



SPOTLIGHT ON: Hawai'i's Target Audience



Photo courtesy of Hawai'i Tourism Authority

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

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In this Issue

One of the key tenets of an effective and impactful marketing plan – and arguably the most important – is understanding your target audience. Your target audience should be the foundation of all elements of your marketing strategy, from how you develop and position your products or services all the way through to the marketing channels used to promote your business.

One of the most common mistakes made by marketers is thinking that their target audience encompasses everyone. After all, doesn't more people mean more business? In reality, a targeted audience allows you to better focus your advertising efforts in order to reach the customers who are most

likely to convert. As the depth of audience insight grows, the result is often stronger brand recognition, higher conversion rates, and ultimately, better return on marketing investment.

The strategy for destination marketing is no different. Hawai'i's target audience is made up of experiential, discerning, and relatively price insensitive consumers who are known as the Hawai'i Target Traveler (HTT). This month's Market Insights Update takes an in-depth look at the evolution of Hawai'i's target audience, from identifying high potential travelers to understanding the demographics, behaviors, and preferences of this group.

Continued on Page 2



Airfare Update

The average cost of a flight to Hawai'i fell -8 percent in the first quarter of 2019, driven by both an increase in air seat capacity as well as carriers positioning themselves for the entry of Southwest Airlines into the market.

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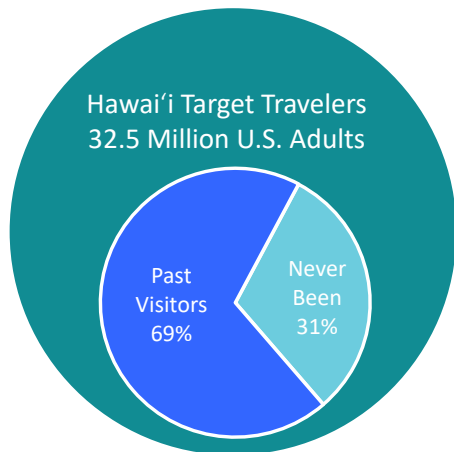


Photo courtesy of FITA

The Hawai'i Target Traveler

Hawai'i Target Travelers by the Numbers

**U.S. Overseas Travelers
57.3 Million U.S. Adults**



Source: TravelStyles USA 2017-2018

Evolution of the Target Traveler

Nearly 15 years ago, state officials identified Hawai'i's Target Traveler as American consumers who travel overseas, are very/extremely interested in visiting Hawai'i, and likely to visit in the next five years. Back then, this audience accounted for nearly 26 million American adults.

Over time, this group was further broken into three key segments – Outdoor Recreation, Culture & Arts, and Golf Travelers. Outdoor Recreation travelers are active consumers who relax by engaging in nature-based activities that span a range of moderate athletic pursuits. On vacation, they seek destinations that offer a diversity of options for soft-adventure experiences in attractive outdoor settings. Culture & Arts travelers are experiential, highly-educated, and well-traveled consumers who seek to actively learn about and experience the unique culture, arts, and history of a destination. Golf travelers, while also experiential and well-traveled, consider their ideal vacation to include a golf outing complemented by a variety of upscale destination activities to engage in when off the course.

When the recession hit in 2008, however, the influx of visitors to Hawai'i slowed

dramatically. In order to reverse the loss of visitors, the State of Hawai'i re-focused their strategy in order to stem the loss of visitors. High Potential Target Travelers became the new target audience, with higher household incomes, less price sensitivity, residence close to an airline hub market, and a strong likelihood to visit Hawai'i in the next two years.

Coming out of the recession, the marketing strategy shifted towards re-invigorating Hawai'i's customer base. There are essentially three ways to grow tourism: increase in-destination spending, increase length of stay, and/or increase arrivals. Given that Hawai'i's customers have a high propensity for repeat visitation, the focus shifted to building first-time arrivals to the state. These 'never beens' had a higher overall in-destination spend, stayed longer on average, and were more likely to stay in hotel accommodations.

Today, there are nearly 33 million American adults within Hawai'i's target audience. This percentage makes up almost 57 percent of mainland outbound leisure travelers or 13 percent of all U.S. adults.

Hawai'i Target Travelers Demographics

	Total HTT	Millennials	Gen X	Young Boomer	Old Boomer
Percent of Target Audience	~	30%	29%	18%	13%
Average Household Income	\$93,137	\$82,647	\$98,909	\$106,065	\$92,870
Dependent Children	36%	51%	28%	28%	21%
College Graduate	73%	79%	79%	72%	70%
Never Visited Hawai'i	31%	33%	34%	26%	26%
Previously Visited Hawai'i	69%	67%	66%	74%	74%
Median Stay	7.9 nights				
Median Spend	\$2,240				
Traveled with Spouse	61%				
Traveled as Family	28%				

Source: TravelStyles USA 2017-2018

Hawai'i Target Traveler Demographics

Millennials and Gen Xers now account for the majority of Hawai'i Target Travelers, totaling 30 percent and 29 percent respectively. Young boomers make up around 18 percent of the target audience, while older boomers account for 13 percent. The median age of the Hawai'i Target Traveler is 46 years old.

Just under one quarter of the HTT audience (24%) resides in the Pacific region, while 19 percent lives in the South Atlantic, 13 percent in the Mid-Atlantic, and 12 percent each live in the East North Central and West South Central regions. As expected, the propensity to visit Hawai'i is strongest in the Pacific and Mountain regions.

Among the top DMAs of Hawai'i's Target Travelers, 9 percent live in Los Angeles, 8 percent reside in New York, 5 percent live in the San Francisco Bay Area, 4 percent are in Chicago, and 3 percent live in Philadelphia. Dallas, Houston, Washington, DC, Phoenix, and San Diego trail behind at around 2 to 3 percent.

The majority of HTTs are married (62%) and 36 percent have children at home. The percentage with children at home is actually highest among Millennials, at 51 percent of the total segment.

Hawai'i Target Travelers tend to be well educated; nearly three-quarters have com-

pleted a university degree. On average, the household income for HTTs is \$93,000 per year. This is significantly higher than the U.S. average of \$59,000. One fifth of the Millennial audience has a household income higher than \$125,000, while 36 percent of Gen Xers surpasses this threshold. Young Boomers have the highest average annual household income of all generational segments at \$106,000.

Travel Behaviors

Among the most popular overseas destinations Hawai'i Target Travelers have visited in the recent past, the Caribbean ranks first at 33 percent of the target audience, followed by Mexico at 28 percent, and Hawai'i at 25 percent. At the same time, however, Hawai'i is the number one most desired destination, ranking first among its competitive set. Nearly 75 percent of the target audience say they are very or extremely interested in visiting the islands. Of these, 40 percent say they are likely to visit in the next two years, while 36 percent are likely to visit in the next three to five years.

Despite a high propensity for travel, there are still significant barriers to travel for HTTs. Among the Millennial audience, 45 percent cite unaffordability and 31 percent say no time for travel are the biggest reasons why they are not taking more overseas vacations.

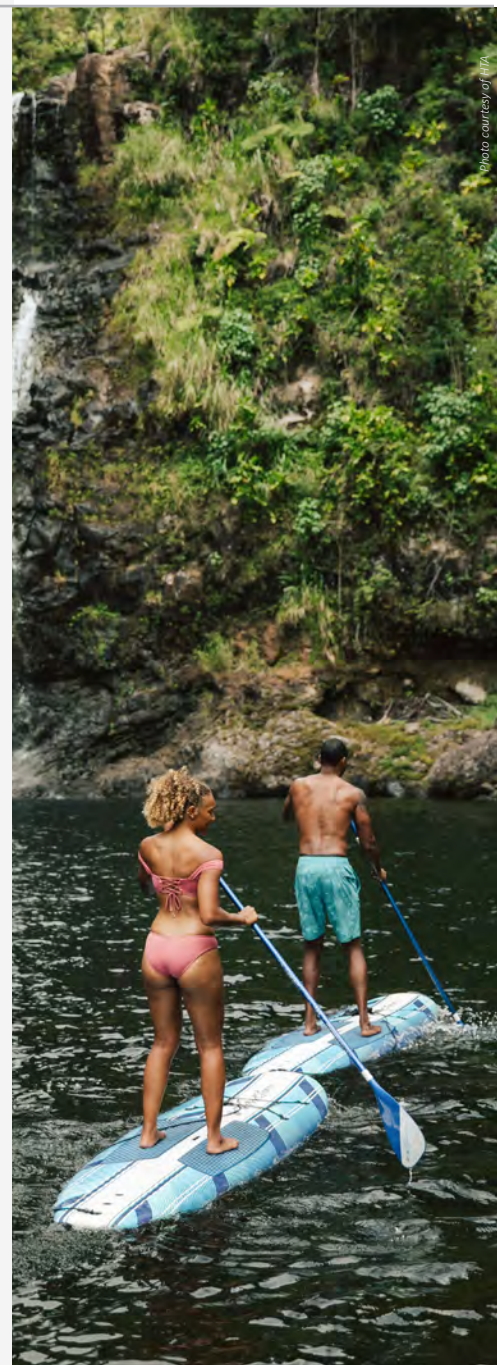


Photo courtesy of HTA

Travel Behaviors Continued

Meanwhile, Gen Xers are more concerned about the threat of terrorism (38%), the health of the economy (20%), and the safety of flying (19%). Younger Boomers are similarly concerned about terrorism abroad (26%), but have lower overall concerns about affording travel (28%), the U.S. economy (15%), and having time to travel (12%).

Travel Motivators & Activities

The number one most desired aspect of Hawai'i Target Travelers for any vacation is to have fun (73%), spanning all generations. For Millennials, top travel motivators also include rest and relaxation (60%), an escape from everyday life (59%), and seeking adventure (57%). For Gen Xers, rest and relaxation (63%) and escape from everyday life (62%) also rise to the top, followed by broadening horizons (57%) and engaging with people, places, and culture (57%). For older generations, the top travel priorities include experiencing local lifestyles (62%), rest and relaxation (61%), engaging with new cultures (61%), and broadening horizons (61%).

Thanks to their desire to explore, Gen Y Hawai'i Target Travelers are significantly more likely to take a short vacation (long weekend trips), trips built around a special event (festival, concert, sporting event), or a trip to volunteer time or community service. The appeal of these types of trips declines with age.

While on vacation, nature is a big draw, especially among the younger generational segments. For the Millennial audience, 73 percent are likely to visit natural wonders (e.g. volcanoes, waterfalls), while 66 percent would like to visit a national park or wilderness area, and 61 percent are likely to go hiking. These percentages are even higher among Gen Xers. Older generational segments are more likely to see animals in their natural habitat (71%) and go whale watching (57%).

In addition to outdoor adventure, Hawai'i Target Travelers also seek out culture and arts activities while traveling. More than half of millennials (54%) are likely to explore outdoor art (e.g. murals, street art, etc.), visit small towns and rural areas (54%),

and go to museums and galleries (66%). Similarly, Gen Xers likely to visit museums (74%) and small towns (60%), in addition to religious sites (55%). Boomers are most likely to go to a live music event or concert (50%), observe artisans/crafts-men at work (50%), and visit native communities (45%).

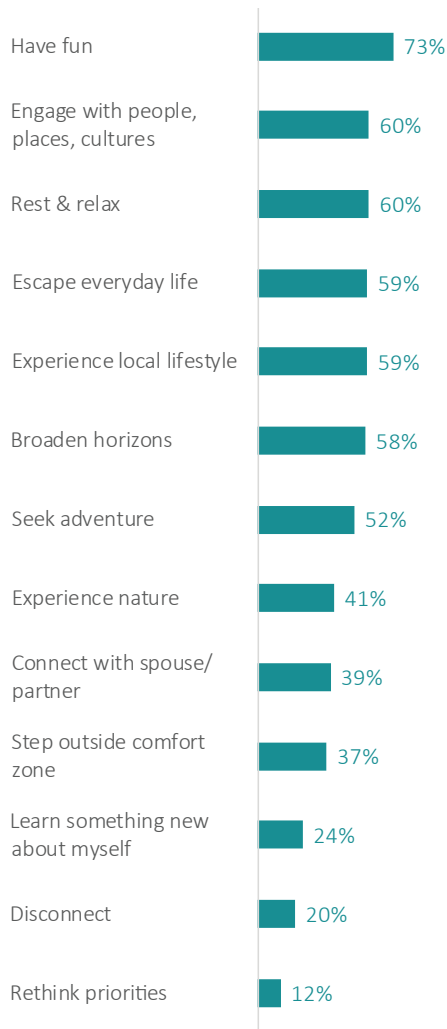
Food is an important part of travel and 44 percent of HTTs say they view an overseas vacation as a time to indulge their passion for cuisine and wine, while 58 percent say they would take a vacation focused on food. These percentages are highest among the millennial audience. In fact, Gen Y HTTs are most likely to visit a food market or hall (66%), eat at a street stall or food truck (61%), and seek out restaurants featured in magazines/TV or on social media (53%). Gen Xers are more interested in the process, and are thus more likely to learn how to make or prepare a local dish (37%) or visit a farm or ranch (36%).

Golf remains a niche segment of the Hawai'i Target Traveler audience and 16 percent say they are likely to take a golfing vacation. This percentage increases with age, with 18 percent of Older Boomers likely to travel for golf.

Media Habits

Hawai'i Target Travelers spend on average 16 hours a week on the internet. Nearly 60 percent spend the majority of their time online on a mobile device. This percentage is highest among Millennials (84%). Almost half of HTTs (48%) are active social media users, with the highest active user percentage going to the Gen Y segment (74%). Conversely, boomers are much more likely to be passive social media users (53%). In terms of the most regularly visited social media sites, Facebook rises to the top for all generational segments (76%), followed by YouTube (52%), Instagram (38%), and Twitter (32%). Use rates are significantly higher among the Gen Y segment and have been growing at significant rates over the past five years. In terms of usage, social media is primarily used for posting travel photos (33%), watching travel videos (29%), and reading reviews (29%).

"For me, a vacation is time to..."



Source: TravelStyles USA 2017-2018



Media Habits Continued

When choosing a vacation destination, Hawai'i Target Travelers' most influential factors include a previous visit (35%), good fares or package price (19%), and a recommendation from a family or friend (17%). Online sources are also important, with 13 percent relying on a destination website, 12 percent reading online reviews, and 12 percent using social media when deciding where to visit.

Hawai'i Travel

Hawai'i's Target Traveler is an experienced visitor – seven in ten have visited the islands before. This percentage is highest among the boomer generation (75%), while 67 percent of Millennial target travelers and 66 percent of Gen X target travelers have visited Hawai'i before. Interestingly, Gen Y and Gen X are slightly more likely to have visited Hawai'i in the past three years compared to their older generational counterparts (35% and 34% respectively).

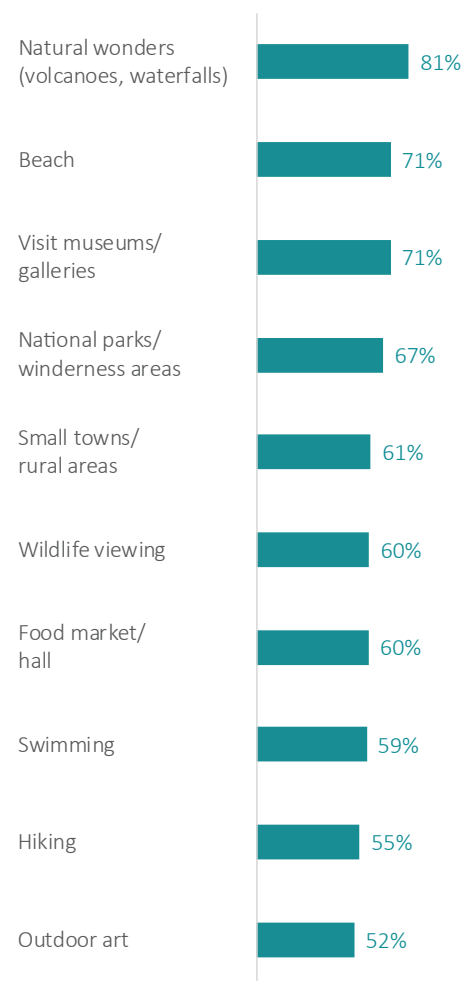
When visiting Hawai'i, nearly half of HTTs (48%) decided to visit within three months of departure. Similarly, nearly two-thirds (63%) booked their travel within three months of visiting. One quarter of HTTs (26%) are last minute travelers, having booked their travel within one month of departure.

When visiting the islands, HTTs stay on average 7.9 nights and spend \$2,240 in destination per person. Nearly two thirds (61%) traveled to Hawai'i with their spouse or partner, while 29% traveled as a family.

Hawai'i Target Travelers are more likely to stay in a hotel when visiting the Hawaiian Islands (75%), while 12 percent stay in a timeshare or cruise ship, and nine percent stay in a rental property. Nearly two thirds (62%) rented a car on their most recent vacation to Hawai'i.

Overall, Hawai'i's target audience has been built upon solid growth over the past two decades, resulting in one in four U.S. mainland leisure travelers having visited the islands in the past three years. Coupled with the growth of the U.S. mainland travel market, Hawai'i has seen a record number of arrivals within its target market in the recent past. The outlook for Hawai'i's target audience also remains positive. Hawai'i is the single most appealing destination for U.S. overseas leisure travelers and interest in Hawai'i is at its highest ever recorded level. As a result, the pool of Hawai'i's Target Travelers is bigger than ever. The ability to continue to drive desire and intent to visit among Hawai'i's target audience remains key to the long-term success of the destination.

Top 10 Activities Most Likely to Do on Vacation



Source: TravelStyles USA 2017-2018



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Airfare Update

Sneak Peek at Next Month



Spotlight On:
Shoulder Season Travel

The average round-trip airfare between the U.S. mainland and Hawai'i fell -9 percent year-over-year in the first quarter of 2019, totaling \$622 per ticket. Fares from the U.S. West decreased -10 percent, averaging \$506 per ticket. Airfares were down from major markets, including Los Angeles (-14%), San Francisco (-11%), Seattle (-7%), and Denver (-7%). Meanwhile, fares from the U.S. East fell -8 percent to \$876. This included a -10 percent de-

crease in fares from Chicago, -9 percent from New York City, -8 percent from Dallas, and -6 percent from Houston. Part of what was driving the drop in fares was a +1 percent increase in nonstop air seats from the U.S. mainland in the first quarter of 2019, with +22,000 additional seats. Airlines were also positioning themselves with the expected entry of Southwest Airlines into the market, helping drive down fares for customers prior to launch.