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Oceania Fact Sheet

Oceania Overview

The HTA, through Hawai'i Tourism Oceania (HTO), targets visitors from the countries of Australia and New Zealand, which have experienced steady growth in outbound travel to Hawai'i over recent years. Since 2004, the HTA has contracted with The Walshe Group Pty Ltd, to provide marketing services in Oceania. HTO's 2016 base funding level is \$1.7 million with higher YOY targets.

January 2017 Quick Facts¹

Visitor Expenditures: \$80.5 million
 Primary Purpose of Stay: Pleasure (29,345) vs. MCI (1,046)
 Average Length of Stay: 9.33 days
 First Time Visitors: 49.9%
 Repeat Visitors: 50.1%

OCEANIA 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)	1,001.3	1,033.60	3.2%	1,005.3	-2.7%	80.50	79.49	1.3%
Visitor Days	3,810,265	3,831,311	0.6%	3,685,261	-3.8%	296,319	289,549	2.3%
Arrivals	399,619	399,644	0.0%	384,051	-3.9%	31,767	31,979	-0.7%
Per Person Per Day Spending* (\$)	262.8	269.8	2.7%	275.2	2.0%	271.7	274.5	-1.1%
Per Person Per Trip Spending* (\$)	2,505.5	2,586.3	3.2%	2,617.7	1.2%	2,533.9	2,485.8	1.9%
Length of Stay (days)	9.53	9.59	0.5%	9.60	0.1%	9.33	9.05	3.0%

*Excludes supplemental business spending

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¹ 2016 and 2017 data are preliminary.



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Market Summary

- In January 2017, arrivals dropped slightly (-0.7%) to 31,767 visitors however, visitor days rose 2.3 percent due to a longer average length of stay (+1.3% to 8.57 days). This contributed to a 1.3 percent growth in visitor expenditures (+1.3% to \$80.5 million), despite daily spending (-1.1% to \$271 per person) being lower compared to January 2016.
- Airlift increased 2.3 percent to 514,641 seats in 2016. The majority of the growth in air seats was attributed to Jetstar's new service – Brisbane to Honolulu², Air New Zealand's increased capacity – Auckland to Honolulu, and Qantas increasing service – Sydney to Honolulu. In January 2017, air capacity from Oceania declined -9.7% to 42,431 seats.
- Hawaiian Airlines routes and connectivity throughout the State is contributing to greater neighbor island awareness in Oceania. However, with the increase in visitor arrivals Hawai'i is hosting more first-time visitors and these visitors generally travel only to O'ahu on their first trip. One of HTO's key goals is to increase awareness of neighbor island offerings and to encourage visitors to travel to more than one island. This was seen in January with good increases in Neighbor Island visits.

Market Conditions

- The Reserve Bank of Australia cash interest rate is forecast to remain low through 2017, which is expected to drive growth.
- The softer Australian dollar, which was been sitting at between \$0.74 and \$0.76 cents throughout most of 2016 is good news for Australia's domestic travel industry, but provides challenges for Australians considering outbound travel. The dollar has begun the year positively with some initial gains.
- Unemployment sat at around 5.7% for most of 2016 and is anticipated to remain around this level over the next year or so while inflation is predicted to sit at around 2%. *Reserve Bank of Australia*
- Other potential impacts on the Australian economy include mortgage stress as housing prices in Australia's capital cities continues to soar; economists' predictions of a slowing economy and a slowing in China's economy as Australia's largest trading partner – *Goldman Sachs*
- Overall, consumer and business confidence remain buoyant.
- The New Zealand economy is predicted to see GDP growth of between 2.5% and 3.5% over the next few years.
- The unemployment rate has dipped below 5% which is a sign of NZ's economic growth, and is predicted to be stable.
- After a year of exchange rate falls, the New Zealand dollar appears to have settled and strengthened to a range between \$0.65 and \$0.73 cents. Predictions through 2017 don't seem to indicate a huge change to this, however the NZ dollar is affected by global conditions.
- 2016 was record year for outbound travel from New Zealand with over 2.6 million departures (up 9%). 2017 has begun positively and is already exceeding the previous year's record departures.
- Australian resident outbound departures are predicted to remain at 3.9 per cent to 10.4 million in 2017–18 to the highest on record, but with growth slowing on previous years, attributed to weaker

² This service was suspended as of October 2016 due to soft load factors, leaving Hawaiian Airlines the only carrier flying Brisbane-Honolulu



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assumptions for Australian GDP growth and the lower value of the AUD which is likely to have a slight dampening effect on Australian residents' overseas travel *Tourism Research Australia*

- The New Zealand outbound travel market is booming. 2015 was a record year for outbound travel and 2016 is seeing even further growth. The patterns of the New Zealand traveler are indicating more frequent travel, and shorter trips. The increased, and more comfortable airlift options have helped this.

Visitor Statistics

OCEANIA 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)	877.1	894.3	1,001.3	1,033.60	3.2%	1,005.3	-2.7%	80.50	79.49	1.3%
Visitor Days	3,379,558	3,458,816	3,810,265	3,831,311	0.6%	3,685,261	-3.8%	296,319	289,549	2.3%
Arrivals	355,568	371,367	399,619	399,644	0.0%	384,051	-3.9%	31,767	31,979	-0.7%
Per Person Per Day Spending* (\$)	259.5	258.6	262.8	269.8	2.7%	275.2	2.0%	271.7	274.5	-1.1%
Per Person Per Trip Spending* (\$)	2,466.8	2,408.2	2,505.5	2,586.3	3.2%	2,617.7	1.2%	2,533.9	2,485.8	1.9%
Length of Stay (days)	9.50	9.31	9.53	9.59	0.5%	9.60	0.1%	9.33	9.05	3.0%

*Excludes supplemental business spending

Distribution by Island

OCEANIA MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
O'ahu	342,717	358,225	386,815	386,426	-0.1%	30,398	30,580	-0.6%
Maui County	74,396	77,165	74,780	76,779	2.7%	6,337	4,699	34.9%
...Maui	73,744	75,933	73,399	75,341	2.6%	6,190	4,686	32.1%
...Moloka'i	4,855	4,441	4,457	5,052	13.4%	377	189	99.8%
...Lāna'i	5,646	4,922	5,393	5,510	2.2%	307	116	165.0%
Kaua'i	31,777	31,407	32,904	32,770	-0.4%	2,038	1,979	3.0%
Island of Hawai'i	58,939	54,245	58,691	58,359	-0.6%	4,500	3,994	12.7%

Airlift

	2017					2016					2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
OCEANIA	113,869	119,374	127,463	117,054	477,760	126,007	132,343	135,581	120,710	514,641	-9.6%	-9.8%	-6.0%	-3.0%	-7.2%
Auckland	23,248	24,734	29,290	24,854	102,126	21,762	24,466	28,974	25,260	100,462	6.8%	1.1%	1.1%	-1.6%	1.7%
Brisbane	11,398	10,842	11,120	10,842	44,202	23,321	25,673	25,673	15,601	90,268	-51.1%	-57.8%	-56.7%	-30.5%	-51.0%
Melbourne	14,740	14,740	15,410	14,070	58,960	17,420	14,405	14,740	14,405	60,970	-15.4%	2.3%	4.5%	-2.3%	-3.3%
Sydney	64,483	69,058	71,643	67,288	272,472	63,504	67,799	66,194	65,444	262,941	1.5%	1.9%	8.2%	2.8%	3.6%

Source: Diio Mii airline schedules



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Group vs. FIT; Leisure vs. Business

OCEANIA MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
Group vs FIT								
Group tour	9,931	7,285	7,715	9,731	26.1%	289	547	-47.3%
True Independent	182,929	193,192	241,090	231,143	-4.1%	19,443	18,265	6.4%
Leisure vs business								
Pleasure (Net)	331,268	349,656	372,179	369,433	-0.7%	29,345	30,089	-2.5%
MCI (Net)	7,769	6,478	8,214	7,700	-6.3%	1,046	1,016	3.0%
Convention/Conf.	6,283	5,078	5,872	5,229	-10.9%	986	825	19.6%
Corp. Meetings	568	641	927	618	-33.3%	80	114	-30.2%
Incentive	948	982	1,663	1,981	19.1%	0	79	-100.0%

First Timers vs. Repeat Visitors

OCEANIA MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
1st timers (%)	53.9	54.9	54.2	53.3	0.9	49.9	48.6	1.4
Repeaters (%)	46.1	45.1	45.8	46.7	-0.9	50.1	51.4	-1.4

Tax Revenue

OCEANIA MMA (by Air)	2013	2014R	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
State tax revenue generated* (\$ Millions)	93.41	95.24	106.63	110.08	3.2%	8.57	8.47	1.3%

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

HAWAII TOURISM

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Industry (Confidential – for internal purposes only)

Major industry partners

- Infinity Holidays (wholesaler for Flight Centre Group)
- Ignite Travel (My Hawai'i)
- Flight Centre Group (Flight Centre; Travel Associates; Escape Travel; Student Flights)
- Pinpoint
- Helloworld (Wholesale and retail-amalgamation of Jetset; Travelworld; Harvey World Travel; Travelscene AMEX; GO Holidays (NZ) Wholesale – Qantas Holidays/Viva! Holidays)
- Lifestyle Holidays (wholesaler for First Travel Group and You Travel)
- Expedia
- Excite Holidays (wholesaler)
- Hoot Holidays/House of Travel NZ
- Hawaiian Airlines
- Jetstar
- Qantas
- Air New Zealand
- Luxury Escapes AU (newly entered into the Hawai'i market)

Major Hotels

Island	Romance	Family	Active	Couples
Kaua'i	St Regis Princeville Westin Princeville Kaua'i Beach Sheraton Kaua'i Aston Grand Hyatt	Westin Princeville Kaua'i Marriott Outrigger Kaua'i Beach Sheraton Kaua'i Aston	Westin Princeville Kaua'i Marriott Outrigger Kaua'i Beach Sheraton Kaua'i Aston	Westin Princeville Kaua'i Marriott Outrigger Kaua'i Beach Sheraton Kaua'i Aston St Regis Princeville
O'ahu	Halekulani The Royal Hawaiian Moana Surfrider Hyatt Regency The Modern Trump Int. Hotel Turtle Bay Resort Kahala Resort Outrigger Waikiki Sheraton Princess Ka'iulani Outrigger Reef Aqua Park Shore Hilton Hawaiian Village Aston Waikiki Beach Four Seasons Ritz Carlton	Aulani Embassy Suites Turtle Bay Resort Aston Aqua Wave OHANA Waikiki Outrigger on the Beach Sheraton Princess Ka'iulani Outrigger Reef Aqua Park Shore Hilton Hawaiian Village Aston Waikiki Beach OHANA East	Embassy Suites Turtle Bay Resort Aston The Modern OHANA Waikiki Outrigger on the Beach Sheraton Princess Ka'iulani Outrigger Reef Aqua Park Shore Hilton Hawaiian Village Aston Waikiki Beach OHANA East Shoreline Hotel Pacific Beach Hotel Holiday Inn Waikiki Waikiki Parc Hilton Waikiki Beach Turtle Bay Resort	The Royal Hawaiian Turtle Bay Resort Aston The Modern OHANA Waikiki Outrigger on the Beach Sheraton Princess Ka'iulani Outrigger Reef Aqua Park Shore Hilton Hawaiian Village Aston Waikiki Beach OHANA East Shoreline Hotel Waikiki Parc Hilton Waikiki Beach Turtle Bay Resort Hyatt Regency Waikiki Beach Marriott
Maui	Royal Lahaina Resort Grand Wailea Four Seasons Wailea The Fairmont Kea Lani Maui Westin Maui Resort Hyatt Regency Sheraton Maui Resort Aston Ka'anapali Shores	Royal Lahaina Resort Westin Maui Resort Hyatt Regency Sheraton Maui Resort Aston Ka'anapali Shores Ka'anapali Beach Hotel Honua Kai Resort Makena Beach Resort	Ka'anapali Beach Hotel Hyatt Regency Sheraton Maui Resort Aston Ka'anapali Shores The Ritz-Carlton Kapalua	Royal Lahaina Resort Westin Maui Resort Hyatt Regency Sheraton Maui Resort Aston Ka'anapali Shores Ka'anapali Beach Hotel Honua Kai Resort Makena Beach Resort Four Seasons Wailea
Island of Hawai'i	Hilton Waikoloa Royal Kona Resort Keauhou Bay Resort The Fairmont Orchid Mauna Kea Mauna Lani Haupuna Beach Four Seasons Hualalai	Hilton Waikoloa Royal Kona Resort Keauhou Bay Resort Outrigger Royal Sea Cliff	Hilton Waikoloa Royal Kona Resort Keauhou Bay Resort Outrigger Royal Sea Cliff Castle Hilo Hawaiian Courtyard King Kamehameha	Hilton Waikoloa Royal Kona Resort Keauhou Bay Resort Mauna Kea Hapuna Beach Courtyard King Kamehameha Four Seasons Hualalai