The 2014 Hilton Head Island Tourism Summit: Our Industry, Our Visitors

HILTON HEAD ISLAND-BLUFFTON CHAMBER OF COMMERCE

UNIVERSITY OF SOUTH CAROLINA BEAUFORT

Lowcountry and Resort Islands Tourism Institute

NATIONAL TRAVEL & TOURISM WEEK

John Salazar, Ph.D.

Brandon Cosley, Ph.D.

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University of South Carolina Beaufort

The University of South Carolina Beaufort (USCB) Research Team

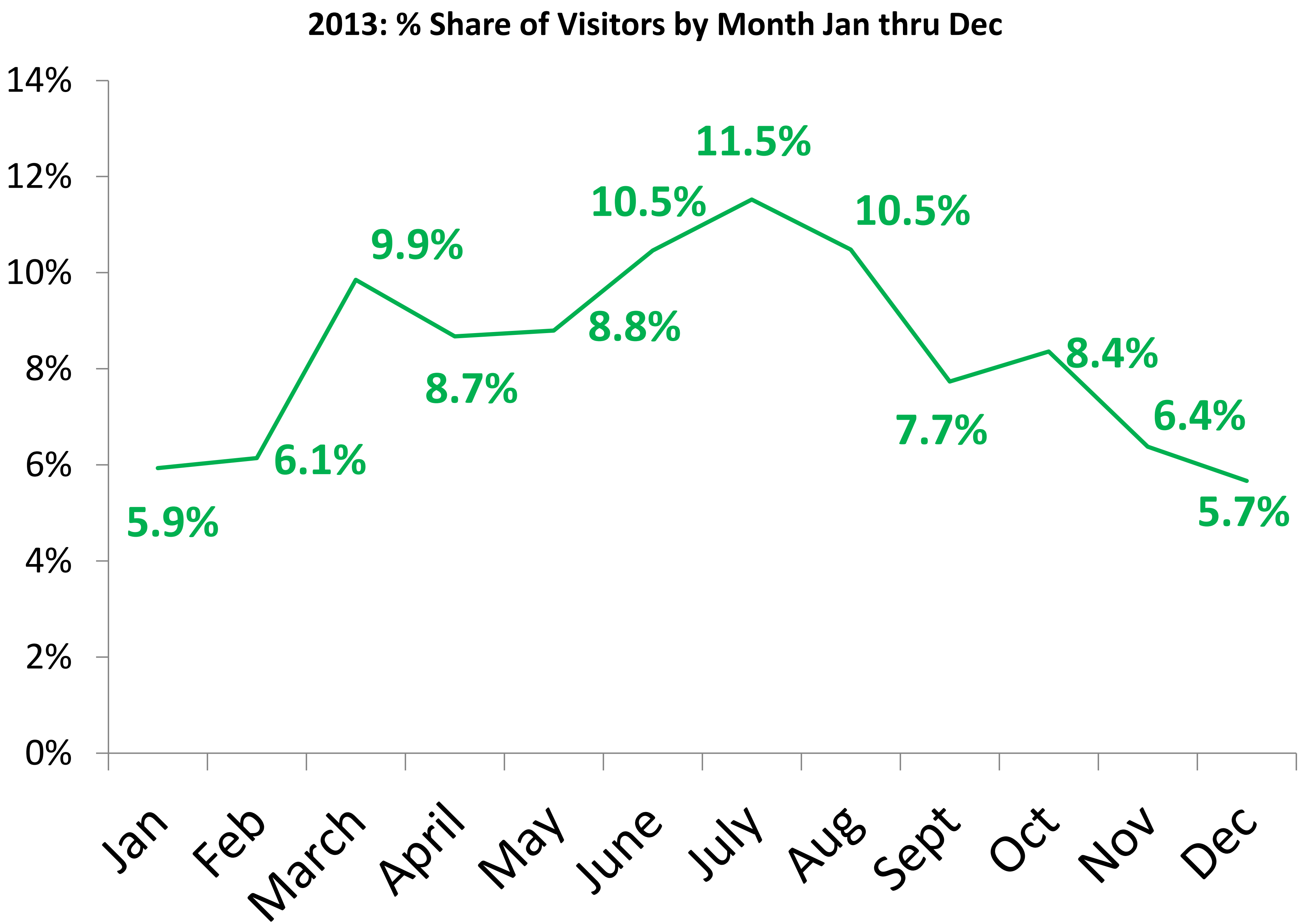
- ***John Salazar, Ph.D.***: Director of the USCB Lowcountry and Resort Islands Tourism Institute (LRITI) and Professor of Hospitality Management
- ***Brandon Cosley, Ph.D.***: Assistant Professor of Psychology
- ***Brett Borton, Ph.D.***: Assistant Professor of Communications
- ***Rob Carey, Ph.D.***: Economist & Principal, Regional Transactions
- ***Catherine Moorman***: Undergraduate Research Assistant
- ***Kelli Brunson***: Undergraduate Research Assistant

The USCB Tourism Research History

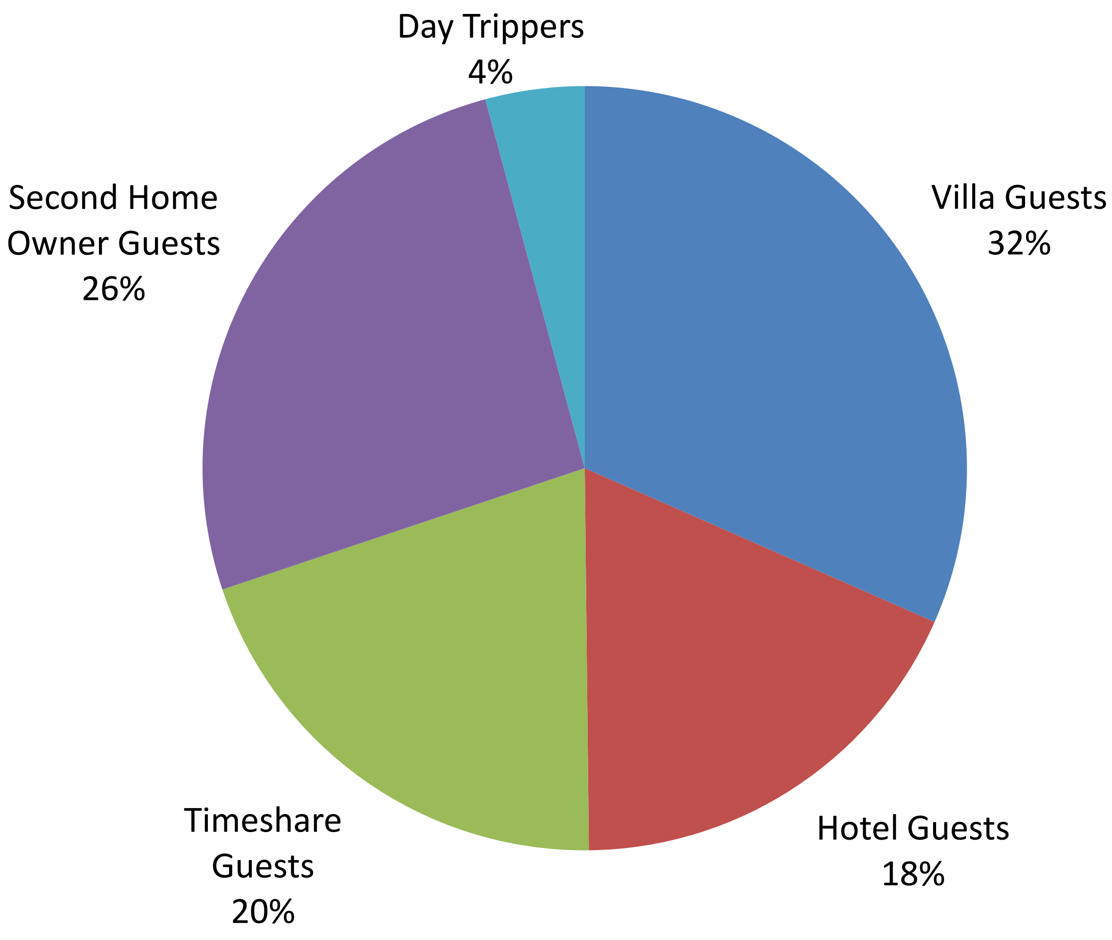
- Since fall of 2005 USCB has conducted community tourism research
  - Onsite visitor surveys
  - Visitor point of origin analysis
  - Economic impact analysis
  - Ad conversion studies
  - And…
- Over the years the information has yielded a clearer picture of our visitors

Hilton Head Island Tourism: Since 2011

- Estimated number of visitors
  - 2013: 2.46 million
  - 2012: 2.44 million
  - 2011: 2.37 million
- Lodging occupancy (HHI hotels only)
  - 2013: 57.9%
  - 2012: 56.4%
  - 2011: 54.2%
- Lodging ADR (HHI hotels only)
  - 2013: $147.82
  - 2012: $140.23
  - 2011: $139.60
- Lodging RevPAR (HHI hotels only)
  - 2013: $85.59
  - 2012: $79.04
  - 2011: $78.83

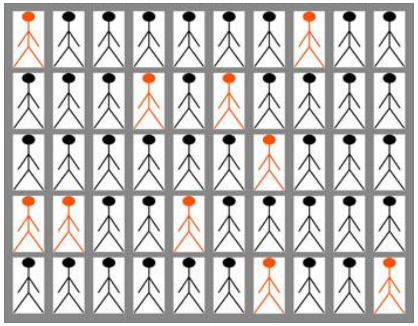

2013: % Share of Visitors by Month Jan thru Dec
14%
12%
10%
8%
6%
4%
2%
0%
5.9%
6.1%
9.9%
8.7%
8.8%
10.5%
11.5%
10.5%
7.7%
8.4%
6.4%
5.7%
Jan
Feb
March
April
May
June
July
Aug
Sept
Oct
Nov
Dec

Lodging


Day Trippers
4%
Villa Guests
32%
Second Home
Owner Guests
26%
Timeshare
Guests
20%
Hotel Guests
18%

Visitor Profile Research Methods

- Random process
  - HHI Insiders (50K)
  - National Panel (2 Million) qualified at $100K Household Incomes
    - National Sampling
    - Top 24 DMA/MSAs
    - Millennials (ages 25-34)
- Sample error
  - HHI Insiders: ± 3%
  - National Sample: ± 3%
  - Top 23 DMA/MSAs: ± 5%
  - Millennials : ± 7%



Sample Description: All Respondents

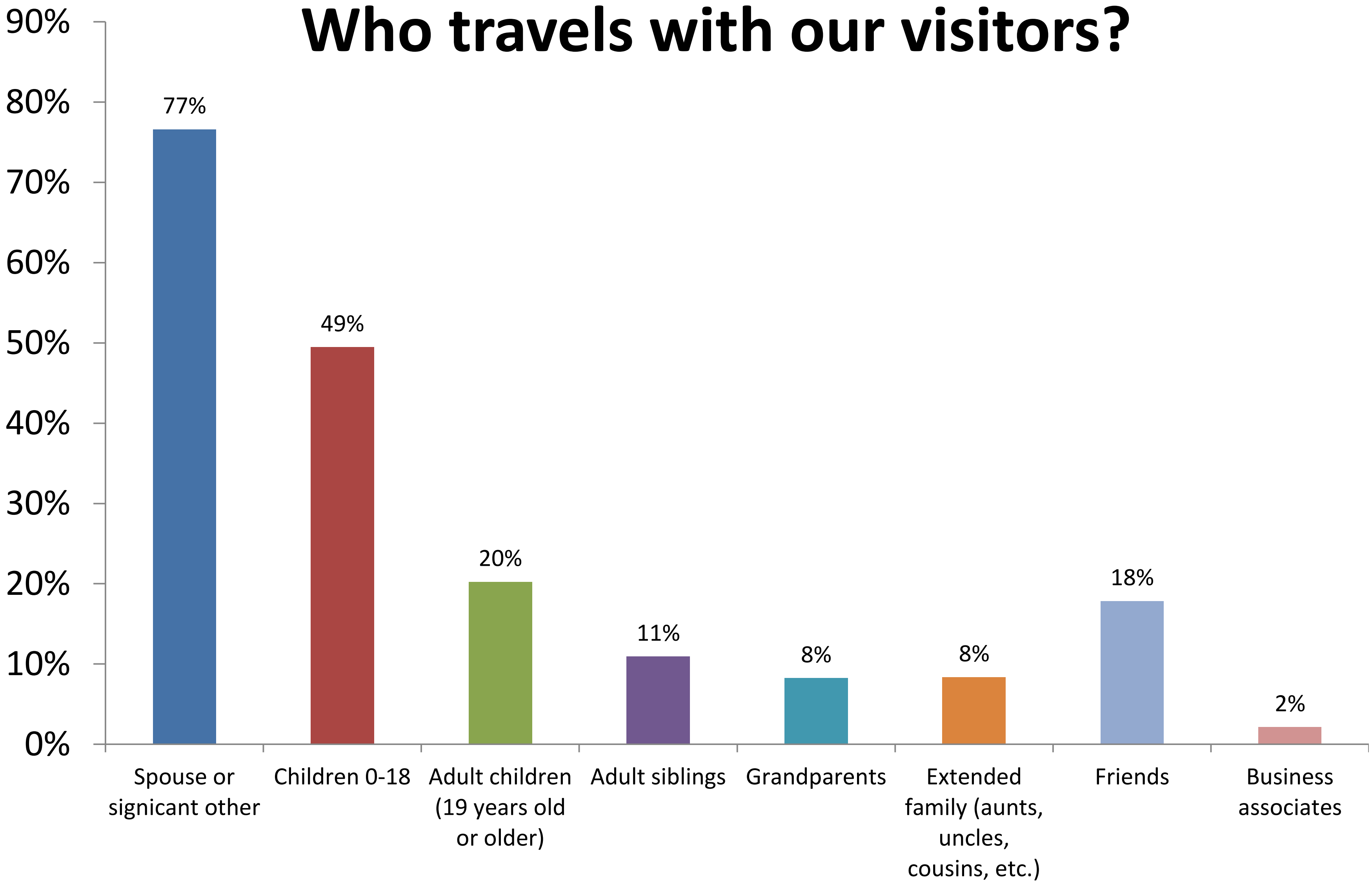
- 5,556 total survey respondents
  - HHI Insiders: 3,201
  - National Panel Sample: 1,171
  - National Panel Top 24 DMA/MSAs: 927
  - National Panel Millennials : 257
- 4,954 completed surveys (thru to demographic section – 89% completion rate)
  - 41.4% (2,299) visited HHI within the last 18 months
  - Average party size = 4.3
  - Average length of stay = 6.6
  - 25% of HHI visitors traveled by plane: 44.8% flew into Savannah/HHI and 24.6% into HHI
  - 64.2% began trip planning within 4-6 months of traveling
  - 61.2% booked lodging within 4-6 months of traveling

Point of Origin of Our Visitors: 2,059 Zip Codes Plotted to 329 MSAs

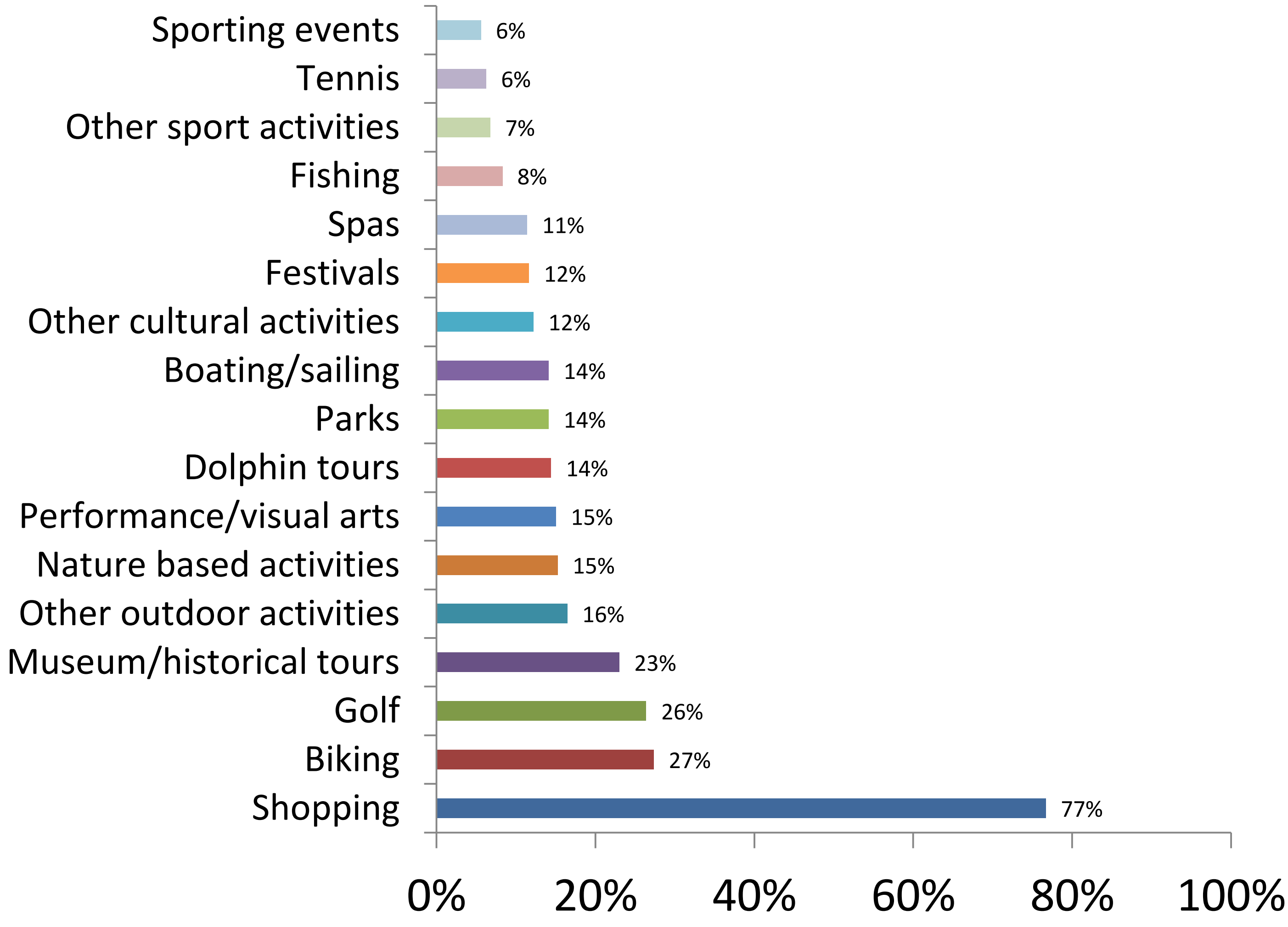
Point of Origin of Our Visitors: 2,059 Zip Codes Plotted to 329 MSAs

Metropolitan Area	VPS % Share	VPS %-Arbitron %	VPS %-Nielsen%	VPS %-Scarborough%	VPS % Share-% Income Above $150K
Atlanta-Sandy Springs-Marietta, GA MSA	13%	7%	7%	6%	7%
Cleveland-Elyria-Mentor-Akron, OH MSA	7%	5%	4%	4%	5%
Augusta-Richmond County, GA-SC MSA	3%	3%	3%	3%	3%
Columbus, OH MSA	5%	3%	2%	2%	3%
Cincinnati-Middletown, OH-KY-IN MSA	5%	3%	3%	2%	3%
Pittsburgh, PA MSA	5%	2%	2%	2%	3%
Charlotte-Gastonia-Concord, NC-SC MSA	5%	2%	2%	2%	3%
Columbia, SC MSA	2%	1%	1%	2%	1%
Buffalo-Niagara Falls, NY MSA	2%	1%	0%	0%	1%
Indianapolis-Carmel, IN MSA	2%	1%	0%	0%	1%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	6%	0%	-2%	-1%	0%
Baltimore-Towson, MD MSA	3%	0%	0%	0%	-2%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	5%	0%	0%	-3%	4%
Minneapolis-St Paul, MN-WI MSA	2%	-1%	-2%	-3%	-2%
Detroit-Warren-Livonia, MI MSA	3%	-2%	-1%	-2%	-1%
Chicago-Naperville-Joliet, IL-IN-WI MSA	8%	-2%	0%	-1%	-3%
Boston-Cambridge-Quincy, MA-NH MSA	3%	-2%	-2%	-3%	-5%
Miami-Fort Lauderdale-Miami Beach, FL MSA	2%	-3%	-2%	-2%	-3%
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	14%	-7%	-5%	1%	-7%
Los Angeles-Long Beach-Santa Ana, CA MSA	3%	-11%	-11%	-9%	-13%

Who travels with our visitors?



Activity Participation: Based on Spending



Economic Spending by Lodging Segment

Category	Day Trip	Hotel	2nd Home	Timeshare	Villa
Total Daily Spend per Party	$ 186.36	$ 288.52	$ 106.00	$ 184.92	$ 349.26
Average Length of Stay (Nights)	0.0	4.5	8.4	7.3	7.3
Total Spend per Party	$ 186.36	$ 1,302.60	$ 889.29	$ 1,344.14	$ 2,533.50

To what extent do the following types of vacations/leisure trips and/or travel experiences appeal to you?	T2B% Appealing/Very Appealing
Relaxation & rejuvenation	93%
Beach/island	92%
Passive outdoor adventures (viewing wildlife, walking outdoors)	76%
Historical locations	74%
Romantic couple getaways	68%
Learning while traveling experiences	66%
Warm weather sports	65%
Exploration (discovering unexploited areas)	61%
Culinary focused	58%
Water sports	46%
Active outdoor adventures (mountain biking, whitewater kayaking, windsurfing)	45%
Quality nightlife options	41%
Theme parks	40%
Immersion excursions (living like locals)	39%
Performing/cultural arts getaways	38%
Spectator sporting events	38%
Golf getaways	38%
Waterparks	32%
Medical/wellness	31%
Winter sports (downhill skiing, snowboarding)	24%
Tennis getaways	15%
Voluntourism	13%

Salazar's Takeaways

- Businesses need to plan for seasonal variations 4-6 months in advance
- For businesses with small marketing and advertising budgets focus on HHI co-op market strategies that penetrate the top geographic markets: Atlanta, Cleveland, Augusta, Columbus, and Cincinnati
- The drive markets of Atlanta, Augusta, Charlotte, and Columbia can be targeted to increase visitors during the off and shoulder seasons
- HHI continues to be a family destination for beach, dining, shopping, biking, golf, and touring activities
- HHI's future appeal for existing visitors is reliant on relaxation and rejuvenation, beach/island, passive outdoor adventures, and historical locations

Hilton Head Island Generations

Brandon Cosley, PhD

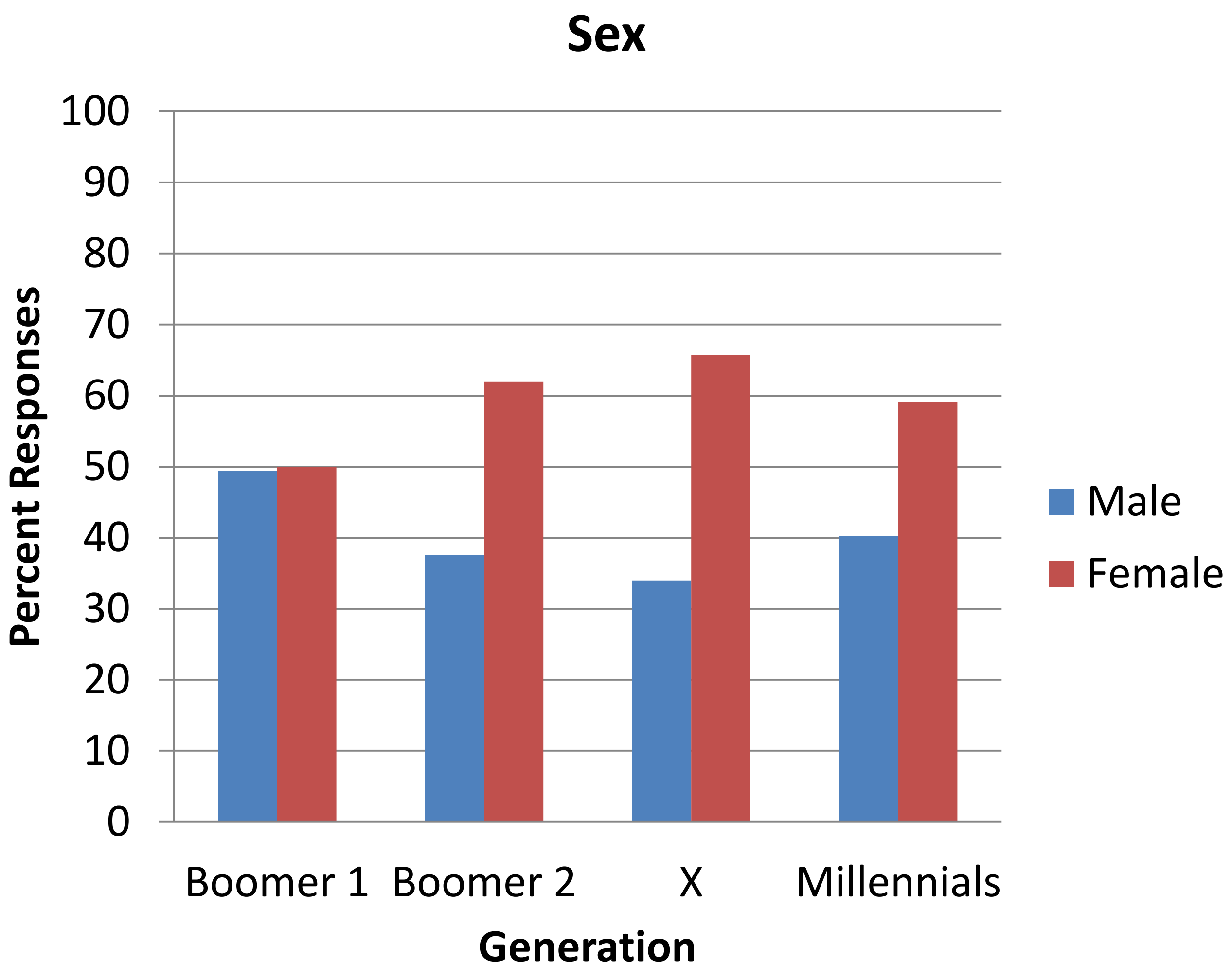
HILTON HEAD ISLAND
South Carolina

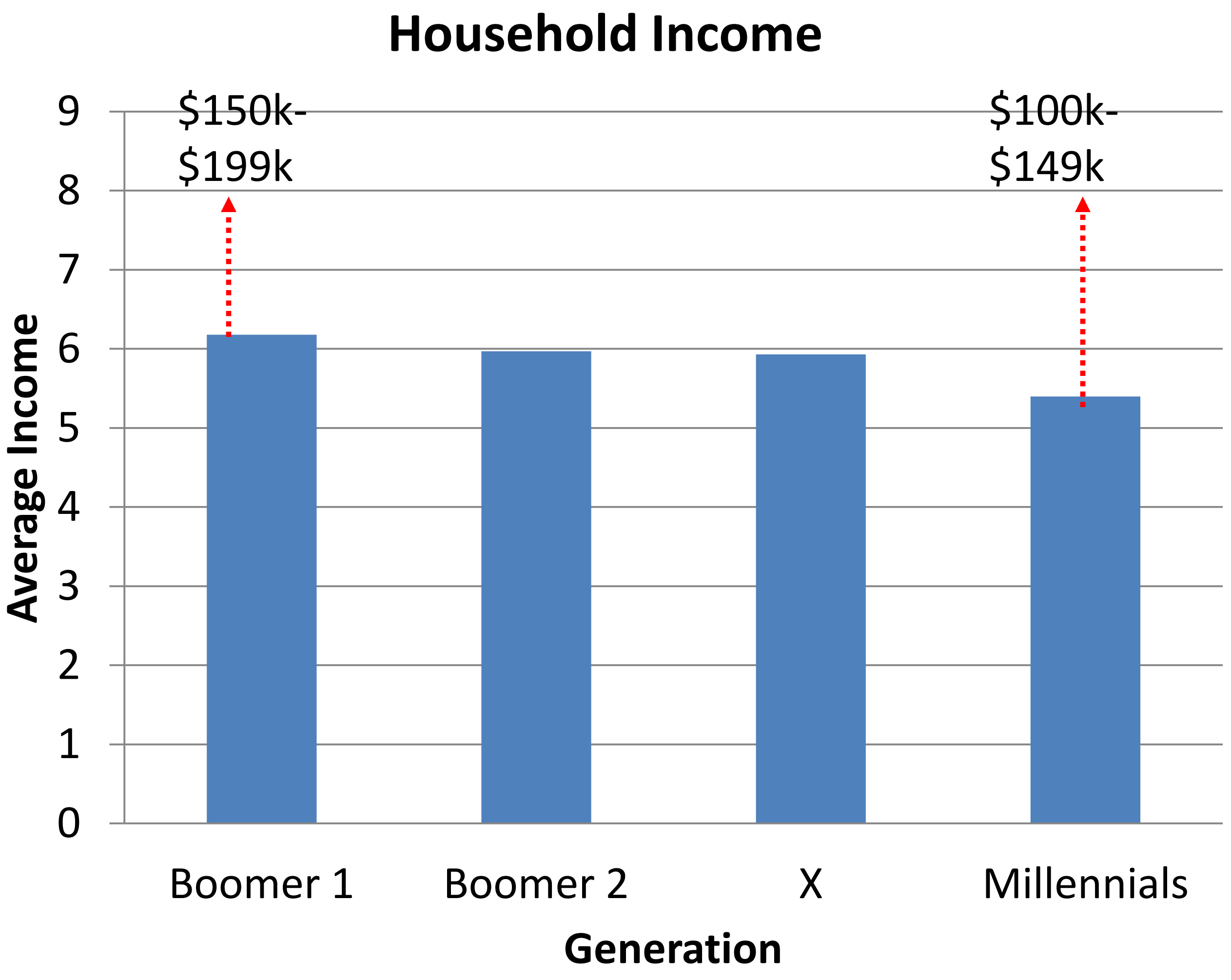
UNIVERSITY OF
SOUTH CAROLINA
BEAUFORT

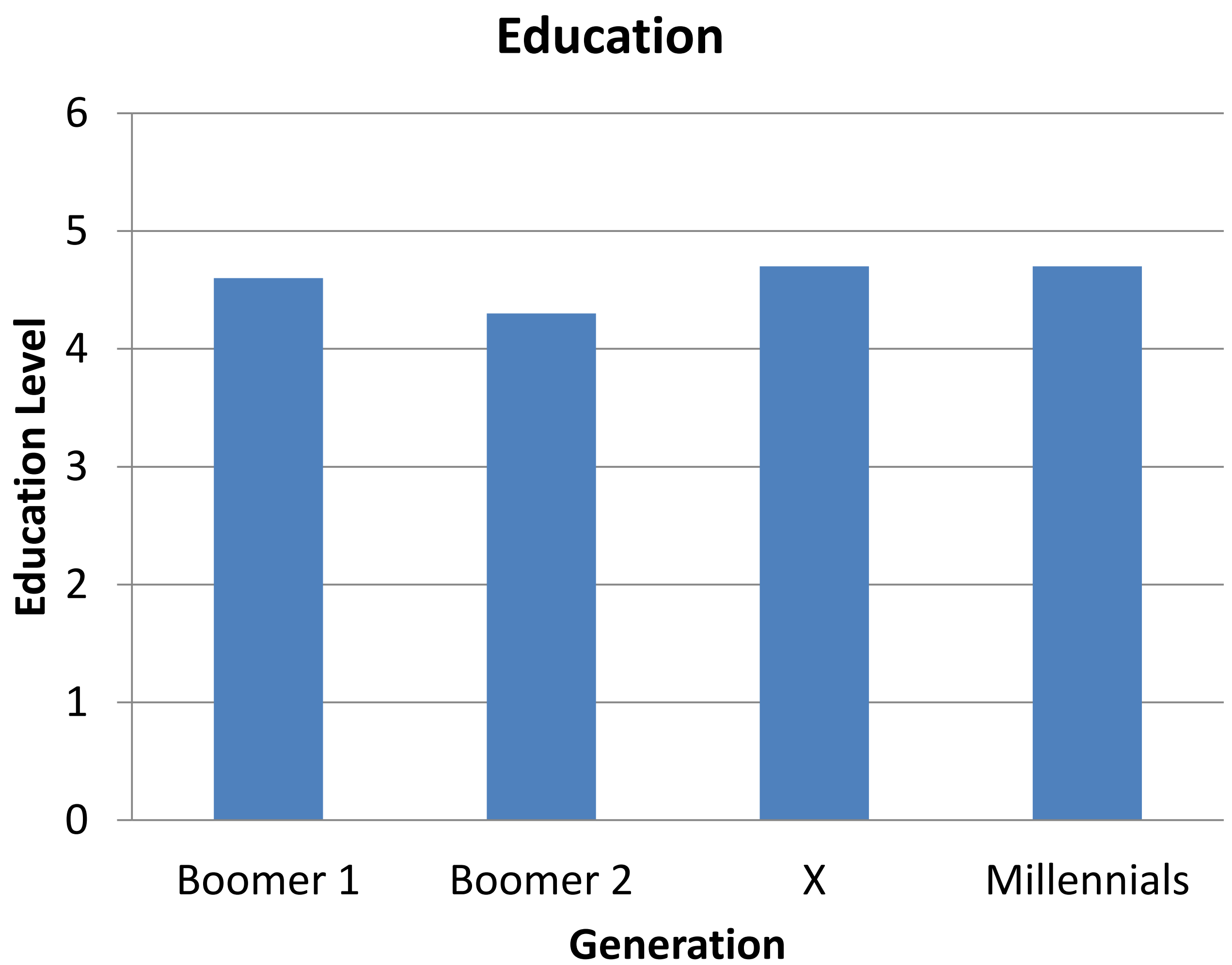
DEMOGRAPHICS

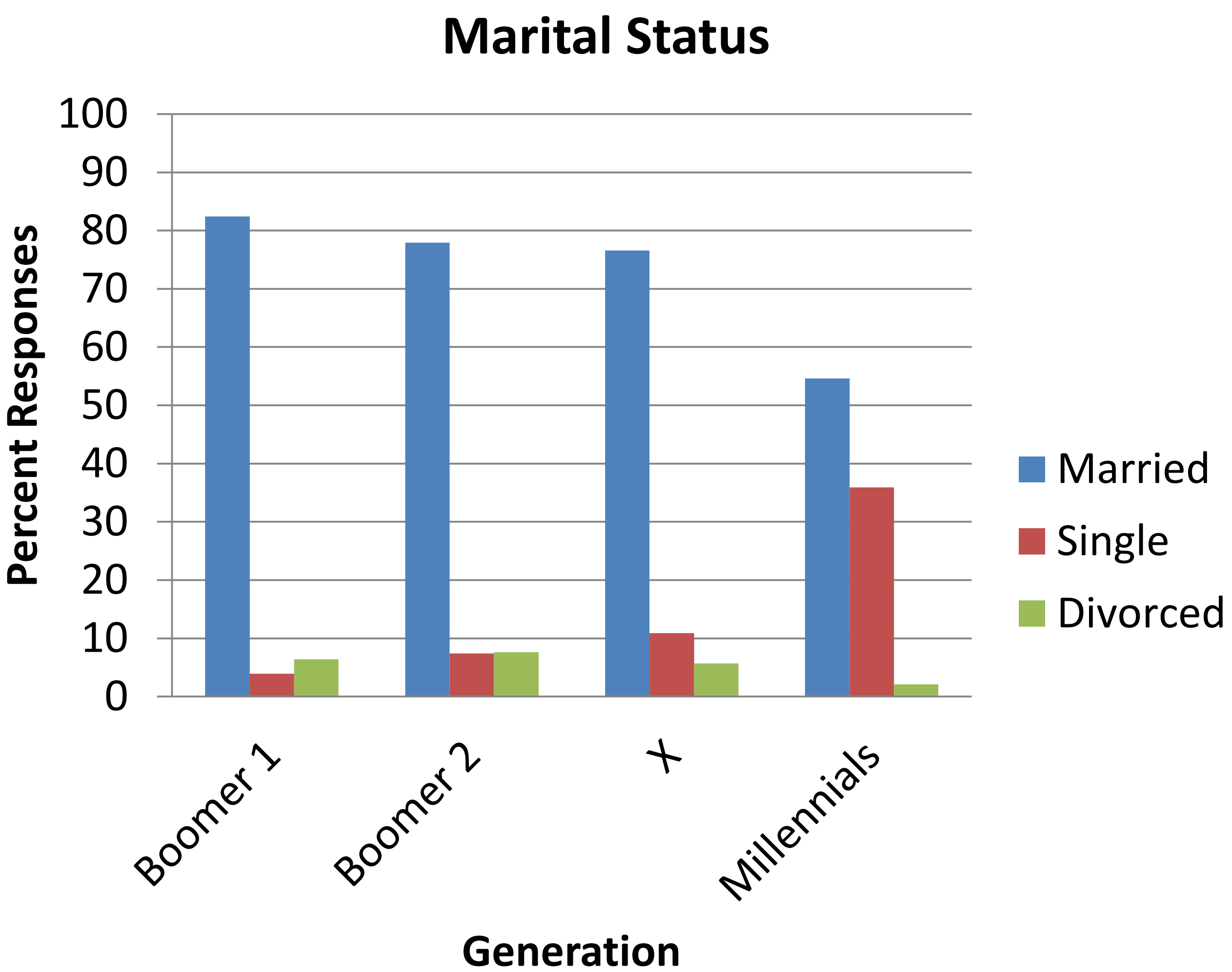
Generations Defined

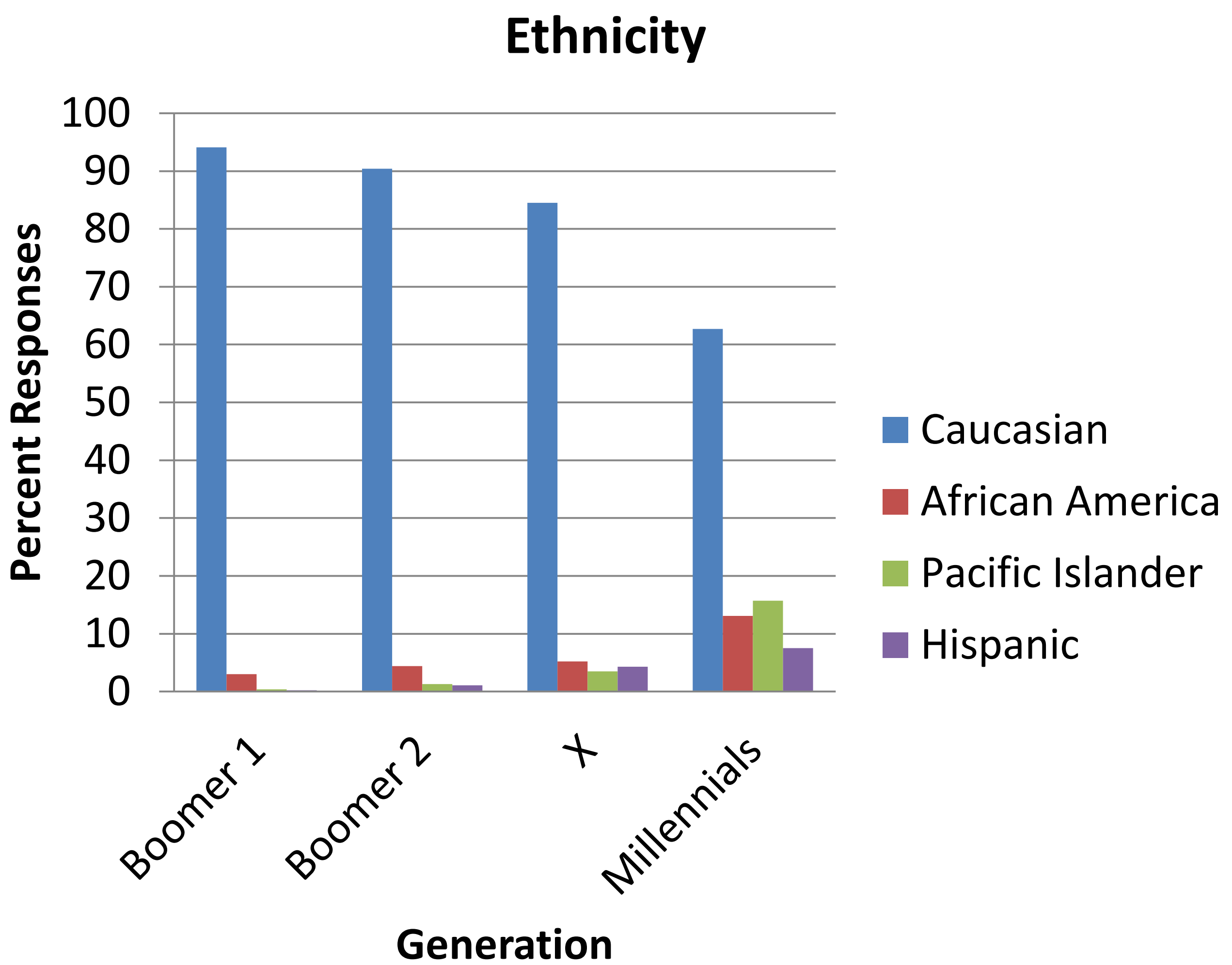
Generation	Age in 2014
Post War	69 – 86 years
Boomer 1 (aka The Baby Boomers)	60 – 68 years
Boomer 2 (aka Generation Jones)	49 – 59 years
X	38 – 48 years
Millennials (aka Y)	20 – 37 years
Z	10 – 19 years

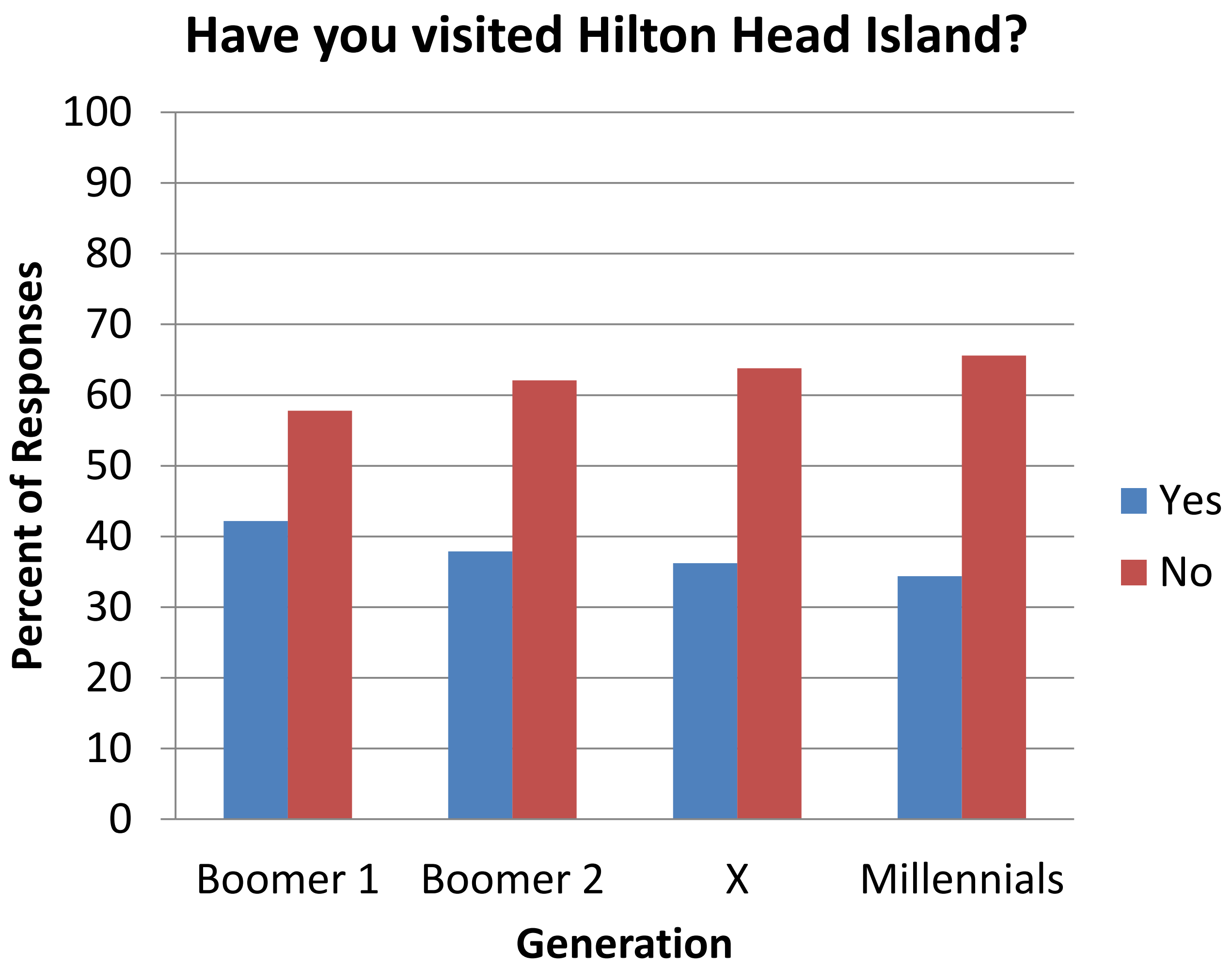

Sex
Percent Responses
100
90
80
70
60
50
40
30
20
10
0
Boomer 1
Boomer 2
X
Millennials
Generation
Male
Female


Household Income
9
8
7
6
5
4
3
2
1
0
Average Income
$150k-
$199k
$100k-
$149k
Boomer 1
Boomer 2
X
Millennials
Generation


Education
Education Level
6
5
4
3
2
1
0
Boomer 1
Boomer 2
X
Millennials
Generation


Marital Status
Percent Responses
100
90
80
70
60
50
40
30
20
10
0
Boomer 1
Boomer 2
X
Millennials
Generation
Married
Single
Divorced


Ethnicity
Percent Responses
100
90
80
70
60
50
40
30
20
10
0
Boomer 1
Boomer 2
X
Millennials
Generation
Caucasian
African America
Pacific Islander
Hispanic

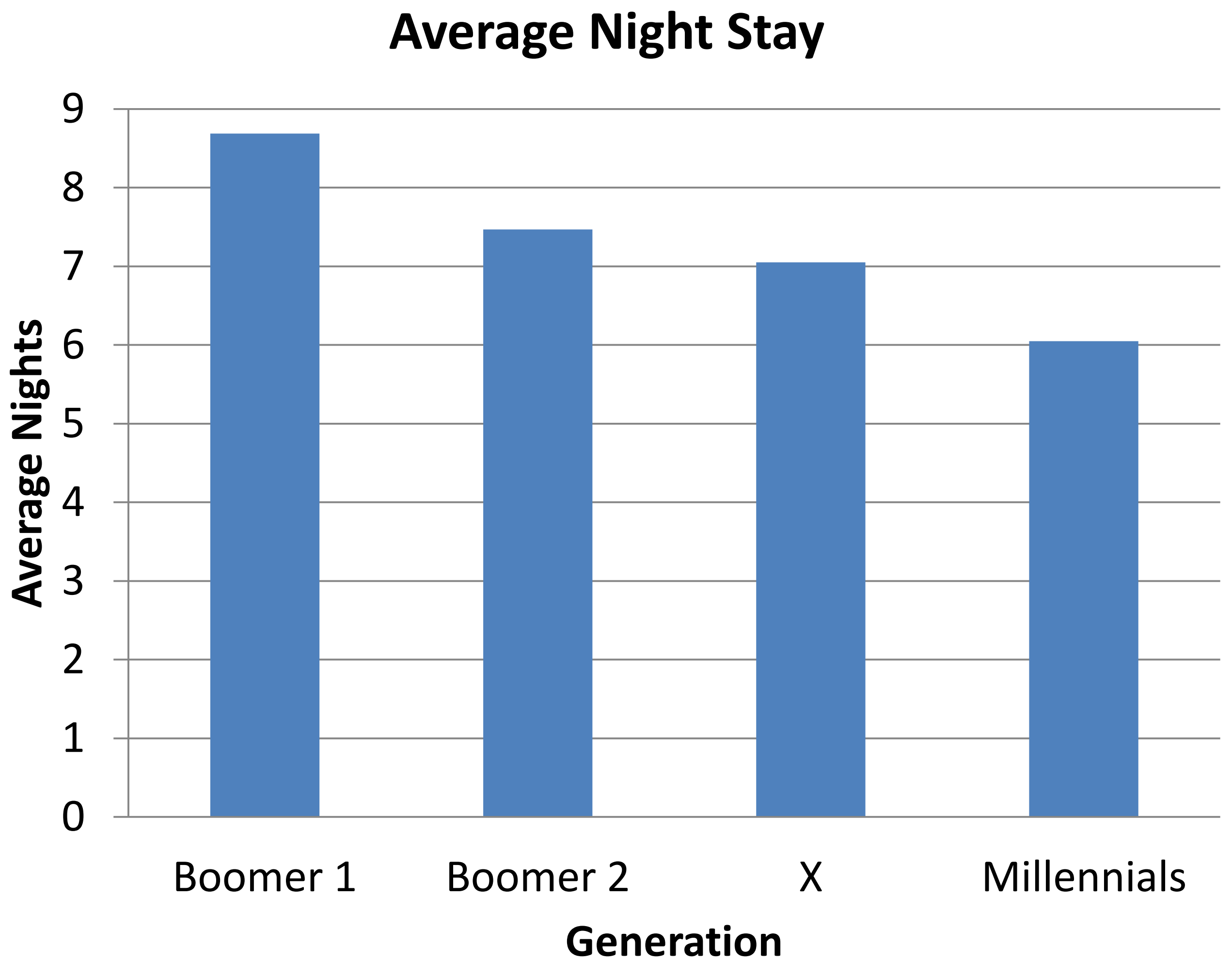


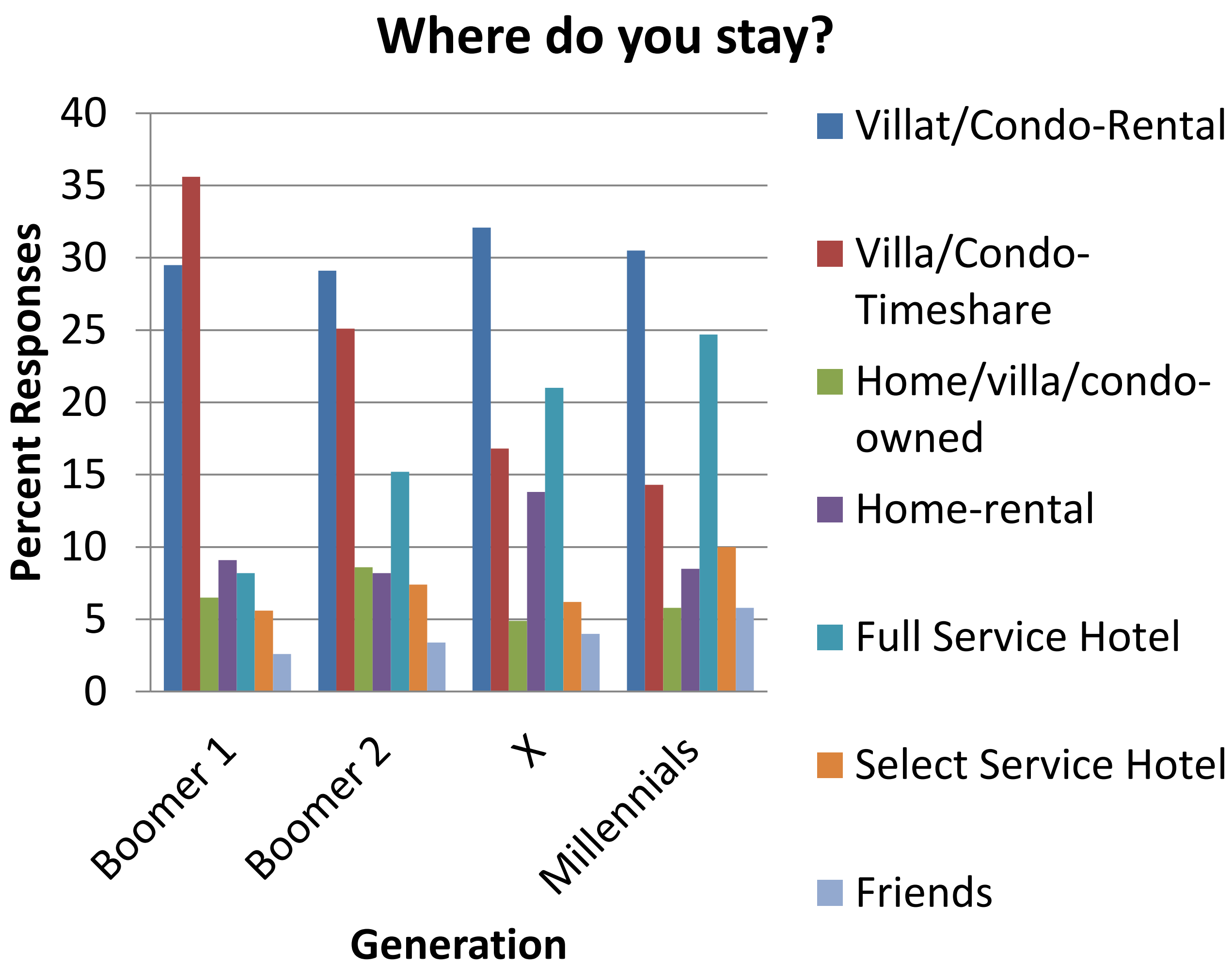
Have you visited Hilton Head Island?
100
90
80
70
60
50
40
30
20
10
0
Percent of Responses
Boomer 1
Boomer 2
X
Millennials
Generation
Yes
No

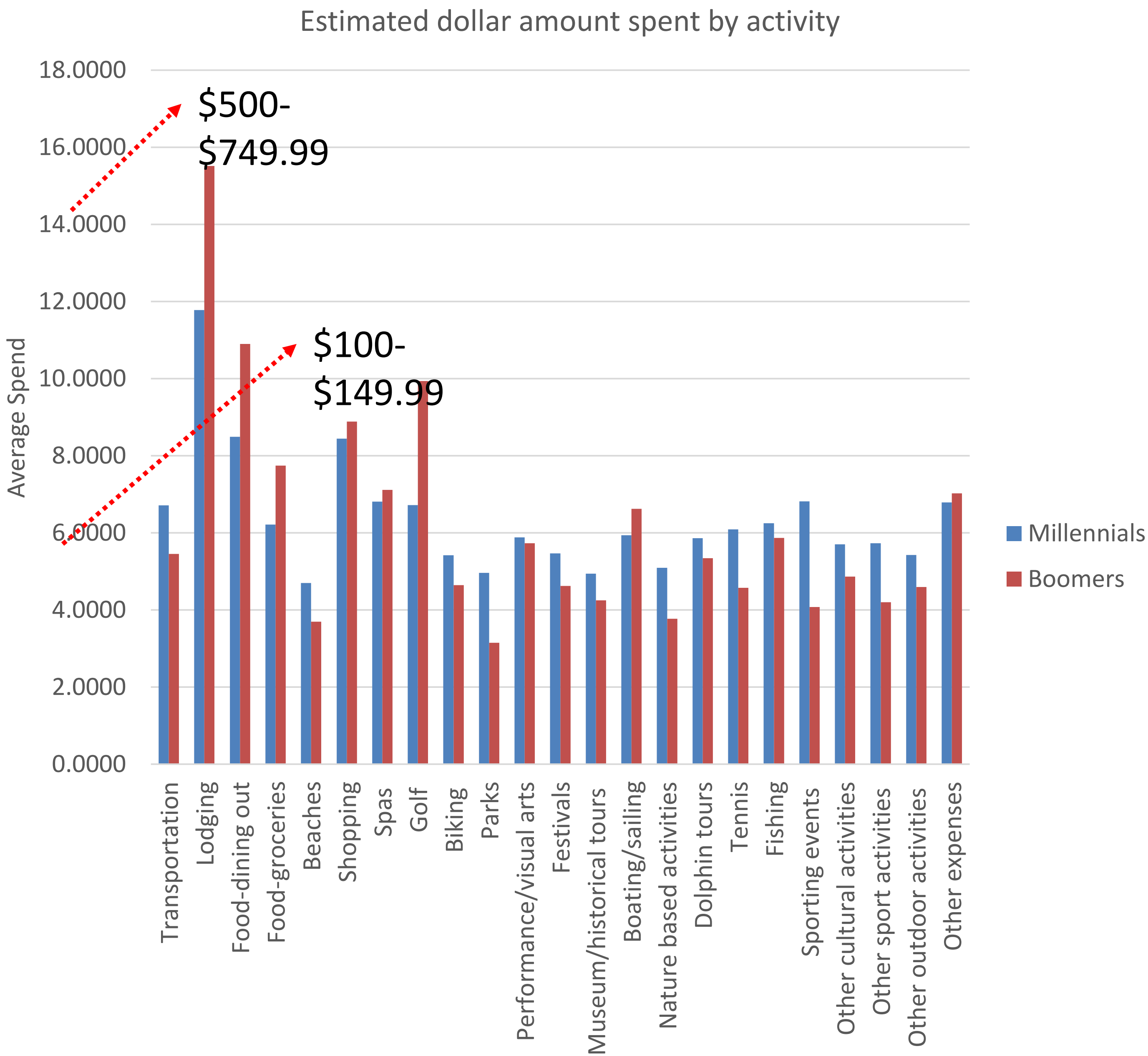
Who are Generation Millennial?

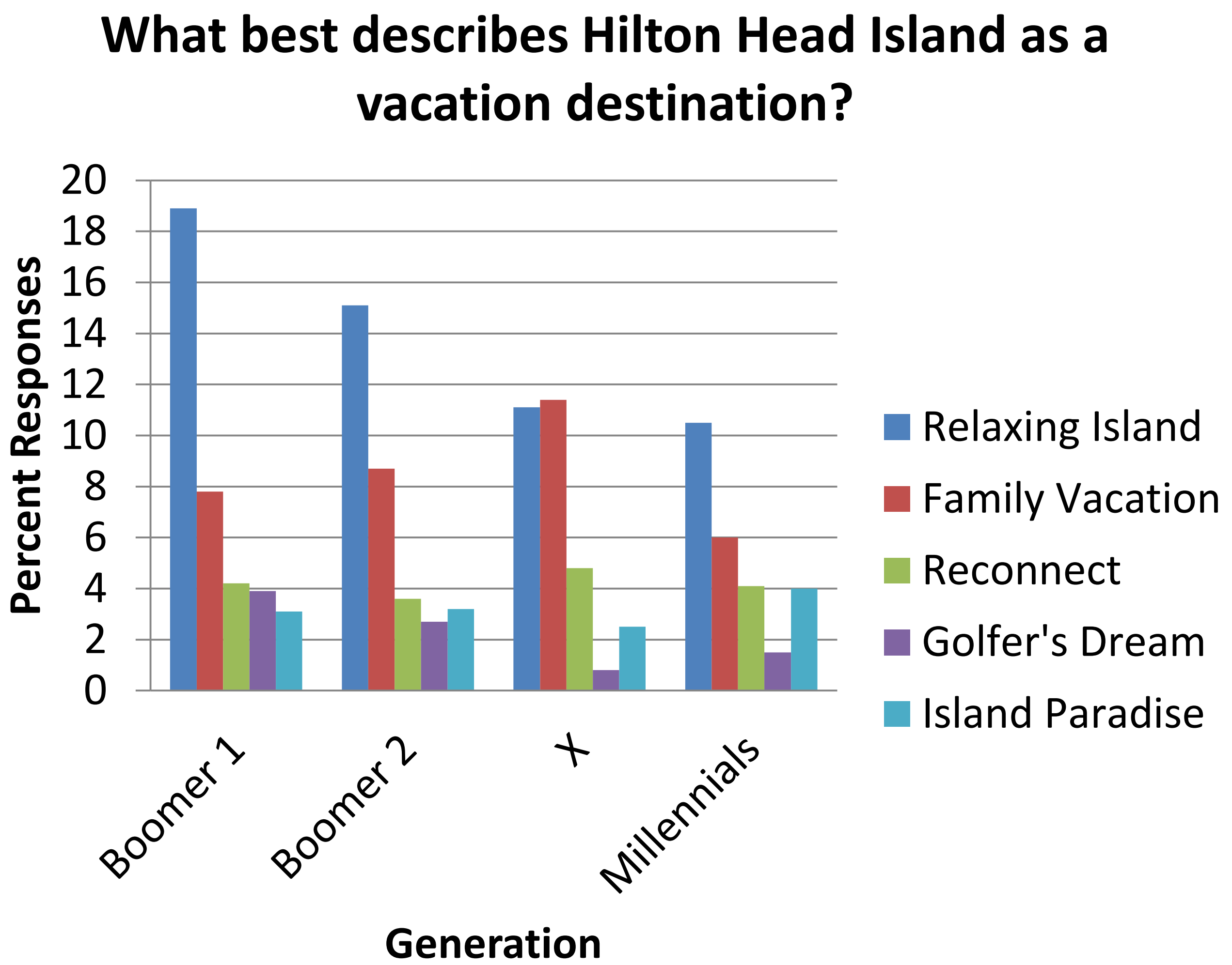
- Larger female market but the gap is closing
- Visitor income is largely consistent across generations
- More educated than older generations
- More likely to be single
- Represent the greatest ethnic diversity than other generations
- Slightly less likely to choose Hilton Head Island as a vacation spot

HILTON HEAD EXPERIENCE


Average Night Stay
9
8
7
6
5
4
3
2
1
0
Average Nights
Boomer 1
Boomer 2
X
Millennials
Generation


Where do you stay?
Percent Responses
40
35
30
25
20
15
10
5
0
Boomer 1
Boomer 2
X
Millennials
Generation
Villat/Condo-Rental
Villa/Condo-Timeshare
Home/villa/condo-owned
Home-rental
Full Service Hotel
Select Service Hotel
Friends


Estimated dollar amount spent by activity
Average Spend
18.0000
16.0000
14.0000
12.0000
10.0000
8.0000
6.0000
4.0000
2.0000
0.0000
$500-
$749.99
$100-
$149.99
Transportation
Lodging
Food-dining out
Food-groceries
Beaches
Shopping
Spas
Golf
Biking
Parks
Performance/visual arts
Festivals
Museum/historical tours
Boating/sailing
Nature based activities
Dolphin tours
Tennis
Fishing
Sporting events
Other cultural activities
Other sport activities
Other outdoor activities
Other expenses
Millennials
Boomers


What best describes Hilton Head Island as a vacation destination?
Percent Responses
20
18
16
14
12
10
8
6
4
2
0
Boomer 1
Boomer 2
X
Millennials
Generation
Relaxing Island
Family Vacation
Reconnect
Golfer's Dream
Island Paradise

How important are each of the following attributes to your Hilton Head Island vacation?	T2B% Important/Very Important	
	Milllennials	Boomers
Beaches	78.7%	86.5%
Natural Beauty	76.7%	91.6%
Quality Lodging	72.4%	80%
Quality Dining	75.2%	85.5%
Affordability	69%	70.8%
Diversity of Dining	68.4%	81.1%
Ease of Access	69.9%	73.3%
Culinary Experiences	68.3%	73.3%
Active Outdoor Activities	67.6%	65.7%
Travel Distance	64.1%	63.2%
Seafood Dining	63.7%	77.2%

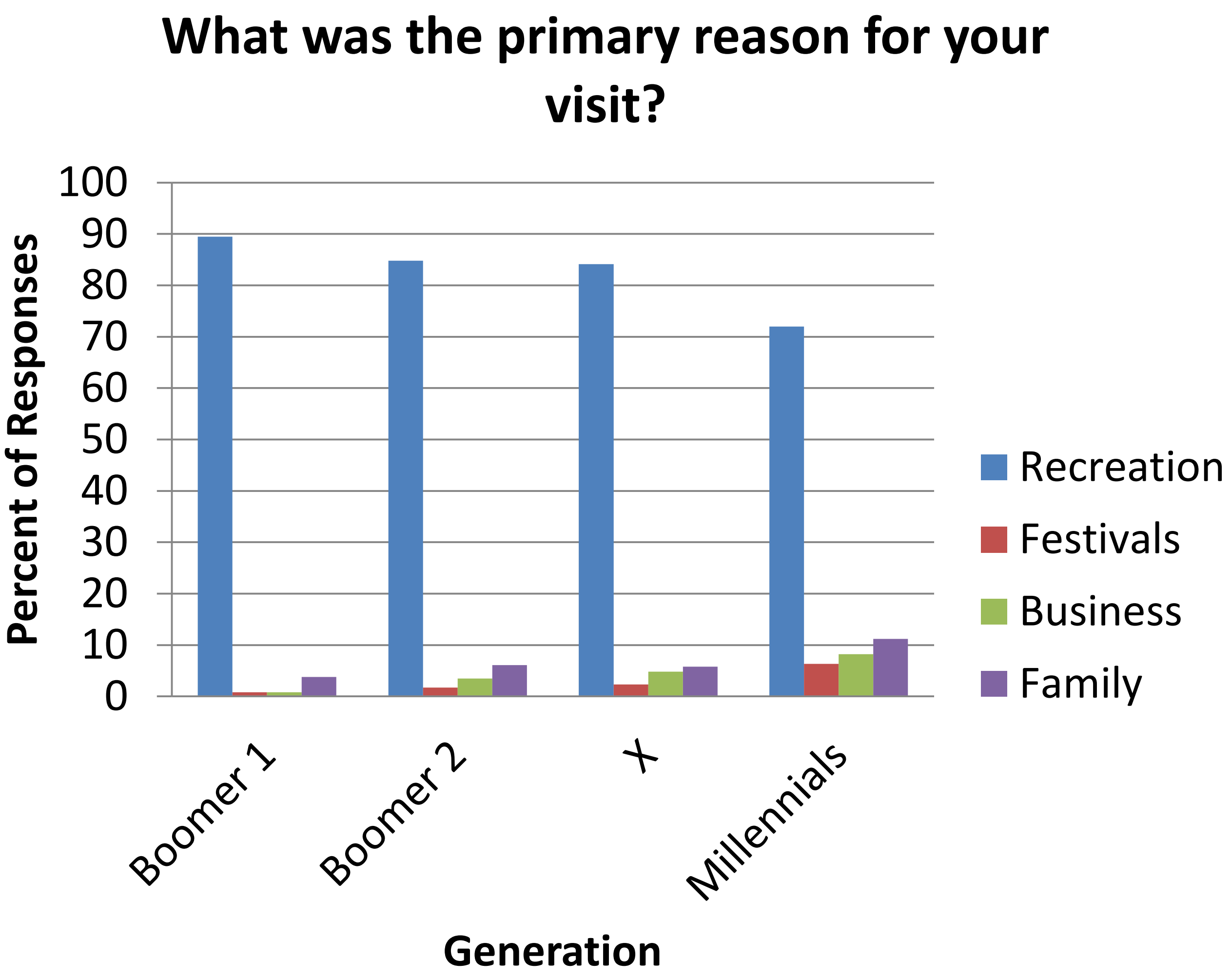
Boomer Island Experience

Millennial Island Experience

How do Millennials Experience HHI?

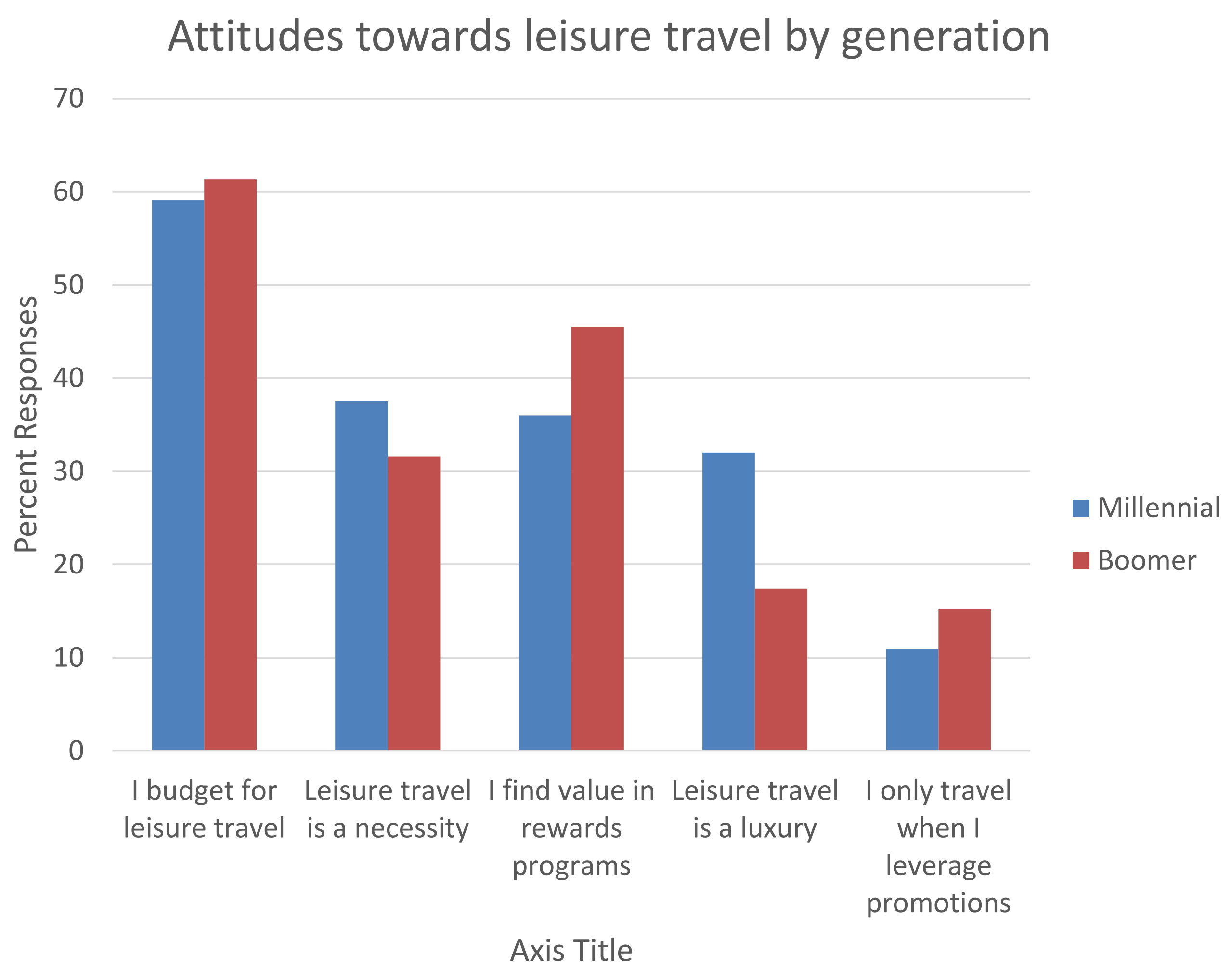
- Stay significantly less time, even controlling for income
- Equally likely to rent condos but more likely to rent full service hotels
- Less likely to use timeshares
- More integrated view of Hilton Head Island
  - Relaxing and Exciting just as important
  - Overall find features less important

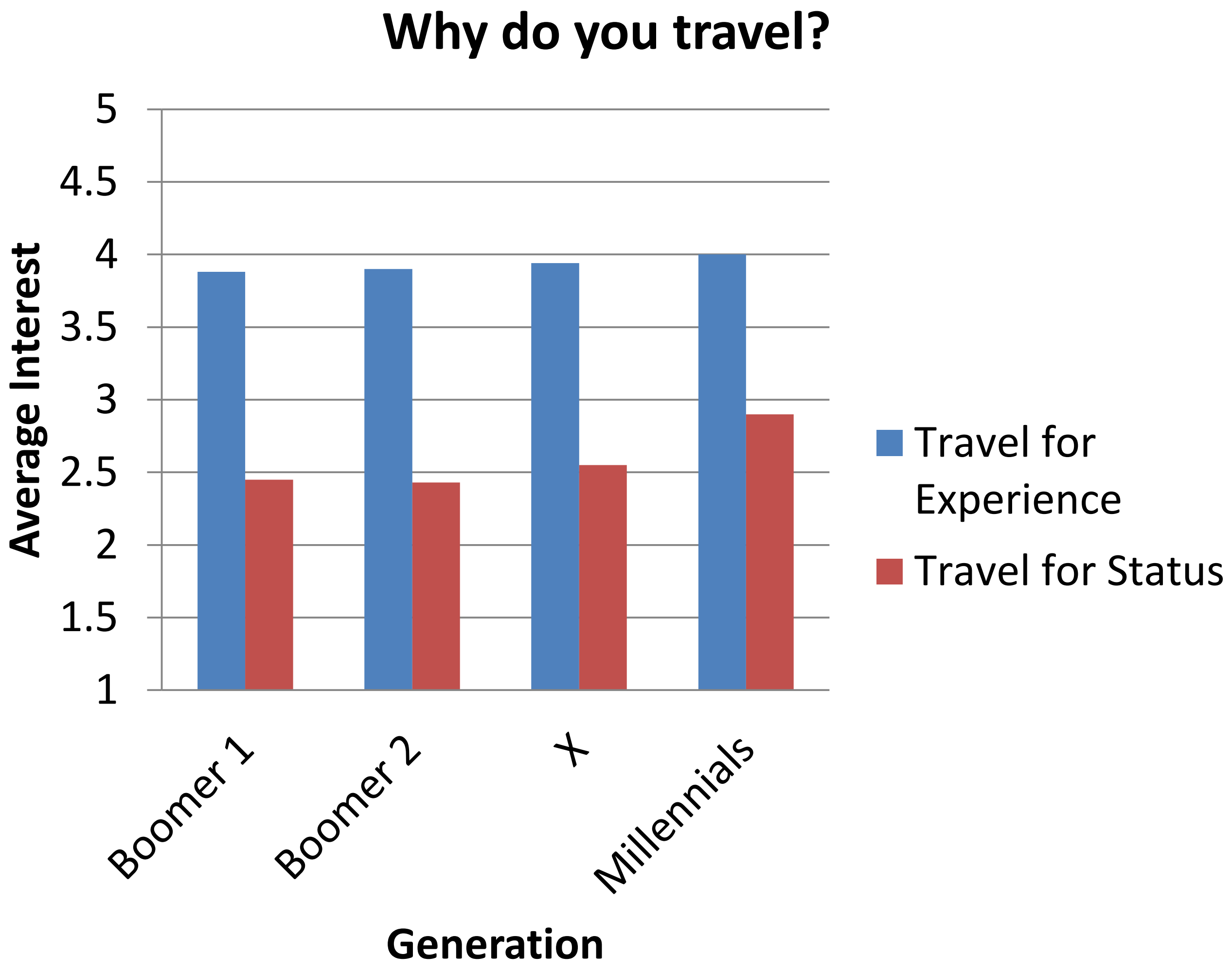
TRAVEL MOTIVATION



What was the primary reason for your visit?
100
90
80
70
60
50
40
30
20
10
0
Percent of Responses
Boomer 1
Boomer 2
X
Millennials
Generation
Recreation
Festivals
Business
Family

How appealing are each of the following to you?	T2B% Important/Very Important	
	Milllennials	Boomers
Relaxation	86.9%	92%
Beach/Island	85.2%	85.9%
Romantic Couple Getaways	**73.2%**	**58.9%**
Passive Outdoor Adventures	70.9%	74.6%
Historical Locations	70.7%	79.8%
Learning While Traveling Experiences	65.5%	68.6%
Exploration	65.9%	53.5%
Theme Parks	**63.6%**	**30.6%**
Warm Weather Sports	61.9%	57.1%
Culinary Focused	57.8%	49.5%
Performing/Cultural Arts Getaways	48.5%	39.5%


Attitudes towards leisure travel by generation
70
60
50
40
30
20
10
0
Percent Responses
I budget for leisure travel
Leisure travel is a necessity
I find value in rewards programs
Leisure travel is a luxury
I only travel when I leverage promotions
Axis Title
Millennial
Boomer


Why do you travel?
Average Interest
5
4.5
4
3.5
3
2.5
2
1.5
1
Boomer 1
Boomer 2
X
Millennials
Generation
Travel for Experience
Travel for Status

Cosley's Takeaways

- Island businesses should be prepared for a more diverse market as millennials age
- Villa/condo rental market will continue to gain millennial customers but there is a rising interest in full service hotel use
- Millennials spend more on transportation and outdoor activities
- Challenges to Island Sustainability
  - Millennials stay fewer days
  - Millennials viewing island attributes as less important than older generations
- Prepare to meet challenges by speaking to millennial travel motivations:
  - Stronger interest in social travel (e.g. romantic getaways, social status)
  - Integrate relaxing/rejuvenating experience with excitement (e.g. active and passive outdoor activities)
  - Rewards programs may not be as effective but leisure travel still important

Media Consumption Trends

Brett A. Borton, PhD

HILTON HEAD ISLAND
South Carolina

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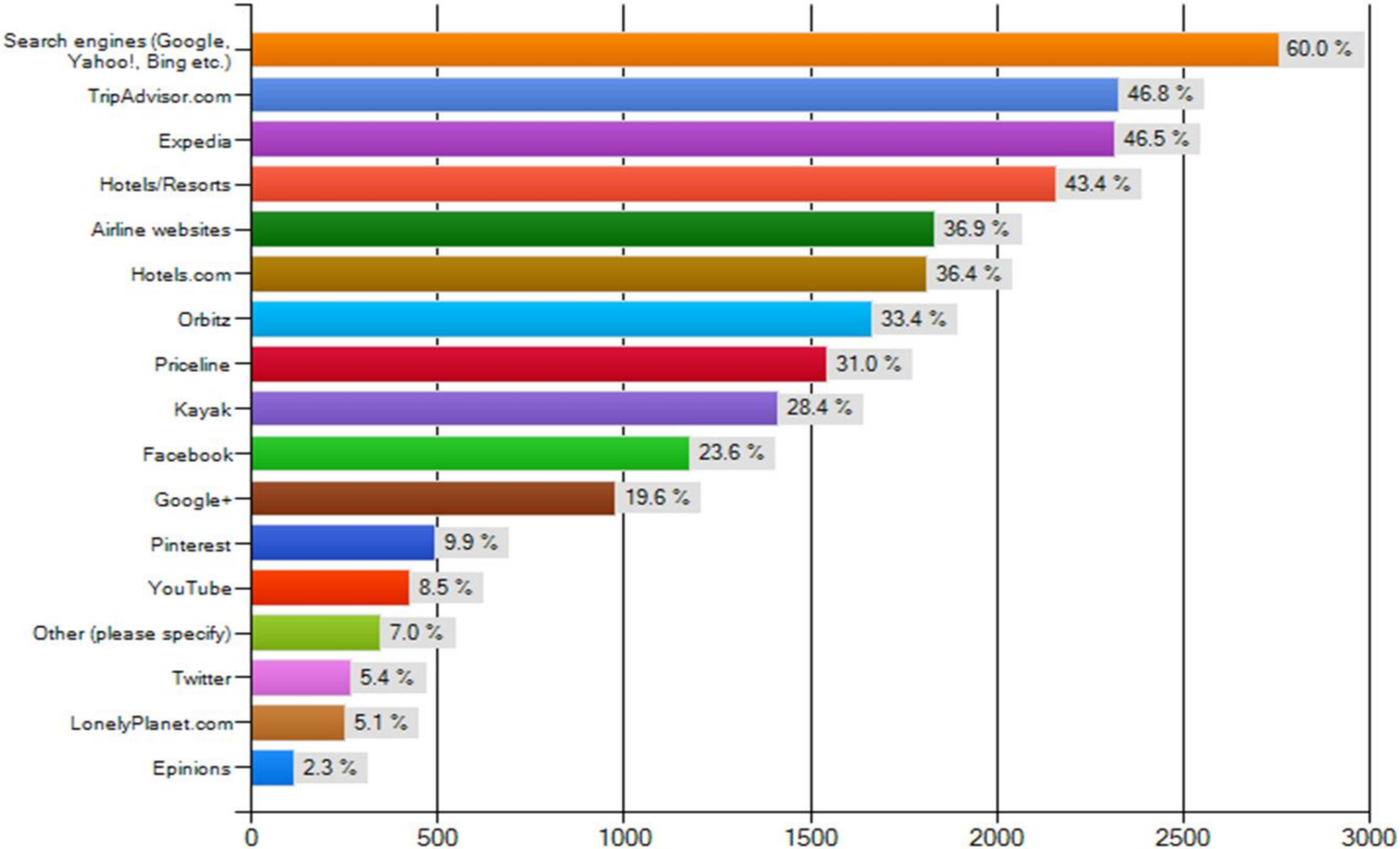
Q: How influential are the following sources when it comes to choosing your leisure travel destination?

	Not at all influential	Not influential	Undecided	Influential	Very influential	Influential/ Very Influential Total	Rating Average	Rating Count
Information from area Chamber of Commerce	10.3%	11.4%	27.8%	41.2%	9.3%	**50.5%**	3.28	4,890
Online travel reviewers/bloggers	13.7%	12.5%	26.2%	38.2%	9.5%	**47.7%**	3.17	4,882
Children	25.7%	15.2%	21.2%	27.1%	10.7%	**37.8%**	2.82	4,886
News media	14.2%	17.0%	34.5%	29.8%	4.5%	**34.3%**	2.94	4,879
Travel agent	22.3%	18.8%	30.2%	23.3%	5.3%	**28.6%**	2.71	4,883
Facebook	30.1%	20.2%	26.1%	19.1%	4.4%	**23.5%**	2.48	4,877
Pinterest	40.3%	21.6%	24.8%	10.4%	2.8%	**13.2%**	2.14	4,858
Twitter	48.4	22.5%	20.1%	6.7%	2.3	**9.0%**	1.92	4,868

Q: Which of the following websites do you use when browsing the Internet for vacation information?



Q: Level of agreement regarding use of Internet travel review sites for making travel plans.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Agree/Strongly Agree Total	Rating Average	Rating Count
I often read other tourists' online travel reviews to know what destinations make good impressions on others.	9.8%	11.1%	19.9%	43.6%	15.6%	**59.2%**	3.44	4,919
To make sure I choose the right destination, I often read other tourists' online travel reviews.	7.7%	10.5%	22.7%	43.0%	16.0%	**59.0%**	3.49	4,910
I often consult other tourists' online travel reviews to help choose an attractive destination.	9.4%	14.8%	28.3%	35.2%	12.4%	**47.6%**	3.26	4,881
I frequently gather information from tourists' online travel reviews before I travel to a certain destination.	8.6%	13.1%	25.1%	39.6%	13.6%	**53.2%**	3.37	4,871
If I don't read tourists' online travel reviews when I travel to a destination, I worry about my decision.	22.7%	29.6%	29.2%	13.7%	4.8%	**18.5%**	2.48	4,885
When I travel to a destination, tourists' online travel reviews make me confident in traveling to the destination.	9.3%	11.3%	35.4%	35.2%	8.7%	**43.9%**	3.23	4,882

Implications?

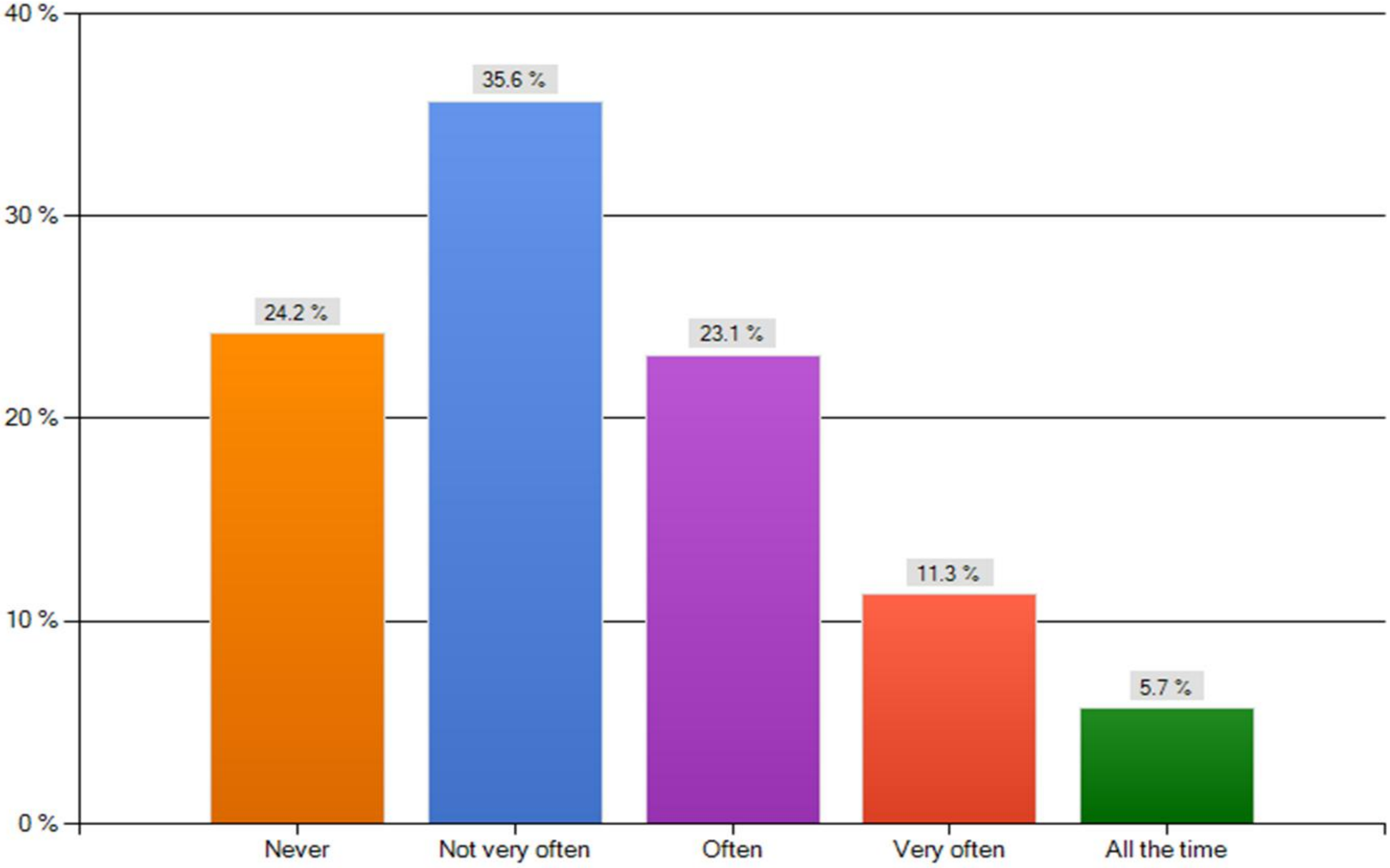
Third-party testimonials: Online travel review sites are trusted sources of information for visitors…

- When *considering* a destination;
- *Before* traveling to a specific destination;
- *While* traveling…during their vacation.

Compare to Ogilvy Study (‘09 HHI Visitor Profile)

- How influential are personal experiences shared online?
- “Never/not very often” – 78%
- Rated lower than spouse/partner, friends, other family, search engines, info from Chamber/VCB, travel industry experts.

Q: How often do you share personal travel experiences & opinions online (blogs, social networks, TripAdvisor, etc.)?



A matter of trust?

- Social media sites (Facebook, Twitter, Pinterest) used as source of travel planning info to nearly 40% of respondents;
- Social media generated a "remarkable amount of direct bookings" & "significantly improved engagement with customers" (*Social Media & Mobile Travel report , 2011*).
- Why? Greater comfort level in obtaining travel info *and* sharing info among "friends."

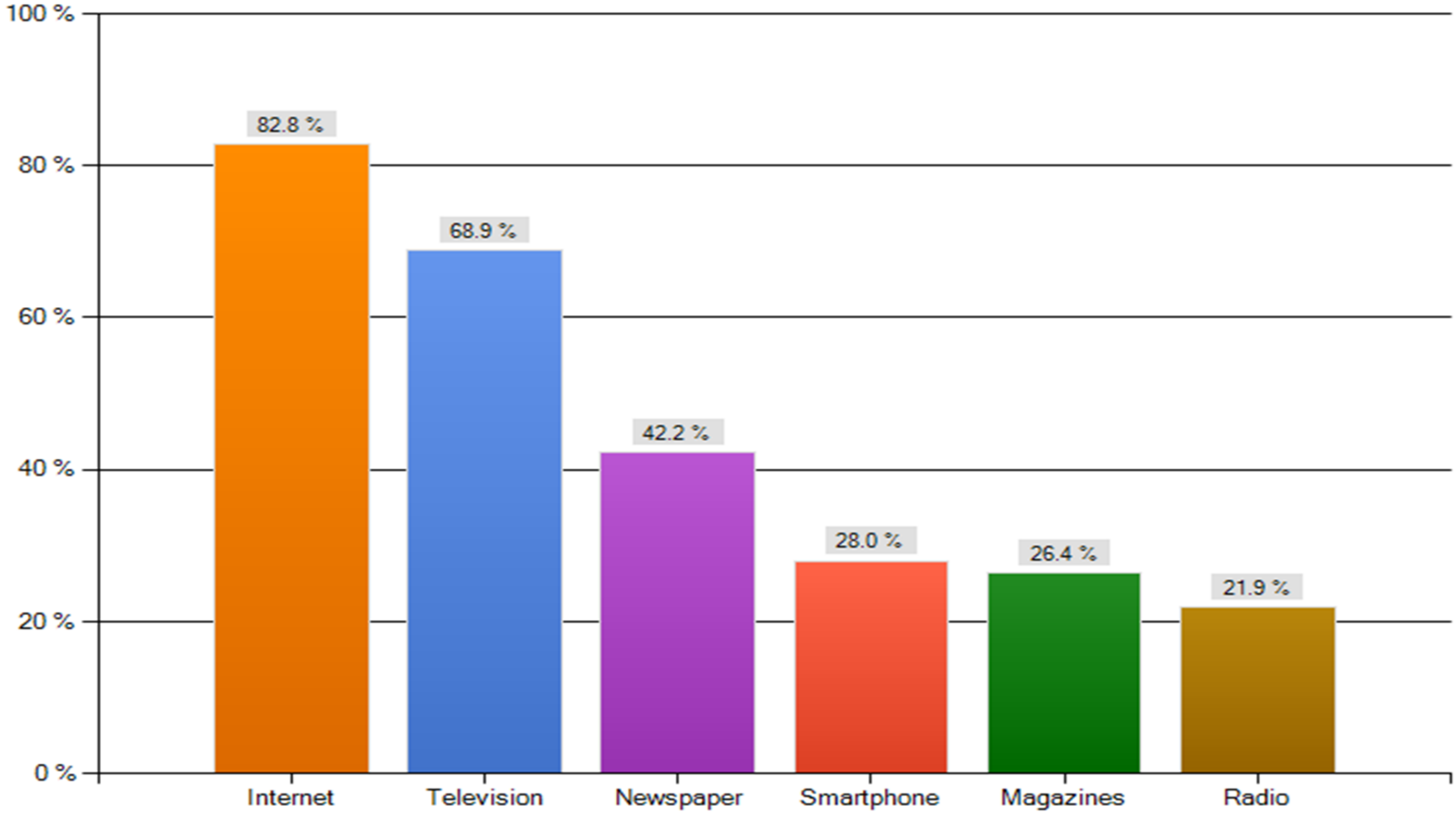
Takeaway: Travelers still reluctant to share their own experiences online, but are highly reliant on experiences of others before & during trip…and may be becoming more willing to share personal experiences in social media settings.

Technology use while on vacation

- When asked to choose one, laptops (32.7%) still used as much as smartphones (32.5%); tablets, 16.1%.
- Don't use mobile technology: 7%.
- Digital analysts: Mobile supplanting desktop/laptop use within 2-3 years.
- While on vacation, travelers prefer search engines (82.2%), websites of local businesses (69%).

Takeaway: Mobile technology remains most effective tool for reaching travelers during their stay…geo-targeting an effective strategy.

Home consumption/media sources



Internet & television

- Strong showing by TV reflective of older demographic (56.2% of respondents);
- Pew Research: Local & cable TV remains primary in-home source of news and info for Americans 50+. Respondents favored broadcast networks ahead of FOX News, CNN…consistent with national data on 50-64 users with $75+ annual HHI.

- Why strong showing by Internet? Heaviest users of digital/online sources for news & info are 30-49 demo (45% of respondents).
- Those in 30-49 demo far more likely to use both traditional & digital sources than any other age group.
- Weather.com most frequently visited (46%); search engines Yahoo (26%) and Google (18%); websites of CNN (20.6%) and FOX News (18.8%); Huffington Post (17%).

Newspapers

- Respondents: 31% “non-readers,” but higher percentage responses of “Other.”
- Further analysis: Nearly 36% “primarily read” local/hometown newspaper for news & info…far more than those reading *USA Today* (18.6%), *New York Times* (13.1%) or *Wall Street Journal* (9.8%).
- Among newspaper readers, 53.5% prefer print edition, while 30% read both print & online editions.

Magazines

- Respondents: 23.7% “non-readers,” similar number of “Other.”
- Further analysis: Just over 35% “primarily read” magazines in Home/Living category (*Better Homes* & *Gardens, Good Housekeeping*). Other notables: *Southern Living* (17.8%), *Travel & Leisure* (17.6%).
- Consistent with demo profile of respondents (married, white, college-educated females).
- Among magazine readers, more than two-thirds prefer print editions over digital.

Media source takeaways

Overall, more Americans continue to get news & info from traditional media platforms, but online & digital consumption continues to increase across <u>all</u> audiences.

- 50 & over: Favor traditional sources
- 30-49: Favor combination of traditional & online sources
- Under 30: Favor online sources via mobile platforms.

Media source takeaways

- TV: Overall audience numbers declining as more older Americans become proficient on digital platforms.
- Internet/online: While reach is expanding, "bundling" with traditional platforms can potentially maximize reach & impact.
- Newspapers: "Loyalty" correlates with demo; older audiences (w/ higher incomes & education) more likely to be print readers, but younger tech-savvy users also using newspaper websites.
- Magazines: Readership declining across all segments, but certain specialty titles/categories remain popular among study demographic.

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