

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 2017 January figures show visitor arrivals decreased 1.8% compared to the prior year, and per person per day spending is also down -6.9% and total visitor expenditures by -10.9%. The strength of the U.S. dollar against the Euro and British Pound, the uncertainty with Brexit, and consumers waiting to book long-haul travel had a negative impact on travel to Hawai'i.

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) partnership with Haribo; 5) Aloha Europe sales mission; and 6) first-ever MCI FAM.

January 2017 Quick Facts¹

Visitor Expenditures:	\$22.1 million
Primary Purpose of Stay:	Pleasure (6488) vs. MCI (710)
Average Length of Stay:	14.61 days
First Time Visitors:	61.6%
Repeat Visitors:	38.4%

EUROPE MMA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
Visitor Expenditures* (\$ Millions)	337.2	341.8	1.4%	343.7	0.6%	22.1	24.8	-10.9%
Visitor Days	1,897,157	1,854,794	-2.2%	1,852,670	-0.1%	114,450	119,554	-4.3%
Arrivals	145,019	142,684	-1.6%	142,684	0.0%	7,833	7,979	-1.8%
Per Person Per Day Spending* (\$)	177.7	184.3	3.7%	188.0	2.0%	192.9	207.2	-6.9%
Per Person Per Trip Spending* (\$)	2,325.0	2,395.5	3.0%	2,408.7	0.6%	2,818.1	3,103.8	-9.2%
Length of Stay (days)	13.08	13.00	-0.6%	13.0	-0.1%	14.61	14.98	-2.5%

*Excludes supplemental business spending

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¹ Data for 2014R and 2015 were revised based on updated statistics from the Federal Office of Travel and Tourism Industries (OTTI) and from updated reports from airlines. 2016 data are preliminary.

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Market Summary

- In 2016, 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. For January 2017, decreased arrivals (-1.8% to 7,833 visitors) and lower daily spending (-6.9% to \$193 per person) resulted in a 10.9% drop in visitor expenditures to \$22.1 million.
- In 2016, MCI visitors decreased 13.1% to 8,031 visitors. In January 2017, MCI visitors rose 5.5% to 710 visitors.
- In 2016, 73% went to O'ahu, 46% to Maui, 34% to Island of Hawai'i and 22% to Kaua'i. In January 2017, 73% went to O'ahu, 44% to Island of Hawai'i, 39% to Maui and 20% to Kaua'i.

Market Conditions

- Oversees visits to the U.S. will continue to soften into 2017. (Tourism Economics, November 2016)
- Trading to the U.S. has been tough over the last few months, and particularly for the January peak sales period, due to the exchange rate but it's unlikely that President Donald Trump's executive Order that banned travel into the U.S. for 90 days from Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen in itself will have much of an impact provided the trade work together to educate consumers that it will really effect very few people. The immediate challenge lies in the confusion over the eligibility of people with dual-nationalities. As long as they are travelling on a UK passport, they can still travel to the US, subject to further security.
- The IMF predicts the economy will grow 1.7% in 2017, 0.9 percentage points lower than estimated in April but still demonstrating growth. As well as this, the IMF still forecasts the UK will grow faster in 2016 and 2017 than both Germany and France and the Bank of England has said there is "not yet any discernible sign of post-Brexit weakness"
- U.S. Department of Commerce's National Travel and Tourism Office forecasts the following international travels to the U.S. in 2017: U.K. (-1.0%); Germany (+1.0%); France (+1.00%); Switzerland (+1.0%) and Italy (-1.0%). (October 2016).
- State of Hawai'i's Department of Business, Economic Development, & Tourism forecasts visitor arrivals from the Europe MMA to grow +1.0% in 2017. (Q4, 2016)
- The UK's level of unemployment has dropped to its lowest in over 10 years. The jobless rate was steady at an 11-year low of 4.8% and the employment rate was steady at a record 74.5%, while wage growth picked up pace. Employment minister Damian Hinds described the figures as encouraging and highlighted the "strength and resilience" of the UK labor market. (January 2017)
- Germany's economic expectations have increased slightly, while income expectations have seen significant growth. The overall consumer climate index is forecasting 9.9 points for the first months of 2017, after a figure of 9.8 points in December 2016.
- 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.

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Visitor Statistics

EUROPE MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
Visitor Expenditures* (\$ Millions)	321.6	339.1	337.2	341.8	1.4%	343.7	0.6%	22.1	24.8	-10.9%
Visitor Days	1,818,056	1,868,643	1,897,157	1,854,794	-2.2%	1,852,670	-0.1%	114,450	119,554	-4.3%
Arrivals	136,805	142,366	145,019	142,684	-1.6%	142,684	0.0%	7,833	7,979	-1.8%
Per Person Per Day Spending* (\$)	176.9	181.5	177.7	184.3	3.7%	188.0	2.0%	192.9	207.2	-6.9%
Per Person Per Trip Spending* (\$)	2,351.1	2,381.9	2,325.0	2,395.5	3.0%	2,408.7	0.6%	2,818.1	3,103.8	-9.2%
Length of Stay (days)	13.29	13.13	13.08	13.00	-0.6%	13.0	-0.1%	14.61	14.98	-2.5%

*Excludes supplemental business spending

Distribution by Island

EUROPE MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
O'ahu	99,092	103,362	105,998	102,060	-3.7%	5,709	5,620	1.6%
Maui County	58,992	59,212	61,005	65,497	7.4%	3,077	3,198	-3.8%
...Maui	57,837	58,479	60,361	64,707	7.2%	3,018	3,137	-3.8%
...Moloka'i	2,242	2,857	2,445	1,993	-18.5%	151	149	1.9%
...Lāna'i	2,399	2,052	1,492	1,570	5.2%	161	80	99.7%
Kaua'i	31,099	32,130	33,406	31,605	-5.4%	1,542	1,458	5.7%
Hawai'i Island	45,429	47,799	49,755	48,606	-2.3%	3,453	2,603	32.7%

Group vs. FIT; Leisure vs. Business

EUROPE MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
Group vs FIT								
Group tour	8,190	4,747	8,399	8,599	2.4%	313	488	-35.8%
True Independent	85,429	92,605	94,079	92,950	-1.2%	5,835	5,842	-0.1%
Leisure vs business								
Pleasure (Net)	119,432	124,789	126,397	122,818	-2.8%	6,488	6,502	-0.2%
MCI (Net)	7,052	7,279	9,246	8,031	-13.1%	710	672	5.5%
Convention/Conf.	4,362	4,481	6,369	4,719	-25.9%	501	484	3.6%
Corp. Meetings	1,031	1,384	1,296	1,319	1.7%	144	121	19.3%
Incentive	1,968	1,792	1,834	2,349	28.1%	95	82	15.4%

First Timers vs. Repeat Visitors

EUROPE MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
1st timers (%)	70.9	69.0	68.9	70.9	2.0	61.6	67.1	-5.5
Repeaters (%)	29.1	31.0	31.1	29.1	-2.0	38.4	32.9	5.5



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Tax Revenue

EUROPE MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
State tax revenue generated* (\$ Millions)	34.25	36.11	35.91	36.4	1.4%	2.35	2.64	-10.9%

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

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Industry (Confidential – for internal purposes only)

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.*

Major Hotels

German visitors prefer to have intimate stays at smaller hotels, e.g. boutique hotels or prefer to stay at vacation homes. As Hawai'i is still a bit limited in providing such accommodations, Germans also stay at bigger properties, but a good value for money/ price performance ratio is mandatory for their hotel choice.

The British visitors, who chose Hawaii as their destination of choice for their vacation, are Brits investing in a luxury, once in a lifetime holiday, or honeymoon. With this in mind, the British visiting Hawai'i will want large resort type hotels with restaurants, gourmet buffets and entertainment all forming part of the large resort with a beach nearby. Price and value for money is key. Boutique properties are more popular with younger, discerning visitors (DINKS) looking for a more unique, personal and intimate experience. The British like to get breakfast as part of their stay in a hotel and this can be a deal breaker.