



SPOTLIGHT ON:  
NEVER BEENS PG2

Photo courtesy of HIA / Max Warner

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 | November 2015

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### Spotlight On: Never Beens Revisited

Like any business with a high satisfaction rating, Hawai'i attracts a significant number of repeat customers (or in this case, visitors) each year. In order to continue to grow, however, a business must bring in new clientele. Currently three-quarters of Hawai'i's U.S. and Canadian visitors are repeat customers, having visited the destination at least once in the past. This means just one quarter of incoming arrivals are first time visitors to the islands. As Hawai'i's repeat visitors begin to age, the destination must focus more intensely on attracting new customers in order to con-

tinue to grow arrivals in the years to come.

Travelers who fit the Hawai'i target profile but have not yet visited the destination – known as 'Never Beens' – offer the greatest opportunity for sustaining Hawai'i's customer base. HVCB recently commissioned new research on Never Beens to better understand their travel habits, attitudes, and preferences, in order to better target this unique segment. This month's *Spotlight On* reveals some of the key findings of the study, which can also help your business market to and acquire first-time visitors.

*Continued on PG2*



### AIRFARE UPDATE

The average airfare from the U.S. mainland to Hawai'i fell in the second quarter of 2015. Almost all key source markets posted decreased air travel costs for consumers.

*PG4*

### VISITOR ARRIVALS

Visitor arrivals from the U.S. and Canada continued on a record-setting path through the third quarter of 2015. Increased demand for a Hawaiian Island vacation, coupled with lower travel costs, helped boost arrivals through September.

*PG5*

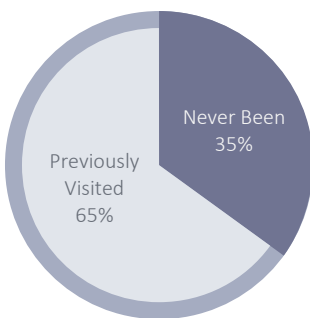




Photo courtesy of HFA / Max Wanger

## Never Beens Revisited

Hawai'i's Target  
Traveler Population  
(26 million)



### *Demographics and Travel Values*

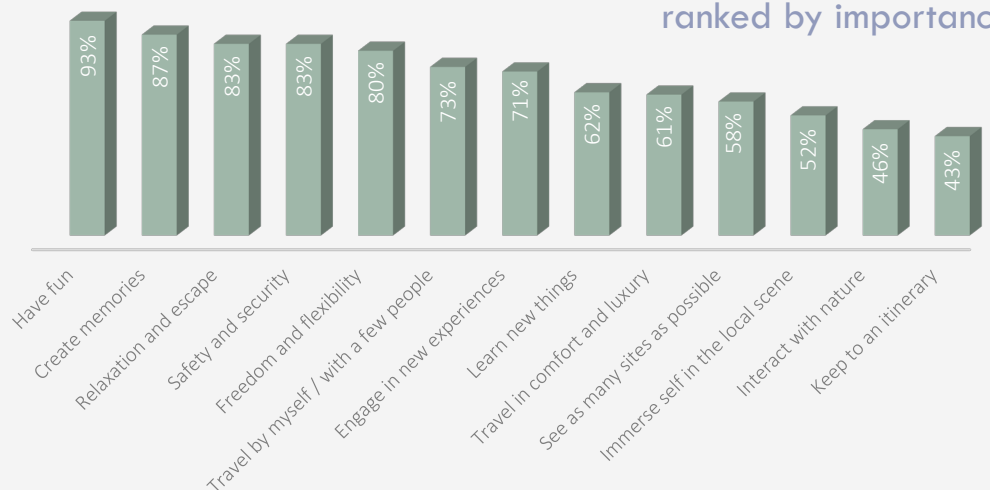
Hawai'i Never Beens are avid, frequent long-haul travelers who average two to three trips per year. In terms of demographics, they tend to be slightly younger than those who have previously visited Hawai'i, are well-educated, have a relatively high household income, and work full-time.

Never Beens have clear travel values and motivators that influence their leisure destination choices and where they

are on the path-to-purchase for Hawai'i. Never Beens primarily choose to travel for new experiences and relaxation. They are looking for elements of fun, memory-making, and escapism while on vacation. Never Beens' most desired activities include visiting unique landmarks or historic sites (86%), sampling local food and cuisine (83%), and outdoor adventure (76%). This segment is looking for new experiences in places they have not yet visited, which bodes well for Hawai'i.

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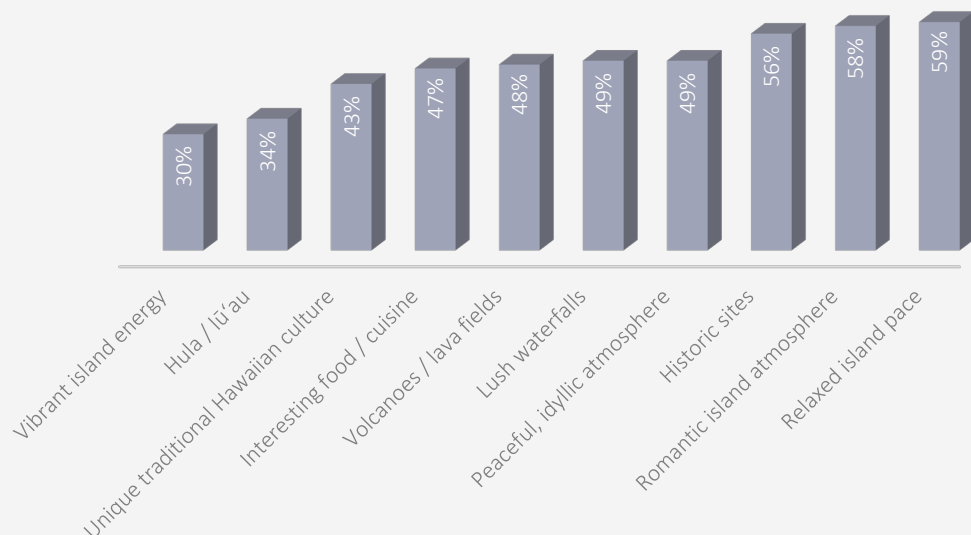
### Never Beens' Travel Style ranked by importance



Source: HVCB Hawaii Never Been Study, 2015



## Elements of Hawai'i That Would Inspire Never Beens to Visit beyond sun and sand



Source: HVCB Hawaii Never Been Study, 2015

### *Barriers to Conversion*

So with all that Hawai'i has to offer, why haven't these travelers visited before? For Never Beens – most of whom lack in-depth knowledge of the destination – Hawai'i is seen as just another 'sun and sand' vacation, rather than being associated with their key motivations for long-haul travel. Never Beens value Hawai'i for the escapism element, but not the unique cultural or historical experience that many desire. The expected Hawai'i vacation experience is seen as being easily had at more accessible and less costly destinations, such as the Caribbean and Mexico.

In order to appeal to Never Beens, Hawai'i must offer extremely compelling and unique selling propositions beyond a 'sun and sand' destination and that align with Never Beens' core travel values and expectations.

To accomplish this, Hawai'i as a destination must overcome the Never Beens' knowledge gap by raising awareness and familiarity with the range of activities

and offerings on the individual islands. In the recent study on Never Beens, those who were exposed to Hawai'i's unique selling propositions had a much more favorable view of the destination and say that they are more likely to visit.

### *Capturing Never Beens*

Closing the knowledge gap means educating travelers on Hawai'i's unique offerings before they arrive in destination. More often than not, first time visitors only understand all that Hawai'i has to offer when they actually arrive on island. By getting your business in front of travelers sooner, you can help enrich the perceptions of Hawai'i amongst Never Beens, while also growing your own customer base. Approximately 60 percent of Never Beens who have expressed intent to visit are thinking about a trip, while 30 percent have started planning and 10 percent are actively booking. Educating Never Beens on all that Hawai'i has to offer beyond 'sun and sand' may act as a tipping point in their path to purchase.



Photo courtesy of FHIA / Max Wanger



## Airfare Update

\$667

The average cost of a flight to Hawai'i from the U.S. mainland in Q2 2015 - 7% less expensive compared to one year ago.

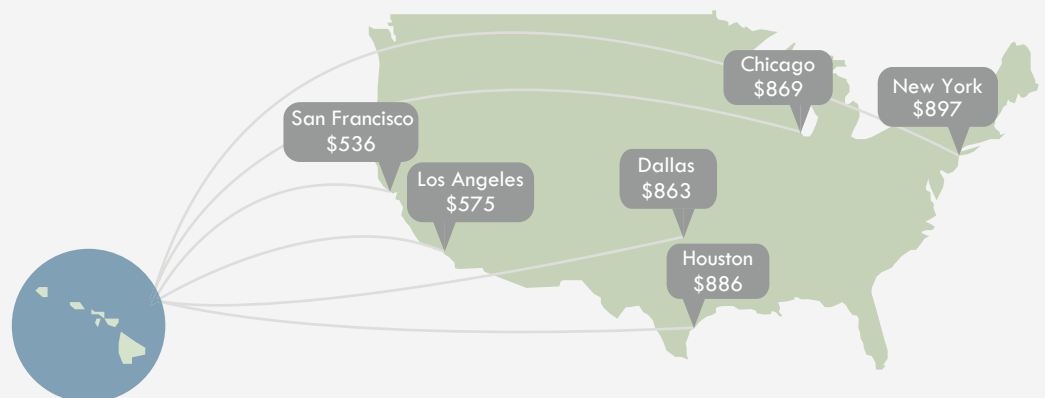
### Hawai'i Airfares Down in Second Quarter

Recently released airfare data shows the cost of air travel to Hawai'i once again fell in the second quarter of 2015, the first consecutive quarter of decreased airfares seen since 2013. The cost of a flight to Hawai'i from the U.S. mainland averaged \$667 in the second quarter, down -6.9 percent year-over-year. Airfares from many of Hawai'i's key source markets eased in the second quarter, including a -14.5 percent drop in fares from San

Francisco, -7.0 percent from Los Angeles, and -4.7 percent from Chicago.

Increased air seat capacity from the North American market helped keep airfares low. Nearly 2.1 million seats were bound for Hawai'i from the U.S. mainland in the April through June period, a +13.3 percent increase year-over-year and a new second quarter record. The growth in air seats likely continued to put downward pressure on airfares.

### Average Round-trip Airfare to Hawai'i Q2 2015





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## Visitor Arrivals

### North American Arrivals Continue on Record Track

Visitor arrivals from the North American market are on track for a record year. U.S. and Canadian visitors have almost reached the 4.4 million mark as of September 2015, a +5.1 percent increase year-over-year. Growth is particularly strong out of the U.S. West market, which is currently pacing +7.5 percent ahead of 2014. The U.S. East market is also on the rise, with a +2.0 percent growth rate year-to-date through Sep-

tember. Despite a significantly less favorable exchange rate, visitors from Canada also posted at +0.5 percent increase in the first nine months of the year.

Strong performance from the North American market in the first three quarters of 2015 can be attributed to a variety of factors, including increased air service and capacity, strong leisure travel demand, and increased interest in Hawai'i as a vacation destination.

### Sneak Peek at Next Month

-  Spotlight On: HVCB's 2016 Marketing Campaign
-  Latest traveler sentiment and Hawai'i travel intentions