2013 marks a significant milestone in tourism on Guam with the fiftieth anniversary of the Guam Visitors Bureau. Over the past fifty years Guam’s tourism product has matured into a world-class destination serving nearly 1.3 million visitors annually.

We’ve made great strides in 2012 and look forward to increased growth in 2013.

KARL A. PANGELINAN

The Guam Visitors Bureau was established in 1963 as the Guam Tourist Commission under the auspice of the Guam Department of Commerce, signaling the beginning of the Tourism Industry on the tropical island. In 1970, the commission was renamed to the Guam Visitors Bureau, and re-established as a public non-stock, non-profit membership corporation to promote Guam as a visitor destination. GVB is funded by the Tourist Attraction Fund and membership dues (less than 1% of total funding).

Tourism provides thousands of employment opportunities for Guam’s residents. Tourism accounts for over 50% to the Gross Island Product and is considered to be the main economic contributor to Guam's economy. As the official marketing agency for the Government of Guam, GVB strives to promote and develop Guam as a viable destination overseas. Additionally, programs, campaigns and events also support the duration and awareness of the local community in regards to the importance of tourism.

As GVB joins the island in welcoming the future of our industry, GVB envisions a healthy, vibrant, and ever growing visitor industry that generates business opportunities and employment for all residents, protecting the island’s heritage, cultural values and natural resources, and making positive contributions to the local community’s quality of life.

This is GVB’s vision re-imagined; our “Guam” version 2.0.

GVB Strategic Guiding Principles

1. Increase Arrivals
2. Focus marketing efforts on diversification throughout source markets
3. Grow small & emerging markets
4. Continue the development of the destination
5. Maintain a moderate growth rate
6. Focus on Guam’s unique Chamorro culture
7. Secure guaranteed funding
8. Improve GVB operations
9. Encourage community participation
10. Promote Guam as Micronesia gateway
FY2012 Arrivals Summary

Guam experienced an overall 10.7% increase in total arrivals, ending the year with a combined 1,270,161 visitors from all markets. The Japan market fully recovered from the 3/11 triple disasters, with the island welcoming 907,765 travelers from its largest source market. The Korean market also continued its upward trend with 165,143 visitors (+13.8%), and combined, Japan and Korea represent almost 85% of all arrivals. Taiwan positioned itself as the third largest Asian source market with 49,851 visitors (+22.5%).

Travel from Chinese markets remained mixed, with Hong Kong slightly down (-1.4%) and China (+46.3%) continuing to see significant gains, but together still account for only 17,436 visitors, or 1.4% of total arrivals. There was positive growth from the U.S. Mainland (53,329 pax, +10.1%), Hawaii (11,437 pax, +21%) and Australia (4,071 pax, +11.2%), while the Philippines (10,240 pax, -4.7%) declined slightly. Collectively, Micronesia (CNMI, Palau, FSM, RMI) made up 2.5% of total arrivals to Guam, with 32,156 visitors from the region. The biggest percentage increase for the year came from Russia (2,931 pax, +455%), which was granted visa waiver status in January 2012.

Japan Outbound & Market Share

If the Tourism Industry did not exist, every household on Guam would have to contribute an additional $3100 a year to make up the revenue lost. From Real Estate to Retail, Tourism has a positive impact on every industry.
GBV’s operations is funded through an eleven percent (11%) hotel occupancy tax, authorized through the Guam Legislature’s annual budget appropriations. In fiscal year 2012, Public Law 31-77 appropriated $14,487,625 to GVB, of which $13,314,823 for operations and $1,172,802 for special projects.

Hotel Occupancy Tax collections in Fiscal Year (FY) 2012 were up over 12% versus FY2011, and the Bureau’s operational budget of $13,314,823, was fully funded. However, Special Projects, which includes projects like Tumon and Hågåtña beach cleaning, Tumon landscaping and islandwide road maintenance, was underfunded by $82,096. GBV’s board, management and staff maintained a financially conservative philosophy in managing its expenditures to avoid statutory penalties associated with expenditures beyond allotments. Operating expenditures totaled $11,880,788 and $1,097,939 for Special Projects for the year, which does not include pass through appropriations, promotional in-kind contributions, community programs, and depreciation.

The Bureau received an additional $530,376 for pass through appropriations, $944,384 for Rainy Day fund and FESTPAC Trust Account (restricted), and $380,221 for prior year appropriations. This totaled $15,169,604 in allotment revenues. In addition, $172,243 in Federal revenues was granted to GVB through the American Recovery and Reinvestment Act (ARRA) 2009 for the completion of the Design Build Energy Upgrade project.

Direct appropriations from the Tourist Attraction Fund decreased 32% this year, from $10,001,716 in FY2011 to $6,792,247. This was primarily because of the $2,855,889 reduction in payrolls, due to the Limited Obligation HOT Bond, Series 2011A.

Marketing was the largest expenditure at $7.6 million, almost 5% more than in FY2011. Japan and Korea represented the largest share at a combined $5,686,784. At $1,838,358, personnel salaries and benefits increased 6% over last year due to increments, but represent only 16% of all operational expenditures.

Hotel room inventory (8,285) was down 6% from last year, with the decrease primarily due to GBV’s efforts to resurvey the properties to get a more accurate accounting of actual available accommodations. The weighted hotel occupancy rate (78%) was up 8 points versus FY2011, and the average daily room rate rose from $114 to $121. This year, the Bureau recognized $37,600 in membership dues, up 24.5% from the prior year due to it being an election year for membership directors, which occurs every other year.

FY2012 saw the launch of capital improvement projects that use proceeds from Hotel Occupancy Tax (HOT) Revenue Limited Obligation Bonds to fund the building of the Guam Museum as well as upgrade and refurbish some of our island’s historic sites, tourist attractions and community projects. Architects Laguana & Cristobal were selected to design the $27 million Guam Museum, with groundbreaking scheduled for early 2013 with a completion date target of late 2014. Other key projects that were initiated were San Vítores flooding mitigation, the Plaza de España and Inarajan Community Center restoration...
Guam remains well positioned to see continued arrival growth in FY2013. Assuming no catastrophic events occur, GVB has set an arrival target for next year at 1,310,000 (+3%). GVB also forecasts that Hotel Occupancy Tax collections, based on increases in hotel occupancy and room rates, is $26.2 million (+1.7%).

Japanese outbound travel is projected to remain strong in 2013, and if Guam can regain some lost market share, Japan arrivals should grow to 930,000 arrivals.

Based upon the Japan Exit Survey, the main motivations for selecting Guam are the beaches and short travel time. The goal for FY2013 is to continue to focus on the MICE market, improve brand image and increase market share. GVB will continue to work with our industry partners to promote longer stays, increased spending and more group travel.

The forecast looks positive especially with the addition of Jeju Air in late September 2012, and the announcement of Korean Air service from Busan in October 2012. Air seat capacity saw an 11% increase over FY2011, but next year should see an even greater increase of around 50%. This equates to 200,000 total visitors from Korea, which would be a record for the island.

A major challenge next year will be the shortage of quality hotel room inventory during peak seasons. This creates a bottleneck and hinders growth in new markets that do not have room blockages. GVB continues to work with the industry to mitigate the issue, and the opening of a new hotel, the Dusit Thani, will add 414 rooms. In the off-peak seasons, business (MICE) and group travel can address the historic shoulder periods.

The Bureau will continue to diversify by developing new markets like Russia and China. In mature markets like Japan, GVB will target higher yield, longer staying sub-markets such as the silver, wedding and honeymoon segments. Efforts to improve and develop the destination and promote the island’s unique culture will also make Guam more competitive and drive demand for the Guam’s tourism product. The China Visa Waiver opportunity is still very possible, and the Bureau stays prepared to take advantage if it is granted.
The Guam Museum

As Administrator of the Guam Economic Development Authority, current GVB General Manager Karl Pangelinan, successfully began projects under the Hotel Occupancy Tax Bond, which funds different projects on island to benefit the Tourism Industry, Guam’s largest economic contributor. One of the projects under the HOT Bond is the long awaited and anticipated Guam Museum.

The original Guam Museum was built in 1932 and about a decade later it was completely destroyed during World War II, with many artifacts dispatched for safe keeping to other museums and private collectors around the world.

In 1954, the Museum was under the Department of Land Management. In 1960, the Museum was transferred to Guam Public Library Board, where it remained for the next 30 years. In 1999, the Guam Museum became a division under Department of Chamorro Affairs.

Today, over a million artifacts of Guam are in storage, in warehouses or off-island until an adequate facility is available. Artifacts are currently being held in Rome, Italy; Madrid, Spain; Acapulco, Mexico; Washington, D.C.; Annapolis, Maryland; Manila and Cebu, Philippines and Honolulu, Hawaii.

The vision of the Guam Museum Foundation, Inc is to build a world class facility that is home for artifacts and historic documents; a dynamic cultural destination that reflects a sense of Guam and the Chamorro culture and stimulates community ownership and involvement.

What is the HOT Bond?

HOT stands for Hotel Occupancy Tax, which was created to fund the operations and functions of the Guam Visitors Bureau. HOT Bond Projects are Capital Improvement Projects that use proceeds from HOT Revenue Limited Obligation Bonds to fund the building of Guam’s first permanent and comprehensive cultural and educational museum as well as upgrade and refurbish some of our island’s historic sites, tourist attractions and community projects. The HOT Bond Projects were established by Public Law 30-228.

Other HOT Bond Projects

- Restoration of Plaza de España
- San Vitores Road Flooding Mitigation
- Hagåtña Vicinity Street Light Installation
- Governor Joseph Flores Memorial Park Enhancements (Ypao Beach)

For more information on the HOT Bond Projects:
www.guamhotbond.com