



## SPOTLIGHT ON: Evolving Marketing Landscape



Photo courtesy of Hawaii Tourism Authority (HTA)

# MARKET INSIGHTS UPDATE

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*A monthly update including relevant information on travel industry trends, consumer and meetings market research, competitive intelligence, and Hawai'i's performance as a destination.*

## In this Issue

The marketing world has experienced a monumental shift in the past decade, characterized by the rise of digital and social media. While it is difficult to imagine a marketing plan that is not centered on these platforms today, many popular digital and social channels were only getting started just ten years ago. Instagram and Pinterest launched in 2010, then Snapchat in 2011. The popularity of mobile devices began to take off after the first iPad was introduced around the same time, which was followed by the rise of streaming video and connected TV services. These new platforms, coupled with significant changes to search algorithms, meant that marketers had to adapt quickly to new technologies and changing times.

Today, consumers are more connected than ever before. Smartphones capture the highest percentage of screentime among younger demographics, while Connected TV services like Hulu and Disney+ are growing at unprecedented rates among the millennial and Gen X segments as well as all other age groups. Collectively, the average amount of time spent watching traditional broadcast TV is declining among U.S. adults. This ongoing shift towards increased digital media consumption means that marketing plans must continue to evolve in order to best reach the target audience. This month's *Market Insights Update* examines changes in the media landscape and marketing trends expected for the year ahead.

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### Airfare Update

Recently released data shows that the average round-trip airfare from the U.S. Mainland to Hawai'i fell to under \$600 in Q3 2019, the lowest level seen in the last ten years.

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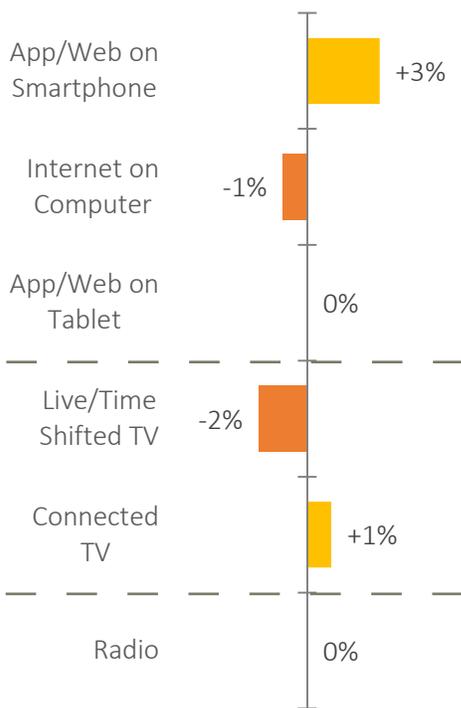




## Evolution of the Marketing Landscape

### Percent Increase in Share of Time Spent by Platform\*

US Adults 18+



Source: Nielsen  
\*Based on 100% sum of time spent per channel

#### Engagement Over Views

With the rise of digital analytics in the last decade and the ability to track consumers' actions online, marketers began to take note of how many people saw a social media post or visited a webpage. Known as 'reach', this metric has helped with building a follower base or increasing brand awareness. Organic reach, however, has become increasingly difficult in recent years due to algorithm changes at major players like Google, Facebook, and Instagram. As a result, there has been a shift towards focusing on 'engagement', which provides a better indicator of a brand's relationship with its customers. Engagement measures how many views, clicks, comments, likes, or shares a post, email, or webpage receives. Reach and engagement do not go hand-in-hand – high reach does not necessarily equate to high engagement. Strong engagement relies on compelling content that reaches a targeted audience, creating an emotional connection between the customer and the company. This in turn can help to build brand loyalty, engage potential customers, and drive them down the path to purchase. Higher engagement rates may come with higher visibility, which can also boost reach. Focus on customer engagement will be a trend that continues into the year

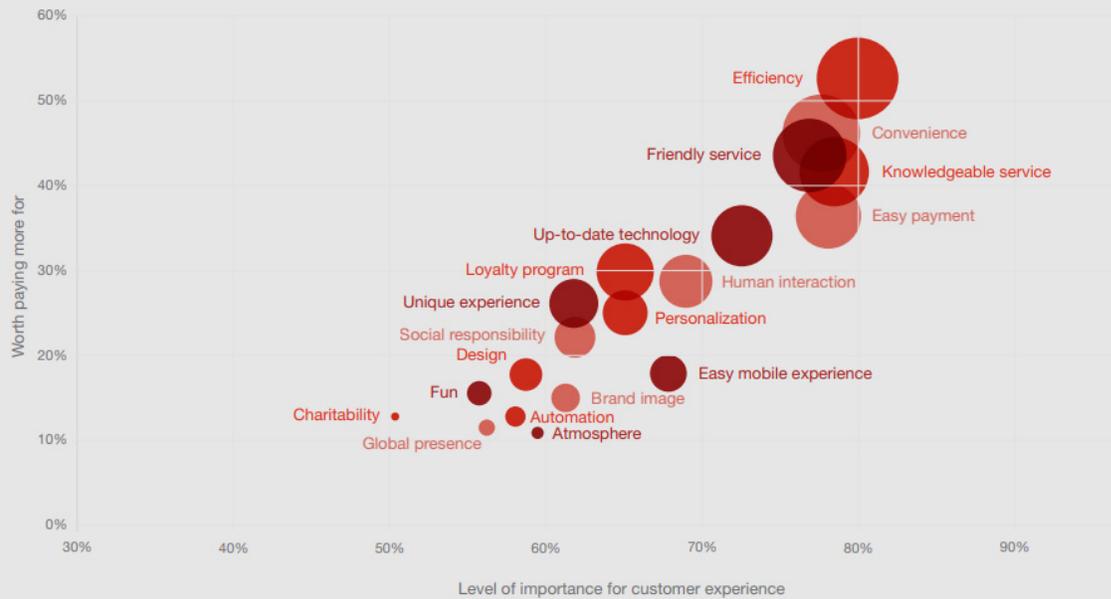
ahead, working to create a stronger bond between consumers and the brands they love.

#### Content Remains King

Strong engagement is more likely to happen when brands create compelling content that is valuable, relevant, and informative for the target audience. Known as content marketing, this approach focuses on creating and distributing information that is useful to the customer, rather than taking a direct sales approach. It is not tied directly to the product or service a company sells, but focuses instead on what the consumer cares about. Content marketing is different from traditional product marketing in that it focuses on education and entertainment. By becoming a credible and reliable source of information for potential customers, it is possible to earn loyalty and trust, which further strengthens the customer relationship and helps to engage the customer base.

Video has become a key component of content marketing. With YouTube now the second largest search engine in the world, more video content is being consumed than ever before. Video content is no longer just limited to video-centric platforms; a growing percentage of consumers are now watching video clips on social media,

# What People Value Most in their Customer Experience



Source: PWC 'Experience is Everything'

thanks to the rise of IGTV (Instagram TV) and Facebook Watch. Video allows brands to create high visual impact stories, which can result in more powerful impressions and ultimately drive higher engagement with the audience. It also provides a platform for brands to distribute content that creates a meaningful and emotional connection with the audience, which is more powerful than a direct sales pitch. When done right, video content marketing ultimately leads to higher conversion.

## Rise of Influencers

Just ten years ago, endorsements were limited to the likes of celebrities and professional athletes. With the rise of blogging and social media, however, the everyday person began to have a more global voice. Marketers took notice that those with a significant online presence had already built a relationship of trust with their followers. Thus began the era of influencer marketing, where endorsements and product mentions came from individuals who were viewed as experts to their audience. Part of a content-driven campaign, influencer marketing uses both mass appeal and niche creators to grow brand awareness and drive brand messaging through storytelling. Influencer marketing utilizes channels ranging from social media and blogs to news columns, digital ads, and even television. It has become an increasingly popular tactic similar to word-of-mouth marketing, where con-

sumers are more likely to trust their peers, friends, and those they admire. It is highly effective at reaching a larger audience outside of a brand's already established core customer base, allowing the brand message to be reinforced and spread further. Influencers have evolved to become more niche, as marketers seek to target more segmented audiences for higher impact and better conversion.

## Voice of the Customer

Customer experience, or CX, is one of the hottest buzzwords in marketing circles. It is no longer about convincing consumers to buy your product or service, but instead about providing exceptional customer experiences that will keep them coming back for more. By building a positive business culture and excellent service, marketing ultimately takes care of itself.

The growth of online content has given consumers more power than ever. They are no longer passive when it comes to learning about products or services; instead, they are doing the research themselves. Efficiency, convenience, knowledgeable, and friendly service are the key tenets of a positive customer experience. This can be built through up-to-date technology, personalization, and an easy mobile experience. Customer Experience should be considered in every aspect of a marketing strategy, which will work to keep current customers happy and attract new ones for years to come.



Source: HVCB analysis of PWC, Nielsen, and eMarketer data



## Airfare Update

Recently released data shows that the average round-trip airfare from the U.S. mainland to Hawai'i fell -4 percent in the third quarter of 2019 to \$599. This is the lowest average round-trip average fare to Hawai'i seen in ten years. Fares from the U.S. West market fell -5 percent to \$504, while U.S. East was down -2 percent to \$851. A +7.1 percent year-over-year increase in air seat capacity from the U.S. mainland helped drive down fares in Q3, which equated to +170,000 *additional* seats being flown to the islands. The majority of in-

creased seat capacity came from the U.S. West with +137,000 added seats (+6.5% YOY). However, the growth rate was stronger out of U.S. East, at an +11.5 percent (+32,300 seats).

It is important to note that airlines have continued to push ancillary costs onto customers in the form of change fees, baggage fees, and seat selection or priority boarding fees. Although the average price of a ticket is down, the total cost to the consumer may in fact be in line with or higher than years prior.

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