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HVCB Tourism Industry Update

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"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...

Feature:

- HVCB Earns Second Straight "Award of Excellence" From *Corporate & Incentive Travel Magazine*

Hawai'i:

Consumer Travel Behaviors

- Japanese Passenger Volume Continues to Hover Above 2002 Levels

Current Industry Developments

- Hawai'i Hotels Reach Highest Occupancy Levels Since 1991
- United Airlines and NCL Announce Hawai'i Partnership
- HTA Develops First Hawai'i Arts Season Program

National/International:

Consumer Travel Behaviors

- National Consumer Confidence Index Tumbles in September
- Airline IT Survey: North America Leads Worldwide Web Sales and E-Ticketing Trends
- Weekly Nielsen Net Ratings: MapQuest Garner's Highest Number of Unique Visitors

Current Industry Developments

- AAPA: Cruise Industry Growth Will Provoke Nationwide Port Upgrades

Feature

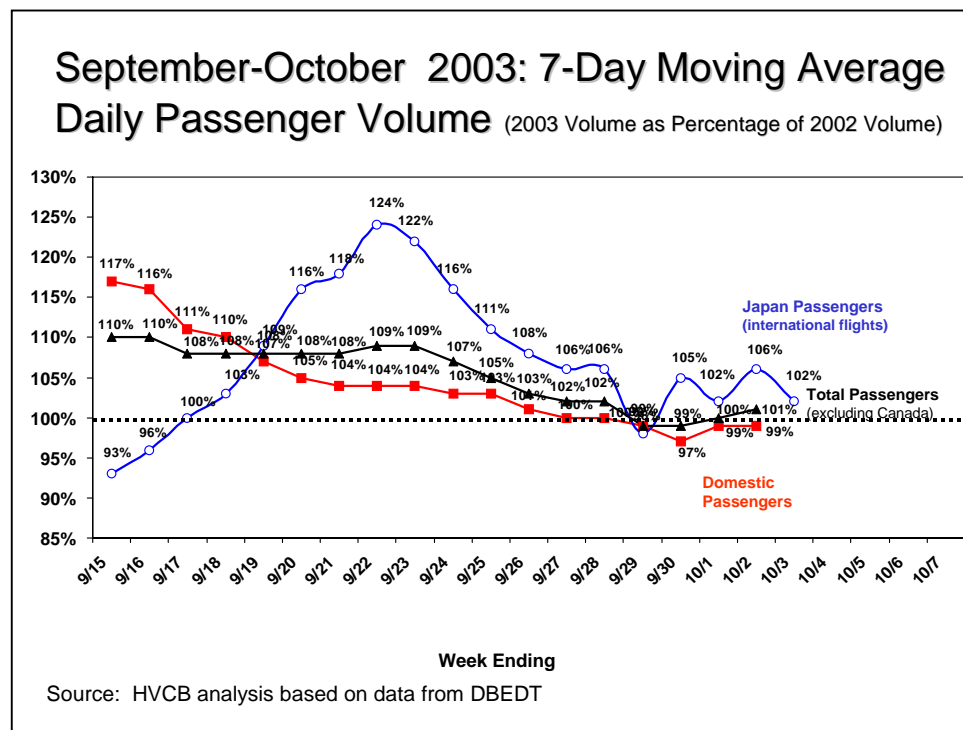
- **HVCB Earns Second Straight "Award of Excellence" From *Corporate & Incentive Travel Magazine***
 - For the second consecutive year, HVCB earned an "Award of Excellence" from *Corporate and Incentive Travel* magazine. The "Award of Excellence" is a result of magazine subscribers voting for providers and/or facilities that best served their clients' travel program needs during the past year. Those logging votes included incentive, corporate and independent meeting planners, industry service suppliers, and third-party providers.
 - HVCB was honored for its outstanding service to clients booking single-property meetings at resort and/or hotel properties. Services included on-site support for meetings in Hawai'i; coordinating transportation and pre- and post-tours with attractions and vendors; assisting with accommodations and site inspections; and providing supplier, facility and venue information.

- Year-to-date (through September 2003), HVCB generated:
 - 792 qualified hotel leads - nine percent above goal year-to-date.
 - 556,695 lead room nights - 13 percent above goal year-to-date.
 - The HVCB-generated leads have covered a wide business spectrum, including technology, pharmaceutical, finance, insurance, manufacturing and construction.

Hawai'i

▪ CONSUMER TRAVEL BEHAVIORS

- **Japanese Passenger Volume Continues to Hover Above 2002 Levels** - The average number of nonstop passengers from Japan arriving in Hawai'i continued to hover above 2002 levels (+2%) for the seven-day period ending October 2, 2003. According to statistics published by the state [Department of Business, Economic Development and Tourism](#), total domestic and international (excluding Canada) passenger volume was up 1 percent above last year's levels, while nonstop domestic passengers dipped to 99 percent of last year's figures for the seven-day period.



▪ CURRENT INDUSTRY DEVELOPMENTS

- **Hawai'i Hotels Reach Highest Occupancy Levels Since 1991** - Occupancy at Hawai'i hotels reached 83.1 percent in August, a five percent increase over August 2002, and the highest occupancy rate experienced in the state since 1991, according to Hospitality Advisors LLC. Record-setting domestic visitor arrivals to Hawai'i during the month helped boost the state's hotel performance. Statewide average daily rates (ADR) were flat at \$148.43 in August, while RevPAR (revenue per available room) grew 6.8 percent above August 2002 figures to \$123.37.
- **United Airlines and NCL Announce Hawai'i Partnership** - United Airlines announced that they have entered into a long-term partnership with Norwegian Cruise Line (NCL) to provide airlift to and from Hawai'i from its hubs in Denver, Los Angeles and San Francisco. The contract, which guarantees flights through December 2007, stipulates that United will set aside blocks of seats for cruise-bound passengers taking one of NCL's four Hawai'i-based trips, while NCL will use United as their primary carrier when booking an air-cruise-stay package.

- **HTA Develops First Hawai'i Arts Season Program** - The [Hawai'i Tourism Authority](#) (HTA) has been working with several cultural and arts organizations and HVCB to develop the first [Hawai'i Arts Season program](#) for Spring 2004 (February 27 - May 2). The program, which will include cultural and arts events statewide, will be promoted in the North America and Japan markets. The program aims to:
 - Consolidate existing art and cultural events into a defined time period;
 - Explore "marquee" events or "big name" attractions to generate additional publicity; and
 - Market the "season" using leisure marketing budgets and with the support of travel wholesalers.

National and International

▪ CONSUMER TRAVEL BEHAVIORS

- **National Consumer Confidence Index Tumbles in September** - After rebounding last month, the Conference Board's [Consumer Confidence Index](#) dropped five points in September to 76.8 (1985=100). The "Present Situation" index fell to 59.5 (from 62.0 in August) and the "expectations" index dropped to 88.4 (from 94.9 in August), mainly due to the lack of improvement in labor market conditions. The Conference Board notes that despite the drop in consumer confidence, consumer spending should continue at or near current levels for the next six months.
- **Airline IT Survey: North America Leads Worldwide Web Sales and E-Ticketing Trends** - Direct air ticket sales through airline branded websites accounted for 27 percent of total airline ticket sales in North America (compared to 10% worldwide) this year, according to an annual [Airline Information Technology Survey](#) conducted by SITA and *Airline Business* magazine. North American ticket sales through all online channels represented nearly 40 percent of all sales in 2003, compared to the global figure of 16 percent. Air carriers in North America led the rest of the world in the issuance of electronic tickets, which accounted for nearly 59 percent of all air tickets issued (compared to the global industry average of 15%).
- **Weekly Nielsen Net Ratings: MapQuest Garners Highest Number of Unique Visitors** - Nielsen NetRatings considered MapQuest the highest ranking travel site, garnering over 4.7 million unique visitors for the week ending August 24, 2003, according to [eMarketer](#). Expedia (2.9 million unique visitors), Travelocity (1.9 million) and Orbitz (1.9 million) ranked second, third and fourth, respectively, in the Nielsen ratings. The ratings are based on a panel of 50,000 people in the U.S. with internet access at home.

▪ CURRENT INDUSTRY DEVELOPMENTS

- **AAPA: Cruise Industry Growth Will Provoke Nationwide Port Upgrades** - In order to accommodate rapid cruise industry growth, the American Association of Port Authorities (AAPA) estimates that 56 to 70 new U.S. cruise terminals will be needed over the next 15 years, according to *Travel Management Daily*. Currently, U.S. ports are planning to roll out 14 new terminals over the next three years, but AAPA's assessment calls for an average of at least four new cruise terminals per year over the next 15 years, citing the lack of in-terminal space for federal inspection services at ports nationwide.

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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