

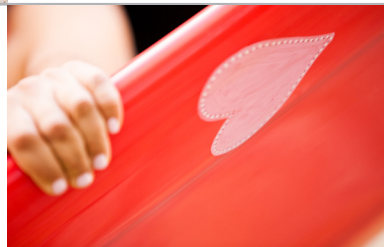


**SPOTLIGHT ON
HAWAI'I'S ROMANCE
TRAVEL MARKET** *PG2*

A monthly update including relevant information on tourism industry trends, consumer market research, Hawai'i's performance as a destination, and competitive intelligence.

MARKET INSIGHTS UPDATE

FEBRUARY 2015



North American Travel Market Update



Travel for the purpose of celebration, including weddings, honeymoons, and anniversaries, is a growing segment. Almost one-in-four U.S. overseas travelers see a vacation as a time to celebrate and mark a life milestone, and in fact, nearly one-in-three report that their most recent overseas vacation was actually taken to celebrate a special occasion such as a wedding, honeymoon or anniversary.

Hawai'i is at top-of-mind for travelers when selecting wedding and honeymoon destinations. Hawai'i's romance visitor seg-

ment is growing and the state is well-positioned to capture its share of both romance and leisure travelers alike in 2015.

Scheduled air seats from the U.S. mainland and Canada continue to grow, with double-digit increases in capacity in the upcoming six month period. Travel prices to Hawai'i are also easing, thanks in part to the increased air seats and consumers' growing interest in travel. All market indicators point to thriving months ahead for Hawai'i as a destination.

AIR SERVICE UPDATE

A record number of scheduled air seats from the U.S. and Canada, coupled with easing airfares, should help drive visitor arrivals in the near-term. *PG4*

CONSUMER TRENDS

The average cost of a Hawai'i vacation moderated in the third quarter of 2014, after posting double-digit increases in the first half of the year. Easing travel prices will potentially have a positive impact on converting consumers' intent to travel into actual visits. *PG5*

VISITOR STATISTICS

Visitor arrivals from the U.S. and Canada ended 2014 on a high note, posting the largest gain in 2014 in the month of December. *PG6*





Romance Travel Market

At a Glance: LGBT Romance Travel

According to the latest *TravelStyles* data, gay and lesbian travelers account for 3.6 percent of the U.S. outbound leisure travel market. Of the 1.8 million Americans in the segment, males make up more than three-quarters of the LGBT overseas travel market. Overall, gay and lesbian travelers tend to skew somewhat younger than other outbound overseas travelers, with an average household income similar to that of the general overseas travel population, totaling just over \$87,000.

*Continued on
PG3*

Destination Weddings, Honeymoons & Anniversaries

Romance Traveler Profile

From weddings to vow renewals, honeymoons to anniversaries, the romance travel market makes up an important segment of Hawaii's tourism industry. Nearly one-in-four marriages are destination weddings, accounting for approximately \$16 billion in annual spending. The honeymoon industry alone contributes \$12 billion in spending each year.

The overseas destination wedding market is growing. Nearly 3.5 percent of U.S. outbound travelers (1.7 million persons) report their most recent overseas vacation was to attend a wedding, up from 2.8 percent in 2011. Hawai'i, Mexico, and the Caribbean each capture 20 percent of the destination wedding market.

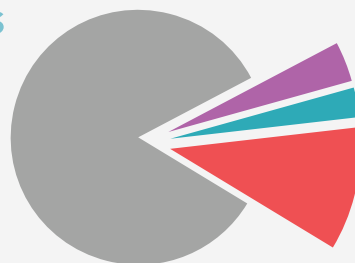
Honeymoon travel makes up an important segment of the romance travel market. Approximately 1.2 million American couples report their most recent overseas vacation was to celebrate their honeymoon, making up 2.5 percent of overseas outbound traffic. The Caribbean holds the largest share of overseas honeymoon travel (39%), while Hawai'i captures 13 percent of the market, Mexico has 11 percent, and Europe nine percent.

Of all romance travel, wedding anniversaries are the number one special occasion motivator for overseas travel in the past year, made up of 5.2 million couples.

Continued on PG3



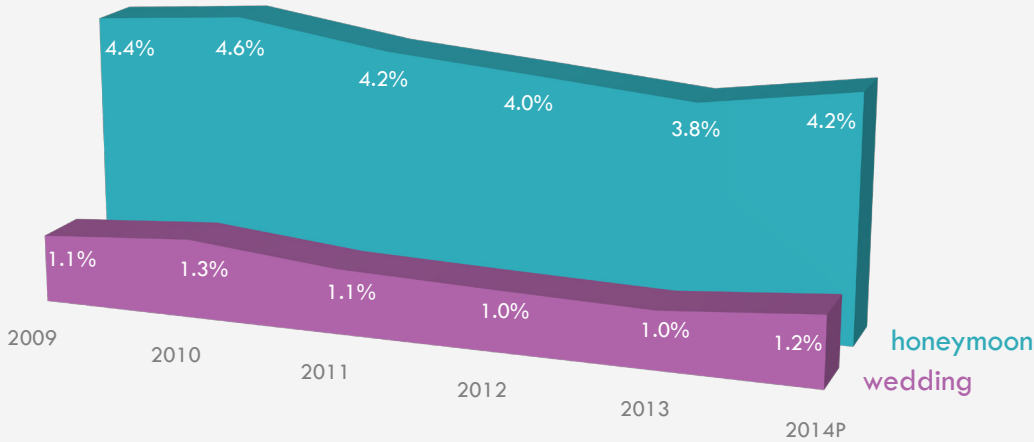
U.S. Travelers Most Recent Overseas Vacation



Attended a wedding 3%
Went on a honeymoon 3%
Celebrated an anniversary 11%

Romance Travelers to Hawai'i

as percent of North American visitor arrivals



Source: HVCB analysis of HTA Visitor Arrival data, 2009 - 2014



Romance Travel Continued

Hawai'i as a Romance Destination for U.S. and Canadian Travelers

More than one-in-ten U.S. outbound travelers (10.4%) say their most recent overseas vacation was taken to celebrate a wedding anniversary, up from 9.6 percent in 2011. Anniversary travelers tend to spend more compared to others, with median trip expenditures totaling \$2,081 per person, compared to \$1,629 for all other travelers.

Hawai'i consistently ranks as one of the top romance travel destinations in the world, particularly among wedding and honeymoon travelers. Nearly five percent of all North American traffic in 2014 came to

Hawai'i to get married or honeymoon.

After three continuous years of decline, Hawai'i's romance market rebounded in 2014 according to preliminary HTA visitor arrival data. Just over 270,000 visitors from the U.S. and Canada traveled to Hawai'i to honeymoon or get married in 2014, up +12.1 percent over 2013. Of these, more than 228,000 traveled to Hawai'i to honeymoon, up +11.5 percent year-over-year. Wedding travelers also increased by +24.5 percent, to nearly 66,000.

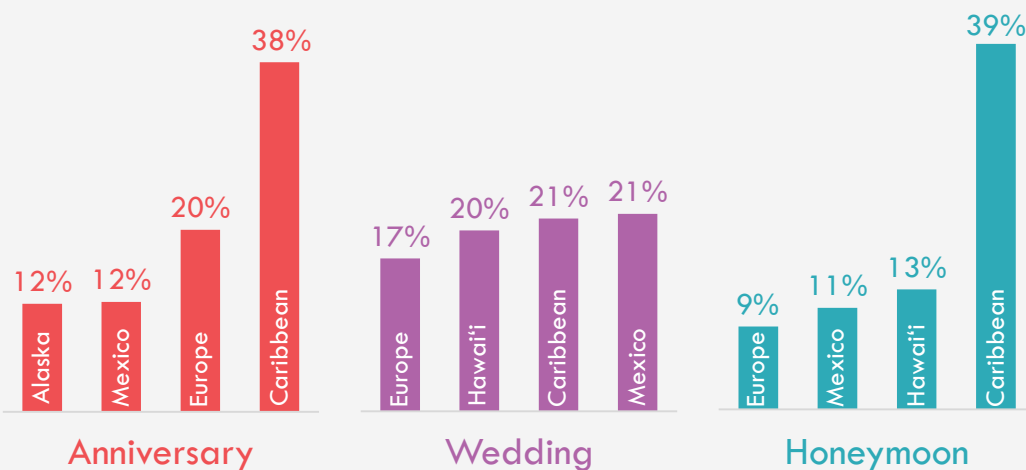
At a Glance: LGBT Continued

from PG2

Same-sex marriage is now recognized in 36 U.S. states and Canada, including Hawai'i as of December 2013. As a result of increased legalization, the percentage of gay and lesbian travelers who are married has tripled in just three years, from 8.3 percent in 2011 to 28.2 percent in 2014.

The approval of gay marriage by a growing number of states has helped fuel demand for LGBT romance travel. Same-sex couples spent \$70 billion on travel in 2012. According to the latest available Department of Health data, a total of 1,086 same-sex marriage licenses have been issued to out-of-state couples through June 2014, which accounts for nearly 12 percent of all out-of-state licenses issued. According to a study done by *The Knot*, Hawai'i is one of the top three honeymoon destinations for same-sex couples, falling just behind the U.S. mainland and Europe, and tied with the Caribbean.

Top Overseas Celebration Destinations



Source: HVCB analysis of TravelStyles: Americans as International Travelers, 2014



Air Service Update

At a Glance: Air Service Outlook

Air service to Hawai'i from the North American market is expected to continue on a double digit growth path in the upcoming six month period. Scheduled air seats from North America are currently expected to increase +11.4 percent in the February through July period, with seats from the U.S. increasing by +11.1 percent and Canada by +17.4 percent.

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PG5*

Hawai'i Airfares Eased in Third Quarter of 2014

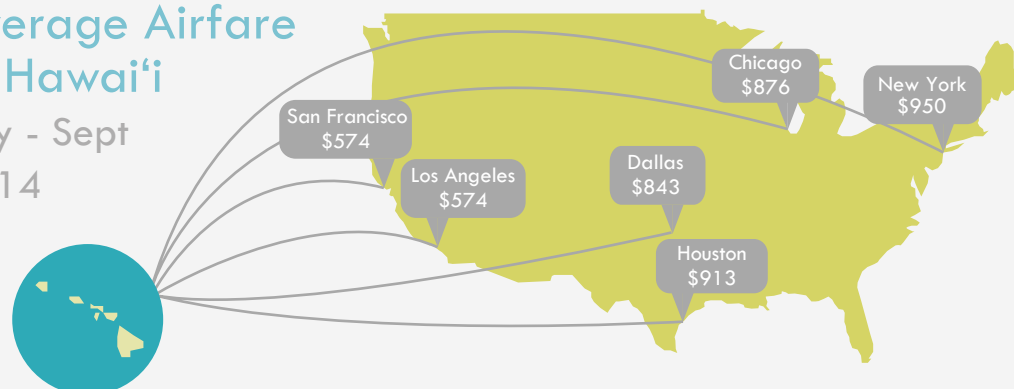
Recently released airfare data for the third quarter of 2014 indicates an easing in travel prices. Airfares grew at a rate of just +0.1 percent in the July through September period, significantly lower than the +12.5 percent and +12.8 percent growth seen in the first and second quarter of 2014.

Airfares from many of Hawai'i's key source markets moderated in the third quarter, including a drop in fares from Los Angeles (-5%), as well as only slight increases from San Francisco (+1.8%) and Chicago (+2.3).

In the first two quarters of 2014, airlines focused on driving revenue as opposed to passenger counts. As a result, the number of available seats fell below prior year levels while airfares skyrocketed. The number of scheduled air seats to Hawai'i began to improve in the second quarter of 2014, with a full recovery by the third quarter. As a result of supply and demand, an increase in air seats to Hawai'i in the third quarter resulted in an easing of airfare growth rates. In turn, visitor arrivals increased in the third quarter thanks to lower airfares and increased capacity.

Average Airfare to Hawai'i

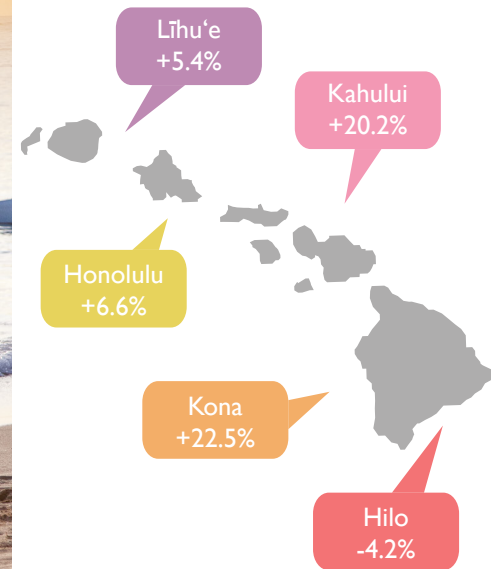
July - Sept
2014





Scheduled Seats by Island

February - July 2015



Source: HVCB analysis of Diio Mi data, February - July 2015

Consumer Trends

Cost of a Hawai'i Vacation Moderated for Visitors

The third quarter leveling-off of airfares helped to moderate the average cost of a Hawai'i vacation, which had spiked in the first half of 2014 with a +7.3 percent price increase. Rising costs helped to reinforce Hawai'i's high-cost of travel perception among consumers in the first half of the year.

The average cost of a Hawai'i vacation posted just a +1.6 percent gain year-over-year in the third quarter of 2014. Despite easing prices,

travel costs still remain relatively high compared to historic levels.

Due to a continued increase in air seats, more moderate travel prices are expected to have continued through the final quarter of 2014 and potentially into the new year. More stable airfares may help mitigate the high cost perception among North American travelers and have a direct positive impact on U.S. arrivals in the near-term.

At a Glance:

Air Outlook Continued

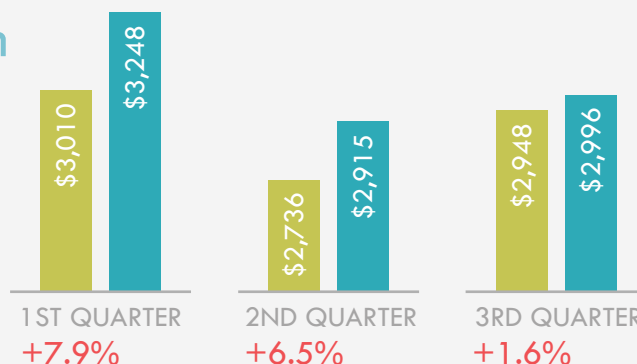
from PG4

Visitors to Hawai'i from the U.S. and Canada will find getting to the Neighbor Islands easier than ever, with nearly two-thirds of added air seats headed beyond O'ahu. Both Kahului and Kona will see the largest year-over-year increases in scheduled seats in the next six months, posting a +20.2 percent and +22.5 percent gain respectively.

While current scheduled seats to Hawai'i from the U.S. mainland and Canada have reached record levels, it is still important to note the cyclical nature of Hawai'i's air service.

Average Cost of a Hawai'i Vacation airfare + hotel

2014
2013





For more information regarding this issue of the Market Insights Update or to submit topic requests for future issues, please contact insights@hvcb.org.

Visitor Arrivals




North American Arrivals End 2014 on High Note

December saw the largest monthly growth in visitors arrivals from the U.S. in 2014. Visitor arrivals from the U.S. grew +9.5 percent in the month, while arrivals from Canada posted more modest gains at +2.0 percent.

Overall, arrivals from the North American market ended the year at a +1.3 per-

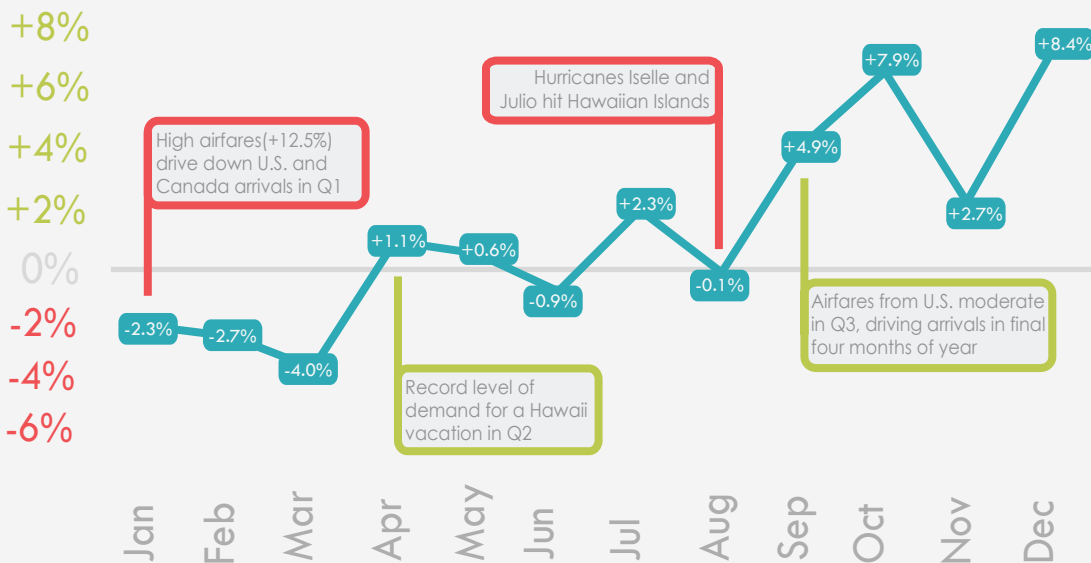
cent increase over 2013, totaling just under 5.5 million visitors. Arrivals from the U.S. mainland totaled nearly 4.98 million, a +1.3 percent gain year-over-year. 2014 was a record year for Canadian visitors, with nearly 524,000 arrivals, a +1.3 percent increase over the previous year.

SNEAK PEEK AT NEXT MONTH

-  Spotlight On: Hawai'i's Meetings, Conventions, and Incentives Market
-  Updated Hawai'i hotel data for the fourth quarter of 2014
-  Updated consumer data for the first quarter of 2015

2014 North American Visitor Arrivals

percent change year-over-year



Source: HVCB analysis of HTA Visitor Arrival data, 2013-2014



HAWAI'I VISITORS and CONVENTION BUREAU

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