



U.S. & CANADA TRAVEL MARKET UPDATE

The holiday travel season is in full swing and Hawai'i continues to see strong performance from the North American market. Coming off the largest year-over-year gain in U.S. visitor arrivals so far in 2014, Hawai'i is well-positioned to continue on this growth track through the remainder of this year and into 2015. Favorable market conditions, a record level of scheduled air seats from the U.S. and Canada, and the potential easing of travel prices will help marketers attract visitors to the state in the near-term future.

SPOTLIGHT ON

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Hawai'i Target Travelers (HTTs) who have never visited the state before make up an important segment of Hawai'i's target market. Not-Yet-Beens (NYBs) are critical to the long-term growth of Hawai'i as a destination. They are unique and different from past HTT visitors. NYBs are the focus of HVCB's 2015 'Let Hawai'i Happen' campaign.

AIR SEAT OUTLOOK

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Air seat capacity from the U.S. and Canada is expected to continue upwards, reaching record levels in the December through May period.

CONSUMER TRENDS


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Overall, U.S. air leisure traveler sentiment improved in 2014 as compared to the previous year. Consumers noted their personal finances as well as perceived affordability of travel strengthened in 2014.

VISITOR STATISTICS

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October posted the largest increase in visitor arrivals from the U.S. and Canada so far this year, despite the negative impact of Hurricane Ana.



2014
vs
2013

AT A GLANCE

AIR SEAT FORECAST

(Six Month Outlook)

U.S.	↑	10.1%
Canada	↑	14.4%
North America	↑	10.4%

U.S. & CANADA VISITORS

(Year-to-Date through October)

U.S.	↑	0.3%
Canada	↑	1.3%
North America	↑	0.4%





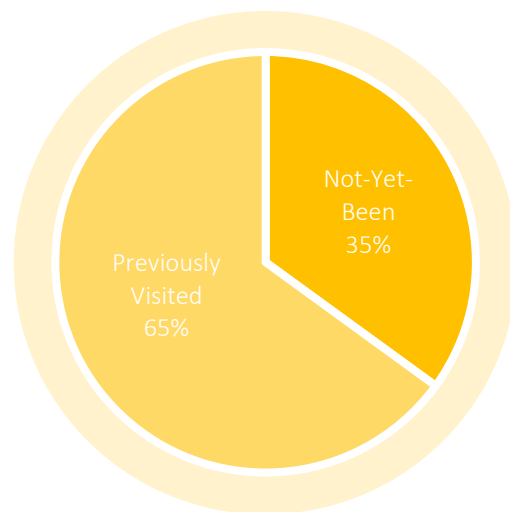
SPOTLIGHT ON: HAWAI'I TARGET TRAVELER NEVER VISITED PROFILE

At HVCB's annual meeting on December 3rd, the spotlight turned to HVCB's 2015 'Let Hawai'i Happen' campaign that launches January 1st, 2015. The campaign targets Hawai'i's Not-Yet-Beens (NYBs) – the segment of Hawai'i Target Travelers that have never visited the Hawaiian Islands.

Not-Yet-Beens make up an important part of Hawai'i's target market. In order to continue to grow as a destination and remain competitive in the long-term future, Hawai'i must capture new travelers who have not yet visited the destination. NYBs help ensure the long-term sustainability of Hawai'i's tourism industry, as they will become the future repeat visitors on which the industry is reliant. Most first-time visitors (77%) are somewhat or very likely to return to Hawai'i within five years time.

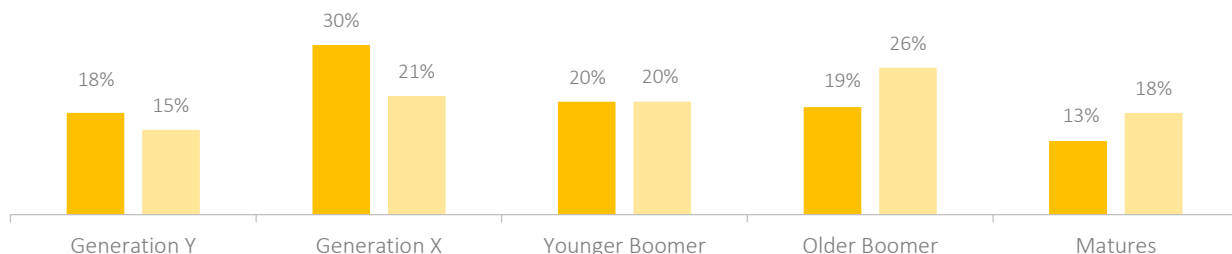
Of the 26 million adults in the Hawai'i Target Traveler (HTT) category, 35 percent have not yet been to Hawai'i. These NYBs are different in important ways from those who have already visited the destination. In terms of demographics, nearly half of NYBs are Generation X and Y (48%), while recent visitors to Hawai'i are much more likely to be Older Boomers or Matures (54%).

HAWAI'I TARGET TRAVELER (26 MIL ADULTS)



AGE BREAKDOWN OF THE HAWAI'I TARGET TRAVELER

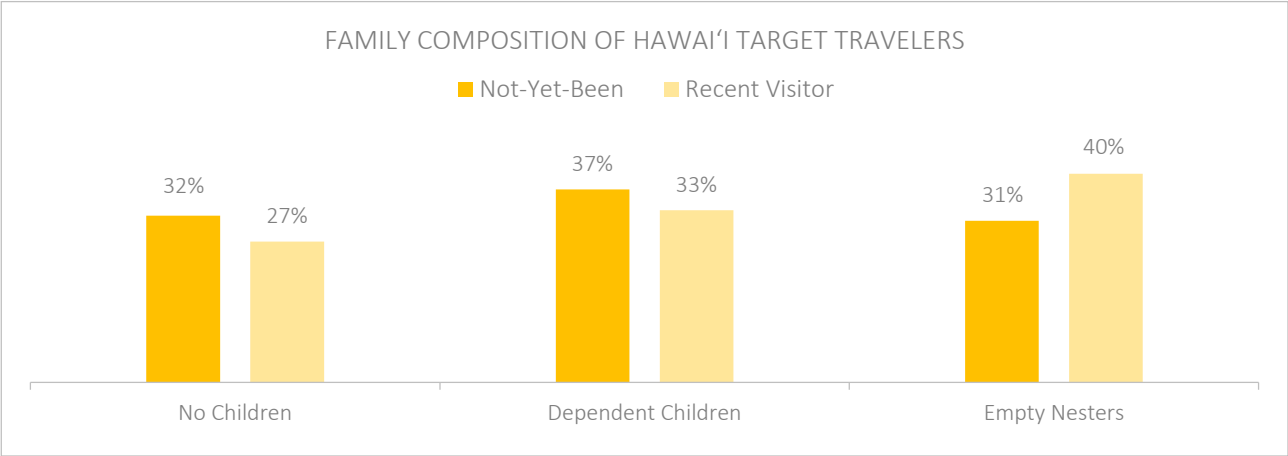
■ Not-Yet-Been ■ Recent Visitor



Source: HVCB analysis of TravelStyles2014 data

Hawai'i Target Traveler Never Visited Profile Continued

NYBs are also more likely to have dependents or no children, in contrast to recent visitors (i.e. travelers who visited Hawai'i within the past three years), who are more likely to be empty nesters.



In terms of travel motivators, Not-Yet-Beens are more fun-seeking, experiential travelers as compared to their Recently Visited counterparts. More than anything, Hawai'i Target Traveler NYBs see a vacation as time to have fun (81%), compared to just 73 percent of Recent Hawai'i Visitors. Similarly, NYBs are more likely to want to get away from it all and are slightly more inclined to view a vacation as a time to try new things and see and do as much as possible.

Not-Yet-Beens and Recent Visitors share some common travel activity interests, including visiting natural wonders, museums and galleries, and national parks. The difference between NYB and Recent Visitor is more stark, however, when it comes to more adventurous activities. NYBs, who tend to skew younger, have a higher interest in more active pursuits, including kayaking, zip-lining, and hiking.

"FOR ME, A VACATION IS TIME TO..."	Not-Yet-Been	Recent Visitor
Have fun	81%	73%
Experience other cultures	75%	73%
Try new things	68%	66%
See and do as much as possible	64%	57%
Rest and relax	61%	59%
Get away from it all	60%	50%
Seek adventure	45%	47%

Source: HVCB analysis of TravelStyles USA 2014 data

LIKELY TO DO ON A VACATION...	Not-Yet-Been	Recent Visitor
Visit natural wonders	77%	75%
Visit museums and galleries	67%	66%
Visit national parks	61%	61%
Kayaking	33%	20%
Zip-lining	39%	28%
Hiking	53%	44%
Horseback riding	39%	31%
Biking	44%	38%
Scuba diving	25%	19%



AIR SEAT OUTLOOK

Air Seat Six-Month Rolling Forecast

Air seat capacity to Hawai'i from the North American market is expected to remain strong through May 2015. Air seats from the U.S. are expected to grow +10.1 percent from December through May as compared to the previous year, while scheduled air seats from Canada are expected to be up +14.4 percent year-over-year.

SCHEDULED NONSTOP SEATS TO HAWAI'I – DECEMBER 2014 THROUGH MAY 2015

	U.S.			Canada		
	This Year	Last Year	Percent Change	This Year	Last Year	Percent Change
Honolulu	2,243,833	2,107,004	↑ 6.5%	123,664	99,542	↑ 26.9%
Kahului	1,015,886	853,997	↑ 19.0%	153,575	139,536	↑ 10.1%
Līhu'e	302,769	288,225	↑ 5.0%	26,970	25,752	↑ 4.9%
Kona	364,814	311,577	↑ 17.1%	31,458	31,053	↑ 1.3%
Hilo	18,480	22,322	↓ 17.2%	0	0	~

SCHEDULED NONSTOP SEATS TO HAWAI'I – DECEMBER 2014 THROUGH MAY 2015

	U.S.			Canada		
	This Year	Last Year	Percent Change	This Year	Last Year	Percent Change
December	685,285	621,842	↑ 10.2%	60,065	50,967	↑ 17.9%
January	654,916	598,118	↑ 9.5%	64,365	56,342	↑ 14.2%
February	581,186	538,555	↑ 7.9%	57,680	50,728	↑ 13.7%
March	707,036	644,355	↑ 9.7%	64,824	56,790	↑ 14.1%
April	652,458	574,930	↑ 13.5%	54,811	50,736	↑ 8.0%
May	664,901	605,325	↑ 9.8%	21,488	17,095	↑ 25.7%
Total	3,945,782	3,583,125	↑ 10.1%	323,233	282,658	↑ 14.4%

Source: HVCB analysis of airline schedule data from Diio Mi

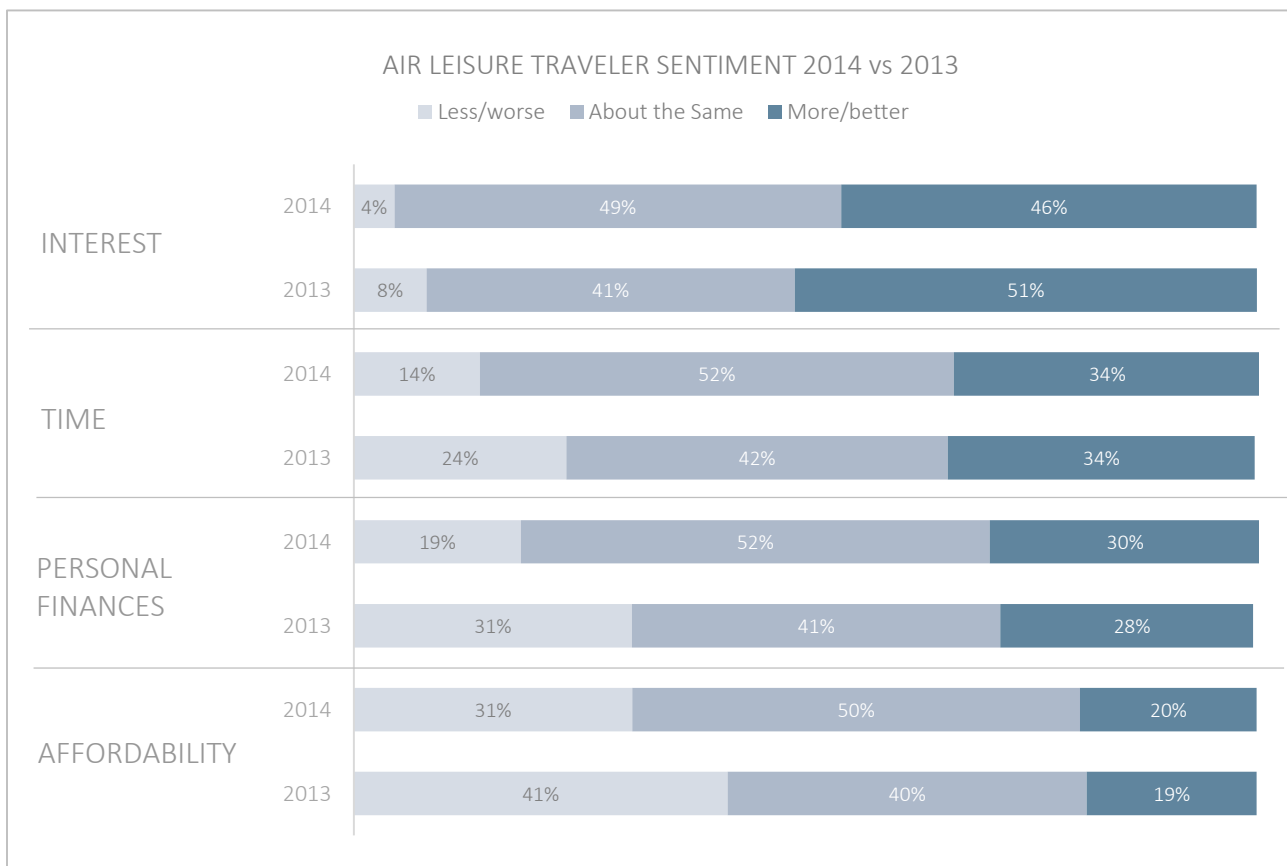


CONSUMER TRENDS

Traveler Sentiment

Traveler sentiment among U.S. air leisure travelers strengthened in 2014. According to the latest MMGY Global *travelhorizons* data, travel sentiment metrics indicate that air leisure travelers' interest in travel, time to travel, personal financial conditions, and perception of the affordability of travel are the same as or better than they were one year ago.

Most notably, both the personal financial situations among U.S. air leisure travelers and the perceived affordability of travel improved in 2014. Those feeling less well off than one year ago dropped to 19 percent, compared to 31 percent in 2013. Similarly, the number of travelers who see the affordability of travel as worse than the previous year is down ten percentage points, from 41 percent in 2013 to 31 percent in 2014.

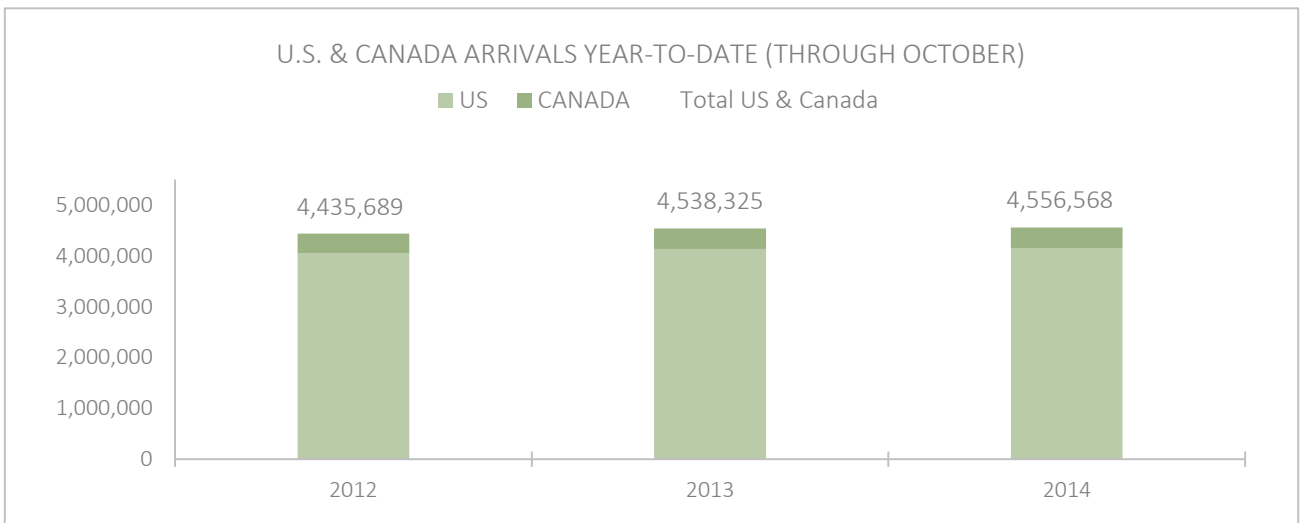


Source: HVCB analysis of MMGY Global *travelhorizons* data CY 2014

VISITOR STATISTICS

Hawai'i Visitor Arrivals Year-to-Date Through October

Increased air seat availability and sustained demand for the islands continues to keep North American visitor arrivals well ahead of last year. Visitor arrivals from the U.S. and Canada reached +7.9 percent in the month of October, pushing the North American market up +0.4 percent year-to-date.



Source: HVCB analysis of HTA data

Despite a strong overall performance in the month, visitor arrivals from the domestic market were still impacted by a major hurricane that drew near the Hawaiian Islands in mid-October. Although no flights to Hawai'i were cancelled from the U.S. mainland or international markets, some inter-island flights were rescheduled or cancelled. Media exposure about the storm, coupled with an early suspension of airline rebooking fees, led to a downturn in passenger volume in the days surrounding the expected onset of Hurricane Ana. As a result, total and domestic passenger counts were pulled down in the month of October during the period impacted by Hurricane Ana.

