



## SPOTLIGHT ON: VISITING FRIENDS & RELATIVES TRAVEL 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 2016

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### Visiting Friends & Relatives Travel

The holidays are finally here, the time of year when we leave behind – at least for a little while – the hustle of daily life to enjoy the company of friends and family. For more than 70,000 Americans each holiday season, those friends and family are in Hawai'i.

This month's *Spotlight On: Visiting Friends & Relatives Travel* breaks down this oft-overlooked segment of the travel market. While the Visiting Friends and Relatives (VFR) segment tends to spend less overall, they still account for more than one-in-ten visitors to Hawai'i from the U.S. mainland and one-fifth of visitors to the islands during the hol-

iday season.

Only half of U.S. VFR travelers eschew paid lodging altogether, and their lower spending is offset by a higher likelihood to make return trips. In fact, VFR travelers represent a disproportionate share of the Holy Grail of business enterprise: repeat customers. The U.S. VFR segment is one of the most loyal, with the average visitor making their eighth trip to Hawai'i in 2015.

The following provides an overview of VFR travelers' demographics, travel planning sources, and vacation activities compared to the overall leisure travel market.

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### TRAVEL INTENTIONS

Recently released data shows Hawai'i travel intentions hit a new fourth quarter high, with more than four-in-ten U.S. air leisure travelers saying they are very or extremely likely to visit the islands in the next 24 months.

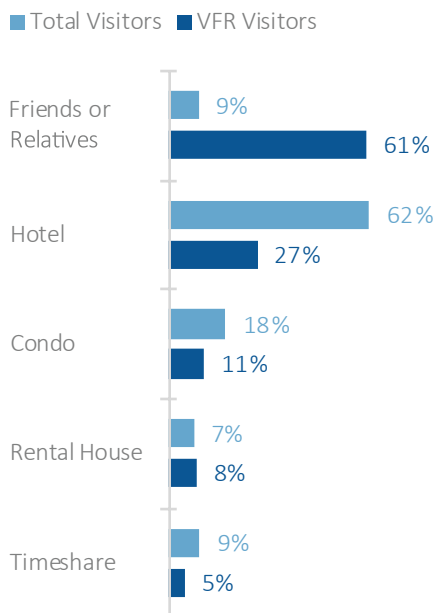
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## Visiting Friends & Relatives Travel

### Lodging Choice in Hawai'i



Source: HVCB analysis of HTA Visitor Arrival data, 2015

#### *Americans as VFR Travelers*

Outside of the peak summer months, the holiday season is the most popular time for leisure travel among Americans. For those traveling to visit friends and relatives, December is actually their overall preferred month. Considering more than half of all U.S. air leisure travelers incorporated VFR into a trip in 2015, this translates into significant proportion of total visitor days.

The typical U.S. VFR air traveler differs somewhat from their non-VFR counterpart. While they are remarkably similar in age (43.9 vs. 44.2 years old on average) and total travel days (21.4 vs. 22.4 days per year on average), U.S. VFR air travelers are more likely to be single (43.3% vs. 39.2%) and less likely to rate leisure travel as a high priority. In 2015, only 46.3 percent of VFR air travelers indicated they traveled 'as much as possible', as compared to more than 53 percent of the non-VFR population.

Somewhat predictably, U.S. VFR air travelers were more likely to use personal experience and connections to plan their trip, with one-third leaning on their own past experience, and 36 percent relying on

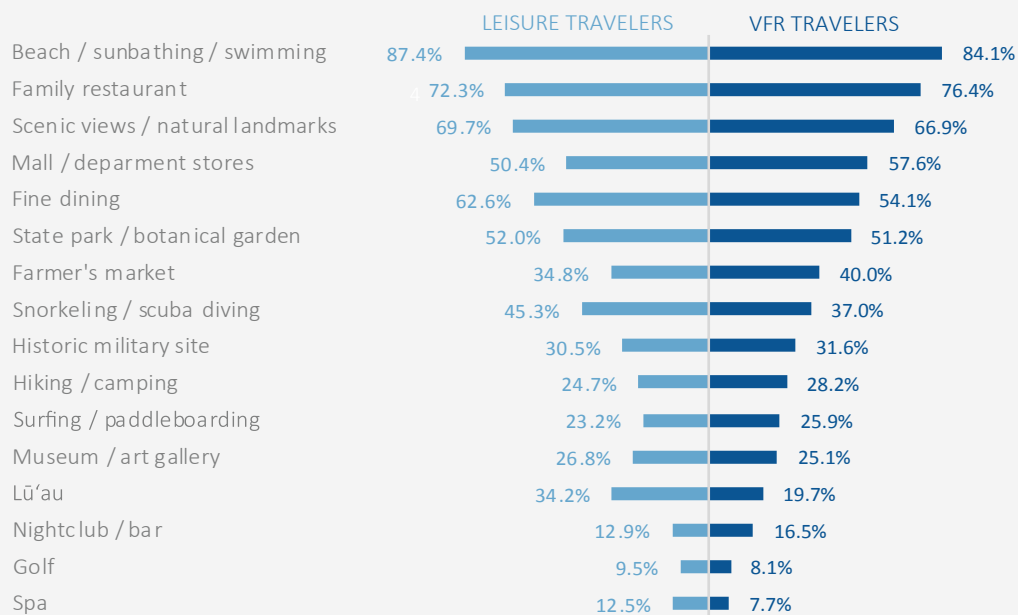
a close friend or family member. Of note, nearly 60 percent of U.S. VFR air travelers also utilized online resources while planning their trip. This fact sheds light on an important truth of VFR travelers: while this segment is less likely to utilize lodging options typical of their non-VFR counterparts, they do not pass on activities and amenities altogether.

To put it another way, U.S. VFR air travelers still dine out, immerse themselves in local culture and entertainment, and even stay in hotels, albeit at a lower rate. With regards to high-expenditure activities such as fine dining, shopping, spa visits, going to night clubs, or taking in a show, VFR travelers are only about one-fifth less likely to participate than the general leisure traveler. This smaller than expected difference is reflected in spending habits as well. Overall, U.S. VFR air travelers spend 30 percent less than other travelers, with the vast majority of the difference accounted for in lower lodging and transportation costs as opposed to food and entertainment. But even hotels and other lodging establishments do not lose out as much as one would think; only slightly more than half of all U.S.

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## Popular VFR Traveler Activities in Hawai'i



Source: HVCB analysis of Visitor Satisfaction & Activity Report, 2015

VFR air travelers reported staying in a private residence, implying the rest paid for lodging.

One of the greatest benefits of VFR travel, however, is that they are frequently repeat visitors. Tied to a destination by tight bonds with local residents, U.S. VFR air travelers are much more likely to return than normal air leisure travelers. Last year saw 56 percent of U.S. VFR air travelers returned to their destination for the third (or more) time in the last five years, as opposed to just 45 percent of non-VFR travelers. Thus, what they lack in per trip expenditures, they often make up with the frequency of visits.

### *Visiting Friends & Relatives in Hawai'i*

A total of 717,000 VFR air travelers visited Hawai'i in 2015, an increase of +5.8 percent from the previous year. Of those, approximately 90 percent came from the U.S. mainland market.

In many ways, the trends of Hawai'i's VFR visitors mirror those of the broader U.S. market segment. As with U.S. VFR air travelers as a whole, December proved to be the most popular month for VFR trips to Hawai'i. Such is the popularity of the Hawaiian Islands as a VFR destination during the holidays that this travel accounted for nearly one-fifth of total air

leisure travel from U.S. mainland in December of 2015.

Hawai'i's VFR air travel market mimics the broader market in several notable ways, but by far the most important and encouraging similarity is their prevalence to visit again and again. In 2015, only 20 percent of VFR visitors were making their first trip to Hawai'i, as opposed to over one-third of total visitors. Likewise, the typical visitor to Hawai'i was making their fifth trip, while VFR travelers were making their eighth.

Overall, VFR travel might not be the flashiest or most sought-after market segment, but it accounts for over ten percent of visitors to Hawai'i from the U.S. mainland and should not be ignored. VFR travelers are not hermits that retreat into their families' guest rooms upon arrival; they want to experience the art, culture, and natural beauty of Hawai'i just like every other visitor. Targeted marketing campaigns that highlight entertainment and dining options, particularly during the holiday season, could be instrumental in ensuring VFR visitors get the most out of their numerous trips to the Hawaiian Islands – and that Hawai'i's visitor industry gets the most out of them.

Sources: HVCB analysis of HTA & TNS TravelsAmerica data



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Photo courtesy of HTA / Ter Johnson

# Travel Intentions

**Sneak Peek at Next Month**

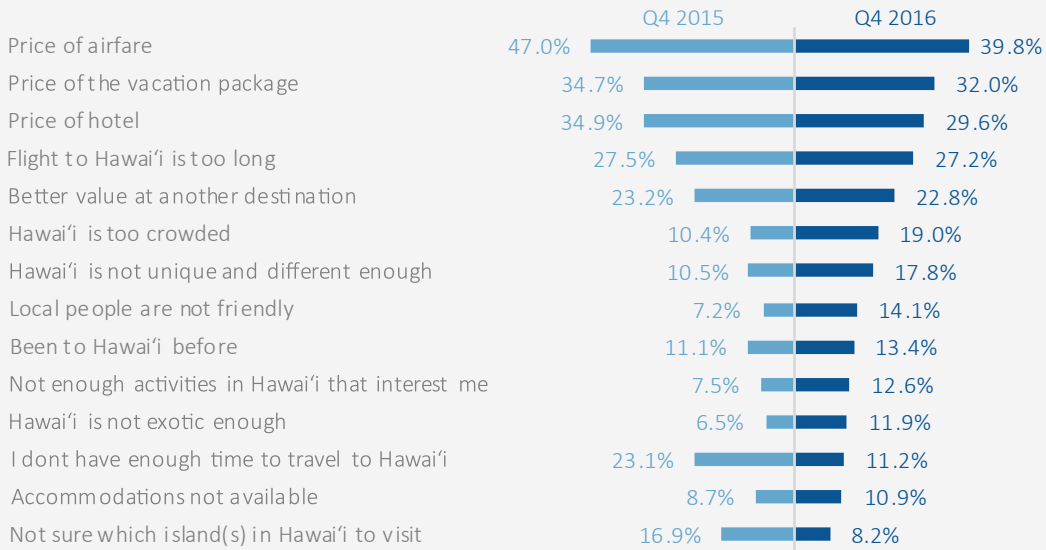
 2017 Travel Industry Outlook

## Hawai'i Travel Intentions Hit Fourth Quarter High

As a result of strong traveler sentiment, Hawai'i travel intentions have grown substantially in the past year. Nearly half of U.S. air leisure travelers (47%) say they are very or extremely likely to visit Hawai'i in the next two years, a +10 percentage point increase year-over-year and +28 points higher than five years ago, reaching a new fourth quarter high.

Despite strong travel intentions, a portion of U.S. air leisure travelers say they have considered visiting Hawai'i but decided not to after all. While the cost of a Hawai'i vacation still remains the top travel deterrent, the percent of travelers who cited high travel prices as the reason not to visit actually declined at the end of 2016. Moderating airfares likely contributed to this decrease.

## Hawai'i's Top Travel Barriers



Source: HVCB analysis of MMGY Global travelhorizons data