



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

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

**REGULAR BOARD MEETING
HAWAI'I TOURISM AUTHORITY**

Po'ahā, lā 31 o Ianuali 2019, 9:30 a.m.
Thursday, January 31, 2019 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 December 27, 2018 Board Meeting
3. *Hō'ike Lālā*
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Hō'ike A Ka Luna Ho'okele*
Report of the CEO Relating to Staff's Implementation of HTA's Programs During December 2018
5. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
6. *Hō'ike Hopena Anamana'o Kama'āina*
Presentation of the Resident Sentiment Survey Results



7. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*
Presentation, Discussion and Action on HTA's Financial Reports for November and December 2018
8. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan
9. *Hō'ike, Kūkākūkā a Ho'oholo No Ko HTA Mana'o 'Aha'ōlelo 2019*
Presentation, Discussion and Action on HTA's Policy Positions for the 2019 Legislative Session on Bills Anticipated to be Brought Forward Relating to Tourism
10. *Hō'ike Hanana Kikowaena Hālāwai O Hawaii'i*
Presentation by AEG Regarding an Update of Hawaii Convention Center Recent Operational Activities and Sales Initiatives
11. *Ho'oku'u*
Adjournment

**** 'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawaii'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 Hawaii'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 Hawaii 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 Hawaii's competitive advantage as a visitor destination.



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

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

Agenda Item

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**Approval of Minutes of the
December 27, 2018 Board
Meeting**



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, December 27, 2018
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), Micah Alameda, David Arakawa, Fred Atkins, George Kam, Kyoko Kimura, Sherry Menor-McNamara, Craig Nakamura

MEMBER NOT PRESENT:

Sean Dee, Ku'uipo Kumukahi, Benjamin Rafter, Kelly Sanders

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Charlene Chan, Jadie Goo, Jennifer Chun, Kalani Ka'anā'anā, Carole Hagihara, Joseph Patoskie, Lawrence Liu, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, Teri Orton, Mari Tait, John Monahan, Lee Conching, Priscilla Texeira, Patrick Dugan, Erin Khan, Nathan Kam, David Baronfeld

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:36 a.m.

Kalani Ka'anā'anā offered two pules to open the meeting.

2. Approval of the Minutes of the November 29, 2018 Board Meeting

Chair Fried asked for a motion to approve the minutes of the November 29, 2018 Board Meeting. George Kam made the motion, and Craig Nakamura seconded the motion. Chair Fried then opened the item up for discussion. David Arakawa recommended several minor changes to the meeting minutes. The minutes, with Mr. Arakawa's recommended revisions, were unanimously approved.

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

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

4. Report Relating to Staff's Implementation of HTA's Programs During November 2018

Chair Fried recognized CEO Chris Tatum to provide his first report on the staff's implementation of Hawai'i Tourism Authority ("HTA")'s Programs during November 2018. Mr. Tatum introduced Karen Hughes as VP of Marketing and Keith Regan as Chief Administrative Officer, and expressed his enthusiasm for having them on the HTA staff. He noted that he started on Monday, December 24, 2018, and spent his first days familiarizing himself with HTA staff and the organization in order to assess its status. He has met with legislators, and stated that a legislative briefing is scheduled for January 8, 2019. He also plans to schedule meetings with each of the Board of the Directors.

Mr. Tatum stated that he is reviewing all HTA contracts and has paused all those that have not yet been executed so that he has an opportunity to review them personally, noting that since he will be signing them he wants to ensure that he knows what each contract contains and can adequately defend them. Mr. Tatum said that he also met with Kalani Ka'anā'anā and Caroline Anderson, who gave Mr. Tatum an overview of all of the Hawai'ian cultural, community enrichment, and natural resource activities that HTA supports, and the vetting process that those activities undergo.

Mr. Tatum said that he would like to develop a consistent, transparent process in regards to sporting events, and how opportunities are vetted to assess value for tourism and the community. Mr. Tatum also discussed the Hawai'i Convention Center ("HCC") and "city-wides." He stated he would like to reevaluate the selling process and work with the Board to make that more productive, noting that it must be a collaborative process. He stated that HTA needs to continue a comprehensive effort on selling Hawai'i Island, and continue to work with the island chapter on that issue.

Mr. Tatum said that, from a marketing standpoint, there is a great opportunity to move forward in the Japanese market because ANA Airlines is adding more flights in May and wholesalers are making Hawai'i their focus in the coming year. He noted that the person who does the brand management for Japan has resigned to pursue other opportunities but Mr. Tatum and Ms. Hughes are looking to fill that position with someone who understands the Japanese market, can represent HTA well, and work with the hotels and wholesalers.

Mr. Tatum then discussed keeping the U.S.S. Arizona Memorial open during the federal government shutdown. Mr. Tatum emphasized that the U.S.S. Arizona Memorial is a memorial and that he felt that HTA had an obligation to support the people running the U.S.S. Arizona Memorial to keep it open for visitors, locals, and family members of those who perished there during World War II. Mr. Tatum said that he has reached out to several organizations and that they will be putting forward a proposal for HTA to fund the U.S.S. Arizona Memorial through January 6, 2019 for \$126,000. Mr. Tatum said that his intention is for this to be a public-private effort and he will go to the private sector to ask for their support to keep it open.

Mr. Tatum explained how he is looking at HTA moving forward. He stated that although funding comes from tourism, it is allocated by the State so it is important for HTA to have an active, collaborative relationship with the Legislature. He said that HTA is both a marketing and management organization with a responsibility for Hawai'i's iconic branding, community enrichment, and quality of life. Mr. Tatum stated that HTA needs to seek continuous feedback from stakeholders: the Legislature, the industry, and the community. Moreover, stakeholders should know that HTA listens to them, appreciates them, and responds to their feedback so they can share data on how things are trending. Finally, he said that he wants HTA to be completely transparent and for questions to be easily explained. In closing Mr. Tatum discussed his background in Hawai'i and emphasized the importance of remembering that the Hawai'i brand means something different for many people but that it means home for himself and the residents that live here.

Fred Atkins noted that Mr. Tatum's appointment as CEO was a unanimous decision of the HTA Board and added that Mr. Tatum's presentation affirmed his decision to support him. Chair Fried re-emphasized the importance of balancing the needs of visitors with residents. On the issue of the U.S.S. Arizona Memorial, Chair Fried that he and Mr. Tatum have been speaking to the Executive Park Ranger and a representative from the U.S.S. Arizona Memorial's non-profit Board. Chair Fried expressed concerns over the repair of a dock at the memorial and the shutdown pushing back further the repair completion date.

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

Chair Fried acknowledged Jennifer Chun to provide an update on current market insights. Ms. Chun directed the Board to the November report in the Board Packet. She noted that HTA had issued a press release on visitor statistics that morning.

First, Ms. Chun pointed out that visitor spending was down slightly, approximately 0.3% from the same time last year, but arrivals were up 4.3%. Arrivals were up from U.S. West, U.S. East, and Canada, but were down from China and Korea, due in part to a significant loss in air seats from those markets. In the first 11 months of 2018, approximately \$1.89B in State tax revenue was generated, which is an increase of 8% from last year. The State collected \$157.5M in Transient Accommodations Tax (“TAT”), an increase of 16.5% compared to last year.

Ms. Chun stated that on December 21, 2018, HTA released the latest hotel statistics, which reflected flat RevPAR at 190, ADR up 3.4% to 251, and occupancy at 75.8%. The updated forecast for the year-end of 2018 is 9.95 million visitors (including air and cruise), and \$18.3B in expenditures. For 2019, DBEDT is forecasting \$19.1B in expenditures and 10.13 million visitors.

Mr. Arakawa noted that HTA has statistics about how the industry is doing and income revenue, but that it may also need a way to measure increases in costs like power, real property taxes, and labor. This information could provide a better measure of health for the industry by showing how thick or thin the margins are. Ms. Chun responded that STR, Inc. has an annual report on profit and loss but that there are issues with that report: 1) it only comes out once a year, and 2) it does not contain certain line items (income tax, depreciation, debt service, etc.) that represent a significant cost to hotels. Moreover, the current sample for the Hawai‘i report is not as robust as past years. Mr. Tatum added that the numbers also do not take into account renovations.

Mr. Tatum stated that he is not a fan of HTA producing trending forward numbers because the hotels do not provide HTA with actual numbers. However, he said that he and Ms. Hughes are responsible for reaching out to the industry to get trends and support the industry’s efforts to address those trends.

Chair Fried said that he was surprised to see the increased TAT and state tax in light of challenges like the volcanic eruption on Hawai‘i Island and flooding in Kauai. Ms. Kimura asked for clarification that TAT was up 16.5%. Ms. Chun confirmed and noted that the increase reflects collections through September 2018, and the total overall increase in state tax revenue generated was 8%. Mr. Tatum recommended that when the statistics are published that they should include the caveat that the TAT rate increased. Ms. Chun noted that the TAT collection statistic is only shared with the Board, and it is not published in the visitor statistics.

Ms. Kimura asked for clarification on the period affected by the TAT rate increase. Ms. Chun stated that it affected only part of FY 2018 but will affect all of FY 2019. Mr. Togashi said that the TAT rate increase went into effect in January 2018. Mr. Tatum asked Ms. Chun if she could provide the Board and the Legislature with a calculation of what TAT collections would have been without the TAT rate increase. Ms. Chun responded that she would have that calculation at the next meeting. Mr. Togashi said that the increase in rate constitutes an approximate 10% increase in taxes collected. Ms. Kimura asked whether that meant the actual increase is 6%, and Ms. Chun stated that that is possible but she would have to check the numbers.

6. Presentation, Discussion, and Action on HTA’s Financial Reports for October and

November 2018

Chair Fried recognized Marc Togashi and Keith Regan to provide a presentation on HTA's financial reports. Mr. Togashi stated that the financial reports were included in their Board packets, including an executive summary of the report. He stated that the October financial statement and executive summary had been distributed at last month's meeting and that he would be asking for the Board's approval on those items, but would be reserving requesting approval for the November financial statement and executive summary until next month so the Board has an opportunity to review them.

Mr. Togashi said that there is not significant activity recorded on the books because it is still relatively early in the contract year. He stated that the process is that they go through a budget process with the Board, and the staff plans and executes on the programs that are reviewed by the Board. He added that since all of the contracts have been paused, that is also a factor in why there is not significant activity to report.

Mr. Fried clarified that Mr. Togashi was asking for a motion to approve the November financials. Mr. Nakamura made the motion and Mr. Kam seconded the motion. Mr. Fried opened the item up for discussion. Mr. Atkins asked whether, now that there was a full team in place, if it would be possible for HTA to provide the Board with financials such that the Board could vote on the most recent month instead of having to wait a month. Mr. Togashi responded that HTA will make that a goal and that it is working on providing the Board with timely information to the extent that it can. Mr. Tatum affirmed this.

Mr. Arakawa noted that at last month's Board meeting, HTA staff had said that they met with the Legislature regarding the budget. He asked for clarification on whether the budget referred to was last year or this year's budget. Mr. Togashi responded that they had met with the Legislature to discuss the current fiscal year budget.

The October financial documents were approved by the Board.

7. Update on Status of the 2018 Audit Action Plan

Chair Fried recognized Mr. Regan to provide an update on the 2018 Audit Action Plan. Mr. Regan said that he has reviewed the 21 items brought forward by the State auditor, noting that 15 items are still outstanding. He said that he has been working on getting an understanding on what resources are necessary to tackle some of the outstanding items, and that he plans to work with Mr. Togashi to go over an action plan to address some of the larger items, which are mainly on policies and procedures.

Mr. Tatum commented that he and Mr. Regan have met with DBEDT and see an opportunity to work closer with them by making sure that they are aligned with how they conduct business and engage resources, to ensure a transparent and timely process.

8. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent

Operational Activities and Sales Initiatives

Chair Fried recognized Teri Orton to give a presentation on Hawai'i Convention Center ("HCC") operational activities and sales initiatives. Ms. Orton stated that the financial results for November were stronger than expected, with 27 licensed events in-house, 10 more than had been planned for in the budget. HCC grossed revenue of \$1.3M and a net loss of \$103,000.

The 2018 year end reforecast projects a net loss of \$2.2M. Ms. Orton highlighted a few reasons why the forecast is different than what had been budgeted. There were cancellations including an international group, Allied materials, and a basketball tournament. Some organizations did not cancel but rescheduled for a later year. The makeup of the events this year was also different than last year. During the last year, there were more corporate events than this year and corporate events typically spend more on food and beverage.

Mr. Tatum asked why the American Dental Association ("ADA") moved an event to the Hilton. Ms. Orton responded that the Hilton had put a minimum food and beverage spend in their contract and the ADA likely moved the event to the Hilton to meet the minimum spend. Mr. Tatum asked whether there was any cancellation fee imposed on the ADA by HCC for moving the event. Ms. Orton replied that HCC normally does not charge a cancellation fee because that money is still being spent in the state. Mr. Tatum asked whether there was a decrease in attendance due to the hotel strike. Ms. Orton responded that there was not a drop in attendees, but there was a drop in exhibitors consistent with a general trend at dental association conferences across the nation.

Mr. Tatum asked whether the ADA had been provided incentives to book at HCC and whether any penalties were imposed on the ADA for moving an event to the Hilton. Ms. Orton responded that there was approximately \$1.5M in MMF funds that were provided to the ADA, inclusive of rent, and destination support. However, there were no penalties imposed or incentives rescinded for moving an event to the Hilton. Mr. Tatum said that although he supports city-wides with incentives when they use HCC, he is not a fan of supporting them when they do not use HCC because if hotels want to go after that business then they should go after it. He said that he would like to go through HCC's processes for when events fall through the way they did with the ADA.

Ms. Orton continued her presentation with an update on food and beverage. For November, HCC posted \$873,000 with a net income of \$329,700. That represents a 38% flow through. She said the expectation is to end the year at \$8.8M in revenue. Ms. Orton updated the Board on HCC's return on investment ("ROI") to the State: for every dollar spent by HCC, approximately \$19.61 was returned back to the State.

Ms. Orton recognized Lee Conching to provide an update on sales and marketing initiatives. Mr. Conching stated that they closed approximately 90,000 room nights in December, and there are 28,000 more outstanding that they are trying to close by the end of 2018. He said that they anticipate ending above 200,000 room nights and close to their 232,000 goal. One of the major signings was the International Federation of Employee Benefits Plan, who signed for

2030 and 2035.

Mr. Conching said that in January, the team will attend a PCMA event, a meeting planners' event in Pittsburgh. That event will bring together from 4,000 to 5,000 meeting planners. In February, HCC will host its third Client Advisory Board meeting. The 2.5-day meeting is typically attended by about 12 Client Advisory Board members. HCC will also meet with general managers to update them with what is going on at HCC and provide feedback from clients. Client Advisory Board members are invited to the general managers meeting.

Ms. Hughes noted to Mr. Conching that the tentatives looked problematic, and she asked whether there was anything stacked up or if it was a realistic representation. Mr. Conching responded there were some items that still needed to be put on the list of tentatives, but that items are usually not added until they look 50% or more likely.

Ms. Hughes asked at what point the ADA cancelled the event that was moved to the Hilton. Ms. Orton responded that ADA cancelled about two months out.

Mr. Atkins asked how the 232,000 room night goal was formulated, and whether that goal was based on prior years. Ms. Orton described the process. First, they look for anything that is marked in the system as tentative with a 25% chance or greater to turn tentative or to select Hawai'i. Those tentatives are pulled out and they sit with each seller to get feedback on what the chance is of that group turning definite in the next year. Once they go through that list, they work with HTA on a stretch holdover. The 232,000 goal came from a few years back when the previous management pushed them to a goal that they could not really stand by with any data. Historically, they took the last four years that AEG was managing HCC and the four years prior when SMG was managing HCC to compare apples to apples. The sales team had not broken 200,000 room nights at that point and previous management had implemented 232,000 as a stretch goal. Year after year they have been going off of that number, but Ms. Orton said that, with the arrival of Ms. Hughes, she believes that that number should be revisited to produce something more realistic. She noted that this year they may break 200,000 so they need to look at what is on the books, get a feel for what could turn definite, and put a stretch goal on top of that.

Mr. Atkins asked what the actual numbers were for 2017. Ms. Orton responded that she did not have that data off hand but she would follow up and send him that information along with the historical data sheet. Chair Fried asked for clarification that the profit for food and beverage was in the 30s and 40s. Ms. Orton confirmed. Chair Fried said that any hotel would be thrilled to have that kind of flow through. Mr. Tatum asked what the flow through takes into account and she responded that it includes food costs and labor. Mr. Tatum noted that that number was impressive. Ms. Orton said that last year the number was even higher at about 50% because the more groups that are brought in the more HCC can leverage labor.

Chair Fried asked for an update on how HCC was doing with the recently acquired sport courts. Ms. Orton said that the courts were doing well, and nine tournaments are contracted next year. HCC is at a point that they are being selective on what they book so that they are not

cannibalizing registration. She discussed the success of the recent futsal tournament which drew teams from the Mainland, Asia, and Oceania.

Mr. Atkins asked whether HCC was getting good revenue from its kiosks during the sporting events. Ms. Orton replied affirmatively. She added that HCC asks the groups not bring outside refreshments and HCC lowers its prices during these events to drive up volume. They are also getting a better idea of what sells better depending on the type of sporting event. Mr. Tatum asked whether Ms. Orton does an analysis of these events to determine if they are worthwhile. Ms. Orton replied that she does.

Chair Fried asked Mr. Nakamura, head of the HCC Investigative Committee, to provide an update on HCC repairs. Mr. Nakamura said that his group is meeting with HCC staff and going over pending and major projects. One of the major projects is the roof repair. HCC has retained a consultant named Julian Anderson who was one of the original consultants when HCC was built. He is updating some of the prior studies that were done and will provide a report soon. He has recommended that the original waterproofing contractor be retained.

Mr. Arakawa asked whether, in hiring the consultant for the roof repair and the waterproofing consultant, there was an RFP for someone who might point out the mistakes of the original contractors. He clarified that he was asking whether they were looking for people who could point out the mistakes that were originally done or whether they were paying people who did the job that HCC is having problems with. Mr. Nakamura responded that he understood the concern and was not sure the extent that Julian Anderson was involved in the original construction. Ms. Orton said that Julian Anderson was not a part of the company that did the waterproofing but he was onboard with the design and construction team when HCC was being built so he has records and reports that another company might not have. He has also done several tests on the rooftop since then, so because he has the historical data, knowledge and reports that could be utilized throughout the process, they felt it was best to bring him back. His recommendation is to update a report that was conducted in 2012 and update costs to get a better idea of the current damage and the costs associated. A new report is anticipated in time for the January Board meeting.

Mr. Arakawa commented that HCC should consider in the future, when it does major structural renovations, to keep historical data, reports, and plans, so HCC does not have to keep the same contractors. Secondly, the report should include the areas where there were mistakes so that it does not happen again. Ms. Orton responded that the 2012 report was detailed in pointing out issues and Julian Anderson assessed whether there was additional damage since the 2012 report. He found some areas continued to leak so his recommendation was to bring that company back to update their report to current status, so estimates will be based on current damage to the building.

Mr. Atkins asked whether the 2012 report noted more structural concerns, design flaws, or wear and tear. Ms. Orton said that it was a mix of all of those.

9. Report of the Audit Standing Committee on the Financial Audit for Fiscal Year 2018

Chair Fried recognized Mr. Nakamura to report on the financial audit for FY 2018. Mr. Nakamura asked Mr. Togashi to provide a summary of the report and related documents. Mr. Togashi reported that the Audit Standing Committee met with the auditors, who provided their report and walked committee members through it. He said that the audit is a clean opinion, there was nothing significant or material to report to the committee, and the committee accepted the results of the report.

Mr. Nakamura reiterated Mr. Togashi's summary. Mr. Atkins asked Mr. Togashi to explain the Audit Standing Committee's discussion on one of the line items on the budget, "other post-employment benefits." Mr. Togashi explained that this item is the liability on the balance sheet for HTA's portion of the State's post-retirement costs, including medical insurance, dental, life insurance, and other things that come with the benefits of being a state employee. This year, GASB 75, a new accounting pronouncement, was implemented at the beginning of FY 2018 and it required HTA to recognize the full amount of its other pension liabilities. The measurement is computed by an actuarial study and the liability generated is provided to the State. The State then apportions certain amounts to certain departments. As the result of that implementation, HTA's liability increased.

Mr. Tatum asked if this was an annual assessment and analysis. Mr. Togashi responded that there is an annual assessment, and it is a rolling balance. Mr. Tatum asked if it is based on the number of employees. Mr. Togashi said that it is based on a number of factors including the number of employees, mortality rates, and salaries. Mr. Tatum asked if the liabilities of all the departments went up and Mr. Togashi responded that he was not sure.

Mr. Arakawa asked Mr. Togashi to explain how HTA handles setting aside this amount. Mr. Togashi said that HTA has been allocating funds on its balance sheet to be able to say that it is earmarking funds specifically to address this liability in the event that it gets called. It has earmarked funds out of its reserve, of approximately \$8.5M, for two types of liabilities: the pension and post-retirement liabilities. HTA has, in an effort to be prudent and conservative, earmarked funds specifically for this.

Mr. Atkins asked for confirmation that this amount comes from HTA's limited budget. Mr. Togashi responded that HTA does not take money outside of HTA's annual budget but it has been setting aside money at the end of every year. To the extent that HTA does not spend all of its funds, some of it is set aside for this purpose. In addition, as part of the amount paid annually as part of its fringe rate, the fringe rate also incorporates an amount that go towards being contributed to paying down the liability. Mr. Atkins asked whether there was a specific item on the fringe that goes to taking care of pension. Mr. Togashi said that they have seen a creep up of the fringe rate which has gone up from 20% to about 50%, to address the increase in employment cost and increases in this type of liability.

Mr. Regan provided his perspective as a former county employee, saying that this is not

something that would typically hit a paycheck as an employee. It is something that the department or agency would be responsible for, to set aside funds. Generally, the State is not asking for 100% of the obligation to be paid at any given time. Each agency is asked to set aside money every year to pay towards their obligation and it is prudent of HTA to set aside the money to be paid. In regards to the paychecks, employees would not see that creep up.

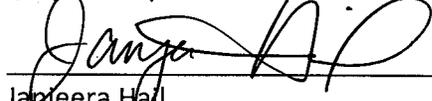
Mr. Atkins reiterated that the money is still coming out of HTA's budget, and if HTA is being prudent they need to set that aside. He asked whether HTA should consider this as it goes into the budget process. Mr. Regan said that if HTA can understand what its payment will need to be on an annual basis, it should be setting that payment aside. Mr. Arakawa said that as the obligation increases, next year's budget should take it into account.

10. Adjournment

Chair Fried thanked John Monahan for attending the Board meeting. He asked for a motion to adjourn the Board meeting. Mr. Kam made the motion and Ms. Menor-McNamara seconded the motion, which was approved by all Board members present.

The meeting was adjourned at 11:13 a.m.

Respectfully submitted



Janjeera Hall
Recorder

Agenda Item

4

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



MEMORANDUM

TO: HTA Board of Directors

FROM: Chris Tatum, President and CEO

DATE: January 31, 2019

RE: Report of the CEO

The following narrative utilizes the 2019 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated December 27, 2018. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

I. AWARENESS, CONVICTION AND ACCESS

A. Access

Crystal Cruises Meeting

HTA staff met with officials of Crystal Cruises to discuss product development, upcoming itineraries, and opportunities, and to provide destination information.

Princess Cruises Itinerary Planning Seminar

HTA staff participated in an itinerary planning seminar along with representatives of West Coast and Canadian ports at the Princess Cruises office to gain insights about the industry outlook for the region, and to provide destination information to the itinerary planning and marketing departments.

B. Major Market Management

HTA's new leadership team has been reviewing and evaluating all contracts to ensure HTA is maximizing finite resources according to priorities set by the new president and CEO. The contracts to market Hawai'i in Europe and Canada were due to expire on December 31, 2018. Leadership determined that it would be most prudent to take an appropriate amount of time to assess these markets before renewing contracts for a 12-month period. HTA reviewed the funding invested in these markets over the past five years compared to the visitor spending generated over that same period. It was clear that, while HTA funding had increased substantially, visitor spending had remained flat.

HTA remains committed to these markets and will continue to focus on keeping the Hawai'i brand visible to high-value potential visitors who see Hawai'i as a bucket list destination. We believe this can be accomplished through more targeted marketing efforts.

As such, HTA requested proposals from Hills Balfour/Lieb Management (Hawai'i Tourism Europe) and Vox International (Hawai'i Tourism Canada) seeking revised plans that will accomplish this goal and also realize a cost savings of more than \$1.5 million. The funds being saved will be re-appropriated to

support the U.S. and Japan markets. HTA will review the proposals received and determine the next steps for moving forward.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

Kūkulu Ola Program

HTA continues to work with one 2017 Kūkulu Ola awardee to close out their work and complete the final evaluation. This program was granted a no-cost contract extension due to extenuating circumstances. HTA staff is preparing to accept all final reports for the 2018 Kūkulu Ola programs, most of which completed their work on December 31, 2018, by the end of January. The Kūkulu Ola 2019 program includes 28 awardees statewide with total funding of \$1.223 million allocated. Contracts were distributed over the two-day period of December 12-13, 2018.

Strategic Partnerships (Hawaiian Culture Initiative)

HTA and the Native Hawaiian Hospitality Association (NaHHA) 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. NaHHA's work also includes Hawaiian translation work and the hosting of statewide Hawaiian cultural advisor meetings.

HTA staff and the Kālaïmoku Group are in negotiations for programming in 2019. HTA is currently evaluating the 2018 program and attendance. HTA is also looking at the theme and awards focus for the May Day program. No contract has been signed for 2019 as of the January board meeting.

HTA staff is exploring a possible extension of its contract with Hawaii Investment Ready to support a cohort of 12 social enterprises that have a tourism focus. Hawaii Investment Ready previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs to build capacity for its program. The objective is to elevate these social enterprises to seek other forms of capital to enhance and improve their programs.

B. Natural Resources

Aloha 'Āina (Natural Resources) Program

HTA continues to work with two 2017 Aloha 'Āina awardees to close out their work and complete the final evaluations. These two programs were granted no-cost contract extensions due to extenuating circumstances. HTA staff is preparing to accept all final reports for the 2018 Aloha 'Āina programs, most of which completed their work on December 31, 2018, by the end of January. The Aloha 'Āina 2019 program includes 28 awardees statewide with total funding of \$1.124 million allocated. Contracts were distributed over the two-day period of December 12-13, 2018.

Hawai'i Ecotourism Association

The primary focus of HEA's work will be a continued focus on the training of certified tour operators statewide and enhancing their training capacity. In addition, HEA will provide trainings that can be accessed via the internet and YouTube.

Hawai'i Green Business Program

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

C. Safety and Security

Visitor Assistance Program (VAP). Programs in all four counties are ongoing. Contracts for the 2019 programs have been fully executed.

Junior Lifeguard Program. Contracts for the 2019 programs have been fully executed. The overall goal for 2019 is to train approximately 3,000 youths statewide (O'ahu: 2,000; Kaua'i: 500; Maui: 250; Hawai'i Island: 250).

Lifeguard Support Program. The contract to support the Kaua'i Lifeguard Support Program has been fully executed, while contracts for the County of Maui, Hawai'i County, and City and County of Honolulu are in the process of being executed.

ANA A380 Safety Video. HTA staff is assisting ANA (All Nippon Airways) with the development of an inflight safety video for its new A380 aircraft that will begin servicing the Narita-Honolulu route, starting May 24, 2019.

Partnership with Department of Health on Ocean Safety. HTA staff participated in the Department of Health's Injury Prevention Advisory Committee meeting and presented its efforts to promote ocean safety. Other community partners and members of the Drowning and Aquatic Injury Prevention Advisory Committee shared their initiatives and progress they have made, including the City & County of Honolulu Ocean Safety and Lifeguard Services, the Maui Fire Department, and Na Kama Kai.

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: December 2018

News Releases/Statements

- News Release: Hawai'i Tourism Authority Announces Two Executive Appointments: Keith Regan as Chief Administrative Officer; Karen Hughes as Vice President of Marketing and Product Development (December 10)
- News Release: Hawai'i Tourism Authority Publishes Third Quarter 2018 Timeshare Report (December 14)
- News Release: Hawai'i Tourism Authority Releases Hawai'i Hotel Performance Report for November 2018 (December 21)
- News Release: Hawai'i Visitor Statistics Released for November 2018 (December 27)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
 - KHPR: Jennifer Chun (JC) with reporter Casey Harlow about HTA's third quarter timeshare report (December 14).
 - Honolulu Star-Advertiser: Chris Tatum (CT) with reporter Allison Schaefer about becoming president and CEO of HTA (December 21). Assisted Charlene Chan (CC) in coordinating a photo of HTA's new executive leadership team by the newspaper (December 24).
 - Hawaii News Now: CT with reporter Mahealani Richardson about HTA providing funds to keep the USS Arizona visitor center open through January 6 in response to the partial federal government shutdown (December 27).
 - KHPR: Karen Hughes (KH) and JC with reporter Casey Harlow about HTA's visitor statistics results for November (December 27).
 - Honolulu Star-Advertiser: JC with reporter Kristen Consillio about HTA's visitor statistics results for November (December 27)
 - HTA President and CEO Interview Requests: Received requests to interview CT from the following media in December:
 - Diane Ako, KITV
 - Juergen Steinmetz, ETurboNews
 - Marty Wentzel, TravelAge West
 - Tovin Lapan, Travel Weekly (also wants to speak with Karen Hughes)
 - Jessica Else, The Garden Island,
 - Chris O'Toole, Breaking Travel News
- **Publicity Support:** Provided the following information and/or assistance:
 - Hawai'i Open: Provided assistance in developing talking points about the island of Hawai'i for use by Tennis Channel announcers during the broadcast (December 5).
 - Honolulu Marathon: Referred reporter Brenton Awa of KITV to contact the event organizer for information on the marathon's economic impact to Hawai'i (December 5).
 - UFC Fight in Hawai'i: Assisted CC with the following:
 - Provided reporter Nikki Schenfeld of KHON with the background document from April 4 about UFC's proposal and HTA's position on staging a fight card in Hawai'i headlined by Max Holloway. Discussed KHON's request with Rick Fried about doing an interview on the topic and decided to pass on the opportunity (December 10).
 - Provided reporter Diane Ako of KITV with the background document from April 4 about UFC's proposal and HTA's position on staging a fight card in Hawai'i headlined by Max Holloway. Declined the opportunity to do an interview on the topic (December 10).

- The Maui News: JC provided editor Brian Perry with information on the number of properties and timeshare units in Maui County that participated in HTA's third quarter timeshare report (December 18).
- Alaska Beyond Magazine: JC provided information and sources for questions pertaining to weddings and honeymoons in Hawai'i (December 18).
- Civil Beat: JC provided information on hotels and vacation rentals in the 2017 Visitor Plant Inventory report (December 19).
- Hawaii News Now: Responded to inquiry from Digital Producer Melanie Yamaguchi about the economic impact of major concerts at Aloha Stadium that HTA does not track this type of research information (December 19).
- Los Angeles Times: Provided reporter Jay Jones with contact information for tourism consultant Keith Vieira and aviation expert Peter Forman to seek comments about Southwest Airlines starting service to Hawai'i (December 20).
- Hawaii Hospitality: Assisted CC in providing Assistant Editor Brett Alexander-Estes with confirmation that CT resigned as chairman of the board of directors for the Hawai'i Visitors and Convention Bureau due to his joining HTA as president and CEO (December 20).
- Hawaii News Now: Assisted CC in responding to producer Jonathan Saupe's inquiry about HTA being interviewed about the federal government shutdown (December 21).
- Hawaii News Now: Assisted CC in responding to reporter Allyson Blair's inquiry about HTA being asked by the Pearl Harbor nonprofits to provide funding to keep the USS Arizona visitor center open during the federal government shutdown (December 26).
- Honolulu Star-Advertiser: CC provided reporter William Cole with information about HTA providing funds to keep the USS Arizona visitor center open through January 6 in response to the partial federal government shutdown (December 27).
- KHON: Assisted CC in providing reporter Sara Mattison with a statement from CT about HTA providing funds to keep the USS Arizona visitor center open through January 6 in response to the partial federal government shutdown (December 27).

Public Outreach

- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the December E-Bulletin (December 26).

Brand Management

- Senator Mazie Hirono: Forwarded the request from Senator Hirono's office to obtain the contact information for CT (December 3).
- False Missile Alert: Received an interview request from a college student on the island of Hawai'i about the false missile alert and forwarded to the Hawai'i Emergency Management Agency for action (December 3).

- Graduate Student Project: Received a request to survey attendees of HTA's board meeting about the perceptions of human resource professionals in the hospitality industry. Recommend that referral be made to the University of Hawai'i's School of Travel Industry Management or to individual hotels (December 3).
- Hawaii Hospitality: Notified editor David Putnam that HTA will not be providing a column in the magazine in 2019 (December 4).
- Outrigger Hotels: Secured a statement from the State Department of Health about the quality of Hawai'i's drinking water for Outrigger to provide a guest from Australia (December 5).
- SoFi Hawai'i Bowl: Assisted CC with preparing a letter from HTA for inclusion in the printed program for the bowl game (December 6).
- Hawaii Open: CC reviewed and approved collateral materials of tournament organizers to provide concierge desks promoting ticket sales to tourists (December 14).
- 2018 Annual Report: Finalized the production of the 60-page annual report and coordinated the printing and delivery to HTA's offices (December 20).
- Federal Government Shutdown: Assisted CC with the following (December 21):
 - Prepared content for the special alert on the home page of HTA's website.
 - Prepared talking points for partners to utilize in responding to inquiries.
 - Prepared and distributed message alerting stakeholders about the special alert page on HTA's website.
- ADA Compliance: Assisted CC in investigating strategies for making the 2018 annual report and other documents added to HTA's website compliant with ADA regulations (December 28).

International News Bureau

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
 - **Hawai'i Tourism Oceania**
 - Reviewed and forwarded a request by Debbie of television series, *Pete the Surfaroo*, to Chris Sadayasu (CS) (December 26).
 - **Hawai'i Tourism Europe**
 - Reviewed and forwarded a request by Sven Hoyaux of Porschist Magazine to Caroline Anderson (CA) (December 5).
 - Reviewed and forwarded a request by Amy Cowen of UK-based game show, *Gino's Win Your Wish List* to CA (December 10).
 - Reviewed and forwarded a request by blogger Jenna Francisco of Non Solo Turisti and Thinking Nomads to CA (December 26).

- **Hawai'i Tourism Canada**
 - Reviewed and forwarded a request by Sacha Emprino of Europea Magazine to Laci Goshi (LG) (December 27).
- **Hawai'i Tourism United States**
 - Reviewed and forwarded a request by Nolan Murphy of ESPN Digital and Good Karma Brands to HTUSA (December 12).
 - Reviewed and forwarded a sponsorship and advertising request by Jeff Newman of Monumental Sports and Entertainment to HTUSA (December 13).
 - Reviewed and forwarded a request by travel agent Danielle Johnson of Sunrise Travel to HTUSA (December 13).
 - Reviewed and forwarded a request by social media influencer Breshell West to HTUSA (December 26).
- **Miscellaneous**
 - Reviewed and forwarded a request by Jorge Jouvhomme of Turismocuatro Magazine Chile to Jadie Goo (JG) (December 10).
 - Reviewed and forwarded a request by Katy Morrison of Huson International Media to JG (December 21).

Social Media

- **Facebook Posts:**
 - Post on HTA appointment announcement of Keith Regan and Karen Hughes. **Total Reach** 837 | **Total Reactions** 71 (December 10).
 - Post on Hawai'i Open. **Total Reach** 464 | **Total Reactions** 15 (December 19).
 - Post on SoFi Hawai'i Bowl. **Total Reach** 531 | **Total Reactions** 17 (December 20).
 - Post on Hawaiian Airlines Diamond Head Classic. **Total Reach** 525 | **Total Reactions** 17 (December 21).
 - Post on partial federal government shutdown and HTA alert page with information on Hawai'i's national parks, monuments and wildlife refuges. **Total Reach** 841 | **Total Reactions** 42 (December 21).
 - Post on November Hawai'i Hotel Performance Report. **Total Reach** 800 | **Total Reactions** 38 (December 26).
 - Post on November Visitor Statistics. **Total Reach** 668 | **Total Reactions** 20 (December 27).
- **Twitter Posts:**
 - Post on lei given to attendees of the American Athletic Championship game (December 1).
 - Post on HTA appointment announcement of Keith Regan and Karen Hughes (December 10).
 - Post on Third Quarter 2018 Timeshare Report (December 14).
 - Post on November Hawai'i Hotel Performance Report (December 21).

- Post on partial federal government shutdown and HTA alert page with information on Hawai'i's national parks, monuments and wildlife refuges (December 21).
- Post on November Visitor Statistics (December 27).
- **Instagram Posts:**
 - Post on Hawai'i Open (December 19).
 - Post on Hawaiian Airlines Diamond Head Classic (December 21).

B. Research and Planning

The Tourism Research Division (TRD) issued the November 2018 monthly visitor statistics on December 27, 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 January through March 2019 and the Airline Seat Capacity report for First Quarter 2019 to the Infrastructure Research Section of the HTA website.

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

TRD issued the November Hawai'i Hotel Performance Report on December 21. The report and related November 2018 data tables were posted to the Infrastructure Research section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

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

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

Jennifer Chun and Chika Miyauchi presented to the Okinawa Prefecture Remote Island Promotion group on December 4.

Jennifer Chun was interviewed by Hawaii Public Radio (KHPR) on December 14 regarding the Q3 Hawai'i Timeshare Quarterly Report, and on December 27 with Karen Hughes regarding the visitor statistics results for November and year-to-date.

TRD continues to reply to requests for information from HTA's 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
- Responded to research inquiries routed through DBEDT
- Historical cruise arrivals 1999 – present for Hawai'i Tourism Japan.
- 2017 Visitor Satisfaction data cross tabs by Millennials, Generation X and Boomers, for HVCB.
- 2019 cruise ship schedules by month by ship by island, for HTA Greeter's program.
- 2017 Canadian visitors by Canadian province by visitor accommodation types.

C. Career Development

LEI (Leadership, Exploration, and Inspiration). Program planning for 2019 is ongoing. Program dates are as follows: April 3: Kaua'i; April 8: O'ahu; April 16-17: Hawai'i Island; April 18: Maui.

HOST Sector Partnership. A meeting between Hawai'i Chamber of Commerce, University of Hawai'i, and HTA's Leadership Team has been scheduled for January 29. Hospitality Sector Partnership initiatives and progress will be shared and discussed with HTA leadership Team at this meeting.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

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

Hawai'i Tourism United States Monthly Marketing Report December 2018

November saw Hawai'i's visitor growth continue, with U.S. arrivals increasing +10.2 percent, and expenditures by +7.4 percent.

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

Due to U.S. government partial shutdown, updated travel export numbers have not been refreshed since the October HTUSA report.

According to U.S. Travel Association, domestic travel grew 3.0 percent year-over-year in November, with both business and leisure travel registering gains thanks to historically high levels of consumer confidence. That segment's year-over-year growth is expected to slow to 2.4 percent through May 2019, with the business segment outpacing leisure travel.

However, U.S. Travel Association economists caution that the road ahead for domestic business travel could become rocky as well, as recent volatility in the markets could dampen what has been a strong investment trend. The decelerated growth rate of international inbound travel will impede U.S. efforts to increase its share of the global international travel market.

Elsewhere, CBRE Hotels is forecasting another year of hotel revenue growth, with occupancy levels ticking up slightly (0.1 percent) and ADR growing by over 2 percent. Bernard Baumohl, chief global economist for The Economic Outlook Group has a less optimistic view and uses the "r" word (recession) in talking about reasons for pessimism and the possibility of a significant slowdown in 2019 and 2020. There are warning signs such as trade issues, interest rates, stock market turbulence, cost increases, new supply in some markets, global growth slowing, Airbnb spreading its footprint despite city regulations, and labor remaining tight.

Economy

The Conference Board Consumer Confidence Index® decreased in December, following a modest decline in November. The Index now stands at 128.1 (1985=100), down from 136.4 in November. The Present Situation Index – based on consumers' assessment of current business and labor market conditions – declined slightly, from 172.7 to 171.6. The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 112.3 last month to 99.1 this month.

"Consumer Confidence decreased in December, following a moderate decline in November," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Expectations regarding job prospects and business conditions weakened, but still suggest that the economy will continue expanding at a solid pace in the short-term. While consumers are ending 2018 on a strong note, back-to-back declines in expectations are reflective of an increasing concern that the pace of economic growth will begin moderating in the first half of 2019."

Competitor Update

2017 was a difficult year for several Caribbean islands, as hurricanes and related weather caused damage, resulting in disruption and shuttered hotels and resorts. But 2018 data showing strong performance across the Caribbean points to a resilient regional industry, according to speakers at the recent HVS Caribbean Hotel Investment Conference and Operations Summit. In Puerto Rico, about 80 percent of the rooms are open and upgraded with another 3,000-4,000 rooms in the pipeline expected to reopen. "Hotels that have opened have performed very well, and lots of inventory is re-entering the market every day," said Kristina D'Amico, director, HVS Miami. The U.S. remains the No. 1 source market for the overall Caribbean region. Of last year's 30 million visitors, Jordan said roughly half are from the U.S., followed by Europe and Canada.

Airlift

Continued modest +2.1 percent growth in air seat capacity is expected between January and March 2019 as compared to the same three-month period the year prior.

Capacity from the U.S. West market will remain relatively strong at +2.7 percent, driven by YOY capacity growth from Anchorage, Denver, San Diego, Sacramento and Portland. The start of Alaska Airline's Sacramento to Kona service on December 20 also contributed to this growth. These gains offset some declines in capacity from major gateways like Phoenix and Los Angeles. American once again upgauged their second daily Phoenix-Honolulu flight from a 757 to an A330-300 plane and extended through May.

Meanwhile, capacity from the U.S. East market continues to decline, shedding a full -2.1 percent of air seats on a year-over-year basis. The resumption of the American flight from Chicago to Honolulu increased seats from the Chicago market. Delta also once again operated a short seasonal service from JFK-HNL from Dec. 20-Jan. 2. The remainder of the markets remained flat.

LEISURE ACTIVITIES

Consumer

On-line

December firmwide digital campaign estimates: Central 21.2 million impressions; KVB 4.9 million impressions; OVB 3.1 million impressions; 2.5 million impressions; LVB 885,000 impressions; DMVB 721,000 impressions; IHVB 5.3 million impressions.

- Social Media

In December, HTUSA continued Episode 10 of the *Hawai'i Rooted* video series which featured cultural practitioner Kaumakaiwa Kanaka'ole through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

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

- *One-third page LVB Lāna'i ad in Travel + Leisure (circ. 950,000).*

Travel Trade

HTUSA partnered with Pleasant Holidays and Hawaiian Airlines in Massachusetts and Rhode Island to promote the new Boston to Honolulu (BOS-HNL) direct flight. On Dec. 3, representatives from HTUSA, Pleasant Holidays and Hawaiian Airlines participated in sales calls to five agencies in Warwick, East Providence and Cranston, RI. On Dec. 4, the partners held a Hawai'i product training luncheon for 28 agents in Chestnut Hill, MA. The event included an overview of the Hawaiian Islands and each island's top attractions presented by HTUSA, then an update by Hawaiian Airlines on the new flight launching April 2019, and concluded with Pleasant Holidays Q&A. A follow-up email was sent to all participants inviting them to the upcoming HTUSA blitz event in Boston, MA.

Grandview Travel in Columbus, OH, invited HTUSA to conduct a Hawai'i Destination Specialist (HDS) Seminar for their storefront and home-based agents on Dec. 5. HTUSA trained 19 agents who were new to the industry or who needed to update their certification.

After meeting at Virtuoso Travel Week, HTUSA arranged Hawai'i training for seven agents of Provident Travel in Cincinnati, OH, on Dec. 6. HTUSA conducted an overview and updates training on the Hawaiian Islands and highlighted the top attractions on each island.

HTUSA led a recorded webinar for the agents of KHM Travel on Dec. 11. The webinar was sent out to KHM agents across the country in a weekly enewsletter and will be available on the KHM website for their agents to access throughout 2019. To date, twelve agents have watched the webinar.

HTUSA partnered with Pleasant Holidays and conducted HDS Seminars for five AAA clubs throughout Arizona on Dec. 11 and 12. There were 15 travel advisors present. HTUSA and Pleasant Holidays also conducted a Hawai'i sales blitz to three other agencies in Phoenix and Scottsdale, AZ, reaching a total of 12 travel advisors.

Travel Weekly honored winners of its 16th Annual Readers' Choice Awards at a gala dinner and ceremony at the Conrad New York on Dec. 13. Hawai'i won for "Best U.S. State" and Maui earned the award for "Best Hawaiian Island." Other Hawai'i honorees were: Airline Domestic: Delta Airlines; Hotel Chain Hawai'i/Pacific: Marriott International; Tour Operator, Hawai'i: Pleasant Holidays; Cruise Line Hawai'i/Pacific: Norwegian Cruise Line. Delta Vacations also took home the award for *Best Travel Agent Educational Program* for Delta Vacations University. The award winners represent the best of the best of the travel industry and were chosen in two rounds of voting by *Travel Weekly's* audience of travel professionals.

HTUSA teamed up with the Pacific Northwest 'Ohana for their annual 2018 Hawai'i Holiday Blitz in Western Washington on Dec. 14. There were three teams, each covering nine agencies with three advisors each and HTUSA presented new all-island updates. Hawai'i suppliers present included All About Tours, Condominium Rentals Hawai'i, Courtyard by Marriott O'ahu North Shore, Goway Travel, Nāpili Kai Beach Resort and Kualoa Private Nature Preserve.

Public Relations

As a result of HTUSA's Hawai'i Food & Wine Festival Press Trip, Josh Ocampo's published story on *Mic.com*, "Maui is coming out of Oahu's shadow, thanks to its quiet beaches and great restaurants" focused on Maui as a leisure destination. The article featured The Fish Market Maui, Poke Hale Grindz, Lineage and Surfing Goat Dairy Farm.

To further promote Hawai'i's unique culture and culinary scene, HTUSA's PR team coordinated a media visit by freelance journalist Shane Mitchell on O'ahu (Dec. 3-6) and island of Hawai'i (Dec. 6-10), for her upcoming assignment with *Saveur* titled "Mountains" that is scheduled to be published in April.

She has already showcased several photos from the trip on her *Instagram* account ([@shaneafarfield](#)). Shane also contributes to other publications, including *Travel + Leisure* and *Food & Wine*, which she will be pitching to in the future.

KVB. Kaua'i was featured four times online resulting in an estimated 1.7 million unique visitors per month (uvpm) and once in print, estimated circulation of 75,000.

OVB. O'ahu was featured three times online resulting in 26.3 million in estimated uvpm and three times in print for an estimated circulation of 1.3 million.

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- MVCB. Maui was featured four times online resulting in an estimated 5.4 million uvpm and once in print for an estimated circulation of 149,000.

IHVB. The Island of Hawai'i was featured once online for an estimated total of 77.6 million uvpm and twice in print, estimated circulation 93,000.

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- In December, HTUSA generated:
 - 31.8 million social media impressions (*Facebook, Instagram*)
 - December impressions and publicity values for articles that included Hawai'i:
 - 11.4 million print impressions
 - 22.4 billion online impressions
 - 47.6 million broadcast impressions

Sales Activities – See Travel Trade above

“COMING ATTRACTIONS” FOR LEISURE MARKET

Golf Channel - *Aloha Season* Promotion. The 2019 Aloha Season program with Golf Channel will begin with pre-promotion in December and continue with promotional elements throughout the month of January during the following Hawai'i tournaments: Sentry Tournament of Champions, Sony Open in Hawai'i, Mitsubishi Electric Championship at Hualālai.

Thirty-second golf commercials will run featuring four different PGA TOUR players, with each professional engaging in an activity that he enjoys seeing/experiencing in the destination:

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

The travel trade team will participate in the Family Travel Advisor Forum, Ocho Rios, Jamaica, Jan. 7-11; Sales calls and AAA training with Pleasant Holidays, Hudson Valley and Utica, NY, Jan. 3-4; Classic Vacations Partner Appreciation Nights, Newport Beach and Sacramento, CA, Jan. 10 & Jan. 16; Sales calls and training with Pleasant Holidays, Alexandria, Fredericksburg, Richmond and Virginia Beach, VA, Jan. 15-18; Boston Globe Show with Hawaiian Airlines, Boston, MA, Jan. 18-20; HTUSA U.S. East Leisure Sales Blitz in Boston, MA; Garden City/Long Island, NY; West Orange, NJ; Philadelphia, PA; Baltimore, MD, Jan. 28-Feb. 1; Virtuoso Travel Week Regional Event, Washington D.C., Feb. 7-8; NorCal 'Ohana Meeting, Napa Valley, CA, Feb. 7; Training with Delta Vacations & Culture Traveler event, Detroit, MI, Feb. 12-13; Southwest ASTA Trade Show, Houston, TX, Feb. 25;

Travel Leaders Training, Lakewood, WA, Feb. 12; Apple Leisure Group Hawai'i Dinner Events, Sacramento, Oakland and San Jose, CA; Feb. 26-28.

HTUSA PR Team is coordinating upcoming media visits with freelance writers Andrea Bartz (*Travel + Leisure, Shermans Travel, Architectural Digest*) and Holly Johnson (*U.S. News & World Report, Fodor's, TravelPulse*), in addition to a mini-press trip focused on the island of Hawai'i with Jun Harada (*Condé Nast Traveler*) and other media from *Condé Nast*.

Hawai'i Tourism Japan Monthly Marketing Report December 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Kyodo News Company announced results of survey studies on 2019 economic outlooks sent to 115 major Japanese Corporations. Results found that 63% of the entities forecasted the economy to continue growth, declining from 82% in 2018. The decline in outlooks is mainly attributed to the consumption tax hike in October. (Hawaii Hochi)
- The Japan Chamber of Commerce and Industry reported that small – mid-sized entities are increasingly hiring workers aged over 65 as the work force continues to decline. Continued labor opportunities will likely assist in further stimulating the economy, providing potential for the travel industry to grow.

Outbound Travel Market

- On December 14, Narita Airport and Haneda Airport announced forecasts for both inbound and outbound travelers to increase by more than 5%. Popular destinations for travel were resort destinations like Hawai'i, along with countries closer to Japan such as Korea and Taiwan.
- The Japanese Ministry of Land, Infrastructure, Transport and Tourism announced uses for the departure tax imposed on all departures starting January 7. The tax funds will be used towards 1) the establishment of infrastructure to facilitate stress-free easy travels, 2) to help disperse information on the diversity and beauty of Japan while increasing ease of access to this information, and 3) to maintain the unique culture and nature of each region to allow all visitors to have satisfactory experiences.
- JTB announced outlooks on the Japanese travel industry in 2019. Inbound travels are speculated to continue double digit growth at 12.3%, with outbound travels expected to grow by 1.1% to a record high 19.1 million visitors. Spending is also expected to grow by 2.8%, along with the average frequency of travels to 2.49 times per year.

Competitive Environment

- Japan Association of Travel Agents (JATA) announced popular destinations for the year-end holiday season. For international travels, Taiwan was the most popular, followed by Hawai'i. South Korea has shown astonishing growth becoming the 4th popular destination, as tensions with North Korea eased. Okinawa remains the most popular destination for domestic travels, showing the continued popularity of tropical destinations.
- Dubai's Department of Tourism and Commerce Marketing (DTCM) and HIS signed a memorandum of understanding (MOU) to collaborate on promotional initiatives to increase Japanese visitors. HIS also established Dubai as their preferred destination for 2019 to enhance product development for Dubai. Japanese consumers to Dubai have been showing strong growth, with 2018 January – September visitors growing by 18% to 76,900.
- To maintain growth in Japanese travelers to Australia from JTB's 2018 Global Destination Campaign initiatives, Tourism Australia and Qantas airlines launched a new campaign titled, "UnDiscover Australia". Influencers will be used to show consumers a different side of Australia while introducing regions other than the gateway cities.
- The Hong Kong Government held the Hong Kong International Tourism Convention on December 12, where growth strategies and various opportunities were outlined. The convention attracted

close to 1,000 attendees, with executive representatives from major Japanese travel agencies also in attendance.

Consumer Trends

- SMBC Consumer Finance announced findings on studies of how millennial consumers value money. When making purchases, more than 80% of respondents stated that they referred to reviews posted by others, along with price comparisons to ensure efficient spending activity. For spending purposes, 87.6% of respondents stated greater inclinations to spend on things or activities/experiences relating to hobbies. Overall, the current millennial generation favors spending money wisely on things they enjoy.
- The same studies found that roughly half of the respondents were willing to spend on items and/or experiences which allow them to feel “connected” with friends such as SNS. Studies showed that the millennial generation are more willing to make purchases for SNS related purposes alone (25% of respondents) as this helps them connect with their friends, indicating the potential rise of new motives for consumption.

Travel Trends

- JATA’s studies on the overall Japanese travel industry found that business sentiment for the fourth quarter was similar to the third quarter. Long-haul destinations such as Europe and Northern America showed declines, while closer destinations such as Micronesia and China grew in popularity. For traveler profiles, families, students and single-person travelers all declined, while senior travels and travels with business intents grew.
- Japanese tour operator Veltra announced new services connecting travelers and tour guides located throughout various countries called “Colorier”. Veltra reported strong correlation between satisfied travelers and positive tour guides, with roughly 40% of their study sample rating activities highly for exceptional service from tour guides. The service was initially launched for Hawaii, Cebu Island, Bali and Australia with intents to expand service to other regions.

Media & Online Trends

- Various media sources in Japan have begun specifically targeting market segments to efficiently raise the interests. Nikkei Business Publications will be launching two new web medium magazines for career women. One will be called the “Nikkei ARIA”, targeting women in their 40s and 50s, while the other will be called “Nikkei doors”, targeting women in their 20s and 30s. Nikkei previously consolidated the two segments under the Nikkei Woman Online magazine but shifted to better appeal to potential customers and create a loyal reader base.
- As much of the world’s ad revenue shifts to online platforms, Apple Inc. is preparing to launch a new app which some speculate will return revenues to the publishing industry. The app will allow subscribers to read as many articles from publishers on their iPhones. Apple commented that revenue will be shared with publishers, based on the amount of time readers spend on articles and it is simply creating new sources of income for the industry.

Airlift

- Delta Air Lines introduced the use of facial recognition technology at Atlanta International Airport, to reduce traveler wait times with plans to expand the technology to Detroit Metropolitan Airport in 2019, as customers favored using this over traditional methods. Wait time reductions translated to a reduction of nine minutes to load wide-body aircrafts.
- Air Asia Japan began ticket sales for direct flight service from Chubu Japan to Taipei starting February 1. Special campaigns were initiated to commemorate the service, with the most notable being airfare for 390 yen (one-way) for tickets sold through January 2.

- The increase of oil prices has prompted JAL and ANA to raise fuel surcharge rates for Hawaii to 22,000 yen for tickets dated from February through March. Rates have not surpassed 20,000 yen since 2015 January.
- Booking status for the year-end holiday season with JAL and ANA showed that overall bookings increased by 3.3%, with airlift increasing by 1.6%. For JAL, bookings to Hawaii exhibited strong growth of 15.7% allowing booking rates (bookings / airlift) to remain amongst the highest of all international destinations at 91.7%.
- Hawaiian Airlines will begin implementing “Bid Up” services, allowing travelers to bid for seat upgrades on flights to Japan and Korea. The expansion of services completes the rollout of the program on all transpacific flights operated by Hawaiian Airlines and enables customers to experience business class seats / service in a different way.

LEISURE ACTIVITIES

Hawai'i Island / Neighbor Island Promotion

- Major Japanese travel agencies continued Island of Hawai'i promotions together with HTJ's Island of Hawai'i recovery initiatives. Consumer response in December has been relatively positive, including strong sales for a product incorporating stays at the Hilton, using JAL's direct flight service to the Island of Hawai'i for 99,800 yen. This product was distributed through newspaper ads with close to **300 bookings** being secured from just one ad insertion. HIS also began sales of new products incorporating tours to Kilauea, which are being reported as having strong sales.
- HTJ continued preparations for the major 3 City Seminar & Workshop event set to be held from the end of January. Because this will be an ideal opportunity for partners to promote themselves to the Japanese travel trade industry, HTJ is striving to create an impactful presentation at the event to appropriately showcase the Hawaiian Islands. Creation of the presentation has begun, including the collection of image / footage materials. HTJ reached out to the Island Chapters and requested assistance in connecting with partners, to obtain updates and information to be shared at the event.
- Mauna Kea Resort expressed concerns towards the Kohala Coast Evening Shuttle service, as property damage was caused to the resort by the large motor coach. HTJ discussed the incident with Roberts Hawai'i, participating agents and Mr. R. Birch from IHVB. As a resolution, parties are considering switching the vehicle used to a smaller mini bus, which will have a smaller potential for damage. Final decisions on resolutions will be made in January.
- As part of initiatives to support Hawaiian Airline's 2nd anniversary of direct flight service to the Island of Hawai'i, HTJ sent a popular Japanese influencer on the commemorative flight service. The influencer shared her experience on social media, along with various media sources to assist in promoting the Island of Hawai'i.
- HTJ performed a survey study to **120,000 T Point Card Members** through tie-up initiatives with Culture Convenience Club's T Point Card program. Survey contents included questions relating to the Island of Hawai'i and was initiated to grasp a better understanding of the positioning of the Island in terms of access, activities and souvenirs. The landing page of the survey was set as allhawaii.jp's Island of Hawai'i page and resulted in **90,000 members** visiting the site.

Aloha Program / Responsible Tourism

- A year-end Aloha Program Curator's meeting was held on December 6. The curators and HTJ discussed and shared about the Aloha Program's 2018 initiatives and their results / effectiveness. Various ideas were also raised for further enhancing the Aloha Program in the

- Japanese market. Discussions on enhancements will be continued in January to effectively continue promotions through the program.
- An article on the Aloha Program Week in Hawai'i event held in November was posted on local free informational paper, Aloha Street's EDM edition. By tapping into audiences which HTJ could not alone, HTJ hopes to raise awareness of the Aloha Program initiatives to educate consumers and ultimately increase the number of high-quality visitors who are immersed and respectful of Hawaiian culture / Islands.
 - Discussions for the 2019 version of the Aloha Program Week in Hawai'i have begun, as the event remains a popular benefit amongst members. The event is currently being planned for the first week of June on O'ahu and Kaua'i .
 - The Aloha Program invited **14 advance** and **intermediate Hawai'i Specialists** to the Annual Evening Tour at the 'Iolani Palace on December 28 and 29, held in commemoration of Queen Kapi'olani's birthday. HTJ invited the Specialists as part of member benefits for the Aloha Program, to stimulate the desire of consumers to maintain active membership.
 - A webinar highlighting the recent updates on the Island of Hawai'i was held for Hawai'i Specialist members with a total of **94 specialists** attending the webinar to learn about the recent developments on the Island.
 - A collaborative campaign with Hawai'i Life Style Press launched on December 1, set to run through January 31 to increase the Aloha Program members. Original gifts were prepared for registrants to the campaign to entice consumers to join.
 - A special tour was arranged for advance level Hawai'i Specialists in Japan at the JICA Yokohama, which houses the Japanese Overseas Migration Museum, led by Aloha Program curator Mr. D. Asanuma, to learn about the history of Japanese immigrants to Hawai'i. The Aloha Program will continue to arrange special tours to encourage members to obtain advanced level certifications and disseminate information relating to the culture and history of Hawai'i.
 - HTJ discussed with the local partners which provide benefits for Hawai'i Specialists such as the Outrigger Reef Hotel and the Battleship Missouri, to conduct cultural and/or historical related webinars in 2019, to raise consumers interest of visiting the attractions and use the benefits offered to members.
 - Aloha Program delivered **4 email blasts** with an average click through rate of **20.14%**.
 - Aloha Program site statistics: **Unique users at 17,174; Page Views at 166,626; Average Browse Time at 5:39.**
 - Aloha Program members totaled 488 youth, 10,401 beginners, 4,954 intermediate and 6,037 advanced members for a total of **21,880 specialists. (Total of 36,654 Aloha Program Members)**

Travel Trade

- HTJ attended JTB's Global Destination Campaign (GDC) kick off meeting on December 19 at JTB headquarters with **10 board members** and **10 director level staff** in attendance. JTB established goals of handling over 400,000 pax for Hawai'i in 2019 through the GDC, showing their willingness to focus on Hawai'i. Recent updates and information on Hawai'i were presented to various departments of JTB to ensure that the entire entity has a strong understanding of the destination.
- HTJ and the Hawai'i Association Osaka will host an educational seminar in the city of Fukui to increase visitors from the Hokuriku region (region north of Osaka). There are currently over **10 partners** including hotels, airlines, and suppliers planning to participate in the seminar to make valuable BtoB exchanges. Local staff from travel agencies and wedding companies in the Fukui area will be invited to the event.

- On December 1, HTJ attended an affluent market seminar organized by ANA Sales. Close to **20 attendees** mostly from a group of affluent individuals were present. ANA Sales explained the various services to be included on the Airbus A380, including the planned menu for the first-class cabin. HTJ provided a Hawai'i Seminar to present on recent trends and updates in Hawai'i, along with basic destination knowledge. Japanese author Mr. M. Yamashita was also invited to host a talk show. ANA Sales will be increasing similar seminars and events for the affluent market in 2019.
- Upon receiving various inquiries from local travel agents on the current situation of Kīlauea. Updates and statuses on its operation was provided to the agents with reference to information obtained from the United States Geological Survey (USGS) and Volcanoes National Park.
- A travel trade webinar was conducted with Trump International Hotel Waikīkī on December 18 for **46 agents**. Participating agents were able to learn about the room types and services offered by Hawai'i's only 5-star hotel.

Public Relations

- HTJ generated a total of **12 exposures, 5,437,756 impressions, and \$2,016,429 ad value** in December.
- Press release statements from HTA were translated to Japanese and shared with Japanese travel media.

Sales Activities – HTJ conducted **32 sales calls** and met with **62 agents** to promote Hawaii.

- Agents report sales for April onwards recording a very strong start. Performance for the Golden Week period (May) has been particularly strong with the holiday being 10 consecutive days off in 2019. Plans for some charter flights have already been announced from the Tokyo market with China Airlines planning to operate three or four flights. Although priced highly, consumer demand remained strong. Plans for charter flights from Osaka and other regional cities have not been announced yet, but there is great potential for some to be announced in the coming months.
- For the Kansai market, HIS has decided to focus on the utilization of LCCs. Special sales which began in early December as part of HTJ LCC coop initiatives have been performing very strongly, with a planned 5,000 seats to be sold through January. Conversely, JTB intends to continue focusing on the use of legacy carriers such as Hawaiian Airlines and Delta Air Lines for products. For the Kansai market, the withdrawal of Scoot, along with JAL reducing daily flights back to one per day is likely to even out the balance between supply and demand in 2019.
- In December, travel agencies focused on obtaining sales for the Golden Week holidays, with many agencies reporting some products selling out, even without the use of cheaper inclusive tour fares.

JTB

- **Global Destination Campaign (GDC):** JTB held a kick off meeting for their 2019 GDC as mentioned above with executive level personnel. At the meeting, goals to handle 450,000 pax overall to Hawai'i was established. HTJ is currently requesting that they aim to reach 400,000 pax from the three divisions of package, group and FIT products alone. Although this would require drastic growth, sales that began for 2019 have shown great potential to obtain this, as the Tokyo market alone grew by roughly 30%.
- **Performance:** Reasons for poor package performance in 2018 were attributed to their reorganization causing command lines to become inefficient. The Osaka market provided particular struggles for JTB as they were slower in forming definite market specific strategies in a market that changed drastically.

- **Initiatives:** Creation of a commercial utilizing their campaign girl, Ms. H. Takahashi, a popular Japanese actress and model, was completed and will be used to start 2019 campaigns with a strong start.

HIS

- **Performance:** Performance in the Tokyo market was relatively stronger than other travel agencies, ending at similar values to 2017. Summer product bargains being sold to a few thousand customers allowed the amount of pax handled to greatly increase in 2018. There have been signs of gradual recovery for the neighbor islands. HIS has focused heavily on fulfilling their seats blocked on LCCs by launching special campaign products for as low as 49,800 yen. HIS intends to further fulfill lost potential sales with their early 2019 bargains.
- **Initiatives:** The HIS Hawai'i branch is currently planning to open a lounge for customers in Hawai'i in spring 2019. Although details of the lounge remain unavailable, concepts for it will be different from pre-existing facilities. HIS also hopes to enhance customers' experiences on the island, by creating more options such as optional tours.

KNT-CT

- **Performance:** A new product with the concept of appealing to male consumers in the Kansai market was introduced. Upon launch of sales, KNT reported sales to a significant number of female consumers amongst confirmed sales. While unexpected, the positive response has prompted KNT to begin planning sales from the Tokyo market as well.
- **Initiatives:** KNT's Club Tourism (CT) division has been offering unique / niche products such as products to the Island of Hawai'i with tour guides accompanying customers. Although in smaller groups, they have managed to consistently send groups of roughly 10 pax to the Island of Hawaii. KNT-CT has been supportive of HTJ's initiatives with the neighbor islands, and consideration for further Neighbor Island coops with the entity are under way.

Hankyu Travel

- **Performance:** Hankyu launched an Island of Hawai'i product which was previously popular, incorporating stays at the Hilton for 99,800 yen. From advertisements placed in the Nikkei Newspaper alone, Hankyu was able to secure roughly 300 pax at once, indicating its continued popularity. Performance in the FIT market has been exceptionally strong in the Kansai area. Although most utilize discounted purchase excursion fares, the amount of sales has shown significant growth.
- **Initiatives:** In 2019, Hankyu will be working to continue enhancing sales to the Island of Hawai'i. They are currently planning various products such as one in which they will buy out the Volcano House for customers.

ANA Sales

- **Initiatives:** Although originally planning to introduce pamphlets / products for the A380 to the market in November, lack of approvals from the Japanese Ministry of Land, Infrastructure, Transport and Tourism are causing delays. On December 1, ANA Sales arranged a seminar for the affluent market, inviting consumers with net assets over 30 million yen, and explained the various luxurious amenities offered in the first-class cabin of the A380. ANA Sales stated intents to increase the frequency of various events targeted towards the affluent market to capture the market.

JALPAK

- **Initiatives:** JALPAK is currently constructing collaborative tours with social travel service platform Trippiece. The product is planned to be targeted towards two general consumer groups: 1) active consumers who prefer outdoor activities and 2) consumers who enjoy relaxing stays at hotels / resorts. JALPAK hopes to obtain market segments that they have not been able to obtain through collaborative initiatives. For sales branches, JALPAK will be

strengthening initiatives for the View Travel sales outlets to increase market presence in the northern Tohoku region.

Partner Relations

- The 4th quarterly partner meetings (Japan Sub-Committee, Attraction and PR/Marketing Partners) were held on December 4. HTJ shared information on planned 2019 major marketing initiatives, including updates for the upcoming 3 City Seminar & Workshop event. HTJ also informed partners of general airline and wholesaler initiatives in 2019 to the attending **25 partners**. Requests were made to each partner to provide any updates and/or information to promote Hawai'i together.
- HTJ met with **10 representatives** from **7 local partner entities** to discuss the current situation of the Japanese Market in relation to their business along with potential support for HTJ's 2019 marketing initiatives.
- HTJ participated in the monthly beach cleanup arranged by the Japan Hawai'i Wedding Association (JHWA) on December 22 at the Ala Moana Beach Park. The JHWA arranges the monthly cleanups as a method of giving back to the supportive local community. The JHWA will continue arrangement of similar activities to maintain support from the various communities. The next beach cleanup is being planned at the Kapiolani Park.

HTA Related Activities

- To support sustainable tourism initiatives, HTJ is currently arranging the creation of the Japanese version of the "Hawai'i Rooted" video to educate Japanese consumers on the significance of Hawaiian culture and history while increasing their interest in Hawaii.
- With support from Mr. K. Ka'anā'anā of HTA and the Native Hawaiian Hospitality Association (NaHHA), HTJ created a Hawaiian royal lineage chart to be utilized in the Waikīkī and Downtown Historic Trail Guides.

Island Chapters Engagement Update

- IHVB: HTJ attended the IHVB 2018 Annual Meeting held on December 14.

"COMING ATTRACTIONS" FOR LEISURE MARKET

#	Event Name	Date	Location
1	New Year's Greetings (Hawaii Office)	1/4	Honolulu
2	2019 New Campaign Press Conference	1/24	Tokyo
3	Hawaii Association Osaka: Fukuoka Seminar	1/25	Fukui
4	3 City Seminar & Workshop + VIP Reception: Osaka	1/28	Osaka
5	3 City Seminar & Workshop: Nagoya	1/30	Nagoya
6	3 City Seminar & Workshop + VIP Reception: Tokyo	2/1	Tokyo

Hawai'i Tourism Canada Monthly Marketing Report December 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

While it is positive to see Canadian visits up 3.4% YTD as of the end of November, the momentum that was lost in Q2 and Q3 is unfortunate. Looking forward, the exchange rate and consumer confidence is something to consider. Key Trade Partners are concerned about their future bookings for 2019. They feel that the combination of the Kilauea activity and likely the falling exchange rate have had an impact. They are watching closely, but a weak Q1 will potentially have an impact on the overall 2019 Canadian visitor numbers. Key partners (Air Canada, WestJet, and TravelBrands) have invested heavily in promoting their Hawai'i flights and vacation offerings.

Economy

Canada's unemployment rate held steady at 5.6% in December as the economy added 9,300 jobs. While the numbers were slightly lower than economists had been expecting, the jobless rate remained at the lowest level on record. On the surface that looks positive, but economists have identified that the jobs created were almost entirely in part-time work or self-employment as both private firms and the public sector lost jobs.

As is usually the case, economic tension in the U.S. contributes to reduced economic confidence in Canada, as the two economies are so closely tied. The trade conflicts the U.S. has with China continue to contribute to economic insecurity in Canada.

Despite economists anticipating a further increase, Canadian interest rates have been held at 1.75 percent, unchanged to reflect a clouding global economic outlook.

The sharp decline in global oil prices (-30%) has contributed to a slump in Canada's energy sector, which has a corresponding impact on the Canadian economy overall.

Home prices aren't expected to rebound strongly from their 2018 slump, while financial markets remain volatile. At the same time, the number of Canadians seeking debt relief is starting to rise.

The exchange rate has been volatile with a dip in Q3 and Q4 of 2018. Only in early January was a slight increase shown, more likely the result of a drop in USD value than a concrete increase in the value of the Canadian Dollar.

Consumer Confidence

The national consumer confidence rating was 103.0 points in December, a whopping 25.3 -point decrease compared to last year and an 11.1-point drop compared to last month. For the period, consumer confidence recorded deep declines in every province with Atlantic Canada (-36.6), Ontario (-33.0), and Alberta (-28.4) posting the largest decreases. Furthermore, the overall attitude regarding purchase intentions fell -6.3-points to 27.5 percent of Canadians. Like consumer confidence ratings, a

smaller share of residents in every province indicated that now is a good time to make a major purchase. With interest charges starting to take a bite out of Canadian wallets and weakening wage growth offering little reprieve, Canadians have become much less willing to make major purchases and are less content with the state of their finances.

Outbound Travel Market & Competitive Environment

Total Canadian Outbound Travel

Canadians made almost 28.6 million overnight trips to the U.S. and other outbound destinations during the first ten months of 2018, an increase of 1.0 per cent. Of this total, an estimated 21.8 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 2.0 per cent, while leisure travel to the U.S. has grown 1.2 per cent. The 2018 summer travel season saw Canadians make an estimated 13.8 million overnight leisure trips to the U.S. and other destinations; a -0.9 percent dip compared to last summer. Canadians made almost 9.0 million leisure trips to the U.S. during the period, while the volume of leisure trips to countries other than the U.S. surpassed 4.86 million.

Canadian Travel to the United States

Canadians have taken 17.6 million overnight trips to the U.S. so far this year, an estimated 13.5 million of which were for leisure purposes. While total trip volumes so far this year have increased 1.4 percent, both auto and non-auto traffic started to slow in July and continued to weaken through October. This trend resulted in an estimated 9.0 million leisure trips throughout the 2018 summer travel season, a -0.4 percent dip compared to 2017. From Jan-Oct, the daily rate in U.S. hotels averaged CAD \$167.89, an increase of 1.5 percent. While the Canadian Dollar averaged 77.6 cents USD so far this year, compared to 76.9 cents USD in 2017, its value has declined every month since July 2018.

Canadian Travel to the Caribbean, Mexico, and Central America

Almost 4.26 million Canadians visited destinations in Mexico, the Caribbean, and Central America during the first ten months of 2018, an increase of 4.6 per cent. Of the larger volume destinations, arrivals in Mexico have grown 10.3 per cent so far this year, while the Dominican Republic recorded an increase of 9.0 per cent. In contrast, travel to Cuba has declined -3.8 per cent. Mexico and the Dominican Republic accounted for 56.1 per cent of activity in the region during the period; this proportion was 53.4 per cent last year. The 2018 summer travel season (May-Oct) saw Canadian visitation to Latin America surpass 1.4 million, an increase of 5.9 per cent.

Canadian Travel to Asia and the South Pacific

Canadians made more than 2.8 million visits to key destinations in the Asia/Pacific region throughout the first ten months of 2018, a 6.3 per cent increase compared to last year. South-Pacific destinations, including Malaysia, Singapore, Sri Lanka, and the Philippines, have recorded the largest proportional increases in arrivals so far this year. The 2018 summer travel season saw 1.5 million Canadian arrivals in the region, an increase of 4.7 percent.

Consumer Trends

- Jan-Nov, 2018 saw visits to O'ahu grow 3.3% while visits to Hawai'i decreased -2.0%.
- Prior to Kilauea's eruption, visits to Hawai'i were up 5.6%, however Jun-Nov saw activity decline by 4,800 visitors compared to 2017.
- Visits to Maui increased 6.5% during the period, and accounted for 40.4% of total visits, a slightly higher percentage than in 2017.

Canadian Visits by Island (Jan-Nov each year)			
	2017	2018	% change
O'ahu	188,301	194,485	3.3%
Kaua'i	64,016	67,779	5.9%
Maui	228,360	243,190	6.5%
Moloka'i	3,370	3,280	-2.7%
Lāna'i	4,332	5,369	23.9%
Hawai'i	89,809	88,032	-2.0%
TOTAL	578,188	602,135	4.1%

Note: As visits to more than one island can be made during a single trip, the number of visits by island adds up to more than the overall number of visits made to Hawaii.

Travel Trends

Independent Travel Activity Performing Well

- The volume of independent travelers has reached 376 thousand so far this year, the highest level ever recorded for the period.
- At the same time, the volume of packages travel has reached almost 89 thousand trips, an increase of just 0.7% compared to the same period in 2017.
- Compared to the peak volume recorded in 2012, there have been 21 thousand fewer package travelers so far in 2018.

Airlift

- Air Canada and WestJet offered more than 419 thousand direct seats during the first eleven months of 2018; 4.7% more than in 2017.
- Compared to last year, Air Canada offered 6.4% more seats, and WestJet increased capacity by 3.7%. Together, Air Canada and WestJet offered 15,500 more seats from Vancouver and 3,700 additional seats from Toronto.
- Increased capacity and reduced demand throughout the summer has resulted in an average load factor of 81.1% so far this year, compared to 82.6% in 2017.

LEISURE ACTIVITIES

Consumer

December tends to be a lighter month for consumer focused activities, but it was the month that the French Canadian TV show Occupation Double was broadcast in Quebec. This major HTCAN initiative was filmed on O'ahu and Kaua'i and reached over 750,000 Canadians in Quebec.

Travel Trade

A FAM was requested by Air Canada / Air Canada Vacations in support of their recently added Kaua'i flights. The Kaua'i Visitor Bureau provided financial support as well as building a strong itinerary for this group of agents.

Public Relations

- 2018 to date: More than 250 journalist requests have been received, 25 journalists have travelled via HTCAN, with more than 400 articles published.
 - o 45 articles published online and in print for the month of December; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.
 - o Canada's largest newspaper network, Sun Media, had a feature on Kaua'i appear across all of their newspapers, which was a result of an earlier group familiarization trip in the summer.
- HTCAN coordinated a cover shoot with enRoute Magazine (Air Canada's magazine) for 2019; the shoot will be happening on The Island of Hawai'i with an accompanying article on the island's many outdoor adventure offerings. This included booking air travel for the art director, photographer, model, as well as securing permits, itineraries, waivers, and scheduling alongside The Island of Hawai'i's PR team.
- HTCAN coordinated two different individual FAMs for assigned writers in Moloka'i and The Island of Hawai'i. Articles to appear in niche cruise and travel, and hunting + outdoor publications in 2019, respectively.
- Follow-up with FAM participants from October group media trip for additional information, images, etc.
- Working with WestJet Magazine on upcoming article detailing Honolulu as a top location for conferences and events.
- Arranged individual media fams for journalist under assignment in Moloka'i. Itinerary was secured with the MVCB.

Sales Activities

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

- Seven travel agent participants from across Canada and HTCAN representative; escorted by Deanna Isbister, island of Hawai'i Visitors Bureau
- Participants actively posted on their business and personal social media platforms during the FAM
- Positive FAM evaluation comments received from all seven participants; coordinated and forwarded to Island of Hawai'i Visitors Bureau

Expedia CruiseShipCenters, Don Mills, ON - Renee Siao, Travel Consultant

- Renee has booked a group of 29 guests (12 rooms) July 16-19 Kauai Shores and July 19-25 Courtyard Marriott Waikiki.
- Renee requested suggestions for ground transportation and group tours in Kaua'i; provided suggestions and links to information and contacts. She is already in contact with the Polynesian Cultural Center to coordinate a hula workshop.

North South Travel, Vancouver, BC - Sharon Smyth-Faraci, Travel Concierge/Film & Vacations Specialist

- Sharon requested assistance with how to book a helicopter flight from O'ahu to Kaua'i.
- Provided website links and advised that the guests would have to privately charter a helicopter as there are no scheduled interisland helicopter flights.

Air Canada Vacations, Toronto, ON – Nino Montagnese, Executive Director

- Provided info for Agents.GoHawaii and/or GoHawaii for itinerary suggestions and local restaurant suggestions.

Maritime Travel, Saint John, New Brunswick - Terri ODonnell, Senior Travel Consultant

- Provided info for Agents.GoHawaii and/or GoHawaii for itinerary suggestions and supplier contact information to request agent rates.

- Encouraged completion of the Hawai'i Destination Specialist Program.

“COMING ATTRACTIONS” FOR LEISURE MARKET

- Major TV Campaign running on specialty TV channels nationally in Jan and Feb

Hawai'i Tourism Oceania Monthly Marketing Report December 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

Australia's economy slowed down in the third quarter of the year, affected by a decline in consumer spending. On an annual basis the economy grew 2.8%, short of market expectations of a 3% plus increase. However, economists are predicting solid growth in 2019. High employment figures should translate into faster wage growth and encourage consumer spending. At the start of the month the AU\$ was trading at US\$0.726 before finishing the year at a low of US\$0.702.

New Zealand:

The New Zealand economy continues to grow, albeit at a slower rate. Gross Domestic Product (GDP) figures release in December revealed just a 0.3% growth rate for the September quarter, slower than predicted. This had a small negative impact on the value of the New Zealand Dollar, however the value had bounced back by the end of the month to US\$0.67. To put this exchange rate in perspective, during the year the NZ\$ peaked at US\$0.74 early in the year, with a low of US\$0.64 in October.

Outbound Travel Market & Competitive Environment

Australia:

The number of Australians returning from overseas trips in October 2018 remained consistent with the previous month. The solid growth for outbound travel in 2018 continued as figures show a 5.6% increase on the previous year. The top five destinations for departures with increases year on year were: Indonesia (+12.1%); Japan (+12.1%); Italy (+10.7%); China (+8.9%); and Singapore (+7.1%).

New Zealand:

The final two months of NZ travel departures are yet to be released by the Department of Statistics. However, it is almost a certainty that 2018 will be a record year for Kiwi overseas travel. YTD October is up 6.2% with most regions showing increases. Asia is leading the way, up 13.4%, which reflects the airlift increases to the region. The US is up 6.1%.

Travel Trends

Online travel agency Bestjet and its subsidiaries, Wynyard Travel Pty Ltd and Brooklyn Travel Pty Ltd, went into voluntary administration on December 18, 2018. It is estimated that as many as 10,000 customers will be affected. Documents reveal the former chief executive and owner of defunct airline Air Australia was closely involved in the operations of Bestjet. Bestjet was founded by Rachel James, the wife of former Air Australia owner Michael James, just weeks after the budget airline's high-profile collapse in 2012. In 2016, the Australian Federation of Travel Agents (AFTA), stripped Bestjet of its accreditation because it believed Michael James had an influential role in the company.

Airlift

Virgin Australia has sought approval to boost its codeshare arrangements with Hawaiian Airlines, aiming to extend its partnership across the Tasman. In an application to the International Air Services Commission, Virgin has proposed adding the Hawaiian Airlines HA code to VA operated flights between Australian and New Zealand cities. The addition of a trans-Tasman codeshare would potentially allow Hawaiian to offer its US travelers a triangular product to both Australia and New Zealand.

Air New Zealand has recently commenced services to Taipei and Chicago as part of its international growth. However, at the same time it has advised it will discontinue its winter flights to Vietnam. 2019 will still see challenges for the airline due to the issues around the Dreamliner aircraft, however this will hopefully be resolved in time for the peak travel season (July onwards).

LEISURE ACTIVITIES

Consumer

Expedia Campaign (Dec 25, 2018 – Jan 15, 2019): HTO has launched a co-op campaign with Expedia in Australia, partnering with Hawaiian Airlines. The campaign aims to drive more bookings to Hawai'i with a focus on each of the neighbor islands that Hawaiian Airlines services.

Strategic Qualitative Research: HTO has engaged MyTravelResearch.com to conduct qualitative research using an AI powered platform. Australian residents will be surveyed to identify the market segments, marketing strategy and key experiences that have the most power to convert into bookings.

Multi-island Videos: HTO is working with a video editor to produce short form video content for social media. The videos will highlight the diversity of experiential offering of each of the Hawaiian Islands. This program will launch in January and will align with our activity and campaigns that will promote multi-island holidays.

Travel Trade

Cruise Lines International Association (CLIA) Webinar: HTO ran a trade webinar for CLIA focusing on cruising and land activities to Hawai'i. The webinar appeared in the CLIA e-newsletter that was sent to over 5,000 Travel Agents across Australia and New Zealand.

Visit USA Regional event: HTO is a member of the NZ Visit USA committee and plays a role in organizing the regional travel agent seminars. In December, HTO presented at the Hamilton event which was attended by 60 travel agents.

Public Relations

In December, HTO worked with *MindFood* lifestyle magazine to create a bespoke two-page spread in their January/February issue. Included in the issue is a list of the "top destinations to visit in 2019" and Hawai'i is featured at number two.

International Traveller's Hawai'i Foodie Guide was released in the December issue. An eight-page lift-out from the magazine, the guide detailed Hawai'i's culinary history, focusing on Hawai'i Regional Cuisine, Paddock to Plate culture, Poke, and the top meals to try while in Hawai'i. This feature aims to educate readers on Hawai'i's culinary experiences and showcase a new realm of activities in Hawai'i, beyond the sun and surf.

Sales Activities

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

“COMING ATTRACTIONS” FOR LEISURE MARKET

- HTO Ohana Trade Lunch and Update - February
- Flight Centre Consumer Shows in Sydney, Melbourne, Brisbane – February
- Flight Centre National Campaign – February 14-27
- Sydney Kings Hawai'i Game and online competition – January/February

Visit USA Roadshow – February

Hawai'i Tourism China Monthly Marketing Report December 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

Economy

- **GDP:** China's GDP growth in Q3 is expected to slow down to 6.5% compared to the 6.7% in Q2. This matched the market expectations in light of the ongoing trade dispute with the U.S.
- **Currency:** Chinese Yuan depreciated further to 6.9 per USD in December, compared to 6.7 RMB per USD at the end of Q3. This may affect the spending power of Chinese travelers on their travel.
- **Unemployment rate:** China reached a record low of 3.83% in Q3 of 2018. The forecast of unemployment rate in Q4 is expected to be around 4.00%.
- **Consumer Confidence Index:** Consumer confidence in China slightly increased in Q3, standing at 118.6 Index Points from 113 in Q2. Confidence index scoring over 100 points showed that Chinese consumers are positive about the current and future economic trends.

Outbound Travel Market

- According to the United Nations World Tourism Organization (UNWTO), the Chinese made 71.3 million trips abroad in the first half of 2018 despite a slowdown in economic growth; this is a 15% increase compared to 2017 when they spent almost USD 260 billion.
- First-time travelers from China are being seen as one of the attractive target segments for outbound tourism. Estimated figures suggested that 17% of the 1.4 billion population has traveled abroad to date. The annual growth of China's new passport issuance currently stands at 20%. The Chinese passport can now allow Chinese to travel to 74 countries and territories around the world.

Consumer Trends

- According to ITB China, semi-FIT or customized travel has emerged as a great force in outbound tourism, attributed to growing middle-class and an increase in spending power. Travelers are spending more on distinctive local experiences, showing a penchant for self-coordinated and individualized tours.
- Airbnb released its 2018 China Travel White Paper, and shared that Millennials born in the 1990s have become the leading travel force in China. More than one-third of these travelers enjoy FIT travel, and over 60% travel in groups of two to three people. Chinese travelers have made over 10 million guest arrivals in Airbnb listings around the world since the company was founded ten years ago.

Travel Trends

- Island travel products remain in popular demand among foreign holiday options and they include Maldives, Saipan, Fiji and Hawai'i. The market size of island trips exceeded RMB 100 billion. Travel companies are optimistic about sustaining the impressive compound annual growth rate over the next few years.

- According to CTS, 30% of all outbound trips from China were island trips, which are among the ideal leisure destinations. Island destinations that are doing well boast favourable factors such as no visa application requirement and the availability of direct flights.

Airlift

- The Civil Aviation Administration of China (CAAC) aims to construct 216 new airports by 2035 to meet the growing demands for air travel, which is a 92% increase compared to 2018.

LEISURE ACTIVITIES

Consumer

Hawai'i Won "2018 China Most Popular Family Island Destinations"

Hawai'i was recently voted as "**2018 China Most Popular Family Island Destinations**" awarded by **Global Times**, China's leading international newspaper with 2 million readers; their readers include ambassadors, business leaders, politicians and intellectuals.

Hawai'i won the online voting by Chinese travelers and travel industry experts. More than 200 representatives from airlines, hotels, travel agencies, travel institutions, tourist bureaus, and cruise lines attended the awards ceremony.

HTC Unveiled New Hawai'i Brand Image "Diamond of Islands – Hawai'i" for Year of 2019 in China Market

To position Hawai'i as the original, 'diamond' of all islands and strongly differentiate Hawai'i from other island offerings, HTC launched the new marketing tagline "**Diamond of Islands – Hawai'i**" in December to kick-off the year of 2019.

As part of HTC's core strategy in promoting Hawai'i, the "**Diamond of Islands**" will act as the umbrella for several marketing initiatives, such as "**Olympic Dreams Hawai'i**"; "**Rainbow Drive Hawai'i**"; "**Up Close & Personal Hawai'i**"; "**Sounds of ALOHA Hawai'i**" to optimize our in-market resources. The aim is to capture the imagination and emotions of Chinese travelers towards Hawai'i through the new brand image featuring the awe-inspiring island travel, abundant outdoor activities and the unique Aloha spirit.

Marketing Initiatives – Hawai'i Baby Ambassador - PR Spark-off

To highlight the Hawaiian Islands for China's multi-generation families, HTC launched "Happy Healthy Hawai'i – Hawai'i Baby Ambassador" initiative in July. Out of 200 baby participants, "Hawai'i Baby Ambassador" Molly won the chance to visit the Hawaiian Islands with her family in November.

HTC maximized public relations efforts to feature the family trip to Kualoa Ranch, Polynesian Cultural Center, Sea Life Park, USS Battleship Missouri Memorial as well as other fun family-friendly tourism resources. The press release generated **a reach of 1.7 million with USD 158,000 PR Value.**

Hula is Life – China's First Ever Immersive Hawaiian Dance Show in Shanghai

To strengthen the Hawaiian Islands as an inspiring destination with unique Aloha culture and arts, HTC collaborated with Hula dance school, **Halau Hula 'O Kawihineali'i nohoike 'anuenue-elua for China's first-ever immersive Hawaiian Dance Show 'Hula is Life'**. Held at Shanghai Pearl Theatre Center on December 9, the performance tells the coming-of-age story of a child's arrival to starting a family on the

islands. Over **200 spectators** onsite immersed in the vibrant Aloha spirit, where magnificent visuals of Hawai'i blended marvelously with the beautiful hula dance.

Travel Trade

15 Hawai'i Products Launched for 2019 Spring Festival Chartered Flights

HTC partnered with China Eastern Airlines to actively engage agencies and OTAs based in East and South China to drive incremental travel to Hawai'i. HTC introduced stakeholder resources and FIT products to 6 top travel agencies – CYTS, Zhejiang China Travel Service Group, Zhejiang China International Travel Service, Zhejiang Everbright International Travel, Hangzhou OTC Travel and Utour – and successfully launched **15 brand new mono-Hawai'i products**.

Utour Launched Diamond of Islands at Retail Store and Subway

HTC joined hands with Utour to launch the luxurious Hawai'i "Diamond of Islands" campaign. This co-op saw a Hawai'i-themed retail store as well as subway billboard advertisements for 2019 Spring Festival in East China.

The vibrant brick-and-mortar store display at Sun Moon Light Center, the most popular shopping mall in Shanghai, will last for six months. Outdoor ads will be featured in the top 5 Shanghai subway stations, namely, Xujiahui, Zhangjiang High technology, Songhong Road, Jinshajiang Road, and Huangxing Park stations for 2 months, outreaching to 34 million passengers. To date, Utour has clocked in sales of USD 858,000 (RMB 6 million) from 200pax.

HTC Develop New Sales Channel via Beijing GTIT

HTC worked with the state-owned travel agency, Beijing GTIT and successfully developed a new sales channel for diving-focused groups. At the seminar, HTC introduced Hawai'i's unique diving-themed resources to attending media, 50 key corporate accounts, as well as diving clubs such as Dolphin and the Professional Association of Diver Instructor (PADI).

Taking a step further, HTC brought on TPI and Galaxy Tour to create new diving products and expand our network of potential customers.

Hawai'i Collaborates with Air China

In light of the suspension of air services by Hawaiian Airlines, HTC came up with new creative ways to strengthen the cooperation with Air China. Hawai'i is now added to the list of destinations for employee benefits in the Air China Southwest system. Hawai'i packages will be shown on the official employee intranet, offering airline employees the opportunity to purchase Hawai'i products at a discounted rate. This open doors to over 2,500 employees becoming new potential customers, all the while increasing Hawai'i's brand visibility.

Toursforfun Launched "Diamond of Islands" Multi-channel Promotion

HTC and Toursforfun jointly launched a multi-channel promotion to highlight destination Hawai'i for 2019 Spring Festival with the theme 'Diamond of Islands'. The beautiful Hawaiian landscapes took over prime locations on the official website, APP homepage, the Member Center page, and Fliggy store page. The

successful promotion reached out to half-a-million subscribers, and generated 700 passenger bookings in total as of December 2018.

HTC Attend the 2018 US Travel & Tourism Xi'an Roadshow

To secure more groups to Hawai'i from Northwest China, HTC attended the U.S. Travel and Tourism Roadshow in Xi'an from December 9 to 11. The 2-day roadshow saw an audience of 110pax: a consumer event for 40 VIPs of CITIC Private Bank; a B2B seminar for 50 local agents; and an in-house training to 20 sales specialists at Shaanxi Yuntong Travel Service.

Public Relations

The Most Popular Hotels with Sea Views in Hawai'i

In light of the New Year Holidays, HTC released an article to recommend favorite hotels in Hawai'i with fantastic sea views, great hospitality, and high-quality facilities. These hotels include **The Royal Hawaiian, A Luxury Collection Resort, Prince Waikiki, Sheraton Waikiki, Sheraton Kona Resort & Spa at Keauhou Bay, Kā'anapali Beach Hotel, Four Seasons Resort Lāna'i, and Hilton Waikoloa Village**. Featured in over 10 lifestyle and travel media, it garnered **2 million impressions** and **USD 200,000 PR value**.

Media Highlight – Travel & Leisure & Men's Uno 10-page Articles for Hawai'i

After the eventful HTC Fashion & Lifestyle Media Fam in October, print media **Travel & Leisure** and **Men's Uno** published their fun-loving Hawai'i Features **"Chasing Rainbow in Hawai'i"** and **"Aloha Hawai'i"** respectively. A total of 10 pages, the total potential media outreach stands at **1.25 million impressions**.

The articles recommended luxurious hotels, local restaurants and leisure attractions to highlight Hawai'i as a perfect fashion and leisure destination. The Royal Hawaiian, Sheraton Waikiki, Mariposa Restaurant, Sunset Golf Cart Tour at Makai Golf Course and SUP Yoga are some of the spots featured .

Social Media Highlight – #365 Travel Stories in Hawai'i Campaign with Sina Weibo

HTC co-launched the social campaign **#365 Travel Stories in Hawai'i** with Sina Weibo last December. The campaign encouraged followers to share their favourite experience in Hawai'i in 2018, be it surfing the waves, stargazing at Maunakea, an explorative self-drive to Hāna and so on. The campaign post reached **100,000** travel lovers through the Weibo platform.

COMING ATTRACTIONS

No	Event Name	Date	Location
1	Diamond of Islands - Up Close & Personal Hawai'i - Little Beast Meet Hawai'i	Jan, 2019	China
2	Diamond of Islands - Olympic Dreams Hawai'i	Mar, 2019	China
3	Trade FAM - New First Tier Cities - Tour Operators	Mar 4 - 9, 2019	Island of Hawai'i, O'ahu
4	2019 Camp Aloha! China Trade Mission	Apr 15 - 19, 2019	Beijing, Chengdu, Shenzhen

Hawai'i Tourism Korea Monthly Marketing Report December 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

- **2019 Travel Trends:** Booking.com, one of the world's largest online accommodation reservation platforms, recently announced its Top 8 Travel Trends for 2019. The trends, below, were derived from a survey based on 163 million reviews and the experiences of 21,500 travelers from 29 countries.
 - ✓ **Meaningful Travel:** 56% of respondents said they learned life lessons through travel. Cultural exchange (68%, multiple responses) was the most popular reason for travel.
 - ✓ **Easier Travel:** In 2019, travel services equipped with high technology like artificial intelligence (AI), virtual reality (VR), and voice recognition are expected to attract more travelers. Respondents said they expected to get more comfortable services such as 'real-time baggage tracking via mobile apps' and 'all-in-one apps' which have a wide range of functionality.
 - ✓ **Exploring the unknown world:** 40% of respondents were looking forward to the possibilities of space travel. However, until it becomes available, interest in the 'unknown' on the planet is expected to continue. In fact, 60% responded they wanted a unique travel experience such as staying in submarine lodgings.
 - ✓ **Personalized Travel:** 34% of respondents preferred to personalize their itinerary rather than follow traditional programs which offered extensive and general travel.
 - ✓ **Conscious Travel:** 49% of respondents perceived local social issues, such as human rights, equality, and environment, as very important factors in deciding where to travel. In fact, 58% said they would not travel if their visit could result in adverse effects on local people.
 - ✓ **Ecotourism:** 86% of respondents were interested in ecotourism, and 37% said they were willing to participate in environmental activities such as collecting abandoned plastic or trash at tourist spots.
 - ✓ **Real Experience:** Travel trends involving 'hands-on experience' will continue in 2019. 60% of travelers said they put more importance on their experience and actual participation than possessing goods.
 - ✓ **Weekend Getaway:** More than half (53%) of respondents said they would plan more weekend travel in 2019. Short, but well-filled travel is becoming a new trend thanks to a variety of air routes, low cost airlines, easier car rental services and real-time public transportation information services.

ECONOMY

- South Korea's economy could grow around 2.6% to 2.7% next year amid a slowing global economy and U.S.-China trade disputes, the government said. The Ministry of Economy and Finance's growth outlook is in line with the 2019 growth projection of 2.6% made by the International Monetary Fund. Last year, the economy, Asia's fourth largest, grew 3.1%. The ministry slashed this year's growth estimate to 2.6% to 2.7% from its previous forecast of 2.9% in July due to a lack of corporate investment.
- South Korea's import prices fell by the sharpest level in nearly four years in November, central bank data showed. The fall was attributed to a drop in crude oil prices. In Korean won terms,

the import price index lost 4.6% from a month earlier to a six-month low of 87.96 in November, according to preliminary data from Bank of Korea (BOK). The 4.6% month-on-month dip was the largest fall since January 2015 when the index fell 7.5%. The BOK said recent declines in crude oil prices dragged down the overall import price index as Asia's fourth-largest economy depends on imports to meet nearly all of its oil demands.

- The average USD/WON exchange rate in December was 1123.52 won, a slight decrease from the previous rate of 1124.85 won in November. Fuel surcharges were imposed in December up to 184,800 won (\$164) 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 November was 2,295,810, a year-on-year increase of 3.0%.

CONSUMER TRENDS

- A rise in the number of Korean shoppers aged in their 60s was a standout aspect of this year's shopping trends, e-commerce company Interpark said on December 19. While millennials in their late 20s and early 30s have been key online purchasers, Interpark said consumers in their 50s and 60s were rising as a major new consumer group since they had become more familiar with shopping online. According to an industry survey conducted in July, consumers in their 50s and 60s have notched a 135% increase in purchase amounts in the past five years. They made up 27% of all consumers, ranging from teenagers to those in their 60s and above. In particular, the total amount purchased by people in their 60s and above had risen by 171% over the past five years, the survey showed.
- Leading Korean credit card company Shinhan Card has suggested 'DETAIL' as an acronym keyword to denote next year's customer consumption trends. D stands for 'Democratization of producing and selling,' E for 'Eatable piece of consumption,' T for 'To-home sourcing,' A for 'Attention to fresh premium,' I for 'Initiator of new trend' and L for 'Leap to expert hobby.' The company's Big Data Center said on December 18 that each person's role would be important in production, sales and consumption and their needs were expected to be more diversified in future.

TRAVEL TRENDS

- Overseas spending by South Korean tourists ranked among the top of advanced economies, research data showed on December 5. Figures provided by the Korea Economic Research Institute, affiliated with the Federation of Korean Industries, put the proportion for South Korea at minus 1.9% in 2016, ranking it the fifth highest among 32 member states of the OECD. The institute derived the proportion by subtracting overseas expenditure by South Koreans from foreigners' spending in South Korea and measured the sum's ratio against household spending.
- South Korea's government opened its Medical Tourism Support Center at Incheon International Airport on December 18 to offer more convenience to foreign tourists who wanted to book medical procedures upon landing in Korea. The center will be operated jointly by the Ministry of Health and Welfare and the Ministry of Culture, Sports and Tourism. Incheon International Airport Corp. had been operating a medical tourism information center, but the role has been expanded and integrated into the new support center.

MEDIA & ONLINE TRENDS

- One of the top 10 job aspirations for elementary schoolchildren is to be a "YouTuber" — a YouTube content creator or personality — according to a survey done by the Ministry of Education and Korea Research Institute for Vocational Education and Training. It is the first

time that online platforms have been included in the listing since the survey began in 2007. To be an online broadcasting presenter became the fifth-most desired job for elementary school students according to the survey of 27,200 elementary to high school students in June and July. The career preference didn't make even the top 20 last year and highlights the growing influence of mobile platforms in a short space of time. The survey result reflects the lives of young children, who are exposed to and accustomed to using smartphones, and regularly watching videos through online broadcasting platforms such as YouTube.

AIRLIFT

- Incheon International Airport Corp. said on December 20 it will invest 4.2 trillion won (US\$3.7 billion) to build a fourth runway and expand facilities by 2023. The airport began operations in 2001 and opened its second terminal in January to meet rapid air passenger growth. It currently handles 72 million travelers a year, a number expected to grow to 95 million by 2023, the Transport Ministry said. The state-controlled airport operator will inject the money to add a fourth runway and to expand the second terminal, mooring and commuting facilities. Airlines are competing to upgrade or expand facilities to woo customers as the number of air passengers will exceed 15.7 billion by 2031, more than doubling from 8.3 billion in 2017, according to Airports Council International.
- Korean Air said in December that it will strengthen penalties for cancellations from January 1 following a costly delay resulting from a group of K-pop fans canceling their flight tickets just before takeoff. Korean Air said passengers who cancel tickets after passing through the departure gate will receive a penalty of an additional 200,000 won (\$176). The current penalty is 120,000 won for long-distance routes, such as to the US and Europe, and 70,000 won for mid-distance routes, such as to Southeast Asia. Passengers pay a penalty of only 50,000 won for short-distance flights such as to Japan, China and Hong Kong.

LEISURE ACTIVITIES

Consumer

- **Social Media Promotion with Sohn Mina:** HTK completed the production of promotional social media destination videos for Facebook and Instagram with Mina Sohn, HTK's official tourism ambassador who visited the Hawaiian Islands in July and August. Depicting Ms. Sohn's experiences on the Island of Hawai'i, Kaua'i, Maui, Lana'i and O'ahu, the videos highlighted involved partners, destination features, and attractions. They went viral throughout December on HTK's official social media channels as well as Ms. Sohn's personal media accounts and The Traveller's media channel.
- **Luxury/Romance Promotion with Minjoo Yoo:** In celebration of the wedding of celebrity patisserie Minjoo Yoo, who was married in November 2018, HTK is aiming to send the couple to the three islands for her once-in-a-lifetime honeymoon. This will result in a series of social media posts targeting the luxury and romance market. The couple will depart on January 21 and will stay three weeks.
- **GoHawai'i Website – Phase II Updates:** HTK is working on second phase updates of the GoHawai'i Korean website. It will follow up on updates where necessary in the coming months, providing translation and new personalization functions.
- **#AlohaEverywhere Influencer FAM trip:** HTK is in discussion with magazine The Traveller for an upcoming influencer Fam visit to the islands. The trip will involve influencers who are active both on Instagram and YouTube and is being targeted for departure in February.

Travel Trade

- **RMHC Gala Dinner:** HTK joined the 2018 RMHC Gala Dinner fund-raising event at Grand Hyatt Seoul, on December 11. RMHC Korea is a leading charity organization which collects donations

from companies to support the building of a share house for use by cancer patients' families. Major Korean corporations such as Hyundai, Lotte, Shinsegye and LG and international companies like United Airlines, Hawai'i Tourism Korea and Johnson Controls participated as major sponsors. About 100 VIPs from the companies attended the dinner at which HTK promoted Hawai'i as the ultimate MCI destination. It also displayed Hawai'i images and logos on the screen, photo wall and in other collateral.

- **Honeymoon Resort Wedding Seminar**: HTK successfully co-hosted a Hawai'i Wedding Seminar on December 15 at Wedit in Seoul. It worked in collaboration with three synergistic industry partners: Honeymoon Resort, the nation's leading honeymoon-specialized travel agency; Wedit, one of the leading platforms for honeymooners; and, NAVER Sum-Lab, which publishes and develops online romance content. The seminar attracted about 40 attendees who are planning to visit Hawai'i for honeymoons, wedding anniversaries, or destination weddings. During an educational session, the Korea team presented its Hawai'i Honeymoon 101 introduction to showcase perfect places and must-do activities for romance travel on the islands. The event generated on-the-spot Hawai'i honeymoon bookings from three attending couples.
- **Post-GTS Product Development**: HTK is currently conducting a Post-GTS Sales Promotion with 15 leading travel agents to develop uniquely new Hawai'i Neighbor Island products. Following the designated theme for each island visited during the Pre-GTS Fam tour – Package/Family (Island of Hawai'i) & Premium-FIT/Romance (Kaua'i) – the newly-launched products will involve primary sponsors from the FAM, such as hotels or attractions. The products will be extensively advertised through a variety of media channels operated by agents. After the three-month booking/promotion period from December 2018 to February 2019, travel agents who submit booking data results will win incentives according to their contribution to maximizing visitor numbers to the islands.
- **Asiana Airlines Neighbor Island Promotion**: HTK and Asiana Airlines successfully completed an online consumer sweepstakes event run from November 16 to December 31 on the airline's official website. It enhanced the awareness of Neighbor Islands and pitched Hawai'i as a perfect winter vacation destination. The promotion's two aspects involved: 1) Ticket Purchase Event; and 2) a Participation Event. The two-phase events generated 1,690 pax participation and 176 air ticket sales for ticket purchase event, and the active engagement of 294 members who shared Hawaii travel tips on webpage, also drawing 63,502 Unique Visitors (UV), and 68,152 Page Views (PV).
- **Asiana Airlines TV Home-shopping Promotion**: the Korea team has partnered with Asiana Airlines to conduct a TV Home-shopping promotion. It invited three major travel agents – Hana Tour, Jau Tour, and Very Good Tour – to maximize sales bookings for winter peak season and bolster the market share of Hawai'i package/FIT products. The agents will submit their booking results by end of January.
- **Interpark Tour Hawai'i Promotion**: HTK and Interpark Tour, the nation's largest OTA, collaborated on the 'Aloha (Love), My Ohana (Family)' Hawai'i promotion from October to December, 2018. It targeted all major market segments of families, romance, and FITs to stimulate sales bookings of Hawai'i products and to introduce various itineraries for each target market. The promotion generated a total of 3,108 pax for package/optional products and air tickets.
- **KE #LuxuryHawaii Promotion**: HTK kicked off an online #LuxuryHawaii-themed consumer promotion from December 3 in collaboration with Korean Air to position it as a premium destination.

The promotion involves an ICN-HNL Ticket Purchase Event that targets consumers who buy Korean Air flights for the route. Five participating partners – The Ritz-Carlton Residences, Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Trump International Hotel Waikiki, Hertz, and Mariposa – are sponsoring.

Public Relations

- **Travel Trade Advertorials:** HTK has developed advertorials with two key travel trade newspapers, Global Travel News and Korea Travel Times, in time for winter vacation travel. The advertorials highlight the Hawaiian Islands as the best edu-tourism destination for family travelers. O'ahu, Maui and Island of Hawai'i were covered in the articles which included a list of must-visit places, especially environmental and educational, on each island. The advertorials were published in the first week of January and generated more than \$24,000 in PR value.

Sales Activities

- The Korea team had 37 meetings in December 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 online sweepstakes events and home-shopping promotion; Jin Air for co-op promotion supporting the airline's return on December 29; Hawaiian Airlines for daily flight promotion; and four major airlines based in Busan – Japan Airlines Busan, Delta Air Lines Busan, Korean Air Busan and Asiana Airlines Busan – to follow up on Busan market activation and discuss upcoming joint promotions; United Airlines to share market updates at the seminar.
 - **Travel Agents** (18): Hana Tour, Mode Tour, YB Tour, Very Good Tour, Hanjin Travel, Lotte JTB, Lotte Tour, Interpark Tour, Tidesquare, LAS Tour (Busan), Busan Blue, I Am Tour Busan, Hana Tour Busan, Tournet Hawai'i, Royal Hawai'i, Trava, Koreana Tour Service, and Honeymoon Resort.
 - **Hotels** (2): Hilton Namhae, and Park Hyatt Busan.
 - **Rent-a-car/Transportation/Attractions** (2): Hertz and Roberts Hawai'i
 - **DMOs, U.S. Government/Organizations** (4): AMCHAM, Brand USA, Las Vegas Convention and Visitors Authority, and San Francisco Travel.
 - **Consumer Brands** (1): NAVER and CGV

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Aloha YouTube Fam (February)
- Mother & Daughter Travel with Style H (May)

Hawai'i Tourism Taiwan Monthly Marketing Report December 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Taiwan's Directorate General of Budget, Accounting and Statistics revised the GDP growth of 2018 to 2.66%, slightly lower than its preliminary reading of 2.69%. The unemployment rate in November is 3.7%, decreased by 0.05 points compared to October 2018.
- Taiwan's Consumer Confidence Index (CCI) in December continued to weaken as faith in Taiwan's stock market was hurt by volatility in international markets during the month. Of the six factors, the sub-index on the local stock market suffered the steepest decline, as the sub-index for confidence in consumer prices also moved lower by 0.10 to 45.40 points in December. The four factors -- family finances, the local economic climate, the possible purchase of durable goods, and domestic employment opportunities all rose, by 0.30, 0.30, 0.15 and 0.10, respectively, to 86.65, 82.25, 89.70 and 99.95 in December.
- The Taiwan currency exchange rate went down to 30.826 (average) in December, which is 0.031 lower when compared to the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,274,752 in November 2018 with a 1.71% growth compared to November 2017. The outbound number to U.S. went down by 7.45% to 40,888 in November 2018 compared to the same period last year.

Competitive Environment

Taiwan Government Offers Subsidies to Boost Domestic Tourism

The Taiwan Tourism Bureau announced that it would expand a winter travel subsidy program to include a total of 19 cities and counties. The program has provided more than US\$9.72 million in subsidies to tourists heading to any of those areas, and had proven effective at boosting domestic tourism. While Taiwanese tourists over age 60 would continue to receive greater subsidies, the extended program would also further raise the subsidies for travelers age 30 or under, as well as parents with young children.

Consumer Trends

Skyscanner Reports Growing Appetite for Taiwan Travelers

According to Skyscanner's report, Taiwanese travelers tend to book at bedtime. The peak time for Taiwanese travelers booking trips on a Skyscanner is 11pm to 1am, and 60% said bed was where they planned holidays. Besides social media, celebrities, films and TV products still have an effect on Taiwanese travelers' destination choice. The report showed that customers aged over 40s were willing to visit prominent locations where TV dramas and movies were filmed, while the younger age groups are much affected by social media as well as word of mouth.

Travel Trends

Taiwan Among Ten Countries Eligible for Easy Pass in Frankfurt Airport

Taiwanese travelers departing from Germany now are eligible to clear immigration via the automated EasyPass system. The Ministry of Foreign Affairs said one of its priorities is to enhance travel convenience for Taiwanese nationals and it will continue to seek reciprocal electronic immigration processing with other countries. In response to the new policy, many Taiwanese netizens are gearing up for a trip to Germany over the Lunar New Year holiday to reward the country for its bold stance on Taiwan's sovereignty and the increased ease of travel.

Media Trends

Instagram Gets More Brand Centric with Call to Action Buttons

Instagram is testing a new feature that would let brands add prominent buttons linking back to their business inside the app. The “Call to Action” button on Instagram would offer businesses more flexibility than the current options and advertise more effectively on the platform. Businesses will be able to add various types of shopping links to their content and pay for shoppable ads. Offering options that could appeal to other industries like app developers and hotels would make Instagram a more attractive platform to those companies. It's also the latest sign that Instagram is becoming more and more like Facebook, which offers may more options for brands and businesses to promote content than Instagram currently does.

Airlift

China Airlines and Royal Brunei Unveiled Codeshare Partnership

Royal Brunei Airlines announced that it would operate a new route between Brunei and Taipei with China Airlines on a codeshare basis starting December 3rd to allow passengers from both airlines to purchase flights served by Royal Brunei for travel connections. In addition, Royal Brunei is using an Airbus A320neo to fly three round-trip flights per week between Taiwan Taoyuan International Airport and Brunei International Airport.

LEISURE ACTIVITIES

Consumer

Co-op with Smart Magazine

Smart Magazine is the top one financial journal in Taiwan with a monthly circulation of 100K copies. By partnering with the publisher and its parent company Business Weekly Group, HTT will be able to target more precisely high-income segments who travel regularly. Instead of encouraging mass tourism, the content development focused on eco-tourism and responsible tourism in Hawai'i to cater to the readers' interest in socio-economic subject matters. The co-op features a print advertorial in its physical magazine as well as online coverage (website banners and social media advertising) under the Business Weekly Group. Since December, Smart Magazine has published the two full-page advertorial in print (December issue), an online advertorial featuring Hawai'i videos, a full-page banner on Smart Magazine's official website, an e-newsletter, a post on mobile app – LINE, and a link post on its official Facebook Page. The online contents have reached over 4,000 viewers and more metrics will be updated once the campaign concludes in January 2019.

HTT Partnered with EBC News to Feature Hawai'i in the “Global Focus” TV Program

In order to boost visitor numbers to Hawai'i and overturn the negative coverage in the media on the volcanic activities, HTT has been worked closely with “Global Focus” TV program and develop the itinerary and activities on Island of Hawai'i and O'ahu for the filming in August. On December 23th, the episode aired and reached over 184,300 views as of January 10th. The episode includes various contents such as the Kahuku unit of the Volcano National Park, interviewed community heroes, shark and honu research snorkel with One Ocean Diving, Kualoa Ranch, and cultural practitioners at fishponds with Paepae o He'eia and lo'i systems with Papahana Kuaola. The episode looked at Hawai'i from a different angle and delivers important messages about eco-tourism in Hawai'i. HTT believes that the episode has educated the audiences how important it is to protect the landscape as well as wildlife and to embrace sustainability to maintain the destination while traveling to Hawai'i in the future.

2019 Fashion Media FAM

HTT is partnering with Vogue Taiwan and Marie Claire Taiwan to promote Hawai'i as the number one destination for luxurious experiences as well as eco-tourism including high-end accommodations, fine dining options and cultural activities. Since December, HTT has been working with OVB to develop

itineraries of this 2019 Fashion FAM trip for the two fashion media outlets. Meanwhile, HTT is negotiating with the editors to discuss coverage distribution across hotel partners, activities and restaurants. The crew will travel to Hawai'i in March and the final itinerary will be finalized in January.

2019 “Yoga with Aloha” Online Campaign

The Yoga with Aloha Online Campaign is one of the major initiatives HTT is currently planning for 2019. Since December, HTT has been reaching out to the leading fitness clothing brand Roxy and fitness studio/gym True Yoga to launch the Yoga with Aloha campaign (both online and offline). The online campaign will run from January 14th to March 10th, 2019. Participants will be required to post yoga photos/videos while wearing Hawai'i-themed outfits or accessories for a week to become eligible for a lucky draw to win a trip and a yoga lesson in Hawai'i. In addition, HTT is also arranging two Hawai'i themed yoga workshops which will take place in February in Taipei and Taichung. HTT has been work closely with True Yoga to recruit a professional yoga instructor as well as workshop venue to make sure the participants can enjoy the class as well as the culture of Hawai'i. The three partners will finalize the visual design and invite respective VIP members, KOL and media over the next two weeks.

Travel Trade

Meetings with PAK

Starting in April 2019, China Airlines will launch an additional direct flight on Fridays between Taoyuan International Airport (TPE) and Daniel K. Inouye International Airport (HNL) in addition to the existing two flights every Wednesday and Sunday. HTT met with China Airlines and trade partners to develop new PAK products to generate more GIT sales opportunities given the additional direct flight to Honolulu starting April 2019. During this meeting, HTT and China Airlines have created a theme to the designated PAK product in each quarter starting April 2019. For instance, the second quarter will focus on golf vacations, the third on romantic getaways and/or honeymoons and the fourth on outdoor sports and Honolulu Marathon. Under each theme, travel trade partners will promote relevant attractions and hotel offerings in their PAK products based on their desired pricing segments.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In November 2018, Hawai'i Tourism Taiwan secured 66 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$2,044,202.

Sales Activities

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

China Airlines

Assistant Manager Mr. Sung Tao Ming

Taipei

COMING ATTRACTIONS

- **January [Yoga with Aloha Social Media Campaign], Taiwan**
- **February [Yoga with Aloha Workshop], Taiwan**

Hawai'i Tourism Europe Monthly Marketing Report December 2018

Leisure

European summary of market intelligence/ market conditions

Economy

- Data published by the Office for National Statistics this month, showed that London's "real" gross value added increased by three per cent. London also had the highest level of prosperity, with gross value added per head of £48,857
- Wages are continuing to rise at their highest level for nearly a decade, the latest official Office for National Statistics figures show. Compared with a year earlier, wages excluding bonuses, were up by 3.3 percent for the three months to October, the biggest increase since November 2008
- The German economy is in a good shape and order books are full, German Economy Minister Peter Altmaier stated that he expects the economic upswing to continue in to 2019
- FocusEconomics panellists expect GDP to grow 1.6 percent in Germany next year, which is down 0.2 percentage points from last month's forecast, and see GDP expanding 1.6 percent again in 2020
- Household spending in France should benefit from income-tax cuts and an improving labour market, while fixed investment, should hold up amid Macron's reform push, elevated capacity utilization and upbeat economic sentiment. FocusEconomics analysts see growth at 1.6% in 2019, unchanged from last month's forecast, and 1.5 percent in 2020

Exchange Rate

- The GBP/USD: \$1.27
- EUR/ USD: €1 = \$1.14

Consumer Confidence

- Although consumer confidence in the UK and Ireland has dipped in December, consumers felt better about their personal finances over the past year and were more willing to make major purchases, according to the recent Trading Economics report
- Consumer Confidence in Sweden averaged 96.69 Index Points from 1993 until 2018
- The GfK consumer confidence index in Germany stood at 10.4 heading into January 2019, unchanged from the previous month and slightly above market expectations of 10.3
- The Swiss consumer confidence index edged up to -6 in the December quarter 2018, from -7 in the previous quarter, while markets estimated -8. Consumers reported to be more optimistic about the country's economic growth
- The French consumer confidence indicator fell slightly to 87 in December 2018, from a revised 91 in the prior month

Unemployment

- The Irish seasonally adjusted unemployment rate stood at 5.3 percent in December 2018, unchanged from the previous months near 11-year low, as the number of unemployed held

steady at 127,000. The youth unemployment rate in Ireland also fell to 12.2 percent in December from 12.3 percent in the prior month. It was reported to be the lowest jobless rate since May 2008

- The average number of job seekers in Germany was lower in 2018 than at any time since reunification in 1991, the Federal Labor Agency said. The yearly average of registered unemployed for 2018 fell 193,000 to 2.34 million, the lowest number since German reunification in 1991
- The Swiss unemployment rate rose to a non-seasonally adjusted 2.7 percent in December 2018 from 2.5 percent in the previous month
- The unemployment rate in France is steadily decreasing from the past months, it reached a low of 8.9% in November 2018, compared to 9.1% in September

European Outbound Travel Market & Competitive Environment

- The eastern Caribbean nation of St Lucia looks set for a bumper 2019 when it celebrates 40 years of independence, with a clutch of new projects to revitalise its tourism offering. UK operators are already forecasting strong performance for the island, pointing to British Airways' increased seat capacity on winter flights from Gatwick as a promising start to the peak tourism season
- The very first Orient Express hotel, a new luxury brand of the AccorHotels group, will open in Thailand at the end of 2019

European Consumer Trends

- Travel trade association ABTA has estimated that over 4.7 million UK passengers headed abroad over the Christmas and New Year period. According to its data, the busiest day of travel was the 21 December, while the quietest day was expected to be on Christmas Day itself
- In a recent ABTA report, price, extra choice and having more time to look forward to your holiday are among the "driving factors" encouraging travellers to book early. The Travel Association commissioned YouGov to produce a study which found that 41% of people said the reason to book early was because they feel they bag a better deal
- The good outlook for 2019 has been reinforced by new figures from the German Tourism Industry Association (BTW). Germans travelled for leisure purposes on 1.7 billion days in 2018, which was 1.8% more than 2017, according to the organization, whose calculations are based on GfK consumer spending surveys
- According to a study established by Seto, the departures from France during the winter season have increased by 9.3 percent compared to 2017

European Travel Trends

- Intrepid Travel reports that the group's US trips are more popular with solo travellers than any other destination— in 2018, 70% of passengers on Intrepid Travel's US trips travelled on their own; the most popular tours included Los Angeles, Las Vegas and Hawaii
- Brand USA reveals 2019 Travel Trend. According to the report, "New flight routes mean lesser-known corners of the United States are easy to reach, new sports are emerging; even the way we eat and socialise is evolving – food halls are now cool new places to hangout. These things and more, are set to shape the way we travel in the US in 2019"
- In December, German travel agents report that most requests came in for short notice winter bookings with a 4 percent increase compared to December 2017
- Eighteen years after the creation of Voyages-sncf.com and one year after becoming OuiSNCF, the e-tourism site grows and its transactions increased by 12.5% in France and Europe this year compared to 2017. Its audience reaches 16 million unique visitors per month and its reputation raised by 14 points since the launch of OuiSNCF

European Media & Online Trends

- The Sun has the largest monthly reach of any UK national news brand across print and online, with a total monthly brand reach of 29.5m, according to the latest readership figure
- This spring, the publishing house Gruner+Jahr is launching a nature magazine with well-known author and naturalist Peter Wohlleben. The magazine will detail and explain natural phenomena about flora and fauna and will inspire readers
- In recent years, most social media influencer collaborations are based on the influencer having millions of followers; however, due to influencers consistently increasing their feeds, companies are turning to meso and micro influencers for partnerships. 2019 will see the rise in the nano influencer (less than 10,000 fans/followers) as their credibility and engagement is higher. More than 60% of those who worked with influencers at the end of 2018 are interested to join forces with the smaller accounts in 2019
- Babbel, formerly only a language learning application, will launch a new language course in 2019. The acquisition of LingoVentura, specialising in language holidays, should allow Babbel to save time and enrich its offering to include a booking service to language lovers

European Airlift

- The airport company Manchester Airports Group, which runs Manchester, London Stansted and East Midlands airports, reported solid growth in the first half of 2018. Retail income across Manchester Airports Group's portfolio grew by +7.5% year-on-year to £111.9 million in the six months to 30 September, driven by increased passenger volumes and improved yields. Across the group passenger traffic climbed by +3.8% year-on-year to 35.7 million
- Thomas Cook launches 2020 long-haul programme from Manchester and Gatwick to 12 destinations in the US, Caribbean and Mexico. The bulk of the programme departs from Manchester with 40 weekly long-haul flights on board A330s, complete with fully refurbished premium and economy cabins
- United Airlines announced direct air access daily, beginning May 2, 2019 from Frankfurt to Denver
- Marseille-Provence airport is said to implement 25 PARAFE gates from the end of January; these are automated self-services barriers located at immigration checkpoints in departure and arrival halls with facial recognition
- According to the study established by DGAC (General Direction of Civil Aviation), Air French traffic increased by 6.7% in November compared to 2017

Leisure Activity Update & Plan

UK & Ireland

- Ongoing monitoring of 'Experience our Aloha' digital consumer campaign: Phase 1 campaign is now complete and results have been compiled:
 - o Total Digital Impressions: 10,357,628
 - o Clicks/Interactions: 56,421
 - o Lightbox Interaction Rate: 3.23%
 - o Lightbox Dwell Time: 3mins 13 seconds
- Ongoing 'Hawai'i on Screen' campaign activity; research for upcoming movie releases filmed in Hawai'i for 2019
- Continued planning for 2019 Brand Management and upcoming consumer campaigns
- Close monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month

Germany

- Continued to update GoHawaiiDE website
- Ongoing monitoring of 'Experience our Aloha' digital consumer campaign, Phase 1 campaign is now complete
- Ongoing discussions with Douglas regarding consumer marketing campaign to go live in Q1 2019

Travel Trade

UK and Ireland

- Held a meeting with Flight Centre and TravelBag to discuss current Hawai'i performance and how HTE UK can support
- Continued to monitor all Tour Operator performance to the Hawaiian islands
- Conducted Maui Dedicated FAM Trip with 10 UK and German Product Managers. Shared feedback forms following the trip
- Conducted destination training at TravelBag, as part of USA training day
- Drafted, compiled and shared Quarter 4 2018 newsletter with key tour operator partners
- Ongoing liaison with Flight Centre and Trailfinders, regarding Experience our Aloha campaign
- Ongoing joint marketing activity with Thomas Cook and TravelBag, both campaigns are complete and reports have been received and reviewed. Still awaiting booking figures from Thomas Cook, but the below provided:
 - o Onsite Display impressions: 1,500,000
 - o Thomas Cook Audience Display impressions: 1,000,000
 - o Social Media Coverage impressions: 500,000
- Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit; updates continue to be made from trade survey, sales calls, and training

Scandinavia

- Ongoing liaison with coordinators of the Scandinavia Travel Shows ahead of the events in 2019
- Reached out to NYHaven Rejser to discuss joint marketing activity opportunities in Q1 2019

Germany and Switzerland

- Conducted Maui dedicated FAM Trip and sent out feedback forms following the trip
- Requested booking numbers from all major tour operators for 2018 and forecast for 2019 to be shared with HTA in Q1
- Final report from FTI regarding Maui promotion has been shared with HTA and MVB
- Finalized booth for VUSA consumer show in Munich to take place in February
- Ongoing liaison with all major tour operators
- Meeting with tour operator Hawaii.de and restaurant Aloha Poke to finalize marketing campaign to go live in Q1 2019

France

- Ongoing liaison with three tour operators

Public Relations

European co-ordination

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

Germany

- Ongoing support of individual media trips, planning of group press trips 2019
- Proactive pitching – general and specific/niche topics
- Regular posting across facebook and Instagram channels

France

- 1 Press release will be sent in the next days
- 3 journalists communicated with in November

Sales Activities

UK and Ireland/Germany

- Ongoing liaison with trade
- 36 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

- Maui Dedicated FAM trip in December 2018
- Holiday World Show Dublin in January 2019
- Scandinavia Trade Shows in March 2019

Germany

- Experience Our Aloha campaign now launched
- Maui Dedicated FAM trip in December
- Hawaii.de & Aloha Poke promotion in Q12019
- Douglas marketing campaign in Q12019

France

- Publication of an ad in the newspaper oriented honeymoon "Mariee Magazine"
- Organisation of a press trip for radio

Hawai'i Tourism Southeast Asia Monthly Marketing Report December 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Malaysia: The World Bank has once again lowered its gross domestic product (GDP) growth expectation for Malaysia this year to 4.7% from a 4.9% prediction set in early October 2018. This is due to two factors, namely lower government spending and a decline in private and public investment. A key concern domestically is the narrow fiscal space the government has, to cope with shocks, especially due to steeply declining revenue and high level of public debt. A key concern domestically is the narrow fiscal space the government has, to cope with shocks, especially due to steeply declining revenue and high level of public debt.

Currency Exchange: USD 1 = MYR 4.14 as of December 31, 2018 vs MYR4.19 as of November 30, 2018

Singapore: Singapore's economy grew above expectations by 3.3% in 2018, and close to 2017's growth which was 3.5%. Singapore's economy is expected to grow by between 1.5% and 3.5% in 2019, but warned that the global economy faces major uncertainties with growing trade conflicts.

Currency Exchange: USD 1 = SGD 1.363 as of December 31, 2018 vs SGD 1.372 as of November 30, 2018.

Indonesia: The Indonesia senior economist has predicted that Indonesia's economic growth will continue to be affected by uncertain global economic and were still prone to instability and crisis of the fiscal and monetary – makes it difficult of achieving a growth of 5.3% based on 2019 state budget. According to World Bank, Indonesian economy could grow higher than 5% through the support of a number of structural improvements in the sectors of trade and investment, export climate, human capital, infrastructure, legal certainly, energies policies and the important thing is Indonesia must protect the business activities from unfair competition.

Currency Exchange: USD 1 = IDR 14.561 as of December 31, 2018 vs IDR 14.378 as of November 30, 2018.

Thailand: People are cautious with their spending due to the uncertainty of new election on February 2019. The government will continue to support domestic consumption. Throughout the year. Private consumption is projected to grow by 3% YOY in 2018 from 2.7% YOY in the previous year. Thailand's New Monarch, King Maha Vajiralongkorn, will be crowned later this year. The three-day celebration will take place on May 4-6, 2018.

Currency Exchange: USD 1 = THB 32.24 as of December 31, 2018 vs THB 32.78 of November 30, 2018.

Outbound Travel Market

Malaysia: From year 2020, Malaysians who wish to travel to European Union countries may be required to undergo a new immigration process – European Travel Information and Authorization System (ETIAS). The application process can be done online and it was recommended that all applicants apply for an ETIAS at least 72 hours prior to departure.

Singapore: Singapore passport holders will have expedited clearance through UK immigration from summer 2019. According to UK's national tourism agency, Singapore is ranked 33rd on its global ranking for inbound visits with 229,000 trips made to the UK in 2017.

Indonesia: A combination of China + Mongolia or China + Tibet is a new experience for Indonesia market which target FIT / Series group and these 2 programs reach its peak season during Ramadhan holiday. A combination of Spain – Portugal - Morocco can be considered a value-for-money visit for travelling due to historical sites / churches, museums, nature and the culture uniqueness of Southern Europe which target Umrah market and Pilgrim / Holyland market. Morocco offers free-entry visa to Indonesians.

Thailand: Thailand's outbound tourism within 3 years is growing consecutively. Number of Thai tourists traveling aboard increased by 10%. There are upcoming consumer travel fairs: THAI INTERNATIONAL TRAVEL FAIR 2019 on February 13-17, 2019 at the Queen Sirikit National. It is the largest consumer travel fairs in Thailand and most of the travelers would seek for best-deal during the travel fairs. Apart from this there Agents Association (TTAA) are expected 500 buyers to attend this event during the B2B session. All exhibitors will meet the great opportunities in travel business in Asia "TITF Business Matching 2019" which provides a stage for International sellers from more than 40 countries around the world to introduce and update latest products to Thai buyers directly.

Competitive Environment

Malaysia:

- **Tourism Authority Thailand (TAT)** hosted a Christmas appreciation night out with all their travel trade, media and airline partners at Redbox Pavilion Kuala Lumpur on the December 15, 2018.

Singapore:

- **Korea Tourism Organisation** jointly with Trip.com and Citibank have launched promotions to entice bookings in December 2018.

Indonesia:

- **Spain Tourism Board** along with Spain tourist destinations conducted a B2B product presentation along with to approximately 60 travel agents in Jakarta to promote Spain as a warm destination for MCI & Leisure activities.

Thailand:

- **Switzerland Tourism** in cooperation with Swiss International Air Lines, Swiss Travel System has conducted The Asia Pacific Workshop (APW) took placed at Beau-Rivage Palace, Lausanne from December 7-12, 2018.

Consumer Trends

Malaysia:

- Customized travel has become easier and emerged as a trend especially among the young generation as gathering travel tips online for flight and hotel reservations is now at your fingertips, thanks to the digital boom. The avenues available online not only assist individual customization but also help in making savings, especially for younger solo travelers. Based on a study conducted by Zion Market Research titled Online Travel Booking Market by Service Type, the global online travel booking market was valued at approximately US\$765 billion in 2017 and is expected to generate US\$1,955 billion by 2026

Singapore:

- Celebrity-led tours are still popular amongst Singaporeans and there have been a growing number of such tours for year-end travel with overwhelming bookings. Several travel agencies have featured celebrity-led tours to various destinations, such as Europe, Australia, and Dubai etc.

Travel Trends

Malaysia:

- Agoda and Saudi Arabia's Ministry of Hajj and Umrah have signed a MoU supporting the Kingdom's vision to receive over 30 million pilgrims by 2030. Umrah guests to the Kingdom can now visit a dedicated AGODA portal agoda.com/UMRAH to access select hotels that have been certified by the Ministry of Hajj and Umrah for Umrah visitors and pilgrim's bookings.

Singapore:

- China remains a perennial favorite destination for Singaporean travelers, fueled by a bevy of air links to first and second-tier Chinese cities, and growing access to in-depth and immersive experiences in the vast country. Singaporeans are also drawn to the picturesque outdoors of Zhangjiajie, Yunnan, Harbin and Beijing, the latter two being popular winter destinations for young families.

Media & Online Trends

2019 will see major changes in the way brands use social media to promote their business. Social Media Today has recently conducted a Twitter Live Chat to discuss about the social media marketing predictions for the New Year.

From Instagram stories to micro-influencers, social media users have displayed an increased desire to curate their feeds exactly the way they want it to be. We believe that authentic social media marketing and high-quality content (even long-form content) will contribute to 2019 trends. On the other hand, Instagram is arguably social media's most intimate platform hence it makes sense that with an increase in ad space and business options, the user experience will go through some huge changes in 2019. That said, brands will shift their focus on Instagram to reach out and connect with its audiences. Users love Instagram Stories and we foresee that more brands will advertise heavily through Instagram Stories. Besides that, people also predict that the artificial intelligence (AI) Chatbot will continue to rise in year 2019 as it provides best customer service experience by providing on-the-spot response to users.

Airlift – NIL

LEISURE ACTIVITIES

Consumer

SNS Result: Facebook stands at **13,041 fans**; Instagram has **1,154 followers** as of December 31, 2018.

Travel Trade - N/A

Public Relation

We have spotted a news clipping on Star2, which is a lifestyle portal that features stories on Entertainment, Culture, Food, Living and Travel. The article features Hawai'i's food (Kālau pig, Lau Lau and Poi). On the other hand, Paradise within Reach digital campaign with AirAsia X has ended on December 16, 2018. The news clipping and the digital campaign have generated **\$29,743** worth of PR value with approximately **14 million** impressions. Below are the links for news clipping.

Sales Activities

HTSEA conducted **20 sales calls** in Southeast Asia to promote Hawai'i.

[Corporate Information Travel] They have finally won the MCI project from AIG Insurance for year 2020. There'll be approximately 200 pax from Malaysia visiting Hawai'i. They have been following up the hotels in Hawai'i but pending response from 'Alohilani Hotel.

[Philippines Airlines] They are very disappointing on the discontinuation of HTA's representative as they have been working very closely with HTSEA since they resume the flight between Kuala Lumpur to Manila two years ago which has the immediate connection to Hawai'i. Ever since they know about the discontinuation of HTA's representative, they have stopped promoting this route.

[Sita World Travel] Provided further destination information to agent to assist in his pitch. Agent advised that he has written directly to the island chapters and he was advised of the list of support for incentive groups. As such, agent will work directly with the island chapters instead of HTSEA.

[Chan Brothers] HTSEA provided some ideas to assist in itinerary proposal for agent, who is pitching for a 40pax incentive group. Group is considering the incentive trip in 2020 for 4 or 5 days, including destinations like Egypt and Vienna/Budapest for consideration in addition to Hawai'i.

Coming Attractions - NIL

Hawai'i Tourism Hong Kong Monthly Marketing Report December 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy. Hong Kong's economy expanded by 2.9% year-on-year in real terms in the third quarter of 2018, after the growth of 3.5% in the preceding quarter, marking the eighth consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past decade. Hong Kong dollar and US dollar has a linked exchange rate: Currency Exchange is 1 USD = 7.8309 HKD as of December 31, 2018. The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at 2.8% for the three months ending October 2018, the lowest level in more than 20 years. Overall consumer prices rose by 2.7% in October 2018 over the same month a year earlier, remaining virtually unchanged as compared to September 2018. Looking ahead, consumer prices are expected to subject to some mild upward pressure. The Government forecasts Hong Kong's consumer price to increase by 2.4% in 2018, slightly revised upwards from 2.2% in the August round of review. According to the Euromonitor International, an international independent provider of strategic market research, the long-term U.S.-China trade war could weaken the tourism industry, leading to a loss of around USD1.8 billion in the global tourism industry and USD222 million in Hong Kong. Hong Kong Financial Secretary Paul Chan Mo-po on December 3, 2018 said the 90-day trade truce agreed between the U.S. and China gave the city's financial market some breathing space, but he warned of volatility as the two countries negotiated a settlement. According to Chan, during the negotiations, there will be ups and downs because there are not only trade disputes, but also significant differences between the U.S. and China in structural issues.

Outbound Travel Market. Hong Kong International Airport (HKIA) reported steady growth in passenger volume in November, handling six million passengers with a year-on-year increase of 1%. Flight movements increased by 1.5% to 35,445 compared to the same month last year. Visitor traffic, which registered 4% year-on-year growth over the same month last year, was the main contributor to the steady increase in passenger traffic during November. Hong Kong resident travel also grew, increasing 2% during the month. Passenger traffic to and from Japan and North America recorded the most significant increases. According to the Travel Industry Council of Hong Kong (TIC) whose members are travel agents, they have USD3,625,923 levy income received during January 2018 to November 2018, which is 10.7% YOY incremental. International Air Transport Association (IATA) recorded USD292 million total billing of air-ticketing sales in November 2018, which increase 4.7% YOY. The number of air tickets transactions have also been increased to 849,660 times in November 2018, which is 2.9% YOY incremental.

Competitive Environment. Jeju Air launched a new direct flight from Jeju, Korea to Hong Kong on December 14, 2018. In order to promote the newly launched route, one way tickets were sold as low as USD\$34. Including tax, roundtrip tickets to Jeju is sold at USD\$210. Jeju Island has been known for the Hawai'i of Korea given its similar climate and sun-and-beach destination image. With 4 direct flights a week from Hong Kong to Jeju, flight time is only 2 hours 50 minutes.

Consumer Trends. Revenue within the e-commerce market in Hong Kong is expected to grow to US\$6.4 million by 2023. According to a report done by Nielsen, local consumers are slowly but surely embracing online shopping. Incentives such as free delivery, ease of convenience, and special discounts are what drive Hong Kong e-consumers to shop online. In another survey by JLL, 72 per cent of retailers and 90

per cent of landlords are very optimistic towards the growth in online sales within the next couple of years. Compared to a few years back, millennials are not the only ones shopping online as it is prevalent that the silver-aged group in Hong Kong are also moderate users of e-commerce. According to David Lau, General Manager, Wirecard Hong Kong, Macau & Taiwan, a leading specialist for payment processing and issuing service, payment methods are being transformed with the arrival of new technologies. The Gartner market research institute expects the wearable computing market to increase to 90 million devices by 2016. The benefit of wearable payments for consumers is undoubtedly the ease and the speed with which one can pay, with no need for a bulky wallet or physical cash. A simple hand movement is all that is necessary to make a payment, particularly for smaller amounts. Furthermore, users have real-time access to their transactions. Additionally, mobile payment methods also encourage impulse buying and speed up transactions. Loyalty and couponing functions increase customer retention.

Travel Trends. The connectivity between Hong Kong and the Greater Bay Area has been increased drastically and tourists are coming in and out of Hong Kong more conveniently. The Guangzhou-Shenzhen-Hong Kong Express Rail Link reported a record high of 94,606 passenger traffic on 23 Dec 2018. For the Hong Kong-Zhuhai-Macau Bridge, 83,409 passengers were processed on the same day. According to the Euromonitor International, an international independent provider of strategic market research, Hong Kong is ranked number one on the Top 100 City Destinations 2018 ranking report. This is the eighth consecutive year that Hong Kong has ranked number one. More than half of the 2.98 million visitors came from Mainland China.

Media Trends. According to a research conducted by Skyscanner, an online travel agent in Hong Kong, Hong Kong residents travel three times a year with one long-haul trip and two short-haul trips. The result from the surveyed Hong Kong travelers shows a 14% YOY increase in usage of mobile as a device for itinerary planning and booking. 63% of Hong Kong travelers think that celebrities and key opinion leaders on social media are strongly influential to their selection of destination. According to a study conducted by Booking.com, one of the largest travel e-commerce companies, about half of the surveyed Hong Kong travelers will use mobile application to track their luggage. More than half of the respondents will use mobile application to plan itineraries and make booking for transportation and accommodations. This reflects that Hong Kong travelers has a growing preference towards using new technology in their travel decision making process.

Airlift. Cathay Pacific is introducing a new scheduled seasonal service to Komatsu next spring. The new two-times-weekly service will be operated on Wednesdays and Saturdays between 3 April 2019 and 26 October 2019 using Airbus A330-300 aircraft featuring both Business and Economy Class cabins. With the addition of Komatsu to the network, Cathay Pacific and its regional airline Cathay Dragon will soon fly to a total of nine airports in eight cities across Japan – including Tokushima, which was inaugurated on 19 December 2018.

Leisure Activities

Consumer

ANTOR Christmas Party, spreading the Aloha spirit for the Christmas under the Ocean

Organized by ANTOR, an association of National Tourist Office (NTO) Representatives in Hong Kong, the ANTOR Christmas Party was held in Ocean Park Neptune's Restaurant on 6 December 2018. 54 NTO representatives and 96 travel agents and industry partners participated in the event. With the theme 'Christmas under the Ocean', the night was filled with joyful memories as participants enjoy the

performances, games and lucky draw. Partnering with the Hong Kong International Hula Association, the performance of the 3 hula dancers became highlight of the night, bringing the Hawai'i spirit to this party under the ocean. HTHK supported the event by being the MC, preparing game props, sponsoring 10 sets of table prize with travel adaptor and Maui tote bag and two sets of Hawai'i gift bags with special products including Kona coffee, Big Island Bee Honey and Astronaut ice cream, as lucky draw prizes.

Travel Trade

Wing On 7-days Multi-island Package

Wing On Travel has established a new travel product. The 7-day packaged tour visits O'ahu and Island of Hawai'i. Price of the package starts from USD\$2,442. The packaged tour itinerary includes some popular attractions like Pearl Harbour, Dole Plantation, Hawai'i Volcano National Park, A'kaka Falls and Punalu'u Black Sand Beach.

Public Relations

In December, HTHK secured 16 media stories with a total viewership of 28,903,872 and total PR value worth US\$720,695.

Coming Attractions

No.	Event Name	Date	Location
1.	HTHK x Nikon – Hawai'i Guidebook	January 2019	Hong Kong
2.	The Awe-inspiring Media Fam	February 2019	O'ahu and Island of Hawai'i
3.	Korean Air: Let's Say Aloha	March 2019	Hong Kong



HT Global MCI – December 2018 (Preliminary)

OVERVIEW

Projected meeting trends for the Meetings, Conventions and Incentives (MCI) industry going into 2019 are reflecting the impact of recent global trade policies and referendums such as the European Union’s Global Data Protection Regulation (GDPR). Risk mitigation is increasingly top of mind for planners. In a recent survey by *Successful Meetings* magazine, 46 percent of surveyed professionals reported that managing safety and security risks associated with meetings is one of their top issues, and 35 percent identified keeping attendee data secure from hackers as one of the most difficult technology challenges for the coming year. According to the president and CEO of the Professional Convention Management Association (PCMA), planners will need to “remain vigilant” about these issues as the industry continues to expand internationally.

Another high priority for meeting planners is effectively harnessing technology for events, with 58 percent of surveyed professionals reporting that keeping up with meetings technology is one of their top issues for 2019. Other tech challenges facing planners include identifying technology that is most useful for improving the quality of meetings (46%), getting enough Wi-Fi bandwidth to meet the needs of attendees (40%), effectively integrating technology into meetings (39%) and getting attendees on-site to use social media tools (37%).

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – December 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	174,411	168,217	4%	510,954	424,692	20%
Tentative & Assist-Tentative	95,077	120,583	-21%	1,025,597	1,417,708	-28%

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

**Table 2a: Hawai'i Convention Center (HCC) Sales Production
 December 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	153,657	85,504	80%	243,787	167,695	45%	232,000	105%
New to Hawai'i	12,876	17,022	-24%	34,888	26,869	30%		
Tentative	59,179	62,214	-5%	359,609	754,403	-52%		
MCI								
Room Nights								
Definite	97,546	61,649	58%	162,397	116,233	40%		
New to Hawai'i	11,666	15,922	-27%	21,511	23,444	-8%		
Tentative	57,379	58,569	-2%	329,402	561,622	-41%		
Non-MCI								
Room Nights								
Definite	56,111	23,855	135%	81,390	51,462	58%		
New to Hawai'i	1,210	1,100	10%	13,377	3,425	291%		
Tentative	1,800	62,214	-97%	30,207	192,781	-84%		

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

December saw a flurry of activity with nine groups turning definite for 107,067 room nights. Groups booked represented several market segments including scientific, medical, union, sports, travel and incentive. Of note is the multi-year signing of an international union association for years 2030 and 2035 accounting for 81,658 room nights and the additional room nights captured for a local marathon in 2018 and 2019 at 46,590. The year to date total on definite room nights is at 243,787 exceeding HCC's total sales goal of 232,000 by 11,787 room nights or 105%.

An additional 59,179 room nights were added to the tentative pipeline, bringing the total at year end to 359,609 room nights.

December is a month that saw several groups to the Center that included a local marathon, a consumer products association meeting and two sports groups.

Key site inspection took place with JTB that is focusing on Hawai'i in 2019.

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
 December 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	12,558	67,567	-81%	168,980	158,482	7%	180,000	94%
New to Hawai'i	7,727	35,057	-78%	70,623	74,819	-6%	75,000	94%
Tentative	31,130	45,162	-31%	506,107	508,352	0%	500,000	101%
MCI								
Room Nights								
Definite	12,421	67,329	-82%	164,281	156,676	5%		
New to Hawai'i	7,590	34,819	-78%	66,380	73,903	-10%		
Tentative	30,336	44,405	-32%	493,976	490,759	1%		
Non-MCI								
Room Nights								
Definite	137	238	-42%	4,699	1,806	160%		
New to Hawai'i	137	238	-42%	4,243	916	363%		
Tentative	794	757	5%	12,131	17,593	-31%		

COMMENTS

Market Conditions

In addition to the meeting trends outlined above, new studies by the International Association of Exhibitions and Events (IAEE) and the Professional Convention Management Association (PCMA) reported that millennials desire face-to-face contact more than any other peer group, counter to what was previously perceived about that demographic. Attending meetings and events and having personal interactions are important to this generation. According to the Cornell Center for Hospitality Research, millennials (ages 18-34) are expected to represent 50 percent of all travelers to the U.S. by 2025.

Meet Hawai'i staff report that several Hawai'i hotels are facing challenges regarding advance group bookings for the first quarter of 2019. Hotels are offering specials to fill in the short-term void, including revenue credit of up to five percent that can be applied towards master account, additional commission or donated to a charity of the group's choice. A four-star resort on Maui is experiencing a soft first quarter, and a major hotel complex on O'ahu has shared that their 2019 bookings are lower compared to what was forecasted. However, 2020 and 2021 bookings are currently on pace.

Sales Production vs. Goals Analysis

Preliminary definite production for 2018 stands at seven percent above same time last year and six percentage points below the annual goal. This number will change after the grace period, which will end on January 31, 2019 and allows for the collection of all hotel contracts signed by December 31, 2018. The HTUSA team remains hopeful that several substantial contracts were executed in time to close the shortfall by the January deadline.

Tentative production fell short as compared to monthly production from same time last year. However, the total numbers for 2018 have exceeded the annual goal by one percent.

Highlights of Any Key Definites

- *Incentive – insurance corporation, May 2021 (3,572 room nights)*
- *Convention – medical corporation, January 2022 (2,869 room nights)*
- *Convention – medical association, March 2022 (2,790 room nights)*
- *Incentive – high tech corporation, April 2020 (952 room nights)*

Public Relations and Collateral

Advertising efforts included:

1. *MCI December Paid Media Recap — Meetings & Conventions/Successful Meetings combo, Meetings Excellence Supplement and Leadership Forum Event, full page, 4 color, 100,000 impressions*

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

1. *Activity highlights include:*
 - a. *Fielded a request from L. Grimaldi/ Meetings & Conventions magazine regarding the photo gallery and fact checking;*
 - b. *An ongoing review of 2018 editorial calendars and opportunities to pitch Hawai'i story ideas.*
2. *Media Coverage Highlights:*
 - *“Suppliers of the Year - 2018” – Smart Meetings – November 1 – PDF available upon request*
 - *“Destination Guide Hawai'i” – Meetings & Conventions – November 1 – PDF available upon request*
 - *“Resources at the Read” – Meetings Today – November 1 – PDF available upon request*
 - *“Global Hawai'i Meetings, Conventions, Incentives (MCI) Tourism Market 2017 – 2022 Research Analysis Report, Application, Top regions, Share, Growth, Revenue” – The Honest Facts – November 29 – <https://bit.ly/2E3lxDj>*
 - *“How Event Planners Can Use Content Marketing to Raise Awareness and Drive Attendance” – Meetings Today – November 28 – <https://bit.ly/2KGWJ5C>*
 - *“Savvy CVBs Share Tools and Strategies for Helping Planners” – Meetings Today – November 28 – <https://bit.ly/2KGikeo>*
 - *“Global Tourism Industry Continues Robust Growth” – Travel Pulse – November 28 – <https://bit.ly/2BNVtL4>*
 - *November PR impressions and publicity values (most recent month available)*

<i>November</i>	<i>November</i>
<i>Impressions</i>	<i>Publicity Values</i>
<i>Print: 156,762</i>	<i>Print: \$270,486</i>
<i>Online: 610,000</i>	<i>Online: \$16,000</i>
<i>Broadcast: 37,100</i>	<i>Broadcast: \$9,500</i>
<i>Total: 803,862</i>	<i>Total: \$295,986</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
 December 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	929	0	N/A	3,973	1,580	151%	4,000	99%
New to Hawai'i	929	0	N/A	3,051	1,128	170%	2,000	153%
Tentative & Assist-Tentative	481	0	N/A	15,984	21,159	-24%	25,000	64%
MCI								
Room Nights								
Definite & Assist-Definite	929	0	N/A	3,796	1,556	144%		
New to Hawai'i	929	0	N/A	2,874	1,104	160%		
Tentative & Assist-Tentative	481	0	N/A	13,307	21,135	-37%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	177	24	638%		
New to Hawai'i	0	0	N/A	177	24	638%		
Tentative & Assist-Tentative	0	0	N/A	2,677	24	11054%		

COMMENTS

Market Conditions
Canadian Visits to Hawai'i – Conference Board of Canada
 Canadians made 438 thousand pleasure visits to Hawai'i throughout Jan-Nov 2018; a new record volume for the period. Jan-Nov 2018 saw VFR visits by Canadians decline -9.9 percent. At the same time, trips for MC&IT purposes and other business decreased -0.8 percent and -6.4 percent, respectively. Non-pleasure trips accounted for just 7.2 percent of total trips during the period.

Sales Production vs. Goals Analysis
 HTCAN is currently at 64 percent of their new annual 2018 targeted Tentative Room Nights of 25,000. 99.32 percent of new annual targeted Definite Room Nights of 4,000. 153 percent of new annual targeted numbers Definite Room nights – New to Hawai'i. 254.90 percent of Total out of State attendees and 62.25 percent of new meetings for the year. December was a slow month in RFP generation due to upcoming seasonal holidays. December was spent confirming a couple of group room nights as well continuous outreach and follow-up. HTCAN is consistently following up on old lost groups as well as new requests coming from EABE. HTCAN is working with HT Global MCI on a bid for the international sports association.

Highlights of any Key Definites

- Insurance Incentive Group (Maui) – 5/17-24/2020 (793 room nights)
- Insurance Incentive Group – VIP (O'ahu) – 5/25-28/2020 (136 room nights)

**Table 2d: Hawai'i Tourism China Single Property Sales Production
 December 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	874	-100%	10,733	10,757	0%	12,000	89%
New to Hawai'i	0	874	-100%	9,383	10,757	-13%	9,600	98%
Tentative & Assist-Tentative	0	786	-100%	26,493	24,809	7%	45,000	59%
MCI								
Room Nights								
Definite & Assist-Definite	0	362	-100%	9,871	9,197	7%		
New to Hawai'i	0	362	-100%	8,521	9,197	-7%		
Tentative & Assist-Tentative	0	738	-100%	20,571	23,060	-11%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	512	-100%	862	1,560	-45%		
New to Hawai'i	0	512	-100%	862	1,560	-45%		
Tentative & Assist-Tentative	0	48	-100%	5,922	1,749	239%		

COMMENTS

Market Conditions

A. China Economy

- **GDP** – China's GDP growth in Q3 is expected to slow down to 6.5 percent compared to the 6.7 percent in Q2. This matches the market expectations in light of the ongoing trade dispute with the U.S.
- **Currency** – Chinese Yuan depreciated further to 6.9 per USD in December, compared to 6.7 RMB per USD at the end of Q3. This may impact the spending power of Chinese travelers on their travel. However, in the long run, Chinese Yuan is showing a positive trend of appreciation.
- **Unemployment rate** – China reached a record low of 3.83 percent in Q3 of 2018. The forecast of unemployment rate in Q4 is expected to be kept around 4.00 percent.
- **Consumer confidence** – Consumer confidence in China slightly increased in Q3, standing at 118.6 Index Points from 113 in Q2. Confidence index scoring over 100 points showed that Chinese consumers are positive about the current and future economic trends.

B. Outbound Travel Market

- According to the United Nations World Tourism Organization (UNWTO), the Chinese made 71.3 million trips abroad in the first half of 2018 despite a slowdown in economic growth; this is a 15 percent increase compared to the same period in 2017 when they spent almost US\$260 billion.
- First-time travelers from China are being seen as one of the attractive target segments for outbound tourism, as mentioned at ITB China. Estimated figures suggested that 16-17 percent of the 1.4 billion population has traveled abroad to date. The annual growth of China's new passport issuance currently stands at 20 percent or so. Moreover, the

Chinese passport can now allow Chinese to travel to 74 countries and territories around the world with no visa or visa on arrival requirements.

C. Travel Trends

- *According to the Cruise Lines International Association, the number of Chinese travelers who will experience cruise trips is expected to hit 8 to 10 million by 2025, making a three times surge from a base of 2.5 million in 2017.*
- *According to China International Exchange and Promotive Association for Medical and Health Care (CPAM), Medical and Health Tourism is a growing trend in China for Chinese travelers. It is expected to take-off within the next five years. Ctrip advised that Chinese travelers took more than 500,000 times outbound medical care travel in year 2017, which increased five times compare with year 2016.*

Impact on Hawai'i

The MCI market segment sees a shift towards different target audience and groups. "Travel + Cruise" and "Medical + Travel" are all new trends for MCI destinations to attract more travelers.

Strategy & Action

Cruise experience is an excellent choice for corporates to conduct incentive trips. HTC has built a strong relationship with the Norwegian Cruise Line (NCL) to tap on the opportunity to promote Hawai'i ship cruise "Pride of America" in 2019.

Sales Production vs. Goals Analysis

Root Cause

HTC has secured 10,733 room nights and achieved 89 percent of the KPI for 2018 definite room nights. With a total 26,493 tentative room nights so far, HTC has achieved 59 percent of the KPI for 2018 total tentative room nights.

Analysis & Countermeasures

HTC will channel more efforts following new trends with potential MCI intermediaries to secure more bookings on smaller, high-yield MCI groups in 2019. In addition, HTC is cooperating with NCL and airlines to create package products, promoting to MCI intermediaries and corporate end-users.

Highlights of any Key Definites

N/A

**Table 2e: Hawai'i Tourism Europe Single Property Sales Production
 December 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	613	410	50%	500	123%
New to Hawai'i	0	0	N/A	613	410	50%	500	123%
Tentative & Assist-Tentative	0	0	N/A	11,792	10,658	11%	1,500	786%
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	266	410	-35%		
New to Hawai'i	0	0	N/A	266	410	-35%		
Tentative & Assist-Tentative	0	0	N/A	11,445	10,438	10%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	347	0	N/A		
New to Hawai'i	0	0	N/A	347	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	347	220	58%		

COMMENTS

Market Conditions

French Economic Forecast

The protests in France continued and President Macron was forced to appease the protesters. He addressed the country in an effort to calm the anger. He promised that everyone on minimum wage (1,499 EUR per month) would receive an extra 100 EUR per month without any cost to employers. This would be paid for through an expanded wage subsidy. He also cancelled an additional increase in social charges on pensions for anyone earning under 2,000 EUR per month.

Economists have estimated that this will cost at least 10 bn Euros per year. The finance minister now needs to find spending cuts in order to keep the budget deficit as close as possible to the three percent as required by the euro zone's rules. According to projections, the deficit was set to rise to 2.8 percent. The new concessions will push it as high as 3.4 percent if the finance minister cannot find additional cuts. This would cause problems with other European countries, particularly after the problems with Italy. The forecasts for France remain optimistic, but the response of the finance minister to the reforms brought in by President Macron determine the economic outlook for 2019.

German Economic Forecast

Germany announced it's 2019 budget at the end of November. Forecasts indicate that the national debt will drop below 60 percent of GDP, the limit set by the rules of the Euro-zone. The new budget aims for 2019 to be the sixth consecutive year in which Germany will meet its "black zero" goal of no net borrowing.

Politically, Angela Merkel's successor as leader of the CDU party was elected. Annegret Kramp-Karrenbauer will lead the party, while Merkel will continue as chancellor until her term expires in 2021.

Forecasts still indicate that Germany will return to growth in the coming months. Changes to the political situation and the new budget will determine the outlook for 2019.

UK Economic Forecast

The economy in the UK is projected to grow, slightly, in 2019 before slowing in 2020. However, this is based on an assumption that the UK will exit from the EU in a smooth transition. It is clear that Brexit-related uncertainties are inhibiting growth, as private consumption and investment growth have both slowed significantly since the referendum in 2016. For 2019, fiscal policy is set to become more accommodative with increases in health spending, infrastructure and defense. Cuts to household income tax and other taxes will amount to 0.8 percent of GDP next year which should boost growth slightly. However, growth is set to slow in 2020. The uncertainty surrounding Brexit is the biggest threat to short term growth in the UK, particularly after the last few weeks where Theresa May postponed the vote. The vote has been postponed to January, after which there should be more certainty if the deal is approved by Parliament.

Brexit

The EU and Theresa May approved a withdrawal agreement to begin the process of Brexit. The UK House of Commons was scheduled to vote on the deal on Tuesday 11 December, but Theresa May postponed the scheduled vote out of fear that MPs would not approve the agreed proposal. She then faced a vote of confidence in Parliament, after 48 of her own MPs sent letters of no confidence. On 12 December, May secured 63 percent of vote which won her a vote of confidence and she is now immune from a leadership challenge for a year. The MPs will now vote on the agreed deal no later than 21 January 2019. Calls for a second referendum have increased, but Theresa May has indicated that she will "firmly reject" any proposal for a second vote.

Trends

Incentives-On the Rise

SITE launched the Incentive Travel Index in partnership with the Incentive Research Foundation (IRF) and Financial & Insurance Conference Professionals (FICP). The Incentive Travel Index is the largest research study ever conducted on incentive travel by volume and geographical focus. Key findings are:

- 1. Budgets are up for 2018, with median spend per delegate remaining at \$4,000 USD. Corporates indicate a higher spend of \$5,193 USD.*
- 2. Globally the number of qualifiers for incentive programs are increasing (67% of European respondents indicated growth in size of events).*
- 3. Wellness is the new golf, but CSR is still important too. The inclusion of CSR in incentive programs is up significantly in Europe (from 38% to 42%).*
- 4. All-inclusive destinations are gaining popularity, as buyers seek opportunities to reduce costs.*

2019, A Good Year for MICE?

Forecasts for the MICE industry for 2019 indicate strong growth in all markets, for the fourth consecutive year. At the European level, Germany and Spain are expected to record an increase in both the number of meetings and the number of participants. The overall demand

for MICE will likely grow by 5-10 percent in 2019. Hotel rates are also expected to increase by 3.7 percent and the price of flights by 2.6 percent.

Sales Production vs. Goals Analysis

HTE was able to secure a total of 613 RN in 2018, surpassing the initial goal of 500 RN by +23 percent.

Highlights of any Key Definites

N/A

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production
 December 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	3,870	2,139	81%	52,645	46,732	13%	49,500	106%
New to Hawai'i	2,670	965	177%	33,673	27,158	24%	18,325	184%
Tentative & Assist-Tentative	2,305	1,379	67%	52,940	44,991	18%	40,505	131%
MCI								
Room Nights								
Definite & Assist-Definite	3,870	2,139	81%	44,200	26,446	67%		
New to Hawai'i	2,670	965	177%	25,448	10,305	147%		
Tentative & Assist-Tentative	2,305	1,379	67%	43,885	26,556	65%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	8,445	20,286	-58%		
New to Hawai'i	0	0	N/A	8,225	16,853	-51%		
Tentative & Assist-Tentative	0	0	N/A	9,055	18,435	-51%		

COMMENTS

Market Conditions

Economy

- The Japanese real GDP growth rate for FY 2018 is expected to be 1.0 percent, with forecasts of 2019 to be 0.8 percent. The negative impacts on GDP arising from the natural disasters between July and September were temporary, with production and export industries recovering since October. Consumption rates have also recovered, prompting predictions for a strong 1.2 percent growth in the 4th quarter.
- The Japanese Government maintained positions on the Japanese economy continuing gradual recovery. This announcement marks the 73rd consecutive month of growth, making it the most sustained expansionary period in the post-war era for Japan. Economists attribute the sustained growth to the lack of labor causing wages to rise, along with the strong growth of inbound tourism.
- New laws effective in 2019 will increase the ease of foreign laborers to work in Japan as part of initiatives to combat the declining labor force. Officials hope for an increase of 260,000 – 340,000 laborers within 5 years, with a growth of 33,000 – 47,000 in the first

year. As the domestic labor force continues to decline, the Japanese Government also reaffirmed the creation of new immigrant worker statuses.

Competitive Environment

- *The Japanese Travel and Tourism Association expressed high hopes towards developments in “production tourism”, as Japanese goods are revered as being of high quality. Tours of facilities such as factories have already been growing, garnering the attention of even foreign visitors. Moving forward, such contents will be treated as important aspects for attracting MICE business to Japan; developments are being planned by the Association to further develop contents in the field.*
- *The Japan National Tourism Organization announced results of studies on the frequency of conventions held throughout Japan in 2017. Growth in international conventions reached record levels for 6 consecutive years, with 2017 exhibiting a 6.2 percent growth at 3,313. Popular cities continued to be Tokyo, followed by Kobe and Kyoto with Science, Technology, Environmental and Medical related fields comprising roughly 60 percent of all conventions. JNTO stated continued strengthening of promotions to attract international business to become the most dominant nation in the field within Asia.*
- *Rise in popularity of Dubai has prompted HIS to select it as the destination for strengthening group business in 2019. Similar to JTB’s Global Destination Campaign, HIS will be focusing promotions for Dubai in 2019 with aims to increase Japanese travelers to the region by 30 percent. HIS will be developing special products specifically for group and other MICE related travels to Dubai for these initiatives.*

Travel Trend

- *As the demand for global citizens rise in Japan, high schools have been more proactive in wanting to partake in edu-tourism overseas. Currently, the most popular destination is Taiwan followed by Singapore and Australia. Taiwan has shown overwhelming popularity with more than 120 more schools visiting compared to Singapore which follows in popularity. For private schools with less budget constraints, Australia’s farm stay experiences are the most popular. School trips tend to be most popular in the fourth quarter, with some regions such as Hokkaido only traveling between October to March.*
- *Experience based curriculums during travels such as exchange opportunities with local schools, volunteer work and homestays are becoming increasingly important as the industry begins to view hands-on programs as being more beneficial. Additionally, visits to Japan related companies during trips and presentations from such companies are also becoming popular to support the education of global citizens. Such trends are beneficial to Hawai’i, as there are various entities with ties to Japanese history.*
- *JTB and Japanese “space market” operator SpaceMarket has formed an alliance to support the Japanese MICE industry by optimizing the renting of space/facilities. SpaceMarket facilitates the lending of spaces for consumers and entities to use, such as meeting spaces, photo shoot studios, etc. JTB will be leveraging upon this alliance to meet the needs of various clients, many of which have been increasingly requesting new unique spaces. Both parties hope to ultimately increase demand within the Japanese MICE industry through joint initiatives.*

Airlift

- *With the Airbus A380 by ANA being launched on May 24th, ANA Sales is planning a special product. This product will include transportation to and from the airport, along with a special website allowing for group visitors to check-in. Additionally, a dedicated*

representative will be supporting booked groups from the planning stage through boarding the plane. Because ANA Sales has not focused on group sales until now, it will be important to observe their operations and performance. HTJ will continue to perform hearings on performance and seats blocked for other wholesalers.

- *Air Asia has been strengthening initiatives in Japan as they expand market shares with new daily service between Japan and Taiwan launching in February. Although the reduction of flights from JAL and Scoot in the Kansai – Honolulu market should prove beneficial, demand from the group business market remains relatively low. In efforts to mitigate price wars between carriers, HTJ will discuss with Air Asia regarding promotional strategies for the group market.*
- *JAL announced on December 20, that between August 2017 and November 2018, there were 224 incidents where pilots were not tested for alcohol levels prior to their flight. With this, the Ministry of Land, Infrastructure, Transport and Tourism announced that they will be enforcing regulations requiring carriers' pilots to take a sobriety test prior to flights. Such measures contribute to the overall reassurance of the MICE industry by mitigating potential causes for worry.*

Sales Production vs. Goals Analysis

In December, HTJ was able to secure a corporate real estate incentive group (1,105 RN), automotive incentive group (1,200 RN), and a high-tech incentive group (1,565 RN) as assist definite bookings to Hawai'i. As of the end of December, HTJ was able to secure a total of 52,645 RN in 2018, surpassing the initial goal of 49,500 RN by +6.4 percent. Please refer to the Simpleview Reports for further details.

Highlights of any Key Definites

- *Incentive Group – 4/28-5/2/2019 (1,565 room nights)*
- *Incentive Group – 4/4-12/2019 (1,200 room nights)*
- *Incentive Group – 2/4-8/2019 (1,105 room nights)*

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production
 December 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	1,040	11,590	-91%	19,724	22,728	-13%	21,000	94%
New to Hawai'i	373	1,294	-71%	8,948	10,734	-17%	13,500	66%
Tentative & Assist-Tentative	537	9,224	-94%	19,152	23,946	-20%	42,000	46%
MCI								
Room Nights								
Definite & Assist-Definite	1,040	11,590	-91%	19,724	22,692	-13%		
New to Hawai'i	373	1,294	-71%	8,948	10,698	-16%		
Tentative & Assist-Tentative	537	9,224	-94%	19,152	23,910	-20%		
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 economy could grow around 2.6 percent to 2.7 percent next year amid a slowing global economy and U.S.-China trade disputes, the government said. The Ministry of Economy and Finance's growth outlook is in line with the 2019 growth projection of 2.6 percent made by the International Monetary Fund. Last year, the economy, Asia's fourth largest, grew 3.1 percent. The ministry slashed this year's growth estimate to 2.6 percent to 2.7 percent from its previous forecast of 2.9 percent in July due to a lack of corporate investment.
- South Korea will allow consumers to wire money overseas through stock accounts opened at securities companies starting from January 1, the Ministry of Economy and Finance said. Consumers can also send money using credit cards to recipient accounts abroad, it added. The amount they can transfer will be limited to \$30,000 a year. This is part of the government's regulatory reform to spur financial services and further boost financial innovation through use of technology and software applications. The Ministry said consumers would have more options and benefits such as lower transaction fees.
- South Korea's import prices fell by the sharpest level in nearly four years in November, central bank data showed. The fall was attributed to a drop in crude oil prices. In Korean won terms, the import price index lost 4.6 percent from a month earlier to a six-month low of 87.96 in November, according to preliminary data from Bank of Korea (BOK). The 4.6 percent month-on-month dip was the largest fall since January 2015 when the index fell 7.5 percent. The BOK said recent declines in crude oil prices dragged down the overall import price index as Asia's fourth-largest economy depends on imports to meet nearly all of its oil demands.

Travel Market Trends

- *Korea Tourism Organization reported the number of Korean outbound travelers in November was 2,295,810, a year-on-year increase of 3.0 percent.*
- *Overseas spending by South Korean tourists ranked among the top of advanced economies, research data showed on December 5. Figures provided by the Korea Economic Research Institute, affiliated with the Federation of Korean Industries, put the proportion for South Korea at minus 1.9 percent in 2016, ranking it the fifth highest among 32-member states of the OECD. The institute derived the proportion by subtracting overseas expenditure by South Koreans from foreigners' spending in South Korea and measured the sum's ratio against household spending.*
- *South Korea's government opened its Medical Tourism Support Center at Incheon International Airport on December 18 to offer more convenience to foreign tourists who wanted to book medical procedures upon landing in Korea. The center will be operated jointly by the Ministry of Health and Welfare and the Ministry of Culture, Sports and Tourism. Incheon International Airport Corp. had been operating a medical tourism information center, but the role has been expanded and integrated into the new support center.*

2019 Travel Trends

Booking.com, one of the world's largest online accommodation reservation platforms, recently announced its Top 8 Travel Trends 2019. The trends, below, were derived from a survey based on 163 million reviews and the experiences of 21,500 travelers from 29 countries.

- *Meaningful Travel: 56 percent of respondents said they learned life lessons through travel. Cultural exchange (68%, multiple responses) was the most popular reason for travel.*
- *Easier Travel: In 2019, travel services equipped with high technology like artificial intelligence (AI), virtual reality (VR), and voice recognition are expected to attract more travelers. Respondents said they expected to get more comfortable services such as 'real-time baggage tracking via mobile apps' and 'all-in-one apps' which have a wide range of functionality.*
- *Exploring the unknown world: 40 percent of respondents were looking forward to the possibilities of space travel. However, until it becomes available, interest in the 'unknown' on the planet is expected to continue. In fact, 60 percent responded they wanted a unique travel experience such as staying in submarine lodgings.*
- *Personalized Travel: 34 percent of respondents preferred to personalize their itinerary rather than follow traditional programs which offered extensive and general travel.*
- *Conscious Travel: 49 percent of respondents perceived local social issues, such as human rights, equality, and environment, as very important factors in deciding where to travel. In fact, 58 percent said they would not travel if their visit could result in adverse effects on local people.*
- *Ecotourism: 86 percent of respondents were interested in ecotourism, and 37 percent said they were willing to participate in environmental activities such as collecting abandoned plastic or trash at tourist spots.*
- *Real Experience: Travel trends involving 'hands-on experience' will continue in 2019. 60 percent of travelers said they put more importance on their experience and actual participation than possessing goods.*
- *Weekend Getaway: More than half (53%) of respondents said they would plan more weekend travel in 2019. Short, but well-filled travel is becoming a new trend thanks to a*

variety of air routes, low cost airlines, easier car rental services and real-time public transportation information services.

Airlift

- *Incheon International Airport Corp. said on December 20 it will invest 4.2 trillion won (US\$3.7 billion) to build a fourth runway and expand facilities by 2023. The airport began operations in 2001 and opened its second terminal in January to meet rapid air passenger growth. It currently handles 72 million travelers a year, a number that is expected to grow to 95 million by 2023, the Transport Ministry said. The state-controlled airport operator will inject the money to add a fourth runway and to expand the second terminal, mooring and commuting facilities, it said. Airlines are in competition to upgrade or expand their facilities to woo customers as the number of air passengers will exceed 15.7 billion by 2031, more than doubling from 8.3 billion in 2017, according to Airports Council International.*
- *Korean Air said on December 18 that it will strengthen penalties for ticket cancellations from January 1 following a costly delay resulting from a group of K-pop fans canceling their flight tickets just before takeoff. Korean Air said passengers who cancel tickets after passing through the departure gate will receive a penalty of an additional 200,000 won (\$176). The current penalty is 120,000 won for long-distance routes, such as to the United States and Europe, and 70,000 won for mid-distance routes, such as to Southeast Asia. Passengers pay a penalty of only 50,000 won for short-distance flights such as to Japan, China and Hong Kong.*

Sales Production vs. Goals Analysis

HTK's MCI team achieved its KPI targets in December. The target was 1,000 definite room nights and HTK secured 1,040 definite room nights. Incentive groups from a corporate manufacturing group (307 nights), finance incentive group (132 nights) and an entertainment group (120 nights) contributed to the result.

Highlights of any Key Definites

- *Incentive Group (307 nights): visited O'ahu.*
- *Incentive Group (132 nights): visited O'ahu.*
- *Incentive Group (120 nights): visited O'ahu and Maui.*
- *Incentive Group (108 nights): visited O'ahu.*
- *Incentive Group (88 nights): visited O'ahu and Island of Hawai'i.*

**Table 2h: Hawai'i Tourism Oceania Single Property Sales Production
 December 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	2,357	543	334%	10,499	10,607	-1%	16,000	66%
New to Hawai'i	2,357	543	334%	8,828	6,841	29%	12,000	74%
Tentative & Assist-Tentative	1,445	1,818	-21%	33,287	29,025	15%	33,000	101%
MCI								
Room Nights								
Definite & Assist-Definite	2,007	473	324%	8,411	8,091	4%		
New to Hawai'i	2,007	473	324%	6,812	6,399	6%		
Tentative & Assist-Tentative	965	1,658	-42%	26,413	25,914	2%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	350	70	400%	2,088	2,516	-17%		
New to Hawai'i	350	70	400%	2,016	442	356%		
Tentative & Assist-Tentative	480	160	200%	6,874	3,111	121%		

COMMENTS

Market Conditions

NZ Economy

The NZ Dollar is currently sitting at USD 0.67 which is the highest it has been in recent months.

Australian Economy

The AU Dollar finished the year at USD 0.70. 2018 was a year of ups & downs for many sectors with various reasons such as;

- *The prospect of falling house prices and further pressure on bank shares as the Royal Commission prepares to reveal its final report into the industry will act as additional curbs on domestic prospects.*
- *The developments from the Royal Commission inquiry into financial misconduct has shocked the banking sector and led to a range of measures, from cost-cutting to hiking rates, in order to maintain profits. Meanwhile, lending in Australia is now slowing.*
- *After 10 years of strong growth, especially in the U.S., world stock markets have been rocked by rises in U.S. interest rates and uncertainty caused by the U.S.-China trade dispute.*
- *Slow activities on the MCI market during the holiday season as key clients, decision makers and meeting planners started their annual leave from 2nd week of December returning 2nd week of January 2019. School holiday in Australia ends on 25 January 2019, hence more activities & enquiries will start again end of January/beginning of February.*
- *Air New Zealand faced potential strike action by union staff just prior to Christmas which threatened thousands of passengers Christmas travel plans (including those travelling to*

Hawai'i). Originally a vote was passed by 1,000 engineers and logistics staff who were all crucial to keeping the aircraft operating to strike, but after several days of negotiations an agreement was finally reached between the airline and the unions and the strike was cancelled.

- Tourism Fiji have announced that they will be rolling out a revitalized global Fiji campaign in 2019. The new campaign will highlight the Bula Spirit and the variety of experiences you can have across its 333 islands. The campaign will be promoted on TV, cinema, online and social media. Some examples of the campaign can be found here: youtu.be/POksBbkHv8w and youtu.be/ZqLNOE_qrW0
- HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai'i.
- The overall weakening of AUD & NZD remains a major challenge for MCI clients when considering Hawaiian Islands as Conference & Incentive destination

Sales Production vs. Goals Analysis

- HTO still receives strong interest for the Hawaiian Islands from MCI clients based on the inquiries HTO received in December however, clients are more careful on how the budget is spent and they are taking longer time to negotiate & to finalize contracts.
- HTO is keeping an eye on the above areas and ensuring that clients are aware that Hawai'i has a variety of accommodation and activity options to suit any budget. HTO believes that this is critical in maintaining and growing the market share of Business Travel for Hawai'i.
- HTO continue to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.

Highlights of any Key Definites

- International Healthcare Convention has confirmed 1,397 room nights on O'ahu for January 2019
- Corporate Franchise has confirmed 610 room nights on O'ahu for August 2019
- Corporate Sports Travel Group has confirmed 350 room nights on O'ahu for December 2019

**Table 2i: Other International Single Property Sales Production
 December 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	5,701	-100%	N/A	N/A
New to Hawai'i	0	0	N/A	0	5,701	-100%		
Tentative & Assist-Tentative	0	0	N/A	233	365	-36%		
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	5,701	-100%		
New to Hawai'i	0	0	N/A	0	5,701	-100%		
Tentative & Assist-Tentative	0	0	N/A	233	365	-36%		
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 December 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	293,123	36,600	6,822	51,529	141%	18%	18%
Kaua'i	164,570	25,300	3,821	18,485	73%	27%	11%
Maui County	349,404	74,500	1,397	67,648	91%	29%	19%
Hawai'i	251,454	43,600	518	31,318	72%	27%	12%
Total	1,058,551	180,000	12,558	168,980	94%		

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

‘ELELE PROGRAM

COMMENTS

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

New ‘Elele Assisted Definites

Thanks to help from Dr. Michael Seki, Director of NOAA’s Pacific Islands Fisheries Science Center, Hawai‘i was selected for a future scientific association’s Annual Meeting. (September 2024/3,200ppl) While Hawai‘i does not have a local chapter, Dr. Seki wrote a strong letter of support highlighting the fishery activity locally and throughout the Pacific Rim. Moreover, working with the Department of Land and Natural Resources, Dr. Seki assured the national association that the appropriate local support could be secured for this meeting.

An educational association also confirmed Hawai‘i for their Annual Meeting. (March 2022/3,200ppl) Dr. Andy Sutton, Dean of the UH School of Pacific and Asian Studies has been crusading for this meeting for years through written correspondence and personal lobbying.

An international fraternal association also confirmed Hawai‘i for their Annual Meeting. (August 2022/1,000ppl) Michael Broderick of Hawai‘i’s local Y wrote a letter of support for this meeting.

Promising Prospects

On a tip from Pris Texeira, ‘Elele Program Director pursued support from the Blood Bank of Hawai‘i to secure the June 2022 international medical association’s meeting. (June 2022/4,000ppl) The local chapter was very excited to support this crusade.

Additionally, on another lead from Pris Texeira, ‘Elele Program Director connected with the leadership from the Hawai‘i Chapter of the American Diabetes Association and the John A Burns School of Medicine about the possibility of hosting the international medical congress in Hawai‘i. These ‘Elele connected Pris to Dr. Linda Cann, ADA’s Senior Vice President of Professional Services who should be requesting the formal RFP now.

LOST BUSINESS

Table 4: Lost Business – December 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 (10040)	Unknown	3,000	1,000	02/01/2020 - 02/07/2020	Initially, Hawai'i only	No response from client.
MCI: Convention - Domestic (11692)	Scientific	770	500	11/10/2020 - 11/15/2020	Initially, Hawai'i only	Program never came to fruition.
MCI: Incentive (12164)	Multi Level Marketing	622	300	04/02/2019 - 04/06/2019	Initially, Hawai'i only	Program lost to Cartagena, Colombia.
MCI: Incentive (12320)	Finance, Banking	635	200	06/10/2019 - 06/14/2019	Iceland, Greece, Barcelona, Scandinavia, Malta, St. Petersburg, Budapest, Vienna, Paris, and Island of Hawai'i	Requirements for this program have changed.
MCI: Meeting (12498)	A: Legal	1,150	225	07/10/2021 - 07/17/2021	Initially, Hawai'i only	Program lost to southern California.
MCI: Convention - Domestic (12559)	Unknown	900	450	01/05/2019 - 01/10/2019	Initially, Hawai'i only	Program never came to fruition.
MCI: Convention - International (12617)	Scientific	445	500	02/17/2019 - 02/20/2019	Initially, Maui only	No response from client.
MCI: Incentive (12636)	Unknown	100	40	02/10/2019 - 02/15/2019	Initially, Hawai'i only	Requirements for this program have changed.
MCI: Convention - Domestic (12789)	Energy, Environment	2,301	400	02/18/2019 - 02/24/2019	Maui, O'ahu, and Kaua'i	Program lost to Orlando, FL.
MCI: Meeting (13015)	High Tech	702	115	01/19/2019 - 01/25/2019	Fort Lauderdale, Tampa and Clearwater Beach, FL, San Diego, CA, Scottsdale, AZ, Dubai, Hong Kong, O'ahu, Bangkok, Hanoi, Nassau, Bahamas, San Juan, Puerto Rico, Mexico City and Aruba	Client was bought out by another company based out of Boston, MA, and this program was cancelled.
MCI: Convention - Domestic (13128)	Consumer Products	2,885	1,000	02/09/2020 - 02/19/2020	U.S. Mainland	Client reported that Hawai'i is too expensive for their group.
MCI: Incentive (13141)	Unknown	2,565	800	01/25/2020 - 01/31/2020	Initially, Hawai'i only	Cancelled.
MCI: Convention - Domestic (13193)	Business Services, Consulting	1,048	285	10/15/2020 - 10/18/2020	O'ahu and U.S. Mainland	Program lost due to time away from the office and distance.
MCI: Convention - Domestic (13278)	Manufacturing, Distrib.	2,349	505	01/30/2020 - 02/07/2020	Hawai'i, Florida, Phoenix and Scottsdale, AZ, Austin, TX	Program lost to San Antonio, TX, due to travel costs and hotel rates.
MCI: Convention - Domestic (13374)	Real Estate	2,043	700	10/14/2021 - 10/23/2021	Dallas, TX, Las Vegas, NV, Denver, CO, and Hawai'i	Program lost due to time issues with travel.
MCI: Convention - Domestic (13524)	MCI, Travel	1,250	300	01/30/2019 - 02/03/2019	Initially, Hawai'i only	Client decided to book with another 3rd party company.

MCI: Convention - Domestic (13624)	Veterans, Heritage	1,105	250	04/15/2019 - 04/19/2019	Union only hotels in Hawai'i, Miami and Orland, FL, New Orleans, LA, Phoenix, AZ, San Antonio, TX, San Diego, CA and San Juan, Puerto Rico	Program lost to San Antonio, TX.
MCI: Convention - Domestic (13731)	Engineering	1,930	350	06/19/2021 - 06/26/2021	Initially, Hawai'i only	Program lost to Florida.

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Europe: MCI: Meeting (13372)	Travel	274	60	07/23/2019 - 07/25/2019	Los Cabos, Mexico	Overall costs were too high.
HT Europe: MCI: Meeting (13460)	Event Management	160	63	05/13/2019 - 05/17/2019	Initially, Hawai'i only	Program lost to Canada.
HT Europe: MCI: Incentive (13470)	3rd Party	660	110	09/15/2019 - 09/21/2019	Argentina and Thailand	Program lost to a destination that has not been disclosed.
HT Oceania: MCI: Meeting (14858)	Finance, Banking	160	40	08/12/2019 - 08/15/2019	Southeast Asia	Program lost due to current exchange rates; USD is too strong.

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Meeting (2057)	Medical	3,610	800	06/01/2019 - 06/07/2019	Maui	Lost bid to Maui.
MCI: Convention (1944)	Franchise	9,148	3,500	07/19/2020 - 07/28/2020	San Diego, Vancouver, Las Vegas	Lost bid to Las Vegas
MCI: Meeting (1345)	Medical	5,690	2,500	06/02/2021 - 06/10/2021	Unknown	Exhibitor transportation cost concerns.
MCI: Convention (2060)	Financial	4,050	2,500	7/12/2024 - 07/19/2024	Unknown	Hawaii did not make the short list.

NEW-TO-HAWAI'I DEFINITE BOOKINGS

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

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Incentive (13272)	Insurance	3,572	650	05/08/2021 - 05/22/2021	O'ahu, Kaua'i, Island of Hawai'i, Florida, South Carolina and Bermuda
MCI: Convention - International (13286)	Medical, Healthcare	2,790	1,200	03/14/2022 - 03/23/2022	Scottsdale, Phoenix, Baltimore, Chicago, Denver, Miami, Orlando, Oahu, Maui, Los Angeles, Nashville, San Antonio and Washington, D.C.
MCI: Meeting (13540)	Medical, Healthcare	746	150	08/01/2020 - 08/07/2020	Initially, Hawai'i only

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: MCI: Convention - International (13063)	Medical, Healthcare	1,397	350	01/17/2019 - 01/25/2019	Unknown
HT Canada: MCI: Incentive (13457)	MCI, Travel	793	250	05/17/2020 - 05/24/2020	Unknown
HT Oceania: MCI: Meeting (13797)	Franchise	610	150	08/25/2019 - 08/30/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (13819)	Travel	44	22	12/11/2018 - 12/14/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (14838)	Finance, Banking	72	36	12/04/2018 - 12/07/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (14839)	Other (add tags)	88	55	12/06/2018 - 12/09/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (14851)	Government	69	40	12/10/2018 - 12/12/2018	Initially, Hawai'i only
HT Japan: MCI: Incentive (14862)	High Tech	1,565	523	04/28/2019 - 05/02/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (14886)	High Tech	50	40	12/08/2018 - 12/09/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (14887)	High Tech	50	40	12/10/2018 - 12/11/2018	Initially, Hawai'i only
HT Canada: MCI: Incentive (14907)	MCI, Travel	136	90	05/25/2020 - 05/28/2020	Unknown
HT Oceania: Non-MCI: Sports (14930)	Travel	350	50	12/05/2019 - 12/11/2019	Initially, Hawai'i only
HT Japan: MCI: Incentive (14931)	Real Estate	1,105	332	02/04/2019 - 02/08/2019	Initially, Hawai'i only

TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH	20
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS	14,056

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Convention (2015)	Scientific	4,670	1,800	10/19/22 - 10/28/22	Unknown
MCI: Convention (2021)	Medical	1,600	1,200	10/13/20 - 10/18/20	None
MCI: Convention (1972)	Other	1,825	1,000	08/11/22 - 08/14/22	Long Beach Convention Center
MCI: Convention (2055)	Scientific	3,571	3,200	09/12/24 - 09/19/24	Unknown
Non MCI: Sports (2069)	Sports	1,210	1,928	04/05/24 - 04/07/24	None
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					5
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS					12,876

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 December:

- 2 client promotional events
 - HTUSA
 - HelmsBriscoe Luncheon, Scottsdale, AZ, December 11
 - Meet Hawai'i Hui Reception, co-hosted with Prestige Global Meeting Source, Palm Springs, CA, December 20
- 10 trade shows
 - HTUSA
 - Northstar Leadership Forum, Monterey, CA, December 2-5
 - Society of Incentive Travel Executives (SITE), Minnesota Chapter Holiday Event, Minneapolis, MN, December 4
 - Society for Incentive Travel Excellence (SITE) Southern California, SoCAL Holiday and Client Event, San Diego, CA, December 8-10
 - California Society of Association Executives (CalSAE) Seasonal Spectacular, Sacramento, CA, December 11-13
 - CVB Reps Client Event, Arlington, VA, December 18
 - HCC
 - CalSAE Association Tradeshow/Pre-Show Sales Calls, Sacramento, CA, December 8-14
 - Association Forum Holiday Showcase, Chicago, IL, December 13-14
 - International GMTs
 - HTO – PCOA Conference, Melbourne, Australia, December 9-11
 - HTC – U.S. Travel & Tourism Xi'an Roadshow, Xi'an, China, December 9-11
 - HTJ – Hawai'i Promotional Committee Japan (HPCJ) Annual Meeting, Tokyo, Japan, December 19
- 3 sales blitz
 - HTUSA
 - Texas and Arizona Sales Blitz, December 3-14
 - Share Aloha Blitz in support of the Edward Hines Jr. Veterans Administration Hospital, Chicago, IL, December 10-14
 - International GMTs
 - HTJ – IHVB Year End Sales Calls, Tokyo, Japan, December 18-19
- 5 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA
 - 1 site visit, Kaua'i, Maui and Island of Hawai'i
 - 1 site visit, O'ahu and Maui
 - 1 site visit, Island of Hawai'i and O'ahu
 - 1 site visit, O'ahu
 - HCC
 - 1 site visit, O'ahu

FUTURE SALES AND MARKETING ACTIVITIES

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

Jan. 2019			
4-10	Professional Convention Management Association (PCMA), Pittsburgh, PA	Trade Show	HTUSA & HCC
5-12	American Astronomical Society, Seattle, WA	Client Promotional Event	HCC
6-11	Sports Express, Honolulu, HI	Trade Show	HCC
14-18	ASEE Site Inspection, Honolulu, HI	Site Inspection	HCC
28, 30, and Feb. 1	(3) City Seminar and Workshop, Osaka, Nagoya & Tokyo	Educational Event	HTJ & HCC
TBD	CalSAE Elevate + Sales Calls	Trade Show	HTUSA
TBD	Northern California Chapter, Meeting Professionals International (NCCMPI), Northern California Hui Luncheon	Client Promotional Event	HTUSA
TBD	Prestige	Trade Show	HTUSA
TBD	Sales Blitz, UT	Sales Blitz	HTUSA
TBD	Sales Calls, St. Louis, MO, IA	Sales Blitz	HTUSA
TBD	2018 MCI Incentive & Award Program, Korea	Seminar	HTK
Feb. 2019			
16-21	AIME, Melbourne, Australia	Trade Show	HTO
20-22	Customer Advisory Board	Trade Show	HCC
24-27	CESSE CEO Meeting, Kiawah Island, SC	Educational Event	HCC
26	MPI NCC Annual Conference & Expo, San Francisco, CA	Trade Show	HCC
TBD	Sales Calles, WI	Sales Blitz	HTUSA

Mar. 2019			
3-7	Conference Direct Annual Partner Meeting, Atlanta, GA	Educational Event	HCC
6	NYSAE & Meet NY Sales Blitz, New York, NY	Trade Show	HCC
7-11	Aquaculture America 2020, New Orleans, Louisiana	Client Promo	HCC
17-19	ASAE Great Ideas Conference, Colorado Springs, CO	Educational Event	HCC
24-27	Pharma Forum, New York, NY	Trade Show	HCC
30	"The Taste" HCC Showcase, Tokyo, Japan	Trade Show	HCC
TBD	Meetings Industry Council (MIC), CO	Trade Show	HTUSA
TBD	Meet NY Sales Blitz, New York, NY	Sales Blitz	HTUSA
TBD	Meet Hawai'i Corporate Event, Korea	Educational Event	HTK

CONSUMPTION

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

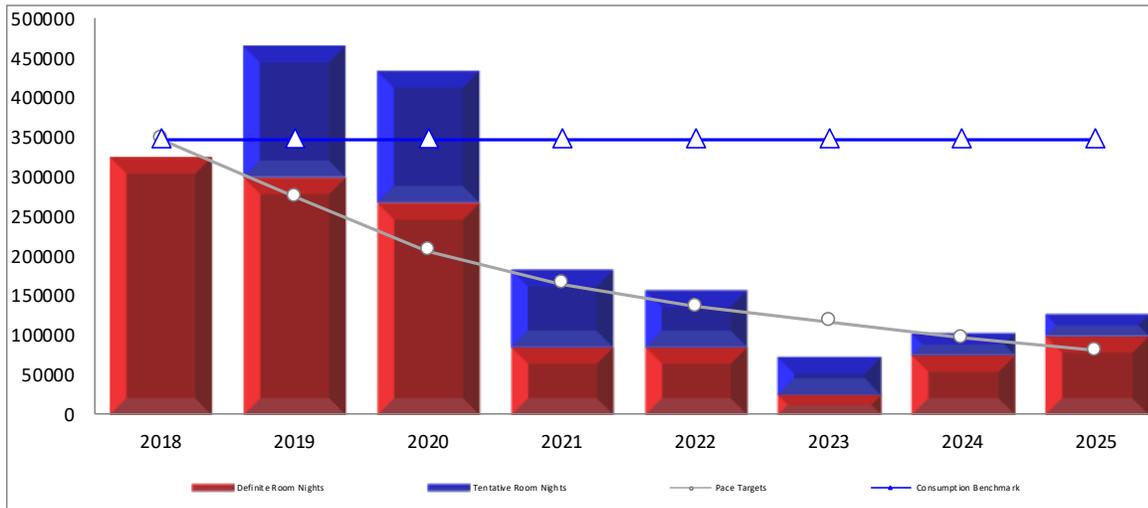
Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

THE TAP REPORT

Hawai'i

Period Ending: December 31, 2018

Report Date: January 4, 2019



Hawai'i R/N

	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	324,393	298,035	267,849	86,567	87,242	27,387	76,318	100,725	1,268,516
Pace Targets	346,992	275,002	205,849	164,119	135,162	116,759	95,975	80,117	1,419,975
Variance	(22,599)	23,033	62,000	(77,552)	(47,920)	(89,372)	(19,657)	20,608	(151,459)
Consumption Benchmark	346,992	346,992	346,992	346,992	346,992	346,992	346,992	346,992	2,775,936
Pace Percentage	93%	108%	130%	53%	65%	23%	80%	126%	89%
Total Demand Room Nights	821,409	674,147	489,487	280,142	207,152	69,048	87,560	126,625	2,755,570
Lost Room Nights	497,016	376,112	221,638	193,575	119,910	41,661	11,242	25,900	1,487,054
Conversion Percentage	39%	44%	55%	31%	42%	40%	87%	80%	46%
Tentative Room Nights	0	165,480	163,961	97,914	70,561	47,349	28,650	26,731	600,646

Hawai'i Events

	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Events	362	191	90	31	22	8	8	7	719
Pace Targets	317	136	54	28	15	10	5	3	568
Variance	45	55	36	3	7	(2)	3	4	151
Consumption Benchmark	317	317	317	317	317	317	317	317	2,536
Pace Percentage	114%	140%	167%	111%	147%	80%	160%	233%	127%
Total Demand Events	831	417	177	65	35	16	10	9	1,560
Lost Events	469	226	87	34	13	8	2	2	841
Conversion Percentage	44%	46%	51%	48%	63%	50%	80%	78%	46%
Tentative Events	0	313	208	59	30	15	14	9	648

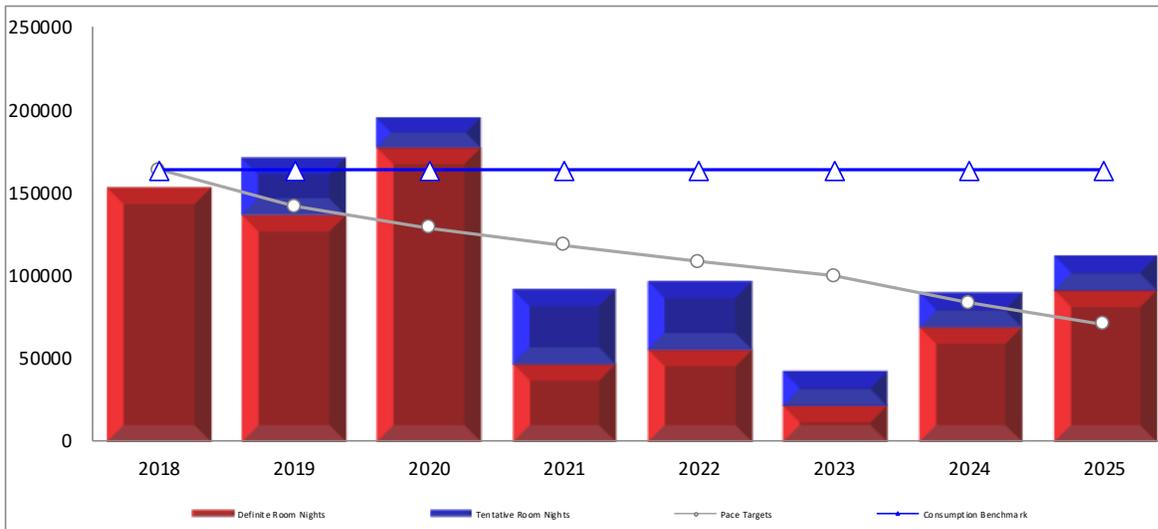
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

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

THE TAP REPORT

Hawai'i
 Convention Center

Period Ending December 31, 2018
 Report Date: January 4, 2019



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	152,386	135,874	175,932	46,931	56,026	21,939	68,759	91,055	748,902
Pace Targets	163,670	141,247	128,488	118,131	108,115	99,555	83,263	70,109	912,578
Variance	(11,284)	(5,373)	47,444	(71,200)	(52,089)	(77,616)	(14,504)	20,946	(163,676)
Consumption Benchmark	163,670	163,670	163,670	163,670	163,670	163,670	163,670	163,670	1,309,360
Pace Percentage	93%	96%	137%	40%	52%	22%	83%	130%	82%
Total Demand Room Nights	354,887	336,404	295,545	204,446	173,226	62,465	80,001	116,955	1,623,929
Lost Room Nights	202,501	200,530	119,613	157,515	117,200	40,526	11,242	25,900	875,027
Conversion Percentage	43%	40%	60%	23%	32%	35%	86%	78%	46%
Tentative Room Nights	0	34,430	18,405	44,596	40,626	20,940	20,940	20,940	200,877

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Events	24	22	14	4	6	3	5	5	83
Pace Targets	27	19	14	11	10	9	4	2	96
Variance	(3)	3	0	(7)	(4)	(6)	1	3	(13)
Consumption Benchmark	27	27	27	27	27	27	27	27	216
Pace Percentage	89%	116%	100%	36%	60%	33%	125%	250%	86%
Total Demand Events	55	55	37	21	17	10	7	7	209
Lost Events	31	33	23	17	11	7	2	2	126
Conversion Percentage	44%	40%	38%	19%	35%	30%	71%	71%	40%
Tentative Events	0	12	6	10	7	6	8	5	54

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 – November 30, 2018 Year-to-Date

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	29%	31%	-2%
Total Events	188	190	(2)
Total Attendance	342,867	318,932	23,935
Visitor Spending	\$350,710,762	\$350,710,762	\$0
Tax Revenue	\$32,782,308	\$32,782,308	\$0
Revenue per Attendee	\$38.29	\$44.79	(\$6.50)

COMMENTS

The financial results for the month ended November 2018 were stronger than expected with 27 licensed events in house, 10 more than planned. HCC posted gross revenues of \$1,305,900 which was \$514,300 more than budgeted and a net loss of \$102,800 which was \$331,700 better than planned. The results for October will be HCC's strongest for 2018.

For the year to date, HCC's financial statements reflect gross revenues of \$13,174,700, \$1,120,300 less than budgeted and a net loss of \$1,439,800, \$290,900 more than planned. HCC's 2018 year-end reforecast reflects a net loss of \$2,264,000 which is \$304,700 higher than the budget of \$1,959,300 and 29 percent occupancy.

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

1. *Cancellations resulting in over \$1.1 million in lost revenue.*
 - a. *Applied Materials, 1,000 delegates, budgeted \$85,000 in event revenue and \$628,000 in F&B revenue in June 2018. On a positive note, however, HCC does expect this event to return in 2019.*
 - b. *Youth Basketball of America, 3,000 delegates, budgeted \$84,000 in event revenue and \$34,000 in F&B revenue in June 2018.*
 - c. *C.KAY International, 1,500 delegates, budgeted \$20,000 in event revenue and \$224,000 in F&B revenue in September 2018.*
 - d. *Art Hawai'i, 12,000 delegates, budgeted \$60,000 in event revenue and \$34,000 in F&B revenue in November 2018.*
 - e. *Hurricane Lane resulted in three events cancelling in August 2018.*
2. *Business Mix*
 - a. *No U.S. corporate business in 2018 (vs 2017 – 4 events, Homeaway Summit, Taco Bell, Aflac, Applied Materials and 2016 – one event, Applied Materials).*
 - b. *No association event in 2018 that singularly generates over \$1 million in revenue (vs 2017 – 1 event, IEEE CVPR, 4,730 delegates generated over \$1.8 million; 2016 – three events, BMT Tandem, 5,171 delegates generated \$1 million, and CPCU, 11,014 delegates generated over \$2.7 million, International Union for the Conservation Nature, 10,000 delegates generated over \$1.1 million).*

c. The business mix has impacted HCC's F&B bottom line results. HCC's prior two-year average flow through in F&B was 49 percent. With lower spend events in 2018 HCC's F&B flow through is 34 percent.

For the year to date, visitor spending and tax revenue are on target. Occupancy, total events and revenue per attendee are all short of meeting targets impacted by the summary noted above. Total attendance is nearly 22,000 more than target due to the Okinawan Festival in September 2018 that brought in more attendees than expected for the first-time event in the facility.

DEFINITIONS

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

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

December 2018					
Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
17032 S2	VASH Hawai'i Island	Services related to the visitor assistance program for the Island of Hawai'i	(+ \$168,000.00) \$444,000.00	12/21/2018	4/1/2020
•18189 S1	Pacific Radio Group, Inc. dba Pacific Radio Group	Ocean Safety Video Placement in Maui, Kaua'i, Hawai'i Island Airports	(+ \$143,004.60) \$264,133.50	12/21/2018	6/30/2019
18155 S1	Hilo Hawai'i Visitor Industry Association, Inc. dba Destination Hilo	Hilo Hula Tuesday (RAHCI)	(+ \$0) \$25,000.00	12/21/2018	3/31/2019
18156 S1	The Lahaina Restoration Foundation	Hawaiian Music Series (RAHCI)	(+ \$0.00) \$19,000.00	12/21/2018	3/31/2019
17033 S2	Visitor Aloha Society of Kaua'i	Services related to the visitor assistance program for Kaua'i.	+\$53,000.00 Total - \$159,000.00	12/21/2018	4/1/2020
17034 S2	Maui County Visitors Assn	Services related to the visitor assistance program for Maui.	(+\$46,000.00) \$138,000.00	12/21/2018	4/1/2020
17192 S2	Big Island Resource Conservation & Development Council	SIGNATURE Hawaii Island Festival – 30 Days of Aloha	(+ \$0.00) \$80,000.00	12/21/2018	2/28/2019
17232 S3	International Festivals & Events Association	Festivals & Events CFEE Certification and Workshops	(+ \$0.00)	12/21/2018	2/28/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

			\$79,000.00		
•18004 S1	Polynesian Football Hall of Fame	Polynesian High School Player of the Year Award	(+ \$125,000.00) \$250,000.00	12/21/2018	12/31/2019
•18152 S1	Lōkahi Pacific	The Festivals of Aloha, Maui Nui Style! 2018	(+ \$0.00) \$40,000.00	12/21/2018	2/28/2019
18153 S1	The Waikīkī Improvement Association	Kūhiō Beach Hula and Torch Lighting (RAHCI)	\$100,000.00	12/21/2018	3/31/2019
18154 S1	Kailua Village Business Improvement District, Inc.	Hawaiian Sunset Saturday (RAHCI)	\$24,000.00	12/21/2018	3/31/2019
19026	Hawai'i Alliance for Arts Education dba Hawai'i Arts Alliance	POW! WOW! Hawai'i 2019	\$15,000.00	12/21/2018	5/17/2019
19067	The Lahaina Restoration Foundation	Four Chinese Festivals	\$20,000.00	12/21/2018	3/31/2020
19071	Maui Pops Orchestra, Inc.	Maui Pops Orchestra 2019 Concerts	\$20,000.00	12/21/2018	3/31/2020
19099	Kua`aina Ulu `Auamo dba KUA	Hoola Hou la Kalauao: Restoring Identity to Kalauao, `ewa, O`ahu	\$30,000.00	12/21/2018	3/31/2020
19103	Polynesian Voyaging Society	Moana Nui Akea: Exploring the Pacific	\$40,000.00	12/21/2018	3/31/2020

19108	KHM International dba Ka Honua Momona	Mahuaola o Moloka'i	\$50,000.00	12/21/2018	3/31/2020
19109	Hui No'eau dba Hui No'eau Visual Arts Center	Hui No'eau Art with Aloha 2019	\$21,000.00	12/21/2018	3/31/2020
19119	Hawaii Marine Mammal Alliance Inc.	Stewardship of the Hawaiian Monk Seal	\$30,000.00	12/21/2018	3/31/2020
19136	Kupu	Hawai'i Youth Conservation Corps	\$50,000.00	12/21/2018	3/31/2020
19139	Kua`aina Ulu `Auamo dba KUA	Hookua: Restoration of Traditional Ecological Knowledge for Marine Restoration Through Mobile Workdays	\$25,000.00	12/21/2018	3/31/2018
•19140	Kaua'i Lifeguard Association	Lifeguard Support Program	\$125,000.00	12/21/2018	12/31/2019
•19141	City & County of Honolulu	Lifeguard Support Program	\$125,000.00	12/21/2018	12/31/2019
16054 S3	Hawai'i Visitors & Convention Bureau	Island-Based International Marketing	(+ \$800,000.00) \$3,021,200.00	12/21/2018	12/31/2019
16039 S6	The Happy Traveller LLC dba Brandstory Inc. PTE Ltd	External Marketing Services for the China MMA	(+ \$1,900,000.00) \$9,016,500.00	12/21/2018	12/31/2019
16016 S6	JWI Marketing Taiwan	For services related to marketing services in the Taiwan MMA.	(+ \$206,000.00) \$863,800.00	12/21/2018	12/31/2019
17002 S3	HVCB	Services related to Island Chapter support	(+ \$3,170,000.00)	12/21/2018	12/31/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

			\$9,480,000.00		
17031 S2	Visitor Aloha Society	Services related to the visitor assistance program for O'ahu.	(+\$368,000.00) \$1,004,000.00	12/21/2018	4/1/2020
17024 S5	Lynn Surayan	Services related to support of best practices in project management documentation for the global gohawaii.com website redesign.	(+ \$35,360.00) \$201,562.00	12/21/2018	6/30/2019
17028 S5	a.link LLC	Services related to external marketing services for the Japan major market area	(+ \$8,000,000.00) \$26,990,000.00	12/21/2018	12/31/2019
19064	Hui No'eau dba Hui No'eau Visual Arts Center	Hui No'eau Art Exhibitions 2019	\$20,000.00	12/21/2018	3/31/2020
19065	Maui Arts & Cultural Center	Maui 'Ukulele Festival 2019	\$20,000.00	12/21/2018	1/31/2020
19068	Maui Arts & Cultural Center	Visual Arts Exhibition Program 2019	\$25,000.00	12/21/2018	3/31/2020
19082	Ebb & Flow Arts	North South East West Festival 2019	\$15,000.00	12/21/2018	3/31/2020
19084	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	History Theatre	\$23,500.00	12/21/2018	3/31/2020
19090	The Kohala Center, Inc.	Waiwai: The Kohala Mountain Music Project	\$59,500.00	12/28/2019	3/31/2020

19092	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Special Tours at Hawaiian Mission Houses	\$10,950.00	12/21/2018	3/31/2020
19098	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Mele Series: Na Lani 'ehā	\$10,000.00	12/21/2018	3/31/2020
19112	The Kohala Center, Inc.	Uku Koakoa: The restoration and conservation of a situated coral	\$45,000.00	12/28/2018	3/31/2020
19145	Pacific Historic Parks	Arizona Memorial Emergency Support Project	\$126,000.00	1/3/2019	1/31/2019
19035	Sustainable Coastlines Hawai'i	Creating Unforgettable Experiences on Remote Beaches of Hawai'i	\$10,000.00	12/21/2018	3/31/2020
19120	Mālama Na Honu	Mālama Na Honu Education & Protection Program 2019	\$26,000.00	12/21/2018	3/31/2020
17221 S2	Cades Schutte	HTA Board of Directors/Standing Committee Meeting Minutes	(+ \$2,800.00) \$32,400.00	12/28/2018	2/28/2019
17087 S3	The Kauai Marathon	SIGNATURE Kauai Marathon 2018	(+ \$00.00) Total - \$60,000.00	12/28/2018	3/31/2019
17023 S2	Wahine Media, LLC	Service related to developing and implementing a centralized social media marketing program.	(+ \$27,083.00) Total - \$391,676.35	12/28/2018	3/31/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

19070	Arts Education for Children Group	Jazz Maui 2019 - 4th Annual East Meets West Festival & First Sunday Jazz Series	\$15,000.00	12/28/2018	10/31/2019
19094	Kōkua Kalihi Valley (Comprehensive Family Services)	Mai uka kuu wa'a (My beloved canoe comes from the uplands)	\$77,000.00	12/28/2018	3/31/2020
19063	Youth in Motion dba Stand Up Paddle Association of Moloka'i	Moloka'i Holokai Festival 2019	\$10,000.00	12/28/2018	9/30/2019
•18180 S1	EAS Enterprises, LLC dba AVP	Association of Volleyball Professionals (AVP) 2018	(+ \$0.00) \$500,000.00	12/28/2018	3/31/2019
19107	Maui Nui Botanical Gardens Inc.	Promoting Visitor and Community Connection to Traditional Hawaiian Crops	\$25,000.00	12/28/2018	3/31/2020
19066	Maui Nui Botanical Gardens Inc.	La 'ulu: Breadfruit Day	\$5,000.00	12/28/2018	12/31/2019
19086	Pohaha I Ka Lani	Mālama Waipi'o Valley	\$50,000.00	12/28/2018	3/31/2020
19040	Hawai'i Forest Industry Association	Hawai'i's Woodshow, Na Lā'au o Hawai'i 2019	\$8,500.00	12/28/2018	1/31/2020
19012	North Kohala Community Resource Center	Kohala Kamehameha Day Celebration 2019	\$10,600.00	12/28/2018	9/9/2019
19093	Bishop Museum	Living Hawaiian Culture: A Platform for Cultural Practitioners at Bishop Museum	\$88,530.00	12/28/2018	3/31/2020
19100	Hika'alani	Pilimai 2019	\$15,000.00	12/28/2018	3/31/2020

19036	O'ahu Resource Conservation and Development Council	Parade of Farms Festival at Kahumanu	\$10,000.00	12/28/2018	8/31/2019
19097	Mānoa Heritage Center	Creating a Hub for Cultural Practitioners	\$20,000.00	12/28/2018	3/31/2020
19131	Coral Reef Alliance	Engaging community volunteers to support restoration actions that reduce land-based pollution threats to West Maui coral reefs	\$25,000.00	12/28/2018	3/31/2020
19072	Hāna Arts	Hāna Arts Presents! - A Workshops & Events Program for East Maui	\$20,000.00	12/28/2018	3/31/2020
19077	Arts Education for Children Group	11th Annual Maui Hawaiian Steel Guitar Festival 2019	\$15,000.00	12/28/2018	7/31/2019
19089	Hui Mālama Ola Na 'ōiwi	Hui Mālama Ola Na 'ōiwi Traditional Health Program	\$80,000.00	12/28/2018	3/31/2020
19050	Hui o Laka dba Kōke'e Natural History Museum	'Emalani Festival - Eo e 'Emalani I Alaka'i	\$20,500.00	12/28/2018	1/31/2020
19044	Young of Heart Workshop dba Pu'uhonua Society	Contact 2019	\$15,000.00	12/28/2018	6/30/2019
19085	Edith K. Kanaka'ole Foundation	Waihooluu	\$50,200.00	12/28/2018	3/31/2020
19019	Pohaha I Ka Lani	Ho'omau Ka Hana No'eau o Waipi'o	\$20,000.00	12/28/2018	3/31/2020

19123	The North Shore Community Land Trust dba North Shore Community Land Trust	Kahuku Point Restoration	\$20,000.00	12/28/2018	3/31/2020
19057	Po'ipū Beach Foundation	New Year's Eve Celebration @ Po'ipū Beach Park	\$15,000.00	12/28/2018	3/30/2020
19114	KUPA Friends of the Hookena Beack Park	Incorporating the practices of Mālama 'āina into the visitor experience at Hookena Beach Park	\$36,000.00	12/28/2018	3/31/2020
19110	Makauila, Inc.	Great Navigators of Island Earth	\$50,000.00	12/28/2018	3/31/2020
17191 S2	Aloha Week Hawaii, Inc. dba Aloha Festivals	SIGNATURE Aloha Festivals 2017	(+ \$0.00) \$300,000.00	12/28/2018	2/28/2019
17208 S2	North Shore Lifeguard Association	Statewide Junior Lifeguard Program 2019	(+ \$200,000.00) \$600,000.00	12/28/2018	12/31/2019
19081	travel2change	travel2change	\$12,500.00	12/28/2018	3/31/2020
19118	Coral Reef Alliance	Launching a Quality Assured Citizen Science Program to Inform Water Quality Solutions that Benefit Coral Reefs and Communities on Hawai'i Island	\$25,000.00	12/28/2018	3/31/2020
19105	Ma Ka Hāna Ka Ike Building Program	Hoi la Haloa	\$61,000.00	12/28/2019	3/31/2020
19101	Pacific American Foundation	Mālama Loko la, Mālama Hawai'i 101	\$25,000.00	12/28/2018	12/31/2019

19074	Maui Classical Music Festival	Maui Classical Music Festival 2019	\$7,500.00	12/28/2018	8/31/2019
19053	Po'ipū Beach Foundation	Po'ipū Food & Wine Festival 2019	\$25,000.00	12/28/2018	2/28/2020
19133	Maui Nui Botanical Gardens Inc.	Seed Storage of and Community Access to Maui Nui Native Plants	\$20,000.00	12/28/2018	3/31/2020
19116	Pohaha I Ka Lani	Lehua Luluu Pali	\$75,000.00	12/28/2018	3/31/2020
19016	The Kahilu Theatre Foundation dba The Kahilu Theatre	Kahilu Theatre 2019 Season	\$20,000.00	12/28/2018	3/31/2020
19042	AccesSurf Hawai'i Inc.	Market of Possibilities	\$15,000.00	12/31/2018	3/31/2020
19106	Unda Kava 808, Inc.	Introduction to Makahiki Games	\$30,000.00	12/31/2018	10/31/2019
•18003 S2	AT&T Mobility II LLC dba AT&T Mobility	AT&T DAS System for the HCC AT&T FA10146245	(+ \$0.00) \$0.00	12/30/2018	6/30/2019
19011	Volcano Art Center	Volcano Art Center's Hula Arts At Kīlauea	\$29,900.00	12/28/2018	3/31/2020
19075	Lōkahi Pacific	Emma Farden Sharpe Hula Festival	\$15,000.00	12/28/2018	11/30/2019
19137	Bishop Museum	Protect Hawai'i's Natural Resources: The story our data can tell	\$50,000.00	12/31/2018	3/31/2020
19049	Garden Island Arts Council	E Kanikapila Kākou 2019 - Music is Our Mo"ōlelo	\$30,000.00	12/28/2018	6/23/2019
19062	Japanese Cultural Society of Maui, Inc.	Maui Matsuri, 19th Anniversary A Japanese Festival	\$25,000.00	12/28/2018	8/31/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

19061	Anaina Hou Community Park	Anaina Hou Community Park Enrichment Programming 2019	\$10,000.00	12/28/2018	3/31/2020
19060	Hale Puna	3rd Annual Kaua'i Old Time Gathering	\$15,000.00	12/28/2018	2/28/2020
19043	Mālama Loko Ea Foundation	Hololea Visitor Tour Program	\$15,000.00	12/28/2018	3/31/2020

Agenda Item

5

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

Market Insights – December 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 2018, Hawai'i's tourism economy experienced:

- \$17.82 billion in visitor spending, an increase of 6.8 percent compared to 2017.
- Total visitor arrivals rose 5.9 percent to 9,954,548, with growth in arrivals by air service (+5.9% to 9,827,132) and by cruise ships (+0.5% to 127,415).
- Hawai'i's tourism economy experienced \$2.08 billion in generated state tax revenue, up 6.8 percent (+133.1 million) compared to 2017.
- Through September 2018, the state collected \$157.5 million in TAT, an increase of 16.5 percent compared to FY 2018 through September 2017.
 - The TAT rate increased from 9.25% to 10.25% as of January 2018.
 - Per Board request, FY 2019 TAT collections amount was recalculated using the 9.25% rate for an “apples to apples” comparison to FY 2018 collections.
 - Adjusted FY 2019 collections through September 2018 is \$142.2 million or an increase of 5.1% compared to FY 2018.
- Total air capacity into Hawai'i grew 8.3 percent to 13,248,069 seats.

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

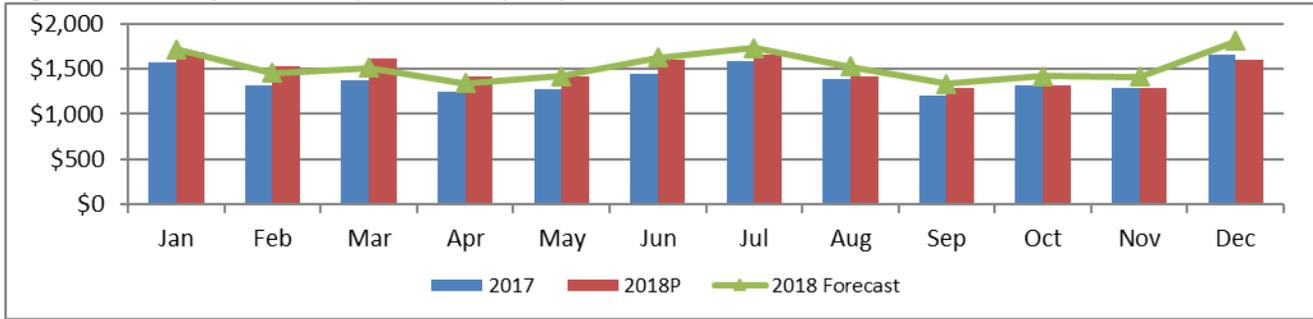
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.0%	5.9%	9,954,548	9,959,201
Visitor Spending (\$mil)*	⬇️ 97.3%	6.8%	17,824.8	18,325.7
Visitor Days	➡ 99.7%	5.3%	88,559,739	88,861,985
Daily Spend (\$pppd)	⬇️ 97.6%	1.4%	201.3	206.2
Airlift (scheduled seats)	➡ 100.0%	8.1%	13,138,502	13,140,990

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

Visitors to the Hawaiian Islands spent a total of \$1.61 billion in December 2018, a decrease of 3.5 compared to last December. On a statewide level, average visitor spending was down (-5.2% to \$190 per person) in December year-over-year.

Total visitor arrivals rose to 910,060 (+3.4%) in December with growth in arrivals from both air service (+2.9%) and cruise ships (+43.3%). Total visitor days increased by 1.8 percent. The average daily census (i.e. number of visitors on any given day) in December was 272,834, up 1.8 percent compared to a year ago.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

- According to U.S. Travel Association, domestic travel grew 3.0 percent year-over-year in November, with both business and leisure travel registering gains thanks to historically high levels of consumer confidence. That segment's year-over-year growth is expected to slow to 2.4 percent through May 2019, with the business segment outpacing leisure travel.
- However, U.S. Travel Association economists caution that the road ahead for domestic business travel could become rocky as well, as recent volatility in the markets could dampen what has been a strong investment trend. The decelerated growth rate of international inbound travel will impede U.S. efforts to increase its share of the global international travel market.
- The Conference Board Consumer Confidence Index® decreased in December, following a modest decline in November. The Index now stands at 128.1 (1985=100), down from 136.4 in November. The Present Situation Index – based on consumers' assessment of current business and labor market conditions – declined slightly, from 172.7 to 171.6. The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 112.3 last month to 99.1 this month.
- A slight increase (+0.8%) in air seat capacity is expected from January through March 2019 as compared to the same period in 2018.

US WEST

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.5%	9.6%	4,212,058	4,148,030
Visitor Spending (\$mil)*	👉 99.0%	9.1%	6,636.8	6,702.6
Visitor Days	👉 100.7%	7.9%	37,606,328	37,337,313
Daily Spend (\$pppd)	👉 98.3%	1.2%	176.5	179.5
Airlift (scheduled seats)	👉 100.0%	10.7%	8,121,002	8,121,427

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

- The U.S. West market reported a 2.6 percent increase in visitor spending to \$629.2 million in December year-over-year. Visitor arrivals increased (+8.0% to 389,994) but average daily spending was lower (-3.2% to \$174 per person) compared to December 2017.
- Air capacity from the U.S. West market will be up slightly (+0.7%) from January through March 2019, with the addition of service from Long Beach in June 2018, and increased service from Anchorage, Denver, Oakland, Portland Sacramento, San Diego and Seattle.

These gains offset declines in capacity from Los Angeles, Phoenix, San Francisco and San Jose.

US EAST

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.5%	7.9%	2,156,793	2,146,882
Visitor Spending (\$mil)*	⬇ 97.5%	8.1%	4,565.9	4,681.8
Visitor Days	➡ 99.9%	6.5%	21,447,470	21,461,384
Daily Spend (\$pppd)	⬇ 97.6%	1.5%	212.9	218.1
Airlift (scheduled seats)	➡ 100.0%	8.9%	1,098,631	1,098,175

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

- Spending by U.S. East visitors was flat (-0.4%) at \$431.5 million in December 2018. Arrivals rose 4.2 percent to 200,505 visitors. However, daily spending decreased (-4.0% to \$208 per person) compared to a year ago.
- Air seat capacity from the U.S. East market is expected to grow 1 percent from January through March 2019 compared to the same period last year with increases from Atlanta and Chicago offsetting fewer seats from Dallas, Minneapolis and New York JFK.

CANADA

Table 4: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.6%	2.7%	533,879	536,142
Visitor Spending (\$mil)*	➡ 100.1%	5.6%	1,095.9	1,095.2
Visitor Days	➡ 99.6%	1.6%	6,571,558	6,600,351
Daily Spend (\$pppd)	➡ 100.5%	4.0%	166.8	165.9
Airlift (scheduled seats)	➡ 100.8%	5.6%	488,857	485,128

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

- Spending by Canadian visitors dropped 1.0 percent to \$135.2 million in December 2018 as a result of fewer visitor arrivals (-2.2% to 68,382). Daily spending increased (+2.2% to \$155 per person) compared to December of last year.
- The exchange rate has been volatile with a dip in Q3 and Q4 of 2018. A slight increase was shown in early January but is more likely the result of a drop in USD value than a concrete increase in the value of the Canadian Dollar.
- A softening of the Canadian economy has contributed to decreased national consumer confidence with a rating of 103.0 points in December, a 25.3-point decline compared to last year and an 11.1-point drop compared to last month. Contributing to the dip is the decreased value of the Canadian dollar against the US dollar, which was down 7.6 percent in 2018.
- Prior to the Kilauea eruption, visits to Hawai'i were up +5.6%, however June-November saw a decline of approx. 4,800 visitors compared to 2017. Tour operators have identified that booking pace has yet to rebound following the eruption and the weather-related events of 2018.
- Key Canadian air & vacation partners have reported a sluggish booking pace starting from Q4 of 2018 with an improvement not expected until later in Q1 of 2019.

- Hawai'i Tourism Canada has partnered with key wholesalers to stimulate demand for need periods, with a focus on generating positive awareness with key target markets.

JAPAN

Table 5: Key Performance Indicators – Japan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.4%	-1.0%	1,571,298	1,580,127
Visitor Spending (\$mil)*	⬇️ 97.1%	2.1%	2,310.1	2,379.7
Visitor Days	➡ 99.3%	-0.9%	9,365,937	9,429,864
Daily Spend (\$pppd)	⬇️ 97.7%	3.0%	246.7	252.4
Airlift (scheduled seats)	➡ 101.2%	2.7%	2,042,595	2,018,753

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

- Spending by Japanese visitors rose 4.8 percent to \$185.6 million in December 2018 compared to last year. Visitor arrivals increased (+4.7% to 131,009) and daily spending was higher (+1.5% to \$237) compared to December 2017.
- Japan's economy remains on a moderate path to recovery with unemployment at 2.5 percent and the exchange rate stabilizing at approximately 112.5 JPY to USD.
- The recurring natural disasters in Japan have adversely affected the travel industry businesses amongst the Japanese. In the Kansai market, where Kansai International Airport was closed for over two weeks in September, companies continue efforts to recuperate losses. The Western regions of Japan are still undergoing recovery initiatives for travels.
- Steady recovery from the heightened volcanic activity at Kīlauea has been observed as a result of the co-op funds spent for the market by the wholesalers and HTJ. Current updates on wholesalers' booking paces indicate that stronger results will be seen in the 2019 2nd quarter.
- Visitor arrivals to Hawai'i overall have remained relatively sluggish, partly due to the increase in fuel surcharge rates currently set at 17,000 yen. Airlines have also announced the increase of surcharge rates of tickets issued from February to further increase to 22,000 yen.
- A shift in the Kansai market is expected for 2019 with the cessation of services by Scoot and the end of a second daily service by JAL. The market is expected to see the effects of rising fueling costs in the coming months.
- AirAsia X began operating daily service from Kansai in August 2018. Load factors and pricing strategies of AirAsia X may drastically change as they become the sole LCC operating the market.
- The launch of the first Airbus A380 Aircraft by ANA on 5/24 (3 days/week) and second aircraft on 7/1 (7 days/week) in 2019 will greatly increase media exposure for Hawaii, while changing the dynamic of the seat distribution for Hawai'i - Japan route.

OCEANIA

Table 6: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 97.8%	3.5%	409,133	418,406
Visitor Spending (\$mil)*	↓ 92.0%	1.9%	1,047.0	1,137.7
Visitor Days	↓ 97.1%	3.5%	3,950,726	4,069,084
Daily Spend (\$pppd)	↓ 94.8%	-1.5%	265.0	279.6
Airlift (scheduled seats)	→ 100.6%	10.3%	533,045	529,852

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

- Australia:** Total visitor arrivals (324,471) were virtually unchanged in 2018 versus a year ago (324,564). Daily visitor spending was slightly lower (-0.8% to \$271 per person per day) than in 2017. Visitors spent more on lodging, and entertainment and recreation but less on shopping and transportation compared to last year. In December 2018, visitor arrivals declined (-5.3% to 28,148) compared to December 2017.
- A weaker Australian dollar will influence consumer travel decisions. Over the course of 2018, the AUD has declined from a January high of USD 0.80 cents to finish the year trading at USD 0.72 cents.
- There has been an increase in the number of flights available from Australia to U.S. destinations, resulting in very competitive fares and providing travelers with more choice on where to holiday in the USA.
- The latest National Visitor Survey by Tourism Research Australia (Sept 2018) shows a 9 percent increase in domestic travel nationally, indicating that Australians are choosing to spend some of their holidays closer to home.
- Predictions are that the Australian economy will see solid growth in 2019 and high employment figures will encourage faster wage growth and consumer spending.
- New Zealand:** Supported by increased air service, visitor arrivals increased for 2018 (+19.6% to 84,661) and the month of December (+11.9% to 6,840) year-over-year.
- The New Zealand economy is predicted to see GDP growth of between 2.5 percent and 3.5 percent over the next few years.
- The unemployment rate has dipped below five percent which is a sign of New Zealand's economic growth which is predicted to remain stable.
- After a long period of stability, the New Zealand dollar has weakened against the USD. This has impact on the perceived costs for the NZ traveler.
- In 2018, outbound travel from New Zealand is on track to be at record levels with over 3 million departures.

EUROPE

Table 7: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.5%	3.2%	144,182	144,850
Visitor Spending (\$mil)*	➡ 101.7%	-2.1%	322.9	317.5
Visitor Days	➡ 100.7%	4.2%	1,902,272	1,889,040
Daily Spend (\$pppd)	➡ 101.0%	-6.1%	169.8	168.1
Airlift (scheduled seats)	NA	NA	NA	NA

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

- Total visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland increased in 2018 (+3.2% to 144,182) but declined (-1.0% to 10,534) in December year-over-year.
- Wages in the U.K. are continuing to rise at their highest level for nearly a decade, according to data from the Office for National Statistics. Compared with a year earlier, wages excluding bonuses, were up. by 3.3 percent for the three months to October, the biggest increase since November 2008.
- The German economy is in a good shape and order books are full, German Economy Minister Peter Altmaier stated that he expects the economic upswing to continue in to 2019.
- Focus Economics panelists expect GDP to grow 1.6 percent in Germany next year, which is down 0.2 percentage points from last month's forecast, and see GDP expanding 1.6 percent again in 2020.
- Although consumer confidence in the UK and Ireland has dipped in December, consumers felt better about their personal finances over the past year and were more willing to make major purchases, according to the recent Trading Economics report.
- The GfK consumer confidence index in Germany stood at 10.4 heading into January 2019, unchanged from the previous month and slightly above market expectations of 10.3
- The French consumer confidence indicator fell slightly to 87 in December 2018, from a revised 91 in the prior month.

CHINA

Table 8: Key Performance Indicators – China

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	⬇ 91.0%	-9.9%	136,276	149,724
Visitor Spending (\$mil)*	⬇ 93.0%	-2.6%	370.2	398.1
Visitor Days	⬇ 93.6%	-9.2%	1,040,534	1,112,271
Daily Spend (\$pppd)	➡ 99.4%	7.3%	355.7	357.9
Airlift (scheduled seats)	⬇ 92.0%	-3.1%	158,833	172,563

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

- Total visitor arrivals declined in 2018 (-9.9% to 136,276). Daily visitor spending increased to \$356 per person (+7.3%) in 2018 versus last year and remained the highest among Hawai'i's visitor markets. Daily spending was higher in most categories (lodging, food and beverage, transportation, and entertainment and recreation) while shopping expenses were similar to last year. In December 2018, visitor arrivals were down (-16.9% to 7,790) versus December 2017.

- The share of China's GDP in the world economy was 17 percent or U.S. \$13.6 billion in 2018, maintaining second place after the U.S. The Chinese economy expanded 6.6 percent year over year in 2018, above the official target of 6.5 percent. For the second half of 2018, the Chinese economy grew by 6.5 percent which decreased by 0.3 percent from the first half of 2018 due to the escalating trade tariff disputes between the U.S. and China.
- The fluctuation of the currency exchange rate does impact Chinese travelers' choice of vacation destination and their travel spending.
- Competition continues to be intense with countries and continental U.S. destinations investing heavily on accessing the China market. The overall increase in airlift from Tier 1 and Tier 2 China cities to the continental U.S. have helped to provide more convenience and destination offerings to Chinese travelers, increasing competition to the Hawaiian Islands.
- To position Hawai'i as the original, 'diamond' of all islands and strongly differentiate Hawai'i from other island offerings, HTC launched the new marketing tagline "Diamond of Islands - Hawai'i" in December to kick-off the year of 2019.
- To strengthen the Hawaiian Islands as an inspiring destination with unique Aloha culture and arts, HTC collaborated with Hula dance school, Halau Hula 'O Kawihineali'i nohoike 'anuenue-elua for China's first-ever immersive Hawaiian Dance Show 'Hula is Life'.
- To drive incremental travel to Hawai'i, HTC partnered with China Eastern Airlines to actively engage agencies and OTAs based in East and South China. HTC introduced stakeholder resources and FIT products to 6 top travel agencies – CYTS, Zhejiang China Travel Service Group, Zhejiang China International Travel Service, Zhejiang Everbright International Travel, Hangzhou OTC Travel and Utour, and successfully launched 15 brand new mono-Hawai'i products.
- HTC and Toursforfun jointly launched a multi-channel promotion to highlight destination Hawai'i for 2019 Spring Festival with the theme 'Diamond of Islands'. The beautiful Hawaiian landscapes took over prime locations on the official website, APP homepage, the Member Center page, and Fliggy store page. The successful promotion reached to half-a-million subscribers and generated 700 passenger bookings as of December 2018.

KOREA

Table 9: Key Performance Indicators – Korea

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 84.3%	-12.0%	229,722	272,422
Visitor Spending (\$mil)*	↓ 85.0%	2.5%	506.4	595.8
Visitor Days	↓ 86.3%	-9.1%	1,713,505	1,985,792
Daily Spend (\$pppd)	👍 98.5%	12.8%	295.5	300.0
Airlift (scheduled seats)	↓ 95.3%	-8.6%	350,900	368,189

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

- Total visitor arrivals (-12.0% to 229,722) decreased compared to 2017. However, daily visitor spending rose to \$296 per person (+12.8%) with increases in lodging, shopping, food and beverage, entertainment and recreation, and transportation expenses. In December 2018, visitor arrivals declined sharply (-35.5% to 18,259) compared to December 2017.

- South Korea's economy, Asia's fourth largest, grew +3.1% in 2018, and is expected to grow at a moderate pace of +2.6% in 2019 due to slowing exports and weak domestic demand.
- The average USD/WON exchange rate in December was 1,123.52 won, a slight decrease from the previous rate of 1,124.85 won in November. Fuel surcharges were imposed in December up to 184,800 won (\$164) for a round trip between Korea and the U.S.
- Overseas spending by South Korean tourists ranked among the top of advanced economies, research data showed on December 5. Figures provided by the Korea Economic Research Institute ranked South Korea as the fifth highest among the 32-member countries of the Organization for Economic Co-operation and Development (OECD).
- Jin Air, Korean Air, and Asiana Airlines have reduced capacity in 2018 mainly due to corporate management issues, having a direct effect on international routes. Hawaiian Airlines, the sole foreign carrier, has increased its flight frequency to daily from January 14 to February 6, 2019. Asiana Airlines will have temporary daily flights from April 30 to May 18, 2019, while Jin Air will suspend flights from March 3 to mid-July and October to December 2019.
- HTK has partnered with: 1) Korean Air on a "Luxury Hawai'i" promotional campaign; 2) Asiana Airlines for an online and home shopping promotion; 3) Jin Air to support the airline's return on December 29; and Hawaiian Airlines with their daily flight promotion.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners and tour operators.

TAIWAN

Table 10: Key Performance Indicators – Taiwan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 91.7%	-7.0%	17,557	19,143
Visitor Spending (\$mil)*	 107.8%	6.1%	41.0	38.0
Visitor Days	 103.9%	2.2%	161,883	155,790
Daily Spend (\$pppd)	 103.8%	3.8%	253.3	244.1
Airlift (scheduled seats)	 100.0%	2.0%	31,824	31,824

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

- Visitor arrivals decreased in 2018 (-7.0% to 17,557) but rose slightly in December (+0.9% to 1,632) versus the same periods last year.
- The overall economic growth in Taiwan is expected to slow down in 2018 due to trade tensions between China and the United States. Taiwan's government has revised its GDP forecast of 2018 to 2.66 percent. The unemployment rate for 2018 is estimated to be 3.8 percent, similar to last year.
- Currency exchange rate fluctuations play an important role in Taiwanese consumers' decision-making in oversea travel destination and spending. In 2018, due to favorable currency exchange rate, Australia and New Zealand experienced double-digit growths from July to October 2018, impacting the long-haul outbound travel to Hawai'i and the U.S.
- Taiwanese outbound travel to the U.S. is expected to remain flat in 2018. YTD November 2018, the number of arrivals was 529,234, slightly decreased by 0.9 percent compared to the same period last year.

- China Airlines will add one more direct flight providing a total of three weekly flights between Taipei and Honolulu starting in April 2019.
- In December, HTT partnered with *Smart Magazine*, a top financial journal in Taiwan with a monthly circulation of 100,000, to target its high-income readers who travel regularly. The content development focused on eco-tourism in Hawai'i to cater to the readers' interest in socio-economic subject matters. The co-op included two full-page advertorials in print, an online advertorial featuring a video on Hawai'i, a full-page banner on *Smart Magazine's* official website, an e-newsletter distributed to the subscribers, and a post on its official Facebook Page. Total impressions of the co-op program have reached 4.1 million as of January 23, 2019.

LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	 106.1%	6.1%	26,515	24,999
Visitor Spending (\$mil)*	 104.1%	-5.0%	69.5	66.8
Visitor Days	 102.8%	2.7%	288,001	280,261
Daily Spend (\$pppd)	 101.3%	-7.5%	241.4	238.3
Airlift (scheduled seats)	NA	NA	NA	NA

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

- Total visitor arrivals from Mexico, Brazil and Argentina increased in 2018 (+6.1% to 26,515) versus 2017. In December 2018, arrivals declined (-7.4% to 3,105 visitors) compared to December 2017.

Island Distribution

- **O'ahu:** In 2018, both visitor spending (+7.2% to \$8.16 billion) and visitor arrivals (+4.3% to 5,935,007) increased compared to last year.

In December, visitor spending increased (+2.0% to \$740.1 million) year-over-year. Visitor days increased 5.5 percent, but daily spending was lower (-3.3% to \$193 per person) compared to December 2017. Arrivals were up 3.1 percent to 532,501 visitors. The average daily census rose 5.5 percent to 123,699 visitors in December.

- **Maui:** In 2018, both visitor spending (+8.3% to \$5.07 billion) and visitor arrivals (+6.2% to 2,914,122) grew from last year.

In December, visitor spending decreased to \$448.3 million (-6.8%) versus a year ago. Visitor days were flat (+0.1%) while daily spending (-6.9% to \$200 per person) was lower compared to last December. Arrivals were down 1.2 percent to 255,295 visitors. The average daily census showed 72,285 visitors (+0.1%) in December.

- **Island of Hawai'i:** Visitor spending was flat (+0.2% to \$2.40 billion) while visitor arrivals declined (-2.5% to 1,718,181) compared to 2017.

In December, visitor spending dropped (-10.5% to \$233.6 million) as a result of decreased visitor days (-5.7%) and lower daily spending (-5.1% to \$177 per person) versus last year. Arrivals were down 9.1 percent to 158,402 visitors. Fewer visitors took day trips (-31.4%) compared to last December. The average daily census decreased 5.7 percent to 42,568 visitors in December.

- **Kaua'i:** In 2018, both visitor spending (+10.2% to \$2.00 billion) and visitor arrivals (+7.6% to 1,377,777) increased year-over-year.

In December, visitor spending declined (-3.5% to \$163.2 million). Visitor days increased (+2.2%) but daily spending was lower (-5.6% to \$174 per person) compared to December 2017. Arrivals increased 1.8 percent to 118,873 visitors. The average daily census rose 2.2 percent to 30,286 visitors in December.

Hawai'i and Competitive Destinations

Destination	Year-To-Date December 2018								
	Occupancy			Average Daily Rate (USD)			RevPAR (USD)		
	2018	2017	% Pt. Δ	2018	2017	% Δ	2018	2017	% Δ
State of Hawai'i	79.8%	80.2%	-0.4%	\$278.07	\$264.49	5.1%	\$221.85	\$212.07	4.6%
O'ahu	83.9%	83.5%	0.4%	\$238.16	\$233.02	2.2%	\$199.70	\$194.51	2.7%
Maui	75.9%	77.0%	-1.2%	\$385.39	\$353.64	9.0%	\$292.35	\$272.35	7.3%
Kaua'i	75.4%	75.7%	-0.3%	\$291.45	\$263.87	10.5%	\$219.82	\$199.78	10.0%
Hawai'i Island	72.2%	74.8%	-2.6%	\$261.43	\$249.04	5.0%	\$188.76	\$186.34	1.3%
Aruba	75.2%	75.3%	-0.1%	\$318.25	\$283.64	12.2%	\$239.28	\$213.51	12.1%
Bali	69.5%	67.7%	1.9%	\$104.78	\$102.00	2.7%	\$72.88	\$69.05	5.5%
Bangkok	79.5%	78.9%	0.7%	\$106.38	\$97.83	8.7%	\$84.62	\$77.15	9.7%
Beijing	76.8%	75.2%	1.6%	\$93.17	\$85.61	8.8%	\$71.54	\$64.34	11.2%
Cabo San Lucas	46.2%	56.4%	-10.2%	\$383.64	\$349.04	9.9%	\$177.23	\$196.72	-9.9%
Cancun	70.8%	72.6%	-1.8%	\$213.93	\$217.29	-1.5%	\$151.49	\$157.71	-3.9%
Caribbean	65.2%	66.0%	-0.7%	\$207.61	\$204.10	1.7%	\$135.46	\$134.65	0.6%
Costa Rica	68.2%	69.1%	-0.9%	\$163.71	\$152.12	7.6%	\$111.73	\$105.15	6.3%
Fiji	74.0%	72.6%	1.4%	\$154.22	\$150.35	2.6%	\$114.13	\$109.11	4.6%
French Polynesia	66.7%	69.8%	-3.1%	\$556.30	\$497.24	11.9%	\$370.94	\$346.95	6.9%
Hong Kong	89.0%	88.3%	0.7%	\$192.49	\$176.38	9.1%	\$171.26	\$155.77	9.9%
Los Angeles/Long Beach, CA	79.6%	79.8%	-0.2%	\$180.17	\$176.31	2.2%	\$143.49	\$140.78	1.9%
Maldives	65.2%	65.5%	-0.3%	\$595.52	\$612.21	-2.7%	\$388.30	\$400.76	-3.1%
Miami/Hialeah, FL	76.7%	76.5%	0.1%	\$199.35	\$187.88	6.1%	\$152.81	\$143.76	6.3%
New Zealand	79.9%	79.8%	0.1%	\$135.27	\$135.54	-0.2%	\$108.08	\$108.17	-0.1%
Orlando, FL	77.5%	79.2%	-1.6%	\$127.32	\$121.62	4.7%	\$98.68	\$96.27	2.5%
Philippines	68.9%	68.1%	0.7%	\$97.73	\$102.12	-4.3%	\$67.32	\$69.58	-3.3%
Phuket	73.6%	76.5%	-3.0%	\$126.34	\$114.66	10.2%	\$92.95	\$87.74	5.9%
Puerto Rico	69.3%	71.1%	-1.8%	\$199.22	\$185.89	7.2%	\$138.16	\$132.20	4.5%
Puerto Vallarta	61.9%	67.4%	-5.5%	\$102.37	\$113.06	-9.5%	\$63.34	\$76.18	-16.9%
San Diego, CA	78.7%	77.1%	1.6%	\$166.30	\$160.40	3.7%	\$130.93	\$123.73	5.8%
San Francisco/San Mateo, CA	81.9%	82.8%	-0.8%	\$241.33	\$229.01	5.4%	\$197.72	\$189.54	4.3%
Seoul	67.7%	68.3%	-0.7%	\$148.82	\$148.92	-0.1%	\$100.72	\$101.78	-1.0%
Shanghai	72.7%	75.0%	-2.3%	\$98.44	\$94.25	4.4%	\$71.58	\$70.69	1.3%
Sydney	84.1%	85.6%	-1.5%	\$169.61	\$175.45	-3.3%	\$142.64	\$150.18	-5.0%
Taiwan	62.2%	60.9%	1.3%	\$169.29	\$171.65	-1.4%	\$105.36	\$104.55	0.8%
Vancouver	79.3%	78.3%	1.0%	\$161.07	\$147.52	9.2%	\$127.80	\$115.51	10.6%
Vietnam	61.8%	65.4%	-3.7%	\$124.20	\$121.70	2.1%	\$76.71	\$79.62	-3.6%

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 100.0%	5.9%	9,954,548	9,959,201
Visitor Spending (\$mil)*	⬇ 97.3%	6.8%	17,824.8	18,325.7
Visitor Days	➔ 99.7%	5.3%	88,559,739	88,861,985
Daily Spend (\$pppd)	⬇ 97.6%	1.4%	201.3	206.2
Airlift (scheduled seats)	➔ 100.0%	8.1%	13,138,502	13,140,990

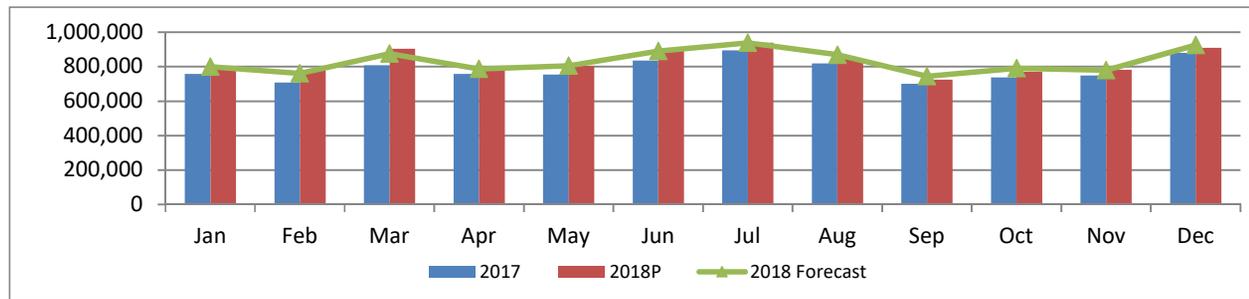
	YOY Rate	YTD
Arrivals		
O'ahu	4.3%	5,935,007
Maui	6.2%	2,914,122
Moloka'i	1.0%	59,059
Lāna'i	14.5%	73,684
Kaua'i	7.6%	1,377,777
Hawai'i Island	-2.5%	1,718,181

*DBEDT Forecasts as of August 2018

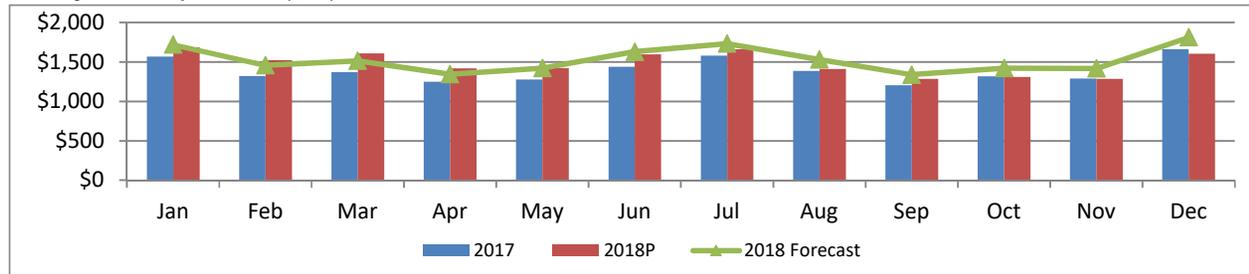
Monthly Indicators

Arrows represent increments of 1%

Monthly Arrivals

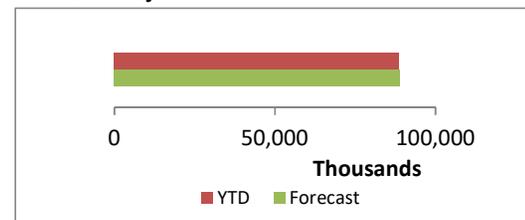


Monthly Visitor Expenditures (\$mil)

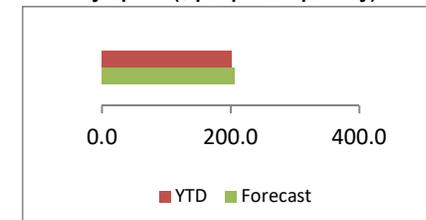


Annual Indicators

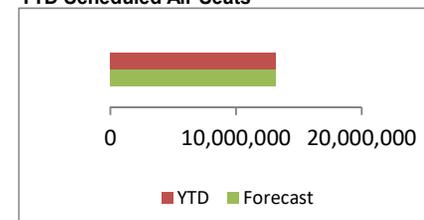
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **U.S. WEST**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↗ 101.5%	9.6%	4,212,058	4,148,030
Visitor Spending (\$mil)*	→ 99.0%	9.1%	6,636.8	6,702.6
Visitor Days	→ 100.7%	7.9%	37,606,328	37,337,313
Daily Spend (\$pppd)	↘ 98.3%	1.2%	176.5	179.5
Airlift (scheduled seats)	→ 100.0%	10.7%	8,121,002	8,121,427

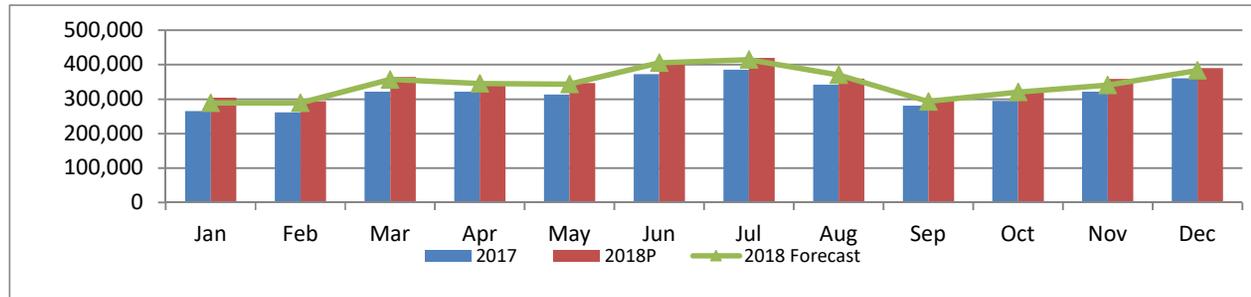
Arrivals	YOY Rate	YTD
O'ahu	10.0%	1,802,994
Maui	8.6%	1,478,529
Moloka'i	8.1%	24,393
Lāna'i	13.9%	27,912
Kaua'i	9.5%	721,015
Hawai'i Island	2.7%	729,071

*DBEDT Forecasts as of August 2018

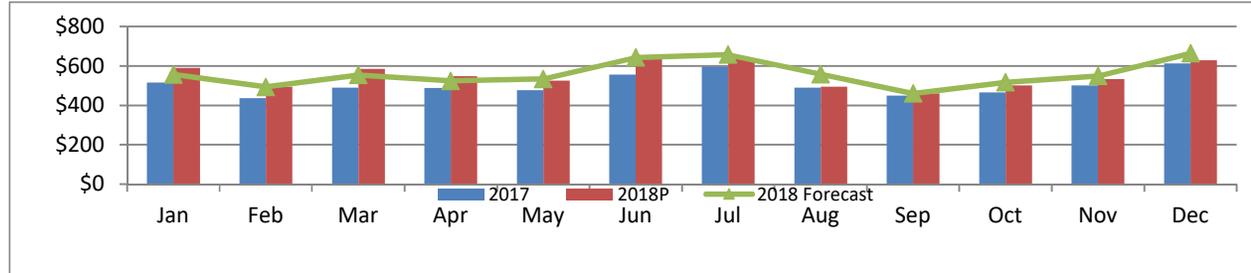
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

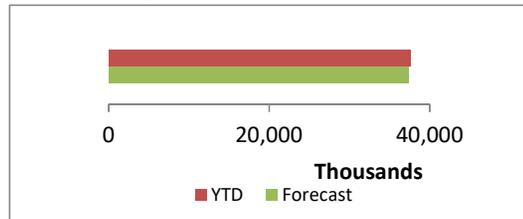


Monthly Visitor Expenditures (\$mil)

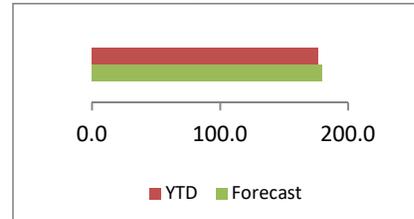


Annual Indicators

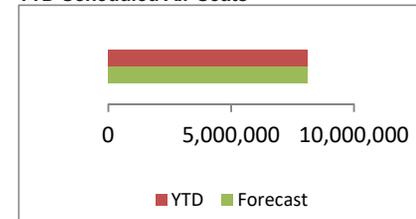
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **U.S. EAST**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 100.5%	7.9%	2,156,793	2,146,882
Visitor Spending (\$mil)*	⬇ 97.5%	8.1%	4,565.9	4,681.8
Visitor Days	➔ 99.9%	6.5%	21,447,470	21,461,384
Daily Spend (\$pppd)	⬇ 97.6%	1.5%	212.9	218.1
Airlift (scheduled seats)	➔ 100.0%	8.9%	1,098,631	1,098,175

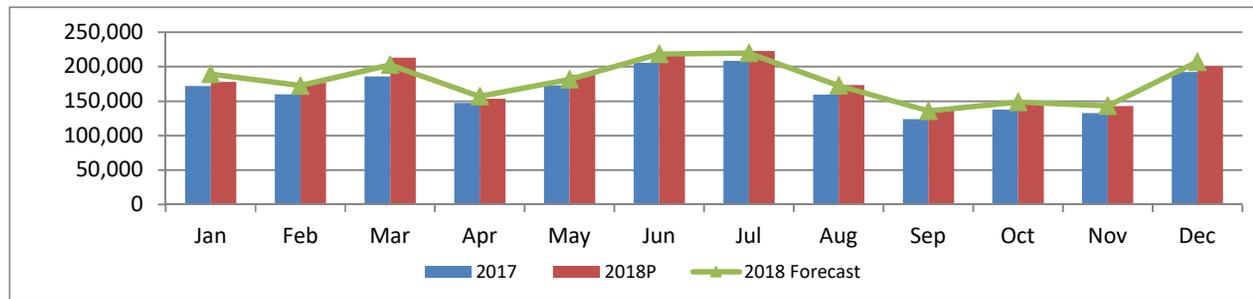
Arrivals	YOY Rate	YTD
O'ahu	7.2%	1,234,414
Maui	6.5%	796,733
Moloka'i	9.7%	16,595
Lāna'i	32.6%	26,338
Kaua'i	6.8%	412,306
Hawai'i Island	-3.5%	451,855

*DBEDT Forecasts as of August 2018

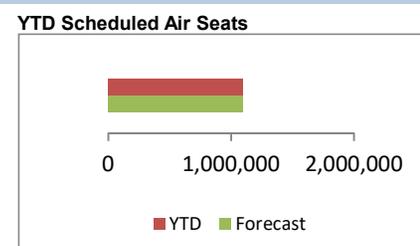
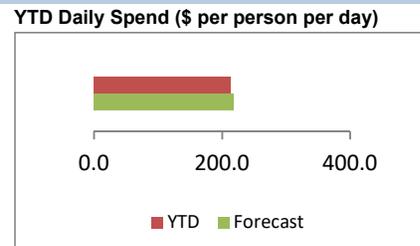
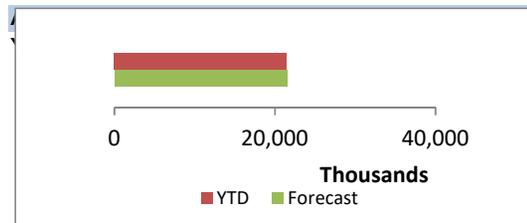
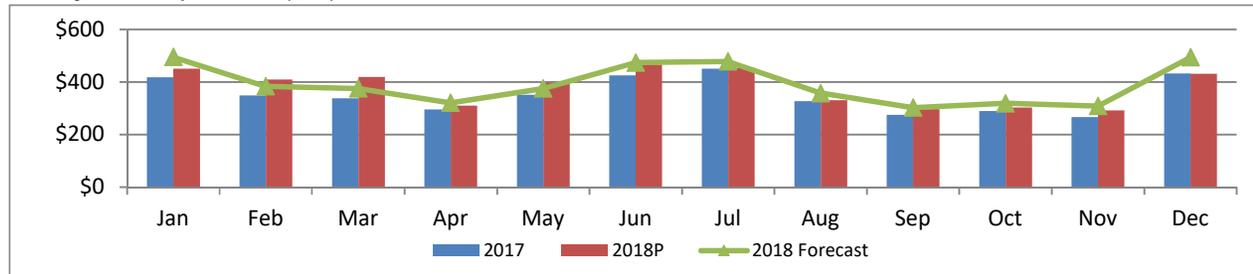
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

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

Visitor Industry Performance Measures

Market: **CANADA**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 99.6%	2.7%	533,879	536,142
Visitor Spending (\$mil)*	➔ 100.1%	5.6%	1,095.9	1,095.2
Visitor Days	➔ 99.6%	1.6%	6,571,558	6,600,351
Daily Spend (\$pppd)	➔ 100.5%	4.0%	166.8	165.9
Airlift (scheduled seats)	➔ 100.8%	5.6%	488,857	485,128

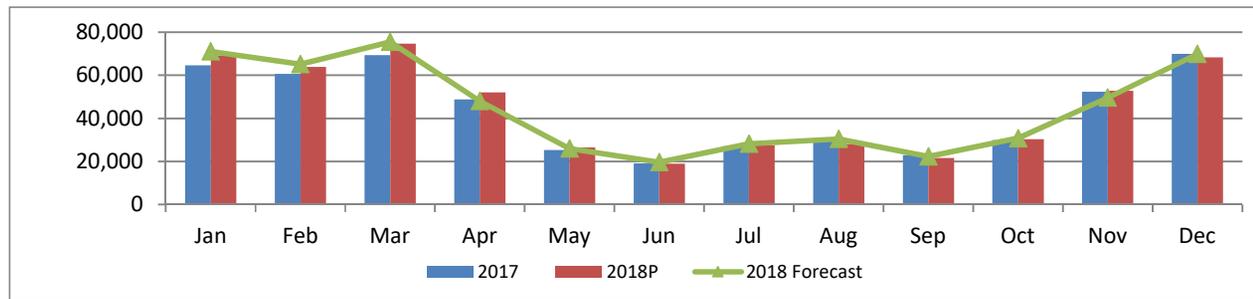
Arrivals	YOY Rate	YTD
O'ahu	3.1%	219,927
Maui	5.2%	276,537
Moloka'i	-1.1%	3,725
Lāna'i	20.4%	5,738
Kaua'i	5.6%	77,403
Hawai'i Island	-1.6%	101,953

*DBEDT Forecasts as of August 2018

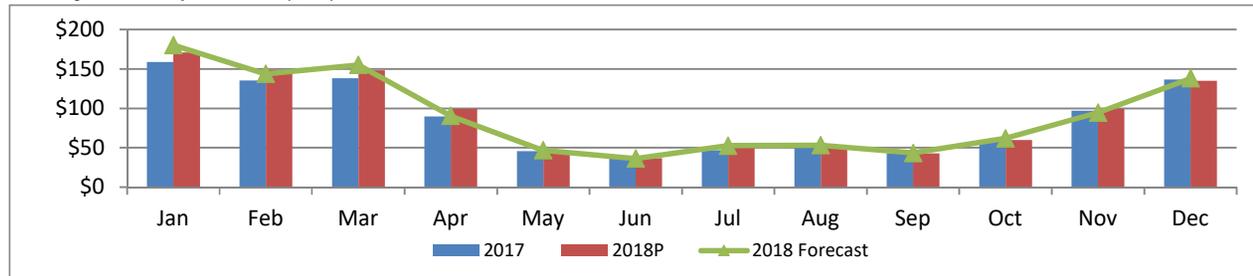
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

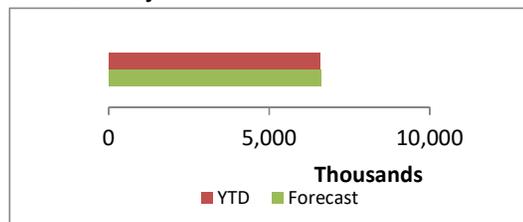


Monthly Visitor Expenditures (\$mil)

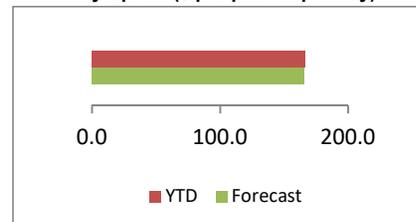


Annual Indicators

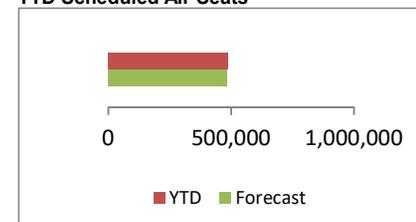
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **JAPAN**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	→ 99.4%	-1.0%	1,571,298	1,580,127
Visitor Spending (\$mil)*	↓ 97.1%	2.1%	2,310.1	2,379.7
Visitor Days	→ 99.3%	-0.9%	9,365,937	9,429,864
Daily Spend (\$pppd)	↓ 97.7%	3.0%	246.7	252.4
Airlift (scheduled seats)	↔ 101.2%	2.7%	2,042,595	2,018,753

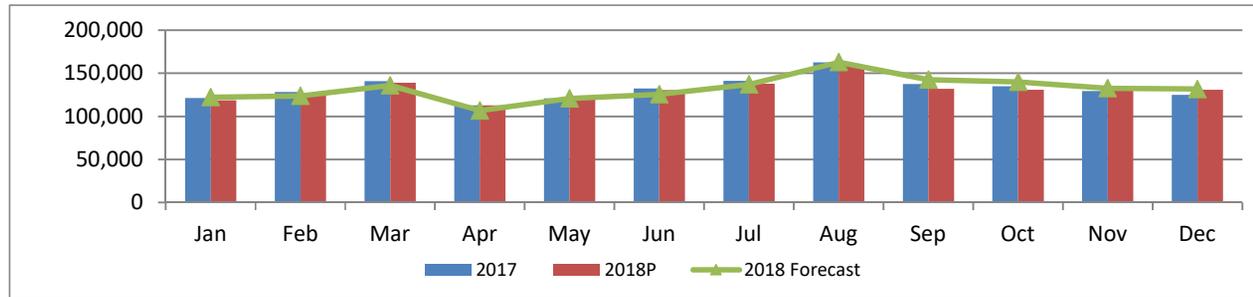
Arrivals	YOY Rate	YTD
O'ahu	-2.2%	1,483,170
Maui	-11.7%	50,982
Moloka'i	-49.4%	1,273
Lāna'i	-21.6%	1,862
Kaua'i	-0.7%	26,323
Hawai'i Island	-6.4%	177,479

*DBEDT Forecasts as of August 2018

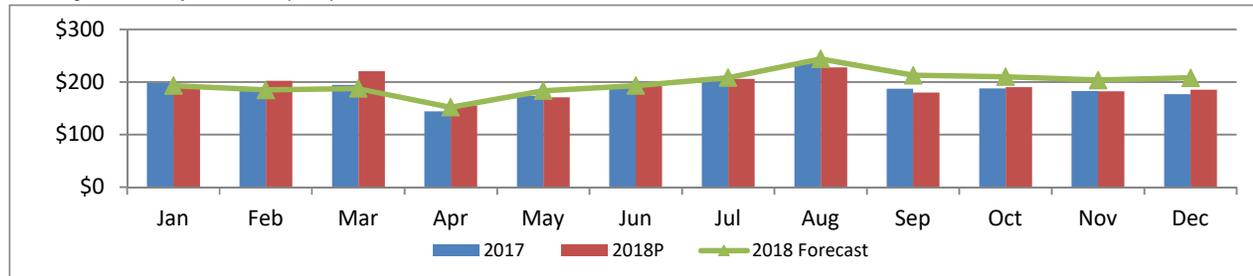
Monthly Indicators

Arrows represent increments of 1%

Monthly Arrivals

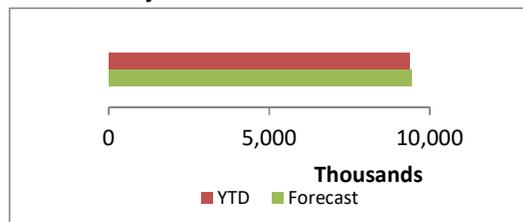


Monthly Visitor Expenditures (\$mil)

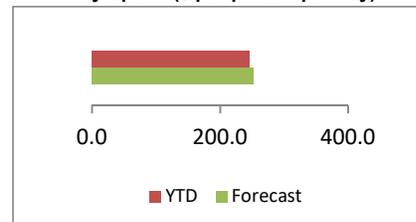


Annual Indicators

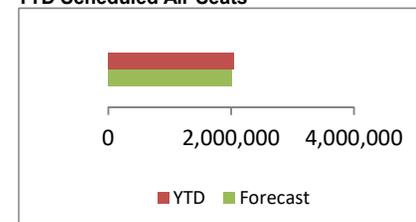
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 91.0%	-9.9%	136,276	149,724
Visitor Spending (\$mil)*	↓ 93.0%	-2.6%	370.2	398.1
Visitor Days	↓ 93.6%	-9.2%	1,040,534	1,112,271
Daily Spend (\$pppd)	→ 99.4%	7.3%	355.7	357.9
Airlift (scheduled seats)	↓ 92.0%	-3.1%	158,833	172,563

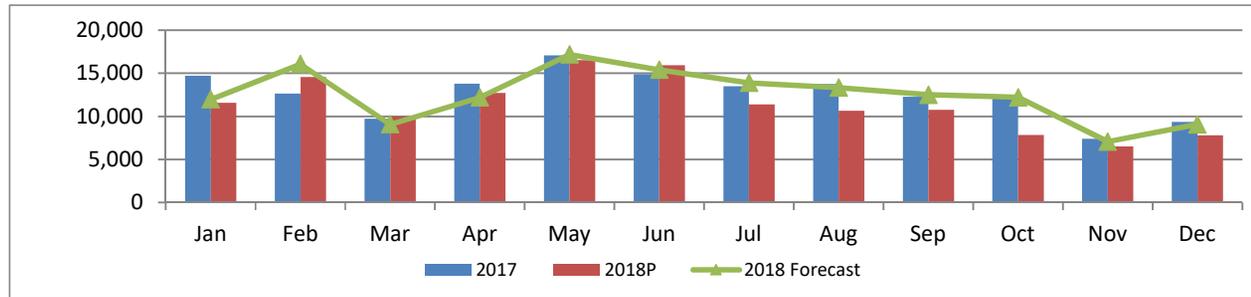
Arrivals	YOY Rate	YTD
O'ahu	-9.2%	132,686
Maui	-7.3%	29,327
Moloka'i	48.9%	1,263
Lāna'i	-12.5%	978
Kaua'i	-12.3%	4,334
Hawai'i Island	-17.2%	44,872

*DBEDT Forecasts as of August 2018

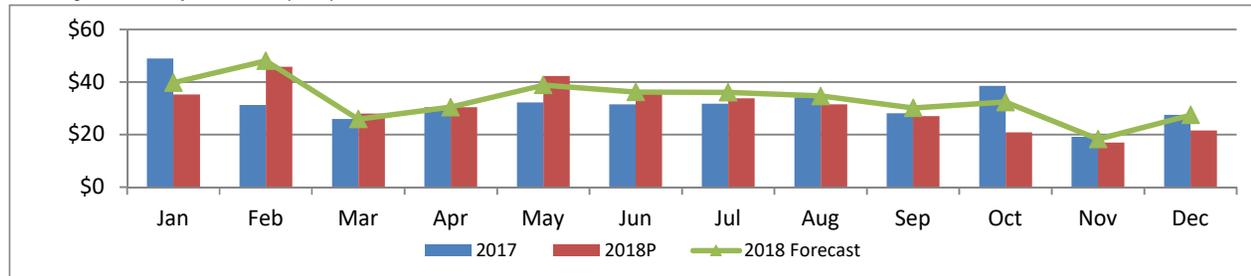
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

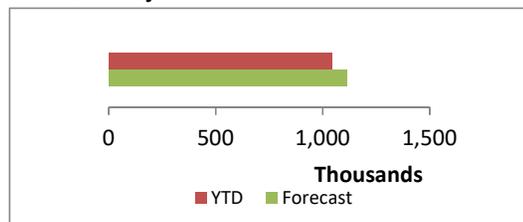


Monthly Visitor Expenditures (\$mil)

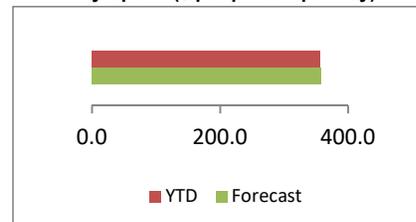


Annual Indicators

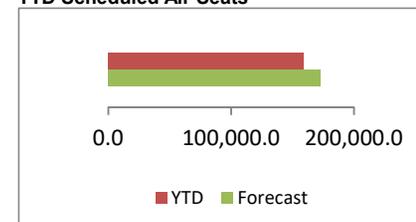
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **KOREA**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 84.3%	-12.0%	229,722	272,422
Visitor Spending (\$mil)*	↓ 85.0%	2.5%	506.4	595.8
Visitor Days	↓ 86.3%	-9.1%	1,713,505	1,985,792
Daily Spend (\$pppd)	↓ 98.5%	12.8%	295.5	300.0
Airlift (scheduled seats)	↓ 95.3%	-8.6%	350,900	368,189

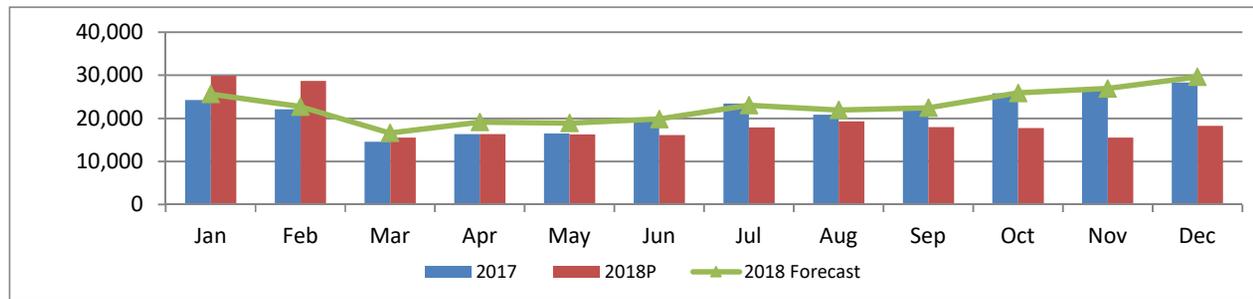
Arrivals	YOY Rate	YTD
O'ahu	-12.6%	224,198
Maui	-29.8%	31,781
Moloka'i	-24.9%	799
Lāna'i	-22.8%	664
Kaua'i	-13.9%	9,279
Hawai'i Island	-12.3%	24,597

*DBEDT Forecasts as of August 2018

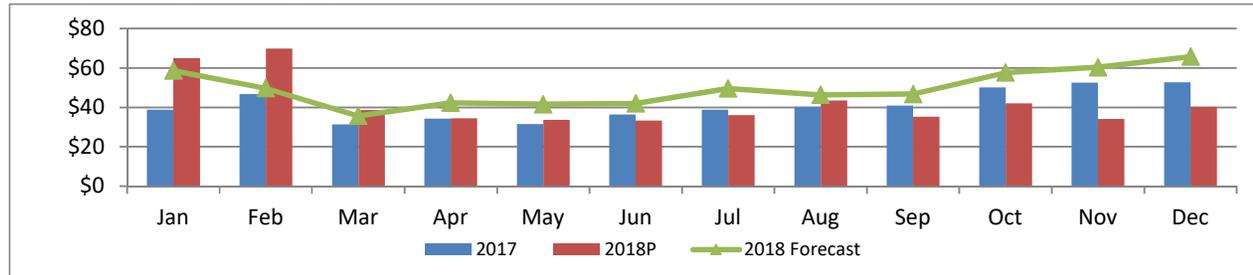
Monthly Indicators

Arrows represent increments of 1%

Monthly Arrivals

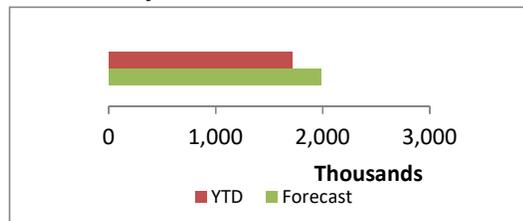


Monthly Visitor Expenditures (\$mil)

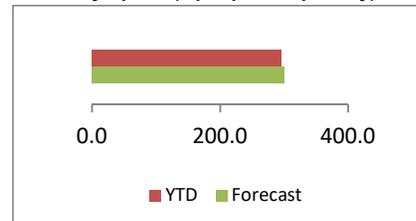


Annual Indicators

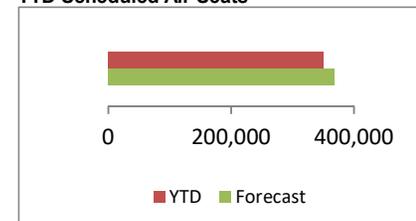
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **TAIWAN**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 91.7%	-7.0%	17,557	19,143
Visitor Spending (\$mil)*	↑ 107.8%	6.1%	41.0	38.0
Visitor Days	↑ 103.9%	2.2%	161,883	155,790
Daily Spend (\$pppd)	↑ 103.8%	3.8%	253.3	244.1
Airlift (scheduled seats)	→ 100.0%	2.0%	31,824	31,824

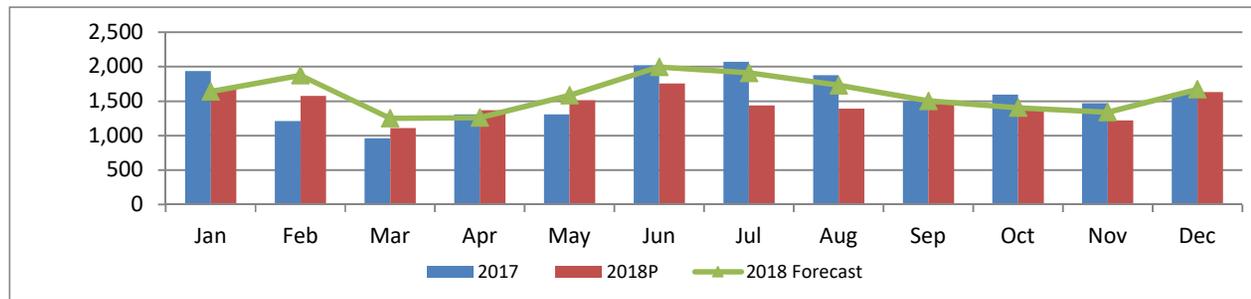
Arrivals	YOY Rate	YTD
O'ahu	-6.8%	16,905
Maui	5.4%	3,541
Moloka'i	301.7%	109
Lāna'i	447.0%	269
Kaua'i	-45.3%	648
Hawai'i Island	-11.7%	4,692

*DBEDT Forecasts as of August 2018

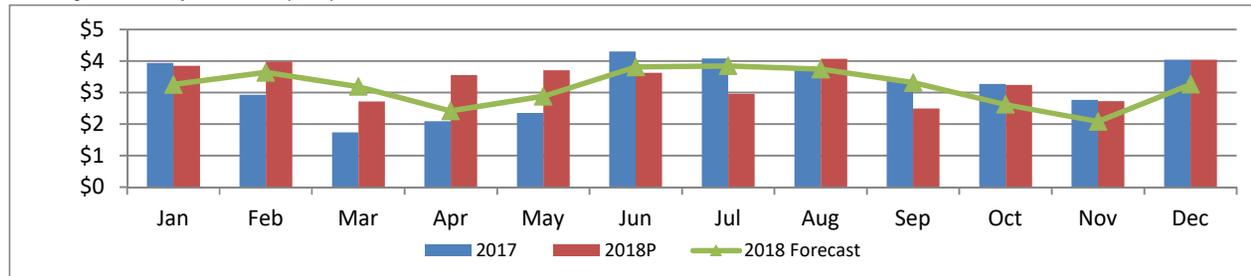
Monthly Indicators

Arrows represent increments of 1%

Monthly Arrivals

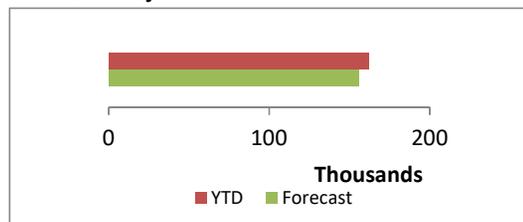


Monthly Visitor Expenditures (\$mil)

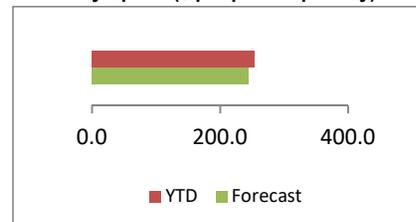


Annual Indicators

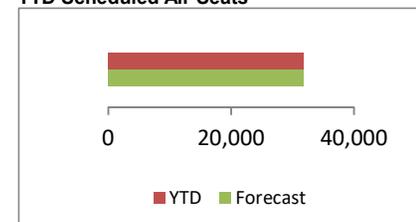
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **OCEANIA**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 97.8%	3.5%	409,133	418,406
Visitor Spending (\$mil)*	↓ 92.0%	1.9%	1,047.0	1,137.7
Visitor Days	↓ 97.1%	3.5%	3,950,726	4,069,084
Daily Spend (\$pppd)	↓ 94.8%	-1.5%	265.0	279.6
Airlift (scheduled seats)	→ 100.6%	10.3%	533,045	529,852

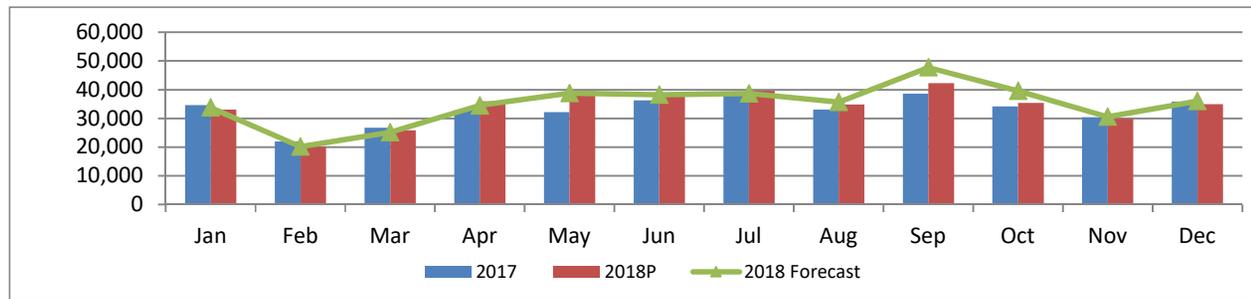
Arrivals	YOY Rate	YTD
O'ahu	3.8%	400,198
Maui	-6.6%	68,628
Moloka'i	-23.3%	4,006
Lāna'i	-18.4%	5,025
Kaua'i	-6.4%	32,813
Hawai'i Island	-21.4%	50,997

*DBEDT Forecasts as of August 2018

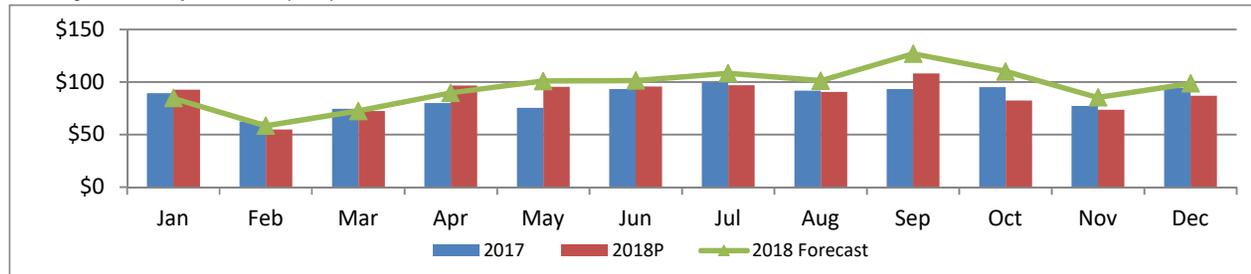
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

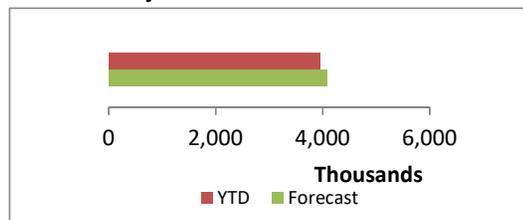


Monthly Visitor Expenditures (\$mil)

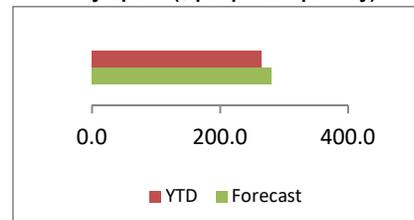


Annual Indicators

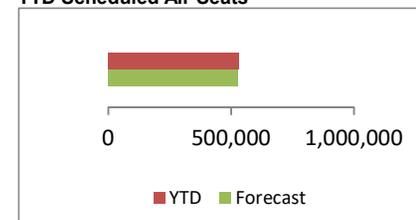
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **EUROPE**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 99.5%	3.2%	144,182	144,850
Visitor Spending (\$mil)*	➔ 101.7%	-2.1%	322.9	317.5
Visitor Days	➔ 100.7%	4.2%	1,902,272	1,889,040
Daily Spend (\$pppd)	➔ 101.0%	-6.1%	169.8	168.1
Airlift (scheduled seats)	NA	NA	NA	NA

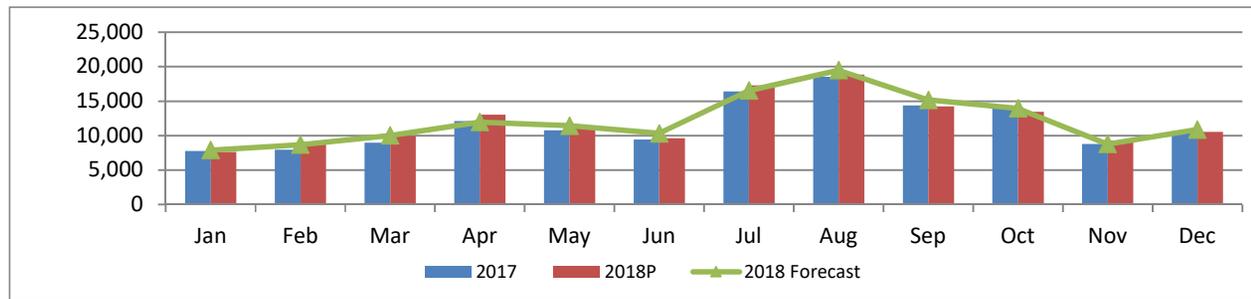
Arrivals	YOY Rate	YTD
O'ahu	4.8%	106,528
Maui	3.7%	62,390
Moloka'i	26.0%	2,745
Lāna'i	11.6%	1,469
Kaua'i	8.2%	36,713
Hawai'i Island	-7.5%	48,345

*DBEDT Forecasts as of August 2018

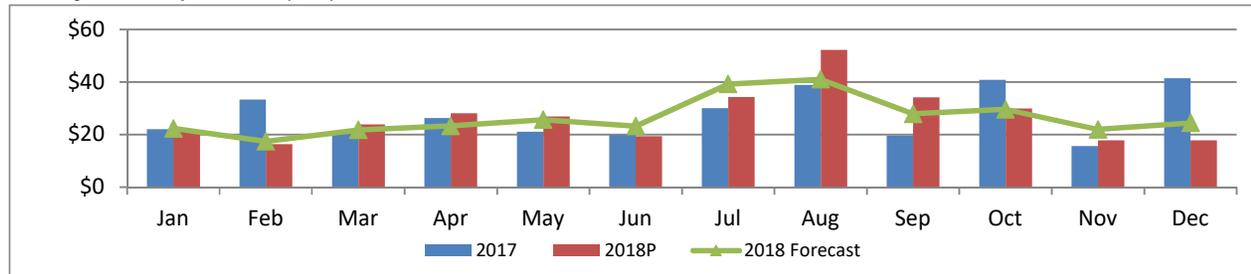
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

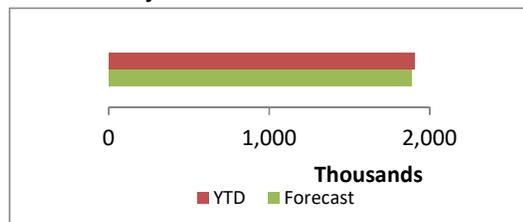


Monthly Visitor Expenditures (\$mil)

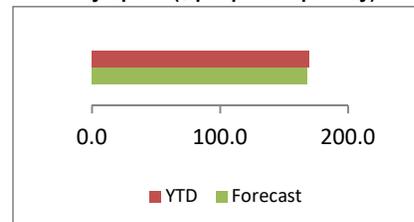


Annual Indicators

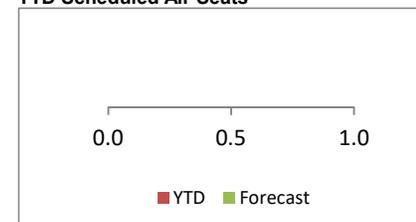
YTD Visitor Days



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: **Dec-18** Preliminary

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 106.1%	6.1%	26,515	24,999
Visitor Spending (\$mil)*	↑ 104.1%	-5.0%	69.5	66.8
Visitor Days	↑ 102.8%	2.7%	288,001	280,261
Daily Spend (\$pppd)	↔ 101.3%	-7.5%	241.4	238.3
Airlift (scheduled seats)	NA	NA	NA	NA

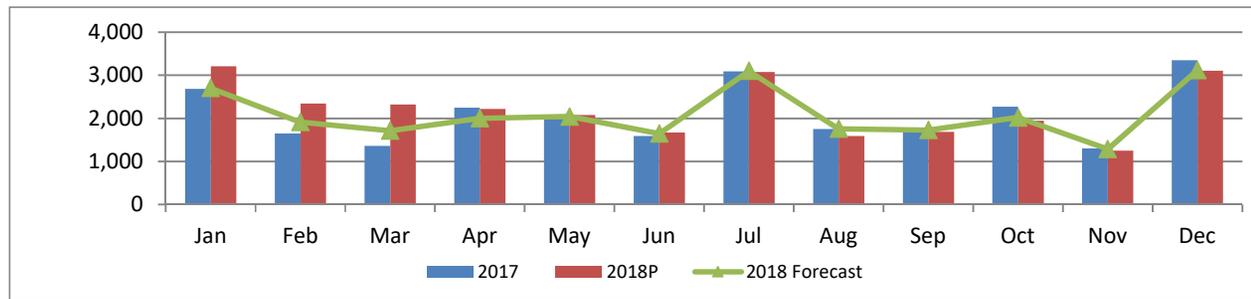
Arrivals	YOY Rate	YTD
O'ahu	8.3%	20,214
Maui	2.8%	9,731
Moloka'i	-3.3%	359
Lāna'i	22.9%	393
Kaua'i	10.2%	3,416
Hawai'i Island	-4.7%	5,971

*DBEDT Forecasts as of August 2018

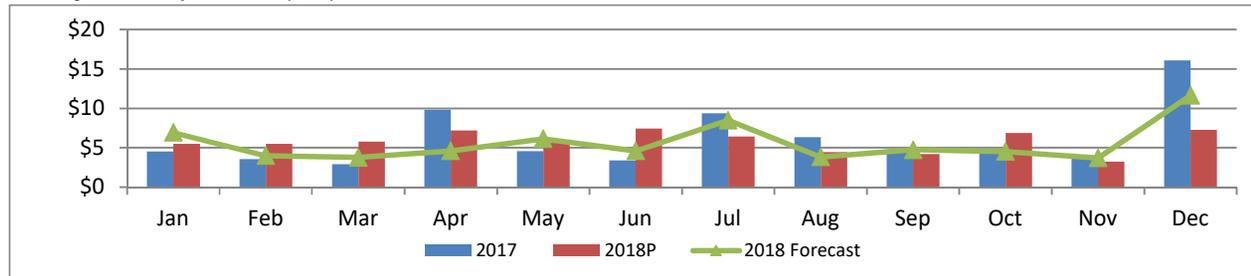
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

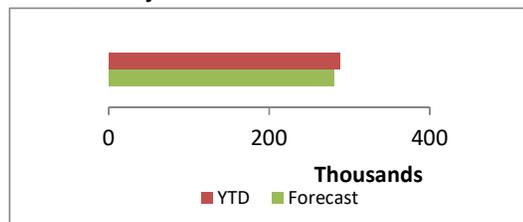


Monthly Visitor Expenditures (\$mil)

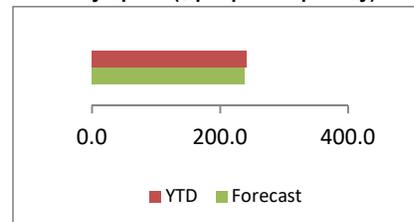


Annual Indicators

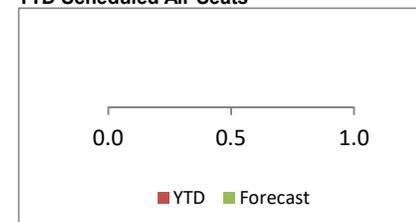
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

6

**Presentation of the Resident
Sentiment Survey Results**

HTA Resident Sentiment Survey 2018 Highlights

Prepared for Hawai'i Tourism Authority
January 2019
Field Dates: August 27 to October 14, 2018



Davies Pacific Center 1250, 841 Bishop Street, Honolulu, Hawai'i 96813
Telephone: 1-808-528-4050; Fax: 1-808-538-6227
www.omnitrak@omnitrakgroup.com

Research Objectives

- Resident sentiment toward Hawai'i's tourism industry is vital to maintaining sustainable growth in the industry and in the state's economy overall.
- The primary objectives of the Resident Sentiment Survey research are:
 - To track **key resident attitudes** toward tourism in Hawai'i over time.
 - To identify perceived **positive and negative impacts** of the tourism industry on local residents.
 - To identify for the tourism industry and HTA, **issues or concerns** regarding tourism expressed by residents.



Impact of Hawai'i
Tourism

General
Perceptions of
Hawai'i Tourism

What's the Big Idea?



With the visitor industry well on its way to its seventh consecutive year of record arrivals (i.e., during the time this survey was fielded), residents largely continued to view the industry favorably, but some indicators of Hawai'i Resident Sentiment had weakened.



Overall, residents understand the economic benefits of tourism. However, with arrivals approaching the 10 million mark, they seek benefits beyond the economic, a greater return on their “investment”.



Having a Voice in Tourism Development, Presenting Native Hawaiian Culture Authentically and Preserving Native Hawaiian Culture are the keys to improving Resident Sentiment.

Sample Plan and Methodology

Sample Plan

OmniTrak used a region-based stratified sampling for the study, the same approach used in earlier Resident Sentiment Survey efforts conducted by OmniTrak. The sampling plan divided the State into 12 sub-regions with consideration to population proportion, and allocated sufficient sample for each area to achieve an acceptable sampling error. Within each region, data was collected randomly. The resulting sample of residents was weighted proportionate to population distribution per the latest State Census from the State of Hawai'i Department of Business, Economic Development and Tourism. The telephone sample includes both landline (82%) and cellular (18%) phones.

Statewide sampling produced a total of $n = 1,635$ respondents as follows:

- O'ahu: 609
- Hawai'i Island: 451
- Maui County: 375
- Kaua'i: 200

Methodology

- A mixed methodology was used for this survey, including a combination of Computer Assisted Telephone Interviews (CATI) and online surveys. Just over four-in-ten (41%) respondents completed the survey via telephone and the remainder (59%) completed the survey online.
- All calls were placed from OmniTrak's continuously quality-controlled calling center in the Davies Pacific Center building in Downtown Honolulu.
- Field Dates: August 27 to October 14, 2018

Key Resident Sentiment Indicators – Impact of Hawai‘i Tourism

Notable decrease

Perception of tourism industry in Hawai‘i - Favorability

Holding steady

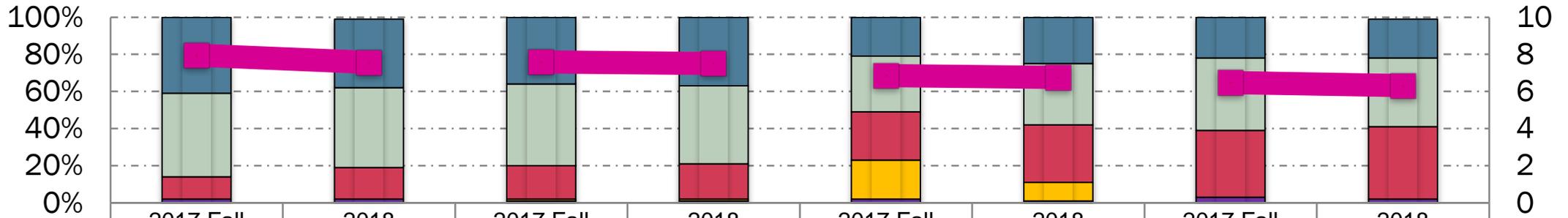
Perceived impact of tourism on the State

Decrease

Perceived impact of tourism on You and Your Family

Decrease

Tourism has brought more benefits than problems



	2017 Fall	2018						
Top Box (9-10)	41%	37%	36%	37%	21%	25%	22%	21%
Mid-Range (6-8)	45%	43%	44%	42%	30%	33%	39%	37%
Bottom Tier (1-5)	12%	17%	18%	19%	26%	31%	36%	39%
No Impact	0%	0%	1%	1%	21%	10%	0%	0%
DK/Rf	2%	2%	1%	1%	2%	1%	3%	2%
Base	1,614	1,635	1,614	1,635	1,614	1,635	1,614	1,635
MEAN	7.95	7.57	7.59	7.51	6.86	6.75	6.48	6.32

10
8
6
4
2
0

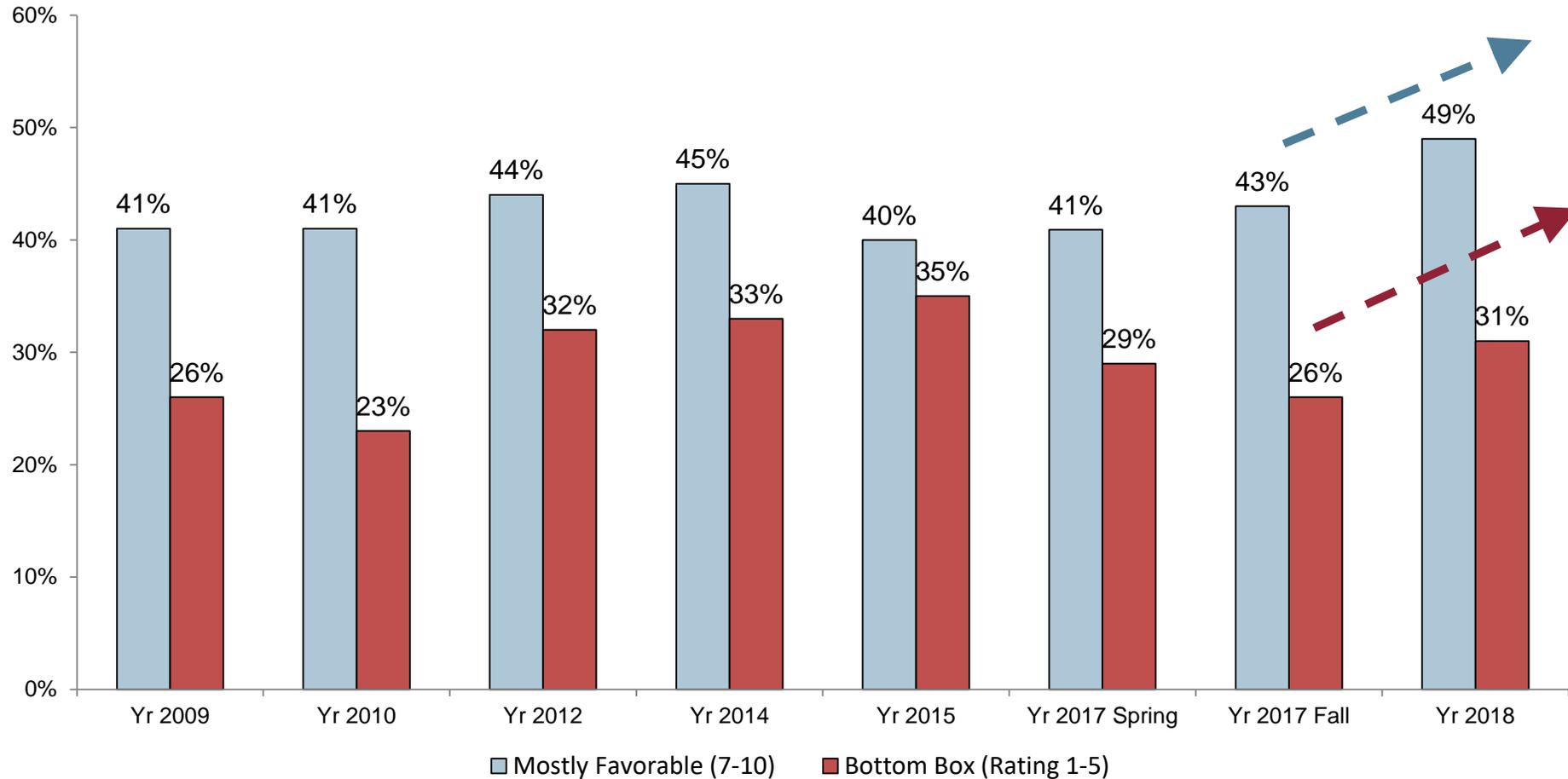
10=High
1=Low

Q1. Using a 10-point scale where 10 means Extremely Favorable and 1 means Not Favorable at All, please give me your opinion of tourism as an industry in Hawai‘i.

Q2a/b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...The State as a whole/You and Your Family?

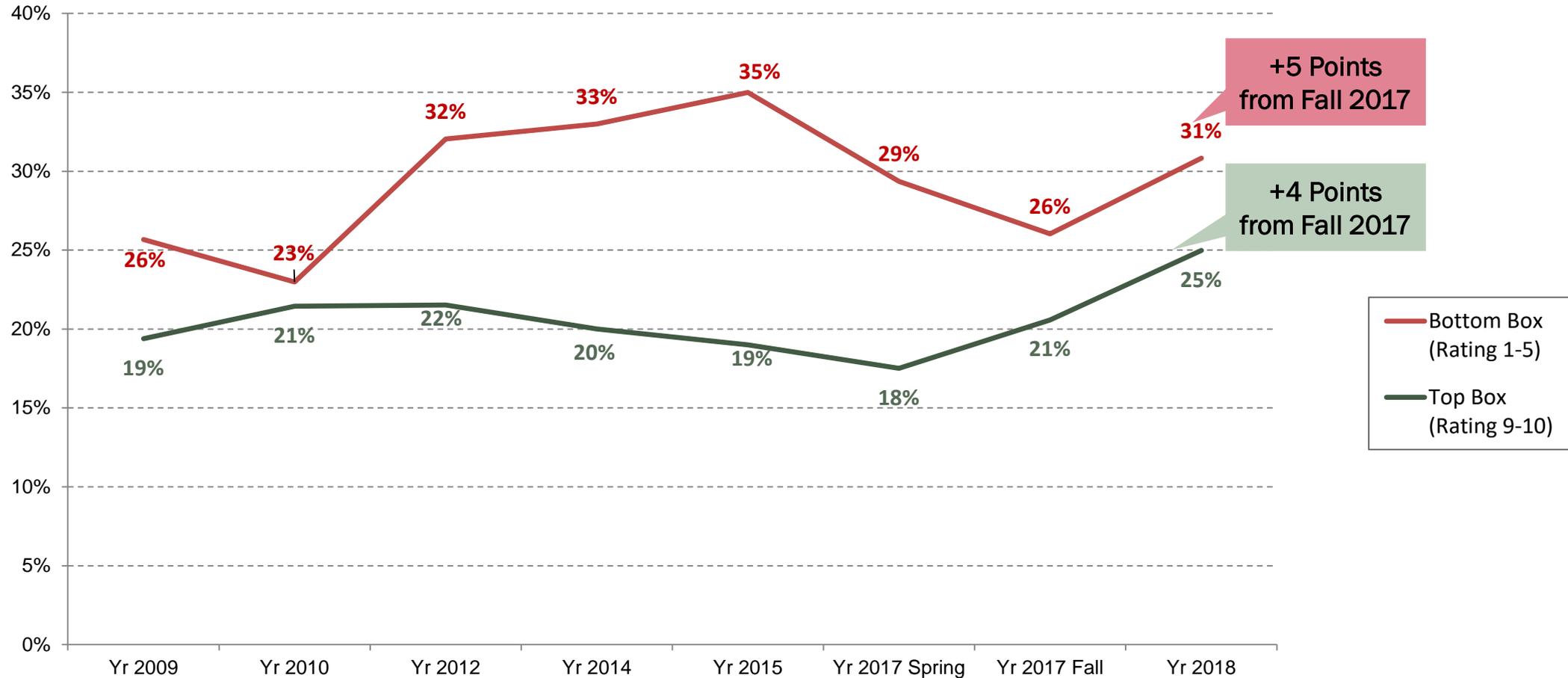
Q4.1. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that... Tourist has brought more benefits than problems?

Impact of Tourism on You & Your Family



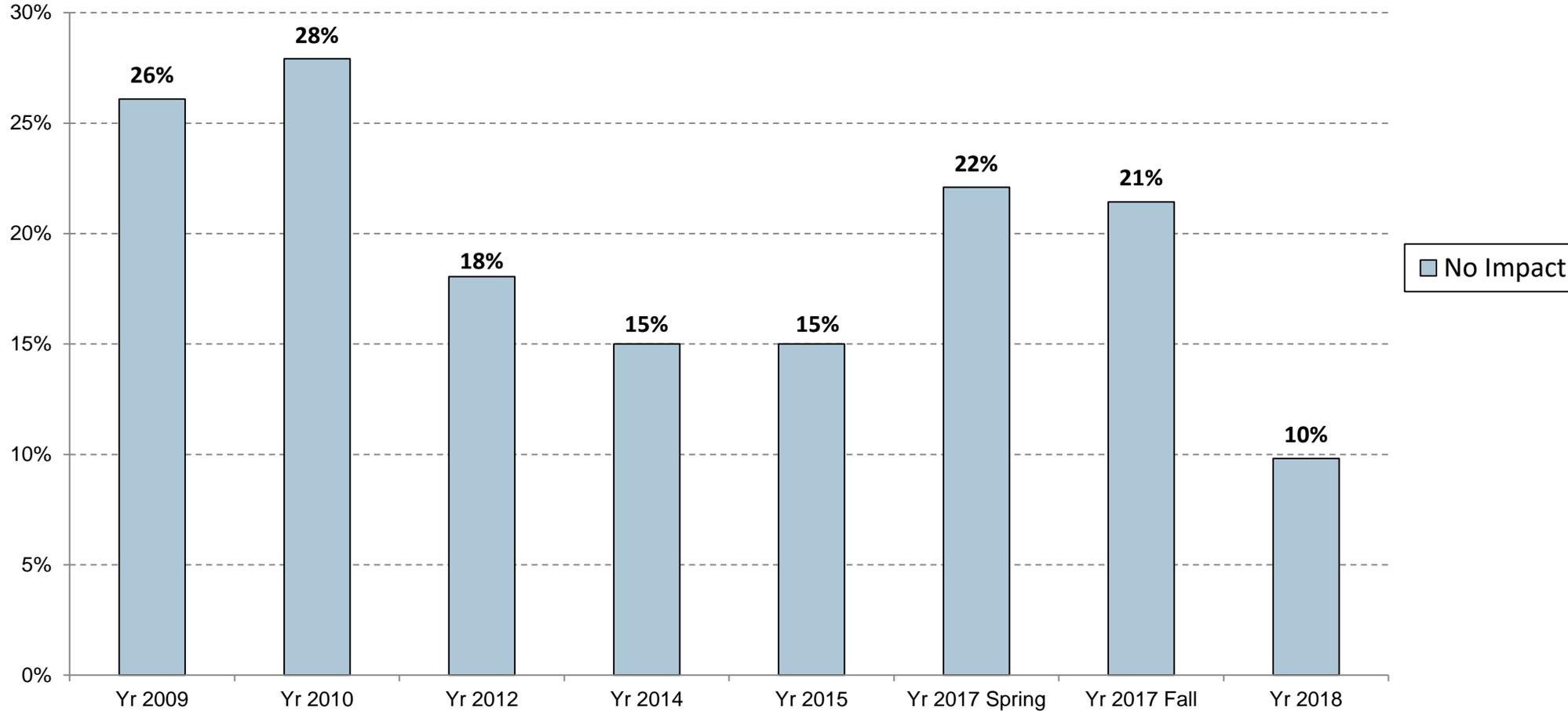
Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

Impact of Tourism on You & Your Family



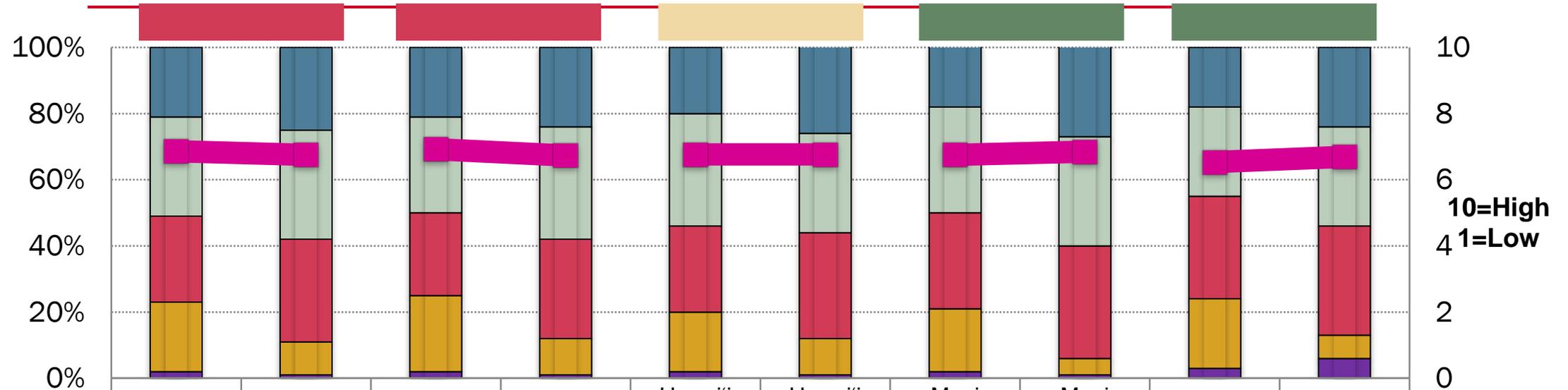
Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

Impact of Tourism on You & Your Family – No Impact



Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

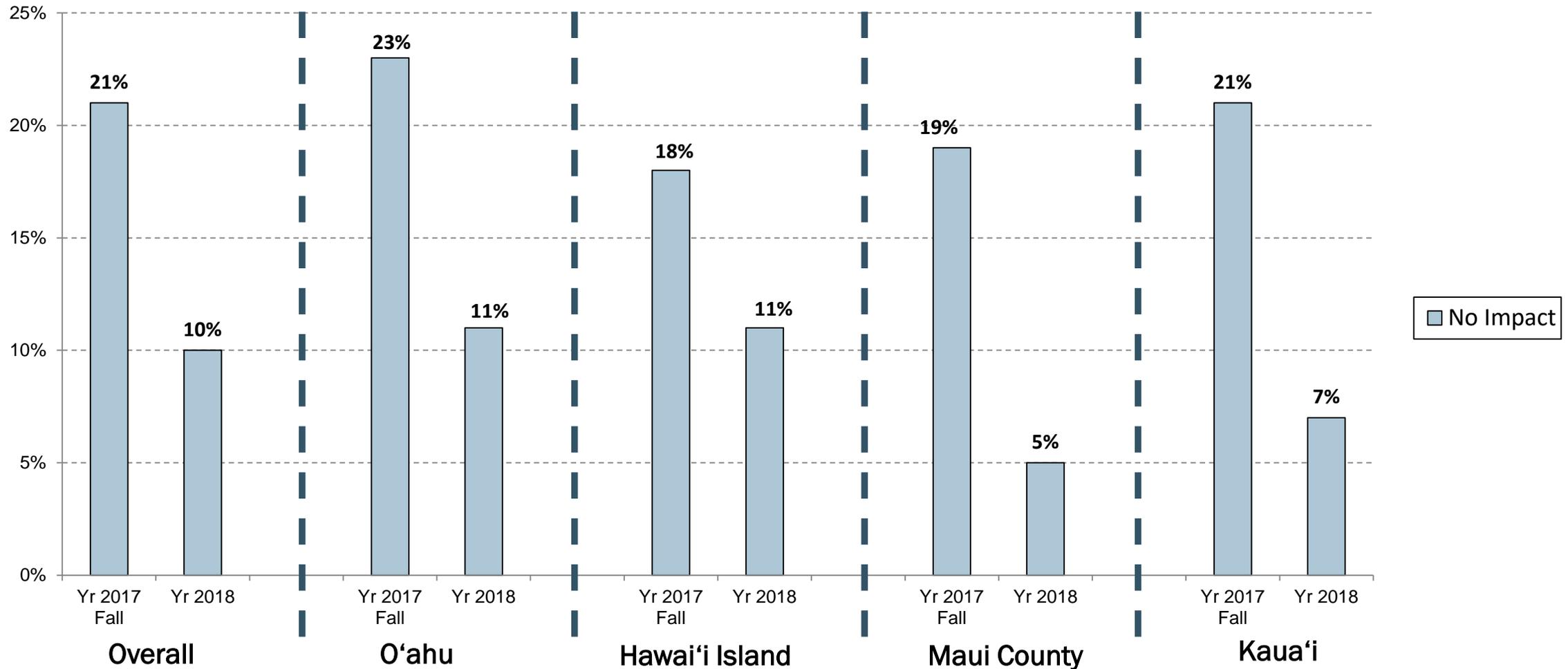
Impact of Tourism on You & Your Family - *By Island*



	OVERALL 2017 Fall	OVERALL 2018	O'ahu 2017 Fall	O'ahu 2018	Hawai'i Island 2017 Fall	Hawai'i Island 2018	Maui County 2017 Fall	Maui County 2018	Kaua'i 2017 Fall	Kaua'i 2018
Top Box (9-10)	21%	25%	21%	24%	20%	27%	19%	29%	18%	24%
Mid-Range (6-8)	30%	33%	29%	34%	34%	30%	32%	33%	27%	30%
Bottom Tier (1-5)	26%	31%	25%	30%	26%	32%	29%	34%	31%	33%
No Impact	21%	10%	23%	11%	18%	11%	19%	5%	21%	7%
DK/Rf	2%	1%	2%	1%	2%	1%	2%	1%	3%	6%
Base	1,614	1,635	614	609	480	451	320	375	200	200
MEAN	6.86	6.75	6.92	6.73	6.77	6.77	6.75	6.85	6.54	6.69

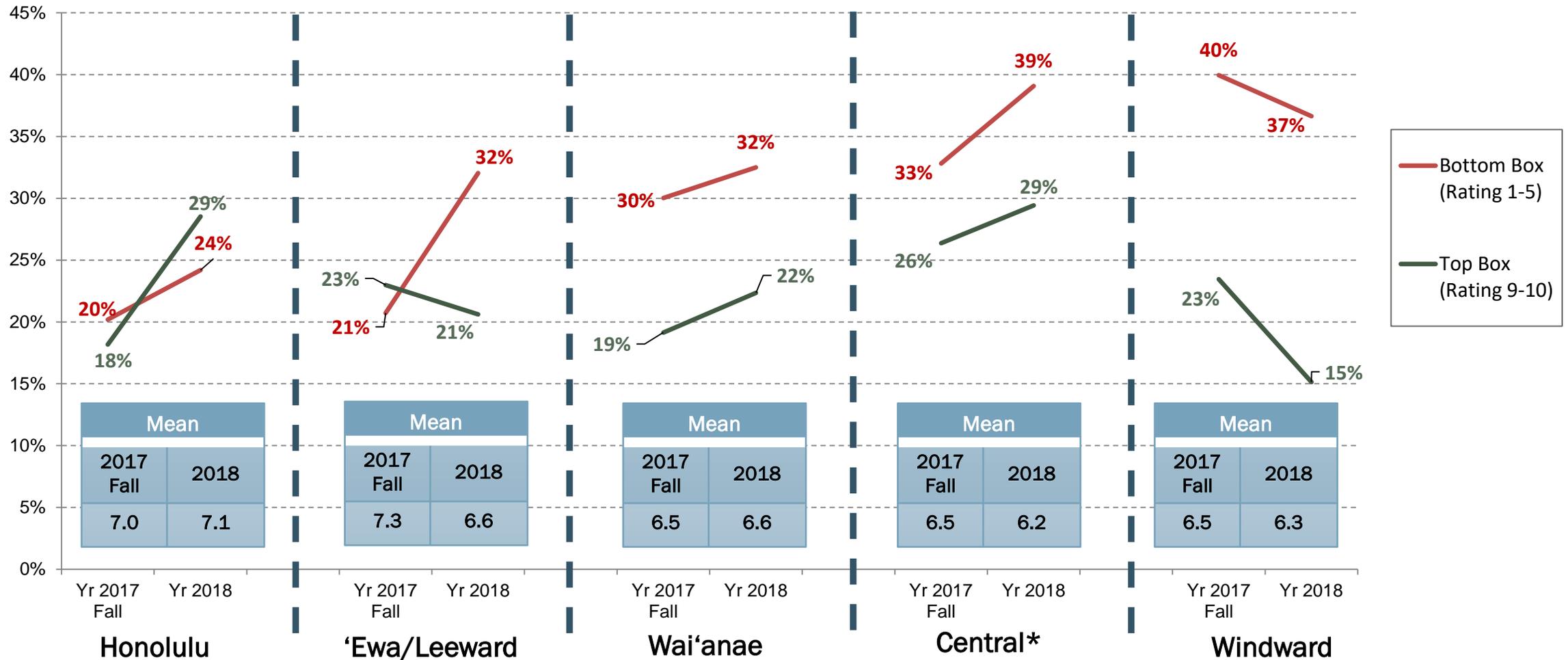
Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

Impact of Tourism on You & Your Family – No Impact – By Island



Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

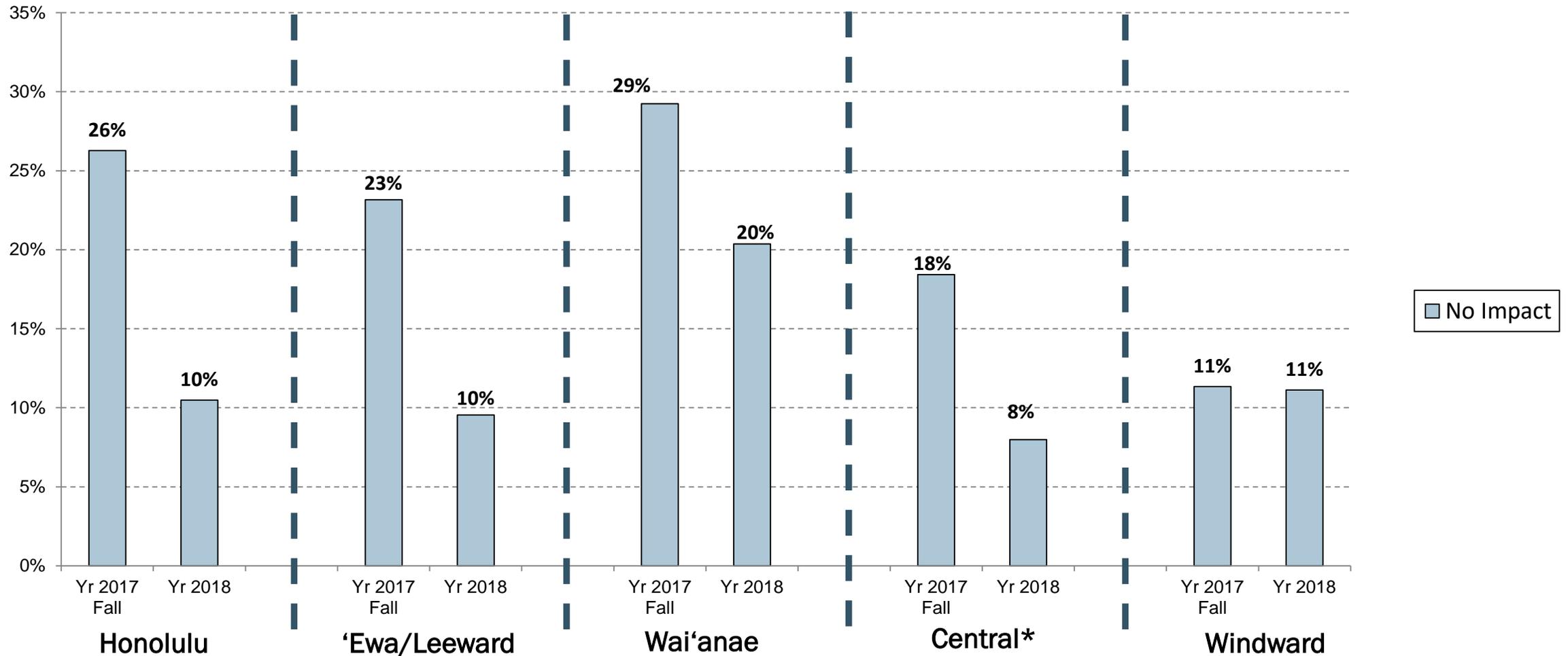
Impact of Tourism on You & Your Family – O‘ahu Regions



*Note: Due to a small North Shore sample size, North Shore is included in Central.

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

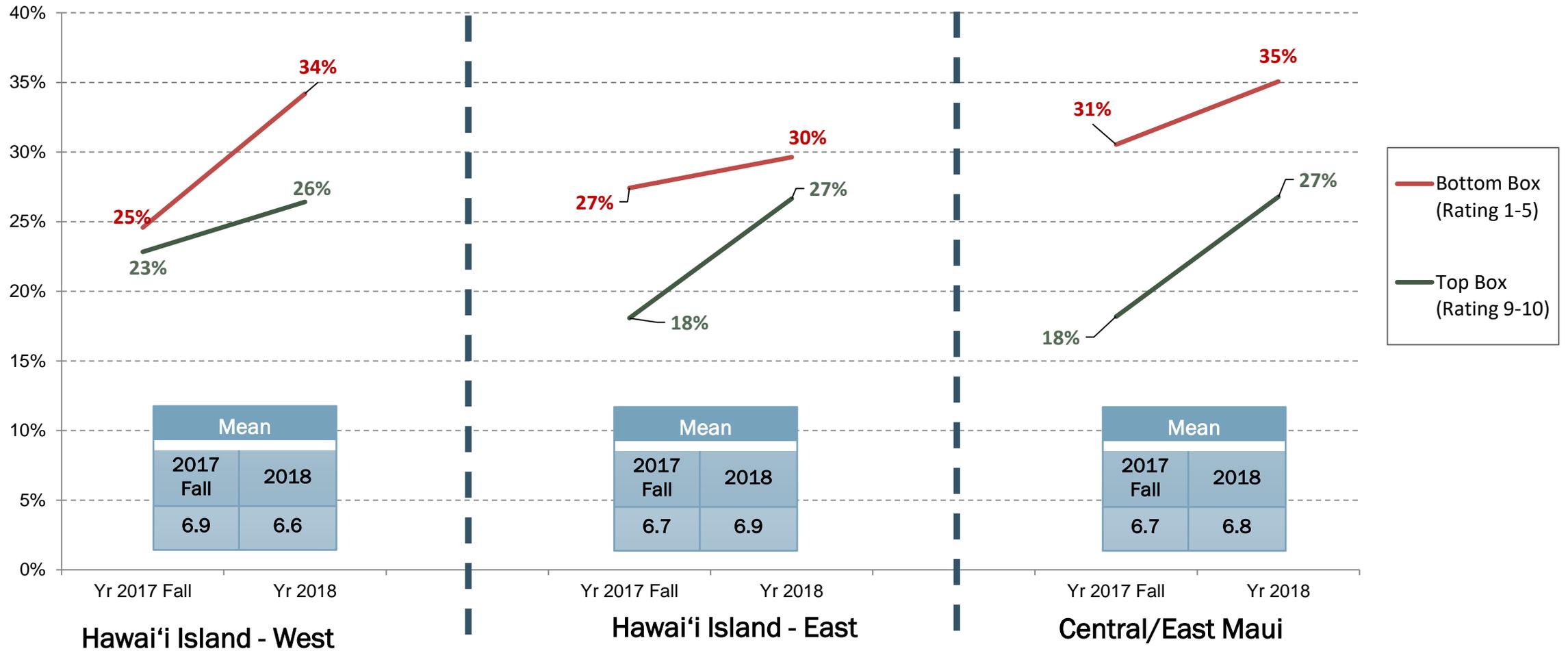
Impact of Tourism on You & Your Family – No Impact - O‘ahu Regions



*Note: Due to a small North Shore sample size, North Shore is included in Central.

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

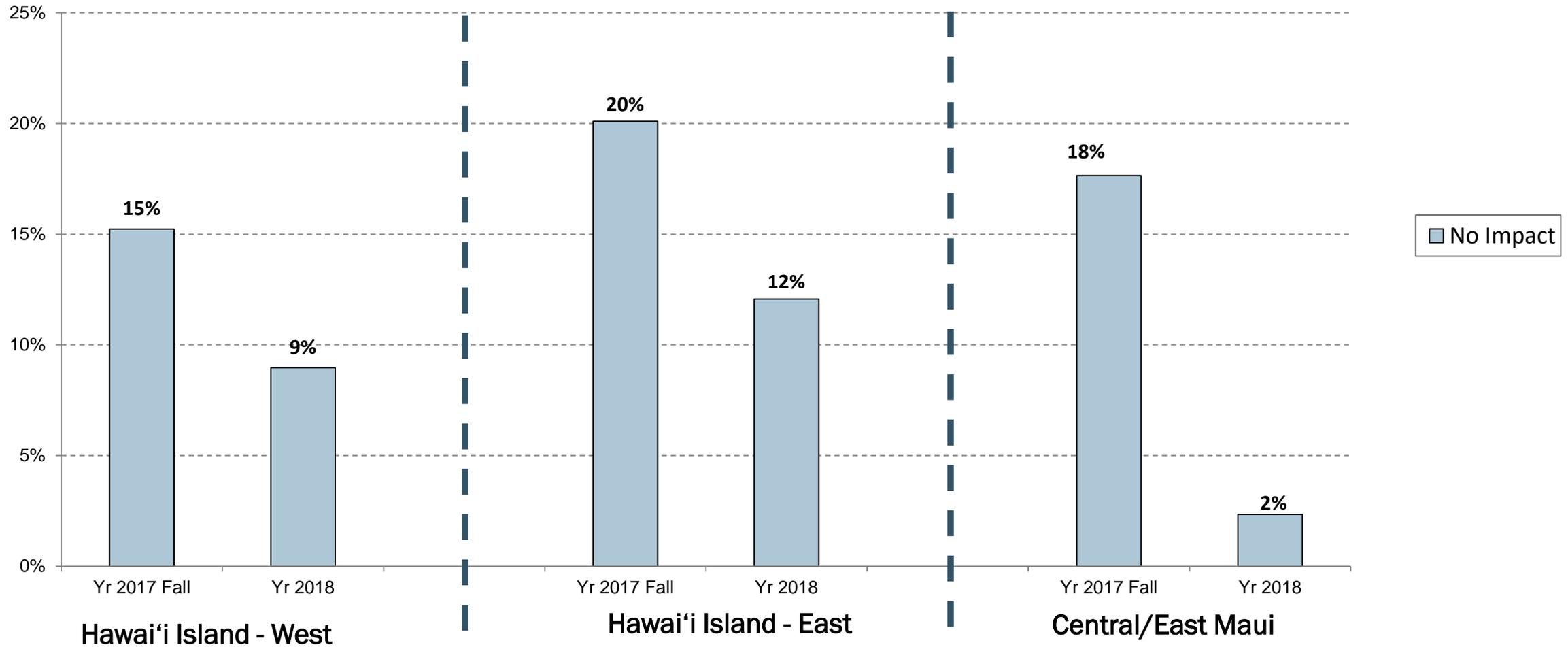
Impact of Tourism on You & Your Family – Neighbor Island Regions



*Note: Due to small sample sizes, regional charts for Kaua'i, West Maui, Moloka'i and Lāna'i are not included.

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

Impact of Tourism on You & Your Family – No Impact - Neighbor Island Regions



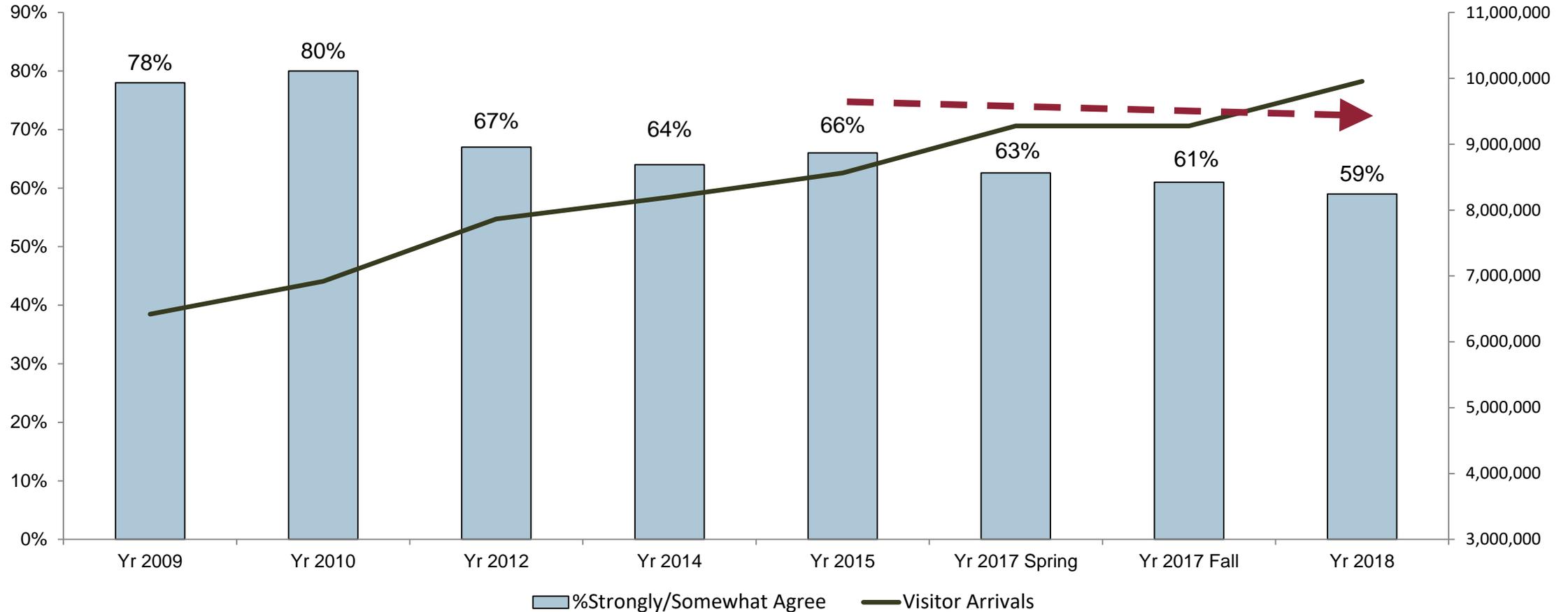
*Note: Due to small sample sizes, regional charts for Kaua'i, West Maui, Moloka'i and Lāna'i are not included.

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...you and your family?

“Tourism has brought more benefits than problems”

% Strongly/ somewhat agree tourism has brought more benefits than problems
(Rating of 6-to-10 on 10 Point Scale)

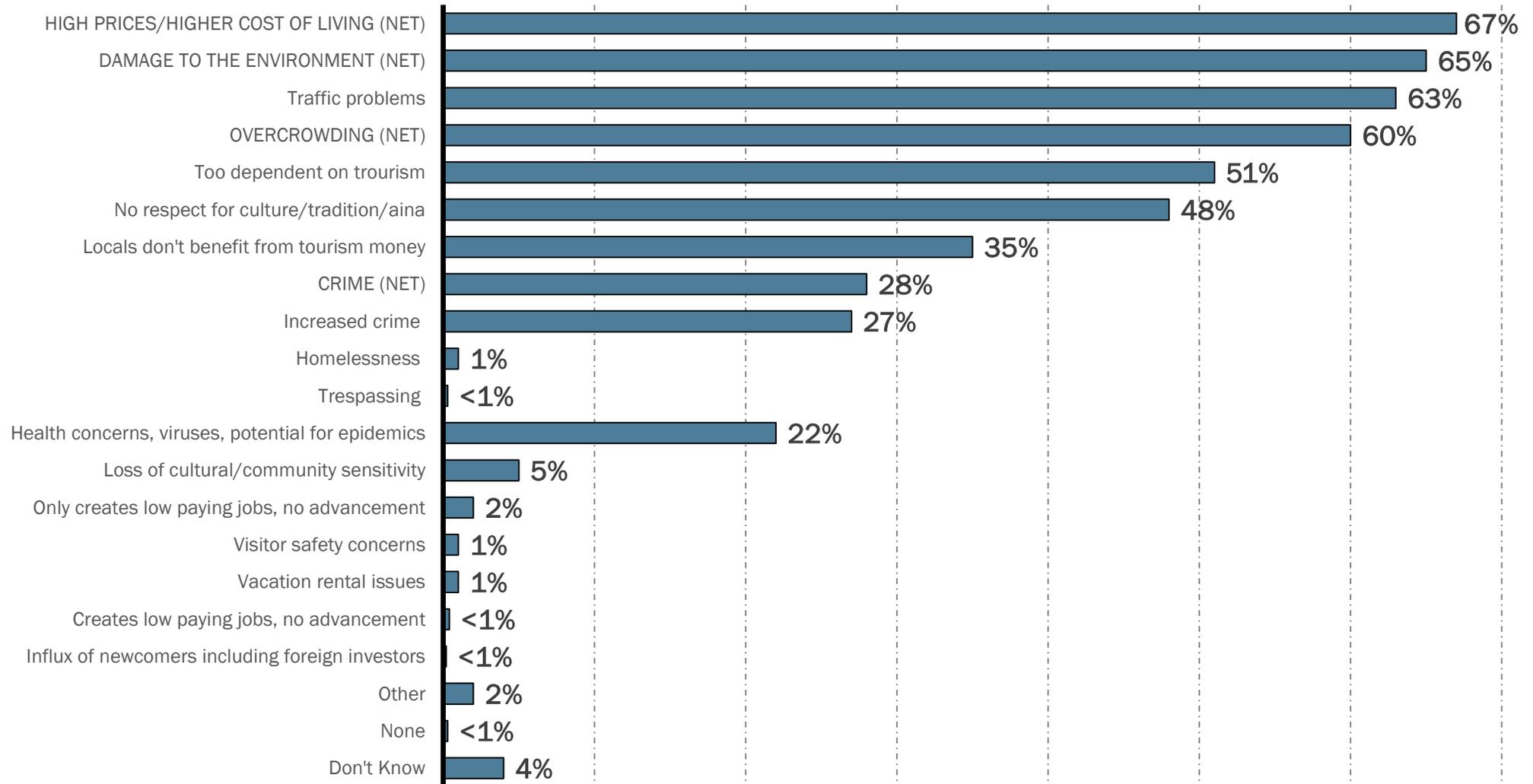
Annual Visitor Arrivals



Q4.1. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

Problems Created by Tourism in Hawai'i

(According to residents saying Hawai'i tourism creates more problems than benefits)

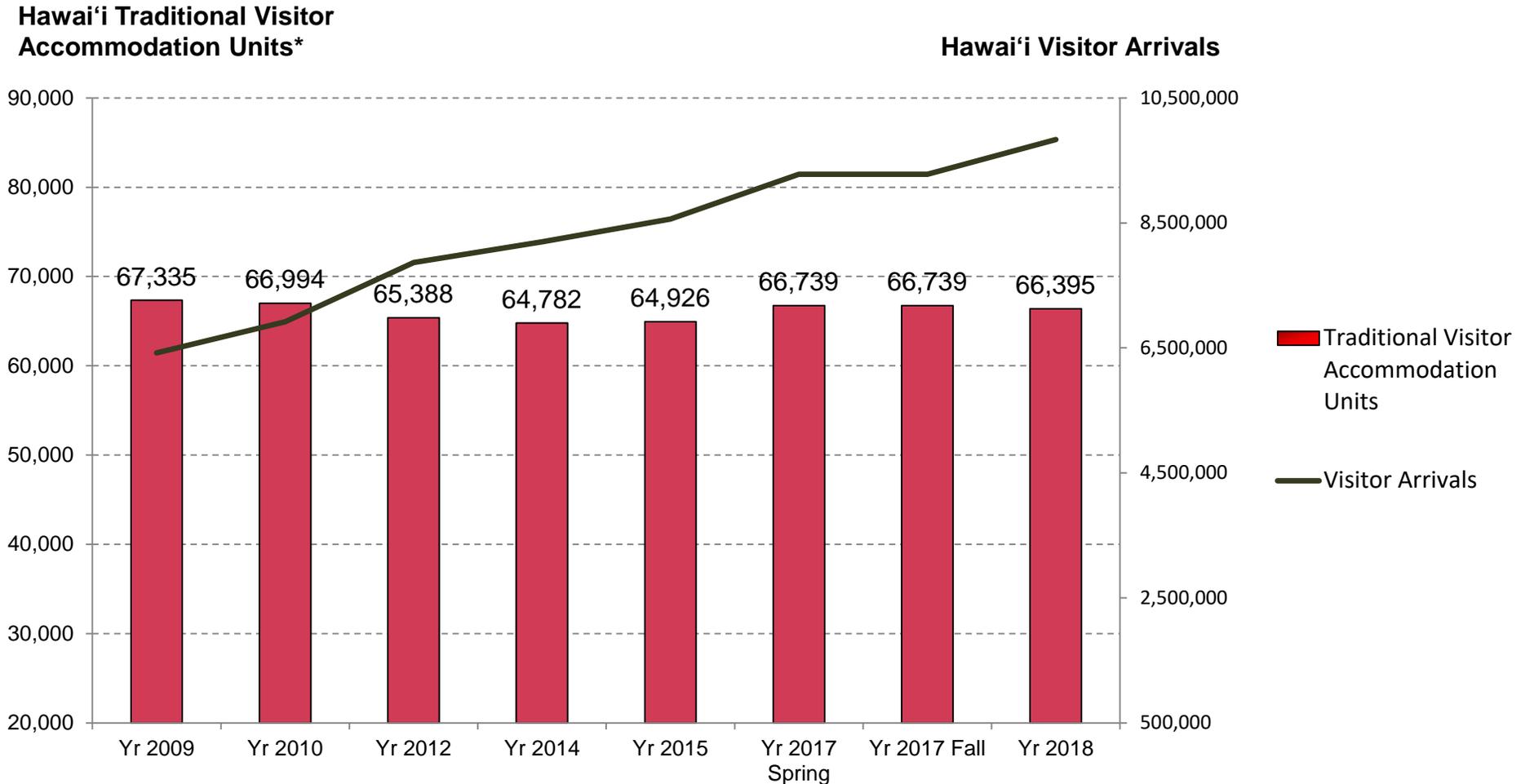


Q5a. In your opinion, what problems do you think tourism has created in Hawai'i?

Other Marketplace Considerations

Other Marketplace Considerations

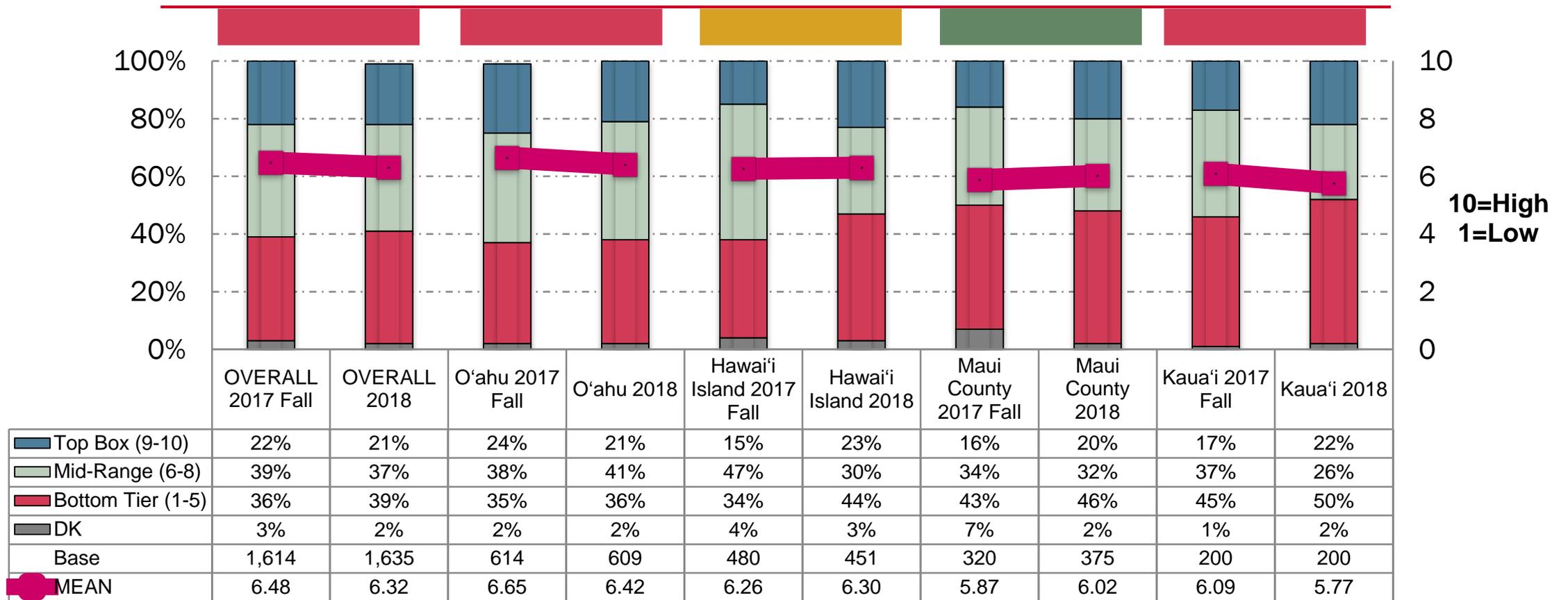
- Hawai'i resident count has also been on the rise. (+4% between 2010 & 2018)
- Fueled by the Sharing Economy and Social Media, visitors are appearing in places they have not been in in the past



Source: Hawai'i Tourism Authority

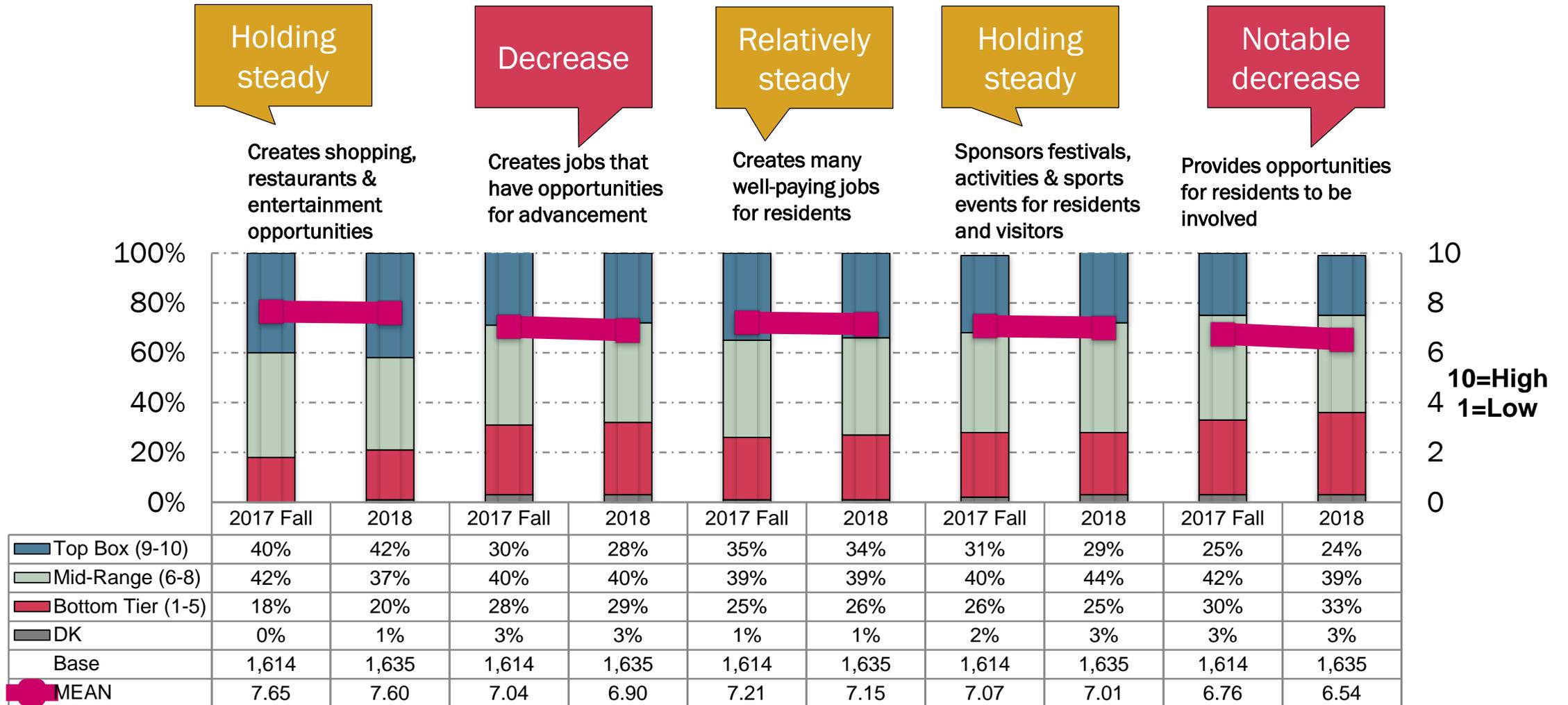
*Note: Traditional units include hotel, condo hotel and timeshare units

“Tourism has brought more benefits than problems” – *By Island*



Q4.1. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

Impact of Hawai'i Tourism



Q3. I'm going to read you some ways tourism may affect your island, please tell me how much you agree or disagree with each statement using a scale of 1 to 10 with 10 being Completely Agree and 1 being Do Not Agree At All?

Impact of Hawai'i Tourism

Increase

Tourism increases traffic problems

Slight decrease

Tourism results in a higher cost of living

Decrease

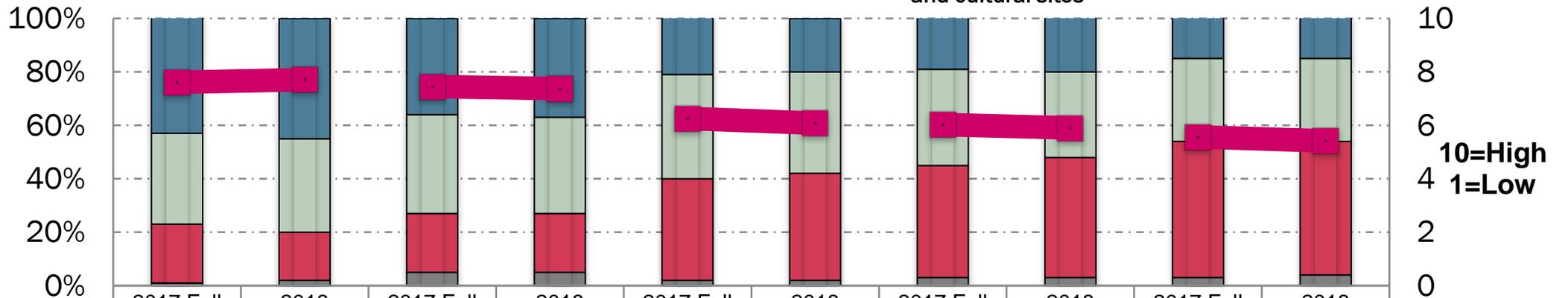
Enhances residents' quality of life

Decrease

Helps sustain Hawai'i's natural resources, parks and cultural sites

Decrease

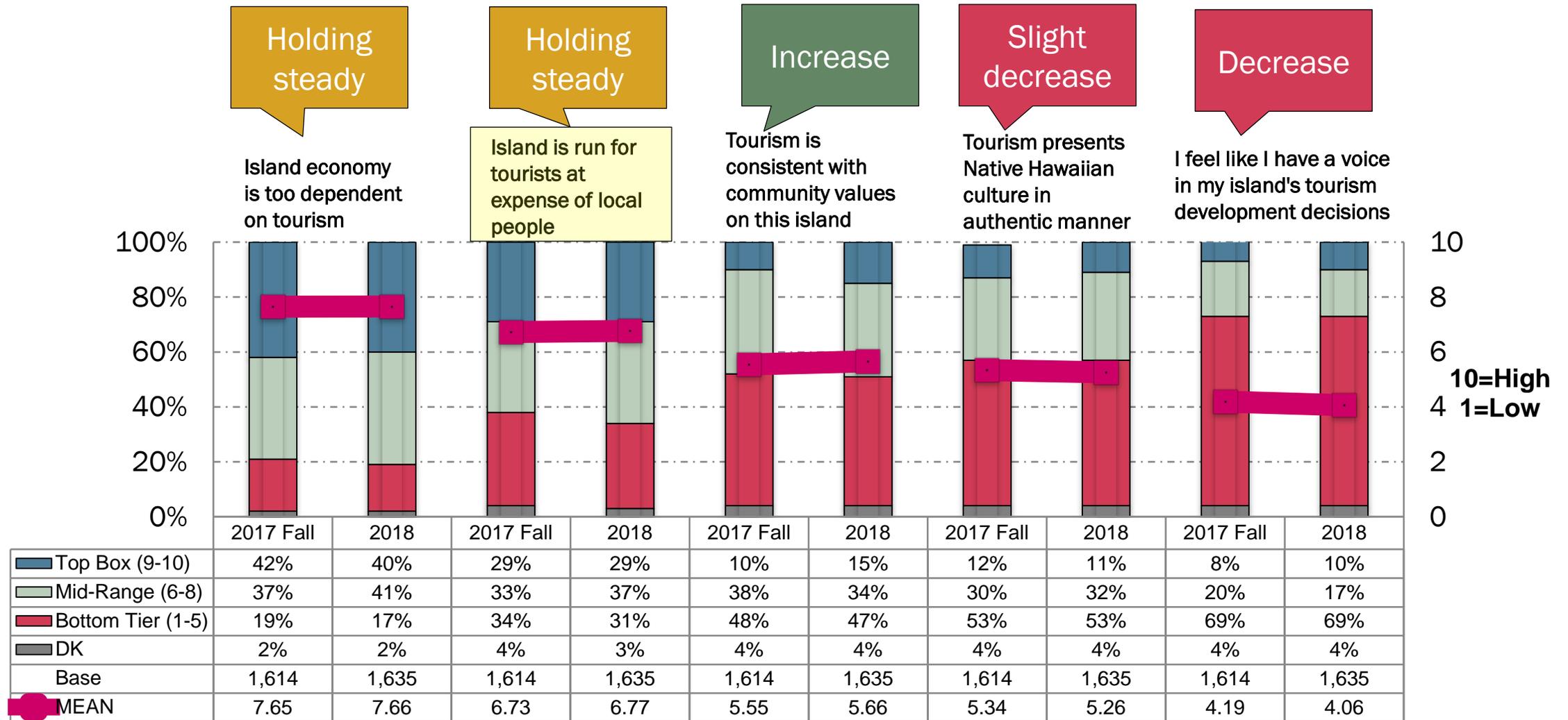
Helps preserve Native Hawaiian culture and language



	2017 Fall	2018								
Top Box (9-10)	44%	45%	36%	37%	22%	20%	20%	21%	16%	16%
Mid-Range (6-8)	34%	35%	37%	36%	39%	38%	36%	32%	31%	31%
Bottom Tier (1-5)	22%	18%	22%	22%	38%	40%	42%	45%	51%	50%
DK	1%	2%	5%	5%	2%	2%	3%	3%	3%	4%
Base	1,614	1,635	1,614	1,635	1,614	1,635	1,614	1,635	1,614	1,635
MEAN	7.61	7.71	7.45	7.37	6.26	6.08	6.03	5.90	5.57	5.42

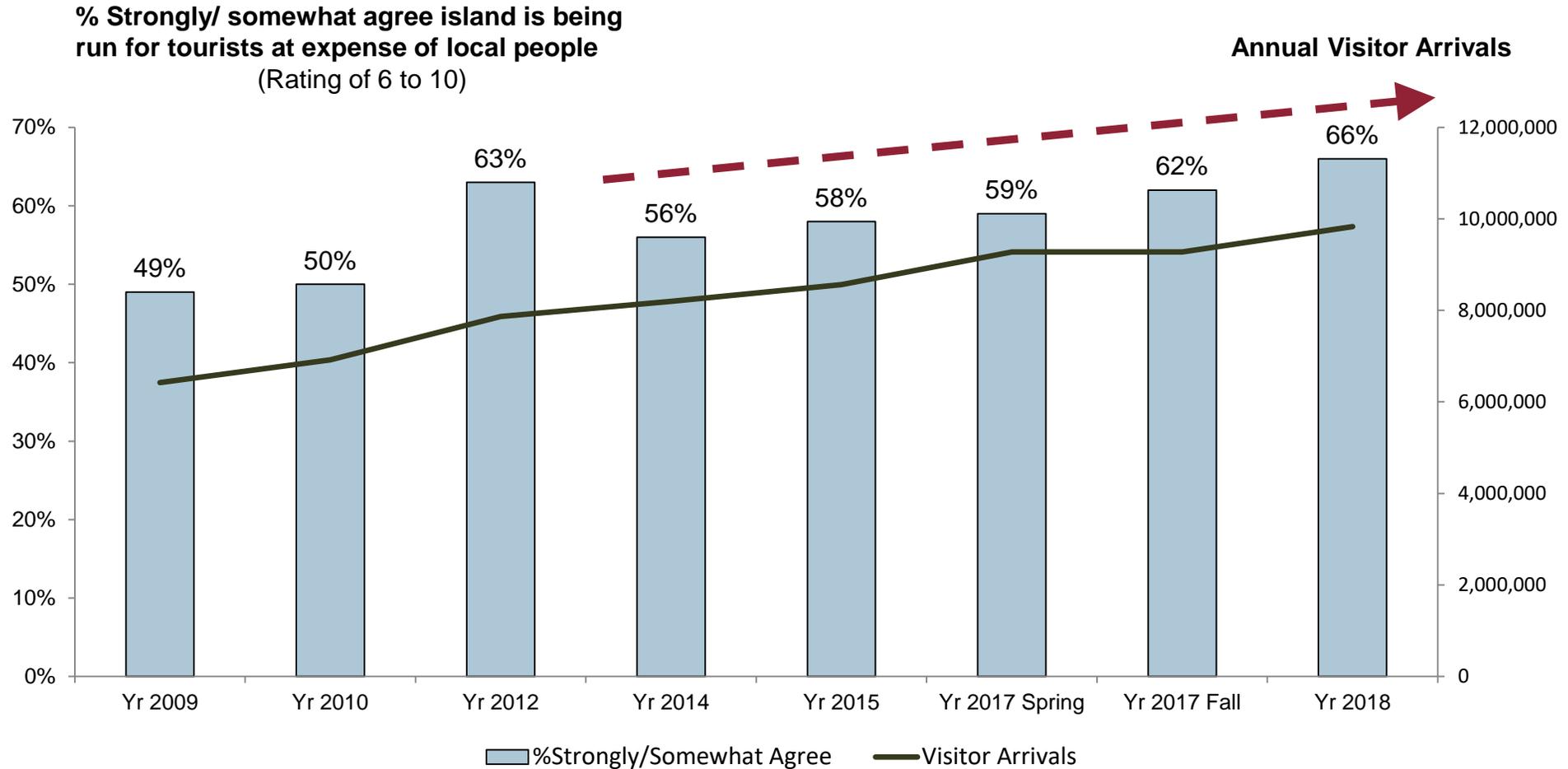
Q3 & Q4. I'm going to read you some ways tourism may affect your island, please tell me how much you agree or disagree with each statement using a scale of 1 to 10 with 10 being Completely Agree and 1 being Do Not Agree At All?

General Perceptions of Tourism



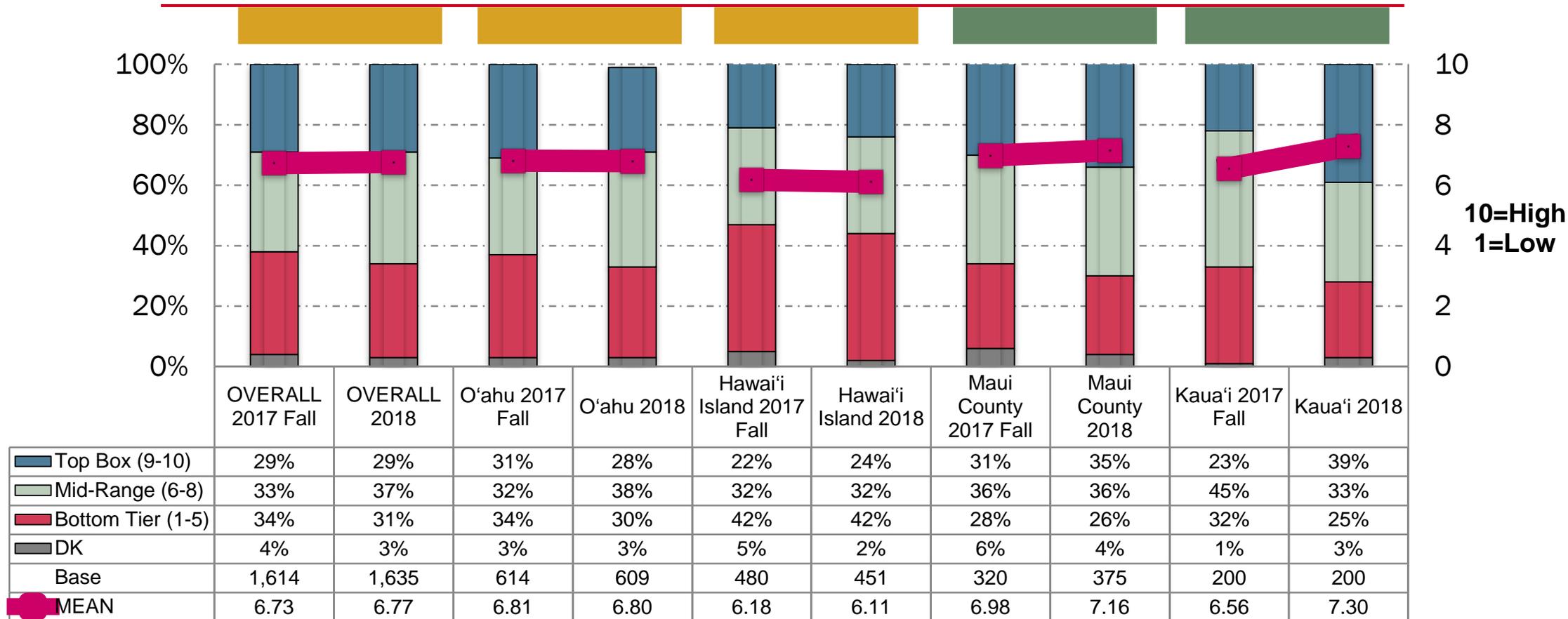
Q4. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that ...

“This island is being run for tourists at the expense of local people”



Q4.2. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

“This island is being run for tourists at the expense of local people” – *By Island*



Q4.2. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

General Perceptions

Decrease

Funds should be spent to promote tourism in Hawai'i

Decrease

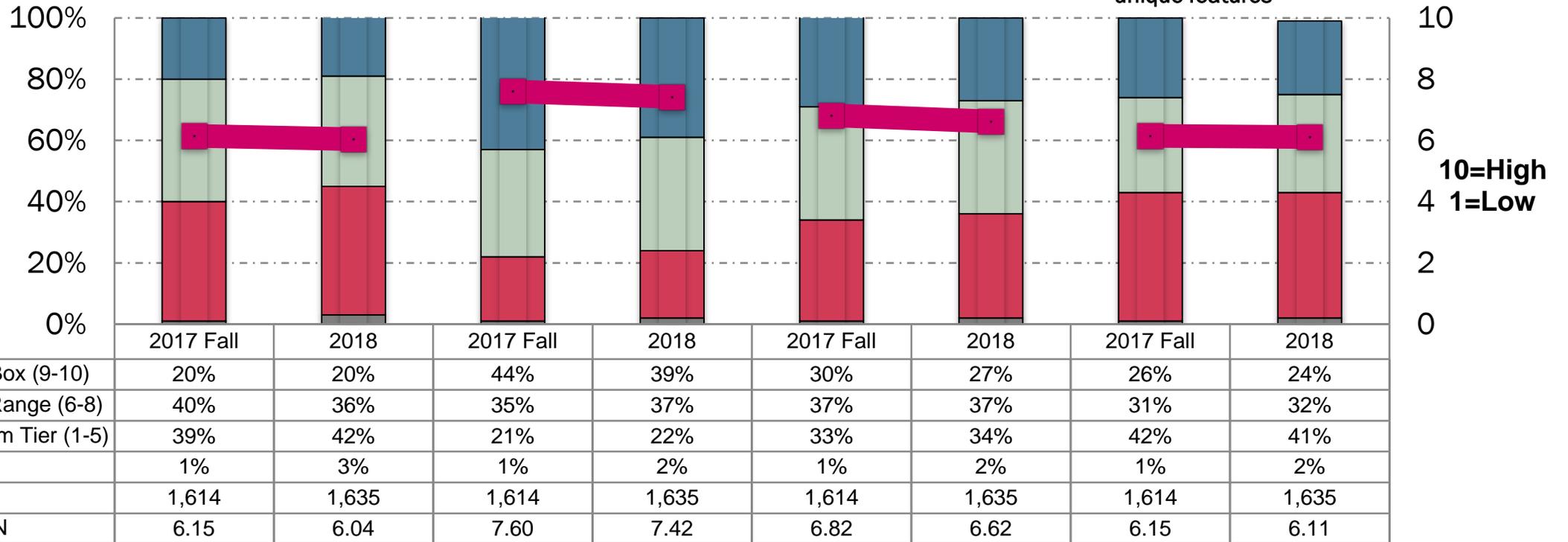
Tourism reminds me we have a unique culture to share

Decrease

Tourism should be actively encouraged on my island

Holding steady

Tourism makes me feel special because people travel to see my island's unique features



Q4. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that ...

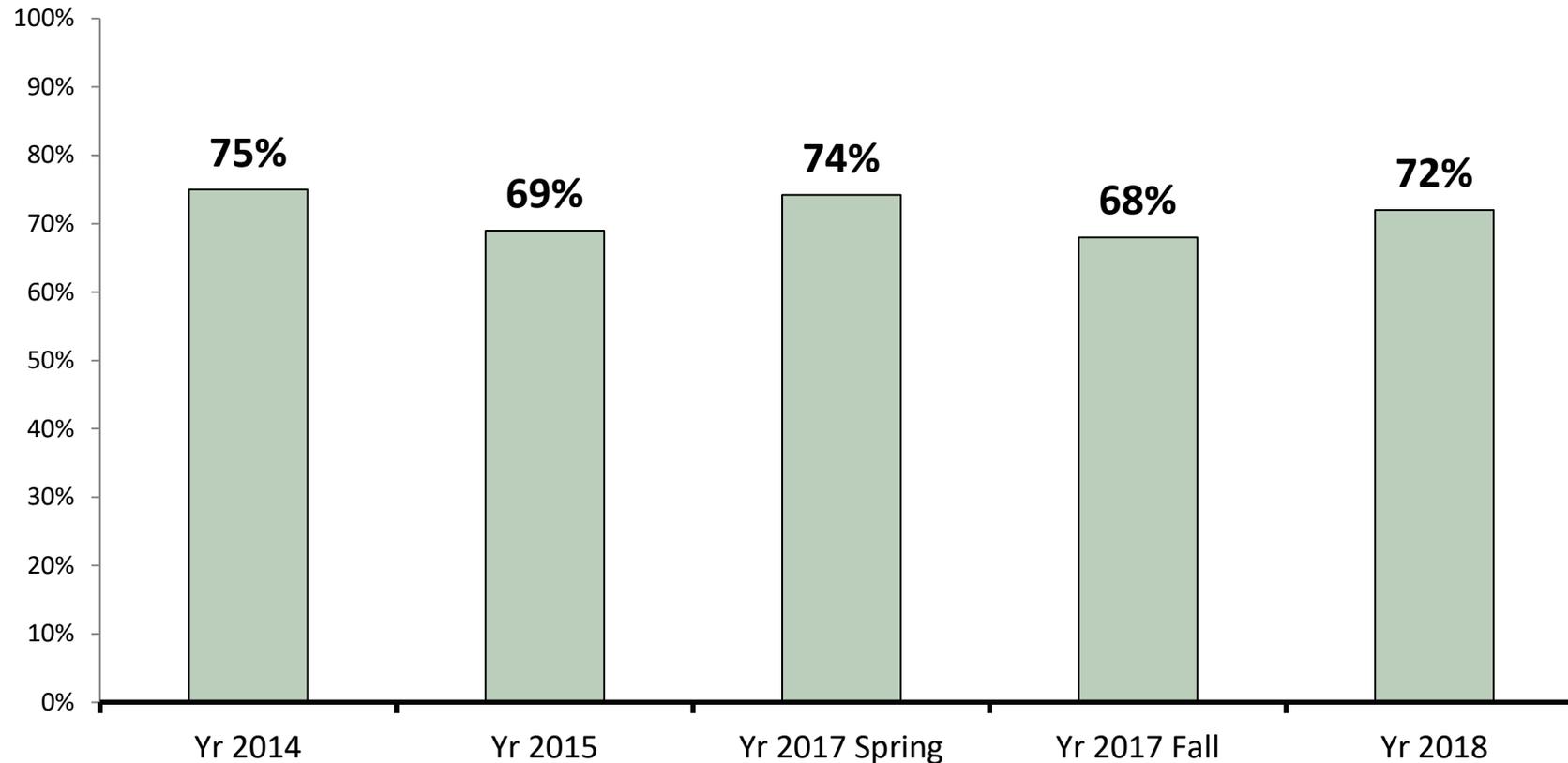
Drivers of Resident Sentiment

Drivers (Driver Weight)	Attribute	Attribute Weights
Cultural & Community Benefits (55%) Fall '17: 40% Spring '17: 29%	I feel like I have a voice in my island's tourism development decisions	15%
	Tourism presents Native Hawaiian language and culture in an authentic manner	14%
	Helps to preserves Native Hawaiian culture and language	12%
	Tourism is consistent with community values on this island	10%
	Helps sustain Hawai'i's natural resources, parks and cultural sites	5%
	Tourism makes me feel special because people travel to see my island's unique features.	<1%
	Tourism in Hawai'i reminds me that we have a unique culture to share with visitors.	<1%
Negative Impacts (25%) Fall '17: 20% Spring '17: 24%	Tourism results in a higher cost of living	7%
	My island's economy is too dependent on tourism	7%
	Tourism in Hawai'i increases traffic problems	6%
	This island is being run for tourists at the expense of local people	6%
Economic & Social Benefits (20%) Fall '17: 40% Spring '17: 47%	Creates many well-paying jobs for residents	7%
	Creates shopping, restaurants and entertainment opportunities for residents	5%
	Creates jobs that have opportunities for advancement	3%
	Provides opportunities for residents to be involved	4%
	Sponsors festivals, activities & sports events for residents & visitors	1%
	Is an industry that enhances residents' quality of life	<1%



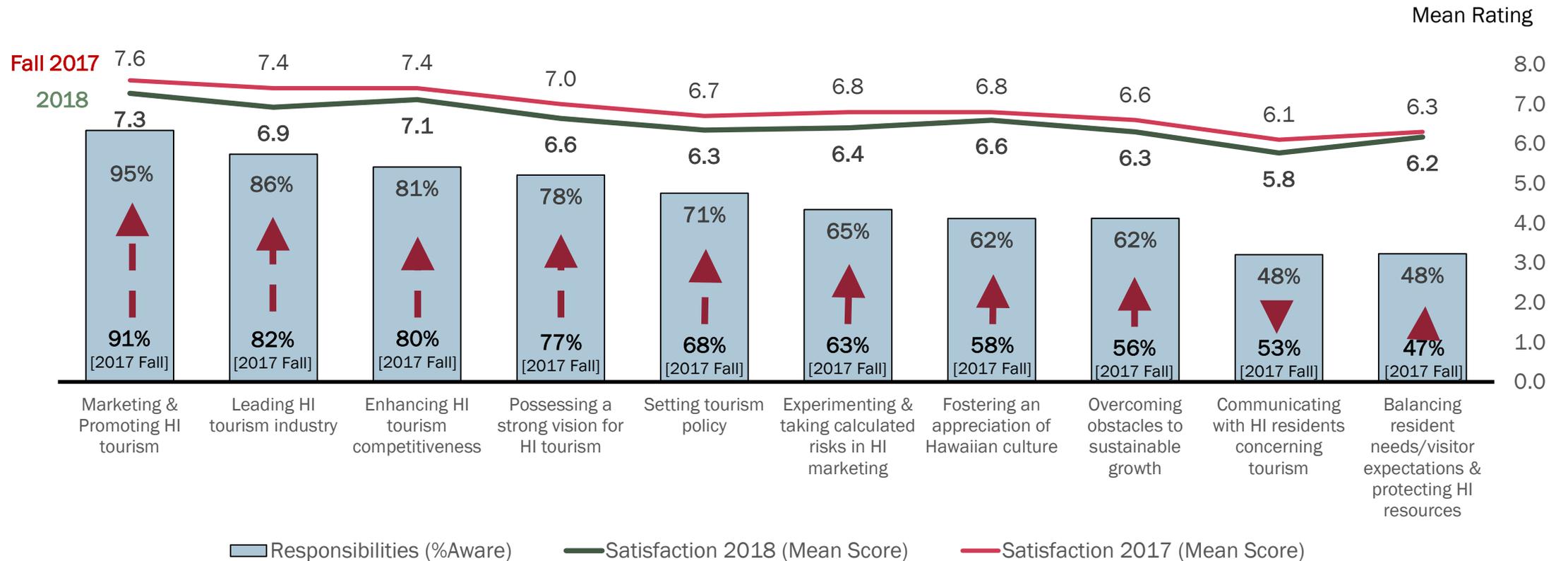
Hawai'i Tourism Authority Insights

Hawai'i Tourism Authority Aided Name Awareness



Q6. Prior to doing this survey, were you aware of the existence of the Hawai'i Tourism Authority?

Perception of Hawai'i Tourism Authority Roles & Responsibilities



Q8a. Prior to doing this survey, were you aware that the Hawai'i Tourism Authority is responsible for and has an important role in?

Q8b. Using a scale of 1 to 10 where 10 means you think the Hawai'i Tourism Authority is doing an Excellent job and 1 means you think the Hawai'i Tourism Authority is doing a Poor job, how would you rate the job the HTA is doing in.....?

Drivers of Hawai'i Tourism Authority Favorability

Drivers (Driver Weight)	Attribute	Attribute Weights
Communication with Residents & Balancing Needs (47%) [Fall 2017: 34%]	Communicating with, and listening to, Hawai'i residents	21% 
	Fostering an appreciation of the contributions the Hawaiian culture offers to the world	15% 
	Balancing the needs of residents with expectations of visitors and protecting the resources of Hawai'i	11% 
Vision & Risk Taking (22%) [Fall 2017: 14%]	Possessing a strong vision	16% 
	Setting tourism policy and direction for ongoing, sustainable growth	6%
	Taking initiative to overcome obstacles	<1%
	Experimenting and taking calculated risks in supporting and marketing Hawai'i tourism	<1%
Competitiveness (16%) [Fall 2017: 25%]	Enhancing the competitiveness of Hawai'i as a destination	16%
Marketing & Leadership (14%) [Fall 2017: 27%]	Marketing and promoting tourism to Hawai'i	8%
	Leading the tourism industry in Hawai'i	6%



Mahalo from the OmniTrak Group

Agenda Item

7

**Presentation, Discussion and
Action on HTA's Financial
Reports for November and
December 2018**

Hawaii Tourism Authority
Budget Statement - Summary
FY 2019
As of December 31, 2018

Category	Tourism Special Fund				Convention Center Enterprise Special Fund			
	Fiscal Year 2019				Fiscal Year 2019			
	Budget	YTD Amount of Budget Used	Balance	Activity for December 2018	Budget	YTD Amount of Budget Used	Balance	Activity for December 2018
Revenues								
TAT Revenue Allocation	79,000,000	39,500,000	39,500,000	6,585,100	16,500,000	8,250,000	8,250,000	1,375,000
Prior Year Carryover	8,459,108	8,459,108	-	-	-	-	-	-
	<u>87,459,108</u>	<u>47,959,108</u>	<u>39,500,000</u>	<u>6,585,100</u>	<u>16,500,000</u>	<u>8,250,000</u>	<u>8,250,000</u>	<u>1,375,000</u>
Expenditures								
Sales and Marketing								
Salaries & Wages	713,872	691,673	22,199	-	70,000	56,438	13,562	-
Major Market Management	45,746,000	37,089,212	8,656,788	13,380,500				
Communications	636,000	28,623	607,377	-				
Sports	8,135,000	4,884,559	3,250,442	2,334,559				
Brand Development Projects	275,000	3,640	271,360	3,640				
Business Destination Management	1,155,000	236,000	919,000	6,000				
Access	2,713,000	762,630	1,950,370	18,000				
Industry Collaboration & Coordination	55,000	12,443	42,557	-				
Digital Marketing Projects	1,400,000	72,071	1,327,929	62,893				
Industry Relations	1,357,000	93,482	1,263,518	6,406				
Subtotal	<u>62,185,872</u>	<u>43,874,334</u>	<u>18,311,538</u>	<u>15,811,998</u>	<u>70,000</u>	<u>56,438</u>	<u>13,562</u>	<u>-</u>
Culture, Community & Natural Resources								
Salaries & Wages	371,226	277,404	93,822	-	-	-	-	-
Hawaiian Culture Initiatives	3,735,000	1,280,178	2,454,822	1,223,387				
Community	4,056,000	1,823,721	2,232,279	1,223,721				
Greetings	1,200,000	-	1,200,000	-				
Other Product Development	654,000	88,159	565,841	3,106				
Festivals & Events	2,308,000	861,000	1,447,000	351,000				
Safety & Security	1,910,000	1,737,005	172,995	1,732,005				
Career Development	720,000	160,000	560,000	-				
Natural Resources	2,180,000	1,129,219	1,050,781	1,124,387				
Subtotal	<u>17,134,226</u>	<u>7,356,685</u>	<u>9,777,541</u>	<u>5,657,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Research								
Salaries & Wages	384,180	380,880	3,300	-	-	-	-	-
Tourism Research	4,231,214	1,775,841	2,455,373	-				
Subtotal	<u>4,615,394</u>	<u>2,156,721</u>	<u>2,458,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hawai'i Convention Center								
Sales & Marketing	-	-	-	-	6,967,896	4,523,322	2,444,574	4,523,322
Operations	-	-	-	-	2,240,280	2,814,483	(574,203)	5,681,680
Major Repair & Maintenance	-	-	-	-	5,414,443	-	5,414,443	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622,619</u>	<u>7,337,805</u>	<u>7,284,814</u>	<u>10,205,002</u>
Administration								
Salaries & Wages	825,625	944,946	(119,321)	-	297,491	311,054	(13,563)	-
Operations	660,700	310,639	350,061	(45,628)				
Subtotal	<u>1,486,325</u>	<u>1,255,585</u>	<u>230,739</u>	<u>(45,628)</u>	<u>297,491</u>	<u>311,054</u>	<u>(13,563)</u>	<u>-</u>
Organizationwide Costs								
Fringe Costs	1,315,992	1,315,992	-	-	187,676	187,676	-	-
Governance - Board	266,300	150,647	115,653	1,573	230,000	-	230,000	-
Contract Services	120,000	-	120,000	-	89,833	-	89,833	-
Travel	334,999	58,180	276,819	5,948	-	-	-	-
Subtotal	<u>2,037,291</u>	<u>1,524,819</u>	<u>512,472</u>	<u>7,520</u>	<u>507,509</u>	<u>187,676</u>	<u>319,833</u>	<u>-</u>
Total Expenditures	<u>87,459,108</u>	<u>56,168,145</u>	<u>31,290,963</u>	<u>21,431,496</u>	<u>15,497,619</u>	<u>7,892,973</u>	<u>7,604,646</u>	<u>10,205,002</u>
Budgeted Revenues vs Expenditures	<u>0</u>				<u>1,002,381</u>			
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	<u>1,486,325</u>	<u>1,255,585</u>						
	1,278,675	1,509,415						

HAWAII TOURISM

AUTHORITY

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

Tourism Special Fund:

1. \$87.6M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Decrease from November of \$3.5M due primarily to the following:
 - i. Recording \$6.6M in TAT revenues
 - ii. Offset by \$10.1M in expenditures
2. \$17.7M of prior year encumbrances being spent down
3. \$22.5M in Board allocations projected for June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$56.2M of the \$87.4M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures. Further detail on the budget is included in these financial statements.
5. Operating Income:
 - a. Recorded \$6.6M in TAT for December 2018, and \$39.5M in TAT YTD.
 - b. Incurred \$10.1M in program and other expenditures for December 2018.

Convention Center Enterprise Special Fund:

6. \$31.6M in cash
 - a. Increase of \$2.3M from November due to the following:

- i. Receiving \$1.4M in TAT and \$956K in HCC operating revenue. HCC operating revenue was offset by a decrease of \$792K in accounts receivable.
- 7. \$20.5M in cash with contractor or with DAGS, for R&M projects (as of October 2018).
 - a. Includes \$2M Emergency
 - b. Of the \$20.5M in cash, \$1.1M is contracted for ongoing projects.
 - c. 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.
 - d. Reflects \$10.8M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
- 8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
- 9. \$2.1M of prior year encumbrances being spent down.
- 10. Operating Income:
 - a. Recorded \$1.4M in TAT for December 2018, and \$8.3M in TAT YTD.
 - b. Convention Center operations:
 - i. \$1.6M operating loss year-to-date (As of December 2018).
- 11. Spending according to Budget.

Hawaii Tourism Authority

Balance Sheet

348 - Tourism Special Fund

As of 12/31/18

Current Year

Assets

Current Assets

Checking 348 82,549,491.10

Petty Cash 5,000.00

Total Current Assets 82,554,491.10

Accounts Receivable

Accounts Receivable 10.00

Total Accounts Receivable 10.00

Total Assets 82,554,501.10

Fund Balance

Current year payables

Accounts Payable 18,119.34

Credit Card Payable 1,205.90

Total Current year payables 19,325.24

Current year net assets

10,364,809.93

Total Current year net assets 10,364,809.93

Prior years

Total Prior years 72,170,365.93

Total Fund Balance 82,554,501.10

Hawaii Tourism Authority
Balance Sheet
361 - Convention Center Enterprise - Special Fund
As of 12/31/18

Current Year

Assets

Current Assets

Checking 361	<u>31,639,006.46</u>
Total Current Assets	31,639,006.46
Total Assets	<u>31,639,006.46</u>

Fund Balance

Current year net assets

	<u>10,794,888.73</u>
Total Current year net assets	10,794,888.73

Prior years

Total Prior years	<u>20,844,117.73</u>
Total Fund Balance	<u>31,639,006.46</u>

HTA Allocations
FY 2019

HTA Allocations:

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

\$8M Emergency Funds	
<p>\$5M Emergency Fund Reserve (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p>\$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.]</p>

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

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Fund
19 - FY 2019 Funds
From 12/1/2018 Through 12/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	79,000,000.00	6,585,100.33	39,501,766.98	(39,498,233.02)
Interest and Dividends	0.00	0.00	(501.36)	(501.36)
Miscellaneous	0.00	2,975.00	12,318.74	12,318.74
HCC Revenue	0.00	0.00	1,309.51	1,309.51
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Total Revenue	<u>79,000,000.00</u>	<u>6,588,075.33</u>	<u>39,514,893.87</u>	<u>(39,485,106.13)</u>
Expense				
Hawaiian Culture	3,735,000.00	10,000.00	52,855.75	3,682,144.25
Natural Resources	2,180,000.00	0.00	906.10	2,179,093.90
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	2,573.82	2,573.82	633,426.18
Career Development	720,000.00	0.00	50,000.00	670,000.00
Major Market Management	45,746,000.00	0.00	8,711.87	45,737,288.13
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	64,000.00	64,000.00	2,649,000.00
Industry Collaboration and Coordination	55,000.00	1,230.00	12,442.78	42,557.22
Digital Marketing Projects	1,400,000.00	0.00	1,266.42	1,398,733.58
HTA Product Development	654,000.00	5,153.32	18,067.27	635,932.73
Sports Marketing	8,135,000.00	0.00	233,366.61	7,901,633.39
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	3,640.06	3,640.06	271,359.94
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	0.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	32,250.00	87,510.16	4,143,703.84
Governance	4,977,894.00	34,081.77	945,872.29	4,032,021.71
Industry Relations	1,357,000.00	15,538.48	80,244.00	1,276,756.00
Total Expense	<u>87,444,108.00</u>	<u>168,467.45</u>	<u>1,566,457.13</u>	<u>85,877,650.87</u>
Net Income	<u>(8,444,108.00)</u>	<u>6,419,607.88</u>	<u>37,948,436.74</u>	<u>46,392,544.74</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
19 - FY 2019 Funds
From 12/1/2018 Through 12/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	8,250,000.00	(8,250,000.00)
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	9,725,250.00	163,925.09	3,031,121.76	(6,694,128.24)
Total Revenue	<u>26,225,250.00</u>	<u>1,538,925.09</u>	<u>11,281,121.76</u>	<u>(14,944,128.24)</u>
Expense				
Governance	875,000.00	0.00	69,828.00	805,172.00
HCC Operating Expense	11,965,530.00	0.00	0.00	11,965,530.00
HCC Repair and Maintenance	5,414,443.00	0.00	0.00	5,414,443.00
HCC Sales and Marketing / MFF	6,967,896.00	0.00	0.00	6,967,896.00
Total Expense	<u>25,222,869.00</u>	<u>0.00</u>	<u>69,828.00</u>	<u>25,153,041.00</u>
Net Income	<u>1,002,381.00</u>	<u>1,538,925.09</u>	<u>11,211,293.76</u>	<u>10,208,912.76</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348- Prior Year Funds
From 12/1/2018 Through 12/31/2018

	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
Industry Collaboration and Coordination	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	1,703,716.94	34,400.69	539,045.33	1,164,671.61
Natural Resources	1,266,954.83	8,370.18	707,423.06	559,531.77
Community	1,465,470.95	71,220.00	618,126.77	847,344.18
Communications	434,050.58	92,850.69	231,998.92	202,051.66
Career Development	280,750.00	0.00	23,000.00	257,750.00
Major Market Management	24,998,960.33	9,019,881.22	18,073,720.28	6,925,240.05
Business Destination Management	623,119.53	66,544.10	320,912.08	302,207.45
Access	3,530,331.50	53,980.00	1,362,380.00	2,167,951.50
Industry Collaboration and Coordination	24,101.97	0.00	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	36,273.00	539,306.28	1,925,800.74
HTA Product Development	120,794.30	4,777.67	58,962.01	61,832.29
Sports Marketing	2,775,102.26	142,500.00	1,986,909.27	788,192.99
Festivals and Events	958,381.11	35,000.00	536,200.00	422,181.11
Brand Development Projects	234,896.80	38,427.25	165,482.00	69,414.80
Greetings	905,595.44	0.00	452,750.00	452,845.44
Safety and Security	558,213.31	29,188.15	363,658.68	194,554.63
Tourism Research	2,152,865.34	330,228.18	910,524.58	1,242,340.76
Governance	946,904.96	27,169.01	238,931.33	707,973.63
Industry Relations	837,458.99	(7,333.33)	451,717.91	385,741.08
Total Expense	<u>46,282,776.16</u>	<u>9,983,476.81</u>	<u>27,583,626.81</u>	<u>18,699,149.35</u>
Net Income	<u>(46,282,776.16)</u>	<u>(9,983,476.81)</u>	<u>(27,583,626.81)</u>	<u>18,699,149.35</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361- Prior Year Funds
From 12/1/2018 Through 12/31/2018

	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
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	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	0.00	416,405.03	1,672,660.78
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
Total Expense	<u>2,492,694.48</u>	<u>0.00</u>	<u>416,405.03</u>	<u>2,076,289.45</u>
Net Income	<u>(2,492,694.48)</u>	<u>0.00</u>	<u>(416,405.03)</u>	<u>2,076,289.45</u>

Hawaii Convention Center
Facility
Income Statement
From 12/1/2018 Through 12/31/2018
(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)	281,615	175,350	106,265	185,482	2,689,423	2,330,000	359,423	2,300,956
Service Revenue	68,948	31,450	37,498	60,060	819,497	887,100	(67,603)	908,404
Total Direct Event Income	350,563	206,800	143,763	245,542	3,508,920	3,217,100	291,820	3,209,360
Direct Service Expenses	129,630	101,236	(28,394)	116,741	1,787,798	1,790,900	3,102	1,870,174
Net Direct Event Income	220,933	105,565	115,369	128,801	1,721,122	1,426,200	294,922	1,339,186
Ancillary Income								
F&B Concession (Net)	41,311	27,990	13,321	53,109	600,981	605,000	(4,019)	596,056
F&B Catering (Net)	150,863	282,899	(132,036)	415,663	4,204,790	5,822,675	(1,617,885)	7,697,213
Event Parking (Net)	47,159	48,100	(941)	36,491	758,199	757,400	799	688,882
Electrical Services	3,926	6,800	(2,874)	4,268	195,243	233,400	(38,157)	261,850
Audio Visual	12,046	5,900	6,146	10,311	357,626	314,800	42,826	318,910
Internet Services	2,293	0	2,293	5,347	22,742	0	22,742	21,455
Rigging Services	3,368	6,000	(2,632)	3,017	77,983	76,900	1,083	102,494
First Aid Commissions	236	235	1	266	3,363	4,300	(937)	4,062
Total Ancillary Income	261,202	377,924	(116,722)	528,471	6,220,926	7,814,475	(1,593,549)	9,690,922
Total Event Income	482,135	483,489	(1,353)	657,272	7,942,048	9,240,675	(1,298,627)	11,030,107
Other Operating Income								
Non-Event Parking	2,913	4,600	(1,688)	3,223	56,763	55,200	1,563	62,373
Other Income	12,929	3,186	9,743	(1,077)	104,403	38,100	66,303	60,109
Total Other Operating Income	15,841	7,786	8,055	2,146	161,166	93,300	67,866	122,482
Total Gross Income	497,977	491,275	6,702	659,417	8,103,214	9,333,975	(1,230,762)	11,152,589
Net Salaries & Benefits								
Salaries & Wages	459,790	524,287	64,497	455,651	4,509,295	4,989,000	479,705	4,159,961
Payroll Taxes & Benefits	156,933	125,765	(31,168)	116,069	1,206,224	1,169,500	(36,724)	1,102,710
Labor Allocations to Events	(41,292)	(24,197)	17,095	(32,954)	(501,122)	(409,251)	91,871	(407,543)
Total Net Salaries & Benefits	575,430	625,855	50,425	538,766	5,214,397	5,749,249	534,852	4,855,128
Other Indirect Expenses								
Net Contracted Services	42,506	48,631	6,125	51,489	315,234	402,396	87,162	350,172
Operations	4,760	34,699	29,939	10,889	157,769	200,300	42,531	207,311
Repair & Maintenance	126,602	66,285	(60,317)	81,759	651,788	795,200	143,412	753,601
Operational Supplies	24,510	62,992	38,482	59,673	537,106	675,700	138,594	629,413
Insurance	52,202	11,745	(40,457)	40,983	169,614	176,100	6,486	202,371
Utilities	213,187	211,011	(2,176)	182,777	2,379,218	2,337,748	(41,470)	2,194,274
Meetings & Conventions	3,159	2,532	(627)	677	22,215	24,900	2,685	20,109
Promotions & Communications	(16,458)	3,537	19,995	2,738	38,831	42,400	3,569	39,073
General & Administrative	34,737	28,403	(6,334)	51,039	271,716	327,002	55,286	309,515
Management Fees	133,920	166,300	32,380	163,240	252,720	285,100	32,380	279,840
Other	33,017	6,376	(26,641)	(17,820)	214,097	77,200	(136,897)	569,676
Total Other Indirect	652,142	642,511	(9,631)	627,445	5,010,306	5,344,046	333,740	5,555,356
Net Income (Loss) before CIP Funded Expenses	(729,596)	(777,092)	47,496	(506,793)	(2,121,490)	(1,759,320)	(362,170)	742,105
CIP Funded Expenses	1,991	0	1,991	5,402	76,411	0	76,411	575,840
Net Income (Loss) from Operations	(727,604)	(777,092)	49,487	(501,391)	(2,045,079)	(1,759,320)	(285,759)	1,317,945
Fixed Asset Purchases	1,759	33,330	31,571	8,895	124,122	200,000	75,878	222,331
Net Income (Loss) After Fixed Asset Purchases	(729,363)	(810,422)	81,058	(510,286)	(2,169,201)	(1,959,320)	(209,881)	1,095,614

Hawaii Convention Center
 Facility
 Income Statement
 From 12/1/2018 Through 12/31/2018
 (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	373,426	492,170	(118,744)	787,683	8,817,347	10,303,901	(1,486,554)	12,768,953
Facility	443,520	285,221	158,299	311,873	5,174,270	4,768,500	405,770	4,811,134
Total Revenues	816,946	777,391	39,555	1,099,556	13,991,618	15,072,401	(1,080,784)	17,580,087
Expenses								
Food & Beverage	280,092	363,556	83,464	478,091	5,825,393	6,025,128	199,735	6,383,247
Facility	1,266,450	1,190,927	(75,524)	1,128,259	10,287,715	10,806,593	518,878	10,454,735
Total Expenses	1,546,542	1,554,483	7,940	1,606,349	16,113,108	16,831,721	718,613	16,837,982
Net Income (Loss) before CIP Funded Expenses	(729,596)	(777,092)	47,496	(506,793)	(2,121,490)	(1,759,320)	(362,170)	742,105
CIP Funded Expenses	1,991	0	1,991	5,402	76,411	0	76,411	575,840
Net Income (Loss) from Operations	(727,605)	(777,092)	49,487	(501,391)	(2,045,079)	(1,759,320)	(285,759)	1,317,945
Fixed Asset Purchases	1,759	33,330	31,571	8,895	124,122	200,000	75,878	222,331
Net Income (Loss) after Fixed Asset Purchases	(729,364)	(810,422)	81,058	(510,286)	(2,169,201)	(1,959,320)	(209,881)	1,095,614

Hawaii Convention Center
Sales and Marketing
Income Statement
From 12/1/2018 Through 12/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Other Operating Income								
Other Income	15	0	15	4	211	0	211	50
Total Other Operating Income	15	0	15	4	211	0	211	50
Total Gross Income	15	0	15	4	211	0	211	50
Net Salaries & Benefits								
Salaries & Wages	239,050	273,300	34,250	205,380	1,427,478	1,661,500	234,022	1,469,457
Payroll Taxes & Benefits	45,068	63,100	18,032	45,285	289,791	357,900	68,109	296,085
Total Net Salaries & Benefits	284,118	336,400	52,282	250,665	1,717,269	2,019,400	302,131	1,765,542
Other Indirect Expenses								
Net Contracted Services	8,438	45,590	37,152	14,438	99,250	282,300	183,050	138,779
Repair & Maintenance	16,510	10,100	(6,410)	51,600	95,867	101,700	5,833	97,227
Operational Supplies	0	0	0	0	0	0	0	0
Utilities	542	1,000	458	489	6,345	12,000	5,655	7,146
Meetings & Conventions								
Mileage	249	400	151	44	1,151	4,800	3,649	1,185
Meals & Entertainment	963	1,000	37	2,952	12,714	12,000	(714)	12,229
Meetings & Conventions	14,225	54,450	40,225	63,376	1,061,439	1,098,500	37,061	802,626
Dues & Subscriptions	4,458	5,120	662	2,425	39,687	31,800	(7,887)	24,191
Total Meetings & Conventions	19,895	60,970	41,075	68,797	1,114,991	1,147,100	32,109	840,231
Promotions & Communications								
Site Visit	4,893	3,800	(1,093)	1,543	78,216	72,600	(5,616)	66,273
Photography	0	10,000	10,000	4,963	51,504	20,000	(31,504)	64,619
Advertising	23,989	27,087	3,098	33,561	325,638	346,000	20,362	515,774
Web Development & Maint	6,427	2,398	(4,029)	50,658	42,009	43,600	1,591	75,955
Market Research	0	0	0	0	19,200	19,200	0	14,400
Promotional	8,627	82,696	74,069	165,830	294,026	478,491	184,465	551,216
Attendance Promotion	(2,403)	0	2,403	1,440	52,874	57,500	4,626	54,988
Global Outreach	0	0	0	0	0	10,000	10,000	0
Total Promotions & Comm	41,533	125,981	84,448	257,995	863,467	1,047,391	183,924	1,343,225
Marketing Flexibility Fund	144,010	175,000	30,990	334,030	2,011,277	2,365,000	353,723	1,167,907
General & Administrative	7,963	10,300	2,337	8,108	68,191	68,800	609	84,331
Management Fees	82,080	114,500	32,420	48,760	200,880	233,300	32,420	165,360
Other	0	9,837	9,837	0	38,743	103,000	64,257	697
Total Other Indirect Expenses	320,971	553,278	232,307	784,217	4,499,011	5,360,591	861,580	3,844,903
Net Income (Loss) from Operations	(605,074)	(889,678)	284,604	(1,034,878)	(6,216,069)	(7,379,991)	1,163,922	(5,610,395)
Fixed Asset Purchases	5,071	0	(5,071)	6,113	5,071	0	(5,071)	13,054
Net Income (Loss) After Fixed Asset Purchases	(610,145)	(889,678)	279,533	(1,040,991)	(6,221,140)	(7,379,991)	1,158,851	(5,597,341)

HAWAII TOURISM

AUTHORITY

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

Tourism Special Fund:

1. \$91.1M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Increase from October of \$2.4M due primarily to the following:
 - i. Recording \$6.6M in TAT revenues
 - ii. Offset by \$4.2M in expenditures
2. \$28.7M of prior year encumbrances being spent down
3. \$22.5M in Board allocations projected for June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$34.7M of the \$88.7M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures.
5. Operating Income:
 - a. Recorded \$6.6M in TAT for November 2018, and \$32.9M in TAT YTD.
 - b. Incurred \$4.2M in program and other expenditures for November 2018.

Convention Center Enterprise Special Fund:

6. \$29.3M in cash
 - a. Increase of \$1.8M from October due to the following:
 - i. Receiving \$1.4M in TAT and \$1.5M in HCC operating revenue. This was offset by \$486K in operating expenditures and an increase of \$525K in accounts receivable due from AEG.

7. \$20.5M in cash with contractor or with DAGS, for R&M projects (as of September 2018).
 - a. Includes \$2M Emergency
 - b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
 - c. Reflects \$10.7M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
9. \$2.1M of prior year encumbrances being spent down.
10. \$525K in accounts receivable for HCC F&B revenue as of November 30, 2018.
11. Operating Income:
 - a. Recorded \$1.4M in TAT for November 2018, and \$6.9M in TAT YTD.
 - b. Convention Center operations:
 - i. \$860K operating loss year-to-date (As of November 2018).
12. Spending according to Budget.

Hawaii Tourism Authority
Balance Sheet
348 - Tourism Special Fund
As of 11/30/18

	<u>Current Year</u>
Assets	
Current Assets	
Checking 348	86,099,140.38
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	<u>0.00</u>
Total Current Assets	86,104,140.38
Accounts Receivable	
Accounts Receivable	10.00
Accounts Receivable-Accrual	<u>0.00</u>
Total Accounts Receivable	<u>10.00</u>
Total Assets	<u>86,104,150.38</u>
 Fund Balance	
Current year payables	
Accounts Payable	149.69
Credit Card Payable	<u>1,205.90</u>
Total Current year payables	1,355.59
Current year net assets	
	<u>13,928,678.86</u>
Total Current year net assets	13,928,678.86
Prior years	
Total Prior years	<u>72,174,115.93</u>
Total Fund Balance	<u>86,104,150.38</u>

Hawaii Tourism Authority
Balance Sheet
361 - Convention Center Enterprise - Special Fund
As of 11/30/18

	<u>Current Year</u>
Assets	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	29,308,195.19
Other	<u>0.00</u>
Total Current Assets	29,308,195.19
Accounts Receivable	
Accounts Receivable	791,886.18
Accounts Receivable	0.00
Accounts Receivable-Accrual	<u>0.00</u>
Total Accounts Receivable	<u>791,886.18</u>
Total Assets	<u>30,100,081.37</u>
 Fund Balance	
Current year payables	
Accounts Payable	<u>0.00</u>
Total Current year payables	0.00
Current year net assets	
	<u>9,255,963.64</u>
Total Current year net assets	9,255,963.64
Prior years	
Total Prior years	<u>20,844,117.73</u>
Total Fund Balance	<u>30,100,081.37</u>

HTA Allocations
FY 2019

HTA Allocations:

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

\$8M Emergency Funds	
<p>\$5M Emergency Fund Reserve (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p>\$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.]</p>

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

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Fund
19 - FY 2019 Funds
From 11/1/2018 Through 11/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	32,916,666.65	(46,083,333.35)
Interest and Dividends	0.00	(175.02)	(501.36)	(501.36)
Miscellaneous	0.00	8,577.30	9,343.74	9,343.74
HCC Revenue	0.00	1,309.51	1,309.51	1,309.51
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Total Revenue	<u>79,000,000.00</u>	<u>6,593,045.12</u>	<u>32,926,818.54</u>	<u>(46,073,181.46)</u>
Expense				
Hawaiian Culture	3,735,000.00	0.00	42,855.75	3,692,144.25
Natural Resources	2,180,000.00	0.00	906.10	2,179,093.90
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	0.00	0.00	636,000.00
Career Development	720,000.00	50,000.00	50,000.00	670,000.00
Major Market Management	45,746,000.00	0.00	8,711.87	45,737,288.13
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	0.00	0.00	2,713,000.00
Industry Collaboration and Coordination	55,000.00	12,141.24	11,212.78	43,787.22
Digital Marketing Projects	1,400,000.00	0.00	1,266.42	1,398,733.58
HTA Product Development	654,000.00	12,913.95	12,913.95	641,086.05
Sports Marketing	8,135,000.00	233,366.61	233,366.61	7,901,633.39
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	0.00	275,000.00
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	0.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	4,670.16	55,260.16	4,175,953.84
Governance	4,977,894.00	899,988.30	911,790.52	4,066,103.48
Industry Relations	1,357,000.00	8,550.00	64,705.52	1,292,294.48
Total Expense	<u>87,444,108.00</u>	<u>1,221,630.26</u>	<u>1,397,989.68</u>	<u>86,046,118.32</u>
Net Income	<u>(8,444,108.00)</u>	<u>5,371,414.86</u>	<u>31,528,828.86</u>	<u>39,972,936.86</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
19 - FY 2019 Funds
From 11/1/2018 Through 11/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	6,875,000.00	(9,625,000.00)
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	<u>9,725,250.00</u>	<u>1,483,360.23</u>	<u>2,867,196.67</u>	<u>(6,858,053.33)</u>
Total Revenue	<u>26,225,250.00</u>	<u>2,858,360.23</u>	<u>9,742,196.67</u>	<u>(16,483,053.33)</u>
Expense				
Governance	875,000.00	69,828.00	69,828.00	805,172.00
HCC Operating Expense	11,965,530.00	0.00	0.00	11,965,530.00
HCC Repair and Maintenance	5,414,443.00	0.00	0.00	5,414,443.00
HCC Sales and Marketing / MFF	<u>6,967,896.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,967,896.00</u>
Total Expense	<u>25,222,869.00</u>	<u>69,828.00</u>	<u>69,828.00</u>	<u>25,153,041.00</u>
Net Income	<u>1,002,381.00</u>	<u>2,788,532.23</u>	<u>9,672,368.67</u>	<u>8,669,987.67</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
Industry Collaboration and Coordination	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	1,703,716.94	42,473.39	504,644.64	1,199,072.30
Natural Resources	1,266,954.83	5,869.68	699,052.88	567,901.95
Community	1,465,470.95	30,605.86	546,906.77	918,564.18
Communications	434,050.58	8,528.16	139,148.23	294,902.35
Career Development	280,750.00	0.00	23,000.00	257,750.00
Major Market Management	24,998,960.33	1,465,570.51	9,053,839.06	15,945,121.27
Business Destination Management	623,119.53	50,161.48	254,367.98	368,751.55
Access	3,530,331.50	151,300.00	1,308,400.00	2,221,931.50
Industry Collaboration and Coordination	24,101.97	0.00	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	85,142.06	503,033.28	1,962,073.74
HTA Product Development	120,794.30	5,584.34	54,184.34	66,609.96
Sports Marketing	2,775,102.26	508,700.00	1,844,409.27	930,692.99
Festivals and Events	958,381.11	130,200.00	501,200.00	457,181.11
Brand Development Projects	234,896.80	0.00	127,054.75	107,842.05
Greetings	905,595.44	358,750.00	452,750.00	452,845.44
Safety and Security	558,213.31	8,000.00	334,470.53	223,742.78
Tourism Research	2,152,865.34	121,256.42	580,296.40	1,572,568.94
Governance	946,904.96	45,669.48	211,762.32	735,142.64
Industry Relations	837,458.99	39,040.00	459,051.24	378,407.75
Total Expense	<u>46,282,776.16</u>	<u>3,056,851.38</u>	<u>17,600,150.00</u>	<u>28,682,626.16</u>
Net Income	<u>(46,282,776.16)</u>	<u>(3,056,851.38)</u>	<u>(17,600,150.00)</u>	<u>28,682,626.16</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
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
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	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	416,405.03	416,405.03	1,672,660.78
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
Total Expense	<u>2,492,694.48</u>	<u>416,405.03</u>	<u>416,405.03</u>	<u>2,076,289.45</u>
Net Income	<u>(2,492,694.48)</u>	<u>(416,405.03)</u>	<u>(416,405.03)</u>	<u>2,076,289.45</u>

Hawaii Convention Center
Facility
Reforecast
From 12/1/2018 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)	2,407,808	264,969	2,672,777	2,330,000	342,777	2,300,956
Service Revenue	750,549	45,768	796,317	887,100	(90,783)	908,564
Total Direct Event Income	3,158,357	310,737	3,469,094	3,217,100	251,994	3,209,520
Direct Service Expenses	1,658,168	155,410	1,813,578	1,790,900	(22,678)	1,870,174
Net Direct Event Income	1,500,189	155,327	1,655,516	1,426,200	229,316	1,339,346
Ancillary Income						
F&B Concession (Net)	559,670	21,700	581,370	605,000	(23,630)	596,056
F&B Catering (Net)	4,053,927	195,059	4,248,986	5,822,675	(1,573,689)	7,697,213
Event Parking (Net)	711,040	51,550	762,590	757,400	5,190	691,002
Electrical Services	191,317	10,400	201,717	233,400	(31,683)	261,850
Audio Visual	345,580	10,074	355,654	314,800	40,854	318,910
Internet Services	20,448	250	20,698	0	20,698	21,455
Rigging Services	74,615	1,285	75,900	76,900	(1,000)	102,494
First Aid Commissions	3,127	260	3,387	4,300	(913)	4,062
Total Ancillary Income	5,959,724	290,578	6,250,302	7,814,475	(1,564,173)	9,693,042
Total Event Income	7,459,913	445,905	7,905,818	9,240,675	(1,334,857)	11,032,388
Other Operating Income						
Non-Event Parking	53,851	4,600	58,451	55,200	3,251	62,373
Other Income	91,474	13,186	104,660	38,100	66,560	64,129
Total Other Operating Income	145,325	17,786	163,111	93,300	69,811	126,502
Total Gross Income	7,605,238	463,691	8,068,929	9,333,975	(1,265,046)	11,158,890
Net Salaries & Benefits						
Salaries & Wages	4,049,506	454,064	4,503,570	4,989,000	485,430	4,159,961
Payroll Taxes & Benefits	1,049,291	125,765	1,175,056	1,169,500	(5,556)	1,102,710
Labor Allocations to Events	(459,830)	(24,197)	(484,027)	(409,251)	74,776	(407,543)
Total Net Salaries & Benefits	4,638,967	555,632	5,194,599	5,749,249	554,650	4,855,128
Other Indirect Expenses						
Net Contracted Services	272,728	40,519	313,247	402,396	89,149	349,348
Operations	153,010	11,818	164,828	200,300	35,472	207,311
Repair & Maintenance	525,185	126,305	651,490	795,200	143,710	744,770
Operational Supplies	512,596	38,113	550,709	675,700	124,991	629,579
Insurance	117,412	56,477	173,889	176,100	2,211	202,371
Utilities	2,166,031	243,150	2,409,181	2,337,748	(71,433)	2,194,274
Meetings & Conventions	19,056	10,000	29,056	24,900	(4,156)	20,109
Promotions & Communications	55,289	4,000	59,289	42,400	(16,889)	39,073
General & Administrative	236,979	33,828	270,807	327,002	56,195	304,339
Management Fees	118,800	133,900	252,700	285,100	32,400	279,840
Other	181,080	8,111	189,191	77,200	(111,991)	569,676
Total Other Indirect Expenses	4,358,166	706,221	5,064,387	5,344,046	279,659	5,540,690
Net Income (Loss) before CIP Funded Expenses	(1,391,895)	(798,161)	(2,190,056)	(1,759,320)	(430,736)	763,072
CIP Funded Expenses	74,419	0	74,419	0	74,419	575,840
Net Income (Loss) from Operations	(1,317,476)	(798,161)	(2,115,637)	(1,759,320)	(356,317)	1,338,912
Fixed Asset Purchases	122,363	26,000	148,363	200,000	51,637	222,331
Net Income (Loss) after Fixed Asset Purchases	(1,439,839)	(824,161)	(2,264,000)	(1,959,320)	(304,680)	1,116,581

Hawaii Convention Center
Facility
Income Statement
From 11/1/2018 Through 11/30/2018
(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)	248,798	159,168	89,630	78,397	2,407,808	2,154,650	253,158	2,115,474
Service Revenue	56,623	63,670	(7,047)	100,727	750,549	855,650	(105,101)	848,344
Total Direct Event Income	305,420	222,838	82,582	179,124	3,158,357	3,010,300	148,057	2,963,818
Direct Service Expenses	134,998	128,845	(6,153)	157,595	1,658,168	1,689,665	31,496	1,753,433
Net Direct Event Income	170,422	93,993	76,429	21,529	1,500,189	1,320,636	179,553	1,210,385
Ancillary Income								
F&B Concession (Net)	31,110	40,240	(9,130)	7,844	559,670	577,010	(17,340)	542,947
F&B Catering (Net)	453,571	250,728	202,843	913,077	4,053,927	5,539,776	(1,485,849)	7,281,549
Event Parking (Net)	61,401	64,250	(2,849)	21,599	711,040	709,300	1,740	652,392
Electrical Services	10,584	11,200	(616)	8,124	191,317	226,600	(35,283)	257,582
Audio Visual	22,230	7,360	14,870	52,817	345,580	308,900	36,680	308,599
Internet Services	2,272	0	2,272	12,929	20,448	0	20,448	16,108
Rigging Services	2,441	10,400	(7,959)	7,174	74,615	70,900	3,715	99,478
First Aid Commissions	154	330	(176)	338	3,127	4,065	(938)	3,796
Total Ancillary Income	583,762	384,508	199,254	1,023,901	5,959,724	7,436,551	(1,476,827)	9,162,451
Total Event Income	754,185	478,501	275,684	1,045,431	7,459,913	8,757,187	(1,297,274)	10,372,836
Other Operating Income								
Non-Event Parking	5,830	4,600	1,230	3,108	53,851	50,600	3,251	59,150
Other Income	16,166	3,174	12,992	3,842	91,474	34,914	56,560	61,186
Total Other Operating Income	21,996	7,774	14,222	6,949	145,324	85,514	59,810	120,336
Total Gross Income	776,181	486,275	289,906	1,052,380	7,605,237	8,842,701	(1,237,464)	10,493,172
Net Salaries & Benefits								
Salaries & Wages	374,668	405,883	31,215	353,029	4,049,506	4,464,713	415,207	3,704,311
Payroll Taxes & Benefits	95,834	94,885	(949)	90,790	1,049,291	1,043,735	(5,556)	986,641
Labor Allocations to Events	(40,665)	(31,943)	8,722	(45,055)	(459,830)	(385,054)	74,776	(374,589)
Total Net Salaries & Benefits	429,837	468,825	38,988	398,763	4,638,967	5,123,394	484,427	4,316,362
Other Indirect Expenses								
Net Contracted Services	16,406	33,515	17,109	22,809	272,728	353,765	81,037	298,683
Operations	16,377	14,291	(2,086)	20,377	153,010	165,601	12,591	196,422
Repair & Maintenance	32,554	66,265	33,711	56,467	525,185	728,915	203,730	671,842
Operational Supplies	44,925	45,659	734	66,342	512,596	612,708	100,113	569,740
Insurance	10,738	11,756	1,018	14,955	117,412	164,355	46,943	161,389
Utilities	273,233	201,916	(71,317)	185,037	2,166,031	2,126,737	(39,294)	2,011,497
Meetings & Conventions	2,026	1,108	(918)	1,361	19,056	22,368	3,312	19,432
Promotions & Communications	2,290	3,533	1,243	2,096	55,289	38,863	(16,426)	36,335
General & Administrative	26,914	23,359	(3,555)	34,525	236,979	298,599	61,620	258,475
Management Fees	10,800	10,800	0	10,600	118,800	118,800	0	116,600
Other	22,235	6,384	(15,851)	(35,072)	181,080	70,824	(110,256)	587,496
Total Other Indirect	458,498	418,586	(39,912)	379,497	4,358,164	4,701,535	343,371	4,927,911
Net Income (Loss) before CIP Funded Expenses	(112,154)	(401,136)	288,982	274,120	(1,391,894)	(982,228)	(409,666)	1,248,898
CIP Funded Expenses	16,197	0	16,197	5,402	74,419	0	74,419	573,860
Net Income (Loss) from Operations	(95,957)	(401,136)	305,179	279,522	(1,317,475)	(982,228)	(335,246)	1,822,758
Fixed Asset Purchases	6,846	33,334	26,488	8,895	122,363	166,670	44,307	97,191
Net Income (Loss) After Fixed Asset Purchases	(102,803)	(434,470)	331,667	270,627	(1,439,837)	(1,148,898)	(290,939)	1,725,567

Hawaii Convention Center
 Facility
 Income Statement
 From 11/1/2018 Through 11/30/2018
 (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	873,290	461,388	411,902	1,380,085	8,443,921	9,811,731	(1,367,810)	11,981,270
Facility	432,658	330,302	102,356	294,159	4,730,750	4,483,279	247,471	4,499,262
Total Revenues	1,305,947	791,690	514,257	1,674,244	13,174,672	14,295,010	(1,120,339)	16,480,531
Expenses								
Food & Beverage	543,638	332,759	(210,879)	656,650	5,545,301	5,661,572	116,271	5,905,156
Facility	874,464	860,067	(14,397)	743,474	9,021,264	9,615,667	594,402	9,326,477
Total Expenses	1,418,102	1,192,826	(225,276)	1,400,124	14,566,565	15,277,239	710,673	15,231,633
Net Income (Loss) before CIP Funded Expenses	(112,154)	(401,136)	288,982	274,120	(1,391,894)	(982,228)	(409,666)	1,248,898
CIP Funded Expenses	16,197	0	16,197	5,402	74,419	0	74,419	573,860
Net Income (Loss) from Operations	(95,957)	(401,136)	305,179	279,522	(1,317,475)	(982,228)	(335,247)	1,822,758
Fixed Asset Purchases	6,846	33,334	26,488	8,895	122,363	166,670	44,307	97,191
Net Income (Loss) after Fixed Asset Purchases	(102,803)	(434,470)	331,667	270,627	(1,439,838)	(1,148,898)	(290,940)	1,725,567

Agenda Item

9

**Presentation, Discussion and
Action on HTA's Policy
Positions for the 2019
Legislative Session on Bills
Anticipated to be Brought
Forward Relating to Tourism**



Hawai'i Convention Center
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kelepona tel 808 973 2255
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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

HTA: Positions on Key 2019 Legislative Issues

January 8, 2019

HTA FOCUS

HTA is committed to strengthening tourism for the benefit of Hawai'i's residents and communities. We can work toward this goal during the 2019 Legislative Session by focusing on the following:

- Maintaining and improving the infrastructure, trails, parks and beaches on all islands.
- Eliminating illegal transient vacation rentals.
- Elevating and improving Hawai'i's airports, which is our most important transportation system.
- Opposing tax increases that would raise the cost of a Hawai'i vacation.

HTA Position: Supporting Community Infrastructure Needs

Safe, secure and well-maintained community infrastructure is essential to the quality of life for residents and visitors who use our trails, parks, beaches and infrastructure, including roadways and sidewalks.

HTA supports funds to strengthen the community infrastructure throughout the State of Hawai'i.

HTA Position: Elimination of Illegal Transient Vacation Rentals

To help ensure that Hawai'i remains a highly desirable place for residents and to address the overwhelming growth of illegal vacation rentals, HTA supports eliminating illegal vacation rentals and enforcing laws that will improve the quality of life for residents in communities on all islands and lead to a more positive experience for visitors to Hawai'i.

HTA Position: Support for an Airport Corporation

HTA supports the creation of an Airport Corporation to oversee capital improvements and other enhancements to make Hawai'i's airports world-class facilities. The largest population segment utilizing the State's airports on a daily basis are Hawai'i residents.

Hawai'i's airports are also the site of employment for thousands of residents and a key source of revenue for numerous business operations.

By creating an Airport Corporation, the State will be able to streamline airport operations, enhance the quality of the airport experience for Hawai'i's future and better ensure that the most important passenger transportation system for each island is maintained to the standards and expectations of residents and visitors from around the world.

HTA Position: Opposing Tax Increases that Raise the Cost of a Hawai'i Vacation

HTA is opposed to any increase in the TAT or any other tax that would raise the cost for residents and visitors to vacation in the Hawaiian Islands, as well as make Hawaii less competitive against other destinations for group and city-wide conventions.

Agenda Item

10

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

December 2018

HTA Board of Directors Update
January 2019 Report



Agenda

- **Financials – December 2018**
- **HCC ROI**
- **Sales & Marketing Update**



2018 Financial Update

	2018 December	2018 Actual	2018 Budget	Variance	2017 Actual
Facility Occupancy	25%	29%	31%	(2%)	33%
Facility Number of Events	18	206	205	1	182
Facility Gross Revenue	\$816,900	\$13,991,600	\$15,072,400	(\$1,080,800)	\$17,586,400
Facility Gross Expenses	\$1,546,300	\$16,160,800	\$17,031,700	\$870,900	\$16,469,800
Facility Net Income(Loss)	(\$729,400)	(\$2,169,200)	(\$1,959,300)	(\$209,900)	\$1,116,600
S&M Net Expenses	(\$610,100)	(\$6,221,100)	(\$7,380,000)	\$1,158,900	(\$5,597,300)
Total HCC Net Loss	(\$1,339,500)	(\$8,390,300)	(\$9,339,300)	\$949,000	(\$4,480,700)

2018 Food & Beverage Update

Food & Beverage	2018 December	2018 Actual	2018 Budget	Variance	2017 Actual
F&B Revenue	\$373,400	\$8,817,300	\$10,303,900	(\$1,486,600)	\$12,768,900
F&B Expenses	\$280,100	\$5,825,400	\$6,025,100	\$199,700	\$6,383,200
Net Income	\$93,300	\$2,991,900	\$4,278,800	(\$1,286,900)	\$6,385,700
% of flow through	25%	34%	42%	(8%)	50%

2018 ROI

HCC Revenue + State Revenue + Tax Revenue

= \$498.8M

HCC Expense \$22.4M

ROI = For every dollar spent by HCC we returned

\$22.29 to the State

HCC Sales Updates

- Converted 154,750 room nights in December 2018 bringing 2018 room night production to 243,787 exceeding 232,000 goal by 11,887.
- Over 80,000 of the 154,750 room nights came from closing International Federation of Employee Benefit Plans 2030 and 2035.
- The tentative pipeline total is 583,717. Focus continues to be to convert these to Definite.

General Managers Forum



PLEASE SAVE THE DATE FOR OUR NEXT GENERAL MANAGERS' FORUM

Friday, February 22, 2019
12:00 pm to 3:00 pm
Hawai'i Convention Center

Lunch will be served. Agenda and meeting details to follow.

For any questions, please contact David Kliman at david@klimangroup.com

Waikiki General Managers Meeting



[Login](#)

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**General Managers' Forum Microsite
Hosted by the Hawai'i Convention Center**

The image shows the exterior of the Hawai'i Convention Center, a large glass-fronted building with a modern architectural style. Several palm trees are in the foreground, and the American flag and the Hawai'i state flag are flying on poles. The sky is clear and blue.

Client Advisory Board Meeting



**PLEASE SAVE THE DATE FOR OUR NEXT
CUSTOMER ADVISORY BOARD MEETING**

**February 20 to 22, 2019
Hawai'i Convention Center**

**You are also welcome to attend the MCI General Managers' Forum which will
take place on February 22nd from 12pm to 3pm after the CAB Meeting**

Agenda and other details to follow

For questions, please contact David Kliman at david@klimangroup.com or visit cab.hawaiiiconvention.com

HAWAII
CONVENTION CENTER
Where Business and Aloha Meet



HCC CIP Update

- Boiler Replacement RFP issued 1/14/19, Bids due 2/13/19

Happy New Year



CONVENTION CENTER

Where Business and Aloha Meet