

“Navigating ’09”

Compass Point Readings for the Year Ahead

Presented by:
Christopher Kam
Director, Market Insights
Hawaii Visitors & Convention Bureau

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WARNING: THESE SLIDES CONTAIN “RECYCLED MATERIAL”

The Perfect Storm – First Wave

- **First Wave: Summer 2007**
 - Sub-prime Crisis begins, Stock Market volatility
 - Softening National Economy
 - Slowing First Quarter Bookings
- **Second Wave: April/May 2008**
 - Skyrocketing Oil Prices
 - Impact on Low Fare Carriers
 - Legacy Carriers Evolve Strategy
 - From Market Share to Maximizing Yield
 - Aloha/ATA failures
 - Loss of 15% of Hawaii airlift

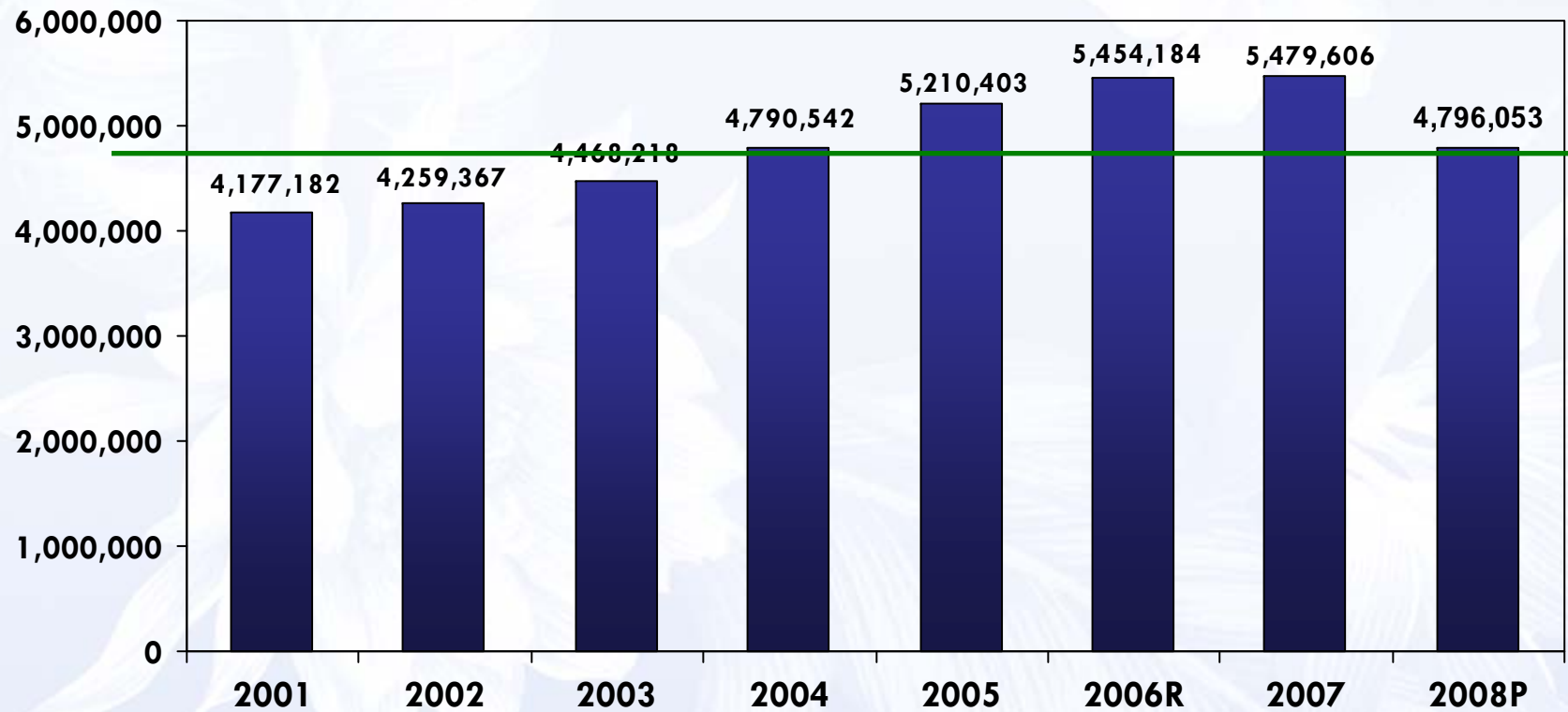
The Perfect Storm

- **Third Wave: Summer/Fall 2008**
 - Air Fares climb as Legacy Carriers drastically cut back flights across their systems
 - Hawaii perceived as high-priced and out-of-reach
 - Global Stock Market meltdown in October

Historical North America Arrivals to Hawai'i

2007 vs. 2001 Growth: +31.2%
2008P vs. 2001 Growth +14.8%

2008 arrivals end the year
close to 2004 levels

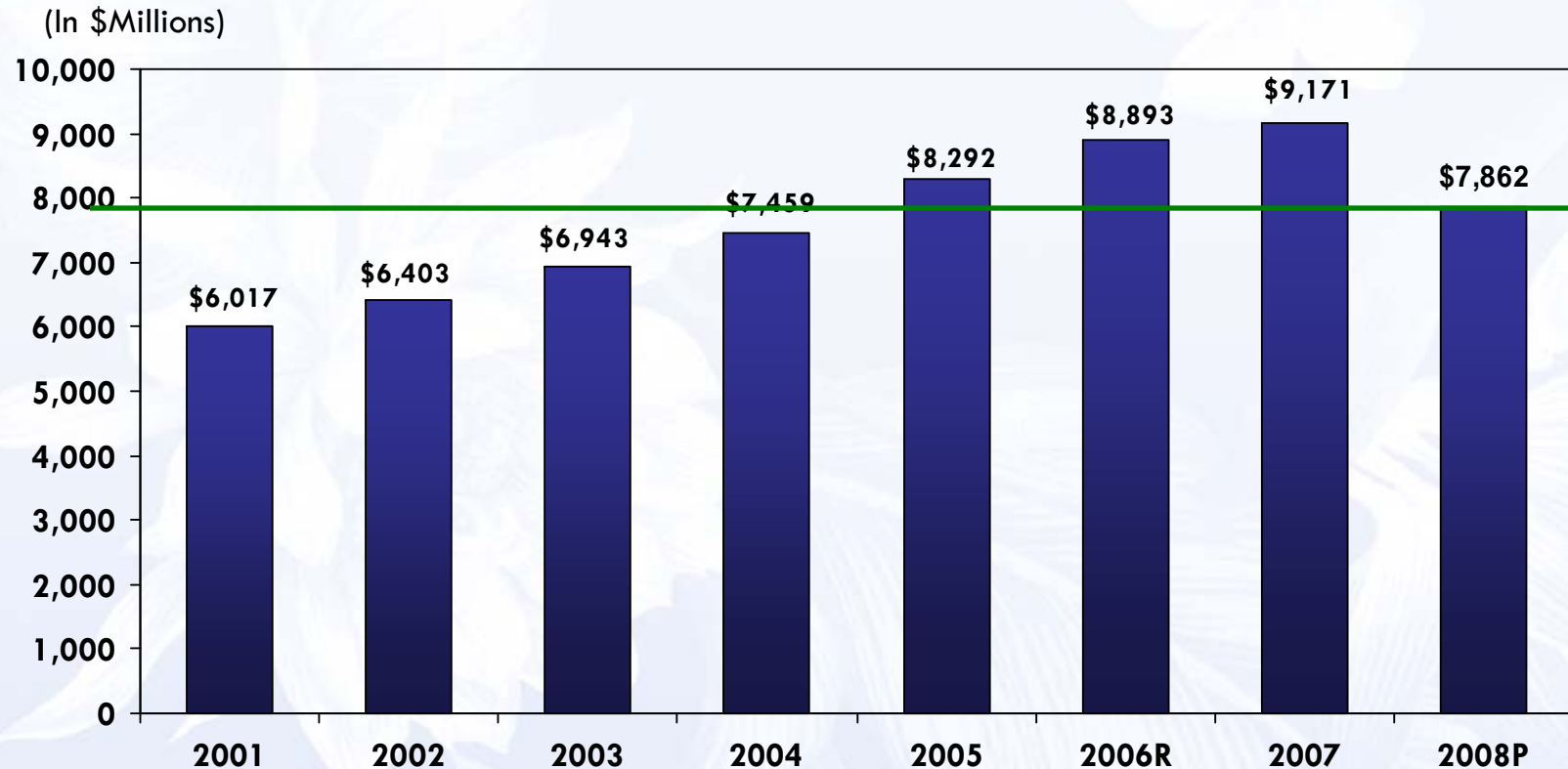


Source: HVCB Market Trends analysis based on historic DBEDT data

Historical North America Visitor Expenditures

2007 vs. 2001 Growth: +52.4%
2008P vs. 2001 Growth: +30.6%

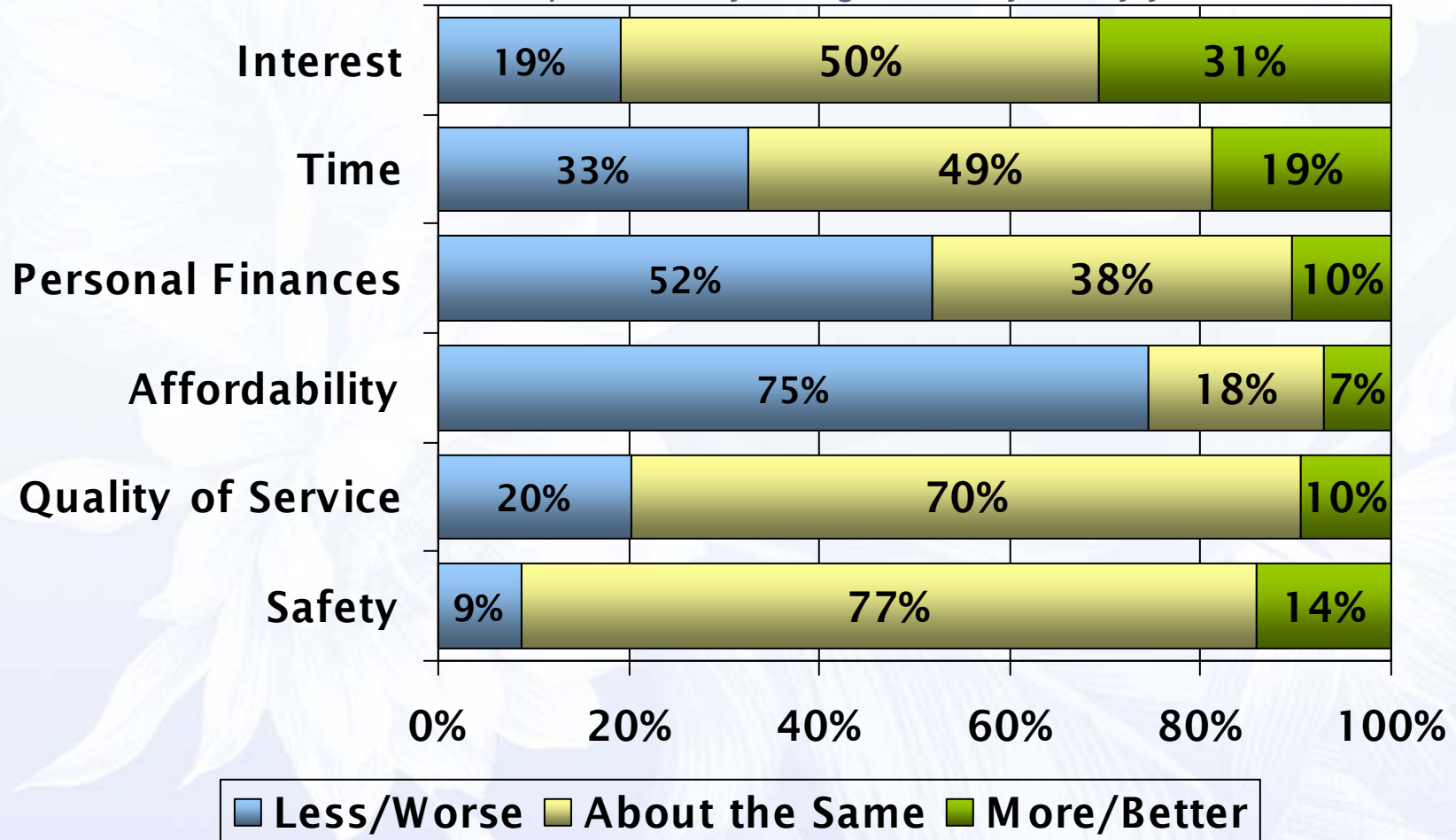
2008 spending end the year
between 2004 and 2005 levels



Source: HVCB Market Trends analysis based on historic DBEDT data

TIA Travel Sentiment: Air Leisure Travelers

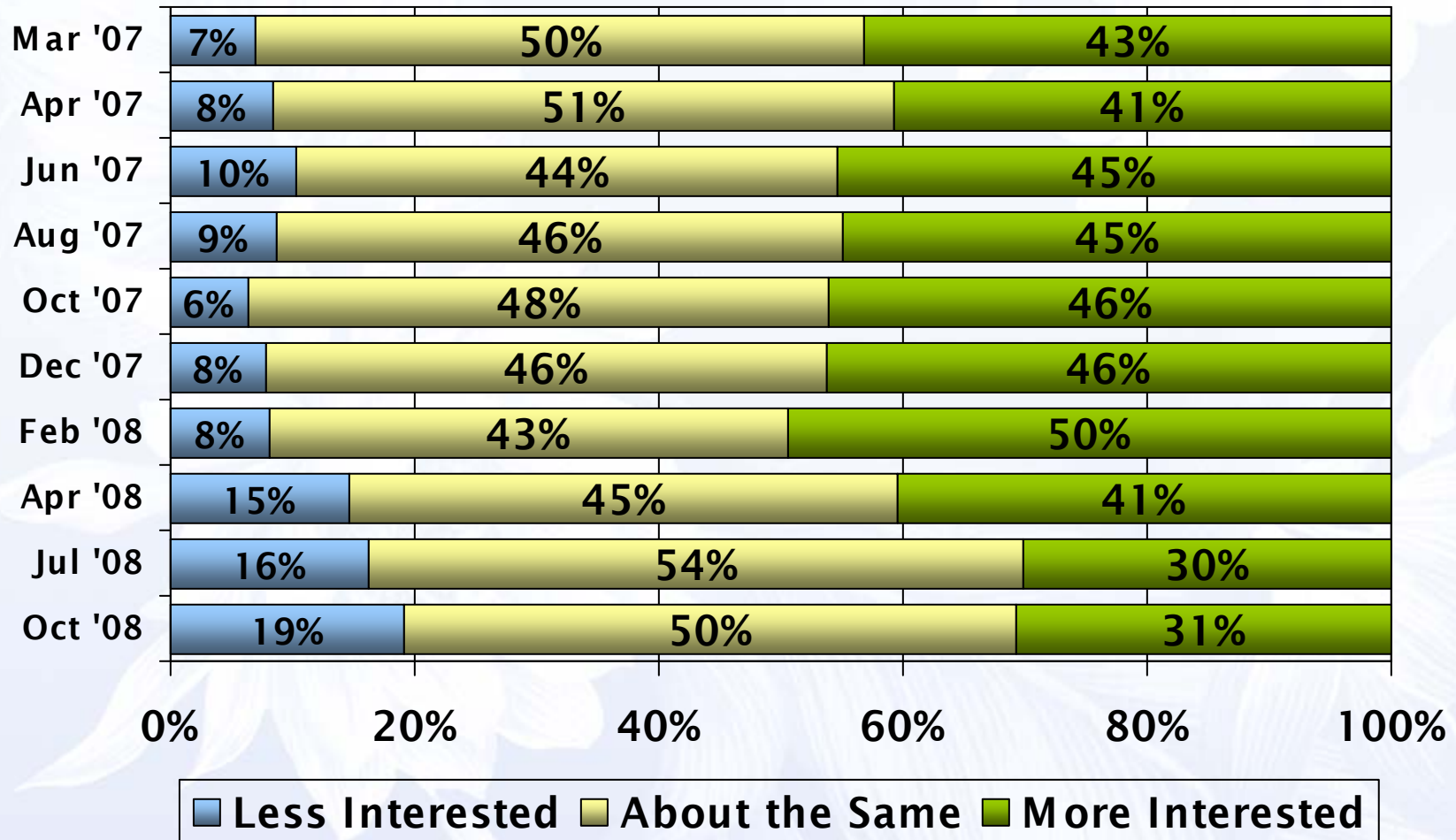
“Compared to a year ago, would you say you....”



Base: Air Leisure travelers

Source: Travel Industry Association, travelhorizons Survey – October 2008

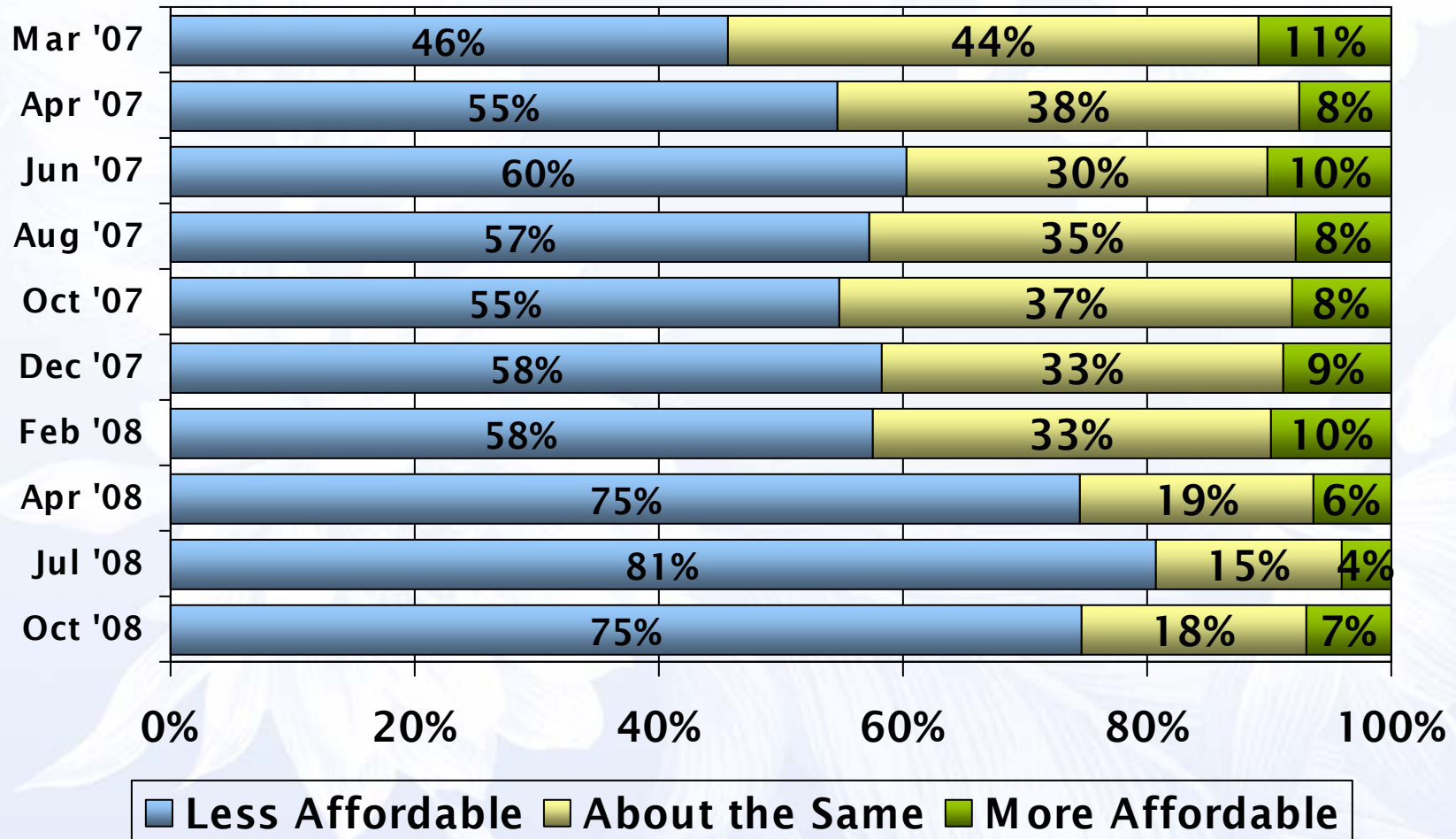
Air Travelers Travel Sentiment: **Interest**



Base: Air Leisure travelers

Source: Travel Industry Association, travelhorizons Survey – October 2008

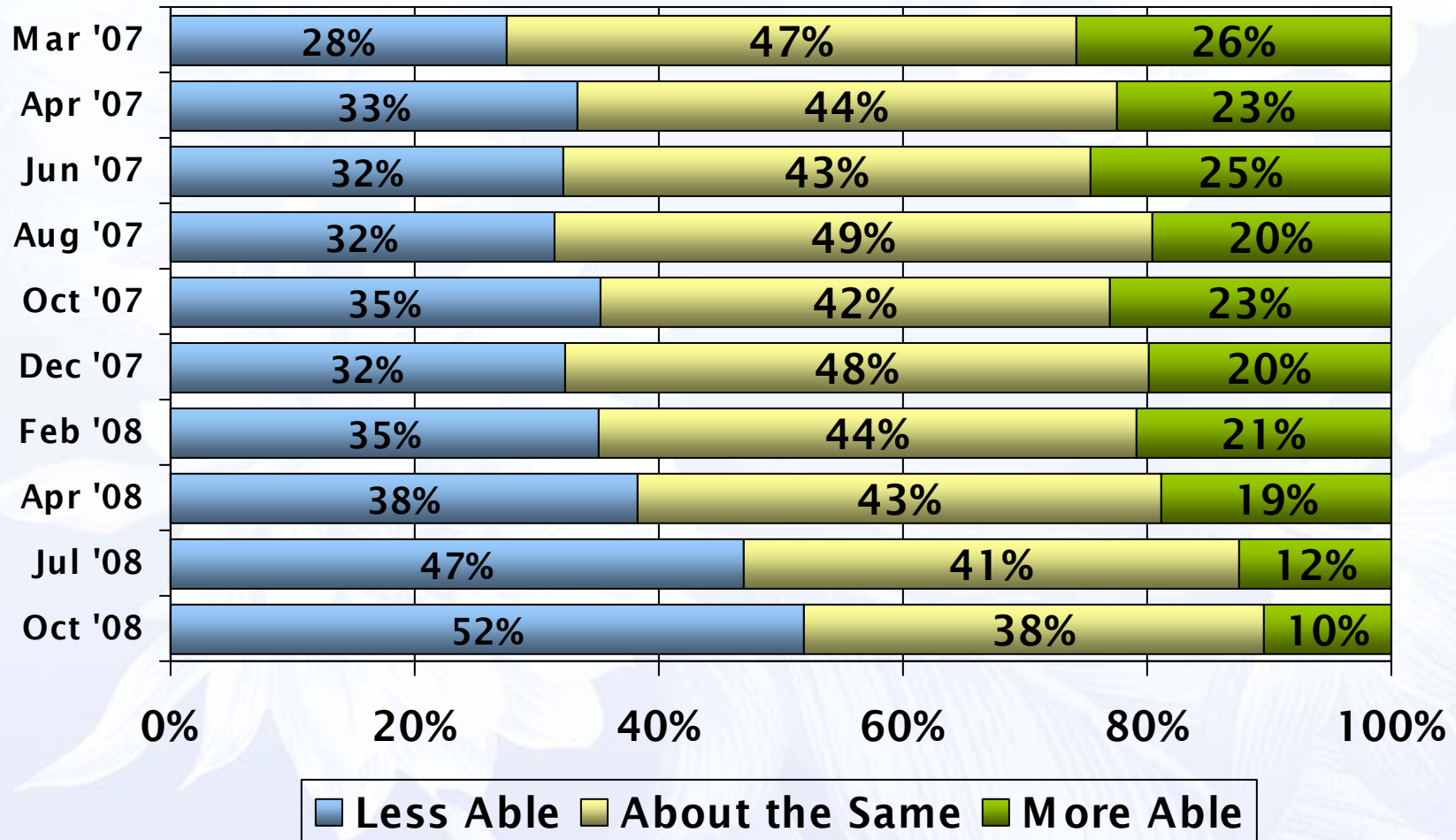
Air Travelers Travel Sentiment: **Affordability**



Base: Air Leisure travelers

Source: Travel Industry Association, travelhorizons Survey – October 2008

Air Travelers Travel Sentiment: **Personal Finances**



Base: Air Leisure travelers

Source: Travel Industry Association, travelhorizons Survey – October 2008

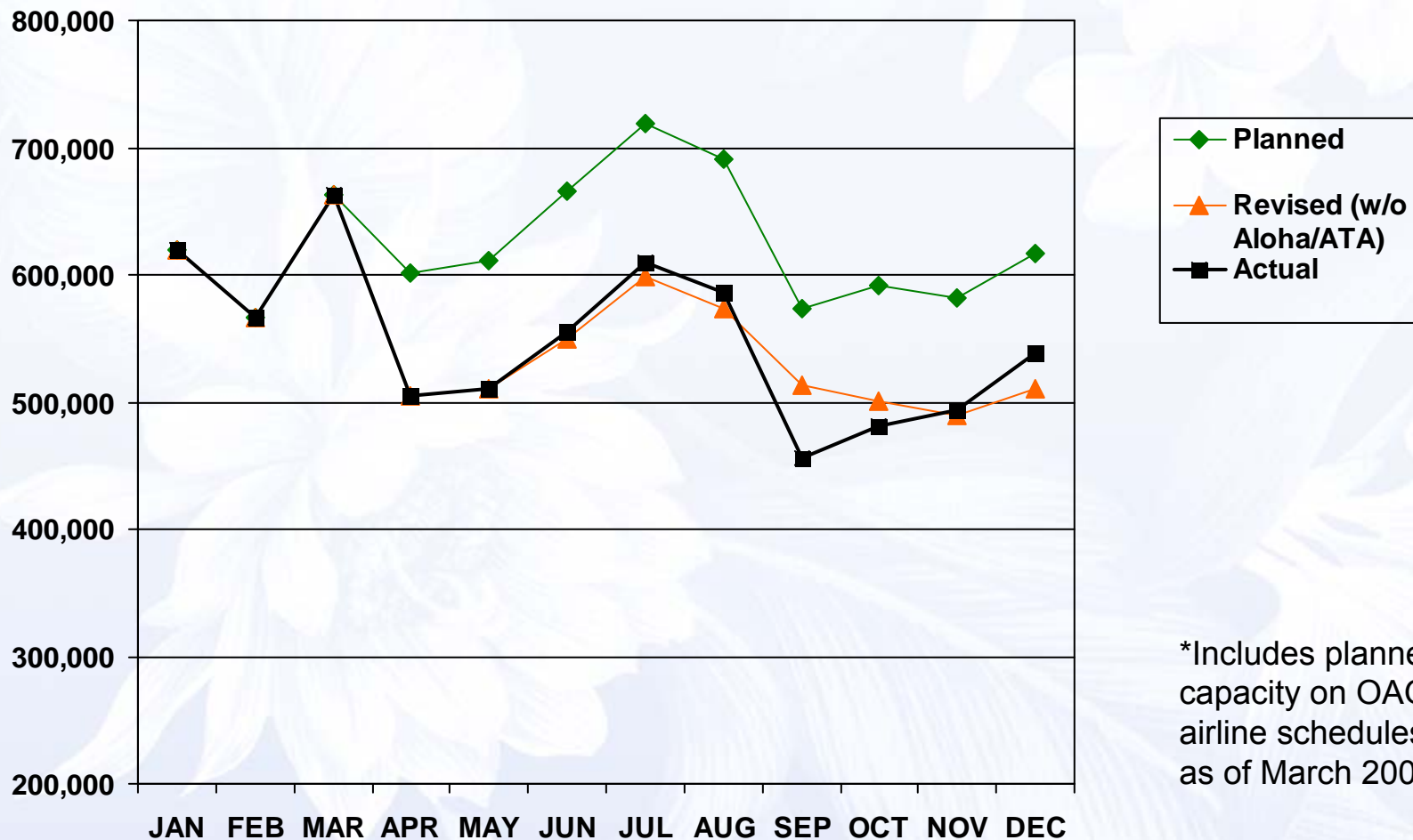
Air Leisure Traveler Sentiment

- **Future travel Intentions remained relatively stable as of October 2008**
- **Travelers trading down, but not out of the market**
 - **Closer to home**
 - **Less expensive destinations**
 - **Shorter trips**
 - **Decrease in planned activities**
- **Separate research on targeted travelers in Hawaii's key metro markets confirms these national trends**

Targeted Hawaii Traveler Sentiment

- **Although travelers targeted in targeted metro areas earn more than most, it did not make them immune to the recession; only 11 percent claim that the recession will have no impact on their travel choices:**
- **Two-thirds of the remaining 89% claim that they will actually change a destination/stay home, postpone a trip, or take fewer trips. The others will still take the trip, but may change activities or shorten the trip.**
- **There was no major difference in reactions to the economy among most demographic and attitudinal travel segments. The only notable exception being that those travelers saying that they will not be changing their plans due to the weakened economy conditions tend to be slightly more affluent and take more trips.**

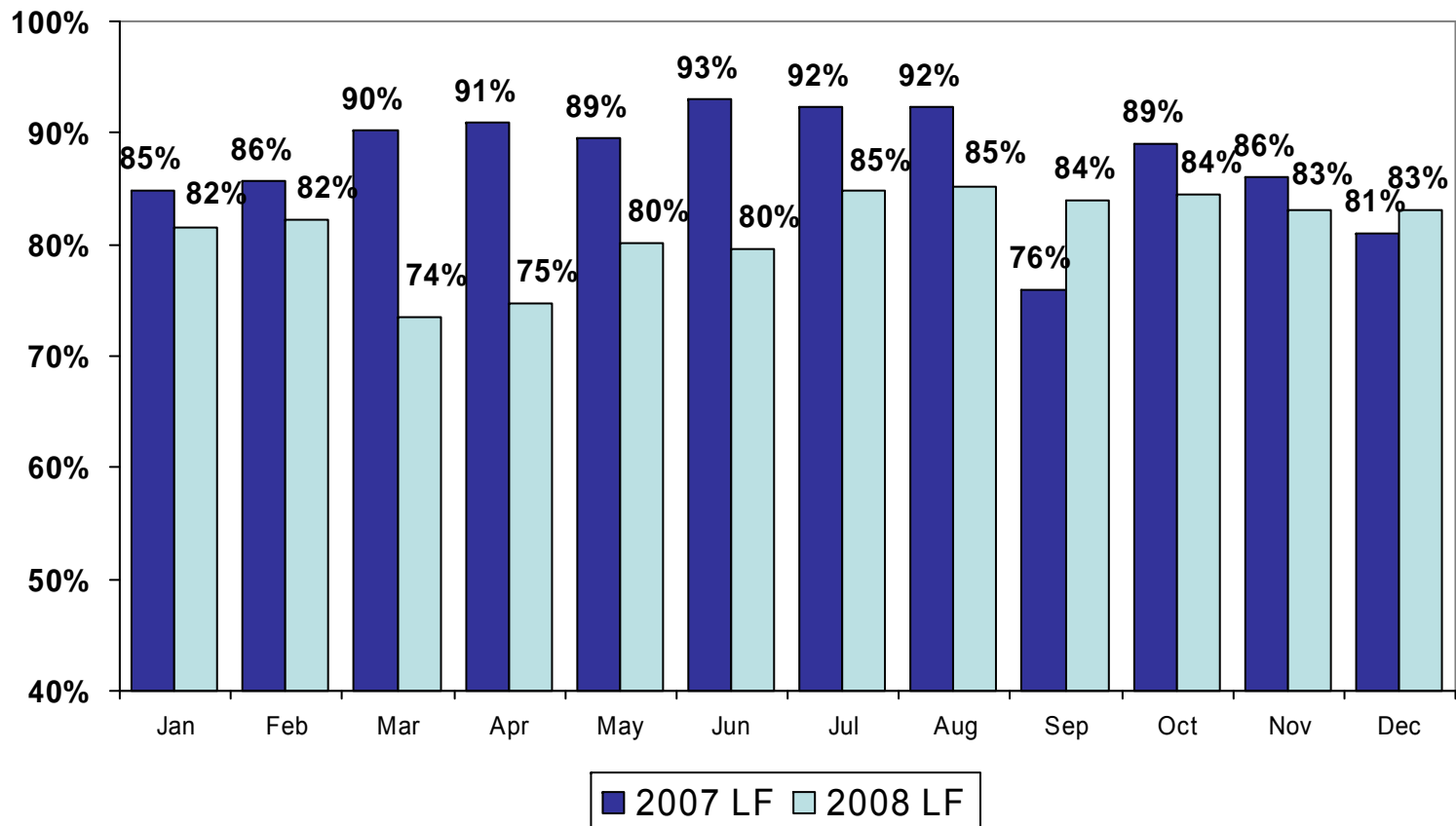
2008 Planned* vs. Actual Scheduled Nonstop Domestic Air Seats to Hawai'i



Source: Sabre ADI database

*Includes planned capacity on OAG airline schedules as of March 2008

Load Factors aboard US Mainland Flights to/from Hawai'i, 2008 vs. 2007



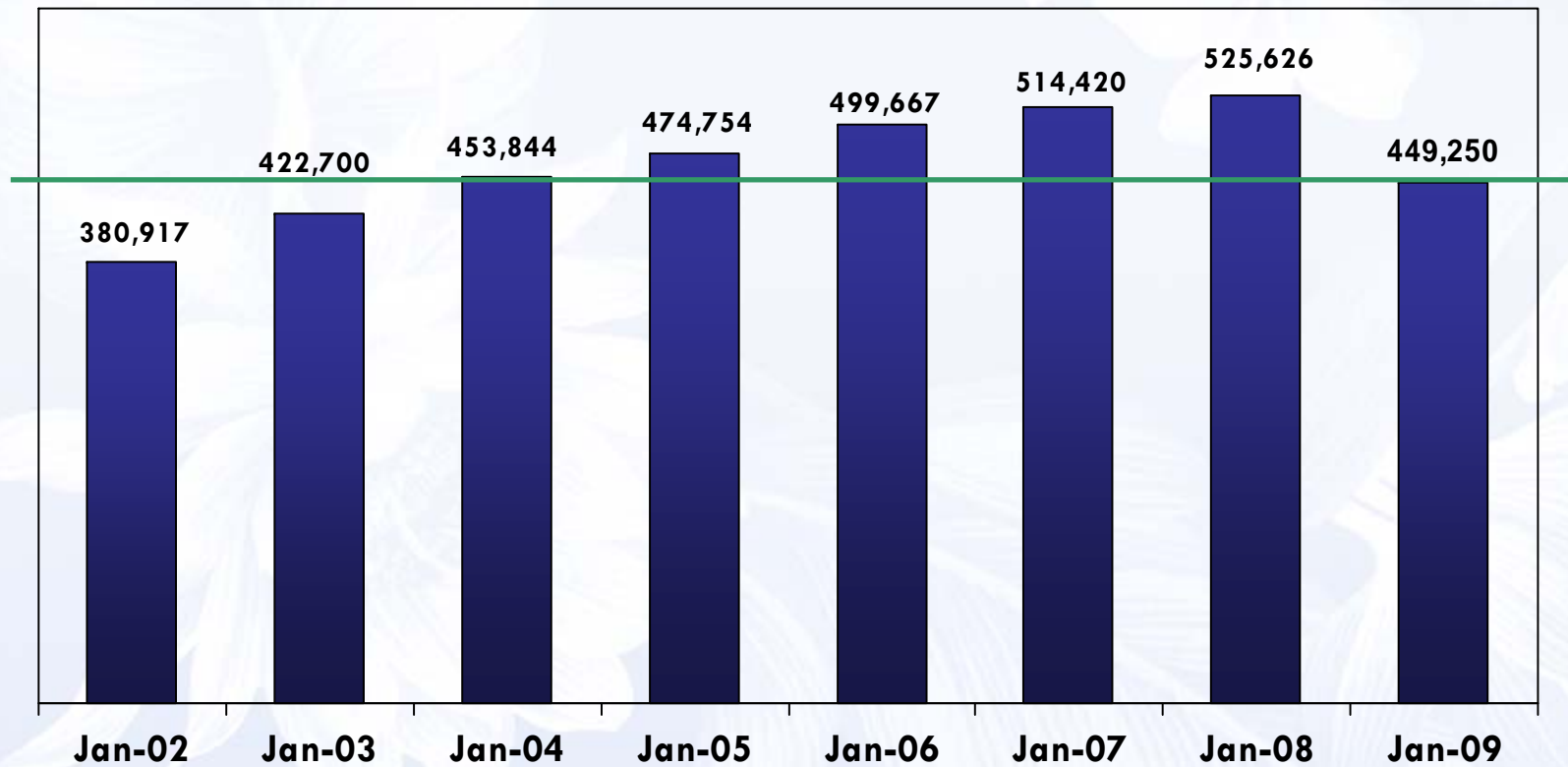
Source: Sabre ADI Database

Hawaii Air Service Outlook thru Q3

	FIRST QUARTER			SECOND QUARTER			THIRD QUARTER			YTD THROUGH 3RD QTR		
	2009	2008	%Chge	2009	2008	%Chge	2009	2008	%Chge	2009	2008	%Chge
Total US	1,446,732	1,849,975	-21.8%	1,539,818	1,570,262	-1.9%	1,589,311	1,650,633	-3.7%	4,575,861	5,070,870	-9.8%
US West	1,254,119	1,586,083	-20.9%	1,328,509	1,307,312	1.6%	1,368,058	1,395,713	-2.0%	3,950,686	4,289,108	-7.9%
US East	192,613	263,892	-27.0%	211,309	262,950	-19.6%	221,253	254,920	-13.2%	625,175	781,762	-20.0%
Japan	386,566	417,189	-7.3%	404,365	401,773	0.6%	408,898	418,596	-2.3%	1,199,829	1,237,558	-3.0%
Other Asia	36,082	34,371	5.0%	33,969	34,099	-0.4%	34,264	33,196	3.2%	104,315	101,666	2.6%
Aus/New Zealand	41,654	43,928	-5.2%	41,184	47,853	-13.9%	44,962	50,742	-11.4%	127,800	142,523	-10.3%
TOTAL	2,066,589	2,504,383	-17.5%	2,132,724	2,177,925	-2.1%	2,171,863	2,263,709	-4.1%	6,371,176	6,946,017	-8.3%

Source: Sabre ADI database data as of January 15, 2009

Historical Domestic Passenger Arrivals to Hawai'i – January 2002-2009



Source: HVCB Market Trends analysis based on historic DBEDT data



Mahalo!

HAWAII.
Visitors & Convention Bureau