

"HVCB Tourism Industry Update" is a bi-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

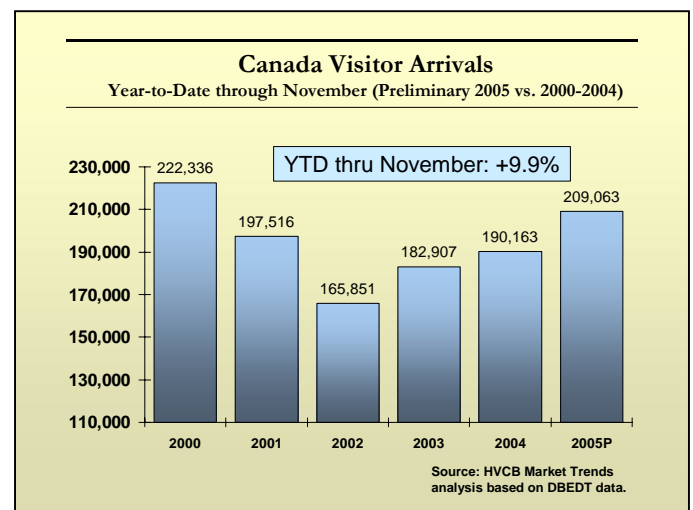
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➤ Canadian Travel to Hawai'i to Experience Growth in 2005 and Beyond

Canadian Arrivals – 2005 and Beyond

Through November 2005, Canadian arrivals to Hawai'i are up 9.9 percent, and are set to reach the highest level in five years by the end of 2005, according to preliminary statistics by the Department of Business, Economic Development, and Tourism (DBEDT). With the peak winter month of December still to be assessed, the Canadian market is set to reach its highest level in five years by year-end.

- Arrivals are on par with the Conference Board of Canada's (CBoC) projection of 10 percent growth in arrivals for Hawai'i for 2005.
- CBoC projects that Canadian arrivals to Hawai'i will grow at a slower pace over the next five years, averaging annual growth of 3.6 percent through 2010.
- The Canadian market has tremendous potential for the state, as Hawai'i remains the top U.S. destination that Canadians are most interested in visiting, according to a recent study by Yesawich, Peppertine, Brown and



Russell (see the story entitled “Hawai‘i Tops List of U.S. Destinations Most Desired by Canadian Leisure Travelers” published in the previous issue of *Tourism Industry Update*, [Issue 06-01 – January 9, 2006](#)).

Air Seat Growth from Canada Expected to Expand in First Quarter

Canadian air seats to Hawai‘i have grown 2.5 percent year-to-date through November 2005 when compared to the same period in 2004. Although seats to Honolulu were down 11.9 percent, year-to-date, the addition of new service introduced by Harmony Airways and WestJet have helped boost seats to Kahului (+109.9%) and Kona (+7.9%).

- Looking ahead as the peak winter travel season continues, planned air seat capacity from Canada to Hawai‘i is projected to be up 21.1 percent for the first quarter of 2006, when compared to the same period last year, according to DBEDT’s analysis of OAG flight schedules.

Total U.S. Arrivals Growth From Canada Expected to Remain on Steady Course

Total U.S. arrivals from Canada are expected to grow 7.5 percent in 2005, according to CBoC. However they project that arrivals will increase 3.8 percent in 2006, before averaging 4.7 percent growth each subsequent year through 2010.

- Air travel to the U.S. is projected to grow faster than auto travel, up nearly 13 percent in 2005, and growing between seven and eight percent per year through 2010. CBoC states that “sun destinations,” including Hawai‘i, California, Nevada, and Florida, should see the most growth in capacity over the forecast period (through 2010).
- A strong Canadian Dollar should have a positive impact on auto travel to the U.S., as they are twice as sensitive to exchange rates as their air traveler counterparts. The Canadian dollar is projected to average around U.S. \$0.82 during the forecast period.
- Despite the projected growth in travel to the U.S., trips from Canada will remain below peak 1991 levels, mainly due to the introduction of the Goods and Services Tax, a growth in air capacity to non-U.S. destinations, and competitively priced packages from the Caribbean and Mexico.
- The Western Hemisphere Travel Initiative (WHTI), which is scheduled to be implemented in 2008 for the Canadian market, will have a significant impact on Canadian travel to the U.S., affecting the auto travel market in particular.
 - The new policy requires that all citizens of the U.S., Canada, Mexico and other Western Hemisphere countries, have a valid passport to enter or re-enter the U.S. Currently, 31 percent of all Canadian citizens hold a valid passport. However, 80 percent of all Canadian air travelers to the U.S. hold a valid passport, which would somewhat limit the policy’s affect on fly destinations like Hawai‘i. Canadians making same day auto trips to the U.S. are the least likely to hold a passport, and will be the most affected travelers with the new policy.

2. HAWAI‘I

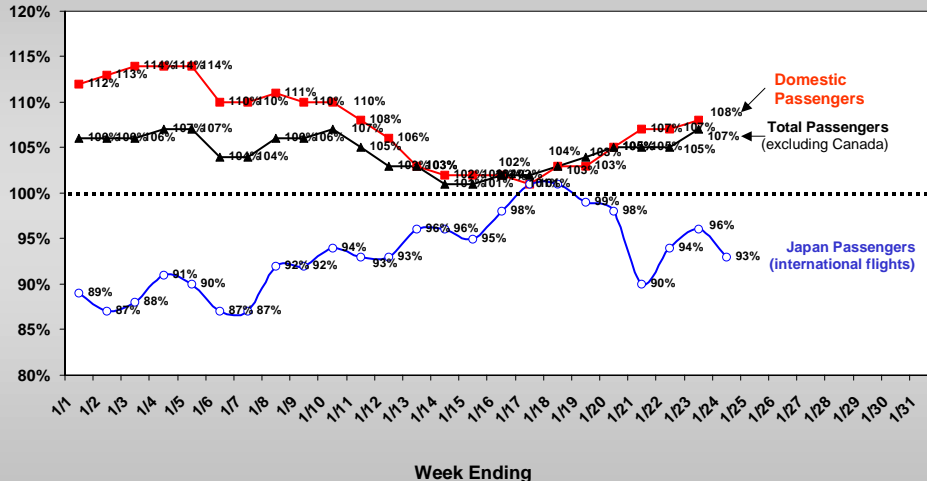
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■ CONSUMER TRAVEL BEHAVIORS

☛ Domestic Passenger Volume to Hawai‘i at 108 Percent of Prior-Year Levels

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), domestic passenger volume on nonstop flights to Hawai‘i increased seven percent compared to prior-year levels for the seven-day period ending January 23, 2006. Nonstop passenger volume from Japan was seven percent below 2005 levels for the week, and total domestic and international (excluding Canada) passenger volume ended the period seven percent above of 2005 levels. *For the most recent Seven Day Moving Average chart, visit HVCB’s Market Trends Online: <http://www.hvcb.org/trends>*

7-Day Moving Average Daily Passenger Volume (2006 Volume as Percentage of 2005 Volume) January 2006



Source: HVCB analysis based on data from DBEDT

Note: Passenger volume figures include both visitors and residents

■ CURRENT INDUSTRY DEVELOPMENTS

➤ Hawai'i Ranked as Top U.S. Destination by *Travel Weekly* Readers

Travel Weekly readers again named Hawai'i as the top U.S. destination in the publication's third annual *Readers Choice Awards*. Maui was also recognized as the top Hawai'i destination. *Travel Weekly* readers cast their votes in 44 categories through an open-ballot process online this past spring and summer. Votes were cast for destinations and travel companies demonstrating outstanding products and/or services over the past year.



➤ Carlson Wagonlit: Hawai'i Ranked Among Top 10 Domestic Destinations

Three Hawai'i destinations ranked among Carlson Wagonlit Travel Associates' top 10 destinations in its annual Travel Trends Survey for 2006, according to *Travel Agent Magazine*. Maui, Honolulu, and Kaua'i ranked third, fourth, and eighth, respectively, in this year's poll of 363 Carlson Wagonlit Travel Associate owners, managers, and frontline agents throughout the U.S. Hawai'i was the only state to have three of its destinations ranked in the domestic poll. Las Vegas was the top-ranked destination, followed by Orlando. The top 10 domestic destinations also included:

Destination	Percent
1. Las Vegas, NV	79.6%
2. Orlando, FL	71.3%
3. Maui, HI	58.1%
4. Honolulu, HI	57.9%
5. New York City, NY	40.8%
6. Anchorage, AK	19.0%
Phoenix/Scottsdale, AZ	19.0%
8. Kaua'i, HI	16.3%
9. Fort Myers, FL	16.0%
10. San Francisco, CA	12.7%

Source: Carlson Wagonlit Travel Associates' 2006 Travel Trends Survey; *Travel Agent Magazine*

■ CONSUMER TRAVEL BEHAVIORS

⇒ JATA: Weak Japanese Overseas Travel Demand Projected for the First Quarter

Japanese travel retail outlets expect that Japanese overseas travel demand will weaken during the first quarter of 2006 (January-March), mainly due to concerns over the bird flu and terrorism, according to the Japan Association of Travel Agents' (JATA) latest short-term quarterly diffusion index survey (reported in *Travel Journal International*). On a scale of +100 (very good) to -100 (poor), Japanese propensity to travel overseas fell from -12 in the fourth quarter of 2005 to -17 in the first quarter of 2006. Travel demand for Hawai'i travel moved negatively, to -10, from -5 in the previous quarter, but remained the top-index-rated destination this quarter. Destination results for the first quarter in rank order:

- **Hawai'i (-10)**
- Asia (-18)
- Oceania (-21)
- Europe (-22)
- North America (-26)
- China (-27)
- Micronesia (-28)

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

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