%), and San Francisco (+10.9%) all adding more than 35,000 new seats each. Other gateways such as Las Vegas (-11.8%) and Salt Lake City (-10.8%) will likely continue to shed seats.

US EAST

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.0%	8.1%	1,353,477	1,339,968
Visitor Spending (\$mil)*	👉 100.3%	9.2%	2,910.1	2,900.8
Visitor Days	👉 100.4%	6.2%	13,579,388	13,528,113
Daily Spend (\$pppd)	👉 99.9%	2.9%	214.3	214.4
Airlift (scheduled seats)	👉 100.0%	12.0%	692,036	692,036

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

- Growth in spending by U.S. East visitors was flat (+0.4% to \$454.3 million) compared to last July. Visitor arrivals were up (+6.8% to 222,694) but daily spending (-3.9% to \$207 per person) declined from a year ago.
- Air capacity from the U.S. East market will grow 8.4% from the previous August through October period, an increase of roughly +25,000 seats. Chicago (+25.0%), Dallas (+19.4%), and Newark (+11.7%) are again driving this growth, fully offsetting the decline in seats scheduled from Washington (-21.5%), and Atlanta (-15.4%).

CANADA

Table 4: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 99.8%	5.4%	332,665	333,431
Visitor Spending (\$mil)*	👉 100.1%	7.6%	705.3	704.5
Visitor Days	👉 99.3%	3.8%	4,162,010	4,190,212
Daily Spend (\$pppd)	👉 100.8%	3.7%	169.5	168.1
Airlift (scheduled seats)	👉 100.0%	2.2%	305,586	305,586

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

- The Canada market saw a sharp increase (+18.8%) in visitor spending to \$55.3 million in July 2018, boosted by growth in visitor arrivals (+3.1% to 27,527), a longer length of stay (+6.3% to 12.54 days) and higher daily spending (+8.3% to \$160 per person) compared to a year ago.

- Airlift: Scheduled air seats from Canada increased (+1.9% to 19,530 seats) in July compared to last year.
- HTCAN continued to monitor the impacts of the Kilauea volcano in terms of cancellations and future bookings, remaining in contact with key tour operator partners. It appears the impacts on Canadian travel to Hawai'i has been minimal, partially due to the eruption taking place at a slower time for both Canadian visits and bookings.
- Through July, Canada's economy has been gaining strength despite the ongoing trade battle with the U.S. Exports rose to a record high and Canada's GDP (May) expanded at its fastest rate in the past year. The growth was broad as 19 out of 20 sectors posted gains. This has economists predicting second quarter growth of more than 3% and another interest rate increase. The loonie (The Canadian one-dollar coin) rose to a seven-week high at the end of July, climbing to almost \$0.77 to the USD.
- The national consumer confidence rating was 116.2 points in July 2018, a 2.6-point increase compared to last year. Consumers residing in Atlantic Canada, Quebec, Alberta, and BC were more positive, while a drop in confidence was registered in Ontario and the Prairies. At the same time, purchase intentions were mostly unchanged compared to last year, both nationally (+0.3) and in most regions.
- Less than two-thirds (65.3%) of Canadians who visited the Hawaiian Islands so far in 2018 were repeat visitors. This represents the lowest share for the period since 2011.
- Compared to 2017, arrivals from Canadian airports grew 2.4% during the first five months of 2018, while arrivals via U.S. airports jumped 19.4%. Almost 12 thousand Canadians arrived via a U.S. airport in April—the sixth consecutive month of increases in indirect passenger volumes. Year-to-date, 75% of visitors arrived directly from Canada, which is a smaller share than 2017 (78%) and 2016 (81%).
- Boomers and “zoomers” continue as the hottest outbound market. Canada's aging population will continue to be a positive contributor to growth in outbound leisure travel as the propensity to take outbound leisure trips increases with age. Baby boomers (those born between 1946 and 1964) will continue to drive the outbound leisure travel market during the next five years. In 2017 there are more seniors (65+) in Canada than children. Multi-generational travel, wellness tourism and long stay travel will increase.
- After three years of French Polynesia at the top spot, Hawai'i was voted by Canadian travel agents as 'Favorite Honeymoon Destination' at the Baxter Media Agents' Choice Awards.

JAPAN

Table 5: Key Performance Indicators – Japan

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉	101.5%	1.2%	884,644	871,159
Visitor Spending (\$mil)*	👆	103.2%	7.2%	1,343.1	1,301.5
Visitor Days	👉	101.8%	1.7%	5,258,237	5,163,804
Daily Spend (\$pppd)	👉	101.3%	5.4%	255.4	252.0
Airlift (scheduled seats)	👉	100.0%	0.1%	1,153,655	1,153,835

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

- Spending by Japanese visitors rose 7.2% to \$206.4 million in July. Arrivals increased 1.3% to 138,060 visitors and the average daily spending was higher (5.4% to \$244 per person) compared to July 2017.
- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawai'i with approximately 9% of all outbound travel from Japan choosing Hawai'i. Sixty percent of the travelers are also repeat visitors to Hawai'i.

- Japan’s economy remains on a moderate path to recovery with unemployment at 2.8% and the exchange rate stabilizing approximately 110 JPY to USD.
- The overall trend in airline seat category for the Japan market is shifting to higher-end economy which reduces the number of seats for each aircraft, however, allows higher yield to airlines.
- Introduction of low cost carrier, AirAsia X and Scoot, and the relaunch of Japan Airline’s direct air service to Kona have resulted in additional routes for the Japan market.
- Active collaboration with industry partners and private sectors maintain high exposure of Hawai’i within the Japan market, including the annual collaboration with McDonald’s Japan for Locomoco burgers.
- Effects of Kīlauea volcanic eruption continue. Cancellations for wholesalers and airlines have slowed down, however, they have been experiencing slow booking pace for the coming months (Q3).
- HTJ continues its effort to minimize the negative effects caused by the Kīlauea eruption with its three-phased recovery plan. Examples of the recent major activities include social media campaigns, media briefing session held in Tokyo, a full-page advertorial on the Japanese national newspaper and collaborative event with JAL/Hawaiian Airlines at Tommy Bahama Ginza all of which are aimed in promoting travels to Island of Hawaii.

OCEANIA

Table 6: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.2%	8.1%	231,765	229,082
Visitor Spending (\$mil)*	👉 98.3%	9.3%	605.2	615.6
Visitor Days	👉 101.2%	9.1%	2,228,080	2,202,529
Daily Spend (\$pppd)	👇 97.2%	0.1%	271.6	279.5
Airlift (scheduled seats)	👉 99.7%	10.3%	307,243	308,206

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

- There were 39,641 visitors in July 2018, an increase of 6.4% from a year ago. Through the first seven months of 2018, arrivals rose 8.1% to 231,765 visitors compared to the same period in 2017.
- The Reserve Bank of Australia cash interest rate remained low through 2017. Interest rates are expected to remain so or increase slightly in 2018 which will continue to drive growth.
- The exchange rate between the AUD/USD has ranged between \$0.73 US cents and \$0.75 US cents since mid-June. In early July, it was down around 73.15, its lowest level since January 2017. The Australian economy grew by 1% in the March quarter of 2018; on an annualized basis it has grown at 2.6%, exceeding the forecasts. Other potential impacts on the Australian economy include mortgage and rent stress as housing prices and rental accommodation prices in Australia’s capital cities continues to soar and remains a hot topic in the media and around the water cooler.
- Overall, business confidence remains buoyant, however consumer confidence is flat as Australians are concerned about rising living costs and flat wages growth.
- The New Zealand economy is predicted to see GDP growth of between 2.5% and 3.5% over the next few years.
- The unemployment rate has dipped below 5% which is a sign of New Zealand’s economic growth and is predicted to be stable.

- After a year of exchange rate falls, the New Zealand dollar appears to have settled and strengthened to a range between \$0.65 and \$0.73 cents. The NZD is currently at the lower end of this range which does impact the spending power when travelling to the US
- 2017 was record year for outbound travel from New Zealand with over 2.9 million departures (up 9.3%).
- Outbound resident travel during May 2018 increased 1.1% when compared with April 2018 This followed monthly increases of 1.1% for both March and April 2018. The current trend estimate for returns is 5.5% higher than in May 2017.

EUROPE

Table 7: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.4%	5.8%	77,750	76,699
Visitor Spending (\$mil)*	👉 98.9%	6.6%	170.8	172.7
Visitor Days	👈 102.6%	5.7%	1,024,750	999,064
Daily Spend (\$pppd)	👇 96.4%	0.9%	166.7	172.8
Airlift (scheduled seats)	NA	NA	NA	NA

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

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland increased in July (+5.3% to 17,293) and through the first seven months of 2018 (+5.8% to 77,750) compared to a year ago.
- UK economy continues to show positive growth. Results this week show that the UK's strong economic performance has led to new job creation over the last three months, which at an annual rate, will see more than half a million people find work.
- Holiday bookings grew 7% year-on-year in revenue terms in June, with summer sales up by 4%, the market researchers' analysis of sales by 2,000 representative travel agencies, OTAs and tour operator websites found.
- The market researchers' analysis of sales by 2,000 representative travel agencies, OTAs and tour operator websites found that sales revenues for holidays between May and October 2018 are now 15% ahead of the same period last year, and 75% of summer 2017 revenues have already been secured.
- Overall, summer 2018 sales for Germany are so far 13% ahead of last year and 91% of last year's total revenues have already been reached. In terms of departure months, June closed with a slight 1.1% sales increase. Demand has been high for July with a 13.4% rise in booked revenues.
- According to a recent survey, 20% of French consumers will go abroad this summer season, a 2% increase compared to 2017
- In a bid to meet growing demand, British Airways and Norwegian are set to introduce new transatlantic routes. Norwegian will add nearly 40% more weekly U.S. and Canada departures from Ireland for summer 2019, including a new Dublin to Toronto service. British Airways' U.S. route expansion will see the introduction of a new direct service from London to Pittsburgh in April 2019.

CHINA

Table 8: Key Performance Indicators – China

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	📉 97.0%	-3.8%	92,719	95,622
Visitor Spending (\$mil)*	👉 98.8%	4.1%	252.1	255.2
Visitor Days	👉 98.3%	-4.8%	698,716	711,037
Daily Spend (\$pppd)	👉 100.5%	9.4%	360.8	359.0
Airlift (scheduled seats)	👉 100.1%	4.0%	99,964	99,880

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

- Visitor arrivals decreased in July (-15.5% to 11,400) and through the first seven months of 2018 (-3.8% to 92,719) compared to a year ago.
- The China economy grew 6.9% in 2017. For 2018, many economists believed that the GDP growth rate will decelerate further with an estimate of 6.7%.
- The fluctuation of currency exchange rate does impact Chinese travelers' choice of vacation destination and their travel spending.
- As reported by China National Tourism Administration (CNTA), the volume of outbound tourism reached 128 million people in 2017, an increase of 4.9% over 2016. Forecast for 2018 outbound travel growth rate will maintain at around 4%.
- The Millennials FIT segment is growing with travelers seeking authentic local culture, food, thrilling activities and self-driving experiences.
- Over 60 destinations/countries offer Chinese visitors visa waiver or visa upon arrival to entice the market.
- Competition continues to be intense with countries and continental U.S. destinations investing large amounts on access development in the China market. The overall increase in airlift from Tier 1 and Tier 2 China cities made continental U.S. the main beneficiary in terms of providing more convenience and destination offerings to Chinese travelers posing direct competition to the Hawaiian Islands.
- Total arrivals to U.S. in 2018 are expected to reach 3.2 million according to the U.S. Department of Commerce.
- In July, to target the multi-generation families, HTC launched the "Hawai'i Baby Ambassador" campaign in partnership with Gymboree, a leading early childhood institution with 400 branches in China that serves more than 300,000 Chinese families. This campaign, kicked off at Shanghai J-Mall, features an online competition for "Hawai'i Baby Ambassador" through social media platforms.
- HTC collaborated with Globalfun to launch an outdoor advertising at the heart of Guangzhou to drive travel interest to the Hawaiian Islands. The ads showcased inspirational and iconic images of Hawai'i and exciting outdoor activities such as whale watching, stargazing and surfing. To maximize the advertising effects, new mono-Hawai'i products were also launched in the Guangzhou market. This outdoor advertisement will be displayed through September, with an expected outreach to over 4 million people and an ad value of over USD 180,000.
- HTC worked with Shanghai Spring Tour to increase the popularity of mono-Hawai'i products with special air fares from China Eastern Airlines. The key products consist of 7D5N packages promoting O'ahu, Island of Hawai'i and Maui. HTC also secured coverage on Spring Airlines' in-flight magazine via Shanghai Spring Tour. The in-flight magazine will reach a total of 2 million passengers.

KOREA

Table 9: Key Performance Indicators – Korea

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 96.7%	4.6%	140,859	145,708
Visitor Spending (\$mil)*	↓ 97.5%	12.8%	311.1	319.2
Visitor Days	↓ 97.5%	6.6%	1,047,173	1,074,210
Daily Spend (\$pppd)	→ 100.0%	5.8%	297.1	297.1
Airlift (scheduled seats)	→ 99.9%	4.6%	210,065	210,348

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

- Visitor arrivals decreased in July (-16.5% to 17,887). Year-to-date, arrivals rose 4.6% to 140,859 visitors.
- HTK has executed sales-oriented incentive promotions to help generate bookings to minimize cancellations due to the recent volcano activities on the island of Hawai'i.
- South Korea's economy is expected to grow 2.7% this year according to the Korea Economic Research Institute (KERI).
- The average USD/WON exchange rate in July was 1,122.78 won, a slight increase from the previous rate of 1,075.14 won in June. Fuel surcharges were imposed in July up to 169,400 won (\$150) for a round trip between Korea and the U.S.
- Korea Tourism Organization reported the number of Korean outbound travelers in June was 2,323,986, a year-on-year increase of 10.7%.
- Koreans are expected to bypass the long customs and immigration lines at United States airports and the need to do entry interviews for foreigners as early as next year as U.S. politicians make efforts to include Korea in the U.S. Global Entry program.
- HTK wrapped up the co-op promotion with Jin Air to celebrate its resumption of flights from Incheon to Honolulu. HTK launched another consumer promotion for July on its website and social media to spread the word about the flight resumption.
- Hawai'i is ranked as the top destination for Korean honeymooners according to a study by Interpark Tour, a leading OTA. Hawai'i is followed by Phuket, Bali, Maldives, and Cancun.
- Korea's social commerce TMON reported that Hawai'i's popularity as a top family holiday destination has grown rapidly. The finding was based on data for 50,000 bookings made for the period September 2017 to March 2018. TMON noted Hawai'i had jumped into the top 6 destinations in terms of 'family trips & reservations,' a five-fold gain from the previous year.

TAIWAN

Table 10: Key Performance Indicators – Taiwan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 90.8%	-6.5%	10,448	11,504
Visitor Spending (\$mil)*	↑ 106.1%	11.7%	24.4	23.0
Visitor Days	↑ 106.6%	13.8%	96,433	90,444
Daily Spend (\$pppd)	→ 99.5%	-1.8%	253.2	254.5
Airlift (scheduled seats)	→ 100.0%	3.7%	18,360	18,360

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

- Visitor arrivals decreased in July (-23.4% to 1,438) and have also declined year-to-date (-6.5% to 10,448).
- Taiwan Government revised its economic forecast for 2018 to a GDP growth of 3.2%, which is higher than previously projected. Unemployment rate for 2018 is estimated at 3.7%, similar to the year before.

- Currency exchange rate fluctuations impact Taiwanese decision making in oversea destination visitation and spending.
- 2017 Taiwan total outbound reached 15.6 million, a 7.3% increase year over year. 92% of total outbound were to short haul Asia destinations.
- Forecast for the 2018 Taiwanese outbound to the U.S. will have a growth rate of 3% to reach 482,000 arrivals.
- There are increased affordable and attractive offerings from nearby destinations to entice Taiwanese visitors.
- Taiwanese travelers are heavy social media users with 77% penetration rate for Facebook, followed by 75% for YouTube.
- Since the launch of new A350 in November 2017, load factor for China Airlines has improved with an average of more than 85%. Hawai'i continues to strive for additional air capacity with seasonal and/or regular scheduled flights.
- In July, HTT worked with Angelina, one of the leading influencers in the fashion and fitness genres in Taiwan to showcase the natural beauty and fun activities in Hawai'i. Angelina is a sought-after model/influencer in fashion and fitness with 342,000 subscribers on Instagram and 249,000 followers on Facebook. Angelina shared video clips on Instagram of her outdoor adventures including horseback riding, ATV and zipline. In addition, she featured iconic food joints on O'ahu. The Instagram video has achieved 27,100 views since mid-July.

LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 112.1%	15.9%	16,929	15,100
Visitor Spending (\$mil)*	↑ 113.2%	27.7%	43.5	38.4
Visitor Days	↑ 110.4%	13.9%	178,730	161,941
Daily Spend (\$pppd)	↑ 102.6%	12.1%	243.3	237.1
Airlift (scheduled seats)	NA	NA	NA	NA

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

- Growth in visitor arrivals from Mexico, Brazil and Argentina was flat in July (-0.4% to 3,079) but increased year-to-date (+15.9% to 16,929).

Island Distribution

- **O'ahu:** Visitor spending increased in July (+1.2% to \$773.7 million) to the highest monthly total in O'ahu's history, boosted by growth in visitor days (+5.3%). The average daily spending was lower (-3.8% to \$194 per person) compared to July of last year. Arrivals were up 2% from July 2017 to 566,059 visitors. The average daily census rose 5.3 percent to 128,891 visitors in July.

Through the first seven months of 2018, both visitor spending (+9% to \$4.85 billion) and arrivals (+5.5% to 3,480,379) increased compared to a year ago.

- **Maui:** Visitor spending grew in July (+11.3% to \$481.5 million), supported by increases in visitor days (+13.7%), which offset lower daily spending (-2.1% to \$207 per person). Arrivals rose 12.7% to 295,110 visitors. The average daily census increased 13.7 percent to 74,929 visitors in July.

Year-to-date, visitor spending (+12.1% to \$3.19 billion) and arrivals (+8.4% to 1,758,623) exceeded results from a year ago

- **Island of Hawai'i:** Visitor spending declined in July (-7.2% to \$201.1 million) as a result of decreased visitor days (-8.4%). Average daily spending of \$177 per person (+1.4%) was higher versus last July. Arrivals were down 12.7% to 153,906 visitors. Significantly fewer visitors took day trips (-37.7%) to Hawai'i Island compared to a year ago. The average daily census decreased 8.4 percent to 36,753 visitors in July.

Through the first seven months, there continued to be growth in visitor spending (+6.8% to \$1.54 billion) and arrivals (+3.8% to 1,084,324) versus last year.

- **Kaua'i:** Visitor spending increased substantially (+17.6% to \$194.6 million) to the highest monthly total in Kaua'i's history. Visitor days (+5.1%) and average daily spending (+12% to \$192 per person) were also higher in July compared to a year ago. Arrivals increased 7.3% to 137,641 visitors. The average daily census rose 5.1 percent to 32,686 visitors in July.
- Through the first seven months, both visitor spending (+10.5% to \$1.24 billion) and arrivals (+10.8% to 836,016) increased compared to the same period last year.

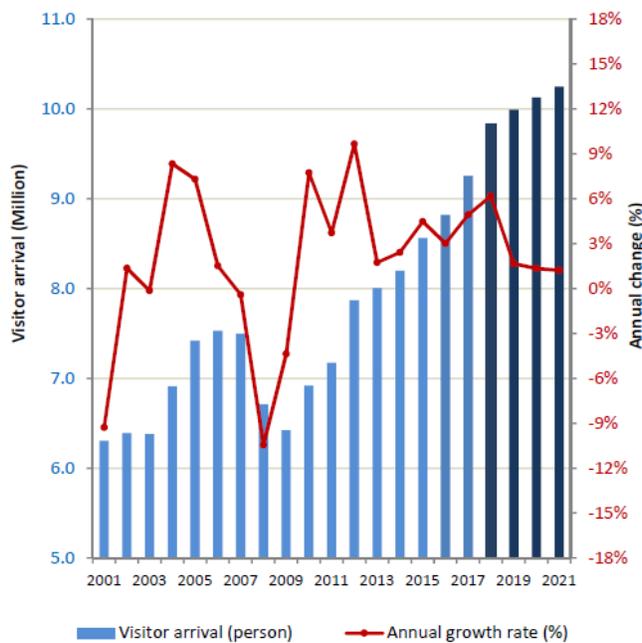
DBEDT Tourism Forecast

DBEDT READ revises their Tourism Forecast in conjunction with the *Quarterly Statistical & Economic Report*. DBEDT revised the visitor industry forecast upward with visitor arrivals are expected to increase 6.1 percent in 2018, 0.1 of a percentage point above the previous forecast. The forecast for visitor days in 2018 increased 0.1 of a percentage point to 5.8 percent. The 2018 forecast for visitor expenditure growth was revised upward to 9.2 percent, from 8.6 percent growth projected in the previous forecast.

For 2019, the growth rate of visitor arrivals, visitor days, and visitor expenditures are now expected to be 1.6 percent, 1.7 percent, and 3.2 percent, respectively.

DBEDT Forecasts (3Q 2018) : Visitor Arrivals

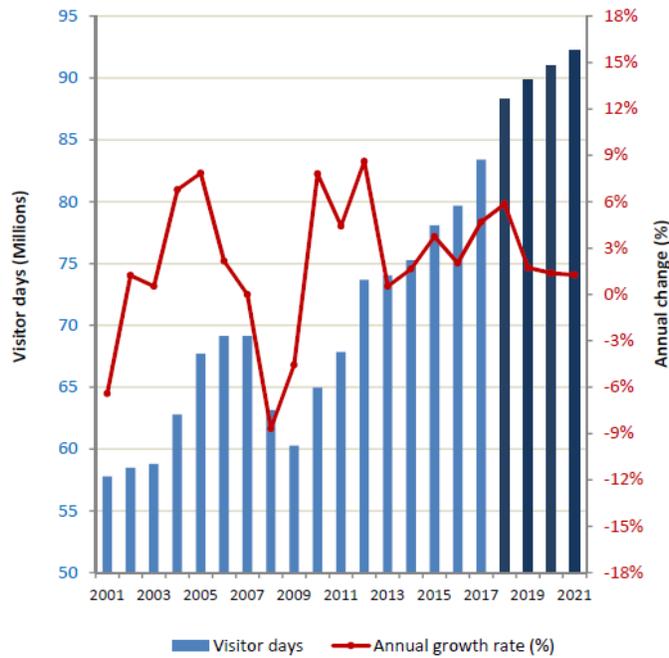
Visitor Arrivals (Air only)



	Air only		Total	
	person	annual growth (%)	person	annual growth (%)
2005	7,416,574	7.3%	7,494,236	7.2%
2006	7,528,105	1.5%	7,628,117	1.8%
2007	7,496,820	-0.4%	7,627,819	0.0%
2008	6,713,436	-10.4%	6,822,912	-10.6%
2009	6,420,448	-4.4%	6,517,054	-4.5%
2010	6,916,894	7.7%	7,018,133	7.7%
2011	7,174,398	3.7%	7,299,048	4.0%
2012	7,867,143	9.7%	8,028,742	10.0%
2013	8,003,474	1.7%	8,174,460	1.8%
2014	8,196,342	2.4%	8,320,785	1.8%
2015	8,563,018	4.5%	8,679,564	4.3%
2016	8,821,802	3.0%	8,934,277	2.9%
2017	9,256,761	4.9%	9,382,986	5.0%
2018	9,829,250	6.2%	9,959,201	6.1%
2019	9,992,928	1.7%	10,122,879	1.6%
2020	10,127,361	1.3%	10,257,312	1.3%
2021	10,251,016	1.2%	10,380,967	1.2%

DBEDT Forecasts (3Q 2018) : Visitor Days

Visitor Days (Air only)



	Air only		Total	
	days	annual growth	days	annual growth
2005	67,687,479	7.8%	68,241,986	7.7%
2006	69,145,854	2.2%	69,884,943	2.4%
2007	69,135,310	0.0%	70,074,573	0.3%
2008	63,130,133	-8.7%	63,857,377	-8.9%
2009	60,255,061	-4.6%	60,836,669	-4.7%
2010	64,951,433	7.8%	65,465,125	7.6%
2011	67,825,871	4.4%	68,466,520	4.6%
2012	73,663,903	8.6%	74,519,278	8.8%
2013	74,049,772	0.5%	74,942,169	0.6%
2014	75,269,197	1.6%	75,932,335	1.3%
2015	78,086,081	3.7%	78,620,086	3.5%
2016	79,669,135	2.0%	80,225,407	2.0%
2017	83,411,666	4.7%	83,991,152	4.7%
2018	88,287,545	5.8%	88,861,985	5.8%
2019	89,809,740	1.7%	90,384,180	1.7%
2020	91,039,721	1.4%	91,614,161	1.4%
2021	92,179,715	1.3%	92,754,155	1.2%

DBEDT Forecasts (3Q 2018): Visitor Expenditure

Visitor Expenditure (Air only)



	Air only		Total	
	\$million	annual growth	\$million	annual growth
2005	11,650	9.4%	11,904	9.6%
2006	12,243	5.1%	12,492	4.9%
2007	12,578	2.7%	12,811	2.6%
2008	11,182	-11.1%	11,398	-11.0%
2009	9,794	-12.4%	9,993	-12.3%
2010	10,967	12.0%	11,166	11.7%
2011	12,047	9.9%	12,180	9.1%
2012	14,193	17.8%	14,365	17.9%
2013	14,352	1.1%	14,521	1.1%
2014	14,809	3.2%	14,973	3.1%
2015	14,938	0.9%	15,111	0.9%
2016	15,753	5.5%	15,911	5.3%
2017	16,734	6.2%	16,897	6.2%
2018	18,279	9.2%	18,449	9.2%
2019	18,862	3.2%	19,036	3.2%
2020	19,443	3.1%	19,618	3.1%
2021	19,999	2.9%	20,178	2.9%

STR Hotel Performance Forecasts

STR, in conjunction with Tourism Economics, produces market forecasts for hotel performance. These forecasts are updated on a quarterly basis. HTA subscribes to forecasts reports for the State of Hawai'i, O'ahu, Maui County, Island of Hawai'i, and Kaua'i.

STR State of Hawai'i Forecast

	Year	Occupancy			ADR			RevPAR		
		%	Percentage Pt. Change		\$	% Change		\$	% Change	
Actual	2015	78.9%	1.8%	▲	\$ 243.83	4.0%	▲	\$ 192.28	6.4%	▲
	2016	79.3%	0.4%	▲	\$ 253.99	4.2%	▲	\$ 201.41	4.7%	▲
	2017	80.2%	0.9%	▲	\$ 264.43	4.1%	▲	\$ 212.09	5.3%	▲
Forecast	2018	80.9%	0.7%	▲	\$ 278.91	5.5%	▲	\$ 225.52	6.3%	▲
	2019	81.3%	0.5%	▲	\$ 292.49	4.9%	▲	\$ 237.83	5.5%	▲

STR O'ahu Forecast

	Year	Occupancy			ADR			RevPAR		
		%	Percentage Pt. Change		\$	% Change		\$	% Change	
Actual	2015	85.3%	0.9%	▲	\$ 219.53	2.8%	▲	\$ 187.36	3.9%	▲
	2016	84.4%	-0.9%	▼	\$ 227.35	3.6%	▲	\$ 191.91	2.4%	▲
	2017	83.5%	-0.9%	▼	\$ 232.99	2.5%	▲	\$ 194.56	1.4%	▲
Forecast	2018	84.4%	0.9%	▲	\$ 237.97	2.1%	▲	\$ 200.89	3.3%	▲
	2019	84.7%	0.3%	▲	\$ 245.06	3.0%	▲	\$ 207.58	3.3%	▲

STR Maui County Forecast

	Year	Occupancy			ADR			RevPAR		
		%	Percentage Pt. Change		\$	% Change		\$	% Change	
Actual	2015	74.5%	2.2%	▲	\$ 314.52	7.1%	▲	\$ 234.34	10.3%	▲
	2016	75.9%	1.4%	▲	\$ 329.48	4.8%	▲	\$ 250.00	6.7%	▲
	2017	77.1%	1.2%	▲	\$ 353.37	7.3%	▲	\$ 272.38	9.0%	▲
Forecast	2018	77.5%	0.4%	▲	\$ 385.29	9.0%	▲	\$ 298.50	9.6%	▲
	2019	78.0%	0.5%	▲	\$ 404.43	5.0%	▲	\$ 315.40	5.7%	▲

STR Hawai'i Island Forecast

	Year	Occupancy			ADR			RevPAR		
		%	Percentage Pt. Change		\$	% Change		\$	% Change	
Actual	2015	65.7%	5.1%	▲	\$ 232.13	0.0%	▲	\$ 152.62	8.4%	▲
	2016	68.7%	3.0%	▲	\$ 241.55	4.1%	▲	\$ 166.05	8.8%	▲
	2017	74.8%	6.0%	▲	\$ 249.13	3.1%	▲	\$ 186.25	12.2%	▲
Forecast	2018	74.9%	0.1%	▲	\$ 262.43	5.3%	▲	\$ 196.51	5.5%	▲
	2019	75.2%	0.3%	▲	\$ 274.94	4.8%	▲	\$ 206.66	5.2%	▲

STR Kaua'i Forecast

	Year	Occupancy			ADR			RevPAR		
		%	Percentage Pt. Change		\$	% Change		\$	% Change	
Actual	2015	71.2%	1.0%	▲	\$ 242.62	6.5%	▲	\$ 172.86	8.1%	▲
	2016	72.7%	1.5%	▲	\$ 253.15	4.3%	▲	\$ 184.12	6.5%	▲
	2017	75.7%	3.0%	▲	\$ 263.93	4.3%	▲	\$ 199.83	8.5%	▲
Forecast	2018	77.2%	1.5%	▲	\$ 291.08	10.3%	▲	\$ 224.62	12.4%	▲
	2019	77.7%	0.5%	▲	\$ 310.63	6.7%	▲	\$ 241.41	7.5%	▲

Source: STR, Inc. © Copyright 2017 Hawai'i Tourism Authority.

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

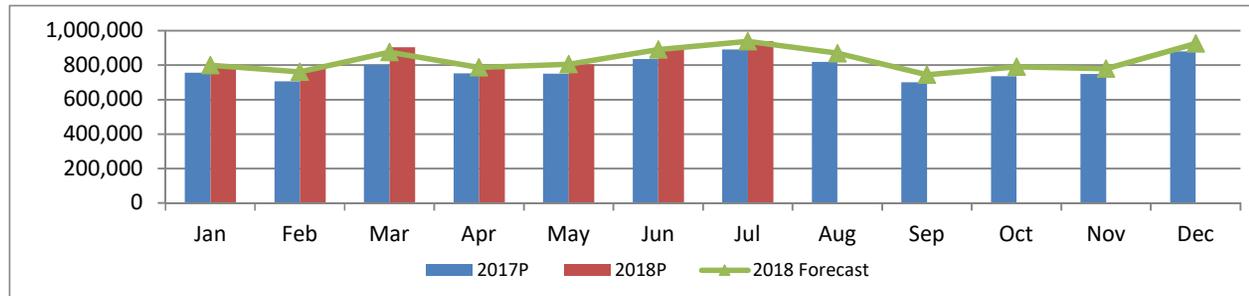
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	7.7%	5,922,203	5,853,302	O'ahu	N/A	26.9%	3,480,379	N/A
Visitor Spending (\$mil)*	↗ 101.1%	9.8%	10,924.2	10,808.9	Maui	N/A	29.3%	1,758,623	N/A
Visitor Days	↘ 100.9%	6.9%	53,306,253	52,837,297	Moloka'i	N/A	25.8%	36,160	N/A
Daily Spend (\$pppd)	↘ 100.2%	2.7%	204.9	204.6	Lāna'i	N/A	41.7%	45,420	N/A
Airlift (scheduled seats)	↘ 99.9%	9.4%	7,764,973	7,770,609	Kaua'i	N/A	33.5%	836,016	N/A
					Hawai'i Island	N/A	24.9%	1,084,324	N/A

*DBEDT Forecasts as of August 2018

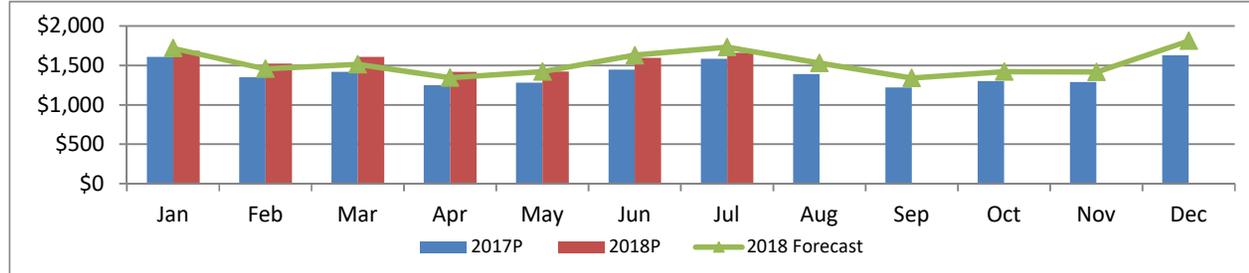
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

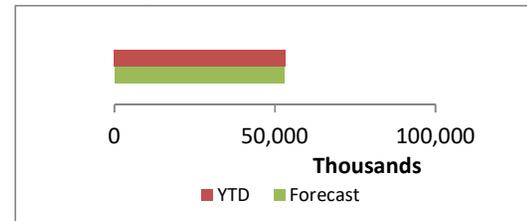


Monthly Visitor Expenditures (\$mil)

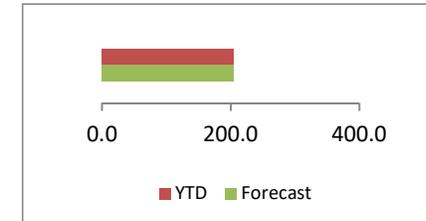


Annual Indicators

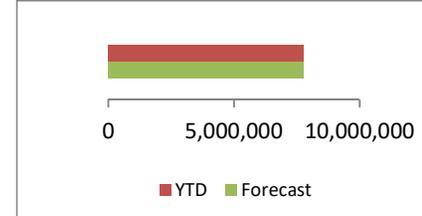
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **U.S. WEST**

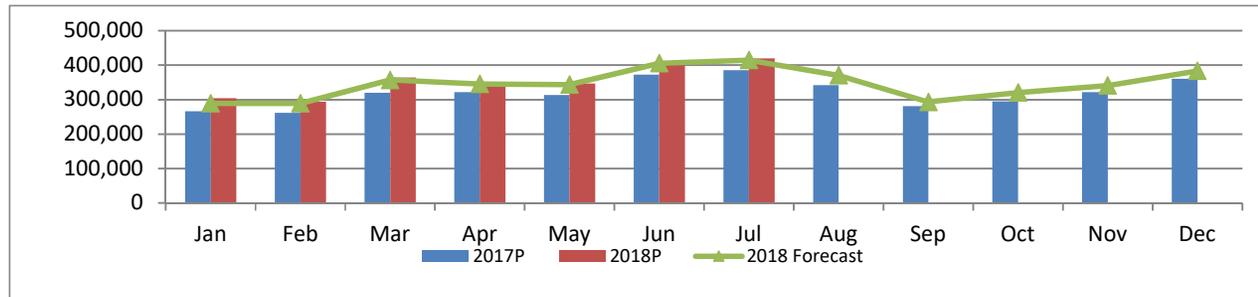
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.8%	10.9%	2,485,758	2,441,573	O'ahu	N/A	32.2%	1,043,848	N/A
Visitor Spending (\$mil)*	↗ 101.6%	9.8%	4,019.6	3,957.8	Maui	N/A	34.3%	877,186	N/A
Visitor Days	↗ 101.4%	9.2%	22,445,580	22,127,220	Moloka'i	N/A	19.7%	13,790	N/A
Daily Spend (\$pppd)	➔ 100.1%	0.6%	179.1	178.9	Lāna'i	N/A	35.8%	16,398	N/A
Airlift (scheduled seats)	➔ 99.9%	12.5%	4,794,243	4,798,447	Kaua'i	N/A	37.0%	430,365	N/A
					Hawai'i Island	N/A	25.8%	446,968	N/A

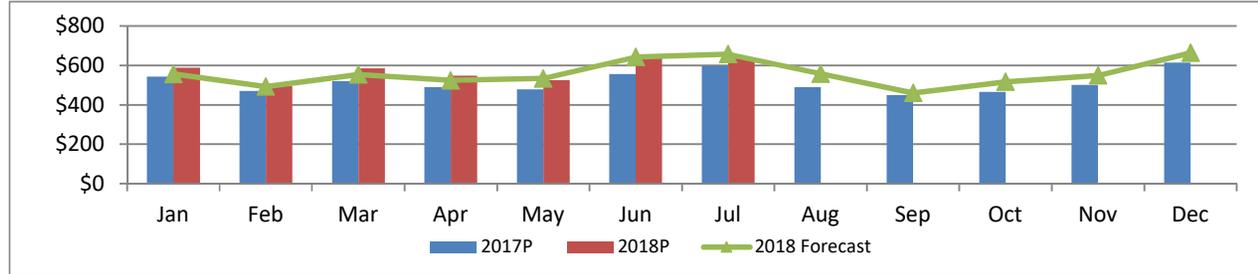
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

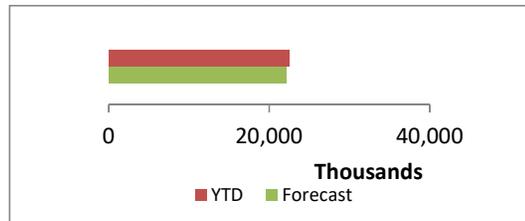


Monthly Visitor Expenditures (\$mil)

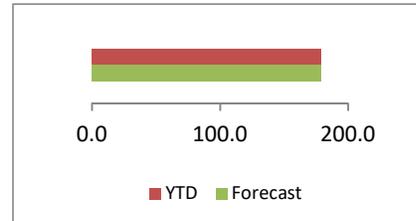


Annual Indicators

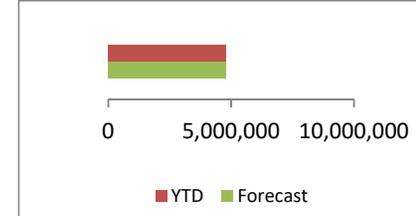
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **U.S. EAST**

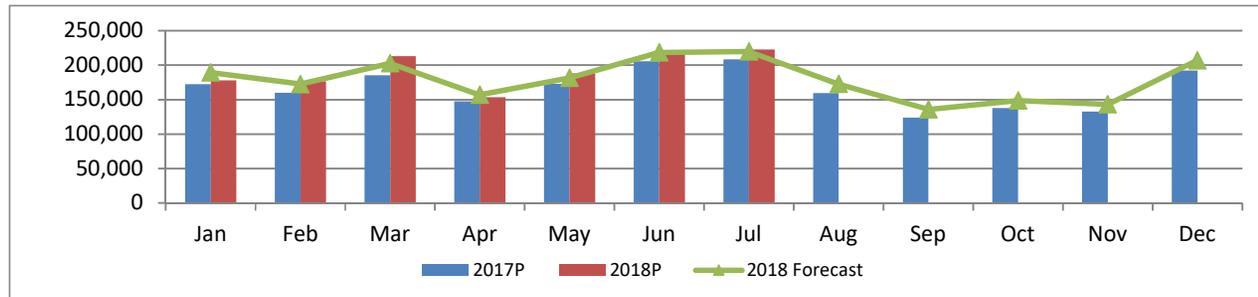
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.0%	8.1%	1,353,477	1,339,968	O'ahu	N/A	28.9%	761,875	N/A
Visitor Spending (\$mil)*	→ 100.3%	9.2%	2,910.1	2,900.8	Maui	N/A	28.5%	506,746	N/A
Visitor Days	→ 100.4%	6.2%	13,579,388	13,528,113	Moloka'i	N/A	43.0%	11,116	N/A
Daily Spend (\$pppd)	→ 99.9%	2.9%	214.3	214.4	Lāna'i	N/A	59.1%	16,592	N/A
Airlift (scheduled seats)	→ 100.0%	12.0%	692,036	692,036	Kaua'i	N/A	30.2%	262,189	N/A
					Hawai'i Island	N/A	22.3%	297,932	N/A

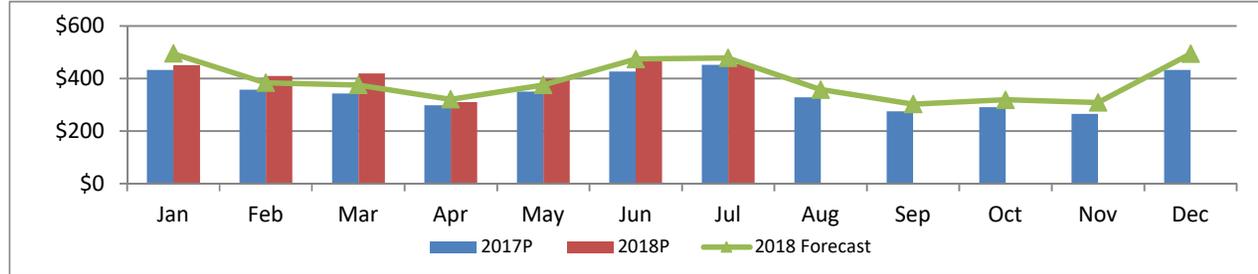
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

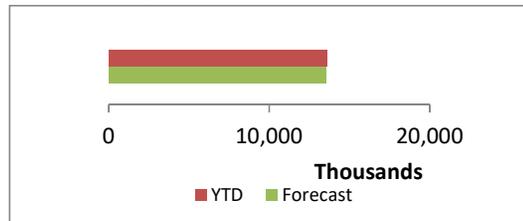


Monthly Visitor Expenditures (\$mil)

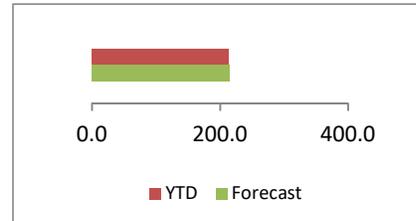


Annual Indicators

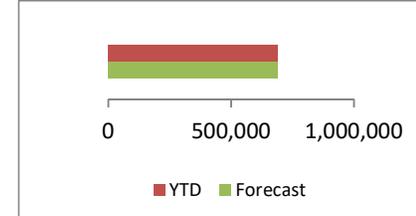
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

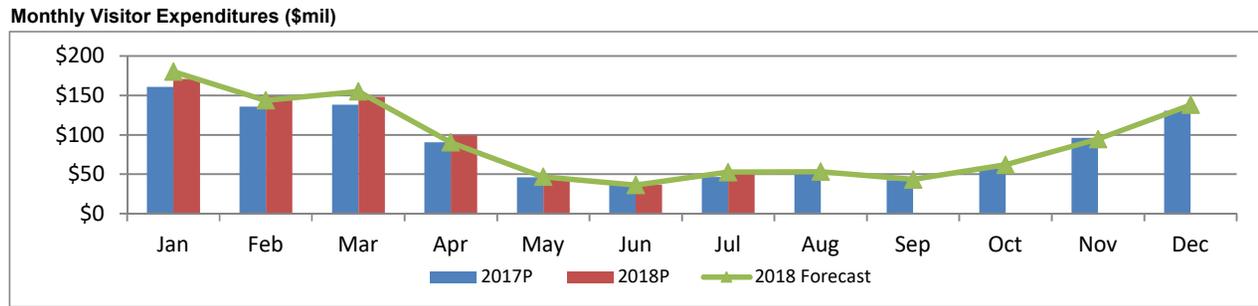
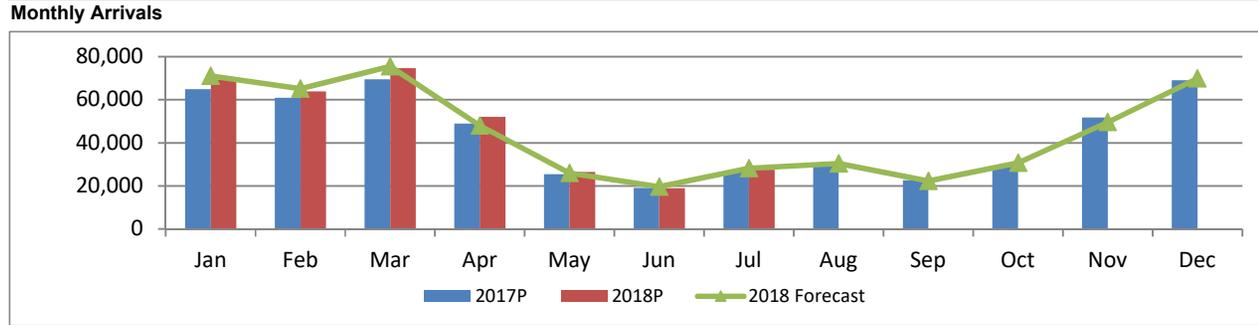
Market: **CANADA**

Key Performance Indicators

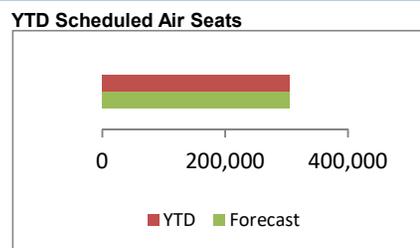
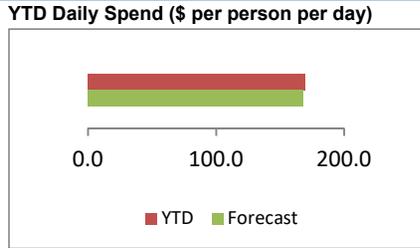
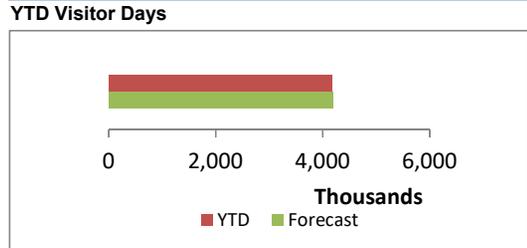
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 99.8%	5.4%	332,665	333,431	O'ahu	N/A	18.9%	136,059	N/A
Visitor Spending (\$mil)*	➔ 100.1%	7.6%	705.3	704.5	Maui	N/A	18.0%	169,152	N/A
Visitor Days	➔ 99.3%	3.8%	4,162,010	4,190,212	Moloka'i	N/A	0.8%	2,413	N/A
Daily Spend (\$pppd)	➔ 100.8%	3.7%	169.5	168.1	Lāna'i	N/A	23.5%	3,618	N/A
Airlift (scheduled seats)	➔ 100.0%	2.2%	305,586	305,586	Kaua'i	N/A	17.2%	49,180	N/A
					Hawai'i Island	N/A	14.8%	66,904	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

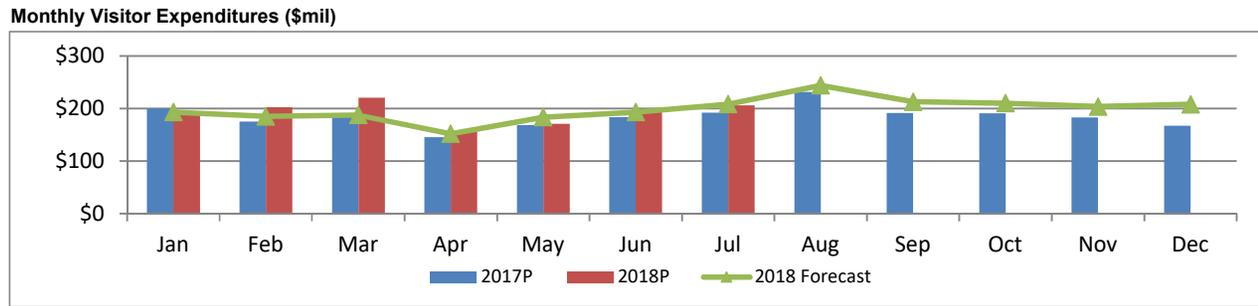
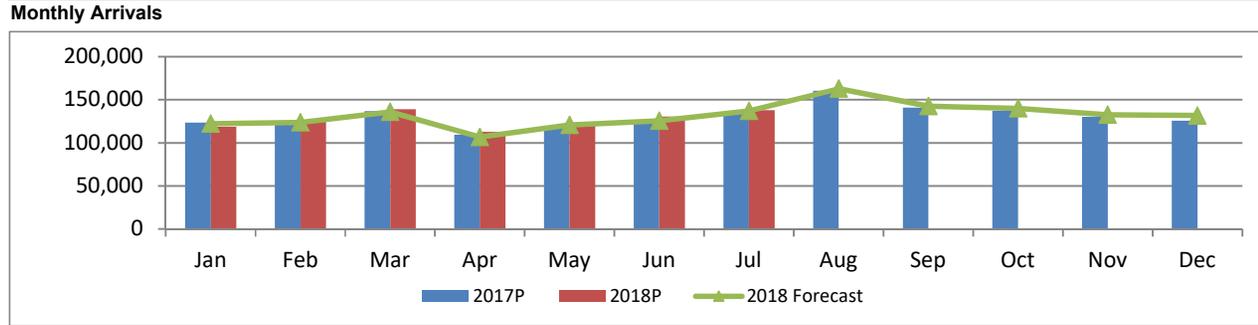
Market: **JAPAN**

Key Performance Indicators

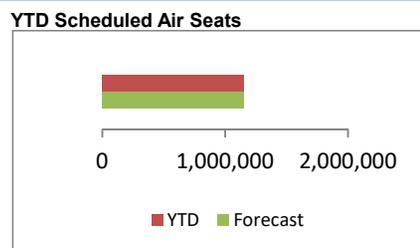
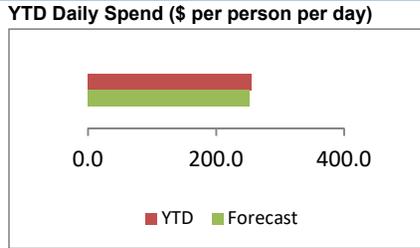
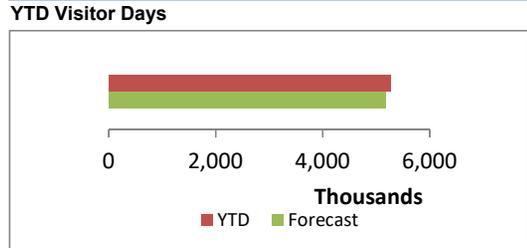
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.5%	1.2%	884,644	871,159	O'ahu	N/A	17.1%	831,118	N/A
Visitor Spending (\$mil)*	↗ 103.2%	7.2%	1,343.1	1,301.5	Maui	N/A	5.7%	28,726	N/A
Visitor Days	↗ 101.8%	1.7%	5,258,237	5,163,804	Moloka'i	N/A	-36.7%	755	N/A
Daily Spend (\$pppd)	↗ 101.3%	5.4%	255.4	252.0	Lāna'i	N/A	4.3%	946	N/A
Airlift (scheduled seats)	→ 100.0%	0.1%	1,153,655	1,153,835	Kaua'i	N/A	22.9%	15,357	N/A
					Hawai'i Island	N/A	33.7%	110,386	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **CHINA**

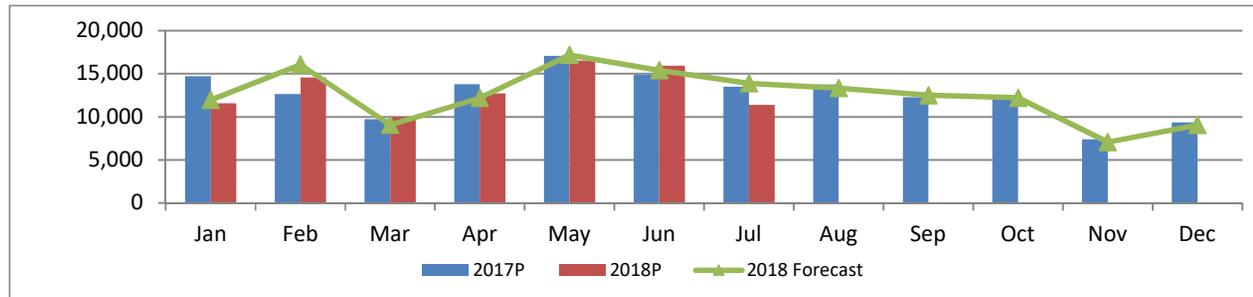
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 97.0%	-3.8%	92,719	95,622	O'ahu	N/A	12.9%	90,695	N/A
Visitor Spending (\$mil)*	↘ 98.8%	4.1%	252.1	255.2	Maui	N/A	8.3%	19,061	N/A
Visitor Days	↘ 98.3%	-4.8%	698,716	711,037	Moloka'i	N/A	161.7%	902	N/A
Daily Spend (\$pppd)	↘ 100.5%	9.4%	360.8	359.0	Lāna'i	N/A	-7.0%	685	N/A
Airlift (scheduled seats)	↘ 100.1%	4.0%	99,964	99,880	Kaua'i	N/A	6.4%	2,807	N/A
					Hawai'i Island	N/A	13.7%	31,595	N/A

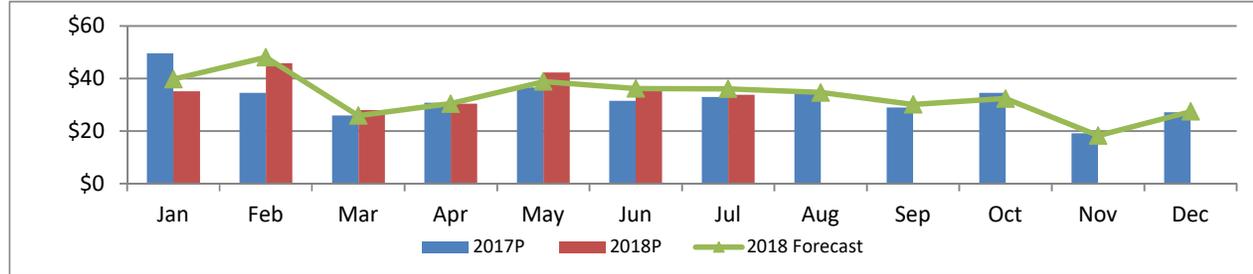
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

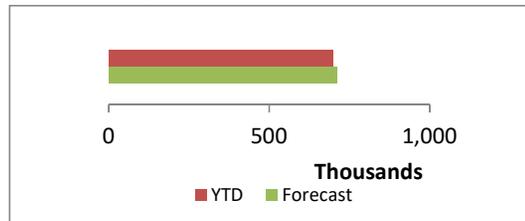


Monthly Visitor Expenditures (\$mil)

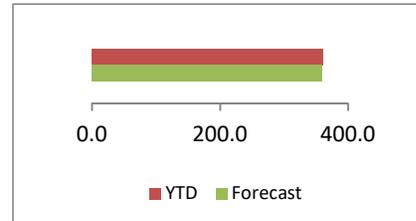


Annual Indicators

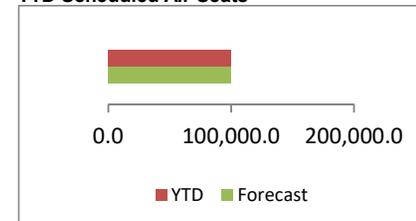
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **KOREA**

Key Performance Indicators

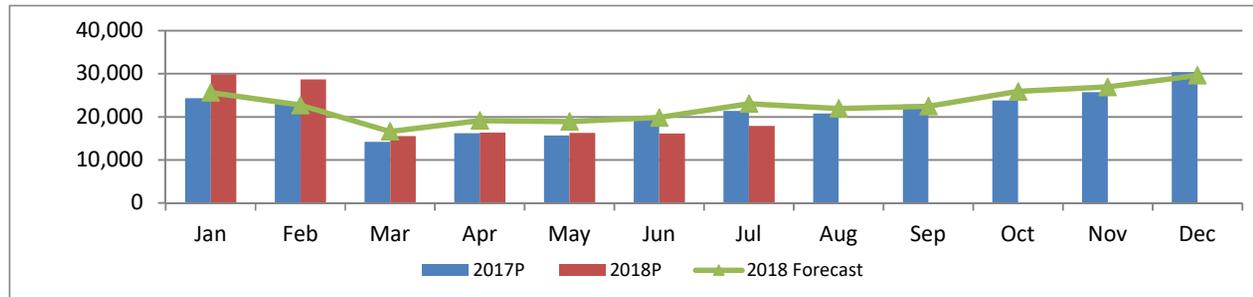
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 96.7%	4.6%	140,859	145,708
Visitor Spending (\$mil)*	↓ 97.5%	12.8%	311.1	319.2
Visitor Days	↓ 97.5%	6.6%	1,047,173	1,074,210
Daily Spend (\$pppd)	→ 100.0%	5.8%	297.1	297.1
Airlift (scheduled seats)	→ 99.9%	4.6%	210,065	210,348

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	22.9%	137,175	N/A
Maui	N/A	-15.4%	18,794	N/A
Moloka'i	N/A	119.2%	642	N/A
Lāna'i	N/A	50.3%	330	N/A
Kaua'i	N/A	19.9%	6,033	N/A
Hawai'i Island	N/A	63.3%	17,009	N/A

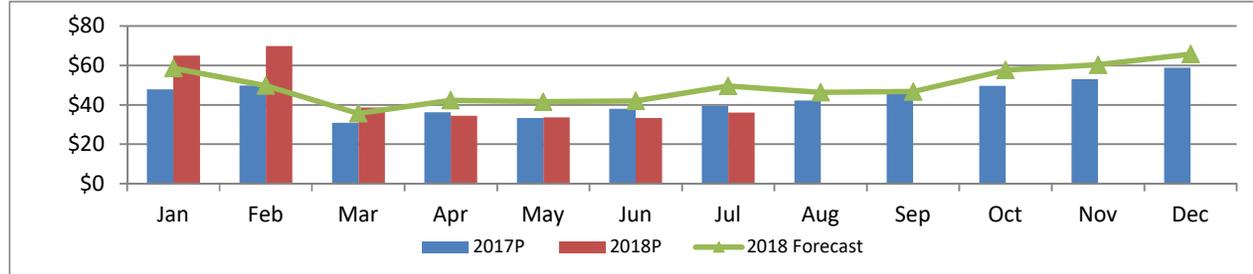
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

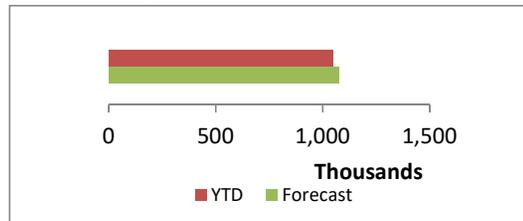


Monthly Visitor Expenditures (\$mil)

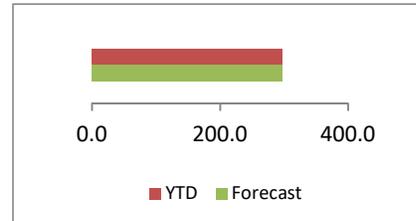


Annual Indicators

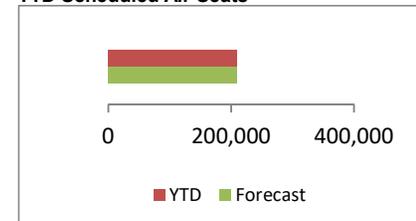
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

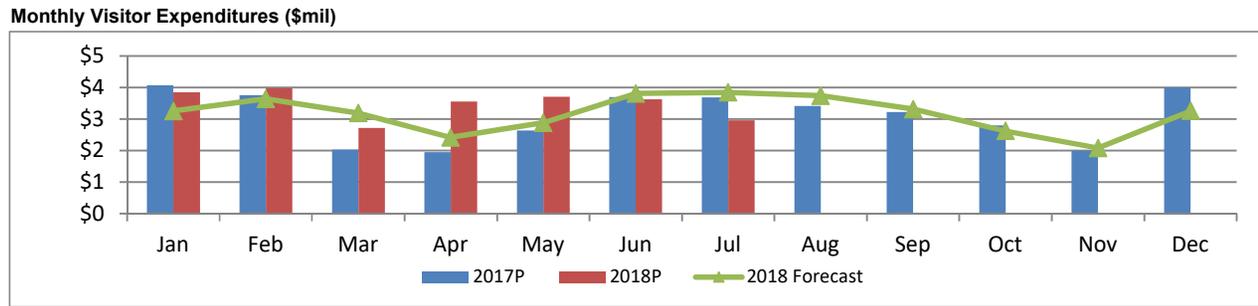
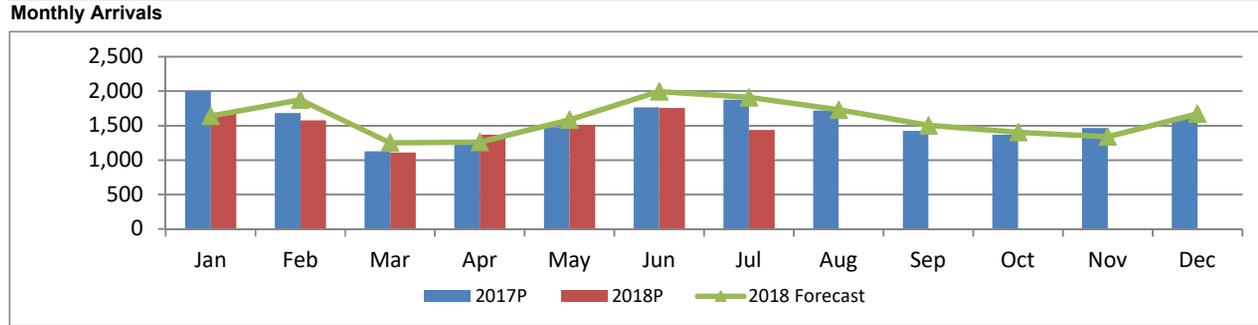
Market: **TAIWAN**

Key Performance Indicators

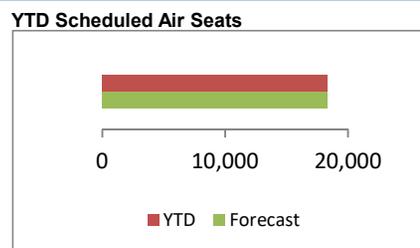
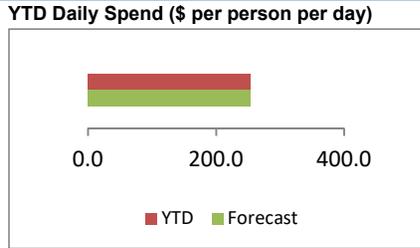
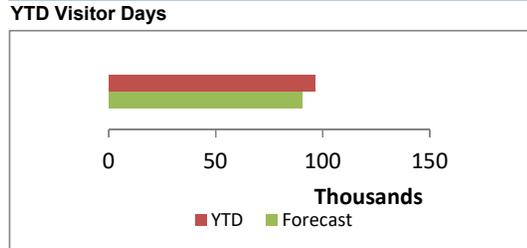
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 90.8%	-6.5%	10,448	11,504	O'ahu	N/A	16.9%	10,177	N/A
Visitor Spending (\$mil)*	↑ 106.1%	11.7%	24.4	23.0	Maui	N/A	103.5%	2,045	N/A
Visitor Days	↑ 106.6%	13.8%	96,433	90,444	Moloka'i	N/A	68.8%	41	N/A
Daily Spend (\$pppd)	→ 99.5%	-1.8%	253.2	254.5	Lāna'i	N/A	1526.2%	87	N/A
Airlift (scheduled seats)	→ 100.0%	3.7%	18,360	18,360	Kaua'i	N/A	-13.7%	330	N/A
					Hawai'i Island	N/A	55.7%	3,079	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **OCEANIA**

Key Performance Indicators

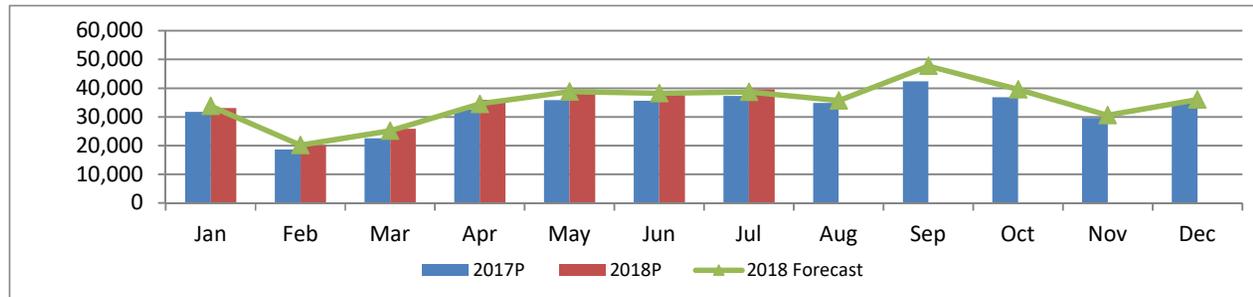
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	8.1%	231,765	229,082	O'ahu	N/A	32.2%	226,759	N/A
Visitor Spending (\$mil)*	↘ 98.3%	9.3%	605.2	615.6	Maui	N/A	15.2%	39,318	N/A
Visitor Days	↗ 101.2%	9.1%	2,228,080	2,202,529	Moloka'i	N/A	-19.1%	2,076	N/A
Daily Spend (\$pppd)	↘ 97.2%	0.1%	271.6	279.5	Lāna'i	N/A	1.1%	3,166	N/A
Airlift (scheduled seats)	↗ 99.7%	10.3%	307,243	308,206	Kaua'i	N/A	13.4%	17,735	N/A
					Hawai'i Island	N/A	3.8%	29,958	N/A

*DBEDT Forecasts as of August 2018

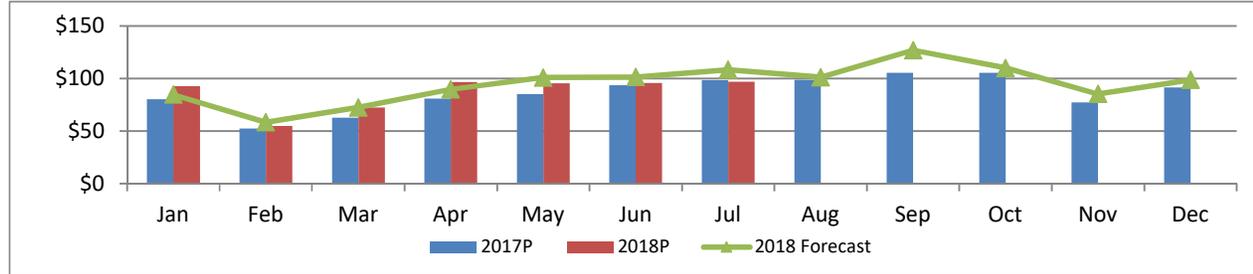
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

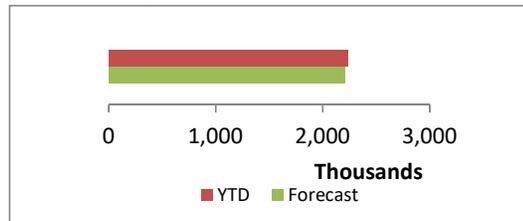


Monthly Visitor Expenditures (\$mil)

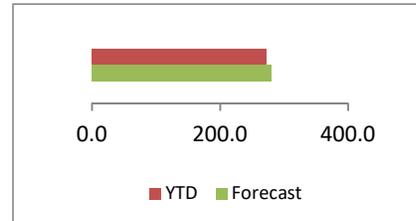


Annual Indicators

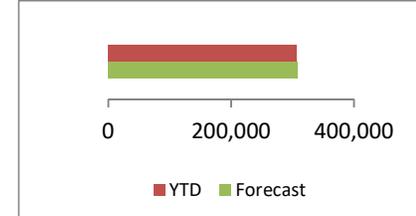
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **EUROPE**

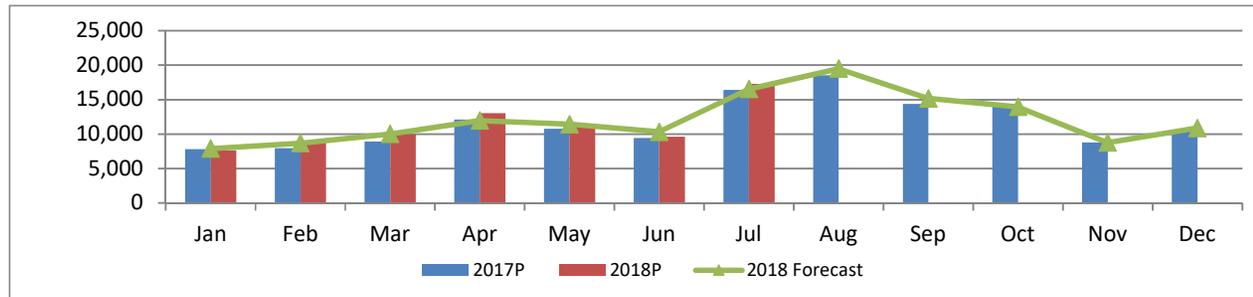
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.4%	5.8%	77,750	76,699	O'ahu	N/A	43.8%	58,434	N/A
Visitor Spending (\$mil)*	↘ 98.9%	6.6%	170.8	172.7	Maui	N/A	41.1%	32,301	N/A
Visitor Days	↗ 102.6%	5.7%	1,024,750	999,064	Moloka'i	N/A	70.3%	1,799	N/A
Daily Spend (\$pppd)	↘ 96.4%	0.9%	166.7	172.8	Lāna'i	N/A	53.6%	857	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	51.5%	19,380	N/A
					Hawai'i Island	N/A	15.6%	25,744	N/A

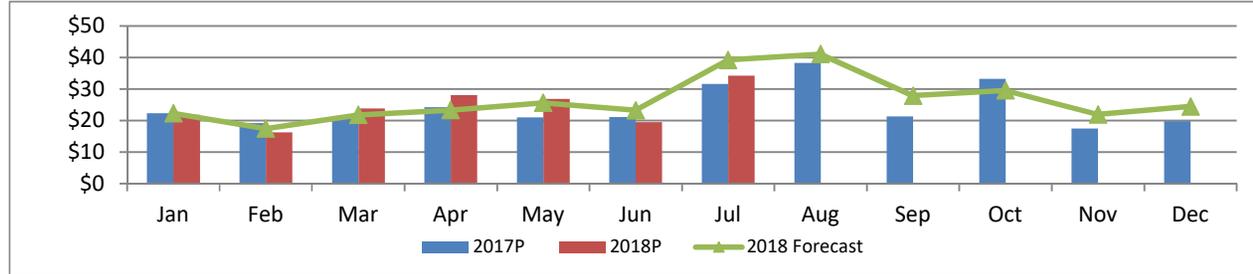
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

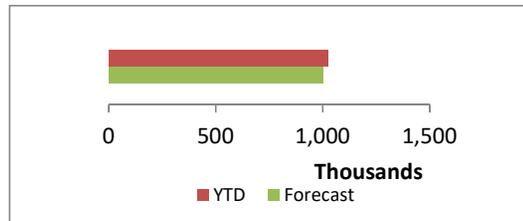


Monthly Visitor Expenditures (\$mil)

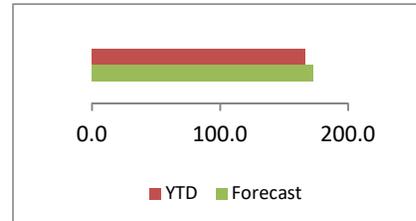


Annual Indicators

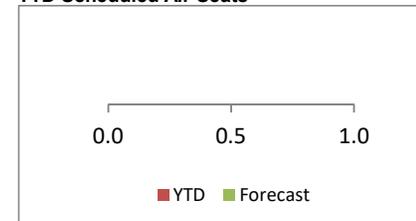
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

Key Performance Indicators

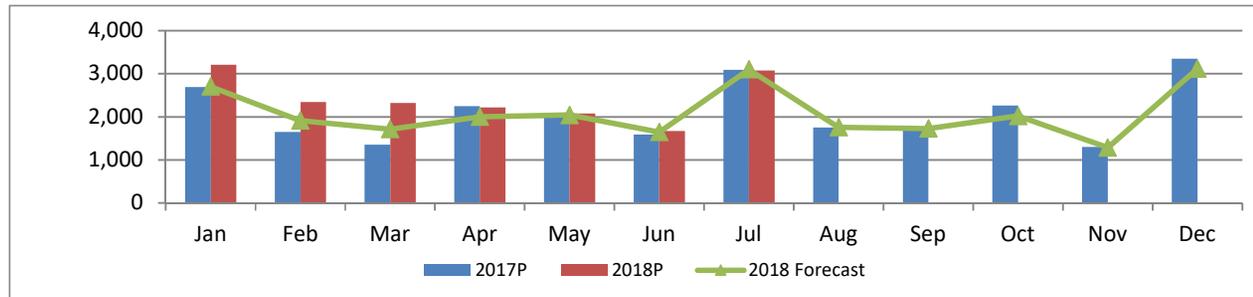
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 112.1%	15.9%	16,929	15,100
Visitor Spending (\$mil)*	↑ 113.2%	27.7%	43.5	38.4
Visitor Days	↑ 110.4%	13.9%	178,730	161,941
Daily Spend (\$pppd)	↑ 102.6%	12.1%	243.3	237.1
Airlift (scheduled seats)	NA	NA	NA	NA

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	55.8%	13,055	N/A
Maui	N/A	36.8%	6,410	N/A
Moloka'i	N/A	223.0%	299	N/A
Lāna'i	N/A	217.4%	330	N/A
Kaua'i	N/A	63.9%	2,083	N/A
Hawai'i Island	N/A	48.8%	3,839	N/A

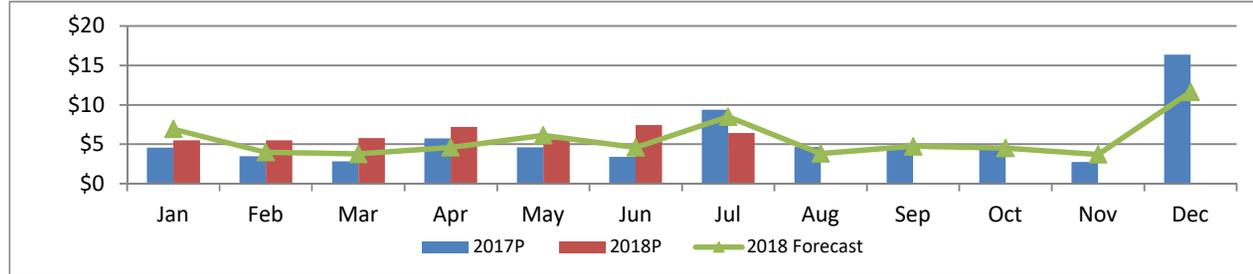
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

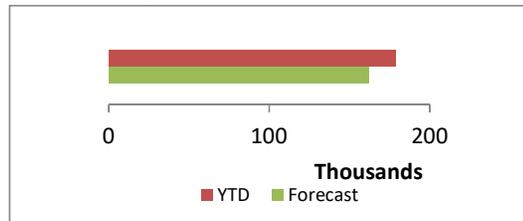


Monthly Visitor Expenditures (\$mil)

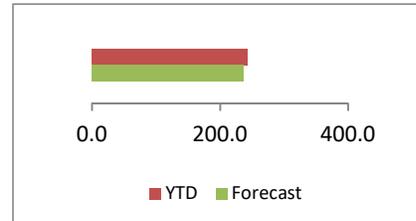


Annual Indicators

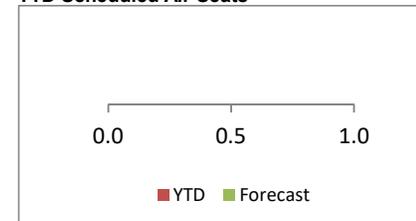
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

7

**Presentation, Discussion and
Action on HTA's Financial
Reports for April 2018
through June 2018**

HAWAII TOURISM

AUTHORITY

Financial Statements – Executive Summary April-June 30, 2018

Tourism Special Fund:

1. \$77.2M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Decrease from March of \$12.8M due primarily to the following:
 - i. Recording \$20.5M in TAT revenues
 - ii. Offset by \$33.3M in expenditures
2. \$5.6M of prior year encumbrances being spent down
3. \$30.9M in Board Allocations as of June 30, 2018; projected to be \$24.5M at June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$82.5M of the \$88.4M FY 2018 Budget utilized.
5. Operating Income:
 - a. Recorded \$20.5M in TAT for three-month period ended on June 30, 2018, and \$82.0M in TAT YTD.
 - b. Incurred \$33.3M in program and other expenditures during three-month period ended June 30, 2018.

Convention Center Enterprise Special Fund:

6. \$20.8M in cash
 - a. Decrease of \$20.8M from March due to the following:
 - i. Receiving \$6.6M in TAT, \$4.9M transfers from HTA Tourism Special Fund to fund HCC sales and marketing, and \$2.3M in HCC

operations. This was offset by \$20M in bond debt service payments and \$17M in HCC operating expenditures.

7. \$16.9M in cash with contractor or with DAGS, for R&M projects (as of May 2018).
 - a. Includes \$2M Emergency
 - b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
 - c. Reflects \$10.2M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$18.3M Board Allocations as of June 30, 2018; projected to be \$19.3M at June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. At its August 2018 Board meeting, the HTA Board shall consider implementing a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repair & Maintenance reserve.
9. \$1.3M of prior year encumbrances being spent down.
10. Operating Income (Loss):
 - a. Recorded \$26.5M in TAT revenue year-to-date
 - b. Convention Center operations:
 - i. \$541K operating income for FY 2018, compared to a budgeted FY 2019 operating cost of \$1.3M. FY 2018's operating income was driven by revenues of \$16.9M compared to expenses of \$16.4M.
11. Spent according to Budget, except for favorable variances related to Convention Center operations (as discussed above) and staffing costs.

Hawaii Tourism Authority
 Balance Sheet
 348 - Tourism Special Fund
 As of 6/30/2018

	Current Year
Assets	
Current Assets	
Checking 348	72,165,097.28
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	72,170,097.28
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	72,170,097.28
Fund Balance	
Current year payables	
Accounts Payable	(740.38)
Credit Card Payable	1,355.70
Total Current year payables	615.32
Current year net assets	
	1,785,004.71
Total Current year net assets	1,785,004.71
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
Unreserved Fund Balance	(76,720,345.96)
Total Prior years	70,384,477.25
Total Fund Balance	72,170,097.28

Hawaii Tourism Authority
 Balance Sheet
 361 - Convention Center Enterprise Special Fund
 As of 6/30/2018

	Current Year
Assets	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	20,844,117.73
Other	0.00
Total Current Assets	20,844,117.73
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	20,844,117.73
Fund Balance	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	2,914,979.34
Total Current year net assets	2,914,979.34
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	16,105,684.50
Unreserved Fund Balance	(21,805,341.75)
Total Prior years	17,929,138.39
Total Fund Balance	20,844,117.73

HTA Allocations (Preliminary)
FY 2019

HTA Allocations:

Annual Budgets:
-\$84.2M HTA Tourism Special Fund
 (\$79M TAT + \$4.9M prior year carryover + \$300K Funds set aside last year by HTA Board for FY19)
-Convention Center Fund (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&M Reserve) - **Pending Board approval.**

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

	Tourism Special Fund Long-Term Obligations and Commitments:		Convention Center Fund Long-Term Obligations and Commitments:	
	6/30/2018	Projected 6/30/2019	6/30/2018	Projected 6/30/2019
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,002,969	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233		
Center for Hawaiian Music & Dance	4,153,000	4,153,000		
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000		
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000		
Accrued Vacation Liability	442,245	442,245		
HCC MFF Commitments *	-	-		
Total Long-Term Obligations and Commitments	21,662,556	16,453,448	18,353,059	19,355,440

** In an effort to build available funds for future significant HCC R&M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&M reserves.

*Used to replenish Emergency Funds.

Hawaii Tourism Authority
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
348 - Tourism Special Fund
18 - FY 2018 Funds
From 4/1/2018 Through 6/30/2018

	Total Budget - MicroixFY18	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY18
Revenue				
Transient Accomodations Tax	82,000,000.00	20,499,999.99	81,999,999.96	(0.04)
Interest and Dividends	0.00	35,532.76	140,820.35	140,820.35
Miscellaneous	0.00	6,504.70	7,189.14	7,189.14
Refunds	0.00	105,668.00	105,688.00	105,688.00
Transfers - In	0.00	(294.22)	(294.22)	(294.22)
Industry Collaboration and Coordination	0.00	25,175.66	25,175.66	25,175.66
Total Revenue	<u>82,000,000.00</u>	<u>20,672,586.89</u>	<u>82,278,578.89</u>	<u>278,578.89</u>
Expense				
Hawaiian Culture	3,897,500.00	867,499.03	1,140,351.51	2,757,148.49
Natural Resources	1,857,500.00	687,065.20	807,596.86	1,049,903.14
Community	2,480,000.00	715,229.16	912,154.81	1,567,845.19
Communications	625,000.00	162,220.59	198,029.06	426,970.94
Career Development	370,000.00	12,500.00	72,500.00	297,500.00
Major Market Management	47,746,500.00	18,143,750.16	23,166,488.21	24,580,011.79
Business Destination Management	5,937,179.00	5,291,577.60	5,305,903.78	631,275.22
Access	3,930,000.00	158,975.30	346,802.61	3,583,197.39
Industry Collaboration and Coordination	55,000.00	26,338.98	44,983.98	10,016.02
Digital Marketing Projects	2,100,000.00	220,268.32	302,403.32	1,797,596.68
HTA Product Development	330,000.00	157,436.98	176,020.91	153,979.09
Sports Marketing	5,883,364.00	1,248,874.74	3,322,715.25	2,560,648.75
Festivals and Events	2,177,000.00	922,300.00	922,896.86	1,254,103.14
Brand Development Projects	250,000.00	68,798.00	68,798.00	181,202.00
Greetings	950,000.00	1,584.95	4,532.26	945,467.74
Safety and Security	986,000.00	228,219.56	427,219.56	558,780.44
Tourism Research	2,530,800.00	538,249.45	736,465.85	1,794,334.15
Governance	4,852,367.00	1,044,517.62	3,193,232.67	1,659,134.33
Industry Relations	1,414,000.00	182,008.49	615,642.05	798,357.95
Total Expense	<u>88,372,210.00</u>	<u>30,677,414.13</u>	<u>41,764,737.55</u>	<u>46,607,472.45</u>
Net Income	<u>(6,372,210.00)</u>	<u>(10,004,827.24)</u>	<u>40,513,841.34</u>	<u>46,886,051.34</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
361 - Convention Center Enterprise Special Fund
18 - FY 2018 Funds
From 4/1/2018 Through 6/30/2018

	Total Budget - MicroixFY18	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY18
Revenue				
Transient Accomodations Tax	26,500,000.00	6,624,999.99	26,499,999.96	(0.04)
Interest and Dividends	0.00	(5,232.03)	39,204.49	39,204.49
Miscellaneous	0.00	23,400.00	23,400.00	23,400.00
Refunds	0.00	27,287.78	456,345.06	456,345.06
Transfers - In	4,940,679.00	4,940,679.00	4,940,679.00	0.00
HCC Revenue	<u>10,054,334.00</u>	<u>2,251,448.23</u>	<u>10,645,881.02</u>	<u>591,547.02</u>
Total Revenue	<u>41,495,013.00</u>	<u>13,862,582.97</u>	<u>42,605,509.53</u>	<u>1,110,496.53</u>
Expense				
Governance	875,000.00	219,812.21	477,123.05	397,876.95
HCC Operating Expense	11,366,346.00	9,555,931.70	9,555,931.70	1,810,414.30
HCC Repair and Maintenance	4,300,000.00	4,300,000.00	4,300,000.00	0.00
HCC Sales and Marketing / MFF	4,940,679.00	2,906,478.00	4,885,682.00	54,997.00
Bond Debt Service	<u>20,000,000.00</u>	<u>20,000,000.00</u>	<u>20,000,000.00</u>	<u>0.00</u>
Total Expense	<u>41,482,025.00</u>	<u>36,982,221.91</u>	<u>39,218,736.75</u>	<u>2,263,288.25</u>
Net Income	<u>12,988.00</u>	<u>(23,119,638.94)</u>	<u>3,386,772.78</u>	<u>3,373,784.78</u>

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

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,817,578.13	156,927.66	1,402,431.07	415,147.06
Natural Resources	1,034,482.46	74,343.71	804,049.96	230,432.50
Community	1,047,977.00	115,404.00	831,011.55	216,965.45
Communications	345,264.58	2,396.32	320,723.95	24,540.63
Career Development	227,850.00	0.00	132,850.00	95,000.00
Major Market Management	26,625,947.39	1,072,157.77	24,893,584.35	1,732,363.04
Business Destination Management	544,373.53	(4,162.00)	487,017.40	57,356.13
Access	3,272,958.61	325,067.79	2,623,132.67	649,825.94
Industry Collaboration and Coordination	25,180.63	1,397.61	8,578.46	16,602.17
Digital Marketing Projects	1,394,065.17	328,627.00	693,804.00	700,261.17
HTA Product Development	110,150.00	19,830.00	101,400.00	8,750.00
Sports Marketing	2,125,582.30	121,400.00	1,906,450.00	219,132.30
Festivals and Events	1,172,966.69	36,055.00	1,026,735.58	146,231.11
Brand Development Projects	122,250.20	11,773.00	65,062.40	57,187.80
Greetings	778,425.44	15,000.00	769,000.00	9,425.44
Safety and Security	357,231.27	0.00	356,304.22	927.05
Tourism Research	1,850,475.22	230,206.65	1,321,926.10	528,549.12
Governance	908,408.07	90,659.28	405,529.72	502,878.35
Industry Relations	674,047.14	20,027.92	579,245.20	94,801.94
Total Expense	<u>44,435,213.83</u>	<u>2,617,111.71</u>	<u>38,728,836.63</u>	<u>5,706,377.20</u>
Net Income	<u>(44,435,213.83)</u>	<u>(2,617,111.71)</u>	<u>(38,728,836.63)</u>	<u>5,706,377.20</u>

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

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	47,934.22	0.00	0.00	47,934.22
HCC Operating Expense	1,421,463.95	0.00	471,793.44	949,670.51
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,959.93	0.00	0.00	354,959.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
Total Expense	<u>1,851,714.10</u>	<u>0.00</u>	<u>471,793.44</u>	<u>1,379,920.66</u>
Net Income	<u>(1,851,714.10)</u>	<u>0.00</u>	<u>(471,793.44)</u>	<u>1,379,920.66</u>

Hawaii Convention Center
 Facility
 Reforecast
 From 7/1/2018 Through 12/31/2018
 (In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18 *	Reforecast	Budget	Variance	Prior Year Actual
Direct Event Income						
Rental Income (Net)	1,468,955	1,127,378	2,596,333	2,330,000	266,333	2,300,956
Service Revenue	378,466	389,835	768,301	887,100	(118,799)	908,564
Total Direct Event Income	1,847,421	1,517,213	3,364,634	3,217,100	147,534	3,209,520
Direct Service Expenses	904,645	903,676	1,808,321	1,790,900	(17,421)	1,870,174
Net Direct Event Income	942,776	613,537	1,556,313	1,426,200	130,113	1,339,346
Ancillary Income						
F&B Concession (Net)	318,846	169,333	488,179	605,000	(116,821)	596,056
F&B Catering (Net)	2,046,130	2,251,491	4,297,621	5,822,675	(1,525,054)	7,697,213
Event Parking (Net)	415,443	322,750	738,193	757,400	(19,207)	691,002
Electrical Services	111,108	124,800	235,908	233,400	2,508	261,850
Audio Visual	205,369	101,060	306,429	314,800	(8,371)	318,910
Internet Services	0	25,460	25,460	0	25,460	21,455
Rigging Services	54,716	24,400	79,116	76,900	2,216	102,494
First Aid Commissions	1,854	1,980	3,834	4,300	(466)	4,062
Total Ancillary Income	3,153,466	3,021,274	6,174,740	7,814,475	(1,639,735)	9,693,042
Total Event Income	4,096,242	3,634,811	7,731,053	9,240,675	(1,509,622)	11,032,388
Other Operating Income						
Non-Event Parking	29,738	27,600	57,338	55,200	2,138	62,373
Other Income	20,315	19,056	39,371	38,100	1,271	64,129
Total Other Operating Income	50,053	46,656	96,709	93,300	3,409	126,502
Total Gross Income	4,146,295	3,681,467	7,827,762	9,333,975	(1,506,213)	11,158,890
Net Salaries & Benefits						
Salaries & Wages	2,212,681	2,340,997	4,553,678	4,989,000	435,322	4,159,961
Payroll Taxes & Benefits	567,892	600,190	1,168,082	1,169,500	1,418	1,102,710
Labor Allocations to Events	(252,144)	(194,717)	(446,861)	(409,251)	37,610	(407,543)
Total Net Salaries & Benefits	2,528,429	2,746,470	5,274,899	5,749,249	474,350	4,855,128
Other Indirect Expenses						
Net Contracted Services	132,278	212,706	344,984	402,396	57,412	349,348
Operations	59,865	139,954	199,819	200,300	481	207,311
Repair & Maintenance	294,297	497,910	792,207	795,200	2,993	744,770
Operational Supplies	275,873	400,759	676,632	675,700	(932)	629,579
Insurance	63,626	84,986	148,612	176,100	27,488	202,371
Utilities	1,051,522	1,289,817	2,341,339	2,337,748	(3,591)	2,194,274
Meetings & Conventions	7,775	13,252	21,027	24,900	3,873	20,109
Promotions & Communications	25,085	21,202	46,287	42,400	(3,887)	39,073
General & Administrative	131,213	195,012	326,225	327,002	777	304,339
Management Fees	64,800	187,900	252,700	285,100	32,400	279,840
Other	77,001	38,296	115,297	77,200	(38,097)	569,676
Total Other Indirect Expenses	2,183,335	3,081,794	5,265,129	5,344,046	78,917	5,540,690
Net Income (Loss) before CIP Funded Expenses	(565,469)	(2,146,797)	(2,712,266)	(1,759,320)	(952,946)	763,072
CIP Funded Expenses	15,646	0	15,646	0	15,646	575,840
Net Income (Loss) from Operations	(549,823)	(2,146,797)	(2,696,620)	(1,759,320)	(937,300)	1,338,912
Fixed Asset Purchases	30,189	169,811	200,000	200,000	0	222,331
Net Income (Loss) after Fixed Asset Purchases	(580,012)	(2,316,608)	(2,896,620)	(1,959,320)	(937,300)	1,116,581

Hawaii Convention Center
Facility
Income Statement
From 4/1/2018 Through 4/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	245,191	255,149	(9,958)	190,135	957,344	892,095	65,249	874,978
Service Revenue	57,888	51,200	6,688	54,049	217,183	256,365	(39,182)	235,657
Total Direct Event Income	303,079	306,349	(3,270)	244,184	1,174,526	1,148,460	26,066	1,110,634
Direct Service Expenses	134,313	162,549	28,235	162,477	516,123	539,925	23,802	602,539
Net Direct Event Income	168,766	143,801	24,965	81,706	658,403	608,536	49,868	508,095
Ancillary Income								
F&B Concession (Net)	63,023	32,892	30,131	122,133	185,562	170,423	15,139	296,691
F&B Catering (Net)	501,601	480,166	21,435	528,935	1,488,005	1,639,068	(151,063)	1,583,890
Event Parking (Net)	118,794	123,600	(4,806)	76,627	297,588	291,400	6,188	288,715
Electrical Services	31,038	30,100	938	30,277	51,631	55,700	(4,069)	109,251
Audio Visual	21,407	18,860	2,547	18,681	62,093	51,420	10,673	70,072
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	4,657	200	4,457	5,312	37,520	26,200	11,320	32,216
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	452	470	(18)	508	1,268	1,515	(247)	1,512
Total Ancillary Income	740,972	686,288	54,684	782,473	2,123,668	2,235,726	(112,058)	2,382,346
Total Event Income	909,737	830,089	79,649	864,179	2,782,071	2,844,262	(62,190)	2,890,441
Other Operating Income								
Non-Event Parking	8,895	4,600	4,295	10,063	23,430	18,400	5,030	24,315
Other Income	3,826	3,174	652	5,124	19,403	12,696	6,707	19,960
Total Other Operating Income	12,721	7,774	4,947	15,187	42,833	31,096	11,737	44,275
Total Gross Income	922,458	837,863	84,595	879,366	2,824,905	2,875,358	(50,453)	2,934,717
Net Salaries & Benefits								
Salaries & Wages	384,839	405,883	21,044	312,848	1,469,960	1,623,532	153,572	1,331,339
Payroll Taxes & Benefits	99,524	94,885	(4,639)	81,691	371,999	379,540	7,541	359,750
Labor Allocations to Events	(43,711)	(37,315)	6,396	(28,594)	(148,792)	(121,438)	27,354	(106,757)
Total Net Salaries & Benefits	440,651	463,453	22,802	365,945	1,693,167	1,881,634	188,467	1,584,332
Other Indirect Expenses								
Net Contracted Services	34,054	33,465	(589)	22,534	93,345	129,360	36,015	85,810
Operations	(630)	14,291	14,921	21,276	42,124	59,964	17,840	68,243
Repair & Maintenance	49,805	66,265	16,460	70,214	190,751	265,060	74,309	221,574
Operational Supplies	50,514	53,450	2,936	38,662	152,806	210,824	58,018	133,229
Insurance	11,300	14,519	3,219	27,060	38,523	54,558	16,036	63,267
Utilities	180,548	165,311	(15,237)	172,680	657,466	666,180	8,714	681,983
Meetings & Conventions	545	1,608	1,063	1,322	3,058	5,432	2,374	6,262
Promotions & Communications	2,618	3,533	915	2,084	29,615	14,132	(15,483)	11,986
Marketing Flexibility Fund	0	0	0	0	0	0	0	0
General & Administrative	16,968	30,559	13,591	29,059	78,606	103,117	24,511	108,571
Management Fees	10,800	10,800	0	10,600	43,200	43,200	0	42,400
Other	2,257	6,384	4,127	5,901	33,994	25,536	(8,458)	470,783
Total Other Indirect	358,781	400,185	41,404	401,391	1,363,488	1,577,363	213,875	1,894,108
Net Income (Loss) before CIP Funded Expenses	123,026	(25,776)	148,801	112,030	(231,750)	(583,640)	351,889	(543,723)
CIP Funded Expenses	1,580	0	1,580	417,283	5,114	0	5,114	454,647
Net Income (Loss) from Operations	124,606	(25,776)	150,381	529,313	(226,636)	(583,640)	357,003	(89,076)
Fixed Asset Purchases	0	0	0	12,959	24,430	0	(24,430)	12,860
Net Income (Loss) After Fixed Asset Purchases	124,606	(25,776)	150,381	516,354	(251,066)	(583,640)	332,573	(101,936)

Hawaii Convention Center
 Facility
 Income Statement
 From 4/1/2018 Through 4/30/2018
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	956,708	812,280	144,428	1,029,693	3,026,995	2,876,364	150,631	3,147,416
Facility	500,114	496,953	3,161	398,794	1,696,482	1,633,291	63,191	1,686,655
Total Revenues	1,456,822	1,309,233	147,589	1,428,487	4,723,477	4,509,655	213,822	4,834,071
Expenses								
Food & Beverage	553,910	476,415	(77,495)	547,261	1,988,511	1,760,182	(228,329)	1,849,819
Facility	779,886	858,594	78,708	769,197	2,966,717	3,333,113	366,396	3,527,975
Total Expenses	1,333,796	1,335,009	1,212	1,316,457	4,955,228	5,093,295	138,067	5,377,794
Net Income (Loss) before CIP Funded Expenses	123,026	(25,776)	148,801	112,030	(231,750)	(583,640)	351,889	(543,723)
CIP Funded Expenses	1,580	0	1,580	417,283	5,114	0	5,114	454,647
Net Income (Loss) from Operations	124,606	(25,776)	150,381	529,313	(226,636)	(583,640)	357,003	(89,076)
Fixed Asset Purchases	0	0	0	12,959	24,429	0	(24,429)	12,860
Net Income (Loss) after Fixed Asset Purchases	124,606	(25,776)	150,381	516,354	(251,065)	(583,640)	332,574	(101,936)

Hawaii Convention Center
Facility
Income Statement
From 5/1/2018 Through 5/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	220,458	280,187	(59,729)	195,580	1,177,802	1,172,282	5,520	1,070,558
Service Revenue	85,011	104,675	(19,664)	94,305	302,193	361,040	(58,847)	329,961
Total Direct Event Income	305,469	384,862	(79,393)	289,884	1,479,995	1,533,322	(53,327)	1,400,519
Direct Service Expenses	175,061	212,489	37,427	194,438	691,184	752,413	61,229	796,977
Net Direct Event Income	130,407	172,373	(41,966)	95,447	788,811	780,909	7,902	603,542
Ancillary Income								
F&B Concession (Net)	53,153	57,236	(4,083)	62,770	238,716	227,659	11,057	359,460
F&B Catering (Net)	172,311	676,339	(504,028)	288,899	1,660,316	2,315,407	(655,091)	1,872,789
Event Parking (Net)	51,529	69,100	(17,571)	63,091	349,117	360,500	(11,383)	351,806
Electrical Services	57,463	10,100	47,363	9,897	109,093	65,800	43,293	119,148
Audio Visual	115,465	39,120	76,345	17,016	177,558	90,540	87,018	87,088
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	4,146	4,200	(54)	2,284	41,666	30,400	11,266	34,499
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	235	455	(220)	216	1,503	1,970	(467)	1,728
Total Ancillary Income	454,301	856,550	(402,249)	444,173	2,577,969	3,092,276	(514,307)	2,826,518
Total Event Income	584,708	1,028,923	(444,215)	539,619	3,366,780	3,873,185	(506,405)	3,430,060
Other Operating Income								
Non-Event Parking	2,508	4,600	(2,093)	3,083	25,938	23,000	2,938	27,398
Other Income	3,278	3,174	104	1,478	22,682	15,870	6,812	21,439
Total Other Operating Income	5,786	7,774	(1,988)	4,561	48,619	38,870	9,749	48,836
Total Gross Income	590,494	1,036,697	(446,203)	544,180	3,415,399	3,912,055	(496,656)	3,478,896
Net Salaries & Benefits								
Salaries & Wages	380,854	405,883	25,029	350,059	1,850,814	2,029,415	178,601	1,681,398
Payroll Taxes & Benefits	100,409	94,885	(5,524)	98,826	472,408	474,425	2,017	458,576
Labor Allocations to Events	(42,706)	(51,855)	(9,149)	(41,544)	(191,497)	(173,293)	18,204	(148,300)
Total Net Salaries & Benefits	438,557	448,913	10,356	407,342	2,131,724	2,330,547	198,823	1,991,674
Other Indirect Expenses								
Net Contracted Services	14,734	31,215	16,481	30,256	108,079	160,575	52,496	116,065
Operations	11,262	14,291	3,029	16,891	53,386	74,255	20,869	85,134
Repair & Maintenance	53,140	66,265	13,125	55,776	243,891	331,325	87,434	277,350
Operational Supplies	66,061	61,221	(4,840)	37,934	218,867	272,045	53,178	171,163
Insurance	8,803	16,664	7,861	12,119	47,326	71,222	23,896	75,386
Utilities	187,828	179,482	(8,346)	207,659	845,294	845,662	368	889,642
Meetings & Conventions	859	1,108	249	1,912	3,917	6,540	2,624	8,174
Promotions & Communications	(8,531)	3,533	12,064	923	20,486	17,665	(2,821)	12,910
Marketing Flexibility Fund	0	0	0	0	0	0	0	0
General & Administrative	30,121	25,952	(4,169)	23,732	108,727	129,069	20,342	132,303
Management Fees	10,800	10,800	0	10,600	54,000	54,000	0	53,000
Other	37,272	6,384	(30,888)	30,849	71,266	31,920	(39,346)	501,632
Total Other Indirect	412,349	416,915	4,566	428,651	1,775,239	1,994,278	219,039	2,322,759
Net Income (Loss) before CIP Funded Expenses	(260,411)	170,869	(431,280)	(291,813)	(491,564)	(412,770)	(78,793)	(835,537)
CIP Funded Expenses	5,785	0	5,785	417,283	10,899	0	10,899	459,170
Net Income (Loss) from Operations	(254,626)	170,869	(425,495)	125,470	(480,664)	(412,770)	(67,894)	(376,367)
Fixed Asset Purchases	5,759	0	(5,759)	12,959	30,189	0	(30,189)	33,155
Net Income (Loss) After Fixed Asset Purchases	(260,385)	170,869	(431,254)	112,511	(510,853)	(412,770)	(98,083)	(409,522)

Hawaii Convention Center
Facility
Income Statement
From 5/1/2018 Through 5/31/2018
(In Whole Numbers)

	<u>Current Month Actual</u>	<u>Current Month Budget</u>	<u>Variance</u>	<u>Current Month Prior Year</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>YTD Prior Year</u>
Revenues								
Food & Beverage	513,613	1,162,357	(648,744)	605,706	3,540,608	4,038,721	(498,113)	3,753,122
Facility	546,795	521,911	24,884	394,491	2,243,277	2,155,202	88,076	2,081,146
Total Revenues	<u>1,060,408</u>	<u>1,684,268</u>	<u>(623,860)</u>	<u>1,000,197</u>	<u>5,783,885</u>	<u>6,193,923</u>	<u>(410,037)</u>	<u>5,834,268</u>
Expenses								
Food & Beverage	441,062	614,884	173,822	402,012	2,429,573	2,375,066	(54,507)	2,251,831
Facility	879,757	898,515	18,758	889,998	3,845,876	4,231,627	385,751	4,417,973
Total Expenses	<u>1,320,819</u>	<u>1,513,399</u>	<u>192,580</u>	<u>1,292,011</u>	<u>6,275,449</u>	<u>6,606,693</u>	<u>331,244</u>	<u>6,669,805</u>
Net Income (Loss) before CIP Funded Expenses	<u>(260,411)</u>	<u>170,869</u>	<u>(431,280)</u>	<u>(291,814)</u>	<u>(491,564)</u>	<u>(412,770)</u>	<u>(78,793)</u>	<u>(835,537)</u>
CIP Funded Expenses	<u>5,785</u>	<u>0</u>	<u>5,785</u>	<u>417,283</u>	<u>10,899</u>	<u>0</u>	<u>10,899</u>	<u>459,170</u>
Net Income (Loss) from Operations	<u>(254,626)</u>	<u>170,869</u>	<u>(425,495)</u>	<u>125,469</u>	<u>(480,665)</u>	<u>(412,770)</u>	<u>(67,894)</u>	<u>(376,367)</u>
Fixed Asset Purchases	<u>5,759</u>	<u>0</u>	<u>(5,759)</u>	<u>12,959</u>	<u>30,189</u>	<u>0</u>	<u>(30,189)</u>	<u>33,155</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(260,385)</u>	<u>170,869</u>	<u>(431,254)</u>	<u>112,510</u>	<u>(510,854)</u>	<u>(412,770)</u>	<u>(98,083)</u>	<u>(409,522)</u>

Hawaii Convention Center
Facility
Income Statement
From 6/1/2018 Through 6/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	291,153	207,739	83,414	274,451	1,468,955	1,380,021	88,934	1,345,009
Service Revenue	76,273	90,250	(13,977)	71,545	378,466	451,290	(72,824)	401,507
Total Direct Event Income	367,426	297,989	69,437	345,997	1,847,421	1,831,311	16,111	1,746,516
Direct Service Expenses	213,461	197,287	(16,175)	223,327	904,645	949,700	45,054	1,020,304
Net Direct Event Income	153,965	100,703	53,263	122,669	942,776	881,611	61,165	726,211
Ancillary Income								
F&B Concession (Net)	80,130	73,558	6,572	52,867	318,846	301,217	17,629	412,327
F&B Catering (Net)	385,813	935,256	(549,443)	829,781	2,046,130	3,250,663	(1,204,533)	2,702,570
Event Parking (Net)	66,326	45,350	20,976	58,833	415,443	405,850	9,593	410,639
Electrical Services	2,014	3,200	(1,186)	86,824	111,108	69,000	42,108	205,972
Audio Visual	27,811	31,300	(3,489)	75,037	205,369	121,840	83,529	162,125
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	13,050	10,400	2,650	5,999	54,716	40,800	13,916	40,498
First Aid Commissions	351	350	1	658	1,854	2,320	(466)	2,386
Total Ancillary Income	575,495	1,099,414	(523,919)	1,109,999	3,153,465	4,191,690	(1,038,225)	3,936,517
Total Event Income	729,461	1,200,117	(470,656)	1,232,669	4,096,241	5,073,301	(977,061)	4,662,728
Other Operating Income								
Non-Event Parking	3,800	4,600	(800)	3,725	29,738	27,600	2,138	31,123
Other Income	(2,366)	3,174	(5,540)	1,905	20,315	19,044	1,271	23,343
Total Other Operating Income	1,434	7,774	(6,340)	5,630	50,053	46,644	3,409	54,466
Total Gross Income	730,894	1,207,891	(476,996)	1,238,298	4,146,293	5,119,945	(973,652)	4,717,194
Net Salaries & Benefits								
Salaries & Wages	361,867	405,883	44,016	354,767	2,212,681	2,435,298	222,617	2,036,165
Payroll Taxes & Benefits	95,484	94,885	(599)	94,027	567,892	569,310	1,418	552,603
Labor Allocations to Events	(60,646)	(41,241)	19,405	(44,004)	(252,144)	(214,534)	37,610	(192,304)
Total Net Salaries & Benefits	396,705	459,527	62,822	404,790	2,528,429	2,790,074	261,645	2,396,463
Other Indirect Expenses								
Net Contracted Services	24,199	29,115	4,916	25,421	132,278	189,690	57,412	141,486
Operations	6,480	17,091	10,611	9,367	59,865	91,346	31,481	94,501
Repair & Maintenance	50,406	66,265	15,859	53,601	294,297	397,590	103,293	330,951
Operational Supplies	57,006	70,896	13,890	60,956	275,873	342,941	67,068	232,120
Insurance	16,300	19,892	3,592	15,329	63,626	91,114	27,488	90,714
Utilities	206,228	202,269	(3,959)	176,639	1,051,522	1,047,931	(3,591)	1,066,281
Meetings & Conventions	3,858	5,108	1,250	1,892	7,775	11,648	3,873	10,066
Promotions & Communications	4,598	3,533	(1,065)	7,572	25,085	21,198	(3,887)	20,482
General & Administrative	22,486	35,921	13,435	24,019	131,213	164,990	33,777	156,323
Management Fees	10,800	10,800	0	10,600	64,800	64,800	0	63,600
Other	5,735	6,984	1,249	13,143	77,001	38,904	(38,097)	514,775
Total Other Indirect	408,097	467,874	59,777	398,539	2,183,335	2,462,152	278,817	2,721,297
Net Income (Loss) before CIP Funded Expenses	(73,907)	280,490	(354,397)	434,970	(565,471)	(132,281)	(433,190)	(400,567)
CIP Funded Expenses	4,747	0	4,747	417,283	15,646	0	15,646	464,362
Net Income (Loss) from Operations	(69,160)	280,490	(349,650)	852,253	(549,825)	(132,281)	(417,544)	63,795
Fixed Asset Purchases	0	0	0	12,959	30,189	0	(30,189)	69,221
Net Income (Loss) After Fixed Asset Purchases	(69,160)	280,490	(349,650)	839,294	(580,014)	(132,281)	(447,733)	(5,426)

Hawaii Convention Center
Facility
Income Statement
From 6/1/2018 Through 6/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	868,687	1,598,153	(729,466)	1,369,911	4,409,296	5,636,874	(1,227,579)	5,123,033
Facility	488,968	402,113	86,855	587,435	2,732,245	2,557,315	174,930	2,668,581
Total Revenues	<u>1,357,655</u>	<u>2,000,266</u>	<u>(642,611)</u>	<u>1,957,346</u>	<u>7,141,540</u>	<u>8,194,189</u>	<u>(1,052,648)</u>	<u>7,791,614</u>
Expenses								
Food & Beverage	555,941	790,413	234,472	656,186	2,985,514	3,165,479	179,965	2,908,018
Facility	875,621	929,364	53,742	866,189	4,721,497	5,160,990	439,493	5,284,162
Total Expenses	<u>1,431,562</u>	<u>1,719,777</u>	<u>288,214</u>	<u>1,522,376</u>	<u>7,707,011</u>	<u>8,326,469</u>	<u>619,458</u>	<u>8,192,180</u>
Net Income (Loss) before CIP Funded Expenses	<u>(73,907)</u>	<u>280,490</u>	<u>(354,397)</u>	<u>434,970</u>	<u>(565,471)</u>	<u>(132,280)</u>	<u>(433,190)</u>	<u>(400,567)</u>
CIP Funded Expenses	<u>4,747</u>	<u>0</u>	<u>4,747</u>	<u>417,283</u>	<u>15,646</u>	<u>0</u>	<u>15,646</u>	<u>464,362</u>
Net Income (Loss) from Operations	<u>(69,160)</u>	<u>280,490</u>	<u>(349,650)</u>	<u>852,253</u>	<u>(549,825)</u>	<u>(132,280)</u>	<u>(417,544)</u>	<u>63,795</u>
Fixed Asset Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,959</u>	<u>30,189</u>	<u>0</u>	<u>(30,189)</u>	<u>69,221</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(69,160)</u>	<u>280,490</u>	<u>(349,650)</u>	<u>839,294</u>	<u>(580,014)</u>	<u>(132,280)</u>	<u>(447,733)</u>	<u>(5,426)</u>

Agenda Item

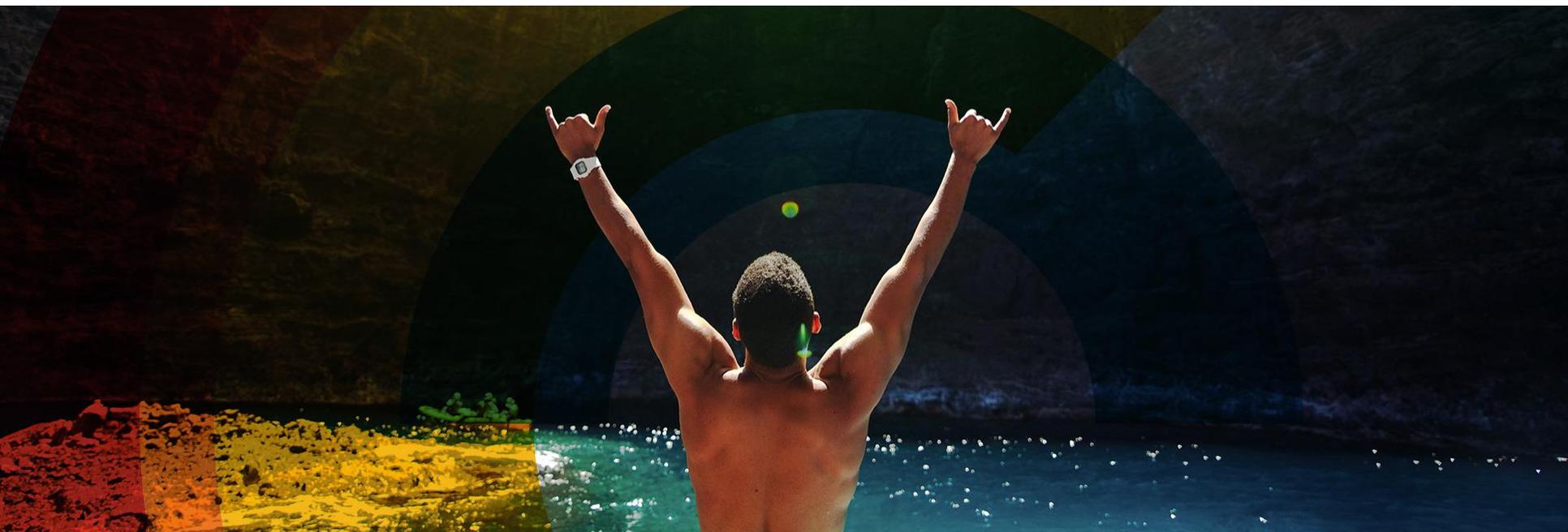
8

**Presentation and Discussion on the
2018 Global Tourism Summit**

HTA Board Meeting August 30th, 2018

2018
GLOBAL
TOURISM
SUMMIT

HAWAII TOURISM
AUTHORITY



Registration



Registration Snapshot

- **Opened:** May 18th
- **Registration Goal:** 2,500
- **Total Registrations:** 654
- **Paid:** 524
 - Sponsor Codes Redeemed: 24
- **Comp'd:** 130
- **Registration Income:** \$155,755
- **Registration Income Goal:** \$330,000
- **Total Registrations as of August 21st, 2017:** 808 with \$147,880 Income
- **Full Summit:** 515
- **Groups (minimum of 8):** 5
- **2-Day:** 102
- **Faculty:** 20
- **Students:** 11
- **Student Donations:** 1
- **Japan Summit:** 140

Programming



Agenda Updates

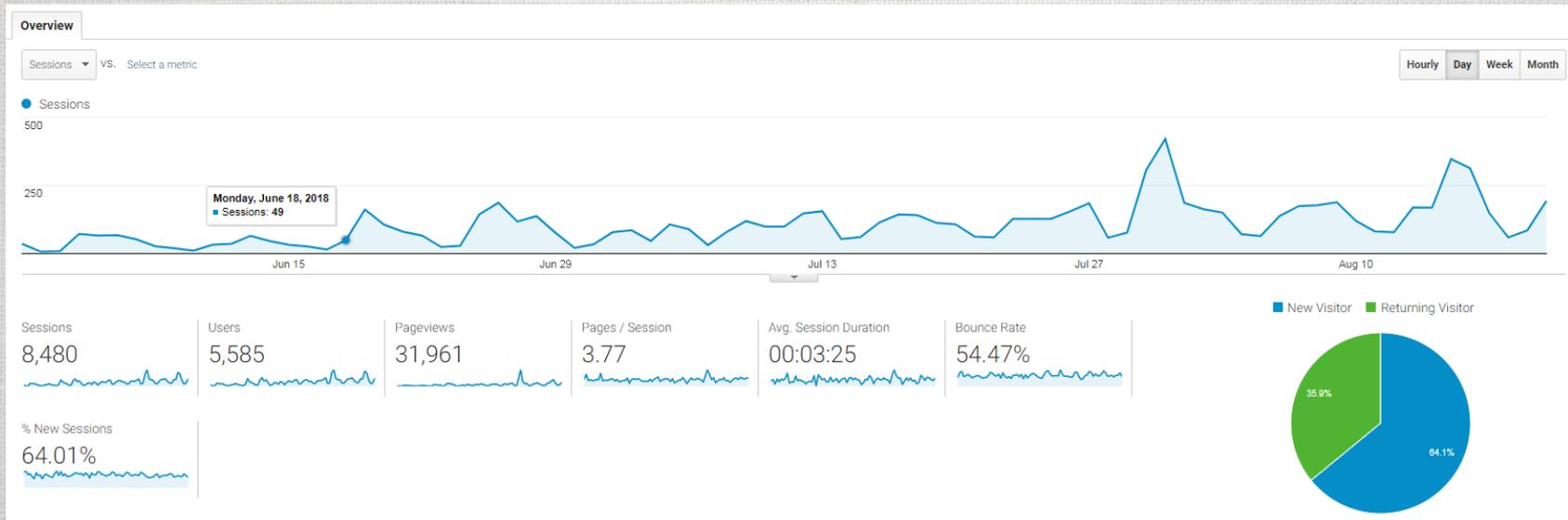
- Opening Keynote Speaker
- Illegal Vacation Rentals Panel
- Aloha Reception (Rooftop Garden)
- Tourism Legacy Awards Luncheon

Marketing



Website Updates

- New homepage sliders have been added to the website
- Press page will be added



Website Updates

SESSION SPEAKERS & PANELISTS

Click here to view the complete list.

[REGISTER NOW](#)

GLOBAL TOURISM SUMMIT

Presented by Hawaii Tourism Authority

HAWAII CONVENTION CENTER

OCTOBER 1-3, 2018

[REGISTER NOW](#)

IO SPONSOR

Alaska AIRLINES

HIWI SPONSOR

HAWAII
HAWAIIAN AIRLINES
HAWAIIAN ISLANDS
HAWAIIAN ISLANDS

OUTRIGGER
OUTRIGGER

APAPANE SPONSORS

Costa Isles
Costa Isles

THANK YOU TO OUR EXHIBITORS

[REGISTER NOW](#)

GLOBAL TOURISM SUMMIT

Presented by Hawaii Tourism Authority

HAWAII CONVENTION CENTER

OCTOBER 1-3, 2018

[REGISTER NOW](#)

FLY HAWAII

Alaska AIRLINES

Alaska Airlines is pleased to provide discounted travel to the Global Tourism Summit 2018. Fly Alaska Airlines to Honolulu and save 30% off fares from any Alaska destination. Fly our exciting FLY HAWAII, Alaska, Missouri and Costa Isles. Simply enter FCA2018 in the discount code box. All open availability only and the discount will be automatically applied for travel between September 25 - October 6, 2018. Restrictions apply. See IAG for details.

[REGISTER NOW](#)

Always Remember!



October 1-3, 2018
Globaltourismsummithawaii.com

Social Media

- Content Publishing
 - Facebook: 3 times weekly (more often as event nears)
 - Instagram: 3 times weekly (more often as event nears)
 - Instagram Stories: 2 times monthly
 - Twitter: 10 times weekly (more often as event nears)
 - LinkedIn: 2 times monthly
- Social Advertising
 - Facebook/Instagram: boosted & promoted posts
 - Facebook: event boost
 - Facebook/Instagram: website click ads



Social Media

- Community Management & Outreach
 - Monitoring, responding, engagement, customer service
 - Posting event information to partner channels
- Real Time Event Presence
 - Encouraging attendees to post with the event hashtag
 - Posting messages and images in real time
 - Livestreaming during the event



Integrated Marketing

- KFVE Multimedia Partnership
 - Television Advertising
 - Digital Advertising (KFVEthehometeam.com)



Website Takeover from 2017

A screenshot of a website takeover for the 2017 Global Tourism Summit. The page is framed by a large image of a woman in traditional Hawaiian attire. The takeover content includes:

- Header:** "2017 GLOBAL TOURISM SUMMIT HAWAII TOURISM AUTHORITY" logo on the left and right. A navigation bar with "KFVE" and "HAWAII TOURISM" branding.
- Event Info:** "SEPTEMBER 19-21, 2017 HAWAII CONVENTION CENTER".
- Call to Action:** "REGISTER TODAY" buttons on both sides.
- Content:** A central banner for "When you don't have time for Hawaiian time. LOOK FOR NEW HILE GAS STATIONS, OPEN ALL ACROSS HAWAII." Below this are several video thumbnails for "MERRIE MONARCH FESTIVAL", "NA HOKU HANOHANO AWARDS", "KEIKI HULA COMPETITION", and "2017 Pre-Season Football".
- Right Sidebar:** A "FISHER HAWAII" advertisement for an "OFFICE PRODUCT WAREHOUSE" with the tagline "HAWAII'S LARGEST HOME & OFFICE PRODUCT SUPPLY WAREHOUSE & RETAIL STORES". It also mentions "3 LOCATIONS" and "HAWAII'S BEST 2016".

Integrated Marketing

- Oahu Publications Multimedia Partnership
 - Print Advertising
 - Full page – Star-Advertiser: September 15th
 - Half page – The Garden Island (Kauai): September 2nd
 - Half page - West Hawaii Today (Kona): September 2nd
 - Half page - Hawaii Tribune Herald (Hilo): September 2nd
 - Digital Advertising (Hawaii.com)

Promotional Calendar

Sun 29	Mon 30	Tue 31	Wed Aug 1	Thu 2	Fri 3	Sat 4
	GTS E-Blast: Early Bird Savings Ends Ton	Early Bird Registration Ends GTS: Last Day for Early Bird Registration		GTS: Charting the Course		GTS: Speaker Highlight
5	6	7 GTS: Solicit Sponsors	8	9 CANCELLED - Tamarind Park Event GTS: Program Highlight	10	11 GTS: B2B Networking
12	13 NR: B2B Networking, Airline Sessions, St	14 GTS: Aloha Reception	15 GTS E-Blast: B2B Networking Highlight	16 GTS: Student Debate	17	18 GTS: Hawaii Highlight
19	20	21 GTS: Program Highlight	22 GTS E-Blast: Program Highlights	23 GTS: Solicit Sponsors	24 GTS E-Blast: Throwback to Last Year's GI	25 GTS: Program Highlight
26	27	28 GTS E-Blast: Check Out the Student Deb.	29	30 GTS E-Blast: Are You Following #GTS Ha	31	Sep 1

Sponsorships



Sponsorship Overview

- **Total Cash Committed:** \$166,600
- **Total In-Kind Value Committed:** \$62,500
- **Total Cash and In-Kind Committed:** \$229,100

- **Total Cash Pending:** \$133,750
- **Total In-Kind Value Pending:** \$72,000
- **Total Cash and In-Kind Pending:** \$205,750

- **Total Cash Committed & Pending:** \$300,350
- **Total In-Kind Value Committed & Pending:** \$134,500
- **Total Cash and In-Kind Committed & Pending:** \$434,850

Confirmed Sponsors

- Hawaiian Airlines/Japan Airlines
 - Iwa Level: \$75,000
- Alaska Airlines
 - Customized Io Level: \$50,000
- Hawaii Convention Center AEG Facilities
 - Iiwi Level Summit Tote Sponsor: \$15,000
- Outrigger Hotels & Resorts
 - Iiwi Level: \$15,000
- Hawaiian Hotels & Resorts
 - Iiwi Level: \$15,000
- First Hawaiian Bank
 - Elepaio Level: \$10,000
- Hanatour USA
 - Amakihi Level + Booth: \$5,750
- Kualoa Ranch
 - Amakihi Level + Booth: \$5,750
- Levy
 - Apapane Level: \$2,500
- Honolulu Cookie Company
 - Apapane Level: \$2,500
- ABC Stores
 - Apapane Level: \$2,500
- Simpleview
 - Apapane Level: \$2,500

Confirmed Exhibitors

1. Hawaii Convention Center AEG Facilities
2. Coral Isles Sunscreen – Reef Friendly
3. HanaTour USA, INC
4. Rocky Mountain Sunscreen
5. Alaska Airlines
6. Outrigger Hotels & Resorts
7. The Orchid Lei Company
8. Blue Hawaiian Helicopters
9. Still & Moving Center
10. TravelClick
11. Honolulu Authority for Rapid Transportation
12. Troon Hawaii
13. Abbott Communications
14. TravelZoo
15. Pacific Historic Parks
16. Royal Hawaiian Limousine
17. Skyline Eco Adventures
18. Kualoa Ranch
19. PR Tech
20. Koa Kea Hotel & Resort
21. 808eVentures dba URB-E Hawaii
22. Maverick Helicopters Hawaii
23. First Hawaiian Bank
24. Hawaiian Hotels & Resorts
25. Hawaiian Airlines/Japan Airlines

Mahalo



Agenda Item

13

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

July 2018

HTA Board of Directors Update
August 2018 Report



Agenda

- **Financials – July 2018**
- **HCC ROI**
- **Sales & Marketing, Facility Updates**

2018 Facility Financial Update

Facility	2018 July	2018 July YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
Occupancy	27%	31%	31%	31%	0%	33%
Number of Events	14	109	188	205	(17)	182
Gross Revenue	\$1,248,100	\$8,389,600	\$13,241,700	\$15,072,400	(\$1,830,700)	\$17,586,400
Gross Expenses	\$1,359,900	\$9,081,400	\$15,901,000	\$17,031,700	(\$1,130,700)	\$16,469,800
Net Income(Loss)	(\$111,800)	(\$691,800)	(\$2,659,300)	(\$1,959,300)	(\$700,000)	\$1,116,600

2018 Food & Beverage Update

Food & Beverage	2018 July	2018 July YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
F&B Revenue	\$884,200	\$5,293,500	\$8,422,200	\$10,303,900	(\$1,881,700)	\$12,768,900
F&B Expenses	\$484,600	\$3,470,200	\$5,487,700	\$6,025,100	\$537,400	\$6,383,200
Net Income	\$399,600	\$1,823,300	\$2,934,500	\$4,278,800	\$1,344,300	\$6,385,700
% of flow through	45%	34%	35%	42%	(7%)	50%

2018 ROI JULY YTD

HCC Revenue + State Revenue + Tax Revenue
= \$215.9M

HCC Expense \$11.2M

***ROI = For every dollar spent by HCC we returned
\$19.19 to the State***

HCC Sales Updates

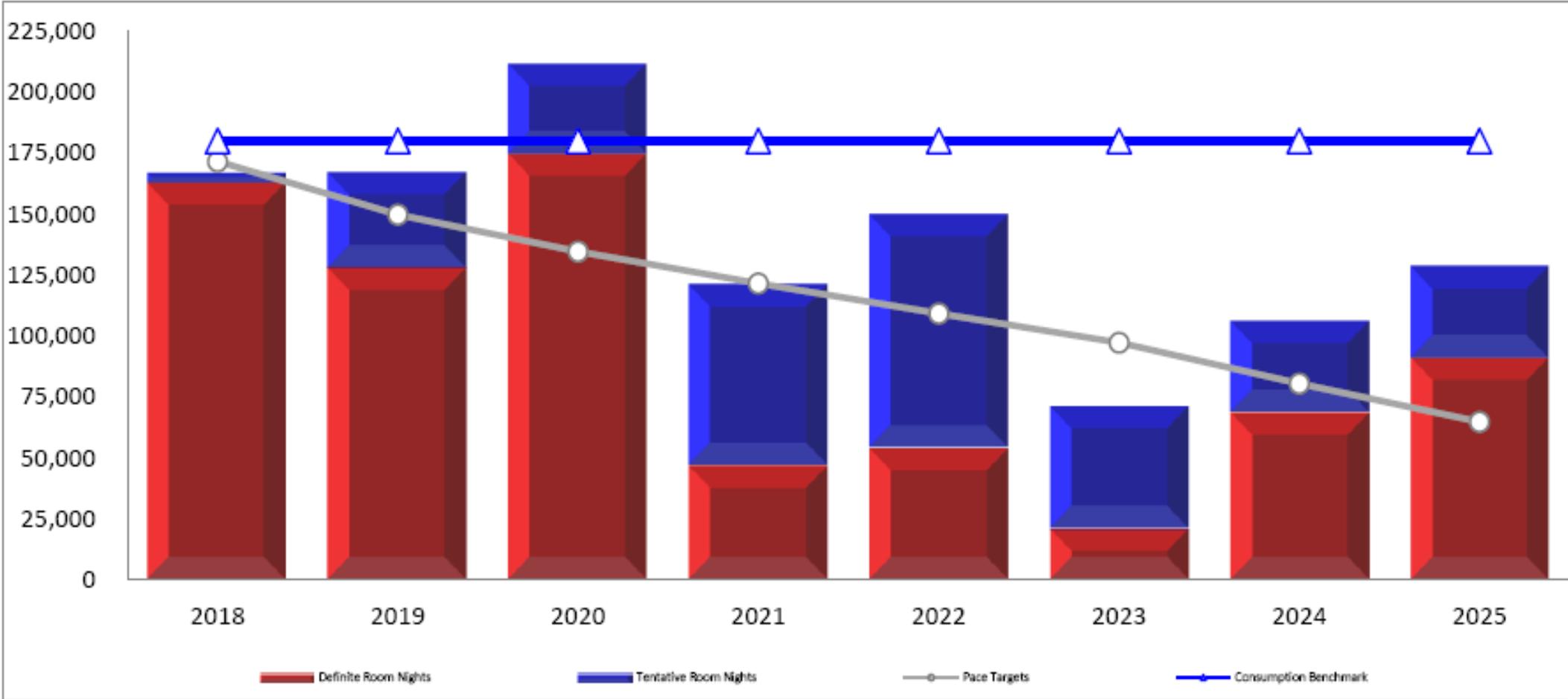
- Converted 16,129 room nights in June-July 2018; bringing YTD room nights thru July 2018 to 68,812
- On pace to achieve room night goal of 232,000 by year end.
- The tentative pipeline total is 172,173. Focus continues to be to convert these to Definite.

HCC Sales & Marketing Updates

Groups in-house June-July 2018

- The American Academy of Pediatric Dentistry – forecasted 3,000 attendees (6000 attendees)
- Asia Oceania Geosciences Society – 2,223 attendees
- IEEE Engineering in Medicine and Biology Society – 2,771 attendees
- International incentive groups
 - Prudential – 2,500 attendees
 - Gibraltar – 1,752 attendees
- Sporting events
 - Jam On It – 1,600 attendees
 - Aloha Region Summer Volleyball – 1,377 attendees
 - 5-0 Volleyball and Summer Bash – 4,000 attendees

Hawai'i Convention Center Pace Report



Hawaii_2018_08_01_TAP_report

The logo features the word "HAWAII" in a stylized, teal-colored font. A horizontal line with a rainbow gradient (red, orange, yellow, green, blue) passes behind the letters. A small "TM" trademark symbol is located to the right of the word.

HAWAII™

CONVENTION CENTER

Where Business and Aloha Meet