

Rebecca Latham, Secretary, Tourism Department

## ISSUES FOR HEARING TOURISM DEPARTMENT STRATEGIC PLAN

The Tourism Department's strategic plan for FY17 discusses research conducted directly by the department and by a contractor performing an economic impact analysis. This is a useful starting point for planning purposes, as the information provides a snapshot of industry employment levels, sales and tax generation, and other recent trends.

- **Strategic Planks.** The Tourism Department's strategic plan identifies current and planned efforts to improve the state's tourism industry. The efforts build upon four strategic planks: 1) build the brand -- "New Mexico True;" 2) fuel in-state advocacy; 3) unify and lead the industry; and 4) require rigor.
- ***Branding.*** The Tourism Department hired Blackboard, a marketing company in Austin, to create the "New Mexico True" brand image, launched in 2012. Blackboard's bid was the lowest of all responses to the department's request for proposal, and the company now creates and places all of the advertisements for the department. The Tourism Department will focus on growing the market for visitors who fly in to the state. For example, the department plans to increase advertising in Texas. The department has also revamped its website to offer a simpler view and easier reporting. While building the brand, the department will evolve the magazine, with goals to grow subscription including a larger digital presence.
- ***Fuel in State Advocacy.*** The department will focus on two in-state advertising plans. The first will be focused on the New Mexico True campaign. Fifty companies are currently using the New Mexico True brand in their advertising campaigns. The second, in the spring, will highlight the Toss No Mas program within the New Mexico True campaign.
- ***Unify & Lead the Industry.*** The Tourism Department plans to increase co-operative partnerships, providing two options for businesses to invest in. This will include focusing on regional marketing, creating visibility for unique products and experiences.

- **Require Rigor.** The department is focusing on maximizing the effectiveness of their advertising and marketing funds. The total advertising budget is at its highest level ever, \$11 million and represents 70% of the total budget. The department has reprioritized \$1.2 million from the agency's operational budget to advertise in fly markets, which provide a 7:1 return on investment.

## **MARKETING CAMPAIGN RETURN ON INVESTMENT**

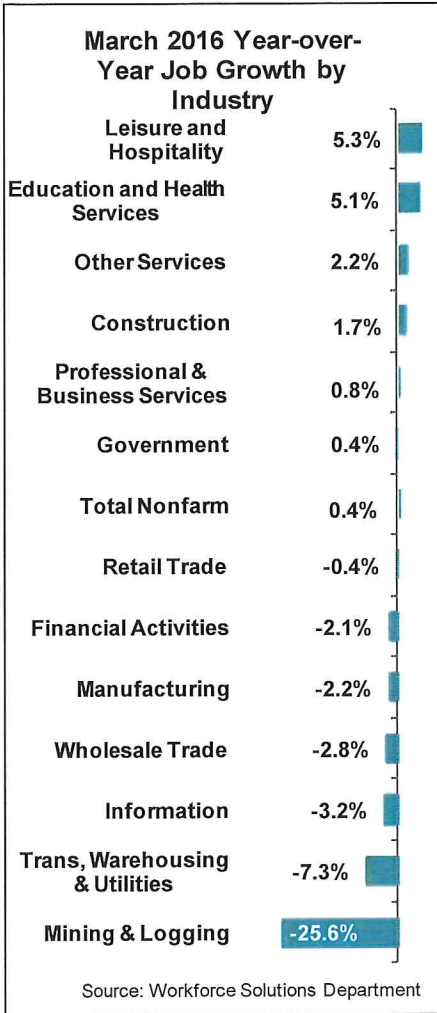
- The Tourism Department hired Longwoods International, an advertising campaign research company, to conduct a study to determine the rate of return for the 2015 tourism advertising campaign. The campaign used television, internet, print, and out-of-home advertisements targeting west Texas, Colorado, and Arizona. Longwoods sent a random sample of people in each market segment an e-mail invitation to participate in a survey. Key findings include:
  - New Mexico had 33.4 million person trips in 2015, an increase of 2.1 percent over 2014.
  - Overnight stays accounted for 45 percent of the trips and generated \$3.6 billion in spending, an increase of 2.5 percent over 2014.
  - An average overnight trip was 3.3 nights, the same as 2014, and the average group size was 3.1 persons.
  - Repeat visitors accounted for 81 percent of the overnight visitors, and 69 percent said they had visited in the past year.
  - Overnight trips were planned two months or less before the trip, 46 percent of the time and 10 percent did not plan anything in advance
  - "Hotel or Resort" was the most frequently cited source of planning information at 20 percent and was the top ranked method of booking at 21 percent.
  - Travelers on overnight trips were more likely to stay at a hotel/motel and less likely to stay with friends/relatives than the national average.



# PERFORMANCE REPORT CARD

Tourism Department  
Third Quarter, Fiscal Year 2016

## Tourism Department



The leisure and hospitality industry led employment growth in the state for the third quarter, reaching 5.3 percent job growth, or 4,800 jobs gained, compared to the overall state average of 0.4 percent. This marks the third quarter in a row in which the industry has led overall job growth for the state on a percentage basis, and it consistently ranks in the top two industries for year-over-year job gains.

### Marketing and Promotion Program

Lodging revenues are up substantially year-over-year according to Rocky Mountain Lodging receipts, increasing throughout FY16 and far exceeding the FY15 results. This metric has a relatively strong historical correlation and similar magnitude to gross receipts tax revenues for accommodations but has a shorter reporting lag time. These increases in lodging revenues are particularly remarkable given the employment losses in the oil and gas industry, which heavily used hotels in the regions.

Marketing and Promotion		FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
Budget: \$11,027.7		FTE: 34.5					
1	Increase in Rocky Mountain Lodging total receipts	5.6%	2.5%	7.7%	11.1%	15.3%	G
2	New jobs created in the leisure and hospitality industry year-over-year	2,900	2,750	2,500	4,800	4,800	G
3	YouTube views of department videos, in thousands	820	25	167	133	137	G
Program Rating		G					G

### New Mexico Magazine Program

Advertising revenue per issue picked up slightly in the third quarter after a significant decline. However, revenue is still far below prior results. The program hired new magazine sales representatives at the start of FY16, so it is possible the low revenue numbers are due to the staff's learning curve. The department notes the trend appears to continue up in the beginning of the fourth quarter, and the agency is leveraging the entire marketing team to drive promotion of the magazine as a smart advertising option for destinations and travel clients.

New Mexico Magazine		FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
Budget: \$3,363.2		FTE: 14					
4	Advertising revenue per issue, in thousands	\$59	\$72	\$58	\$45	\$47	R
5	Visits to nmmagazine.com and newmexico.org, in thousands	1,189	565	227	212	232	G
Program Rating		Y					Y

### KEY ISSUES

The third quarter saw a dramatic increase in views resulting from two versions of the digital visitor guide being available online. Visitor guide views for the quarter totaled 28,793 compared with results as much as 36 percent lower in prior quarters.

### IMPROVEMENT PLANS

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	Yes