

Pick Up Notice - Substantial Interest Determination re: RFP 2025-002

18 messages

Maria Anna Schniep <mschniep@oagguam.org>
To: Christine Lizama <chris.lizama@visitguam.org>
Cc: Adifson Namelo <anamelo@oagguam.org>, Regina Andres-Iyechad <r.andres-iyechad@oagguam.org>

Thu, Feb 20, 2025 at 4:19 PM

Ref: GVB 25-0067

Our office has approved the above-referenced requests. Kindly send an agency representative to the Solicitors Division located on the 8th floor to pick up your agency's document(s). Please ensure that the individual picking up your agency's document(s) presents this email to the person at the front desk as proof of authorization to do so. Additionally, please please be aware that this document will be retained for our records as well.

Maria Anna Blas Schniep

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Christine Lizama <chris.lizama@visitguam.org>

Thu, Feb 20, 2025 at 5:15 PM

To: Gerry Perez <gerry.perez@visitguam.com>, Joseph McDonald <jbernard@mcdonald.law>, Rudd Gudmalin <rudd.gudmalin@visitguam.org>, Dee Hernandez <dee.hernandez@visitguam.org>, Christina Fillmed <christina.fillmed@visitguam.org>

Hafa adai: Please see notice that the Substantial Interest Determination has been approved. Tina will pick up first thing in the morning. I will have the contract ready for when you finalize negotiations with RIMS. chris
[Quoted text hidden]



Si Yu'os Ma'ase' (Thank You),

Christine Lizama

GVB0365



MEMORANDUM TO FILE

DATE: February 18, 2025

TO: Procurement File

SUBJ: Substantial Interest Determination

RE: GVB RFP 2025-002 Integrated Communications, Advertising and Event Support Services; Protest filed by Glimpses of Guam

Introduction:

This is a determination that award of the contract for GVB RFP 2025-002 without delay to RIMS is necessary to protect substantial interests of Guam.

GVB as the Key Tourism Driver for Guam:

The Guam Visitors Bureau (GVB) is tasked with several responsibilities related to promoting and developing Guam's tourism industry. These include:

- Promoting and marketing Guam as a tourist destination.
- Encouraging local resident interest in the tourism industry.
- Promoting local culture and locally made products.
- Collecting, producing, and distributing visitor industry data.
- Developing and implementing Guam's tourism strategic and marketing plans.
- To efficiently and effectively promote and develop Guam as a safe and satisfying destination for visitors and to derive maximum benefits for the people of Guam.

Guam has a substantial interest in its tourism industry, which generates hundreds of millions of dollars of gross island product, thousands of jobs, and tens of millions of dollars in tax revenues.

Challenges facing Guam's Tourism Industry:

Currently, Guam is experiencing significant challenges in its recovery from slack tourism sector performance after the COVID-19 pandemic and persistence of weak source market currencies. At GVB's November 7, 2024 Board Meeting, the following was reported for visitor arrivals:

- In fiscal year 2023 (ending September 30, 2023), Guam recorded 602,594 total visitor arrivals.
- For the 2024 fiscal year (October to July), Guam's airport reported 775,000 passenger arrivals.



25 NOV 7

- The Guam Visitors Bureau had forecasted approximately 900,000 visitors for fiscal year 2024, which would represent about 55.6% of pre-COVID numbers

At a board meeting on October 24, 2024, Governor Lou Leon Guerrero provided a tourism study finding issues facing the industry.¹ Among the notable issues the following were provided in the report:

- **Lack of a Unique "Must-See" Element:** Guam is seen as similar to other tropical destinations and doesn't have a compelling, unique attraction that makes it stand out.
- **Local Culture and Dining Not Top-of-Mind:** Travelers don't immediately associate Guam with its local Chamorro culture or cuisine. This represents a missed opportunity to differentiate Guam from other destinations.
- **Mixed Perceptions of Guam's U.S. Territory Status:** While some see the U.S. connection as a guarantee of safety, others are turned off by it, preferring destinations that feel less Americanized or have a stronger local identity. Some travelers expressed a dislike for America, so Guam being a US territory makes them less inclined to visit.
- **Limited Activities and Attractions:** Some potential visitors feel that Guam needs more diverse content and tourist attractions beyond just swimming and shopping. They are looking for unique experiences, local souvenir shops, museums, cultural sites, and activities in the surrounding towns.
- **Replaceable Beauty:** Some perceive Guam's beauty as "normal" and not outstanding, making it easily replaceable with other destinations. There's a feeling that Guam lacks a unique selling point that makes it a must-visit location.
- **Small Island Perception:** Some feel Guam is so small that you can see everything in one day.

The report also provided these recommendations to address Guam's tourism problems:

1. Enhance Guam's Unique Identity and Cultural Appeal:

- **Promote Chamorro Culture:** Develop and actively promote authentic cultural experiences that go beyond typical tourist activities. This could include:
 - Cultural village tours and demonstrations.
 - Interactive workshops on Chamorro crafts, dance, language, and history.
 - Partnerships with local artisans and cultural practitioners.
 - Highlighting historical sites and their significance.
- **Showcase Local Cuisine:** Elevate Guam's culinary scene by:
 - Promoting local Chamorro dishes and restaurants.
 - Organizing food festivals and cooking classes featuring local ingredients and techniques.
 - Creating culinary tours that explore Guam's diverse food offerings.

¹ See Guam Tourism Recovery – Focus Group Highlights (Attached).



- Supporting local farmers and producers to ensure the availability of fresh, local ingredients.

2. Address Perceptions Related to U.S. Territory Status:

- **Emphasize Guam's Unique Blend of Cultures:** Highlight the fusion of Chamorro, American, and other cultural influences that make Guam unique. This could involve:
 - Marketing campaigns that showcase Guam's diverse cultural heritage.
 - Promoting events and festivals that celebrate Guam's multicultural identity.
- **Focus on Safety and Security:** For travelers who value the U.S. connection for safety reasons, emphasize Guam's security and stability as a U.S. territory.
- **Target Travelers Seeking American Experiences:** Market Guam to travelers specifically interested in experiencing American culture in a tropical setting.

3. Diversify Activities and Attractions:

- **Develop a Wider Range of Activities:** Offer more than just swimming and shopping. Consider:
 - Developing adventure tourism activities like hiking, diving, and water sports.
 - Creating cultural and historical tours of Guam's villages and landmarks.
 - Offering opportunities for visitors to interact with local residents.
- **Promote Local Shopping:** Support and promote local souvenir shops and businesses that offer authentic Guam products.

4. Combat the Perception of "Replaceable Beauty" and Small Size:

- **Highlight Unique Natural Features:** Showcase Guam's unique natural landscapes, such as its beaches, reefs, and forests.
- **Develop Themed Itineraries:** Create suggested itineraries that encourage visitors to explore different parts of the island and experience its diverse offerings over several days.
- **Promote Day Trips and Excursions:** Offer opportunities for visitors to explore neighboring islands or engage in unique activities off the coast of Guam.

5. Address Price Sensitivity:

- **Offer Value-Added Packages:** Create packages that combine accommodations, activities, and meals at a discounted price.
- **Promote Affordable Options:** Highlight affordable accommodations, dining options, and activities to attract budget-conscious travelers.
- **Target Markets Less Sensitive to Exchange Rates:** Focus marketing efforts on regions with stronger currencies or travelers less concerned about exchange rate fluctuations.

6. Improve Communication and Promotion:

- **Develop Targeted Marketing Campaigns:** Create marketing campaigns that specifically address the concerns and interests of travelers in Japan, South Korea, and Taiwan.
- **Utilize Digital Marketing:** Use social media and online channels to showcase Guam's unique attractions and cultural experiences.
- **Partner with Travel Agencies and Influencers:** Collaborate with travel agencies and influencers to promote Guam as a desirable travel destination.
- **Promote Guam Cuisine in Key Markets:** Introduce Guam cuisine to Japan, South Korea, and Taiwan through restaurants and food events.



The Bureau's use of communications, marketing and events management vendors to drive arrivals:

The Bureau has for a long time used events to promote Guam's tourism offering and generate visitor arrivals. Because of the challenges facing the tourism industry, GVB determined that it would be necessary to up-game its strategic marketing vendor. Selection of an appropriate vendor is key.

On December 26, 2024, the Bureau canceled for convenience its contract with its events management vendor, Glimpses of Guam, Inc. (Glimpses), pursuant to its Agreement with the company. In the termination letter, GVB stated that the purpose of seeking new offerors was to engage a firm capable of planning, developing, and executing uniquely designed signature events to attract visitors and enhance Guam's destination appeal.

On December 27th, 2024, GVB Issued RFP 2025-002 For Integrated Communications, Advertising and Event Support Services. With the introduction of the Tourism Recovery Plan and increased directives from the Governor and the Board of Directors, it was necessary to revise and expand the scope of work to meet the challenges ahead. This is clearly seen in the design of RFP 2025-002, which is intended to respond to recommendations found in the Report provided by the Governor:

RFP2021-003	RFP 2025-002
Intent 1.0	Intent 1.0
- focus on recovery	- focus on the CHamoru culture
- Education of residents on health and safety measures	- Tourism development through events
- Information to source markets on health and safety measures	- Strategic brand positioning
- Education of general public on the benefits of tourism	- Involve local communities to build pride and ensure events align
	- Digital marketing and storytelling to increase Guam's digital footprint and showcase Guam's culture

On January 17, 2025, bid submissions were closed. On January 21, 2025, a selection panel recommended award to RIMS. The contract that is contemplated is less than \$450,000.

Following a comprehensive evaluation, Ruder Integrated Marketing Strategies, Inc. (RIMS) emerged as the highest-rated offeror. Their proposal was not only complete but also visually compelling, reflecting the level of professionalism and strategic expertise necessary to support GVB's efforts in revitalizing Guam's tourism industry. Despite their recent



experience with GVB, Glimpses' proposal lacked the level of professional attention expected from a firm responsible for assisting GVB to spearhead strategic tourism initiatives.

On the whole, RIMS was chosen because of its successful track record with past events, and it has demonstrably more resources to respond to GVB's needs.² RIMS has a partnership agreement with Big Fish Creative, Inc., a branding/marketing firm, and will leverage SKIFT,³ a global tourism intelligence platform, in a venture called *Manhita*, to help GVB spur recovery of Guam's tourism sector. As compared to Glimpses, RIMS response to the solicitation provides advantages over Glimpses as shown by its ability to provide strategic recommendations and expedite communications, advertising and events support services that GVB believes will greatly increase the trajectory of Guam's tourism industry recovery.

RIMS is clearly the superior offering.

Award of GVB RFP 2025-002 without delay is necessary to protect substantial Interests of Guam:

On February 4, 2025, Glimpses protested the award to RIMS. The protest is based on two contentions. First, Glimpses believes that the scope of the work in RFP 2025-002 is identical to the scope of its cancelled contract. In other words, Glimpses is protesting that after cancellation for convenience, a procurement for the type of work it had formerly done was conducted. This is an improper basis for a protest, which is only permissible for the method of source selection, solicitation, or award of contract. The contract for RFP 2025-002 has yet to be awarded. Nevertheless, it is noteworthy that, the method of source selection and solicitation were known since the date of the issuance of the RFP (Dec. 27, 2025), and Glimpses protest on those bases are untimely.

Glimpses' second protest basis is its contention about the specifications which it claims are ambiguous and unfair. Again, Glimpses knew of the specifications since Dec. 27 but never asked for clarification or had questions about the specifications. Glimpses' protest is untimely.

Conclusion:

Glimpses response to the solicitation was inferior, its protest untimely and without merit but stays the award of the contract to RIMS. Given the economic impact of tourism—where each tourism-related job is sustained by approximately 70-75 visitors and supports an estimated 20,000 jobs—GVB cannot afford further setbacks. Owing to the need to give immediate effort to effect a recovery with a superior vendor, it is abundantly clear that award of a contract to RIMS is necessary to protect substantial interests of Guam, that is, its tourism industry.

² Glimpses may have strained working capital. GVB immediately reimburses costs on projects, but Glimpses' subvendors have complained of late payments.

³ Information about SKIFT is available here: <https://skift.com/about/>.



25-0067 8

By:

Christine Lizama

Christine Lizama
Contracts & Procurement Administrator

Date: 2/19/25

Concur:

G.S.A.P.

Gerald S.A. Perez
Acting General Manager
Guam Visitors Bureau

Date: 2/19/25

Concur:

for

Douglas Moylan

Douglas Moylan GVB-25-0067
Attorney General of Guam

Date: 02/20/25

END OF SUBSTANTIAL INTEREST DETERMINATION

Guam Tourism Recovery - Focus Groups Highlights

Prepared for Guam Visitors Bureau, Guam Bureau of Statistics & Plans

Omnitrak

Phase One - Qualitative Focus Groups

Focus Group findings to fuel Quantitative Destination Branding Survey Development...

Qualitative Exploratory Focus Groups

- Post pandemic travel motivations, travel behaviors, destination preferences.
- Travelers' attitudes/perceptions of Guam and the Guam visitor experience.
- Decision factors which influence travelers' selection of Guam, vis-à-vis factors which influence travel decisions for competitive destinations and barriers to Guam travel.
- Guam's Unique Point of Sale (USP) that enables Guam to differentiate its tourism experience, including updated destination brand perceptions of Guam and the island's key experience pillars.

Quantitative Destination Branding Surveys

- Overseas travel motivations (e.g., exploration, experience other cultures).
- Destinations considering for next vacation, destinations previously visited.
- Importance ratings of factors in selecting an overseas leisure destination (e.g., Great shopping, Easy to get there, Makes me feel alive and energetic).
- Destination perceptions of Guam vis-à-vis competitors in regards to destination selection factors.
- Perceived barriers to travel to Guam.
- Sources of information for travel inspiration, planning and booking travel.
- Guam brand personality, BrandHeart™ questions (see following slides for BrandHeart™ examples).

Focus Group & Survey Respondents

Participants in both the qualitative online focus groups and respondents to the quantitative online surveys will meet the following screening criteria:

- Nationwide sample of residents of Guam's key source markets: Japan, South Korea and Taiwan.
- All participants will be ages 21 and older, with a representative mix of gender and ages.
- Social Economic Classes A through C (i.e., upper and middle class segments).
- Have traveled overseas at least once since 2021, or intend to travel overseas at least once in the next 24 months.
- Decision maker or co-decision maker regarding travel destinations and travel arrangements.

What's the Big Idea?

CAUTION: This is qualitative research intended to feed into the development of the quantitative research. Qualitative research explores the range of opinions in the marketplace.

1

Travel Demand: Japan discovers domestic travel, pent-up travel demand sends Korea and Taiwan travelers overseas.

2

Motivations: Travelers head overseas to experience the daily lives of local residents, cultural experiences, rest and relaxation, and attractions beyond tourist spots in other countries.

3

Guam Perceptions: Guam is an accessible, resort destination, similar to other tropical places, needs a "must see" element

- Guam's local culture, local dining, villages are not top of mind for travelers, are opportunities



Overseas Travel Demand

Japan discovers domestic travel, pent-up travel demand sends Korea and Taiwan travelers overseas

Japan Travelers

- Since the pandemic, there's been a shift in the workplace where people are more likely to take time off if they feel even slightly unwell, like having a fever. It feels like the barrier to taking a day off has really lowered.

• Before COVID, I used to choose overseas trips most of the time. But during the pandemic, I started using trains instead of planes and ended up traveling domestically a lot more. In the past, my travel ratio was about 50/50 between domestic and international trips, but after the pandemic, it shifted to around 90% domestic and 10% international.

Korea Travelers

- Although I did not go on trips often, that is still different from not being able to travel at all. Because I was stuck in Korea for so long, nowadays if I want to go somewhere, I will just go instead of thinking about it, which is what I would have done in the past. I have tried to travel as often as possible.

Overseas Travel Demand

Japan discovers domestic travel,
pent-up travel demand sends Korea
and Taiwan travelers overseas

Korea Travelers

- *I used to think I could just go whenever I wanted, but now I do not feel that way anymore. I think it has become a bit more important compared to the past. Definitely more important than domestic travel.*

- *When I travel overseas, I want to visit somewhere new, eat delicious food and have fun. I am more likely to go now since I was unable to go in the past.*

Taiwan Travelers

- *It is important, because we were stuck and we went crazy. And then once things opened up, we just kept going outside. Just tried to go everywhere. In the pandemic, everyone's freedoms were restricted, and so everyone could understand how important leisure is and enjoying your life is. So after that, whenever I have extra money, I just feel like traveling overseas. Revengetful traveling.*

Travel Prices

Exchange rates, inflation slow shopping travel, but travel demand overcomes overall price sensitivity

Japan Travelers

- Usually, it's about wanting to do something specific at the destination. In the end, I believe I'd go regardless of time or money constraints.
- I think my wife's shopping habits are affected. Shopping abroad tends to be more expensive, and factors like inflation and fuel costs also play a role. With the yen being weaker now, it feels like it's not as favorable to shop overseas. We've reduced trips that are primarily for shopping, especially to places like Hawaii.

Korea Travelers

- I do not think it matters that much to me. Where I go and what I do is more important. I do not only worry about the cost. Of course, it would be different if the exchange rate changes dramatically all of a sudden, but that almost never happens.

Travel Motivations

Travelers head overseas to experience the daily lives of local residents in other countries

Japan Travelers

- *I travel to experience something out of the ordinary. At my destination, I try to live as much like the locals as possible. While it may still be somewhat artificial, my goal is to experience the daily life of the local people. Because of this, I don't visit many tourist attractions; instead, I often spend the whole day relaxing at a café.*

- *I value interacting with locals when I travel. Since I obviously look like a foreigner, I sometimes pretend not to understand and ask questions or make casual small talk. This often leads to discovering things only locals know, like great restaurants that aren't on the internet. Talking to locals also lets me feel the cultural differences.*

Korea Travelers

- *When you say culture, I am not sure exactly what you mean by that. I enjoyed visiting more local areas because I wanted to see how the real locals lived and what their lifestyles were like.*

Travel Motivations

Cultural experiences, rest and relaxation, attractions beyond tourist spots attract overseas travelers

Korea

Travelers

- There are things like one-day classes and cooking classes. What else is there... I also tried wearing a kimono in Japan before. So, just like there is a hanbok experience in Korea, there is a kimono experience in Japan too.

Taiwan

Travelers

- I feel that for that moment, you can put down your work, set aside your work, and go out and relax. When you come back, of course you have to face reality, but at least for that short period when you're traveling, you can completely forget about your job, and you don't have to think about anything.

- Culture, different lifestyles in different countries, and cultural background and food, it's all completely different. I want to go overseas to experience a different kind of lifestyle from what we have in Taiwan. Go to some places that are not the typical tourist sights. Experience their roads, their sceneries and their buildings.

Guam Destination Perceptions

Guam is an accessible, resort destination, similar to other tropical places, needs a "must see" element

Japan Travelers

- *I think Guam is a good destination for those who want a resort vibe but with a lower time hurdle for traveling—it feels more accessible.*
- *There's nothing about Guam that makes it an absolute "must-visit" for me. It's convenient as a nearby tropical destination with no time difference, and it has a nice atmosphere. But there's nothing particularly compelling or unique about it that makes me think, "I have to go to Guam!" So, while I wouldn't say I don't want to go or wouldn't consider it as an option, it's not a place I'd specifically choose over others.*
- *Other than the fact that it's U.S. territory, it's just an ordinary island in the south, and for me, it's not particularly appealing. When it comes to tropical destinations like Saipan or others, I feel like there's not much difference between them, and I don't really know what makes them special.*

Guam Destination Perceptions

Opportunity to build Guam's destination perceptions beyond swimming, shopping to more diverse experiences, surrounding towns

Korea Travellers

- *I think it is a great vacation spot for families or newlyweds. Leisure activities. It seems like a great place for leisure activities or just shopping.*
- *I feel like there should be more tourist attractions with more things to do. I am not interested in luxury shopping or anything like that. I just find the local souvenir shops fun, but there does not seem to be anything like that. There is only swimming. It seems like the content is limited to swimming, touring, and things like that, so I think Guam needs more diverse content.*
- *First of all, there needs to be good restaurants that stand out. Something, not just by the sea, but also in the city, like a museum, a structure, a structure where you can take pictures. Or maybe there are more things to do in the surrounding towns that have something special and worth visiting.*

Guam Destination Perceptions

Guam looks beautiful, offers a western experience which sets it apart from Asia

Taiwan Travelers

- So Guam, it does look beautiful, but it's just a normal beautiful. It doesn't feel like there is an outstanding beauty there.
- It (Guam) has everything, but its uniqueness is lower, so it can be replaced. There's no reason for which you must or have to go to Guam, or say, Oh, I've never seen this before. I want to go.
- The attraction of Guam is that it's nearby, and if we can interact with the local people there, then that will be something that's different from Southeast Asia and Japan. You won't feel that the language is the same. You're not restricted only to Asian languages.
- Guam is not so big, so one day you can finish everything. When you have limited time and you want to find a place to go look around, enjoy some activities, parachuting, and it is the nearest American city or location nearest to Taiwan, and the price is not too expensive.

Guam Destination Perceptions: Culture

Guam's local culture is not top of mind for travelers, an opportunity

Japan Travelers

- *Experiencing the local culture is something that wasn't really an option in my time (previous visit), so it feels fresh and new now.*

Korea Travelers

- *I guess it would be appealing if it was Hawaii, but I do not think I have ever really thought about Guam. Hawaii has native people. I have seen a lot of that kind of stuff on YouTube and stuff like that, but I do not think I have ever thought about Guam's local culture.*

- *If there are activities that allow me to experience their culture, I would like to try it, but on the other hand, I am a little afraid because they are a minority. Because they are people I do not know.*

Guam Destination Perceptions: Local Cuisine

Guam's local Chamorro dining is not top of mind for travelers, an opportunity

Japan Travelers

- *I'm really into food, and although there are international restaurants in Japan, eating the same cuisine in its home country feels more authentic—it really makes me feel like I am truly experiencing it.*
- *In Guam, the night market really stands out as a unique feature. There are many food stalls lined up, and you can try local Chamorro dishes there. It's also a nice way to experience the culture.*
- *With Guam, there's no such thing as "Guam cuisine" being visible in Japan. I think there could be value in promoting Guam through restaurants in Japan. For example, there are places serving chicken rice—who knows who owns them, but it makes certain cuisines feel familiar. If Guam had something similar, it might help Japanese people feel closer to it.*

Guam Perceptions: U.S. Territory, Military Base

Japan travelers express mixed sentiment of Guam's U.S. territory, military connections

Japan Travelers

- Before going, I don't really think about it, but once I'm there, I do get a sense that it's part of the U.S. When I went to Guam, there were so many Japanese people, but things like the size and price of hamburgers made me think, "This is so American." But that's about it.

- Since Guam isn't as large-scale as mainland America, even if you can experience some aspects of it, it's just a small part, and the overall vibe is completely different from the mainland. Going to Guam feels like you've visited Guam, but it doesn't really feel like you've been to America.

- I might be an exception, but I'm not particularly fond of America. When that aspect is emphasized, it actually makes me less inclined to go. I think it would be better to highlight what makes Guam unique instead.

- It's not so much about liking or disliking a country, but I don't get a friendly vibe when it comes to military bases.

Guam Perceptions: U.S. Territory, Military Base

Korea travelers express mixed sentiment toward Guam's U.S. connections

- *I do not think that matters much to me. Even places like Hawaii, although it is the United States, it is more visited by Asians so the fact that it is a U.S. territory does not make it any more appealing.*

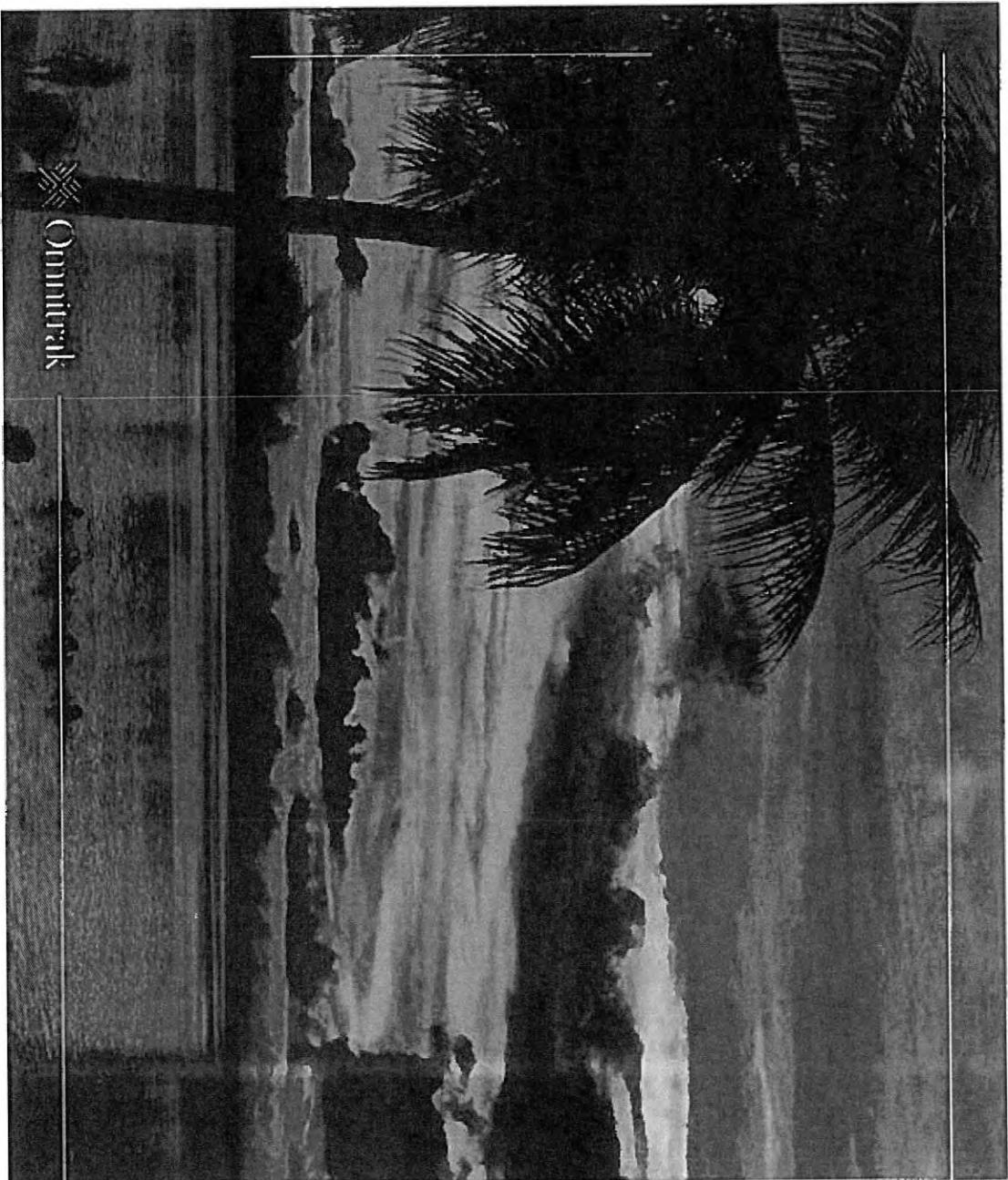
Korea Travelers

- *I do not have any fantasies or higher preference for the United States, so although Hawaii and Guam are U.S. territories, I was actually turned off from visiting Guam when I first found out it is a U.S. territory. At that time, the dollar exchange rate was really high and they have a tip culture so I felt like it would only cost more and it did not really feel appealing.*
- *I was considering shopping there, so I think the fact that it is American territory will also be important. If I choose Guam.*
- *There are many similar vacation spots, but I think the name America itself gives you some sort of guarantee. There are many places like Cebu in the Philippines, but I would prefer to visit Guam over those locations because I think it feels safer than those places.*

Guam Perceptions: U.S. Territory, Military Base

Taiwan travelers express mixed sentiment toward Guam's U.S. connections

- Sometimes you feel bored (*when traveling*), you either just hear Japanese or other Southeast Asian languages. So, maybe let's go to Guam instead. At least we can be in an environment where we can hear more English instead of the other languages.
- No difference at all, because I've been to Okinawa a lot of times. There are lot of U.S. bases there as well, but that doesn't make any difference to me.



Mahalo!

For more information:

Chris Kam

President & C.O.O.

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GVB0389

Japan Focus Group Participants Profiles

November 27, 2024

Name (ENG)	Gender	Age	Marital Status	Occupation	Number of overseas trips after 2021	Travel destinations I've visited since 2021.	Annual Household Income	Education	Area I live
Takahashi	Male	25	Unmarried /Single	Graduate Student	6 times+	South Korea/ Europe/ Middle East	8.00 to 8.99 million JPY	University	Urban Center
Sakamoto	Male	27	Married (no children)	Company Employee (Full-time)	2 times	Hawaii/ Maldives	15.00 million JPY or over	University	City Area
Masuyama	Male	54	Married (youngest child is 12 years old or older)	Company Employee (Full-time)	3 times	Singapore/ Guam/ Australia	7.00 to 7.99 million JPY	University	Urban Center
Soruya	Female	25	Unmarried /Single	Company Employee (Full-time)	3 times	South Korea/ Taiwan/ Guam	10.00 to 11.99 million JPY	University	Urban Center
Marukawa	Female	34	Unmarried /Single	Company Employee (Full-time)	2 times	Turkey, Egypt	4.00 to 4.49 million JPY	University	Urban Center
Sakuragi	Female	41	Married (no children)	Company Employee (Full-time)	6 times+	Taiwan/ Thailand/ Malaysia	10.00 to 11.99 million JPY	University	City Area

Korea Focus Group

Participant Profiles

November 26, 2024

Name	Gender	Age	Location	Annual Household Income	Number of household member	Children under 18 years of age	Marital status	Occupation status	Last education level	Where did you visit on your last overseas trip?
MK Choi	Male	33	Seoul	B	Three or more times	1	None	Single	White collar	University, Japan, Hong Kong
SJ Cho	Male	37	Seoul	A	Three or more times	2	None	Married with no children	White collar	Master's degree, Nha Trang, Suisse
SM Lee	Male	39	Seoul	A	Three or more times	3	1	Married with youngest child under aged 12	Middle Management	Master's degree, Japan/Greece/Suisse
SW Lee	Male	47	Gyeonggi	A	Three or more times	4	2	Married with youngest child aged 12 and above	Middle Management	University, Japan/Vietnam
HU Yoo	Female	28	Gyeonggi	B	Three or more times	3	None	Single	White collar	University, Paris/London
JY Lim	Female	30	Seoul	A	Three or more times	4	None	Single	White collar	University, Japan/China

GVB0391

Taiwan Focus Group Participant Profiles

November 28, 2024

#	Name	Gender	Age	City	Occupation	Income (NTD)	Numbers of oversea travel after '21	Destination of last overseas trip
1	W.J. Huang 黃文傑	M	26	Kaohsiung	Freelancer (government projects)	1 - 1.5 million	10	Guam
2	D. Y. Yang 楊東榮	M	32	Taichung	Construction Consultant / Manager	1 - 1.5 million	20	Thailand
3	X. T. Yeh 葉俠廷	M	35	New Taipei City	IT / Project Manager	1 - 1.5 million	14	Vietnam
4	G. Y. Chien 簡國祐	M	35	Taichung	Trading / Sales Manager	1.5 - 2 million	13	Spain
5	H. Y. Shi 施漢婷	F	43	Taipei City	University / Admin	1 - 1.5 million	7	Japan
6	C. Y. Cheng 鄭啓宣	F	27	Taipei City	Electronic / Procurement	1.5 - 2 million	4	Japan
7	Y. Y. Tsai 蔡芸怡	F	41	New Taipei City	Electronic Parts Trading / Importing	1 - 1.5 million	3	Japan
8	Y. C. Chen 陳于楨	F	36	Taichung	Medical Materials / Project Manager	1 - 1.5 million	5	Japan

GVB0392



Copy

February 24, 2025

Marcos Fong
Managing Director
Glimpses of Guam Inc.
161 US Army Juan C. Fejeran Street
Barrigada Heights, Guam 96913

Daniel J Berman, Esq.
Berman Law Firm
Suite 503, Bank of Guam Building
111 Chalan Santo Papa
Hagatna, Guam 96910

VIA: Hand Delivery

SUBJ: GVB RFP 2025-002; Notice of Determination of Award without Delay

Dear Sirs:

This is to notify Glimpses of Guam, Inc. that the Guam Visitors Bureau has determined that the award of the contract for GVB RFP 2025-002 without delay is necessary to protect substantial interests of Guam.

Sincerely,


GERALD S.A. PEREZ

GVB Acting President and CEO

Encls: GVB RFP 2025-002 Determination of Substantial Interest

Print Name: JULIO A. RE

signature: 

Date: 2/24/25

Time: 3:55 PM

Mr. & Mrs. Glimpses
At Award 2025-002
2/24/25



WPS

February 24, 2025

Marcos Fong
Managing Director
Glimpses of Guam Inc.
161 US Army Juan C. Fejeran Street
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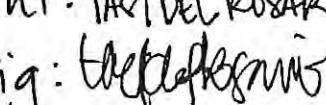


GERALD S.A. PEREZ

GVB Acting President and CEO

Encls: GVB RFP 2025-002 Determination of Substantial Interest

Name Print: TACI DEL ROSARIO

Name Sig: 

Date: 02.24.2025

Time: 4:03PM.



MEMORANDUM TO FILE

DATE: February 18, 2025

TO: Procurement File

SUBJ: Substantial Interest Determination

RE: GVB RFP 2025-002 Integrated Communications, Advertising and Event Support Services; Protest filed by Glimpses of Guam

Introduction:

This is a determination that award of the contract for GVB RFP 2025-002 without delay to RIMS is necessary to protect substantial interests of Guam

GVB as the Key Tourism Driver for Guam:

The Guam Visitors Bureau (GVB) is tasked with several responsibilities related to promoting and developing Guam's tourism industry. These include:

- Promoting and marketing Guam as a tourist destination.
- Encouraging local resident interest in the tourism industry.
- Promoting local culture and locally made products.
- Collecting, producing, and distributing visitor industry data.
- Developing and implementing Guam's tourism strategic and marketing plans.
- To efficiently and effectively promote and develop Guam as a safe and satisfying destination for visitors and to derive maximum benefits for the people of Guam.

Guam has a substantial interest in its tourism industry, which generates hundreds of millions of dollars of gross island product, thousands of jobs, and tens of millions of dollars in tax revenues.

Challenges facing Guam's Tourism Industry:

Currently, Guam is experiencing significant challenges in its recovery from slack tourism sector performance after the COVID-19 pandemic and persistence of weak source market currencies. At GVB's November 7, 2024 Board Meeting, the following was reported for visitor arrivals:

- In fiscal year 2023 (ending September 30, 2023), Guam recorded 602,594 total visitor arrivals.
- For the 2024 fiscal year (October to July), Guam's airport reported 775,000 passenger arrivals.

- The Guam Visitors Bureau had forecasted approximately 900,000 visitors for fiscal year 2024, which would represent about 55.6% of pre-COVID numbers

At a board meeting on October 24, 2024, Governor Lou Leon Guerrero provided a tourism study finding issues facing the industry.¹ Among the notable issues the following were provided in the report.

- **Lack of a Unique "Must-See" Element:** Guam is seen as similar to other tropical destinations and doesn't have a compelling, unique attraction that makes it stand out.
- **Local Culture and Dining Not Top-of-Mind:** Travelers don't immediately associate Guam with its local Chamorro culture or cuisine. This represents a missed opportunity to differentiate Guam from other destinations.
- **Mixed Perceptions of Guam's U.S. Territory Status:** While some see the U.S. connection as a guarantee of safety, others are turned off by it, preferring destinations that feel less Americanized or have a stronger local identity. Some travelers expressed a dislike for America, so Guam being a US territory makes them less inclined to visit.
- **Limited Activities and Attractions:** Some potential visitors feel that Guam needs more diverse content and tourist attractions beyond just swimming and shopping. They are looking for unique experiences, local souvenir shops, museums, cultural sites, and activities in the surrounding towns.
- **Replaceable Beauty:** Some perceive Guam's beauty as "normal" and not outstanding, making it easily replaceable with other destinations. There's a feeling that Guam lacks a unique selling point that makes it a must-visit location.
- **Small Island Perception:** Some feel Guam is so small that you can see everything in one day.

The report also provided these recommendations to address Guam's tourism problems:

1. Enhance Guam's Unique Identity and Cultural Appeal:

- **Promote Chamorro Culture:** Develop and actively promote authentic cultural experiences that go beyond typical tourist activities. This could include:
 - Cultural village tours and demonstrations.
 - Interactive workshops on Chamorro crafts, dance, language, and history.
 - Partnerships with local artisans and cultural practitioners.
 - Highlighting historical sites and their significance.
- **Showcase Local Cuisine:** Elevate Guam's culinary scene by:
 - Promoting local Chamorro dishes and restaurants.
 - Organizing food festivals and cooking classes featuring local ingredients and techniques.
 - Creating culinary tours that explore Guam's diverse food offerings

¹ See Guam Tourism Recovery – Focus Group Highlights (Attached)

- Supporting local farmers and producers to ensure the availability of fresh, local ingredients.

2. Address Perceptions Related to U.S. Territory Status:

- **Emphasize Guam's Unique Blend of Cultures:** Highlight the fusion of Chamorro, American, and other cultural influences that make Guam unique. This could involve:
 - Marketing campaigns that showcase Guam's diverse cultural heritage.
 - Promoting events and festivals that celebrate Guam's multicultural identity.
- **Focus on Safety and Security:** For travelers who value the U.S. connection for safety reasons, emphasize Guam's security and stability as a U.S. territory.
- **Target Travelers Seeking American Experiences:** Market Guam to travelers specifically interested in experiencing American culture in a tropical setting.

3. Diversify Activities and Attractions:

- **Develop a Wider Range of Activities:** Offer more than just swimming and shopping. Consider:
 - Developing adventure tourism activities like hiking, diving, and water sports.
 - Creating cultural and historical tours of Guam's villages and landmarks.
 - Offering opportunities for visitors to interact with local residents.
- **Promote Local Shopping:** Support and promote local souvenir shops and businesses that offer authentic Guam products.

4. Combat the Perception of "Replaceable Beauty" and Small Size:

- **Highlight Unique Natural Features:** Showcase Guam's unique natural landscapes, such as its beaches, reefs, and forests.
- **Develop Themed Itineraries:** Create suggested itineraries that encourage visitors to explore different parts of the island and experience its diverse offerings over several days.
- **Promote Day Trips and Excursions:** Offer opportunities for visitors to explore neighboring islands or engage in unique activities off the coast of Guam.

5. Address Price Sensitivity:

- **Offer Value-Added Packages:** Create packages that combine accommodations, activities, and meals at a discounted price.
- **Promote Affordable Options:** Highlight affordable accommodations, dining options, and activities to attract budget-conscious travelers.
- **Target Markets Less Sensitive to Exchange Rates:** Focus marketing efforts on regions with stronger currencies or travelers less concerned about exchange rate fluctuations.

6. Improve Communication and Promotion:

- **Develop Targeted Marketing Campaigns:** Create marketing campaigns that specifically address the concerns and interests of travelers in Japan, South Korea, and Taiwan.
- **Utilize Digital Marketing:** Use social media and online channels to showcase Guam's unique attractions and cultural experiences.
- **Partner with Travel Agencies and Influencers:** Collaborate with travel agencies and influencers to promote Guam as a desirable travel destination.
- **Promote Guam Cuisine in Key Markets:** Introduce Guam cuisine to Japan, South Korea, and Taiwan through restaurants and food events.



The Bureau's use of communications, marketing and events management vendors to drive arrivals:

The Bureau has for a long time used events to promote Guam's tourism offering and generate visitor arrivals. Because of the challenges facing the tourism industry, GVB determined that it would be necessary to up-game its strategic marketing vendor. Selection of an appropriate vendor is key.

On December 26, 2024, the Bureau canceled for convenience its contract with its events management vendor, Glimpses of Guam, Inc. (Glimpses), pursuant to its Agreement with the company. In the termination letter, GVB stated that the purpose of seeking new offerors was to engage a firm capable of planning, developing, and executing uniquely designed signature events to attract visitors and enhance Guam's destination appeal.

On December 27th, 2024, GVB Issued RFP 2025-002 For Integrated Communications, Advertising and Event Support Services. With the introduction of the Tourism Recovery Plan and increased directives from the Governor and the Board of Directors, it was necessary to revise and expand the scope of work to meet the challenges ahead. This is clearly seen in the design of RFP 2025-002, which is intended to respond to recommendations found in the Report provided by the Governor:

RFP2021-003	RFP 2025-002
Intent 1.0	Intent 1.0
- focus on recovery	- focus on the CHamoru culture
- Education of residents on health and safety measures	- Tourism development through events
- Information to source markets on health and safety measures	- Strategic brand positioning
- Education of general public on the benefits of tourism	- Involve local communities to build pride and ensure events align
	- Digital marketing and storytelling to increase Guam's digital footprint and showcase Guam's culture

On January 17, 2025, bid submissions were closed. On January 21, 2025, a selection panel recommended award to RIMS. The contract that is contemplated is less than \$450,000.

Following a comprehensive evaluation, Ruder Integrated Marketing Strategies, Inc. (RIMS) emerged as the highest-rated offeror. Their proposal was not only complete but also visually compelling, reflecting the level of professionalism and strategic expertise necessary to support GVB's efforts in revitalizing Guam's tourism industry. Despite their recent



experience with GVB, Glimpses' proposal lacked the level of professional attention expected from a firm responsible for assisting GVB to spearhead strategic tourism initiatives.

On the whole, RIMS was chosen because of its successful track record with past events, and it has demonstrably more resources to respond to GVB's needs.² RIMS has a partnership agreement with Big Fish Creative, Inc., a branding/marketing firm, and will leverage SKIFT,³ a global tourism intelligence platform, in a venture called *Manhita*, to help GVB spur recovery of Guam's tourism sector. As compared to Glimpses, RIMS response to the solicitation provides advantages over Glimpses as shown by its ability to provide strategic recommendations and expedite communications, advertising and events support services that GVB believes will greatly increase the trajectory of Guam's tourism industry recovery.

RIMS is clearly the superior offering.

Award of GVB RFP 2025-002 without delay is necessary to protect substantial Interests of Guam:

On February 4, 2025, Glimpses protested the award to RIMS. The protest is based on two contentions. First, Glimpses believes that the scope of the work in RFP 2025-002 is identical to the scope of its cancelled contract. In other words, Glimpses is protesting that after cancellation for convenience, a procurement for the type of work it had formerly done was conducted. This is an improper basis for a protest, which is only permissible for the method of source selection, solicitation, or award of contract. The contract for RFP 2025-002 has yet to be awarded. Nevertheless, it is noteworthy that, the method of source selection and solicitation were known since the date of the issuance of the RFP (Dec. 27, 2025), and Glimpses protest on those bases are untimely.

Glimpses' second protest basis is its contention about the specifications which it claims are ambiguous and unfair. Again, Glimpses knew of the specifications since Dec. 27 but never asked for clarification or had questions about the specifications. Glimpses' protest is untimely.

Conclusion:

Glimpses response to the solicitation was inferior, its protest untimely and without merit but stays the award of the contract to RIMS. Given the economic impact of tourism—where each tourism-related job is sustained by approximately 70-75 visitors and supports an estimated 20,000 jobs—GVB cannot afford further setbacks. Owing to the need to give immediate effort to effect a recovery with a superior vendor, it is abundantly clear that award of a contract to RIMS is necessary to protect substantial interests of Guam, that is, its tourism industry.

² Glimpses may have strained working capital. GVB immediately reimburses costs on projects but Glimpses' subvendors have complained of late payments.

³ Information about SKIFT is available here: <https://skift.com/about/>



25-0067 8

By:

Christine Lizama
Christine Lizama
Contracts & Procurement Administrator

Date: 2/19/25

Concur:

Gerald S.A. Perez
Gerald S.A. Perez
Acting General Manager
Guam Visitors Bureau

Date: 2/19/25

Concur:

Douglas Moylan
Douglas Moylan GVB-25-0067
Attorney General of Guam

Date: 02/20/25

END OF SUBSTANTIAL INTEREST DETERMINATION

Guam Tourism Recovery - Focus Groups Highlights

Prepared for Guam Visitors Bureau, Guam Bureau of Statistics & Plans

 Omnitrac

Phase One - Qualitative Focus Groups

Focus Group findings to fuel Quantitative Destination Branding Survey Development...

Qualitative Exploratory Focus Groups

- Post pandemic travel motivations, travel behaviors, destination preferences.
- Travelers' attitudes/perceptions of Guam and the Guam visitor experience.
- Decision factors which influence travelers' selection of Guam, vis-à-vis factors which influence travel decisions for competitive destinations and barriers to Guam travel.
- Guam's Unique Point of Sale (USP) that enables Guam to differentiate its tourism experience, including updated destination brand perceptions of Guam and the island's key experience pillars.

Quantitative Destination Branding Surveys

- Overseas travel motivations (e.g., exploration, experience other cultures).
- Destinations considering for next vacation, destinations previously visited.
- Importance ratings of factors in selecting an overseas leisure destination (e.g., Great shopping, Easy to get there, Makes me feel alive and energetic).
- Destination perceptions of Guam vis-à-vis competitors in regards to destination selection factors.
- Perceived barriers to travel to Guam.
- Sources of information for travel inspiration, planning and booking travel.
- Guam brand personality, BrandHeart™ questions (see following slides for BrandHeart™ examples).

Focus Group & Survey Respondents

Participants in both the qualitative online focus groups and respondents to the quantitative online surveys will meet the following screening criteria:

- Nationwide sample of residents of Guam's key source markets: Japan, South Korea and Taiwan.
- All participants will be ages 21 and older, with a representative mix of gender and ages.
- Social Economic Classes A through C (i.e., upper and middle class segments).
- Have traveled overseas at least once since 2021, or intend to travel overseas at least once in the next 24 months.
- Decision maker or co-decision maker regarding travel destinations and travel arrangements.

What's the Big Idea?

CAUTION: This is qualitative research intended to feed into the development of the quantitative research. Qualitative research explores the range of opinions in the marketplace.

1

Travel Demand: Japan discovers domestic travel, pent-up travel demand sends Korea and Taiwan travelers overseas.

2

Motivations: Travelers head overseas to experience the daily lives of local residents, cultural experiences, rest and relaxation, and attractions beyond tourist spots in other countries.

3

Guam Perceptions: Guam is an accessible, resort destination, similar to other tropical places, needs a "must see" element

- Guam's local culture, local dining, villages are not top of mind for travelers, are opportunities



Overseas Travel Demand

Japan discovers domestic travel,
pent-up travel demand sends Korea
and Taiwan travelers overseas

Japan Travelers

- Since the pandemic, there's been a shift in the workplace where people are more likely to take time off if they feel even slightly unwell, like having a fever. **It feels like the barrier to taking a day off has really lowered.**
- Before COVID, I used to choose overseas trips most of the time. But during the pandemic, I started using trains instead of planes and ended up traveling domestically a lot more. In the past, my travel ratio was about 50/50 between domestic and international trips, but after the pandemic, **it shifted to around 90% domestic and 10% international.**
- Although I did not go on trips often, that is still different from not being able to travel at all. Because I was stuck in Korea for so long, nowadays if I want to go somewhere, I will just go instead of thinking about it, which is what I would have done in the past. I have tried to travel as often as possible.

Korea Travelers

Overseas Travel Demand

Japan discovers domestic travel, pent-up travel demand sends Korea and Taiwan travelers overseas

Korea Travelers

- I used to think I could just go whenever I wanted, but now I do not feel that way anymore. I think it has become a bit more important compared to the past. **Definitely more important than domestic travel!**

- When I travel overseas, I want to visit somewhere new, eat delicious food and have fun. I am more likely to go now since I was unable to go in the past.

Taiwan Travelers

- It is important, because we were stuck and we went crazy. And then once things opened up, we just kept going outside. Just tried to go everywhere. In the pandemic, everyone's freedoms were restricted, and so everyone could understand how important leisure is and enjoying your life is. So after that, whenever I have extra money, I just feel like traveling overseas. *Revengeful traveling.*

Travel Prices

Exchange rates, inflation slow shopping travel, but travel demand overcomes overall price sensitivity

Japan Travelers

- Usually, it's about wanting to do something specific at the destination. In the end, I believe I'd go regardless of time or money constraints.
- I think my wife's shopping habits are affected. Shopping abroad tends to be more expensive, and factors like inflation and fuel costs also play a role. With the yen being weaker now, it feels like it's not as favorable to shop overseas. We've reduced trips that are primarily for shopping, especially to places like Hawaii.

Korea Travelers

- I do not think it matters that much to me. Where I go and what I do is more important. I do not only worry about the cost. Of course, it would be different if the exchange rate changes dramatically all of a sudden, but that almost never happens.

Travel Motivations

Travelers head overseas to experience the daily lives of local residents in other countries

Japan Travelers

- I travel to experience something out of the ordinary. At my destination, I try to live as much like the locals as possible. While it may still be somewhat artificial, my goal is to experience the daily life of the local people. Because of this, I don't visit many tourist attractions; instead, I often spend the whole day relaxing at a café.

- I value interacting with locals when I travel. Since I obviously look like a foreigner, I sometimes pretend not to understand and ask questions or make casual small talk. This often leads to discovering things only locals know, like great restaurants that aren't on the internet. Talking to locals also lets me feel the cultural differences.

Korea Travelers

- When you say culture, I am not sure exactly what you mean by that. I enjoyed visiting more local areas because I wanted to see how the real locals lived and what their lifestyles were like.



Travel Motivations

Cultural experiences, rest and relaxation, attractions beyond tourist spots attract overseas travelers

Korea Travelers

- There are things like **one-day classes and cooking classes**. What else is there... I also tried wearing a kimono in Japan before. So, just like there is a hanbok experience in Korea, there is a kimono experience in Japan too.

Taiwan Travelers

- I feel that for that moment, you can put down your work, **set aside your work, and go out and relax**. When you come back, of course you have to face reality, but at least for that short period when you're traveling, you can completely forget about your job, and you don't have to think about anything.

- Culture, different lifestyles in different countries, and cultural background and food, it's all completely different. I want to go overseas to experience a different kind of lifestyle from what we have in Taiwan. Go to some places that are not the typical tourist sights. Experience their roads, their sceneries and their buildings.

Guam Destination Perceptions

Guam is an accessible, resort destination, similar to other tropical places, needs a "must see" element

Japan Travelers

- *I think Guam is a good destination for those who want a resort vibe but with a lower time hurdle for traveling—it feels more accessible.*
- *There's nothing about Guam that makes it an absolute "must-visit" for me. It's convenient as a nearby tropical destination with no time difference, and it has a nice atmosphere. But there's nothing particularly compelling or unique about it that makes me think, "I have to go to Guam!" So, while I wouldn't say I don't want to go or wouldn't consider it as an option, it's not a place I'd specifically choose over others.*
- *Other than the fact that it's U.S. territory, it's just an ordinary island in the south, and for me, it's not particularly appealing. When it comes to tropical destinations like Saipan or others, I feel like there's not much difference between them, and I don't really know what makes them special.*

Guam Destination Perceptions

Opportunity to build Guam's destination perceptions beyond swimming, shopping to more diverse experiences, surrounding towns

Korea Travelers

- I think it is a great vacation spot for families or newlyweds. Leisure activities. It seems like a great place for leisure activities or just shopping.
- I feel like there should be more tourist attractions with more things to do. I am not interested in luxury shopping or anything like that. I just find the local souvenir shops fun, but there does not seem to be anything like that. There is only swimming. It seems like the content is limited to swimming, touring, and things like that, so I think Guam needs more diverse content.
- First of all, there needs to be good restaurants that stand out. Something, not just by the sea, but also in the city, like a museum, a structure, a structure where you can take pictures. Or maybe there are more things to do in the surrounding towns that have something special and worth visiting.

Guam Destination Perceptions

Guam looks beautiful, offers a western experience which sets it apart from Asia

Taiwan Travelers

- So Guam, it does look beautiful, but it's just a normal beautiful. It doesn't feel like there is an outstanding beauty there.
- It (Guam) has everything, but its uniqueness is lower, so it can be replaced. There's no reason for which you must or have to go to Guam, or say, Oh, I've never seen this before. I want to go.
- The attraction of Guam is that it's nearby, and if we can interact with the local people there, then that will be something that's different from Southeast Asia and Japan. You won't feel that the language is the same. You're not restricted only to Asian languages.
- Guam is not so big, so one day you can finish everything. When you have limited time and you want to find a place to go look around, enjoy some activities, parachuting, and it is the nearest American city or location nearest to Taiwan, and the price is not too expensive.

Guam Destination Perceptions: Culture

Guam's local culture is not top of mind for travelers, an opportunity

Japan Travelers

- Experiencing the local culture is something that wasn't really an option in my time (previous visit), so it feels fresh and new now.
- I guess it would be appealing if it was Hawaii, but I do not think I have ever really thought about Guam. Hawaii has native people. I have seen a lot of that kind of stuff on YouTube and stuff like that, but I do not think I have ever thought about Guam's local culture.
- If there are activities that allow me to experience their culture, I would like to try it, but on the other hand, I am a little afraid because they are a minority. Because they are people I do not know.

Korea Travelers

Guam Destination Perceptions: Local Cuisine

Guam's local Chamorro dining is not top of mind for travelers, an opportunity

Japan Travelers

- I'm really into food, and although there are international restaurants in Japan, eating the same cuisine in its home country feels more authentic—it really makes me feel like I am truly experiencing it.
- In Guam, the **night market** really stands out as a unique feature. There are many food stalls lined up, and you can try local Chamorro dishes there. It's also a nice way to experience the culture.
- With Guam, there's no such thing as "Guam cuisine" being visible in Japan. I think there could be value in promoting Guam through restaurants in Japan. For example, there are places serving chicken rice—who knows who owns them, but it makes certain cuisines feel familiar. If Guam had something similar, it might help Japanese people feel closer to it.

Guam Perceptions: U.S. Territory, Military Base

Japan travelers express mixed sentiment of Guam's U.S. territory, military connections

Japan
Travelers

- Before going, I don't really think about it, but once I'm there, I do get a sense that it's part of the U.S. When I went to Guam, there were so many Japanese people, but things like the size and price of hamburgers made me think, "This is so American." But that's about it.

- Since Guam isn't as large-scale as mainland America, even if you can experience some aspects of it, it's just a small part, and the overall vibe is completely different from the mainland. Going to Guam feels like you've visited Guam, but it doesn't really feel like you've been to America.
- I might be an exception, but I'm not particularly fond of America. When that aspect is emphasized, it actually makes me less inclined to go. I think it would be better to highlight what makes Guam unique instead.
- It's not so much about liking or disliking a country, but I don't get a friendly vibe when it comes to military bases.

Guam Perceptions: U.S. Territory, Military Base

Korea travelers express mixed sentiment toward Guam's U.S. connections

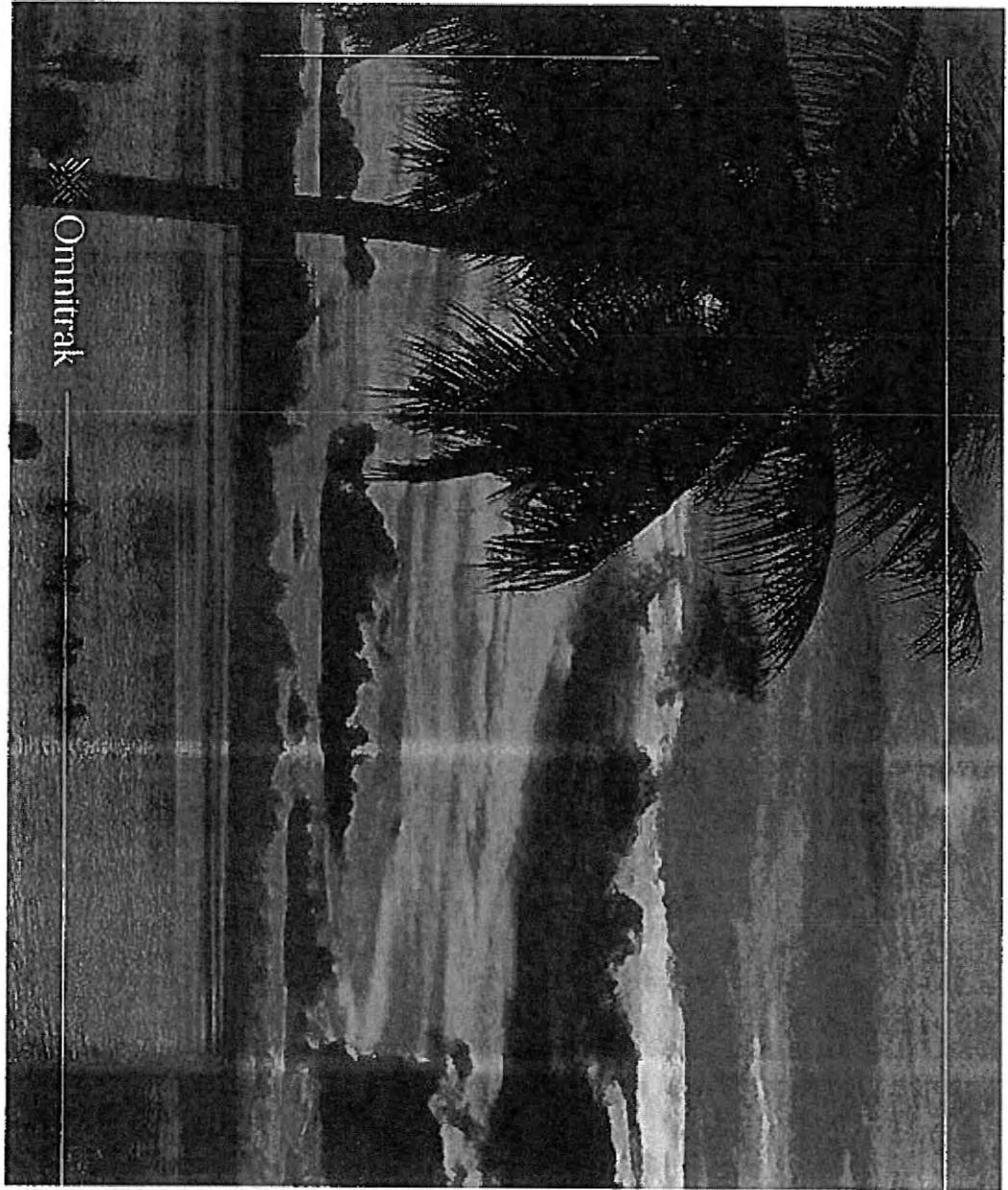
- Korea Travelers
 - I do not think that matters much to me. Even places like Hawaii, although it is the United States, it is more visited by Asians so the fact that it is a U.S. territory does not make it any more appealing.
 - I do not have any fantasies or higher preference for the United States, so although Hawaii and Guam are U.S. territories, I was actually turned off from visiting Guam when I first found out it is a U.S. territory. At that time, the dollar exchange rate was really high and they have a tip culture so I felt like it would only cost more and it did not really feel appealing.
 - I was considering shopping there, so I think the fact that it is American territory will also be important. If I choose Guam.
- There are many similar vacation spots, but I think the name America itself gives you some sort of guarantee. There are many places like Cebu in the Philippines, but I would prefer to visit Guam over those locations because I think it feels safer than those places.

Guam Perceptions: U.S. Territory, Military Base

Taiwan travelers express mixed sentiment toward Guam's U.S. connections

Taiwan Travelers

- Sometimes you feel bored (when traveling), you either just hear Japanese or other Southeast Asian languages. So, maybe let's go to Guam instead. At least we can be in an environment where we can hear more English instead of the other languages.
- No difference at all, because I've been to Okinawa a lot of times. There are lot of U.S. bases there as well, but that doesn't make any difference to me.



Mahalo!

For more information:

Chris Kam
President & C.O.O.
Phone: (808) 528-7594
Email: chriskam@omnitrakgroup.com

Omnitrak

Omnitrak

GVB0418

Japan Focus Group Participants Profiles

November 27, 2024

Name (Eng)	Gender	Age	Marital Status	Occupation	Number of overseas trips after 2021	Travel destinations I've visited since 2021.	Annual Household Income	Education	Area I live
Takahashi	Male	25	Unmarried /Single	Graduate Student	6 times+	South Korea/ Europe/ Middle East	8.00 to 8.99 million JPY	University	Urban Center
Sakamoto	Male	27	Married (no children)	Company Employee (Full-time)	2 times	Hawaii/ Maldives	15.00 million JPY or over	University	City Area
Masuyama	Male	54	Married (youngest child is 12 years old or older)	Company Employee (Full-time)	3 times	Singapore/ Guam/ Australia	7.00 to 7.99 million JPY	University	Urban Center
Soneya	Female	25	Unmarried /Single	Company Employee (Full-time)	3 times	South Korea/ Taiwan/ Guam	10.00 to 11.99 million JPY	University	Urban Center
Maekawa	Female	36	Unmarried /Single	Company Employee (Full-time)	2 times	Turkey, Egypt	4.00 to 4.49 million JPY	University	Urban Center
Sactome	Female	41	Married (no children)	Company Employee (Full-time)	5 times+	Taiwan/ Thailand/ Malaysia	10.00 to 11.99 million JPY	University	City Area

Korea Focus Group

Participant Profiles

November 26, 2024

Name	Gender	Age	Location	Annual Income	Frequency of travel outside Korea in past 2 years	Number of household member	Children under 18 years of age	Marital status		Occupation status	Last education level	Where did you visit on your last overseas trip?
								Married	Single			
MK Choi	Male	33	Seoul	B	Three or more times	1	None	Single	White collar	University	Japan/Hong Kong	
SJ Cho	Male	37	Seoul	A	Three or more times	2	None	Married with no children	White collar	Master's degree	Nha Trang/Suisse	
SM Lee	Male	39	Seoul	A	Three or more times	3	1	Married with youngest child under aged 12	Middle Management	Master's degree	Japan/Greece/Suisse	
SW Lee	Male	47	Gyeonggi	A	Three or more times	4	2	Married with youngest child aged 12 and above	Middle Management	University	Japan/Vietnam	
HJ Yoo	Female	28	Gyeonggi	B	Three or more times	3	None	Single	White collar	University	Paris/London	
JY Lim	Female	30	Seoul	A	Three or more times	1	None	Single	White collar	University	Japan/Duba'	

Taiwan Focus Group

Participant Profiles

November 28, 2024

#	Name	Gender	Age	City	Occupation	Income (NTD)	Numbers of overseas travel after '21	Destination of last overseas trip
1	W.J. Huang 黃文傑	M	26	Kaohsiung	Freelancer (government projects)	1 - 1.5 million	10	Guam
2	D.Y. Yang 楊秉榮	M	32	Taichung	Construction Consultant / Manager	1 - 1.5 million	20	Thailand
3	X.T. Yeh 葉沃廷	M	35	New Taipei City	IT / Project Manager	1 - 1.5 million	14	Vietnam
4	G.Y. Chien 簡國祐	M	35	Taichung	Trading / Sales Manager	1.5 - 2 million	13	Spain
5	H.Y. Shi 施漢婷	F	43	Taipei City	University / Admin	1 - 1.5 million	7	Japan
6	C.Y. Cheng 鄭西貞	F	27	Taipei City	Electronic / Procurement	1.5 - 2 million	4	Japan
7	Y.Y. Tsai 蔡芸怡	F	41	New Taipei City	Electronic Parts Trading / Importing	1 - 1.5 million	3	Japan
8	Y.C. Chen 陳丁標	F	36	Taichung	Medical Materials / Project Manager	1 - 1.5 million	5	Japan

Update – Tourism Recovery Plan for the Government of Guam



Bureau of Statistics and Plans
Government of Guam
December 2024

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● Background and Executive Summary

The Bureau of Statistics and Plans of the Government of Guam, based in Hagåtña, Guam, is currently developing Guam's Tourism Recovery plan for Guam and seeking to reestablish its position as a world class global tourism destination following the COVID-19 pandemic.

Through an RFP process led by the Government of Guam, PKF was selected to provide the Tourism Recovery Plan in several phases, broken down by the following sections – Outreach and Stakeholder Engagement, a Tourism Market Study, Tourism and Destination Marketing, and a Repositioning and Development Strategy. The attached report focuses on Phase 1 - the Tourism Market Study of Guam.

Guam is located in Micronesia, a sub region of Oceania that is composed of 607 islands, southeast of Japan and Korea. The island has been home to the Chamorro people and culture for over 4,000 years. Alongside that cultural legacy, and in more recent times, the island has become home to the Anderson Air Force Base, one of the largest American Military bases in the region.

Tourism was the largest contributor to GDP on the island prior to the pandemic and remains the largest private sector employer. The Guam Visitors Bureau (GVB) has not updated its 2020 plan since its publication in 2014.

In 2023, Guam recorded 656K visitor arrivals, a decrease of 50% since 2013. In 2021, arrivals took a sharp decline as a result of pandemic-related travel restrictions. The most recent record from 2024 fiscal year (October-July) reported passenger arrivals at 775K at the Guam International Airport (GUM), trending upwards since the pandemic but not quite meeting 2019 numbers.

In 2023, the hotel market in Guam registered a weighted average room occupancy of approximately 65%. In that same year, the average room rate (without VAT and breakfast) on the Island was USD 199. Prior to the pandemic, the hotel market performed at a 90% occupancy in 2019 and an average daily rate of USD 213, marking a significant decline in performance attributed to pandemic-induced diminished travel.

Japanese and Korean visitation has decreased since 2013, changing the makeup of Guam's feeder markets. In 2013, Japanese arrivals totaled about 893K, and South Korean arrivals totaled about 246K. In 2023, Japanese arrivals totaled about 136.7K, representing a decline of 85% during the 10-year period from 2013 to 2023, while the number of Korean arrivals declined in the same period by 51%.

Visitation from all of Guam's major feeder markets declined with the onset of the pandemic. The US domestic market, being the first feeder market to relax travel restrictions to Guam in 2021, accounted for 63% of arrivals, the highest percentage in 30 years. This gradually decreased to just 13% in 2023. The majority of US travel has been historically categorized as government or military related, presenting a relatively inelastic source of travelers as the segments provide consistency when compared to the segments of leisure and business.

The three largest feeder markets for Guam – Japan, South Korea, and Taiwan – and their respective travelers, presented a glimpse into their travel values and perception of Guam as a destination through surveys. All parties claimed the ability to travel safely and securely as the most important travel goal, while accrediting Guam's beautiful scenery and nature as a motivating factor in desire to visit the Island.

Although categorized as comparable, the destination set of Hawaii, Commonwealth of the Northern Mariana Islands (CNMI), Okinawa, Fiji and Taiwan showed extreme competition, providing distinct advantages compared to Guam and perhaps contributing to the Island's slow post-pandemic recovery. However, our research suggests that Guam has a compelling tourism story to tell, and with correctly emphasized selling points, the Island can re-enter the competitive market. It is advised that benefits of location, natural topography, and the most unique CHamorro culture with their strong and vibrant traditions, and cuisine are highlighted.

PKF found that Fiji, in particular, was an interesting comparison given its position as another popular remote island destination within the Asia Pacific Region where tourism serves as a key economic driver. Similar to Guam, Fiji is heavily dependent on its three largest regional feeder markets: Australia, New Zealand, and the US. The flight time from Fiji to Australia and New Zealand is similar in length to those from Guam to Japan, South Korea and Taiwan. But while geographically and sizably comparable to Guam, Fiji has positioned itself as a more high-end destination with luxury resort properties and a longer average length of stay. Research of tourism development in Fiji has been mixed but does provide some insight as to the framework and resources Guam would require in order to augment its tourism recovery.

After an analysis of Guam's tourism market, the island's positioning has become clear: a sun and beach experience that highlights natural beauty, culture, and recreational activities, uniquely positioned as a US entity in Micronesia.

To build upon the current tourism product and maximize the island's natural assets, there are numerous Unique Selling Points (USPs) that can be developed further, including: cultural, eco-friendly, branding, adventure, marine, and wellness initiatives.

As Guam moves forward with its tourism plan and develops into the market envisioned by stakeholders, there are key success factors that include policy, planning, coordination, commitment, and above all, resources, which will be necessary to develop the island's USPs.

Based on our analysis, PKF has the following long-term recommendations to accelerate the recovery of tourism

- Improve the regulatory framework
- Create an industry governance model
- Improve communication between the public and private sector
- Reduce bureaucracy faced by the industry's small businesses
- Provide a renewed, organized emphasis on CHamorro culture and traditions
- Become the standard for sustainable tourism
- Invest in increasing flights to Guam

PKF has also made additional short-term recommendations that have been constructed to complement the long-term strategies and make an immediate positive impact on the industry and its stakeholders:

- A structured public/private placement (bond issuance) that will fund programs that provide desperately needed resources for the industry
- An organized campaign to promote Guam's unique topography and location
- The creation of a "lighthouse" tourism project
- Full adoption of current industry best practices in ESG (environmental, social and governance)
- Creation of interactive opportunities between tourists and local communities
- A coordinated and strategic investment in digital marketing

PKF's recommendations are not new to the stakeholder in the tourism industry. However, through this research, PKF was surprised by the lack of urgency and priority that tourism receives despite its position as one of the top economic drivers of the local Guamanian economy. Though the Territory remains a unique island destination to those seeking to visit, the lack of coordination and investment puts Guam's tourism brand at risk. Now, more than ever, a united strategic and tactical response is needed to ensure Guam remains an attractive option to the global traveler.


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 **Annexes**

- 1 Outreach and Stakeholder Engagement
- 2 Terms and Conditions

Abbreviations and Acronyms

Abbreviations

Acronyms

ADR	Average Daily Rate
BSP	Bureau of Statistics and Plans
CAGR	Compound Annual Growth Rate
CNMI	Commonwealth of the Northern Mariana Islands
DMOs	Destination Management Organizations
DOC	Department of Commerce
EDA	Economic Development Administration
FIT	Free Independent Travel
GMTA	Guam Mass Transit Authority
GRTA	Guam Regional Transit Authority
HANMI	Hotel Association of the Northern Mariana Islands
IVS	International Visitor Survey
MICE	Meetings, Incentives, Conferences and Exhibitions
MVA	Marianas Visitors Authority
NTOs	National Tourism Organizations
OTA	Online Travel Agency
PPP	Public-Private Partnership
REVPAR	Revenue Per Available Room
RFP	Request for Proposal
TAF	Tourist Attraction Fund
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	The World Tourism Organization
USPs	Unique Selling Points
VWP	Visa Waiver Program
WTTC	World Travel and Tourism Council

Symbols/signs

\$	US dollars
%	percent

1 Introduction

1.1 Project

The Bureau of Statistics and Plans (BSP) received funds through Federal Award No. 07-79-07663 from the Economic Development Administration (EDA) of the U.S. Department of Commerce (DOC) to develop Guam's Tourism Recovery Plan.

BSP determined it does not have adequate personnel or resources to perform the services contemplated in this agreement and it is in the best interests of BSP to have such services performed under a contract; BSP there upon issued a Request for Proposal (RFP) BSP RFP-BSP- 2021-005 soliciting contractual services for the BSP to Develop Guam's Tourism Recovery Plan.

1.2 Assignment

Bureau Of Statistics and Plans awarded the contract to provide Professional Services for the Development of Guam's Tourism Recovery Plan with writing (e-mail) dated 17th May 2022. An update of this data was revised in December of 2024.

The Services as contained in the Scope of Services of the RFP is shown below.

Tourism Market Study (Phase 1)

Tourism and Destination Marketing Assessment (Phase 2)

Repositioning and Development Strategy (Phase 3)

Outreach and Stakeholder Engagement

Guam's Opportunity Zones

The audit of legal terms, in particular the ownership, building, corporate and fiscal terms, is not subject of this assignment. PKF has and will prepare the aforementioned reports on the basis of the *General Terms and Conditions of Doing Business*. When preparing the attached study, we have acted in our position as an expert to the best of our knowledge. However, we cannot guarantee the actual occurrence of any of the forecasted or estimated results.

The tourism plan is exclusively prepared for the client's use. If they are forwarded to any third party, the above mentioned *General Terms and Conditions of Doing Business* shall also apply vis-à-vis this third party. The report (or parts of it) may only be published after the consultant's prior written approval.



New York, 17th December 2024

PKF hospitality LLC

Channing Henry
Managing Director | Head of US

Baron Ah Moo
Managing Director | Head of US

GVB0432

1.3 Methodology

1.3.1 General

The quality and significance of studies relies largely on detailed research. To adequately provide insight into the applied methodology, we have listed selected aspects of our work:

The following individuals have worked on the assignment:

Project Controller: Baron Ah Moo (Managing Director | Head of US)

Project Manager: Ariel Huang

Project Team Member(s): Anton Obukh, Kristopher Swanson, Ryan Swanson, Cole Arrants

PKF Subcontractors: Christopher Kam (Omnitrak), Leland Bettis (Mantid International), Regine B Lee (Mantid International)

2024 Update Team: Channing Henry (Managing Director | Head of US), Eva Chou-Chan, Lillian Pinheiro, Florian Van Der Bellen,

PKF Subcontractors: Christopher Kam (Omnitrak), Leland Bettis (Mantid International), Regine B Lee (Mantid International)

In the case of questions regarding the content and structure of this report, the project controller and the project manager are at your disposal. You may reach them under:

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() The individual steps of the assignment were done in the following order:

date when assignment was given: 09th May 2022

preparation of site and market analyses: 09th May 2022 – 31st March 2023

on-site research in Guam: July 2021

collection/analysis of data and writing of the report: 09th May 2022 to 31st March 2023

delivery of draft report: 31st March 2024

delivery of final report: Subject to approval by client; anticipated no more than two weeks after draft

The Update of the assignment was granted in September 2024 and was delivered in December 2024.

1.3.2 Analysis

In the course of the collection of information, the project team(s) interviewed – either personally or by telephone – several experts. A list of those people as well as of collected documents and other information can be obtained from PKF hospitality LLC.

The information was collected by using – amongst others – the following means:

site visit of the island of Guam

market research in Guam

visit of selected destinations on the island

personal interviews, online interviews and phone interviews

analyses of data and statistics provided by various statistical offices

analysis of various publications

internet research

use of various databases (including databases by PKF hospitality LLC)

The collected information and data were analyzed in the following manner:

analysis and evaluation of the collected market data and results of the interviews

derivation and assessment of Guam's historical and current position within the tourism industry

the perceived role that national, regional and local governments play in assisting in the establishment and promotion of tourism in their respective economies

review of the Island's previous and current travel demand patterns and relevant tourism infrastructure

assessment of Guam for various guest segments based on the current and probable future site and market situation

comprehensive study of regional destinations that Guam competes with for travel demand

1.3.3 Data Sources

An extensive list of Tourism and Travel data was requested of PKF and its constituencies for the project from the Bureau of Statistics and Plans. This information was gathered from several Guam agencies including but not limited to The Guam Visitor's Bureau, Guam's Department of Revenue and Tax, The Guam International Airport Authority, The Guam Hotel and Restaurant Association, and The Guam Economic Development Authority.

Additionally, the PKF team utilized their industry network to gather supplementary data on perceptions of Guam as a destination, as well as key inbound travel markets.

PKF in its original timeline had budgeted 30 days from the date of request (26th June 2022) for the handover of documents. Given it would be difficult for the various departments to gather the data to meet this deadline, PKF set a revised goal of completing 80% of the data to proceed with the external analysis. This number was achieved in late October 2022 and is the basis for much of the data and analysis.

1.3.4 Ratios

The following ratios are used throughout the reports:

- ① occupancy
occupied rooms divided by the number of available rooms per period
- ② multiple occupancy factor
number of guests divided by the number of occupied rooms per period
- ③ published room rate (= *rack rate*)
published room rate including VAT and – if applicable – breakfast
- ④ net room rate
rooms revenue (after deduction of breakfast, VAT and allowances/discounts) divided by the number of occupied rooms in each period

⑤=①x④ revenue per available room/revpar (= *rooms yield*)
occupancy multiplied by the average net room rate respectively rooms revenue (excluding VAT, breakfast and allowances/discounts) divided by the number of available rooms per period

1.3.5 Classification

The classification of hotels in this study is based on the internal hotel classification of *PKF hospitality LLC*, which is orientated towards the strict international parameters for the classification of hotels (maximum of five stars):

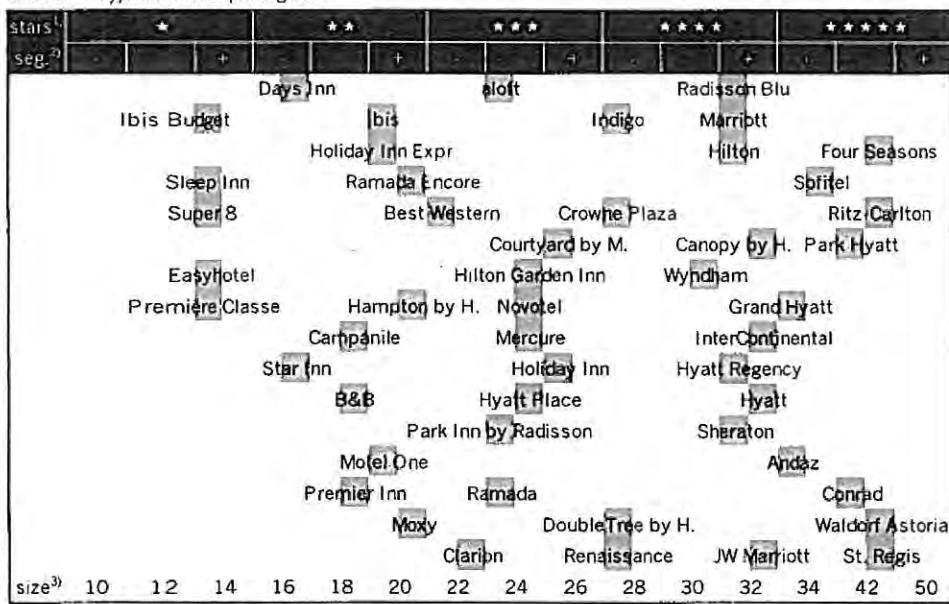
★★★★★ outstanding standard; extraordinarily good service, extraordinarily large (minimum of 34 sqm) and luxuriously equipped rooms; excellent food & beverage

facilities; extensive and outstanding sports, leisure, and spa facilities (for resort hotels) or high-quality fitness & spa facilities (for city hotels)

- ★★★★★ very high standard; very good service; large (minimum of 28 sq m) and very comfortably equipped rooms; very good food & beverage facilities; sports, leisure and spa facilities, which are adequate to the type and the site of the hotel
- ★★★★ high standard; good service; spacious (minimum of 22 sq m) and comfortably equipped rooms; good food & beverage facilities; sports, leisure, and spa facilities, which are adequate to the type and the site of the hotel
- ★★ simple standard; limited service; relatively small (minimum of 16 sq m) and basic rooms; no or only simple food & beverage facilities; no or only simple sports, leisure, and spa facilities
- ★ very simple standard; no or very limited service; very small and very simply equipped rooms; no food & beverage facilities; no sports, leisure and spa facilities

Typical brands of the various market segments and their respective positioning as seen by PKF hospitality LLC are illustrated in the following chart:

Chart 1 *Typical brands per segment*



Please note that national or regional classification systems – as well as the hotel groups themselves – often are more generous in attributing stars to hotels.

2 Phase 1 – Tourism Market Study

2.1 Guam Tourism Market Overview

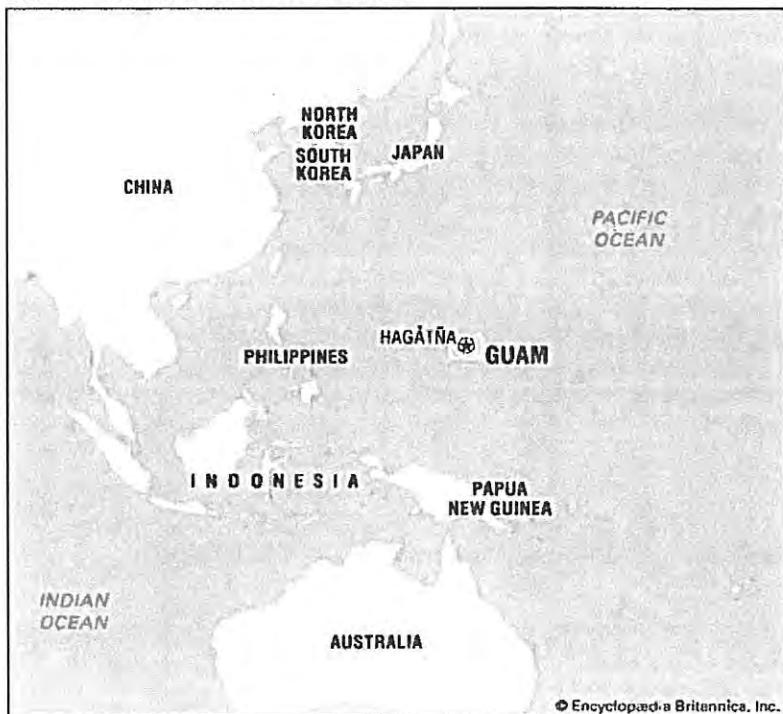
2.1.1 Location

Guam is an island in Micronesia located in the North Pacific Ocean. With a length of 212 mi² and population of 153,836 (source: 2020 Census of Guam), the island is located about 1,300 miles north of Papua New Guinea, 1,500 miles east of the Philippines, 1,600 miles south of Japan, 4,000 miles west of Hawaii, and almost 6,000 miles west of California – Mainland US. The island's location and proximity to neighboring countries served as a strategic advantage point during WWII. The capital of Guam and its most populous city is Hagåtña.

Guam is of volcanic origin and is made up of sandy beaches, coral reefs, rocky cliff lines and mangroves. It is home to 32 waterfalls and Mount Lamlam, the island's highest peak at 1,300 feet above sea level and the world's tallest mountain when measured as nestled 200 miles below sea level at the bottom of the Marianas Trench.

The following map shows the location of Guam within the Pacific Ocean

Chart 2 Location of Guam within Pacific Ocean

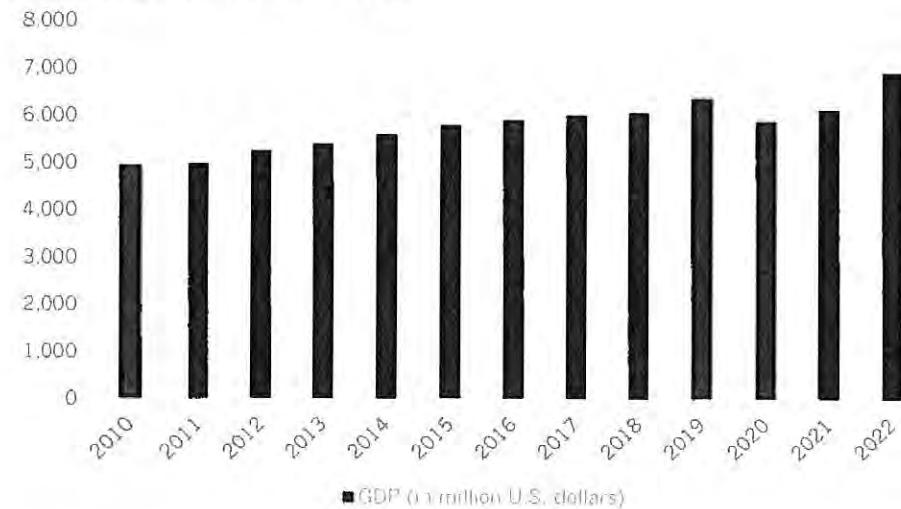


Source: Encyclopædia Britannica, Inc.

2.1.2 Economy

The following chart shows the GDP of Guam between 2010 and 2022:

Chart 3 Dynamic of GDP, Guam (2010-2022)



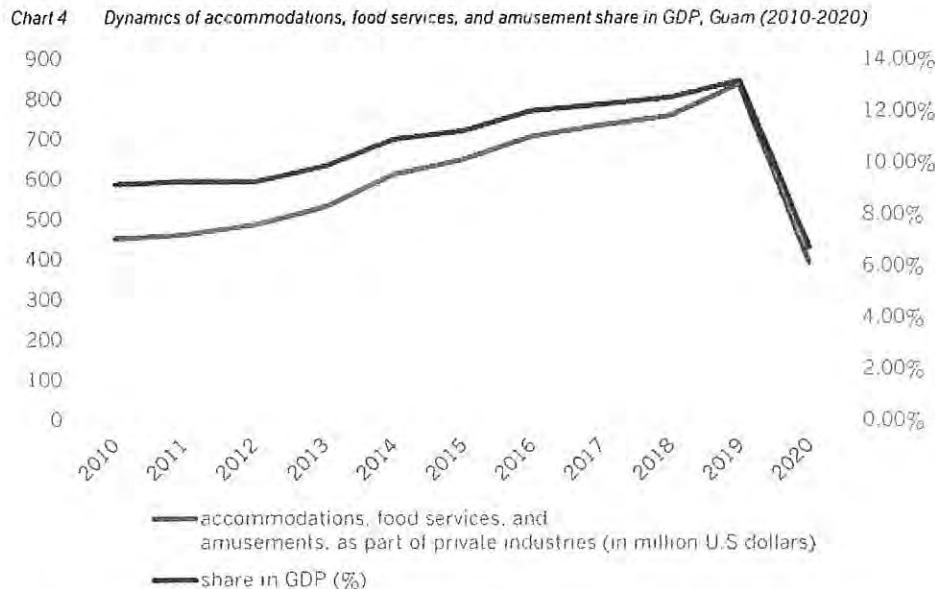
Source: Bureau of Economic Analysis (U.S. Department of commerce)

Based on the data provided by Bureau of Economic Analysis (U.S. Department of Commerce), Guam's GDP has seen an upward trend from 2010 to 2019, with slight fluctuations in early years. In 2019, GDP reached a peak at 6.36 billion dollars, surpassing 2010's recorded 4.95 billion (28% growth). Unfortunately, in 2020, there was a decline due to the impact of the COVID-19 pandemic, dropping by 8.2% (to 5.84 billion dollars). GDP recovered slightly in 2021 to 6.123 and has continued to trend upwards since, reaching a high of 6.91 in 2022.

GDP has grown for the ten-year period from 2010 to 2020 at a compound annual growth rate (CAGR) of 1.7% per year. While CAGR is a useful metric to measure the growth rate of an investment, it is important to note that it does not take into account the magnitude of the fluctuations or the specific events that led to them (i.e. COVID-19 pandemic and its impact on the majority of figures in 2020 and 2021).

In 2020, Guam Federal Government expenditure and personal consumption of services contributed the largest portion of GDP. Private industries made up 58% of GDP, of which 7% was generated by accommodations, food services, and amusements. Government expenditure made up the remaining 42%.

The following chart shows accommodations, food services and amusement share of GDP in Guam between 2010 and 2020:



Source: Bureau of Economic Analysis (U.S. Department of commerce)

The share of the accommodations, food services, and amusements sector of GDP increased continuously from 2010 to 2019, with the exception of a slight decrease in 2013. In 2010, this sector accounted for approximately 452 million dollars, or 9% of the GDP. By 2019, the share had grown to 13.18%, or 839 million dollars. The sector's growth from 2010 to 2019 was about 86%, growing for the nine-year period at a compound annual growth rate of 7% per year. In 2020 however, the sector fell to 7% of total GDP, its lowest contribution in the past 15 years.

As of March 2022, the Island's unemployment rate was 5%, about 1.3 percentage points above the US federal rate. This is a reduction from December 2020's unemployment rate of about 19%, but still approximately 0.8 percentage points above March 2019's pre-pandemic rate.

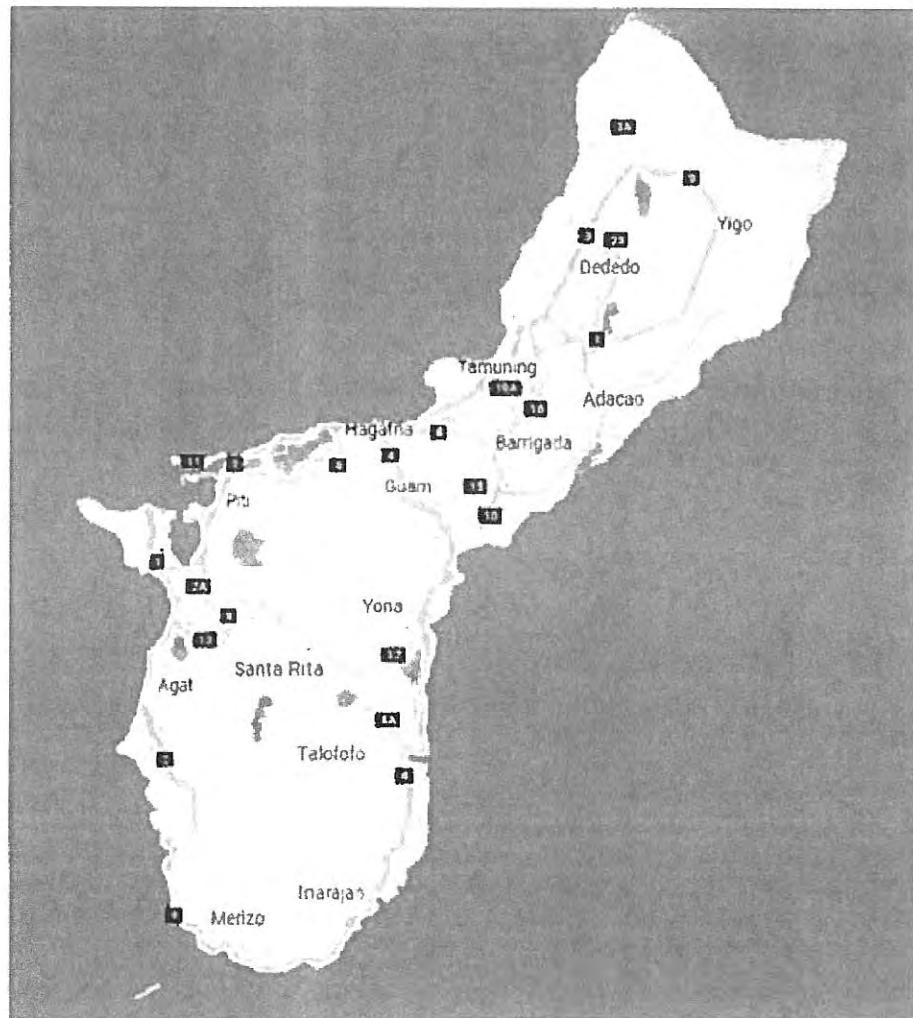
There were an estimated 65,000 employees on payroll in Guam as of 2022. The private sector contributed 75% of all jobs, with the service industry holding the most jobs within the economy at 16,320 positions. It was followed by Retail Trade (11,750 positions) and Construction (10,820 positions), with the Federal Government and the Government of Guam making up the remaining 25% of jobs with 16,160 positions.

As of 2022, Guam's single largest source of economic activity was from federal government expenditures, including the military installations of Andersen Air Force Base and the Naval Base Guam which are approximately 30 miles apart.

2.1.3 Villages and Expanse

The following map encompasses the entire island of Guam:

Chart 5 *Island of Guam*



Source: Google Maps

The length of the island from north to south is approximately 31 mi, width from west to east ~8 mi, and length of coastline ~78 mi.

Guam encompasses 19 villages, with Dededo and Hagåtña encompassing the largest residence. Dededo is the island's largest municipality, housing 45,000 inhabitants over 30 mi² of the Northwest region. Guam's capital, Hagåtña serves as the second smallest of the villages in both population (<1,000) and area (640 acres), of the Central Western coast.

2.1.4 Culture and Tourism

As the largest island in the Marianas and Micronesian region, Guam's tourism heavily relies on tourists from Japan, South Korea, Taiwan, the Philippines, and the US who come for the white sand beaches, waterfront resorts, and shopping. Typical activities include water sports, such as diving and snorkeling. The island is also filled with natural gems including caves and waterfalls.

In addition to its natural beauty, Guam has an expansive history and strong local culture. The island's indigenous culture, CHamorro, is ever present (43% of inhabitants) throughout with traditional food, music, dancing, celebrations, legend, and folklore. Despite numerous occupations by other sovereign nations, Guam has maintained strong CHamorro customs that have been passed on to each generation through apprenticeships.

Guam has also been culturally impacted by former and current colonial powers including Spain, Japan, and the United States. The island's fiestas, architecture, Catholic presence, and clothing are all influenced by Spanish heritage. As for cuisine, Guamanian delicacies feature a mixture of traditional Asian, Spanish, and Pacific Island dishes.

The island's isolated vantage point and location as a strategic position between Asia and North America gave way to Japanese invasion following the attack on Pearl Harbor in 1941. Guam was later reclaimed by the US, leading to the regulation of the government and westernization of the local lifestyle. Notable landmarks (131 in total) scattered throughout the island now capture the rich history of Guam.

Guam celebrates a range of arts, culture, and festivals, unique to each of the 19 villages. All have their own religious fiesta day, and host local and regional art exhibits and film festivals. Some notable unique celebrations include Crab Festival, Mango Festival, Donne Festival, Banana Festival and Coconut Festival.

2.1.5 Traffic

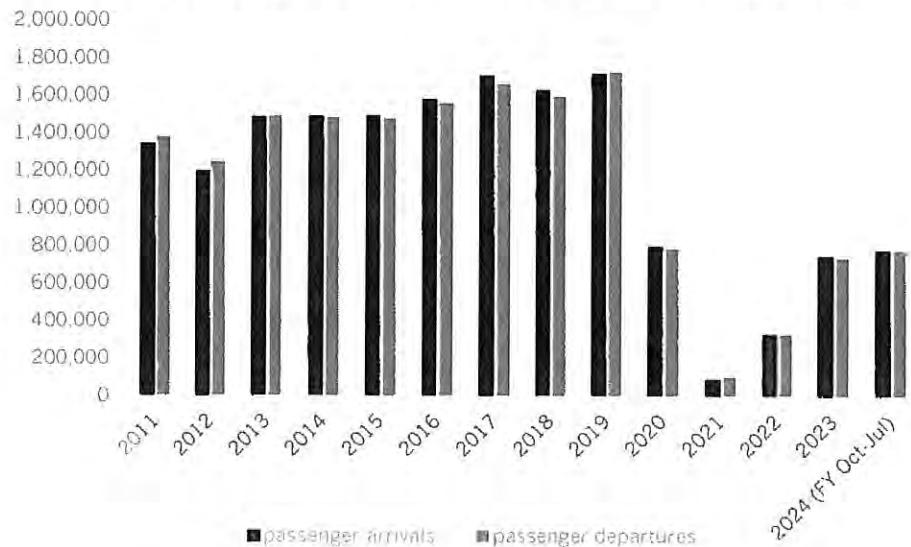
a) air traffic

There are five airports located in Guam, but only one has international status – Guam International Airport, A.B. Won Pat International Airport (GUM). The airline operates in cities including Tokyo, Kansai, Seoul, Manila, Nagoya, Busan, Fukuoka, and Honolulu as well as to the neighboring islands of Saipan, Rota, Tinian, Palau, and Yap. Direct flights span the following flight times: Japan 4hr, South Korea 4.5 hrs, Taiwan 4 hrs, Hong Kong 5 hrs, the Philippines 4 hrs, and Hawaii 8 hrs. GUM is a hub for United Airlines, Guam's largest private-sector employer.

The following airlines operate in and out of GUM: Air Busan, Air Seoul, Asia Pacific Airlines, China Airlines, United Airlines, Japan Airlines, Jeju Air, Jin Air, Korean Air, Philippine Airlines, Star Marianas Air, and T'way Air.

The following chart shows the development of passengers and aircraft movements at GUM between 2011 and 2024:

Chart 6 Development of passengers and aircraft movements at Guam International Airport (2011-2024)



Source: A.B. Won Pat International Airport Authority, Guam

Until COVID-19 in 2020, the island had seen relatively consistent growth between 2011 and 2019. Over that time period, annual passenger and aircraft movement had increased by 28% and 25% respectively, with a CAGR of 3.1% and 2.8% respectively. Due to the pandemic response and travel restrictions, passenger arrivals and departures decreased by 54% each between 2019 and 2020, but have been on the rise since. 2024 fiscal year (October to July) figures reflect 775K arrivals and 775K departures.

Civilian and Armed Forces contribute to the total air arrivals to the island, with civilian passengers making up the majority.

b) railway traffic

There is no railway system servicing the island of Guam.

c) road traffic

The main transport on the island is by vehicle. The roads are safe and convenient with a high degree of compliance with traffic rules. There are shuttles from GUM to most hotels and car rentals are available for tourists. Traffic is right-handed, and it should be noted that Japanese tourists accustomed to left-handed traffic have had issues driving safely.

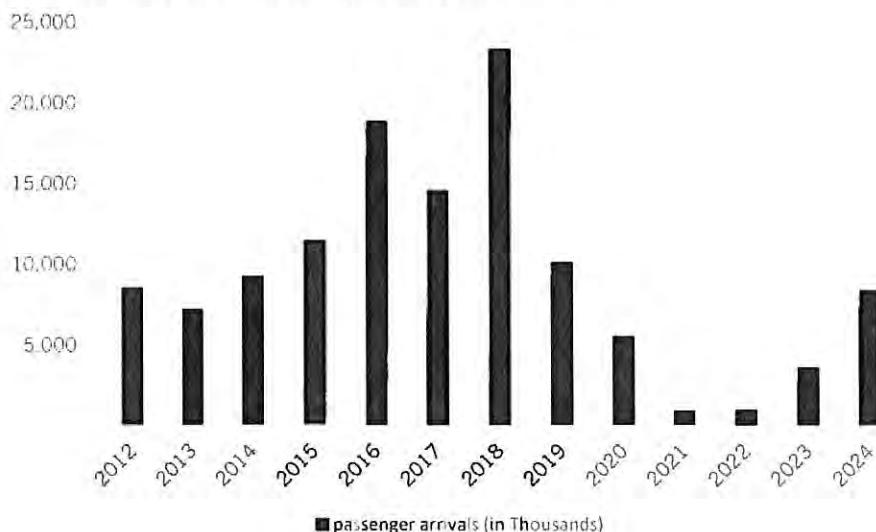
d) public transportation

The Guam Regional Transit Authority (GRTA), formerly the Guam Mass Transit Authority (GMTA), make up the public transit system, servicing nine routes covering the Island. Additionally, trolleys are available at all major hotels and shopping centers.

e) water traffic

A minimal portion of the island's visitors arrive by cruise ship. The following chart shows the development of sea passengers between 2012 and 2024:

Chart 7 Development of sea passengers in Guam (2012-2024)



Source: Guam Visitors Bureau

Annual arrivals have fluctuated greatly over the time period, reaching a peak of 23,000 in 2017. The effects of the 2020 COVID-19 pandemic can be depicted by dramatically decreased numbers in later years. They are, however, on the rise and 2024 September YTD numbers reflect 8.35K, only 2% of a decrease from 2012. Please note that sea arrivals only contribute less than 1.5% of total arrivals to the island and include both civilian and armed forces.

2.1.6 Immigration Policy and Travel Bubble

Entry requirements to Guam are similar to U.S. destinations, however they rely more heavily on visa waiver programs, including the Guam-CNMI Visa Waiver program and the US Visa Waiver program, which the majority of the visitors fall under. The Visa Waiver Program (VWP) allows foreign nationals from certain countries to be admitted to the US under limited conditions and for a limited time without obtaining a visa (but still having a passport). The U.S. Visa Waiver program has 36 participating countries/geographic areas and includes admission

to the 50 states. The Guam-CNMI Visa Waiver program has 12 participating countries/geographic areas with admission only to Guam and the CNMI (Northern Marianas).

During the COVID-19 outbreak, Guam implemented a mandatory 14-day quarantine for all arrivals, beginning on May 9th, 2020. And by July 1st of the same year, they announced visitors from Japan, South Korea, and Taiwan as allowed to enter the island without the quarantine period, as those countries were no longer hotspots and had since administered effective infection control plans.

Due to the virus mutation during the pandemic, Guam had temporarily postponed all travel bubble discussions with Japan, South Korea and Taiwan. Taiwan in particular saw a shortage of vaccines, inhibiting travel access even further. On July 6th, 2021, the Guam Visitor's Bureau launched an Air Visit & Vacation Program, enabling eligible visitors from Taiwan (age 12 and older) to travel to the island and receive their first shot of COVID-19 vaccination as soon as one day after arriving.

On June 12th, 2022, all air passengers, regardless of citizenship or vaccination status, were no longer required to show a negative viral COVID-19 test result, or documentation of recovery from the virus, before boarding a flight to the United States.

2.1.7 Assessment

PKF has submitted Guam to a SWOT analysis, summarizing results as follows:

Chart 8 SWOT analysis macro site (Guam)

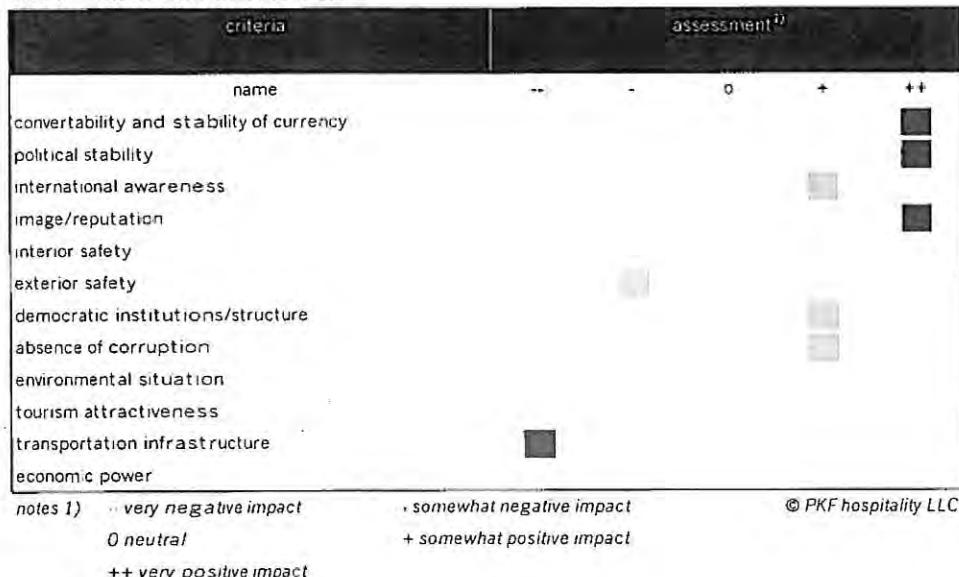
	Strengths	Weaknesses	Opportunities	Threats
+	<ul style="list-style-type: none"> situated in a favorable location in the Northwest Pacific Ocean recognized as a quality tourist destination, with natural, cultural and historical sites and a variety of white-sand beaches and diving sites features a tropical marine climate and a variety of landscapes convenient for Japanese tourists, located closer to Japan than the Hawaiian Islands boasts a unique island cuisine, combining Asian, Spanish, and Pacific Island influences legalized same-sex marriage (LGBTQ travelers) demonstrated positive hotel performance in 2019, which can be seen as a proof of concept for the viability of Guam's Tourism Industry 	<ul style="list-style-type: none"> low biodiversity on the island, with a scarcity of birds and wildlife restrained increase in net investment in capital assets, signifying a lack of confidence in future economic outlook Guam is vulnerable to natural disasters such as typhoons and earthquakes intense competition from other popular island destinations in the region limited infrastructure, particularly in terms of transportation limited diversity in tourism offers which may limit its appeal to a wider audience environmental challenges pollution and over-development dependence on a limited number of source markets for tourism, making the industry susceptible to external factors such as pandemics, global or regional recessions (i.e. decreased market share of Japanese and Korean tourists) 	<ul style="list-style-type: none"> the rich CHamorro culture and community is an untapped source of interest for travelers and should become a focal point of tourism moving forward enhancing the tourism sector by highlighting the island's cultural heritage, diverse landscapes, and tropical marine climate diversification of the local economy by investing in small business, and non-military industries Guam's Outdoor Activities (surfing, diving, and hiking) are aligned with post-COVID global travel trends expansion of source markets to increase the diversity of visitors; Improved Air connectivity and Chinese Market remains untapped developing new points of interest (the southern region's well-preserved CHamorro culture, natural attractions, etc.) partnerships and collaboration with travel partners (operators and travel agents to raise awareness and promote Guam as a destination (also through strengthening of local DMO) adding to the hotel supply through future developments 	<ul style="list-style-type: none"> increased competition from nearby destinations offering similar attractions, could limit Guam's growth potential (Okinawa, CNMI, Hawaii) rising geopolitical tensions between the US and countries in the Area (North Korea, China and Russia) aging hotel stock that has not seen any significant capital investments in years vulnerability to changes in US defense spending, which could have a significant impact on economic activity environmental issues (pollution and coral reef degradation) that would jeopardize Guam's image as a pristine destination could negatively impact the tourism industry and marine life lack of diversity of inbound markets (Japan, South Korea, and the US and Hawaii), creates significant cyclical risk for Guam the concern of future global health emergencies and accompanying restrictions has changed travel patterns making consumers more wary of isolated and remote destinations.

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The SWOT analysis reveals that Guam's natural advantages in its weather, beaches and outdoor/ocean activities make it an attractive destination for Asian travelers seeking the classic US resort vacation. Additionally, the island's main asset, the CHamorro history, culture, and traditions have been "under promoted" and present a tremendous future tourism opportunity. However, lack of reinvestment in the industry's infrastructure, including aging hotel stock, poor air connectivity and no public transportation, will require that Guam continue to discount and attract an underperforming demographic, to what could be a top tier destination.

In the following chart, we have assessed the macro site based on the following important criteria:

Chart 9 Assessment of macro site Guam



2.1.8 Future Development

Several hotels that were reportedly delayed during the pandemic have restarted development discussions with their respective local jurisdictions. The proposed Honhui Hotel at Tumon Bay/Matapang Beach is set to hold 913 rooms and stand 37 stories high, making the property the tallest hotel on the island. Another project, the Vista Del Mar Resort located at Two Lovers Point, has requested approval for a 736 hotel and condominium unit project. This development would be the first major hotel investment outside of the Tumon area.

However, both properties have faced community concerns over their environmental and social impact, and still have several milestones to meet before they can be considered as future additions to the hotel supply.

2.2 Guam's Tourism Infrastructure

2.2.1 Overview

PKF has analyzed supply and demand generators of the general tourism market in Guam, as well as those of its feeders.

The hotel supply of the market remained relatively steady over the past 9 years with an average of 32 hotels, approximately 8,600 rooms and an average of 268 rooms per hotel. Most potential projects in the pipeline were either postponed or canceled due to the pandemic environment, but some resumed as of early 2023.

All key tourism indicators steadily increased until the COVID-19 pandemic in early 2020. The total number of arrivals, number of overnight stays, average length of stay, the average daily rate (ADR), hotel occupancy and revenue per available room (RevPAR) grew, especially within the period of 2016 to 2019. In 2020, all above indicators fell significantly, with the exception of average length of stay, likely due to the mandated quarantine period.

In 2019, the main feeder markets were Korea, Japan, US/Hawaii, and Taiwan, respectively. Although the total number of arrivals were gradually increasing from 2012 to 2019, it is interesting to note that Japanese tourism had dropped approximately 19%, meanwhile Korean tourist arrivals had increased approximately 270%. US arrivals started increasing from 2016, while visitors from Taiwan started decreasing from 2017.

2.2.2 Tourism Stakeholders

In every tourism destination there are three groups of stakeholders: public authorities, tourism entrepreneurs, and the local population. To support the sustainable development of a tourism destination, the requirements of each stakeholder group need to be taken into consideration. Another important measure is to provide regular opportunities for all stakeholders to communicate with each other, allowing them to discuss important issues regarding tourism and its development while preventing negative tensions.

In addition to the interaction between the key tourism stakeholders, the mechanics of cross-departmental and interregional cooperation among public authorities at different levels play a critical role in the successful development of tourism. As tourism impacts several areas of the public and private sector, a true public-private partnership (PPP) that centers around the interests of all stakeholders, while seeking to meet the aspirational needs of the target traveler, is key to a successful strategy.

The public authorities in a destination have an especially important role, as they should, among others:

support professional and economically sustainable tourism development in their destination to the best extent possible

communicate advantages, opportunities and positive effects of sustainable tourism development to the local population, continuously monitoring their attitudes toward tourism and its development

initiate cooperation between the different private sector entities

When having a closer look at the activities of public authorities regarding tourism in different jurisdictions, significant differences can be observed. In tourism development theory, there are two extremes regarding the involvement of the public authorities in tourism and its development:

- 1) The public authorities see tourism development as a top priority and provide support in various ways including a modern legal framework for tourism, significant funding for NTOs (National Tourism Organizations) and DMOs (Destination Management Organizations), significant funding for tourism investment incentive/subsidy programs, and direct investment in important tourism projects; the public sector is the main investor.
- 2) OR, the public authorities do not see tourism development as a top priority and only provide a general legal framework

There are examples of both extremes around the world. While the development in the different emirates of the UAE and Saudi-Arabia are good examples of detailed involvement by the public authorities to push tourism development, there are examples where involvement by the public authorities is limited in providing the general legal framework, often due to limited financial resources.

As tourism is an important economic driver for Guam, all stakeholders, including the public sector, are actively involved and engaged in the industry. However, with limited financial resources and no clear strategy, tourism will continue to flounder until broad agreement on the future of the industry is reached.

In many countries, especially those with a well-established tourism industry, a hybrid solution is often implemented. Certain resources are available to finance the necessary organizational structures in tourism (NTOs and DMOs) and important tourism development projects are prioritized, such as converting cultural heritage or natural sites into attractions or re-developing those tourism products/facilities that may not initially be as attractive for an investor. These developments are deemed important for the destination and visitor experience.

Regarding public tourism administration, it is usually presented at the national, regional, and local levels.

At a national level (incl. Ministry, Tourism Organization, National Agency), tourism public authorities play a fundamental role in tourism development in the country, responsibility for legislation, development strategy, and marketing. It is a center for public policy networks, with the capacity to articulate and coordinate platforms for discussion, analysis, and negotiation of public problems.

At a regional level (incl. Departments, Agencies, Bureaus) authorities are generally established directly under a national tourism body and/or the regional government with an executive function in the territorial units where they conduct their work. Regional bodies provide useful information, serving as a platform for communication among tourism societies to detect trends and issues that may impact tourism activity, and supporting and designing public policy.

At a local level (incl. tourism information centers), entities plan and develop the physical tourism product and infrastructure, overseeing implementation, information, and communication. They have a responsibility toward the community, tourists, and regional public authorities. Tourism authorities at the regional level typically provide a variety of services to promote and support tourism in their area. These services may vary depending on the region, but typically include:

- marketing and promotion of the regional tourist attractions and destinations
- development (and promotion) of tourism-related products and activities in the region, such as cultural events, outdoor recreation, and historical sites
- development and maintenance of tourism infrastructure (incl. visitor centers, walking trails, etc.)
- provision of information and resources to visitors, such as brochures, maps, and guides
- facilitation of tour and travel packages
- development and maintenance of related online travel platforms
- support for local businesses and organizations in the tourism industry, such as hotels, restaurants, and tour operators
- data collection and analysis on tourism trends and visitor demographics to inform future planning and marketing efforts
- collaboration with other tourism agencies and organizations at the state, national, and international level to promote the region as a destination
- other services

Unlike other tourism destinations, Guamanian public administration falls under a single quasi-government entity, forgoing the segmentation between national,

regional, and local. Administration is more centralized, providing clarity in the decision-making process, but placing greater responsibility on the leaders and stakeholders within the industry. In subsequent phases, PKF will outline the government of Guam's participation within the tourism industry to provide a detailed assessment.

a) Guam Visitors Bureau

In 1952, Guam's local authorities recognized the potential for tourism development with the passage of Public Law 67. The Guam Tourist Commission was established in 1963 within the Department of Commerce, and in 1970, it was renamed the Guam Visitors Bureau, separating from the Department of Commerce and becoming a nonprofit corporation. The Bureau's structure was further solidified in 1983 with the passage of Public Law 17-32, which reorganized it as a public, nonprofit, Membership Corporation. Public Law 17-65 was then passed a year later, creating the Tourist Attraction Fund (TAF) and serving as the Bureau's budget source, derived from hotel occupancy taxes at an 11% rate. In 1990, a Research Department was established within the Bureau to collect, analyze, and evaluate data on the visitor industry and serve as a source for industry data dissemination.

Today, the Guam Visitors Bureau (GVB) is a public, non-profit membership organization whose stated mission is "to promote and develop Guam as a safe and satisfying destination for visitors and to derive maximum benefits for the people of Guam". The Bureau's website states that the GVB "serves as a critical bridge linking government, the tourism industry, visitors and the local community, and aims to contribute successfully to a good quality of life for residents through tourism."

In GVB's objective they are primarily responsible for the coordination and support of events and activities that not only attract interest from overseas travelers, travel agencies, and influencers, but also promote awareness from Guam's local communities as to the impact that tourism plays in the local economy. GVB's role in soliciting input on one of Guam's most important industries and serving as a liaison for the government is crucial in the tourism recovery effort.

In addition to its main office in Tumon, GVB operates two visitor centers on the island. The Bureau operates with an 8-person board and 36 total positions (including 6 of which are vacant), as reported by the 2023 GVB Annual Report. The organization is divided into departments that include Finance and Administration, Research, Marketing, Destination Development, and more. The Bureau operates as a public, non-profit membership corporation, with funding coming from the TAF, the government of Guam, and private sector memberships such as hotels, restaurants, and other businesses that rely on tourism. Its structure includes the following committees:

Executive Committee

Administration & Government Relations Committee

Destination Management/Visitor Safety & Satisfaction Committee

Cultural Heritage, Community Outreach & Branding

Research & Membership Committee
Sports & Events Committee
Air Service Development Committee
Japan Marketing Committee
Korea Marketing Committee
Taiwan Marketing Committee
North America, Pacific and Philippine Marketing Committee
Reopening Task Force
New Markets Marketing Committee

The vision of GVB's Tourism 2020 plan was for Guam to become a world-class resort destination of choice, offering a combination of the U.S. and island paradise with stunning ocean vistas. The destination would cater to two million business and leisure visitors from across the region with accommodations and activities ranging from value/budget to five-star luxury, all in a safe, clean, family-friendly environment and a unique 4,000-year-old culture at its foundations. Although the document was published in 2014 and could be seen as dated, PKF has reviewed the Tourism 2020 Plan and has provided a separate report for its review and consideration.

Among other activities, GVB develops and maintains the official website "Visit Guam," which is the main online tourism information resource for travelers. The website works under its own brand and logo, like the Guam Visitors Bureau. *Visitguam.com* provides content in four languages (English, Japanese, Korean and Taiwanese/Simplified Chinese) which ironically is less than the seven languages on GVB's website (www.guamvisitorsbureau.com) where Russian, Vietnamese and Hindi are also offered. The site does not offer any links between the two sites or the use of QR codes, now a staple for marketing communications and information. The website provides information in the following six key sections with dropdown menus:

About Guam: information on different Villages, Micronesia, Entry & Exit Formalities, Safety Tips, and Traveler Essentials

CHamorro culture: History, Heritage Sites, Food, Fiestas, Nature, Churches, Architecture, Music, Dance & Arts, Jewelry, Simple CHamorro Greetings, and Cultural Presentations

Events: Featured Events, Festivals, Arts & Culture, and Holidays

Places to Stay: Resorts, Hotels, and Bed & Breakfasts

Things to Do: Explore, Let's Go Guam, Local & Military Specials, Top 10 Things to Do, Virtual, Adventures, Attractions, Beaches, Diving in Guam, Restaurants, Museums, Arts & Entertainment, Golf, Family Fun, Nightlife, Beauty and Wellness, World War II Sites, Shopping, and #Protectguam

Planning: Guam Electronic Declaration Form, COVID-19 Updates, Philippine Travelers to Guam, Trip Planner, Airport, Transportation, Traveler Essentials, Vacation Guide, Military Visitors, Business Travelers, Weddings, Visitor Centers, Tours and Guides, Entry & Exit Formalities, Safety Tips, LGBTQ, and eNewsletter Sign Up

The website also features Travel Trade (Itineraries, Accommodations, Attractions / Events, Maps & Guides, and Contact), MICE (Facilities, Services, Contact, and MICE E-Brochure), Media (Media Kit, News Releases, and Contacts), and Weddings (Wedding Planners, Wedding Venues, and Getting Married on Guam) sections, followed by a search engine, a Guam trip builder, and the weather forecast.

Additionally, *visitguam.com* provides a section on its home page for temporary offers and highlights. At the time of research, these elements were dedicated to culture, beaches, history, nature water sports, and shopping. Other information blocks on the home page include Events, Stories from Guam, WTTC Safe Travels, Let's Go Guam, #instaguan, with links to other social media plus pictures, and Plan Your Trip. Some of these elements are interconnected with the main six sections of the website.

Each subtopic or element of *visitguam.com* has its own structure providing comprehensive information and professional content, but with added duplicity. At the bottom of the website, there are such sections as Explore, Guam Visitors Bureau, Contact Us, Privacy Policy, and Sitemap, followed by GVB logo and address, a free visitors guide (to be downloaded) and several external links. The social media channels mentioned on the bottom are Facebook (approx. 333K followers), X (approx. 5,400 followers), Pinterest (approx. 600 followers), YouTube (approx. 2,640 subscribers), and Instagram (approx. 17,000 followers). All numbers are recorded as of December of 2024.

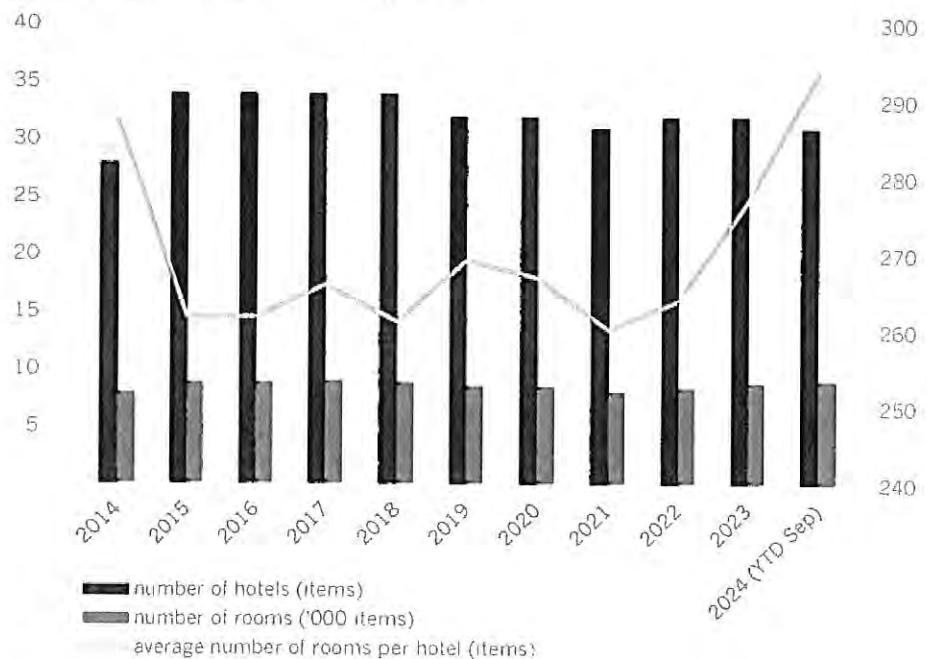
2.2.3 Supply

2.3 Hotel Supply

a) development to-date

The total supply of hotels in Guam developed in the period from 2014 to 2024 in the following way:

Chart 10 *Development of hotel supply, Guam (2014-2024)*



Source: Bureau of Statistics and Plans; Guam Visitors Bureau

As can be seen in the chart above, both the number of hotels and rooms have remained relatively stable over the past several years. The number of hotels increased by only 3, rising from 28 (2014) to 31 (2024). Over the entire period, a total growth of approximately 11% (corresponding to a yearly increase of 1.46%) was recorded. The number of hotel rooms increased by approximately 2% from 8,051 (2014) to 8,220 (2021). The average number of rooms per hotel has remained consistent between 260 and 270 rooms from 2015 to 2022.

Two new entrants into Guam's hotel market during this period were the Dusit Thani, 421 rooms in 2015, and the Tsubaki, 340 rooms in 2020. Due to the pandemic, the island also saw the temporary shutdown or permanent closure of several hotels. The Pacific Star and the Sherwood Hotel are two that are permanently closed and remain vacant.

Recent research conducted in December 2024 identifies Booking.com as the Online Travel Agency (OTA) with the largest number of listed accommodations, offering a total of 54 properties. These include 20 properties in Tumon, 15 in Tamuning, 7 in Sinajana, 4 in Mangilao, and 2 in Yona, as well as one property each in Agat, Merizo, and Yigo.

Among the 54 properties listed on Booking.com:

- 21 are categorized as hotels,
- 17 as apartments,
- 10 as resorts,
- 5 as vacation homes, and
- 1 as a villa

In terms of property ratings:

- 7 properties have a 5-star rating,
- 16 have a 4-star rating,
- 15 have a 3-star rating, and
- 2 have a 2-star rating.

In comparison, the *Visit Guam* official website lists a total of 34 properties. Geographically, 19 of these are located in Tumon, 12 in Tamuning, and one property each in Yona, Hagåtña, and Barrigada.

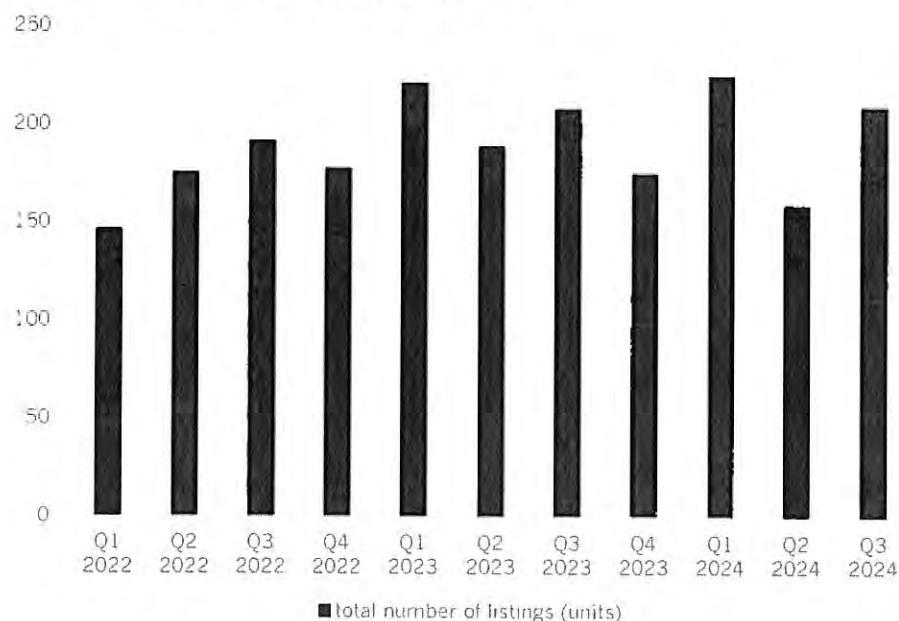
The property categorization on the *Visit Guam* website is as follows:

- 5 properties are listed as bed & breakfast homestays,
- 33 are hotels,
- 4 are long-term facilities,
- 2 are motels,
- 3 are rentals, and
- 22 are categorized as resorts

2.4 Short-term Rental Supply

According to information provided by AirDNA, the total supply of short-term rentals in Guam developed in the period from Q1 2022 to Q3 2024 in the following way:

Chart 11 Supply of short-term rentals, Guam (Q1 2022-Q3 2024)

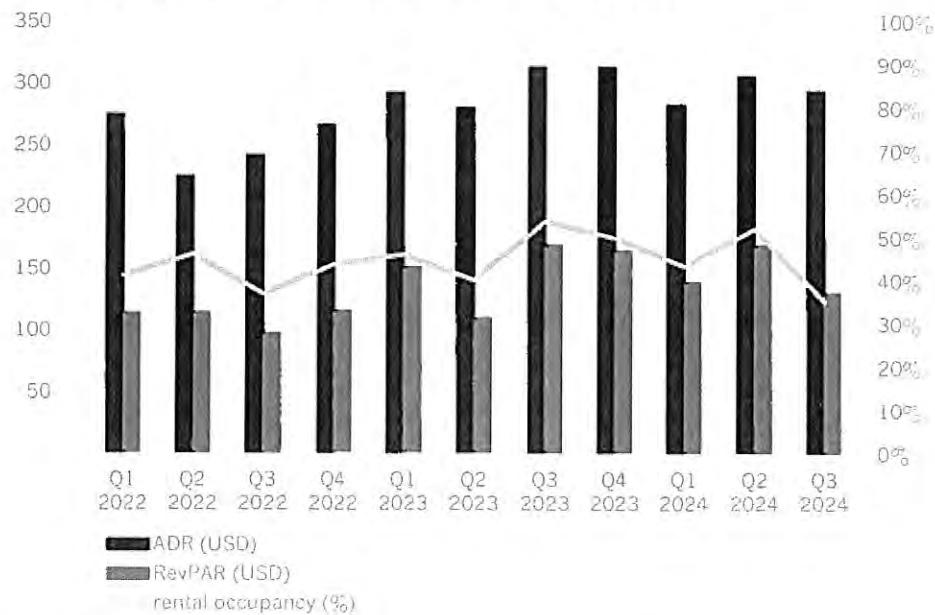


Source: AirDNA

As demonstrated in the chart above, the number of short-term rentals increased by 63 units, or by approximately 43%, from 146 (Q1 2022) to 209 (Q3 2024).

The following chart displays the development of key performance indicators of the short-term rental properties in the period from Q1 2022 to Q3 2024 in Guam:

Chart 12 Dynamics of key short-term rental performance, Guam (Q1 2022-Q3 2024)



Source: AirDNA

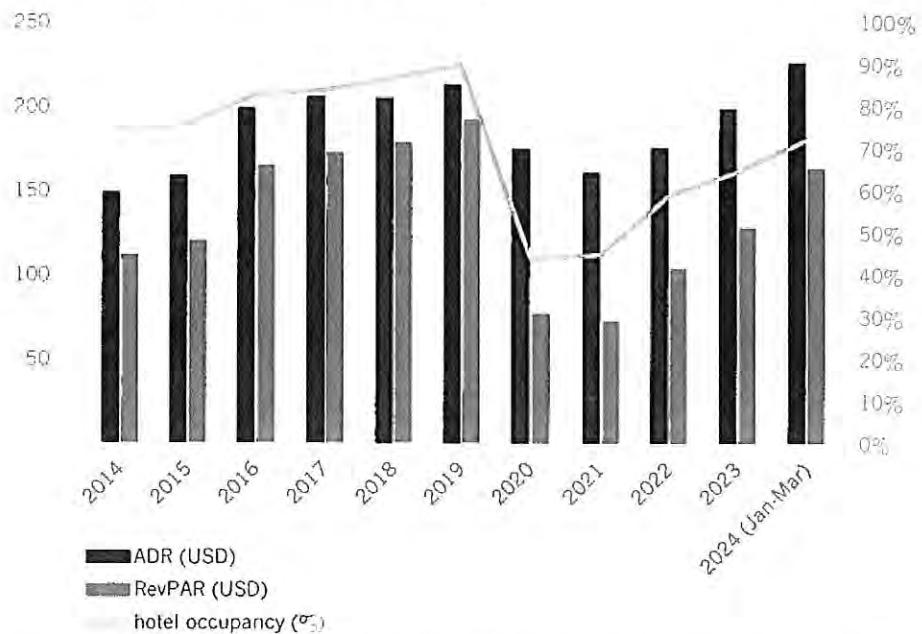
The table above highlights the fluctuations in key performance indicators for short-term rental properties across each quarter from Q1 2022 to Q3 2024. Notably, Q3 2023 marked the peak for ADR at USD 313.61, RevPAR at USD 168.58, and occupancy rate at 54%.

2.4.1 Demand

a) development to-date

The following chart displays the development of demand for hotels in Guam between 2014 and 2024:

Chart 13 *Development of hotel demand, Guam (2014-2024)*



Source: Bureau of Statistics and Plans; Guam Visitors Bureau; Visitor Arrival Statistics are compiled from the Guam Customs and Quarantine

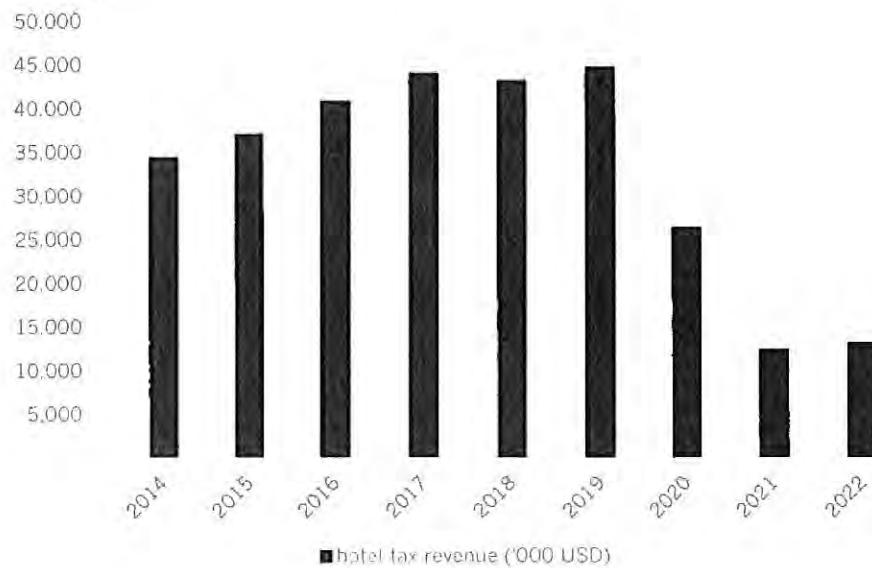
Based on the official statistics, average daily rate (ADR) has shown steady growth over the past several years, from USD 149 in 2014 to USD 226 in 2024, representing a 51% increase during the 10-year period (CAGR 6.11%). However, due to COVID-19, there was an approximately 24% decrease during the pandemic, reaching only USD 161 in 2021.

Hotel occupancy increased over time, reaching a peak of 90% in 2019, reflecting a 20% increase compared to 2014. As a result of the pandemic, there was a significant decrease in the occupancy rate in 2020, down to 44% that remained 45% in 2021. Occupancy did increase to 60% in 2022 and is now at 72% in 2024, showing a 38% increase over the historical low. The current percentage still remains behind its 2019 high.

Revenue per available room (RevPAR) has also increased over time, from USD 112 in 2014 to a peak of USD 192 in 2019 (a 71% increase). This was followed by a considerable drop in 2020 and 2021 (to USD 77 and USD 72 respectively). Similarly to occupancy and rate, RevPAR has picked up, now sitting at USD 163 in 2024, but is still behind pre-pandemic levels.

The following chart of hotel tax revenues (based on official statistics) over the past nine years, from 2014 to 2022, confirms the dynamics and current conditions of Guam's hotel market:

Chart 14 Dynamics of collected hotel tax revenue, Guam (2014-2022)



Source: Government of Guam audited financial statements

Due to an increase in the overall economic activity in the industry, the hotel tax revenue collected by Government authorities from 2014 to 2019 in Guam increased by approximately 30%, reaching a peak of USD 44.70 million (an annual increase of 5.4%). In 2020 and 2021, there was a significant decline to USD 26.37 million and USD 12.37 million, respectively. Though the unaudited hotel tax revenues of 2022, USD 13 million, indicate a slight recovery in 2022, the 9-year low in 2021 represents a 72% decline vs. 2019 and a 63% decline vs. 2014 hotel tax revenue.

According to The Guam Traveler Economy 2019 report, prepared by Tourism Economics company for Guam Visitor Bureau in August 2022, travelers spent a total of USD 1.8 billion in 2019, representing a 3.4% increase from the previous year, with investment and government adding approximately USD 100 million for a total travel demand of USD 1.9 billion.

Buoyed by creative packaging and an increase in flights, lodging remained the largest category of visitor spending, accounting for approximately a third of all tourist spending. Retail followed, capturing 28% of visitor spending, then food & beverage at 16%, and transportation and recreation both seeing approximately 10% of each visitor dollar. The sectors that experienced the strongest growth during this period were transportation and food & beverage.

It should be noted that the direct travel demand in Guam generated a total economic impact of USD 2.4 billion. This visitor-associated, economic activity sustained approximately 23,100 jobs and generated approximately USD 253

million in tax revenues. No additional data on these expenditures has been made available beyond the year 2022.

b) future development

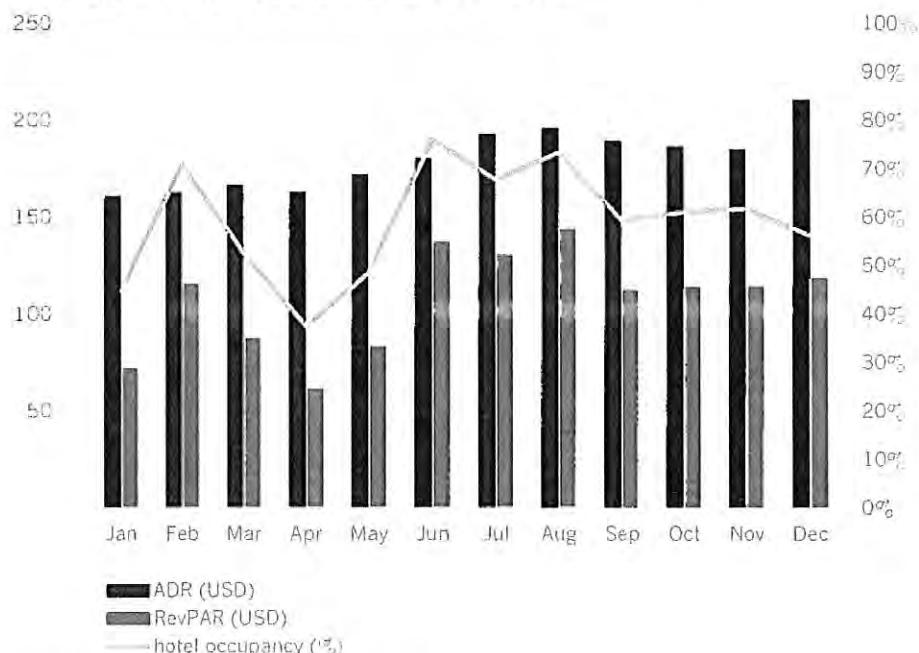
In conducting our market research, PKF discovered little data on forecasting demand and development in the tourism industry, given the current volatility in the key inbound markets of Japan, Korea and Taiwan. Generally however, with the implementation of a tourism recovery plan, we expect notable increases in demand.

2.4.2 Demand Pattern

a) seasonality

PKF presents year 2022 operating results across Guam hotels as the most recent full year of reported data. This can be seen in the following chart:

Chart 15 *Dynamics of key hotel performance indicators, Guam (2022)*



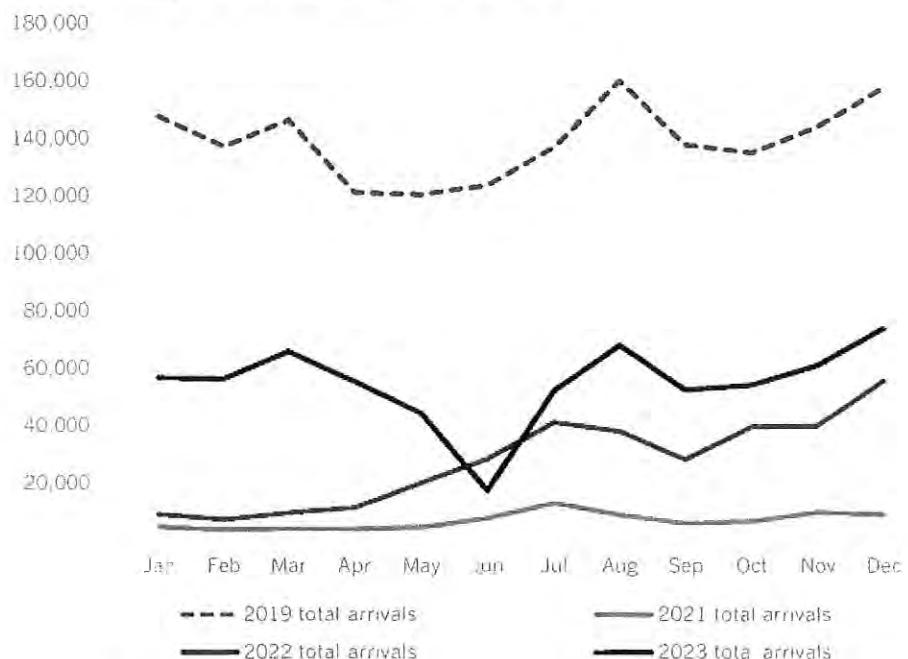
Source: Government of Guam audited financial statements

Compared to other destinations, Guam has very low seasonality as monthly occupancy rates stay within a limited range of 80-95%, while ADR fluctuates between USD 180-235 per night. Peak season corresponds with most remote resort beach destinations where the highest occupancy rates occur in the winter months of December (92%), February (93%), March (92%) and the summer holiday month of August (95%). The low season occurs in April (83%) and May

(81%) when most travelers limit their excursions in anticipation of the summer travel season.

Despite occupancy rate and ADR having a strong positive correlation, it seems that successful revenue management still allows for hotels to maintain higher occupancy and capture additional revenue with timely decreased room rates. Experienced hotel operators and managers are likely to adjust their prices based on the forecasted demand to maximize their property's revenue per available room.

Chart 16 *Seasonality of tourism arrivals, Guam (2019 vs. 2021-2023)*



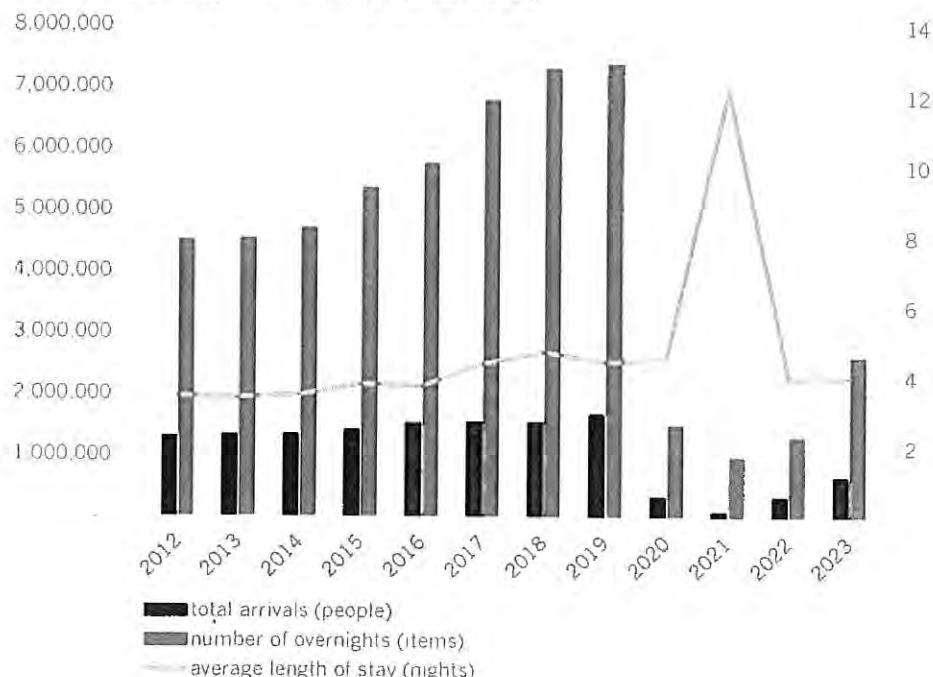
Source: Guam Visitors Bureau

As depicted in the chart above, arrivals seem to support a strong correlation with ADR and occupancy. Similar to RevPAR, arrivals dip in April and May, and peak in August and December. Based on PKF's experience with other similar destinations, it can be concluded that the high travel season in Guam is the period from November to March and the month of August, while April and May qualify as the low season. The months of June, July, September, and October are considered the shoulder-season. Expectedly, as compared to 2019 pre-pandemic numbers, arrivals have trended upward since but still remain well below original estimates.

b) tourism key indicators and feeder markets

The following chart displays the total arrivals, numbers of overnights and average stay in Guam between 2012 and 2023:

Chart 17 Dynamics of key tourism indicators, Guam (2012-2023)



Source: Guam Visitors Bureau

Following a similar trend in economic indicators from 2012 to 2019, tourism in Guam registered steady growth in key indicators (27% increase in arrivals and 64% increase in the number of overnight stays) before falling sharply in 2020 and 2021 due to the pandemic.

In 2012, there were 1,308,035 total arrivals, 4,512,721 overnights, and an average length of stay of 3.45 nights. By 2019, these numbers had increased to 1,666,665 total arrivals, 7,383,326 overnights, and an average length of stay of 4.43 nights. In 2022, arrivals totaled 216,915, about 83.4% lower than in 2012, while the number of overnights dropped to the level of 497,123, representing an 89% decrease vs. 2012 (and corresponding to an annual decrease of 49%).

From 2012 to 2020, the average length of stay grew from 3.4 nights minimum (in 2013) to 4.72 nights maximum (in 2018). However, this index significantly increased to the level of 12.18 nights in 2021, due to the required COVID-19 quarantine for Guam visitors. This has since declined to pre-COVID-19 levels, with an average length of stay of four nights in both 2022 and 2023.

The following table presents the official visitor arrival statistics for Guam, highlighting the top 5 countries for arrivals from 2012 to 2023, by numbers:

Chart 18 Guam's visitor arrival – top 5 countries (2012-2023)

	2012	2013	2014	2015	2016	2017
Total	1,300,035	1,334,457	1,343,092	1,403,059	1,535,518	1,545,382
Top-5¹						
Japan ²	182,821	181,119	181,119	181,091	181,091	181,091
Korea ³	182,821	Korea	245,655	Korea	368,037	Korea
US/Hawaii ¹	63,183	US/Hawaii ¹	58,582	US/Hawaii ¹	68,763	US/Hawaii ¹
Taiwan ¹	49,145	Taiwan	49,663	Taiwan	49,136	Taiwan
Philippines ¹	10,682	China	11,722	Russia	16,293	China
					23,698	China
					27,913	China
						21,954

	2018	2019	2020	2021	2022	2023
	1,549,007	1,868,663	328,173	79,389	326,873	658,518
Korea	745,986	Korea	753,337	Japan	144,240	US/Hawaii ¹
Japan	563,398	Japan	604,602	Korea	174,181	US/Hawaii ¹
US/Hawaii ¹	93,799	US/Hawaii ¹	90,934	US/Hawaii ¹	33,668	Japan
Taiwan	27,880	Taiwan	28,216	Taiwan	4,601	Philippines
Philippines	19,092	Philippines	20,729	Philippines	3,297	Taiwan
					2,267	Taiwan
					5,322	Taiwan
						5,600

note 1: excluding CNMI and FSM, but including US/Hawaii

note 2: excluding armed forces sea

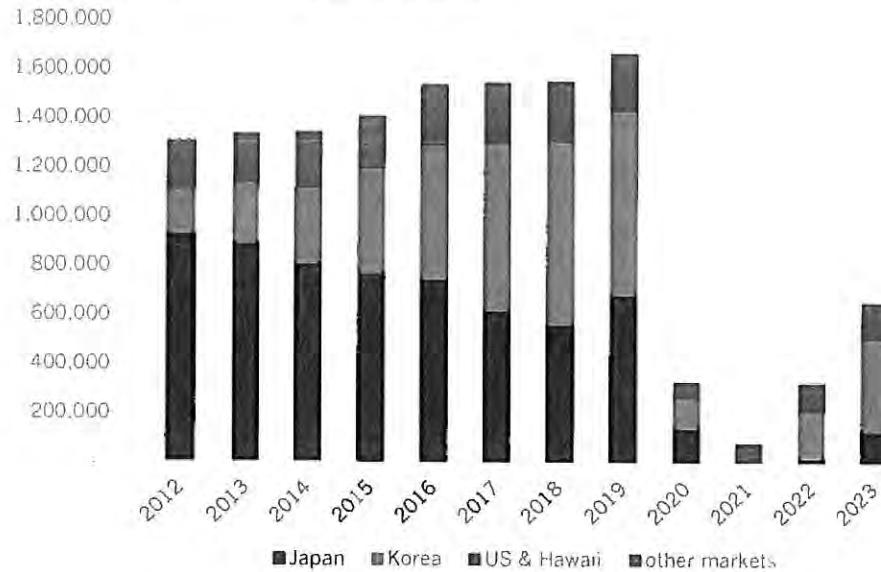
note 3: USA and Hawaii total

Source: Visitor Arrival Statistics are compiled from the Guam Customs and Quarantine – Mandatory Customs Declaration forms and processed by the Guam Visitors Bureau

Taking a more detailed look, total visitor arrivals in Guam did show a steady increase from 2012 to 2019, however the visitor mix has evolved over the same period. Though travelers from Japan, Korea, US/Hawaii and Taiwan were the primary visitors through 2020, severe travel restrictions that began in Q2 2020 and continued into 2022 created a dramatic shift in arrivals into Guam, with the US/Hawaii being the only viable traveler source at the time. It should be noted that even during the pandemic period, when US/Hawaii arrivals were the largest source market, the total number of visitors for this segment was still below 2019 levels.

As the top inbound markets remained consistent through 2020, PKF decided to focus on the three segments that were in closest proximity to Guam: Japan, Korea and Taiwan. The following graphs depict the top 3 main countries of tourist arrivals, summing up all remaining arrivals under "other countries".

Chart 19 Top 3 feeder markets arrivals, Guam (2012-2023)



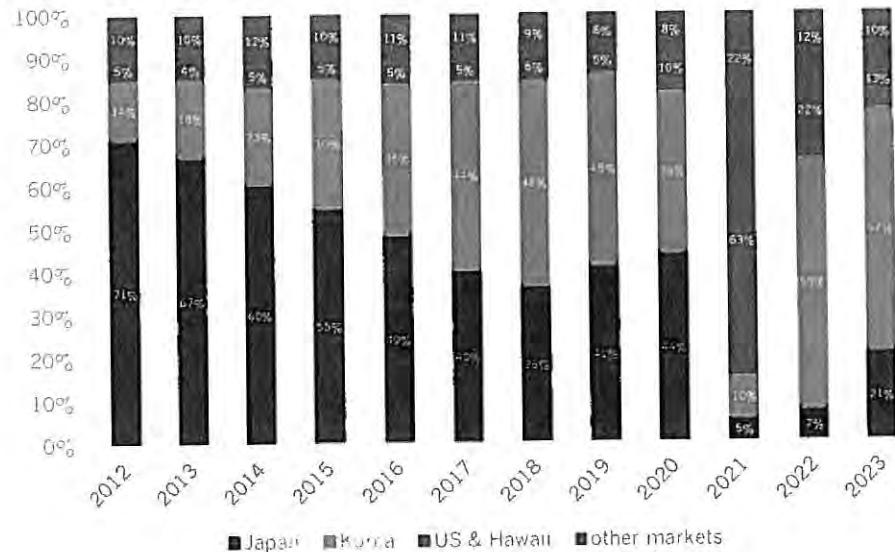
Source: Visitor Arrival Statistics are compiled from the Guam Customs and Quarantine – Mandatory Customs Declaration forms and processed by the Guam Visitors Bureau; Guam Visitors Bureau

In 2012, Japan claimed title as the single largest market for Guam with 931,179 arrivals. South Korea followed with 182,831 arrivals, and the US and Hawaii with 63,185 arrivals. When comparing these results with 2019 numbers, Japan arrivals decreased to 684,802, representing a decline of 26%, while the number of Korean travelers increased by 312%, peaking at 753,357 guests. US arrivals, including Hawaii, also increased by 44% from 2012 to 2019, with the number of tourists from all other markets remaining consistent at an average of 145,000 arrivals per year.

As anticipated, all three principal source markets were negatively impacted by the pandemic with arrivals setting historical lows in 2021 from Japan (4,168 arrivals or a 99% decline vs. 2019), South Korea (8,002 arrivals or a 99% decline vs. 2019), the US including Hawaii (49,666 arrivals or a 45% decline vs. 2019) and all other countries (17,553 arrivals or an 87% decline vs. 2019).

Since then, Korea has accounted for the largest share of arrivals in both 2022 and 2023, with 192,140 arrivals reported in 2022 and 371,903 in 2023. Japan followed with 23,501 arrivals in 2022 and 136,737 in 2023. The United States, including Hawaii, reported 70,430 arrivals in 2022 and 83,677 in 2023. All have reported growth since the pandemic, although their arrival numbers have not yet returned to 2019 levels.

It should be noted that arrivals from the USA (including Hawaii) were not as heavily impacted as the other markets during the pandemic, as travel restrictions between Guam and the U.S. were lifted prior to the international travel ban. As the majority of US arrivals into Guam during this period were driven by military and government spending, their essential services and related travel were the first to be sanctioned and reinstated.

Chart 20 Share of top 3 markets arrivals, Guam (2012-2023)


Source: Visitor Arrival Statistics are compiled from the Guam Customs and Quarantine – Mandatory Customs Declaration forms and processed by the Guam Visitors Bureau

The chart above best depicts the shift of arrivals away from Japan and the increase in travelers from Korea. In 2012, 71% of all tourist arrivals were from Japan, but this declined to 41% in 2019. South Korean tourists comprised 14% of arrivals in 2012 but doubled by 2015.

Post-pandemic 2021 saw domestic arrivals exceeding international arrivals for the first time in 9 years, with 63% of visitors coming from the US (including Hawaii), surpassing all other markets, including Japan, Korea and Taiwan combined. The US share exceeded Japan and South Korea's shares to become the largest country of origin for tourist arrivals to Guam. Margins were lower in following years, with 2023 reporting Korea with the largest share of visitors and other markets following closely.

It is notable that, if the Japanese market had grown at the same pace as the Korean market (312%) over the 2012-19 period, Guam would have had over 3.6 million arrivals in 2019. It is clear that the increased share of Korean tourists came at the expense of displacing travelers from Japan. This is not uncommon in emerging resort destinations in Asia, where a single country dominates the inbound market. This is often due to the cultural differences between travelers that force destinations to choose which to cater to, or in some cases, are self-selected. With Guam, the advent of Jeju Air, a Korean low-cost Carrier, during this period created a new demographic of Korean travelers and spurred significant increases. However, as the Island became a mass market destination, luxury travelers, specifically from Japan, sought alternative beach locations.

2.4.3 Demand Generators & Tourist Attractions

Many of Guam's sports and cultural events had been cancelled for two years following the outbreak of COVID-19. Notable events on the island include the United Guam Marathon, Guam Micronesia Island Fair, Guam Ko'ko' Kids Festival, and Smokin' Wheels. The Tour of Guam, presented by the Guam Cycling Federation and in conjunction with the Pacific Cup Championship in December 2022, marked the return of one of the first major sporting events since the pandemic.

There are numerous historical sites on the island including the Spanish colonial ruins, the Plaza de Espana, and stone bridges in Hagåtña. Additionally, as Guam played a central role in World War II, the Asan Bay Overlook and War in the Pacific Historical Park commemorate the shared history between Japanese and American forces. Other popular landmarks include Mount Santa Rosa, Sigua Falls, and Sella Bay.

More contemporary tourist attractions include the Valley of the Latte Adventure Park, the Adventure Park, and the Fish Eye Marine Park. These display a combination of wildlife, CHamorro history and culture, and a range of activities including a carabao riding, basket weaving, and tours around the botanical garden and plantation and an underwater observatory, allowing visitors to access undersea viewing windows and above water decks to observe coral structures and sea life. A recent addition and one of the more architecturally striking buildings on the island is the Guam Museum, which is dedicated to Guam's history, culture, and the CHamorro language.

In addition to tourism, accommodation and entertainment facilities, main sources of revenue include shopping outlets. Many of the world's most luxurious and exclusive designers have boutiques in Guam. Renowned brands can be found in boutiques and US-style shopping malls. A limited selection of crafted items can be found in quaint shops and night markets. Retail purchases in Guam are duty tax-free but subject to a 5% gross receipts tax.

Activities, beyond those mentioned in the above paragraphs, include:

hiking: Guam Boonie Stompers lead hiking trips throughout the island for visitors and locals

camping: Public parks on the island are open for camping at any time

racing: Guam International Raceway offers off-roading and track races

water sports: jet skiing, submarine tours, river boat cruising

air and sky: skydiving, parasailing, and flight school lessons

Tumon Bay, the center of Guam's tourism industry, is comprised of a range of different attractions, including:

sunning and snorkeling: Gun Beach, Ypao Beach, Tumon Bay Marine Preserve

water parks: Tarza Magical Adventure Zone, UnderWater World

Tao Tao Tasi, an outdoor Cirque Du Soleil acrobatic show set against the backdrop of the Beach and Tumon Bay

Sandcastle, Guam's largest Indoor Theater

Based on our research, Guam's unique selling points (USPs) can be summarized as follows:

Natural Beauty: natural landscapes, including lush tropical forests, rugged mountains, and stunning waterfalls, and beautiful beaches (especially Tumon Bay, known for its crystal-clear waters and white sand)

Diving and Snorkeling: clear waters and abundant marine life, making it a popular destination for diving and snorkeling and allowing tourists to explore surrounding coral reefs, shipwrecks, and marine parks

tax-free Shopping: Guam was previously a shopping mecca for Asian travelers seeking to purchase luxury goods at US duty free prices. However, as these luxury vendors expanded directly into the Japanese, Korean and Taiwanese markets, causing the attraction of tourist shopping to diminish

Fishing: One of the deepest ocean points on earth is located along the Marianas trench and is home to a wide variety of fish species, including marlin, tuna, wahoo, and mahi-mahi, which make it an excellent choice for deep sea and big game fishing

Other Outdoor Activities: a range of adventure activities including snorkeling and hiking

Culture and Traditions: Guam is home to the rich culture of the CHamorro, who are indigenous to the island. A recent resurgence in the preservation of their traditions and heritage led to an investment in the Department of CHamorro Affairs by the Government and which led to the development of the Guam Museum in 2016. This provided a permanent home for the department and provided additional support to the preservation of the traditions and history of the Island and its people. Additionally, Guam has been influenced by many other ethnic groups, including Micronesians, Pacific Islanders and Asians from around the region, which is reflected in various cultural festivals, traditional dances, and other events.

World War II history: several important historical sites and memorials, including the Asan Beach Park, which was the site of a significant battle between the US and Japan, and the War in the Pacific National Historical Park, which offers visitors the chance to learn about the role Guam played in the war.

Full-Service Resorts: some premium upscale resorts offering relevant international-standard services

Great Food: many local and international restaurants offering delicious food options, from traditional CHamorro cuisine to fusion dishes

Status of Guam: Often referred to as "Where America's Day Begins", Guam has often been seen as the closest "American" destination for Asian Travelers, and those seeking to experience the culture and traditions of both the US and the Islands

Events: some festivals and events throughout the year, including the Guam Micronesia Island Fair, the Guam International Marathon, the Guam Food Festival, and local village fiestas allow visitors the chance to experience the island's vibrant culture and community

Welcoming Population: Guam's people are known for their warmth and hospitality, so visitors can expect a friendly welcome and a memorable experience when they visit the island

2.5 Qualitative and Quantitative Analysis - Major Inbound Markets to Guam

2.5.1 Methodology

The initial phase of our primary research initiative involves reviewing existing research conducted by other sources. The External Data Review phase of the Government of Guam – Tourism Market Study was conducted to serve as a foundation for future primary research efforts.

As the first step of the existing research review, PKF and its constituencies requested an extensive list of Tourism and Travel data from the Bureau of Statistics and Plans. This information was gathered from several Guam agencies including the Guam Visitor's Bureau, Guam's Department of Revenue and Taxation, the Guam International Airport Authority, and the Guam Hotel and Restaurant Association, among others, and provided insight primarily into Guam's historic and current "on-island" tourism conditions. "In-Market Insights" reports for Japan, Korea and Taiwan shared as part of this initial information gathering stage yielded a limited "off-island" perspective into Guam's primary source markets. To further build out a deeper understanding of how travelers, outbound travel volumes, and future travel intentions have changed since the pandemic, PKF and its team utilized its industry network to gather supplementary data from government sources and travel research providers working in the Japan, Korea and Taiwan markets. While illuminating unto themselves, the findings from the external data review are intended to serve as the foundation for PKF, its constituencies, and Guam BSP to launch new primary research efforts in future phases of the project.

2.5.2 Introduction

Guam's top four inbound markets make up over 90% of total arrivals. PKF's preliminary analysis focuses on the external data of three dominant markets: Japan, Korea, and Taiwan.

While the fourth inbound market, US/Hawaii, accounted for a significant portion of travel during 2023, these travelers cannot be defined as tourists. As such, a further analysis of their demographics, travel patterns, and views of Guam as a destination should be discounted for the purposes of this study but will be addressed in the strategic portion (Phase 3) of this engagement.

When reviewing the interests of travelers from Japan, Korea, and Taiwan, all have similar preferences when traveling abroad: seeking a destination that is safe and secure, and one which allows them to escape from their everyday life in their own countries. Japanese, Korean, and Taiwanese travelers all scored Guam "high" as an escape destination, and one known for its beautiful scenery and nature.

It is interesting to note that travelers from all three countries did not identify Guam for its cuisine nor culture, which presents a promising market opportunity for the island.

The PATA research also revealed that inbound travel from these three markets to Hawaii and the US Mainland was recovering at a quicker pace than Guam. As airlines are struggling with labor and under-capacity issues, Guam appears to have suffered from a lack of air capacity, which has inhibited a post-pandemic rebound. It should be noted that these three markets are not forecasted to bounce back to pre-pandemic levels until 2027.

Guam remains a strong and well-perceived destination of interest to the outbound travelers of its three key markets. However, a strategic refocus of the Guam experience, an investment in infrastructure, and cooperative marketing agreements with airlines are required to transform Guam from a sun, sand, and shopping destination to an aspirational one that features culture, cuisine, and activities.

Below is a synopsis of the analysis and research conducted for the outbound travel markets of Japan, Korea, and Taiwan.

2.5.3 Japan

a) assessment of outbound travel from Japan

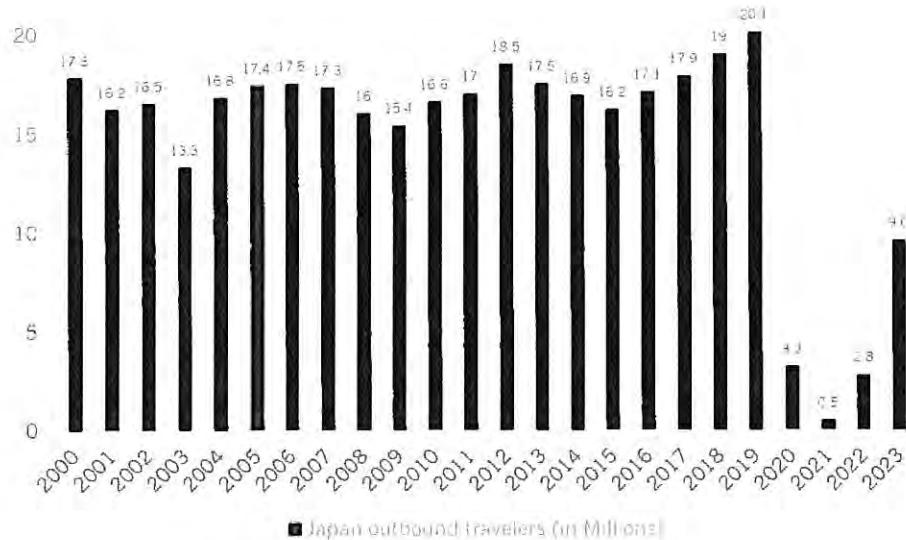
The Japan National Tourism Organization data indicates that following a peak of 20.1 million outbound travelers in 2019, the Japan outbound travel market suffered 15 consecutive months of year-over-year declines between January 2020 and March 2021, ending both 2020 and 2021 approximately 84% below prior years' levels. Recovery in outbound Japanese travel has been slow with travel restrictions in place through most of 2022. Nearly 10 million Japanese travelers have traveled abroad in calendar year 2023, constituting about 50% of the total Japanese outbound travel volume seen pre-pandemic in 2019.

Guam welcomed approximately 136,737 Japanese visitors in 2023, representing 21% of the island's market share of outbound travelers at the peak of Japanese overseas travel. This is a significant increase from the 7% market share in 2022, though still lower than the 41% share recorded in 2019.

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Chart 21 Japan outbound travelers (2000-2023)

25



Source: Japan National Tourism Organization

b) Japanese traveler profile

Approximately 35% of Japanese travelers in Guam have an annual household income before taxes between JPY 5-10 million, while 15% have greater than that range, making the majority middle-to-upper-middle class. Japanese tourists are mainly coming from Kanton (Tokyo), Chubu (Nagoya), and Kinki (Osaka). Their average length of stay is approximately 3 days, with prepaid expenditures per person at approximately USD 725 (includes airfare, accommodation, and others) and on-island expenditures per person at USD 560 (includes accommodation, food and beverages, entertainment and recreation, transportation, shopping, and others). Most travelers from Japan (70%) plan their trips with a travel agent as part of a package tour.

c) interest in future international travel, travel to Guam

With Japan's travel restrictions easing in October 2022, recovery in the outbound market recovery is expected to improve. According to Anthology Research's "Japan In-Market Insights, May 2022" report, pent-up outbound travel demand has been building during the pandemic. This report highlights results of an April 2022 survey of nearly 360 residents of Japan who have traveled internationally in the past three years or intend to travel internationally in the next five years.

These survey results show that, as of April 2022, more than half (53%) of Japanese travelers surveyed intended to travel internationally in the next 12 months – a level well above the 27% who expressed such travel intentions a year earlier (i.e., April 2021). Once travel restrictions were lifted, nearly two-thirds

(64%) of travelers surveyed said they intended to travel more (35%), or just as much (29%), as they did pre-pandemic.

These indicators are echoed in the publicly available Omnitrak Group's research fielded in the first quarter of 2022, showing that 14% of Japanese travelers are considering travel to Guam on their next overnight vacation, a level on par with the pre-pandemic measure (14%) observed in the first quarter of 2020.

Destinations Japanese travelers are considering for their next overnight vacation can be seen as follows:

Chart 22 Japan top overnight destination, 2020 Q1 & 2022 Q1

Japan		2020 Q1	2022 Q1
1	Hawai'i	28%	37%
2	Europe	33%	30%
3	Taiwan	28%	30%
4	Okinawa	22%	27%
5	Australia	18%	25%
6	Singapore	16%	21%
7	Thailand	13%	19%
8	Korea	13%	18%
9	Guam/Saipan	14%	14%
10	Hong Kong	7%	11%
11	China	4%	6%
	Other	...	8%
	Not Considering	...	12%

Source: Hawaii Tourism Authority research, by Omnitrak Group, Inc.

d) changes in international travelers, travel motivations/behaviors

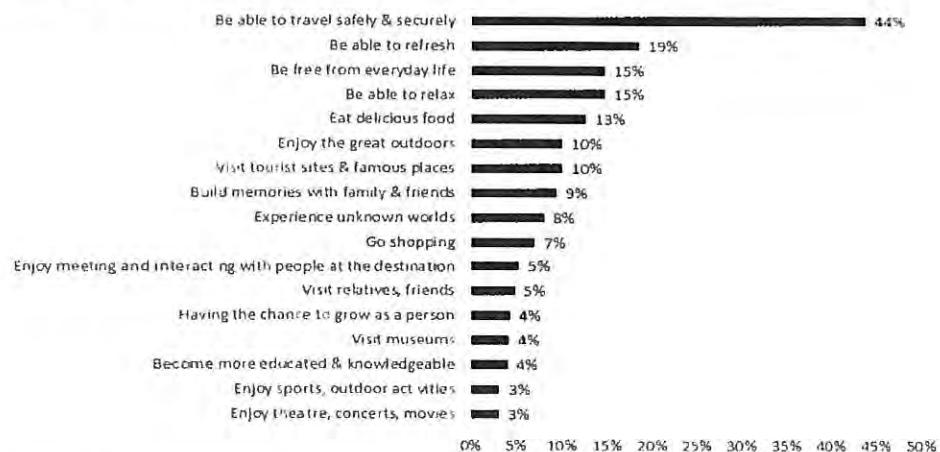
During the pandemic, travelers and travel behaviors have changed. The "Survey of Future Overseas Travel Sentiment Among Japanese Amid the Coronavirus Pandemic," conducted by the Japan Travel Bureau in February 2021 revealed that escape and travel for rest and relaxation have taken center stage. The top value of Japanese travelers for the future is being able to travel safely and securely, as notably mentioned by 44% of respondents. This was followed by being able to refresh (19%), being able to relax (15%), being free from everyday life (15%), eating delicious foods (13%), and enjoying the great outdoors (10%).

Further findings from Anthology Research's "Japan In-Market Insights, May 2022" report show that Guam's strong perception as a destination offering escape, rest, and relaxation puts the island in a strong position for the recovery in Japanese travel. Japanese travelers perceive Guam most strongly as a destination that has beautiful scenery and nature (52% rating Very Good). It is followed by perceptions of Guam as a destination that provides an escape from everyday life (45%) and provides things to do that cannot be experienced at home (40%). On the other hand, fewer Japanese travelers rated Guam as a destination with different local cuisine (28%) and an opportunity to learn about a new place, its people, and culture (19%).

While Guam is in a strong position for recovery, it is essential to note that less than a third (29%) of the respondents providing their perception of Guam have visited the island within the past five years. Thus, the destination has the

opportunity to strengthen views on the island by marketing itself as a unique place with its culture, history, cuisine, and host community based on a long-term outlook. Efforts and investment in infrastructure and tourism product development must be made to ensure alignment between actual on-island visitor experiences with the destination perceptions.

Chart 23 Japan overseas travel goals

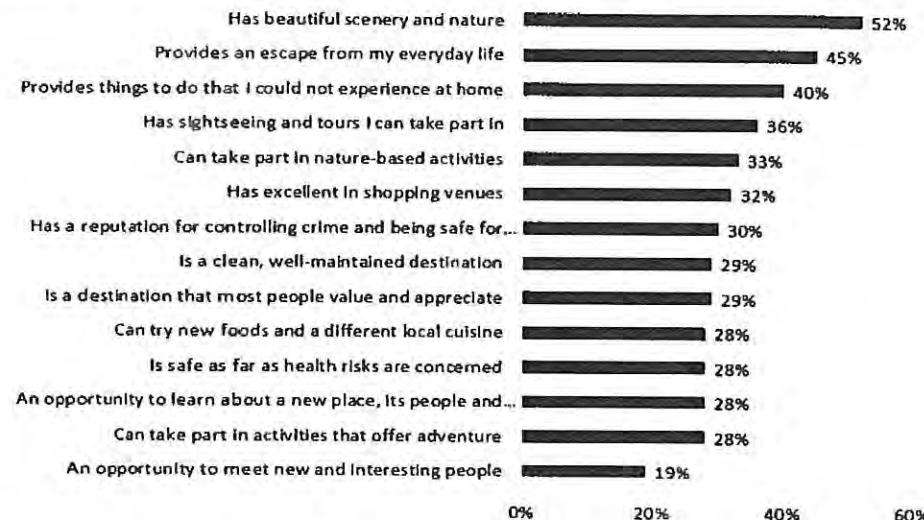


Source: JTB Tourism Research & Consulting Co.

Further findings from Anthology Research's "Japan In-Market Insights, May 2022" report show that perceptions of Guam align well with this increased travel interest in escape, rest, and relaxation among overall outbound travelers.

According to research, Japanese travelers perceive Guam most strongly as a destination that has beautiful scenery and nature (52% rating it Very Good). This is followed by perceptions of Guam as a destination that provides an escape from everyday life (45%) and provides things to do that cannot be experienced at home (40%). Rating notably lower are perceptions of Guam as a destination with a different local cuisine (28%) and an opportunity to learn about a new place, its people and culture (19%).

Chart 24 Japanese travelers' rating of Guam as a destination - % rating "very good:"



Source: Japan In-Market Insights, May 2022, Anthology Research

Q: Based on what you know or have heard, how would you rate Guam on providing each of the following?

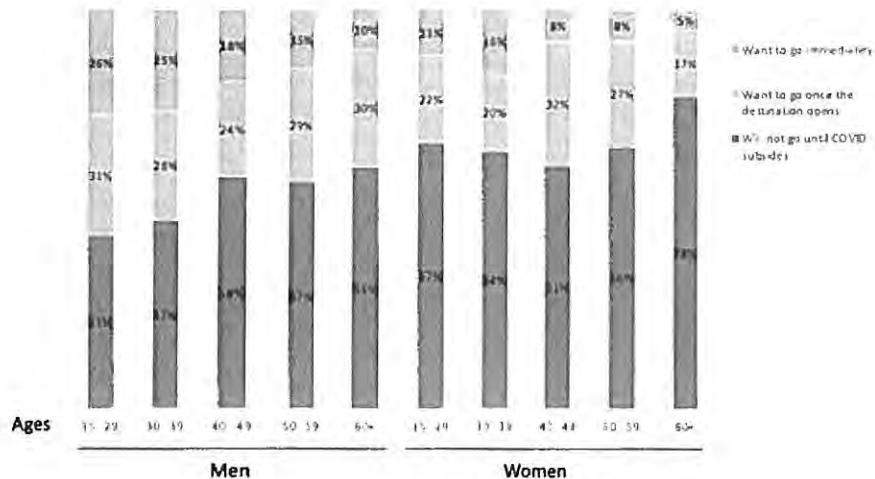
Source: Japan In-Market Insights, May 2022" report, Anthology Research

Guam's perception as a destination conducive to rest and relaxation provides the island with a favorable position for the recovery in Japanese travel. However, to strengthen the destination's appeal, Guam should seek to cultivate more profound perceptions of the island as one that delivers unique experiences grounded in culture, history, cuisine and authentic local experiences. It is crucial to note that in the research conducted by Anthology, less than a third (29%) of respondents provided their perceptions of Guam based on experiences gleaned in the past five years. Hence, while the research suggests Guam enjoys strong brand recognition, it is essential to make the necessary investment in infrastructure and tourism product development. These steps are sufficient to align the visitors' on-island experiences with perceptions of the destination.

e) traveler demographics

As travel motivations have evolved, so have traveler demographics. During the pandemic, 57% of males aged 15-to-29 intended to travel and 53% aged 30-to-39 possessed the strongest desire to travel overseas immediately or as soon as the place(s) they wanted to visit started accepting tourists. By comparison, females with the strongest overseas travel intentions during the pandemic were those aged 40 to 49 at 39% and those ages 30 to 39 at 36%.

Chart 25 Japanese travelers oversea travel intent



Source: "JTB Survey of Future Overseas Travel Sentiment Among Japanese Amid the Coronavirus," February 2021 Pandemic

Younger Japanese travelers possessed stronger future travel intentions as compared to older generations during the pandemic, which could bode well for the recovery of Japanese visitor travel to Guam since the island appeals more strongly to youth.

In FY 2019, 78% of Japanese arrivals fell in the 18-to-24 (32%) and 25-to-39 (46%) age groups. By comparison, Japanese visitors aged 40-to-49 (15%), 50-to-59 (6%) and 60+ age (2%) combined accounted for less than a quarter of the market's arrivals. Market segments tracked by the Guam Visitors Bureau's Japan Visitor Tracker cut across the age categories, with Family Travelers (48% of arrivals) being the largest segment, followed by Repeat (44%), Office Lady (21%), Group Tour (20%), Wedding (5%), Silver (2%), and MICE (1%). Rethinking and redefining these segments around travel motivations, activities, generations, and psychographics could set a stronger foundation for more targeted and effective marketing communications and micro-targeting opportunities.

Chart 26 Market segment - Japan visitor tracker

		GVB VISITOR SATISFACTION STUDY Q1 What was your age on your last birthday?							
		TOTAL	FAMILY	OFFICE LADY	GROUP TOUR	MICE	SILVER	WEDDING	REPEAT
QF	18-24	32%	10%	20%	29%	8%		13%	19%
	25-39	46%	52%	54%	44%	56%		67%	45%
	40-49	15%	26%	18%	18%	17%		6%	24%
	50-59	6%	9%	7%	7%	8%		9%	9%
	60+	2%	3%	1%	2%	11%	100%	5%	3%
	Total	4426	2019	900	847	36	81	204	1872
QF	Mean	31.68	36.89	33.21	32.83	38.28	64.64	34.05	35.43
	Median	29	36	30	30	35	64	30	34

Prepared by Anthology Research

		GVB VISITOR SATISFACTION STUDY D2 What is your approximate annual household income, before taxes?							
		TOTAL	FAMILY	OFFICE LADY	GROUP TOUR	MICE	SILVER	WEDDING	REPEAT
D2	Less than ¥2 million	9%	5%	8%	10%	3%	8%	7%	6%
	¥2,000,001 ~ ¥3,000,000	14%	8%	12%	15%	14%	14%	9%	11%
	¥3,000,001 ~ ¥4,000,000	13%	10%	16%	14%	25%	14%	14%	11%
	¥4,000,001 ~ ¥5,000,000	11%	11%	12%	13%	14%	15%	15%	11%
	¥5,000,001 ~ ¥7,000,000	20%	24%	19%	17%	22%	14%	21%	
	¥7,000,001 ~ ¥10 million	15%	20%	15%	12%	8%	14%	22%	17%
	¥10 million or more	15%	20%	10%	13%	11%	16%	7%	20%
	No income	4%	2%	1%	5%	3%	8%	2%	4%
	Total	4377	1927	886	840	38	80	204	1855

Prepared by Anthology Research

Source: "Survey of Future Overseas Travel Sentiment Among Japanese Amid the Coronavirus Pandemic" by the Japan Travel Bureau, February 2021

Moving forward, rethinking, and redefining these segments around travel motivations, travel activities, generations and psychographics could set a stronger foundation for more targeted and effective marketing communications and microtargeting opportunities.

f) shopping behaviors

The top source for finding information about Guam among visitors is the internet, as cited by 91% of those responding to Guam's Japan Visitor Tracker survey. Other important sources include travel guidebooks (48%), recommendations (34%), travel agent brochures (30%), and prior trips (24%). Among Japanese visitors to Guam, the most commonly used online sources include Google (70%), Instagram (45%), Yahoo (37%), YouTube (17%), and online booking sites (13%).

While the Japan Visitor Tracker survey provides insights into sources of information largely used for Guam trip planning purposes, expanding pre-arrival research to track paid, owned, and earned communication channels can inspire Guam travel and promote more targeted marketing communications.

Regarding booking methods, the majority (62%) of Guam travel arrangements are made online, while 38% go through offline channels. Travel agents/package tour companies account for the largest share (70%) of Guam travel arrangements, followed by online third-party sellers (21%) and direct bookings with airlines and hotels (8%). Since 82% of Guam visitors travel on pre-paid package trips that include airfare and hotel, potential may exist for developing the free and independent travel (FIT) segment within Guam's visitor market. However, the data in the last publication of this survey is from 2019, and thus could be considered dated.

g) air seat capacity

As an island destination, air service plays a critical role in Guam's post-pandemic tourism recovery. In CY 2021, airlines operated just over 118,000 nonstop air seats from Japan to Guam - significantly lower than the nearly 874,000 seats total Japan-Guam air seat count in 2019. However, as flights resume to the market, air service development efforts should be put in place to help grow passenger demand that keeps load factors and airline revenue at economically viable levels. While the Guam Visitors Bureau works closely with airline partners, attends airline route conferences, and offers Air Service Development incentives in the form of subsidies, exploring air carrier cooperative marketing opportunities to support air service development efforts is also recommended. As of December 2024, daily flights to Guam are operated by two airlines: United Airlines (IATA: UA) and Japan Airlines (IATA: JL). Additionally, China Airlines (IATA: CI) provides a weekly service, contributing to a total outbound seat capacity of 40,871 for the month of December 2024.

h) other marketplace factors

While there is pent-up travel demand, other marketplace factors can slow down the recovery of outbound Japanese leisure travel to Guam. For instance, the Japanese government launched its National Travel Discount program to revive the economy by spurring domestic tourism between October and December 2022, providing Japanese residents with discounts and coupons for domestic trips. This program continued (at lower discount rates) through spring 2023.

Furthermore, outbound travelers to the U.S. Mainland, Hawaii, and Guam face higher travel costs due to inflation and a weakened yen relative to the U.S. Dollar. In-market research on outbound travelers from Japan can be conducted to assess the impacts of these factors and drive targeted marketing communications and air service development opportunities for Guam.

Economic growth in Japan is expected to hold relatively steady with prior year levels. According to the October 2022 International Monetary Fund's economic forecast, Japan's real gross domestic product was projected to grow in 2022 (+1.7%) and 2023 (+1.6%) at a rate comparable with 2021 (+1.7%).

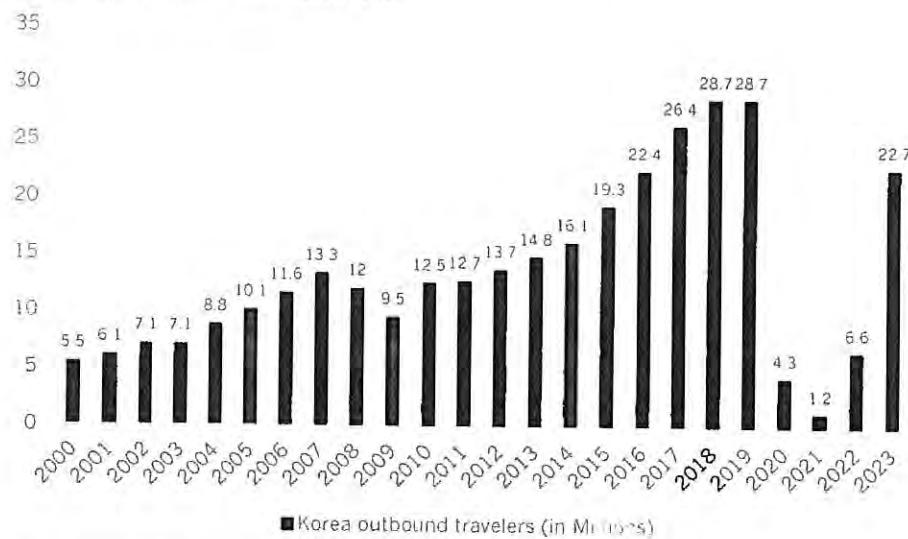
2.5.4 South Korea

a) assessment of outbound travel from Korea

According to the Korea Tourism Organization, after peaking in 2019 with 28.7 million outbound travelers, the Korean outbound travel market suffered 20 consecutive months of year-over-year declines between August 2019 and March 2021. It ended both 2020 (-85%) and 2021 (-71%) with double-digit losses compared to prior year levels. With quarantine requirements in place until June 2022 and pre-departure PCR testing requirements in place until September 2022, the recovery in outbound Korean travel has been slow. In CY 2022, about 6.6 million Koreans traveled abroad.

In 2022, Guam recorded 192,140 visitors from Korea, representing 59% of the market share. In 2023, the number of Korean visitors showed a marked increase to 371,903, accounting for 57% of the market share.

Chart 27 Korea outbound travelers (2000-2023)



Source: Korea Tourism Organization

b) South Korea traveler profile

South Korean tourists in Guam largely belong to the middle to upper-middle class, with 40% having an annual household income before taxes of KRW 36.48 million, followed by 17% between KRW 48.60 million (about USD 33,404-41,755). Visitors from South Korea usually arrive from Seoul, Incheon (Gyeonggi), and Gyeonbuk (Daegu). On average, they spend five days in Guam, with prepaid expenditures per person of approximately USD 782 and on-island expenditures per person of USD 590. Like Japanese travelers, the majority of Korean travelers (63%) plan the trip with a travel agent, though a considerable share (26%) makes direct bookings with airlines and hotels.

c) interest in future international travel, travel to Guam

Anthology Research's "Korea In-Market Insights, May 2022" report indicates that with the easing of Korea's travel restrictions, recovery in the outbound market is expected to increase. Results of an April 2022 survey of nearly 360 residents of Korea who have traveled internationally in the past three years or intend to travel internationally in the next five years showed that more than half (59%) of Korean travelers surveyed intended to travel internationally in the next 12 months, a level well above the 34% who expressed such travel intentions a year earlier (i.e., April 2021).

Further, nearly three-out-of-four (72%) travelers surveyed said they intend to travel more (54%) or just as much (18%) as they did compared to before the pandemic once travel restrictions are lifted. Furthermore, publicly available Omnitrak Group research fielded in the first quarter of 2022 shows that 39% of Korean travelers are considering traveling to Guam for their next overnight vacation, a level notably above the pre-pandemic measure (34%) observed in the first quarter of 2020.

Destinations Korean travelers are considering for their next overnight vacation can be seen as follows:

Chart 28 Korea top overnight destination, 2020 Q1 & 2022 Q1

Korea		2020 Q1	2022 Q1
1	Southeast Asia	30%	42%
2	Europe	40%	41%
3	Japan	21%	39%
4	Guam/Saipan	34%	39%
5	Hawai'i	39%	34%
6	Australia	30%	34%
7	USA	14%	27%
8	Maldives	27%	22%
	Other	..	2%
	Not Considering	..	4%

Source: Hawaii Tourism Authority research by Omnitrak Group, Inc.

d) changes in international travelers, travel motivations/behaviors

As Korean outbound travel demand returns as travel restrictions ease, health and safety considerations and the desire for escape in search of nature and scenery are top-of-mind for travelers once again looking to travel internationally.

Anthology Research's "Korea In-Market Insights, May 2022" report shows that when it comes to international travel, Korean travelers feel that safety is an important factor (73% rated Very Important), followed by enjoying the scenic beauty of nature (61%) and escaping from everyday life (54%). Guam's strong perceptions as a destination offering escape, rest and relaxation and health/safety set the island up in a strong position for the recovery in Korean travel. However, efforts and investment in infrastructure and tourism product

development must be made to ensure alignment between actual on-island visitor experiences and destination perceptions.

Chart 29 Korea Korean travelers' destination selection factors - % rating "very important":



Source: Korea In-Market Insights, May 2022, Anthology Research

Guam possesses a reputation as a destination for escape, rest, and relaxation, along with strong health and safety measures. This perception enables the island to have a robust position for recovery in Korean travel. However, there is an opportunity for Guam to enhance its reputation as a place with a unique culture, history, cuisine, and host community, based on a long-term outlook. It is noteworthy that less than 20% of respondents surveyed in this research have visited the island within the past five years, which suggests that there is room for improvement in aligning on-island visitor experiences with the destination's perception.

Though the Anthology research findings highlighted Guam's strong brand perception, it is critical to recognize that investment in infrastructure and tourism product development is necessary to ensure alignment with such perceptions. As such, Guam can take this opportunity to develop and promote its unique qualities, which will create a memorable and unforgettable experience for visitors to the island.

e) traveler demographics

During the pandemic in CY 2021, travelers under age 50 captured a larger share of the outbound market (75% in 2021 vs. 71% in 2019), and travelers ages 50 and older accounted for fewer travelers (25% in 2021 vs. 29% in 2019). Generally, younger Korean travelers were more likely to continue traveling as compared to their elders during the pandemic. Like Japan, the shift toward younger travelers and increased near-term emphasis on relaxing vacations could bode well for the recovery of Korean visitor travel to Guam.

According to the FY 2019 "Korea Visitor Tracker Exit Profile & Market Segmentation Report" prepared by Anthology Research for the Guam Visitors Bureau, the island destination appeals more strongly to younger Korean travelers, with nearly all (97%) Korean arrivals in FY2019 falling in the 18-to-24 (11%), 25-to-39 (50%) or 40-to-49 (36%) age groups. By comparison, Korean visitors ages 50 and up accounted for only three percent of the market's arrivals.

Moving forward, rethinking, and redefining market segments around travel motivations, travel activities, generations, and psychographics could set a stronger foundation for more targeted and effective marketing communications and microtargeting opportunities.

f) shopping behaviors

According to Guam's Korea Visitor Tracker survey, the Internet is the top source for pre arrival information about Guam, cited by 82% of visitors. Naver (86%), Google (56%), Instagram (20%), DAUM (12%), and Facebook (11%) are the most frequently used digital sources by Korean visitors to Guam. While the Korea Visitor Tracker provides insights into sources of information used for Guam trip planning purposes, pre-arrival research could be expanded to track paid, owned, and earned communication channels that inspire Guam travel and lead travelers toward booking a Guam vacation.

Concerning booking methods, the vast majority (88%) of Guam travel arrangements are made online, while only 12% go through offline channels. Travel agents/package tour companies handle the largest share (63%) of Guam travel arrangements, followed by direct bookings with airlines/hotels (26%) and online third-party sellers (11%). Interestingly, while 63% of Korean visitors to Guam booked their trips through travel agents/package tour companies, only 39% of Guam visitors traveled to Guam on pre-paid package trips that included airfare and hotel.

g) air seat capacity

As an island destination, air service plays a vital role in Guam's post-pandemic tourism recovery. In CY 2021, airlines operated nearly 115,000 nonstop air seats from Korea to Guam, a fraction of the total Korea-Guam air seat count in 2019 (887,300 seats). With the further easing of Korea's travel restrictions, outbound Korea travel demand continues to pick up, fueled in part by travel trade reports of a desire for "revenge travel." As flights return to the market, air service development efforts should be put in place to help grow passenger demand that keeps load factors and airline revenue at economically viable levels.

While the Guam Visitors Bureau works closely with airline partners, attends airline route conferences, and offers Air Service Development incentives in the form of subsidies, air carrier cooperative marketing opportunities could also be explored in support of air service development efforts (i.e., if such efforts do not already exist).

As of December 2024, Korean Air (IATA: KE), Jeju Air (IATA: 7C), Jin Air (IATA: LJ), and T'way Air (IATA: TW) provide daily flight services from Incheon to Guam. Additionally, Jin Air operates a daily route from Busan to Guam. Collectively, these routes offer a total outbound seat capacity of 35,426.

b) other marketplace factors

While pent-up travel demand has positioned the Korea outbound market for recovery, travel demand for the U.S. Mainland, Hawaii, and Guam could be weakened by higher travel prices due to inflation and a weakened won (relative to the U.S. Dollar). In addition, economic growth in Korea is expected to slow from prior year levels, according to the October 2022 International Monetary Fund's economic forecast. Korea's real gross domestic product is projected to slow in 2022 (+2.6%) and 2023 (+2.0%), following economic expansion of +4.1 percent in 2021.

2.5.5 Taiwan

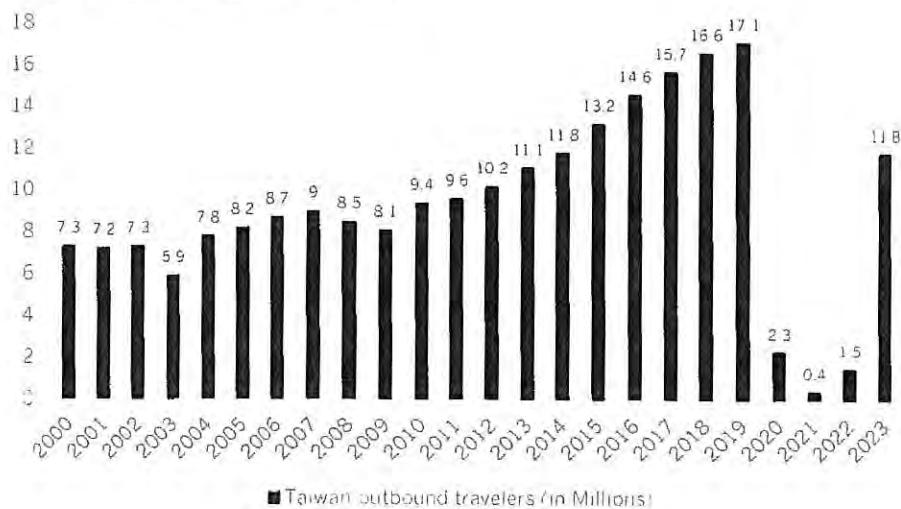
a) assessment of outbound travel from Taiwan

In 2019, the Taiwanese outbound travel market reached its peak with 17.1 million outbound travelers. Unfortunately, this market experienced 14 consecutive months of year-over-year declines between February 2020 and March 2021, with double-digit losses resulting in significant declines of 86% in 2020 and 85% in 2021 compared to prior years.

Pre-departure PCR testing requirements, which remained in place until July 2022, and quarantine mandates that extended until October 2022, further delayed the recovery of outbound Taiwanese travel during that period. By the end of 2022, only an estimated 1.5 million Taiwanese had traveled abroad. For example, according to the Guam Visitors Bureau, Guam welcomed approximately 640 Taiwanese visitors in 2022, a sharp decline compared to the peak of 28,200 Taiwanese arrivals recorded in 2019. Similarly, total Taiwanese travel to Hawaii in 2022 (1,950 arrivals) remained far below historic levels, reflecting the prolonged weakness of the overall outbound travel market.

In 2023, the recovery of Taiwan's outbound travel market gained significant momentum, with 11.8 million outbound travelers recorded, marking a substantial rebound compared to the previous years. Although the figures have yet to reach pre-pandemic levels, the upward trajectory signals a strong recovery as international travel restrictions and health-related requirements have been entirely lifted. This resurgence demonstrates the underlying strength of Taiwanese demand for outbound travel and highlights the market's gradual return to pre-pandemic activity levels.

Chart 30: Taiwan outbound travelers (2000-2023)



Source: Taiwan Tourism Bureau

b) Taiwan traveler profile

Approximately 27% of Taiwanese tourists have an annual household income before taxes between NT 0.5-1 million (about USD 15,372-30,745), followed by 25% with NT 1-2 million (about USD 30,745-61,489), and another 13% with NT 0.24-0.5 million (about USD 7,379-15,372), categorizing them as the lower-middle class. Taiwanese visitors mostly come from Taipei, Kaohsiung, Taichung, Taoyuan, Miaoli, and Hsinchu, and spend about 5 days in Guam. On average, their **prepaid** expenditures per person equal USD 991, and on-island expenditures per person are USD 866. Many Taiwanese visitors (46%) plan the journey with a **travel agent**, while 28% use online third-party sites and another 26% make direct arrangements with airlines and hotels.

c) interest in future international travel, travel to Guam

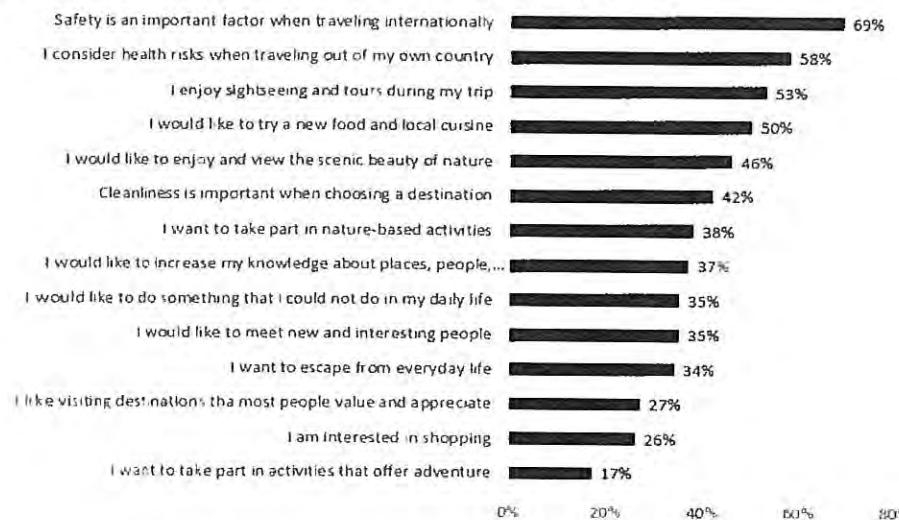
Anthology Research's "Taiwan In-Market Insights, May 2022" report indicates that there is pent-up demand for outbound travel among Taiwanese consumers. The easing of travel restrictions in Taiwan may lead to a recovery in the outbound market, though early signs of progress are yet to be seen.

The report examines the results of an April 2022 survey of approximately 360 Taiwanese residents who have traveled internationally in the past three years or **plan** to do so within the next five years. As of April 2022, 42% of survey respondents intended to travel internationally within the next 12 months. This marks a significant increase from the 26% who expressed similar intentions in April 2021. However, it is worth noting that Taiwanese travelers lag behind their Japanese (53%) and Korean (59%) counterparts in terms of comparable travel intentions.

Moreover, less than half (42%) of Taiwanese travelers surveyed indicated that they **plan** to travel more often (24%) or the same amount (18%) as they did before the pandemic. A majority (58%) of respondents plan to travel less frequently, signaling a slower recovery for outbound travel from Taiwan compared to Japan and Korea.

d) changes in international travelers, travel motivations/behaviors

Chart 31 Taiwan travelers' destination selection factors - % rating "very important:"

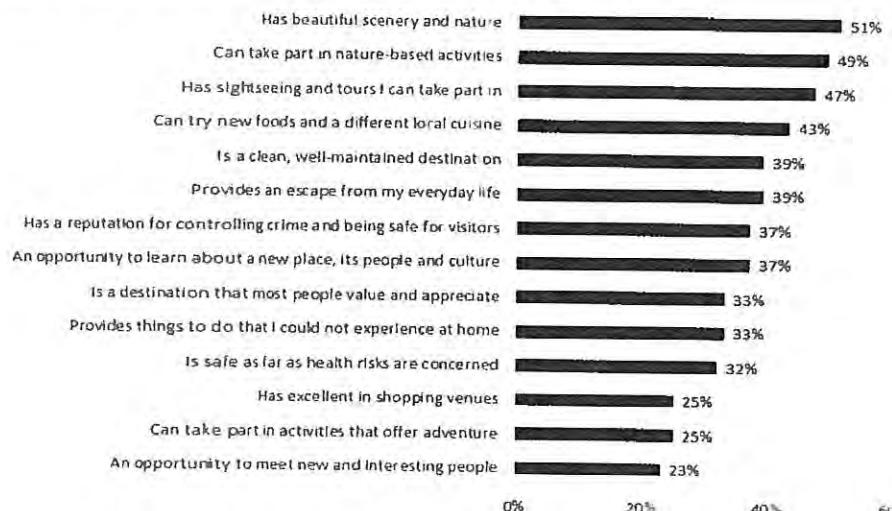


Source: *Taiwan In-Market Insights, May 2022*, Anthology Research

Q: When considering a destination to visit, in general, how important are each of the following in your decision of where to go?

As Taiwanese outbound travelers gradually resume international travel, their travel considerations are primarily centered around safety, health risks, and sightseeing. According to the "Taiwan In-Market Insights, May 2022" report by Anthology Research, 69% of Taiwanese travelers rate safety as a "Very Important" factor, followed closely by "considering health risks when traveling abroad" (58%). Additional factors include sightseeing and tours (53%), trying new food and local cuisine (50%), and enjoying the scenic beauty of nature (46%).

Chart 32 Taiwan travelers' ratings of Guam as a destination - % rating "very good":*



Source: Taiwan In-Market Insights, May 2022 report, Anthology Research

Q: Based on what you know or have heard, how would you rate Guam on providing each of the following?

In addition, the "Taiwan In-Market Insights, May 2022" report shows that perceptions of Guam align well with top travel interests including sightseeing, local cuisine and scenic beauty among overall outbound travelers.

Anthology Research's "Taiwan In-Market Insights, May 2022" report reveals that Taiwanese travelers perceive Guam most strongly as a destination with beautiful scenery and nature, with 51% of respondents rating it "Very Good." Nature-based activities (49%), sightseeing and tours (47%), and local cuisine (43%) closely follow as other attractive features. However, Guam's ratings for controlling crime and being safe for visitors (37%) and for being safe from health risks (32%) are lower in comparison. Enhancing perceptions of Guam's health and safety is vital in attracting Taiwanese travelers in the current marketplace.

It is important to note that only 16% of respondents surveyed in this research visited the island within the past five years. Hence, while strong brand perceptions of Guam emerged in the Anthology research results, significant efforts and investments in infrastructure development and tourism products are required to ensure the alignment of actual visitor experiences on the island with destination perceptions.

e) traveler demographics

The outbreak of the pandemic in CY 2020 witnessed a shift in demographics of Taiwanese outbound travelers. According to industry data, younger travelers aged 20-29 captured a slightly larger share of the outbound market, accounting for 17% compared to 14% in 2019. Conversely, travelers aged 30 to 49 accounted for fewer travelers, declining from 41% in 2019 to 38% in 2021. Travelers aged

50 and under recorded consistent outbound travel share in 2021 (64%) as they did in 2019 (65%).

The Guam Visitors Bureau's "Taiwan Visitor Tracker Exit Profile & Market Segmentation Report" further strengthens this insight, noting that nearly all Taiwanese arrivals (94%) in FY 2019 fell within the 18-to-24 (17%), 25-to-39 (61%), or 40-to-49 (16%) age groups. Taiwanese visitors aged 50 and older represented only six percent of the market's arrivals. The Sports/Adventure traveler segment (55% of arrivals) was the largest segment being tracked by the Guam Visitors Bureau's Taiwan Visitor Tracker, followed by Honeymoon (8%), MICE (2%), and Wedding (1%) segments.

Considering these findings, there is significant potential for rethinking and redefining segmentations around travel motivations, activities, generations, and psychographics. Doing so could improve targeted and effective marketing communications, enabling better micro-targeting opportunities.

f) shopping behaviors

The Guam Visitors Bureau's "Taiwan Visitor Tracker" survey revealed that the internet is the primary source of pre-arrival information on Guam, with 74% of respondents using online sources. Friends and relatives (47%), social media (23%), travel agent brochures (22%), prior trips (12%), and television (12%) follow as sources of information. Among digital sources, Google (81%), Facebook (45%), Instagram (25%), and YouTube (26%) are most used by Taiwanese visitors for pre-arrival research.

While the Taiwan Visitor Tracker provides insights into predominant information sources for Guam trip planning, additional research can be undertaken to track the effectiveness of paid, owned, and earned communication channels for inspiring Guam travel, leading to more targeted marketing communications and micro-targeting opportunities.

In terms of booking methods, the majority of Guam travel arrangements (71%) are made online, with travel agents/package tour companies accounting for the largest share (46%), followed by online third-party sellers (28%) and direct bookings with airlines/hotels (26%). Interestingly, although 46% of Taiwanese visitors to Guam booked their trips via travel agents/package tour companies, 65% of Guam visitors traveled to the destination on prepaid package trips that included airfare and hotel.

g) air seat capacity

Air service is a critical component in the post-pandemic tourism recovery for Guam given its location as an island destination. In CY 2021, nonstop air seat capacity from Taiwan to Guam made up only 5,040 seats, representing a small fraction of the total Taiwan-Guam air seat count in 2019 (40,030 seats). Air service development efforts are necessary to increase passenger demand while ensuring airline revenue and load factors remain economically viable.

While improving air services is key to the recovery of Taiwanese travel to Guam, it may not be enough as air service development efforts to restore lost capacity in this market may take a secondary role in rekindling demand and strengthening

perceptions of the island's health and safety among targeted Taiwanese travelers. Further initiatives geared toward addressing travelers' overall safety and health during their stay, as well as promoting the unique offerings and attractions of Guam. As of December 2024, China Airlines (IATA: CI) operates twice-weekly flights between Taipei and Guam, according to the December 2024 schedule.

b) other marketplace factors

Travel demand for the U.S. mainland, Hawaii, and Guam may be weakened by higher travel prices due to inflation and a weakened Taiwan Dollar relative to the U.S. Dollar. Political tensions between the U.S. and China over Taiwan and the threat of a Taiwan invasion from China may create marketplace uncertainty for outbound travel. Additionally, a projected slowdown in economic growth in Taiwan is not conducive to an expansion in outbound Taiwan travel.

According to the International Monetary Fund's economic forecast for October 2022, Taiwan's real gross domestic product is projected to slow in 2022 (+3.3%) and 2023 (+2.8%), following economic expansion of +6.6 percent in 2021.

2.5.6 Domestic Tourists

The Guam Visitors Bureau's 2019 annual report provides insightful details on the demographics and behavior of US tourists. The majority of US tourists were male (63%), with diverse age distribution. 36% of visitors were aged 50 or over, followed by age groups 25-39 (33%) and 40-49 (18%). In terms of annual income, 40% had an annual income between USD 75,000-150,000, while 31% had USD 25,000-75000 annual income. Visitors from the US stayed an average of 15 days, with 44% traveling alone, 17% with an officemate, and 14% with a spouse.

For US visitors, visiting friends and relatives (34%) and government or military purposes (32%) were the top reasons for visiting Guam. Business purposes ranked third with 25%, while pleasure and vacation (23%), relaxation (16%), and natural beauty (15%) were also popular reasons. Nearly 23% of visitors cited positive prior trip experiences as a reason to return, while 41% were first-time visitors. The most common way to plan a trip to Guam was by direct booking with airlines and hotels (48%), while 29% used travel agents with package tours and 23% used third-party online travel sites. On average, prepaid expenditures per person were approximately USD 1,972, with USD 1,645 in on-island expenses.

It's vital to note that the demographics and behavior of US tourists differ considerably from inbound visitors from Japan, South Korea, and Taiwan. Further analysis and insights are necessary to develop targeted marketing strategies that appeal to each segment.

2.6 Comparable Destinations

When analyzing beach resort destinations around the world, several common traits stand out, including a desirable location in close proximity to crystal-clear water, a range of hotel accommodations, and a variety of activities such as water sports, health and wellness options, and dining experiences. Guam meets these basic criteria, and therefore, PKF has identified comparable destinations sharing secondary characteristics, such as an island location dependent on air-access for tourism, an active and engaged indigenous community with a strong culture and traditions, and a reliance upon inbound markets from Japan, Korea, and Taiwan.

While several international beach destinations could be compared to Guam, a few US jurisdictions immediately come to mind. Hawaii has long been considered the gold standard for island beach destinations globally and remains Guam's biggest competitor with all of its inbound markets. It is worth noting that Hawaii, like Guam, is also heavily dependent on military and government spending and has a strong indigenous culture.

The Caribbean Islands, which are home to a US commonwealth (Puerto Rico) and a US territory (US Virgin Islands), have similar weather patterns, clear waters, and white sandy beaches, but their proximity to the mainland US and other international beach destinations, including Jamaica, the Bahamas, and the Dominican Republic, make them less of an ideal comparison.

Other destinations in the Pacific Islands, such as Fiji and Vanuatu, and Southeast Asian island destinations such as Bali, Koh Samui, and Phuket, can also be compared to Guam.

For this comparative analysis, PKF formulated a set of specific criteria, including geographical position, transportation infrastructure, diversity of complex tourism products, level of service and comfort, and market supply's economic level.

After analyzing and considering all of these elements, PKF selected the following competitive destinations for Guam:

- geographical position
- transportation infrastructure
- complex tourism product and its diversity
- level of service and comfort
- economic level of market supply

In the final analysis, the competitive destinations selected for Guam were:

Hawaiian Islands

Northern Mariana Islands

Okinawa

Fiji

Taiwan

2.6.1 Hawaii



a) soft facts comparison

Hawaii, a chain of volcanic islands located in the Pacific Ocean, is Guam's leading competitor with inbound markets from all over the world. Hawaii is known for its stunning beaches, warm climate, lush tropical forests, and diverse culture influenced by its native Hawaiian, Asian, and American heritage. Hawaii is a popular tourist destination for vacationers seeking sun, sand, and relaxation. Available activities and attractions include surfing, hiking, snorkeling, cultural activities, and historical sites. The state also highlights its scenic drives, golf courses, and shopping centers, including one of the largest outdoor shopping malls globally (Alo Moana). At the time of research in Q4 2024, Go Hawaii, the official destination website, showcased various islands, experiences, and cultural

activities, and the Hawaiian Islands directory offered multiple services, including accommodations, activities, and water adventures.

The state boasts stunning beaches with crystal clear waters and white sandy shores, offering visitors the opportunity to ski and surf on the same day. One can also hike Mt. Waialae, one of the wettest places on earth, or take a helicopter tour to see all 8 islands of the archipelago in the same day. Hawaii also offers cultural activities such as learning the hula, threading a lei (floral wreath/necklace), and attending traditional feasts known as "luau." The state features numerous historical and cultural sites, including Pearl Harbor and the Polynesian Cultural Center.

At the time of research in Q4 2024, the official Go Hawaii website listed and promoted a variety of tourism products:

islands (Kaua'i, O'ahu, Moloka'i, Lana'i, Maui, Island of Hawai'i)

experiences (adventure, culinary, eco-tourism, family fun, golf, heritage sites, relaxation & romance, sightseeing, voluntourism, weddings & honeymoons)

culture (history, traditions, hula, music, Iu'au, hawaiian language, art, events, film)

planning (safety, travel tips, special alerts/notices, weather, FAQ, international travelers)

Hawaiian Islands directory offer the following services:

accommodations (341)

activities (396)

attractions (48)

booking and concierge services (14)

culture, history and the arts (33)

coffee farms and tours (8)

culinary experiences, tours and tastings (11)

dinner, cocktail and sunset cruises (1)

directories and guides (9)

distilleries, breweries, wineries, cideries, and meaderies (5)

festivals and events (5)

land adventures (58)

luau and dinner shows (29)

music and nightlife (14)

- plantations, farms and gardens (18)
- sky adventures (18)
- tours and sightseeing (41)
- voluntourism (17)
- water adventures (102)
- wellness and rejuvenation (30)
- dining and drinks (187)
- golf (28)
- services (124)
- shopping (99)
- transportation (34)
- travel professionals (34)
- wedding and honeymoons (70)

It should be noted that Go Hawaii website specifically addresses the following target groups:

- families
- foodies
- culture & history aficionados
- nature lovers
- first-timers
- romance seekers
- outdoor adventurers
- shoppers
- health and wellness enthusiasts

Additionally, Go Hawaii promotes the following event categories:

the Festive Islands of Aloha (local community culture, including ethnic festivals, culinary events and an exotic collection of celebrations throughout the year)

annual events (including Honolulu Marathon, the Hawai'i International Film Festival, O'ahu's Prince Lot Hula Competition, the Eō E 'Emalani I Alaka'i Festival, and the statewide King Kamehameha Celebration)

food festivals (that feature local foods and agricultural products, including The Hawai'i Food and Wine Festival, the Kapalua Wine & Food Festival, Kona Coffee Cultural Festival, and Kaua'i Chocolate & Coffee Festival)

In summary, the unique selling points (USPs) of Hawaii include:

natural beauty: a diverse array of natural landscapes, including tropical forests, waterfalls, black and red sand beaches, and several stunning national parks

outdoor activities: such as hiking, surfing, snorkeling, scuba diving, kayaking, and ziplining

cultural experiences: rich Hawaiian traditions and heritage including a mix of Polynesian, Asian, and American influences

relaxation: laid-back atmosphere and diverse wellness and spa offerings

sunny weather: a warm tropical climate, with an average temperature ranging from 68 to 75 degrees Fahrenheit/20 to 24 degrees Celsius

variety of islands: Hawaii is made up of 137 total islands and 8 major islands, each with its own unique charm and character, providing a mix of experiences to choose from

luxury resorts: a popular destination for luxury vacations, with many high-end resorts, spas, and golf courses located throughout the islands

festivals and events: several cultural festivals and events throughout the year, including the Honolulu Festival and the Maui Film Festival

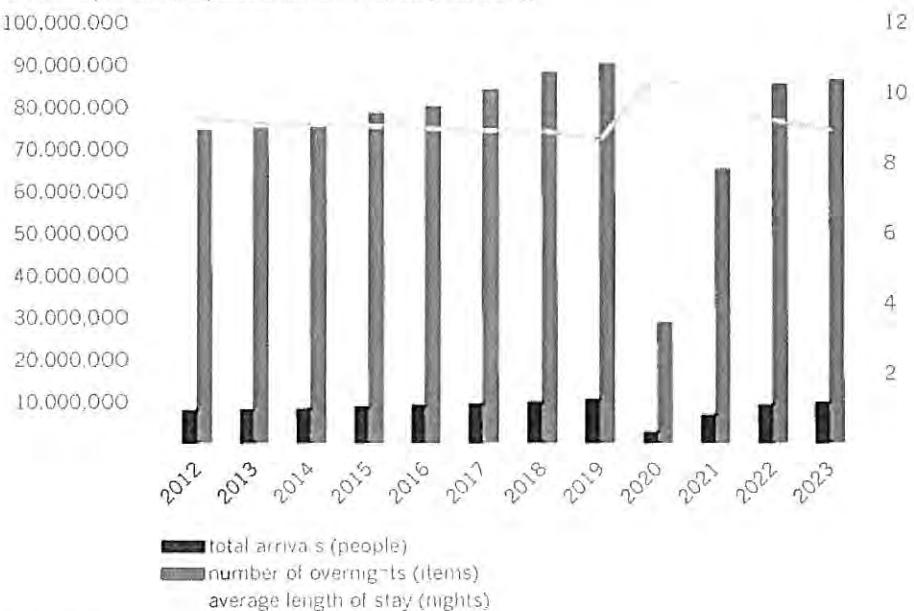
food and drink: delicious cuisine, ranging from traditional Hawaiian dishes to Asian/American fusion

shopping: everything from high-end luxury brands to local arts and crafts

b) hard facts comparison

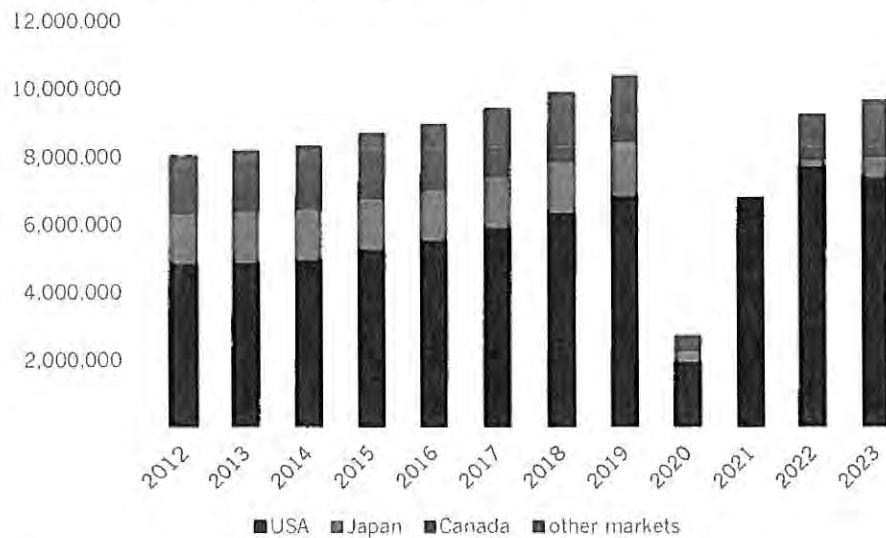
The following chart presents the dynamics of key tourism indicators in Hawaii from 2012 to 2023:

Chart 33 *Dynamics of key tourism indicators, Hawaii (2012-2023)*



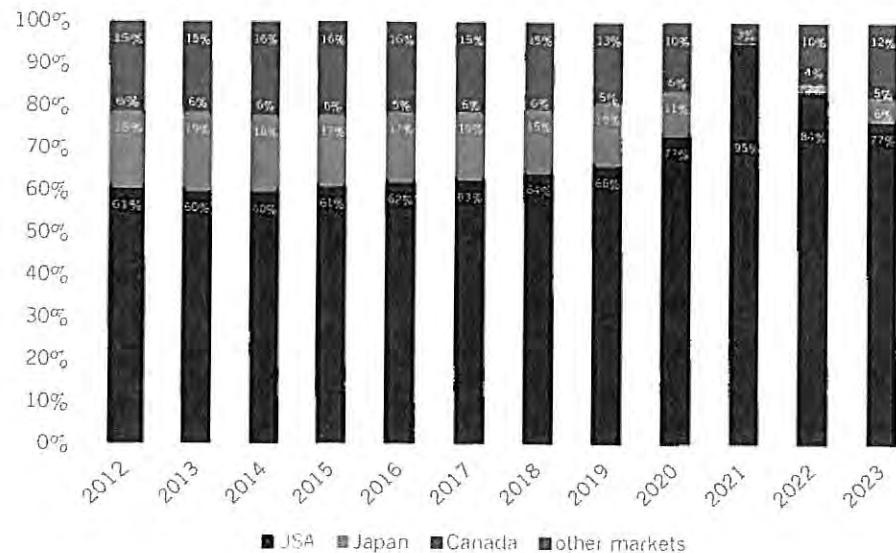
Source: Hawaii Tourism Authority

According to official statistics from the Hawaii Tourism Authority, tourism on the islands had a positive trend from 2012 to 2019, with an increase in total arrivals (30% growth) and the number of overnights (22% growth). The average length of stay decreased by 6.5% to 8.76 nights, which is still extremely high for most beach resort destinations. Despite the COVID-19 pandemic's impact leading to a decline in 2020-2021, Hawaii's tourism industry showed signs of recovery in 2022, with an increase in the number of tourists and overnights, though still lower compared to pre-pandemic levels. Although the number of tourist arrivals increased by 2% from 2022 to 2023, it has not yet returned to pre-pandemic levels.

Chart 34 Top 3 leader markets arrivals, Hawaii (2012-2023)


Source: Hawaii Tourism Authority

Hawaii welcomes tourists from all over the world, yet it relies heavily on the USA, Japan, and Canada for inbound travel, with Australia and South Korea rounding out the top five. From 2012 to 2019, the number of USA tourists increased from 4.88 million to 6.87 million (41% increase). Hawaii had rebounded to 7.76 million US tourists in 2022, leading to a positive CAGR of 4.7% in the period of 2012 to 2022. The number of Japanese tourists increased by 7.5% from 2012 to 2019, reaching 1.58 million people in 2019, while Canadian tourist numbers increased by 8.2%, with 0.54 million tourists in 2019. The mix of visitors has returned to pre-pandemic levels, heavily skewed toward the US Mainland market. In 2023, Hawaii saw a total of 7.43 million tourists from the United States, making it the largest group of visitors. Additionally, 0.59 million tourists traveled to the islands from Japan, while Canada contributed 0.47 million visitors.

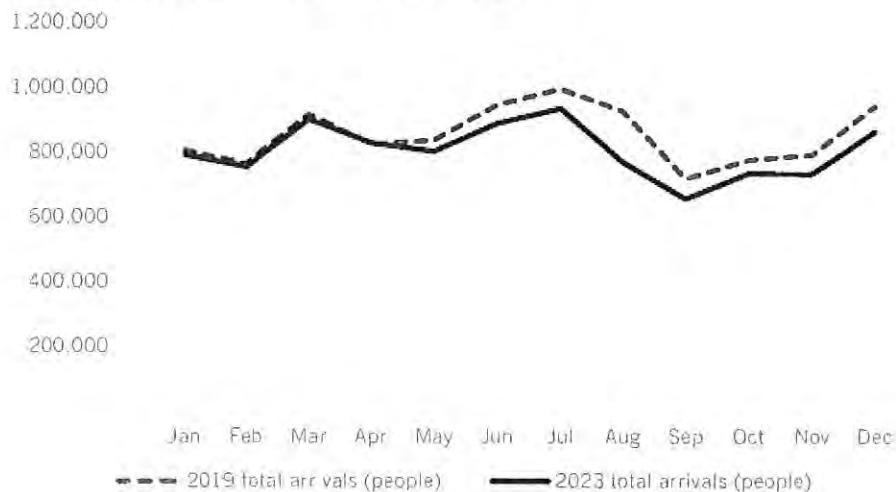
Chart 35 Share of Top 3 market arrivals, Hawaii (2012-2023)


Source: Hawaii Tourism Authority

The graph indicates that the USA has consistently accounted for 61% to 67% of total arrivals between 2012 and 2019. In 2020 and 2021, US arrivals became a larger portion of total arrivals (74% and 95%) due to COVID-19 related travel restrictions, limiting international tourists to visit the islands. Japan has traditionally been the second-largest market; however, its share decreased over time (from 19% in 2012 to 15% in 2019), while Canada has consistently been the third-largest market, with a stable share of 5% to 6%. The data for 2023 indicates that travelers from the USA represented 77% of total arrivals to Hawaii, followed by Japan at 6%, and Canada at 5%.

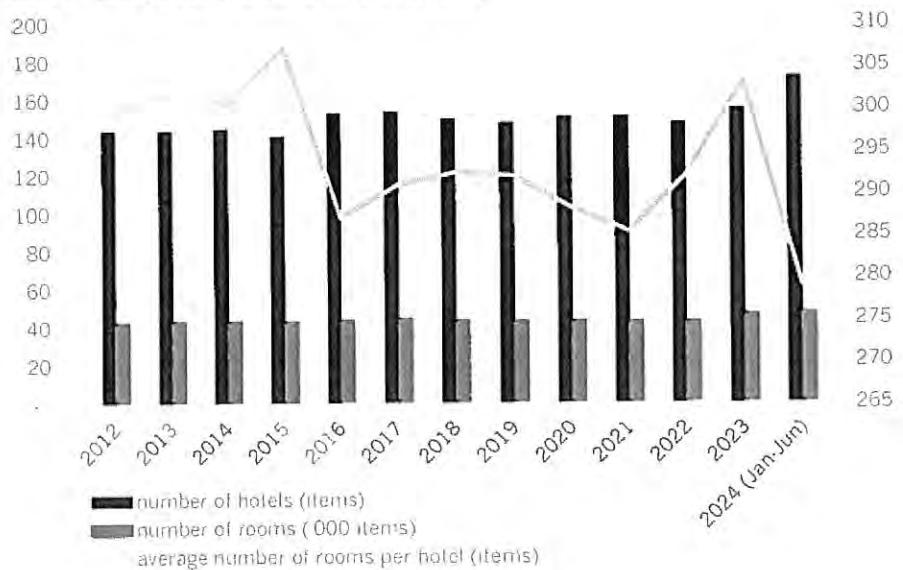
The following chart of 2019 and 2023 arrivals is what PKF believes to be most indicative of the seasonality that occurs for travel to the Hawaiian Islands:

Chart 36 Seasonality of tourism arrivals, Hawaii (2019 vs. 2023)



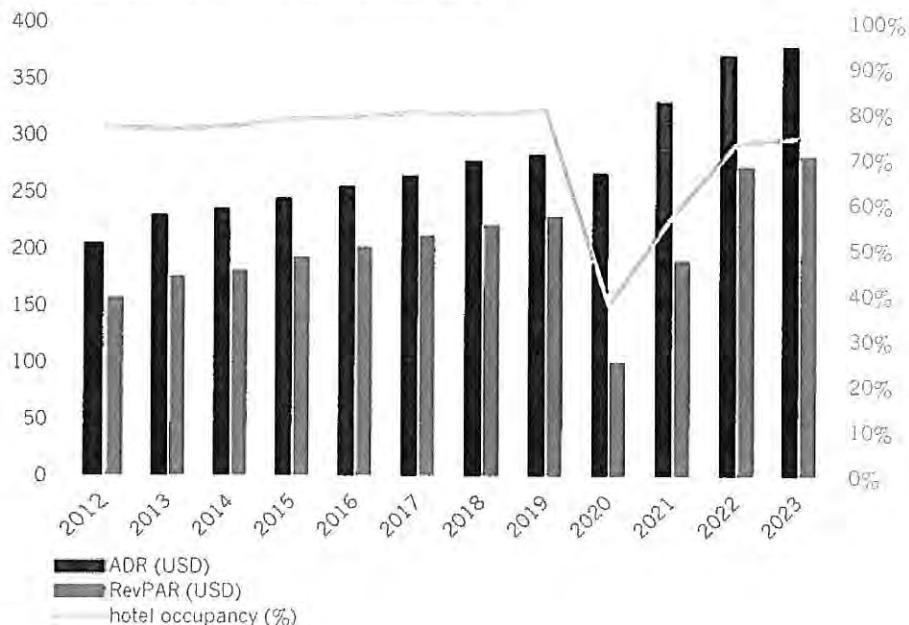
Source: Hawaii Tourism Authority

The data from the Hawaii Tourism Authority for the year 2023 reveals a clear pattern, with higher numbers of arrivals during the summer months (June-August), along with March and December, and lower numbers in September. Based on the number of arrivals we can assume the high season is in March (0.9 million), from June (about 0.89 million) to August (about 0.77 million), and December (about 0.86 million). The relatively low season is in September (with about 0.72 million tourists), with the remaining months falling into the shoulder season. This pattern is common in many similar tourist destinations and likely due to factors such as weather, school holidays, and cultural events. In 2023, Hawaii recorded the most arrivals in the month of July with about 0.94 million tourists. In comparison to 2019, it is evident that arrival numbers have almost returned to pre-pandemic levels, reflecting a near-complete recovery.

Chart 37 Development of hotel supply, Hawaii (2012-2024)


Source: Hawaii Tourism Authority

The hotel market supply in Hawaii has remained relatively stable with slight fluctuations from 2012-June 2024. The number of hotels has varied between 141 and 154, with total number hotel rooms fluctuating between approximately 43,000 and 45,000. The average number of rooms per hotel has remained relatively stable (from 287 to 307 units per hotel). Overall, there have been no significant changes in the hotel market supply in Hawaii from 2012 to 2022. However, in 2023, there was a slight increase in the number of hotels and rooms, with approximately 47,000 rooms across 155 hotels. Preliminary data for 2024 indicate a further increase in hotel supply, with 172 hotels and approximately 48,000 rooms in the months from January to June.

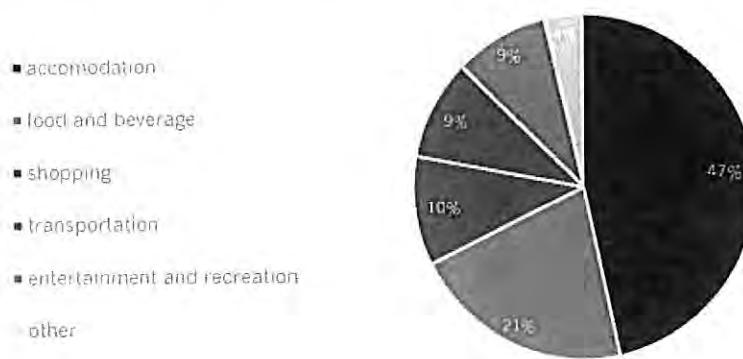
Chart 38 Development of hotel demand, Hawaii (2012-2023)


Source: Hawaii Tourism Authority, STR inc.

The chart above presents the historical hotel demand in Hawaii from 2012 to 2022. The average daily rate (ADR) in Hawaii's hotel market has steadily grown from 2012 to 2019, reaching USD 283.05, which is a 38% increase over that period. In 2020, Hawaii's ADR declined to USD 266.81, but it rebounded in 2021 to USD 330.32, which exceeded 2019. The hotel occupancy rate had remained relatively stable from 2012 to 2019 with a slight increase from approximately 77% to 81%. However, it significantly declined in 2020, reaching approximately 38% due to the impact of the pandemic and only partially improved in 2021 and 2022, approximately 58% and 74%, respectively. All of this resulted in a consistent increase in RevPAR (revenue per available room) from 2012 to 2019 (45% increase, from USD 157.59 to USD 228.70), followed by a decline in 2020 (USD 100.21) and a recovery in 2021 (USD 189.35). In 2022, the RevPAR had exceeded 2019 levels, reaching USD 273.27.

The years 2022 and 2023 exhibit a positive growth trend. In 2022, the ADR increased to USD 371.21, and further rose to USD 378.00 in 2023. The average occupancy rate for 2022 was 74%, which slightly improved to 75% in 2023. The RevPAR for 2022 was USD 273.27, with an increase to USD 282.37 in 2023.

According to the 2019 Annual Visitor Research Report, the typical visitor travelled with a party of 2.24 people. Sixty percent of visitors planned to stay in hotels, and approximately 17% opted for condos. Most travelers, approximately 85%, visited for pleasure, including vacations, weddings, and honeymoons, while approximately 8% visited friends and relatives. Visitors typically stayed in Hawaii for 8.76 nights, with 32% being first-time visitors. The remaining 68% are returning to the islands with an average of five previous trips to the destination. Interestingly, non-group tourists accounted for 95% of the total traffic.

Chart 39 *Travel expenditures in Hawaii (2023)*


Source: 2023 Annual Visitor Research Report

In 2019, tourists spent an average of USD 197 per person per day, which amounted to USD 17.84 billion for the year. Accommodation was the largest expense, accounting for 43% of total spend (USD 85 per person per day), followed by food and beverage at 21% (over USD 41 per person per day). Shopping represented approximately 13% of spending (USD 26 per person per day), transportation 10% (USD 19 per person per day), entertainment and recreation approximately 9% (USD 18 per person per day), and other expenses around 4% (USD 7 per person per day).

In comparison, in 2023, the average daily expenditure by tourists was USD 241 per person, resulting in a total annual spending of USD 20.87 billion. This reflects a 22% increase in average daily expenditure and a 17% increase in total annual expenditure compared to the year 2019. Accommodation remained the largest category of expenditure, accounting for 47% of total spending (USD 112 per person per day). This was followed by food and beverage, which comprised approximately 21% of daily spending (USD 51 per person per day). Other significant expenditure categories included shopping (10%, USD 24 per person per day), transportation (9%, USD 23 per person per day), and entertainment and recreation (9%, USD 22 per person per day). Other expenses represented approximately 4% of total spending (USD 9 per person per day).

2.6.2 Northern Mariana Islands



a) soft facts comparison:

The Commonwealth of the Northern Mariana Islands (CNMI), located just north of Guam, is a group of 15 islands with stunning beaches, tropical forests, and a unique blend of American and Pacific Island cultures. Saipan, the principal and most populous island, offers many historical sites and outdoor activities, including World War II battle sites, hiking trails, and snorkeling and diving spots.

With its rich history and culture, the CNMI has become a popular destination for travelers seeking a distinct experience. Visitors can relive the island's history by visiting famous monuments, such as the American Memorial Park, the Battle of Saipan Memorial, and other World War II battle sites. The islands' white sand beaches and crystal-clear waters provide ideal conditions for swimming, sunbathing, and other beach-related activities. Additionally, hiking, bird watching, and golfing are popular outdoor activities that can be enjoyed in the island's pristine surroundings.

The CNMI shares several cultural traits with Guam, including the delicious local cuisine, featuring seafood, kelaguen, and red rice. The people of the CNMI, who are of CHamorro and Carolinian ancestry, have a profound cultural and historical significance, providing a fascinating cultural immersion experience for travelers.

Furthermore, the breathtaking natural beauty of the CNMI makes it an ideal destination for couples and honeymooners seeking a serene and secluded getaway. With its unique cultural heritage, beautiful beaches, outdoor activities, and Pacific Island charm, the CNMI offers a captivating experience for visitors.

As of January 2023, the official destination website of The Marianas features and promotes the following tourism products of Northern Mariana Islands:

Saipan Island (Last Command Post, Banzai Cliff, Suicide Cliff, Sleeping Lady, Kalabera Cave, Mt. Tapochau, Isley Field, Bird Island, Catholic Church Bell Tower, Mount Carmel Cathedral, Sugar Dock, Chalan Kanoa Village, Sugar King Park, NMI Museum)

Tinian Island (House of Taga, Taga Well, Atomic Bomb Pits, Suicide Cliff, Puntan Taddong, Puntan Carolinas, North Field)

Rota Island (As Nieves Latte Stone Quarry, Tonga Cave, East Harbor, Japanese Cannon, Pona Point Fishing Cliff, Bird Sanctuary, Japanese Locomotive, Chugai Cave, Mochong Latte Village, Dugai Latte Village, Mt. Tapingot, German Chapel, Nanyo Kohatsu Kaisha Sugar Mill, Old Spanish Government Building, Songsong Conbento, Sinapalo Village, Mount Sabana, As Matmos)

The Northern Islands (including Uracas Maug Asuncion Agrihan Pagan Alamagan Guguan Sarigan, and Anatahan Islands)

Marianas event calendar (majority of listed events are not cultural, but rather commercial offers like happy hours, fiestas, brunches, parties and so on)

more activities (list of dive spots, list of golf courses, short description of possible activities such as snorkeling, water sports, "sky" sports, UTV/ATV, walking, hiking, shopping, driving tour, waterparks, museums, and weekly markets)

Myrianas.com lists the following types of offers and services:

accommodations (11)

activities (13)

dining (23)

driving (3)

other (16)

photography (1)

shopping (12)

transportation (4)

travel professionals (8)

weddings (2)

Some of the main unique selling points (USPs) of the CNMI, include:

natural beauty: tropical forests, white sandy beaches, crystal clear waters, rugged landscapes, and beautiful waterfalls

diving and snorkeling: a diverse array of marine life, including colorful coral reefs, shipwrecks, and schools of tropical fish

historic and cultural sites: a rich cultural heritage that is deeply rooted in the CHamorro and Carolinian culture, as well as historical sites, including the American Memorial Park, which honors the soldiers who fought in the Pacific during World War II, and the Rota Latte Stone Quarry, a UNESCO World Heritage Site

relaxation: a more laid-back, secluded experience compared to other tourist destinations, making it a great place to escape the hustle of everyday life

golf: world-class golf courses that offer unique experiences to golf enthusiasts

adventure activities: including hiking, kayaking, camping, and bird watching, as well as guided tours to the caves and other natural landmarks

island hopping: tourists can visit various islands to experience the different cultures and landscapes

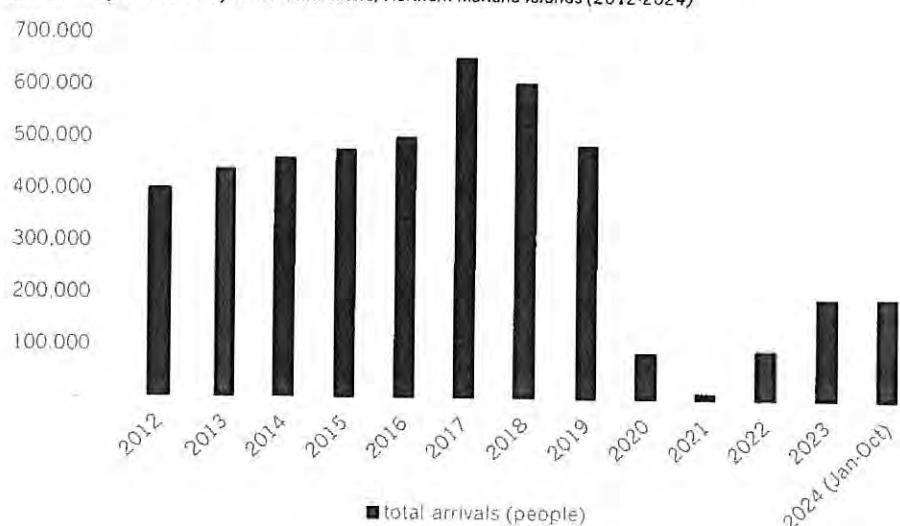
authentic and cultural dining: traditional and authentic CHamorro and Carolinian dishes, which are made with locally grown ingredients

nightlife: a variety of nightlife options, including live music, bars, and nightclubs

b) hard facts comparison:

The following chart presents the dynamics of key tourism indicators in the Northern Mariana Islands from 2012 to 2024:

Chart 40 Dynamics of key tourism indicators, Northern Mariana Islands (2012-2024)

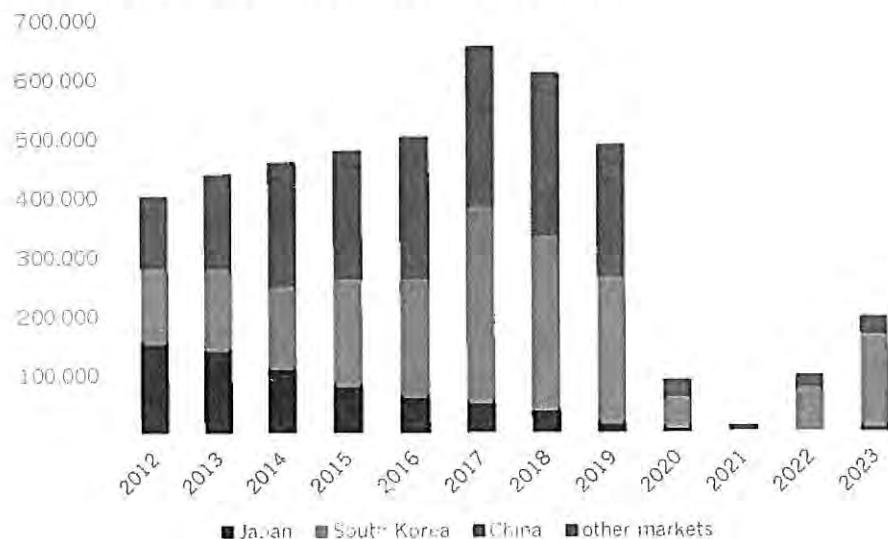


Source: CNMI Department of Commerce/Marianas Visitors Authority (MVA)

The CNMI Department of Commerce reported a 31% decrease in visitor arrivals to the Northern Mariana Islands in 2019 due to typhoons. Before the pandemic, the region had a steady increase in visitors, peaking at a record high of 653,150 visitors in 2017. The significant decrease of 166,142 visitors from 2017 to 2019 underscores the impact of external factors on tourism, including a decline in Japanese tourists during that time period. In 2023, tourist arrivals reached 194,744. The trend for 2024 (January to October) shows a slight increase, with 197,111 visitors, surpassing the 2023 figures. However, these numbers remain significantly lower than the record high registered in 2017.

The following chart shows the top three feeder markets for arrivals in the Northern Mariana Islands from 2012 to 2023:

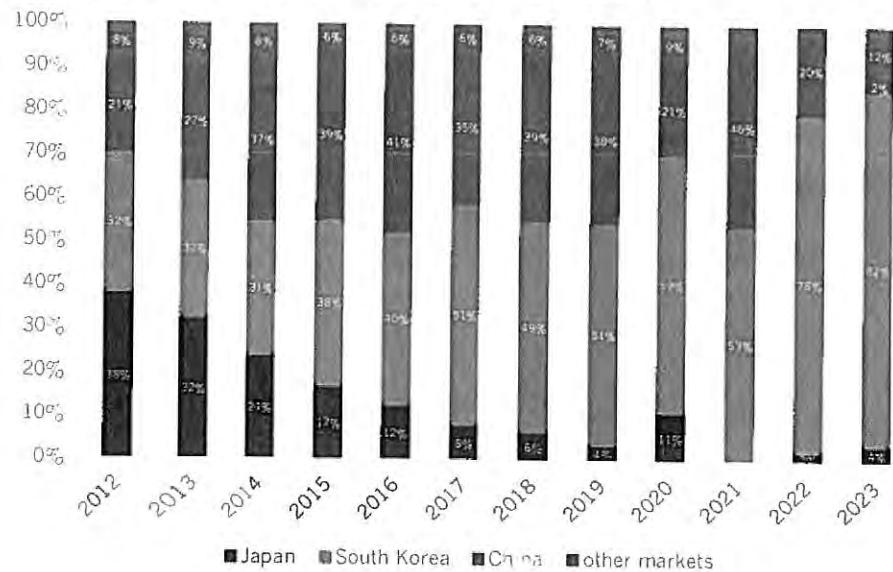
Chart 41 *Top-3 feeder markets arrivals, Northern Mariana Islands (2012-2023)*



Source: CNMI Department of Commerce/Marianas Visitors Authority (MVA)

According to the data, the top three markets the Northern Mariana Islands were Japan, South Korea and China. In 2019, South Korea had the highest number of visitors at 249,211, followed by China with 185,526 and lastly Japan with 17,121. In 2012, the arrivals from Japan were 153,259 visitors, whilst South Korea followed with 129,394 and China at 86,119.

Tourism from China is a relatively new phenomenon for the CNMI, and has grown significantly in recent years, due in part to increased flight options and marketing efforts aimed at the Chinese. From 2012 to 2019 there was an increase of 115% in Chinese tourist arrivals. During the pandemic, the number of arrivals from China dropped to 18,550, Japan declined to 9,889, and South Korea accounted for 52,726 arrivals into the CNMI. The market has slowly been rebounding as restrictions have eased and tourism has increased. In 2023, the leading feeder market was South Korea, with 159,315 tourists, followed by Japan with 7,373 tourists, and China with 4,309 tourists.

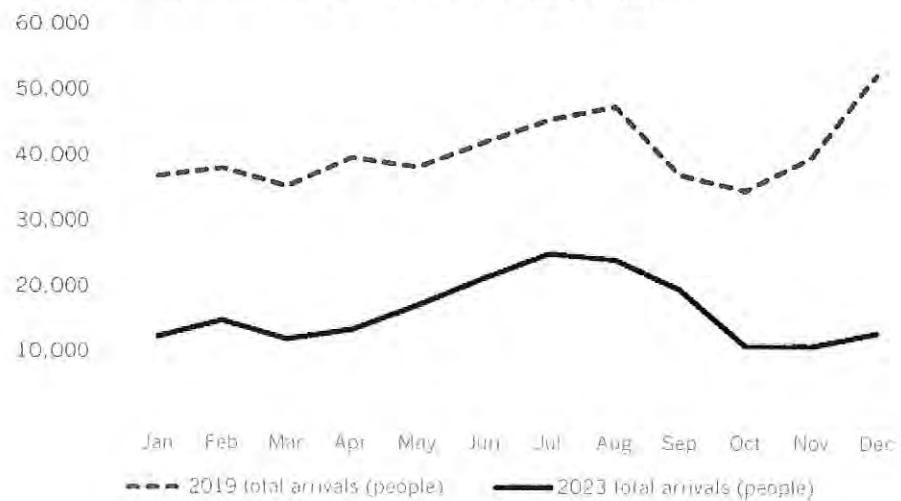
Chart 42 Share of top-3 markets arrivals, Northern Mariana Islands (2012-2023)


Source: CNMI Department of Commerce/Marianas Visitors Authority (MVA)

In 2012, Japan had the highest share in arrivals at 38%, followed by South Korea at 32%, and China at 21%. In 2019, South Korea composed 51% of the arrivals to the Islands, followed by China at 38% and Japan at 4%. This represents a 34% decline in travel from Japan, in comparison to South Korea, which saw an increase of 27% from 2012 to 2019. The declining arrivals to the Islands by the Japanese can be directly correlated to the increase in Chinese travelers. In 2023, South Korea held an 82% market share, demonstrating even further growth in its market share compared to previous years.

The following chart shows the seasonality pattern in the Northern Mariana Islands, based on 2023 tourism arrivals:

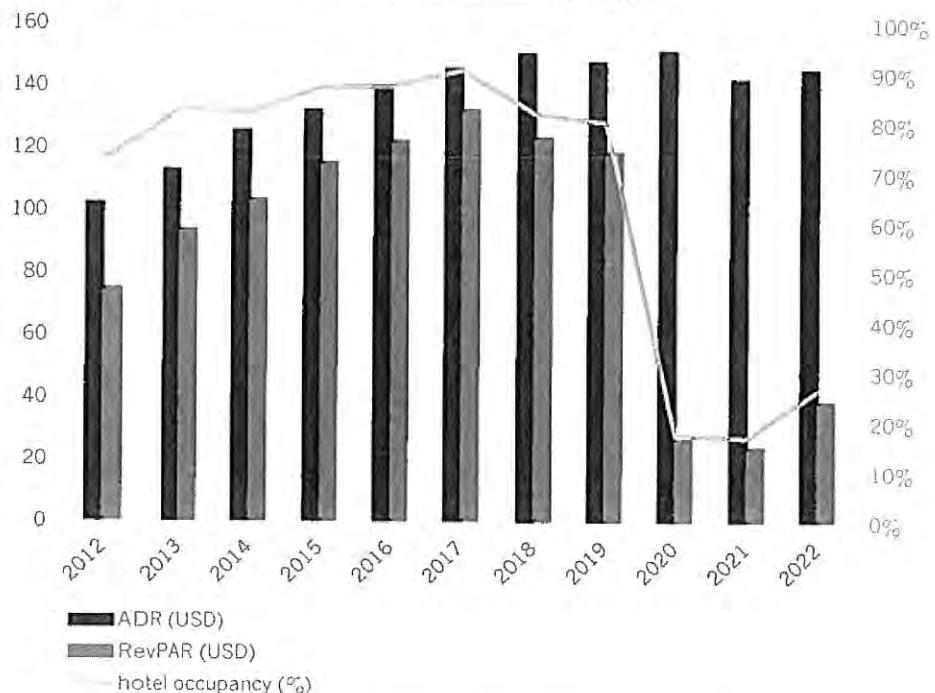
Chart 4.3 Seasonality of tourism arrivals, Northern Mariana Islands (2019 vs. 2023)



Source: Marianas Visitors Authority FY 2023 Annual Report

The data presented above illustrates the seasonality of tourism to the Islands during the 2023 calendar year. The peak season in 2023 occurred from June through August, with the highest number of arrivals recorded in July, totaling 25,089. The low season extended from October to December. When compared to 2019, the data indicates that tourist arrival numbers have yet to fully recover to pre-pandemic levels.

According to the Hotel Association of the Northern Mariana Islands (HANMI) presentation for the CNMI Economic Forum in 2023, there are 47 hotels in the region, with a total of 3,561 rooms as of 2019 in Saipan (only). There are 96 accommodation facilities (excluding serviced apartments and residences) available for booking, according to Google Travel. PKF was unable to find data regarding the development pipeline for hotels in the Northern Mariana Islands from 2012 to 2021.

Chart 44 *Development of hotel demand, Northern Mariana Islands (2012-2022)*


Source: CNMI Department of Commerce/Hotel Association of the Northern Mariana Islands (HANMI)

Examining the historical hotel demand in the Northern Mariana Islands, we found consistent growth in several key metrics. From 2012 to 2019, the average daily rate (ADR) showed a steady upward climb, reaching a peak in 2020 at USD 151.50. During the same period, the average annual occupancy rate for all hotels and resorts increased from 73% to 80%, with its highest point recorded at 91% in 2017. Notably, ADR increased from USD 102.73 in 2012 to USD 148.20 in 2019, and revenue per available room (RevPAR) also rose from USD 75 to USD 119 in 2019. Further data is unavailable for any year beyond 2022.

These metrics drastically fell during the pandemic, with hotel occupancy plummeting from 80% in 2019 to 17% in 2021. However, we expect to see a gradual recovery as international travel resumes.

Tourism data for 2019, provided by the Marianas Visitors Authority (MVA), shows that the occupancy rate decline in 2018, mainly due to Super Typhoon Yutu's lingering effect in late October, impacted total visitor arrivals to 424,838 people. Of all mainland visitors, 45% were South Korean tourists, 44% were Chinese tourists, and 3% were Japanese tourists.

While there is no available data on per-diem expenditures for visitors, the accommodation facilities, food services, and amusement facilities industry contributed USD 249 million, or 21% of the Commonwealth's GDP in 2019.

A survey conducted by the CNMI on travelers from major inbound markets such as South Korea, Japan, and China revealed some interesting trends. For Korean visitors to CNMI who participated, 99% were tourists, with approximately 76% of them visiting for the first time. The survey disclosed that 67% of arrivals made travel arrangements on their own, 27% arranged a packaged tour, and only 3% traveled in a group. Furthermore, approximately 47% of visitors traveled with a spouse, 41% with children, 32% with a friend, and 9% with a parent.

Leisure travel accounted for 96% of the respondents, with 6% planning to dive and 4% planning to play golf. Half of the visitors were motivated by the internet, while 21% were motivated by travel agencies, 14% were influenced by friends and family, and 9% by the short distance. Just 9% of travelers stated they were motivated to come back because of a previous trip.

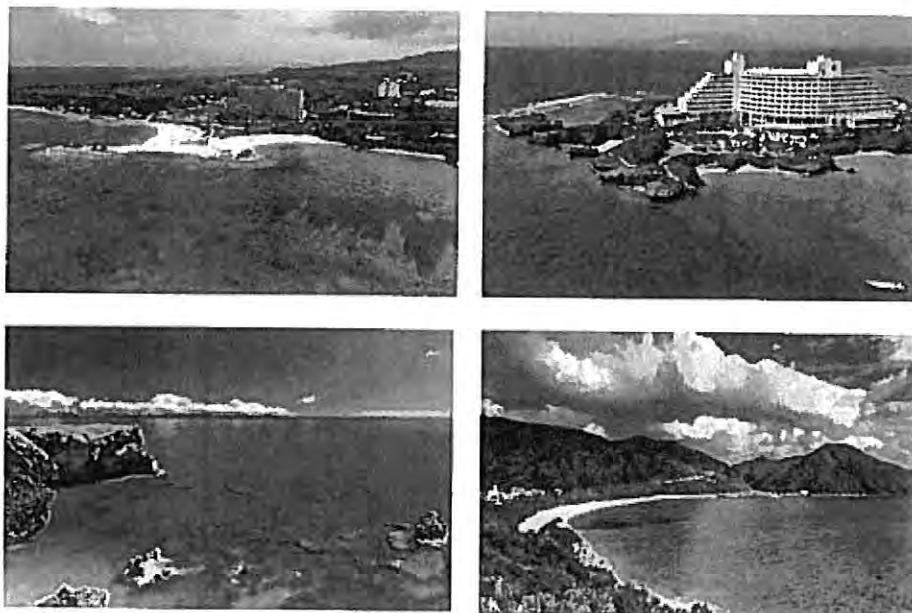
Of Japanese arrivals, 61% were tourists, and approximately 43% were first timers, indicating that many of the travelers from Japan had visited previously. Out of those surveyed, it was discovered that 41% of Japanese visitors arranged travel independently, 30% chose packaged tours, and 14% were part of a group tour. Among this group, 37% of visitors traveled with unrelated friends, 20% traveled alone, 16% with a spouse, and 12% in a tour group.

Leisure was the primary reason for visiting, accounting for 70% of the respondents, with 22% planning to dive and 8% to play golf. In terms of motivation, the internet was the most significant driver at 32%, followed by a prior visit (22%), travel agents (18%), friends and family (16%), and climate (10%).

Similarly, 99% of tourists from China visited Northern Mariana Island for leisure, with around 92% being first-time visitors. Approximately 55% traveled in groups, 24% used package tours, and 17% arranged their travel independently.

While exact percentages are unavailable on travel arrangements, most tourists traveled with a spouse or a friend to take part in general leisure activities, such as golfing or diving. Among Chinese respondents, travel agents were the primary motivator for 73%, with the internet at 17%, friends and family at 8%, climate at 3%, and short traveling distance at 2%.

2.6.3 Okinawa



a) soft facts comparison:

Located in the southernmost part of Japan, Okinawa is the largest of the Ryukyu Islands, and is famous for its world-class beaches, vibrant culture, rich history, and cuisine. Much like Guam, Okinawa offers a subtropical climate and diverse landscape with coral reefs, beaches, and tropical forests, making it an ideal destination for outdoor activities such as scuba diving, snorkeling, and hiking.

As a premier tourist destination, Okinawa features a unique blend of traditional and modern culture, as well as history and natural beauty. Visitors can delve into Okinawa's past by visiting the Shuri Castle, designated as a UNESCO World Heritage Site, as well as the Peace Memorial Park, the Battle of Okinawa Memorial, and other World War II sites. Moreover, the island boasts some of Japan's most stunning beaches, including the magnificent emerald waters of the Kerama Islands, where tourists can enjoy snorkeling and scuba diving. Okinawa also features its own local cuisine, which includes popular dishes like Okinawa soba and goya champuru, a stir-fry dish made with bitter melon.

Okinawa has a rich cultural heritage, distinct from the mainland of Japan, rooted in the Ryukyu Kingdom. This singular cultural background lends an air of uniqueness to the island. For those seeking a memorable vacation, Okinawa provides a unique experience.

At the time of research, Visit Okinawa Japan's official destination website listed and promoted the following tourism opportunities:

destinations (Okinawa Main Island, including its Northern, Central and Southern parts, Kume Island, Kerama Islands, Miyako Islands, and Yaeyama Islands)

Natural World Heritage (Yanbaru and Iriomote Island)

Cultural World Heritage (Nakijin Castle Ruins, Zakimi Castle Ruins, Katsuren Castle Ruins, Nakagusuku Castle Ruins, Shurijo Castle Park, Tama-udun mausoleum, Sonohyan Utaki Stone Gate, Shikinaen Royal Garden, and Sefa Utaki Sacred site)

traditional Culture (Okinawa's Traditional Performing Arts, Traditional Okinawan Arts, Okinawa's Traditional Calendar, Traditional Okinawan Houses, and the Birthplace of Karate)

food and longevity (Okinawa food culture, Taste Okinawa, the Secret of Okinawan Longevity, and Awamori Okinawa's Iconic Spirit)

The Wonderful Nature (Coral reefs and marine life, The lush forests of Yanbaru, Japan's largest mangrove forest, Gaze at the star-studded sky, and ancient limestone caverns)

beach information (Beaches of Northern Okinawa, Beaches of Central and Southern Okinawa, Beaches of Kume Island, the Miyako Islands, and the Yaeyama Islands)

dive sites (Okinawa Main Island Diving, Kerama Islands Diving, Kume Island Diving, Miyako Islands Diving, Yaeyama Islands Diving, and Yonaguni Island Diving)

events (more than 60 events throughout the year, from centuries-old festivals to seasonal festivities, traditional boat races etc.)

travel inspiration (nature & wildlife, heritage & tradition, flavors of Okinawa, shopping & relaxation, activities & experiences, Okinawa life, and recommended trips)

Okinawa's primary USPs are:

scenic beaches: some of the most beautiful beaches in Japan, with white sandy shores, turquoise waters, and lush greenery, also a number of beautiful landscapes, including the Yaeyama Islands and the Kerama Islands

rich culture: unique local language, art, music and traditions that differ from the mainland of Japan

historical sites: including Shuri Castle, the Gusuku Sites and Related Properties of the Kingdom of Ryukyu (that are UNESCO World Heritage Sites), also Okinawa was the site of a major battle during World War II, and there are a number of war-related sites and memorials that tourists can visit

activities, including diving and snorkeling (excellent opportunities, with a rich marine life and colorful coral reefs), hiking (variety of scenic trails)

entertainment: one of the largest aquariums in the world (Churaumi), showcasing a variety of marine life from the Okinawa region, cultural theme park (Ryukyu Mura) that showcases the traditional Okinawan way of life and culture

festivals: several festivals throughout the year, including the Naha Great Tug-of-War Festival, and the Eisaa Festival

shopping and nightlife: many shopping and entertainment options in Naha, like the Makishi Public Market, the Kokusai Street, and the Shintoshin area

food and drinks: Okinawa has a unique cuisine that is heavily influenced by the island's tropical climate, with a focus on seafood, pork, and local vegetables (such dishes as goya, champuru and rafute)

relaxation and wellness: natural hot springs, which are said to have healing properties, traditional Japanese massage and spa treatments, peaceful atmosphere different from the mainland of Japan

island hopping: tourists can visit various islands to experience the different cultures and landscapes

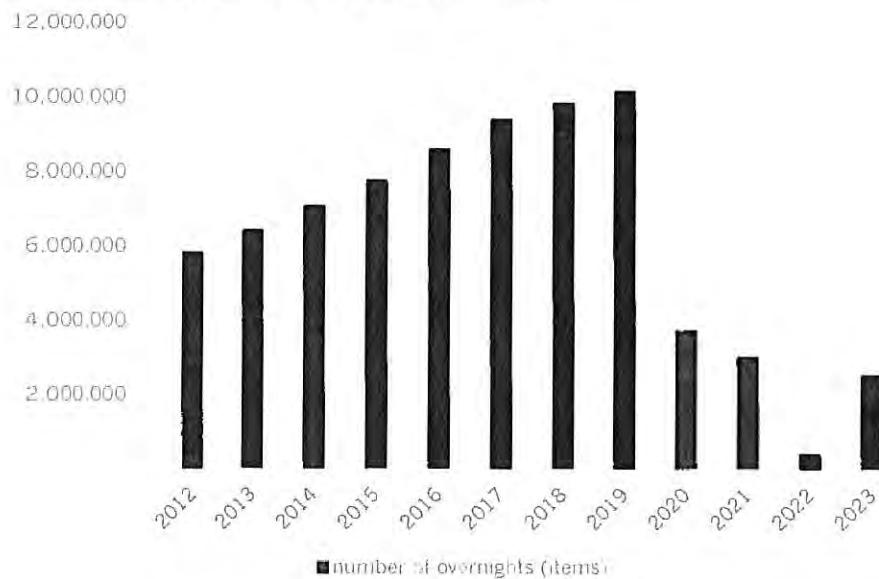
accessibility: it is easy to access from Japan's mainland and other Asian countries by flights

climate: a subtropical climate makes it a great destination to visit all year round

b) hard facts comparison

The following chart presents the dynamics of key tourism indicators in Okinawa from 2012 to 2023:

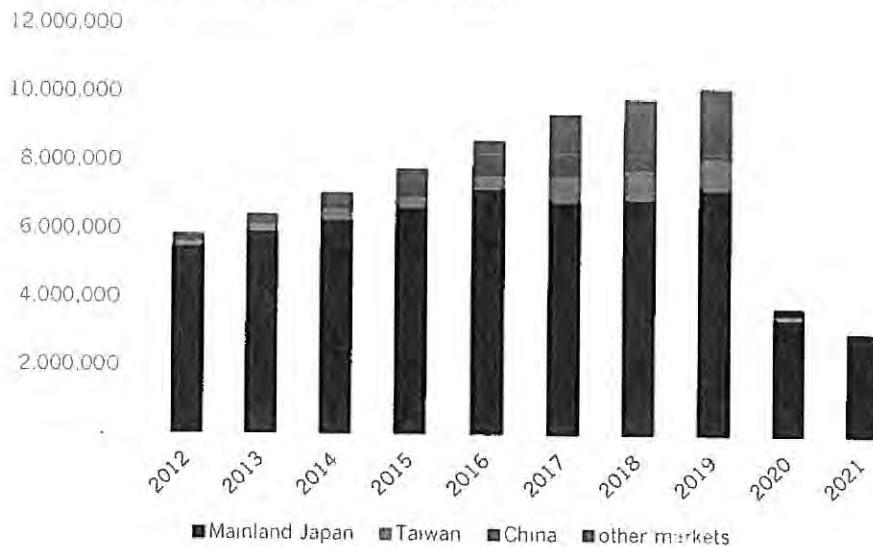
Chart 45. Dynamics of key tourism indicators, Okinawa (2012-2023)



Source: Okinawa Prefecture Tourism Statistics/Japan Tourism Agency/Ministry of Land, Infrastructure, Transport and Tourism

According to the Okinawa Prefecture Tourism, the industry trended positively from 2012 to 2019, with an increase in total arrivals of 74%. However, the tourism industry suffered a sharp decline in 2020 due to the COVID-19 pandemic. By 2023 numbers began to show an increase, reaching 2.5 million, but still remain far below pre-pandemic levels.

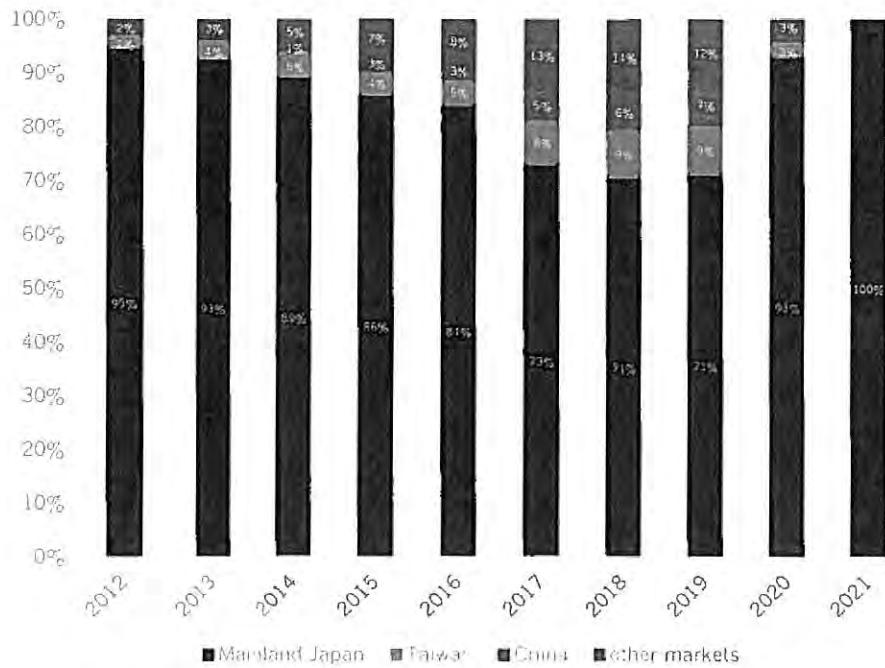
Chart 46 *Top 3 feeder markets arrivals, Okinawa (2012-2021)*



Source: Okinawa Prefecture Tourism Statistics/Japan Tourism Agency/Ministry of Land Infrastructure, Transport and Tourism

Though primarily catering to Japanese travelers, Okinawa has successfully promoted travel to other countries. The top three inbound markets to Okinawa are Japan, Taiwan, and China. From 2012 to 2019, the number of domestic tourists in Okinawa grew significantly, reaching 7.23 million people in 2019 (a 31% increase from 2012). In the same period, Taiwan's market share also grew, with 939,700 arrivals, a 560% increase from 2012. China had a lower number of total arrivals than Taiwan (754,200 in 2019), but with an impressive growth rate of 1,574%.

Okinawa saw a decrease of 58% in total arrivals in 2020 compared to 2019, with both Taiwan and China experiencing a 100% decrease (105,300 people and 48,200 people, respectively). Although China ranks third in terms of largest feeder markets, Hong Kong was the third-largest feeder market to Okinawa until 2017 when South Korea, with 523,300 visitors, replaced it. China then replaced South Korea, which is now reflected in the chart above.

Chart 4.7 Share of Top 3 markets arrivals, Okinawa (2012-2021)


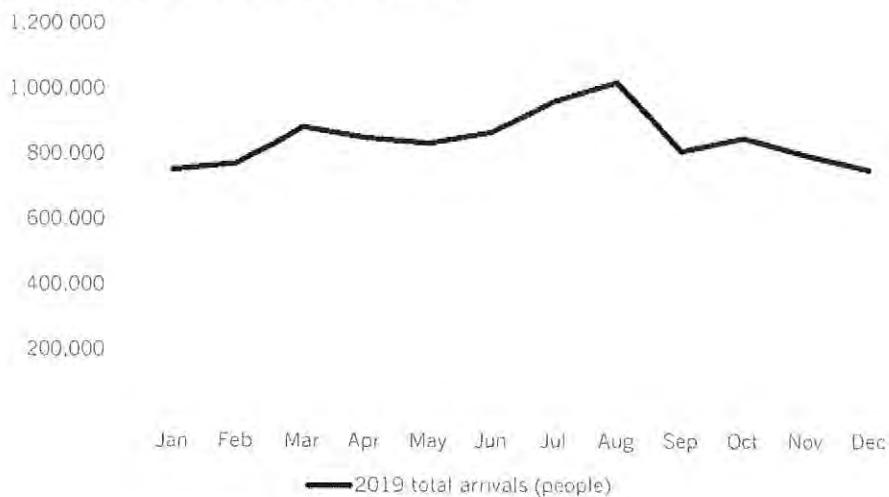
Source: Okinawa Prefecture Tourism Statistics/Japan Tourism Agency/Ministry of Land Infrastructure, Transport and Tourism

Historically, Okinawa's tourism was primarily domestic, with over 90% of arrivals originating from mainland Japan. However, Okinawa had made significant progress towards attracting international tourists before the pandemic, with domestic arrivals decreasing to 71% by 2019. During the pandemic, inbound travel to Japan from China and Taiwan ceased, but more importantly, Japanese travelers were discouraged from traveling overseas, thereby boosting Okinawa's popularity within the country. This led to Japan accounting for 93% and 100% of the arrivals to Okinawa in 2020 and 2021, respectively.

International travel has returned and in 2023, Okinawa received 2.5 MM international visitors, still 54% less than in 2019. Taiwan was the top international source market, accounting for 725,780 visits with 29% of market share. The United States contributed approximately 20%, with 515,670 tourists and South Korea accounted for 500,970 international visits with a market share of 19%. Hong Kong and China sent 251,230 and 139,770 visitors, respectively. Please note, PKF presents the most recent data available as of December 2024.

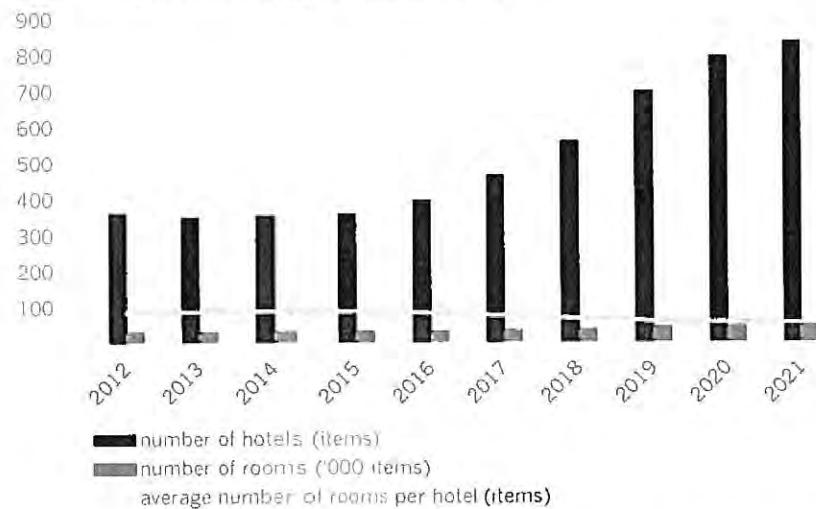
The following chart shows the seasonality pattern in the islands of Okinawa based on 2019 tourism arrivals, the last pre-pandemic year:

Chart 48 Seasonality of tourism arrivals, Okinawa (2019)



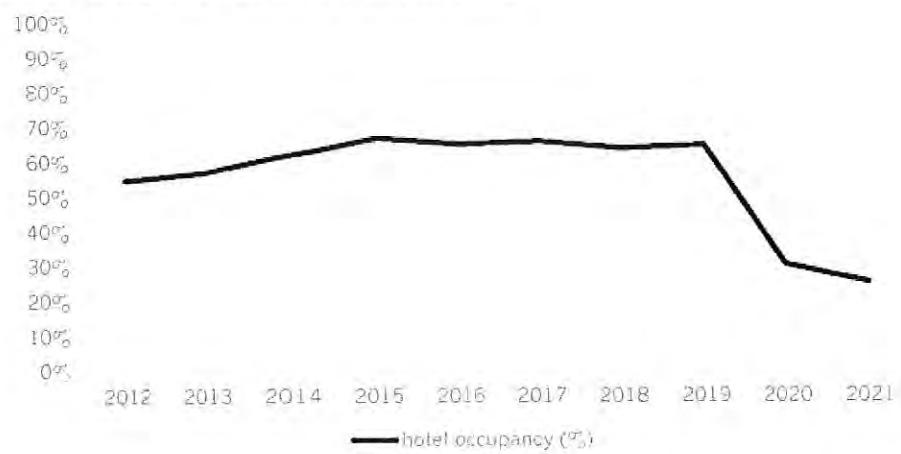
Source: Okinawa Prefecture Tourism Statistics/Japan Tourism Agency/Ministry of land infrastructure transport and tourism

An analysis of the Okinawa Prefecture Tourism Statistics reveals a clear seasonality pattern, which reflects a higher number of arrivals during the summer months (June to August) and in March, similar to Guam. Conversely, the winter months, from September to February, and from April to May, represent the low season. The highest number of arrivals is recorded in August, with 1.02 million tourists, while January represents the month with the lowest number of arrivals, with only 753,500 tourists. This seasonal variation is not unique to Okinawa but is typical of many tourist destinations across the globe. It is likely influenced by several factors, including weather, school holidays, and various cultural events.

Chart 49 *Development of Hotel Supply, Okinawa (2012-2021)*


Source: Okinawa Prefecture Tourism Statistics/Japan Tourism Agency/Ministry of Land Infrastructure, Transport and Tourism

The hotel market supply in Okinawa has increased dramatically in the past 10 years. In 2012, there were 364 hotels, and this number grew to 700 in 2019. Despite the pandemic's adverse effects on tourism, the hotel market continued to expand, with 837 hotels in 2021 representing a staggering growth rate of 130%. The number of rooms also surged, from 31,000 rooms in 2012 to an impressive number by 2021, representing a growth rate of 52%. Interestingly, the average number of rooms per hotel has decreased since 2012 from 86 rooms to 57 rooms by 2021, indicating a potential shift toward lower capacity properties.

Chart 50 *Development of hotel demand, Okinawa (2012-2021)*


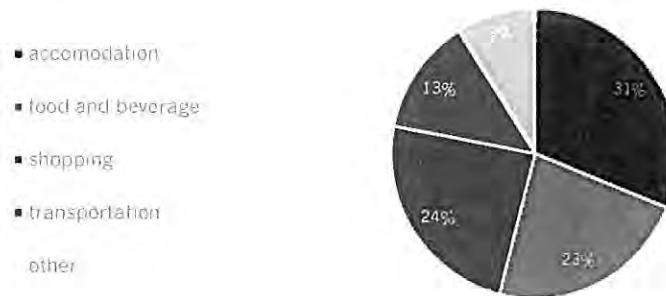
Source: Japan Tourism Agency (Overnight Travel Statistical Survey)

The chart presents the development of hotel demand in Okinawa, reflecting the total supply of hotels, including Ryokans, resort hotels, business hotels, and city hotels. Hotel occupancy in Okinawa increased consistently from 2012 (55%) to 2015 (65%). This represents a growth rate of 19% over the seven-year period. Occupancy rates remained stable from 2015 to 2019 until the advent of the global pandemic in 2020, which adversely affected tourism. On average, foreign tourists stay for approximately 3.77 days in Okinawa.

Additionally, the Okinawa Prefecture conducted the 2019 Foreign Tourist Satisfaction Survey, where 59% of the respondents chose the destination for sightseeing, and 40% expressed an interest in experiencing the local cuisine. Approximately 28% of visitors came for leisure and relaxation, 25% for water activities and marine leisure, 24% for shopping, 13% for business purposes, and 9% to attend conferences and training. The survey also revealed that only approximately 14% were first-time visitors to Okinawa, while half of the visitors have traveled to the island four or more times were presumed to be originating from mainland Japan.

Of those who responded to the survey, 23% had an annual household income ranging from USD 30k to 45k, with 19% earning less than USD 30k, 18% between USD 45k and 60k, 16% between USD 60k and 75k and 15% between JPY 75 and 107.5k. A quarter of the visitors traveled alone, while 19% traveled as couples, 18% as families with children, 11% with a friend, and another 11% with a colleague (work friend). Eighty-two percent of tourists visited the main island, which has 48 inhabited islands. Regarding accommodation, 51% chose to stay in resort hotels, 26% preferring city hotels, and 24% sought business hotels. Approximately 58% of travelers made individual travel arrangements, while only 8% were part of a travel group, and 6% purchased a package tour.

Chart 51 *Travel expenditures in Okinawa (2019)*



Source: Okinawa Prefecture Tourism Statistics

According to Okinawa Prefecture Tourism Statistics, the average traveler spends USD 564 when visiting Okinawa. On average, approximately 31% of the total expense is allocated to accommodation, 24% to shopping and souvenirs, 22% to food and drinks, 13% to transportation, and 9% to entertainment. As a result, tourism revenue for Okinawa in 2019 was approximately JPY 748 billion.

2.6.4 Fiji



a) soft facts comparison

Fiji, similar to other comparable destinations like Guam, is a group of islands located in the South Pacific, renowned for its beautiful beaches, crystal-clear waters, and exotic culture, with a mix of Melanesian, Polynesian, and Indian influences. The region is composed of over 300 islands, with the two largest being Viti Levu and Vanua Levu, and offers a diverse range of attractions, including coral reefs, tropical forests, and marine life.

Tourists frequently visit Fiji for a sun and beach vacation, with some of the most beautiful beaches in the world and white sandy shores, perfect for swimming, sunbathing, and relaxation. Traditional Fijian activities such as kava ceremonies, firewalking, and lovo feasts, and many tourists take day trips to nearby islands. Opportunities for activities like scuba diving, snorkeling, and surfing are plentiful, and visitors can explore local culture by visiting temples, tombs, and traditional villages. Fiji's luxury resorts are highly regarded, with a wide range of spa treatments, water sports, and other amenities available. Local cuisine, including seafood and traditional Fijian dishes, is mouth-watering and a key attraction for tourists.

According to the official destination website of Fiji Travel, the following tourism products are promoted and available to visitors:

places to go: (Coral Coast, Denarau Island, Kadavu, Mamanuca Islands, Nadi, Outer Islands, Pacific Harbour and Beqa Island, Savusavu and Surrounds, Suncoast, Suva and Surrounds, Taveuni Island, and Yasawa Islands)

things to do: (adventure, backpacking, couples, cruising, diving, family, food, golf, luxury, nature, sailing, sustainability, snorkelling, surfing, volunteering, and weddings)

places to stay: (Coral Coast, Denarau Island, Kadavu Island, Mamanuca Islands, Nadi, Outer Islands, Pacific Harbour and Beqa Island, Savusavu and Surrounds, Suncoast, Suva and Surrounds, Taveuni Island, and Yasawa Islands)

what's on: (Explore all Events, Lifestyle & Community, Music Festivals, and Sporting Events)

Some of the main USPs of Fiji, include:

beaches and island paradise: white sandy beaches, crystal-clear waters, and lush tropical landscapes, allowing tourists to indulge in island hopping, snorkeling, and diving to explore the coral reefs and marine life

cultural experiences: a rich culture and history, reflected in its traditional Fijian villages, festivals, ceremonies, customs, and local cuisine

wildlife: exotic wildlife such as tropical birds, sharks, and sea turtles in their natural habitats

luxury resorts and spa experiences: many luxurious resorts and spas (even private islands), offering a range of activities, including as yoga, meditation, and spa treatments, so tourists have chance to experience a high-end tropical vacation

adventure and outdoor activities: such as diving and snorkeling, hiking, rafting, and zip-lining, as well as water sports like surfing, windsurfing, and stand-up paddle-boarding

family-friendly: Fiji is a popular multi-generational destination for families, with many activities and facilities catering to children, grandparents and families

year-round sunshine: a tropical climate, which makes it a great destination for visitors looking for sunshine and warmth year round

weddings and honeymoons: there are many resorts and hotels offering romantic packages and settings for couples

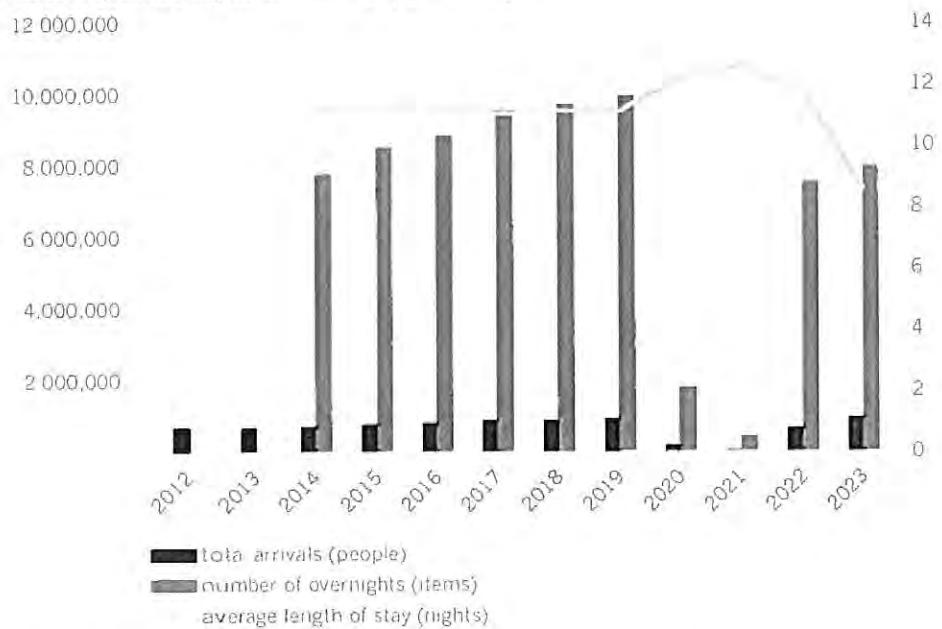
accessibility: easily accessible from many major cities around the world, with regular flights from Australia, New Zealand, and the United States

affordable: a variety of accommodation options, and many activities and experiences available at reasonable prices

by hard facts comparison.

Taking a closer look at the dynamics of key tourism indicators in Fiji from 2012 to 2023:

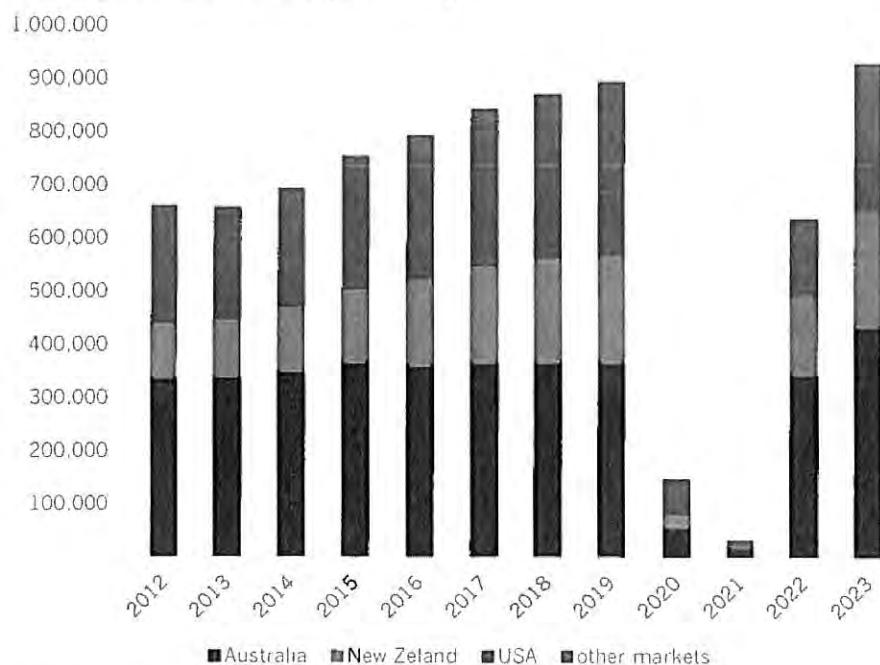
Chart 52 Dynamics of key tourism indicators, Fiji (2012-2023)



Source: Fiji Bureau of Statistics/Fiji Immigration Department

Tourism has historically been a significant driver of Fiji's economy. In 2019, total visitor arrivals to the island reached 894,839, a five-year high and an increase of 24,080 from 2018, according to the Fiji Bureau of Statistics. However, tourist arrivals in 2020 declined sharply to 146,905 due to the impact of the COVID-19 pandemic. Still, preliminary data shows that tourist arrivals returned to 2014 levels in 2022. The total number of overnight stays experienced consistent growth from 2014 to 2019. In 2014, Fiji recorded 7,757,456 overnight stays which grew to 9,950,078 stays in 2019, representing a 28% increase. Between 2022 and 2023, Fiji experienced a notable increase in tourism activity. Tourist arrivals rose from 636,312 (accounting for 7,533,934 overnight stays) in 2022 to 929,740 arrivals (7,995,764 overnight stays) in 2023, representing a 46% growth in arrivals and a 6% increase in overnight stays. Despite this upward trend, the 2023 figures remain below pre-pandemic levels.

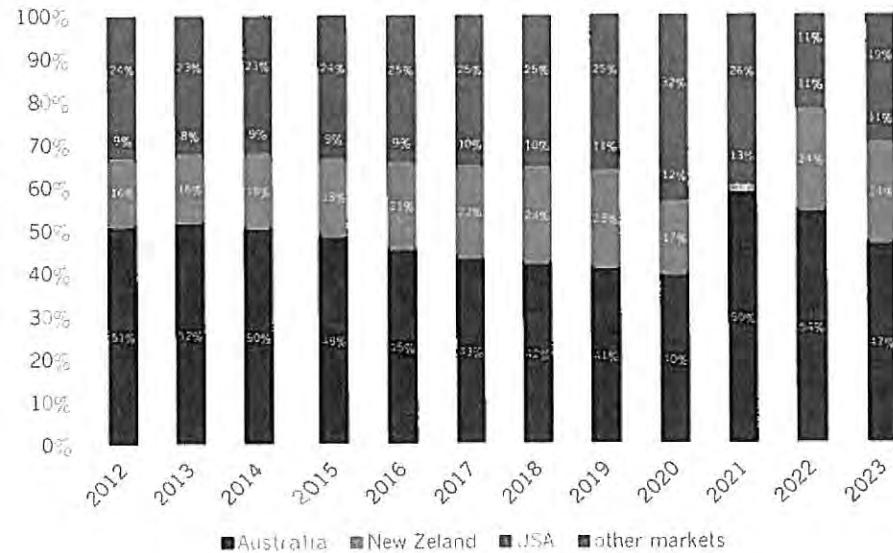
Chart 53 Top 3 feeder markets arrivals, Fiji (2012-2023)



Source: Fiji Bureau of Statistics/Fiji Immigration Department

Fiji relies heavily on international travelers, with the top three markets being Australia, New Zealand, and the United States. Australia accounts for the largest market share, with a total of 337,291 arrivals in 2012, increasing to 367,020 arrivals in 2019. New Zealand came in second with 205,998 arrivals to Fiji, and the United States third with 98,968 arrivals. Together, these three countries contribute 75% of the total number of tourists to the islands annually. In 2023, the Australian, New Zealand, and United States markets collectively contributed to 82% of Fiji's annual tourist arrivals, with 434,533 visitors from Australia, 220,963 from New Zealand, and 99,518 from the United States.

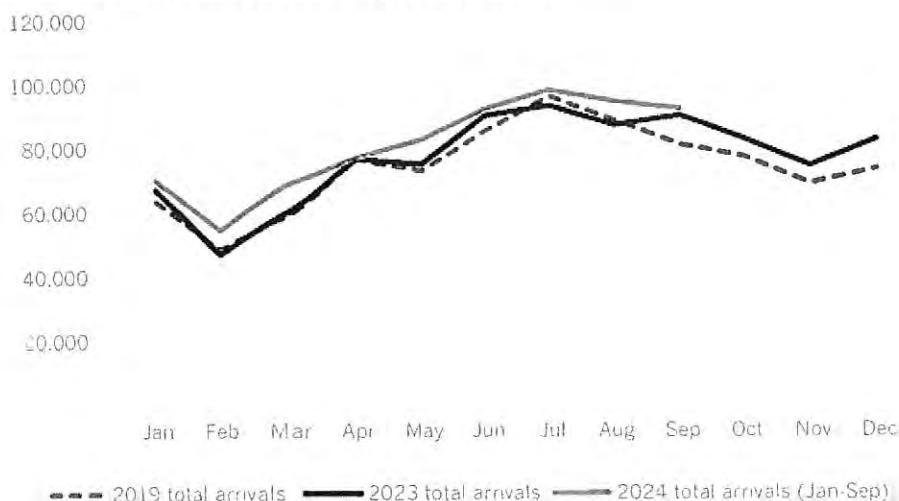
Chart 54 Share of top 3 markets arrivals, Fiji (2012-2023)



Source: Fiji Bureau of Statistics/Fiji Immigration Department

The graph above illustrates the share of the top three markets, including Australia, whose share of the market has decreased from 51% of total arrivals in 2012 to 41% in 2019. However, this number rose above 50% due to the COVID-19 pandemic's impact in 2021 and 2022. In 2023, the proportion of Australian visitors to Fiji decreased to 47% of total arrivals. Meanwhile, the share of arrivals from other international markets increased to 19%.

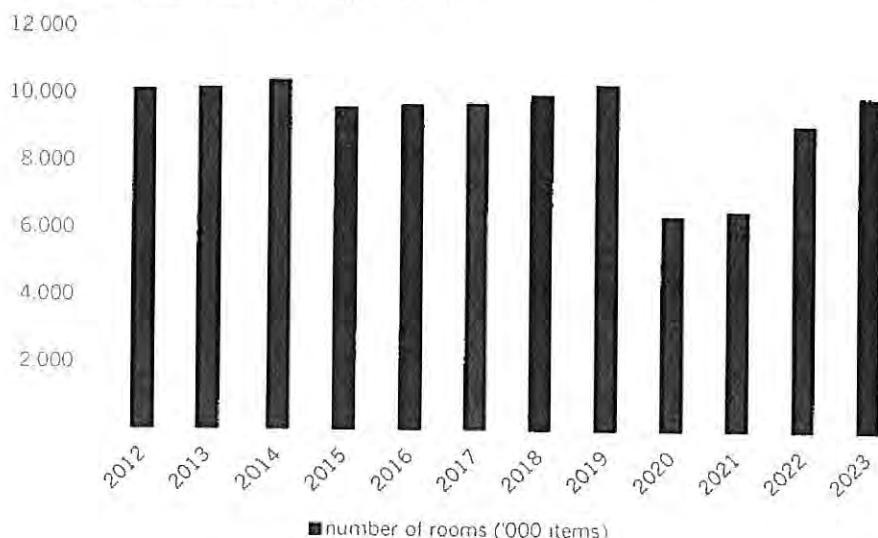
Chart 55 Seasonality of tourism arrivals, Fiji (2019 vs. 2023-2024)



Source: Fiji Bureau of Statistics/Fiji Immigration Department

According to the Fiji Bureau of Statistics, the highest number of tourist arrivals during 2019 occurred during the months of June through August, which can be classified as the high season. In 2019, Fiji received 270,862 arrivals during this three-month period. The peak in arrivals occurred in July, with 97,387 visitors, while the low season is from October to March, with the lowest number in February, with only 48,748 visitors. In comparison, data for the year 2023 reveal a pattern similar to 2019, with the highest arrival numbers recorded between June and September, peaking in July at 93,483 arrivals. In contrast, figures for 2024 indicate that arrival numbers have exceeded those of both 2019 and 2023, with the highest volume recorded in July 2024 at 98,332 tourist arrivals.

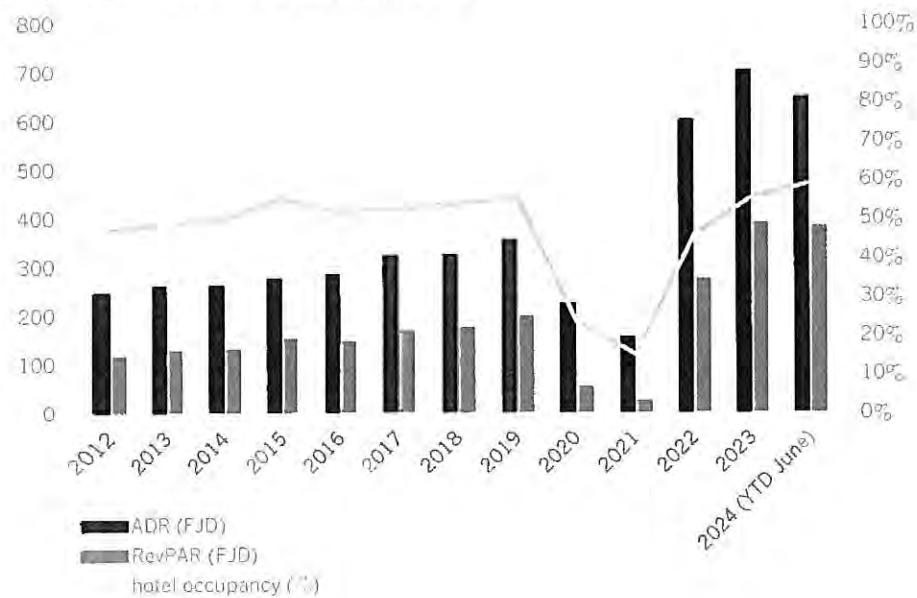
Chart 56 *Development of hotel supply, Fiji (2012-2023)*



Source: Fiji Bureau of Statistics

From 2012 to 2019, the number of hotel rooms in Fiji remained relatively consistent, hovering around 10,000. However, the COVID-19 pandemic significantly impacted the market, with the total number of rooms falling to 6,000 in 2020 and increasing to 7,000 in 2021 and 8,000 in 2022. Many hotels had to close permanently due to the lack of business and arrivals in the area. Despite increased travel in 2022 driving projections that the number of hotel rooms would return to and eventually exceed 2019 levels, the data from 2023 indicates that this milestone has not yet been achieved. As of 2023, the number of available hotel rooms remains below 2019 levels, with approximately 9,900 rooms reported.

Chart 57 Development of hotel demand, Fiji (2012-2024)



Source: Fiji Bureau of Statistics/Survey of Licensed Hotels, Resorts and Lodging Houses

The chart presented above displays the development of hotel demand in Fiji from 2012 to 2022. Fiji's hotel market has experienced consistent growth in terms of ADR and occupancy rates from 2012 to 2019. ADR increased from FJD 247.28 (about USD 106.02) to FJD 355.59 (about USD 152.45) in 2019 while occupancy rates increased by 9% to reach 56%. Consequently, RevPAR increased by 70% from FJD 116.47 (about USD 49.93) in 2012 to FJD 198.42 (about USD 85.07) in 2019. COVID-19 pandemic's impact on the tourism industry had a significant effect on the hotel market, with ADR, RevPAR, and occupancy rates dropping significantly from 2019 and continuing to decline through to 2021 when ADR reached a low of FJD 150 (about USD 64.31). In 2022, the data shows a significant rebound in the ADR, equaling 2019's all-time high, but occupancy lags at 10 points behind.

By 2023, the data reveals that ADR, RevPAR, and occupancy rates have exceeded the strong rebound levels observed in the previous year. The ADR reached FJD 703.72 (about USD 301.71), while the RevPAR was FJD 390.56 (about USD 167.44). The occupancy rate was recorded at 56%, indicating a return to pre-COVID-19 occupancy levels.

In terms of customer demographics, Fiji's Bureau of Statistics and Immigration Department data reveals that most visitors in 2019 arrived for holiday purposes, and the majority of the visitors were between the ages of 25 and 54. Furthermore, tourists' per-diem expenditures varied depending on the purpose of their visit, with leisure travelers having an average expenditure of FJD 310 (about USD 132.91) per person, per day.

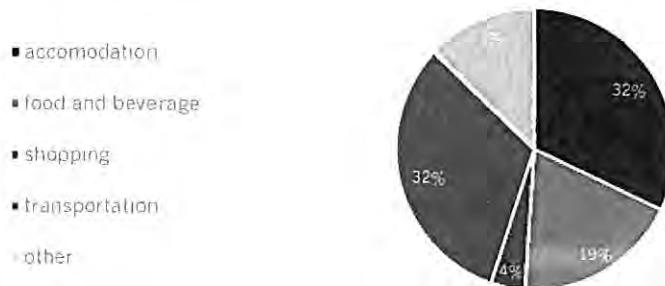
The most recent International Visitor Survey report for 2023 reveals that the primary reason for visiting Fiji was for holiday purposes, with 80% of travelers

identifying this as their main motivation. Additionally, the report highlights that the largest age group of visitors in 2023 was those aged 40 to 49 years.

Fiji's total tourism revenues in 2019 surpassed FJD 2.065 billion (about USD 885.326 million), with total accommodation/hotel revenues being over FJD 1.3 billion (about USD 557.348 million). The hotel industry employed over 15,000 people in Fiji in 2019, with almost 80% of them working full-time. In 2023, the 929,740 visitors to Fiji contributed an estimated FJD 3.22 billion (about USD 1.381 million) FJD to the country's economy.

The International Visitor Survey (IVS) 2019 report suggests that couples formed the largest group of tourists in Fiji, at approximately 41%, followed by groups of three or more people at 37%, and singles at 22%. Moreover, most of the visitors surveyed (58%) were first-time visitors. The top reasons for visiting Fiji, according to the survey, were holiday/ vacation, family gathering/reunion, anniversary/ birthday, scuba diving, and adventure travel. In comparison, the data for 2023 shows that 41% were couples, 39% visited in groups, and 20% were singles. Also, similar to 2019, the majority of visitors were first-time visitors, amounting to 60%, while 40% were repeat visitors to Fiji.

Chart 58 *Travel expenditures in Fiji (2019)*



Source: *International Visitor Survey (IVS) 2019 report*

The survey also revealed that total tourist spends in Fiji in 2019 were reported to be FJD 3.03 billion (about USD 1.299 million), with FJD 1.97 billion (65%) attributed to pre-paid services prior to arrival, and FJD 1.06 billion or USD 844.60 million (35%) to post-arrival. Tourist spending per trip was approximately FJD 3,379 (about USD 1,449) or FJD 353 (about USD 151.34) per person per night. Accommodation and international airfare were the largest expenditure (approximately 32% each), followed by restaurants and bars (approximately 19%), and shopping (4%).

In 2023, the average expenditure per visitor per night was FJD 404 (about USD 173.21), marking an increase from FJD 376 (about USD 161.20) in 2022. However, the total expenditure per trip in 2023 was FJD 3,462 (about USD 1,484), which reflects a slight decrease compared to FJD 3,572 (about USD 1,531) in 2022. The majority of visitor spending in 2023 was allocated to accommodation, airfare, dining, attractions, and retail shopping. Notably, lodging expenses accounted for approximately 37% of total spending, while international airfare represented 23% of the overall expenditure.

2.6.5 Taiwan



a) soft facts comparison.

Taiwan is a multi-island, self-governing entity located off the coast of China, offering a tourism destination with a robust mix of cultures, history, and natural beauty. Taiwan is known for its vibrant cities, such as Taipei and Kaohsiung, which are famous for their shopping, dining, and entertainment options, as well as night markets, traditional festivals, and street food. Tourists can explore temples, museums, traditional markets, and historical sites. Taroko Gorge, Sun Moon Lake, Alishan National Scenic Area, and famous hot spring resorts are the highlights of Taiwan.

Taiwan is known for its quality local cuisine, offering visitors opportunities to participate in traditional activities such as tea ceremonies and traditional festivals. With its rich culture and history, innovative culinary scene, and beautiful topography, Taiwan is an ideal tourism destination for people seeking an authentic and exceptional vacation. As of January 2023, the official destination website of Taiwan, The Heart of Asia, lists and promotes various tourism products, further showcasing the numerous options tourists can experience while in Taiwan:

Northern Taiwan attractions:

Taipei City: (Shilin Night Market, Yangmingshan National Park, Taipei 101, National Palace Museum, Lungshan Temple, National Chiang Kai-Shek Memorial Hall, Xinbeitou Hot Springs, and many other)

New Taipei City: (Jiufen, Tamsui Old Street, Yehliu Geopark, Fulong Beach, Wulai, Nanya, Shifen Scenic Area, and many other)

Keelung City: (Keelung Miaokou Snacks, Heping Island Park, Keelung Harbor, Zhongzheng Park, and other)

Yilan County: (Jiaoxi Hot Springs, Guishan Island, Taipingshan National Forest Recreation Area, Beiguan Tidal Park, Cilan Forest Recreation Area, Nanfang'ao, Mingchi Forest Recreation Area, and many other)

Taoyuan City: (Window on China Theme Park, Daxi District, Taoyuan City, Daxi Flower Ocean Farm Ranch, and other)

Hsinchu County: (LeoFoo Village Theme Park, Beipu Cold Spring, Tri-Mountain National Scenic Area - Lion's Head Mountain Visitor Center, and other)

Hsinchu City: (Hsinchu City God Temple, Green Grass Lake, Yin Hsi East Gate, and other)

Central Taiwan attractions:

Miaoli County: (Sanyi Wood Sculpture Museum, Tai'an Hot Springs, Remains of Longteng Bridge, and other)

Taichung City: (Fengjia Night Market, Guguan Hot Springs, Tri-Mountain National Scenic Area, Wuling Farm, Dongshih Forest Garden, Gaomei Wetlands, National Museum of Natural Science, and many other)

Changhua County: (Lukang Longshan Temple, Lukang Old Street, Tianwei Highway Garden, Lukang Tianhou Temple, and other)

Nantou County: (Sun Moon Lake National Scenic Area, Puli, Formosan Aboriginal Culture Village, Hehuanshan National Forest Recreation Area, Dongpu Hot Springs, Shuili Snake Kiln Ceramics Cultural Park, Sun Moon Lake Wenwu Temple, Xitou Nature Education Area, and many other)

Yunlin County: (Janfusun Fancy World, Beigang Chaotian Temple, Xiluo Bridge, and other)

Southern Taiwan attractions:

Chiayi County: (Alishan National Forest Recreation Area, Alishan National Scenic Area - Chukou Visitor Center, Fenqihu Scenic Area, and other)

Chiayi City: (Alishan Forest Railway, Wenhua Road Night Market, Lantan Scenic Area, Chiayi Park, and other)

Tainan City: (Anping Old Fort, Koxinga Shrine, Guanziling Hot Springs, Eternal Fortress, Qigu Salt Mountains, Chikanlou, Sacrificial Rites Martial Temple, and many other)

Kaohsiung City: (Liuhe Tourist Night Market, Lotus Lake, Chengqing Lake, Shoushan National Nature Park, Love River, Xizi Bay, Dome of Light, and many other)

Pingtung County: (Kenting National Park, National Museum of Marine Biology and Aquarium, Dapeng Bay National Scenic Area - Dapeng Bay Visitor Center, Taiwan Indigenous Culture Park, Little Liuqiu, and other)

Eastern Taiwan attractions:

Hualien County: (Taroko National Park, Tunnel of Nine Turns, Changchun Temple Trail, Wuhe Tourist Tea Plantations, East Rift Valley National Scenic Area, Ruisui Hot Springs, Chihsing National Forest Recreation Area, Swallow Grotto and many other)

Taitung County: (East Coast National Scenic Area, Zhiben Hot Springs, Green Island, Orchid Island, Amis Folk Center, Zhaori Hot Spring, Fugang Geopark, and many other)

Offshore Islands attractions:

Penghu County: (Penghu Great Bridge, Jibei Island, Erkan Historical House, Xiyu Western Fort, Qimei Island, Tongpan Island, Tongliang Great Banyan, and many other)

Kinmen County: (Shanhou Folk Cultural Village, Kinmen Cihu, Juguang Tower, Taihu Recreation, and other)

Lienchiang County: (Qinbi Village, Bi Mountain, Dapu Inscription, Beihai Tunnel, and other)

festivals: (Taiwan Tourism Events, Traditional Festivals, Religious Activities, Indigenous Ceremonies, and Hakka Cultural Activities)

food: (gourmet cuisine, Taiwan Snacks, Michelin Restaurants, Dining for Muslim)

shopping: (Shopping Search, Souvenirs, Taiwan Excellence)

travel suggestions: (Special Interests, Tourism Union, Accessible Travel, Senior Travel, Muslim-friendly Environment, Golfing in Taiwan, Hash Tag, Taiwan Hot Spring, Taiwan on 2 Wheels, Cruise Travel, and Mountain Tourism)

Taiwan's USPs are:

Natural beauty: stunning landscapes, including mountains, hot springs, coastal areas, and beaches (also reflected in such outdoor activities as swimming, hiking, skiing, etc.)

Adventure: activities such as rock climbing, rafting and cycling

Culture: a rich cultural and historical heritage that is a mix of Taiwanese, Chinese, Japanese, and indigenous influences, allowing tourists to explore temples, museums, and traditional markets to gain a deeper understanding of the country's history and customs

Health and wellness: hot springs, spas or traditional Chinese medicinal clinics

Food culture: Taiwan is famous for its street food, night markets, and traditional delicacies such as beef noodle soup and stinky tofu

Technology: high-tech environment, attractions and exhibitions, such as the National Palace Museum, the Taipei 101 building, and the IT Park

Shopping: high-tech products and fashion make it a shopping paradise for tourists with a wide range of products at affordable prices, from electronics to designer clothing

Nightlife: cities like Taipei offer a vibrant and diverse nightlife scene with a wide range of bars, clubs, live music, and entertainment venues (still safe and welcoming)

Convenience: excellent transportation infrastructure and compact size make it easy for visitors to get around and see multiple destinations in a short period of time (with a high level of safety and security)

Hospitality: people here are known for being friendly and hospitable, making it a welcoming and safe destination for tourists, also known for their creativity, innovation and entrepreneurship

Events: colorful festivals, such as the Lantern Festival, the Ghost Festival, Taiwan Lantern Festival, and the Dragon Boat Festival

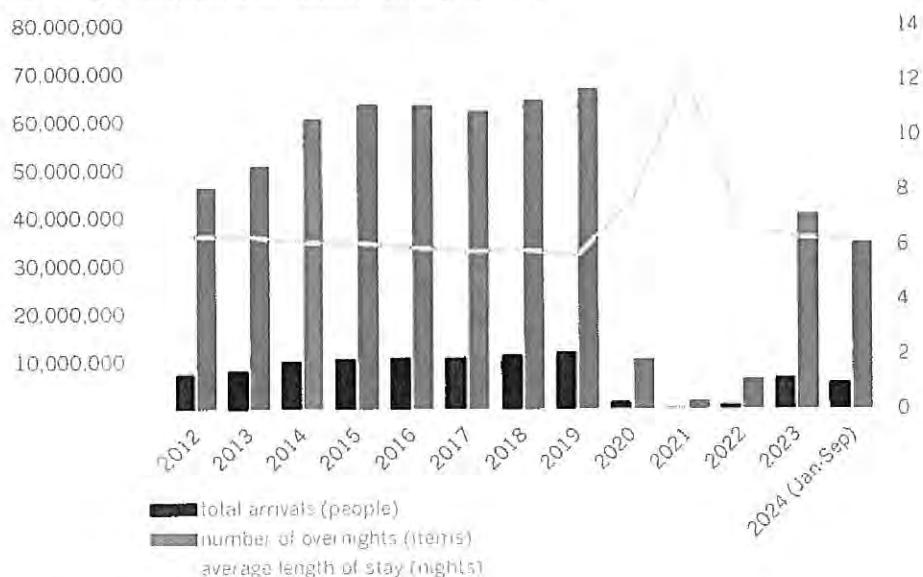
MICE: an excellent destination for Meetings, Incentives, Conferences and Exhibitions (MICE), offering modern facilities and a range of additional activities for visitors

LGBTQ-friendly: open-minded atmosphere and a range of services catering to LGBTQ tourists

b) hard facts comparison

This section presents a comparison of key tourism indicators in Taiwan from 2012-2024.

Chart 59 *Dynamics of key tourism indicators, Taiwan (2012-2024)*

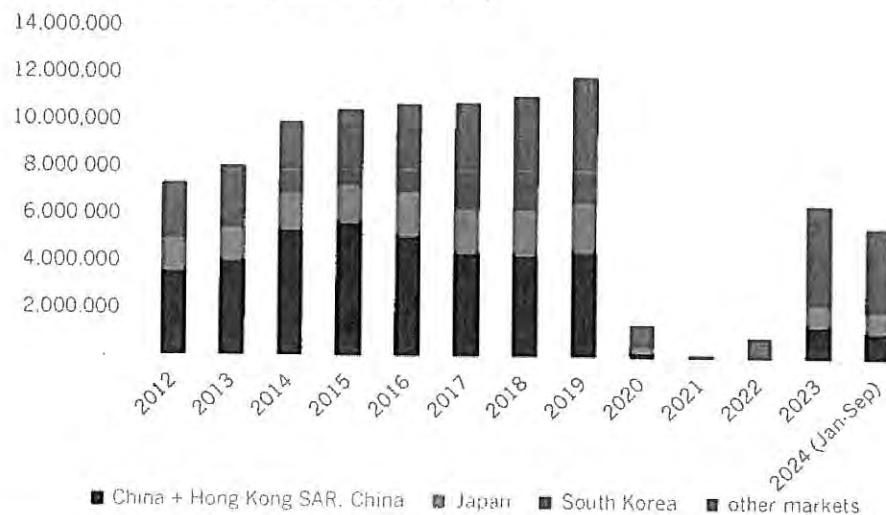


Source: Taiwan Tourism Bureau

According to the Taiwan Tourism Bureau, visitor arrivals to Taiwan grew by over 50% from 7.3 million in 2012 to 11.9 million in 2019, reflecting steady growth in international tourism during that period. However, due to the COVID-19 pandemic, visitor arrivals in 2020 sharply declined by 88%, reaching only 1.37 million. The recovery remained limited through 2021 and 2022 as travel restrictions persisted.

The number of overnight stays mirrored this trend, increasing by 30% from 46.3 million in 2012 to 66.8 million in 2019, before experiencing a steep decline in 2020. However, recent data for 2023 and the first nine months of 2024 show signs of recovery, with the number of overnight stays approaching pre-pandemic levels. Visitor arrivals during the January-September period of 2024 indicate continued growth, signaling a positive rebound in Taiwan's tourism market.

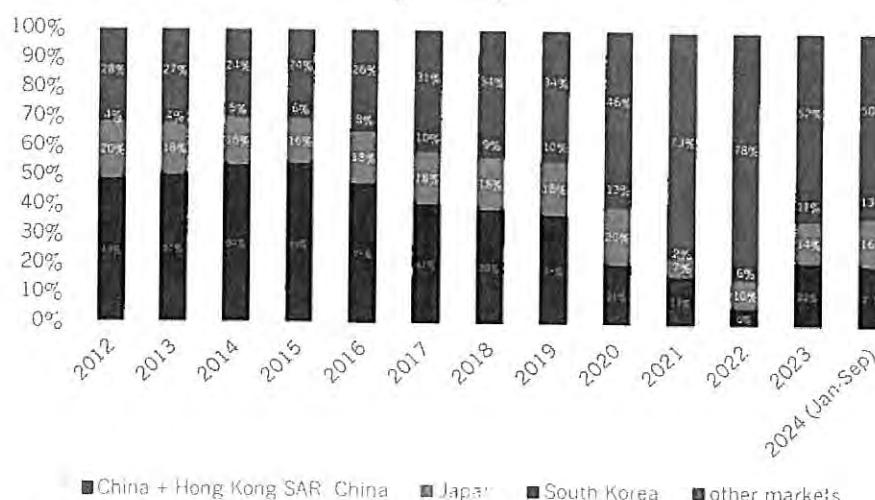
The average length of stay for visitors to Taiwan has remained relatively stable at approximately six nights over the past decade, even during periods of fluctuating arrivals. This consistency underscores the sustained attractiveness of Taiwan's tourism offerings, which cater to diverse traveler preferences.

Chart 60 Top 3 leader markets arrivals, Taiwan (2012-2024)


Source: Taiwan Tourism Bureau

Mainland China, Japan, and South Korea were Taiwan's top inbound markets in 2019, accounting for 37%, 18%, and 10% of total arrivals, respectively. The pandemic caused arrivals to decline by over 90% in 2020, with only 140,479 arrivals recorded in 2021.

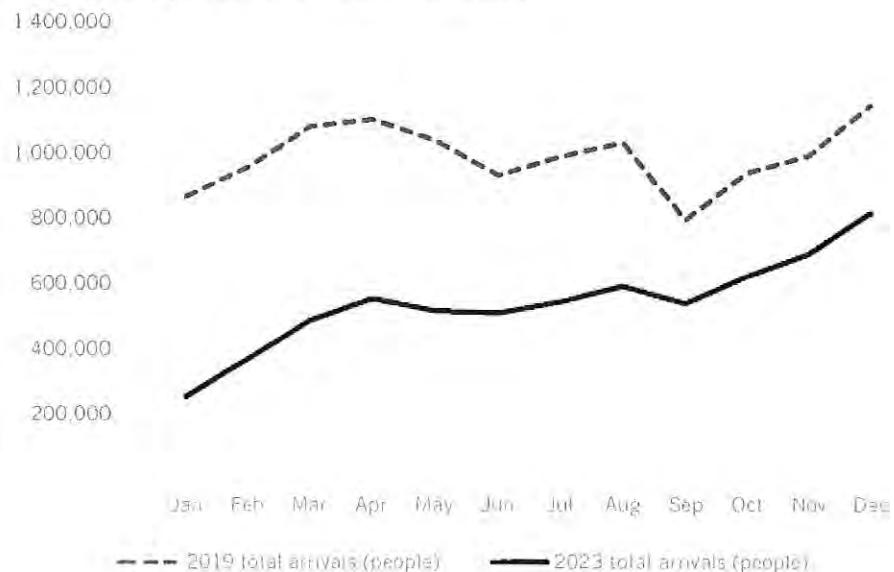
While 2022 showed modest growth, significant recovery began in 2023, continuing into the first nine months of 2024. Despite the rebound, arrivals from these markets remain below pre-pandemic levels, highlighting ongoing recovery efforts.

Chart 61 Share of Top 3 markets arrivals, Taiwan (2012-2024)


Source: Taiwan Tourism Bureau

The graph above shows the share of the top 3 markets for Taiwan. China dropped from 48% of total arrivals in 2012, to 37% in 2019. Japan's market share remained relatively consistent, accounting for between 16-20% of total arrivals, while South Korea showed the largest increase over the same period, growing from 4% in 2012, to 10% in 2019.

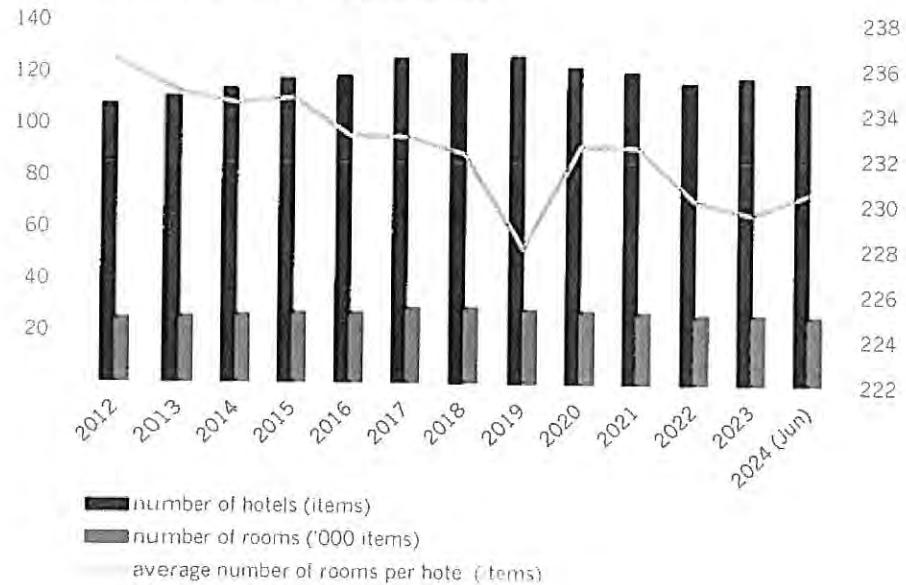
Chart 62 *Seasonality of tourism arrivals, Taiwan, (2019 vs. 2023)*



Source: Taiwan Tourism Bureau

According to the Taiwan Tourism Bureau, December 2019 recorded the highest tourist arrivals at 1,143,201 visitors, followed by April (1,101,393) and March (1,079,498). The peak season in 2019 spanned from March to May, with December also standing out as a strong month for arrivals, likely driven by holiday travel. The lowest monthly arrivals occurred in September 2019, with 794,415 visitors.

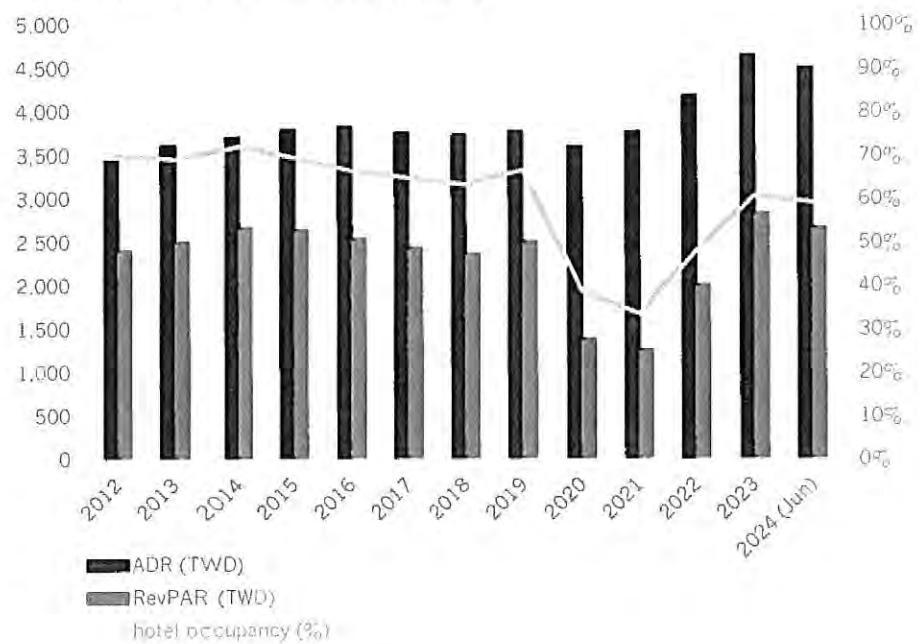
In 2023, recovery trends are evident, with monthly arrivals gradually increasing. However, overall arrivals for each month remain below 2019 levels, and a clear monthly seasonality pattern has yet to fully re-emerge.

Chart 63 *Development of hotel supply, Taiwan (2012-2024)*


Source: Taiwan Tourism Bureau

The hotel market in Taiwan experienced steady growth over the past decade, with the number of hotels increasing from 108 in 2012 to a peak of 127 in 2019. However, the pandemic led to several hotel closures, reducing the total number to 121 by 2021. As of June 2024, the market has shown signs of stabilization, with the number of hotels gradually recovering.

The total number of hotel rooms increased from 26,000 in 2012 to 29,000 in 2019, reflecting ongoing investment in the sector. However, the average number of rooms per hotel declined slightly from 236 in 2012 to 228 in 2019, primarily due to the entry of smaller-sized hotels into the market.

Chart 64 Development of hotel demand, Taiwan (2012-2024)


Source: Taiwan Tourism Bureau

The hotel market in Taiwan has shown resilience over the past decade, with the average daily rate (ADR) experiencing minor fluctuations. ADR increased steadily from TWD 3,445 (about USD 105.92) in 2012 to TWD 3,776 (about USD 116.10) in 2019 before dipping to TWD 3,608 (about USD 110.93) in 2020 due to the pandemic. By 2022, ADR had recovered to TWD 4,195 (about USD 128.97) and continued to rise, reaching TWD 4,516 (about USD 138.84) by June 2024, reflecting strong market stabilization.

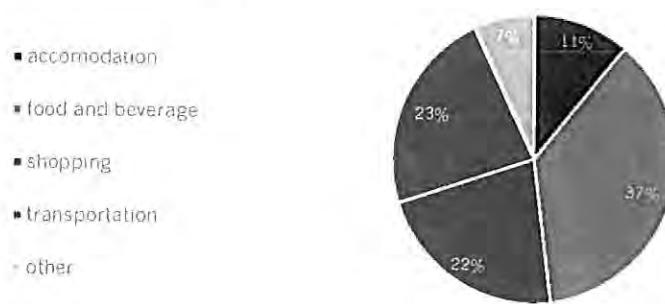
Hotel occupancy also demonstrated significant variability. Pre-pandemic, occupancy was stable at 70% in 2012 and 67% in 2019. However, the pandemic caused a sharp decline, with occupancy dropping to 39% in 2020 and 34% in 2021. Recovery began in 2022 at 48%, progressing to 61% in 2023 and stabilizing at 59% as of June 2024, signaling a strong rebound in demand.

In 2019, approximately 71% of visitors coming to Taiwan do so for leisure purposes, with cuisine (72%), scenic views (64%), and shopping (24%) being the main reasons for visiting Taiwan. Other reasons included geographical convenience (22%), and Taiwan's customs and culture (18%). The most popular activities for visitors were shopping (approximately 94%), visiting night markets (80%), and sightseeing historical relics (40%), followed by visiting exhibitions, lake tours, and eco tours. A notable 98% of inbound visitors were satisfied with their experience in Taiwan and would be willing to revisit for sightseeing in the future.

In terms of travel arrangements, 46% of arrivals preferred an individual tour with the help of a travel agency for booking accommodations and/or flight tickets,

while 32% made their own arrangements. Additionally, 18% of visitors chose to travel in a group organized by a travel agency.

Chart 65 *Travel Expenditures in Taiwan (2019)*



Source: Taiwan Tourism Bureau

In 2019, the Taiwan Tourism Bureau reported annual inbound tourism expenditures to be TWD 533.87 billion or USD 14.41 billion. Based on the number of arrivals and average length of stay, this equates to USD 1,214.64 per person and USD 195.91 per person per day. Out of the total, food and beverage accounted for approximately 37%, followed by passenger transport services at 23%, shopping services at 22%, and accommodation services at 11%.

However, the 2019 Annual Survey Report on Visitors Expenditure and Trends in Taiwan presents a different picture, with accommodation expenses accounting for approximately 39% of the average daily expenditure per visitor, followed by shopping at 26%, meals excluding hotel meals at 20%, local transportation at 10%, entertainment at 3%, and miscellaneous expenses at 2%. The tourism sector contributed 5.2% (approximately TWD 980 billion or about USD 30.13 billion) to Taiwan's GDP in 2019, with the understanding that local authorities consider various factors under tourism, including accommodation services, food and beverages, land transportation, air and water transport, car rental, travel services, leisure and entertainment services, and retail. In 2019, the tourism industry employed over three million people.

3 Phase 2 – Tourism and Destination Marketing Assessment

3.1 Guam Tourism 2020 Plan Review

3.1.1 Introduction

a) scope

As part of the scope of services in the agreement between PKF and the Government, PKF was tasked with reviewing and commenting on Guam's most recently published tourism strategy. We have identified this document as the Tourism 2020 Plan, which was written and distributed by the Guam Visitor's Bureau in 2014. Though the industry has changed dramatically in the last 9 years since this report was published, there are still some fundamental changes that are mentioned in the report that remain critical to the industry's recovery.

The plan's goal to attract 2 million visitors annually and generate \$2 billion in revenue by the year 2020 through a strong push into the Chinese and luxury travel markets is no longer achievable. However, its focus on incentivizing reinvestment and promoting the Unique Selling Points of the destination and its culture remain more relevant than ever, as three of Guam's major inbound markets Japan, Korea and Taiwan, continue to struggle to return to pre-pandemic travel levels.

Given the dated 2020 Plan and the subsequent events that have followed (COVID-19, War in Ukraine and a political shift across the globe that leaves some future policies unknown in December 2024), we have decided to focus our review of the proposed product positioning of the destination, as well as its accompanying core objectives.

b) vision 2020

The Vision of the 2020 Plan calls for Guam to position itself as a first-tier resort destination with a spectrum of accommodations and family friendly offerings that will highlight the CHamorro culture and traditions.

While PKF agrees that the unique, sustainable advantage that Guam possesses is its vibrant customs, traditions and cuisine when compared to other competitive destinations, the quality of the infrastructure expected by visitors remains its biggest challenge to achieving this stated mission. Furthermore, a lack of diversity in tourism experiences, the absence of reliable public transportation, and the size of the capital investment required to improve the product makes a six-year timeline to achieve these results very ambitious.

3.1.2 Core Objectives

The Tourism 2020 Plan outlines eight core objectives to achieve its stated vision. Given that PKF has the benefit of comparing the Plan's projections against actual performance in the pandemic year of 2020, it is easy to conclude these goals were not achieved. However, even if you remove the impact of COVID-19 and discount the report's 2020 projections back to create a pre-stabilized 2019 scenario, Guam's tourism industry still fell short of these objectives.

1. **Improve Quality and Yield** – From 2014-2020, very little investment was made in the areas discussed in the 2020 Tourism Plan. The addition of 5-star offerings, the reinvestment into existing private resorts and the improved maintenance of public areas never materialized.
2. **Grow Arrivals and Diversity** – Arrivals did grow from 1,334,497 in 2013 to 1,666,665 in 2019 (CAGR 3.2%) and were on pace to reach the 1,750,000 arrivals in 2020, (forecasted without a Chinese Visa Waiver) prior to the pandemic. However, this growth was not a result of an influx of travelers from China but rather a surge in Korean travelers boosted by an increase in flights during that period, including the advent of a low-cost carrier from Korea. Chinese travelers remain an interesting long-term strategy for Guam, but the current geo-political tensions between the US and China will constrain any travel between the two destinations.
3. **Add High End Hotel Rooms, Incentivize Investment** – See Improve Quality and Yield comments. Though the Local Government did attempt to stimulate tourism redevelopment by designating the Tumon area an Opportunity Zone as per the federal governments tax cut and jobs act in 2017, the investment program did not take hold due to the complexity of its implementation and the lack of marketing of the Opportunity Zone benefits by the public sector.
4. **Focus on MICE** – Though the opening of the "Guam Convention Center" at the Dusti Thani in 2015 was a step forward, the island's aging meeting facilities as well as no standalone, international standard Convention or Conference Center attracting additional MICE business was an ambitious plan. Although MICE visitors did increase marginally from 2014 to 2019, this growth could be contributed to a rise in travel overall and not due to any targeted marketing efforts by Guam.
5. **Promote the CHamorro Culture** – This remains a unique selling point of the destination and should be prioritized as an area of development for tourism. Though several initiatives have been undertaken in the past eight years, the feedback we have received from stakeholders has been that not enough has been done to engender community support.
6. **Extend Average Length of Stay** – The average length of stay remained relatively constant from 2014-2019 and is a result of the lack of diverse activities and packaged experiences that could entice guests to extend their visit.
7. **Promote our Unique Attractions** – Based on the plan's measurement of success: increase on-island spending, increase awareness and

participation in tours, and addition of major attractions. the five-year period leading up to 2020 saw very little progress in these three areas.

8. **Extend Tourism beyond Tumon** – Given the increase of travelers from Korea and Japan, it could be assumed that golfers comprise some of the additional traffic, which would make this statement true. However, as most of the international quality hotel inventory is concentrated in Tumon, travelers will stay there regardless of the location of their activities. Without a significant investment in tourism infrastructure, this will continue to be the primary travel pattern for visitors to Guam and will restrict its growth.

3.1.3 Additional Commentary

a) strategies

The plan's strategies are well-thought-out and aim to leverage Guam's unique strengths, such as its location in the Pacific and its cultural heritage. The strategies also include initiatives to increase air connectivity, diversify the tourism industry, and enhance the island's natural and cultural resources. These strategies are practical and achievable, provided they are implemented effectively.

b) implementation

The success of the Tourism 2020 Plan depends on its effective implementation. The plan outlines a governance structure that involves various stakeholders, including the government, private sector, and community. The plan also includes a monitoring and evaluation mechanism to track progress and adjust as needed. The implementation approach appears to be well-structured, but its success will depend on the commitment of all stakeholders to work together towards achieving the plan's objectives.

c) potential impact

If successfully implemented, Guam's Tourism 2020 Plan has the potential to transform the tourism industry on the island. The plan's objectives and strategies are designed to increase the number of visitors, extend their length of stay, and enhance their spending on the island. This would result in significant economic benefits for Guam, including job creation and increased revenue for businesses and the government. Additionally, the plan's focus on sustainability and the preservation of the island's natural and cultural resources would have long-term benefits for the island's residents and future visitors.

3.1.4 Challenges

The Tourism 2020 Plan faces several challenges, including competition from other tourist destinations, changing consumer preferences, and the impact of external factors such as natural disasters and global pandemics. The plan's success will also depend on its ability to effectively manage and mitigate the negative impacts of tourism on the island's environment and culture.

Overall, Guam's Tourism 2020 Plan is an ambitious and well-designed roadmap for the island's tourism industry. If effectively implemented, the plan will have a significant positive impact on the island's economy and environment. However,

its success will depend on the commitment of all stakeholders to work together towards achieving the plan's objectives, and the ability to adapt to changing circumstances and challenges.

3.1.5 Summary

Based on a review of Guam's Tourism 2020 Plan, PKF has found that the content of the report, including many of the challenges and solutions presented by the tourism board in 2014, remain relevant in 2024 and beyond. The state of Guam's tourism industry has not significantly changed from when the report was written in 2014, indicating that there has been a lack of progress in implementing the recommended tourism model.

The COVID-19 pandemic contributed to Guam's inability to make meaningful progress, and though the island's visitation and hospitality performance was trending towards meeting the goal of 1.75 million visitors in 2020, the pervasive problems that were present prior to the pandemic remain unresolved. Though two "Luxury" hotels did open after this report, the Dusit Thani, 421 rooms in 2015, and the Tsubaki, 340 rooms in 2020, there have been no new incentives to improve the tourism product. Additionally, there have been no major expenditures in infrastructure, and no notable investment in the curation and promotion of the CHamorro history and traditions. Without the refocus on these quality elements, Guam will continue to struggle to meet the objectives of attracting sophisticated, high-spending consumers with a longer length of stay.

The report also mentions Guam's Blue Ocean strategy, aiming for the island's achievement of a unique and uncontested market positioning. This was a well-intended strategy that highlighted many similar themes to what Guam's tourism stakeholders have been expressing to us in our research. It included moving Guam to a position of a destination with quality outdoor activities, and memorable, authentic and interactive experiences of the island's rich CHamorro culture.

However, many of the objectives in this strategy were not achieved. COVID-19 did play a role in this underperformance, but additional research shows that the industry did not grow arrivals in a sustainable manner. Since 2014, tourism and hotel operators have continued to discount prices, falling into what was described in the tourism plan as a "Red Ocean" strategy – competing in an existing market space made red from the blood of cut-throat price wars. This can be seen in the addition of a Korean Low-Cost Airline Carrier which accounts for the sizable increase in Korean visitors in the five-year period prior to the pandemic. This type of travel creates additional cannibalism internally with hotels competing by rate, vendors selling cheaper goods and services, which minimizes profits for reinvestment and further exacerbates the capital requirements on aging infrastructure.

As we understand there is an update to be issued on the 2014 report, PKF's recommendation that this document should include a comprehensive quantitative and qualitative review of the vision, the core objectives and their resultant impact, along with a roadmap with timelines, milestones and contingency planning for the path forward.

Finally, it is important to note that this plan, or any future plan related to Guam's tourism strategy, will require the support from stakeholders including the government, operators-owners-developers, the communities and their residents.

Where the Guam 2020 Tourism Plan fell short is not in its blueprint for the industry but in its execution and implementation. The Blue Ocean strategy remains a viable model to pursue but requires both financial investment and a holistic commitment by the Island, its constituency and its people.

3.2 Marketing Analysis of the Destination Website - www.visitguam.com

3.2.1 Introduction

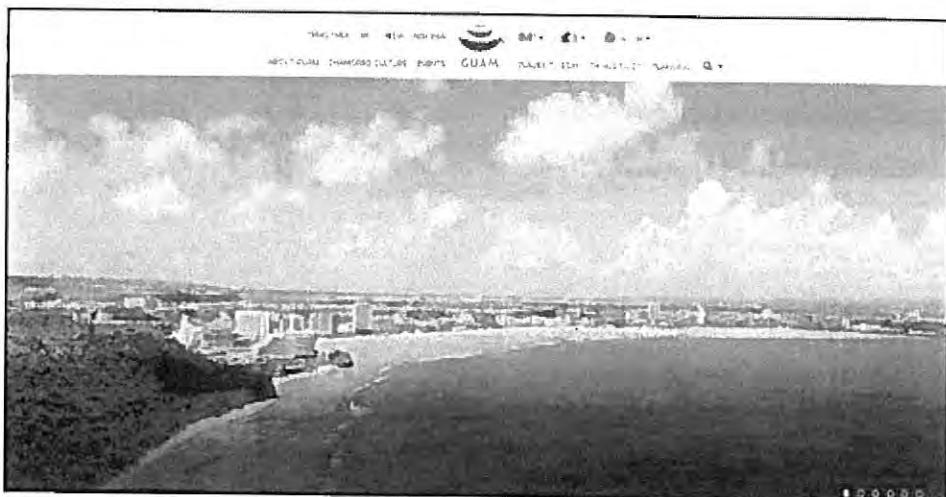
Title: Marketing Analysis of www.visitguam.com

Date of Analysis: 29th of September 2023, by a third-party expert

Objective: To assess the website's market positioning, adherence to latest trends, and effectiveness in delivering Guam's key messages.

3.2.2 Design, Trendiness & Usability

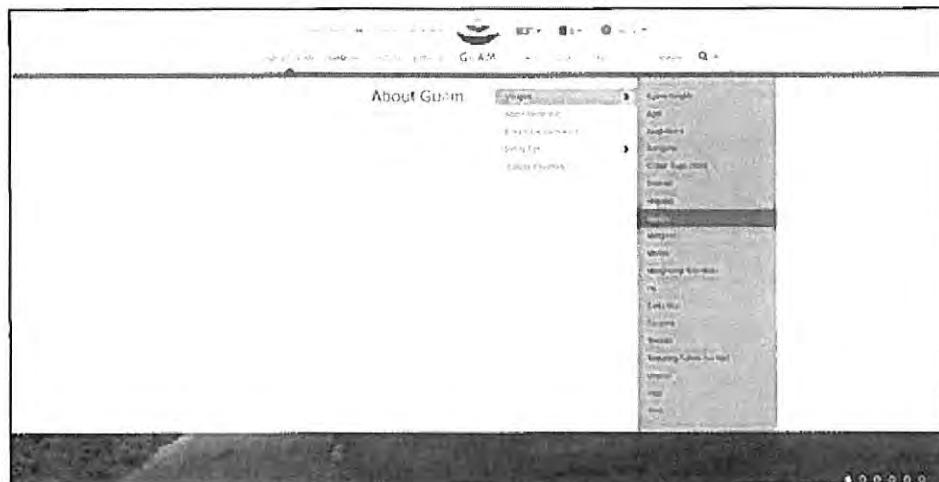
a) first impressions:



Source: visitguam.com

The VisitGuam website presents a modern aesthetic that immediately captivates visitors. The vivid imagery on the homepage creates a visual treat. However, there's room for improvement with the image slider. Implementing an auto-scroll feature, especially for significant announcements like the new Guam electronic Declaration form, would enhance user experience and ensure critical messages aren't missed.

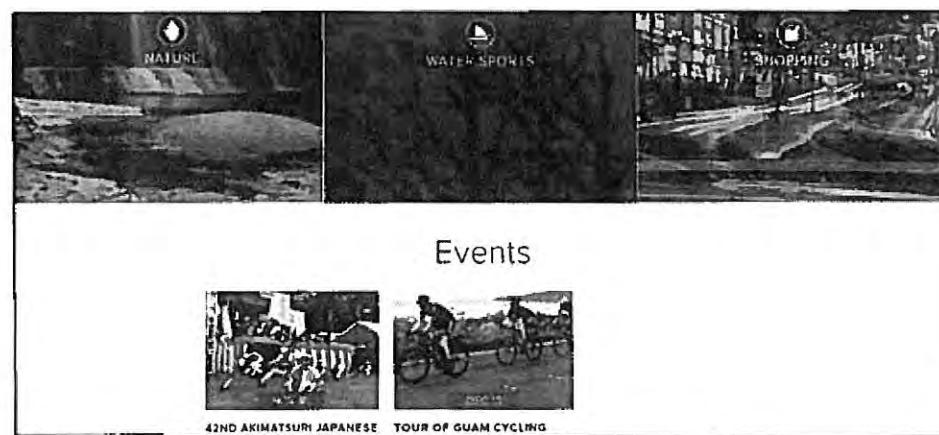
b) navigation:



Source: visitguam.com

The website boasts a clear and easily navigable menu. The dropdowns are intuitive and provide a seamless experience, facilitating effortless access to necessary information. One area of potential improvement is the utilization of empty white spaces: these could be innovatively used to showcase relevant pictures or graphics of the highlighted menu item when hovered upon. This would not only enhance the visual appeal but also provide an immediate context for the user. Overall, this clear structure enhances the user experience, ensuring that visitors can find the information they're seeking efficiently.

c) layout & cohesiveness:



Source: visitguam.com

While the content is well-spaced and doesn't feel cluttered, the variety in picture box sizes and border alignments gives the website a scrapbook appearance rather than a unified design. Streamlining these elements might enhance visual consistency and professionalism.

d) graphics & media:



Source: visitguam.com

The high-quality images paired with smooth animations elevate the website's aesthetic appeal, reflecting the beauty and allure of Guam as a destination.

e) latest trends & engagement.



Source: visitguam.com

Incorporating contemporary web features, the site includes an invaluable search bar. The emphasis on visitor experiences through shared stories and the strategic use of the hashtag **#instaguam** effectively bridges user-generated content with

official branding. This not only showcases genuine visitors' experiences but also promotes a sense of community. The family and beach aesthetics in the displayed posts resonate with the destination's appeal. Additionally, the easy-to-find links to relevant social media platforms further strengthen the website's connection with its audience.

f) unique selling propositions (USP)



Source: visitguam.com

While the website touches upon Guam's unique CHamorro culture, this USP could benefit from more prominent placement and in-depth exploration. Given Guam's reputation as a sun and beach destination, leveraging more imagery of its picturesque tropical beaches would further entice potential visitors.

g) recommendations

Implement an auto-scroll feature for the homepage image slider to ensure significant announcements and attractions are not overlooked.

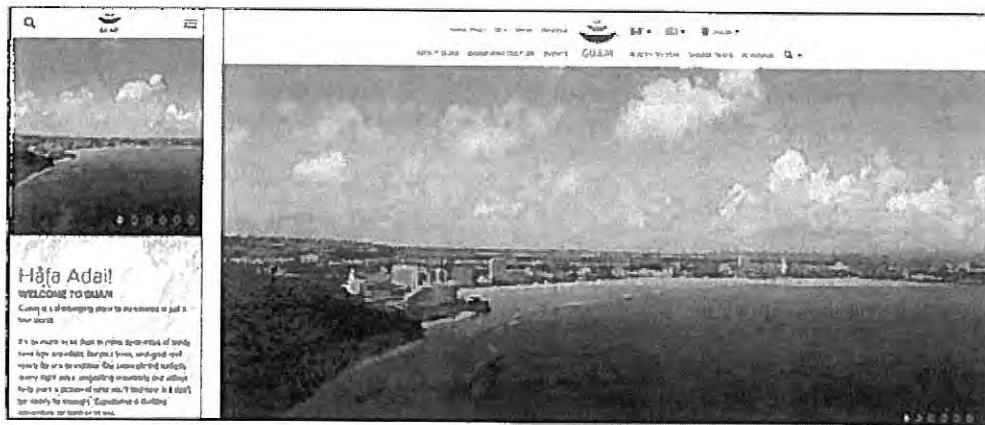
Consider a slight design overhaul that promotes consistency in image and content boxes to shift from a scrapbook feel to a more cohesive look.

Highlight the CHamorro culture even more prominently with visual media.

Amplify the use of tropical beach imagery even more, emphasizing Guam's primary draw as a sun and beach destination.

3.2.3 Mobile Responsiveness

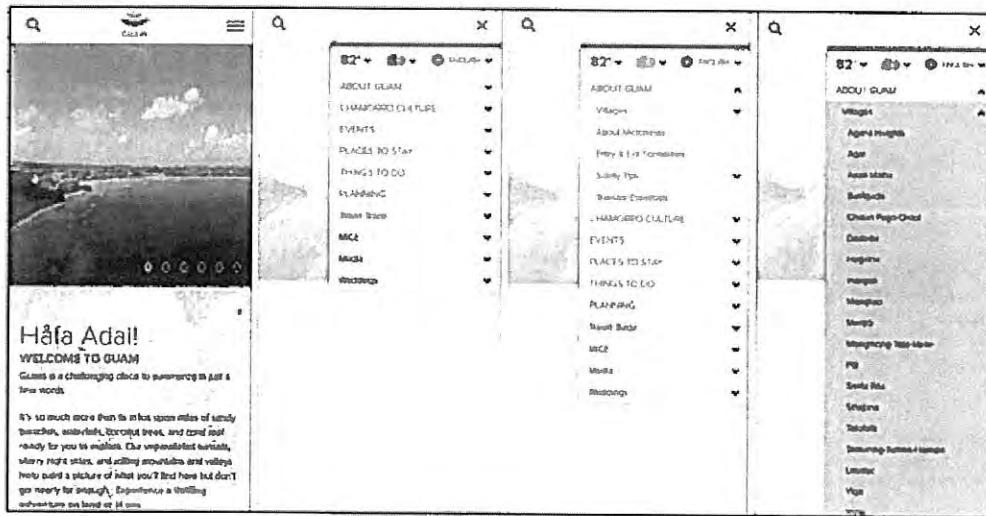
a) desktop vs. mobile layout:



Source: visitguam.com

The VisitGuam website showcases commendable mobile optimization. While retaining the comprehensive information available on the desktop version, the mobile layout is meticulously scaled to fit mobile screens. Notably, the content is even more accessible in some instances due to effective touchscreen optimization.

b) navigation on mobile:



Source: visitguam.com

Navigation on the mobile version remains a highlight. The main menu collapses into a hamburger menu, providing a clutter-free view while ensuring all options remain within reach. Moreover, the prominence of the search bar function on the mobile interface stands out, potentially encouraging users to utilize it more.

frequently. Across the board, transitioning between various sections/pages on the mobile site feels smooth and intuitive.

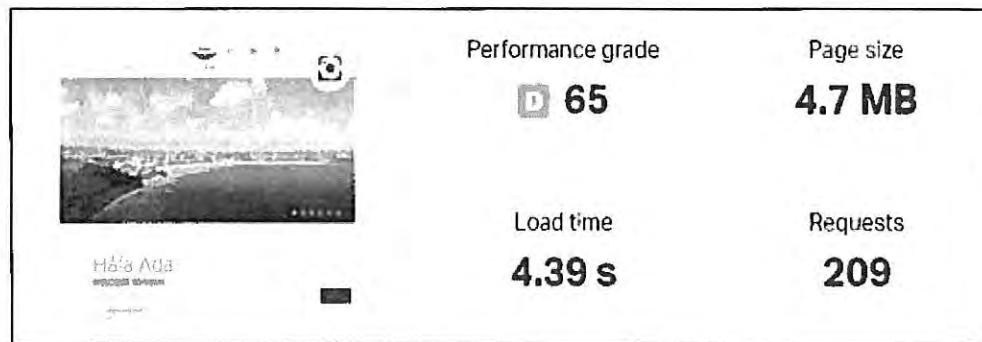
c) interactivity & functionality:



Source: visitguam.com

Interactive elements, including dropdowns and animations, perform seamlessly on mobile devices. The website doesn't exhibit any glitchy behavior, ensuring a consistent user experience irrespective of the device used.

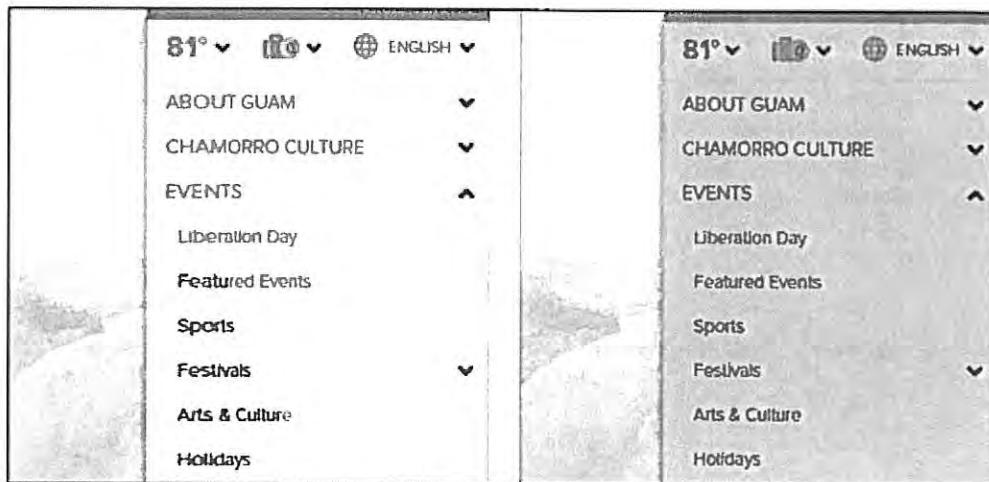
d) load time:



Source: tools.pingdom.com

Mobile users can expect a swift website loading experience with only minor delays. While these brief lags can often be attributed to individual internet speeds, it's worth noting that some elements, like images and animations, load a tad slower on mobile compared to their desktop counterparts.

e) touchscreen compatibility.



Source: visitguam.com

Overall, the website exhibits proficient touchscreen optimization. However, there's a minor hiccup: when users tap on a submenu item, an overarching screen illumination occurs. This might sow a seed of doubt in users' minds about their selected input until the requested subsection loads. Yet, the spacing between interactive elements like buttons has been thoughtfully designed, ensuring most taps are error-free.

f) visual appeal on mobile



Source: visitguam.com

VisitGuam's mobile site doesn't compromise on aesthetics. Even on smaller screens, the website dazzles with sharp, clear images and text, ensuring the destination's appeal is effectively conveyed.

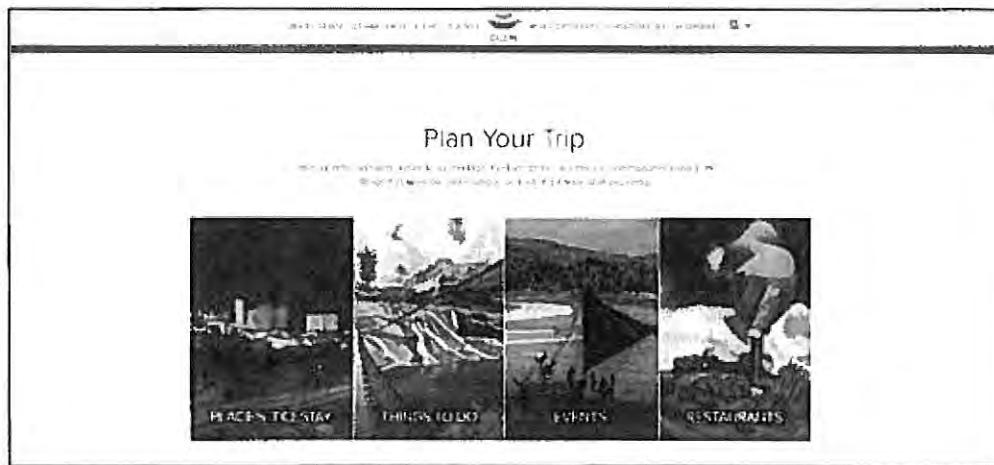
g) recommendations

Explore optimizing the load time of specific elements, like images and animations, to further enhance the mobile user experience.

Address the screen illumination issue when submenu items are tapped, ensuring users receive clear feedback upon interaction.

3.2.4 Content Evaluation

a) relevance & value:



Source: visitguam.com

VisitGuam adeptly positions itself as a comprehensive guide for travelers, presenting relevant and valuable content that aligns with the needs and interests of modern tourists. Key sections, such as places to stay, things to do, and the trip planner, follow contemporary web practices, effectively addressing prospective travelers' queries. Moreover, the integration of blog posts, an event calendar, and user-generated content from social media ensures the content remains fresh and dynamic.

b) depth of information:



Source: visitguam.com

Demonstrating depth, the website caters to diverse traveler motives, segmenting content into themes like culture, beaches, history, and water sports. By offering targeted information on safety, LGBTQ travel, and entry/exit formalities, VisitGuam assures visitors of its comprehensive approach. The inclusion of virtual tours, interactive maps, and sensory experiences like audio files significantly enriches user experience. However, a more seamless integration of these multimedia assets directly into the main site, rather than external links, would amplify user engagement.

c) clarity & organization:



Source: visitguam.com

With its well-structured and easily digestible content, the website ensures a user-friendly experience. The consistent style and the intuitive search function further streamline user navigation.

d) visual content:



Source: visitguam.com

While the site already boasts high-quality imagery, there's potential to enhance user immersion further. Incorporating looping GIFs or videos, possibly paired with ambient audio, can transform passive viewing into an immersive experience.

e) localization & accessibility



Source: visitguam.com

Proactively catering to its main source markets, VisitGuam provides content in four languages: English, Japanese, Korean, and Mandarin. Nevertheless, the site could benefit from additional accessibility features, such as contrast settings for the color-blind or enlarged text options for older travelers.

f) calls-to-action (CTAs):



Source: visitguam.com

VisitGuam tactfully employs CTAs, prominently featuring them in key sections (places to stay and things to do) without overwhelming the user. The connections to various social networks are subtle yet accessible. An enhancement could be a more interactive trip planner that guides users systematically rather than the current "add-to-basket" approach.

g) feedback & reviews:



Source: visitguam.com

While visual testimonials provide authentic glimpses of travelers' experiences, incorporating textual reviews alongside images could offer a richer, more informative perspective to potential visitors.

h) recommendations:

- Seamlessly integrate multimedia assets like virtual tours and audio files directly into the main website, rather than using links to external websites.

- Experiment with immersive visual content such as looping videos or GIFs, coupled with ambient audio.

Implement additional accessibility features, catering to a broader range of users.

Augment the trip planner to be more interactive and guide oriented.

Supplement visual testimonials with textual reviews for a more comprehensive understanding of travelers' experiences.

3.2.5 Emotional factors

Emotions play a pivotal role in shaping tourists' perceptions and decisions. While our previous audit delved into the website's structure, user-friendliness, and clarity, this emotional factor segment focuses on the emotions evoked by the VisitGuam website. Tourism is intrinsically tied to feelings and experiences, and a destination website should incite a fervent desire in its visitors to experience the place firsthand.

a) the importance of first impressions:



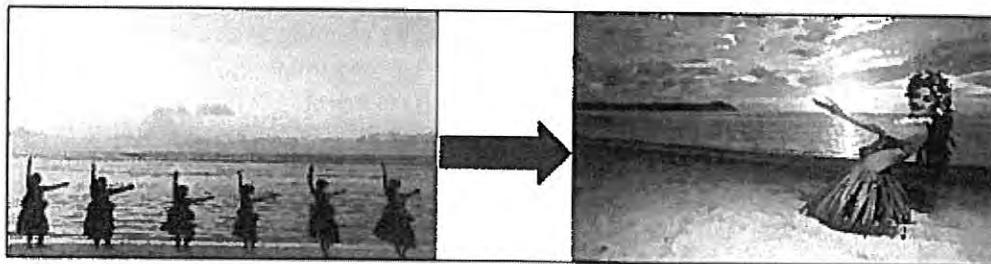
Source: visitguam.com

The primary purpose of the VisitGuam website should be to elicit strong emotional reactions, specifically those of awe and wonder.

The first image a visitor encounters plays a critical role in their subsequent experience. This first visual should immediately capture their attention, making them yearn for more.

Unfortunately, the current opening images of visitguam.com do not achieve this desired impact. From somewhat outdated photographs to images lacking human interaction, the website misses several opportunities to truly captivate its audience.

b) captivating imagery:



Source: visitguam.com

Whether it's a serene beach, bustling city, or vibrant festival, every image should narrate a compelling story about Guam.

Pictures depicting families, young couples, or elderly tourists enjoying their time could enhance relatability, drawing prospective tourists to imagine themselves in such scenarios.

The existing images on the website, unfortunately, often fail to encapsulate Guam's essence or resonate emotionally with the audience.

c) authenticity and representation:



Source: visitguam.com

Cultural representation, like the images in the "CHamorro Culture" section, should portray the warm and welcoming nature of the locals. High-quality images with the subjects facing the camera can build a sense of connection.

External links, like the one leading to the Rock Islands of Palau, can divert attention and even confuse visitors. Instead, the focus should remain on showcasing Guam's unique attractions.

d) ensuring up-to-date information:



Source: visilguam.com

Dated content, such as references to events from years ago, can diminish the website's credibility. Regular updates are essential to ensure visitors are provided with current and relevant information.



Source: guampdn.com

e) future outlook.

The impending Guam Tourism Recovery Program promises a comprehensive strategy grounded in a robust SWOT analysis. This strategy will dictate future marketing endeavors, including a much-needed overhaul of the visitguam.com website.

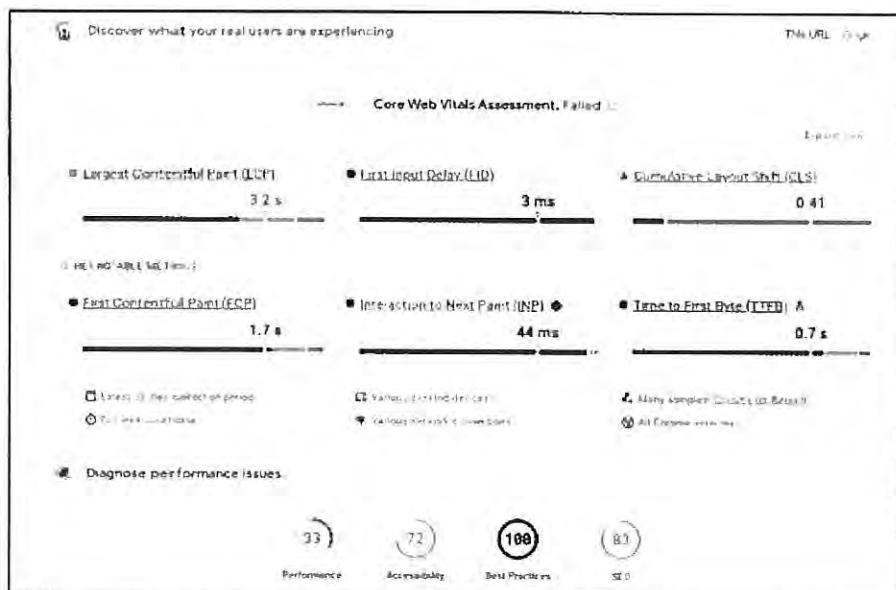
With a renewed focus on emotional engagement, the website can be transformed into a powerful tool that not only informs but deeply resonates with its visitors.

By focusing on these emotional factors, VisitGuam can elevate its website from a mere information hub to an evocative digital experience, fueling the imaginations and desires of potential tourists.

f) recommendations:

- Undertake a complete visual revamp of the website, focusing on high-quality, emotionally resonant imagery.
- Ensure that the website is regularly updated to maintain relevance and accuracy.
- Infuse more human elements into the visuals, such as families enjoying beach activities or cultural interactions with the locals, to foster relatability and aspiration.
- Rethink the narrative of the website to align with the emotional journey a potential tourist would embark upon – from inspiration and intrigue to planning and booking.

3.2.6 Speed & Performance



Source: pagespeed.web.dev

a) website loading time:

VisitGuam impressively achieves a full site load in a swift 3.2 seconds. While Google PageSpeed Insights categorizes this as a medium performance tier, the minor delays are barely perceptible to the average user, ensuring a smooth browsing experience that doesn't detract from perceived performance.

b) responsiveness:

Exemplifying efficient design, the website promptly responds to user inputs without any lags, underscoring a polished frontend experience.

c) heavy elements:

The interactive map, a feature-rich component, naturally takes slightly longer to load compared to other website elements. This is expected because interactive maps often pull in real-time data, involve multiple layers, and must process and render detailed geographic information, all of which require more time than loading static images or text.

d) optimization & compression:

Thoughtful design decisions are evident in the site's optimization. The initial compressed loading of images, which expand to full clarity a moment later, ensures users aren't left waiting for visual content, striking a balance between performance and visual fidelity.

e) browser compatibility:

Robust cross-browser compatibility is showcased as the website consistently delivers a nearly identical performance across leading browsers, including Chrome, Firefox, Safari, Opera GX and Edge.

f) error pages or broken links:

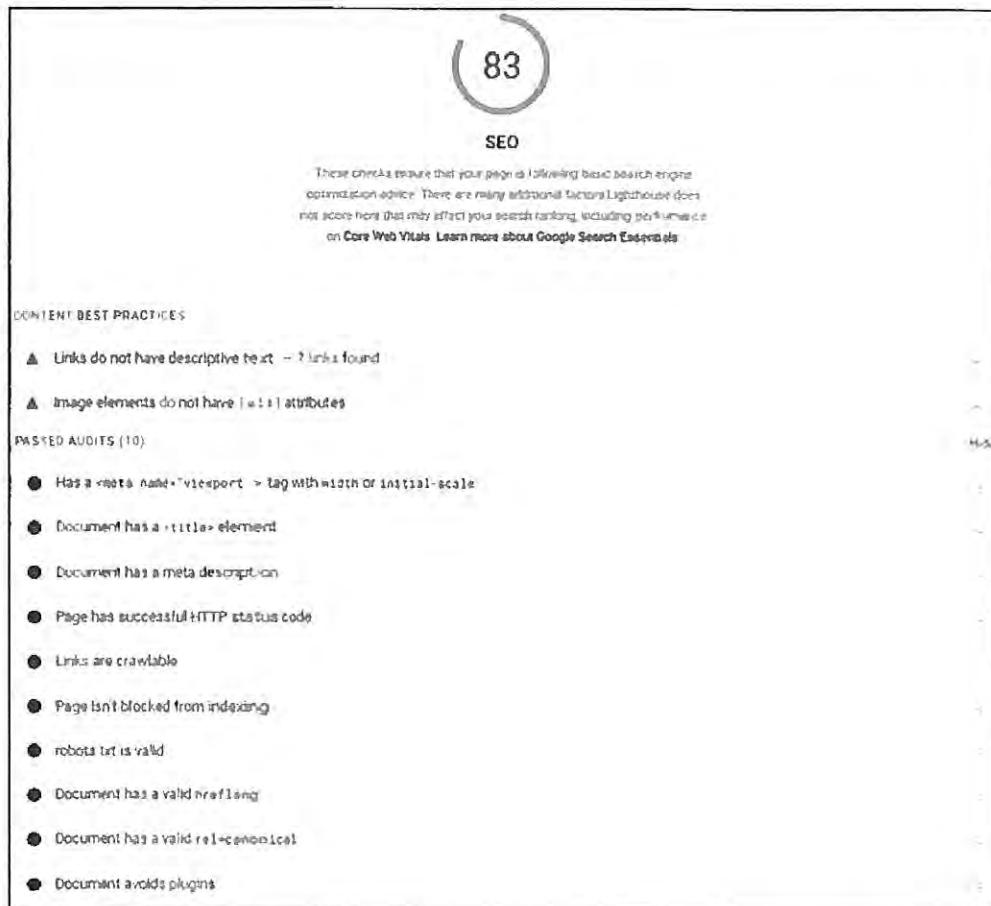
A testament to solid site maintenance, there were no traces of error pages or broken links during the navigation, ensuring a disruption-free user journey.

g) recommendations:

Explore further optimization techniques or alternative hosting solutions that might shave off additional load time, pushing the site into the faster category on tools like PageSpeed Insights.

This analysis paints a clear picture of VisitGuam's website performance, highlighting its strengths and offering actionable recommendations.

3.2.7 SEO Assessment



Source: pagespeed.web.dev

a) SEO score:

VisitGuam's website exhibits an impressive SEO score of 83/100, as per Google PageSpeed Insights. This surpasses the SEO score of the official GoHawaii website, which stands at 77/100. Such scores highlight VisitGuam's effective optimization in comparison to similar travel destinations.

b) keyword analysis:

Popular Searches:

"Things to do": This term is searched about 2,740,000 times a month! It's a key phrase many people use when planning trips.

"travel": Another important term, with 673,000 searches a month. People use this term when thinking about vacations in general.

Guam-Focused Searches:

Many people use terms related to Guam, like:

"Guam"

"American Guam"

"Guam island USA"

And a few others, all with around 301,000 searches a month.

Looking for Tourist Spots:

Words like "tourist places" and "places to visit" are also used a lot. Some terms also include "USA" or "united states," showing that people from the U.S might be interested in Guam as a travel spot.

c) website features

clear links: Some links could be clearer about where they lead, making it easier for visitors.

image descriptions: Some images don't explain what they show. Descriptions can help everyone understand the image better, especially those with visual difficulties.

adaptable design: The website fits any device - be it a computer, tablet, or phone.

website tags: There are key markers or 'tags' in the website's background. They help it show up on Google and give users a quick idea of what the website is about.

technical bits: The website has been set up well to appear on Google and is also friendly for users worldwide.

d) recommendations

All links on the website should have descriptive text, improving both SEO and user accessibility.

Implement alt attributes for every image on the site. This not only aids in accessibility but can also improve image search rankings.

Regular audits using tools like Google Search Console can help identify and rectify any further potential SEO issues, ensuring the website remains optimized and accessible.

3.2.8. Conclusion

a) summary of analysis:

VisitGuam's website, purely from a technical viewpoint, stands as a modern, user-friendly platform designed to showcase the destination's offerings. From its impressive SEO performance to its rich content, however, if we look through the emotional journey, the site has many areas where it could be improved. While many aspects of the website shine brightly, our detailed analysis has unveiled areas of opportunity that could elevate the user experience even further.

b) key takeaways:

- Strengths:** The website boasts of a commendable aesthetic appeal, robust mobile optimization, and an SEO score that surpasses even some of its competitors. Features such as the active integration of user-generated content foster a sense of community and provide prospective visitors with genuine glimpses of the Guam experience.
- Areas of Opportunity:** Despite its many strengths, there are facets where the website can further enhance its appeal. These include certain design elements that could be refined for consistency, opportunities to enrich content with more immersive multimedia, and refining the emotional journey to ensure that potential tourists feel a deep connection and yearning to explore Guam.
- Comparative Analysis:** When juxtaposed with similar travel destinations, VisitGuam's strategic approach becomes evident, especially in the domain of SEO where it manages to outshine even established competitors.

c) next steps:

Design Tweaks: Focus on implementing an auto-scroll feature for the homepage image slider, promoting design consistency across various elements, and highlighting unique selling points even more prominently.

Content Enhancement: Integrate multimedia assets directly within the website, experiment with immersive visuals like looping videos, and introduce added accessibility features to cater to a wider range of audiences, similar to the types of promotional media sponsored by Philippines department of tourism, in partnership with Beautiful Destinations.

SEO Refinements: Ensure all links have descriptive text and implement alt attributes for all images to further optimize search rankings. Regular audits with tools such as Google Search Console will keep the site optimized and abreast of any emerging SEO challenges.

Emotional Resonance: A concerted effort should be directed towards refining the narrative and visuals to resonate more profoundly with potential tourists, ensuring the digital journey on the website is as enticing as the actual experience of visiting Guam.

3.3 Guam – Future Markets

The World Travel and Tourism Council (WTTC) confirms that the global tourism industry has witnessed a significant shift in travel in recent years, driven by technological advancements, changing consumer behavior, and emerging trends. The rise of the internet and social media has transformed the way destinations market themselves and engage with potential visitors. Mobile phones and booking platforms have made travel planning and reservations more accessible and convenient. Artificial intelligence has revolutionized various aspects of the travel industry, from personalized recommendations to chatbot assistance.

Moreover, the COVID-19 pandemic has had a profound impact on the tourism sector, altering travel behavior and preferences. Safety, health, and hygiene considerations have become paramount for travelers, influencing their destination choices and travel decisions. Climate change concerns have also influenced the perception of destinations, with increasing emphasis on sustainability and eco-friendly practices.

Given these changes, it is crucial for Guam to adapt its marketing strategies and messages to align with the evolving needs and preferences of its target markets. Understanding the impact of technology, changing travel behavior, and emerging trends is essential to effectively engage with potential visitors and meet their expectations.

With the arrival of the tourists comes the make-all-or-break-all situation – the customers' experience. From the very first impression upon arrival, and during their whole stay, these customers will scrutinize if their expectations are met or exceeded, and they will share their opinion with the world in real time, via a photo, a post or a livestream from their mobile phones.

There is no escaping from these "moments of truth". Broken promises and bad experiences will be published in an instant on social media channels, and these comments can have much more weight and credibility than any marketing campaign.

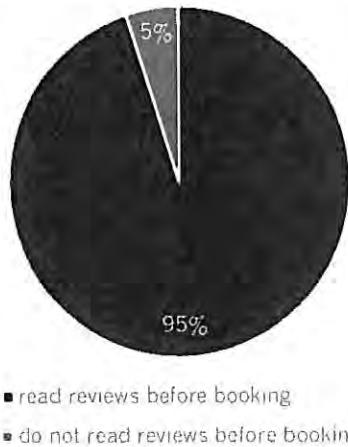
Alternatively, it should be equally expected that the island and the destination could go "viral" if the customers' expectations were met or surpassed. Thus, the initial investment in ensuring a positive experience from the start, is critical and essential.

The importance of customer experience in the tourism industry cannot be overstated. According to a study by the Harvard Business Review, positive customer experiences drive customer loyalty, positive word-of-mouth recommendations, and repeat visits. Alternatively negative experiences can quickly spread through social media platforms, doing irreparable damage to a destination's reputation.

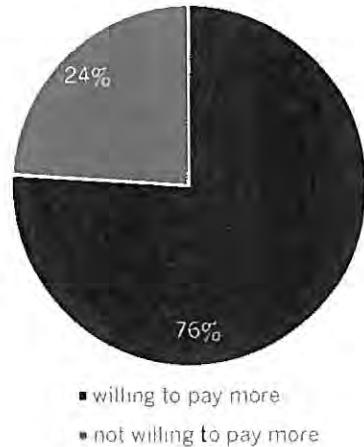
Research by TrustYou, a guest feedback platform, indicates that online reviews and ratings significantly influence travel decision-making. The data shows that 95% of travelers read reviews before making a booking, and 76% of travelers are willing to pay more for a hotel with higher ratings. This highlights the impact of customer experiences on travelers' choices and the importance of delivering exceptional service to meet or exceed expectations.

Chart 66 Travelers reading reviews

travelers reading reviews before booking (Percentage of Travelers)


Chart 67 Travelers willing to pay more

willingness to pay more for higher ratings



Source: TrustYou

To ensure a positive customer experience, both the public and private sectors of Guam must invest in the quality of its accommodations, infrastructure, services, and amenities. This includes providing efficient transportation (with a focus on airport transfers and tourist attractions), quality accommodations, accessible information, clean and attractive beaches, authentic cultural events, unique culinary experiences, and curated interactions with nature. Just as important as the aforementioned investment into this programming is the requirement that all of these activities be delivered in a clean, safe, reliable and user-friendly environment.

For Guam, this equates to a detailed review of all tourism related experiences that are currently being offered (or could be offered in the future) through the eyes of the potential end user: the visitor.

From current and previous marketing promotions, and their promised emotions and experiences, to the arrival at the airport, to the transfer to the hotel, to the hotel itself with its amenities, to the shops, the restaurants, public restrooms, beaches, coral and ocean life, cultural events, – all of these elements need to be reviewed for the quality of their services. Accessibility, crime/safety, and overall affordability of these activities need to be objectively and quantitatively assessed, as well as the visitor experience.

Research conducted by destination marketing organizations and tourist boards can provide valuable insights into visitor expectations, preferences, and satisfaction levels. Surveys, interviews, and data analysis can help identify areas of improvement and address shortcomings in the destination's offerings.

This systematic SWOT study will focus on the customer experience and show the strengths of Guam – seen with the eyes of a potential visitor but also clearly showing the shortfalls and weaknesses. Threats are important to be aware of and counteract as much as possible, and opportunities are the true treasure chest for new tourism products and experiences.

We concur with the assessment from the Tourism 2020 report published by the Guam's Visitor Bureau that what makes the destination truly unique is its CHamorro culture. Community-based tourism is one of the biggest international eco-trends today. Though there have been investments made into the promotion of the indigenous culture and traditions, it is not yet clear how this has resonated with tourists.

Equally important is how tourism is perceived by the Chamorros. Is the community proud of the songs and dances performed? Or is it a folkloristic reduction of it? Do local communities welcome visitors to their villages or are tourists treated as trespassers and intruders?

Studies on community-based tourism and cultural experiences can provide insights into the perception and impact of tourism on local communities. Research by scholars such as Megan Epler Wood and David Fennell emphasizes the importance of preserving authentic cultural experiences and avoiding a reductionist or commodified approach. Understanding the perspectives and aspirations of the local CHamorros is crucial in ensuring that tourism development aligns with their cultural values and aspirations.

Community-based and Cultural Experiences in Guam:

Food and Music

Fiestas

Festival of the Pacific Arts

CHamorro Music

Dance

Arts

Jewelry

Storytellers, weavers, jewelry makers, blacksmiths, and more

Landmarks

Heritage Sites

Nature

Cultural Presentations

Legends and Folklore

Similar questions must be asked about any possible customer experience. If the answer is positive, this is the start of storytelling. The main actors could be a CHamorro community, a certain beach, an amazing view, a local dish, a fascinating plant or animal, like the Coconut Crab. It is the story that makes it unique, not the fact that it exists. The story creates the desire to see and experience it with one's own eyes. As a logical result, the desired "product" must be made available. For example, there must be additional information on the Coconut Crab and the best times and places to see them. The facilities must be created for visitors to have the best view while protecting the crabs' habitat.

Research on storytelling and destination branding suggests that compelling narratives and storytelling techniques can significantly influence visitors' perceptions and engagement. According to a study published in the Journal of Travel Research, storytelling in destination marketing can evoke emotional

responses, enhance visitors' connection to the place, and increase their intentions to visit. Therefore, crafting engaging and authentic stories around unique aspects of Guam can enhance the destination's appeal and attract visitors who are intrigued by the experience.

The Coconut Crab is only one example of potential storytelling, but one that has many facets and could become an authentic attraction and campaign for the island. It is distinctive to the island and the region, has unique characteristics, and is as mysterious as it is compelling.

Researching the preferences and interests of specific target markets, can provide insights into their familiarity with certain attractions or experiences. Understanding their prior knowledge and perceptions can help tailor marketing messages and experiences that relate to their interests and offer something inimitable, compared to what they might find in their own country or region.

These communications should resonate with the target group's interests and desires. Korean, Japanese, and Taiwanese tourists share certain characteristics: they tend to live in smaller spaces (which they often share with other family members of different generations) in overcrowded cities, work long hours, have short holidays, and a strong desire to relax, commune with nature and traditions and to have more private space and time.

Individual needs and interests differ, of course, but Guam can satisfy all of the above-mentioned essential desires with the further advantage of relative proximity. Still, the overall appearance of Guam and the quality of its accommodation, infrastructure, and other services will determine the outcome of the overall customer experience.

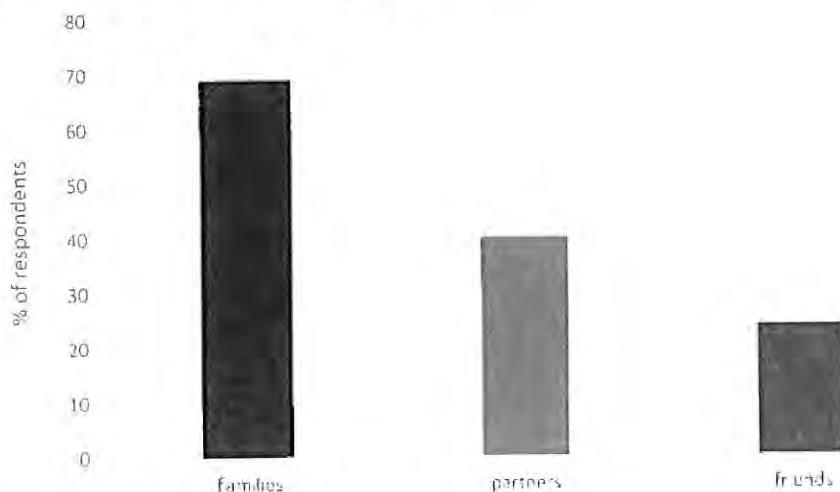
Apart from Korea, Japan, Taiwan, and mainland USA, other target countries and niche markets should also be looked at:

3.3.1 Philippines



The Philippines serves as a potential target market for Guam due to the strong relationship between the two countries and the significant Filipino population on the island. With a 23% Filipino population in Guam, there is a natural connection that can be intensified through cultural activities, festivals, and promotions. The relatively short flight duration of approximately four hours and reasonable cost make Guam an attractive option for Filipinos looking for a tropical beach destination, offering them an alternative to the many islands and beaches within their own country.

Chart 68 *Filipinos preference to travel in social groups (2022)*



Source: Air Asia

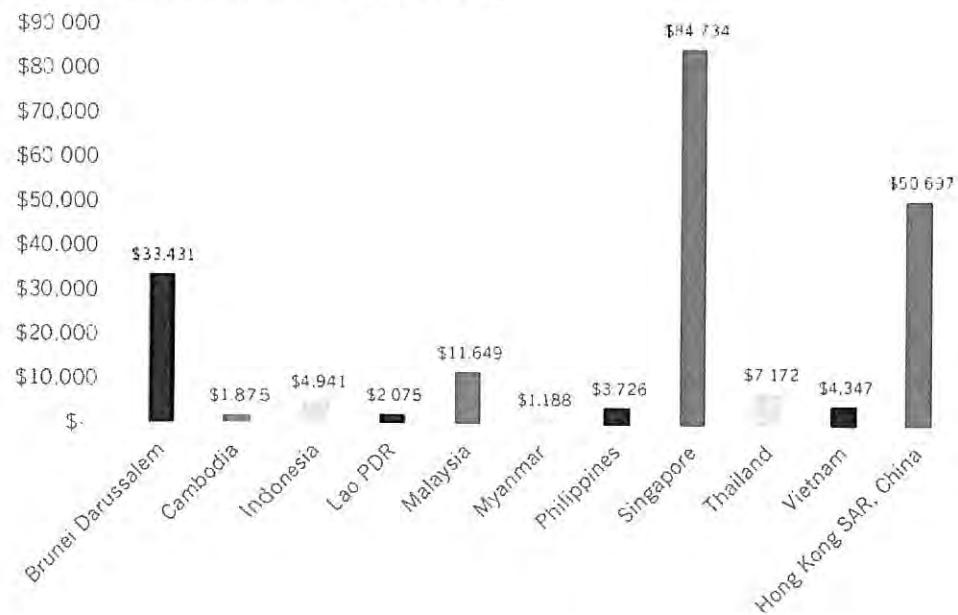
Outbound tourism for the Philippines is characterized by a strong preference to travel in social groups and create shared memories and experiences. This builds on the small Filipino diaspora that is in Guam and the links between those living on the two islands, with the potential to increase the travel spurred from those social connections. While no recent data is available from the provided source, it is reasonable to conclude that this preference for group travel among Filipinos likely remains consistent.

3.3.2 Hong Kong



A bustling city, Hong Kong's distinct European history and cultural imprint set it apart from other Chinese cities, which could make Guam an intriguing choice for Hong Kong travelers. The ongoing political tensions with China further enhance the appeal of Guam for Hong Kong residents. Although currently there are no direct flights, a direct flight connection would significantly reduce the travel time of approximately 10 to 12 hours to just around 4.5 hours. With a population of 7.5 million, Hong Kong represents a geographically accessible target market for Guam.

Chart 69 Southeast Asian countries GDP per capita (2023)



Source: *The World Bank*

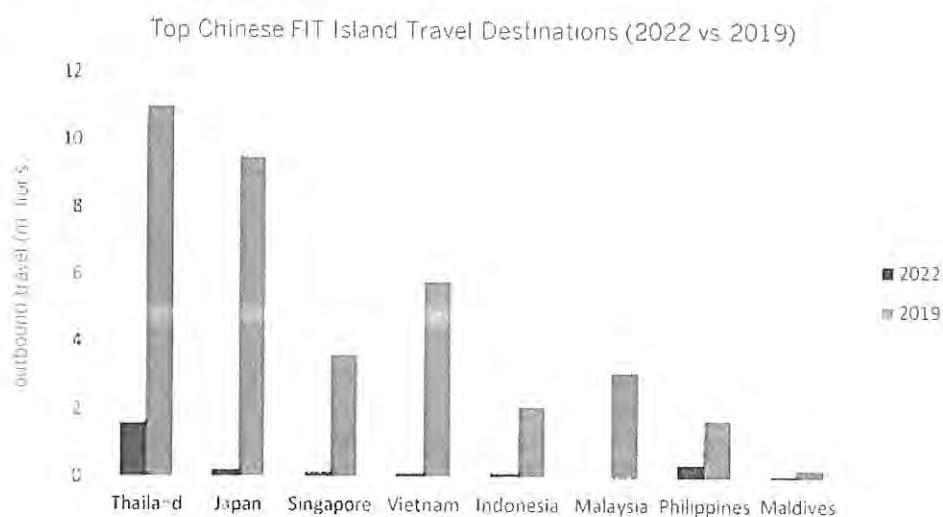
The profile of the typical Hong Kong outbound traveler is defined by a higher travel budget as average income in Hong Kong SAR, China exceeds most Southeast Asian countries, with a GDP per capita of \$50,697, second only to Singapore.

3.3.3 Chinese FIT travelers

The rising trend of Chinese tourists opting for independent travel rather than packaged tours presents a lucrative target market for Guam. The number of Chinese FIT (Free Independent Travel) travelers has been increasing rapidly in recent years, and the COVID-19 pandemic has further boosted this trend due to lockdowns and restrictions on group travel. These independent Chinese travelers are often well-educated, experienced, and have higher travel budgets, seeking individualized cultural and natural experiences in less crowded destinations.

Though the current geopolitical environment is not conducive to direct flights and mass tourism between the US territory and mainland China, Guam's relative proximity and the allure of a US stamp in their passports make it an attractive option, particularly for first-time FIT travelers and young Chinese tourists looking to combine a tropical beach holiday with the added bonus of a US destination. Additionally, given China's importance to the American economy, Guam would benefit from positioning itself as a potentially convenient and safe entry point for Chinese groups and families to experience the culture.

Chart 70 Chinese FIT island destinations



Source: Statista and Japanese National Tourism Organization

3.3.4 Nouveau Riche

Beach destinations are becoming increasingly popular among young, affluent travelers, particularly those from emerging markets. According to a report from Travel Agent Central, 31% of luxury travelers plan on taking more vacations during the next 12 months. This growing trend provides an opportunity for the tourism industry to cater to this demographic with high-end experiences that offer both luxury and relaxation.

CNBC has identified the top 10 beach destinations for wealthy investors, which includes stunning locations like the Cayman Islands, Antigua and Barbuda, the Bahamas, St. Kitts and Nevis, Budva in Montenegro, the Algarve in Portugal, Vanuatu, and Crete in Greece. These locations are known for their idyllic white-sand beaches, clear waters, and high-quality resort communities.

Additionally, less conventional beach locations such as certain lakefronts in Idaho, hidden nooks in the Caribbean, and shores of the Baltic Sea are gaining traction with the wealthy. These places offer newly developed resort communities and unique travel experiences that cater specifically to the tastes of this affluent demographic.

Moreover, tropical islands are another favorite among this group. Over 350 million people annually travel to the coral reef coast of the world, and the coral reef tourism sector is estimated to have an annual value of \$36 billion. From excellent diving spots to friendly local cultures, these coral islands provide an ideal setting for a luxurious beach vacation.

The *New York Post* reports that rich Americans are spending more than ever on vacations, with travel prices rising. This indicates that despite higher costs, the demand for luxury vacations among the wealthy is not diminishing. In fact, Flywire's data shows that luxury travelers expected to spend 25% to 33% more, depending on income, in 2022 and beyond.

The rise in young wealth from emerging markets seeking sun and sand beach destinations represents a significant opportunity for the tourism industry. It opens new avenues for businesses, from luxury resort operators to travel agencies, to cater to this market segment with tailored services and experiences.

Though Guam could be an alternative destination to attract these Nouveau Riche, there does not seem to be any existing inventory that can meet their required standard. Dignitaries and VIPs who visit the island normally stay at one of 4 hotels: the Dusit Thani, the Nikko, the Hyatt and the Tsubaki. Though adequate for those looking to stay in traditional accommodations, these hotels are dated and do not offer the amenities and facilities that are expected of this demanding demographic.

Seeking privacy, luxury, and a unique local experience, the Nouveau Riche turns to vacation/villa rentals to meet their needs. In researching the listings on various sites for supply in Guam, there are only 31 properties that offer a private home with two bedrooms+, with only 5 of those properties being villa compounds. These private villas often come with their own pools and are located within proximity to the beach (Tamuning).

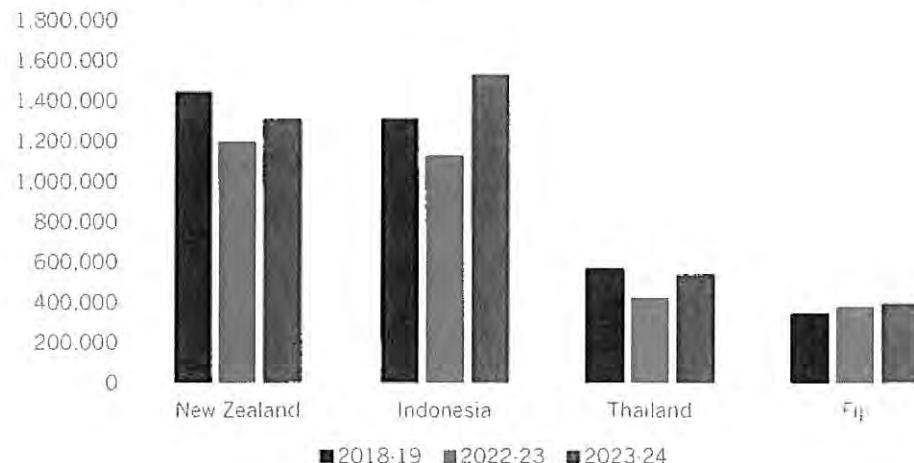
It is clear that the market opportunity exists for Guam to be an option for this young, "new money" traveler. This demographic is willing to endure less than adequate infrastructure (airport, roads and hotels) but seeks well equipped "holiday compounds" which will allow them to explore the natural beauty of the island and its culture. These types of high-end resort villa accommodations and the services that would accompany it (luxury tours and transportation, celebrated chefs and restaurants, and 5-star butler/concierge services) are currently non-existent in Guam but should be considered given that the Island's natural topography and culture would be appealing to this group.

3.3.5 Australia and New Zealand



Australia and New Zealand present a promising target market for tourism to the Island. Guam's geographical proximity to these countries makes it an accessible tropical destination for travelers from the region. Direct flights (if available) would take 5 ½ to 7 hours from major Australian cities and 8.5 hours from Auckland. Given the seasons in this region and this demographic's interest in outdoor activities, the allure of the warm climate, stunning beaches, and diverse ocean activities will appeal to Australian and New Zealand tourists seeking a tropical getaway. Guam's natural beauty provides opportunities for activities such as scuba diving, snorkeling, hiking, and exploration.

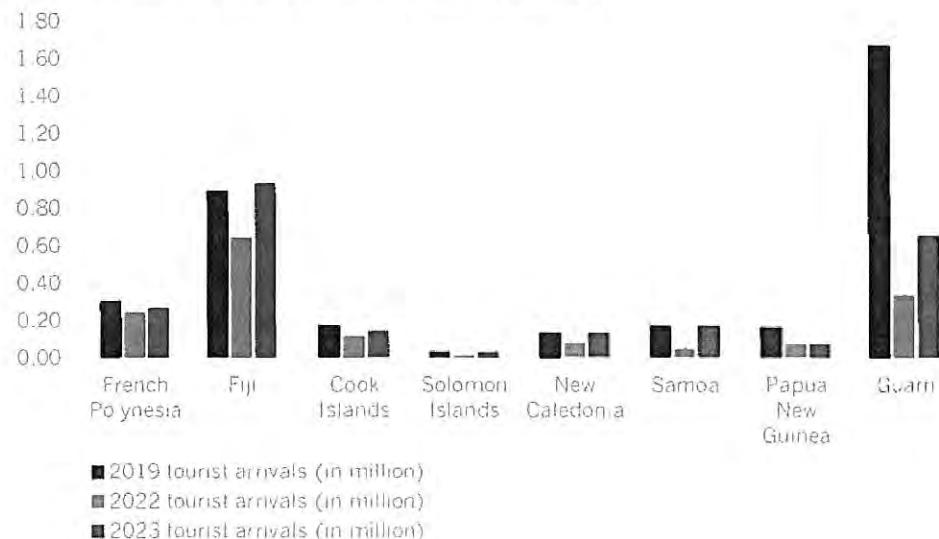
Furthermore, Guam can position itself as a unique alternative to popular Southeast Asian destinations, offering a Pacific Island experience with shared cultural ties to Australia and New Zealand. Promoting Guam as a desirable destination for Australian and New Zealand travelers can tap into their interest in exploring new locations and experiencing adventure in a culturally familiar environment.

Chart 71 Australian travelers: top island destinations


Source: Australian Bureau of Statistics

The chart above provides an overview of the top travel destinations for Australian travelers during the periods 2018/2019, 2022/2023, and 2023/2024, with data for 2024 extending up to June. In 2024, Indonesia surpassed New Zealand to become the most popular destination among Australians, securing the top position. New Zealand ranked second, followed by Thailand in sixth place and Fiji in ninth.

To contextualize the findings in the chart above, the data outlined in the chart below highlights the popularity of Guam as a travel destination compared to other Pacific Islands, while Fiji is one of Australia's more popular island destinations.

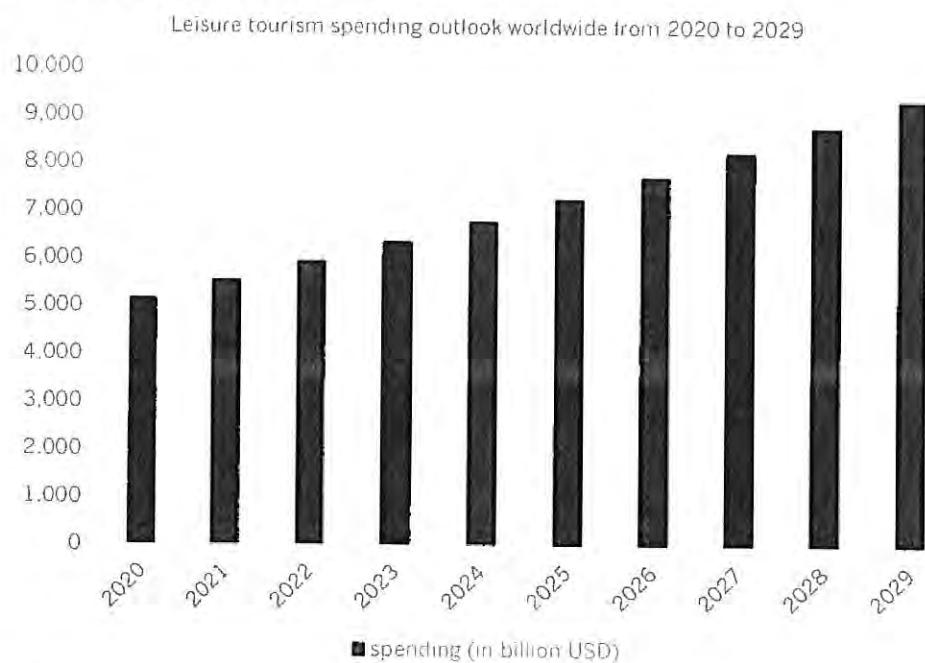
Chart 72 Tourism to Pacific Island destinations (2019 vs. 2022-2023)


Source: UN Tourism

3.3.6 Diverse Leisure and Adventure Seekers

Diverse leisure and adventure seekers represent an ideal target market for tourism in Guam, backed by its abundant recreational opportunities and natural beauty. According to the Guam Visitors Bureau, the island offers a wide range of activities that cater to outdoor enthusiasts, making it an attractive destination for leisure and adventure seekers. Guam's pristine beaches and unique maritime location provide the perfect backdrop for scuba diving and snorkeling adventures, allowing visitors to explore vibrant underwater ecosystems teeming with marine life and fascinating sunken shipwrecks. Hiking enthusiasts can take advantage of Guam's scenic trails and tropical jungles, immersing themselves in the island's lush rainforests and discovering hidden waterfalls. The island also offers more contemporary activities such as zip-lining, hang gliding and windsurfing providing a thrilling experience for adventure seekers. The diversity of leisure and adventure options available in Guam caters to the varied interests of individuals and groups seeking unique experiences in a captivating natural setting.

Chart 73 *Leisure tourism spending worldwide*



Source: WTTC

3.3.7 Cultural/Community Travelers

Community travelers constitute a valuable target market for Guam, given the Island's rich cultural heritage and the opportunities it presents for memorable experiences. The strategy would be to create authentic, yet comfortable interactions between visitors and local villages to engage and share the CHamorro culture and traditions. The Guam Visitors Bureau has made this a focal point of its strategy going forward and is currently looking to enhance the island's current tourism offerings in the cultural and community space.

These activities, including cultural tours, village visits, and traditional arts and crafts workshops, enable visitors to form a meaningful connection to Guam's local culture. The warm and welcoming nature of the community allows tourists to participate in festivals, sample traditional cuisine, and experience traditional dances and music performances, providing a deeper understanding of the local history and the current way of life. By targeting community tourism travelers, Guam can offer a unique and enriching experience that fosters cross-cultural understanding and supports the preservation of CHamorro heritage.

3.3.8 Family Travelers

In the early 90s, families played a major role in the initial development of tourism in Guam, buoyed by the Pacific Islands Club (PIC), a Club Med-style resort that catered to multi-generational holidays through their facilities (water slides and lazy rivers) and activities. This demographic remains an excellent target market for tourism in Guam, and the island's environment and range of attractions make it an ideal destination for all age groups.

The Guam Visitors Bureau has positioned the island as a safe and welcoming atmosphere, providing peace of mind for parents traveling with children. Accommodations that cater to their needs, including resorts with kid-friendly amenities and spacious vacation rentals, still exist. Families can enjoy a host of activities tailored to their interests, such as water parks, marine parks, and cultural shows that offer entertainment and educational experiences. Historical and cultural sites, like the Guam Museum, Plaza De España and Punta Dos Amantes/Two Lover's Point, provide "Instagrammable" moments for the family as well as educational opportunities. Guam's family-centric culture along with its natural beauty should be utilized to promote Guam as a unique holiday destination for multi-generational holidays.

3.3.9 Conclusion

Guam's current position as a familiar yet undefined travel destination can be viewed both as an opportunity and a challenge. Those that recall the Island as an alluring and sophisticated destination in the '90s for honeymooners, and a luxury shopping haven, need only look at recent reviews and photos to see how far the destination has fallen. However, the quiet yet gradual decline in travel to the island has also allowed for a new generation of travelers to have few preconceived notions of Guam. This speaks to the opportunity that the Territory has to reinvent and reposition itself as an attractive destination to current and potentially new target markets.

With additional government funding being made available due to the pandemic and typhoon Mawar, it is PKF's position that Guam should dedicate its efforts to reestablish itself as the tourism force within the region that it once was. Its geography and access to US and global resources allow the island to reposition itself as an exemplary model for eco-tourism and/or cultural tourism, one which not only appeals to the global traveler, but one that other destinations will look to duplicate.

In tourism, the only real constant has been the requirement for permanent change. The ability to adapt is required to keep up with the ever-changing variables that impact the travel industry; the speed of technology, the change of customer demands, unpredictable geopolitical events and increasing natural calamities due to climate change.

With all this, however, comes a deep desire to escape to secret places, unknown paradises, far away from one's daily routine and environment. Peace and quiet, beautiful nature, interesting culture, new personal and meaningful experiences, recapturing one's mental health, simply being and enjoying – this could be the image and message Guam sends to the world.

3.4 General Summary

3.4.1 Core Tourism Products / Tourism Development Type

According to the UNWTO (The World Tourism Organization), the definition of a "tourism product" is a broad term meaning a mix of tangible and intangible elements, such as natural and cultural resources, different attractions, and facilities, services, and activities around a specific center of interest. Holistically, these products create the overall tourist experience.

The following existing tourism products have been identified for Guam:

- sun and beach offerings
- unique, welcoming CHamoru host culture
- ethnographic activities (incl. crafts and workshops)
- unique local activities
- events (cultural, sports, religious, etc.)
- natural sites, reserves and parks
- active leisure and recreation (incl. water sports)
- gastronomic offers
- touring and excursion programs
- diving
- wellness and medical spa

Taking into consideration the current products offered, PKF has identified tourism sectors for further investment/development which leverage Guam's USPs and align with current and future global travel trends.

- cultural/indigenous tourism
- eco/green/environmental tourism
- branded resort/residential products
- adventure tourism (outdoor activities)
- marine/nautical tourism
- spa/wellness tourism
- event tourism

Through its research, PKF has identified several key attributes that many successful tropical, beach destinations have. These include:

- a strong brand as a destination
- a flagship tourism attraction
- several Unique Points of Interest – historical, cultural, festivals
- unique and authentic local experiences
- friendly, welcoming local people
- easily accessible (and visually attractive) tourist information highlighting interests of different demographic and lifestyle market segments
- abundant green spaces for activities and relaxation
- identifiable tourism zones with shops, cafes and restaurants (inclusive pedestrian only zone)
- attractive accommodation facilities, and food and beverage outlets (in different price categories)
- different entertainment facilities (incl. night life options and shopping opportunities)
- public mobility, easy access to/from and within the destination
- easy and inexpensive accessibility (incl. access to points of interests)

3.4.2 Key Success Factors for Tourism Destination Development

In general, successful tourism destination development rests on four pillars:

1. Policy - The tourism sector has specific policy and regulatory issues that require attention and discussion, much like more widely recognized government departments such as the Department of Transportation, Department of Labor, and the Department of Natural Resources. It is essential that the public constituency in which the tourism industry operates supports it.
2. Planning - Successful tourism development requires a joint strategy that addresses all industry stakeholders' concerns, including the public sector, the private sector, and the local community. Historically, tourism has taken host communities for granted, if the economic benefits generated justified the industry's existence in a community. Now, communities are seeking a balance of economic and overall quality of benefits from their respective tourism industries as well as a broader distribution of such benefits throughout a destination's various regions.

3. Coordination - Comprehensive and coordinated approaches are necessary for successful tourism development. These approaches extend beyond the eventual guest or end-user to include travel agents and wholesalers, emergency services, media, and other indirectly impacted businesses within the community.
4. Commitment - The development of the tourism industry is a continuous process that requires a long gestation period. It demands a balance between immediate financial impact and long-term goals, which can be challenging for private businesses seeking immediate returns.

It is also crucial to note that Guam's tourism industry will face external global, environmental, and economic forces that will impact the destination as it continues to reposition itself. These include:

1. The rise of other attractive tourism destinations/attractions in the region – this could have a net positive effect on Guam (incl., more people will be exposed and be interested in the region) but could have a negative impact as these destinations are perceived as more attractive than Guam
2. Destination decisions made by travel wholesalers, distributors and tour operators
3. General infrastructure developments in the region (incl. airport renovations, improvement of roads and highways, etc.)
4. Connectivity to other major tourism destinations (new airline routes, changes in aviation technology)
5. The general perception of safety/security of the region and Guam
6. Monetary factors - Foreign exchange rates and inflation
7. The overall commitment and economic strength of the public sector to invest in and support a tourism product
8. The quality of the destination's product including service levels, pollution, public services, emergency services
9. The destination's ability to attract a quality workforce in support of the product and needed services.
10. Local or global disasters (incl. a global pandemic or terror attacks)
11. Unfavorable conditions regarding the taxation, legislation, immigration and customs towards tourism and inbound travelers
12. Marketing and value proposition of Guam vs. competing destinations
13. Climate change, rising sea levels, extreme weather conditions

PKF will provide more detailed recommendations in subsequent phases of this engagement, but this Phase 1 market study report provides the background that will form the framework of the Recovery plan and its recommendations. Phase 2 will seek to build upon the information gathered and review in detail the Branding and positioning of Guam and its market perceptions, with Phase 3 providing the strategic roadmap and executable tasks to expedite the Island's recovery. At first glance, Guam's tourism possibilities are endless, but this potential can only be unlocked with a commitment and investment from all of its stakeholders.

4 Phase 3 – Repositioning and Development Strategy

4.1 Introduction/Summary of Current Status of Guam's Tourism

Guam's tourism industry, once a thriving pillar of its economy, is currently facing a variety of challenges. These range from lack of strategy and resources to uncoordinated support and archaic infrastructure. Despite its natural beauty and cultural richness, the absence of a unified marketing approach has contributed to the island's struggling tourism sector. The global pandemic has further exacerbated these problems, with the recovery of Guam's visitor sector significantly lagging behind global trends.

In recent years, Guam's image as a top-tier tourist destination has remained intact. However, the resolution of legacy problems has not kept pace with the industry's rapid evolution. The window of opportunity for addressing these issues is swiftly closing, leaving the tourism sector in a precarious position. The lack of a strategic approach has resulted in a state of "institutional stasis," where progress is inhibited due to uncoordinated public and private infrastructure support.

4.1.1 Global Tourism has made a Full Recovery

Tourism's meteoric recovery from the global pandemic was well documented. In 2023, Tourism expenditures were 9.5 trillion USD and represented 11% of the Global Economy. Total revenues were only 5% below pre-pandemic levels and are anticipated to grow an additional 50% in the next 10 years, as a full return to international travel (currently being hampered by geopolitical events), is expected.

However, this growth is not uniformly distributed, with some regions, such as Guam, who are still struggling to recover. For areas lagging the global trend, the recovery is not just about rebounding from the pandemic, but also about addressing longstanding structural issues that have stifled growth and development, such as the aging infrastructure and the rapidly changing travel demographics as previously mentioned in earlier sections of this document.

4.1.2 ... While the Visitor Industry in Guam is Floundering

Despite the promising recovery of global tourism, Guam's visitor sector is struggling to bounce back. The sector is grappling with many issues, including a clear regulatory framework, the struggle to adopt a unified brand, and a service culture that suffers from a lack of resources and training. While the active industry participants are focused on the daily tactical challenges of operation in a slow market, no single entity coordinates the overall strategy and branding, nor can it address the infrastructure challenges. This has resulted in a slow recovery process, leaving the island's tourism industry significantly behind the global curve. The absence of a data-centric, unified marketing approach has further complicated matters.

The challenges faced by Guam's tourism sector are multifaceted and complex, requiring concerted efforts from all stakeholders to overcome. Without a robust recovery strategy, Guam risks being left behind in the race, missing out on the enormous economic potential that the global tourism industry offers.

4.1.3 Stakeholders Consensus - A Lack of Strategy and Consistent Branding

A major challenge that Guam's tourism sector faces is the lack of a clear strategy and cohesive branding. Stakeholders across the sector agree on this point, highlighting its importance in the recovery process. Without a well-defined strategy, efforts to revive the sector are scattered and uncoordinated, leading to inefficiencies and missed opportunities. Moreover, the absence of a strong brand identity not only within the tourism industry, but across other sectors of industry, means that Guam's unique selling points are not being effectively communicated to potential visitors.

A unified approach to branding is crucial to the success of any tourism destination and requires a significant investment. A strong brand that is clear in messaging and consistent in communication helps to differentiate a destination from its competitors and creates a sense of identity that can attract both visitors and the buy-in of local communities and the stakeholders. Unfortunately, Guam's tourism sector has not been able to capitalize on its brand equity due to limited financial resources, which has restricted the adoption of campaigns and promotions. This, coupled with the lack of a strategic roadmap, has resulted in a sluggish recovery process that is not in line with global trends.

4.1.4 No Unified Approach to Marketing

Another challenge that Guam's tourism sector faces is the lack of a unified, data-centric approach to marketing. The importance of data in decision-making cannot be overstated. Data-driven marketing can provide valuable insights into visitor behavior and preferences, allowing for more targeted and effective marketing strategies. However, Guam's tourism sector as a whole does not currently harness the power of data, leading to inefficiencies in marketing.

A unified approach to marketing that goes beyond the tourism industry is also essential for the success of any tourism destination. It ensures consistency in messaging, creating a coherent image of the destination in the minds of potential visitors. In its research, PKF has reviewed the visitor data collected by several sources including GVB and Guam International Airport Authority. However, much of the information is either dated or has flaws in its methodology and therefore its responses. Data gathered from other sources such as the Department of Revenue & Tax and Guam Hotel and Restaurant Association may be able to provide insights, but this information is not uniformly collected, and significant data on the industry is not collected at all, where collected, data and information that could guide industry decision making is often stove-piped. The absence of an integrated approach across Guam's tourism sector has resulted in a fragmented data and information matrix, further complicating recovery efforts.

4.1.5 Institutional Stasis

The term "institutional stasis" aptly describes the state of public and private infrastructure supporting Guam's visitor sector, where progress is hindered by uncoordinated efforts between public and private entities. The challenges are not just operational but also institutional. A lack of coordination has resulted in a fragmented approach to recovery, further slowing down the process and leading to inefficiencies and bottlenecks in the delivery of tourism services. This uncoordinated approach to infrastructure development has further complicated the recovery process, slowing down progress and exacerbating existing problems. The Guam Visitor Bureau's recent recommendations to address essential infrastructure improvements highlight this challenge.

Infrastructure plays a crucial role in the success of any tourism destination. It facilitates the movement of visitors, provides essential services, and contributes to the overall visitor experience. However, in Guam's case, the disjointed efforts of public and private entities have resulted in an infrastructure system that is not fully equipped to support the demands of the visitor sector, hindering the island's recovery process.

4.1.6 Legacy Issues Remain Prevalent

Despite the numerous challenges faced by Guam's tourism sector, the island's image as a highly desirable and sought-after tourism destination remains unblemished. The exquisite beauty of Guam's natural landscapes, including pristine beaches and lush tropical forests, coupled with its vibrant and diverse cultural heritage, continue to captivate and entice prospective visitors from all corners of the globe.

However, Guam is grappling with many legacy problems that, unfortunately, have not been addressed. These persistent issues, if left unresolved, pose a significant threat to the potential growth and prosperity of the tourism sector, potentially closing the window of opportunity for a full recovery.

One of the key challenges that Guam faces is the inadequacy of its infrastructure. The island's transportation networks, including roads and public transportation systems, require substantial improvements to accommodate the increasing number of tourists. Furthermore, the lack of a comprehensive and cohesive tourism strategy hinders the sector's ability to effectively market and promote Guam as a premier destination.

In addition, adoption and utilization of the brand has been a recurring issue for Guam's tourism sector. Without sufficient resources to provide a unified and compelling brand image, it becomes difficult to establish a clear and differentiated identity that resonates with potential visitors. This lack of a cohesive message undermines Guam's ability to effectively compete in the global tourism market.

Not addressing these critical issues in a timely and effective manner has resulted in a slow and arduous recovery process that falls short of global trends. While other destinations are adapting swiftly to changing traveler preferences and investing in innovative strategies, Guam lags behind.

With the window of opportunity for recovery rapidly closing, it is imperative for Guam to address these legacy problems head-on.

4.1.7 Human Resources are Exacerbating the Challenge

In addition to the legacy problems that Guam's tourism sector faces, there are new challenges arising in the realm of human resources, further exacerbating the situation. The lack of adequately trained personnel and the persistently high turnover rates are among the key human resource issues that the sector is currently grappling with. These issues have far-reaching implications, not only affecting the quality-of-service delivery but also hindering the successful implementation of recovery strategies.

Human resources are undeniably the backbone of any service industry, and the tourism sector is no exception. The ultimate success of the tourism industry heavily relies on the competence and dedication of its human resources. However, in the case of Guam, the scarcity of trained personnel, the persistently high rates of turnover and the current cyclical competition from opportunities in the military "build-up" have created a service delivery system that is inadequately equipped to meet the demands of the visitor sector. As a result, the efforts towards recovery and revitalization are further complicated and slowed down.

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4.1.8 Stakeholder Sentiment: both Challenged and Hopeful

Despite the serious fragmentation that exists within Guam's tourism sector, both between private and public parties, and even between different stakeholders, all parties generally share observations and experiences about the depreciation of the sector. This is not only a cause for concern for the future of the sector but also has potential implications for Guam's economy and the livelihoods of those dependent on the tourism sector.

Stakeholders across the sector, including businesses, government entities, and local communities, acknowledge the challenges faced by the industry and the urgent need for concerted efforts to overcome them. The shared sentiment about the gravity of the situation underscores the urgency of the matter and highlights the necessity for timely action.

The challenges faced by the tourism sector in Guam are significant. The COVID-19 pandemic, coupled with travel restrictions and changing consumer behavior, has severely impacted the industry. However, amidst these challenges, there is a collective will and determination among stakeholders to overcome them and pave the way for the recovery and revitalization of Guam's tourism sector.

By working together and adopting innovative strategies, such as addressing the understood physical infrastructure challenges and promoting more local engagement in the sector, Guam can rebuild its tourism industry and regain its status as a premier travel destination. This collective effort is required for the sector's recovery and its contribution to the future prosperity of Guam and its people.

4.1.9 ...But There is an Openness to Seek Solutions

Despite the challenges faced by Guam's tourism sector, there is an openness among the tourism and local community to seek solutions. This willingness to find and implement solutions is a positive sign and could be the key to the sector's recovery. If a formal system of engagement is created to engender a collaborative process between the public and private, it would provide a solid foundation for innovative solutions and ideas that could kickstart the revitalization of Guam's tourism sector.

The openness to seek solutions is evident in the collective efforts of stakeholders to tackle the challenges facing the industry. Various initiatives, such as training programs, infrastructure development projects, and marketing campaigns, are being undertaken to revive the sector, but they lack an overarching strategy. While the road to re-establishing a vibrant sector may be long, the commitment and determination of the tourism stakeholders and local community are central to the future of Guam's tourism sector. This should be seen as a considerable asset to be utilized when discussing strategies and solutions for the recovery.

Chart 74 *Hila'an Beach (mushroom rocks)*



4.2 The Path towards Recovery

To overcome these challenges and put Guam's tourism industry back on track, there are several key steps that need to be taken. One of the most crucial is the development and implementation of a unified strategy for the visitor industry that leverages data and technology to drive growth. This strategic approach will help to create a unified brand for Guam as a top-tier tourist destination.

Based on the results of our market study of Guam's tourism product and positioning, the following is a summary of PKF's long- and short-term recommendations to expedite the visitor industry's recovery.

4.2.1 Proposed Long Term Strategies

The Market Study findings indicate that Guam has significant potential to reemerge as a major tourism destination. The combination of its unique natural beauty, rich cultural heritage, and the warm hospitality of the people make it an appealing choice for international tourists. However, several challenges must be addressed to fully realize this potential. These include enhancing infrastructure, expanding authentic offerings, developing human resources, and promoting Guam as a premier tourism destination.

To tackle these challenges, it is recommended to adopt a comprehensive long-term strategy. This strategy should focus on improving infrastructure to provide better accessibility and facilities for tourists. Additionally, it should emphasize the promotion of cultural heritage to showcase the authenticity and diversity of Guam's traditions. Moreover, implementing sustainable tourism practices will ensure the preservation of the island's natural beauty for future generations.

Our Market Study highlights the importance of strategic marketing initiatives. Currently, tourism marketing efforts lack coherence and need a unified approach. A long-term marketing strategy should be devised to build a strong brand image for Guam, consistently encapsulating its unique selling points. This brand image should reflect Guam's natural beauty, rich cultural heritage, and the warmth and hospitality of the CHamorro people.

To effectively reach potential tourists, targeted marketing campaigns should be tailored to specific key markets. These markets can be identified through further market research, enabling the development of tailored (including microtargeted) messages and experiences that resonate with different segments of the target audience.

By implementing these proposed long-term strategies, Guam can position itself as a top-tier tourism destination, attracting visitors from around the world and showcasing the best of its natural wonders, cultural treasures, and the genuine spirit of its people.

a) Improved Legal and Regulatory Environment that Establishes Tourism as a Key Economic Driver for Guam

Creating an improved legal and regulatory environment is an essential step towards establishing tourism as a key economic driver for Guam. A conducive

legal and regulatory environment can provide the necessary support and guidance for businesses in the tourism industry, encourage investment, and ensure compliance with international standards. The current legal and regulatory environment is perceived as a barrier to the growth of tourism in Guam due to its complexity and lack of clarity. Reviewing and amending existing laws and regulations and assessing the ease of doing business can be prioritized.

The legal and regulatory framework should also address issues related to environmental conservation, cultural preservation, and community participation. The tourism industry in Guam must be developed in a manner that is sustainable and respectful of the island's unique culture and environment. This requires a comprehensive legal and regulatory framework that balances economic growth with environmental conservation and cultural preservation. Such a framework can also encourage responsible tourism practices among businesses and tourists alike.

b) Clear Leadership through the Creation of an Organizational Matrix for Tourism Governance

Leadership is key in driving the growth and development of the tourism industry. A clear and effective organizational matrix for tourism governance can ensure that the industry is managed in a strategic and coordinated manner. The current organizational structure for tourism governance in Guam is fragmented with many participants and multiple leaders, but no overall sector management. As such, a new organizational matrix may need to be established which clearly defines roles and responsibilities, establishes lines of communication and accountability, and ensures coordinated decision-making and action. Currently the undefined leadership structure in the tourism industry results in a lack of comprehensible strategy.

A new organizational matrix for tourism governance could include a central tourism authority with the mandate to oversee and coordinate all tourism-related activities. This authority could be responsible for implementing the long-term strategies identified in the Market Study, liaising with key stakeholders, and monitoring and evaluating the performance of the tourism industry. In addition, the matrix could also include specialized committees or working groups responsible for specific areas such as marketing, infrastructure, local engagement, sustainable tourism development and external development funding.

c) Better Inter-departmental Communication between Governmental Agencies to Resolve Tactical Issues Involving the Industry

Inter-departmental communication is crucial for resolving tactical issues involving the tourism industry. Currently, there is a lack of effective communication and coordination between government agencies that directly and indirectly are associated with the visitor sector. A more structured and systematic approach to inter-departmental communication is essential to understanding the current state of the industry and to building a data-centric approach to future management of the visitor sector. This could involve regular inter-departmental meetings, a centralized communication platform, identification of information and data gaps and clear guidelines for information sharing and decision-making.

Additionally, resolving tactical issues requires an understanding of the complexities of the tourism industry and the interdependencies between different sectors and stakeholders. Therefore, capacity-building initiatives should be implemented to enhance the understanding and skills of government officials in dealing with tourism-related issues. This could include training workshops, study visits, and exchange programs with countries that have successfully managed their tourism industries.

d) Focus on Public-Private Partnerships for Additional Funding

Chart 75 Rendering for a new proposed hotel development in Guam



Public-Private Partnerships (PPPs) can play a critical role in providing additional funding for the tourism industry. Given the significant investment required to improve infrastructure, promote tourism, and implement sustainable tourism practices, it is unlikely that the government alone can provide the necessary funding. Therefore, PPPs could be explored as a mechanism to mobilize additional resources and expertise from the private sector.

PPPs in tourism could involve a wide range of activities, such as infrastructure development, marketing and promotion, and capacity-building. Built around an agreed strategic approach, private sector reinvestment in hotels, resorts, and other tourism facilities, with targeted government incentives consistent with the strategy should be leveraged. Similarly, marketing and promotion activities could be jointly funded and managed by the government and private sector, leveraging the strengths and resources of all parties to deliver a consistent and layered projection of the Guam brand.

e) Reduction of Bureaucracy and Red Tape for Small Businesses

Reducing bureaucracy and red tape is essential for fostering a conducive environment for small businesses in the tourism industry. Excessive bureaucracy and red tape can be a significant barrier to entry for small businesses, stifling innovation, and entrepreneurship. Therefore, it is recommended that the government undertake a comprehensive review of existing regulations and procedures and streamline them to reduce unnecessary bureaucracy and red tape.

In addition to regulatory reforms, the government could also provide support and assistance to small businesses that are in, or attempting to enter, the visitor industry, to help them navigate the regulatory environment. This could include the establishment of a one-stop service center for small businesses that cater to the Visitor Industry, which provides information and guidance on regulatory requirements, procedures, and compliance. Such a center could also provide other support services, such as business advisory, training, and networking opportunities.

f) A Renewed Emphasis on Curating and Promoting Points of Introduction for Authentic CHamorro Culture, History and Traditions

Promoting the authentic CHamorro culture, history, and traditions can significantly enhance the appeal of Guam as a unique tourist destination. While the natural beauty of Guam is a major attraction for tourists, its rich cultural heritage can provide a deeper and more meaningful tourism experience. Therefore, there should be a renewed emphasis on curating and promoting points of introduction for authentic CHamorro culture, history, and traditions.

This could involve the development of cultural tourism products and experiences, such as cultural tours, festivals, and workshops. Additionally, the CHamorro culture, history, and traditions could be integrated into various aspects of the tourism industry, such as hospitality, culinary, and entertainment. Existing institutions and facilities (e.g. the Guam Museum, Valley of the Latte, CHamorro Village) can be leveraged as initial points of entry. This would not only enhance the tourism experience but also provide opportunities for the local community to participate in and benefit from the tourism industry.

g) Utilizing Guam's Island Characteristics to Become a Leader in Sustainable Tourism

Guam's unique island characteristics provide a solid foundation for the development of sustainable tourism. The pristine natural environment, rich biodiversity, and unique culture make Guam an ideal destination for eco-tourism and cultural tourism. However, to become a leader in sustainable tourism, Guam must implement sound environmental management practices, promote responsible tourism behavior, and ensure the participation and benefits of the local community.

Sustainable tourism requires a holistic and integrated approach, encompassing economic, environmental, and social aspects. Therefore, it is recommended that a comprehensive sustainable tourism strategy be developed, which outlines clear goals, strategies, and actions for sustainable tourism development across the

spectrum of industry and community stakeholders. This strategy should be implemented in collaboration with all stakeholders, including government, private sector, local community, and tourists.

h) Increase flights to and from Guam

Due to Guam's isolated location and the time zone differential, US domestic tourism (travelers originating from the Mainland US) will most likely never be a reliable source of arrivals. Additionally, the recent arrival of large passenger ships managed by MSC and Holland America in 2024 indicate that opportunities may also exist in tapping into the cruise industry demand, but this will require a significant investment. Thus, the future of Guam's tourism industry remains inextricably linked to flights and airline seat capacity.

The industry is all too familiar with its dependency on airlines, and new, creative ways must be considered in order to increase existing capacity from current markets. The need is also apparent to identify new target demographics and look into collaborating with other stakeholders, such as Travel Agencies, Wholesalers and Foreign Ministries of Transport, in order to ensure that there are sufficient passengers arriving to sustain the tourism ecosystem of hotels, tour activities and small businesses. This may require offering incentives or federal government assistance, and promoting Guam as a convenient and accessible regional travel hub, in order to create a substantial "ripple" effect in the island's economy.

In addition to economic benefits, increasing flights to and from Guam can also contribute to the region's social and cultural development. In May of 2024, additional flights were added from Japan's Tokyo Haneda airport, which provide for expanded visitor accessibility to Guam. More flights offer the opportunity for cultural exchange that will allow for the promotion and proliferation of the Chamorro culture and will assist in its perpetuity. In the proposed next phase of this report, specific recommendations will be made to not only attract additional flights but also improve the travel experience into and out of Guam.

4.2.2 Short term Opportunities

The market study findings reveal a plethora of short-term opportunities, described in more detail below, for the tourism industry in Guam. One of the crucial aspects of these opportunities is the ability to leverage the unique geographic location of Guam to attract more tourists. There is potential for niche tourism, such as eco-tourism and adventure tourism, given the island's natural beauty and unique biodiversity. Additionally, the study shows that there is an unexploited market segment interested in historical and cultural tourism that can be capitalized through strategic marketing and development of historical sites and cultural events.

The findings also highlight the potential for development of luxury resorts, which would attract high-income tourists. The development of high-end infrastructure, coupled with the island's natural beauty, could make Guam a preferred destination for luxury travelers. Additionally, the unique location of Guam could be marketed as an advantage for companies looking to beta test products and services in a controlled environment, providing an additional income stream to the local economy. The short-term opportunities are thus multifaceted, with potential for significant economic benefits.

a) Bond Issuance to Finance Infrastructure Investments

A bond issuance holds immense potential in bolstering Guam's tourism industry. By leveraging GovGuam's strong financial position and rating, bonds can be utilized in numerous ways to stimulate economic growth and enhance the Island's tourism infrastructure.

One promising avenue is the issuance of private activity bonds, which can support investments in public road works, capital improvements in parks and beaches, and incentivize Public Private Partnership initiatives like ESG (Environmental, Social and Governance). These investments would not only enhance the overall experience for visitors to Guam but also positively shape the community's perception of the industry.

Moreover, issuing bonds specifically for tourism-related projects would create a broader investment vehicle, further diversifying the pool of capital available. This would send a clear signal of GovGuam's commitment to the sector and support small businesses such as tour operators and venue providers, restaurants, and retailers that heavily rely on its growth and expansion. The result would be job creation, a boost to the local economy, and a more resilient and diversified tourism sector.

By harnessing the potential of bond issuance, Guam can unlock new opportunities for growth, attract more visitors, and promote sustainable development for years to come.

b) Promote Guam's Unique Location

Chart 76 Ague Cove, Guam



Guam's clear geographical advantage lies in its temperate climate, beautiful topography and crystal-clear waters. Combined with its proximity to major travel markets, such as China, Korea, Japan and Taiwan, and its status as a U.S. territory should make it very attractive to leisure travelers seeking an international leisure destination.

Guam's isolated location offers a potential business opportunity for companies to conduct product and service beta testing for American companies seeking exposure to Asian visitor markets and Asian companies looking to enter the very lucrative US consumer market. Situated as a strategic gateway between Asia and the Americas, Guam could serve as a controlled environment for businesses to refine their offerings.

By leveraging the Asian-based outbound population that visits Guam, U.S. companies can gain valuable insights through beta testing. Promoting Guam as a platform for businesses to evaluate their products provides the opportunity for Guam to showcase its capabilities as an incubator/hub for multinational corporations. This type of activity will stimulate economic growth, leading to the creation of new job opportunities and the transfer of valuable skills and knowledge to the local workforce. Targeted campaigns that highlight these business attributes of the island have a lengthy gestation period, but if Guam can diversify its inbound travel away from the leisure travel towards corporate travel and establish itself as a hub for market research and innovation, it would foster a new business ecosystem, which would in turn uplift Guam's tourism brand.

c) Lighthouse Project

With Guam seeking to reposition itself as a high-end cultural destination, governmental support of a "lighthouse" luxury resort project could serve as a catalyst for future tourism development. Well known leisure destinations in the region such as Bali and Phuket, were driven by iconic projects that recognized the long-term potential of these locations. The Amanpuri in Phuket and the Nusa Dua master planned development in Bali were both forward-leaning luxury residential resort ventures that received substantial support from the community and public sector.

By engaging with developers who have both the expertise and the vision for these types of projects, this initial "proof of concept" will boost the Island's development reputation globally and could lead to a wave of investment that will assist in Guam's ultimate goal of repositioning itself as the destination for the discerning traveler. The government should look to incentivize a unique "lighthouse project" that seeks to mitigate risks of the stakeholder but is aligned and accretive to Guam's tourism strategy and brand.

d) Full Adoption of ESG Initiatives

Surveyed leaders from the 2023 World Economic Forum identified Extreme Weather/Climate Change as the top global risk for 2024 travelers, specifically those from developed countries in Asia Pacific and Europe. Prospective travelers from these regions are increasingly demanding that destinations be environmentally and socially conscience. By using the tourism ecosystem of transport, hotels, restaurants and visitor activities to set the example of an environment that fosters and incentivizes widely accepted practices to reduce

carbon emissions, eliminate practices that are harmful to surrounding animal and marine life, recycle waste, and increase attention to the environment (and each other), Guam could differentiate itself as a "first mover" in ESG initiatives for the sector.

Going beyond integrating basic energy efficiencies and environmentally sustainable practices, Guam's natural island setting could serve to test cutting edge policy, processes and technologies that would position the island as a new industry standard for eco travelers.

As an example, Guam could be one of the first islands to commit to fully adopting the 13 principles of the Coalition of the Future Tourism which centers around Climate Change, Destination Stewardship, Supply Chain and Quantitative and Qualitative metrics. Potentially funded by the aforementioned bond initiative, PKF Environmental and Sustainability Governance experts and its partners have identified pools of capital that are designed to invest and leverage these funds into scalable projects that will benefit not just travelers to the Island but also the Government and the community itself.

By focusing on ESG as it relates to tourism activities, Guam could take advantage of the latest visitor trend, regenerative travel, which focuses on the care and guardianship of tourism and the communities that it operates in. The impact of these initiatives cannot be understated as it ensures that the Island's natural resources, including its culture and traditions, are preserved and available for future generations to enjoy.

e) Promote More Interactive Opportunities between Local Communities and the Tourism Industry

Chart 77 *CHamorro Dancers*



Though Guam's reputation as a destination among its traditional inbound markets such as Japan, Korea and China, continues to decline due to new competition and lack of reinvestment, a case can be made that Guam's internal image among the local population and the communities in which tourism operates has seen an even more significant decline.

The Pacific islands including Guam, the CNMI and Hawaii, have a history of colonization and repudiation against the indigenous cultures. Combined with a small subsection of travelers that are unaware of the cultural norms and practices of the destinations that they visit, can lead to a deep, visceral response by the local population. The byproduct of this is an adversarial relationship between tourism and the communities in which they are to promote, and one that can harm those who are seeking to truly discover and learn about the places they visit. These issues are exacerbated by the fact that most tourism activities in Guam are concentrated in one area, Tumon, which not only limits ingress and egress from the rest of the Island due to its topography, but also is seen as an area specifically designed to cater to tourists with a perceived disregard for local interests.

Due to the bias that some of the local population have of visitors to the island, tourism needs to serve as a place of cultural exchange; where conversation on traditions lead to an increased awareness and respect for those who visit, as well as those who are being visited. Meaningful local engagement in the tourism sector would at a minimum allow for a cultural exchange that could assist in expediting the true adoption of the visitor industry. In an optimal scenario, the local

population would adopt this cause and share their culture and traditions openly, which would contribute to a more authentic tourism experience for visitors and also ensure that the benefits of tourism are shared more equitably among the local community

Though there should be an initial push of more authentic cultural events in the Tumon/Tourism zone, such as street fairs, holiday festivals and block parties celebrating the CHamorro, a true emphasis should be placed on community events that expose the depth and richness of the culture. Investing in community fiestas to include visitor engagement and farmers markets that feature local products, artisans and crafts are all ideas that exist but need better programming and resources to be able to be featured beyond the communities that host them.

Further examples are Mes CHamorro or Guam Heritage Month, which should not only be promoted locally, but regionally and globally as these activities are not only unique to the destination but are exactly what international tourists are seeking in their travels. Storytelling and programming are essential to the success of these types of activities, but the indirect value lies in the positive impact these events have with Guam's tourism brand within the local communities.

Finally, the government should seek to provide resources to small businesses and invest in attractions that enhance the visitor's cultural immersion experience such as traditional ocean activities (fishing, snorkeling, diving), historical sites (Two Lovers Point and Peace Park) and heritage preservation projects (Guam Museum and Valley of the Latte).

Funded through PPP (Public Private Partnerships), federal government grants and the aforementioned bond issuance, these important projects will provide a boost to the local economy, add to the equity of Guam's tourism brand and impress on the stakeholder the importance of the visitor industry.

Strategically, any interaction between visitors and communities creates a bond between the participants and will impact their perceptions of each other. Travelers to Guam will become more personally vested in the destination and will themselves seek to preserve the CHamorro culture and traditions. This will engender a positive reaction from the local population which will then provide cyclical returns to tourism in the form of consumer sentiment and community support for additional resources.

II. Invest in Digital Media Promotions

Investing in digital media and promotions is a critical strategy to heighten the visibility of Guam as a premier tourism destination. However, funding should not occur until additional data is mined and reviewed.

PKF engaged a third party to conduct a summary audit of the website which revealed that hits and views to the GVB website far outpaced the number of unique visits to the visitguam.com site. Given that visitguam.com should be the landing page for any initial/unique visits to the website, a substantive investment and review of SEO (Search Engine Optimization) and back links needs to be conducted. Additionally, as stated in our previous review of the two websites, PKF believes a significant upgrade to the current visitguam.com website is required. Photos on the site seem unclear and blurry, there is limited use of video and

moving images and the site is text heavy and difficult to navigate. A professional agency should be engaged in order to upgrade the site and Guam's online presence.

Though GVB does provide basic content such as videos, interactive tours, and testimonials that highlight the island's beauty, cultural richness, and unique experiences through Instagram, Facebook, and TikTok, the media being posted has not been holistically curated. Additionally, GVB has executed influencer marketing campaigns including travel bloggers and influencers, who were invited to experience the island and share their stories. However, the pre and post analytics on how these programs were executed, or whether these campaigns were successful, were not shared with us.

PKF is recommending additional funding should be used to track and understand how platform users engage in travel decisions. Further investments should be made in researching the travel ecosystem on these platforms in order to micro target demographics that would identify consumers that would consider Guam an appealing destination in their next travel decision. Finally, funding should be allocated to create unique user-generated content that appeals to these identified audiences and foster organic engagement.

In addition to continuing the standard influencer indirect marketing initiatives GVB has already executed, PKF is recommending an investment in the newer forms of digital promotions, including community engagement which revolves around hosting and actively participating in targeted forums on platforms like Slack, WeChat and Discord. Also, AI advertising which utilizes technology to locate individuals across YouTube, Pinterest, LinkedIn, Twitter, and Reddit who are posting, discussing, or even viewing or liking posts, images or comments on Guam, and promote curated marketing messages to them based on their online profile.

Regardless of the platform or channel, all digital campaigns should be underpinned by robust analytics and tracking tools in order to ensure measurable success. This approach would allow for the monitoring of engagement rates, conversion metrics, and overall return on investment (ROI). PKF recommends engaging Digital media valuation specialists to ensure that these results are accurate and can be redeployed into future marketing initiatives.