



FOR IMMEDIATE RELEASE

Contact: Gail Ann Chew  
gchew@hvcb.org  
808.924.0260

## HVCB Tourism Industry Update

Issue: 03:31, August 11, 2003 (9:00 A.M.)

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

### ***INSIDE THIS ISSUE...***

#### **Features:**

- Announced Suspensions Dampen Hawai'i's Air Service Outlook from Japan

#### **Hawai'i:**

##### **Consumer Travel Behaviors**

- Domestic Passenger Volume Remains Above 2002 Levels in August
- Average Daily Spending Increases Among Neighbor Island Visitors

#### **National/International:**

##### **Consumer Travel Behaviors**

- AAA National Travel Barometer: Bookings Continue Ahead of 2002 Pace
- U.S. Outbound Travel Abroad Drops for Second Straight Year in 2002

##### **Current Industry Developments**

- IATA: Worldwide Airline Industry Shows Signs of Improvement
- JTB Diffusion Index: Japanese Outbound Travel Recovery Projected in October
- SFO Plans to Lower Landing Fees, Attract New Carriers

### ***Features***

- **Announced Suspensions Dampen Hawai'i's Air Service Outlook from Japan**
  - Recent announcements of air service suspensions between Japan and Hawai'i have dampened the air seat capacity outlook for the fourth quarter of 2003.
  - Japan Airlines and Northwest Airlines have announced changes to their Japan-Hawai'i schedules, including the suspension of flights from Kansai and selected regional cities in Japan.
    - [Northwest Airlines](#) (NWA) announced that it will suspend its daily 747-200 service between Osaka (Kansai) and Honolulu, starting October 1, 2003. NWA stated that while the daily service is not presently economically viable, the airline will reconsider resuming the flight when market conditions permit.
    - [Japan Airlines Co.](#) announced plans to suspend flights to Honolulu from four regional cities in Japan, including Sapporo and Sendai (effective October 2003); and Hiroshima and Niigata (effective November 2003). JAL stated that the routes are currently unprofitable, but hopes to reinstate the flights once demand picks up.

- With an extensive network of domestic and regional air service, the JAL Group (JAL and JAS) will continue to provide access from Japan's regional markets to Hawai'i via airports at Tokyo-Narita, Kansai, Nagoya and Fukuoka.
- Taking the recently announced JAL and NWA air service suspensions into consideration, HVCB estimates that total nonstop seat capacity from Japan will end the year 8.6 percent below 2002 levels. However, the air seat capacity outlook could improve in the coming months pending an anticipated strengthening in Japanese overseas travel demand in the fourth quarter.

Calendar Year 2003 vs. 2002

**Scheduled Nonstop Service to Hawai'i\***

	Japan**		
	2003P	2002	%Chge
January	171,794	144,192	19.1%
February	154,844	125,312	23.6%
March	169,634	143,042	18.6%
April	134,605	148,978	-9.6%
May	125,572	166,726	-24.7%
June	115,290	172,162	-33.0%
July	149,909	178,101	-15.8%
August*	175,886	187,500	-6.2%
September*	169,028	175,421	-3.6%
October*	149,221	174,832	-14.6%
November*	136,407	166,520	-18.1%
December*	141,470	178,947	-20.9%
Total	1,793,660	1,961,733	-8.6%

\* HVCB analysis of flights on OAG airline schedules.

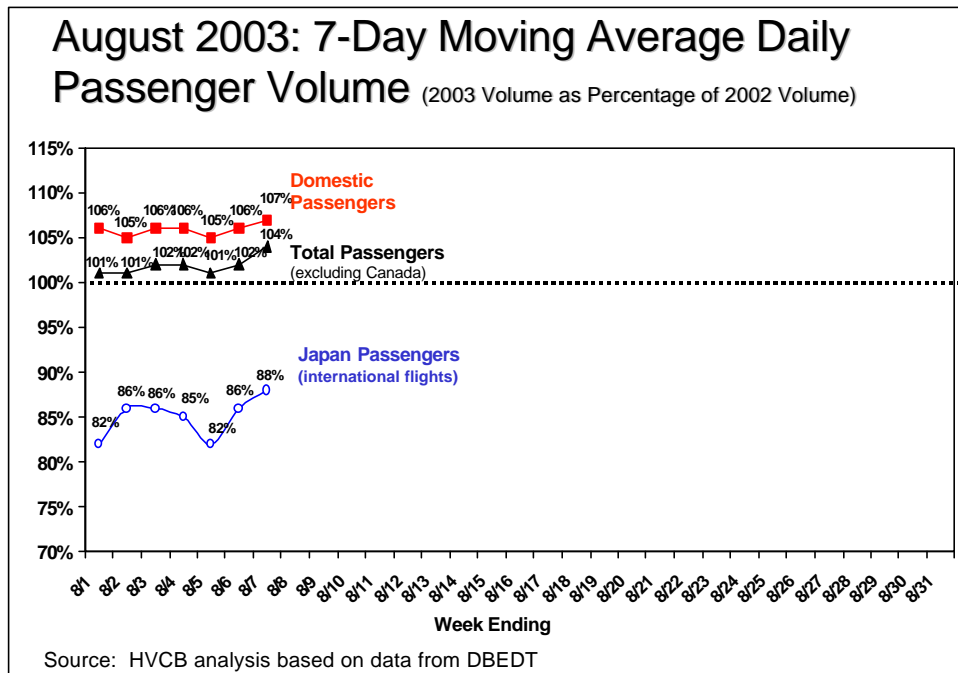
August-December 2003 estimated based on flights on OAG schedules as of July 2003

\*\* Japan seats have been adjusted for NW suspension of Osaka service as of October; and JAL suspension of Sapporo/Sendai service in October and Niigata/Hiroshima service as of November.

**Hawai'i**

▪ **CONSUMER TRAVEL BEHAVIORS**

- **Domestic Passenger Volume Remains Above 2002 Levels in August** - The average number of total nonstop passengers on domestic flights arriving in Hawai'i continued to outperform 2002 levels, by seven percent compared to last year's levels for the seven-day period ending August 7, 2003. According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total nonstop domestic and international (excluding Canada) arrivals climbed to 104 percent of last year's number. Nonstop passenger arrivals from Japan improved to 88 percent of last year's arrivals for the seven-day period.



- **Average Daily Spending Increases Among Neighbor Island Visitors** - Average daily spending by visitors to most of Hawai'i's Neighbor Islands increased slightly during the first half of 2003, according to new data from the state Department of Business, Economic Development and Tourism. Average spending by visitors on Maui during the first half of 2003 was \$169 per-person-per-day, up from \$157 per person in the same period last year. Spending by out-of-state visitors on the Big Island rose to \$136 per-person-per-day (up from \$130 in 2002). Daily spending by visitors on Kaua'i dipped slightly from \$144 per person last year, to \$138 per person in the first half of 2003.

## ***National and International***

### ▪ **CONSUMER TRAVEL BEHAVIORS**

- **AAA National Travel Barometer: Bookings Continue Ahead of 2002 Pace** - The latest National Travel Barometer, conducted by AAA, suggests that an increase in cruise bookings (+25%) have spurred AAA's overall travel bookings, up five percent in July 2003, compared to the same month last year. According to the barometer, the increase in travel agency bookings coincided with the continued travel price promotions this year, especially cruise discounts. When comparing July 2003 to July 2002:
  - Cruise bookings -- up 25 percent
  - Tour packages -- up eight percent
  - Hotel bookings -- even (0%) with 2002 levels
  - Car rental reservations -- down three percent
- **U.S. Outbound Travel Abroad Drops for Second Straight Year in 2002** - After nine consecutive years of U.S. outbound travel growth, the country registered two straight years of decline in international travel, according to the [Office of Travel and Tourism Industries](#) in the U.S. Department of Commerce. In 2002, nearly 56.4 million U.S. residents traveled abroad for one night or more, down from 58.0 million in 2001. With 16.8 million visits, Mexico remained the top destination for U.S. resident international travelers in 2002, followed by Canada (16.2 million), the United Kingdom (3.2 million), France (2.2 million) and Italy (1.7 million).

### ▪ **CURRENT INDUSTRY DEVELOPMENTS**

- **IATA: Worldwide Airline Industry Shows Signs of Improvement** - Preliminary [International Air Transport Association](#) (IATA) traffic figures for June 2003 show significant improvement from the drops in global international passenger traffic seen earlier in the year, indicating that recovery is under way. Despite an 11.8 percent decline in revenue passenger kilometers (RPK) compared to June 2002, it is an improvement over the 21.0 percent RPK drop in May. Asia-Pacific carriers suffered the largest traffic decline in June (-35.8%) due mainly to the lingering effects of the SARS outbreak, while North American carriers' RPK dropped 12.4 percent.
- **JTB Diffusion Index: Japanese Outbound Travel Recovery Projected in October** - In the Japan Travel Bureau's (JTB) latest short-term "diffusion index" study conducted in July, Japanese travel retail outlets are projecting a recovery in outbound travel in October, according to *Travel Journal International*. On a scale of +100 (very good) to -100 (poor), Japanese overseas travel propensity for individual travel (FITs) stood at -13 and outbound group travel was -48 for July. This is compared to readings of -99 (FIT) and -96 (group travel) seen in April 2003. By October 2003, outbound FIT travel from Japan is projected to be +32, while group travel will be -3, on the diffusion index.
- **SFO Plans to Lower Landing Fees, Attract New Carriers** - San Francisco International Airport (SFO) officials announced a plan to lower airport landing fees for air carriers that add 50 percent more flights to their schedules, according to the *Associated Press*. With the fourth highest landing fees in the nation, SFO hopes to attract new carriers and thus more customers to the airport after suffering drops in passenger traffic after 9/11 and the dot-com crash. The reduction in airport fees could translate into a two to three percent lowering in participating airlines' operating costs, according to SFO officials.

###

*We welcome any suggestions or comments that you may have that will help us improve the quality of the weekly "HVCB Tourism Industry Update" for our readers. Please feel free to share your ideas with Gail Chew via email at: [gchew@hvcb.org](mailto:gchew@hvcb.org)*