

# THE FUTURE OF TRAVEL AND TOURISM AFTER THE COVID-19 PANDEMIC AND IMPLICATIONS FOR HAWAI‘I

OCTOBER 1, 2020



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By Paul Brewbaker, Frank Haas, and James Mak

“May You Live Long and Prosper”

Mr. Spock

*Star Trek*

Shortly after the start of the coronavirus epidemic in the U.S., CNN Business ran a story with the provocative headline: “The travel industry is suffering its worst shock since 9/11 because of coronavirus.”<sup>1</sup> An article in USA TODAY (September 11-13, 2020) noted the parallel between 9/11 and the current pandemic and how Americans are responding to the crisis in similar ways. As the virus raced across the country though, COVID-19’s impact on the travel industry has turned out to be far worse than 9/11. The pandemic has turned 2020 into a lost year for the U.S. travel industry.<sup>2</sup> And the future is uncertain.

This brief examines what the future of travel and tourism might look like primarily in the U.S. and examines future implications for Hawai‘i. We point out similarities between post-9/11 and the current pandemic and the response to the two crises. We emphasize the potential long-lasting and systemic effects of the pandemic on travel and tourism, rather than just the recovery.

## TRAVEL AND TOURISM POST-9/11

Following the 9/11 terrorist attacks, the U.S. travel industry was crippled as the nation’s air transportation system completely shut down for four days after commercial jets were used as weapons, killing almost 3,000 victims. Beyond the tragic human toll, the U.S. airline industry lost nearly \$5 billion in passenger and freight revenues in the month of September alone. Cancellations poured into hotel reservation lines and travel agencies. Making matters worse, 9/11 occurred when the U.S. economy was already in a recession.<sup>3</sup>

When air travel resumed, airline revenue passenger miles improved every month in the first six months after the September attacks compared to the same months in the previous year; but growth did not lead to a quick or full recovery. Airlines lowered fares to entice people to fly; they also reduced capacity. Newly formed organizations including the Transportation Security Administration (TSA) and the Department of Homeland Security imposed heightened security requirements that added greatly to the time, cost, and hassle involved in flying. These changes along with the fear of terrorism induced travelers to switch to land modes of transportation, especially for shorter trips. On top of all that, a weak economy reduced business (especially convention) travel—the crème de la crème of the travel business. Likewise, international travel tanked. Travelers were advised to stay away from crowds and avoid iconic attractions as they were at greatest risk of attacks by terrorists. The economies of the America’s largest cities were hit especially hard because large cities are more dependent on business travel, international visitors, and aviation.

1 <https://www.cnn.com/2020/02/29/business/travel-industry-coronavirus-economic-impact/index.html>

2 <https://www.seattletimes.com/life/travel/how-covid-19-turned-2020-into-a-lost-year-for-the-travel-industry-travel-troubleshooter/>

3 James Mak, *Tourism and the Economy: Understanding the Economics of Tourism*, University of Hawai‘i Press, 2004, Chapter 15.

Fortunately, timely and sound economic crisis management by the Federal Reserve (Fed) kept the U.S. financial system operating nearly seamlessly. Emergency appropriations by Congress—including billions in grants and loans to the nation's airlines—kept the short-run economic fallout from being worse than initially feared. TSA security checks were quickly put in place at airports to safeguard air travel. As tourism gradually recovered, leisure travel was first to return, mostly to places travelers perceived as safe. Hawai'i benefited from the substitution as many Americans opted to visit the islands instead of foreign destinations. By 2003, the number of visitor arrivals to Hawai'i had fully recovered.<sup>4</sup>

Shortly after 9/11, travel experts were mulling over what lasting changes might 9/11 have on travel and tourism. On the 19th anniversary of 9/11, it appears that what has affected travelers the most are the heightened security measures adopted in air travel and stricter visa regulations.<sup>5</sup>

Psychological scars remain. In the U.S. the yearly number of deaths attributable to terrorism are miniscule compared to the number of people who perish on the nation's roads and highways.<sup>6</sup> Yet, a 2019 Gallup Poll revealed that nearly half (46%) of Americans said that they were still worried about being a victim of terrorism.<sup>7</sup> The 2017 poll revealed that 32% of Americans were "less willing" to fly on airplanes, 26% were less willing to go into skyscrapers, 38% were less likely to attend events where there are thousands of people, and 46% were less willing to travel overseas. Researchers have found that people make their travel decisions based on perceived risks rather than actual risks.

Today, Americans have adapted to the security measures and travel restrictions put in place after 9/11 as permanent features of travel. However, these measures are not without cost.

Data from the U.S. Department of Transportation show domestic airfares (adjusted for inflation) have been trending upward since 2000—24% between 2000 and 2018— (except for dips right after 9/11, during the Great Recession, and between 2014 and 2016). There are multiple factors, in addition to the cost of travel, that influence the demand for travel; the most important one being economic growth. The number of passenger enplanements at all U.S. airports increased from 640 million in 2000 to nearly 900 million in 2018.<sup>8</sup>

## TRAVEL AND TOURISM AND COVID-19

The causes are different, but most Americans are once again reluctant to fly during the pandemic. The Franklin Templeton-Gallup Economics of Recovery Study, July 2-14, 2020 (released on August 6) reveals 52% of American adults who flew at least once per year pre-COVID-19 now say they are uncomfortable with flying.<sup>9</sup> Older adults (age 55+) feel lot more uncomfortable about flying (69%) than younger adults between the ages of 18 and 34 (33%). New information indicates that the younger travelers are leading the travel recovery.<sup>10</sup>

The Templeton-Gallup study also found that the level of comfort also varies by the length of the flight. Forty-four percent of the respondents in the study felt okay taking flights lasting less than two hours, but

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4 Christopher Edmonds, Carl Bonham, and James Mak, "The Impact of 9/11 and other terrible global events on tourism in the United States and Hawaii," *Journal of Travel Research*, August 2006, Vol. 45 pp. 99-110.

5 Dominic James Fusco, *Towers, Travel and Terrorism: How the Game Has Changed Since 9/11* at <https://www.goabroad.com/articles/travel-changes-9-11>

6 <https://ourworldindata.org/terrorism>

7 <https://news.gallup.com/poll/4909/terrorism-united-states.aspx>

8 <https://www.bts.gov/tsar>

9 <https://news.gallup.com/poll/316742/air-travelers-uncomfortable-flying.aspx>

10 <https://www.travelweekly.com/Travel-News/Travel-Agent-Issues/Generation-X-Y-and-Z-to-the-rescue-A-youthful-embrace-prods-recovery>

only 27% felt comfortable taking flights that lasted between four to six hours and 21% felt comfortable taking flights of more than six hours.

Fear of flying is not the only impediment to travel; travel restrictions—especially border closures and quarantines—and virus testing requirements and delays also discourage people from traveling.

The sharp decline in air travel in the U.S. due to COVID-19 can be seen in Table 1, which shows U.S. Department of Transportation estimates of month-to-month percentage changes in domestic air passengers carried by U.S. airlines between January 2020 and July 2020 compared to changes in the same months in 2019.<sup>11</sup> April was the worst month.<sup>12</sup>

**TABLE 1**

**% Changes in Monthly U.S. Domestic Air Passengers on U.S. Airlines and Changes in Hawai'i Air Passenger and Visitor Arrivals in 2020 Compared with the Same Months in 2019**

Month, 2020	U.S. Domenstic	Hawai'i	Visitor Arrivals in Hawai'i by Air	
	Air Passengers	Air Passengers	All Visitors	Domestic Visitors
January	+6.2%	+7.2%	+5.3%	+9.1%
February	+7.4	+7.5	+12.6	+12.9
March	-51.0	-49.7	-53.6	-48.7
April	-95.7	-98.7	-99.5	-99.2
May	-88.5	-97.4	-98.9	-98.6
June	-77.9	-95.9	-98.2	-97.7
July	-70.1	-94.4	-97.7	-97.1
August		-93.9	-97.6	-96.7

Sources: U.S. data from U.S. Department of Transportation at <https://www.bts.gov/newsroom/us-airline-july-2020-passengers-decrease-73-july-2019-rise-30-june-2020-preliminary>. Hawai'i air passenger counts from <http://dbedt.hawaii.gov/visitor/daily-passenger-counts/>; Hawai'i visitor data from the Hawai'i Tourism Authority at <https://www.hawaiiauthority.org/research/monthly-visitor-statistics/>

Passenger numbers at TSA airport checkpoints for 2020 and 2019 tell the same story of a near total collapse in air travel during the pandemic. Total passenger “throughput” reached its lowest point on April 14, 2020 at 87,534, or 96% fewer than the number on the same day in 2019. With recovery in slow motion, the May 31 passenger count was 86% less than that on the same day in 2019, 78.7% less on June 30, 72% less on July 31, 68.8% less on August 31, and 64.4% less on World Tourism Day (September 27, 2020).<sup>13</sup>

Because of Hawaii's total reliance on air transportation (cruise travel was suspended in March) Table 1 also displays the corresponding percentage changes in air passenger counts and visitor arrivals in Hawai'i in the first eight months of 2020 compared to the same months in 2019. While air travel in the rest of the country is making a slow recovery, tourism recovery in Hawai'i has yet to begin as the state is not relaxing

11 The International Air Transportation Association (IATA) produces its own estimates of U.S. domestic air passenger traffic using revenue passenger kilometers (RPK) instead of the number of passengers. IATA's estimates (Monthly Air Passenger Market Analysis) of percentage changes in U.S. domestic air passenger travel are similar to those produced by the U.S. Department of Transportation: Jan. 2020, +8% over 2019; Feb. 2020, +9.5%; March, (minus) -51.1%; April, -95.7%; May, -89.5%; June, 80.0%; July, -72.6%; August, -69.3%.

12 Intercity rail passenger traffic (excluding commuter passengers) fell as well with the sharpest decline occurring in April 2020 (-95.6%) compared to the volume of passengers in April 2019. June was still down 92.8% compared to 2019. (See, <https://data.bts.gov/Research-and-Statistics/Intercity-Passenger-Rail-Travel-Passengers/n8yb-nfq5>) Highway travel (on all roads and streets) was also down, but not as sharply as air or rail travel. The deepest drop was in April 2020 at 40.2% from April 2019. In July 2020, highway travel in vehicle miles was down only 11.5% from the volume in July 2019. (See <https://data.bts.gov/Research-and-Statistics/Highway-Travel-All-Systems/qeh3-a6ec>)

13 <https://www.tsa.gov/coronavirus/passenger-throughput>

its 14-day trans-Pacific travel quarantine (that went into effect on March 26) on arriving passengers until October 15. In 2019 Hawai'i received 10.2 million visitors.<sup>14</sup> During the current pandemic a few thousand visitors are still trickling in each month; 4,564 in April and 22,344 in August.<sup>15</sup> And they are not the typical pre-pandemic tourists; they tend to be younger, traveling in smaller parties, stay much longer, are frequent visitors, and a large percentage of them are visiting friends and relatives.

The U.S. lodging industry has seen better numbers overall than the airline industry. Nonetheless, the American Hotel & Lodging Association (AHLA) in a report (August 31, 2020)—*State of the Hotel Industry Analysis: COVID-19 Six Months Later*—argues that “The hotel industry is on the brink of collapse.”<sup>16</sup> Smith Travel Research (STR) reports that the average U.S. hotel occupancy rate ending the week of August 29, 2020 was less than 50%.<sup>17</sup> It was less than 30% on Oahu.

Vacation rentals in the U.S. (which are banned on O'ahu during the pandemic) are generally bouncing back more quickly than hotels.<sup>18</sup> This may surprise some travel experts. One travel expert surmises that travelers will consider staying in someone's house more risky than staying in a hotel because it is more difficult for vacation rental platforms to enforce safety standards.<sup>19</sup> Instead, a consultant for vacation rentals concludes that “what's happened is that the vacation rental product has become attractive to travelers, because safety concerns around renting someone else's home have been balanced against the safety concerns of staying in a hotel with shared spaces.”<sup>20</sup>

## International Travel and COVID-19

International travel has also plunged because of the global pandemic. According to the UN World Tourism Organization (UNWTO) international tourism could fall by 58–78% in 2020 depending on the speed of containment and the closing and reopening of borders.<sup>21</sup> As of September 1, 115 destinations—just 53% of destinations world-wide—have eased travel restrictions.<sup>22</sup> Economies devastated by the pandemic also must rebound to spur tourism recovery.

The U.S. government has lifted its blanket level-4 “Avoid All Travel” advisory on travel by Americans to foreign countries, but because of America's high COVID-19 infection rate, Americans are not welcome in many countries including the popular and important European Union (as of September 1).<sup>23</sup> *Travel Weekly* columnist Richard Turen exaggerated a little when he wrote, “The going is tough, but there is nowhere to go.”<sup>24</sup> Likewise, the U.S. prohibits travelers from China, Iran, U.K., Ireland and a number of countries in the European Schengen area from coming to the U.S.<sup>25</sup> Restrictions remain fluid depending on each country's progress in curbing the virus.

The international consulting firm, *Oxford Economics*, forecasts (August 14, 2020) the U.S. will see a 76.5% decline in international inbound arrivals in 2020, equivalent to 61 million fewer visitors, and full recovery to 2019 levels is not expected until 2025.<sup>26</sup>

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14 <https://www.hawaiitourismauthority.org/media/5062/2019-annual-report-final-for-posting.pdf>

15 <https://www.hawaiitourismauthority.org/research/monthly-visitor-statistics/>

16 <https://www.ahla.com/sites/default/files/State%20of%20the%20Industry.pdf>

17 <https://str.com/data-insights-blog/video-us-performance-results-week-ending-august-29>

18 <https://www.travelweekly.com/Travel-News/Hotel-News/Vacation-rentals-bouncing-back-more-strongly-than-hotels>

19 <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>

20 <https://www.travelweekly.com/Travel-News/Hotel-News/Vacation-rentals-bouncing-back-more-strongly-than-hotels>

21 <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>

22 <https://www.unwto.org/more-than-50-of-global-destinations-are-easing-travel-restrictions-but-caution-remains>

23 <https://www.cnn.com/travel/article/us-international-travel-covid-19/index.html>

24 <https://www.travelweekly.com/Richard-Turen/The-going-is-tough-but-there-is-nowhere-to-go>

25 <https://www.cdc.gov/coronavirus/2019-ncov/travelers/from-other-countries.html>

26 [https://resources.oxfordeconomics.com/hubfs/Global-Travel-Service-July-2020.pdf?utm\\_campaign=PR-UK&utm\\_](https://resources.oxfordeconomics.com/hubfs/Global-Travel-Service-July-2020.pdf?utm_campaign=PR-UK&utm_)

In sum, much of what happened in travel and tourism in the U.S. after 9/11 is repeating itself during the current coronavirus pandemic. One New York Times writer observes that travel in the U.S. during 2020 is much like traveling during the summer of 1965: road trips over flying; domestic over foreign destinations; national parks and open spaces over big cities. She writes, “What’s new is old is new again—just add Google Maps, face masks and curbside pickups.”<sup>27</sup>

## THE FUTURE OF TRAVEL AND TOURISM

Harold Vogel writes, “The urge to travel is universal” because people are born with innate and insatiable curiosity.<sup>28</sup> Frances Brown writes that people travel because they feel a need to “escape from ordinary life.”<sup>29</sup> Time and time again, tourism has shown its resilience after major shocks. Tourism bounced back from 9/11 (2001), the SARS epidemic (2003)<sup>30</sup> and most recently the global financial crisis. Borrowing from post-9/11 experience, a coalition of travel companies and organizations (“Let’s Go There Coalition”) is developing a massive ad campaign to urge Americans to start planning for their next trip to anywhere.<sup>31</sup> Tourism will return from the COVID-19 pandemic but certainly with lasting changes.

There is no shortage of experts who have shared their views on tourism’s future after COVID-19.<sup>32</sup> Opinions from several leading thinkers in *Foreign Policy* (June 13, 2020) are representative:<sup>33</sup>

- Many people—especially the elderly—will either opt to not travel or limit their travel. Those who travel will do so within a new system of interlocking safe zones. Their travels will stick to the safe zones or in their own countries. The same will be true for businesses.
- Online meetings will be the norm. Business meetings, family vacations, and leisure activities will increasingly move into virtual worlds.
- Travel will take a bigger slice of our smaller disposable incomes. Many health protocols will become permanent. Two dramatic trends will occur: Some governments will redesign their tourism strategies to become better stewards of their destinations. Other governments will do the opposite by racing to the bottom and return to overtourism. But smart travelers will opt to visit places with good governance and health systems. They will take fewer trips but stay longer. They will see this pandemic as a harbinger of what’s to come from the climate crisis. They will act like responsible citizens as well as passionate travelers.
- Before the lockdown, it was easy to point out all the harm mass tourism has done. After a long travel interruption due to the pandemic, people will be more aware of what they have lost in easy connectedness.

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umUbreBp8opVejW2Un4tz\_eLi8q3DWdQE\_Ix3A7QxCCQrCaIVQ0tTtdcOOuIV\_w&utm\_content=93590253&utm\_source=hs\_email

27 <https://www.nytimes.com/2020/09/04/travel/to-many-travelers-2020-was-the-summer-of-1965.html>

28 Harold Vogel, *Travel Industry Economics: A Guide for Financial Analysts*, Cambridge University Press, 2001, p. xiii.

29 Frances Brown, *Tourism Reassessed, Blight or Blessing*, Butterworth, and Heinemann, 2000, p. 9.

30 Bob McKercher and Kaye Chon, “The Over-Reaction to SARS and the Collapse of Asian Tourism,” *Annals of Tourism Research*, 31 (3), July 2004, p. 716-719 at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7148758/>

31 <https://www.travelweekly.com/Travel-News/Travel-Agent-Issues/Trade-hopes-to-kick-start-travel-with-biggest-ad-blitz-since-September-11>

32 See, for example, <https://www.travelweekly.com/Arnie-Weissmann/How-travel-will-be-bought-and-sold-in-August-2021-Part-1>; <https://www.travelweekly.com/Arnie-Weissmann/How-travel-will-be-bought-and-sold-in-August-2021-Part-2>; <https://www.washingtonpost.com/travel/2020/06/15/11-ways-pandemic-will-change-travel/>; <https://www.cnn.com/2020/05/10/heres-how-travel-will-change-after-the-covid-19-pandemic-recedes.html>; <https://thepointsguy.com/guide/travel-changed-coronavirus/>; <https://www.nytimes.com/interactive/2020/05/06/travel/coronavirus-travel-questions.html>; <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>;

33 <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>

- The next wave of travel will not be driven by the desire to go to hot spots or top-ten-list destinations. It will be the desire simply to go, and to figure things out along the journey. Road trips and adventure travel will be popular but not packaged tours. There will be a boom in domestic travel.
- Globalism cannot be reversed. Cultural curiosity cannot be expunged.

Post-COVID-19 predictions on future travel are not very different from some of those that were made after 9/11.<sup>34</sup> The pandemic is accelerating some changes that were underway for some time.

It is also important to note that many predictions are based on expectations of what tourists and tourism suppliers want and not necessarily what destination residents want. A good example is vacation rentals. Experts predict vacation rentals will be in much demand post-COVID-19. One reason: The pandemic has demonstrated that working remotely is feasible for many people.<sup>35</sup> A survey of businesses (in May, 2020) by the Federal Reserve Bank of Atlanta found that firms expect working from home in the U.S. to triple after the pandemic is over, rising from 5.5% to 16.6% of all working days. Moreover, firms anticipate 10% of their full-time workforce will be working from home five days a week.<sup>36</sup> University of Chicago researchers Jonathan Dingel and Brent Neiman estimate that 37% of jobs in the U.S. can be performed entirely at home.<sup>37</sup> The shift to working at home could increase demand for longer trips that combine work and pleasure. Bookings.com and Airbnb are exploiting this growing demand for “workations” by introducing longer stay rates.<sup>38</sup> Guests can work productively from someone else’s house, just not from their own home. And guests may bring a large family along. Hotels are not as well suited for that.

However, even before the pandemic, residents in a number of destinations have vigorously opposed the spread of vacation rentals in their residential neighborhoods.<sup>39</sup> Some governments (including Honolulu<sup>40</sup>) have responded to political pressure exerted by constituents by imposing strict regulations on their proliferation and how they do business. Thus, travelers may prefer vacation rentals, but the supply may not be there. The predicted increase in vacation rentals may not be realized in every destination.

The current pause in travel and tourism due to COVID-19 provides opportunities for residents of tourist destinations to rethink the role of tourism in their communities. Some won’t want to go back to what existed before. Even before the pandemic, residents of many destinations have been demanding more say on tourism in their communities to make sure that their wellbeing comes first. This will continue.

## IMPLICATIONS FOR HAWAII’I

Hawaii’s tourism industry has essentially been shut down since the end of March. For all of 2020, University of Hawaii’i Economic Research Organization (UHERO) forecasts (September 25, 2020) visitor arrivals by air and inflation adjusted visitor spending in Hawaii’i will be about 73% less than in 2019. Given Hawaii’s economic dependence on tourism (only Nevada is more dependent on tourism) the state ranks among the worst in economic performance during the current pandemic. A long and uncertain road to tourism recovery lies ahead.

The COVID-19 pandemic has exposed several critical weaknesses in Hawaii’s readiness to respond to crises. The most glaring weaknesses are poor crisis management at the state level and confusing

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34 See Mak (2004), Chapter 15.

35 <https://www.washingtonpost.com/travel/2020/06/15/11-ways-pandemic-will-change-travel/>

36 <https://www.frbatlanta.org/blogs/macroblog/2020/05/28/firms-expect-working-from-home-to-triple>

37 [https://bfi.uchicago.edu/wp-content/uploads/BFI\\_White-Paper\\_Dingel\\_Neiman\\_3.2020.pdf](https://bfi.uchicago.edu/wp-content/uploads/BFI_White-Paper_Dingel_Neiman_3.2020.pdf)

38 <https://www.travelweekly.com/Travel-News/Hotel-News/Bookingcom-introducing-longer-stay-rates>

39 <https://uhero.hawaii.edu/regulating-home-share-rentals-in-hawaii/>; also <https://www.nytimes.com/2020/09/24/travel/airbnb-pandemic.html>

40 <http://www.honolulu.gov/dppstr.html>

coordination between the State and the four county governments. A survey conducted in late August by the University of Hawai'i Public Policy Center found Hawai'i residents highly critical of the State's handling of the pandemic.<sup>41</sup> Hawai'i went from a destination considering marketing itself as one of the safest places to vacation to a second lockdown on O'ahu (August 27) to prevent the healthcare system from being overwhelmed. Finally, in mid-September, Governor David Ige appointed a new leadership team to improve the effectiveness of the state's response to the pandemic and establish a pre-flight testing program to relax the 14-day quarantine currently imposed on all travelers to Hawaii beginning October 15. Hopefully, important lessons will be learned and retained to better prepare Hawai'i to meet the next disaster.

Hawai'i is especially vulnerable to Post-COVID-19 changes in travel and tourism. Health experts warn that COVID-19 may be with us for years. And even when a vaccine becomes available, it may only be 50 to 60 percent effective, meaning that if you vaccinate 100 people, 40 to 50 people may still get sick.<sup>42</sup> Because Hawai'i is already an expensive place to visit, making some of the current health protocols permanent will render a Hawai'i vacation even more expensive. ("Too expensive" is the top reason why Hawai'i visitors say they are unlikely to return.<sup>43</sup>) That doesn't include the expected rise in travel costs associated with measures to address climate change that might be added on top of that.<sup>44</sup> A recent study—"The carbon footprint of tourism"—published in *Nature Climate Change* finds that travel is highly income elastic and carbon-intensive and will constitute a growing part of the world's greenhouse gas emissions.<sup>45</sup> As Hawai'i is almost entirely dependent on long haul air travel, passengers wary of flying and consumers who don't want to contribute to climate change may opt to vacation elsewhere or spend leisure time in other ways. Thus, we should expect to see slower future growth in tourist travel to Hawai'i. Travel to Hawai'i was expected to slow in the next 25 years even before the COVID-19 pandemic.<sup>46</sup> The earlier prediction is now probably too optimistic.

The expected slowdown in the number of tourist arrivals may not entirely be a bad thing. Some would argue that it is time that we do with less but do it better. Hawai'i Tourism Authority's (HTA) latest tourism strategic plan adopted before the pandemic calls for the state to focus less on the number of visitors and more on attracting high spending and low impact visitors. Lawmakers are revisiting the longstanding discussion about diversifying away from tourism. Both are good ideas. And both are very difficult to achieve. On the first, every destination wants to do the same. Hawai'i cannot be like the kingdom of Bhutan which imposes a defacto minimum requirement on how much each visitor must spend by requiring all visitors to purchase an "all-inclusive packaged tour." Independent travel is not permitted.<sup>47</sup> Hawai'i has to focus on strategic marketing using data mining and analytics to target higher-spending/high-yield visitors, and investing in the state's tourism infrastructure to provide a visitor experience that will entice higher spending visitors to come. On the second, Hawai'i has made numerous attempts to diversify the economy in recent decades with little success. Studies are presently underway to review past diversification efforts to understand why they failed and thus help the state to craft more effective strategies going forward.

Technology will play a much bigger role in travel and tourism in Hawai'i (and everywhere) in the future. Hawai'i needs to develop a smart tourism plan. Until recently technology has been used largely to increase profits of tourism suppliers and reduce the cost of travel to consumers. In the future, technology—i.e. smart

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41 [https://drive.google.com/file/d/1F2gfvRKwbUvkbw\\_cfCewS6JUEenmlQDNG/view](https://drive.google.com/file/d/1F2gfvRKwbUvkbw_cfCewS6JUEenmlQDNG/view)

42 <https://www.npr.org/sections/health-shots/2020/09/12/911987987/a-covid-19-vaccine-may-be-only-50-effective-is-that-good-enough>

43 [https://www.hawaiiourismauthority.org/media/4996/vsat\\_qtr4\\_2019\\_final-repost-7-31-20.pdf](https://www.hawaiiourismauthority.org/media/4996/vsat_qtr4_2019_final-repost-7-31-20.pdf)

44 <https://uhero.hawaii.edu/charting-a-new-fiscal-course-for-hawaii-a-fiscal-architecture-approach/>

45 [https://forestpolicy.com/wp-content/uploads/2018/07/TourismCarbonFootprint\\_maintext.pdf](https://forestpolicy.com/wp-content/uploads/2018/07/TourismCarbonFootprint_maintext.pdf)

46 [https://files.hawaii.gov/dbedt/economic/data\\_reports/2045-long-range-forecast/2045-long-range-forecast.pdf](https://files.hawaii.gov/dbedt/economic/data_reports/2045-long-range-forecast/2045-long-range-forecast.pdf)

47 [https://www.kingdomofbhutan.com/visitor/visitor\\_1\\_.html](https://www.kingdomofbhutan.com/visitor/visitor_1_.html)

tourism—will also be used increasingly to aid destination management.<sup>48</sup> The rush to employ technology in travel and tourism spurred on by the pandemic is both a plus and a minus. Technological applications that improve efficiency is a plus. On the minus side, as capital and technology replace labor, one wonders how the tourism experience will be forever altered. What does the “Aloha spirit” mean when visitors are increasingly served by robots, and artificial intelligence replaces human interaction? The challenge to maintaining Hawaii’s brand image as the Aloha state is to come up with the proper balance between technology and personal service.

In 2019 we wrote a white paper charting a new course for Hawai’i tourism.<sup>49</sup> We outlined three conditions for tourism’s long-term success in any destination. They remain valid in the post-pandemic era: (1) a long-term strategic view, (2) authority to take action, and (3) sufficient resources to implement actions. Currently, Hawai’i is deficient in all three areas. Ultimately, success requires strong leadership and institutional reform driven by the governor and the legislature.<sup>50</sup>

The future of travel and tourism is not preordained. It will be shaped by the choices tourism’s decision makers—consumers, suppliers, and destination residents through our governments—are making in the face of our new realities.

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#### About the Authors

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<sup>48</sup> <https://uhero.hawaii.edu/can-hawaii-rise-from-the-ashes-of-covid-19-as-a-smart-destination/>

<sup>49</sup> <https://uhero.hawaii.edu/wp-content/uploads/2019/08/ChartingANewCourseForHawaiiTourism.pdf>

<sup>50</sup> <https://uhero.hawaii.edu/wp-content/uploads/2020/04/HTASustainableDestinationManagement-1.pdf>