

"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

- Travel Prices Outpace Overall Consumer Goods for Five Straight Years and Counting

### 2. HAWAII

#### Consumer Travel Behaviors

- Domestic Passenger Volume to Hawai'i Down One Point for the Week

#### Current Industry Developments

- Hawai'i Air Seat Capacity Projected to Continue Decline
- Honolulu Harbor Cruise Passenger Capacity Projected to Decline in 2008

### 3. NATIONAL / INTERNATIONAL

#### Consumer Travel Behaviors

- Independence Day Travel Projected to Hit Record

#### Current Industry Developments

- National Consumer Confidence Decreases in June

### 1. FEATURE

#### ➤ Travel Prices Outpace Overall Consumer Goods for Five Straight Years and Counting

Travel prices continue to outpace the overall consumer price index, according to the Travel Industry Association of America's Travel Price Index (TPI). With double-digit increases in oil prices in recent years, nationwide average gas prices have been unstable, peaking in May 2007 at \$3.19 per gallon. Airline fares, however, have recently shown signs of stability, with a year-over-year nominal gain of 0.7 percent through May 2007. Hotel average daily rates, however, have been on the rise across the board, and have generally risen faster than overall consumer goods. The TPI is a monthly indicator of the price change in travel goods and services available to the U.S. consumer.

- The latest TPI shows that overall travel prices rose 3.5 percent in Mat 2007, compared to the same month last year. Airfares, however, decreased slightly (-1.0%) compared to May 2006 levels, but lodging prices rose 4.5 percent. Motor fuel prices experienced a 5.9 percent increase over last year (but soared 9.4 percent from the previous month, April 2007 – see graph, next page). The TPI outpaced the nation's overall Consumer Price Index (+2.7%) in May.
- Year-to-date, the overall TPI is up 2.9 percent, outpacing the year-to-date CPI (2.5%).

#### Registration is now open for the...

#### 2007 Hawaii Tourism Conference Aloha Aku, Aloha Mai The Responsibility of Aloha III August 28-29 Hawai'i Convention Center

Local, national and international visitor industry experts gather to discuss the latest tourism issues and trends and the implications they have for Hawai'i.

#### Day 1

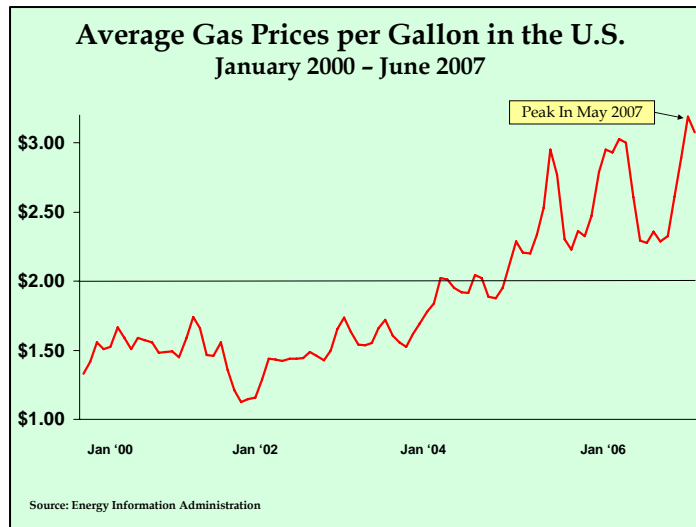
Keynote Speaker, Scott Ahlsmith, Vice President of Global Network Solutions, Virtuoso and Chairman of the Board for The Travel Institute, will share the latest visitor industry trends. Luncheon will feature world-acclaimed film maker, Edgy Lee. For the first time ever, the *Keep It Hawai'i Recognition Awards Ceremony* will be a part of the conference.

#### Day 2

2008 tourism marketing plan presentations will be made by Hawai'i's marketing partners, in addition to the state of the visitor industry panel discussion during lunch.

For more information, visit the HTA website:

[www.hawaiitourismauthority.org/tourismconference](http://www.hawaiitourismauthority.org/tourismconference)



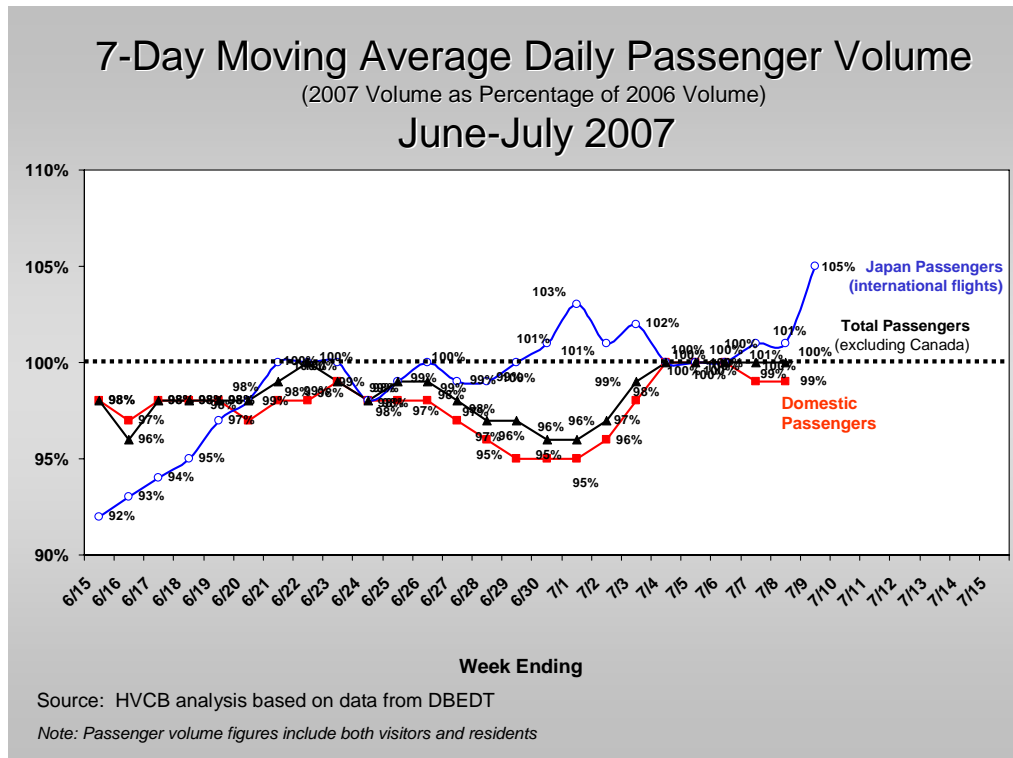
## 2. HAWAI'I

### ■ CONSUMER TRAVEL BEHAVIORS

#### ➡ Domestic Passenger Volume to Hawai'i Down One Point 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 one percentage point below prior-year levels for the seven-day period ending July 9, 2007. Total domestic and international (excluding Canada) passenger volume ended the period on par, while nonstop passenger volume from Japan to Hawai'i was up five 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

### ⇒ Hawai'i Air Seat Capacity Projected to Continue Decline

Scheduled, non-stop air seats to Hawai'i are projected to decline 4.2 percent between July and September compared to prior-year levels, according to the state [Department of Business, Economic Development, and Tourism](#) (DBEDT) air seat forecast based on OAG flight schedules.

- Domestic seats are forecasted to decline 5.2 percent, totaling 1.9 million during the three-month period.
  - Scheduled non-stop air seats to Hawai'i from the U.S. West are projected to decline 4.3 percent (to 1.6 million), with notable declines in Los Angeles (-15.0%) and San Francisco (-16.6%).
  - These declines are only partially offset by increases in Seattle (+34.2%); Oakland (+33.8%); Portland (+24.8%); and Sacramento (+20.0%).
  - U.S. East capacity is projected to be down 10.4 percent between July and September, with significant drops expected in Chicago (-5.2%) and Atlanta (-26.0%), the MMA's top and fourth largest gateways, respectively. Capacity from Dallas, Houston, and Newark are projected to be flat.

### ⇒ Honolulu Harbor Cruise Passenger Capacity Projected to Decline in 2008

According to the latest Honolulu Harbor passenger and cruise vessel schedules posted on the state Department of Transportation Harbors Division website, annual passenger capacity aboard NCL America's home-ported ships is expected to decline 32.1 percent in 2008, as NCL America suspends service aboard the *Pride of Hawai'i*. However, as home-ported capacity downsizes, capacity aboard foreign flagged ships is expected to rise +19.5 percent next year. Nonetheless, total cruise passenger capacity into Honolulu is presently estimated to decrease 16.3 percent in 2008.

- Year-to-date through May, statewide cruise visitor arrivals to Hawai'i have surged 43.5 percent (to 219,710 visitors), outpacing the growth in overall arrivals to the state (-0.5%), according to DBEDT.

Estimated Cruise Ship Passenger Capacity  
at Honolulu Harbor, 2007e - 2008e

	2008e	2007e	% Change
NCL America	246,630	363,128	-32.1%
Foreign Flag Ships	191,203	160,031	19.5%
Total	437,833	523,159	-16.3%

e = Estimates

Source: HVCB estimate based on DOT cruise ship schedules as of June 20, 2007

## 3. NATIONAL / INTERNATIONAL

### ■ CONSUMER TRAVEL BEHAVIORS

#### ⇒ Independence Day Travel Projected to Hit Record

Holiday travel was projected to hit an Independence Day holiday record last week as an estimated 41.1 million Americans had been expected to travel 50 or more miles from home between June 29-July 8 (+0.8% over last year's holiday), according to a [AAA](#) forecast. The timing of the holiday (falling on a Wednesday) was especially favorable, as many travelers had intended to extend their vacation for the full week. In fact, the largest share of all holiday travelers (38%) stated that they planned to leave Friday, June 29<sup>th</sup>. Over 11 percent of holiday travelers, or 4.7 million, planned to travel by air, up 3.5 percent from last Independence Day.

## ■ CURRENT INDUSTRY DEVELOPMENTS

## ➤ National Consumer Confidence Decreases in June

After a healthy increase in May, the [National Consumer Confidence](#) Index retreated 4.6 points in June (from the May reading) to 103.9 (1985=100). The "Present Situation" index fell to 127.9 (from 136.1 in May), while the "Expectations" index declined 2.2 points to 87.9 during the month (from 90.1). Conference Board officials state that June's decline can be attributed to a perceived softening in current business and employment conditions. Consumers are also skeptical of short-term economic prospects.

*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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