Hawai‘i, Wake Up!!!
Don’t Miss the Big Picture

By Dr. Richard Kelley

Dramatic changes are under way in the world’s economy and travel patterns. Hawai‘i needs to wake up, have a cup of coffee, and take a look at the Big Picture.

This was the message of Dr. Nawal Taneja, Professor Emeritus of Aviation at Ohio State University, when he addressed members of our ‘ohana this past week at Outrigger’s Quarterly Business Review. Prof. Taneja, one of the top advisors to and commentators on the commercial aviation industry, reminded us that the world’s commercial center of gravity has shifted dramatically over time.

- During the early days of the industrial revolution and for many decades thereafter, Europe was the central player in the global economy.
- In the second half of the 19th century, the economic center of gravity moved westward as the United States began to emerge as the world’s economic powerhouse.
- Now the center of economic power is shifting farther west, moving across the Pacific to Asia.

Look at what is going on in India, China, and the countries of Southeast Asia. Populations are growing, and wealth is spreading to a burgeoning middle class. Manufacturing has all but left the United States. If you want proof, just look at the labels or fine print on your clothing, TV set, cell phone, or almost any item on the shelves of your local Walmart or Costco.

China has moved up as the world’s second- or third-largest economy (depending on who’s doing the counting), and it is the top manufacturer and consumer of new automobiles.

Global patterns of air travel are changing rapidly too. Prof. Taneja pointed out that U.S. airlines are rapidly losing market share in air travel.

In 1990, U.S. carriers had over 41 percent of all Revenue Passenger Miles (RPM). That percentage fell steadily during the next two decades to about 28 percent in 2010, and it is projected to drop to under 20 percent over the next two decades (see chart on page 2).

By contrast, Asian air carriers have gone from less than 20 percent of RPM in 1990 to about 25 percent in 2010. They are predicted to have over 40 percent by 2030, the position once held by U.S. carriers.

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Of course this shift should be seen from the perspective of Asia’s enormous population - more than half (over 4 billion) of the world’s nearly 7 billion inhabitants - and the tremendous economic progress it has made in recent decades.

So, what this really means is that Asia, which used to be one of the poorest third-world regions, is now moving toward (and in some places – e.g., Hong Kong, Japan, South Korea, Singapore, Taiwan – has already achieved) a top-tier standard of living. And that, of course, means much more traveling.

What does this mean for Hawai‘i? That we need to get ready for dramatic changes in the demographics of our visitors. And welcome these changes with open arms – and much better accommodations for speakers of Asian languages.

One cannot accomplish this overnight or with a few eye-catching ads on TV. It takes time, money, and effort.

I can remember going to Japan with my parents, Outrigger’s founders Roy and Estelle Kelley, many decades ago, trying to develop an interest in travel to Hawai‘i. Years later and through the efforts that many people and organizations made, that travel market exploded.

The same could happen with travel to Hawai‘i from elsewhere in Asia, the Middle East, and South America if we work on the following three areas.

- Begin well thought-out promotion and marketing campaigns.
- Make the process of getting a visa to the U.S. far more user-friendly.
- Eliminate the onerous restrictions that make it very difficult for international airlines to fly to and – especially – through Hawai‘i from Asia to U.S. mainland cities.

Take another sip of coffee and get ready for the oncoming changes. Together we can create unbelievable opportunities for Hawai‘i.

Aloha, Asia!

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Percentage Share of Global Air Traffic (RPMs)