



2014

Visitor Satisfaction Monitoring Report

First Quarter
(January – March)



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INTRODUCTION

This quarterly monitoring report presents selected preliminary statistics from the first quarter of the 2014 Visitor Satisfaction and Activity (VSAT) Survey. The survey measures the opinions of visitors from the top six Major Market Areas (MMAs), U.S. West, U.S. East, Japan, Canada, Europe and Oceania, regarding their satisfaction with Hawai'i as a visitor destination.

Beginning in the third quarter of 2013, VSAT data was collected from Chinese and Korean visitors using intercept surveys conducted at the Honolulu International Airport. The exit survey is shorter than the standard VSAT survey and fewer variables are available for China and Korea.

The VSAT 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, and satisfaction by island. Raw data are shown as dotted lines and solid lines represent trend lines over the last two years.

CONDITION OF VISITOR INDUSTRY

There were 2,014,108 visitors who came by air to the Hawaiian Islands in the first quarter (January-March) of 2014. This was relatively unchanged (-0.4%) compared to the first quarter of 2013.

Arrivals from U.S. West declined 5.5 percent to 722,987 visitors. Arrivals from U.S. East (-0.5% to 455,623 visitors), Japan (+0.3% to 376,658 visitors) and Canada (+0.6% to 210,454 visitors) saw very little change from the first quarter of 2013. The average length of stay for all visitors to the state was 9.64 days, similar to the first quarter of 2013 (9.62 days).

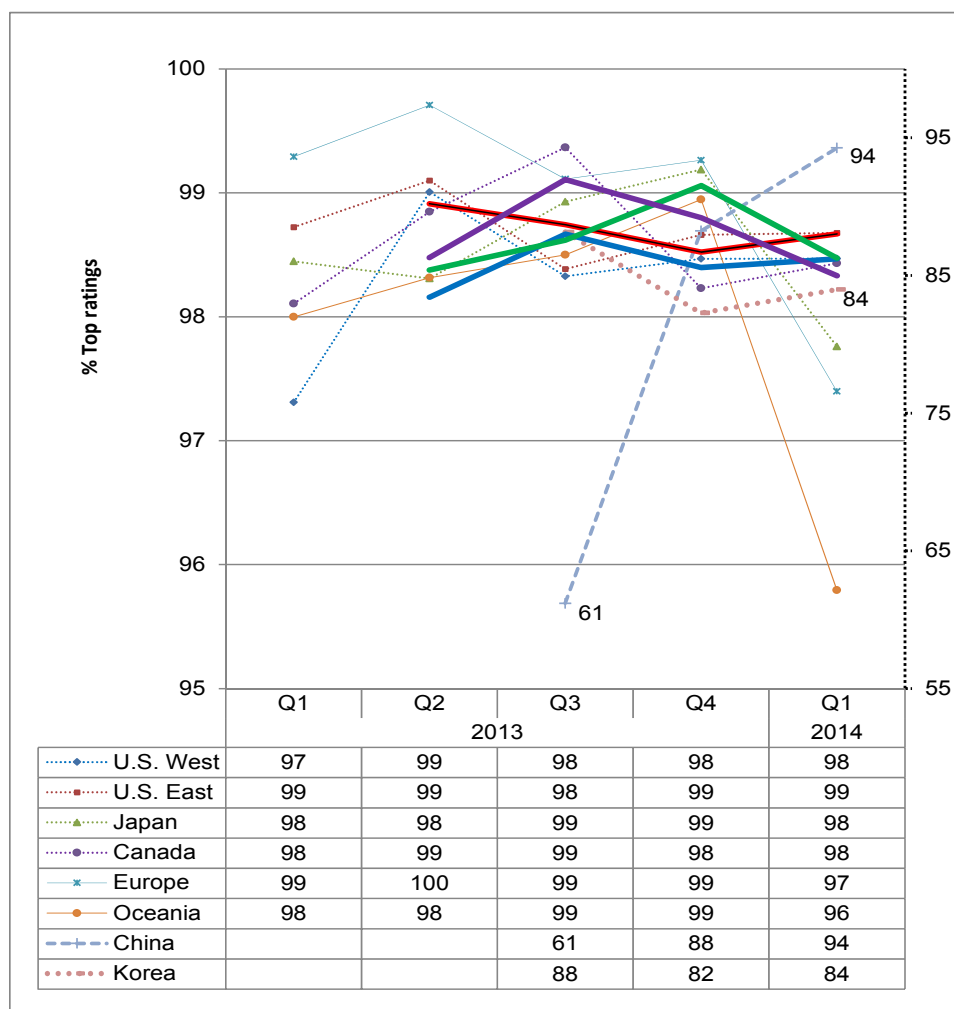
Arrivals to O'ahu increased 1.6 percent to 1,235,364 visitors. In contrast, arrivals to Maui declined 1.2 percent to 600,297 visitors. Hawai'i Island saw a decrease of 3.7 percent to 377,306 visitors, and arrivals to Kaua'i dropped 3.5 percent to 265,793 visitors.

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. Satisfying visitors' needs and expectations encourage return trips to Hawai'i. Satisfied customers also develop a fondness for the destination and tend to share their favorable assessment with others.

- Since 2008, over 95 percent of visitors from U.S. West, U.S. East, Japan, Canada, Europe and Oceania have been **satisfied** with their overall experience in Hawai'i. This continues to be the case in the first quarter of 2014.
- Overall satisfaction for visitors from China has risen steadily since the third quarter of 2013 to just shy of the 95 percent mark. The percentage of visitors from Korea indicating they are satisfied has been in the 80 percent range. Because ratings for most MMAs are consistently high, the scale in Figure 1 was adjusted to show slight differences and includes a secondary axis (right axis) for the China and Korea ratings.

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



- Satisfied ratings from U.S. West visitors were up 1 point since the first quarter of 2013, while those from U.S. East, Canadian and Japanese visitors remained unchanged. Satisfaction ratings by visitors from Europe and Oceania were both down 2 points since the first quarter of 2013. The trend lines revealed minor fluctuations.

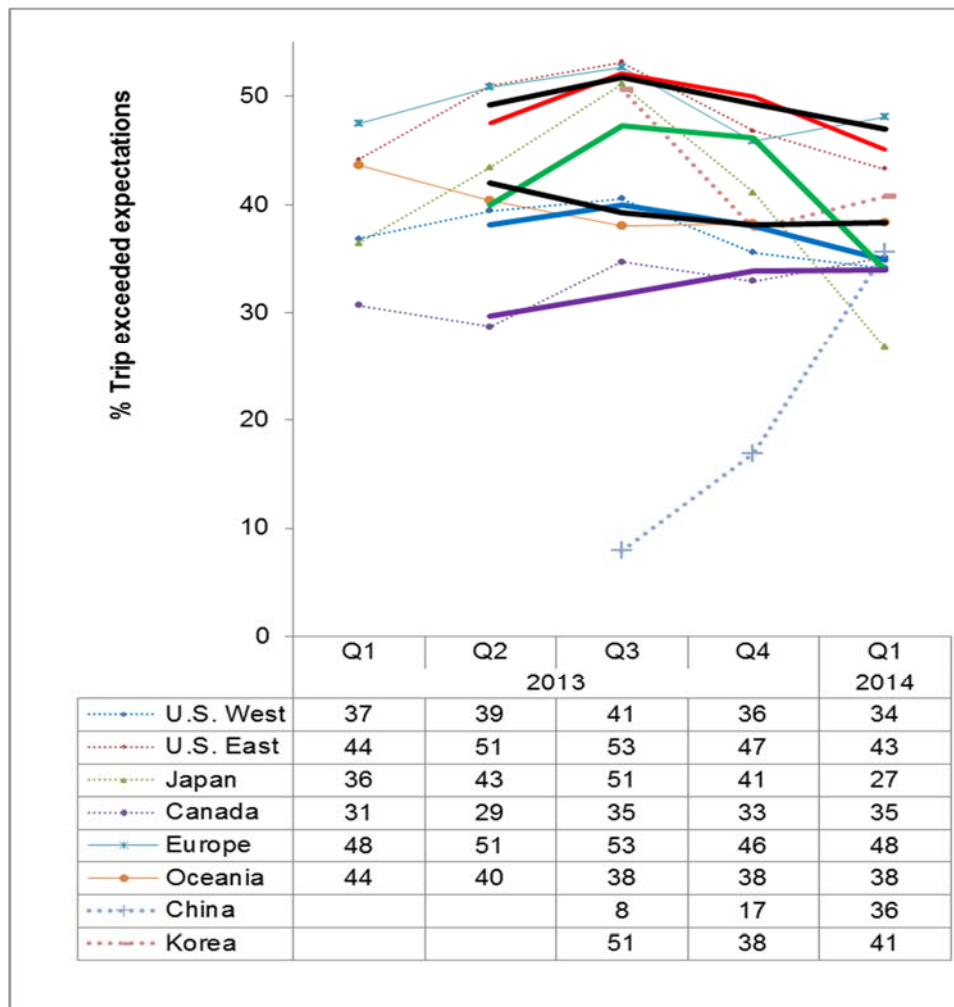
Exceeded Expectations

Visitors' satisfaction is largely influenced by the level of service they received and by visitors' 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.

- In the first quarter of 2014, exceed expectation ratings by visitors from Japan (-9 percentage points) and Oceania (-6 percentage points) were noticeably lower compared to the first quarter 2013. The trend lines for these two markets also showed a downturn.

- Ratings from U.S. West (-3 percentage points) and U.S. East (-1 percentage points), visitors also declined from a year ago.

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

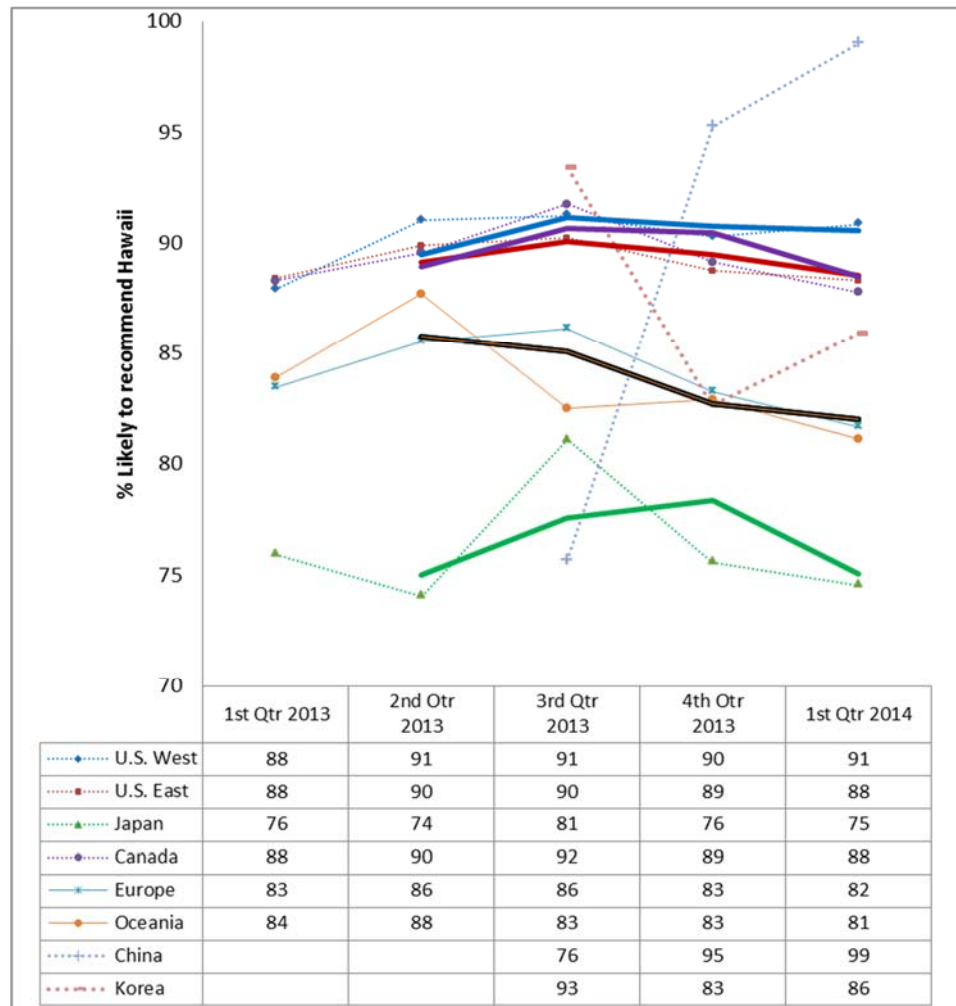


- Ratings from Canadian visitors improved 4 percentage points. The trend line for Canada showed a gradual improvement.
- Ratings from European visitors were unchanged.
- Four out of 10 Chinese and Korean visitors surveyed in the first quarter of 2014, indicated that their trip exceeded their expectations.

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 as well as 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]

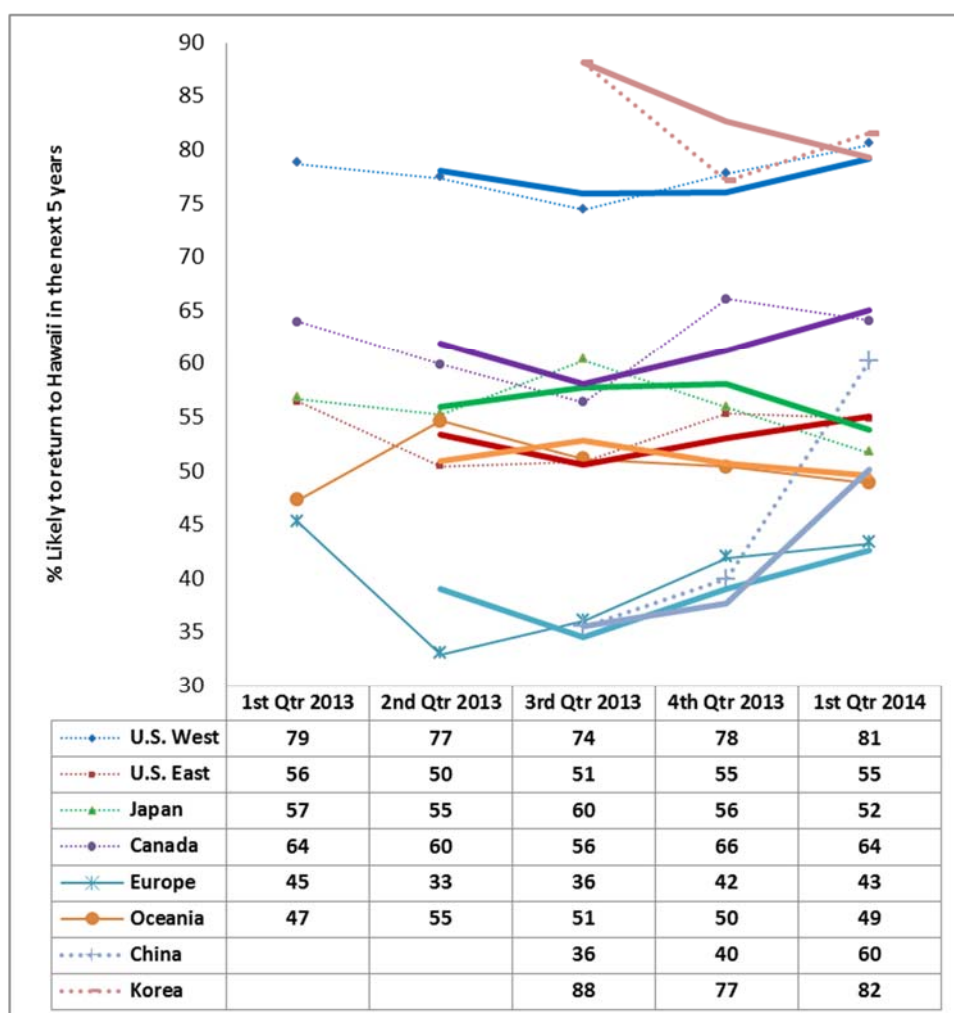


- Over the past few years, approximately 9 out of 10 U.S. West, U.S. East, and Canadian visitors said they would be very likely to recommend Hawai'i to friends and relatives. U.S. West ratings improved 3 percentage points compared to the first quarter of 2013.
- Among visitors from Japan, the likelihood to recommend Hawai'i peaked at 81 percent in the third quarter of 2013 but dropped to 75 percent in first quarter 2014. The trend line shows a downturn in the most recent quarter.
- Ratings for visitors from Europe (-1 percentage points to 82) and Oceania (-3 percentage points to 81) dropped slightly compared to the first quarter 2013.
- Nearly all of the Chinese visitors surveyed (99%) and 86 percent of Korean visitors surveyed in the first quarter of 2014 would very likely recommend Hawai'i.

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 to be lower than overall satisfaction measures because not all visitors will be taking long-haul trips in the near future.

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]



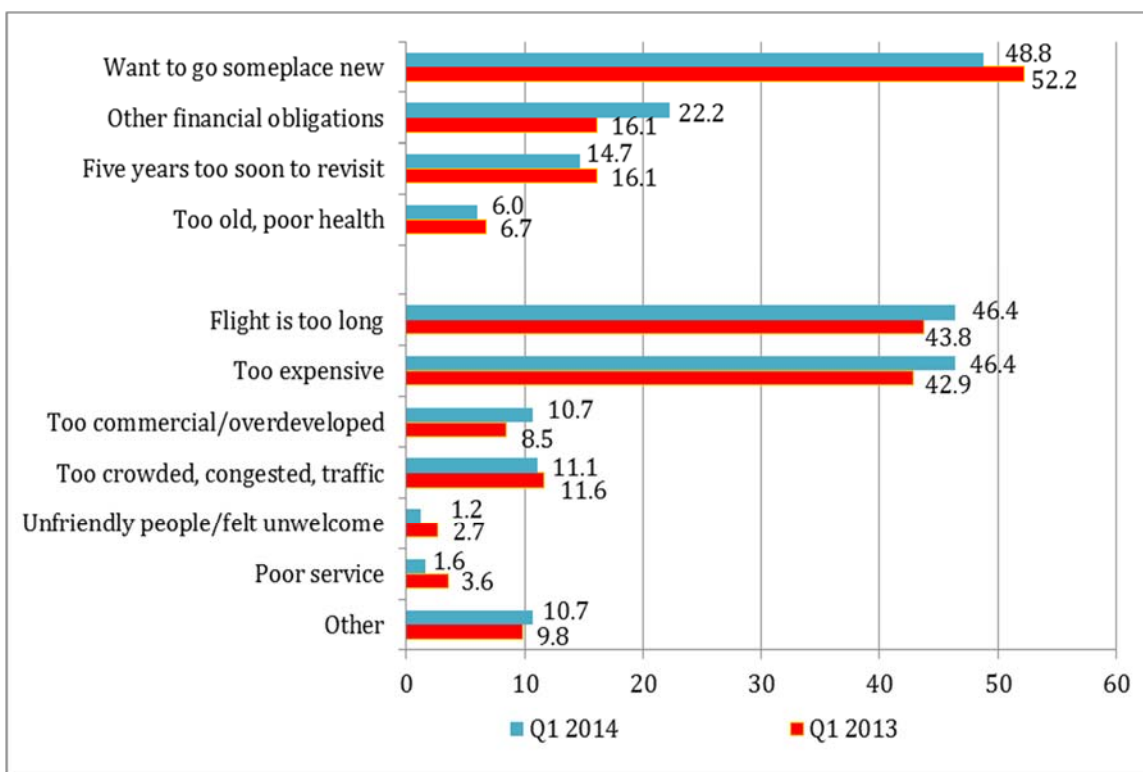
- Compared to the first quarter of 2013, a lower percentage of Japanese visitors (-5 percentage points to 52%) in the first quarter of 2014, indicated that they will likely revisit Hawai'i in the next five years.
- Ratings from both U.S. West and Oceania visitors improved 2 percentage points to 81 percent and 49 percent, respectively.
- Ratings from U.S. East (-1 percentage points to 55%) and European (-2 percentage points to 55%) visitors dropped slightly from the first quarter of 2013.
- Eight out of 10 Korean visitors surveyed and 6 out of 10 Chinese visitors surveyed in the first quarter of 2014 said that they would likely come back to the islands in the next five years.

- The trend lines showed an upswing for U.S. West, U.S. East, Canada and Europe. The trend lines for Japan and Oceania sloped downward in the most recent quarter.

Reasons for Not Revisiting Hawai'i

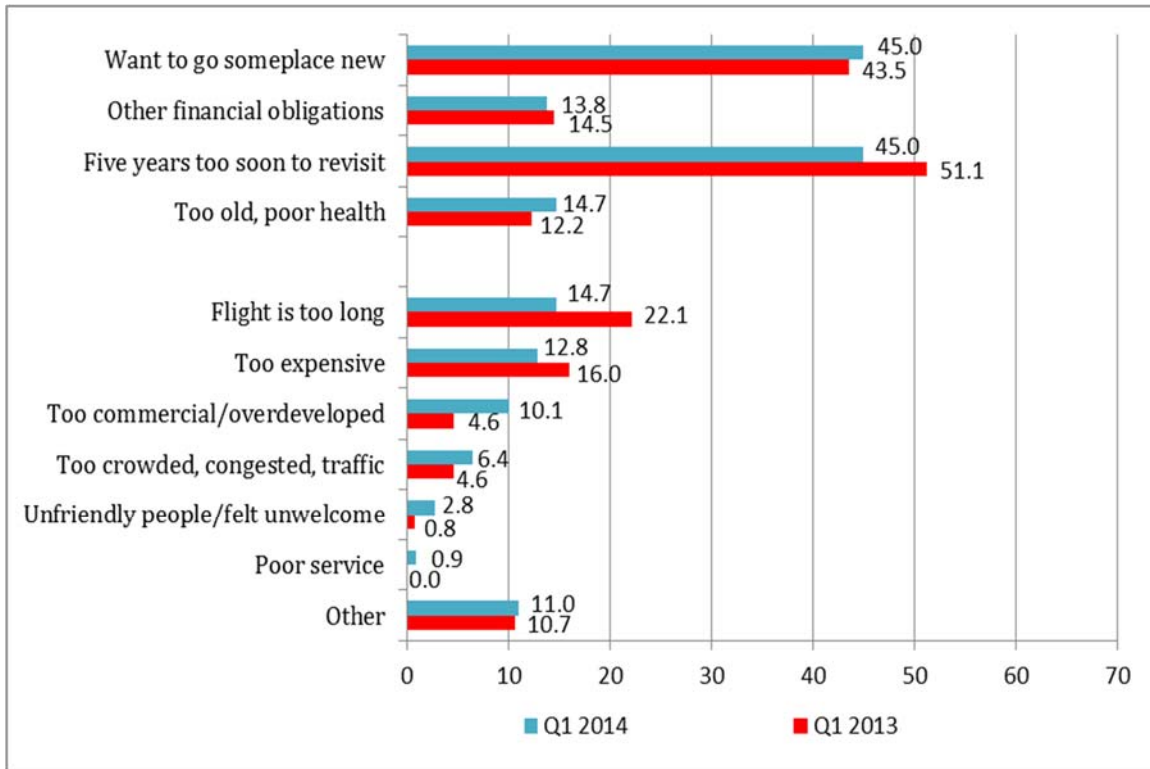
Visitors who report that they **are not likely to revisit Hawai'i** do so for many reasons. Understanding those reasons allows us to distinguish dissatisfied visitors from those who are simply unable to return. Visitors who reported that they were **not likely to revisit Hawai'i in the next five years** were asked to tell us why that was so. Their responses are shown in Figures 5 through 10.

**Figure 5: Reasons for Not Revisiting Hawai'i in Next 5 Years –
[Percentage of U.S. Visitors not Likely to Revisit Hawai'i in the Next Five Years]**



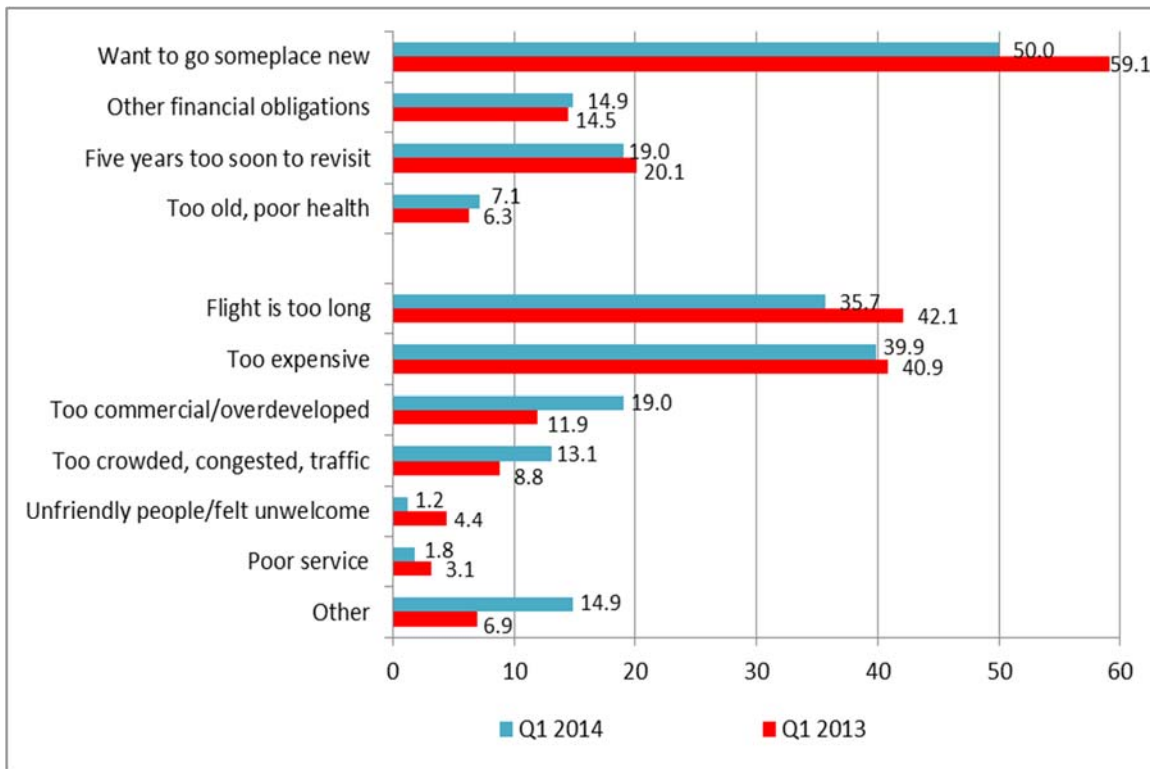
- About half of U.S. visitors offered at least one of the reasons shown at the top of Figure 5. In the first quarter of 2014, U.S. visitors were not expecting to return to Hawai'i because they want to visit someplace new (49%), they have other financial obligations (22%), or because five years would be too soon (15%).
- Less than half offered one or more reasons that suggested some dissatisfaction with the most recent trip to Hawai'i. The most frequently mentioned reasons were that the flight is too long (46%) or Hawai'i is too expensive (46%). Some visitors felt that Hawai'i is overdeveloped (11%) or congested (11%).

Figure 6 Reasons for Not Revisiting Hawai'i in Next 5 Years
[Percentage of Japanese Visitors not Likely to Revisit Hawai'i in the Next Five Years]



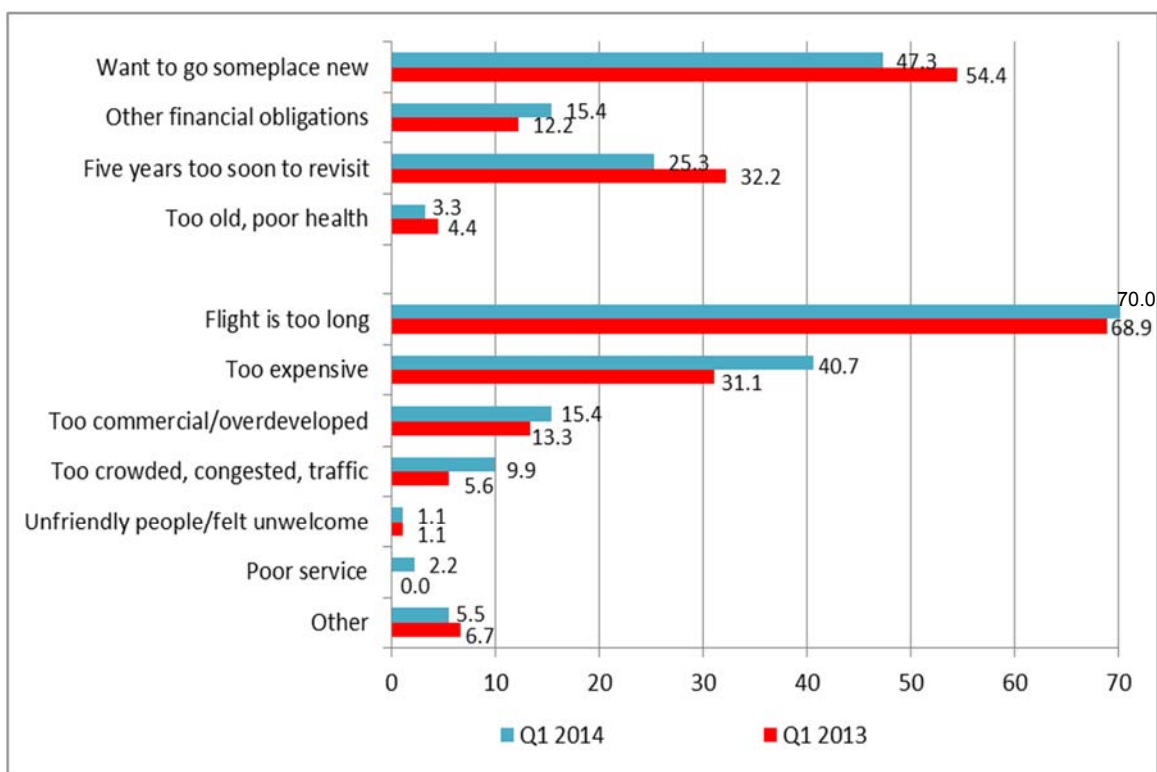
Among Japanese visitors in the first quarter of 2014, the most common reasons for not coming back to Hawai'i are the desire to go someplace new (45%) and five years is too soon to revisit (45%). A few Japanese visitors also said that the flight is too long (15%), Hawai'i is too expensive (13%), too commercial (10%) and too crowded (6%).

Figure 7: Reasons for Not Revisiting Hawai'i in Next 5 Years
[Percentage of Canadian Visitors not Likely to Revisit Hawai'i in the Next Five Years]



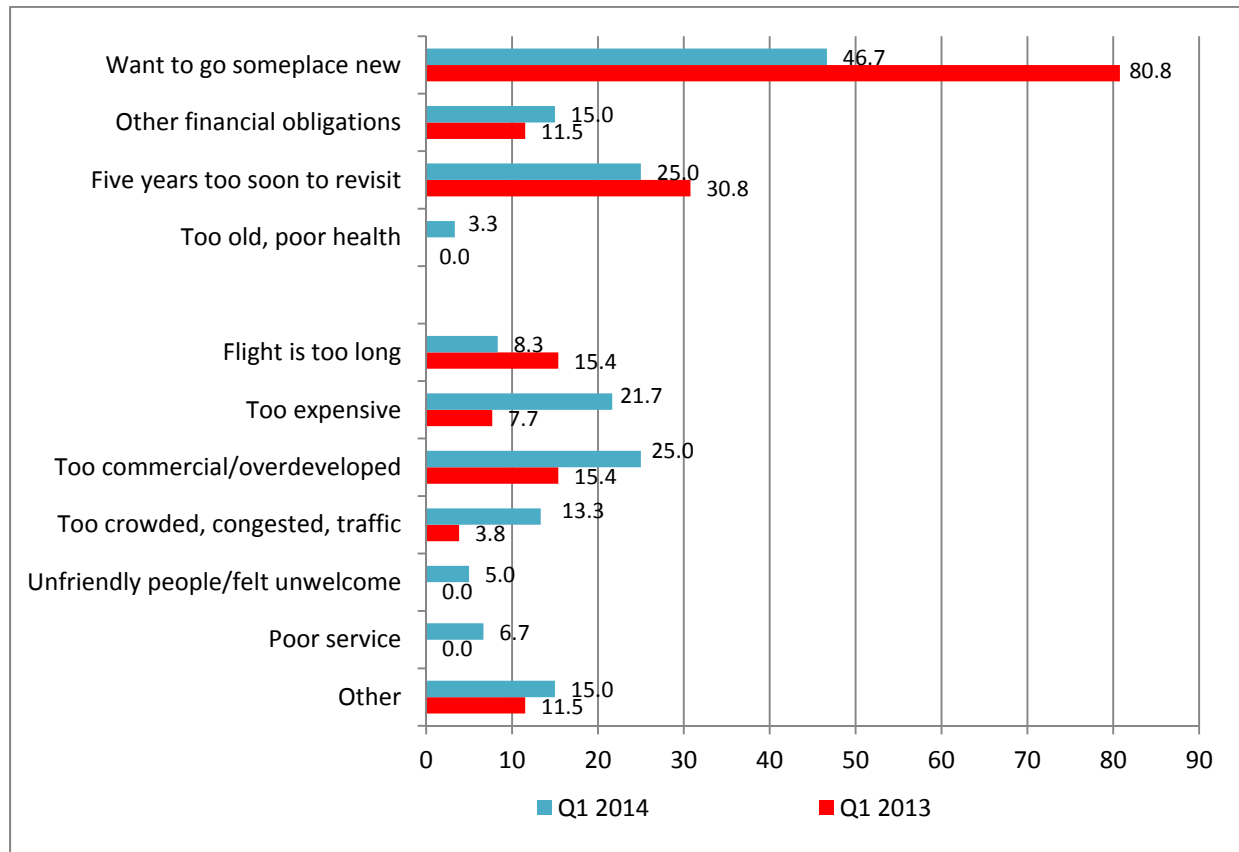
- While 50 percent of Canadian visitors said that they will not be returning because they want to visit a new location, this was down 9 percentage points compared to the first quarter of 2013. Some Canadians also mentioned high costs (40%), commercialization (19%), and congestion (13%) as reasons for not revisiting Hawai'i.
- A higher percentage of Canadian visitors responded that Hawai'i is too commercial (+7 points) and too crowded (+4 points) compared to the first quarter of 2013.

Figure 8: Reasons for Not Revisiting Hawai'i in Next 5 Years
[Percentage of European Visitors not Likely to Revisit Hawai'i in the Next Five Years]



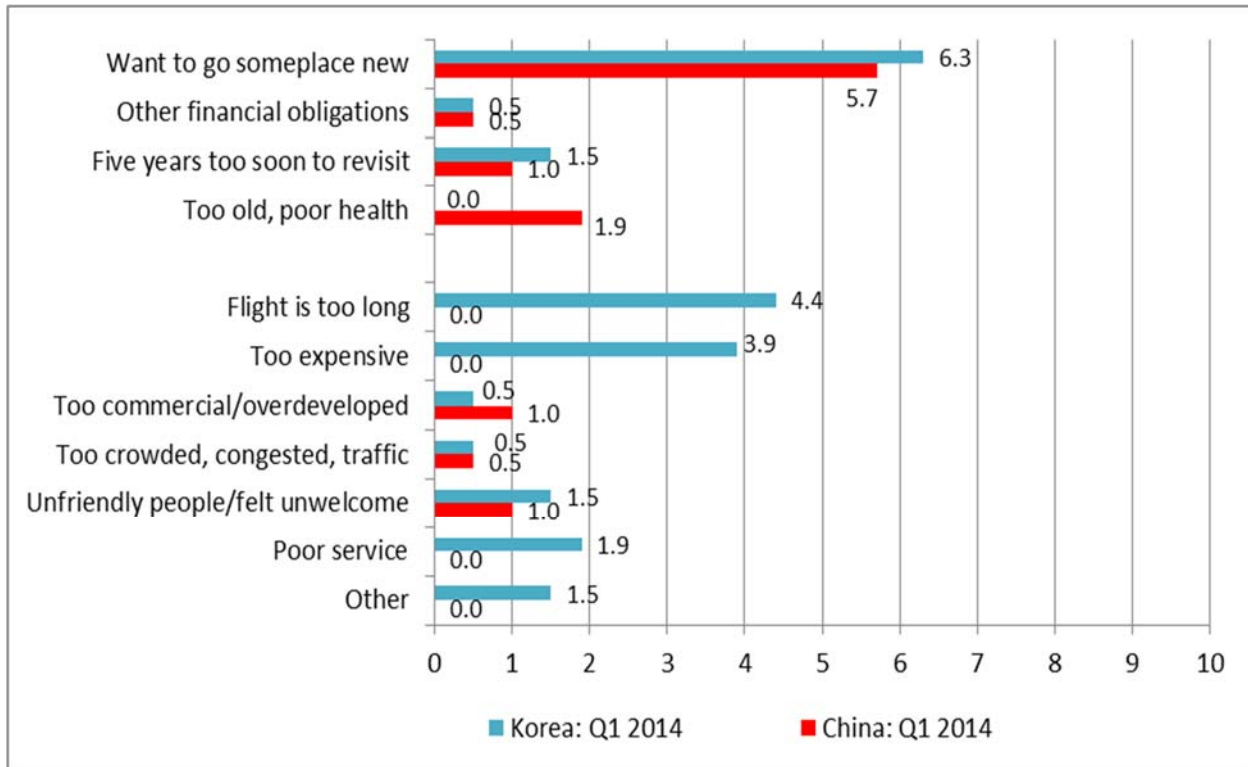
- For European visitors, the primary negative reason for not returning to Hawai'i was that the flight is too long (70%). A higher percentage of European visitors said that Hawai'i is too expensive (+10 percentage point 41%) compared to the first quarter 2013.
- Other reasons for not revisiting are the desire to go someplace new (47%) and five years is too soon to return (25%).

Figure 9: Reasons for Not Revisiting Hawai'i in Next 5 Years
[Percentage of Oceania Visitors not Likely to Revisit Hawai'i in the Next Five Years]



- Compared to the first quarter of 2013, the percentage of visitors from Oceania who indicated that they want to go someplace new was cut by almost half (down to 47% vs. 81%). Only 8 percent of Oceania visitors thought that the flight is too long.
- In the first quarter of 2014, a higher percentage of visitors from Oceania responded that Hawai'i is too expensive (+14 points), too commercial (+10 points) and too crowded (+9 points).

**Figure 10: Reasons for Not Revisiting Hawai'i in Next 5 Years –
[Percentage of Visitors from China and Korea not Likely to Revisit Hawai'i in the Next Five Years]**



Note: These data were measured for visitors from China and Korea for the first time in 2014.

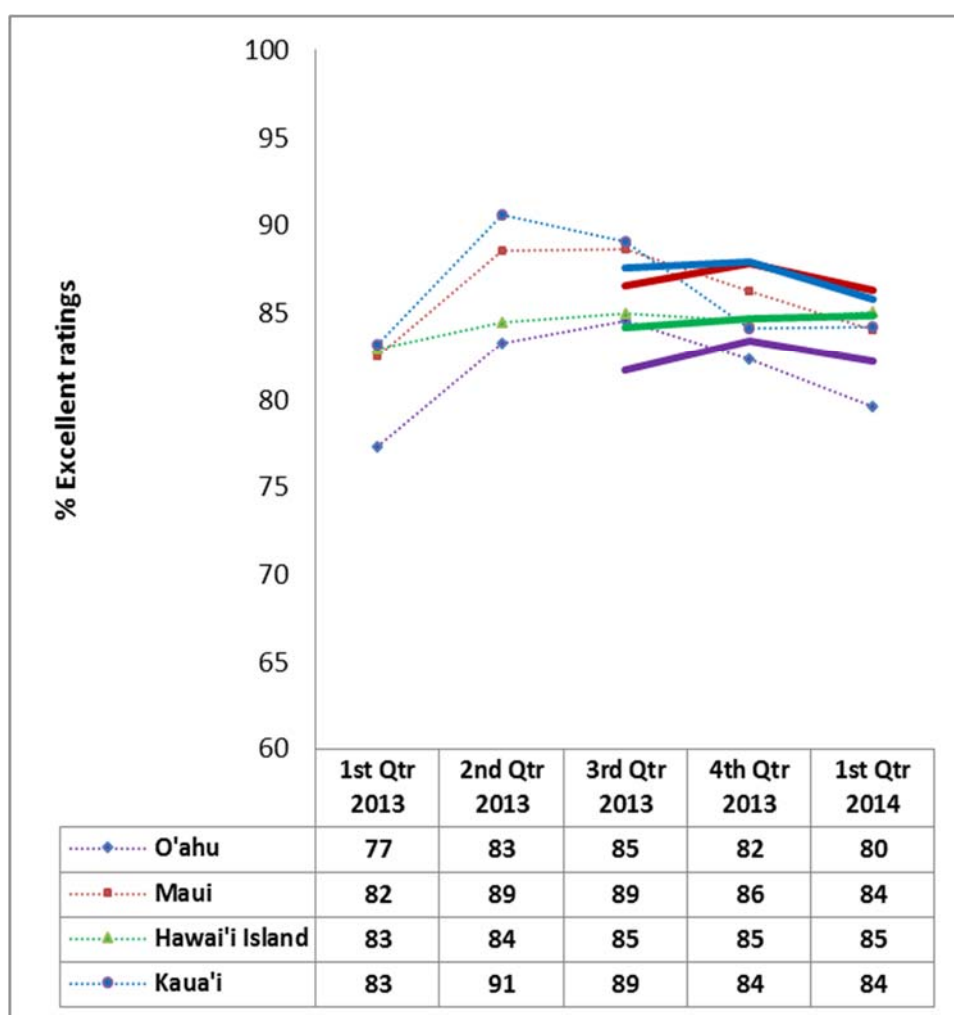
- For visitors from China and Korea, there were no data for the first quarter of 2013. There were 415 surveys completed by these visitors (209 from China and 206 from Korea) in the first quarter of 2014. Of the 415 total, 294 reported that they were very likely to return to Hawai'i in the next five years. Among the remaining 121 (83 Chinese and 38 Korean) visitors, 18 Chinese visitors and 36 Korean visitors offered reasons why they would not be likely to return. Those responses are shown in Figure 10. As the year progresses and we gather more surveys from Chinese and Korean visitors, the data will become more useful.
- Overall, visitors from China and Korea provided very few negative evaluations of their trip to Hawai'i.

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 measurements 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 11 through 15. In Figure 11, we see island satisfaction profiles for U.S. visitors who **rated their island experience as excellent** over the last 5 quarters.

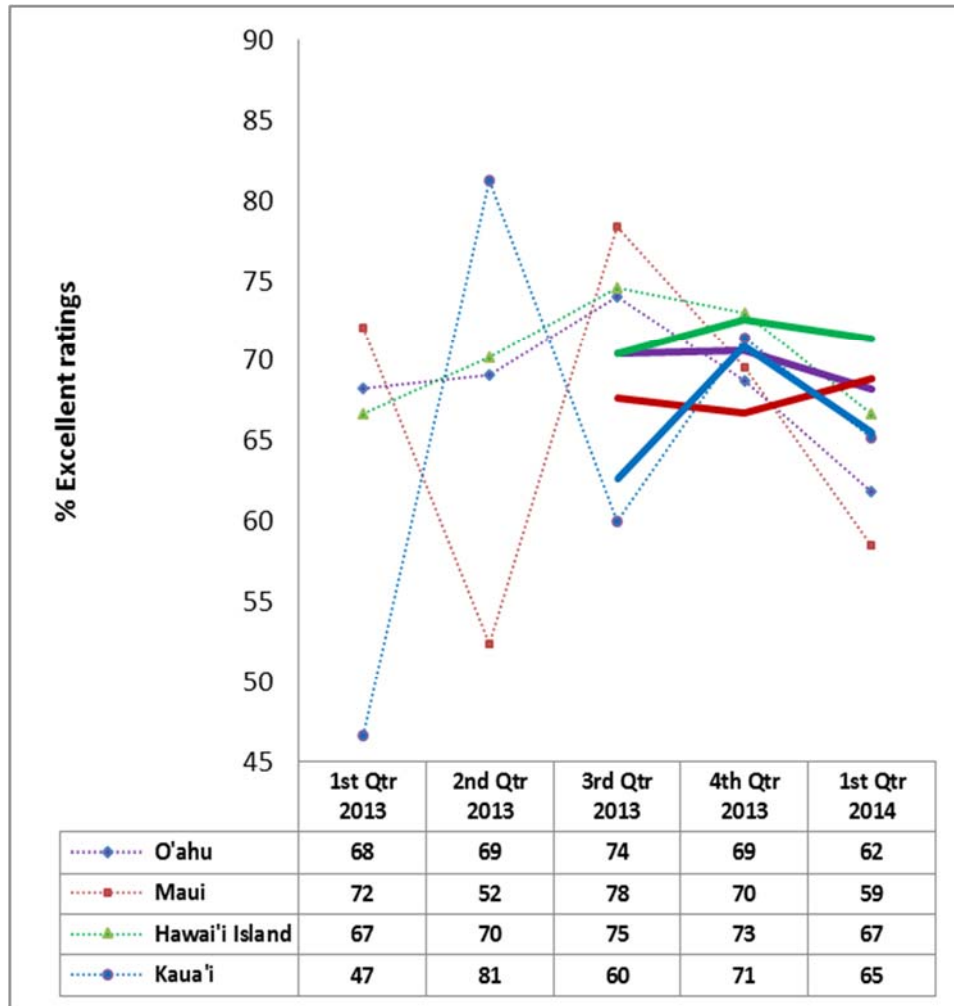
For all of the major MMAs, the patterns of change were very similar for O'ahu, Hawai'i Island and Maui. Ratings for Kaua'i showed a slightly different trend for each of the MMAs.

**Figure 11: Island Experience Rated as Excellent
[Percentage of U.S. Visitors by Island]**



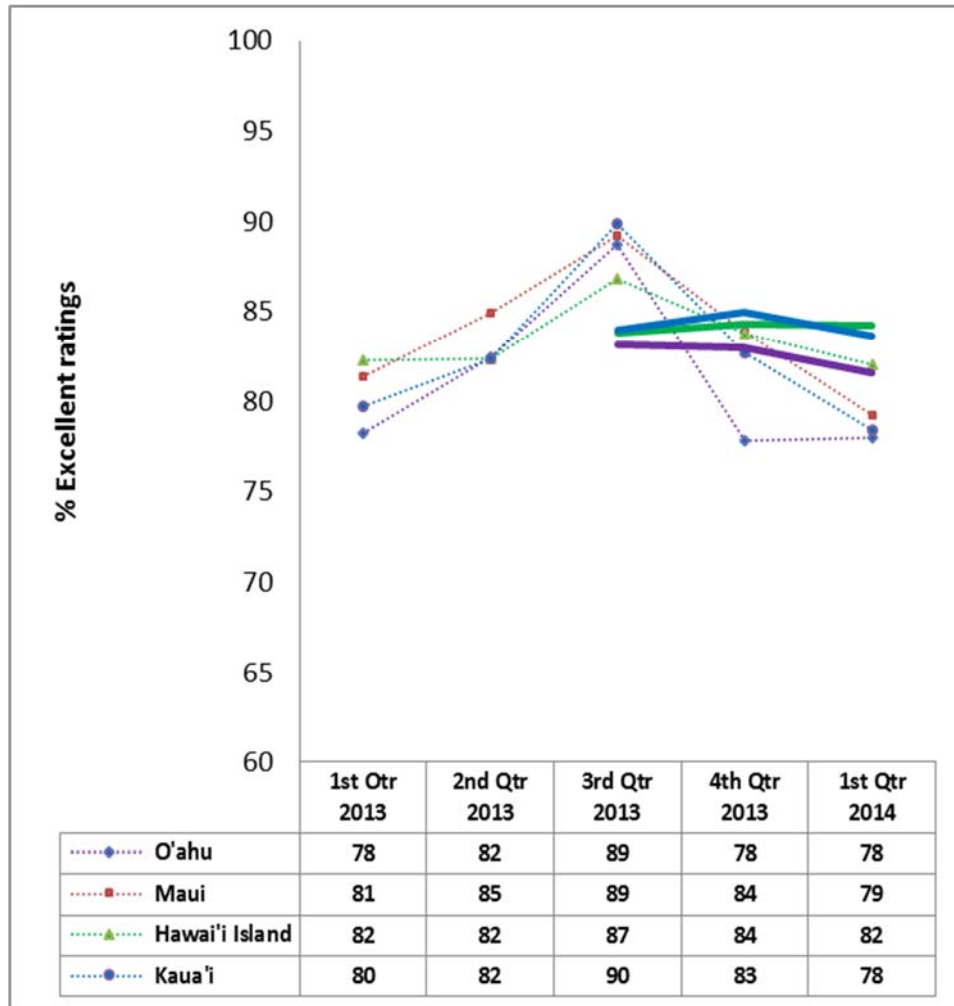
- In the first quarter of 2014, the “Excellent” ratings were up for all islands compared to one year ago.
- The overall trends for O'ahu, Kaua'i, and Maui show a slight decrease in excellent ratings that began in the third quarter of 2013. The trend for ratings on Hawai'i Island has been increasing slightly over the last 5 quarters.

**Figure 12: Island Experience Rated as Excellent
[Percentage of Japanese Visitors by Island]**



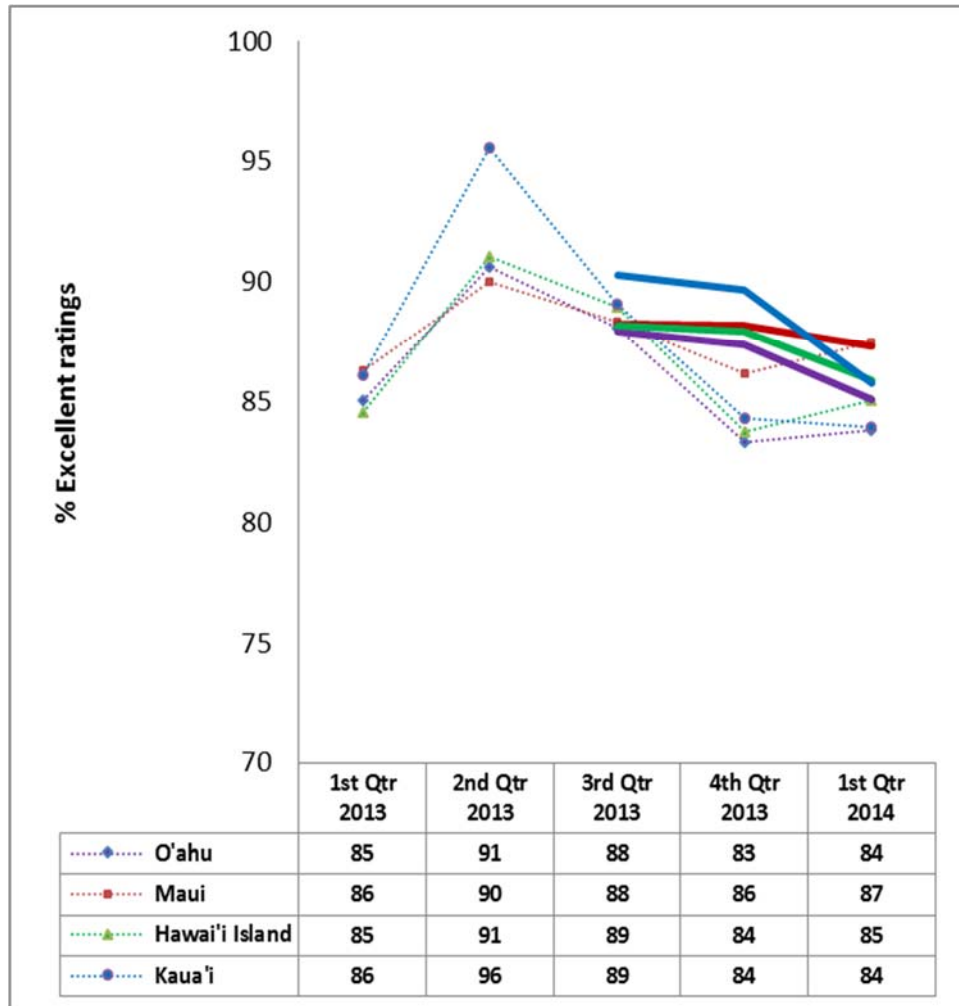
- Island satisfaction profiles for Japanese visitors who rated their island experience as excellent are presented in Figure 12. Ratings for Kaua'i are quite volatile because fewer visitors from Japan choose to go to Kaua'i, resulting in sample sizes that are low.
- First quarter 2014 excellent ratings for O'ahu decreased by 6 points from the first quarter of 2013. Excellent ratings declined significantly for Maui (-13 points). Kaua'i ratings (+18) were much higher than they were one year ago.

**Figure 13: Island Experience Rated as Excellent
[Percentage of Canadian Visitors by Island]**



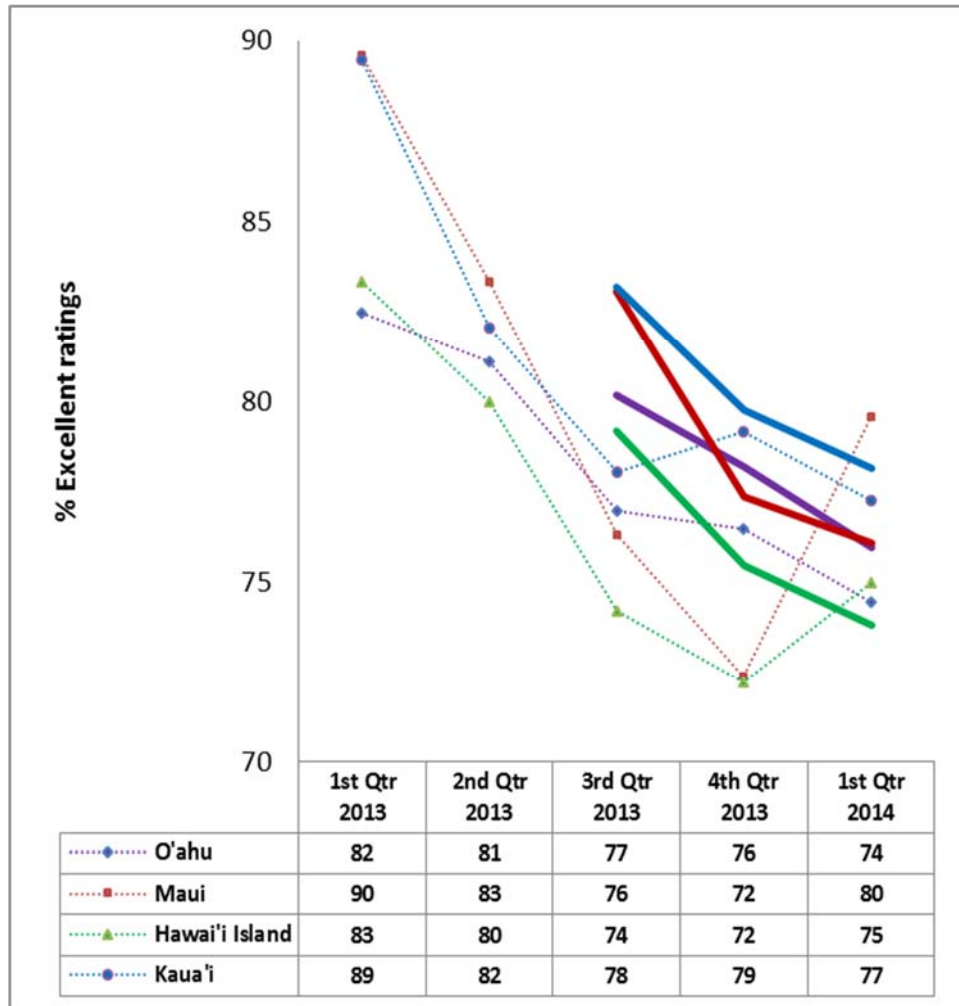
- Excellent ratings among Canadian visitors were increasing through the first three quarters of 2013 but have since declined to their first quarter 2013 levels. First quarter 2014 excellent ratings fell 2 points for Kaua'i and Maui. Ratings were unchanged for O'ahu and Hawai'i Island (Figure 13).

**Figure 14: Island Experience Rated as Excellent
[Percentage of European Visitors by Island]**



- Excellent ratings among European visitors peaked in the second quarter of 2013 but have since fallen back. First quarter 2014 excellent ratings were down slightly for O'ahu (-1 percentage point) and Kaua'i (-2 percentage points), increased slightly for Maui (+1 percentage point), and was unchanged for Hawai'i Island (Figure 14) compared with first quarter 2013.

**Figure 15: Island Experience Rated as Excellent
[Percentage of Visitors from Oceania by Island]**

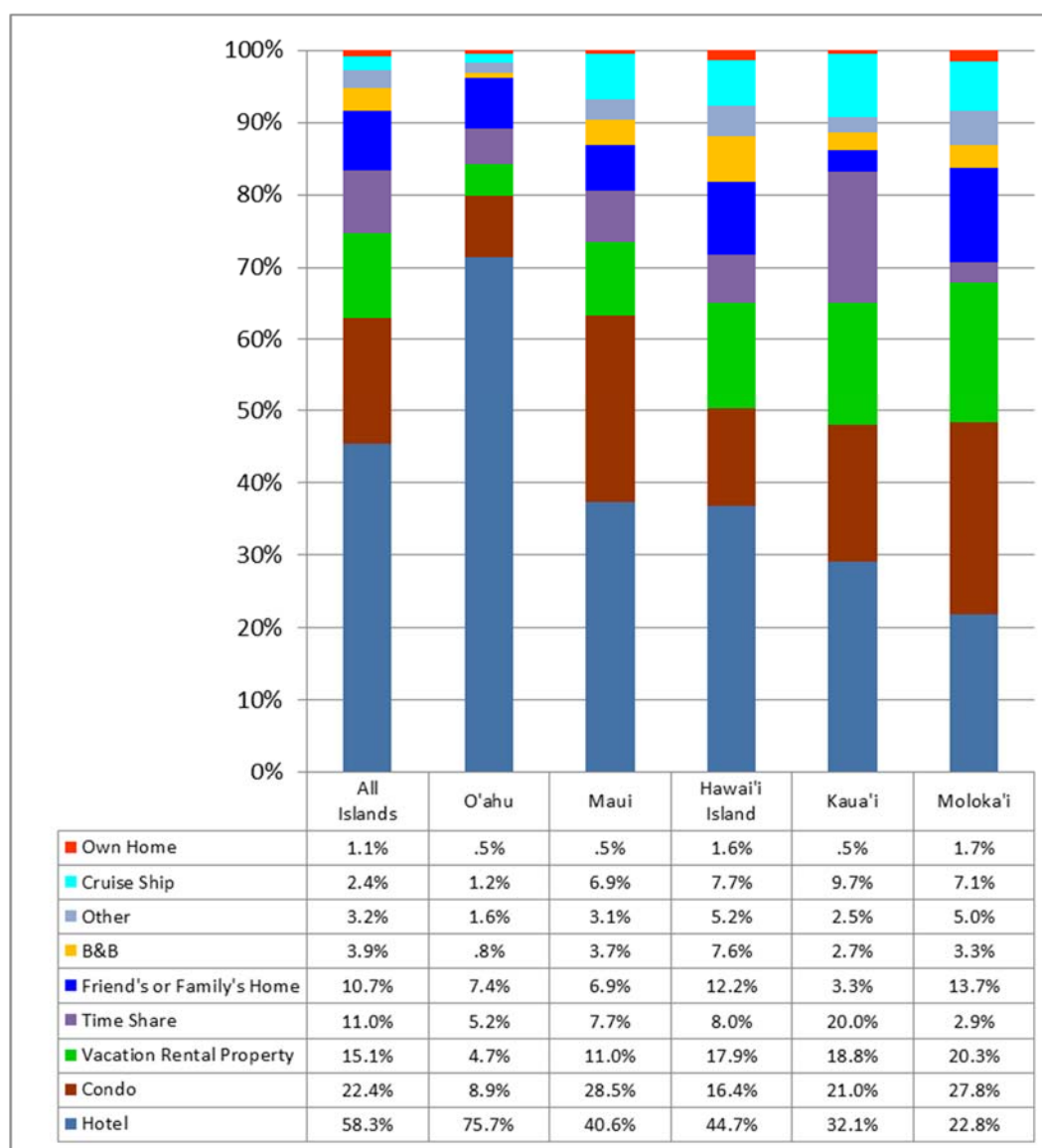


- Excellent ratings among visitors from Oceania have declined sharply from the first quarter of 2013: O'ahu (-8 percentage points), Hawai'i Island (-8 percentage points), Maui (-10 percentage points) and Kaua'i (-12 percentage points). The majority of the decline seems to have occurred in the first two quarters of 2013. The rate of decline has slowed in the last two quarters and gains were noted among visitors to Maui and Hawai'i Island in the most recent quarter. (Figure 15).

Accommodations Used During Hawai'i Visit

There were 2,014,108 visitors to Hawaii in the first quarter of 2014. They arrived in about 960,000 visitor parties. Some went to more than one island and some stayed at more than one type of accommodation on a given island. Across all visitor parties in the first quarter of 2014, each party stayed at an average of 1.281 different places. The 960,000 parties accounted for 1.23 million individual "stays" or bookings at an individual property. The findings on the following pages describe those stays.

Figure 16: Accommodation Types Used During Visits to Hawai'i First Quarter 2014
Percent of Visitors Stays in each Type of Visitor Accommodation



Note: Data represents percent of visitors arriving in the first quarter of 2014 who stayed at each type of visitor accommodation on each island they visited. Multiple responses were allowed (i.e., visitor parties may have stayed at more than one type of accommodations during an island visit), and the percent shown here are percent of responses rather than percent of respondents. Due to limited VSAT respondents from Lāna'i, analysis of Lāna'i data was omitted from Figure 16.

Figure 16 shows how those stays were distributed by type across the islands. Lānaʻi was excluded for this quarter because of low responses.

- Across the State, hotels were used more often than any other type of accommodation (58%), followed by condo hotels (22%), vacation rental properties (15%), time share (11%) and friend's or family's home (11%).
- Hotels dominated the stay volume solely because they are so heavily used on Oʻahu (75.7%). On all other islands, while still holding a plurality of the accommodations inventory, hotels commanded less than 50 percent of all stays.
- Condominium hotels were the second most frequently used at 22.4 percent of all stays statewide. Stays in condominium hotels on Oʻahu was only 8.9 percent while use of these units was much higher on Maui (28.5%) and Kauaʻi (21.0%). On Molokaʻi, visitors reported staying at condominium hotels more often (27.8%) than hotels (22.8%). Officially there are no hotels on Molokaʻi. What is reported here is accommodations types as defined by the survey respondents.
- The use of vacation rentals has been of interest in Hawaiʻi for the last several years. First quarter 2014 data suggest that about 15.1 percent of all stays were in vacation rentals. Their use differed widely across islands. On Oʻahu, 4.7 percent of all stays were in vacation rental units. On Kauaʻi, that figure rose to 18.8 percent. Generally, visitor rentals are more popular on the neighbor islands than on Oʻahu.
- In the first quarter of 2014, 11 percent of all the stays were with friends or relatives or at the visitors' own properties (1.1%).

**Figure 17: Preferred Accommodation Type
First Quarter 2014**

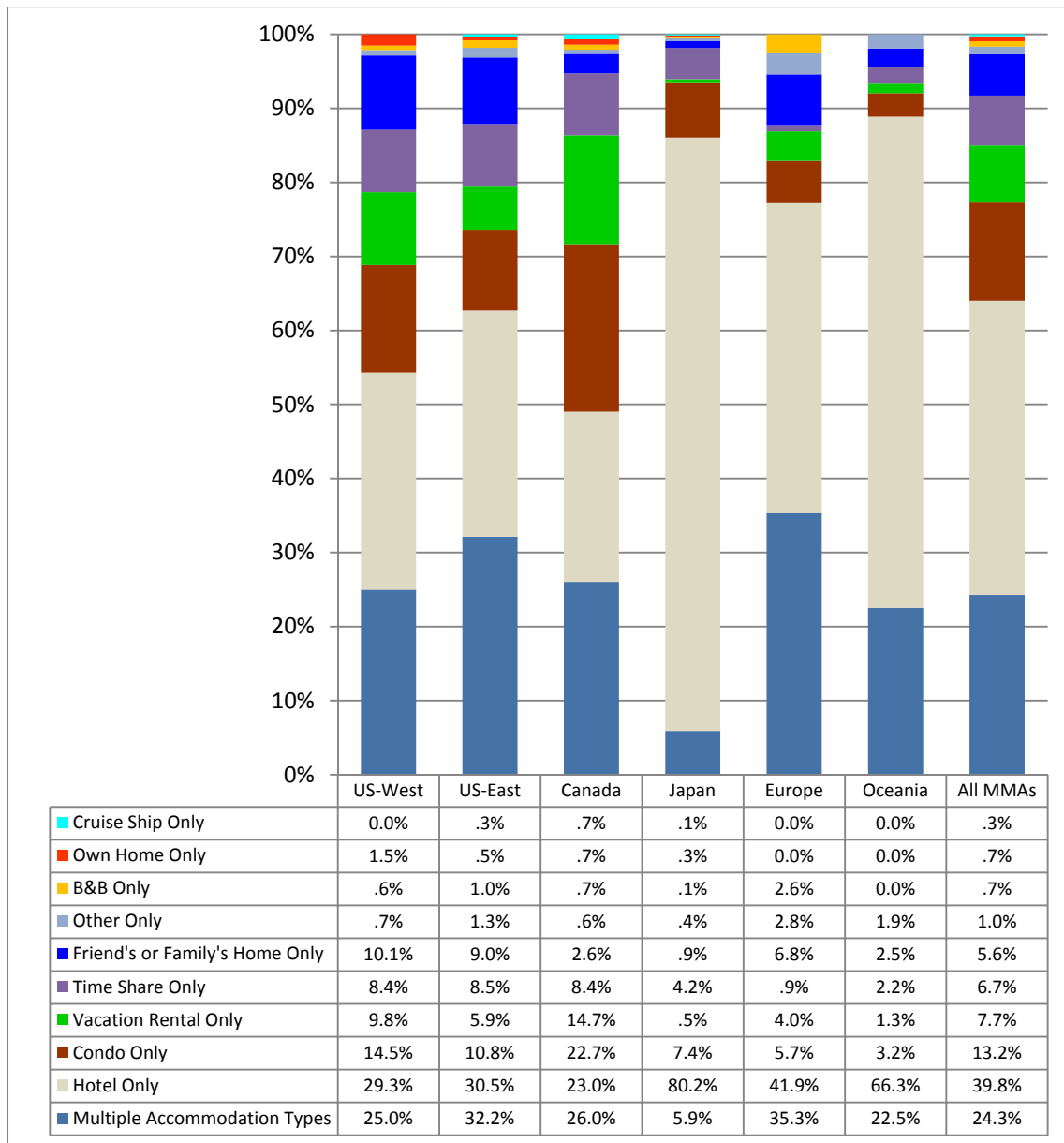


Figure 17 shows the first quarter 2014 accommodations data for each of the top six MMAs. This time, instead of aggregating all of the stays, we separated the multi-type users (parties who used different types of unit during their stay) from those a single accommodations type. That is, they stayed only at a hotels or condominium hotles, timeshares, or vacation rentals – no other types of units. We were looking for the “preference” for specific types of units.

- About a quarter (24.3%) of all parties used more than one type of unit. Multiple use ranged from a low of 5.9 percent among visitors from Japan to a high of 35.3 percent for visitors from Europe. Each MMA had its own interesting profile.

- Among U.S. West respondents, 29 percent reported staying in hotels only regardless of what island they visited, while 25 percent reported staying in more than one type of accommodation. Visitors from U.S. West and U.S. East have a similar distribution with respect to accommodation type preference and use.
- Only 6 percent of the Japanese visitors used multiple types of accommodations, while 80 percent reportedly stayed in hotels only.
- Among Canadian visitors, a similar percentage stayed exclusively in hotels (23%) or condominiums (23%). Usage of vacation rental properties came in third at 15 percent.
- Four out of ten European visitors stayed in hotels only (41.9%), while 35.3 percent stayed in multiple types of accommodations.
- Two out of three visitors from Oceania stayed exclusively in hotels (66%).

SURVEY METHODS

The Visitor Satisfaction and Activity Survey 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 all six 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, Canada, Europe and Oceania.

Survey forms in English are mailed to visitors from the U.S., Canada and Europe, while visitors from Japan are mailed a Japanese language survey form. The data for visitors from China and Korea is obtained by intercept surveys conducted at the Honolulu International airport, prior to the visitors boarding their return flight.

Approximately 5,000 surveys were mailed each month. An average of 1,500 completed forms was returned for an unadjusted response rate of about 30 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 first quarter are shown in Table 1.

**Table 1: Survey Response
January – March 2014**

MMA	Mailed	Received*	Rate*	Error
U.S. West	3,427	959	28.0	1.50
U.S. East	3,159	965	30.5	1.61
Canada	4,271	1248	29.2	1.36
Japan	1,914	587	30.7	2.07
Europe	1,425	364	25.5	2.26
Oceania	1449	308	21.3	2.11
China	N.A.	209	N.A	N.A.
Korea	N.A.	206	N.A	N.A.
Total	15,645	4,431	28.3	0.71
Overall rate is calculated excluding China and Korea. The China and Korea forms received were from intercept interviews and not forms that were mailed out. Total Received does not include the 415 intercept surveys from China and Korea.				

The number of surveys mailed in the first quarter was 15,645 and will not change over time. About 4,431 surveys were received by March 31, 2014 and that number will increase slightly for the year. The current response rate, excluding China and Korea, was about 28 percent for the first quarter with a margin of error of plus-or-minus 0.71 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.

China and Korea

Starting with the first quarter of 2014, data from China and Korea will be included in the quarterly VSAT reports. In 2013, preliminary data were gathered for China and Korea and initial results were briefly reported last year. These two countries had previously been included in the Other Asia MMA and were not part of the VSAT Survey. In 2014, China and Korea were covered in exit surveys conducted at the Honolulu International Airport. The exit survey form is shorter than the standard VSAT survey with fewer variables available for China and Korea analyses.

Results reported for China and Korea are unweighted data. Results from the other MMAs are weighted data based on weights generated for the previous year. Since no weights were generated for China and Korea in 2013, unweighted data are reported in 2014. This should not cause problems in interpreting quarterly data except when comparing total figures for all MMAs across years.

The 2014 VSAT weighting system was developed to adjust for disproportionate sampling across MMAs and that adjustment is manifest only when summing across strata. For example if 21 percent of the unweighted sample in an MMA are "satisfied", then 21 percent of the weighted respondents from that MMA are "satisfied". The weighting issue will not affect comparison of any two weighted MMAs and two unweighted MMAs or any comparison of a weighted and an unweighted MMA.

The issue will only affect quarterly data for 2014. The VSAT Annual Report for 2014 will use weighted data, as will quarterly and annual reports for 2015.

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