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

Market Insights Update

North America | August 2015

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Spotlight On: Digital Traveler Profile

In an increasingly digital world, consumers are inundated with information from all directions. More than 99 percent of the U.S. traveler population accesses the internet multiple times per day. With the rise of mobile technology, travelers now have near constant connectivity and access to unlimited information literally at their fingertips. With information overload, how do travelers sift through the noise?

This month's *Spotlight On* takes an in-depth look at how consumers utilize digital technology for travel. Nearly three-quarters of U.S. travelers report using the internet in some capacity while planning a leisure vacation. New technologies, coupled with increased competition for travelers' attention, are changing the consumer digital landscape. Understanding travelers' digital habits, including preferred devices, their trusted online sources, and favored planning and booking channels, can help your business better capture the attention of current and future visitors alike.

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HURRICANE UPDATE

One year ago, Hawaiʻi was preparing for the onslaught of Hurricanes Iselle and Julio. The resulting loss of arrivals, coupled with increased travel demand this year, means August 2015 passenger arrivals are now pacing well ahead of last year.

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TRAVELER SENTIMENT

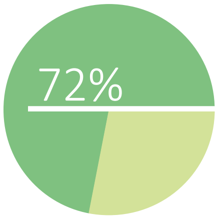
U.S. traveler sentiment is improving. Consumers report a significantly more positive outlook for their personal finances and slightly improved interest in travel.

PG5

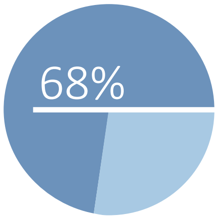
HAWAIʻI VISITORS AND CONVENTION BUREAU

Photo courtesy of HTA / Dana Edmunds

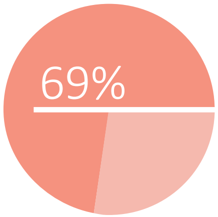
Digital Traveler Profile



OF U.S. TRAVELERS USE THE INTERNET FOR PLANNING A LEISURE VACATION



OF U.S. TRAVELERS USE THE INTERNET FOR BOOKING A LEISURE VACATION



OF U.S. TRAVELERS USE MOBILE AT SOME POINT IN THE TRAVEL PLANNING PROCESS

The Digital Landscape

With the internet now in our pockets, we are living in an increasingly digital world. Increased connectivity is changing the ways in which consumers seek and utilize information, their shopping habits, and how they interact with businesses. Within the travel and tourism realm, an explosion of digital information has led to a shift in how consumers find travel inspiration, their travel planning sources, booking channels, and even how they engage with brands.

Almost all U.S. air leisure travelers (99.1%) say they access the internet several times per day. While online, 86.8 percent of travelers rank email as their most important online activity, followed by social networking (39.7%), and shopping (22.3%).

Online Travel Planning and Booking

Nearly three-quarters of U.S. travelers (71.5%) use the internet in some capacity when planning a leisure vacation. The most popular online sources for travel planning include travel provider websites (34.9%), search engines (27.6%), social media (24.3%), online travel agencies (23.8%), and destination websites (23.6%).

In terms of actually booking a vacation, more than two-thirds of U.S. travelers (68.2%) rely on online channels. These most popular booking methods include travel provider websites (39.4%), online travel agencies (22.6%), and destination websites (11.2%).

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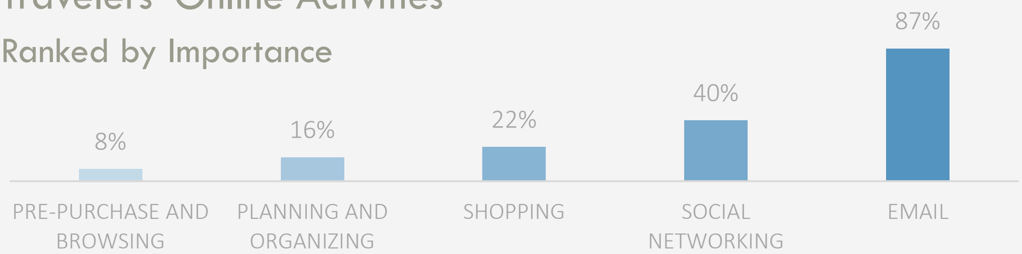
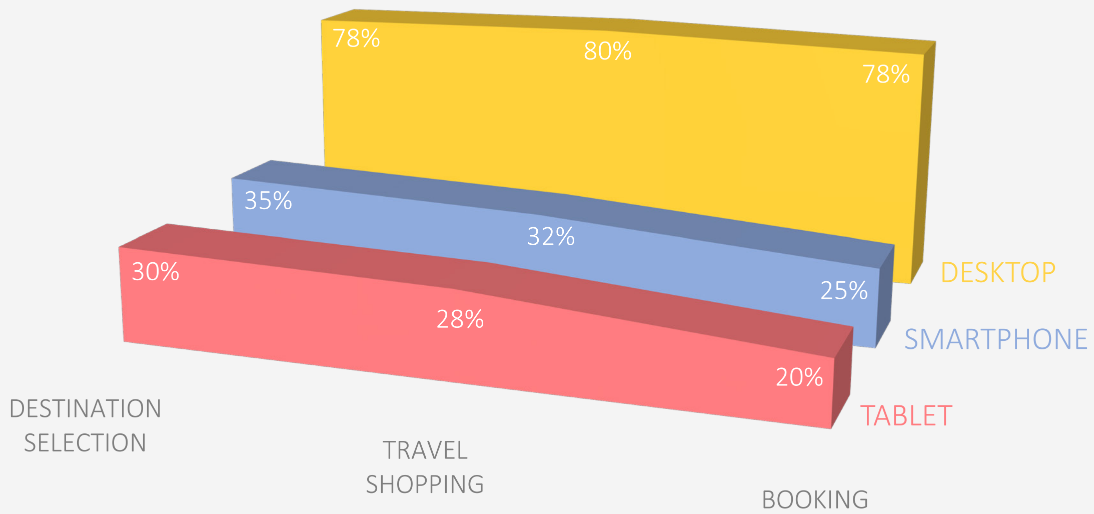
Travelers' Online Activities

Ranked by Importance



Source: HVCB analysis of TNS Travels America data, 2014

Digital Devices Used in the Travel Planning Life Cycle



Source: HVCB analysis of PhoCusWright Traveler Technology Survey 2014

Shift to Mobile

While desktops remain the technology of choice for online travel planning activities, a major shift to mobile is occurring. According to a 2014 survey on digital lifestyles, travelers are now more likely to own a smartphone (87%) than a laptop (79%) or tablet (59%). For the first time ever, the majority of U.S. online travelers used their mobile device to plan a trip (including destination selection, shopping, and/or booking) in 2014. Nearly seven in ten travelers planned a trip using a mobile device, compared to fewer than half in 2013. Travelers are more likely to use a mobile device during the destination selection and shopping phases, while mobile bookings lag behind. Although travelers are increasingly warming to the idea of mobile commerce, only around half say they are comfortable with making a purchase from a mobile device. Desktops still remain the device of choice for purchases.

Social Media Usage

The vast majority of U.S. travelers (89%) actively participate in a social network. Eight in ten travelers report logging onto social media at least once a day, while one quarter are logged on continuously. Facebook remains the preferred social network, with 83 percent of travelers using the platform, whereas 38 percent use Twitter and 29 percent use Instagram.

Product and Service Information Sources

Nearly two-thirds of travelers (62.5%) say the internet plays a large role in researching what products and services to buy. At the same time, travelers are cautious about what they read on the internet, with more than half (52.2%) saying they are hesitant to trust what people say online about brands.

Social media plays a large role in the destination selection process. When it comes to making product or service decisions, though, travelers are more likely to seek information from independent review sites and the brands or retailers themselves. When asked to choose, more than one third of travelers (33.6%) say they prefer official brands or retailers as a source of product or service information, compared to 13.3 percent who rely on social media. Independent review sites scored even higher, capturing nearly 40 percent of travelers, compared to 9.6 percent who prefer social media.

Brand Engagement

U.S. leisure travelers are much less likely to express their opinion about brands on the internet, with 58.7 percent saying they rarely or never engage with brands online. A comparatively smaller percentage of travelers (21.2%) often express their opinions about brands online.

Sources: PhoCusWright Traveler Technology Survey 2014, TNS TravelsAmerica data 2014-2015

Hurricane Update

At a Glance: Air Service

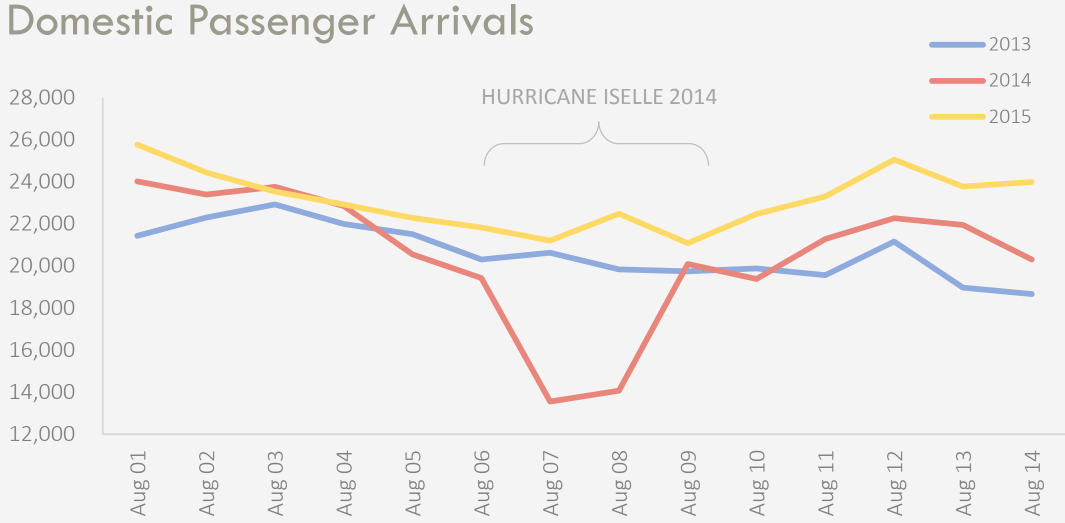
Air service to Hawai‘i remains strong. Scheduled air seats from North America are expected to be up +4.1 percent year-over-year from August through October 2015. More than 1.7 million seats are scheduled to arrive from U.S. West, 221,000 from U.S. East, and 61,000 from Canada. The markets seeing the highest growth in seat inventory include San Francisco (+17.4%), Seattle (+15.5%), Atlanta (+11.5%), and Chicago (+11.0%).

August Arrivals Boosted by Hurricanes Last Year

It has been exactly one year since Hurricanes Iselle and Julio were headed for the Hawaiian Islands, impacting arrivals in the first ten days of August 2014. Hurricane coverage in the media, flight cancellations from the mainland, and the suspension of airline rebooking fees led to a downturn in passenger volume in the period surrounding the expected onset of the hurricanes. As a result, Hawai‘i saw a significant loss in arrivals. In the days leading up to the storm, domestic passenger arrivals fell -17.8 percent year-over-year, ultimately pulling down total North American visitor arrivals for the month.

Fast forward to this summer, Hawai‘i has benefited from increased vacation demand, leading to strong growth in domestic arrivals. High demand for a Hawaiian Island vacation, coupled with the unexpected downturn of arrivals last year, means this August's passenger counts have jumped to new levels. Domestic passenger arrivals are currently pacing +12.5 percent ahead of last year month-to-date through August 16th. A significant portion of this growth is concentrated around August 7th (+56.4%) and August 8th (+59.8%).

Domestic Passenger Arrivals



Source: HVCB analysis DBEDT Passenger Arrival Data, as of August 18, 2015

Photo courtesy of HTA / Dana Edmunds

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Travel Sentiment

Traveler Sentiment Grows in Third Quarter

The overall U.S. Traveler Sentiment Index grew +3 points year-over-year in the third quarter of 2015. Traveler sentiment is measured by consumers' demand for travel services, including interest in travel, time for travel, personal financial situations, and the perceived affordability of travel.

Consumers report a more positive outlook for their own personal finances, which corresponds to an increase in the perceived affordability of travel – up +38 points year-over-year. Interest in travel also grew slightly in the third quarter, up +3 points over 2014. At the same time, time for travel has remained relatively unchanged from one year ago.

More than six in ten (61%) U.S. adults plan to take at least one overnight vacation in the next six months, on par with the previous year. Nearly one-quarter of these (26%) plan to spend more on leisure travel than the previous year, much higher than the 13 percent who expect to spend less.

Sneak Peek at Next Month

- Spotlight On: The Shoulder Season
- Updated airfare data for the first quarter of 2015
- Winter air seat outlook