

"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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Inside this issue...

1. FEATURE

- Online Bookings Projected to Increase in Market Share Through 2006

2. HAWAII

Consumer Travel Behaviors

- Domestic Passenger Volume to Hawai'i Up Seven Percent for Latest Seven-Day Period
- Kaua'i, Maui, Big Island, Ranked Among World's Best by *Travel + Leisure* Readers

3. NATIONAL / INTERNATIONAL

Consumer Travel Behaviors

- U.S. Cruise Passenger Traffic Up 13.6 Percent in First Quarter 2004
- JAL, ANA Anticipate Strong Summer in Air Traffic Growth
- Business Travelers Demand Options, Value from Travel Agents

Current Industry Developments

- NBTA: Slight Growth in Corporate Travel Volume Expected in 2004

1. FEATURE

↑ TOP

➤ Online Bookings Projected to Increase in Market Share Through 2006

More than one-third of all U.S. travel will be booked online by leisure and unmanaged business travel sites in 2006 -- up from 20 percent in 2003, and 15 percent in 2002, according to [PhoCusWright's Online Travel Overview: Market Size and Forecasts 2004-2006](#) report.

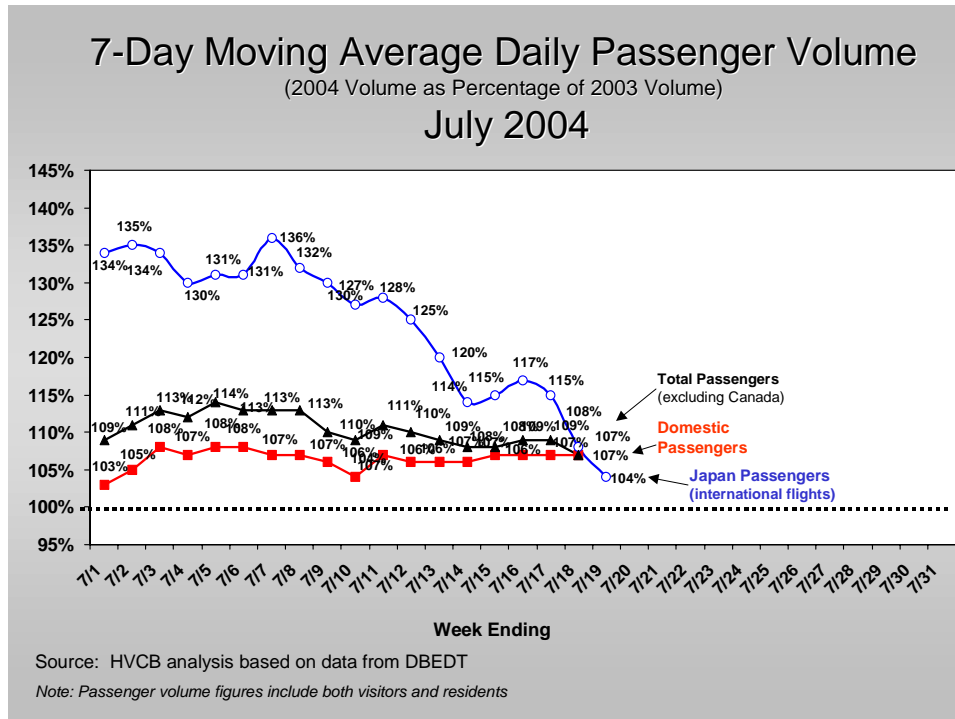
- As the overall travel industry continues to recover at growth rates ranging between two and three percent, the online travel market has been growing at a much faster pace, with annual increases of more than 30 percent.
- U.S. leisure and unmanaged business online travel sales reached \$39.4 billion in 2003, up 37 percent from 2002.
- In 2004, the online travel market is expected to reach \$52.8 billion, up 34 percent over 2003 figures.
- As a percentage of total online sales, airline tickets will decline from 51 percent in 2003 to 45 percent in 2006.

PhoCusWright's fourth annual forecast was based on research and interviews with over 80 travel executives regarding their companies' Internet sales, marketing and technology investments, challenges, strategies, and expectations.

■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume to Hawai'i Up Seven Percent for Latest Seven-Day Period

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), domestic passenger volume increased seven percent over 2003 levels for the latest seven-day period ending July 18, 2004. Nonstop passenger volume from Japan remained above 2003 levels for the seven-day period, up four percent, while total domestic and international (excluding Canada) volume on nonstop flights arriving in Hawai'i was up seven percent.



➤ Kaua'i, Maui, Big Island, Ranked Among World's Best by *Travel + Leisure* Readers

Kaua'i, Maui and the Big Island ranked among the top five "World's Best" islands in *Travel + Leisure* magazine's prestigious "World's Best" Readers Poll for 2004. Kaua'i and Maui took the second- and third-place spots, respectively, ranking just behind Bali, Indonesia in the "World's Best Island" list. The Big Island ranked fifth. T+L stated that the Hawaiian Islands "staged a major comeback," as Kaua'i climbed three spots in the poll (from fifth in 2003); Maui rose three spots (from sixth in 2003); and the Big Island ascended two spots (from seventh in 2003). The top ten islands in this year's "World's Best" readers poll were:

1. Bali	6. Santorini
2. Kaua'i	7. Sicily
3. Maui	8. Prince Edward Island
4. Galápagos Islands	9. Mount Desert Island (Maine)
5. Hawai'i (Big Island)	10. Great Barrier Reef Islands

(Though there may be some disagreement from the other Hawaiian Islands, Travel + Leisure readers ranked Kaua'i as the best island in the state in this year's regional poll).

■ CONSUMER TRAVEL BEHAVIORS

⇒ U.S. Cruise Passenger Traffic Up 13.6 Percent in First Quarter 2004

A statistical series issued by the [U.S. Maritime Administration](#) (MARAD) of the U.S. Department of Transportation indicates that cruise passenger travel originating from North America carried a total of 2.3 million passengers in the first quarter of 2004, an increase of 13.6 percent compared to the same period last year. While most of the cruises were still destined for the Caribbean and the Bahamas, growth in new and emerging “drive market” ports (e.g. New York, Jacksonville, Houston, and Norfolk) helped boost first quarter passenger counts up.

- The report added that the most recent economic impact study issued by the International Council of Cruise Lines states that the North American Cruise Industry contributed a total U.S. economic benefit of \$20.4 billion in 2002, with direct spending of cruise lines and passengers on national goods and services totaling \$12 billion, generating 280,000 jobs.

⇒ JAL, ANA Anticipate Strong Summer in Air Traffic Growth

Japan Airlines (JAL) and All Nippon Airways (ANA) both anticipate higher traffic during the summer season (July 16 - August 15) this year, according to *Travel Journal International*. Reported reservations for both airlines combined currently total 842,439, a 22.7 percent increase from summer reservations in 2003 – an increase mainly due to last year’s worldwide SARS epidemic and residual effect of the war in Iraq. International reservations for JAL jumped 25.9 percent (to 663,140), while reservations for ANA increased 12.1 percent (to 179,299).

- JAL reports that reservations to Honolulu have increased 24.5 percent to a total of 95,509 for the summer season.
- Meanwhile, ANA reports that “beach resort” routes, including Honolulu and Guam, are currently down 9.9 percent for the season.

⇒ Business Travelers Demand Options, Value from Travel Agents

Business travelers expect the best from their travel agents, according to a special analysis of Yesawich, Pepperdine, Brown & Russell (YPB&R)/Yankelovich Partners National Business Travel Monitor data performed by [Travel Weekly](#). Eighty-one percent of business travelers who use traditional agencies demand the best travel options and value from their agents. Another 80 percent say that the agent should have product knowledge, while 72 percent say that they should save them money. However when asked who gave them the best travel rates, business travelers were split, with traditional agencies and online agencies tied at 44 percent a piece. Furthermore, traditional and online agencies tied with regard to convenience (42% each).

- The analysis also points out that business travelers are “wired,” with 93 percent of respondents having web access in the office; 90 percent having online access at home; and 40 percent having Internet access on their cell phones.

■ CURRENT INDUSTRY DEVELOPMENTS

⇒ NBTA: Slight Growth in Corporate Travel Volume Expected in 2004

A [National Business Travel Association](#) (NBTA) mid-year survey of corporate travel managers indicates that corporate travel will increase by the end of 2004. Over 60 percent of travel manager respondents said that their companies are spending more on travel in 2004 than in 2003, signifying a level of recovery in corporate travel. In addition, more than 70 percent stated that they expect their companies to use a higher number of hotel room nights in 2004 compared to last year. Travel managers also expect travel prices in each segment of the industry to increase for the remainder of the year, including a growth in air travel prices, hotel rates, car rental prices, and meetings and conventions costs.

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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