



New Mexico Tourism Department

Presentation to Jobs Council: Tourism Department Fiscal Year 2016 Budget Request

Wednesday, November 12, 2014

Tourism is critical to New Mexico's economy

- \$6 Billion industry generating over \$600 million in state and local tax revenue (annually)
- Tourism in New Mexico offsets the average household tax burden by over \$800 (annually)
- 88,600 jobs: 4,900 new jobs created (2010 – YTD)

Our Approach: Money, alone, is not the answer

- Year 1: held budget flat
- Clearly defined role: Tourism Generating Department
- Got our house in order: tax dollars spent in most efficient and effective manner
 - Increased financial discipline, internally: Reversions have decreased from over \$500,000 to less than \$20,000
 - Reprioritized people and money towards areas of greatest impact: increased the percentage of funding going towards advertising from 28% to 67%
- Took a data-based approach to determine the right way to increase tourism
 - Used data to inform the who, what, and why
- Launched and immediately tested the effectiveness of *New Mexico True* advertising campaign
 - 3:1 ROI at the tax base level
- Leveraged high quality creative to get more bang for our buck
- Brought communities on board
 - Over 30 communities investing an estimated \$2M of their own lodgers' tax dollars
- Remain focused as budget grows: committed to expanding in a mindful, and strategic manner

Results: Record breaking tourism numbers

- We control our own destiny, and can move the needle quickly. In only 4 years:
 - More people are coming: Total visitation increased from 29.8M to 32.2M; an increase of 2.4M or +8%
 - Tourists are spending more: Total Reported Visitor Spending increased from \$3.7B to \$4.6B; an increase of \$900M or +24.3%

- Those trips directly impacted by *New Mexico True* have increased dramatically:
Overnight Marketable Trips have increased from 5.6M to 7.7M or +37.5% (3x U.S. avg.)

Tourism in New Mexico continues to experience positive momentum; however, the environment is growing increasingly competitive

- The Tourism Department is incredibly appreciative of the support of the New Mexico Legislature over the past years
- We still have a relatively small share of voice in the market place
 - State spend: NM \$8.6M, Utah \$12M, Colorado \$13.3M, AZ \$14.4M
 - State plus top three cities: NM \$13M, Utah \$22M, CO \$24M, AZ \$32M

For FY16, the Tourism Department is respectfully requesting an additional \$3.5M to go directly towards advertising. This additional funding will allow us to enter a new market and remain competitive in our current markets.