



## SPOTLIGHT ON: CULINARY TOURISM PG2

Photo courtesy of HPA / Mark Kusumini



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

### Culinary Tourism

Travel is changing. Over the past few decades, vacations have become more than cookie-cutter tours, chain restaurants, and lazing around on a beach. While relaxation is still a key aspect of vacation, the contemporary U.S. traveler now has bigger expectations. They are looking for destinations that offer soft adventure, a chance to broaden their world perspective, and the opportunity to experience and understand different cultures.

On this latter point, in particular, one aspect of culture has risen to special prominence: food. There is perhaps no better way to immerse oneself in a different culture than indulging in their local delicacies. As such, culinary tourism has grown

from a niche interest to a vital travel segment. Whether its visiting a local vineyard or a second-to-none farmer's market, unique food and beverage options are playing a much greater role in defining how people travel.

Hawai'i is not immune to this trend, either. Visitors — especially the younger crowd — are expecting to satisfy their inner foodie on the Hawaiian Islands. Fortunately, with a robust food truck culture and rich local cuisine, Hawai'i is well-positioned to fulfill and even exceed this expectation. Learn about the dynamics driving culinary tourism and how to leverage them in this month's *Market Insights Update*.

*Continued on PG2*



### HOTEL UPDATE

Hawai'i's hotel industry is showing strong performance through the first quarter of 2017. Both hotel occupancy and Average Daily Rate continue to show growth statewide, especially on the Neighbor Islands.

*PG4*

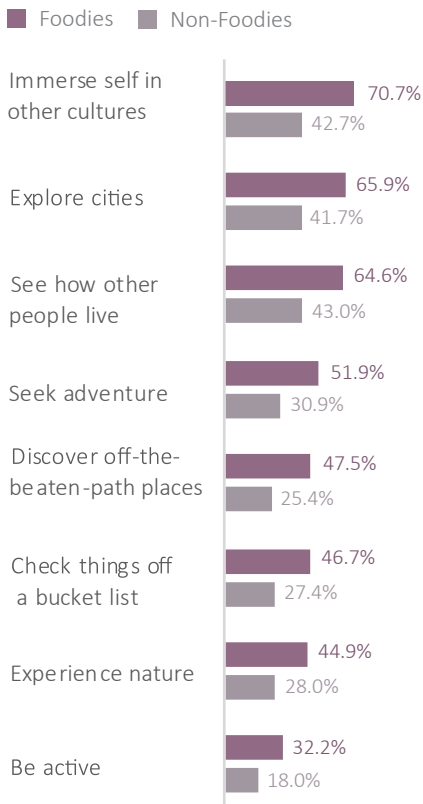




Photo courtesy of HPA / Mark Kushimi

## Culinary Tourism

### "For me, an overseas vacation is time to..."



Source: HVCB analysis TravelStyles USA 2015-16 data

### *The Changing Tastes of Tourism*

While travel has always involved dining out, the recent renaissance of local and ethnic dining options, coupled with shifting consumer preferences, have dramatically changed the landscape of culinary tourism. Contemporary travelers are not just incorporating cuisine into their travel plans; for many, it is their top priority. Over half (51.6%) of U.S. travelers reported they would like to take an overseas vacation focused on food or wine, a share that has nearly doubled over the past decade. That proportion jumps up to 76 percent within the so-called “foodie” demographic.

While “foodies” of the past may have been a small and exclusive group, they have grown into a diverse and adventurous travel segment that cannot be ignored. Thirty-nine percent of U.S. travelers view overseas vacations as an opportunity to indulge in their love of food and wine, making them a market more than 20 million strong. Further bolstering the importance of culinary travelers is the fact that they tend to travel more frequently than other travelers and are more likely to participate in cultural immersion, exploration, and adventure-seeking.

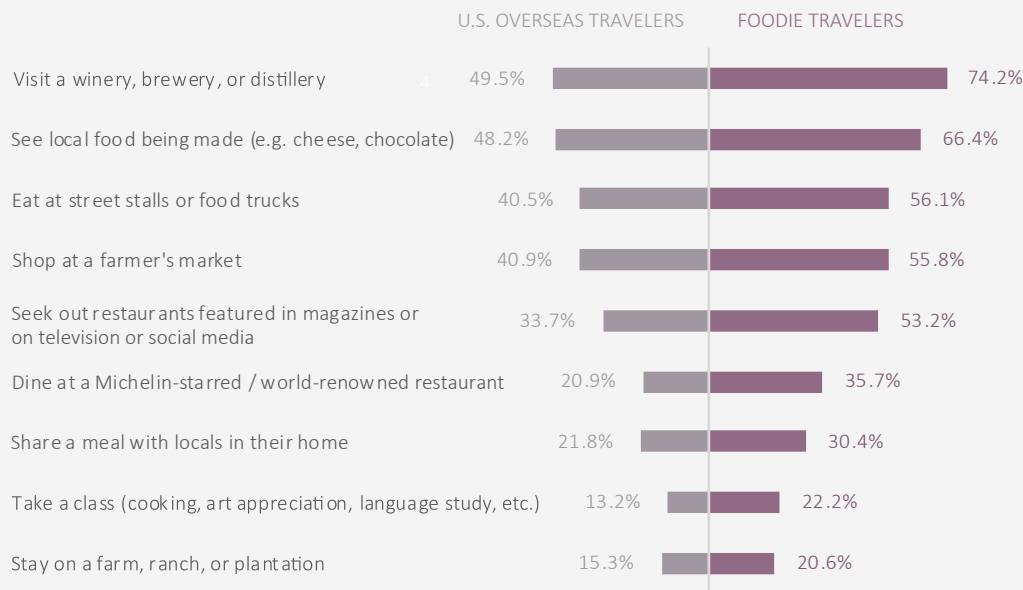
As one would expect with such an in-touch segment, culinary travelers rely heavily on mo-

bile platforms and social media. In addition to traditional web-based travel guides, foodies use review apps like Yelp, Instagram, and other social media tools to help shape their dining choices. All told, some 54 percent of U.S. culinary travelers reported they would seek out restaurants featured on social media and other platforms.

It is also important to bear in mind that culinary tourism does not necessarily mean that travelers are seeking out the most expensive restaurants that boast a Michelin star or three. In recent years, quite the opposite is actually true. Whereas two-fifths (40.5%) of all travelers and more than half of foodies expressed interest in small-scale operations such as food trucks, only 21 percent said they would eat a Michelin-starred restaurant. These trends are somewhat understandable given cost differentials between the two. However, more telling is the increased interest in street fare over the past decade, while the appeal of haute cuisine has declined.

The spike in culinary interest has not been lost on restaurateurs and other entrepreneurs. Indeed, hundreds of new dining venues have sprung up in destinations across the world, so much so that there are fears of oversaturation in some markets.

# Popular Food-Related Activities on an Overseas Vacation



Source: HVCB analysis TravelStyles USA 2015-16 data

If these fears are realized, the subsequent market adjustments will undoubtedly have some impact on the culinary travel scene. For now, however, foodies have no shortage of destinations with an abundance of unique, creative, and affordable dining options to choose from.

## Foodies in Hawai'i

When visitors think of Hawai'i, the beautiful natural landscapes, pristine beaches, and unique culture usually come to mind first. But Hawai'i's food scene makes a strong impression. More than three-fifths (60%) of all U.S. visitors enjoyed fine dining during their most recent trip to the islands, while just over 46 percent went to a café or coffee house, and 36 percent took advantage of ethnic dining options.

Though interest in Hawai'i's culinary offerings spans all ages, some key differences among lifestages do exist. Older U.S. visitors, for example, are far more likely to patronize traditional fine dining establishments than their younger counterparts (63.1% vs. 55.0%). Conversely, younger visitors exhibit higher demand for more trendy dining options such as coffee shops (53.9%) and ethnic food (42.3%). Meanwhile, Hawai'i's important wedding/honeymoon visitor segment is likely to utilize all dining options except fast food and family-style restaurants.

When it comes to deciding where to eat, U.S. visitors to Hawai'i mirror the broad-

er U.S. overseas travel population in their heavy reliance on technology. Over half of all U.S. visitors use the web to find a restaurant, while nearly as many use a mobile or tablet app. With that said, the Internet is not the only resource used. Guidebooks and word-of-mouth recommendations are just as or even more important, with both being utilized by roughly three-fifths of all U.S. visitors.

Hawai'i's position as a food destination is also not exclusively reliant on high-end restaurants, or even restaurants in general for that matter. With 50 percent of U.S. overseas travelers expressing interest in visiting breweries, wineries, and distilleries, there is ample opportunity for craft alcohol entrepreneurs; Hawai'i's 18 breweries clearly demonstrate that the state is ready to fulfill this demand. Likewise, the 36 percent of U.S. visitors who shopped at farmers' markets reveal an interest not just in the food itself, but also in how it is made.

In short, Hawai'i's food scene is diverse, eclectic, and increasingly important to the success of the broader visitor industry. From world-renowned food trucks to hole-in-the-wall poke shops to new concept kitchens by the next generation of chefs, the Hawaiian Islands offer everything a foodie could want and more.

Sources: HVCB analysis TravelStyles USA 2015-16, HTA Visitor Satisfaction and Activity 2015 data





Photo courtesy of HTA / Ric Poon



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## Hotel Update

### Sneak Peek at Next Month

-  Spotlight On: State of the Industry
-  Latest Airfare Data

Overall, the performance of Hawai'i's hotel industry remained strong throughout the first quarter of 2017, though there were some drawbacks. O'ahu had a slower start than last year, with occupancy falling -1.4 points to 83 percent. It should be noted that some of this decline can be attributed to added inventory. Maui's occupancy remained constant, while Kaua'i and the Island of Hawai'i saw occupancy grow +2.6 points and +6.0 points respectively. These higher rates were enough to lift the statewide occupancy +0.4 points year-over-year to 81 percent.

These occupancy trends reinforce visitor arrival data indicating greater interest in, and visitation to the Neighbor Islands. Throughout the first three months of last year, 54 per-

cent of all visitors spent time on at least one of the neighbor islands. That share edged up +0.7 points to 55 percent in 2017. Though it might seem like a trivial difference, it translates into 43,000 additional visitors to the Neighbor Islands.

In regards to Average Daily Rate (ADR), hotels saw a +6.0 percent increase statewide compared to last year. Room rates increased by +4.2 percent on both Kaua'i and the Island of Hawai'i, while O'ahu jumped +5.8 percent to \$233 per night. Maui, however, saw the highest increase in ADR, with a +9.0 percent spike driving ADR to \$385, topping all the islands. The continuing rise in ADR tracks with rapidly increasing operational costs.

### Hawai'i Hotel Occupancy & Average Daily Rate Q1 2017

