

# Five Year Strategic Plan

Briefing to Committee on Tourism,  
Mina' Bente Nuebe Liheslaturan Guahan

By: Guam Visitors Bureau

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# Guam Visitors Bureau

## FIVE YEAR STRATEGIC PLAN

2007 - 2011





# WTO Cyprus Conference

Survey of Destination Management Organizations by UN World Tourism Organization

“Tourism development, management, marketing and promotion should be managed within an integrated structure.”



# WTO Cyprus Conference



Key conclusion:

“If you are pursuing the same strategy within the same structure that you had five years ago, then the likelihood is that, at best, you will be missing opportunities - at worst, undermining the future of your tourism industry.”



# It's a New Ballgame

How Does Guam Compete?



Five Year Strategic Plan FY 2007 - FY 2011

# Guam's Start of a New Era 1967

- Guam's civilian and military population was about 70,000
- Visitors arrivals in May 1967 were 3,969
- Japanese arrivals in May 1967 were 1,845
- Pan Am offers 30-day excursion package GUM-MNL-HGK-TKO-GUM \$378
- Cliff Hotel offers air conditioned rooms for \$12 single and \$16 double. Breakfast \$1.50



# Fast Forward to 1997, 1998, 1999

- Guam achieves record arrivals 1997 - 1,381,000
  - KAL 801 Crash in August 1997
  - Typhoon Paka in December 1997
  - Currency Crisis in 1998
  - Recovery again begins in 1999
- GVB Budget to Recover Market
  - FY 1997           \$13,802,417
  - FY 1998           \$21,646,197
  - FY 1999           \$19,062,476



# Fast Forward to 2003, 2004, 2005

- Guam's Recovery after 9-11 again hindered by natural and man-made disasters
  - Typhoons Chata'an and Pongsona in 2002
  - Iraq War and SARS in 2003
  - Recovery again begins end of 2003 to 2005
- GVB Budget to Recover Market
  - FY 2003 \$ 7,916,158
  - FY 2004 \$11,299,252
  - FY 2005 \$10,903,353
  - FY 2006 \$11,341,091
- \$5.4 million Debt paid of to Japan Agency over 2 year period – 2003 to 2004
  - Actual Budget in FY 2003 \$5.2 million
  - Actual Budget in FY 2004 \$8.6 million



# Our Mission Forward

- ✓ **Understand Who our Customer is...Better yet, decide who we want our customers to be!**
- ✓ **Improve our Product and Service standards**
  - ✓ **Focus on Developing Attractions**
  - ✓ **Enhance Service Quality**
  - ✓ **Give People a Reason to Come and Want to Come Back!**
- ✓ **Grow Arrivals to sustain the capacity in airlines, hotels, and other tourism facilities**
  - ✓ **Focus not simply on quantity, but quality of visitor**
  - ✓ **Strengthen our core markets of Japan and Korea**
  - ✓ **Diversify our visitor mix in order to grow our market base**
  - ✓ **Emerging Markets – People's Republic of China, Russia**
- ✓ **Hold ourselves accountable for delivering results.**



# Five Year Objectives 2007 to 2011

## Increase Visitor Arrivals

- Nominal 1,450,000 – 3% Annual Growth
- Moderate 1,530,000 – 5% Annual Growth
- Aggressive 1,680,000 – 7% Annual Growth



# Five Year Objectives

## Visitor Target Mix

	<u>FY 2005</u>	<u>FY 2011</u>	<u>Arrival #'s</u>
Japan	80%	68%	1,040,400
Korea	10%	19%	290,700
USA/Haw	4%	5%	76,500
East Asia	4%	6%	91,800
Australia,	2%	2%	30,600
Russia, other			
		<b>Total</b>	<b>1,530,000</b>





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# WTO Cyprus Conference



Key conclusion:

“If you are pursuing the same strategy within the same structure that you had five years ago, then the likelihood is that, at best, you will be missing opportunities - at worst, undermining the future of your tourism industry.”



# WTO Cyprus Conference



Attention needed to:

1. The destination brand and the values conveyed to the customers.
2. The nature and quality of the destination experience.





# PURPOSE

- **Set a Strategic Direction** - Integrated structure
- **Isolate Key Issues, Initiatives** - Redirect Strategy
- **Educate community about tourism's economic impact** - Support base
- **Galvanize a Shared Vision** - Brand image & value
- **Continuity and bipartisan support** - Sustaining long term implementation





# Today's Briefing

- Why Guam needs a plan
- What's at stake?
- Who needs to be involved
- Where we were before (1997)
- Where we are today (2006~07)
- Where we want to go (2011)
- What we need to do





# Why Guam Needs a Plan

- More and better competition
- Japan outbound (80% arrivals) flat
- Slow growth
  - Up 0.8% in 2006,
  - Forecast 1.7% in 2007
  - Guam share erosion from 6.5% (1997) to 5.5% (2006)
- Must grow share of shrinking opportunity





## What's at Stake?

- Potential impact of 1% shift in market share

Country	Visitors	Average Spend	Total
Japan	174,036	@ \$666.21	\$115,944,523
Korea	108,000	@ \$396.00	\$ 42,768,000
Taiwan	82,100	@ \$490.00	\$ 40,229,000





## What's at Stake?

- Total visitor on island spend in FY 2006
  - \$772,297,000
- 1.75 multiplier = \$1.35 billion impact
- Island revenue 60%
- Tourism jobs approximately 20,000
- Island employment 35%, direct and indirect



# Tourism Importance: How Guam Compares



- Guam ranks 8th out of 36 insular economies on a Tourism Penetration Index (TPI)
- TPI is a measure of visitor density, spending, and room density
- Index measured in Europe, Caribbean, Indian Ocean and Asia Pacific
- Guam Economy tourism dependent and long term implications



# Who Needs to Be Involved

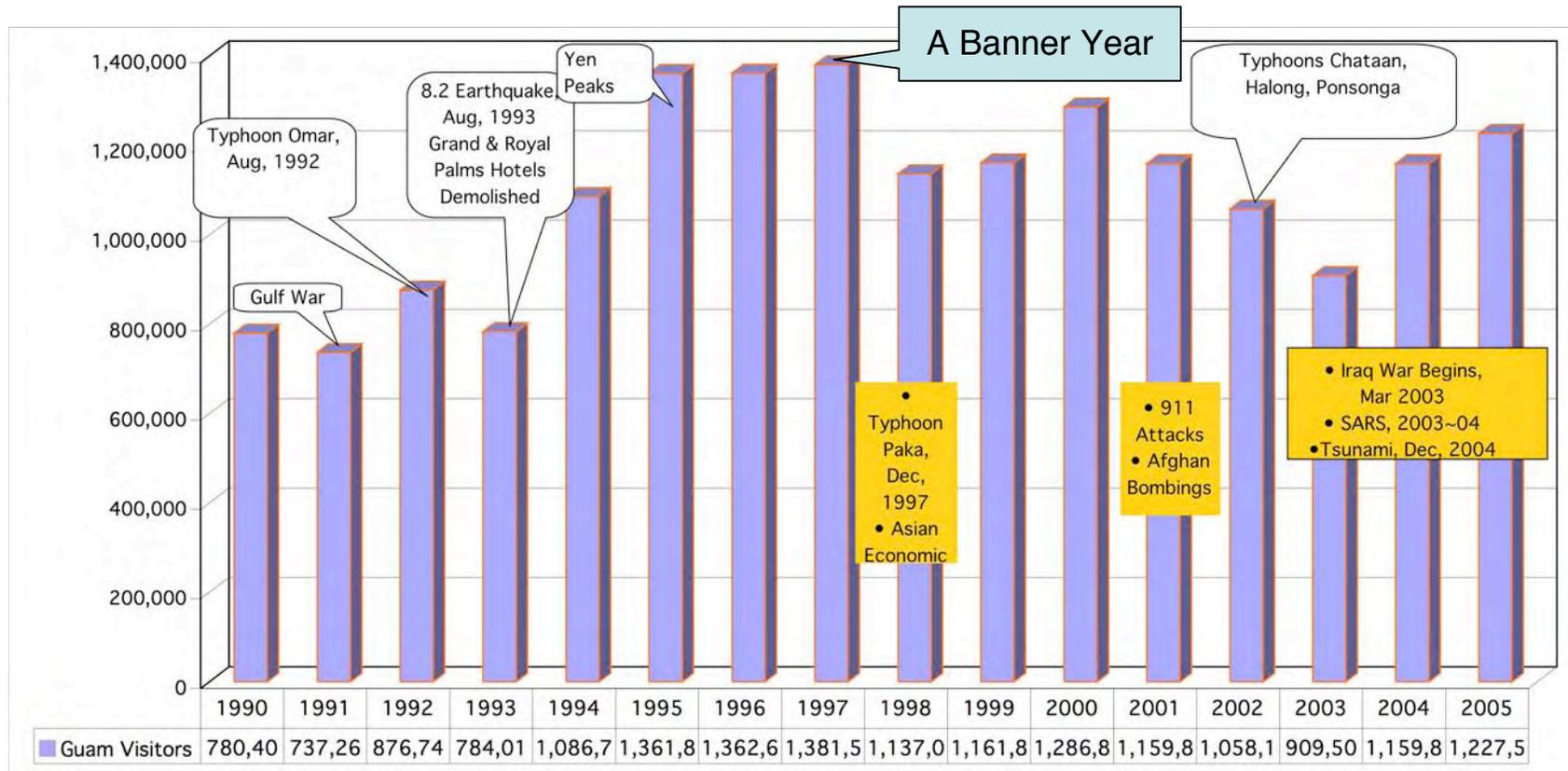


- Entire Island Community
- Executive branch
- Legislature
- Private sector partnerships
- Community support and engagement
- Fully integrated implementation structure





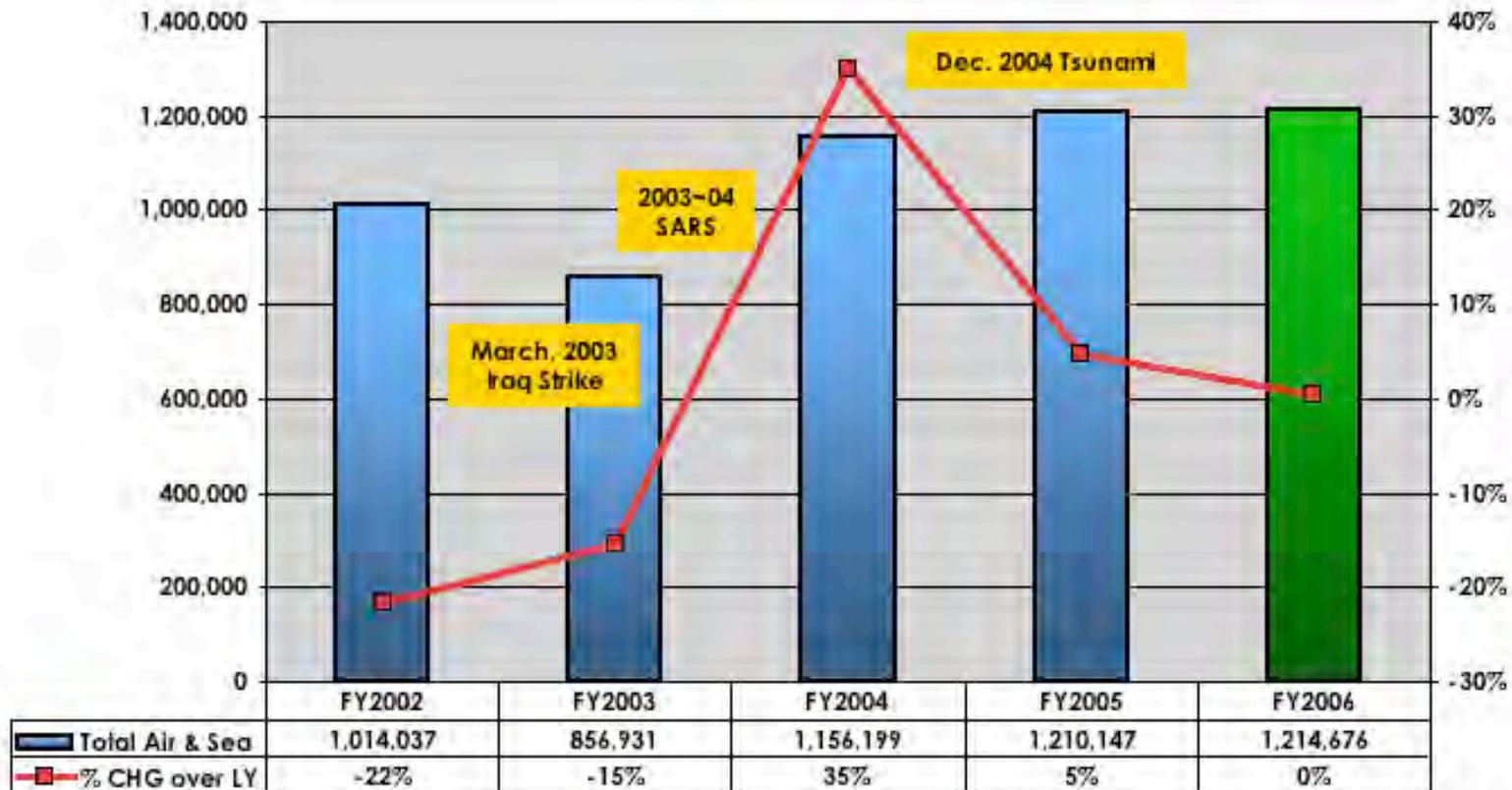
# Where We Were



1997: 1,381,510 Visitors - Highest Number of Arrivals



# Where We Are Today



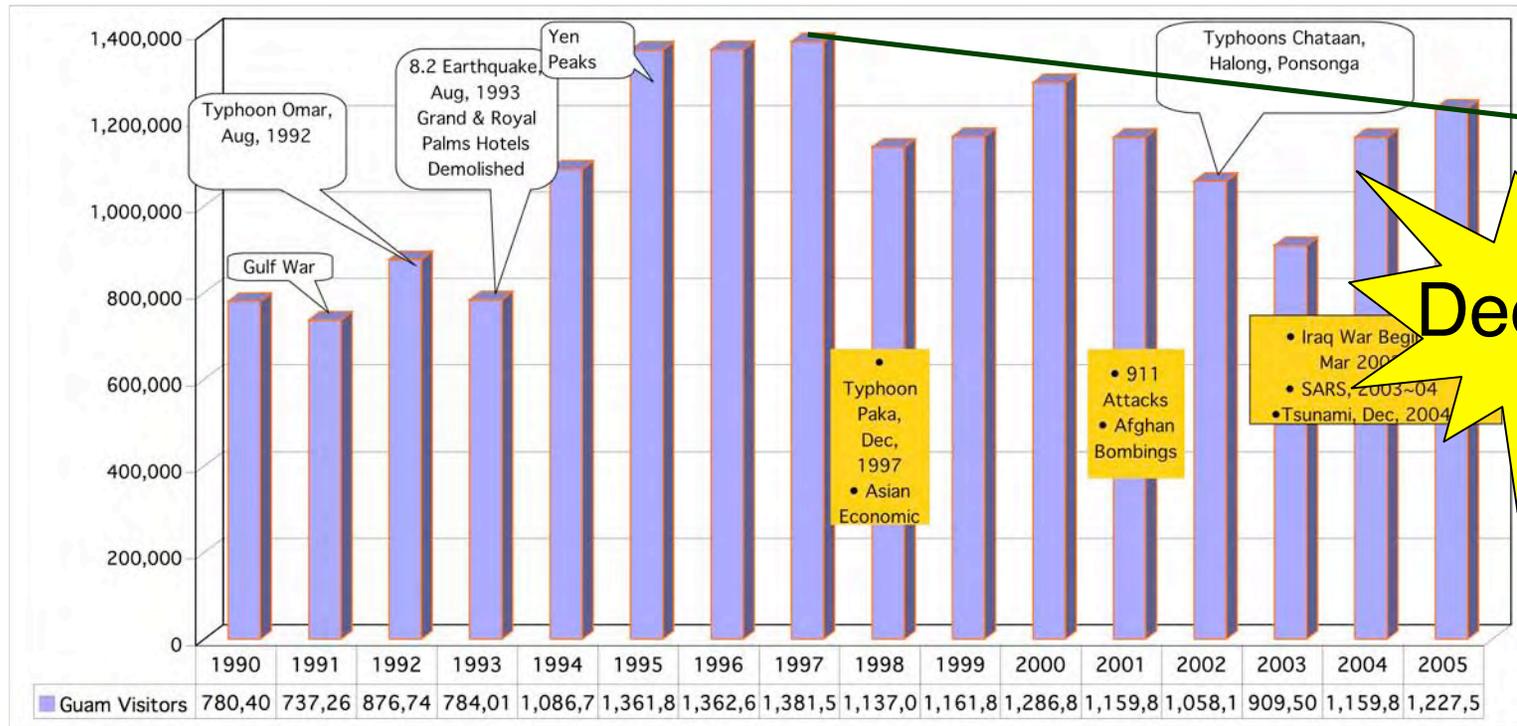
# Where We Want to Go



VISITOR ARRIVAL GOAL



# Falling Visitor Arrivals



Loss of Visitors Means Less Revenue



# Impact of Fewer Visitors



	FY 1997	FY 2006	Difference	Percent Change
Arrivals	1,381,510	1,214,676	- 166,834	- 12.0%
Island Spend	\$712	\$666	\$46	- 6.4%
Multiplier 1.75	\$1.72 billion	\$1.41 billion	\$310 million	- 18%
GRT 4%	\$68.8 million	\$56.4 million	\$12 million	- 18%
@ 30% Payroll Taxes 27%	\$140 million	\$114 million	\$25 million	- 18%



# Need Reform and Dramatic Changes to Reverse Situation



- ✓ Marketing
- ✓ Product Improvement
- ✓ Destination Development



# Destination Marketing Brand Building

By Jim Beighley





# Marketing

- Re-branding Guam's global image
- Defining the right Market Targets
- Crafting the right Message
- Communicating a Compelling Invitation
- Diversification to lessen Japan Market dependency



# Overview



- Visitor arrivals peaked in 1997 – 1.4 Million.
  - Significant investment in Destination product – private and public.
  - \$18 Million GVB operating budget.
- Little has changed in the key elements that define the Guam product since 1997.
  - GVB Funding at \$12 Million.
  - Competition has increased funding, share of voice.



# The Right Target Markets



- Understanding how the customer has evolved.
- Playing to our strengths.
- Higher Yield customer.
- Evolving the brand image as the product evolves.
- The importance of **Experience.**



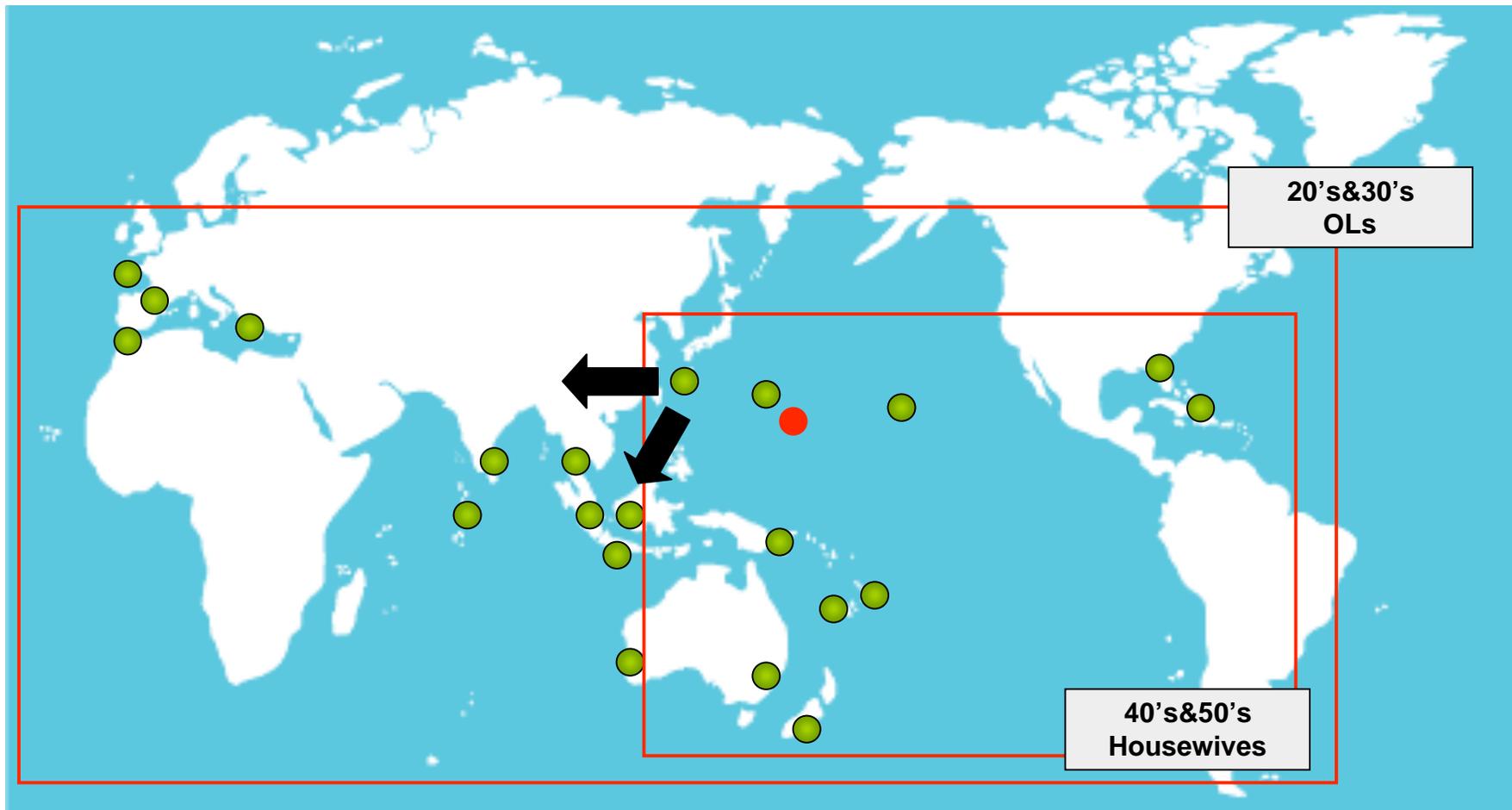


# The Importance of Experience

- The accumulation of experiences is becoming more important today than the accumulation of things.
- Tumon Bay is important – but it is not enough.
- Experience generates Word of Mouth – 12 to 15 times more powerful than any Advertising or PR campaign.



# Our competition has grown



# Insights into the Traveler

Self Reflection



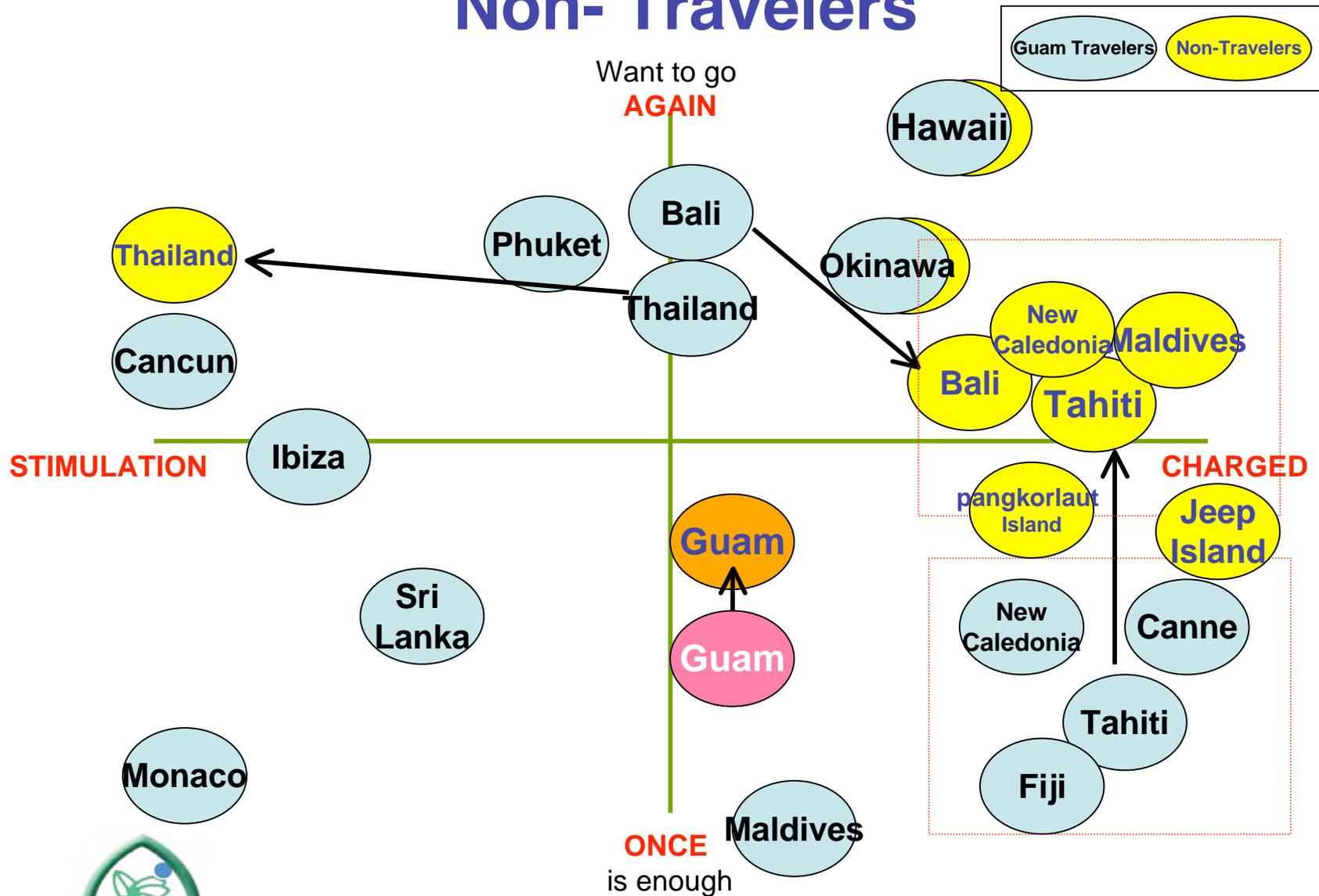
**ONCE**  
is enough



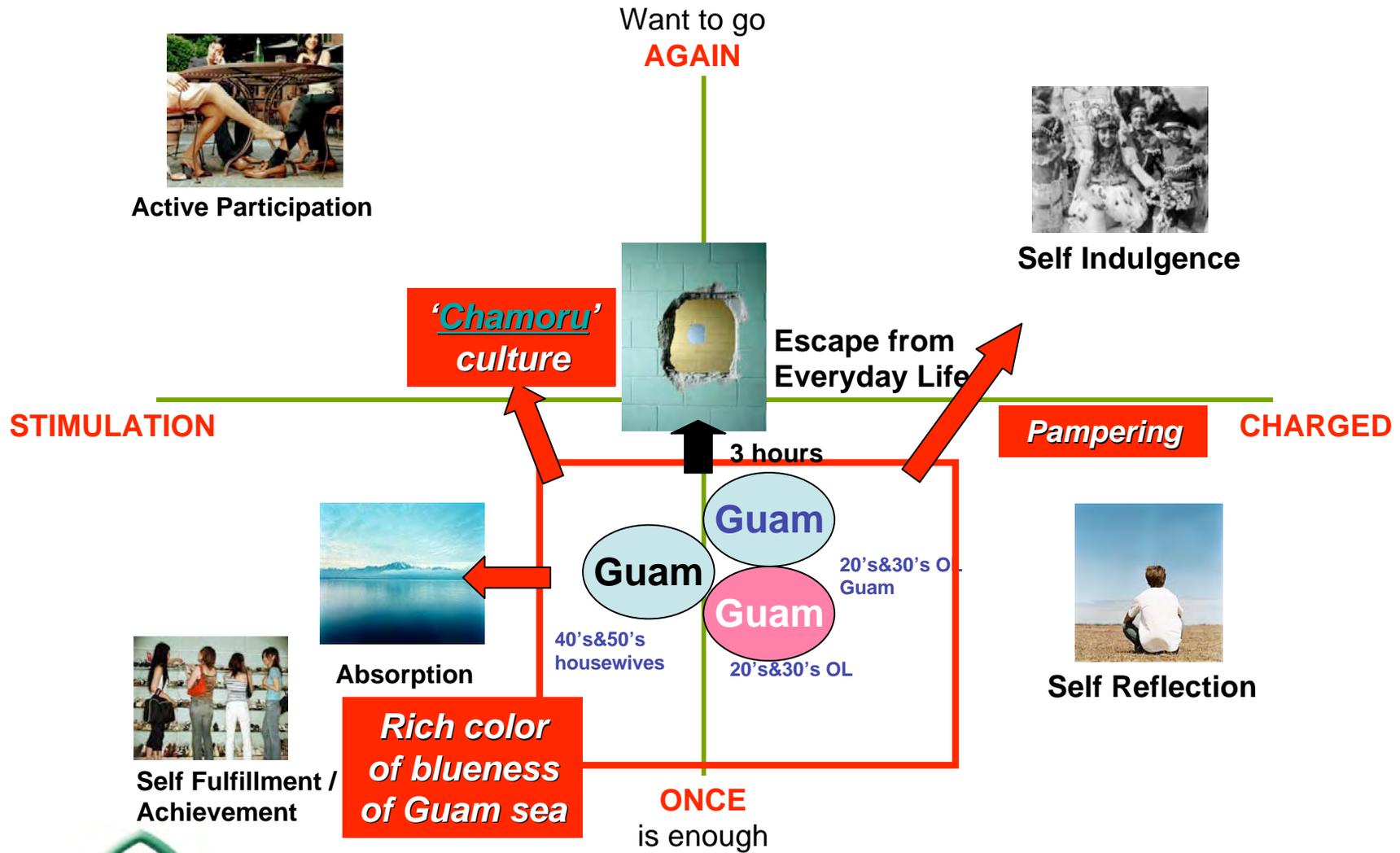
Self Indulgence



# Perception Mapping – Guam Travelers and Non-Travelers



# How to make Guam more attractive?





# Re-branding Guam's global image

- No common brand image across markets today.
- Travelers from all countries are seeking the same things – Japan, Korea, Taiwan, China.
- A unified brand image that communicates the **Experience** is more powerful.



# Destination Marketing Sports Tourism

By Richard Lai



# Destination Marketing



- Some successes
  - Public law 27-12 passed by 27th Guam Legislature establishing Sports Tourism Committee
  - Purpose to recruit professional sports team for training camps
  - And establish amateur sport competition events on Guam



# Destination Marketing



- Some successes
  - Since then Guam has hosted
    - Japan Olympic Swimming and Synchronized Swimming Team
    - Japan Professional Football and Baseball teams
    - Korean Professional Football and Baseball teams
    - U.S. Olympic Swimming team confirmed for training before 2008 Beijing Olympics
    - International Kite Festival, 15 countries, Feb 17-18, total 20,000 attendance expected, local and international
    - Ko'ko International Road Race, 20K (Oceania Course) and Ekiden Relay
    - Rugby, Triathlon, Cocos Crossing, X-terra
    - PIC a big success today. Need to sustain
    - Under age 14 World Soccer Championship, East Asia



# Destination Marketing



- Sports Tourism
  - Governor Camacho rekindled Yomiuri Giants interest in Guam
  - Biggest impediment - lack of quality facilities meeting international standards
    - Not enough facilities - turned away 2 teams for training
  - Success due to private investments; Leo Palace, FIFA Field
  - Need more support for facilities to attract world class athletes



# Destination Development & Improvements

By Vice Mayor Robert Hoffmann



# Product Improvement



- Human capital development
- Elevating a high standard service culture
- Creating a brand community
- Develop talent pool to showcase cultural heritage
- Grow small businesses, hotel bookings, etc.



# Destination Development and Improvement



- Capital Improvements
  - Guam National Museum
  - Community Event Center
  - Cultural and Historic Attractions
  - Community parks and recreation improvements



# Destination Development



Designer : ARCHITECTS LAGUANA AND CRISTOBAL

## Build the Guam national museum



# Destination Development



- Build a multipurpose event center
- Complete old Hagåtña revitalization plan
- Restore, refurbish historic and natural sites, e.g., Forts Soledad and Santa Agueda
- Upgrade parks, marinas and scenic overlooks



# Destination Development



- Major destination development will require:
  - Visionary leadership
  - Bipartisan resolve and commitment
  - Community support
  - Long term and reliable funding source



# Destination Development



- Island Capital Improvement Fund
  - Hagatna \$39,075,000
    - Hagatna Restoration Plan
      - Fort Santa Agueda
      - Plaza de España
      - Latte Stone Park
    - Guam Museum
    - Guam Legislature Restoration Project



# Destination Development



- Island Capital Improvement Fund
  - Village Community Improvements \$3,125,000
    - Ypao Beach Park
    - Agat Beach
    - Piti Marine Park
    - Mangilao
    - Pago Bay
    - Inarajan Pool
    - Tagachang Beach
    - Dededo Park
    - Yigo Baseball Field
    - Agana Pool
    - Agana Tennis Courts



# Destination Development



- Island Capital Improvement Fund
  - Cultural & Historic \$32,000,000
    - Inarajan
      - Gef Pago
    - Umatac
      - Magellan's Landing
    - Multipurpose Event Center



# Destination Development



- Island Capital Improvement Fund
  - Signage \$825,000
    - Village Signs
    - Scenic Highway Signs
    - Interpretative Signs





# Island Improvement Capital Fund

## Total Fund Package

Project Title	Amount	Fund %
Hagatna Master Plan	\$ 39.07 million	52.1%
Village Community Improvements	\$ 3.1 million	4.13%
Cultural & Historic Plan	\$ 32.0 million	42.67%
Island Signage Plan	\$ 825,000	1.10%
<b>TOTAL</b>	<b>\$ 75,000,000</b>	<b>100.00%</b>



# Good News - Bad News

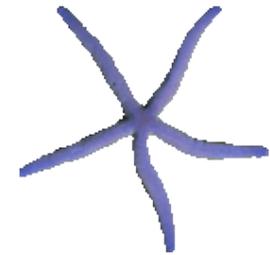


## Guam Visitors Bureau

### FIVE YEAR STRATEGIC PLAN

2007 - 2011





# What's At Risk?

## Scenario #1: Status Quo

Market	FY 2006	FY 2011	Difference
Japan	962,007	880,726	-81,281
Korea	114,471	104,799	-9,672
Others	138,198	176,380	+38,182
All Visitors	1,214,676	1,161,905	-52,771
Spend	\$772,297,000	\$722,046,375	-\$50,250,625

Assume Japan and Korea Market Share Erosion 1.75% per year





# What We Gain

## Scenario #2: Execute Strategic Plan

Market	Strategic Plan	Status Quo	Difference
Japan	1,101,600	880,726	+220,87
Korea	290,700	104,799	+185,901
Others	137,700	176,380	+38,680
All Visitors	1,530,000	1,161,905	+368,09
Spend	1,102,212,454	722,046,375	+380,166,079

Assume Japan 2.9% growth, Korea 30.7% growth per year



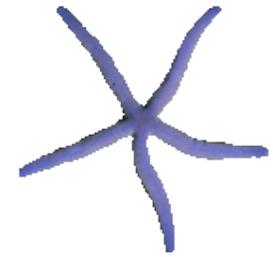
# Rewards for Success



FY 2011	1,530,000 Visitors
On island spending	\$1,102,212,454
Multiplier 1.75	\$1,928,871,795
Gross Receipts Tax 4%	\$ 77,154,871
Payroll Taxes 27%	\$140,000,000
Hotel Occupancy Tax 11%	\$ 33,294,132

FY 2006 TAF estimated at \$21,000,000





## Bottom Line

- Difference Between
- Getting \$380 Million more each year
- or
- Getting \$50 Million less income each year



# Good News - Bad News



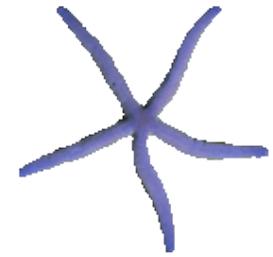
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STRATEGIC PLAN**

2007 - 2011



# Bad News



- Many hard decisions ahead
- Plenty of hard work to do
- Need bipartisan and unified support
- All of this work in the shadow of impending military build up



# Good News



- Collection of community, stakeholder input
- Inventory of needs and suggestions
- One source document for all involved
- Sense of strategic direction for:
  - Improvement & Sustainability
- Focus on improving quality of life



# The Next Steps



- Communicate - all stakeholders
- Adapt - suggestions, comments
- Adopt - appoint leaders, action plans
- Refine - set priorities, timelines
- Focus - stick to a critical path
- Execute - resolve, commit, act

