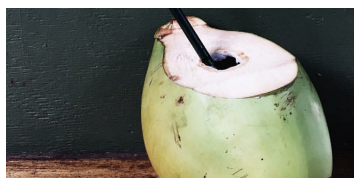
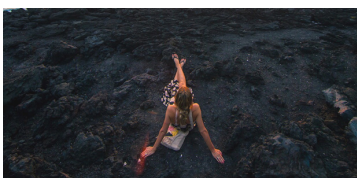




SPOTLIGHT ON:
#LETHAWAIIHAPPEN
YEAR TWO PG2



A monthly update including relevant information on travel industry trends, consumer and meetings market research, competitive intelligence, and Hawai'i's performance as a destination.

MARKET INSIGHTS UPDATE

North America | December 2015

In This Issue

Spotlight On: #LetHawaiiHappen 2016 Campaign

At the start of 2015, HVCB launched its integrated marketing campaign – #LetHawaiiHappen – which showcases the unique offerings of a Hawaiian Island vacation and works to put the destination at top-of-mind for North American travelers. The campaign aims to attract Hawai'i's Target Traveler (HTT) segment, which is comprised of 26.7 million Americans who have a high propensity for leisure travel and are likely to visit Hawai'i in the next five years. Hawai'i benefits from an extremely high repeat visitation rate, and as a result, more than two-thirds of Hawai'i Target Travelers have been to the destination before. HVCB's continuation

of the #LetHawaiiHappen (#LHH) campaign in 2016 further sharpens the focus on the 30 percent who have not yet visited the islands. This group provides the greatest opportunity to grow Hawai'i's visitor industry and increase first-time arrivals.

Building on the November 2015 issue of the Market Insights Update, this month's *Spotlight On* takes an in-depth look at how the Never Been segment is shaping HVCB's 2016 edition of #LetHawaiiHappen. Learn more about the campaign's impact on travelers' destination awareness and likelihood to visit, as well as the creative strategy behind #LetHawaiiHappen's year two deployment.

Continued on PG2



TRAVELER SENTIMENT

U.S. air leisure traveler sentiment remained flat in the final quarter of 2015. Despite reporting a decline in their personal financial situation, travelers had a more positive outlook on their time for and interest in travel.

PG4

TRAVEL INTENTIONS

Interest in a Hawaiian Island vacation remained strong in the final quarter of 2015. More than one in three U.S. air leisure travelers say they are very or extremely likely to visit Hawai'i in the next two years.

PG5

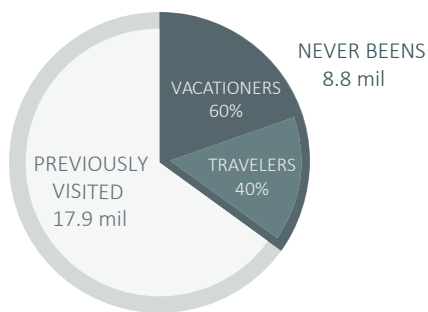




Photo courtesy of Zak Shehamer

#LetHawaiiHappen 2016

Hawai'i's Target Traveler Population (26.7 million Americans)



Source: Travel Styles USA, 2015

Never Been Vacationers vs. Travelers

Hawai'i Target Travelers who have not yet visited the destination – known as Never Beens – can be categorized into one of two categories: vacationers or travelers. Vacationers see a trip as a time to re-energize and recharge, while travelers prefer to seek out learning opportunities and ways to gain new perspectives. Vacationers are more likely to travel within the continental U.S. and Caribbean. Travelers, on the other hand, prefer to venture outside the continental U.S., to Canada, Europe, Mexico, and beyond.

As a destination, Hawai'i has a broader appeal to the traveler segment. For vacationers, Hawai'i's beaches, tropical weather, and warm ocean waters are most appealing, but can also be found at destinations

closer to them and at far less cost. Travelers, while also drawn to the tropical nature of Hawai'i, are equally attracted to the unique aspects of the destination, such as interesting food, the relaxed island pace, traditional Hawaiian culture, and historic sites. It is these unique selling properties, which cannot be replicated in another destination, that will help propel Never Beens into the Recent Visitor category.

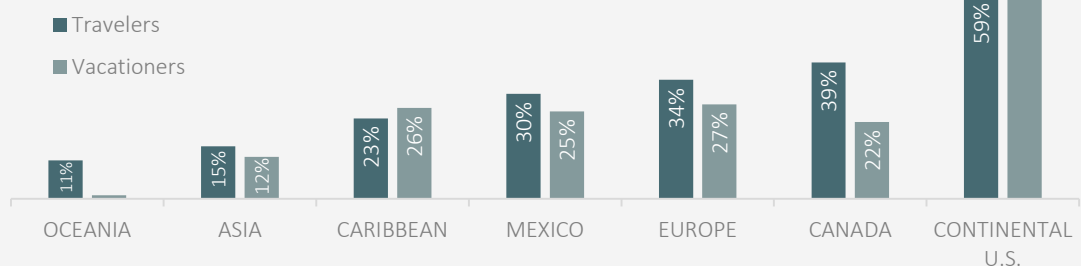
2015 Campaign Results

The 2015 #LetHawaiiHappen campaign has already proven to be a success. Year-to-date through Q3, half of the surveyed target market recalled some aspect of HVCB's marketing efforts, including Paid, Owned or Earned elements.

Continued on PG3

Destinations Visited in Last Three Years

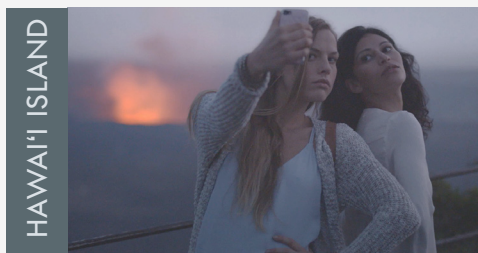
Never Beens



Source: HVCB Hawaii Never Been Study, 2015

#LetHawaiiHappen 2015 Video Content

click image to view video



Paid media (i.e. ads) registered the greatest recall at 37 percent, while earned media (i.e. articles, blog posts) was not far behind at 31 percent. Marketing via owned channels (i.e. website, social channels) was recalled by 21 percent of the target audience.

Within paid advertising, online ads registered the greatest recall at 24 percent, followed by both print and TV ads (19%), then paid social media (10%). Within owned media, most awareness comes from the gohawaii website (18%). Awareness generated by the website is nearly double the contribution of YouTube (10%), Facebook (10%), Twitter (8%), Pinterest (9%), Google+ (8%) or Instagram (8%). Within earned media, nearly one-quarter (23%) of travelers recall posts, discussions, or comments on gohawaii's social media channels. Meanwhile, one in five travelers (19%) recall seeing stories, articles, and blog posts in magazines, newspapers, or websites.

Exposure to HVCB's marketing led to a boost in travel intentions among Hawai'i's Target Travelers. Among past visitors who were exposed to the marketing, 65 percent say they are very or extremely likely to visit Hawai'i in the next two years, compared to just 42 percent of non-exposed. Similarly, those who had not visited Hawai'i before but were exposed to marketing were also more likely to visit compared to the non-exposed. More than one-quarter (27%) of Never Beens who were

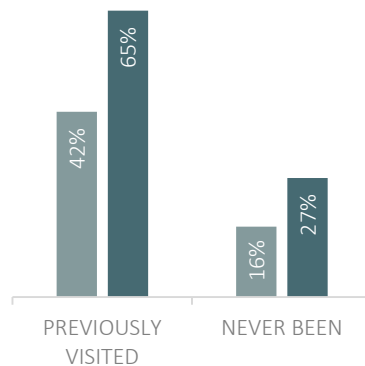
exposed to the #LetHawaiiHappen campaign say they are very or extremely likely to visit Hawai'i in the near future, compared to just 16 percent of those who were not exposed to any marketing.

2016 Campaign

Capitalizing on the success of 2015, the 2016 evolution of #LetHawaiiHappen will better target the Never Been Traveler segment. Year two of the campaign will focus on sharing the stories of Hawai'i's people, the unique aspects of the destination, and the experiences to be had on each island. HVCB will make Hawai'i's biggest fans the destination's leading ambassadors, giving them a platform to tell a different story of Hawai'i through authentic, unscripted, user-generated content that will create an honest, emotional connection between visitors and the islands. HVCB will work with curated 'storytellers' to help share and spread #LetHawaiiHappen stories. Their unexpected encounters will be the backbone of the campaign's branded, user-generated content and videos. These ambassadors will personify the islands that they come from, giving a face to each island brand and further differentiating the island experience. Dynamic video content will be a key component, providing a rich viewer experience. User-generated visitor content from the #LetHawaiiHappen hashtag will supplement the brand creative, allowing visitors to also become storytellers of Hawai'i.

Planning to Visit in Next Two Years

- Not Exposed to Marketing
- Exposed to Marketing



Source: TNS Marketing Effectiveness Study, 2015



Photo courtesy of Rick Poon

Travel Sentiment

In the next six months...



21% OF TRAVELERS
EXPECT TO TAKE
MORE TRIPS

26% OF TRAVELERS
PLAN TO SPEND
MORE ON TRAVEL



...compared to the same
time last year.

Source: MMGY Global travelhorizons data, Q4 2015

Traveler Sentiment Flat in Fourth Quarter

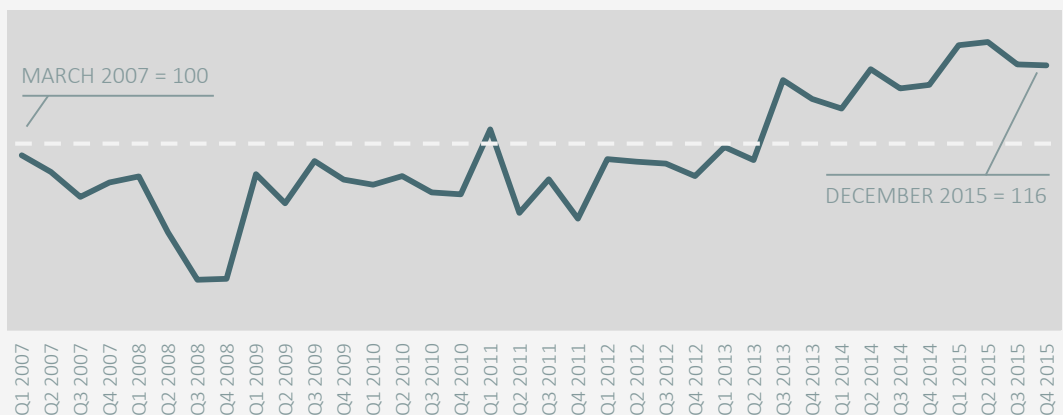
The overall U.S. Traveler Sentiment Index continued on a near record level path in the final quarter of 2015. Traveler sentiment is measured by consumers' demand for travel services, including interest in travel, time for travel, personal financial situation, and their perceived affordability of travel.

In the fourth quarter, U.S. air leisure travelers reported a slightly less positive outlook for their own personal finances (-3.5 points) compared to the same time last year. Despite this, the

perceived affordability of travel grew +14.1 points year-over-year, while time for travel grew +3.4 points and interest in travel grew +1.2 points.

Nearly all U.S. air leisure travelers (99%) plan to take at least one overnight trip in the next six months. One-fifth (21%) of travelers expect to take more trips in the upcoming six months compared to the same time last year, while more than one-quarter of travelers (26%) plan to spend more on leisure trips than the previous year.

U.S. Air Leisure Traveler Sentiment



Source: HVCB analysis of MMGY Global travelhorizons data



Photos in this issue are courtesy of HVCB's 2015 social media influencers, including: @zakshelhamer, @whitneyshelhamer, @rick_poon, and @nicole_franzen.

Travel Intentions

Intent to Travel Remains High

Interest in a Hawaiian Island vacation remained strong as of the fourth quarter of 2015. According to the latest MMGY Global *travelhorizons* data, 37 percent of U.S. air leisure travelers say they are very or extremely likely to visit Hawai'i in the next 24 months, up +1.5 percentage points year-over-year. Intent to travel to Hawai'i has grown dramatically over the last seven years, up from just 14 percent in Q4 2008.

Although travel intentions remain strong, Hawai'i continues to be susceptible to a variety of travel barriers. Four in ten (40%) U.S. air leisure travelers who have previously considered visiting Hawai'i have decided not to after all. The cost of a Hawai'i vacation still ranks

among the top reasons for not visiting the islands, with 47 percent saying the price of airfare is their main reason not to visit and 35 percent citing both the cost of a vacation package and cost of a hotel. It is important to note, however, that while airfare remains the top reason not to visit Hawai'i, the percentage of travelers who have cited cost of air travel as the key reason not to visit has actually declined year-over-year. Lower airfares in the first two quarters of 2015 likely helped mitigate some cost concerns among travelers. At the same time, the percentage of travelers who cited hotel costs grew +12.3 points year-over-year. This is consistent with the significantly higher state-wide average daily rate seen in 2015.

Sneak Peek at Next Month



Spotlight On:
2016 Travel Outlook



Air Service
Outlook



Visitor Arrival
Forecast

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