



SPOTLIGHT ON: FAMILY 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

United States | June 2017

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Family Travel Update

With schools letting out and the sun shining, the time is here for that most venerable of American traditions: the summer family vacation. Over the course of the next three months, millions of American families will take to the roads or skies in search of adventure, relaxation, and, of course, bonding experiences. All told, more than one-third of U.S. households are planning a family vacation this summer.

While most overseas travel happens in adult-only groupings (70.2%), nearly one-in-five U.S. overseas travelers (18.0%) took their most recent international vacation with

children or grandchildren under 18. Indeed, family travel makes up a vital component of Hawai'i's visitor industry; parties traveling with children under 18 have accounted for a full quarter of total visitors to the islands over the past several years.

As expected, vacationing families have different wants, needs, and interests than the general leisure traveler. Family travel visitors thus present both a unique challenge and opportunity for Hawai'i's visitor industry. Learn about what makes this visitor segment tick, and what it means for your business, in this month's *Market Insights Update*.

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Travel Sentiment

U.S. air leisure travelers interest in travel, time for travel, and perceived affordability of travel has been on the decline for two straight quarters after reaching record highs in the past year. The Travel Sentiment Index tracks closely with Hawai'i's U.S. visitor arrivals and may be an early indicator of a potential downturn on the forefront.

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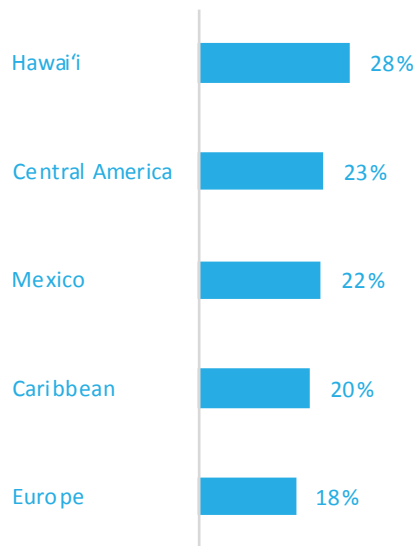




Photo courtesy of HPA/Tor Johnson

Family Travel Update

Family Travel Parties as Percent of Total U.S. Overseas Visitors



Source: HVCB analysis TravelStyles USA 2015-16 data

Family Travel: The Broader Perspective

Oftentimes, family travel is viewed as a low-key, small-scale affair that involves packing the kids into a minivan for a week of camping at the local state park. While there is some truth to this stereotype, it does not tell the whole story. Nearly one-in-five U.S. overseas leisure travelers (18%) made their most recent international trip a family vacation, up from 15 percent a decade ago. Of those travelers with children under 18 at home, more than six in ten (61.6%) brought them on their most recent overseas vacation.

There are key differences between family travelers and the broader U.S. air leisure traveler universe. Some of these differences are obvious, such as larger travel party sizes (3.6 people per travel party versus 2.0 people for the general leisure traveler). Other differences, however, are more pronounced and speak to the distinctive qualities of groups traveling with children. The behavior of family travelers can be distinguished from general leisure travelers in two major ways: a higher sensitivity to cost and kid-friendly activity participation.

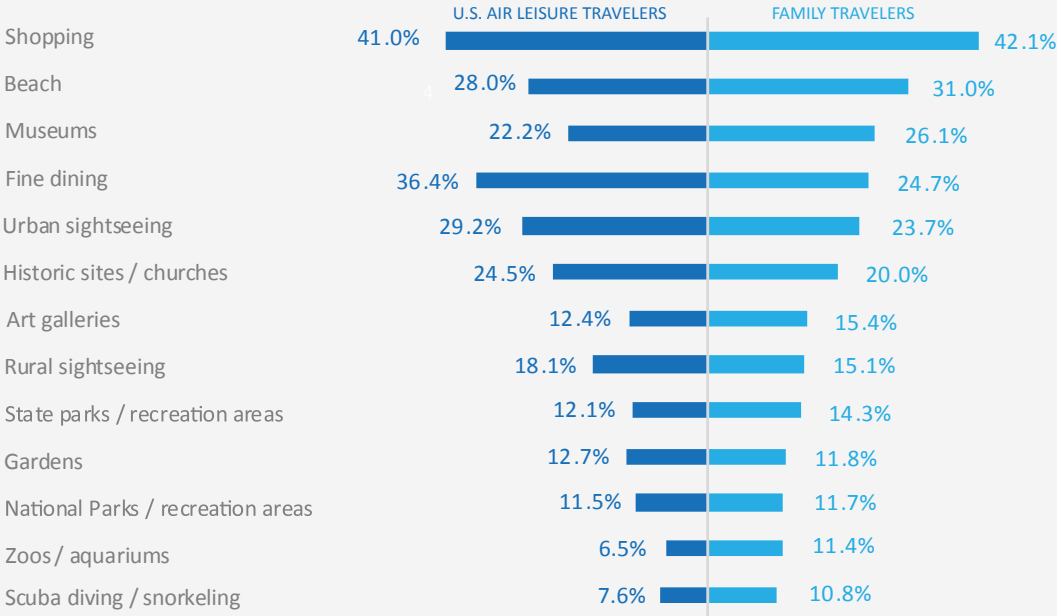
To be clear, higher cost sensitivity does

not mean family travelers spend less than their non-family counterparts. The opposite, in fact, is true; families who traveled by air spent more than \$2,700 on average per trip last year, 35 percent more than the total U.S. air leisure population.

Seeing as how bringing along children means paying for more people, family travelers must also stretch those dollars farther. This reality is reflected in a destination selection. When planning an overseas vacation, for example, family travelers are more likely to consider closer and more affordable destinations. Interestingly, while the total volume of family travelers to competitor destinations like Europe, Caribbean, and Mexico is larger, Hawai'i is actually *most* popular as a share of overall visitors. More than one-quarter of U.S. overseas travelers (27.5%) whose most recent vacation was to Hawai'i traveled as part of a family grouping, higher than that of Mexico (22.3%), the Caribbean (20.3%), and Europe (17.6%).

Meanwhile, the types of activities family travelers participate in differs from the general air leisure traveler. As one might expect, family travelers are less likely to

U.S. Family Travelers' Top Vacation Activities



Source: HVCB analysis of TNS TravelsAmerica data, 2016

partake in fine dining, urban sightseeing, and visiting historic sites, but are more likely to go to a zoo, aquarium, or museum.

The Hawai'i Family Traveler

When comparing Hawai'i's family visitors to the total visitor population, many of the same patterns are observed. As they are traveling with larger parties — 3.85 people on average — family visitors' vacation preferences tend to reflect a more economical reality. For one, their typical stay is about five percent shorter than the average visitor. Family visitors also favor lodging options that are typically more affordable and accommodating for larger parties. Overall, these visitors are more likely to stay in condos (20.1% vs. 17.6%), timeshares (10.5% vs. 9.4%), or rental houses (8.9% vs. 7.4%), while simultaneously being less likely to rely exclusively on hotels. A desire for greater flexibility is also a factor in their travel decisions. In addition to selecting lodging options that allow for greater autonomy, family travelers also tend to eschew tours and package options more than the general visitor, choosing instead to travel as true independents at a higher rate.

The activities sought by family visitors in Hawai'i also bears many similarities to the broader U.S. family travel market. Family visitors overwhelmingly prefer low-cost

activities that can be appreciated by all age ranges. Nearly all U.S. family visitors (95.4%) enjoy the beach at some point during their stay, and more than half participate in snorkeling or scuba diving (58.6%). Families also tend to gravitate towards activities that highlight Polynesian culture more than other visitors. They are the visitor segment most likely to attend a hula show (30.6%) and the second most likely to attend a lū'au (39.4%).

Of course, there is always the question as to why visitors choose to bring their (often young) children to Hawai'i when cheaper and closer options exist. The short answer? They think it is worth it. U.S. family visitors are more likely to recommend Hawai'i as a vacation destination than the typical visitor. Moreover, 87.4 percent of U.S. family visitors rated their most recent experience as excellent, a full +2.6 points higher than overall visitors. When choosing a vacation destination, family travelers want to visit somewhere they can make both memorable and meaningful experiences for them and their children. On that front, Hawai'i delivers.

Sources: HVCB analysis of TNS TravelsAmerica data, TravelStyles data, HTA Annual Visitor Arrival Statistics, HTA Visitor Satisfaction & Activity Report







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Travel Sentiment

Sneak Peek at Next Month

-  Spotlight On: Culinary Tourism
-  Latest hotel data

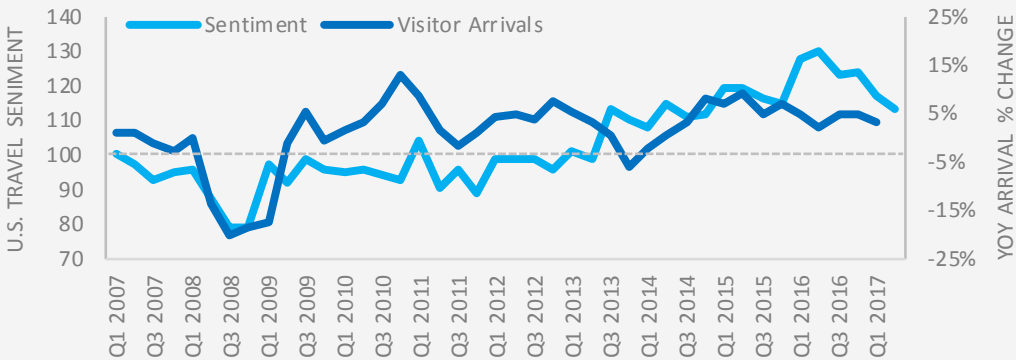
After reaching new highs in 2016, the U.S. Air Leisure Travel Sentiment Index dropped for the second quarter in a row in May 2017, down -4.6 points from February and -17.2 points from the same period last year. The decline in sentiment was driven by a variety of factors, ranging from lower interest in travel to increasingly negative perceptions about availability of time for travel and the affordability of travel.

For Hawai‘i’s visitor industry, the U.S. Air Leisure Travel Sentiment Index is important because it has historically correlated with U.S. visitor arrivals. In other words, when traveler sentiment declines, growth in visitor arrivals usually follows. Two consecutive quarters of falling sentiment may therefore

indicate that Hawai‘i’s long stretch of uninterrupted U.S. visitor industry growth is winding down.

Now, it is important not to read too much into this; the relationship between the Index and arrivals is not perfect. There have been periods where the Sentiment Index decreased while arrivals grew, and vice versa. Indeed, 2017 year-to-date visitor arrivals have been strong despite sentiment being down. A slowdown in growth is not a decline in the industry; the market may simply be leveling off at record levels. Regardless, the behavior of the Sentiment Index should be carefully monitored and businesses should plan accordingly, especially looking ahead to the Fall and Winter travel seasons.

Travel Sentiment Index vs U.S. Visitor Arrivals



Source: HVCB analysis of HTA, MMGY Global travelhorizons data