<table>
<thead>
<tr>
<th>Series</th>
<th>Period (calendar year basis except for taxes)</th>
<th>Percent change from same period of previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian Labor Force (persons)</td>
<td>595,000</td>
<td>594,800</td>
</tr>
<tr>
<td>Civilian Employment</td>
<td>557,850</td>
<td>561,500</td>
</tr>
<tr>
<td>Civilian Unemployment</td>
<td>37,200</td>
<td>33,300</td>
</tr>
<tr>
<td>Unemployment Rate (percent)</td>
<td>6.3</td>
<td>5.6</td>
</tr>
<tr>
<td>Total Wage &amp; Salary Jobs</td>
<td>538,850</td>
<td>541,400</td>
</tr>
<tr>
<td>State General Fund Revenues</td>
<td>2,889,291</td>
<td>2,841,290</td>
</tr>
<tr>
<td><strong>Selected Taxes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transient Accommodations Tax</td>
<td>125,882</td>
<td>153,367</td>
</tr>
<tr>
<td>General Excise &amp; Use Tax Revenues</td>
<td>1,436,654</td>
<td>1,454,778</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>1,061,241</td>
<td>1,053,858</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>50,112</td>
<td>47,692</td>
</tr>
<tr>
<td>Visitor Arrivals by air (persons)</td>
<td>6,595,790</td>
<td>6,741,037</td>
</tr>
<tr>
<td>Domestic Flight Visitors</td>
<td>4,014,140</td>
<td>4,255,621</td>
</tr>
<tr>
<td>International Flight Visitors</td>
<td>2,581,650</td>
<td>2,485,416</td>
</tr>
</tbody>
</table>

Note: Most data are preliminary and subject to revision.

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

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

Civilian Labor Force (persons)?

Hawaii’s Economy

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

In This Issue

New measures of tourism

Tourism research—Dr. Seji Naya, DBEDT Director

Tourism in 1999 & 2000

Visitor expenditures

Seasonal visitor patterns

New data on returning residents

Historical timeline of tourism research

County tourism in 1999

Changes in the collection of visitor statistics

Selected economic indicators

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 of 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 also available on the DBEDT web site at, http://www.hawaii.gov/dbedt/monthly/historical-t.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. 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.

To 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.

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, rather than simply promoting tourism. It established the HTA as the primary tool of market research.

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.

Measuring Tourism

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.6

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 west-bound 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 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 retains the one-way visits, which provide a better picture of the visitor industry’s health. Beyond new ways of presenting the data, some revisions have also made it 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 the HTA’s 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.

Other Changes

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.

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.

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 HTA marketing plan required data in more timely 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 MMA's. 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 MMA's 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.
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 mail-out listmaking 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 5,088,783 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 hotels and condominiums only. 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 returning Hawaii residents on international flights. (This survey does not collect names, addresses or other personally identifying information.)

Visitors flying to Hawaii and then boarding the cruise vessel are captured in the surveys of air passengers. 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 where 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 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 that 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. East</th>
<th>U.S. West</th>
<th>Other Asia</th>
<th>Europe</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>25%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1991</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1992</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1993</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1994</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1995</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1996</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1997</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1998</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>1999</td>
<td>24%</td>
<td>27%</td>
<td>27%</td>
<td>22%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Source:** DBEDT

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. East</td>
<td>27%</td>
</tr>
<tr>
<td>Other Asia</td>
<td>27%</td>
</tr>
<tr>
<td>Europe</td>
<td>22%</td>
</tr>
<tr>
<td>Canada</td>
<td>18%</td>
</tr>
<tr>
<td>Japan</td>
<td>27%</td>
</tr>
<tr>
<td>U.S. West</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Source:** DBEDT
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.

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
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.


### Table 1. Visitor Arrivals to Hawaii 1951 to 1999

<table>
<thead>
<tr>
<th>Year</th>
<th>All Visitors</th>
<th>% change from prev. year</th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>51,463</td>
<td>10.5%</td>
<td>45,227</td>
<td>6,236</td>
</tr>
<tr>
<td>1952</td>
<td>60,436</td>
<td>17.4%</td>
<td>51,383</td>
<td>9,054</td>
</tr>
<tr>
<td>1953</td>
<td>80,237</td>
<td>32.8%</td>
<td>67,726</td>
<td>12,511</td>
</tr>
<tr>
<td>1954</td>
<td>91,166</td>
<td>13.6%</td>
<td>77,281</td>
<td>13,885</td>
</tr>
<tr>
<td>1955</td>
<td>109,663</td>
<td>20.3%</td>
<td>91,712</td>
<td>17,951</td>
</tr>
<tr>
<td>1956</td>
<td>133,667</td>
<td>21.9%</td>
<td>102,328</td>
<td>31,338</td>
</tr>
<tr>
<td>1957</td>
<td>168,652</td>
<td>26.2%</td>
<td>126,816</td>
<td>41,836</td>
</tr>
<tr>
<td>1958</td>
<td>171,367</td>
<td>1.6%</td>
<td>128,241</td>
<td>43,126</td>
</tr>
<tr>
<td>1959</td>
<td>242,994</td>
<td>41.8%</td>
<td>196,731</td>
<td>46,263</td>
</tr>
<tr>
<td>1960</td>
<td>296,249</td>
<td>21.9%</td>
<td>235,262</td>
<td>60,986</td>
</tr>
<tr>
<td>1961</td>
<td>319,476</td>
<td>7.8%</td>
<td>208,357</td>
<td>111,119</td>
</tr>
<tr>
<td>1962</td>
<td>361,812</td>
<td>13.3%</td>
<td>231,308</td>
<td>130,504</td>
</tr>
<tr>
<td>1963</td>
<td>428,690</td>
<td>18.5%</td>
<td>287,405</td>
<td>141,286</td>
</tr>
<tr>
<td>1964</td>
<td>563,412</td>
<td>31.4%</td>
<td>419,280</td>
<td>144,132</td>
</tr>
<tr>
<td>1965</td>
<td>686,314</td>
<td>21.8%</td>
<td>539,211</td>
<td>147,103</td>
</tr>
<tr>
<td>1966</td>
<td>834,732</td>
<td>21.6%</td>
<td>629,564</td>
<td>205,168</td>
</tr>
<tr>
<td>1967</td>
<td>1,124,012</td>
<td>16.9%</td>
<td>952,821</td>
<td>300,191</td>
</tr>
<tr>
<td>1968</td>
<td>1,313,706</td>
<td>16.9%</td>
<td>1,171,157</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

### Table 2. Visitor Plant by Island and Type, 1999

<table>
<thead>
<tr>
<th>UNITS</th>
<th>Hotel</th>
<th>Condominium Hotel</th>
<th>Apartment Hotel</th>
<th>Hostel</th>
<th>Individual vacation unit</th>
<th>Bed &amp; Breakfast</th>
<th>Other</th>
<th>Total by Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oahu</td>
<td>30,641</td>
<td>3,905</td>
<td>652</td>
<td>209</td>
<td>167</td>
<td>35</td>
<td>252</td>
<td>50,218</td>
</tr>
<tr>
<td>Hawaii</td>
<td>7,045</td>
<td>2,075</td>
<td>0</td>
<td>7</td>
<td>331</td>
<td>154</td>
<td>203</td>
<td>8,750</td>
</tr>
<tr>
<td>Kauai</td>
<td>3,364</td>
<td>3,001</td>
<td>0</td>
<td>40</td>
<td>304</td>
<td>105</td>
<td>58</td>
<td>6,482</td>
</tr>
<tr>
<td>Maui</td>
<td>8,583</td>
<td>7,991</td>
<td>58</td>
<td>44</td>
<td>327</td>
<td>125</td>
<td>554</td>
<td>17,203</td>
</tr>
<tr>
<td>Molokai</td>
<td>222</td>
<td>231</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>104</td>
<td>313</td>
</tr>
<tr>
<td>Lanai</td>
<td>363</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>423</td>
</tr>
<tr>
<td>Total by Type</td>
<td>50,218</td>
<td>17,203</td>
<td>710</td>
<td>300</td>
<td>1,132</td>
<td>423</td>
<td>1,171</td>
<td>71,157</td>
</tr>
</tbody>
</table>

1 Domestic and International referred to the origin of visitors' flights to Hawaii, not to visitor's nationality or residency.
Tourism in 1999

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 6,975,885, 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.

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 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 than did repeat visitors (Table 1). This is mainly due to the greater dependence on the domestic market among the MMAs where first timers were the dominant part of the market, the average number of trips to Hawaii, including the current one, was more than two.

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Summary of County Tourism in 1999

Table 1. Selected County Visitor Characteristics, 1999

<table>
<thead>
<tr>
<th></th>
<th>C&amp;C of Honolulu</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Maui County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Visitors</td>
<td>29,065,044</td>
<td>1,078,728</td>
<td>32,143,776</td>
<td>11,599,021</td>
</tr>
<tr>
<td>Total Arrivals</td>
<td>4,560,023</td>
<td>1,078,728</td>
<td>5,638,751</td>
<td>2,211,004</td>
</tr>
<tr>
<td>Domestic</td>
<td>2,347,360</td>
<td>642,336</td>
<td>3,888,386</td>
<td>1,342,110</td>
</tr>
<tr>
<td>International</td>
<td>2,213,101</td>
<td>435,395</td>
<td>1,750,365</td>
<td>868,894</td>
</tr>
<tr>
<td>First time visitors</td>
<td>2,088,329</td>
<td>480,972</td>
<td>2,559,304</td>
<td>1,041,420</td>
</tr>
<tr>
<td>Ave. length of stay</td>
<td>6.4</td>
<td>6.7</td>
<td>6.4</td>
<td>6.1</td>
</tr>
<tr>
<td>Ave. party size</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Ave. number of trips</td>
<td>3.8</td>
<td>4.0</td>
<td>3.9</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Source: DBEDT

Table 2. Average Daily Census by County, 1999

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Arrivals</td>
<td>3,973,675</td>
<td>12,247,484</td>
</tr>
<tr>
<td>Hawaii</td>
<td>453,053</td>
<td>1,440,896</td>
</tr>
<tr>
<td>Maui</td>
<td>3,522,622</td>
<td>10,806,588</td>
</tr>
<tr>
<td>Hawaii</td>
<td>10,280</td>
<td>3,041</td>
</tr>
<tr>
<td>Maui</td>
<td>7,168,273</td>
<td>7,246,647</td>
</tr>
</tbody>
</table>

Source: DBEDT

Table 3. County Average Census, 1999 to 2000

<table>
<thead>
<tr>
<th></th>
<th>Year 1999</th>
<th>Year 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>34.441%</td>
<td>34.441%</td>
</tr>
<tr>
<td>Oahu</td>
<td>43.75%</td>
<td>43.75%</td>
</tr>
<tr>
<td>Maui</td>
<td>35.32%</td>
<td>35.32%</td>
</tr>
<tr>
<td>Kauai</td>
<td>15.91%</td>
<td>15.91%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>34.441%</td>
<td>34.441%</td>
</tr>
</tbody>
</table>

Source: DBEDT

Table 4. Hawaii’s Economy

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Visitors</td>
<td>29,065,044</td>
<td>29,375,044</td>
<td>29,437,044</td>
<td>29,493,044</td>
</tr>
<tr>
<td>Hawaii</td>
<td>43.75%</td>
<td>43.75%</td>
<td>43.75%</td>
<td>43.75%</td>
</tr>
<tr>
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<td>43.75%</td>
</tr>
</tbody>
</table>

Source: DBEDT

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

<table>
<thead>
<tr>
<th>Major Market Areas</th>
<th>All Markets</th>
<th>U.S. West</th>
<th>U.S. East</th>
<th>Japan</th>
<th>Canada</th>
<th>Other Asia</th>
<th>Australia/New Zealand</th>
<th>Latin America</th>
<th>Europe</th>
<th>All Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Arrivals</td>
<td>164,419</td>
<td>81,265</td>
<td>36,893</td>
<td>2,550</td>
<td>2,111</td>
<td>1,138</td>
<td>172,779</td>
<td>187,502</td>
<td>150,935</td>
<td>214,498</td>
</tr>
<tr>
<td>Percent change</td>
<td>19.2%</td>
<td>-9.6%</td>
<td>-12.6%</td>
<td>1.4%</td>
<td>-3.8%</td>
<td>-10.0%</td>
<td>11.0%</td>
<td>28.5%</td>
<td>13.1%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

Source: DBEDT

Table 1b. Selected 1999 Visitor Statistics – Percent Changes from 1998

<table>
<thead>
<tr>
<th>Major Market Areas</th>
<th>All Markets</th>
<th>U.S. West</th>
<th>U.S. East</th>
<th>Japan</th>
<th>Canada</th>
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Source: DBEDT
Tourism in 1999

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 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 for the United States as a whole and for Hawaii from the market.

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.

• Almost 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.

• True independents made up the largest component of these visitors.

By country, 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.

Tourism in 1999 continued from page 6

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 5.6 days. With the decline, Japan slipped to third largest among the M&As 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 Japanese 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 visitors.

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

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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 Tourism 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 1992) 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 geopographical market areas are defined and quantified for marketing purposes.
Hawaii's Economy

Figure 1. Hawaii Resident Share of Inbound Passengers, 1999

Total Passengers: 7.7 million

- Domestic
- International
- All Trips

Monthly Visitation Patterns

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 slower periods and better utilize our visitor infrastructure.

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 $133.40 in 1999. The length of stay for Europeans also dropped slightly 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 outside the state in a year's time. Therefore, the number of trips compiled here is probably much higher than the actually number of individual 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.

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

Expenses from the MMA represent 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-MMA.
- 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-MMA region arrive from the international sector and that group increased sharply in 1999. However, a surprising 29 percent of the visitors from Other-MMA 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.
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 month, but 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 follow, rather than counter the overall seasonal pattern. Outside of these peak periods, Hawaii's tourism is relatively constant.

Seasonal Visitations Patterns

<table>
<thead>
<tr>
<th>Month</th>
<th>All Arrivals</th>
<th>U.S. West</th>
<th>U.S. East</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>10.0%</td>
<td>11.1%</td>
<td>10.0%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Feb</td>
<td>10.2%</td>
<td>11.3%</td>
<td>10.2%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Mar</td>
<td>11.3%</td>
<td>11.5%</td>
<td>11.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Apr</td>
<td>11.5%</td>
<td>11.6%</td>
<td>11.1%</td>
<td>9.1%</td>
</tr>
<tr>
<td>May</td>
<td>11.6%</td>
<td>11.7%</td>
<td>11.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Jun</td>
<td>11.7%</td>
<td>11.8%</td>
<td>11.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Jul</td>
<td>12.0%</td>
<td>12.1%</td>
<td>12.0%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Aug</td>
<td>12.1%</td>
<td>12.2%</td>
<td>12.0%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Sep</td>
<td>12.0%</td>
<td>12.1%</td>
<td>12.0%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Oct</td>
<td>11.8%</td>
<td>11.9%</td>
<td>11.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Nov</td>
<td>11.7%</td>
<td>11.8%</td>
<td>11.7%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Dec</td>
<td>11.5%</td>
<td>11.6%</td>
<td>11.5%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

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

Hawaii's Economy / February 2001
Figure 1. Visitor Expenditures, 1999

Figure 2. Visitor Expenditure Changes 1998-99

Table 1. Selected Expenditure Data 1999

Table 2. Visitor Expenditures by Category, 1999
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 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 four 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 actually individual number of 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.

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.

Monthly Visitation Patterns

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 average more or less the same. 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 became more popular. The bulk of travelers from this market stayed in hotels. Most visitors came for pleasure, with more than half of travel being business type 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.

One of the most effective means of studying the impact of various travel markets on Hawaii is to focus on a single region. For this purpose, the Next stop is the European market. A large number of travelers from Europe come to Hawaii, particularly first time visitors from this market. In 1999, Hawaii accounted for a very small share of travel from this region. In 1999, Hawaii provided a very small share of travel. This might be a good time to look at the European market, because it is an effective target for a new strategy. Visitors from the MMA represent the rest of Europe 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.

Europe
• The number of tourists and package travel in 1999 was much more common for travel for this group.

Most of the visitors from the 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. Honey moon/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 Asian 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.
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-time visitors 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.
  • While most Canadians fly into Hawaii during the winter and summer months. This is especially true for many Canadians who visit Hawaii directly from Canada or from other international destinations. About half of the visitors to Hawaii during the summer were from three central Japan regions, Kantō (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 Canada in 1999 continued from page 6. 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 Japanese 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 seasonal. This is especially true for Canadians flying direct from Canada or from other international destinations. The annual 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. Selected County Visitor Characteristics, 1999**

<table>
<thead>
<tr>
<th>County</th>
<th>State</th>
<th>In-Hotel</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>County Big Island</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Visitors</td>
<td>28,016,000</td>
<td>14,077,044</td>
<td>7,275,148</td>
<td>6,630,918</td>
<td>423,289</td>
<td>2,673,012</td>
<td>2,345,563</td>
</tr>
<tr>
<td>Total Arrivals</td>
<td>4,560,121</td>
<td>2,247,021</td>
<td>710,720</td>
<td>1,049,289</td>
<td>683,562</td>
<td>275,788</td>
<td>675,328</td>
</tr>
<tr>
<td>Domestic</td>
<td>2,347,342</td>
<td>1,085,031</td>
<td>492,038</td>
<td>683,562</td>
<td>275,788</td>
<td>675,328</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>2,212,101</td>
<td>1,162,157</td>
<td>325,682</td>
<td>365,721</td>
<td>197,788</td>
<td>199,988</td>
<td></td>
</tr>
<tr>
<td>Direct visitors</td>
<td>2,098,320</td>
<td>980,792</td>
<td>305,584</td>
<td>410,429</td>
<td>273,509</td>
<td>273,509</td>
<td></td>
</tr>
<tr>
<td>Ave. length of stay</td>
<td>6.8</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
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<tr>
<td>Ave. party size</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Ave. number of trips</td>
<td>3.8</td>
<td>4.0</td>
<td>4.3</td>
<td>3.9</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Primary purpose of trip</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pleasure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First time visitors</td>
<td>2,098,320</td>
<td>980,792</td>
<td>305,584</td>
<td>410,429</td>
<td>273,509</td>
<td>273,509</td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>3,658,162</td>
<td>1,733,505</td>
<td>1,051,301</td>
<td>930,317</td>
<td>549,544</td>
<td>549,544</td>
<td></td>
</tr>
<tr>
<td>Pensions</td>
<td>503,726</td>
<td>232,805</td>
<td>97,340</td>
<td>103,212</td>
<td>60,277</td>
<td>60,277</td>
<td></td>
</tr>
<tr>
<td>Business &amp; meetings</td>
<td>425,247</td>
<td>215,160</td>
<td>46,456</td>
<td>49,946</td>
<td>24,946</td>
<td>24,946</td>
<td></td>
</tr>
<tr>
<td>VIP friends &amp; relations</td>
<td>169,289</td>
<td>99,939</td>
<td>80,904</td>
<td>52,687</td>
<td>40,646</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>319,839</td>
<td>313,629</td>
<td>729,288</td>
<td>543,461</td>
<td>428,276</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condo only stay</td>
<td>422,107</td>
<td>552,771</td>
<td>190,919</td>
<td>233,107</td>
<td>1,115,262</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cruise ship only</td>
<td>79,719</td>
<td>71,616</td>
<td>67,009</td>
<td>64,522</td>
<td>89,917</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends &amp; Relatives</td>
<td>388,378</td>
<td>143,560</td>
<td>120,727</td>
<td>75,798</td>
<td>351,512</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 2. Table 2. Average Daily Census by County, 1999**

<table>
<thead>
<tr>
<th>County</th>
<th>State</th>
<th>In-Hotel</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>County Big Island</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>164,433</td>
<td>61,405</td>
<td>44,873</td>
<td>20,451</td>
<td>9,283</td>
<td>2,481</td>
<td>2,578</td>
</tr>
<tr>
<td>Domestic</td>
<td>163,761</td>
<td>61,016</td>
<td>44,473</td>
<td>20,324</td>
<td>9,205</td>
<td>2,471</td>
<td>2,581</td>
</tr>
<tr>
<td>International</td>
<td>672</td>
<td>392</td>
<td>400</td>
<td>127</td>
<td>78</td>
<td>40</td>
<td>97</td>
</tr>
<tr>
<td>Average daily census</td>
<td>770,852</td>
<td>318,398</td>
<td>182,888</td>
<td>85,377</td>
<td>33,645</td>
<td>8,258</td>
<td>9,000</td>
</tr>
</tbody>
</table>

**Summary of County Tourism in 1999**

City & County of Honolulu

Oahu experienced a nearly 10 percent increase in its average daily visitor census for 1999. The county’s daily average census was 79,498, which amounted to 43 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 7 percent, but was more than offset by a 21 percent increase in the average length of stay — nearly an entire day. Domestic visitor censuses and the moderate gain.

International visitors accounted for more than 85 percent of the overall visitor census on Maui in 1999. Oahu has the highest average length of stay. The average length of stay for Oahu was 6.8 days. While this was about the same as in 1998, it continued to increase in the domestic visitor census to result in the modest 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 8.9 days. While this was about the same as in 1998, it continued to increase in the domestic visitor census to result in the modest gain.

The average length of stay for Oahu was nearly 10 days. While this was about the same as in 1998, it continued to increase in the overall visitor census on Maui in 1999. The average length of stay on Maui was more than 85 percent of the average daily visitor census.

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

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Total Arrivals</th>
<th>Daily</th>
<th>Business</th>
<th>Pleasure</th>
<th>First time visitors</th>
<th>Accommodations (% staying in)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6,413,124</td>
<td>2,088,816</td>
<td>1,931,378</td>
<td>2,881,688</td>
<td>253,777</td>
<td>105,664</td>
</tr>
<tr>
<td>Domestic</td>
<td>4,250,872</td>
<td>1,208,409</td>
<td>1,317,603</td>
<td>1,931,688</td>
<td>124,564</td>
<td>60,364</td>
</tr>
<tr>
<td>International</td>
<td>2,162,252</td>
<td>870,407</td>
<td>619,772</td>
<td>950,200</td>
<td>129,213</td>
<td>45,300</td>
</tr>
<tr>
<td>Total arrivals (thousands)</td>
<td>2,776,405</td>
<td>771,245</td>
<td>530,971</td>
<td>1,476,004</td>
<td>325,044</td>
<td>165,004</td>
</tr>
<tr>
<td>Length of stay (days)</td>
<td>8.9</td>
<td>9.7</td>
<td>10.2</td>
<td>6.8</td>
<td>9.8</td>
<td>9.4</td>
</tr>
<tr>
<td>Average Party Size</td>
<td>2.0</td>
<td>1.9</td>
<td>1.8</td>
<td>2.0</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Average Daily Visitor Census</td>
<td>2,101</td>
<td>1,881</td>
<td>1,644</td>
<td>1,881</td>
<td>1,644</td>
<td>1,881</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>In-Hotel</th>
<th>Maui</th>
<th>Hawaii</th>
<th>Kauai</th>
<th>County Big Island</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>154,517</td>
<td>82,783</td>
<td>37,657</td>
<td>16,688</td>
<td>17,378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>147,333</td>
<td>75,056</td>
<td>37,060</td>
<td>17,525</td>
<td>17,958</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>153,249</td>
<td>77,780</td>
<td>41,740</td>
<td>20,249</td>
<td>13,479</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>147,480</td>
<td>78,108</td>
<td>41,123</td>
<td>18,741</td>
<td>8,933</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>156,810</td>
<td>81,326</td>
<td>42,633</td>
<td>18,992</td>
<td>13,268</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>157,088</td>
<td>81,362</td>
<td>42,751</td>
<td>18,547</td>
<td>14,439</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>150,297</td>
<td>80,835</td>
<td>42,626</td>
<td>19,255</td>
<td>13,720</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>157,187</td>
<td>76,150</td>
<td>45,383</td>
<td>21,636</td>
<td>15,999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>157,388</td>
<td>75,824</td>
<td>45,383</td>
<td>21,992</td>
<td>17,099</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>164,419</td>
<td>79,490</td>
<td>43,992</td>
<td>22,736</td>
<td>18,213</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

City & County of Honolulu

Gauh set a new record for 1999. The county’s daily average census was 79,492 in 1999. This represented 28 percent of the average statewide census for the year. A percent increase in the domestic visitor census offset a 10 percent decline in the interna-
Tourism in 1999

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

Update: A Record Year for Tourism in 2000

The average daily visitor census for the year 2000 was $136. Still, that level remains among the lowest of all the MMAs. Length of stay was relatively flat at 9.71 days. A mong 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 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

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 an 14 percent of the statewide census. The average length 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.

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.

Figure 1 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 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 mainly due to the great 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- continued on bottom of next page
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 these changes stem from the passage of Act 156 of the 1998 Hawai’i State Legislature. This Act established the Hawai’i 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 marketing areas to which 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 Hawai’i 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 statistics will notice is that visitors are now being categorized 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 no other changes that may result in confusion. These sections clearly explain the 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 westbound. The state’s inventory of visitor statistics was divided into these two categories. A second change that users may be interested in is the breakdown of the visitor market into domestic and international arrivals. The following sections clarify these changes.

First-Time and Repeat Visitors

The market is right.

Domestic-International Arrivals 1951 to 1999

The state’s inventory of visitor rooms declined slightly in 1999 (Table 2). The decline reflected an increase in new room construction and rooms taken out of service for renovation and other reasons. The only island to experience an increase in rooms was Kaua’i. Few very new units were either under construction or financed in 1999. The new 453 unit Kalia Tower at the Hilton Hawaiian Village will be completed this year. However some large 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.

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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 continued 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.

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 MAAs.
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 estimated in-transit passengers on flights from international cities.

- **Domestic Visitor Expenditure Survey**
  The dual-sided form is distributed to a systematic sample of passengers arriving to the islands on cruise ships. The forms are also used to determine the place of accommodation of domestic visitors to Hawaii and their country of residence. The reports also identify those simply passing through Hawaii. Canadian and U.S residents are not included in these counts.

- **Honolulu International Airport**
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- **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. 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.

- **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.

- **In-flight Surveys**
  In-flight surveys are conducted on flights from Canada who were pre-cleared in Canada and not included in the INS, Honolulu reports.

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

Tourism Research

T
his 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.

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 research team and other experts in visitor 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 MMAs on a monthly basis.

The eight MMAs (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 detail before 1998. However, over the next several years a wealth of time series data will accumulate on Hawaii's visitors. Moreover, they better address 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 islands visits, it is more difficult 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. INS 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.

Changes in the Collection of Visitor Statistics

continued from page 17

MMAs. 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 MMAs on a monthly basis. The eight MMAs (nine including the residual, “all other” category) are shown below.

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.

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 is similar to the old 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 categories, 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. INS 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.

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Selected Economic Indicators: State

<table>
<thead>
<tr>
<th>Selected Taxes</th>
<th>Period</th>
<th>Percent change from same period of previous year</th>
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</thead>
<tbody>
<tr>
<td>Civic Labor Force (persons)</td>
<td>595,000</td>
<td>594,800</td>
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<tr>
<td>Civic Employment</td>
<td>557,850</td>
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<tr>
<td>Civic Unemployment</td>
<td>37,200</td>
<td>33,300</td>
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<tr>
<td>Unemployment Rate (percent)</td>
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<td>Total Wage &amp; Salary Jobs</td>
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<td>State General Fund Revenues</td>
<td>2,889,291</td>
<td>2,841,290</td>
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<tr>
<td>Visitor Arrivals by air (persons)</td>
<td>6,595,790</td>
<td>6,741,037</td>
</tr>
<tr>
<td>Hotel Occupancy (percent)</td>
<td>71.7</td>
<td>72.1</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>50,112</td>
<td>47,692</td>
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<tr>
<td>General Excise &amp; Use Tax Revenues</td>
<td>1,436,644</td>
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<tr>
<td>Domestic Flight Visitors</td>
<td>4,014,140</td>
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<tr>
<td>Civilian Employment</td>
<td>557,850</td>
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</table>

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.

This report has been catalized as follows:
- Naya, Seiji F. 1999. New data on returning residents. This report is also available on the Internet at: http://www.hawaii.gov/dbedt/hecon.html.

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In This Issue
New measures of tourism
Tourism research—Dr. Seji Naya, DBEDT Director
Tourism in 1999 & 2000
Visitor expenditures
Seasonal visitor patterns
Historical timeline of tourism research
County tourism in 1999
Changes in the collection of visitor statistics
Selected economic indicators

This report is also available on the Internet at: http://www.hawaii.gov/dbedt/hecon.html.

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 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 Visitor 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. 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