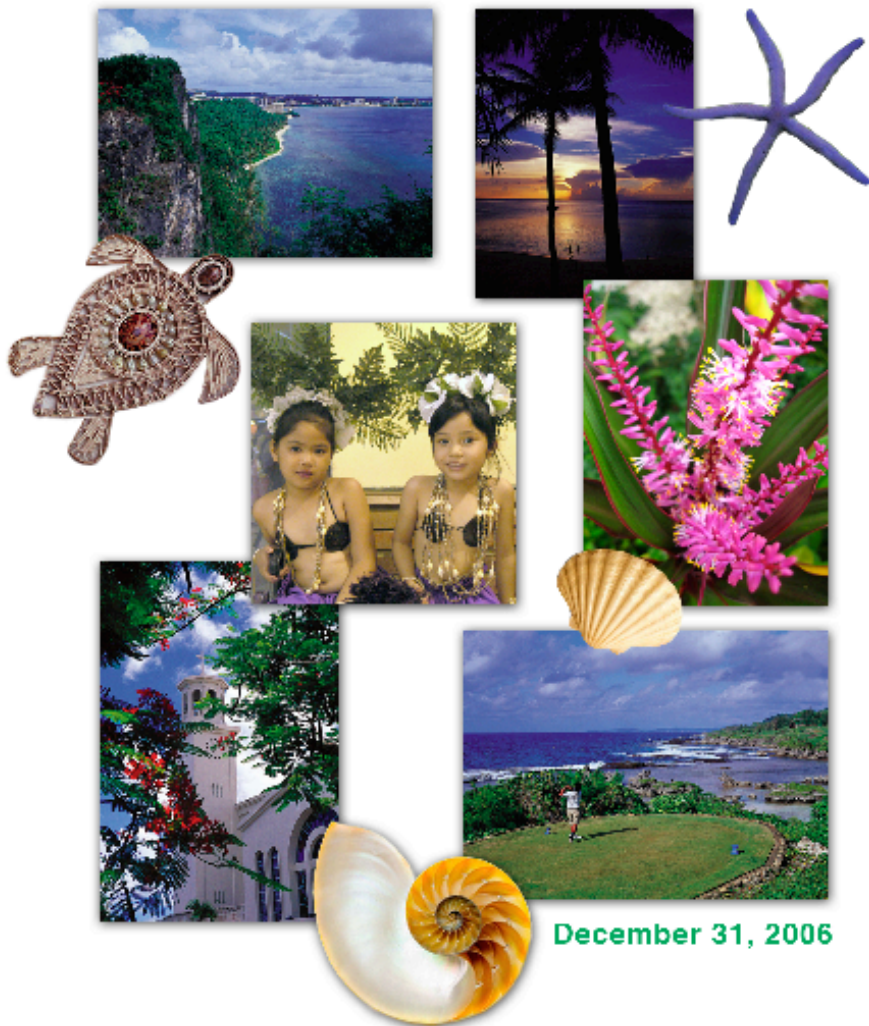




Guam Visitors Bureau
FIVE YEAR
STRATEGIC PLAN
2007 - 2011



December 31, 2006

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EXECUTIVE SUMMARY

Tourism, the largest single sector in Guam's economy, generates 60% of island revenue. It is one of two main external economic drivers for the island generating in 2006 about \$1.35 billion* to the local economy. Tourism also accounts for approximately 20,000 jobs on Guam, which is about 35% of the island's employment. The island has recovered from a prolonged period of underperformance, and visitor arrivals have generally normalized to levels near the monthly averages leading up to September 11, 2001 (9-11).

Immediately after 9-11 world travel fell drastically, especially in North America. Since then, global travel has gradually increased to record levels. But the proliferation in number and sophistication of the island's competition (especially from our core markets) has also risen dramatically, prompting the need for a strategic plan that will sustain the industry's viability.

The purpose of the Guam Visitors Bureau Five Year Strategic Plan is to:

- Set a strategic direction and isolate key issues and initiatives aimed at improving the island's competitive position in the global market.
- Promote continuity and community support for the adopted strategic direction despite changes in political leadership.

The plan does not proceed into tactical and implementation details, which stakeholders will have to establish. However, it sets forth the framework for action and provides a strategic direction for the community's multifaceted involvement and effort.

The plan recommends several strategies to achieve the following goals and objectives by FY 2011:

- Increase total annual visitors arrivals to 1,530,000.
- Increase Japan and Korean visitors to 1,101,600 and 290,700, respectively.
- Increase length of stay from 3 nights to 4+ nights by 13% for Japanese visitors and increase length of stay from 4 nights to 5+ nights by 6% for Korean visitors.
- Increase on island spending by 20% from \$640.00 to \$768.00 for Japanese visitors and increase Korean on island spending from \$401.00 to \$480.00.

(*\$772,297,000 tourist on-island spending x 1.75 multiplier = \$1.35 billion in FY2006, See Fig. 32 in Appendix)

- Increase weighted average hotel occupancy rates from 63% in FY 2005 to 75% in FY 2011.
- Increase share of Japanese overseas weddings from 19% in FY 2005 to 25% in FY 2011.

The plan recommends an implementation strategy according to immediate needs and limited resources. In short, the plan sets a course of action to improve the island's infrastructure, institutional capacity, and marketing strategy.

Summary of Recommendations:

Marketing

- Create, develop, and communicate a universal brand image specific to Guam, thereby owning visitor prospects' top-of-the-mind awareness that the island is a desirable and valued destination.
- Position Guam as the regional tourism hub of Micronesia since Guam and the other islands benefit by attracting long stay, multiple stop visitors to the region.
- Strengthen Guam's market share in Japan, grow market share in Korea and diversify visitor mix to lessen dependency on Japan.
- Grow visitor arrivals from Taiwan and cultivate emerging market gateways such as China and Russia.

Improvement & Maintenance

While aggressive marketing identifies specific targets and strategies to reach the visitor arrival objectives, there is a tremendous amount of work ahead in destination development and maintenance. Existing parks, historic sites, scenic roadways, and other public facilities need an overall refurbishing and continued upkeep to instill community pride and enhance the visitor experience.

- Enforce graffiti, litter, and illegal dumping laws.
- Continue Tumon and Agana beach cleaning.
- Continue highway roadway grass cutting maintenance.
- Upgrade street lighting and beautification of San Vitores Road.

Development & Enhancements

Develop a wide array of attractions and events to appeal to a broader base of consumers. Successful destination development will increase the number of visitors,

encourage longer length-of-stay visits, and increase on-island spending. Building strategically important facilities will spur growth in non-traditional market segments (i.e. group meetings) and general interest groups from non-traditional gateways.

- Build a Guam national museum.
- Build a multipurpose conferencing facility.
- Upgrade historical, natural, and cultural assets in villages.
- Renovate and improve existing parks and picnic areas
- Install village and scenic drive road signage.

Institutional Reforms

Guam needs to review its tourism policies and procedures to see how it can improve efficiency in light of the many challenges it faces in a dynamic, fast-paced, and competitive marketplace.

- GVB Board of Directors' role in daily operations
- Reform GVB spending approval process
- Increase alternate sources of funding
- Staff training and development to improve core competencies
- GVB accreditation by the Destination Management Institute of America

Community Support

Tourism can perform best when the community has a sense of ownership and an identifiable stake in its success. Guam can achieve many of the marketing and destination development and maintenance objectives if the community at large understands and believes that successful tourism benefits all residents.

- Educate the public on the benefits of tourism.
- Encourage public input on the strategic direction of managing tourism.
- Position tourism as a tool to improve quality of life on Guam.
- Communicate tourism's success stories to the media and public.

Government Relations

Guam's political leadership and government agencies need to recognize tourism as the island's main contributor of island revenue and tax base. It provides the revenue source from which to pay for many government debt obligations. Improving the industry's relationship with public policy makers will make it easier for hotel occupancy taxes and other regulatory issues to be judiciously employed.

- Protect the Tourist Attraction Fund to provide adequate marketing funding.
- Seek alternative funding sources for large-scale developments.

- Update the Qualifying Certificate program to encourage major attractions
- Reform and enforce signage laws
- Redistrict adult entertainment

Strategic Time Lines

Initiatives	Immediate	Short Term	Mid Term	Long Term
	6 ~ 18 months	18 months ~ 3 years	3 ~ 5 years	More than 5 years
Marketing	Brand renewal strategy Adopt universal communication plan with new brand strategy Create new excitement for industry to sell Guam Increase website traffic	Increase long stay visits x % Increase repeat visits x % Increase editorial coverage in core markets x % Generate more inquiries	Increase visitor yield by x % Better utilize airline, hotel, wedding, etc. capacities Focus marketing message on market segment not price Implement on-line booking engine	Increase MICE and SMERF groups to x % of market mix Inaugurate more direct flights from Korea, China Increase FIT bookings More regional tourists visiting multi-stopovers in Micronesia
Improvement & Maintenance	Enforce litter, graffiti, illegal dumping laws	Increase awareness of local cuisine and cultural performing arts	Build national museum Improve Tumon lighting and landscaping	Build multipurpose Meeting facility
Development & Enhancements	Incubate new tourism businesses	Upgrade historical, cultural assets	Install village and scenic drive signage	Launch cruise ship industry on Guam

	Improve quality of service in all customer relations	Renovate and improve parks and picnic areas	Promote four major on island events: Sports, Festival, Holiday, Cultural	Open Aman Resort or similar high end “icon” Upgrade Tumon Redevelopment
Institutional Reforms	Seek alternate GVB funding Certify staff; DMAI accreditation	Redefine operational role of GVB board and committees	Reform GVB spending approval process	Consider new business model for GVB
Government Relations	Increase GVB marketing funds to increase visitor arrivals	Reform signage laws	Redistrict Adult entertainment	Improve Micronesia regional tourism Infrastructure
Community Support	Communication strategy to engender community support for tourism	Make the visitor experience more engaging and memorable	Establish a culture of exceptional customer service	Build a brand community Build overwhelming local support for tourism and GVB’s mission

Action Plans

Strategies are to be supported with draft action plans that list recommended action steps. Action plans are separate working documents that are adjusted regularly by individuals and or planning oversight committees as necessary. Action plans identify recommended champions and supporting organizations to implement strategies and specific actions.

Each strategy will have an action or “tactical” plan that will include the following:

- Define the specific tasks required to accomplish the objective

- Identify the leaders or “champions” responsible for each task
- Establish deadlines and benchmarks
- Establish budgets and other required resources needed

Conclusion and Acknowledgement

Guam can no longer afford to be a single-country dependent, low yield, and volume driven destination. It can no longer rely on its location and aggressive marketing to sustain its visitor activity and subsequent contribution to the island’s economy. Guam must leverage its known and hidden assets to present an image as a desirable and valued destination. Guam has to refurbish, renovate and rejuvenate its physical appearance. It must refresh its appeal to encourage repeat visitors and new awareness to attract visitors from core and emerging markets. Guam also needs to communicate the right message to the right target group to influence their destination buying decision and create a profitable environment for those who generate our visitors.

Additionally, Guam must build new attractions, develop activities, and create events to instill interest to visit. Guam must do this not only to enhance the quality of life on island but also to face emerging competitors. Just as important, we must give constant attention to beautification and upkeep of our roadways, parks, and beaches to fulfill the visitors’ expectations and give credibility to our marketing message.

Finally, Guam, as a community, must commit to tourism and have a tangible stake in its success. Although genuine hospitality and good customer service at every level can overcome a lot of shortcomings, island residents must also embrace the ideals and goals of a visitor-friendly community for tourism to perform at its best.

Many of Guam’s tourism stakeholders, including Governor Felix P. Camacho, GVB members, board directors, members of the 28th Guam Legislature and members of the community at large contributed to this plan over the course of nearly two years. We also acknowledge the support and assistance of the Guam International Airport Authority and the Guam Hotel & Restaurant Association. The GVB staff and management acknowledge, with thanks, this contribution, without such support the GVB’s board directive for this plan would not have been fulfilled. ■



INTRODUCTION



I. INTRODUCTION

General Comments

Guam can attribute its economic success to its geographic location. Although Guam, a U.S. territory, is nearly 6,000 miles away from the U.S. mainland west coast and almost 3,700 miles away from the shores of Hawaii, it is near the most populous and dynamic region in the world, Asia. It is this proximity to major Asian countries of economic and political importance that Guam is fortunate to have two economic drivers: military and tourism.

Today, tourism accounts for over 60% of Guam's dynamic, yet fragile, economy. Second only to a growing military sector and Federal government social program spending, a number of new investments has started to refurbish and revitalize a worn and outdated tourism plant.

This plan recommends specific actions to maintain identity and thrive in a very competitive global environment based on historical precedence and an outlook towards future global travel dynamics. However, the importance of a well-developed plan is second only to the plan's acceptance and willful execution.

Purpose:

The purpose of the Guam Visitors Bureau Five Year Strategic Plan is to:

- Set a strategic direction for the largest single industry in Guam.
- Isolate key issues and initiatives aimed at improving the island's competitive position in the global market.
- Educate community stakeholders and the community on the impact of tourism and its importance on employment and the island's tax base today and in the future.
- Galvanize a shared vision for private stakeholders, public policy makers, and the community to embrace.
- Promote continuity and bipartisan support for the adopted strategic direction, no matter the political leadership.

Enabling Statutes and Funding

Guam's tourism industry began in 1952, when then Governor Carlton Skinner signed Public Law 67. The public law recognized Guam's potential as an international tourist destination. However, it was difficult for visitors to come freely to the island because of naval administration restrictions.

In 1962, President John F. Kennedy lifted the restrictions allowing Guam to develop the island and begin its infant tourism endeavor. The Guam Tourism Commission, under the auspices of the Government of Guam's Department of Commerce, managed the island's initial entry into the tourism industry.

In July 1970, Executive Order 70-24 separated the Guam Tourism Commission from the Department of Commerce and renamed it the Guam Visitors Bureau. Subsequently, Public Law 17-32 in 1983 reorganized GVB into a non-stock, non-profit membership corporation governed by Guam's general corporation laws.

By law, GVB is mandated to promote and market destination Guam; promote local resident interest in the tourism industry; assist training and education efforts in tourism based employment and local entrepreneurial development; promote local culture and locally made items; encourage the development of tourist attractions and facilities; assist in enforcing tourism related laws and regulations; and gather, produce, and disseminate visitor industry data.

GVB's thirteen (13) member governing body, the Board of Directors, is constituted as follows:

- 4 Appointees of the Governor
- 4 Elected from the membership of private companies and individuals
- 1 Representative of the Mayor's Council
- 3 Appointees from the Legislature, one of which serves as an alternate
- 1 Selected by the eleven appointees and elected members

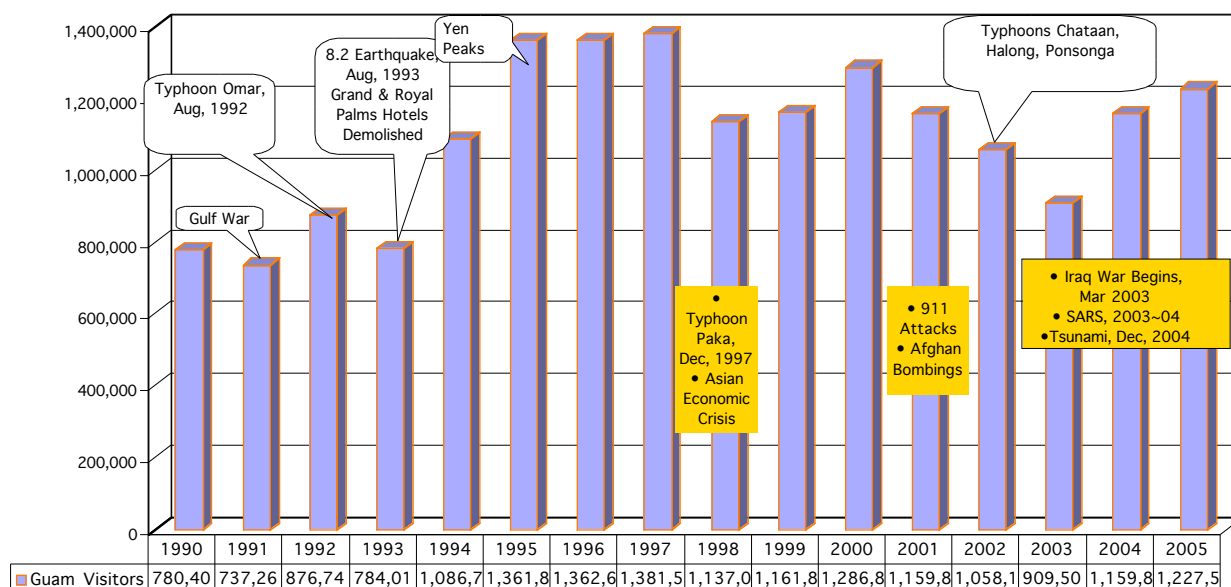
Hotel room taxes collected in the "Tourist Attraction Fund" are GVB's primary funding source as authorized in the annual Government of Guam Executive Budget Act. GVB is also trustee for appropriated funds for various Tourist Attraction Fund (TAF) projects.

GVB's membership dues are a secondary source of revenue, but typically constitute less than 1% of total income. Membership and industry "in kind" contributions, however, can represent an additional 20% or more of the annual budget. The Board of Directors approves the budget and authorizes expenditures.

Recent History

Many factors impact the strength and viability of Guam's tourism industry, among which include: the local economy, world events, new and updated attractions, products and services, weather, technology, hotel occupancy taxes, quality of service and visitor satisfaction. These conditions have never been as acute as in the last decade following events of September 11, 2001 (9-11), two super-typhoons in 2002, the war in Iraq, the outbreak of SARS, and most recently, the avian flu scare and fuel prices.

Island visitors reached a peak of 1,381,513 in calendar year 1997, followed by a sharp 21.5% drop in 1998 due to the 1997 KAL plane crash, the Asian currency crisis, and a lingering Japan recession. By August 2001, however, GVB's various marketing initiatives began paying off and was tracking to match 1997 record arrivals when 9-11 struck and a prolonged slump ensued throughout FY2002, and into FY2003.



Following 9-11, GVB initiated an aggressive and tactical marketing strategy in Japan and Korea, Guam's two most important source markets comprising 88% of total arrivals in 2002. Guam made progress toward recovery by the 2nd and 3rd quarters of FY2002, but two devastating typhoons (July and December), and the bombings in Bali and Indonesia kept visitors away dramatically. Visitor arrivals decreased from 1,048,813 in the recovering year of 2000 to 659,593 by calendar year end 2003, a devastating 37% contraction from Japan alone, and about 30% overall for all markets combined.

This catastrophic drop in arrivals also affected GVB's ability to take counter measures because its primary funding source (TAF) plummeted 35% for the same calendar period from \$20.6 million to \$13.3 million. This situation forced GVB to restrict, abandon or

otherwise postpone planned marketing and destination improvement programs for the year. It focused much of the effort on mitigating market loss and maintaining current airline seat capacity. Achieving these two objectives was a challenge that the Legislature recognized and authorized GVB to secure a line of credit. (P.L. 26-83) not to exceed \$6 million.



The purpose of this funding was to pay for tactical marketing initiatives aimed at reversing negative arrivals. About \$5.3 million was earmarked for Japan to reinvigorate the incentive group market, sustain the positive growth of the wedding market, and reassure the family and OL market segments that Guam is a very safe destination.

GVB launched these initiatives because of the immediate and urgent need to address the shrinking number of visitor arrivals. Although P. L. 26-83 authorized GVB a line of credit, GVB did not secure the credit facility and after the campaign owed its advertising agency about \$3.2 million. (Both parties agreed that GVB would repay the debt interest free).

GVB was not able to secure the credit facility because lending institutions wanted GVB to commit the first rights to the Tourist Attraction Fund (TAF) revenues. Unfortunately, public law had already pledged the first rights towards the repayment of bonds for the Tumon Redevelopment Project. GVB also explored borrowing from the Guam International Airport Authority, but it did not materialize.

Importance of Tourism

The importance of tourism, and its maturity as an industry, is best reflected in the island's high ranking on a tourism penetration index (TPI), a measure of visitor density, spending, and room density. Guam ranked 8th of 36 insular economies studied (2001) in Europe, the Caribbean, Indian Ocean, Asia, and the Pacific (Asia Pacific Viewpoint, Vol. 47, April 2006). Despite many destination shortcomings, Guam has benefited greatly the last 40 years from the explosive growth of Japan's overseas travel market, and more recently from Korea. This success is mostly due to the island's strategic location and growing consumer affluence in these two countries.

Overall overseas travelers from Japan (17.5 million) and Korea (10.5 million) have grown to 28 million by 2006, and experts expect this number to approach 35 million as Japan achieves its goal of 20 million overseas travelers by 2010 and Korea travel demand continues unabated.

In the past, Guam has relied heavily on its location and marketing "intensity" to attract visitors. The island's proximity to the most affluent Northeast Asian metropolitan

markets has been a strong factor in attracting a very high percentage of “inexperienced” first time overseas travelers. In the last three decades, however, the percentage of first time visitors from Japan decreased progressively from well over 75% to 49% in 2006. The mix of first time visitors from Korea is currently at 75% but also expected to drop in the years ahead. (See Total Visitor Arrivals FY 2002 ~ FY 2006 in Fig. 1 in Appendix.)

About half of all visitors to Guam stay three or fewer nights, making this situation an added challenge in generating destination yield improvements. (See Fig. 27 & Fig. 28 for Japan visitor length of stays and Fig. 29 & Fig. 30 for Korean visitor length of stays in the Appendix.) If Guam can improve length of stay visits by one additional day, 20 percent more from the Japan market and 10 percent more from Korea, the incremental economic impact to Guam would be about \$43.8 million annually. (See Fig. 38 in Appendix.)



But as the demographics of both countries change, and more senior or experienced travelers demand better destination experiences and more sophistication, Guam will need to compete on better footing than just location and marketing efforts. The island needs to compete and succeed because of its differentiating attributes and the unique experiences it can promise, promote, and deliver.

An aging Japanese population also means that the “endless” supply of first time travelers will diminish with time. As competition heightens internationally, and domestically in the Japan market (i.e. Okinawa) and Korea (i.e. Cheju, Hawaii, Saipan), Guam’s stewardship of tourism must elevate significantly for the long-term viability of the industry to be sustained.

This plan aspires to become the vehicle by which the island community can indeed elevate its stewardship of an industry that, according to economists’ estimates, accounts for 20,000 tourism related jobs or 35% of total island employment in 2006 and 60% of Guam’s business revenue.

Improving the stewardship of tourism will also attract or enhance Guam’s attraction to new and (or) nontraditional markets, thereby providing added benefits from incremental arrivals and customer diversification.

Time Horizon

This strategic plan is a five-year document that sets a vision and a carefully worked out plan of action based on recognized goals and achievable objectives. Yet, in the plan design, it is flexible and action oriented.

As such, it is important to revisit the plan at least every two years to revalidate its goals, adjust assumptions where appropriate, and secure community support continuity. Over the course of time, however, the plan's central theme will:

- Honor the heritage and people of Guam.
- Value and promote good oversight of Guam's natural, cultural, and historic resources.
- Sustain the viability of a major sector in the island economy.
- Provide a uniquely memorable and enriching visitor experience.
- Engender mutual respect and understanding among all stakeholders.

Dynamism of the Plan

The Five Year Strategic Plan FY 2007 ~ FY 2011 has been developed through research, analysis and extensive consultation to ensure it reflects the vision of both the local community and tourism industry. While projecting our goals, the plan will be a dynamic document, evolving to meet the challenges of an ever-changing world.

A bi-annual review will be conducted throughout the life of the plan to evaluate the performance of the strategies so the appropriate action can be taken if required. It may be necessary to change strategic directions within the plan in reaction to unforeseen events, or shifts in the global environment. Public and private resource availability will also have an impact. It may also be necessary to raise the bar during the life of the plan should performance targets consistently exceed the stated goals. ■



GUAM VISITORS BUREAU



II.

II. GUAM VISITORS BUREAU

Our Vision

A healthy, vibrant and growing visitor industry generating business opportunities and employment for all residents, protecting the island's heritage, cultural values and natural resources, and making a positive contribution to the community's quality of life.



Our Mission

To grow and diversify visitor arrivals by creating the reasons to visit, attracting visitors from various markets, and providing a destination experience second to none.

Our Core Values

Tourism is an industry that contributes, and is committed to, improving the quality of life for all residents of Guam. To this end, the Guam Visitors Bureau holds at its core the following values:

- Possess a passionate belief and love for Guam and its people, including the cultural heritage and history from which both are shaped and tied.
- Conduct business in a professional manner at all times.
- Put in effect statutory mandates and the Board of Directors directives.
- Carry out responsibilities and obligations with independence, objectivity and honesty.
- Behave ethically at all times.

Guiding Principles and Strategic Direction

In promoting community understanding and strategy comprehension, ten basic principles guide the philosophical direction of this plan:

1. Generate volume for invested capacity, yield improvement, and stability
 - Maximize arrivals for better capacity utilization.
 - Create opportunities to improve destination yield, visit duration and market diversification.
2. Put marketing focus on Japan, Korea, and Business Travelers
 - Core markets and geographic proximity
 - Large number of overseas departures
 - Highest per capita income in East Asia
 - Institutional infrastructure in place
 - Grow MICE market and Business Travel
3. Grow small and emerging markets
 - China, Eastern Russia, and the emerging Asian economies

- Diversification benefits, hedge on underutilized capacity, i.e. airport, airlines, hotels, etc.
- Market awareness and positioning
- 4. Improve Destination Management
 - Create attractions, events, reasons to visit
 - Institutional improvements to meet or exceed visitor expectations
- 5. Moderate growth rate in five-years
 - Financial, infrastructure, and human capital limitations
 - Political risks from social dislocation among indigenous and other local residents
 - Fragility of small island ecosystem and other environmental concerns
 - Growth in number of more affluent visitors
- 6. Enhance our destination image
 - Focus on creating differentiated “sense of place”
 - Repositioning of Guam brand image
 - Create unified brand image around Spanish-Chamorro cultural heritage
 - Develop institutional capacity to produce and showcase Spanish-Chamorro heritage
- 7. Confirm funding support
 - Guaranteed funding level for destination management and marketing
 - Consolidation of Government of Guam parks and grounds maintenance budget into unified island wide plan
 - Identify funding source for conferencing center, Guam Museum, Old Hagåtña Revitalization, and village attractions
 - Identify other GVB funding sources
- 8. Adopt institutional reforms
 - Explore improvements in GVB destination management and marketing structure
 - Legislative agenda to support strategic plan
- 9. Engage community participation
 - Community outreach and information
 - Broaden constituency of support
 - Village mayor involvement
- 10. Thrust regional impact
 - Strengthen Guam as Micronesia’s center of transportation and communications
 - Leadership role in regional tourism development and marketing
 - “Through put” benefits to Guam, i.e. airport, airlines, hotel transit visitors, and other businesses. ■



MARKET OUTLOOK



III.

III. MARKET OUTLOOK

Global Outlook

- Visitor Arrivals 2005

Inbound visitor arrivals (IVAs) worldwide reached a record peak of 808 million in 2005, generating more than \$682 billion in revenues and growing by 5.5% and 3.4%, respectively, over 2004 (PATA Statistical Report 2005). Asia Pacific growth in the region varied by country but expanded +7.6% in the aggregate total to a combined volume of 330 million IVAs. Northeast Asia, which includes Japan, Korea, and China, performed much better than the regional inbound average in both year-on-year (+9.9%) terms and compound average rate (+9.2%).



More recently, according to a story in PATA news (10/18/06), tourism arrivals across Asia Pacific in the first quarter of 2006 increased 4.5% year-on-year, or 3.5 million more visitors. Thailand has bounced back dramatically from the post-tsunami decline in 2005.

The top five originating countries and host destinations visited during Q1 2006 were as follows:

Source Country	Country Visited	%Change (+/-)
Russian Federation	Thailand	+138
China (PRC)	Thailand	+132
Italy	Maldives	+124
Korea	Thailand	+ 89
China (PRC)	Philippines	+ 87

Both Japan and Korea combine to make up 90% of Guam visitors, making the health of their economies an important factor to the island's future tourism prospects.

In 2005, these two countries alone accounted for about 28 million overseas travelers, of whom 4% (80% Japanese) came to Guam. The island's share of total overseas travelers peaked at 6.6% for Japan (1997) when 16.8 million Japanese overseas travelers (JOTs) departed and 4.8% for Korea (1995) when Korean overseas travelers (KOTs) were 5.3 million.

As JOTs recover and approach the 20 million goal by 2010, potential visitors to Guam are expected to grow. In fact, a top Japanese travel executive characterized the year

2010 and beyond (JATA 2006) as the “Big Bang” for Japan tourism, the goal being to increase the percentage of Japan’s population traveling overseas from 13.8% to 30%.

Korea’s overseas travel growth in recent years has been quite dramatic following the economic reforms that the Asian currency melt down precipitated. More KOTs can be expected in the years ahead, although with lower growth rates. Guam’s prospects for this market will depend on how well the island can compete with other Asian destinations.

Guam’s recovery from an events-driven decline (i.e. SARS, typhoons, Iraqi war) continues to progress, but is now stymied by heightened competition, rising travel costs, and a weak brand image. Following the devastating effects of two super typhoons in 2002, the island’s share of JOTs has grown from 4.96% in 2003 when only 13.3 million Japanese traveled overseas to about 5.6% in 2006 (17.6 million estimated overseas travelers).

Guam’s recovery in total arrivals, however, while fairly strong in recent years, has not been as favorable in Korea’s case. The island’s share of KOTs has deteriorated to 1% and continues to languish at this level despite the exponential rise in overseas travel from that country to more than 10.5 million in 2005 and nearly 11 million forecasted for 2006.

Furthermore, Taiwan’s standing as Guam’s third largest source market (at fewer than 18,000 estimated for 2006) has been eclipsed by 47,000 U.S. visitors, about half of whom came to Guam for port calls and military R&R.

Guam’s visitor composition for the fiscal year ending September 30, 2006 is as follows:

Country	Market Percentage
Japan	80%
Korea	10%
U.S.	4%
Taiwan	2%
All Others	1%
CNMI & Micronesia	3%

There is compelling need to diversify the island’s visitor mix and to become less dependent on a single source country for its economic vibrancy. There will be more discussion on this topic further in this document. Please see Japan gateway arrivals compared with other leading gateways of visitors to Guam in Fig. 5 in the Appendix.

Asia-Pacific Travel Environment

- Overview

Guam is America in the Asia-Pacific region. U.S. global strategic interests and the region's rapidly growing economic power increasingly reinforce Guam's geographic importance. Guam is in an opportune position to reap the benefits that an evolving world economic order present. Now is the time for Guam to ready itself to do so.



As the fastest growing economic force in the world, the Asia-Pacific region is home to countries with some of the most rapidly developing populations in the world. Since 1960, the region's economy and population have both grown at faster rates than the global average. With an estimated population of nearly 3.6 billion people, Asia accounts for more than half of the world's population. The economies of all Asian countries combined represent nearly one-third of the world's GDP, and more than one-quarter of the world trade.

China, India, Japan, and Korea will become four of the ten largest economies in the world by 2020, and Asia will have 12 of the world's 22 mega cities of urban centers having a population of more than 10 million people. This shift in the global order will impact regional trends economically, socially, culturally, environmentally and politically.

The Asia-Pacific region's economy is poised to grow in the next 10 years at a rate never before seen in the world. This strong economic growth will increase the income of the total population and will make international travel affordable to millions of people who were never able to travel.

In addition, the region will experience some demographic shifts that will increase the leisure travel market. For example, one-half of the total population of the Asia-Pacific region will be over the age of 45 by the year 2033. Sure to be wealthier than the generation before them, this segment of older consumers is approaching the peak leisure years and is large enough to re-shape future travel demand from the Asia-Pacific region. Japan is a classic example. Residents over age 65 comprised about 20% in 2005 and expected to be 30% by 2025.

There are also dramatic changes to the way consumers make their travel plans. In addition to the Internet revolution, travelers from the region are starting to decide first what they want to do or experience and then choose the destination that can provide the activity or experience. Personal motivation (push factor) is getting stronger than the destination appeal (pull factor). Consumers are shifting from buying "products" to buying "experiences," particularly those from Hong Kong, Japan, South Korea, Singapore, and

Taiwan. Customized tours and quality service in satisfying the personal tastes of travelers is on the rise. Some examples are: interactive experiences at boutique hotels, resorts, casinos, and cruises.

Regional Travel Trends:

Fierce competition for major source markets creates more collaboration and cooperation among closely aligned destinations keen on enlarging their combined individual marketing strengths. Greater regional promotions will increase as tourists become savvier and seek more destination diversity (bundling). Some examples are: ASEAN countries, Greater Mekong Sub-region, Destination Arabia in the Middle East, and Visit USA. Regional cooperation can maximize Guam and Micronesia's opportunities more than just individual insular efforts.

Air transportation will continue to see acute pressures from high fuel prices, heightened competition, and security concerns. ASEAN countries will implement an "open skies" policy within the region in 2008, thereby creating cooperation and alliances among regional airlines. India is considering the same policy and "open skies" is a trend growing in the region. More full-service (i.e. legacy) carriers will fly into secondary cities to avoid congestion in gateway cities.

The hotel industry is becoming more high tech, socially and environmentally friendly, and niche specific (e.g., Aman resorts, locating properties at cultural or heritage sites and natural features). Hotel and resort designs are taking a more holistic approach, combining social, environmental, community, and financial elements.

Money-rich and time-poor consumers have encouraged the development of "integrated" resorts, where theme parks, entertainment facilities, hotels, casinos, and convention centers are all combined into one convenient place (e.g., Macao and Singapore developments recently). Destinations in the region are focusing more on tourism receipts and less emphasis on number of arrivals.

A "vaporizing" middle class in developed countries (i.e. Japan) continues to shift the market into a polarized model. The growth areas are in high-end luxury travel and the low end and budget markets.

On line bookings impact the airlines, hotels, and travel agencies the most. Low cost carriers also have become the catalyst for change. All airlines are required to issue e-tickets only (IATA) by the end of 2007. Most on-line travel consumers are FITs between ages 25 to 40, affluent, and with no children.

Wellness and medical tourism are fast growing, including spa and herbal treatments especially among females ages 26 ~ 35 years.

Student travel and learning through travel experiences, such as English language tours, remain strong in Japan, Korea, and China. In fact, the growth of China's middle class is gaining momentum and will fuel this travel segment.

Volunteer tourism is an emerging trend. As the population of developed countries age, and corporate social responsibility becomes the "norm," outbound volunteer tourism from these countries (i.e. Japan and South Korea) is likely to rise.

The China Factor

- WTO projects 100 million outbound tourists by 2020 or sooner and business travelers (4 million already in 2004) will increase in tandem with the 2008 Olympics and 2010 World Expo.
- China will need 2,000 new aircraft to meet current/future demand
- Large-scale volume with increasing spending power attracts destinations' marketing attention around the world, especially among ASEAN countries.
- Key market segments are: Working age empty nesters, Silver, Provincial Capital Residents, the affluent, FITs, business, MICE.
- Travel is a form of education promoting more cultural activities in demand (not just shopping)
- Bundling destinations into "one" is an attractive package building more value perception
- Cultivating business relationships with local companies and marketing to secondary and tertiary cities is important in attracting Chinese travelers.
- Low cost carriers not only have increased supply capacity but have also forced down prices to stimulate travel demand.
- Asia is becoming a "conventions hub" and business travel in the region will grow.

The MICE Market

The MICE (Meetings, Incentive Travel, Conventions and Exhibitions) industry is one of the fastest growing segments within the tourism industry generating millions in revenues for cities and countries. Europe and United States still remain the major markets worldwide for the number of meetings, conferences and exhibitions.

Japan's corporate group travel including MICE market segment shows signs of recovery with the recent improvement of the economy. These include meetings and conventions, large sized corporate incentive travel, and company sponsored travel for employees. However, in the long term, corporate group travel market will gradually shrink according to the Japan Association of Travel Agents.

- Meetings, incentives, conference, and exhibits (MICE) will continue to increase.
- Business travel is growing faster than the leisure market.
- Asian women business travelers could be the fastest growing segment in business travel.
- China and India are big potential markets for future business travel.
- Safety and security factors are important to MICE buyers and planners.
- Business and MICE travelers consider broadband connectivity indispensable.
- Planners and buyers consider overall destination appeal more important than convention facilities as conventions become shorter in duration.
- MICE buyers are increasingly searching out new destinations and activities.
- Group incentive travel will become more interactive with host communities.
- Financial services and health care/pharmaceuticals are traditionally the largest group incentive markets. However, expect fewer incentive trips in the future from stock brokerage and insurance agents because of SOX (Sarbanes–Oxley Act of 2004 forbidding the acceptance of compensation of any kind including travel).

The SMERF Opportunity

Once considered the bottom feeders of the meetings market, this highly budget-conscious, will-gladly-meet-on-weekends market has gained a new cachet in recent years: facilities and bureaus around the world are courting SMERF (Social, Military, Education, Religious, and Fraternity) meetings following the drop in deep-pocket corporate meetings and a fall off in attendance at professional and trade association meetings. SMERF meetings, many of them, are not as heavily driven by business needs but more by social and personal ties, so in that sense these types of meetings are more recession-proof than most.

The SMERFs, a hardy and growing bunch, are traveling to Asia and offering vast untapped potential for this region's developing and recovering travel markets says Abacus International.

“Their reasons for traveling are as diverse as war and peace, study and learning, seeking their god or just to catch-up with like-minded people, but what they have in common is a will to travel even if times get tough. They don't mind even gathering in non-peak times if it will help keep the costs down.”

- Smaller groups are easier to handle in existing Guam hotels or new conference center.
- Have more scheduling flexibility; shorter lead-time and can meet in off peak seasons or weekends.
- Can meet all year during war, peace, recessions or bullish economy.
- Smaller groups are less disruptive to contractual arrangements in accommodations and transportation already in place for larger group commitments.

Strategic Considerations

Twelve strategic considerations went into preparation of this five-year plan based on resource limitations, the competitive environment, sustainability, opportunities, and spending focus or priority. These strategic considerations are discussed further throughout this document.

These key strategic considerations are as follows:

- Retain Regional Marketing Focus
- Increase Market Diversification and Grow Business Travel
- Anticipate Competition in Core Source Markets of Japan and Korea
- Finance Market Plans with Local Funding Support
- Address Labor Availability
- Prepare for the Military Impact
- Redefine our Branding
- Develop a Service Culture
- Target the Growing Japan Senior and Overseas Wedding Markets

- Explore Emerging Market Opportunities and Alliances
- Be Alert for Potential Threats and Concerns
- Expand the U.S. Markets

Regional Marketing Focus

Country	Population (Millions)	Gross Domestic Product (\$ Trillions)	Per Capita Purchasing Power (\$ Thousands)	% Traveling Overseas
Japan	126.2	4.5	30,600	14%
South Korea	46.9	0.8	20,600	23%
Taiwan	22.1	0.4	27,600	38%

Guam is within 3 ~ 4 hours flying time of visitor source countries with the highest per capita income in Asia. These countries have a growing penchant for overseas travel and their respective governments have adopted policies to encourage both inbound and outbound travel. Our marketing efforts will continue to focus on these core visitor source countries to meet the demand and drive both the volume and the quality of travelers to the island.

Revenue Impact (\$ Millions Local Spending)

The following chart illustrates what each 1% in market share shift means to Guam economically. See additional illustrations in Fig. 7, Fig. 11 and Fig.15 in Appendix.

Country	Visitors	On Island Spending	Total Island Spend
Japan	174,036	@ \$622.04	\$ 109,339,617
South Korea	108,000	@ \$396.00	\$ 34,913,945
Taiwan	82,100	@ \$490.00	\$ 40,229,000

If we succeed in garnering increases in outbound market share from these core source markets, Guam will reap these economic rewards based on the weighted average of on island spending. One of the major components towards the success of this strategic plan is adequate marketing funding. These compiled statistics illustrate the economic benefit of investing public funds towards tourism marketing.

Market Diversification

Guam needs to diversify its market mix to increase its volume and visitor yield while decreasing its dependency on a single market source with its seasonal peaks and

valleys. Guam also aspires to attract more non-leisure travel such as business and group travel to fill in end slack leisure travel and holiday travel periods. Please see Japanese primary reasons to visit Guam in Fig. 8 and Fig. 9 in the Appendix. This strategic plan discusses further details on targeted market segments and new market gateways to meet the target goals of market diversification. Guam's visitor composition for the fiscal year ending September 30, 2006 is as follows:

Country	Market Percentage
Japan	80%
Korea	10%
U.S.	4%
Taiwan	2%
All Others	1%
CNMI & Micronesia	3%

Competition for the Japan Market

Sustaining or growing Guam's market share in both the island's core markets and other opportunities will become more difficult in the future:

- As other competing destinations increase in number and marketing sophistication;
- Guam continues to lag in destination improvement initiatives;
- Overseas travelers in Guam's core markets moderate their growth, level off, or decline (i.e. demographic shifts in Japan's and Korea's aging population).

The proliferation of many Asian beach and cultural destination resorts in the region (i.e. Vietnam, Cambodia, and other Mekong Delta states) pose a formidable challenge, and is exacerbated by the continuing strength of China's appeal and East European destinations, which have become more aggressive in attracting Guam's key markets.

In Japan alone, for example, there were a record number of exhibitors (770) representing 131 countries participating at the JATA World Travel Fair in September 2006. To meet the challenge of existing and emerging destination competitors, Guam must deliver a brand promise supported by destination improvements to become a first choice destination.

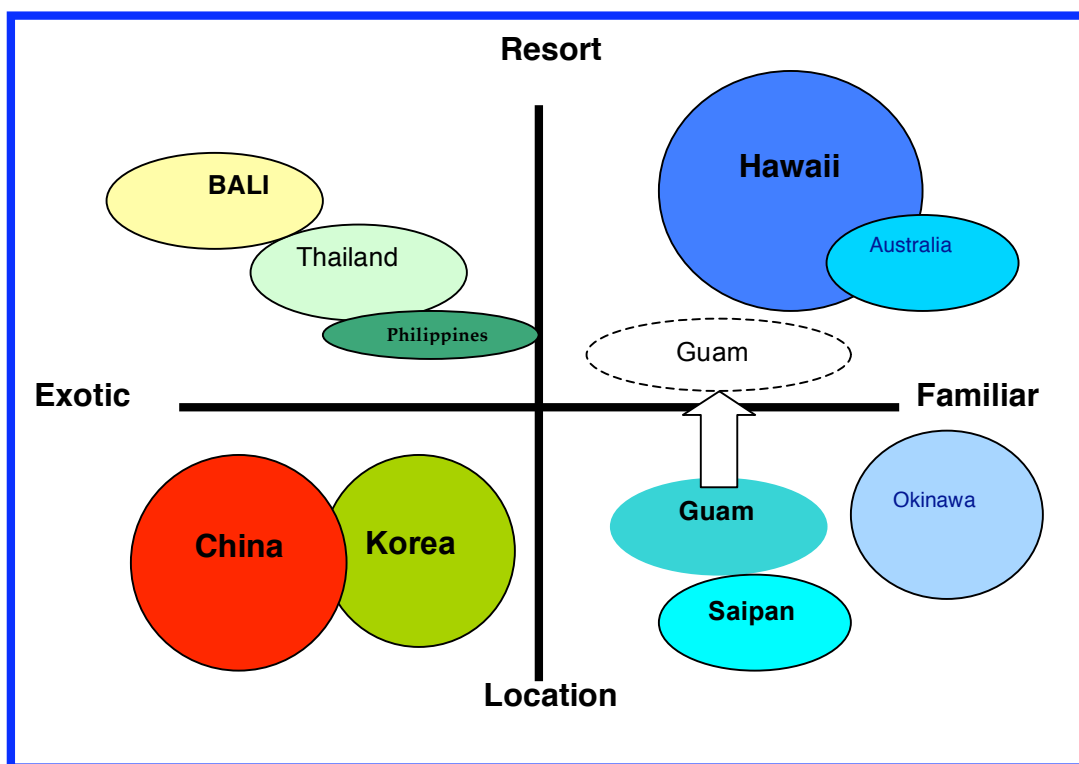
Destination Image Position in the Core Markets

The following Fig. 2.0 and Fig. 2.1 represent the Japan and Korean consumers' image of Guam in relation to other popular destinations. Guam needs to position itself closer

to a resort image of choice for more than the young and less reliant on the familiar and close destination image, and be attractive to more affluent and sophisticated consumers.

Destination Image Position in the Japan Market

Fig. 2.0



How to read the Destination Image chart

Bali, Philippines, Thailand: Exotic and interesting despite not having a lot of amenities for families and seniors accustomed to a higher standard of living.

Hawaii and Australia: Long haul travel, but considered sophisticated resorts (attractive) worth the associated extra expense of a long vacation.

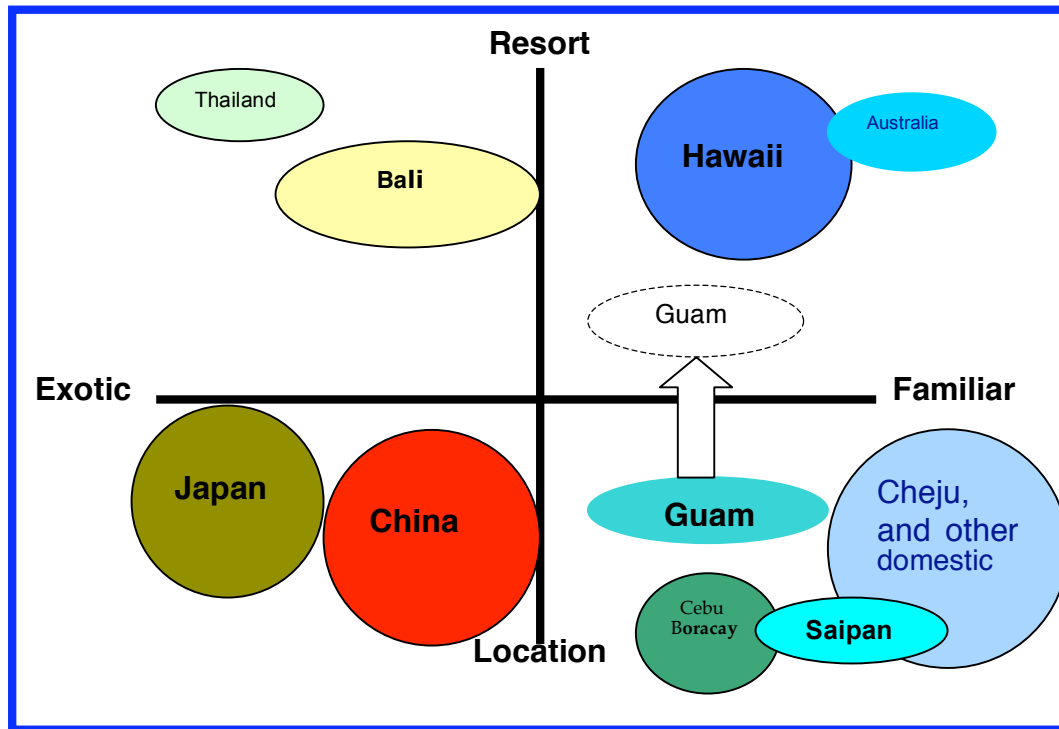
China and Korea: Very accessible and short trip. Attractive because of good shopping, exotic food, and relatively new, and cheap prices

Guam, Saipan, and Okinawa: Very accessible, mature market lacks sophistication, close and convenient, ideal for families, safe and familiar. Location is more of asset than image.

Guam aspires to move its destination image up closer to Hawaii and Australia to reach longer staying and high yield visitors by redefining and delivering a new crafted brand.

Destination Image Position in the Korea Market

Fig. 2.1



How to read the above chart

See notes from Fig. 2.0

Concerns and Local Resources

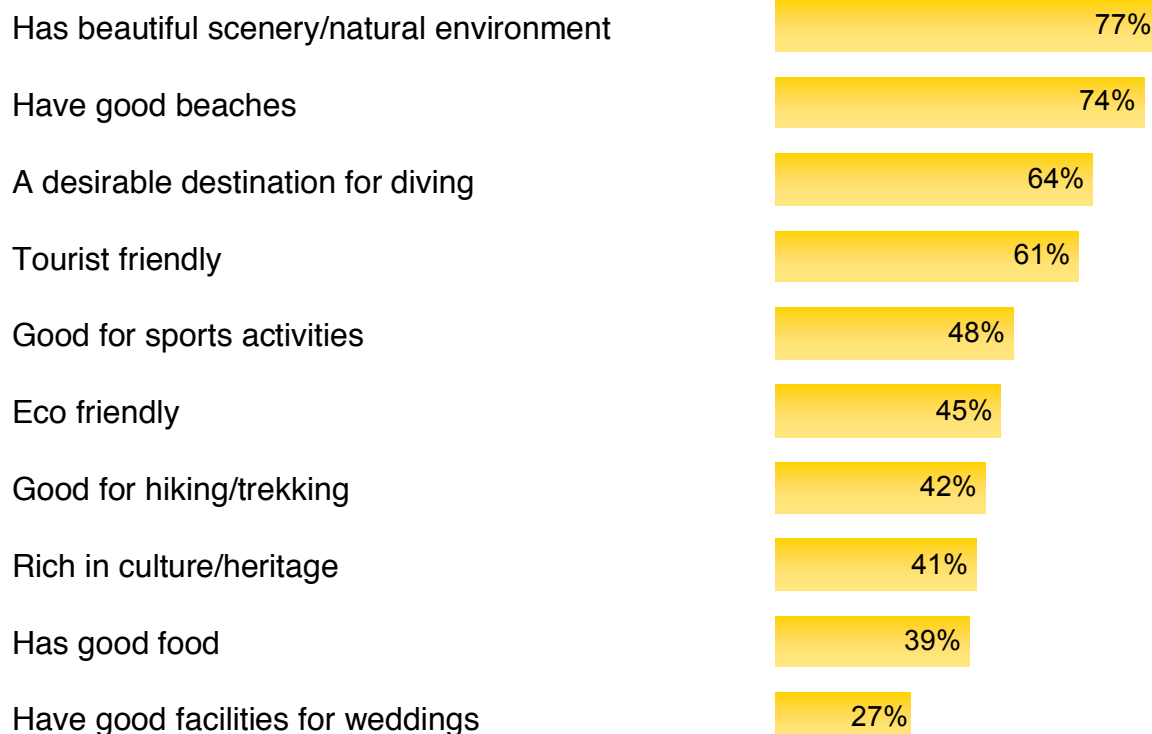
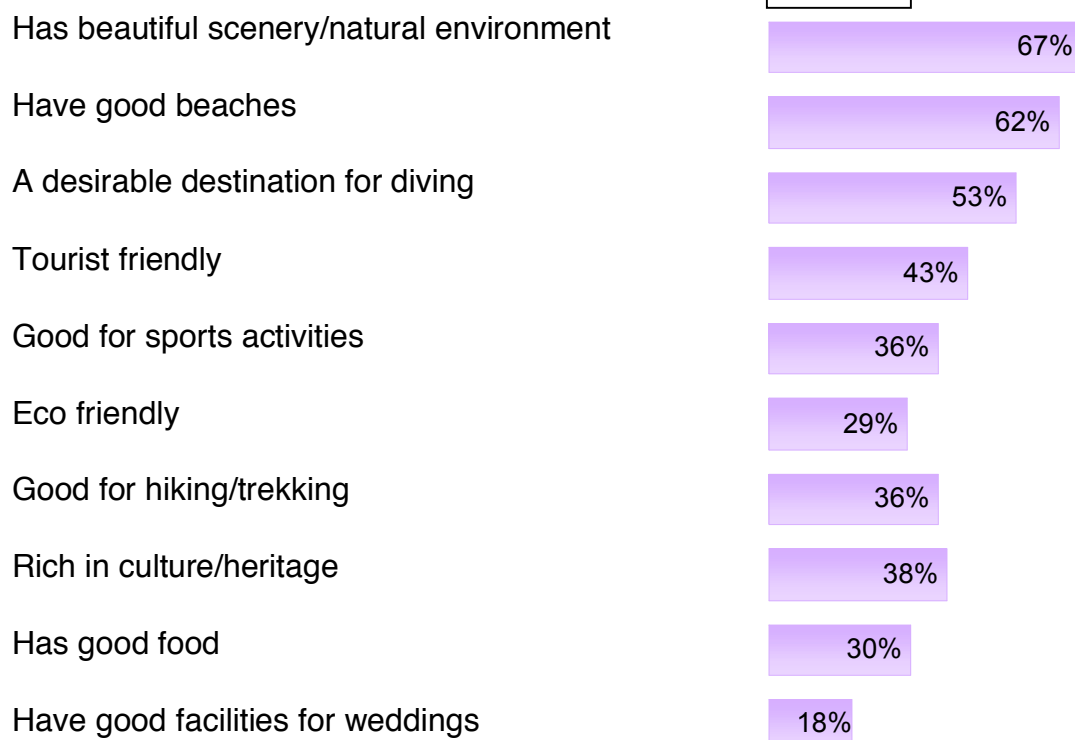
- Guam is reliant on mostly leisure travel, 80% from Japan, and generally higher mix of cheap tour prices.
- Guam is affected by the sensitivity of Japan's outbound travel market.
- Guam does not have enough resources to compete with other destinations to garner a large share of voice.
- Asian countries have a lower value against the yen and appear to be a better bargain for shopping, hotels, option tours, and services.

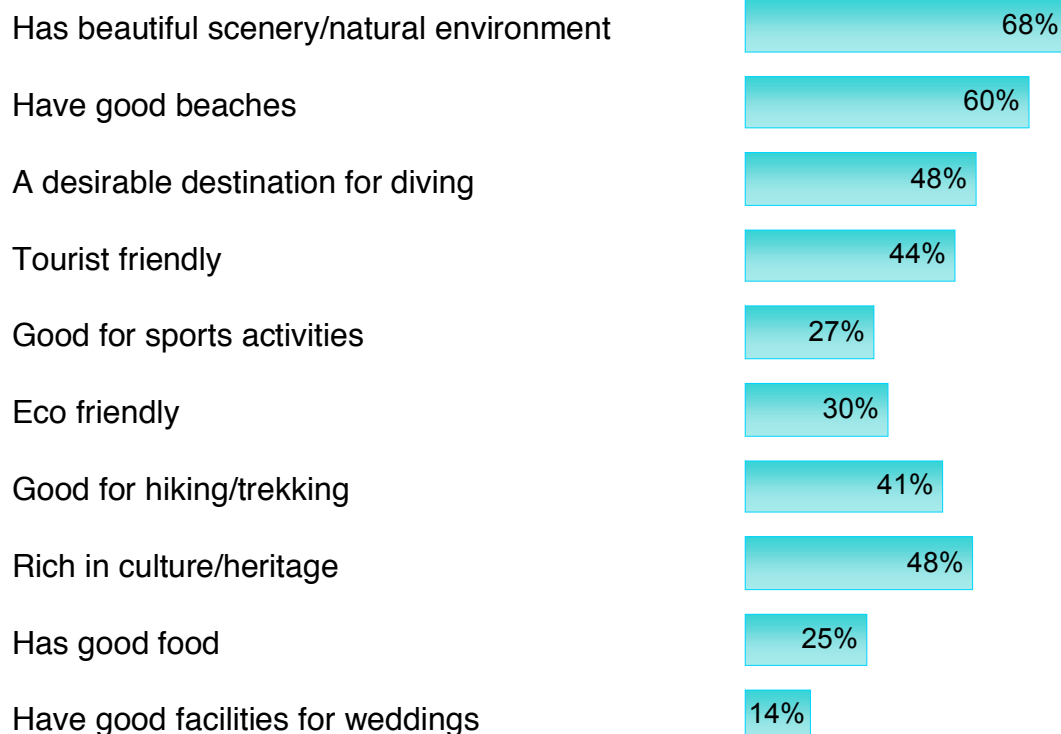
- Guam must adopt a first rate customer service attitude at every customer contact point to win customer expectations. The most commonly used facilities should be user-friendlier to improve customer satisfaction.
- Visitors rate overall satisfaction of food/cuisine low.
- Guam has a limited talent pool to service some of the critical areas of cultural development and specialized services.
- 3 out of 4 respondents who had visited Guam were very/somewhat satisfied with their visit (61%, N=383) Japan Market Intelligence, July 2006.
- 3 out of 4 respondents who had visited Guam were also interested in re-visiting Guam. (46%, N=383) Japan Market Intelligence, July 2006.

Global Market Perception

During the December 14, 2006 PATA Micronesia chapter quarterly membership meeting, Duncan Morris, CNN vice president of research, gave a presentation regarding regional marketing strategies. Mr. Morris summarized some of the significant highlights of a CNN Guam Tourism Survey, June ~ July 2006, conducted by Synovate. Some of the highlights include the following:

- Eighty-four percent of the 2,518 respondents have heard of Guam
- Asia Pacific (643), Europe (1,029) and U.S. (856)
- Awareness of Guam is significantly higher in the U.S.
- Most respondents agree (50% or higher) and were aware of Guam's beautiful scenery, good beaches, and desirable destination for diving.
- Most respondents did not know (42% ~ 25%) Guam is eco-friendly, good for hiking/trekking, rich in culture/heritage, and has good food.
- Have low awareness (27% ~ 14%) of Guam having good facilities for weddings
- In response to the survey question: "Imagine you will be taking a vacation in the Asia Pacific region in the next 2 years. How likely would you be to consider visiting Guam?" On a scale of 1 to 10, with 10 rating the highest (Would definitely consider) and 1 rating the lowest (Would not consider at all), 33% of Asia Pacific respondents rated "7" or above, 23% of Europe respondents rated "7" or above, and 22% of US respondents rated "7" or above.

CNN Guam Tourism Survey, June ~ July 06**Asia Pacific****CNN Guam Tourism Survey, June ~ July 06****Europe**

CNN Guam Tourism Survey, June ~ July 06**U.S.****CNN Survey Summary Conclusion**

Some of the net results seem to indicate that Guam has not communicated its non-beach and non-sightseeing activities that are available to a global audience. There is a high awareness of Guam from U.S. respondents (96%) but the U.S. has the lowest awareness of non-beach activities such as cultural events, hiking, sports, and weddings. The survey also indicates that the average respondent has the economic means and desire for travel and 25% of respondents would consider traveling to Guam in the next two years.

Clearly, there is significant opportunity to grow U.S. visitors either as a side trip from their Asia journeys or directly to Guam and Micronesia's attraction.

Regional Guam Image Matrix

MARKET GATEWAY	Growth Cycle	Destination Image	Culture/ History	Shopping	Outdoor Activities	Dining
JAPAN (Core markets of Kanto, Chubu, Kansai)	Mature	Cheap, Close Beach Resort	Low awareness	Luxury brand goods	Beach activities, golf	Hotel outlets, fast food
JAPAN (Secondary cities of Sapporo, Sendai, Okiyama, Hiroshima, Fukuoka, Niigata)	Mature/ New	Good for first time travelers	Low awareness	Luxury brand goods	Beach activities, golf	Hotel outlets, fast food
Korea	Under Developed	Clean, close sun resort	Low awareness	Luxury brand goods	Beach activities, golf	Hotel outlets, fast food
Taiwan	Under Developed	Short haul, short vacation	Low awareness	Luxury brand goods	Beach activities, golf	Fast food, buffets
Hong Kong/China	Under Developed	Uncrowded, tropical destination	Low awareness	Luxury brand goods	Beach activities, golf	Fast food, buffets
US Mainland/Hawaii	Under Developed	Long haul trip, stopover to Micronesia	WWII battle site/ Military bases	Casual shopping	Beach activities, golf	Fast food, buffets
Philippines	New	Clean, Safe, US Destination	US territory	Luxury brand goods	Beach activities, golf	Fast food, buffets
Other markets	New Emerging	Off beaten path	Low Awareness	No awareness	No awareness	No awareness

(*Information compiled from Exit Surveys and in country Japan and Korea research)

Summary Visitor Perceptions

- Guam is regarded as a mature destination, no longer trendy, and limited attractions or things to do and see.
- Many travelers envision what they would like to do before they choose a destination.
- Visitors cite Guam as a good place to relax, but mainly for the young.
- Consumers and visitor prospects regard Guam as a beach/resort destination with little else besides marine activities and shopping.
- This perception hurts Guam, as Hawaii remains the market leader, and outperforms Guam both how the consumers perceive the two islands and how satisfied they are upon actually visiting them.
- Visitor satisfaction for the most widely used accommodation facilities and transportation options receive adequate satisfaction scores.
- It is the less commonly utilized items, atypical activities that receive the highest marks.
- These survey results underscore a fundamental weakness in communications with the consumer, as awareness of atypical options remains low.
- Without awareness of a different set of options, consumers will not attempt to look for more beyond typical beach/marine activities.
- Visitors were least satisfied with the lack of opportunity to eat local food and enjoy nightlife activities.
- Visitors were also not satisfied with the lack of available historical and cultural sightseeing tours.

If Guam is to succeed in growing and sustaining its tourism industry, it must address and overcome these concerns and visitor perceptions. This strategic plan will provide recommended solutions in order to re-brand the Guam image, which will encompass marketing communications and destination development and enhancements. ■



CURRENT TOURISM SITUATION

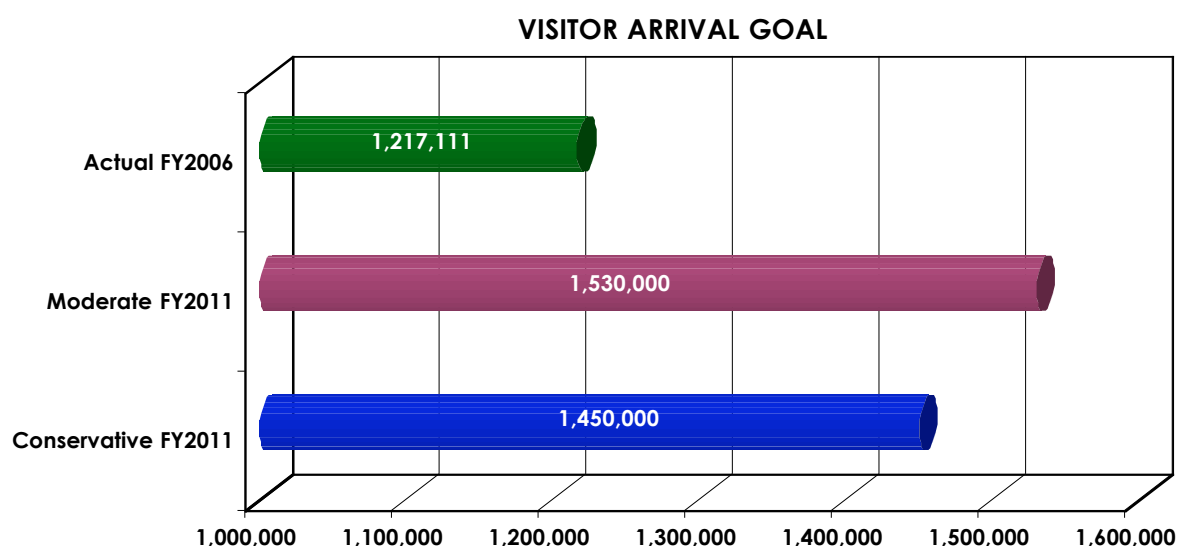


IV.

IV. CURRENT TOURISM SITUATION

- Overview

It appears that Guam's absorptive capacity for 1.53 million visitors in FY 2011 is not an impediment to success. However, we need to examine now whether the existing tourism infrastructure can expand in proportion to visitor arrival forecasts. And while hotel room capacity and air services are key enablers for Guam's tourism industry; certain facilities are also important in delivering a collective visitor experience, particularly to the strategic segments targeted in this plan (i.e. Japan and Korea).



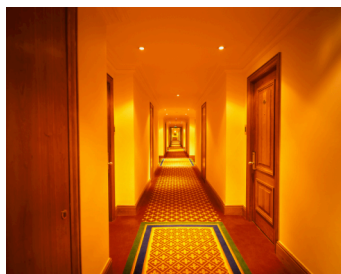
Please see Fig. 22 in Appendix for Airline Seat Capacity from Market Gateways.

With this in mind, other capacity considerations include the following:

- Hotel Rooms
- Airport
- Sea Ports
- Public transportation
- Car rentals
- Wedding chapels
- Golf courses

A review of these essential resources follows.

Hotel Room Inventory



There are sufficient hotel rooms to accommodate the 1.5 million visitors that this plan forecasts in FY 2011. See Fig. 3 for Capacity vs. Occupancy chart in Appendix. Thirty-nine percent (39%) of the existing hotels belong to a global brand, fifty-two percent (52%) are non-global branded, and the rest either mothballed or non-tourist related. The island's estimated capacity is 1.7 million tourists, based on the existing visitor patterns and durations of visit. The capacity forecast assumes 80% availability of the 8,750 available rooms in tourist related hotels.

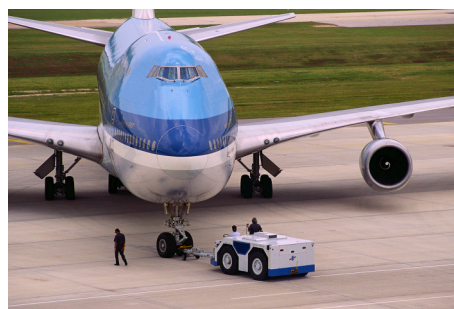
The Guam and Restaurant Association (GHRA) October 2006 statistical summary registered a year-to-date weighted average occupancy rate of 61%. GHRA historical statistics (see below) illustrate just how much more occupancy and room rates can grow and improve. This plan aspires to the hotel room averages projected for 2011. Please see Fig. 25 and Fig. 26 for hotel room inventory in the Appendix.

Year	1996	1997	2006	2012
GHRA Hotel Rooms	6,577	7,180	8,471	8,471
Wgt. Avg. Occupancy	85%	79%	61%	75%
Wgt. Avg. Room Rate	\$130	\$129	\$106	\$130
High Avg. Room Rate	\$194	\$202	\$197	\$210

Airport Capacity

Guam's A.B. Won Pat International Airport is a \$290 million facility completed over 10 years ago with a terminal space of 768,000 square feet. There is enough room to accommodate well over 3 million incoming, outgoing, and transiting passengers.

The Guam International Airport Authority enjoyed a robust growth of 7.8% in passenger enplanements from the seven (7) signatory carrier operations at Guam's airport with enplanements for FY 2007 and expected to reach 1,570,373 passengers vs. actual enplanements of 1,457,437 in FY 2006.



The 1.5 million-visitor arrival forecast in 2012 is about 25% more than the 1.2 million visitors to Guam in 2006. This increase is well within the 5,000 passengers per hour standard for which the airport capacity is designed. The airport has two ten-thousand (10,000) ft. runways and a project to expand one of the runways is underway. This extension will then allow modern wide body aircraft the ability to take off and fly direct non-stop Guam to the continental U.S.

Seaports

The island's commercial port in Apra Harbor boasts the largest and safest deep-water seaport between Hawaii and Asia. Nearly all of the vessels that Apra Harbor serves today are either fishing or cargo ships, foreign and domestic. The Port Authority of Guam serves as a transshipment center for Micronesia, with over 20 cargo ships outbound monthly. The Port Authority receives over 160,000 twenty-foot containers, 5 million barrels of fuel, up to 100 fuel tanker port calls, and 27,000 passengers annually. Fortunately, space is available for designed portside improvements to properly handle passenger vessels, up to and including the potential home porting of small cruise ships.

The small boat harbors in Agana, Agat, and Piti's Harbor of Refuge all satisfy current demand, but all could use significant improvements in amenities and customer conveniences.

Bus Transportation

Most travel agent full tour packages and most airline and hotel packages provide transfers from the airport to hotels upon arrival and return trip on departure. With the current inventory from the transportation companies from the Japan Guam Travel Association, there appears to be enough standing inventory of buses, mini-buses, and vans to accommodate an average of 4,200 airport transfers per day, 365 days a year. This available transportation inventory includes available units in use, under repair, or undergoing routine maintenance.



Private Company Transportation Units

Bus	23	24	6	35	18	33
Mini Bus	18	10	1	7	15	29
Van	14	7	6	21	4	16
Total	55	41	13	63	37	78

Although Guam has a government subsidized public transportation system with buses and mini-buses, it lacks a long-term solution to provide reliable transportation. However, there are a number of commercial buses providing transportation between hotels in the Tumon – Tamuning area and within central Guam. They are reliable and reasonably priced for the casual visitors.

Car Rental Capacity

Industry professionals estimate that nearly 175,000 Japanese use the island's car rental fleet. This growing market segment represents about 18% of FY 2006 arrivals and illustrates the increasing mobility of visitors while in Guam. There appears to be adequate inventory to accommodate all island visitors and access to immediate stock when deemed necessary.

1. Estimated island car rental inventory.

a. Leased long term	800
b. Daily/Weekly	<u>1800</u>
c. Total	2600

2. Utilization by Segment

		Average Rental Days
a. Military, other Federal	55%	10.0
b. Japanese Tourists	35%	2.3
c. All others	10%	3.5

3. Average Rental Days

- a. 250 ~ 300 Days
- b. Average per year per vehicle
- c. 70% ~ 80% utilization

4. Estimated Rentals @ 250 ~ 300 Days

a. Military, other Federal	27,255 pax = 45% of FY2006 Arrivals
b. Japanese Tourists	75,326 pax = 8% of FY2006 Arrivals
c. @ 2.3 pax per hotel room	175,250 pax = 18% of FY2006 Arrivals
d. All others	14,143 pax = 6% of FY2006 Arrivals

Wedding Chapels



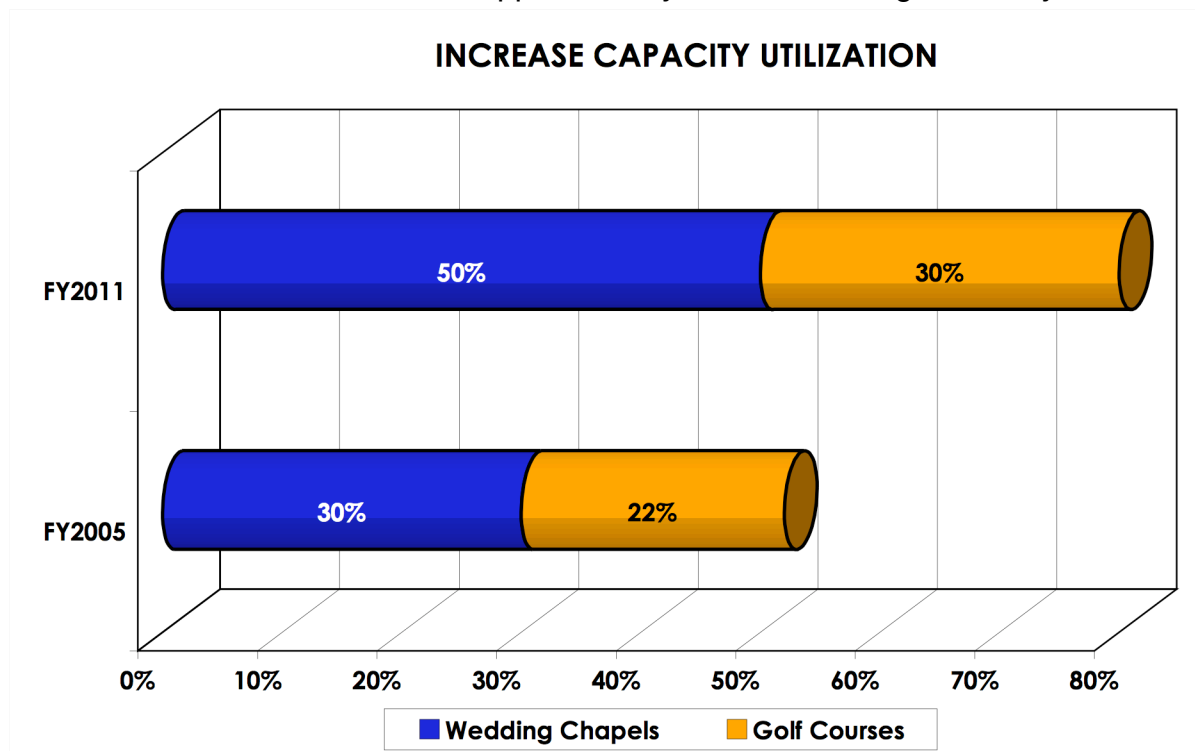
In a recent Travel Journal article (11/08/06), the number of Japanese couples that plan to marry will shrink, but an increasing number will travel overseas to get married, many of them accompanied by friends and family members.

More weddings will occur overseas in the years to come according to Watabe Wedding, the leading organizer of overseas weddings for Japanese couples. About 46,930 of the 720,000 couples that registered their weddings in Japan in 2006 traveled outside of Japan (or planned) to get married. That represents 6.52% share of couples that headed for overseas destinations for their wedding, up from the previous year's 6.26%.

By 2008, the number of couples registering their marriage with the government will fall to 698,000 but the count of couples exchanging wedding vows overseas will grow to 52,280, reflecting an 11.40% increase from 2006 says Watabe Wedding.

The overseas wedding market in Japan is a key target for GVB because of its strategic value in leveraging volume visits, increasing visitor yield, and exposing multi-generational families to Guam. The average wedding in Guam include about 10 visitors or more in a party, and expenditures related to each wedding is an opportunity to generate local tax revenues (i.e. option tours, hair salon, beauty care services, garment rental, floral shops, photography, video production services, hotel banquet services, restaurants, health spas, limousine services, etc.).

Guam's share of the Japan overseas wedding market doubled to 23% in 2005, with 9,000 weddings held in 19 chapels found throughout the island. At a conservative five (5) wedding ceremonies per chapel per day, the island is obviously capable of hosting three times the current volume or approximately 35,000 weddings annually.



While there is ample physical capacity to grow this market, there is an emerging and acute need for more human resources. Guam needs to intensify and expand the recruitment and training of ground staff to satisfy the quality-sensitive nature of this market segment. The following properties have existing chapel facilities currently. Some older chapels will be retired and replaced with new construction to meet the competitive and capacity demands.

Guam Wedding Chapels

Leo Palace Resort	Hotel Nikko Guam (2)
Guam Marriott Resort & Spa	Hilton Guam Resort & Spa (2)
Guam Hotel Okura	Pacific Island Club (2)
Hyatt Regency Guam	Two Lover's Point
Palace Hotel Guam	Blue Aster
Outrigger Guam Resort	Couture Naoco Ginza
Sandcastle	Fish Eye Guam
Onward Beach Resort	Westin Resort Guam

Measuring Capacity

Assume:	
<u>Number of chapels:</u>	19
<u>Weddings/day</u> @ 5 each day	95
<u>Total weddings/ year</u>	34,675
<u>Total weddings 2005</u>	10,329
<u>Capacity utilization</u>	29%

Forecast 2008

Assume:	2006		2008	
	<u>Weddings</u>	<u>Total Pax</u>	<u>Weddings</u>	<u>Total Pax</u>
Total Overseas Weddings	46,930	not available	52,280	not available
Hold Guam Share @ 23%	10,794	108,000	12,024	120,240
Increase Guam Share @ 24%	11,263	112,630*	12,547	125,472
*Note: 24% Share within 1.1% of FY2011 Target Visitor Mix (12%) from this segment.				

Golf Courses

The island has seven (7) golf courses (an additional two golf courses are on military installations) of varying quality that add up to 153 holes or potentially 2,203 golfers per day and about 600,000 golfers per year at a 75% utilization rate (assume 3.6 pax per round and 4 rounds per day). Japanese tourists make up approximately 85% ~ 90% of all golfers on Guam. Local players and Korean tourists comprise 10% ~ 15% of the total number of golfers.



Clearly, there is ample capacity to accommodate more than twice the 225,000 estimated golfers who played in Guam this year. ■

GOLF COURSE INVENTORY (civilian)

Country Club of the Pacific	18
Guam International Country Club	18
Leo Palace Resort	36
Mangilao Golf Resort	18
Onward (formerly Talofofo Golf Course)	18
Starts GG Resort	27
Windward Hills	<u>18</u>
Total Holes	153



GVB STRATEGIC MARKETING PLAN



V. GVB STRATEGIC MARKETING PLAN

Introduction

Section V. of this plan views the regional context in which Guam's destination strengths and opportunities are drawn. It also addresses the island's weaknesses and vulnerabilities, as well as our brand image, the Internet, and other destination issues or marketing channels that relate to a unified global strategy.

Section VI. addresses country specific and market segmentation opportunities, as well as the target goals and associated strategies to achieve them.

Regional Brief

Micronesia means 'small islands' and derives from the Greek words *micros*, which means small and *nesos*, which means island. This is a perfect way to describe these over two thousand tropical islands scattered across the heart of the Pacific Ocean between Hawaii and the Philippines. The islands spread over a great distance, yet each has its own culture, history, customs, rituals, myths and legends, lifestyle and topographical personality.

The four "island states" of Micronesia are the Federated States of Micronesia (Pohnpei, Kosrae, Chuuk and Yap), Republic of Palau, Commonwealth of the Northern Mariana Islands, and the Republic of the Marshall Islands.

Although the total number of visitors from Micronesia (not including CNMI) in 2005 was 30,590 visitors, most came to Guam for reasons other than leisure. Travel purposes include business, education, visiting friends and relatives, and connecting to other flights beyond Guam.

Guam Arrivals from Micronesia Gateways*:

Commonwealth of the Northern Mariana Islands	18,042
Republic of Palau	3,196
Federated States of Micronesia	8,394
Republic of the Marshall Islands	<u>958</u>
Total 2005 Guam Arrivals	30,590

(*Source Guam Customs & Immigration Forms)

Guam must continue to promote regional travel throughout Micronesia in order to support the existing airline carriers and strengthen the financial viability of airline seats now invested in all markets serving the island. The island nations already recognize Guam as the economic, transportation, health, and communication center of Micronesia because of its large population, gross island product, and U.S. military presence.

Furthermore, bundling Micronesia with Guam creates an attractive travel package for both visitors with longer available vacations from the core source markets and long haul visitors from new or emerging markets. Guam is a regional tourism hub and gateway to Micronesia. In their regional meeting held in March 2004, the Western Regional Chief Executive Summit resolved for Guam to take the lead in this direction.

Republic of the Marshall Islands

In January 2005, Aloha Airlines of Hawaii canceled its service to the Marshall Islands as part of a wider withdrawal from the region. While three international carriers service the country, this reduction in capacity and competition on the major US route is a setback for tourism. This follows the recent withdrawal of the international Outrigger Group from operation of the country's main hotel. As of August 30, 2006 there were 3,562 total visitors via air, to Majuro and the Marshall Islands.

Federated States of Micronesia

In the Federated States of Micronesia (FSM) dive tourism was firm, with the three main dive hotels reporting occupancy rates of more than 80%. However, other tourism activity was weak and occupancy rates at other hotels were typically less than 40%. Tourist arrivals (18,004) in 2004 were more than 10% below the previous year's level and substantially below recent highs. The high cost of airfares relative to other regional destinations remains a major constraint on tourism. Even though the July entry of a new carrier, Air Palau Micronesia reduced airfares in the second half of 2004, the existing operator matched these lower fares and the new operator ceased flights by December.

Republic of Palau

In 2003, visitor spending almost reached the pre-Asian financial crisis level, and in 2004 visitor arrivals grew to a record of nearly 80,000. This tourism growth boosted the retail trade sector, which continues to benefit also from expansion in public sector activity. In the medium term, growth will be about 2% and to occur in a low-inflation environment, with a large trade deficit offset by inflows on the services, income, and transfers accounts. Tourism, with Japan's economic recovery and the People's Republic of China's continuing economic growth, will ensure that tourist arrivals and spending exceed the 2004 level to drive Palau's long term economy.

Commonwealth of the Northern Mariana Islands

Recent changes in regional tourism markets and free trade advancement have taken a toll on the CNMI economy. During the last two decades, the garment industry, along with tourism, was one of the two pillars of the CNMI economy. Between April 2004 and December 2006, ten of the 27 garment factories on Saipan closed, losing an estimated

total of 5,342 jobs. The closings left only 17 garment factories still operating. What makes the CNMI's challenges more compelling is that both of its major industries are declining at the same time. Just as the CNMI's tourism industry was recovering from a period of stagnation and decline, it was in October 2005 when Japan Air Lines (JAL) discontinued its scheduled flights between Japan and Saipan that dealt a serious blow.

Since Japanese tourists make up about 73 percent of all tourists and JAL carried about 40 percent of all Japanese tourists to the CNMI, JAL's decision cut about 29 percent of tourists to the islands. As a result, the Marianas Visitors Authority reported a reduction to only 506,846 total arrivals. At its peak, just before the 1977-98 Asian financial crisis, the CNMI welcomed 736,117 tourists.

Regional Development

In view of the constraints to tourism development in the smaller developing nations of Micronesia, with strong traditional values and lifestyles, the goal for tourism development in general should be to develop "high-end, low impact" tourism, meaning relatively modest numbers of visitors, each making a relatively large financial impact in terms of daily expenditure.

Unfortunately, existing capacity in airline seats, hotel rooms, and other widely used accommodations, rudimentary amenities, and a limited range of activities and opportunities continue to constrain growth in the visitor arrivals in the region. Future tourism growth will depend on how quickly each island destination addresses and overcomes these capacity limitations.

Micronesia needs unanimous commitment to develop tourism to break away from a vicious cycle in which tourism under performs because of lack of infrastructure, poor service and promotion, which in turn results in low profitability and little public and private investment. Consequent low visitor satisfaction, in turn, leads to unfavorable word-of-mouth recommendations, and perpetuates tourism under performance.

Micronesia Visitor Arrivals

Commonwealth of the Northern Mariana Islands*	443,812
Republic of Palau	80,578
Federated States of Micronesia	18,000
Republic of the Marshall Islands**	<u>7,195</u>
Total 2005 Micronesia Arrivals	549,585

(*The Commonwealth of the Northern Mariana Islands receives the majority of their visitors from Japan, China, Korea, and the Philippines direct flights. Regional commuter airlines serve Saipan and Rota from Guam.)

(**The Republic of the Marshall Islands receives visitors from Honolulu direct flights and from connecting flights originating from Guam)

Goal

- Be recognized globally as the regional gateway to Magnificent Micronesia.
- Promote Guam as a tourism hub.
- Encourage visitors to the Micronesia region and promote beyond travel from core, secondary, and emerging markets.
- Initiate destination development strategy throughout Micronesia to support the visitor arrivals and enhance the visitor experience.
- Develop a distribution communication strategy to promote Micronesia as a regional destination to core and emerging markets.

Five-Year Objectives

- Increase FY 2005 aggregate Micronesia arrivals 30% by FY 2011.

Market Segments

- Local residents, all island states
 - Shopping and other services
 - Visiting friends and relatives
 - MICE, SMERF
- General Sightseeing
 - Western Europeans (beyond travel)
 - Affluent Russians (long vacation times)
 - Couples 45 - 55 years old, mid to upper level income
 - Honeymooners
 - Seniors
- Special Interest
 - Eco-tourists
 - Divers
 - Sport fishermen

Strategies:

- Support the marketing efforts of airlines in the region to strengthen the financial viability of airline seats now invested in all markets serving the island.
- Develop a long-term strategy to promote Guam and Micronesia as a bundle to FITs and special interest groups such as seniors, honeymooners, divers, and eco-tourists in core, secondary, and emerging markets.

- Initiate a strategic planning sessions with the governments of Micronesia to develop long term tourism goals and objectives
- Host a regional tourism development conference for investors, financiers, and operators to discuss business initiatives, cultural and ecological preservation, distribution channels, and infrastructure
- Identify primary drivers of outbound travel to Guam and craft strategy to increase their willingness to sell Guam.

Guam Brief

Consumers and visitors from our core source markets know Guam as an overseas beach resort that is inexpensive and close by. We consider this makeshift brand image as both a strong point and a weakness. Unfortunately, the Guam image as a short trip, short stay, and inexpensive destination limits our ability to attract long stay and higher spending visitors.

Guam must diversify its visitor mix to avoid dependence on a limited number of market segments. Diversification will spur visitor growth during off peak arrival periods, increase airline load factors, improve hotel occupancies, and support other tourism plant capacity.

Guam must also adopt a brand that is universal in all of its communications and in all of its source markets. Tactics can be customized to individual market segments, but the brand should be a clear, concise voice.

What is a Brand?

- A brand is an organization's single statement of singularity; it creates the perception that there's nothing quite like this product or service.
- Researchers Ritchie and Ritchie have defined brand as, "a name, symbol, logo, word or other graphic that identifies and differentiates the destination".
- It conveys the promise of a memorable travel experience uniquely associated with the destination.
- It serves to consolidate and reinforce the recollection of "pleasurable memories of the destination experience."

Branding Goals:

- Break away from the low-end perception Guam has with its reputation as a casual, short trip, sun, and sand destination.
- To build awareness, consideration, preference, loyalty, and commitment to key attributes most positively associated with Guam among core, secondary, and emerging markets.
- To increase the value of the name “Guam”.
- To establish association of a positive, memorable experience to the name “Guam”.

Brand Strategies:

- Develop a brand strategy to communicate Guam’s desirable attributes to create demand from different market segments.
- Regain focus and consistency to project a strong destination image.
- Speak with a single voice to maintain brand consistency
- Market the destination brand in all core, secondary, and emerging markets.
- Craft a brand personality (attributes and user imagery) to meet expectations of different market segments.

Brand Objectives:

- Define, develop, and select a brand that incorporates the attributes of the destination to meet the travel desires of the target markets by Spring 2007.
- Have an advertising firm(s) produce a brand image campaign for Guam that includes product planning, logo development, creative artwork, advertising templates, web site development, etc., and communications strategy to launch the brand introduction in 2007.

Brand Image

- Usable throughout the year for all market gateways and segments.
- Promote Guam’s natural assets of close proximity, tropical climate, island resort, rich natural beauty, and unique cultural traditions.

- Promote Guam's modern infrastructure, first class accommodations, memorable attractions, and interesting activities.

Brand Personality

- Brand personality is a valuable factor in increasing brand engagement and brand attachment, in much the same way as people relate and bind to other people.
- "Young, friendly, energetic, positive, and comfortable" are attributes we already have appealing to most visitor prospects.
- Work at becoming "cool, stylish, sophisticated, competent, mature, trendy, and invigorating" to appeal to higher yielding general interest and special interest segments.
- Match Guam's brand personality as closely as possible to that of the consumers or to a personality that they like.
- The process will be to:
 - Define the target audience
 - Find out what they need, want and like
 - Build a consumer personality profile
 - Create the product personality to match that profile

Message Development

Developing the message Guam wants to convey is as important as the communication channels, the frequency of the message, and the target audience.

Consider the following in developing this message:

- Strategic role: Guam's business category plus the value we bring to the market.
- Positioning: The business we are in, what we do better than the competition, and the benefit we offer.
- Message platform: Our three most important messages framed for each of our key audiences.
- Talking points: Our three most important messages simplified for use in the press.

Brand Management

- Establish brand standards or design guidelines for using trademarks on brochures, websites, posters, signs, stationery, and business cards or rules for co-branding with another company.
- Take rigorous control of the brand umbrella identity.
- Standardize brand message in all communications, media messages, visual displays, exhibitions, trade shows, collateral materials, websites, placed advertising, promotional activities, and in third party communications.
- Create a management position responsible for global branding, coordinating the work of Guam's advertising and PR agencies, merging brand and product development as a single unit, and marketing the entire island on a more efficient global basis.

Brand Attributes

Identifying the key attributes of the "Brand" of Guam that are most important to consumers in our region.

The brand attributes that effectively improve the visual impact of contextual advertising among consumers include:

- Island resort
- Beautiful beach
- Bright, warm and calm lagoon waters
- Beautiful ocean
- Friendly local people
- Feels like an overseas destination

Brand Redesign

On December 7, 2006, GVB conducted a re-branding play shop with members of the board of directors, marketing staff, and members of the community outside of the tourism industry. During the sessions, participants recognized some of the weaknesses of the current Guam image and visitor experience. They outlined some of the major issues Guam faces as a mature destination and isolated some key points that need work. As a mature destination, many consumers in the core and secondary markets have a brand impression that will need redesigning if Guam aspires to invigorate its tourism-driven economy

The following is a S*W*O*T analysis of Guam as a visitor destination and many of the same issues were discussed during the branding session that will assist in developing a brand image of Guam that universally appeals to existing and new markets segments.

S*W*O*T Analysis – Destination Guam

STRENGTHS • Proximity to Japan and major Asian cities • Highest GDP and per capita income (Japan/Korea) in Asia 3~4 hours away • Image of pristine resort environment • Unspoiled natural, uncrowded environment • Friendly multicultural community • International shopping opportunities • U.S. Territory – U.S. health and environmental standards • International branded hotels • Retail and restaurant diversity • High quality sports facilities • Little time difference with major Asian markets • Visa waiver program for Japan, Korea, and Taiwan • Regional hub for Micronesia islands • Regional center for higher education, e.g., University of Guam and Guam Community College • Quick Recovery of Natural Disasters • Disaster Preparedness and Recovery • Duty Free Shopping	WEAKNESSES • Inadequate infrastructure • No multipurpose conferencing/convention facilities • Lack Sincere Leadership Involvement • No shared long-term vision by community and stakeholders • Inadequate funding for destination enhancements and marketing • Not price/quality competitive with other regional Asian destinations • Service culture/quality lacking • Limited talent pool to stage tourism industry requirements • Graffiti, litter, dirty public restrooms give impression of public apathy • Lack of quality medical facilities • Lack of quality public education system • Unique destination attributes not well articulated (i.e. cultural, historic, natural assets) • Limited opportunities for longer stays • Lack of Hafa Adai Spirit in citizenry • Lack of Quality Night Life
OPPORTUNITIES • Strengthen GVB's "image" in the community/legislature • China is a potential market • Japan policy to increase leisure time and promote higher level of overseas travel (from 14% to 30% of population) • Diversification of industries and tourism markets • Educational and sports tourism • Regional marketing with islands of Micronesia • Underutilized air route authorities • Undeveloped cruise market • MICE and SMERF markets • Increasing affluence of regional Asian consumers. e.g., East Russia, Middle East, India, Malaysia and other emerging economies	THREATS • Rising oil prices • Destination cost structure • Realignment of air service capacity • Hawaii visa waiver (Korean impact) • Over-development in tourism districts a detraction from island image • Street crime undermines perception of a safe destination • Local activism against tourism and other developments • "Brain drain" due to limited opportunities • Political change and shifting priorities • Outbreak of diseases from large transient population • Military alerts and security threats

Public Relations

The primary function of the Public Relations program is to establish or further reinforce the positioning of Guam as a desirable destination through third party observation. Goals also include strengthening the relationships with key editors of publications and producers of television programs who have an interest in including Guam and its attractions, activities and events as part of their editorial content.

Public Relations Goals:

- The overall objective of the PR activities is to generate positive editorial content about travel to Guam and to build credible brand awareness.
- Learning about a positive travel experience to Guam gives the consumer third party credible information that either predisposes or prompts an inquiry. It may further lead to desire for more information, and/or buying decision.

Public Relations Objectives:

- Generate global interest in Guam to increase targeted print and broadcast placements in targeted media outlets.
- Increase AVE (Advertising Value Equivalence) within print media coverage received.
- Expand media outlet reach to include new source markets and sub-markets.
- Achieve coverage in non-core mass consumer media outlets (catalogs, film, television, niche publications).
- Create and maintain updated A-list media contacts for information on industry news, activities, and suggested story lines about Guam.
- PR activity targets will be quantifiable and measurable. Measurements include output, outgrowth, and outcome metrics.

Strategies:

- Expand and continually update a proprietary list of journalist and media contacts.
- Continue to build relationships and create opportunities for ongoing face-to-face contact with key editors, producers, and other key media contacts.

- Use high profile general leisure and niche media outlets to communicate branding messages and key communication points.
- Support partner-organized media relations activities, including press trips, special events, etc.
- Organize yearly PR Summit for partner interaction and dialogue on how to best work together to promote Guam and align our PR efforts.
- Contract and support mass consumer, high-profile media projects (catalogs, films, television shows, etc.).
- Focus on key communication points to help support the Guam brand and its positioning.
- Expand the communication program that enables the ability to quickly and efficiently contact and research media through access to online resources and databases.
- Soliciting for editorial content in travel and consumer magazines will be the primary tactic to reach the target market segments.
- Newspaper editorial, television programs, radio station programming will be the secondary PR media.

Advertising

The overall objective of placed advertising is to communicate the right message to the right audience at the right time. Advertising can work in tandem with the role of PR to build awareness, interest, desire, and credibility. Advertising reinforces the brand message and its placement and frequency is controllable.

Although PR editorial can also effectively create desire for Guam travel, the editorial staff controls the content and publication dates. There may not be enough frequency to build retention of the message and the editorial may not instill a call to action.

Advertising Goals:

- Communicate creative messages to renew interest in visiting Guam with effective images of Guam's natural assets outside of traditional tourist sites.
- Reposition the desire to visit Guam with user imagery of tourists enjoying new and non-typical experiences.

- Improve the perceptions of variety and quality things to do on Guam including nightlife and other vibrant evening activities.
- Build a high consumer retention and recall of the new images of Guam to dispel the legacy of its old image – short, close and cheap.

Advertising Strategies

- Contract an advertising agency that will lead a coherent and unified communication plan in target markets where applicable.
- Strategically place advertisements in general interest and travel interest media to promote specific sales campaigns, promotional campaigns, and/or generally reinforce the brand image of Guam.
- The advertising agency purchases advertising schedules in general interest and special interest media with enough frequency and reach to create audience registration, retention, and recall of the creative message.
- Invite travel industry partners to co-op media buys that will leverage GVB's advertising budgets, and help drive special promotions or sales campaigns. The added benefit increases the advertising effective reach and share of voice in the target markets.

Advertising Objectives

- Schedule media placements to promote the destination and prompt off-peak season travel.
- Focus media on those targeted core markets that can offer the greatest return on investment using measurements of reach, frequency, and cost per thousand exposures (CPM).
- Measure the effectiveness of the marketing of Guam's brand image through in country research (to measure prospects' perception) and exit polls (to measure visitors' perception and actions).

Creative Message

In positioning the island as a world-class visitor destination, Guam needs to understand visitor expectations, perceptions, and satisfaction from key markets. Understanding the visitors' needs and how Guam can fill those needs is one step in crafting a marketing message to instill desire to visit.

- The creative message should communicate Guam's umbrella brand image and use the appropriate brand personality to reach the target audience.
- Develop our unique selling position (USP) to stand out from the other clutter of destination advertising.
- Creative message should be:
 - Simple and catchy
 - Appropriate for all target markets and all campaign schemes
 - Easy to remember
 - Easy to refer to
 - Adaptable to translation

Conventional Communications Channels

- Send a focused marketing message to the desired audience using different marketing channels.
- Nationwide TV networks are the recommended media for brand awareness and special promotional campaigns for their large audience reach. The allocated budget will determine the commercial message (TVCM) length, broadcast time, day of the week, and the frequency the TVCM will play.
- Regional TV stations and Cable TV channels have a lower cost and smaller audiences, but may be effective in reaching visitor prospects in targeted market gateways such as the secondary cities in Japan or targeted market segments such as senior executives who watch the business news channel in Korea.
- National newspapers are effective in reaching a large readership but ad space is expensive and has only a one-day shelf life. However, newspapers are a good medium for tactical messages soliciting a call to action for special campaigns. They also present good co-op and tie-in opportunities with other companies to promote brand awareness and/or special promotional campaign.
- Travel magazines or other special interest magazines such as wedding periodicals are effective in reaching general sightseers and special interest readers such as brides-to-be or sports enthusiasts. Usually they have national reach but can tailor ad space for regional distribution.
- In-train (also subways) posters and train station billboard space are also effective mediums to reach general interest and special interest prospects. Although expensive, they are effective to launch branding awareness or a special promotion.

- Radio stations support and reinforce special promotional campaigns. Live interviews are effective to kick off a campaign or build audience awareness in cities where a Guam Live Presentation (GLP) is scheduled .

Advertising Agency Review

- Conduct an annual review of the performance of the advertising agency to align agency's performance and recommendations with the predetermined desired outcome in the target market.
- Include whether GVB fulfilled its obligation to the agency in overall direction of the communication plan, granting authorization in executing production and advertising schedules, and whether adjusted financial budgets affected the desired results.
- An agency review should consider any crisis situations such as natural or man-made disasters, geopolitical tensions, outbreak of communicable diseases, or any other events beyond the control of the advertising agency or GVB.

Special Promotions

Promotional campaigns are short-term travel offers that generally provide discounts, special activities, admissions to attractions or other added value not offered outside of the campaign period. Successful campaigns capture a larger share of outbound travel during peak vacation periods such as summer or end of the year holiday travel or fill under utilized travel capacities. Promotional campaigns can generate incremental visitors during slack periods. Media advertising and travel agent collateral materials are the main drivers of the promotional campaign to capture the attention of the prospective traveler.



Goal

Drive new awareness and stimulate incremental Guam travel amongst the market gateways and market segments in quantifiable and measurable goals during a targeted period of time.

Objective

Increase the number of arrivals by X% equal to twice the sales promotional expense divided by the annual average cost per visitor from that market gateway. For example: \$100,000.00 (estimated cost for a Big Summer Campaign) divided by \$5.92 (average

cost per visitor from Japan) multiplied by 2 = 33,783 incremental visitors over the course of the campaign.

Strategies:

- Impact visitor prospects' desire for Guam travel working through various sales promotional activities with a call to action during a targeted period of time.
- Various sales promotional activities include:
 - Tie-in promotional activities with travel agency, credit card, membership club, retail outlet, consumer goods or other companies' sales activities.
 - Increase GVB member participation in travel fairs, tourism expos, consumer events, and special interest events to create or reinforce awareness to travel trade and consumer attendees.
 - Conduct and/or participate in various tourism seminars and road shows.
 - Work with other Destination Marketing Organizations (DMOs) and travel advocates in cross-promotional campaigns.
- The advertising agency of record (where applicable) will refine recommended concepts into marketable programs for the target market segments.
- The advertising agency will also develop its recommendations on the campaign concepts and execution mechanics including crafting the message and communication plans.
- Timing is an important element for campaign success since GVB should work with the travel agencies and media prior to launching the campaign.
- GVB needs to commit to the campaign in advance to coordinate with the travel agents advance printing deadlines.
 - Confirm campaign contents at least four months in advance.
 - Send campaign materials to travel agents offices at least three months in advance.
 - On Guam, have customer fulfillment mechanics and details ready to roll out at least one month in advance to avoid missed deadlines.
 - Advertising the campaigns to the consumer market should start at least two months in advance – with frequency as the primary driver.
- Campaigns without proper lead times and promotion to the travel agencies and consumer markets risk not meeting the pre-defined objectives.

Industry Relations

The travel agent is still very influential with the core, secondary, and emerging markets though there is growing reliance on the Internet to gather information prior to booking travel. The travel agent brochures, website, and other promotional materials are also influential in directing visitor traffic to Guam. Guam must include the travel agent as a partner in the business of selling Guam as a desirable travel destination.

Goal

Create new excitement and incentives for the travel industry to promote and sell Guam with of its new image and brand perception. The new imaging will spur demand from a varied mix of market segments. Rally travel agents to sell a wider range of travel packages and price points to produce higher yields.

Objective

Invigorate travel agent willingness to sell Guam to meet or exceed volume quotas through cooperative training programs and partnerships by FY 2011.

Strategies:

- Host a special event showing the new brand creative artwork, collateral materials, and TV commercial films to the major travel press, travel wholesalers, travel packagers, and travel agents.
- Conduct a series of workshops throughout the year in targeted cities in Japan, Korea, and Taiwan.
- Participate in successfully established and new highly targeted trade shows attended by travel agents and consumers that are in direct relation to our core, secondary, and emerging markets. Select the trade shows for their perceived high return on investment.
- Provide collateral/materials to satisfy fulfillment requests including posters, rack brochures, travel planners, press kits, CDs, diving guides, etc.
- Develop a Travel Agent communication strategy that will inform travel agents of destination developments or breaking news through newsletter, website, fax broadcasts, email broadcasts and partner mailings.
- Alert and promote any Guam branding advertising opportunities to the travel agents to participate in so the advertising schedule can extend further with their coop funds.

- Coordinate Destination Guam road shows featuring cultural entertainment amongst GVB members or their agents in Japan, Korea, and Taiwan at least once a year to promote Guam to the travel agents and their counter staffs.
- Conduct a “Super Fam” tour with seminars with partnership airlines, hotels, and option tour operators to bring travel agent counter staff members to Guam so they can have first hand travel experience to Guam.
- Provide a marketing calendar with activities and events to all of the travel agents at least ninety days before each six-month selling season.
- Synchronize GVB’s promotional plans with travel agents’ market timing and deliver campaign-marketing materials to maximize results.
 - TA’s campaign brochures are key drivers
 - POS materials through TA’s retail outlets are key distribution points
 - Campaign posters for TA’s retail outlets promote awareness and call to action.
 - Additional mileage gained when co-op with and tie in with TA’s newspaper paid advertising.
 - Internet banner placement and other website links to GVB’s website increases exposure.

Internet Strategy



The increasing use of the Internet for destination marketing, direct sales, and bookings has given rise to electronic tourism markets and, at present, tourism is among the most important application domains in the World Wide Web. The Internet helps make travel products globally accessible at much lower cost. For many suppliers, tourism-marketing efforts are increasingly focusing on Internet users.

There is explosive consumer growth around the world and in the Asia Pacific region to source information, communication, and entertainment via the Internet. The Internet, either via wire line or wireless communication, has become the new lifestyle in all of Guam’s core and emerging visitor source countries.

- By 2010 (hotel news resource) 45% of all travel related bookings in North America will be by direct online distribution.
- Nearly 70% of Japanese use the Internet; 55% are broadband accessible, and 60 million having Internet access through mobile terminals (Japan Tourism Marketing Co.).

- Among overseas Japanese travelers, 35% booked trips through the Internet (40% among frequent flyers).
- Expedia and Travelocity are now targeting Japan.
- Korean Exit Surveys (GVB July 2006) indicate over 80% of travelers to Guam use the Internet to source destination information.
- The number one on line retail category will be travel by 2010 at \$119 billion worldwide (Forrester Research).

Subsequently, consumers are relying more on the Internet for information before booking travel anywhere. GVB can capture a growing number of independent travelers not tied to traditional distribution channels. GVB needs to harness this medium in reaching active consumers, ready-to-buy prospects, and confirmed visitors.

Internet Usage in our Key Markets

World Rank	Country	Internet Users	Population	Internet %
1	USA	207,161,706	299,093,237	69.3%
2	China	123,000,000	1,306,724,067	9.4%
3	Japan	86,300,00	128,389,000	67.2%
7	South Korea	33,900,000	50,633,265	67.0%
17	Australia	14,189,557	20,750,052	68.4%
18	Taiwan	13,800,000	22,996,488	60.3%
N/A	Hong Kong	4,878,713	7,054,867	69.2%
N/A	Philippines	7,820,000	85,712,221	9.1%

Vision Statement

To create a web base virtual tool in Guam Visitors Bureau that maximizes Guam's global market presence and potential visitors.

Mission Statement

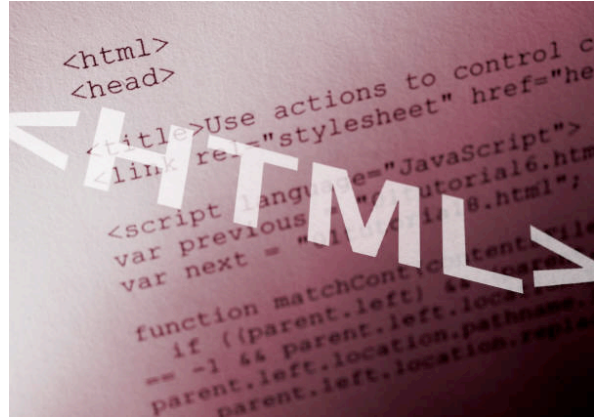
To create a unified Internet and technology infrastructure that will leverage the Guam Visitors Bureau's resources to increase market reach, penetration, and emotional connection to consumers, thereby generating improved awareness of the Guam brand and increase visits to Guam.



Internet Goals:

- Dramatically increase web traffic through ongoing refinement of architectural design, targeted content, and leverage marketing.

- Expand the advertising reach and marketing efforts to a larger, affluent, action oriented, and pleasure-seeking audience.
- Provide an easy to find, accessible information about travel to Guam, its accessibility, attractions, activities, accommodations, culture, history, and people.
- Present a single branded look and feel to the Guam Visitors Bureau website with links to specific translation, format, and writings of the website.
- Dramatically increase the website's ability to act as a virtual marketing and communications conduit by utilizing new technologies, i.e., blogs, RSS feeds, and pod casts.
- Provide a repository of GVB media releases, writings, research and statistics for members to access.
- Create, expand, and enhance specialized areas including sections constructed for media, travel agents, incentive planners, and specialized markets.
- Increase the awareness of the website URLs in all communications including stationery, business cards, press releases, and advertising.

**Internet Objectives:**

- Double the number of page views in two years.
- Quadruple the number repeat visits in two years.
- Double the number of unique visitors in three years
- Triple visitors the length of time on the website in three years
- Generate direct bookings to Guam suppliers.

Internet Strategies:

- Redesign all of the GVB websites so they have a consistent brand look, navigational geography, and content.
- Prompt top rankings on global search engines such as Yahoo Japan, Google Japan, Naver, Daum, and Yahoo Korea.

- Continue to develop and expand relevant links to more resources for consumers and travel partners.
- Develop and maintain a web site optimization plan.
- Oblige GVB marketing representatives to include in their communication plans methods to promote the awareness of the GVB websites' URLs.
- Allocate resources for source markets to have web based marketing specialists work on Internet sales and marketing strategies and tactics.
- Develop monthly sales promotions on our sites with tracking mechanisms. Exploit opportunities with targeted opt-in process to gather relevant demographic and preference data on the potential consumer.
- Develop a blog for each market and method to communicate with the bloggers.
- Adopt strategy so the GVB site is the top site on the most popular search engines.
- Prepare plan for a WAP gateway to provide mobile site for mobile phones, Blackberry© handsets, and PDAs.
- Adapt ability to harvest email addresses to build communications database.
- Develop e-magazine articles each month focusing on, for example, "Room with a View," "Secret Hideaways," "A Meal to Die For," and "Bargain of the Month." Exploit opportunities with targeted opt-in databases of consumers and travel agents.

Where we are now

The Guam Visitors Bureau has five websites. The website targets audiences from USA/local, Japan, Korea, Hong Kong, and Taiwan. Each website has a different URL address and, unfortunately, each has a different brand look. Information content and navigation is also different on each site. The communication messages on each website also vary, which detracts from the desired unified marketing thrust that the Guam Visitors Bureau wants to convey. To improve the current GVB's presence on the Internet, GVB has taken the following action steps.

On November 9, 2006, the GVB Board of Directors resolved:

“To approve (a) the creation of the GVB Internet & Technology Committee with (b) a “Vision Statement: To create a web based virtual tool in Guam Visitors Bureau that maximizes Guam’s global market presence and potential visitors” and a “Mission Statement: To create a unified internet and technology infrastructure that will leverage the Guam Visitors Bureau’s resources to increase market reach, penetration, and emotional connection to consumers, thereby generating improved awareness of the Guam brand and increase visits to Guam” and (c) that the GVB Internet & Technology Committee be used as a clearing house to route all website projects via the committee from all market sources.”

Guam Visitors Bureau Websites



(Left to right, top to bottom): USA, Taiwan, Japan, Korea, and Hong Kong

- GVB is in the process of seeking qualified proposals to select a vendor to assist GVB fulfill its Internet vision and mission statement.
- The Guam Visitors Bureau will work with the Travel Partnership Corporation (TTPC), the non-profit body registry of bona fide global travel community to list .travel to its URL addresses within the .travel Internet space.
- The complete list of categories includes:
 - Airlines
 - Attractions/Theme Parks
 - Bed & Breakfast Houses

- Bus/Taxi/Limousine Operators
 - Camp Facility Operators
 - Vehicle Rental Companies/Airport Specialty Car Park Companies
 - Computer Reservation/Travel Technology Provider
 - Convention & Visitor's Bureaus
 - Cruise Lines
 - Hotels/Resorts/Casinos
 - National Tourism Offices
 - Passenger Rail Lines
 - Restaurants
 - Tour Operators
 - Travel Agents
 - Travel Media
 - Travel-Consumer and Market Research Organization
 - Travel training institutions
- The Travel Partnership Corporation is a Washington-based non-profit corporation formed to promote the addition to the Internet of the top-level sponsored domain (sTLD) known as .travel. The TTPC recommends policies and practices concerning the eligibility to register names with the .travel Internet domain.
 - Register GVB website URL address (www.visitguam.travel) on country domains of U.S.A., Japan, Korea, Taiwan, Hong Kong, and Australia.
 - Adopt search engine budgets to drive visitors to the sites in each country.■



DESTINATION MARKETING - GUAM



VI. DESTINATION MARKETING - GUAM

Destination Marketing Goals

1. To become the premier destination for outbound travelers in the source markets.
2. To create, develop, and communicate a universal brand image specific to Guam. Own visitor prospects' top-of-the-mind awareness of Guam as a desirable and valued destination.
3. To offer a wide range of quality products and services that will support Guam's target markets and brand image.
4. To create more incentives with attractions and activities to visit Guam throughout the year and to increase repeat visits by offering good value and improving visitor satisfaction.
5. To improve Guam's tourism infrastructure, and fund GVB's marketing programs.
6. To grow Guam's economy and improve the island's quality of life.



Destination Marketing Objectives

1. Increase travel to Guam and increase visitor expenditures on island.

Using the base year of 2006, GVB will grow the number of visitor arrivals by increasing its share of outbound travel in the core source markets. As varying motivators create pent up demand for overseas travel, GVB will position Guam as a beautiful, natural destination with plenty of things to see and do. Guam will be positioned as a favorable first time overseas destination in the secondary and emerging market gateways while promoting Guam as a unique and desirable destination to seasoned overseas travelers. Its target goal is to increase total visitors 19% ~ 25% from the base year by the year 2011.

2. Grow travel to and awareness of Guam in core, secondary, and emerging markets.

With a consistent image in all markets, Guam will have a unified look and feel in all of its marketing, public relations, advertising, and collateral messages. GVB will use third party enumeration to gauge effectiveness of its placed advertising and overall brand image. GVB will establish and deploy an effective public

relations strategy to communicate the Guam global brand image in all of its public relations activities. GVB will implement the metrics of output, outgrowth, and outcome measures to gauge impact of its public relations strategy,

3. Increase repeat visitors and attract visitors from new market gateways/segments.



By creating a positive visitor experience from U.S. Immigration clearance until arrival at home after the trip, adhering to good customer service principles will be the initial phase of building a brand community to enhance the first time visitor experience and encourage repeat visitors. While Guam enjoys a large number of repeat visits from Japan, it will work to improve the

awareness of the destination's variety in accommodations and attractions to warrant repeat visits from Kanto, Kansai and Chubu in Japan and Korea. Data collected from Guam customs arrival forms and periodic exit polls will chart the progress in increasing repeat visits from all markets.

Key objectives in Japan and Korea are as follows:

- Japan - Since 48% of all of Guam's visitors come from Kanto region, strengthen arrival numbers while growing more visitors from Kansai, Chubu, and secondary cities.
- Korea - Generate volume demand to encourage the entry of additional carriers, grow seat capacity of the current carrier, and establish regular service from the city of Busan.

4. Target niche market segment opportunities.

With proximity to many major Asian markets, Guam will target niche market segments that are sensitive to long haul travel, not only in terms of trip duration and time zone differences, but also to short travel window and travel costs. Three-generation families, young couples with infants, families with disabled children, senior couples, and wedding groups are some visitor profiles Guam



now enjoys. GVB will also target unexploited small convention/meeting market segments of social, military, educational, religious, and fraternal (SMERF) -- groups that are price sensitive because conventioners travel at their own expense.



5. Increase inquiries for Guam through electronic, broadcast, and other media.

The fastest growing travel information source is the Internet, though travel agency pamphlets and travel magazines are also still influential. As part of its communication plan to promote the Guam brand and spread awareness of Guam and its attractions, activities and events, GVB will solidify its universal website presence in the core markets. GVB currently has five websites and separate URLs. A website and Internet strategy will be developed immediately to refocus its brand look and take advantage of the growing reliance of the Internet to capture visitors from traditional and non-traditional markets.

6. Promote Guam's varied attractions, products, and services.

To elevate its brand image and attract higher yielding visitors, Guam must develop and promote a wide range of attractions, activities, and events. GVB will provide the latest and most significant information through all of its communication channels that include press release information for local, regional, and travel trade media. It will also promote significant attractions such as parks, museums, convention centers and other in its collateral and POS materials. GVB will summon its members to provide sponsorship, presentation, advertising and collateral materials about its attractions; products and services for all GVB organized trade shows, fairs, exhibitions, and travel agent seminars.

7. Encourage longer stays on Guam.

Time, cost, and what visitors want to do motivates most travel to Guam. Guam must present a sophisticated brand image in consumers' mind to motivate them to stay longer than the typical 3.5 day stay for Japanese and 4.5 day stay for Koreans and Taiwanese. By raising the awareness of more attractions and activities on Guam, visitors will plan to stay longer and commit to a higher travel budget prior to arrival.

8. Assist in developing marketing and promoting the island's natural, historic, and cultural heritage.

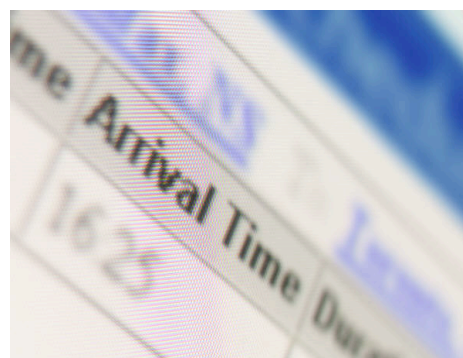
Most core source market travelers cite that, they choose a destination based on its ability to allow them "to refresh/revitalize". However, as part of its strategy to elevate its current brand image of a short trip beach destination, Guam must develop its infrastructure to meet the desire for sightseeing activities that include, but not limited to, the island's natural, historic, and cultural heritage, as well as the island's nightlife activities.

9. Encourage and promote large-scale festivals and events that create significant impact.

In re-positioning of its brand, GVB will reiterate the variety of the island's natural assets (blue sky, clear water, tropical weather). It will also encourage and promote events and festivals that take advantage of these assets. GVB encourages sporting, musical, and other events that provide non-typical entertainment, fun filled festivals or participatory events that spur travel demand during the off-peak periods. GVB will also use its media channels to promote these events to encourage travel and to fortify the image that there is always something interesting to do on Guam.

10. Generate, evaluate, and share data to guide Guam's tourism, marketing and promotional efforts.

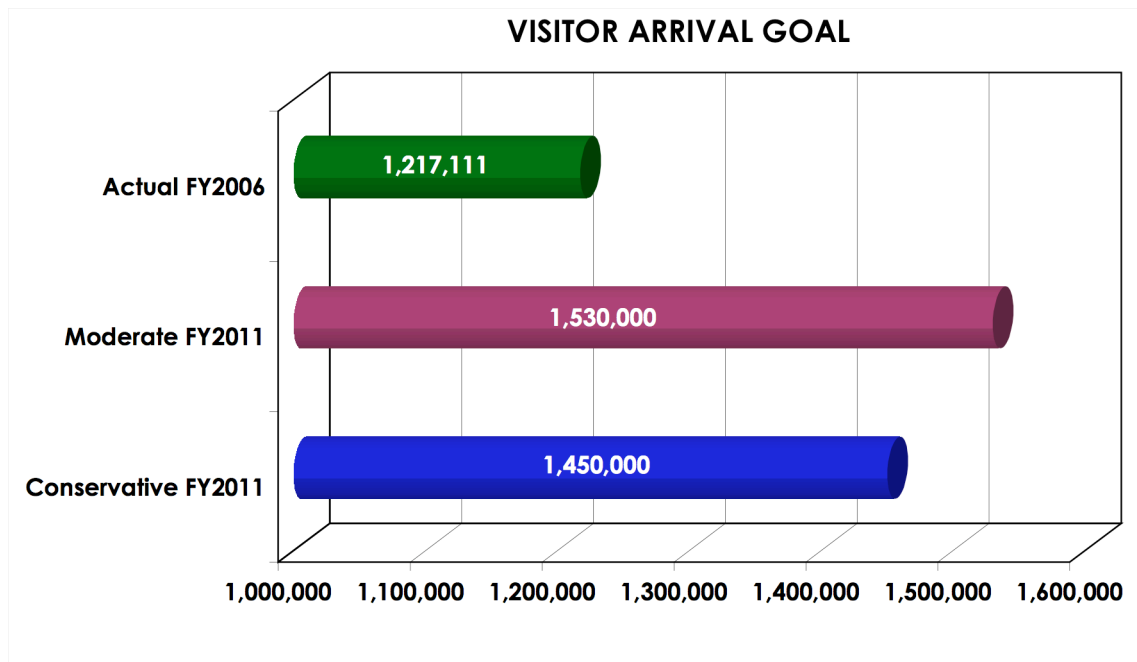
Provide statistical compilation, conduct in-country research for core source markets and develop an overall strategy for consumer research and analysis of Guam's visitors. It will also select third party enumerators to establish a perception benchmark to gauge its advertising effectiveness in terms of audience reach, message registration, and brand retention. GVB will share its research reservoir with its members, travel industry partners, government agencies, and other stakeholders to guide Guam's tourism growth.



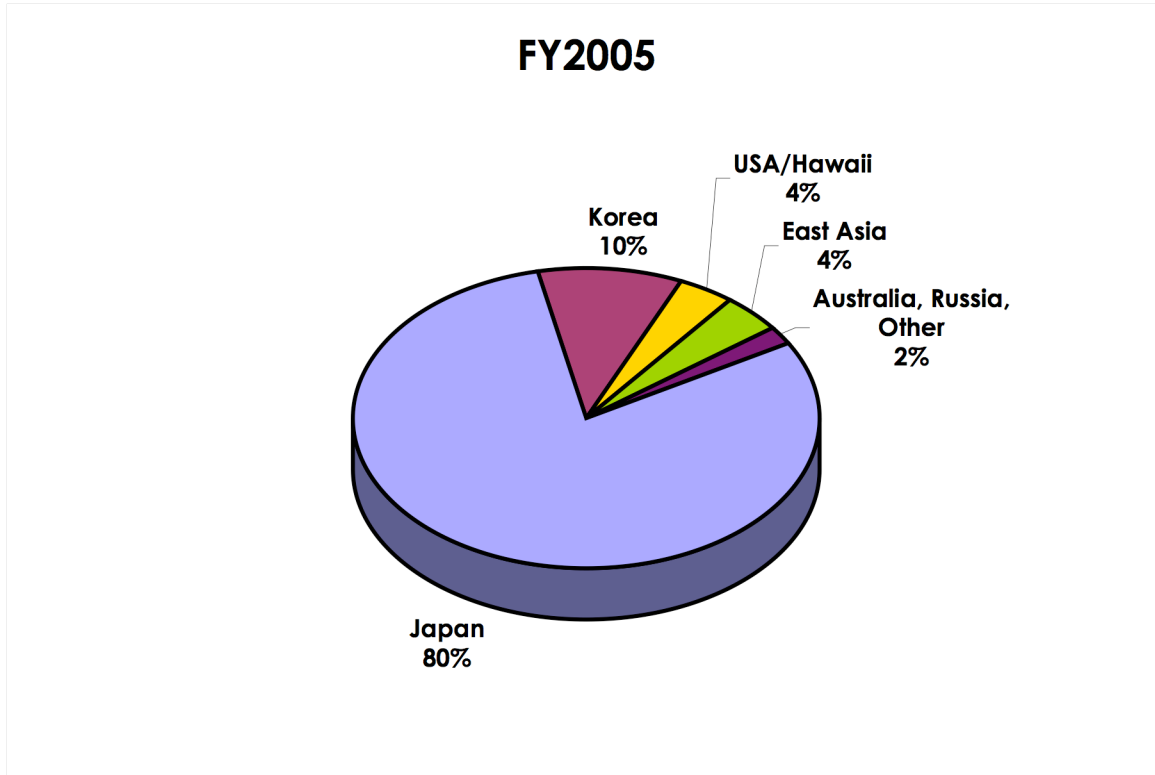
Arrival Objectives: Five Year Target FY 2011

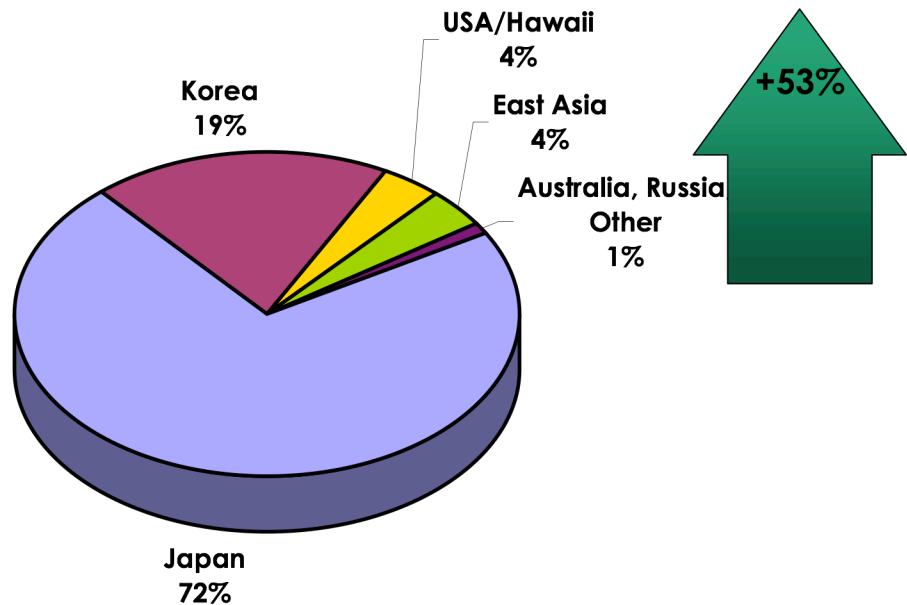
Visitor Arrivals

Moderate	1,530,000 pax
Conservative	1,450,000 pax



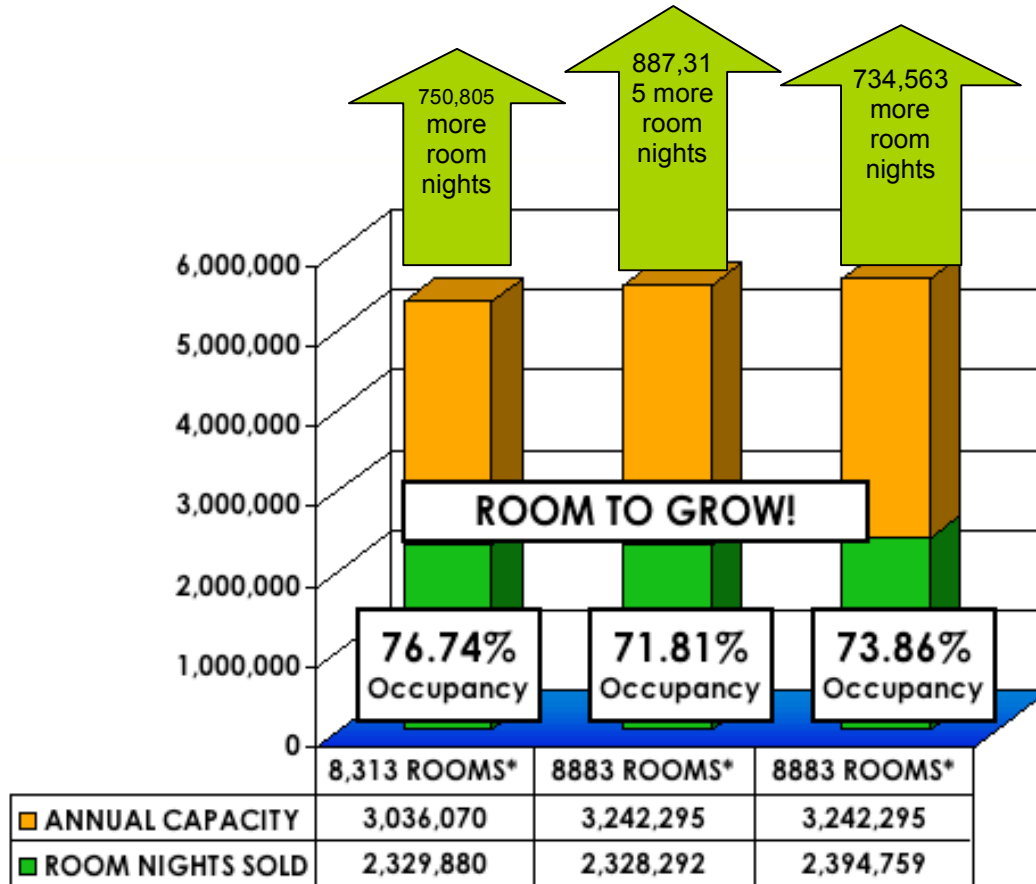
Grow and Diversify Visitor Mix



Expand Secondary Markets**FY2011**

	<u>FY 2005</u>	<u>FY 2011</u>
Japan	80%	72%
Korea	10%	19%
USA/Hawaii	4%	4%
East Asia	4%	4%
Australia, Russia, other	2%	1%

(For ranking of core source markets by arrivals, please see Fig. 4 in Appendix)

Increase Hotel Occupancies

*Reflects 5% of rooms offline

Hotel OccupanciesRoom Nights Capacity Assumptions

8,750 Hotel Rooms less 5% (off-line) = 8,313 rooms

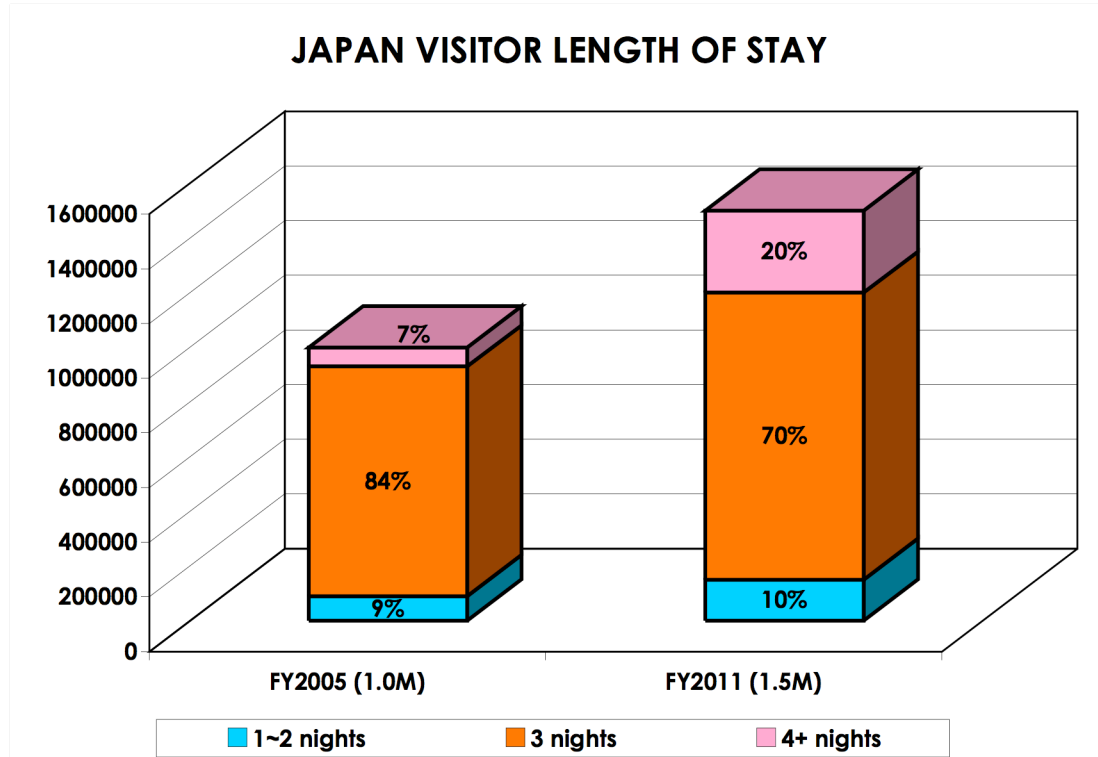
Room nights (8,313 x 365 days) = 3,036,070 capacity

Occupancy @ 76.74% Current Rooms 2,329,880
Average 2.3 pax per room and 3.5 nights

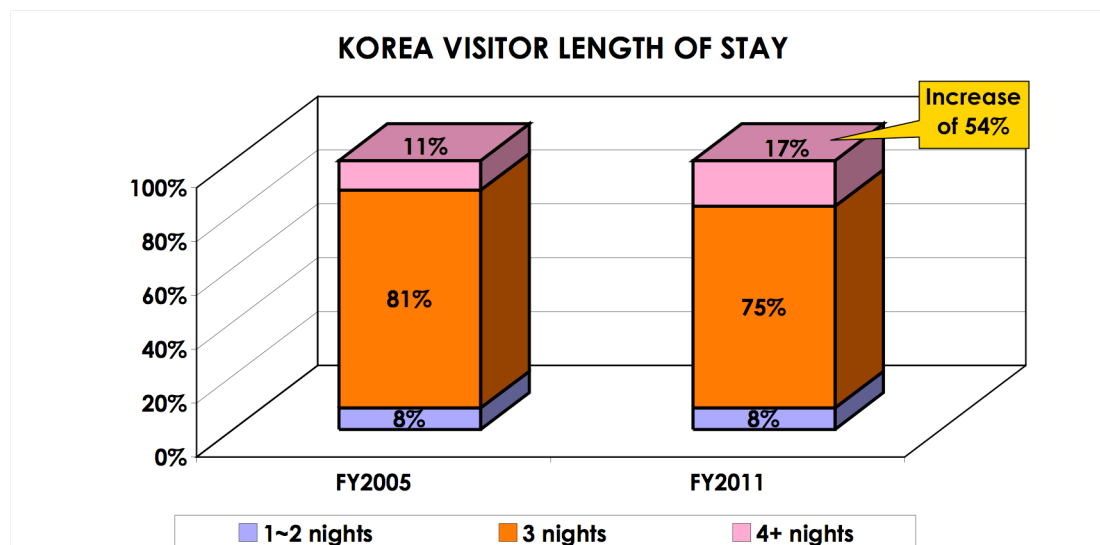
Occupancy @ 71.81% Additional 600 Rooms 2,328,292
Average 2.3 pax per room and 3.5 nights

Occupancy @ 73.86% Additional 600 Rooms 2,394,759
Average 2.3 pax per room and 3.6 nights

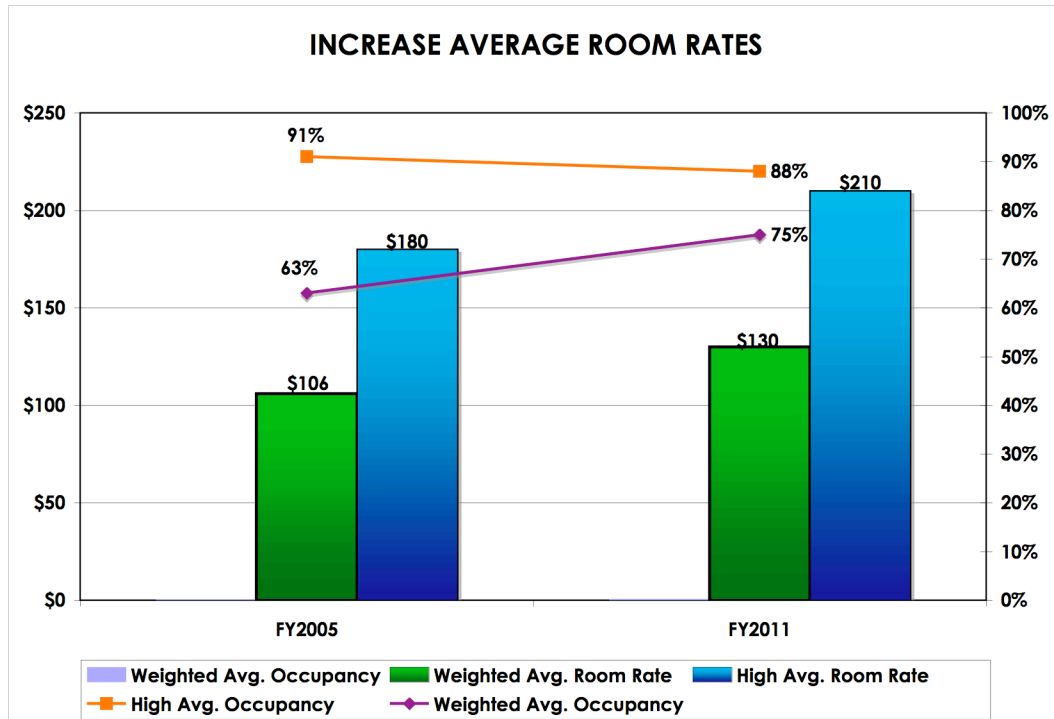
Increase Length of Stay Visits



Japan (nights)	FY 2005	FY 2011
1 ~ 2	9%	10%
3	84%	70%
4 +	7%	20%



Korea (nights)	FY 2005	FY 2011
1 ~ 2	8%	8%
3	81%	75%
4 +	11%	17%

Increase Room Rates**Hotel Occupancy and ARR**

Weighted Average Occupancy

FY 2005

63%

FY 2011

75%

High Average Occupancy

91%

88%

Weighted Average Room Rate

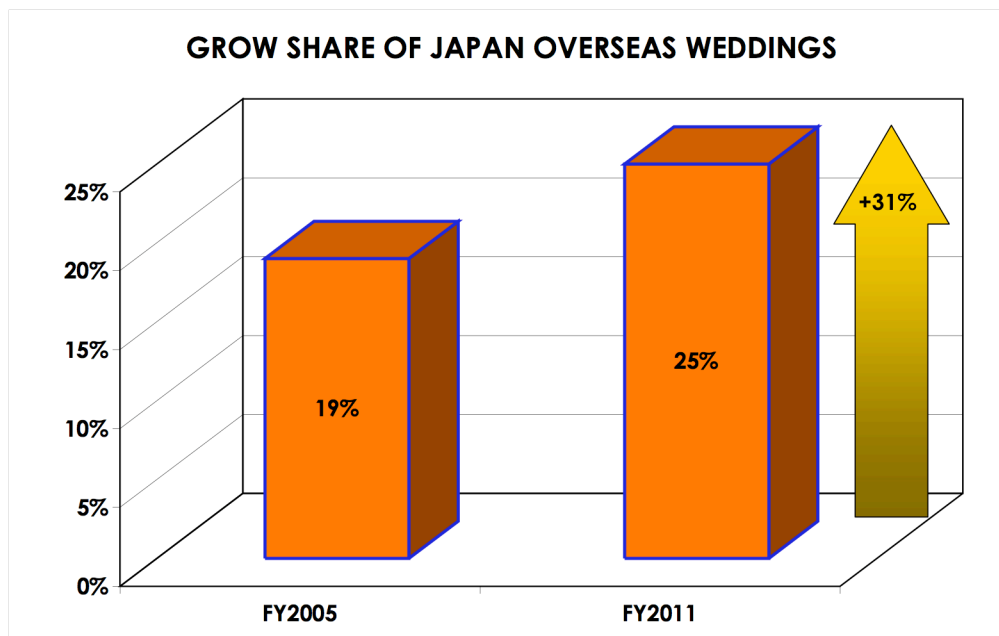
\$106.00

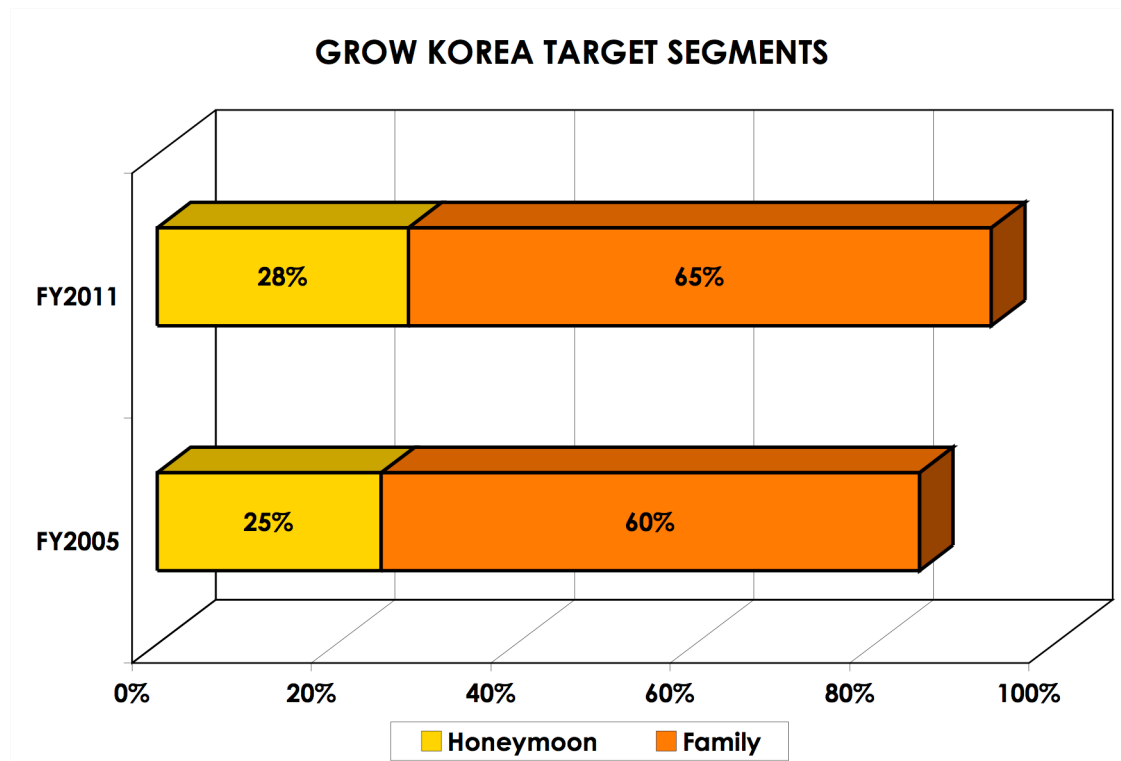
\$130.00

High Average Room Rate

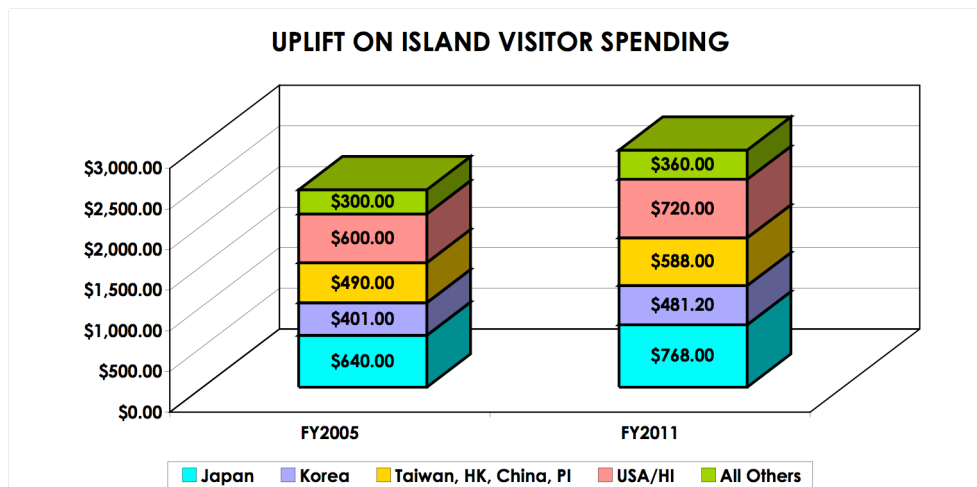
\$180.00

\$210.00





Korean Market	FY 2005	FY 2011
Honeymoon	25%	28%
Family	60%	65%



On Island Spending	FY 2005	FY 2011
Japan	\$640.00	\$768.00
Korea	\$401.00	\$481.20
Taiwan, HK, China, PI	\$490.00	\$588.00
US/HI	\$600.00	\$720.00
All others	\$300.00	\$360.00

Destination Strategies

1. The overall marketing objective is to succinctly and frequently promote Guam as the destination of choice in core, secondary, and emerging source markets, to meet specific goals of growth in visitor arrivals, visitor spending, and visitor satisfaction.
2. The strategic direction is to craft a unique brand and communicate that image to elicit travel desires from source markets.
3. Generate news and publicity about Guam to refresh the image of the island as a unique, trendy and desirous to visit.
4. Develop a brand community not only in the transportation and hospitality sectors but also throughout the entire community to fulfill visitors' expectations.
5. Advocate the development and operation of sustainable attractions to support the marketing endeavor and visitor experience on Guam.
6. Restore and enhance major historical, anthropological and cultural attractions to fulfill the visitor expectations of a unique experience.
7. Improve and maintain the major tourist corridors, parks, and visitor sites.
8. Prioritize marketing attention and resources to strengthen Guam's outbound travel share in core markets.
9. Provide expeditionary commitment and funds for development of sustainable new markets that can offset or moderate any drastic fall off in visitor arrivals from unforeseen geopolitical or natural calamities.
10. As part of its market retention plan, the Guam Visitors Bureau will coordinate with its members and industry partners to elevate visitor satisfaction. GVB will share research data such as in-country research on consumer expectations and visitor satisfaction from exit polls and after action surveys.
11. Grow the collections (based on increased demand and higher hotel room yields) to the Tourist Attraction Fund to fund its marketing programs and other activities.
12. Get cooperative control on the inflows and outflows of the Tourist Attraction Fund and the encumbered funds allotted to GVB operations and marketing.

Destination Marketing - JAPAN

- Country Brief

Japan's economic expansion is likely to continue in FY 2007 as well as FY 2008. This trend will continue, becoming the longest ever phase of postwar expansion, escaping deflation by FY 2008. In addition to the short-term business cycle, the mid-term economic trends are also starting to move in a positive direction.



Personal consumption will be steady in general. The employment environment, which is clearly in a recovery trend, will contribute to pushing up incomes overall, and this brighter employment environment will also act positively on sentiment.

Another factor that could contribute to an upswing or downswing will be steady retirements in the “baby-boom” generation from FY 2007 on. While the decrease of experienced employees in the workplace may depress productivity, the post-retirement consumption rise and revitalization of employment for the young and decrease in employment costs to corporations could give the economy a boost. The retirement of the baby-boom generation will proceed over a number of years, and is not expected to have a direct impact on the FY 2007 economy, but it bears watching.

Marketplace Situation

Reductions in airline seat capacity on flights to Hawaii and pressure on hotel capacity there are favorable for Guam. However, travel to the U.S. mainland is already recovering, and chronic concerns over Japan Airlines' (JAL) financial conditions are causes of concern.

Japan is the largest overseas travel market for the United States. In 2005, the number of Japanese outbound travelers totaled 17.4 million, an increase of 3.4 percent over the previous year. The U.S. is the most popular overseas destination for Japanese travelers, receiving more than 3.9 million Japanese travelers last year. The total market for Japan's international travel to the U.S. was US\$16.5 billion in 2005.

The effects of anti-Japanese demonstrations in China and Korea hindered overseas travel in 2005, but gradual to full recovery in these two countries is expected in 2006. In July, Japan and China have agreed on a 20% increase in air transport capacities

between both countries. According to the agreement, each country will be able to serve another 92 passenger flights a week in the equivalence to B767-300.

Japan, China and Korea decided to develop formal tourism exchanges jointly through an agreement calling for increases among the three countries from about 12 million in 2005 to more than 17 million for 2010. It is a minimum target in aspiration to reach more than 20 million before 2010. This is known as the “Japan, China, Korea Tourism Big Bang” effort, signed in July 2006. It is also an indication of momentum build up to grow overseas travel to 30% of Japan’s population (currently 14%).

Outbound Travel

- 2% – 3%% Year-on-year growth
- 8.97 million outbound travelers forecasted for the next six months.

In Asia, tourists are again making for the cities, and Macao (where the old quarter has been designated a World Cultural Heritage site and there are plans for several new hotel openings) seems sure to attract travelers. However, travel costs are trending upwards under the influence of the fuel surcharge and higher exchange rates for the dollar and euro against the yen.



While this is unlikely to dampen the desire to travel, it seems certain to encourage consumers to be much more discriminating in their search for higher destination value. The average amount spent on overseas travel is put at 297,200 yen (\$2,584), +1.8% up for the year. The result will be to take the total expenditure for overseas travel to 5.35 trillion yen (\$46.52 billion, up +5.3%).

Market Gateways:

- Kanto (Tokyo) region - 51% of Japan visitors
- Kansai (Osaka) region - 18% of Japan visitors
- Chubu (Nagoya) region - 17% of Japan visitors
- Secondary Cities - 14% of Japan visitors
 - Sendai, Fukuoka, Niigata, Hiroshima and Okiyama

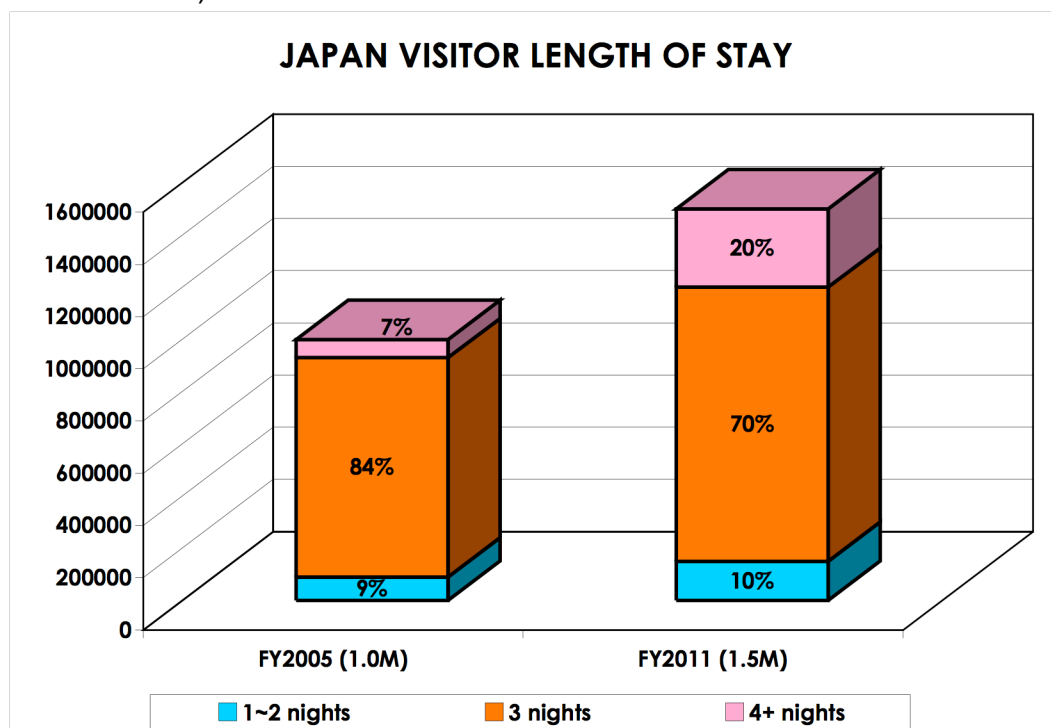
(See Fig. 23 for Japan air seat capacities in Appendix.)

Goals:

- Achieve 5.5% ~ 6% market share of total Japan outbound travel.
- Increase long stay visits and high yield visitors.
- Defend market share and strengthen the arrivals from the core market gateways of Kanto, Kansai, and Chubu (86% of Guam visitors).
- Aggressively increase marketing presence and market share in secondary market gateways of Japan. (See country breakdown of Japan visitors in Fig. 6 in Appendix.)

Five-Year Objectives:

- Increase FY 2006 arrivals (962,007 Japan visitors) by 14.5% to 1,101,600 Japan visitors in FY 2011.
- Increase length of stay visits of four nights or more from 7% (FY 2005 Japan visitors) to 20% in FY 2011.

**Strategies:**

- Break away from the low-end perception Guam has with its reputation as a casual, short trip, sun, and sand destination for only the young.

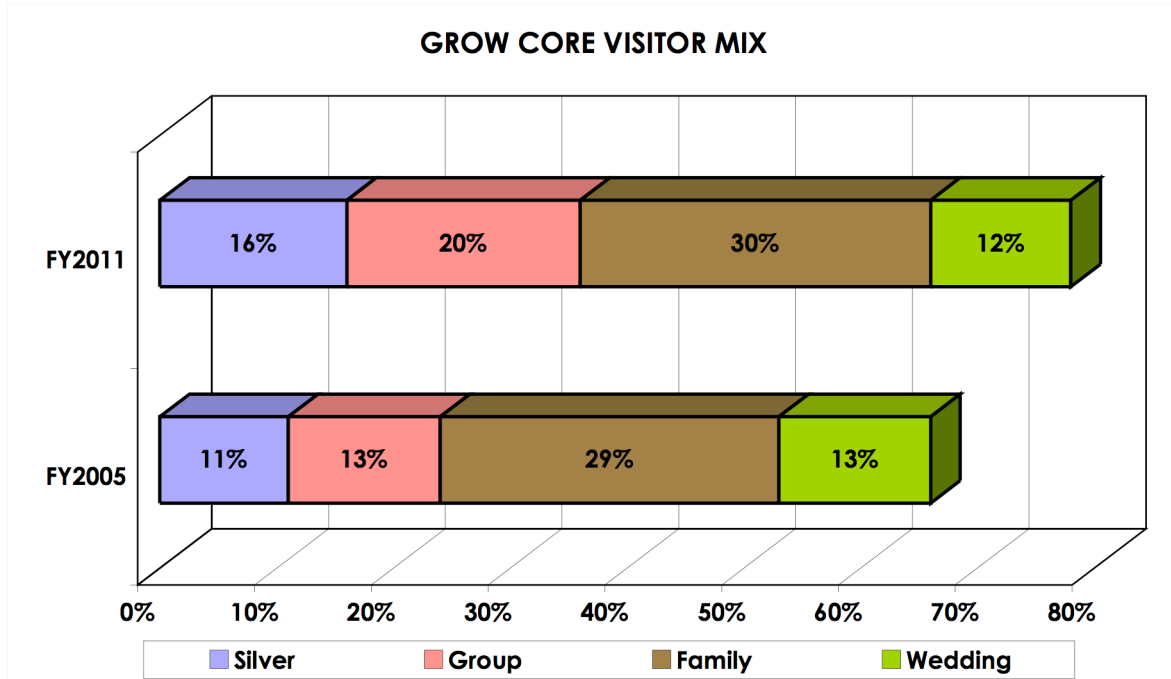
- Define and develop brand image that embodies Guam destination uniqueness.
- Sustain and grow wedding market share.
- Develop annual communication plan for general interest and special interest consumers.
- Craft action plans that include public relations, positioning message, and promotions catering to special interest groups to instill desire to visit.
- Develop travel agent strategy to sell Guam aggressively and exceed volume quotas.
- Advocate the development of new attractions and activities that support brand and marketing message to enrich visitor experience.
- Develop new and expand existing island promotional events and activities to create interest to visit during slack periods.
- Define the financial commitment funding the marketing programs to reach goals and objectives.

Key Strategic Segments:**Wedding Market**

- Underutilized capacity in chapels.
- Demand for overseas weddings increases.
- Demand also high for second wedding venues.
- Wedding party of friends, relatives, and well-wishers accompanies each wedding couple.
- Wedding parties have higher incremental on-island spending with appurtenant expenses for celebratory banquets, pictures, and wedding videos

Strategies

- Position functional benefit of convenient access, vibrant wedding infrastructure, and a wide variety of banquet facilities.
- Easier to invite well-wishers and wedding guests to attend.
- Communicate with brides-to-be through wedding magazine editorials and special section on websites.
- Import H-1 visa managers to train local staff in addressing the needs of all aspects of weddings.
- Address long term solution to understaffing .
- Grow local talent pool to sustain growth.



Young Families

- Mothers with young children, previously OL market segment, with pent up desire to travel again
- Multigenerational opportunity.
- Guam packages reasonable with free of charge or discounted offers for young children.
- Nearby and convenient for all.
- Baby boomer “echo” population a large segment.

Strategies

- Mothers are the controlling influences on the buying decisions
- Communicate to them in newspapers, website, and editorial in lifestyle magazines.
- Position strong presence that Guam is safe, secure, casual, and convenient for fun with family.
- Need to present information on family accommodations, attractions.
- Need to have more availability of baby needs such as playrooms, babysitting services or on-call pediatricians or nurses.
- English language study and practice is an open opportunity.

Senior Market

- Demographic growth trend, i.e. over 7 million in next two years.
- Long stay opportunity.
- Flexible travel schedule and more affluent in spending.

Strategies

- Health and wellness strong appeal in this demographic group
- Emphasis on quality of gourmet food.
- High appreciation for scenic nature, cultural, and historic sightseeing.
- Need to provide information on accommodations and attractions appealing to them.
- Sponsor monitor tours such as a special promotion of 40 couples celebrating their 40th wedding anniversaries.
- Promote special packages and promotional offers.
- Promote cultural exchanges and other activities with Guam's "manamko" community.

OL Market

- Demographic group declining.
- Need to defend and sustain market share and volume.
- Available local shopping significant activity.
- Health and beauty spas are also significant activities.

Strategies

- Present Guam as a trendy, cool destination to visit.
- Promote the nature scenic sightseeing.
- User imagery in creative ad artwork to promote what OLs can be while in Guam.
- Communicate to them in women's lifestyle magazines editorials

Group Market

- Leverage volume.
- Has more disposable spending since trip is already paid for.
- Longer term institutional support for MICE and SMERF target market growth.

Strategies

- Position Guam as a viable solution to professional conference organizers and meeting planners.
- Develop a unique experience platform for incentive travel.
- Develop a web site section to assist meeting planners to research hotel facilities, accommodations, and destination activities.
- Upgrade business center services and IT connectivity in all major hotels.

Japan Market Segments:

The following table illustrates Current and Future Target Markets for Guam.

Current Target Market Mix	Future Target Audience Mix
<u>Primary Target Market Segments:</u>	<u>Primary Target Market Segments:</u>
• General Leisure • Family • Group ○ Shain-ryoko ○ Incentive Tour ○ Hosho-ryoko • Females 20's ~ 30's • Salary men	• General Leisure • Family • Group ○ MICE groups ○ SMERF groups • Females 20's ~ 30's • Salary men • Senior ○ Health/Wellness ○ Spa travel
<u>Secondary Target Market Segments:</u>	<u>Secondary Target Market Segments:</u>
• Senior • Wedding • Sports Activities	• Wedding • Sports Activities ○ Golfers ○ Divers ○ Goodwill tournaments ○ Sports team training • Expatriates from visa waiver countries • US military- Japan personnel/dependents • Cruise Ships

Destination Marketing - KOREA

- Country Brief

Korea stands out as one of the fastest-growing economies. Korea has achieved an annual growth rate of 5% during the past five years, thanks in part to progress in restructuring its economy and strong external demand, particularly from China. The wide-ranging reform program adopted following the 1997 crisis and the further opening to international competition is transforming the economy.



Nearly half of the major business groups have disappeared, while foreign ownership of listed companies has increased from 15% to 42%. Rising foreign direct investment includes an important foreign presence in the banking sector. With rapid growth, the convergence process has continued, lifting Korea, per capita income to two-thirds of the Organization for Economic Co-operation and Development (OECD) average.

Economic Growth: 2005 GNP growth strong at 3.7%, projected to grow 4.8% in 2006.

Consumer Prices: Inflation is stable at 3.8% and projected to drop to 3.6% further in 2006.

Employment: Unemployment is only at 3.8% and projected at 3.6% in 2006

Foreign Exchange: The won appreciated versus the dollar to mid 900s, supporting outbound travel growth.

Summary: Despite volatile external conditions (i.e., tsunami, on-going oil shock, the North Korea situation), the economy powers ahead.

Marketplace Situation

The Korean outbound travel has tripled in just 7 years. The Korean outbound travelers grew 14.2% in 2005 exceeding 10 million for the first time ever. Korea has fully implemented the five-day workweek system in July 2005 and is expected to generate even faster growth in overseas travel. In order to capture this opportunity, Japan has waived its visa requirements. Destination competitors remain Japan, China, Southeast Asia, and domestic resort Cheju. Hawaii is lobbying for a visa waiver program for

Korean leisure travel similar to the Guam only visa waiver program, thus, posing an additional threat to Guam's plan to increase market share.

Travel Trends

- Online market: broadband access is estimated in 93% of Korean households
- Online Information: The Internet is the number one source of travel-related information
- Online travel sales: agent online bookings have increased by 100%-400% in 2005 and all Korean agents are investing heavily in e marketing
- E ticketing: Korean Air expanded e ticketing from domestic to international routes in 2005.
- On-line Channels: online travel portals booming -- geared to 26 million Korean Internet users mostly in their 20s and 30s. The Internet is an increasingly popular tool for information gathering as well as actual purchase.
- Bare-bones Packages: more Korean tourists are turning to ,Air -Tel (airline & hotel only) packages Instead of relying on travel agencies for optional tours and meals.

Market Gateways: See Fig. 24 in Appendix for current Korea air seat capacities.



- Incheon and surrounding areas including metropolitan Seoul – 60% of visitors.
- Secondary Cities
 - Busan – 8% of visitors
 - Daegu – 4% of visitors
- All other cities – 28% of visitors

Hot Market Segments:

Honeymooners: There are changes in honeymoon patterns as a result of the Tsunami catastrophe that devastated Phuket, which was a major honeymoon destination. Tour operators have started developing long-haul honeymoon tour programs. What used to be the traditional package tour-type product is shifting to FIT.

Golfers: The number of Korean golfers going abroad is estimated at over 300,000. Major agents are focusing on developing golf packages that are popular and affordable for the “mass market”. Small agents specializing in golf products focus on developing packages for the “golf maniacs” (more service/quality oriented).

Spa/Well-being: “Well-being “ continues to be a buzzword in all sectors of the Korean travel markets throughout 2005. As people have more leisure time, the interest in themes of spas, health, cuisine and culture has increased dramatically, particularly among high-end consumers.

FIT Travel: Exploding Internet use and the implementation of a five-day work week has resulted in a dramatic shift to FIT, with 70% of travelers indicating a desire to travel on an FIT basis.

Goals:

- Re-establish the awareness of Guam as a desirable destination for relaxation, recreation, and one of kind experiences.
- Communicate availability of diversity in accommodations and attractions for all budgets.
- Expand the visitor mix of special interest travelers while building the volume of primary market segments.
- Grow seat capacity and add Busan direct regular air service year round.

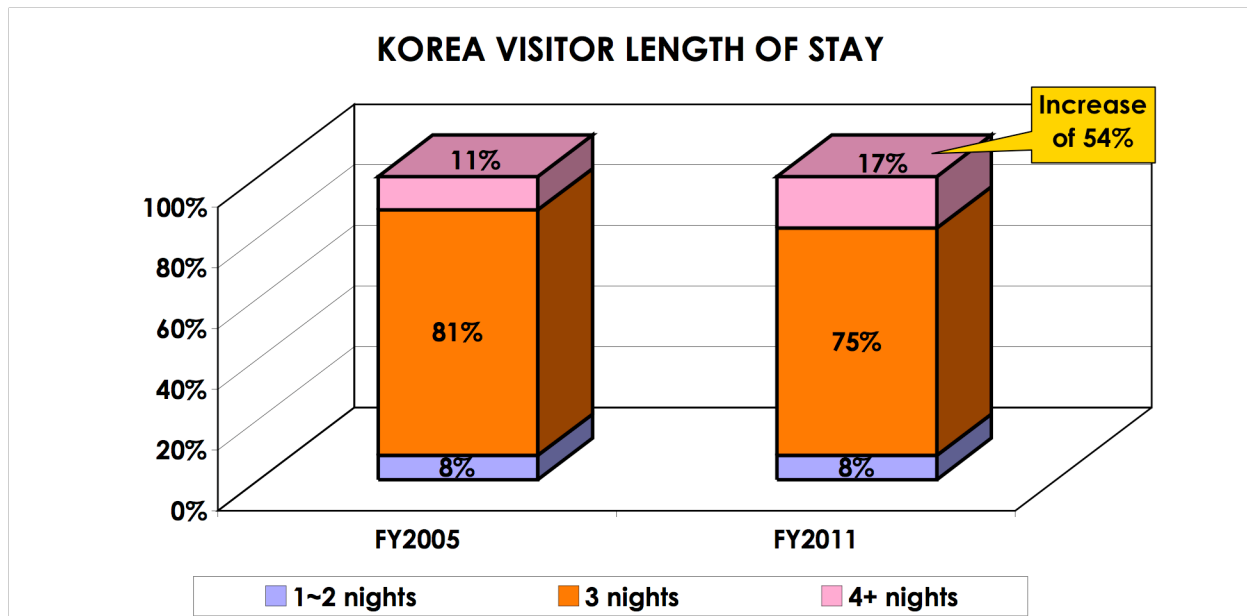
Five-Year Objectives:

- Increase FY 2006 arrivals (114,471) by 253% to 290,700 Korea visitors in FY 2011.
- Increase length of stay visits of four nights or more from 11% (FY 2005 Korea visitors) to 17% in FY 2011.

Strategies:

- Identify primary drivers of Korea outbound travel to Guam and craft strategy to increase their willingness to sell Guam.
- Define and develop brand image that embodies Guam’s destination uniqueness.
- Encourage year round hotel room booking commitments to gain trust of travel industry.

- Work with Guam International Airport Authority to encourage other air carriers to open up direct routes to Guam from Korea.
- Develop and maintain good relations with key editors and producers of the travel and general interest media to promote positive image of Guam.



- Craft action plans that include public relations, positioning message, and promotions catering to special interest groups to instill desire to visit.
- Develop travel agent strategy to sell Guam aggressively and exceed volume quotas.
- Partner with hotels, golf courses, and optional tour operators to package travel incentives to increase arrivals during off peak periods.
- Define and develop action plan to reach U.S. military personnel and expatriates living in Korea.
- Invigorate web site marketing to take advantage of the high literacy rate of Internet usage for travel information and on-line booking.
- Define the financial commitment funding the marketing programs to reach goals and objectives.

Key Strategic Segments

Although price-sensitivity for package tours is a major challenge as Korean travelers are increasingly seeking packages based on price especially during the low season, here are some key strategic segments we need to focus attention to:

Honeymoon Travel:

- One of the largest overseas travel segments
- Demand for a mixture of sightseeing and relaxation
- Looking for compelling events, activities and attractions

Strategies

- Position functional benefit of convenient access, tropical island imagery, fashionable and lifestyle casual shopping,
- Communicate with brides-to-be through wedding magazine editorials
- Provide sightseeing and activities information on website

Young Families

- Over 45% of Koreans traveling overseas age 30s ~ 40s with families
- Koreans in higher income brackets with white-collar jobs are less price sensitive
- Multigenerational opportunity
- Nearby and convenient for all
- Broad-base interest in healthy life-styles

Strategies

- Mothers are the controlling influences on the buying decisions
- Communicate to them in newspapers, website, and editorial in lifestyle magazines
- Position strong presence that Guam is safe, secure, casual, and convenient for fun with family
- Need to present information on family accommodations, attractions
- Need to have more availability of baby needs such as play rooms, babysitting services or on-call pediatricians or nurses
- English language study and practice is an open opportunity

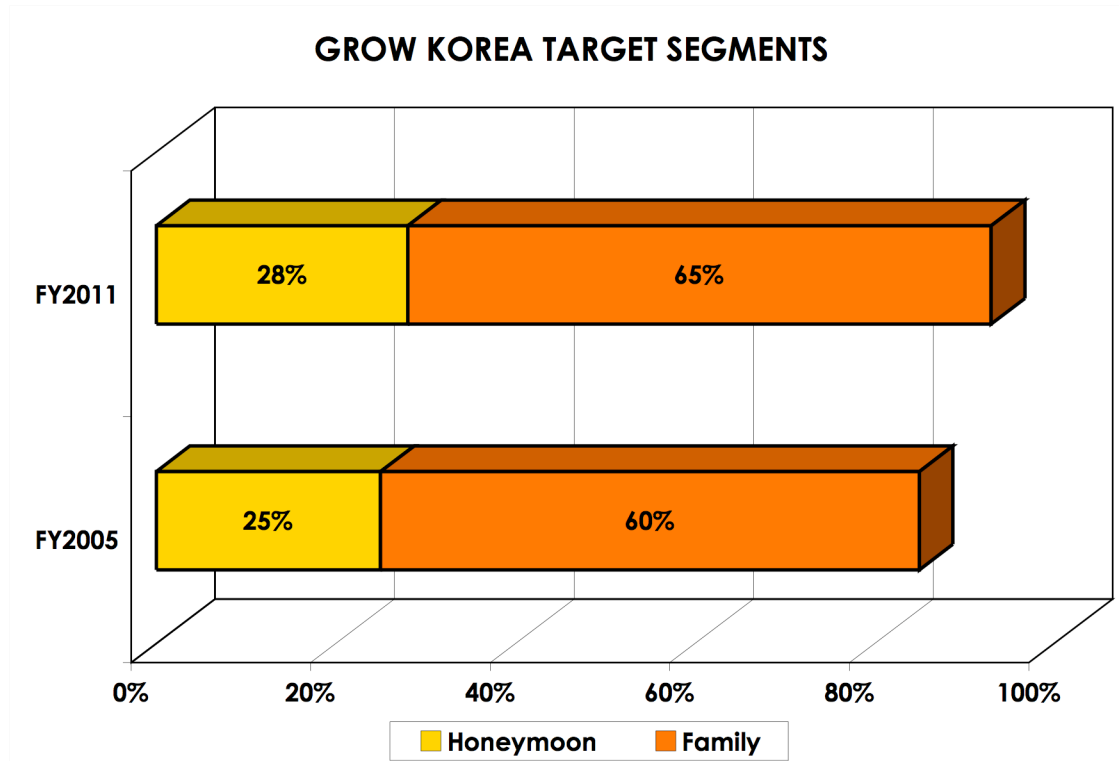
Silver Travel

- Korea is rapidly becoming an aging society
- Willing to spend for themselves
- Travel for fishing, nature, cultural, historic trips
- Flexible travel schedule
- More affluent in spending
- Interested in higher quality of life- individual wellness, good living, and health

Strategies

- Health and wellness strong appeal in this demographic group

- Emphasis on quality of gourmet food
- High appreciation for scenic nature, cultural, and historic sightseeing
- Luxury travel products with well-being themes, such as spas, golf holidays
- Need to provide information on accommodations and attractions appealing to them.



FIT Travel

- With the increase in Internet use and the implementation of a five-day workweek, more travelers are choosing FIT tour products such as Airtel (air + hotel).
- Consumers are moving away from standardized tour products and tour guides, toward growing interest in self-drive and rental car use.

Strategies

- Provide user-friendly and updated information on website.
- Present Guam as a trendy, cool destination to visit.
- Promote the nature scenic sightseeing.
- User imagery in creative ad artwork to promote what visitors can be while in Guam.
- Communicate to them in general lifestyle magazines editorials.

Group Market

- Leverage volume to increase visitor yield.
- Has more disposable spending since trip is already paid for.

- Longer term institutional support for MICE and SMERF target market growth.

Strategies

- Position Guam as a viable solution to professional conference organizers and meeting planners.
- Develop a unique experience platform for incentive travel.
- Recognize that the needs for incentive travel and conferences are different.

Korea Market Segments:

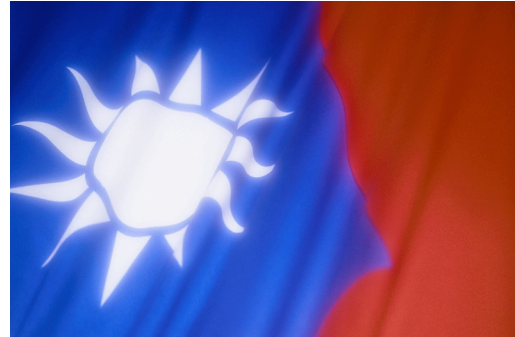
The following table illustrates Current and Future Target Markets for Guam. GVB will continue to focus and strengthen its core market segments of General Leisure, Family, Honeymoon, Females 20's ~ 30's, Special Interest Travelers and Incentive Travel.

Current Target Market Mix	Future Target Audience Mix
<u>Primary Target Market Segments:</u> • General Leisure • Family • Females 20's ~ 30's	<u>Primary Target Market Segments:</u> • General Leisure • Family • Group ○ Incentive Travel ○ MICE groups ○ SMERF groups • Females 20's ~ 30's • Senior ○ Health/Wellness ○ Spa travel
<u>Secondary Target Market Segments:</u> • Special Interest Travel • Group ○ Incentive Travel	<u>Secondary Target Market Segments:</u> • Wedding • Sports Activities ○ Golfers • Expatriates from visa waiver countries • US military personnel/dependents

Destination Marketing - TAIWAN

- Country Brief

In 2002, Taiwan's economy slowly began to recover from its first recession, which began in 2001. Both exports and private investment stopped declining in the first half of 2002, and both posted double-digit growth rates in the second half of the year. However, national consumption remained weak in 2002, contributing to a fall of 0.2% in consumer prices for the second consecutive year.



A decline in tax revenue broadened the budget deficit, adding to the public debt burden and preventing government consumption from growing. Relatively high unemployment also dampened private consumption, which posted moderate growth of 1.7%, far less than the 10% annual average rate in the 1990's.

Economic Growth: strong growth of 4% in 2005

Foreign Trade: Strong trade flows, with exports up 10.7% year-on-year and imports up 5.5%

Unemployment: Stable at 4%

Foreign Exchange: The Taiwan dollar appreciated 2.5%

Marketplace Situation

International events subdue outgoing departures. Outgoing traveler numbers were restrained by international crises, such as the SARS outbreak and the Asian tsunami, with the total number of Taiwanese departures increasing moderately by 12% between 2000 and 2005. In value terms, outgoing expenditure declined by over 18% over the same period, as the Taiwanese chose to take holidays closer to home for shorter and cheaper breaks.

Domestic tourism grows strong. The two-day weekend, along with freely available information on food and travel destinations, continues to fuel the domestic tourism industry, while the country's economic slowdown in 2005 mean that more people are choosing domestic destinations over overseas trips. The total number of domestic trips increased from just over 85 million in 2000 to 115 million in 2005, a leap of approximately 35% for this period.

Outbound Travel: 8.2 million outbound travelers in 2005 up 5.5% over 2004

U.S. Travel: Up 7.9% in 2005, the number 4 outbound destination for Taiwanese and number one long haul destination.

FIT Bookings: Especially fast growth in FIT travel.

Outbound Travel

- 4.5% Year-on-year growth
- 4.19 million outbound travelers forecasted for the next six months

Market Gateway

- Taipei, Taiwan (See Fig. 14 ~ Fig. 17 in Appendix to see information about Taiwan arrivals)

Travel Intelligence:

- Hong Kong has Taiwan's largest outbound travel share at nearly 41.13% and growing year-on-year at 5.93%.
- Guam's main competitors are Southeast Asian islands that are cheaper than Guam.
- These countries include Bali, Indonesia, Pattaya, Koh Samui, Karbi and Phuket in Thailand, Palau Redang, Palau Gemia and Palau Tioman in Malaysia. These developing destinations are attractive mainly because they are low budget overseas destinations. They attract visitors from Northern Asia.
- Traveling to Southeastern Asia countries is almost equivalent in price and convenience as traveling domestically in Taiwan.
- Subsequently, overall traveling packages are all facing price discounts of 10% ~ 50% since there are more flights available to fly to regional Asian destinations.
- Due to an over abundance of seat capacities, ticket prices have also dropped for airline seats to Tokyo, Osaka, and Nagoya.
- Guam lacks top-of-the-mind awareness in Taiwan and also faces the issue of lack of convenient flight capacity and flight time schedules in relationship to other overseas destinations.

Five-Year Objective

- Increase FY 2005 arrivals (23,048 Taiwan visitors) by 30% to 30,000 Taiwan visitors by FY 2011.

Strategies:

- Position Guam as the nearest U.S. destination with its English-speaking, friendly residents, Spanish-Chamorro culture, and American brands shopping
- Overcome the objection to consider Guam travel because of lack of daily flight schedules.
- Identify primary drivers of Taiwan outbound travel to Guam and craft strategy to increase their willingness to sell Guam.
- Define and develop a universal brand image that embodies Guam's destination uniqueness.
- Identify target group travel such as MICE, sports, and SMERF planners and develop strategies to encourage Guam travel.
- Work with Guam International Airport Authority to encourage other air carriers to open up direct routes to Guam from Taiwan.
- Develop and maintain good relations with key editors and producers of the wedding and general interest media to promote positive image of Guam as a wedding destination.
- Craft action plans that include public relations, positioning message, and promotions catering to special interest groups to instill desire to visit.
- Develop travel agent strategy to sell Guam aggressively and exceed volume quotas.
- Invigorate web site marketing to take advantage of the high literacy rate of Internet usage for travel information and on-line booking.
- Define the financial commitment funding the marketing programs to reach goals and objectives.

Taiwan Market Segments

The following table illustrates Current and Future Target Markets for Guam. GVB will continue to focus and strengthen its core market segments of General Leisure, Family, Females 20's ~ 30's, Special Interest Travelers and Incentive Travel.

Current Target Market Mix	Future Target Audience Mix
<u>Primary Target Market Segments:</u> • General Leisure • Family • Females 20's ~ 30's <u>Secondary Target Market Segments:</u> • Special Interest Travel • Group ○ Incentive Travel	<u>Primary Target Market Segments:</u> • General Leisure ○ Seaside relaxation • Family • Group ○ Incentive Travel ○ MICE groups ○ SMERF groups • Females 20's ~ 30's <u>Secondary Target Market Segments:</u> • Wedding • Sports Activities ○ Golfers • Group ○ Accounting exam students ○ Legal bar exam students ○ English study tours

Destination Marketing - US MAINLAND/HAWAII

- Country Brief

The economy continues to perform impressively. Output has grown strongly, the unemployment rate has fallen and core inflation has been relatively stable. All this achieved growth despite rising oil prices and damaging hurricanes. Solid economic growth seems set to continue, albeit at a slightly slower pace. The projected moderation in growth reflects a lagged response to higher oil prices, higher interest rates and a cooling off of the housing market.



A recent survey reported that 19% of Americans who purchased homes during the past three years spent above their suggested price range in relation to their income. With recent soaring energy costs, this could substantially reduce the disposable funds available for travel purchases.

The stance of monetary policy, currently near neutral, needs to tighten slightly to keep the economy in balance. The federal government budget deficit seems to settle around 3% of GDP as surprisingly strong revenue growth has offset higher spending of prescription drugs, defense, and hurricane relief. Reform of taxation, entitlements or other long-standing fiscal problems has made little progress.

In the United States, the CPI increased 2.1% over the twelve months to September, after year-to-year rise of 3.8% in August 2006.

Market Place Situation

Though many may consider the outbound travel market a mature one, only 30% of Americans hold valid passports and only 41% have traveled outside the U.S. in the past three years. This indicates that many Americans are not willing to, or do not have the means to, travel outside the U.S.

Despite this, the outbound travel market, both in terms of number of outbound travelers and in spending abroad, grew 7.6% and 21.5% respectively from 2003 to 2005. International travel spending by U.S. residents exceeded year 2000 levels in 2005 when spending reached \$95 billion. Spend on international travel by U.S. residents returned to 2000 levels in 2004, having declined each year in between. Experts forecast the number

of outbound trips will exceed year 2000 levels in 2006 with an estimated 61 million outbound travelers.

Military Impact

An increased military presence on Guam, which includes the relocation of 8,000 Marines of the III Marine Expeditionary Force now stationed in Okinawa, will increase travel from active military personnel in the initial planning and preparations. Guam can expect to benefit from civilian contractors, consultants, and other military service providers traveling to Guam. Business travelers usually stay longer, consume more hotel services, rent vehicles, and generally spend more during their stay than leisure travelers.

Additionally, we anticipate more military travel to and from Guam since there will be larger operations taking place on the island. Although active military personnel traveling on official business are exempt from hotel occupancy taxes, their contribution hotel room revenues and other goods and services are of significant benefit to Guam.

Military personnel taking rest and recreation leave, mostly from naval ships making port visits, and have a dramatic impact on the island. They book hotel rooms, rent cars, eat in restaurants, shop in malls, visit beauty salons, and consume other goods and services that contribute, experts estimate, up to \$200 per day per person (Guam Chamber of Commerce).

Outbound Travel

- 3.0% year-on-year growth 2006
- 37.75 million outbound travelers forecasted for the next six months.

Target Consumer

In general, the primary demographic North America target for Guam is a traveler who is affluent and educated. Many of Guam's attributes have contributed to the perception North American consumers have: Guam is more remote and exclusive than competitive destinations such as Hawaii, Mexico, or the Caribbean. Guam needs to communicate with the right target consumer and fit their travel expectations.

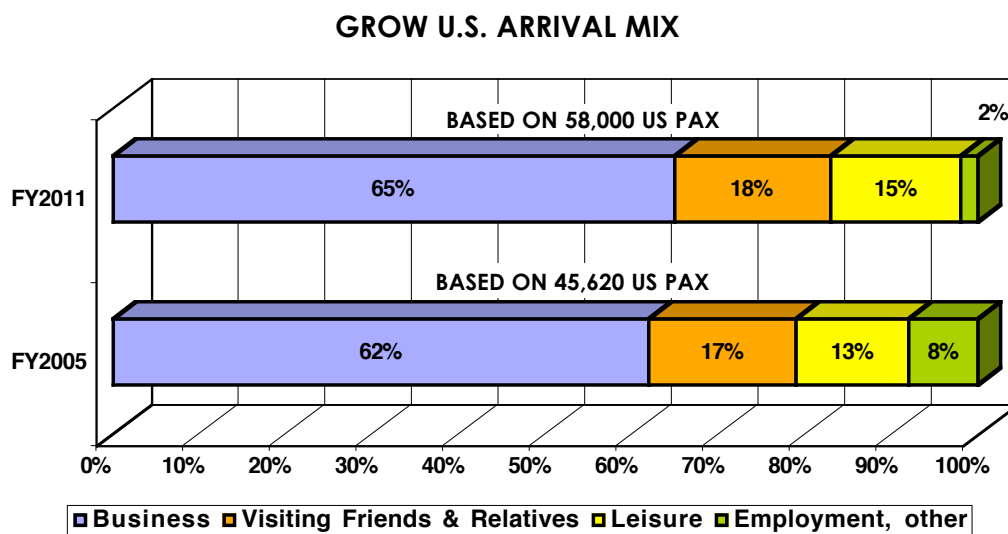
Goals:

- Develop the number of travel agents specializing in long haul special interest tourists to include Guam as part of their bundled travel packages.
- Increase the number of special interest travel such as eco-tourists and dive groups to visit Guam as well as the rest of Micronesia.

- Increase interest of friends and relatives of military personnel stationed or home ported on Guam.
- Increase the number business travelers to extend their stay to visit attractions, activities, and events or take “beyond travel” trips in Micronesia.

Five-Year Objective:

- Increase FY 2005 arrivals (45,620 Hawaii/US visitors) by 27% to 58,000 Hawaii/US visitors in FY 2011.



Market Gateways

- Honolulu – direct
- Honolulu – stopover in Micronesia
- Narita - stopover

Market Segments

- General Sightseeing
 - Military – active duty
 - Visiting friends & family
 - Adventure/Culture
- Special Interest
 - Divers
 - Sports enthusiasts
 - Military – retirees
 - History buffs



- Sports Groups
 - Sports team training
 - Goodwill Tournaments

Strategies:

- Support the marketing efforts of airlines in the region to strengthen the financial viability of airline seats now invested in all markets serving the island.
- Continue to have a presence in the U.S. through the media, travel trade shows, and hotel promotions to attract special interest groups.
- Support public relations activities including coordinating travel film crews, travel magazines, newspaper and or catalogue production crews with attractions, scenic sites, activities, and events on Guam.
- Focus marketing message on market segmentation rather than price i.e., adventure traveler and affluent, educated segments).
- Develop action plans to communicate and reach the desired market segments.
- Define the financial commitment funding the expeditionary marketing programs to reach goals and objectives.

Destination Marketing - HONG KONG

- Country Brief

The Hong Kong economy is back in full health, with the real GDP rising above trend for more than two years, up by 8.6% in 2004, 7.3% in 2005 and 6.6% in the first half of 2006. Domestic demand has resumed its growth momentum. The external sector has performed well, though the merchandise export growth has moderated in the second quarter of this year.



Inflation has been edging up -- consumer prices rose by 1.1% in 2005 and 2.0% in the first nine months of 2006. The unemployment rate fell to 4.7% in July-September 2006, from the peak of almost 9% in 2003. Total exports and imports of goods grew by 8.5% and 10.7%, respectively in January-September 2006. A total of 23.4 million visitors, or 3.4 times the size of local population, came to Hong Kong in 2005, representing a 7.1% increase from a year earlier. Tourist arrivals grew by 10.4% in January-August 2006.

Marketplace Situation

Hong Kong, despite its small size, is a significant outbound tourist market. In 2001, Hong Kong recorded 4.8 million resident departures to non-China and Macau destinations. The U.S.A. attracted 218,175 Hong Kong visitors in 2001. Hong Kong was the fifth-largest Asian market for outbound tourists to the U.S. The U.S. was the number-one, long haul destination for Hong Kong travelers.

Hong Kong is one of Asia's most affluent economies. The economy has weakened since 1998, but 2001 GDP per capita was a comparatively high US\$21,000. Since Hong Kong is a small territory with very few resorts, Hong Kong consumers tend to travel abroad for holidays. Outbound tourism is characterized by two factors:

- Economic: When the economy is on the downturn, Hong Kong people will opt for short haul travel instead of long haul travel. Yet it will not affect overall tourism growth.
- Price: Hong Kong tourists are quite sensitive to price. A discount in airfare or package tour prices will usually raise the number of outbound tourists.

In 2001, there were about 4.8 million outbound travelers to overseas destinations other than China and Macau, of which 1 million joined package tours, 400,000 were FIT and the rest business or VFR (visiting friends and relatives). Figures show that Hong Kong

people prefer to join package tours, particularly for first-time traveling and on trips to new destinations.

The Free Independent Travel (FIT) segment is most popular for people between the ages 25 ~ 45. After people gain experience traveling abroad, they tend to travel on their own and design their own itinerary. These travelers take a more leisurely pace in their travel and stay longer at each destination. Travel agents realizing this growing trend have launched price-competitive packages that just cover air tickets and hotels.

As the outbound market has been growing rapidly for two decades, existing routes are becoming mature and losing attractiveness. People in the industry indicated that the only way to lure new customers is to make products more innovative, (i.e., new routes and tailor-made programs).

In recent years, specialty tours for diving, golf, horse riding, and skiing have become popular. Lately, summer camps, summer educational programs, and tours to U.S. colleges for parents and high school seniors are in demand for U.S. tours.

Outbound Travel

- 3.0% year-on-year growth
- 2.7 million outbound travelers for the next six months

Five-Year Objectives

- Increase FY 2005 arrivals (4,292 Hong Kong visitors) by 26% to 5,407 Hong Kong visitors in FY 2011.

Market Gateway

- Hong Kong

Market Segments

- General Sightseeing
 - Female 20 ~ 30 years old
 - Males 25 ~ 35 years old
 - Couples 25 ~ 35 years old
 - Young families
- Special Interest
 - Golfers
 - Divers
 - Honeymooners
 - Travel Agents / Airlines
- Sports Groups
 - Sports team training

- Goodwill Tournaments
- MICE and SMERF
 - Meetings, Incentive, Conventions, and Expositions
 - Social, Medical, Education, Religious, Fraternal

Strategies:

- Support the marketing efforts of airlines in the region to strengthen the financial viability of airline seats now invested in all markets serving the island.
- Continue to have a presence in the Hong Kong through the media, travel trade shows, and hotel promotions to attract affluent Chinese national citizens who have U.S. tourist visas.
- Identify primary drivers of outbound travel to Guam and craft strategy to increase their willingness to sell Guam.
- Define and develop brand image that embodies Guam's destination uniqueness.
- Focus marketing message on market segmentation rather than price.
- Develop a marketing strategy to attract U.S. and U.S. visa waiver member nations' expatriates living in Hong Kong to visit Guam.
- Develop action plans to communicate and reach the desired market segments.
- Define the financial commitment funding the expeditionary marketing programs to reach goals and objectives.

Destination Marketing - PHILIPPINES

- Country Brief

The Philippines is a developing country in South-East Asia. In 2004, the World Bank ranked it as the 24th largest economy according to purchasing power parity. The budget deficit will shrink in 2007~08. Strong consumption growth will continue to be the main driver of the economy, which will grow by 5.4% in 2007, and 5.3% in 2008. Consumer price inflation is expected to moderate to an average of 6.6% in 2006, and will decelerate to 5.3% in 2007-08. Buoyant remittances from Filipinos working overseas will ensure that the current account remains in surplus.



The Philippines economy grew by 5.5% year on year in the second quarter of 2006, following growth of 5.7% in the first quarter. Following this strong performance in the first half of the year, experts now estimate the economy will grow by 5.5% in 2006, and by 5.4% in 2007.

Unemployment rate: 11.7% (2004)

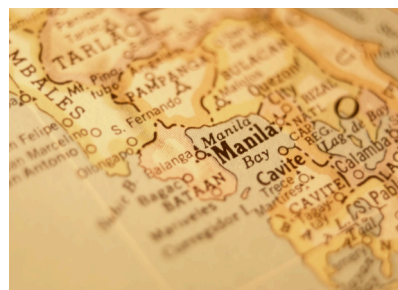
Exchange rates: Philippine pesos (P) per US\$1 = 49.88(2006), 53.10 (2005),

Marketplace Situation

Philippines is anticipated to expand by 3.5% to 0.48 million outbound trips. It has no Asia/Pacific market among its top sources for arrivals - tourist arrivals are heavily dependent on non-Asia/Pacific markets.

Outbound Travel

- 13.5% year-on-year growth
- 1.38 million outbound travelers forecasted for the next six months



Five-Year Objectives

- Increase FY 2005 arrivals (6,598 Philippines visitors) by 26% to 8,313 Philippines visitors in FY 2011.

Market Gateway

- Manila

Market Segments

- General Sightseeing
 - Male 25 – 35 years old, mid to upper level income
 - Female 25 – 35 years old, mid to upper level income
 - Honeymooners
 - Expatriates from US Visa waiver countries
 - US citizens living in Philippines
 - Philippines based green card holders
- Special Interest
 - Sports hobbyists/Enthusiasts
 - Visiting friends and relatives
- Sports Groups
 - Sports team training
 - Goodwill Tournaments
- MICE and SMERF
 - Meetings, Incentive, Conventions, and Expositions
 - Social, Medical, Education, Religious, Fraternal

Strategies:

- Support the marketing efforts of airlines in the region to strengthen the financial viability of airline seats now invested in all markets serving the island.
- Continue to have a presence in the Philippines through the media, travel trade shows, and hotel promotions to attract affluent Philippines national citizens who have obtained a U.S. tourist visa.
- Identify primary drivers of outbound travel to Guam and craft strategy to increase their willingness to sell Guam.
- Develop a marketing strategy to attract U.S. and U.S. visa waiver member nations' expatriates living in Philippines to visit Guam.
- Focus marketing message on market segmentation rather than price.

Destination Marketing - AUSTRALIA

- Country Brief

A tight labor market is adding to upward pressure on inflation and interest rates, and the situation propped by an overly generous fiscal policy is not any help. Government fiscal handouts are likely to further increase in the run-up to the next federal election held in late 2007. Although drought will hit agricultural output hard, overall GDP growth is still likely to be around 3% in both 2007 and 2008.

Low rates of unemployment will prop up private consumption growth. The currency is likely to weaken in 2007 and 2008, but this will not stop a gradual fall in consumer price inflation. Export growth is likely to remain strong, and this will reduce the trade deficit over the next few years. Nevertheless, experts forecast current-account deficits equivalent to 5%-6% of GDP for 2006-08.



Marketplace Situation

Australian resident overseas travel increased by more than 11,400 trips or 1% in the third quarter of 2006. Travel for "holiday" and "VFR" reasons grew 1% in the three months ended September, with "business" departures up 3%.

Within the business segment of the market, departures for "convention" reasons fell by 4% with "employment" travel up 8%. In total, Australian overseas travel was 4.85 million passengers in the year ending September 2006, an increase of 133,269 departures, or 3%, on the September year 2005. "Holiday" travel rose by 3% in the twelve-month period, with departures for "VFR" reasons up 2% and "business" travel up 4%.

By top ten "country of intended stay" in the September quarter of 2006, total Australian departures to New Zealand increased by 4%, with travel to the United Kingdom and the United States up 0.4% and 4% respectively. Departures to Thailand grew by a further 49% in the three-month period, with travel to China and Fiji up 6% and 4% respectively and to Indonesia down 49%; departures to Singapore rose by 4% in the three months ended September, with travel to Hong Kong down 1% and to Malaysia up 4%.

Outbound Travel:

- 9.5% year-on-year growth
- 2.44 million outbound travelers forecasted for the next six months

Five-Year Objectives:

- Increase FY 2005 (2,741 Australia visitors) arrivals by 26% to 3,453 Australia visitors in FY 2011.

Market Gateways:

- Cairns (including New Territories, Brisbane and Townsville)

Market Segments:

- General Sightseeing
 - Travel agents and airline partners
 - Couples 25 ~ 45 years of age
 - Groups
- Special Interest
 - Divers
 - Honeymooners
- Sports Groups
 - Sports team training
 - Goodwill Tournaments
- MICE and SMERF
 - Meetings, Incentive, Conventions, and Expositions
 - Social, Medical, Education, Religious, Fraternal

Strategies:

- Support the marketing efforts of airlines in the region to strengthen the financial viability of airline seats now invested in all markets serving the island.
- Identify primary drivers of outbound travel to Guam and craft strategy to increase their willingness to sell Guam.
- Define and develop brand image that embodies Guam's destination uniqueness.
- Focus marketing message on market segmentation rather than price.
- Develop action plans to communicate and reach the desired market segments.
- Define the financial commitment funding the marketing programs to reach goals and objectives.

Destination Marketing - CHINA

- Country Brief

According to the World Bank, China's economy is the seventh largest in the world. However, looking at China's real GDP of the USD \$1.2 trillion in terms of purchasing power parity with the U.S. dollar, China's real GDP can be valued at USD \$4.42 trillion. Thus, in terms of purchasing power parity, the Chinese economy is the second largest in the world, behind the U.S. and ahead of Japan



The main priority for the Chinese Communist Party (CCP) over the next two years will be to maintain political stability in order to ensure the success of the 17th Party Congress, due in October 2007, as well as the Beijing Olympic Games in August 2008. As the party congress approaches, the president, Hu Jintao, will continue to strengthen his influence through the appointment of allies to key positions. Although economic growth will remain strong, it will start to slow as the impact of the tightening measures put in place in 2006 to restrain investment and credit growth begin to take effect.

As a result, GDP growth will slow from an estimated 10.5% in 2006 to 9.6% in 2007 and 9.3% in 2008. The government will continue in its efforts to rebalance the economy as it attempts to make the economy less dependent on exports and investment, while introducing measures to boost consumption. The current-account surplus will narrow from an estimated 7.4% of GDP in 2006 to 5.2% in 2008, inline with a fall in the trade surplus.

Economic Growth: GDP grew by 9.5% in the first half of 2005

Trade: in the first half of 2005, trade totaled US\$645 billion, growing 23.2% over 2004 and leading to a trade surplus of US\$39.65 billion

Inflation: China's consumer price index (CPI) in the first half of 2005 rose by 2.3%, lower than the 3.6% level for the same period of 2004.

Disposable Income: DI per capita of China's urban residents grew 9.5% in the first half of 2005.

Foreign Exchange: The RMB Yuan pegged its value to the US currency for years. Now a basketful of foreign currencies determines its world value.

Ranking: China is now up to the 7th largest outbound nation in the world, up 11%.

Marketplace Situation

Outbound Travel: Chinese made 31 million trips abroad in 2005, up 43% over 2004 far exceeding Japan. Seven percent of citizens in Beijing, Shanghai and Guangzhou have plans for overseas tours within a year. Outbound travel in China is poised to grow to 100 million Chinese outbound travelers by 2020, making it the number one supplier of tourists.



Spending: The Chinese mass market seeks to stay at 1-2 star hotels, but there is a huge upper-end long haul market seeking 4-5 star packages to Europe. Spending on overseas travel in 2005 is up 75% from 2003. Chinese tourists spend more per trip than any other nationality in the world as a result of shopping for friends and relatives -- US\$987 on average per person per trip, making up about one third of their total travel budget. The World Tourism Organization predicts that by 2020, over 100 million Chinese will travel abroad, with average per capita expenditure overseas at US\$1,000 per person.

A country must have Approved Destination Status (ADS) through a bilateral tourism agreement to promote group leisure travel to their country within China. In addition, airlines from countries with ADS are restricted in frequency and capacity of their flights.

There were only 31 ADS countries in 2004 in relation to almost 100 ADS countries by the end of 2005. Now, there are 124 ADS countries and regions. These ADS countries include 30 nations in Europe (the entire EU), 18 in Asia, 10 in Africa, and 3 in Oceania, Canada, and Saipan. It is impossible to predict when China will obtain ADS to the U.S.

Chinese national citizens who intend to engage in tourist activities, attend an educational institution, attend meetings or conferences, have to apply for a visa at one of five local U.S. consulates that serve their consular districts. Applicants prepay an application fee of 830 RMB (US\$100). Other travel hindrances include:

- Two-months' waiting time
- Interviews required
- Limited number of visa offices
- High rejection rate

Outbound Travel

- 9.0% year-on-year growth
- 15.45 million outbound travelers forecasted for the next six months

Five-Year Objectives

- Assume the U.S. does not receive ADS; our objective will be to increase FY 2005 arrivals (867 China visitors) by 246% to 3,000 China visitors by FY 2011.

Market Gateways

- Air service from Beijing, Shanghai, and Guangzhou via Japan and/or Korea including Tokyo, Niigata, Sapporo, Osaka, Seoul, Busan, Manila, and Hong Kong,

Market Segments

- General Sightseeing
 - Expatriates from US Visa waiver countries
 - Upper income families
 - Business senior managers
 - Experienced overseas travelers
- Special Interest
 - Golfers
 - Travel Agents/Airlines
- Sports Groups
 - Sports team training
 - Goodwill Tournaments
- MICE and SMERF
 - Meetings, Incentive, Conventions, and Expositions
 - Social, Medical, Education, Religious, Fraternal

Strategies:

- Continue to have a presence in China through the media, travel trade shows, and hotel promotions to attract affluent Chinese national citizens who have obtained a U.S. tourist visa.
- Identify primary drivers of outbound travel to Guam and craft strategy to increase their willingness to sell Guam.

- Work with airlines to develop air alliance travel packages from China to Guam.
- Define and develop brand image that embodies Guam's destination uniqueness.
- Focus marketing message on market segmentation rather than price.
- Include in GVB's Chinese language website information about visiting Guam from China.
- Develop a marketing strategy to attract U.S. and U.S. visa waiver member nations' expatriates living in China to visit Guam.
- Develop networking strategy to communicate and reach U.S. expatriate citizens living in China.
- Continue to communicate with the U.S. Consulate Offices in Beijing, Shanghai, and Guangzhou to maintain a good rapport.
- Lobby the U.S. Department of State for a Guam-only visa waiver program citing business case studies from Guam-only visa waiver programs for Korea and Taiwan.
- Develop action plans to communicate and reach the desired market segments.
- Define the financial commitment funding the marketing programs to reach goals and objectives.

Emerging Markets - RUSSIA

- Overview

The collapse of the Soviet Union in 1991 allowed millions of Russians to travel abroad for the first time. Outbound travel increased steadily each year, with the exception of 1997, when the Asian financial crisis affected travel, and 1999 after the devaluation of the ruble. Still, the outbound market from Russia has grown 24% in the last decade and has grown at an average of 6% per year since 2000. It will reach an all time high in 2005 and is expected to continue to grow by five to six percent through 2009.



Country Brief

Russia has embraced democracy as its form of government putting it on friendly footing with the U.S. government. However, the transition to democracy has not been easy. The Russian government has been working hard to reverse the situation and has made great progress. Russia's economy posted gains averaging 6.7 percent per year each year from 1999 through 2004, inclusive. Russia's per capita GDP grew 27 percent in the past decade. In the same period, outbound tourism spending also grew 18 percent. These economic indicators are expected to continue to grow at the same pace at least through 2007.

Marketplace Situation

In the past decade, the U.S. has not benefited from the increases in Russian outbound travel or the growth of the Russian economy and consumer spending. The coming years look more promising. Russia is expected to continue to generate enough travel volume, especially long-haul travel volume, to support greater visitation to the U.S.

The Russia Federation economy is growing and overseas travelers now 9th largest spenders abroad according to PATA study (2005). Moreover, Russian travelers rank 3rd only to USA and Japan on global travel spending (i.e., \$ 1385.00 middle class income spending, Scotland, February 2006). In addition, since the country's transition to democracy, Russians may find it easier to obtain a visa than they have in the past. The average waiting time for a Russian visitor to obtain a visa is only eight days, compared to 23 days for a Chinese visitor. All of these factors support a forecast for Russian arrivals to the U.S. to grow six percent or more per year in 2006 and 2007.

Market Gateways

- Three cities with a combined population about 2 million consumers.
- Air service via Japan and/or Korea including Tokyo, Niigata, Sapporo, Osaka, Toyama, Seoul, and Busan.

Khabarovsk

- Territorial capital and administrative center, Far East district, industrial center, and major processing facilities.
- Far eastern regional population 7.9 million, but Khabarovsk city alone has 600,000 residents.

Vladivostok

- Shipping, commercial fishing and naval base, city population 595,000 residents

Sakhalin

- Largest island of Russian Federation and population of 673,000 residents with heavy natural resources, economy around oil exploration, mining, gas exports, forestry, and fisheries.

Kamchatka Peninsula

- Federal outpost of 360,000 population
- Fishing, forestry, tourism and military outpost

Market Segments

Employees of Russian firms are, by law, entitled to eight paid holidays comprising 10 calendar days, and annual leave of not less than 24 days. Some employees, such as those involved in teaching, training, research or investigation, may be entitled to more than 24 days annual leave. If a holiday falls on Saturday or Sunday, the following Monday is a day off. This generous vacation entitlement allows plenty of time for outbound travel.

Young Professionals

- 25 ~ 39 years of age, usually work for multinational corporations and earn \$1,200 ~ \$3,500 per month

- Cosmopolitan, western focused, likely to speak English and generally are well traveled.
- Brand conscious; defer marriage until later after enjoying single life in early twenties and thirties.
- Very Internet savvy, often booking trips on-line and shop destinations for price and value.

Middle Class

- Travel frequently as couples on in small groups.
- Income above \$4,000 per month and slightly older than young professionals.
- Value conscious, family-oriented and own their homes.
- Have other financial commitments, i.e. children in school and elderly parents

Upper Income

- Average age 32 ~ 45 years and no salaries but with investment based income.
- More interested in power than money already acquired
- Holiday and leisure purpose account for 75% of total overseas travel
- Short-term success tied to easy visa entry requirements, i.e. no visa or visa on arrival, need to explore Guam visa only potential
- First time travelers 69% in 2004 and 62% on group tours to Thailand (PATA) and average length of stay 12.2 nights. Of 118,895 visitors to Thailand in 2004, 96% were on holiday, 1% MICE and 3% business/other.

Goals:

- Establish the awareness of Guam as a desirable tropical destination for relaxation, recreation, and one-of-kind experience.
- Develop a network of travel agents interested in selling Guam to their clientele looking for a U.S. warm water vacation destination.
- Resolve visa issues to facilitate easier travel.
- Encourage air service alliances to facilitate air connectivity to Guam.

Five-Year Objectives

- Target 10,000 Russian visitors by FY 2011.
- Increase length of stay visits of three nights to six nights or more by FY 2011.

Strategies:

- Since a large segment still use the travel agent as the primary contact for booking overseas travel, need to craft a travel agent strategy to increase awareness and profitability in selling travel to Guam.
- Develop air service alliances between any of Guam's incumbent carriers and Aeroflot, Dalvia, Sibir (S7), or other qualified carriers.
- Begin lobbying effort with U.S. State Department to support a visa-waiver program for Russia using case studies of Guam only visa waiver programs for Korea and Taiwan.
- Work with Guam International Airport Authority to encourage other air carriers to open up direct routes to Guam from Russia.
- Develop and maintain good relations with key editors and producers of the travel and general interest media to promote positive image of Guam.
- Define the financial commitment funding the expeditionary programs to reach goals and objectives.

Cruise Ship Opportunity

- Overview

Cruise ship travel is one of the fastest growing segments in the travel industry (+8% average increase per year) and well worth positioning Guam for its proximity to Asia-Pacific markets. This increasingly growing market segment also may tie to either fly-cruise or rail-cruise tour products. The incremental fly/cruise visitor will contribute to USA and Guam airline seat sales and strengthen the airline seat capacities serving our visitor source markets.



Country Brief

GVB recently reported that the Spirit of Oceanus, the largest and most extravagant vessel in the Cruise West fleet left Guam for an eighteen-day cruise of the Pacific islands. The cruise, called Legends of the Pacific, ventured to several islands in Yap and Chuuk, and also visit Pohnpei, the Solomons, and Vanuatu before it made its final stop in Fiji.

The tour is the cruise line's second excursion through the Pacific. The first voyage took place in March 2006 and visited the same islands in reverse order, finishing in Guam. The Legends of the Pacific tour happens twice a year with the next trip scheduled for March 2007.

According to the local coordinators for Cruise West, the passengers flew in to Guam from all over the United States and many stayed a few days at the Hyatt Regency Guam before boarding the Spirit of Oceanus for the rest of their Pacific adventure. During the few days the passengers are on Guam, they took tours of historic and scenic sites, including the Plaza de España and many cultural locations.

Marketplace Situation

More than 8.6 million passengers embarked on cruise vacations from U.S. ports, which handled 75 percent of all global embarkations in 2005, representing an increase of 6 percent over 2004. With a 4.5 percent ship capacity increase, the number of guests boarding ships from U.S. ports continued to blossom in 2006, a trend that is expected to accelerate in 2007.

As the cruise industry matures, so too, do baby boomers. According to eTN Travel Wire News, they are a formidable swath of the population that grew up on rock 'n roll, who,

although aging chronologically, remain forever "young at heart." In travel terms, baby boomers seek vacations that incorporate active and adventurous elements but are unwilling to sacrifice creature comforts.

Fortunately, new ships debuting in 2007 continue to push the bar on innovations, expanding the evolutionary process that began decades ago by adding more bells and whistles, but not at the expense of service.

From 2007~ 2009, this age group will turn 60, considered the standard retirement age. The imminent surge in retirees has not escaped the notice of the financial industry, which is eager to take advantage of the expected surge in retirement payments. Manufacturers also hope to cash in by offering products for people with plenty of time and money on their hands.

Top Destinations for World Cruise Ship Capacity Deployment	
Caribbean	20.3%
Western Caribbean	20.1%
Mediterranean	12.6%
Europe	9.8%
Alaska	7.7%
Mexico West	6.2%
Bahamas	4.7%

Strategic Considerations

Tourism is another business expected to benefit from the surge of retiring Japan baby boomers. Cruises, a favorite travel option among the retired, saw a whopping 24% increase during 2004 to a total of 73,000. Many passengers were couples celebrating retirement or wedding anniversaries. The industry as a whole predicts greater demand as boomers start to retire.

If other cruise ship ports revenue is a good indicator, there is lucrative potential for Guam. In Portland, Maine cruise ships generate an average of \$198.96 per passenger spending: \$157.32 for restaurants, ground handling, retail, and shore excursions. Crew spending, government fees, stevedoring, and various miscellaneous charges comprise another \$41.64.

Similarly, in St. John's, New Foundland, "in transit" passengers spent \$126.98 and "home ported" passengers spent \$749.46.

The average cruise passenger in the Caribbean spends \$104.00 in each port visit (Q2 Caribbean Cruising 2002). Each passenger spent an average of \$14.00 on the cruise

arrival date and \$79.00 for passengers including a hotel stay with average 1.3 nights. About 80% of crew visits shore spending \$72.00 while home-ported crew spends \$112.00. Assume \$104.00 for Caribbean cruise ship composite on 100,000 potential passengers could equate to \$10.4 million in direct passenger spending in addition to several millions of dollars more in ship home porting benefits. The potential impact for two companies operating in Guam and Palau (Four in Guam and two in Palau home ported ships) can be significant in supporting the cruise industry infrastructure as well as its significant economic contribution.

Both U.S. and Japan outbound travelers looking for new cruise ship destinations could regard Guam and Micronesia as the “New Caribbean” in the Pacific. The Caribbean cruise destinations are mature, old, and tired in the mindset of cruise ship travel. Guam and Micronesia are new and exotic and do not have the security concerns as the Persian Gulf, Malaccan Straits, and other ports of call in Asia.

Market Segments

USA cruise passengers* by 2010 (millions) average household income

Household Income	Millions	Potential
HHI over \$ 40,000	31 ~ 50	Likely – Best case
HHI over \$ 60,000	23 ~ 36	Likely – Best case
HHI over \$ 80,000	15 ~ 24	Likely – Best case
HHI over \$150,000	1.5 ~ 2.3	Likely – Best case

*Cruise Lines International Association data

- Cruise travel demographics are interested in historical and cultural attractions, which contributes economic benefit to museum.
- Affluent customer base and incremental destination yield contribution

Goals:

- Develop a green field travel industry segment attracting high yield visitors and establish a minimum of two ships home ported on Guam.
- Expose a new side of Guam instilling a perception as a luxury travel destination.
- Attract an incremental 50,000 visitors without exerting pressure on the existing hospitality infrastructure.
- Provide additional economic benefit with support services for the cruise ship industry.

- Attract another cruise ship company to increase incremental visitors to 100,000.

Five-Year Objectives

- Develop port facilities and support services for the cruise ship industry
- 50,000 cruise ship passengers by FY 2011

Strategies:

- Initiate a project team consisting of government and private sector representatives with specialized knowledge of cruises to look into ways of attracting and optimizing the benefits of cruise line industry.
- Advocate government planning and development of port facilities servicing the cruise ship industry.
- Provide marketing and economic stimulus to attract U.S., Japan, and international cruise lines.
- Offer attractive and sustainable leisure travel excursion routes such as:
 - Guam - Northern Mariana Islands – Guam
 - Guam – Palau - Guam
 - Japan - Guam – Japan
- Attract other cruise ship lines to when one company establishes a beachhead.
- Encourage U.S. and Japan travel wholesalers/agents to develop fly/cruise packages.
- Promote the cruise ship industry to the travel trade and the consumer market in Asia-Pacific region and in North America.

Alternate Dispute Resolution Opportunity (ADR)

- Overview

Taking advantage of Guam's geographic location with its proximity to major Asia Pacific cities and its political status as a U.S. territory, the island has a large opportunity to attract another business visitor segment.



Guam is a superb neutral location for the arbitration of international contractual disputes. The Guam legislature passed into law, Public Law 27-81, the Guam International Arbitration Law to create a transparent and arbitration-friendly environment. The law intends to govern all international commercial arbitrations in Guam. Among its most notable provisions:

- Based on UNCITRAL Model Law and International Comity
- Access to the Guam courts (U.S. judicial system) to enforce settlements and awards
- New Supreme Court of Guam rule permitting temporary practice by foreign lawyers.
- A "foreign lawyer" must be a member in good standing of a recognized legal profession in a foreign jurisdiction.
- Foreign lawyers may provide temporary services for pending or potential arbitration, mediation or other alternative dispute resolution proceeding on Guam.

Goals:

- Increase corporate business travel.
- Attract diversified corporate presence to expose MICE and SMERF opportunities.

Strategies:

- Develop a marketing strategy to identify potential business prospects and how to communicate with them about Guam's ADR solution.
- Communicate with U.S. Consulate General offices throughout Asia Pacific region about Guam being an ADR center.
- Communicate with American Chamber of Commerce offices throughout Asia Pacific Region and provide collateral information about Guam's ADR services.

- Encourage U.S. government and private corporations to:
 - a) Incorporate ADR language in all contracts they have with companies in Asia;
 - b) Designate Guam as the venue for arbitration and mediation settlement.

Aviation Strategy

According to the Centre for Asia Pacific Aviation, the outlook for 2007 is for the global economy to remain healthy, despite recent signs of a potential slowing of the U.S. economy. Expect oil prices to remain relatively high, and volatile, which makes it difficult for airlines to hedge satisfactorily.



Outbound travel from the Asia Pacific region has nearly tripled in the past decade from 52.6 million outbound trips in 1994 to an estimated 135.4 million outbound trips in 2004. Most of this growth has come from short-haul travel within Asia. Still, long haul travel from the region has grown about 25 percent in the past decade.

This year has been something of a litmus test for the travel market, and the continuing growth shows the industry has passed by a good margin. The market is active and vibrant with relatively inflexible demand, and 4~6% growth rates across the region, despite many airlines passing on rising fuel costs to travelers.

Asia Pacific airlines have historically been successful in maintaining profitability, but have been experiencing something of a downturn since the record results seen in 2004. There are, however, marked variations amongst individual carriers. Some major airlines in the region have to restructure to adjust to changing competitive conditions. Others are growing fast yet reporting significant losses as revenue growth fails to match rising costs.

Overall, experts forecast Asia Pacific airlines in 2007 will be in line with the rather modest results of 2006, despite the various uncertainties.

Marketplace Situation

On Guam, more than 98% of island visitors arrive and depart by air. This air service dependency makes it imperative for all tourism industry stakeholders to work collaboratively with the Guam International Airport Authority on matters that relate to the following:

- Marketing Guam as a travel destination;
- Developing new or strengthening existing air routes;
- Expanding the base of non aviation income;
- Keeping the cost of Guam's air service to a minimum; and
- Maintaining the highest standards of air safety and customer service

Guam International Airport Authority

The Guam International Airport Authority operates the primary airport that provides passenger (direct and transient) and cargo services between Guam and the United States, Asia, Australia and various islands in the Pacific region. A.B. Won Pat Guam International Airport posted over 2.9 million total passenger movements in FY 2005.



Since 2003, GIAA decreased the overall cost per enplaned passenger by 46%, from a high of \$23.6 in FY 2003 to the current FY 2007 rate of \$12.78. It spurred healthy growth in its concession activity with projected revenues of \$24.5M for FY 2007 vs. \$23.5M for FY 2006, representing a 4.2% increase.

Recently, GIAA imposed a \$0 landing fee assessment that benefits current air service operators and adds an attractive component in the GIAA's Air Service Development Program offering incentives to spur additional or new air service activity to Guam. This initiative helps defray the additional expenses of increased Federal airline security. As a result of the Air Service Development Program, China Airlines signed on as a new signatory airline.

The A.B. Won Pat International Airport is located in central Guam and its business district offering 768,000 sq. ft. of terminal space with numerous hangars, maintenance facilities, warehouse space, storage facilities, office space, and expansive ground areas with high potential for development on over 1,800 acres. In FY 2005 GIAA executed grant agreements of nearly \$11 million with funding sources from the FAA and the Guam Economic Authority. In all, GIAA lists over \$115 million for capital improvements.

Although GIAA utilizes only 35% of its airport capacity, over 60% of its revenue comes from non-airline tenant activities. Some these revenue-generating activities include:

- Increased cargo servicing capabilities (freighter parking, cargo staging, etc.)
- Enhanced security features
- Automated and governmental inspections
- U.S. Customs bonded warehouse

- U.S.D.A. inspection and fumigation facility
- Overseas transit point for U.S. Mail

In addition to GIAA's endeavor to attract more airline activity with its Air Service Incentive program, it will continue to see substantial growth in non-airline businesses. GIAA has nearly 86 acres in former the NAS military housing, which poses tremendous revenue potential for businesses such as the DHL express package facility, integrated air cargo facility, freight forwarding and warehouses.

In its South Ramp property of nearly 100 acres, it has ample room for aircraft maintenance hangars, aviation related facilities, general aviation, light industrial warehouses and offices. GIAA's twenty-four acre airport industrial park has infrastructure in place for office blocks, light industrial trade, call centers, and consolidated car rental facilities.

Goals:

The Guam Visitors Bureau is committed to work collaboratively with the aviation community in general, and specifically with GIAA, in order to accomplish the following:

1. Strengthen the financial viability of airline seats now invested in all markets serving the island.
 - Focus on underutilized routes (authorities)
 - Pursue incumbent carrier opportunities in new or current markets.
2. Attract and grow foreign carrier technical stops on direct route to U.S. destinations.
 - Generates incremental GIAA income
 - Eases upward pressure on airline fees and charges
 - Subsidizes core market seat capacity
 - Mitigates travel costs to local consumers
3. Facilitate airline alliances that can provide the air bridge connectivity between Guam and potential markets not currently linked by direct air service.
 - Enhances market diversification with low risk to carriers involved
 - Incremental business to current capacity
4. Stimulate new cruise ship industry segment
 - Generates incremental volume from fly cruise packages

- New, more affluent visitor segment with interests in cultural, historic and nature attractions
- Added market diversification value
- 5. Explore low cost carrier opportunities without adversely affecting current aggregate capacity
 - Stimulate demand for incremental leisure and business markets
- 6. Facilitate aviation licensing and certification opportunities
 - Aircraft maintenance training
 - English proficiency of foreign pilots and air traffic control
 - Incremental revenue to GIAA and improved utilization of invested capacity at AB Won Pat International Airport.
- 7. Improve airport passenger facilitation process to expedite in/out bound processing time and create/improve first and last impressions of Guam
 - Address jury rigging of current passenger separation
 - Get more U.S. Immigration agents to staff idle stations
- 8. Active leadership in regional marketing of Micronesia
 - Generates hub activity
 - Incremental GIAA and island business revenues

Guam's Accessibility from Core Source Markets

Guam's geographic location to many Asian markets is one of its strongest assets that need to be further exploited. Creating demand for travel from existing and authorized but not yet utilized is one way to grow visitor arrivals. The following matrix gives an overall viewpoint of what routes are available now and can be further utilized in reaching the visitor arrival goal for FY 2011. ■

Guam Air Route Matrix

Accessibility Attributes

Market Gateway	Flight hours	Time Zone Diff.	Visa Required	Direct Flights	Convenient Flight Times	Airport Capacity	Route Capacity
JAPAN (Core markets of Kanto, Chubu, Kansai)	3	1	No	Yes	Yes	Under Utilized	Near Capacity
JAPAN (Secondary cities of Sapporo, Sendai, Okiyama, Hiroshima, Fukuoka, Niigata)	3.5	1	No	Yes	Yes	Under Utilized	Under Utilized
Korea	4	2	No	Yes	Yes	Under Utilized	Under Utilized
Taiwan	3.5	2	No	Yes	Yes	Under Utilized	Under Utilized
Hong Kong/China	4	2	Yes	Yes	Yes	Under Utilized	Under Utilized
US Mainland/Hawaii	11/ 7	12/4 +1 day	No	No/Yes	Yes	Under Utilized	Under Utilized
Philippines	3	2	Yes	Yes	Yes	Under Utilized	Under Utilized
Other markets	Variable	Varies	Varies	Varies	Varies	Under Utilized	Under Utilized



DESTINATION DEVELOPMENT & ENHANCEMENTS



VII.

VII. DESTINATION DEVELOPMENT & ENHANCEMENTS

- Overview

Sustaining the long-term viability of Guam's important tourism industry depends upon how well we deliver the visitor experience, how we maintain target consumer interest, and the level of investments we devote to maintenance and renewal of proven attractions, events, and institutional capacity.

Visitor Perception of Guam's Physical Attractions

In-country research and exit surveys from our core source markets reveal that visitors are unaware of Guam's historic or cultural identity. Guam is only known more about its geographic and climate attributes; thus, it has no distinct value from other competing beach destinations. The following matrix shows how visitors from different markets perceive Guam.

Market Gateway	Safe, Secure	Overseas Destination	Tropical Climate	Island Resort	Beautiful Ocean, Beaches	Culture History	Not Crowded
JAPAN (Kanto, Kansai, Chubu)	Yes	Yes	Yes	Yes	Yes	No	Yes
JAPAN (Secondary cities)	Yes	Yes	Yes	Yes	Yes	No	Yes
Korea	Yes	Yes	Yes	Yes	Yes	No	Yes
Taiwan	Yes	Yes	Yes	Yes	Yes	No	Yes
Hong Kong/China	Yes	Yes	Yes	Yes	Yes	No	Yes
US Mainland/Hawaii	Yes	Yes	Yes/No	Yes/No	Yes/No	No	Yes
Philippines	Yes	Yes	Yes	Yes	Yes	No	Yes

We address these concerns in the following strategic initiatives requiring immediate and ongoing attention:

- Develop a wide array of attractions and events to appeal to a broader base of consumers. Successful destination development will increase the number of visitors, encourage longer length-of-stay visits, and increase visitor on-island spending.
- Create opportunities to enrich the visitor experience and encourage repeat visits. Opportunities can be both physical facilities and community hospitality driven. Some opportunities may already exist but, they are not properly packaged or maintained to achieve the maximum benefit to visitors or the industry.
- Build strategically important facilities, specifically multi-purpose conferencing facilities, sports facilities, and a national museum. These facilities require longer time to develop and may rely on government policy, economic development, and/or long-term capital investment. However, such attraction facilities will not only increase incremental visitors and economic impact from existing core and secondary markets, but they will also spur growth in non-traditional market segments and general interest visitors from non-traditional gateways.
- Enrich the visitor experience through the cultural understanding and social interaction between visitors and local residents. Participatory events for residents and visitors such as road races, island fairs, outdoor food markets can facilitate social interactions. Relationship building will foster personal friendships, word-of-mouth advertising, and positive visitor testimonials.
- Improve the island's awareness and sensitivity to good customer service. There are many customer contact points between a visitor and a service provider that can often color the experience of a visitor's trip. Each contact point has the opportunity to enhance or dampen the visitor experience. By paying attention to the care of the customer, it will help establish and maintain a good destination community image.
- Continue Tumon and Agana beach cleaning, major highway grass cutting, and Adopt-a-Park programs to augment the Government of Guam roadside and park maintenance and clean up. Intensify community beautification efforts and spruce up existing buildings along major corridors.
- Promote the entire island as an attraction, and encourage villages and districts to highlight their unique attributes. This approach will promulgate longer stays, cross-cultural experiences, and geographically disperse visitor spending. It also encourages word-of-mouth advertising from visitors' first hand experiences and to recommend Guam travel to others.

- Establish a code of existence for Tumon Bay and restore the Hagåtña Restoration Master Plan for businesses and buildings to create a unified theme that invites quality, value, and safety.

Destination Attractions and Enhancements

Similar to merchandising establishments, a progressive visitor destination must refurbish, renovate, and rejuvenate its physical appearance regularly and consistently. It creates refreshing appeal and desire for the travel trade, media, visitor prospects and repeat visitors.

Building new attractions entices visitor prospects to choose Guam over other destinations and enriches the visitor experience. Physical attractions may take longer time to develop but the nature of this strategic plan is set a course to complete the vision to develop Guam as a premier visitor destination.

Build a multipurpose conferencing facility.

- Create a task force to study the economic feasibility of such a facility and design the appropriate business model to make a capital investment and its operation viable.
- Venue for major local and international events, i.e., basketball tournaments, concerts, social and religious gatherings.
- Will require government and legislative coordination for zoning, tax incentives, and possible land use.
- Generate incremental visitor arrivals to fill seasonally low arrivals, e.g., MICE (Meetings, Incentive, Convention, and Exhibitions) as well as emerging SMERF (Social, Medical, Educational, Religious, and Fraternal) niche segments.
- Operating a venue will require full time marketing to convention planners, concert promoters, as well as local events; thus, building more local events and activities that may appeal to visitor market.

Build a Guam national museum

- Continue support of the Guam Museum Task Force in executing construction and operation of this cultural cornerstone.
- Depository of cultural and historical objects for posterity
- Heritage displays and interpretive center

- Anchor to redevelopment and revitalization of “old Hagåtña” and a new “sense of place”.
- Major attraction for general sightseeing, student, senior, cruise ship, MICE, and SMERF markets.
- For concept drawing, please refer to Fig. 31 in Appendix.

Upgrade historical and cultural assets in villages.

- Umatac: Magellan’s Landing and Fort Soledad
- Inarajan: Gef Pago and historic district homes
- Agat and Asan: WWII monuments and U.S. Marine landings
- Yigo: War Memorial Park

**Upgrade access and displays of natural assets.**

- Talofofo: Caves, surfing areas, and water falls
- Sigua, Tarzan and Namo rivers and water falls
- Scenic overlooks around Guam

Renovation and Improvements.

- Ypao: Joseph Flores Memorial and Sirena Beach Parks
- Pago Bay and Agat Beach Parks
- Agana boat basin, Agat Marina, and Harbor of Refuge in Piti
- Other parks and picnic areas

Village and Road Signage.

- Village entry and departure points
- Scenic road signs

Invite Developers To Build Icon Attractions

With increased U.S. military missions and the build up of military facilities to support those missions, Guam’s resident population will increase by 18% over the next five years. Together with the projected increase in tourism arrivals, Guam should update its Qualifying Certificate (QC) program and Guam Economic Development and Commerce should conduct investment missions to attract “icon” attractions such as Aman Hotel, Universal, Disney, Sanrio, and other valued attractions.

Where Do We Start First?

Given the complexity of developing several destination attractions at the same time, we must prioritize our projects to leverage our limited resources not only for the construction of these attractions but also the ongoing business model to sustain and support itself for

operations, maintenance, repair, and future upgrade and renovation of the property and facilities.

Destination Development Priority

Priority Ranking* - Scale of 1 ~ 5

(*GVB suggested ranking, subject to further refinement)

Funding Development	Cultural Attractive-ness	Branding Importance	Local Business Impact	Visitor Enrichment	Tax Contribution	Total
Gef Pago/ Inarajan historical district	5	5	4	5	4	23
Umatac and Magellan's Landing	4	5	2	5	2	18
Fort Soledad	5	5	2	5	2	19
Multi-purpose Conference Center	3	4	5	4	5	21
Guam National Museum	5	5	4	5	4	23
Piti Marine Park	5	5	4	4	4	22
Yigo War Memorial	3	4	2	3	2	14
Fort Santa Agueda	5	5	3	5	3	21
Plaza de Espana Latte Stone Park	5	5	3	5	3	21
Agat Beach & Marina	4	5	4	4	4	21
Agana Marina	5	5	4	4	4	22

Destination Sports Facilities

Sports tourism is one of the fastest growing segments of the travel industry. Sport can be all forms of physical activity, which through casual or organized participation, aims at expressing or improving physical fitness and well being, forming social relationships, or obtaining results in competition at all levels.

Active recreation is any moderately intensive physical activity carried out in leisure time including activities such as dancing, aerobics, or brisk walking. Many consumers now visualized what they want to do, or what they want to be during their vacation before selecting a destination. Guam now can fulfill most beach or water sports activities but we must do more to attract other sports enthusiasts.



Sports Tourism

GVB endeavors to develop sports tourism to capture a larger share of this dynamic market segment. There are many facets to sports tourism and to ensure that the definition is inclusive, a wide interpretation is used. Sports tourism includes all forms of active and passive involvement in sporting or recreational activity, participated in casually or in an organized way for leisure, business or commercial reasons, which necessitate travel away from the normal place of residence.

Sporting Events

This strategic plan recommends developing regional competitive events similar to the model of the Honolulu Marathon to not only stimulate travel to Guam but also to generate publicity and news coverage about the event and destination. Developing world-class sports facilities also encourages organized sports teams to compete as well as train on Guam.

Sports Training

Many of Guam's marketable sports facilities are private sector owned and maintained. These facilities include golf courses, swimming pools, tennis courts, baseball diamonds, soccer fields, weight training facilities, and locker room facilities. Now with more hotel properties developing sports facilities, and non-profit organizations developing more soccer fields and training facilities, Guam can attract professional, Olympic, and collegiate athletes for training purposes and media exposure value. Guam's proximity to Asian cities and year round warm climate make it ideal for off-season conditioning.

Destination Events

Promoting events on Guam fortifies the image that the island has more activities than conventional rest and relaxation. We must continually communicate Guam events to build awareness and refresh activity information to the travel industry and visitor prospects.

Event marketing gives us two very useful destination-marketing tools. First, a designated date instills a call to action. Special events such as a live musical concert or sporting event are a one-time experience. If interested spectators or participants do not travel, they will miss the event. Even if an event is a recurring one, it can create a sense of urgency. Secondly, media attention will give Guam publicity to predispose visitor prospects to consider Guam when they make a destination buying decision. Events planned during the off peak travel months can uplift visitor arrivals making better use of our capacity.



A prime example of sports tourism and event marketing is the Honolulu Marathon, which appeals to both participants and interested spectators. Organizers estimate that at least three supporters accompany each registered runner. In the December 2006 event, over 17,000 runners participated. City officials estimate that the Honolulu Marathon contributes approximately \$100 million in on island spending during the weeklong activities.

Although Guam does not have a signature event comparable to the Honolulu Marathon, it does have the right building blocks to host a similar event attracting travelers from our core source markets at a competitive advantage. Guam needs to host four signature events a year to make an impact on filling hotel rooms during slack periods while creating new story ideas for media in the visitor core source markets.



Enriching the visitor experience is a challenge and responsibility for the entire community, because it is the very implied promise we give to all who we invite to the island. We promise a good, fun and safe holiday. We promise various attractions and events for their enjoyment and education, and we promise value for money when selecting Guam over other destinations.

We promise a pristine environment, clean beaches and good customer service. And we promise that our basic infrastructure and public facilities are up to US standards, which our image is tied. Most of all, we promise a unique Chamorro Spanish heritage

unmatched anywhere in the world, and we promise a friendly community whose hospitality is embedded in the very soul of our history.

The following initiatives present opportunities for visitors to learn more about our identity and to meet and interact with residents:

Create an events calendar and communicate its significance with media and the travel industry.

- Religious and community events
- Events touting cultural and historic legacies
- Competitive and casual sporting activities

Events to Attract Off Island Participants:

- February Annual Kites for Wishes Festival
- March Guam Sailing Festival
- April Guam Marathon & Ekiden Relay
- May Tumon Bay Ocean Swim
Guam Extreme Adventure Race
Annual International Cocos Crossing
- July Guam Big Summer Festival
Liberation Day Activities
- October Annual Guam Micronesian Island Fair
Annual Guam Ko'ko Road Race & Ekiden
- November Guam Jingle Bell Run
Annual Japan Autumn Festival
Pleasure Island Dancefest
- December Tumon Holiday Illumination
Annual Christmas Festival at Skinner Plaza

Promote events that feature our natural assets

- Scenic overlooks and landmarks
- Talofofo caves, limestone forests, and trekking
- Rivers and water falls
- Beaches, parks, and Tumon Marine Park

Promote our cultural and historic sites

- Intensify cultural and heritage tourism
- Spanish bridges and look out points
- Yigo war memorial and WWII monuments
- UOG Micronesian Area Research Center
- Chamorro cooking and language study
- Umatac Magellan Landing and Fort Soledad
- Legends of Guam sites

Promote and market edu-tourism opportunities

- Language study, short and long term
- Professional certification exams
- Study tours for special interest groups (SMERF)
- Botanical gardens and fruit farms
- Local fish farm harvests
- UOG Marine Lab and Planetarium

Destination Visitor Experiences

Guam needs to break away from its preconceived image as just a beach destination. We need to promote and communicate our message to general interest and travel media, travel trade, and visitor prospects that Guam has the following opportunities for visitors:

- Stroll through crowded walk ways of the Chamorro Village night market filled with food hawkers of slabs of glazed beef short ribs, marinated chicken skewers, and spicy pork baby back ribs grilled over an open wood pit accompanied by mounds of steaming red rice and chilled cole slaw.
- 
- Browse through a wide range of shops, stalls, outdoor markets, department stores, malls and mega-retailers. Shop world-class arcades and gallerias for name brand luxury goods at duty free prices or shop for household merchandise at some of the largest American brand stores.
 - Splash in many of the available beach side water sports along Tumon and East Agana bay. Jet skiing, banana boat riding, and parasailing are available for an exhilarating ride or just gently paddle in one of many colorful paddleboats along the beach for hire.
 - Snorkel among over 400 species of tropical marine life in the gin-clear, tepid waters of Tumon Bay mere footsteps away from most hotels along the western white beaches of Guam.
 - Experience the cultural arts and performances of the many different island nations of Micronesia at the annual outdoor Micronesian Island Fair. Four days and nights of festivities with plenty of good food, lively entertainment and unique hand crafted souvenirs.
 - Take a beginner's diving class from one of many professional NAUI or PADI certified dive shops around the island. Experience gin-clear underwater visibility

and glide over a wide variety of colorful coral and tropical sea creatures along the reefs surrounding the island shores.

- Descend over 100 feet along a coral sea wall in the Blue Hole, Guam's signature dive spot just outside of Apra Harbor. Observe large fan coral and many species of large and colorful tropical fish along the way towards the sandy bottom.



Destination Human Resources Capital

- Overview

As the five-year strategic plan defines its goals and objectives for FY 2011, it targets a larger number of overall visitors and a larger number of higher yielding visitors. Key strategies to achieve these objectives are: (1) seek new and untapped market sources and (2) attract underdeveloped market segments. Both strategies pose a series of follow up human resources issues that we should address. Some of these issues include, but are not limited to, the following:

- As the overall volume of visitors increase, will we have enough employees to accommodate the demand?
- When we attract larger numbers of special interest groups, can our hospitality personnel and infrastructure accommodate the demands of the varying MICE (meetings, incentives, conventions, and expositions), SMERF (social, medical, educational, recreational, and fraternal), and cruise ship market segments?
- Higher yielding visitors such as Silver, FITs, Families, and business travelers require higher service culture in room services, activities, F&B services, business centers, and concierge services. Will Guam be ready for these and other demands?

As we grow the volume of our visitor arrivals from both core and emerging source markets, we should plan to have more foreign language speakers to communicate with the consumer for specialized markets, for example, weddings. Since weddings are such a momentous occasion for bride and groom, good communication is essential to have a flawless ceremony and dinner banquet. Guam will need more wedding coordinators, hair dressers, make up artists, and photographers, who can communicate in Japanese, Korean, or Chinese languages.

Replacement of current employees now nearing retirement age is a concern that will exacerbate this problem in skill sets that include, but not limited to:

- Japanese, Korean and Chinese languages, certified tour guides
- Culinary arts
- Computer literacy, IT and more e-commerce
- Grounds and landscaping maintenance
- Cultural and other performing arts
- Marine sports and boat captains
- Bus drivers, limo services and transportation maintenance
- Plumbing, mechanical and electrical technicians
- Advertising and sales executives

Guam will need hotel staff members who can communicate in the languages of the core source markets and from emerging markets such as Russia and China.

Guam currently does not have the labor pool to draw human resources capital to fill the expected demand from increased visitor arrivals. Guam needs to take immediate steps to address these human resources issues to support the target goals in the near and long term.

Strategy:

- Develop a human resources strategic plan with the Department of Labor, Guam Hotel & Restaurant Association, Guam Community College, private institutions and local high schools to locally fulfill the anticipated demand.
- Recruit anticipated active duty military personnel and military dependents with hospitality experience for full time and part time positions.
- Recruit former Guam residents residing in Las Vegas and Southern California working in the hospitality trade who may want to return to the island.
- Consider recruiting and accepting foreign workers through the US Immigration H-1B visa. The visa is valid for three years, extendable to a maximum of six years, and having it makes one eligible to work for a US employer.
- Coordinate with Guam's congressional representative's office and the US Department of Insular Affairs to negotiate special consideration and grant H-1B Visas for a limited number of hospitality foreign workers currently in the Commonwealth of the Northern Mariana Islands to work in Guam.
- Encourage entrepreneurial initiatives in such areas as:

- Tour guide and ground operator conversant in English, Russian, German, etc.
- All day car hires for shopping and sightseeing.
- Tour guides for nightlife tours for restaurants, shopping, and entertainment.
- Promoters of “Progressive Dinner Package” featuring multiple eating and drinking destinations.
- Photography, videography, and personal care services.
- Cultural and other entertainment.
- Coordinate with US Small Business Administration, University of Guam Development Center, the Chamber of Commerce and GEDCA’s micro loan programs to incubate local new businesses.

Destination Maintenance & Repair

While we continually promote Guam as a favorable visitor destination and plan to build more attraction assets, we cannot overlook the importance of repairing and maintaining some of the basic tourism plant and infrastructure to achieve a desirable destination image.

We should improve the facilities for both our local residents and guests alike. We are hopeful we can instill community pride in our public parks and monuments and commit to clean and properly them. We should endeavor to rehabilitate the following monuments and other public facilities:

- Renovate, Improve, and Maintain
 - Statue of Liberty and Paseo de Susana Park grounds
 - Two Lovers Point Overlook
 - Latte Stone Park
 - Fort Apugan and Fort Santa Agueda, Agana Heights
 - Fort Soledad, Umatac
 - Archbishop Felixberto Flores traffic circle in Tamuning – Tumon
- Maintain, Manage, or Privatize
 - Public restrooms at public parks
- Upgrade Cultural and Historical Attractions in Villages
 - Inarajan
 - Umatac
 - Merizo historical district

- Agat Park, Agat Marina, and WWII sites
 - Yigo War Memorial
 - Talofofo caves, surfing area, and water falls
 - Pago Bay park
 - Nimitz Hill overlook
- Restore and Erect Island Signage
 - Village Entry and Departure signs
 - Scenic Road Signs and Highway Markers
 - Interpretive Signs at Visitor Attractions and Overlooks

Strategy

- Develop a master plan for public parks and monuments rehabilitation.
- Identify the priorities and set up a proposed timeline for completion.
- Identify outside sources of funding such as federal or private grants.
- Consider privatizing administration of public parks and other proposed business models.
- Develop maintenance and clean up strategy and funding sources.

Wipe Out Graffiti

Graffiti is a sign of decay and makes residents feel their neighborhood is apathetic to gangs, crime, and neglect. If allowed to remain, it sends the message to our visitors that the community is unconcerned about its appearance.

Graffiti is a crime that costs communities across America more than \$8 billion a year to clean up. Although graffiti vandals come from varied social, ethnic, and economic backgrounds, graffiti is very much a youth-related problem, with males from preteens to early twenties committing about half of all acts.



This becomes an open invitation for loitering, littering, more graffiti, and crime. It hurts property values and frightens away visitors. The best way to prevent graffiti is to remove it as fast as possible, preferably within the first 24 hours. Aggressively prosecuting graffiti vandals is important, as is educating youth and adults about the impact of graffiti vandalism on neighborhoods.

Pick Up Litter

Litter is anything that we could recycle or put in a trash can but instead ends up on sidewalks, streets, parking lots, roads, highways, the beaches or anywhere else it doesn't belong. It ranges from candy wrappers and beverage containers to cigarette butts and unwanted appliances. Fighting litter is a full-time job that requires everyone to play an important role.

Litter may not be the most dramatic or exciting of the many problems that threaten the quality of our environment, but it is a problem that affects everyone on island.

Litter discourages economic development because it impacts real estate values. Good stores and important businesses will not locate to a community that lacks the pride to effectively control litter.

Litter destroys the beauty of the island. Tourism is an important part of Guam's economy. People come from all over the world to see the beauty of our beaches, parks, and villages. When litter mars their enjoyment, Guam loses valuable tourist dollars and a reputation as a clean, beautiful environment.

Put a Lid on Illegal Dumping

Guam should impose several measures to prevent illegal disposal from occurring. In some cases, efforts must increase to prevent on-going dumping. The following list contains methods that create awareness of illegal dumping and that it is not acceptable.

- Determine cause of dumping and implement preventative measures targeting the cause
- Post No Dumping signs
- Restrict access by erecting fences, locking gates and closing roads popular for dumping
- Encourage reporting of illegal dumping activities
- Prosecute violators
- Provide education through schools, billboards, and Public Service Announcements (PSAs)

Strategy

- Develop A Community Plan

While the Guam Visitors Bureau is a chief advocate, several Government of Guam departments and agencies need to commit to adequately address these problems. However, GVB can assist in developing a comprehensive community plan to address the problem of graffiti. The plan will include education, awareness, vigilance, removal, and enforcement of the law.

- Apply the Broken Window Theory

A successful strategy from New York City for preventing vandalism is to fix the problems when they are small. Repair the broken windows within a short time, say, a day or a week, and the tendency is that vandals are much less likely to break more windows or do further damage. Clean up the sidewalk every day, and the tendency is for litter not to accumulate (or for the rate of littering to be much less).

- Identify Sources of Graffiti

There are four motivating factors for graffiti vandalism: fame, rebellion, self-expression, and power. Generic graffiti includes random markings, initials, declarations of love, social commentary, profanity, graduation events, and other non-threatening messages. Generic graffiti has no particular style. Gang graffiti marks gang territory, list members, offer drugs or contraband for sale or send warnings to rivals. It may include letters, symbols, or numbers known only by gangs and law enforcement.

- Promote Awareness, Vigilance, and Removal

Coordinate with the Tourism Education Council (TEC) to educate the public about the impact of graffiti, litter, illegal dumping, and vandalism on Guam's image and its adverse effects on tourism, business, and community pride. Encourage citizen reporting and provide a way to report graffiti. If graffiti occurs, remove it promptly. Rapid removal of graffiti is an effective prevention tool. Data shows that removal within 24 to 48 hours results in a nearly zero rate of recurrence.



- Empower Village Mayors

Inspire and provide the resources to village mayors to keep up the neighborhood. Encourage residents to keep neighborhood appearances clean and neat. Hold property owners accountable to move litter and trash, fix broken fences, trim landscape, and ensure all public lighting works properly.

- Enlist Lt. Governor's Office as Primary Driver

Enlist the Lt. Governor's Beautification Task Force as the primary driver to wipe out graffiti. Work with GPSS and other schools to educate youth. Use special project curriculum supplements to incorporate graffiti education and prevention into classroom activities. Have the task force acknowledge outstanding beautification

endeavors and enforce existing anti-graffiti laws. Law enforcement dedicated to tracking and apprehending graffiti vandals is a strong deterrent.

- Support a Litter Photo Contest

Support a Litter Photo Contest to heighten litter consciousness by showing how litter threatens public health, safety, scenic beauty, property values, the environment and, most importantly, the respect we have for our island.

The photos will be on public display at shopping malls, government offices, schools and community groups interested in working to help fight litter. Cash and other valuable prizes will be awarded for the winning photos judged on the anti-litter message, originality, photographic technique, quality of photo, and severity of the litterbug's crime.

Provide special curriculum supplements to incorporate graffiti education and prevention into classroom activities. Have the Lt Governor's task force acknowledge outstanding beautification endeavors and enforce existing anti-graffiti laws. Dedicate a special law enforcement unit to track and apprehend graffiti vandals.

Create a Tumon Bay Code of Existence

Although the strategic direction of this five-year plan is to promote the entire island of Guam as an attraction, Tumon is the focal point of Guam's tourism. Because of Tumon Bay's natural scenic beauty and breath-taking colors ranging from gin clear to indigo blue water laced by white sandy beaches, most of local and international capital over the last 40 years was invested here.

Nearly 90% of Guam's hotel rooms, wedding chapels, luxury brand stores, tourism retail shops, and other tour options reside in Tumon. Guam needs to showcase Tumon as much as New York showcases Times Square. Visitor initial (perhaps lasting) perception of Guam is viewed through the prism of Tumon Bay. Guam should continually beautify and improve the design look of Guam's signature visitor avenue.

Unlike typical special economic free zones, also known as urban enterprise zones, (UEZ) Guam needs to adopt a Tumon Bay Code of Existence (TBCE). While UEZ programs concentrate on creating new full-time jobs, especially for economically disadvantaged citizens who are unemployed, on public assistance or residents of distressed urban cities, TBCE establishes business appearance standards such as theme, color, signage, landscaping, etc.

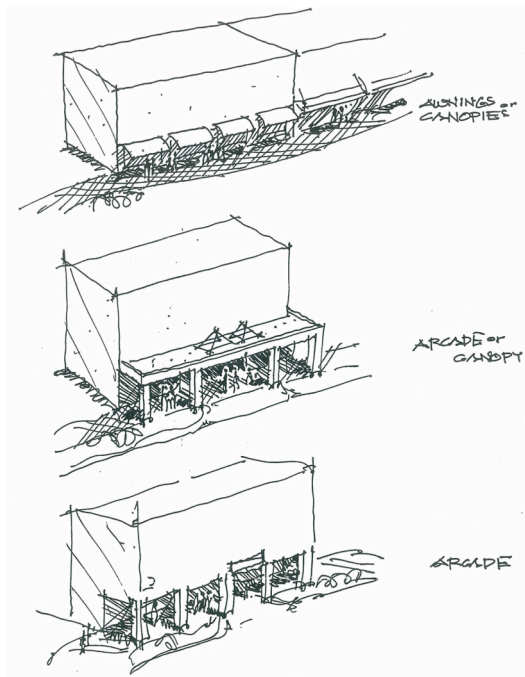
A TBCE endeavors to achieve many benefits which include, but are not limited to, the following:

- Enhance Tumon's present appearance to create a unique "sense of place".
- Currently, Tumon looks shabby with few bright spots
- Create a feeling of quality, value, and security
- Establish a uniform guideline for new development
- Highlight historic and local folklore significance with interpretative signage.
- Enhance property values for residents and operators
- Make Guam more globally competitive as a tourist destination
- Serve as a guide to "acceptable" clean up standards
- Set a precedence for other village and community development
- Improve quality of life and pedestrian experience
- Establishes business license renewal requisite based on compliance.

Refinance Tumon Redevelopment

Phase II of the Tumon Redevelopment Plan was completed in 2005. The improved area includes underground utilities, street lampposts, meandering pedestrian walkways, median planting strips, and other landscaping improvements. The project runs along San Vitores Road from the Fujita Road intersection to the Hilton Guam Resort & Spa intersection. Although, Phase III of the Tumon Plan has yet to start, pending the certification of funds for the release of the construction bids, Guam should plan for infrastructure improvements along San Vitores Road to upgrade the look and feel of Guam's most celebrated avenue.

Some suggested infrastructure improvements include building connecting arcades, awnings, and canopies to provide both shade and rain protection. Additional trellises and shade trees help with shade as well. (Please refer Fig. 33 ~ Fig. 36 in Appendix for illustrative drawings.)



There are wide stretches along San Vitores Road of vacant lots that connecting arcades will encourage pedestrian traffic and further enhance the look and image of Guam as a first class visitor destination.

Reform and Enforce Signage Laws

While Guam works to develop unique and memorable attractions, we need to address other destination improvements. Alongside many internationally branded hotel properties, luxury brand shops, and shopping centers are a proliferation of business signs in Japanese or Chinese characters. Information and direction signs in the

languages of our visitors are helpful for tourists to get around on their own. However, many of these businesses with foreign language signs detract from Guam's aspiration to be a world-class destination.

While many of the signs are benign in nature, there are businesses with verbiage promoting adult entertainment such as live strip shows, adult bookstores, and massage parlors.

The signs that do not have any English translation may segregate or alienate non-Japanese or Chinese character-literate visitors or residents. It presents an image problem for Guam since it shows a bias to cater exclusively to Japanese disregarding visitors from other destinations

In the Guam Code Annotated, 21 GCA Real Property, Chapter 61, "Zoning Law" §61544 stipulates signs that contain a message in a language other than English or Chamorro should have a meaningful translation in English or Chamorro. However, in a 1980 court decision, (*Govt. Guam v. Wang & Tung*), the court ruled this section of the law is contrary to the owner's rights of free speech and, thus, void.

Too many foreign language signs also disappoint Japanese looking to experience new and different environments. Visitor satisfaction surveys reveal that the signs are similar to those seen in many Japanese cities. Since many of the signs are in front of gift shops, strip clubs, and bars, the proprietors may, although unwittingly, signal "tourist trap", which is detrimental to any destination's image.

Strategy

- Conduct a census of business owners who have signs in a foreign language without an English translation.
- Invite business owners to a visitor industry workshop to educate them about Guam's visitor profile, goals in diversifying the visitor mix, and visitor satisfaction surveys.
- Enlist the assistance of the First Lady's Office to encourage attendance and participation.
- Offer ways to improve signage to attract curbside traffic and be pleasantly appealing. Allocate budget from the TAF Improvement fund to offset the participating business owners' sign replacement expenses. Communicate results of business owners complying with the signage rehabilitation.

Adopt Tumon Abandoned Building Statutes

Abandoned and neglected properties if left alone eventually looked distressed and become eyesores. If left unattended, they attract graffiti, vandals, and collect litter. They also undermine the desirable image Guam would like to convey in Tumon.

Recommend proposing legislation to address the problem of under-maintained and vacant properties in Tumon. Incorporate the concept of compulsory public sale if the owner fails to remedy the conditions leading to the distressed condition of the property. Set triggers low to prevent the development of problem properties and apply automatically to existing vacant and substandard buildings.

The drastic remedy of public sale is a special inducement for the owner to put the property in order. The proposal cuts down on red tape as much as possible to give parties incentives to use the statute and force the transfer of property from owner holding a substandard property to a buyer interested in developing the property.

Redistrict Adult Entertainment

Tumon has a number of adult entertainment business including massage parlors, strip clubs, and adult bookstores. These businesses present an improper image of Guam, which large segments of its visitor arrivals comprise of young families (29%) and senior citizens (11%).

The Guam Hotel and Restaurant Association is researching proposed legislation from other metropolitan areas imposing red-light zoning laws. Many zoning laws prohibit or restrict in some form adult entertainment establishments. Topless bars peep shows, and sex-oriented book and video stores may be outright proscribed in residential neighborhoods.

Other laws restrict adult entertainment to a certain geographical area. And still others bar such establishments within a certain distance of educational institutions or churches. The United States Supreme Court has upheld such laws.

Strategy

- Consider land-use legislation creating a district in a commercial area, say, Harmon industrial park, for nightlife entertainment.
- Offer business incentives such as tax breaks, waive permitting fees, etc. to restaurants, bars, cabarets, and dance halls, to relocate or establish new businesses in the nightlife entertainment zone.

- Create a licensing and regulatory mechanism (i.e. fees and permitting structure) that will encourage undesired businesses to relocate from Tumon.
- Develop the nightlife entertainment zone with parking lots, curbs, sidewalks, fire hydrants, street lights, etc.
- Consider imposing legislation to declare an adult entertainment-free zone in Tumon with a timeline to vacate or pay a usage surcharge to continue business there.

Develop a Tourism Oriented Police/Protection Policy

“Travelers and tourists, for the most part, seek out places where there is a sense of security and safety. Although there is a small minority who seek out the most dangerous places, most visitors want to know what the industry is doing to protect them,” says Dr. Peter Tarlow, president of Tourism & More Consulting Services.

“Tourism professionals need to work with security professionals, to protect the visitor from locals who might seek to do the visitor harm, from other travelers who may be in transit for the purpose of committing crime, and the less than honest staff members. Finally, the industry must seek to protect the visitor from its own tourism professionals who may be willing to commit fraud or sell a product that is defective,” Tarlow continues.

As Guam grows its visitor arrivals, the island’s responsibility for customer surety also grows. Surety is a term borrowed from the insurance industry where it refers to a lowering of the probability that a negative event will occur. While the opening of the Guam Police Department Tamuning precinct building in Tumon is a welcome improvement, street crime in Tumon still occurs regularly. The following initiatives will assist in protecting our tourism community.

- Revitalize the CATT (Crimes Against Tourists in Tumon) unit. Although the name can be changed to something like, Tourism Oriented Police (TOPs), Guam needs a tourism-oriented unit stationed in Tumon.
- TOPs need to know such things as visitor markets, visitor cycles, market segments and the needs of those segments.
- Hotel security professionals may work hand in hand to develop an overall strategy for protection of both people and assets. Security professionals can provide the local police additional manpower for crime prevention and augment police “lock downs” when incidents do occur.
- Recruit more Japanese and Korean speakers on police staff so crime victims can report crimes and interview comfortably with investigating officers.

- Be more visible along San Vitores Road and the beaches where heavy growth of shrubbery provides hiding places for purse-snatchers and drug dealers.
- Establish connection with 24/7 linguistic call center for emergency translations and encounters with unusual (other) foreign languages.

Execute Hagåtña Master Restoration Plan

Hagåtña, the seat of government for over 400 years during the Spanish, U.S., and eventually Guam's elected government administration has deep rooted historical and cultural significance. The city of Hagåtña should be developed not only as good counter-balance to Tumon's attractiveness but also, more importantly, for the people of Guam to regard their capital city as one of the most beautiful capitals in the world. Here are a partial list of the many significant landmarks and visitor attractions in Hagåtña.



- Create another village attraction to complement Tumon
- Focus on historical significance of Guam's capital city
- Home of colonial Spanish government
- Cultural and social center of pre-war Guam
- Governor's Office, Legislature, Supreme Court
- U.S. District Court, U.S. Post Office, and other Federal offices
- Government House overlooking Hagåtña skyline
- Houses most of Government of Guam offices
- Site of the Catholic Archdiocese of Agaña
- Site of Dulce Nombre de Cathedral-Basilica Catholic church
- Establish a historic walking tour of Hagåtña with interpretive signage
- Has many historic preservation sites
- Future home of Guam National museum
- Historic sites, parks, cemeteries, and monuments
- Y Seng Song Chamorro and Wednesday night market
- Hosts many shopping and dining establishments.

Prepare for a Military Build Up

According to the Guam Integrated Military Development Plan, the proposed the United States (U.S.) Pacific Command's (USPACOM) initiative known as the "Integrated Global Presence and Basing Strategy (IGPBS)" plans for the following principal elements:

- Relocating U.S. Marine Corps Expeditionary Force components and headquarters to Guam;

- Improving Naval Base Guam to serve as a forward operational and logistic support hub for a mix of platforms and joint operations;
- Continuing development Andersen Air Force Base (AFB) to serve new forward-based and rotational mission requirements; and
- Associated infrastructure, housing, and quality of life improvements.

According to the First Hawaiian Bank Guam Economic Forecast 2006 ~ 2007, there are approximately 4,500 air force military personnel and their dependents plus 11,900 navy military personnel and their dependents already on Guam. Together with the Guam Army and National Guard with their 5,200 military and dependents, there are approximately 21,600 military and dependents on the island.

Approximately 8,000 Marines, now stationed in Okinawa, accompanied by an estimated 12,000 dependents will be added over a period of six years, and the move will be complete by 2012. At that time, there will be an estimated total of about 42,000 military and dependents on Guam, almost a doubling of present levels.

We also anticipate an increase in U.S. arrivals for business from other military personnel on temporary duty, civilian contractors, consultants, and government officials as well as active military personnel on liberty.

Although the proposed military movements will strengthen one of two economic pillars for Guam, it does present significant impact on the present infrastructure as well as plans to upgrade the power, water, waste management, roads, and other community facilities. The increase in military population will also impact hotels, restaurants, bars, and other entertainment establishments with the demand for more human resources to accommodate the increase in customer activity.

We also anticipate an increased presence of karaoke clubs, strip bars, gentlemen's clubs, and massage parlors in Tumon. These types of business activities tend to cheapen or degrade Guam's image as a family destination. This plan previously proposes a solution to this dilemma.

Guam must also address and prepare for the social impact of a large military presence integrating with both tourists and local residents.

Strategies:

- Coordinate with the Guam Chamber of Commerce, Guam Hotel & Restaurant Association and varying military commands to have a periodic open house and

table top expositions to promote varying business establishments to arriving military personnel.

- Plan transportation capacity and frequency for visiting and home ported Navy ships for convenient travel from Naval Station to Hagåtña, Tamuning, and Tumon.
- Coordinate with Guam Police Department and military security on long term planning for safety and security during weekends and holidays in Tumon and Tamuning. Also, consider Share-a-Ride or free taxi programs for safe transportation for servicemen after bus transportation operational hours.

Develop a Brand Community



When Guam develops and promotes its desired brand image, it should be ready to execute it. A brand is a promise to our visitors that they will have no other experience comparable to the Guam experience. Whether that experience is a positive, negative, or indifferent will depend on how well we deliver our brand promise.

The following initiatives will help facilitate delivery of the unique Guam experience. Although it will take time for the island to embrace the “service culture” needed to fulfill promises we make in our marketing message, it is important for everyone to engage in this effort and accelerate the process if Guam is to remain competitive as a quality destination now and in the future.

- Initiate resident contact program
- Emergency handling and language assistance hot line
- Airport ambassador program
- Resource base for visitor inquiries
- Resource base to inform visitors of island sites and points of interest
- Develop a resident contact program
- Train local residents to meet, greet, and interact with visitors
- Regular activities to promote visits to historic, cultural and natural attractions or points of interest
- Educate visitors about Guam and provide answers to Frequently Asked Questions
- Facilitate friendships with local residents
- Provide emergency translation assistance
- Give directions to places that visitors want to see or activities to do

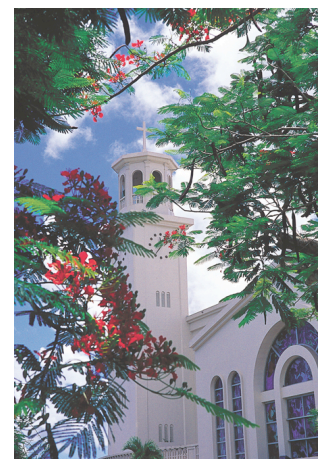
- Recruit students, senior citizens, and other interested and deploy at various places (i.e., hotels, restaurants, public attractions, airport, car rental agencies, etc.)
- Solicit volunteer corps or offer small stipends

Destination of the Future

To complement our current visitor activities, we need to add some of the following activities to our inventory of things to see, do, and experience. In exit polls and in country research, visitors from our core markets cite attractions they would visit if they were available on Guam. To get a sense of what attractions we should develop first, please see the Destination Development Priority matrix (Fig. 37) in Appendix.

Developing, financing, packaging, promoting and sustaining new attractions are key elements in the products planning process. Given our natural assets and visitor demand, we envision many desirable visitor activities. Throughout the year, a visitor may experience the following activities:

- Attend a regional industry conference at a multi-use convention performance center with keynote speakers, multimedia presentations break out session rooms, press center, exposition hall, and banquet facilities for lunch and evening dinner and awards presentation.
- Catch a summer jazz/reggae festival at Ypao Beach Park enjoying music outdoors and meeting many local residents over cold beer and barbecue dinner plates.
- Find detailed information about attractions, events, and activities from virtual information centers that can be accessed via Internet, mobile phones, hand-held devices, call center, or freestanding electronic kiosks in airport corridors, hotel lobbies, and shopping centers.
- Locate restaurant information for daytime and evening dining from the virtual information center. From gourmet dining to franchise fast food, each venue name, address, meal price range, accepted forms of payment from each establishment can be compiled according to cuisine type.
- Take a walking tour of old Hagåtña with guided map to show visitors some of the significant historical monuments, buildings, and other places of interest. The walking tour is divided in different legs of measured lengths with an estimated time to complete each portion of the tour. All legs of the tour will bring visitors to several stores, shops,



and restaurants.

- Purchase tickets to city day tours, city night tours, musical concerts, nightclub acts, movies, and theatrical performances from any hotel front desk or tour agent desk.
- Book a night tour ticket that includes pick up and return transportation to the different venues on the tour itinerary such as restaurants, karaoke lounges, and night clubs.
- Walk, jog, ride a bike, or skate on roller blades along a well-maintained and well-lit scenic boardwalk with overlooks, benches, fitness equipment, mile markers, water fountains, and trash receptacles from Tumon to Hagåtña.
- Meander through a fragrant botanical garden filled with indigenous medicinal herbs, blooming flowers and exotic tropical plants. Cool drinks and fresh fruit are available for sampling. There will be fountains, reflection pools, and sitting areas for quiet meditation.
- Learn about the anthropology and cultural history of Guam in static artifact displays, audio/visual presentations, historical event reenactments, and live performing arts presentations on a self-guided tour through the Guam National Museum.
- Learn arts and crafts such as weaving, chanting, dancing, and cooking from master Chamorro artisans during a hands-on cultural tour through the restored historical district of Inarajan and Umatac villages.
- Take a hike through marked valley trails past petrified limestone forests, shoot breath-taking scenic photos from mountain vistas, and swim in refreshing, cool waterfalls.
- Star gaze the constellations of the southern and northern hemisphere at the University of Guam planetarium. Using a constellation map handout, locate as many constellations in the Guam night sky. ■

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INSTITUTIONAL R E F O R M S



VIII.

VIII. INSTITUTIONAL REFORMS

GVB Corporate Status

At present, GVB's governing body, the Board of Directors, comprises of thirteen (13) members constituted as follows:

- 4 Appointees of the Governor
- 4 Elected from the membership of private companies and individuals
- 1 Representative of the Mayor's Council
- 3 Appointees from the Legislature, one of which serves as an alternate
- 1 Selected by the eleven appointees and elected members

GVB should consider its role as the tourism industry's marketing institution and whether its current structure will be effective in the future. It should consider what is the best business model after examining structure and functionalities of successful tourism destinations such as Singapore, Las Vegas, and Hawaii.

Board Member Description

The Guam Visitors Bureau Board of Directors' basic responsibilities are:

- Establish and maintain GVB's policies
- Act as trustee for GVB's assets and investments
- Select, advise and audit the General Manager
- Provide board direction for the affairs of GVB and ensure the development and growth of its services.

The Board of Directors should re-consider its present involvement and role in relation to the management and operation of GVB.

Specific Duties

The GVB board members' specific duties are:

- Prepare for board and committee meetings by whatever study and preparatory work necessary to deliberate intelligently with co-directors.
- Attend meetings of the board and committee appointments.
- Execute board assignments on time.
- Contribute positively to board discussions, assisting the board in reaching conclusions.
- Serve as consultant to the General Manager, and with his approval, to others in the organization.

- Acquire a working knowledge of those functional activities for which he or she has committee assignments.
- Develop a broad knowledge of tourism and the visitor industry.
- Be alert to new program opportunities and assist GVB on specific programs when requested.
- Avoid interference in GVB operations.
- Avoid conflict of interest whenever an issue arises.
- Abstain from board discussions when matters of personal interest are considered.
- Perform all duties imposed by statutory requirements or the by-laws.
- Review and approve all GVB budgets, financial statements, off-island travel, and expenditures over \$5,000.

Board of Directors Recommendations

- Outside of building the GVB as a strong organization, the most important function of the board is that of advocate and champion of destination development and marketing.
- The Board must do something that no one else can do:
 - Build and strengthen GVB as an organization.
 - Build and market “Destination Guam”.
 - This is the most fundamental and basic responsibility as the board.
- GVB’s effectiveness is best achieved using the diversity, business experience, and community influence of the board to:
 - Hire and retain competent management.
 - Enlarge community support for GVB.
 - Secure and protect the resources required to carry out the GVB mission.
 - Collaborate with, and lobby the political leadership for policies that enhance the island’s competitive position and resource base.
- The Board’s operational focus should be top-level in nature, leaving daily operational decisions to management. It should center its attention on:
 - Establishing a strategic vision and mission for the GVB.
 - Formulating and monitoring appropriate destination enhancements and developments, and building a stronger organization.
 - Reviewing and approving the annual budget to ensure that the allocation of resources and funding adhere to adopted strategic and tactical goals and objectives
- The Board should assume the leadership role in:
 - Detailing and directing the action plans required to implement the strategic initiatives that have been identified.

- Advocating this strategic plan and securing the political and community support required to make positive changes.

Strategy

- Hold a Board retreat to:
 - Examine current operational relationship with management and staff.
 - Review entire structure, membership composition and operational role of board committees.
- Research other destination management organizational models to:
 - Find and adopt best practices appropriate for Guam.
 - Formulate recommended changes to the GVB charter and by-laws.
 - Propose appropriate legislation.

Committee Structure

As outlined in its current bylaws, GVB may establish several standing committees. Each committee can also establish several sub-committees. Usually chairpersons of the standing committees are members of the board of directors. The committees play an important role in providing community input and feedback on how GVB formulates strategic initiatives and executes spending plans.

The committee members provide industry and community input on recommend budget plans to the board of directors to review and approve. Once approved the management executes the budget plans.

Please see enclosed Organization Charts in the Appendix for the Board of Directors and the standing committees.

International Accreditation

Accreditation programs provide a good method to assure staff, volunteer leadership, and external stakeholders that the Guam Visitors Bureau is following “best practices” in the industry and performing at an acceptable level. Accreditation programs are becoming increasingly popular with associations and organizations that wish to define standards of performance for their member constituents and measure compliance with them.

As the world’s largest and most reliable resource for official destination marketing organizations (DMOs), Destination Marketing Association International is dedicated to improving the effectiveness of over 1,300 professionals from 600+ destination marketing organizations in more than 25 countries.

In recent years, the hospitality industry has made significant progress in elevating the relevancy of Destination Marketing Organizations worldwide. Performance reporting has helped shape the way tourism bureaus report results to stakeholders, while branding has improved their positioning. With those two important initiatives weaving their way through the fabric of our industry, it is time for GVB to achieve the Destination Marketing Association International's Destination Marketing Accreditation Program (DMAP).

The essential elements and standards for accreditation are as follows, many of which GVB already has in place:

Governance Standards

The DMO or its parent organization has articles of incorporation (or similar legal documentation) filed with its government jurisdiction.

Finance Standards

The DMO has established and follows policies and procedures for the control of the financial operation of the organization.

Human Resources Standards

The DMO complies with Federal and local government labor and employment laws.

Technology Standards

The DMO should follow an information technology/network security policy.

Marketing Standards

The DMO has a comprehensive marketing plan that is consistent with its budget cycle. The marketing plan includes strategies and goals for key market segments.

Visitor Services (Individual/Leisure Market)

The DMO plans and has procedures to respond to visitor inquiries in a timely manner.

Group Services

The DMO offers meetings and/or convention services for meeting planners.

Sales

The DMO has a comprehensive sales plan with specific goals and strategies that is updated periodically and is consistent with the budget cycle.

Communications

The DMO maintains an updated crisis communication plan.

Membership

The DMO establishes terms and conditions for membership and dues with specific

categories.

Management and Facilities

The DMO has a management structure that clearly shows lines of reporting responsibility.

Brand Management

The DMO demonstrates evidence of conducting a periodic brand assessment process.

Destination Development

Destination development refers to infrastructure rather than the destination experience. The DMO has a vision of the visitor industry for the community.

Research/Market Intelligence

The DMO demonstrates a commitment to research.

Innovation

The DMO demonstrates recent (within the past two (2) years) evidence of innovative practice(s) that improves the operation and/or performance of the organization. (*An example of an innovative practice would a green initiative such as developing and practicing resource conservation measures in the hospitality sector.)

Stakeholder Relationships

The DMO demonstrates evidence of stakeholder relationships with critical community entities usually including, but not limited to:

- Government agency (ies)
- Business organization(s)/Chamber(s) of Commerce
- Economic development agency (ies)
- Airport authority (ies)
- Port authority (ies)
- Lodging association(s)
- Parks and recreation authority (ies)
- Media
- Community leadership and fraternal or civic organization(s)
- Convention center(s)
- Sports organization(s)
- Arts and cultural organization(s)
- Restaurant association(s)

GVB Staff Development

Staff training and development are essential in any organization as its employees are the most valuable assets. In an industry as dynamic as tourism, GVB staff members need to hone their current skills and develop updated technical skills in order to

maximize their proficiency and production. Some recommended suggestions include, but are not limited to, the following:

- Create internship relationship with other visitor and convention bureaus.
- Set aside 1% of marketing budget for training and development of marketing staff (i.e. \$80,000 in current FY 2007 budget).
- Plan staff attendance at trade seminars and industry training workshops.
- Conduct local staff training by local and off-island instructors.

Destination Marketing Professional Certification

Accreditation focuses on an organization or system, where as certification typically addresses standards and performance issues for individuals. GVB aspires during the course of the five years of this strategic plan to certify its marketing staff members in destination marketing. Some of the core courses in the Destination Marketing Professional certification program are as follows:

Strategic Issues in Destination Management: The Destination as a Team. A comprehensive long-range and international perspective on the current problems and opportunities pertinent to community tourism. The primary focus is on:

- Global forces and impacts on destinations
- Critical success factors of destination management organizations
- Destination product development
- Destination strategic planning process
- Destination visioning
- Destination competitiveness
- Funding of destination marketing organizations
- Destination team participants

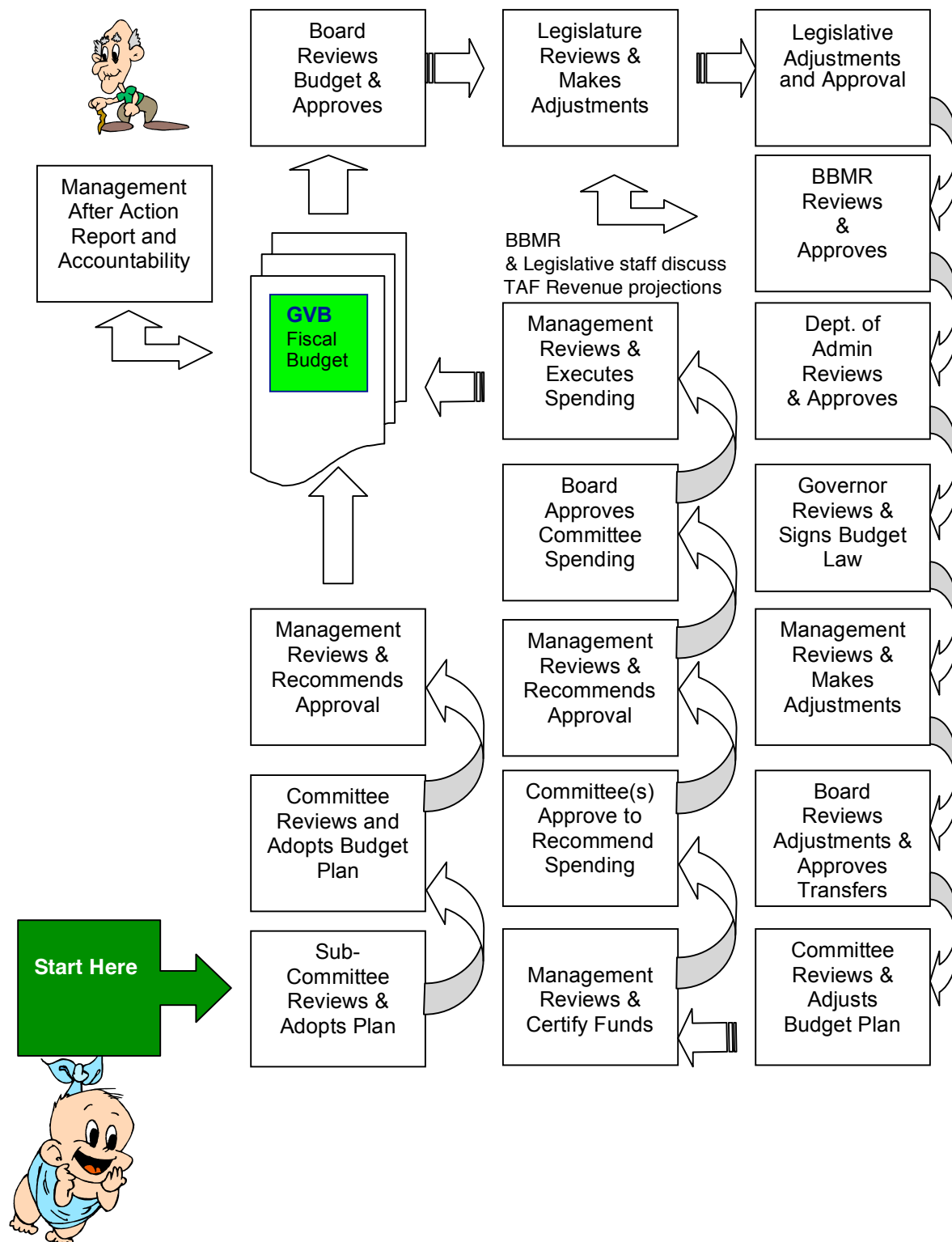
Other courses in the certification program include the following:

- Destination Marketing Planning
- Destination Leadership
- Communications & Technology in Destination Management
- Destination Information & Research
- Destination Positioning & Branding
- Destination Product Development
- Sports in Destination Marketing & Management
- Culinary Tourism Management

Reform GVB Spending Approval Process

The GVB spending approval process is awkward and cumbersome in its present state. GVB needs to reform its spending approval process for better flexibility and accountability.

CURRENT STATUS	RECOMMENDED REFORM
• Sub-committees and standing committees make their budget plan recommendations. • Management Recommendations ○ Budget package ○ Allocation by Markets ○ Committee Reviews • Board Review and Approval ○ TAF Forecasts ○ Marketing Budget Allocations • Legislative Review and Approval ○ Authenticate TAF projections and other obligations ○ Oversight public hearings ○ Legislative mark ups ○ Changes, additions, etc. • Governor's Office Approval • Governor Signs Bill with changes ○ Budget bureau review ○ DOA staff review • GVB Committee Review and Approval ○ Make adjustments from final approved budget ○ To implement projects, programs, activities • Board Approval to Proceed ○ Review based on committee recommendations • Management Approval to Execute ○ Based on cash flow and certification of funds ○ Management review and approval • After Action Reporting and Accountability	• Management Recommendations ○ Budget package ○ Allocation by Markets ○ Committee Reviews • Board Review and Approval ○ TAF Forecasts ○ Marketing Budget Allocations • Legislative Review and Approval ○ Oversight public hearings ○ Legislative mark ups ○ Changes, additions, etc. • Governor's Office Approval ○ Budget bureau review ○ DOA staff review • Board authorizes transfer of funds if necessary • Management Approval to Execute ○ Based on cash flow and certification of funds ○ Management review and approval ○ After Action Reporting and Accountability ○ Board Consultation ○ Exception Reporting as appropriate.

Present GVB Spending Approval Process Flow Chart

Explore New Sources of Funding**- Hire a Grant Writer**

There are many grant opportunities in the fields of tourism, economic development, culture and historic preservation that will assist GVB in fulfilling its mission and also its vision of providing a unique destination experience. GVB needs to recruit and hire on staff a full time grant writer. A sample job description of a grant writer is as follows:

- Research grant programs and plans (specific focus on heritage conservation, destination development and tourism plant maintenance).
- Research and write funding applications.
- Coordinate and lead the activities of a grant/loan program that supports capital improvement projects for the Guam Visitors Bureau.
- Conduct inter-department meetings to identify and prioritize project needs; coordinate and research grant preparation assignments.
- Write or assist project managers in writing applications.
- Edit draft applications for accuracy, completeness and clarity and submittal of all applications in accordance with grant/loan requirements.

- Produce Revenue Generating Events

GVB's conventional method of sponsoring special marketing or community related events and activities are fund-driven. The Board of Directors approves the authorization for GVB management to allocate funds from its operating budget for the execution of projects such as Guam Micronesia Island Fair, the Miss Guam Tourism pageant, and the newly inaugurated Guam Ko'ko Road Race.

However, these and other GVB projects have commercial value in terms of sponsorships, endorsements, publicity, and advertising because the event will create exposure opportunities. There are many businesses that believe in the GVB's core mission of marketing Guam to generate tourism revenues and will provide cash or in-kind contributions to offset expenses.

Still, other businesses will recognize the value of the advertising exposure the event will generate and feel that will serve the company's business interest to present its product or service message to the event's audience. Depending on the exposure potential value is per each event, a business plan can map out generate revenues to meet or exceed the anticipated expenses.

Goal

Transform the Miss Guam Tourism pageant; Micronesia Island Fair, and the Guam Ko'ko Road Race from fund draw down projects to self-sustaining or incremental income source for GVB.

Strategy:

- Develop a business plan to market and sell each project to meet or exceed anticipated expenses.
- Outsource a contract project manager to organize and administer each special project related to the project manager's experience and expertise.
- Develop a Request for Proposal to hire (outsource) a marketing promotions firm(s) or individual(s) in charge of revenue generation or produce the event for an exclusive grant of license fee and a percentage of the net revenue.

Generate Revenue from Web Site Advertising

Currently, GVB has five websites in the US, Japan, Korea, Taiwan, and Hong Kong markets. Travel trade, visitor prospects, and confirmed travelers visit the web sites, download pages, and click through links to GVB-member sites. All of these activities have value to advertisers wanting to reach visitors when they come to Guam.

Develop a business plan to tally the available ad space inventory and calculate advertising rates for each of the websites. The business plan will also include sales forecasts through surveying the potential number of advertisers and available ad spaces.

Goal

- Generate minimum \$12,000 per website per year in year 1
- Generate enough revenue to cover the cost of web site maintenance
- Generate surplus revenue to exceed web site operations by year 5

Strategy:

- Develop a business plan to market and sell advertising space in each web site market.
- Outsource a contract project manager or communication firm to organize and administer web site sales. Compensation will be performance-based.

Membership Dues

The annual \$100 membership dues were established decades ago and has lost purchasing power in the intervening years. In order to augment GVB's public funding source and provide some spending flexibility, we should increase the dues to \$200 for Contributing members and \$100 for Honorary members.

Tourist Stamps and Telephone Calling Cards

In the 12 GCA Autonomous Agencies, Ch. 9 Guam Visitors Bureau, § 9202, the GVB Board is authorized "to issue tourist stamps from time to time in such denominations and in such quantities as it finds advisable". However, the net proceeds from the sale of tourist stamps shall be considered part of the Government's contribution to the Guam Visitors Bureau's annual operating budget.

Although the sales of tourist stamps may not produce additional revenue, the concept of generating revenue from commodity sales to tourist still has merit. An alternative idea is selling scenic long distance telephone cards.

GVB generates revenue by selling the cards at face in a denomination of, say, \$10.00. GVB purchases minutes at bulk rate discount from a long distance provider. The telephone cards have a value of x amount of long distance phone call minutes depending on the country that is called. GVB pays the provider the negotiated rate while the card charges the market rate for long distance phone calls.

However, if the card is not fully utilized, GVB keeps the full value of the card and pays for only the minutes used. The difference between the two amounts is called "breakage". The goal is for the purchaser to keep the phone card as a souvenir, generate incremental income on unused minutes, and secure a floor minimum in card revenues.

Strategy:

- Develop a business plan to market phone cards for tourists and local residents.
- Hire a contract project manager or communication firm to organize distribution channels and card sales. Compensation will be performance based.

See the following Revenue Projections using a best case scenario.■

Telephone Card Projections					
Market	Universe	Penetration	Cards Sold	Utilization Rate	Projected Income
Visitors	1,100,000	2.50%	27,500	60%	41,250
Local residents*	165,000	5%	99,000	80%	148,500
Military*	10,000	20%	24,000	80%	36,000
				Annual	<u>\$ 225,750</u>
Assume: * Annualized usage 15% commission of face value of card \$.20 per card production expenses Marketing expenses such as collateral printing, etc. not included Long distance provider bills on actual minutes used Uses long distance provider's call center, fraud prevention, and trouble ticketing process Projected income does not include "breakage"					



COMMUNITY SUPPORT



IX. COMMUNITY SUPPORT

Mission Statement and Guiding Principles

The following community support mission statement and vision statement summarizes Guam Visitors Bureau's commitment to improving communications and meeting the goals of the Community Support Plan.

Mission Statement

The Guam Visitors Bureau as the national tourism office of Guam and trustee of public and membership funds is committed to achieving excellence in all communications.

Guiding Principles

- Embrace the responsibility to communicate effectively with the public.
- Provide timely, accurate, and complete information to the public and within the membership.
- Strive to deliver consistent messages that reflect the goals, benefits, and responsibilities of tourism and GVB's endeavors to promote tourism.
- Use a variety of ways to communicate the same message to reach the maximum number of citizens.

Communication Plan

Communications with the citizens and stakeholders is a basic obligation of any agency using public funds and is necessary to engender community understanding and support. Good communications is not a goal that stands apart from GVB's other activities; it is an integral part of achieving success in almost every GVB endeavor.

Communications with the community is a sound investment of GVB's resources and deserves a place among GVB's primary functions. GVB should not have to rely on anyone else to talk to the community and tell its story. GVB and its members should tell that story – continuously, comprehensively, and enthusiastically.

Develop a Public Education Program

Communications builds community pride and satisfaction. The more citizens learn about GVB's endeavors, the better they understand how public funds are used and they better they feel about GVB. Educating citizens about GVB services and successes helps develop a positive reputation for the tourism industry and build pride in the community.

Communication encourages growth, attracts good employees, and improves quality output. A good reputation can also draw people to the community, encourage business development, and attract capable employees who will ultimately strengthen GVB's services.

Expand Outreach to Community Stakeholders

Communications raises public confidence in and shape positive perception of GVB by educating key audiences about the benefits of tourism and its need for vigilant safeguard of GVB's funding sources to fund its mission. Coordinate periodic briefings and meetings with politicians, corporate leaders, civic activists, and neighborhood groups. Coordinate communication activities with Tourism Education Council (TEC), Guam Hotel & Restaurant Association (GHRA) and the Guam Chamber of Commerce.

Communicate GVB Community Programs

Essentially, all of GVB's community programs such its work in Destination & Maintenance, Guam Marketing & Public Education, and Visitor Satisfaction, Beach Cleaning, etc. are programs that not only benefit tourism but also benefit residents as well. However, the general public is not in tune with these GVB activities nor are they aware of the number of grants awarded in support of local events and programs. The communication message that is missing all of these programs derives from tourism.

Government Agencies and Officials

Communications close the information gap when working with government agencies and officials for local programs, events, and activities. It also acknowledges each agency's vital role as a team member in making tourism a success. GVB will distribute press releases and publications to local and federal government (Governor, cabinet members, police, fire, mayor, et al) leaders.

Promote Island Wide

Communication can build public awareness that the benefits of tourism extend beyond the typical tourism centers. GVB's Cultural & Heritage and Sports Tourism programs help foster community goodwill with funding and support of local events and programs. These programs also assist with the marketing effort by hosting destination events and activities of local and visitor interest.

Build public momentum around community festive events as local and tourist attractions with a regular stream of story ideas and photo opportunities to the media. Highlight GVB sponsored activities to illustrate tourism dollars are spent for local benefits. By promoting attractions, events, and activities, both in the tourism districts and into other villages around the island, it demonstrates the message that tourism benefits everyone.

Media Relations Strategy

Communications can build a strong relationship with news media to ensure timely, accurate and positive coverage of GVB events, issues, and projects. GVB will hold regular briefings for reporters and editorial boards to pitch story ideas to key reporters and editors. GVB should also prepare editorial rebuttals for published articles or editorials that may have inaccurate or misleading information.

GVB writes press releases, stories in tourism publications, and letters to the editor and opinion – editorial pages that highlight GVB plans and actions as appropriate. GVB organizes press conferences; oversee distribution of press materials, press kits, and media alerts. It also focuses on furnishing stories for non-English speaking media.

Host Annual Tourism Symposiums

Communication encourages informed participation. Citizens and stakeholders can more effectively express their needs and work cooperatively with GVB when they know the facts about GVB plans and actions. Providing opportunity for public comment can start a dialogue and encourage citizen involvement. It will prove beneficial to elicit public viewpoint and support.

Invite reputable keynote speakers around a theme that will engage the audience to encourage interest, attendance, and participation. Rally attendance from travel, hospitality, corporate, education officials, civic activist groups, government officials to get a good cross section of representation of travel and non-travel related industries.

Crisis Communications Plan

Communications can help protect Guam's reputation as safe, secure and desirable destination. It can also instill public confidence that the industry is prepared and poised to take action to manage any crisis. GVB will develop plans to manage crises affecting visitors (accidents with injuries or casualties) or affecting Guam and visitors (natural or man-made disasters). Communications play a major role in informing the media, stakeholders, and public about the identifying the crisis, isolating its impact, and steps taken to restore visitor and public confidence.

Potential Threats and Counter Measures

Since the major source of Guam's visitors is the leisure market, there are numerous potential threats that can impact our tourism industry. Damaging typhoons, outbreak of communicable disease, pandemic flu, terrorism, terrorist activity, geo-political instability, and the high cost of oil could upset the leisure travel market to Guam. Although we cannot predict the future, we must plan for these contingencies to minimize their disruptive impacts.

Rainy Day Fund

As in other jurisdictions (i.e. Hawaii, Singapore, Hong Kong), Guam should also consider setting aside 1 1/2% of the Tourist Attraction Fund or a minimum of \$200,000 each year, up to \$2.5 million into a reserve account, for the specific purpose of jump-starting disaster recovery initiatives.■



GOVERNMENT RELATIONS



X. GOVERNMENT RELATIONS

Legislative Agenda

Guam's political leadership and government agencies must recognize tourism's importance to the island's revenue and tax base. It provides the revenue source from which to pay for many government debt obligations. Improving the industry's relationship with public policy makers will make it easier for hotel occupancy taxes and other regulatory issues to be judiciously employed in a manner that can maximize (not to deter from) community benefit.

Current Funding Sources

Hotel room taxes collected in the "Tourist Attraction Fund" are GVB's primary funding source as authorized in the annual Government of Guam Executive Budget Act. GVB is also trustee for appropriated funds for various Tourist Attraction Fund (TAF) projects.

GVB's membership dues are a secondary source of revenue, but typically constitute less than 1% of total income.

Tourist Attraction Fund

In 1983, the Guam Legislature passed Public Law 17-32 (The Guam Visitors Bureau Act) reorganizing the GVB as a public, nonprofit, membership corporation. In 1984 Public Law 17-65 established the Tourist Attraction Fund (TAF). Separate from the General Fund, the TAF was the source for the government's 80% share of the GVB's operating budget. (The other 20% of GVB's budget comes from membership dues and in kind contributions) Funds in this account come from collected hotel room taxes. The assessed occupancy tax is currently at 11 percent.

At the beginning of each Government of Guam fiscal year, the Guam Legislature appropriates funds from the Tourist Attraction Fund. It approves the GVB operational account and it can also approve other measures it deems related to tourism. The Legislature also can appropriate funds at any time from the TAF for a repayment source for government debts or bond payments.

However, the order of priority of payment is still a subject for debate. Bond holders or other lending institutions usually will oblige the repayment of any Government of Guam debt to have first priority of collection from the Tourist Attraction Fund. GVB is usually given third or fourth priority. However, TAF collections are cyclical relying on hotel occupancies and room rates from prior months. The low order of payment priority and cyclical collections presents funding problems for GVB. They include, but are not limited to, the following:

- Difficult to forecast GVB operating cash flow and currency hedging opportunities.
- Unable to take advantage of limited marketing windows of opportunity without certification of funds.
- Limits the marketing mission of the GVB if its funding source is tapped for non-tourist related funding projects.
- Unable to leverage repayment source for capital improvement projects such as destination attractions, improvements, or construction

The Guam Legislature needs to protect the Tourist Attraction Fund from non-tourist related projects and keep the GVB operating account a high priority.

Business Case: Fund Raising Initiatives

Needs Assessment

The Destination Enhancement objective is to develop a wide array of attractions, activities, and events to appeal to a broad base of consumers. Sustained destination development will increase the number of visitors, encourage longer length-of-stay visits, and increase visitor on-island spending.

There is a need for a modern, permanent Cultural Center for the heritage posterity of the island and its people. Cultural displays and performing arts are in shopping malls or major hotels. Development plans are already underway for the construction of the Guam National Museum, the completion of which will be a major attraction for all visitors and residents alike.

Revenue Generating

It will also be a major attraction for East Asian general interest sightseers, seniors, visiting cruise ship passengers, and SMERF (social, military, education, religious, fraternal) market segments who are motivated to travel overseas to learn about and experience other cultures.

A multipurpose conference facility for the MICE (meetings, incentive, convention, exposition) market will help fill airline and hotel capacities during the low peak season. A modern venue will also encourage promoters of local events to produce more concerts, sports, and tournaments. Schools, churches, political parties, community associations could also host events at the venue as well

Public investment in a cultural arts center and museum generates income and improves the quality of life.

Identifying Funding Resources

The current funding source of the Guam Visitors Bureau, the Tourist Attraction Fund (hotel room tax collections), is already under stress from the combined effects of weakening arrivals, bond payment obligations, and diversion to other needs. This funding source will not support any more capital improvement projects.

Potential Funding Solutions Each Year

Potential funding sources need to be identified for the \$72,350,000 island capital improvement package listed on the following page.

Proposed Island Capital Improvement Projects**Island Capital Improvement Fund \$72,350,000**

Project	Title	Amount	Fund %		
Hagatna	Hagatna Restoration Plan	10,000,000	13.82%		
	- Fort Santa Agueda	500,000	0.69%		
	- Plaza de Espana	500,000	0.69%		
	- Latte Stone Park	100,000	0.14%		
	Guam Museum	25,000,000	34.55%		
	Legislature Building	300,000	0.41%		
				36,400,000	50.30%
Parks & Recreation	Ypao Park	1,000,000	1.38%		
	Agat Beach	500,000	0.69%		
	Piti Marine Park	100,000	0.14%		
	Mangilao	75,000	0.10%		
	Pago Bay	75,000	0.10%		
	Inarajan Pool	500,000	0.69%		
	Tagachang Beach	100,000	0.14%		
	Dededo Park	100,000	0.14%		
	Yigo baseball field	75,000	0.10%		
	Agana Pool	500,000	0.69%		
	Agana Tennis Courts	100,000	0.14%		
				3,125,000	4.32%
Cultural & Historic	Inarajan	500,000	0.69%		
	- Gef Pago	500,000	0.69%		
	Umatac	500,000	0.69%		
	- Magellan's Landing	500,000	0.69%		
	Multipurpose performing arts & conference center	30,000,000	41.47%		
				32,000,000	44.23%
Signage	Village Signs	550,000	0.76%		
	Scenic Highway Signs	200,000	0.28%		
	Interpretative Signs	<u>75,000</u>	0.10%		
				825,000	1.14%
Total		72,350,000	100.00%		

Revised List of Island Capital Improvement Projects following community and industry feed back.

Island Capital Improvement Projects

Final capital improvement project list approved by the Legislature with funding sources identified.

Federal/Local Regulatory Issues

In this document, we have discussed the goals, objectives, and strategies for directional planning of Guam's tourism. Guam needs to be cognizant of regulatory or pending regulatory issues outside of its purview. The following is a partial list issues that may compel Guam to adjust or alter its strategies in achieving its five-year objectives.

Haneda Airport

Guam faces additional competition from Haneda-originated charter flights to other Asian destinations that are within a self-imposed 1,947 kilometer perimeter. Tokyo International Airport located in Haneda, just outside of Tokyo, was the nation's first major commercial international airport. It accommodated nearly 23 million passenger movements. In 1978, the New Tokyo International Airport opened and most international flight operations transferred to Narita and Haneda operated mostly domestic flight operations.

Later, all Taiwan flights were moved to Narita in 2002, and Haneda-Honolulu services ceased. However, in 2003, JAL, ANA, KAL and Asiana began service to Gimpo Airport near Seoul, providing a "scheduled charter" city-to-city service which is currently Haneda's only regular international service. ANA has expressed interest in opening an additional city-to-city service between Haneda and Hongqiao Airport in Shanghai, subject to government approval.

Current Situation

Haneda's international terminal currently only handles charter flights, as scheduled international flights are generally required to use Narita Airport. The main international flights during the day are "scheduled charter" flights to and from Seoul Gimpo Airport. All Nippon Airways, Asiana Airlines, Japan Airlines, and Korean Air operate these flights, each carrier operating two flights per day. The terminal also handles other charter flights at late night and early morning hours when Narita Airport is closed.

Haneda may assume a larger international role in the future as Narita Airport is expected to become more overcrowded; a fourth runway is under construction and a third terminal for international flights is being planned. Currently, many international travelers from the Greater Tokyo Area fly from Haneda to Kansai Airport or other international airports in Japan and then connect to international flights, saving the time and expense otherwise required to get to Narita.

Upon recent talks with the Japanese Prime Minister Shinzo Abe and Chinese Premier Wen Jiabao, both agreed to launch shuttle flights between Haneda International Airport and Shanghai. The airport of choice was Shanghai's Hongqiao Airport, which is

currently a domestic airport. The other figures, such as the airlines that will operate the shuttle flights are still unknown.

Internationalization of Haneda Airport

Haneda Airport is now operating to full capacity, and expanding its capacity is an urgent issue. In fact, the project to expand the airport with a 2,500-meter runway (2009 completion) and additional terminal facilities is now underway. The current plan the national government developed positions Haneda Airport mainly as a domestic airport. Though there will be an increase of 120,000 flights, only 30,000 are allocated as international, and the distance is limited to 1,947 kilometers.

Mayor Hiroshi Nakada, Mayor of Yokohama proposes a clear division of roles between Haneda Airport and Narita Airport. Yokohama is putting forth the idea that Haneda Airport should concentrate on Asia, hosting short-distance international flights, including major cities in East Asia and in ASEAN countries, while Narita Airport is more suited for long distance flights, such as European and American routes.

Goal

Although outside of the 1,947-kilometer limit from Haneda Airport, Guam is part of East Asia and should be exempt from the 1,947-kilometer limit, thereby allowing both scheduled and charter flights from Haneda in 2009.

Strategies:

- Work with Guam's Member of Congress Office's to work with the U.S. Congress Committees on Commerce, Transportation, and Insular Affairs about the Internationalization of Haneda Airport and the potential impact to Guam tourism.
- Work with Governor's Office to write to U.S. Department of Transportation Secretary Mary E. Peters about the competitive disadvantages Guam will face when flights to short haul destination can leave from Haneda Airport. This subject should be included with the next round of U.S. – Japan Bilateral Agreement talks.
- Contact the Mayor of Yokohama's office about his efforts to include Guam as a short haul international destination leaving from Haneda Airport. He is already lobbying the effort by signing intercity memorandums with the mayors of Beijing, Busan, and Taipei for strategic development focusing on the 150th anniversary of the opening of Yokohama Port and the internationalization of Haneda Airport in 2009. Beijing and Taipei are both beyond the 1,947-kilometer limit from Haneda Airport, making their agreement a great benefit to Yokohama's goal.

SAR Passports

We need a solution for Hong Kong residents visiting Guam if they possess a SAR passport. The Hong Kong Special Administrative Region (SAR) Passport is the official international travel document issued to Chinese citizens who have the right of abode in the Hong Kong Special Administrative Region and hold Hong Kong permanent identity cards.

The issuing of Hong Kong SAR Passports began on July 1, 1997, following the transfer of government over the territory from the United Kingdom to the People's Republic of China. Hong Kong residents may opt for the new SAR passport, but it may not initially be as widely accepted as the British National (Overseas) or BN (O) passport that many Hong Kong residents now hold.

Hong Kong residents holding BN (O) passports are eligible to travel to Guam without a visa for a period up to ninety- days since the United Kingdom is one of the recognized countries in the US Visa Waiver Program (VWP).

Chinese citizens with the right of abode (ROA) in the HKSAR, who hold Hong Kong permanent resident identity cards, whether or not they are holders of the British National (Overseas) or Hong Kong Hong Kong Certificate of Identity or other travel documents, are eligible to apply for the Hong Kong Special Administrative Region (HKSAR) passport.

Current Situation

Visas are not required for Hong Kong SAR passport holders visiting countries such as the United Kingdom and other member states of the European Union, Japan and Canada. Hong Kong SAR passport holders are able to visit 136 countries & territories either visa-free or visa on arrival.

Since the People's Republic of China is not a participant of the VWP, Hong Kong residents traveling to Guam must apply for a tourist visa in the same process as other residents in the PRC.

Guam already faces stiff competition from other resort destinations and this added burden is a significant disadvantage for Guam.

Strategy:

- Work with Guam's Member of Congress Office's to work with the U.S. Congress Committees on Commerce, Transportation, and Insular Affairs about considering extending a Guam only Visa Waiver Program for residents holding a Hong Kong SAR (HKSAR) passport for tourism purposes.

Guam Visa Waiver

Guam needs to modify the Visa Waiver Program to encourage long stays. Currently, Japanese and Korean passport holders are Visa Waiver Program (VWP) eligible travelers, as well as passport holders from the below listed countries. They may seek entry into Guam for business or pleasure only for 15 days or less if they carry a passport valid for at least six months past date of Guam entry, travel on a registered carrier, have a round-trip or onward ticket in their possession when arriving in Guam, and are otherwise eligible for U.S. entry.

Current Situation

A Guam visa waiver traveler cannot extend, adjust or change his/her status while in the U.S., including Guam, and cannot travel from Guam to another destination in the U.S. If a Guam Visa Waiver traveler wishes to engage in any activity that is not otherwise allowed using a visitor (B1/B2) visa, that traveler must qualify for the appropriate visa.

The following passport holders and travelers are under the VWP may seek entry into Guam under the Guam Visa Waiver: Australia, Brunei, Indonesia, Malaysia, Nauru, Papua New Guinea, New Zealand, Republic of Korea, Singapore, Solomon Islands, the U.K. (British National Overseas, British Dependent Territory passports), Vanuatu and Western Samoa passport holders may enter Guam under this program. Residents of Taiwan who begin their travel in Taiwan and who travel on direct flights from Taiwan to Guam without an intermediate layover or stop except for stops in a U.S. territory en route are also eligible.

In order to encourage longer stay visits from residents in our core source markets of Japan, Korea, and Taiwan, Guam needs to work with the Department of State and the Department of Homeland Security towards offering a ninety day or long stay for English study.

Additionally, Guam also needs to encourage travel from emerging markets such as Russia, India, and China. Adopting a more liberal Guam Visa Program model will greatly assist Guam in reaching its visitation, diversification, and yield objectives.

Strategy:

- Work with Guam's Member of Congress Office's to work with the U.S. Congress Committees on Commerce, State, Homeland Security, and Insular Affairs to adopt legislation extending a Guam Only Visa Waiver Program for residents holding an Indian, Russian, or Chinese passport for tourism purposes and extending a Guam Only Visa Waiver length of stay of ninety (90) days or longer for residents holding a Japanese or Korean passport for English education purposes.■

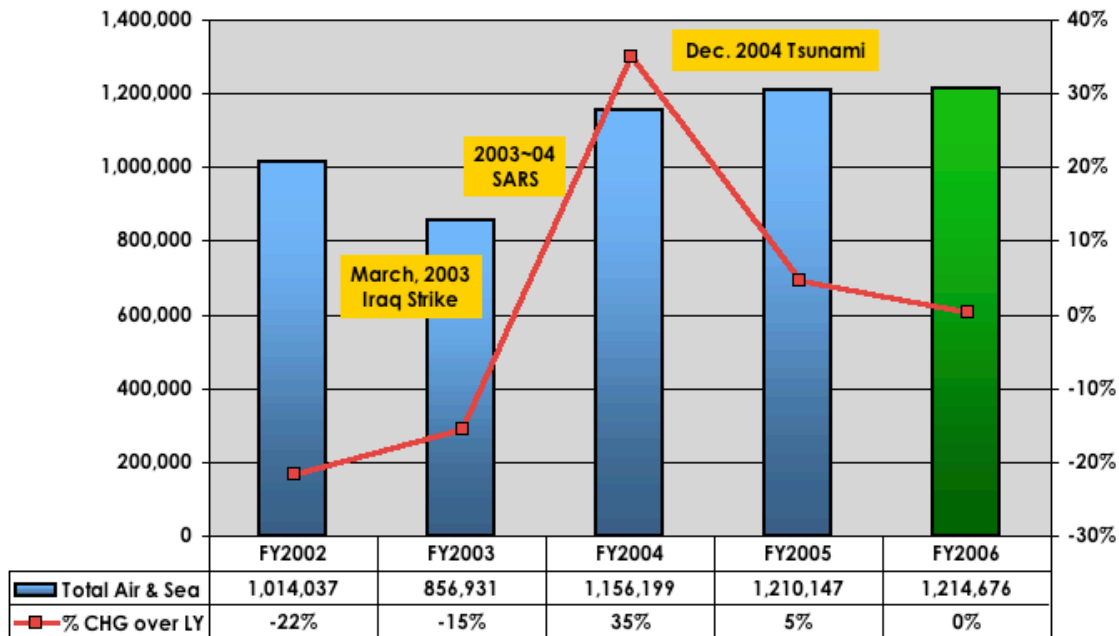


APPENDIX



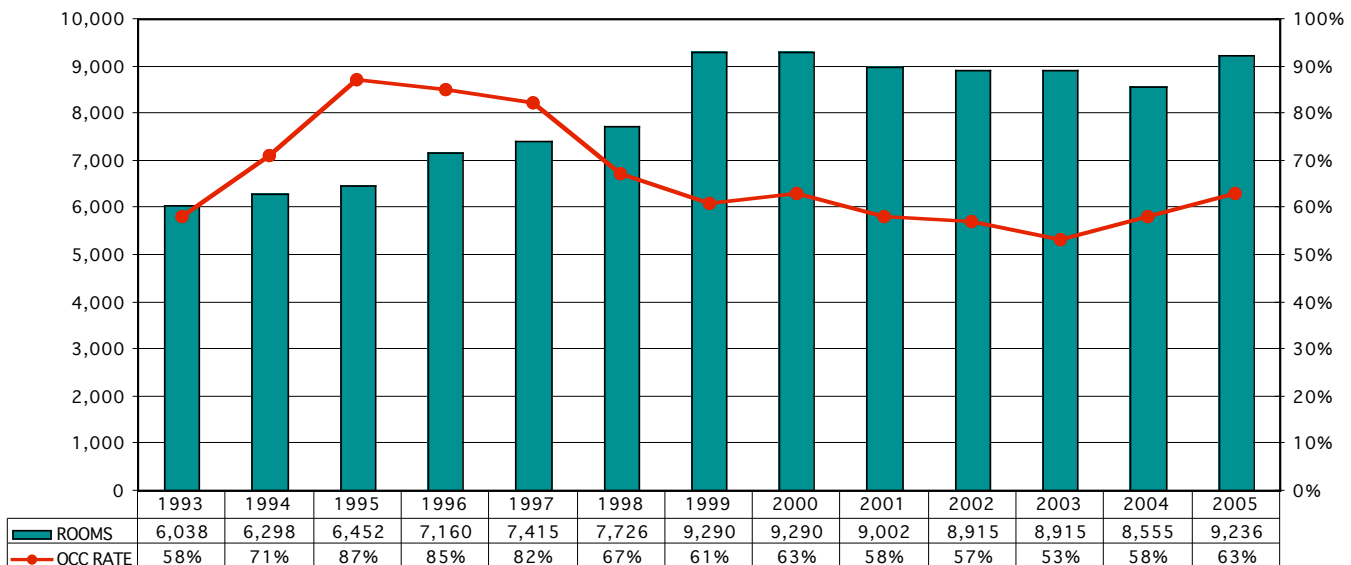
APPENDIX

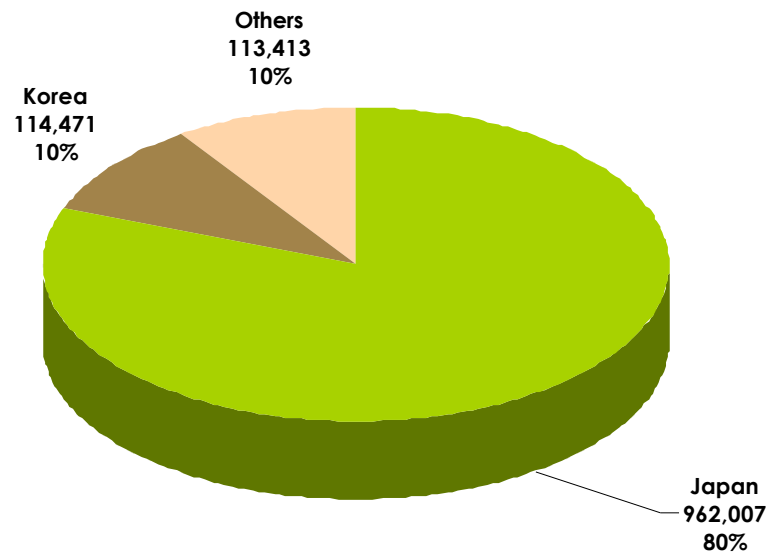
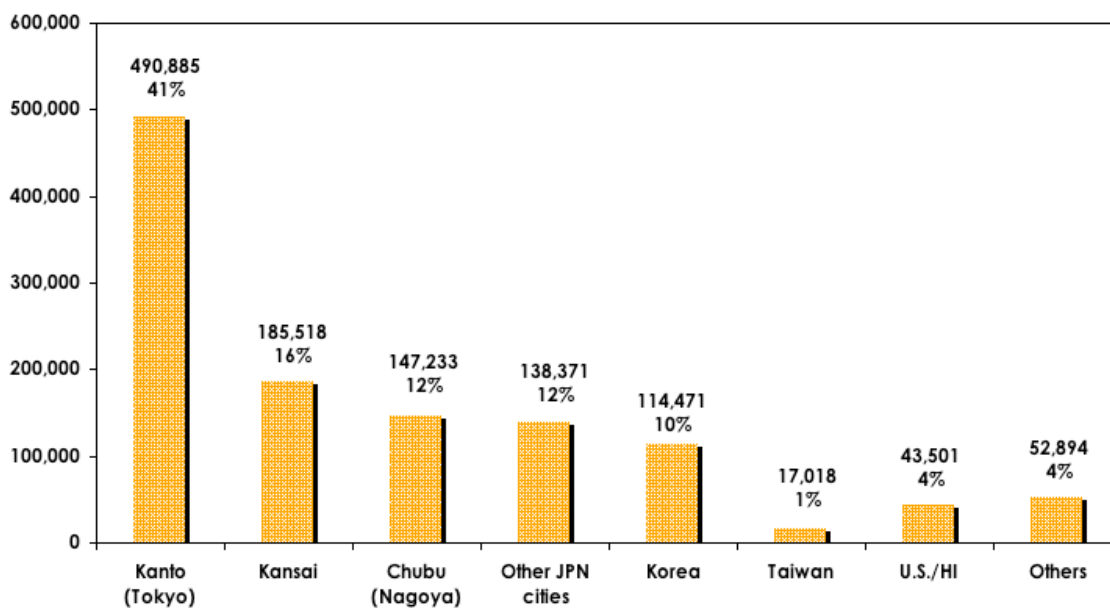
Total Visitor Arrivals FY 2002 ~ FY 2006 (Fig. 1)



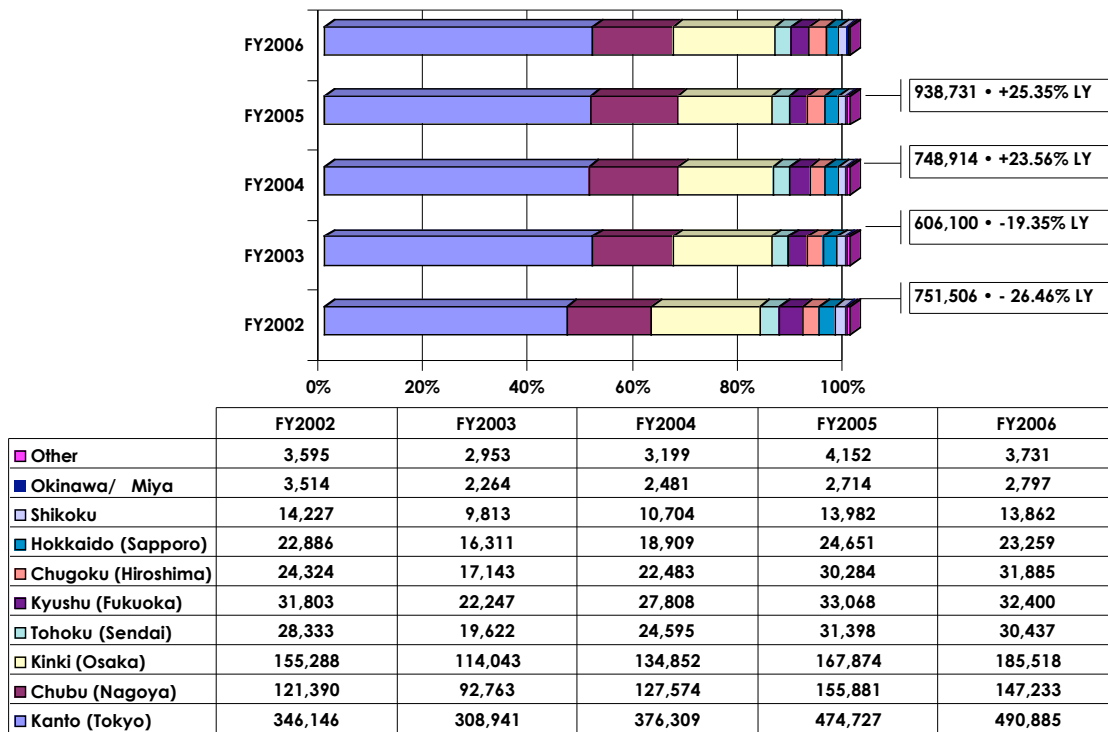
Source: Customs Declaration Forms, Customs & Quarantine Agency
Compiled by the GVB Research Department

Hotel Room Capacity vs. Occupancy (Fig. 3)

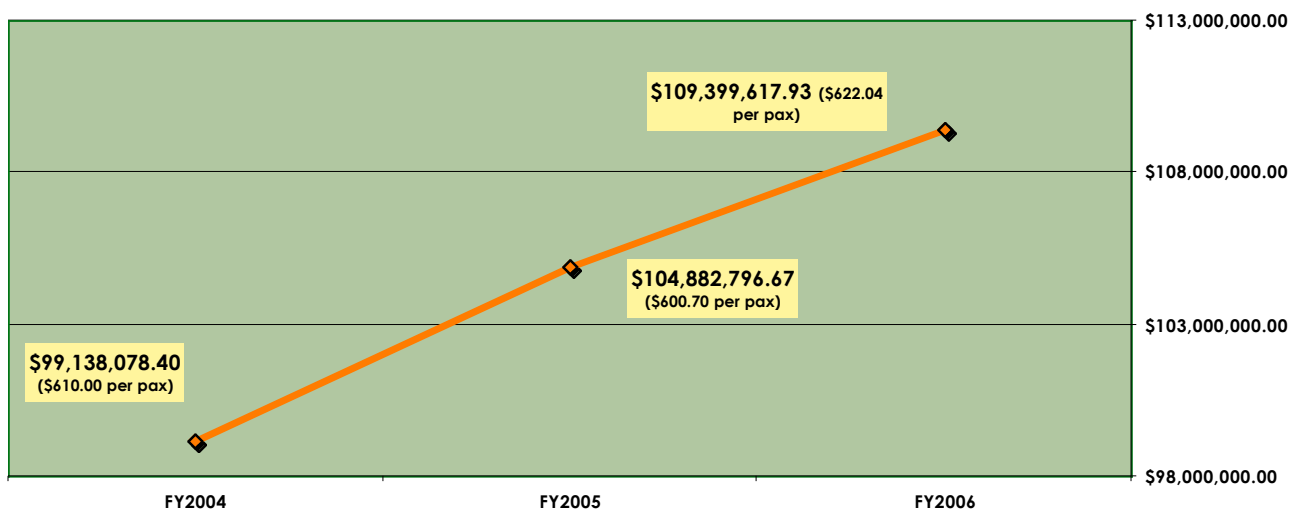


Core and Secondary Visitor Source Markets (Fig. 4)**Ranking of Core Source Markets By Arrivals (Fig. 5)**

Japan Visitor Arrivals FY 2002 ~ FY 2006 (Fig. 6)

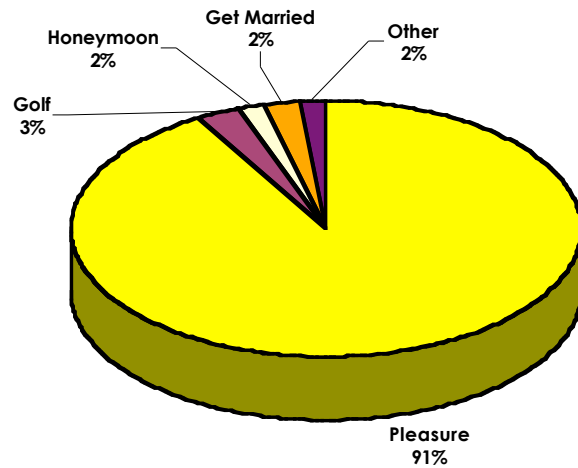


Revenues Generated per 100,000 Japanese Visitor to Guam



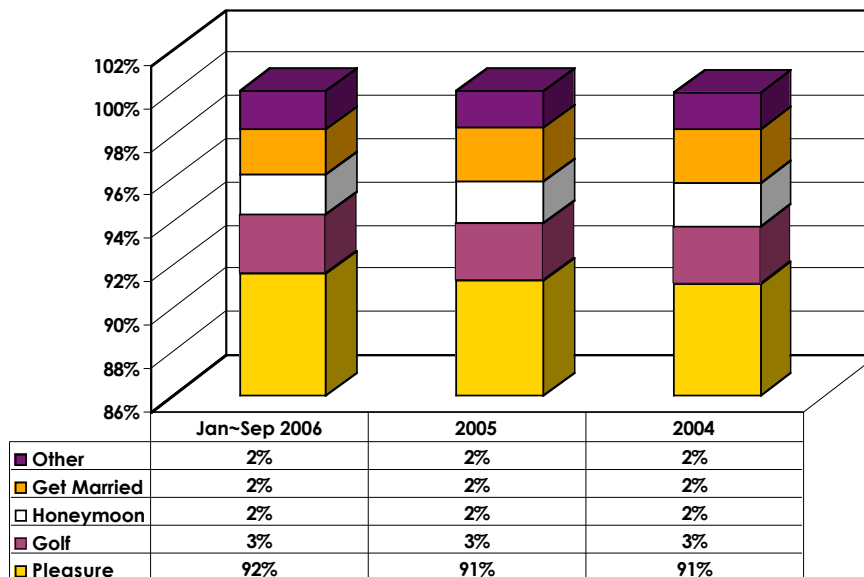
(Fig. 7)

Primary Reason for Japanese Traveling to Guam 2004 ~ 2006



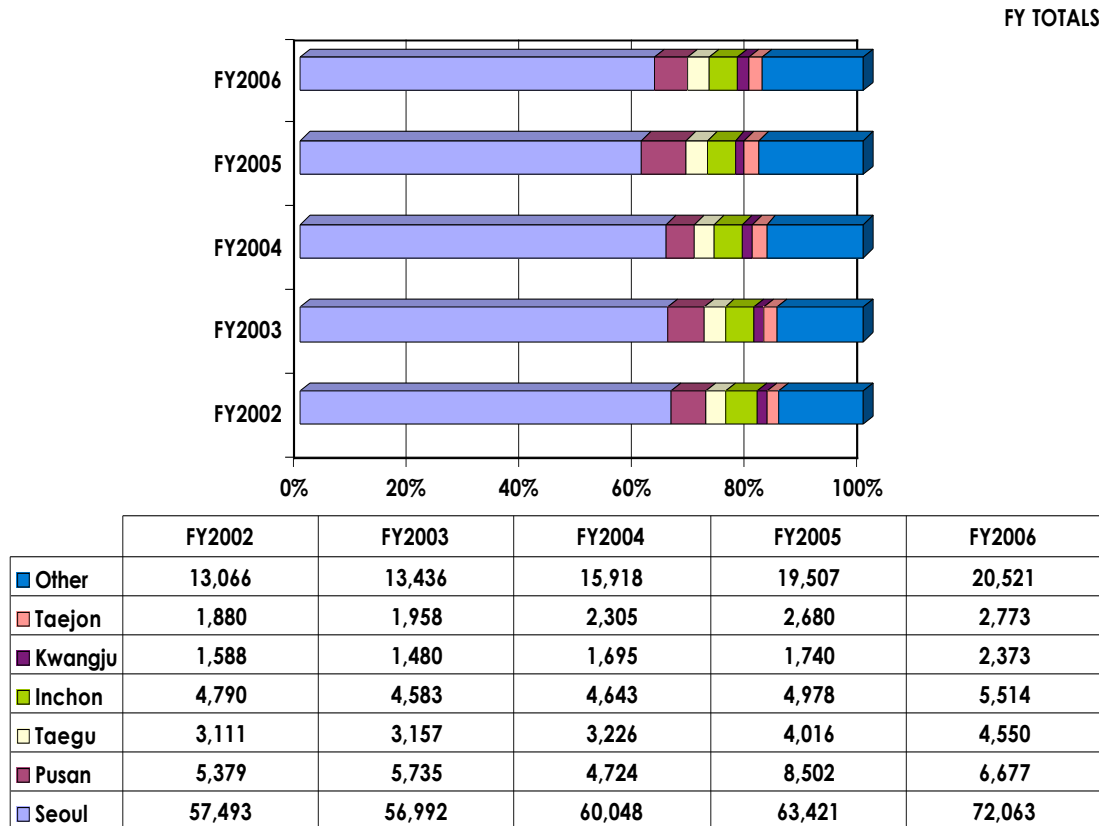
(Fig. 8)

Primary Reason for Japanese Traveling to Guam • 2004~2006



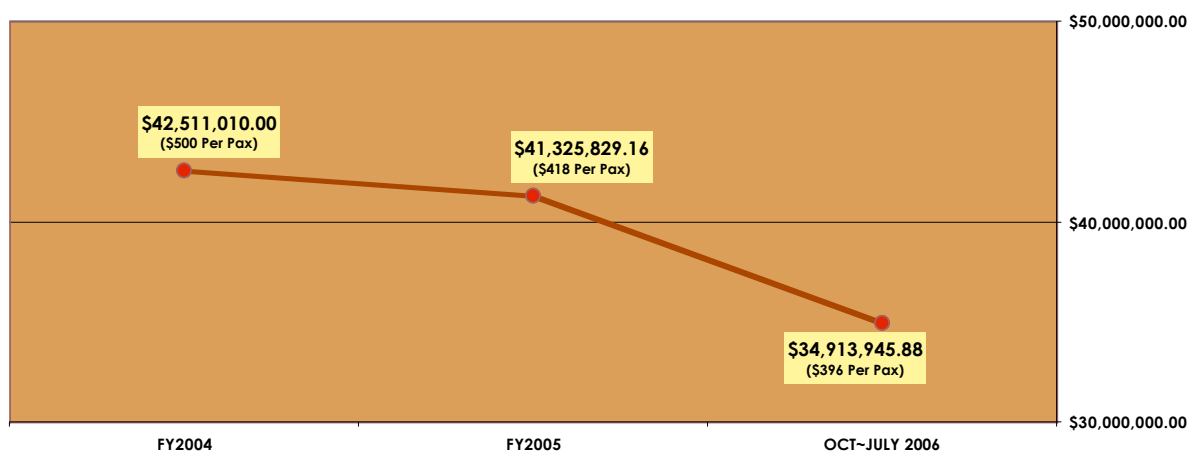
(Fig. 9)

Korea Arrivals FY 2002 ~ FY 2006 (Fig. 10)

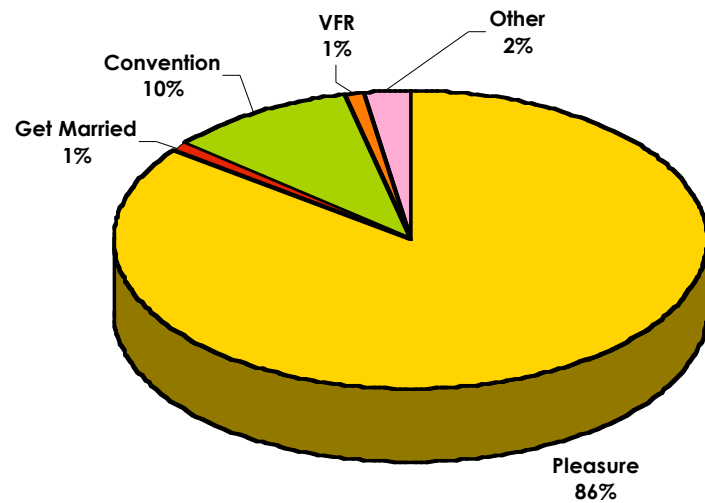


(Fig. 11)

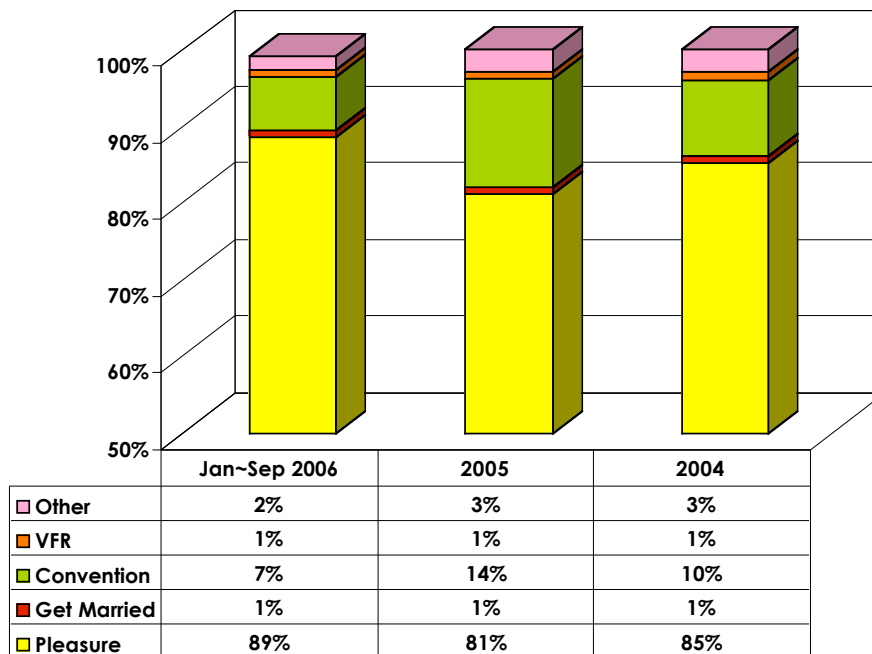
Revenues Generated per 100,000 Korean Visitor to Guam



Primary Reason for Koreans Travelling to Guam • 2004~2006

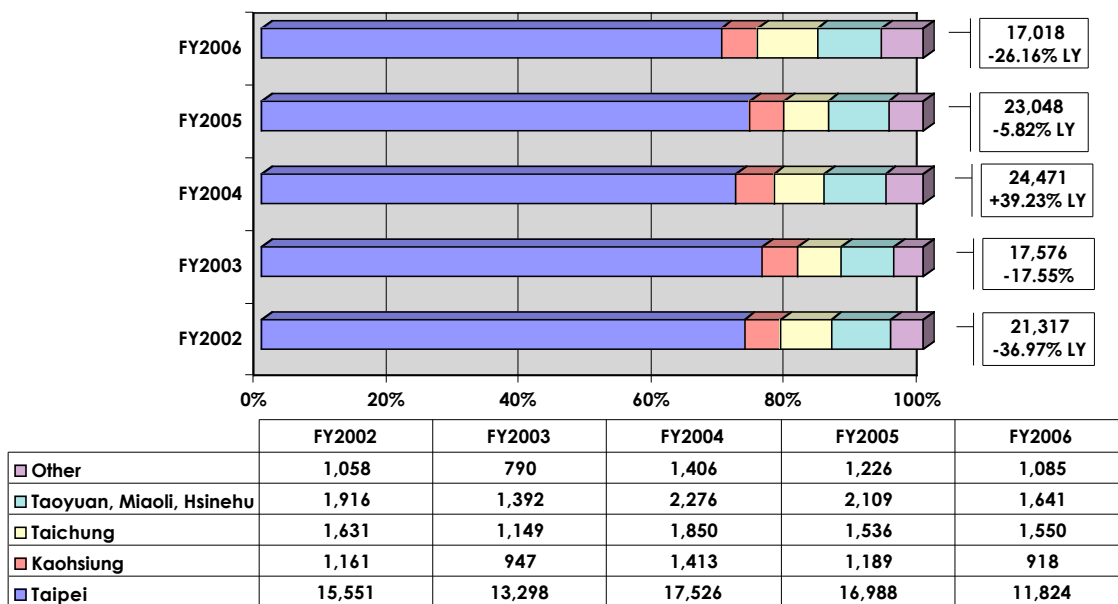


Primary Reason for Koreans Travelling to Guam • 2004~2006

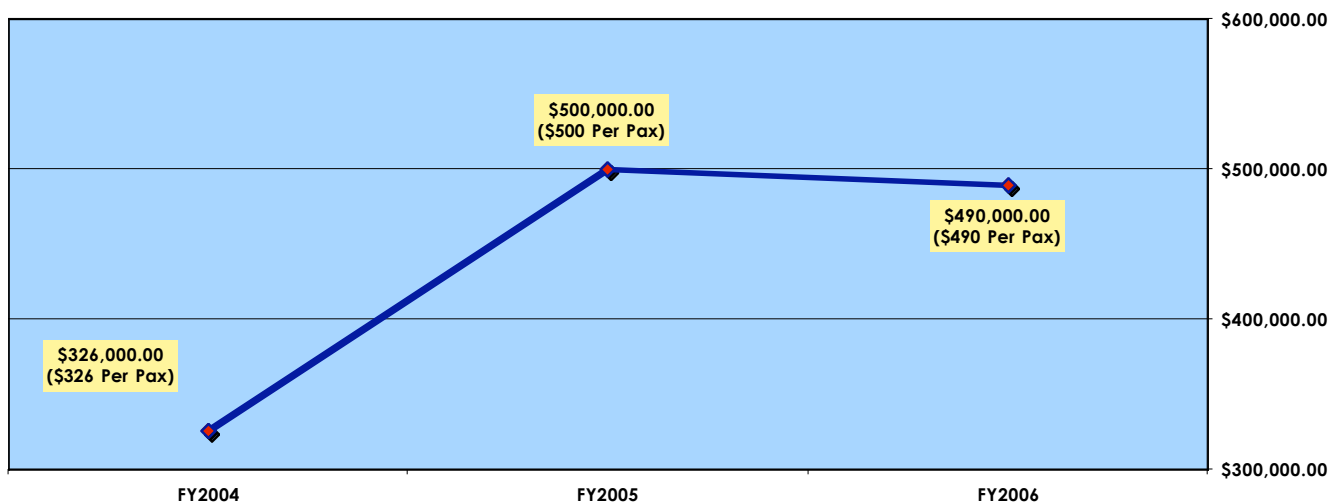


(Fig. 12 and Fig. 13)

Taiwan Visitor Arrivals FY 2002 ~ FY 2006 (Fig. 14)



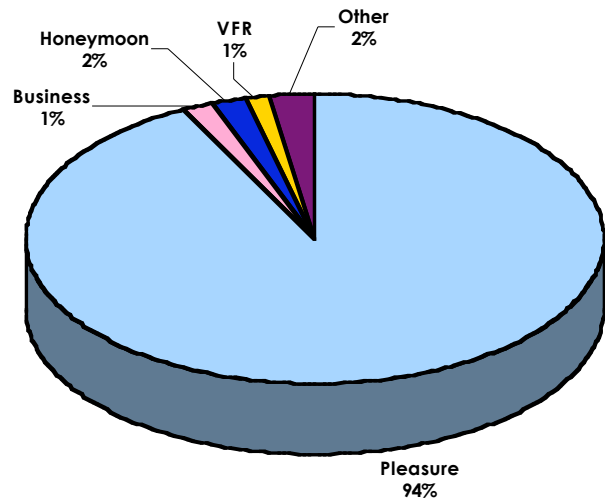
Revenues Generated per 1,000 Taiwanese Visitor to Guam



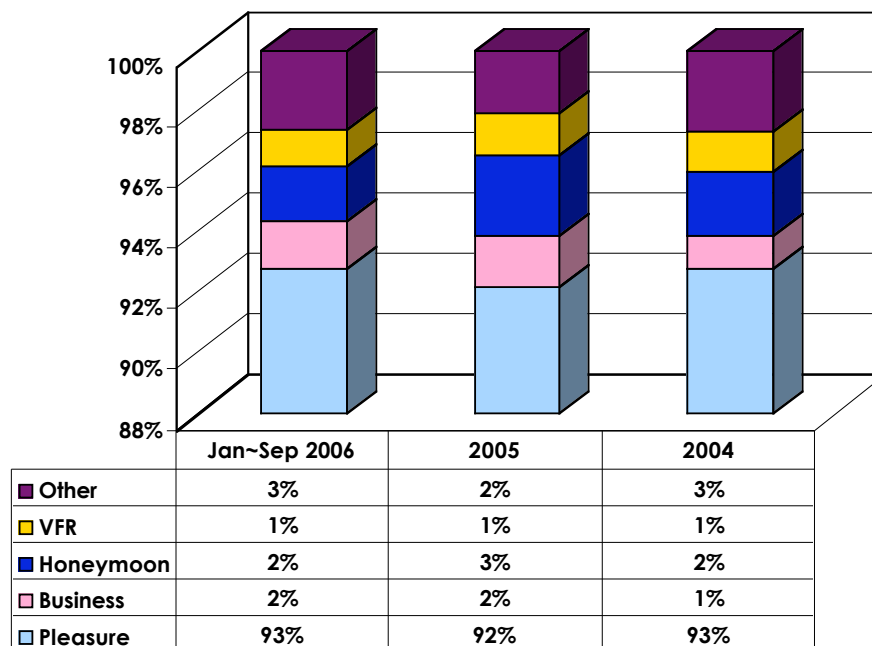
(Fig. 15)

(Fig. 16)

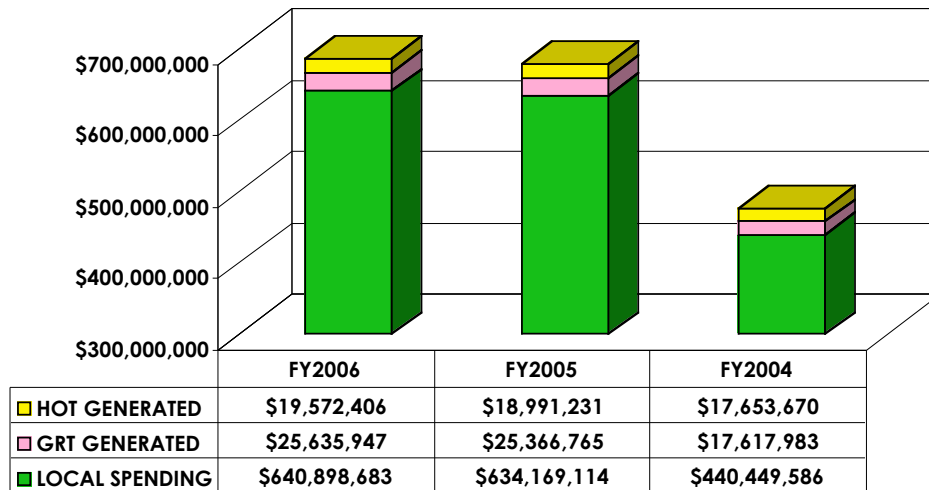
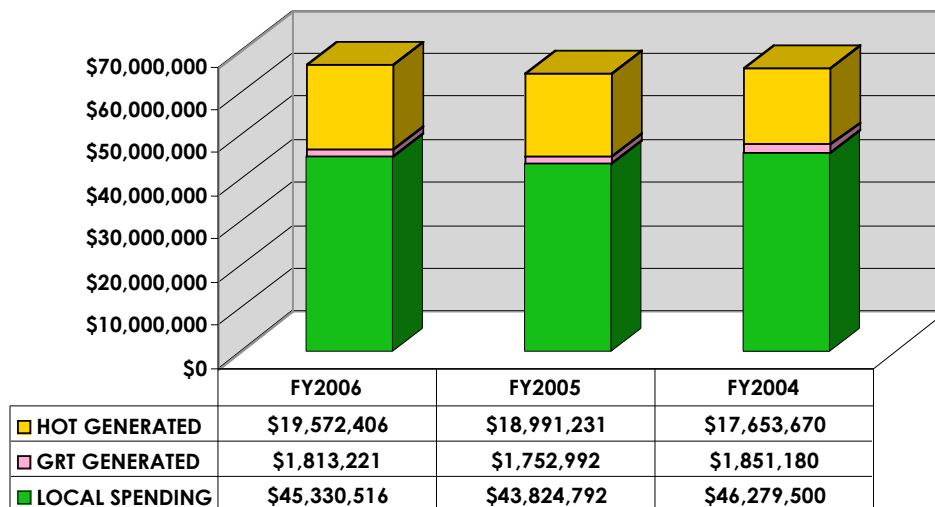
Primary Reason for Taiwanese Travelling to Guam 2004~2006



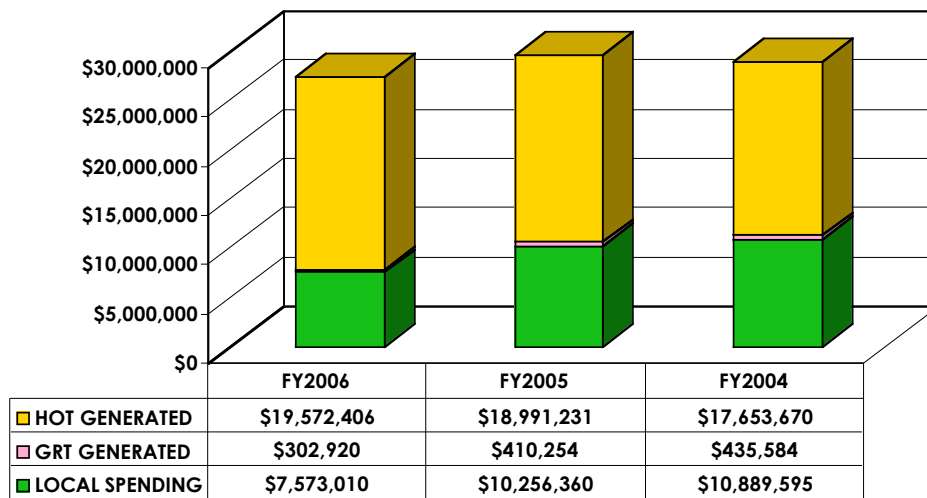
Primary Reason for Taiwanese Travelling to Guam • 2004~2006



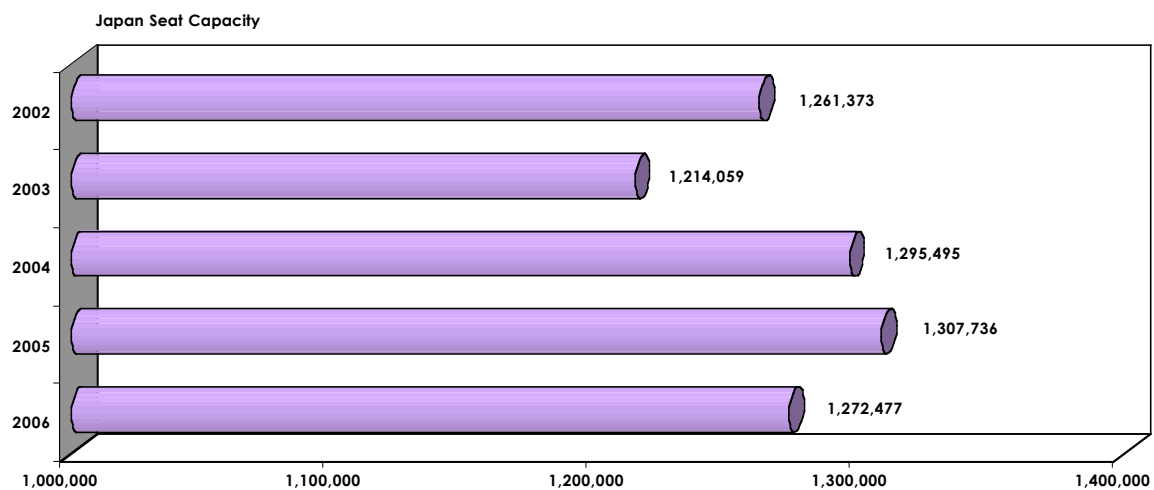
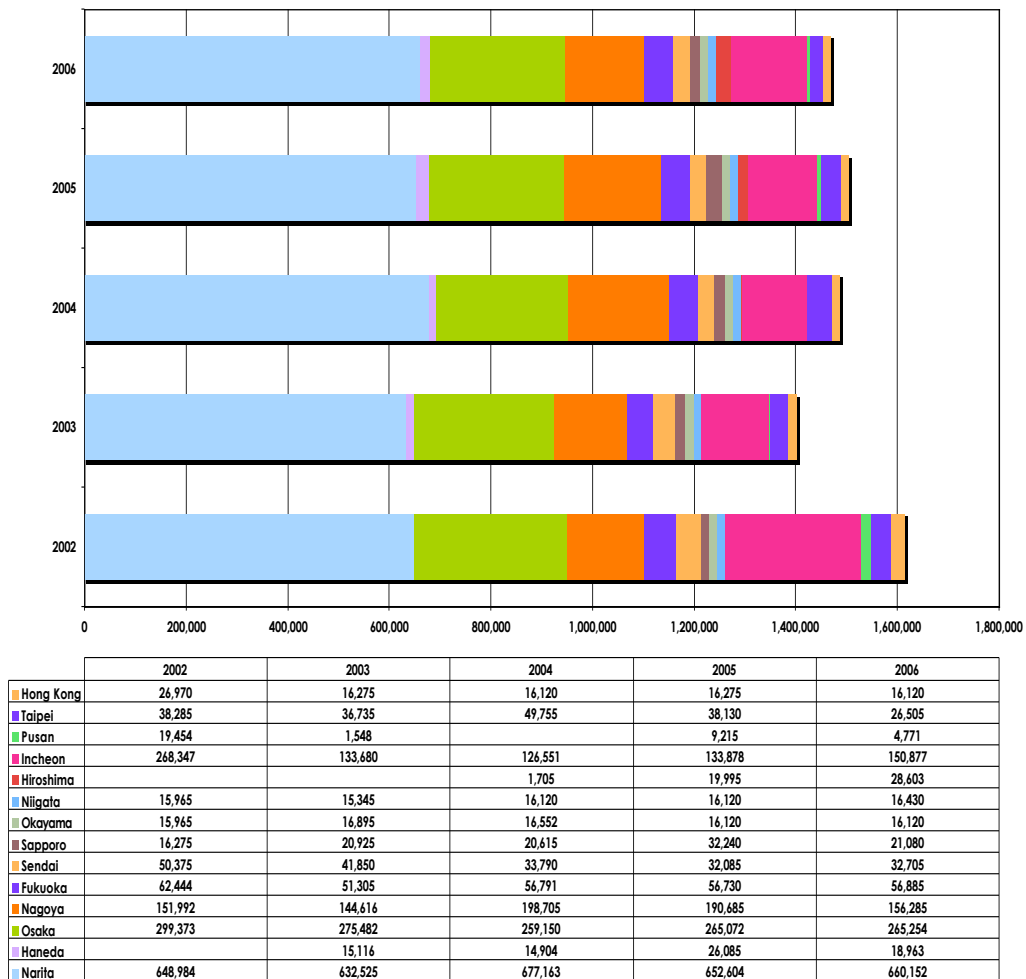
(Fig. 17)

Economic Impact of Core Market Visitors (Fig. 18 & Fig. 19)**Contributions to Guam's Economy: Japanese Visitors****Contributions to Guam's Economy: Korean Visitors**

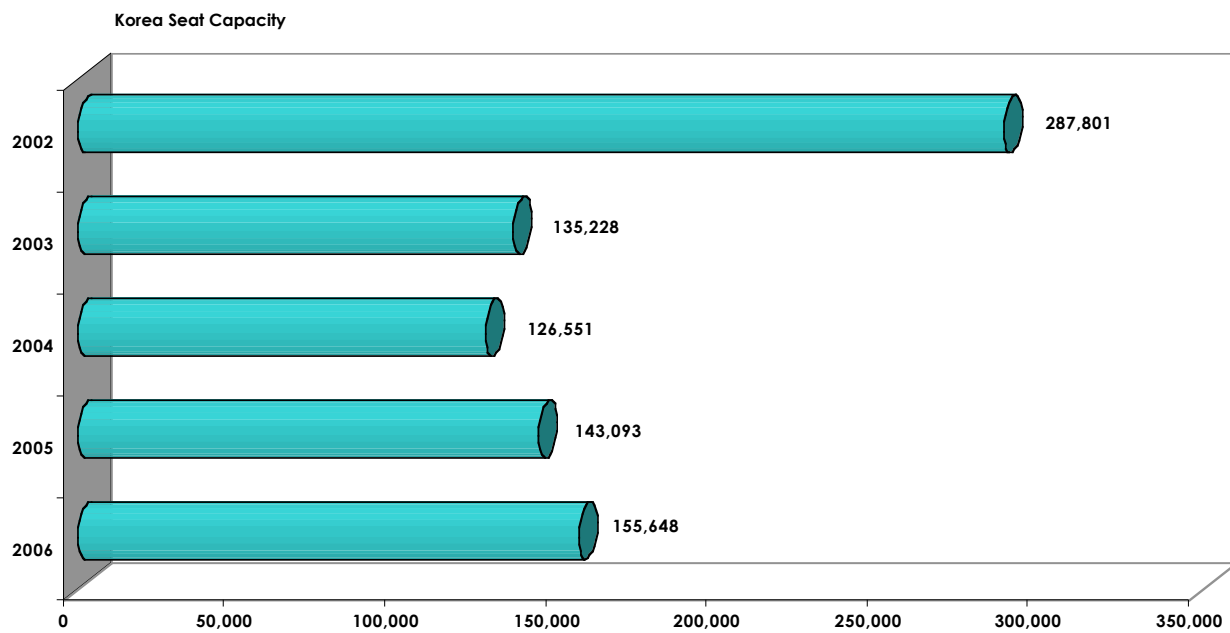
Contributions to Guam's Economy: Taiwan Visitors

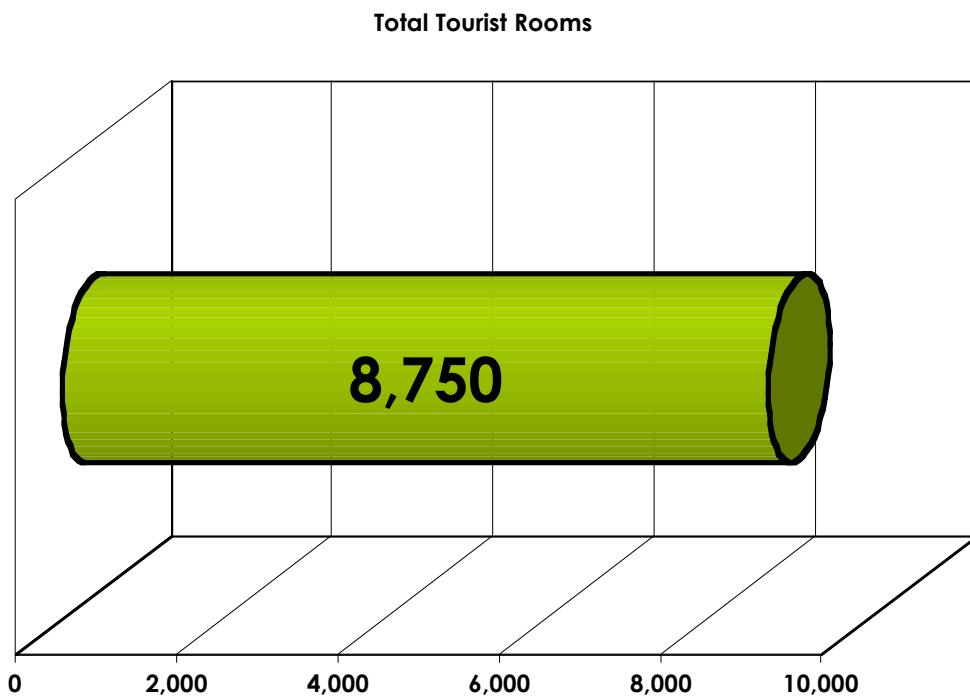
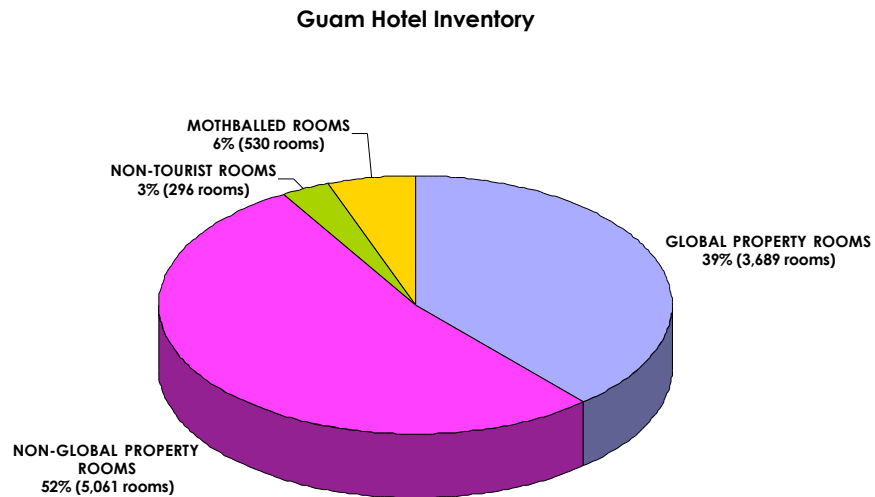


(Fig. 21)

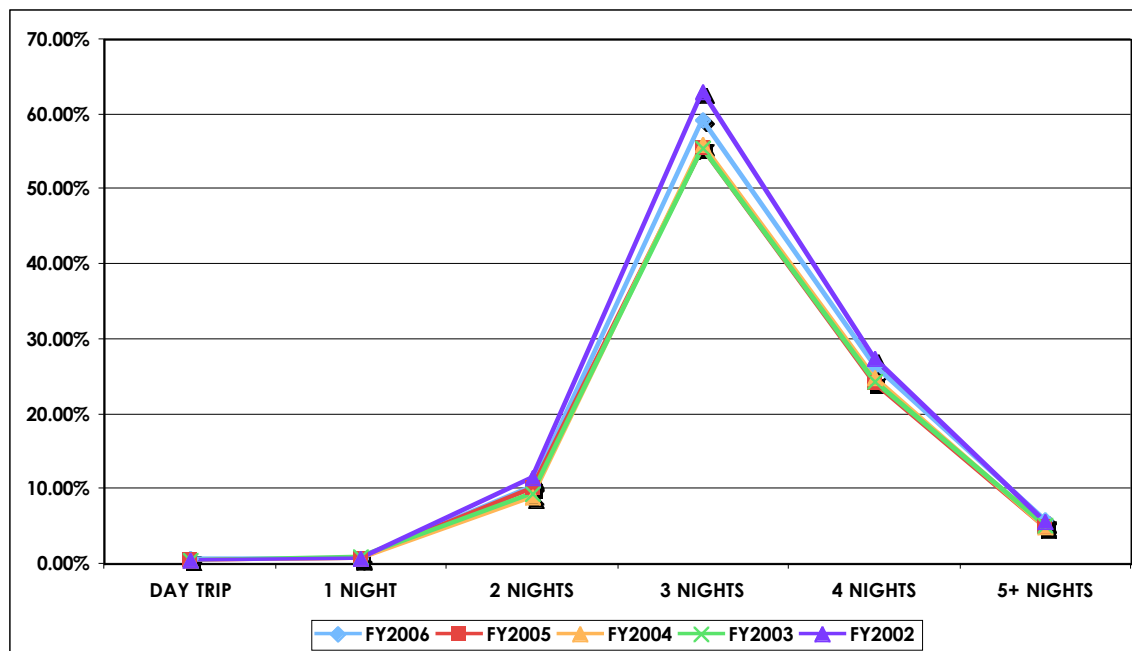
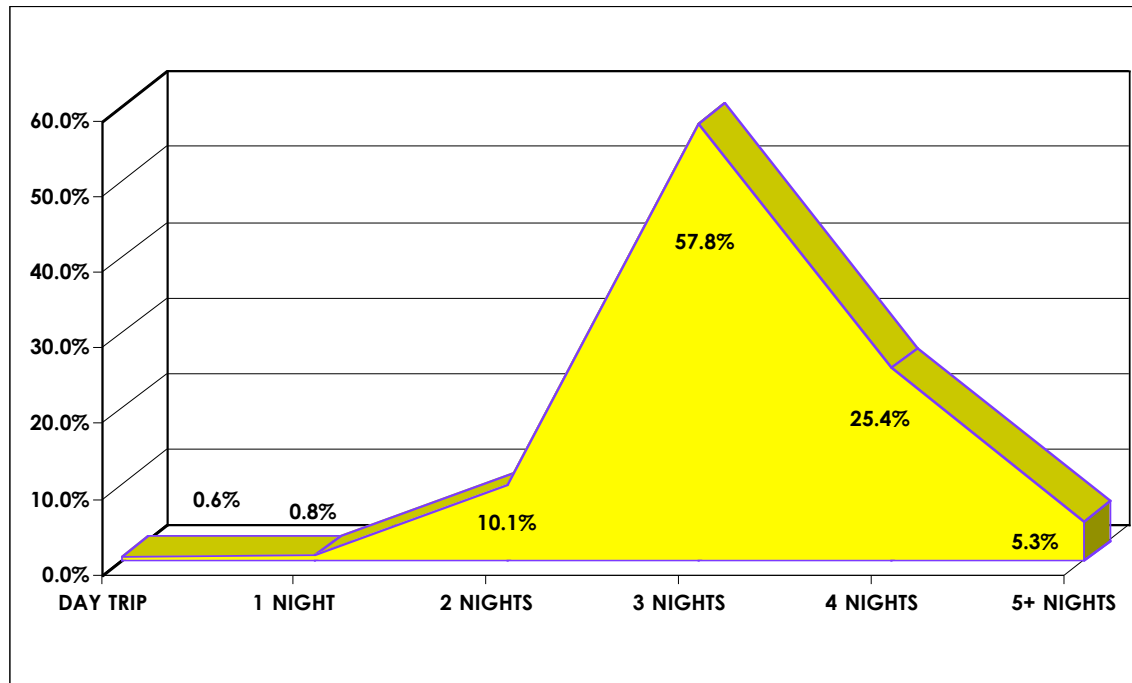
Airline Seat Capacity from Market Gateways (Fig. 22)**(Fig. 23)**

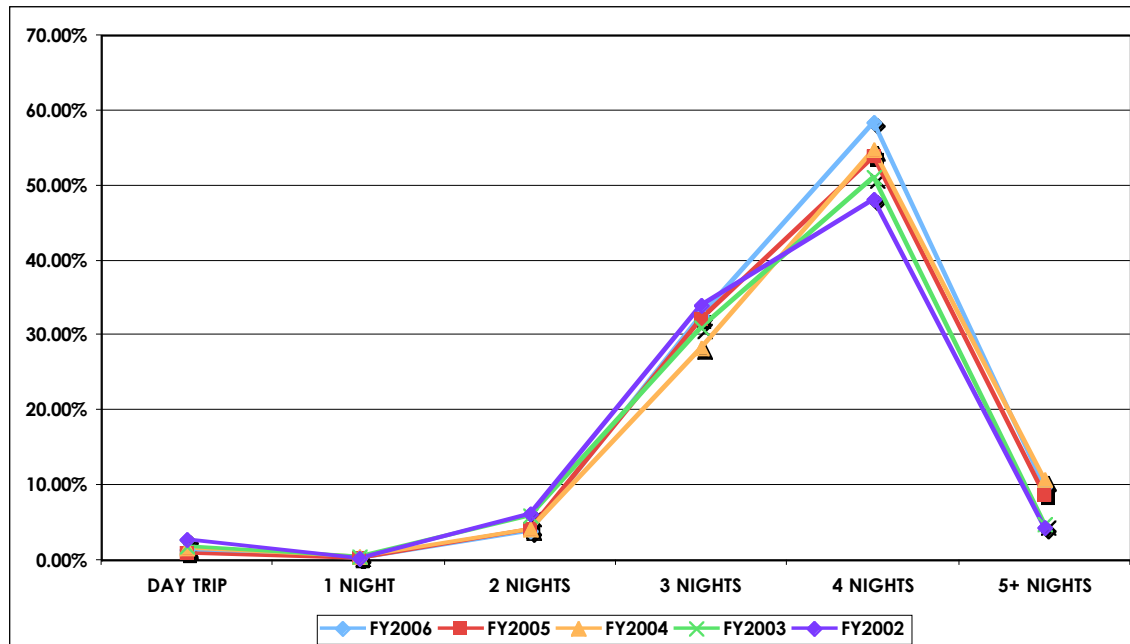
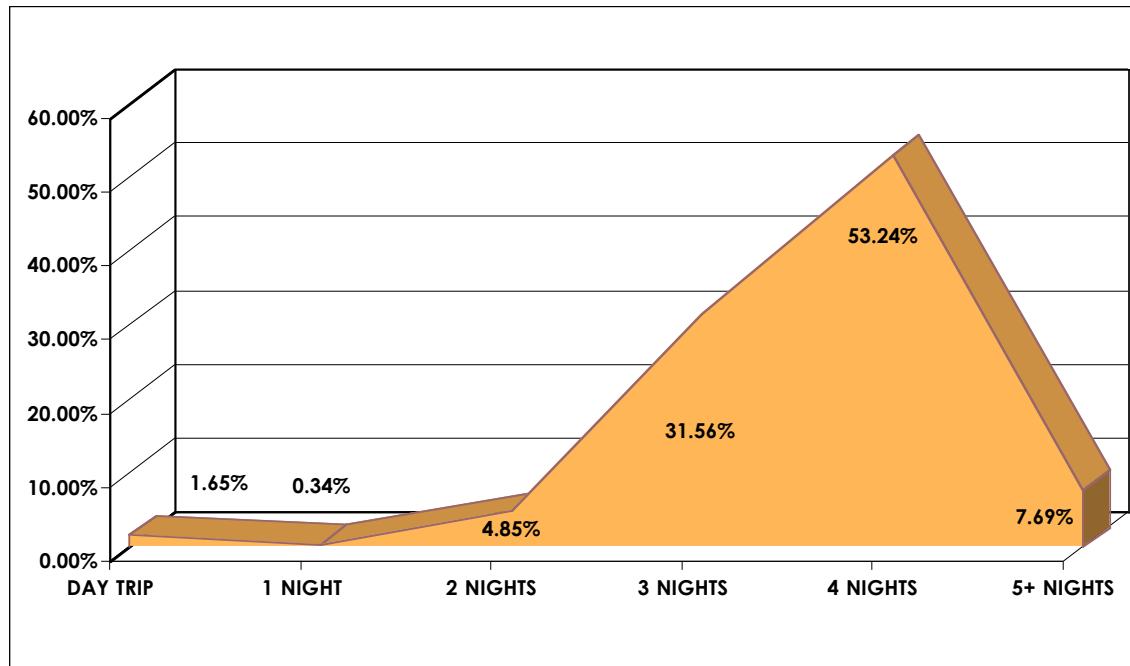
(Fig. 24)



Hotel Room Capacity (Fig. 25)**(Fig. 26)**

ESTABLISHMENTS	TOTAL ROOMS	POSSIBLE ADDTL ROOMS	CLOSED	Non Tourist	GHRA MEMBER	COMMENTS
Alupang Beach Tower	133				*	
Cliff Hotel				51		
Days Inn - Tamuning	65				*	Formerly New Century Plaza
Days Inn-Maite	66				*	Formerly Hotel Palmridge
Fiesta Resort Guam	318				*	Closed for renovation 4/1/04~12/05, formerly Dai-Ichi
Fujita Guam Tumon Beach Hotel	217					
Garden Villa Hotel	60	9				Across from Dai-Ichi, 9 rooms being renovated
Golden Motel				26		
Grand Plaza Hotel	124				*	
Guam Airport Hotel	51				*	
Guam Garden Villa	3					
Guam Hotel Okura	148				*	
Guam Marriott Resort	436				*	
Guam Plaza Hotel	448	47			*	47 Rooms being renovated
Guam Plumeria Garden Hotel	49					
Guam Reef Hotel	444				*	Sold 3/2005
Hafa Adai Motel				40		
Hamilton Hotel				35		
Harmon Loop Hotel				62		
Hilton Guam Resort & Spa	682				*	
Holiday Plaza Hotel	132				*	
Holiday Resort Guam	246				*	New ownership, name change May 2005, formerly Holiday Inn
Hotel Nikko Guam	492				*	
Hotel Santa Fe	109				*	
Hotel Ypao				20		
Hunter's Inn				25		
Hyatt Regency Guam	455				*	Sold to Ken Corp 11/30/06
Castle Imperial Suites Hotel	141					New Owners: Castle Resort Hotel, Re-open June 2006, Grand opening Aug 2006
Inn On The Bay	62	16			*	6 rooms being renovated, 10 rooms UC
ITC Hotel				42		
Ladera Tower	50				*	
Leo Palace Resort	625				*	
Mai'Ana Airport Plaza	78				*	
Ohana Bayview	148				*	
Ohana Oceanview Guam	191				*	
Onward Beach Resort	430				*	
Outrigger Guam Resort	600				*	
Pacific Islands Club	790	23			*	
Sheraton Laguna Guam		403			*	Closed for renovation 11/30/06, Bought by Sheraton
PIA Resort Hotel	60					
PIA Marine	67					
Polynesian Hotel/Apartments				56		
Rich Hotel				37		
Royal Orchid Guam Hotel	205	10	8		*	10 rooms being renovated, 8 rooms UC
Sherwood Resort Guam			332			Open 1998, Closed
Starts (Alte) Guam Resort	62				*	
Tamuning Plaza Hotel	69					
Sogetsu Tropicana Hotel			198			Closed
Tumon Bay Capital Hotel	62					
Westin Resort Guam	432				*	
TOTAL INVENTORY ROOMS	8,750	508	538	394		CULMULATIVE TOTAL # OF ROOMS
						9,144

Average Length of Stay (FY 2002 ~ FY 2006): Japanese Visitors (Fig. 27)**(Fig. 28)**

Average Length of Stay (FY2002 ~ FY 2006): Korean Visitors (Fig. 29)**(Fig. 30)**

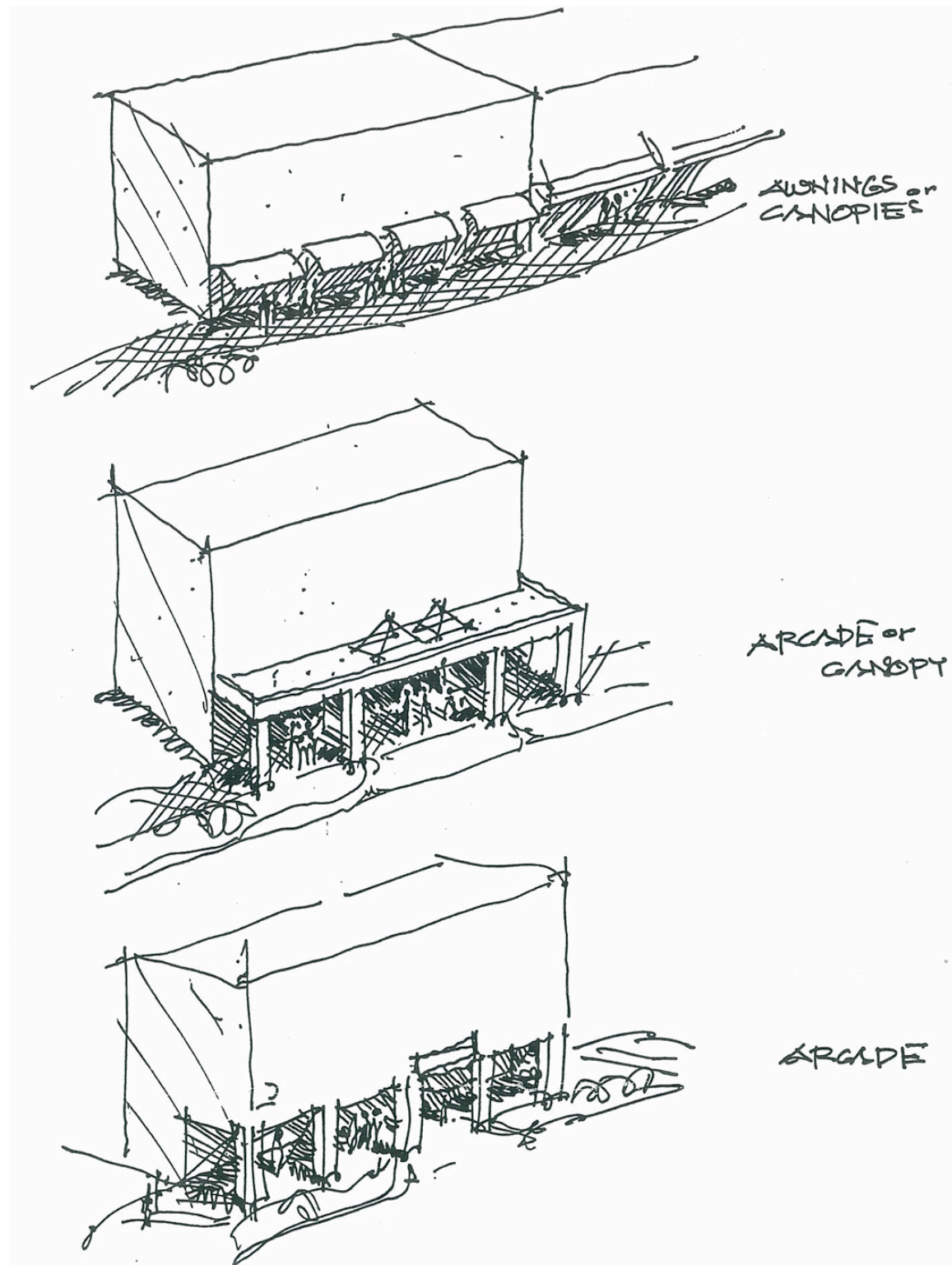
Rendering of Guam National Museum (Fig. 31)

Designer : ARCHITECTS LAGUANA AND CRISTOBAL

Fig. 32

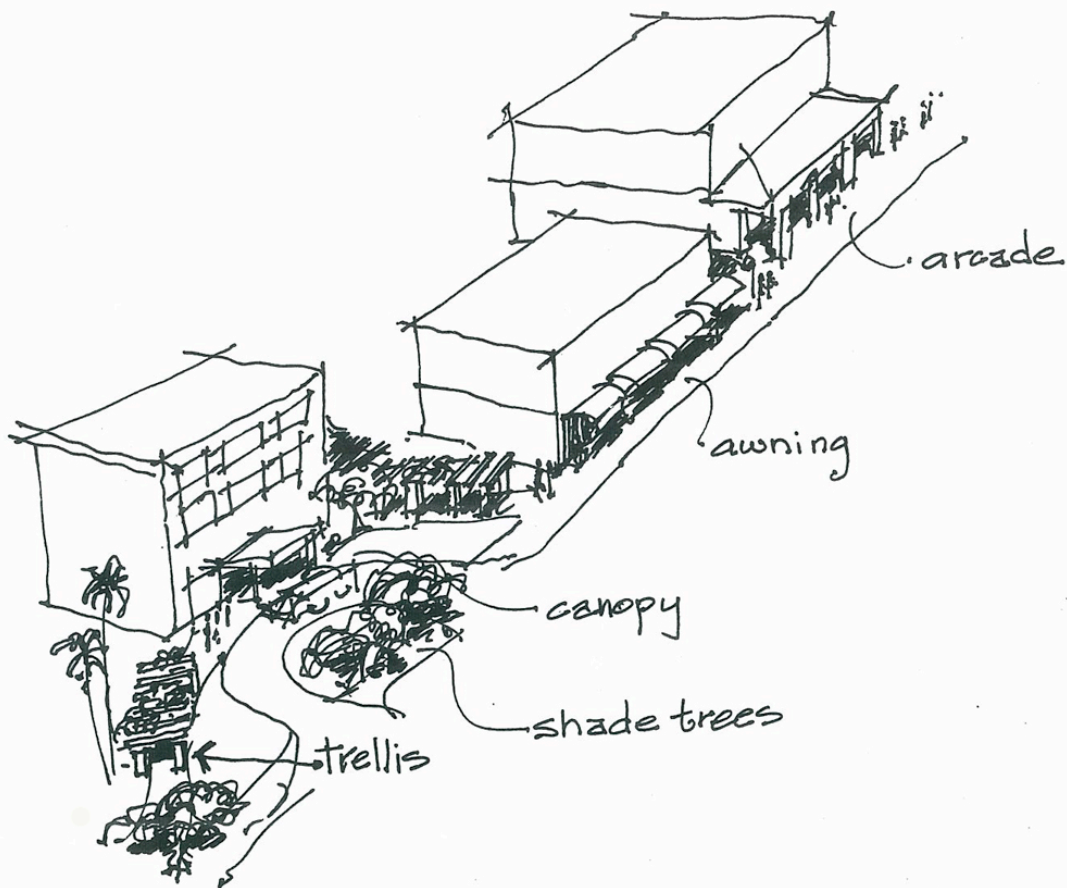
All Visitor On Island Spend					
FY 2006	Average	Apportion	Weighted Avg.	Total Pax	Total Spend
JAPAN	666.21	0.879753561	586.1006199	962,007.00	640,898,683.47
KOREA	396	0.104683511	41.45467016	114,471.00	45,330,516.00
TAIWAN	445	0.015562928	6.925503157	17,018.00	7,573,010.00
		1	634.4807932	1,093,496.00	693,802,209.47
All Visitors	634.48			1,217,211.00	772,297,000.80
Economic Impact			Multiplier	1.75	<u>1,351,519,751.41</u>
All figures in U.S. dollars					

Tumon Bay Redevelopment Renderings*



*Provided by Belt Collins

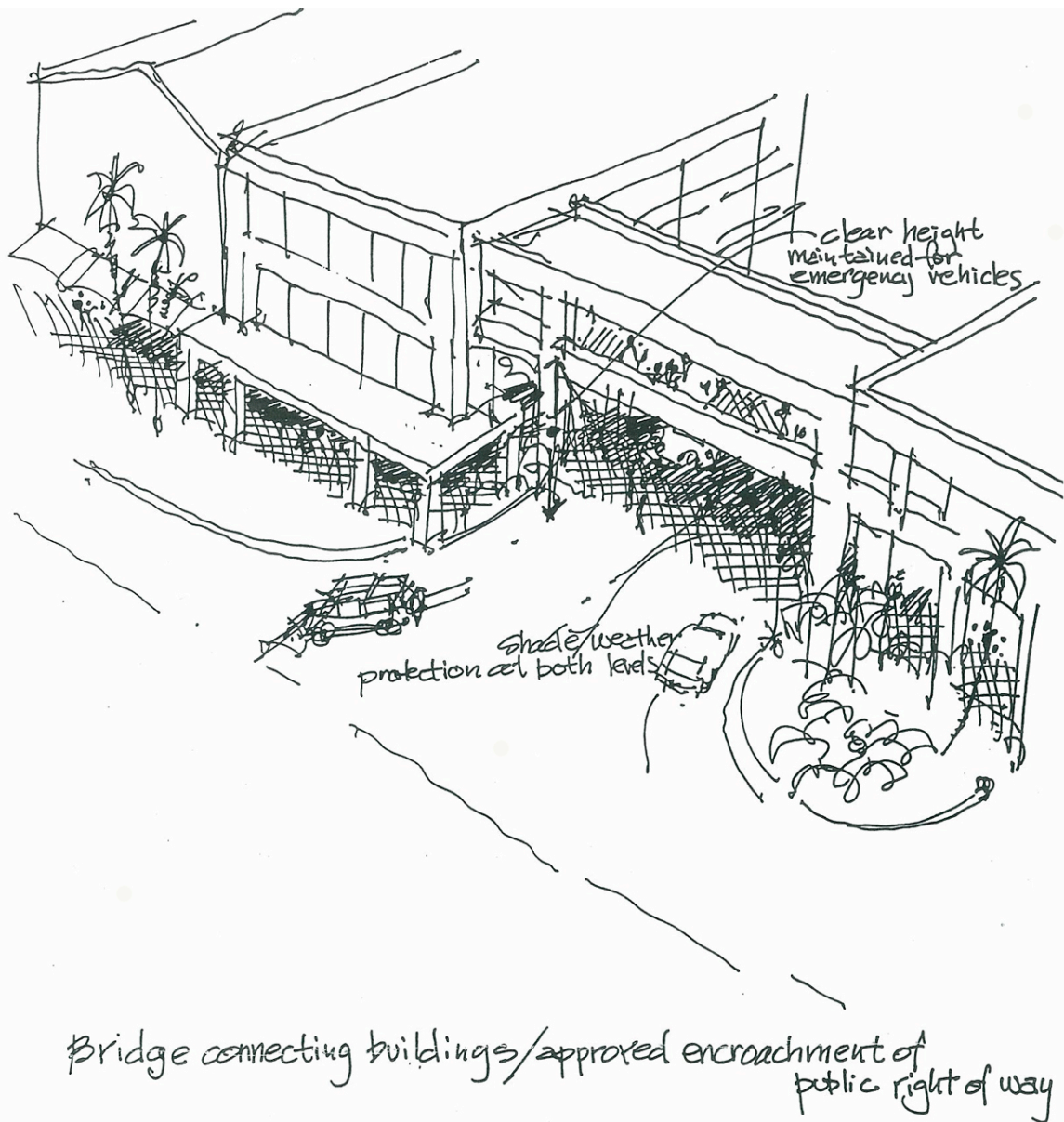
(Fig. 33)

Tumon Redevelopment Renderings*

Arcades, awnings & canopies provide both shade and rain protection.
Trellises and shade trees help with shade also.

*Provided by Belt Collins

(Fig. 34)

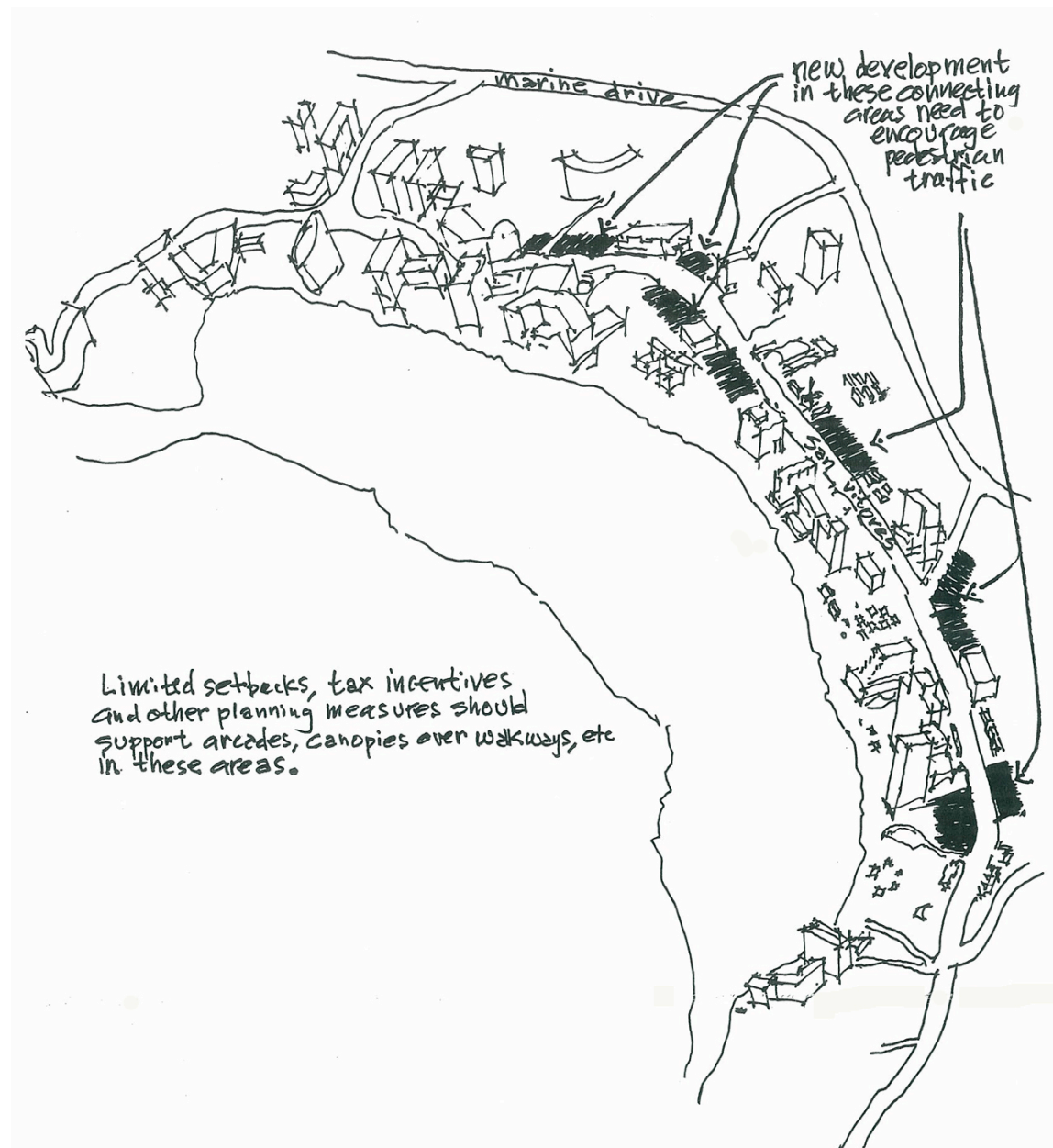
Tumon Redevelopment Renderings*

*Provided by Belt Collins

(Fig. 35)

Tumon Redevelopment Renderings*

(Fig. 36)



*Provided by Belt Collins

Destination Development Priority (Fig. 37)

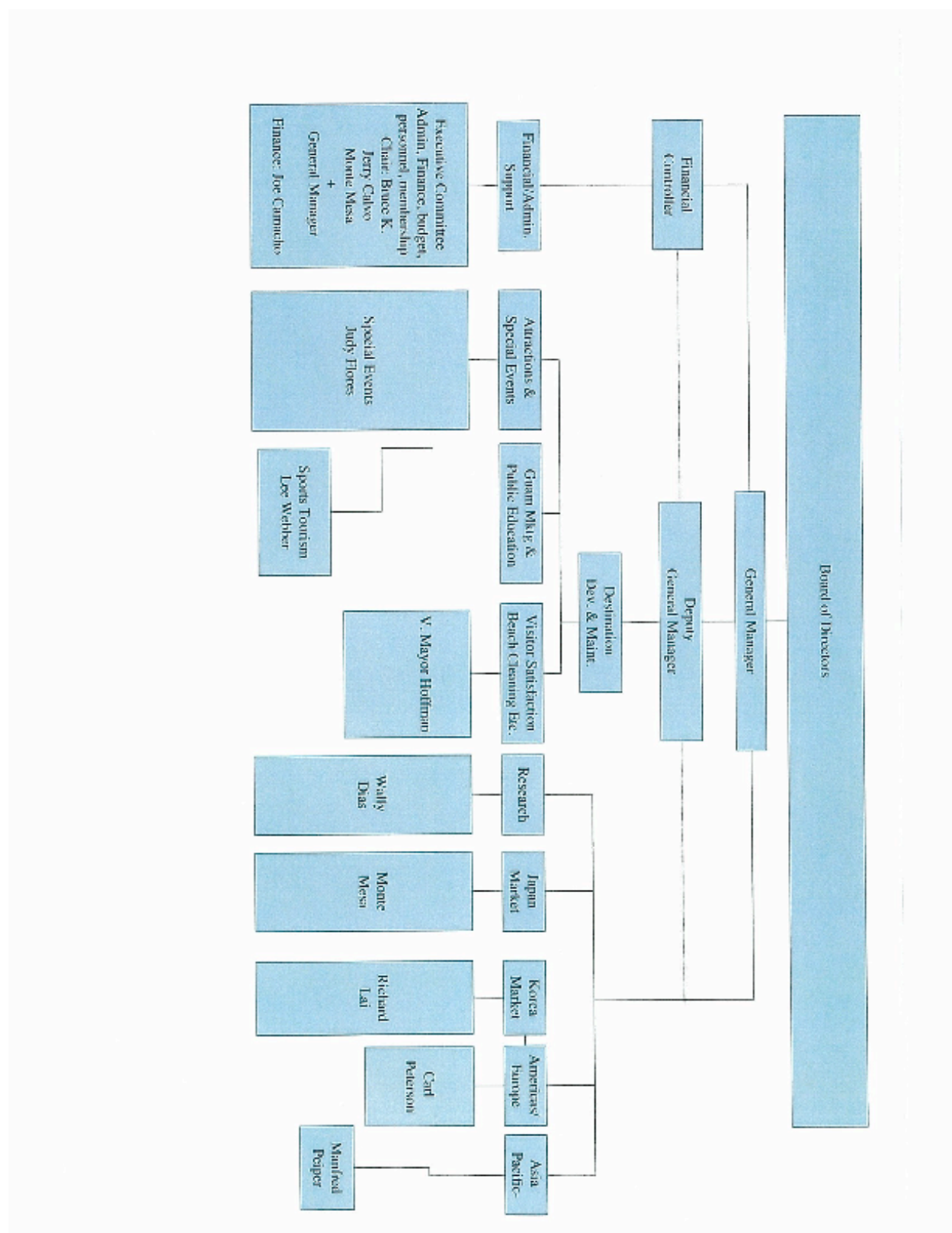
Priority Ranking* - Scale of 1 ~ 5

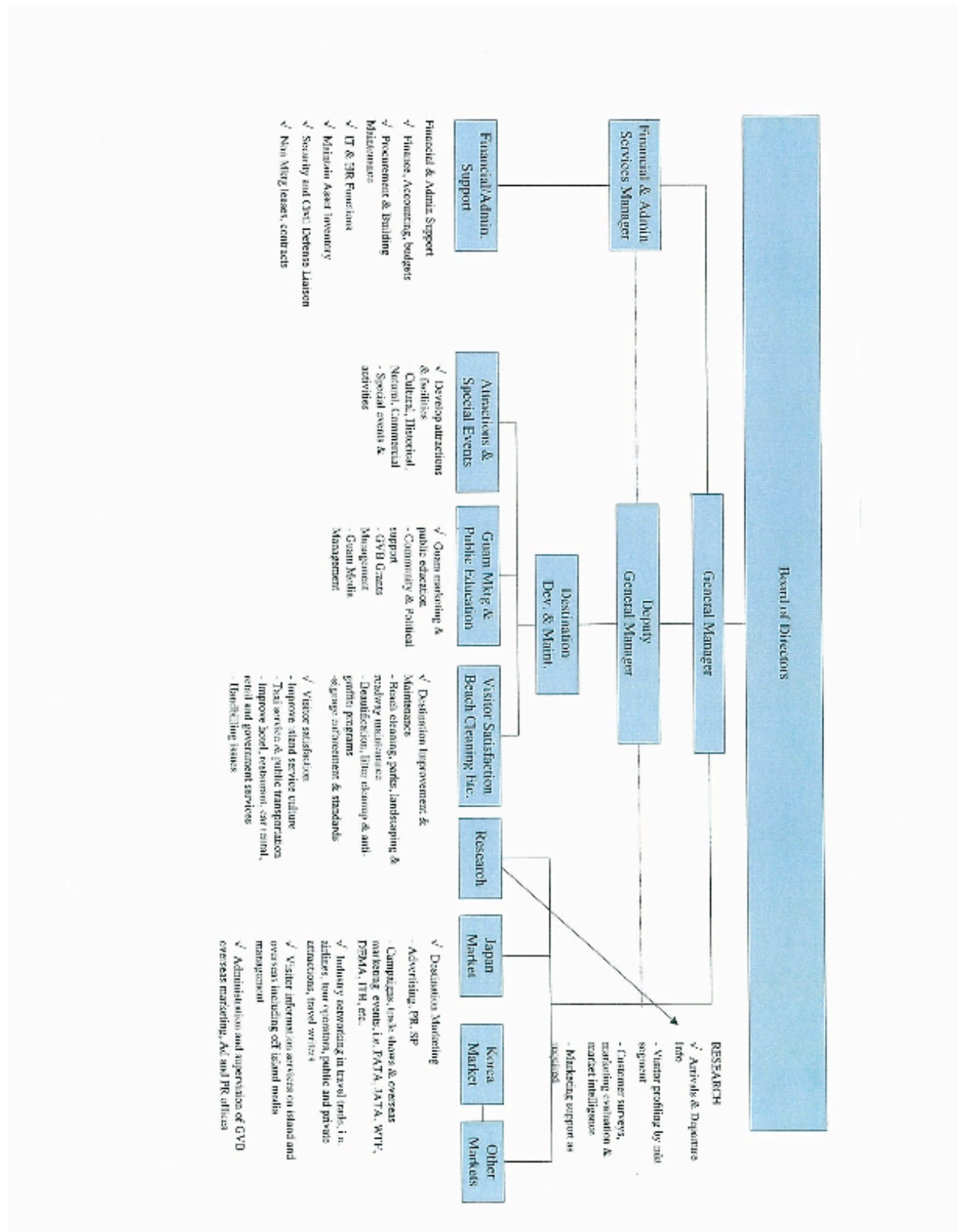
(*GVB suggested ranking, subject to further refinement)

Funding Development	Cultural Attractive-ness	Branding Importance	Local Business Impact	Visitor Enrichment	Tax Contribution	Total
Gef Pago/ Inarajan historical district	5	5	4	5	4	23
Umatac and Magellan's Landing	4	5	2	5	2	18
Fort Soledad	5	5	2	5	2	19
Multi-purpose Conference Center	3	4	5	4	5	21
Guam National Museum	5	5	4	5	4	23
Piti Marine Park	5	5	4	4	4	22
Yigo War Memorial	3	4	2	3	2	14
Fort Santa Agueda	5	5	3	5	3	21
Plaza de Espana Latte Stone Park	5	5	3	5	3	21
Agat Beach & Marina	4	5	4	4	4	21
Agana Marina	5	5	4	4	4	22

Fig. 38

Incremental On Island Spend					
FY 2006	Trip Spend Avg.	Total Pax	20% Extra Night	Daily Spend	Extra Spend
JAPAN*	\$666.21	962,007.00	192,401	\$222.07	\$42,726,578.90
KOREA**	\$396.00	114,471.00	11,447	\$99.00	\$1,133,262.90
* Jpax stay average 3 nights				Annual	\$43,859,841.80
**Kpax stay average 4 nights				Daily Average	\$120,163.95

**GVB Board Standing Committees (Dated July 2006)**



Guam Visitors Bureau Organization Chart (Dated July 2006)

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