

"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

Inside this issue...

1. FEATURE

- ⇒ Ypartnership: Travel Industry Trends and Projections for 2008

2. HAWAII

Consumer Travel Behaviors

- ⇒ Domestic Passenger Volume to Hawai'i Up Two Points for the Week
- ⇒ Nominal Growth in Air Seat Capacity to Hawai'i Projected Through the First Quarter

3. NATIONAL / INTERNATIONAL

Consumer Travel Behaviors

- ⇒ Consumer Confidence Index Ends Year Slightly Up

1. FEATURE

⇒ Ypartnership: Travel Industry Trends and Projections for 2008

Travel and tourism marketing consultants, [Ypartnership](#), released a list of travel industry trends they foresee for 2008. The projections look at factors that will most likely affect demand for travel services this year – specifically the way in which travel consumers will plan, shop for, book, consume, and comment on their travel experience. In summary, the top trends for 2008 include:

- Demand for domestic and international leisure travel services will continue to grow, but at a more modest rate than observed in 2007. This is mainly due to personal economic factors, such as personal debt, job security, price of gas, interest rates, and the volatile stock market.
- Domestic and International business travel demand will show marginal growth, mainly due to an increase in corporate and association meetings (as opposed to individual business travelers).
- Saturday night will continue to be the busiest night of the week for the U.S. lodging industry, as weekend trips now represent the majority of vacations taken by Americans.
- Consumers using the Internet to plan travel will remain flat (at 65-70%), while online booking will continue to grow, albeit at a slower rate than in recent years.
- Meta search and comparative shopping sites for travel services will grow in popularity as they receive more exposure within consumer media in an increasingly value-conscious world.
- Online social networking websites (e.g. tripadvisor) will continue to play a powerful role in the travel decision-making process.
- Family travel is projected to grow as parents look to travel destinations to spend more quality time with their children. Multi-generational travel is also forecasted to increase.
- Baby boomers will continue to be a demographic to keep an eye on as 78 million adults begin to turn 60.
- The cost of air travel will increase faster than the past two years as operating costs continue to rise.
- One out of three flights will be delayed, regardless of carrier or fare.
- With eight out of ten U.S. adults claiming to be "environmentally conscious," travelers may increasingly support environmentally-responsible travel service suppliers.

- The travel industry will continue to feel the repercussions of the sub-prime mortgage market meltdown. However, the degree in which it will affect leisure travel remains a source of speculation.
- Concerns about the price of gas at the pump have reached an all-time high, which will translate to closer-to-home destinations, shorter trip duration, and tighter budgeting, as opposed to cancelled vacations.
- The declining value of the U.S. dollar is likely to affect outbound international travel for U.S. consumers.
- In response to oversupply of cabins, the cruise industry will continue to aggressively price their product and run promotional programs while redeploying vessels in emerging market areas.
- Timeshare sales will continue to grow as consumers find value in fractional vacation ownership.

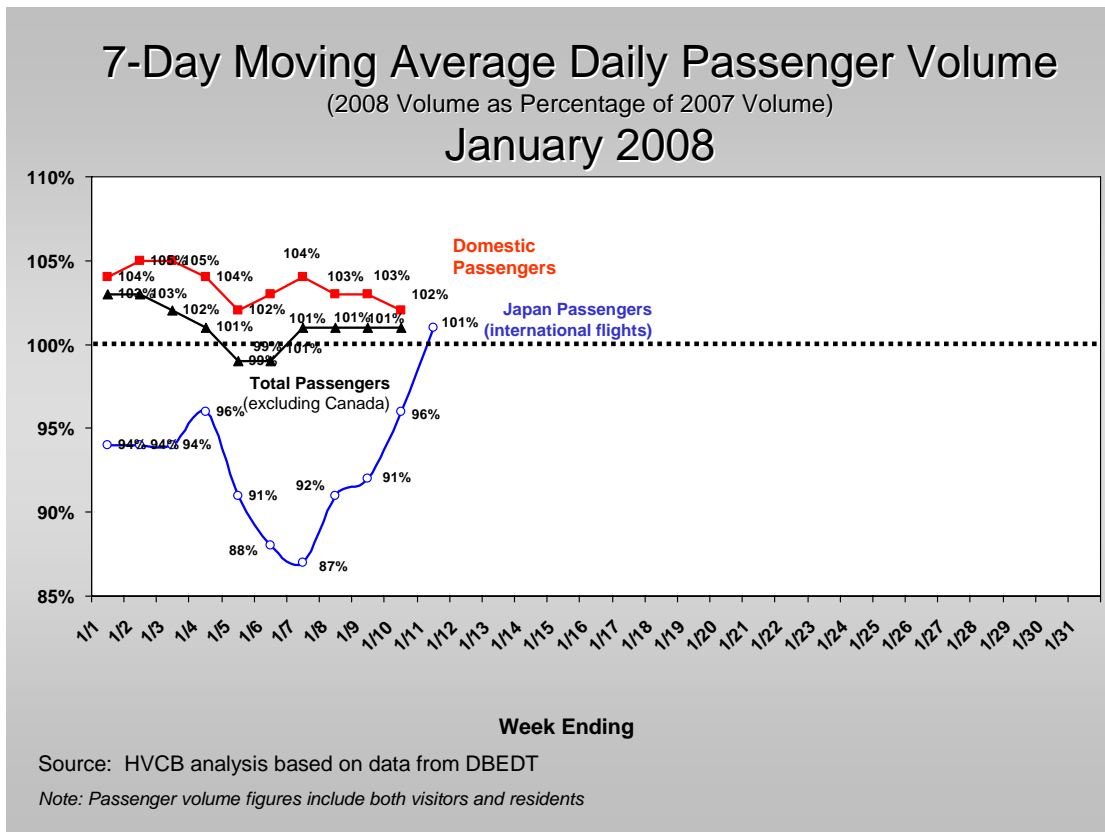
2. HAWAI'I

■ CONSUMER TRAVEL BEHAVIORS

➡ Domestic Passenger Volume to Hawai'i Up Two 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 two points ahead of prior-year levels for the seven-day period ending January 11, 2008. Total domestic and international (excluding Canada) passenger volume ended the period up a point, as did nonstop passenger volume from Japan to Hawai'i.

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



■ CURRENT INDUSTRY DEVELOPMENTS

➤ Nominal Growth in Air Seat Capacity to Hawai'i Projected Through the First Quarter

The first quarter 2008 air seat capacity outlook for Hawai'i predicts nominal growth entering into the new year. Scheduled nonstop air seats to Hawai'i are projected to rise 0.1 percent in the first quarter of 2008 over the same period in 2007, according to DBEDT's latest air seat capacity projection. A 5.0 percent increase in domestic capacity is expected to offset an 11.6 percent decline in international capacity. According to OAG flight schedules:

- Scheduled non-stop air seats from the U.S. West are projected to reach over 1.6 million during the three-month rolling air service forecast, up 5.8 percent over prior-year levels. Seats from Hawai'i's largest gateway, Los Angeles, will increase 2.9 percent during the winter, while San Francisco, the second largest gateway, is expected to show an 11.3 percent drop, partially offset by an increase in airlift from Oakland (+22.8%). Total West Coast lift will be boosted by its other top markets, notably from Seattle (+41.9%); Phoenix (+15.8%); Las Vegas (+12.4%); and San Diego (+45.4%).
- Scheduled air seats from the U.S. East to the state are projected to increase nominally (+0.3%) during the first quarter. Only the MMA's top market, Chicago, will experience a decline in air seat capacity (-1.2%) during the period.
- Japanese air seats are projected to decline 10.2 percent, with a 36.3 percent drop in seats from Osaka. Tokyo, Hawai'i's largest gateway from the international market has nearly 293,000 air seats forecasted for the first quarter, down 3.6 percent from the same period last year.
- Canadian air seats to Hawai'i are projected to decline 19.0 percent during the three-month period.

Hawai'i: Scheduled Air Seats Outlook*
First Quarter 2008 (January-March 2008)

	Statewide	
	Jan - Mar 2008	% Change
TOTAL SEATS	2,572,705	0.1%
U.S. Total	1,911,791	5.0%
U.S. West	1,635,058	5.8%
U.S. East	276,733	0.3%
International Total	660,914	-11.6%
Japan	414,557	-10.2%
Canada	108,590	-19.0%
Other Asia	34,413	12.3%
Oceania	45,474	-30.1%
Other	57,880	2.7%

* DBEDT analysis based on flights in OAG flight schedules as of December 2007. These are scheduled air seats and may be subject to change.

3. NATIONAL / INTERNATIONAL

■ CONSUMER TRAVEL BEHAVIORS

➤ Consumer Confidence Index Ends Year Slightly Up

After four straight months of declines, the [National Consumer Confidence](#) Index posted a slight increase from the November reading (+0.8 point), reaching 88.6 (1985=100) in December. The "Present Situation" index, however, decreased 7.4 points (to 108.3), while the "Expectations" index increased 6.4 points to 75.5 during the month (from 69.1 in November). Conference Board officials state that consumers' short-term outlook on business conditions, employment, inflation, and stock prices improved marginally. However, the decline in the Present Situation index indicates that the economy is still losing momentum.

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