



SPOTLIGHT ON:
TRANSFORMATIVE
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

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Transformative Travel

It should come as no surprise that leisure travelers' expectations of a vacation destination are shifting. Hardly a month goes by without a new article touting the increasing prevalence of boutique tours, locally sourced cuisine, and travelers who do not want to do "touristy" things. While these changes are in and of themselves interesting, what is truly fascinating is how they tie into and feed off the biggest trend in the tourism industry: transformative travel. In short, "getting away" and "recharging" are no longer enough; many travelers now expect a vacation to meaningfully alter who they are as

a person, and to in turn help them become better world citizens.

In this regard, Hawai'i is well-positioned to take advantage of the growing interest in transformative travel. With a unique history, robust local culture, and no shortage of "life-changing" activities, the Hawaiian Islands offer so much more than just sun-drenched beaches and luxury resorts. This month's Market Insights Update takes an in-depth look at the importance of this new lifestyle segment, and how Hawai'i's travel industry can work together to appeal to these changing travel preferences.

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AIRFARE UPDATE

The average round-trip airfare to Hawai'i from the U.S. Mainland continued its upward climb in the third quarter of 2017. Despite increased capacity, demand outstripped supply, contributing to higher fares.

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Photo courtesy of HTA / Bole Bronstad

Transformative Travel

Top Transformative Travel Picks for 2018

1. *Bali, Indonesia*
2. *Lobitos, Peru*
3. *The Appalachian Trail*
3. *Marrakech, Morocco*
4. *Rishikesh, India*
5. *Negev, Israel*

Source: U.S. News and World Report

What is Transformative Travel?

As the name would imply, there is an intangible, almost ambiguous quality to transformative travel, but if it had to be boiled down to a single word, that word would be “enriching.” Transformative trips are not meant so much to be vacations as they are existential journeys. As such, they have upended many of the typical attributes of the “ideal” destination. Consider a recent report which ranked locales such as The Appalachian Trail and the Negev Desert amongst the top transformative destinations. To be sure, not every traveler is trading the spa for a rugged 2,200-mile hike, at least not for the entire duration of their trip. But the fact that such places are counted among the most-desired speaks a lot to the unique preferences of these travelers. To put it another way, for a trip to be transformative and enriching, it must foster deeper connections within the traveler; to nature, to different cultures, to themselves.

Still, on the surface, transformative travel shares many aspects of the broader “experiential” travel umbrella – that ubiquitous desire to not be a tourist or be treated as one. Doing something new is not enough; it also has to be meaningful. The Transformative Travel Council has coalesced around the goal of advancing transformative travel as a movement. They define transformative travel with three core elements: traveling with intention, openness, and

mindfulness; engaging in challenging physical and/or cultural experiences; and taking the time for personal reflection and meaning-making.

What do these things mean in practice? It could be undertaking the rigorous hike to the summit of Maunakea, or farming *lo‘i*, or truly immersing oneself in local culture instead of just observing it. As long as it pushes people out of their comfort zones in an enriching manner, it can probably be considered transformative. But again, transformative travel is about more than in-the-moment experiences. In addition to placing a heavy emphasis on sustainability and conservation, transformative travel also looks at what happens after the trip is complete. A key part of the process is taking the experiences gained and lessons learned back to the real world. Travelers embark on life-changing transformative journeys to be inspired, and motivated, and most importantly, to come back better as a person.

Transformative Hawai‘i

Because transformative travel is a relatively new phenomenon, there is very little data about the demographics of this lifestyle segment. The more elusive aspects of transformative travel make these visitors hard to identify. With all of that said, however, they do share many characteristics with the Avid Explorer segment, often considered to be the next generation of Hawai‘i visitors. Covering a swath of 25 to 34 year-old

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Transformative Travel Target Audience: The Avid Explorer

\$2B

Millennial spending power on travel is now \$2 billion/year.

50%

By 2020 they will account for 50% of all travel industry spending.

78%

Would rather spend money on an experience than a thing.

79%

Believe their generation has more opportunity to make a difference.

Americans, Avid Explorers are a relatively small audience, but they and their cohort make up an increasingly important demographic for the travel industry. Millennial travel spending already tops \$2 billion per year, and they are expected to account for half of all travel expenditures by the end of the decade. They also show a greater interest in travel than other generations; 78 percent of Millennials report they would rather spend money on an experience than a physical object.

What makes Avid Explorers truly interesting from a transformative travel perspective, though, is the values that define them. As a whole, they are a more socially conscious, engaged, and optimistic, with four-out-of-five believing that their generation has more opportunity to make a difference than previous ones. These values translate directly into how they research and plan vacations. Yes, there is still a superficial aspect at play, the desire to build a personal “brand” and get the most Instagram likes, but there is also a deeper side. Avid Explorers want to balance activity with those Zen moments, to gain insight and knowledge from local populations. They want to enjoy their vacation, but also want that vacation to be culturally and environmentally conscious.

That Avid Explorers, and by extension transformative travelers, have such unique values is both a blessing and a curse for Hawai‘i. On the upside, the islands are almost perfectly positioned to cater to transformative travel. Environmental sustainability has always been fundamental to Hawai‘i’s host culture and long been a core tenet of Hawai‘i government and business.

The revitalization of Hawaiian culture has created many experiences that are both educational and authentic. Likewise, with some of the most intense watersports in the world and no shortage of mile-high hikes, Hawai‘i can offer excursions that push travelers beyond their physical and emotional limits. The problem is that it these travelers still do not see Hawai‘i in this way. Research has consistently shown that Avid Explorers, the majority of which have never visited Hawai‘i before, do not know that the islands can deliver the experiences they crave.

The Hawai‘i Visitors and Convention Bureau is dedicated to continue its marketing efforts in changing perceptions among the next generation of travelers. A number of targeted advertising campaigns are scheduled for the year ahead. These campaigns are intended to showcase Hawai‘i as a transformative destination by highlighting the islands’ unique cultural identity and what a Hawai‘i vacation can provide to visitors *after* they return home. The “*Hawai‘i Rooted*” campaign, for instance, is a series of ten videos that go back to Hawai‘i’s cultural origins, showcasing practitioners of traditional surfing, hula, tattooing, and more. Likewise, the “Work from Hawai‘i” campaign, seeks to emphasize the enriching aspects of the islands with the promise to let visitors “Come Back Better.” These campaigns, as part of the broader *#LetHawaiiHappen* initiative, will continue to redefine what Hawai‘i has to offer and help elevate the destination to top-of-mind among the next generation of travelers who are seeking a transformative experience.



Photo courtesy of HITA

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Photo courtesy of HTA / Bobie Branstad

Airfare Update

Sneak Peek at Next Month



Spotlight On:
Affluent Travelers



Hotel Update

In the third quarter of 2017, the average round-trip airfare between the U.S. mainland and Hawai‘i grew +2 percent year-over-year to \$690. Most major markets saw significant fare increases, including Phoenix (+12%), San Francisco (+8%), and Los Angeles (+5%).

Higher airfares do not appear to be the result of higher fuel costs; oil prices have remained relatively stable across the past two years. Instead, it is likely the result of growth in demand outstripping added capacity, which only increased by +1.7 percent in the same time frame.

As increased airline competition drives a major expansion in Hawai‘i-bound capacity in the first half of 2018, it is possible that fares will stabilize or potentially decrease compared to the recent past. Total air seats from the U.S. mainland to Hawai‘i are projected to grow an astounding +14 percent in the first half of 2018. As long as load factors are realized, this increased air seat capacity can be expected to remain in market for the near-term. This bodes well for Hawai‘i, and the Neighbor Islands in particular, with increased direct access to the airports beyond Honolulu.

Average Round-Trip Airfare from U.S. Mainland to Hawai‘i Q3 2017

