

"HVCB Tourism Industry Update" is a weekly briefing of travel news and developments affecting Hawai'i's visitor industry, compiled by the HVCB Market Trends Department.

FOR IMMEDIATE RELEASE

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1. FEATURE

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➤ PWC: U.S. Average Daily Hotel Rates Projected to Rise 3 Percent in 2004

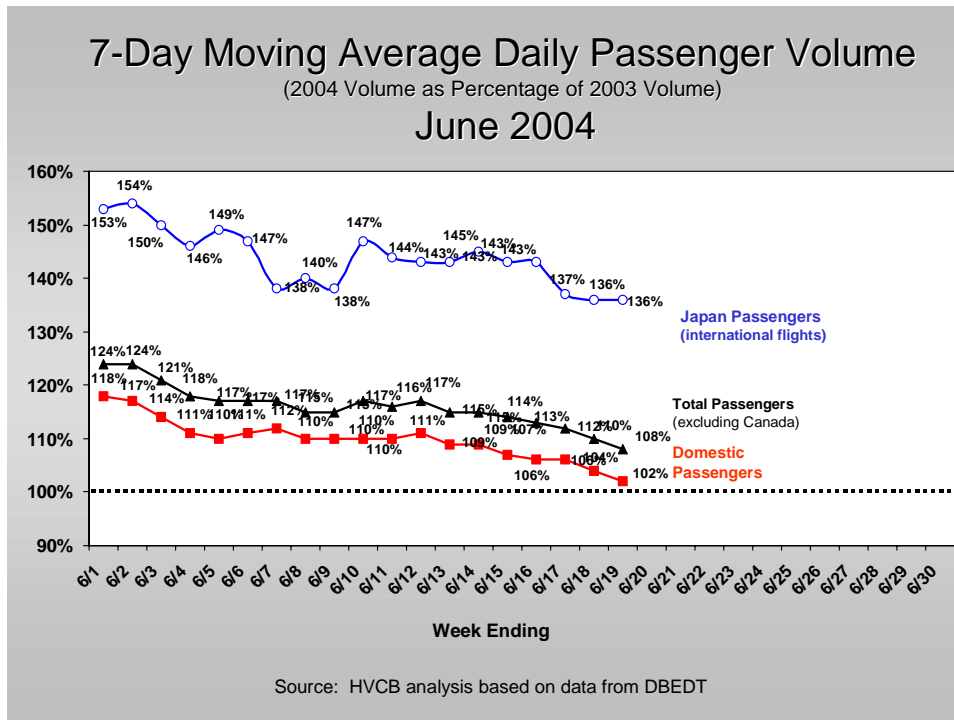
The U.S. lodging industry will experience a 3.0 percent rise in average daily rates (ADR) in 2004, according to a forecast by PricewaterhouseCoopers (reported by [Hotel Marketing](#)).

- PWC states that the rise in national ADR is due mainly to:
 - A change in inflation -- from 1.4 to 2.0 percent;
 - A higher proportion of business travel versus leisure travel this year;
 - Less "spread" between merchant model price and actual rates paid to hotels; and
 - More discipline by the industry in increasing rates during favorable occupancy periods
- The main factors contributing to the current strength in U.S. lodging demand include:
 - Strong consumer confidence
 - Increases in business travel
 - A colder and wetter winter in the U.S. Northeast region
 - The feeling that current room rates are a bargain
- PWC also forecasts that U.S. hotel occupancy will rise 1.6 points to 60.8 percent in 2004, while revenue per available room (RevPAR) will experience a 5.8 percent growth in 2004 (to \$52.03).
- Through the first quarter of 2004, Hawai'i led the nation in both hotel room occupancy (81.1%) and RevPAR (\$122).

■ CONSUMER TRAVEL BEHAVIORS

➤ Total Passenger Volume to Hawai'i Eight Percent Over 2003 Figures for Seven-Day Period

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic and international (excluding Canada) passengers on nonstop flights was eight percent above prior-year levels for the seven-day period ending June 19, 2004. Total domestic passenger volume was up two percent over last year's average, while total volume of nonstop passengers from Japan continued to perform above 2003 levels, up 36 percent over last year's figures for the seven-day period.



■ CURRENT INDUSTRY DEVELOPMENTS

➤ Aloha Airlines Begins Non-Stop Flights to Hawai'i from Las Vegas and Sacramento

[Aloha Airlines](#) announced that it will begin daily nonstop service between Las Vegas and Honolulu; and Sacramento and Maui starting in September 2004. The new flights will be among the 10 daily non-stop flights Aloha offers between the continental U.S. and Hawai'i this autumn. Aloha also announced that it will eliminate service to Phoenix, as well as non-stop flights between Burbank and Maui, beginning September 6th.

➤ UHERO: Economic Growth Expected to Continue in Kaua'i

According to [the University of Hawai'i Economic Research Organization](#) (UHERO), Kaua'i should experience solid economic growth through 2006. Employment has increased by 4.0 percent through 2003 and the early months of 2004, while the county unemployment rate dropped 1 percentage point to just 4.0 percent compared to the same period last year. In addition, UHERO identified a number of important factors that will shape the local economy over the next 10 years, including the educational needs of an expanding and diverse economy, housing affordability, and the infrastructure needed to support the forecasted growth.

■ CONSUMER TRAVEL BEHAVIORS

➤ U.S. Arrivals from U.K., Germany Projected to Expand this Summer

Summer arrivals to the U.S. from the U.K. and Germany are expected to be strong, according to the latest Travel Barometer survey released by the [Office of Travel and Tourism Industries](#) (OTTI) of the U.S. Department of Commerce. All U.K. travel trade respondents stated that travel demand to the U.S. will be higher or much higher in the second and third quarters of 2004 compared to the same periods in 2003. Meanwhile, 81 percent of German travel trade projected higher demand for the summer months, with bookings in the second and third quarter up 16-20 percent on average versus 2003. The Barometer, which surveys in-market travel trade promoting or selling the U.S. in the respective countries, was designed to provide a reliable and timely short-term forecast on travel demand to the U.S. and report on market conditions for travel to the U.S.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ TIA: May Travel Price Index Increases 5.6 Percent

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) rose 5.6 percent in May 2004, compared to May 2003, the largest year-over-year increase since September 2000. The TPI also significantly outpaced the nation's overall Consumer Price Index (+3.1%), for the same period. Lodging prices increased 5.2 percent, while airfares decreased 1.2 percent for the month. Not surprisingly, gasoline prices drove up the overall TPI in May, up 29.9 percent over May 2003. The TPI is a monthly indicator of the price change in travel goods and services available to the U.S. consumer.

➤ Japanese Council Looks to Develop Family-Oriented Travel Culture

The Japanese National Promotion Council for Long Family Travel released a report recommending longer family travel and the development of a family-oriented travel culture, according to *Travel Journal International*. In its report, the Council recommends creating a work environment for employees to take holidays with pay; a flexible and diverse school holiday system; and decentralization of Japan's lopsided national holiday pattern. The report also urges a wider variety of family-oriented travel products and services, including the introduction of modestly-priced family tours. The Council suggests that the private sector, labor organizations, educational institutions and local communities must work together for the promotion of family travel to be successful.

We welcome any suggestions or comments that you may have that will help us improve the quality of the weekly Tourism Industry Update. Please feel free to share your ideas:

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