

"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

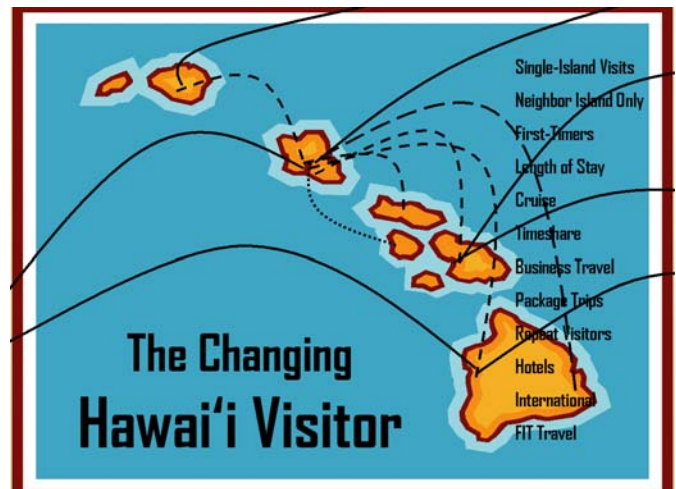
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⇒ Special Focus: The Changing Hawai'i Visitor

Hawai'i Arrivals Set New Record in 2005, but Visitors Have Changed Since Previous 2000 Peak

Compared to five years ago, today's visitors are more experienced/knowledgeable about Hawai'i (i.e., more repeat visitors), more independent, more likely to spend their entire visit on a single island, and more likely to use accommodations beyond traditional hotel lodging offerings.

- According to recently released preliminary 2005 numbers from the state Department of Business, Economic Development and Tourism (DBEDT), Hawai'i's total visitor arrivals, visitor days and spending all reached record levels in 2005.
- However, a closer look at this record setting wave of visitors reveals major changes in visitor characteristics, compared to travelers who came to the state in the pre-9/11 heyday.



Surging USA: Westbound Wave of Visitors Pushes Domestic Share of Hawai'i Market Higher

One of the most significant changes in the market place has been the increased presence of visitors from the Mainland U.S., growing from 59.7 percent of total arrivals in 2000, to 63.3 percent in 2005.

- Travelers from U.S. West (i.e., all states west of the Rockies) rose 5.5 percentage points to garner a 40.5 percent share of the market. Arrivals from U.S. East (i.e., all states east of the Rockies) advanced 1.2 percentage points to capture 25.8 percent of the market; Japan eased

off 5.6 percentage points to 20.6 percent; and Canada remained relatively unchanged at 3.3 percent (compared to 3.6 percent of arrivals in 2000).

- Within the U.S. Mainland market, the rapid growth in travelers from the western region of the nation pushed the U.S. West's share of domestic arrivals up 2.3 percentage points to 61.0 percent of arrivals. Meanwhile, despite positive gains in travel from the eastern region of the nation, the U.S. East's share of domestic travel eased from 41.3 percent in 2000, to 39.0 percent in 2005.

One Singular Sensation: Single-Island Visits on the Rise

Compared to five years ago, Hawai'i visitors are notably more likely to visit only one island during their stay in the state. Single-island visitors, who accounted for 73 percent of arrivals in 2000, now account for 77 percent of the market.

- The number of visitors on Neighbor Island-only trips has also risen (from 32% in 2000, to 36% in 2005), especially for U.S. West visitors. Parallel with the decrease in multi-island stays, the number of persons who engage in O'ahu and Neighbor Island "combo" visits has declined as well (23% in 2000, down to 19% in 2005).
- While O'ahu's share of U.S. travelers decreased between 2000 and 2005, the island made notable gains in the Japan (+1.4 percentage points) and Canada (+6.2 percentage points) markets.

Extended Stays: Longer Stays Boosted by Change in Visitor Mix

Due to a change in data processing methodology implemented in 2004, the 2000 and 2005 length of stay figures are not directly comparable. Nonetheless, a comparison of the available data suggests that average length of stay has increased and now stands at 9.09 days.

- The increase was driven by a change in visitor mix (i.e., toward more longer-staying visitors from North America) and increases in length of stay among visitors from Japan and Canada.
- Stays among visitors from U.S. East were relatively flat (-0.1%), while those from U.S. West dropped slightly (-3.3%).

Alternative Accommodations: Visitors Moving Beyond the Hotel-Only Stay

Relative to 2000, there has been a significant decrease in the number of visitors exclusively using hotels as accommodations for their entire Hawai'i stay (59.5% in 2005, vs. 64.4% in 2000).

- Smaller declines are also observed in condo-only and overall hotel stays. By comparison, the number of visitors using timeshares (4.2% in 2000 vs. 7.2% in 2005) and cruises (1.3% in 2000, vs. 3.3% in 2005) has been on the rise.
- Among the top Major Market Areas, only visitors from Japan continue to exhibit a dominant preference for hotel and hotel-only stays in the state.

Hawai'i for Business AND Pleasure: Leisure and MCI Arrivals Post Gains

In the overall visitor market, the number of persons coming to Hawai'i for leisure increased slightly (from 79.9% in 2000, to 80.9% in 2005), while arrivals for MCI (net) purposes (8.3% in 2000, vs. 8.2% in 2005) has remained relatively steady as the overall size of the Hawai'i travel market expanded.

- MCI (net)'s share of domestic arrivals has slipped due to a lower number of convention and corporate meeting arrivals out of the eastern U.S. between 2000 and 2005. Meanwhile, the opposite is true for the Japan market where MCI (net) travel fared better than the leisure side.

Many Happy Returns: Hawai'i's Repeat Visitor Ratio Continues to Climb

Compared to 2000, Hawai'i visitors have become more repeat (59.0% in 2000, vs. 62.3% in 2005).

- Among the top Major Market Areas, only U.S. East posted an increase in its share of first-time arrivals (47.2% in 2000, vs. 48.2% in 2005).

The Changing Hawai'i Visitor At a Glance (% of Total Arrivals)		
Major Market Area Mix	2005P	2000
...US West	40.5%	35.0%
...US East	25.8%	24.6%
...Japan	20.6%	26.2%
...Canada	3.3%	3.6%
...Other	9.8%	10.6%
Islands Visited	2005P	2000
...O'ahu	64.4%	67.9%
...O'ahu Only	45.3%	45.3%
...NI Only	35.6%	32.1%
...O'ahu & NI	19.1%	22.7%
...Any One Island Only	77.3%	73.3%
...Multiple Islands	22.7%	26.7%
Accommodations	2005P	2000
...Hotel	67.6%	69.5%
...Hotel Only	59.5%	64.4%
...Timeshare	7.2%	4.2%
...Cruise Ship	3.3%	1.3%
Purpose of Trip	2005P	2000
...Pleasure (net)	80.9%	79.9%
...MCI (net)	8.2%	8.3%
Travel Status	2005P	2000
...First-time	37.7%	41.0%
...Repeat	62.3%	59.0%
...Group Tour	14.5%	25.7%
...Package	43.8%	49.1%
...True Independent (net)	53.9%	49.1%

Source: DBEDT

- Visitors have also become more true independent travelers (49.1% in 2000, vs. 53.9% in 2005), continuing to trend away from group tour and package travel. In particular, the Japan group tour market shifted significantly from 69.1 percent of arrivals in 2000, to 42.6% in 2005.

For additional insights and detailed tables on The Changing Hawai'i Visitor, visit the [HVCB Market Trends Online](#) website.

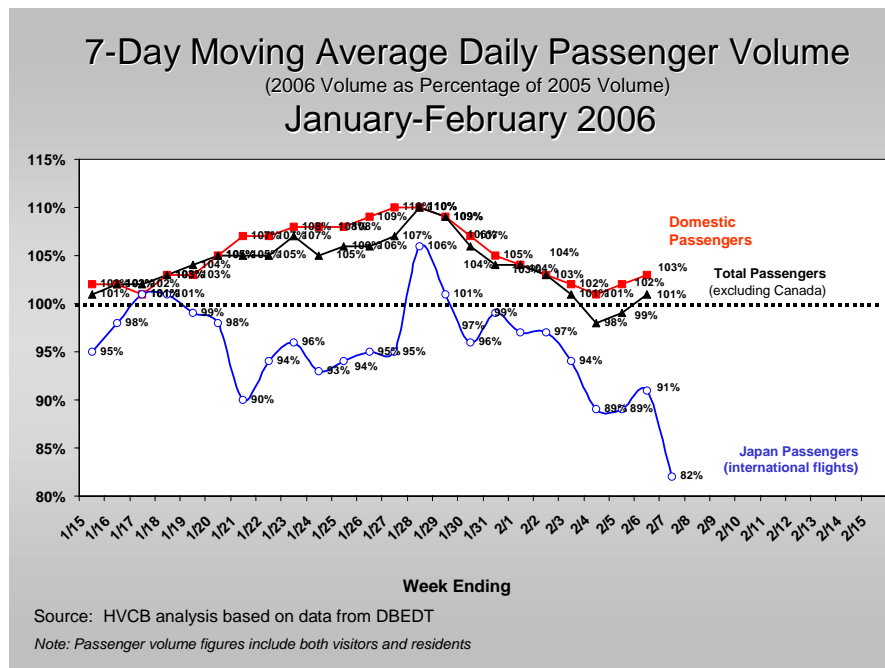
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■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume to Hawai'i Three Percentage Points Above 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 three percent compared to prior-year levels for the seven-day period ending February 7, 2006. Nonstop passenger volume from Japan was 18 percent below 2005 levels for the week, and total domestic and international (excluding Canada) passenger volume ended the period one percent above 2005 levels. For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>



3. NATIONAL / INTERNATIONAL

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■ CONSUMER TRAVEL BEHAVIORS

➤ U.S. Consumer Confidence At Highest Level in Three Years

After increasing for the past two months, the Conference Board's [National Consumer Confidence Index](#) rose another 2.5 in January (compared to December) to reach 106.3 (1985=100). The "Present Situation" index increased to 128.4 (from 120.7 in December), but the "Expectations" index declined to 91.5 during the month (from 92.6). Conference Board officials state that consumer confidence is at a three-year high (June 2002, 106.3), though consumers are not as optimistic about the near-term future.

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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