

"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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Inside this issue...

1. FEATURE

- Domestic Air Seat Capacity Expected to Gain Eight Percent Between July and September

2. HAWAII

Consumer Travel Behaviors

- Domestic Passenger Volume Up Two Points Over Prior-Year Levels for the Seven-Day Period

Current Industry Developments

- Sabre: Shoulder Season Airline Bookings up 23 Percent for Hawai'i

3. NATIONAL / INTERNATIONAL

Consumer Travel Behaviors

- JTB Forecasts Boost In Japanese Overseas Travel Demand This Summer
- TIA: Travelers Stay Wired During Vacation

Current Industry Developments

- Airlines Offering Record Number of Flights to Europe from U.S.

1. FEATURE

➤ Domestic Air Seat Capacity Expected to Gain Eight Percent Between July and September

Domestic air seats are projected to climb 7.8 percent between July and September compared to the same three-month period last year, according to a state [Department of Business, Economic Development, and Tourism](#) (DBEDT) analysis of OAG flight schedules. International air seats, however, are forecasted to be down 5.1 percent for the three-month period.

- Scheduled non-stop air seats to Hawai'i from the U.S. West are expected to experience a double-digit increase, up 11.5 percent. The total volume of seats is projected to reach nearly 1.7 million seats between July and September.
 - Seats from Hawai'i's largest gateway, Los Angeles, will increase 2.9 percent (to nearly 629,400 seats) during the period, while San Francisco, the second largest gateway, is expected to show a 19.1 percent drop. Phoenix has become the Islands' third largest domestic gateway this year with over 142,000 seats during the period (+153.1%), due to an increase in service by America West Airlines.

Hawai'i Scheduled Air Seats Outlook*
July - September 2006

	STATEWIDE	
	July-September 2006	% Change
TOTAL SEATS	2,684,027	4.1%
U.S. Total	1,994,962	7.8%
-U.S. West	1,675,435	11.5%
-U.S. East	319,527	-8.4%
International Total	689,065	-5.1%
-Japan	463,740	-11.3%
-Canada	68,593	34.4%
-Other Asia	32,923	-8.8%
-Oceania	62,555	9.2%
-Other	61,254	4.0%

* DBEDT analysis based on flights in OAG flight schedules as of June 2006. These are scheduled air seats and may be subject to change.

- Scheduled air seats from the U.S. East are anticipated to decrease 8.4 percent between July and September, with a drop likely in Chicago (-8.4%), the MMA's largest gateway to Hawai'i.
- Japanese scheduled air seats will decrease 11.3 percent between July and September, due mainly to a suspension of one daily flight from both Osaka and Fukuoka, as well as a change in equipment for the Narita (Tokyo)-Kona flight. (The Hawai'i Tourism Authority reports that, beginning in October, JTB will partner with JAL to operate as many as 100 charter flights to Hawai'i).
- Canadian air seats are projected to grow 34.4 percent during the three-month period, with a significant boost in seats from Vancouver (+29.7%), Canada's largest gateway to Hawai'i.

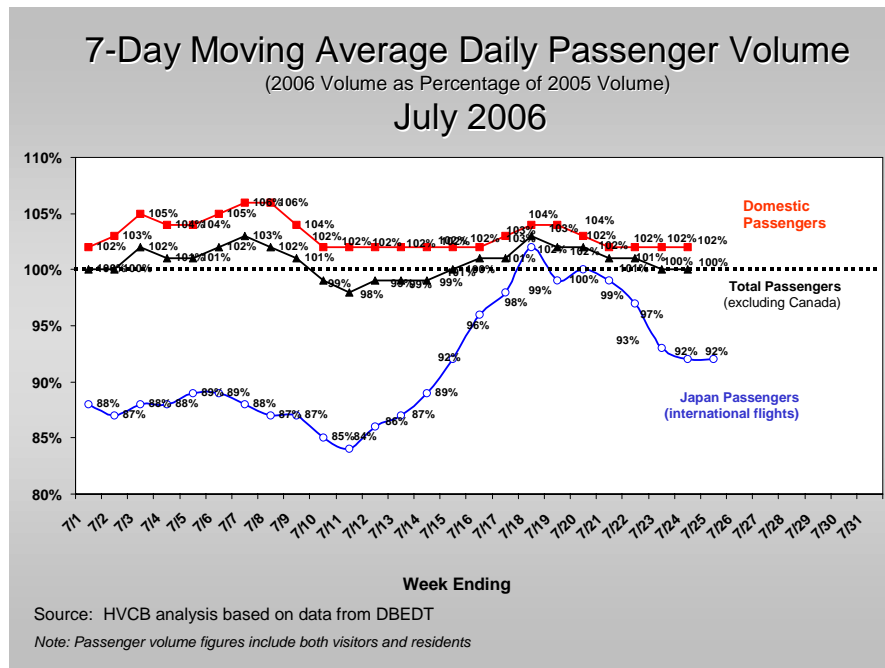
2. HAWAII

■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume Up Two Points Over Prior-Year Levels for the Seven-Day Period

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), domestic passenger volume on nonstop flights to Hawai'i increased two percentage points above prior-year levels for the seven-day period ending July 24, 2006. Nonstop passenger volume from Japan was eight points below prior-year levels, while total domestic and international (excluding Canada) passenger volume was on par with 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>



■ CURRENT INDUSTRY DEVELOPMENTS

➤ Sabre: Shoulder Season Airline Bookings up 23 Percent for Hawai'i

Sabre Airline Solutions reports that advance airline bookings for Hawai'i during the shoulder season (between September and November), are up 23 percent – well above the five percent average for all destinations worldwide, according to [USA Today](#). Sabre data also shows that average airfare to Hawai'i has risen 5.2 percent this fall compared to the same period last year, far less than flights to Las Vegas (+18.6%); Europe (+14.6%); and Florida (+13.6%). In addition to the growing U.S. economy, American travel agents also state that they are seeing more bookings around the autumn season because of smaller crowds and more attractive travel bargains. Top destinations ranked by growth in air bookings include:

Sabre Airline Bookings September-November 2006 (versus Fall 2005)		
Destination	Change in	
	Average Fare	Tickets/ Bookings
Caribbean	-3.2%	30.7%
Hawai'i	5.2%	23.0%
Europe	14.6%	12.8%
Las Vegas	18.6%	2.6%
Florida	13.6%	2.2%

Source: Sabre Airline Solutions and USA Today

3. NATIONAL / INTERNATIONAL

■ CONSUMER TRAVEL BEHAVIORS

➤ JTB Forecasts Boost In Japanese Overseas Travel Demand This Summer

A survey conducted by the [Japan Travel Bureau](#) (JTB) suggests that Japanese overseas travel will increase by 5.0 percent (to 2.5 million travelers) during the summer holiday season (July 15 – August 31). JTB reports that the main reasons behind the boost in travel demand include overall economic recovery, increases in corporate summer bonuses, and favorable summer holiday work schedule. Overall summer holiday spending (both domestic and international) is also expected to reach a new all-time high. The study shows that beach destinations, including Hawai'i, should be especially popular this summer:

- Despite fewer scheduled air seats available for Hawai'i and Guam, the addition of extra, unscheduled flights and charter flights will help improve Japanese arrivals to the two destinations this summer, according to the study.

➤ TIA: Travelers Stay Wired During Vacation

According to the latest "Voice of the Traveler" survey conducted by the [Travel Industry Association](#) (TIA) and Synovate, American travelers bring a surprising amount of technology with them to stay connected during leisure trips. Cell phones (86% of respondents), digital cameras (67%), and laptops (24%) were the top technologies utilized during vacation. The survey also shows that Internet access is an important technology for leisure travelers:

- 18 percent of travelers use the Internet to stay connected with friends and family
- 16 percent go online to find places to visit or things to do during the trip
- 15 percent choose accommodations based on the availability of high-speed Internet and/or Wi-Fi access.

■ CURRENT INDUSTRY DEVELOPMENTS

➤ Airlines Offering Record Number of Flights to Europe from U.S.

According to a [USA Today](#) analysis of airline schedules (July), U.S. and foreign airlines are currently offering a record 386 non-stop flights per day from the continental U.S. to Europe, 21 percent more than what was offered in 2003. This expansion is due in large part to the fact that struggling airlines have increased their overall international route offerings as competition has intensified for domestic routes over the last three years. The top European destinations that have gained the most flights from the U.S. are Frankfurt, Amsterdam, and Rome – each destination expanding about five additional daily flights over the past three years. U.S. airlines comprise two-thirds of the net increase in flights bringing its market share on trans-Atlantic routes to 49 percent, up from 45 percent in 2003. This July, U.S. travelers purchased six percent more tickets for Europe than last year, with an average one-way ticket cost of \$549 including fuel surcharges (up 44% from 2003).

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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