



# Marianas Visitors Authority 2017 Annual Report





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# MISSION STATEMENT

To promote and develop the Northern Mariana Islands as a premier destination of choice for visitors from throughout the world while providing a maximum quality of life for our people. We nurture and encourage cultural interchange and environmental sensitivity for visitors' enjoyment and for our children's children.



ROTA



TINIAN



SAIPAN



# MESSAGE



## *Hafa adai yan tirow wáámi!*

On behalf of the Marianas Visitors Authority (MVA), we are pleased to present our Fiscal Year 2017 Annual Report to our partners in the government, the private sector, and the community. We are pleased to share the details of the MVA's work through our off-shore offices and within The Marianas to promote Saipan, Tinian, Rota and the Northern Islands as a premier destination.

Visitors arrivals to The Marianas reached 653,150 total arrivals for FY 2017, a 30 percent increase in arrivals over the prior fiscal year. This was also the fourth highest fiscal year arrivals in Marianas history, the record being 726,690 in Fiscal Year 1997. The Marianas was recognized by the United Nations World Travel Organization as the 3rd fastest growing tourist destination in the world, a nod to strong source market outbound travel and our collective efforts in government, the private sector, and the community to strength the industry.

Due to strong air service by one national flag carrier and four LCCs, Korea regained its position as the top-performing market for the year, marking 66 percent growth to comprise over half of all visitors. As we expanded our reach into second-tier city in China, visitor arrivals from our second major source market increased 11 percent in the year and comprised 35 percent of total visitor arrivals. Arrivals from Japan decreased 16 percent on the year, comprising eight percent of total visitor arrivals; at the same time, sole carrier Delta Air Lines restated their commitment to The Marianas, paving the way for further collaboration as we revitalize The Marianas' image in this once top market.

This is the year we also launched our new brand, The Marianas, uniting all our islands under one name. Our new logo color scheme highlights the blue ocean of Saipan, the lush greenery of Rota, and the red hot pepper of Tinian. A new name for our new image we are building as a revived destination.



# MESSAGE

The Official Marianas Guide Tour Guide Certification Program was formally launched. This long-awaited program will help ensure higher visitor satisfaction as we work toward giving each visitor an enjoyable, informed, and safe visit to our shores.

To expand our reputation as both a sports tourism destination and a beach destination, two new signature events were launched in the year. The first ever IRONMAN 70.3 Saipan brought this worldwide brand and all its publicity to our scenic shores, and the 1st Annual Beer & BBQ Festival was held, bringing two of the best ingredients for vacation.

Named as the third fastest growing tourist destination in the world by the United Nations, The Marianas has a lot to be proud of. Yet, we refuse to sit on our laurels and will continue to aggressively market our islands and improve our product. As we all know, tourism is a volatile industry, and we must remain vigilant in our efforts. The MVA continues to meet the challenges of the tourism industry and build on our successes, and we thank all our private and public sector partners for your continued support.



Marian Aldan Pierce  
Chairperson  
Board of Directors



Christopher A. Concepcion  
Managing Director



# OUR BOARD

The Marianas Visitors Authority is governed by a 9-member Board of Directors. Five of these members are appointed by the Governor with the advice and consent of the Senate. The remaining four are elected by the members of the MVA. All members serve a term of four years. The main purpose of the Board is to set policies for the MVA's activities in order to fulfill its statutory responsibility as mandated by Public Law 11-15.



MARIAN ALDAN-PIERCE  
Chairwoman  
DFS Saipan Limited  
Appointed



VINCENT CALVO  
Vice Chairman  
Member, Rota  
Appointed



GLORIA CAVANAGH  
Secretary  
Mariana Resort & Spa  
Elected



NICK NISHIKAWA  
Treasurer  
Hyatt Regency Saipan  
Elected



EMMA VILLAGOMEZ  
Member  
DFS Saipan Limited  
Appointed



JERRY TAN  
Member  
Tan Holdings Corp.  
Elected



KJ KIM  
Member  
Tan Holdings Corp.  
Appointed



CHRIS NELSON  
Member  
Marianas Trekking  
Elected



JUAN BARCINAS  
Member, Tinian  
Appointed

The following Directors also served in FY 2017:  
VICKY BENAVENTE, Pacific Islands Club Saipan,  
Elected



# HIGHLIGHTS

## Visitor Arrivals

FY 2017 marked the sixth consecutive year of growth in visitor arrivals to The Marianas, indicating a firm recovery of the tourism industry. A total of 653,150 visitors came to Saipan, Tinian, and Rota, a 30 percent increase over FY 2016. The Marianas was recognized by the United Nations World Travel Organization as the 3rd fastest growing tourist destination in the world. This was also the fourth highest fiscal year arrivals in Marianas history, the record being 726,690 in Fiscal Year 1997.

Due to strong air service by one national flag carrier and four LCCs, Korea regained its position as the top performing market for the year, marking 66 percent growth to comprise over half of all visitors. As the MVA expanded its reach into second-tier cities in China, visitor arrivals from this second major source market increased 11 percent in the year and comprised 35 percent of total visitor arrivals. This marked a steady double digit increase trend of 41 percent in FY 2016, 15 percent in FY 2015 and 43 percent in FY 2014. This growth was supported by the U.S. Dept. of Homeland Security and the marketing and promotions of MVA's representative offices in Beijing, Shanghai, and Guangzhou. Arrivals from Japan decreased 16 percent on the year, comprising eight percent of total visitor arrivals. Meanwhile, the MVA launched several initiatives to revitalize the image of The Marianas in the market and increase the value of the destination in travelers' minds.

## Marketing Highlights

In January 2017, the MVA launched a new brand and logo for The Marianas, replacing the old brand and stamp of "Saipan, Tinian, Rota." As The Marianas enters a new tourism era, the time is right to renew its image in its source markets. The Marianas brand allows the MVA to bring the islands – Saipan, Tinian, Rota, and the new frontier of the Northern Islands – under one common name while still emphasizing the individual attractions and qualities of each by name and with different colored logos, when appropriate



A number of innovative marketing strategies were undertaken suited to individual major sources markets. The most successful of these strategies included the Marianas 30 Treasures initiated in Japan and splashed across publications, social media, videos, outboard displays and more; the launch of the "Paradise for Everyone" and appointment of celebrity Lee Jae Hoon as Marianas Tourism Ambassador in Korea; and targeting of higher spending, upper middle class visitors from China.



# HIGHLIGHTS

## International Exposure

In its efforts to spur demand, the MVA was successful in negotiating over \$52.5-million in unpaid media exposure in source markets by negotiating coverage of the NMI in major media channels. This included \$9.4-million in Korea, \$10-million in China, \$3.3-million in Japan, \$23.5-million Taiwan, and \$6.3-million in Russia.

## Flight Development

One national flag carrier and 4 LCCs – Asiana Airlines, Jeju Air, Jin Air, T’way and Eastar Jet – provide Incheon-Saipan flight services from Korea, while Asiana Airlines and Jeju Air also offer flights between Busan and Saipan.

From China, HK Express launched direct flights from Hong Kong to Saipan in January 2017, flying three times a week to The Marianas. China was the strongest market in breadth ever: Direct flights from thirteen 1st and 2nd tier cities at most, including regular flights from Beijing, Shanghai, Guangzhou, Hangzhou, Hong Kong, and seasonal flights from Changchun, Shijiazhuang, Tianjin, Jinan, Wuxi, Nanjing and Nanchang.

In Japan, the MVA continued to face challenges with securing and retaining direct flights to the Northern Marianas, with one daily flight operated by Delta Air Lines from Tokyo. Airlift from Japan remains the number one priority for the Japan market, with low-cost airlift to The Marianas urgently needed. Discussions with other airlines for additional service from unserved cities brought several issues to light, including: limited slot availability for regularly scheduled flights, wariness by travel agents to assume complete financial liability for charter flights, Japanese dissatisfaction with the destination, and more. The MVA continued aggressive negotiations through its Airlift Development Team. Meanwhile, Delta Air Lines announced plans to begin using larger aircraft and add an additional 24 seats to Saipan beginning in November 2017.

The opening of Jeju Airlines in Vladivostok Russia, provided a more convenient transit to Saipan via Seoul, Korea. Discussions were also undertaken with several airlines on the possibilities of direct service from Russia again.

## Signature Events

Triathletes from around the world gathered in March 2017 for IRONMAN 70.3 Saipan, the newest race in the IRONMAN circuit. While over half of the 181 competitors hailed from Japan, over 20 Koreans registered for the race, with 22-year-old Kwang Hoon Lee becoming the first IRONMAN in Saipan history with a 4:46:19 fin-





# HIGHLIGHTS

ish. Other sporting events for the year included the Hell of the Marianas century cycle, Annual Tagaman Triathlon, Annual XTERRA Saipan Championship, and Saipan Marathon. To gain greater international recognition for the Saipan Marathon on March 25, 2017, the Marianas Visitors Authority (MVA) has successfully received race certification with the International Association of Athletic Federations (IAAF) through the Association of International Marathons and Distance Races (AIMS). IAAF uses the measurement standards of AIMS, an association of over 400 race organizations in 100 countries and territories around the world.

The inaugural Marianas Beer & BBQ Festival on Nov. 4, 2017, showed promise for future growth as the newest signature event of the MVA. Over three hundred attendees bought into the full \$25 package that included beer and wine servings, samples, and more during the event from 5-11 p.m. at Garapan Fishing Base, with many more in attendance. Other community events held included Christmas in the Marianas, Annual Tinian Hot Pepper Festival, Tourism Month, and Annual Taste of the Marianas International Food Festival & Beer Garden, and International Festival of Cultures.



## Destination Enhancement

To adequately address the growing number of projects undertaken, the Product Development division oversaw destination enhancement with the assistance of a professional architect and engineer. The following projects were completed or initiated in FY 2017:

- On Saipan, Tinian, and Rota: Flower Islands Project
- On Rota: Tachogna Beach Structures; Japanese Sugar Mill Train Restoration; Tweeksberry Beach Improvements; Songsong Lookout Repairs; MVA Rota Office Improvements
- On Tinian: Kammer Beach Pavilion and Restroom Improvements; Taga Beach and Tachogna Beach Restroom Improvements;
- On Saipan: Forbidden Island Lookout renovations, Iconic “SAIPAN” sign in Marpi, Landscaping Services in Garapan on Beach Rd. and Coral Tree Ave.; Lifeguard, Security, Maintenance and Cleaning Services; Airport Giant Photo Display; Tourist Site Signs; Santa Lourdes Shrine Signage; Mt. Tapochao, Banzai Cliff, and Forbidden Is. Signage; Garapan Area Trash Collection Service; Christmas in The Marianas Lighting; Northern Mariana Islands Museum of History & Culture Renovations; Sugar King Park Improvements; Oleai Sports Complex Track and Field Facility Renovation
- Airport Experience: the installation of 7 APC machines at the Saipan International Airport to expedite immigration processing, a project also supported by Imperial Pacific Int’l; implementation of the Saipan Airport Ambassadors program to assist arriving passengers with using the machines and filling out forms.

During FY 2017, 427 groups in the Beautify My Marianas program collected a total of 30,450 lbs. of trash.



# HIGHLIGHTS

## Tour Guide Certification Program

Commonwealth of the Northern Mariana Islands

### THE OFFICIAL MARIANAS GUIDE

Tour Guide Course Manual  
2018 Edition



PL 18-58 gives the MVA the authority to implement a Tour Guide Certification Program. With the support of the Northern Marianas Commonwealth Legislature, the groundwork was laid for the launch of the Tour Guide Certification program created by PL 18-58.

Various agencies were consulted to identify the environmental, cultural and practical concerns related to tourism. These comments were incorporated into rules and regulations drafted in late 2016 to govern the Tour Guide Certification program, with the subsequent implementation of the rules and regulations in October 2017. MVA partnered with Northern Marianas College to provide training for qualified tour guides under a Memorandum of Understanding signed by heads of the two institutions in August 2017. The training would include an intensive 20 hours covering nine classes and a final examination. Classes were scheduled to begin in October 2017 following an orientation meeting with tour guides earlier in the month.

## Awards

The Marianas also continued to receive international acknowledgement for our work as a tourist destination, including:

- **2017 Top 5 Overseas Destination – Optional Tour** at the International Tourism Destination Summit in Beijing in April
- At Japan Marine Diving Fair in April
  - Teteto Beach in Rota won **“2nd place Reader’s Choice Best Beach”** and Managaha in Saipan won 5th place in the same category
  - Saipan, Tinian, and Rota combined won **“4th place Reader’s Choice Best Diving Area, Overseas”**
- **Best Island Destination** at China Travel & Meetings Industry Awards in June
- **Best Island Travel Destination**, 4th Shenzhen International Tourism Expo
- **Best Island Destination Award**, China 2017 National Tourism Awards
- **2017 Top 5 Overseas Destinations–Optional Tours**, China International Tourism Destination Summit
- **2017 Partnership Award**, 8th Korea Travel Times True Partner Awards
- **Destination Marketing Organization partner**, Jeju Air, Korea





In FY 2017, Korean arrivals to the Northern Mariana Islands (NMI) registered a total of 333,069, a 65.8 percent increase compared to the previous year's 200,875.

The Korea Tourism Organization (KTO) reported that the number of Korean outbound travelers is expected to exceed the benchmark of 27.3 million in 2016, up 15.9% from last year. The second passenger terminal at Incheon International Airport will open on Jan. 18, 2018, to welcome athletes for the 2018 PyeongChang Winter Olympics. South Korean air ticket prices have fallen an average of 26 percent over the past six years. A report by Interpark Tour indicates the average annual unit price over the period from 2011 to 2016 fell from \$655.74 to \$490.72). In terms of destinations, the Oceania region experienced the biggest drop in air ticket prices of 34 percent. Interpark Tour attributed the drop to the growing number of low-cost carriers (LCCs). It concluded that an increase in the number of LCC direct flights led to price competition and contributed to growth in the number of overseas travelers.

The Marianas is promoted as an active sports travel destination through joint campaigns with sports brands and through media visits. Opportunities are sought to organize large-scale TV filming projects with major Korean TV networks, generating extensive positive exposure. As part of its celebrity marketing strategy, celebrity Lee Jae Hoon was appointed a Marianas Tourism Ambassador. Associated PR and promotional activities were conducted in both Korea and The Marianas with Lee, who will continue to visit The Marianas for both leisure and business purposes and publish social media posts about his experiences. He will also contribute to media tie-in programs, participate as either host or performer in MVA official offline events, and produce film video clips.



## Flight Development

One national carrier and four LCCs (two more than FY 2016) operated Saipan flight services from the two major Korean cities, Seoul and Busan, in FY 2017. The five airlines' average load factor was 81 percent.

Asiana Airlines operated double daily flights from Incheon throughout the year and daily flights from Busan to Saipan from November to February. Jeju Air, Korea's largest low-cost carrier (LCC) airline, operated two daily flights from Incheon throughout the year. LCC Jin Air and Estar each offered daily service from Incheon to Saipan throughout the year, and T'way launched daily service on the same route in December 2016.

Jeju Air was scheduled to daily flights from Busan to Saipan in December 2017.

To take advantage of this additional air seat capacity to the NMI, the MVA worked with the airlines to promote their new services. This collaboration included a range of joint co-ops, including advertising campaigns, consumer events and joint travel trade co-ops.



## Travel Trade Marketing

**Trade Seminars** are planned and executed to acquaint key travel agents with MVA promotional strategies and to provide updates on recent tourism developments in Saipan, Tinian, and Rota. In FY 2017, the seminars were:

- The **Mode Tour International Travel Show** was held at SETEC in Seoul on Oct. 13-16. With over 72,000 visitors, 220-billion won worth of sales were made during the 3-day event. A premium booth feature Mariana images, and Marianas Guidebooks and travel bags were distributed through a Marianas puzzle game as promotional items.
- The **Marianas New Year Party** was held on Jan. 9 & 10 with 120 travel trade partners in Seoul and 100 in Busan. FY 2017 marketing plans were introduced and an appointment ceremony was conducted for Marianas Tourism Ambassadors Jiyeon Park, a celebrity entertainer, and Jaehoon Lee, a singer.
- The **Honeymoon Wedding Fair** was attended on Feb. 10-12 in Busan in partnership with Honeymoon Club. A booth featuring beautiful Marianas images was operated during the fair.
- A **Busan Education Seminar** was held with held for 100 Hana Tour and Mode Tour retail agents on Feb. 16 at The Party. A market update and the MVA's FY 2017 marketing plan were presented, and mini guidebooks and Barrel waterproof phone cases were distributed as giveaways.
- The **SM Town Travel MICE Seminar** on Apr. 25 allowed the MVA to partner with Korea's #1 MICE specialist travel agent in reaching 21 staff from major corporations.
- The **2017 Hana Tour International Travel Show** was held at KINTEX at Goyang on June 8-11 for consumers and retail agents of Hana Tour. A grand-scale dome-style booth displayed 360-degree VR of Saipan, Tinian, and Rota and an Instagram hashtag event was held. The show attracted 100,000 people and over 200 visitors participated in the SNS event. Approximately 1,150 individuals booked Marianas tour packages on the show.
- The **Korea World Travel Fair** was held on Aug. 24-27, where the MVA supported Lotte JTB's booth with golf umbrella and bag-in-bag giveaways.





**Trade travel network events** strengthened valuable partnerships with Marianas partners and wholesalers and receptive operators specializing in the Northern Marianas destination:

- The **3rd Marianas Cup with GS Club** was held with 30 members on June 23 to strengthen relationships with industry partners and share up-to-date information about the Northern Marianas.
- A **Meeting with Key Tour Operators** was held on Nov. 9 with nine participants to share details of the FY 2017 marketing strategy and agent support programs.
- A **Managers Meeting with Key Agencies** was held on Dec. 1 with 20 travel agency team manager to provide details of the FY 2017 market strategy and information on new support programs.

**Travel agent FAM Tours** included a series of travel agent familiarization tours to provide hands-on travel experience in the NMI to leading travel wholesalers and retailers in Korea. This year's agent FAM tours were:

- The **Kensington Discovery FAM Tour** was held on Oct. 26-29 with 28 participants from 24 travel agents.
- The **Golf FAM Tour Support with Lao Lao Bay Golf & Resort** was held on Nov. 10-13 with 12 participants from 10 travel agents.
- The **KMTC Golf FAM Tour** was held on Jan. 12-16 with 9 participants from 6 travel agents.
- The **Honeymoon FAM Tour** with Honeymoon Club was held on Mar. 5-9 with 7 participants from 7 travel agents.
- The **SM MICE FAM Tour** was held on Mar. 22-26 with 244 participants from 18 major corporations.
- The **Kensington Discovery FAM Tour** was held on Apr. 12-15 with 15 participants from 12 travel agents.
- The **Marianas Golf Study Tour** with Lao Lao Bay Golf & Resort and Coral Ocean Golf Resort was held on May 17-20 with 20 participants from 18 travel agents.
- The **Marianas Study FAM Tour** with Mode Tour was held on Sept. 15-19 with 21 participants from 20 Mode Tour retail agents.

**Tie-in Promotions** were implemented through several joint marketing promotions. This promotion is designed to encourage travel agents to develop new tour packages and to increase sales volume. The following **travel trade promotions** were developed:



- **Marianas Sales Contest** with Asiana Airlines targeting 10 travel agents during the shoulder season (November-March)
- **Marianas Sales Contest** with Jeju Air targeting seven travel agents during the shoulder season (October-November)
- **Inaugural Promotion** with Eastar Jet promoting the airline's new Seoul-Saipan route with Facebook and in-flight events with giveaways (October-November)
- **Marianas Advertising Campaign** with Naeil Tour placing Marianas image ads on 440 buses (October-November)
- **Marianas Swimming Class Promotion** with Airtel.com, generating 69 Marianas tour package bookings via a Saipan keyword ad on the portal site (November-December)
- **Inaugural Promotion** with T'way Air to promote the airline's new Seoul-Saipan route via radio advertising and an online event with Hyatt Regency Saipan. T'way Air's launch ceremony on Dec. 23-24 was also supported
- **Coat Room Promotion** at Incheon airport with T'way Air and iTrip via the airline's website and SNS channels generated exposure for the tropical Marianas (Dec. 26-Mar. 31)
- **Marianas Sales Contest** with Jeju Air launching special web pages during the annual show season (January-March)
- **Marianas Sales Contest** with Jeju Air Busan targeting nine travel agents who created special web pages during the annual slow season (January-March)
- **Sales Co-op Promotion** in Busan conducted magazine, subway, and KNN TV advertising with Hana Tour and an Instagram hashtag event, kids bathrobe production, and destination brochure development with Mode Tour (January-June)
- **Mega Promotion** with Mode Tour featuring online, subway, and radio advertising, an education seminar, and a retail agent FAM tour (January-September)
- **Marianas Sales Contest** with Asiana Airlines and six travel agents, Jeju Air and five travel agents, and Jin Air and 11 travel agents (February-April)





- **MICE Promotion** with Sejong Travel developing special online events and supporting promotional tools (February-March)
- **VR Expo** participation with AVA Entertainment playing VR content of Saipan, Tinian, and Rota in a 360-degree dome at the co-op booth (Mar. 9-11)
- **Rota Promotion** with Jin Air providing roundtrip air tickets between Saipan and Rota through an online consumer promotion
- **Marianas Sales Contest** with Jeju Air and five travel agents creating special web pages (March-April)
- **World Resort Saipan and PIC Golf Tournament** providing golf umbrellas and Boston bags for the Worldpro Golf Tournament and PIC Saipan Golf Tournament (Apr. 2-8, Apr.20-21)
- **2017 ANTOR Road Show** in Gyangju with over 110 travel agents (Apr. 12)
- **Marianas Culinary Promotion** with Hana Tour and a Korean celebrity chef (April-May)
- **Radio and Bus Ad Promotion** providing part-cost support for radio and bus advertising (June 28-July 31)
- **1st Anniversary of Kensington Hotel Saipan** (July 14-16)
- **Tinian Promotion** with Jin Air providing cash support for flight ticket between Saipan and Tinian through a Jin Market and Tinian Illustration promotion to consumers (July-September)
- **Giveaway Promotion** with Jeju Air Busan producing Barrel waist bags for a promotion with five travel agencies holding Jeju Air seat blocks (September-October)
- **Mega Promotion** with Hana Tour including online, subway, and electronic direct marketing, a sales contest targeting retail agents, and FAM tour (September-December)
- **Social Commerce Incentive Promotion** aiming to boost travel agencies' sales on their social commerce platforms (October-June)

The **2017 Home Shopping Support Program** aimed to increase Marianas tour products via TV home-shopping channel networks. The program encouraged agents to continuously include Marianas products in their promotions by subsidizing the cost of the promotion. The program resulted in 19 NMI home shopping program and over 14,000 visitor arrivals through related sales.



The **MICE Group Support System** launched in FY 2008 was continued through FY 2017 to increase group travel from Korea. The program encouraged sales and supporting group wholesalers and tour operators by subsidizing the cost of large tour groups to The Marianas. In FY 2017, the program was operated year-round, with special attention to the low demand seasons when arrivals were normally lower. Six incentive groups representing 697 visitors availed of the program during the year.

The **Golf Product Incentive Program** continued throughout the year to boost golf group travel. The program encouraged sales and supported ground wholesalers and travel agents by subsidizing the cost of golf group tours, resulting in seven golf groups of over 538 visitors, more than double compared to the previous year.

• **Northern Marianas' Festivals Marketing** sought to actively promote major events in the NMI, including the Saipan Marathon and Hell of the Marianas. A variety of marketing and PR tools were utilized to increase awareness of the islands and boost sales of special tour products related to these events. For the Festival of Runs, a quiz event was conducted in collaboration with ASICS on the sports apparel company's special festival Facebook page.

- **IRONMAN 70.3 Saipan** was promoted with three key travel agents, airlines, and hotels. Also, a co-op promotion with NOEXCUSES, the largest online/offline sports community in Korea, was

2017 Home Shopping Support Program					
No.	Travel Agency	Product	Aired Date	Calls	Sales
1	YB Tour	PIC Saipan 4N/5D	Oct. 1-2	1,000	560
2	Very Good Tour	Fiesta 4N/5D	Oct. 1	1,200	288
3	Lotte JTB	PIC Saipan 3N/4D	Oct. 8	1,200	1,070
4	Tour Baksa	PIC Saipan 3N/4D	Oct. 30	3,000	450
5	Mode Tour	Kensington Hotel Saipan	Nov. 12	3,050	366
6	KRT	PIC Saipan 4N/5D	Dec. 4	3,200	480
7	Online Tour	Kanoa Resort 4N/5D	Dec. 10	3,657	329
8	Bomulsum Tour	Kensington Hotel Saipan	Jan. 21	2,750	750
9	YB Tour	PIC Saipan Gold 4N/5D	Jan. 29	1,065	235
10	Redcap Tour	Kensington Hotel Saipan	Feb. 4	3,000	582
11	Interpark Tour	PIC Saipan 4N/5D	Feb. 25	2,213	800
12	Tour Baksa	Fiesta Resort 3N/4D	Feb. 26	1,000	149
13	Hanjin Travel	Kensington Hotel Saipan	Mar. 11	2,800	448
14	Mode Tour	Hyatt Regency Saipan 3N/4D	Mar. 17	5,000	3,048
15	Very Good Tour	Kensington Hotel Saipan	Apr. 1	2,500	400
16	Online Tour	Kensington Hotel Saipan	Apr. 1	3,000	1,513
17	KRT	World Resort 4N/5D	Apr. 8	1,800	144
18	Airtel.com	Kanoa Resort, Fiesta Resort & Kensington Saipan	Apr. 19-22	3,000	1,972
19	Bomulsum Tour	Fiesta Resort 4N/5D	May 13	2,900	420



conducted, with 24 athletes participating in the race (February-March)

- **Tagaman Triathlon 51.50** on June 24 was promoted with Tanus, the airless bicycle tire company, and in senior triathlon sports communities via event web pages using the MVA logo and event images
- **12th Saipan Marathon** was promoted with 13 key travel agents via event web pages and by supporting those agencies who sent more than 10 marathoners through tour packages (February-March)



## Public Relations

The MVA's Korea public relations campaigns secured over \$9.3 million in unpaid advertising value in FY 2017. The ad exposure was made through 1,095 media publication and outlets with a combined circulation of over 489 billion readers, viewers, and others. These included:

- **Television Filming/Media Projects** were implemented in collaboration with major Korean TV networks to position The Marianas as the perfect travel destination by highlighting its attractions, history, culture, leisure activities, and cuisine :

- **"World Theme Travel"** on EBS: four episodes (50 minutes) on Saipan, Tinian, and Rota and aired in March with an ad exposure value of \$1,364,510.
- **"Everywhere K"** on KBS 1: one episode (50 minutes) on Saipan, Tinian, and Rota aired in July with an ad exposure of \$806,138



- **"One Night Food Trip"** on Olive TV: four episodes (50 minutes) filmed on Saipan and aired in August with an ad exposure value of \$763,804
- **"Delicious Guys"** on Comedy TV: three episodes (50 minutes) filmed on Saipan and aired in October with an ad exposure value of \$314,293

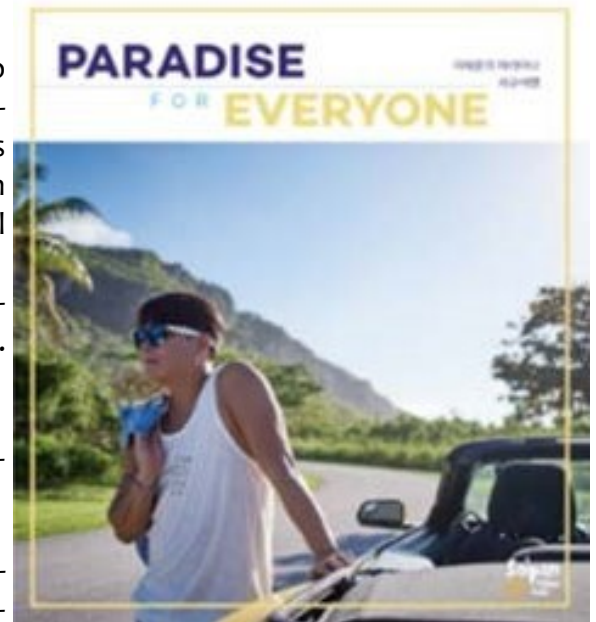


- **TV and radio promotions** were undertaken to portray the Northern Marianas as a highly dynamic travel destination, including:

- On JBTC's "Phantom Singer" the MVA provided a 3rd place travel voucher for four pax, including accommodation and roundtrip airfare. The MVA's logo and subtitle were featured at the end of the program. The voucher was won by the quartet Hungsprezzo, comprised of four well-known male vocalists .(November-January)

To capture both the Family and FIT target segments, through celebrity influence, the MVA worked with Marianas Tourism Ambassadors Ji-yoon Park and Jae-hoon Lee.

- Lee's new single video "Peter Pan" was filmed in Saipan and Rota to share the islands' beauty and charm with his followers. The video achieved 18,000 views on YouTube and Facebook.
- A special photo shoot and video filming was conducted with Lee and Park for the production of a mini-guidebook and promotional videos targeting families and FITs seeking family-friendly and exciting leisure activities.
- Park and singer Hwangbo conducted a fashion photo shoot in Tinian and Saipan for Park's fashion brand DIC-COTE. The photo shoot aimed to position The Marianas as an attractive, safe, and trendy destination for women and families through Park's wide influence in the general public, especially those in their 20s-50s.
- Tour certificates for flights to Saipan and hotel accommodations were provided for Lee's Year-end Concert on Dec. 16-18 at Blue Square Samsung Card Hall.



Updates were made to the MVA official website and Marianas Guidebook in Korea:

- The **MVA's official website** in Korea was given an update of its overall layout, design, and content. In addition, a mobile version was created to enhance its accessibility to potential visitors/readers.
- The **Marianas Guidebook** was updated to feature Marianas Tourism Ambassador Jae-hoon Lee on the cover. A new version of the official guidebook will be distributed to general customers through the official website and as giveaways.
- An **online version of existing mini travel guides** was development in cooperation with guidebook publisher iPortfolio. The aim was to provide Marianas information for its "Travelloon app by iPortfolio," a company that provide a platform for smart guidebook services.





To expose The Marianas as a highly dynamic travel destination, special feature articles and high resolution photos were developed and distributed to key **magazines and newspapers**. These included:

- A 2-page print advertorial was distributed to four leading **national family living and infant guide magazines**: Women Sense, Woman Joongang, Women Chosun, and Mom & Infant. The advertorial was produced with Marianas Tourism Ambassador Jiyeon Park to increase awareness of The Marianas as the most family-friendly travel destination. The total circulation was 410,00, and the ad exposure value was \$120,000.
- Advertorials were distributed to **eight leading travel media on- and offline**. The advertorials promoted The Marianas as the perfect travel destination in print media Global Travel News, Korea Travel News, and The Korea Travel News and online media Nocut News, Travel Daily, Travel Leisure Plus, and TTL. Total circulation was 1,585,000 and ad exposure value was \$110,000.
- Feature articles were placed with outstanding **travel publication** Korea Travel News, Travel Leisure News, and Korea Tourism News. The ad exposure value was \$84,000.

Photo and video filming for **celebrity marketing** aimed to maximize the exposure of the natural beauty and exotic atmosphere of The Marianas in online and offline media:

- A 10-page fashion photo shoot in fashion magazine Singles was shot with actress You-Jung Kim, with an accompanying feature introducing The Marianas. The celebrity photo shoot was released in both print and on the magazine's official social media channels. (\$60,000 ad exposure value)
- A photo exhibition was held in Korea following a "Photo Trip with Celebrities" to Rota with celebrities including noted photographer Jihwan Bae, movie star Jungin Lee, U-la-la Session's Myung hoon Kim, and three members of K-pop group Nine Muses. The exhibition aimed to position Rota as an ideal destination for photographers and FITs. The project also maximized online exposure, creating \$230,000 ad exposure value and more than 120,000 "likes" via the celebrities' Instagram accounts. The 7-day photo exhibition also attracted 5,000 visitors.



Several **media and blogger FAM tours** promoted various aspects of The Marianas, including cultural history, cuisine, and leisure activities, by inviting powerful media to experience the destination hands-on. The tours generated over \$3.5 million in ad exposure value:

- **Fuji Film Blogger FAM Tour** welcomed 13 influencers to Saipan and Tinian (October)
- **Marianas Photography Trip with Canon Academy** took participants and potential FITs to Rota to raise awareness of its attractiveness (December)
- **Artistic Marianas FAM Tour with Jin Air** recruited skilled calligraphers and illustrators to depict various eye-catching images of Saipan and Rota. Fifteen participants, either contest winners or professional illustrators, visited the islands (December)
- **Underwater** magazine explored the Blue Paradise of The Marianas underwater world in Tinian, Rota, and Saipan, introducing the most popular dive spots. (October & November, \$200,000 ad exposure value)
- **JongAng Ilbo**, Korea's top newspaper with a circulation of 2.3 million, visited Saipan, Rota, and Tinian on an in-depth discovery tour of attractions, culture, lifestyle, dining and history. Special focus was given to water leisure activities, including open water diving certification. The visit resulted in two full-page feature articles and five special online articles (November-early 2018; \$90,000 ad exposure value)
- **Tour de Monde Finds Beautiful Marianas** was featured in Korea's leading travel magazine to raise destination awareness of Tinian, Rota, and Saipan and position The Marianas as the perfect travel destination for the winter season. The 20-page Marianas special coverage was published in the January edition of the magazine, which circulates 70,000 copies. (\$100,000 ad exposure value)



## Consumer Promotions

Consumer promotions provided the opportunity to showcase the unique product offerings of the Northern Marianas directly to potential travelers. In FY 2017, consumer promotions included:



- **Promotion with third parties and NMI tourism partners** aimed to increase awareness of the islands as an attractive vacation destination:
  - **Marianas Travelogue Contest with VOLO O** was an online event to encourage users to share their travel stories, good memories, or exciting travel plans about The Marianas (December)
  - A **co-op with BARREL Korea** sportswear brand invited ambassadors of BARREL and its content creation team to The Marianas to generate viral videos, films a TV commercial and conduct a series of consumer campaigns. The online exposure generated up to 100,000 “likes” via the celebrities Instagram accounts. (May-August, \$1 million ad value)
  - In a contest with leading sports brand **ASICS** to increase awareness of Saipan Marathon 2017 and promote , the MVA provided airfare, accommodations, and activities for five winning couples.
  - The **GoPro Social Media Influencer FAM Tour** targeted young travelers in promote The Marianas as the ideal leisure activity travel destination. Participants took video and photographs in Rota, Tinian,, and Saipan, capturing the islands’ activities, natural scenery, and attractions. The eight participants uploaded 178 related Instagram posts.
  - The **Yokmang Smootheir Social Media Event** partnered with the healthy diet drink brand owned by Marianas Tourism Ambassador Ji Yoon Park. Two travel vouchers were awarded to the 1st place winner. Over 4,800 people participated in the event, resulting in 534 posts.



## On-line Marketing conducted in FY 2017 included:

- A creative e-newsletter entitled “**Marianas Newsletter**” was developed and distributed on a monthly basis, drawing readers’ attention with its humorous narrative style of writing and trendy layout design. The newsletter mainly focuses on a variety of news/information related to The Marianas.
- **Social media marketing** was conducted throughout the year to promote the Northern Mariana and increase online traffic on social media channels, including an official Instagram account. Instagram is the most popular social media in Korea. Social media marketing included:

- **Marianas Supporters' Program**, a series of FAM tours launched in January with digital influencers under various themes such as festival, seasonal activities, and the latest trends in The Marianas. The program generated 678,000 "likes," 135,600 shares, and comments from 10,000 Instagram followers.
- **Content Creation and Promotion with Travelholic**, the leading travel-themed social media channel/community in Korea. Ten posts were uploaded on Facebook, Instagram (170,000 followers), and Naver Post (90,000 followers). The content gained 94,864 "likes," 20,457 shares, and many comments.
- **9 social media consumer events** on Facebook, Instagram, and YouTube, which generated 25,400 "likes" from 1 million viewers and over 10,000 event participants. The events were:
  - **Saipan/Tinian/Rota in My Hand VR Campaign** (February)
  - **Holidays in Saipan and Rota Campaign with Barrel** (February)
  - **MVA YouTube Launch Event** (March)
  - **Show Me The Marianas Campaign** (May)
  - **Yokmang Smoothie Best Review Event** (June)
  - **KONQER Saipan Promotion** (August)
  - **Rota Photo Exhibition Promotions** (August)
  - **Let's Go to Saipan For Your Late Vacation Event** (October)



## Strategic Goals for FY 2018

- Target for Korea to become the number one source country for The Marianas in terms of visitor arrivals in FY 2018 by enhancing co-op promotions with airline partners Asiana Airlines, Jeju Air, Jin Air, and T'way to ensure a stable supply of air seats to the destination.
- Develop strategic marketing co-op programs with Jeju Air, Eastar Jet and T'way to create new Marianas' tour packages targeting travelers in their late 20s and 30s. Also, collaborate with Asiana Airlines to develop new marketing opportunities and increase MICE group and high-consumer visitation.
- Position the Marianas as a destination for Koreans of all ages. A strategy encapsulated in the catch phrase "Paradise for Everyone" will be used in all travel trade marketing and communications programs.
- Develop up-to-date promotions targeting key segments, including MICE, Golf, Social Commerce, Hon-





eymoon and Home-shopping channels, in co-op with key travel trade partners to maximize sales volume.

- Organize trade FAMs and seminars as part of the travel trade marketing program. Also, participate in the major Hana Tour and Mode Tour international travel shows to update destination information and develop new and creative tour packages.
- Draw public attention to The Marianas as the must-visit tour destination in Korea by utilizing a variety of content created and produced by well-known Korean celebrities.
- Continuously expand existing awareness of The Marianas via extensive media tie-in campaigns and build base awareness of the destination as being perfect for FIT travelers with exciting activities.
- Strategically select media channels to target different target segments and develop tailored programs to deliver appropriate key messages that ensure exposure in the Korean media of all three islands.
- Strengthen the collaboration with major TV networks to seek sponsorship and PPL opportunities to secure more in-depth coverage of The Marianas.
- Strengthen The Marianas' online presence by posting appealing images and videos that best feature beautiful scenery and cultural, sports, and other signature events.
- Continuously connect various social media channels such as Facebook, Instagram, Naver Blog and YouTube with the #ParadiseforEveryone campaign.
- Ensure signature Marianas sports events, especially Saipan Marathon and Ironman 70.3 Saipan, are included in marketing/communications programs and collaborate with consumer brands to position the islands as an exciting sports destination.



## 2018 Upcoming Activities

- Destination Campaign with Airlines: launch new tour products to increase awareness of the Marianas and boost the volume of air ticket sales with Asiana Airlines, Jeju Air, Jin Air, and T-way
- Hana Tour International Travel Show: participate in the major opportunity to directly meet over 2,600 Hana Tour retailers and salesmen and to raise awareness of The Marianas as the best vacation destination among over 100,000 Korean leisure travelers in Seoul and Busan
- Mode Tour Travel Mart: participate in this major opportunity to meet Mode Tour retailers and Korean leisure travelers and raise awareness of The Marianas as the best leisure destination to over 70,000 potential general consumers
- Marianas Sales Seminars: to educate travel trade and media by providing up-to-date Marianas destination





information and to conduct brainstorming sessions to increase sales volume and strengthen relationships with partners

- Key Travel Agent and MICE FAM Tours: to invite key travel agents who have blocked flight seats to develop new Marianas' products that introduce new tour spots and facilities in The Marianas. In addition, encourage participating travel trade partners to come up with new MICE projects to The Marianas and increase sales of existing MICE products.
- Incentive Program: conduct incentive programs and social commerce contests with airlines to target all travel agencies in Korea to boost sales during the slow season
- TV Home-shopping Campaigns: to introduce The Marianas via network TV home-shopping channels in cooperation with airlines and major travel agents; to sell Marianas tour products via popular home-shopping channels, a proven method in Korea to boost short-term sales
- MICE Group Support Program: promote MICE group travel to The Marianas as an ideal corporate meeting and incentive destination. MICE group support program will develop a benefits program for various sizes of MICE groups.
- Mega Promotion with Hana & Mode Tour: maximize visits by Koreans to The Marianas, through mega sales promotions with Hana Tour and Mode Tour, which have a variety of marketing and sales channels.
- Travel Trade & Marianas Sports Event Promotions: encourage travel agents to develop new Marianas' tour products and promote sports events with travel trade partners, especially to highlight Ironman, Saipan Marathon, Tagaman, Hell of The Marianas, and more.
- Ambassador Project & Celebrity Marketing: promote The Marianas by adapting Marianas honorary ambassador's images and video clips to various promotion projects to increase awareness of the region, and utilize a variety of content created and produced by well-known Korean celebrities after their visits.
- Advertorial: expose a diversity of Marianas' themed images by creating and generating advertorials in major monthly maga-

zines and travel trade newspapers.

- Collateral/Giveaway production: & Guidebook and Map Renewal: create Marianas' giveaways for use in sales and media calls; revise Marianas guidebooks and maps, including up-to-date information about the region.

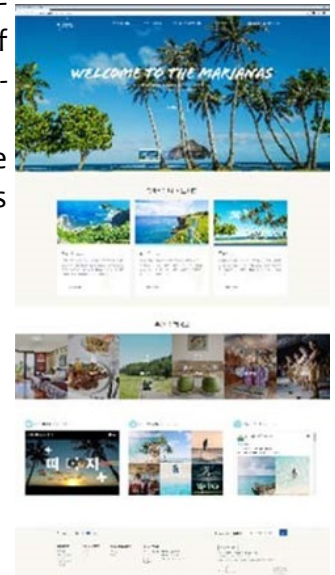




- TV Filming Projects/ TV & Radio PPL: encourage and organize TV networks to film TV programs to focus Korean audiences on The Marianas as a desired travel destination; draw attention to The Marianas by offering travel prizes on television and radio programs.
- Online/Social media campaign: promote The Marianas through social media channels, Blog, YouTube, Instagram and Facebook.
- Marianas Supporters' Program: continue to conduct the program with distinguished digital influencers to educate and promote The Marianas. The selected supporters will introduce general Korean consumers to the various attractions of Saipan, Tinian and Rota through their hands-on experiences. Their created content will be applied in all of MVA's online channels to create buzz and synergy.
- Web Development & Content Creation: conduct special online consumer events and update the MVA official website.
- Media FAMS: organize media familiarization tours in cooperation with airlines to enhance understanding of the culture and history of The Marianas and to highlight newly-

opened spots and various events and festivities.

- Co-op promotions with consumer brands: secure great quality and exposure volume by cooperating with third party partners and famous consumer brands to implement tie-in campaigns.



The Japan market saw a 15.9 percent drop in FY 2017 to 52,227 arrivals. Japan comprised 8 percent of total visitors to The Marianas, making it the third largest source market.

High land costs and strong competition for hotel rooms in Saipan were a challenge for the market. Also, airfare and tour packages to the competing destinations of Hawaii were discounted due to the introduction of additional airlift capacity by LCCs entering the Hawaii market. Airfare and tour packages to competition destination Guam was also heavily discounted, in apart due to the North Korea missile threat against Guam.



To expand exposure of Saipan, Tinian, and Rota in Japan, a 3-stage revitalization initiative was launched: rebranding, product enhancement, and additional airlift. The new marketing tagline “3-day Holiday in The Marianas: Take a break on 3 islands of Saipan, Tinian, and Rota” was launched to communi-

cate that The Marianas is a close island destination, only 3+ hours away from Japan with only a one-hour time difference. Also introduced was a new destination logo clearly communicating the orientation of each of the three islands and indicating a specific color theme for each. Along with the marketing tagline and destination logo, nature photographer Junji Takasago was partnered with the capture beautiful images of the islands and produce destination posters.

Another highlight of the year was the launch of Marianas 30 Treasures, communicating the diverse offerings of nature, culture, activities, sports, food and more on each island. A 32-page Marianas 30 Treasures brochure was produced in English and Japanese, the content was launched on the MVA’s official website homepage in Japan, and all images were made available for use by all MVA offices.

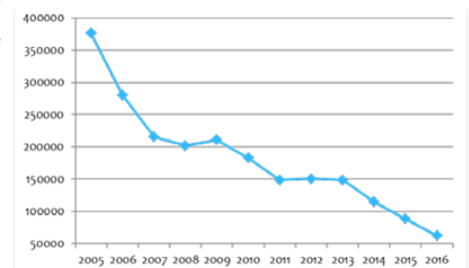


A new homepage was developed and launched in Japan, and an Instagram account was created. New homepage content includes “Column,” promotional information announcements, links to online media features, and major travel agency tour package booking pages.

## Flight Development

Since 2005, The Marianas has lost five regular flights from Japan, including the second daily flight by Delta Air Lines from Tokyo-Narita in October 2015. Osaka and Nagoya are both unserved, leaving only one daily flight from Japan. Over this period, Japan arrivals dropped about 380,000 visitors annually.

During FY 2017, the MVA revisited and continued communication with the following airlines about starting regular or charter flights to The Marianas: Asiana Airlines, Korean Airlines, Vanilla Air. Peach Aviation.

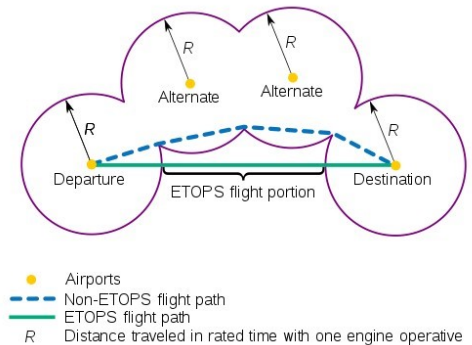




Air Busan, Jin Air, T'way Airlines, HK Express, and XTRAirways.

There are several requirements and limitations for airlines to launch regular/charter flights to Saipan:

- Japan and US national carriers - There is a bilateral Open Skies Agreement between Japan and USA which entitles Japan and US national airlines to service regular flights to SPN, but airlines need to meet Extended-range Twin-engine Operational Performance Standards (ETOPS) requirements. Beach destinations such as Saipan tend to be low yield markets, a deterrent to high-cost legacy carriers. Japanese LCC aircrafts do not meet ETOPS requirements, thus they can't service JPN-SPN unless they take long Non-ETOPS flight paths. For example, some LCCs do not have rafts on their planes, and their crews are not trained for emergency using rafts.
- Fifth Freedom Flights - There are third country (non-Japanese or non-US) carriers who have Fifth Freedom Flights which allows an airline to carry passengers from one's own country to a second country, and from that country to a third country. Amongst Korean national carriers, KE had 14 per week slots to fly to US destinations, of which 7 are used for Narita-Honolulu flights, but they gave up another 7 slots. T'way also has 7 per week slots, which they are using for Osaka-Guam flights. T'way is trying to obtain 7 slots which KE gave up and start regular Narita and/or Nagoya-Guam service from Spring 2018.



With these two limitations, options to acquire regular flights at this time are:

- To persuade HK Express to switch their NGO-GUM service scheduled for Summer 2018 to SPN
- To identify third country carrier who has Fifth Freedom Flights and aircrafts with ETOPS requirements

Airline negotiations for charter flights have also revealed that in secondary markets like Osaka and Nagoya, key travel agencies are not willing to make commitments to buyout hard block seats under the current market conditions surrounding The Marianas, Guam and Hawaii markets.

The MVA's on-going marketing activities in FY 2017 are categorized into three key areas: 1) Travel Trade Marketing, 2) Media Relations, and 3) Consumer Promotions. A summary of major activities is as follows:

## Travel Trade Marketing

Travel trade marketing involves working closely with key partners in the travel trade to educate and encourage them to produce and sell increasing numbers and a greater variety of tour products to The Marianas. In Japan, travel trade marketing included seminars and workshops, the Marianas Tourism Ambassador program, the online Marianas Tourism Meister Exam, "Travel Vision" Electronic Direct Mail, and a monthly newsletter, all aimed at educating travel partners about MVA initiatives and the latest updates on The Marianas. New tour product development and other campaigns to support travel agencies and clients were also conducted.

**Trade Seminars** were planned and organized, consisting of a series of education seminars throughout Japan to acquaint key travel agents with marketing strategies and to provide updates on recent tourism development in the islands. Seminars throughout the year included:

- Marianas Seminar and Workshops with airlines, hotels, restaurants, and tourist attractions
  - The Ritz-Carlton Osaka (Feb. 14, 61 participants)
  - Marriot Asocia Hotel in Nagoya (Feb. 15, 50 participants)
  - The Westin Tokyo (Feb. 17, 138 participants)
- Overseas Travel Seminar in Sapporo (Oct. 14)
- International Friendship Association Destination Seminar in Chiba (Nov. 20)
- Brand USA America Seminar in Tokyo (Feb. 22 & 24)
- MVA Seminar in Fukuoka (Mar. 16)
- United Airlines Management Seminar in Tokyo (Apr. 5)
- Marine Diving Fair Marianas Seminar in Tokyo (Apr. 7)
- Brand USA America Seminar in Hiroshima (Apr. 20)
- Brand USA America Seminar in Fukuoka (Apr. 21)
- MVA Ambassador Meeting & Seminar in Tokyo (Apr. 25)
- Marianas Update Seminar in Sendai (Apr. 26)
- Marianas Seminar in Sapporo (May 22)
- Brand USA American Workshop in Nagoya (May 25)
- Brand USA America Workshop in Osaka (May 26)
- KIX Travel Fair MVA Seminar in Osaka (May 27)
- Japan Marianas Tourism Club Update Marketing Seminar in Tokyo (June 26)
- United Airlines Micronesia Seminar in Sendai (Aug. 3)
- Overseas School Trip & Language Study Tour Seminar in Hiroshima (Aug. 23)
- Tobu Top Tour MVA Seminar in Tokyo (Sept. 12)



**Travel agent FAM Tours** included a series of familiarization tours targeting both planners and in-line agents at leading travel wholesalers/retailers throughout Japan to provide hands-on travel experience in The Marianas. FAM tours were coordinated from mainly regional cities without direct flights to The Marianas and with limited tour packages to the destination. Itineraries mostly included inspections of major hotels, restaurants, shops, optional tours, and cultural activities, and the participants were encouraged to create Marianas tour packages and communicate their experience to prospective customers. This year's Japan FAM tours were:

- MVA/United Airlines Joint FAM via Guam in Osaka and Nagoya (Jan. 11-14)
- MVA/Asiana Airlines Joint FAM via Sendai in Incheon (May 11-14)
- MVA/Jin Air joint FAM via Incheon in Fukuoka (June 14-18)
- MVA/Delta Air Lines Ambassador FAM in Tokyo (Sept. 2-5)





**Wing Travel Weekly** industry paper carried an 8-page Marianas Special Supplement issued on Feb. 20. Extra copies were printed and distributed to attendees of the Marianas Seminar & Workshop on Feb. 14-17. Wing Travel Weekly is one of the leading travel trade information papers in Japan with 8,900 copies circulated each Monday.



In conjunction with Delta Air Lines, the **Marianas Tourism Ambassador 1-year Anniversary** reception was held on July 27 at The GRANDE in Ginza. The reception was attended by 60 ambassadors and representatives of Hyatt Regency Saipan, Aqua Resort Club, PIC Saipan, and travel trade media. Twenty-four travel agents were appointed as new Marianas Tourism Ambassadors. An update on The Marianas was presented, and Marianas Tour Planning and PR Contest winners were awarded. Delta also introduced the new 75P aircraft that will be introduced to the Tokyo Narita-Saipan route beginning in November 2017.

The **Japan Marianas Tourism Club 2017** meeting was held on Feb. 20 at Hyatt Regency Saipan. On Feb. 19, a site inspection was held for participants at Kensington Hotel Saipan and a welcome reception was held at Fiesta Resort & Spa.

The **Marianas Tourism Meister Exam** was launched on July 31 as a new educational program on the MVA official website as an educational program for travel agents. The exam requires agents to correctly answer at least 30 of 35 Marianas-related questions. The program is designed to allow participants to progress from Bronze to Silver to Gold levels. Bronze questions were launched, with Silver and Gold questions under development. The program allows travel agents to have fun learning about The Maria-





nas and become better able to package and sell tour products to customers.

A monthly **MVA newsletter** was distributed to 1,300 travel trade partner subscribers detailing market conditions, the MVA's marketing program, and updates on the destination. It is also listed in on the MVA homepage in Japan. The same information is shared with JSTA members to leverage and collaborate.



**Tie-in Promotions**, including numerous joint marketing programs, were implemented to help fill airline seats. B2B Tie-in Promotions were:

- The **Marianas Tourism Ambassador Program** recognized travel agency planning and sales staff, mainly in metropolitan Tokyo, educating them about The Marianas through seminars, newsletters, FAM tours, and sales competitions.
- With the launch of new marketing initiatives including “3-day Holiday in The Marianas” and Junji Takasago’ images made available to travel trade partners, more travel agencies started to offer **brochure support** by featuring Marianas tour packages through their brochures. H.I.S. featured Managaha on their cover page and featured the “3-day Holiday in The Marianas” phrase with a double page spread. Other agencies created Marianas exclusive package brochures, especially from regional cities with transits to The Marianas through Seoul-Incheon or Guam.
- The **Group Incentive Campaign** provided a per pax incentive to any booking agent in Japan who booked a group of 15 or more pax departing during off-peak seasons such as September-December and April-June, with the aim of increasing group bookings. There were 22 groups supported in September-December and 32 groups booked from April-June.

As new marketing initiatives started to penetrate the market, B2C tie-in promotion opportunities were acquired with private sector companies:

- **Au Santaro Day** with “au,” one of the top three mobile phone carriers in Japan allowed customers to download free Marianas wallpaper for their smartphones on designated Santaro Days. Over 1,600 people downloaded the photos by Junji Takasago, and the promotion page attained 80,000 page views. The Santaro Days were:
  - From 10 a.m. on Aug. 3 to 10 p.m. on Aug. 4 (two Saipan images downloadable)
  - From 10 a.m. on Aug. 13 to 10 p.m. on Aug. 14 (two Tinian images downloadable)
  - From 10 a.m. Aug. 23 to 10 p.m. on Aug. 24 (two Rota Images downloadable)





- A story-making application game popular among females in their 20s and 30s were developed in cooperation with Watashi Drama and Watabe Wedding. The MVA joined the popular story of Konkatsu Girl, or marriage-hunting girls. Through the game, users experienced a Marianas wedding, toured The Marianas, and tried on wedding dresses. The free game was available for approximately 10,000 users to download beginning Aug. 25 and was featured by 114 media outlets.



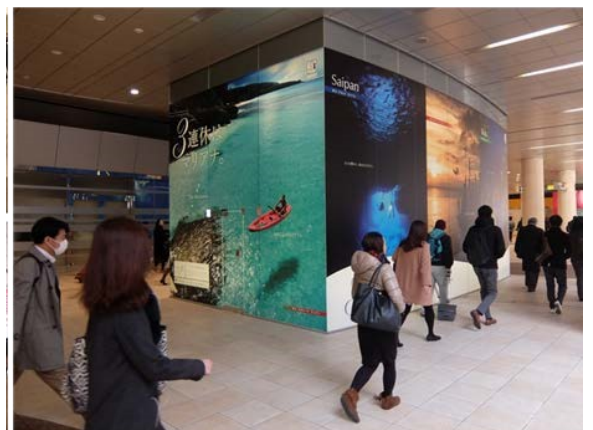
## Public Relations

With the MVA's limited marketing budget, strong partnership with the travel trade industry is important to stretch marketing dollars. Marketing efforts were leveraged by arranging free media coverage to introduce Marianas tourism attractions. This involved a series of negotiations with various media outlets that covering The Marianas.

Over \$3.3-million in unpaid advertising value was secured via PR campaigns during the year, with exposure secured in 159 outlets. The advertising value was secured on the basis of aggressive media calls and negotiation with major TV networks, daily newspapers, monthly magazines, websites, and other media outlets in Tokyo, Osaka, Nagoya, and other key markets.

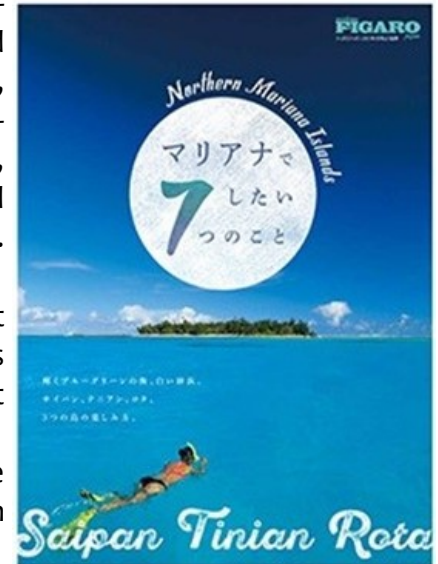
In addition, PR campaigns involved year-round negotiations with leading travel/lifestyle publications and popular TV shows to visit The Marianas to create media coverage focusing on tourist attractions within the islands. As a result, a number of media outlets visited The Marianas by Japanese media throughout the year. Some of the highlights included:

- The Shiodome Lighting Box featured a lighting wall display in the high traffic area of the Shimbashi/Shiodome business district, where major company headquarters are located, including Nippon TV (NTV), Shiseido, Soft-Bank, Fujitsu, All Nippon Airways, Nippon Express, Dentsu, and Kyodo News Agency. Shimbashi is one of the busiest train stations in Japan with 242,273 daily subway passengers and 271,028 Japan Railway passengers in 2016. The four-sided wall features Marianas images shoot by Junji Takasago with the new tagline inviting people to a "3-day Weekend in The Marianas." (year-round)
- Figaro Japan magazine included a book-in-book style, 8-page supplement titled "Seven Things to do in the Marianas" featuring Saipan, Tinian, and Rota. Five thousand copies were sent out via direct Mail, and 3,000 copies were used by the MVA for other promotion activities. The supplement was also available at online. (Feb. 20)





- CanCam, a fashion magazine targeting women in their 20s, featured The Marianas over 9 pages and on its back cover titled “What You Can do in Saipan, Tinian and Rota.” In the coverage, popular fashion model Akane Hotta and pop singer Sayuri Matsumura introduced what they love to do in Saipan, including beach, hotel, food, shopping, activities and more. Highlights of Tinian and Rota were introduced with the photos of Junji Takasago. (Apr. 23)
- CanCam’s on-line magazine featured The Marianas with content from the print magazine. Titled “The Marianas for Your Next Days Off. Enjoy Tropical Islands. Easy Access Even if You are Lazy,” it featured beaches, hotels, activities and more (Apr. 22)
- A fashion magazine for women in their 30s, Oggi featured the three islands of The Marianas on four pages. Titled “Closest South Island Resort from Japan: How to Enjoy The Marianas” introduced beaches, hotels, foods, and local cosmetics for adult women. (Apr.28)
- Oggi on-line magazine Oggi TV featured The Marianas with content from the print magazine. The feature was titled “Relax and Enjoy Your Three-day Vacations in The Marianas, Closest South Island Resort Surrounded by Beautiful Nature.” (Apr. 27)
- DIVER issued a 14-pages special issue titled “Yuko Oshima Got Hooked on Diving.” Popular female actor Yuko Oshima went diving at diving spots in Saipan while sharing recommendations to female divers, including Aqua Resort Club Saipan, coconut oil-making experience, yoga at Hyatt Regency Saipan, Garapan Street Market, Surfclub, Salty’s, The Shack and others. (May 10)
- “Holiday Special - Saipan Trip with Three Days Off” was broadcast on popular morning show “Non Stop!” on Fuji TV with 19 national networks with 5.7% viewership. The program featured TV personality Chiaki and announcer Hitomi Nakamura, who introduced the charm of Saipan, easy access from Japan, Managaha, Grotto, Surfclub, Sunset Beach, IHOP, T-Galleria by DFS, Mariana Ocean, Zen, Mariana Resort and others. Marianas-chan also appeared in the show. (May 4)





- An magazine ran an 8-page special feature on The Marianas titled “Neighbor Pleasure Resorts – Premium Vacations in The Marianas with Two Nights and Three Days.” The feature introduced itineraries for 3-day trips for females in their 20s and 30s, with information about shopping, beaches, and scenic spots. Five thousand copies were produced with the title of “Three Days Vacations in The Marianas” for distribution to trade accounts and consumers. (June 7)
- A TV Tokyo show featuring a Marianas trip featured a group of six TV personalities, including SpeedWagon, Kazue Ito, and others, enjoying a 3-day, 2-night trip to The Marianas. The show included snorkeling at Grotto, introductory diving at Laulau Beach, golfing, Surfclub, Kazantei, Himawari, and Imperial Pacific Resort Hotel. (July 29)
- The promotion video "The Marianas - Saipan/Tinian/Rota" was produced by IWAMOTO FILM STUDIO INC., who spent three weeks to film the video from July 10 to Aug. 5, 2017. The video was premiered during JATA Tourism EXPO 2017 and posted on YouTube. The 6-minute+ video features the rich natural beauty of The Marianas and various activities from Saipan, Tinian and Rota. The short video clips of "Marianas 30 Treasures" was uploaded to YouTube, also.



## Consumer Promotions

### Trade/Consumer Shows:

As its mandate is to promote The Marianas as a tourist destination, the MVA's participation in major trade and consumer shows provides an opportunity to showcase the unique product offerings of the destination to consumers and travel partners who are responsible for selling the destination to potential travelers. The focus of participation is to reinforce existing contacts, create new ones, and update travel partners with any destination developments. To increase visibility and awareness of The Marianas through various marketing channels in Japan using positive images of the destination, the following B2C consumer promotions were conducted, particularly to cultivate the SIT (Special Interest Tour) market, which includes golf, diving and sports events.

### Tourism Ambassador Mariana-chan

As a part of rebranding initiatives, the marketing character Sai-panda launched in 1998 was reviewed for effectiveness, and Tourism Ambassador Mariana-chan was developed and introduced to promote The Marianas. Auditions were coordinated



on January in Saipan, and Jebro John Leon, a six-year-old, was selected. Leon made his debut as Mariana-chan at the Marianas Media Reception on Feb. 17 in Tokyo. Mariana-chan appeared in several major media including Fuji TV's "Non Stop!" Also, a merchandising company expressed interest in producing Mariana-chan merchandising products.



## Mariana-chan Hand Towel

As one of the efforts to promote The Marianas with iconic Marianas=chan, the Mariana-chan Hand Towel was used as a giveaway for travel agents and public customers. Four thousand of the 100% cotton, 20 x 20cm, pink or blue hand towels were produced. Half were distributed to over 16 travel agents to support Marianas tour products marketing, and another 2,000 were used at JATA Tourism Expo and other consumer events.

## Marine Diving Fair 2017

Marine Diving Fair was held in Ikebukuro, Tokyo, on Apr. 7-9. Over 50,000 visitors attended, overall: 7,591 on Apr. 7, 23,046 on Apr. 8, and 19,478 Apr. 9. The MVA, MSC, and Blue Palms Rota participated to showcase Marianas diving spots by talking with visitors and giving personal tips about diving in The Marianas. At a JATA Destination Seminar, a 20-minute Marianas seminar for divers and non-divers. At the fair, The Marianas received the following three awards:

- Reader's Choice Best Beach 2nd Prize for Teteto Beach
- Reader's Choice Best Beach 5th Prize for Managaha
- Reader's Choice Best Diving Area Overseas 4th Prize for Saipan, Tinian, and Rota



## KIX Travel Fair 2017

KIX Travel Fair 2017 was held on May 27 & 28 in Osaka. KIX Travel Fair is the 2nd biggest consumer travel trade show in Japan and was attended by 42,000 visitors. The MVA operated a booth to provide information on The Marianas and distributed new brochures and giveaways for consumers. A 45-minute consumer seminar was also held.



## Mariana International Cup 2017—Japan Competition

As the preliminary round of the Marianas International Cup 2017 scheduled for Oct. 28-29 in Saipan, the Marianas International Cup Japan was held on July 10 at Otone Country Club in Ibaraki, Japan. Nearly 260 people applied to participate, with 200 golfers competing to make the Top 30 and qualify to join the final



found in Saipan. Participants responded positively to the event.

## Domannaka Matsuri in Nagoya

The 19th Nippon Domannaka Matsuri took place in Nagoya on Aug. 25- 27, 2017. Domannaka Matsuri is one of the mega dancing events in Japan with over 200 dancing teams and over 2 million people audience. Team CNMI DOMANNAKA exhibited a Marianas performance. Thanks to a long-running relationship with the city of Nagoya and the event operation committee, the CNMI team had extensive exposure to the audience and media. On the pre-festival day of Aug. 25, Team CNMI DOMANNAKA was recognized for 15 years of great contribution at the welcome reception at Nagoya City Civic Reception House. The reception was attended by supporting council members and business representatives and reported by major daily paper of Chunichi Shinbun, which has a circulation of 2,450,000.



## 2017 Koenji Awaodori in Tokyo

Saipan Awaodori Team attended the 61th Koenji Awaodori Festival in Tokyo on Aug. 26 & 27 and performed their Awaodori dance with local groups from Japan. Koenji Awaodori is one of the biggest summer dance events in Tokyo, and over 850,000 visitors come to this event from all over the world. On Aug. 25 the team visited the MVA's Japan office.



## Tourism EXPO Japan 2017

Tourism EXPO Japan 2017 was held on Sept. 21 -24, at Tokyo Big Sight. The MVA's 6-space booth was designed to attract visitors visually with images taken by nature photographer Junji Takasago and the newly produced Marianas promotional video. In the center of the booth, visitors were invited to experience Marianas culture activities including banana painting, coconut leave weaving, "mwar"-making, Carolinian bead weaving, and coconut oil-making. In addition, an iPhone videomaking lesson was provided by the producer of "The Marianas" promotional video. Counters for the MVA, Japan Saipan Travel Association, Hotel Association of the Northern Mariana Islands, and Delta Air Lines were set up at the four corners of





the booth to respond visitors' questions, distribute Marianas brochures, and serve Marianas Coffee tasting. To generate booth traffic, slot machine games on the iPad were offered to the visitors three times a day for 30-minutes each. Thanks to support from partners, every visitor won something. Mariana-chan and Miss Marianas also joined the MVA booth. They performed dancing with young dancer Lily from Saipan at the main stage, on Brand USA stage, and on the mini-stage of the destination booth.



## Overseas Travel Fair 2017 in Sapporo

Consumer event of Overseas Travel Fair 2017 in Sapporo on Aug. 25-27, with over 20,000 people in attendance. The MVA exhibited at one booth shared with Brand USA to showcase The Marianas.



## Online Marketing

As a part of the new Japan marketing, online initiatives were launched including:

- New homepage (<https://japan.mymarianas.com/>)
- Instagram ([https://www.instagram.com/mymarianas\\_mva/](https://www.instagram.com/mymarianas_mva/))
  - New contents on existed online accounts of:
  - Facebook (<https://www.facebook.com/saipanda.mva/?rc=p>)
  - Twitter ([https://twitter.com/mymarianas\\_mva](https://twitter.com/mymarianas_mva))



## Digital Ad Promotion

To increase awareness of MVA online accounts, digital ads promotion was made via YDN Infeed, Google Display Network (GDN), and Instagram. (Mar. 1-30)

## SNS Promotion Campaign

The SNS (Instagram, Facebook, Twitter) campaign “Summer Never End! Don’t Miss a Great Opportunity to Win a Ticket to Fly to All-time Tropical Island of Saipan. Go to The Marianas with Your Three-day Vacation” was held. Applications were accepted from Sept. 20 and Oct. 31. Delta Air Line flight tickets were awarded for 10 people, and Mariana-chan original hand towels were provided for 100 people. <https://japan.mymarianas.com/snscampaign/>



## Online Media Tie-up

Along with the launch of those online media, various leading travel-themed online media promoted The Marianas:

- TRAVELKO launched “Excellent Trip, Three-day Holiday in The Marianas” on Feb. 21 introducing selected sites from Marianas 30 Treasures. It also featured recommendations by Marianas Ambassadors and the Marianas Instagram campaign [http://www.tour.ne.jp/w\\_special/mariana/](http://www.tour.ne.jp/w_special/mariana/)
- Travel information site Retrip launched a series of features titled “Beautiful Views Make You Cry: Saipan, Only 3.5 Hours Away” and introduced 9 superb view spots in Saipan, Tinian and Rota. <https://retrip.jp/articles/81298/> <https://retrip.jp/articles/82532/> <https://retrip.jp/articles/83142/>
- Travel news site Joshi Tabi Press launched a feature on June 28 titled “Saipan, Only 3.5 Hours Away: The Marianas, Photogenic Resort is Coming Back.” <https://travel.mdpr.jp/travel/detail/1692508>
- Tabi Muse, an overseas travel web magazine popular amongst female, featured Saipan on July 24 with Instagrammer Sakie titled “Where Do You go Next Weekend? Saipan, Paradise Only 3.5 Hours Away” <http://tabi-muse.com/collections/view/966/1>
- Marine Diving Web launched a feature on Sept. 8 titled “10 Superb Views of Marianas Blue” to introduce various diving spots in Saipan, Tinian and Rota [https://www.marinediving.com/area/saipan/superb\\_view/](https://www.marinediving.com/area/saipan/superb_view/)

MVA Japan has been collaborating on **celebrity online marketing** for those who make trips to The Marianas to post their images on their blogs, Instagram and other SNS accounts, including:

- Actress **Chiaki** visited Saipan to film Fuji TV “NON-STOP!” and posted images during and after her stay to



write about Saipan <https://www.instagram.com/p/BTseXX-BHZK/>

- Travel writer **Manoue Yamashita** visited Saipan for the first time in many years <https://shigotonadeshiko.jp/54710> <https://shigotonadeshiko.jp/54916>
- Cancan magazine model **Mizuki Yamamoto** visited Saipan and posted 4 stories. <https://cancan.jp/archives/414633> <https://cancan.jp/archives/425079> <https://cancan.jp/archives/449241> <https://cancan.jp/archives/450963>
- Fashion model **Kumiko Funayama** posted stories and images on her blog and Instagram <https://lineblog.me/funayamakumiko/?p=2> <https://www.instagram.com/kumikofunayama/>



## Strategic Goals for FY 2018

In FY 2018 MVA Japan's key marketing objectives are:

- Continue destination branding enhancement
- Enhance information transmittance via online media & SNS
- Engage influential 20's and 30's female and propose how to spend time in The Marianas
- Develop new conversion channel
- Maintain and develop new airlift

The office aims to:

- Communicate to younger generation targets especially those who haven't been to The Marianas, engage them to travel to The Marianas and spread their images and comments through their SNS accounts
- Produce MVA contents and programs which work to entice young first-time travelers to The Marianas, as well as repeaters
- Work with travel agencies to produce itineraries for different demographic targets

## Destination Branding Enhancement

Marketing will continue with "3-day Holiday in The Marianas: Take a Break on 3 Islands of Saipan, Tinian and Rota," the destination logo, "Marianas 30 Treasures" and images of nature photographer Junji Takasago. In addition, a project was commissioned with Yasunori Iwamoto or Iwamoto Film Studios to film "The Marianas" and "30 Treasures of The Marianas" promotional videos to enhance destination branding. "The Marianas" promotion video was premiered at JATA Tourism Expo 2017 and uploaded on YouTube in early October 2018. The "Marianas 30 Treasures" promotion video is produced and will be uploaded to YouTube.



## Refreshing Images

It is important to refresh destination images and impress Japanese consumers, a photo shoot was commissioned to capture additional images of The Marianas with nature photographer Junji Takasago. In January 2018, images of the Shiodome Lighting Box advertising wall images are replaced to new images.



## Marianagenic Spot!

Instagram has penetrated widely amongst especially the young generation target customers, and the momentum will be used to launch “Marianagenic Spot!” promotion. “Marianagenic Spot!” features and initial 12 locations in Saipan and 6 each on Tinian and Rota and will eventually feature total 64 locations. The campaign aims to make target prospects to feel they want to be in The Marianas and take pictures themselves to post on their SNS accounts. Also, customers can post their favored images of The Marianas to “Marianagenic Spot!” <https://japan.mymarianas.com/marianagenic/>



## Online Travel Media Collaboration Enhancement

Collaboration with online travel booking and information media will be enhanced due to the limitations of traditional travel agencies to develop uniquely themed itinerary. Online media partners include:

- NOSH <https://nosh.media/>
- Travelko <https://www.tour.ne.jp/>
- Oceana <https://oceana.ne.jp/>
- Co-Trip <https://co-trip.jp/>
- Tabi Labo <http://tabi-labo.com/> (Travel Laboratory)
- JyoshiTabi Press <https://travel.mdpr.jp/> (Girls Travel Press)

## “aruco” Guidebook and new MVA Maps

At this moment there is no fashionable or trendy guidebooks available on The Marianas in the Japan market. Globetrotter, produces trendy “aruco” series guidebooks, will produce a fashionable “aruco” series guidebook which list new restaurants, shops, activities, images, and others. Two maps without commercial ads and similar to the “aruco” guidebook series will be produced to replace current Marianas maps.



## Themed Package Development

To support travel agency in producing ideas and itinerary to meet target customers, collaboration will continue with partners to target girls, friends, family and active senior couple packages with what-to-do ideas in The Marianas.

## Airlift Development

Since flights were suspended from Osaka and Nagoya in 2009 and 2011, respectively, both markets remained as available source markets, and The Marianas became a forgotten destination. Under the circumstances, it has become critical that rebranding be done and travel products be enhanced before airlines start to consider adding new flights from Japan. Discussion will continue with HK Express to consider launching regular flights either from Osaka or Nagoya to Saipan in 2018. The additional following potential airlines will continue to be communicated with about launching either regular or charter flights to The Marianas: Asiana Airlines, Korean Airlines, Vanilla Air, Peach Aviation, Air Busan, Jin Air, T'way Airlines, HK Express, XTRAirways, Japan Airlines





In FY 2017, The Marianas received 229,389 visitors from China, an 11.1 percent increase over FY 2016. This marked the highest annual visitor arrivals from China in history of The Marianas and comprised 35 percent of visitor arrivals.

Not only is the total number of visitors on the rise, but more importantly, the quality of travelers and their spending habits are also improving. With proper promotion targeting higher-spending, upper middle-class visitors, as well as more specific marketing promotional activities in China, this will continue to improve.

## Flight Development

Through close cooperation with leading industry partners in China, relationships with current aviation operators were strengthened and new flights and flight routes were introduced in FY 2017. The year was marked by the strongest flight capacity ever, 24 flights per week, and the strongest market breadth ever, with direct flights from thirteen 1st and 2nd tier cities, including regular flights from Beijing, Shanghai, Guangzhou, Hangzhou, Hong Kong, and seasonal flights from Changchun, Shijiazhuang, Tianjin, Jinan, Wuxi, Nanjing and Nanchang.



Relationships were forged and strengthened with airline companies who operate direct and connecting flights, including Sichuan Airlines, China Eastern, Hong Kong Airlines, HK Express, Capital Airlines, Dynamic Airways, XTR Airways, Asiana Airline, Jeju Air, and Ankeyunda Air Service.

A number of new flights were launched. Dynamic Airways flew from six cities in Northeastern, Northern and Eastern China, flying 18 different charters and transporting nearly 4,000 passengers. HK Express brought in nearly 9,000 passengers in the month of August alone. With four regular flights per week, it has become an important approach for FIT tourists in Southern China; its economical price also helped created group tour products, providing more choices for a wider audience. Capital Airlines saw a moderate load factor on its flights from Hangzhou, with strong price advantage hold by the Shanghai direct flight. The inaugural flight of XTR Airways had a load factor of 94 percent.

In addition to these new relations, relationships were strengthened with long-time critical partners, Dynasty Holiday and Century Tours. With the support of promotion campaigns, the two partners kept their airplanes full and carried over 50 percent of all Chinese arrivals.

## Travel Trade Marketing

Travel trade marketing involves working closely with key partners in the travel trade to educate and encourage them to produce and sell increasing numbers and a greater variety of tour products to The Marianas. Travel Trade Marketing was the core of the general marketing strategy in FY 2017. Strong relationships with leading industry partners was essential to helping create a solid, manageable and long-lived set of rules and relationships for The Marianas moving forward, with visible, concrete results.

**Trade Seminars** were planned and organized, consisting of a series of education seminars throughout China to acquaint key travel agents and MICE partners with marketing strategies and to provide updates on recent tourism development in the islands. In FY 2017, eight large exhibitions and 30 roadshows were held in over 20 cities, an average of one city every 10 days.

For the first time, Hong Kong International Travel Expo was attended. The MVA joined Brand USA at the event, where the first Marianas Honorary Tourism Ambassador from China was appointed, former Miss Universe Jin Ye.

Over 400,000 visitors, including consumers and travel trade professionals, attended these roadshows and booths.





**Industrial Relations** were strengthened through a network of 123 travel agencies reached around the nation. These agencies were engaged in roadshows, news releases, and agent FAM trips. In FY 2017, over 20 marketing projects were launched with Dynasty Holidays and Century Tour, including media FAMs, blogger FAMs, advertisement, OTA promotions, road shows, and trade shows.



Several industry awards were received by The Marianas, including:



- #5 Top 100 Outbound Destinations by China National Tourism Administration, a Chinese national government agency
- Ctrip China Travel Fair top 10 Island Destinations Awards from the top OTA in China
- 2017 Best Island Travel Destination by China Travel & Meetings Industry Awards hosted by Travel Weekly

In addition to the awards, communication was made with VIPs in China's tourism industry and government, including the Director of China National Tourism Administration, Dean of China Tourism Academy, Deputy Director of Shanghai Municipal, and Mayor of Zhoushan.



**Travel agent FAM Tours** included a series of familiarization tours targeting both planners and in-line agents at leading travel wholesalers/retailers throughout China to provide hands-on travel experience in The Marianas. This year there were 9 FAM tours, engaging 277 contacts:

- Dynasty Holiday Agent FAM
- Century Tours Agent FAM
- Shanxi Agent FAM for Dynamic Airways seasonal charter
- Changchun Agent FAM for Dynamic Airways seasonal charter
- Hangzhou Agent FAM for Capital Airline direct flight



- SPITS Agent FAM for Hong Kong Airlines products
- DFS Agent FAM

Tie-in Promotions, including numerous joint marketing programs, were implemented to help fill airline seats. Tie-in Promotions were:

- GoPro and Century Tours, creating two themed videos promoted on GoPro's official online platforms. This produced the first video asset from the China office to be completely shot on a GoPro camera.
- The summer holiday interaction campaign initiated by Mafengwo, with Saipan making the final destination list, together with Singapore, Morocco, Kamchatka and Seychelles. The campaign reached over 3 million fans within a week.
- Century Tour's special sales promotion on the Alibaba affiliated travel mobile application Fliggy. The campaign lasted the entire summer holiday.



## Public Relations

With the MVA's limited marketing budget, strong partnership with the travel trade industry is important to stretch marketing dollars. A variety of PR tactics were used to secure unpaid media coverage to raise the visibility of The Marianas through negotiations with major media channels.

While Saipan is relatively well-known throughout China, awareness of Tinian, Rota, and the newly launched "The Marianas" brand is relatively weak. The destination's visa-free policy is also relatively unknown. As the Chinese traveler tends to stick to top-tiered, traditional island destinations, a primary focus has been increasing awareness of The Marianas and conveying why the destination is comparable to other better-known island destinations. The core intention of public relations is to establish positive word-of-mouth publicity to attract more visitors.

Approximately \$10-million in unpaid advertising value was secured via PR campaigns in FY 2017. This was secured as a direct result of the MVA's aggressive media calls and negotiations with high-value network TV programs and other media. Highlights include:



- Features and reports on eight TV programs
- Features and reports in 59 magazine and newspaper outlets
- 232 digital reports



Celebrity marketing was utilized to boost brand popularity. Marketing was coordinated based on the celebrity's person, the media promotion schedule, and various themes to create a strong campaign. Considerations included top tier candidates, top media outlet exposure, and relative cost. Celebrities partnered with were:

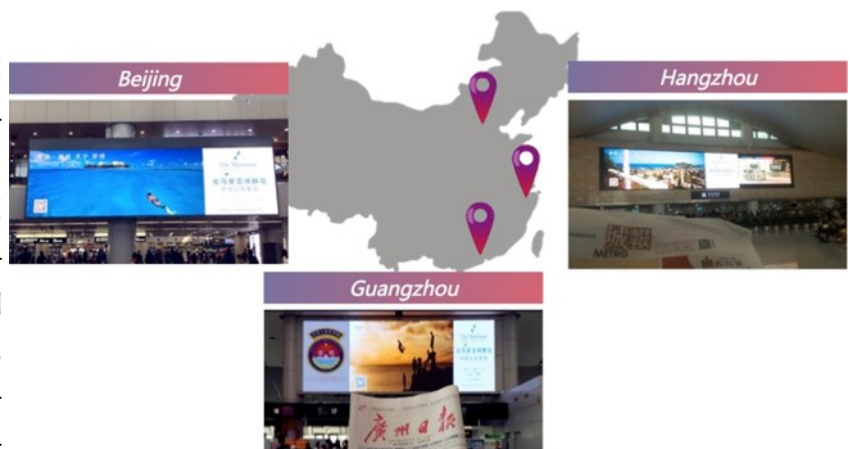
- Actor Yang Shuo with Brides Magazine
- Actress Song Qian with Rayli Magazine
- Actress and model Guo Bi-ting with For Him Magazine



## Consumer Promotions

Consumer promotions provided the opportunity to showcase the unique product offerings of the Northern Marianas directly to potential travelers through PR activities and sales-driven promotions. In FY 2017, consumer promotions included:

- **Advertisement** in nine primary and secondary cities reached an estimated 40 million people via seven platforms: airports, LED billboard advertising on commercial buildings, buses, metro stations and trains, magazines, radio and apps. Targeted primary cities were Beijing, Shanghai, and Guangzhou; targeted secondary cities were Changsha, Nanchang, Chengdu, Chongqing, Shenyang, and Hangzhou. Highly visible LED advertising board at China's top three airports during the National Holi-



day captured a large percent of Chinese travelling either domestically or internationally. Over the one week period, an estimated 15 million travelers were reached.

- **20 media FAM trips** to cover local events such Hell of the Marianas, Christmas in The Marianas, IRONMAN 70.3 Saipan, Saipan Marathon, Taste of The Marianas, and more. VR video was shot in Saipan, Tinian and Rota, and VR was displayed at trade shows throughout 2017 to a positive welcome from the audience.



## Online Marketing

China's Internet use and content creation is experiencing the fastest growth on earth. There has been unparalleled growth in last few years in all areas. Mobile internet is #1 in the world and now dwarfs other social media platforms. Over 79% of FITs tend to make travel reservations through mobile APPs. The following internet platforms was utilized in FY 2017:

### Official Website and Social Media Accounts

The MVA's official China website was overhauled and utility functions were added, including marathon online registration, downloadable travel materials, a re-designed gallery, and update MVA membership listing. To increase the influence of the MVA official Weibo and WeChat accounts, continuous activities were undertaken to interact with followers and industry partners. As a result, the total audience in-



creased 88 percent compared to the previous year. The most popular WeChat posts gained over 5,000 readerships.

### Online Travel Agency (OTA) Cooperation

OTAs have been the primary choice for Chinese tourists to book products, especially FITs. Relations with mainstream OTAs were strengthened to boost sales of Marianas travel products. In FY 2017, cooperation was gained with six mainstream platforms comprising 80 percent of the market share, or 267 million tourists. These platforms were Ctrip, Qunar, Mafengwo, Qyer, Fliggy, Tuniu and ly.com. Five promotional campaigns launched in FY 2017 reached over 35 million people.



## Strategic Goals for 2018

### Marketing Strategy

The strategic plan for the year ahead anticipates that the China market will become the top source market for The Marianas. The pool is much larger and more Chinese investors and developers are willing to take a chance on Saipan, Tinian, Rota and the Northern Islands.

To finetune the 2018 plan, preferred customer characteristics for The Marianas should be identified to package more specific themes. Higher-end Chinese customers want tour products that accentuate history and culture, not just sightseeing and tanning. New and creative tourism products including attractions, accommodations and tours need to be designed and packaged to encourage higher local spending. In addition, with so much vacancy in the China market, both market breadth and depth need to be further developed. New regions will be reached and new promotional channels introduced to initiate more sales-oriented campaigns.

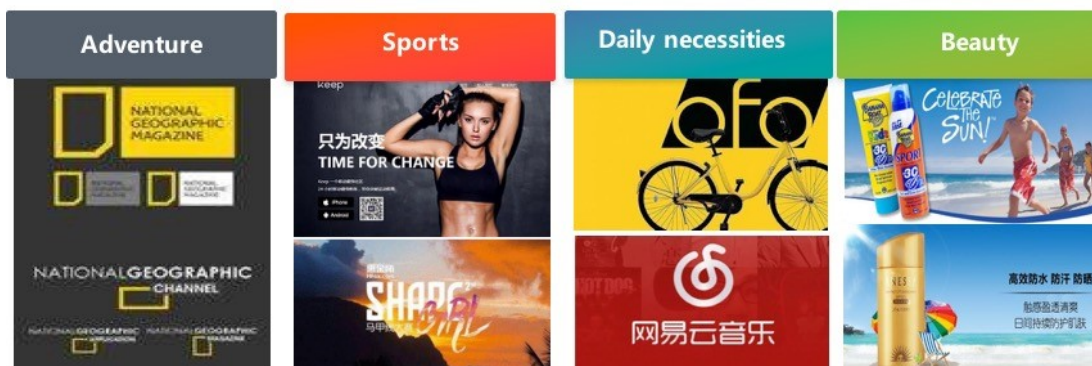
Branding The Marianas as a higher value destination in the China market will be made. Delivering on the brand promise will take creative action and some upgrading after an honest appraisal of where The Marianas fits into this new, coming paradigm.

A cohesive brand image with strong themes will be established, a more focused and themed marketing strategy will be followed, and a more integrated marketing environment will be implemented to bring about comprehensive development of market to attract more high-profile tourists and increase arrivals.

## Marketing Plans - Branding



- More focused image and product related advertisement will be made, focusing on improving the depth and packaging of the new 8 travel themes under one uniform brand.
- Image advertising will continue at the main airports, as well as targeted subway, bus, radio and outdoor billboards.
- Vertical platform partnership will be made for specific sales promotions. To use the wedding example - wedding planners, photographers, dress makers, and so on will be contacted. China's most influential wedding specialist has expressed intentions to launch new wedding/honeymoon campaigns. The same approach will be taken with the seven others travel themes.



- For TV and video websites exposure, leading satellite stations in China with nationwide coverage will be engaged. Celebrities are still influential in China and are used to influence the mind, opinion and buying decisions of young travelers. The success of key opinion leaders (KOL) and celebrity successes made last year will be built on.
- Digital Marketing will increase even further with a focus on interactivity and end user interfaces.



Industry partners will be asked to bring their respective followers to The Marianas related social media platforms. KOL, who bring their own following, will become regular features in The Marianas, with 24 visits planned for 2018.

## Marketing Plans – Travel Marketing

- The MVA will act as a platform to provide industry partners from Saipan, Tinian, Rota and China new opportunities and networks by leading, supporting, and opening new doors for all stakeholders. Get-togethers and interactive meeting with key industry partners will be held, with focus on how to help MVA members can expand business in China and Hong Kong.
- A uniform approach will be encouraged among partners. During peak and soft seasons, all partners should stick with previously agreed themes and advertising concepts to present a solid, unified and consistent image to the Chinese.
- For newly introduced pioneer events all around China, all Chinese industry partners will receive a uniform message across to a joint client base. For example, a new marathon or leading sports event will allow all industry partners in China to cooperate closely. Industry partners in China and The Marianas will gain equal exposure in social media, and events will appear to the public as being jointly promoted. In addition to existing developed first tier cities, marketing will be expanded to smaller cities with greater potential, to further develop the market breadth and depth for the Marianas.



Visitors arrivals from Russia to The Marianas grew 18.6 percent in FY 2017 to 2,130 visitor arrivals, marking an annual uptick for the market that had been struggling.

Russian economy has fully recovered after the economic crisis of 2014-2015. All major economic indicators have improved according to the planned level or above. Annual growth rate has turned positive first time since 2014. Oil price is no longer a decisive factor for Russian economy. Russian currency appreciated about 10 percent against the US dollar within FY 2017.

Outbound tourism from Russia has been growing since the end of 2016 after two years of negative growth. The total number of outbound travelers in Russia increased 27 percent from January-September 2017. The total number of tours to overseas destinations sold in 2017 is close to the numbers registered in pre-crisis 2014.

The average growth in arrivals from Russia to popular beach destinations in Europe and Asia in 2017 was 15-20 percent. Higher growth was registered for a few most popular and cheaper beach destinations – Turkey, Vietnam (+35 percent), and Thailand (+26 percent). Egypt, the second most popular outbound beach destination in Russia, is still closed for Russians.



Travelers' behavior in Russia in FY17 showed return to pre-crisis trends and some noticeable new trends. Last minute booking trend is on decline. Average depth of booking during the 2015-2016 crisis was did not exceed two weeks. By the end of FY17, the average depth of booking reached one month. Early booking is up 30 percent compared to 2016. The number of solo travelers in Russian increased 23 percent in 2017. However, more Russians traveled in bigger groups: family travel now means not only parents and kids, but also other grandparents, distant relatives, etc. The number of family travel in larger groups is up 18 percent in 2017.

Under the U.S. Department of Homeland Security, parole authority allows individual Russians, on a case-by-case basis, to visit The Marianas without a U.S. visa



## Flight Development

Direct flights from Russia to The Marianas were suspended in September 2014, resulting in a dramatic decline in arrivals thereafter. The opening of Jeju Air's flight program to Incheon from Vladivostok since September 2017, coupled with active promotions and the general recovery of the Russian economy and outbound tourism, are positive prospects for further increase in arrivals to The Marianas in FY18.



## Travel Trade Marketing

Travel trade marketing involves working closely with key partners in the travel trade to educate and encourage them to produce and sell increasing numbers and a greater variety of tour products to The Marianas.

The MVA worked with local travel trade representatives in Far East and Central Russia to update local travel trades on the latest news from The Marianas, receive feedback from partners and encourage them to boost sales, and to promote the islands as once of the best travel destinations. This collaboration was undertaken through several types of activities:

### Trade Seminars/Workshops

- **Marianas Seminars** were conducted in key getaway cities of the Far East Russia. Annual workshops in major cities of Siberia territory and new B2B events in target territories were participated in. Marianas Sales Seminars in Vladivostok on Dec. 8, in Khabarovsk on Mar. 9, and in Yuzhno-Sakhalinsk on Apr. 6 were arranged as a quest game to entertain guests and increase their knowledge about The Marianas. Major travel trade partners, the general manager of Asiana Airlines, and staff of Khabarovsk and Yuzhno-Sakhalinsk officers attended the seminars. Marianas promotional collaterals were distributed.
- **Siberia Travel Industry (STI) Workshops** are the largest and most recognized B2B event in Siberia territories. In Spring 2017 348 travel trade experts from 285 leading tour operators and travel agencies of Siberia's key and secondary cities participate in STI workshops. Over 80 new travel trade contacts in Novosibirsk and secondary cities were gained from 22 individually arranged meetings.
- **Far Eastern Trade & Education Show 2017** on Sept. 26 was the first one-day travel B2B event to gather and connect travel trade from Far East Russia (Khabarovsk, Vladivostok, Kamchatka, Sakhalin, Irkutsk, etc.) to national tourism offices and airlines interested in promotion in this region. Of 16 individually arranged meetings, more than 70 new travel trade contacts in the region.
- The **Travel to America** annual B2B event arranged by the U.S. Embassy and the U.S. Consulate in Vladivostok on May 18 for local travel trade, airline, and media partners. The event is joined annually to update local travel trade about The Marianas and strengthen ties with the U.S. Consulate and local partners. A presentation





on The Marianas was made, printed material was distributed, and a raffle was held. The event attracted 50 guests and was covered by 30 publications afterward.

## Public Relations

In FY 2017 over \$6.3-million in unpaid advertising value was generated for The Marianas through the following film and media projects.

- **“Visit The Marianas”** of Gubernai TV in Khabarovsk was filmed in The Marianas in August 2017 to expose the destination to travel fans and mass audience in the region. The collaboration with Asiana Airlines Khabarovsk featured popular travel blogger D. Kulikov, the leading tour operator in Khabarovsk and a local celebrity who is a repeat visitor to The Marianas. Two 20-min. programs were produced about The Marianas, its’ attractions, the spirit of the destination, routes to The Marianas, and more. Air dates were scheduled for September 2017 and February 2018, with three replays each. (\$132,000 ad exposure value)
- **“Discover The Marianas”** on Love Radio in Yuzhno-Sakhalinsk during the low season promoted The Marianas as the ideal outbound travel destination toward the goal of stimulating early booking for summer tours to travel and history fans and the public. A series of 11 special issues dedicated to various aspects of travel in The Marianas, including history, culture, tourist attractions, available travel routes, and more. The program aired from Apr. 6 – May 5 with three replays each. (\$35,000 exposure ad)
- **Advertorials** were placed in the most-read and popular newspaper and magazines and regional online and offline media. The advertorials aimed to expose The Marianas to readers of major newspapers and magazines as a destination for family travel. Special feature articles were developed and distributed to key media with high-resolution photos to promote niche tour produce, such as wedding/honeymoon and diving. (\$160,000 ad exposure value)
- **Media Events** were arranged to strengthen ties with nationwide tourism and secular media and generate ore publications about The Marianas in nationwide media. Guests were introduced to Marianas history, indigenous Chamorro and Carolini-





an culture, and its diverse attractions. The event included a presentation on The Marianas and a raffle and attracted 35 representatives from top media and media coverage. (\$42,000 ad exposure value)

- A **media FAM tour** was held on Sept. 5-12 with the editors of inflight magazine of five major airlines in Russia. Publications were scheduled for November 2017 to March 2018. (\$1,050,000 ad exposure value)



## Consumer Promotions

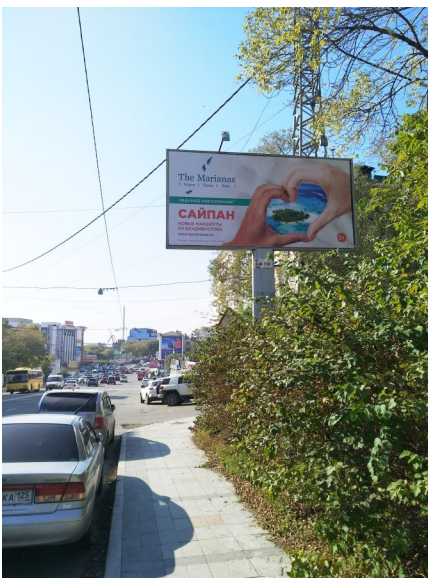
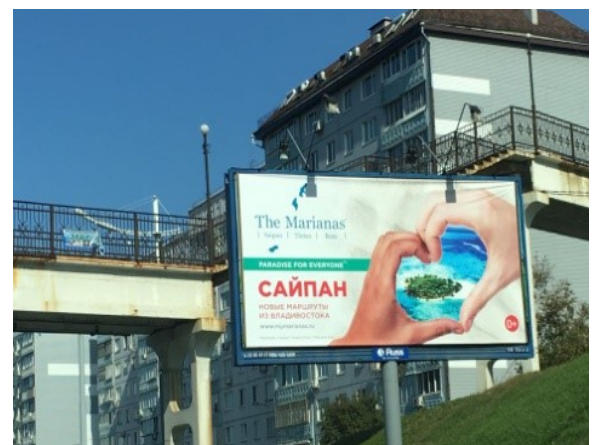
A series of consumer promotions were conducted:

### Destination Advertising Campaigns

- **Imaging Advertising** of The Marianas in Vladivostok was held in Fall & Winter 2017 to increase arrivals and announce new routes upon the opening of regular Jeju Air flights to The Marianas via Seoul beginning September 2017. The campaign included outdoor advertising, five billboards installed in downtown Vladivostok and places with traffic of at least 40,000 people daily. The campaign also including radio advertisement on two station with a total daily reach of 180,000 people. (\$221,000 ad exposure value)



### Co-ops with Airline Partners



- An outdoor advertising campaign with Asiana Airlines in Yuzhno-Sakhalinsk was held in August-November 2017 to boost winter holiday tour and sales to The Marianas. The campaign increased recognition of The Marianas brand and new logo via four banners installed along with roads with the highest traffic and downtown. (\$103,000 ad value)
- A joint ad campaign with Asiana Airlines was held in February 2017 on two popular radio stations in Khabarovsk and Sakhalin to promote Asiana routes to The Marianas and increase knowledge of Saipan, Tinian, and Rota. The “Let’s Fly to The Marianas” game was aired during morning prime time, reaching more than 200,000 people. Participants who called and answered questions about Marianas history and culture and Asiana and its routes to The Marianas won prizes (\$65,000 ad exposure value)



**Co-ops with Travel Trade Partners** to support sales of tours to The Marianas by key partner tour operators and travel agencies:

- An Outdoor Advertising Campaign with Biletur in Vladivostok from November 2016 to January 2017 promoting combo tours to the islands. The advertisements were installed in front of the Vladivostok offices of the largest tour operator in the Far East Russia. Biletur reported a 20 percent increase in tour bookings for the shoulder period and a 30 percent increase in booking for peak winter period.
- A Joint Advertising Campaign with Laguna in Vladivostok from October to December featured ad placement on five outdoor flashboards installed in downtown Vladivostok and high traffic places, via online ad banners, via PR articles on popular news web portals, and SNS promo posts. The travel agency reported a 25 percent increase in tour sales and a 40 increase in tour booking within the campaign period.



**Consumer Events** were held to increase awareness of The Marianas as the best vacation destination. The events had various themes targeting general consumers with various marketing tools.

- The Opening Ceremony of Cedar House, the largest entertainment and recreation center in Vladivostok that targets families with kids, was held on Oct. 9. A stand was operated to promote The Marianas a family destination through the distribution of printed materials and engagement of guests in a photo shoot and SNS contest “Wanna Go to Mango Resort,” with Mango Resort Saipan providing certificates for three-days free stay for the winners. Over 1,000 visitors attended the event, over 500 copies of printed material were distributed, and the SNS contest generated over 1,000 likes and shared over the 3-day contest. (\$14,000 ad exposure value)
- The “#Let’s Travel to The Marianas” Photo Exhibition was held on Mar. 24-April. 24 at the largest shopping mall of Yuzhno-Sakhalinsk to stimulate interest in traveling to The Marianas by displaying beautiful images of Saipan, Tinian, and Rota. The photos displayed the photos of the most popular Far East Russia travel blogger from his trip to The Marianas. Over 200 people including local media, key travel trade partners, and representatives of Asiana Airlines attended the exhibition opening. Over 90,000 visitors to the shopping mall attend-





# RUSSIA

ed the exhibition during the display period, and numerous publications were covered by local media and SNS. (\$75,000 ad exposure value)

- The annual outdoor city format event Yarmarka Travel 2017 in Vladivostok celebrated World Tourism Day to present The Marianas as the best destination for family travel. Fifty-three exhibitors, including tourism offices of Japan, Korea, Vietnam, Macao, and Singapore, joined the event on Sept. 24. More than 3,000 visitors attended and approximately 500 Marianas brochures, guidebooks, and branded giveaways were distributed. (\$55,000 ad exposure value)
- The outdoor city format event Seasons of Life Festival in Khabarovsk was held on May 27-28 downtown to present attractions and entertainment for families. Over 3,000 visitors attended and approximately 500 brochures, Marianas Guidebooks, and branded giveaways were distributed. (\$64,000 ad exposure value)



**Collaterals** were re-designed and re-printed to update Marianas information about tourist attractions, hotels, dining and more in The Marianas. The brochures and guidebooks provide up-to-date information and were distributed at various events and travel agencies of Far East Russia and Siberia.

## On-line Marketing:

- **The Marianas Quiz** was an interactive quiz uploaded to popular nationwide and local online entertaining resources to encourage people to test their knowledge of The Marianas and to attract attention to the destination. The quiz ran in June in Sakhalinsk and in July nationwide. Over 11,000 people passed the quiz in June, and over 6,000 people passed the quiz in July. (\$21,000 ad exposure value)
- The **official MVA website** was promoted as the primary source of current information about The Marianas. The number of website visitors reached 14,605 people in FY 2017.
- The online **“Wanna Go to The Marianas”** was a joint project of the MVA, Asiana Airlines Khabarovsk, the largest tour operator in Khabarovsk, and popular Russian travel bloggers. The contest was destined to create buzz about The Marianas in Russia SNS, promote



the MVA's Russian SNS channels, and draw interest to the Seasons of Life Festival. More than 500 new subscribers joined the official Instagram page with total reach exceeding 617,000 people.

- **Social media marketing** promoted The Marianas to a mass audience with fine targeting through the most popular information channels of Instagram and Facebook. The official Instagram was created, with 24,000 monthly users and 4,250 subscribers. Facebook had 35,000 monthly users and 4,240 followers, up 10 percent compared to FY 2016.



## Strategic Goals for FY 2018

- Continually follow its general strategy to present The Marianas as a destination with wide diversity of entertainment and pleasures under strategic message “Discover Senses of The Marianas.” Target customer groups are families, adventure seekers and loyal (repeater) customers.
- Strengthen ties with travel trade sector of Far East Russia, Siberia and Central Russia, organize trade seminars and actively participate in B2B events to boost tour sales. Implement incentive program for travel agents to boost sales of tours
- Conduct active communication with airlines and tour operators to arrange charter program and increase air-lift to The Marianas from Far East Russia
- Focus on high-visibility/high-impact/low-cost online and social media campaigns to continuously raise the visibility of The Marianas in Russia SNS community and mass auditory of RuNet
- Develop cost-efficient destination image campaigns and programs integrating different types of ad tools to strengthen image of The Marianas as “Paradise for Everyone”
- Continue marketing and promotion activities in Siberia to extend source territories of Russia for The Marianas



## Upcoming Activities

MVA Russia will develop strategies in line with the following:

- **Seminars/Workshops/Sales Calls:** to provide up-to-date information about The Marianas to local travel trade in key cities of the Russian Far East (Vladivostok, Khabarovsk and Yuzhno-Sakhalinsk) and increase sales
- **Siberia Travel Industry (STI) Workshops:** to educate travel trade in target territories of Siberia, set new ties and push sales of tours to The Marianas

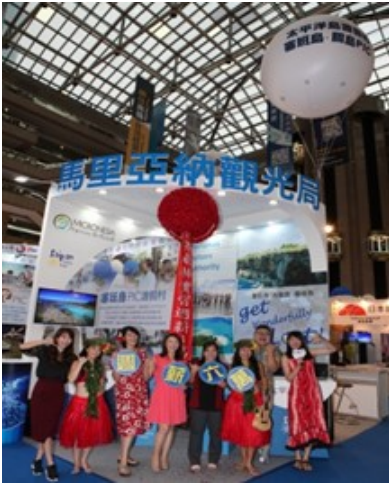


# RUSSIA

- Incentive Program for Travel Agents: to encourage travel trade increase sales of tours to The Marianas
- Campaigns with Partner Airline: boost sales of Asiana Airlines and Jeju Air routes to The Marianas from key getaway cities via a mix of media and advertising channels
- Destination Image Campaign: to maximize exposure of the destination in target territories, deliver strategic message and increase visibility of The Marianas among other Asia beach destination through various ad channels (online and offline media, outdoor advertising, radio, etc.)
- Consumer Events: participate in selected consumer events to reaching targeted consumer groups – mostly families and travelers with special interests (diving)
- Digital Promotion: continually update the MVA's official website and SNS channels, include digital in all promotion activities and projects and develop multi-angle PR activities with fine targeting in digital resources



Visitor arrivals from Taiwan reached 1,053 in FY 2017, a 46.9 percent increase over FY 2016. The key goal of the MVA's Taiwan market is to generate visitor arrivals through China, including Hong Kong, while also building demand strong enough to prompt direct flights.



The International Monetary Fund ranked Taiwan as the 19th richest country in the world in 2017. The Taiwan outbound tourism reached a new high of 15.6 million trips abroad in 2017, up 7.3% from 2016. Taiwan is the seventh country in the world and the second in Asia to join the U.S. program. Taiwan passport holders need only to create a Global Online Enrollment System account, complete the required application before their trip, and pay a \$100 non-refundable fee.

Budget airlines are growing rapidly in the Taiwan market, to the extent that they account for 12.6% of passenger volume on international routes. Eighteen low-cost airlines operate from Taiwan. The MVA has developed strong co-operation with Hong Kong Airlines and Asiana Airlines, sending passengers to The Marianas via transit cities and receiving nearly 100% positive feedback. The MVA received "The Best Partner Award" from Hong Kong Airlines in March 2017.

## Travel Trade Marketing

Travel trade marketing involves working closely with key partners in the travel trade to educate and encourage them to produce and sell increasing numbers and a greater variety of tour products to the NMI.

**Trade Seminars** were planned and organized, consisting of a series of education seminars throughout Taiwan to acquaint key travel agents with marketing strategies and to provide updates on recent tourism development in the islands. Travel Marts/Shows throughout the year were:

- Travel trade seminars for the Master Travel Agency targeting 100 CEO agents in Taichung and Kaohsiung (October)
- Trade seminar jointly organized by Association of National Tourism Office Representatives and Travel Quality Assurance Association in the southern cities of Kaohsiung and Tainan (April)
- Meeting with Dream Air to discuss the possibility of direct flight opportunities (September)
- Four travel trade shows were participated in throughout the year:
  - Taipei International Travel Fair in northern Taiwan (October)





# TAIWAN

- Koahsiung Tourism Expo in southern Taiwan (February)
- Tainan ChengKung University Travel Fair in southern Taiwan (March)
- Taipei Tourism Expo in northern Taiwan (May), where the MVA received an appreciation plaque

**Tie-in Promotions**, including numerous joint marketing programs, were implemented to help fill airline seats:

- **Marianas Travel Trade Network Event** was organized to strengthen the MVA's valuable partnership with Marianas partners, wholesalers, and receptive operators specializing in the Saipan, Tinian and Rota destination:
  - The Saipan Travel Guide App was introduced to trade partners during an educational seminar (July)
  - In-house training was conducted in collaboration with Hong Kong Airlines and Asiana Airlines to promote Marianas dive tour packages
- **Study & Sales FAM** tours provided major travel agents in Taiwan with an opportunity to develop new Marianas' tour products. A sports tourism inspection FAM to Saipan and Managaha was conducted with Rainbow Wings marketing team to provide deeper knowledge of The Marianas' sports tourism resources (February)



**Marianas Festival Marketing** actively promoted major Marianas events using various marketing and PR platforms to increase destination awareness and boost sales of special tour products related to festivals. This marketing included:

- Media FAM tour to Saipan and Tinian featuring Hell of the Marianas century cycle and Christmas in The Marianas (December)
- Media FAM to Saipan and Rota highlighted the Rota Coconut Festival (September)



## Public Relations

With the MVA's limited marketing budget, strong partnership with the travel trade industry is important to stretch marketing dollars. Marketing efforts were leveraged by arranging free media coverage to introduce The Marianas' tourism attractions. This involved a series of negotiations with various media outlets that cater to the target market.

# TAIWAN

Over \$23.5-million in unpaid advertising value was secured via PR campaigns during the year, with exposure secured through 641 PR items. The advertising value was secured on the basis of aggressive media calls and negotiation with major TV networks, daily newspapers, monthly magazines, websites, and other media outlets.

In addition, PR campaigns involved year round negotiations with leading travel/lifestyle publications and popular TV shows to actually visit The Marianas to create media coverage focusing on tourist attractions within the islands. As a result, several media visited The Marianas by Taiwanese media throughout the year. Some of the highlights include:

- **TV Filming Media Projects** to expose The Marianas to Taiwan and China mass market TV viewers as a highly dynamic travel destination:
  - “iWalker Travel Show” 60-min. episode featured 360 Revolving Restaurant, Himawari’s, Mariana Breeze Oleai Beach Bar & Grill, and Chamorro barbecue (October, \$1,000,000+ ad value)
  - EBC “Travel News” had two special 30-min. episodes featuring Hell of The Marianas (December, \$280,000)



- TVBS “Super Taste ,” the #1 travel show enjoyed by audiences in Asia, Oceania, and North American focused on favorite food items and attractions. The show introduced the most popular gourmet dishes in Tinian, Rota, and Saipan and was watched by 10 million viewers worldwide (April, \$6 million)
- ETTT “Underwater 30 Meters” filmed two episodes about The Marianas. The show focused on famous dive sites such as Grotto, Eagle Ray City, Ice Cream, Naftan Point, Spotlight, Wing Beach, and Tanapag lagoon. The show reached approximately 6 million viewers in Taiwan, China, and Hong Kong.
- **Advertorials** to expose The Marianas to readers of major newspapers and magazines every month, special feature articles were developed and distributed to key media with high-resolution photos, resulting in over 60 articles published, including:



# TAIWAN



- The China Times (February)
- Travel Rich Magazine (May)
- Hong Kong Express (UO) in-flight magazine (August)
- ROAM Travel Magazine (October)
- ROAM Travel Magazine Tinian feature (October)
- ROAM Travel Magazine Rota feature (October)

## Consumer Promotions

Consumer promotions campaigns conducted with 3rd parties and Marianas tourism partners during the year were:

- The “Intern to the Marianas”, also called The Best Internship in the World, was organized with leading online travel agency KK Day. The promotion generated coverage by seven TV networks and over 100 online channels. (January-April, \$110,000 ad value)
- Negotiations were held with Taiwanese underwater photographer **Yorko Summer** to attain complimentary use of his Marianas images for placement in major consumer campaigns (\$14,000 ad value)



Online marketing included:

- A monthly **E-Newsletter** focusing on a variety of campaigns, news, and information about the Northern Marianas
- Year round **Social Media Marketing** to update information and news through the social media platform Facebook, with over 19,000 fans reached during the year
- “Rota Style 2.0” social media campaign to introduce the island’s tourism resources targeting nature lovers and family travelers. The campaign attracted over 120,000 visits to the MVA’s Facebook fan page. (May-June)



## Strategic Goals for FY 2018

### Strategy

- Target Taiwan to become the major top 5 source country for The Marianas in terms of visitor arrivals.
- Organize a celebrity Fam and media Fam from Taiwan to enhance Greater China media exposure.
- Develop various new promotions targeting key segments, including FITs, Golf, Leisure, Honeymoon and Mini Groups, in co-op with key travel trade partners to maximize sales volume.

# TAIWAN

- Co-op with major airlines to increase the airlines' load factors to the CNMI.
- Plan "Club Marianas" travel trade marketing opportunities to maximize the possibility of launching direct Saipan/Tinian charter flights during summer/winter vacations.
- Generate low-cost, high-value communications programs integrating different types of media, including online and offline, as well as in social media.
- Participate in major sports events and travel shows in Taiwan to update destination information and develop new and creative tour packages.

## Upcoming Activities

- **Taipei International Travel Fair:** capitalize on major exposure opportunity to meet over 325,000 visitors to raise awareness of the Marianas as the best leisure destination in Taiwan.
- **Direct Flight Development:** discuss future promotions/campaigns with major airlines and travel associations to develop effective sales strategies prior to the start of direct /charter flights.
- **Airline Co-op:** capitalize on major exposure to over 100,000 visitors to raise awareness of The Marianas as the best leisure destination via airlines' social media platforms.
- **Culture Marketing Campaigns:** launch culture marketing promotions to draw Taiwan travelers attention to The Marianas as one of the best destinations to enjoy various cultural events.
- **Marianas Diving Tourism Workshops:** strengthen valuable partnerships with Marianas partners and provide travel trade training focusing on tourism resources, including diving.
- **Co-op Promotions with Consumer Brands:** secure unpaid exposure by working with third party partners to implement tie-in campaigns.
- **Sports Tourism Consumer Marketing:** work with sports brands to promote Hell of the Marianas, Festival of Runs and triathlon events to boost The Marianas as a dynamic sports destination.
- **Taipei Tourism Expo:** participate in Taipei Tourism Expo and promote Saipan & Tinian tour packages to over 282,000 visitors on the largest summer travel fair in Taiwan.
- **Diving Resort and Travel (DRT) Show:** participate in the DRT Show and promote The Marianas' diving resources to a large number of potential dive tourism fans in Taiwan.
- **Social Media Campaigns:** to raise awareness of The Marianas as the best leisure destination and increase sales of tour packages via online sales channels.
- **Destination Ad Campaign:** increase awareness of The Marianas through various marketing channels.
- **Media FAM Tours:** organize media FAM tours with airlines to cover signature events in The Marianas.
- **Trade FAM Tours:** conduct FAM tours with travel agents to develop new tour products.
- **Consumer Campaign:** develop new consumer campaigns and promotions to maximize the media exposure & stimulate the public awareness in Taiwan market.
- **Diving Consumer Seminars:** enhance the potential of the dive tourism market by highlighting new aspects of Marianas tourism and stimulating Taiwanese travelers' interest.





The Guam market saw a 15 percent increase in arrivals from Guam to The Marianas in FY 2017. Continued growth of the tourism industry and increased military family traffic from Guam to The Marianas were mainly responsible for the increase to 16,018 in FY 2017 compared to 13,932 in FY 2016. In FY 2016, arrivals from Guam comprised 2.5 percent of total visitors to The Marianas (arrivals from Guam-based military vessels are not included in the Guam arrival figures as they are categorized as coming from the USA). Air service regularity has improved, and military personnel and their families are becoming a larger percentage of the total. Guam is the 4<sup>th</sup> largest visitor source market of The Marianas behind, Korea, China and Japan.

Advertising was undertaken in Guam primarily to the military market during FY 2017 for a total expenditure of about \$32,000. Trade shows focused on U.S. military personnel were attended as the only other promotions funded for the market. Additional public relations outreach was made through regular distribution of press releases to Guam media.

Advertising to military personnel include the official Stars and Stripes Regional Military publications in Guam, Japan, and Korea along with Asia Regional Annual publications extending the reach and value of MVA destination advertising for Saipan, Tinian and Rota. These strategies would statistically show increases from those source countries rather than from Guam and are expected to have brought significant numbers of military personnel from Japan and Korea. Additionally, a strategy of special focus on Rota and Tinian events was implemented across all advertising media.

Guam represents a viable market composed of four main categories: recreational visitors from the US military, business and investment visitors, visitors transiting through Guam from Asia and recreational visitors from the local permanent Guam population. The Marianas will continue to capture a larger number of military visitors as long as funding allows targeted promotions to continue.



## Consumer Promotions

The MVA participated in two trade shows on Guam in FY 2016 targeting military personnel and their families, with the goal of building awareness of the Northern Mariana Islands and reaching travel decision-makers. Flyers, maps and registration forms for the Rota Blue Triathlon, Fishing Derby and the Tinian Fiesta for 2017 were widely distributed along with destination collaterals from Saipan, Tinian and Rota businesses and general destination collaterals. For the fifth year MVA partnered with PDI in order to increase our awareness of The Marianas via a larger tradeshow footprint. The total MVA cost for these shows was minimal and produced very positive results.

- Annual Anderson Air Force Base (AFB) Travel Fair was held on-base in the Sunrise Convention Center with about 900 participants. All attendees had the opportunity to ask for and get immediate feedback. The NMI booths were well attended and most all collaterals were handed out to interested parties. Additional collaterals were given to on-base MWR (Morale, Welfare, Recreation) offices for future distribution (May 3).
- Navy Base Guam Travel Show-The Navy Travel Show venue was at Top of the 'Mar on Nimitz Hill with about six hundred attendees availed themselves of the information presented by exhibit displays. NTO's from across Micronesia joined the MVA in displaying their offerings, along with other displays by airlines, hotels and Guam-based tourism businesses. (May 4)
- Additionally, promotional materials were distributed to dive shops and travel agents before the delegation returned to Saipan.



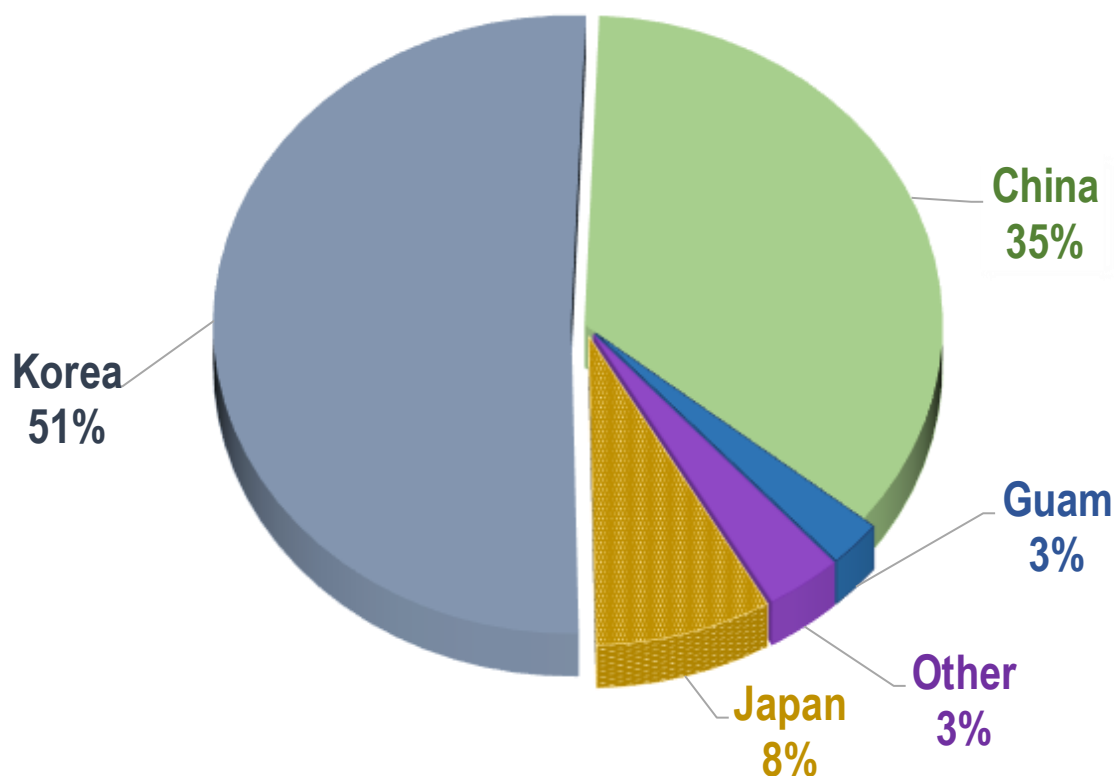


## TOTAL VISITOR ARRIVALS

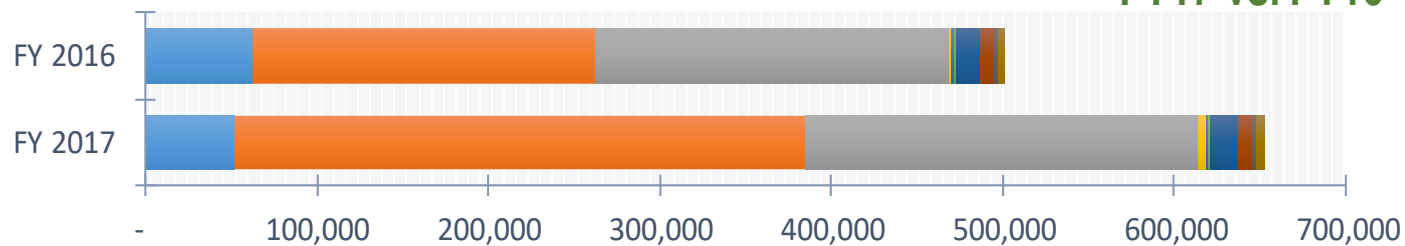
In FY 2017, 653,150 people visited The Marianas compared to 501,489 the previous year, marking an increase of 30 percent and the sixth consecutive year of growth. This was also the fourth highest fiscal year arrivals in Marianas history, the record being 726,690 in Fiscal Year 1997.

Buoyed by strong air service, Korea was again the top-performing market for the year, comprising 51 percent of all visitors. With increased marketing and connectivity to second-tier cities, visitors arrivals from China comprised 35 percent of arrivals, continuing its nearly decade-long double digit increase in arrivals. Visitors from Japan comprised 8 percent of arrivals, Guam comprised 3 percent and Others comprised 3 percent.

## FY 2017 VISITOR ARRIVALS MARKET SHARE

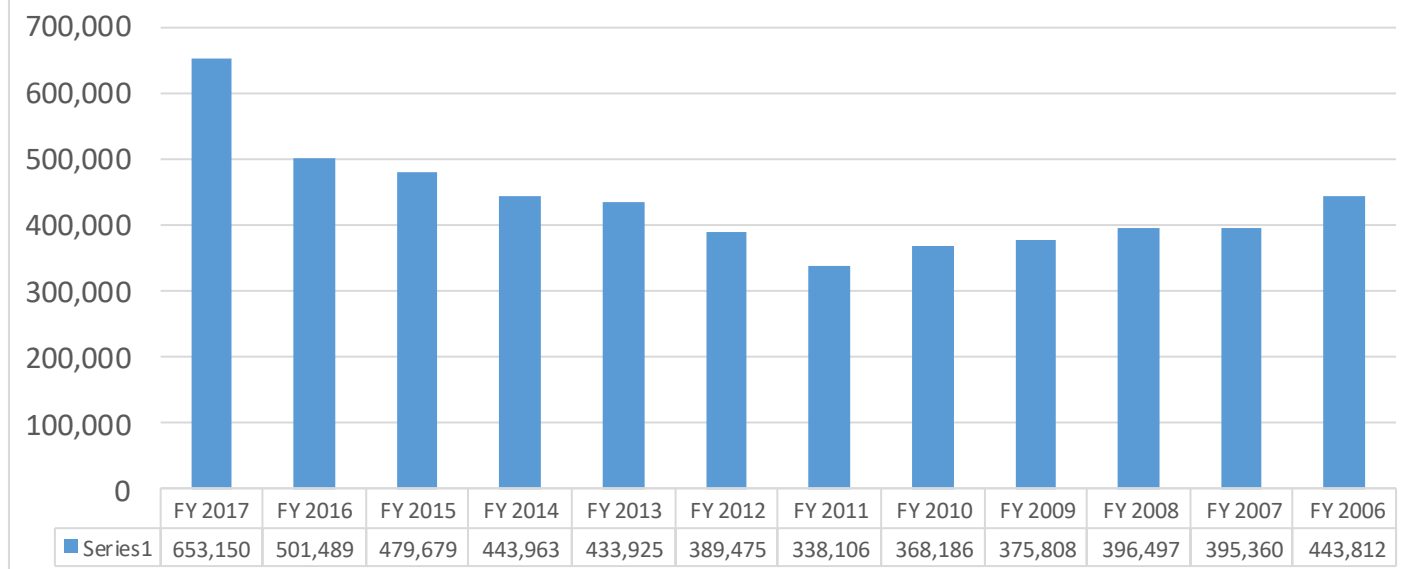


## Market Arrivals FY17 vs. FY16



	FY 2017	FY 2016
Japan	52,227	62,120
Korea	333,069	200,875
China	229,389	206,538
HK	4,746	1,710
Taiwan	1,053	717
PI	969	999
Guam	16,018	13,932
USA	8,528	8,515
Russia	2,130	1,796
Other	5,021	4,287

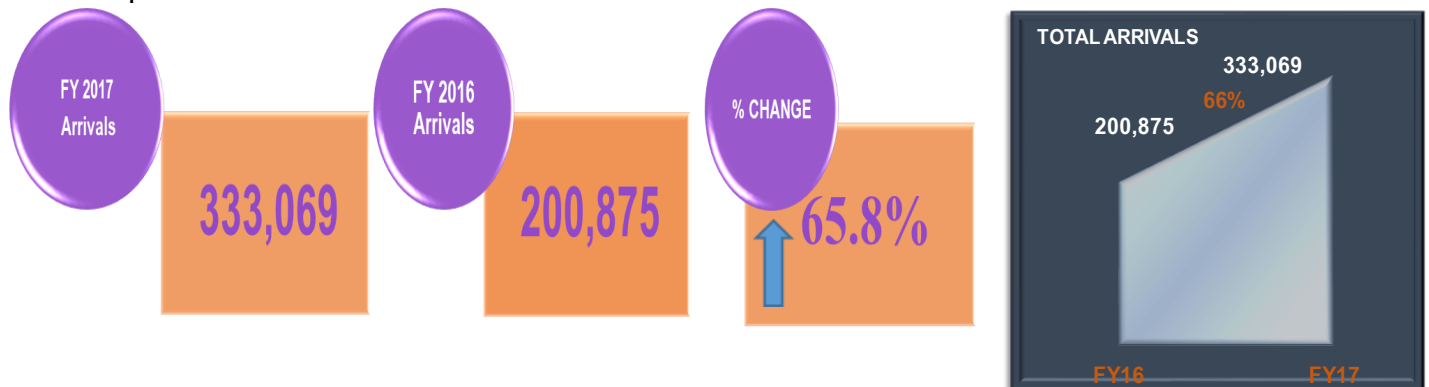
## VISITOR ARRIVALS TO THE CNMI FY 2006-2017



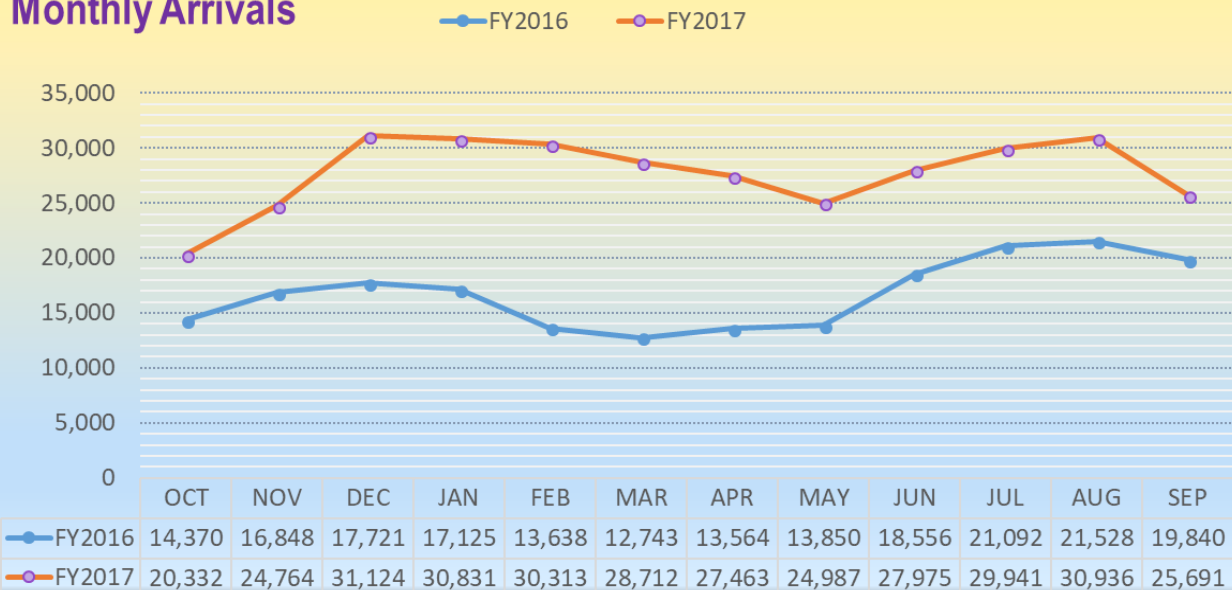


## KOREA

Top-performing market Korea country registered 65.8 percent growth in FY 2017 at 333,069 visitors, compared to 200,875 in FY 2016. The growth was largely driven by strong marketing and extensive air service comprised of one national carrier and several LLCs.



### Monthly Arrivals



### VISITOR ARRIVALS TO THE CNMI FY 2006-2017



## KOREA VISITOR PROFILE - FY 2017

AGE & GENDER	FY 2017		Not Stated	YEAR
TOTAL	MALE	FEMALE	494	332,935
Under 10	128	113	2	243
Under 13	43,868	41,638	280	85,786
10-17	5	5	0	10
13 - 15	3,030	2,769	14	5,813
16 - 19	2,059	2,018	9	4,086
18 - 19	3	5	1	9
20 - 24	4,706	9,223	8	13,937
25-29	8,040	18,089	15	26,144
30 - 34	16,543	24,808	24	41,375
35 - 39	26,286	31,661	37	57,984
40 - 44	21,769	19,155	32	40,956
45 - 49	9,960	7,382	11	17,353
50 - 54	4,285	4,960	8	9,253
55 - 59	3,739	5,905	7	9,651
60 Over	8,729	11,144	25	19,898
Not Stated	156	260	21	437

KOREA	FY 2017	% Share	% Change
<b>MODE OF ARRIVAL</b>	<b>332,940</b>	<b>100.00%</b>	<b>66.00%</b>
Air	332,935	100.00%	65.99%
Sea	5	0.00%	-----
<b>PURPOSE OF VISIT</b>	<b>139,209</b>	<b>100.00%</b>	<b>75.70%</b>
Pleasure	138,376	99.40%	76.12%
Business	570	0.41%	-12.04%
Other	263	0.19%	1653.33%
<b>FREQ. OF VISIT</b>	<b>139,209</b>	<b>100.00%</b>	<b>75.70%</b>
First Visit	110,415	79.32%	84.06%
Revisit	24,227	17.40%	50.50%
Not Stated	4,567	3.28%	45.12%
<b>TRAVEL ARRANGEMENT</b>	<b>139,209</b>	<b>100.00%</b>	<b>75.70%</b>
Individual Arranged	82,814	59.49%	123.89%
Packaged Tour	45,640	32.79%	31.82%
Business Trip	2,599	1.87%	39.51%
Group Incentive	5,364	3.85%	35.80%
Other	531	0.38%	44.69%
Not Stated	2,261	1.62%	57.12%
<b>TRAVEL COMPANION</b>	<b>127,867</b>	<b>-----</b>	<b>67.37%</b>
Spouse	80,508	62.96%	93.35%
Children	71,148	55.64%	102.87%
Parents	16,709	13.07%	108.00%
Other Family	13,561	10.61%	96.31%
Business Assoc.	8,080	6.32%	54.29%
Friend	40,513	31.68%	140.95%
Tour Group	3,978	3.11%	42.22%
Alone	5,399	4.22%	63.85%
Not Stated	4,595	3.59%	68.56%
<b>TRAVEL PLANS</b>	<b>137,255</b>	<b>-----</b>	<b>76.95%</b>
Pleasure	131,945	96.13%	79.39%
Business	368	0.27%	-11.75%
Golf	6,072	4.42%	31.83%
Dive	7,127	5.19%	120.99%
Convention	132	0.10%	83.33%
Company Trip	641	0.47%	91.34%
Honeymoon	1,122	0.82%	11.09%
Get Married	14	0.01%	-46.15%
Memorial Service	28	0.02%	7.69%
Visit Friends	1,361	0.99%	25.67%
Sports	547	0.40%	82.33%
Other	514	0.37%	3.84%
Not Stated	1,954	1.42%	17.22%

Korea	FY 2017	% Share	% Change
<b>TRAVEL MOTIVATION</b>	<b>130,228</b>	<b>-----</b>	<b>76.14%</b>
Newspaper	264	0.20%	101.53%
Magazine	1,605	1.23%	10.01%
Travel Agent	32,313	24.81%	29.13%
Climate	9,368	7.19%	127.82%
Price	3,953	3.04%	167.28%
Short	10,477	8.05%	92.27%
Reading	9,358	7.19%	72.24%
Flyer	3,614	2.78%	82.07%
Friends / Relatives	15,995	12.28%	74.92%
TV / Radio	2,570	1.97%	189.41%
Prior Trip	8,608	6.61%	50.36%
Other	3,556	2.73%	28.79%
Web	63,232	48.55%	123.54%
Not Stated	8,981	6.90%	69.52%
<b>OCCUPATION</b>	<b>139,209</b>	<b>100.00%</b>	<b>75.70%</b>
Leg & Manager	1,885	1.35%	28.06%
Professional	24,691	17.74%	71.18%
Technicians	10,948	7.86%	76.61%
Clerk	50,833	36.52%	76.84%
Service	16,361	11.75%	63.71%
Skilled	412	0.30%	59.69%
Craftsman	220	0.16%	92.98%
Plant Operator	1,384	0.99%	80.92%
Entry Level	58	0.04%	114.81%
Armed Forces	542	0.39%	106.08%
Homemaker	12,202	8.77%	64.14%
Students	11,156	8.01%	189.24%
Retirees	1,813	1.30%	28.95%
Other	2,998	2.15%	73.60%
Not Stated	3,706	2.66%	45.56%

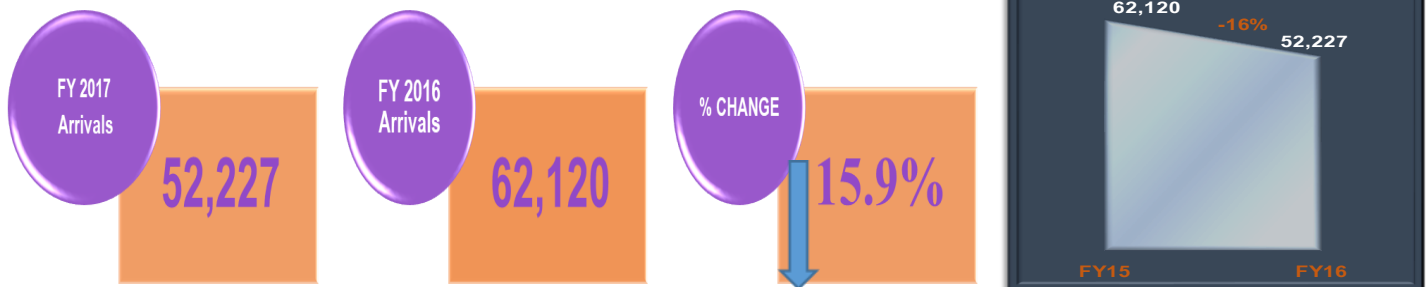
Source: CNMI Customs Declaration Forms



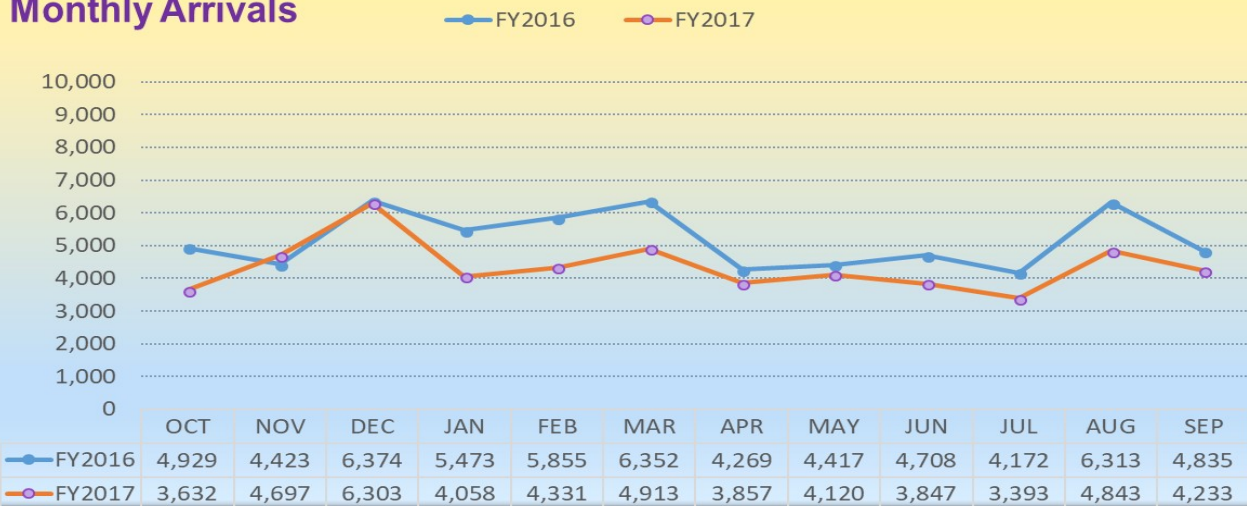
# RESEARCH

## JAPAN

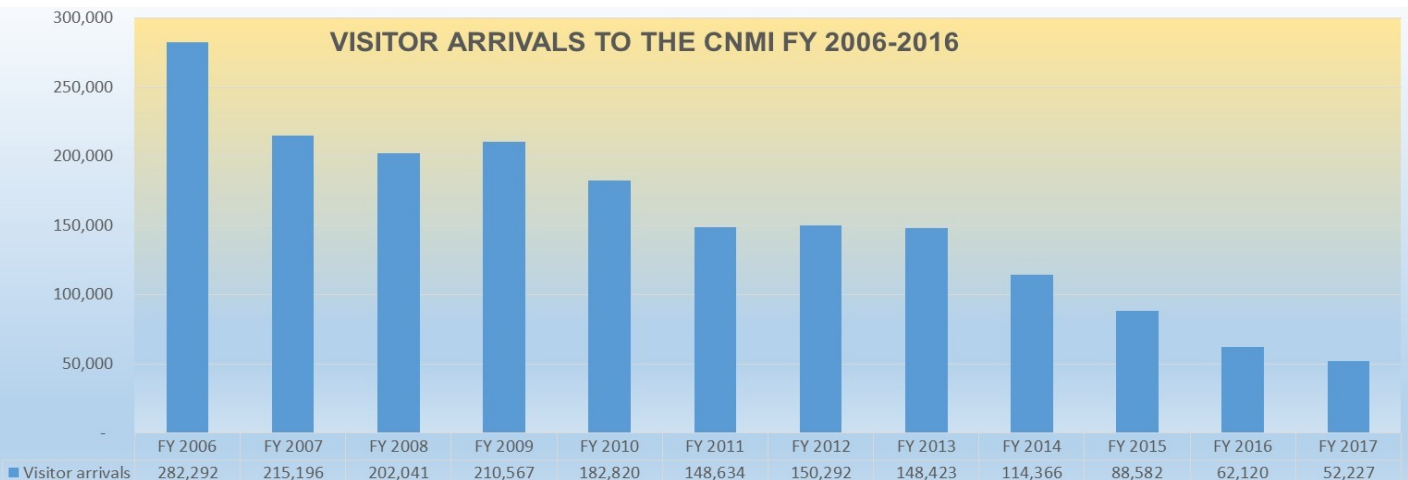
The Northern Marianas saw another year of decline from the once dominant market of Japan, dropping 15.9 percent in FY 2017. Japan generated 52,227 visitors, 62,120 fewer visitors than in FY 2016. Continued instability of airline flights attributed to this decline. Marketing strategies continued to revive the image of The Marianas from being an older destination to be a destination with many new facilities, attractions, and activities.



### Monthly Arrivals



### VISITOR ARRIVALS TO THE CNMI FY 2006-2016



# RESEARCH

AGE & GENDER TOTAL	FY 2017		Not Stated 47	YEAR TOTAL 50,238
	MALE 26,851	FEMALE 23,340		
Under 10	8	11	0	19
Under 13	2,209	2,087	15	4,311
10-17	3	3	0	6
13 - 15	361	354	2	717
16 - 19	980	990	5	1,975
18 - 19	2 1,692	6 3,266	0	8
20 - 24	2,002	3,514	2	4,960
25-29	2,304	2,558	1	5,517
30 - 34	2,507	2,125	4	4,866
35 - 39	2,984	1,999	3	4,635
40 - 44	2,918	1,859	2	4,985
45 - 49	2,401	1,322	3	4,780
50 - 54	1,814	965	3	3,726
55 - 59	4,646	2,267	3	2,782
60 Over	20	14	1	6,914
Not Stated			3	37

JAPAN TRAVEL MOTIVATION	FY 2017 34,044	% Share -----	% Change -14.36%
Newspaper	114	0.33%	-32.94%
Magazine	764	2.24%	-29.00%
Travel Agent	6,228	18.29%	-17.26%
Climate	5,457	16.03%	-18.01%
Price	2,616	7.68%	-26.54%
Short	5,679	16.68%	-14.99%
Reading	117	0.34%	-26.88%
Flyer	782	2.30%	-32.47%
Friends / Relatives	5,965	17.52%	-16.82%
TV / Radio	339	1.00%	-18.31%
Prior Trip	8,258	24.26%	-12.96%
Other	4,060	11.93%	0.35%
Web	6,785	19.93%	-16.93%
Not Stated	2,404	7.06%	-1.35%
<b>OCCUPATION</b>	<b>36,448</b>	<b>100.00%</b>	<b>-13.61%</b>
Leg & Manager	6,318	17.33%	-9.50%
Professional	2,765	7.59%	-13.92%
Technicians	1,611	4.42%	-16.96%
Clerk	13,409	36.79%	-11.71%
Service	3,120	8.56%	-13.72%
Skilled	185	0.51%	-18.86%
Craftsman	13	0.04%	-35.00%
Plant Operator	195	0.54%	-21.37%
Entry Level	20	0.05%	-33.33%
Armed Forces	65	0.18%	-15.58%
Homemaker	1,243	3.41%	-19.44%
Students	3,238	8.88%	-20.50%
Retirees	1,297	3.56%	-11.95%
Other	560	1.54%	-20.57%
Not Stated	2,409	6.61%	-15.62%

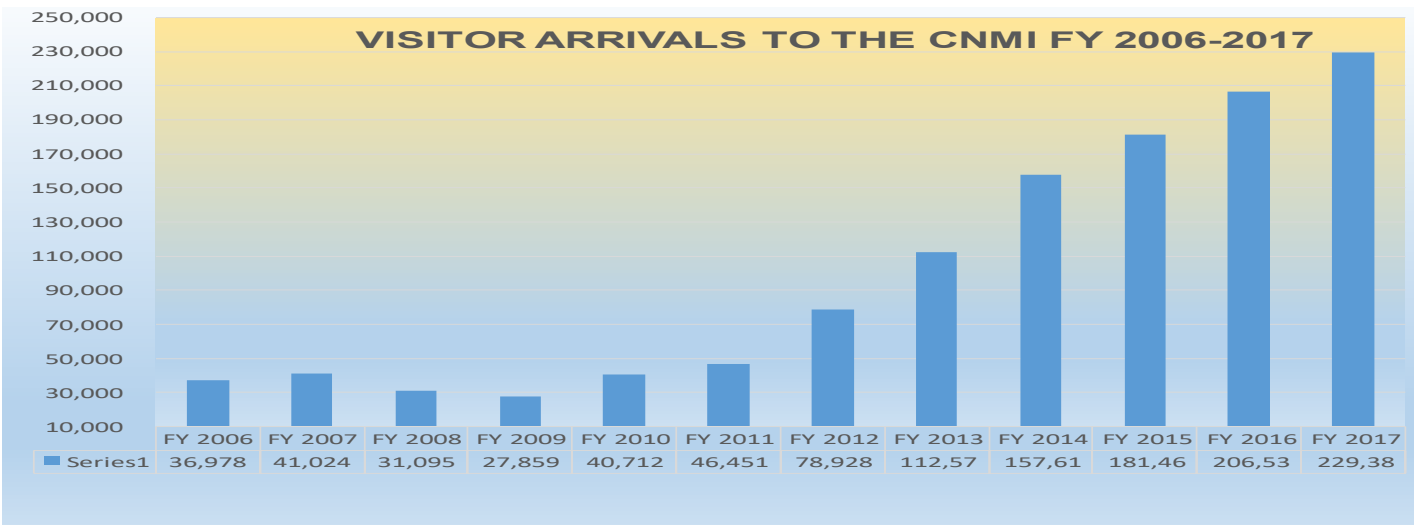
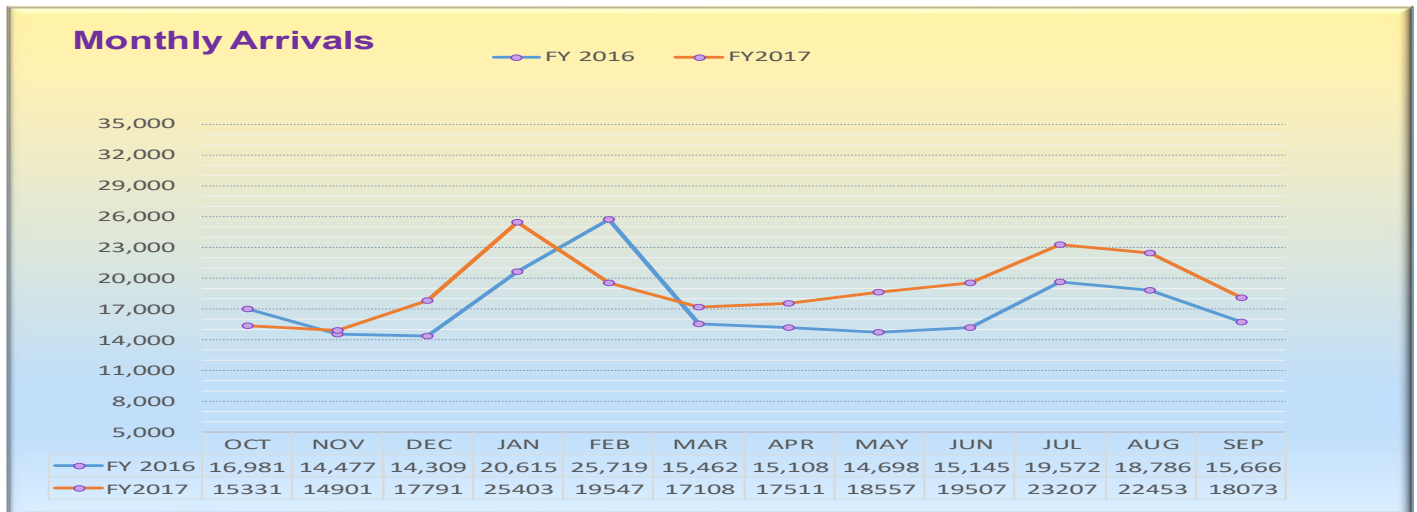
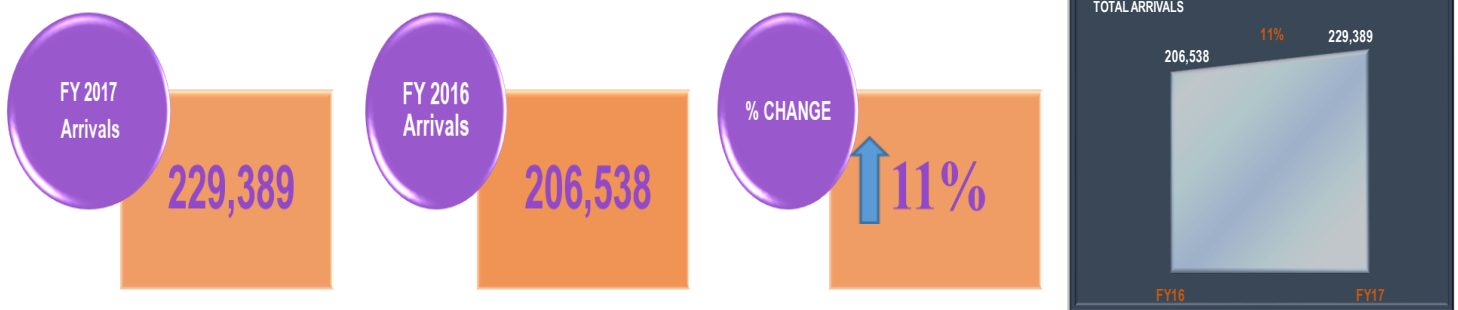
JAPAN MODE OF ARRIVAL	FY 2017 51,447	% Share 100.00%	% Change -15.60%
Air	50,238	97.65%	-16.58%
Sea	1,209	2.35%	65.39%
<b>PURPOSE OF VISIT</b>	<b>36,448</b>	<b>100.00%</b>	<b>-13.61%</b>
Pleasure	35,510	97.43%	-14.32%
Business	718	1.97%	23.37%
Other	220	0.60%	35.80%
<b>FREQ. OF VISIT</b>	<b>36,448</b>	<b>100.00%</b>	<b>-13.61%</b>
First Visit	17,722	48.62%	-13.48%
Revisit	17,775	48.77%	-11.13%
Not Stated	951	2.61%	-44.12%
<b>TRAVEL ARRANGEMENT</b>	<b>36,448</b>	<b>100.00%</b>	<b>-13.61%</b>
Individual Arranged	8,805	24.16%	-4.54%
Packaged Tour	16,313	44.76%	-22.94%
Business Trip	5,379	14.76%	8.45%
Group Incentive	4,111	11.28%	-16.48%
Other	292	0.80%	75.90%
Not Stated	1,548	4.25%	-11.34%
<b>TRAVEL COMPANION</b>	<b>32,703</b>	<b>-----</b>	<b>-16.59%</b>
Spouse	7,483	22.88%	-6.00%
Children	4,975	15.21%	-1.58%
Parents	1,177	3.60%	-7.40%
Other Family	1,582	4.84%	-9.75%
Business Assoc.	6,609	20.21%	0.79%
Friend	13,857	42.37%	-16.84%
Tour Group	3,594	10.99%	-5.27%
Alone	2,912	8.90%	-9.45%
Not Stated	2,658	8.13%	-5.27%
<b>TRAVEL PLANS</b>	<b>35,125</b>	<b>-----</b>	<b>-13.49%</b>
Pleasure	24,583	69.99%	-12.34%
Business	788	2.24%	14.20%
Golf	4,716	13.43%	-8.18%
Dive	6,176	17.58%	-12.71%
Convention	68	0.19%	9.68%
Company Trip	3,962	11.28%	7.78%
Honeymoon	294	0.84%	-19.01%
Get Married	208	0.59%	-27.27%
Memorial Service	199	0.57%	-15.32%
Visit Friends	666	1.90%	-13.62%
Sports	407	1.16%	-21.12%
Other	1,226	3.49%	39.79%
Not Stated	1,323	3.77%	-16.53%



# RESEARCH

## CHINA

Arrivals from China posted their eight consecutive year of double-digit increase, jumping 11.1 percent compared to FY 2016. Total arrivals were 200,875 for FY 2017, compared to 206,538 the previous year. The Marianas continued to be a favorable destination from this market, especially during holiday periods such as Chinese New Year and the summer months. The MVA's marketing efforts continued to focus on its partnership with industry stakeholders.



## CHINA VISITOR PROFILE - FY 2017

AGE & GENDER	FY 2017		Not Stated	YEAR TOTAL
	MALE	FEMALE		
<b>TOTAL</b>	<b>99,405</b>	<b>125,890</b>	<b>245</b>	<b>225,540</b>
Under 10	19	22	0	41
Under 13	10,073	9,432	40	19,545
10-17	2	1	0	3
13 - 15	1,295	1,207	5	2,507
16 - 19	1,491	1,985	3	3,479
18 - 19	5	5	0	10
20 - 24	5,042	11,291	15	16,348
25-29	21,896	32,907	37	54,840
30 - 34	17,040	20,643	40	37,723
35 - 39	12,263	14,121	22	26,406
40 - 44	8,805	8,933	17	17,755
45 - 49	7,310	7,648	13	14,971
50 - 54	5,381	6,448	12	11,841
55 - 59	3,327	4,629	5	7,961
60 Over	5,339	6,420	13	11,772
Not Stated	117	198	23	338

CHINA	FY 2017	% Share	% Change
<b>MODE OF ARRIVAL</b>	<b>229,352</b>	<b>100.00%</b>	<b>11.05%</b>
Air	225,540	98.34%	9.21%
Sea	3,812	1.66%	-----
<b>PURPOSE OF VISIT</b>	<b>136,594</b>	<b>100.00%</b>	<b>15.08%</b>
Pleasure	135,115	98.92%	14.80%
Business	944	0.69%	15.69%
Other	535	0.39%	187.63%
<b>FREQ. OF VISIT</b>	<b>136,594</b>	<b>100.00%</b>	<b>15.08%</b>
First Visit	126,537	92.64%	14.08%
Revisit	7,804	5.71%	48.20%
Not Stated	2,253	1.65%	-10.42%
<b>TRAVEL ARRANGEMENT</b>	<b>136,594</b>	<b>100.00%</b>	<b>15.08%</b>
Individual Arranged	27,269	19.96%	48.78%
Packaged Tour	36,412	26.66%	-5.71%
Business Trip	3,000	2.20%	-4.64%
Group Incentive	65,677	48.08%	19.06%
Other	325	0.24%	-8.19%
Not Stated	3,911	2.86%	26.53%
<b>TRAVEL COMPANION</b>	<b>124,061</b>	<b>-----</b>	<b>15.42%</b>
Spouse	36,671	29.56%	-2.49%
Children	16,283	13.12%	0.07%
Parents	7,893	6.36%	9.17%
Other Family	4,586	3.70%	25.44%
Business Assoc.	10,131	8.17%	3.21%
Friend	25,973	20.94%	30.66%
Tour Group	48,591	39.17%	73.48%
Alone	5,659	4.56%	34.61%
Not Stated	5,865	4.73%	38.20%
<b>TRAVEL PLANS</b>	<b>132,963</b>	<b>-----</b>	<b>14.53%</b>
Pleasure	127,901	96.19%	14.86%
Business	931	0.70%	20.91%
Golf	846	0.64%	46.37%
Dive	9,031	6.79%	30.90%
Convention	331	0.25%	39.08%
Company Trip	1,996	1.50%	35.41%
Honeymoon	5,022	3.78%	-22.19%
Get Married	159	0.12%	22.31%
Memorial Service	156	0.12%	-10.86%
Visit Friends	664	0.50%	22.74%
Sports	128	0.10%	42.22%
Other	1,010	0.76%	15.56%
Not Stated	3,631	2.73%	39.28%

CHINA	FY 2017	% Share	% Change
<b>TRAVEL MOTIVATION</b>	<b>124,662</b>	<b>-----</b>	<b>13.71%</b>
Newspaper	948	0.76%	-0.63%
Magazine	4,570	3.67%	18.73%
Travel Agent	81,852	65.66%	22.04%
Climate	5,309	4.26%	-51.20%
Price	1,291	1.04%	36.76%
Short	2,214	1.78%	12.73%
Reading	797	0.64%	20.94%
Flyer	640	0.51%	25.24%
Friends / Relatives	12,547	10.06%	13.67%
TV / Radio	2,079	1.67%	-23.85%
Prior Trip	2,150	1.72%	43.81%
Other	2,765	2.22%	10.56%
Web	25,444	20.41%	23.59%
Not Stated	11,932	9.57%	31.60%
<b>OCCUPATION</b>	<b>136,594</b>	<b>100.00%</b>	<b>15.08%</b>
Leg & Manager	4,305	3.15%	3.51%
Professional	54,563	39.95%	86.29%
Technicians	8,056	5.90%	1.10%
Clerk	30,404	22.26%	-30.19%
Service	8,247	6.04%	20.98%
Skilled	291	0.21%	20.75%
Craftsman	1,352	0.99%	9.39%
Plant Operator	1,172	0.86%	-8.72%
Entry Level	1,760	1.29%	21.72%
Armed Forces	10	0.01%	25.00%
Homemaker	2,788	2.04%	0.25%
Students	4,969	3.64%	13.14%
Retirees	5,423	3.97%	17.94%
Other	6,109	4.47%	30.17%
Not Stated	7,145	5.23%	14.69%

Source: CNMI Customs Declaration Forms



# RESEARCH

## OTHERS VISITOR PROFILE - FY 2017

AGE & GENDER TOTAL	FY 2017		Not Stated	YEAR TOTAL
	MALE	FEMALE		
	12,762	9,158	37	21,957
Under 10	7	16	0	23
Under 13	737	729	8	1,474
10-17	1	0	0	1
13 - 15	177	159	4	340
16 - 19	280	228	2	510
18 - 19	2	1	0	3
20 - 24	748	678	1	1,427
25-29	1161	1263	2	2,426
30 - 34	1439	1190	2	2,631
35 - 39	1362	936	0	2,298
40 - 44	1311	821	4	2,136
45 - 49	1294	766	4	2,064
50 - 54	1336	681	3	2,020
55 - 59	1132	611	2	1,745
60 Over	1765	1073	2	2,840
Not Stated	10	6	3	19

OTHERS	FY 2017	% Share	% Change	OTHERS	FY 2017	% Share	% Change
MODE OF ARRIVAL	22,091	100.00%	25.00%	TRAVEL MOTIVATION	12,752	-----	32.01%
Air	21,957	99.39%	38.99%	Newspaper	130	1.02%	64.56%
Sea	134	0.61%	-92.86%	Magazine	361	2.83%	125.63%
PURPOSE OF VISIT	16,186	100.00%	31.64%	Travel Agent	1,014	7.95%	26.43%
Pleasure	9,802	60.56%	38.84%	Climate	807	6.33%	61.40%
Business	5,530	34.17%	7.46%	Price	477	3.74%	377.00%
Other	854	5.28%	848.89%	Short	406	3.18%	105.05%
FREQ. OF VISIT	16,186	100.00%	31.64%	Reading	282	2.21%	38.92%
First Visit	8,290	51.22%	58.45%	Flyer	236	1.85%	-17.19%
Revisit	6,739	41.63%	14.18%	Friends / Relatives	3,587	28.13%	41.78%
Not Stated	1,157	7.15%	-0.43%	TV / Radio	174	1.36%	81.25%
TRAVEL ARRANGEMENT	16,186	100.00%	31.64%	Prior Trip	1,266	9.93%	8.95%
Individual Arranged	8,934	55.20%	48.18%	Other	4,003	31.39%	-0.22%
Packaged Tour	1,127	6.96%	43.20%	Web	2,732	21.42%	112.11%
Business Trip	3,423	21.15%	10.99%	Not Stated	3,434	26.93%	30.27%
Group Incentive	662	4.09%	37.92%	OCCUPATION	16,186	100.00%	31.64%
Other	443	2.74%	2.55%	Leg & Manager	1,103	6.81%	17.22%
Not Stated	1,597	9.87%	7.61%	Professional	5,233	32.33%	25.10%
TRAVEL COMPANION	13,086	-----	29.68%	Technicians	901	5.57%	39.47%
Spouse	2,354	17.99%	105.23%	Clerk	1,159	7.16%	133.67%
Children	1,444	11.03%	82.32%	Service	835	5.16%	113.01%
Parents	430	3.29%	76.95%	Skilled	32	0.20%	-20.00%
Other Family	744	5.69%	48.21%	Craftsman	164	1.01%	10.81%
Business Assoc.	2,467	18.85%	13.37%	Plant Operator	54	0.33%	38.46%
Friend	3,617	27.64%	107.63%	Entry Level	123	0.76%	75.71%
Tour Group	460	3.52%	28.85%	Armed Forces	697	4.31%	21.64%
Alone	4,263	32.58%	7.90%	Homemaker	336	2.08%	37.70%
Not Stated	2,444	18.68%	15.45%	Students	699	4.32%	69.25%
TRAVEL PLANS	14,923	-----	33.90%	Retirees	823	5.08%	70.75%
Pleasure	8,898	59.63%	59.26%	Other	1,430	8.83%	27.91%
Business	4,741	31.77%	3.54%	Not Stated	2,597	16.04%	3.42%
Golf	410	2.75%	12.64%	Source: CNMI Customs Declaration Forms			
Dive	1,333	8.93%	110.58%				
Convention	365	2.45%	48.37%				
Company Trip	333	2.23%	34.82%				
Honeymoon	105	0.70%	105.88%				
Get Married	26	0.17%	30.00%				
Memorial Service	126	0.84%	17.76%				
Visit Friends	1,860	12.46%	17.95%				
Sports	260	1.74%	60.49%				
Other	691	4.63%	14.59%				
Not Stated	1,263	8.46%	9.73%				

## AVAILABLE AIRSEATS

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
<b>TOTAL</b>	535,223	557,663	574,264	551,214	505,406	542,764	614,053	598,047	614,002	621,739	839,799
<b>JAPAN</b>	248,271	254,710	302,315	260,836	202,302	192,161	187,885	143,977	108,209	64,647	61,813
<b>KOREA</b>	133,276	167,474	153,579	151,762	154,085	177,931	211,364	214,018	292,510	306,191	463,656
<b>CHINA</b>	46,195	32,856	28,394	45,696	41,216	74,361	114,890	143,540	143,712	157,873	154,966
<b>GUAM</b>	91,206	90,068	89,976	92,920	97,723	97,015	92,828	77,076	69,571	79,916	81,224
<b>RUSSIA</b>							7,086	15,648			
<b>HK</b>					10,080	1,296		3,788		8,276	68,000
<b>PHIL.</b>	16,275	12,555									

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
<b>OCT</b>	50,048	42,370	50,003	33,986	41,020	41,153	40,764	44,963	46,942	41,210	55,508
<b>NOV</b>	41,263	41,611	53,065	35,736	37,059	40,279	43,345	48,156	51,419	47,947	61,486
<b>DEC</b>	46,290	45,972	56,501	42,683	45,245	45,075	52,453	52,824	55,655	50,733	68,372
<b>JAN</b>	52,251	49,874	57,199	55,375	47,489	53,161	56,625	58,632	55,732	55,795	81,749
<b>FEB</b>	47,797	49,070	48,503	53,316	42,236	48,020	52,069	53,988	50,767	56,951	71,381
<b>MAR</b>	45,434	46,391	42,862	53,724	50,603	49,607	59,455	55,242	52,600	52,005	72,088
<b>APR</b>	37,250	43,342	38,166	42,126	38,253	43,146	49,036	41,651	54,000	45,197	66,089
<b>MAY</b>	41,511	44,966	41,399	43,142	40,010	41,973	50,449	47,987	54,430	47,221	68,082
<b>JUN</b>	40,902	43,191	35,999	40,520	37,245	38,500	44,657	44,303	47,719	49,860	67,753
<b>JULY</b>	44,601	53,094	45,930	51,909	40,920	45,392	53,621	47,605	52,462	57,626	74,183
<b>AUG</b>	49,976	53,199	56,212	55,994	46,905	53,465	64,813	55,911	43,196	62,908	80,605
<b>SEPT</b>	37,900	44,583	48,425	42,703	38,421	42,993	46,766	46,785	49,080	55,066	64,703
<b>TOTAL</b>	535,223	557,663	574,264	551,214	505,406	542,764	614,053	598,047	614,002	621,739	839,799



# COMMUNITY EVENTS

The Community Projects Division plays an important role in promoting The Marianas as a leisure and sports destination. Through the division, the MVA has developed annual Signature Events to generate international publicity and to offer visitors a wider variety of activities throughout the year. The division also works closely with industry partners on tourism activities, conducts regular public outreach, facilitates destination enhancements, and partners with MVA members to further educate the community about the importance of the tourism industry. In Fiscal Year 2017, the MVA had 253 members, an increase from 195 members in FY 2016.

## Sporting Events

### Hell of the Marianas, Dec. 3

The Annual Hell of the Marianas century cycle was held on Dec. 3, 2016, starting at Mariana Resort & Spa. The event lured 194 participants (compared to 140 participants the previous year), including 38 off-island participants from USA, Russia, China, Korea, Philippines, Taiwan, Guam, and Japan. Jan Paul Morales of the Philippines and Mieko Carey of Guam recorded the fastest times in the men's and women's divisions of the pro/open category, respectively.



### Marianas Sunset Fun Run, Jan. 20

In celebration of its 40<sup>th</sup> anniversary, the MVA held the Marianas Sunset Fun Run on Jan. 20 benefiting the Dog Control Program under the Saipan Mayor's Office. Forty-two participants and their four-legged friends participated in the event, which started at Garapan Fishing Base. Saipan-da backpacks and T-shirts were provided by the MVA and Tan Holdings Corp., while supplies lasted. Taste of the Marianas tokens were awarded to top finishers, and the \$2,140 raised was

doubled by the MVA as their donation to the mayor's office. Joining event organizers MVA and Saipan Mayor's Office as supporters were: Bridge Capital, DFS Galleria, IT&E, Imperial Pacific International (CNMI) LLC, Mariana Islands Nature Alliance (MINA)/Tasi Watch Rangers, Marianas Tourism Education Council, Tan Holdings Corp., Triathlon Association of the CNMI (TRAC), and U.S. Marine Corps recruiting office.



# COMMUNITY EVENTS

## **Tagaman 51.50 Triathlon, June 24**

A pack of 103 athletes from 8 countries were led by Alesandr Dorovskikh of Russia in the 2017 Tagaman 51.50 Triathlon on June 24. Dorovskikh finished the race in 2:12:01.8, followed closely by first female finisher Manami Iijima of Guam, who finished in 2:12:52.1. Participating athletes from Korea, Russia, Japan, Hong Kong, Guam, Philippines, USA and The Marianas took to the challenge with picture perfect weather conditions for the swim, bike, run event.



The race began at 6 a.m. with 1.5K swim leg at Kanoa Resort Saipan, the official hotel of the event. By 7 a.m., bikers began transitioning at Mina'chom Atdao Pavilion in Susupe and made the 40K bike course to Banzai and back. The 10K run was from Mina'chom Atdao along the lagoon-hugging Beach Rd. to the Carolinian Utt in Garapan and back.

The Tagaman Triathlon is an annual signature event of the MVA jointly organized with Northern Marianas Cycling Federation and aimed at attracting visiting athletes and media coverage for The Marianas. Organizers had earlier attended Subic International Triathlon in the Philippines and had personally contacted coaches, representatives, and other individuals. The event was introduced to the International Triathlon Union federation. Successful outreach was also made in Korea and Hong Kong, in particular.

Platinum sponsors were Kanoa Resort & Spa, the official hotel of Tagaman Triathlon, T Galleria and Hyatt Regency Saipan. Gold sponsors were Tan Holdings Corp, Islander Rent-a-car, IT&E, Brabu Pharmacy and MARPAC. Silver sponsors were Bridge Capital, LLC; Imperial Pacific International, Pacifica Insurance Underwriters, Inc., Triple J Wholesale, and Marianas Medical Center. Bronze sponsors were Let's Go! Tour, Pacific Islands Club Saipan, Hertz Rent a Car, and RNV Forex. Event supporters included the Dept. of Public Safety (DPS), Dept. of Fire and Emergency Medical Services, Dept. of Public Works (Road and Grounds), DPS Boating and Traffic, Div. of Parks and Grounds, Marianas Health Services, Elliot Systems, and Hawaiian Rock Products.



Alesandr Dorovskikh of Russia finished first (2:12:01.8) in the 2017 Tagaman 51.50 Triathlon on June 24, 2017, on the island of Saipan in The Marianas.

## **IRONMAN Saipan 70.3, March 11**

The Marianas held the 1st IRONMAN Saipan 70.3 on Mar. 11, starting at Pau Pau Beach at 6:30 a.m. Over half of this year's 181 registrants were from Japan. Other participating countries were China, Hong Kong,



# COMMUNITY EVENTS



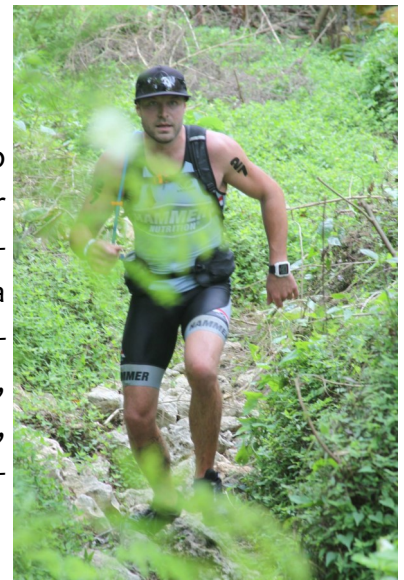
Philippines, Guam, Singapore, Thailand, U.S., Canada, France, Spain, Australia, Brazil, Columbia, the United Kingdom, the Netherlands, Sweden, and The Marianas.

Kwang Hoon Lee from Korea became the first IRONMAN in Saipan history with a 4:46:19 finish. The youngest female competitor, 19-year-old Suk Hyeon Choi was the first to cross the finish line in the Women's Division with a time of 5:19:38.

The event was co-organized under the IRONMAN umbrella by the MVA and Kiyokazu Fitness Club (KFC) of Japan. The event was supported by Best Sunshine International, Dept. of Public Works, Commonwealth Utilities Corp., Saipan Mayor's Office, Marinas Health Services, CHCC, DPS, Division of Parks and Grounds, TRAC, and other volunteers.

## 16th Annual XTERRA Saipan Championship, March 18

The "crown jewel" of the XTERRA series, XTERRA Saipan Championship welcomed 56 athletes from twelve countries and territories on Mar. 18 for the world's toughest off-road triathlon event. Sam Osbourne of New Zealand clearly led the Championship pack, finishing in 2:34:29, while Carina Wasle of Australia defending her 2016 title by leading the Women's Division to finish in 3:18:54. Other participating athletes hailed from Australia, Republic of South Africa, Guam, Japan, USA, Russia, Austria, Philippines, Slovakia, The Marianas, and Hong Kong. Ten competitors in the abbreviated 2017 XTERRA Sprint were all from The Marianas.



XTERRA Saipan Champions has been the first leg of the nine stops of the Asia-Pacific Tour. Overcast skies and a stiff breeze greeting athletes as they undertook a 1.5-kilometer swim off the waters of Micro Beach, followed by a punishing 30K bike ride up and down the off-road hills, and a 12K epic run going through the tropical rainforest, past World War II relics, and inside secret caves.

Additional sponsors were: Fiesta Resort & Spa Saipan, Northern Marianas Cycling Federation, Hyatt Regency Saipan, Triple J, Fiesta Resort and Spa, TRAC, Pacific Islands Club, Let's Go! Tour, Saipan Apparel, MARPAC Inc. Supporters were: Dept. of Public Safety, Dept. of Fire & Emergency Services, American Memorial Park, Division of Parks and Grounds, Marianas Health Services, Commonwealth Healthcare Corp., Northern Marianas College Nursing Deptl, Saipan Canoe Club and Ms. Teen CNMI. Volunteers groups included Mt. Carmel School students and Napu Juniors.

# COMMUNITY EVENTS

## 12th Annual Saipan Marathon, March 25

Five hundred ninety-nine competitors from 14 countries and territories registered for Saturday's (March 25) 12th Saipan Marathon, with 446 starting the race on race day.

Two hundred fifty-four competitors hailed from The Marianas, with other countries represented including Japan, Korea, China, the Philippines, USA, Slovakia, Czech Republic, Russia, Nepal, Macau, Guam, Hong Kong, and Great Britain. The race attracted runners for the grueling 50K course, the full marathon, the half-marathon, and the 10K course.

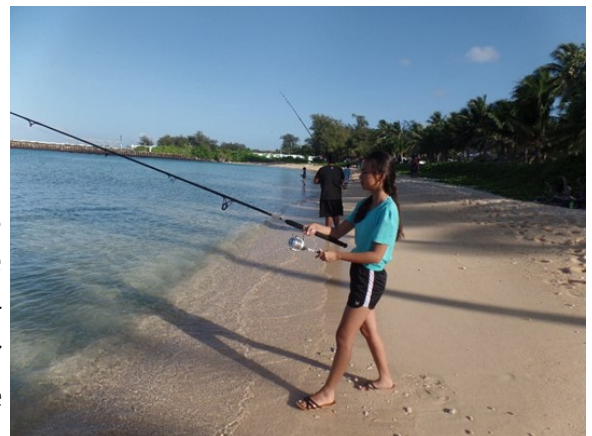


This year's marathon included the participation of several Japanese comedians who assisted with the presentation of awards, including long-time marathon supporter Kanpei Hazama. Other celebrities to join the Saipan Marathon included Japanese actor and TV personality Makoto Nonomura. The awards ceremony was held at sunset on the beach at Fiesta Resort & Spa. The event was also covered by China's largest travel agency C-trip, Guangzhou Radio and Television, Sina Sports, iRanshao and Shanghai Morning Post, bringing nearly \$200,000 in event exposure in China. Korea's ASICS sports re-

tailer and low-cost carrier HK Express were among several businesses and organizations sponsoring runners at the event.

## 3<sup>rd</sup> Annual Youth Shoreline Fishing Derby, July 3-4

Tinian hosted its 3rd Annual Youth Shoreline Fishing Derby on July 3-4 organized by the 16th Tinian Municipal Council, Mayor's Office and the MVA. Thirty youngsters between the ages of 7-15 joined the overnight event at Kammer Beach, beginning at 5 p.m. on July 3 and ending at 9 a.m. on July 4. For only \$5, participants received a t-shirt, an invitation to the awards banquet, and the opportunity to vie for \$2,000 in cash prizes in different categories. The derby was divided into two age categories: ages 7-13 and ages 14-17. Prizes were awarded for Biggest Catch, Most Weight, and Most Variety in the two age categories.





# COMMUNITY EVENTS

## **33<sup>rd</sup> Annual Saipan International Fishing Tournament, July 15 & 16**

The MVA provided financial support for the 33<sup>rd</sup> Annual Saipan International Fishing Tournament on July 15-16, which attracted 64 boats, including 14 from Guam.

## **Rota Cliff Fishing Derby, July 28-30**

The Rota Cliff Fishing Derby was held on July 28-30 with competitors from Saipan, Tinian, and Guam. The designated derby fishing sites were As Matmos, Pona Point and Mt. Taipingo. Registration was \$25. Derby orientation was at 5 p.m. on July 28 at Guata Beach Park, followed by the start of the derby. The derby ended at 10 a.m. on the final day, followed by the awards banquet at 1 p.m.

Cash prizes were awarded for the Top 3 finishers in the categories of biggest fish and total weight. The Top 4 finishers in the most variety category received in-kind donations from Ambros Inc.

The weekend event was organized by the Rota Mayor's Office with support from Rota Municipal Council, Rota Legislative Delegation, Dept. of Public Safety, Dept. of Fire & Emergency Services, Ambros Inc., and the MVA.

## **KONQER Saipan, Sept. 9**



KONQER, Saipan's first obstacle course challenge, was held on Sept. 9 at Gov. Eloy S. Inos Peace Park in Puerto Rico. KONQER promotes wellness through play where participants go through, under, and over natural and man-made obstacle challenges and make a run to the finish line.

KONQER was open to men and women, residents and visitors, in all ages including children. Early registration was encouraged, and registration was free for participants 14 years old and younger.

Business sponsored teams comprised the majority of the paid participation with over 250 adults in business teams. Top finishers in the competitive business league were Marianas Canoe Club, Gold's Gym, and MarPac. All 483 participants KONQER'D the course completing this historic first ever large scale outdoor obstacle race in Saipan. Every registrant received a KONQER Saipan branded Race Bib, Official Event

# COMMUNITY EVENTS

Shirt & Band, K4 Tattoo, a pint of Saipan Brewery's KONQER Ale. (20-under received Mt.Dew or Gatorade) and a limited-edition KONQER 2017 Circuit embroidered patch. Over 70 volunteers were assembled to help with pre-event-post activities. Over \$1,000.00 was donated to various local clubs as part of KONQER's "VOLUNPAID" program.

## Community Events

### Annual Japanese Autumn Festival and Katori Shrine Ceremony

The Katori Shrine Ceremony was held at 10 a.m. on Oct. 22 at Sugar King Park. Off-island guests attended the ceremony, along with special guest and dignitaries from The Marianas. Following the Katori Shrine Ceremony, High Priest Takeshi Katori also held a ceremony at the Japan Peace Memorial at the Last Command Post in Marpi. Following the ceremony, the Japan Autumn Festival kicked off, marking the celebration of harvest rituals with Japanese food, games, art, sports, and dance.

### Christmas in the Marianas

Christmas in the Marianas returned during December at Paseo de Marianas on Dec. 3, 10, 17, 23 & 30, featuring live entertainment, food sales, and more. Fourteen schools participated: Oleai Elementary, Kagman Elementary, Agape Christian School, Green Meadow School, Gregorio T. Camacho Elementary, Tanapag Middle School, San Vicente Elementary, Dan Dan Middle School, Grace Christian Academy, Saipan Southern High, Marianas High, Kagman High, Northern Marianas International School, and Mount Carmel School.

Seventeen schools joined the Christmas Tree Decoration Contest coordinated by PDM Promoters, with prizes from local businesses awarded. Christmas caroling competitions were held for elementary and middle schools, while five high schools joined the skit competition.

On Dec. 17, the Christmas Parade and Float and Costume Competition was held from the Garapan Fishing Base to American Memorial Park. Seven schools participated, along with Stellar





# COMMUNITY EVENTS

Marianas, Dept. of Community and Cultural Affairs, Matua Riders, Dept. of Public Safety, and Dept. of Fire and Emergency Services. For the first time, the MVA also had a float in the parade.

Live performances continued on Dec. 23, and on Dec. 30, the annual Mochitsuki Festival was held with the traditional pounding of rice.

## 13th Annual Tinian Hot Pepper Festival

Tropical heat, hospitality, and the heat of “donne sali” (hot pepper) were the highlights of the 13th Tinian Hot Pepper Festival on Feb. 18-19.

Storm clouds earlier in the week made way for beautiful, blue skies at Tachogna Beach, Tinian, where sunshine danced across the Philippine Sea as islanders performed on a nearby stage. Live entertainment over the weekend ranged from the home-grown reggae band Uprooted opening the festival, to young people showcasing indigenous Chamorro dance, to t-shirt-clad teenagers rendering modern moves. In booths decorated with coconut fronds and hot peppers, vendors offered a mouthwatering assortment of international cuisine laced with the island’s famous pepper, such as the Chamorro “tamales gisu” (cornmeal dish) and “coco papaya” (pickled papaya), samosa and chocolate brownies.



The festival was organized by the Marianas Visitors Authority and supported by the Tinian Mayor’s Office and 16th Tinian Municipal Council, who provided meals for entertainers, manpower, and other support. During the opening ceremony, Tinian Mayor Joey San Nicolas welcomed CNMI Governor Ralph Torres and his family to the event, boasting of the island casualness of the occasion that top dignitaries were attending in short pants. San Nicolas also presented a plaque of appreciation to MVA Board Member Juan Barcinas and other representatives of the MVA for their support of tourism in Tinian over the last 40+ years.

Numerous competitions were held. In a field of seasoned locals and brave visitors, Jay Jess San Nicolas downed his bowl of “donne sali”-laced soba to displace last year’s champion. In the women’s heat on Sunday, Valerie Naputi emerged this year’s top winner. The participants were all rewarded with cooling ice cream after their feat. JC Café also hosted a burger eating contest. and winners of both the hot pepper and burger eating contests received cell phones from IT&E. JC’s Café finished 1st in the dragon boat race, joined by Guerrero Team and T Roots in the competition. Under the pine trees between the circle

# COMMUNITY EVENTS

of booths and the crystal clear ocean, Adahe' bested all other teams to win the beach volleyball contest. Adult and children's sack races, as well as a children's "umang" (hermit crab) race, were also held. Additional sponsors and supporters were Bridge Capitol Inc. and MARPAC.

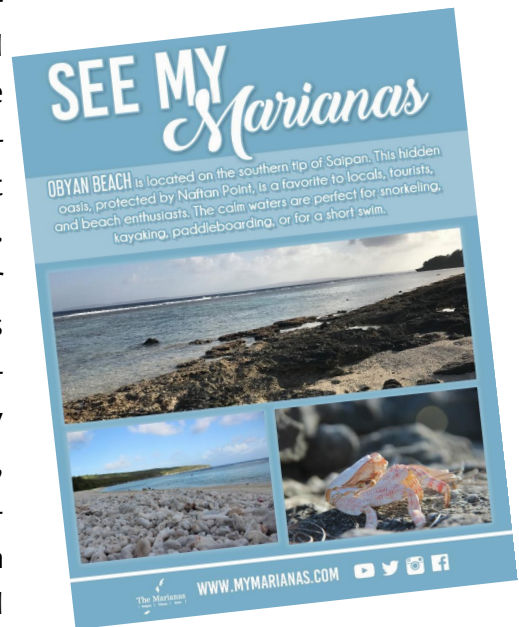
To attract inter-island visitors to Tinian for the event, the Super Emerald was chartered for boat transportation. The Tinian Hot Pepper Festival is held each Presidents Day weekend in February.

## 2016 Tourism Month



Tourism partners, including Japan Saipan Travel Association, helped beautify the Garapan tourism district on April 29, 2017, in preparation for Japan's Golden Week holiday and Tourism Month. The clean-up was held from American Memorial Park to the Carolinian Affairs Office and attracted dozens of participants. Acting Governor Ralph Torres had earlier declared the month of May 2017 as CNMI Tourism Month in conjunction with a formal proclamation signing.

A series of events were held to celebrate Tourism Month. Every Friday was Hafa Adai Tirow Spirit Island Wear Day. Individuals demonstrated their island pride and culture by wearing island attire or local traditional wear. School MY WAVE Clubs were provided support to conduct roadside waving on May 2 from 2-4 p.m. The MVA conducted "My Marianas" Community Outreach Presentations to educate the public about the latest industry trends and upcoming tourism events. Community members are given an opportunity to share their views on various tourism topics in the local newspapers. Callers with the correct answer won tokens for the Taste of the Marianas and Tourism Month T-shirts, as Tourism Trivia aired regularly throughout the month on Power 99 (99.5 FM), KZMI (103.9 FM), KKMP (1440 AM and 92.1 FM) and KWAU (100.3 FM). In collaboration with Marianas Tourism Education Council, a Tourism Month Graphic Arts Design Contest was held for middle and high school students.





# COMMUNITY EVENTS



## 19<sup>th</sup> Annual Taste of the Marianas International Food Festival & Beer Garden

The 19th Annual Taste of the Marianas International Food Festival & Beer Garden took place every Saturday evening during May Tourism Month, from 6-10 p.m., with the final night up to 11 p.m. at Garapan Fishing Base. The festival commenced with an official ribbon cutting. This year's festival featured 13 food vendors, three beverage vendors, and 13 arts and crafts vendors.



Several competitions were held: Hot Dog Eating Competition sponsored by DOCOMO Pacific, Kadun Pika Cookoff and BBQ Ribs Cookoff sponsored by Twin's and Hannam Supermarkets. Chefs Competition sponsored by HANMI and Triple J Five Star Wholesale.

Live entertainment was presented every night, and the best-decorated booths were awarded.

Taste of the Marianas offered international cuisine at affordable prices by 16 hotels, restaurants, and drink vendors; non-stop live entertainment on the main stage; nightly contests on the secondary stage; and arts and crafts sales. Participating vendors are: D'Elegance, Fiesta Resort & Spa, Furusato Restaurant, Herman's Modern Bakery, Sweet Escape, Hyatt Regency Saipan, Kanoa Resort, Mariana Resort & Spa, Matty's BBQ, Sierra's Pearl Shakes, Tony Roma's/Capricciosa, Tropical Chill, Kinpachi Restaurant, Pacific Trading Co., Marianas Pacific Distributors Inc., and Saipan Brewing Co.

## Rota Coconut Festival

Tourist and locals were shown the many uses of the coconut tree during the Rota Coconut Festival on Sept. 16. The event featured a coconut husking competition, coconut grinding competition, "ayuyu" (coconut crab) race, a fashion show, a night market, and more.

A FAM tour was organized to promote the event. Participants from Taiwan represented media and key travel agents, includ-



# COMMUNITY EVENTS

ing Phoenix Tours, PIC Taiwan, JH Tours, Dynamic Air, Jin Air, and ROAM Magazine. Five Russian magazines also attended: Aeroflot, the inflight magazine of the nation's #1 air carrier by the same name; Ural Airlines Magazine and JetSet, an inflight magazine for business class of Ural Airlines; VIM magazine of VIM Airlines; S7 Magazine of S7 Airlines; and Uyutnoe Nebo, the UTair Aviation official inflight magazine.

## 3rd Annual International Festival of Cultures



The 3rd Annual Festival of Cultures was held every Saturday in September, although the Sept. 2 festival cancelled due to inclement weather. With 15 cultures represented, the festival offered live performances, cuisine, and arts and craft to an enthusiastic nightly crowd at Garapan Fishing Base. Participating groups were: Northern Mariana Islands Chamorro and Carolinian, Palau, Marshall Is., Hawaii, Samoa, Tonga, Fiji, Federated States of Micronesia (Pohnpei & Chuuk), Korea, Bangladesh, Philippines, Tahiti, Cook Islands, China, and Japan. This year's festival emphasized cultural demonstrations at each booth and pig roasting on site. The Parade of Cultures was held on Beach Rd. Garapan, followed by a cultural fashion show on stage.

## Marianas Tourism Education Council (MTEC) Support

The Community Projects Division joined the Marianas Tourism Education Council (MTEC) in their activities toward the mutual goal of promoting tourism education.

MTEC continued their outreach presentations, visiting over 15 elementary, middle and high schools in FY 2017 to educate students on the importance of tourism and how it brings economic and social prosperity to The Marianas. The presentations focused on the direct and indirect benefits that tourism brings. Guest speakers from various areas of the industry and related fields shared their experiences, as well. Each presentation ended with a short quiz, where students were given prizes such as Saipan-da backpacks, gift certificates from Pacific Islands Club Saipan and other MVA members, or other giveaways.





# COMMUNITY EVENTS



The annual MTEC Tourism Summit for public school students drew 270 students to Fiesta Resort & Spa on Jan. 26, 2017, to learn about tourism and express their own thoughts on The Marianas' primary economic driver. Sara Matthews, Head of Destination Marketing for Trip Advisor, led the list of guest speakers, joined by MVA Managing Director Christopher A. Concepcion, former Historic Preservation Office Field Technician John Castro, American Hotel & Lodging Education graduate Karen Buniag, Marianas Outrigger Club President Dino Manning, and 500 Sails Co-Chairwoman Emma Perez.

At the tourism summit, several offices and organizations joined the MVA in providing hands-on demonstrations at breakout stations during the summit: Northern Marianas Trade Institute, National Park Services, Bureau of Coastal & Environmental, Coastal Resources Management, Carolinians Affairs Office, Marianas Visitors Authority, Mariana Islands Nature Alliance, Commonwealth Council for Arts & Culture, and Historic Preservation Office. Major sponsors joining the MVA were DFS Saipan Limited, Dave Electronics, Office of the Governor, CNMI Public School System, Pacific Trading Co., and PDI.

The MTEC/MY WAVE Club Advisors meeting was held with 10 participating schools. The meeting covered details of starting a MY WAVE Club, requesting and receiving funding from MTEC, advisors' stipends, MTEC scholarships, and more.

MTEC was formed in 2002 to heighten the community's awareness of the importance of tourism to the well-being of the people of the Northern Mariana Islands. MTEC's stated mission is three-fold: to foster community understanding and support of the visitor industry; educate the general public, especially school students, about the value, social benefits, and economic contributions made to the community by the visitor industry; and to instill, improve and promote the "Hafa Adai-Tirow" hospitality spirit throughout the island community. The MVA holds two seats on the MTEC Board, provides funding and manpower to support their annual activities and a venue for monthly board meetings.

## **Ship Arrival Welcoming Ceremony**

Welcoming music and indigenous Chamorro and/or Carolinian dancers were arranged for several civilian and military ship arrivals throughout the year in Saipan.

## **Member Activities**

# COMMUNITY EVENTS

## JSTA Cleanup

In preparation for higher visitor arrivals during Christmas and New Year's, the Japan Saipan Travel Association (JSTA) and its tourism partners conducted a clean-up of the main tourist district of Garapan on Dec. 17.

Sixty-four volunteers representing nineteen companies joined the cleanup beginning at 6:30 AM. Volunteers, including children, spread out and cleaned up along both the roadside and the beach from American Memorial Park to the Carolinian Affairs Office. Nineteen



groups and companies joining JSTA in the beautification effort: Japan Saipan Travel Association, Consular Office of Japan, Northern Marianas Dive Operators Association, Marianas Visitors Authority, Micronesia Islands Nature Alliance, Pacific Development Inc., Pacific Micronesia Tours, R&C Tours, H.I.S. Saipan. Good Care Saipan. Himawari Kenbukai. MASA Dive, Make Sure Diving, Aqua Connections Inc., K.C.A. Corporation,

Sakura Marine, Aqua Soul, S2 Club, and Mariana Sports Club. The cleanup effort netted approximately 150 lbs. of trash.

The Japan Saipan Travel Association is also joined by 22 other businesses and groups in its pre-Golden Week holiday cleanup in Garapan, Saipan, on April 29, 2017. The group collected 250 lbs. of trash.

## Laulau Beach Cleanup

As part of the adopt-a-beach program, the MVA focused on Laulau Beach dive site, maintaining the area for safety and to promote one of the top dive sites in the NMI. The MVA and the Northern Marianas Diving Operators Association (NMDOA) cleaned the site on Feb. 11 by cutting grass, clearing brush, and picking up trash, and they continue to do so regularly.





# DESTINATION ENHANCEMENT

The Destination Enhancement Division is responsible for defining, launching and maintaining programs to enhance the Northern Mariana Islands as a tourist destination. Such programs include: evaluating the tourism-attraction value of current sites, monitoring and upgrading the content and upkeep of these existing sites, and increasing the number of sites. The Destination Enhancement Division works closely with government, community and tourist industry partners to develop projects which will increase quality of the visitor experience.

## Flower Islands Project Master Plan



The Flower Islands Project is a long-term landscape design to help rejuvenate and refresh the image of Saipan, Tinian, and Rota, as well as enhance the beauty of these islands by incorporating trees and colorful flowers into the professional landscape architecture. The project will also increase the competitiveness of The Marianas.

Award-winning landscape architect Jun-ichi Inada was contracted to develop a master plan which will provide realistic and practical guidelines on how to execute this plan. The Flower Islands Project Master Plan will be shared with different government agencies, private sector, schools and colleges to encourage everyone's participation and contribution in achieving one common goal.

Phase I of the plan will include a conceptual directional master plan for Saipan, Tinian and Rota; a schematic plan for Saipan International Airport, Tinian International Airport, Rota International Airport, and Banzai Cliff ; a Conceptual Computer Graphic montage on existing for Saipan International Airport, Tinian International Airport, Rota International Airport, and Airport Road toward Beach Road in Saipan; a topographical study model of Saipan, Tinian, Rota, and schematic image model of Saipan International Airport; consultation on lighting posts beautification along the Beach Rd. Pathway; consultation on horticultural nurseries on Saipan, Tinian, and Rota; consultation on acquisition of plants for Saipan, Tinian and Rota; consultation on acquisition of horticultural equipment for Saipan, Tinian and Rota; and consultation and coordination in regards to hanging flower baskets in Saipan, Tinian and Rota.

## Forbidden Island Lookout

Forbidden Island Lookout has grown in popularity in recent years, but existing fence line had fallen into disrepair and was a safety hazard. To insure safety and enhance visitors experience, a new fence was installed.



## Landscape Maintenance services on Garapan Beach Rd. & Coral Tree Ave.

To keep Royal Palm trees, Temple Fire Bougainvillea, Pink Tacamah trees and Ylang-ylang trees healthy and attractive on the two northern-most traffic medians on Beach Rd. near American Memorial Park and

# DESTINATION ENHANCEMENT

Coral Tree Avenue, landscape maintenance services were contracted for watering, fertilizing, and replacement of damaged or unhealthy plants.



## Tourist Site Signs

The MVA and Div. of Parks and Recreation worked together to build and install directional and site signs around the island.

## Santa Lourdes Shrine Signage

Safety and warning signs were installed at Santa Lourdes Shrine to maintain the safety and sanctity of this religious site that has been a popular tourist stop in recent years.



## Destination Sign in Marpi Area



The first of several planned iconic destination signs was installed in Marpi. This destination sign “Saipan” will be an additional highlight for our tourists and will help expose The Marianas through the use of popular social media platforms. With the popular use of social media, visitors have an opportunity to share their experience in real-time. Additional planned signs are “Tinian,” “Rota,” and “The

Marianas.”

## Airport Giant Photo Display

Giant photos of Marianas 30 Treasures were installed in the Saipan International Airport arrival corridor to help make a positive first impression on arriving visitors.



## Mt. Tapochao, Banzai Cliff, and Forbidden Island Signage

To address public concerns, No Public Restrooms and Do Not Climb Fence signage were installed at Mt. Tapochao, Banzai Cliff, and Forbidden Island Lookout.



## Lifeguard, Security, Maintenance, and Cleaning Services

Daily lifeguard services were provided at Grotto to help ensure the safety of visitors. Security services were provided at Banzai Cliff, Grotto, Bird Island, Laulau Beach, Obyan Beach, and



# DESTINATION ENHANCEMENT

Suicide Cliff. Maintenance of the restroom facilities at Banzai Cliff, Last Command Post, and Grotto was provided. Trash pick-up was conducted at Banzai Cliff, Grotto, Bird Island Lookout, Suicide Cliff, Kalabera Cave, and Last Command Post. All these contractual services are provided daily.

Visitors Arrival at Selected Tourist Sites													
FY17													
<b>Banzai Cliff</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	885	974	1,402	921	878	1,117	559	932	806	838	576	646	
Korean	12,867	14,944	16,839	16,727	15,823	16,557	15,462	14,391	4,719	7,174	10,664	10,314	
Chinese	13,702	12,717	14,009	19,362	15,215	13,130	13,989	14,653	7,364	12,492	14,189	13,839	
Other	1,227	1,346	1,535	1,609	1,083	1,006	966	1,497	1,023	1,012	819	634	
<b>Total</b>	<b>28,681</b>	<b>29,981</b>	<b>33,785</b>	<b>38,619</b>	<b>32,999</b>	<b>31,810</b>	<b>30,976</b>	<b>31,473</b>	<b>13,912</b>	<b>21,516</b>	<b>26,248</b>	<b>25,433</b>	<b>345,433</b>
<b>Bird Island</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	877	1,104	1,253	847	728	954	354	659	640	2,064	478	693	
Korean	13,141	16,923	17,081	16,977	15,370	17,198	16,111	14,370	7,212	13,368	12,184	11,679	
Chinese	14,332	13,942	14,722	21,078	16,269	14,308	14,581	15,647	7,528	16,995	12,407	12,079	
Other	1,310	1,542	1,691	1,515	1,132	1,246	1,405	1,400	461	1,016	762	654	
<b>Total</b>	<b>29,660</b>	<b>33,511</b>	<b>34,747</b>	<b>40,417</b>	<b>33,499</b>	<b>33,706</b>	<b>32,451</b>	<b>32,076</b>	<b>15,841</b>	<b>33,443</b>	<b>25,831</b>	<b>25,105</b>	<b>370,287</b>
<b>Grotto</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	940	1,322	767	833	758	1,111	708	880	497	216	1,015	963	
Korean	5,106	6,194	7,731	9,168	9,088	8,247	8,010	7,987	3,235	3,895	11,936	11,622	
Chinese	17,018	16,717	17,961	24,189	21,205	18,793	19,323	19,194	6,931	12,485	16,100	15,671	
Other	1,808	2,136	2,068	1,765	1,537	1,834	2,100	1,783	607	902	860	934	
<b>Total</b>	<b>24,872</b>	<b>26,369</b>	<b>28,527</b>	<b>35,955</b>	<b>32,588</b>	<b>29,985</b>	<b>30,141</b>	<b>29,844</b>	<b>11,270</b>	<b>17,498</b>	<b>29,911</b>	<b>29,190</b>	<b>326,150</b>
<b>LAO LAO BEACH</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	378	572	1,226	872	699	816	575	829	322	571	586	664	
Korean	283	724	1,185	1,268	1,220	1,263	1,127	1,222	956	1,012	972	955	
Chinese	2,132	1,334	1,847	2,235	1,940	1,991	2,306	2,471	1,801	1,972	1,756	2,351	
Other	849	381	488	577	525	473	682	828	370	944	970	1,154	
<b>Total</b>	<b>3,642</b>	<b>3,011</b>	<b>4,746</b>	<b>4,952</b>	<b>4,384</b>	<b>4,543</b>	<b>4,690</b>	<b>5,350</b>	<b>3,449</b>	<b>4,499</b>	<b>4,284</b>	<b>5,124</b>	<b>52,674</b>
<b>SUICIDE CLIFF</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	553	649	610	478	423	432	480	603	533	392	760	463	
Korean	2,597	3,160	4,376	5,312	4,808	4,283	4,170	4,123	1,440	2,021	6,704	2,890	
Chinese	1,386	2,574	2,711	3,898	3,366	2,442	3,065	2,811	1,582	2,065	8,368	8,082	
Other	1,386	1,501	1,592	1,909	1,323	1,568	1,660	1,596	665	788	1,426	1,340	
<b>Total</b>	<b>5,922</b>	<b>7,884</b>	<b>9,289</b>	<b>11,597</b>	<b>9,920</b>	<b>8,725</b>	<b>9,375</b>	<b>9,133</b>	<b>4,220</b>	<b>5,266</b>	<b>17,258</b>	<b>12,755</b>	<b>111,344</b>
<b>OBYAN BEACH</b>	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Japanese	201	213	280	225	437	249	188	352	203	172	260	354	
Korean	439	607	794	1,212	909	3,267	711	778	470	989	1,955	1,873	
Chinese	3,080	2,792	2,527	3,533	3,761	2,678	2,809	3,055	2,160	2,863	3,081	2,951	
Other	947	983	775	1,290	772	834	1,112	965	662	1,566	695	660	
<b>Total</b>	<b>4,667</b>	<b>4,595</b>	<b>4,376</b>	<b>6,260</b>	<b>5,879</b>	<b>7,028</b>	<b>4,820</b>	<b>5,150</b>	<b>3,495</b>	<b>5,590</b>	<b>5,991</b>	<b>5,838</b>	<b>63,689</b>

## Garapan Area Trash Collection Service

Garapan is the most populated tourist district on the island of Saipan. Visitors use Garapan streets to get

# DESTINATION ENHANCEMENT

to shops, restaurants, and the Garapan Street Market at Garapan Fishing Base. A company was contracted to provide daily collection and disposal of trash along both sides of the street shoulders, storm drains and catch basins, including the removal and disposal of dirt, mud, or sediment buildup along eight routes:

1st Route- Beach Rd. from American Memorial Park to Horiguchi Building

2nd Route- Orchid Street from Beach Rd. to Coral Tree Ave.

3rd Route- Orchid Street from Beach Rd. to Chalan Pale Arnold Highway

4th Route – Paseo De Marianas from Beach Rd. to Coral Tree Ave.

5th Route- Micro Beach Rd. from the Dept. of Fire sub-station to Coral Tree Ave.

6th Route- Garapan St. from Bank of Guam to Bank of Saipan

7th Route- Coconut St. from Beach Rd. to Coral Tree Ave.

8th Route- Coral Tree Ave.

## Christmas in the Marianas Lighting

To enhance the Christmas and New Year experience for visitors and residents, a 30' Giant Scroll Tree was purchased placed at Paseo de Marianas pedestrian mall, and 40, 10' sculptures in the shape of latte stones and “mwáár” were installed along Beach Road.



## Northern Mariana Islands Museum of History & Culture

A grant agreement was executed with Northern Mariana Islands Museum of History & Culture to repair the museum roof and plumbing, provide for painting, and construct a storage area.

## Sugar King Park Improvements

A grant agreement executed with the Saipan Mayor's Office to repair trash boxes and wooden benches at Sugar King Park and plant dwarf flame trees. Sugar King Park is a well-known tourist site with strong historic ties to visitors from Japan.

## Island-wide Beautification and Cleanup



A grant agreement was executed with the Saipan Mayor's Office to implement island-wide beautification and clean up.

## Kammer Beach Pavilion and Restroom Facility

The main pavilion and restroom facility at the Kammer Beach were renovated.



# DESTINATION ENHANCEMENT

## Taga Beach and Tachogna Beach Restroom

To address public safety, public restrooms at the Taga Beach and Tachogna Beach were renovated.



## Oleai Sports Complex Track and Field Facility Renovation

A grant agreement was signed with Northern Marianas Sports Association (NMSA) to provide funding to renovate the Oleai Track and Field Facility pursuant to NMSA's Community Development Block Grant application. This project involved resurfacing the track and field facility and performing other upgrades. The track is a world-class facility and is used by many athletes in training, recreational users to maintain a healthy life-style, and a venue for track competitions. It is used not only by aspiring grade-school children but also local elite athletes and World Olympic champions.



## Tachogna Beach Structures

To eliminate safety hazards at Tachogna Beach, unstable structures including pavilions, a gazebo, and building attached to restroom

facility were demolished.



## Japanese Sugar Mill Train

To enhance visitors' experience, the Japanese Sugar Mill Train in Rota was restored and repainted.



## Tweksberry Beach

# DESTINATION ENHANCEMENT

Pavilions and restroom facility at Twerksberry Beach were renovated and repainted and the electrical system was repaired.



## Songsong Lookout

To enhance visitors' experience at Songsong Lookout, rail-

ings were restored and repainted.



## MVA Rota Office

To address public concern, the MVA's office building Rota was repaired and repainted and a new entrance door and gate were installed.

## Beautify My Marianas

Beautify My Marianas enables the community and student groups to raise money for their causes by giving them the opportunity to cleanup designated sites on Saipan, Tinian and Rota. This program raises awareness of the importance of having a clean and safe environment, reduces littering, and creates a unique sense of pride in our islands. Beautify My Marianas offers \$100 for each cleanup in an assigned area. During FY 2017, 427 groups in the Beautify My Marianas program collected a total of 30,450 lbs. of trash.

FY17	October	November	December	January	February	March	April	May	June	July	August	September	TOTAL
# OF GROUPS	4	18	35	30	45	35	37	40	52	92	22	17	427
WEIGHT (Lbs)	500	1140	2160	2700	4320	3590	2940	2940	4880	2900	1220	1160	30450



# TOUR GUIDE CERTIFICATION

With the support of the Northern Marianas Commonwealth Legislature, the groundwork was laid for the launch of the Tour Guide Certification program created by PL 18-58. The passage of amendments provided the MVA clearer authority as a body designated to spearhead the program.

Various agencies including the Bureau of Environmental and Coastal Quality, Department of Commerce, Department of Lands and Natural Resources, and Zoning Office were consulted to identify the environmental, cultural and practical concerns related to tourism. These comments were incorporated into rules and regulations drafted in late 2016 to govern the Tour Guide Certification program, with the subsequent implementation of the rules and regulations in October 2017. The regulations identify requirements for the certification of all tour guides and tour operators in The Marianas, including business license, proof of a business account in The Marianas,, police and traffic clearance, identification of an employee or retained independent contractor who is fluent in the English language, and others. Tour guides would also be required to display a badge of certification while conducting tours.



MVA partnered with Northern Marianas College to provide training for qualified tour guides under a Memorandum of Understanding signed by heads of the two institutions in August 2017. The training would include an intensive 20 hours covering nine classes and a final examination. The curriculum would include CNMI History, CNMI Geography, CNMI Rules and Regulations, Principles of Tour Guiding/Tour Operations, Tour Guide Customer Service, Tour Guide Safety & Security, Protecting the Environment, and CNMI Culture and Legends. Classes were scheduled to begin in October 2017 following an orientation meeting with tour guides earlier in the month.

Violations of the tour guide certification program may result in monetary sanctions, revocation of a certification and/or business license, refusal to issue or renew a certification, or equitable sanctions. Under the current law, the MVA and other government agencies are responsible for enforcement. The MVA will also allow its security guards stationed at major tourist sites to act as enforcement officials.



Supplemental to its primary work with the Tour Guide Certification Program, the division also lent support to several other programs and activities: 1) implementation of the Saipan Airport Ambassador program to provide aids at Saipan International Airport during peak hours to help expedite immigration processing (the program is slated to be relinquished to the Commonwealth Ports Authority after six months), 2) coordination with the MVA's Korea Ad-Hoc Committee for the funding of additional iconic signs for Saipan, and 3) MVA representation

on the Saipan Chamber of Commerce Environmental Committee and at a Sustainability Panel in Pacific Islands Environment Conference attended by representatives from across the globe.

# INSIDE THE MVA

The Human Resources and Administration Division is a cohesive, collaborative team of professionals dedicated to creating partnerships by supporting all programs and divisions. We strive to support, guide and maintain requirements to create a healthy and positive work environment in order to assist our staff in accomplishing individual program goals as well as overall organizational goals.

We recognize that our employees are the competitive advantage. Therefore, we are dedicated to supporting the Marianas Visitors Authority's (MVA) goals and objectives. It is the mission of the Human Resources Division to maximize the potential of our greatest asset – our employees. We embrace change and the opportunity it brings. We are focused on delivering quality customer service; and are committed to recruit, develop, reward, and retain our workforce. We provide services and deliver resources to prepare our employees and support the growth and profitability of our organization, while preserving the values and special culture of the MVA. We stand for integrity, efficiency, equity and character in all of our relationships and interactions. We do this to promote growth, accountability and empowerment in our representation of our organization.

## Keeping MVA Employees Informed and Outreach Program

Open communication with our employees is something that we take to heart. By keeping our employees informed of any public laws affecting their employment or keeping them informed about their rights as employees, we ensure that our employees get the information they need. One of the goals in our division is to expose students of the Northern Marianas to the tourism industry by providing internships and career presentations and by participating in cooperative education programs and career fairs. Through such outreach programs, we were able to expose students to the function of the MVA.

This year, our division participated in the following:

- Hospitality Expo (Nov. 19)
- First Lady's Christmas Village (Nov. 27)
- Staywell Presentation (Dec. 13)
- Northern Marianas College Start Smart Seminar/Climb Higher Summit (Jan. 3)
- MVA Year End Meeting, Employee of the Year Award Presentation and Leadership Award Presentation (Jan. 6)
- CNMI Public School System Cooperative Education Program (Feb. 2)
- 19<sup>th</sup> Northern Marianas Commonwealth Legislature approved the MVA's request to update our salary schedule (Feb. 24)
- Public Service Recognition Week Committee Meeting (Apr. 13)
- American Hotel & Lodging Education Institute Certificate Presentation (May 22)
- CNMI Labor Day Committee Meeting (August-September 2017)
- Office of the Public Auditor Ethics Presentation (Aug. 23)
- CNMI Labor Day Picnic (Sept. 4)
- CNMI Public School System Cooperative Education Program (Sept. 7)
- Administrative Managers Meeting with Lt. Governor Hocog (Sept. 8)
- Society of Human Resource Management Leadership Forum in Phoenix, Arizona (Nov. 30-Dec. 5)



# FY 2017 EMPLOYEES

## Executive Staff

Christopher A. Concepcion

Judy C. Torres

Rachel P. Taitano (through Mar. 31)

Ashley Sikayun

Janica Lizama

## Human Resources/Admin Staff

Carol DLG. Chargualaf

Jennalyd S. Babauta

## Marketing Staff

Bruce A. Bateman

Brenda B. Repeki

Fei C. (Laura) Hsiao

Dug (David) Y. Song (through Mar. 17)

Keoni S.P. Hosono

Hillary Agulto

## Accounting Staff

Joanne S. Paraiso

Criselda P. Francisco (through Apr. 16)

Maria C. Muna

Allen T. Tenorio (through June 9)

Shaunn C. Manglona

## Research Staff

Thelma F. Boyer

Michael P. Camacho (through Mar. 17)

Christian L. Delos Santos

Melisha D. Lizama

## Procurement

David B. Muna

## Community Projects Staff

Martin F. Duenas

Edward D. Diaz

Ryan S. Calvo (through Feb. 28)

Valencia V. Tenorio

Raymond A. Villagomez

Janerlinse S. Sablan

Demalyn S. Pagarao

## Product Development

Tatiana A. Babauta

Naomi T. Santos

## Tour Guide Certification

Kuen-Hee Han

## MVA Rota Staff

Sandra K. Atalig

Perry John R. Taimanao

David A. Atalig

Larry John T. Atalig

Alfred L. Maratita

## MVA Tinian Staff

Benedicta L. Borja

Anthony A. Reyes

Justo S. Castro

Oscar S. Torres

Byron S. Dela Cruz (through June 14)

Cipriano Alamabra, Jr.

# MVA MEMBERS

AA Construction Ent.  
Advance Marine Saipan, Corp.  
Ajisen Ramen  
Alter City Group  
American Printing  
Angil Design, Inc.  
Aqua Connections Inc.  
Aqua Resort Club  
Aquarius Beach Tower  
Asiana Airlines  
Akins Kroll (Saipan), Inc.  
Avenue Restaurant  
Avis Rent A Car  
AYD Services Inc.  
Bank of Guam  
Bank of Hawaii  
Barong Villa  
Bed and Breakfast Room Rental  
Belka Tours & Speedy Turtle Dive Shop  
Benavente Consulting  
Best Sunshine  
Blue Bay Diving Shop  
Blue Lagoon Realty Inc.  
Boka Boka  
Brabu Pharmacy and Wellness Center  
Bridge Investment Group, LLC  
Bubba Gump Shrimp Co. Saipan  
Café at The Park  
Capitol Hotel  
Capricciosa Restaurant  
Caronel Watch Center  
Casa Urashima

Century Hotel  
Century Travel Agency Inc.  
Cha Café & Bakery  
Ching Gi Wa Restaurant  
Christian Dior  
Club C  
CMLC Artha  
Coral Ocean Golf Resort  
Costa World Tour  
Country House Restaurant  
D&Q  
Dave Electronics Center  
Deep Blue Diving  
D'Elegance Restaurant  
Deloitte & Touche LLC  
Detry Pumping Service  
DFS Saipan Limited  
Dining & Bar 747  
DOCOMO Pacific  
Dong Seo Tour  
E&F Tours  
Estar Jet Saipan Branch  
Eleven USA Corp.  
Empress Inc.  
Everest Kitchen Co.  
F&S Corp.  
Fiesta Resort & SPA  
First Hawaiian Bank  
Five Star Builders  
Food Lovers Choice  
Franken Brau Saipan  
Gallery Pacific



# MVA MEMBERS

Get Covered Ent.	Island Turtle Tours
GIG Discotheque & Bossano Bar	Islander Rent a Car
Go Marianas	IT&E
Gold's Gym Saipan	J3 Enterprise
Good Care, LCC	Java Joes
Good Day Saipan	JC Café Restaurant
Grandvrio Resort Saipan	Jeju Air
H.I.S. Saipan, Inc.	Jeju Air Saipan Lounge
Hafa Adai Rent a Car	Jhem's Restaurant
Hansol Tour	Jin Air Co. LTD.
Hard Rock Café Saipan	Joeten Motor Company, Inc.
Hardt Eye Clinic and Diabetes Education Center	Joeten Stores
Hawaii Motel	Jonny's Bar & Grill
Herman's Modern Bakery, Inc.	Jungle Jim Adventures
Hertz Rent A Car	K & K Co. LTD
HI Saipan Tour	Kalayaan Inc.
Himawari	Kanoa Resort
HIT Tour	Karis Villa
Holiday Saipan Resort	Kazan Restaurant
Hong Ye Hardware	Kensington Hotel Saipan
Hotel Galleria	Kingfisher Golf Links
Hula Girl	Kinpachi Restaurant
Hyatt Regency Saipan	KMCV, Visitors Channel
I Love Ladder Beach/Sunrise Hotel	Korea House Restaurant
I Tour	Koreana Tours Bureau
Ideal Signs	L.T. Travel Co LTD
IHOP	Lao Lao Bay Golf & Resort
Integrity Communications	LC Construction
IP&E Saipan	Let's Go
Irie Inc. Blue Palms	LJ Lawn Care & Equipment Rental, LLC
Island Protection Service	Louis Vuitton Saipan
Island Tour Marine Sports	Love Tour

# MVA MEMBERS

LSG Sky Chefs Saipan	Oleai Beech Bar and Grill
Made in Saipan Gift Shop	Pacific Development Inc.
Mariana Breeze	Pacific Eagle Ent. Inc.
Mariana Grand Service	Pacific Historic Parks
Mariana Ocean	Pacific Islands Club
Mariana Resort & Spa	Pacific Micronesia Tours Inc.
Mariana Sports Club, Inc.	Pacific Star Tour
Marianas Aviation Services	Pacific Trading Co.
Marianas Pacific Distributors, Inc.	Pacifica Insurance Underwriters, Inc.
Marianas Trekking	Paris Croissant
Matty's Catering & BBQ	Pau Pau Tours
McDonald's of Saipan	PJ Teno Consulting Services
Mei Dive 1968	POI Aviation
Micronesia Brokers CNMI LLC	Practical Solutions
Micronesia Tour Services Inc.	QQ Car Rental/Tour & Travel
Midway Motors	R&M Printers
Mirage Corp.	Raon Tour
Mode Tour	Revolving Restaurant 360 Inc.
Monster Corps.	Royal Travel Saipan Inc.
Monster Pizza Pub Inc.	Rubin Corporation
Moty's INT'L Corp	S2 Club
Mura Ichiban Restaurant	Saipan Adventure
N15 Architects	Saipan Advertising
Naked Fish Bar & Grill	Saipan Apparel Printing LLC.
Nam Dae Moon Restaurant	Saipan Best Shopping Market
Natibu's Kitchen	Saipan Brewing Company
National/Alamo Enterprises	Saipan Duck Tours
Natural Nail Spa	Saipan Fisherman's Association
New Expo Tour	Saipan Garden Hotel
New Sunrise Transport	Saipan Grace Tour
Northern Mariana Islands Volleyball Association	Saipan Hana Tour
Ocean Plus Dive in Saipan	Saipan International Shooting Range



# MVA MEMBERS

Saipan Made	Tan Holdings Corp.
Saipan Marine Dive Co., LTD.	Tasi Tours & Transportation, Inc.
Saipan Ocean View Hotel	Terry Snack Bar
Saipan Resort Hotel	Thai House Restaurant
Saipan Sanko	The Shack Saian
Saipan Sea Ventures	Thrifty Car Rental
Saipan Shipping Co., Inc.	Thrive Inc.
Saipan Submarine	Time Creation
Saipan Sunset Cruise	Tinian Express Corp.
Saipan Tour	Tinian Good Tour
Saipan Tour Mall	Tony Roma's
Saipan World Resort	Top Development Inc.
Sandcastle Saipan, LLC	Tropical Chill Pearl Shake
Seatouch LLC.	Tropical Laundry & Linen Supply Co., Ltd.
Serenti Hotel	Troung's
Shenanigan's Restaurant Saipan	Ultra Dive Tour
Sierra's Pearl Shakes	United Airlines
Sky Tour	United Express
SPDA, LLC	Watabe Wedding
Star ATV LLC	Wave and Water Park Safety Academy
Star Marianas Air Inc.	Western Sales Trading Co.
Star Sands Plaza (I Love Saipan)	Yangji Corp.
Star Water	YB Tour
Stars & Stripes	Yes Tour
Staywell Insurance	Young Jin Corp.
Sunshine Garden	Yuichiro's Printing
Sunshine Variety Shop	YWA Human Resource CNMI, Corp.
Sura Restaurant	
Surf Club	
Surfrider Resort & Hotel	
Sweet Escape	
Talent Basket	

# FINANCIAL STATEMENT

**MARIANAS VISITORS AUTHORITY**  
**(A Component Unit of the CNMI Government)**

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**FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**WITH INDEPENDENT AUDITORS' REPORT THEREON**

**BCM, LLC**  
Suite 203 MH II Building  
Marina Heights Business Park  
P.O. Box 504053  
Saipan MP, 96950



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

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YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Marianas Visitors Authority

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Marianas Visitors Authority (MVA), a component unit of Commonwealth of the Northern Mariana Islands government, as of September 30, 2017 and 2016, and for the years then ended, and the related notes to the financial statements, which collectively comprise the MVA's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 4 through 12 and page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MVA's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, on our consideration of the MVA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MVA's internal control over financial reporting and compliance.



Commonwealth of the Northern Mariana Islands  
May 15, 2018





**MARIANAS**  
VISITORS AUTHORITY

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## MARIANAS VISITORS AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### INTRODUCTION

The objective of management's discussion and analysis (MD&A) is to provide readers of the Marianas Visitors Authority (MVA) financial statements an overview and better understanding of its financial position and results of activities for the fiscal year ended September 30, 2017. Management has prepared this overview as required supplementary information to the financial statements and the footnotes that follow. This MD&A should be read in conjunction with the financial statements and accompanying footnotes.

#### FINANCIAL HIGHLIGHTS

- ▶ Pursuant to Public Law 19-68 known as Appropriations and Budget Authority Act of 2017, the MVA's budgeted Hotel and Container Tax Entitlement for fiscal year 2017 is \$15,024,959. The actual hotel occupancy tax received by MVA for fiscal year 2017 was \$15,336,943. The Legislature appropriated one dollar (\$1) to the MVA in fiscal year 2017.

The MVA allocated funds from its operations budget, particularly from the Destination Enhancement and Product Development for fiscal year 2017 to support other government agencies. The following projects were completed in fiscal year 2017: \$106,876 for the Municipality of Saipan for Beautification Projects; \$24,000 for the renovation of the Sugar King Park; \$50,000 for the repairs of CNMI Museum; \$15,000 for the installation of electrical service at the Governor Eloy S. Inos Peace Park; \$250,000 for the renovation of the Oleai Track and Field Facility; \$206,000 for the purchase of Automated Passport Control ("APC") machines for the Saipan International Airport; MVA also provided \$50,000 for the Division of Parks and Recreation for maintenance and beautification of parks, tourist and recreational sites.

- ▶ In addition to the above, the following projects are ongoing: \$45,424 for the building of 40-foot Sakman Canoe; \$104,000 for the Municipality of Tinian for the Observation Deck at the Carolinas Lookout; and \$75,000 for the Municipality of Rota for the Mt. Sabana 360 View Lookout.
- ▶ The MVA Board of Directors in its regular meeting on December 20, 2017, approved to commit \$4.3 million of its restricted cash to fund the following: \$1.4 million to fund the revitalization of the Paseo de Marianas; \$1.9 million for building fund and \$1 million for airline support/ stabilization.



## Management's Discussion and Analysis, Continued

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- ▶ MVA's total assets exceeded liabilities by \$6,528,119 and \$4,472,572 at the end of fiscal year 2017 and 2016 respectively. The restricted net position was \$6,286,313 and \$4,337,204 at the end of fiscal year 2017 and 2016, respectively. The increase in net position was primarily due to the increase in the collection of Hotel Occupancy Tax. In fiscal year 2017, 653,150 visitors came to the Marianas compared to 501,489 in fiscal year 2016. This is a 30% increase over fiscal year 2016.
- ▶ MVA increased its marketing and advertising expenditures by \$1.4 Million at the end of fiscal year 2017 as compared to fiscal year 2016 due to increase in marketing cost. The marketing strategy/goal is to increase the number of arrivals to Saipan, Tinian and Rota, and most importantly, increase on island spending by those arrivals so as to maximize the positive benefits those funds have on the economy and the revenue of the CNMI government.
- ▶ PL 18-1 Section 102 also includes a provision for Destination Enhancements amounting to \$1,369,143 and \$1,061,195 in fiscal year 2017 and fiscal year 2016, respectively.

Destination Enhancement continues to plan and work on the improvement, restoration, rehabilitation and renovation of tourist sites.

MVA Destination Enhancement projects completed in fiscal year 2017 include improvement to the Forbidden Island Lookout, Destination Sign in Marpi Area, installation of directional Tourist Sites Signs, installation of safety and warning signs at different tourist sites. MVA also maintained the restroom facilities at the Marpi tourist sites, provided life guard and security services at several tourist sites and paid a local contractor for trash collection in the Garapan area. In Tinian, MVA performed repairs and maintenance of Kammer Beach Main Pavilion and restroom facility, Taga Beach and Tachogna Beach, and demolition of the unsafe structure at Tachogna Beach. MVA also performed improvements to the Japanese Sugar Mill/Train, Tweksberry Beach and Songsong lookout.

- ▶ As of the date of the audit report, MVA is current on its financial obligations with both offshore and local vendors.
- ▶ MVA received \$184,291 of in-kind contributions in fiscal year 2017. In-kind contributions increased by approximately \$140,283 compared to the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial section of this report presents the MVA's financial statements as two components: basic financial statements, and notes to the financial statements. It also includes the supplemental information.

## BASIC FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the presentation of the Management's Discussion and Analysis (MD&A) and the basic financial statements. The basic financial statements consist of agency-wide statements, fund financial statements, notes to the financial statements, and a budgetary comparison statement for the general fund.



# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

GASB issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The MVA has adopted and applied this Statement in their financial statements. The prior financial statements have been restated to comply with the requirements of this update.

### **MD&A**

The MD&A is a narrative section that introduces the basic financial statements. It should give readers an objective and easily understood, readable analysis of the MVA's financial performance for the year.

### **Agency-Wide Statements**

The MVA's agency-wide financial report includes two financial statements: the Statement of Net Position and the Statement of Activities. The Marianas Visitors Authority prepared these financial statements in accordance with Governmental Accounting Standards Board (GASB) principles.

### **Statement of Net Position**

The Statement of Net Position presents information on assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. It reflects the MVA's assets, liabilities and the resources remaining after liabilities are satisfied. Over time, increases or decreases in net position serve as a useful indicator as to whether the entity's financial health has improved or deteriorated during the fiscal year.

### **Statement of Activities**

The Statement of Activities is the operating statement for the MVA as a whole. It is based on full accrual accounting rather than the traditional modified accrual basis. Depreciation of capital assets is recognized as an expense in this statement.

### **Fund Financial Statements**

The financial reporting package includes the fund financial statements. Fund reporting focuses on showing how money flows into and out of funds and the balance left at year-end that is available for spending. A fund is a grouping of related accounts that is used to maintain control over specific activities.

The MVA, like other state and local governments agencies, uses fund accounting to demonstrate and ensure compliance with finance related legal requirements.

# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

### Balance Sheet

#### Statement of Revenues, Expenditures, and Changes in Fund Balance

These statements present MVA's major funds. MVA has only one fund, the general fund. The fund statements are prepared using the traditional government model of modified accrual basis, which measures cash and all financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the MVA's operations.

#### Reconciliation from Agency-Wide to Fund Statements

Because the numbers on these statements do not agree to the numbers on the agency-wide statements, a reconciliation schedule is presented.

#### Statements of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

A budgetary comparison statement for the general fund is considered to be required supplementary information and is included in the basic financial statements.

## COMPARISON OF RESULTS

### Assets, Liabilities and Net Position

The MVA's net position on an agency-wide basis increased by \$2,055,547 from the previous year.

#### SUMMARY OF CHANGE IN NET POSITION (STATEMENT OF ACTIVITIES)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net position, beginning	\$ <u>4,472,572</u>	\$ <u>5,765,266</u>	\$ 7,660,674
Adjustment of pension liability			<u>918,774</u>
Net position, beginning, as restated			<u>8,579,448</u>
Revenues	\$ 15,585,733	11,430,690	9,961,720
Expenditures	\$ <u>13,530,186</u>	<u>12,723,384</u>	<u>12,775,902</u>
Increase in net position	\$ <u>2,055,547</u>	<u>(1,292,694)</u>	<u>(2,814,182)</u>
Net position, ending	\$ <u>6,528,119</u>	\$ <u>4,472,572</u>	\$ <u>5,765,266</u>

#### SUMMARY OF STATEMENT OF NET POSITION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 8,823,402	\$ 7,646,007	\$ 7,781,583
Capital assets	<u>241,806</u>	<u>135,368</u>	<u>147,358</u>
Total assets	\$ <u>9,065,208</u>	\$ <u>7,781,375</u>	\$ <u>7,928,941</u>
Current liabilities	\$ 2,425,322	\$ 3,206,195	\$ 2,045,648
Non-current liabilities	<u>105,467</u>	<u>102,608</u>	<u>117,927</u>
Total liabilities	\$ <u>2,530,789</u>	\$ <u>3,308,803</u>	\$ <u>2,163,575</u>
Deferred inflows of resources	\$ 6,300	-	100
Net investment in capital assets	241,806	135,368	147,358
Restricted	<u>6,286,313</u>	<u>4,337,204</u>	<u>5,617,908</u>
Total net position	<u>6,528,119</u>	<u>4,472,572</u>	<u>5,765,266</u>
Total liabilities and net position	\$ <u>9,065,208</u>	\$ <u>7,781,375</u>	\$ <u>7,928,941</u>



# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

The \$6,528,119 in restricted net position represents the accumulated results of all past years' operations. It means that if MVA is able to collect all its receivables and pay off all of its bills today, including all of its non-capital liabilities and compensated absences, it would have \$6,528,119 of restricted assets left.

**Assets.** Assets consist primarily of cash and cash equivalents (66%) and receivables, which include local government appropriation and entitlement (30%), others (1%) and capital assets (3%).

**Liabilities.** These are composed primarily of accounts payable for marketing activities, deferred revenue, accrued employee annual and sick leave and others. The net decrease in current liabilities of \$780,873 is due to MVA's capacity to pay of its obligations to its offshore and local vendors in fiscal year 2017.

**Net position.** Net position represents the MVA's residual interest in its assets net of liabilities. The restricted component of net position increased by \$1,949,109 as compared to FY2016 primarily due to an increase in MVA's budgeted hotel and container tax entitlement for the fiscal year 2017. The increase was approximately 25% or \$3.9M compared to fiscal year 2016.

## Revenues

Total revenues for fiscal year 2017 were \$15,585,733, a \$4,042,474 increase from fiscal year 2016.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Revenues			
Hotel and container tax entitlement	\$ 15,336,943	\$ 11,399,920	\$ 9,797,367
Grant and contributions	184,291	44,008	80,832
Other income	4,442	28,470	6,426
Royalty income	-	1,509	15,593
Interest income	2,566	791	544
Subtotal	<u>\$ 15,528,242</u>	<u>\$ 11,474,698</u>	<u>\$ 9,900,762</u>
Program revenues			
Membership fees	\$ 16,200	\$ 24,700	\$ 23,965
Special events	41,291	43,861	36,993
Subtotal	<u>\$ 57,491</u>	<u>\$ 68,561</u>	<u>\$ 60,958</u>
Total Revenues	<u>\$ 15,585,733</u>	<u>\$ 11,543,259</u>	<u>\$ 9,961,720</u>

Revenues are classified as either general revenues or program revenues.

The general revenue classification includes hotel and container tax entitlements, grant and in-kind contributions, program revenues and other income (royalty and memorial maintenance fee).

Program revenues are those directly generated by a function or activity of the government entity. These revenues include membership dues, special events fees that MVA charges for the specific events, and contributions from the private sector to support MVA programs. These special events revenues help MVA in reducing its actual expenditures on those respective events. In all situations, MVA has no surplus on this matter.

# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

Grants and contributions, (primarily in-kind contributions) include accommodations and free use of hotel facilities, among others, and are classified as marketing or special events revenue when the donor specifies to which MVA activities the donation is to be used or as general revenue for unrestricted contributions.

The MVA has no business-type activities from which to generate revenues and relies on cash and in-kind contributions from members to bridge operational costs that cannot be fully covered by the appropriations received.

### **Expenses**

Total agency-wide expenses by function were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
General government	\$ 1,936,826	\$ 1,741,878	\$ 1,764,367
Marketing	8,980,713	7,558,772	6,593,468
Advertising	654,164	525,506	485,535
Destination enhancement	1,369,143	1,061,195	190,469
Support to other government agency	510,356	1,898,666	-
Bad debts	-	1,383	3,700,406
Depreciation	<u>78,984</u>	<u>48,553</u>	<u>41,657</u>
Total expenditures	\$ <u>13,530,186</u>	\$ <u>12,835,953</u>	\$ <u>12,775,902</u>

Expenditures for the fiscal year ending September 30, 2017 increased by \$694,233 over the fiscal year 2016 total. Funds available in fiscal year 2017 were spent on Destination Enhancement projects, marketing, support to other government agencies and community programs.

### **OVERALL FINANCIAL POSITION**

The overall financial position (net position) of MVA increased by \$2,055,547. MVA increased its revenue by \$4.04 million due to the opening of Kensington Hotel and other smaller boutique hotels which allowed for an increase in the share of hotel occupancy tax for MVA. Notably, the CNMI recorded consistent monthly arrival increases in fiscal year 2017, which generated more hotel occupancy tax. This increase was spent on community programs, marketing, promotions that includes support for direct flights from China, Hong Kong and Korea, familiarization tours, group incentives, co-op promotions, Japan revitalization programs, sports marketing, trade shows and other promotions. More funding was spent as well on Destination Enhancements and support to other government agencies as compared to last year.

Given the right level of funding, invested wisely to promote and build demand in key markets along with a targeted plan for destination enhancement, MVA believes that the CNMI tourism industry will improve along with the financial position of the MVA.

MVA must take the lead in funding overseas promotions and continue to encourage support from private funds from tourism industry stakeholders.



# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

### **FUND ANALYSIS**

At the governmental fund level, MVA's fund balance in fiscal year 2017 was increased by \$1,951,967 as more programs were implemented this fiscal year 2017 as compared to fiscal year 2016.

### **CAPITAL ASSETS**

The MVA's investment in capital assets as of September 30, 2017 amounts to \$241,806 net of accumulated depreciation. Depreciation expense for the year was \$78,984. There was a significant acquisition of capital assets for MVA's operation this fiscal year as compared to fiscal year 2016.

Capital assets net of accumulated depreciation are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Vehicles	\$ 155,622	\$ 48,650	\$ 68,108
Furniture and fixtures	66,744	83,195	77,002
Maintenance equipment	19,440	1,118	2,248
Leasehold improvements	<u>-</u>	<u>2,405</u>	<u>-</u>
Net capital assets	\$ <u>241,806</u>	\$ <u>135,368</u>	\$ <u>147,358</u>

### **FUTURE PLANS**

- **Marketing Programs**

- Diversification plans into the Southeast Asia market. Participation in both ADEX Singapore, the largest dive show in Asia, and ITB Singapore, the largest travel show in Southeast Asia.
- Social Media Platforms Mobile Apps – Upon arrival, the app will be accessible with links to participating MVA Member businesses. The app contains a full map and direction finding functions.
- Strengthen our overall support for Japan-Saipan flights.

- **Community Projects Programs**

Community Projects Division will continue to engage our local government and industry partners to carry forward ongoing Signature Events, as well as develop new activities that would further broaden our sports and cultural tourism portfolio. One of our newest attractions in late 2017 is the CNMI's first ever Marianas Beer and BBQ Festival which was first held on November 4. This event aims to provide added value to our tourists and offer our locals the opportunity to participate and support our promotional efforts. The Division will continue to support other related and meaningful community events such as the Tournament of Champions, Flame Tree Arts Festival, Saipan International Fishing Tournament, Miss Marianas Beauty Pageant, Marianas Tourism Education Council, Rota and Tinian fishing tournaments and fiesta activities, memorial groups, and others. This includes events, festivals and other activities among all three islands.

# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

### • **Tour Guide Certification Program**

Tour Guide Certification Program adheres to the mandate propagated by 2014 Public Law 18-58. It seeks to educate and regulate tour guides who represent our islands to our visitors. The following are the plans in implementing this program:

#### Tour guide certification training

Tour Guide Certification Program adheres to the mandate propagated by 2014 Public Law 18-58. The authority given to the MVA has been further clarified through the passage of Public Law 20-51. It seeks to educate and regulate tour guides who represent our islands to our visitors. The following are the program's objectives and projects:

#### Official Marianas Guide: certification training

On October 23, 2017 Official Marianas Guide training program was launched in partnership with Northern Marianas College. The guides are required to attend a twenty-hour course and to pass a test after the training. The course focuses on history, environment, safety and professional development. Those who passed are issued an official badge and certificate from the MVA. All certified tour guides are required to carry on their persons a badge.

#### Official Marianas Guide: Manual

This has been translated into three different languages from English: Chinese, Japanese, and Korean. These have been distributed as e-books readily available on MVA website. The format of the manual has been revamped to make it more reader friendly. The manual now includes new sections on food, medicinal plants, marine safety and CNMI's signature events as well as emergency contacts.

#### Official Marianas Guide: Virtual reality tour

A video production that actually narrates history and cultural narratives of each site is in its first phase. This will be shared not only with the tour guides but with potential visitors to educate them before, during and after the visits. Six sections in a series of videos that will cover Saipan, Tinian and Rota have been completed. All narration will feature a renowned historian/expert. Marpi area: Banzai, Grotto, Bird Island, Last Command Post, Suicide Cliff and Kalabera Cave were documented. All six were also subtitled in Chinese, English, Japanese and Korean. These will be available through MVA website for both tour guides to use on their tours as well as for tourists to enjoy.

#### Others: Safety tips video

Produced and aired through KSPN/Flame Tree TV, an updated marine, road and personal safety videos are now airing at the airport, Managaha and in each of the Visitors Channels. Road Safety video is being shared with rental car companies to better inform drivers new to our islands on key road safety concerns.



# FINANCIAL STATEMENT

## Management's Discussion and Analysis, Continued

- **Tourist Exit Survey** will be conducted on a regular basis as it plays an important element in ensuring information obtained is presented both accurately and reliably. A strong research and statistical base for the tourism industry is critical in maintaining our international competitiveness and increase our market share.

- **Destination enhancement and product development projects.**

The Destination Enhancement and Product Development Division will continue to define, launch and maintain programs to enhance the CNMI as a tourist destination. Such programs include evaluating the tourism-attraction value of current sites, monitoring and upgrading the content and upkeep of these existing sites, and increasing the number of sites. Destination Enhancement and Product Development Division is working closely with government, community and tourist industry leaders to develop community projects which will increase quality of visitors' experience.

- **Funds Management**

MVA will continue to monitor the inflow of cash primarily on the HOT and update the expenditures based on availability of funds so as not to experience the negative financial situation from previous years. The current business relationship with the offshore and local contractors will be sustained to the extent possible keeping its payment terms and commitments intact.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide CNMI residents and taxpayers with an overview of MVA's finances and to show MVA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MVA at (670) 664-3200 or visit our office on Beach Road, next to the San Jose intersection.

# FINANCIAL STATEMENT

**MARIANAS VISITORS AUTHORITY**  
(A Component Unit of the CNMI Government)  
Governmental Activities - Statements of Net Position  
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash in bank and on hand - restricted	\$ 6,064,501	5,409,967
Accounts receivable entitlement - Government of CNMI	2,748,500	2,184,636
Other receivables	10,401	1,404
Prepaid expenses	<u>-</u>	<u>50,000</u>
Total current assets	8,823,402	7,646,007
Noncurrent assets:		
Capital assets, net of accumulated depreciation and amortization	<u>241,806</u>	<u>135,368</u>
Total assets	\$ <u>9,065,208</u>	<u>7,781,375</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 2,133,546	2,771,825
Accrued liabilities and benefits	<u>291,776</u>	<u>434,370</u>
Total current liabilities	2,425,322	3,206,195
Noncurrent liabilities:		
Due within one year		
Accrued compensated absences	11,186	11,489
Due in more than one year		
Accrued compensated absences	<u>94,281</u>	<u>91,119</u>
Total liabilities	<u>2,530,789</u>	<u>3,308,803</u>
Deferred inflows of resources	<u>6,300</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	241,806	135,368
Restricted - expendable	<u>6,286,313</u>	<u>4,337,204</u>
Total net position	<u>6,528,119</u>	<u>4,472,572</u>
	\$ <u>9,065,208</u>	<u>7,781,375</u>

*See accompanying notes to financial statements.*



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Statements of Activities

For the Years Ended September 30, 2017 and 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net Revenues (Expenses) and Changes in Net Position Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>2017</u>	<u>2016</u>
Governmental activities:					
General government	\$ 1,936,826	16,200	-	(1,920,626)	(1,717,178)
Marketing	8,980,713	-	184,291	(8,796,422)	(7,514,764)
Advertising	654,164	41,291	-	(612,873)	(481,645)
Destination enhancement	1,369,143	-	-	(1,369,143)	(1,061,195)
Support to other government agency	510,356	-	-	(510,356)	(1,898,666)
Bad debts	-	-	-	-	(1,383)
Depreciation	78,984	-	-	(78,984)	(48,553)
Total governmental activities	\$ <u>13,530,186</u>	<u>57,491</u>	<u>184,291</u>	<u>(13,288,404)</u>	<u>(12,723,384)</u>
General revenues:					
Hotel and container tax entitlement				15,336,943	11,399,920
Royalty income				-	1,509
Other income				4,442	28,470
Interest income				<u>2,566</u>	<u>791</u>
Total general revenues				<u>15,343,951</u>	<u>11,430,690</u>
Change in net position				2,055,547	(1,292,694)
Net position, beginning				<u>4,472,572</u>	<u>5,765,266</u>
Net position, ending				\$ <u>6,528,119</u>	<u>4,472,572</u>

See accompanying notes to financial statements.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Governmental Funds - Balance Sheets

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash in bank and on hand - restricted	\$ 6,064,501	5,409,967
Accounts receivable entitlement - Government of CNMI	2,748,500	2,184,636
Other receivables	10,401	1,404
Prepaid expenses	<u>-</u>	<u>50,000</u>
Total current assets	\$ <u>8,823,402</u>	<u>7,646,007</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Current liabilities:		
Accounts payable	2,133,546	2,771,825
Accrued liabilities and benefits	<u>291,776</u>	<u>434,369</u>
Total current liabilities	<u>2,425,322</u>	<u>3,206,194</u>
Deferred inflows of resources	<u>6,300</u>	<u>-</u>
Fund balances:		
Nonspendable - not in spendable form	-	50,000
Assigned	<u>6,391,780</u>	<u>4,389,813</u>
Total fund balance	<u>6,391,780</u>	<u>4,439,813</u>
	\$ <u>8,823,402</u>	<u>7,646,007</u>

*See accompanying notes to financial statements.*



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Governmental Funds - Statements of Revenues, Expenditures, and Changes in Fund Balance

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Hotel and container tax entitlement	\$ 15,336,943	11,399,920
Charges for services	57,491	68,561
In-kind contributions	184,291	44,008
Royalty income	-	1,509
Other income	4,442	28,470
Interest income	<u>2,566</u>	<u>791</u>
Total revenues	15,585,733	11,543,259
Expenditures:		
General government	1,933,969	1,787,683
Marketing	8,980,713	7,558,772
Advertising	654,164	525,506
Destination enhancement	1,369,143	1,061,195
Support to other government agency	510,356	1,898,666
Bad debts	-	1,383
Capital outlay-current expenditures	<u>185,421</u>	<u>6,077</u>
Total expenditures	<u>13,633,766</u>	<u>12,839,282</u>
Excess (deficiency) of revenues over expenditures	1,951,967	(1,296,023)
Assigned fund balance, beginning of year	<u>4,439,813</u>	<u>5,735,836</u>
Assigned fund balance, end of year	\$ <u><u>6,391,780</u></u>	<u><u>4,439,813</u></u>

*See accompanying notes to financial statements.*

# FINANCIAL STATEMENT

**MARIANAS VISITORS AUTHORITY**  
(A Component Unit of the CNMI Government)

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Fund balance	\$ 6,391,780	4,439,813
Amounts reported for governmental activities in the Balance Sheet differ from the amounts reported in the Statements of Net Position because:		
Long-term liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Accrued compensated absences	(105,467)	(102,609)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
	<u>241,806</u>	<u>135,368</u>
Total net position - governmental activities	\$ <u>6,528,119</u>	<u>4,472,572</u>

*See accompanying notes to financial statements.*



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Reconciliation of Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance with the Agency-Wide Statements of Activities

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net change in fund balance - governmental funds	\$ 1,951,967	(1,296,023)
<p>Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balance differ from amounts reported in the Statement of Activities because:</p>		
Unearned revenues for receivables from CNMI that are not available within 60 days after the year-end.		
Unearned revenues prior year	(2,857)	-
Collections for appropriations that were unearned in prior year	-	-
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount by which capital outlays exceed depreciation in the period.</p>		
Capital outlays	185,421	
Depreciation expense	<u>(78,984)</u>	<u>106,437</u>
		<u>3,329</u>
Changes in net position of governmental activities	\$ <u>2,055,547</u>	<u>(1,292,694)</u>

*See accompanying notes to financial statements.*

# FINANCIAL STATEMENT

## **MARIANAS VISITORS AUTHORITY** (A Component Unit of the CNMI Government)

### Notes to Financial Statements

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies

The financial statements of the Marianas Visitors Authority (MVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Boards (GASB) is the primary source of governmental accounting and financial reporting principles. Some of the MVA's more significant accounting policies are summarized below, along with some of the practices that are unique to governments.

##### A. Reporting Entity

On June 17, 1998, Public Law No. 11-15 was enacted and this law deleted in its entirety Section 302(b) of Executive Order 94-3 and abolished the Marianas Visitors Bureau (MVB) to establish the MVA, a non-stock/nonprofit public corporation organized for the purpose of promoting the visitor industry in the Commonwealth of the Northern Mariana Islands (CNMI).

Pursuant to Public Law 11-15, all corporate powers are held and exercised by or under authority of the Board of Directors, subject to the limitations of the Organization's by-laws and the laws of the Northern Mariana Islands. The Board is composed of nine members, of whom five members are appointed by the Governor with the advice and consent of the Senate and four members are chosen by the members of MVA.

In accordance with its enabling legislation and subsequent amendments, MVA receives an appropriation and entitlement of the hotel room occupancy taxes and alcoholic beverage container taxes collected by the CNMI Government.

##### B. Agency-wide and Fund Financial Statements

Agency-wide financial statements display information about the reporting government as a whole.

The purpose of the Statement of Activities is to allow financial statement users to determine operating results of the MVA in its entirety over a period of time. It demonstrates the degree to which direct expenses are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase or use goods and services provided by a given function. The MVA's program revenues include, but are not limited to, charges to customers from sales during events, fees collected from participants of special events and contributions in cash and in-kind from the private sector.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### B. Agency-Wide and Fund Financial Statements, Continued

In-kind contributions restricted for special events or advertising and marketing activities are classified as revenues and expenses of these activities.

Appropriations from the CNMI and other items not included among program revenues are reported instead as general revenues.

Governmental fund financial statements are separate financial statements for government funds.

MVA maintains only one fund, which is a general fund at the MVA level.

Governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for the general governmental activities. The operating fund of the MVA is the general fund. MVA has no capital projects or debt service funds.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of measurement focus.

# FINANCIAL STATEMENT

## **MARIANAS VISITORS AUTHORITY** (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Agency-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus. An economic resource focus concentrates on a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using a modified accrual basis and the current financial resources measurement focus. Earned revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and other expenditures having a due date are recorded only when payment is due.

Since the fund financial statements are presented on a different measurement focus and basis of accounting than the agency-wide statements' governmental column, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the agency-wide presentation. This reconciliation is part of the financial statements.

The financial transactions of the MVA are recorded in the general fund. The operations of this fund are accounted for with self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the government combined) for the determination of major funds for financial reporting purposes. GASB 34 also gives governments the discretion to include as major funds those having particular importance.

##### Net Position/ Fund Balances

Net position in government-wide fund financial statements are composed of three sections:

- Net investment in capital assets:

Capital assets, net of accumulated depreciation and net of related debts attributable to the acquisition, construction of or improvements of those assets.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

###### - Restricted:

Nonexpendable - net position subject to externally imposed stipulations that require MVA to maintain them permanently.

Expendable – Net position whose use by MVA is subject to externally imposed stipulations that can be fulfilled by actions of MVA pursuant to those stipulations or that expire with the passage of time.

###### Unrestricted:

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

##### Fund Balance

In the governmental fund financial statements, fund balances, as required by Governmental Accounting Standards Board (GASB) Statement 54, are classified as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned – includes negative fund balances in other governmental funds.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The purpose of GASB 54 is to improve the usefulness, including the understandability, of governmental fund balance information by establishing criteria for classifying fund balance into specially defined classifications and clarifies definitions for governmental fund types.

##### D. Assets, Liabilities and Equity

###### 1. Receivables and Payables

For agency-wide financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized only when they are both measurable and available.

Appropriations and entitlements from the CNMI Government, the MVA's major revenue source, are considered measurable and available when they can be collected within 60 days after year-end.

Receivables are reported at gross value and, if appropriate, are reduced by any significant amounts expected to be uncollectible.

###### 2. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

###### 3. Capital Assets

Capital assets, which include property and equipment, are accounted for in the agency-wide financial statements. All capital assets are valued at historical cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Donated assets are valued at their fair value on the date of gift.

Capital assets purchased or acquired with original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of assets are capitalized. The cost of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### D. Assets, Liabilities and Equity

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Net Position.

Estimated useful lives, in years, for depreciable assets are as follows:

<u>Asset Description</u>	<u>Years</u>
Maintenance equipment	2-10
Furniture and fixtures	3-10
Vehicles	3-5
Building and leasehold improvements	10-20

##### 4. Compensated Absences

Compensated absences represent the accumulated liability to be paid under MVA's current annual leave policy.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16 – *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Unused leave is payable to employees upon resignation or termination of employment if the employee has completed one year or more of service. An employee cannot carry over to the following calendar year accumulated annual leave in excess of three hundred sixty (360) hours. However, any annual leave accumulated in excess of 360 hours as of the end of the calendar year can be converted to sick leave on the last day of such calendar year. At September 30, 2017 and 2016, accrued annual leave was \$105,467 and \$102,608, respectively.

##### 5. Fund Balances

MVA's board of directors is authorized to assign amounts to a specific purpose. MVA's board of directors has established a policy to provide such authority to the board of directors.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

##### F. New Accounting Standards

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The provisions of Statement No. 72 are effective for fiscal years beginning after June 15, 2015. The implementation of this statement did not have a material effect on the MVA's financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement aligns the reporting requirements for pensions and pension plans not covered in GASB Statement Nos. 67 and 68 with the reporting requirements in Statement No. 68. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The implementation of this statement did not have a material effect on the MVA's financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The implementation of this statement did not have a material effect on the MVA's financial statements.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### F. New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. Management has not evaluated the impact that the implementation of this statement will have on the MVA's financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015. The implementation of this statement did not have a material effect on the MVA's financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015. The implementation of this statement did not have a material effect on the MVA's financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement addresses an issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. GASB Statement No. 78 is effective for fiscal year ending September 30, 2017. The implementation of this statement did not have a material effect on the MVA's financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 is effective for the fiscal year ending September 30, 2017. The implementation of this statement did not have a material effect on the MVA's financial statements.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### F. New Accounting Standards, Continued

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The Statement is intended to provide clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. GASB Statement No. 80 is effective for the fiscal year ending September 30, 2017. The implementation of this statement did not have a material effect on the MVA's financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 81 will be effective for the fiscal year ending September 30, 2018. Management has not evaluated the impact that the implementation of this statement will have on the MVA's financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 will be effective for the fiscal year ending September 30, 2018. Management has not evaluated the impact that the implementation of this statement will have on the MVA's financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 83 will be effective for the fiscal year ending September 30, 2019. Management has not evaluated the impact that the implementation of this statement will have on the MVA's financial statements.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (1) Summary of Significant Accounting Policies, Continued

##### F. New Accounting Standards, Continued

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 will be effective for reporting periods after December 15, 2018. Management has not evaluated the impact that the implementation of this statement will have on the MVA's financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The provisions of GASB Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the MVA's financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB Statement No. 87 will be effective for the MVA for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement will have a material effect on the MVA's financial statements.

#### (2) Reconciliation Of Agency-Wide And Fund Financial Statements

- A. Explanation of certain differences between the governmental fund balance sheet and the agency-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the agency-wide statements of net position. The net adjustments for 2017 and 2016 consist of the following:

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (2) Reconciliation Of Agency-Wide And Fund Financial Statements, Continued

<u>Description</u>	<u>2017</u>	<u>2016</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on agency-wide statement in governmental activities column):	\$ 980,121	794,700
Less accumulated depreciation	(738,315)	(659,332)
Net capital assets	241,806	135,368
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Annual leave liability	(105,467)	(102,608)
Net adjustment	\$ <u>136,339</u>	<u>32,760</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the agency-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the agency-wide statement of activities. The adjustments are as follows.

<u>Description</u>	<u>2017</u>	<u>2016</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.		
Compensated absences – net	\$ ( 2,857)	-
Capital outlays reported in the fund statements	185,421	45,805



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (2) Reconciliation Of Agency-Wide And Fund Financial Statements, Continued

Depreciation expense, the allocation of capital outlays over useful lives of the assets, that is recorded on the Statement of Activities but not in the fund statements.	(78,984)	(42,476)
Net adjustments	\$ <u>103,580</u>	<u>3,329</u>

#### (3) Budgetary Information

Accounting principles used in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Amounts included in the Statement of Revenues, Expenditures and Changes Fund Balance – Budget and Actual – General Fund (which are presented on a non-GAAP budgetary basis) reconcile to the fund balance on the accompanying Balance Sheet and Statement of Net Position. MVA has no authority to impose taxes to generate revenue. MVA is an autonomous agency and a component unit of the CNMI government and it receives annual appropriations and entitlement from the CNMI government. The CNMI legislative budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted by the Legislature for MVA through an Annual Appropriations Act.

#### (4) Cash in bank and on hand

As of September 30, 2017 and 2016 cash and cash equivalents consist of the following:

	<u>2017</u>	<u>2016</u>
Petty cash	\$ 803	703
Cash in bank	<u>6,063,698</u>	<u>5,409,264</u>
	<u>\$ 6,064,501</u>	<u>5,409,967</u>

At September 30, 2017 and 2016 the carrying amount of MVA's total cash and cash equivalents (excluding petty cash) was \$6,063,698 and \$5,409,264, respectively. The corresponding bank balances as of September 30, 2017 and 2016 were \$6,185,699 and \$6,026,073, respectively, of which the entire balance was within Federal Deposit Insurance Corporation (FDIC) insurance limits or was collateralized by the bank. On December 20, 2017, the MVA Board of Directors approved to restrict \$4.3 million to fund the following: \$1.4 million to fund the revitalization of the Paseo de Marianas; \$1.9 million for building fund and \$1 million for airline support/stabilization.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (5) Receivable from the CNMI Government

The CNMI Government appropriated a total of \$15,024,959 and \$12,000,000 for MVA's operational use for the years 2017 and 2016, respectively, under the Budget Authority Act of 2017 (Public Law 19-68) and 2016 (Public Law 19-08).

The following is a summary of the changes in the "Due from CNMI government" for the fiscal years ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Due from CNMI government, beginning	\$ 2,184,636	3,245,632
CNMI appropriation and entitlement	<u>15,206,868</u>	<u>11,911,036</u>
Sub-total	17,391,504	15,156,668
Collections:		
For prior year's appropriation and entitlement	-	(3,245,633)
For current year's appropriation and entitlement	<u>(14,644,563)</u>	<u>(9,726,399)</u>
Subtotal	2,746,941	2,184,636
Interest income from prior year	1,559	-
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Due from CNMI government, net	\$ <u><u>2,748,500</u></u>	<u><u>2,184,636</u></u>

The due from CNMI government as of September 30, 2017 was subsequently collected in October 31, 2017.

#### (6) Investments at Fair Value

GASB 72 requires all investments to be categorized under a fair value hierarchy. ASC Section 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value and expands financial statement disclosures about fair value measurements. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (6) Investments at Fair Value, Continued

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. This inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3 - Unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. At September 30, 2017, MVA had no investments.

#### (7) Deferred Inflows of Resources

Revenues collected in advance of the fiscal year in which they are earned are recorded as deferred inflows of resources in the agency-wide and fund financial statements. Deferred inflows of resources in the fund financial statements also include revenues that are measurable but not available. Subsequently, all receivables were collected as of October 31, 2017.

#### (8) Noncurrent Liabilities

MVA's noncurrent liabilities consist of accrued annual leave summarized as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 102,608	117,927
Additional accrual	89,221	49,091
Annual leave used	<u>(86,362)</u>	<u>(64,410)</u>
Ending balance	105,467	102,608
Due within one year	<u>(11,186)</u>	<u>(11,489)</u>
Due in more than one year	\$ <u>94,281</u>	<u>91,119</u>

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (9) Changes in Capital Assets

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2017 and 2016:

		<u>September 30, 2017</u>		
	<u>Balance October 1, 2016</u>	<u>Additions Transfer</u>	<u>Deletions Retirements</u>	<u>Balance September 30, 2017</u>
Vehicle and equipment	\$ 224,011	149,693	-	373,704
Office furniture, fixtures and equipment	329,409	-	-	329,409
Leashold improvements	157,313	-	-	157,313
Maintenance equipment	83,967	35,729	-	119,696
	<u>794,700</u>	<u>185,422</u>	<u>-</u>	<u>980,122</u>
Less accumulated depreciation and amortization:				
Vehicle and equipment	175,361	45,122	-	220,483
Office furniture, fixtures and equipment	246,214	27,507	-	273,721
Leasehold improvements	154,908	4	-	154,912
Maintenance equipment	82,849	6,352	-	89,201
	<u>659,332</u>	<u>78,984</u>	<u>-</u>	<u>738,316</u>
Governmental activities capital assets, net	\$ <u>135,368</u>	<u>106,438</u>	<u>-</u>	<u>241,806</u>
		<u>September 30, 2016</u>		
	<u>Balance October 1, 2015</u>	<u>Additions Transfer</u>	<u>Deletions Retirements</u>	<u>Balance September 30, 2016</u>
Vehicle and equipment	\$ 224,011	-	-	224,011
Office furniture, fixtures and equipment	298,340	31,069	-	329,409
Leashold improvements	152,512	4,801	-	157,313
Maintenance equipment	83,272	695	-	83,967
	<u>758,135</u>	<u>36,565</u>	<u>-</u>	<u>794,700</u>
Less accumulated depreciation and amortization:				
Vehicle and equipment	155,903	19,458	-	175,361
Office furniture, fixtures and equipment	221,338	24,876	-	246,214
Leasehold improvements	152,512	2,396	-	154,908
Maintenance equipment	81,024	1,825	-	82,849
	<u>610,777</u>	<u>48,555</u>	<u>-</u>	<u>659,332</u>
Governmental activities capital assets, net	\$ <u>147,358</u>	<u>(11,990)</u>	<u>-</u>	<u>135,368</u>

Most capital assets are not directly identifiable to specific governmental activities, thus depreciation expense is presented as unallocated in the Statement of Activities.



# FINANCIAL STATEMENT

## **MARIANAS VISITORS AUTHORITY** (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (10) Risk Management

The MVA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets; injuries to employees and third parties; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties.

#### (11) Commitments and Contingencies

MVA entered into a non-cancelable lease agreement covering their office in Saipan with a term of five years expiring on January 16, 2019 with an option to renew for additional three years on the same terms and conditions. The lease agreement calls for payment of \$4,500 per month. Minimum future lease payments are \$54,000 for 2018 and \$18,000 for 2019.

#### (12) Retirement Plan

MVA contributed to the Northern Mariana Islands Retirement Fund's (NMIRF) defined benefit plan (DB Plan), a cost-sharing, multiple-employer plan established and administered by the CNMI. On September 30, 2013, the DB Plan was transferred to Northern Mariana Islands Settlement Fund (NMISF) and MVA now contributes to NMISF.

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI. On September 11, 2012, Public Law 17-82 CNMI Pension Reform Recovery Act of 2012 was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect to, to buy quarters of service in the U.S. Social Security system from contributions made to the DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the defined contribution (DC) Plan and to participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute its employee share.

On March 11, 2013, Public Law 18-02 was enacted to amend Public Law 17-82 to clarify those provisions necessary to expedite the refunds and to prevent any further frustration of the process. Included in the public law is the amendment of Section 203(a) of Title 1, Division 8, Part 3, which states that the government obligation to withhold and remit the employee's portion to the employee's defined account shall continue with respect to employees who do not terminate membership in the DB Plan.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Notes to Financial Statements, Continued

September 30, 2017 and 2016

#### (12) Retirement Plan, Continued

##### *Defined Contribution Plan (DC Plan)*

On June 16, 2006, Public Law 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MVA is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MVA's recorded DC contributions for the years ended September 30, 2017 and 2016 totaled \$13,989 and \$10,871, equal to the required yearly contribution.

Members of the DC Plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

##### *Unremitted Employer Contribution prior to September 30, 2013*

The amount MVA recognized as payable to the Retirement Fund prior to the creation of the Settlement Fund totaled \$918,775 including penalties as of September 30, 2013.

MVA believes that the payable to the Retirement Fund is ultimately due from the CNMI central government and not from MVA. The Settlement Order for Federal District Court for the CNMI Case No. 09-00023, which states that the NMIRF shall assign to the CNMI government all rights to collect employer contributions deficient as of August 6, 2013 and related costs from the Autonomous Agencies, or any other CNMI instrumentalities, strengthen MVA's position. The beginning net position in the Statement of Activities was restated in FY 2015 to reverse the accrued liabilities amounting to \$918,775.

##### *Medical and Life Insurance Benefits*

In addition to providing pension benefits, the CNMI Government also ensures that employees are provided with medical and life insurance benefits. The CNMI Government created the Group Health and Life Insurance Trust Fund ("Trust Fund"), held in trust and administered by the Northern Mariana Islands Retirement Fund (NMIRF). MVA contributes to the Group Health and Life Insurance program. This is open to active employees who work at least 20 hours per week and to retired CNMI Government employees who retire as a result of length of service, disability or age, as well as their dependents. Life insurance coverage is to be provided by a private carrier. Contributions from employees and employers are based on rates as determined by NMIRF Board of Trustees. Employee deductions are made through payroll withholdings.



# FINANCIAL STATEMENT

**MARIANAS VISITORS AUTHORITY**  
(A Component Unit of the CNMI Government)

Notes to Financial Statements, Continued

September 30, 2017 and 2016

(13) Reclassifications of Accounts

Certain reclassifications have been made to the 2016 financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net position in the agency-wide financial statements.

(14) Subsequent Events

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through May 15, 2018, which is the date the financial statements were available to be issued. There were no such events requiring disclosure.

# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Budgetary Comparison Schedule For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel and container tax entitlement, net of PL 19-68	\$ 14,994,958	15,336,943	15,336,943	-
In-kind contributions	-	-	184,291	184,291
Special events	-	-	32,791	32,791
Membership dues	-	-	16,200	16,200
Memorial trust income	-	-	8,500	8,500
Other income	30,000	7,008	4,442	(2,566)
Interest income	-	-	2,566	2,566
Total revenues	<u>15,024,958</u>	<u>15,343,951</u>	<u>15,585,733</u>	<u>241,782</u>
Expenditures:				
Promotion and advertising	10,379,200	9,667,718	9,451,162	216,556
Personnel service	1,522,081	1,402,081	1,352,997	49,084
Support to other government agencies	670,273	586,780	1,013,809	(427,029)
Destination enhancement	1,477,000	1,709,133	865,688	843,445
Professional fees	373,700	212,700	212,405	295
Capital expenditures including MVA office	95,000	1,294,371	185,421	1,108,950
In-kind contribution of promotion and advertising	-	-	184,291	(184,291)
Printing and publications	110,100	110,100	81,664	28,436
Rental	54,000	54,000	54,000	-
Travel	26,000	36,000	35,321	679
Insurance	32,500	32,500	28,781	3,719
Office supplies	22,000	32,000	27,471	4,529
Communications	37,420	37,420	23,347	14,073
Utilities	30,000	41,465	23,154	18,311
Maintenance supplies	15,000	20,000	18,508	1,492
Fuel and lubrication	15,000	18,000	18,280	(280)
Postage and freight	3,000	18,000	14,958	3,042
Repairs and maintenance	21,000	23,000	13,957	9,043
Office equipment, rentals, repairs	7,800	9,800	9,533	267
Staff development training	7,500	12,500	8,793	3,707
Bank charges and penalties	-	-	3,530	(3,530)
Tour guide certification	100,000	-	2,535	(2,535)
Dues and subscriptions	2,800	2,800	2,101	699
Computer systems and equipment	22,500	22,500	2,060	20,440
Miscellaneous	1,084	1,084	-	1,084
Total expenditures	<u>15,024,958</u>	<u>15,343,952</u>	<u>13,633,766</u>	<u>1,710,186</u>
Excess of revenues over expenditures	-	-	1,951,967	1,951,968
Assigned fund balance, beginning of year	-	4,439,813	4,439,813	-
Assigned fund balance, end of year	\$ -	<u>4,439,813</u>	<u>6,391,780</u>	<u>1,951,968</u>

See accompanying notes to financial statements.



# FINANCIAL STATEMENT

## MARIANAS VISITORS AUTHORITY (A Component Unit of the CNMI Government)

### Supplemental Schedule

#### Schedule of Functional Expenditures - Statement of Activities For the Years Ended September 30, 2017 and 2016

	General Government	Marketing	Advertising	Destination Enhancement	Support to other government agency	Depreciation	Total 2017	Total 2016
Advertising and marketing	\$ -	10,154,910	654,164	-	-	-	10,809,074	9,120,587
Destination enhancement	-	-	-	1,369,143	-	-	1,369,143	1,205,944
Support to other government agency	-	-	-	-	510,356	-	510,356	1,898,666
Professional fees	212,405	-	-	-	-	-	212,405	204,853
In-kind contributions	184,291	-	-	-	-	-	184,291	44,008
Printing and publication	81,664	-	-	-	-	-	81,664	47,913
Depreciation	-	-	-	-	-	78,984	78,984	48,553
Rental	54,000	-	-	-	-	-	54,000	54,000
Travel	35,321	-	-	-	-	-	35,321	54,211
Insurance	28,781	-	-	-	-	-	28,781	26,638
Office supplies	27,471	-	-	-	-	-	27,471	16,447
Communications	23,347	-	-	-	-	-	23,347	23,729
Utilities	23,154	-	-	-	-	-	23,154	20,711
Maintenance supplies	18,508	-	-	-	-	-	18,508	20,887
Fuel and lubrication	18,280	-	-	-	-	-	18,280	11,995
Postage and freight	14,958	-	-	-	-	-	14,958	1,397
Repairs and maintenance	13,957	-	-	-	-	-	13,957	21,110
Office equipment, rental, repairs	9,533	-	-	-	-	-	9,533	6,771
Staff development training	8,793	-	-	-	-	-	8,793	-
Bank charges and penalties	3,530	-	-	-	-	-	3,530	3,911
Tourist guide certification	2,535	-	-	-	-	-	2,535	-
Dues and subscriptions	2,101	-	-	-	-	-	2,101	2,239
Bad debts	-	-	-	-	-	-	-	1,383
Total expenditures	\$ 762,629	10,154,910	654,164	1,369,143	510,356	78,984	13,530,186	12,835,953

See accompanying notes to financial statements.

# FINANCIAL STATEMENT

## **INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE**

**MARIANAS VISITORS AUTHORITY  
(A Component Unit of the CNMI Government)**

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YEAR ENDED SEPTEMBER 30, 2017

**BCM, LLC**  
Suite 203 MH II Building  
Marina Heights Business Park  
P.O. Box 504053  
Saipan MP, 96950



# FINANCIAL STATEMENT

**BCM**

**BURGER · COMER · MAGLIARI**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Marianas Visitors Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Mariana Islands government, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Marianas Visitors Authority's basic financial statements, and have issued our report thereon dated May 15, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marianas Visitors Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marianas Visitors Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Marianas Visitors Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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# FINANCIAL STATEMENT

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marianas Visitors Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Comer Maglisa*

Commonwealth of the Northern Mariana Islands  
May 15, 2018



# FINANCIAL STATEMENT

## **MARIANAS VISITORS AUTHORITY** (A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2017

### **A. SUMMARY OF AUDITORS' RESULTS**

1. The Independent Auditors' Report on the financial statements of the MVA expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were identified for 2017.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.

### **B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

#### **Current Year Findings:**

None reported

#### **Prior Year Findings:**

None reported



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### **MVA**