



A Report from the Department of Business, Economic Development & Tourism

In This Issue

- New measures of tourism*
page 1
- Tourism research—
Dr. Seiji Naya,
DBEDT Director*
page 2
- Tourism in 1999 & 2000*
page 6
- Visitor expenditures*
page 10
- Seasonal visitor patterns*
page 11
- New data on returning residents*
page 12
- Historical timeline of
tourism research*
page 13
- County tourism in 1999*
page 14
- Changes in the collection
of visitor statistics*
page 16
- Selected economic indicators*
page 20

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New Measures of Tourism

This issue of *Hawaii's Economy* highlights new information on Hawaii tourism. Most of the information is from the 1999 Annual Visitor Research Report recently published by the Department's Tourism Research Branch. The annual report provides a rich collection of revised and new data on visitors to Hawaii for both 1998 and 1999. However, this issue also includes newly revised historical data for the major market areas and a partial update on tourism for 2000 by market, neither of which has been previously published.

The 1999 visitor research report is the first of this series to be issued by DBEDT since assuming responsibility for official state visitor statistics. That job was assigned to the Department in the same 1998 legislation that established the Hawaii Tourism Authority (HTA). The HTA adopted a strategic plan that targeted more specific geographic markets and placed more emphasis on increased lengths of stay and visitor spending than simply the growth in arrival numbers. The 1999 report reflects changes to the content and format of visitor data in order to support the HTA's plan. Background on the data

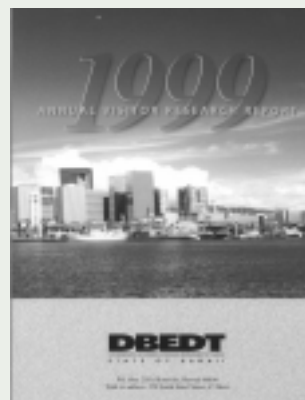
changes is presented on pages 16-19.

The following article focuses specifically on 1998-99 data presented in the 1999 Annual Research Report. Before turning to that data, however, this article looks at the major trends in tourism over the past decade, viewed through the revised and reorganized visitor statistics. These are new data, published here for the first time and are also available on the DBEDT web site at, <http://www.hawaii.gov/dbedt/monthly/historical-r.xls>.

The new organization of statistics emphasizes *visitor days*, the *average daily visitor census* and *total visitor expenditures* as the most meaningful measures of visitor activity rather than simply arrivals. The daily visitor census is the average number of

visitors actually in Hawaii on the average day in a given period.¹ Total visitor expenditures are not adjusted for the effects of inflation. The visitor-arrival measure is used in some categories where the census is not available.

continued on page 2



¹ For its purposes, the HTA monitors Total Visitor Days in Hawaii rather than the daily visitor census. Both measures represent essentially the same thing but the census is probably a more concrete and meaningful notion for those outside the industry.

Tourism Research

By Dr. Seiji Naya, Ph.D., *Director*
Department of Business, Economic Development & Tourism

This report expands on DBEDT's first annual report on visitor statistics issued recently. Since statehood, the development of tourism has been the State's largest single economic development effort. Visitor statistics have played a critical role in that development by providing a benchmark for the industry, a guide for policy makers and an indispensable tool for marketers. In 1998, the Hawaii State Legislature recognized that Hawaii needed to move beyond simply promoting tourism. It established the Hawaii Tourism Authority (HTA) to oversee future industry development and assigned DBEDT the responsibility for keeping official statistics on the industry.



Seiji Naya

Emphasis on Tourism's Value

The HTA has shifted the focus of visitor industry development from growth in the number of tourists to growth in the *value* of tourism. The Authority has targeted geographical markets and special market segments that will help increase the value of tourism.

Since 1998, DBEDT has been building a new visitor research program to provide the HTA with information that will highlight the targeted markets and focus more on the value measures of tourism, such as expenditures and total days spent in the Islands. The program, under our Research and Economic Analysis Division, has conducted a comprehensive review of previous methods and information sources. I want to thank the many people who have provided input into this new program, particularly the assistance of the HVCB's Market Research Staff, the DOT Airports Division, the State Department of Agriculture, the U.S. Customs Service and the U.S. INS. We would also like to thank the hotels, airlines and other members of the visitor industry for their strong support.

Tourism Capacity

In its overall responsibilities for state economic development, DBEDT is still very involved in the development of tourism, particularly its synergy with such emerging activities as technology, film, education, ocean resources and community development, to mention a few.

The year 2000 marked Hawaii's full recovery from the slump in tourism experienced during the early 1990s. With our yearly count of visitors at nearly 7 million, it may be appropriate to begin looking at the carrying capacity of Hawaii for tourism. We should have a better understanding of how tourism impacts on both the natural and cultural environment to ensure sustainable economic growth that will enhance our quality of life rather than detract from it.

Measuring Tourism

continued from page 1

Ten-year Trend

As Figure 1 shows, the average daily visitor census declined a bit between 1990 and 1993. The census level recovered in 1994 but remained virtually flat until 1999. Expenditures showed a somewhat similar, although more volatile trend. Visitor spending generally declined in the early 1990s, recovered in the mid 1990s, but then lost growth momentum for the rest of the 1990s.²

Domestic & International Travel

In place of the previous breakdown of visitors into "Westbound" and "Eastbound" directions of travel, revised visitor statistics now group visitors by their arrival from either *Domestic* or *International* points of origin. (see the article on page 16 about the need for this change.)

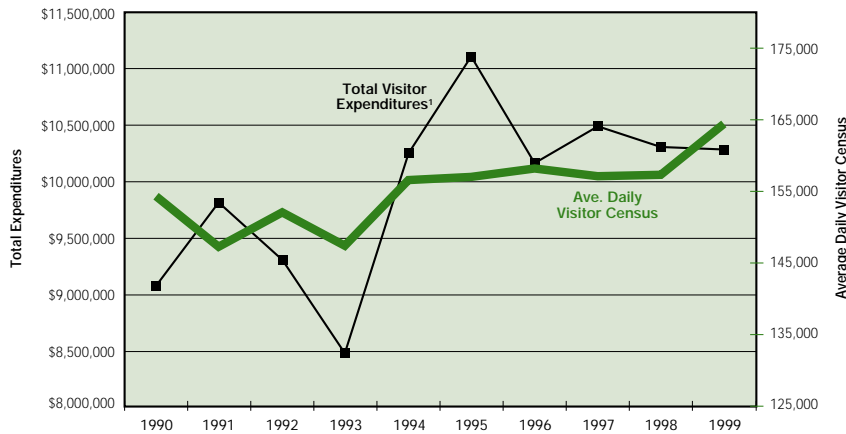
Domestic travelers are visitors arriving in Hawaii on flights from the U.S. Mainland. Domestic travel is similar to the old *westbound* category of travel except that visitors arriving from Canada are *not* included in the new domestic category as they were in the older westbound category. Likewise, the International category it is similar to the older *eastbound* concept except that visitors arriving directly from Canada are included in the new international category.

It is important to point out that like the old westbound-eastbound breakdown, the new domestic-international breakdown does not refer to the nationality or residency of visitors. It only refers to the origin of their flight into Hawaii. In fact, many European, Canadian and Latin American visitors arrive in Hawaii on flights from the U.S. Mainland and are counted as domestic visitors. Similarly, about 5 percent U.S. residents vacationing in Hawaii have arrived on international flights and are counted in the international category. (The Major Market Area data presented in the next article focuses more specifically on residency).

As Figure 2 indicates, trends in the domestic and international segments of travel were frequently at odds with one another over the 1990-99 period. The tourism downturn in the early 1990s was due almost entirely to a decline in the daily census among domestic

² Scales of the graphs have been adjusted so that the percentage changes in each measure are about the same.

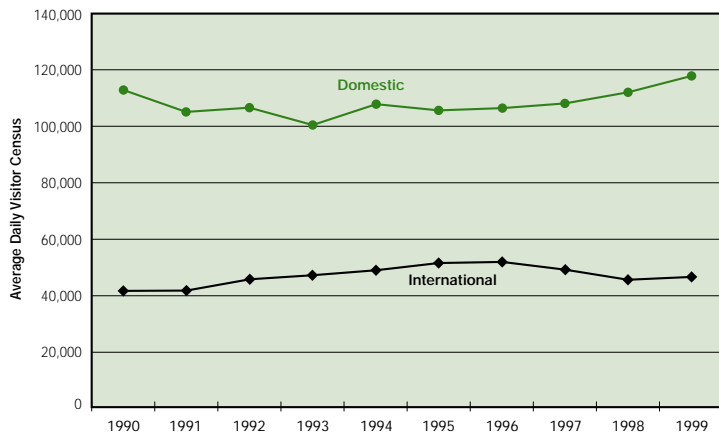
Figure 1. Visitor Expenditures and Daily Census, 1990-99



¹ Current dollars, not corrected for inflation.

Source: DBEDT

Figure 2. Domestic and International Visitors, Average Daily Census



Source: DBEDT

visitors, while for international visitors the daily census was generally increasing. The domestic decline paralleled a weak national economy and increased competition from new resorts and cruise ships for the vacation dollar. As the U.S. economy did much better in the late 1990s the domestic market improved. Likewise the International market did well until about 1996 when overseas economic conditions helped trigger a decline in the average daily census among international visitors.

Major Market Areas — The MMAs

The diverging trends in domestic and international tourism shows that different factors influence tourism depending on

visitors' origins. In order to establish a stronger link between tourism performance and the factors that cause the performance, the Hawaii Tourism Authority identified eight major geographical market areas (MMAs), which DBEDT has quantified. The three largest MMAs are the U.S. West, U.S. East and Japan.

As Figure 3 indicates these three markets comprised about 82 percent of the average daily visitor census in 1999. The other identified MMAs are Canada, Europe, Other Asia and Australia-New Zealand, which together accounted for about 12 percent of 1999 daily census. Statistics are also maintained on the residual, "rest of the world" category which accounted for the remaining 6

percent of the visitor census. (The Hawaii Convention Center has been also designated as a non-geographic major market.)

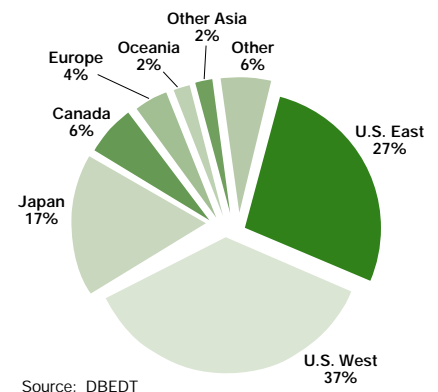
As Figure 4 shows, the two major domestic markets, U.S. East and U.S. West began the 1990s with nearly equal shares of Hawaii's overall daily visitor census. Between 1990 and 1993 both markets declined. However, the total decline for the U.S. West visitor census was 8 percent, while the U.S. East census plummeted by 24 percent. After a slight rebound in 1994, the two markets drifted more or less sideways until 1998. Since then the average census for both markets have been accelerating.

Figure 4 also shows the trend in the Japanese average daily visitor census. Clearly, the growth trend in the Japan market helped soften the overall decline in early 1990s arrivals and was the major growth engine for tourism from 1991 to 1995. This "counter-trend" in the Japan market demonstrates the importance of diversification in tourism. By the time the Japanese census began falling after 1997, the two U.S. markets had stabilized and were positioning for recovery.

The economic impact of these three markets during the 1990s was somewhat more volatile than the average daily census suggests. As Figure 5 shows, U.S. visitor expenditures declined more sharply and Japanese visitor expenditures increased more vigorously in the early 1990s than the daily census. This was the result of changes in the average daily spending by visitors. In the late 1990s the opposite effect was evident. Declines

continued on next page

Figure 3. Share of Average Daily Visitor Census by MMA, 1999



Source: DBEDT

Measuring Tourism

continued from page 3

in daily Japanese visitor spending and overall increases in U.S. daily spending were much sharper than the change in the visitor census. (Daily spending data for the individual U.S. West and U.S. East markets are not yet available for years before 1998.)

Collectively the markets of Canada, Europe, Australia-New Zealand and Other Asia declined more than 32 percent from 1992 to 1998 in terms of arrivals. From 1998 to 1999 the total for these markets increased over 6 percent, thanks to continued growth in Canadian tourism and a turn around in the Other Asia market.

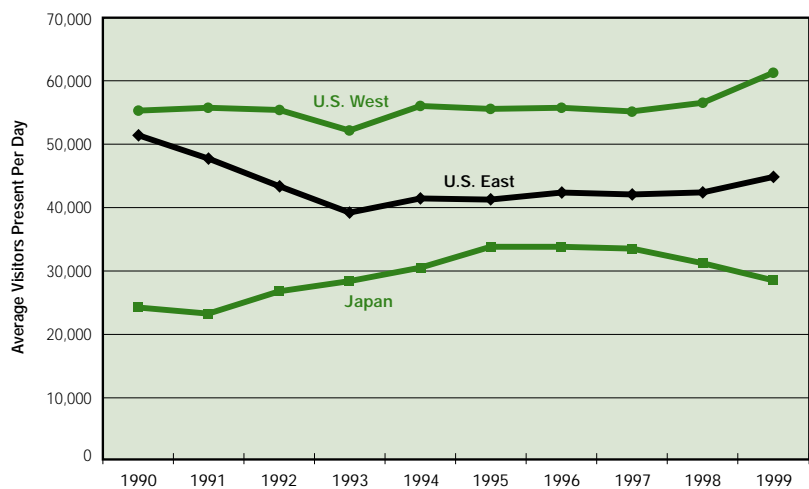
As shown in Figure 6, the average census of Australia-New Zealand visitors declined significantly over the decade, nearly 58 percent between 1990 and 1999. The slide appeared to have bottomed out for the most part in 1997.

The census of European visitors has continued to drift downwards since 1992. The Canadian market accomplished a marked turnaround in 1999 and the Other Asian market appeared to stabilize in 1999 following a two-year decline.

Historical expenditure data for all of these markets is not yet available, nor is historical visitor census information for the Latin American market.

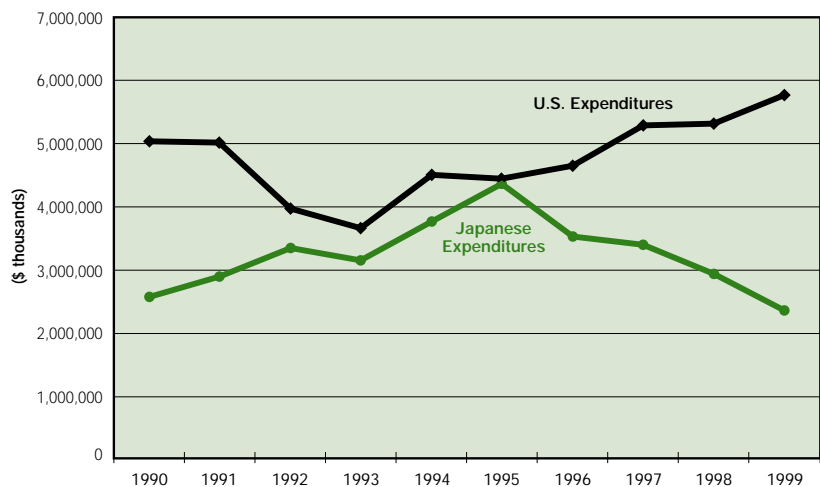


Figure 4. Average Daily Visitor Census, U.S. East, U.S. West, & Japan, 1999



Source: DBEDT

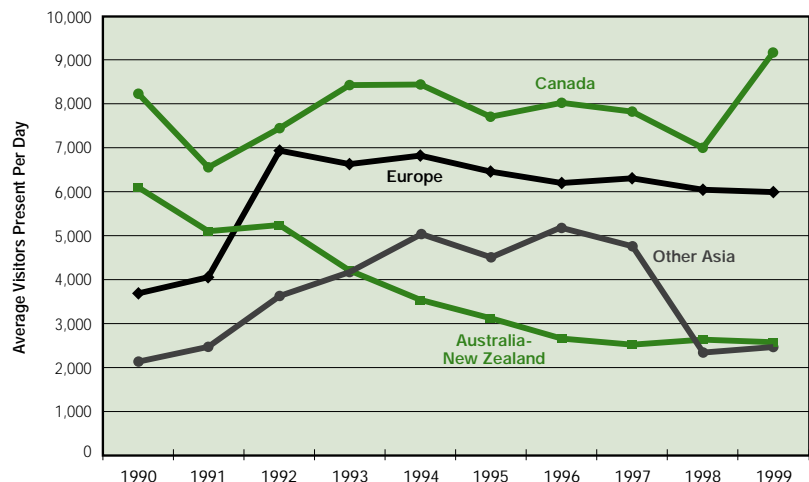
Figure 5. Visitor Expenditures U.S. and Japan Markets, 1990-99¹



¹ Excludes MCI spending.

Source: DBEDT

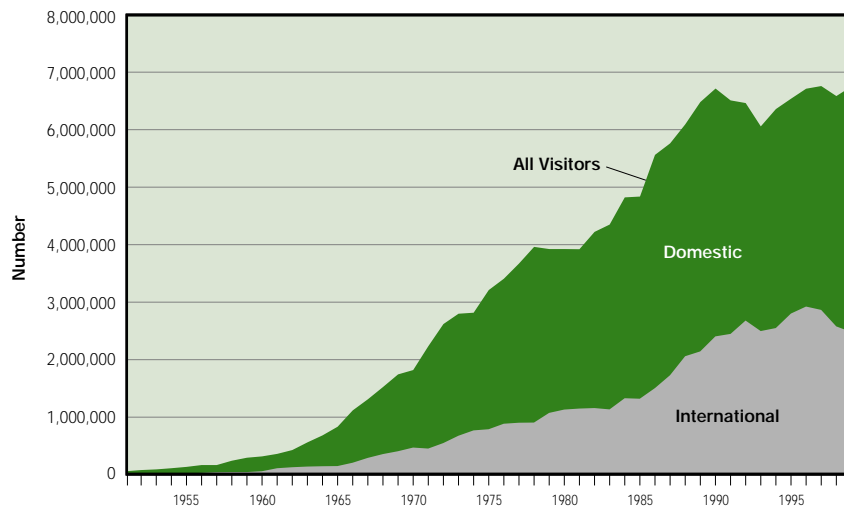
Figure 6. Average Daily Visitor Census, Other Major Markets, 1999



Source: DBEDT

Data for Domestic and International Arrivals 1951 to 1999

Visitor Arrivals 1951 to 1999



Source: DBEDT

1999 Visitor Plant Inventory

The state's inventory of visitor rooms declined slightly in 1999 (Table 2). The decline reflected an absence of new room construction and rooms taken out of service for renovation and other reasons. The only island to experience an increase in rooms was Hawaii. Very few new units were either under construction or firmly planned in 1999. The new 453 unit Kalia Tower

at the Hilton Hawaiian Village will be completed this year. However some resorts, such as Ko Olina on Oahu, have nearly all the approvals needed to begin building thousands of more units when the market is right.

The complete 1999 report on Hawaii's visitor plant inventory is available on the DBEDT web site at <http://www.hawaii.gov/dbedt/vpi/index.html>.

Table 1. Visitor Arrivals to Hawaii 1951 to 1999

Year	All Visitors	% change from prev. year	Arriving from: ¹	
			Domestic	International
1951	51,463	10.5%	45,227	6,236
1952	60,436	17.4%	51,383	9,054
1953	80,237	32.8%	67,726	12,511
1954	91,166	13.6%	77,281	13,885
1955	109,663	20.3%	91,712	17,951
1956	133,667	21.9%	102,328	31,338
1957	168,652	26.2%	126,816	41,836
1958	171,367	1.6%	128,241	43,126
1959	242,994	41.8%	196,731	46,263
1960	296,249	21.9%	235,262	60,986
1961	319,476	7.8%	208,387	111,089
1962	361,812	13.3%	231,308	130,504
1963	428,690	18.5%	287,405	141,286
1964	563,412	31.4%	419,280	144,132
1965	686,314	21.8%	539,211	147,103
1966	834,732	21.6%	629,564	205,168
1967	1,124,012	34.7%	828,849	295,163
1968	1,313,706	16.9%	952,821	360,885
1969	1,526,074	16.2%	1,121,714	404,360
1970	1,745,904	14.4%	1,273,639	472,265
1971	1,817,941	4.1%	1,363,081	454,860
1972	2,233,627	22.9%	1,682,285	551,342
1973	2,622,376	17.4%	1,942,714	679,662
1974	2,804,394	6.9%	2,036,203	768,191
1975	2,818,082	0.5%	2,028,068	790,014
1976	3,213,249	14.0%	2,327,399	885,850
1977	3,413,095	6.2%	2,508,472	904,623
1978	3,676,967	7.7%	2,766,012	910,955
1979	3,966,192	7.9%	2,888,521	1,077,671
1980	3,928,789	-0.9%	2,793,101	1,135,688
1981	3,928,906	0.0%	2,778,566	1,150,340
1982	4,227,733	7.6%	3,072,543	1,155,189
1983	4,356,317	3.0%	3,219,219	1,137,098
1984	4,827,884	10.8%	3,499,419	1,328,466
1985	4,843,414	0.3%	3,522,126	1,321,288
1986	5,569,067	15.0%	4,063,928	1,505,138
1987	5,770,585	3.6%	4,040,204	1,730,381
1988	6,101,483	5.7%	4,041,878	2,059,605
1989	6,488,422	6.3%	4,339,507	2,148,915
1990	6,723,531	3.6%	4,315,161	2,408,370
1991	6,518,460	-3.1%	4,068,508	2,449,952
1992	6,473,669	-0.7%	3,791,945	2,681,724
1993	6,070,995	-6.2%	3,570,059	2,500,936
1994	6,364,674	4.8%	3,813,279	2,551,395
1995	6,546,759	2.9%	3,743,477	2,803,285
1996	6,723,141	2.7%	3,794,122	2,929,028
1997	6,761,135	0.7%	3,890,798	2,870,337
1998	6,595,790	-2.4%	4,014,140	2,581,650
1999	6,741,037	2.2%	4,255,621	2,485,416

¹ Domestic and International referred to the origin of visitors' flights to Hawaii, not to visitor's nationality or residency.

Table 2. Visitor Plant by Island and Type, 1999

UNITS	Hotel	Condominium Hotel	Apartment Hotel	Hostel	Individual vacation unit	Bed & Breakfast	Other	Total by Island	
								Units	change from 1998
Oahu	30,641	3,905	652	209	167	35	252	35,861	-1.0%
Hawaii	7,045	2,075	0	7	331	154	203	9,815	1.7%
Kauai	3,364	3,001	0	40	304	105	58	6,872	-1.4%
Maui	8,583	7,991	58	44	327	125	554	17,682	-0.2%
Molokai	222	231	0	0	0	1	104	558	-2.1%
Lanai	363	0	0	0	3	3	0	369	0.0%
Total by Type	50,218	17,203	710	300	1,132	423	1,171	71,157	-0.5%

Table 1 summarizes key visitor statistics by Major Market Area from DBEDT's 1999 Annual Visitor Research Report. Visitors spent approximately \$10.3 billion in 1999, virtually unchanged from the previous year. Despite a 4.5 percent increase in the overall average daily visitor census, expenditures showed no growth because of an offsetting decline in average daily spending per visitor. Overall spending per visitor slipped from nearly \$180 per day in 1998 to \$171 in 1999. However, this overall result belied varied performances among the individual MMAs, ranging from superb for the Canadian market to disappointing for the Japan market.

As the tables show, the two major U.S. markets did well in terms of both the visitor census and expenditures growth in 1999. This reflects the strong U.S. economic growth for the year. On the other hand, the decline in most measures of the Japan visitor market, particularly expenditures, mirrored the uncertainty

Tourism in 1999

that prevailed in the Japanese economy at the time. Some improvement in other Asian economies in 1999 may have helped increase the overall visitor census from the Other-Asia market. However, the economic improvement was not apparently enough to prevent a decline in spending levels for that market. The Canadian market performed very well in 1999 in terms of both expenditures and visitor presence.

U.S. West

As the largest of the MMAs in terms of total expenditures (\$3.0 billion), visitor days, and visitor arrivals, the US West continued to be Hawaii's core market with healthy growth in 1999. Spending per person per day increased by 2.4 percent

to \$136. Still, that level remains among the lowest of all the MMAs. Length of stay was relatively flat at 9.71 days. Among other highlights in the U.S. West:

- Although it remains a heavy repeat market with 75 percent of visitors having visited more than once, the U.S. West also saw a sizable increase in first-time visitors (7.2%).
- As in previous years, approximately half of these visitors spent at least part of their vacation on Oahu while the other half stayed exclusively on one or more of the neighbor islands.
- Fewer U.S. West travelers came on group tours in 1999, but the use of travel packages and independent travel increased for this market.
- Only 54 percent of U.S. West visitors stayed in hotels in 1999, while nearly 30 percent stayed in condominiums.
- Convention travel from the U.S. West market increased by 17 percent over 1998, making conventions one of the

continued on page 8

Update: A Record Year for Tourism in 2000

The average daily visitor census hit a record, 169,456 in the year 2000, up 3.1 percent from 1999, according to just-released preliminary data. Total visitor arrivals also established a new record at 6,975,855, an increase of 3.5 percent over 1999.

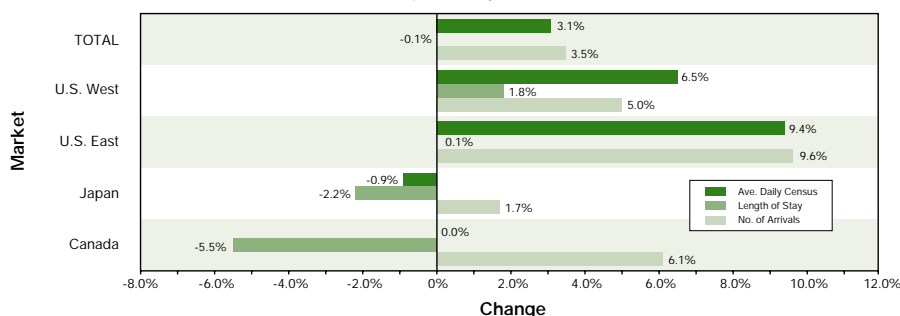
The two major U.S. markets performed exceptionally well. The U.S. West average daily census was up 6.5 percent for the year 2000, while the U.S. East census was up 9.4 percent.

Arrivals from the Japan market increased 1.7 percent in 2000. However, the average length of stay fell 2.2

percent. As a result, the average daily visitor census for Japanese visitors declined by a slight, 0.9 percent in 2000. Still, this represents the best performance in the Japan market in several years.

Canadian visitors showed an increase in arrival numbers for 2000 but did not stay as long as in 1999. Canadian visitor arrivals rose 6.1 percent for 2000. But with their average length of stay down 5.5 percent from 1999, Canadian's average daily census showed no increase over 1999.

Figure 1. Visitor Activity in Four Major Markets, 2000
(preliminary results)



Source: DBEDT

Table 1a. Selected 1999 Visitor Statistics by Major Market Areas

	All Markets	U.S. West	U.S. East	Japan	Canada	Other Asia	Australia/ New Zealand	Latin America ¹	Europe	All Other
Total Expenditures (\$mil.)²	10,280	3,041	2,735	2,359	480	174	183	29	297	546
Daily per visitor (\$)	171.30	135.70	167.00	227.30	143.10	192.70	194.20	172.80	135.40	165.70
Entire Trip per visitor (\$)	1,525	1,317	1,708	1,292	1,897	1,347	1,643	1,700	1,613	1,757
Ave. Daily Visitor Census	164,439	61,405	44,873	28,431	9,183	2,481	2,578	467	6,000	9,021
Total Arrivals (thousands)	6,741,037	2,308,836	1,601,238	1,825,588	252,777	129,564	111,205	17,305	183,868	310,656
Domestic	4,255,621	2,208,409	1,517,603	47,348	37,836	37,256	37,731	17,305	157,640	194,494
International	2,485,416	100,427	83,636	1,778,240	214,941	92,309	73,474	NA	26,228	116,162
Length of stay (days)	8.90	9.71	10.23	5.68	13.26	6.99	8.46	9.84	11.91	10.60
Average Party Size	2.10	1.96	1.83	2.64	1.89	2.73	1.96	1.81	1.72	1.71
First time visitors (%)	41.1%	24.7%	48.2%	51.5%	41.7%	71.2%	52.9%	63.8%	55.9%	37.6%
Accommodations (% staying in)										
Hotel	68.4%	53.9%	67.5%	88.6%	60.0%	79.0%	83.5%	73.1%	69.1%	59.5%
Condo	19.7%	29.4%	19.5%	10.1%	28.0%	4.9%	6.1%	12.4%	12.9%	13.6%
Cruise ship	1.3%	0.9%	3.4%	0.1%	2.1%	1.2%	0.4%	1.6%	1.0%	1.2%
Purpose of trip (%)										
Pleasure	81.1%	78.8%	74.0%	92.7%	81.1%	75.0%	87.8%	79.5%	82.0%	65.5%
Honeymoon	9.8%	4.7%	7.8%	19.5%	6.6%	14.6%	4.9%	10.2%	6.9%	5.2%
Meeting/Convention/Incentive	7.2%	6.7%	11.8%	2.7%	10.6%	10.2%	5.2%	11.2%	7.6%	10.2%
Convention	4.5%	4.4%	7.7%	1.0%	6.4%	4.1%	3.7%	7.0%	4.8%	7.1%
Other business	3.2%	4.8%	3.7%	0.4%	3.2%	4.9%	1.9%	2.6%	3.1%	5.0%

¹ Domestic visitors only. Very few Latin Americans arrive internationally and are not captured adequately in sample surveys. Their numbers are included in the "all other" category.

² Total for all markets includes \$436 million in Supplemental Business Expenditures, which is not accounted for in individual MMA totals.

Source: DBEDT

Table 1b. Selected 1999 Visitor Statistics—Percent changes from 1998

	All Markets	U.S. West	U.S. East	Japan	Canada	Other Asia	Australia/ New Zealand	Latin America	Europe	All Other
Expenditures										
Total	-0.3%	11.1%	5.6%	-19.5%	38.5%	-9.0%	-1.6%	5.9%	-29.8%	14.7%
Daily	-4.6%	2.4%	-0.1%	-11.8%	5.7%	-13.7%	0.9%	32.2%	-29.1%	8.3%
Trip	-2.4%	2.3%	-0.5%	-11.7%	27.5%	-19.6%	-5.2%	30.9%	-30.2%	10.1%
Ave. Daily Visitor Census	4.5%	8.5%	5.7%	-8.8%	31.1%	5.5%	-2.4%	-19.9%	-0.9%	5.9%
Arrivals										
Total	2.2%	8.6%	6.1%	-8.9%	8.7%	13.2%	3.8%	-19.1%	0.6%	4.1%
Domestic	6.0%	7.8%	7.3%	-18.3%	-31.7%	-2.0%	-7.8%	-19.1%	1.3%	6.8%
International	-3.7%	28.7%	-11.0%	-8.6%	21.3%	20.7%	11.0%	NA	-3.7%	-0.1%
Length of stay	2.2%	-0.1%	-0.4%	0.2%	20.6%	-6.9%	-6.0%	-1.0%	-1.5%	1.7%
Average Party Size	4.5%	1.0%	1.7%	12.3%	0.5%	36.5%	3.7%	-3.2%	0.6%	-1.2%
First time visitors	4.8%	7.2%	6.7%	2.7%	18.4%	43.5%	-16.0%	NA	1.1%	-11.0%
Accommodations (staying in)										
Hotel	1.1%	8.3%	7.0%	-8.4%	9.0%	20.1%	17.0%	NA	-0.7%	-2.8%
Condo	-1.7%	1.4%	9.8%	-18.9%	2.5%	-16.8%	-50.4%	NA	0.4%	-21.5%
Cruise ship	0.3%	-11.2%	13.5%	-47.6%	-27.4%	143.4%	201.9%	NA	-4.4%	-25.3%
Purpose of trip										
Pleasure	1.2%	8.9%	6.9%	-9.1%	10.5%	7.3%	2.5%	NA	1.1%	-8.5%
Honeymoon	11.6%	6.2%	7.7%	15.9%	-5.3%	49.1%	142.7%	NA	-6.3%	-14.6%
Meeting/Convention/Incentive	7.3%	11.6%	11.3%	-26.3%	8.8%	48.4%	272.9%	NA	-1.7%	18.5%
Convention	17.2%	17.0%	21.2%	-20.2%	12.2%	43.5%	331.2%	NA	15.4%	29.8%
Other business	3.3%	10.3%	-6.9%	-20.8%	-7.6%	1.9%	82.4%	NA	-3.1%	17.8%

Source: DBEDT

Tourism in 1999

continued from page 6

fastest growing reasons for travel to Hawaii from the market.

- U.S. West visitor arrivals tend to peak in the summer and moderate during the winter months.

Almost all of Hawaii's 2.2 million U.S. West visitors arrived from domestic points of origin. Only about 100,000 arrived from international points. California's 1.4 million visitors dominated the U.S. West visitor count at 61 percent of the Hawaii visitor market. California is also the largest single state market accounting for 32 percent of domestic visitors and 20 percent of total visitors to Hawaii for 1999. Washington and Oregon are the next largest state markets in the west with approximately 300,000 and 150,000 visitors, respectively.

U.S. East

The U.S. East showed a strong, 6.1 percent growth in arrivals in 1999. Coupled with a long, 10-day-plus length of stay and relatively high expenditures per day (\$167 per visitor) the growth pushed the U.S. East market past Japan and into second place for total expenditures in Hawaii at \$2.7 billion. In addition:

- Growth in U.S. East convention travel was especially high, up 21.2 percent from 1998.
- Nearly half of U.S. East visitors were first-timers in 1999. Moreover, the 6.7-percent rate of growth for U.S. East first time visitors was faster than for repeat visitors (5.6%).
- The increase in U.S. East visitors was felt on all islands, but particularly on the neighbor islands. Nevertheless, Oahu still hosted more than 60 percent of U.S. East visitors.
- U.S. East visitors were more likely than their U.S. West counterparts to stay at hotels.
- U.S. East visitors are more or less evenly spaced throughout the year except for slightly higher proportions in the winter and summer months.

The U.S. East's 1.6 million visitors were also predominantly from domestic points of origin, with only about 83,000

arriving on international flights. The largest state sub-markets in the U.S. East were Texas, Illinois, and New York, which sent more than 100,000 visitors each in 1999.

Japan

Total Japanese visitor expenditures were \$2.4 billion in 1999, a decline of nearly 20 percent from 1998. A fall in both arrivals and daily visitor spending caused the overall spending decline. The length of stay for this market held steady at 5.68 days. With the decline, Japan slipped to third largest among the MMAs in terms of total expenditures. However, the Japanese were still the highest spenders per day at \$227 per visitor. In addition:

- A decline in repeat visitors pushed the share of first time visitors to 51.5 percent of the Japan market.
- Oahu was visited by nearly all Japanese visitors (96%) and was the only island visited for 73 percent of them.
- More Japanese visitors came on group/package tours and fewer were independent.
- Close to 90 percent of Japanese visitors stayed in hotels.
- A full 20 percent of Japanese visitors came for a wedding or honeymoon. This was a 16 percent increase over 1998.
- July, August, and September are the most popular months for Japanese visits.

Of the 1.8 million Japanese visitors to Hawaii, fewer than 50,000 arrived from domestic points of origin. Of those arriving on international flights, 70 percent were from three central Japan regions, Kanto (which includes Tokyo), Kinki (including Kyoto and Osaka) and Chubu (including Nagoya).

In contrast to the 8.9 percent decline in Japanese visitors to Hawaii in 1999, outbound, overseas travel from Japan increased 3.5 percent, according to the Pacific Asia Travel Association (PATA). However, Hawaii was not alone in experiencing a decline in Japanese tourism. Travel from Japan also declined for the United States as a whole and for

Europe in 1999. Instead, the growth in the outbound Japanese market favored Korea and China, both of which experienced substantial increases. Still, Hawaii's share of the total outbound Japanese market remains at an impressive 11.2 percent, according to PATA data.

Canada

Tourism from Canadian in 1999 was exceptional. Arrivals alone increased nearly 9 percent. But an increase in average length of stay by more than two full days and nearly 6 percent more spending per person per day, drove up total expenditures in this market by nearly 40 percent in 1999 to \$480 million.

A driving force the overall increase in the Canadian market for 1999 was the first-time-visitor segment, which registered an 18.4 percent increase from 1998 and accounting for 42 percent of Canadian arrivals.

- True independents made up the largest component of these visitors.
- In contrast to the Japan market, more than 70 percent of Canadian visitors go to at least one neighbor island. About as many Canadians go to Maui as Oahu.
- About 60 percent of Canadians stayed in hotels, with slightly less than 30 percent staying in condominiums.
- The Canadian visitor market is very seasonal. This is especially true for Canadians flying direct from Canada or from other international destinations. Hawaii sees relatively few Canadians from May through September.
- While most Canadians fly into Hawaii directly from Canada or from other international destinations, a fair share (nearly 15 percent) fly to Hawaii from U.S. cities.

According to PATA, there was a 4 percent increase in outbound travel by Canadian residents in 1999. Hawaii's 8.7 percent increase was considerably better than that. However, the state's share of the outbound Canadian market is less than 2 percent.

Europe

Arrivals from Europe increased a slight 0.6 percent in 1999. However, a sharp decline in spending per person per day brought total expenditures in this market down by nearly 30 percent to \$297 million. Europeans' spending per day fell from one of the highest in 1998 (\$191.10) to the lowest of the major markets at \$135.40 in 1999. The length of stay for Europeans also dropped slightly still but remained high at nearly 12 days.

- The majority of Europeans are first time visitors, but a surprising 44 percent are repeat visitors with an average of two previous trips.
- Many Europeans make their travel arrangements independently, though a significant number purchase packages for at least their air and hotel arrangements.
- Nearly 65 percent of Europeans visit Oahu. Maui is the next most popular destination, capturing 42 percent of European visitors.
- Europeans primarily come to Hawaii for pleasure, but those coming for conventions increased 15 percent in 1999.
- Approximately 70 percent of European visitors stay at hotels.
- August, September, and October are the most popular months for Europeans (especially those from the United Kingdom and Germany).
- The bulk of Europeans arrive from U.S. cities. Germany and the United Kingdom make up 80 percent of the visitors from the Europe MMA.

Australia and New Zealand

Arrivals increased nearly 4 percent from Australia and New Zealand (or Oceania) in 1999, but the average length

of stay declined by nearly a half-day. As a result, overall expenditures by visitors from this market declined 2 percent to \$183 million. On the other hand, average daily spending per visitor for this market edged up about 1 percent in 1999 to \$194, making it the second highest market for per-day spending.

- The share of first time visitors from this market dropped dramatically in 1999, although first timers are still in the majority.
- More than 85 percent of visitors from this region visited Oahu, but neighbor island travel become more popular.
- The bulk of travelers from this market stayed in hotels.
- Most visitors came for pleasure, with sharp increases in honeymoons, and all types of business travel.
- June through October was the most popular period for travel to Hawaii.
- Most Australian and New Zealand visitors came from international cities. Approximately 70 percent of this market are Australian residents.

The 4 percent increase in Australia/New Zealand visitors to Hawaii in 1999 exceeded the 3 percent rate of total outbound travel from that market to all destinations according to PATA figures. While this represents a slight increase in Hawaii's share of this market, that share remains at a relatively low 3 percent. On the other hand, Hawaii accounts for a more robust, 18 percent share of Australians and 36 percent of New Zealanders traveling just to the Americas.

Other Asia

Expenditures from the MMA representing the rest of Asia declined 9 percent in 1999 to \$175 million. The positive news

from this MMA was a 13 percent increase in arrivals. However, a sharp drop in average daily visitor spending and average length of stay more than offset the gain in arrivals.

- The number of first-time visitors increased 44 percent while the number of repeat visitors declined. This boosted the share of first-time visitors to 71 percent for this MMA.
- Group tours and package trips were the most common form of travel for this group.
- Most of the visitors from this region visited Oahu on their trip to Hawaii, but travel to Maui and the Big Island also showed some growth.
- Hotels are by far the most prevalent type of accommodation for the Other-Asian market.
- Honeymoon/weddings and meetings, conventions and incentives showed the largest increases, but the bulk of travelers came for pleasure.

Not surprisingly, most visitors from the Other Asia market arrive from the international sector and that group increased sharply in 1999. However a surprising 29 percent of the visitors from Other Asia arrived in Hawaii from a domestic U.S. point of origin. The largest number of visitors in this market came from Taiwan (42,703). Korea was in second place (39,263).

According to PATA data, the 19 million, total outbound travelers from the Other-Asia MMA in 1999 represented a 12.7 percent increase from 1998. (PATA data excludes China for which data were not available.) Hawaii accounted for a very small share of this travel, the bulk of which takes place within the region.

Visitor Arrivals on Foreign Cruise Ships, 1999

Ports visited	Visitors ¹				Number of ship arrivals
	Number	Percent change from 1998	Average length of stay (days) ²	Ave. daily visitor census	
<i>State total</i>	44,755	9.3%	6.8	833	41
Oahu	44,716	11.6%	-	-	-
Maui ³	41,840	26.4%	-	-	-
Kauai ³	39,095	-1.3%	-	-	-
Hawaii	42,219	4.7%	-	-	-

¹ The total number of visitors who utilized a cruise ship package was considerably more than the numbers above because many arrived first by plane rather than on board the ship.

² On cruise ship only. Many visitors spent additional days in land based accommodations before or after the cruise.

³ Estimated by DBEDT.

Source: Hawaii Department of Transportation, DBEDT



Total Expenditures

Total expenditures by visitors in Hawaii during 1999 were just under \$10.3 billion, about the same as in 1998. Figure 1 shows how the MMAs contributed to total expenditures for 1999.

The U.S. West was the largest market in terms of expenditures, accounting for 30 percent of the total. A sharp decline in Japanese expenditures dropped it into third place behind the U.S. East market. The three top MMA's accounted for 79 percent of all expenditures in the visitor industry for 1999.

Figure 2 shows that the best performing markets in terms of expenditures in 1999 were Canada and the U.S. West. On the other hand, expenditures were held back by declining expenditures from Europe, Other Asia and Oceania (Australia & New Zealand), in addition to Japan.

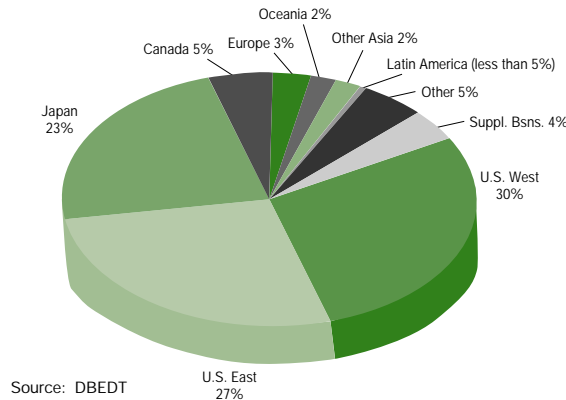
Table 1 shows visitor expenditures broken down by markets and categories for 1999. While total spending changed little from 1998, spending per day by visitors declined nearly 5 percent to \$171 in 1999. Average spending per visitor over their entire stay in Hawaii declined a little over 2 percent. One significant area of growth in spending for 1999 was in supplemental business expenditures, which increased by 9.2 percent from 1998. This paralleled an 11 percent increase in visitor arrivals within the meeting/convention and business travel categories for 1999.

A breakdown of total expenditures by category of spending is shown in Table 2.

Due to necessary changes in methods, not all categories of spending are directly comparable between 1998 and 1999. In particular, entertainment, transportation and "all other" spending are not comparable. For categories that are reasonably comparable, declines between 1998 and 1999 occurred in expenditures for food and beverage (-3.4%), shopping (-0.6%). On the other hand, increases occurred in communications (9.6%), personal services (15.2%) and lodging (1.8%). Lodging accounted for nearly a third of total visitor expenditures, not counting the supplemental business component.

Visitor Expenditures

Figure 1. Visitor Expenditures, 1999



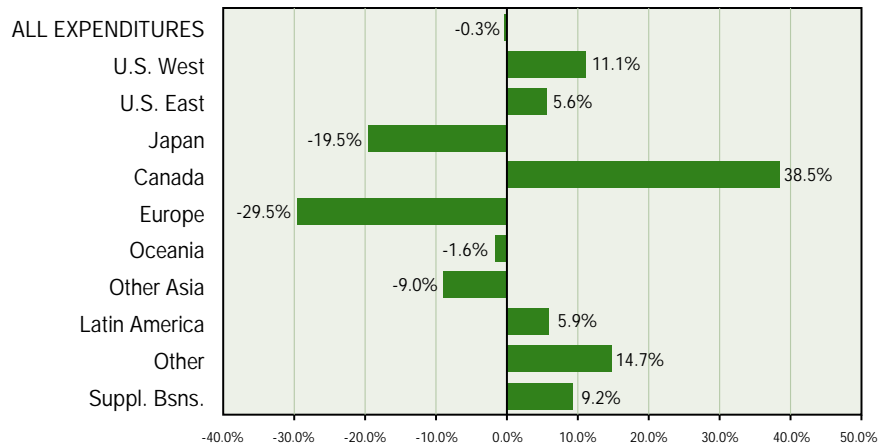
Source: DBEDT

Technical Notes

- Lodging expenditures from visitor surveys are higher than total revenues based on the transient accommodations tax. This is mainly because lodging expenditures reported by visitors include taxes and tips, and may also include other purchases at the hotel. It also includes payments for short-term rent of apartment and houses that may not be covered by the TAT.
- There is another factor that may have resulted in higher reported lodging expenditures. Expenditures on lodging, like all other categories of spending are estimated by surveying a sample of visitors and ascribing their spending patterns to the larger population of

continued on next page

Figure 2. Visitor Expenditure Changes 1998-99



Source: DBEDT

Table 1. Selected Expenditure Data 1999

By Selected Market	All Visitor Expenditures		Average Daily Visitor Spending		Average Spending Per Trip Per Visitor	
	(\$billions)	change from 1998	(dollars)	change from 1998	(dollars)	change from 1998
All Markets	10,279.7	-0.3%	171.30	-4.6%	1,524.9	-2.4%
U.S. West	3,040.9	11.1%	135.70	2.4%	1,317.1	2.3%
U.S. East	2,735.4	5.6%	167.00	-0.1%	1,708.3	-0.5%
Japan	2,359.2	-19.5%	227.30	-11.8%	1,292.3	-11.7%
Canada	479.6	38.5%	143.10	5.7%	1,897.2	27.5%
Europe	296.5	-29.8%	135.40	-29.1%	1,612.7	-30.2%
Oceania	182.7	-1.6%	194.20	0.9%	1,643.2	-5.2%
Other Asia	174.5	-9.0%	192.70	-13.7%	1,346.8	-19.6%
Latin America	29.4	5.9%	172.80	32.2%	1,700.3	30.9%
All Other	545.8	14.7%	165.70	8.3%	1,756.8	10.1%
Supplemental business	435.7	9.2%	NA	NA	NA	NA

Source: DBEDT

Table 2. Visitor Expenditures by Category, 1999

Category	Expenditures (\$billions)	Percent of total expenditures ²
Total Food & Beverage	1,909.8	19.4%
Food at restaurant	1,235.7	12.6%
Total Entertainment ¹	642.3	6.5%
Total Transportation ¹	962.5	9.8%
Total Shopping	2,291.4	23.3%
Total Fashion	1,427.3	14.5%
Clothing	642.1	6.5%
Total Agriculture	137.5	1.4%
Total Souvenirs	475.2	4.8%
Total Other shopping	251.5	2.6%
Communications	40.7	0.4%
Personal Services	84.4	0.9%
Lodging	3,093.5	31.4%
All Other/Miscellaneous ¹	819.4	8.3%

¹ Prior to 1999, the value of inter-island tour packages purchased after arriving in Hawaii by international visitors was reallocated, mainly to entertainment and transportation. Due to methodological considerations the value of these packages has not been reallocated at this time for 1999 and rather is contained in the "All Other/Miscellaneous" category.

² Before the addition of supplemental business expenditures.

visitors, adjusting for as many sub-categories as the survey permits. This means that the lodging expenditures of surveyed visitors staying in a particular type of accommodation will be ascribed more or less to all visitors staying in that type of accommodation. However, visitors utilizing timeshare units for which there is usually no rental expenditure involved most likely reported their accommodations as a condominium unit. This means that lodging expenditures have been historically overstated somewhat by the number of these timeshare visitors. However, new surveys for 2000 have included timeshare as an option and should address this overstatement in the future.

• For both 1998 and 1999, total expenditures take into account the 16 percent of domestic and 9 percent of

international visitors who do not stay at hotels during their stay in Hawaii.

• Due to a methodological change in 1999, some of the data are not comparable across categories between 1998 and 1999. In particular, tour packages purchased in Hawaii were not allocated across categories and now appear in the miscellaneous category. Thus, the miscellaneous category is relatively high in 1999 as compared to 1998 while other categories, including entertainment and transportation are relatively low. This change is significantly more important in Japanese expenditures where tours are more widely used. Also, subcategories in shopping may have been affected by the inclusion of an "Other Shopping" subcategory in 1999.

Seasonal Visitation Patterns

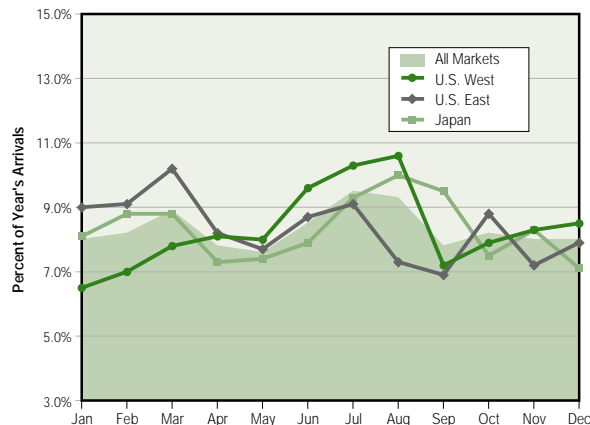
Seasonal variations in tourism to Hawaii are clear in the data but not extreme in magnitude. The summer months tend to see the highest levels of visitor activity, while the autumn months tend to be a period of slower visitor activity. July was the busiest but only by about 15 percent over the average month. September was likewise the softest month but within about 6 percent of the average month. Three peak points mark the year —

March, July and December.

As Figure 1 shows, the seasonal patterns of the three major MMAs — U.S. West, U.S. East and Japan, vary from the average but have, for the most part, a similar seasonal highs and lows. All markets peak during the summer and experience low periods in the spring and autumn. In that sense these markets tend to reinforce, rather than counter the overall seasonal pattern.

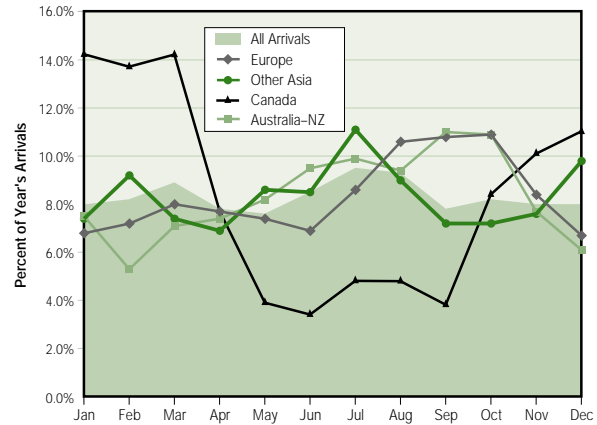
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Figure 1. Seasonal Distribution of Arrivals, Top Three MMAs & All Arrivals, 1999



Source: DBEDT

Figure 2. Seasonal Distribution of Arrivals, Smallest four MMAs, 1999

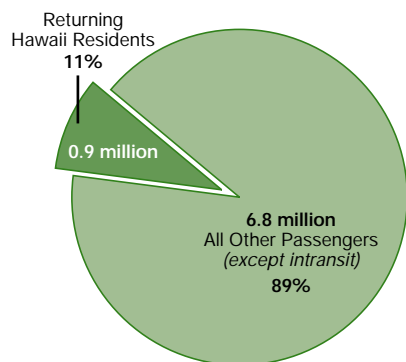


Source: DBEDT

A byproduct of research into visitor travel is better information about the out-of-state travel patterns of Hawaii residents. According to information from the domestic, in-flight survey and international travel information from the U.S. Customs and U.S. Immigration and Naturalization Service, Hawaii residents made approximately 940,000 trips overseas in 1999. This means that Hawaii resident travel accounts for 11 percent of the 7.7 million air passengers destined for Hawaii in 1999 (Figure 1). There were nearly three out-of-state trips for every 4 residents in 1999.

Of course, many residents take more than one trip outside the state in a year's time. Therefore, the number of trips compiled here is probably much higher than the actual number of individual

Figure 1. Hawaii Resident Share of Inbound Passengers, 1999
Total Passengers: 7.7 million¹



¹ Excluding Intransit passengers destined for points beyond Hawaii.

Returning Residents

residents who traveled overseas in 1999.

Not surprisingly, the bulk of Hawaii trips overseas — about 86 percent — were to the U.S. Mainland. Still, the international trips taken by residents amounted to a substantial 134,300. This is an average of one international trip for every nine residents.

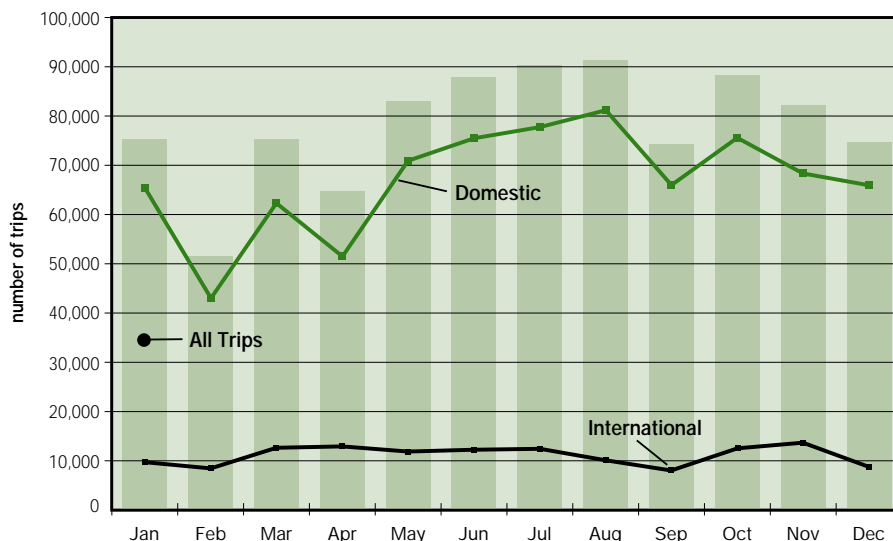
The seasonal pattern for resident travel

is similar to overall tourism to Hawaii in that most trips are in the summer months, with fewer trips in the spring and autumn. However, as Figure 2 shows, October was an above average month for resident travel. Also, winter travel was not a particularly heavy travel period for residents.

Domestic travel by residents was more seasonal than international travel. Interestingly, the peak month for international resident travel in 1999 was November.

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Figure 2. Returning Hawaii Residents by Month, 1999



Source: DBEDT

Monthly Visitation Patterns

continued from page 11

Figure 2 charts the seasonal trends of the four smaller markets. There is more variation in the seasonal patterns among these markets particularly for Canada. The pattern for the Canadian market is nearly opposite the overall market pattern, with the strongest periods being late autumn and winter and the weakest periods in the summer months. The other markets tend to be weaker than average in the winter and spring but stronger than average in the late summer and the autumn.

One of Hawaii's tourism goals is to fill in the seasonal valleys of visitor demand. This would have the advantage of maintaining more stable employment levels throughout the year and making better use of the hotel inventory during these periods. The data indicate that a strategy of promoting conventions and other activities in the autumn and spring could help buoy these softer periods and better utilize our visitor infrastructure.

Tourism Research Timeline

1903: Hawaii Promotion Committee (HPC) established.

1911 (about): HPC begins compilation of 1st-class ship passenger statistics.

1915: Passenger arrivals begin to separate passengers coming specifically to Hawaii from in-transit passengers just passing through.

1919: The HPC is reorganized into the Hawaii Tourist Bureau (HTB)

1920 (about): HTB begins monthly and annual reports. The reports are based on a new basic data program initiated for the systematic collection, tabulation, and presentation of passenger statistics; probably developed by George T. Armitage, HTB executive secretary.

1921: Passenger statistics are refined to distinguish between tourists and residents.

1928: Visitor arrivals are supplemented by a survey of tourist expenditures, which reveals that approximately \$10 million is being spent in the Territory of Hawaii by tourists.

1936: The first transpacific passenger flights to the Islands begin. Statistical reports do not initially distinguish between air and ship travel. Data from the Board of Harbor Commissioners and Hawaii Aeronautics Commission reveals that air passengers in 1941 accounted for less than 1% of the combined air and surface travel.

1942-1944: The HTB is suspended on June 30, 1942 as a result of World War II. Reopened in October of 1944 and in 1945 is renamed the Hawaii Visitors Bureau (HVB).

1950: The HVB forms a Research Committee to direct the collection, dissemination and improvement of visitor statistics, with John Child & Co. serving as its primary data consultant. The Basic Data Survey (BDS) and Visitor Reaction-Expenditure Survey efforts begin.

1951: The use of "eastbound" and "westbound" classifications of visitors begins.

1964: The annual Visitor Plant Inventory (VPI) survey program begins.

1974: The frequency of the Visitor Expenditure Report (VER) is increased to triennial and in 1986 becomes an annual publication.

1977: A Japanese Visitor Expenditure Survey effort is begun. The basic data survey now consists of samples of flights arriving from the U.S. Mainland and (until 1982) via Western Airline flights from Vancouver, B.C. Eastbound visitor estimates are based solely on carrier reports of disembarking and transiting passengers.

1982: Definition of "visitors" refined to include non-residents staying at least overnight in Hawaii.

1989: The Visitor Expenditure Report adds an additional category for the estimation of business expenditures related to meetings, conventions and incentive travel (MCI). Greater use of randomized sampling is used. Immigration and Naturalization Service (INS) reports become the basis for eastbound visitor counts and country of origin.

1991: New basic data survey design is implemented that can be optically scanned. This makes it feasible to increase survey-form sampling to 100 percent.

1998: Act 156 transfers the official state visitor statistics program to DBEDT.

1999-2000: A complete review, refinement and expansion of visitor statistics methodology is undertaken, culminating in DBEDT's first visitor research report in November 2000. Domestic and International visitor classifications replace the eastbound-westbound scheme. Eight Major geographical market areas are defined and quantified for marketing purposes.

By county, roughly 79 percent of all overseas trips in 1999 were taken by Oahu residents. As indicated in Table 1, The Neighbor Islands accounted collectively for about 21 percent of overseas trips. Oahu residents accounted for all but 15 percent of international trips taken by Hawaii residents in 1999.

Table 1. Hawaii Resident Trips by County, 1999

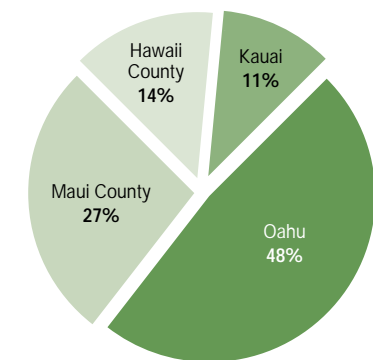
	Number of trips			Percent of total		
	Domestic	International	Total	Domestic	International	All trips
State	805,315	134,307	939,622	100.0%	100.0%	100.0%
Oahu	624,819	114,612	739,432	77.6%	85.3%	78.7%
Hawaii	78,789	7,091	85,881	9.8%	5.3%	9.1%
Kauai	31,583	2,555	34,137	3.9%	1.9%	3.6%
Maui County	66,346	7,940	74,286	8.2%	5.9%	7.9%
County unknown	3,777	2,109	5,886	0.5%	1.6%	0.6%

City & County of Honolulu

Oahu experienced a nearly 10 percent increase in its average daily visitor census for 1999. The county's daily census averaged 79,500, which amounted to 48 percent of the average daily visitor census for the state as a whole. The international visitor census increased 12 percent while the domestic census was up 8 percent. The number of international visitor *arrivals* to Oahu in 1999 actually declined by 7 percent, but was more than offset by a 21-percent increase the average length of stay — nearly an entire extra day. Domestic visitors posted a 6 percent increase in arrivals and a 2 percent increase in the average length of stay.

International visitors accounted for about 42 percent the total average visitor census in 1999. Oahu has the highest proportion of international visitors per day among the counties and alternatively, the lowest proportion of domestic visitors. The average length of stay for Oahu visitors was 6.4 days in 1999, compared with a statewide average length of stay of 8.9 days.

Figure 1. County share of State Daily Visitor Census, 1999



Source: DBEDT

Maui County

Total average visitor census for Maui County (including the islands of Maui, Molokai and Lanai) increased nearly 3 percent 1999. The County's visitor census averaged 43,992 in 1999. This represented 27 percent of the average statewide census for the year. A 5 percent increase in the domestic visitor census offset a 10 percent decline in the interna-

Summary of County Tourism in 1999

tional visitor census to result in the moderate gain.

Domestic visitors made up more than 85 percent of the overall visitor census on Maui in 1999. The average length of visitor stay in Maui county was 6.8 days. While this was about the same as in 1998, it continued

Table 1. Selected County Visitor Characteristics, 1999

	C&C of Honolulu	Maui	Hawaii	Kauai	State ¹
Total Visitor Days	29,016,511	16,057,004	8,298,758	6,647,963	60,020,237
Total Arrivals	4,560,142	2,347,002	1,307,720	1,089,289	6,741,037
Domestic	2,347,040	1,866,531	942,359	929,657	4,255,621
International	2,213,101	480,471	365,361	159,632	2,485,416
First time visitors	2,098,529	960,971	501,584	441,439	2,769,507
Ave. length of stay	6.4	6.7	6.4	6.1	8.9
Ave. party size	2.1	2.1	2.1	2.0	2.1
Ave. number of trips ²	3.8	4.0	4.3	3.9	4.1
<i>Primary purpose of trip</i>					
Pleasure	3,658,182	1,973,905	1,051,301	930,597	5,464,560
Honeymoon	503,726	232,905	97,340	103,232	661,767
Business & meetings	420,427	255,030	154,656	96,866	700,385
Visit Friends/Relatives	296,182	99,939	80,904	52,687	406,468
<i>Accommodations</i>					
Hotel stay only	3,199,939	1,319,829	729,286	543,461	4,286,278
Condo stay only	422,107	552,771	190,919	233,107	1,115,262
Cruise Ship	79,719	71,666	67,009	64,432	89,971
Friends-Relatives	388,378	143,360	120,787	78,779	551,572

¹ In many categories, statewide totals are less than the sum of the counties because visitors may spend time in two or more counties while being counted only once at the state level.

² Trips to Hawaii including the current trip.

Source: DBEDT

Table 2. Average Daily Census by County, 1999

	Total	Domestic		International	
		number	% of county total	number	% of county total
State	164,439	117,998	71.8%	46,441	28.2%
Oahu	79,498	45,755	57.6%	33,743	42.4%
Maui	43,992	37,489	85.2%	6,503	14.8%
Kauai	18,213	16,579	91.0%	1,634	9.0%
Hawaii	22,736	18,175	79.9%	4,561	20.1%

Source: DBEDT

Table 3. County Average Daily Visitor Census, 1990 to 1999

Year	State	Oahu	Maui county	Big Island	Kauai
1990	154,517	82,783	37,657	16,698	17,378
1991	147,323	75,008	37,060	17,535	17,720
1992	152,249	77,785	41,740	19,244	13,479
1993	147,498	78,108	42,132	18,974	8,283
1994	156,630	81,526	42,933	18,902	13,268
1995	157,098	81,362	42,751	18,547	14,439
1996	158,297	80,833	42,608	19,285	15,572
1997	157,187	76,150	43,383	21,656	15,999
1998	157,388	72,624	42,862	23,992	17,909
1999	164,439	79,498	43,992	22,736	18,213
percent change from previous year					
1991	-4.7%	-9.4%	-1.6%	5.0%	2.0%
1992	3.3%	3.7%	12.6%	9.7%	-23.9%
1993	-3.1%	0.4%	0.9%	-1.4%	-38.6%
1994	6.2%	4.4%	1.9%	-0.4%	60.2%
1995	0.3%	-0.2%	-0.4%	-1.9%	8.8%
1996	0.8%	-0.7%	-0.3%	4.0%	7.8%
1997	-0.7%	-5.8%	1.8%	12.3%	2.7%
1998	0.1%	-4.6%	-1.2%	10.8%	11.9%
1999	4.5%	9.5%	2.6%	-5.2%	1.7%

Source: DBEDT

to be the longest average stay for any county.

Hawaii County

After posting strong gains in 1998, the average visitor census in the County of Hawaii fell 5 percent in 1999. Hawaii County's daily census averaged 22,736, representing about 14 percent of the statewide census. The average lengths of stay for both domestic and international visitors declined. The overall average length of stay on the Big Island was 6.4 days in 1999, about the same as for Oahu.

Domestic visitors made up just under 80 percent of the Island's average visitor census for the year. As large as this proportion seems, it was the lowest among the Neighbor Island counties. The only increasing category was a 1.7-percent increase in domestic arrivals.

Kauai County

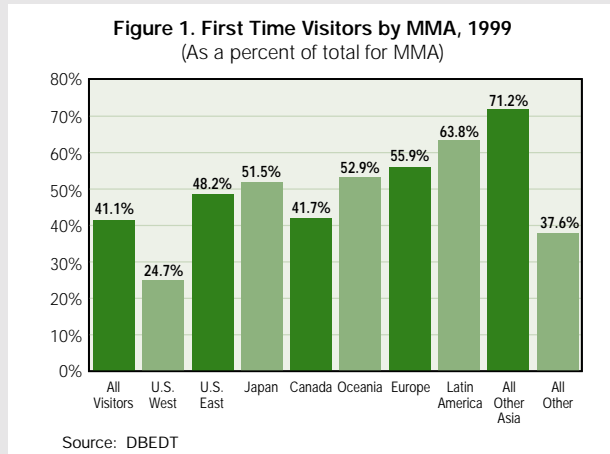
The average visitor census on Kauai increased about 2 percent in 1999. The average daily census was 18,214, about 11 percent of the statewide census. There was a robust, 9 percent increase in

the domestic visitor census in 1999. However, most of the domestic gain was cancelled out by a 38 percent decline in the international visitor census.

The drop in international visitors came largely from declines in the Japanese and Canadian markets. As a result, Kauai's dependence on the domestic market increased to 91 percent of the daily visitor census, the highest level of dependency on this market segment among the counties. The average length of stay on Kauai was 6.1 days, the lowest among the counties.

First-Time and Repeat Visitors

As Hawaii has matured as destination, fewer annual visitors are on their first trip to the Islands. Many are on their second, third or even fourth trip. As Figure 1 indicates, on average only about 41 percent of Hawaii's visitors were on their first vacation to the Islands in 1999.

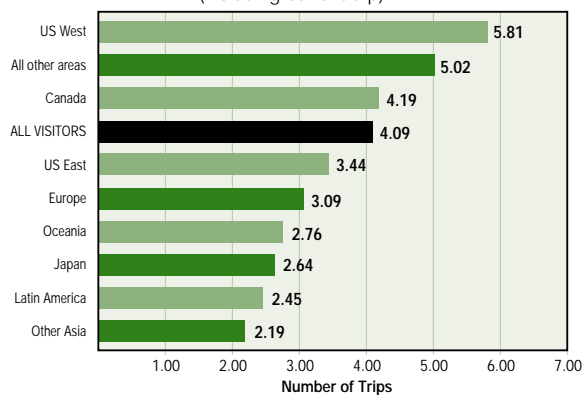


The proportion of first-time visitors varied considerably by MMA. In the U.S. West market fewer than 25 percent of visitors were here for the first time. A much higher, 48 percent of U.S. East visitors were first timers. On the other hand most international markets including Japan, Oceania, Other Asia, Europe and Latin America, were composed primarily of first time visitors.

Figure 2 shows the average number of trips made to Hawaii by visitors from the MMAs, including the current trip. On average, visitors had been on about three previous trips to Hawaii *before* the current one. For the U.S. West market the number of previous trips was close to five.

Even among the MMAs where first timers were the

Figure 2. Average Number of Trips to Hawaii, 1999
(including current trip)



dominant part of the market, the average number of trips to Hawaii, including the current one, was more than two.

One of the differences between first-time and repeat visitors in 1999 was their spending. Among visitors staying in hotels and condominiums, first-timers in most MMAs spent less per day on average than did repeat visitors (Table 1). This is mainly due to the greater proportion of repeat visitors staying on the neighbor islands where room rates tend to be higher. Among domestic U.S. visitors the difference was marginal — \$163.13 per day for repeaters compared with \$162.91 for first timers. In other markets the difference was more significant. Repeat international travelers from Australia-New Zealand, for instance, spent about \$243 per day compared with \$189 per day for first timers in that market.

The most notable exception to this pattern was the Japan MMA. Japanese first time visitors from the interna-

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Changes in the Collection of Visitor Statistics

The past two years have been a period of change for the collection and presentation of visitor statistics. Most of the changes stem from the passage of Act 156 of the 1998 Hawaii State Legislature. This Act established the Hawaii Tourism Authority (HTA) and made DBEDT responsible for the collection and presentation of visitor statistics.

The HTA was assigned responsibility for developing and implementing a strategic marketing plan for tourism. The result of HTA's effort was a plan that designated eight geographically-based, major market areas (MMA's) and the Hawaii Convention Center upon which visitor marketing efforts would be focused (see box on page 19).

In order to implement the HTA's marketing plan, more specific information on visitors from the MMAs was needed. Building on the visitor statistics work that spanned many decades by the Hawaii Visitors and Convention Bureau (HVCB), DBEDT undertook an extensive review of visitor data sources and methodology. Some new sources of statistics were developed and refinements in the methodology and presentation of data were made in order to provide the HTA with information

about its targeted markets. The process included extensive consultation with researchers and other users of visitor statistics. This review and refinement process has resulted in a more comprehensive array of visitor statistics. It has also necessitated some changes in the way visitor statistics are compiled and presented.

One difference most users of the statistics will notice is that visitors are now summarized using the categories of *Domestic* and *International* arrivals instead of the previous *Eastbound-Westbound* categories. A second difference is the organization of detailed visitor characteristics around the newly defined Major Market Areas. But there are a number of other changes that users may be interested in. The following sections clarify these changes.

Domestic-International vs. Eastbound-Westbound

For many decades users of visitor statistics have become accustomed to seeing the tourism market broken down into two major segments, eastbound and west-

continued on next page

First-Time and Repeat Visitors

continued from page 15

tional sector outspent their repeat counterparts by about \$13 dollars per day. First time Japanese visitors coming from the mainland U.S. also outspent repeat visitors in the same direction; by about \$6 per day.

There are indications that, in total, repeat visitors spend somewhat less than first time visitors because a higher proportion of repeaters stay with friends and relatives. This reduces spending on accommodations by this group and also causes them to be less accessible for expenditure surveying.

Not surprisingly, repeat visitors were more likely to be more independent travelers, with more than 70 percent making their own travel arrangements and avoiding group travel and packages. Among first timers only, 49 percent chose to travel independent of tours and packages. Repeaters tended to use hotels less and condominiums more and over 13 percent of repeaters stayed with friends or relatives compared with only 8

Table 1. Daily Spending, First Time v. Repeat Visitors, 1999
(Among those staying in hotels & condominiums only)

Market	Domestic Direction (dollars per visitor per day)		International Direction (dollars per visitor per day)	
	First timers	Repeat	First timers	Repeat
U.S. Total	162.91	163.13	NA	NA
U.S. West	137.55	140.68	NA	244.26
U.S. East	171.52	179.28	NA	
Japan	146.39	140.69	237.45	224.79
Canada	142.91	158.97	NA	NA
Other Asia	116.52	NA	230.60	263.20
Europe	136.77	144.09	184.72	176.68
Australia-NZ	126.66	268.51	188.94	242.82

NA: Not available

*Not available for all markets and direction of travel.

Source: DBEDT

percent for first timers. Repeaters also stayed nearly a day longer in Hawaii on average — 10.5 days compared with 9.4 days for first timers.

bound, which reflected the major *directions* of travel to Hawaii. The westbound direction of travel included flights from both the U.S. mainland and Canada. Eastbound travel included flights from just about everywhere else, but mainly Asia and Australia-New Zealand.

However, with the adoption of improved sources of visitor data for marketing purposes, tourism can no longer be easily broken down into westbound and eastbound components. The major new source of data consists of reports by the U.S. Immigration and Naturalization Service (INS) of foreign arrivals in the U.S. through Honolulu. This source has been a valuable means to distinguish foreign visitors in Hawaii's targeted markets from pass-through traffic and other passengers on international flights (such as returning U.S. residents). However, the INS data do not identify whether foreign visitors arrived in Hawaii from the Asia-Pacific or Canada. Thus, it is no longer possible, without special surveys, to separate Canadians and other foreigners who came to Hawaii on Canadian flights (westbound) from those who came on other international flights (mainly eastbound). All we know for sure is that they arrived from a foreign country. Thus domestic and international became the most feasible categories.

The new domestic-international categories are actually very similar to the older, westbound-eastbound breakdown. In fact, if the count of visitors arriving on Canadian flights were moved from the westbound to the

eastbound category the new domestic category would be almost identical to the old westbound breakdown and international would equal eastbound.

While they may take some time to get used to, the domestic-intentional breakdowns may be more clear and useful than the eastbound-westbound categories. For instance, the new breakdown better reflects the fundamental difference between the U.S. and other economies, which are often changing at different growth rates if not in different directions.

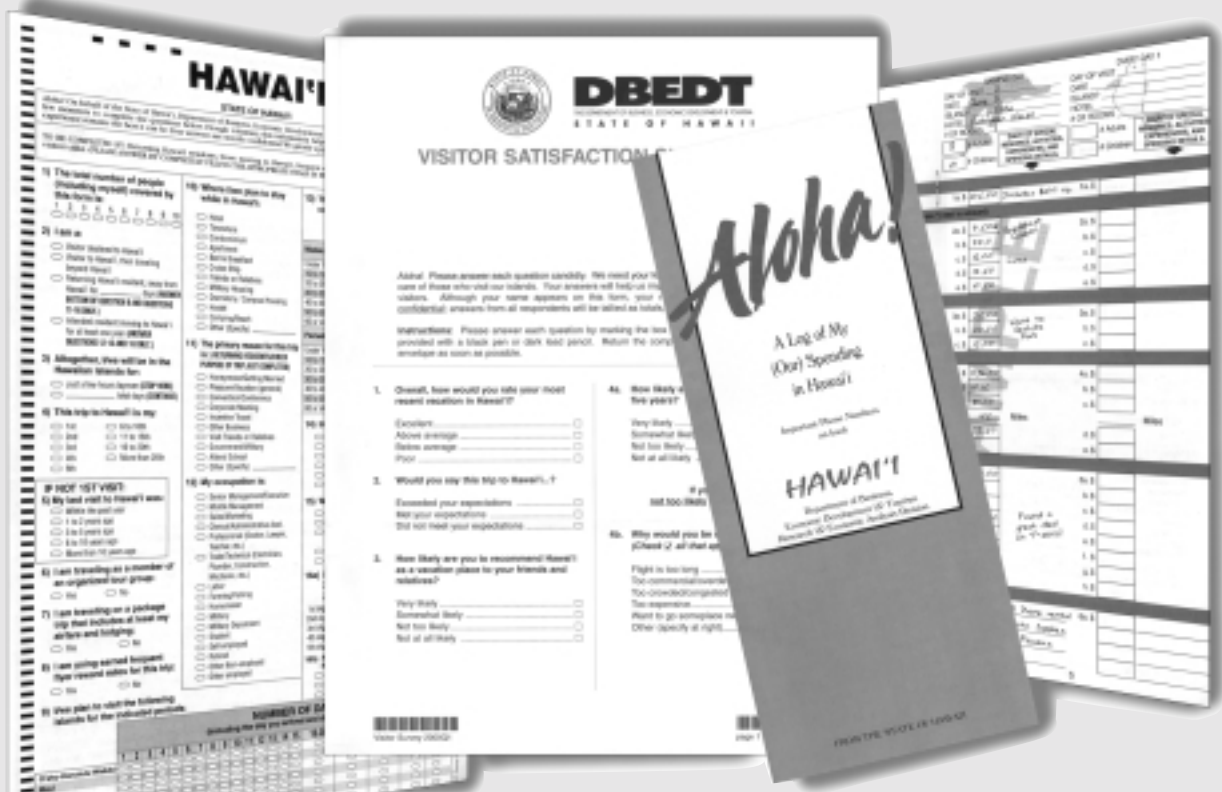
Historical data for the new domestic-international visitor series on arrivals have been estimated on an annual basis back to the 1920s. This preserves a long-run time series data on visitors comparable to the older westbound-eastbound series.

The Major Market Areas (MMAs)

While it is a useful summary, the domestic-international categories do not give a completely clear picture of U.S. and foreign visitor behavior. This is because U.S. citizens and foreign visitors are mixed, to a degree, on domestic and international flights. Thus, isolating U.S. and foreign visitor statistics and looking at them in more detail became an important need, in order to permit more effective marketing.

The solution was to base most visitor data on a series of geographical markets called Major Market Areas, or

continued on page 19



Major Data Sources for Visitor Statistics

■ Airline Passenger Counts

Every airline (both chartered and scheduled) reports passenger counts each month to DBEDT. Those passenger counts provide the total number of arriving passengers. Visitor counts are derived by subtracting the estimated in-transit passengers, returning Hawaii residents, and intended residents as measured by the U.S. Customs Declaration Forms and domestic in-flight surveys.

■ U.S. INS, Washington, D.C.

Monthly reports from the Washington, D.C. offices of the U.S. Immigration and Naturalization Service (INS), provide counts of international visitors to Hawaii by their country of residence. The reports also identify those simply passing through Hawaii. Canadian and U.S. residents are not included in these counts.

■ U.S. INS, Honolulu

Monthly reports from the INS Honolulu office provide counts of Canadian visitors and U.S. citizens coming on flights from international cities.

■ U.S. Customs Declaration Forms

All Customs Declaration Forms are systematically pulled for 10 days in each month to determine the number of returning Hawaii residents on international flights. The forms are also used to determine the city of residence of those living on the U.S. mainland. (This survey does not collect names, addresses or other personally identifying information.)

■ International Intercept Survey

The international intercept survey provides information on international visitor characteristics such as length of stay, island visitation patterns, accommodations, etc. The survey also collects information on visitor expenditures. It is distributed to a systematic sample of passengers in the boarding area and walkways at the Honolulu International Airport. In 1999, a total of 40,885 such surveys were completed and processed.

■ Domestic Survey

The domestic survey form is on the reverse side of the Hawaii State Department of Agriculture's mandatory declaration form. The dual-sided form is distributed to passengers on all flights from the mainland U.S. to Hawaii every day of the year. Hawaii-bound air carriers from the U.S. mainland reported carrying 5,088,781 passengers in 1999, excluding in-transit passengers who are only in Hawaii for a few hours. In 1999, there were 1,523,268 usable forms collected and processed. Each form represented an average party of 2.1 visitors, for a total of 3,198,863 surveyed passengers, which accounted for 62.9 percent of total passengers. The characteristics of respondents were attributed to non-respondents as well. All usable forms were optically scanned and tabulated to produce the results presented here.

■ Honolulu International Airport Billing Records

The billings records show the number of passengers on flights from Canada who were pre-cleared in Canada and not included in the INS, Honolulu reports.

■ Domestic Visitor Expenditure Survey

Approximately 2,000 surveys a month are sent to the place of accommodation of domestic visitors to obtain daily expenditure patterns. Only visitors who stay at least four days are selected. In the past, the survey was sent to hotels and condominiums only. Beginning in 1999, the survey was sent to all types of accommodations. In 1999, there were 3,088 usable forms collected and processed.

■ Honolulu and Hilo Harbor Cruise Passenger Counts

All cruise ships entering Honolulu Harbor and Hilo Harbor report passenger counts to the Department of Transportation, Harbors Division. DBEDT estimates counts for Maui and Kauai based on this information. The DBEDT numbers specifically look at the number of passengers arriving to the islands on cruise ships. Visitors flying to Hawaii and then boarding the cruise vessel are captured in the surveys of air passengers.

Changes in the Collection of Visitor Statistics

continued from page 17

MMA's. The organization of visitor statistics around major geographic markets has become a primary tool of analysis for the HTA. This new body of data reflects key market changes more clearly and precisely than either the previous westbound-eastbound, or the current domestic-international categories. Most categories of visitor data are available for each of the MMA's on a monthly basis.

The eight MMA's (nine including the residual, "all other" category) are shown below.

Major Market Areas (MMAs)

1. U.S. West-Pacific and Mountain States
2. U.S. East - Other States in the Continental U.S.
3. Japan
4. Canada
5. Europe - United Kingdom, Germany, France, Italy, and Switzerland
6. Oceania - Australia and New Zealand
7. Other Asia - China, Hong Kong, Korea, Singapore and Taiwan
8. Latin America - Argentina, Brazil and Mexico
9. All Other - All countries and districts not listed in MMA 1 to 8 above, including Guam, Puerto Rico, U.S. Virgin Islands, and other U.S. territories.

Data on many of these areas, particularly the U.S. West and East components, have been collected for many years by the HVCB visitor statistics program. However, the new HTA marketing plan required data in more detail and frequency than was the case in the past. In particular, more consistent and reliable data needed to be developed on foreign markets, which have been very difficult to isolate in the past. DBEDT, with the assistance of the HVCB research team and other experts in visitor statistics, sought out new sources and methods for obtaining information on visitors from these MMAs. As indicated, much of the new data comes from the U.S. INS and Customs agencies, which have been very helpful in providing access to data. In addition, new survey methods and expansion of coverage have been instituted to gather more and better information about visitor characteristics and spending.

Unfortunately, the newer data series do not permit the construction of historical series for many of the MMAs in full detail before 1998. However, over the next several years a wealth of time series data will accumulate on these markets, which should help establish the relationship between the performance of these markets and factors that influence travel.

Other Changes

Another noticeable change is the new emphasis on the concept of *visitor days* rather than visitor arrivals. For many years it has been apparent that the ups and downs in arrivals have not necessarily reflected the true impact of tourism. For instance, if domestic arrivals increase and international arrivals decrease by the same amount, total visitor arrivals remain unchanged. However, because domestic visitors stay longer on average than international visitors, the number of visitors actually present in Hawaii on a daily basis will increase. This means that, despite no increase in overall visitor arrivals, there will be an increase in visitor room occupancy.

A measure of total visitor expenditures would be a candidate for a single, overall measure of tourism growth, however, expenditures are not available monthly. The next-best measure is *total visitor days* or its close cousin, the *average daily visitor census*. Total visitor days (calculated as total arrivals x length of stay) is the preferred measure of the HTA because it is readily available monthly for the state and counties without the need for adjustments. The average daily visitor census (total visitor days/365) is probably a more intuitive measure for most people and is also readily available monthly on a statewide basis. However, due to multiple island visits, it requires some statistical manipulation to calculate census totals for the counties so they will add correctly to the total state census.

Thus, while the total arrival number will always be a statistic of interest, the new presentation of statistics emphasizes measures such as visitor days and expenditures, which provide a better picture of the visitor industry's health.

Beyond new ways of presenting the data, some revisions have also made to past data. For instance, new information from the U.S. Customs Service was used to improve the distinction between visitors and returning residents aboard international flights. This information was used to revise 1998 and 1999 visitor counts. New information from the U.S. INS was also used to revise counts for individual countries, particularly Canada. Historical data were adjusted to be consistent with the new methodologies.

The result of the changes over the past two years has been a more comprehensive set of statistics about Hawaii's visitors. Moreover, they better address the marketing needs of the Hawaii tourism Authority while providing researchers and other users with more information about visitors and individual markets than has previously been available.

Selected Economic Indicators: State

Series	Period (calendar year basis except for taxes)			Percent change from same period of previous year		
	1998	1999	(Jan.-Nov) 2000	1998	1999	(Jan.-Nov.) 2000
Civilian Labor Force (persons) ¹	595,000	594,800	600,950	0.0	0.0	1.1
Civilian Employment	557,850	561,500	574,750	0.2	0.7	2.6
Civilian Unemployment	37,200	33,300	26,200	-2.2	-10.5	-22.8
Unemployment Rate (percent) ²	6.3	5.6	4.4	-0.1	-0.7	-1.4
Total Wage & Salary Jobs	538,850	541,400	550,750	0.0	0.5	1.9
State General Fund Revenues (Selected Taxes)	2,889,291	2,841,290	2,836,096	4.8	-1.7	8.2
Transient Accommodations Tax	125,882	153,367	166,205	-0.8	21.8	15.8
General Excise & Use Tax Revenues	1,436,654	1,454,778	1,503,724	0.3	1.3	11.6
Personal Income Tax	1,093,241	1,053,858	979,209	11.0	-3.6	2.2
Corporate Income Tax	50,112	47,692	60,485	-20.1	-7.7	19.9
Visitor Arrivals by air (persons)	6,595,790	6,741,037	6,395,917	-2.4	2.2	3.1
Domestic Flight Visitors	4,014,140	4,255,621	4,095,884	3.2	6.0	4.6
International Flight Visitors	2,581,650	2,485,416	2,300,033	-10.1	-3.7	0.7
Hotel Occupancy (percent) ²	71.7	72.1	76.6	-2.2	0.4	3.6

¹ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarking in March 2000.

² Change is expressed in percentage points rather than actual percent change of the rates shown.

Note: Most data are preliminary and subject to revision.

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