Identifying and Analyzing the Chinese Outbound Market for Hawaii

Prepared for the

Hawaii Tourism Authority
State of Hawaii

By the

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Contents

Preface

This study was undertaken by the School of Travel Industry Management at the request of the Hawaii Tourism Authority as an initial attempt to explore the potential outbound China market for Hawaii. The study's objectives include:

1) to determine Chinese nationals' travel needs and motivations
2) to uncover key travel product expectations and preferences for travel in Hawaii
3) to expose and analyze Chinese nationals' barriers to travel
4) to examine the complexity and structure of the Chinese travel trade
5) to uncover Chinese nationals' drivers of destination choice, and lastly,
6) to identify specific target markets appropriate for Hawaii's tourism product

In achieving the stated objectives several integral methods of analysis were used. First, the study involved a detailed review of secondary sources including reports, data and other materials related to mainland Chinese outbound travel to the Hawaiian islands and ADS countries. This information is analyzed and detailed in Sections 1.0–3.0 in the report. In addition, over 400 interviews were conducted with Chinese visitors and travel planners and professionals to reveal critical new information on the mainland Chinese outbound market to Hawaii. This information is analyzed and detailed in Section 4.0 in the report.

The work on the research project covered a nine-month period and the final report was completed by a team headed by Dr. Pauline J. Sheldon, Professor of Tourism, University of Hawaii at Manoa and Dr. Misty M. Johanson, Assistant Professor of Hospitality, University of Hawaii at Manoa. They were assisted by Songjie Sun, Chun-Hoe Wu, Tao Feng and Xiaochen Gong graduate research assistants at the Travel Industry Management School, University of Hawaii at Manoa. In addition, representatives from a combination of the state's tourism agencies, industry leaders and academic experts met with researchers on several occasions during the study period to provide advice and to review the survey design and preliminary findings.

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1.0 An Overview of the Outbound Chinese Market

1.1 Introduction

With a population of over 1.3 billion and a rapidly expanding economy, China has the potential to exert greater influence over the development and marketing of tourism destinations worldwide over the next decade than perhaps any other country on the globe.[1] According to the World Tourism Organization's forecasted figures from the 'Tourism Vision 2020' Report, China is expected to become the fourth largest generator of outbound tourists in the world, representing 6.4% of the total market share or nearly 100 million outbound travelers by 2020. Currently only .7% (9.23 million) of the China mainland population travels abroad.[2] Although small in international arrival numbers, mainland Chinese traveling abroad are considered by many to be a lucrative market outspending existing major markets in several Asian and Western countries as per capita income has quadrupled since 1983 resulting in soaring levels of disposable income.[3] As the increasingly prosperous traveling population takes advantage of international travel opportunities mainland China is expected to impose an enormous impact upon those 'friendly' destinations.

1.2 Overcoming Travel Barriers

Due to the country's economic growth and prosperity, rapidly increasing disposable incomes, single currency purchasing power, more leisure time and a continuing ease on travel restrictions the mainland Chinese nationals are *motivated* to travel. Membership within the World Trade Organization will ensure and enhance the *opportunities* to travel internationally as it will require further relaxation of official travel controls by government, and travel barriers that once prevented Chinese nationals from traveling abroad will continually be eliminated.

Two key components have a role in making international travel a reality: the availability of travel time and the monies to do so. In 1995, the Chinese government implemented a single currency system allowing for the transaction of purchasing travel package tours and other foreign goods and services.[4] During this same period the government eliminated the seven day work week policy and, in addition to weekends, the government allotted three 'golden' travel weeks resulting in nearly 110 days of available leisure time to travel either domestically or internationally.[5]

1.3 Destination Origin - Whose Traveling?

Recent research has been conducted on the origins of the outbound mainland Chinese traveler. It has been found that the majority of outbound international travelers have typically been residents of one of three major provinces: Shanghai, Beijing and Guangdong.[6] It has been suggested that although these areas are dominant in the amount of international outbound travelers they produce, there is a growing number of travelers emerging from the hinterlands or outskirt provinces.[7] This indicates that the demand for international travel is expanding, almost parallel to the economic growth in the regions.

In addition, there are strong indicators suggesting outbound travelers are increasingly taking advantage of their opportunities to visit multiple destinations once abroad. One study reports the average number of destinations visited by mainland Chinese travelers doubled from 1.3 in 1993 to 2.5 in 1999.[8]

Mainland Chinese nationals traveling for long-haul pleasure trips tend to be 25 to 44 years of age (62%), male (58%), and married (76%). Compared to the general adult population in China, they have higher educational status (61% college/university), and are considerably more affluent as 69% of long-haul pleasure travelers have incomes of more than 3000RMB per month and hold professional rank positions.[9]

Research analyzing future trends among mainland Chinese travelers indicates that: family travel is increasing in demand; young travelers 25 to 35 will be seeking adventure type experiences; senior travel is on the rise (those 55 and older) as their population numbers are increasing, investments are soaring and more leisure time is available to them.[10]

1.4 Destination Choice

It has been long recognized that the perception of a destination affects destination choice. A destination choice will be made if the potential traveler believes this particular destination will produce maximum satisfaction of a need or needs among alternative destinations.[11] How do mainland Chinese choose a travel destination? The following are considered the top five key factors in motivating the Chinese in making travel decisions (other than visiting with friends family and relatives):[12]

1) 'Seeing something different'
2) 'Increasing knowledge about a foreign destination'
3) 'Rest and relaxation'
4) 'Being able to share travel experiences after returning home'
5) 'Experiencing a different lifestyle/culture'.

In contrast, the following destination characteristics have been found as barriers to travel, indicating why mainland Chinese nationals will not choose a destination over an alternative:[13]

1) 'The feeling of cultural discrimination'
2) 'The image of high cost'
3) 'The image of low value'
4) 'Language and cultural barriers'
5) 'Lack of variety of things to do'.

1.5 Travel to the U.S.

A recently conducted study reveals that the U.S. ranks first among countries most *desired* to visit by the China outbound market.[14] The U.S. currently, is not a destination with ADS 'Approved Destination Status'. In fact, the visa requirements for mainland Chinese visitors to the U.S. are very restrictive. [15] Despite the non-ADS approval and the U.S. government's visa restrictions, the number of Chinese travelers to the U.S is predicted to rise nearly 15% between 2000-2010.[16]

Profile research on the mainland Chinese travelers to the U.S. reveals that the majority of visitors are on average 40 years of age, male (72%), private business management or executives (80%) and nearly 67% are repeat visitors. Their length of stay is nearly 29 days spending a substantial amount of money - $848.80 - on gifts. The top activities they participate in include: shopping (90%), dining (81%), sightseeing in cities (47%), visiting historical places (40%), theme parks (32%) and gambling/casinos (23%).[17]

1.6 Travel to Hawaii

Currently, Hawaii's access to the mainland Chinese market is limited due in large part to the visa issues. China Eastern Airlines has the right to fly to Hawaii from mainland China but visa restrictions are impeding its flights. The visitor numbers to the islands is modest representing less than 1% of total market share.[18] However, the growth in visitors from mainland China is promising. In 1992, Hawaii attracted 11,000 visitors and by 2002 that number grew to nearly 40,000 visitors.[19] It has been suggested that Hawaii spend its marketing efforts on attracting a share of China's most affluent citizens representing 3 to 4 percent of their population or between 39 and 59 million people.[20]

Most recently, Governor Lingle is asking the nation's Homeland Security Council for a multiple-entry visa for visitors to increase the flow of business/vacation travelers from China allowing for multiple entries for at least a year to 18 months, to anywhere in the U.S. to benefit frequent business travelers and encourage repeat visits by Chinese tourists.

2.0 Government Regulations

2.1 History and Development

Before 1978, outbound leisure travel from mainland China was not allowed as holidays were regarded as counterproductive to the then production economy where demand exceeded supply, in addition to the concept that enjoying leisure through travel was regarded as creating social inequality and therefore as unethical and contrary to communist ideology.[21] However, in 1979 China adopted its "Open Door Policy" and began moving toward a market economy under reforms instituted by Deng Xiaoping, and since has tripled the size of its economy.[22]

After 1979, economic reforms and the open door policy gained dominance in Chinese politics. The Chinese political environment began to shift from the old Chinese paradigm of 'from social stability comes economic equality' towards 'China's political stability can only be maintained if economic prosperity is achieved'.[23] As the economic impact of tourism began to be recognized in creating demand and stimulating economic development, travel and tourism became a new growth point of China's economy and was promoted to the forefront of its economic reform and policy development.[24]

In the late 1980's, The China Travel Service (CTS), then the only sanctioned travel agency, embarked on organizing groups yearning to visit Hong Kong and Macau for leisure purposes.[25] In May of 1991, the relaxation of travel regulations helped to encourage outbound travel further.

Nine major travel agencies were now permitted to package trips for mainland Chinese nationals to Hong Kong, Macau and six ASEAN countries: Singapore, Malaysia, Thailand, Philippines, Indonesia and Brunei.[26] Soon after, tourism became more of a reality for Chinese travelers in a 'western' sense with the 1997 declaration, the 'Provision Regulations on the Management of Outbound Travel By Chinese Citizens at Their Own Expense'.[27] This provision allows those with available funds to travel at their *own* expense to ADS destinations, rather than relying on the historical policy of having one's family member from the overseas destination solely paying for the trip.

By the year 2002, there were more than 22 countries given ADS approval,[28] with Australia and New Zealand awarded as the first western countries to receive ADS. Most recently, several countries representing the European Union (EU) were designated with ADS approval and will now allow restricted travel by mainland China tours for leisure purposes. Consequently, some research suggests that the U.S. is next in line for ADS approval, however, others feel this reality is still years away.

3.0 The Chinese Travel Trade

3.1 Complex System of Control

In what are still the early stages of outbound travel from mainland China, government travel policies often play an important function in the development of the Chinese outbound market. The Chinese government maintains supremacy over its outbound market by controlling: 1) the destinations in which its citizens visit through the ADS policy on destination approval, 2) who pays for the trip and how much monies are spent traveling, as well as 3) who promotes travel or participates in the travel arrangements.[29] Various key government agencies are involved in the management of outbound travel in China. The China National Tourism Authority (CNTA) is China's National Tourism Organization (NTO) which controls the environment within which the travel sector operates. The Public Security Bureau (PBS) is in charge of monitoring and issuing passports to mainland Chinese nationals and the Civil Aviation Authority of China (CAAC) supervises the distribution of airline tickets, as well as, overseeing the aviation sector.[30]

3.2 China's Distribution System

China has a unique distribution system. Unlike the U.S, Japan and Korea, there are no wholesalers and retailers in the Chinese tourism distribution system, or at least the roles are not clearly defined. It has been suggested that strict licensing, high profitability of tour packaging and quality control requirements are the root causes for the blurring of the wholesaling and retailing functions in Chinese business practices.[31] As a result, the Chinese outbound industry is controlled and operated by only a few large Chinese outbound operators. China's state controlled travel companies however, have evolved as travel activity has grown. For example, major companies such as China Travel Services (CTS), China International Travel Service (CITS), China Youth Travel Service (CYTS) and China Comfort Travel Service (CCTS), now consist of vast networks of entities with minimal relationships between various cities and branches.[32]

Chinese travel agencies are divided into three categories: 'A', 'B' and 'C'. China has 360 Category A travel agencies authorized to operate travel business, of which sixty-seven are permitted to deal with the outbound tourism market. As there are no independent retail outlets, all operators must handle the full dynamics of the wholesaling and retailing role, including developing a capability and performance structure for creating products, estimating future demand and selling the product.[33] Category B agencies are restricted to arrange tour-related activities for foreign tourists coordinated by Category A travel agencies and domestic tourists, while Category C agencies are restricted to handling domestic travel only.[34]

3.4 Future of the Distribution System

Currently, as a strategy to conform with regulations imposed by the World Trade Organization, the Chinese government has moved in a positive direction by endorsing 'strategic partnerships' between the established Chinese travel companies and foreign entities such as Touristik Union International (TUI) and American Express.[35] In considering the future of the Chinese travel trade, researchers suggest that as the outbound industry matures competition between entities will intensify at the market level, resulting in competition shifting towards greater emphasis on cost and service. This trend will eventually force the industry into creating the appropriate infrastructure by developing common distribution channels and subsequently segmenting the industry into wholesaling and retailing functions.[36]

4.0 The Research Study – Chinese Visitors' Motivations, Key Travel Preferences and Satisfaction Levels

4.1 Introduction

Recognizing the growing demand of mainland Chinese outbound market to Hawaii, it is imperative to learn more about the characteristics, perceptions and satisfaction levels of the mainland Chinese visitor. This will facilitate the advancement of formal marketing and development strategies that will ensure numbers of mainland Chinese traveling to the islands. Customer satisfaction and repeat visitation will largely be based on meeting or exceeding guest expectations, therefore an understanding of the mainland Chinese national's expectations and preferences are the focal points for Hawaii's state marketers in their attempt to attract and retain the affluent and prosperous mainland Chinese market.

4.2 Method

The study's questionnaire was designed to uncover four key areas of interest:

1) Key travel preferences of mainland Chinese visitors to the islands - indicating importance and satisfaction levels on twenty destination attributes, using a Likert-type scale ranging from levels of 1-5, where a '1' indicates 'not at all important' and a '5' indicating 'extremely important', in addition to a non-response option,

2) Activities participated in and attractions visited - these were categorized into six separate entities: sightseeing, recreation, dining and entertainment, shopping, culture and transportation, in all encompassing 39 variables,

3) Destination satisfaction and repeat visitation levels - measuring levels of overall expectations met as well as levels of overall satisfaction within eight key factors: accommodations, restaurants, shopping, golf, activities and attractions, transportation, airports and parks and beaches, and lastly,

4) Demographic and trip characteristic information - which included several questions regarding travel habits, purpose of trip, itinerary, length of stay, trip planning and travel package information including costs and expenditures.

All attributes on the questionnaire were selected based on reviews of previous research conducted on mainland Chinese visitors as well as information gathered from a series of focus group sessions conducted with industry professionals, academic experts and state and agency leaders.

The questionnaire was originally created in English then translated into Chinese. Accurate translation was achieved by pretesting multiple translations and back translations by industry and academic professionals. A pilot test was conducted on a random group of Chinese visitors, after analyzing the results of the pilot test minor changes were made.

Using a systematic sampling method, over 400 mainland Chinese visitors to the Hawaiian islands were interviewed and questionnaires completed. Interviews took place during the nine month study period and were conducted by a host of trained interviewers fluent in several dialects of the Chinese language. The interviews were conducted on the visitors' day of departure. Access to the respondents and their itineraries was made possible through the support of a number of travel companies assisting the mainland Chinese travelers throughout their stay in the Hawaii.

4.3 Data Analysis

Descriptive statistics and frequency distributions were used to uncover the nature of all the responses and to examine the distribution pattern of the data for each variable. Information on 'visitor profile', 'travel patterns and habits' and 'trip satisfaction and future intentions' were analyzed and reported.

Paired *t-test* statistics were used to compare the mean score of the importance or perceived level with the mean score of the satisfaction or performance level on all twenty destination attributes. A correlation analysis was then performed on the perceived importance and satisfaction levels of destination attributes and socio-demographic variables of gender, age, income, education level, and occupation.

Additional analysis was conducted to cross test the relationships between the respondents' demographic characteristics and: their overall satisfaction levels, overall expectations, trip characteristics, activities participated in and attractions visited, and future intention of visiting Hawaii. Lastly, a factor analysis and one-way ANOVA analysis were performed in order to uncover the underlying motivations of travelers and the relationship between travelers' motivations and their demographic factors. These relationships are critical as they help to uncover and identify market segmentation.

4.4 Results

A final 351 questionnaires were used for analysis. All sections and scales on the survey were tested for their reliability and internal consistency. In all cases the alpha coefficients exceeded .8 as did the Guttman split-half tests suggesting strong statistical reliability and validity of the survey results. The data was then analyzed for its sampling adequacy using the Kaiser-Meyer Olkin test. The results suggest a .86 rating indicating that the dataset was perceived as being 'meritorious' for analysis.

4.4.1 Visitor Profile

It was found that the majority of the visitors were male (77.8%), married (83.2%), and 95% of all travelers were between 35-54 years of age (See Table 1). Nearly 75% of the visitors have a family size of three to four members. Interestingly, there is a mix of occupations shared amongst these travelers, even though more than half of those surveyed reported monthly incomes in the highest category of over $750 U.S. dollars, with high levels of educational attainment (46.2% university or higher). It was also found that 98% of the respondents were from the major cities or coastal provinces in China. The Guangdong province accounted for 23% of the visitors, while Beijing accounted for 27%, and Shanghai, Jiangsu and Zhejiang provinces supplied the largest amount of international travelers to Hawaii with 48% of the responding visitors. Only 2% were from other parts of the country.

Table 1.
Visitor Profile

Characteristics	Percentage Share(%)
Gender	
Male	77.8
Female	18.5
Age	
18-24	2.6
25-34	2.6
35-44	44.7
45-54	39.6
55+	8.0
Marital Status	
Single	7.7
Married	83.2
Other	1.1
Education	
No Formal Schooling	0.0
Primary School	0.0
Junior Middle School	1.7
Senior Middle School	4.0
Technical Secondary School	8.0
Junior College	38.2
University	36.5
Graduate or Higher	9.7
Occupation	
Manager/Executive	15.1
Government Official	19.1
Private Businessman/Women	7.7
Technician/Engineer	18.9
Professor/Teacher/Researcher	11.7
Self-employed	4.3
Office Clerk	17.4
Factory Worker	1.1
Retired	0.0
Unemployed	0.0
Other	0.0

Family Size	
1-2 people	5.1
3 people	46.4
4 people	26.8
5 people	13.7
6+ people	3.7
Children in Family	
None	10.0
One	66.1
Two or More	17.1
Monthly Income (U.S.$)	
Converted at US$1 to RMB 8.30	
Up to 120	0.3
121-241	3.1
242-361	6.3
362-482	12.8
483-602	16.5
603-723	14.0
+724	47.0

4.4.2 Travel Patterns and Habits

Most travelers stayed two (58.4%) or three (19.9%) nights in Hawaii on their way back to China from the U.S. mainland (57.3%) (See Table 2). Nearly 71% were first time visitors to Hawaii, that have experience traveling outside Asia (90.3%) and to the U.S. mainland (63.2%). Fifty-three percent indicated that their main purpose for traveling to Hawaii was for business followed closely by those visiting for pleasure (47.0%). Interestingly, nearly 96% of those indicating business as their first priority for travel, also indicated that they participated in some form of leisure during their stay.

When making travel arrangements the most used source of information was the travel agent (67.5%) or a corporate travel department (29.1%). Nearly 83% traveled with a group size of between 3-15 tourists. The average amount spent on the pre-paid travel package was calculated at $3,770U.S. while only 32.2% suggested that they paid the full price themselves. Many pre-paid travel packages included: transportation (62.4%), activities (90.6%), accommodations (91.5%), a visit to a neighbor island (11%), and meals (5.4%). Any additional monies spent on their trip to the Hawaiian islands averaged $962U.S..

Table 2
Trip Characteristics

Characteristic	Percentage Share (%)
Travel outside of ASIA?	
Yes	90.3
No	6.6
Previous Travel to USA Mainland?	
Yes	63.2
No	33.0
Number of Trips to Hawaii	
First time	70.9
Second Time	23.1
Third Time	2.8
Over Three	0.9
Purpose of this Trip	
Main:	
Business/meetings/conventions	53.0
Visiting friends and relatives	4.0
Vacationing/sightseeing	42.7
Honeymoon	0.3
Other	0.0
Secondary:	
Business/meetings/conventions	3.7
Visiting friends and relatives	7.4
Vacationing/sightseeing	34.5
Honeymoon	0.0
Other	0.0
Travel Itinerary	
En route to the US mainland from China	32.8
On way back to China from US Mainland	57.3
Direct travel to/from Hawaii	6.3
Length of Stay In Hawaii	
Day trip	0.0
1 night	3.7
2 nights	58.4
3 nights	19.9
4 nights	10.0
5 nights +	7.1

Sources of information used for trip planning	
Travel Agent	67.5
Internet	2.3
Government Tourist Office	18.2
Corporate Travel Department	29.1
Personal Experience	6.6
Family & Friends	2.3
Magazines	1.4
Books	1.7
Hotels	0.3
Airlines	0.3
HVCB	0.6
Newspaper	2.3
Source of Funding for Travel	
Government	27.4
Government & Company	18.5
Government & Visitor (self)	3.7
Company	27.9
Visitor (self)	32.2
Friends or relatives in USA	0.3
Visitor (self) & friends or relatives in USA	0.0
Number in the Group Travel Party	
0-2	0.0
3-5	14.0
6-10	54.1
11-15	14.5
16-20	8.5
20+	5.4
Travel Package Includes	
Transportation	62.4
Activities	90.6
Accommodations	91.5
Visiting other Hawaiian Islands	11.1
Meals	5.4
Visa type	
Tourist/private (dark red)	30.0
Public (brown)	61.0
Service/Government Official (dark green)	4.3
Diplomatic (red)	0.0

Table 3 indicates Chinese nationals' level of participation in activities and attractions during their stay. The ten most popular activities/attractions were:

1) Dining in Chinese restaurants (94.9%)
2) Swimming, beach, pool (91.2%)
3) Visiting historical sites (84.3%)
4) Tour bus excursions (74.9%)
5) Duty free shopping (67.5%)
6) Polynesian shows, luau (57.8%)
7) Boat, submarines, whale watching (53.8%)
8) Shopping in convenience stores (52.1%)
9) Shopping in name brand stores (43.3%)
10) Visiting national or state parks (39.9%)

Table 3
Activities and Attractions

Activity or Attraction	Percentage Share (%)
Sightseeing	**99.4**
Helicopter/plane tour	0.6
Boat, submarines, whale watching	53.8
Tour bus excursion	74.9
Private limousine/van tour	19.9
Self-guided tour	9.7
Dining and Entertainment	**98.0**
Dining – Chinese Restaurants	94.9
Dining – Other Cuisines	22.8
Lunch, sunset, dinner, evening cruise	30.2
Lounge act, stage show	4.8
Nightclub, dancing, bar, karaoke	8.5
Recreation	**97.2**
Swimming, beach, pool	91.2
Sunbathing	14.8
Snorkeling, scuba diving	11.4
Jet skiing, parasailing, windsurfing	0.3
Golf	3.7
Visiting national or state parks	39.9
Running, jogging fitness walk	25.1
Gym, Health Spa	5.4
Wellness Treatments	0.6
Backpacking, hiking, camping	2.8
Sports event/tournament	0.3
Shopping	**96.3**
Department stores (name brand)	43.3
Designer boutiques	15.4
Hotel stores	8.0
Swap meet	0.3
Local branding	9.7
Discount/outlet stores	8.5
Supermarkets	35.6
Convenience stores	52.1
Duty free	67.5
Culture	**93.5**
Historic sites	84.3
Museum, art gallery	7.4
Polynesian show, luau	57.8
Art, craft fair	11.4
Festival	1.7
Transportation	**31.6**
Trolley	22.2
Public Bus	3.1
Taxi/limo	8.8
Rental Car	3.4

4.4.3 Trip Satisfaction and Future Intentions

While only 12.5% of the respondents indicated that they were 'extremely satisfied' with the overall satisfaction of the destination experience, nearly 85% of the visitors suggested that the destination either met or exceeded their expectations. An overwhelming 94% stated they would recommend Hawaii to their friends and family for future travel (See Table 4). When asked if the visitor would return to the islands, 68.7% said yes, while 28.2% said either no or were undecided. The following were revealed as key reasons or barriers toward future travel to Hawaii:

1) Desire to visit other (new) destinations (21.7%)
2) Language Barriers (discrimination) (14.2%)
3) Cost incurred with travel (destination too expensive) (14.0%)
4) Too Commercial (overdeveloped) (8.3%)
5) Too crowded (congested) (5.7%)
6) Time incurred with Travel (flight too long) (2.6%)

Table 4
Future Intentions

Overall, how satisfied are you with your trip to Hawaii	Extremely Satisfied 12.5%	Satisfied 47.9%	Somewhat Satisfied 35.9%	Dissatisfied 2.6%	Very Dissatisfied 0.0%
Overall expectations of your Hawaiian Vacation?	Did Not Meet Expectations 7.9%		Met Expectations 76.1%	Exceeded Expectations 10.0%	
Would you recommend travel to Hawaii to your family/friends/associates?	Yes (94%)		No (6%)		
Will you visit again?	Yes (68.7%)		No (6.8%)	Undecided (21.4%)	

Table 5 indicates the level of overall satisfaction with specific destination services. Overall, the mainland Chinese visitors gained the most satisfaction from the parks and beach services ((3.92) - on a 1 to 5 scale – where 1 is ‘very dissatisfied’ and a 5 rating is ‘extremely satisfied’)) as well as from the activities and attractions (3.55), followed by airport (3.29), shopping (3.27), accommodations (3.25), and restaurant (3.18) services, and the least satisfaction derived from transportation services (2.73). Golf was not included in this ranking as nearly 81% of visitors did not participate in this activity.

Table 5
Satisfaction of Services

Services	Satisfaction Levels Frequency of Responses				
	Very Dissatisfied	Dissatisfied	Somewhat Satisfied	Satisfied	Extremely Satisfied
Accommodations	2.3	14.0	40.0	40.0	1.7
Restaurants	1.4	12.0	52.0	31.0	0.6
Shopping	0.0	7.0	49.0	34.0	0.2
Golf	0.0	0.0	2.0	4.8	2.3
Activities/Attractions	0.3	2.6	41.0	43.0	7.0
Transportation	0.3	6.0	41.0	27.0	3.1
Airport	0.9	14.0	40.0	34.0	5.4
Parks & Beaches	0.3	1.4	31.0	36.0	27.9

When asking the Chinese visitors what was the most impressive or most exciting aspect of their trip 80% responded in an open ended format. The researchers analyzed the qualitative data and conclude that the main focus was that of the ‘quality of the natural environment’ as well as the ‘unique culture and Aloha of Hawaii’s people’.

Specifically targeted under the area of ‘quality of the natural environment’ were outstanding beaches and weather; clean, remote, quite and comfortable surroundings.

Many Chinese visitors enjoyed water activities such as snorkeling, submarine adventures and swimming with sea turtles. Other natural aspects were mentioned as well, such as beauty and breathtaking views, specifically citing the Pali lookout and Volcano National Park.

Specifically targeted under the 'unique culture and Aloha of Hawaii's people was the friendliness of the locals and other tourists they interacted with. The respondents also refered to the quality of the U.S history here in Hawaii and enjoyed such attractions as Pearl Harbor. The Chinese visitors also enjoyed taking part in Polynesian shows and learning about other Pacific island cultures.

Researchers conclude that the most disappointing aspects of the Chinese visitors' trip can be categorized into two areas: 'service quality' and 'time constraints'. Perhaps the most overwhelming disappointment came in the form of complaints regarding airport and hotel customer services. Many felt discriminated against, or as if the staff were not 'user friendly' or knowledgeable in Chinese cultural expectations. In addition, meals were considered a big disappointment by many tourists, however, the complaint was regarding the quality of the food, not the service. Tour guide services and bad itinerary and arrangements were also negatively mentioned.

The second most disappointing aspect the researchers concluded was that there simply wasn't enough time. Many Chinese visitors complained about the short duration of the trip. Perhaps the most significant complaint came from repeat travelers as they suggested they did not do anything new or different from their last trip to the Hawaiian islands. Demand for casinos was mentioned and the lack of gaming presence was disappointing as well. Chinese travelers that didn't get to visit Volcano National Park complained that this trip should be on the top of the travel agents itinerary for all travelers.

4.4.4 Importance and Satisfaction Ratings

The importance and satisfaction levels of travel destination attributes were ranked and displayed in Table 6. Paired sample *t-tests* were used to evaluate if any differences in mean values were obtained. It shows for example, that one variable may be ranked as 'extremely important', however the satisfaction level mean score of that same variable may be found by respondents to be 'significant' lower than the importance value placed on that particular variable, and vice versa. The paired sample *t-test* results in this study indicate that several attributes have significant differences between importance and satisfaction levels at $p<.001$ level of analysis. The table also shows an apparent correlation between the ranking of importance and satisfaction – the Chinese visitors tended to score higher satisfaction ratings on those items that were of most importance to them.

Table 6
Importance and Satisfaction Scores
Of Destination Attributes

Destination Attribute	Importance *N*	Sample Mean	Satisfaction *N*	Sample Mean	*t-test* p<.001
Clean air/environment	326	4.15	320	3.93	.000*
Rest and Relaxation	325	4.06	325	3.75	.000*
Safe and Secure Travel Destination	324	4.03	321	3.83	.000*
Unique Scenery Unlike Anywhere Else	331	4.00	328	3.63	.000*
Quality of Attractions	325	3.97	316	3.49	.004
Lots to see and do	320	3.88	316	3.36	.004
Easy to get to	322	3.82	321	3.34	.002
Superior Accommodations	323	3.82	324	3.14	.000*
Value for money	328	3.75	318	3.22	.502
To go somewhere I've never been	325	3.75	305	3.42	.000*
Interesting and exciting Experience	324	3.70	315	3.33	.121
To experience the local culture	327	3.68	319	3.45	.049
A long-held desire To visit Hawaii	326	3.61	329	3.41	.000*
Unspoiled/not overly Developed environment	322	3.54	318	3.29	.024
Easy to communicate In my native language	331	3.53	315	2.93	.585
Great family orientation	333	3.48	317	3.02	.000*
Explore history of Hawaii	327	3.41	314	3.08	.010
Prestige upon return home	328	3.25	306	3.09	.000*
To investigate Hawaii's Business environment	331	3.16	325	2.70	.000*
Romantic Destination	329	3.09	317	2.86	.003

4.4.5 Motivation for Travel

Motivations for travel to the islands were uncovered by means of evaluating the perceptions of key reasons for visiting Hawaii. Factor analysis was the multivariate technique chosen to examine variables in terms of factorial dimensions rather than in terms of each separate variable. The final factors define constructs accounting for the relationships between the variables.

A factor analysis using principle component varimax rotation converged in five iterations statistically revealing four key motivations for why mainland Chinese travelers visit Hawaii. Each of these factors contains several specific travel preferences representing nearly 67% of the reason for why mainland Chinese travelers choose Hawaii as their travel destination (See Table 7).

Table 7
Factor Analysis Results

Groupings	Factor Loadings	Eigne-values	% of the Variance	Cumulative %
Factor 1		8.358	18.633	18.633
Unique Scenery unlike anywhere else	.833			
Clean Air/Environment	.787			
Rest and Relaxation	.757			
To be somewhere I've never been	.664			
A long held desire to visit Hawaii	.573			
Easy to get to	.525			
Factor 2		2.414	16.468	35.101
Safe and secure travel destination	.768			
Quality attractions	.761			
Superior accommodations	.708			
Lots to see and do	.570			
Interesting and exciting experience	.466			
Factor 3		1.434	15.997	51.098
Value for money	.738			
Prestige upon return home	.656			
Great family orientation	.614			
Easy to communicate in my native language	.595			
To experience the local culture	.582			
Factor 4		1.080	15.330	66.428
To investigate Hawaii's business environment	.858			
Explore history of Hawaii	.783			
Romantic destination	.758			
Unspoiled/not overly developed	.675			

Motivation #1 – Relaxing and Peaceful Surroundings that Hawaii Provides its Guests

Hawaii for many travelers is seen as having unique scenery, clean air and a peaceful environment in which to rest and relax and get away from everyday stresses. A significant amount of the Chinese visitors have had a long held desire to visit Hawaii as it is perceived as easy to get to and is a destination where many have never been.

Motivation #2 – Perceived Quality, Excitement and Variety that is Available to Visitors

Chinese visitors want to travel to Hawaii because they see the destination as interesting and having many exciting experiences. Hawaii is perceived as a destination with lots to see and do with superior accommodations and high quality, authentic attractions. While enthusiastic and vigorous, the Chinese nationals are also contentious of safety and security when traveling to foreign destinations and participating in activities and exploring attractions - they do perceive Hawaii as a safe and secure destination.

Motivation #3 – Great Family Environment and Superior Value for the Traveler

Hawaii is seen as having great family orientation and excellent value for money spent while staying in the islands. Chinese travelers believe that it is easy to communicate and get around while on vacation here in Hawaii. A trip to such an exceptional destination as Hawaii is seen as giving the traveler bragging rights and prestige upon their return home.

Motivation #4 – Unique Culture/History and Unspoiled Romantic Beauty

Chinese nationals perceive Hawaii has a romantic destination with natural unspoiled beauty in its lands and waters. Hawaii's distinctive culture and rich history makes the destination inviting and is believed to be authentic by the Chinese tourists.

4.4.6 Market Segmentation

Statistics were formulated to determine if there were any significant relationships between: travelers' demographics, trip characteristics, importance and satisfaction ratings of destination attributes, motivations for travel, overall satisfaction levels and future intentions of visiting Hawaii again. Significant ($p<.001$) relationships were found specifically within the demographics of age and income. Distinguishing between these two key demographics, resulted in the greatest significant impact upon visitors travel expectations and experiences further segmenting the market into two obvious groups.

Mainland Chinese visitors that reported household monthly 'mid' scale incomes of $242-602U.S., representing 35.6% of the respondents, were significantly more satisfied overall with their trip to Hawaii and were more likely to have their expectations 'exceeded' than those visitors with 'high' scale incomes, or $603+U.S.. 'High' scale income visitors, representing 61% of the respondents, were also those most likely to 'not have their expectations met' as well as being those with the highest levels of 'undecided' on returning to Hawaii for a future visit. Interestingly, 100% of those visiting neighbor islands, as included in their travel package, were classified as 'high' scale income earners.

In evaluating the importance and satisfaction levels, it was clear that the visitors in the 'mid' scale income category significantly possess a travel preference or place higher importance rating on the following destination attributes than do those visitors in the 'high' scale income category: 'value for money' (4.14) vs. (3.54), 'prestige upon return home' (3.67) vs. (2.85), 'experience the local culture' (4.07) vs. (3.50), 'easy to communicate in my native language' (4.24) vs. (3.15), 'lots to see and do' (4.17) vs. (3.96) and 'quality of attractions' (4.20) vs. (3.83). They were also more satisfied with 'superior accommodations' (3.50) vs. (3.04). However, those in the 'high' scale income category placed a significantly higher level of importance on, 'investigate Hawaii's business environment' (3.39) vs. (2.61), as well as reporting higher levels of satisfaction with the following destination attributes than did those in the 'mid' scale income category: 'investigate Hawaii's business environment' (3.01) vs. (2.14), 'explore history of Hawaii' (3.31) vs. (2.62) and 'romantic destination' (3.03) vs. (2.58). Lastly, it was determined that mainland Chinese visitors in the 'mid' scale income category were significantly motivated to travel to Hawaii based on the elements and scores comprising factor or motivation #3 – 'Great Family Environment and Superior Value for the Traveler'.

Mainland Chinese visitors that are between the ages of 35-44, representing 44.7% of respondents, were found significantly more likely to travel to Hawaii for 'business purposes', while mainland Chinese visitors that are 45+, representing 47.6% of respondents, were found significantly more likely to travel for 'leisure purposes' to Hawaii. Visitors 35-44 years of age have experienced the highest level of travel to the 'U.S mainland', while those 45+ rank significantly higher than any other age group on 'undecided' about returning to the islands for a future visit, consequently, they are also those with the significantly highest levels of repeat visitation in the past.

In evaluating the importance and satisfaction levels it was clear that the visitors 45+ years of age significantly posses a travel preference or place higher importance rating on the following destination attribute than do those 35-44 years of age: 'value for money' (4.11) vs. (3.97). However, those 35-44 years of age reported higher levels of importance on 'investigate Hawaii's business environment' (3.26) vs. (2.54) than did those 45+ years of age. Mainland Chinese visitors 45+ years of age were significantly more satisfied with the destination in meeting their expectations in the following categories than those visitors 35-44 years of age: 'easy to get to' (3.67) vs. (3.15), 'rest and relaxation' (4.32) vs. (3.55), 'clean air' (4.38) vs. (3.78), 'safe and secure destination' (4.27) vs. (3.71). However, those 35-44 years of age were significantly more satisfied with the destination in meeting their expectations in the following categories: 'explore history of Hawaii' (3.15) vs. (2.68), and 'investigate Hawaii's business environment' (2.84) vs. (2.08). Lastly, it was determined that mainland Chinese visitors in the 35-44 years of age category were significantly motivated to travel to Hawaii based on the elements and scores comprising factor or motivation #4 – 'Unique Culture/History and Unspoiled Romantic Beauty'. It was also determined that mainland Chinese visitors in the 45+ years of age category were significantly motivated to travel to Hawaii based on the elements and scores comprising factor or motivation #1 – 'Relaxing and Peaceful Surroundings that Hawaii Provides its Guests'.

4.5 Recommendations and Conclusions

A thorough review of the data revealed significant differences among mainland Chinese travelers in mean scores reported on importance and satisfaction levels, travel habits, trip characteristics, motivations, and future intentions to visit. Based on the evidence reported, it is recommended that Hawaii's marketers focus their strategic and development efforts on the mainland Chinese visitors 35-54 years of age, who are classified as ‘high’ scale income earners, ultimately segmenting the visitors into two distinct markets. First, are mainland Chinese visitors of ‘high’ scale income potential between the ages of 35 to 44. These tourists will be traveling for business purposes and place a high importance and satisfaction demand on the business environment and community in Hawaii. Second, are visitors 45+ years of age traveling for leisure purposes. These tourists perceive Hawaii as a relaxing and peaceful destination with unique scenery unlike anywhere they have ever been.

Based on the data analyzed, two significant challenges exist for the state’s tourism industry. First, will be to retain the affluent travelers as many new competitive travel opportunities will become available to the mainland Chinese traveler. ‘High’ scale visitors will demand unique packages offering them a chance to experience a ‘*new destination*’ upon repeat visits. The other challenge will be for the private sector to focus on quality delivery of the destination’s services and activities within its hotels, airports, restaurants and shopping facilities.

Overall, the inescapable conclusion for the Hawaii tourism industry is that, at least currently, it is dealing with sophisticated groups of experienced relatively young Chinese tourists who have above-average incomes and educational status. It is concluded that they have high expectations for the quality of the tourist product and services and thus, if Hawaii is to compete with other western countries, already with ADS approval, it will be critical to ensure that those expectations of the market segments are met.

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