



Europe Fact Sheet

Europe Overview

Hawai'i Tourism Europe (HTE) targets visitors from the countries of United Kingdom, Germany, France, Italy and Switzerland (Europe Major Market Area, MMA). The U.K. and Germany are the two top source markets in the Europe MMA. Preliminary visitor statistics for the first two months of 2017 show a 5.7 percent decrease in visitor arrivals. However, per person per day spending is higher (+14.1%) and contributed to a 8.1 percent growth in total visitor expenditures compared to year-to-date 2016.

Hawai'i continues to be represented in Europe with offices in London, Munich and Paris. Highlighted 2017 HTE activities includes: 1) launch of a new online training program; 2) a multi-faceted consumer campaign, "Hawai'i through the Lens," encompassing social media, VP, print and online advertising; 3) travel trade incentives campaign centered around the Top 40 things to do in the Hawaiian Islands; 4) Aloha Europe sales mission; and 5) first-ever MCI FAM.

March 2017 Quick Facts¹

| | |
|--------------------------|-----------------------------------|
| Visitor Expenditures: | \$41.1 million |
| Primary Purpose of Stay: | Pleasure (13,313) vs. MCI (1,205) |
| Average Length of Stay: | 13.76 days |
| First Time Visitors: | 64.2% |
| Repeat Visitors: | 35.8% |

| | 2015 | 2016P | % Change 2016P vs 2015 | 2017 Forecast | % Change 2016P vs 2017 Forecast | YTD Mar. 2017P | YTD Mar. 2016P | % change YTD |
|-------------------------------------|-----------|-----------|------------------------|---------------|---------------------------------|----------------|----------------|--------------|
| EUROPE MMA (by Air) | | | | | | | | |
| Visitor Expenditures* (\$ Millions) | 337.2 | 341.8 | 1.4% | 343.7 | 0.6% | 62.0 | 58.5 | 5.9% |
| Visitor Days | 1,897,157 | 1,854,794 | -2.2% | 1,852,670 | -0.1% | 336,593 | 347,091 | -3.0% |
| Arrivals | 145,019 | 142,684 | -1.6% | 142,684 | 0.0% | 24,710 | 26,208 | -5.7% |
| Per Person Per Day Spending* (\$) | 177.7 | 184.3 | 3.7% | 188.0 | 2.0% | 184.2 | 168.6 | 9.2% |
| Per Person Per Trip Spending* (\$) | 2,325.0 | 2,395.5 | 3.0% | 2,408.7 | 0.6% | 2,508.7 | 2,232.9 | 12.3% |
| Length of Stay (days) | 13.08 | 13.00 | -0.6% | 13.0 | -0.1% | 13.62 | 13.24 | 2.9% |

*Excludes supplemental business spending

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¹ 2016 and 2017 data are preliminary.

Market Summary

- Through March 2017, arrivals decreased 5.7% to 24,710 visitors. However, visitor daily spending (+9.2% to \$184.2 per person) increased from year-to-date 2016, resulting in a 5.9% gain in visitor expenditures to \$62 million. MCI visitors dropped 9.4% to 1,842 visitors. Looking at island distribution through March, 74% went to O'ahu, 40% to Island of Hawai'i, 36% to Maui and 18% to Kaua'i.
- Preliminary 2016 data shows arrivals dropped 1.6% to 142,684 visitors and visitor days decrease 2.2% from 2015. Higher daily spending (+3.7% to \$184 per person) contributed to a 1.4 percent increase in visitor expenditures to \$341.8 million. MCI visitors decreased 13.1% to 8,031 visitors. Seventy-three percent (73%) of Europeans visited O'ahu, followed by Maui (46%), Island of Hawai'i (34%) and Kaua'i (22%).

Market Conditions

- The percentage of consumers intending to travel in 2017 is positive. Confidence is highest in Ireland (+8%), Denmark and the UK (both +7%)
- According to ABTA (UK), early bookings for overseas holidays also appear strong for 2017, with industry figures showing bookings for summer 2017 tracking 11% above last year.
- After a great start to 2017, consumer confidence in Germany suffers a minor setback in February. Both economic and income expectations, as well as propensity to buy are expected to decline. The consumer climate forecast for March is at 10.0 points following a level of 10.2 in February. The change of administration in the United States and the considerable recent increase are the factors effecting a generally positive month in Germany
- Germans are booking their summer holidays very early this year after destination switching resulted in capacity issues in 2016, figures released today showed. The German tourism industry is optimistic about prospects for 2017 as consumers remain in the mood to travel more than last year. Travel agency revenues for summer 2017 are 6% higher as of end-January, according to figures from market researcher GfK
- The sharing economy represents 11% of the tourist accommodation demand in France. Accommodation offered by individuals online, such as AirBnB, have a growing success in France. In 2015, sharing economy already represented 9% of the tourist accommodation demand
- The weak pound and a "Trump slump" are being blamed for a slump in British travellers to the US. The number of UK visitors to the US fell by 17% year on year in January, according to the Office for National Statistics. In total, 230,000 Britons travelled to the US in January 2017, compared with 276,000 in January 2016. Hawaii however is bucking this trend from the UK market, with the majority of tour operators reporting number to Hawaii are up year on year.
- According to meetings with key tour operator partners at Unite USA, Hawai'i is generally performing in more strongly than mainline USA or in line with. Some tour operator partners report as much as a 75% year on year growth for Hawai'i
- Norwegian has been named a preferred airline of the UK government in a deal potentially worth £1 million for the company. Norwegian is growing rapidly in the UK having launched more than 10 routes from the UK in the past year and is expanding its low-cost flights to the USA by more than 50% this summer. Norwegian specialise in European and USA flights and fly from London to Boston, Florida, Los Angeles, New York and Oakland

Visitor Statistics

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*Excludes supplemental business spending

Distribution by Island

| EUROPE MMA (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Mar. 2017P | YTD Mar. 2016P | % change YTD |
|---------------------|---------|---------|---------------------------|-------------------|-------------------|-----------------|
| O'ahu | 105,998 | 102,060 | -3.7% | 18,240 | 18,407 | -0.9% |
| Maui County | 61,005 | 65,497 | 7.4% | 9,305 | 10,766 | -13.6% |
| ...Maui | 60,361 | 64,707 | 7.2% | 8,800 | 10,621 | -17.1% |
| ...Moloka'i | 2,445 | 1,993 | -18.5% | 743 | 446 | 66.6% |
| ...Lāna'i | 1,492 | 1,570 | 5.2% | 319 | 276 | 15.4% |
| Kaua'i | 33,406 | 31,605 | -5.4% | 4,544 | 4,783 | -5.0% |
| Hawai'i Island | 49,755 | 48,606 | -2.3% | 9,843 | 7,804 | 26.1% |

Group vs. FIT; Leisure vs. Business

| EUROPE MMA (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Mar. 2017P | YTD Mar. 2016P | % change YTD |
|---------------------|---------|---------|---------------------------|-------------------|-------------------|-----------------|
| Group vs FIT | | | | | | |
| Group tour | 8,399 | 8,599 | 2.4% | 1,042 | 1,995 | -47.8% |
| True Independent | 94,079 | 92,950 | -1.2% | 18,210 | 17,676 | 3.0% |
| Leisure vs business | | | | | | |
| Pleasure (Net) | 126,397 | 122,818 | -2.8% | 21,316 | 21,545 | -1.1% |
| MCI (Net) | 9,246 | 8,031 | -13.1% | 1,842 | 2,033 | -9.4% |
| Convention/Conf. | 6,369 | 4,719 | -25.9% | 1,383 | 913 | 51.5% |
| Corp. Meetings | 1,296 | 1,319 | 1.7% | 261 | 430 | -39.2% |
| Incentive | 1,834 | 2,349 | 28.1% | 244 | 764 | -68.1% |

First Timers vs. Repeat Visitors

| EUROPE MMA (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Mar. 2017P | YTD Mar. 2016P | % change YTD |
|---------------------|------|-------|---------------------------|-------------------|-------------------|-----------------|
| 1st timers (%) | 68.9 | 70.9 | 2.0 | 66.8 | 66.9 | -0.1 |
| Repeaters (%) | 31.1 | 29.1 | -2.0 | 33.2 | 33.1 | 0.1 |

Tax Revenue

| EUROPE MMA (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Mar. 2017P | YTD Mar. 2016P | % change YTD |
|--|-------|-------|---------------------------|-------------------|-------------------|-----------------|
| State tax revenue generated* (\$ Millions) | 35.91 | 39.9 | 11.1% | 7.24 | 6.83 | 5.9% |

*State government tax revenue generated (direct, indirect, and induced)

Industry

Major Tour Operators

Below are the current top tour operators in Germany and the United Kingdom in relation to market share. This is based on total numbers of passengers to Hawai'i.

Germany

- FTI Touristik*
- Canusa Touristik*
- America Unlimited
- Dertour
- Meier's Weltreisen
- TUI
- Thomas Cook AG
- Explorer Fernreisen
- Niche Tour Operators

* FTI and Canusa are the only tour operators with their own dedicated Hawai'i brochure.

United Kingdom*

- Expedia
- Virgin Holidays
- Trailfinders
- Ebookers
- Flight Centre
- Opodo Ltd.
- Lotus Travel
- Hayes & Jarvis
- Travelbag Ltd

* These are the key tour operators who send UK visitors to Hawai'i as a stand-alone destination. This does not take into account multi-center add-ons to the West Coast.