

"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

Contact: **Darlene Morikawa**
dmorikawa@hvcb.org
808.924.0259

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1. FEATURE

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⇒ Third Consecutive Year of Growth Anticipated for Global Meetings Industry

A study commissioned by American Express and Meeting Professionals International (MPI), [FutureWatch 2006](#)¹, shows that meeting planners and suppliers are cautiously optimistic about their industry, anticipating another year of healthy growth for the global meeting industry in 2006. If the forecast holds true, it will be the third consecutive year of growth, signaling a positive economic impact on many components of the industry, including hotels, airlines, and convention centers.

- The study indicates that the overall size of the meetings industry is likely to grow in 2006, including anticipated increases in the total number of meetings planned, the number of attendees per meeting/event, and expenditures per meeting/event.
 - The number of meetings planned for 2006 is expected to rise over 2005 levels, with client-side planners (corporate, association, etc.) and intermediaries (independent, third party planners) anticipating a growth of seven percent and 21 percent, respectively. Meanwhile, suppliers project a 10 percent increase in the number of meetings they will support this year.
 - Spending per meeting is also expected to increase, with planners projecting a seven percent increase; intermediaries projecting a 14 percent increase; and supplier projecting a 14 percent increase over prior-year levels. Respondents also indicate that there will be an

Top Five Internal Trends Impacting the Meetings Industry

- Increased workload
- Organizational Budget Changes
- Shifting organizational goals/strategies
- Organizational growth
- Shorter lead times

Source: FutureWatch 2006, MPI and American Express

¹ FutureWatch 2006 is based on a survey of nearly 1,270 respondents, of which 40 percent were client-side planners; 40 percent were suppliers; and 20 were intermediaries. The study focuses on key business indicators affecting North America and Europe, including budgets, international travel, meetings measurements, buyer/seller relationships, and standardized purchasing policies.

- increase in the number of attendees, as well as longer events in 2006 when compared to 2005.
 - Client-side planners project getting a larger share of their organizations' budgets, with 42 percent of planner respondents expecting an increase in budget share. Only eight percent of planners expect to get a smaller proportion of their organizations' budget.
- After significant gains in 2005, growth in international meetings is expected to flatten in 2006. Meeting planners from the U.S. and Europe forecast nominal growth in international meetings, while Canadian planners anticipate a significant decline.
- Respondents were also asked about the top internal and external trends/challenges that will affect the global meetings industry in 2006:
 - Increased workload surfaced as the top internal/organizational trend that will impact the meetings function, with nearly 17 percent of all planner respondents citing it as the top issue. Last year's top internal concern, organizational budget, was ranked second for 2006 with nearly 16 percent of planners ranking it the top challenge.
 - The economy ranked as the top external concern for all respondents, with nearly 19 percent of the responses. Travel costs and the price of oil were also ranked among the top external concerns, with 16 percent and 11 percent of all responses, respectively.

Top Five External Trends
Impacting the Meetings Industry

- Economy
- Increasing travel costs
- Cost of oil/gas
- Changes in Technology
- Increasing globalization

Source: FutureWatch 2006, MPI and American Express

The findings from *FutureWatch 2006* are reinforced by results from a survey of nearly 300 meeting planners released by [MeetingNews](#).

- According to the *MeetingNews* survey, planners expect a slight growth in the meetings industry overall, with more corporate meetings and greater attendance at conventions and trade shows.
- Planners continue to be concerned about specific external issues, such as the slowing economy, rising energy prices, and higher hotel and airline prices.
- In the face of hotel rate hikes, planners are expected to take significant steps in order to keep costs down:
 - Corporate planner respondents stated that they expect to book in low or shoulder seasons (27% of respondents), as well as consider cheaper destinations (27%) in order to keep costs down. A significant number of corporate planner respondents also stated that they would consider shortening the length of meetings (24%) in order to curb costs.
 - Association planners stated that they expect to book further in advance (32%) to keep costs in line, as well as book in low or shoulder seasons (31%), and consider less-expensive destinations (26%). Association planners also expressed an interest in booking multiple meetings with one property or chain (23%) to control rising costs.

2. HAWAI'I

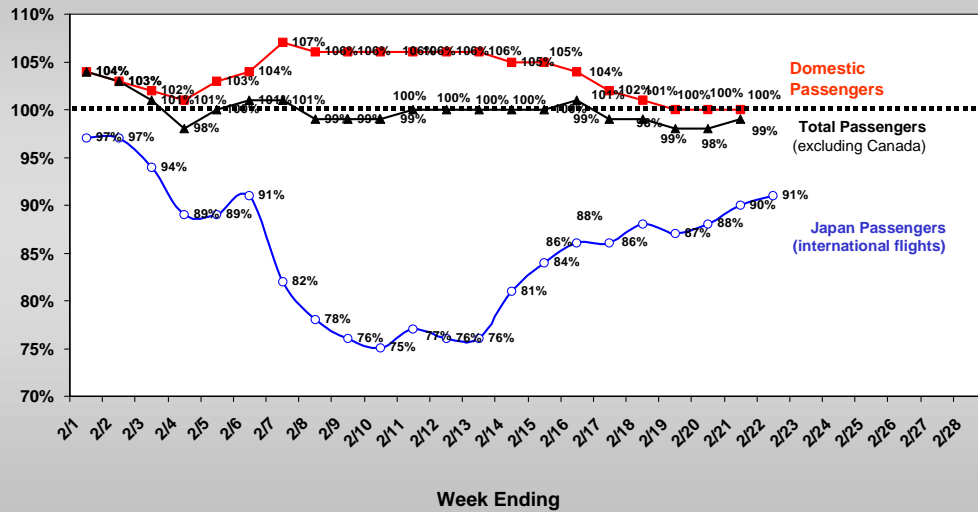
↑TOP

■ CONSUMER TRAVEL BEHAVIORS

☛ Domestic Passenger Volume to Hawai'i on Par With 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 was on par with prior-year levels for the seven-day period ending February 21, 2006. Nonstop passenger volume from Japan was nine percent below 2005 levels for the week, and total domestic and international (excluding Canada) passenger volume ended the period one percent below 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) February 2006



Source: HVCB analysis based on data from DBEDT

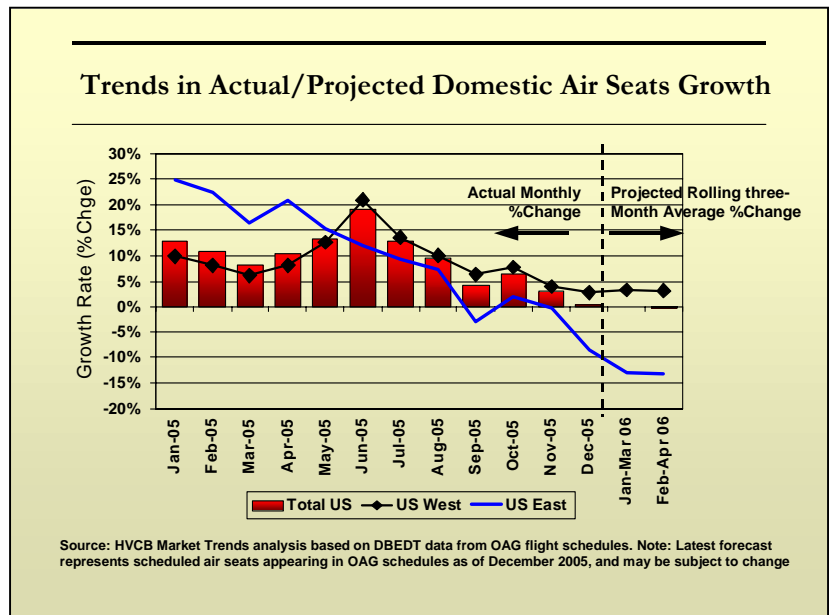
Note: Passenger volume figures include both visitors and residents

■ CURRENT INDUSTRY DEVELOPMENTS

➤ Nominal Decline in Domestic Air Seat Capacity Projected Between February and April

Total domestic scheduled air seats to Hawai'i are projected to decrease nominally (-0.2%) between February and April, compared to the same period last year, according to a [Department of Business, Economic Development, and Tourism](#) (DBEDT) analysis of OAG flight schedules:

- Scheduled non-stop air seats to Hawai'i from the U.S. West are projected to reach nearly 1.5 million during the three-month rolling air service forecast, up 3.2 percent over prior-year levels. This increase is in large part due to the addition of America West service from Las Vegas (to Kahului) and Phoenix (to Honolulu, Kahului, Kona, and Lihue); and Delta service from Salt Lake City.
- Scheduled air seats from the U.S. East are projected to decrease 13.3 percent between February and April. Significant drops are expected to be seen from Chicago (-13.8%) and Houston (-28.2%), the MMA's largest and fourth largest gateways, respectively. The U.S. East's second largest gateway, Atlanta, will experience a 14.4 percent increase in air seat capacity as Delta began new service to Kahului.



Source: HVCB Market Trends analysis based on DBEDT data from OAG flight schedules. Note: Latest forecast represents scheduled air seats appearing in OAG schedules as of December 2005, and may be subject to change

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:

Darlene Morikawa ♦ dmorikawa@hvcb.org ♦ tel. 808.924.0259