



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

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

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

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

Po'ahā, lā 27 o Iune, 9:30 a.m.
Thursday, June 27, 2019 at 9:30 a.m.

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

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

Papa Kumumana'o
AGENDA

1. *Ho'omaka A Pule*
Call to Order and Pule
2. *'Āpono I Ka Mo'ō'ōlelo Hālāwai*
Approval of Minutes of the May 30, 2019 Board Meeting
3. *Hō'ike Lālā*
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Hō'ike A Ka Luna Ho'okele*
Report of the CEO Relating to Staff's Implementation of HTA's Programs During May 2019
5. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
6. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*
Presentation, Discussion and Action on HTA's Financial Reports for May 2019
7. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan



8. *Hō'ike No Ke Kau 'Aha'ōlelo 2019*
Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA
9. *Hō'ike A Ke Kōmike Hokona Kūmau*
Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Approval by the Board
10. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
11. *Ho'oku'u*
Adjournment

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

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

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

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

Agenda Item

2

**Approval of Minutes of the
May 30, 2019 Board Meeting**



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1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
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REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, May 30, 2019 at 9:30 a.m.
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Richard Fried, Micah Alameda, David Arakawa, Fred Atkins, Daniel Chun, George Kam, Ku'uipo Kumukahi, Sherry Menor-McNamara, Kelly Sanders and Kimi Yuen

MEMBER NOT PRESENT:

Kyoko Kimura and Benjamin Rafter

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Marisa Yamane, Jadie Goo, Jennifer Chun, Kalani Ka'anā'anā, Chris Sadayasu, Caroline Anderson, Chael Kekona, Joseph Patoski, Laci Goshi, Leslie Centeno, Maile Carvalho, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Minami Aoki and Anda Garel

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, John Monahan, Mufi Hannemann, Teri Orton, Mari Tait, Noelle Liew, Lee Conching, Erin Khan, Malia Sanders, Miki'ala Lidstone, Monte McComber, David Baronfeld, Eric Takahata, Mitsue Varley, Julie Yang, Aldric Ulep, Edgar Palafox, Allison Schaefers, Asami Arita and Rick Egged

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Chair Rick Fried called the meeting to order at 9:30 a.m.

Chair Rick Fried began the meeting by welcoming Hawaii Tourism Authority's newest Board members, Daniel Chun and Kimi Yuen. Kalani Ka'anā'anā introduced Monte McComber to share an oli to open the meeting. Mr. McComber, cultural director of the Royal Hawaiian Shopping Center, shared the unique history of the land where the Royal Hawaiian Shopping Center and Royal Hawaiian Hotel currently stand.

2. Approval of the Minutes of the April 25, 2019 Board Meeting

Chair Fried asked for a motion to approve the minutes of the April 25, 2019 Board Meeting. George Kam so moved and Ku'uipo Kumukahi seconded the motion, which was approved by all members present.

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

Chair Fried asked for the members of the Board to report of any permitted interactions, and there were none to report. Ms. Kumukahi noted that the cultural section of HTA has met with other sections of the community to look at what everyone is doing so that HTA and the rest of the community are on the same page.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During April 2019

Chair Fried acknowledged HTA CEO Chris Tatum to provide an update. Mr. Tatum said that the plan moving forward will be to focus on investing in community, natural resources and Hawaiian culture, and keeping the Board informed.

Mr. Tatum then introduced Mufi Hannemann, President and CEO of Hawai'i Lodging and Tourism Association, and John Monahan, President and CEO of Hawai'i Visitors and Conventions Bureau, to provide an update on the Los Angeles Rams preseason game at Aloha Stadium. Mr. Hanneman and Mr. Monahan discussed the importance of the Los Angeles Rams' engagement with the local community and stated that the Rams would host a football clinic at 'Iolani School on June 14th and 15th. Mr. Hanneman stated the Rams selected 'Iolani School due to the teams' needs, which included use of the school's gymnasium and parking. He explained the clinic will be limited to eight high school teams, and that the schools participating in the clinic include, among others, St. Louis, Kahuku, Mililani, Waipahu, Hilo, Lahainaluna and Kapa'a. He stated that the clinic will also include a two-part Cheer Camp. Mr. Hanneman also explained that the "Cleats for Character" program selected Farrington High School to have University of Hawai'i graduate and former L.A. Rams' linebacker Pisa Tinoisamoa to lead participants in a discussion on the values of good character through sports and academics.

Mr. Hannemann stated that community engagement positively impacts local communities. He stated, as an example, that the Lotte Championship identified and engaged with four local public high schools and had those schools' top golfers play in a Pro-Am event. He also noted that the Pro-Am footage, taken by students from Waianae High School, aired on the Golf Channel. The Lotte Championship also monetarily contributed to early college programs and media programs.

Mr. Monahan added that the Dallas Cowboys will also be engaging in community groups, focusing on the military and middle schools. Mr. Tatum noted that one of the Cowboys is from Hawaii. Mr. Monahan said that John Johnson is a safety for the Los Angeles Rams and he will be coming at the same time as the football clinics. Fred Atkins asked whether there were any opportunities for other schools to participate, such as auditorium presentations. Mr. Hannemann said that they could incorporate coaches and staff from other schools to get them involved in that way. He said that may be a benefit for a Leeward Coast team. Mr. Monahan said that the Rams will be here in June but that the Cowboys will be coming closer to the date of the preseason game.

Rick Egged was introduced to discuss the Waikiki Improvement Association. Mr. Egged said that Mr. Tatum had approached him to see what could be done to give back, and they had focused on the Sunset on the Beach event. It has mostly been financed by CBS for Hawaii 5-0. Southwest Airlines also wanted to do something for the community and they had agreed with Sunset on the Beach. Mr. Tatum said that this is something that HTA can do and it will be enhanced by the resources Southwest Airlines can provide. He said that there was great turnout and Southwest Airlines created activities. There were approximately 3,000 people in attendance, with predominantly locals participating. There are a total of seven events planned including a September 7th partnership with Aloha Festivals and musical performances.

Chair Fried then introduced Miki'ala Lidstone, Executive Director of the Ulu A'e Learning Center. Mr. Ka'anā'anā shared that Ulu A'e Learning Center is one of the programs supported through HTA's community enrichment. Ms. Lidstone shared information regarding the Kapu'uola hula festival, scheduled for June 21 and 22, 2019. Ms. Lidstone shared her knowledge and experiences regarding restoring Pu'u 'o Kapolei, an important historical landmark within the ahupua'a, and engaging with high schools and other volunteers to remove waste from the site. Ms. Lidstone added that her efforts to restore Pu'u 'o Kapolei coincided with strengthening a sense of place in Kapolei. Ms. Lidstone stated presently, Ulu A'e is contracting with an archeologist to submit an application for Pu'u 'o Kapolei for the State's historic registry. Ms. Lidstone also thanked HTA for presenting workshops, which has helped Ms. Lidstone raise attendance at events.

Mr. Tatum said that HTA could hire contractors to market Hawaii, but managing tourism requires a sense of place, understanding the importance of community, and understanding of investing in our natural resources. He said that they are planning, for every Board meeting, to have organizations come to discuss how they are supporting the community. At this time, Mr. Tatum also introduced Marisa Yamane, HTA's Director of Communications and Public Relations, whose role includes sharing what HTA and the tourism industry does to support local communities.

Mr. Tatum recognized Mr. Atkins to provide an update on the North Shore of Kaua'i. Mr. Atkins said that he and Mr. Tatum realized that it was not possible to open the road by May 1st, so the new date to reopen is around June 13th. The emphasis is on educating the public and providing realistic notice. He added that they need to be cognizant of where money is being collected and where there is liability. Mr. Tatum said decisions regarding the allocation of resources to the North Shore of Kaua'i need to be driven and executed by the community, and that HTA is willing to provide assistance in a supporting role. He added that there are a lot of opinions, and that the communities in Kaua'i need to decide what the best options are.

Mr. Tatum said that HTA is also interested in addressing challenges on the other islands, such as traffic on the North Shore of Oahu. He said they have spoken with the Department of Transportation and legislators, and there will be a stakeholder meeting with the Mayor. He said that HTA's role is to facilitate the meetings, not to come up with all the answers.

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

Chair Fried acknowledged Jennifer Chun to present the current market insights and conditions in key major Hawai'i Tourism Markets. She said that in April, there was a decrease in expenditures to \$1.3 billion. There was an increase in U.S. West, Japan was flat, but there were decreases in all the other markets. One of the trends noted was decrease in lodging spending in contrast to last week's hotel numbers which saw an increase for April ADR. She also noted that through February 2019, the State collected \$400.5 million in transient accommodations tax, which is an increase in 12.8% from last year but, accounting for the rate change, that increase is a 5.1% increase from last year.

Chair Fried noted that, through calculating for inflation, visitor spending has remained flat for decades. Ms. Chun, in response to Mr. Fried's comment, noted that HTA has put out an RFP to assist HTA in finding where higher visitations are. She noted that this information would also assist the Department of Land and Natural Resources to assess where the most visited areas of the State are.

Mr. Atkins asked whether recent legislation regarding short term vacation rentals would assist HTA in getting more details on visitor spending and where visitors are staying. Keith Regan noted that Senate Bill 1292 is currently before the Governor for his approval. Representative Richard Onishi stated that, should the Governor sign the bill, it will still take the Department of Taxation time to assess the data. Representative Onishi added that it will take time to see the results of the data. Mr. Tatum asked when the Act, increasing the amount of TAT collected by including mandatory resort fees, would come into effect. Representative Onishi stated that the effective date is in July.

David Arakawa stated that Senate Bill 1292 was problematic because it contained no reporting mechanism to assist counties in regulating short term vacation rentals. Senator Wakai stated that the bill contained language that does not prevent the counties from enforcing such rentals, regardless of whether taxes are collected or not. Representative Onishi added that, while Airbnb is expected to comply with the bill, Expedia is pushing back and expressing concern regarding the information the Legislature has requested from vacation rentals.

6. Nomination, Selection and Appointment of George Kam as First Vice Chair and Kelly Sanders as Second Vice Chair of the Hawaii Tourism Authority Board of Directors.

Chair Fried recognized that two previous Board members, Sean Dee and Craig Nakamura, termed out of their appointments as members of the HTA Board. He said that it is the Board's intent to make sure that each Board member is on at least one committee.

Chair Fried acknowledged George Kam, currently in the role of Second Vice Chair, agreed to serve as First Vice Chair, and that Kelly Sanders agreed to serve as Second Vice Chair. Chair Fried stated that their respective backgrounds and service to HTA made them well-suited for these positions.

Chair Fried asked for a motion to appoint George Kam as First Vice Chair and Kelly Sanders as Second Vice Chair of the HTA Board. Mr. Arakawa moved, and Ms. Kumukahi seconded the motion, which was approved by all Board members present.

7. Nomination, Selection and Appointment of Board Members for the Following Committees: George Kam, David Arakawa, Fred Atkins for the Administrative Standing Committee; Micah Alameda for the Audit Standing Committee; Ben Rafter for the Marketing Standing Committee; Sherry Menor-McNamara, Kimi Yuen, Daniel Chun for the Convention Center Planning Investigative Committee; Ku'uipo Kumukahi, Kimi Yuen for the Visitor-Related Infrastructure Investigative Committee.

Chair Fried asked for a motion to approve the nomination, selection and appointment of George Kam, David Arakawa and Fred Atkins to the Administrative Standing Committee. Ms. Kumukahi so moved and Kelly Sanders seconded the motion, which was approved by all members present. Mr. Arakawa commented that the Committee should hear recommendations from Mr. Tatum as to how HTA can fulfill its goals, in addition to its responsibility of evaluating Mr. Tatum.

Chair Fried stated that, given HTA's efforts to address the 2018 State Audit, that the Board hoped to terminate the Audit Standing Committee as soon as September.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Micah Alameda to the Audit Standing Committee. Mr. Kam so moved and Mr. Arakawa seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Benjamin Rafter to the Marketing Standing Committee. Mr. Kam so moved and Mr. Arakawa seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Sherry Menor-McNamara, Kimi Yuen and Daniel Chun to the Convention Center Planning Investigative Committee. Mr. Atkins so moved and Mr. Kam seconded the motion, which was approved by all members present.

Chair Fried asked for a motion to approve the nomination, selection and appointment of Ku'uipo Kumukahi and Kimi Yuen to the Visitor-related Infrastructure Investigative Committee. Mr. Sanders so moved, and Mr. Kam seconded the motion, which was approved by all members present.

8. Nomination, Selection and Appointment David Arakawa as Chair of the Audit Standing Committee; Kelly Sanders as Chair of the Marketing Standing Committee; and Daniel Chun as Chair of the Convention Center Planning Investigative Committee

Chair Fried asked for a motion to approve the nomination, selection and appointment of David Arakawa as Chair of the Audit Standing Committee, Mr. Sanders as Chair of the Marketing Standing Committee, and Daniel Chun as Chair of the Convention Center Planning Investigative Committee. Mr. Kam so moved and Mr. Sanders seconded the Motion, which was approved by all members present.

9. Nomination, Selection and Appointment of George Kam as First Vice Chair and Ben Rafter as Second Vice Chair of the Marketing Standing Committee; David Arakawa as Vice Chair

of the Legislative and Government Affairs Investigative Committee

Chair Fried asked for a motion to approve the nomination, selection and appointment of George Kam as First Vice Chair and Benjamin Rafter as Second Vice Chair of the Marketing Standing Committee and David Arakawa as Vice Chair of the Legislative and Government Affairs Committee. Mr. Sanders so moved and Ms. Yuen seconded the motion, which was approved by all members present.

At this time, Mr. Regan stated that HTA is in the process of putting together community meetings to gather information from stakeholders regarding the respective needs of the tourism industry for the purpose of implementing a new five-year strategic plan. Mr. Regan stated that they have contracted with John Knox and Associates to assist with creating a new strategic plan. Chair Fried asked when a new five-year strategic plan would be complete, in which Mr. Regan responded that the aim was to have the new plan published in January 2020. Chair Fried stated that a new Strategic Plan Investigative Committee would include Kimi Yuen as Chair, Kiyoko Kimura as Vice Chair and Micah Alameda and Ku'uipo Kumukahi as members. Chair Fried asked the Board to consider a motion to re-establish a Strategic Plan Investigative Committee.

Chair Fried asked for a motion to re-establish the Strategic Plan Investigative Committee, with Kimi Yuen as Chair, Kiyoko Kimura as Vice Chair, and with Micah Alameda and Ku'uipo Kumukahi as members. Mr. Arakawa so moved and George Kam seconded the motion, which was approved by all members present.

The Board recessed at 11:06 a.m.

The Board reconvened at 11:17 a.m.

10. Presentation Discussion and Action on HTA's Financial Reports for April 2019

Chair Fried acknowledged Mr. Regan to discuss HTA's Financial Reports for April. He said that the first document is the compilation of revenues and expenditures as of April. Mr. Regan said that HTA is on track to be within budget parameters for FY 2019. He also pointed out a summary of allocations through April 2019 to provide a better picture of how money has been moved into different categories.

Mr. Regan pointed out a summary of financial statements and activity that has occurred including receipt of TAT deposits of \$6.6 million and \$7 million in expenditures. He said that there are encumbrances in the statements that represent remaining balances from prior year encumbrances and HTA is working on closing those out. Additionally, HTA has utilized \$70.7 million of the \$87.4 million that was allocated and approved.

Chair Fried asked about the effect of the new legislation regarding the location for the Hawaiian Center for Music and Dance. Mr. Regan said that there is still a requirement to set aside \$1 million for the Center. In essence, it allows HTA to engage the community to identify the most appropriate site to create this important facility that has been on the books for years. A site has not yet been identified. The bill has not been signed into law yet but HTA is hopeful that the Governor will sign it.

Mr. Regan requested Board approval for the April Financial Reports. George Kam made a motion, which was seconded by Ms. Kumukahi and unanimously approved by all members present.

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

Chair Fried acknowledged Mr. Regan to discuss the 2018 Audit Action Plan. He said that, regarding Item 1, they have been working on the procedures. They have pushed out the procedures to the different sections within HTA. Finance is currently working about 30 procedures, procurement is working about 10, and Mr. Regan is working on budgeting and administrative procedures. He noted that the process is lengthy but they are making progress.

Regarding Item 3, which also involves procedures, he said that they have also started working on reviewing and completing an update of those procedures. They have set a date of July 3rd to get them done.

Regarding Item 4, he said they updated the procedure to include language which requires HTA, to the best of their ability, to do pre-solicitation market research and it has therefore been marked as complete.

Chair Fried asked about Item 6, regarding evaluation of performance. Mr. Regan, in response to Chair Fried, stated that HTA plans to finish in September or sooner, but that the majority of the Staff's focus has been on updating procedures. Mr. Arakawa noted that, for Item 6, creating criteria for certain tasks should be done so that it will be easier to assess performance.

12. Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA

Mr. Regan stated that the legislative session is over and that HTA was successful in bills it supported and pushed through the legislative process. Mr. Regan thanked the subject matter chairs from the Senate and the House for their support of HTA.

Mr. Regan noted two bills with the City & County of Honolulu, Bills 85 and 89, which would provide authority other transient vacation rentals, was referred back to its subject matter committee within City Council.

13. Presentation by AEG Regarding an Update of Hawaii Convention Center Recent Operational Activities and Sales Initiatives

Chair Fried acknowledged Teri Orton to present the Board with an update of the Hawaii Convention Center's recent operational activities and sales initiatives. Ms. Orton stated that the Convention Center hosted 30 events in April, including repeat corporate groups. Ms. Orton also stated that, for the Convention Center's reforecast, the fiscal year 2019 reflects a project net loss of \$3.1 million. Ms. Orton tied the projected loss to several cancellations of large groups which included high food and beverage spend.

Ms. Orton stated that other initiatives included seeking additional opportunities for short- and long-term business, including more banquets for local businesses to increase short-term revenue, as well as local sports events, festivals and trade shows. Ms. Orton stated that the current return on investment for every dollar spent by the state generates a \$15.92 return.

14. Recommendation to the Board for the Hiring of a Candidate to Fill the Vacant Position of HTA Administrative Assistant

Mr. Regan stated that HTA was in the process of making more state positions with HTA available instead of relying on contractors. He stated that, in seeking to fill the position of HTA Administrative Assistant, HTA reviewed over thirty candidates, interviewed five, and selected Anda Garel. He stated Ms. Garel has a stellar resume and speaks English, German, Romanian and Spanish fluently. Mr. Regan stated that, due to timing, HTA has already hired Ms. Garel to fill the Administrative Assistant position.

Chair Fried asked for a motion to approve the hiring of Anda Garel as HTA Administrative Assistant. Mr. Kam so moved, and Mr. Arakawa seconded the motion, which was approved by all members present.

The Board recessed at 11:52 a.m.

The Board reconvened at 12:23 p.m.

15. Discussion and Approval of the FY2020 HTA Budgets

Mr. Tatum then discussed the HTA budget presentation. He said that he would be discussing what they are asking for and the process will be, because he is used to having an actionable,

ongoing budget. He said that the details of the allocations are driven by what they receive from the RFPs. He said that there is a total amount but the details will depend on what comes back from the RFPs. He said that every month HTA will share with the Board what they receive back from the RFPs. He said that they have had to recategorize things to make it easier to understand but that, in general, they want to keep it up-to-date and transparent.

Mr. Regan stated that HTA would go through the Budget through nine separate categories. Mr. Ka'anā'anā presented the HTA budget categories of Hawaiian Culture and Natural Resources. Caroline Anderson presented the HTA budget category of Community Programs. Karen Hughes presented the HTA budget category of Branding. Mr. Tatum presented the HTA budget category of Sports. Mr. Regan presented the HTA budget category of Security and Safety Programs. Ms. Chun presented the HTA budget category of Tourism Research. Mr. Regan presented the HTA budget category of Administrative Programs and Governance and Organization.

Mr. Atkins stated that, initially, he had difficulty understanding the budget due to the omission of certain line items. However, he stated after speaking with Mr. Tatum that HTA has absorbed and condensed line items into a clearer budget that is easier to understand. Mr. Atkins expressed that in the past, there have been concerns regarding HTA's transparency with spending its funds, but that he feels comfortable that HTA staff will implement the budget and add information as it becomes available.

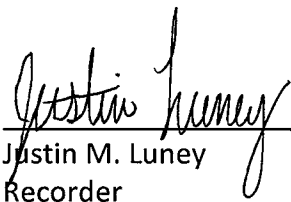
Chair Fried asked for a motion to approve the Fiscal Year 2020 Budget. Ms. Kumukahi so moved and Mr. Alameda seconded the Motion, which was approved by all members present.

16. Adjournment

Chair Fried asked for a motion to adjourn the meeting. Mr. Kam so moved and Ms. Kumukahi seconded the motion, which was approved by all Board members present.

The meeting was adjourned at 2:00 p.m.

Respectfully submitted


Justin M. Luney
Recorder

Agenda Item

4

**Report of the CEO Relating
to Staff's Implementation of
HTA's Programs During May
2019**



MEMORANDUM

TO: HTA Board of Directors

FROM: Chris Tatum, President and CEO

DATE: June 27, 2019

RE: Report of the CEO

The following narrative utilizes the 2019 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated May 30, 2019. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

I. AWARENESS, CONVICTION AND ACCESS

A. Access

No report this month.

B. Major Market Management

No report this month.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

1. Kūkulu Ola Program

HTA continues to work with one of its 2017 Kūkulu Ola awardees to close out its work and complete the final evaluation. This program was granted a no-cost contract extension for extenuating circumstances.

HTA staff is in receipt of many final reports for the 2018 Kūkulu Ola programs, a majority of which ended work on December 31, 2018. Five programs were granted no-cost contract extensions due to extenuating circumstances. An additional five programs are missing items or have not submitted a final report as of this report. For the funding this year, 15 of the 31 projects are fully completed and evaluated.

The Kūkulu Ola 2019 program is supporting 28 awardees across the state with a total of \$1.22 million in funding. One award was rescinded because the contractor could not obtain a valid certificate of vendor compliance in time. HTA has paid out initial payments to nine of the 27 projects. An additional 14 projects are still pending and have not turned in their deliverables as of this report. One contract is still pending approval from the State Department of Accounting and General Services (DAGS).

In May 2019, HTA issued the RFP for the Kūkulu Ola programs to be supported in calendar year 2020.

2. Native Hawaiian Hospitality Association

HTA and the Native Hawaiian Hospitality Association (NaHHA) continue to build stronger ties between the Hawaiian community and the tourism industry. Quarterly cultural industry resource meetings were held statewide in the final two weeks of May 2019. These meetings bring together many of the industry's Hawaiian cultural advisors to discuss items of interest. We received great feedback from the participants as to their value of collaboration in moving the needle on culture in the industry.

NaHHA and HTA staff are also finalizing entrepreneurial development workshops to occur in May and June 2019 across the state. They will focus on presentations by the Department of Commerce and Consumer Affairs and the Small Business Administration, as well as information on social media marketing and other topics.

3. Native Hawaiian Festivals and Events

Merrie Monarch Festival

The Merrie Monarch Festival, held from April 21-27, 2019, was an incredible success. Of the \$100,000 provided by HTA in its FY19 budget, half of the funding supports the festival broadcast. The other half is utilized to archive and preserve footage from all recorded years, as this will ensure the continuity of the hula and preserve and protect it for future generations. HTA and the Island of Hawai'i Visitors Bureau presented the overall winner awards at the event. HTA has scheduled a debriefing meeting with festival organizers. The archiving work is planned to continue throughout the calendar year. Research firm YouGov completed the fielding of email collections for surveys at the craft fair.

Nā Hōkū Hanohano Awards

The 42nd Annual Nā Hōkū Hanohano Awards ceremony was held at the Hawai'i Convention Center on May 25, 2019 from 5-10 p.m. This year's awards show featured a record 33 categories to recognize the accomplishments of Hawai'i's music industry. HTA presented the Hawaiian Music categories as well as Album of the Year.

May Day

The annual Lei Day Celebration honors the one day of the year that is set aside to celebrate the lei, skill and artistry of Hawai'i's lei makers. HTA staff worked to finalize contracts with the following events for 2019:

92nd Annual City & County of Honolulu Lei Day Celebration

On May 1, 2019, this event honored Hawai'i's people and their rich heritage at Kapi'olani Park in Waikīkī from 9:00 a.m. to 5:30 p.m. The event featured the annual Lei Court, Lei Contest Exhibit, local entertainment and hula hālau. The Hawaiian Steel Guitar Association played in the lei exhibit area.

6th Annual May Day Waikīkī

The 6th Annual May Day Waikīkī was held on May 1, 2019 in front of the Royal Hawaiian Hotel on the beach. The watermen and women of Hawai'i who sailed the oceans with Hōkūle'a were honored.

Hawaiian Airlines May Day: "The Tradition Continues"

Keauhou, consisting of Jonah Kahanuola Solatorio, and brothers Nicholas and Zachary Lum, headlined "Hawaiian Airlines May Day 2019: The Tradition Continues." The star-studded program featured Robert Cazimero and Hālau Nā Kamalei o Lililehua, the big-band sounds of Kahulanui, the hula artistry of Hālau Hi'iakainamakalehua, under the direction of Kumu Hula Keano Kaupu IV and Lono Padilla, the Kamehameha Schools Concert Glee Club, the vocal artistry of Kaumakaiwa Kānaka'ole, the celebrated reunion of Nā Palapalai, and more. Concert attendees received exclusive access to the May Day Makeke, a marketplace featuring favorite made-in-Hawai'i crafts from vendors and local artisans. Food and beverages were available for purchase, with VIP selections from award-winning chef Mark Noguchi, co-founder and executive chef of the Pili Group and a Hawaiian Airlines featured chef.

39th Annual Walter & Irmalee Pomroy May Day Lei Contest

The Kaua'i Museum presented the 39th Annual Walter & Irmalee May Day Lei contest, honoring lei maker extraordinaire Dana Valeriano Kauai iki Olores with the support of Hawai'i Tourism. Olores would walk the trails of Kōke'e, or combed the neighborhood for flowers and foliage. Nature was always his inspiration and is reflected in his unique haku-style lei. Kauai iki was a participant in the museum's lei contest for many years and won numerous prizes. Nearly 100 lei were created and entered last year.

King Kamehameha Day

Contracts for all events statewide have been finalized and HTA staff is working with event organizers from each island on specific work plans for this year's events. HTA staff has also coordinated to have this year's events on Maui and O'ahu evaluated.

Prince Lot Hula Festival

HTA staff has finalized an agreement with the Moanalua Gardens Foundation to be the title sponsor of the 2019 festival, which is taking place at 'Iolani Palace on July 20-21 with hālau from across the state participating.

Duke's Ocean Fest

Preparations for Duke's Ocean Fest 2019 are well underway and HTA staff members have finalized the contract terms for this important event. Emphasis is placed on integrating new partnerships to invigorate long-standing festival traditions.

Queen Lili'uokalani Long Distance Canoe Race

Workplans are being finalized with HTA staff for the 2019 Queen Lili'uokalani Long Distance Canoe Race. There have been major shifts in the event's implementation following the passing

of Uncle Bo Campos. Kai 'Opua Canoe Club has implemented a new team that HTA is working with to ensure a solid delivery of the events in Kona later this year.

Aloha Festivals

Events for the 2019 Aloha Festivals are still in the planning stages and HTA staff will continue to work with its community partners to finalize work plans. All contracts have been executed for the current funding year. New for the O'ahu events will be a concert at Queen's Beach during the festivities and potentially a movie.

Polynesian Football Hall of Fame 2020

HTA staff met with organizers and reached agreement on a three-year contract with two one-year extensions. Funding will continue to support the game and other activities. Added to the new contract terms are statewide clinics and outreach with Polynesian Football Hall of Fame inductees, active NFL players and other leaders to help mentor and inspire Hawai'i youth. Appropriate paperwork will be drafted to move the approval process forward.

4. Kāhea Greetings Program

Harbors

Contracts for the various harbor greeting programs are under review by the Office of the Attorney General's office. Once finalized, implementation will roll out to ports in Nāwiliwili, Honolulu, Lahaina, Hilo and Kona. Work will include, but is not limited to, hula, mele, lei making, maps and other collateral, as well as lei greeting with fresh flower lei. Discussions with DOT Harbors are underway to include more art and other improvements to enhance the harbor and port user experience.

Airports

A collaboratively developed new agreement with the Department of Transportation - Airports Division has been completed and includes a new workplan for 2020 airport greetings statewide. New emphasis will be placed on increasing the number of performances in Honolulu. We will continue to encourage the incorporation of community-based hālau hula and Hawaiian cultural practitioners. Greetings are held at Līhu'e, Honolulu, Kahului, Hilo and Kona.

5. Resort Area Hawaiian Culture Initiative

Contracts are finalized for 2019 events with workplans having been submitted for various programs in Waikīkī, Lahaina, Hilo and Kona. New to the Waikīkī program this year is a seven-month pilot program to bring back Sunset on the Beach. The Waikīkī Improvement Association is producing the Sunset on the Beach events, which feature Hawaiian music concerts with hula preceding the screenings of films. Residents are the target audience for the new events. HTA has done media outreach to promote the events.

6. Pulakaulahui

This year is the International Year of Indigenous Languages. HTA has partnered with the nonprofit organization Weloaloha to support travel expenses for five immersion students and two kumu to the United Nations Permanent Forum on Indigenous Issues (UNPFII) in New York

City for 10 days. This will also cover costs for three pre-UN all-day workshops to build capacity for kumu beyond the traveling cohort to include content in classroom work and, thus, extend the reach of the program. The funding will also support a workshop in New York City to engage the students and teachers with others who are not credentialed UNPFII partners. The program will also support a portion of the costs to produce a video piece about the program's intent, content and outcomes as a means to potentially continue and sustain the program.

7. Hawai'i Investment Ready 2019 Cohort

HTA staff and Hawai'i Investment Ready are exploring the possibility of extending the current contract which supports a cohort of 12 social enterprises with a tourism focus, and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs. The intent is to elevate these social enterprises to seek other forms of capital to enhance and improve its programs. Hawai'i Investment Ready has completed the first four modules. The remaining four are being completed this year.

8. Center for Hawaiian Music and Dance

HTA staff monitored legislation which would move the Center for Hawaiian Music and Dance from the Hawai'i Convention Center to the state's Museum of Natural and Cultural History (Bishop Museum). Pending the outcome of the legislation, HTA staff will meet as necessary to move the planning for the Center forward.

9. HTA Legacy Awards

Planning is underway for a theme and other logistics for the 2019 HTA Legacy Awards to be held in conjunction with the Fall Tourism Update on Hawai'i Island in November.

10. Ma'ema'e

HTA is working closely with the Global Marketing Team (GMT) to assess their needs for training of GMT staff to more accurately incorporate the Hawaiian culture into their efforts. Allocations have remained level year-over-year.

11. Market Support

HTA staff finalized preparations for a group of practitioners to support Hawai'i Tourism China's sales mission in Hong Kong and China from April 15-19, 2019. The group consisted of five practitioners who shared hula, Hawaiian music and lei making demonstrations.

Preparations are underway to support Hawai'i Tourism Korea's sales mission and Hana Tour events from June 7-12, 2019.

Preparations are also underway to support Hawai'i Tourism Taiwan's Hawai'i Aloha Festival 2019 from July 5-7, 2019.

B. Natural Resources

1. Aloha ‘Āina (Natural Resources) Program

HTA continues to work with two of its 2017 Kūkulu Ola awardees to close out their work and complete the final evaluation. These programs were granted no-cost contract extension for extenuating circumstances.

HTA staff is in receipt of final reports for the 2018 Aloha ‘Āina projects, a majority of which ended work on December 31, 2018. Five contracts were granted no-cost extensions due to extenuating circumstances. One contract was mutually terminate which lowered the total projects funded to 25 active contracts. An additional six projects have missing items or have not submitted a final report. From this funding year, 10 of the 25 projects are fully completed and have been evaluated.

The Aloha ‘Āina 2019 program includes 28 awardees across the state at a total of \$1.24 million in funding. All contracts have been approved by DAGS. HTA paid out initial payments to six of the 28 projects. Nine payments are in process with DAGS, while 13 projects are still missing their deliverables for the initial payment.

HTA is preparing the RFP for the 2020 cycle of programs and issued the RFP in May 2019 for projects occurring in calendar year 2020.

2. DLNR Partnership

HTA staff continues to work in partnership with the Department of Land and Natural Resources to protect our natural and cultural resources on state lands. Below are details regarding various initiatives underway or in the planning stages.

Mālama Hawai‘i

Current year funding is supporting placement of Mālama Hawai‘i collateral in roughly 24,000 hotel rooms statewide. Funding has also been provided to produce and distribute seven new 30-second public service announcements. Hawaiian Airlines and Air Asia X have already committed to sharing the content with its guests in-flight. HTA is currently negotiating with Japan Airlines and All Nippon Airways to have the content included on its flights as well.

Rapid ‘Ōhi‘a Death

Funding in 2019 was used for tour operator bio-sanitation trainings across the state. Public service announcements on quarantine rules, as well as airport ad placements, were also part of the funding. In addition, two aerial survey flights with the Carnegie Airborne Observatory were conducted for Hawai‘i Island and Kaua‘i. Both islands now have confirmed cases of both species of Rapid ‘Ōhi‘a Death. HTA staff, in partnership with the state, placed visitor focused tips to help reduce the spread of the disease as well as hosted a full-length documentary to help others better understand the significance of ‘Ōhi‘a to Hawaiian culture and our native ecosystems.

Carbon Sequestration Certification

DLNR has selected and awarded a contract for carbon sequestration certification. The certification will allow DLNR to quantify and value the carbon offsets from its reforestation work in order to move the department and DOFAW toward self-reliance.

Social Media Specialist

HTA continues its work with the social media specialist, a tourism funded position, to mitigate illegal tours on state lands, as well as develop visitor messaging focused on responsible behavior while exploring Hawai'i. Since the position was funded, DLNR reactivated its previously suspended social media accounts.

Ambassador Program

Funds have been committed to a pilot an ambassador program in FY2020. The statewide program will be implemented in state parks and on trails. A total of \$500,000 has been set aside for this effort. Initial budget estimates allocate \$62,000 per position which would fund nine ambassadors. HTA has not received the workplan by DLNR identifying the areas where those positions would be deployed. No further work will continue until we are in receipt of the workplan.

3. Hawai'i State Park Survey

HTA's contracting staff is working to finalize the draft request for proposals (RFPs). The project is expected to survey all state parks over a one-year period. The data and insights collected by the survey will help HTA and DLNR manage our resources better to protect natural and cultural assets.

4. Hawai'i Ecotourism Association

The Hawai'i Ecotourism Association is negotiating the terms and scope of work for the 2019-2020 program. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. Further, it will provide for trainings that will be made available online, including YouTube.

5. Hawai'i Green Business Program

HTA staff is working to finalize a memorandum of agreement (MOA) with the Hawai'i Green Business Program. The primary focus of this work is to assist and recognize businesses that strive to operate in an environmentally, culturally and socially responsible manner. The program has a proven record of reducing energy consumption, water savings and waste diverted, which are three key metrics in HTA's strategic plan.

6. Hawai'i Green Growth

Hawai'i's sustainable future is dependent upon our ability to measure and define what sustainable tourism is moving forward. In partnership with Hawai'i Green Growth, HTA staff is in discussions regarding the current year contract to support convening a diverse group of stakeholders toward this goal and others. More details will be shared as soon as they are finalized.

C. Safety and Security

Visitor Assistance Program (VAP)

During the month of May, the Visitor Aloha Society of Hawai'i (VASH) was active and provided support in each of the four counties. In Maui County, VASH handled 21 cases and helped 50 visitors (year-to-date: 87 cases/201 visitors). On the island of Hawai'i, VASH handled 54 cases and provided assistance to 91 visitors (year-to-date: 179 cases/376 visitors). On O'ahu, VASH handled 73 cases and helped 117 visitors (year-to-date: 333 cases/ 712 visitors). On Kaua'i, VASH handled 9 case and provided assistance to 32 visitors (year-to-date: 32 cases/89 visitors).

Lifeguard Support Program

HTA has agreements in place with the four counties to provide each with funding of \$125,000 based on a one-for-one match for the purpose of purchasing ocean safety equipment. The agreement with County of Hawai'i has been signed and HTA is finalizing the contract. The agreements for other counties have been fully executed and the program is underway.

Statewide Jr. Lifeguard Program

HTA has an agreement with North Shore Lifeguard Association to provide funding of \$200,000. This program is aimed at training the next generation of lifeguards by increasing youth's self-confidence, physical conditioning, ocean awareness of program participants through their introduction to water safety, first aid, and surf rescue techniques.

Waikiki Camera Program

The Memorandum of Agreement (MOA) providing the City and County of Honolulu a total of \$300,000 in funding to purchase security cameras in Waikiki has been executed. HTA staff has been following up with the City and County regarding the first invoice.

Ocean Safety Advertising Campaign

HTA, through its contracts with SKYHI MEDIA and Pacific Media Group, is now displaying ocean safety videos at airports throughout Hawai'i. These videos run primarily in the baggage claim areas during normal airport operating hour. The agreements have been extended to continue showing these videos in FY2020.

Snorkel Safety Study

HTA has executed a contract with the Hawaiian Lifeguard Association (HLA) worth \$131,000 to conduct a snorkel safety study. The purpose of this two-year study is to formally assess the causes and risk factors in snorkel-related fatalities and near fatal drownings. The HLA will collect and analyze data, conduct scientific research, conduct surveys and interviews, and will consult with experts in the appropriate fields. The State of Hawai'i Department of Health and the City and County of Honolulu lifeguards are collaborating on the study. HLA has already begun collecting information on the cases of snorkeling-related accidents.

Hā’ena Emergency Support

HTA is in the process of executing MOAs with the Department of Land and Natural Resources (DLNR) for \$54,860 and with the Kaua’i Police Department (KPD) for \$41,140 to provide officers to support the enforcement of the “no parking” zone along a two-mile stretch of Kūhiō Highway. The agreement with DLNR has been executed. HTA is waiting to receive the signature on the agreement with KPD.

D. Community Enrichment Program (CEP)

2020 Request for Proposals. The deadline for the 2020 Community Enrichment Program RFP is July 5. HTA aims to fund projects and events which bring together residents and visitors and present authentic experiences in the niche markets of agritourism, culinary tourism, cultural tourism, ecotourism, edu-tourism, health and wellness, sports and voluntourism. HTA will conduct RFP Informational Sessions across the state between May 13-23, 2019. For more information on the RFP, visit: www.hawaiiitourismauthority.org/rfps.

Existing Contracts (2019). HTA staff continues to review 2019 contracts to ensure deliverables are received and is working to process first and second payments. The 2019 CEP program includes 71 awardees statewide with total funding of more than \$1.2 million allocated. For a listing of 2019 CEP awardees visit: <https://www.hawaiiitourismauthority.org/what-we-do/hta-programs/community-enrichment-programs/>.

June Events

Event Name	Organization	Island(s)	Start Date	End Date
Kohala Kamehameha Day Celebration	North Kohala Community Resource Center	Hawai’i	6/11/2019	6/11/2019
Hawai’i Performing Arts Festival 2019	Hawai’i Performing Arts Festival Inc.	Hawai’i	6/19/2019	7/21/2019
Kapuuola Hula Festival	‘Ulu ‘Ae Learning Center	O’ahu	6/21/2019	6/22/2019
Jazz Maui 2019 - 4th Annual East Meets West Festival & First Sunday Jazz Series	Arts Education for Children Group	Maui	6/23/2019	7/4/2019
28th Annual Hawaiian Slack Key Guitar Festival "Maui Style"	Kī-hō’alu Foundation	Maui	6/23/2019	6/23/2019
Mango Jam Honolulu	City and County of Honolulu, Mayor's Office of Culture and the Arts	O’ahu	6/28/2019	6/29/2019
Moloka’i Holokai Festival	Youth in Motion dba Stand Up Paddle Association of Moloka’i	Moloka’i	6/29/2019	6/30/2019

July Events

Event Name	Organization	Island(s)	Start Date	End Date
Asia Pacific Dance Festival 2019	University of Hawai'i Office of Research Services	Maui and Hawai'i	7/18/2019	8/4/2019
Kōloa Plantation Days Paniolo Heritage Rodeo (aka Paniolo Heritage Rodeo, Heritage Rodeo)	Kaua'i Rodeo Club Inc.	Kaua'i	7/20/2019	7/22/2019
Tropical Inspirations Quilt Show	Kona Hawaiian Quilt Museum Society	Hawai'i Island	7/20/2019	7/21/2019
49th Annual 'Ukulele Festival Hawai'i	'Ukulele Festival Hawai'i	O'ahu	7/21/2019	7/21/2019
60th Hawaiian International Billfish Tournament	Hawaiian International Billfish Association dba Hawaiian International Billfish Tournament	Hawai'i Island	7/27/2019	8/4/2019

Year Round Projects

Event Name	Organization	Island(s)
Hāna Arts Presents! - A Workshops & Events Program for East Maui	Hāna Arts	Maui
Visual Arts Exhibition Program 2019	Maui Arts & Cultural Center	Maui
History Theatre	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Maui, Kaua'i, Hawai'i
Market of Possibilities	AccesSurf Hawai'i Inc.	O'ahu
Kahilu Theatre 2019 Season	The Kahilu Theatre Foundation dba The Kahilu Theatre	Hawai'i
travel2change	travel2change	All islands
Volcano Art Center's Hula Arts At Niaulani	Volcano Art Center	Hawai'i
Hui No'eau Art Exhibitions 2019	Hui No'eau dba Hui No'eau Visual Arts Center	Maui
Hands on History at the Kona Coffee Living History Farm	Kona Historical Society	Hawai'i
Creating Unforgettable Experiences on Remote Beaches of Hawai'i	Sustainable Coastlines Hawai'i	O'ahu
Ho'omau Ka Hana No'eau o Waipi'o	Pohaha I Ka Lani	Hawai'i
Biki Bike Audio Tours	Bikeshare Hawai'i	O'ahu
Cultural Awareness Events 2019	'Ahā Hui E Kālā dba Lāwa'i International Center	Kaua'i
Hololea Visitor Tour Program	Mālama Loko Ea Foundation	O'ahu

North South East West Festival 2019	Ebb & Flow Arts	Hawai'i, Maui, O'ahu
Exploring Maui's Greenways, Bike and Walking Paths	Hawai'i Bicycling League	Maui
Ohina Short Film Showcase	'Ohina LLC	O'ahu, Maui, Hawai'i Island
Anaina Hou Community Park Enrichment Programming 2019	Anaina Hou Community Park	Kaua'i
Hawaiian Cultural Events and Kaua'i Mokihana Festival 2019	Malie Foundation	Kaua'i
Maui Pops Orchestra 2019 Concerts	Maui Pops Orchestra, Inc.	Maui
The New Year's 'ohana Festival / Shichi Go San: Keiki Kimono Dressing	Japanese Cultural Center of Hawai'i	O'ahu

E. Ho'okaulike

Kaua'i Safety Signage

The project to develop safety signage has been delayed because HTA is awaiting approval of locations to place the materials. HTA staff is currently working on extending the MOA with the Kaua'i County through October 31, 2019 to ensure the work can be completed by that time.

Hawai'i Island Safety Signage

The project to develop safety signage has been delayed due to the internal scope approval process. HTA staff is working with the County of Hawai'i to extend the MOA which will expire on June 30, 2019.

Hawai'i Island Strategic Plan

HTA is in the process of executing a MOA with the County of Hawai'i valued at \$35,000 to update the Hawai'i Island Tourism Strategic Plan that is dated 2001-2015.

Maui Coral Reef Signage

The contract has been fully executed with the Maui Marine Resource Council for \$47,144. The Maui Nui Marine Resource Council will replace existing signs and create new signs related to the coral reef on Maui.

City and County of Honolulu Security Cameras

The MOA for \$204,000 to install 192 security cameras in 13 parks is being processed. Once finalized, the work will commence.

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: May 2019

News Releases/Reports Issued

- News Release: HTA Issues RFPs to Help Fund Programs Supporting Hawaiian Culture, Natural Resources and Community-Based Tourism Projects & Events in 2020 (May 2)
- News Release: Sunset on the Beach Series Returns to Waikīkī Starting May 11 (May 8)
- News Release with Moanalua Gardens Foundation: 42nd Annual Prince Lot Hula Festival at 'Iolani Palace Features Special Performances (May 13)
- News Release with Hawai'i Lodging and Tourism Association (HLTA): HTA and HLTA Announce Recipients of Ho'oilina Scholarships (May 14)
- News Release with Mele Mei and Hawai'i Academy of Recording Arts (HARA): Hawai'i Stars Light Up the Stage at 42nd Annual Nā Hōkū Hanohano Awards (May 20)
- Report: April 2019 Hawai'i Hotel Performance Report (May 20)
- Media Advisory with Mele Mei and HARA: The Best in Island Music will be Honored at 42nd Annual Nā Hōkū Hanohano Awards (May 23)
- News Release with Mele Mei and HARA: Nā Hōkū Hanohano Awards Celebrate Island Musicians (May 25)
- News Release: Hawai'i Visitor Statistics Released for April 2019 (May 30)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
 - PBS Hawai'i: Chris Tatum (CT) on *Insights on PBS Hawai'i* panel regarding the current state of Hawai'i's tourism industry and proposals to effectively manage and address the challenges ahead. (May 2)
 - Sunset on the Beach
 - Reached out to KHON, KITV and Hawaii News Now (HNN) to inquire about possible interviews ahead of the Sunset on the Beach re-launch, May 11. (May 8)
 - KHON: Kalani Ka'anā'anā (KK) on *KHON2 News at 7* on KHII about the upcoming re-launch of Sunset on the Beach and Hawai'i Tourism's role. (May 9)
 - KHON: KK on *Wake Up 2Day* to talk about the upcoming re-launch of Sunset on the Beach and Hawai'i Tourism's role. (May 10)
 - Honolulu Civil Beat: Jay Talwar of Hawai'i Visitors and Convention Bureau (HVCB) and Eric Takahata of Hawai'i Tourism Japan phone interview with reporter Jason Armstrong about

- the branding campaign to change perceptions of the island of Hawai'i from being known as "The Volcano Island" to "The Island of Endless Adventures." (May 15)
- Honolulu Star-Advertiser: Caroline Anderson (CA) phone interview with reporter Allison Schaefer about ClimbHI and the LEI (Leadership, Exploration and Inspiration) program, and Ho'oilina Scholarships. (May 15)
 - Ho'oilina Scholarships: Reached out to KHON, KITV and HNN to inquire about possible interviews with Mufi Hannemann (MF) of HLTA and scholarship recipients. (May 15)
 - Honolulu Star-Advertiser: Assisted sports reporter Dave Reardon with scheduling June 3 interviews with CT, Mufi Hannemann of HLTA, John Monahan of HVCB and KK for a five-part series on youth sports in Hawai'i and their connection to tourism. (May 24)
 - Honolulu Star-Advertiser: CT with reporter Allison Schaefer about visitor arrivals and spending, and HTA increasing its funding for community-based programs in FY 2020. (May 30)
 - **Publicity Support:** Provided the following information and/or assistance:
 - CBS News: Provided associate producer Somitra Butalia with island of Hawai'i data on visitor spending and arrivals for a story on the one-year anniversary of the Kīlauea volcano eruption. (May 2)
 - TravelAge West: Responded to editor Marty Wentzel and provided CT quote and information on HTA's sports tourism initiatives. (May 2)
 - Honolulu Civil Beat: Referred request by reporter Stewart Yerton for comment on the number of short-term rental units that could be removed if the City Council passes current bills to the Hawai'i State Dept of Business, Economic Development and Tourism (DBEDT). (May 10)
 - Law360: Referred request by reporter James Nani for comment on the Hawai'i State Senate's SB 1292, which would require vacation rental platforms to register as tax agents and collect taxes on behalf of their hosts, to Governor Ige's office. (May 10)
 - Honolulu Star-Advertiser: Reached out and wrote a brief to promote the upcoming RFP informational briefing on O'ahu. (May 10)
 - Hawaii Tribune-Herald: Reached out and wrote a brief to promote the upcoming RFP informational briefing in Hilo. (May 10)
 - West Hawaii Today: Reached out and wrote a brief to promote the upcoming RFP informational briefing in Waikoloa Resort. (May 10)
 - AFAR.com: Referred request for photos of Lanikai and Kailua beaches to O'ahu Visitors Bureau (OVB). (May 15)
 - The Garden Island: Reached out and wrote a brief to promote the upcoming RFP informational briefing on Kaua'i. (May 16)

- The Molokai Dispatch: Reached out and wrote a brief to promote the upcoming RFP informational briefing on Moloka'i. (May 20)
- Honolulu Star-Advertiser: CA and Jennifer Chun (JC) provided quotes to reporter Allison Schaefer about the passing of Chuck Gee, longtime dean of the University of Hawai'i at Mānoa's School of Travel Industry Management. (May 21)
- Social Media Influencer: Referred Natalie Wright to HVCB. She requested to partner with HTA as she was planning a destination wedding on O'ahu. (May 21)
- eTurboNews: Referred publisher and reporter Juergen Steinmetz to Donalyn Dela Cruz, who is handling the public relations for The Festival of Pacific Arts, Pacific Arts Festival (FESTPAC). (May 21)
- The Maui News: Reached out and wrote a brief to promote the upcoming RFP informational briefing on Maui. (May 22)
- Skift: Declined request by executive editor Dennis Schaal request for an interview in response to Booking.com deciding to charge hotels commissions on resort fees, and suggested that he contact the hotels directly. (May 24)
- KHON: Directed reporter Kristy Tamashiro to OVB for her story on places to visit on O'ahu as part of owner Nexstar's Summer Road Trip Series, which will air nationally on Nexstar stations. (May 24)
- Hotel Executive: Provided CEO and founder Benedict Cummins with CT article on Hawai'i's tourism industry and HTA's vision for managing tourism. Also provided CT's headshot and bio. (May 29)
- National Public Radio (NPR): Provided correspondent Alina Selyukh with links to HTA's research section on its website for her story regarding visitor arrivals, specifically Chinese visitors to Hawai'i. (May 30)
- Hawai'i Public Radio: Declined reporter Ryan Finnerty's request for an interview regarding the Trump Administration's tariffs on local businesses, especially its effect on Chinese visitors to Hawai'i. Directed him to HTA's research section on its website, and also suggested contacting University of Hawai'i or Hawai'i Pacific University professors, and travel agents with clients from China for possible interviews. (May 31)

Community Initiatives and Public Outreach

- Maui Film Festival: Provided CT welcome letter for the 2019 Maui Film Festival. (May 6)
- Rotary Club of Downtown Honolulu: Coordinated request for CT to serve as the guest speaker at an upcoming meeting, September 12. Provided bio for CT's introduction. (May 8)
- Sunset on the Beach: Marisa Yamane (MY) spoke to the crowd at Sunset on the Beach ahead of movie showing on behalf of sponsor HTA. (May 11)
- Communications Workshops for 2019 HTA contract awardees:

- Distributed invitation reminder to the Kūkulu Ola, Aloha ‘Āina and Community Enrichment program recipients. (May 10)
- Compiled the Public Relations Toolkit and uploaded it to the HTA website (www.hawaiitourismauthority.org/PR-Toolkit). (May 10)
 - Created templates for a news release, media advisory and calendar alert.
 - Compiled a general Hawaii media contact list.
- Presented Communications Workshops with MY to 95 recipients:
 - May 13 – Island of Hawai‘i (Hilo), Grand Naniloa Hotel (13 attended)
 - May 14 – Island of Hawai‘i (Waikoloa), Hilton Waikoloa Village (9 attended)
 - May 16 – O‘ahu, Hawai‘i Convention Center (34 attended)
 - May 17 – Kaua‘i, Sheraton Kaua‘i Resort (18 attended)
 - May 21 – Moloka‘i, Kūlana ‘Ōiwi (2 attended)
 - May 23 – Maui, Maui Arts & Cultural Center (19 attended)
- Distributed PowerPoint presentation and issued online evaluation. (May 24)
- Distributed reminder about taking the online evaluation. (May 31)
- Public Informational Briefings for the 2020 Kūkulu Ola, Aloha ‘Āina and Community Enrichment RFPs: Received a record turnout at most locations, including Honolulu with more than one hundred attendees.
- All Nippon Airlines (ANA): Provided CT quote about ANA’s new Airbus A380/Flying Honu starting service between Tokyo and Honolulu for press release. (May 17)
- Hawai‘i State Department of Health (DOH): Reviewed the DOH’s news release, “New Rat Lungworm Disease Cases Confirmed by CDC.” (May 22)

International News Bureau

- **Media Assistance:** Assisted the Global Marketing Team, as noted:
 - **Hawai‘i Tourism Europe (HTE)**
 - ROQ Media (London): Referred request for partnership with the English Premier League to Karen Hughes. (May 9)
 - The Times (United Kingdom): Reached out to the Hawai‘i Department of Land and Natural Resources to respond to request for information regarding Hawai‘i’s sunscreen ban. (May 17)
 - L’Obs (France): Referred request for funding from journalist Boris Manenti for his upcoming trip to Hawai‘i to HTE. (May 20)

Social Media

- Drafted social media strategy recommendation for HTA's platforms with the goal of changing negative perceptions amongst residents about the impacts of Hawai'i's top economic driver – tourism – into positive sentiments about how the industry benefits locals and enhances communities. (May 15)

- **Facebook Posts:**
 - Post on the upcoming HTA briefings for the 2020 Kūkulu Ola, Aloha 'Āina and Community Enrichment RFPs. (May 2) **Total Reach 947 | Total Reactions 49**
 - Post on the Kaua'i Lifeguard Association. (May 12) **Total Reach 640 | Total Reactions 24**
 - Post from the RFP briefing in Hilo. (May 13) **Total Reach 2,200 | Total Reactions 410**
 - Post from the RFP briefing at Waikoloa Resort. (May 14) **Total Reach 1,800 | Total Reactions 315**
 - Post on the Pan-Pacific Festival. (May 15) **Total Reach 403 | Total Reactions 5**
 - Post from the RFP briefing in Honolulu. (May 16) **Total Reach 1,000 | Total Reactions 133**
 - Post on the Pan-Pacific Festival. (May 16) **Total Reach 403 | Total Reactions 8**
 - Post from the RFP briefing on Kaua'i. (May 17) **Total Reach 2,500 | Total Reactions 500**
 - Post on the HTA staff participating in the Visitor Industry Charity Walk. (May 18) **Total Reach 1,200 | Total Reactions 172**
 - Post on the Ho'oilina Scholarship Awards Luncheon. (May 19) **Total Reach 689 | Total Reactions 47**
 - Post on the RFP briefing on Moloka'i. (May 21) **Total Reach 1,300 | Total Reactions 198**
 - Post from the RFP briefing on Maui. (May 23) **Total Reach 1,400 | Total Reactions 154**
 - Post on the M2Molokai Challenge. (May 23) **Total Reach 350 | Total Reactions 11**
 - Shot and posted interview regarding tourism dollars helping to fund the Lahaina Restoration Foundation. (May 23) **Total Reach 855 | Total Reactions 74**
 - Shot and posted interview regarding tourism dollars helping to fund the Maui Marathon. (May 23) **Total Reach 2,800 | Total Reactions 373**
 - Post on the 42nd Annual Nā Hōkū Hanohano Awards. (May 26) **Total Reach 766 | Total Reactions 17**

- **Instagram Post:**
 - Post on the upcoming HTA briefings for the 2020 Kūkulu Ola, Aloha 'Āina and Community Enrichment RFPs. (May 2) **Total Reactions 41**

- **Twitter Post:**
 - Post on the Kaua'i Lifeguard Association. (May 12) **Total Reactions 11**

B. Research and Planning

The Tourism Research Division (TRD) issued the April 2019 monthly visitor statistics on May 30, 2019 which included monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Air Seat Outlook data tables for June through August 2019 to the Infrastructure Research Section of the HTA website.

State, major market and island fact sheets were updated with the April 2019 data and posted to the HTA Board of Directors site. State and market fact sheets were published on the website.

TRD issued the April Hawai'i Hotel Performance Report on May 20, 2019. The report and related April 2019 data tables, were posted to the Infrastructure Research section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

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

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

Jennifer Chun worked with DBEDT READ on the Q2 2019 tourism forecast.

Jennifer Chun attended the Pacific Asia Tourism Association Annual Summit and participated in PATA board meetings in Cebu, Philippines, May 9-12, 2019.

TRD continues to reply to requests for information from HTA's Global Marketing Team, industry, media, and the general public. Data requests completed include:

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for its databases and the monthly data requests
- Research inquiries routed through DBEDT
- Updated 2019 cruise visitor estimates for DBEDT
- Visitor arrivals by cruise ships from Australia and Canada for Susan Brown, Australian Consulate
- Rankings of Airlines to Hawai'i by seats for Governor Ige's Office
- 2019 air seat projection was prepared to support DBEDT's second quarter tourism forecast

Update of the 2020 Tourism Strategic Plan. HTA staff is preparing to update the HTA's 2020-2025 Tourism Strategic Plan. HTA issued a Request for Proposal for a contractor to assist with the update of the Tourism Strategic Plan and awarded the contract to John Knox & Associates. HTA is holding community meetings across the state with NextFactor Enterprises, Inc. as part its destination assessment, which includes gathering stakeholder input about each island's tourism products, destination strength, and community support and engagement. Meetings take place from June 17-24, 2019. HTA is aiming to have the 2025 Tourism Strategic Plan approved by the HTA Board of Directors at its December 2019 meeting.

C. Career Development

Workforce Needs Assessment. HTA issued a Request for Proposal for an Workforce Needs Assessment on May 7, 2019 with a proposal deadline of May 24, 2019. The purpose of this assessment is to obtain information and data to determine the type of skills and trainings/workshops/classes needed to develop and support Hawai'i's visitor industry. This ensures that pertinent projects and training programs are being provided to address the current and future needs of the industry. An evaluation meeting took place on May 29, 2019 to review the one proposal that was submitted and the committee decided against accepting the proposal. An RFP will be re-issued in July 2019 for the workforce needs assessment and provide additional time for applicants to respond.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

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

Hawai'i Tourism United States Monthly Marketing Report May 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

The Current Travel Index (CTI) has registered at or above the 50 mark for 112 straight months, as the industry sustains its tenth consecutive year of expansion. The CTI was positive in April, registering 51.5 (indicating 3.0 percent year-over-year growth). This is on par with the six-month moving average.

U.S. Travel reports domestic travel demand increased +2.6 percent in April, supported entirely by leisure segment growth. Business travel demand was likely impacted by both Easter and Passover, as meetings and conventions tend to shift to other months. Looking ahead, leisure travel is expected to grow at a faster pace than business travel. Vacation intentions slowed slightly but remain in healthy territory, and forward-looking bookings and searches point to continued growth.

Domestic leisure travel extended its growth trend in April (+3.2 percent), on par with its six-month trend. However, the business segment stalled (0.0%). The six-month LTI reading of 50.9 indicates that total U.S. travel volume is expected to grow at a rate of around +1.8 percent through October 2019. Over the same period, domestic travel will achieve +2.0 percent growth.

JLL Hotels & Hospitality just issued its latest U.S. hotel market overview, projecting that 2019 U.S. hotel transaction volume will total \$34.0 billion. The hotel sector is experiencing moderate but continued growth, and JLL anticipates 2019's ADR forecast to increase by +2.4 percent and RevPAR to increase +2.3 percent.

According to STR, U.S. hotel occupancy rose +0.3 percent to 68 percent; ADR increased +0.9 percent to \$131.85; and RevPAR rose +1.2 percent to \$89.67.

- “Considering that the Easter calendar shift pulled group occupancy down -6.3 percent, any increase in nationwide RevPAR would have been considered respectable—so it's fair to say that the +1.2 percent increase was a pleasant surprise,” said Jan Freitag, STR's senior VP of lodging insights. “All told, April was very aligned with recent trends. The industry set another monthly demand record but saw a lack of meaningful growth in room rates. The 12-month moving average for ADR growth now stands at +1.9 percent, the first time since early 2011 that this measure has shown sub-two percent growth.”
- Results from STR's 2019 HOST Almanac show that U.S. hotel industrywide house profit reached a record-breaking \$80 billion in 2018 even as labor costs grew at a higher rate than revenues.
- U.S. revenues topped an estimated \$218 billion in 2018, which was an increase of \$10 billion from the previous year. Just like the industrywide house profit, the total revenue figure was an all-time high for the industry.

Despite a strong start to the year, consumer sentiment and intent to travel began to moderate in May and some partners and forecasters are anticipating a softening in travel through the rest of the year.

Economy

The U.S. economy experienced solid growth in the first quarter of 2019, but that may soon slow. Economists project a +2.3 percent gain this year, down from a +2.9 percent increase in 2018. A trade war between the U.S. and China gives economists jitters about the nation's economic future.

- The U.S. economy grew at a solid +3.1 percent annual rate in the January-March quarter — a pace that will likely prove to be the high-water mark for the year before growth potentially weakens in the coming months.
- Inflation-adjusted gross domestic product (real GDP), will remain positive but decelerate through the end of 2020. Following an increase of +3.2 percent at a seasonally adjusted annual rate in the fourth quarter of 2018, the median forecast is for real GDP growth to slow to a +2.1 percent rate by Q4 2019 and +1.9 percent by Q4 2020.
- The Conference Board *Consumer Confidence Index*® improved in May, following an increase in April. The Index now stands at 134.1 (1985=100), up from 129.2 in April.
- The Present Situation Index – based on consumers' assessment of current business and labor market conditions – increased from 169.0 to 175.2.
- The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – increased from 102.7 last month to 106.6 this month, according to Conference Board *Consumer Confidence Index*®.

Competitor Update

Mexico and the Caribbean continue to have an impact on Hawai'i. Travelers looking to stretch the U.S. dollar this year are considering Latin America and parts of Africa and Asia. Prices for Latin America and Africa are expected to decrease by -2 percent for air travel and -1.4 percent for hotel costs in 2019, according to the Global Travel Forecast.

Airlift

The U.S. domestic carriers to Hawai'i are operating full non-seasonal schedules. Seasonal adjustments include: United reduced one daily SFO-HNL during the month of May; and Southwest added San Jose-OGG and HNL and Oakland-OGG. U.S. seats for May are 817,594, a +4.6 percent increase over 2018. June and July are 899,490 and 947,836, respectively, representing a +8.5 percent and +8.8 percent increase over 2018. American Airlines has extended their suspension of the MAX from their schedule through August 19. This has resulted in a reduction of 115 flights across the U.S. mainland that connect to flights to Hawai'i via DFW, LAX and PHX. United has suspended one daily SFO-HNL for the month of May only for a total of four flights daily. The fifth flight will be added back to the schedule in June. An update from the FAA on the progress of the software testing is due anytime.

LEISURE ACTIVITIES

Consumer

On-line

May firmwide digital campaign estimates: Central 7.5 million impressions; KVB 4.3 million impressions; OVB 3.4 million impressions; MVCB 5.6 million impressions; LVB 694,000 impressions;

DMVB 691,000 impressions; IHVB 5.5 million impressions.

Social Media

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

Travel Trade

HTUSA was a key sponsor and presenter at the Romance Travel Forum held in Puerto Vallarta, Mexico, from May 5-8. There were 160 vetted agents in attendance. Sponsorship included a one-hour destination presentation, 41 one-on-one matched appointments and networking events. Hawai'i suppliers present included Classic Vacations, Apple Leisure Group and GOGO Worldwide Vacations.

Conducted reservation training at the Travel Impressions call center in Bethlehem, PA, on May 14. Conducted five training sessions throughout the day reaching a total of 27 agents.

Ensemble Travel Group held their Ensemble Extraordinary Regional Event in Oak Brook, IL, on May 14. Conducted eight 10-minute presentations in a roundtable format for 41 travel advisors.

Conducted a webinar for 21 agents with Largay Travel on May 17. The webinar was recorded for additional agents to view on the Largay Travel website throughout the year.

Apple Leisure Group coordinated a joint Hawai'i update webinar with HTUSA on May 20. There were 108 registrants and 57 live attendees. The webinar was recorded and will be available on the VAX website for future viewings.

Questex conducted their Ultra Summit in Orlando, FL, from May 21-23. There were 55 pre-qualified luxury travel advisor attendees. Marriott International Luxury Brands also attended. In addition to general sessions and networking events, HTUSA met with 27 travel advisors.

Avoya Travel invited HTUSA to conduct a Hawai'i update webinar for 64 of their agents on May 22. The webinar was recorded for future viewing.

In partnership with Hawaiian Airlines and GOGO Vacations, HTUSA presented to 40 agents at the PATA New England Chapter meeting in Boston, MA, on May 22. Shared an overview of the Hawaiian Islands and island updates. Hawaiian Airlines discussed the new Boston to Honolulu nonstop route, and GOGO Vacation shared their services and current Hawai'i promotions. HTUSA and Hawaiian Airlines also promoted a new incentive offered in partnership with the O'ahu Visitors Bureau. The first eight agents to book 12 seats on the new Hawaiian Airlines flight will be guaranteed a spot in the O'ahu Master Specialist Program in November.

Participated in the Ensemble Extraordinary Training Booths & Trade Show in San Francisco, CA, on May 7 and in Los Angeles, CA, on May 9. All-island updates, with an emphasis on the island of Hawai'i, were presented to 45 travel advisors during eight group appointments in each city. Goway Travel also participated.

GTM West was held in Lake Las Vegas, NV, from May 9-12. There were 108 pre-qualified agents in attendance with a minimum personal revenue requirement of \$750,000 in sales per year. The event consisted of 52 one-on-one appointments and networking events. In addition, HTUSA sponsored a final morning breakfast that drew 70 advisors for a one-hour destination presentation. Hawai'i suppliers present included Aqua-Aston Hospitality, Apple Leisure Group, Classic Vacations, GOGO Worldwide Vacations, Kā'anapali Beach Hotel, Maui Visitors & Convention Bureau, Pleasant Holidays/Journese, Outrigger Hotels & Resorts, Travel Impressions and UnCruise Adventures.

HTUSA was a presenting sponsor for the San Diego PATA 40th Anniversary Hawai'i event in San Diego, CA, on May 22. A destination presentation was delivered to 110 travel advisors with an emphasis on the island of Hawai'i. Also sponsored fresh flower *lei* and live Hawaiian music and *hula* performances. Hawai'i suppliers present included Alaska Airlines, All About Tours, Alohilani Resort Waikīkī Beach, Hotels & Resorts of Halekūlani, Hawaiian Hotels & Resorts, Marriott Hawai'i, Norwegian Cruise Lines and Outrigger Hotels & Resorts.

Public Relations

As a result of pitching efforts, the PR team coordinated a multi-island visit with the associate editor of *The Manual*, Chase McPeak, and photographer, Genevieve Poblano, to O'ahu and Kaua'i. They were on assignment for a round-up of exciting and adventurous activities, restaurants and accommodations to create a full travel series. On O'ahu, they experienced various adventures such as surfing in Waikīkī, UTV at Kualoa Ranch, Atlantis Adventures, tastes of Merriman's and explored the history of 'Iolani Palace. On Kaua'i, the duo embarked on an ATV waterfall tour with Kaua'i ATV, ziplined with Outfitters Kaua'i, flew with Sunshine Helicopters, sipped Kōloa Rum at Kilohana Plantation and other activities that inspired rejuvenation.

The PR team coordinated a multi-island visit with freelance writer, Joe Yogerst, who had a confirmed assignment with *National Geographic* and was also gathering material for his upcoming book, *100 Drives*, which is his third in a series of best-selling books. He will pitch his visit to other top targeted publications. He traveled to O'ahu and island of Hawai'i to explore various activities, scenery and eats along his road trip.

HVCB coordinated a multi-island visit for freelance writer Leslie Forsberg. She was on assignment with *AAA Journey Magazine* featuring ocean-based activities on Kaua'i, O'ahu, Maui and the island of Hawai'i, to run in the Nov./Dec. issue. She traveled to Kaua'i and O'ahu and experienced various activities such as Kaua'i Sea Tours: Nāpali Snorkel Raft Adventure, Kaua'i Backcountry Adventures: Mountain Tubing and Moniz Family Surf.

The PR team coordinated a multi-island visit with freelance writer, Jay Jones, to Kaua'i and the island of Hawai'i. As a result of extending his visit to the island of Hawai'i as part of its recovery efforts, Jay Jones produced a story, "Hawaii's Kilauea volcano a year later: a low-key ceremony, a much bigger crater," and shared the new landscapes created from Kīlauea's eruption last year and what is currently open at Hawai'i Volcanoes National Park.

As a result of HTUSA's individual visit for Elyse Inamine, the Digital Restaurant Editor at Bon Appetit, her story titled, "Two Orders of Turkey Tails, Please!" was published in Bon Appetit's April 2019 print issue, and in May released an extended story online, "Turkey Tails Are The Most Delicious Thing You Didn't Even Know You Could Eat" which highlighted one of Maui's newest food sensations, Lineage, run by Top Chef finalist Sheldon Simeon.

Continuing efforts to market Hawai'i as a culinary destination, the PR team assisted Food Network's, "Best Thing I Ever Ate" in shooting three episodes across Maui and O'ahu in late 2018. The latest episode "Best Meal Deal" aired in early May and featured Sheldon Simeon's Maui restaurant, Tin Roof.

KVB. Kaua'i was featured five times online resulting in an estimated 7.2 million unique visitors per month (uvpm).

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OVB. O'ahu was featured twice online resulting in 13.6 million in estimated uvpm and once in print with an estimated circulation of 190,000.

- MVCB. Maui was featured six times online resulting in an estimated 129.5 million uvpm.

IHVB. The Island of Hawai'i was featured twice online for an estimated total of 2.2 million uvpm; twice on television, estimated viewers 4.9 million.

- In April, HTUSA generated:
 - 16.2 million social media impressions (*Facebook, Instagram*)
 - April impressions and publicity values for articles that included Hawai'i:
 - 34 million print impressions
 - 19.5 billion online impressions
 - 75.4 million broadcast impressions

“COMING ATTRACTIONS” FOR LEISURE MARKET

The travel trade team will participate in the NorCal 'Ohana Meeting, Marin County, CA, June 6; Pleasant Holidays Open House, Westlake Village, CA, June 7; Travel Leaders EDGE Conference, Washington, D.C., June 5-11; Signature Travel Network Regional Educational Forums, San Francisco, CA, June 14; *TravelAge West Wave Awards*, Marina Del Rey, CA, June 13; PNW 'Ohana CocoNuts & Bolts Events, Seattle, WA, and Portland, OR, June 19-20; HDS Training, Boca Raton, FL, June 20; Signature Travel Network Regional Educational Forums, Ft. Lauderdale, FL, June 21; HDS Training for AAA Southern Virginia, Richmond, VA, June 27; Signature Travel Network Regional Educational Forum, Scottsdale, AZ, June 28; TravelSavers Bootcamp, Atlanta, GA, June 29-30; Virtuoso LEAP Webinar, July 10; *Travel + Leisure World's Best Awards*, New York, NY, July 16; Midwest 'Ohana Summer Events, Chicago, IL, July 23; Apple Leisure Group Hawai'i Day, Elk Grove Village, IL, July 24; Delta Vacations Hawai'i Day, Minot, ND, July 25-26; Global Travel Marketplace, Fort Lauderdale, FL, July 26-28.

The HTUSA PR team is coordinating an upcoming culture press trip with freelance writer, Jackie Bryant as the ring-leader to island of Hawai'i and O'ahu.

Hawai'i Tourism Japan Monthly Marketing Report May 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Although the Japanese economy exhibited unexpected rates of growth in the first quarter, speculations for a mild recession to be incoming are rising, as growth in GDP was mainly caused by imports declining at a faster rate than exports. Private consumption and capital expenditures also experienced falls, prompting many to believe that Prime Minister S. Abe may delay the planned consumption tax hike.
- Despite fears for Japan to enter recession, a pickup was observed in business sentiment and machinery orders, indicating that Japanese firms remain relatively optimistic. A Reuters monthly poll found that roughly two-thirds of companies expected growth to remain relatively flat in the second quarter. The Abe Administration has stated that they will proceed with the tax hike unless the economy is hit by a dramatic shock.

Outbound Travel Market

- Japanese outbound travelers reached record monthly levels, totaling 1.67 million with a 22.8% growth in April. This growth is attributed to the “Super Golden Week” holidays creating ideal opportunities for Japanese citizens to travel abroad.
- A study conducted on Japanese international travelers found that “relaxing” was the main purpose for travels, followed by “experiencing gourmet options”. Traveling for gourmet options was a unique purpose for the Japanese market, as it did not rank highly for other markets.
- Cruise travels are exhibiting substantial growth within the travel industry, doubling in market size over the last 10 years. Hawaii is frequently included in itineraries. Some cruises also play HTJ’s promotional videos within the cruise.

Competitive Environment

- A joint venture initiative was established in Okinawa to tackle concerns relating to environmental preservation and regional development. The entity works to preserve nature and its endangered species to protect the environment of Okinawa. The entity supports the government through various studies to implement SDG initiatives in the community.
- Tourism Authority of Thailand (TAT) is strengthening initiatives specifically for the Japanese affluent market. The “Amazing Thailand Luxury Roadshow 2019” was held in Japan to educate travel agents on ways to sell Thailand to affluent consumers. TAT’s overarching campaign was explained to the travel industry to develop new markets, promote regional cities, boost low seasons, strengthen digital marketing and promote to the affluent market.

Consumer Trends

- New niche market groups, known as “power couples” are arising, which consists of millennial couples, with combined annual incomes over \$140,000 USD. Close to 260,000 of such households are estimated to exist in Japan. To tap into the purchasing power of this market, entities are strategizing ways to specifically appeal to this market. Studies also found that over 30% of this market want to travel internationally.

- Advancements in technology are strongly shifting the consumption habits of the Japanese. Consumers now value experiences over material goods, make purchases online instead of at physical locations and share services and goods amongst one another.
- Studies on digital content consumption found that consumers spend 4.8 hours/day on average with digital contents, and that there is high reliability on information on SNS, making use of online shops greater than physical locations. With close to 100% of consumers aged up to their 40s, 90% in their 50s and 70% in their 60s utilizing the internet, expansion of online markets is expected to continue growth.

Travel Trend

- While consciousness of sustainable tourism grows globally, Japanese consumers are relatively hesitant to incorporate these trends. Close to 75% of international travelers globally acknowledged the need for sustainable tourism initiatives, compared to 40% of Japanese consumers. Many Japanese stated that travels are special, and they do not want to think about sustainability during this time, indicating lower recognition amongst the market and the need to further improve awareness of SDGs.

Media & Online Trends

- Publications are increasingly expanding operations by starting new initiatives, as opposed to traditional methods of focusing on single platforms. Magazines such as “OCEANS” are creating editorial departments to develop website contents, whereas online media “Tabiuro” began sales of their first paper medium. As the needs of consumers diversify, publishers are delving into various fields to accommodate new niches.
- Studies on the sales distribution of newspapers and magazines found two factors which contribute to strong sales of contents. One was the establishment of clear specific target audiences. As new niche markets are realized, contents relating to specific groups are becoming essential in capturing the attention of consumers. The other factor found important was the inclusion of free gifts/samples to entice consumers to purchase.

Airlift

- Hawaiian Airlines (HA) announced plans to return direct flight service between Fukuoka and Honolulu by as early as November with four flights per week. This will greatly increase HA’s market presence through service to all major airports with regular direct flight service to Hawaii. Finalization of plans are set to be announced in June.
- Tentative approval was given to two additional flights for serving the Haneda – Honolulu route to HA and Delta Air Lines (DL). Final approvals are set to be completed by the end of summer. With announcements for Japanese airlines still under way for the additional slots, airlift in the Tokyo market may see a shift to Haneda.
- Japan Airlines (JAL) launched service of their special decal aircraft from 5/22 to attract customers. In celebration of the 65 years of service between Japan and Honolulu, JAL introduced their special “Arashi Hawaii Jet” livery on their routes to Hawaii. “Arashi” is a popular Japanese boy band and is one of JAL’s celebrity personalities.
- Together with the inaugural service of All Nippon Airway’s (ANA) A380, the company opened 2 lounges within HNL for customers; ANA SUITE LOUNGE and ANA LOUNGE. The lounges combined are now the largest in the facility and draw upon both Japanese and Hawaiian elements.

- JAL, ANA and DL announced that fuel surcharge rates will be increased to 6,000 yen (one-way) from 4,000 yen for tickets issued from June onwards.

LEISURE ACTIVITIES

Hawai'i Island Recovery Initiative

- Taxi Ad signage campaigns were launched on 10,000 taxis in Tokyo, featuring 30 sec ads for the island of Hawai'i. Taxis feature riders who are gainfully employed allowing for stronger response than regular OOH advertisements. The ads were played on digital boards installed in taxis, and were featured throughout May, featuring 4,289,348 impressions.
- HTJ attended the IHVB stakeholder meeting on the island of Hawai'i to share market conditions and recovery initiatives to stakeholders on the island on 5/8. Attending stakeholders were informed of major activities in 2018 and learned about initiatives on HTJ's additional branding campaign and responsible tourism initiatives, discussing potential ways to collaborate with airlines and travel agencies.
- Plans for the Japan Summit 2019 on 7/17 – 7/20 on island of Hawai'i are under way. HTJ selected key individuals in Japan and Hawai'i to attend the summit and continued working with IHVB to finalize summit schedules and programs. The aim for the summit will be to provide grounds for the Japanese travel industry to connect with the local partners on the neighbor islands and discuss potential product developments.
- Follow up discussions were held with island of Hawai'i partners including Fair Wind, Holoaloe Inn, Pacific Tsunami Center, etc., from the sales calls held in April with IHVB. HTJ discussed the creation of Japanese materials to share with their visitors and Japanese travel agencies.
- HTJ supported a press tour from 5/24 – 5/27 on the island of Hawaii. Appeals shared included those of the direct flight service, spots to visit on the island and Volcanoes National Park, to assure the media on the safety of travels and to experience the power of nature to be featured in articles. Visits included the new black sand beach to emphasize the constant evolution of the island. 8 media attended and will cover close to 50 articles on their experience.
- Popular Japanese TV show featuring various destinations, "Sekai Fushigi Hakken" will be airing a special segment on the island of Hawai'i, with a focus on Kīlauea on 6/1. The show will introduce the appeals found on the island, formed by lava, in a quiz format. Wholesalers have stated intents to increase products concurrently with the show.

Hakken Hawai'i

- Hakken Hawai'i OOH ad campaigns were executed on the Oedo Train line's train cars for one week. This line features high traffic residential and office areas, with average users at 956,041 / day. Close to 6.7 million reach was obtained in a week.
- From 5/27, OOH ads were displayed at Omotesando station on the staircase to the platforms. Contents were separated on each step by island, effectively promoting each of the islands. This station was selected for its frequent use by consumers, many of which are highly sensitive to trends. 1,274,875 consumers were reached in just one week.
- The second wave of the "Hakken Hawai'i Hunter" campaign was launched, with travel agencies providing package products to Hawaii for selected winners. New digital ad strategies were used to promote, whereby consumers would be guided to the campaign site when viewing articles relating to Hawai'i. Ads were also deployed on the SNS platform LINE's banners and timelines,

allowing for reach to 2,083,333. Distribution of the press release for the campaign by HTJ resulted in 58 articles and 1,273,183,430 impressions.

- A press tour with Hakken Hawaii as the theme was held from 5/24 – 5/31 on Oahu and the island of Hawai'i. 9 media entities participated in the tour and were shown locations with interesting statistics (numbers). Over 50 articles are expected to be published, starting from July.

Aloha Program

- Aloha Program delivered 3 email blasts to members with an average click through rate of 62.27%.
- Aloha Program site statistics: Unique users at 31,049; Page Views at 245,170; Average Browse Time at 4:59.
- Aloha Program members totaled 636 youth, 9,526 beginners, 5,104 intermediate and 7,077 advanced members for a total of 22,343 specialists. (Total of 40,233 Aloha Program Members)
- HTJ invited Mr. and Mrs. Akaka from Mauna Lani Resort to conduct an island of Hawai'i talk show and Ukulele workshop for Aloha Program members in Sapporo at a Hawaii Fair in Tokyu Department Store. 38 Hawaii specialists from Sapporo attended to learn and experience the culture of the island.
- During Hawaii Expo Fukuoka on 6/22-23, Aloha Program will be showing a documentary film of Hōkūle'a, "Moananuiākea one ocean one people one canoe" for the first time in Japan with the Polynesian Voyaging Society and 'Ōiwi TV. In just three days after invitations were sent, the capacity of 230 people was reached, indicating the strong interest from consumers. HTJ supported the creation of subtitles for the film with 'Ōiwi TV.
- Ukulele duo, "Heart&Soul" performed at HTJ's satellite offices in Yokohama; HIS Hawaii Yokohama and JTB Travelgate Yokohama on 5/23 to share Hawaiian music and culture to 25 consumers. Their performance instigated the finalization of bookings to Hawai'i during their visits.
- HTJ provided Aloha Program member donations to 6 local NPOs at the NPO Donation Ceremony on 5/3. HTJ will continue working with these 6 NPOs in promoting sustainable tourism, preserving natural resources and cultural perpetuation.
- Aloha Program Week in Hawai'i will be held on 6/4-10 on Kauai and Oahu. HTJ communicated with stakeholders and finalized plans to maximize members' experience on their trip. 9 tours are planned with the support of over 25 local stakeholders. Details on the report will be shared in the June report.
- A webinar highlighting "Oahu's historic drive tour" was held by Aloha Program curator, Ms. Sayuri Roberts for Hawai'i Specialist members. Total of 68 specialists attended the webinar to learn about Oahu's historic background.

HTJ Certified "Konin" Product Campaign

- HTJ certified product campaign with Japanese snack producer Calbee was launched for the "Frugra" tropical mango and pineapple flavor from 5/20 – 8/31. Samples of the certified product will be distributed at satellite offices, the Hawai'i Expo and by Calbee to ensure wide reach. The samples will contain surveys for HTJ to collect consumer data.
- A campaign with national sushi chain, "Kappa Sushi" was launched at 340 retail outlets, set to run from 5/15 – 6/23 with the certified "Hawaiian Pancake" and "Garlic Shrimp" dishes. The

stores will have information on the Hakken Hawai'i Hunter campaign, and stores with digital signage boards will be playing related videos. Surveys for the campaign allowed for the acquisition of 26,705 consumers' data in May, half of which had never traveled to Hawaii.

- Through the certified product campaigns, HTJ aims to expand reach to consumers which cannot be reached through HTJ's traditional outlets. In doing so, HTJ is expanding database of consumers who have never visited Hawaii, to attract first-timer business to the islands. Press releases on the two campaigns launched to media resulted in 53 articles; 1,265,126,100 impressions and 88 articles; 3,074,398,077 impressions respectively.

Travel Trade

- HTJ supported ANA's event for the inaugural flight of the Airbus A380 "Flying Honu" at Narita Airport. HTJ secured hula and ukulele entertainers for the event, including "Jody & Maika". The entertainers performed ANA's theme song on the ukulele to welcome the new service by ANA.
- HTJ worked with **15 stakeholders** from the Hawai'i Association of Japan to host a seminar to sales representatives at travel agency HIS to better sell the destination together with the Japanese stakeholders. **100 newly hired** representatives attended and were educated on an overview of the Hawai'i market, HTJ's initiatives and responsible tourism. Managers at HIS were also present and expressed intent to continue efforts for Hawaii.

Public Relations

- HTJ generated a total of 258 exposures, 8,682,125,577 impressions and \$5,116,350.43 ad value in May.
- HTJ provided media assistance to 6 online, 3 TV, 4 Magazine and 1 newspaper outlets in May.
- With the launch of ANA's A380 "FLYING HONU" and Japan Airlines' "Arashi Jet", numerous media sources covered articles on airlines and Hawai'i. HTJ supported numerous media outlets by providing information relating to visitor statistics and airlift.
- HTJ assisted arrangement of itineraries for two freelance writers in Oahu. The writers' experience on Oahu will be featured on their respective online platforms "@DIME" and Risvel. The former is a lifestyle magazine featuring topics of various sorts, while the latter is a media site targeting international travelers. Both writers will feature their experiences in Hawaii including those had from their point of departures in the coming months.
- As the media industry shifts towards favoring the use of freelance writers, HTJ will continue working with them to have topics on Hawai'i featured. Focus will be placed on various topics relating to charms unique to Hawai'i such as made in Hawai'i foods, people and culture.

Sales Activities – HTJ conducted 43 sales calls and met with 80 agents to promote Hawai'i.

Market Conditions

- As the high season approaches, wholesalers are increasing Hawai'i seminars and events for both staff and consumers. HTJ will work to support these initiatives to the greatest extent possible, to boost travels for the peak summer season.
- From the extensive featuring of the island of Hawaii on various media in 2019, the industry as a whole remains hopeful for the revitalization of the market.
- HTJ aims to increase visitors to the island through the Japan Summit planned in July together with the airlines, wholesalers and media.

- The expansion of slots for international slots at Haneda Airport is creating potential for the market to shift from Narita. Additional slots being awarded to HA and DL in addition to the upcoming announcement of slots for domestic airlines may shift the majority of the market to Haneda. This may serve as an opportunity, as Haneda is closer to the city center, with greater convenience for travelers.

Honolulu Office Activities

- HTJ attended the bimonthly JHTA meeting on 5/16. HTJ shared on market conditions and HTJ's upcoming activities including the Hawaii Expo and Japan Summit on the island of Hawai'i. The new brand manager for the Japanese market at HTA was also introduced to the members. Support was also provided for a site inspection of JAL and ANA's facilities at HNL on 5/17.
- Arrangements were made for Hawaiian entertainment at the inaugural flight event in Hawai'i. The event was held at the Outrigger Reef Hotel on 5/26 with 160 passengers from the flight in attendance.

Partner Relations

- HTJ conducted a PR & Marketing Partners' meeting on 5/1 with 8 partners in attendance. Discussions were held on 3rd and 4th quarter initiatives including the Media Event planned for October.
- Meetings were held with 15 partners (23 representatives) including the Grand Naniloa, Blue Planet and Auberge Resort were held where strategies for promoting to the Japanese market, specific to their entities were discussed.

"COMING ATTRACTIONS" FOR LEISURE MARKET

#	Event Name	Date	Location
1	Aloha Tokyo	6/1 – 6/2	Tokyo
2	Aloha Program Week in Hawai'i	6/4 – 6/10	Kauai & Oahu
3	Hakken Hawaii Closed Consumer Event	6/8	Tokyo
4	Hawaii Expo Fukuoka	6/22 – 6/23	Fukuoka

Hawai'i Tourism Canada Monthly Marketing Report May 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

The Canadian dollar strengthened to a nine-day high against its U.S. counterpart on Friday, as investors slashed bets for an interest rate cut this year from the Bank of Canada after domestic data showing a record jobs gain.

The Canadian economy added 106,500 jobs in April, the biggest monthly gain on record, led by employment increases in the two most populous provinces, Ontario and Quebec, Statistics Canada data showed. That far outstripped analysts' expectations of 10,000 jobs. As the strategy for Canada further prioritizes HVTs vs. total visitor metric, HTCAN will continue to closely monitor the spend metrics.

Economy

- The Canadian economy is now projected to grow by a weak 1.3 percent this year and fare only slightly better in 2020, with 1.5 percent growth
- Unlike in the first half of 2018, household spending did not help the economy much. With a mere 0.7 percent (annualized) increase in the fourth quarter, it was the weakest showing since the recession.
- National Bank predicts real consumption grew by 2.2 per cent last year, but it will slow to 1.3 per cent this year, and slow further to 1.2 per cent in 2020.

Despite rising import tariffs, U.S. economic growth has propelled global growth over the past year. The key reason: Corporate and personal income tax cuts implemented in January 2018. They have spurred business investment and consumer spending. Spillover effects may be expected in Canada as Americans buy more and visit more.

The Bank of Canada is raising interest rates more slowly than in the U.S., and this means that the loonie will remain low. The bright side of a lower loonie is that Canadian export goods are cheaper but domestic tourism gets a boost. The new USMCA trade deal helped reduce the loonie's slide in recent months. Uncertainty remains, given that ratification of the deal isn't expected until the spring. There are fears that Congress, now dominated by Democrats, might seek changes.

Overall, the loonie is likely to trade within a range of 75 to 80 cents against the U.S. dollar in 2019. From its current level, it could creep up a little, perhaps to 78 cents to the US dollar over the course of the year, as various elements of uncertainty dissipate.

Consumer Confidence

Consumer Confidence in Canada increased to 53.71 Index Points in May from 50.76 Index Points in April of 2019. Consumer Confidence in Canada averaged 53.44 Index Points from 2010 until 2019, reaching an all-time high of 57.05 Index Points in November of 2018 and a record low of 46.80 Index Points in February of 2016.

Outbound Travel Market & Competitive Environment

Total Canadian Outbound Travel

Canadians made more than 5.2 million overnight trips to the U.S. and other outbound destinations during the first two months of 2019, an estimated increase of 1.8% compared to the same period in 2018. Of this total, approximately 4 million trips were for leisure purposes. During the period, overseas leisure travel increased 1.2%, while trips to the U.S. grew an estimated 2.6%. The first four months of the winter travel season (Nov-Feb) saw 10 million overnight outbound trips, compared to 9.8 million during the same period in 2017-18.

Canadian Travel to the United States

Canadians made an estimated 2.7 million overnight trips to the U.S. in January and February 2019, compared to 2.6 million in 2018. Compared to the previous year, there was a -5.7% decrease in the average monthly value of the loonie *vis-à-vis* the greenback during the period. January and February 2019 saw overnight trips by automobile decline -6.4% while travel by other modes grew an estimated 9.7% as popular destinations recorded higher volumes of direct air deplanements from Canada. Throughout the first two months of the year, many of the tracked destinations in Florida, California, Texas, Nevada and Hawaii posted increases.

Canadian Travel to the Caribbean, Mexico, and Central America

There were more than 1.6 million Canadian arrivals in destinations in Mexico, the Caribbean, and Central America in January and February 2019, a year-over-year increase of 5.4%. Of the larger volume destinations, arrivals in Mexico grew 7.6%, while the Dominican Republic recorded an increase of 2.1% and travel to Cuba grew 2.6%. Mexico and the Dominican Republic accounted for 59.5% of activity in the region during the period; up from 59.1% last year and 55.5% in 2017.

The first four months of the winter travel season (Nov-Feb) saw Canadian arrivals in sun destinations surpass 2.56 million, an increase of 4.3%.

Dominican Republic: Canadians made almost 254,000 visits to the Dominican Republic in January and February 2019 a 2.1% increase compared to 2018. During the period, Puerto Plata saw arrivals increase 8.0% and visits to Punta Cana grew 2.2%. Despite a decrease in activity in January, the first four months of the winter travel season recorded 424, 000 Canadian arrivals, an increase of 2.9% compared to winter 2017-18.

Mexico: Throughout January and February 2019, Canadian arrivals in Mexico grew 7.6%. During the period, there were 701,000 visitors, 70% of whom deplaned in Cancún and Puerto Vallarta. Even so, other destinations, including Los Cabos and Mazatlán, recorded more distinct increases in their share of arrivals.

Despite safety concerns, the first four months of the winter travel season saw 1.2 million Canadian arrivals in Mexico, an increase of 5.7% compared to winter 2017-18.

Canadian Travel to Europe

There were 446,000 Canadian arrivals in European destinations (based on reporting by 26 countries) throughout the first two months of 2019, a year-over-year increase of 1.9%. During the period, Slovenia, Hungary, Croatia and Turkey recorded the largest proportional increases in Canadian visitors.

The first four months of the winter travel season (Nov-Feb) saw more than 1.02 million Canadian arrivals in various European destinations, compared to 980, 000 during the same period in 2017-18.

The largest recorded change was in Spain, where there were 20, 000 fewer arrivals recorded, primarily during November and December.

Canadian Travel to Asia and the South Pacific

There were 667,000 Canadian arrivals in key destinations in the Asia/Pacific region in January and February 2019, a similar volume as recorded the previous year (0.8%). Throughout the period, Sri Lanka, Japan and Fiji recorded the largest proportional increases in visitors. On the other hand, arrivals in China and Hong Kong declined. South Korea's year-over-year decline is solely due to the uptick in visitation recorded last year during the winter Olympics.

The region saw more than 1.36 million arrivals from Canada throughout the first four months of the 2018-19 winter travel season, an increase of 2.7%. Only China, Hong Kong, and India saw a decline in arrivals during the period.

Consumer Trends

- Compared to 2018, visits to O'ahu increased 6.1% in the first four months of 2019 while visits to Hawai'i fell -8.5%.
- Visits to O'ahu represented a larger share of activity than in 2018, while visits to Maui accounted for a similar proportion as previous years.
- So far in 2019, the proportion of visits to O'ahu increased 1.5%, while Hawai'i saw a -1.6% decline in the overall share of visits.

Travel Trends

Independent Travel Volume Sets New Record

- After reaching a new record in 2018, the volume of package travellers fell to 46 thousand during the first four months of 2019 (-3.9%).
- In contrast, independent travel volumes increased 3.5% and accounted for 82% of total visits.
- The first four months of 2019 saw the number of independent travellers surpass 265 thousand; the highest level ever recorded for the period.

Airlift

- WestJet announced the 787-9 Dreamliner will be used to operate flights between Calgary and Maui up to four times weekly starting Oct. 31
- Air Canada is currently featuring a special promotion "Hawaii Escapes" offering a discounted rate and no hotel fees on select Hawaii vacation packages with departures from Calgary, Vancouver Toronto and Montreal. Book between: May 27 and July 1, 2019 - Travel between: June 1 and December 31, 2019
- Air Canada and WestJet offered 270 thousand direct seats to Hawai'i throughout the first four month of 2019.
- During the period, Air Canada offered 11.3% more seats and WestJet increased direct capacity by 7.1%.
- So far this year, Air Canada has increased service from Toronto and Vancouver, while WestJet expanded service from Calgary and Vancouver.

LEISURE ACTIVITIES

Consumer

- HTCAN continues to receive a significant increase in the volume of Vacation Planner requests that are now distributed by Zeta Global.
- Social media activity has been ongoing for Twitter, Instagram, and Facebook.

Travel Trade

WestJet Vacations Travel Trade Expos

- HTCAN booth was shared with nine hotel partners at the expos in Calgary and Edmonton - May 1 and 2
- Over 400 travel agency owners/managers/consultants
- Supplier trade show participation provided quality engagements with attendees and material distribution

Public Relations

- HTCAN confirmed a key media participant to join the O'ahu Millennial Eco Travel and Discovery Press Trip May 16 to 21.
- HTCAN coordinating individual fams with top-tier consumer and trade publications in key markets; this is ongoing. 3 approaches, Jim Buyers, Lana'i; Allison McGill, O'ahu; Kate Robertson, Maui and Kaua'i; John and Sandra Nolan all islands.
- Determining 2019 group media fam and what islands to promote; current outlook is late summer/early fall 2019 under the theme of outdoor adventure + culture on the island of Hawai'i and Kaua'i. Waiting for airlines to release non-stops from Eastern Canada to confirm dates and group.

Sales Activities

Flight Centre Premium West, Vancouver, BC – Clea Eloise, International Travel Consultant.

Travel Best Bets, Vancouver, BC – Cassandra Milne, Travel Consultant.

North-South Travel, Vancouver, BC – Ginger Blum, Luxury Travel Advisor

CWT Ellison Travel & Tours Ltd, North Vancouver, BC – Nao Nishihara, Travel Designer

Flight Centre Lonsdale, North Vancouver, BC – Caroline Dupont, Senior Travel Consultant.

Swan Valley Travel, Winnipeg, MB - Rita Kelsey, Travel Agent.

Expedia CruiseShipCenters, Vancouver, BC - Ivy Chen, Travel Agent.

Maritime Travel, Langley, BC – Jenna Matthews, Leana Anderson and Kyoko Purvis, Destination Wedding and Honeymoon specialists.

- Training session with the team of Maritime Travel was productive and successful. They are wanting to focus on weddings and honeymoons in the Hawaiian Islands due to the high number of recent enquiries and the general interest clients have in Hawaii.

- The team will work with luxury hotels from Virtuoso and wedding coordinators from White Orchid Wedding to create memorable experiences in conjunction with the Wedding Professionals Associations of each island.

Carlson Wagonlit Travel, Langley, BC – Sarah McKimmie, Travel Advisor.

HB Vacations, Vancouver, BC – Nancy Eng, Vacation and Travel Consultant.

The Travel agent Next Door, Toronto, ON – Cheryl Guyong, Travel Ambassador

“Coming Attractions” for Leisure Market

- Pacific Northwest ‘Ohana Mixer – June 18, Vancouver
- Spoiled Agent webinar – July 18, Island of Hawai‘i

Hawai'i Tourism Oceania Monthly Marketing Report May 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

Australia held a Federal Election in May which returned the Liberal Coalition government to power with a slightly increased majority. This means little will change in terms of managing the economy, which is expected to remain constrained for the remainder of 2019. GDP growth of between only 2 to 2½ percent is expected over the next two years due to declining household consumption. The Australian dollar remains flat too, at between US\$0.69 and \$0.70.

New Zealand:

The New Zealand dollar had a challenging month during May, reaching a low in the US\$0.64 range. This was largely due to international factors including the strength of the USD. Fortunately, by the end of the month, the NZD had recovered to the US\$0.65 mark.

Outbound Travel Market & Competitive Environment

Australia:

Overseas travel by Australians during March 2019 increased 2% when compared with February 2018, however was flat when compared with February 2019. The biggest changes in arrivals were for India (10.7%) and China (3.5%). Vietnam (-6.8%) and the USA (-3.9%) both recorded decreases.

Short-term Resident Returns, Australia - March 2019

Country of Stay(a)	Trend '000	Seasonally Adjusted '000	Original '000	Feb '19 to Mar '19 Trend % change	Mar '18 to Mar '19 Trend % change
New Zealand	120.5	121.5	134.8	-0.3	2.4
Indonesia	107.2	106.9	91.9	-0.8	2.8
United States of America	87.3	87.6	61.4	-1.1	-3.9
Thailand	46.5	47.1	41.7	0.1	-3.1
China (excludes SARs & Taiwan)	50.0	45.3	41.3	-1.2	3.5
India	35.4	34.7	37.9	1.2	10.7
Singapore	33.2	33.3	34.6	0.1	-2.2
Japan	39.7	38.8	34.3	-0.4	2.7
Vietnam	25.2	26.9	29.3	-1.1	-6.8
Hong Kong	20.8	21.7	23.3	-0.1	3.0

(a) Top 10 destination countries based on original estimates.

Source: ABS

New Zealand:

The number of New Zealand residents returning from an overseas trip in March 2019 was up 11,900 from March 2018, to 195,000. The biggest changes were in arrivals from: Australia (up 7,200); India (up 1,500); and Indonesia (up 1,400).

Source: Statistics New Zealand

Travel Trends

Flight Centre has announced that its Student Flights operation will be replaced by a new Universal Traveller brand to expand its appeal to a broader range of travelers. Predominantly targeting the 18 to 35 demographic of students, backpackers and young professionals, Universal Traveller will highlight a full range of product categories including FIT, Adventure, Festivals and Touring.

Travel technology disrupter TRAVLR has announced a new alliance with ASX-listed expense management provider 8common, providing an end-to-end leisure travel platform for staff at some of Australia's largest corporations. The employee travel benefits platform, dubbed Benefits8, aims to address a growing opportunity in the so-called 'bleisure' space where respondents add personal extensions to corporate travel. In 2019 'bleisure' travel, will become a hugely popular way to make the most out of business travel, with 68% of business travelers globally taking at least one 'bleisure' trip per year.

Airlift

Hawaiian Airlines flights between Australia and Honolulu are expected to be among the first routes for the carrier's new Boeing 787-8 Dreamliner aircraft, once they join the fleet in 2021, according to Regional Director Andrew Stanbury. To celebrate 15 years of nonstop service between Australia and Hawai'i, Hawaiian Airlines promoted a flash sale birthday fare of AU\$799 return.

Air New Zealand is offering very competitive airfares from major cities in Australia to mainland USA, starting from AU\$913 return to Los Angeles, San Francisco and Houston.

LEISURE ACTIVITIES

Consumer

HTO Blog: Articles published on the blog and promoted on our EDM this month were:

- Iconic and Unexpected
- Choose your own Hawaii Adventure

Consumer Newsletter April: HTO sent out a consumer EDM aligning with social media content that had a spotlight on soft adventure. **Results:** 119,361 recipients, 29,482 (17%) opens and 3,543 link clicks.

"Infinite Experiences" Multi-island Brand Campaign (February – May): HTO launched a consumer direct brand campaign to inspire and inform the consumer on the experiential offerings on the Hawaiian Islands. The key tagline of the campaign is "Six Hawaiian Islands, infinite experiences". HTO created 15-30 second videos highlighting the different experiences across the Hawaiian Islands as well as curating blog content to align with this theme which was amplified through paid social and e-newsletters. This campaign was successful in creating more awareness around the neighbor islands and encouraged multi-island holidays. The campaign received almost 4.2 million impressions, 3.7 million video views.

House of Travel Consumer Expo: HTO attended this one-day event with the visiting Island Chapter representatives as part of our Month of Lei showcase.

Travel Trade

Month of Lei Special Events, May 1 – May 7: In May, HTO hosted their second annual Month of Lei special events. Representatives from each island bureaus attended and provided travel agents with valuable training on the Hawaiian Islands. We hosted events in Sydney, Adelaide, Melbourne, Tauranga and Auckland and scheduled additional training for Virtuoso and Qantas Holidays agents. Approximately 300 agents were trained by the island chapters over the week. We also received excellent publicity through the trade papers in AU and NZ (see example in Travel Weekly).

<http://www.travelweekly.com.au/article/hawaii-tourism-oceania-kicks-off-month-of-lei-celebrations/>

Infinity Holidays X Travel Associates Luxury Famil, May 4 – May 8: HTO partnered with Flight Centre and Hawaiian Airlines on a co-op campaign “Infinity X Travel Associates” to further highlight the Hawaiian Islands as the choice destination for consumers. Selected agents were nine top-selling Travel Associates agents from across Australia who took part in the five-day luxury famil, where they were able to immerse themselves in Hawaiian culture throughout Maui and Moloka’i. HTO supported ground costs in partnership with the Maui Visitors Bureau.

Excite Holidays campaign co-op campaign, April 29 – May 12: HTO in conjunction with online wholesaler Excite Holidays, launched a multi-channel trade campaign highlighting the diversity of the Hawaiian Islands. The two-week dedicated campaign promoted the Hawaiian Islands via a bespoke landing page, EDMs, destination guide, trade editorial/advertising, social media and activations. This campaign also included a social media incentive and a major agent incentive giving two lucky agents the chance to win a trip to O’ahu each week during the campaign.

Helloworld and Viva Holidays campaign and incentive, May 1-31: HTO in conjunction with Helloworld and Viva Holidays, launched a fully integrated campaign. This campaign utilized key consumer and trade channels including press, digital, paid social media, EDMs, instore, printed flyers, and travel agent support. The campaign also aligned with an agent famil incentive promoted during the month of May. The incentive encouraged agents to book Hawai’i and complete a webinar and quiz on the Hawaiian Islands for a chance to earn a famil on the Island of Hawai’i.

Trade Educational Program: HTO continued to provide face-to-face destination training to travel agents for the following companies: Virtuoso; Qantas Holidays; Cruiseco; American Express Travel.

Public Relations

Highlights in May

During May, Hawaii Tourism Oceania worked and travelled on the group media famil, as well as worked with a number of media on editorial features and other publicity opportunities. The purpose of these activities was to promote the various marketing pillars for 2019 including multi-island travel, soft adventure, stopovers and luxury.

HTO also held a media lunch in conjunction with the Island Chapter visit around the Month of Lei.

2019 Luxury Group Media Famil

From May 5 – May 13, Hawai’i Tourism Oceania travelled around Kaua’i and O’ahu with four key Australian media, focusing on luxury, bespoke and unforgettable experiences. The media were writing for a variety of publications including: The Australian Travel & Indulgence Liftout, Traveller, The Australian Financial Review’s Life & Leisure Liftout, Travel Insider and Escape. Working closely with O’ahu Visitors Bureau and Kaua’i Visitors Bureau, the 2019 HTO Group Media Famil was a success.

Hawai'i Tourism China Monthly Marketing Report May 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

Economy

a) China Mainland

- **Economy:** China's GDP grew 6.4% YOY in Q1 2019, slightly above market expectations of a 6.3% expansion.
- **Currency:** In May, Chinese Yuan per USD depreciated to 6.9 compared to Q1 at 6.7.
- **Unemployment rate:** The unemployment rate in China decreased to 3.67% in Q1 2019 from 3.8% in Q4 2018, reaching a record low since 2002.
- **Consumer confidence:** Consumer confidence in China increased in Q1 2019, standing at 124.6 Index Points from 121.4 in Q4 2018.

b) Hong Kong

- **Economy:** The real GDP growth was 0.5% on a YOY basis in Q1 2019, contrasting sharply with 4.6 % growth in Q1 2018. This minimum growth is explained by the weaker performance of the global economy and the continuing impact of the U.S.-China trade war.
- **Currency:** Hong Kong dollar and USD maintained a linked exchange rate of 1 USD = 7.8485 HKD as of May 30.
- **Unemployment rate:** The seasonally adjusted unemployment rate in Hong Kong stood at 2.8 percent from February to April 2019.
- **Consumer prices:** The annual inflation rate in Hong Kong rose to 2.9 percent in April 2019 from 2.1 percent in the previous month. It was the highest inflation rate since February 2018.

Outbound Travel Market

a) China Mainland

- As reported by Ctrip, over 100 million Chinese are likely to take a vacation during Dragon Boat Festival in June 2019, showing an estimated 12% increase YOY. Reservations on Ctrip.com spanning 809 destination cities across 92 countries and regions showed that most popular overseas destinations for group tours include Japan, Thailand, Russia and the U.S. The U.S. is also the 9th most popular destination for Chinese tourists during the recent Labor Day holiday, compared to the 5th position it held last year.
- Professional Chinese B2B travel information platform Pinchain.com reported that inquiries and reservations for long-haul travels during Summer holiday saw a significant rise starting from May. Among which, the most popular travel categories are leisure holidays, study tours and summer escapes. According to Lvmama.com, reservations of tourism products for July and August increased 23% YOY, with students and families accounting for 70% of the bookings.

b) Hong Kong

- The Hong Kong's Travel Industry Council found that Hong Kong is Hunan Province's largest source market. In 2018, China's Hunan province welcomed 875,300 tourists, up 11.5% over the year before, from Hong Kong.

Consumer Trends

a) China Mainland

- According to Ctrip, Chinese travelers spend over 200 billion USD overseas annually, and this accounts for less than 10% of the total Chinese population. As of 2018, research showed that only 16-17% of the population had traveled abroad.
- Alipay released 2019 *Labor Day Outbound Travel Consumption Report* stating that outbound spending via Alipay saw groups in 40's and 50's increase spending 2.4 times YOY, reaching RMB 1,622 (USD 234) per person per trip.

b) Hong Kong

- There are more highly paid employees in Hong Kong. In the financial year 2017/2018, Hong Kong had 213,000 salary tax payers, up 8.5%, with annual salary over HK\$900,000 who account for 11.4% all tax-payers; and 239,000 tax payers, up 10.6%, with annual salary ranging from HK\$600,000 to HK\$900,000 who account for 12.8% of all tax payers.
- A survey found female multi-millionaires in Hong Kong account for 46% with an average age of 58, while male account for 54% with average age of 60.

Travel Trends

a) China Mainland

- According to the 2019 *Tourism Sustainable Development Report* released by Booking.com, 87% of Chinese travelers, especially the middle-aged and the millennials, believed that eco-tourism is necessary to protect the destination environment. Also, 82% of the travelers are willing to stay in sustainable accommodations with an authorized eco-label.
- 2 leading travel platforms in China, Tongcheng/E-long and Mafengwo have stated that 'sharing' is a key travel behavior among Chinese travelers. 60.8% platform users will share their travel experiences online. Mafengwo commented that 95% of travelers will check for travel tips before their trip, especially the younger generation, while 56% of the users will do an in-depth research to prepare for their holidays.

b) Hong Kong

- Hong Kong Airport Authority joins MTR Corp in reversing a ban on Cathay Pacific's same-sex advertisement after LGBT outcry. The advert shows two men holding hands on a beach alongside the slogan "move beyond labels" and is a part of Cathay Pacific's diversity campaign.

Media & Online Trends

- According to Tencent's Financial Report for Q1 2019, the number of WeChat monthly active users has reached 1.1 billion, with a YOY increase of 6.9%. The report also indicated that there are

increasingly more Chinese Internet users sharing their short videos through in-app video tools on social platforms.

Airlift

a) China Mainland

- Major carriers including China Eastern and Air China are seeking compensation from Boeing for losses caused by the grounding of the 737 MAX aircraft. Partial flights are to be adjusted due to the situation.

b) Hong Kong

- Hong Kong Airlines cancels more long-haul flights with Vancouver, Los Angeles and San Francisco routes. From June, flights to Vancouver will be cut to thrice a week from a daily service. Los Angeles service will see two of seven flights a week cancelled while San Francisco route is also cut back.
- Following Cathay Pacific's decision to end its non-stop Cairns-Hong Kong flights after 26 years as of October 2019, Silk Air, a subsidiary of Singapore Airlines will be increasing their flights from Hong Kong.

LEISURE ACTIVITIES

Consumer

a) China Mainland

Hawai'i Won the "2018 Top Overseas Destination" Award by Ctrip

Ctrip has been running the "China Travelers Top Spot" campaign for over 5 years. This year, the campaign attracted 6.5 million users to vote for their favorite destination within 2 months. Hawai'i ranked No. 2 in popular overseas destinations among 30 top destinations around the world.

The award ceremony was held in Chongqing, with over 500 industry representatives from Airline, Hotel, Travel agency, Travel Institution, Tourist Bureau, Scenic Spot and Social Influencers in attendance. The event topic on Weibo has attracted over 52 million views.

HTC Promoted Hawai'i Destination to Sports Lovers at the 20th Sanfo International Triathlon

To promote Hawai'i as the birthplace of triathlon and position The Hawaiian Islands as a paradise for sports lovers, HTC collaborated with Sanfo, a leading outdoor and adventure products provider in China, at the 20th Sanfo International Triathlon.

The Triathlon, held in Beijing on May 19, attracted about 1,100 contestants and more than 5,000 sports enthusiasts. Hawai'i sports videos as well as hula performances were showcased at the event. Travel products for the #IRONMAN World Championship# were also promoted to all the guests. The event was reported by over 30 Chinese leading lifestyle and sports media, **outreaching over 5.1 million audiences with a total PR value of USD 563,800.**

b) Hong Kong

HTC-HK supported Litz USA Education Fair 2019 in Hong Kong & Macao

Litz USA, a leading education consultancy based in Hong Kong specializes in helping students get into a U.S. college. On May 4th and 5th, Litz USA held its Education Fair 2019 in Macau and Hong Kong

reaching more than 300 parents and students. HTC-HK provided extensive support by offering Hawai'i travel information and souvenirs to all potential customers interested in studying in Hawai'i.

A total of 82 Hawai'i and USA education institutions participated in the education fair, including Kapi'olani Community College, Maui Preparatory Academy, University of Hawai'i at Mānoa, University of Hawai'i at Hilo, Hawai'i Pacific University, and 'Iolani School.

Travel Trade

a) China Mainland

Flash Summer Sales by U-tour & SECOO Heat up Xi'an

To warm up the summer vacation, HTC partnered with U-tour and SECOO, a leading online lifestyle platform, to conduct a joint flash-sales in Xi'an CapitaLand Mall on May 25 - 26. This two-day event attracted over 2,000 people and sold over 10 sets of Hawai'i travel products onsite.

Hawaiian Airlines & HTC's Joint-Trade Seminar in Beijing

HTC worked with the Hawaiian Airlines to conduct a seminar in Beijing where about 40 travel agents attended. HTC will follow up with in-house training and co-ops to develop new Hawai'i products with Deep Blue Trip, Himyieda, Xingyun Holiday, who showed strong interest to bring more leisure groups and FITs to Hawai'i by utilizing their sales distribution network.

HTC Cooperated with Ctrip Overseas Activities

HTC cooperated with Ctrip Overseas Activities for 2018 - 2019 Aloha Hawai'i promotion that was completed in May 2019. Ctrip Overseas Activities provided HTC with advertising banners on the Ctrip Activities homepage, while HTC also secured a featured landing page for Hawai'i to showcase top selling products and coupons for Ctrip consumers.

b) Hong Kong

Greenice Tour Launches Hawai'i Golf Tour

Greenice Tour specializes in promoting golf tours within their main target markets, Hong Kong and the Greater Bay Area. Greenice Tour participated in the GTS 2018 and in close collaboration with HTC-HK now launched its Hawai'i Golf Tour. The tour is packaged at 8 Days for US\$2,125 per person. The well-crafted itinerary includes Golfing at Ko Olina, Turtle Bay, Waikolea, Royal Hawaiian Golf Courses and leisurely day tours to USS Missouri, Kualoa Ranch and 'Iolani Palace. Greenice Tour introduced Hawaiian Islands and promoted the Hawai'i golf package via their Facebook and WeChat, at their branches in Hong Kong and at the Hong Kong Golf Club.

Public Relations

a) China Mainland

Media Activities – HTC Nature & Ecotourism FAM

To promote the spirit of "Travel Pono" and the diverse ecotourism resources of The Hawaiian Islands, HTC invited 6 professional travel social influencers to visit Kaua'i and Island of Hawai'i in

May: Sicilia(西西里玩不停), Big Gun(张大枪), Jojo(JOJO 带你游世界), Orange(行者橙子), Mars(张京) and Traveling Sisters(暴走姐妹花).

The FAM trip was largely supported by Hawai'i's stakeholders and Island Chapters. The group experienced various activities in Hawai'i, including Waimea Canyon & Kōke'e State Park hiking, Holo Holo Charters - Napali Sunset Cruise tour, Ho'opulapula Haraguchi Rice Mill - Taro Farm EcoTour, Surf Lessons with Kona Town Surf Adventures, UCC Roast Masters Tour, Kaloko-Honokōhau National Historical Park tour, Manta Snorkel, Flumin' Kohala, Mauna Kea sunset & stargazing tour and Hawai'i Forest & Trail's Hidden Crater Tour. The social influencers have been teasing about their travel adventures on social platforms and will release more stories via Weibo, WeChat, Qyer.com, Mafengwo and Miaopao, outreaching to **over 5 million Chinese travel lovers**.

Media Highlight – Press Release HTC announces Partnership with All Nippon Airways

Targeting the luxury travel market of China, HTC developed a partnership with All Nippon Airways to jointly promote the “Flying Honu”, a series of specially painted Airbus A380 providing quality flight experience. The article was released by 13 lifestyle and travel media, reaching **1.79 million impressions with a PR value of USD 200,600**.

Media Highlight – Lonely Planet Traveller Magazine 12 Page Article Featured Hawai'i

Lonely Planet Traveller Magazine, a leading leisure travel magazine in China, featured a 12-page article that introduced the Aloha spirit and Hawaiian culture through stories behind the Hawaiian words: Aloha, Honua, 'Ohana, 'Āina, Mauka, Makai and Pau Hāna. Famous attractions on the Island of Hawai'i and Kaua'i were also featured, including Keauhou Bay, Allerton Garden, McBryde Garden, Kalalau Beach, Waimea Canyon, Kokee State Park, Puuokila Lookout and Kalapaki Beach. This article is expected to **outreach 536,000 readers and generate a PR value of USD 957,500**.

Social Media Highlight – “Diamond of Islands – Olympic Dreams Hawai'i” Promotion on Multiple Social Platforms

Following the marketing initiative and promotion of Diamond of Islands – Olympic Dreams Hawai'i, HTC promoted the famous Chinese Surfing Celebrity Couple Zhang Liang and Yang Xue and their surfing trip to Hawai'i through a series of articles and videos on social platforms. The platforms include the well-loved sports brand, Vans; most popular OTA platform, Ctrip; high-end social account, Sea mew Travel Guide; one of the top video sharing websites, Youku; popular news platform, Netease as well as Sohu, Yidianzixun and i.ifeng.com.

These promotions showcased Hawai'i as an ideal holiday destination for surfers and tourists. Several surf-related resources of The Hawaiian Islands were also featured, such as surfing-themed restaurants, hotels, towns, surfing spots and more. These posts and articles, also released on HTC social platforms, have successfully generated **over 1.5 million page views and close to 700 engagements**.

b) Hong Kong

Press Release – ANA launches Tokyo to Honolulu service using Airbus A380, the world's biggest passenger jet.

HTC-HK’s press release was heavily featured both in local social media channels and local media. Following the press distribution, U Magazine posted ANA’s accompanying video on the launch on their Facebook page, garnering 1.464.666 impressions. **In total the press release garnered nearly 2 million impressions and over USD 7,500 PR value.**

Social Media Highlight – Hawai’i Greatest Natural Wonders

The HTC-HK social media channels in May focused on experiencing Hawai’i greatest natural wonders and featured “Hawai’i Rooted Videos”. The attractions highlighted in the posts were a spectacular helicopter tour on Moloka’i, stargazing on Mauna Kea Summit, and several eco-tours. In May, HTC-HK’s Instagram and Facebook stories generated more than 90,129 digital gross impressions.

COMING ATTRACTIONS

China & Hong Kong SAR

No	Event Name	Date	Location
1	Let’s Say Aloha (2 nd round)	End of June	Hong Kong
2	Rainbow Eco-Drive Hawai’i	June - August	China
3	HTC - Trade FAM- China Top Luxury Tour Agencies	19-26 July	O’ahu, Kaua’i & Lāna’i
4	Aloha Festival	28-29 July	Hong Kong, Central Harbourfront

Hawai'i Tourism Korea Monthly Marketing Report May 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

The number of air passengers totaled 30.57 million during the first three months of the year, exceeding 30 million for the first time, the Ministry of Land, Infrastructure and Transport announced. The number of international flight travelers jumped 7.1% to 23.01 million thanks to the winter vacation period, Lunar New Year holidays, more services by low-cost carriers (LCCs), increased Chinese visitation and the growing pursuit of work-life balance. Air travel to and from China, Europe, Southeast Asia and Japan grew in the first quarter, while passenger demand for the Americas and Oceania slightly declined, the government figures showed. The number of passengers for full-service flag carriers fell 1.5% but those for budget carriers jumped 17.2%. The nation's flag carriers accounted for 68.8% of total air travelers in the first quarter, of which their low-cost units took up 32.2%. It was the first time the LCC share exceeded the 30% level. The increased seat supplies and lowered prices for short-haul destinations - mostly Hawai'i's competitors – would impact Hawai'i's market share of Korean outbound travel.

ECONOMY

- The Bank of Korea announced South Korea's gross domestic product (GDP) contracted by 0.3% in the first quarter, the biggest decline in a decade. The central bank also recently trimmed its economic growth outlook for 2019 from 2.6% to a seven-year low of 2.5%. The Korea Development Institute (KDI) said that at the current level of productivity South Korea's average growth could slow to 1.7% a year in the next decade.
- South Korea's level of exports declined again for the fifth consecutive month. They first began to fall in December 2018, down 1.7%, and the downward slide has continued. Shipments to China, South Korea's biggest trading partner, dropped 4.5%, but exports to the U.S. rose for the seven straight months due to increased demand for Korean cars and mobile phones. Imports increased 2.4% from a year earlier, leading to a preliminary trade surplus of US\$4.12 billion.
- The OECD cut its growth outlook for South Korea's economy this year to 2.4%, a 0.2% drop from its previous forecast of 2.6% in March. The OECD said weaker economic growth is due in part to many factors, including weak domestic demand, a slowdown in global trade, a decline in fixed investment and weak job creation. It added the 2019 supplementary budget would boost the South Korean economy. In April, the South Korean government proposed a 6.7 trillion won budget stimulus to cope with an economic slowdown and fine dust air pollution. The OECD said South Korea's key challenges included low labor productivity and rapid population aging.
- **Korea Won Exchange Rate/Fuel Surcharge:** The average USD/WON exchange rate in May was 1174.07 won, a slight increase from the previous rate of 1137.12 won in April. Fuel surcharges were imposed in May up to 122,400 won (\$102.71) for a round trip between Korea and the U.S.

OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT

- Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in April 2019 was 2,246,417, a year-on-year increase of 0.7%.
- **Outbound Departures by Koreans**

Month	Departures	Growth (%)
January	2,912,331	1.5%
February	2,617,946	13.3%
March	2,334,153	3.6%
April	2,246,417	0.7%
Total	10,110,847	4.78%

Source: KTO (Korea Tourism Organization)

- The Hong Kong Tourism Board (HKTB) has set its sights on female Korean tourists and those seeking to get the most bang for their buck for its summer promotion. The organization is appealing to women with hip spots for eating, shopping and taking gorgeous photos, while it is also offering affordable deals for flights and hotels in partnership with airlines and properties. "To fuel the Hong Kong tourism boom in Korea, we are set to come up with programs designed to provide relaxation in urban areas and cost-effective travel," Scott Kwon, regional director of Hong Kong Tourism Board in Korea, said in Seoul, on May 15. In 2018, the number of Korean tourists to Hong Kong was 1.43 million, declining 4% from the previous year. It was the first Hong Kong year-on-year decrease in 10 years. However, the number of Koreans increased by 5.5% year-on-year for the first quarter of this year. "For the rest of the year, we will keep on promoting various storytelling of Hong Kong tourism," Kwon added.

CONSUMER TREND

- **Stargazing boom leads to trips to distant lands:** Stargazing tourism and amateur astronomy have recently sprung up as popular hobbies among Koreans. One popular amateur astronomy blog on Naver has over 48,000 members, with information on astronomy equipment and even itinerary sharing among members for overseas stargazing trips. "People not only go camping to look at stars or the Milky Way but there are also those who travel for special astronomical events overseas to places like Hawai'i, Chile, Australia or Mongolia," said an official at Gwacheon National Science Museum. Popularity is growing, and hobbyists say the trips are cheaper and more special than ordinary tours overseas. The increase in amateur astronomy hobbyists has also led to a boom in astronomy photography. Last month, the Korea Astronomy and Space Science Institute held a photography contest in which 161 pictures were showcased.

TRAVEL TREND

- South Korean travel agencies are aiming to meet the growing demand for cruise tours by the 2020s, according to industry insiders. A new study, the 2019 Cruise Trends & Industry Outlook, released by Cruise Lines International Association, reported the ocean cruise market had grown by 68% in passenger numbers over the past decade. The estimated number of yearly cruise passengers is 30 million globally this year, compared to 17.8 million in 2009. Ocean cruise tours are already popular among retirees in South Korea, with the Mediterranean and Alaska being popular destinations. The industry is currently attracting more people to Nordic countries and Latin America by marketing their exotic locations and festive vibes. In addition, the Oceans

Ministry is closely coordinating with China and Japan in a bid to develop routes for Northeast Asia and Pacific-oriented cruises, which is expected to impact Hawai'i's visitor arrivals through the increased cruise supplies and demands for Pacific-oriented cruise from the market in the long-term.

MEDIA & ONLINE TRENDS

- As YouTube gains higher popularity in Korea, not only individuals but also corporations, including travel agencies, are joining the 'YouTube craze' by opening new channels. However, increasing the number of subscribers and views is a big challenge. It is not easy to appeal to viewers even if they create high-quality videos. Therefore, several travel agencies have chosen a shortcut strategy, inviting power influencers and YouTubers to collaborate on content creation. Mode Tour has started launching tour products involving YouTubers but although it has found they are less profitable than other products, the agency is anticipating other outcomes, like growing its own channels through viral marketing.
- Some travel agencies are cooperating with YouTubers to promote existing products, rather than launch new ones. From late 2018, YB Tour organized an YB YouTuber Crew of four power influencers. The crew has participated in the agency's package tours to Spain, Japan and Bangkok and created a series of videos covering their travel. The content was uploaded via both YB Tour's and each crew's YouTube channels, and recorded a maximum of 1.24 million views. This was an exceptional result throughout travel industry channels.
- Reflecting this trend, HTK has recently launched its own Aloha TV channel to share real-time destination videos. It was started with videos filmed during the March YouTuber Fam and a consumer promotion to secure a high number of subscribers. HTK will keep collaborating with a range of digital influencers in Korea and develop video content which can provide high-quality and live travel information about Hawai'i to Korean millennials.

AIRLIFT

- South Korea's two full-service carriers plan to cease offering first class seats to increase their range of economy and business class options for consumers who prefer lower prices over higher quality services. Starting in June, Korean Air will not offer first class services on many of its mid-to-long haul international routes to Toronto, Vancouver, Madrid, Barcelona, Istanbul, Brisbane, and Oakland. Following the changes, first class cabin services will only be available on 35 Korean Air routes. It now offers six first class seats on ICN-HNL (KE053) routes and the HTK team will monitor any cabin class changes. Meanwhile, Asiana Airlines also announced it would remove first class seats on all international services from September to cut costs ahead of its planned sale. The resulting business class seats will be offered at prices 30% to 40% cheaper than first class seats. An increasing number of global carriers are also reducing or removing first class seats amid growing demand for fuel-efficient aircraft and declining interest in super-jumbo jets with an empty first class.
- Asiana Airlines will retire aircraft that are over 20 years old – half of its fleet – within five years due to safety and management issues. The Ministry of Land, Infrastructure, and Transport, said 42 aircraft operating in South Korea – 39 passenger carriers and three cargo planes – were more than 20 years old. Asiana Airlines has 19 old aircraft, including the oldest, a B767 which has operated for 25 years and six months. Asiana will retire 10 of its aircraft aged 19 by 2023, thus lowering the percentage of its old planes to 13%. HTK will monitor any aircraft changes on ICN-HNL routes.

LEISURE ACTIVITIES

Consumer

- **#AlohaEverywhere YouTube Channel Launch:** Reflecting the popularity of video and the platform in the market, HTK launched its own YouTube channel to diversify and share real-time content. The channel opened with a video filmed during the YouTuber Fam. To celebrate the launch, HTK ran a consumer promotion leveraging two existing channels with YouTube in-app video advertising. A winner announcement is scheduled on June 4.
- **Hawai'i Talk Show with Best-selling writer:** HTK is collaborating with The Traveller, the leading travel magazine, to hold a book/travel talk show with a writer who published a best-selling book in May called 'The Reason for Travel.' The event will be held on June 3 in a high-end auditorium located in Gangnam area. Industry partners, consumers and influencers will be invited. Hawai'i Water is participating as main sponsor by providing drinking water for invitees.
- **GoHawai'i.com/KR Website Update:** HTK is working on the second phase of GoHawai'i.kr website development.

Travel Trade

- **Aloha Priority Campaign with Tidesqaure:** HTK is currently running an Aloha Priority Campaign to target high-end market segments for summer peak season in partnership with Tidesquare, the nation's leading premium OTA. It developed a Hawai'i-exclusive promotional webpage on the agent's official website to showcase its splurge of Hawai'i products, such as air tickets to Neighbor Islands, luxury hotels and must-experience activities on O'ahu and the Island of Hawai'i. During the one-month promotion from May 17 through to mid-June, the co-promotion has been extensively advertised through Tidesquare's multiple media channels.
- **Very Good Tour TV Home Shopping Promotion:** HTK partnered with Very Good Tour for a TV home-shopping promotion to boost the sales volume of Hawai'i package products for summer travel season. It was aired on May 25 through GS Home-Shopping, the nation's leading home-shopping/retail channel. The promotion included offering Hawai'i-themed travel kits such as Aloha Priority Carrier Pouch, Aloha Tumblers, and Beach Towels.
- **Hanjin Travel Hawai'i Golf Promotion:** HTK and Hanjin Travel conducted a Hawai'i Golf Travel promotion to position the islands as a top-of-mind destination in Korea. Hanjin launched promotional websites from May 30 to showcase the major golf courses on O'ahu and leisure tourist attractions. In support, HTK offered special golf-themed giveaways of golf ball sets and Aloha golf bag covers.
- **Mode Tour 'Destination of the Month – Hawai'i':** HTK will collaborate with Mode Tour on its large-scale 'Destination of the Month' promotion for a Hawai'i Online Expo. The co-promotion will run during June to maximize sales volume of Hawai'i package products and stimulate potential demand for summer vacation. It will run in conjunction with the return of Jin Air's flights from July 22 and Asiana Airlines' daily flights from August 14.
- **Hana Tour International Travel Show (HITS):** HTK has been working with Hana Tour for its upcoming international travel show to be held from June 7 to 9, at KINTEX, Ilsan, Korea. This year's fair will be a more business-focused marketplace with booking booths at each destination's pavilion to boost on-site sales. A Hawai'i Pavilion set up by the Korea team will accommodate 8 booking booths and 13 Hawai'i partners from hotels, attractions, and transport to share latest travel information with over 100,000 spectators expected during the three-day travel show.

- **2019 Hawai'i Trade Mission - Connect to Aloha:** HTK has been organizing the biennial, large-scale in-market trade show 2019 Hawai'i Trade Mission called 'Connect to Aloha' to be held from June 9 to 12. A total of 23 representatives from 17 companies – hotels, attractions and transportation – will participate in networking opportunities and business meetings with Korea's major tourism industry partners, including tour operators/buyers and airlines. The mission will begin with Korean Culture Night & Kimchee-making Class on June 9 for participating delegates to better understand Korea. Next day, it will officially kick off the event with a VIP networking luncheon & Travel Mart (1-on-1 appointments) in each regional market from June 10 and 11.

Public Relations

- **OVB Press Trip with Naver Tour+:** HTK invited Naver Tour+, a joint venture between Maeil Business Newspaper and Naver, to join the OVB press trip in March. Under the theme of 'Hawai'i Rooted in O'ahu,' participating editor Sarah Goh visited O'ahu from March 7 to 12 and experienced various historical and cultural aspects of the island. As a result, she developed 2 articles and 3 blog posts featuring her authentic Hawaiian culture experiences. The content was issued through Naver Tour+'s diverse channels, including its printed Maeil Business Newspaper and Naver's online & mobile channels. It generated about \$66,500 in PR value.
- **Hawai'i Lifestyle Week Season II :** In collaboration with Hyundai Department Store, HTK will develop Hawai'i Lifestyle Week Season II in August to target summer vacation season. The Hawai'i-themed consumer fair will include retail brands from lifestyle and food sectors, as well as cultural activities including ukulele class and lei-making, etc.

Sales Activities

- The Korea team had 43 meetings during May with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
 - **Airlines (6):** Korean Air for KE053 sales contest follow-up; Asiana Airlines for airlift updates; Jin Air for airlift updates; Hawaiian Airlines for Neighbor Island promotions; and Asiana Airlines Busan and Japan Airlines Busan for second-tier market activation.
 - **Tour operators (25):** Hana Tour, Mode Tour, Hanjin Travel, Very Good Tour, YB Tour, Dr. Tour (Tour Baksa), Lotte JTB, Lotte Tour, Tidesquare, Interpark Tour, Online Tour, Jau Tour, Triple, Hotels Combined, Expedia, My Real Trip, Yanolja, Hana Biz, Hana Tour Busan, Tournet Hawai'i, Koreana Tour Service, Tour Mart, O Tour, ACE America Tour, and PAX Tour
 - **Hotels (3):** Four Seasons Hotel Seoul, Park Hyatt Busan, and Westin Hotel Chosun Busan for the upcoming trade mission
 - **Rent-a-cars/Transportation/Attractions (3):** Alamo Rent-a-car, Hertz and Roberts Hawai'i
 - **DMOs, U.S. Government/Organizations (4):** Visit USA (Committee), Visit California, San Francisco Travel and Las Vegas Convention Visitors Authority
 - **Consumer Brands (2):** Hyundai Department Store and Big Wave Collective (clothing company)

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Mode Tour Destination of the Month (June)
- Hana Tour International Travel Show (June 7 – 9)
- 2019 Hawai'i Trade Mission in Korea (June 9 – 11)

Hawai'i Tourism Taiwan Monthly Marketing Report May 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Taiwan's GDP growth for the first quarter was revised to 1.71% from a preliminary 1.72%, its slowest pace in more than two years. Taiwan's government also lowered its 2019 economic growth forecast to 2.19% (2.27% previously) as sluggish global tech demand dragged on the island's export-reliant economy.
- The unemployment rate in April was 3.67%, decreased 0.01% compared to March.
- Taiwan's consumer confidence index (CCI) in May fell 5.85 points from April to 79.48, the lowest level in 22 months. The CCI was dragged down as a result of a sharp decline in sentiment over stock investment.
- The Taiwan currency exchange rate depreciated to 31.246 (average) in May when compared to 30.861 in the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,415,406 in April 2019 with a 5.91% decrease compared to April 2018. The outbound number to U.S. decreased by 8.33% to 41,124 in April 2019 compared to the same period last year.

Competitive Environment

Taiwan Shines as Surprising Hotspot for Cruise Industry in Asia

According to CLIA (Cruise Lines International Association) survey, cruising has become the fastest growing leisure travel option in Asia, while Taiwan is the second largest sourcing market in the region. As a key player in Asian cruise market, Taiwan has seen 391,000 cruise passengers on cruises in 2018, a 4.7% growth compared to the previous year; from 2016 to 2018, the number has boosted by 35%. Many international cruise line operators such as Princess Cruises, Royal Caribbean and Costa Cruises have been eyeing and investing in the Taiwanese market. For instance, Princess Cruises announced in May its Taiwan deployment plans aimed to carry over 160,000 passengers from Taiwan in 2020.

Travel Trends

Klook Announced Its Six Travel Trends in 2019

Klook, a Hong Kong-based travel activities and services booking company, announced six emerging tour and activity trends that are expected to drive the travel industry globally in 2019, including solo travel, in-destination activities, pop culture influence, fear of missing out (FOMO) effect, mobile booking and instant adventures. Moreover, Klook saw a huge rise in activities being the motivational driver for choosing travel destinations: 74.8% of Taiwanese respondents said they planned to attend an event or activity specific to the destination prior to booking flights and accommodations, higher than the global average of 63%.

Airlift

Palau Asia Pacific Air to Launch Flights between Taiwan and Saipan

Palau Asia Pacific Air will fly three charter flights every two weeks between Taipei and Saipan starting June 2019. The Taiwan to Saipan route will be the first time the airline has offered direct service between the two destinations in 12 years since it briefly offered charter flights to Taiwan in 2007. The airline will use Airbus A320 aircraft to fly on Mondays, Saturdays and Wednesdays every two weeks. The flight time from Taoyuan to Saipan will be reduced to approximately 3 hours and 40 minutes while it takes eight hours without direct flights as passengers must first connect through Hong Kong or South Korea.

LEISURE ACTIVITIES

Consumer

HTT Video Advertising for Movie Theaters

HTT has been developing the video content for China Airlines' promotions on the new direct flights between Taipei and Honolulu on Fridays starting May 3rd. In addition, HTT has been negotiating the terms and run time with premium movie theaters in Taiwan, including Viwesound and Miramar Cinemas. HTT's video advertising is expected to air in June for the screenings of "X-Men: Dark Phoenix" and "Toy Story 4."

Marie Claire Taiwan Featured Diverse Eco-tourism Activities in Hawai'i in Its May Issue

HTT has been partnering with Marie Claire Taiwan to promote Hawai'i as the top destination for eco-tourism (diverse natural landscapes and cultural activities). The editor and photographer of Marie Claire Taiwan traveled to Hawai'i and filmed in O'ahu from March 6th to March 13th, visiting Waimea Valley, Ko Hana Rum Distillery, KCC Farmers Market, and participated in cultural activities such as lei-making, lauhala weaving workshop and 2019 Honolulu Festival. HTT received a total of four pages of print coverage, one video coverage on YouTube, three articles on its official website, three Facebook posts and five Instagram posts.

HTT Working with Elle Taiwan and VOGUEme Taiwan to Develop Fashion Media FAM Itineraries

With HTT's invitation and negotiation, Elle Taiwan and VOGUEme Taiwan have committed to participating in the upcoming Press trips in July and August. The theme of Elle is "an Instagrammable trip for girls/besties age 25-35 to O'ahu" while VOGUEme is "sisters' bonding trip in O'ahu" (older sister is set at around 30-37 years old and likes higher-end, more premium experiences; younger sister would be 22-28 in age and prefers outdoorsy, chic, and artsy experiences/products). HTT has sent out a draft itinerary to Elle and VOGUEme based on their theme/story angles respectively and will finalize the itineraries by the second week of June.

Travel Trade

Cathay Life Insurance Launched Its 4,300-pax Incentive Trip to Hawai'i

Cathay Life Insurance selected Hawai'i as their incentive travel destination for 2019 and sent a total of 4,300 pax to O'ahu and 200 VIP's to Kaua'i. The group was separated into 8 waves with arrivals of 500+ pax per day from Taiwan starting May 8th. This is an important milestone for Hawai'i as it is Cathay Life Insurance's last incentive trip overseas. Starting 2020, Cathay Life Insurance will no longer host any incentive trips outside of Taiwan. It will also set a benchmark for future insurance companies in Taiwan and put Hawai'i on their list for consideration.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In May 2019, Hawai'i Tourism Taiwan secured 127 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$2,360,343.

Sales Activities

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

KKDay	Senior Business Developer, Nina Huang	Taipei
China Airlines	Assistant Manager Mr. Sung Tao Ming	Taipei

COMING ATTRACTIONS

- [China Airlines & HTT in-store promotional collaterals at Eslite Spectrum], May, Taiwan
- [Hula Flash Mob Collab with Eslite Spectrum], June, Taiwan
- [Hawai'i Promotion Month + Hula Meet & Greet at Eslite Spectrum], July, Taiwan
- [Hawai'i Aloha Festival 2019], July 6-7, Taiwan
- [Hula Performance at U.S. Independence Day Reception by AIT], July 8, Taiwan

Hawai'i Tourism Europe Monthly Marketing Report May 2019

Market Intelligence/Market Conditions

A. Economy

United Kingdom and Ireland

- UK banks last month approved the highest number of mortgages since February 2017.
- The proportion of low-paid workers in Britain has fallen to its lowest level since 1980, with young adults particularly benefitting, according to new research by the Resolution Foundation. The introduction of the National Living Wage (NLW) in April 2016 has significantly reduced low pay – from 20.7% of the workforce in 2015 down to 17.1% last year. In 2018, almost 200,000 people moved out of the low pay bracket, with 120,000 of them aged between 21 and 30.
- Unemployment fell by 27,000 in the three months to February to 1.34 million, official Office for National Statistics (ONS) figures show. The number of people in work was also virtually unchanged at a record high of 32.7 million, with a jump of 179,000.
- A new UK Tourism Minister was appointed this month. Rebecca Pow takes up the role, replacing Michael Ellis.

Germany and Switzerland

- Overall, the German economy remains stable. FocusEconomics Consensus Forecast panellists expect the German economy to grow to 0.9% in 2019, and 1.4% in 2020, which remains unchanged from last month's forecast.
- According to Trading Economics, the Swiss GDP increased to 0.6% this month. Swiss Household consumption continues to increase at a strong pace. FocusEconomics panellists expect the Swiss GDP to grow 1.2% this year and to 1.5% in 2020, which remains the same as the previous month.
- Germany's unemployment rate remains consistent at 3.2%.

B. Outbound Travel Market

United Kingdom and Ireland

- The Office of National Statistics reported this month that in February 2019 there was a 10% increase in visits to North America, up 700,000 compared to the previous year.
- The US National Travel and Tourism Office predicts UK travel to the USA will continue to grow over the next five years with over five million visitors expected in 2021. This is up from the 4.7 million visitors in 2018 and 4.48 million in 2017.

Germany and Switzerland

- The World Tourism Barometer reports that Germany was the third top spender for International Tourism Expenditure last year with 94.2 billion USD (approx. 79.8 billion EUR).

C. Competitive Environment

United Kingdom and Ireland

- Destination Canada has unveiled a new brand identity and fresh tagline. The new tagline 'For Glowing Hearts' is inspired by Canada's national anthem.

- Nepal has announced the launch of its 2020 Experience Nepal Campaign, focusing on the wildlife and spiritual values of the destination as well as adventure. This follows negative press on the overcrowding on Mount Everest during the peak climbing season.
- Royal Caribbean Cruises has opened its private island, 'Perfect Day in CocoCay' to resounding success. The island can comfortably hold 6,500 people each day and will serve more than one million people in 2019

Germany and Switzerland

- China and European Union regulators have signed two aviation agreements. The agreements will make it easier for EU and Chinese airlines to fly between the EU and China.
- Germany has relaxed their travel advise to Sri Lanka at the end of May. The German foreign ministry now advises holidaymakers to take particular care however, Thomas Cook, Tui and DER Touristik have already confirmed that they will be resuming holidays to Sri Lanka from July 1.

D. Consumer Trends

United Kingdom and Ireland

- Lastminute.com has introduced a new instalment payment solution to ease the financial burden of booking a holiday on consumers. Partnering with Mastercard and Divido, lastminute.com matches eligible customers with lenders.
- Research by Tui has found that it takes travelers 43 hours on average to hit their peak 'holiday feeling' when taking a trip. As a result, Tui is exploring how to help heighten the holiday feeling while in resort as well as before and after they go on holiday.

Germany and Switzerland

- According a barometer study by TripAdvisor, 44% of leisure travelers considered the popularity and trustworthiness of a hotel brand to be an important factor in their travel decisions.
- According to trend researcher Peter Wippermann, three out of four millennials (20-35-year olds) prefer to spend money on an experience rather than a material product.

E. Travel Trends

United Kingdom and Ireland

- Thomas Cook is to invest more in its digital presence. Last year, 64% of Thomas Cook's bookings were made online, up from 49% in 2017. Thomas Cook aim to increase this percentage through further investment.
- Tour Operators have put on late sale promotions early this year with prices for some destinations dropping by 15% to 20% - particularly for travel to Greece and Turkey.
- Gold Medal and Travel2 have reiterated their support for agents, recognizing the importance of customer retention for sales agents. They have seen a huge growth in demand for cruise and are able to package pre and post accommodation for a seamless experience for the customer and agent.
- Travelbag is to undergo a brand refresh and open two more shops by the end of 2019 with three more outlets a year planner over the next three years.

Germany and Switzerland

- According to a study by Urlaubspiraten, 2 out of 3 Germans will do sports or physical activities on vacation and 1 in 6 Germans have already booked an active vacation.
- Phocuswright research found 90% of travellers do some sort of tour or activity while on holiday. Germans were more likely to do sightseeing or an outdoor activity.

- According to a study by Urlaubspiraten, the most popular activities for Germans on holiday are swimming (59%), hiking (58%), and biking (44%).

F. Media Trends

United Kingdom and Ireland

- Condé Nast has found another home for one of its magazines. Brides has been purchased by Dotdash, a digital media company that operates as a subsidiary of IAC. The magazine is set to go all digital, with the last print issue to come out for August/September in the U.S. and September/October in the U.K.
- Chris Evans is reaching a million listeners a week with his new Virgin Radio breakfast show, a substantial drop on the nine million people who used to tune in to his BBC Radio 2 programme, audience figures reveal. The radio presenter jumped ship from the BBC to the newly revived Virgin station at the start of this year.

Germany and Switzerland

- Generation Z: Those between ten and 23 are not only the ones who are consuming social media content, they want to become part of it and are keen to interact. Children (age eight to twelve) mostly use WhatsApp amongst each other and to communicate in open groups as well as YouTube and Tik Tok (to exchange video clips). Those between twelve and seventeen mostly use WhatsApp, YouTube, and Twitch, Snapchat (more authentic and honest) and Instagram (perfect and fictitious). Facebook is only used for communication with older people and to check birthdays.
- Instagram/Influencer in Switzerland: Switzerland is a country of many nano and just a few mega influencer – 47% of all Swiss Instagrammer have less than 5,000 followers, only 3% have more than one mio followers. 60% Swiss Instagram accounts communicate in English, 23% in German, 8% in French, and 2% in Italian. The engagement rates are almost double compared to the average rates worldwide, the engagement rate of German accounts is 6.3%, the French accounts' engagement rate is 4.7%. 66% of all Swiss Instagram profiles are operated by real people, the rest is managed by Bots.

G. Airlift

United Kingdom and Ireland

- May 2019 was a record-breaking month for UK airspace with air controller Nats reporting two of their busiest days ever. At the start of the half term weekend, a record 8,854 flights departed. Over the weekend of the Champions League Final in Madrid between Tottenham and Liverpool, UK airspace saw over 9000 flights with an additional 800 taking off to serve the football match.
- Thomas Cook chartered six flights to serve the Champions League final with fans paying huge premiums to fly to Madrid.
- On Sunday 26th May, Virgin Atlantic's inaugural flight from Manchester to Los Angeles Airport departed at full capacity. To celebrate the launch, Virgin Atlantic hosted LA inspired activations including large directors' chairs, Hollywood signs and Oscar's statues.
- The UK Home Office is expanding an initial plan to abandon landing cards for international visitors. It has agreed to scrap them for Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA but will extend this to cover more countries.

Germany and Switzerland

- Starting from the end of October 2019, Lufthansa in cooperation with Eurowings will offer three non-stop flights a week from Frankfurt am Main to Bridgetown on the Caribbean island of Barbados and to Las Vegas in the USA for the winter season.

ii. Leisure Activity Update

A. **Consumer**

• **'Share Aloha' Influencer Campaign**

- Held a meeting with the Island Chapters to discuss the upcoming trip
- Developed itineraries, logistics and preferred activities
- Continued to negotiate with the influencers
- Liaised with possible airline and tour operator partners

• **Experience our Aloha Campaign**

HTE continue to follow up with CTA partners to discuss results following completion of the campaign. They are finalising a PCA report to be shared with Head Office once results from CANUSA have been received. Their activity has not yet completed. HTE are in contact with the EOA winner for both the UK and Germany to coordinate their trip

• **Joint Tour Operator Marketing**

Ongoing liaison with NyHavn Rejser and Trailfinders with regards to joint marketing activity.

• **Social Media**

Continued efforts to drive organic engagement to social channels.

• **Website**

Ongoing review of the website to ensure the information is relevant for the UK market. HTE is coordinating the translation project for German, Spanish and French.

B. **Travel Trade**

United Kingdom and Ireland

• **Trade Liaison**

- Continued to monitor and liaise with all Tour Operators, face-to-face, via email and over the phone to track performance to the Hawaiian Islands
- Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit; updates continue to be made from the trade survey shared in January 2019, sales calls, training and other trade events

• **Trade Education**

- Conducted destination training at American Sky, training over 15 agents in one afternoon
- Confirmed destination training with STA Travel, Trailfinders, Flight Centre and US Airtours
- HTE continued to review the current online training programme to ensure further completions and a lower drop-off rate; continued liaison with Equator Learning to discuss best practise for the platform

• **Trade FAMs**

- HTE began preparations for the Product Manager FAM trip to coincide with the Hawai'i Tourism Conference
- Liaised with Bonotel, Island Chapters and Dial a Flight regarding upcoming VIP Fam Trip

Germany and Switzerland

• **Trade Liaison**

- Ongoing liaison with CANUSA post Experience our Aloha campaign
- Ongoing liaison with all major tour operators regarding current Hawai'i marketing support requests
- In contact with all major tour operators for IPW appointments

C. Public Relations

United Kingdom and Ireland

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

Germany

- Ongoing support of individual media trips
- Proactive pitching – general and specific/niche topics
- Regular posting across Facebook and Instagram channels

D. Sales Activities

- Ongoing liaison with trade to support sales and product development
- Met with Bonotel to discuss Hawai'i's performance and best-selling hotels

E. Upcoming Activities for Leisure Market

- Hotelplan training in Switzerland – June 18th
- STA Training – 18th June
- Trailfinders training in London City - 19th June
- Meeting with Travel Counselors – 19th June
- Influencer trip – August
- Training at US Airtours – 11th July
- Flight Centre USA Day – 20th August
- Maui Fam – Sunday 8th December – Friday 13th December

Hawai'i Tourism Southeast Asia Monthly Marketing Report May 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Malaysia: Malaysia's economic growth pace likely slowed in the first quarter, due to tepid consumption and softer global demand as a result of the U.S.-China trade war. The poll of 13 economists predicted the economy will grow at a median rate of 4.3% in January-March, slower than the 4.7% pace of the fourth quarter.

Currency Exchange: USD 1 = MYR 4.18 as of May 31, 2019 vs MYR 4.13 as of April 30, 2019.

Singapore: With stronger economic and labor market conditions, more employees in Singapore enjoyed a pay rise in 2018. Employees in the financial and insurance services sector took home the biggest pay rise of 6.3%. Singapore has jumped two places to become the world's most competitive economy over taking USA, according to Swiss business school IMD.

Currency Exchange: USD 1 = SGD 1.37 as of May 31, 2019 vs SGD 1.36 as of April 30, 2019.

Indonesia: The government of Indonesia has set a higher economic growth (GDP) for 2020, which is 5.6% compare to 5.3% for 2019 while the inflation was expected to hover between 2% – 4% in 2020, lower than 2019's expectation of between 3.5% & 4.5%. In the meantime, slow tax revenue growth of 1.8% in the Q1 2019, a major decline from the 9.9% growth in Q1 2018, could result in an increase in government debt. Government debt reached USD 321.97 billion as of March 2019, a growth of 10.4% from March 2018.

Currency Exchange: USD 1 = IDR 14.40 as of May 31, 2019 vs IDR 14.19 as of April 30, 2019.

Thailand: Economic growth should moderate this year even though increased government expenditure related to infrastructure projects will likely provide some stimulus. Downside risks mainly stem from lingering trade tensions between the U.S. and China affecting exports, while high household indebtedness is likely to drag on private consumption, which is seen moderating this year. Economy is expected to expand by 3.6% in 2019, which is unchanged from last month's forecast, and 3.5% in 2020.

Currency Exchange: USD 1 = THB 31.77 as of May 30, 2019, VS THB 31.89 as of April 30, 2019

Outbound Travel Market

Malaysia: Generally the outbound travel will slow down during the Ramadan, Eid Festival and followed by summer holidays. Long haul destinations to Europe and to USA will resume from Q3 onwards.

Singapore: Singapore outbound travel is still buoyant with Europe continues to be the hot selling destination. Travel to the USA in year 2018 has increased significantly reaching 166,348, a 12.3% growth over 2017.

Indonesia: May is the low season where there are few MCI groups traveling outbound to Europe & Asia. Leisure groups are expected to depart in the end of May – June 2019 to celebrate Ramadhan holiday & School holiday.

Thailand: In general, the leisure outbound market has been slow for the months of April and May due to unofficial General Elections. However, the number of incentive groups to Europe has been picking up based on feedback from land operators. For example, Kunio Thailand had received at least 5 inquiries of MCI groups to Europe that will travel by end of this year.

Competitive Environment

Malaysia:

- **Korea Tourism Organization (KTO)** collaborated with Jeju Tourism organizing “Share your Jeju LOVE Moment”. The contest period is from May 17 to July 17, 2019. The best photo will stand a chance to win a pair of AirAsia X roundtrip tickets to Korea.
- **Tourism Authority of Thailand (TAT)** organized “Thanks 4 Million Berbuka Puasa” event and award presentation to travel agents on May 28, 2019, at Intercontinental Kuala Lumpur Hotel. The event was attended by more than 200 people from various travel agencies and partners.

Singapore:

- **Munich City Tourism** and Lufthansa and Munich Airport jointly organized “Munich Royale” trade dinner in Singapore on May 28, 2019, attended by about 100 trade partners.
- **Tourism Fiji** invited 5 Singapore trade partners to attend its annual Fiji Travel Expo with post-familiarization tour on May 20 – 27, 2019.

Consumer Trends

Malaysia: Although Malaysian outbound travel spend is poised to grow faster than the regional average, industry players expect price-conscious travel patterns to continue shaping choice of destination in the near future.

Singapore: Overall outbound travel has slowed down in May 2019 except for Europe, Greece and Turkey as many Singaporeans are travelling to these countries before the spring ends. Agents’ feedback indicated that many travelers are waiting for the next NATAS Travel Fair in August 2019 for travel deals and attractive offers.

Travel Trends

Malaysia: Outbound travelers had become more price-conscious over the last a few years due to weakened ringgit. However, demand for tours to Turkey and Balkans is growing year-on-year due to the greater affordability when compared to destinations such as Amsterdam and Zurich.

Singapore: According to Hotels.com Hotel Price Index released in March, Singaporeans planning to travel on budget may spend more on accommodation. In 2018, the average accommodation prices spent by Singaporean travelers rose, in line with global uptrends.

Media & Online Trends

Stories have risen significantly with 500 million people using Instagram Stories and 300 million people using Facebook Stories each day. This immersive, full-screen and interactive story has not only connected people to those closest to them, but also to the brands and products they love. Stories is the place for marketers to connect with customers and communities in an interacting and more appealing ways. Mobile-first storytelling is essential to driving campaign effectiveness and inspiring customers to take action.

Airlift – NIL

LEISURE ACTIVITIES

Consumer

HTSEA's Influencer Fam trip to O'ahu, Maui, Kaua'i and Island of Hawai'i have taken place from May 18 to May 23, 2019. These influencers were chosen based on the themes – Nature Lovers, Romance Seekers and Adventure Travelers to promote Hawai'i as the ideal destination to fulfill all travel needs. The influencers were creating their own #MYHawaiiStory to capture the experiences in different islands. A short 2-5 minutes travel video and 10 destination social media postings will be produced by the influencers to further promote Hawai'i. HTSEA is expecting the complete deliverables from the influencers by June 28, 2019.

In addition, the influencer trip was picked up by Sevenpie.com, an online portal that brings stories about Malaysia popular influencers, bloggers and celebrities, with an article titled "These couple influencers show us that Hawai'i is still the lover's destination". This portal also reposted some of the images from the influencers' Instagram.

Travel Trade

[Destination Training for Antavaya Tour]

HTSEA conducted a destination training for Antavaya Tour, so the staff could get a better understanding of what Hawai'i has to offer. Currently they are working on a tour package to West Coast of USA which includes a stop in Hawai'i.

[Destination Training for Smiling Tour]

There were over 20 staff members of Smiling Tour attended the in-house destination training. As a result of the training, the company is considering to feature Hawai'i in one of their tour programs – "Smiling Xperience" by adding the wow factors and the uniqueness of the destination.

[Destination Training for Influencers]

HTSEA conducted a destination sharing session with the influencers before their trip to Hawai'i.

Public Relation - N/A

Sales Activities

HTSEA conducted **25 sales calls** in Southeast Asia to promote Hawai'i in the month of May.

[MICE Matters] HTSEA followed up on potential MCI groups for Hawai'i. Agent has proposed Hawai'i to their clients for 2019 and beyond. According to agent's feedback, request for USA destinations has been slowed down due to stronger demand for Europe.

[Travix] HTSEA discussed with Travix on the Hawai'i digital campaign and to leverage the existing destination content to further drive engagement and demand. Campaign targets to launch in July leading up to the major consumer travel fairs.

[Corporate Information Travel] HTSEA provided information for their upcoming MCI group to Hawai'i. They are also in the midst of coordinating the inspection trip to be held in July 2019.

Coming Attractions

[Jul – Sep] Awe-inspiring Journey to Paradise



Group Sales Status Report – May 2019

OVERVIEW

The Professional Convention Management Association (PCMA) released an in-depth analysis of *Convene's* 28th annual Meetings Market Survey results, in which event professionals predicted continued stability and growth for business events in 2019. This optimism is fortified by increases in the size of convention and meeting budgets (+2%) and attendance (+5%) for 2018 versus 2017, as well as projected increases in 2019 attendance (+4.4%) and exhibitors (+1.9%). However, these views may have shifted after the first quarter of 2019; respondents participated in the survey in November 2018, prior to the U.S. government shutdown.

Cvent's Group Business Outlook report for Q1 2019 indicates that the next two years will be difficult for group bookings. Based on data from the Cvent Supplier Network, which saw US\$16 billion in unique requests for proposals (RFPs) sourced in 2018, the report shows the year-over-year change in the number of room nights awarded to U.S. hotels for each of the next eight quarters. According to this latest release, group booking pace is down across all eight quarters. Although Q4 2018 saw a +17.3 percent year-over-year increase in the number of awarded group RFPs, activity is down nearly -10 percent for the first quarter of 2019. Jeffrey Emenecker, senior director of analytics at Cvent, stated that last year's late jump in bookings was "likely impacted by the desire to finalize group contracts before commission policy changes made by a number of large hotel chains went into effect this year." In that sense, the downturn in Q1 2019 was to be expected as meeting planners navigate the newly implemented commission policy changes.

A recent Skift article reporting from IMEX Frankfurt suggests that Cvent itself could also be a contributing factor to the impending slowdown. Widespread adoption of Cvent and other electronic RFP systems has inundated hotels with requests from planners, who sometimes send multiple requests for one meeting. This process is correlated with an increasingly minute conversion rate for hotel sales people that also hinders them from building more rewarding relationships with planners or associations. The article also names the recent period of hotel chain consolidation as another source of strain on the meetings industry, resulting in the aforementioned reduction in third-party commissions and less negotiating power for planners.

Despite these early indicators of a possible slowdown in the meetings industry, planners remain hopeful and even expect the industry to continue to improve as technology allows for increased meetings innovation, as one *Convene* survey respondent wrote.

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – May 2019

	Month			Year-to-Date		
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year
Room Nights						
Definite & Assist-Definite	23,540	28,631	-18%	141,420	138,687	2%
Tentative & Assist-Tentative	92,250	73,605	25%	450,210	429,848	5%

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

**Table 2a: Hawai'i Convention Center (HCC) Citywide Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	5,648	11,257	-50%	45,836	52,573	-13%	195,000	24%
New to Hawai'i	3,500	0	N/A	14,951	6,055	147%		
Tentative	4,372	14,012	-69%	90,062	153,409	-41%		
MCI								
Room Nights								
Definite	2,148	11,257	-81%	26,687	27,700	-4%		
New to Hawai'i	0	0	N/A	7,041	5,900	19%		
Tentative	648	12,502	-95%	77,349	146,069	-47%		
Non-MCI								
Room Nights								
Definite	3,500	0	N/A	19,149	24,873	-23%		
New to Hawai'i	3,500	0	N/A	7,910	155	5003%		
Tentative	3,724	1,510	147%	12,713	7,340	73%		

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

COMMENTS

In addition to the booking numbers as summarized herein, this past May the Hawai'i Convention Center (HCC) sales team conducted various sales promotions and participated in a number of trade shows as outlined below.

- In the Eastern U.S. mainland market, HCC conducted various activities including a May Day Lei Day luncheon in Washington, DC with twelve prospective association clients and a reception attended by 61 prospective association clients.*
- At the International Association of Exhibitions & Events (IAEE) Women's Leadership Forum, HCC secured three RFPs for future city-wide conferences.*

- *In the Midwest U.S. mainland market, HCC hosted a May Day Lei Day mini luncheon and reception with six and 11 respective prospective association clients, which resulted in obtaining two RFPs for future citywide conferences.*
- *In the Western U.S. mainland market, HCC conducted May Day Lei Day sales calls in Texas and secured one RFP for a future citywide conference.*
- *HCC exhibited at the IMEX Trade Fair in Frankfurt, Germany and secured two RFPs for future citywide conferences and nine leads for single property opportunities.*
- *In the Sports market, HCC attended the Connect Sports Leadership Conference and the National Association of Sports Commissions meeting, securing two RFPs for future sporting events.*

HCC is streamlining communication efforts with hotel partners while also placing a greater emphasis on hotel partner participation at the monthly Alu Like meeting.

Advertising and Public Relations efforts

PR efforts for the month of May included a release to promote the American Roentgen Ray Society (ARRS) annual meeting that was held at HCC on May 5-10, which was picked up by Pacific Business News. PR assistance was also provided to review PCMA Convene's upcoming July advertorial.

North America advertising efforts in May included a joint Hawai'i full page ad with Meet Hawai'i in Successful Meetings' Hawai'i Supplement. Ongoing North America placements in May included a digital retargeting campaign (75,000 impressions) until May 30 for the Northstar Destination Guide and in the California Society of Association Executives (CalSAE) Newsletter (until July 15). Ongoing placements include digital ads on MPIWeb.org (from March 11 to May 9) and a digital retargeting campaign with American Society of Association Executives (ASAE) which started March 1st until fulfillment of 400,000 impressions.

Sports advertising placements in May included a full page ad plus a "Venue of the Month" advertorial in Sports Events Magazine's May 2019 issue. Digital ads in the National Association of Sports Commissions (NASC) May newsletters (May 9, 16, 23 and 30) and a dedicated eblast and enewsletter digital ad for Sports Travel Magazine.

Asia/International placements in May included top leaderboard ads with International Congress and Convention Association (ICCA) on ICCAWorld.org and Professional Convention Management Association (PCMA) The Incentive Conference & Event Society Asia-Pacific's (ICESAP) enewsletter called "Communique".

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	8,935	8,771	2%	62,739	48,055	31%	187,000	34%
New to Hawai'i	2,021	6,086	-67%	31,528	29,982	5%	75,000	42%
Tentative	81,630	45,877	78%	315,719	200,979	57%	500,000	63%
MCI								
Room Nights								
Definite	8,935	7,626	17%	62,719	44,535	41%		
New to Hawai'i	2,021	4,941	-59%	31,508	26,462	19%		
Tentative	81,630	45,072	81%	310,508	196,818	58%		
Non-MCI								
Room Nights								
Definite	0	1,145	-100%	20	3,520	-99%		
New to Hawai'i	0	1,145	-100%	20	3,520	-99%		
Tentative	0	805	-100%	5,211	4,161	25%		

COMMENTS

Market Conditions and Industry Trends

The MPI – Meeting Professional Magazine revealed that creating unique attendee experiences at events has been increasing substantially, and is the largest single overarching trend as indicated by 78 percent of respondents in a survey. In fact, over half of the respondents have shared that this new trend affects venue-selection decisions.

Additionally, HospitalityNet listed the Top Ten Meeting Trends for 2019. Highlights include that professional meeting planners' do not want to be contacted through social media, preferring email as the method of communication for business. Also, there is a preference for independents as they are able to excel in providing flexibility, customization, authentic and unscripted experiences that all rank high for groups needing to create memorable and highly productive meetings. Furthermore, millennials are demanding state of the art technology, multiple plug-ins and USB ports for their myriad of devices in the meeting room, public spaces and guest rooms.

The regional director for the central region reports that during a recent sales blitz in Texas, feedback from key incentive houses and third party planners reported that air cost, overall pricing and distance remain concerns. Other destinations like Cabo, Aruba and Costa Rica continue to be competitive on value due to lower air costs and all-inclusive offerings.

The regional director of the midwest region reports that the slowdown in purchasing decisions at all levels occurred in May and June because many decisionmakers were out of the office. This in turn temporarily dampened tentative lead conversions. In addition, the recent floods have set the stage for issues with farming in the midwest, which will affect future business

potential in the agricultural market segment. The medical association market has picked up and will continue to move forward during the summer.

Sales Production vs. Goals Analysis

Definite conversions this month exceeded 2018 May production and year-to-date (YTD) is +31 percent ahead of the same time last year. So far, the team has achieved 34 percent of its annual goal. Despite a -67 percent decline in New Business for Hawai'i in May, YTD New Business production maintained a five percent increase. Tentative room nights added to the pipeline for May also exceeded last year YTD by +57 percent.

Highlights of Any Key Definites

- *Incentive – high tech corporation, May 2021 (3,506 room nights)*
- *Convention – scientific association, December 2020 (750 room nights)*
- *Convention – scientific association, December 2022 (750 room nights)*
- *Incentive – high tech corporation, August 2019 (698 room nights)*
- *Meeting – medical association, February 2020 (697 room nights)*
- *Meeting – trade association, September 2022 (675 room nights)*

Highlights of Any Key Cancellations

None to report for May.

Highlights of Any Key Tentatives

- *A high tech corporation is considering coming back to Hawai'i after having their program in Mexico in recent years. The end user reached out to Meet Hawai'i as the Maui bids came back 20-30 percent higher than their last Hawai'i meeting, which could cause the group to start considering other destinations. The client is considering the Island of Hawai'i for its 2021 and 2022 programs and Maui for its 2023 and 2024 programs. The program is traditionally held in February and would bring in 11,000 room nights.*
- *A travel corporation is considering Maui for their meeting and is seeking destination funding support for their meeting in September 2021, which would bring in 1,445 room nights.*

Advertising efforts

1. *Meetings, conventions and incentives (MCI) April Paid Media Recap*
 - a. *Successful Meetings Supplement – 50,000 impressions*
 - b. *Northstar Destination Guide banners (728x90) – 600 impressions*
 - c. *Northstar Destination Guide banners (970x250) – 250 impressions*
 - d. *Northstar Destination Guide online Hawai'i Destination Guide – 500 page views*
 - e. *Smartmeetings.com Onsite Dynamic Prebuilt Banners (300x250) – 5,000 impressions*
 - f. *Meetings-conventions.com Onsite Dynamic Prebuilt Banners (300x250) – 9,000 impressions*
 - g. *Meeting News Daily Mention – 50,000 impressions*

Public Relations efforts on behalf of HTUSA Meet Hawai'i

1. *Activity highlights include:*

- a. *Drafted and secured letters of support from Mayor Kirk Caldwell and Governor David Ige for Art Hawai'i.*
- b. *Drafted and revised release focused on "Five Hawai'i Ambassadors Doing Amazing Things".*
- c. *Revising Meet Hawai'i collateral and talking points to reflect new leadership team and updated messaging focus.*
- d. *Finalized Communications Resource Guide for Meet Hawai'i website.*
- e. *Developed Meet Hawai'i Testimonial template and developing P. Lackland's testimonial graphic.*
- f. *Timeline of Meet Hawai'i newsletters to include theme and frequency.*

2. *Media Coverage Highlights:*

- *"Magnetic Maui" – Smart Meetings – April 1, 2019 – PDF available upon request*
- *"7 Unforgettable Spring Destinations for Groups" – Smart Meetings – April 3, 2019 <https://bit.ly/2v26jJx>*
- *"Irresistible – and Often Unexpected – Ways to Connect With Maui Culture During Your Event" – Meetings Today – April 23, 2019 – <https://bit.ly/2vSBgAa>*

3. *April Impressions and Publicity Values for Articles that included Hawai'i:*

<i>April</i>	<i>April</i>
<u><i>Impressions</i></u>	<u><i>Publicity Values</i></u>
<i>Print: 50,000</i>	<i>Print: \$50,000</i>
<i>Online: 180,000</i>	<i>Online: \$8,500</i>
<i>Broadcast: 0</i>	<i>Broadcast: \$0</i>
<i>Total: 230,000</i>	<i>Total: \$58,500</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	1,080	1,757	-39%	3,150	34%
New to Hawai'i	0	0	N/A	1,080	835	29%	2,085	52%
Tentative & Assist-Tentative	311	395	-21%	2,066	7,340	-72%	19,500	11%
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	1,080	1,757	-39%		
New to Hawai'i	0	0	N/A	1,080	835	29%		
Tentative & Assist-Tentative	311	395	-21%	2,066	5,090	-59%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	0	2,250	-100%		

COMMENTS

Market Conditions and Industry Trends

Hawai'i MCI's main competition is the ever requested "All-inclusive" destinations within Mexico and the Caribbean. With the current rate of exchange of CAD to USD, it is becoming increasingly difficult and much more cost effective for planners and their clients to choose the all-inclusive. Within Mexico, the government has shut down the tourist board offices causing many hotels to offer extremely low pricing for clients just to get the business. Destinations such as the Dominican Republic and Jamaica are offering bonuses and incentive programs to get the planners and clients to book programs in their countries. Unfortunately, with reduced budgets for Canada MCI, this is a large hurdle to overcome. Hawai'i Tourism Canada's (HTCAN) will continue to show the incredible value that Hawai'i has to offer.

Many of the accounts are price sensitive and are requesting much smaller room blocks. MCI planners are stating that many of the programs are only for four or five nights. With the current state of the exchange rate and the time and distance of travel, planners are looking for the absolute best value and are leaning to those destinations that are offering enhancements and incentives. HTCAN believes that incentive support would help position Hawai'i as a truly competitive destination.

Visiting Friends and Relatives (VFR) visits declined -5.7 percent throughout the first quarter of 2019. At the same time, trips for MC&IT purposes increased +6.7 percent. Non-pleasure trips accounted for 7.9 percent of activity during the period.

Low Dollar Impacting Indirect Activity

Arrivals from Canadian airports grew +7.8 percent during the first quarter of 2019, while arrivals via U.S. airports decreased -21.3 percent. This continues the trend observed

throughout the latter half of 2018 when year-over-year declines in indirect passenger volumes were recorded every month between August and December. The value of the loonie recorded year-over-year declines each month from July-December. Throughout January-March 2019, the loonie averaged USD \$0.75 cents, a -4.9 percent decline compared to 2018 and the lowest average value since Q1-2016.

Total Canadian Outbound Travel

Canadians made more than 8.7 million overnight trips to the U.S. and other outbound destinations during the first quarter of 2019, an estimated increase of +2.9 percent compared to the same period in 2018. Of this total, more than 6.6 million trips were for leisure purposes. During the period, overseas leisure travel increased +1.3 percent, while trips to the U.S. grew an estimated +4.0 percent. The first five months of the winter travel season (November-March) saw 13.5 million overnight outbound trips, compared to 13.2 million during the same period in 2017-18.

Increased Capacity from Western Canada

Air Canada and WestJet offered more than 211 thousand direct seats to Hawai'i throughout the first three months of 2019, an increase of +11.3 percent. During the period, Air Canada offered 15.7 percent more seats and WestJet increased direct capacity by 8.6 percent. While Air Canada offered fewer direct seats from Calgary and Toronto, the carrier increased service from Vancouver. At the same time, WestJet expanded service from Calgary, Edmonton and Vancouver.

Sales Production vs. Goals Analysis

May was an extremely slow month for new RFP's for HTCAN. However, there are several tentative/assist tentative leads that will confirm shortly, which would add an additional 800-1,000 room nights to the definite KPI numbers. HTCAN has reached 14.38 percent of its Q2 tentative target of 5,000 room nights, which is 10.6 percent of its annual tentative/assist tentative goal. HTCAN has also reached 120 percent of its Q2 definite/assist definite target of 750 room nights, which equates to 33.6 percent of its annual definite goal. May report shows many lost groups as a result of lead follow-ups with clients. June will see more follow up to convert tentative/assist tentative groups.

Highlights of any Key Definites

None to report for May.

Public Relations and Advertising

None to report for May.

**Table 2d: Hawai'i Tourism China Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	1,440	5,356	-73%	5,737	5,588	3%	12,480	46%
New to Hawai'i	0	5,356	-100%	4,297	5,588	-23%	9,984	43%
Tentative & Assist-Tentative	500	3,795	-87%	5,585	12,916	-57%	24,960	22%
MCI								
Room Nights								
Definite & Assist-Definite	1,440	5,286	-73%	2,330	5,386	-57%	9,360	25%
New to Hawai'i	0	5,286	-100%	890	5,386	-83%	7,488	12%
Tentative & Assist-Tentative	480	3,795	-87%	3,600	12,714	-72%	18,720	19%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	70	-100%	3,407	202	1587%	3,120	109%
New to Hawai'i	0	70	-100%	3,407	202	1587%	2,496	136%
Tentative & Assist-Tentative	20	0	N/A	1,985	202	883%	6,240	32%

COMMENTS

Market Conditions and Industry Trends

China Economy

- **GDP** – China's GDP grew by +6.4 percent YOY in Q1 2019, slightly above market expectations of a +6.3 percent expansion.
- **Currency** – In May, Chinese Yuan per USD depreciated to 6.9 from 6.7 in Q1 considering the tense trade situation between the U.S. and China.
- **Unemployment rate** – The unemployment rate in China decreased to 3.67 percent in Q1 2019 from 3.8 percent in the Q4 2018, reaching a record low since 2002.
- **Consumer confidence** – Consumer confidence in China increased in Q1 2019, standing at 124.6 Index Points from 121.4 in Q4 2018. Confidence index scoring over 100 points showed that Chinese consumers are optimistic about the present and future economic trends.

Outbound Travel Market

- As reported by Ctrip and iResearch, the revenue of China's business travel management market has increased to RMB 226.12 billion (USD 33 billion) in 2018, with YOY growth of +18.9 percent. iResearch suggested that China business travel management market will continue to see steady growth and its share in business travel expenditure will increase.
- According to MICE China, Chinese outbound incentive trips are contributed mainly by companies in direct-sales, finance, insurance, cosmetics, automobile, and IT industries. The availability of information and support from the destination's government, suppliers and DMOs also play a crucial role in the decision-making process.

Travel Trends

- *MICE China reports stated that an ideal business travel destination should have the capacity to hold professional conferences as well as provide varied leisure options. More and more Chinese business travelers prefer an adventurous travel experience. Furthermore, off-the-beaten-path team building programs and themed business dinners are the new trends for Chinese MCI travelers.*
- *Standards for incentive trips have also been raised, as corporations have started to select, bid and attend a field trip of their destination options one year in advance. Details of the incentive trips are planned at least six months prior to the travel dates.*

Impact on Hawai'i

As a well-facilitated and comprehensive MCI destination with various leisure choices, Hawai'i has a huge untapped potential to attract business travelers who have high expectations for incentive trips or conference experience.

Strategy & Action

To enrich the whole business experience, Hawai'i Tourism China (HTC) will be following up with MCI intermediaries handling high-quality corporate groups.

Sales Production vs. Goals Analysis

HTC has secured 5,737 assist definite room nights as of May and achieved 46 percent of the KPI for 2019 definite/assist definite room nights. With a total 5,585 assist tentative room nights so far, HTC has achieved 22 percent of the KPI for 2019 total tentative/assist tentative room nights.

HTC will focus on developing new channels with potential MCI intermediaries to secure more bookings on smaller, high-yield MCI groups in 2019. Also, HTC will keep monitoring HCC events to connect China MCI intermediaries, associations, and corporates with Hawai'i and contribute by attendance building.

Highlights of any Key Definites

- *Sports – sports association, May 2019 (1,440 room nights)*

Highlights of any Key Cancellations

- *Incentive – travel corporation, September 2019 (1,600 room nights)*
- *Incentive – travel corporation, May 2019 (1,120 room nights)*

Public Relations and Advertising

HTC partnered with ANA to promote the “Flying Honu” Airbus A380

To promote quality aviation experiences to MCI groups, HTC has released a press release to announce the partnership with All Nippon Airways (ANA) and jointly promote the “Flying Honu”, a specially painted Airbus A380. This article has outreached 1.79 million impressions and earned USD 200,600 in PR value.

**Table 2e: Hawai'i Tourism Japan Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	6,173	1,300	375%	16,101	14,288	13%	54,450	30%
New to Hawai'i	5,233	0	N/A	12,705	7,922	60%	20,000	64%
Tentative & Assist-Tentative	3,303	1,000	230%	16,398	19,598	-16%	40,000	41%
MCI								
Room Nights								
Definite & Assist-Definite	6,173	1,300	375%	15,429	12,758	21%	40,850	38%
New to Hawai'i	5,233	0	N/A	12,033	6,612	82%	7,000	172%
Tentative & Assist-Tentative	3,303	1,000	230%	15,726	12,443	26%	30,000	52%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	672	1,530	-56%	13,600	5%
New to Hawai'i	0	0	N/A	672	1,310	-49%	13,000	5%
Tentative & Assist-Tentative	0	0	N/A	672	7,155	-91%	10,000	7%

COMMENTS

Market Conditions and Industry Trends

Inquiries for group business remain on par with 2018, with consistent demand mainly from construction, real estate, multi-level marketing and automotive industries. Leads are predicted to focus in the Tokyo area as Haneda expands slots. Securing seats on feeder flights to Narita and Haneda will be essential for group business with U.S. carriers, with the exception of Hawaiian Airlines, having no network of domestic flights in Japan. This prompts concerns for group business, as airlines require names to be submitted a few months in advance, along with the price of the feeder flights raising costs. Concurrently, business managers have begun expressing concerns for the Japanese economy's outlook, making it essential to continue monitoring the directionality of the market.

Five Target Pillar Conditions

- *Incentive: The financial industry is increasingly refraining from international incentive trips. Most leads originate from the automotive, construction, multi-level marketing and service industries, averaging four nights of stay. Incentive inquiries continue to favor incorporation of corporate social responsibility (CSR) initiatives. Conversely, prices for competitive and domestic trips are rising, creating favorable conditions for Hawai'i.*
- *Edu-Tourism: Most bookings originate from private schools and programs in Hawai'i incorporate elements from students' majors. Exchange programs are selected on a case by case basis to ensure appropriate experiences for students, which make content diversity increasingly important.*
- *Sports: Major marathon events have seen significant growth in Japan. Domestic major marathon events grew to 300 percent with over 1,800 major marathon events registered, over the last 10 years. With the rise of numerous events domestically, attendees to international events have been declining.*

- *Entertainment: Demand has been stable with travel agencies continuing to work on smaller-scale bookings of up to 200 attendees with events such as fan meetings and fan club events. As the difficulty to secure venues continues through the 2020 Olympics, many entertainment leads are selecting other Asian destinations to host events to mitigate costs.*
- *Attendance Building: International meetings arranged by Japanese entities are increasingly held domestically to lower costs. The Hawai'i Tourism Japan (HTJ) MICE Team will continue be proactive in attracting meetings, such as a Japanese medical association, which hosts regular meetings at HCC.*

Airlift Related

- *Haneda Airport Slots: The U.S. Department of Transportation (DOT) tentatively approved expansion of international slots to allow Delta and Hawaiian Airlines one new daily route each between Honolulu and Haneda. This allows for greater convenience of travelers as variability to accommodate transfer flights will be allowed.*
- *Hawaiian Airlines (Fukuoka): Travel agencies are starting to rework group business travels that had been shifted to Narita, to return to utilizing the direct flight service from Fukuoka announced by Hawaiian Airlines. Results are optimistic as organizers in Fukuoka have expressed their willingness to travel with the availability of a direct flight service.*
- *ANA Airbus A380: With the significant capacity of 520 seats per aircraft, ANA is starting to strengthen sales initiatives for group business. ANA Sales has established a department in their Honolulu office to deal with group business, enhancing operations to accommodate group business locally.*

Sales Production vs. Goals Analysis

6,173 assist definite room nights were obtained in May, with 5,233 of the room nights being new business to Hawai'i, allowing for 97 percent of KPI goals for new business to be obtained for the second quarter. This indicates a strong start in attracting new groups. 3,303 assist tentative room nights were also obtained allowing for 44 percent of KPI goals to be obtained. Of the assist definite bookings obtained, the majority originates from incentive travel with an environmentally conscious entity, highlighting degrees of success in branding initiatives for Hawai'i as a destination for conserving nature and the environment. HTJ will continue working with organizers to host future travels on the neighbor islands, with a focus on the Island of Hawai'i.

Highlights of any Key Definites

- *Incentive – energy corporation, November 2019 (2,850 room nights)*
- *Incentive – automotive corporation, June 2019 (940 room nights)*
- *Incentive – food corporation, June 2019 (928 room nights)*
- *Convention – educational group, November 2019 (780 room nights)*
- *Incentive – energy corporation, May 2019 (675 room nights)*

Public Relations and Advertising

The May media recap for HTJ included:

- *Travel Vision; 1,200,000 PV; HTJ Mail Magazine Distribution: 6,000+ The collaborative seminar & workshop with the Hawai'i Promotional Committee of Japan was advertised on Travel Vision. Contents included a brief explanation, and applications for the event. Contents published were specific to each region to*

maximize the attendees from travel agencies. Attendance was also encouraged via the HTJ mail magazine.

- *HTJ Hawai'i MICE Guidebook, with 20,000 tentative ad impressions. Finalizations were made for all 28 slots set for partners within the MICE Guidebook. 30 total local partners expressed desires to be featured in the HTJ MICE Guidebook, indicating the partners' acknowledgement of the effectiveness of HTJ media. With 20,000 copies set to be printed, HTJ is finalizing contents for the guidebook including the branding page for each island, and facilities to be featured.*

**Table 2f: Hawai'i Tourism Korea Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	524	1,534	-66%	6,804	13,393	-49%	21,840	31%
New to Hawai'i	524	568	-8%	3,921	5,583	-30%	14,040	28%
Tentative & Assist-Tentative	524	2,336	-78%	6,414	13,115	-51%	43,680	15%
MCI								
Room Nights								
Definite & Assist-Definite	524	1,534	-66%	6,729	13,393	-50%	16,380	41%
New to Hawai'i	524	568	-8%	3,846	5,583	-31%	10,530	37%
Tentative & Assist-Tentative	524	2,336	-78%	6,339	13,115	-52%	32,760	19%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	75	0	N/A	5,460	1%
New to Hawai'i	0	0	N/A	75	0	N/A	3,510	2%
Tentative & Assist-Tentative	0	0	N/A	75	0	N/A	10,920	1%

COMMENTS

Market Conditions and Industry Trends

Economy Growth

The Organization for Economic Co-operation and Development (OECD) cut its growth outlook for South Korea's economy this year to 2.4 percent, a 0.2 percent drop from its previous forecast of 2.6 percent in March. The OECD said weaker economic growth is due in part to many factors, including weak domestic demand, a slowdown in global trade, a decline in fixed investment and weak job creation. It added that the 2019 supplementary budget would boost the South Korean economy. In April, the South Korean government proposed a 6.7 trillion won budget stimulus to cope with an economic slowdown and fine dust air pollution. The OECD said South Korea's key challenges included low labor productivity and rapid population aging.

FX Rate & Fuel Surcharge

The average USD/WON exchange rate in May was 1174.07 won, a slight increase from the previous rate of 1137.12 won in April. Fuel surcharges were imposed in May up to 122,400 won (\$102.71) for a round trip between Korea and the U.S.

Cease of Offering First Class Seats

South Korea's two full-service carriers plan to cease offering first class seats to increase the number of economy and business class seats to satisfy consumers who prefer lower prices over higher quality services. Starting in June, Korean Air will not offer first class services on many of its international routes. Following the changes, first class cabin services will only be available on 35 Korean Air routes. Asiana Airlines also announced it would remove first class seats on all international services in September to cut costs ahead of its planned sale. The resulting business class seats will be offered at prices 30 percent to 40 percent cheaper than first class seats. An increasing number of global carriers are also reducing or removing first class seats amid growing demand for fuel-efficient aircrafts and lower interest in super-jumbo jets that can accommodate an empty first class.

New Record for Korean Outbound Travelers

The number of air passengers totaled 30.57 million during the first three months of the year, exceeding 30 million for the first time, the Ministry of Land, Infrastructure and Transport announced. The number of international flight travelers jumped 7.1 percent to 23.01 million thanks to the winter vacation period, Lunar New Year holidays, more services by low-cost carriers (LCCs), increased Chinese visitation and the growing pursuit of work-life balance. Air travel to and from China, Europe, South East Asia and Japan grew in the first quarter, while passenger demand for the U.S. and Oceania slightly declined. The number of passengers for full-service flag carriers fell 1.5 percent, but those for budget carriers jumped 17.2 percent. The nation's flag carriers accounted for 68.8 percent of total air travelers in the first quarter, of which low-cost units took up 32.2 percent. It was the first time the LCC share exceeded the 30 percent level. With the increased seat supplies and lowered prices for the short-haul destinations, which are mostly Hawai'i's competitors, HTK will keep a close eye on the shift to MCI destinations and develop countermeasures.

Sales Production vs. Goals Analysis

HTK's MCI team missed its KPI targets in the following measures in May 2019. The targeted number of definite/assist definite room nights was 1,170, but HTK secured 524 assist definite room nights. Total new to Hawai'i definite/assist definite room nights were 524 versus KPI target of 700 room nights. Also, in terms of total out-of-state attendees, HTK's MCI team attracted 252 attendees to the islands, less than its KPI target of 390 attendees. Incentive groups largely contributed to this result.

Highlights of any Key Definites

- Incentive — finance corporation, May 2019 (124 room nights)
- Incentive – business services corporation, May 2019 (100 room nights)
- Incentive – finance corporation, May 2019 (100 room nights)
- Incentive – manufacturing corporation, May 2019 (80 room nights)
- Incentive – travel corporation, May 2019 (60 room nights)

Highlights of any Key Cancellations

None to report for May.

Public Relations and Advertising

None to report for May.

**Table 2g: Hawai'i Tourism Oceania Single Property Sales Production
 May 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	820	413	99%	3,123	3,033	3%	16,640	19%
New to Hawai'i	820	341	140%	2,622	2,826	-7%	12,480	21%
Tentative & Assist-Tentative	1,610	2,820	-43%	10,136	14,496	-30%	34,320	30%
MCI								
Room Nights								
Definite & Assist-Definite	0	82	-100%	1,751	2,702	-35%	12,640	14%
New to Hawai'i	0	82	-100%	1,711	2,567	-33%	9,360	18%
Tentative & Assist-Tentative	610	2,415	-75%	8,696	13,030	-33%	25,820	34%
Non-MCI								
Room Nights								
Definite & Assist-Definite	820	331	148%	1,372	331	315%	4,000	34%
New to Hawai'i	820	259	217%	911	259	252%	3,120	29%
Tentative & Assist-Tentative	1,000	405	147%	1,440	1,466	-2%	8,500	17%

COMMENTS

Market Conditions and Industry Trends

The NZ dollar is currently sitting at US\$0.65 while the AU dollar remains at US\$0.69. The Australian dollar has plunged to a new low at 69.4. The 70-cent level is crucial for the Australian dollar. The dollar fell below that level for about nine months during the GFC and it briefly dipped below that level during the market weakness in January this year.

The 2019 Australian federal election was held on Saturday, May 18, 2019 to elect members of the 46th Parliament of Australia. Scott Morris has led The Coalition to a surprise victory against all the predictions. For months, the property market was paralyzed by the uncertainty of an upcoming federal election. As the Coalition will stay on in power, that means changes are minimal and if the government can keep house prices roughly stable and drive unemployment down, a positive recovery of the Australian economy and the Australian dollar may be possible in the next few months.

Sales Production vs. Goals Analysis

HTO had a very productive month with Month of Lei at the beginning of May and a preparation of the upcoming MCI FAM with Hawaiian Airlines. Whilst the MCI market stayed very reserved, HTO was able to identify group businesses from Cruise market which produced 700 room nights to the Island of O'ahu in 2020. This is a great opportunity for HTO to encourage Cruise passengers to extend their stays across the Hawaiian Islands. HTO continues to promote the Hawaiian Islands among the MCI market through HTO's upcoming roadshows, such as the Hawaiian Hilton Roadshow in June, Get Global in July and the Sydney Bridal Expo in August.

Highlights of any Key Definites

- *Special Event – wedding, May 2019 (120 room nights)*
- *(4) Cruise groups – travel corporation, June 2020, (100 room nights)*
- *(2) Cruise groups – travel corporation, August 2020, (100 room nights)*
- *Cruise group – travel corporation, September 2020, (100 room nights)*

Highlights of any Key Cancellations

None to report for May.

Public Relations and Advertising

- *HTO has been working with Get Global to be featured on the upcoming newsletter to promote the Hawaiian Airlines. Industry partners, such as Alohilani and Hawaiian Airlines, have recently been featured on Get Global’s newsletter as part of the Meet Hawai’i Hawaiian zone.*

Table 2h: Other International Single Property Sales Production
May 2019

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	N/A	N/A
New to Hawai’i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	3,370	-100%	3,830	7,995	-52%		
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai’i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	3,370	-100%	3,788	7,648	-50%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai’i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	42	347	-88%		

As of April 2019, Table 2h includes production for Hawai’i Tourism Europe as well as all Other International sales.

**Table 3: Island Distribution of HTUSA Single Property Sales
 Year-to-Date May 2019**

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	156,567	54,000	2,659	14,301	26%	17%	9%
Kaua'i	68,035	19,000	86	3,579	19%	14%	5%
Maui County	194,506	79,000	486	28,028	35%	26%	14%
Hawai'i	148,541	35,000	5,704	16,831	48%	16%	11%
Total	567,649	187,000	8,935	62,739	34%		

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

'ELELE PROGRAM

COMMENTS
<p>New Definite Based on encouragement from an 'Elele, a medical association booked its meeting in Hawai'i in August 2019 with 40 attendees.</p> <p>Additionally, at the request of HCC's Director of Business Development, the 'Elele director secured a second support letter from the University of Hawai'i (UH) College of Engineering for an American scientific association's convention in June 2025, which will bring in 3,500 attendees.</p> <p>Promising Prospects and Tentatives An Associate Professor of John A. Burns School of Medicine (JABSOM)/Hawai'i Center for Aids will be pursuing a growing, Asia Pacific regional medical conference in June with 1,000 attendees.</p> <p>At the request of HCC's East Coast regional director, 'Elele director secured JABSOM's support for Hawai'i's bid on the 2024 Annual Meeting of an American scientific association in July 2024, which will bring in 3,300 attendees.</p> <p>Looking for support to bring a natural products show to Hawai'i, the 'Elele director met with the CEO of Shaka Tea who has connections with the New Hope Network, the organizer of a natural products expo and another organizer of a food professionals conference.</p> <p>Also, at the request of HCC's East Coast regional director, the 'Elele director connected with the Associate Director of the Hawai'i Cancer Center to serve as an 'Elele for an American scientific association. In addition, to stay connected with the pediatric community, the 'Elele director met with the Executive Director of the Hawai'i American Academy of Pediatrics to discuss opportunities with a medical association.</p>

LOST BUSINESS Table 4: Lost Business – May 2019

HAWAI'I CONVENTION CENTER						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Convention (1973)	Travel	3,000	1,500	10/15/2022 - 10/19/2022	Unknown	Cancel Meeting
Convention (2106)	Medical	6,222	1,400	4/15/2020 - 4/22/2020	Unknown	Other City Selected
Convention (2113)	Medical	6,200	1,400	7/27/2021 - 8/1/2021	Unknown	Cost
Convention (2114)	Automotive	4,151	2,200	1/28/2021 - 2/4/2021	Unknown	Other City Selected
Convention (2126)	Legal	8,720	1,800	10/14/2020 - 10/21/2020	Unknown	Other City Selected
Meeting (1215)	Travel	7,090	2,500	9/24/2021 - 10/1/2021	San Diego, Anaheim, Dallas, Anatole	Distance/Time Away
Meeting (2064)	Pharmaceutical	15,304	4,570	2/20/2020 - 2/28/2020	Unknown	Dates Unavailable
Meeting (2101)	Consumer Products	0	3,800	1/14/2020 - 1/24/2020	Unknown	Center Size
Meeting (2118)	Other	0	0	11/5/2020 - 11/7/2020	Unknown	Center Size

HTUSA SINGLE PROPERTY – HIGH PROFILE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention - Domestic (13591)	Technology	2,200	1,600	05/17/2023 - 05/19/2023	Initially only Maui, O'ahu, Island of Hawai'i	Hawai'i did not make the short list.
MCI: Convention - Domestic (14883)	Scientific	2,480	1,100	07/31/2021 - 08/07/2021	West Coast	Program lost because hotel preference unavailable.
MCI: Incentive (15015)	High Tech	535	250	04/11/2021 - 04/15/2021	Initially, Hawai'i only	Program lost due to overall cost of event.
MCI: Convention - Domestic (15071)	Medical, Healthcare	845	250	05/26/2021 - 05/30/2021	Cape Cod, MA Santa Fe, NM, Colorado Springs, CO, Key West, FL, and Hawai'i	Program lost to Colorado Springs, CO.
MCI: Convention - Domestic (15266)	Franchise	1,970	500	02/15/2020 - 02/22/2020	Rome, Munich, Prague, Vienna	Program requirements have changed.
MCI: Meeting (15303)	High Tech	595	130	02/09/2020 - 02/14/2020	Initially, Hawai'i only	Program lost to an undisclosed destination.
MCI: Convention - Domestic (15317)	High Tech	1,280	400	01/05/2020 - 01/10/2020	Banff, Canada	Program cancelled.
MCI: Incentive (15348)	Business Services, Consulting	1,250	500	12/08/2019 - 12/12/2019	Initially only Maui and Island of Hawai'i	No response from client.
MCI: Convention - Domestic (16396)	Legal	3,375	677	03/03/2024 - 03/11/2024	Initially, Hawai'i only	Program lost due to overall cost of event.
MCI: Meeting (16401)	Government	910	10	05/01/2019 - 07/30/2019	Initially, Hawai'i only	Program cancelled.
MCI: Convention - Domestic (16448)	High Tech	2,801	700	01/06/2022 - 01/15/2022	South Florida and Hawai'i	Client no longer considering Hawai'i due to cost and distance to fly for the east coast attendees.
MCI: Incentive (16497)	High Tech	599	200	06/06/2021 - 06/10/2021	Initially, Hawai'i only	Program has been postponed.

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Canada: MCI: Incentive (12234)	High Tech	600	300	02/22/2020 - 02/25/2020	Unknown	Program lost to an undisclosed destination.
HT Canada: Non-MCI: Other (specify) (12518)	Unknown	600	300	06/10/2019 - 06/17/2019	Unknown	Program cancelled.
HT Canada: Non-MCI: Other (specify) (12519)	Unknown	450	300	06/24/2019 - 06/29/2019	Unknown	Program cancelled.
HT Canada: Non-MCI: Other (specify) (12520)	Unknown	600	300	06/30/2019 - 07/07/2019	Unknown	Program cancelled.
HT Canada: Non-MCI: Sleeping Rooms Only (13187)	Unknown	250	45	05/03/2019 - 05/13/2019	Unknown	Program lost to an undisclosed destination.
HT Canada: MCI: Convention - Domestic (13342)	Insurance	900	300	06/27/2020 - 07/02/2020	Costa Rica	Program lost to Costa Rica.
HT China: MCI: Incentive (13690)	Incentive	1,120	400	05/13/2019 - 05/16/2019	Los Angeles, CA	Program cancelled due to overall cost and visa restrictions.
HT Oceania: MCI: Incentive (13743)	Travel	60	12	11/04/2019 - 11/08/2019	Fiji	Program lost to an undisclosed destination.
HT China: MCI: Incentive (14860)	Unknown	480	800	05/10/2019 - 05/17/2019	Japan	Program lost to Chengdu, China.
HT Canada: MCI: Meeting (14897)	High Tech	345	200	01/27/2020 - 01/31/2020	Initially, Hawai'i only	Program lost to Denver, CO.
HT China: Non-MCI: Other (specify) (15080)	Educational	160	40	06/23/2019 - 06/30/2019	Unknown	Program lost to Chengdu, China.
HT China: MCI: Incentive (15173)	Incentive	1,600	800	09/01/2019 - 09/04/2019	Unknown	Program lost due to airfare costs.
HT Oceania: MCI: Convention - International (15215)	Medical, Healthcare	2,800	1,300	07/18/2021 - 07/21/2021	Los Angeles, CA, Portland, OR, San Diego, CA and Seattle, WA	Hawai'i did not make the short list.
HT China: Non-MCI: Other (specify) (15326)	Travel	70	15	06/15/2019 - 06/21/2019	Unknown	Program lost to Chengdu, China.
HT China: MCI: Incentive (15345)	Medical, Pharm	40	20	05/27/2019 - 05/28/2019	Unknown	Program cancelled.
HT China: Non-MCI: Other (specify) (16380)	Travel	196	32	07/15/2019 - 07/28/2019	Unknown	Program lost to Chengdu, China.

NEW-TO-HAWAI'I DEFINITE BOOKINGS

Table 5: New to Hawai'i Definite Bookings – May 2019

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Non-MCI: Special Event (13494)	Entertainment, Media	1,450	75	08/05/2019 - 09/02/2019	Initially, Hawai'i only
MCI: Meeting (13785)	Trade Assns	675	200	09/13/2022 - 09/21/2022	Initially, Hawai'i only
MCI: Incentive (16395)	High Tech	698	269	08/09/2019 - 08/18/2019	Initially, Island of Hawai'i only

INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Japan: MCI: Incentive (15198)	Energy, Environment	1,425	550	11/02/2019 - 11/07/2019	Unknown
HT Japan: MCI: Incentive (16476)	Energy, Environment	675	343	05/20/2019 - 05/23/2019	Unknown
HT Japan: MCI: Incentive (16477)	Food, restaurants	928	116	06/03/2019 - 06/14/2019	Unknown
HT Japan: MCI: Convention - Domestic (16479)	Educational	780	399	11/10/2019 - 11/14/2019	Unknown
HT Korea: MCI: Incentive (16501)	Finance, Banking	124	60	05/19/2019 - 05/29/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16512)	MCI, Travel	60	23	05/24/2019 - 05/28/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16516)	Educational	60	30	05/09/2019 - 05/12/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16521)	Business Services, Consulting	100	50	05/15/2019 - 05/18/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16522)	Finance, Banking	100	49	05/21/2019 - 05/24/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16523)	Manufacturing, Distrib.	80	40	05/22/2019 - 05/25/2019	Initially, Hawai'i only
HT Oceania: Non-MCI: Sleeping Rooms Only (16548)	Travel	100	25	06/05/2020 - 06/08/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16549)	Travel	100	25	06/12/2020 - 06/15/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16550)	Travel	100	25	06/19/2020 - 06/22/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16551)	Travel	100	25	06/26/2020 - 06/29/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16552)	Travel	100	25	08/21/2020 - 08/24/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16553)	Travel	100	25	08/28/2020 - 08/31/2020	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16554)	Travel	100	25	09/04/2020 - 09/07/2020	Unknown
HT Oceania: Non-MCI: Special Event (16575)	Unknown	120	15	05/17/2019 - 05/31/2019	Unknown
HT Japan: MCI: Incentive (16614)	Energy, Environment	1,425	550	11/05/2019 - 11/07/2019	Unknown

TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH	28
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS	10,048

HAWAI'I CONVENTION CENTER					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Sports (2102)	Sports	3,500	700	3/15/2020 - 3/21/2020	Unknown
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					1
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I BOOKINGS					3,500

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

MAJOR SALES AND MARKETING ACTIVITIES

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

- 12 client promotional events
 - HCC
 - Asia Pacific Conference on Computer Human Interaction (AP CHI), Glasgow, United Kingdom, May 4-9
 - Immunology, San Diego, CA, May 9-13
 - Rotary International, Hamburg, Germany, May 30-June 5
 - International GMTs
 - HTO – Marriott Roadshow, Sydney, Australia, May 14
 - HTK – Hanjin Travel Hawai'i Golf Promotion, Seoul, Korea, May 17
 - HTC – 2019 Hangzhou 'Ukulele Festival, Hangzhou, China, May 18
 - HTC – The 20th Sanfo International Triathlon, Beijing, China, May 19
 - HTO – Hawaiian Airlines 15 Year Anniversary, Sydney, Australia, May 20
 - HTJ – ANA Sales New Product Launch, Tokyo, Japan, May 27
 - HTJ – Tobu Top Tours Seminar & Workshop, Tokyo, Japan, May 29
 - HTJ – Tobu Top Tours Seminar & Workshop, Osaka, Japan, May 30
 - HTO – American Chamber of Commerce (AmCham) Women in Business Breakfast, Auckland, New Zealand, May 30

- 8 educational events
 - HTUSA
 - Meeting Professionals International (MPI) Aloha Chapter, Kohala Coast, HI, May 22
 - HCC
 - Connection Sports Leadership Summit, Kona, HI, May 21-23
 - International GMTs
 - HTJ – HIS Hawai'i Seminar & Workshop, Tokyo, Japan, May 10
 - HTC – Hawaiian Airlines 2019 Products Seminar, Beijing, China, May 14
 - HTJ – JTB International Education Division Hawai'i Edu-tourism Seminar, Tokyo, Japan, May 21

- HTJ – JTB MICE Seminar, Tokyo, Japan, May 28
- HTK – Korean U.S. Specialized Receptive Operators Association Seminar, Seoul Korea
- HTO – Month of Lei, Hawai'i Destination Training, Australia and New Zealand

- 6 trade shows
 - HTUSA
 - Prestige, San Diego, CA, May 8
 - Connect Hawai'i, Kohala Coast, HI, May 21-24
 - HCC
 - National Association of Sports, Knoxville, TN, May 5-9
 - IMEX Frankfurt Trade Fair, Frankfurt, Germany, May 17-24
 - HelmsBriscoe Annual Business Conference Partner Fair, Houston, TX, May 29-31
 - International GMTs
 - HTJ – Kinki Nippon Tourist Summit in Asakusa, Tokyo, Japan, May 27

- 6 sales blitzes
 - HTUSA
 - Sales Blitz and May Day Lei Day, Washington, DC, May 2
 - May Day Lei Day, Chicago, IL, May 6-8
 - Texas Sales Blitz, Austin, Dallas and Houston, TX, May 12-18
 - HCC
 - May Day Lei Day Sales Calls, Washington, DC, May 1-3
 - May Day Lei Day Sales Calls, Chicago, IL, May 6-10
 - May Day Lei Day Sales Calls, Dallas and Houston, TX, May 13-17

- 6 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA
 - 3 site visits, Kaua'i
 - 1 site visit, Island of Hawai'i
 - 1 site visit, O'ahu
 - 1 site visit, Maui

FUTURE SALES AND MARKETING ACTIVITIES

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

June 2019			
June 2-4	Direct Selling Association, Austin, Texas	Sales Blitz	HCC
June 3-4	Sales Calls, Madison, Wisconsin	Sales Blitz	HCC

June 3-7	Brisbane PCO FAM tour, O'ahu, HI	FAM	HTO
June 7-9	Hana Tour International Travel Show (HITS), Ilsan, South Korea	Trade Show	HTK
June 10-11	2019 Korea Trade Mission, Connect to Aloha, Seoul and Busan, South Korea	Trade Show	HTK
June 12	Hawaiian Airlines Hangzhou Roadshow, Hangzhou, China	Educational Events	HTC
June 15-19	Meeting Professionals International (MPI) World Education Congress (WEC), Toronto, Canada	Trade Show	HCC & HTUSA
June 18-20	Hilton Roadshow, Auckland, New Zealand	Sales Blitz & Roadshow	HTO
June 19-23	Incentive Research Foundation (IRF), Miami, FL	Trade Show	HTUSA
June 20-21	HIS Hawai'i Seminar & Workshop in Kagoshima, Kumamoto and Fukuoka, Japan	Educational Event	HTJ
June 20-21	Franchise Association Conference, Rotorua, New Zealand	Trade Show	HTO
June 22-23	Hawai'i Expo, Fukuoka, Japan	Trade Show	HTJ
June 24-28	Hilton Roadshow, Melbourne & Sydney, Australia	Sales Blitz & Roadshow	HTO
June 25-27	ESports Summit, Atlantic City, New Jersey	Trade Show	HCC
June 25-28	Professional Convention Management Association (PCMA) Education Conference, Los Angeles, CA	Trade Show	HCC
July 2019			
July 2	Tour Mart Educational MCI Seminar, Gwangju, Korea	Educational Event	HTK
July 8-11	Cvent Connect, Las Vegas, Nevada	Trade Show	HCC
July 15-18	Sales Calls, St. Louis, Missouri	Sales Blitz	HCC
July 22-26	Get Global, Brisbane & Sydney, Australia	Sales Blitz & Trade Show	HTO
July 23-25	Council of Engineering and Scientific Society Executives (CESSE) Educational Forum, Baltimore, MD	Trade Show	HCC

July 27-31	Experient E4 Conference, Baltimore, MD	Trade Show	HCC
TBD	Sales Calls, New York & New Jersey	Sales Blitz	HCC
August 2019			
Aug. 1-3	The Institute of Electrical and Electronics Engineers (IEEE) Panel of Conference Organizers, Washington, DC	Trade Show	HCC
Aug. 7-13	Sales Calls, Ohio	Sales Blitz	HCC
Aug. 10-13	American Society of Association Executives (ASAE) Annual Meeting, Columbus, OH	Trade Show	HCC
Aug. 26-28	Connect Market Place, Louisville, KY	Trade Show	HCC

CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2019-2026 against a rolling 36-month consumption benchmark.

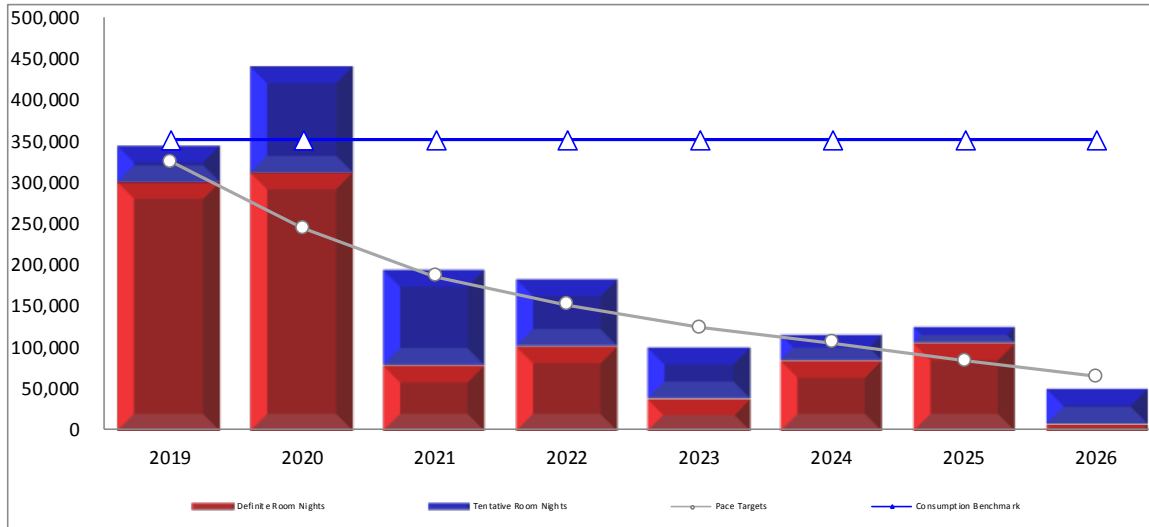
Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

THE TAP REPORT

Hawai'i

Period Ending May 31, 2019

Report Date: June 7, 2019



<i>Hawai'i R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	298,155	309,363	77,525	101,207	37,050	84,486	105,508	7,014	1,020,308
Pace Targets	324,770	244,189	186,119	150,915	123,393	105,429	82,835	64,578	1,282,228
Variance	(26,615)	65,174	(108,594)	(49,708)	(86,343)	(20,943)	22,673	(57,564)	(261,920)
Consumption Benchmark	351,563	351,563	351,563	351,563	351,563	351,563	351,563	351,563	2,812,504
Pace Percentage	92%	127%	42%	67%	30%	80%	127%	11%	80%
Total Demand Room Nights	832,049	615,037	352,996	235,603	103,095	120,681	145,498	71,754	2,476,713
Lost Room Nights	533,894	305,674	275,471	134,396	66,045	36,195	39,990	64,740	1,456,405
Conversion Percentage	36%	50%	22%	43%	36%	70%	73%	10%	41%
Tentative Room Nights	44,117	128,851	116,256	80,564	62,121	29,115	18,016	41,941	520,981

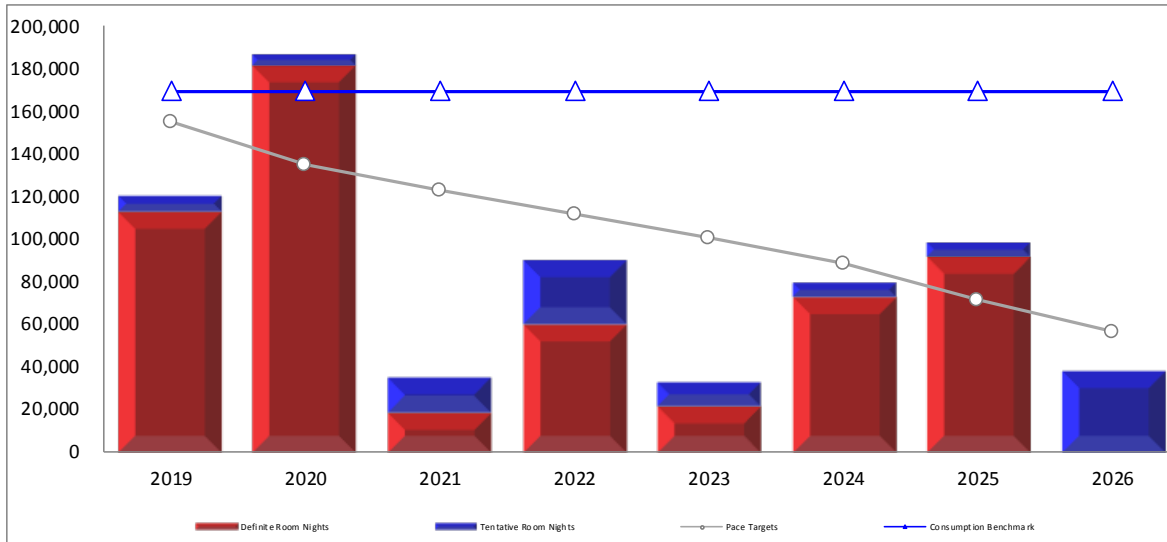
Hawai'i Events

Definite Events	299	144	50	32	12	13	11	4	565
Pace Targets	276	114	52	29	15	10	7	4	507
Variance	23	30	(2)	3	(3)	3	4	0	58
Consumption Benchmark	339	339	339	339	339	339	339	339	2,712
Pace Percentage	108%	126%	96%	110%	80%	130%	157%	100%	111%
Total Demand Events	698	317	100	46	23	19	15	7	1,225
Lost Events	399	173	50	14	11	6	4	3	660
Conversion Percentage	43%	45%	50%	70%	52%	68%	73%	57%	46%
Tentative Events	118	232	116	36	19	9	6	6	542

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

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

THE TAP REPORT **Hawai'i** **Period Ending May 31, 2019**
 Convention Center Report Date: June 7, 2019



<i>Hawai'i R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Room Nights	112,322	180,317	18,448	59,681	21,939	72,330	91,055	0	556,092
Pace Targets	154,745	134,493	122,556	111,347	100,080	88,235	70,809	55,822	838,087
Variance	(42,423)	45,824	(104,108)	(51,666)	(78,141)	(15,905)	20,246	(55,822)	(281,995)
Consumption Benchmark	169,471	169,471	169,471	169,471	169,471	169,471	169,471	169,471	1,355,768
Pace Percentage	73%	134%	15%	54%	22%	82%	129%	0%	66%
Total Demand Room Nights	388,735	322,967	242,321	187,036	77,708	97,662	131,045	64,740	1,512,214
Lost Room Nights	276,413	142,650	223,873	127,355	55,769	25,332	39,990	64,740	956,122
Conversion Percentage	29%	56%	8%	32%	28%	74%	69%	0%	37%
Tentative Room Nights	7,227	5,250	16,431	30,471	10,785	6,850	6,850	38,451	122,315

<i>Hawai'i Events</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Events	29	16	4	7	3	6	5	0	70
Pace Targets	25	18	13	11	10	6	3	2	88
Variance	4	(2)	(9)	(4)	(7)	0	2	(2)	(18)
Consumption Benchmark	30	30	30	30	30	30	30	30	240
Pace Percentage	116%	89%	31%	64%	30%	100%	167%	0%	80%
Total Demand Events	63	40	27	17	9	9	9	3	177
Lost Events	34	24	23	10	6	3	4	3	107
Conversion Percentage	46%	40%	15%	41%	33%	67%	56%	56%	40%
Tentative Events	1	1	3	5	3	2	2	5	22

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

Glossary of TAP Report Terms

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

CONVENTION CENTER PERFORMANCE

Table 8: Convention Center Performance – April 30, 2019 Year-to-Date

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	41%	31%	10%
Total Events	79	66	13
Total Attendance	162,933	144,207	18,726
Visitor Spending	\$102,995,239	\$102,995,239	\$0
Tax Revenue	\$9,990,538	\$9,990,538	\$0
Revenue per Attendee	\$38.66	\$39.81	(\$1.15)

COMMENTS

As mentioned last month, March, April and October are typically strong event activity filled months for the Hawai'i Convention Center (HCC). HCC budgeted for 20 licensed events during the month ending April 30, 2019, but 30 occurred. Offshore events included a repeat corporate group that brought over 900 attendees, a couple of sporting events and an international event that all helped to generate over \$1.1 million in State tax revenue and occupancy of 45 percent. HCC posted gross revenue of \$1.9 million, which was \$164,200 more than budgeted, and net income of \$204,000, which was \$38,000 more than planned.

For the year to date, HCC's performance metrics for occupancy, events, attendance, visitor spending and tax revenue are at and/or exceeding targets, with the exception of revenue per attendee. Revenue per attendee is at \$38.66 which is \$1.15 less than planned. It has been diluted due to the higher than expected attendance to date.

The summary below highlights why the year-end reforecast is not meeting budget:

- 1) *Cancellations resulting in over \$1.57 million in lost revenue.*
 - a. *An insurance corporation, 1,500 delegates, budgeted \$54,000 in event revenue and \$258,000 in F&B revenue in June 2019. Cancelled due to financial services investigation.*
 - b. *A religious association, 24,000 delegates, budgeted \$195,000 in event revenue and \$566,000 in F&B revenue in November 2019. The headquarters in NY chose not to include Hawai'i in its international convention for this year. HCC is working with the local group to see if Hawai'i can be included in one of HCC's upcoming need years in 2021-2023. If successful, HCC will move their 2024 program to a new future year.*
 - c. *A tourism industry event, budgeted \$199,000 in event revenue and \$298,000 in F&B revenue in September 2019, cancelled as the program has moved to the Island of Hawai'i.*
- 2) *Rental income not meeting budget expectations.*
 - a. *Offshore events, medical society in March 2019, (\$34,000), a national medical association in July 2019, (\$84,000), and a medical society in July 2019, (\$13,000).*

DEFINITIONS

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

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

May 2019					
Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
•19170	The Hawai'i Lodging & Tourism Association (Hawai'i Hotel Industry Foundation)	Ho'oilina Scholarship Program	\$500,000.00	5/7/2019	6/30/2023
•18191 S2	Team Unlimited, LLC	XTerra Trail Run World Championship 2019	\$42,000.00	4/30/2019	4/30/2020
19166	Destination Kona Coast	Kona Kāhea Harbor Greetings 2019	\$28,000.00	4/30/2019	3/31/2020
19177	Kailua Village Business Improvement District, Inc.	Hawaiian Sunset Saturday (RAHCI)	\$24,000.00	5/17/2019	3/31/2020
19167	Lahaina Town Action Committee	Lahaina Kāhea Harbor Greetings 2019	\$20,000.00	5/3/2019	3/31/2020
•19180	The Kalaimoku Group Inc.	May Day Waikīkī 2019	\$51,200.00	5/22/2019	8/31/2019
19168	County of Kaua'i	Nāwiliwili Kāhea Harbor Greetings 2019	\$42,000.00	5/16/2019	3/31/2020
17024 S6	Lynn Surayan	Lynn Surayan	\$35,360.00	5/17/2019	12/31/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

17023 S4	Wahine Media LLC	Global Social Media Program	\$47,886.00	5/17/2019	12/31/2019
16057 S3	Miles Partnership, LLLP dba Miles Marketing Destinations, LLLP	Redesign Gohawaii.com	\$284,368.00	5/16/2019	12/31/2019
19169	Maui Nui Marine Resource Council, Inc. dba Maui Nui Marine Resource Council	Maui Coral Reef Sign Project	\$47,144.00	5/22/2019	12/31/2019
†19193	The Hawai'i Lodging & Tourism Association (Hawai'i Hotel Industry Foundation)	LA Rams Youth Football & Cheerleading Clinics Reimbursement	\$50,000.00	6/7/2019	9/30/2019

Agenda Item

5

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



Market Insights – May 2019

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

Report on Economic Impact

For the first five months of 2019, Hawai'i's tourism economy experienced:

- \$7.24 billion in visitor spending, a decrease of 3.1 percent compared to the first five months of 2018. On a statewide level, average daily visitor spending was down (-4.2% to \$195 per person) compared to the same period last year.
- Total arrivals grew 3.8 percent to visitors, supported by growth in arrivals via air service (+3.6% to 4,164,120) and by cruise ships (+16.8% to 75,775). Total visitor days¹ rose 1.2 percent compared to the first five months of 2018
- Hawai'i's tourism economy experienced \$845.3 million in generated state tax revenue, down 3.1 percent (-\$26.7 million) compared to the first five months of 2018.
- Through April 2019, the state collected \$506.2 million in TAT, an increase of 10.3 percent compared to FY 2018 through April 2018.
 - The TAT rate increased from 9.25% to 10.25% as of January 2018.
 - Per Board request, FY 2019 TAT collection amounts from July to December 2018 were recalculated using the 9.25% rate for an “apples to apples” comparison to FY 2018 collections.
 - Adjusted FY 2019 collections through April 2019 is \$478.6 million or an increase of 4.3% compared to FY 2018.
- Total air capacity into Hawai'i grew 1.6 percent to 5,567,901 seats.

Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – Year-to-Date May 2019

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	95.5%	-3.1%	7,242.0	7,586.1
Daily Spend (\$pppd)	95.1%	-4.2%	195.4	205.5
Visitor Days	100.4%	1.2%	37,056,814	36,917,462
Arrivals	102.8%	3.8%	4,239,895	4,122,743
Airlift (scheduled seats)	99.7%	1.6%	5,526,217	5,540,811

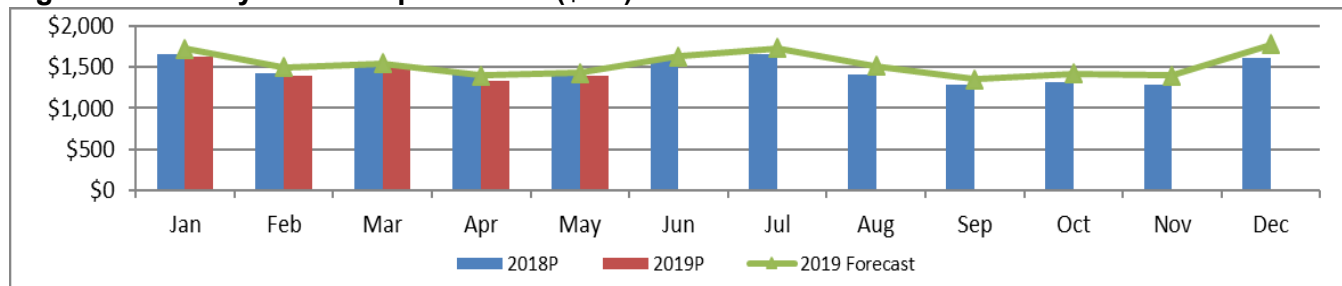
DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

¹ Aggregate number of days stayed by all visitors.

² Technical Notes: The HTA received revised hotel room and package rates for the first quarter of 2018 which warranted revisions to the published preliminary statistics (visitor expenditures, per person per day spending and per person per trip spending) for first quarter 2018. Updated data tables are available on the HTA website. 2018 visitor statistics will be finalized for the 2018 Annual Visitor Research Report.

In May 2019, total visitor spending declined 2.1 percent to \$1.39 billion compared to May 2018. A total of 841,376 visitors came to Hawai'i, up 4.6 percent from last May with growth in arrivals by air service (+4.3% to 830,038) and by cruise ships (+42.5% to 11,338). Total visitor days increased 2.2 percent versus May 2018.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

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

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	97.4%	-0.4%	4,659.9	4,783.1
Daily Spend (\$pppd)	96.3%	-3.3%	188.6	195.8
Visitor Days	101.2%	3.0%	24,710,348	24,424,470
Arrivals	104.7%	6.8%	2,741,415	2,619,107
Airlift (scheduled seats)	99.9%	2.4%	3,875,933	3,881,586

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- The U.S. economy experienced a 3.1 percent growth in the first quarter of 2019, but slower growth may be in store for the rest of the year. Economists project a 2.3 percent gain for 2019, down from a 2.9 percent increase in 2018.
- The Conference Board Consumer Confidence Index® improved in May, following an increase in April. The Index now stands at 134.1 (1985=100), up from 129.2 in April.
- Inflation-adjusted gross domestic product (real GDP), will remain positive but decelerate through the end of 2020. Following an increase of 3.2 percent at a seasonally adjusted annual rate in the fourth quarter of 2018, the median forecast is for real GDP growth to slow to a 2.1 percent rate by Q4 2019 and 1.9 percent by Q4 2020.
- The U.S. domestic carriers to Hawai'i are operating full schedules. Seasonal adjustments include: United reduced one daily SFO-HNL during the month of May; and Southwest added San Jose-OGG and HNL and Oakland-OGG. U.S. seats for June and July are 899,490 and 947,836, respectively, representing an 8.5 percent and 8.8 percent increase over 2018. American Airlines has extended their suspension of the MAX from their schedule through August 19. This has resulted in a reduction of 115 flights across the U.S. mainland that connect to flights to Hawai'i via DFW, LAX and PHX. United has suspended one daily SFO-HNL for the month of May only for a total of four flights daily. The fifth flight will be added back to the schedule in June.

- Southwest is the new entrant to the market and will be adding service on a rolling schedule through June and the remainder of the year.

US WEST

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

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	98.9%	1.2%	2,750.2	2,780.0
Daily Spend (\$pppd)	96.1%	-3.4%	176.6	183.8
Visitor Days	103.0%	4.9%	15,575,227	15,128,320
Arrivals	107.0%	9.2%	1,808,578	1,690,852
Airlift (scheduled seats)	99.8%	2.6%	3,393,809	3,399,462

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In May 2019, the U.S. West market reported a 6.3 percent gain in visitor spending to \$558.9 million. Arrivals were up 11.7 percent to 387,132 visitors, but the length of stay decreased (-3.7% to 8.34 days) and daily visitors spending was lower (-1.2% to \$173 per person) compared to May 2018.

US EAST

Table 4: Key Performance Indicators - U.S. East

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	95.3%	-2.6%	1,909.7	2,003.2
Daily Spend (\$pppd)	97.0%	-2.7%	209.0	215.5
Visitor Days	98.3%	0.1%	9,135,121	9,296,150
Arrivals	100.5%	2.6%	932,837	928,254
Airlift (scheduled seats)	100.0%	1.0%	482,124	482,124

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In May 2019, spending by U.S. East visitors dropped 2.2 percent to \$388.9 million. Arrivals rose 4.4 percent to 196,744 visitors. However, the average length of stay (-3.7% to 9.33 days) and daily spending (-2.8% to \$212 per person) decreased compared to a year ago.

CANADA

Table 5: Key Performance Indicators – Canada

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	99.2%	-1.6%	599.9	605.1
Daily Spend (\$pppd)	98.7%	-1.2%	167.7	169.9
Visitor Days	100.5%	-0.4%	3,578,317	3,561,663
Arrivals	101.7%	1.7%	291,009	286,193
Airlift (scheduled seats)	96.8%	8.4%	289,796	299,490

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Spending by Canadian visitors increased 3.2 percent to \$47.1 million in May 2019. Arrivals declined 2.6 percent to 25,794 visitors. However, the average daily spending (+7.2% to \$170 per person) was higher compared to May 2018.
- While the exchange rate is currently slightly above 75 U.S. cents, there is some volatility that contributes to traveler's considerations. Economists are predicting the exchange rate to stay around 75 U.S. cents with a move to 78 U.S. cents over the course of the year.

- Canada’s economy is headed for a slower 2019, reflecting weakness in the energy sector plus slower housing and consumer spending activity. Business investment outside energy is forecast to increase modestly reflecting recent policy changes that will help businesses expand amid strained capacity. Economists have downgraded 2019 Canadian economic growth forecast to 1.3 percent from 1.7 percent. The Bank of Canada expects the economy to build slight momentum through 2019 with a growth of 1.5 percent in 2020 and 2.0 percent in 2021.
- Consumer Confidence in Canada increased to 53.71 Index Points in May from 50.76 Index Points in April of 2019. Consumer Confidence in Canada averaged 53.44 Index Points from 2010 until 2019, reaching an all-time high of 57.05 Index Points in November of 2018 and a record low of 46.80 Index Points in February of 2016.
- WestJet announced that the 787-9 Dreamliner will be used to operate flights between Calgary and Kahului up to four times weekly starting October 31.
- Hawai’i Tourism Canada participated in tradeshow/expos with WestJet in May in Edmonton and Calgary.

JAPAN

Table 6: Key Performance Indicators – Japan

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	93.0%	-2.2%	864.6	929.5
Daily Spend (\$pppd)	93.5%	-2.5%	236.9	253.4
Visitor Days	99.5%	0.2%	3,650,543	3,667,976
Arrivals	100.4%	1.4%	624,560	622,272
Airlift (scheduled seats)	100.0%	2.3%	825,902	825,527

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In May 2019, spending by Japanese visitors declined 1.5 percent to \$168.2 million as a result of decreased arrivals (-2.1% to 118,254) and lower daily visitor spending (-1.2% to \$242 per person).
- The exchange rate was at 110.04JPY to USD in May 2019. Economic outlook is starting to decline as concerns such as those relating to the declining population and the planned consumption tax hike become more pressing.
- Hawai’i remains the number one outbound travel destination for Japanese weddings. The state captured a 65 percent market share with an average spending amount of under two million yen (\$20,000 USD).
- Steady recovery from 2018’s heightened volcanic activity at Kīlauea has been observed as a result of the rebranding campaign for the island of Hawai’i. Current updates on wholesalers’ booking paces indicate stronger results in the second quarter of 2019.
- Legacy carriers operating flights to Hawaii lowered round trip fuel surcharge rates to 8,000 yen in April. These rates will be increased again to 12,000 yen in June, but because growth is less substantial, impacts should be relatively minimal.
- Delta Air Lines’ withdrawal from Fukuoka on May 9 has resulted in no direct service to Hawai’i from this route. In response to demand from the market, Hawaiian Airlines announced intents to return direct service from Fukuoka as early as November and plans to operate four weekly flights.

- A shift in the Kansai market is expected for 2019 with the cessation of services by Scoot on May 7, making Air Asia X the sole LCC operator in the market.
- ANA launched the Flying Honu, the first Airbus A380 Aircraft on May 24 (3 days/week). A second aircraft to launch on July 1st (7 days/week) will greatly increase media exposure for Hawai'i in 2019, while changing the dynamics of the seat distribution for Hawai'i-Japan route. In support of responsible tourism initiatives, ANA has made donations to Save The Sea Turtles International, an NPO which works to protect the sea turtles of Hawai'i.
- Major airlines are strengthening efforts on Loyalty Programs (Mileage Programs) and direct bookings to better accommodate the growing FIT market to Hawai'i.

OCEANIA

Table 7: Key Performance Indicators – Oceania

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	86.9%	-12.4%	345.7	397.8
Daily Spend (\$pppd)	94.4%	-2.7%	260.8	276.3
Visitor Days	92.1%	-10.0%	1,325,704	1,439,701
Arrivals	93.4%	-8.4%	141,489	151,409
Airlift (scheduled seats)	99.8%	-4.8%	200,684	201,150

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Australia decreased in May (-18.8% to 25,446) and through the first five months of 2019 (-8.0% to 115,998) versus a year ago.
- The Australian dollar continues to soften, with exchange rates in April ranging between US\$0.69 and \$0.71.
- GDP growth for Australia is forecast at a below average rate of 2.3 percent in 2019 before rising to nearly 3 percent the following years.
- There has been an increase in the number of flights available from Australia to U.S. destinations, resulting in very competitive fares and providing travelers with more choice on where to holiday in the USA.
- Visitor arrivals from New Zealand dropped in May (-21.3% to 6,412) and through the first five months of 2019 (-10.5% to 25,491).
- The New Zealand economy is predicted to see GDP growth of between 2.5 percent and 3.5 percent over the next few years.
- After a long period of stability, the New Zealand dollar weakened against the USD during 2018. The rate has been sitting around the \$0.65 rate which is at the lower end of the scale when it comes to perceived value when holidaying in the US.

EUROPE

Table 8: Key Performance Indicators – Europe

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	85.6%	-4.5%	100.1	116.9
Daily Spend (\$pppd)	91.4%	2.2%	163.9	179.3
Visitor Days	93.7%	-6.5%	610,682	651,937
Arrivals	94.5%	-6.6%	47,503	50,290
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland decreased in May (-7.9% to 10,336) and through the first five months of 2019 (-6.6% to 47,503).
- British households reported the strongest growth in at least a decade in their earnings, suggesting that consumers and their spending will keep on supporting the economy during Brexit.
- The U.S. National Travel and Tourism Office predicts UK travel to the USA will continue to grow over the next five years with over five million visitors expected in 2021, up from 4.7 million visitors in 2018 and 4.48 million in 2017.
- Overall, the German economy remains stable. Focus Economics Consensus Forecast panelists expect the German economy to increase 0.9 percent in 2019, and 1.4 percent in 2020. The unemployment rate remains consistent at 3.2 percent.
- According to the FVW destination rankings, the USA continues to be the largest single-haul destination for German travelers with about two million German visitors in each of the last three years.
- According to Trading Economics, the Swiss economy is currently growing by 0.6 percent. Focus Economics panelists expect the Swiss GDP to grow 1.2 percent this year and 1.5 percent in 2020.

CHINA

Table 9: Key Performance Indicators – China

	% of Forecast	YOY Rate ²	May YTD	Forecast
Visitor Spending (\$mil)*	81.7%	-25.4%	128.0	156.7
Daily Spend (\$pppd)	90.7%	-4.0%	328.7	362.3
Visitor Days	90.0%	-22.3%	389,278	432,424
Arrivals	87.7%	-26.4%	48,100	54,874
Airlift (scheduled seats)	103.8%	-20.0%	56,664	54,570

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from China declined in May (-35.6% to 10,635) and through the first five months of 2019 (-26.4% to 48,100).
- The Chinese economy expanded 6.6 percent year-over-year (YOY) in 2018. China sets its GDP at between 6 percent and 6.5 percent to pursue quality growth amid mounting uncertainties in the international economic landscape this year. In Quarter 1, China's GDP grew 6.4 percent YOY slightly above market expectations.

- Currency exchange rate remains stable at approximately 6.7 CNY to USD.
- China’s outbound travel recorded 140 million trips in 2018 (an increase of 13.5% YOY) and is expected to exceed 166 million in 2019.
- In 2018, a total of 2.99 million Chinese traveled to the U.S, a 5.7 percent drop YOY. In 2019, as of April, a total of 418,449 Chinese citizens obtained the Non-Immigrated Visas according to the U.S. Bureau of Consular Affairs, a 14.4 percent decrease YOY.
- A total of 73 destinations/countries are offering visa waiver or visa-upon-arrival to entice the Chinese market. Competition continues to intensify as destinations/countries invest heavily in gaining access to the Chinese travel market.
- In Shanghai market, air capacity from China Eastern Airlines remain stable in Q1-Q2 of 2019. In Beijing market, the suspension of Hawaiian Airlines’ direct flights last October led to a loss of over 22,000 seats in Q1-Q2, a 53 percent decrease YOY for the Beijing Market.
- With the new A380 “Flying Honu”, ANA made a strategic decision to enter the China market for Hawai’i and has been working with HTC to target upscale Chinese travelers transiting via Tokyo.
- Hawai’i ranked 2nd among outbound tourism destinations for Chinese Luxury travelers, according to the latest joint report by Hurun Report and International Luxury Travel Market (ILTM).
- In May, to actively promote Hawai’i as a paradise for sports lovers, HTC collaborated with Sanfo, China’s leading adventure brand for the Sanfo International Triathlon. This year’s event attracted about 1,100 contestants and more than 5,000 sports spectators and received coverage from over 30 Chinese leading lifestyle and sports media, reaching an audience of over 5.1 million with a PR value of USD 563,800.
- In May, to promote “Travel Pono” and the diverse eco-tourism resources of the Hawaiian Islands, HTC invited 6 top social media influencers to visit O’ahu, Kaua’i and Island of Hawai’i outreaching and sharing Responsible Tourism to over 5 million Chinese travel enthusiasts.

KOREA

Table 10: Key Performance Indicators – Korea

	% of Forecast	YOY Rate ²	Apr. YTD	Forecast
Visitor Spending (\$mil)*	95.2%	-16.6%	182.4	191.6
Daily Spend (\$pppd)	90.2%	-0.2%	274.6	304.5
Visitor Days	105.6%	-16.4%	664,293	629,244
Arrivals	103.9%	-19.5%	86,003	82,812
Airlift (scheduled seats)	100.0%	-13.7%	136,117	136,094

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Korea were flat in May (-0.1% to 16,301) and decreased year-to-date (-19.5% to 86,003).
- The Korean economy is struggling to recover due to sluggish domestic demands from a decrease in capital investment and falling exports from global uncertainties with the U.S-China trade dispute, according to Bank of Korea (BOK). South Korea’s economy will achieve 2.6 percent to 2.7 percent growth in 2019 if the government maintains

expansionary fiscal policies to support growth, the International Monetary Fund (IMF) reported.

- The average USD/WOSN exchange rate in May was 1174.07 won, a slight increase from the previous rate of 1137.12 won in April. Fuel surcharges were imposed in May up to 122,400 won (\$102.71) for a round trip between Korea and the U.S.
- Korea's flag carrier Asiana Airlines (OZ) will increase the frequency of its ICN-HNL route to daily from August 16 to October 26, 2019 to serve the summer vacation peak season between July and August, as well as the Korean Thanksgiving Day 'Chuseok' in the second week of September. OZ will likely continue its daily flight services from October 27 until March 2020 to primarily serve increasing FIT demands after examining the load factors and profitability during the daily service timeframe. The airline is currently operating 5 flights weekly on Sunday, Monday, Wednesday, Thursday, and Saturday.
- Korea's low-cost carrier Jin Air (LJ) will begin service for ICN-HNL route from July 22 through to August 25 after the four-and-half-month of suspension since March 2, 2019. LJ will resume 5 flights weekly schedule targeting the increasing demand during the summer travel season. After the one-month service for Hawai'i, LJ will be suspending service again for aircraft maintenance check until the early December.
- Korea's flag carrier Korean Air (KE) is considering to deploy chartered flights from ICN to HNL during upcoming Korea's golden holiday week in October, between the first and second week of the month which include two national holidays on October 3rd and 9th.
- HTK partnered with; 1) Korean Air on a premium package promotion; 2) Asiana Airlines on an OTA promotion; 3) Jin Air on a sales promotion; and 4) Hawaiian Airlines for Neighbor island promotions.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners, tour operators, media and celebrities.
- HTK is expanding various sales promotions with; 1) Hana Tour, leading wholesaler on 'Hawaii-Exclusive Online EXPO' in August 2) Mode Tour, second largest wholesaler on 'The choice of the month, Hawaii' in June and 4) Hyundai Department Store, a leading premium department store on 'Hawaii Lifestyle Week' in July. HTK will also participating in the Mode Tour International Travel Mart from Sept 5 – 8.

TAIWAN

Table 11: Key Performance Indicators – Taiwan

	% of Forecast	YOY Rate ²	Apr. YTD	Forecast
Visitor Spending (\$mil)*	163.7%	73.5%	28.4	17.3
Daily Spend (\$pppd)	93.7%	4.9%	260.8	278.3
Visitor Days	174.7%	65.4%	108,768	62,268
Arrivals	165.8%	65.4%	12,001	7,240
Airlift (scheduled seats)	100.0%	11.6%	14,688	14,688

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Taiwan nearly quadrupled (+283.7% to 5,798) versus May 2018. Contributing to the growth was more than 4,000 people from an Insurance group who

traveled to the islands on incentives. Through the first five months of 2019 arrivals increased sharply (+65.4% to 12,001) compared to the same period last year.

- Taiwan's government trimmed its GDP growth forecast for 2019 to 2.3 percent due to slowing global expansion and trade tensions between China and the U.S.
- Currency exchange rate fluctuations play a critical role in Taiwanese consumers' decision-making in oversea travel destination and spending.
- Taiwanese government continues to promote domestic tourism by offering spring travel subsidies of up to US\$50 per person from April to June 2019. The program applies to both independent travelers and group tourists age 18 to 40.
- Taiwanese outbound travel to the U.S. decreased by 8.3 percent to 41,124 in April 2019 compared to the same period last year. As China Airlines has cleared up its backlog caused by the recent strike, the outbound statistics is expected to turn positive in the coming months.
- Short-haul competition from Asian destinations remains strong: Thailand, Philippines, and Vietnam have seen double-digit growths because of their more affordable pricing and proximity to Taiwan. Furthermore, Thailand will extend its waiver on visa-on-arrival fees until October 2019, expecting to bring in even more Taiwanese visitors in the second and third quarter.
- Long-haul competition from New Zealand continues to be strong with 35.7 percent visitation growth YOY (YTD April 2019) due to favorable currency exchange rates and the new direct flight between Taipei and Auckland. However, outbound travel to major North American and European destinations remained flat or declined in April 2019.
- According to Expedia's latest report on the most popular overseas destinations for the Taiwanese in 2018, the top ten destinations are all located in Asia. Expedia indicated that the increasing popularity of low-cost carriers and New Southbound Policy by Taiwan's government contributed to the visitor traffic to these Asian destinations.
- China Airlines launched its additional direct flight on May 3, 2019, providing a total of three weekly flights between Taipei and Honolulu.
- HTT has been partnering with Marie Claire Taiwan to promote Hawai'i as the top destination for eco-tourism in the May issue of the magazine. The editor and photographer filmed in O'ahu in March and participated in cultural activities such as lei-making, lauhala weaving and Honolulu Festival. HTT received a total of four pages of print coverage, one video coverage on YouTube, three articles on its official website, three Facebook posts and five Instagram posts generating approximately 9.8 million impressions with a PR value of USD 108,667.

LATIN AMERICA

Table 122: Key Performance Indicators – Latin America

	% of Forecast	YOY Rate ²	Apr. YTD	Forecast
Visitor Spending (\$mil)*	91.9%	-12.6%	25.3	27.6
Daily Spend (\$pppd)	92.9%	-4.0%	216.3	232.9
Visitor Days	98.9%	-8.9%	117,182	118,483
Arrivals	97.7%	-9.0%	11,081	11,346
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina increased in May (+19.5% to 2,485) but declined year-to-date (-9.0% to 11,081).

Island Distribution

- **O‘ahu:** Visitor spending rose slightly in May (+0.8% to \$674.8 million) year-over-year. Total visitor days increased (+1.7%), however, average daily spending was lower (-0.9% to \$202 per person) compared to May 2018. Arrivals were up 3.2 percent to 503,905 visitors. The average daily census grew 1.7 percent to 107,806 visitors in May.

Through the first five months, both visitor spending (+2.7% to \$3.31 billion) and arrivals (+4.6% to 2,479,640) increased compared to a year ago.

- **Maui:** Visitor spending dropped (-1.4% to \$397.7 million) compared to May 2018. Visitor days (+3.8%) increased, but average daily spending (-4.9% to \$214 per person) declined from last year. Arrivals grew 4.3 percent to 248,573 visitors. The average daily census rose 3.8 percent to 59,847 visitors in May.

Through the first five months, visitor spending decreased on Maui (-4.6% to \$2.1 billion) despite growth in visitor arrivals (+3.6% to 1,225,617).

- **Island of Hawai‘i:** Visitor spending declined (-11.6% to \$153.7 million) in May year-over-year. Visitor days (+2.3%) increased, however the average daily spending (-13.6% to \$165 per person) was lower compared to last May. Arrivals rose 5.0 percent to 138,520 visitors. The average daily census grew 2.3 percent to 30,042 visitors in May.

Through the first five months, both visitor spending (-14.3% to \$957.2 million) and visitor arrivals (-7.8% to 719,634) declined versus last year.

- **Kaua‘i:** In May, visitor spending dropped (-8.5% to \$149.2 million) compared to a year ago, as a result of decreases in visitor days (-3.2%) and average daily spending (-5.5% to \$191 per person). Arrivals were down 1.6 percent to 111,196 visitors. The average daily census dropped 3.2 percent to 25,232 visitors in May.

Through the first five months, both visitor spending (-7.1% to \$766.9 million) and visitor arrivals (-2.1% to 551,167) declined compared to the same period last year.

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

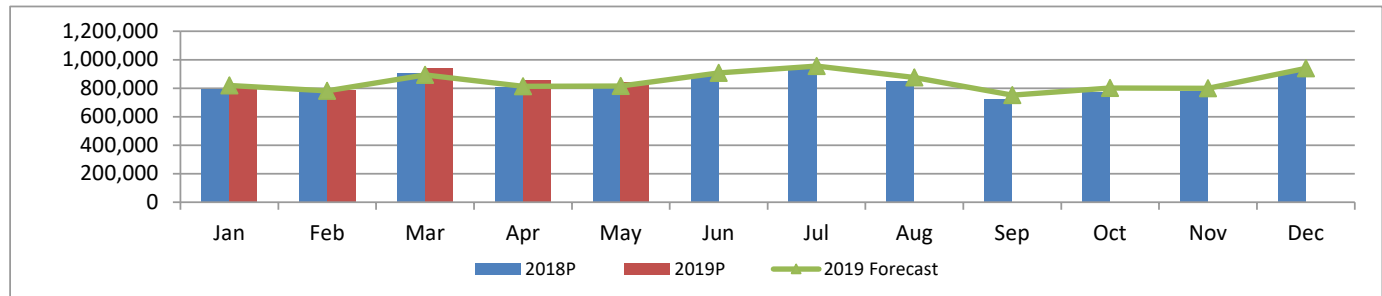
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓	95.5%	-3.1%	7,242.0	7,586.1
Daily Spend (\$pppd)	↓	95.1%	-4.2%	195.4	205.5
Visitor Days	→	100.4%	1.2%	37,056,814	36,917,462
Arrivals	↑	102.8%	3.8%	4,239,895	4,122,743
Airlift (scheduled seats)	→	99.7%	1.6%	5,526,217	5,540,811

	Arrivals	YOY Rate	YTD
O'ahu		4.6%	2,479,640
Maui		3.6%	1,225,617
Moloka'i		-2.1%	25,435
Lāna'i		4.5%	33,773
Kaua'i		-2.1%	551,167
Hawai'i Island		-7.8%	719,634

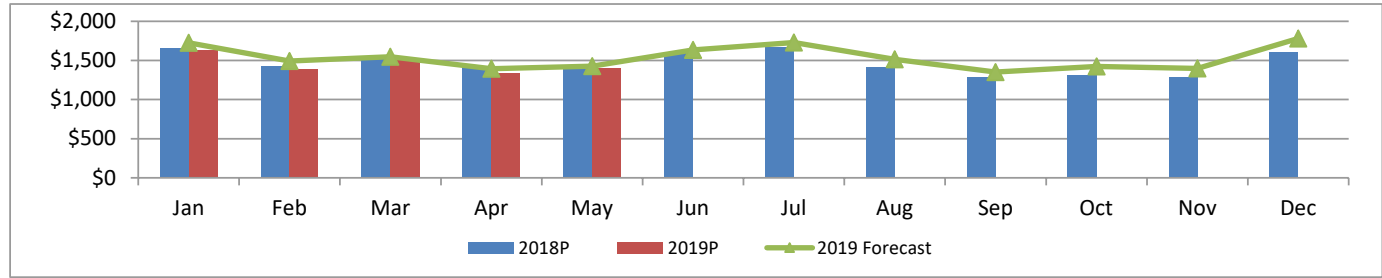
*DBEDT Forecast as of Q1 2019

Monthly Indicators

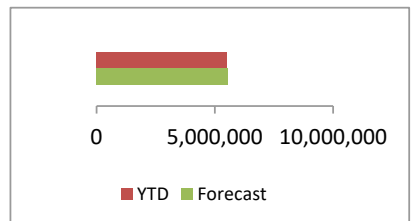
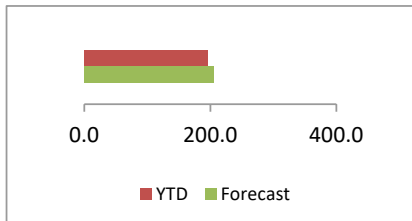
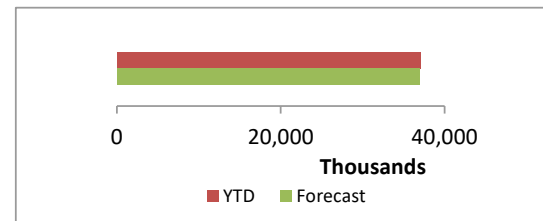
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

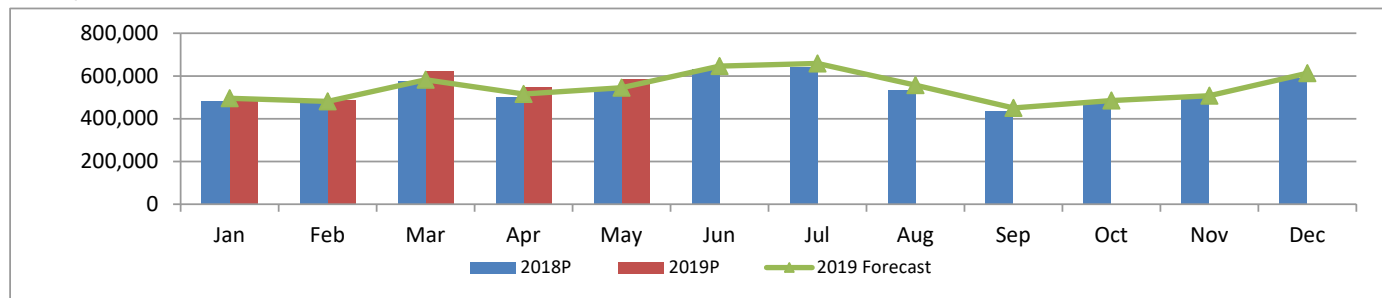
Market: **U.S. TOTAL**

Key Performance Indicators					Arrivals		
	% of Forecast*	YOY Rate	YTD	Forecast		YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 97.4%	-0.4%	4,659.9	4,783.1	O'ahu	10.8%	1,318,699
Daily Spend (\$pppd)	↓ 96.3%	-3.3%	188.6	195.8	Maui	4.6%	948,482
Visitor Days	↔ 101.2%	3.0%	24,710,348	24,424,470	Moloka'i	-1.3%	17,840
Arrivals	↑ 104.7%	6.8%	2,741,415	2,619,107	Lāna'i	-0.8%	22,958
Airlift (scheduled seats)	↔ 99.9%	2.4%	3,875,933	3,881,586	Kaua'i	-2.3%	452,285
					Hawai'i Island	-2.5%	507,638

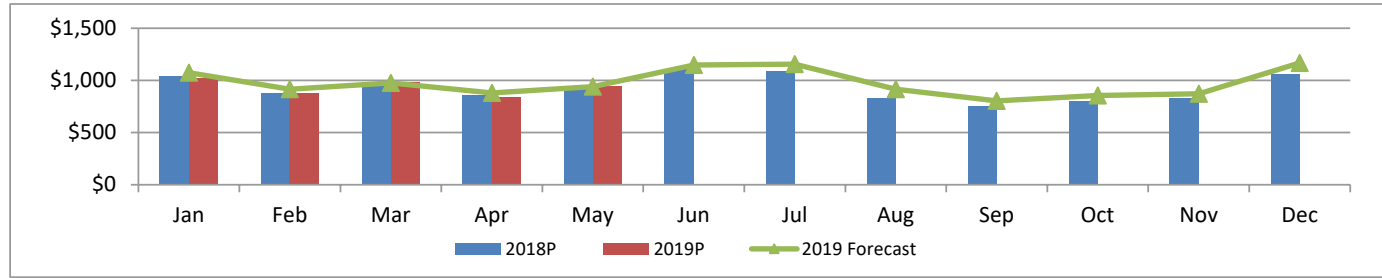
*DBEDT Forecast as of Q1 2019

Monthly Indicators

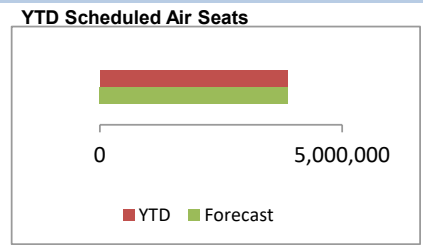
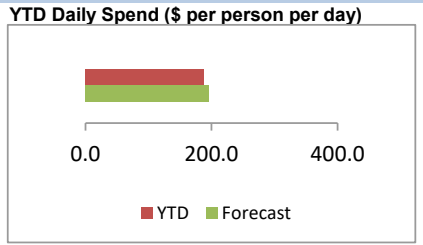
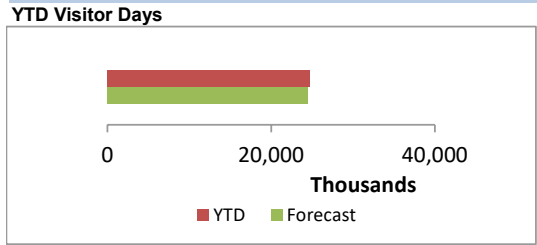
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

Market: **U.S. WEST**

Key Performance Indicators

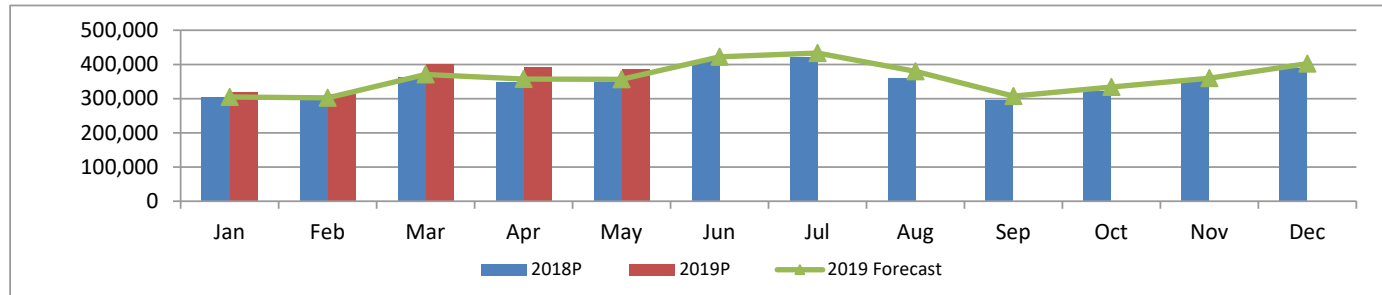
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	👇	98.9%	1.2%	2,750.2	2,780.0
Daily Spend (\$pppd)	👇	96.1%	-3.4%	176.6	183.8
Visitor Days	👆	103.0%	4.9%	15,575,227	15,128,320
Arrivals	👆	107.0%	9.2%	1,808,578	1,690,852
Airlift (scheduled seats)	👉	99.8%	2.6%	3,393,809	3,399,462

	YOY Rate	YTD
Arrivals		
O'ahu	15.2%	791,299
Maui	7.3%	611,100
Moloka'i	14.4%	11,038
Lāna'i	10.0%	12,474
Kaua'i	-0.8%	284,144
Hawai'i Island	1.8%	320,336

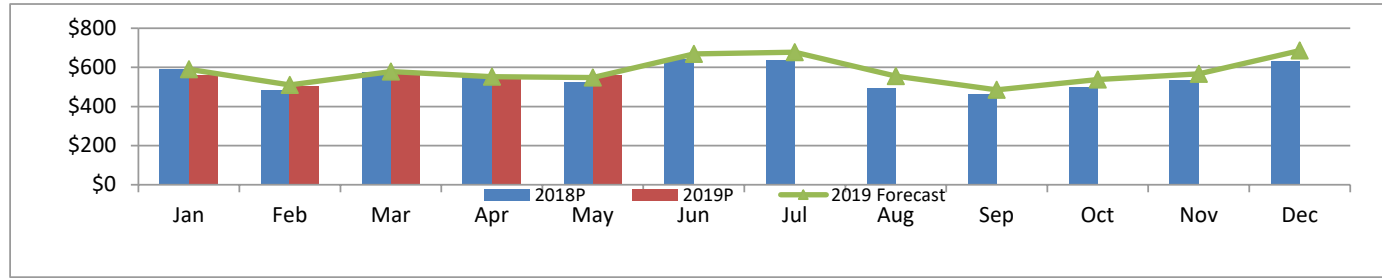
*DBEDT Forecast as of Q1 2019

Monthly Indicators

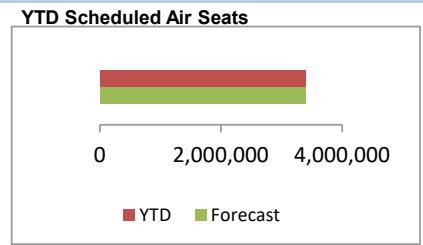
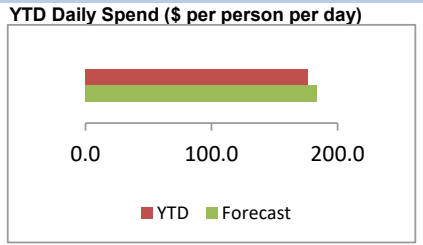
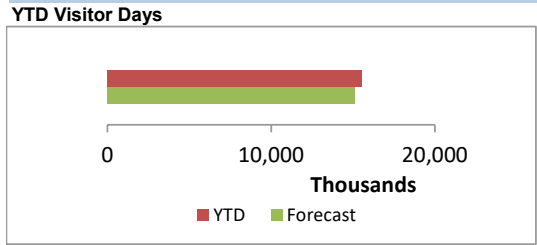
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

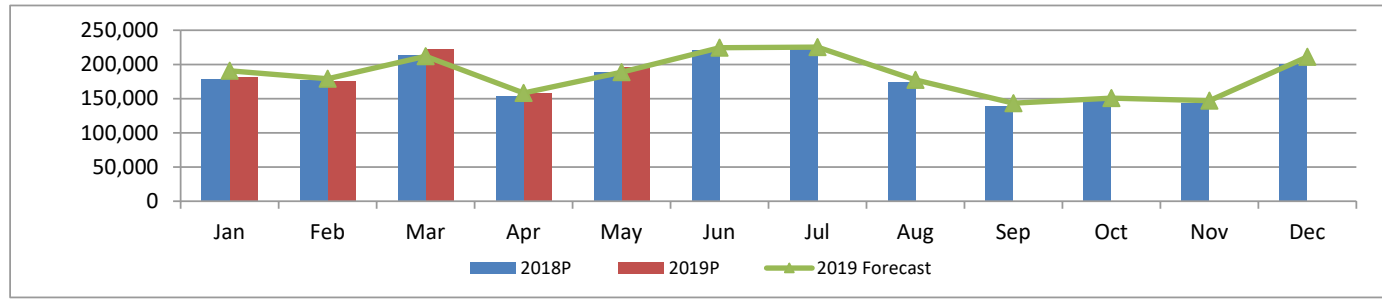
Market: **U.S. EAST**

Key Performance Indicators																										
	% of Forecast*	YOY Rate	YTD	Forecast																						
Visitor Spending (\$mil)*	↓ 95.3%	-2.6%	1,909.7	2,003.2	<table border="1"> <thead> <tr> <th>Arrivals</th> <th>YOY Rate</th> <th>YTD</th> </tr> </thead> <tbody> <tr> <td>O'ahu</td> <td>4.8%</td> <td>527,400</td> </tr> <tr> <td>Maui</td> <td>0.2%</td> <td>337,383</td> </tr> <tr> <td>Moloka'i</td> <td>-19.3%</td> <td>6,801</td> </tr> <tr> <td>Lāna'i</td> <td>-11.1%</td> <td>10,483</td> </tr> <tr> <td>Kaua'i</td> <td>-4.7%</td> <td>168,141</td> </tr> <tr> <td>Hawai'i Island</td> <td>-9.0%</td> <td>187,303</td> </tr> </tbody> </table>	Arrivals	YOY Rate	YTD	O'ahu	4.8%	527,400	Maui	0.2%	337,383	Moloka'i	-19.3%	6,801	Lāna'i	-11.1%	10,483	Kaua'i	-4.7%	168,141	Hawai'i Island	-9.0%	187,303
Arrivals	YOY Rate	YTD																								
O'ahu	4.8%	527,400																								
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Lāna'i	-11.1%	10,483																								
Kaua'i	-4.7%	168,141																								
Hawai'i Island	-9.0%	187,303																								
Daily Spend (\$pppd)	↓ 97.0%	-2.7%	209.0	215.5																						
Visitor Days	↔ 98.3%	0.1%	9,135,121	9,296,150																						
Arrivals	↔ 100.5%	2.6%	932,837	928,254																						
Airlift (scheduled seats)	↔ 100.0%	1.0%	482,124	482,124																						

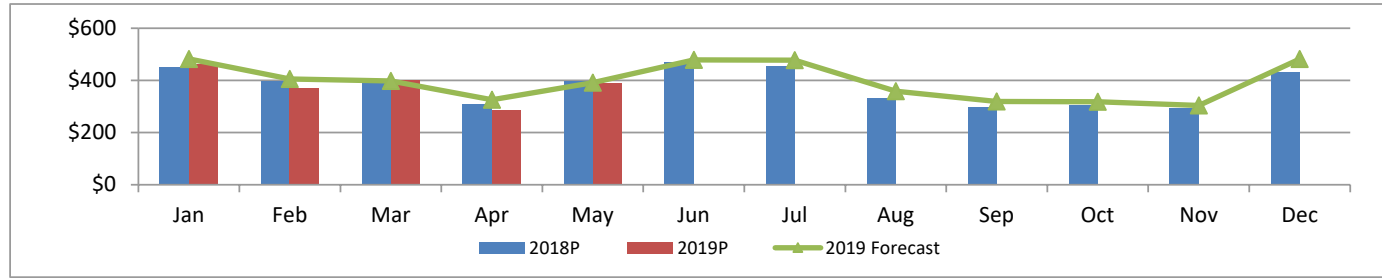
*DBEDT Forecast as of Q1 2019

Monthly Indicators

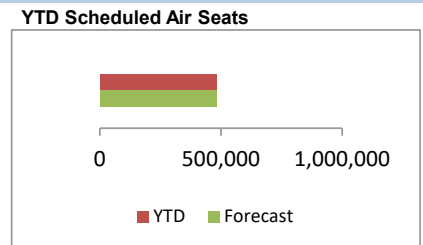
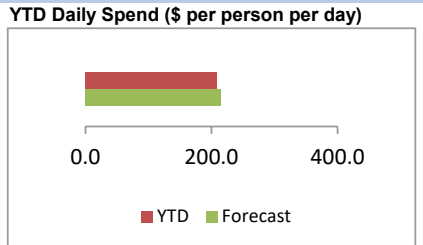
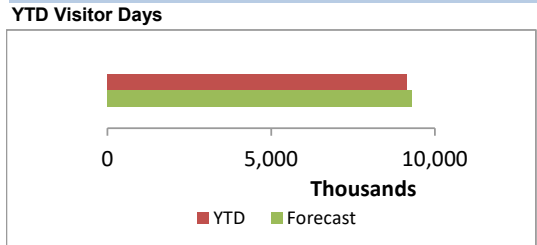
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

Market: **CANADA**

Key Performance Indicators

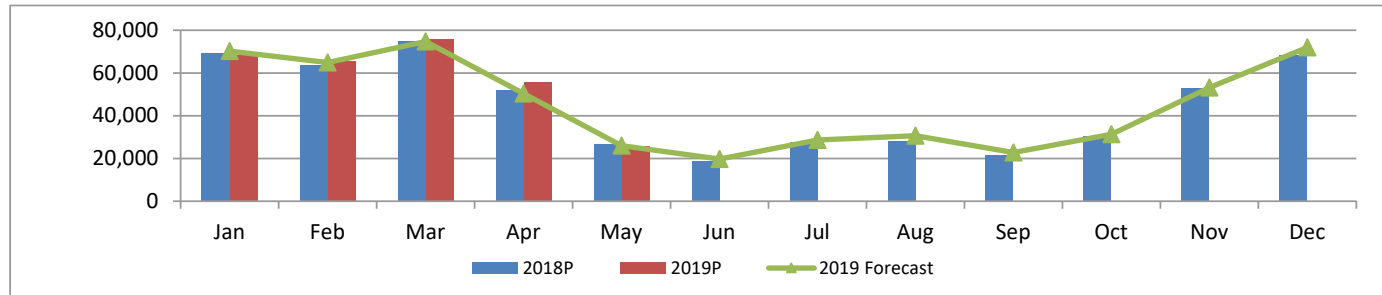
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	→ 99.2%	-1.6%	599.9	605.1
Daily Spend (\$pppd)	→ 98.7%	-1.2%	167.7	169.9
Visitor Days	→ 100.5%	-0.4%	3,578,317	3,561,663
Arrivals	→ 101.7%	1.7%	291,009	286,193
Airlift (scheduled seats)	↓ 96.8%	8.4%	289,796	299,490

Arrivals	YOY Rate	YTD
O'ahu	5.2%	116,564
Maui	0.9%	144,113
Moloka'i	20.2%	2,581
Lāna'i	-1.4%	2,902
Kaua'i	0.8%	41,837
Hawai'i Island	-9.7%	52,499

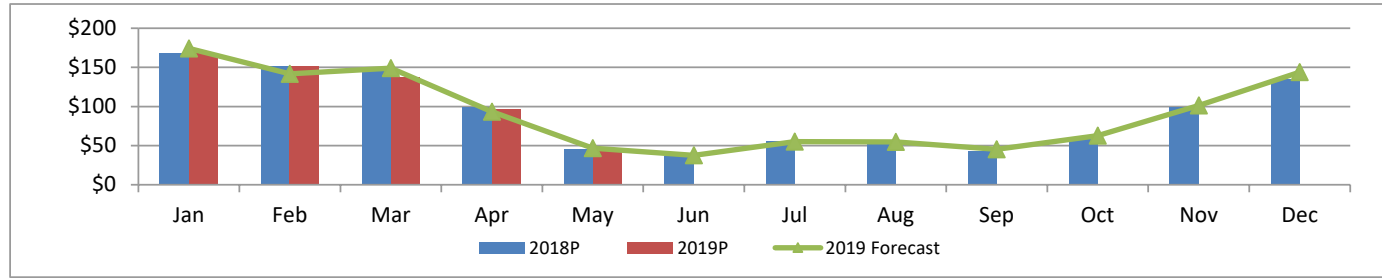
*DBEDT Forecast as of Q1 2019

Monthly Indicators

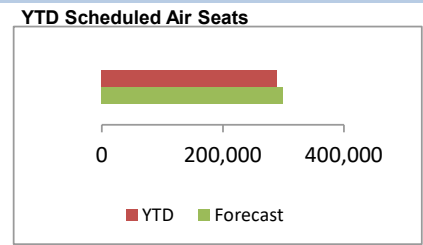
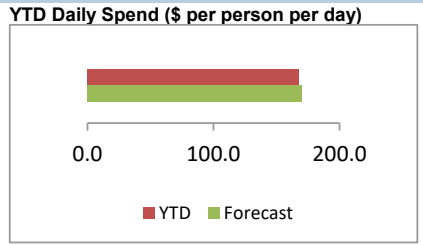
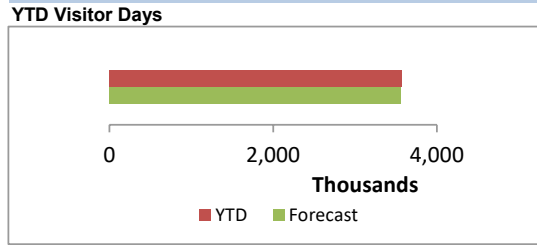
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

Market: **JAPAN**

Key Performance Indicators

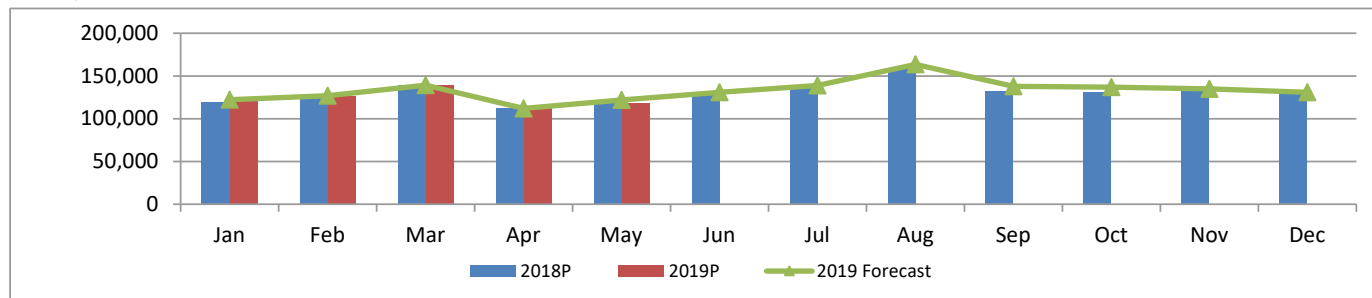
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 93.0%	-2.2%	864.6	929.5
Daily Spend (\$pppd)	↓ 93.5%	-2.5%	236.9	253.4
Visitor Days	→ 99.5%	0.2%	3,650,543	3,667,976
Arrivals	→ 100.4%	1.4%	624,560	622,272
Airlift (scheduled seats)	→ 100.0%	2.3%	825,902	825,527

Arrivals	YOY Rate	YTD
O'ahu	2.6%	593,212
Maui	1.7%	20,215
Moloka'i	-0.9%	582
Lāna'i	11.3%	755
Kaua'i	6.7%	10,334
Hawai'i Island	-25.8%	61,809

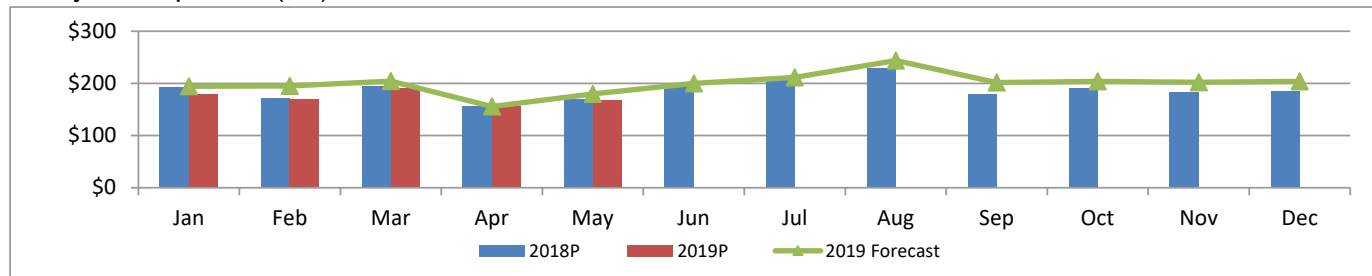
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

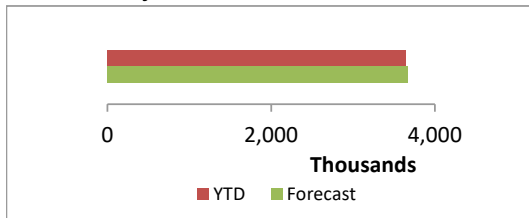


Monthly Visitor Expenditures (\$mil)

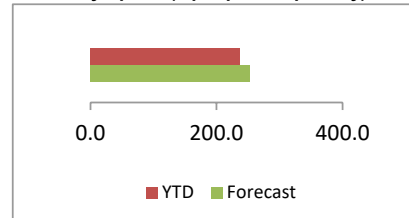


Annual Indicators

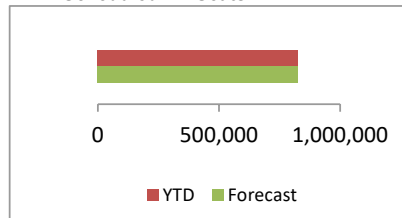
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

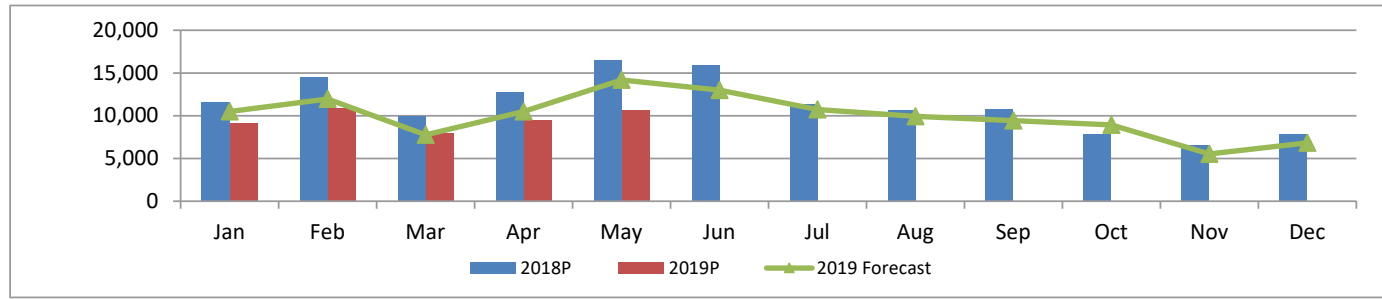
Market: **CHINA**

Key Performance Indicators																										
	% of Forecast*	YOY Rate	YTD	Forecast																						
Visitor Spending (\$mil)*	↓ 81.7%	-25.4%	128.0	156.7	<table border="1"> <thead> <tr> <th>Arrivals</th> <th>YOY Rate</th> <th>YTD</th> </tr> </thead> <tbody> <tr> <td>O'ahu</td> <td>-27.2%</td> <td>46,419</td> </tr> <tr> <td>Maui</td> <td>-20.3%</td> <td>10,883</td> </tr> <tr> <td>Moloka'i</td> <td>-18.7%</td> <td>489</td> </tr> <tr> <td>Lāna'i</td> <td>-8.4%</td> <td>581</td> </tr> <tr> <td>Kaua'i</td> <td>9.8%</td> <td>2,129</td> </tr> <tr> <td>Hawai'i Island</td> <td>-26.1%</td> <td>18,133</td> </tr> </tbody> </table>	Arrivals	YOY Rate	YTD	O'ahu	-27.2%	46,419	Maui	-20.3%	10,883	Moloka'i	-18.7%	489	Lāna'i	-8.4%	581	Kaua'i	9.8%	2,129	Hawai'i Island	-26.1%	18,133
Arrivals	YOY Rate	YTD																								
O'ahu	-27.2%	46,419																								
Maui	-20.3%	10,883																								
Moloka'i	-18.7%	489																								
Lāna'i	-8.4%	581																								
Kaua'i	9.8%	2,129																								
Hawai'i Island	-26.1%	18,133																								
Daily Spend (\$pppd)	↓ 90.7%	-4.0%	328.7	362.3																						
Visitor Days	↓ 90.0%	-22.3%	389,278	432,424																						
Arrivals	↓ 87.7%	-26.4%	48,100	54,874																						
Airlift (scheduled seats)	↑ 103.8%	-20.0%	56,664	54,570																						

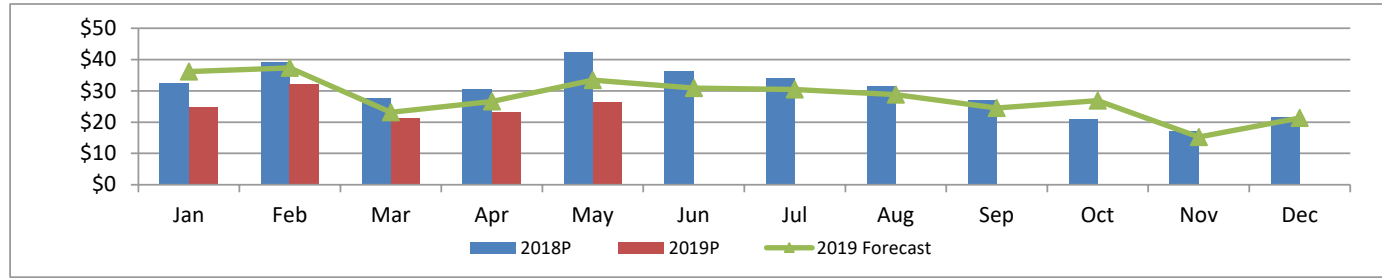
*DBEDT Forecast as of Q1 2019

Monthly Indicators

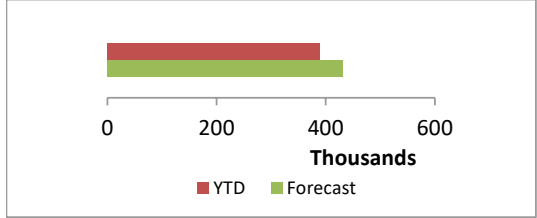
Monthly Arrivals



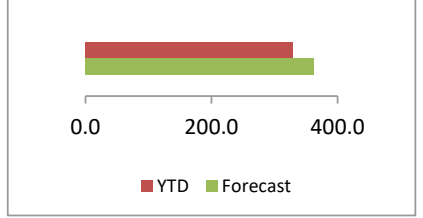
Monthly Visitor Expenditures (\$mil)



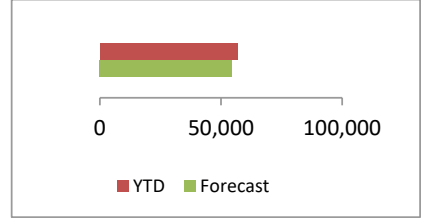
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Arrivals



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

Market: **KOREA**

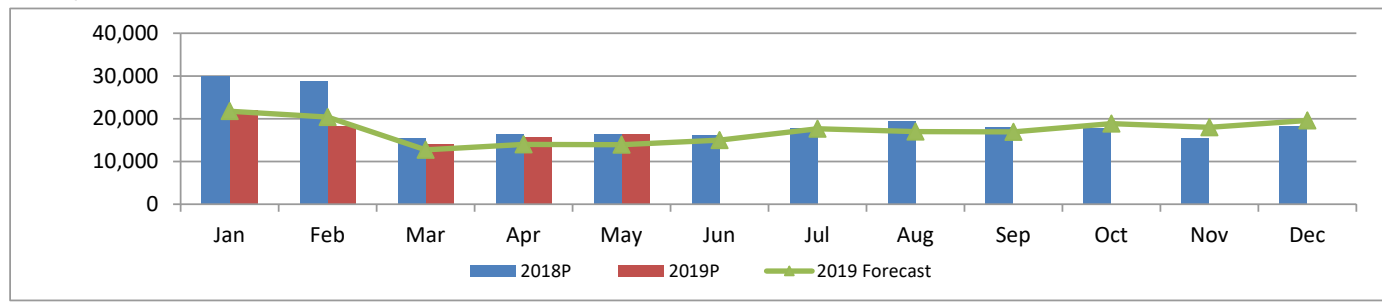
Key Performance Indicators					
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓	95.2%	-16.6%	182.4	191.6
Daily Spend (\$pppd)	↓	90.2%	-0.2%	274.6	304.5
Visitor Days	↑	105.6%	-16.4%	664,293	629,244
Arrivals	↑	103.9%	-19.5%	86,003	82,812
Airlift (scheduled seats)	→	100.0%	-13.7%	136,117	136,094

	Arrivals	YOY Rate	YTD
O'ahu		-19.1%	84,422
Maui		-14.1%	11,585
Moloka'i		-36.6%	276
Lāna'i		6.2%	267
Kaua'i		-34.2%	3,023
Hawai'i Island		-24.2%	10,475

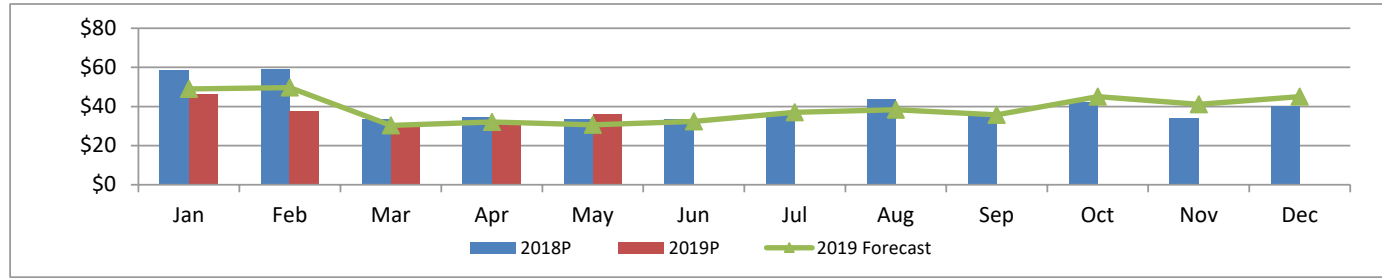
*DBEDT Forecast as of Q1 2019

Monthly Indicators

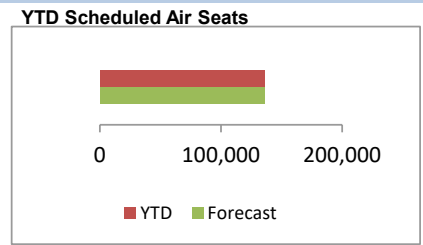
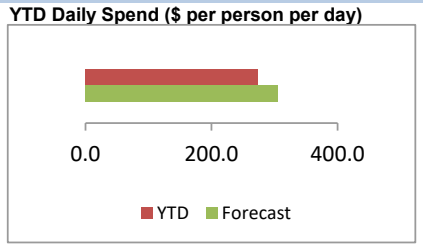
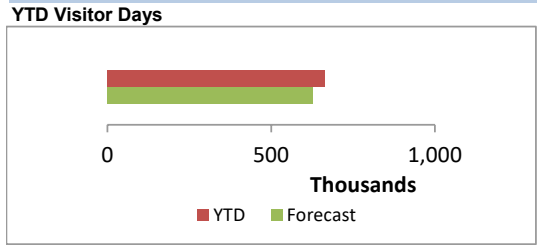
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

Market: **TAIWAN**

Key Performance Indicators

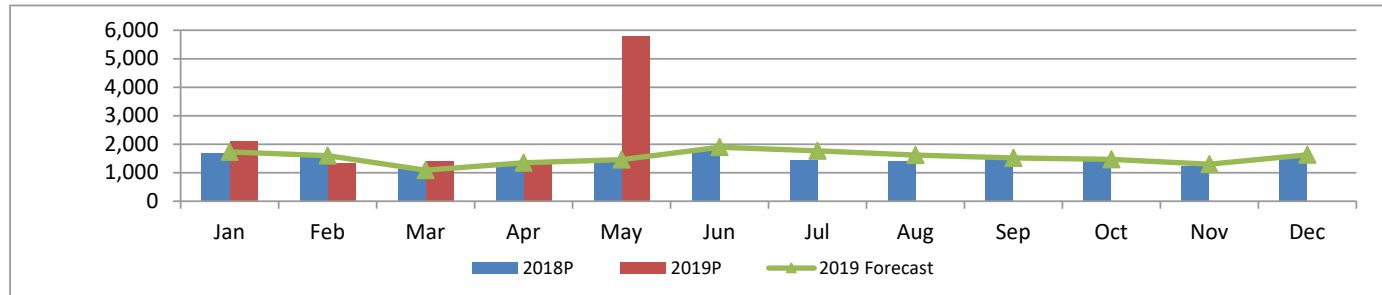
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↑	163.7%	73.5%	28.4	17.3
Daily Spend (\$pppd)	↓	93.7%	4.9%	260.8	278.3
Visitor Days	↑	174.7%	65.4%	108,768	62,268
Arrivals	↑	165.8%	65.4%	12,001	7,240
Airlift (scheduled seats)	→	100.0%	11.6%	14,688	14,688

	Arrivals	YOY Rate	YTD
O'ahu		66.2%	11,737
Maui		69.2%	2,401
Moloka'i		-100.0%	-
Lāna'i		-39.5%	46
Kaua'i		114.7%	551
Hawai'i Island		10.1%	2,454

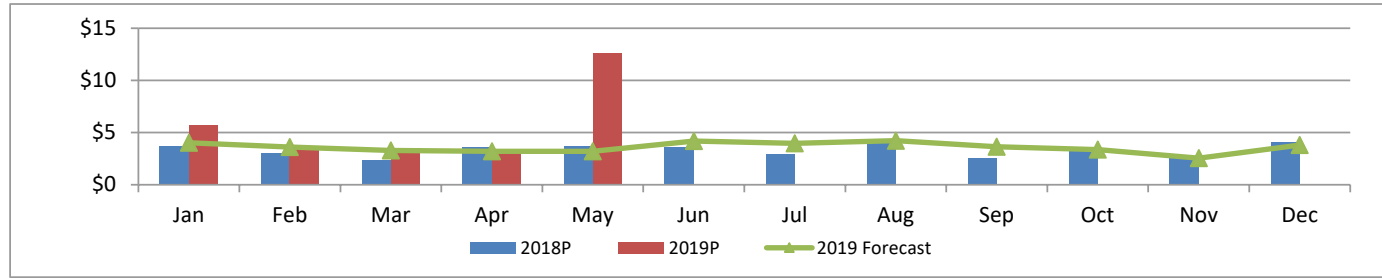
*DBEDT Forecast as of Q1 2019

Monthly Indicators

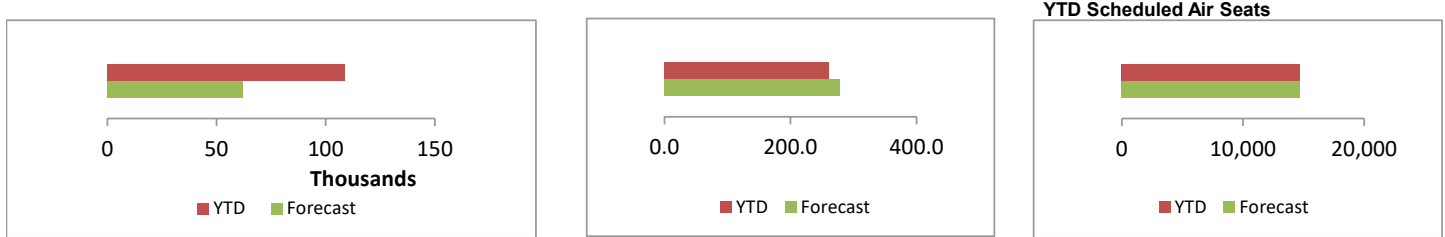
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

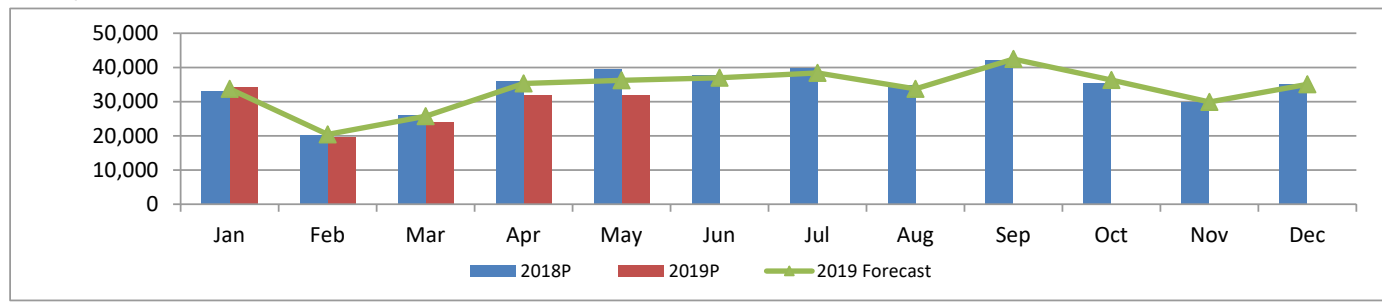
Market: **OCEANIA**

Key Performance Indicators					Arrivals		
	% of Forecast*	YOY Rate	YTD	Forecast		YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 86.9%	-12.4%	345.7	397.8	O'ahu	-8.6%	138,667
Daily Spend (\$pppd)	↓ 94.4%	-2.7%	260.8	276.3	Maui	-8.4%	23,434
Visitor Days	↓ 92.1%	-10.0%	1,325,704	1,439,701	Moloka'i	53.4%	1,891
Arrivals	↓ 93.4%	-8.4%	141,489	151,409	Lāna'i	21.1%	2,630
Airlift (scheduled seats)	→ 99.8%	-4.8%	200,684	201,150	Kaua'i	14.8%	12,656
					Hawai'i Island	-20.2%	16,363

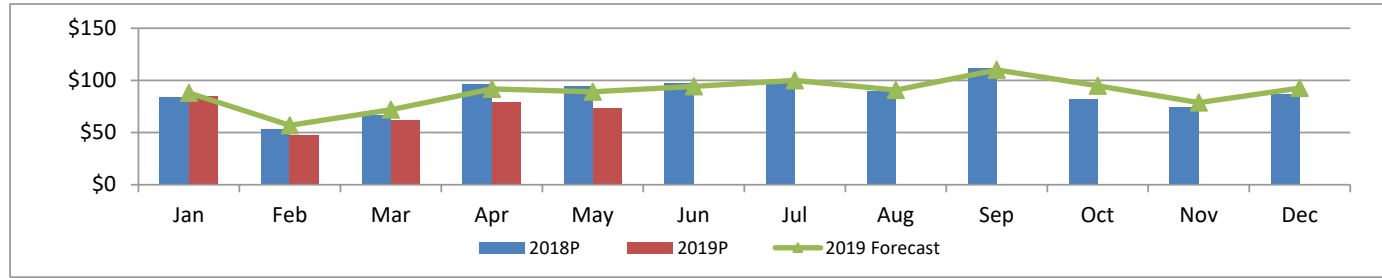
*DBEDT Forecast as of Q1 2019

Monthly Indicators

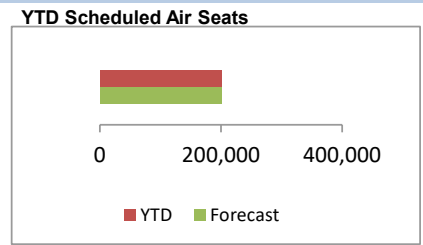
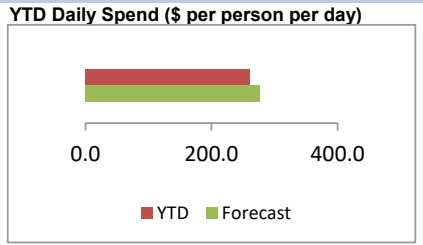
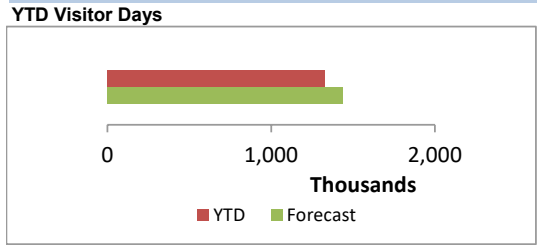
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

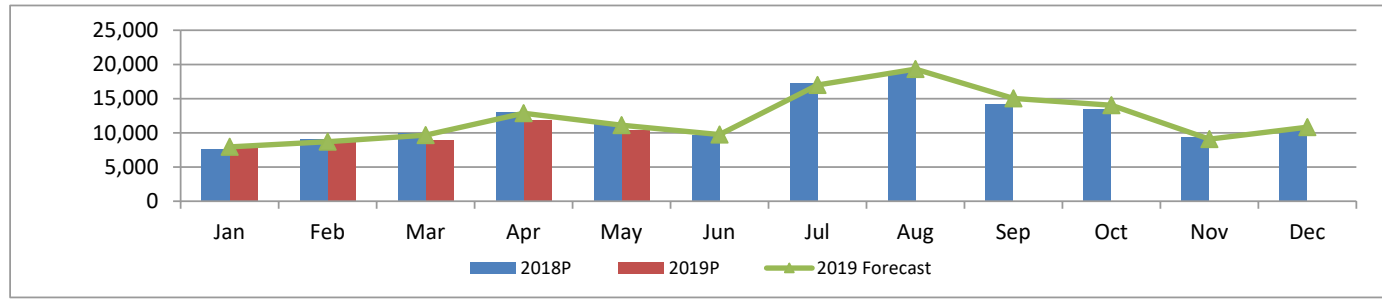
Market: **EUROPE**

Key Performance Indicators						Arrivals		
	% of Forecast*	YOY Rate	YTD	Forecast		YOY Rate	YTD	
Visitor Spending (\$mil)*	↓ 85.6%	-4.5%	100.1	116.9	O'ahu	-6.9%	35,603	
Daily Spend (\$pppd)	↓ 91.4%	2.2%	163.9	179.3	Maui	2.8%	19,885	
Visitor Days	↓ 93.7%	-6.5%	610,682	651,937	Moloka'i	18.1%	717	
Arrivals	↓ 94.5%	-6.6%	47,503	50,290	Lāna'i	11.9%	613	
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	0.4%	11,055	
					Hawai'i Island	-22.5%	12,980	

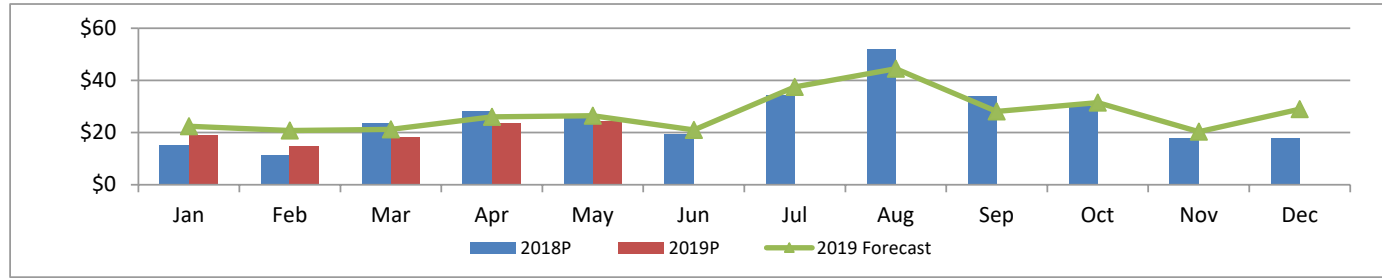
*DBEDT Forecast as of Q1 2019

Monthly Indicators

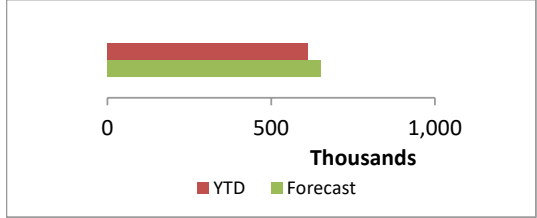
Monthly Arrivals



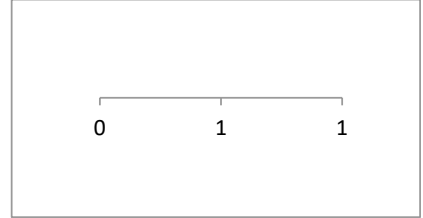
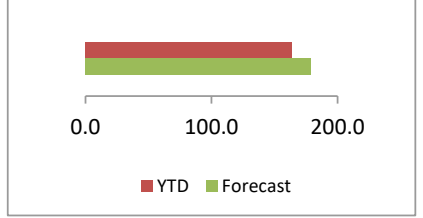
Monthly Visitor Expenditures (\$mil)



YTD Visitor Days



YTD Daily Spend (\$ per person per day)



* Excludes Supplemental Business Expenditures

Visitor Industry Performance Measures

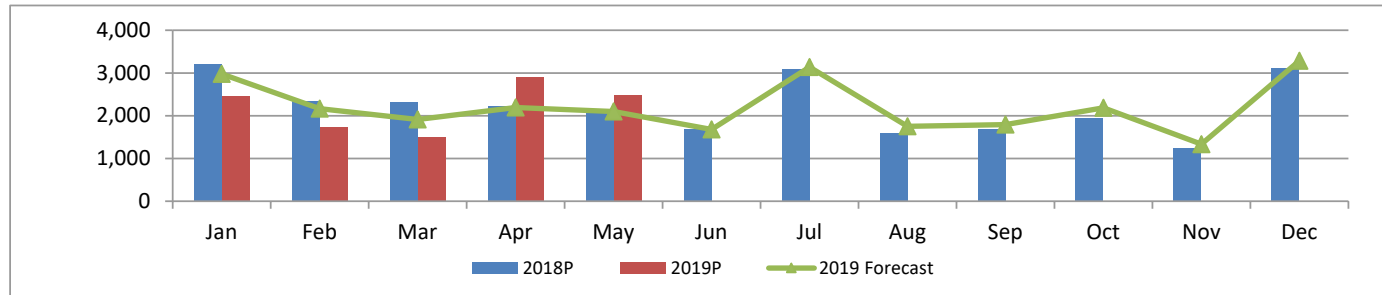
Market: **LATIN AMERICA**

Key Performance Indicators																										
	% of Forecast*	YOY Rate	YTD	Forecast																						
Visitor Spending (\$mil)*	↓ 91.9%	-12.6%	25.3	27.6	<table border="1"> <thead> <tr> <th>Arrivals</th> <th>YOY Rate</th> <th>YTD</th> </tr> </thead> <tbody> <tr> <td>O'ahu</td> <td>-9.3%</td> <td>8,600</td> </tr> <tr> <td>Maui</td> <td>-14.0%</td> <td>3,857</td> </tr> <tr> <td>Moloka'i</td> <td>-67.4%</td> <td>77</td> </tr> <tr> <td>Lāna'i</td> <td>-60.9%</td> <td>106</td> </tr> <tr> <td>Kaua'i</td> <td>-14.1%</td> <td>1,292</td> </tr> <tr> <td>Hawai'i Island</td> <td>-25.4%</td> <td>2,090</td> </tr> </tbody> </table>	Arrivals	YOY Rate	YTD	O'ahu	-9.3%	8,600	Maui	-14.0%	3,857	Moloka'i	-67.4%	77	Lāna'i	-60.9%	106	Kaua'i	-14.1%	1,292	Hawai'i Island	-25.4%	2,090
Arrivals	YOY Rate	YTD																								
O'ahu	-9.3%	8,600																								
Maui	-14.0%	3,857																								
Moloka'i	-67.4%	77																								
Lāna'i	-60.9%	106																								
Kaua'i	-14.1%	1,292																								
Hawai'i Island	-25.4%	2,090																								
Daily Spend (\$pppd)	↓ 92.9%	-4.0%	216.3	232.9																						
Visitor Days	↔ 98.9%	-8.9%	117,182	118,483																						
Arrivals	↓ 97.7%	-9.0%	11,081	11,346																						
Airlift (scheduled seats)	NA	NA	NA	NA																						

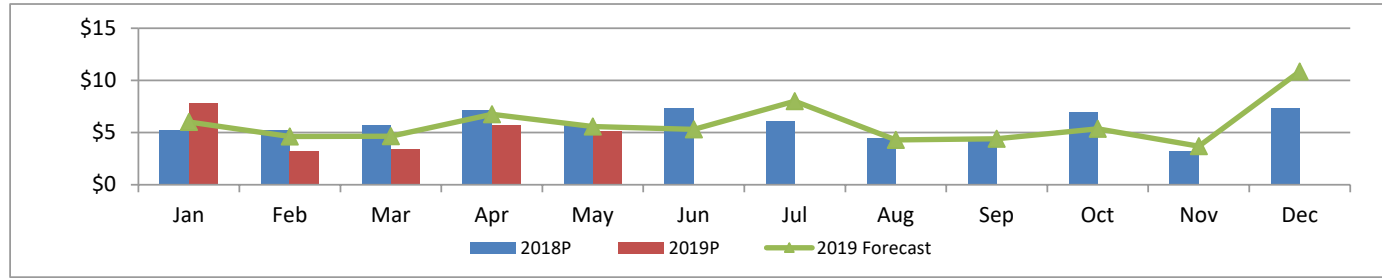
*DBEDT Forecast as of Q1 2019

Monthly Indicators

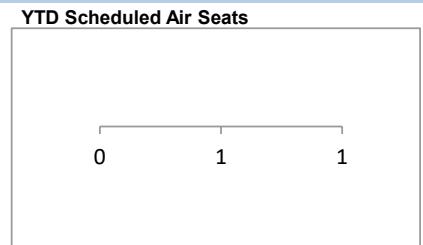
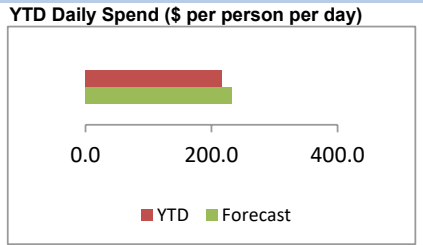
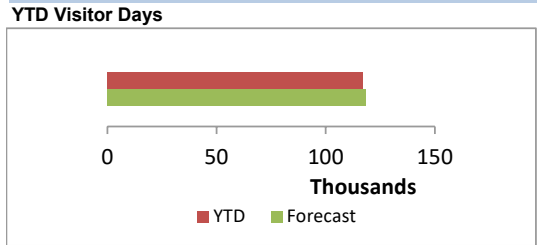
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Agenda Item

6

**Presentation, Discussion and
Action on HTA's Financial
Reports for May 2019**

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

Category	Tourism Special Fund				Convention Center Enterprise Special Fund			
	Fiscal Year 2019				Fiscal Year 2019			
	Budget	YTD Amount of Budget Used	Balance	Activity for May 2019	Budget	YTD Amount of Budget Used	Balance	Activity for May 2019
Revenues								
TAT Revenue Allocation	79,000,000	72,416,667	6,583,333	6,583,333	16,500,000	15,125,000	1,375,000	1,375,000
Prior Year Carryover	8,459,108	8,459,108	-	-	-	-	-	-
Other	-	205,289	-	1,381	-	-	-	-
	<u>87,459,108</u>	<u>81,081,064</u>	<u>6,583,333</u>	<u>6,584,714</u>	<u>16,500,000</u>	<u>15,125,000</u>	<u>1,375,000</u>	<u>1,375,000</u>
Expenditures								
Sales and Marketing								
Salaries & Wages	713,872	691,673	22,199 *	-	70,000	56,438	13,562 *	-
Major Market Management	46,302,563	45,877,438	425,125	2,050,030				
Communications	636,000	216,718	419,282	-				
Sports	7,910,000	7,286,972	623,028	131,884				
Brand Development Projects	275,000	152,855	122,145	149,215				
Business Destination Management	898,437	498,290	400,147	(95,000)				
Access	2,713,000	1,662,630	1,050,370	900,000				
Industry Collaboration & Coordination	55,000	34,543	20,457	20,000				
Digital Marketing Projects	1,400,000	885,950	514,050	517,718				
Industry Relations	1,032,000	525,764	506,236	18,238				
Subtotal	<u>61,935,872</u>	<u>57,832,833</u>	<u>4,103,039</u>	<u>3,692,085</u>	<u>70,000</u>	<u>56,438</u>	<u>13,562</u>	<u>-</u>
Culture, Community & Natural Resources								
Salaries & Wages	371,226	277,404	93,822 *	-	-	-	-	-
Hawaiian Culture Initiatives	3,735,000	1,476,320	2,258,680	28,103				
Community	4,046,000	2,726,617	1,319,383	291,896				
Greetings	1,200,000	141,027	1,058,973	7,848				
Other Product Development	779,000	642,628	136,372	16,493				
Festivals & Events	1,917,920	1,479,200	438,720	(323,800)				
Safety & Security	2,031,080	2,026,080	5,000	96,000				
Career Development	1,124,000	874,491	249,509	294,300				
Natural Resources	2,180,000	1,129,846	1,050,154	-				
Subtotal	<u>17,384,226</u>	<u>10,773,613</u>	<u>6,610,613</u>	<u>410,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Research								
Salaries & Wages	384,180	380,880	3,300 *	-	-	-	-	-
Tourism Research	4,231,214	3,544,221	686,993	753,872				
Subtotal	<u>4,615,394</u>	<u>3,925,101</u>	<u>690,293</u>	<u>753,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hawai'i Convention Center								
Sales & Marketing	-	-	-	-	6,967,896	6,967,896	-	-
Operations	-	-	-	-	2,240,280	5,320,919	(3,080,639)	-
Major Repair & Maintenance	-	-	-	-	5,414,443	5,414,443	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622,619</u>	<u>17,703,258</u>	<u>(3,080,639)</u>	<u>-</u>
Administration								
Salaries & Wages	825,625	944,946	(119,321) *	-	297,491	311,054	(13,563) *	-
Operations	660,700	552,782	107,918	18,600				
Subtotal	<u>1,486,325</u>	<u>1,497,728</u>	<u>(11,403)</u>	<u>18,600</u>	<u>297,491</u>	<u>311,054</u>	<u>(13,563)</u>	<u>-</u>
Organizationwide Costs								
Fringe Costs	1,315,992	1,315,992	-	-	187,676	187,676	-	-
Governance - Board	266,300	189,915	76,385	518	230,000	192,757	37,243	79,300
Contract Services	120,000	-	120,000	-	89,833	-	89,833	-
Travel	334,999	82,302	252,697	6,509	-	-	-	-
Subtotal	<u>2,037,291</u>	<u>1,588,209</u>	<u>449,082</u>	<u>7,027</u>	<u>507,509</u>	<u>380,433</u>	<u>127,076</u>	<u>79,300</u>
Total Expenditures	<u>87,459,108</u>	<u>75,617,484</u>	<u>11,841,624</u>	<u>4,882,424</u>	<u>15,497,619</u>	<u>18,451,183</u>	<u>(2,953,564)</u>	<u>79,300</u>
Budgeted Revenues vs Expenditures	<u>0</u>				<u>1,002,381</u>			
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	<u>1,486,325</u>	<u>1,497,728</u>	1.9%					
	1,278,675	1,267,272						

* Nets to \$0 when summed all together.

(June 20 2019)

Budget Reallocation Summary
Through May 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
Sales and Marketing				
<i>From:</i>				
Canada	322	2,200,000	(1,400,000)	800,000
Europe	326	850,000	(448,437)	401,563
Hawai'i Tourism Summit	102	800,000	(325,000)	475,000
Meetings, Conventions & Incentives	331	505,000	(251,563)	253,437
MCI Global Management	316	500,000	(5,000)	495,000
Marketing Opportunity Fund	380	250,000	(245,000)	5,000
Emergency Marketing	381	1,250,000	(50,000)	1,200,000
Sports Agency Consultant	375	300,000	(225,000)	75,000
			(2,950,000)	
<i>To:</i>				
Southeast Asia	336	-	200,000	200,000
US	321	22,480,000	1,500,000	23,980,000
Japan	323	8,000,000	1,000,000	-
			2,700,000	
Culture, Community & Natural Resources				
<i>From:</i>				
Hawaiian Culture Initiative	202	855,000	(20,000)	835,000
Maemae	203	300,000	(25,000)	275,000
Environmental Sustainability Fund	406	1,000,000	(249,750)	750,250
Hookaulike Fund	724	1,256,000	(126,000)	1,130,000
Signature Events Opportunity	700	450,000	(400,080)	49,920
Community-Based Tourism Programs	701	1,700,000	(13,000)	1,687,000
Capacity-Building	702	100,000	(12,000)	88,000
Crisis Communications	602	25,000	(21,000)	4,000
Current Workforce	802	500,000	(96,000)	404,000
			(962,830)	
<i>To:</i>				
Emergency - Community Support (Arizona Memorial, Kaua'i Shuttle)	726	-	141,000	141,000
Scholarship Program	805	-	500,000	500,000
Preventative Programs (Safety and Security)	604	275,000	167,080	442,080
Canoe Regatta	715	135,000	20,000	155,000
May Day	716	75,000	10,000	85,000
Resort Area Hawaiian Cultural Initiative	718	200,000	125,000	325,000
			963,080	
Research				
<i>From:</i>				
Infrastructure Research	506	712,500	(190,000)	522,500

Budget Reallocation Summary
Through May 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
Tourism Strategic Plan	509	700,000	(380,000)	320,000
			-	-
			(570,000)	
To:				
Calc of Visitor Characteristics and Exp	512	1,193,700	63,000	1,256,700
Evaluation and Performance Measures	513	1,109,214	11,000	1,120,214
Market Research and Other Research	514	458,800	745,750	1,204,550
			-	-
			819,750	
<hr/>				
Administration and Organizationwide Costs				
From:				
				-
				-
				-
			-	
To:				
				-
				-
				-
			-	
<hr/>				
Board Allocations				
From:				
Board Emergency Fund*	N/A			-
			-	
			-	

* The \$1,250,000 drawdown from the Board Emergency Fund during FY 2019 was approved by the Board during the same Board meeting in which the FY 2019 budget was approved, and therefore is deemed as included in the original budget.

Agenda Item

7

**Update on the Status of the
2018 Audit Action Plan**



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

David Y. Ige
 Governor

Chris Tatum
 President and Chief Executive Officer

Audit Action Plan Update

As of

June 2019

The State of Hawai'i Auditor, in his February 2018 audit, provided 21 recommendations to the Hawai'i Tourism Authority. Since the issuance of the report, the Hawai'i Tourism Authority's staff has been actively working to implement these recommendations. We provide the following update to the Board on the status of these 21 recommendations:

#	Recommendation	Comments	Status	Completion Date
1	Update internal policies and procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel	Policies updated and approved by board on 2/28/19. Review of 46 existing procedures is ongoing. Finance (30) and procurement (10) have been tasked with reviewing and completing updates to their procedures by July 15th. Budgeting (3) procedures have been reviewed and updated by the CAO and are being circulated for comments. Administration (3) procedures have been review and updated by the CAO and are being circulated for comments.	65%	July 2019
2	Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.	CEO assigned CAO with this responsibility. Update: It was discovered that the HTA does not currently have a Quality Assurance Plan or clear quality control processes identified in the QAP. CAO is developing the QAP and gathering existing QCPS.	50%	July 2019

3	Update internal policies and procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.	Policies updated and approved by board on 2/28/19. Review of 46 existing procedures is ongoing. Finance (30) and procurement (10) have been tasked with reviewing and completing updates to their procedures by July 15th. Budgeting (3) procedures have been reviewed and updated by the CAO and are being circulated for comments. Administration (3) procedures have been review and updated by the CAO and are being circulated for comments.	65%	July 2019
4	<p>Enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including:</p> <ul style="list-style-type: none"> a) Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost. b) Requiring proposals for each contract, contract amendment, and extension. c) Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution. d) Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives. e) Requiring contractors to provide regular progress reports. f) Evaluating contractor performance against performance criteria. g) Requiring written evaluation of contractor performance before amending, modifying, or extending any contract. 	<ul style="list-style-type: none"> a) Procedure 400-01.01 (Procurement Planning Worksheet Procedure) has been updated to include language that addresses this recommendation in the audit. b) This item is complete. We require proposals for all contracts, contract amendments, and extensions. c) This item is complete. We require contractors to provide proof of a valid CVC prior to contract execution. d) This item is complete. We require our contracts to include specific performance criteria, performance benchmarks, and deliverable that are aligned with the contract's objectives. e) This item is complete. We require our contractors to provide us with regular progress reports. f) This item is complete. We are now evaluating contractor performance against 	100%	Complete

		performance criteria included in the contract. g) This item is complete. We require written evaluations of contractor performance prior to amending, modifying, or extending contracts.		
5	Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State's ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.	Recommendation implemented. Procurement implemented process to require waivers to be thoroughly documented, reviewed, and approved prior to execution.	100%	Complete
6	Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.	The CAO is developing a process to conduct regular reviews and evaluations of HTA management and staff in the performance of their respective procurement and contract-related duties and responsibilities. Ongoing.	25%	September 2019
7	Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, and the State Ethics Code, specifically, Section 84-15, HRS.	All HTA staff with procurement/contract related responsibilities receive regular training on state procurement code and state ethics.	100%	Complete
8	Limit sole source procurement to where a good or service is deemed available from only one source.	Process in place to review all requests for sole source procurement prior to contract execution.	100%	Complete
9	Require completed documentation to support use of sole source procurement.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
10	Require written confirmation and justification of sole source contract pricing.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete

11	Develop a publicly accessible list of sole source procurement contracts.	Sole source procurements included in monthly board packets which are publicly available on website. In addition, we are developing a page on our HTA website to list all HTA sole source procurement contracts.	100%	Complete
12	Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.	Completed.	100%	Complete
13	Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.	Completed. VP of Finance implemented the procedures to audit receipts from AEG as well as other contractors.	100%	May 2018
14	Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.	Procedures are being developed to address this recommendation.	50%	August 2019
15	Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.	Completed. Update: Final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. Subcontractor pre-approval is required per all contracts.	100%	Complete
16	Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete

	information used to determine the reasonableness of the subcontract amount.			
17	For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete
18	Determine whether "agreements" and "arrangements" for goods or services relating AEG's performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.	Completed. Received written confirmation of AEG's relationship with Levy (June 26, 2018). Consulted with AG's office, and apprised HCC Investigative Committee (September 19, 2018). Confirmed that no further action required.	100%	Complete
19	Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically, about action required to remedy AEG's failure to competitively procure the concession services as required by law.	Consultation with Attorney General's office regarding has been completed.	100%	Complete
20	Seek clarification from the Legislature regarding the term "administrative expenses," as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.	HTA received a guidance memo from the Attorney General's office. Will work with legislators as recommended.	50%	August 2019
21	Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term "administrative expenses," as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.	Guidance letter received from Attorney General's office. Pending request for formal opinion.	50%	TBD

Agenda Item

8

**Update Relating to the 2019
Legislative Session and
Related Bills Relevant to
HTA**



Summary of 2019 Legislative Session Bill Tracking Efforts Updated: June 21, 2019

This legislative session we are actively tracking priority bills to ensure that the Hawai'i Tourism Authority (HTA) is informed of important developments in the tourism industry and can continue meaningful discussions with the Legislature. Throughout this session, we have been actively monitoring numerous measures that would impact the HTA and the industry.

HTA is Currently Tracking the Following Bills:

- **BILL 85 & 89 CD2 (Relating to Transient Vacation Rentals)**: These bills would allow the City and County of Honolulu to enforce against illegal vacation rentals. It also creates additional tax classifications specifically for bed and breakfast homes and transient vacation units. HTA submitted testimony in support of this measure which was scheduled for hearing on Wednesday, April 17, 2019.
 - 6/17: Council passes Bill 85 and Bill 89. Measures transmitted to Mayor Caldwell for signature.
 - 6/12: HTA submitted testimony in support of both Bill 85 and 89.
 - 5/23: Committee on Zoning, Planning and Housing reported measure out of committee. Deadline for Council action is June 6th.
 - 5/8: City Council referred the measure back to the Committee on Zoning, Planning, and Housing as CD2.
 - 5/8: City Council referred Bill 85 back to the Committee on Zoning, Planning and Housing as CD2.
 - 4/16: HTA submitted testimony in support of Bill 89 (Council Meeting 4/17).
- **HB420 HD1 SD1 CD1 (Relating to Hawaiian Culture)**: Removes a provision designating the Hawaii Convention Center as the location for operation of a Hawaiian Center and the Museum of Hawaiian Music and Dance.
 - 5/1: Enrolled to Governor Ige – waiting for him to sign
 - 4/30: Passes both House and Senate
 - 4/23: Passes both House and Senate conference committees
 - 4/17: Measure scheduled for conference committee meeting on 4/18/19.
 - 4/15: House and Senate conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/3: WAM recommended that the measure be passed unamended.
 - 3/19: Hawaiian Affairs and Energy, Economic Development and Tourism heard the measure and both committees passed it with amendments.

- 3/7: Passed first reading in Senate and referred to joint Hawaiian Affairs and Energy, Economic Development and Tourism committees, as well as to WAM.
 - 3/5: Passed 3rd reading in House and sent to Senate.
 - 2/20: House Finance committee recommended the measure be passed with amendments.
 - 2/15: House Tourism & International Affairs and House Water, Land & Hawaiian Affairs passed on second reading.
 - 2/12: House Tourism & International Affairs and House Water, Land & Hawaiian Affairs recommended the measure be passed unamended.
- **SB1292 SD2 HD3 (Relating to Transient Accommodations)**: Requires hosting platforms that collect fees for booking services to register as tax collection agents and collect GET and TAT for transient accommodation bookings from operators and plan managers. Converts penalties for violation of TAT requirements from misdemeanor to civil fines. Specifies that "transient accommodations" includes accommodations subject to county regulations as such.
 - 5/8: Measure enrolled to Governor Ige.
 - 4/30: Measure passes Senate.
 - 4/16: Senate appoints conferees.
 - 4/11; Senate disagrees with House version.
 - 4/9: Passed third reading in the House and transmitted to Senate.
 - 4/4: Finance recommended to pass with amendments.
 - 3/20: CPC/JUD heard the measure and both committees passed the measure with amendments. Referred to Finance.
 - 3/12: TIA heard the measure and passed it with amendments. Referred to CPC/JUD.
 - 3/7: Referred to TIA, CPC/JUD, and FIN
 - 3/5: Passed third reading and transmitted to the House.
 - 2/26: The Senate Committees on Judiciary and Ways and Means recommended that the measure be passed with amendments.
 - 2/21: The Senate Committees on Judiciary and Ways and Means will hold a public decision-making on this bill on 2/26.

The Following Measures Signed into Law:

- **HB422 (Relating to the Hawai'i Tourism Authority)**: Authorizes contracts entered by the Hawaii Tourism Authority for the marketing of all uses of the Hawaii Convention Center to be issued separately from the management, use, operation, or maintenance of the facility.
 - 4/26: Governor Ige signed into law as Act 26 (effective on his signature).
 - 4/9: Measure was transmitted to the Governor for signature.
 - 4/9: Senate voted to pass the measure.
 - 4/3: WAM recommended that the measure be passed unamended.
 - 3/20: The measure was referred to WAM.
 - 3/11: EET recommended the measure be passed without amendment.
 - 3/5: Referred to Energy, Economic Development and Tourism and WAM.
 - 2/28: The House passed this measure on third reading and transmitted to Senate.
 - 2/28: Reported from House Finance Committee with recommendation of passage on third reading.
 - 2/20: The House Committee on Finance recommended that the measure be passed, unamended. The Senate Committee on Ways and Means recommended on 2/15 that the companion for this bill, SB992 (Relating to Tourism), be passed, with amendments.

- **HB1375 HD2 SD2 (Relating to the State of Hawai'i Museum of Natural and Cultural History)**: Beginning with the 2021-2023 fiscal biennium and each fiscal biennium thereafter, requires the governor to include in the executive budget a minimum amount per fiscal year as a recurring cost to be allocated to the State of Hawaii Museum of Natural and Cultural History. Appropriates funds to support the work of the State of Hawaii Museum of Natural and Cultural History.
 - 6/12: Governor Ige signed into law.
 - 5/1: Measure is enrolled to Governor Ige, waiting for signature.
 - 4/30: Measure passes both chambers
 - 4/23: House and Senate conference committees vote to support changes
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 3/28: WAM recommended passage of measure with amendments.
 - 3/21: Referred to WAM.
 - 3/12: LCA heard and passed the measure with amendments.
 - 3/7: Referred to Labor, Culture, and the Arts (LCA) and WAM.
 - 3/5: Passed third reading and transmitted to Senate.
 - 2/20: The House Committee on Finance recommended that the measure be passed, with amendments, by blanking out the appropriation amount while noting the Attorney General's comments that the appropriation exceeds the Legislature's constitutional authority.

BILLS WITH NO FUTURE ACTION/MOVEMENT:

- **HB1072 HD1 (Relating to Festival of Pacific Arts):** Appropriates \$5M in funds from the State's general revenue to the Commission on the 13th Festival of Pacific Arts to plan for the 13th Festival of Pacific Arts.
 - No further action at this time.
 - 2/14: Passed Second Reading in the House.

- **HB983 (Relating to Transient Accommodations Tax):** Increases the appropriation to the Special Land and Development Fund, administered by DLNR, from \$3M to \$10M; changes the distribution of TAT revenues to the counties from a fixed sum, \$103M, to 23.1% of the net TAT revenue after all other appropriations of TAT revenue are made.
 - No further action.
 - 2/5: The House Committee on Tourism and International Affairs recommended deferral.

- **SB836 (Relating to Transient Accommodations Tax):** Increases the appropriation to the Special Land and Development Fund, administered by DLNR, from \$3M to \$5M; expands purpose of fund to include beaches, trails and state parks.
 - No further action.
 - 2/8: The Senate Committees on Energy, Economic Development and Tourism and Water and Land deferred the measure.

- **SB1386 SD1 (Relating to the Department of Land and Natural Resources):** Requires DLNR to develop a State 2030 natural resources conservation goal action plan to be submitted to the Legislature no later than December 31, 2020; allocates one percent of TAT revenues to the Special Land and Development Fund for the development of the plan.
 - No further action.
 - 2/15: SB1386 SD1 passed second reading and was referred to the Senate Committee on Ways and Means.

- **SB717 (Relating to Transient Accommodations):** Requires members in planned community associations subject to HRS 421J and unit owners in condominiums subject to HRS 514B to register units leased as transient accommodations.
 - No further action.
 - 2/1: The Senate Committee on Energy, Economic Development and Tourism deferred the measure.

- **SB803 (Relating to Hawaiian Culture):** Removes a provision designating the Hawai'i Convention Center as the location for operation of a Hawaiian Center and the Museum of Hawaiian Music and Dance.
 - No further action.

- 2/8: Passed Second Reading in the Senate referred to WAM. The House Committee on Finance on 2/20 recommended that the companion to this bill, HB420, be passed, with amendments. (This measure has not been heard by WAM)
- **SB1007 (Relating to Hawaiian Music and Dance)**: Redirects Tourism Special Funds allocated for the operation of the Hawaiian Center and Museum of Hawaiian Music and Dance at the Hawai'i Convention Center to the planning, design and construction of the same Hawaiian Center at the State of Hawai'i Museum of Natural and Cultural History.
 - No further action.
 - 2/12: Passed Second Reading in the Senate. The measure was referred to WAM and has not been scheduled for hearing.
- **SB364 SD2 (Relating to Tourism)**: Establishes a professional tour guide certification task force to determine whether it is appropriate to require persons who use various state resources for commercial purposes or apply for various commercial use permits to hold and maintain certification or meet certain minimum requirements, recommend existing certificates or certification programs that may be appropriate, and make recommendations and plans regarding any necessary certifications and certification renewals.
 - No further action.
 - 3/7: Referred to House joint committee of Tourism & International Affairs (TIA) and Water, Land, & Hawaiian Affairs (WLH), as well as Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/25: The Senate Committees on Ways and Means and Commerce, Consumer Protection and Health recommended the measure be passed with amendments.
 - 2/22: The Senate Committees on Ways and Means and Commerce, Consumer Protection and Health will hold a public decision making on this bill on 2/25 at 11:00AM.
- **SB666 SD2 HD2 (Relating to Airports Corporation)**: Authorizes establishment of the Hawaii Airports Corporation (HAC) within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of HAC. Transfers aeronautics functions of the Department of Transportation to HAC. Makes HAC subject to Hawaii procurement code. Requires HAC to set rates and determine costs based on the residual method. Subjects HAC board and CEO to financial disclosure requirements. Appropriates funds.
 - 3/22: Measure referred to Finance but no further action.
 - 3/19: Measure was heard by Labor and passed with amendments.
 - 3/14: Re-referred to Transportation, Labor, and Finance.
 - 3/13: Transportation committee passed the measure with amendments.
 - 3/7: Referred to Transportation, Joint Labor and Judiciary, and Finance committees in the House (triple referral).
 - 3/5: Passed third reading and transmitted to House.

- 2/15: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **HB911 HD2 SD1 (Relating to Tourism)**: Establishes the Convention Center Repair and Maintenance Special Fund and the Convention Center Emergency Special Fund. Allocates a portion of the transient accommodations tax to those funds. Removes repair and maintenance as permissible uses of the Convention Center Enterprise Special Fund. Requires annual reports to the Legislature.
 - 3/22: Referred to WAM – No further action taken
 - 3/20: EET heard the measure and passed it with amendments.
 - 3/7: Referred to EET and WAM.
 - 3/5: Passed third reading and transmitted to Senate.
 - 2/20: The House Committee on Finance recommend that HB911 be passed, with amendments, by blanking out the appropriation amounts.
- **HB739 HD1 (Relating to the Hawai'i Tourism Authority)**: Appropriates \$141,483,409 to “BED113 - Tourism” for fiscal years 2019-20 and 2020-21.
 - No further action on this measure. HB2 was signed into law by Governor Ige.
 - 3/20: The measure was referred to WAM.
 - 3/11: EET committee heard the measure and passed it unamended.
 - 3/5: Referred to Senate’s Energy, Economic Development, and Tourism committee and WAM.
 - 3/1: Passed third reading and transmitted to Senate.
 - 2/25: House Finance recommended passage.
 - 2/20: This bill is scheduled to be heard by the House Committee on Finance on Monday, February 25.
- **HB548 HD2 SD1 (Relating to the Transient Accommodations Tax)**: Allocates funds from TAT revenue to the Hawaii Tourism Authority, rather than the Special Land and Development Fund, to improve certain state resources and services. Requires DLNR to submit to HTA, an annual list of proposed projects in relation to the HTA Strategic Plan.
 - 3/22: Referred to WAM – Not scheduled
 - 3/18: joint Senate EET and Water and Land committees heard the measure and passed it with amendments.
 - 3/7: Referred to joint committee of EET and Water and Land, as well as WAM
 - 3/5: Passed third reading and transmitted to Senate.
 - 2/20: House Finance recommended the measure be passed with amendments.
 - 2/15: Measure passed second reading as amended and referred to House Finance.
 - 2/12: The House Committees on Tourism & International Affairs and Water, Land & Hawaiian Affairs recommended the measure be passed with amendments.
- **SB198 SD2 (Relating to the Transient Accommodations Tax)**: Authorizes counties to levy a county surcharge on transient accommodations tax in their respective counties pursuant to certain conditions. Sunsets on 12/31/2036.

- No further action.
 - 3/7: Referred to TIA and FIN.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/21: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **SB382 SD2 (Relating to Taxation):** Amends the formula for the amount of transient accommodations tax to be collected from time shares by increasing the base on which time share occupancy is taxed from one-half of the gross daily maintenance fees paid by the owner and attributable to the time share unit to an amount equal to all of those fees. Effective 1/1/2020.
 - No further action.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **SB714 SD2 (Relating to the Transient Accommodations Tax):** Imposes the transient accommodations tax on resort fees that are calculated separately from the advertised transient accommodation's rate. Clarifies the calculation of the transient accommodations tax. Amends the formula for the amount of transient accommodations tax to be collected from time shares by increasing the base on which time share occupancy is taxed from one-half of the gross daily maintenance fees paid by the owner and are attributable to the time share unit to one hundred per cent of the gross daily maintenance fees. Requires transient accommodations intermediaries to register with the director of taxation before arranging to furnish transient accommodations at noncommissioned negotiated contract rates. Specifies that the transient accommodations tax is to be collected from transient accommodations intermediaries who arrange transient accommodations at noncommissioned negotiated contract rates in the same manner as transient accommodations operators. Applies to taxable years beginning after 12/31/2019.
 - No further action.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **HB558 HD1 SD1 (Relating to Kekaha Kai State Park):** Appropriates funds from the State's general revenues for the employment of lifeguards and purchase of life-saving equipment at Kua Bay.
 - No Further Action
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/3: WAM recommended that the measure be passed with amendments.

- 3/15: The measure was referred to WAM.
 - 3/11: Senate's Water and Land Committee passed the measure unamended.
 - 3/5: Referred to Water and Land and to WAM.
 - 3/1: Passed third reading and transmitted to Senate.
 - 2/26: House Finance recommended passage.
 - 2/15: Reported from House Committee on Labor and Public Employment, recommending referral, unamended, to House Committee on Finance.
 - 2/12: The companion for this bill, SB654 SD1 (Relating to Kekaha Kai State Park), passed second reading in the Senate on 2/12.
- **HB908 HD2 SD1 (Relating to the Transient Accommodations Tax):** Allocates and appropriates funds from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas. Requires the Hawaii Tourism Authority to report to the Legislature.
 - No Further Action
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/5: WAM recommended that the measure be passed unamended.
 - 3/20: EET passed the measure with amendments.
 - 3/7: Referred to EET and WAM.
 - 3/5: Passed third reading and transmitted to the Senate.
 - 2/20: The House Committee on Finance recommended that HB908 be passed with amendments, by blanking out the appropriation amount.
- **HB419 HD2 SD2 (Relating to Transient Accommodations):** Authorizes transient accommodations in the State, subject to certain conditions. Requires all operators and plan managers and their respective properties to be listed on a registry created, published, and updated by each county, except in any county that does not regulate the number or location of transient accommodations within that county. Requires hosting platforms to collect and remit to the State all applicable TAT and GET, as agents of operators and plan managers, and to regularly disclose to the State information on transient accommodations listings in the State. Prohibits hosting platforms from collecting fees or completing any booking transactions for properties not listed on the registry, if applicable in that county. Authorizes DOTAX to establish fees, charges, and other requirements by rule. Establishes civil and administrative penalties for violations. Authorizes the State to issue administrative subpoenas to obtain certain information regarding transient accommodations listings in the State.
 - 4/16: Senate appoints conferees.
 - 4/11: House disagrees with Senate version.
 - 4/9: Senate passed measure on third reading and returned to House.
 - 4/3: WAM held meeting on measure and passed with amendments.
 - 3/20: Passed EET and PSM committees with amendments. Referred to WAM.

- 3/7: Referred to EET/PSM, and to WAM.
- 3/5: Passed third reading and transmitted to the Senate.
- 2/20: The House Committee on Finance recommended that the measure be passed, with amendments, by blanking out the appropriation amounts.
- **SB380 SD1 (Relating to the Transient Accommodations Tax):** Imposes TAT on mandatory resort fees and requires that those fees be included in gross rental or gross rental proceeds.
 - 4/4: Enrolled to Governor Ige.
 - 4/3: House passes measure on third reading.
 - 3/28: Finance passes with no amendments.
 - 3/12: TIA heard the measure and passed it unamended. Referred to Finance.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, unamended.



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

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HONOLULU CITY COUNCIL

Monday, June 17, 2019 at 10:00 A.M.
Honolulu Hale Council Chambers

In consideration of
BILL 85 CD2 and BILL 89 CD2

Dear Chair Anderson, Vice Chair Kobayashi and members of the City Council of the City and County of Honolulu, the Hawai'i Tourism Authority (HTA) **supports BILL 85 CD2 and BILL 89 CD2**, which will assist the executive branch in their enforcement of unpermitted short-term rentals in the City and County of Honolulu.

The Hawai'i Tourism Authority supports efforts at both the state and county level that address the proliferation of illegal, non-compliant, and potentially unsafe transient vacation rentals. We continue to reaffirm our position that illegal vacation rentals negatively impact the quality of life of our residents by taking potential rental properties off the market, increasing traffic in residential neighborhoods, and by placing additional burdens on infrastructure and facilities.

While the number of visitors has increased over the years, there have been no major increases to the number of traditional units which include hotel, condo hotel and timeshare units. In 2009, there were 67,335 of these units and, in 2018, there were 66,395 units available representing a decrease in these types of accommodations of 1.4%. During the same period, we experienced an increase in visitor arrivals from 6.4 million to 9.8 million, a 53% increase but without a corresponding increase in accommodations. We believe these additional visitors likely stayed in non-traditional units, including illegal vacation rentals, located throughout Hawai'i's residential neighborhoods.

The HTA welcomes legislation which will address the proliferation of unregulated vacation rentals and improve the quality of life of our residents. We believe these measures, similar to legislation already enacted in other Hawai'i counties, will help bring about a sensible solution to this growing issue.

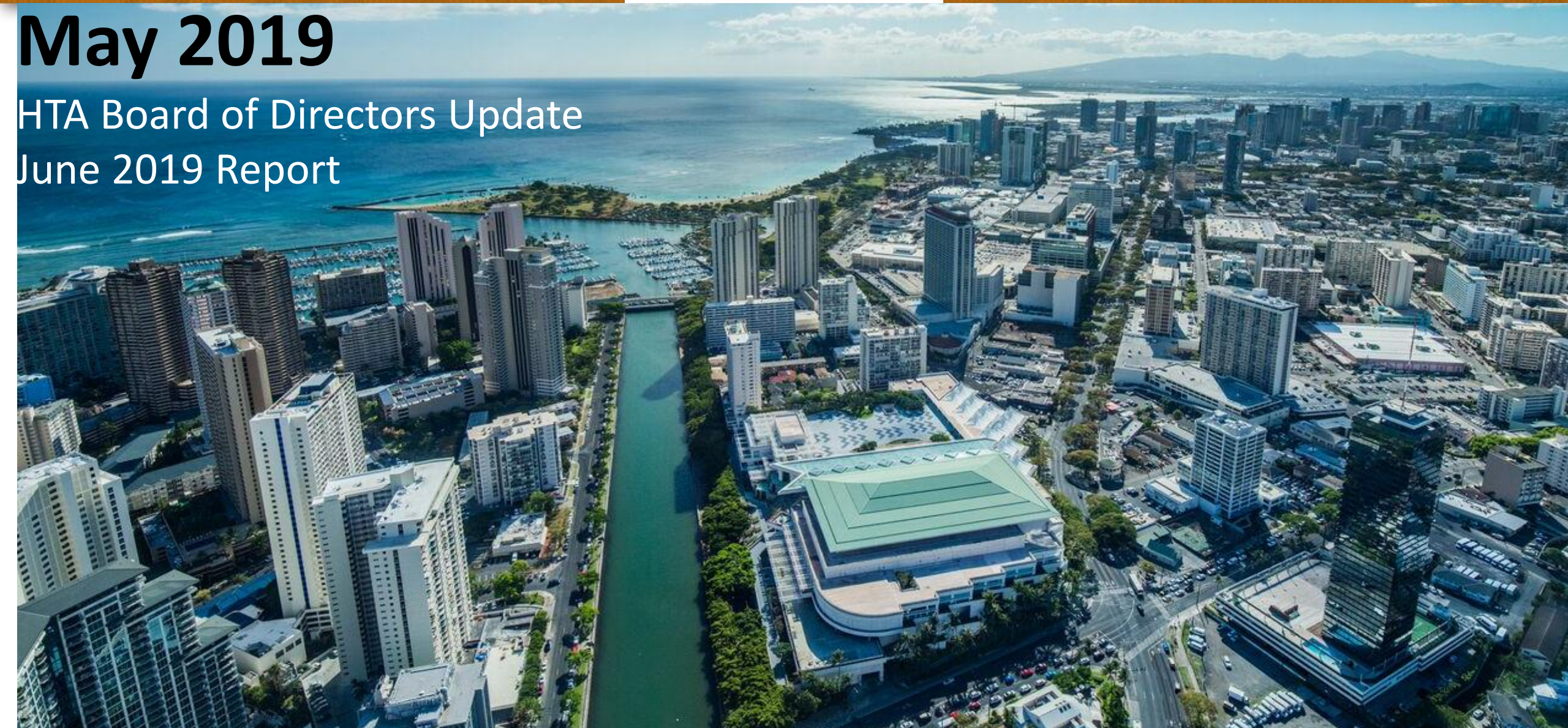
Agenda Item

10

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

May 2019

HTA Board of Directors Update
June 2019 Report



Agenda

- **Financials – May 2019**
- **HCC ROI**
- **Sales & Marketing Update**

2019 Financial Update

	2019 May Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
Facility Occupancy	30%	30%	31%	(1%)	29%
Facility Number of Events	29	207	200	7	206
Facility Gross Revenue	\$1,402,500	\$14,886,300	\$15,672,300	(\$786,000)	\$13,991,600
Facility Gross Expenses	\$1,516,500	\$17,796,200	\$17,667,300	(\$128,900)	\$16,160,800
Facility Net Income(Loss)	(\$114,000)	(\$2,909,900)	(\$1,995,000)	(\$914,900)	(\$2,169,200)
S&M Net Expenses	(\$363,100)	(\$6,095,000)	(\$6,095,000)	\$0	(\$6,221,100)
HCC Net Income/(Loss)	(\$477,100)	(\$9,004,900)	(\$8,090,000)	(\$914,900)	(\$8,390,300)

2019 Food & Beverage Update

Food & Beverage	2019 May Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
F&B Revenue	\$881,400	\$9,649,600	\$10,406,100	(\$756,500)	\$8,817,300
F&B Expenses	\$580,500	\$6,054,400	\$5,910,300	(\$144,100)	\$5,825,400
Net Income	\$300,900	\$3,595,200	\$4,495,800	(\$900,600)	\$2,991,900
% of flow through	35%	37%	43%	(6%)	34%

2019 ROI

HCC Revenue + State Revenue + Tax Revenue
= \$160.1M

HCC Expense \$9.6M

***ROI = For every dollar spent by HCC we returned
\$17.09 to the State***

HCC Sales Updates

- 6,278 room nights closed in May 2019 bringing May YTD total to 46,466 room nights closed.
- Tentative pipeline May YTD total is 90,062 room nights.

Sales Initiatives

- In the Eastern US mainland market conducted various activities to include:
- A May Day Lei Day luncheon in DC with twelve (12) prospective association clients and a Reception attended by sixty-one (61) prospective association clients. Also attended the IAEE (Intl Assn. of Exhibitions & Events) Women's Leadership Forum. Secured three RFP's for future city-wide conferences.
- In the Midwest US mainland market conducted a May Day Lei Day mini luncheon and reception with six (6) and eleven (11) respective prospective association clientele. Obtained two (2) RFP's for future citywide conferences.
- In the Western US mainland market conducted May Day Lei Day sales calls in Texas and secured one (1) RFP for a future citywide conference.
- Exhibited at the IMEX Trade Fair in Frankfurt, Germany. Secured two (2) RFP's for future citywide conferences and nine (9) leads for single property opportunities.
- In the Sports market attended the Connect Sports Leadership Conference and the National Association of Sports Commissions meeting. Secured two (2) RFP's for future sporting events.
- The HCC is also working to streamline our communication efforts with hotel partners whilst also placing a greater emphasis on hotel partner participation at the monthly Alu Like meeting.
- Major sites with International Foundation of Employee Benefit Plans and American Academy of Periodontology both for 2020

Sales Initiatives

- Successful Lei Day Events in key cities of Washington DC and Chicago
- Major group in the month, The American Roentgen Ray Society which saw an increase of 20% in attendance over forecast.
- Preparation for Rotary International Promotion in Hamburg, Germany June 1-5.

Advertising and PR

PR:

- News release announcing citywide meeting: American Roentgen Ray Society (ARRS) annual meeting last May 5 – 10



Advertising (North America)

- Joint Hawai'i full page ad with Meet Hawai'i in Successful Meetings' Hawai'i Supplement.
- CALSAE (California Society of Association Executives) e-Newsletter
- Digital ads on MPIWeb.org and ASAE Digital retargeting

Advertising and PR

Other Advertising

- Print ad + “Venue of the Month” advertorial in SportsEvents Magazine.
- Digital ads in Sports Travel Magazine and
- NASC (National Association of Sports Commission newsletter
- Digital ads in ICCAWorld.org (International Congress and Convention Association) and
- PCMA Asia’s (ICESAP) e-newsletter called “Communique”.



CIP Updates:

- Boiler Replacement – Contractor submitted designs to PM for review
- Cooling Tower- RFP issued, 6 proposals, BAFO mtgs conducted, site visit of fiberglass tower installations as an option
- Rooftop Structural Assessment – KAI Hawaii deemed rooftop structurally safe in it's current condition
- Facility Equipment- Bids received, reviewing proposals, award by July

MAHALO

