



Photo courtesy of Bureau of Hawaii Visitors Bureau (HVB) / Kowika Singson



SPOTLIGHT ON:
OUTDOOR RECREATION
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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Outdoor Recreation Travel

A lot of thought, ink, and internet bandwidth has gone into exploring the notion that traveler preferences are undergoing a dramatic shift. Instead of generic, pre-packaged tours, travelers are seeking out guides that cater to private groups. Rather than chain restaurants, they are opting for local cuisine. And in place of lounging in a resort all day, they are immersing themselves in their surroundings and trying new things. In each of these cases, a similar dynamic is at play: the craving for a unique, personalized, and life-changing experience.

From this perspective, it is easy to un-

derstand the increasing demand for outdoor-related travels. Whether it is exploring national parks or finding the perfect waves for a week of surfing, Outdoor Recreation travel encapsulates the type of meaningful and engaging activities that the modern traveler desires.

With its diverse geography and wealth of experiences, Hawai'i is well-positioned to attract travelers looking for new adventures and outdoor activities. Explore the latest Outdoor Recreation travel trends, and what they mean for Hawai'i, in this month's *Market Insights Update*.

Continued on PG2



TRAVELER SENTIMENT

Recently released data shows overall U.S. air leisure traveler sentiment rebounded in the third quarter of 2017 after witnessing a declining trend in the first two quarters.

PG4

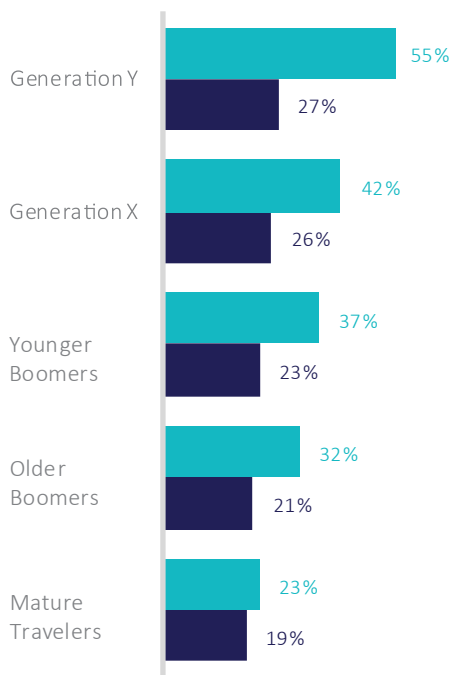




Outdoor Recreation Travel

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

■ Seek adventure ■ Be physically active



Source: HVCB analysis of TravelStyles 2015-2016 Americans as International Travelers data

Seeking Adventures

Most adventure enthusiasts do not live in areas that allow them to get their fix year-round. In order to find the freshest powder, or the best dive sites, or even just to take a dip in the ocean, travelers must board a plane and fly thousands of miles. And oftentimes, they do just that. While the overall enthusiasm for outdoor activities on vacations has waned somewhat in recent years, 28.9 percent of U.S. outbound leisure travelers still report they are very likely to build their trip around outdoor activities and adventures.

Understandably, this trend is mainly led by younger travelers. In 2016, for instance, nearly half (49.5%) of millennials that travel overseas said they would plan a trip specifically to participate in an outdoor adventure. This contrasts sharply with the preferences of older travelers. When asked, only a quarter (25.1%) of younger baby boomers and 11.5 percent of older boomers said they had interest in such a trip. The interest of "mature travelers" was practically non-existent (5.2%).

So, what activities are travelers seeking out specifically? Overall, most seem to gravitate towards the more "democratic" activities, i.e. low-cost, low-skill,

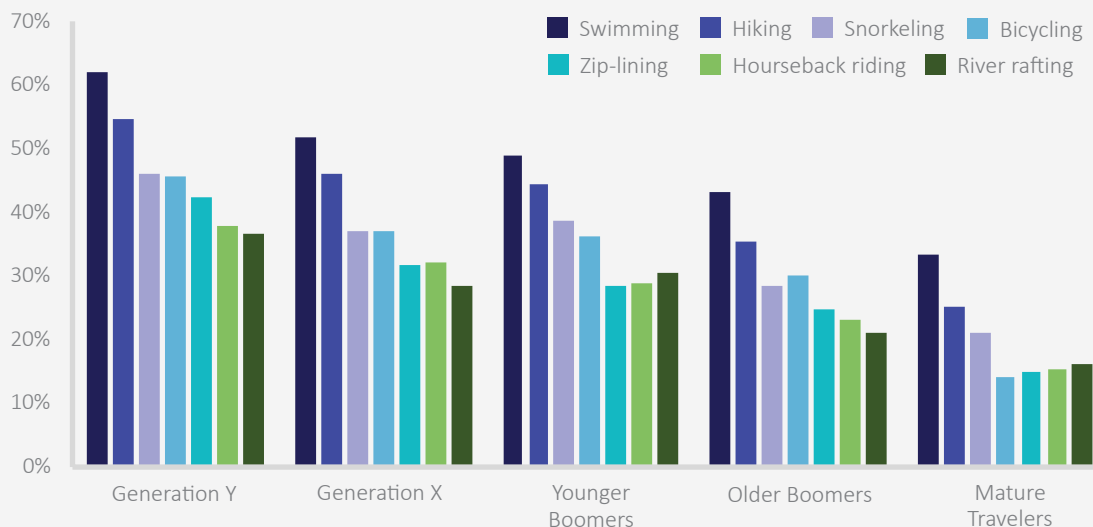
and easily accessible. Nearly five out of ten (49.4%) U.S. overseas travelers expressed an interest in swimming, 42.6 percent in hiking, 35.4 percent in snorkeling, and 34.4 percent in bicycling. That is not to say that demand for costlier, more skills-based sports is insignificant — 23.6 percent wanted to go kayaking, 16.9 percent scuba diving, etc. — but these activities definitely have a narrower band of potential customers.

Over the years, the market for specific outdoor activities such as hiking and bicycling has witnessed substantial growth. Hiking, surfing and scuba diving have the power to attract travelers who build their entire trip around these activities. In fact, over 70 percent of U.S. overseas travelers who said they would partake in these activities say they would likely dedicate their entire vacation to these outdoor adventures.

Some notable trends can also be seen in how activity preferences have shifted over time. Sports that had been previously overlooked are gaining steam with overseas travelers. For example, in less than a decade, the share of travelers interested in paddle boarding jumped from 6.5 percent to 13.5 percent.

Nature explorers are also catching up

Top Outdoor Activities When Traveling Overseas By Age Group



Source: HVCB analysis of TravelStyles 2015-2016 Americans as International Travelers data

with this trend. According to the U.S. Travel Association, 35.4 percent of overseas travelers visited national parks and monuments in 2015, up slightly from 33.4 percent in 2012. The share of overseas travelers visiting national parks and monuments is forecasted to increase steadily to 36.5 percent by the end of 2017.

Hawai'i for Outdoor Adventure Seekers

The geographic diversity of Hawai'i makes it a popular Outdoor Recreation travel destination. Whether it is water sports, hiking, skydiving, or just a nice swim, the islands can accommodate pretty much any physical activity one could think of. As such, Outdoor Recreation remains a major component of the typical Hawai'i vacation.

In general, the types of activities visitors choose to participate mirror trends seen in the broader U.S. travel industry. U.S. visitors of all ages gravitate towards low-cost, easy-access options such as swimming or sunbathing at the beach during their Hawai'i vacation. In 2015, half of the U.S. visitors explored the islands' state parks or botanical gardens; 43.6 percent went snorkeling or scuba diving; and nearly a quarter went hiking. Surfing or paddle boarding accounted for 23.9 percent while one out of ten U.S. visitors went canoeing or kayaking.

Age Groups Comparison

Millennial U.S. visitors are more apt to participate in outdoor activities and adventures than their parents. While both age groups accounts for the same percentage when it comes to visiting state parks or botanical gardens, there is a significant difference in participation percentage when it comes to physical activities. For instance, 46.7 percent of millennial visitors said they went hiking, camping or backpacking in 2015, while only 16.6 percent of senior visitors said they had participated in such activities. This decline in participation is particularly noticeable in physically strenuous sports such as snorkeling, surfing or paddle boarding.

U.S. Travel Intention

In a recent survey conducted this year, over 80 percent of U.S. air leisure travelers who plan to visit Hawai'i are interested in visiting the beach while in Hawai'i. More than half (57.3%) are interested in participating in water activities such surfing or water skiing. Land activities are also of interest, and more than 70 percent of respondents said they were looking to explore a state park when vacationing in Hawai'i. Hiking appeals to 54.3 percent of these potential visitors.

Source: HVCB analysis of TravelStyles 2015-2016 Americans as International Travelers data, TNS data, MMGY Travelhorizons 2017 Wave 3, and HTA 2015 visitor satisfaction & activity report data



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Photo courtesy of HMTA / Kirk Lee Astler

Traveler Sentiment



Photo courtesy of HMTA / Tom Johnson

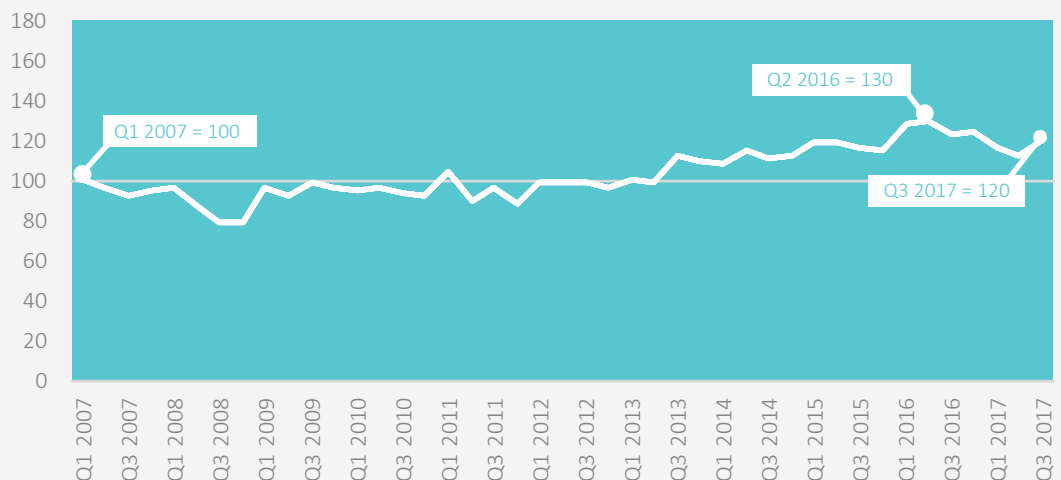
The third quarter of 2017 traveler sentiment is still lagging year-over-year – 119.8 compared to 123.1 recorded this time last year. However, it is the first time this year that the Index has ticked upward, posting a +7.2 point gain over quarter two.

The increase was driven by a broad cross-section of factors. In fact, the perceptions of U.S. air leisure travelers were more positive for each of the six measured variables than the prior quarter, with the biggest increases observed in the

time available for travel and the quality of service provided while traveling.

The improved perceptions suggest that the Index may be stabilizing which in turn could signal more robust interest in travel in upcoming months. These are encouraging signs for Hawai‘i’s visitor industry which had eyed the plummeting Index earlier in the year with some concern. The months ahead are looking more promising with the Index possibly rising and increased air service coming in the new year.

U.S. Air Leisure Traveler Sentiment Index



Source: HVCB analysis of MMGY Global Travelhorizons data