

COUNCIL OF THE COUNTY OF MAUI

ENERGY AND ECONOMIC DEVELOPMENT COMMITTEE

March 21, 2003

Committee
Report No.

03-26

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Energy and Economic Development Committee, having met on March 3, 2003, makes reference to County Communication No. 03-52, from Councilmember Charmaine Tavares, relating to the matter of visitor industry market trends and issues for Maui County.

At its meeting, your Committee met with the Economic Development Coordinator and Marsha Wienert, Executive Director of the Maui Visitors Bureau.

In a computer-generated slideshow, Ms. Wienert presented your Committee with an overview of visitor statistics, trends, and forecasts for Maui County. She reviewed statistics on international and domestic visitor arrivals and stated that total Maui County arrivals increased 2.7 percent in 2002, but this still amounts to a 6.1 percent decrease when compared to 2000. Domestic visitor arrivals are rebounding (primarily because of arrivals from the West Coast), but international arrivals continue to decline. Maui continues to lead the State in occupancy and average daily room rates.

Ms. Wienert stated that the visitor industry has experienced major challenges since the terrorist attacks of September 11, 2001. There is a heightened preference for domestic travel, but Americans are taking shorter trips and spending less. Value and security are the two most important factors when choosing a destination. She explained that among the many challenges for the visitor industry are the sluggish economy, lagging consumer confidence, increased inconveniences associated with air travel, uncertainty about airline security and financial stability, the possibility of war, the discontinuance of travel agent commissions, and reduced inter-island flights.

Ms. Wienert further noted that, according to current statewide estimates for 2003, statewide visitor arrivals are projected to increase 4.8 percent, average length of stay is projected to decrease 0.5 percent, and visitor spending is projected to increase 2.9 percent. Target visitor markets are upscale travelers,

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honeymooners, destination-wedding participants, families, and travel sellers. She noted that the U. S. mainland (particularly the West Coast) is the top geographic market for Maui County.

Your Committee raised concerns regarding the reduced number of inter-island flights and the corresponding negative effects on visitor and resident travel. The Economic Development Coordinator informed your Committee that the Mayor has met with representatives of two inter-island carriers to discuss this problem.

Ms. Wienert stated that Maui Visitors Bureau has had many conversations with the airlines to address this concern. The Governor is regularly meeting with the inter-island carriers. However, the airlines will not add more flights without steady demand.

Your Committee had a number of questions and concerns relating to the environmental and economic impacts of the increased presence of cruise ships. Ms. Wienert stated that there will be much future discussion on these issues among business and government leaders, and she will keep the Council apprised of any relevant developments.

Your Committee noted that Ms. Wienert's presentation provided useful background information for the Council when it considers the Fiscal Year 2004 budget in coming months.

Your Committee voted to file the item.

Your Energy and Economic Development Committee **RECOMMENDS** that County Communication No. 03-52 be FILED.

Adoption of this report is respectfully requested.

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