



**HAWAII HOTEL & LODGING  
ASSOCIATION**

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33<sup>rd</sup> Anniversary  
Are You Walking???  
May 21, 2011  
(Always the 3<sup>rd</sup> Saturday in May)  
[www.charitywalkhawaii.org](http://www.charitywalkhawaii.org)

**TESTIMONY OF MUFI HANNEMANN  
PRESIDENT  
HAWAII HOTEL & LODGING ASSOCIATION**

**February 7, 2010**

**Re: Informational Briefing on Tourism**

Good morning Chairman Brower and members of the House Committee on Tourism. I am Mufi Hannemann, President of the Hawaii Hotel & Lodging Association and I appreciate this opportunity to testify.

The Hawaii Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 150 hotels representing over 48,000 rooms. Our hotel members range from the 2,680 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The lodging industry is constantly evolving. In the past couple of years, we have seen a few new properties come on line like Trump Tower and The Edition Hotel. However, hotel rooms are on the decline as properties are changing over to timeshare only. We are also seeing properties being turned over from hotel/condo to condo only.

What (From the Visitor Plant Inventory)	2000	2006	2010
Total Lodging Units (Condo Hotels, BB, Hotels, Time Share, Hostel...)	71,506	72,516	75,048
Hotel Units	50,681	43,637	42,619
Time Share Units	3,825	7,271	9,909

We have also seen the workforce changing. In a few years, "baby boomers" will be ready for retirement and we anticipate many will be leaving. Like many other companies over the last few years during these economic times, we have also seen a decline in the workforce.

What (From the State Data Book)	2000	2006	2009
Hotel industry workforce	38,450	39,150	35,000

Hawaii's hotel room rates have fallen quiet a bit during the recession. Currently there is no sustained "window of opportunity" to raise the room rates. Rates will initially be driven by the cost of doing business. Last year, we saw the Transient Accommodations Tax raised by another 1%. We are hearing rumblings of a large increase in the cost of doing business with higher expenses in operational fees, employment costs and more in the coming year. Many of our lodging properties are still in contract negotiations with the unions regarding employment. Bills introduced this year calling for increases in food permit fees, workers comp costs, beverage fees and more will all have an impact on the bottom line.

According to Hospitality Advisors, the lodging industry is beginning to see some gains in both occupancy and average daily room rates. Average daily room rates have increased almost 4%. However, we must remember that room rates are no where near its height in 2006 and last year alone we saw a 17.1% drop in room revenue. Today lodging properties have been experiencing higher occupancies than the previous years due to lowering room rates, and marketing efforts by the Hawaii Tourism Authority, the Hawaii Visitors & Convention Bureau and the individual properties. However, it would be highly erroneous to assume that our hotels are basking in full economic recovery given what each of these properties have lost in revenue during the past several years.

What From the State Data Book	2000	2006	2009
Hotel Room Occupancy	77.19%	79.8%	66.5
Average Daily Room Rate	151.79	184.81	176.46

We are also seeing a different type of traveler. They are more conscious of how they spend their money and are tech savvy. By using smart phones and other electronic devices, they are constantly connected to research and know where to shop and find the "best deals". The internet market has emerged as an effective and popular option in the tourism industry. We are seeing advertisement banners on webpages and the like. Social media venues such as Facebook and Twitter have become essential for many people not only in keeping in touch with friends and family, but in keeping up with the latest updates and trends. Lodging properties have found that this type of medium is a fast and cost effective way to market their brand and product.

However, lodging properties are still using the traditional print and television media as well as targeting market cities thorough an onslaught of media promotions and physical presence. Properties are collaborating with other industry partners on media blitzes and tradeshow to have a greater marketing impact. Travel agents are being reminded of what the various islands have to offer in attractions and activities. Hawaii needs to remain visible. We need to keep up marketing efforts with follow-ups and updates. Our industry needs to always strive to be on the forefront of marketing as there are so many other competing destinations such as Tahiti, Florida, and Caribbean that are competing more than ever for a greater share of the tourism market.

We are also beginning to slowly see the return of the business traveler. We will remain cautiously optimistic that the economy is continuing to improve and visitors will continue to be attracted to Hawaii. In order to do so, we must be able to remain a competitive destination. Marketing is the key not only for the health of the lodging industry, but the state as well, as so many are dependent on our visitors. The stronger the tourism industry becomes, the state and counties will be in a better position to meet the challenges of the economy.



Presentation to  
House Committee on Tourism

Presented by:  
Mike McCartney  
President & CEO  
Hawai'i Tourism Authority

# 2010 HIGHLIGHTS

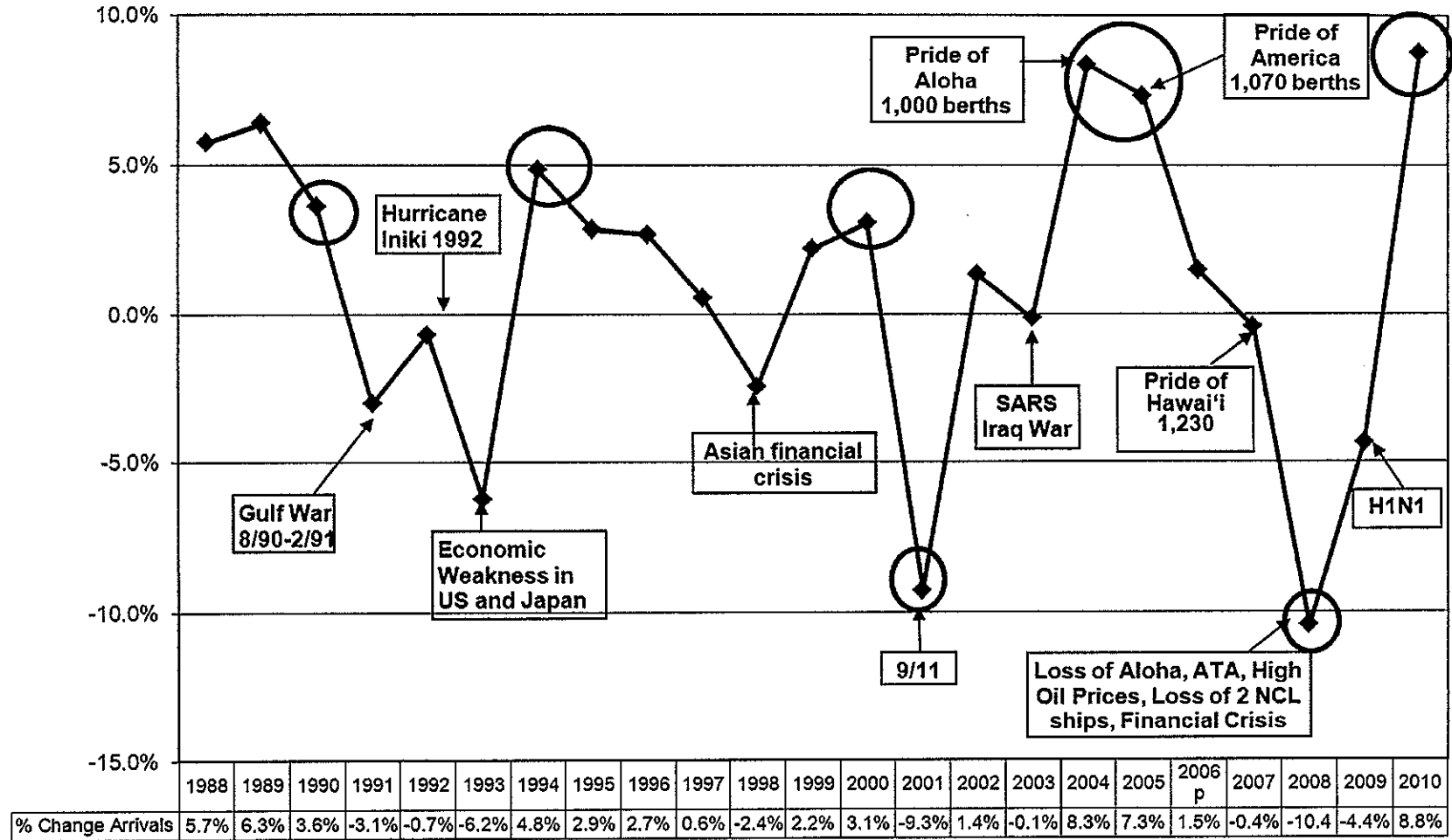
- Visitor Spending: \$11.4 billion (+16%)
- Visitor Arrivals: 7 million (+9%)
- State Tax Revenue: \$1.1 billion
- Provided 150,000 jobs
- ROI (for every dollar invested in HTA):
  - \$166 was generated in tourism revenues (ROI 166:1)
  - \$15 was generated in state tax revenues (ROI 15:1)

# 2017 – 2010 HAWAII TOURISM AND HTA DATA

	2007	2008	2009	2010	Average
Visitor Arrivals (air + cruise)	7,626,819	6,822,911	6,517,054	7,084,525	7,012,827
Visitor Expenditures (millions \$)	\$12,811	\$11,399	\$9,993	\$11,589	\$11,448
Visitor Days	70,075,021	63,857,378	60,836,666	66,202,147	65,242,803
Per Person Per Day Spending (PPPD\$)	\$ 182.82	\$ 178.51	\$ 164.26	\$ 172.40	\$ 174.50
Length of Stay (LOS)	9.19	9.36	9.33	9.35	9.31
Air Seats (scheduled & charter)	10,190,698	9,162,013	8,676,773	9,190,240	9,304,931
State Tax Revenues (million dollars)	\$ 1,220.60	\$ 1,076.30	\$ 932.45	\$ 1,045.55	\$ 1,068.73
TAT (CY)	\$ 232,542,200	\$ 224,121,936	\$ 212,274,195	\$ 254,966,671	\$ 230,976,251
Jobs	172,416	151,331	133,618	150,463	151,957
Cost Per Arrival	\$ 9.04	\$ 11.61	\$ 10.32	\$ 9.87	\$ 10.21
ROI: Tax Revenue Generated/HTA Expenditures	17.7	13.6	13.9	15	15.05
ROI: Visitor Expenditures/HTA Expenditures	185.8	143.9	148.5	165.7	160.975

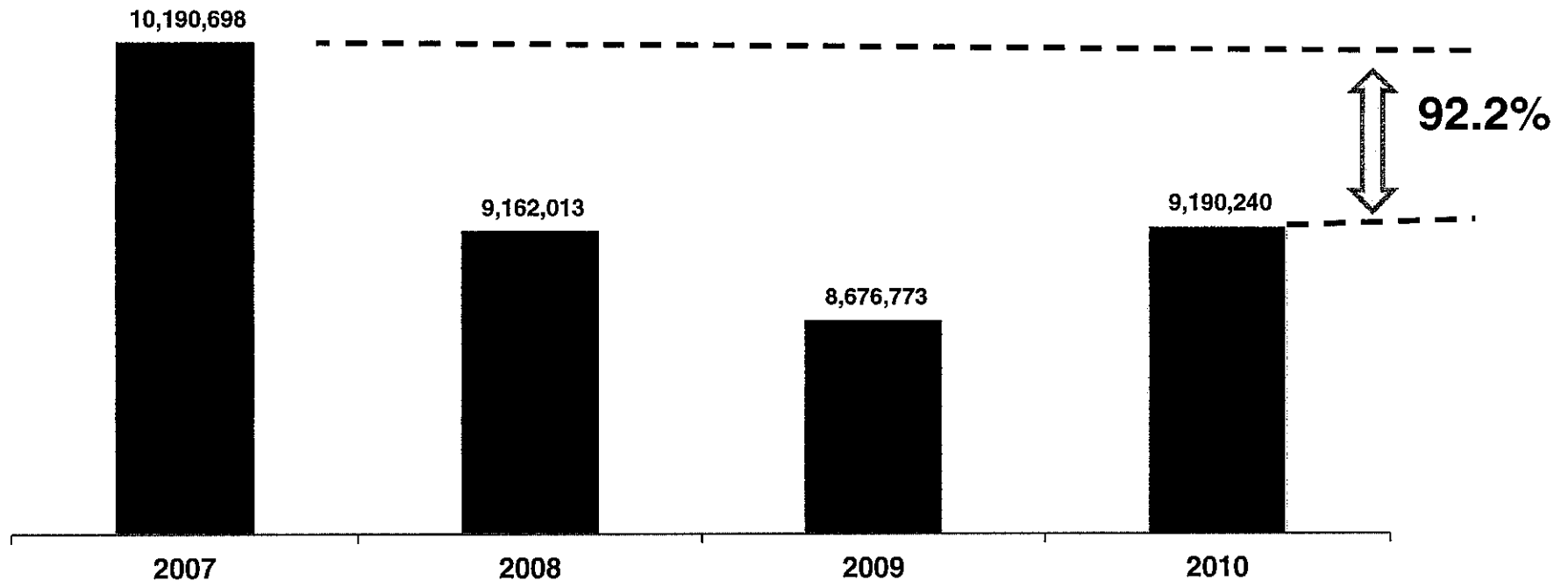
# VISITOR ARRIVAL HISTORY

% Change over Previous Year  
Visitor Arrivals  
1988-2010p



# AIR SERVICE TO HAWAII

## Total Scheduled Nonstop Air Seats



Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010.

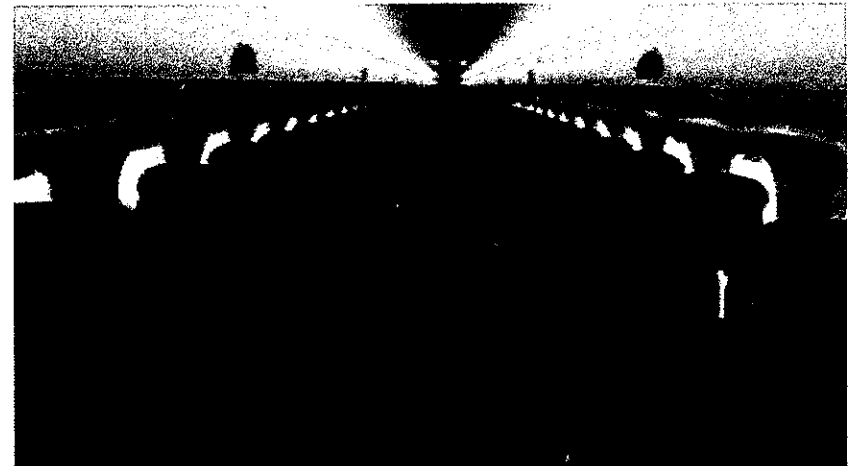
# AIRLIFT OVERVIEW

## • Seat Inventory Overview

Scheduled Air Seats									
2002 - 2010									
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TOTAL</b>	<b>8,252,306</b>	<b>8,557,770</b>	<b>9,317,245</b>	<b>10,023,606</b>	<b>10,360,886</b>	<b>10,190,698</b>	<b>9,162,013</b>	<b>8,676,773</b>	<b>9,190,240</b>
US West	4,640,094	4,987,951	5,295,351	5,756,866	6,323,008	6,301,206	5,622,071	5,346,752	5,745,356
US East	821,464	963,693	1,281,642	1,415,379	1,243,016	1,098,866	1,048,333	894,638	923,036
Japan	1,961,733	1,785,277	1,857,465	1,970,365	1,816,797	1,851,850	1,605,128	1,597,326	1,627,513
Canada	313,773	299,419	290,725	300,182	369,886	304,393	280,375	228,838	286,492
Other Asia	78,176	94,407	103,809	126,751	130,320	140,551	137,038	164,965	154,089
Oceania	211,129	189,564	228,608	227,268	244,173	259,968	193,287	168,524	172,496
Other	225,937	237,459	259,645	226,795	233,686	233,864	275,781	275,730	281,258

Source: HTA Scheduled Airseats  
2010 - as of December 2010 OAG

2011 TARGET	SEATS	% CHANGE
TOTAL	9,343,362	1.7%
US WEST	5,817,523	1.3%
US EAST	923,036	0.0%
JAPAN	1,636,536	0.6%
CANADA	286,492	0.0%
KOREA	199,028	34.7%
CHINA	19,200	N/A
OCEANIA	181,121	5.0%
OTHER	280,426	-0.3%





# FIRST QUARTER 2011 AIRSEAT OUTLOOK

## Estimated 2011 Seats by Major Market Area

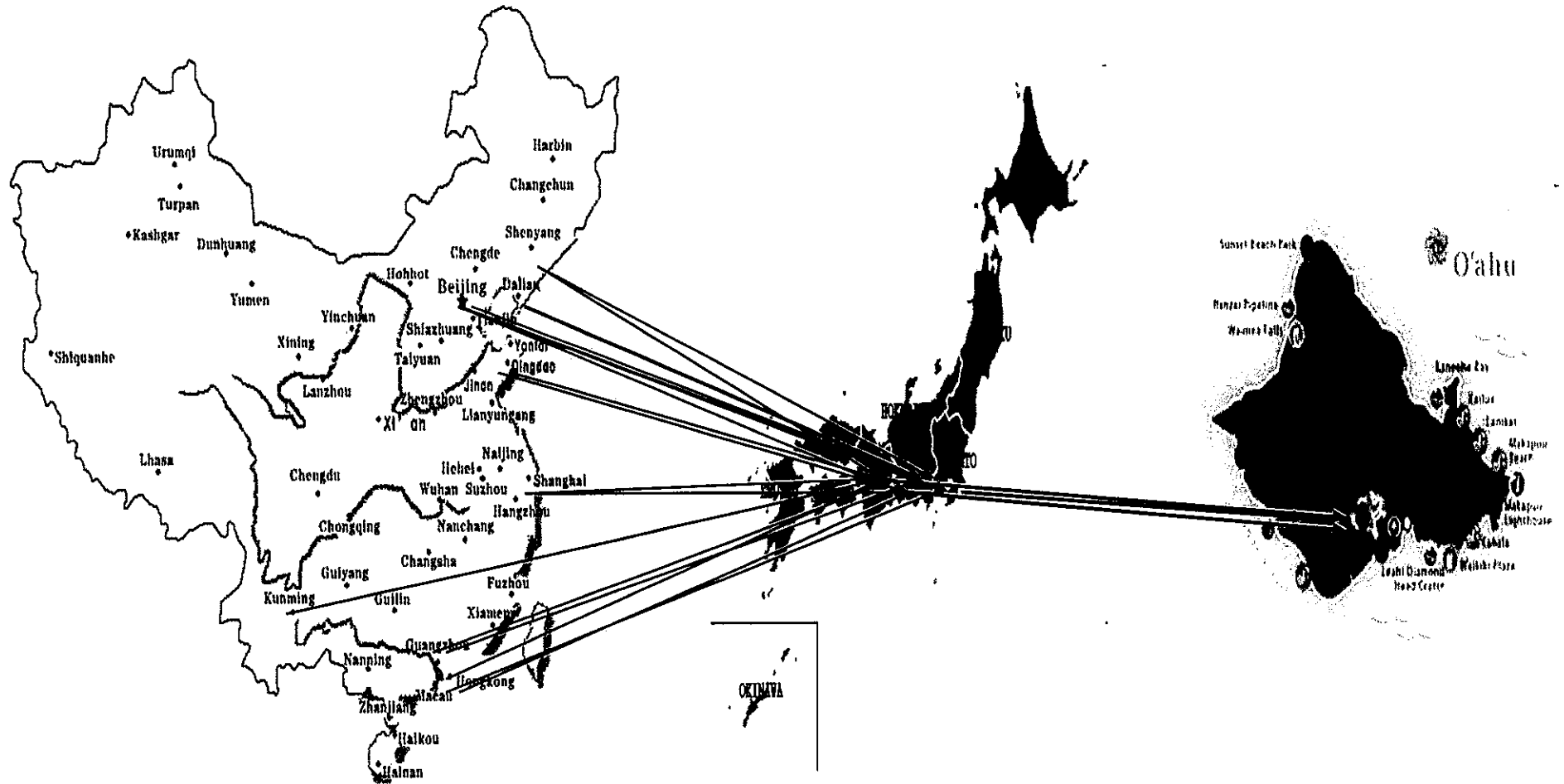
		Q1 %Change	2011 Targets
Oceania	44,882	+12.5%	+5.0%
Other Asia	61,429	+50.1%	+34.7% (S. Korea Only)
Canada	123,146	+4.9%	+0.0%
Other	68,571	-1.7%	-0.3%
Japan	400,850	-1.3%	+0.6%
US East	196,213	-18.6%	+0.0%
US West	1,432,683	+9.2%	+1.3%

Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010

Total Q1 Seats: +4.5%

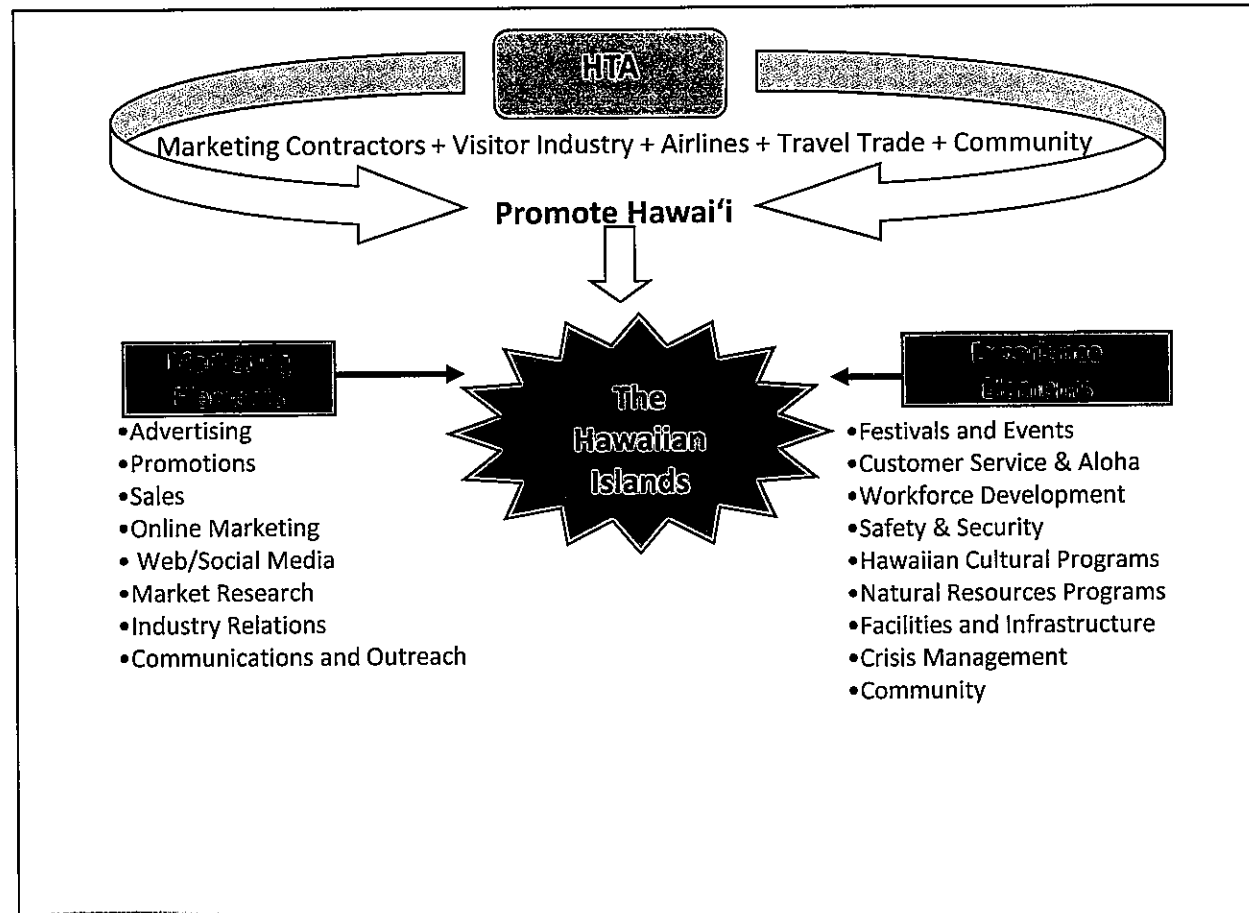


# CHINA STRATEGY VIA JAPAN AIRLINES

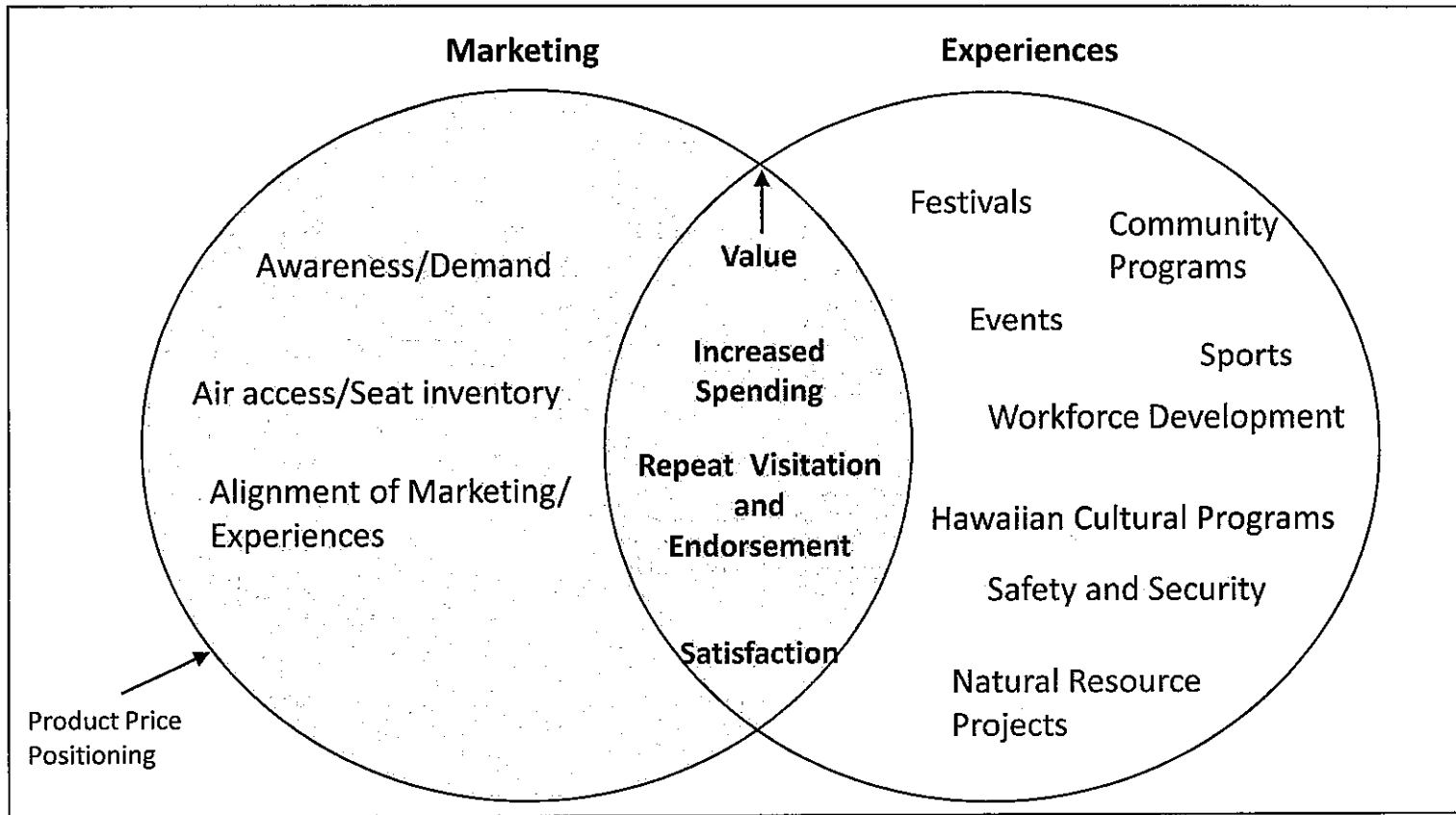


OKINAWA

# HTA: MANAGING THE HAWAII BRAND



# BRAND MANAGEMENT

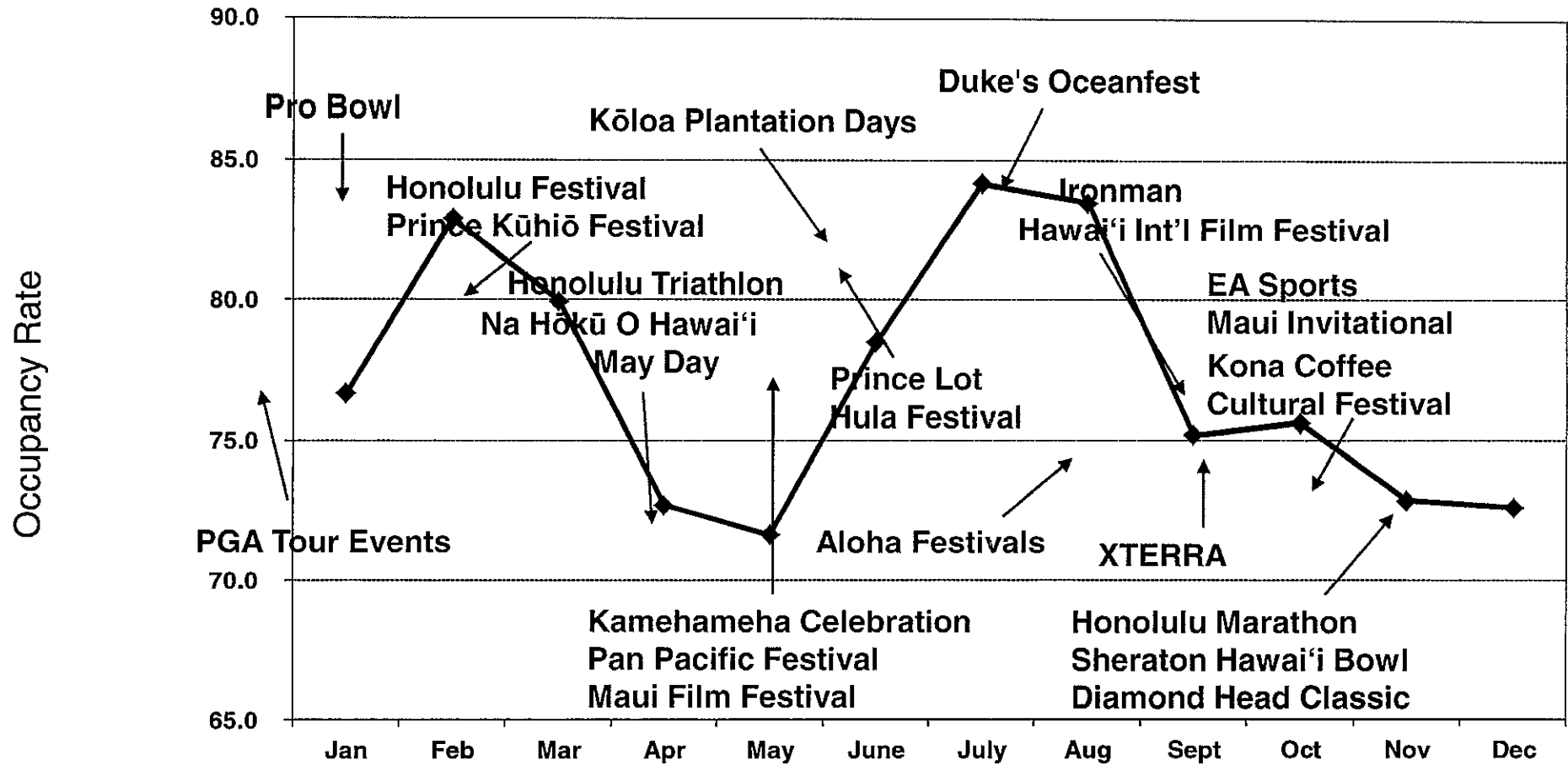


# ARRIVAL AND DEPARTURE EXPERIENCE

- Hawai'i's airports are not just an integral transportation system, but part of the hospitality industry.
- Majority of our visitor's first and last experiences in Hawai'i happen at the airport.
- Imperative that the overall experience conveys the spirit of Aloha.



# SHOULDER PERIOD OPPORTUNITIES



# COUNTY PRODUCT ENRICHMENT AND MAJOR FESTIVAL PROGRAMS

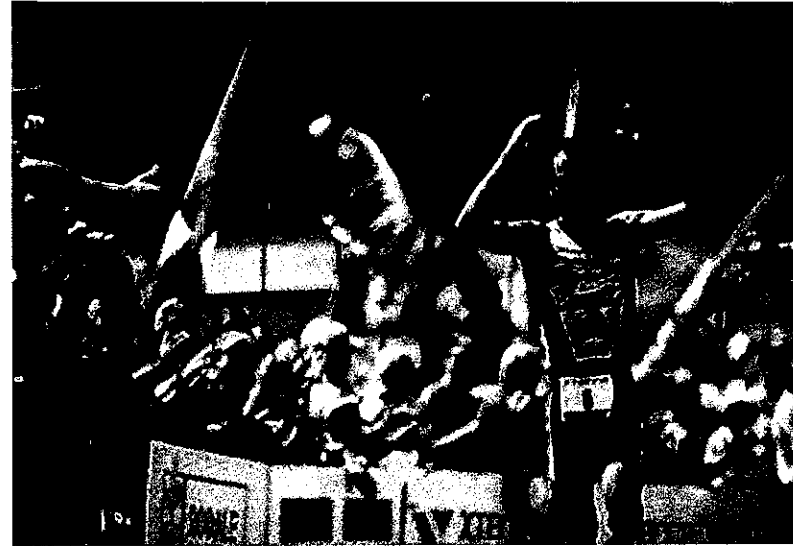


- Positioning of events during shoulder periods
- Alignment and integration with the industry partners
- Umbrella marketing strategy; event grouping, and positioning; shared resources
- Support in funding to lead to future sustainability



# SPORTS

- Further diversification of sporting events
- Participation (spectator or participatory) being pursued statewide
- Year-round optimum climate
- Central location for international competition
- Multiple facilities throughout state



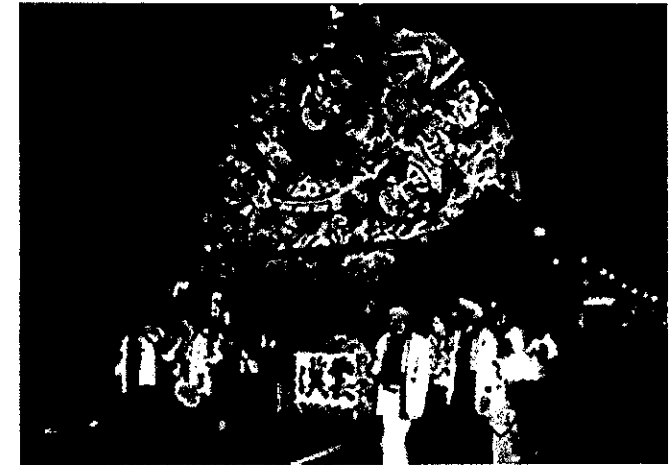
# CULTURE & ARTS

- Hawaiian Language – Music – Hula – Surfing – Community
- Is the *incomparable* Hawaii Experience
- Experiences perpetuates resident-visitor engagement and connection to isle communities
- Connection to the community

# BRANDING EXPERIENCES

## 1<sup>ST</sup> QUARTER 2011

<b>County Product Enrichment Program*</b>	<b>46</b>
Hawai'i	3
Kaua'i	7
Maui	1
O'ahu	2
Plus ongoing programs with various dates through the year	33
<b>Honolulu Festival</b>	<b>March 11 – 13</b>
<b>Prince Kūhiō Celebration</b>	<b>March</b>
<b>Hyundai Tournament of Champions – PGA Tour Golf</b>	<b>January 3-9</b>
<b>Sony Open in Hawai'i – PGA Tour Golf</b>	<b>January 10-16</b>
<b>Mitsubishi Electric Championship at Hualālai</b>	<b>January 21-23</b>
<b>Champions Golf Tour</b>	
<b>Kā'anapali Skins Game</b>	<b>January 27-29</b>



<b>January - March 2011</b>			
<b>HAWAII</b>	<b>KAUAI</b>	<b>MAUI</b>	<b>O'AHU</b>
Aloha Saturdays (monthly)	Waimea Town Celebration	'Iao Theater Special Events Series	First Friday Honolulu
Grown Hawaiian Festival	Waimea Heritage Days	Maui Invitational Music Festival	Night in Chinatown & Chinatown Open House
Pana'ewa Stampede Rodeo	E Pili Kākou I Ho'okahi Lāhui	Hawaiian Music Series	Narcissus Festival
Hilo Chinese New Year	Waimea Roundup Rodeo	Maui Pops Orchestra	Hawai'i Chocolate Festival
	Kaua'i Orchid and Art Festival	Maui Chinese New Year	
	Prince Kūhiō Celebration of the Arts		
	Kaua'i Wellness Expo		

# BRANDING EXPERIENCES

## 2<sup>nd</sup> QUARTER 2011

<b>County Product Enrichment Program*</b>	<b>66</b>
Hawai'i	9
Kaua'i	4
Maui	7
O'ahu	13
Plus ongoing programs with various dates through the year	33
<b>Pan Pacific Festival Matsuri in Hawai'i</b>	<b>June 10 – 12</b>
<b>Maui Film Festival</b>	<b>June 15 – 19</b>
<b>Mei Mele (incl. Na Hōkū Hanohano Music Festival and Awards Program)</b>	<b>Month of May</b>
<b>Kamehameha Celebration</b>	<b>June</b>
<b>Merrie Monarch Festival</b>	<b>April 4-10</b>



April – June 2011			
Hawai'i	Kaua'i	Maui	O'ahu
Hilo Inter-Tribal PowWow & Native Heritage Days	May Day by the Bay	Henry K. Allen Hawaiian Steel Guitar Festival	Lei Day Celebration
Ka'ū Coffee Festival	Banana Poka Roundup	North South East West Festival	Ala Moana Sunset Cinema & Dragon Boat Festival
Lei Day, He Mo'olelo o Na Lei	Kaua'i Polynesian Festival	Earth Week in 'Āo Valley	Taste of Waialua
Puna Music Festival	Red Clay Jazz Festival	Maui Matsuri	Hawai'i Book & Music Festival
Big Island Film Festival		Kapalua Wine & Food Festival	Hawai'i's Wood show – Na Lā'au o Hawai'i
Earth and Ocean Festival at Keauhou		Hawaiian Slack Key Guitar Festival – Maui Style	Lei Day Music Festival at Windward Mall
Kona Chocolate Festival		Maui Classical Music Festival	Earth Month in Honolulu
May Day/Lei Day Festival		Celebration of the Arts	Hawai'i Food & Wine Paradise

# BRANDING EXPERIENCES

## 3<sup>rd</sup> QUARTER 2011

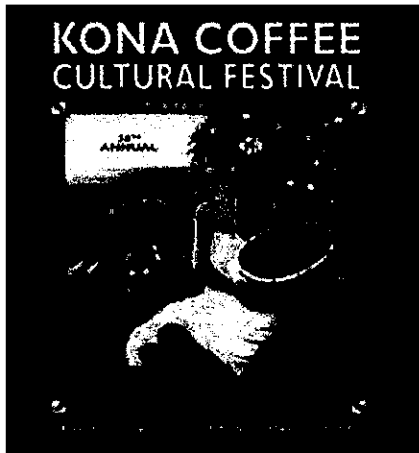


<b>County Product Enrichment Program*</b>	<b>58</b>
Hawai'i	5
Kaua'i	3
Maui	8
O'ahu	9
Plus ongoing programs with various dates through the year	33
<b>Aloha Festivals</b>	<b>August-October</b>
<b>Kōloa Plantation Days</b>	<b>July 23 – 31</b>
<b>Hawai'i Food &amp; Wine Festival (tent)</b>	<b>Sept 29 – Oct 1</b>
<b>Prince Lot Hula Festival</b>	<b>July</b>
<b>Hula Town Hilo</b>	<b>September</b>

July - September 2011			
HAWAII	KAUAI	MAUI	O'AHU
Big Island Hawaiian Music Festival	Kaua'i Music Festival Songwriter Conference	Kū Mai Ka Hula	Duke's Oceanfest
Kona Portuguese Festival	Heiva I Kauai Ia Orana Tahiti	Aloha Peace Festival	'Ukulele Festival
Hawai'i Healing Garden Festival		Lāna'i Pineapple Festival	Hawaiian Slack Key Guitar Festival - O'ahu Style
Hilo Orchid Society Show & Sale		Summer Under the Stars	Korean Festival
Mealani A Taste of the Hawaiian Range & Ag Festival		Maui Photo Festival & Workshops	Gabby Pahinui Waimānalo Kanikapila
Puna Chefs' & Farmers' Culinary Arts Festival		Na Hōkū Hou	Hale'iwa Arts Festival

# BRANDING EXPERIENCES

## 4<sup>th</sup> QUARTER 2011



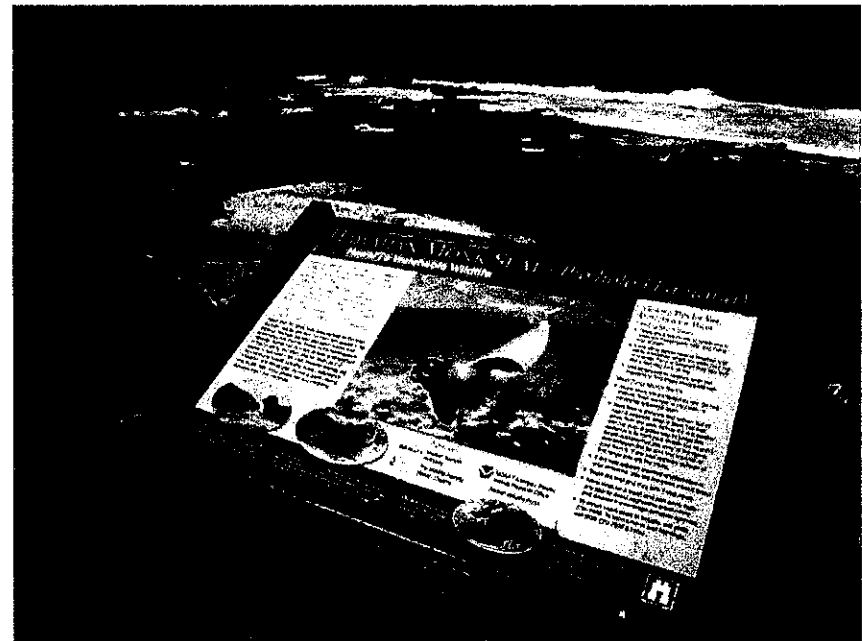
<b>County Product Enrichment Program*</b>	<b>51</b>
Hawai'i	6
Kaua'i	5
Maui	2
O'ahu	5
Plus ongoing programs with various dates through the year	33
Hawai'i International Film Festival (incl. EuroCinema Hawai'i)	Oct. 13 – 13
Kona Coffee Cultural Festival	Nov. 4 – 13
Ford Ironman World Championships	October 8
XTERRA World Championships	October 23
EA Sport Maui Invitational	November 21-23
XTERRA Half Marathon World Championships	December 4
Diamond Head Classic	December 22-25
Sheraton Hawai'i Bowl	December 24

### October - December 2011

HAWAII	KAUAI	MAUI	O'AHU
Moku o Keawe International Festival	The Coconut Festival	Lahaina Plantation Days	Hawai'i Healing Garden Festival
Moku o Keawe Kapa Festival	Festival of Lights	Maui 'Ukulele Festival	Windward Ho'olaule'a
Black & White Night	Na Lima Hāna	Maui Pops Orchestra	Celebrate Kaimukī Kanikapila
	Hawaiian Slack Key Festival - Kaua'i Style		Hawai'i First Lego League Championship
	Eo e 'Emalani Alaka'i Festival		Hawai'i Fishing & Seafood Festival

# NATURAL RESOURCES

- Authentic experiences through Natural Resources
- Engage and educate residents and the industry on proper use and care of natural resources.
- Improved coordination and collaboration needed to leverage resources.
- “Greening of the Industry”



# WORKFORCE DEVELOPMENT



- Vehicle for creating a service culture
- Refocus on Hawaii values
- Instill responsibility to the core values/place (Hawai'i)

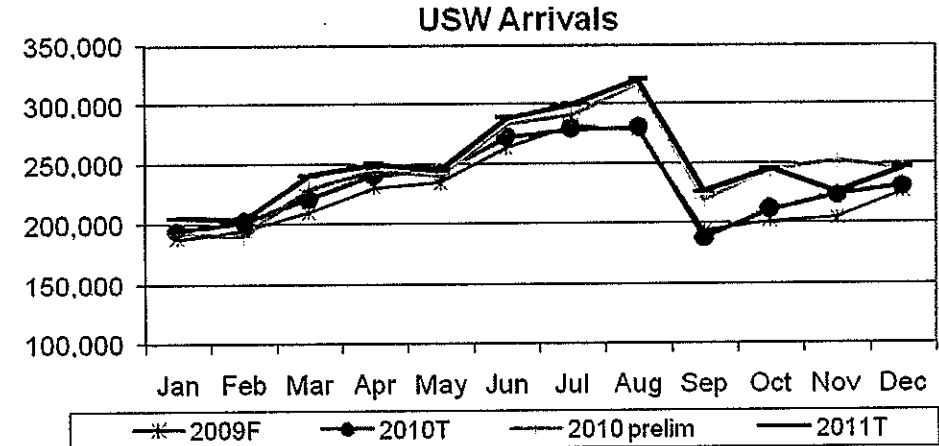


# MARKET OUTLOOK: US WEST

	2010 Target		2010 prelim		2011 Target	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	2,800,000	3.0%	2,959,116	8.8%	3,010,434	1.7%
<b>PPPD\$</b>	\$ 138.0	3.5%	\$ 142.3	6.8%	\$ 146.4	2.9%
<b>Length of Stay</b>	9.60	0.7%	9.56	-0.1%	9.55	-0.2%
<b>Expenditures</b>	\$ 3,724.9	7.4%	\$ 4,024.8	16.0%	\$ 4,207.0	4.5%
<b>Days</b>	26,992,000	3.7%	28,292,137	8.7%	28,739,615	1.6%
<b>Airseat Capacity (Airseats)</b>	5,129,334	-4.1%	5,731,550	7.2%	5,817,523	1.3%
<b>Cost Per Arrival</b>	n/a	-	\$ 5.06	-	n/a	-
<b>Expenditure per Marketing Dollar</b>	n/a	-	\$ 268.78	-	n/a	-

## Assumptions:

- Growth in arrivals in 1Q2011.
- Increase in new service LAX and SFO to Hilo.
- Consumer spending is limited.
- Marketing blitzes drive interest and conversion.
- Mexico, Gulf and Caribbean will be aggressive in market.



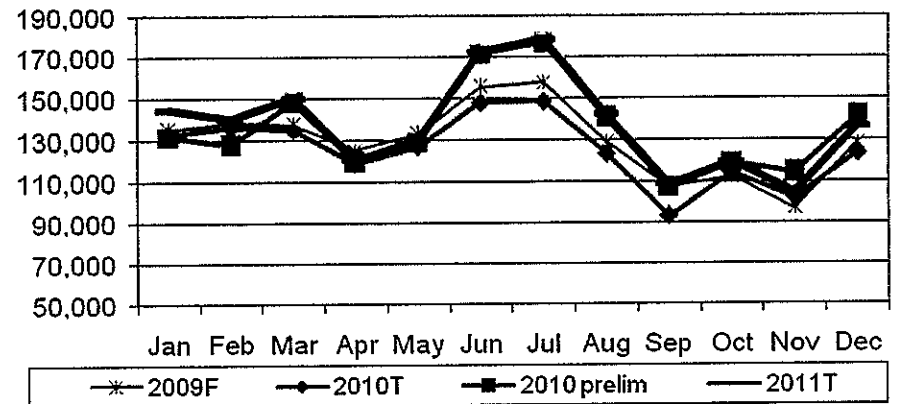
# MARKET OUTLOOK: US EAST

	2010 Target		2010 Prelim		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	1,505,000	-3.6%	1,630,857	4.4%	1,654,594	1.5%
PPPD\$	\$ 167.3	1.0%	\$ 172.4	4.1%	\$ 177.1	2.7%
Length of Stay	10.10	-2.8%	10.44	0.2%	10.44	0.0%
Expenditures	\$ 2,550.0	-5.4%	\$ 2,935.9	9.0%	\$ 3,059.0	4.2%
Days	15,245,650	-6.3%	17,029,420	4.7%	17,277,283	1.5%
Airseat Capacity (Airseats)	789,521	-11.7%	954,622	6.7%	954,622	0.0%
Cost Per Arrival	n/a	-	\$ 5.98	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 300.91	-	n/a	-

## Assumptions:

- US economy continues to stabilize – better in US East.
- Unemployment improves.
- Loss of some nonstop flights and decrease in frequency.
- Marketing blitz helps to stimulate market's pent up demand.
- Strong marketing by Caribbean.

USE Arrivals



*Lōkahi – meaning unity, (unbroken);  
to be expressed with harmony*

The world will turn to Hawai'i as they  
search for world peace because  
Hawai'i has the key...and that key is  
Aloha! --- Auntie Pilahi Paki

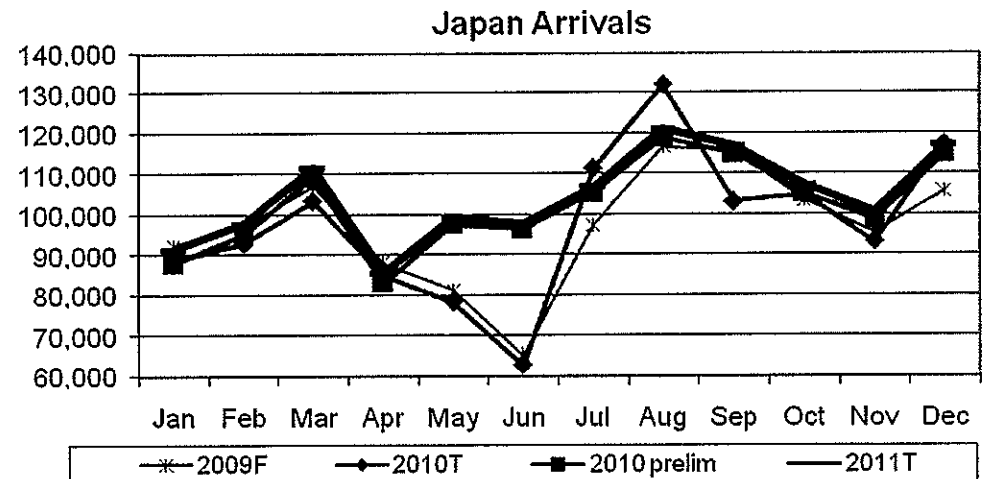


# MARKET OUTLOOK: JAPAN

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	1,175,000	0.6%	1,229,762	5.3%	1,255,605	2.1%
<b>PPPD\$</b>	\$ 300.0	11.8%	\$ 267.8	-0.2%	\$ 274.5	2.5%
<b>Length of Stay</b>	6.00	2.9%	5.86	0.6%	5.85	-0.2%
<b>Expenditures</b>	\$ 2,115.0	15.8%	\$ 1,931.2	5.7%	\$ 2,017.1	4.4%
<b>Days</b>	7,050,000	3.6%	7,211,577	6.0%	7,348,400	1.9%
<b>Capacity (Airseats)</b>	1,800,000	12.7%	1,600,080	0.2%	1,616,081	1.0%
<b>Cost Per Arrival</b>	n/a	-	\$ 6.14	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 255.74	-	n/a	-

## Market Assumptions:

- Yen remains strong
- Airlift will increase.
- Consumer spending is limited.
- Consumer confidence down from previous spending trend (Conference Board December 7, 2010).



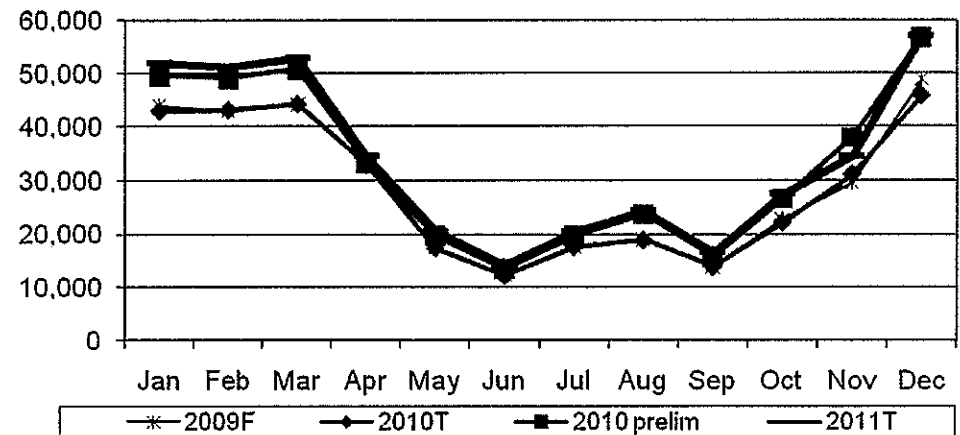
# MARKET OUTLOOK: CANADA

	2010 Targets		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	343,000	-1.0%	396,902	14.5%	406,029	2.3%
<b>PPPD\$</b>	\$ 136.0	-4.9%	\$ 146.8	2.7%	\$ 148.3	1.0%
<b>Length of Stay</b>	12.70	-0.2%	12.69	0.0%	12.67	-0.1%
<b>Expenditures</b>	\$ 590.6	-6.1%	\$ 739.5	17.6%	\$ 762.9	3.2%
<b>Days</b>	4,342,380	-1.2%	5,036,445	14.6%	5,144,542	2.1%
<b>Airseat Capacity</b>	244,706	6.9%	278,143	21.5%	278,143	0.0%
<b>Cost Per Arrival Expenditure</b>	n/a	-	\$ 2.43		n/a	-
<b>Per Marketing \$</b>	n/a	-	\$ 765.81		n/a	-

## Assumptions

- Economy remains stable.
- Western Canada's housing market strong.
- Unemployment is improving.
- Currency exchange rate favorable.
- Expansion of season flights from Calgary and Edmonton in Q2.
- New service from Bellingham, Washington.

Canada Arrivals

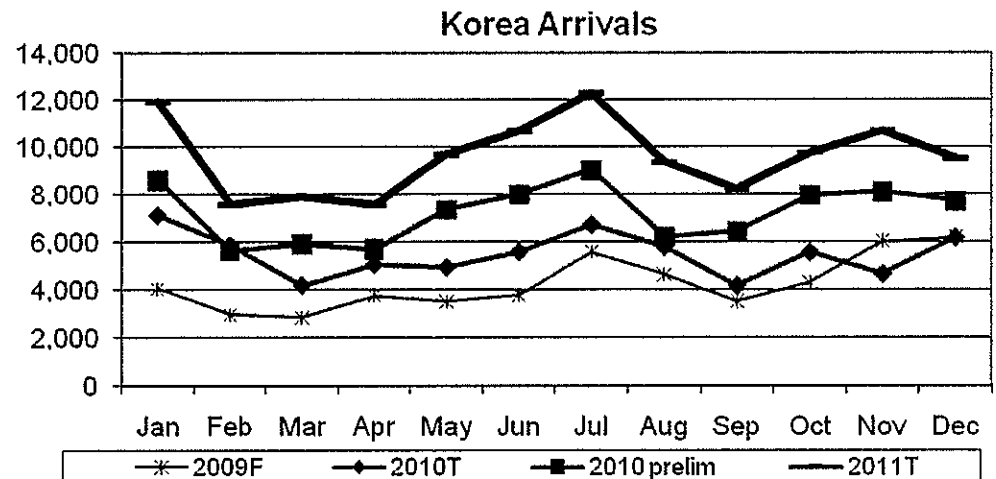


# MARKET OUTLOOK: KOREA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	66,000	28.5%	86,860	69.1%	115,225	32.7%
<b>PPPD\$</b>	\$ 303.0	57.0%	\$ 225.0	16.0%	\$ 247.5	10.0%
<b>Length of Stay</b>	5.00	-36.7%	8.01	1.4%	8.01	0.0%
<b>Expenditures</b>	\$ 100.0	27.7%	\$ 156.5	98.9%	\$ 228.4	45.9%
<b>Days</b>	330,000	-18.7%	695,753	71.5%	922,952	32.7%
<b>Airseat Capacity (Airseats)</b>	164,798	22.0%	147,428	9.2%	199,028	35.0%
<b>Cost Per Arrival</b>	n/a	-	\$ 7.72	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 233.54	-	n/a	-

## Assumptions:

- Economy remains stable.
- Won remains favorable.
- Additional air capacity.
- FIT & Family visitors on the rise.
- Expect 50% growth in MICE visitors.

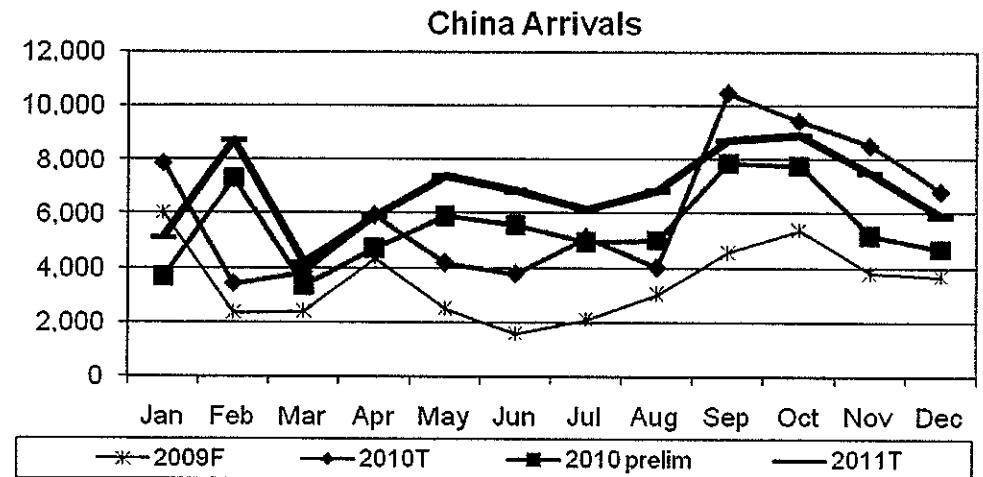


# MARKET OUTLOOK: CHINA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	73,404	75.1%	66,047	57.5%	82,146	24.4%
<b>PPPD\$</b>	\$ 441.0	41.3%	\$ 357.0	25.0%	\$ 367.7	3.0%
<b>Length of Stay</b>	5.00	-23.2%	6.10	-12.9%	6.04	-1.0%
<b>Expenditures</b>	\$ 161.9	76.7%	\$ 143.8	71.5%	\$ 182.4	26.8%
<b>Days</b>	367,020	25.0%	402,885	37.3%	496,080	23.1%
<b>Airseat Capacity (Airseats)</b>	19,200	-35.9%	19,200	-35.9%	19,200	0.0%
<b>Cost Per Arrival</b>	n/a	-	\$ 15.31	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 142.20	-	n/a	-

## Assumptions

- Economy continues to flourish.
- Additional air service from Korea and Japan.
- Hawai'i-Only packages are becoming the norm.
- U.S. Visa policies hampers Chinese visitors.
- PPPD\$ continues to grow but at a slower rate with change of type of visitor.

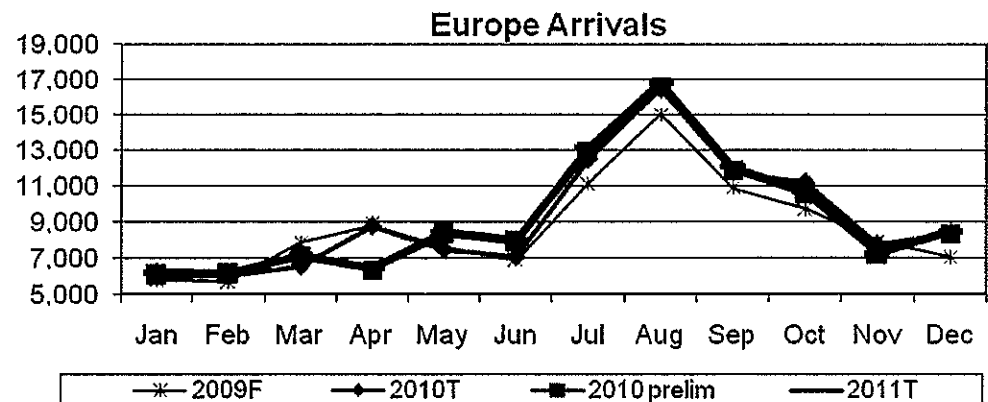


# MARKET OUTLOOK: EUROPE

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	110,000	540.0%	109,245	4.6%	110,802	1.4%
<b>PPPD\$</b>	\$ 180.0	24.7%	\$ 176.0	22.0%	\$ 177.8	1.0%
<b>Length of Stay</b>	12.0	-8.3%	13.1	0.0%	13.2	0.5%
<b>Expenditures</b>	\$ 237.6	20.5%	\$ 251.7	27.6%	\$ 259.1	3.0%
<b>Days</b>	1,320,000	-3.4%	1,430,058	4.6%	1,457,690	2.0%
<b>Cost Per Arrival</b>	n/a	-	\$ 3.01	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 764.77	-	n/a	-

## Assumptions:

- European economy uncertain; however, UK and Germany are fairing better than the others.
- Euro exchange rate forecasted to be slightly weaker, while pound remains stable.
- Traveling closer to home.
- Strong marketing by Caribbean.



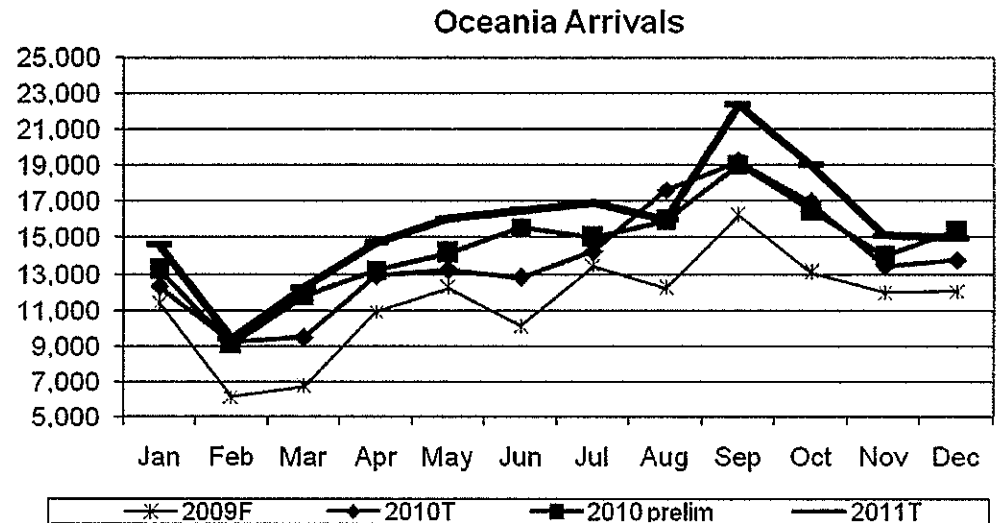


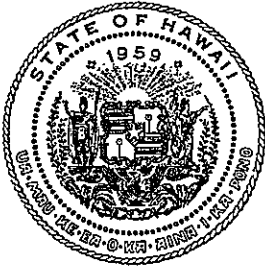
# MARKET OUTLOOK: OCEANIA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	165,215	20.8%	172,962	26.5%	188,000	8.7%
PPPD\$	\$ 235.0	15.8%	\$ 204.0	0.5%	\$ 206.0	1.0%
Length of Stay	8.8	-4.8%	9.9	7.5%	9.9	0.0%
Expenditures	\$ 341.7	33.4%	\$ 350.3	36.7%	\$ 384.6	9.8%
Days	1,453,892	15.2%	1,717,119	36.0%	1,866,414	8.7%
Airseat Capacity (airseats)	209,767	24.5%	168,512	9.0%	177,000	5.0%
Cost Per Arrival	n/a	-	\$ 6.21	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 326.25	-	n/a	-

## Assumptions

- Economy remains stable.
- Strength of Australian dollar fosters growth in overseas vacation .
- Low unemployment rate and resurgence in commodity exports.
- Increase seats in market from Hawaiian Airlines and Air New Zealand.





NEIL ABERCROMBIE  
Governor

MIKE MCCARTNEY  
President and  
Chief Executive Officer

# Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākāua Avenue, Honolulu, Hawai'i 96815  
Website: [www.hawaitourismauthority.org](http://www.hawaitourismauthority.org)

Telephone: (808) 973-2255  
Fax: (808) 973-2253

February 7, 2011

The Honorable Tom Brower, Chair  
and Members of the House Tourism Committee  
Hawai'i State Legislature  
State Capitol  
Honolulu, Hawai'i 96813

Dear Representative Brower and Committee Members,

On behalf of the HTA Board of Directors, we are pleased to submit to you our presentation materials for the House Tourism Committee on February 7, 2011.

With our FY 2011 budget, the Hawai'i Tourism Authority hopes to be able to maintain the momentum tourism has contributed to Hawai'i's economy. In 2010, tourism accounted for \$11.4 billion in spending, 150,000 jobs and \$1.1 billion in tax revenue which funds state initiatives and programs. While these numbers represent increases over 2009, we don't believe we are out of the woods yet. Our recovery is still fragile. Our plan is to operate in crisis mode in 2011 to:

- Drive demand to boost visitor arrivals and generate visitor spending
- Maximize programs by leveraging industry resources
- Support the uniqueness of Hawai'i's "product" and deliver a quality visitor experience

We look forward to working with you and your respective committees to help our state meet the current economic challenges at the same time HTA continues its development into a more effective and efficient manager of the state's brand management initiatives and a stronger champion of all Hawai'i and its stakeholders.

With my respect and aloha,

MIKE MCCARTNEY  
President & CEO

- I. Hawai'i Tourism Authority (HTA) FY 2011 Budget Background
  - Comparison of Visitor Industry and Economic Indicators to HTA FY Expenditures (2007-2010)
  - Distribution of TAT Taxes – FY 2012
  - HTA Strategic Plan Summary, 2010 Results, 2011-2013 Targets
  - HTA: Managing the Hawai'i Brand
  
- II. HTA Budget
  - Budget Summary
  - Brand Management: Marketing
    - Marketing Contractors and Budgets\*
    - Major Market Areas and Budgets\*
    - Sports Programs
    - Tourism Research
  
- III. Other HTA Brand Management Initiatives
  - Access
  - Community Branding Experiences
  - Communications and Outreach
  - Hawaiian Culture Program
  - Natural Resources Program
  - Safety and Security
  - Workforce Development
  - HTA Other Initiatives
  
- IV. References
  - Visitor Arrival History
  - TAT Worksheet
  - HVCB Market Saturation Analysis and Outbound Passenger Departures
  - Airlift Overview and Outlook
  - Presentation to Senate Committee on Tourism and Senate Committee on Ways and Means

\* Budget information is proprietary and should not be distributed to the public.

## Comparison of Visitor Industry and Economic Indicators to HTA FY Expenditures

### 2010 Highlights

**Visitor Spending:**

-Total Visitor Spending: \$11.4 billion

-Visitor spending rose 16% from 2009 (\$9.8 billion), visitor arrivals also increased 9% compared to last year

**Jobs and Tax Revenues:**

-Job creation: 150,000

-State tax revenues: \$1.1 billion

**Return on Investment:**

-For every dollar invested in HTA, \$166 was generated in tourism revenues (ROI 166:1)

-For every dollar invested in HTA, \$15 was generated in state tax revenues (ROI 15:1)

**2007 – 2010 Data:**

	2007	2008	2009	2010*	Average
Visitor Arrivals (air + cruise)	7,627,819	6,822,911	6,517,054	7,084,525	6,941,855
Visitor Expenditures (millions \$)	12,811	11,399	9,993	11,589	11,019
Visitor Days	70,075,021	63,857,378	60,836,666	66,202,147	63,820,303
Per Person Per Day Spending (PPPD\$)	\$182.82	\$178.51	\$164.26	\$172.40	\$172.06
Length of Stay (LOS)	9.19	9.36	9.33	9.34	9.20
Air Seats (scheduled & charter)	10,190,698	9,162,013	8,676,773	9,190,240	9,166,007
State tax revenues (million dollars)	\$1,220.60	\$1,076.30	\$932.46	\$1,045.55	\$1,027.55
TAT (CY)	\$232,542,200	\$224,121,936	\$212,274,195	\$254,966,671	\$202,183,597
Jobs	172,416	151,331	133,618	150,463	162,623
Cost per Arrival	\$9.04	\$11.61	\$10.32	\$9.87	\$9.61
ROI: Tax Revenue Generated/HTA Expenditures	17.7	13.6	13.9	15.0	15.2
ROI: Visitor Expenditures/HTA Expenditures	185.8	143.9	148.5	165.7	166.3
HTA FY Expenditures	\$68,962,000	\$79,197,000	\$67,275,000	\$69,922,000	\$66,546,545

Note: Cost is HTA's FY Expenditures

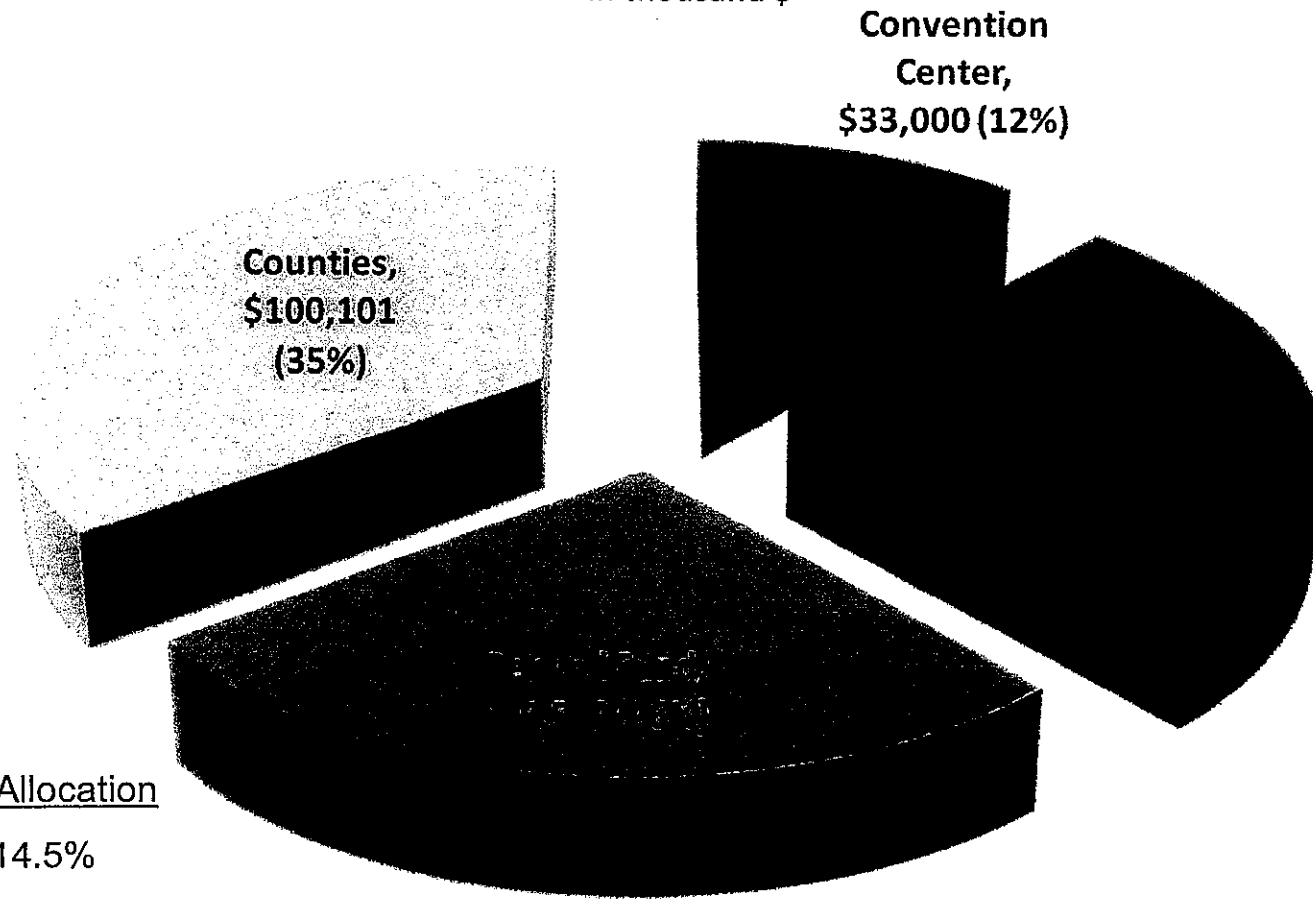
\* Jobs generated from tourism sector

\* Prelim 2010 data

Source: Hawai'i Department of Business, Economic Development & Tourism and Hawai'i Tourism Authority

# Distribution of TAT Taxes – FY 2012

in thousand \$



## Counties' TAT Allocation

Kaua'i County 14.5%

Hawai'i County 18.6%

Maui County 22.8%

Honolulu 44.1%

## HTA Strategic Plan Summary: 2010-2013

In 2009, HTA developed the *Hawai'i Tourism Strategic Plan (HTA Plan)* to prioritize the agency's work in support of the *Hawai'i Tourism Strategic Plan: 2005-2015 (State TSP)* and Hawai'i's vision for tourism, and more importantly, *to help stabilize Hawai'i's visitor industry during the U.S. economic crisis and curtail consecutive months of declining double-digit visitor arrivals and expenditures.*

The overall strategic goal of the *HTA Plan* is to "to optimize benefits for Hawai'i that integrates the interests of visitors, the community and the visitor industry." HTA's FY 2010 and FY 2011 budgets were created to ensure the agency could successfully pursue this goal, based on the following conditions, targets and objectives.

	2010	2011	2012	2013
Market Condition	Crisis Posture	Evolving From Crisis	Transition to Recovery	Recovery
Targets	<ul style="list-style-type: none"> <li>• Arrivals: 6.7 M</li> <li>• Expenditures: \$11.8 B</li> <li>• PPPD: \$188</li> </ul> <p>Actuals</p> <ul style="list-style-type: none"> <li>• Arrivals: 7.1M</li> <li>• Expenditures: \$11.4B</li> <li>• PPPD: \$172</li> </ul>	<ul style="list-style-type: none"> <li>• Arrivals: 7.29 M</li> <li>• Expenditures: \$12.08 B</li> <li>• PPPD: \$177.5</li> <li>• LOS: -.2% YOY</li> </ul>	<ul style="list-style-type: none"> <li>• Arrivals: 7.40 M</li> <li>• Expenditures: \$12.65 B</li> <li>• PPPD: \$183.2</li> <li>• LOS: .0% YOY</li> </ul>	<ul style="list-style-type: none"> <li>• Arrivals: 7.49 M</li> <li>• Expenditures: \$13.24 B</li> <li>• PPPD: \$188.9</li> <li>• LOS: +0.3% YOY</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>• Focus on increasing arrivals and driving demand to grow market share</li> <li>• Tactical marketing approach with a goal of conversion within targeted market segments</li> <li>• Maximize marketing programs by leveraging industry partnerships</li> <li>• Support the uniqueness of Hawai'i's tourism product and deliver a quality visitor experience</li> <li>• Effect change at HTA consistent with its evolution towards becoming a knowledge-based organization</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain a <i>tactical/research based/strategic</i> market approach with a goal of increasing PPPD spending</li> <li>• Maintain a focus on increasing arrivals and driving demand to grow and retain market share</li> <li>• Continue to <i>use Hawai'i's money/expend funds</i> efficiently, effectively and productively by leveraging with industry partners</li> <li>• <i>Leverage/integrate/enhance</i> our efforts to nurture the uniqueness of Hawai'i's people, sense of place and culture to deliver a quality experience for our visitors and residents</li> <li>• <i>Reinvent/Reorganize/Formalize/Establish</i> HTA as a strategic knowledge based organization that <i>strives/endeavors/seeks to add value/optimize benefits</i> to the community</li> </ul>	<ul style="list-style-type: none"> <li>• Re-focus on visitor spending through new markets and growth in market share in existing markets</li> <li>• Return to advancing Hawai'i Tourism Strategic Plan: 2005-2015 (TSP) strategic initiatives, especially those in which HTA has the lead role</li> <li>• Strengthen HTA's position as a knowledge-based organization utilizing a research-based decision-making model</li> </ul>	

PPPD = Per Person Per Day spending; LOS = Length of Stay; YOY = Year Over Year

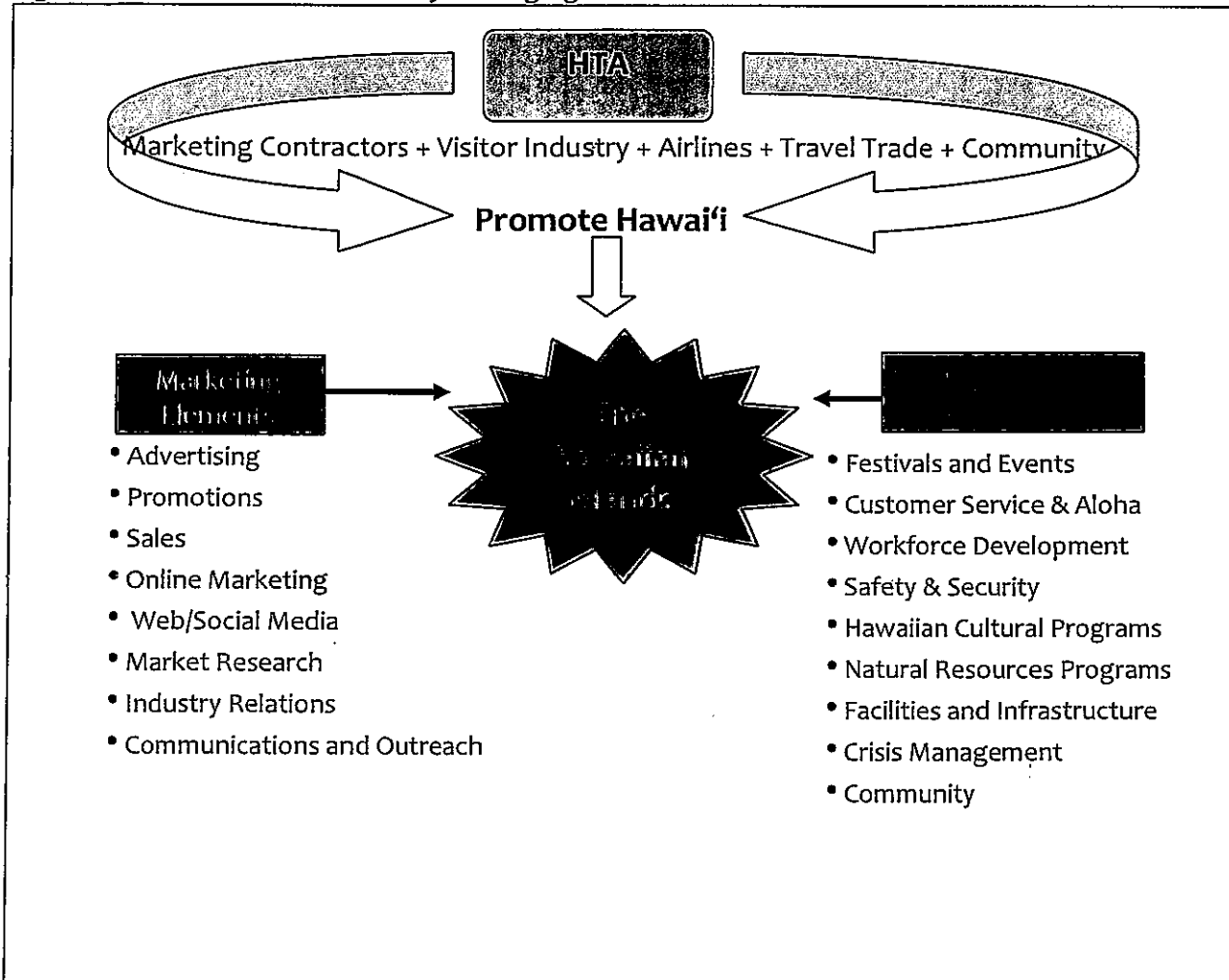


As the state’s tourism agency, one of the Hawaii Tourism Authority’s (HTA) key strategic roles is brand management – or more specifically, managing the promotion of Hawai’i’s brand, and supporting programs to help deliver on the brand promise. This work requires the HTA as the overall custodian of the Hawai’i brand to ensure the alignment of advertising and marketing programs with a true Hawai’i experience.

Successful brand management is achieved by the HTA coordinating with global marketing partners, visitor industry partners, including domestic and international airline carriers, travel trade members, and community stakeholders to ensure marketing and communications efforts are on target and appropriate, and aligned with Hawai’i’s distinctive products, activities, natural resources, Hawaiian culture and multi-cultures – in sum, the Hawai’i experience.

The following graphic helps to illustrate how the HTA executes its brand management role:

**Figure 1: Hawai’i Tourism Authority: Managing the Hawai’i Brand**

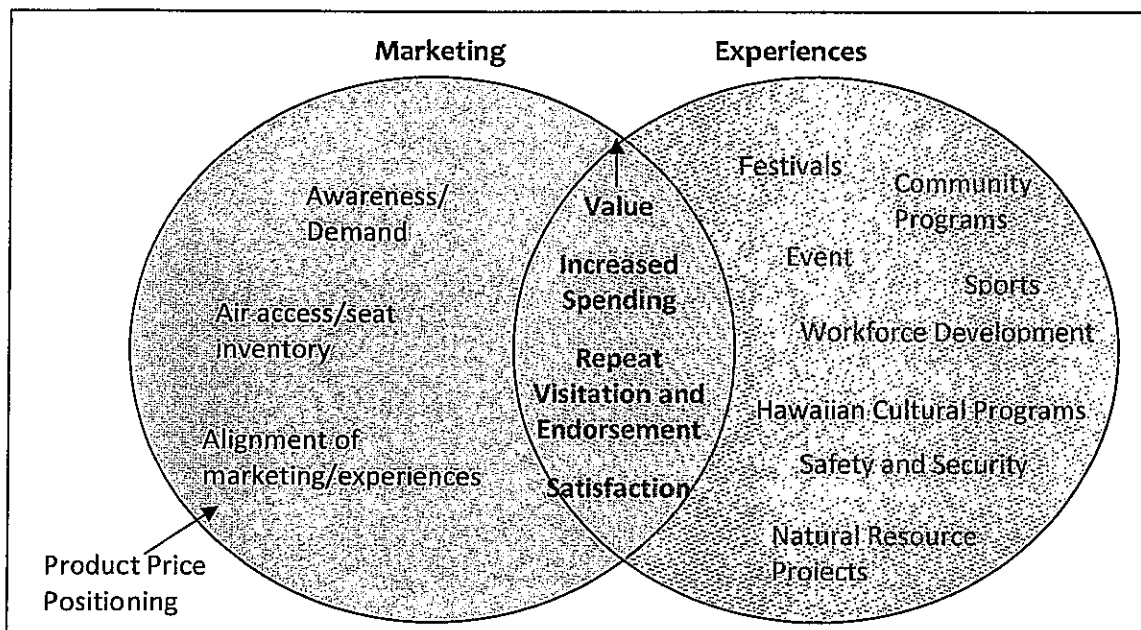


HTA and its marketing partners are responsible for helping to generate Hawai'i brand awareness, destination demand for both leisure and business segments. Sufficient demand helps to provide a rationale for airlines to provide air seats to Hawai'i, and they (airline carriers), as well as the rest of the visitor industry, such as hotels, travel agents, and others, are in control of converting interested travelers to actual visitors to Hawai'i. Their prices, availability, accommodations and services enable actual visitation to our state.

Relating to the Hawai'i experience – and delivering on the Hawai'i brand promise, HTA has the ability to manage, create, and support the development of unique tourism experiences such as community and cultural festivals; sporting events; and natural resources and community programs. HTA also directly affects the visitor experience through its support of workforce development and visitor assistance initiatives, and all the while integrating community and resident considerations, and respect for the Hawaiian host culture.

Successful brand management is when demand for Hawai'i leads to actual visitation and an incomparable visitor experience. When this is accomplished, Hawai'i benefits with increased visitor spending, repeat visitation, and endorsements for travel to Hawai'i.

**Figure 2: Hawaii Brand Management at Work**





Hawai'i Tourism Authority (HTA) FY 2011 Budget Summary (January 30, 2011)

HTA Budget Categories	FY 2011 Budget	% of Total
1 Brand Management: Marketing	\$59,449,000	72.92%
2 Brand Management: Access	\$6,600,000	8.10%
3 Brand Management: Opportunity Fund	\$3,485,000	4.27%
4 Brand Management: Natural Resources	\$3,000,000	3.68%
5 Brand Development: Community Branding Experiences	\$2,980,000	3.66%
6 HTA Administrative Services	\$2,932,000	3.60%
7 Brand Management: Hawaiian Culture	\$1,700,000	2.09%
8 Brand Management: Safety and Security	\$500,000	.61%
9 Brand Management: Communications and Outreach	\$445,000	.55%
10 Brand Management: Workforce Development	\$200,000	.25%
11 HTA Strategic Plan Implementation	\$135,000	.17%
12 Destination Branding Contractor Services	\$100,000	.12%
<b>Total</b>	<b>\$81,526,000</b>	<b>100%</b>

1. **Brand Management: Marketing** – includes HTA marketing, branding, and research programs that enables, monitors and showcases to the world who we are as a leisure, business and sports destination, including both CMI and Hawaii Convention Center marketing programs.
2. **Brand Management: Access** – includes cooperative marketing and incentive programs with airline carriers and travel wholesalers to support adequate and convenient airlift, as well as consultative services and greetings programs to provide positive arrival and departure experiences at Hawai'i airports.
3. **Brand Management: Opportunity Fund** – in support of the need to be flexible, efficient and responsive to opportunities affecting visitation to Hawai'i, this fund was established to support various initiatives in the *HTA Plan and State TSP* to combat the residual affects of the worldwide economic crisis, to drive demand, to boost visitor arrivals, and to generate visitor expenditures to benefit the state of Hawai'i.
4. **Brand Management: Natural Resources** – in support of projects that help to preserve, enhance and perpetuate Hawai'i's natural resources to ensure a high level of satisfaction for residents and visitors, including support for DLNR programs, community-based programs, and beach restoration support.
5. **Brand Development: Community Branding Experiences** – includes product development programs across the state including product enrichment and festivals and events programs and which help deliver Hawai'i's incomparable brand.
6. **HTA Administrative Services** – includes funds to cover operating and administrative expenses for HTA as an agency, including staff (27 established) and board, in its continuous improvement and evolution as a knowledge-based authority.
7. **Brand Management: Hawaiian Culture** – includes programs to help honor and perpetuate the Hawaiian culture and community, including Hawaiian cultural programs, Native Hawaiian Festivals programs, and support for the Native Hawaiian Hospitality Association.
8. **Brand Management: Safety and Security** – includes programs which help to provide visitors with a safe visitor experience including statewide visitor assistance programs and industry crisis management work.
9. **Brand Management: Communications and Outreach** – includes multi-media communications, public relations and outreach programs to facilitate important two-way dialogue between HTA and Hawai'i's visitor industry stakeholders, including the visitor industry, residents, government officials, private and public sectors, visitors, marketing contractors, travel trade, media and others to facilitate awareness, understanding, respect and collaboration in support of Hawai'i's tourism economy and a sustainable future.
10. **Brand Management: Workforce Development** – includes various programs to assist in ensuring a sufficient and highly qualified workforce that is provided
11. **HTA Strategic Plan Implementation** – for work related to the implementation of the HTA Plan, including the development of internal management policies and procedures.
12. **Destination Branding Contractors' Services** – for services related to the procurement of tourism marketing management services, including the drafting of the RFP, the development and support of the procurement process, and the drafting and negotiation of a contract.

Hawai'i Tourism Authority Marketing Contractors' Budget  
CY 2011

<b>Leisure Marketing Contractor</b>	<b>Major Market Area</b>	<b>2011 Base Budget</b>	<b>2011 Incrementals</b>	<b>2011 YTD Total</b>
Hawai'i Visitors & Convention Bureau	US West, US East, Canada	\$24,000,000	\$2,546,263	<b>\$26,546,263</b>
J Compass	Japan	\$6,310,000	\$137,370	<b>\$6,447,370</b>
Aviareps Marketing Garden	Other Asia (Korea, China, Taiwan)	\$1,800,000	\$170,000	<b>\$1,970,000</b>
The Walshe Group	Oceania (Australia & New Zealand)	\$900,000	\$171,000	<b>\$1,070,994</b>
Aviareps Tourism	Europe (UK and Germany)	\$120,000	\$68,074	<b>\$188,074</b>
Guridi Consulting	Latin America	\$21,000	\$0	<b>\$21,000</b>

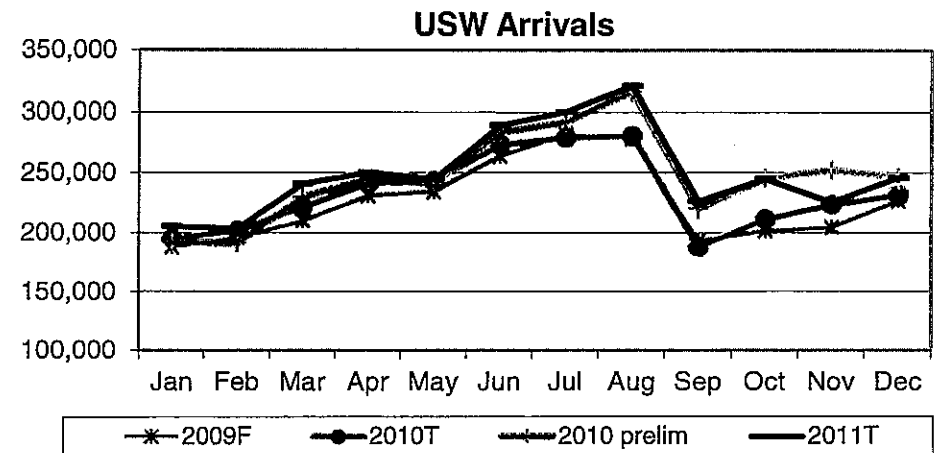
<b>Business Marketing Contractor</b>	<b>Major Market Area</b>	<b>2011 Budget</b>
Hawai'i Visitors & Convention Bureau	Corporate Meetings & Incentives	\$2,764,000
SMG	Convention Center	\$6,000,000

# MARKET OUTLOOK: US WEST

	2010 Target		2010 prelim		2011 Target	
		% Chng		% Chng		% Chng
Arrivals	2,800,000	3.0%	2,959,116	8.8%	3,010,434	1.7%
PPPD\$	\$ 138.0	3.5%	\$ 142.3	6.8%	\$ 146.4	2.9%
Length of Stay	9.60	0.7%	9.56	-0.1%	9.55	-0.2%
Expenditures	\$ 3,724.9	7.4%	\$ 4,024.8	16.0%	\$ 4,207.0	4.5%
Days	26,992,000	3.7%	28,292,137	8.7%	28,739,615	1.6%
Cost Per Arrival	n/a	-	\$ 5.06	-	n/a	-
Expenditure per Marketing Dollar	n/a	-	\$ 268.78	-	n/a	-

## Assumptions:

- Growth in arrivals in 1Q2011.
- Increase in new service LAX and SFO to Hilo.
- Consumer spending is limited.
- Marketing blitzes drive interest and conversion.
- Mexico, Gulf and Caribbean will be aggressive in market.

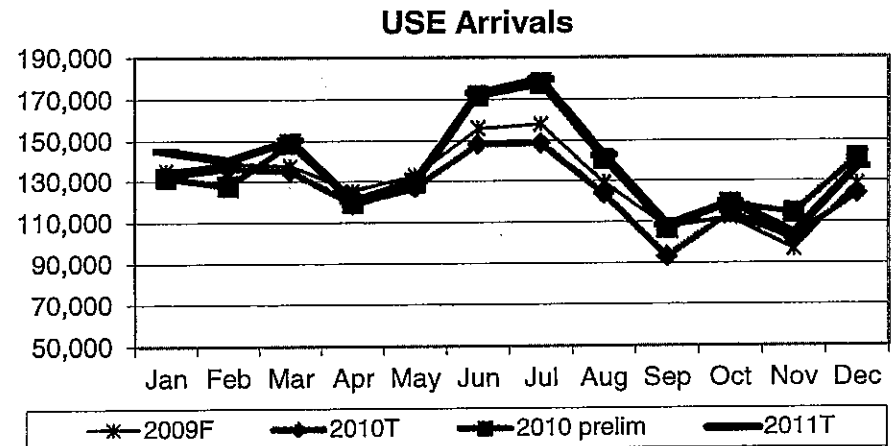


# MARKET OUTLOOK: US EAST

	2010 Target		2010 Prelim		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	1,505,000	-3.6%	1,630,857	4.4%	1,654,594	1.5%
PPPD\$	\$ 167.3	1.0%	\$ 172.4	4.1%	\$ 177.1	2.7%
Length of Stay	10.10	-2.8%	10.44	0.2%	10.44	0.0%
Expenditures	\$ 2,550.0	-5.4%	\$ 2,935.9	9.0%	\$ 3,059.0	4.2%
Days	15,245,650	-6.3%	17,029,420	4.7%	17,277,283	1.5%
Cost Per Arrival	n/a	-	\$ 5.98	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 300.91	-	n/a	-

## Assumptions:

- US economy continues to stabilize – better in US East.
- Unemployment improves.
- Loss of some nonstop flights and decrease in frequency.
- Marketing blitz helps to stimulate market's pent up demand.
- Strong marketing by Caribbean.



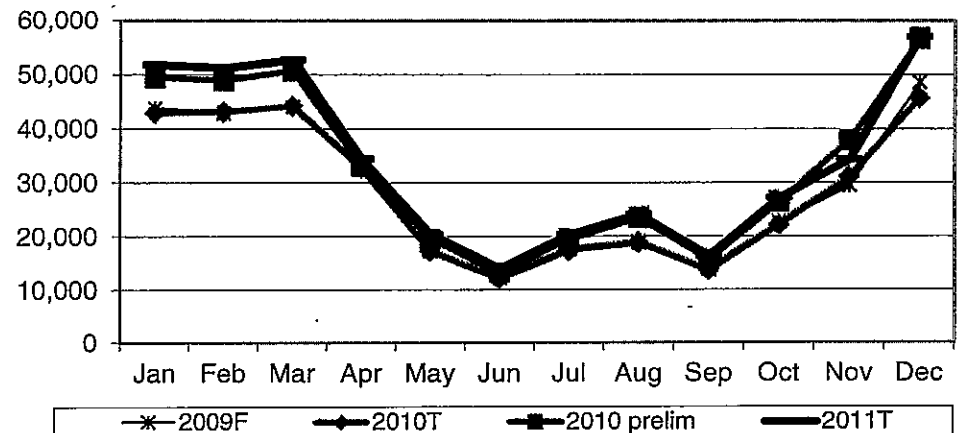
# MARKET OUTLOOK: CANADA

	2010 Targets		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	343,000	-1.0%	396,902	14.5%	406,029	2.3%
<b>PPPD\$</b>	\$ 136.0	-4.9%	\$ 146.8	2.7%	\$ 148.3	1.0%
<b>Length of Stay</b>	12.70	-0.2%	12.69	0.0%	12.67	-0.1%
<b>Expenditures</b>	\$ 590.6	-6.1%	\$ 739.5	17.6%	\$ 762.9	3.2%
<b>Days</b>	4,342,380	-1.2%	5,036,445	14.6%	5,144,542	2.1%
<b>Cost Per Arrival</b>	n/a	-	\$ 2.43		n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 765.81		n/a	-

## Assumptions

- Economy remains stable.
- Western Canada's housing market strong.
- Unemployment is improving.
- Currency exchange rate favorable.
- Expansion of season flights from Calgary and Edmonton in Q2.
- New service from Bellingham, Washington.

Canada Arrivals



## North America

2011 MMA Total Budget	
Total	\$26,000,000
... Base Marketing Contract Budget	\$24,000,000
... Available for additional marketing in MMA	\$2,000,000

2011 Marketing Contract Total Budget	
Total Contract Amount	\$26,546,263
... Base Marketing Contract Budget	\$24,000,000
... Incremental *	\$2,546,263

\* Includes airline coop (Access), special projects, opportunity fund projects

2011 Marketing Contract Total Budget Breakdown	
Total	\$26,546,263
... Advertising	\$15,938,938
... PR & Promotions	\$2,390,318
... Travel Trade	\$1,779,429
... Sales	\$202,802
... Research	\$461,015
... Staffing & Office	\$5,773,761
... Retainer Fee	\$0

### Market Conditions/Assumptions: US West

- Growth in arrivals in 1<sup>st</sup> quarter 2011 due to airlift increases that started in 2<sup>nd</sup> quarter 2010.
- Increase in new service from LAX and SFO to Hilo.
- Consumer spending is limited by a slower pace of job growth in the US West.
- Marketing blitzes drive interest and conversion.
- Mexico, Gulf, and Caribbean will be aggressive in marketing.

In 2012 & 2013: US economy continues to stabilize. Additional airlift with Allegiant Airlines starting service to the islands.

### Market Conditions/Assumptions: US East

- US economy continues to stabilize – better in US East than US West.
- Unemployment is improving in the US East.
- Loss of some nonstop flights and decrease in frequency of flights.
- Marketing blitz helps to stimulate market's pent up demand.
- Strong marketing by Caribbean will lure away US East visitors.

In 2012 & 2013: US economy stabilizes. Existing carrier provides new service in 2012 and a low cost carrier enters market creating additional service.

North America

**Market Conditions/Assumptions: Canada**

- Canada's economy remains stable.
- Western Canada's housing market is very strong.
- Unemployment is improving in Canada.
- Currency exchange rate favorable for the Canadian dollar.
- Expansion of seasonal flights from Calgary and Edmonton in 2<sup>nd</sup> quarter 2011.
- New service from Bellingham, Washington will boost Canadian arrivals with cross border departures.

In 2012 & 2013: Canada's economy remains stable and airlift is sustained.

**Key Performance Indicators:**

Key Performance Indicators/Targets - US West					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures: (In Millions)	\$3,724.9	\$4,024.8	\$4,207.0	\$4,368.0	\$4,535.3
PPPD\$:	\$138.0	\$142.3	\$146.4	\$150.6	\$155.0
Arrivals:	2,800,000	2,959,116	3,010,434	3,034,517	3,046,656
Days:	26,992,000	28,292,137	28,739,615	28,998,501	29,260,069
Average Length of Stay:	9.6	9.56	9.55	9.56	9.60
Distribution between Islands:	O'ahu: 46%; Maui: 34%; Kaua'i: 18%; Hawai'i: 19%	n/a	O'ahu: 46%; Maui: 34%; Kaua'i: 18%; Hawai'i: 19%		
Airseat Inventory:	5,904,185	n/a	5,963,227		
Airline Program: 3:1 ratio:	100%	n/a	100%		
Airline Program: AVE:	5 billion impressions, \$100 million leverage value	n/a	5.5 billion impressions, \$110 million leverage value		
Cost Per Arrival^:	n/a	\$5.06	n/a		
Vstr Expend per Mktg \$^^:	n/a	\$268.78	n/a		

\* Board approved as of Jan. 27, 2011.

^ Estimated Cost Per Arrival= Total 2010 Contract Budget/Preliminary Total Arrivals

^^ Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/ Total 2010 Contract Budget

North America

Key Performance Indicators/Targets – US East					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures: (In Millions)	\$2,550.0	\$2,935.9	\$3,059.0	\$3,110.2	\$3,199.4
PPPD\$:	\$167.3	\$172.4	\$177.1	\$181.8	\$186.7
Arrivals:	1,505,000	1,630,857	1,654,594	1,638,048	1,632,588
Days:	15,245,650	17,029,420	17,277,283	17,104,511	17,132,733
Average Length of Stay:	10.1	10.44	10.44	10.44	10.49
First Time vs. Repeat Visitor:	See note above	n/a	See note above		
Distribution between Islands:	O'ahu: 62%; Maui: 37%; Kaua'i: 20%; Hawai'i: 23%	n/a	O'ahu: 62%; Maui: 37%; Kaua'i: 20%; Hawai'i: 23%		
Airseat Inventory:	991,330	n/a	991,330		
Airline Program: 3:1 ratio:	100%	n/a	100%		
Airline Program: AVE:	5 billion impressions, \$100 million leverage value	n/a	5.5 billion impressions, \$110 million leverage value		
Cost Per Arrival^:	n/a	\$5.98	n/a		
Vstr Expend per Mktg \$^^:	n/a	\$300.91	n/a		

\* Board approved as of Jan. 27, 2011.

^ Estimated Cost Per Arrival= Total 2010 Contract Budget/Preliminary Total Arrivals

^^ Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/ Total 2010 Contract Budget



## North America

Key Performance Indicators/Targets - Canada					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures:	\$590.6	\$739.5	\$762.9	\$773.6	\$785.3
PPPD\$:	\$136.0	\$146.8	\$148.3	\$149.8	\$151.3
Arrivals:	343,000	396,902	406,029	406,029	406,029
Days:	4,342,380	5,036,445	5,144,542	5,165,120	5,190,943
Average Length of Stay:	12.7	12.69	12.67	12.72	12.78
Distribution between Islands:	O'ahu: 51%; Maui: 47%; Kaua'i: 13%; Hawai'i: 19%	n/a	O'ahu: 51%; Maui: 47%; Kaua'i: 13%; Hawai'i: 19%		
Airseat Inventory:	298,267	n/a	298,167		
Airline Program: 3:1 ratio:	100%	n/a	100%		
Airline Program: AVE:	5 billion impressions, \$100 million leverage value	n/a	5 billion impressions, \$100 million leverage value		
Cost Per Arrival^:		\$2.43	n/a		
Vstr Expend per Mktg \$^^:		\$765.81	n/a		

\* Board approved as of Jan. 27, 2011.

^ Estimated Cost Per Arrival= Total 2010 Contract Budget/Preliminary Total Arrivals

^^ Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/ Total 2010 Contract Budget

### Overall Strategies:

- Aggressively target the higher-spending Avid Traveler and Romance segments across all messaging and marketing channels. They are, and will continue to be, the bedrock of Hawai'i's long-term brand strategy as these segments are also more likely to be resistant to fluctuations in the economy and actively engage with the destination while on vacation.
- Combine the successful market saturation (blitz) strategy of the past two years with the powerful long-term branding strategies that have kept Hawai'i fresh and in the forefront of vacationer's minds. Seven blitzes are planned in Los Angeles, San Francisco, Seattle and Chicago.
- At the core of this integrated approach is a distinctive brand positioning for each of the six main islands under a new Hawaiian Islands Branding Initiative.
- Continue to develop marketing programs based on a powerful arsenal of research on consumer, travel, media and market trends. This fact-based approach provides insight on a multitude of factors, including which segments have the highest propensity to travel to Hawai'i; which markets are prime targets for negotiating additional airline lift; what island-specific and statewide messaging has the greatest impact; what combination of media will surround our target segments with Hawai'i's message; all while keeping an eye on what the competition is doing.
- The foundation of the 2011 plan is year-round national coverage provided by public relations and select paid media, including national print, online and search to generate awareness, desire and intent to travel to Hawai'i across the North America MMA's with a heavier-weight among the destination's top eight

## North America

markets. Additionally, the proposed market saturation (blitz) plan will amplify Hawai'i's presence in the top producing markets by harnessing the collective efforts of HVCB Central, its Island Chapters, and the industry to break through the clutter and stimulate near-term travel while furthering our long-term branding efforts.

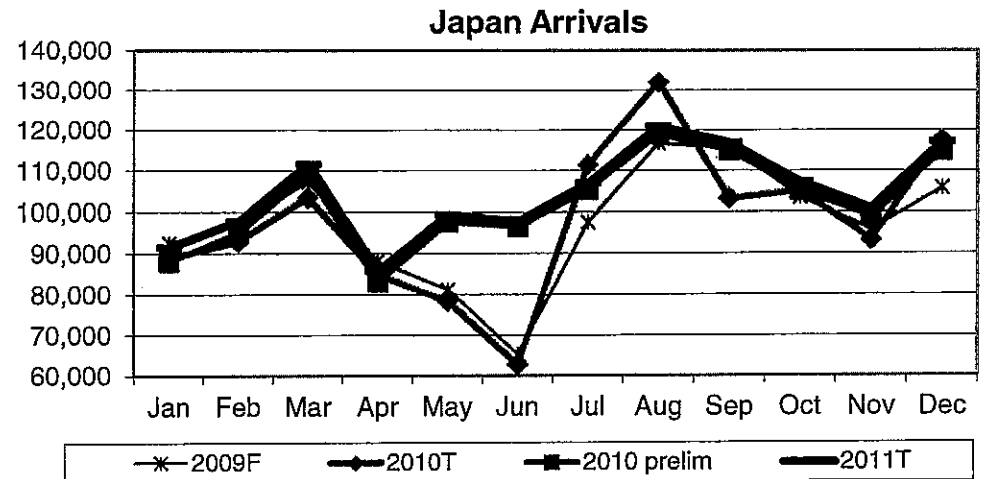
- Travel trade education programs, blitz-related trainings, and cooperative marketing programs are threaded through both layers of the plan, along with traditional and non-traditional public relations efforts. Social media will be utilized both to connect with media and future. Lastly, all remaining international websites will be integrated into gohawaii.com by the end of 2011.
- Specific effort will be placed on the airlines to maintain or increase lift. HVCB will also bring partners together to develop promotions to stimulate business and help maintain or increase lift.
- Note: Throughout, HVCB will measure performance and program outcomes to maximize the impact and results produced for the state dollars invested. Achievement of the 2011 targets assumes an additional funding from the Marketing Opportunity Fund for all seven blitzes plus incremental funding for airline/wholesaler cooperative marketing programs.

# MARKET OUTLOOK: JAPAN

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	1,175,000	0.6%	1,229,762	5.3%	1,255,605	2.1%
<b>PPPD\$</b>	\$ 300.0	11.8%	\$ 267.8	-0.2%	\$ 274.5	2.5%
<b>Length of Stay</b>	6.00	2.9%	5.86	0.6%	5.85	-0.2%
<b>Expenditures</b>	\$ 2,115.0	15.8%	\$ 1,931.2	5.7%	\$ 2,017.1	4.4%
<b>Days</b>	7,050,000	3.6%	7,211,577	6.0%	7,348,400	1.9%
<b>Cost Per Arrival</b>	n/a	-	\$ 6.14	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 255.74	-	n/a	-

## Market Assumptions:

- Yen remains strong
- Airlift will increase.
- Consumer spending is limited.
- Consumer confidence down from previous spending trend (Conference Board December 7, 2010).



Japan

2011 MMA Total Budget	
Total	\$8,000,000
... Base Marketing Contract Budget	\$6,310,000
... Available for additional marketing in MMA	\$1,690,000

2011 Marketing Contract Total Budget	
Total Contract Amount	\$6,447,370
... Base Marketing Contract Budget	\$6,310,000
... Incremental *	\$137,370

\* Includes airline coop (Access). Does not include \$315,500 for consumption tax.

2011 Budget	
Total	\$6,447,370
... Advertising	\$2,060,847
... PR & Promo	\$1,622,393
... Trade Mktg	\$1,583,155
... Sales	\$176,382
... Research	\$5,952
... Staffing & Office	\$641,498
... Retainer Fee	\$357,143

Japan

**Market Conditions/Assumptions:**

- Japanese Yen remains strong against the dollar.
- Overall, airlift will increase, but change by some carriers to smaller aircrafts out of Japan will limit air access in end of 2010 and first part of 2011. Indication that there will be larger planes in the second quarter for the balance of the year.
- Consumer spending is limited by slower pace of job growth in Japan.
- Consumer confidence down from previous spending trend (Conference Board December 7, 2010) leading to price sensitivity and conservative spending.

**Key Performance Measures:**

Key Performance Indicators/Targets					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures (Millions):	\$2,115.0	\$1,931.2	\$2,017.1	\$2,063.6	\$2,115.4
PPPD\$:	\$300.0	\$267.8	\$274.5	\$280.0	\$285.6
Arrivals:	1,175,000	1,229,762	1,255,605	1,255,605	1,255,605
Days:	7,050,000	7,211,577	7,348,400	7,370,445	7,407,297
Average Length of Stay:	6.0	5.86	5.85	5.87	5.90
Airseat Inventory	1,800,000	n/a	1,890,000		
Cost Per Arrival <sup>^</sup> :	n/a	\$6.14			
Vstr Expend per Mktg \$ <sup>^^</sup> :	n/a	\$255.74			

\* Board approved as of Jan. 27, 2011.

<sup>^</sup> Estimated Cost Per Arrival= Total 2010 Contract Budget/Preliminary Total Arrivals

<sup>^^</sup> Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/ Total 2010 Contract Budget

**Measure of Effectiveness Study – HTJ seeks to maintain and/or strengthen each of the key brand measures identified by HTA, relative to benchmarks measured by the DKSA Hawai'i Marketing Effectiveness Study 2010. Data listed is YTD Q2 2010.**

History & Culture	Rank #4: compared to China, Korea, Australia, Guam/Saipan
New Discoveries	Rank #3: compared to China, Korea, Australia, Guam/Saipan
Offers different experience	Rank #3: compared to: China, Korea, Australia, Guam/Saipan

## Japan

### Overall Strategies:

- Enhance appeal by differentiating Hawai'i from competing destinations through programs such as Hawai'i 50 Select, Hawai'i Heritage Sites, and So Much More Hawai'i. In addition, develop and support campaigns that promote awareness, interest and conversion, and utilize traditional and new media outlets to generate publicity and word-of-mouth marketing.
  - Grow market share by increasing incremental arrivals of lucrative segments and attracting and converting first-timers, young and senior, to loyal repeat travelers. Also, create new markets and travel demand through special interest campaigns.
  - Increase airlift by strengthening awareness, access and bookings for Haneda direct flights, increasing regional access and bookings and program charter programs, and developing industry-wide airline coop programs.
  - Expand travel options by working with Japanese travel companies to adapt to changing market needs and travel trends such as online bookings and SITs. In addition, work with Hawai'i industry partners to enhance product offerings and provide better accessibility to featured attractions such as the neighbor islands, golf, Hawai'i 50 Select, and Hawai'i Heritage Sites.
-

Other Asia

2011 MMA Total Budget	
Total	\$2,000,000
... Base Marketing Contract Budget	\$1,800,000
... Available for additional marketing in MMA	\$200,000

2011 Marketing Contract Total Budget	
Total Contract Amount	\$1,970,000
... Base Marketing Contract Budget	\$1,800,000
... Incremental *	\$170,000

\* Includes airline coop (Access), special projects,

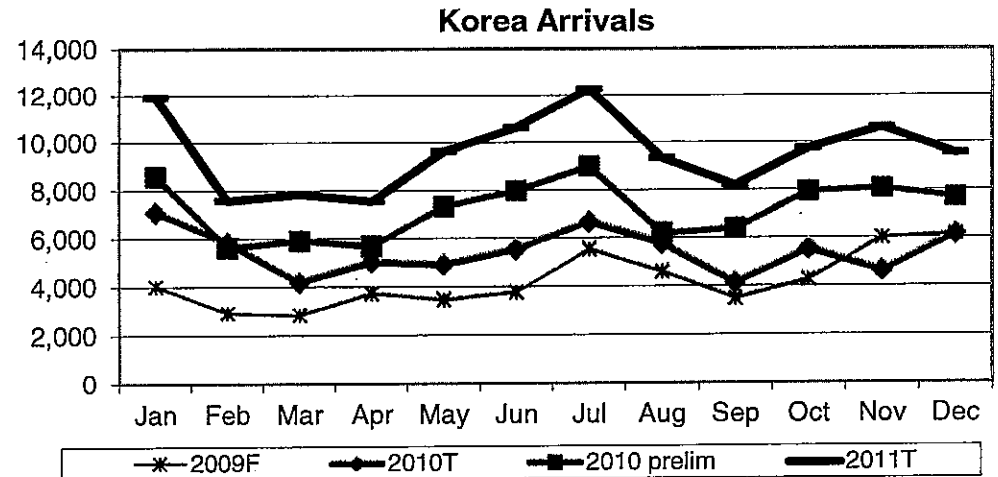
2011 Total Other Asia Budget	
Total	\$ 1,970,000
... Advertising	\$ 295,000
... PR & Promo	\$ 276,992
... Trade Mktg	\$ 966,808
... Sales	\$ 64,100
... Research	\$ 12,000
... Staffing & Office	\$ 217,200
... Retainer Fee	\$ 137,900

# MARKET OUTLOOK: KOREA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	66,000	28.5%	86,860	69.1%	115,225	32.7%
<b>PPPD\$</b>	\$ 303.0	57.0%	\$ 225.0	16.0%	\$ 247.5	10.0%
<b>Length of Stay</b>	5.00	-36.7%	8.01	1.4%	8.01	0.0%
<b>Expenditures</b>	\$ 100.0	27.7%	\$ 156.5	98.9%	\$ 228.4	45.9%
<b>Days</b>	330,000	-18.7%	695,753	71.5%	922,952	32.7%
<b>Cost Per Arrival</b>	n/a	-	\$ 7.72	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 233.54	-	n/a	-

## Assumptions:

- Economy remains stable.
- Won remains favorable.
- Additional air capacity.
- FIT & Family visitors on the rise.
- Expect 50% growth in MICE visitors.





## Korea

2011 Marketing Contract Total Budget	
Total Contract Amount	\$712,600
... Base Marketing Contract Budget	\$582,400
... Incremental *	\$130,200

\* Includes airline coop (Access)

2011 Marketing Contract Total Budget Breakdown	
Total	\$ 712,600
... Advertising	\$ 195,800
... PR & Promo	\$ 27,000
... Trade Mktg	\$ 383,700
... Sales	\$ 45,500
... Research	\$ 12,000
... Staffing & Office	\$48,600

### Market Conditions/Assumptions:

- Korea's economy remains stable.
- Won remains favorable to the US dollar.
- Additional air capacity from Korea result in increased arrivals.
- Assume no limitation in peak because assuming that airlines will upgauge to meet demand.
- FIT & Family visitors on the rise due to increase of air capacity to Hawai'i.
- Expect 50% growth in MICE visitors.

### Key Performance Indicators:

Key Performance Indicators/Targets					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures (Millions):	\$100.0	\$156.5	\$228.4	\$319.8	\$371.2
PPPD\$:	\$303.0	\$225.0	\$247.5	\$259.9	\$272.9
Arrivals:	66,000	86,860	115,225	152,852	168,137
Days:	330,000	695,753	922,952	1,230,466	1,360,281
Average Length of Stay:	5.0	8.01	8.01	8.05	8.09
Airseat Inventory	164,798	n/a	190,000		
Cost Per Arrival <sup>^</sup> :	n/a	\$7.72	n/a		
Vstr Expend per Mktg \$ <sup>^^</sup> :	n/a	\$233.54	n/a		

\* Board approved as of Jan. 27, 2011.

<sup>^</sup> Estimated Cost Per Arrival= Estimated Total 2010 Contract Budget/Projected Total Arrivals

<sup>^^</sup> Estimated Vstr Expend per Mktg \$ = Estimated Total Projected Expenditures/ Total 2010 Contract Budget

## Korea

### Overall Strategies:

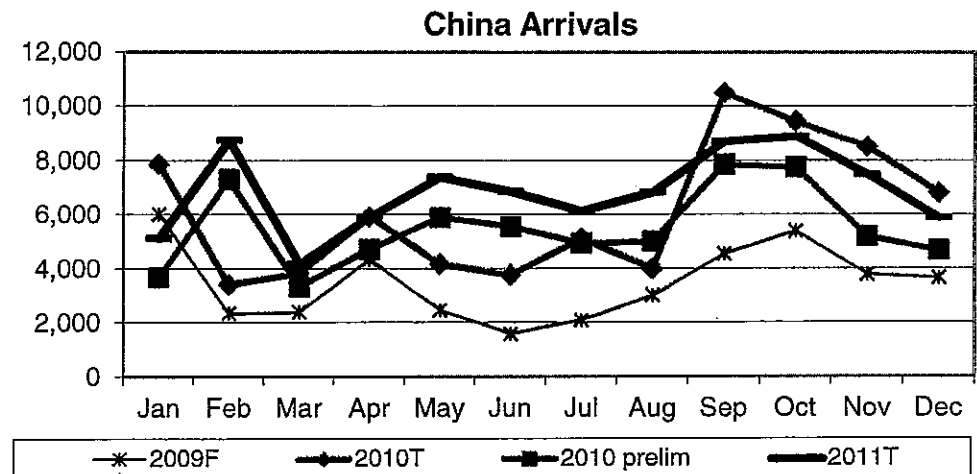
- Develop High-Yield Segments with new promotions targeting honeymoon and luxury travel segments and development of new programs targeting golf, wellness, MICE.
- Expand air capacity by continuing to work closely with key airlines. Support Korean Air and major travel agents to push for direct non-stop flights to Kona.
- Reinforce Hawai'i brand by launching large scale consumer campaigns with global consumer brands, department stores, and credit card companies, and arranging TV drama and entertainment program filming to position Hawai'i.
- Develop new, high quality collaterals.
- Grow market to neighbor islands by including neighbor islands in major media and travel trade FAMs, creating TV home shopping promotions involving neighbor islands, and securing new airlift to the island of Hawai'i.
- Expand Online Marketing Campaign with new Korean language website, online advertising campaign, developing SEO/SEM programs with key portals and co-promoting Hawai'i festivals with key social networking communities.
- Expand visibility for key Hawai'i initiatives such as So Much More Hawai'i, key Hawaiian festivals, and the Mahalo Month travel professional program.

# MARKET OUTLOOK: CHINA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	73,404	75.1%	66,047	57.5%	82,146	24.4%
PPPD\$	\$ 441.0	41.3%	\$ 357.0	25.0%	\$ 367.7	3.0%
Length of Stay	5.00	-23.2%	6.10	-12.9%	6.04	-1.0%
Expenditures	\$ 161.9	76.7%	\$ 143.8	71.5%	\$ 182.4	26.8%
Days	367,020	25.0%	402,885	37.3%	496,080	23.1%
Cost Per Arrival	n/a	-	\$ 15.31	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 142.20	-	n/a	-

## Assumptions

- Economy continues to flourish.
- Additional air service from Korea and Japan.
- Hawai'i-Only packages are becoming the norm.
- U.S. Visa policies hampers Chinese visitors.
- PPPD\$ continues to grow but at a slower rate with change of type of visitor.



## China

2011 Marketing Contract Total Budget	
Total Contract Amount	\$420,900
... Base Marketing Contract Budget	\$393,000
... Incremental *	\$27,900

\* Includes airline coop (Access), special projects, opportunity fund projects, island-based international marketing

2011 Marketing Contract Total Budget Breakdown	
Total	\$420,900
... Advertising	\$64,400
... PR & Promo	\$13,600
... Trade Mktg	\$200,100
... Sales	\$15,600
... Research	-
... Staffing & Office	\$127,200

### Market Conditions/Assumptions:

- China's economy continues to flourish.
- Additional air service from Korea and Japan provide more available seats for the market.
- Direct charter services from China to launch in 2011.
- Hawai'i-only packages are becoming the norm.
- U.S. Visa policies hamper Chinese visitors.
- PPPD\$ continues to grow but at a slower rate with change of type of visitor (from business to leisure).

### Key Performance Measures:

Key Performance Indicators/Targets					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures: (in millions)	\$161.9	\$143.8	\$182.4	\$231.4	\$293.6
PPPD\$:	\$441.0	\$357.0	\$367.7	\$373.2	\$378.8
Arrivals:	73,404	66,047	82,146	102,170	127,074
Days:	367,020	402,885	496,080	620,087	775,093
Average Length of Stay:	5.0	6.1	6.04	6.07	6.10
Unpaid Media AVE: (in millions)	\$187.8	n/a	\$196.8		
Cost Per Arrival <sup>^</sup> :	n/a	\$15.31	n/a		
Vstr Expend per Mktg \$ <sup>^^</sup> :	n/a	\$142.20	n/a		

\* Board approved as of Jan. 27, 2011.

<sup>^</sup> Estimated Cost Per Arrival= Estimated Total 2010 Contract Budget/Projected Total Arrivals

<sup>^^</sup> Estimated Vstr Expend per Mktg \$ = Estimated Total Projected Expenditures/ Total 2010 Contract Budget

## China

### Overall Strategies:

- Educate Key accounts of Hawai'i Products by providing up-to-date training seminars; encouraging participation in FAM trips to Hawai'i; and participating in travel trade shows.
- Expand MICE marketing programs on securing in-the-year/for-the-year business by increasing destination training for major MICE agents and collaborating with SMG/HVCB CMI to capitalize on conventions/tradeshows hosted in Hawai'i.
- Select leading retail agencies to help develop high-end Hawai'i packages that include the neighbor islands and physically transform outlets to showcase Hawai'i with posters, videos, and Hawai'i-themed decorations.
- Focus on specific demographic groups in China which have the funds and desire to travel to Hawai'i (i.e., honeymooners, golfers, affluent middle-upper class families) by developing specific promotions that appeal to these high-spending/high-yield market segments.
- Foster strong relationships with media to secure free coverage for Hawai'i and place ads in low cost/high ROI media to reach target segments.
- Actively work with airlines operating one-stop service to Hawai'i to increase seat allotments and vigorously engage airlines to launch direct charter service and regular direct air service from China.
- Partner with leading China travel sites and major portal sites to boost destination awareness.

## Other Asia Taiwan/Philippines

2011 Marketing Contract Total Budget – Taiwan & Philippines	
Total Contract Amount	\$70,000
... Base Marketing Contract Budget	\$70,000
... Incremental *	\$0

\* Includes airline coop (Access), special projects, opportunity fund projects, island-based international marketing

2011 Marketing Contract Total Budget Breakdown		
	Taiwan	Philippines
Total	\$ 50,000	\$ 20,000
... Advertising	\$ 15,800	\$ 13,000
... PR & Promo	\$ 6,000	\$ 4,000
... Trade Mktg	\$ 15,600	\$ 3,000
... Sales	\$ -	\$ -
... Research	\$ -	\$ -
... Staffing & Office	\$ 12,600	\$ -

### Key Performance Measures:

Key Performance Indicators/Targets – Taiwan		
	2010	2011
Expenditures (Millions):	\$229.4	\$236.4
PPPD\$:	\$195	\$205
Arrivals:	15,000	17,000
Average Length of Stay:	8 days	8 days

Key Performance Indicators/Targets – Philippines		
	2010	2011
Expenditures (Millions):	\$229.4	\$236.4
PPPD\$:	\$120	\$125
Arrivals:	20,000	24,000
Average Length of Stay:	8.6 days	8.6 days

### Overall Strategies – Taiwan:

- Concentration in positioning and communicating Hawai'i's unique selling propositions to ensure a well Development of Air Capacity
- Reinforcement of Hawaii Brand through media publicity, news releases, and arrange TV travel shows to feature Hawaii by inviting celebrities as host.
- Diversification of Market Segments by continuing successful promotion to high-spend luxury travelers, which have increased significantly over the past 2 years.
- Continue to boost the MICE market -.
- Distribution of the Taiwan Market between Islands by scheduling media and agent fam tours equally to all islands for exposure and tour packaging.

## Other Asia Taiwan/Philippines

### Overall Strategies – Philippines:

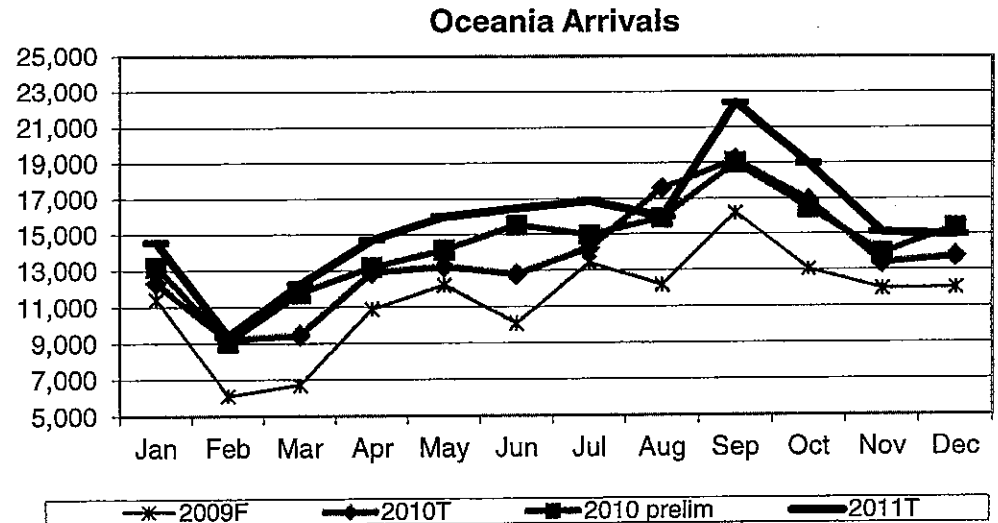
- Organize agent fam trips for airlines and key agents and conduct seminars in major cities of the Philippines.
- Business marketing – continue working with HVCB CMI to provide special benefits for Hawaii incentive groups from the Philippines to boost the growing incentive market to Hawaii.
- Invite print media, TV travel shows, travel and life style magazines, for fam tours in Hawaii to get wider exposure.

# MARKET OUTLOOK: OCEANIA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	165,215	20.8%	172,962	26.5%	188,000	8.7%
PPPD\$	\$ 235.0	15.8%	\$ 204.0	0.5%	\$ 206.0	1.0%
Length of Stay	8.8	-4.8%	9.9	7.5%	9.9	0.0%
Expenditures	\$ 341.7	33.4%	\$ 350.3	36.7%	\$ 384.6	9.8%
Days	1,453,892	15.2%	1,717,119	36.0%	1,866,414	8.7%
Cost Per Arrival	n/a	-	\$ 6.21	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 326.25	-	n/a	-

## Assumptions

- Economy remains stable.
- Strength of Australian dollar fosters growth in overseas vacation .
- Low unemployment rate and resurgence in commodity exports.
- Increase seats in market from Hawaiian Airlines and Air New Zealand.





Oceania

2011 MMA Total Budget	
Total	\$900,000.00
... Base Marketing Contract Budget	\$900,000.00
... Available for additional marketing in MMA	\$0.00

2011 Marketing Contract Total Budget	
Total Contract Amount	\$1,070,994.00
... Base Marketing Contract Budget	\$900,000.00
... Incremental *	\$171,000.00

\* Includes airline coop (Access), special projects, opportunity fund projects, island-based international marketing

2011 Budget	
Total	\$1,070,994.00
... Advertising	\$426,145.63
... PR & Promo	\$174,618.60
... Trade Mktg	\$246,138.50
... Sales	\$38,488.95
... Research	\$1,950.00
... Staffing & Office	\$85,750.32
... Retainer Fee	\$97,908.00

## Oceania

### Market Conditions/Assumptions:

- Oceania's economy is very healthy, with a positive forecast for continued growth over the next 5-years.
- Australia is experiencing a resurgence in commodity exports, which will further fuel their already strong economy.
- The strength of the Australian and New Zealand dollar is fostering growth in visitors from Oceania who choose to vacation overseas.
- Consumer confidence is high in Australia, with a low unemployment rate that is forecasted to shrink further.
- Increased seats in market from Hawaiian Airlines and Air New Zealand with further increases projected to come later in the year from competing airlines.

### Key Performance Indicators:

Key Performance Indicators/Targets					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures (\$millions):	\$341.66	\$350.3	\$384.6	\$424.3	\$441.4
PPPD\$:	\$235.0	\$204.0	\$206.0	\$208.1	\$210.2
Arrivals:	165,215	172,962	188,000	204,346	209,454
Days:	1,453,892	1,717,119	1,866,414	2,038,834	2,100,254
Average Length of Stay:	8.8	9.93	9.93	9.98	10.03
First Time vs. Repeat Visitor	55%	n/a	50%		
Distribution between Islands	94%	n/a	O'ahu 50% Maui 25% Kaua'i 15% Hawai'i 10%		
Airseat Inventory	209,767	n/a	189,000		
Airline Program: 3:1 ratio	\$1,000,000 : \$267,000	n/a	\$1,015,000 : \$290,000		
Airline Program: AVE:	\$1,267,000	n/a	\$1,305,000		
Cost Per Arrival^:	n/a	\$6.21	n/a		
Vstr Expend per Mktg \$^^:	n/a	\$326.25	n/a		

\* Board approved as of Jan. 27, 2011.

^ Estimated Cost Per Arrival= Total 2010 Contract Budget/Preliminary Total Arrivals

^^ Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/Total 2010 Contract Budget

### Overall Strategies:

- Stimulate and grow market share against competing destinations in key regions with an emphasis on growth in the state of Victoria.
- Continue to educate the travel trade through destination training efforts focusing on new and unique offerings that each island provides.
- Target key lifestyle segments, such as "Romance," that inherently attract visitors, which have increased spend and length of stay.
- Stimulate visitor arrivals during the shoulder season using tactical pricing in cooperative efforts.
- Leveraging APEC's presence in November 2011 when engaging the CMI market.
- Develop more programs that distribute arrivals to the neighbor islands.

## Oceania

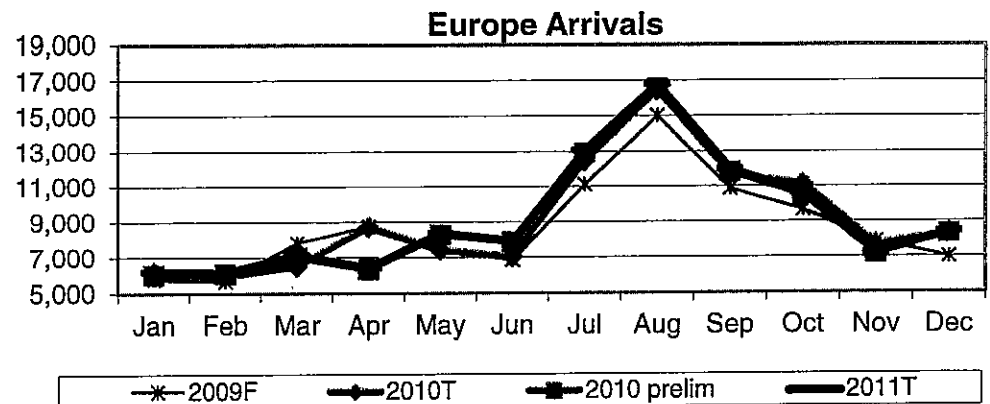
- Create marketing initiatives and structure programs where key industry partners can provide financial and/or in-kind support in order to efficiently and effectively utilize allocated budget.
- Increase lift out of market with emphasis on gaining new route out of Melbourne.

# MARKET OUTLOOK: EUROPE

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
<b>Arrivals</b>	110,000	540.0%	109,245	4.6%	110,802	1.4%
<b>PPPD\$</b>	\$ 180.0	24.7%	\$ 176.0	22.0%	\$ 177.8	1.0%
<b>Length of Stay</b>	12.0	-8.3%	13.1	0.0%	13.2	0.5%
<b>Expenditures</b>	\$ 237.6	20.5%	\$ 251.7	27.6%	\$ 259.1	3.0%
<b>Days</b>	1,320,000	-3.4%	1,430,058	4.6%	1,457,690	2.0%
<b>Cost Per Arrival</b>	n/a	-	\$ 3.01	-	n/a	-
<b>Expenditure Per Marketing \$</b>	n/a	-	\$ 764.77	-	n/a	-

## Assumptions:

- European economy uncertain; however, UK and Germany are fairing better than the others.
- Euro exchange rate forecasted to be slightly weaker, while pound remains stable.
- Traveling closer to home.
- Strong marketing by Caribbean.



## Europe

2011 MMA Total Budget	
Total	\$160,000
... Base Marketing Contract Budget	\$120,000
... Available for additional marketing in MMA	\$40,000*

\* \$20,000 used in 2010 for 2010 Aloha Up N Over Sales & Media Mission.

2011 Marketing Contract Total Budget	
Total Contract Amount	\$188,074
... Base Marketing Contract Budget	\$120,000
... Incremental *	\$68,074

\* Includes airline coop (Access), special projects

2011 Budget	
Total	\$188,074
... Advertising	\$4,200
... PR & Promo	\$4,400
... Trade Mktg	\$113,994
... Sales	\$0
... Research	\$0
... Staffing & Office	\$13,800
... Retainer Fee	\$51,680

## Europe

### Market Conditions/Assumptions:

- European economy uncertain with Ireland, Spain and Portugal financial crisis and EU assisting in bailouts; however, the two (2) key markets – UK and Germany are fairing better than the others.
- The Conference Board Leading Economic Index<sup>®</sup> (LEI) in UK and Germany are positive (+0.3% and +0.4% respectively).
- Euro exchange rates forecasted to be slightly weaker in 2011 (-10%), while Pound remains stable.
- Europeans are traveling closer to home.
- Strong marketing by Caribbean lures away European visitors.

### Key Performance Measures:

Key Performance Indicators/Targets					
	2010T	2010 prelim	2011T*	2012T*	2013T*
Expenditures (Millions):	\$237.6	\$251.7	\$259.1	\$266.8	\$274.6
PPPD\$:	\$180.0	\$176.0	\$177.8	\$179.5	\$181.3
Arrivals:	110,000	109,245	110,802	112,381	113,983
Days:	1,320,000	1,430,058	1,457,690	1,485,857	1,514,568
Average Length of Stay:	12.0	13.09	13.16	13.22	13.29
First Time vs. Repeat Visitor	70%/30%	n/a	70%/30%		
Distribution between Islands	Oahu: 72% Maui: 37% Kauai: 28% Hawaii Island: 19%	n/a	Oahu: 72% Maui: 37% Kauai: 28% Hawaii Island: 19%		
Airseat Inventory	n/a	n/a	n/a		
Cost Per Arrival <sup>^</sup> :	n/a	\$3.01	n/a		
Vstr Expend per Mktg \$ <sup>^^</sup> :	n/a	\$764.77	n/a		

\* Board approved as of Jan. 27, 2011.

<sup>^</sup> Estimated Cost Per Arrival= Estimated Total 2010 Contract Budget/Preliminary Total Arrivals

<sup>^^</sup> Estimated Vstr Expend per Mktg \$ = Preliminary Total Expenditures/ Total 2010 Contract Budget

### Overall Strategies:

- Concentration in positioning and communicating Hawai'i's unique selling propositions to ensure a well understanding of the overall product and why it is worth it to go, given the distance.
- Unique selling propositions include: the Aloha Spirit, pristine nature and cultural heritage, year-round travel, great product diversity, and a wide variety of experiences.
- Focus on education of travel agents and sales calls with key tour operators to guarantee broad product knowledge, affiliation and motivation to sell Hawai'i and its products.
- Focus on influencing/lobbying airlines and tour operators to introduce direct service to Hawai'i, and tie in airline partners with existing or new routes into promotions wherever possible.

## Latin America

2011 Budget	
Total	\$21,000
... Advertising	\$
... PR & Promo	\$
... Trade Mktg	\$
... Sales	\$
... Research	\$
... Staffing & Office	\$21,000
... Retainer Fee	\$

### Overall Strategies:

- Providing information about Hawai'i to inquiring consumers, travel professionals and media, via e-mail, telephone, or fax, providing them general advice, Hawai'i images and fact sheets.
- Receiving, qualifying, and forwarding to HTA – or any other party that HTA may indicate – proposals related to promotional activities in Latin America, such as co-op projects, events, media trips, fam trips, etc.
- Receiving and forwarding for fulfillment to HVCB – or any other party HTA may indicate – requests of collateral material from qualified tour companies and specialized press.
- Providing regional market and trade information to HTA, and other Hawai'i marketing organizations, such as HVCB and Island Chapters, as needed and requested.

### Key Performance Indicators:

#### Visitor Industry Indicators

	2009 Actual		2010 Target		2011 Target	
	Numerical Value	% Change	Numerical Value	% Change	Numerical Value	% Change
Number of Arrivals	17,502	-7.4%	19,900	13.7%	20,298	2.0%
Average Length of Stay	11.82	-8.8%	12.0	1.5%	12.00	0.0%
Visitor Days	206,907	-15.5%	238,800	15.4%	243,576	2.0%
Per Person Per Day Spending	\$ 184.9	-15.6%	\$ 185.00	0.1%	\$ 190.00	2.7%
Total Visitor Expenditure	\$ 38,250,936.04	-28.7%	\$ 44,178,000.00	15.5%	\$ 46,279,440.00	4.8%

## HVCB Corporate Meetings & Incentives (CMI)

2011 Marketing Contract Total Budget Breakdown	
Total	2,764,000
... Advertising	130,404
... PR & Promo	\$315,450
... Trade Mktg	\$382,883
... Sales	\$165,905
... Research	\$0
... Staffing & Office	\$1,769,358
... Retainer Fee	\$0

### Market Conditions/Assumptions:

- Growth will be spurred by select client Industries including the pharmaceutical, technology, sports and service industries.
- Groups will embrace green meetings next year, and many will put their green/corporate social responsibility (CSR) event policies in writing.
- Social media use will become more strategic and personal. Event marketers will transition from mass social media canvassing to personalized social media outreach in order to create two (2)-way conversations around specific events.
- U.S. companies will continue to wait until the last minute to book meetings and events in hopes of securing discounts — even if it means sacrificing choice.
- Incentive travel will make a comeback next year as an effective way to reward and retain top performers, although budgets will remain low.

### Key Performance Indicators:

Key Performance Indicators/Targets	2011
No. Lead Room Nights:	550,000
No. Booked Room Nights	139,000
New to Hawai'i - Lead Room Nights	233,000
Lead Assists Room Nights	295,000
Booked Assist Room Nights	80,000
Lead Referrals to HCC	47,500

### Overall Strategies:

- Branding Hawai'i as a business destination that brings together world economies—Hawai'i is a good place for corporate meetings and incentives.
- Expanding and broadening sales efforts through collaborative partnerships.
- Increasing “top-of-mind awareness” for Hawai'i.
- Continuing to focus heavily on the domestic market (primarily U.S. West, Midwest and East), and increasingly China, Japan, South Korea, Canada, and Oceania.



**Hawai'i Convention Center / SMG  
Sales & Marketing**

2011 Marketing Contract Total Budget Breakdown	
Total	\$6,000,000
... Advertising	\$127,800
... Sales	\$3,099,700
... Promotions	\$584,900
... Research	\$5,000
... Administration	\$182,600
... Marketing Flexibility Fund	\$2,000,000

**Conditions/Assumptions:**

- Global economy is rebounding, with the Asian economy leading the way.
- Hawai'i's global positioning and strength in the Pacific Rim provides a marketing advantage over all other U.S. meeting destinations.
- The high visibility of the APEC Leaders' Meeting in November 2011 will provide a platform to debunk the negative business image of Hawai'i.
- "Hot" industries for meetings will continue to see growth in attendance – medical/healthcare, energy, technology, sciences.
- Lower meeting and convention budgets and attendance as an effect of the economy has become the "new normal."
- Hotel rates are beginning to increase and the State of Hawai'i has imposed a new 2% Transient Accommodation Tax over the past two (2) years.
- Sub-segments of the Corporate Market such as multi-level marketing companies and franchise owners groups are rebounding faster than other subsets of the market and provide short-term opportunities for the Hawai'i Convention Center (HCC).
- 7 out of 10 business travelers who carry a cell phone have a smart phone – mobile applications will become the key means of engaging with delegates before, during and after events.

**Key Performance Indicators:**

<b>Key Performance Indicators</b>	<b>2011</b>
	<b>Numerical Value</b>
<b>No. Room Nights:</b>	600,000
<b>Conversion percentage from Tentative to Definite</b>	22%
<b>No. of delegates:</b>	115,000
<b>Economic Impact (Premium Spend):</b>	\$354,750,000
<b>Pre and Post Convention Impact to Neighbor Islands as well as single property lead development:</b>	100,000 Room Nights
<b>In the Year for the Year (ITYFTY) Bookings:</b>	66,500 Room Nights
<b>Length of Stay:</b>	8.04

<b>Key Performance Indicators</b>	<b>2011</b>
<b>No. of events (building occupancy/activity:</b>	150 groups (28 -International , 102 - Local Events, 20 - North America)
<b>Impact against shoulder season periods:</b>	570,435 Room Nights
<b>No. of Local annual business (reoccurring annual business)</b>	6
<b>No. of New Offshore Business development opportunities</b>	2
<b>% of local business:</b>	66%
<b>Return Accounts</b>	Book 4 return accounts
<b>Perception Changing Events</b>	Book 1 citywide perception changing event
<b>Target Accounts with International Meeting Focus</b>	Generate 25 new citywide leads
<b>Attendance Development/ Global Outreach</b>	Grow each forecasted attendance by 10%
<b>Conservation/Sustainability Campaign</b>	Identify 5 potential events
	Book 1 new event

Key Performance Indicators	2011
<b>Sponsorships</b>	
- Professional Convention Management Association (PCMA)	Generate 10 new leads / Book 5 citywide
- New York Society of Association Executives (NYSAE)	Generate 10 new leads / Book 3 citywide
- Association Forum of Greater Chicagoland (AFGC)	Generate 10 new leads / Book 3 citywide
- Health Care Exhibitors Association (HCEA)	Generate 10 new leads / Book 2 citywide
<b>Public Relations</b>	
Generate 10,000,000 media impressions	
<b>Hawai'i Business Ambassador Program</b>	
	Support 5 Bookings totaling 50,000 room nights
	Identify 20 new ambassadors
	Generate 24 Leads
	Support 10 tentative bookings
<b>Neighbor Island</b>	
	Incorporate 6 site inspections
	82,000 affiliated neighbor island room nights
	Implement 2 educational familiarization tours
<b>Strategic Partnerships</b>	
- Toronto, Canada	Create 1 joint promotion
	Generate 6 citywide leads
- San Juan, Puerto Rico	Create 1 joint promotion
	Generate 6 citywide leads

**Overall Strategies:**

- Focus on return accounts.
- Continue to focus on short-term business development / opportunities.
- Target perception changing events.
- Leverage and utilize Hawai'i Business Ambassadors and ambassador relationships to secure short-term meetings.
- Dedicate national sales efforts on accounts with an international meeting focus.

- Develop promotional and sales resources for the international meetings market
  - Programs to incentivize professional conference organizers
  - Enhance web-based and mobile sales and marketing tools
- Continue attendance development activities for the definite bookings/events in 2011.
- Enhance supplier partnerships through co-op marketing and promotional opportunities.

## Brand Management: Sports

2011 Budget	
Total	\$7,050,000.00
... National Football League	\$4,000,000.00
... PGA Tour	\$1,750,000.00
... Participatory Sports	\$1,300,000.00

### Overview:

We are in an age of sport in which diversification across sport discipline and pro, amateur, and youth segments is essential. Embracing traditional sports such as baseball, basketball, football, and golf is prudent, while branching out to soccer, running, cycling, and other participatory and spectator sporting events is vital. The HTA must always strive to keep broadening Hawai'i's sports portfolio.

Sporting events enhance Hawai'i's economy, image, and quality of life. Recognizing these benefits, the HTA developed a sports marketing program designed to increase Hawai'i's sports presence to a globally competitive level, diversify the visitor experience, highlight the state's unique attributes, and build a sustainable sports tourism market.

### Assumptions:

The following components are used when analyzing a sports event:

1. Exposure – Television ratings measured by households (HH). Approximate measure is every point equals a reach of 1-million households (7 rating had a reach of 7-million HH). A "Cume" rating is an events ratings accumulated over a multiple day broadcast. (a two day broadcast with each day receiving a 1 rating would equal a cume reach of 2-million HH or a 2 – cume reach)
2. Market Penetration - The number of major markets the event penetrated. The 5-major markets are: North America, Europe, Oceania, Japan, Other Asia.
3. Highlighting State's Diversity - Through sport we highlight the unique attributes of Hawai'i during the event. The following attribute categories are: Kauai, O'ahu, Maui, Moloka'i, Lana'i, Hawai'i, natural resources, culture, activities, attractions, and other sports.
4. Support of Intrinsic Events - Events that have community support, and are intrinsic to Hawai'i, such as surfing and outrigger canoe. Support with cash or in-kind.
5. Community Involvement - Camps, clinics, outreach (school or hospital visits), and/or unique concepts using teams/players/participants.
6. Economic Impact – Measured by the number of out-of-State participants and spectators.

The fundamental structure of this analysis is to better control the programming aspects that can benefit our destination's image, and evaluate events that will supply consistent messaging through the year and across all islands in order to create demand for Hawai'i. The model also assesses programs/partners integration within the community, and their willingness to support sporting events that are intrinsic to Hawai'i, as these are culturally significant and differentiate Hawai'i from all other destinations. Sports events that can satisfy these model components will help establish Hawai'i as a world class venue, generate media exposure for the destination, increase visitor spending, and contribute to a higher quality of life in our community.

**Listing of 2011 Funded Projects/Programs/Initiatives:**

Organization	Program	Budget
National Football League	Pro Bowl	\$ 4,000,000.00
PGA Tour	3-Tournaments, Marketing, Tour Mark	\$ 1,750,000.00
	Hyundai Tournament of Champions, \$425,000.00	
	The Sony Open in Hawai'i, \$425,000.00	
	The Mitsubishi Electric Championship at Hualālai, \$200,000.00	
	Marketing, \$500,000.00	
	Tour Mark, \$200,000.00	
ESPN	Sheraton Hawai'i Bowl & Diamond Head Classic	\$ 201,000.00
WTC	Ironman World Championships	\$ 200,000.00
TEAM Unlimited	Xterra & Xduro World Championships	\$ 142,000.00
Kemper Sports	EA Sport Maui Invitational	\$ 108,000.00
KBRA	Skins Game	\$ 150,000.00
Vans Triple Crown	Triple Crown of Surfing	\$ 100,000.00
Quiksilver	Quiksilver in Memory of Eddie Aikau	\$ 32,500.00
Rainbow Sandals	Battle of the Paddle	\$ 25,000.00
Duke Foundation	Duke's Oceanfest	\$ 10,000.00
Olukai	Ho'olaule'a, Canoe Surf	\$ 20,000.00
Waikiki Swim Club	North Shore Swim Series	\$ 6,000.00
Kai Opua Canoe Club	Queen Liliokalani Canoe Race	\$ 6,500.00
AH Hawai'i	Multi Sport Program	\$ 25,000.00
Tropidilla	Marlin/Bill Fish Tournaments	\$ 30,000.00
Kaua'i Marathon	Kaua'i Marathon	\$ 30,000.00
Continental Events	Wahine Half Marathon	\$ 14,000.00
LPGA	Uncommitted	\$ 200,000.00

**Top 10 2011 events/festivals/initiatives:**

Organization	Program
National Football League	Pro Bowl
PGA Tour	Hyundai Tournament of Champions
PGA Tour	The Sony Open in Hawai'i
PGA Tour	Mitsubishi Electric Championship at Hualālai
Kā'anapali Beach Resort Association	Kā'anapali Skins Game
ESPN	Sheraton Hawai'i Bowl
ESPN	Hawaiian Airlines Diamond Head Classic
World Triathlon Corporation	Ironman World Championships
TEAM Unlimited	Xterra World Championships
Kemper Sport Marketing	EA Sport Maui Invitational

**Key Performance Indicators:**

Program	Month	Exposure - HH TV Rating*		Market Penetration**		Highlight State's Diversity***	
		2011 Target	2010 Actual	2011 Target	2010 Actual	2011 Target	2010 Actual
Pro Bowl	January	7	na	3 Major Markets	na	9 - Categories	na
Hyundai Tournament of Champions	January	8.0 - cume reach	7.3 - cume reach	5 Major Markets	5 Major Markets	9 - Categories	3 - Categories
The Sony Open in Hawai'i	January	8.5 - cume reach	7.9 - cume reach	5 Major Markets	5 Major Markets	9 - Categories	3 - Categories
Mitsubishi Electric Championship at Hualalai	January	3.5 - cume reach	3.2 - cume reach	5 Major Markets	5 Major Markets	9 - Categories	3 - Categories
Kā'anapali Skins Game	January	6.0 - cume reach	5.5 - cume reach	5 Major Markets	5 Major Markets	9 - Categories	3 - Categories
Sheraton Hawai'i Bowl	December	3.5	3	3 Major Markets	3 Major Markets	9 - Categories	TBA
Hawaiian Airlines Diamond Head Classic	December	2 - cume reach	1.3 - cume reach	3 Major Markets	3 Major Markets	9 - Categories	TBA
Ironman World Championships	October	1	TBA	5 Major Markets	5 Major Markets	9 - Categories	TBA
Xterra World Championships	October	na	TBA	5 Major Markets	5 Major Markets	9 - Categories	TBA
EA Sport Maui Invitational	November	5 - cume reach	TBA	1 Major Market	1 Major Market	9 - Categories	TBA

Program	Support Intrinsic Events****		Community Involvement*****		Economic Impact		Budget
	2011 Target	2010 Actual	2011 Target	2010 Actual	2011 Target	2010 Actual	
Pro Bowl	Yes	na	Yes	na	\$29,000,000.00	na	\$4,000,000.00
Hyundai Tournament of Champions	Yes	No	Yes	Yes - Clinics	\$10,000,000.00	\$ 7,230,000.00	\$ 425,000.00
The Sony Open in Hawai'i	Yes	No	Yes	Yes - Clinics	\$15,000,000.00	\$14,460,000.00	\$ 425,000.00
Mitsubishi Electric Championship at Hualalai	Yes	No	Yes	Yes	\$ 5,000,000.00	\$ 4,340,000.00	\$ 425,000.00
Kā'anapali Skins Game	Yes	No	Yes	Yes - Clinics	\$ 2,000,000.00	\$ 1,450,000.00	\$ 150,000.00
Sheraton Hawai'i Bowl	Yes	Yes - 5 events	Yes	Yes - Outreach	\$15,000,000.00	TBA	\$ 101,000.00
Hawaiian Airlines Diamond Head Classic	Yes	na	Yes	Yes - Outreach	\$ 5,000,000.00	TBA	\$ 100,000.00
Ironman World Championships	Yes	No	Yes	Yes - Camps	\$28,000,000.00	TBA	\$ 200,000.00
Xterra World Championships	Yes	No	Yes	Yes - Camp/Clinic	\$ 4,500,000.00	TBA	\$ 90,000.00
EA Sport Maui Invitational	Yes	No	Yes	Yes - Clinics	\$ 8,000,000.00	TBA	\$ 54,000.00

\*Exposure - Measured by households (HH). Approximate measure is every point equals a reach of 1-million households (7 rating had a reach of 7-million HH). A "Cume" rating is an events ratings accumulated over a multiple day broadcast. (A two day broadcast with each day receiving a 1 rating would equal a cume reach of 2-million HH or a 2 - cume reach).

\*\*Market Penetration - The number of major markets the event penetrated. The 5-major markets are: North America, Europe, Oceania, Japan, Other Asia.

\*\*\* State's Diversity - Through sport we highlight the unique attributes of Hawai'i during the event. The following attribute categories are: Kaua'i, O'ahu, Maui, Moloka'i, Lāna'i, Hawai'i, natural resources, culture, activities, attractions, and other sports.

\*\*\*\*Intrinsic Events - Events that have community support, and are intrinsic to Hawai'i, such as surfing and outrigger canoe. Support with cash or in-kind.

\*\*\*\*\*Community Involvement - Camps, clinics, outreach (school or hospital visits), and/or unique concepts using teams/players/participants.

In addition to the key performance indicators there are a number of factors the HTA takes into consideration as it relates to its current and possible future sport contractors:

1. Reducing HTA funding level for current sport contractors so we can continue to build a larger sport program.
2. Making specific events sustainable by aiding in the search for additional sponsors/partners.
3. Attraction and/or creation of new sport events.
4. Help to grow relationships between specific sport events and the visitor industry.
5. Focus on sports events that take place during Hawai'i's shoulder seasons.

## Brand Management: Tourism Research

2011 Budget	
Total	\$1,800,000.00
... Visitor Statistics	\$940,000.00
... Visitor Satisfaction Research	\$165,000.00
... Visitor Plant and Infrastructure Research	\$65,000.00
... Visitor Forecasts and Outlook	\$150,000.00
... Performance Measures and Monitoring	\$380,000.00
... Other Research (in market, product, etc.)	\$100,000.00

### Overview:

*Tourism Research develops and provides statistical and analytical information and conducts special research on Hawai'i's visitor industry that helps to aid state marketing and product development efforts, industry planning, tourism policymaking, and provides economic information on the most important industry in our state.*

### Ongoing programs

- **Visitor Statistics:** Statistical reports on visitor arrivals and expenditures. Data collection program records the demographic characteristics, travel methods and spending habits of Hawai'i's visitors through a range of surveys including the domestic in-flight, international intercept, island visitors, and cruise visitor surveys.
- **Visitor Satisfaction and Activities:** Through a post-trip survey, this program provides feedback that will help Hawai'i's businesses to take proactive measures in promotion, maintenance and improvement. The research measures visitors' satisfaction with Hawai'i as a visitor destination from the top six (6) major market areas; U.S. West, U.S. East, Japan, Canada, Europe, and Oceania.
- **Visitor Plant Inventory:** Annual statewide survey on existing visitor accommodations in Hawai'i and also catalogues planned developments and additions to existing developments.
- **Visitor Forecasts and Outlook:** Partners with DBEDT's Research and Economic Analysis Division (READ) on the visitor forecast portion of the Quarterly Statistical and Economic Report. Estimates the arrivals and spending for visitors over the next five (5) years by MMA. TRD also produces a monthly, three (3)-month rolling airline seat capacity outlook.

### Research Publications

The following is a list of timely and relevant daily, monthly, quarterly, and annual research reports produced by HTA that are available on its website:

- **Visitor Highlights:** Statistics on visitors to Hawai'i including data on arrivals, trip characteristics and spending is available via news releases, monthly tables and the president's message.
  - Daily Passenger Counts – updated daily
  - Island Highlights – distributed one (1) week after news release
  - Visitor Expenditures [Top four (4) MMA] – distributed same day as news release
  - Arrivals by U.S. Regions [By states and Metropolitan Statistical Area (MSA)] – distributed one (1) week after news release
  - Arrivals by MMA (Countries) – distributed quarterly
- **Historical Visitor Statistics:** Detailed tables on arrivals, trip characteristics, spending, and demographics on multi-year tables including data on final monthly visitor statistics, historical island data, historical visitor expenditures, historical visitors by U.S. regions, and historical visitors by MMA – distributed July of the following year
- **Visitor Profiles:** Up-to-date data on wedding/honeymoon, cruise visitors and business travelers. Includes statistics on purpose of trip, accommodation type and lifestages.



- **Marketing Research:** Information gathered on travelers' motivations, behaviors and decisions from the results of the Marketing Effectiveness Study and data from the Visitor Satisfaction and Activity Survey – distributed quarterly
- **Infrastructure Research:** Information on the industries that support visitor experiences including reports on air seats, accommodations, cruise ships and parks.
  - Airline Seats Capacity Outlook – distributed last week of the previous month
  - Visitor Plant Inventory Report – distributed at end of year
  - Natural Resource Research and Sustainable Tourism Project
- **Product Research:** Data for planning and development of attractions, activities, events, and retail from Activities Participation from Visitor Satisfaction & Activities Study and Natural Resources Research.
- **Evaluation and Performance Measures:** Monitors the progress and impact of Hawai'i's visitor industry
  - Tourism Forecast – updated quarterly
  - Visitor Satisfaction Monitoring Report - distributed quarterly
  - Visitor Satisfaction & Activity Report – distributed after Annual Research Report
  - Resident Sentiments on Tourism Survey

**Contractors:**

Below is a list of major contracts and contracted services

Project	Current Contract/Consultant Name	Description of Services	2011 Annual Budget
Statewide International and Oahu Survey	OmniTrak Group, Inc. (current contractor through March 2011. RFP for 2011-2014 planned)	International survey component involves collecting, processing and reporting statewide basic characteristics and expenditure data from visitors departing Hawaii on international flights. Oahu component involves surveying visitors on Oahu about their stay specific to Oahu.	\$240,000.00
Statewide Domestic Basic Characteristics Survey	SMS Research & Marketing Services (current contractor through March 2011. RFP for 2011-2014 planned)	Collecting, processing and reporting statewide basic characteristics data from visitors arriving in Hawaii on domestic flights.	\$260,000.00
Neighbor Island Visitor Characteristics and Expenditure Survey	OmniTrak Group, Inc. (current contractor through March 2011. RFP for 2011-2014 planned)	At airports in Hilo, Kona, Kahului, Lanai, Molokai and Lihue to conduct visitor surveys to domestic and foreign visitors, and inter-island travel by Hawaii residents.	\$140,000.00
Visitor Satisfaction and Activities Survey	SMS Research & Marketing Services	Post-trip survey to collect data on visitor activities while in Hawaii and visitors' satisfaction levels. Mailed to visitors' home address. Online option also available. Due to cost constraints only U.S., Japan, Canada, Europe and Oceania are surveyed.	\$165,000.00
U.S. Custom Check Survey	OmniTrak Group, Inc. (current contractor through February 2011. IFB for 2011-1013 in-progress)	Review Custom Declaration forms to identify residents of passengers on international flights. Data used to estimate the number of travelers from foreign countries.	\$80,000.00
In-Flight Form Printing	Apperson Print Resources	Design, layout, print, package, store and deliver Ag Declaration/Visitor In-Flight survey forms. See Statewide Domestic Basic Characteristics Survey.	\$119,617.44
Cruise Visitor Characteristics and Expenditure Survey	OmniTrak Group, Inc.	Survey to gather data from passengers aboard Hawaii-home-ported and out-of-state cruise ships touring the Hawaiian Islands.	\$74,157.00
Visitor Plant Inventory Survey	Hospitality Advisors, LLC	To compile an accurate annual assessment of existing and planned visitor accommodations for the State of Hawaii by island, by location, by property type and by class of units (standard, budget, deluxe, luxury).	\$65,000.00
Marketing Effectiveness Study	DK Shifflet	An accountability measurement system for tracking marketing programs in the U.S. West, U.S. East and Japan markets.	\$184,100.00
Competitive Destination Data	Hospitality Advisors, LLC (contract ends July 2011)	A monthly report of Occupancy, ADR and RevPAR for Hawai'i and selected competitive destinations.	\$1,425.00

Project	Current Contract/Consultant Name	Description of Services	2011 Annual Budget
Tourism Monitoring	Tourism Economics	Tool for international market analyses	\$17,000.00
China Travel Trade Barometer	Travel Market Insights	Quarterly Hawai'i specific metrics reports based on survey of the top 30 China-based companies that sell travel to the US.	\$8,000.00
Pro Bowl Research	Market Trends Pacific	Pro Bowl intercept survey of visitors	\$9,000.00

**Brand Management: Access**

2011 Budget	
Total	\$6,600,000
... Airline Development Program	\$6,000,000
... Airport and Departure Experience	\$500,000
... Airline Consulting Services	\$100,000

**Program Descriptions:**

- The Airline Development Program is a cooperative program with airlines and wholesalers to bring visitors to Hawai'i. The program seeks to attract higher spending, active visitors to Hawai'i; expand exposure for the overall destination; and help sustain routes that are at risk of cancellation.
  - The program's main criteria are:
    - Programs that will bring immediate impact while gaining exposure for all islands;
    - Support growth in both arrivals, as well as new start up air service; and
    - Support the strategic elements of the HTA's Strategic Plan and the Annual Tourism Marketing Plans for the various major market areas.
  - Each program is measured through the following:
    - Total number of incremental room nights purchased;
    - The percent increase in the amount of room nights sold over the previous period;
    - Number of passengers booked due to the promotion;
    - The percent increase in the amount of passenger booked over the previous period;
    - Cost per arrival (target is \$15.00 or less);
    - The total number of consumer inquiries by telephone (call volume) during the campaign/promotion period;
    - The number of unique visitors to the call-to-action's website during the campaign/promotion period;
    - Advertising value equivalency; and
    - Estimated revenue to the State.
- The Airline Development program also promotes and facilitates closer relations with current and potential airlines serving Hawai'i. HTA executives meet with their airline counterparts from the U.S. East, U.S West, Japan, Asia, and locally to discuss mutual concerns, operating issues, future outlooks, and proactive solutions.

Airline Development Program		
2010-2011 Budget		
North America	40 Airline/Wholesaler Cooperative Programs Fall 2010/Spring 2011	\$ 2,000,843
Japan	18 Airline/Wholesaler Cooperative Programs Fall 2010/Spring 2011	\$ 2,184,870
Oceania	6 Airline/Wholesaler Cooperative Programs Fall 2010/Spring 2011	\$ 261,000
Other Asia	7 Airline/Wholesaler Cooperative Programs Fall 2010/Spring 2011	\$ 1,052,500
Europe	6 Airline/Wholesaler Cooperative Programs Fall 2010/Spring 2011	\$ 158,074
Budget remaining as of January 13, 2010		\$ 342,715

- The Airport and Departure Experience Program (Greetings Program) ensures a “Hawaiian sense of place” for Hawai‘i’s visitors at the Honolulu, Hilo, Kona, Kahului, and Lihū‘e airports. Through entertainment, hula, lei greetings, and other services, the spirit of aloha and the uniqueness of the islands are showcased and shared with visitors.

2011 Airport Arrival and Departure Experience: Greetings Program			
Location	Program	Budget	Notes
Honolulu International Airport	5 entertainment performances per week Each performance is a 4 hour block Each performance consists of 2 musicians and 2 hula dancers 20 fresh plumeria lei will be distributed per performance Performances may be broken up into 2 2 hour blocks	\$ 183,300.00	\$625.00 per performance \$4.00 each lei
Hilo Airport	1 entertainment performance per week Each performance is a 4 hour block Each performance consists of 2 musicians and 2 hula dancers 10 fresh plumeria lei will be distributed per performance Performances may be broken up into 2 2 hour blocks	\$ 34,580.00	\$625.00 per performance \$4.00 each lei
Kona International Airport	1 entertainment performance per week Each performance is a 4 hour block Each performance consists of 2 musicians and 2 hula dancers 10 fresh plumeria lei will be distributed per performance Performances may be broken up into 2 2 hour blocks	\$ 69,160.00	\$625.00 per performance \$4.00 each lei
Lihū‘e Airport	1 entertainment performance per week Each performance is a 4 hour block Each performance consists of 2 musicians and 2 hula dancers 10 fresh plumeria lei will be distributed per performance Performances may be broken up into 2 2 hour blocks	\$ 69,160.00	\$625.00 per performance \$4.00 each lei
Kahului Airport	3 entertainment performances per week Each performance is a 4 hour block Each performance consists of 2 musicians and 2 hula dancers 10 fresh plumeria lei will be distributed per performance Performances may be broken up into 2 2 hour blocks	\$ 103,740.00	\$625.00 per performance \$4.00 each lei
All Airports	Inaugural Flights Special Events Holidays VIPs	\$ 15,000.00	Undetermined number of special events during the year; each event will have performance and lei greetings.
All Airports	Travel Expenses	\$ 12,500.00	Staff to fly to Neighbor Islands to monitor entertainment periodically, and for travel for special events. Budget also includes union in-state per diem rates.
All Airports	Volunteer / School / Keiki / Hālau Groups	\$ 5,000.00	Honorarium for special Kupuna, Keiki, Hālau or school groups that perform at the airport.
All Airports	Administrative / Miscellaneous	\$ 7,560.00	Replace or repair broken equipment; printing costs; airport badge fees; miscellaneous office expenses.
<b>Total Budget</b>		<b>\$ 500,000.00</b>	

- The Airline Consulting Services program addresses the changes in the airline industry. The HTA, together with the HVCB, continues its relationship with the airline consulting firm, Sabre Airline Solutions and the Official Airline Guide to monitor air access, conduct ongoing air service reviews of Hawai'i, provide recommendations on maintaining and growing domestic and international life to Hawai'i, and assist the State with discussions with various airline carriers.

Airline Consulting Services		
Total Budget FY 2011: \$100,000		
Contractor	Description of Program	Budget Amount:
Sabre Airline Solutions	Airline Consulting	\$ 100,000

## Brand Management: Natural Resources Program

2011 Budget	
<b>Total</b>	<b>\$3,000,000</b>
... DLNR Legislative Proviso	\$1,000,000
... Community-Based and Priority Programs (Legislative Proviso)	\$1,000,000
... Beach Restoration Project	\$500,000
... Other Natural Resources Projects	\$500,000

### Overview:

HTA's Natural Resources Program began in FY 2003 following a proviso by the Hawai'i State Legislature in the 2002 session that directed HTA to provide at least \$1 million annually from its budget to support efforts to manage, improve, and protect Hawai'i's natural environment and areas frequented by visitors. In using these funds, the HTA issues a public Request for Proposals (RFP) to the community and/or addresses priority sites identified through an assessment of Hawai'i's natural resource sites (primarily State and county sites) completed in 2003. The community-based RFP supports projects that demonstrate broad-based community support, and support a long-term goal for sustainability of natural resources. Projects may directly impact the natural resource(s) or address man-made amenities that indirectly benefit the natural resource(s).

An additional \$1 million from HTA's Tourism Special Fund is also provided directly to the Hawai'i State Department of Land and Natural Resources (DLNR) each year, with \$900,000 going to the State Parks Division and \$100,000 to the trails and access program (*Na Ala Hele*). The DLNR submits a work plan to the HTA describing planned use of these funds and provides progress reports regarding the status of this work.

In addition, for 2011, the HTA allocated \$500,000 for a Beach Restoration Project with the emphasis on areas in Waikiki. This project is being completed through a partnership with the DLNR and Kyo-ya Hotels & Resorts. The DLNR will obtain all required permits and secure other public and private sector partners to implement the project. The focus is on the beach area between the Royal Hawaiian Hotel and the Moana Surfrider. This project shall help to mitigate a growing problem for Hawai'i's major visitor center – Waikiki. Through a variety of natural and man-made occurrences, the sand at Hawai'i's iconic beach continues to erode resulting in a loss of beach front area, and a potentially large economic impact for the entire state. This effort is expected to mitigate this loss and restore at least a portion of the Waikiki Beach shoreline to enhance the enjoyment of both visitors and residents of the beach in this critical visitor center. The project shall be measured by the square footage of area addressed, the tonnage of sand restored, and the appearance of the beach area impacted. The project shall include follow-up monitoring to assess the success of the replenishment and restoration effort.

Another \$500,000 is also available to support other projects that may go beyond the criteria of the community RFP or the priority sites list. Under consideration are projects such as a climate change/global warming analysis focusing on recommendations for Hawai'i's visitor industry future, an update of the Natural Resources Assessment, and other projects with statewide impacts.

### Assumptions:

The program operates under the following beliefs and constraints:

- Given the importance of Hawai'i's natural environment to Hawai'i's brand and destination value, ongoing discussions emphasize the need to take care of Hawai'i's natural resources for future generations.

- Studies, including the HTA's marketing effectiveness study analyzing various attributes of a destination and their importance in decision-making of potential visitors, identify the environment as important to a destination's attraction and appeal.
- HTA is assisted by a group of experts in the environmental and natural resource management fields who serve in an advisory capacity to staff (called the Natural Resources Advisory Group or NRAG).
- Criteria for this program are reviewed annually by the HTA in partnership with the NRAG to ensure that selected projects continue to work towards addressing the overall goal and objectives of the Natural Resources Strategic Initiative as identified in the TSP, that community concerns continue to be addressed, and that these funds are leveraged against other resources for broader impact and benefits.

Ongoing challenges include insufficient educational and informational signage at the sites to encourage responsible use; continued heavy use of natural resource sites by residents and visitors resulting in negative impacts on the resources and facilities; increasing costs for addressing needed repair, maintenance and improvement efforts; and inadequate funding to address these costs.

**Listing of 2011 Funded Projects/Programs/Initiatives:**

Organization	Project Title	Funds Awarded
<b>LEGISLATIVE PROVISIO – DLNR Parks &amp; Trails Special Funds</b>		
Department of Land and Natural Resources	Parks and Trails Programs	\$1,000,000
<b>LEGISLATIVE PROVISIO – Natural Resource Areas Frequented by Visitors</b>		
<b>Community-Based Programs via RFP to Date</b>		
Basic Image, Inc.	Pakalove 'Ewalu: Plant Native!	\$25,000
Coral Reef Alliance	Promoting The Hawaiian Values of Lōkahi & Laulima Through Marine Resource Conservation	\$20,000
E Mau Na Ala Hele	Enhancements on the Puna Trail	\$5,000
Friends of the D.T. Fleming Arboretum	Pahana Ho'ola – Seeds of Hope	\$12,000
Garden Island RC&D, Inc	Conservation, Ecotourism, & Education Initiatives at Makauwahi Cave	\$50,000
Garden Island RC&D, Inc	Kōke'e Resource Conservation Program's Trails to Native Diversity	\$25,000
Hii'ipaka LLC	Native Plant Nursery, Waimea Valley	\$30,000
Hui Aloha Kīholo	Kīholo State Park Native Plant Enclosures	\$22,000
Hui o Laka	Kōkua Kōke'e - Partnering to Protect our Parks	\$54,000
Ka'ala Farm, Inc	Ka'ala Kipuka Project	\$10,000
Ka'ahahui o Ka Nahelehele	Pu'u Wa'awa'a Interpretive Center Roof Replacement	\$20,000
Kā'anapali Operations Association, Inc	Assessment of Shoreline Needs And Management Alternatives	\$10,000
Malama Kai Foundation	Day-Use Mooring User Education and Outreach Project	\$20,000
Mālama na Honu	Mālama na Honu Educational and Conservation Project #3	\$25,000
Mālama Pūpūkea Waimea	Pūpūkea-Waimea MLCD Signage Outreach, Education & Interpretation	\$20,000
Moanalua Gardens Foundation	Kāmananui (Moanalua) Valley Improvements - Phase II	\$30,000
National Tropical Botanical Garden	Kahanu Garden Comfort Stations	\$50,000
Pacific Whale Foundation	Onsite Coral Reef Naturalist Program	\$10,000
Papahana Kuaola	Ke Kipuka Ho'ona'auao a Waipao	\$15,000
Po'ipū Beach Foundation	Kōloa Heritage Trail	\$6,000
Reef Check Hawai'i, Inc.	Reef Check Hawai'i's Eyes of the Reef Community Reporting Network	\$15,000
Save Honolulu Coalition	Mālama Honolulu - Project Port-a-Potty	\$7,500
The Kohala Center, Inc	The Kahalu'u Bay Project	\$30,000
Tri-Isle RC&D Council, Inc.	Preserve Hawai'i	\$10,000
Tri-Isle RC&D Council, Inc.	Saving Auwahi Forest: Volunteerism & Voluntourism on Leeward Haleakalā	\$20,000
University of Hawai'i	Reef Watch Waikiki (Phase II)	\$45,000
Vacationland Hawai'i Community Association	Marine Resources Protection Program	\$9,500
Volcano Art Center	Volcano Native Rain Forest Restoration & Education Project	\$20,000
To Be Determined	Community and/or Priority Sites Program(s)	\$384,000
<b>BEACH RESTORATION PROJECT</b>		
Department of Land and Natural Resources	Beach Restoration Program for Waikiki in partnership with Kyo-ya Hotels & Resorts	\$500,000

Organization	Project Title	Funds Awarded
<b>OTHER NATURAL RESOURCES PROJECTS</b>		
To Be Determined	Other efforts e.g., assessment of climate change/global warming impacts; update of Natural Resources Assessment	\$500,000

**Top 2011 initiatives:**

1. Continue support for community-based efforts that meet the objectives of the Natural Resources Strategic Initiative of the TSP, and that build stewardship among the community and Hawai'i's visitors.
2. Improve oversight of DLNR to ensure funds are spent efficiently and effectively to provide timely results.
3. Increase partnership efforts between the visitor industry and others to address major environmental needs such as beach erosion in key visitor-use areas.
4. Complete an assessment of the impacts, issues, and possible solutions and mitigation efforts surrounding global warming and climate change with a focus on the future and sustainability of Hawai'i's visitor industry.
5. Address at least one (1) major natural resource priority area to provide a new product for Hawai'i's residents and visitors.

**Key Performance Indicators – 2011 Actuals and Targets to Date**

2011 ACTUALS TO DATE	TOTAL
Number of Eligible Applications	39
Number of Projects Awarded Funds	28
Number of Organizations Awarded Funds	26
Range of Award Amounts	\$5,000-\$54,000
Total Awarded to Date	\$616,000
ADDITIONAL 2011 OVERALL TARGETS	TOTAL
Additional Projects Awarded Funds	3
At least one (1) major and four (4) other projects per County completed per year	In development
Completed projects are spread across the state	In development
Completed projects are spread across land, ocean and/or fresh water resources	In development
Number of Community and/or Industry Partnerships	In development
Match to HTA Funds (minimum of 1:1 is required)	2:1



**Brand Management: Community Branding Experiences - County Product Enrichment Program (CPEP)**

2011 Budget	
<b>Total</b>	<b>\$1,800,000</b>
... County Programs	\$1,700,000
... New Program Development	\$100,000

**Overview:**

The County Product Enrichment Program (CPEP) is a partnership between the HTA and each of the four (4) counties to diversify and enrich Hawai'i's tourism product in line with Chapter 201B of the Hawai'i Revised Statutes, which provides for HTA to "coordinate the development of new products with the counties and other persons in the public and private sectors, including the development of sports, culture, health and wellness, education, technology, agriculture, and nature tourism." HTA has a program dedicated to sports tourism; therefore, the CPEP focuses on developing new and enhancing existing community-based events, experiences, and projects related to activities in the other six (6) niche areas. The counties provide contract management support, including project attendance and verification, and sub-contracting of program funds to the community organizations awarded funding through a public Request for Proposals (RFP) process. They provide technical assistance to the sub-contractors, including training on proper application procedures, contract management and reporting requirements, promotional tips, environmental sustainability techniques, and other efforts.

The objectives of the CPEP are to:

- Provide a year-round calendar of events, activities, and experiences; with special attention given to the "shoulder" periods of April and May, and the last week of August through the first half of December.
- Distribute events, activities, and experiences throughout the county.
- Target programs by time of year and/or type of activity to build a promotional campaign(s) that may help to drive visitor demand.
- Support HTA's goal of increasing visitor arrivals, expenditures, and length of stay.
- Support the development of tourism activities in the six (6) targeted niche areas of agriculture, culture, education, health and wellness, nature, and technology (see following definitions).
- Provide a diverse range of "value-added" experiences.
- Provide venues for increased resident-visitor interaction.
- Support community-based tourism initiatives.
- Foster public-private sector partnerships.

**Assumptions:**

CPEP activities:

- Provide unique and special experiences that enrich both our residents' quality of life and our visitors' Hawai'i experience, with minimal impacts on the community.
- Are community-based and represent activities desired by the community, which the community is willing to invite visitors to participate in, and which bring social and economic benefits to the community.
- Provide our visitors with memorable, real lifetime and interactive experiences that draw visitors to the State, and positively impact visitor satisfaction.
- Are particularly important to Hawai'i's large repeat visitor population as they expect to travel outside of Hawai'i's key visitor centers into other parts of the State; to be a part of the local community; to interact with residents; and to learn more about Hawai'i's culture, history, environment, and other unique assets.

- Represent key elements of the HTA's individual community branding efforts, and overall State brand management message.
- Provide opportunities to develop and strengthen visitor industry and community partnerships.

Current challenges include the decreased availability of private sector funding; ongoing reliance on volunteer support to administer and operate programs; and competition for available HTA funds (especially in the City and County of Honolulu and the County of Hawai'i).

**Listing of 2011 Funded Projects/Programs/Initiatives:**

Organization	Total 2011 Award/Budget
County of Hawai'i, Department of Research & Development	\$ 425,000
County of Kaua'i, Office of Economic Development	\$ 425,000
County of Maui, Office of Economic Development	\$ 425,000
City and County of Honolulu, Office of Economic Development	\$ 425,000
To be determined for New Program Development	\$ 100,000

**Top 2011 initiatives:**

1. Maintain a minimum of 20 activities per county that meet the objectives and criteria of the CPEP.
2. Develop new or strengthen existing events that can impact the Spring Shoulder Season and the Fall Shoulder Season to help drive demand for travel to Hawai'i to better level impacts throughout the year.
3. Strengthen integration of Hawai'i's CPEP activities into the festivals and events post-arrival campaign and strengthen ties with pre-arrival branding efforts.
4. Work towards reduction of HTA funding for ongoing activities in 2012 and beyond.
5. Increase partnerships between Hawai'i's visitor industry and Hawai'i's CPEP providers.
6. Provide technical assistance through a minimum of two (2) training programs to help improve the quality of programming offered, to increase effective marketing efforts, to improve accountability measures, and to gain additional private sponsorship support to work towards sustainability when possible.
7. Provide new support service(s) such as survey collection, strategic plan development, and/or new CPEP activity.

**Key Performance Indicators – 2011 Actuals and Targets to Date**

2011 ACTUALS TO DATE	County of Hawai'i	County of Kaua'i	County of Maui	City and County of Honolulu	TOTAL
Number of Eligible Applications	50	34	29	59	172
Number of Projects Awarded HTA-CPEP Funds	31	21	27	44	124
Number of Organizations Awarded Funds	21	19	18	40	98
Range of Award Amounts	\$4,000-\$24,500	\$5,000-\$35,000	\$5,000-\$33,000	\$3,000-\$15,000	
Total Awarded to Date	\$351,500	\$300,000	\$352,000	\$378,000	\$1,381,500
Other Support Programs**	\$0	\$50,000	\$0	\$0	\$50,000

\*\* Additional Promotions, Survey Collection, Training, Other

<b>ADDITIONAL 2011 TARGETS</b>	<b>County of Hawai'i</b>	<b>County of Kaua'i</b>	<b>County of Maui</b>	<b>City and County of Honolulu</b>	<b>TOTAL</b>
Completed Projects	30	20	25	40	115
Match to HTA Funds (minimum of 1:1 is required)	5:1	2.5:1	2.5:1	5:1	Average - 4:1
Number of Organizations Supported	20	15	15	30	80
Number of Visitors Attending/Participating	tbd	tbd	tbd	tbd	tbd
Total Attendance	150,000	75,000	150,000	500,000	875,000
Technical Assistance Training Programs Offered	3	3	3	3	12

## Brand Management: Community Branding Experiences - Major Festivals & Events Programs

2011 Budget	
<b>Total</b>	<b>\$880,000</b>
... Festival Sponsorship	\$558,000
... Post-Arrival Campaign	\$190,000
... Technical Assistance and Capacity Building	\$132,000

### Overview:

HTA identifies and supports Major Festivals that portray the diversity and culture of Hawai'i, conduct extensive pre- and post-arrival marketing efforts, enrich the visitor experience, and draw significant attendance to the State. In addition to providing financial support to selected projects, HTA's strategy to strengthen Hawai'i's festivals and events industry includes a focus on capacity building within the industry, and improving the quality of festivals and events offered in the State through technical assistance programs including an annual Festivals and Events Seminar and a Certified Festival and Event Executive Program (CFEE) done in partnership with the International Festivals and Events Association (IFEA). The final major element of the program is a Post-Arrival Promotional Campaign that provides information to post-arrival visitors, as well as residents, about the many quality festivals and events happening in Hawai'i throughout the year and throughout the State. The *Festivals of Hawai'i* campaign includes print, television, radio, and social media efforts, as well as a promotional program targeted at hotel concierges throughout the State.

### Assumptions:

Hawai'i's festivals and events:

- Are a recognized form of low-impact tourism activity that provides a unique and special experience that enriches both our residents' quality of life and our visitors' Hawai'i experience.
- Contribute to reinforcing pride in a community, while also providing opportunities that contribute and generate economic benefits.
- Provide our visitors with memorable, real lifetime and interactive experiences that draw visitors to the State, and positively impact visitor satisfaction.
- Represent key elements of the HTA's individual community branding efforts, and overall State brand management message.
- Provide opportunities to develop and strengthen visitor industry and community partnerships.

The decreased availability of private sector funding remains the major challenge for organizations.

### Listing of 2011 Funded Projects/Programs/Initiatives:

Organization	Project Title	Award or Budget
<b>FESTIVAL SPONSORSHIP</b>		
Hawai'i International Film Festival	Hawai'i International Film Festival	\$ 50,000
Honolulu Festival Foundation	Honolulu Festival	\$ 138,000
Kintetsu International Express	Pan-Pacific Matsuri in Hawai'i	\$ 138,000
Kōloa Plantation Days Celebration	Kōloa Plantation Days	\$ 63,500
Kona Coffee Cultural Festival	Kona Coffee Cultural Festival	\$ 63,500
Maui Economic Development Board	Maui Film Festival	\$ 105,000
<b>POST-ARRIVAL PROMOTIONAL CAMPAIGN</b>		
(In Negotiations)	Post-Arrival Promotional Program	\$ 190,000
<b>TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROGRAM</b>		
OmniTrak Group (for Seminar); IFEA (for CFEE); Hawai'i Convention Center (for various services)	Technical Assistance & Capacity Building Programs (Annual Seminar & C.F.E.E.)	\$ 82,000

Organization	Project Title	Award or Budget
To be determined	Other Technical Assistance/Capacity Building Efforts (e.g., Festivals Toolkit, New Major Festival/Events Development)	\$ 50,000

**Top 2011 initiatives:**

1. Maintain minimum of six (6) signature festivals/events for the State, including at least one (1) per county, despite reduction in available private sector sponsorship dollars.
2. Develop new or strengthen existing event for the Spring Shoulder Season and the Fall Shoulder Season to help drive demand for travel to Hawai'i and provide more content for Hawai'i's brand message in all major markets.
3. Strengthen integration of Hawai'i's festivals and events post-arrival campaign with Hawai'i's pre-arrival messaging.
4. Work towards reduction of HTA funding for ongoing activities in 2012 and beyond.
5. Increase partnerships between Hawai'i's visitor industry and Hawai'i's festivals and events.
6. Provide technical assistance through a minimum of two (2) training programs to help improve the quality of programming offered, to increase effective marketing efforts, and to gain additional private sponsorship support to work towards sustainability for Hawai'i's signature festivals and events.
7. Provide new tools and resources for Hawai'i's festivals and events to help build programs.

**Key Performance Indicators – 2010 Actuals and 2011 Targets**

PROJECT TITLE	Time of Year	Out of State Visitors Traveling Specifically to Festival/Program		Hawai'i Residents Participating & Attending Program		Total Attendance		Est. Value (\$) or Number (#) of Media Impressions	
		2011 Target	2010 Actual	2011 Target	2010 Actual	2011 Target	2010 Actual	2011 Target	2010 Actual
<b>FESTIVAL SPONSORSHIP</b>									
Honolulu Festival	March	5,000*	5,000	rev	74,200	rev	rev	na	257,571
Na Hōkū Hanohano Music Festival**	May	3,000	na	5,500	na	8,500	na	15,049,000	na
Maui Film Festival	June	1,874	2,342	5,269	5,855	8,392	9,759	\$5,756,744	\$16,908,115
Pan-Pacific Festival	June	3,150	3,182	41,000	40,601	91,000	89,001	\$150,000	na
Kōloa Plantation Days	July	1,960	1,937	8,185	7,795	15,185	14,713	1,100,000	1,000,000
Hawai'i Food and Wine Festival (new)**	Sept.	1,100	na	3,900	na	7,800	na	na	na
Hawai'i International Film Festival	Oct.	na	na	na	na	na	na	na	na
Kona Coffee Cultural Festival	Nov.	na	na	na	na	na	na	na	na
<b>TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROGRAM</b>									
Festivals and Events Seminar and CFEE Programs	May & Feb.	6	7	200	192	200	192	na	na

PROJECT TITLE	HTA Award		Total Budget		Match to HTA Funds (x:1) [NOTE: Required 2:1 minimum for Major Festivals]	
	2011	2010	2011 (Budget)	2010 (Final)	2011 (Budget)	2010 (Final)
<b>FESTIVAL SPONSORSHIP</b>						
Honolulu Festival	\$138,000	\$138,000	\$1,500,000	\$1,509,374	10	10
Na Hōkū Hanohano Music Festival**	\$150,000	\$150,000	\$450,000	na	2	na
Maui Film Festival	\$105,000	\$105,000	\$1,176,525	\$1,206,797	10	10

	HTA Award		Total Budget		Match to HTA Funds (x:1) [NOTE: Required 2:1 minimum for Major Festivals]	
<i>Pan-Pacific Festival</i>	\$138,000	\$138,000	\$745,000	\$695,921	4	4
<i>Kōloa Plantation Days</i>	\$63,500	\$63,500	\$502,000	\$502,716	7	7
<i>Hawai'i Food and Wine Festival (new)**</i>	\$120,000	na	\$561,100	na	4	na
<i>Hawai'i International Film Festival</i>	\$50,000	\$50,000	na	na	na	na
<i>Kona Coffee Cultural Festival</i>	\$63,500	\$63,500	na	na	na	na
<b>POST-ARRIVAL PROMOTIONAL CAMPAIGN</b>						
<i>Post-Arrival Promotional Campaign</i>	\$190,000	\$159,500	same	same	—	—
<b>TECHNICAL ASSISTANCE AND CAPACITY BUILDING PROGRAM</b>						
<i>Festivals and Events Seminar and CFEE Programs</i>	\$82,000	\$82,500	same	same	—	—
<i>Festivals Toolkit, New Major Festival/Events Development</i>	\$50,000 (budgeted)	\$0	same	same	—	—

\* Estimated target ; \*\* Funds taken from Brand Management Events category; rev = under revision/re-evaluation; na = not yet available and/or new event

## Brand Management: HTA Communications & Outreach

2011 Budget	
Total	\$445,000
Communications and PR Program *\$240,000 is budgted for public relations support (SWAY). Remaining monies will go towards implementing corporate branding support including development of a new logo and identity system, corporate collateral and other related support.	\$300,000
Legislative Services, Policy Research & Analysis and Non-Governmental Organizations (NGO)	\$145,000

### Overview:

HTA contracts with Stryker, Weiner and Yokota Public Relations, Inc. (SWAY) to implement its communications and public relations program, and to raise awareness and support for the agency's work in strategically managing tourism to help sustain Hawai'i's people, place and culture.

### Key Assumptions in 2011 (affecting the Corporate Communications and Public Relations Program):

- Hawai'i's economy is highly dependent on its chief engine: tourism. In 2009, tourism produced \$9.5 billion or 14.8 percent of the gross state product; accounted for approximately 133,620 jobs or 15.9 percent of total employment for the state; and contributed \$923.5 million tax dollars to the state government, or 18.9 percent of total state tax revenue.
- Hawai'i tourism is continuing to improve and is helping to lead Hawai'i's economic recovery. However, it cannot be understated that there continues to be much work for HTA, its partners and all stakeholders to do.
- As the State's tourism agency, HTA is leading the way for Hawai'i through its implementation of the HTA Strategic Plan, establishment of industry and community partnerships, collection and analyses of data and market intelligence, brand management programs and communications and outreach efforts.
- HTA is a knowledge and research-based organization and provides valuable research data and information, as well as in market intelligence and expertise through its global marketing partners, to help educate and empower stakeholders to do their best work in support of Hawai'i's tourism economy.
- Airlift development continues to be a critical component of the HTA's efforts, as well as driving demand and boosting arrivals to Hawai'i in the short-term. Striking the balance between branding, awareness, desire and actual visitation is key.
- Hawai'i will leverage its hosting of the 2011 APEC Leaders' Meeting in November to capitalize on its virtues as a global meeting place in the Asia-Pacific Rim, with world-class infrastructure and facilities, and the incomparable Aloha Spirit – as the place to conduct serious and productive meetings and conventions.
- HTA takes its leadership role very seriously and is continuing to implement the State TSP and HTA Plan to be as effective, efficient and productive in achieving the plan's goals in support of Hawai'i's tourism economy.

## Brand Management: HTA Communications & Outreach

### Key Initiatives:

#### **Public Relations Support**

As part of the HTA-SWAY partnership, SWAY provides HTA executives and staff with various support: strategic counsel, market intelligence and preparedness relating to various HTA and visitor industry related issues, stakeholder outreach, executive and management media training, media relations, communications program implementation, including social media programs and collateral development, and other related services.

#### HTA Corporate Communications and Public Relations Program Key Outputs:

- Monthly HTA E-Bulletin (electronic newsletter in support of HTA Programs and domestic and international marketing partner programs)
- Monthly Hawai'i Visitor Statistics News Release and HTA Statement
- Average 3-5/month program news releases and/or media statements
- Stakeholder presentations
- Stakeholder meetings

#### Program Performance Measures (some measurement instruments are still in development):

- Positive local, national and international media coverage
- Increased stakeholder knowledge of HTA and HTA programs
- Increasing HTA database (opt-in)
- Increasing number of website hits
- Increasing average length of time visitors remain linked to HTA site
- Increasing number of media impressions
- Number of news releases, articles or interviews focusing on key HTA strategic positioning goals:
  - HTA as a knowledge-based organization (12)
  - HTA programs supporting Hawaiian culture (6)
  - HTA efforts to support air access (6)
  - HTA sports programs (3)
  - HTA support of natural resources (3)
  - Results/effectiveness of HTA efforts (6)
- Number of presentations given
- Positive stakeholder survey results

#### **Legislative Services**

HTA contracts with Okudara & Associates, Inc. (O&A) to provide support at the federal, state, county and non-governmental organizational levels. Legislative services include research and development of testimonies and proposals, ongoing communication to inform and educate key legislators and staff, coordination of stakeholder meetings, development of strategies and responses to legislative requests, monitoring of bills and relevant measures, and consultation on relevant legislation and measures affecting HTA and/or Hawai'i's visitor industry. O&A also provides research and support on tourism-related policies that may be presented to government entities, non-governmental organizations and may also be used to assist the HTA board and staff in developing policies.



## Brand Management: HTA Communications & Outreach

### Program Performance Measures:

- Number of legislation and measures beneficial to HTA, the visitor industry and stakeholders
- Development of a 2011 legislative package
- Development of a historical HTA policy position reference

### Non-Governmental Organizations (NGO)

**To develop** and maintain consultative relationships as members with various NGOs (such as Pacific Asia Travel Association (PATA) and U.S. Travel Association (USTA)) on a local, national and global level that are interested in the promotion and development of tourism, are key sources of information, and able to assist in the development of tourism policy; and to include the payment of dues and travel.

## Hawaiian Culture Program

2011 Budget	
Total	\$1,700,000
... Hawaiian Cultural Program	\$900,000
... Native Hawaiian Festivals	\$475,000
... Native Hawaiian Hospitality Association (NaHHA)	\$325,000

### Overview

- The core philosophy of HTA's Hawaiian Culture Program is to support those efforts that help to create an authentic sense of place in Hawai'i by empowering the community and the industry to facilitate the continued growth and perpetuation of the Hawaiian culture. It is Hawai'i's language and culture that ultimately maintains the unique identity of the Native Hawaiian people and of Hawai'i at large.
- The goal of this program is to develop tourism to become a cultural asset and use it as a medium to perpetuate authentic Hawaiian culture, as well as to utilize it as a tool to lift up the host culture and in turn create a sense of place that can draw visitors to this destination. In addition, a thriving Hawaiian language and culture in Hawai'i is vital to distinguishing Hawai'i as a place to live and visit. The malihini (guest) who visits is impacted by what is "Hawaiian" about us all. This is what drives the economic appeal of the strong tourism collective here in Hawai'i. This unique culture is not only key to attracting visitors – our number one industry but also to keep on the traditions that define us as a community.
- The program addresses goals of the State's Tourism Strategic Plan: 2005-2015 (TSP), the HTA strategic Plan and the Hawaiian Culture Initiative Action Plan.
- The HTA is not the lead in the Hawaiian Culture initiative of the TSP; however, the agency is in a unique position to facilitate some groundbreaking initiatives that will help to create an enormous impact on the survival of authentic Hawaiian culture.
- HTA is responsible for the accuracy, authenticity, and sensitivity of its marketing material with regard to the host Hawaiian culture. Staff will focus on creating solid mechanisms that will allow for review of marketing materials and will create educational components for HTA's marketing partners that will address the need in this area.
- For 2011, the Hawaiian Culture Initiative consists of three major program areas: a Cultural Program which includes the Kūkulu Ola – Living Hawaiian Culture RFP Program, as well as other initiatives that help to meet the goals of the Hawaiian culture program such as the Tourism Legacy Awards; the support of Native Hawaiian festivals; and, assistance to the Native Hawaiian Hospitality Association (NaHHA), a private-non profit organization that works to better connect the Hawaiian community and the visitor industry and provide opportunities for the Native Hawaiian community to be part of the decision-making process in tourism development for the state.
- HTA is assisted by the Hawaiian Culture Program Advisory Council (HCPAC) which is made up of individuals with knowledge and expertise in the Hawaiian culture, visitor industry, and Hawai'i's business community. These individuals provide guidance in the overall program and specifically in the selection process of the LHCP and Native Hawaiian Festivals Program.

**1) Hawaiian Cultural Program (\$900,000)**

Support for programs that preserve Native Hawaiian Culture, including an RFP process in consultation with the HCPAC. The Cultural Program seeks to: empower the community by providing committed funding that will assist them in implementing projects and programs that help to perpetuate the Hawaiian culture; engage and continue to build bridges in the community by supporting new and innovative community efforts; and support unique opportunities that focus on making a significant impact on the goals and objectives of the Hawaiian Culture Initiative of the TSP as well as the NaHHA Action Plan.

**Assumptions:**

The program operates under the following beliefs and constraints:

- This program offers support through a public request for proposals (RFP) to existing and new innovative community efforts that help to perpetuate the culture.
- Other initiatives under this program include unique projects and programs that help to meet the goals of the Hawaiian culture initiative of the TSP including the Legacy Awards, which honors individuals, organizations and businesses that have spent a lifetime towards the perpetuation of the Hawaiian culture.
- While the connection to Hawai'i's visitor industry might not be as evident in the projects selected through this process, the value is in their collective goal to perpetuate the Hawaiian culture, which creates a sense of place that distinguishes Hawai'i as a visitor destination.

KPIs:

<ul style="list-style-type: none"> <li>• Ability to generate positive impact on cultural resources, practitioners, crafters, musicians and other artist.</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain resident and visitor appreciation with Hawaiian culture.</li> </ul>
<ul style="list-style-type: none"> <li>• Ability of the organization to be self sufficient in the future.</li> </ul>
<ul style="list-style-type: none"> <li>• Impact on creating relationships between the visitor industry and the community.</li> </ul>
<ul style="list-style-type: none"> <li>• Leverage TAT funds on a minimum 1:1 basis overall with other funds and resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Meeting the goals of the State Tourism Strategic Plan: 2005-2015 (TSP); HTA Strategic Plan; and the Hawaiian Culture Initiative Action Plan.</li> </ul>

**Kūkulu Ola: Living Hawaiian Culture Program (LHCP)**

The Kūkulu Ola: Living Hawaiian Culture Program (LHCP), through a public request for proposals process, supports programs that help to honor and preserve the Hawaiian culture; demonstrate collaborative efforts with a high degree of community support and involvement; exhibit depth and breadth of experience in performing similar work; and have an adequate plan for sustainability into the future.

Specifically, the LHCP seeks to support efforts that:

- *Demonstrate commitment to "honor and perpetuate the Hawaiian culture and community;"*
- *Strengthen the relationship between the visitor industry and the Hawaiian community;*
- *Strive to nurture (mālama) the Hawaiian culture by creating visitor experiences, activities, and marketing programs that are respectful and accurate;*
- *Support Hawaiian programs and cultural practitioners, crafters, musicians, and other artists to preserve and perpetuate the Hawaiian culture; and/or*
- *Showcase the Native Hawaiian Culture in a creative and responsible manner, presenting or providing visitors and residents with opportunities to experience the authentic culture.*

**Assumptions:**

The program operates under the following beliefs and constraints:

- Recognizing that the Hawaiian culture and community is what makes Hawai'i unique and therefore critical to the sustainability of Hawai'i's visitor industry, the HTA supports several programs under this initiative.
- Studies, including the HTA's marketing effectiveness study analyzing various attributes of a destination and their importance in decision-making of potential visitors, identify the history and culture as important to a destination's attraction and appeal.
- HTA is assisted by a group of Hawaiian cultural practitioners and experts who serve in an advisory capacity to staff (called the Hawaiian Cultural Program Advisory Council or HCPAC).
- Criteria for this program are reviewed annually by the HTA in partnership with the HCPAC to ensure that selected projects continue to work towards addressing the overall goal and objectives of the Hawaiian Culture Strategic Initiative as identified in the TSP, that community concerns continue to be addressed, and that these funds are leveraged against other resources for broader impact and benefits.

**Listing of 2011 Funded Projects/Programs/Initiatives:**

Organization	Project Title	Funds Awarded
<b>Kūkulu Ola: Living Hawaiian Culture Program (LHCP) Awards to Date</b>		
Hāna Cultural Center	Sharing the Culture and History of East Maui	\$13,000
Hawai'i Theatre Center	Ka Wa Hula O Honolulu "the Honolulu Hula Season"	\$35,000
Pacific American Foundation	Cultural Education & Stewardship of the Waikalua Loko Fishpond	\$15,000
Bishop Museum	Na Kukui a Pauahi: Hawaiian Hall Docent Program	\$18,000
Friends of Hawai'i Volcanoes National	Hawai'i Volcanoes National Park Cultural Festival	\$12,000
Hawai'i Forest Industry Association	Ka Piliina Poina 'Ole "Connection Not Forgotten"	\$15,000
University of Hawai'i	Waikiki Aquarium's Seasons and the Sea	\$8,487
Big Island RC&D for Hawai'i Homegrown Food Network	Ho'oulu ka 'Ulu-Revitalizing Breadfruit in West Hawaii	\$25,000
Ke Kula O Nawahiokalaniopuu	'A'a i ka Hula: Historical & Contemp. Representations of the Hawaiian Language	\$15,000
Hawaiian Sailing Canoe Association	HSCA Huaka'i	\$15,000
Kalihi-Pālana Culture & Arts Society, Inc.	36th Annual Queen Lili'uokalani Keiki Hula Competition	\$20,500
Kīpahulu 'Ohana Inc.	Kapahu Living Farm	\$20,000
Hawai'i Capital Cultural Coalition	Heritage Event & Cultural Organization Marketing Support	\$20,000
Ka 'Ohana O Kalaupapa	Kalaupapa Traveling Exhibit	\$20,000
Hawai'i Island Economic Development Board	Keauhou Heritage Corridor Phase 2	\$10,000
Alu Like, Inc. - Native Hawaiian Library	Pupukahi I Holomua	\$20,000
Ahu'ena Heiau, Inc.	Ahu'ena Heiau Restoration	\$12,000
Na Pualei O Likolehua	Na Mo'olelo O O'ahu - Keaomelemele	\$10,000
Hula Preservation society	Honoring the Ancients	\$10,000
Wahea Foundation	Pan Pacific Hula Exhibition 2011: Hawai'i	\$10,000
Keomailani Hanapi Foundation	HOEA (Hawaiian 'Ohana for Education in the Arts)	\$20,000
Kaua'i Economic Development Board dba West Kaua'i Technology & Visitor	The Keepers of the Culture	\$27,000

Organization	Project Title	Funds Awarded
Center		
Makauila	Pana 'āina	\$60,000
Puakea Foundation of Hawai'i, Inc.	Sharing Hawai'i's Canoe Culture with Hawai'i's Residents & Visitors	\$15,000
Maui Arts & Cultural Center	Kulanihakoi - Living Waters	\$10,000
Pasifika Foundation Hawai'i, Inc.	Community-based Host-Visitor Project: CBHV 4 - Ka Welina Network Expansion	\$50,000
Makani Hou o Kaloko-Honokohau	Na Leo Kahiko Cultural Live in Center - Kupuna Conference	\$10,000
Friends of Kahana	Canoe Restoration Project	\$15,000
Tropidilla Productions LLC	Honoring and Perpetuating the Hawai'i Paniolo Culture and	\$45,000
		575,987
	Other Initiative including the Legacy Awards, capacity building of Hawaiian cultural programs, support for HTA's greeting program, Hawaiian Cultural Programming at the Hawai'i Convention Center and efforts to support the Hawaiian language and community.	\$324,013
	Total Cultural Program	\$900,000

KPIs:

<ul style="list-style-type: none"> <li>• Ability to generate positive impact on cultural resources, practitioners, crafters, musicians and other artist.</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain resident and visitor appreciation with Hawaiian culture.</li> </ul>
<ul style="list-style-type: none"> <li>• Ability of the organization to be self sufficient in the future.</li> </ul>
<ul style="list-style-type: none"> <li>• Impact on creating relationships between the visitor industry and the community.</li> </ul>
<ul style="list-style-type: none"> <li>• Leverage TAT funds on a minimum 1:1 basis overall with other funds and resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Meeting the goals of the State Tourism Strategic Plan: 2005-2015 (TSP); HTA Strategic Plan; and the Hawaiian Culture Initiative Action Plan.</li> </ul>

Challenges include the ongoing matter of sustainability of these programs and their ability to be self sufficient into the future. In addition, is their ability to increase the value and impact of their programs on the community and on the long term goal of perpetuating the Hawaiian culture for generations to come.

## 2) Native Hawaiian Festivals (\$475,000)

The HTA provides support to Native Hawaiian signature events that help to preserve and perpetuate the Hawaiian culture through programs and activities for residents and visitors. These events also help to educate visitors and residents about significant people in Hawai'i's history, focusing on the Hawai'i ali'i, and have the potential to drive demand at key times throughout the year and throughout the state.

- Goals for the program include: *maintaining a minimum of five (5) signature Native Hawaiian festivals/events for the State including at least one (1) activity per county despite reduction in available*

private sector sponsorship dollars; strengthen integration of these signature events with Hawai'i's festivals and events post-arrival campaign and with Hawai'i's pre-arrival messaging; work towards reduction of HTA funding for ongoing activities in 2012 and beyond; increase partnerships between Hawai'i's visitor industry and these events; create a venue through celebration to bring together a mix of visitors and residents for cultural exchange and enjoyment; build these events into successful programs that can educate the community and visitors through celebration of the host culture of Hawai'i; facilitate a collaborative effort between the existing events to maximize on a variety of opportunities; encourage a structured and official body made up of these events to collaborate on potential opportunity.

Included are the following events:

- **Prince Kūhiō Celebration** held annually in March, to honor a noted Hawaiian prince for his many achievements and contributions;
- **King Kamehameha Celebration** held each June, in commemoration of Hawai'i's first monarch, King Kamehameha I;
- **Prince Lot Hula Festival** held in July, a non-competitive hula event that includes hālau (hula schools) from Hawai'i and abroad;
- **Aloha Festivals** held from August through October, a long standing event that celebrates the Hawaiian culture through various activities and events on all major islands; and
- **Merrie Monarch Hula Festival** held in April in Hilo on the island of Hawai'i, often noted as the premier hula festival in the world.

**Assumptions:**

The program operates under the following beliefs and constraints:

- The Hawaiian culture is unique to Hawai'i and distinguishes Hawai'i from our sun, sand and surf competitors. It is key to Hawai'i's brand and destination value. As such, ongoing discussions emphasize the need to help preserve and perpetuate the Hawaiian culture for future generations.
- Studies, including the HTA's marketing effectiveness study analyzing various attributes of a destination and their importance in decision-making of potential visitors, identify unique history and culture as important to a destination's attraction and appeal.
- HTA is assisted by a group of Hawaiian cultural practitioners and experts who serve in an advisory capacity to staff (called the Hawaiian Cultural Program Advisory Council or HCPAC).
- Festivals and Events like these are a recognized form of low-impact tourism activity which provides a unique and special experience that enriches both our residents' quality of life and our visitors' Hawai'i experience. They contribute to reinforcing pride in a community while also providing opportunities that contribute and generate economic benefits.
- These events provide our visitors with memorable, real lifetime and interactive experiences that draw visitors to the State, and positively impact visitor satisfaction.
- Partners include members of the HCPAC; Aloha Week Inc, dba Aloha Festivals; Big Island RC&D Council; TRI – Isle RC&D Council, Inc; Kaua'i Museum, LTD; Hawai'i Maoli; Moanalua Gardens Foundation, Inc; King Kamehameha Celebration Commission; Merrie Monarch Festival.

**Listing of 2011 Funded Projects/Programs/Initiatives:**

Organization	Project Title	Award or Budget
Aloha Week Hawai'i, Inc.	Aloha Festivals	\$150,000
Big Island RC&D Council	Hawai'i Island Festival-30 Days of Aloha	\$20,000
Hawaii Maoli	Prince Kuhio Celebration	\$45,000
King Kamehameha Celebration Commission	King Kamehameha Celebration	\$110,000
Moanalua Gardens Foundation, Inc.	Prince Lot Hula Festival	\$45,000
The Merrie Monarch Festival	Merrie Monarch HD TV Upgrade	\$45,000

Tri-Isle RC &D Council, Inc.	Festivals of Aloha, Maui Nui Style	\$40,000
TBD	Aloha Week Kaua'i Style	\$20,000
	Total	\$475,000

**KPIs:**

<ul style="list-style-type: none"> <li>• Collaboration of the organizations in some formal way to maximize the potential of their collective and individual programs.</li> </ul>
<ul style="list-style-type: none"> <li>• Leverage TAT funds on a minimum 1:1 basis overall with other funds and resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Ability of the organization to be self sufficient in the future</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain resident and visitor appreciation with Hawaiian culture events.</li> </ul>
<ul style="list-style-type: none"> <li>• HTA's ability to successfully develop marketing campaigns to draw visitors to these events.</li> </ul>
<ul style="list-style-type: none"> <li>• Meeting the goals of the State Tourism Strategic Plan: 2005-2015 (TSP); HTA Strategic Plan; and the Hawaiian Culture Initiative Action Plan.</li> </ul>

Challenges include decreased available private sector funding, and sufficient organizational capacity to operate the activities of some events remain the major challenge for organizations.

**3) Native Hawaiian Hospitality Association (NaHHA) (\$325,000)**

In line with an identified need in the TSP, the HTA provides capacity building support for the Native Hawaiian Hospitality Association (NaHHA). Funds under this program area are also used to implement recommendations from the Hawaiian Culture Initiative Action Plan developed by NaHHA for the HTA that support Hawaiian cultural preservation.

- Goal for this program include: continuing to build the partnerships necessary to accomplish the goals in the Hawaiian culture initiative of the TSP; encourage the community and the industry to play a role in accomplishing these goals, and more specifically, the goals within NaHHA's Hawaiian Culture Initiative Action Plan; create impact in the community and in the industry to begin a movement to bridge the Hawaiian community and the visitor industry; support NaHHA's growth towards organizational self-sufficiency and independence by build a strategy for the organization to attain a variety of funding sources; assist HTA in creating material to support those who market Hawai'i around the world, including HTA's marketing partners; gather statistical information which will act as an assessment on the accomplishments and shortfalls of the community and the industry in accomplishing the goals within NaHHA's Hawaiian Culture Initiative Action Plan.

**Assumptions:**

The program operates under the following beliefs and constraints:

- The TSP points to NaHHA as one of the key lead agencies to move efforts forward to address the goal and objectives of the Hawaiian Culture Initiative.
- It recognizes that NaHHA continues to require support in building its organizational structure to gain the ability to serve as a leader in this area.
- NaHHA must bridge the gap between the Hawaiian community and the visitor industry.

Organization	Project Title	Funds Awarded
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Native Hawaiian Hospitality Association	Hawaiian Culture Program Initiative	\$325,000
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**KPIs:**

<ul style="list-style-type: none"> <li>• NaHHA's ability to complete their work-plans, specifically in the areas of building community awareness of the Hawaiian culture initiative of the TSP and of their organization; assisting HTA; and in gathering information on the progress of their Hawaiian Culture Initiative Action Plan.</li> </ul>
<ul style="list-style-type: none"> <li>• NaHHA's ability to demonstrate the impact that they have on the success of the initiative.</li> </ul>
<ul style="list-style-type: none"> <li>• The impact of NaHHA's work on the community and the industry</li> </ul>
<ul style="list-style-type: none"> <li>• Ability of the organization to be self sufficient in the future</li> </ul>
<ul style="list-style-type: none"> <li>• Meeting the goals of the State Tourism Strategic Plan: 2005-2015 (TSP); HTA Strategic Plan; and the Hawaiian Culture Initiative Action Plan.</li> </ul>

Challenges include the ongoing disconnect between the Hawaiian community and the visitor industry.



### Brand Management: Safety & Security

2011 Budget	
Visitor Aloha Society of Hawai'i	\$240,000
Visitor Aloha Society of Kaua'i	\$65,000
VASH Maui	\$65,000
Visitor Aloha Society of Hawai'i Island	\$120,000
Total	\$500,000

#### Overview:

The HTA is a support entity to help advance this initiative and is committed to assisting other lead agencies and organizations responsible for ensuring that Hawai'i continues to be a safe and secure visitor destination. Under HRS 237D-6.5 (b)(2), HTA is required to spend .5% of the Tourism Special Fund for Safety and Security.

#### Listing of Projects/Programs/Initiatives:

- **Crisis Management.** The HTA collaborates with state and county civil defense agencies, visitor industry businesses and associations, and federal emergency agencies to plan for, and discuss potential crisis/emergency scenarios that could affect visitors while vacationing in Hawai'i, as well as identify ways for increased partnership and preparedness in mitigating disasters and providing assistance to Hawai'i's visitors.
- **Visitor Assistance Programs.** When visitors in Hawai'i are affected by crime and other adversities, Hawai'i's hospitality is exemplified by the Visitor Assistance Programs (VAP) available in each county. These agencies, along with volunteers and a wide network of partner organizations, offer assistance in many forms, including guidance and support, gift certificates and restaurant coupons, amenity bags, lodging and airline assistance, and counseling and bereavement services.

Each year, VAP staff and volunteers assist with more than 1,000 cases on all major islands. VAP is funded by the HTA with additional support provided by the visitor industry, as well as through donations from appreciative visitors and their families.

#### HTA VAP Contracts:

Visitor Aloha Society of Hawai'i (Oahu) - \$240,000  
Visitor Aloha Society of Kaua'i - \$65,000  
VASH Maui (Maui County) - \$65,000  
Visitor Aloha Society of Hawai'i Island - \$130,000 (2 offices, Hilo and Kona)

#### Program Performance Measures:

- Increase in in-kind industry support
- Increase in number of volunteers and volunteers with various expertise (i.e. foreign speaking)
- Increase in alternate funding sources (non-HTA)
- Percentage of volunteers who stay connected to VAP every year is high
- Volunteer training and recognition programs are in place
- Favorable visitor feedback
- Favorable industry and community feedback
- Positive media coverage
- Increasing community support and donations, i.e. restaurant certificates, donated services, etc.

**Brand Management: Workforce Development**

2011 Budget	
Total	\$200,000
Academy of Hospitality and Tourism (AOHT) Program	\$80,000
Curriculum development of a Hawai'i based/themed hospitality education program for Hawai'i's youth and training of DOE teachers and counselors	\$120,000

**Overview:**

Workforce Development is one (1) of the nine (9) initiatives of the *Hawai'i Tourism Strategic Plan: 2005-2015 (TSP)* and its goal is, "To ensure a sufficient and highly-qualified workforce that is provided with meaningful careers and advancement opportunities." The HTA, identified as a supporting agency for this initiative in the TSP, works as a facilitator/coordinator to bring together all stakeholders to optimize their contributions and collaborative efforts in achieving the common goal.

**Assumptions:**

- As the economic recovery progresses, the unemployment rate is expected to decline.
- The current workforce lacks consistent understanding and practice of Hawaiian culture, values and hospitality, the key elements that differentiate Hawai'i from other tourist destinations. Collaboration with NaHHA to provide training in this area is desired.
- The current workforce needs to be prepared to serve visitors from emerging markets such as Korea and China.
- Hawai'i lacks a K-12 streamlined/standardized hospitality education program/curriculum that is relevant to Hawai'i's tourism workforce needs and has continuity to a post-secondary education program locally.
- Stronger partnership and collaboration is needed among education/training institutions and the industry.

**Listing of 2011 Funded Projects/Programs/Initiatives:**

- Academy of Hospitality and Tourism Program
- Curriculum Development of a Hawai'i based/themed hospitality education program for Hawai'i's youth and training of DOE teachers and counselors

**Top 2011 initiatives:**

- Academy of Hospitality and Tourism (AOHT) Program  
HTA Funding: \$80,000

This program encourages high school students to take hospitality and tourism classes, participate in tourism-related enrichment activities, and gain hands-on experiences in the tourism field that will prepare them for entering Hawai'i's hospitality and tourism industry workforce and/or continuing post-secondary educational endeavors relating to the industry. Currently, six (6) schools follow a curriculum developed by the National Academy Foundation (NAF) and two (2) schools use a self-developed curriculum.

**Key Performance Indicators**

# of part time jobs and/or internships acquired	# of seniors intending to work in the tourism industry after graduation	# of seniors intending to major in Hospitality & Tourism
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- Curriculum Development of a Hawai'i based/themed hospitality education program for Hawai'i's youth and training of DOE teachers and counselors  
HTA Budget: \$120,000

HTA envisions an educational model that combines all of our collaborative efforts into a streamlined and continuous program starting with Hawai'i's youth to higher education students in order to create a new

and emerging workforce with the knowledge, skills and behavior that exudes the culture and aloha spirit that makes Hawai'i a unique destination. The new curriculum will have continuity from one program to another and will cultivate students' critical understanding of Hawai'i's history, Hawai'i's tourism products, Hawai'i's sustainable tourism, Hawaiian culture, values and hospitality, to be seamlessly in line with the service standards and culture that the current workforce strives to achieve.

Training of DOE teachers and counselors on this new program/curriculum and on the hospitality and tourism industry in general is essential to help them see tourism as a viable career option when they provide career advice to the students and to ensure a quality delivery/implementation of the new education program at participating schools.

**Key Performance Indicators**

curriculum is recognized and endorsed by the DOE, the UH, the industry, and the Hawaiian community	# of teachers and counselors to be trained	the pre-and post-training surveys to show positive results	# of programs/presentations developed/implemented at the schools as a result of the training
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- Regular coordination of all stakeholders

The foundation of our industry's sustainability is the Workforce Development program. The core program creates a culture of learning which serves to educate, remind, and refresh the workforce with a background in history, culture, and traditional Hawaiian values. These combined components create our sense of place and become the Brand Experience.

The community needs basic education on how the industry interfaces with all stakeholders, the value of the industry to Hawai'i's economy, the pride that people need to continuously project as representatives of Hawai'i, and how our hospitality differentiates us from the rest of the world.

HTA will regularly coordinate and bring together the education/training providers, the industry, and other stakeholders to address workforce development issues, needs, and collaboration opportunities and to communicate all of these efforts to the local communities in order to collectively strengthen our pursuit of an authentic brand experience.

**Key Performance Indicators**

increased enrollment for UHCC hospitality programs and UHTIM	greater amount of scholarships provided by the industry to students at both DOE and college level	increased # of industry businesses participating in adopt a school program to provide mentorship, job shadowing, and internships	increased # of industry workers to be trained in Hawaiian culture and values, international culture and language, and management	improved satisfaction scores by visitors and improved survey results of resident sentiments towards the visitor industry
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## HTA Other Initiatives

The programs identified below support the major marketing area initiatives.

### **On-Line Marketing & Communication Management**

#### **HTA Website Redesign & Development**

HTA contracts with Digital Mediums, Inc. to provide website maintenance, hosting, troubleshooting and support for the agency's corporate website and four (4) micro-sites including [www.hawaiitourismauthority.org](http://www.hawaii tourism authority.org), [www.hawaiitourismauthority.org/research](http://www.hawaiitourismauthority.org/research), [www.travelsmarthawaii.com](http://www.travelsmarthawaii.com), [www.htafestivalsandevents.com](http://www.htafestivalsandevents.com), [www.hawaiitourismconference.com](http://www.hawaiitourismconference.com).

#### **Program Performance Measures:**

- Number of site hits
- Average length of time on site
- Number of areas accessed
- Increasing HTA database (opt in)

Digital Mediums is paid \$250/month for hosting services for four (4) websites. Additionally, Digital Mediums is paid \$160/hour for support work services and maintenance efforts as required.

**Budget: \$150,000**

#### **International website integration**

The international website integration efforts are for the continual improvements to the marketing contractors' content, integration, and maintenance of their respective websites in a manner that will provide for better cross-sell opportunities. This budget is provided to HVCB for these services.

Total Budget: \$1,400,000

### **Hawai'i Arts**

To showcase the diversity of the arts and culture Hawai'i has to offer, the HTA works with the HVCB to feature Hawai'i's unique arts and culture on the gohawaii.com site. The site features information on art, dance, cuisine, and festivals with ties to a comprehensive calendar listing, videos and photos of arts and cultural activities. It focuses on pre-arrival marketing and targeting potential visitors who are interested in Hawai'i's dynamic arts and culture scene.

Total Budget: \$50,000

## Island-Based International Marketing

Funds to be used for island representation activities in the international markets. This is a coordinated effort with HVCB's Islands Chapters, international contractors, and PR contractor.

Total Budget: \$800,000

### International News Bureau Services

SWAY also provides International News Bureau Services in support of international media requests to maximize global coverage for HTA and its marketing contractors and their efforts to increase outbound travel from major market areas to Hawai'i. Scope of work includes managing media inquiries, coordinating individual media visits and press trips, as well as providing support for film crews and coordinating with international contractors and island chapters to ensure opportunities and vetted requests are followed up upon and optimized for maximum effectiveness.

SWAY's services are provided by two (2) individuals, including Sonja Swenson, Senior Vice President, Travel and Tourism. Additionally, SWAY subcontracts to a.Link and works with its proprietor, Eric Takahata. In his role, Eric Takahata handles media inquiries from Japan and other Asia, including taking care of requests for information and photos, fact checking, and proposals from media asking for support with air, hotel, meals, activities, film permits and other items during their visits. Total budget is \$11,000/month, plus up to \$5,000/month for reimbursable expenses. SWAY sub-contracts with a. Link/E. Takahata for a total of \$3,141/month (of the total \$11,000/month).

Program Performance Measures (some measurement instruments are still in development):

- Positive international media coverage with story content emphasizing targeted lifestyle segments (Active, multi-generational, cuisine, culture, etc.)
- Increased number of international media contacts
- Number of media impressions
- Advertising Value Equivalency (AVE)
- Number of articles generated
- Number of media interviews given

## Opportunity Fund

To be supportive of a need to be flexible, efficient, and responsive to opportunities, the fund will be used to support the various initiatives provided in the statewide Tourism Strategic Plan; to boost expenditures and arrivals; or to support initiatives on the neighbor islands. Criteria and key performance measures are established.

Total Budget: \$3,485,000

**Other HTA Initiatives:**

**Asia-Pacific Economic Cooperation (APEC) Meeting**

To support Hawai'i as the destination for the APEC meetings in November 2011, including administrative support.

Total Budget: \$500,000

**Business Marketing**

To promote the business segment statewide by leveraging the high-profile positioning of Hawai'i as a strategically located global meeting place, such as what is being realized through APEC in Hawai'i. See attached Business Plan presentation.

Total Budget: \$1,000,000

**Tourism Conference (summit)**

To provide an event for Hawai'i's visitor industry stakeholders and the community to focus, learn, and collaborate on efforts to sustain Hawai'i's tourism economy, including the *Keep It Hawai'i* program. Last year's conference theme was entitled, "*Ao Ka Pō – A New Beginning.*"

Total Budget: \$75,000

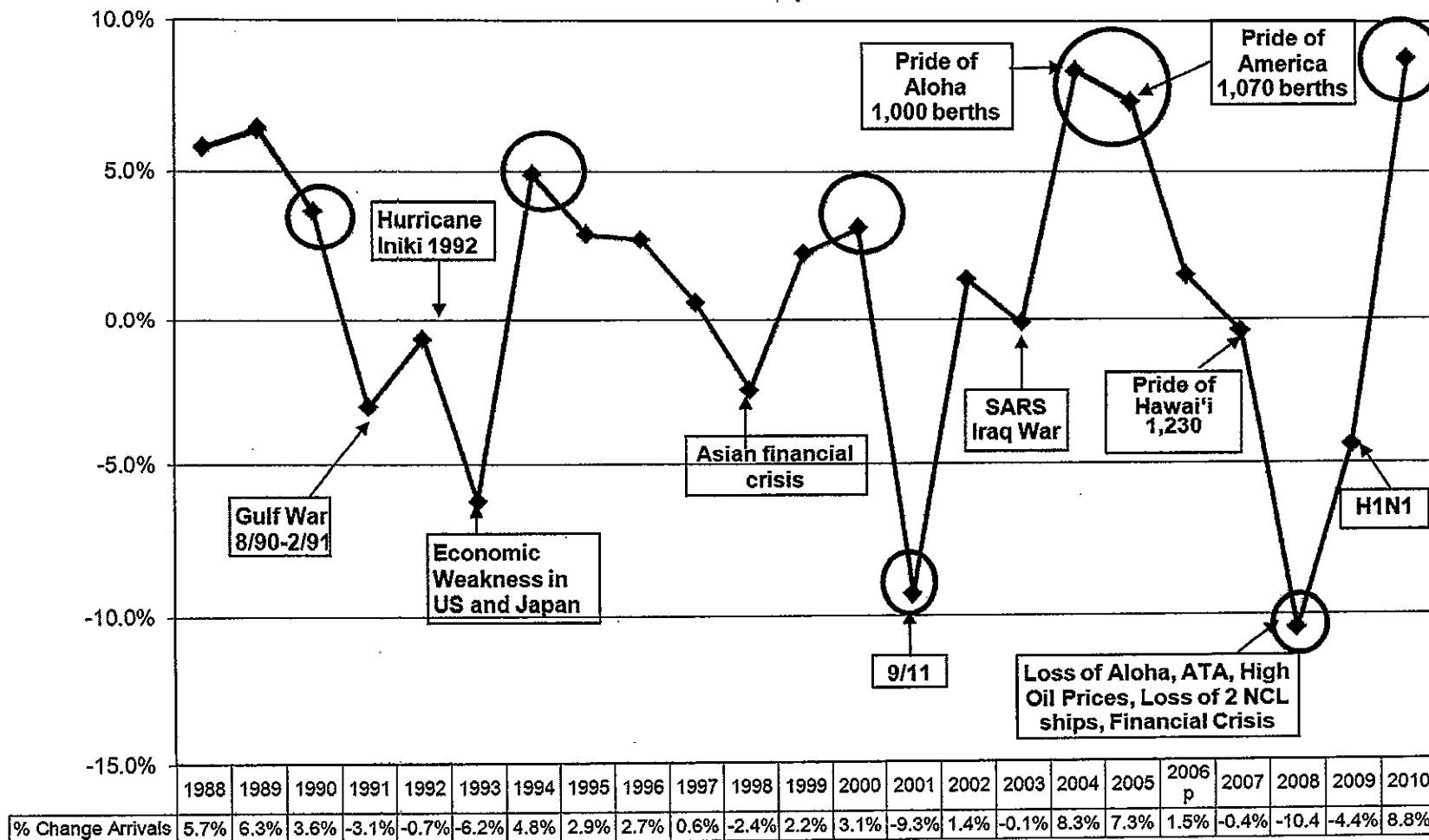
**Other Product Development**

To address opportunities and/or initiatives promoting branding experiences, such as initiatives to enrich the visitor experience and resident quality of life, and initiatives to enhance and strategically integrate programs within each county with the visitor industry through technical assistance and capacity building activities.

Total Budget: \$300,000

# VISITOR ARRIVAL HISTORY

% Change over Previous Year  
Visitor Arrivals  
1988-2010p



TAT WORKSHEET

rev. 1/13/11

	FY2004A	TAT	FY2005A	TAT	FY2006A	TAT	FY2007A	TAT	FY2008A	TAT	FY2009A	TAT	FY2010A	TAT	FY2011F	TAT	FY2012F	TAT	
<b>TAT Rate</b>	<u>7.25%</u>	<u>Pct.</u>	<u>7.25%</u>	<u>Pct.</u>	<u>7.25%</u>	<u>Pct.</u>	<u>7.25%</u>	<u>Pct.</u>	<u>7.25%</u>	<u>Pct.</u>	<u>7.25%</u>	<u>Pct.</u>	<u>8.25%</u>	<u>Pct.</u>	<u>9.25%</u>	<u>Pct.</u>	<u>9.25%</u>	<u>Pct.</u>	
Collections of 7.25%	\$ 181,848	7.25 pts.	\$ 198,774	7.25 pts.	\$ 216,996	7.25 pts.	\$ 224,931	7.25 pts.	\$ 229,378	7.25 pts.	\$ 210,614	7.25 pts.	\$ 202,161	7.25 pts.	\$ 217,339	7.25 pts.	\$ 223,441	7.25 pts.	
Act 61 additional	-	-	-	-	-	-	-	-	-	-	-	-	22,082	1.00	57,569	2.00	61,639	2.00	
<b>Total TAT</b>	<u>\$ 181,848</u>	<u>7.25 pts.</u>	<u>\$ 198,774</u>	<u>7.25 pts.</u>	<u>\$ 216,996</u>	<u>7.25 pts.</u>	<u>\$ 224,931</u>	<u>7.25 pts.</u>	<u>\$ 229,378</u>	<u>7.25 pts.</u>	<u>\$ 210,614</u>	<u>7.25 pts.</u>	<u>\$ 224,243</u>	<u>8.25 pts.</u>	<u>\$ 274,908</u>	<u>9.25 pts.</u>	<u>\$ 285,080</u>	<u>9.25 pts.</u>	
<b>TAT Allocation:</b>																			
HTA Share	<u>32.6%</u>		<u>32.6%</u>		<u>32.6%</u>		<u>32.6%</u>		<u>34.2%</u>		<u>34.2%</u>		<u>34.2%</u>		<u>34.2%</u>		<u>34.2%</u>		
Act 5 12.5% of Act 61 TAT	<u>na</u>		<u>na</u>		<u>na</u>		<u>na</u>		<u>na</u>		<u>na</u>		<u>na</u>		<u>12.5%</u>		<u>na</u>		
HTA revised share													<u>30.8%</u>		<u>29.7%</u>		<u>26.8%</u>		
HTA Share of 7.25%	\$ 59,282		\$ 64,800		\$ 70,741		\$ 73,328		\$ 78,447		\$ 72,030		\$ 69,139		\$ 74,330		\$ 76,417		
Act 5 12.5% of Act 61 TAT	-		-		-		-		-		-		-		7,196		-		
<b>TAT to HTA</b>	<u>\$ 59,282</u>	<u>2.38 pts.</u>	<u>\$ 64,800</u>	<u>2.38 pts.</u>	<u>\$ 70,741</u>	<u>2.38 pts.</u>	<u>\$ 73,328</u>	<u>2.38 pts.</u>	<u>\$ 78,447</u>	<u>2.48 pts.</u>	<u>\$ 72,030</u>	<u>2.48 pts.</u>	<u>\$ 69,139</u>	<u>2.54 pts.</u>	<u>\$ 81,526</u>	<u>2.74 pts.</u>	<u>\$ 76,417</u>	<u>2.48 pts.</u>	
General Fund Share	5.3%		5.3%		5.3%		5.3%		3.7%		3.7%		3.7%		3.7%		3.7%		
General Fund revised share													<u>14.1%</u>		<u>22.9%</u>		<u>26.5%</u>		
GF allocation from 7.25%	9,638		10,535		11,501		11,921		8,487		7,793		7,480		8,042		8,267		
Act 61 additional to GF	-		-		-		-		-		-		22,082		50,373		61,639		
<b>Subtotal</b>	<u>9,638</u>		<u>10,535</u>		<u>11,501</u>		<u>11,921</u>		<u>8,487</u>		<u>7,793</u>		<u>29,562</u>		<u>58,414</u>		<u>69,906</u>		
A																			
CCESF share of 7.25%	17.3%		17.3%		17.3%		17.3%		17.3%		17.3%		17.3%		17.3%		17.3%		
CCESF Revised share													<u>14.7%</u>		<u>12.0%</u>		<u>11.6%</u>		
CCESF Total	31,460		34,388		37,540		38,913		39,682		36,436		34,974		37,600		38,655		
CCESF limit-Convention Center	<u>31,000</u>	<u>1.24 pts.</u>	<u>31,000</u>	<u>1.13 pts.</u>	<u>31,000</u>	<u>1.04 pts.</u>	<u>33,000</u>	<u>1.06 pts.</u>	<u>33,000</u>	<u>1.04 pts.</u>	<u>33,000</u>	<u>1.14 pts.</u>	<u>33,000</u>	<u>1.21 pts.</u>	<u>33,000</u>	<u>1.11 pts.</u>	<u>33,000</u>	<u>1.07 pts.</u>	
Excess to General Fund	<u>460</u>		<u>3,388</u>		<u>6,540</u>		<u>5,913</u>		<u>6,682</u>		<u>3,436</u>		<u>1,974</u>		<u>4,600</u>		<u>5,655</u>		
B																			
<b>Total General Fund</b>	<u>10,098</u>	<u>0.40 pts.</u>	<u>13,923</u>	<u>0.51 pts.</u>	<u>18,041</u>	<u>0.60 pts.</u>	<u>17,834</u>	<u>0.57 pts.</u>	<u>15,169</u>	<u>0.48 pts.</u>	<u>11,229</u>	<u>0.39 pts.</u>	<u>31,536</u>	<u>1.16 pts.</u>	<u>63,014</u>	<u>2.12 pts.</u>	<u>75,562</u>	<u>2.45 pts.</u>	
A+B																			
Counties share % of 7.25%	44.8%		44.8%		44.8%		44.8%		44.8%		44.8%		44.8%		44.8%		44.8%		
Counties revised share													<u>40.4%</u>		<u>35.4%</u>		<u>35.1%</u>		
<b>County share \$</b>	<u>81,468</u>	<u>3.25 pts.</u>	<u>89,051</u>	<u>3.25 pts.</u>	<u>97,214</u>	<u>3.25 pts.</u>	<u>100,769</u>	<u>3.25 pts.</u>	<u>102,761</u>	<u>3.25 pts.</u>	<u>94,355</u>	<u>3.25 pts.</u>	<u>90,568</u>	<u>3.33 pts.</u>	<u>97,368</u>	<u>3.28 pts.</u>	<u>100,101</u>	<u>3.25 pts.</u>	
	<u>7.25 pts.</u>		<u>7.25 pts.</u>		<u>7.25 pts.</u>		<u>7.25 pts.</u>		<u>7.25 pts.</u>		<u>7.25 pts.</u>		<u>8.25 pts.</u>		<u>8.25 pts.</u>		<u>8.25 pts.</u>		
Counties:																			
O'ahu	44.1%	\$ 35,927	1.43 pts.	\$ 39,271	1.43 pts.	\$ 42,871	1.43 pts.	\$ 44,439	1.43 pts.	\$ 45,318	1.43 pts.	\$ 41,611	1.43 pts.	\$ 39,941	1.47 pts.	\$ 42,939	1.44 pts.	\$ 44,144	1.43 pts.
Maui	22.8%	18,575	0.74 pts.	20,304	0.74 pts.	22,165	0.74 pts.	22,975	0.74 pts.	23,430	0.74 pts.	21,513	0.74 pts.	20,650	0.76 pts.	22,200	0.75 pts.	22,823	0.74 pts.
Kaua'i	14.5%	11,813	0.47 pts.	12,912	0.47 pts.	14,096	0.47 pts.	14,612	0.47 pts.	14,900	0.47 pts.	13,681	0.47 pts.	13,132	0.48 pts.	14,118	0.48 pts.	14,515	0.47 pts.
Hawai'i	18.6%	15,153	0.60 pts.	16,563	0.60 pts.	18,082	0.60 pts.	18,743	0.60 pts.	19,114	0.60 pts.	17,550	0.60 pts.	16,846	0.62 pts.	18,110	0.61 pts.	18,619	0.60 pts.
	<u>100.0%</u>	<u>\$ 81,468</u>	<u>3.25 pts.</u>	<u>\$ 89,051</u>	<u>3.25 pts.</u>	<u>\$ 97,214</u>	<u>3.25 pts.</u>	<u>\$ 100,769</u>	<u>3.25 pts.</u>	<u>\$ 102,761</u>	<u>3.25 pts.</u>	<u>\$ 94,355</u>	<u>3.25 pts.</u>	<u>\$ 90,568</u>	<u>3.33 pts.</u>	<u>\$ 97,368</u>	<u>3.28 pts.</u>	<u>\$ 100,101</u>	<u>3.25 pts.</u>

2011F & 2012F per HTA forecast 1-13-11



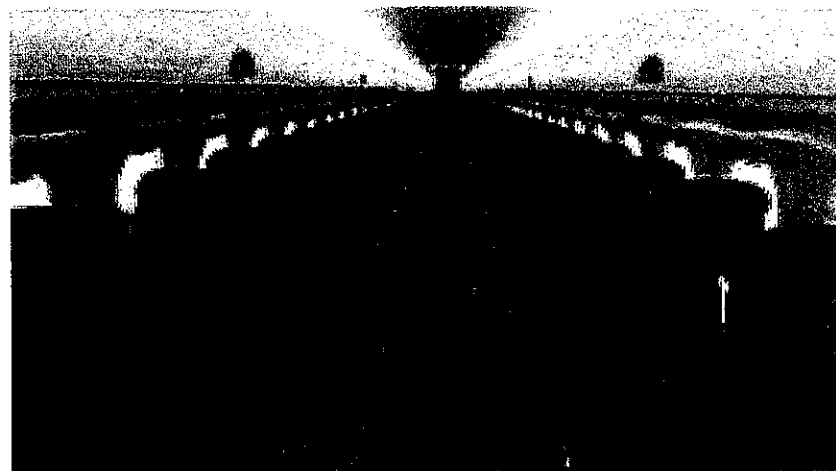
# AIRLIFT OVERVIEW

## • Seat Inventory Overview

Scheduled Air Seats									
2002 - 2010									
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TOTAL</b>	<b>8,252,306</b>	<b>8,557,770</b>	<b>9,317,245</b>	<b>10,023,606</b>	<b>10,360,886</b>	<b>10,190,698</b>	<b>9,162,013</b>	<b>8,676,773</b>	<b>9,190,240</b>
US West	4,640,094	4,987,951	5,295,351	5,756,866	6,323,008	6,301,206	5,622,071	5,346,752	5,745,356
US East	821,464	963,693	1,281,642	1,415,379	1,243,016	1,098,866	1,048,333	894,638	923,036
Japan	1,961,733	1,785,277	1,857,465	1,970,365	1,816,797	1,851,850	1,605,128	1,597,326	1,627,513
Canada	313,773	299,419	290,725	300,182	369,886	304,393	280,375	228,838	286,492
Other Asia	78,176	94,407	103,809	126,751	130,320	140,551	137,038	164,965	154,089
Oceania	211,129	189,564	228,608	227,268	244,173	259,968	193,287	168,524	172,496
Other	225,937	237,459	259,645	226,795	233,686	233,864	275,781	275,730	281,258

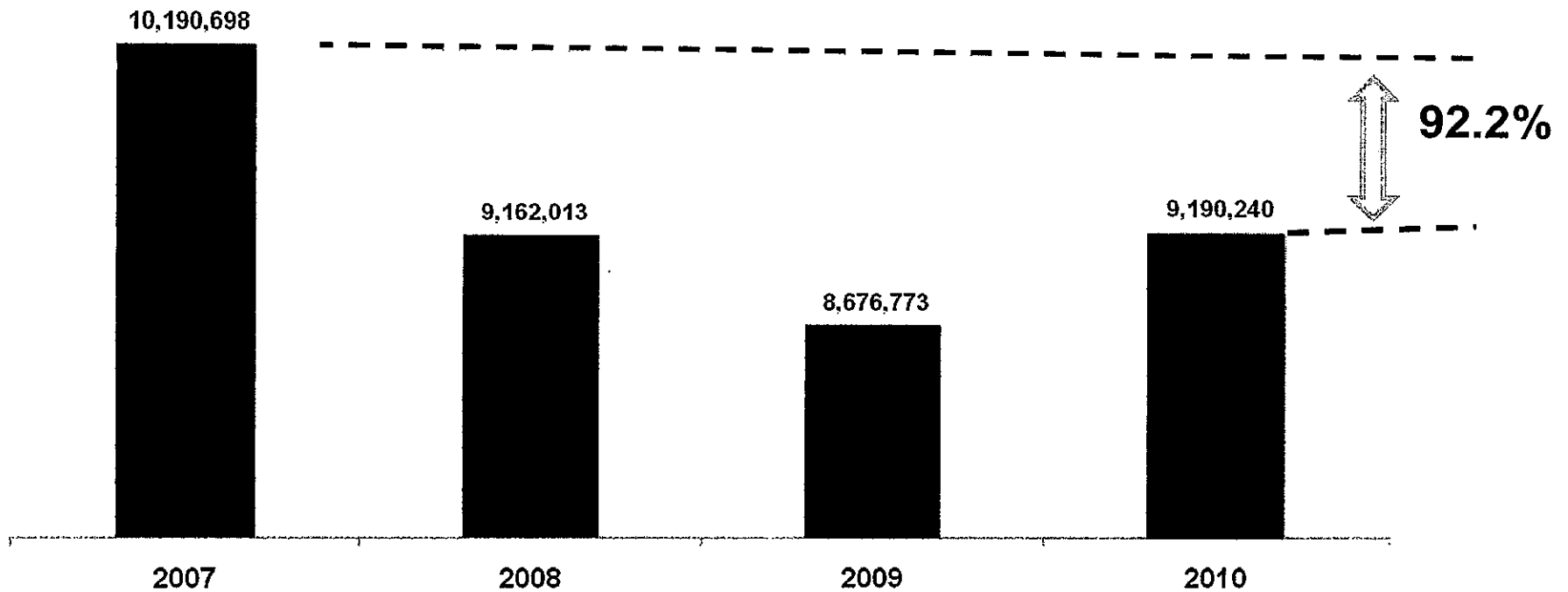
Source: HTA Scheduled Airseats  
2010 - as of December 2010 OAG

2011 TARGET	SEATS	% CHANGE
<b>TOTAL</b>	<b>9,343,362</b>	<b>1.7%</b>
US WEST	5,817,523	1.3%
US EAST	923,036	0.0%
JAPAN	1,636,536	0.6%
CANADA	286,492	0.0%
KOREA	199,028	34.7%
CHINA	19,200	N/A
OCEANIA	181,121	5.0%
OTHER	280,426	-0.3%



# AIR SERVICE TO HAWAII ON PATH TO RECOVERY IN 2010

## Total Scheduled Nonstop Air Seats



Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010.

# FIRST QUARTER 2011 AIRSEAT OUTLOOK

## Estimated 2011 Seats by Major Market Area

			Q1 %Change	2011 Targets
Oceania	44,882		+12.5%	+5.0%
Other Asia	61,429		+50.1%	+34.7% (S. Korea Only)
Canada	123,146		+4.9%	+0.0%
Other	68,571		-1.7%	-0.3%
Japan	400,850		-1.3%	+0.6%
US East	196,213		-18.6%	+0.0%
US West		1,432,683	+9.2%	+1.3%

Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010

Total Q1 Seats: +4.5%

## Bay Area Market Saturation Analysis:

The Market Saturation (Blitz) strategy was initiated in March 2009. Since its inception there has been a 9.7% increase in arrivals over the previous year and an estimated \$125 million in additional expenditures generated (see below). For 2010 alone (through November), arrivals from Northern California have increased 14.4%.

### Promotion-to-Date Economic Impact Estimates for Northern California

	Q1 '08 v. Q1 '09 % Change	Total Arrivals April '09 - Nov. '10(p)	Total Arrivals April '08 - Nov. '09	% Change	+/- Arrivals Volume	Expenditures from Additional Arrivals
Northern California						
San Francisco, San Jose, Oakland, Sacramento	-27.50%	1,070,012	975,325	9.7%	94,687	\$ 125,031,039

### Year-to-Date Economic Impact Estimates for Northern California January – November 2010

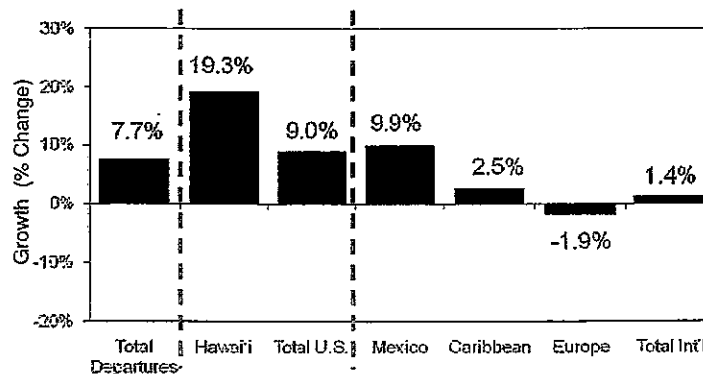
	Total Arrivals Jan - Nov, '10(p)	Total Arrivals Jan - Nov, '09	% Change	+/- Arrivals Volume	Expenditures from Additional Arrivals
Northern California					
San Francisco, San Jose, Oakland, Sacramento	603,699	527,496	14.4%	94,687	\$ 102,243,443

Source: Preliminary HTA data; 2009 MSA data is final as of 7/27/2010; Variance may occur due to rounding

In addition, when analyzing Outbound Passenger Departures, we have seen a dramatic increase in airline departures from the area when compared to the rest of the U.S. and International and particularly when compared to our international competitors Mexico, The Caribbean, and Europe (see below):

### Northern California\* Outbound Passenger Departures Year-to-Date through October 2010 vs. 2009

Northern California	Total Departures	Domestic Departures			International Departures		
		Hawaii	Total U.S.	Mexico	Caribbean	Europe	Total Int'l
2010P	22,750,586	823,537	18,990,360	522,449	54,650	1,130,564	3,760,226
2009	21,123,028	690,100	17,415,032	475,251	53,302	1,151,883	3,707,996
% Chge	7.7%	19.3%	9.0%	**9.9%	2.5%	-1.9%	1.4%



Hawaii-bound passengers (+19.3%) originating from Northern California gateway airports have increased at more than twice the rate of total passenger departures (+7.7%) from these airports thus far this year.

\* Includes "origin and destination" passengers originating from San Francisco, Oakland, San Jose & Sacramento airports.

\*\* Figure reflects impact of the 2009 H1N1 outbreak in Mexico

**HAWAII**  
Visitors & Convention Bureau

Source: Sabre ADI

**Los Angeles Market Saturation Analysis:**

The Market Saturation (Blitz) strategy was initiated in September 2009. Since its inception there has been a 4.7% increase in arrivals over the previous year and an estimated \$67 million in additional expenditures generated (see below). For 2010 alone (through November), arrivals from Southern California have increased 7.1%.

**Promotion-to-Date Economic Impact Estimates for Southern California**

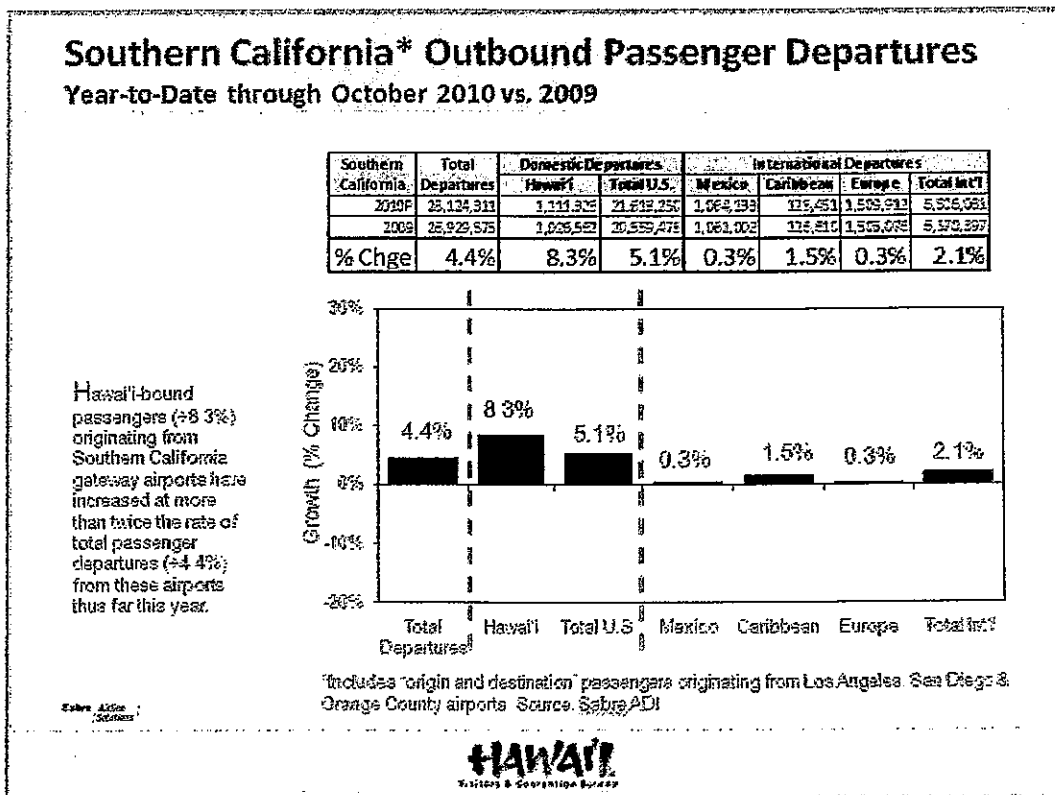
	Q1 '08 v. Q1 '09 % Change	Total Arrivals April '09 - Nov. '10(p)	Total Arrivals April '08 - Nov. '09	% Change	+/- Arrivals Volume	Expenditures from Additional Arrivals
<b>Southern California</b>						
Los Angeles, Riverside, Orange County	-24.20%	1,149,819	1,098,179	4.7%	51,639	\$ 67,078,486

**Year-to-Date Economic Impact Estimates for Southern California  
January - November 2010**

	Total Arrivals Jan-Nov. '10(p)	Total Arrivals Jan-Nov. '09	% Change	+/- Arrivals Volume	Expenditures from Additional Arrivals
<b>Southern California</b>					
Los Angeles, Riverside, Orange County	620,286	579,235	7.1%	51,639	\$ 55,183,445

Source: Preliminary HTA data; 2009 MSA data is final as of 7/27/2010; Variance may occur due to rounding

In addition, when analyzing Outbound Passenger Departures, we have seen a dramatic increase in airline departures from the area when compared to the rest of the U.S. and International, particularly when compared to our international competitors Mexico, the Caribbean, and Europe (see below):



## Seattle Market Saturation Analysis:

The Market Saturation (Blitz) strategy was initiated in October 2009. Since its inception there has been a 10.5% increase in arrivals over the previous year and an estimated \$99 million in additional expenditures generated (see below). For 2010 alone (through November), arrivals from the Pacific Northwest have increased 9.8%.

### Promotion-to-Date Economic Impact Estimates for Northern California

Pacific Northwest	Q1 '08 v. Q1 '09 % Change	Total Arrivals April '09 - Nov '10 (p)	Total Arrivals April '08 - Nov '09	% Change	+/ Arrivals Volume	Expenditures from Additional Arrivals
Seattle, Tacoma, Bremerton, Portland, Salem, Bellingham	-6.50%	794,652	719,249	10.5%	75,403	\$ 98,952,702

### Year-to-Date Economic Impact Estimates for Northern California January - November 2010

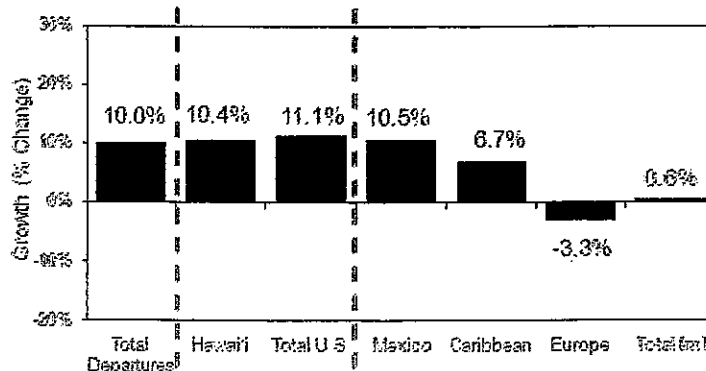
Pacific Northwest	Total Arrivals Jan - Nov, 2010	Total Arrivals Jan - Nov, 2009	% Change	+/ Arrivals Volume	Expenditures from Additional Arrivals
Seattle, Tacoma, Bremerton, Portland, Salem, Bellingham	456,059	415,238	9.8%	75,403	\$ 56,279,064

Source: Preliminary HTA data; 2009 MSA data is final as of 7/27/2010; Variance may occur due to rounding

In addition, when analyzing Outbound Passenger Departures, we have mostly held pace with the rest of the U.S., and we have seen a dramatic increase in airline departures from the area when compared to our international competitors Mexico, The Caribbean, and Europe (see below):

### Pacific Northwest\* Outbound Passenger Departures Year-to-Date through October 2010 vs. 2009

Pacific Northwest Departures	Total Departures	Domestic Departures		International Departures			Total Int'l
		Hawaii	Total U.S.	Mexico	Caribbean	Europe	
2010P	15,351,520	550,748	13,554,806	297,458	37,768	400,105	1,426,721
2009	13,859,976	525,152	12,482,456	214,973	35,336	433,599	1,477,849
% Chge	10.0%	10.4%	11.1%	10.5%	6.7%	-3.3%	0.6%



Hawaii-bound passengers (+10.4%) originating from Pacific Northwest gateway airports have kept pace with total passenger departures (+10.0%) from these airports thus far this year.

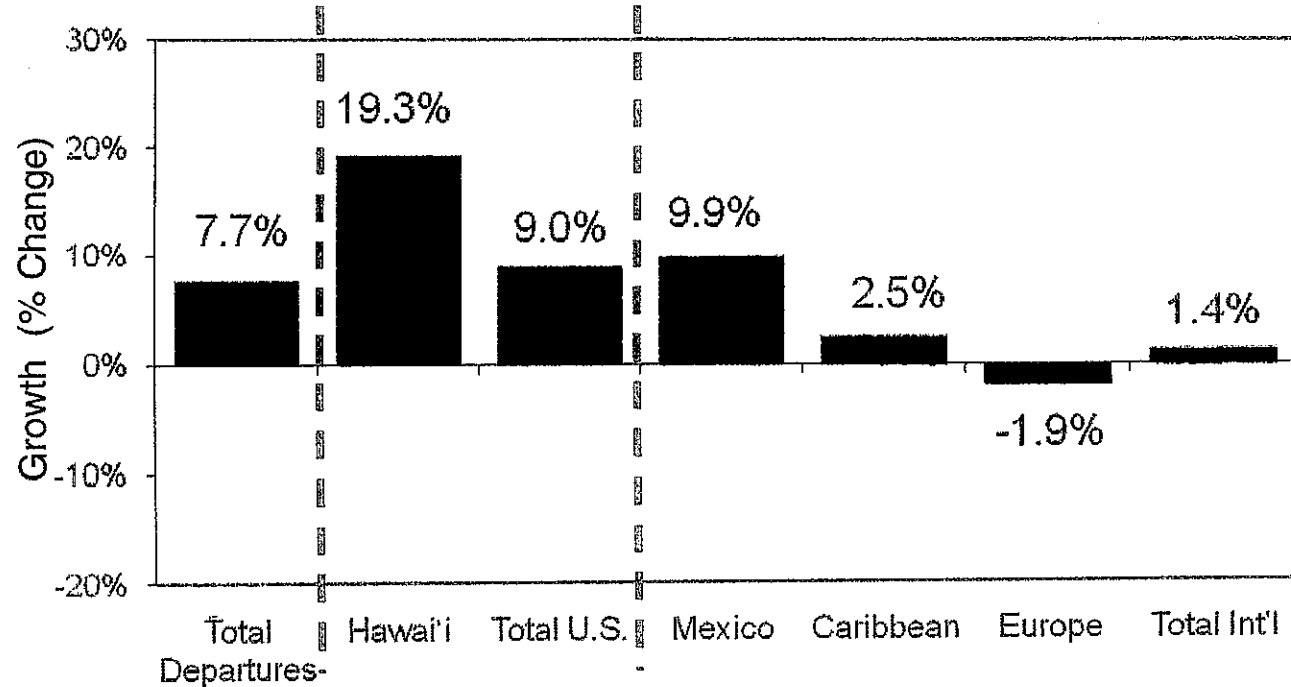
\*includes 'origin and destination' passengers originating from Seattle and Portland airports. Source: Sabre ADI



# Northern California\* Outbound Passenger Departures

## Year-to-Date through October 2010 vs. 2009

Northern California	Total Departures	Domestic Departures		International Departures			
		Hawai'i	Total U.S.	Mexico	Caribbean	Europe	Total Int'l
2010P	22,750,586	823,537	18,990,360	522,449	54,650	1,130,564	3,760,226
2009	21,123,028	690,100	17,415,032	475,251	53,302	1,151,883	3,707,996
% Chge	7.7%	19.3%	9.0%	9.9%	2.5%	-1.9%	1.4%



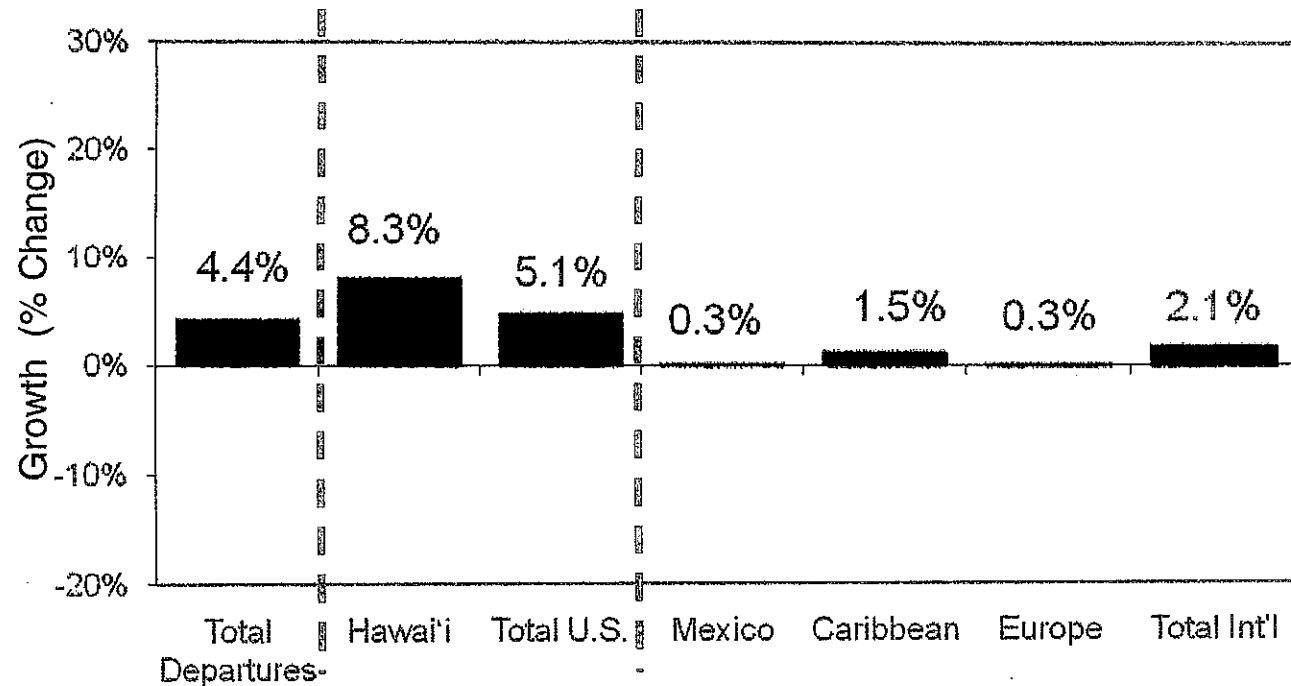
Hawai'i-bound passengers (+19.3%) originating from Northern California gateway airports have increased at more than twice the rate of total passenger departures (+7.7%) from these airports thus far this year.

\*Includes "origin and destination" passengers originating from San Francisco, Oakland, San Jose & Sacramento airports. Source: Sabre ADI.

# Southern California\* Outbound Passenger Departures

## Year-to-Date through October 2010 vs. 2009

Southern California	Total Departures	Domestic Departures		International Departures			
		Hawai'i	Total U.S.	Mexico	Caribbean	Europe	Total Int'l
2010P	28,124,311	1,111,328	21,618,250	1,064,133	128,451	1,509,912	6,506,061
2009	26,929,875	1,026,562	20,559,478	1,061,002	126,610	1,505,076	6,370,397
% Chge	4.4%	8.3%	5.1%	0.3%	1.5%	0.3%	2.1%



Hawai'i-bound passengers (+8.3%) originating from Southern California gateway airports have increased at more than twice the rate of total passenger departures (+4.4%) from these airports thus far this year.

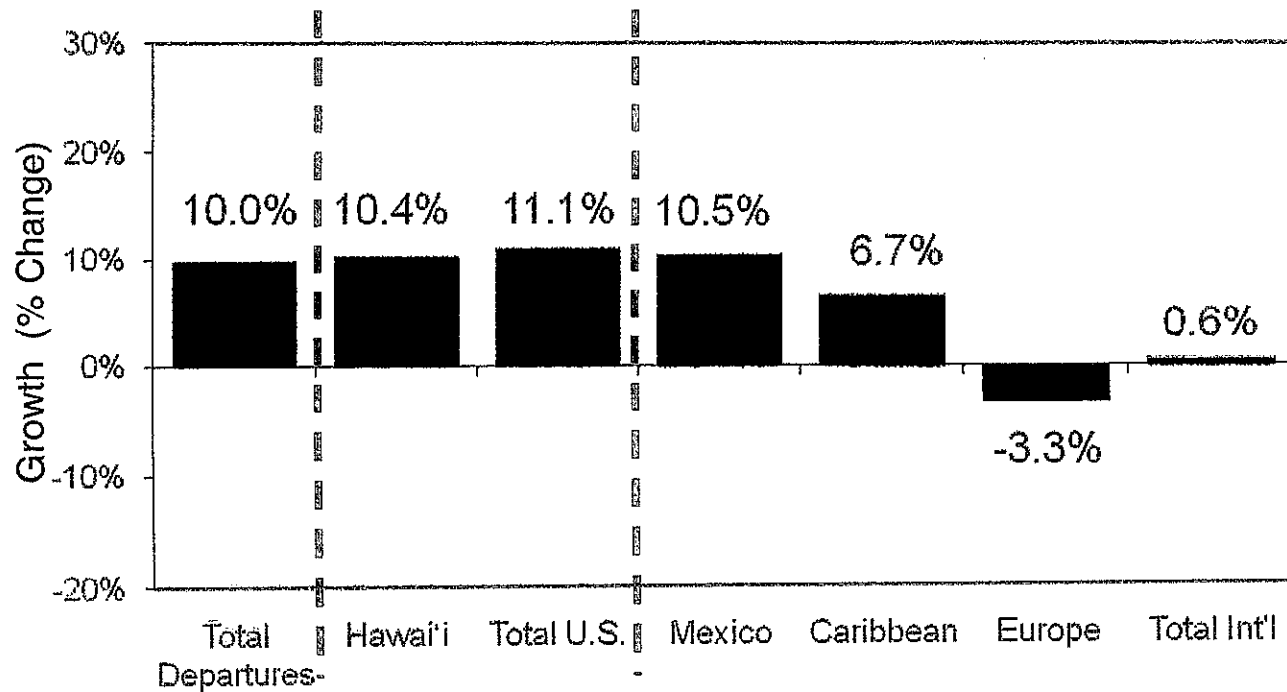
\*Includes "origin and destination" passengers originating from Los Angeles, San Diego & Orange County airports. Source: Sabre ADI.



# Pacific Northwest\* Outbound Passenger Departures

## Year-to-Date through October 2010 vs. 2009

Pacific Northwest	Total Departures	Domestic Departures		International Departures			
		Hawai'i	Total U.S.	Mexico	Caribbean	Europe	Total Int'l
2010P	15,351,520	650,748	13,864,806	237,468	37,768	400,109	1,486,714
2009	13,959,976	589,192	12,482,430	214,973	35,390	413,560	1,477,546
% Chge	10.0%	10.4%	11.1%	10.5%	6.7%	-3.3%	0.6%



Hawai'i-bound passengers (+10.4%) originating from Pacific Northwest gateway airports have kept pace with total passenger departures (+10.0%) from these airports thus far this year.

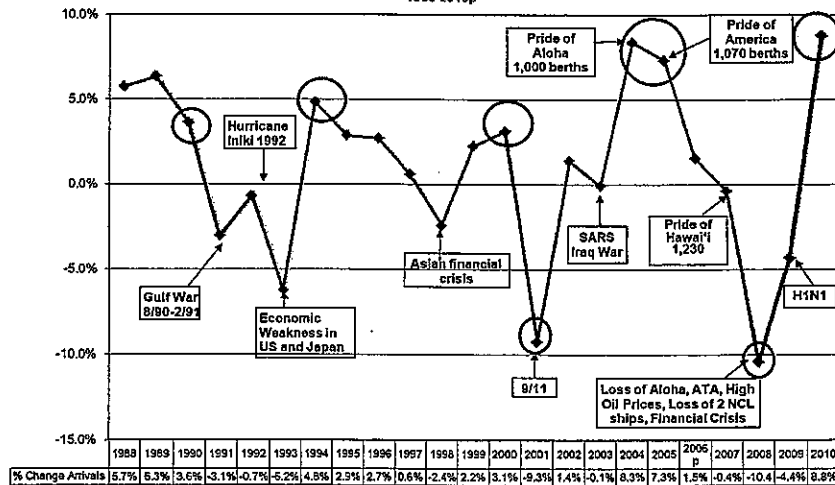
\*Includes "origin and destination" passengers originating from Seattle and Portland airports. Source: Sabre ADI.

# Presentation to Senate Committee on Tourism Senate Committee on Ways and Means

Presented by:  
Mike McCartney  
President & CEO  
Hawai'i Tourism Authority

## VISITOR ARRIVAL HISTORY

% Change over Previous Year  
Visitor Arrivals  
1988-2010p

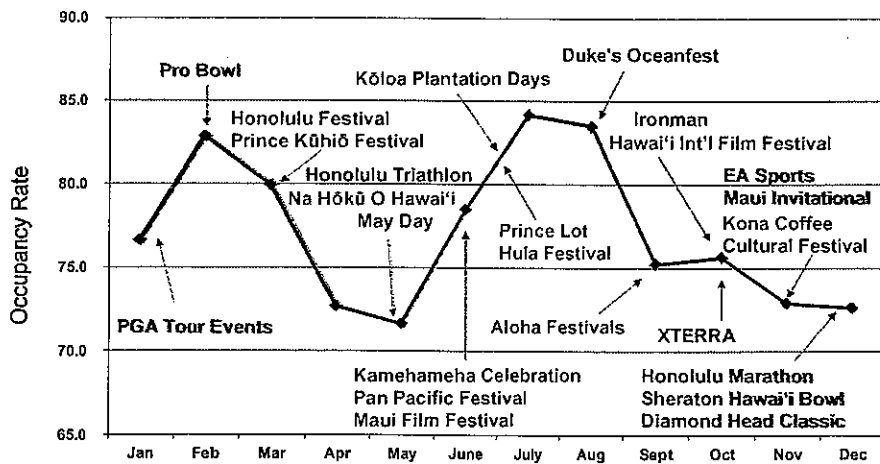


# CONVENTION CENTER BACKLOG

Year	Events	Delegates	Room Nights
2002	28	69,200	433,280
2003	40	112,198	654,683
2004	39	152,015	579,731
2005	46	176,130	700,489
2006	37	97,470	566,433
2007	39	91,765	545,208
2008	40	77,968	428,753
2009	31	94,800	628,020
2010	27	84,850	517,197
2011	20	75,678	512,198
2012	10	47,100	314,804
2013	9	47,831	323,721
2014	14	63,253	442,846
2015	8	44,000	354,920
2016	2	9,200	73,968
2017	5	30,860	248,114
2018	1	3,000	24,120
2019	3	23,660	181,338
2020	2	18,500	148,740
2021	2	9,200	73,968
2022	1	6,500	52,260
<b>TOTAL</b>	<b>102</b>	<b>463,632</b>	<b>3,268,194</b>

As of December 31, 2019

# SHOULDER PERIOD OPPORTUNITIES



# AIRLIFT OVERVIEW

## • Seat Inventory Overview

Scheduled Air Seats									
2002 - 2010									
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TOTAL</b>	<b>8,252,306</b>	<b>8,557,770</b>	<b>9,317,245</b>	<b>10,023,606</b>	<b>10,360,886</b>	<b>10,190,698</b>	<b>9,162,013</b>	<b>8,676,773</b>	<b>9,190,240</b>
US West	4,640,094	4,987,951	5,295,351	5,756,866	6,323,008	6,301,206	5,622,071	5,346,752	5,745,356
US East	821,464	963,693	1,281,642	1,415,379	1,243,016	1,098,866	1,046,333	894,638	923,036
Japan	1,961,733	1,785,277	1,857,465	1,970,365	1,816,797	1,851,850	1,605,128	1,597,326	1,627,513
Canada	313,773	299,419	290,725	300,182	369,886	304,393	280,375	228,838	286,492
Other Asia	78,176	94,407	103,809	126,751	130,320	140,551	137,038	164,965	154,089
Oceania	211,129	189,564	228,608	227,268	244,173	259,968	193,287	168,524	172,496
Other	225,937	237,459	259,645	226,795	233,686	233,864	275,781	275,730	281,258

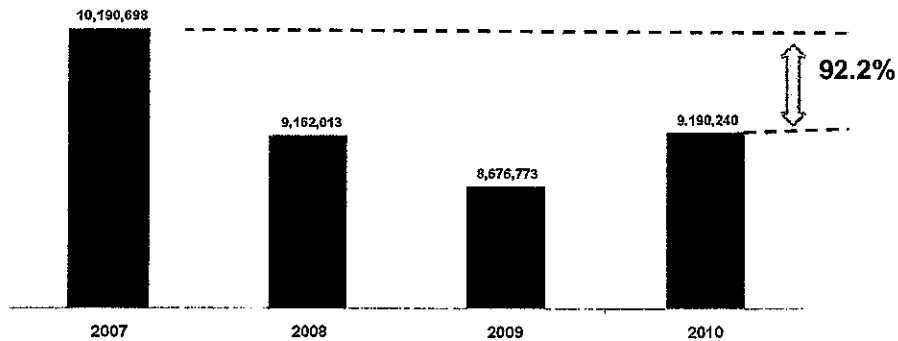
Source: HTA Scheduled Airseats  
2010 - as of December 2010 OAG

2011 TARGET	SEATS	% CHANGE
<b>TOTAL</b>	<b>9,343,362</b>	<b>1.7%</b>
<b>US WEST</b>	<b>5,817,523</b>	<b>1.3%</b>
<b>US EAST</b>	<b>923,036</b>	<b>0.0%</b>
<b>JAPAN</b>	<b>1,636,536</b>	<b>0.6%</b>
<b>CANADA</b>	<b>286,492</b>	<b>0.0%</b>
<b>KOREA</b>	<b>199,028</b>	<b>34.7%</b>
<b>CHINA</b>	<b>19,200</b>	<b>N/A</b>
<b>OCEANIA</b>	<b>181,121</b>	<b>5.0%</b>
<b>OTHER</b>	<b>280,426</b>	<b>-0.3%</b>



## AIR SERVICE TO HAWAII ON PATH TO RECOVERY IN 2010

### Total Scheduled Nonstop Air Seats



Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010.

## FIRST QUARTER 2011 AIRSEAT OUTLOOK

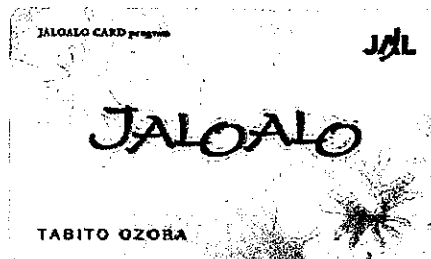
### Estimated 2011 Seats by Major Market Area

		Q1 %Change	2011 Targets
Oceania	44,882	+12.5%	+5.0%
Other Asia	61,429	+50.1%	+34.7% (S. Korea Only)
Canada	123,146	+4.9%	+0.0%
Other	68,571	-1.7%	-0.3%
Japan	400,850	-1.3%	+0.6%
US East	196,213	-18.6%	+0.0%
US West	1,432,683	+9.2%	+1.3%

Source: OAG database. Estimate based on flights on 2010 airline schedules as of December 2010

Total Q1 Seats: +4.5%

## SUPPORTING PROGRAMS



JALOALO CARD PROGRAM	
Program Period:	August 2009 - September 2012
First Year Target:	10,000 Registrants
Year One Results:	34,412 Registrants

WAKUWAKU	
Program Period:	April 2010 - April 2012
First 5 Months Results:	9,379 Participants
	High 90% Attendance Rate



## CHINA AIR SERVICE STRATEGY: BUILD TRAFFIC ON EXISTING ROUTES

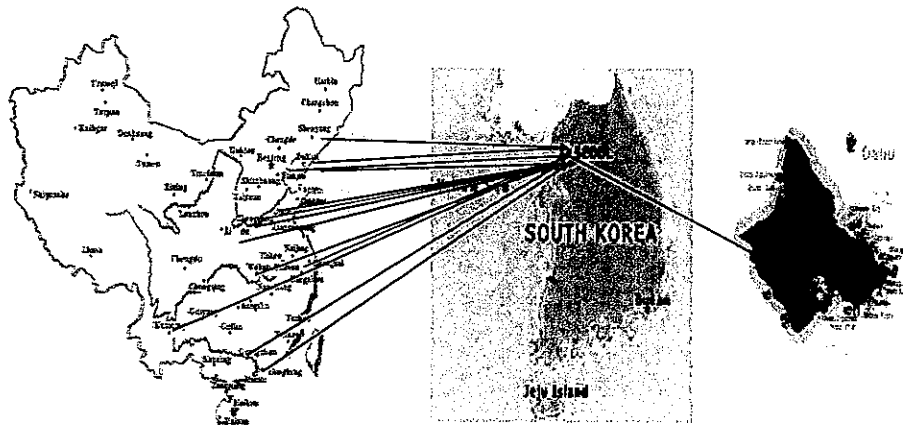
China-Hawaii O&D Passenger Demand by Gateway  
January through November 2010

Gateway	Passenger Demand	% of Total
Tokyo	62,000	62%
Seoul	24,500	31%
Nagoya	3,136	4%
Osaka	1,484	2%
Taipei	806	1%
San..	528	<1%
Los..	342	<1%
Other	341	<1%

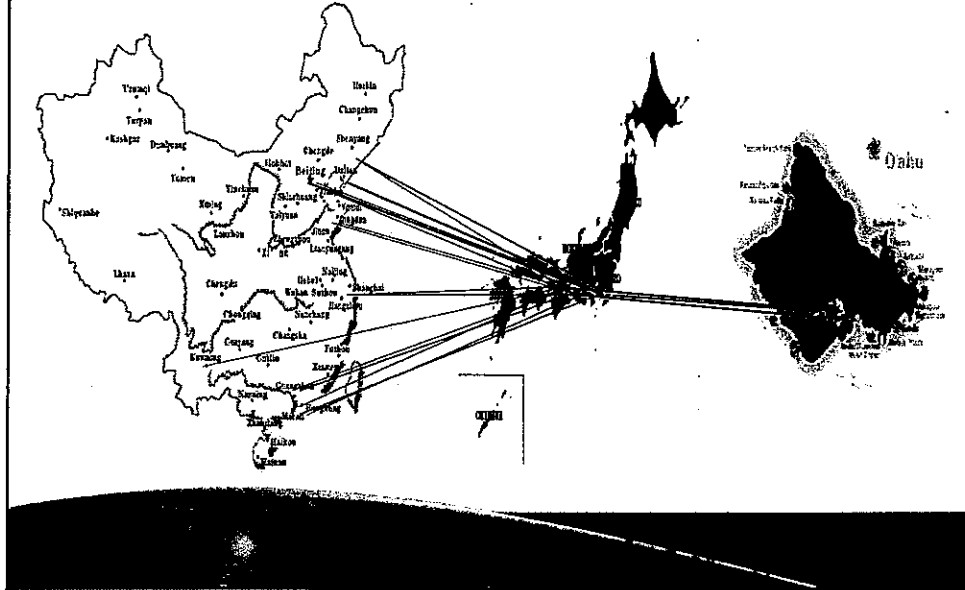
Total O&D Passengers: 79,167

Source: Sabre ADI database.

## CHINA STRATEGY VIA KOREAN AIR



## CHINA STRATEGY VIA JAPAN AIRLINES

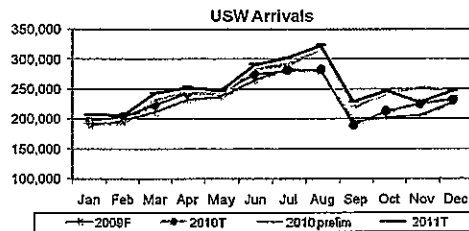


## MARKET OUTLOOK: US WEST

	2010 Target		2010 prelim		2011 Target	
		% Chng		% Chng		% Chng
Arrivals	2,800,000	3.0%	2,959,116	8.8%	3,010,434	1.7%
PPPDs	\$ 138.0	3.5%	\$ 142.3	6.8%	\$ 148.4	2.9%
Length of Stay	9.60	0.7%	9.56	-0.1%	9.55	-0.2%
Expenditures	\$ 3,724.9	7.4%	\$ 4,024.8	16.0%	\$ 4,207.0	4.5%
Days	26,992,000	3.7%	28,292,137	8.7%	28,739,615	1.6%
Airseat Capacity (Airseats)	5,129,334	-4.1%	5,731,550	7.2%	5,817,523	1.3%
Cost Per Arrival	n/a	-	\$ 5.06	-	n/a	-
Expenditure per Marketing Dollar	n/a	-	\$ 268.78	-	n/a	-

### Assumptions:

- Growth in arrivals in 1Q2011.
- Increase in new service LAX and SFO to Hilo.
- Consumer spending is limited.
- Marketing blitzes drive interest and conversion.
- Mexico, Gulf and Caribbean will be aggressive in market.

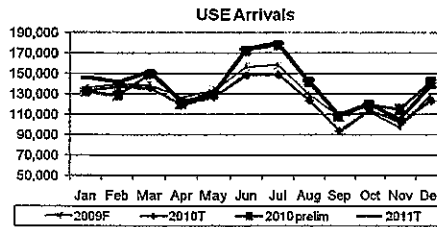


# MARKET OUTLOOK: US EAST

	2010 Target		2010 Prelim		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	1,505,000	-3.6%	1,630,857	4.4%	1,654,594	1.5%
PPPD\$	\$ 167.3	1.0%	\$ 172.4	4.1%	\$ 177.1	2.7%
Length of Stay	10.10	-2.8%	10.44	0.2%	10.44	0.0%
Expenditures	\$ 2,550.0	-5.4%	\$ 2,635.9	9.0%	\$ 3,058.0	4.2%
Days	15,245,650	-6.3%	17,029,420	4.7%	17,277,283	1.5%
Airseat Capacity (Airseats)	789,521	-11.7%	954,622	6.7%	954,622	0.0%
Cost Per Arrival	n/a	-	\$ 5.98	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 300.91	-	n/a	-

### Assumptions:

- US economy continues to stabilize – better in US East.
- Unemployment improves.
- Loss of some nonstop flights and decrease in frequency.
- Marketing blitz helps to stimulate market's pent up demand.
- Strong marketing by Caribbean.

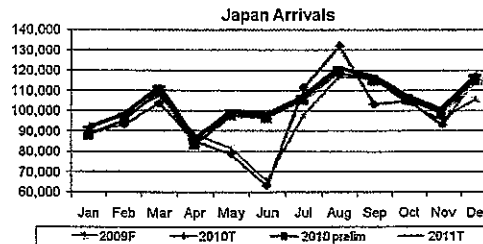


# MARKET OUTLOOK: JAPAN

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	1,175,000	0.6%	1,229,762	5.3%	1,255,605	2.1%
PPPD\$	\$ 300.0	11.6%	\$ 267.8	-0.2%	\$ 274.5	-2.5%
Length of Stay	6.00	2.9%	5.88	0.6%	5.85	-0.2%
Expenditures	\$ 2,115.0	15.8%	\$ 1,931.2	5.7%	\$ 2,017.1	4.4%
Days	7,050,000	3.6%	7,211,577	6.0%	7,348,400	1.9%
Capacity (Airseats)	1,800,000	12.7%	1,800,080	0.2%	1,616,081	1.0%
Cost Per Arrival	n/a	-	\$ 6.14	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 255.74	-	n/a	-

### Market Assumptions:

- Yen remains strong
- Airlift will increase.
- Consumer spending is limited.
- Consumer confidence down from previous spending trend (Conference Board December 7, 2010).



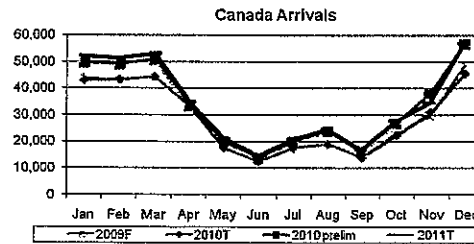


# MARKET OUTLOOK: CANADA

	2010 Targets		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	343,000	-1.0%	396,902	14.5%	406,029	2.3%
PPPD\$	\$ 138.0	-4.9%	\$ 146.8	2.7%	\$ 148.3	1.0%
Length of Stay	12.70	-0.2%	12.69	0.0%	12.67	-0.1%
Expenditures	\$ 590.6	-6.1%	\$ 739.5	17.6%	\$ 762.9	3.2%
Days	4,342,380	-1.2%	5,036,445	14.6%	5,144,542	2.1%
Airseat Capacity	244,706	6.9%	278,143	21.5%	278,143	0.0%
Cost Per Arrival	n/a	-	\$ 2.43		r/a	-
Expenditure Per Marketing \$	n/a	-	\$ 765.81		n/a	-

## Assumptions

- Economy remains stable.
- Western Canada's housing market strong.
- Unemployment is improving.
- Currency exchange rate favorable.
- Expansion of season flights from Calgary and Edmonton in Q2.
- New service from Bellingham, Washington.

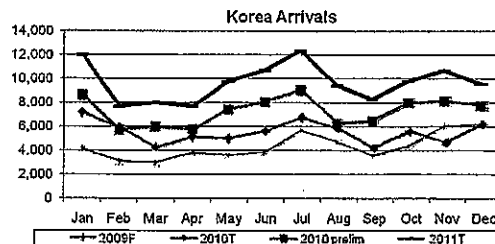


# MARKET OUTLOOK: KOREA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	66,000	28.5%	86,880	69.1%	115,225	32.7%
PPPD\$	\$ 303.0	57.0%	\$ 225.0	16.0%	\$ 247.5	10.0%
Length of Stay	5.00	-36.7%	8.01	1.4%	8.01	0.0%
Expenditures	\$ 100.0	27.7%	\$ 156.5	98.9%	\$ 228.4	45.9%
Days	330,000	-18.7%	695,753	71.6%	922,952	32.7%
Airseat Capacity (Airseats)	164,798	22.0%	147,428	9.2%	199,028	35.0%
Cost Per Arrival	n/a	-	\$ 7.72	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 233.54	-	n/a	-

## Assumptions:

- Economy remains stable.
- Won remains favorable.
- Additional air capacity.
- FIT & Family visitors on the rise.
- Expect 50% growth in MICE visitors.

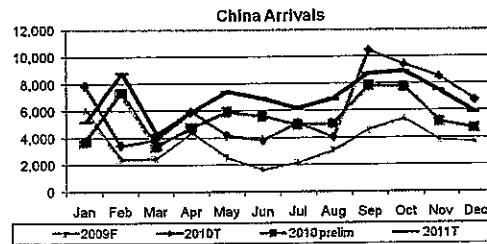


# MARKET OUTLOOK: CHINA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	73,404	75.1%	66,047	57.5%	82,146	24.4%
PPPD\$	\$ 441.0	41.3%	\$ 357.0	25.0%	\$ 367.7	3.0%
Length of Stay	5.00	-23.2%	6.10	-12.9%	6.04	-1.0%
Expenditures	\$ 161.9	76.7%	\$ 143.8	71.5%	\$ 182.4	26.8%
Days	367,020	25.0%	402,885	37.3%	486,080	23.1%
Airseat Capacity (Airseats)	19,200	-35.9%	19,200	-35.9%	19,200	0.0%
Cost Per Arrival	n/a	-	\$ 15.31	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 142.20	-	n/a	-

## Assumptions

- Economy continues to flourish.
- Additional air service from Korea and Japan.
- Hawai'i-Only packages are becoming the norm.
- U.S. Visa policies hampers Chinese visitors.
- PPPD\$ continues to grow but at a slower rate with change of type of visitor.

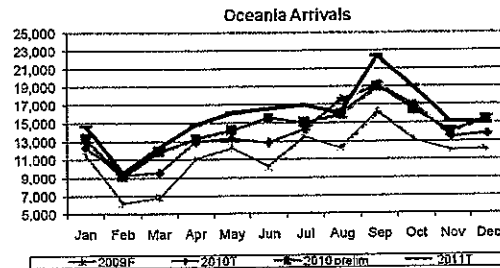


# MARKET OUTLOOK: OCEANIA

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	165,215	20.8%	172,662	28.5%	188,000	8.7%
PPPD\$	\$ 235.0	15.8%	\$ 204.0	0.5%	\$ 206.0	1.0%
Length of Stay	8.8	-4.8%	9.9	7.5%	9.9	0.0%
Expenditures	\$ 341.7	33.4%	\$ 350.3	36.7%	\$ 384.8	8.8%
Days	1,453,892	15.2%	1,717,119	36.0%	1,868,414	8.7%
Airseat Capacity (airseats)	209,767	24.5%	168,512	9.0%	177,000	5.0%
Cost Per Arrival	n/a	-	\$ 6.21	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 326.25	-	n/a	-

## Assumptions

- Economy remains stable.
- Strength of Australian dollar fosters growth in overseas vacation .
- Low unemployment rate and resurgence in commodity exports.
- Increase seats in market from Hawaiian Airlines and Air New Zealand.

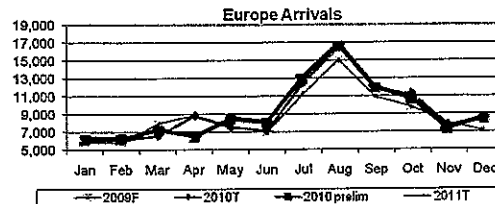


# MARKET OUTLOOK: EUROPE

	2010 Target		2010 Preliminary		2011 Target (rev)	
		% Chng		% Chng		% Chng
Arrivals	110,000	540.0%	109,245	4.6%	110,802	1.4%
PPPD\$	\$ 180.0	24.7%	\$ 176.0	22.0%	\$ 177.8	1.0%
Length of Stay	12.0	-8.3%	13.1	0.0%	13.2	0.5%
Expenditures	\$ 237.6	20.5%	\$ 251.7	27.6%	\$ 259.1	3.0%
Days	1,320,000	-3.4%	1,430,058	4.6%	1,457,690	2.0%
Cost Per Arrival	n/a	-	\$ 3.01	-	n/a	-
Expenditure Per Marketing \$	n/a	-	\$ 764.77	-	n/a	-

## Assumptions:

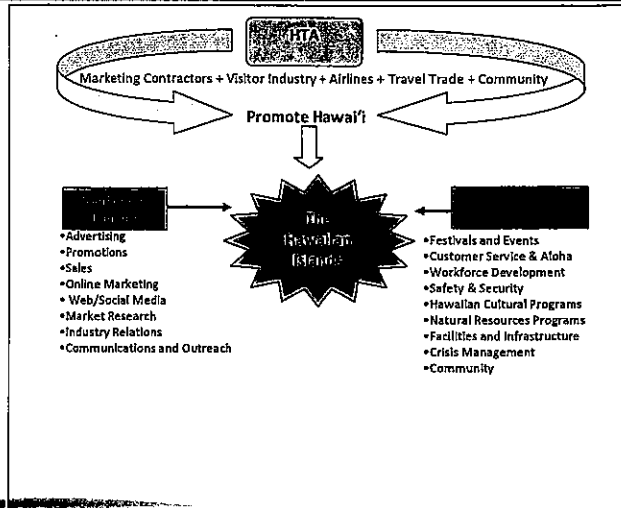
- European economy uncertain; however, UK and Germany are fairing better than the others.
- Euro exchange rate forecasted to be slightly weaker, while pound remains stable.
- Traveling closer to home.
- Strong marketing by Caribbean.



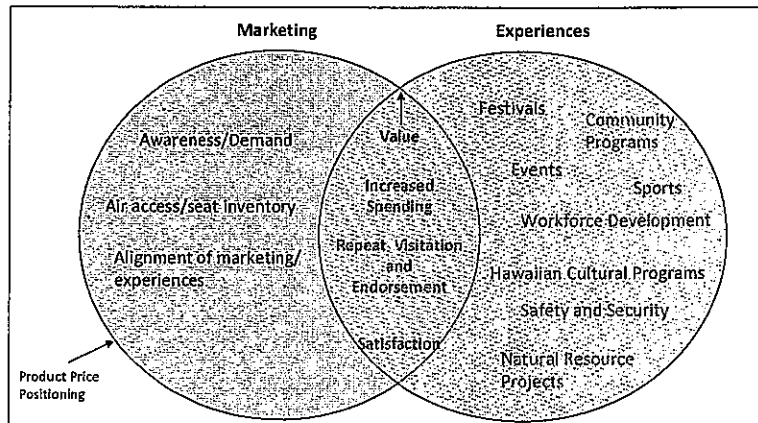
# HTA 2011 TARGETS: Visitor Arrivals

Arrivals	2010T (original)		2010 prelim		2011T-rev (1/21/11)	
		% Chng		% Chng		% Chng
<b>TOTAL</b>	<b>6,717,280</b>	<b>3.1%</b>	<b>7,084,526</b>	<b>8.7%</b>	<b>7,289,697</b>	<b>2.9%</b>
US West	2,800,000	3.0%	2,959,116	8.8%	3,010,434	1.7%
US East	1,505,000	-3.6%	1,630,857	4.4%	1,654,594	1.5%
Japan	1,175,000	0.6%	1,229,762	5.3%	1,255,605	2.1%
Canada	343,000	-1.0%	396,902	14.5%	406,029	2.3%
Other Asia	161,104	46.0%	181,721	64.6%	226,168	24.5%
China	73,404	75.1%	66,047	57.5%	82,146	24.4%
Korea	66,000	28.5%	86,860	69.1%	115,225	32.7%
Other*	21,700	26.9%	28,814	68.5%	28,797	-0.1%
Oceania	165,215	20.8%	172,962	26.5%	188,000	8.7%
Europe	110,000	5.4%	109,245	4.6%	110,802	1.4%
Other	342,961	25.2%	302,008	10.2%	319,035	5.6%
<b>TOT (AIR)</b>	<b>6,602,280</b>	<b>2.8%</b>	<b>6,982,573</b>	<b>8.8%</b>	<b>7,170,668</b>	<b>2.7%</b>
Cruise	115,000	19.0%	101,953	5.5%	119,029	16.7%

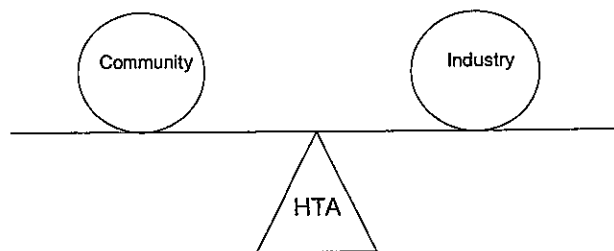
# RENAISSANCE INITIATIVE



# RENAISSANCE INITIATIVE



# RENAISSANCE OF ALOHA INITIATIVE



# RENAISSANCE INITIATIVE

- **Initiative Encompassing Integration the following Branding Experiences:**
  - Workforce Development
  - Service Culture
  - Arrival and Departure Hospitality Experience
  - Sports
  - Communication
  - County Product Enrichment Programs
  - Culture and the Arts
    - Language
    - Music
    - Hula
    - Cuisine
    - Surfing
  - Natural Resources
  - Hawaiian Culture
- **Connectivity needs to be achieved through all of these elements and embraced by the industry to optimize fulfillment of our experiences for those who choose to venture to our islands.**

## WORK FORCE DEVELOPMENT



- Vehicle for creating a service culture
- Refocus on goals
- Instill a sense of responsibility to the core values/place (Hawai'i)
- Values to be responsible towards and people to set the example

## WORKING PARTNERSHIP

- School of Travel Industry Management at the University of Hawai'i (TIM) Enrollment

- 2010	310
- 2009	346
- 2008	388
- 2007	435
- 2006	441
- 2005	462



- Hospitality & Tourism Program at the Kapi'olani Community College Enrollment

- 2010	278
- 2009	299
- 2008	292
- 2007	271
- 2006	226
- 2005	225

## ARRIVAL AND DEPARTURE EXPERIENCE

- Hawai'i's airports are not just an integral transportation system, but part of the hospitality industry.
- Majority of our visitor's first and last experiences in Hawai'i happen at the airport.
- Imperative that the overall experience conveys the spirit of Aloha.



## THANK YOU FOR VISITING ALOHA, A HUI HOU!

- Mahalo for visiting our Islands. We hope you had a pleasant time, and you return again soon. Aloha, A Hui Hou!
  - Both every half hour
  - 15 minutes after hour
  - 45 minutes after hour
  - Ticket Lobbies
  - Baggage Claim Areas
  - All Curbsides

## SPORTS

- Further diversification of sporting events needed
- Participation (spectator or participatory) needs to be pursued on all islands
- Year-round optimum climate
- Central location for international competition
- Multiple facilities on all islands



## COMMUNICATIONS

- Campaign strategy in communicating the good of the industry to the community
- Multiple vehicles and channels to deliver the message
- Must elevate the appreciation and respect for the industry's values and contributions



# OPTIMIZING HAWAIIAN EVENTS



- Positioning of events during the shoulder periods
- Alignment and integration with the industry partners
- Umbrella marketing strategy; grouping, positioning of events; and, shared resources.
- Support in funding to lead to sustainability in the future

## BRANDING EXPERIENCES 1<sup>ST</sup> QUARTER 2011

County Product Enrichment Program*	46
Hawai'i	3
Kauai'	7
Maui	1
O'ahu	2
Plus ongoing programs with various dates through the year	33
Honolulu Festival	March 11 - 13
Prince Kūhū Celebration	March
Hyundai Tournament of Champions - PGA Tour Golf	January 3-9
Sony Open in Hawai'i - PGA Tour Golf	January 10-16
Mitsubishi Electric Championship at Hualālai	January 21-23
Champions Golf Tour	
Kā'anapali Skins Game	January 27-29



January - March 2011	KAUAI'	MAUI	O'AHU
Aloha Saturdays (monthly)	Waimea Town Celebration	'āo Theater Special Events Series	First Friday Honolulu
Grown Hawaiian Festival	Waimea Heritage Days	Maui Invitational Music Festival	Night in Chinatown & Chinatown Open House
Panā'ewa Stampede Rodeo	E Pili Kākou I Ho'okahi Lāhui	Hawaiian Music Series	Narcissus Festival
Hilo Chinese New Year	Waimea Roundup Rodeo	Maui Pops Orchestra	Hawai'i Chocolate Festival
	Kauai' Orchid and Art Festival	Maui Chinese New Year	
	Prince Kūhū Celebration of the Arts		
	Kauai' Wellness Expo		

## BRANDING EXPERIENCES 2<sup>nd</sup> QUARTER 2011

<b>County Product Enrichment Program*</b>	<b>66</b>
Hawai'i	9
Kaua'i	4
Maui	7
O'ahu	13
Plus ongoing programs with various dates through the year	33
<b>Pan Pacific Festival Matsuri in Hawai'i</b>	<b>June 10 - 12</b>
<b>Maui Film Festival</b>	<b>June 15 - 19</b>
<b>Mei Mele (Incl. Na Hoko Hanohano Music Festival and Awards Program)</b>	<b>Month of May</b>
<b>Kamehameha Celebration</b>	<b>June</b>
<b>Merrie Monarch Festival</b>	<b>April 4-10</b>



April - June 2011	Kaua'i	Maui	O'ahu
Hawai'i	May Day by the Bay	Henry K. Allen Hawaiian Steel Guitar Festival	Lei Day Celebration
Hilo Inter-Tribal PowWow & Native Heritage Days	Banana Poka Roundup	North South East West Festival	Ala Moana Sunset Cinema & Dragon Boat Festival
Ka'o Coffee Festival	Kaua'i Polynesian Festival	Earth Week in 'Iao Valley	Taste of Wai'alua
Lei Day, He Mo'olelo o Na Lei	Red Clay Jazz Festival	Maui Matsuri	Hawai'i Book & Music Festival
Puna Music Festival		Kapalua Wine & Food Festival	Hawai'i's Wood show - Na Li'au o Hawai'i
Big Island Film Festival		Hawaiian Slack Key Guitar Festival - Maui Style	Lei Day Music Festival at Windward Mall
Earth and Ocean Festival at Keauhou		Maui Classical Music Festival	Earth Month in Honolulu
Kona Chocolate Festival		Celebration of the Arts	Hawai'i Food & Wine Parade
May Day/Lei Day Festival			

## BRANDING EXPERIENCES 3<sup>rd</sup> QUARTER 2011

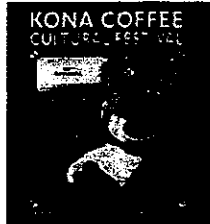


<b>County Product Enrichment Program*</b>	<b>58</b>
Hawai'i	5
Kaua'i	3
Maui	8
O'ahu	9
Plus ongoing programs with various dates through the year	33
<b>Aloha Festivals</b>	<b>August-October</b>
<b>Koloa Plantation Days</b>	<b>July 23 - 31</b>
<b>Hawai'i Food &amp; Wine Festival (tent)</b>	<b>Sept 29 - Oct 1</b>
<b>Prince Lot Hula Festival</b>	<b>July</b>
<b>Hula Town Hilo</b>	<b>September</b>

July - September 2011	KAUAI	MAUI	O'AHU
HAWAII			
Big Island Hawaiian Music Festival	Kaua'i Music Festival Songwriter Conference	Kū Māi Ka Hula	Duke's Oceanfest
Kona Portuguese Festival	Heiva I Kauai Ia Orana Tahiti	Aloha Peace Festival	'Ikiulele Festival
Hawai'i Healing Garden Festival		Lāna'i Pineapple Festival	Hawaiian Slack Key Guitar Festival - O'ahu Style
Hilo Orchid Society Show & Sale		Summer Under the Stars	Korean Festival
Mealani A Taste of the Hawaiian Range & Ag Festival		Maui Photo Festival & Workshops	Cabby Pahinui Waimānalo Kanikapila
Puna Chefs' & Farmers' Culinary Arts Festival		Na Hōkū Hou	Hale'iwa Arts Festival

# BRANDING EXPERIENCES

## 4<sup>th</sup> QUARTER 2011



County Product Enrichment Program*		51
Hawai'i		8
Kaua'i		5
Mau'i		2
O'ahu		5
Plus ongoing programs with various dates through the year		33
Hawai'i International Film Festival (incl. EuroCinema Hawai'i)	Oct. 13 - 13	
Kona Coffee Cultural Festival	Nov. 4 - 13	
Ford Ironman World Championships	October 8	
XTERRA World Championships	October 23	
EA Sport Maui Invitational	November 21-23	
XTERRA Half Marathon World Championships	December 4	
Diamond Head Classic	December 22-25	
Sheraton Hawai'i Bowl	December 24	

### October - December 2011:

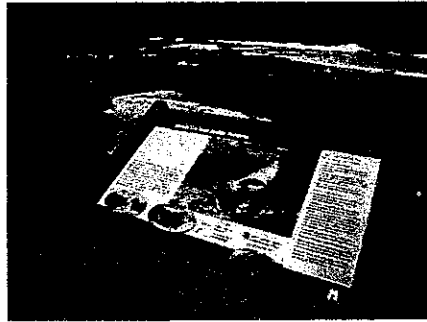
HAWAII	KAUAI	MAUI	O'AHU
Moku o Keawe International Festival	The Coconut Festival	Lahaina Plantation Days	Hawai'i Healing Garden Festival
Moku o Keawe Kapa Festival	Festival of Lights	Mau'i Ukulele Festival	Windward Ho'olaule'a
Black & White Night	Na Lima Hāna	Mau'i Pops Orchestra	Celebrate Kaimuki Kanikapila
	Hawaiian Slack Key Festival - Kaua'i Style		Hawai'i First Lego League Championship
	Eo e 'Emalani Alaka'i Festival		Hawai'i Fishing & Seafood Festival

## CULTURAL EXPERIENCES

- Language – Music – Hula - Surfing
- Complements the Brand Experience
- Expand the experiences that visitors and residents engage in
- Connection to the community
- Cuisine

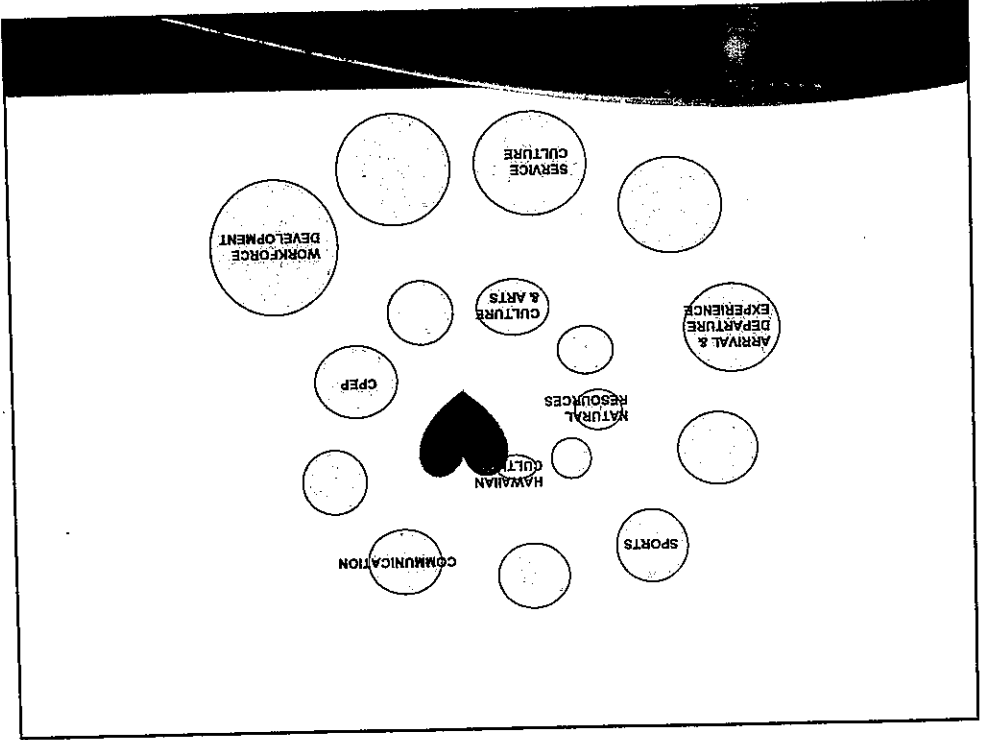
## NATURAL RESOURCES

- Authentic experiences broadening the use of our Natural Resources
- Engage and educate both the residents and industry on the proper use and care of the natural resources.
- Improved coordination and collaboration needed to leverage resources.
- "Greening of the Industry"



## HAWAIIAN CULTURE

- The variable that differentiates Hawai'i from the rest of the world.
- Must be integrated throughout the *Brand Experience*.
- Expansion of cultural festivals that pay tribute to the host culture.
- Connect these experiences to the visitor industry and communities



Good Morning Chairman Brower and members of the Tourism Committee. I am Manuel Sanchez, Marketing Director of the US operations who acts as the consultant for Full Tilt Poker.

I want to present an option that has not been discuss this morning that could increase revenues to our state by \$10,000,000.00, via a new annually license fee.

As the consultant for Full Tilt Poker (FTP) I have the authorization to speak today on their behalf. FTP is Internet Portal for Peer-to-Peer poker only. FTP has been in operations since 2004, you may recognize their name from the World Series of Poker that is televised frequently on ESPN. FTP is the second largest portal in the world with over 700, employees.

Due to the exposure that poker has received on ESPN for the past ten years, over forty states have classified poker as a game of skill and is not a game of chance. Games of chance are classified as gambling (i.e. Black Jack, Slots, Baccarat, Sports Betting, etc.), Poker, due to the fact that it is a game of skill, is not classified as gambling. FTP is requesting your assistance in considering their plan as an option and as an opportunity for the state without turning Hawaii into a mini Las Vegas.

Why Hawaii:

The time zone is the one number reason. Hawaii is in the perfect location to provide extend working hours to FTP operations. It will allow FTP's customer support teams extra hours of operations to provide enhance customer services. It allows FTP additional time to deal with our banking partners in the mainland. It also would allow us the time we would need to begin dealing with our Asian marketing. Due to the time allowed to me this morning I would like to provide you with an overview of our proposal. FTP will provide the following:

- We would create new jobs which would include IT personal, customer services agents, bookkeepers, accountant, and build a customer support center in Hawaii.
- Because FTP is Portal we will not impact any ongoing operations in the market.
- We will not impact local hotel services.
- We will not impact tourism and tour operators from continuing to sell Hawaii as primary destination.
- Under our proposal the state could continue with their plan for a land base casino, or ship gambling, and allow OHA to pursue any option available.
- **We could and would be willing to block Hawaii from participating on our site.**
- The annual license fee could provide badly needed reoccurring revenue that could be used by our state.
- From FTP gross receipts the state would benefit for additional tax in addition to the licensing fee.
- Currently the Frank bill HR 2267 has passed banking, judiciary, energy and commerce, and Home Land Security committees and is schedule to be voted sometime this year. The state of New Jersey through their state legislature voted to approve on-ling gaming. I am asking for your support to consider our proposal of allowing FTP via a licenses fee to operate in the state of Hawaii. As such we can provide assistance to those who need it the most without hurting those who can least afford it.

Thank you for your time this morning.