



SPOTLIGHT ON:
MILLENNIAL
TRAVELERS PG2



Photo courtesy of Jilly Zdenkovic

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 | April 2016

In This Issue

The Rise of Millennial Travelers

The number of Generation Y travelers, also known as millennials, has grown substantially in the past few years and now represents a sizable share of the U.S. outbound leisure travel market. Millennials make up one-fifth (21.9%) of U.S. overseas travelers, up from 13.7 percent just three years ago. The millennial overseas travel population totals nearly 11.5 million persons who are starting to earn greater attention from the travel industry.

Millennials comprise a distinct segment of travelers that differ from their older generational counterparts. Their travel motivations,

planning sources, preferred destinations, and vacation activities are unique to the demographic. With a greater reliance on technology, millennials are the first generation to actively use social networks when planning a vacation.

This month's *Spotlight On* provides an in-depth look at millennials who have traveled by air for leisure purposes in the past year. Millennials represent the future of travel – they value vacations, and as their numbers grow, will continue to capture a larger portion of the overseas travel market.

Continued on PG2



HOTEL INDUSTRY UPDATE

Recently released data shows that Hawai'i's hotel room rates continued to grow in 2015. Despite some of the highest hotel prices in the nation, statewide occupancy rates still crept up year-over-year, supported by record arrivals.

PG4





Photo courtesy of HITA / Beaja Paris

Millennial Traveler Profile

Millennial Traveler Demographics

Household Income	\$96,530
Marital Status	
Now Married	46.4%
Never Married	51.4%
Have Children at Home	42.1%
Top Locations	
New York	13.1%
Los Angeles	7.4%
Chicago	5.6%
SF Bay Area	5.5%
Dallas- Ft. Worth	3.9%

Travel Motivations

Millennials see travel as an integral part of their lives. Nearly 60 percent say they feel the need to take at least one trip per year, higher than any other demographic. At the same time, however, millennials say it is more difficult to take time off from work for a vacation compared to their older generation counterparts. Because of this, only half of millennials (49.5%) say they travel as often as possible, slightly below Generation Xers (51.7%) and well below Boomers (67%) and Matures (75.3%).

Vacation Destinations

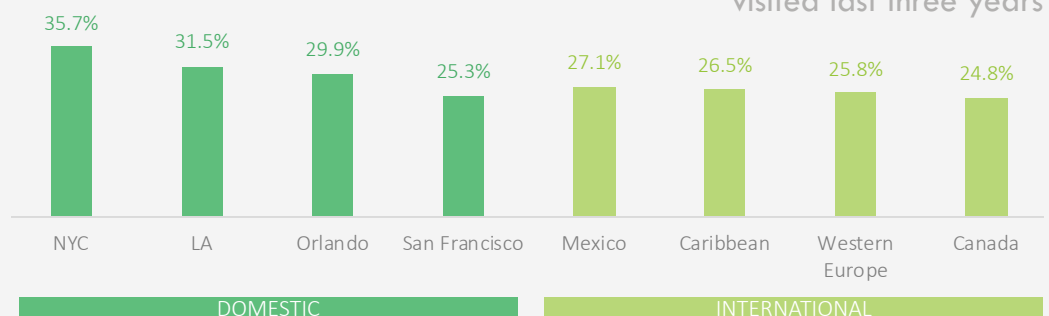
When traveling domestically, major U.S. cities are most popular among millennials.

Nearly 36 percent have visited New York in the past three years, while 32 percent visited Los Angeles, 30 percent went to the Orlando area, and 25 percent traveled to San Francisco. Nearly 16 percent of millennial air leisure travelers have visited Hawai'i in the past three years, compared to 18 percent of Generation Xers and 21 percent of Boomers.

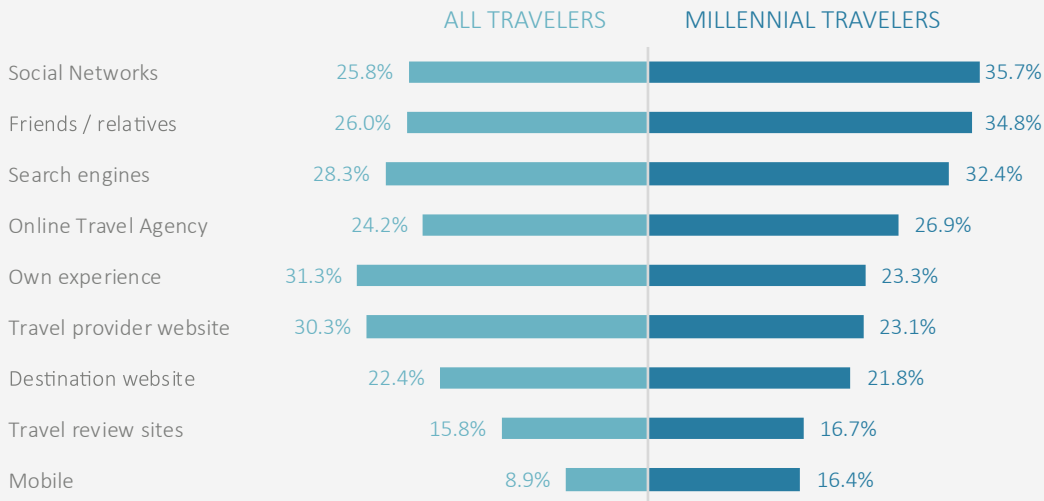
When traveling internationally, Mexico, the Caribbean, Western Europe, and Canada rank among the most popular destinations. Just over 27 percent visited Mexico in the past three years, while approximately one quarter have traveled to the Caribbean, Western Europe, and Canada.

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Millennial Travelers' Top Destinations visited last three years



Millennial Travelers' Top Travel Planning Sources and Vacation Activities



Source: HVCB analysis of TNS TravelsAmerica data, 2015

Planning and Booking

When planning and booking a vacation, millennial travelers tend to be more last minute. Nearly one-third (31.1%) of millennial travelers decide on a domestic destination less than one month out from their vacation dates.

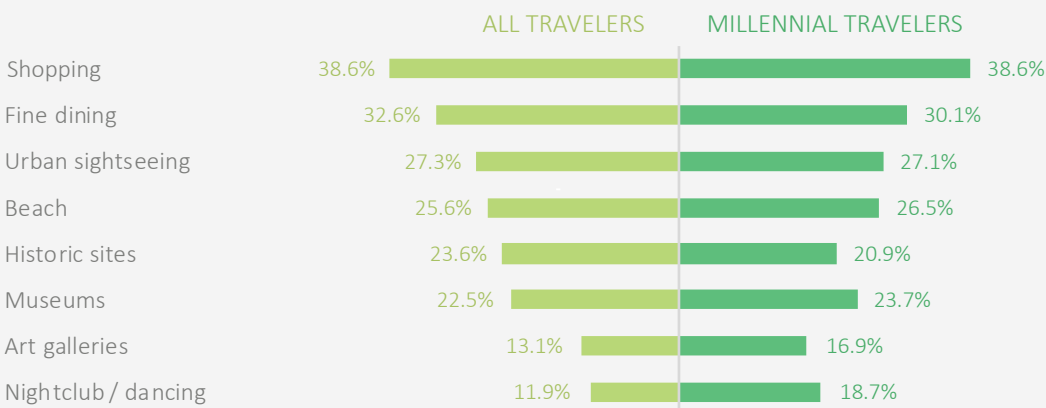
Millennial travelers' top vacation planning sources include social media (35.7%), friends and relatives (34.8%), and search engines (32.4%). Compared to the overall U.S. air leisure traveler population, millennials are much more reliant on social media (+9.9 points), friends and relatives (+8.8 points), and mobile browsing (+7.5 points) when planning a vacation. Millennials are also less likely to rely on their past travel experiences compared to older generations (23.1% compared to 31.1% of Generation Xers and 37.4% of Boomers).

When it comes to booking a vacation, mil-

lennials' preferred channels include Online Travel Agencies (38%) and travel provider websites (28.3%). Indicative of their cost-consciousness, millennials are much more likely to use OTAs compared to the overall U.S. air leisure traveler population (+11.5 points).

Vacation Activities

In terms of activities, shopping, fine dining, urban sightseeing, and the beach rank among the top things millennials do while on vacation. Millennials are much more likely to go dancing or to a night club while on vacation compared to the general U.S. air leisure traveler (+6.8 points), and somewhat more likely to visit art galleries (+3.8 points) as well as zoos/aquariums (+3.8 points). Millennials are slightly less likely to go rural sightseeing (-3.2 points), visit historic sites (-2.7 points), and participate in fine dining experiences (-2.7 points).



Source: HVCB analysis of TNS TravelsAmerica data, 2015



Photo courtesy of HVA / Diego Paris

Sources: TNS TravelsAmerica 2015 data, TravelStyles 'Americans as International Travelers' 2015-2016

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Photo courtesy of HHA / Deepa Paris



Hotel Industry Update

Sneak Peek at Next Month

 Spotlight On: Summer 2016 Outlook

 Latest airfare data

Hawai'i's Hotels Room Rates Hit New High

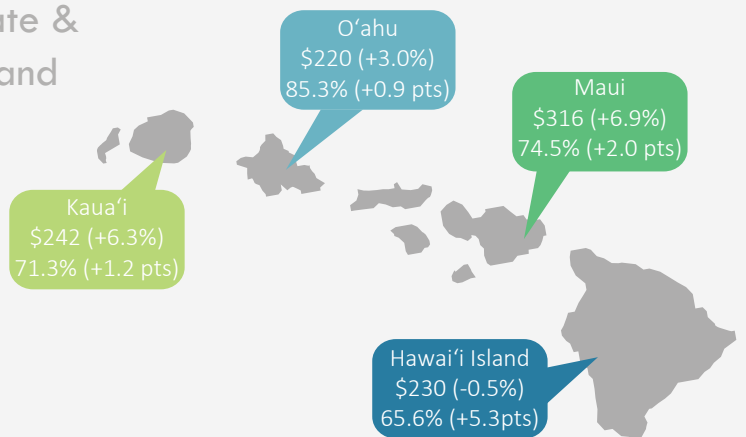
Hawai'i's hotels set a new record of \$5.43 billion in total revenue in 2015. Recently released year-end data shows hotels continued to drive rate through the end of the year. Statewide Average Daily Rate (ADR) grew +3.9 percent year-over-year to \$244 per night, making Hawai'i the second most expensive market in the nation. Despite increased rates, occupancy still grew +1.8 percentage points to 78.8 percent, supported in part by a record number of visitor arrivals to the state.

In 2015, Hawai'i's average length of stay (ALOS) among U.S. visitors fell -1.6 percent, to 9.6 nights. A shorter ALOS meant the total

cost of a hotel stay for visitors actually grew at a slightly lesser rate than overall ADR (+2.2% versus +3.9%), averaging nearly \$2,350 per trip. Length of stay was likely impacted by multiple factors, including higher hotel room rates and fewer available rooms on O'ahu due to a loss of inventory.

As a result, visitors staying in alternative accommodations grew at a faster rate than hotels. The percent of U.S. visitors staying in hotels grew +4.3 percent in 2015, while those staying in rental houses grew +12.6 percent, B&Bs were up +9.1 percent, and other accommodations increased +8.5 percent.

Average Daily Rate & Occupancy by Island



Source: HVCB analysis of Hospitality Advisors data, 2015