



2012

Visitor Satisfaction
Monitoring Report

Fourth Quarter
(October – December)

HAWAII TOURISM

AUTHORITY

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INTRODUCTION

This quarterly monitoring report presents selected preliminary statistics from the fourth quarter 2012 Visitor Satisfaction and Activity Survey (VSAT). The survey measures the opinions of visitors from the top four Major Market Areas (MMAs) -- U.S. West, U.S. East, Japan, and Canada regarding their satisfaction with Hawai'i as a visitor destination. The report highlights survey respondents' evaluation of their vacation experience, including: overall satisfaction with their most recent vacation to Hawai'i, trip expectations, likelihood to recommend Hawai'i, likelihood to revisit Hawai'i, reasons for not revisiting Hawai'i, satisfaction by island, and trip planning timeline.

Revisions to the 2012 Survey Form

The number of questions on the 2012 survey form was reduced, shortening the survey from eight pages to six. The shorter format was intended to encourage visitor participation and increase survey completion rates. Questions were updated to reflect changing trends in consumer travel planning and travel behavior.

CONDITION OF HAWAII'S VISITOR INDUSTRY

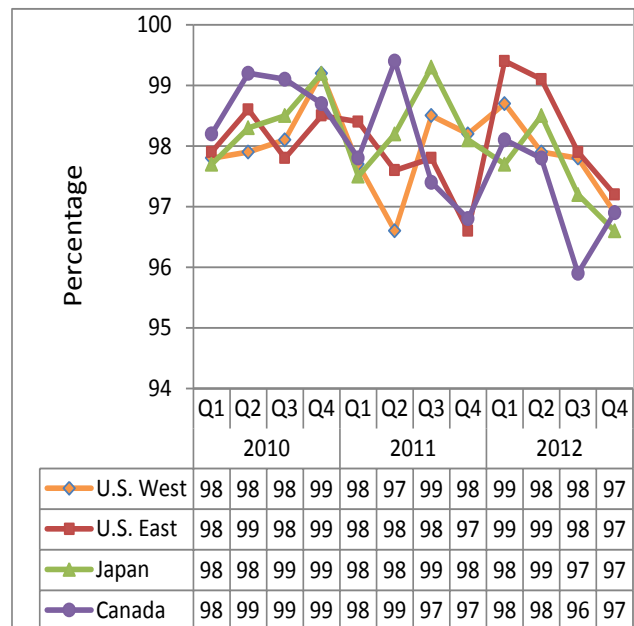
Total visitor arrivals by air in the fourth quarter (October - December) of 2012 grew 9.5 percent, compared to the third quarter of 2011, to 1,966,169 visitors.

Arrivals from U.S. West increased 10.7 percent to 819,577 visitors. U.S. East arrivals rose 2.7 percent to 384,733 visitors. More visitors also came from Canada (+2.8% to 138,784) compared to the fourth quarter of 2011. Arrivals from Japan continued to rebound from the 2011 earthquake and tsunami with a 13.7 percent growth to 367,942 visitors. The average length of stay for all visitors to the state was 9.37 days, compared to 9.56 days in the fourth quarter of 2011.

Visitor Satisfaction Ratings

Visitor satisfaction is an important indicator of industry performance. It provides vital feedback on how well services are delivered based on visitor evaluations. High satisfaction is expected to be a leading indicator of customer retention and loyalty. Satisfying visitors' needs and expectations encourages return trips to Hawai'i and satisfied customers develop a fondness for the destination and pass on that assessment to others.

Figure 1: Overall Rating of Trip [Percentage of visitors who were "satisfied" with their most recent trip by MMA]



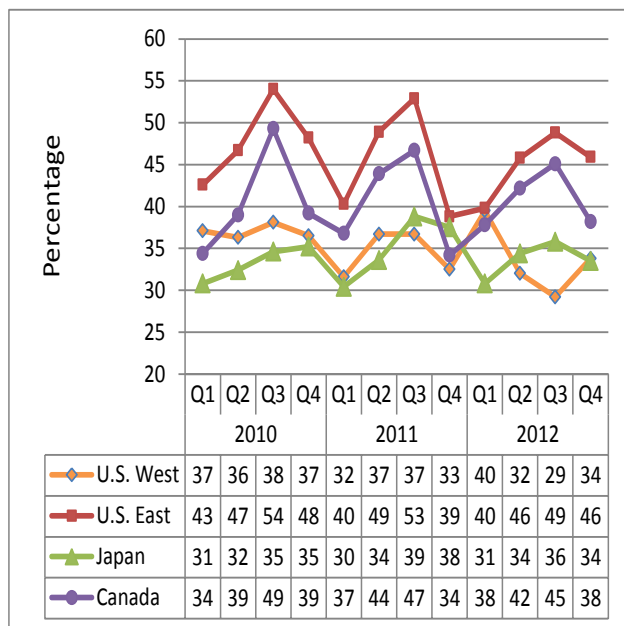
Note: Response options were changed from a 4-point scale to an 8-point scale in 2012.

- Since 2008, over 95 percent of visitors from all four MMAs have been **satisfied** with their overall experience in Hawai'i. A rating of **satisfied** is a combination of **excellent** and **above average** responses.
- Overall satisfaction ratings for the year 2012 were about the same as they were at the end of 2011. Ratings for U.S. East and Canada were flat at 97 percent. Ratings for U.S. West and Japan were down one point (not statistically significant) compared to ratings they gave in the fourth quarter 2011.

Exceeded Expectations

Visitor satisfaction is influenced not only by the level of service people receive while they are here, but also by their own needs, interests, and expectations. Therefore, it is important to measure how well the destination is able to provide the experience that was expected. Overall, Hawai'i's ability to *exceed expectations* continues to be strong.

Figure 2: Trip Exceeds Expectations
[Percentage of visitors who said this trip "Exceeded Expectations" by MMA]

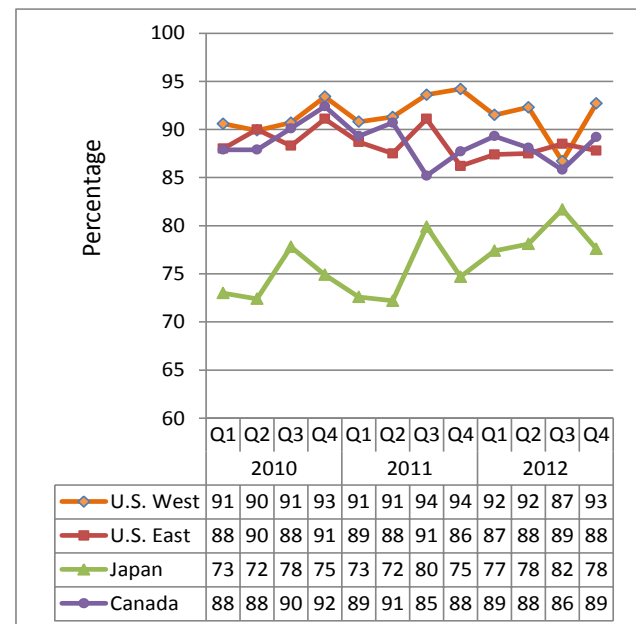


- The percentage of visitors for whom the trip exceeded expectations usually decreases in the fourth quarter. That occurred again in 2012 with one exception. The rating for visitors from U.S. West increased by 5 points.
- Comparing fourth quarter 2012 ratings with those from 2011 we see that results varied widely. The percentage of visitors from Japan who reported that their recent trip to Hawai'i exceeded their expectations decreased by 4 points since 2011. Among visitors from U.S. East, ratings went up by 7 points since the fourth quarter of 2011.

Very Likely to Recommend Hawai'i

Visitors who are highly satisfied with their trip are more likely to recommend their destination to friends and family. Relatively high percentages of visitors to Hawai'i reported that they would be *very likely to recommend* this destination to others. This word-of-mouth advertising is important in marketing. In time, referrals are expected to produce more first-time visitors to Hawai'i and more repeat visits.

Figure 3: Very Likely to Recommend Hawai'i to Friends and Relatives
[Percentage of visitors who are "Very Likely" to recommend Hawai'i as a vacation place by MMA]

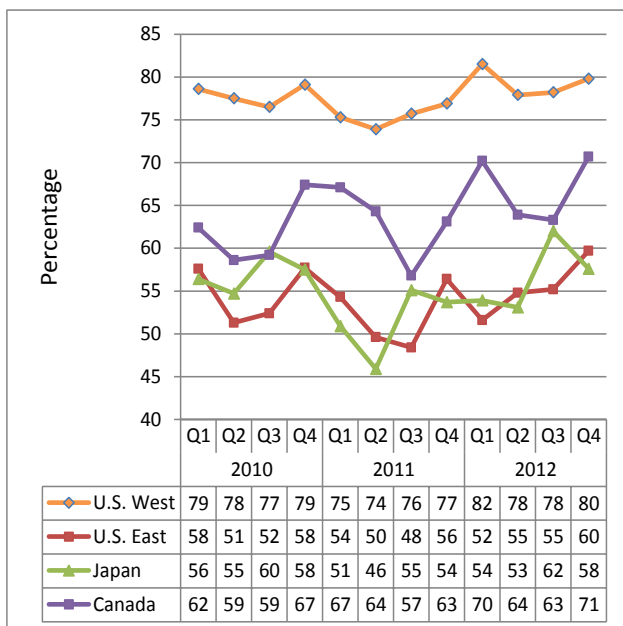


- Over the past few years nine out of ten U.S. West, U.S. East, and Canadian visitors stated that they would be very likely to recommend Hawai'i to friends and relatives. Among visitors from Japan, the likelihood has been lower. It seems, however, that in the last three years, ratings among visitors from Japan have been steadily improving.

Likely to Revisit Hawai‘i

The satisfaction indicator *Likelihood to revisit Hawai‘i* is useful in estimating future demand and predicting numbers and characteristics of repeat visitors. We expect it will be lower than overall satisfaction measures because not all visitors will be taking long-haul trips in the near future. Ratings among Hawai‘i’s top four MMAs ranged from 46 to 80 percent in the last three years.

Figure 4: Very Likely to Revisit Hawai‘i
[Percentage of visitors who are “Very Likely” to revisit Hawai‘i in the next five years by MMA]



- The percentage of visitors who reported that they are *very likely* to return to the islands in the next five years has been trending upward for about two years.
- Visitors from U.S. West continue to be the most likely to return to Hawai‘i. Their fourth quarter 2012 rating was 80, up 3 points since 2011.
- The rating for U.S. East visitors was up 4 points to 60 percent and Canadian visitors’ rating was up 8 points to 71 percent, a new high for this group.

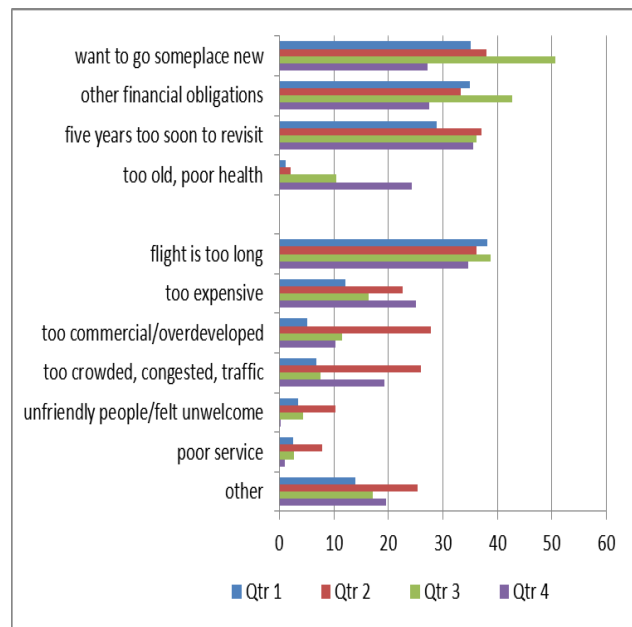
- The **exceeded expectations** rating for our visitors from Japan was up 4 points to 58 percent in fourth quarter 2012.

Reasons for Not Revisiting Hawai‘i

Visitors who report that they *are not likely to revisit Hawai‘i* do so for many reasons. Understanding those reasons allows us to distinguish dissatisfied visitors from those who are unable to return. Visitors who reported that they were *not likely to revisit Hawai‘i in the next five years* were asked to tell us why that was so. Their responses are shown in Figures 5 through 7.

Response options for this question were changed in 2012 and are not fully comparable with those from 2011. Multiple responses were allowed for this question and many respondents offered several. Percentages shown are of percent total respondents. We have separated reasons into two groups in each figure.

Figure 5: Reasons for Not Revisiting Hawai‘i in next 5 years – [Percentage of U.S. visitors]

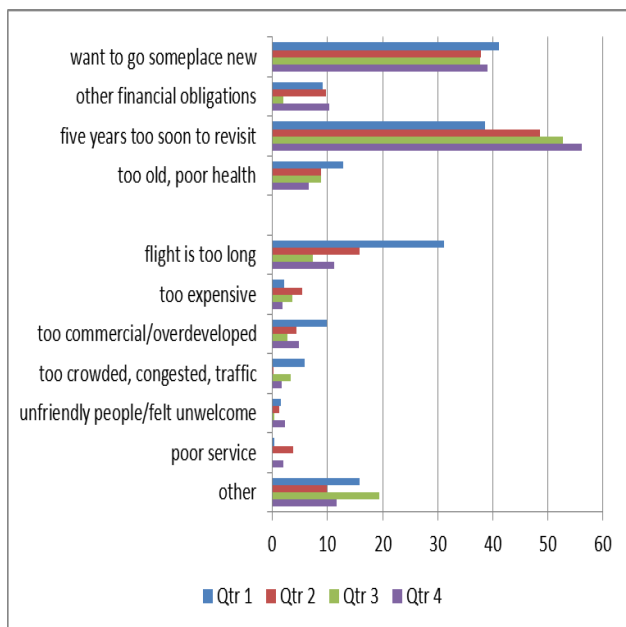


About half of U.S. visitors offered at least one of the reasons shown at the top of Figure 5. They were not expecting to return to Hawai‘i because they would not likely be taking a long haul vacation in the next five years or they wanted to visit new places each time they go on vacation.

Just less than half offered one or more reasons that suggest some dissatisfaction with the most recent trip to Hawai'i. By far the most frequently mentioned reason was the fact that the flight was too long (37%). Smaller numbers felt that Hawai'i was overdeveloped (10%), congested (19%), or unfriendly (1%).

Visitors from Japan were more likely to report reasons that reflected their own situations or interests. They were more likely than U.S. visitors to say they wanted to visit someplace new (39% vs. 27%) and much more likely than any other visitor group to say they felt five years was too soon for a major vacation (56% vs 36%).

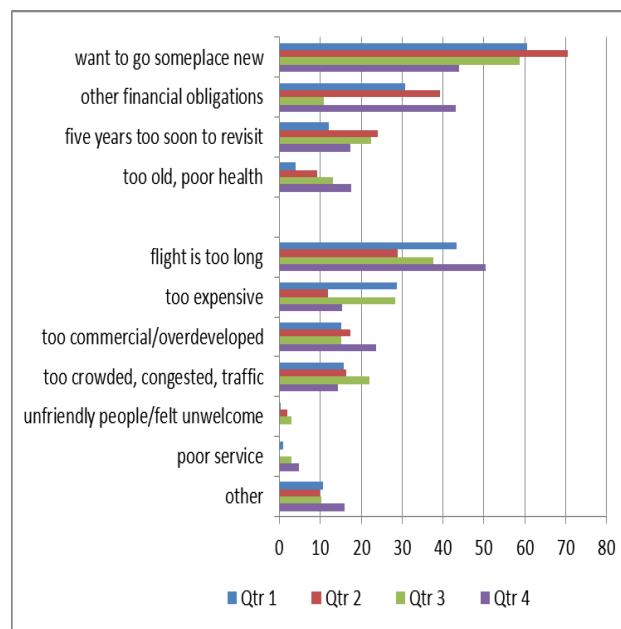
Figure 6: Reasons for Not Revisiting Hawai'i in next 5 years - [Percentage of Japanese visitors]



Japanese visitors were much less likely than U.S. visitors to report negative aspects of their trip to Hawai'i as a reason for not returning. To some extent this was a surprise, since many observers believe that Japanese visitors are more critical evaluators than visitors from other MMAs. Japanese visitors were less likely to say the flight was too long (11% vs. 35%), Hawai'i is too expensive (2% vs. 25%), too crowded (2% vs. 19%), or too overdeveloped (5% vs. 10%).

Visitors from Canada had yet another profile of reasons for not revisiting Hawai'i in the next five years. They were more likely than visitors from other MMAs to report that they would not be returning to Hawai'i because they wanted to visit a location they had not visited before (46% vs. 34% for U.S. and 39% for Japan). This was by far their most frequently mentioned reason for not returning.

Figure 7: Reasons for Not Revisiting Hawai'i in next 5 years - [Percentage of Canadian visitors]



Canadian visitors were less likely than U.S. visitors to report negative evaluations of their most recent trip to Hawai'i as reasons for not returning. Both groups were concerned about the long trip. Canadians were just a bit less likely than U.S. visitors to mention high costs (15% vs. 25%) and congestion (14% vs. 19%) as reasons for not revisiting Hawai'i. They were a little less likely to report that they had encountered unfriendly people (0% vs. 0.1%), but more likely to report poor service (5% vs. 1%) while they were here.

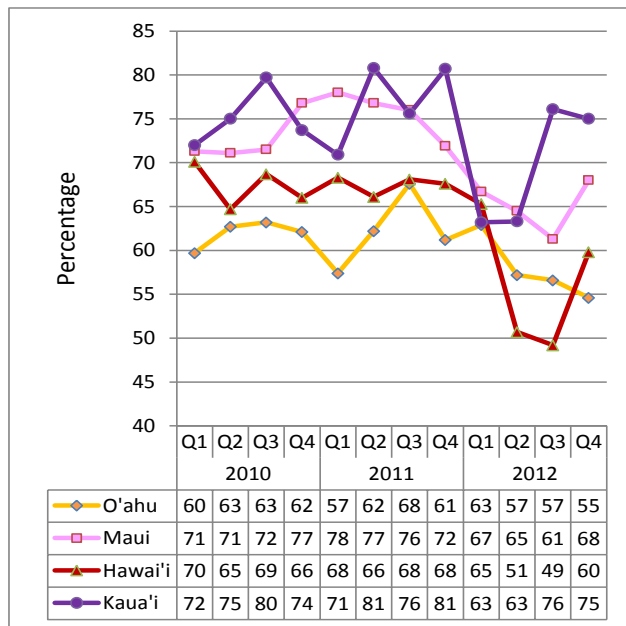
Individual Island Experience

Each island in Hawai'i has unique characteristics, activities, and products that attract different kinds of visitors and produce varied visitor experiences. Visitor industry planners need satisfaction measures in order to develop new and improved visitor products and services and to design communications programs.

The VSAT survey asks Hawai'i visitors to rate their experience on each island that they visited during their most recent trip. Results are shown here in Figures 8 through 10.

In Figure 8, we see island satisfaction profiles for U.S. visitors who *rated their island experience as excellent* over the last three years. Between fourth quarter 2011 and fourth quarter 2012, excellence ratings decreased for all islands.

Figure 8: Island Experience Rated as Excellent – U.S. [Percentage of Visitors by Island]

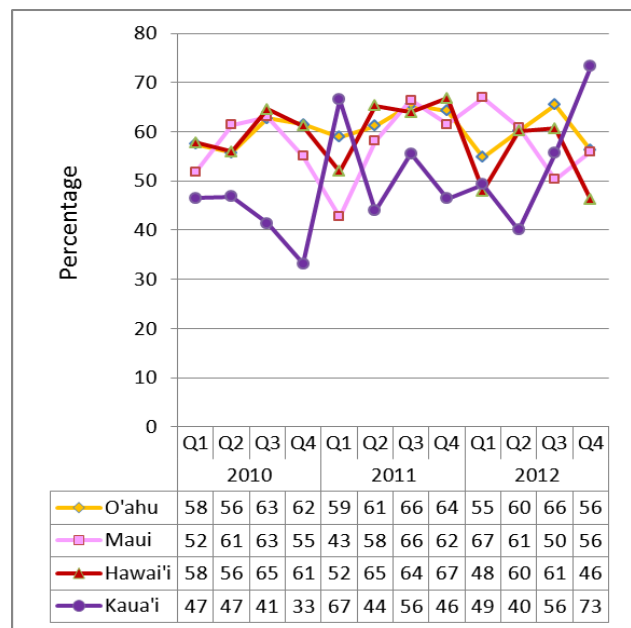


- Excellent ratings for the island of Maui were down four points. O'ahu and Kaua'i ratings were down 6 points and the satisfaction rating for Hawai'i Island was down 8 points since fourth quarter 2011.

- The overall trend reflects a decrease in excellent ratings for individual islands that began in the second and third quarters of 2011.

Island satisfaction profiles for visitors from Japan who *rated their island experience as excellent* over the last three years are presented in Figure 9. Ratings for the island of Kaua'i are quite volatile because fewer visitors from Japan choose to go to Kaua'i and survey sample sizes are very low.

Figure 9: Island Experience Rated as Excellent - Japan [Percentage of visitors by island]

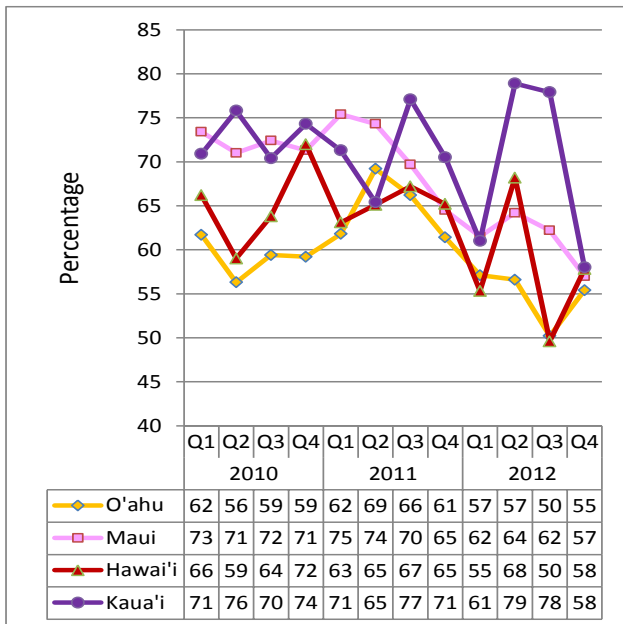


- Fourth quarter *excellent* ratings decreased significantly for three islands. Japanese visitors' ratings were down 6 points for Maui, 8 points for Oah'u, and 21 points for Hawai'i Island since the fourth quarter of 2012.
- The Japanese rating for the island of Kaua'i rose 27 points since the fourth quarter of 2011. We have already noted the higher volatility of Japanese visitors' rating for Kaua'i. Between fourth quarter 2010 and first quarter 2011, their rating for Kaua'i rose 34 points. The two-quarter rise from quarter two to quarter four in 2012 was also 33 points. At current sample sizes, a rise of 30 points is statistically

significant, but we will be interested in watching the numbers for the next quarter.

In Figure 10, we present the island satisfaction profiles for visitors from Canada who *rated their island experience as excellent* over the last three years.

Figure 10: Island Experience Rated as Excellent – Canada [Percentage of visitors by island]



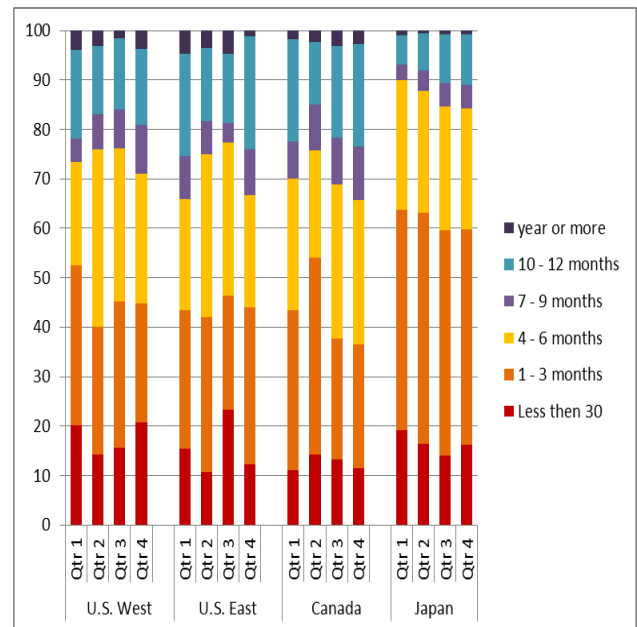
- Compared with fourth quarter 2011, fourth quarter 2012 *excellent* ratings increased for O'ahu and Hawai'i Island and decreased for Kaua'i and Maui.
- Compared with fourth quarter ratings in 2011, Canadian visitors' ratings on all islands were down between 6 and 19 points since.

Travel Planning Timing

The method of recording travel decisions changed in 2012. New planning elements were added, decisions made before, during, and after arrival were included, and the recording time was changed from days to months.

We have selected the timing of the decision to visit Hawai'i as an example of the new method for the quarterly tracking reports. Quarterly results are shown for visitors from the top four MMAs in Figure 11.

Figure 11: How long before arrival did you decide on Hawai'i as your destination? [Percentage of visitors by time period]



Our visitors from Japan usually decide on their vacation destination later than those from other MMAs. About 60 percent of visitors from Japan choose their destination less than three months before their departure date. That compares with about 45 percent of U.S. visitors and 42 percent of visitors from Canada.

Information Sources for Trip Planning

Sources of information used for trip planning provides information on communications channels used by our visitors. These data are available along with information about when decisions are made - before the trip began, during the trip, or after the trip. Results are shown in Figure 12.

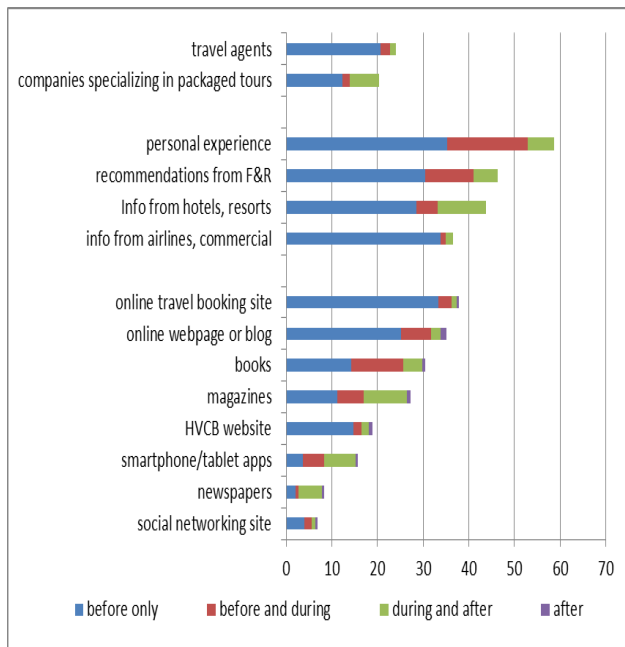
The 2012 results show that travel agents were used by 24 percent of visitors from Hawai'i's top four MMAs to plan and book their itineraries. About 20

percent of all visitors use companies that specialize in package tours.

About 60 percent of all visitors rely on their personal experience for travel arrangements. That is consistent with the relatively large numbers of repeat visitors among all of the MMAs.

About 47 percent of all our visitors from the top four MMAs rely on recommendations from friends and relatives, suggesting that our positive word-of-mouth advertising has been successful.

Figure 12: Sources of Information Used for Trip Planning - [Percentage of visitors from the U.S. West, U.S. East, Japan, and Canada]



Fewer than 40 percent used online booking sites (38%), webpages or blogs (35%), books (31%), and magazines (27%). Fewer than 20 percent used the HVCB website (19%), smartphone or tablet apps (16%), newspapers (8%), or social networking sites (7%).

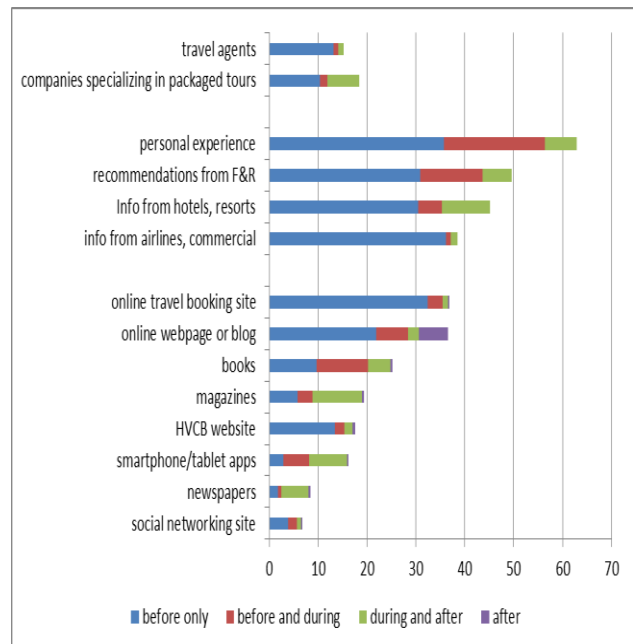
Most reported that their information seeking was done before arriving in Hawai'i. For several information sources, however, more than 40 percent of visitors said the use occurred during or after their trip. Those included smartphone or tablet apps (76%), newspapers (75%), magazines (59%), books (53%), and social networking (41%).

This latter analysis looks at “usage” rather than “users”. To highlight the difference, note that about 16% of all visitors in fourth quarter 2012 reported that they used smartphones or tablets. Among those users, 76 percent used their smartphones or tablets after or during their trips. On the other hand, about 36 percent of all visitors used an online travel booking site for this trip. Booking sites, not surprisingly, were used almost exclusively before arriving in Hawai'i.

There were notable differences across MMAs:

Visitors from the U.S. have an information usage profile that is very similar to that for all visitors. They were, however, less likely to use travel agents (21% vs. 24%) and somewhat more likely to rely on their personal experience (64% vs. 59%).

Figure 13: Sources of Information Used for Trip Planning - [Percentage of visitors from the U.S.]



U.S. visitors were less likely to use magazines (27% vs. 28%) and more likely to use books (37% vs. 31%) to make their travel decisions.

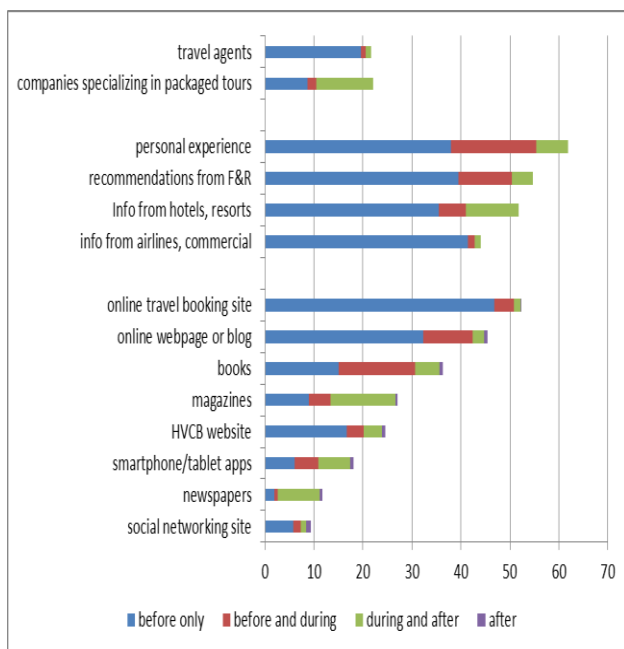
In terms of when they used specific sources, U.S. visitors were a bit less likely to have used webpages (40% vs. 28%), smartphone or tablet apps (82% vs. 76%), and magazines (70% vs. 59%) after they arrived in Hawai'i.

Visitors from Canada were distinguished by their heavier use of Internet resources. They were more likely to use online travel booking sites (52% vs. 38%) and more likely to use online webpages and blogs (45% vs. 35%).

Canadian visitors were also heavier users of information from hotels (52% vs. 44%) and airlines (42% vs. 37%).

In all, Canadian visitors seem to make greater use of print media but also to make frequent use of online information sources like booking sights, webpages, and blogs.

Figure 14: Sources of Information Used for Trip Planning - [Percentage of visitors from Canada]

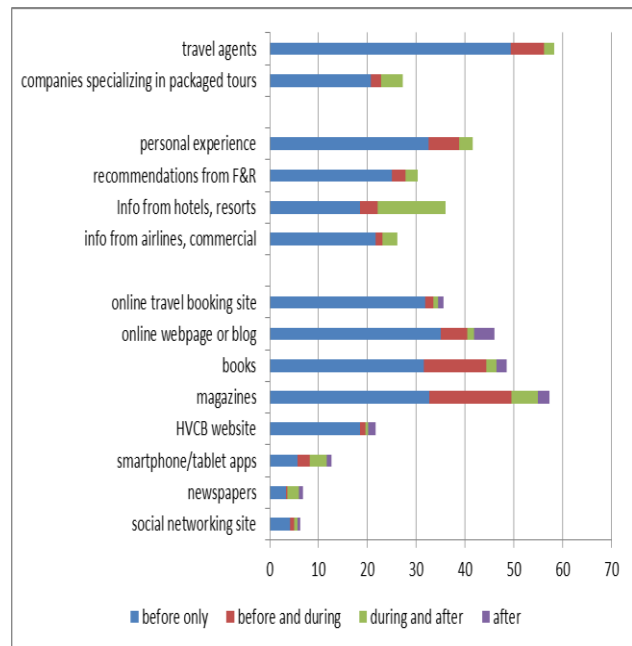


They were also more likely to use the HVCB website (32% vs. 22%) and local newspapers (84% vs. 75%) after they arrived in Hawai'i to make vacation decisions.

Visitors from Japan had the most unique information usage profile. They were much more likely to have made use of travel agents (58% vs. 24%) and packaged tour companies (27% vs. 20%). They used magazines (57% vs. 27%) and books (48% vs. 31%) much more often than visitors from other MMAs. They were also heavier users of online webpages and blogs about Hawai'i (46% vs. 35%).

On the other hand, our visitors from Japan were notably less likely to have used their own personal experience (41% vs. 59%), the advice of friends and relatives (30% vs. 46%), or information from hotels (36% vs. 44%) and airlines (26% vs. 37%).

Figure 15: Sources of Information Used for Trip Planning - [Percentage of visitors from Japan]



In general, visitors from Japan were less likely to use most of the information sources after arriving in Hawai'i. Two exceptions were their use of information from hotels and airlines.

Almost half (49%) of their hotel information usage was after arrival, compared with 35 percent for all MMAs. For airline information, 17 percent of Japanese visitors' use was after arrival, compared with eight percent for all MMAs.

SURVEY METHODS

The VSAT is a monthly survey mailed to visitors who recently completed a trip to Hawai'i. Monthly samples of visitors who stayed for at least two days are drawn from completed Domestic In-Flight and International Departure Survey databases. Visitors may respond by mail or Internet.

VSAT surveys are mailed each week to visitors from each MMA. Quarterly data are reported for visitors from the four larger MMAs: U.S. West (Alaska, California, Oregon, Washington, Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming), U.S. East (all other States in the Continental U.S.), Japan, and Canada. Sample sizes for other MMAs (Europe, Oceania, China and Korea) are insufficient to support accurate reporting by quarter and are covered only in the annual report. Survey forms in the English, Japanese, Chinese, and Korean languages are mailed to visitors from those MMAs.

The VSAT survey instrument was revised for 2012. Several rarely used items were eliminated. Response scales for some items were changed. Most notably the response scale for the main satisfaction question was changed from a four-point scale to an eight-point scale. Questions on booking times, Internet use, and sources of travel information were changed to gather more detailed data. The elements of the activities list were altered very slightly. The effects of those survey changes are being monitored throughout the year and the 2012 annual report will discuss them in detail.

Approximately 2,300 surveys were mailed each month. An average of 420 completed forms was returned for an unadjusted response rate of about 27 percent. Response rates differ by month and across MMAs and surveys continue to arrive for up to a year after they are mailed. Response rates will improve over time. Survey response data for the fourth quarter are shown in Table 1.

**Table 1: Survey Response
October – December 2012**

MMA	Mailed	Received	Rate	Error*
U.S. West	2,437	379	15.5	±5.0
U.S. East	2,453	429	17.5	±4.7
Canada	3,591	517	14.4	±4.3
Japan	2,919	341	11.7	±5.3
Europe	1,445	191	13.2	±7.1
Oceania	712	136	19.1	±8.4
China	455	13	2.8	N.A.
Korea	434	15	3.5	N.A.
Total	14,446	2,021	14	±2.7

* Sample error, the standard error of the percentage at the 95 percent confidence level with $p=.50$.

The number of surveys mailed in the fourth quarter was 14,446 and will not change over time. About 2,021 surveys were received by January 15, 2013 and that number will increase slightly for the year. The current response rate was about 14 percent for the fourth quarter with a margin of error of plus-or-minus 2.7 percentage points at the 95 percent confidence level. Response rates for Japan continue to be higher than other MMAs and our experiment with VSAT for China and Korea has not yet resulted in significant data.

Data collected in online surveys were merged with mailed survey data to form a single database for analysis. Collected data were statistically adjusted to reflect the distribution of cases by island and first-time/repeat visitor status in the In-Flight and Departure Surveys.

Data were statistically adjusted to be representative of the population of visitor parties entering Hawai'i during each quarter. Results are presented only for classifications (MMA, islands visited, ports of entry, types of visitors, etc.) for which sample sizes are large enough to produce statistics with sample error estimates less than 10 points.

For information about obtaining visitor data, call the Hawai'i Tourism Authority at (808) 973-2255 or email us at: research@Hawaiiitourismauthority.org

