

"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

- Air Seat Capacity to Hawai'i Projected to be Flat Through the Spring Shoulder Season

2. HAWAII

Consumer Travel Behaviors

- Domestic Passenger Volume to Hawai'i up Four Points for the Week

Current Industry Developments

- HTA Publishes Style and Resource Guide to Promote Accurate Use of Hawaiian Language

3. NATIONAL / INTERNATIONAL

Current Industry Developments

- World Travel and Tourism to Generate \$7 Trillion in 2007
- Groups and Meetings Travel Market Estimated to Reach \$175 Billion in 2008
- Travel Price Index Increases 2.8 Percent in February

1. FEATURE

➤ Air Seat Capacity to Hawai'i Projected to be Flat Through the Spring Shoulder Season

Total Hawai'i air seat capacity for the spring shoulder season (March-May 2007) is projected to be flat compared to the same period last year. Scheduled nonstop air seats to Hawai'i are projected to rise nominally (+0.2%) during the three-month period, according to DBEDT's latest air seat capacity projection. U.S. capacity is projected to be down 1.6 percent, with seats from the U.S. West up 1.2 percent helping offset the 14.9 percent decline in U.S. East air seats. According to OAG flight schedules:

- Scheduled non-stop air seats from the U.S. West are projected to reach nearly 1.6 million during the three-month rolling air service forecast, up 1.2 percent over prior-year levels. Seats from Hawai'i's largest gateway, Los Angeles, will decrease 12.4 percent during the spring, and San Francisco, the second largest gateway, is expected to show a 7.3 percent drop, mainly due to a shift in lift to Oakland (+70.9%). Total West Coast lift will be boosted mainly from Phoenix (+5.5%); Seattle (+22.0%); Portland (+24.8%); and San Diego (+72.1%).
- Scheduled air seats from the U.S. East to the state are projected to decrease 14.9 percent during the spring, with notable drops from its top market, Chicago (-25.3%), and its fourth largest market, Atlanta (-30.1%). Air seats from Dallas (+3.3%) and Houston (+0.6%), the second and third largest U.S.

Hawai'i: Scheduled Air Seats Outlook*
Spring 2007 (March-May 2007)

	Statewide	
	Mar-May 2007	% Change
TOTAL SEATS	2,571,429	0.2%
U.S. Total	1,848,554	-1.6%
U.S. West	1,574,271	1.2%
U.S. East	274,283	-14.9%
International Total	722,875	5.1%
Japan	455,368	3.5%
Canada	108,160	9.2%
Other Asia	37,001	13.3%
Oceania	64,813	9.5%
Other	57,533	0.5%

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

East markets, respectively, will experience slight increases during the period. Minneapolis is set to show double-digit growth (+10.4%) in air seat capacity during the forecast period.

- Japanese air seats are projected to increase 3.5 percent, with a 12.1 percent boost in seats from Osaka. Tokyo, Hawai'i's largest gateway from the international market has nearly 298,000 air seats forecasted for the spring, a 1.8 percent increase from prior-year levels.
- Canadian air seats to Hawai'i are projected to grow 9.2 percent during the three-month period.

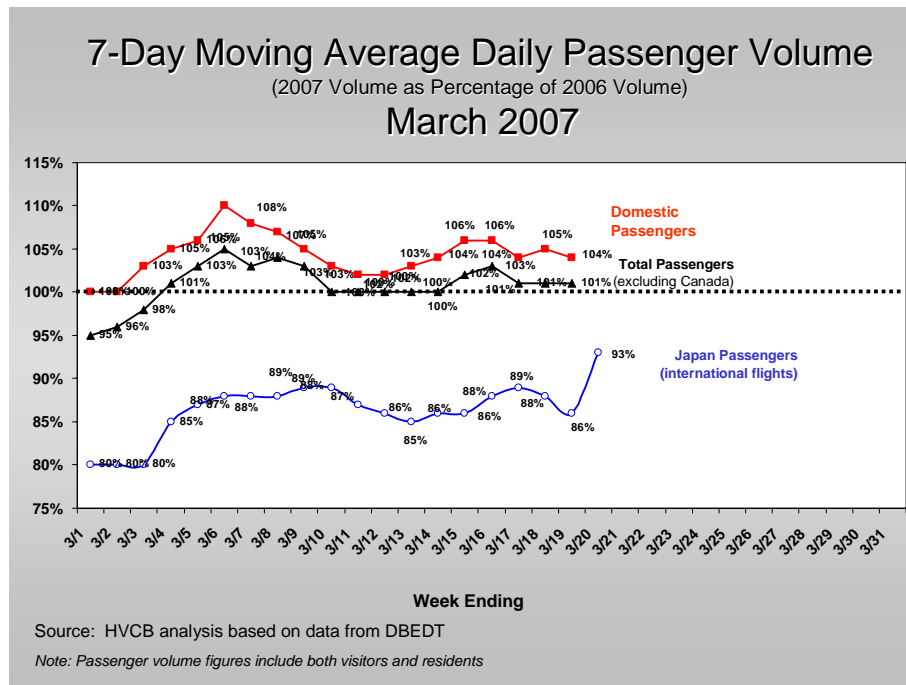
2. HAWAI'I

■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume to Hawai'i up Four Points for the Week

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic passenger volume on nonstop flights to Hawai'i was four points above prior-year levels for the seven-day period ending March 20, 2006. Total domestic and international (excluding Canada) passenger volume ended the period up one point over prior-year levels, while nonstop passenger volume from Japan to Hawai'i was down seven points for the week.

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

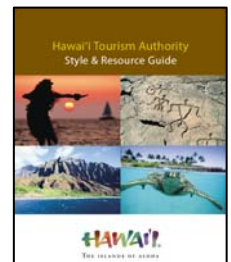


■ CURRENT INDUSTRY DEVELOPMENTS

➤ HTA Publishes Style and Resource Guide to Promote Accurate Use of Hawaiian Language

The [Hawai'i Tourism Authority](#) (HTA) published the "Style and Resource Guide," a first-step reference guide on the proper use of commonly used Hawaiian words, phrases, descriptions, and cultural practices. The purpose of the guide is to provide a reference to clarify facts about the Islands that have sometimes been miscommunicated; guidance for the depiction of sites and culture; and insights for promoting Hawai'i in a culturally sensitive and safe manner. A free electronic copy of HTA's Style and Resource Guide is available for download on HTA's website:

<http://www.hawaiitourismauthority.org>



3. NATIONAL / INTERNATIONAL

■ CURRENT INDUSTRY DEVELOPMENTS

⇒ World Travel and Tourism to Generate \$7 Trillion in 2007

Total world travel and tourism is expected to generate \$7 trillion in 2007, and nearly double to \$13 trillion over the coming decade, according to the [World Travel & Tourism Council's](#) (WTTC) Tourism Satellite Account (TSA) research (sponsored by Accenture and prepared by Oxford Economics). Results from the TSA show that global travel demand is up 3.9 percent for 2007, and will average 4.3 percent growth per year between 2008 and 2017. The U.S. will continue to lead all other nations in travel demand, accounting for more than \$1.7 trillion in 2007. However, WTTC notes that China (currently third in travel demand) is set to gain considerable ground over the next 10 years with an average of 9.6 percent growth per year.

⇒ Groups and Meetings Travel Market Estimated to Reach \$175 Billion in 2008

The U.S. group and meetings travel market is estimated to reach \$171 billion by 2008, according to the study, *Groups and Meetings: Market Opportunity Redefined*, published by [PhoCusWright](#) in conjunction with the Hospitality Sales & Marketing Association International. In this study, group travel was defined as two or more households traveling for a common purpose. Hotels traditionally define a "group" as 10+ rooms, while airlines hardly look at smaller groups, according to PhoCusWright. The study highlights online opportunities for the market, as some 41 percent of all group and meetings travel will be booked online by next year. However, small leisure gatherings (fewer than nine rooms booked) such as family reunions and weddings, will have an online penetration of 53 percent by 2008, nearly three times the rate of larger leisure groups. Other findings from the study include:

- Smaller, simpler groups and meetings are on the rise in both the leisure and corporate segments.
- Hotel companies are working to centralize their groups and meetings inventory and rates to enhance offerings to optimize resources to achieve efficiencies.
- Components of larger meetings, including RFP processing, accommodations, and attendee registration, will continue to move online.
- The rise in new market entrants online will continue to draw attention to the technology tools, and encourage bookings online.

⇒ Travel Price Index Increases 2.8 Percent in February

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) increased 2.8 percent in February 2007, compared to the same month last year. Airfares increased 1.4 percent compared to February 2006 levels, and lodging prices were up 4.3 percent. Motor fuel prices, however, experienced a decline, down 1.4 percent during the month versus prior year levels. The TPI outpaced the nation's overall Consumer Price Index slightly (by +0.4 percentage point) in February. The TPI is a monthly indicator of the price change in travel goods and services available to the U.S. consumer.

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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