



Photo courtesy of HPA / Tim Johnson

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 | July 2016

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Outdoor Recreation Traveler Profile

Americans associate overseas travel with a broad range of benefits that influences where they go on vacation and what they do when they get there. For 52 percent of the traveler population, an overseas vacation is a time to see and do as much as possible, while almost 40 percent say it is a time to seek adventure and experience nature. These outdoor recreation enthusiasts can be identified by their achievement-oriented, do-it-all approach to overseas travel.

Outdoor Recreation travelers are drawn to natural beauty, land and sea activities, and the thrill of the unexplored. Younger travelers in particular are driving the demand for outdoor activity trips. While the desire to experience nature as a travel motivator declines with age, interest in undertak-

ing specific nature-based activities while on vacation (such as a scenic boat tour) actually grows with the generations. The draw of the outdoors for American travelers is strong and successful marketing is a matter of selecting the right experiences and messages to appeal to your target traveler.

This month's *Spotlight On* takes an in-depth look at the profile of the Outdoor Recreation traveler. This segment's desire to explore new destinations, high activity participation rates, and penchant for planning makes the Outdoor Recreation traveler an attractive market for Hawai'i. From their demographics to preferred destinations and vacation activities, learn more about what attracts this unique segment.

Continued on PG2



HOTEL UPDATE

Recently released hotel data shows that Hawai'i's hotel room rates continued on a record-setting path through the first four months of 2016. While statewide Average Daily Rate hit a new high through April, demand for a vacation in the Hawaiian Islands allowed hotel occupancies to keep pace.

PG4

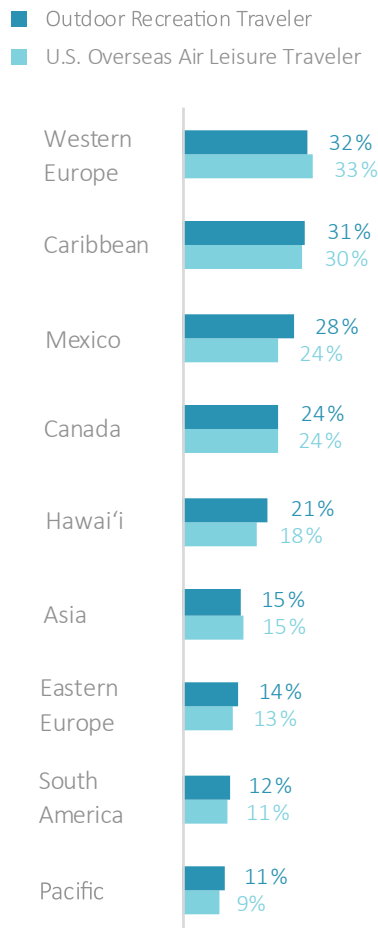




Photo courtesy of H.A. Marnick, Dines

Outdoor Recreation Traveler Profile

Destinations Plan to Visit Next Two Years



Demographics

Travelers who participate in outdoor recreation activities while on a vacation are more likely to be at the two ends of the generational spectrum. Millennials account for nearly one-quarter (24%) of Outdoor Recreation travelers, while Boomers and Matures account for 36 percent. Generation X travelers represent a smaller portion of Outdoor Recreation travelers.

In terms of household income, Outdoor Recreation travelers tend to skew slightly higher than the general U.S. air leisure traveler, bringing home an average of \$117,000 per year. These travelers are also more likely to be married (69%). Travelers who participate in outdoor recreation activities are most likely to be found in New York (11.5%), Los Angeles (7.6%), the San Francisco Bay Area (6.7%), and Chicago (5.4%).

Top Destinations

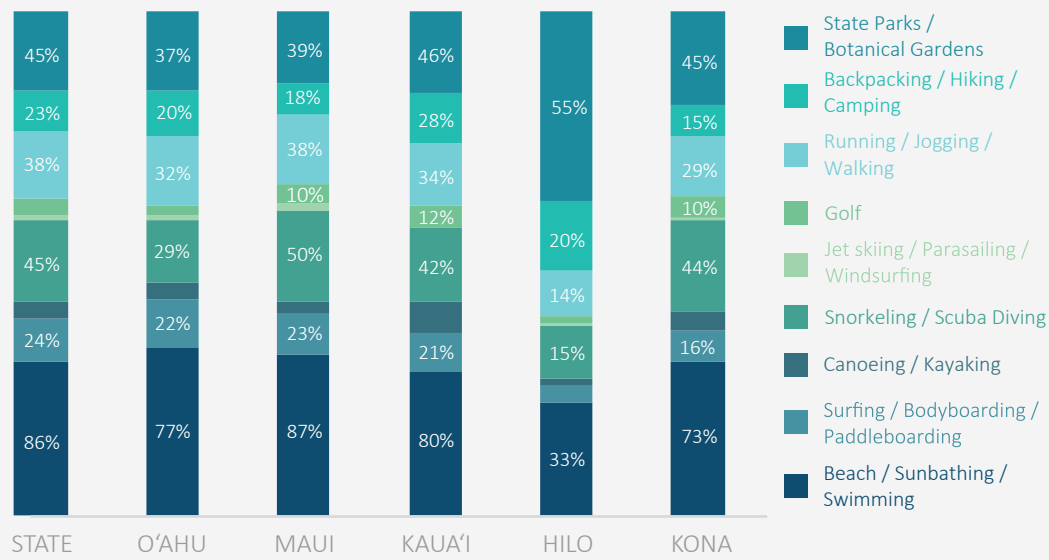
Among Outdoor Recreation travelers' most visited destinations, tropical destinations are king. Nearly 44 percent have visited Mexico in the past three years,

while 43 percent have visited the Caribbean and 27 percent have visited Hawai'i. Outdoor Recreation travelers are more likely to have visited Mexico compared to the general U.S. overseas leisure traveler (+3.6 points) but less likely to have visited Western Europe (-3.2 points). The greater presence of popular outdoor water-based activities in Mexico such as snorkeling and surfing helps explain this discrepancy.

In terms of where Outdoor Recreation travelers plan to vacation in the next two years, Western Europe, the Caribbean, and Mexico rank among the most popular destinations. Outdoor Recreation travelers are again more likely to be planning a trip to Mexico compared to the general U.S. overseas air leisure traveler (+3.9 points), while they are also slightly less likely to plan to visit Europe (-1.4 points). Hawai'i ranks among the top destinations Outdoor Recreation travelers intend to visit, with over 21 percent saying they are planning a vacation to the islands in the next two years, +2.9 points higher than the general traveler.

Continued on PG3

Outdoor Recreation Activity Participation by Island



Source: HVCB analysis HTA Visitor Satisfaction & Activity Report, U.S. visitors only, 2015

Travel Planning Sources

For all intents and purposes, Outdoor Recreation travelers can be deemed as planners. This segment is much more likely to engage in trip planning both on- and offline compared to the general U.S. air leisure traveler. Both offline and online travel planning sources are equally popular among Outdoor Recreation travelers (78% versus 76.6%). Key offline travel planning sources include their own prior experience (30.7%), friends and relatives (28.6%), and travel books (15.7%). Compared to the general traveler, when using the internet to plan a vacation Outdoor Recreation travelers are much more reliant on social media (+8.7 points), travel review sites (+5.9 points), and search engines (+4.7 points).

Top Activities

While on vacation, Outdoor Recreation travelers are likely to participate in a variety of activities, many of which are centered around their key interests. Like most travelers, the beach, shopping, and fine dining rank among their top vacation activities. Outdoor Recreation travelers, however, are much more likely to partake in nature-based activities compared to the general leisure traveler. Nearly 60 percent of Outdoor Recreation travelers go to the beach while on vacation, a sub-

stantial +29.5 points higher than the general U.S. leisure traveler. Outdoor Recreation travelers are also much more likely to visit national parks and recreation sites (+12.1 points), state parks (+10.9 points), and partake in rural sightseeing (+10.3 points).

Hawai'i as a Outdoor Recreation Travel Destination

With a plethora of trails and beaches, Hawai'i offers the Outdoor Recreation traveler a chance to experience a variety of land and sea activities. It is no surprise that beach and ocean activities rank among the highest in terms of participation rate. When visiting Hawai'i, more than 86 percent of U.S. travelers go to the beach to sunbathe or swim, while 45 percent go snorkeling or scuba diving and 24 percent try surfing or paddleboarding. When it comes to land-based activities, more than 45 percent of U.S. travelers visit a state park or botanical garden while on vacation in Hawai'i, while 23 percent go hiking or backpacking. Maui ranks highest in terms of water-based activity participation rates, while Hawai'i Island and Kaua'i are most popular for land activities.

Sources: HVCB analysis of TNS TravelsAmerica 2015 data, MMGY Global Portrait of American Travelers 2015, HTA Visitor Satisfaction and Activity Report 2015, TravelStyles Americans as International Travelers 2015-2016





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Hotel Industry Update

Sneak Peek at Next Month

-  Spotlight on: Cruise travel industry
-  Latest airfare data

Hawai'i Hotel Rooms Rates and Occupancy Up through April

Hawai'i's hotel room rates reached a new record in the first four months of 2016. Statewide Average Daily Rate (ADR) topped out at \$254 in the January through April period, a +2.1 percent increase over 2015 and +20.1 percent higher than eight years ago.

High demand for a Hawaiian Island vacation has allowed Hawai'i's hotels to keep rates at some of the highest in the nation, on par with other major destinations such

as Miami (\$246 year-to-date through March 2016), San Francisco (\$236), and New York City (\$202).

Demand for a Hawaiian Island vacation has not only provided the pricing power exhibited in Hawai'i's hotel room rates, it has also helped drive up overall statewide occupancy. Occupancy is up +1.2 percentage points through April 2016, with Hawai'i Island posting the largest increase at +2.5 points.

Room Rates and Occupancy by Island

ROOM RATES



OCCUPANCY



Source: HVCB analysis of Hospitality Advisors data, Jan - Apr 2016