The State of Tourism in New Mexico: A Review of the Data

New Mexico Tourism Department
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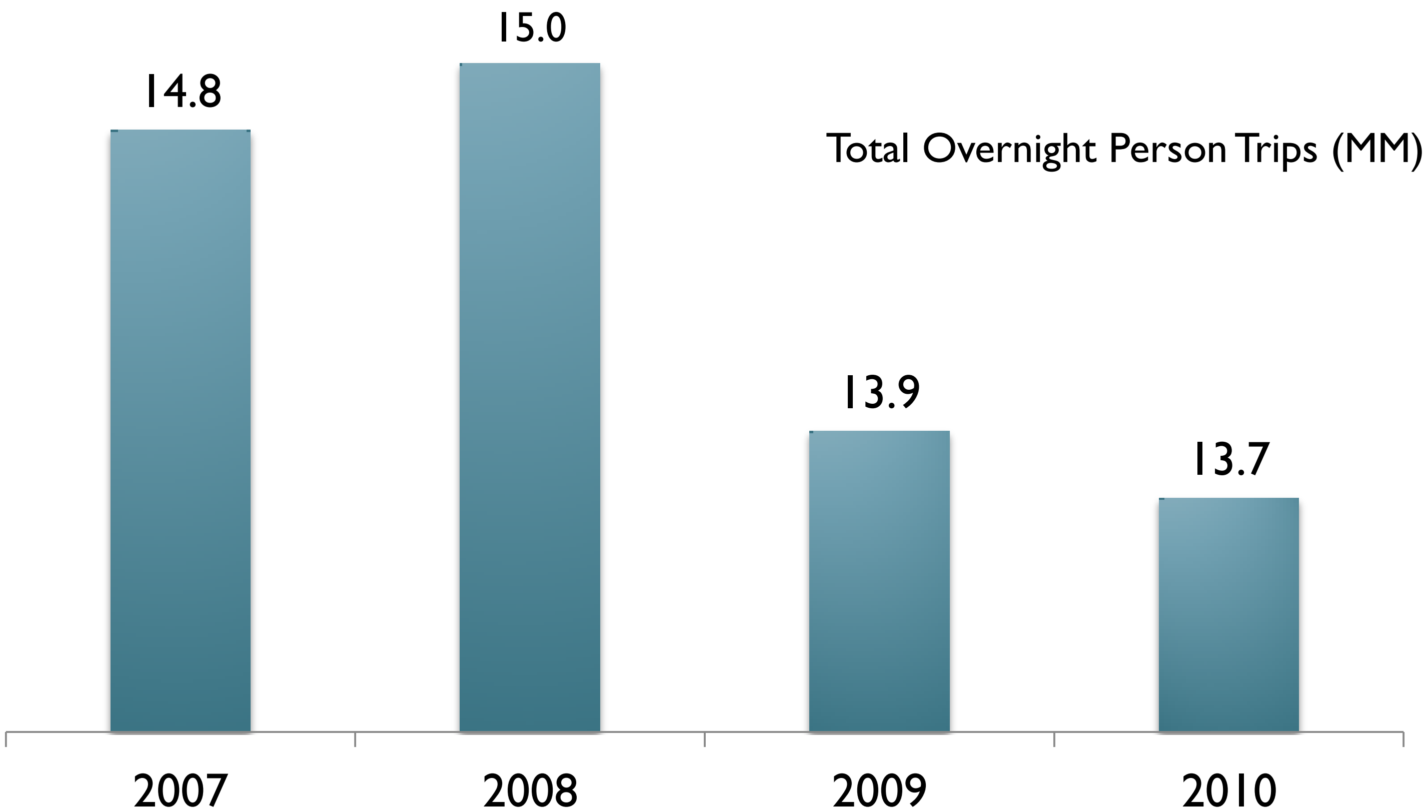
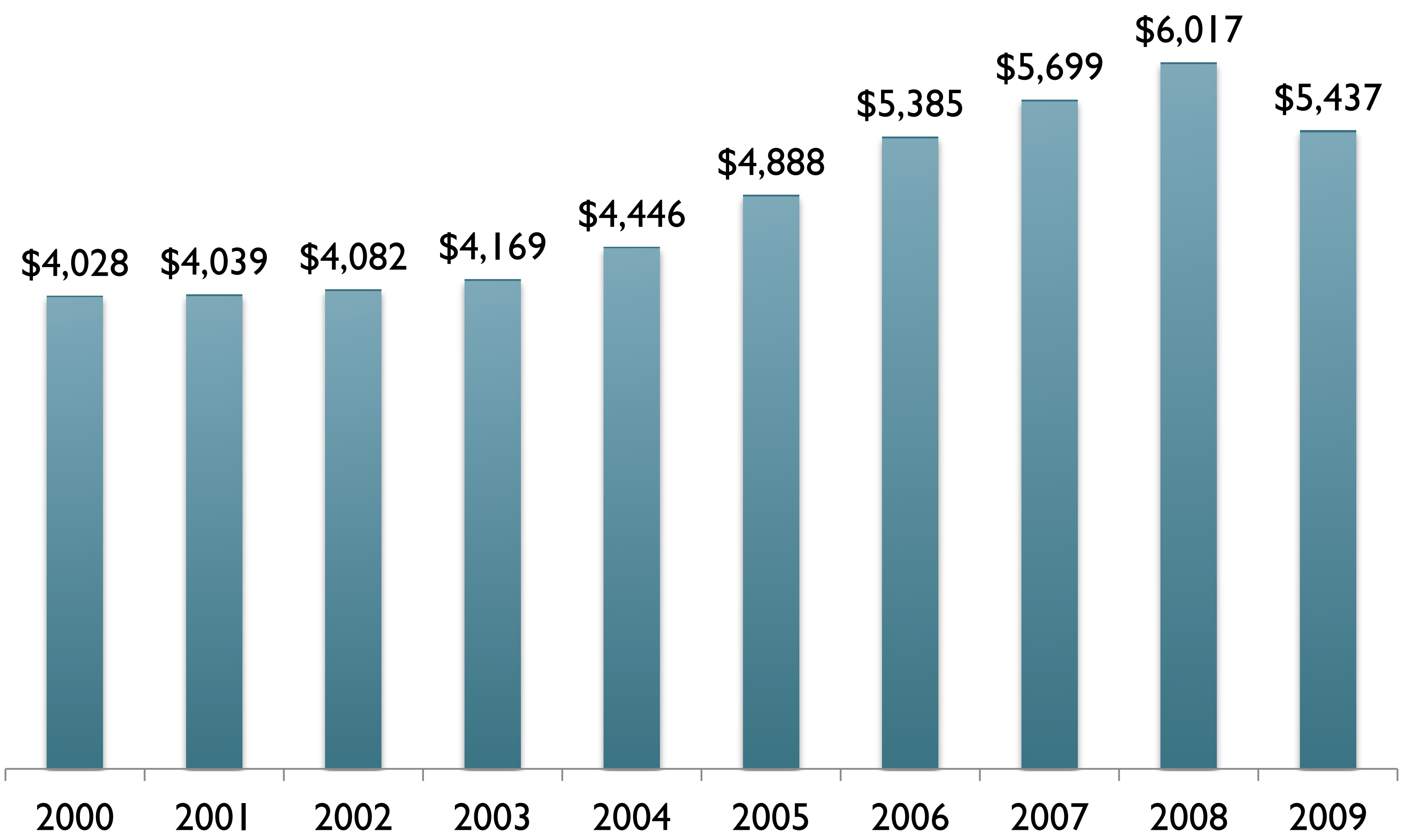
TANM Research Conference
November 3, 2011

New Mexico Tourism has suffered declines since 2008, although market share has held flat at 1.0% (36th in U.S.)



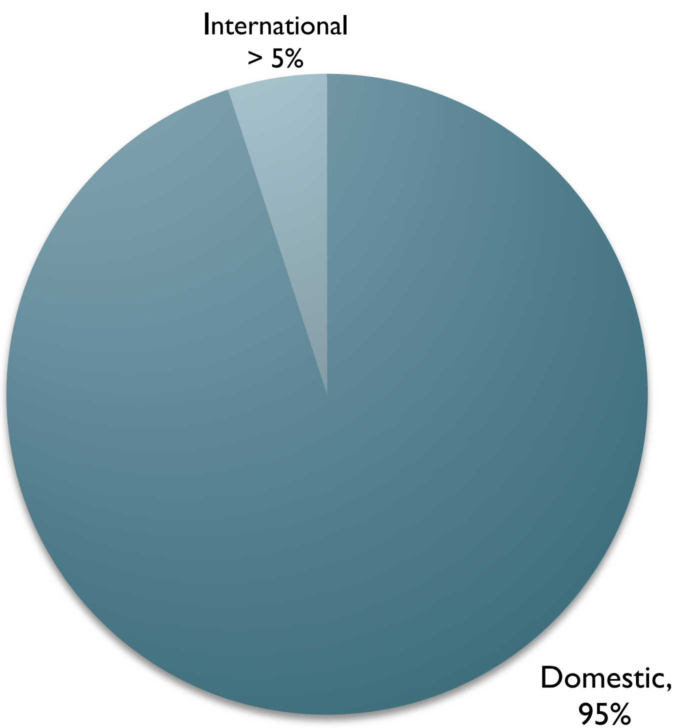
Source: Longwoods International, 2007-2010

USTA data: New Mexico Travel Spending ($ Millions)

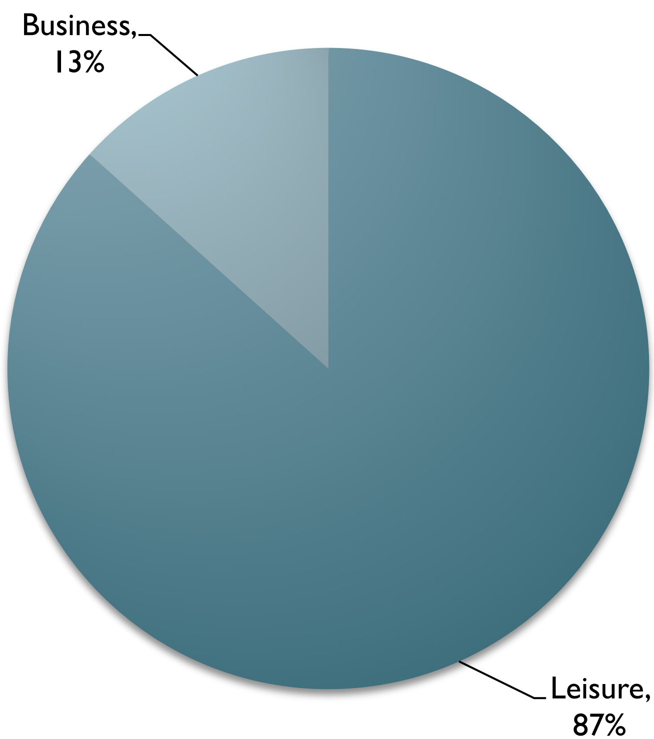


Source: United States Travel Association

NM Travel Market Mix: Domestic vs. International

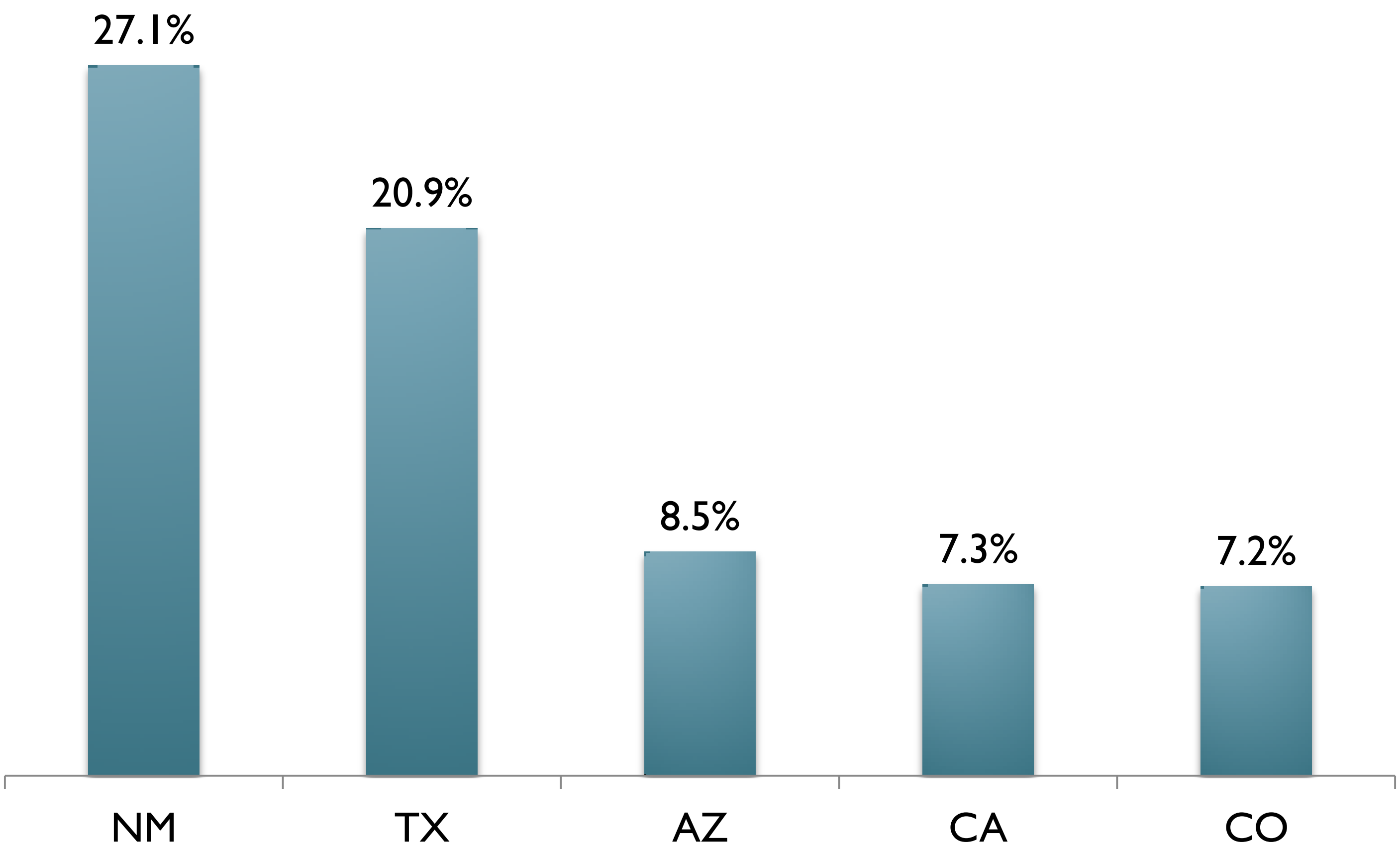


NM Travel Market Mix: Leisure vs. Business



Sources: Longwoods, 2010. International share based on previous TNS estimates of international visitor share

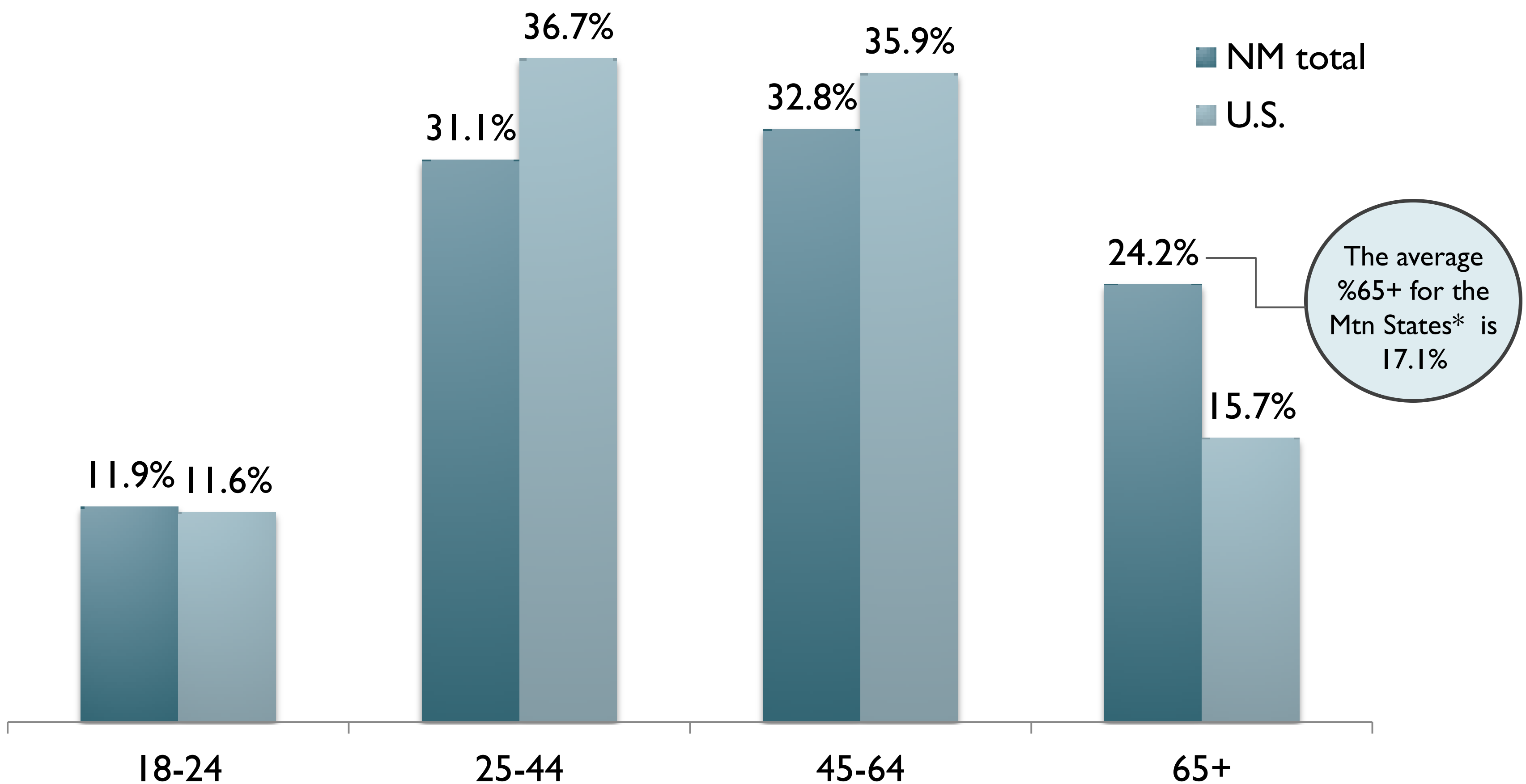
Top 5 states of Origin for NM overnight visitors



Source: Longwoods International 2010

New Mexico IS Different:

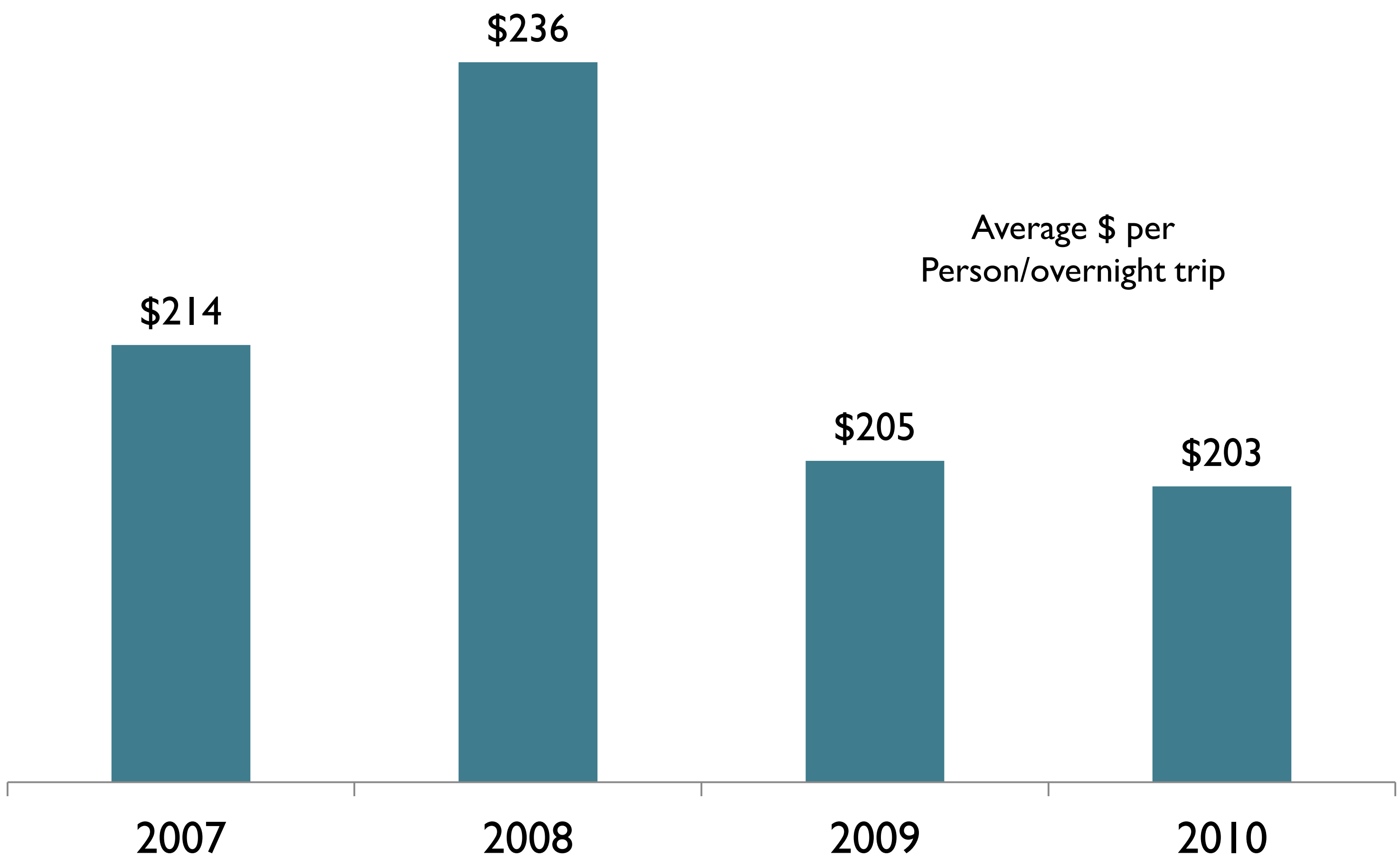
There have long been significant differences from neighboring states and U.S. averages
AGE: NM Overnight Visitors vs. U.S. average by Age (Average age NM visitors 48.1, U.S. 45.7)



Source: Longwoods International 2010

*Mountain states: Arizona, Colorado and Utah

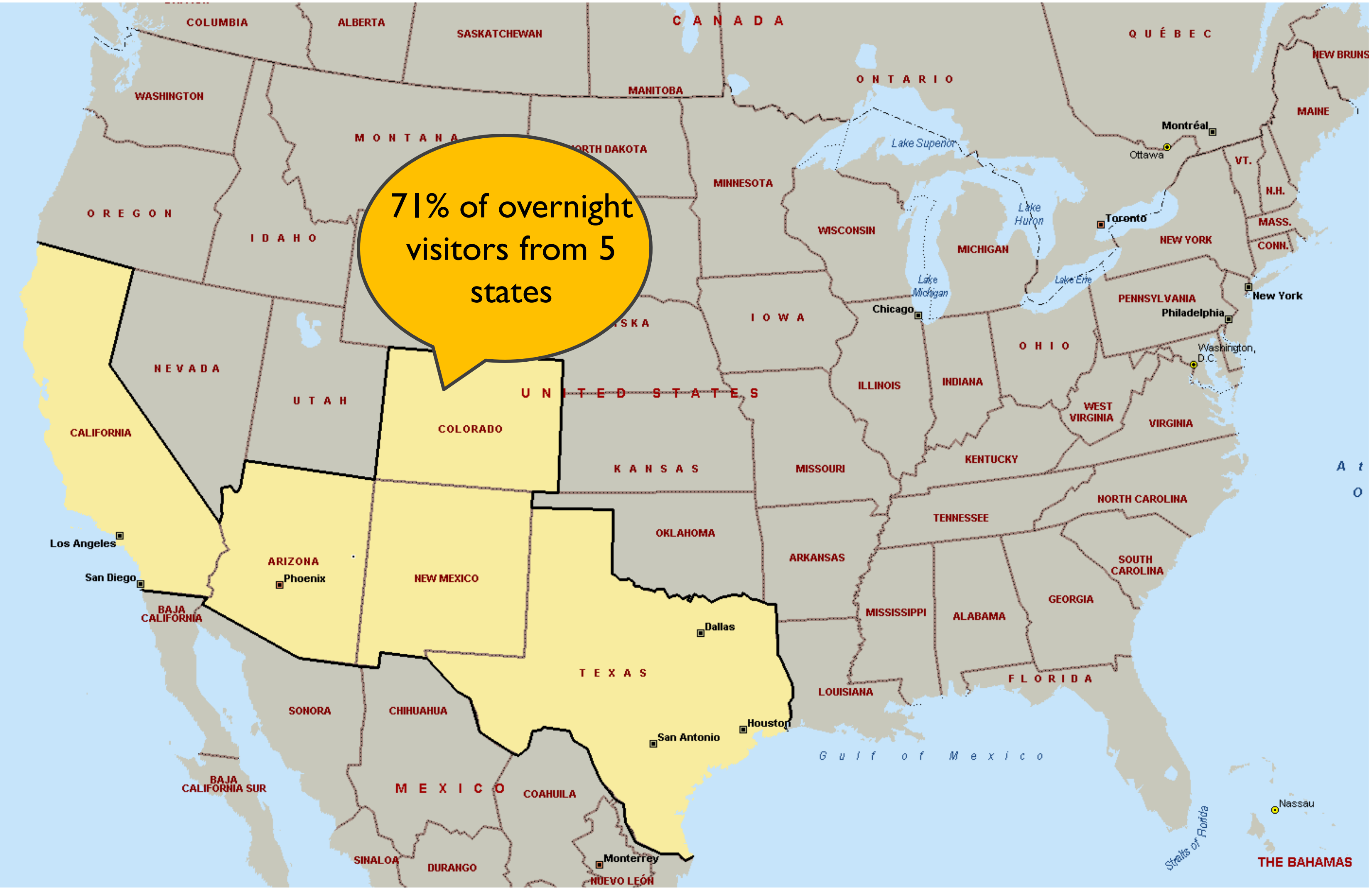
In Line with the economy, average spending has declined since 2008…



…and in 2010 the average spent per person per day for overnight trips was about 75% of the national average

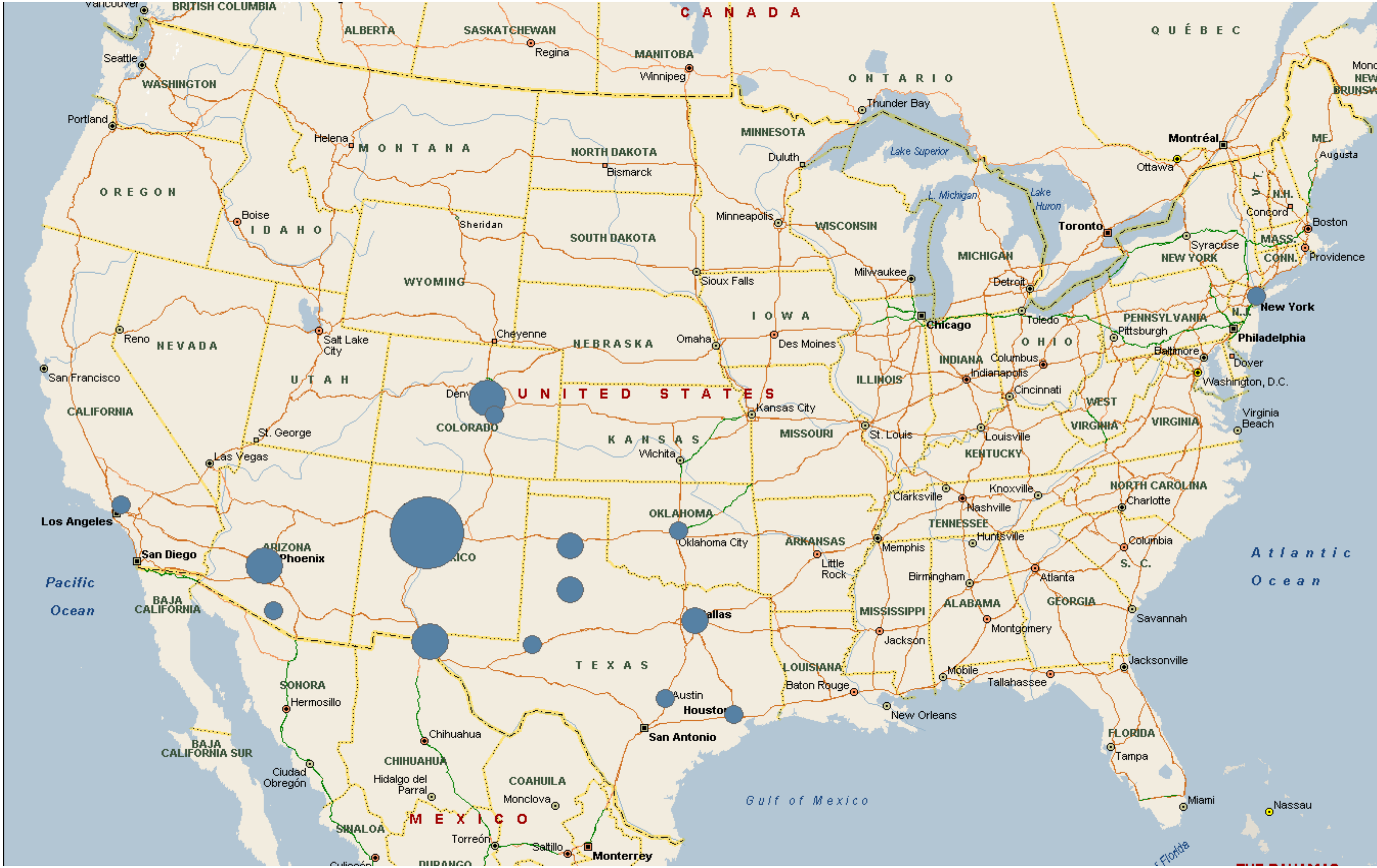
Source: Longwoods International, 2007-2010

New Mexico is a “Weak Magnet” It has a Regional, not National market



Source: Longwoods International 2010

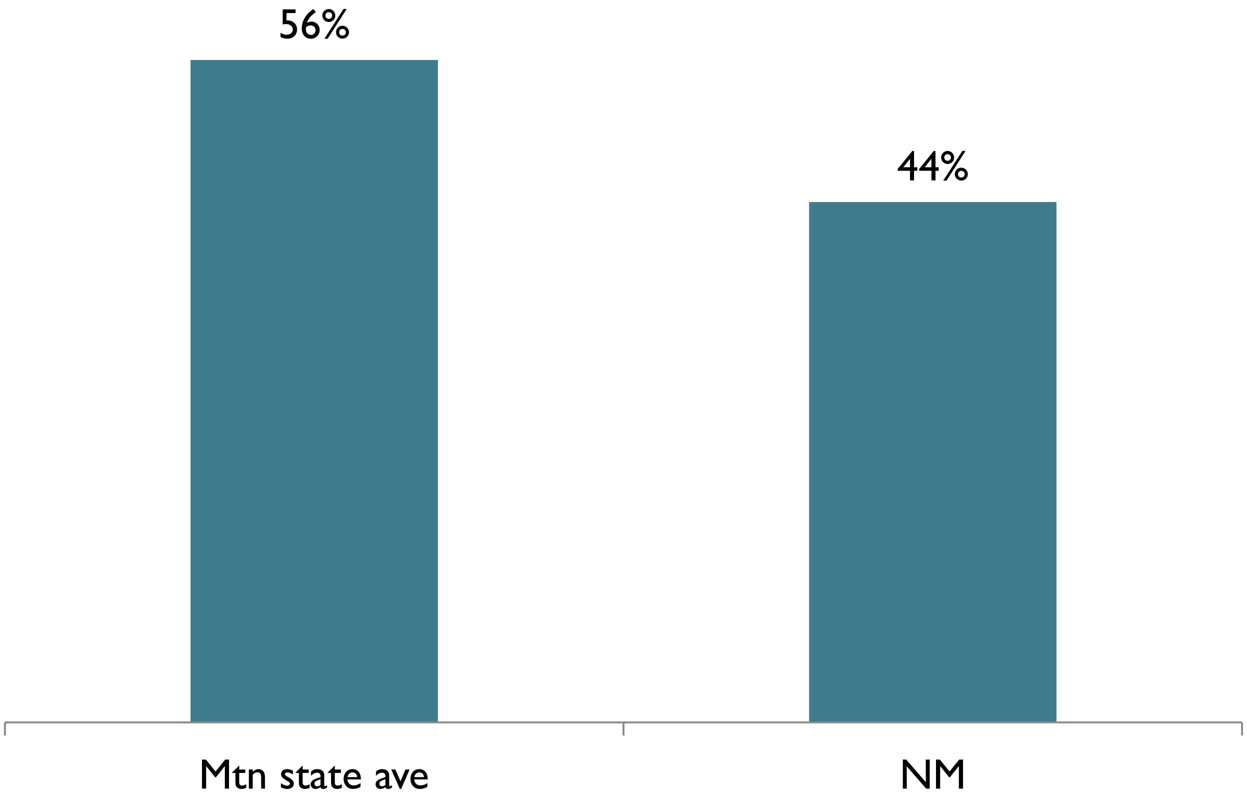
Top 15 DMAs for New Mexico



Source: Longwoods International 2010

Potential NM National market – top 15 DMAs

Asked of residents of each state:
Intent to take an overnight vacation within your own state



Source: Longwoods International 2010

*Mountain states: Arizona, Colorado and Utah

New Mexico's Pass Through Rate* of 32% for Overnight Visitors is **TWICE** the Mountain state average of 16%

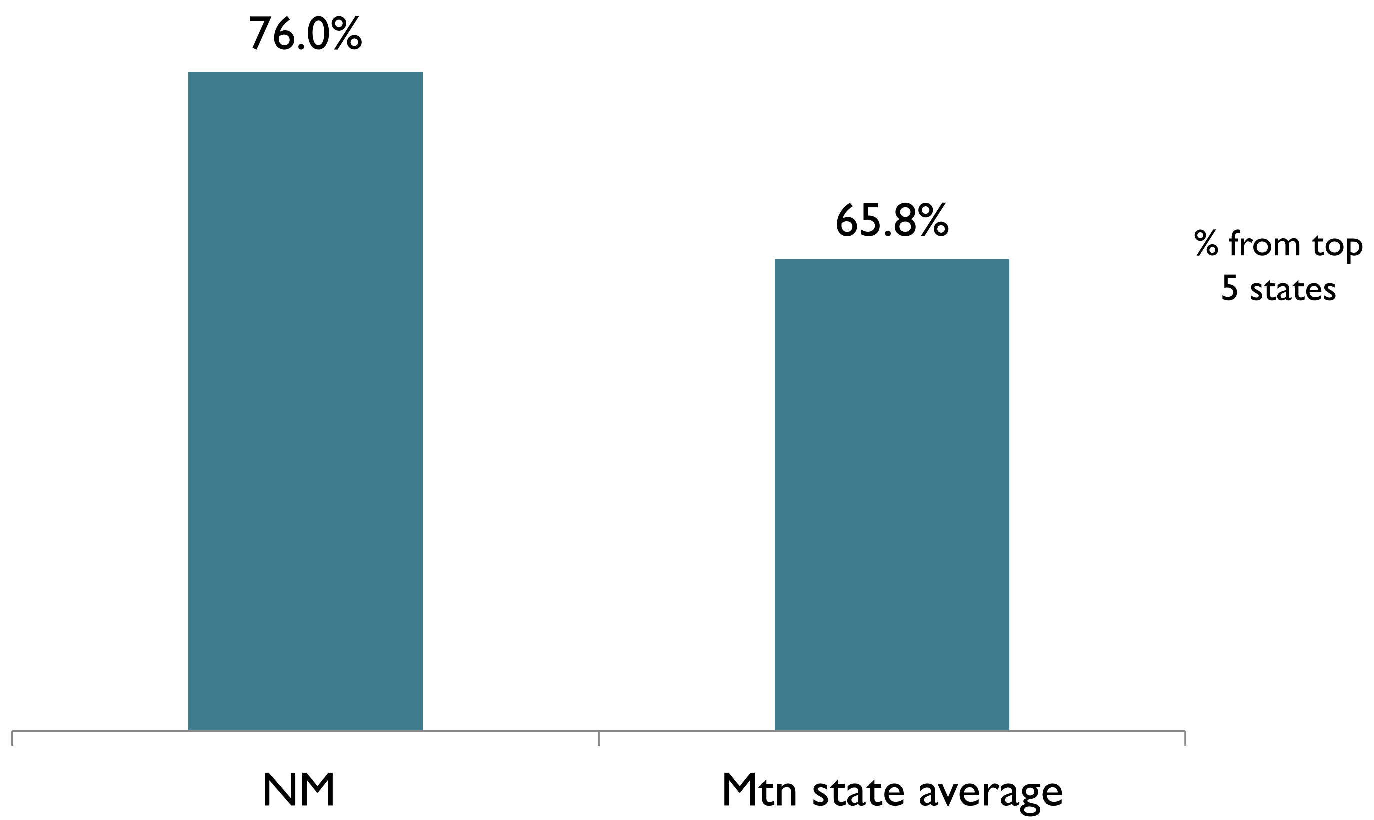
"GATEWAY TO ELSEWHERE"

*Pass through = stayed overnight in a given state, but did not spend most of their time in that state

Source: Longwoods, 2010

*Mountain states: Arizona, Colorado and Utah

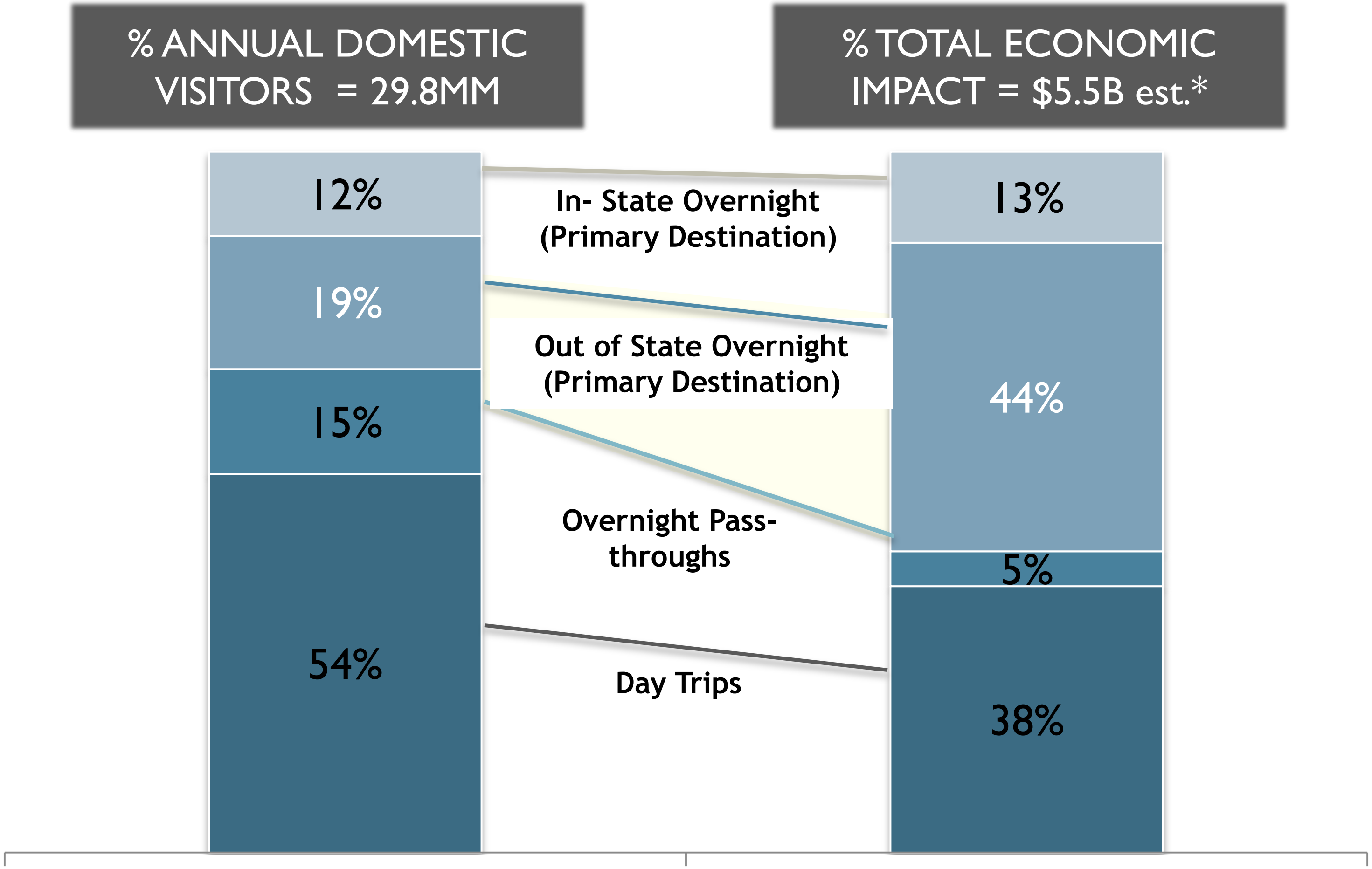
PRIMARY Overnight Visitors are even more concentrated (% from top 5 states):



Source: Longwoods International 2010

*Mountain states: Arizona, Colorado and Utah

Attracting out-of-state overnight visitors will be key to driving economic impact:



Sources: Longwoods, CY 2010; USTA Travel Spending CY2009; Katie Connolly & Associates Custom Analysis, 2011
*Economic values estimate based on USTA 2009 NM Travel Spending data and weighted share of traveler expenditures by trip type

Differences between NM Primary and Pass through visitors:

Primary visitors:

- Are younger (ave age 46.4 vs. 51.5)
- Much more likely to be employed and not retired
- More active, more likely to participate in outdoor activities, fine dining and special events, and attending museums, parks and historic sites
- Less likely to be in NM to visit friends and relatives (36.5% vs. 44.4%) and to participate in touring (12.8% vs. 24.7%), to have an RV or camper (3.7% vs. 7.3%) and to travel by bus (1.8% vs. 5.2%)
- Spend more per day (+58%) on shorter trips (3.6 days vs. 10.5)

For all these characteristics, NM Primary visitors look much more like the average visitor in the U.S. and in neighboring mountain states.

Source: Longwoods International 2010

PRIMARY Overnight Visitors: Main purpose in visiting New Mexico

	NM
Visiting friends/relatives	36.6%
Touring	12.8%
Outdoors	9.9%
Special event	9.1%
City trip	3.4%
Casino	3.4%
Theme park	0.8%
Resort	1.8%
Skiing/snowboarding	1.1%
Conference/convention	4.3%
Other business trip	10.8%
Business-leisure	5.8%

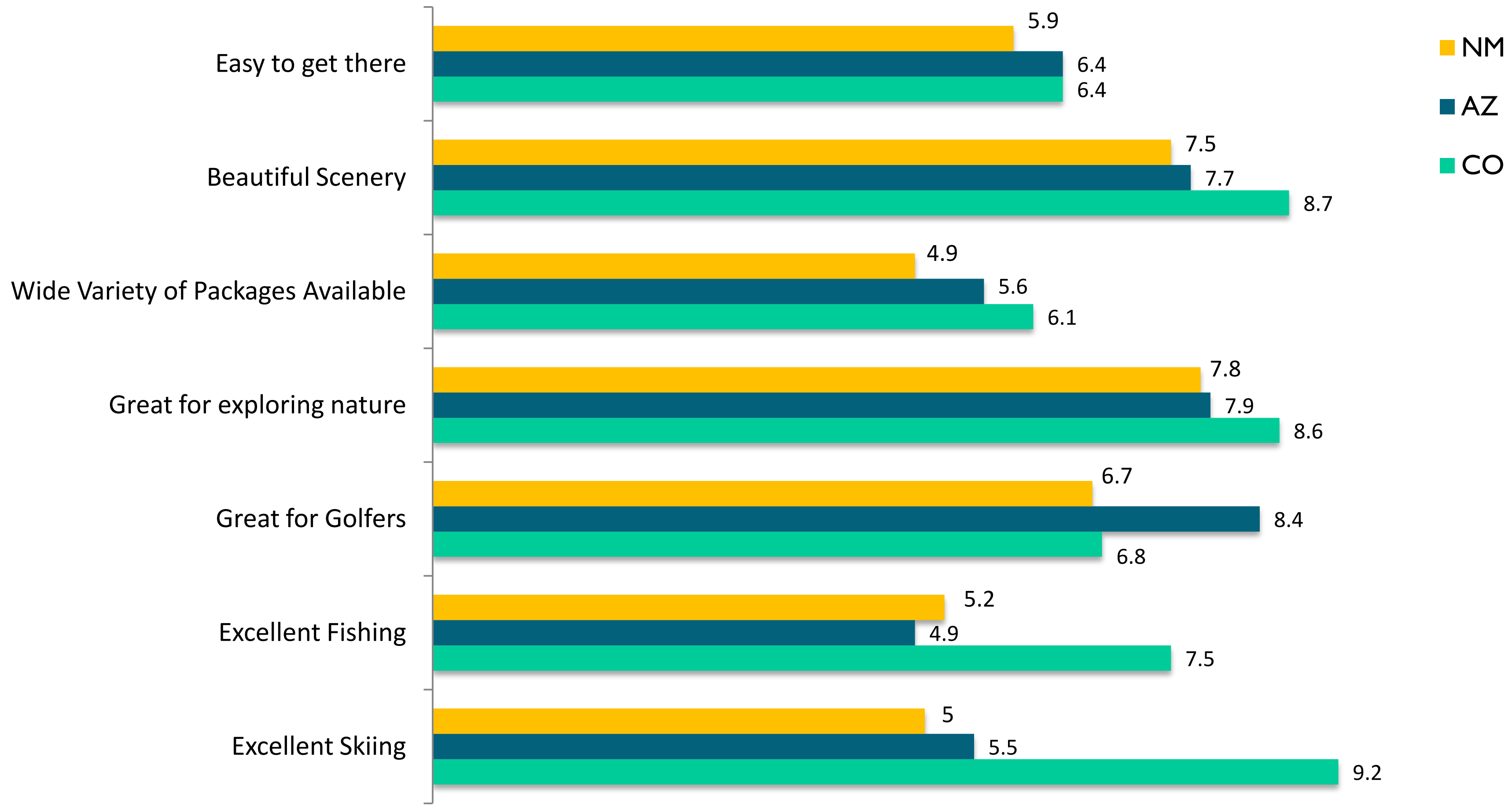
Lower than U.S. ave

Higher than U.S. ave

Source: Longwoods International 2010

New Mexico has an image problem compared with its neighbors:

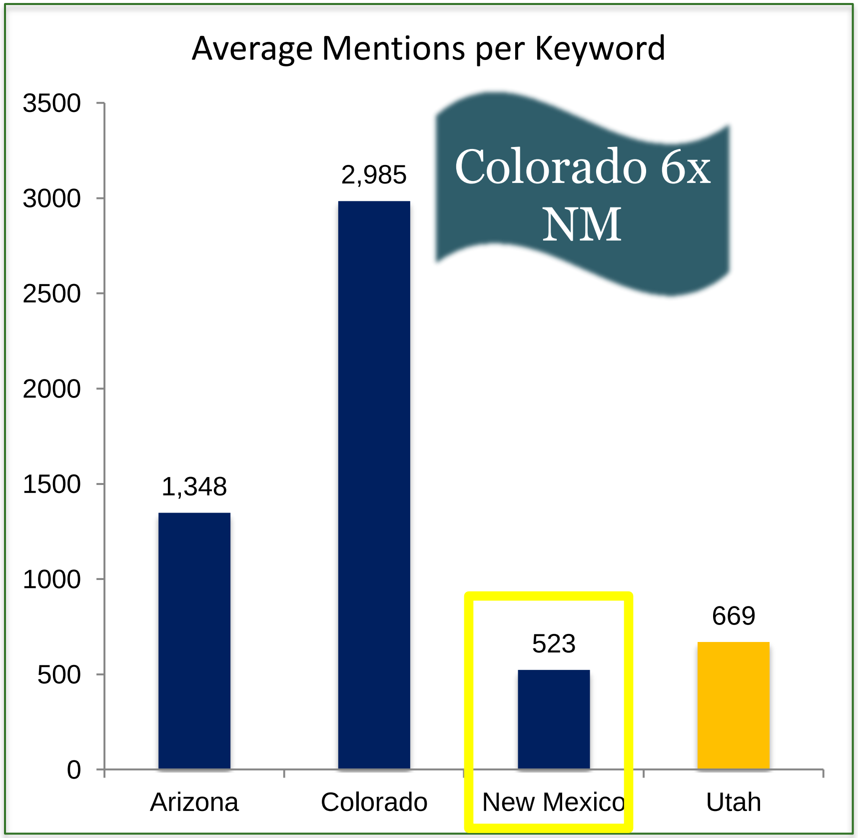
Impressions of New Mexico compared to Colorado & Arizona*



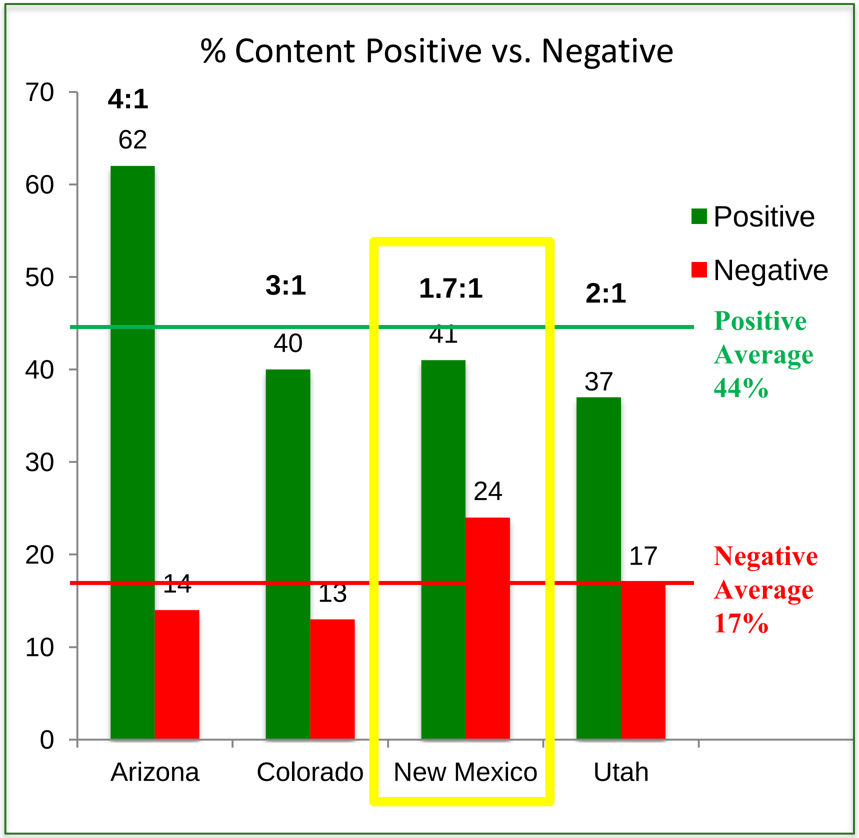
*Source: 2010 New Mexico Branding On-Line Survey – CRC & Associates, Southwest Planning & Marketing TNS national and regional samples n=883

Additionally, a social media audit showed New Mexico has lower visibility & more negative consumer perceptions

PRESENCE



SENTIMENT



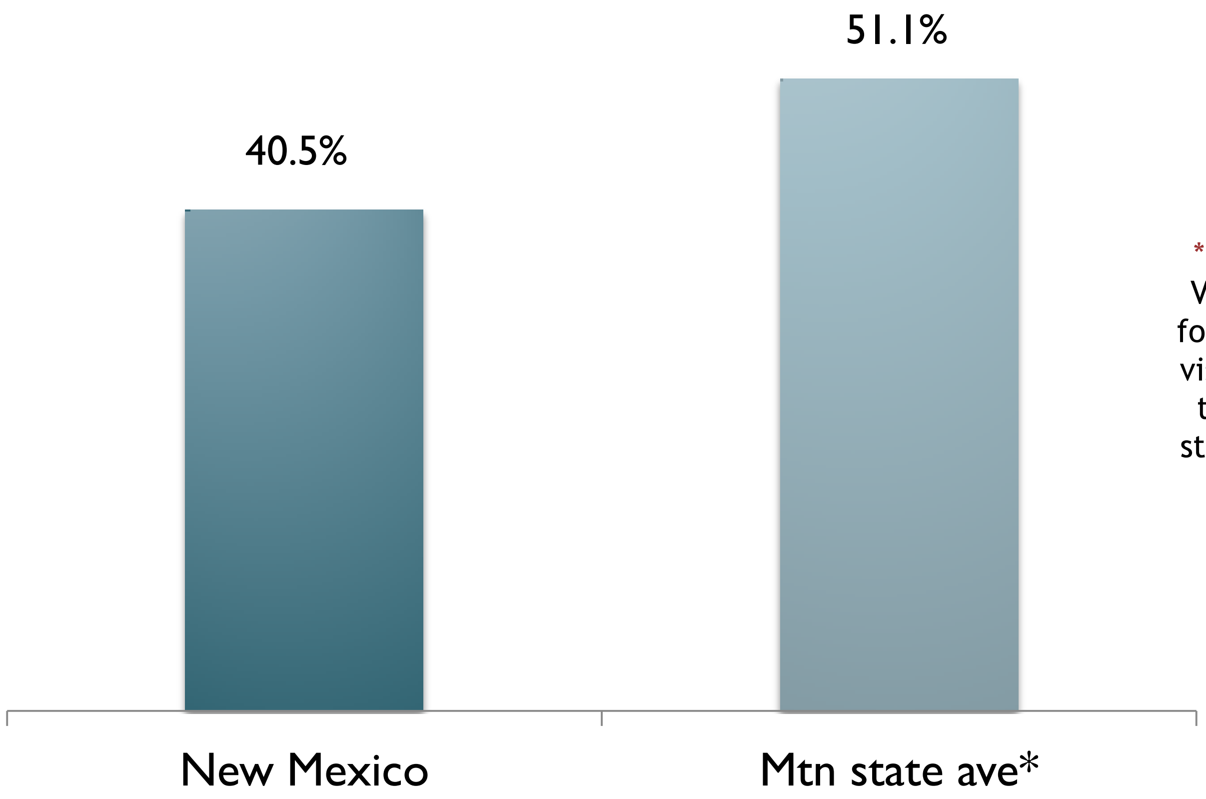
Source: MutualMind Social Media Audit, May 2011

Google Search Insights also shows few searches for New Mexico (less interest in?) compared to the competition:

Searches for all categories

Searches within Google's Recreation category

The Percent of overnight Primary visitors who intend to return to New Mexico within one year is low*



*Intent to Repeat a Visit within 1 Year – for Primary overnight visitors who traveled to each respective state in the last year

Source: Longwoods International 2010

*Mtn States = CO, AZ, UT

REPORTING: We have aligned our performance measurement against our two key problems to solve:

Consumer Problem to Solve

"New Mexico? I've never really thought about it as a place to vacation. With all the places to choose from, I just don't know why I'd go there. What is there to do?"

Low/No Awareness & Misperceptions

Marketing Objective:

Make New Mexico a primary travel destination by giving "Venturesome" travelers compelling reasons to choose NM as their next great travel experience

Industry Problem to Solve

"Help us fill our beds, tables and attractions so we can thrive."

Slow Growth & Under-utilized Assets

Economic Objective:

Accelerate tourism, driving unprecedented revenue growth and occupancy rates

*US Travel Association, 2009

We have identified 4 key measures of our performance with the traveling consumer…

	OBJECTIVES	INDICATORS
BRAND PERFORMANCE	• Make NM the fastest growing leisure travel destination in the US	• Visitation growth
	• Improve brand recognition/awareness and regard	• Recognition/Awareness • Regard
	• Improve conversion	• Conversion rates of advertising (incl. web)
	• Improve repeat visit	• repeat visits
CONSUMER RELATIONSHIPS/ TOUCHPOINTS	• grow active consumer relationships	• Social media presence & sentiment
		• Website interaction
		• E-newsletter performance
		• NM Magazine subscribership
	• grow consumer touchpoints	• VICs visitation
		• Visitor Guide distribution
		• PR/Media outreach
CONSUMER PROFILE	• reduce % of visitors from 5 bordering states	• Visitor & website demographics
	• reduce average age	• Visitor & website demographics
VISIT CHARACTERISTICS	• Increase % visitors who choose NM as primary destination (not stopover)	• Visitation data
	• Grow fly market as % of total visits	• Visitation data & airport passenger data
	• Grow visitation to NM's unique natural and cultural attractions	• Visitation rates of State Parks, Museums, Monuments
		• Visitation rates National Parks & Monuments

From the economic perspective, we will measure our impact relative to 5 critical performance objectives…

ECONOMIC IMPACT

OBJECTIVES	INDICATORS
• Make tourism the economic growth engine for NM	• ROI • share growth of total US tourism $
• Increase visitor spending	• self-reported spend • total tourism spending
• Grow tourism tax revenue	• NM Gross Receipts • Lodgers Tax • Total Tax Receipts
• Maximize tourism assets	• Hotel/Motel Occupancy Rates
• Grow tourism jobs	• Leisure & Hospitality Employment • Travel Payroll

Further Research: 2-Part Approach

	Establish Baseline	Measure Impact
WHAT	Longwoods Quantitative Image Study	Longwoods R.O.EYE Quantitative Research
WHY	Assess current brand dynamics as critical baseline of performance	Defensible , benchmarkable ROI for the Department
HOW	On line panel of 600 regional and 600 national (key metro markets) consumers	On line, statistically representative sample of ~1,400 consumers with forced exposure to NM advertising stimuli (TV, print, radio, web)
KEY LEARNING	• Travel motivators (triggers) • Current brand image/regard (40+ customized attributes) • Comparisons to up to 4 competitive states • Gaps in image vs. actual experiences (among recent visitors) • Intent/interest in visiting	• Awareness of NM advertising • Short-term conversion (trips taken as a direct result of NM's advertising during and immediately following the campaign) • Future intent to visit • ROI calculation based on projection of survey results to population of advertising markets (# aware, # of incremental trips taken and planned) and applying visitor spending data from Travel USA
TIMING	OCT – NOV, 2011	AUG – SEPT, 2012

Appendix: Additional Information

Where NM Primary and Pass through visitors come from:

- The top 5 states Primary and Pass through overnight NM visitors originate from:

Primary (68%)	Pass through (32%)
NM 36.9%	TX 19.9%
TX 21.3%	CA 13.9%
CO 9.4%	AZ 12.9%
AZ 6.5%	NM 5.9%
CA 4.1%	WA 4.4%

Probability of staying in NM*

- High
- Medium
- Lowest

*New Mexico is the primary destination for most overnight visitors from New Mexico and Colorado (the CO Not Primary % is 2.6%). Overnight visitors from AZ and CA are more likely to pass through the state on their way somewhere else (about ½ of Arizonans and 63% of Californians). A little more than 2/3 of Texans are primary visitors.

Source: Longwoods International 2010

New Mexico’s image problem (continued):

Impressions of New Mexico compared to Colorado & Arizona*

Negatives:

- considered to be harder to get to, and a less exciting destination with fewer vacation packages
- considered much less scenic and lush than Colorado
- considered to have fewer recreational opportunities, especially compared with Colorado
- receives a lower rating as a place for couples, singles, or families to visit
- ranks lower when it comes to amusement, entertainment and spas
- considered to be a less popular and less well known destination with less advertising
- thought to have more affordable food and accommodations, but less quality and variety

Positives:

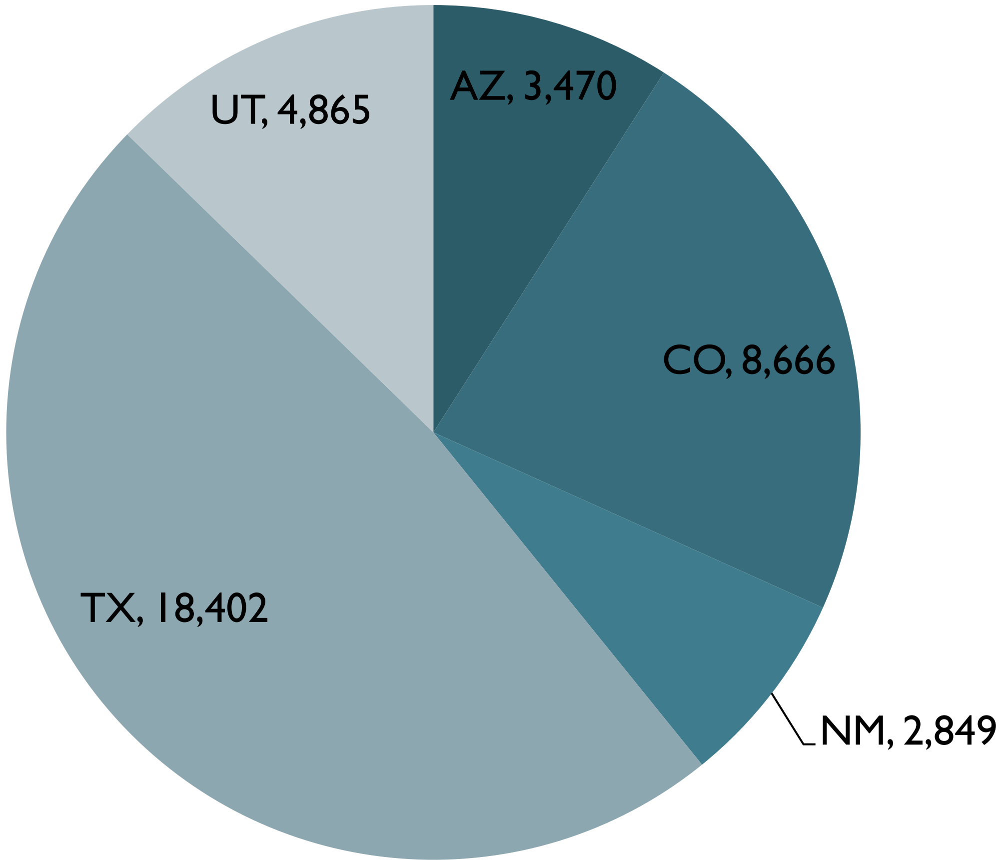
- better known for its native culture, historic sites, architecture, unique local cuisine and museums
- recognized for its different culture and interesting customs and traditions
- recognized for having interesting local people and not too crowded with tourists
- ranks higher than Colorado for retirees

*Source: 2010 New Mexico Branding On-Line Survey – CRC & Associates, Southwest Planning & Marketing TNS national and regional samples n=883

New Mexico has several key strategic issues in terms of our performance vs. competition:

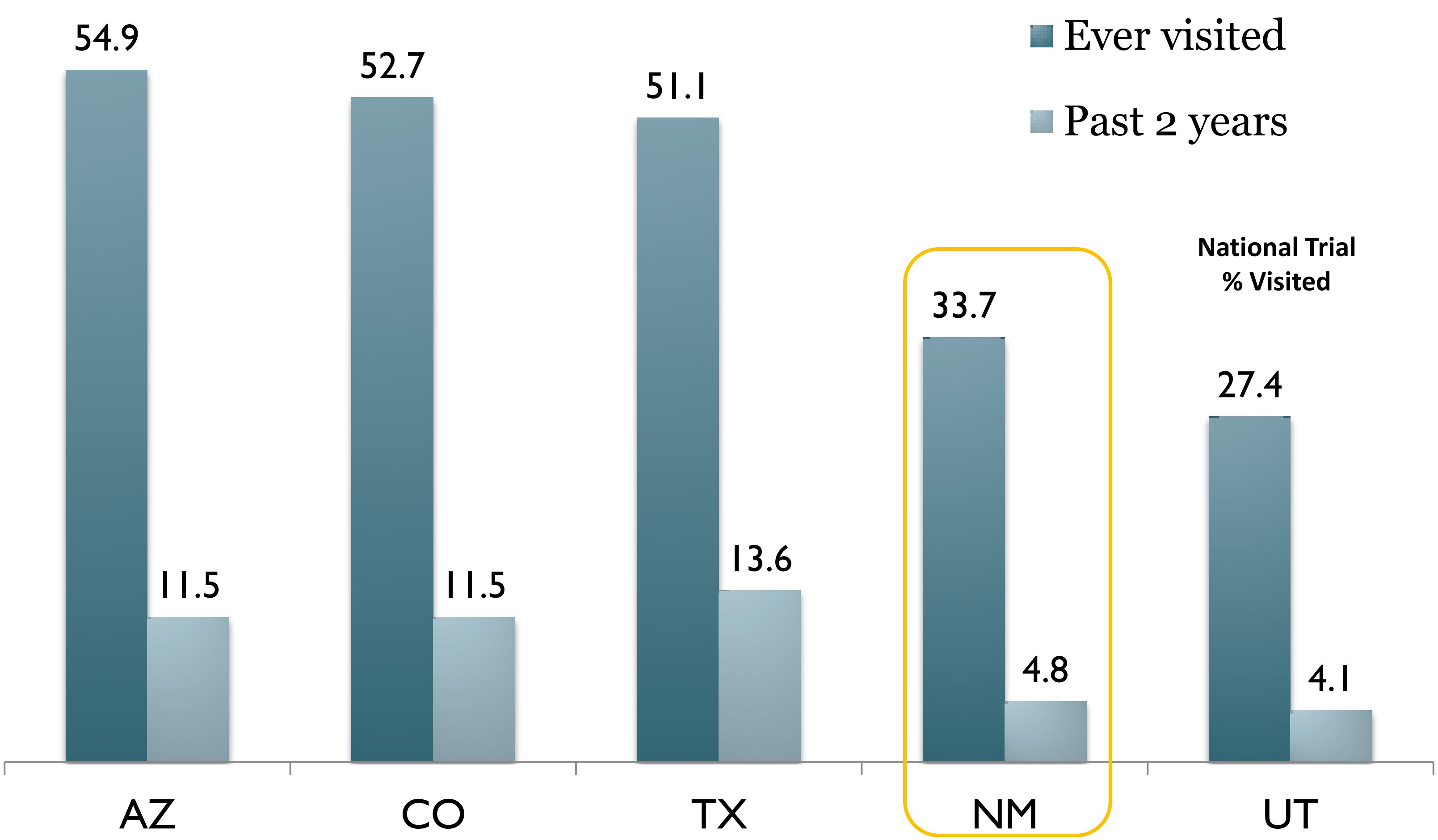
OUT-SPENT

2010-11 Ad Spending (in millions)*



*Source: U.S. Travel Association

OUT-CONVERTED



Source: TNS, 2010 Branding Survey

More specific reporting info:

…with specific metrics, sources and measurement intervals for each *(continued on next pg)*

BRAND PERFORMANCE

METRICS	SOURCE	INTERVAL
• % growth in total leisure person trips to NM vs. all other states	Longwoods data set	annual
• % aware	Longwoods custom	annual
• % positive, specific attributes	Longwoods custom	annual
• % advertising viewers who planned trip (broadcast conversion rate)	Longwoods custom study	annual
• website conversion rate	Future web booking engine?	TBD
• intent to return within 12 months, vs. competitive set	Longwoods data set	annual

CONSUMER RELATIONSHIPS/ TOUCHPOINTS

• monthly active users, % change	Facebook insights	Monthly
• post views		Monthly
• number of fans, % change		Monthly
• positive/negative ratio vs. competitive states	Mutual Mind?	Quarterly
• visitors/unique visitors/mo., % change	Google analytics	monthly
• total number of unique visitors to all department websites		annual
• pages per visit, % change		monthly
• bounce rate		monthly
• average time on site, % change		monthly
• number of e-newsletters sent & open rate	Internet Honey	monthly
• total number of subscribers, % change	NM Magazine	annual
• total number of online subscribers, % change		quarterly
• # of visits to VICs, % change	VICs	monthly
• # of visits to online Visitor Guide, % change	Zmags	monthly
• # of online downloads		monthly
• # of requested mailed visitor guides, % change		monthly
• number of stories placed in the media, % change	DCI/New PR Agency	quarterly

LFC Required

…with specific metrics, sources and measurement intervals for each *(continued from previous pg.)*

CONSUMER PROFILE

METRICS	SOURCE	INTERVAL
• % visitors from 5 bordering states, % change and vs. competitors	Longwoods annual data set	annual
• % website visitors from 5 bordering states, % change	Google analytics	monthly
• average age of primary overnight visitor indexed to competitive set	Longwoods annual data set	annual
• average age of website visitor, % change	Quantcast	quarterly

VISIT CHARACTERISTICS

• % of overnight visitors who choose NM as primary destination, change vs. YA, vs. competitive set	Longwoods annual data set	annual
• % fly of total overnight visits, % change, vs. competitive set	Longwoods annual data set	annual
• total passengers, % change	ABQ Sunport	monthly
• total passengers, % change	Santa Fe Municipal Airport	monthly
• # of Visitors, % change	NM Energy, Minerals, Natl Resources Dept, Park & Rec Division	monthly
• # of Visitors, % change	US Dept of the Interior, NPS	monthly
• # of Visitors, % change	NM DCA	monthly
• # of Visitors, % change	NM DCA	monthly

LFC Required

…also with specific metrics, sources and measurement intervals for each

ECONOMIC IMPACT

OBJECTIVES	METRICS	SOURCE	INTERVAL
• Make tourism the economic growth engine for NM	• New Mexico's domestic tourism market share, % change	USTA	annual
	• ROI (incremental tourism spend per $ of marketing investment)	Longwoods	annual
• Increase visitor spending	• avg $ spend per person per day, % change, vs. national and competitive set	Longwoods	annual
	• total tourism $ spend	USTA	annual
• Grow tourism tax revenue	• Eating/Drinking Establishments and Lodging establishments, % change	NM Tax & Rev	annual
	• Percent increase in lodgers tax revenue	NM DFA	annual
	• Tax Receipt $, % change	USTA	annual
• Maximize tourism assets	• % occupancy, % change	Rocky Mtn Lodging Assoc. Report	monthly
	• avg room rate, % change		monthly
• Grow tourism jobs	• total # of people employed, % change	NM Dept of Workforce Solutions	quarterly
	• total # of people employed, % change	USTA	annual
	• total payroll $, % change	USTA	annual

LFC Required