

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

FOR IMMEDIATE RELEASE

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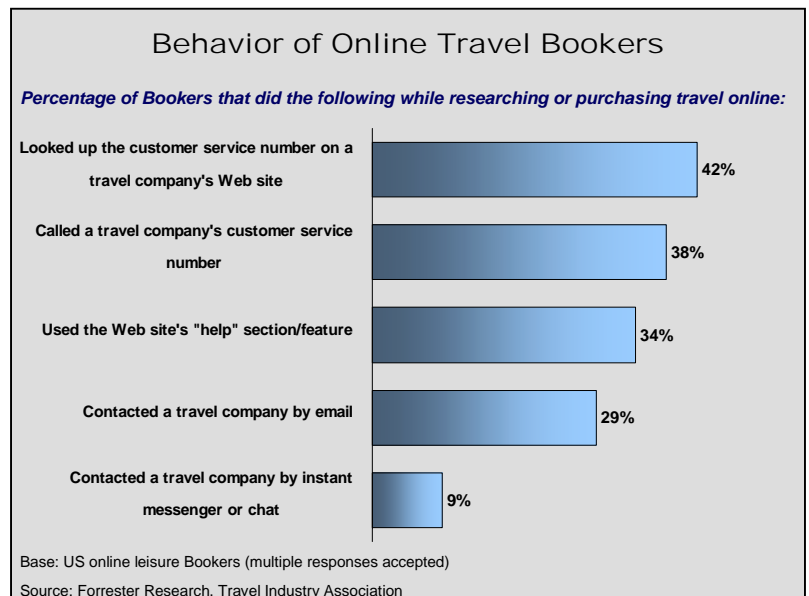
1. FEATURE

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➤ Online Leisure Travel Spending to Reach \$74.4 Billion in 2006

According to a Forrester Research consumer panel online survey conducted in March 2006 for the Travel Industry Association (TIA), nearly 71 percent of U.S. households will be online by the end of 2006, with 35.2 million households buying leisure travel online (spending \$74.4 billion) and 20.3 million more households using the web for travel research (but buying offline). Although numerous consumers are researching travel products online, nearly 46 percent of web travelers are buying offline. Other key findings of the study include:

- Travelers routinely use the Web to get the three "i's" of travel: *ideas, inspiration, and information*. Consumers researching or purchasing leisure travel online in the past 12 months have searched *where to stay* (67%); *attractions/things to do* (66%); *where to visit* (58%); *when to visit a*



- destination (37%); and sample itineraries/ideas about trips to take (26%).
- Among all leisure travelers, one third state that they read other travelers' reviews of a destination. Among leisure hotel bookers, 64 percent read user comments and reviews, compared to 38 percent who read professionally written reviews.
- Nearly 18 percent of online travel bookers subscribed to an e-newsletter or e-mail alert.
- Top reasons why online travelers abandon websites for their phones: to get a better price (27%), couldn't find the information online (20%), more comfortable talking to a person (19%), to make a special request (18%), not comfortable making a non-refundable purchase online (16%).
- Web travelers are more loyal (likely to recommend and return) to online resources and suppliers than offline resources.

2. HAWAII

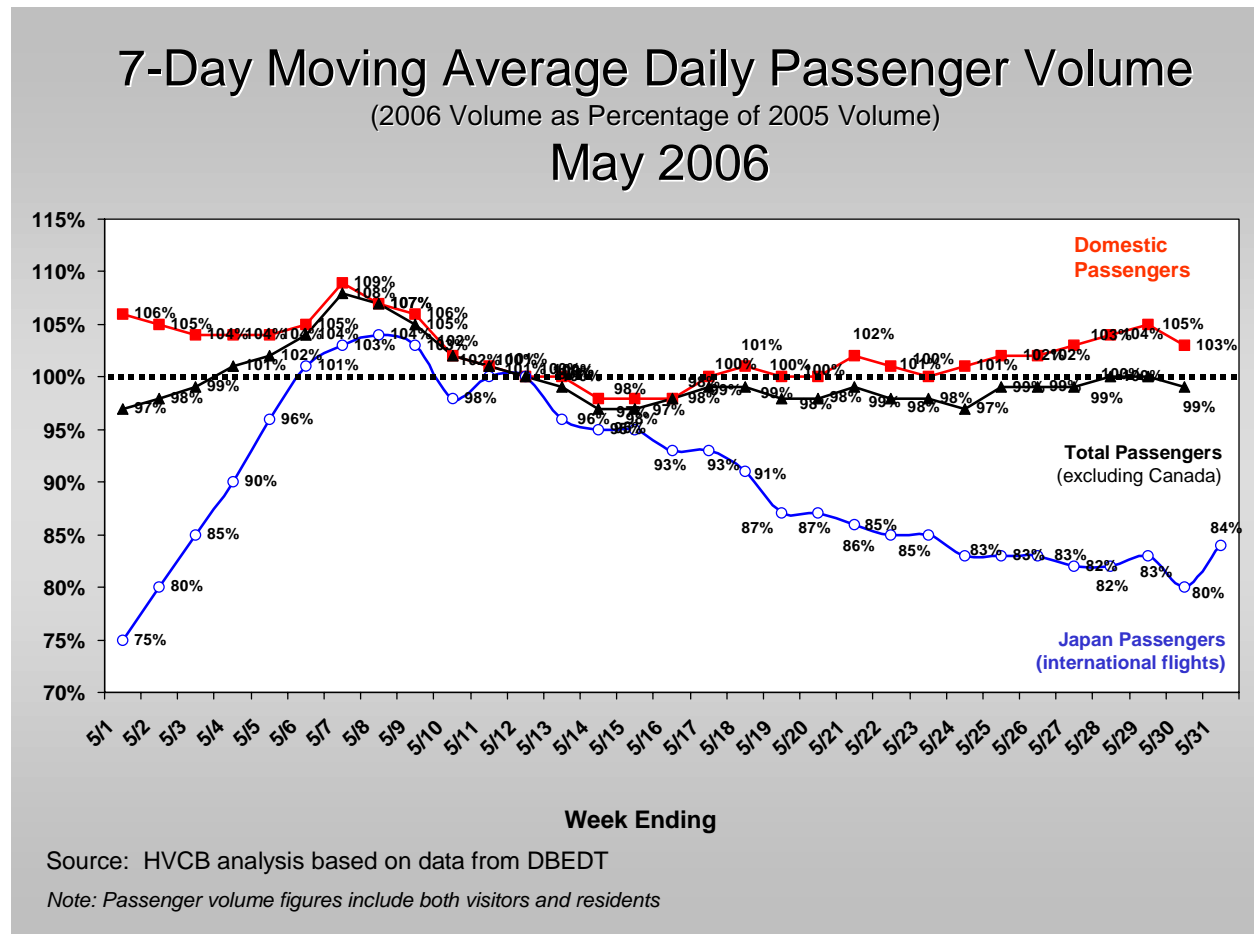
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CONSUMER TRAVEL BEHAVIORS

Domestic Passenger Volume Three Points Above Prior-Year Levels for the Week

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 percentage points above prior-year levels for the seven-day period ending May 30, 2006. Nonstop passenger volume from Japan dropped 16 percentage points below prior-year levels, while total domestic and international (excluding Canada) passenger volume was one point below prior-year levels for the week.

For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>

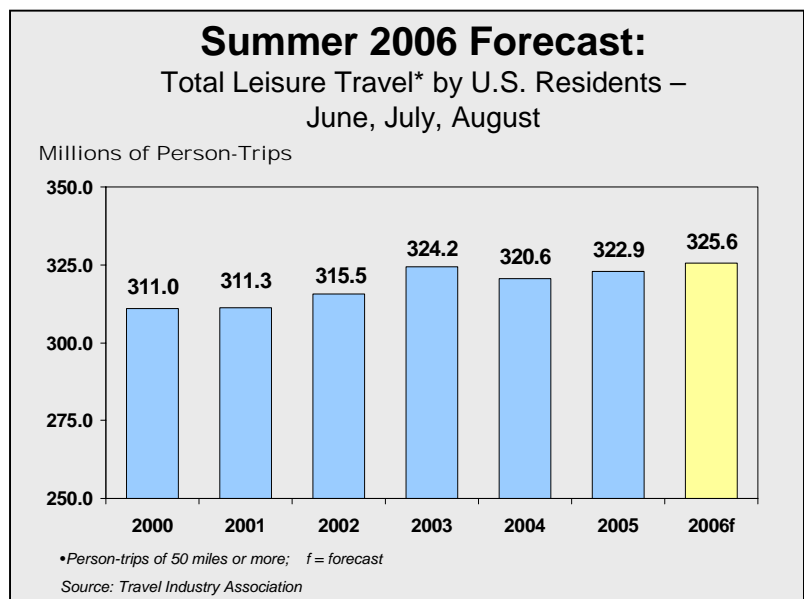


■ CONSUMER TRAVEL BEHAVIORS

☞ TIA Forecasts Summer Leisure Travel To Be Flat This Year

The Travel Industry Association of America (TIA) released its Summer 2006 Forecast report, projecting that Americans will take 325.6 million leisure trips of 50 or more miles away from home during the months of June, July and August 2006, up less than one percent over last summer. TIA notes that consumers continue to be concerned about rising gas costs, hotel room rates and airline fares. Gas prices, in particular, are causing consumers to reconsider their vacation plans. Gasoline prices of \$3.00 per gallon could be the “tipping point”— the point at which 10 percent of travelers say they would seriously consider canceling a trip. Between \$3.00 and \$3.24 per gallon, an additional 26 percent would seriously consider canceling a trip. Other Highlights of the study:

- The number of nights away from home is expected to decline to 6.0 nights on travelers’ longest summer trip (compared to 7.0 nights last summer).
- Travelers plan to spend an average of \$1,033 on their longest pleasure trip this summer, essentially unchanged from last summer (\$1,019).
- Forty percent (40%) of travelers plan to take children or grandchildren on their longest trip this summer.
- Top activities this summer include: visiting friends and relatives (55%), going to a beach or lake (38%), visiting small towns or rural areas (27%), visiting cities/urban areas (21%), visiting national or state parks (20%) and visiting historic sites (20%).
- International travel to the U.S. will continue to rise as the value of the U.S. dollar continues to decline, making it more affordable for international travelers to come to the U.S., and as airlines more vigorously pursue international markets and add capacity.



☞ European Travel Commission Forecasts Record Tourism Year in 2006

The number of American travelers to Europe this year could break the record set in 2000, according to the European Travel Commission (reported by [Smith Travel Research](#)). In 2000, U.S. arrivals to Europe equaled 13.1 million. Since 2003, U.S. visitors to Europe have increased four percentage points each year, reaching 12.6 million in 2005. Demand in 2006 has increased, thanks in part to recent blockbuster films with a European backdrop (i.e. The Da Vinci Code), as well as the growing cruise line industry, and a wave of retiring Baby Boomers who have more leisure time. The ETC states that Europe remains America’s favorite overseas destination, with an estimated 40 percent of all U.S. outbound travelers going to Europe.

■ CURRENT INDUSTRY DEVELOPMENTS

☞ YPB&R: Timeshare Interest, Satisfaction on the Rise

An estimated 9.2 million households in the U.S. (or 14% of leisure travelers) have expressed interest in timesharing over the next two years, up from 11 percent in 2005, according to Yesawich, Pepperdine, Brown & Russell (YPB&R) and Yankelovich, Inc. Increased awareness of timesharing has sparked interest in leisure travelers' minds and improved the image of the industry -- half of all leisure travelers are now "neutral or positive" about the concept, while just under half (45%) have a negative opinion, declining significantly from prior year marks. Furthermore, 90 percent of timeshare owners report a high level of satisfaction with their purchase, potentially leading to accelerated interest in the industry through positive word-of-mouth recommendations.

☞ Vacation Deprivation Among American Workers Is At All Time High

Expedia.com's annual *Vacation Deprivation* survey, conducted by Harris Interactive and Ipsos-Reid, reveals that each employed U.S. adult age 18 and older is likely to abandon an average of four vacation days in 2006. This amount increased by an additional day over last year's survey. In addition to these anticipated "deprived" vacation days, over one-third of employed U.S. adults (38%) report regularly working more than 40 hours per week, and 19 percent reported canceling or postponing vacation plans because of work. Compared to the other countries surveyed, Americans receive the fewest vacation days per year on average:

- United States (14 vacation days)
- Australia (17 vacation days)
- Canada (19 vacation days)
- Great Britain (24 vacation days)
- Germany (27 vacation days)
- France (39 vacation days)

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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