New Mexico Tourism Department 2018 Annual Report

November 2018

INTRODUCTION

The New Mexico Tourism Department's (NMTD) marketing strategy is thoroughly research based, utilizing the highest quality data sources and analysis. The purpose of the NMTD Annual Report is to document and measure the state of New Mexico's tourism industry and NMTD's efforts to grow New Mexico's economy by growing the tourism industry in New Mexico. NMTD seeks to measure its impact by utilizing a variety of tourism indicators and vendor supplied datasets – such as Longwoods Travel USA® data and Tourism Economics' Tourism Impact studies.

The executive summary provides a high-level overview of 2017's findings, and comprises three sections:

1. **Annual Performance Highlights**
2. **2018 Performance Commentary**
3. **Overview of NMTD Research Findings: 2011 through 2018** which provides a review of some of NMTD's most significant and best documented research findings from 2011 to 2017.

Further detailed information can be found in the five sections after the Executive Report, as shown in the index on page 3.

This report contains data that was available as of November 5th, 2018.

With regard to terms used in this report, "YOY" means year over year, and New Mexico's "competitive set of states" includes Arizona, Colorado and Utah.

The department's Annual Reports are living documents that will continue to evolve based on feedback and new information sources. All research reports are available on the NM Tourism Industry website https://www.newmexico.org/industry/resources/research/. Comments are welcome and should be addressed to Victoria.gregg@state.nm.us

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EXECUTIVE SUMMARY

The executive summary is composed of three sections.

- The **Annual Performance Highlights** section presents a quick overview of the major data highlights since the last annual report. Much of the data in this section comes from *"The Economic Impact of Tourism in New Mexico: 2017 Analysis"* which was released in November 2018.

- The **2018 Performance Commentary** section presents a summary and commentary on other key metrics not already presented in the **Annual Performance Highlights** section. This section is organized under the following categories: New Mexico Brand Performance; NMTD Visitor Relationships; New Mexico Visitor Profile; and Visit Characteristics.

- Finally, the **Overview of NMTD Research Findings: 2011 through 2018** provides a review of NMTD's most significant research findings over the last 6+ years.

Annual Performance Highlights

As with last year, performance in the tourism sector has shown increased growth across the board.

Tourism Spending Continues to Increase: As the charts below show, visitor spending has been steadily increasing across all tourism-related sectors, culminating in a total increase of 3.2% since 2016. Since 2011, tourism-related spending has increased by **over $1.1B**, or **20.3%.** Tourism spending totaled over $6.6 billion in 2017, an all-time high.

Visitor spending in New Mexico

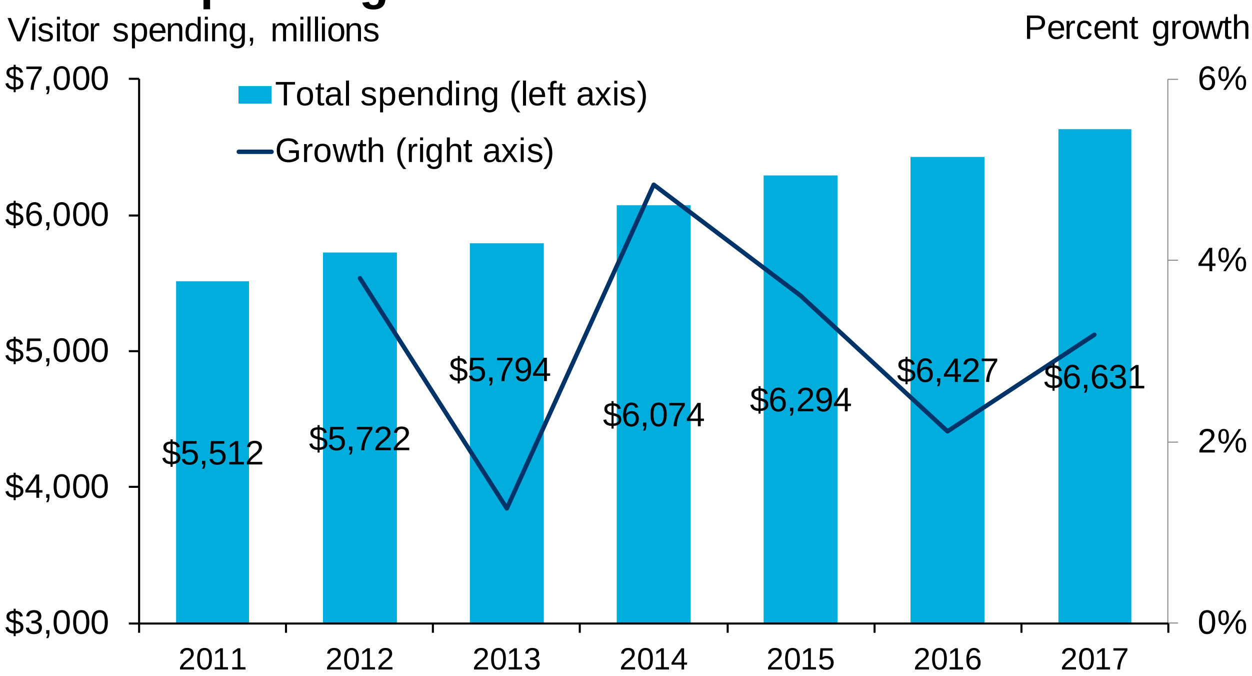
Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2017	2017 Growth	2011-2017 CAGR
Lodging*	$1,626	$1,704	$1,761	$1,883	$1,952	$1,980	$2,051	3.6%	3.9%
Food and beverage	$1,308	$1,327	$1,332	$1,352	$1,403	$1,450	$1,513	4.4%	2.5%
Retail	$902	$966	$987	$1,073	$1,107	$1,121	$1,153	2.9%	4.2%
Recreation	$744	$749	$751	$755	$782	$820	$846	3.2%	2.2%
Local transportation	$749	$802	$798	$852	$889	$893	$905	1.3%	3.2%
Air transportation	$183	$175	$165	$159	$161	$164	$163	-0.8%	-2.0%
Total	**$5,512**	**$5,722**	**$5,794**	**$6,074**	**$6,294**	**$6,427**	**$6,631**	**3.2%**	**3.1%**

Source: Longwoods International; Tourism Economics

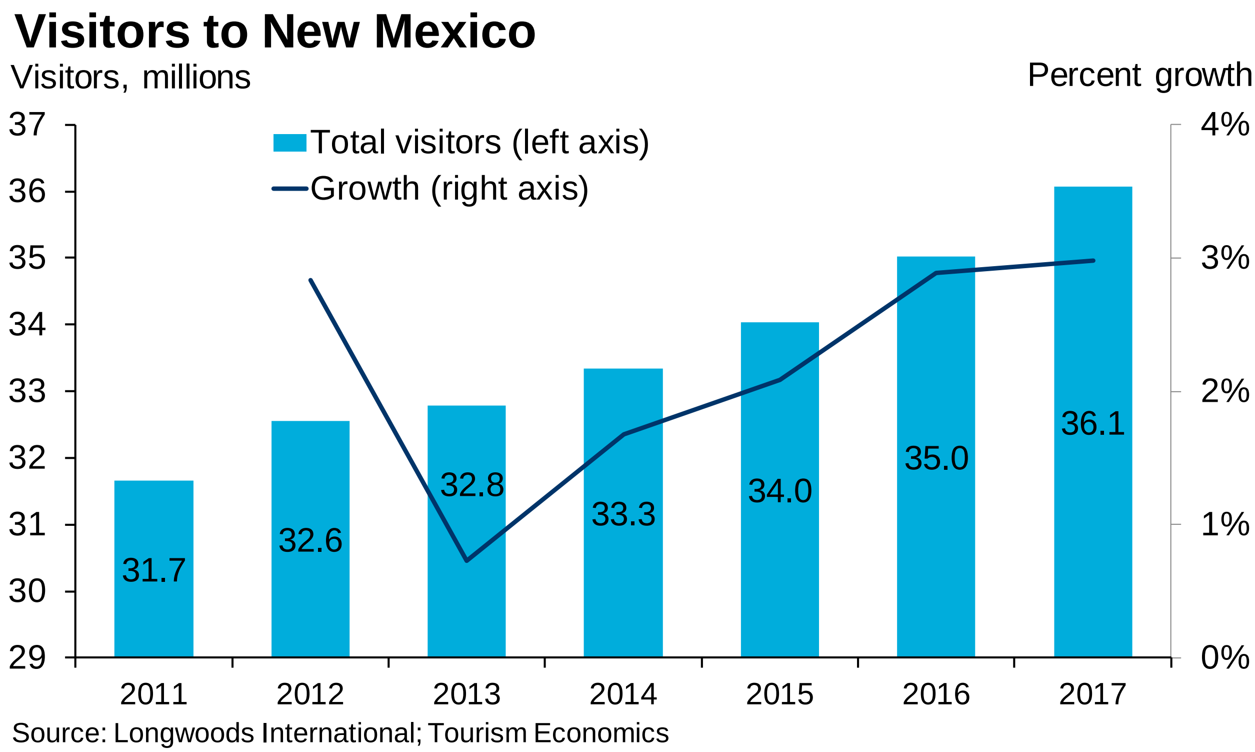
*Lodging includes spending on second homes

Visitor spending in New Mexico



Source: Longwoods International; Tourism Economics

2017 Visitation Increased: Tourism Economics adds international visitation estimates to Longwoods International domestic visitation numbers as seen in the following charts and table, and the total number of visitors (overnight and day-trips) **increased by 3%--or one million—to 36.1M** for these combined visits



Visitor spending in New Mexico

Nominal dollars, millions

Purpose		Stay		Market	
Leisure	$5,612	Day	$1,537	Domestic	$6,050
Business	$1,019	Overnight	$5,094	International	$581
Total	**$6,631**	**Total**	**$6,631**	**Total**	**$6,631**
		Growth Rates			
Leisure	2.6%	Day	3.6%	Domestic	3.1%
Business	6.7%	Overnight	3.0%	International	3.5%
Total	**3.2%**	**Total**	**3.2%**	**Total**	**3.2%**

Source: Longwoods International; Tourism Economics

Tourism Jobs Continue to Grow: Tourism employment has been one of the best performing sectors in the New Mexico economy. As seen in the charts and tables on this and the following page, Tourism Economics data shows **10.1% growth** in direct tourism employment since 2011 (or **6,511 additional jobs**). Direct, Indirect and Induced employment totaled **93,617**, **or 8.3%** of all jobs in New Mexico (**up from 8.0%** in 2011).

Important: Note that Tourism Economics analysis of employment provides a more precise and different accounting of tourism jobs than what NMTD has reported the past several years, in which we have reported Leisure and Hospitality employment numbers from the U.S. Bureau of Labor Statistics. Tourism Economics apportions tourism jobs in various job sectors or industries based on proportions that can be attributed to tourism activity as determined by research studies. So for example, on page 18 of the "The Economic Impact of Tourism in New Mexico: 2014 Analysis," 51.9% of jobs in the Recreation employment sector are considered to be supported by visitor spending. In the Bureau of Labor Statistics Leisure and Hospitality category, 100% of recreation jobs are counted. This is true for other employment categories, and there are some sectors, such as retail, that are included in Tourism Economics Tourism job numbers but are not included in the Leisure and Hospitality sector.

Therefore, NMTD gives preference to Tourism Economics' employment data, although in the Economic Impact of Tourism in New Mexico section found later in this Annual report, we also report on Leisure and Hospitality employment for the sake of continuity with past reports.

Direct Tourism Employment

	2011	2012	2013	2014	2015	2016	2017
Total	64,057	64,784	65,706	66,417	68,031	69,144	70,568
% Change	1.2%	1.1%	1.4%	1.1%	2.4%	1.6%	2.1%

Employment impacts

	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		43	43	**86**
Construction and Utilities		450	142	**592**
Manufacturing		133	59	**192**
Wholesale Trade		215	339	**554**
Air Transport	715	10	17	**742**
Other Transport	3,554	573	203	**4,329**
Retail Trade	6,108	87	1,898	**8,093**
Gasoline Stations	1,358	10	148	**1,516**
Communications		598	197	**795**
Finance, Insurance and Real Estate	5,705	2,070	1,674	**9,449**
Business Services		3,336	878	**4,214**
Education and Health Care		54	3,327	**3,381**
Recreation and Entertainment	13,759	548	564	**14,871**
Lodging	16,800	25	15	**16,840**
Food & Beverage	22,569	1,222	2,030	**25,821**
Personal Services		507	995	**1,501**
Government		465	177	**642**
TOTAL	**70,568**	**10,346**	**12,704**	**93,617**

Source: Tourism Economics

Personal Income Continues to Grow: Direct and Total tourism labor income stood at $1.666 billion and $2.565 billion in 2017, a **2.4%** and **2.5% increase** respectively, from 2016.

Tourism industry generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		$1.7	$3.6	**$5.3**
Construction and Utilities		$30.4	$9.1	**$39.5**
Manufacturing		$5.4	$2.5	**$7.9**
Wholesale Trade		$12.8	$20.2	**$32.9**
Air Transport	$40.0	$0.5	$0.9	**$41.5**
Other Transport	$114.2	$28.9	$9.3	**$152.4**
Retail Trade	$162.8	$3.1	$62.3	**$228.1**
Gasoline Stations	$38.7	$0.3	$4.2	**$43.3**
Communications		$32.0	$10.6	**$42.6**
Finance, Insurance and Real Estate	$79.2	$60.6	$55.4	**$195.2**
Business Services		$128.4	$34.5	**$162.9**
Education and Health Care		$1.4	$155.7	**$157.1**
Recreation and Entertainment	$300.3	$5.8	$7.5	**$313.6**
Lodging	$421.7	$0.6	$0.4	**$422.7**
Food & Beverage	$470.0	$25.4	$46.6	**$542.0**
Personal Services		$27.1	$37.7	**$64.8**
Government		$38.2	$12.4	**$50.5**
TOTAL	**$1,627.0**	**$402.7**	**$472.9**	**$2,502.6**

Source: Tourism Economics

Tourism-generated taxes increased: State taxes **grew by 3.3%** (or **$15 million**) between 2016 and 2017 (to $452.1 million) and Local taxes **increased by 3.2%** (or **$6.6 million** to $211.4 million). Visitor-driven state and local tax proceeds of $664 million helped offset the average household tax burden by $868 per household. That is, visitors add tax value worth **$868** to every New Mexico household, **up from $747** in 2011, an increase of **16.2%.**

Tourism-Generated Taxes
Millions of $

	2014	2015	2016	2017	% Change
Federal Taxes	668.6	694.1	712.7	733.2	2.9%
Corporate	174.4	180.7	184.9	191.7	3.7%
Indirect Business	119.5	123.0	125.4	128.9	2.8%
Personal Income	65.3	68.0	70.1	71.8	2.5%
Social Security	309.5	322.3	332.3	340.7	2.5%
State Taxes	413.7	427.9	437.5	452.1	3.3%
Corporate	28.4	29.4	30.1	31.2	3.7%
Personal Income	25.3	26.3	27.1	27.8	2.5%
Sales	218.1	226.0	231.2	239.8	3.7%
State Unemployment	7.4	7.7	7.9	8.1	2.5%
Other Taxes/fees	134.5	138.5	141.2	145.1	2.8%
Local Taxes	194.7	201.0	204.8	211.4	3.2%
Sales	11.5	11.9	12.2	12.6	3.7%
Personal Income	4.5	4.6	4.8	4.9	2.5%
Lodging	41.6	42.6	42.6	44.6	4.6%
Excise and Fees	12.3	12.7	13.0	13.5	3.7%
Property	78.8	81.1	82.7	85.1	2.8%
Other taxes and fees	46.1	48.0	49.5	50.7	2.5%
Total	1,277.0	1,322.9	1,355.0	1,396.7	3.1%

Source: Tourism Economics

2018 Performance Commentary

The **2018 Performance Commentary** section presents a summary of the results for categories not already covered in the preceding section (Visitation, Spending, and Employment), focusing on New Mexico Brand Performance; NMTD Visitor Relationships; New Mexico Visitor Profile; and Visit Characteristics. Please refer to these sections, beginning on page 19 for more information.

Overall, progress in meeting NMTD's objectives has been positive, exceptionally so in the case of some of the objectives. The following provides detailed information for each category:

NEW MEXICO BRAND PERFORMANCE

Objective #1: Increase the number of marketable overnight trips and total visitor numbers.

Marketable trips are defined as travel that is influenced by marketing efforts and do not include visitors whose main purpose in taking a trip is to visit friends and family or for business trips. In 2011, based on an analysis of the visitation and spending patterns of New Mexico visitors, NMTD determined that ***increasing out-of-state marketable overnight trips would be key to driving economic impact***.

There were several reasons for developing this objective. First, while New Mexicans are the single largest group of visitors to New Mexico, out of state visitors spend much more per person in New Mexico than New Mexicans. Second, New Mexicans spend even less on in-state vacations than the average spend of in-state visitors in our competitive set of states (Arizona, Colorado and Utah). Finally, New Mexicans make up a much smaller percentage of total New Mexico visitors than in our competitive set of states, largely because New Mexico's population is much smaller. Therefore, New Mexico should be able to realize the largest spending lift by targeting out of state visitors, while at the same time encouraging in-state visitation.

Note that the marketable data that follows is for domestic visitation only.

In 2017, domestic marketable overnight visitation **decreased 5.5%** and out of state visitation **decreased 2.9%**. Marketable trips (trips other than visits to friends and family and business trips) are the focus of NMTD's advertising efforts, since, as the name indicates, they are trips that can be more readily influenced by advertising. The fact that marketable trips have increased **nearly 50%** since 2010 is quite remarkable, and a strong indicator that NMTD's True advertising is having an impact. An additional bonus of marketable trips is that people who take these trips spend more on food, lodging, and in all spending categories than the average visitor, thus bringing more money into New Mexico's economy.

NMTD also currently has several initiatives to boost in-state visitation, such as advertising targeted at New Mexico residents, the Keep New Mexico True campaign, and the regional ad program (which focuses on promoting fairs, festivals and events).

Objective: Improve perceptions of New Mexico as an attractive travel destination for both the national and in-state travel markets so they are more comparable to competitive set averages.

Three measures (**National Travel Intent, In-State Travel Intent, and the Repeat Visitation Rate**), were selected in 2011 as indicators of key weaknesses in New Mexico's visitor market that NMTD has sought to improve (see page 20). New Mexico has lagged behind our competitive states in each of these measures: **National Travel Intent** (the % of respondents in the Longwoods Intl. national sample who intend to visit New Mexico and our competitive set of states in the next 12 months); **In-State Travel Intent** (the % of state residents who intend to take an overnight trip within their own state); and the **Repeat Visitation** Rate (the % of visitors who intend to return within the next 12 months to the state they previously visited and spent most of their time in).

National Travel Intent decreased back to 1.9% for New Mexico, where it has been for most data years, while increasing slightly for the competitive set. As with National Travel Intent, **In-State Travel Intent** fell to 21.8% in 2017. The **Repeat Visitation Rate** also fell by a percent for New Mexico, to 34.7%.

NMTD VISITOR RELATIONSHIPS

Objectives:

#1: Grow active visitor relationships and interactions.
#2: Increase awareness of New Mexico.

Measurement of the department's Facebook activities began in the 3rd quarter of calendar year 2010, but over time, NMTD's Facebook metrics have changed in response to changes Facebook has made in the available measures. For example, new measures: "PTAT" or **P**eople **T**alking **A**bout **T**his and Weekly Reach were introduced in August, 2011. PTAT is a comprehensive ***engagement*** metric that measures the overall "health" of a Facebook brand Page. It analyzes the "conversation" happening around a Page across Facebook and provides a numerical score. It includes activities such as liking a page; commenting on, or sharing a page post, answering a question, responding to an event, mentioning a page and tagging a photo. Weekly total reach is a measure of the ***awareness*** of NMTD's Facebook content (measured though total impressions). This is the number of people who have been exposed to any content associated with NMTD's Facebook presence over a 7 day period .

The department's total reach continues recent trends and has grown very rapidly as more department resources have been devoted to Facebook, with strong growth in 2017. Average weekly engagement fell slightly from 2016's all-time high. The number of Facebook fans continues to grow strongly, **increasing an average of 14.4%** in 2017 and reaching over 230,000 in 2017.

NEW MEXICO VISITOR PROFILE

Objectives:

#1: Increase the percentage of Primary Overnight visits and decrease the percentage of "pass-through" visits.

#2: Broaden New Mexico's visitor market from a regional to a more national market by reducing the concentration of visitors from the top 5 states of origin.

#3: Decrease the average age of visitors so that it aligns with our competitive set.

#4: Grow the fly market as a percentage of total overnight visits.

#5: Increase visitor Outdoor activity levels and maintain high Cultural activity levels.

In 2017, New Mexico's and the Competitive set's average share of Primary overnight visitors changed slightly from 2016, showing an increase in both NM and our competitive set of states. However, longer term (from 2010 to 2017), the gap between New Mexico and our Competitive set of states narrowed significantly, from a **16.3** percentage point gap in 2010 to a **12.7** percentage point gap in 2017.

New Mexico's percent of visitor trips from the top five states of origin (New Mexico, Texas, Arizona, Colorado and California) **has increased 7.1%** from 2016, due largely in part to the increase in in-state visitation**,** while the competitive set average **increased 0.4%**. This measure was introduced in 2011 because New Mexico's narrower geographic concentration of visitors and smaller fly market created dependence on a geographically limited group of visitors. The primary reason geographic diversity has increased is believed to be due to an increase in fly market visitors.

The average age of New Mexico's overnight visitors has declined since 2010, while the competitive set average age has changed little. In 2010 New Mexico's visitors were older than the U.S. and competitive set average (especially for non-primary overnight visitors), however, since then the average age of New Mexico's visitors has been steadily declining, while the average age for our competitive set has been increasing. For overnight visitors, the average age visiting New Mexico has fallen from 48.1 in 2010 to 45.9 in 2017.

The percentage of New Mexico primary overnight visitors who traveled by air declined slightly from **21.3%** in 2016 to **19.8%** in 2017, while the competitive set saw a nearly 4% decrease in air travel. New Mexico was more reliant on the drive market than our competitive set in 2010 and 2011. Analyses of fly market visitors show they spend about **twice as much** in nearly all spending categories as drive market visitors. Therefore, it is believed a more balanced fly/drive visit profile (more similar to our competitive set) benefits New Mexico.

New Mexico's rich culture, combined with numerous opportunities for outdoor activities is a unique strength of New Mexico. These indexes are the cumulative totals of the Outdoor and Cultural activities Primary overnight visitors engaged in during their trips. When New Mexico's scores were compared in 2010 to regional and national averages, New Mexico had high activity levels for Cultural activities, but lagged compared to our competitive set for Outdoor activities. (Note that only Primary overnight visitors were measured as non-primary overnight visitors spent most of their trip outside each respective state.)

For 2017, the percentage of outdoor activities engaged in by visitors **decreased** across New Mexico, our competitive set, and the U.S. as a whole. New Mexico still stands well above the US average, but fell compared to our competitive set. New Mexico has always led in participation in Cultural activities, but in 2017 decreased slightly to **70.6**, well above the competitive set or U.S. averages. This decline mirrors declines among our competitive set and U.S. averages as well.

VISIT CHARACTERISTICS (2 Objectives)

Objectives:

#1: Grow visitation to New Mexico's unique natural and cultural attractions.
#2: Grow visitation to New Mexico's outdoor recreational attractions.

There was a **3.8% increase** in passenger volume through the Albuquerque International Airport in 2017 from 2016, and a 0.6% increase from 2015 to 2016. This reverses a pattern of declining passenger volume since at least 2009.

National Park visits rose **9.2%** in 2016 and **9.2%** again in 2017, **increasing a total of 19.3%** from 2015. White Sands and Carlsbad have continue to maintain a high market share, accounting for **55%** of all visits to New Mexico's 14 National Parks and Monuments in 2016 and 2017.

Overview of NMTD Research Findings: 2011-2018

The following is a brief outline of seven key, foundational research findings for which the Tourism Department has multiple sources of supporting evidence. Please contact Victoria Gregg (Victoria.Gregg@state.nm.us) for more information about these findings.

1) ***Often, the American public either does not have a clear idea, or has misperceptions of what New Mexico has to offer and what it is like as a destination***. There was a very high increase (lift) in favorable ratings for New Mexico's tourism & socioeconomic related attributes among those who were exposed to NM True advertising or who recently visited New Mexico (see charts on page 15). These results suggest unfamiliarity with New Mexico, and a highly favorable response when exposed to New Mexico's attributes.

   Supporting studies: 2011 multi-state focus groups, which demonstrated a lack of knowledge of and/or misperceptions of New Mexico among in-state and out of state participants
   2011 & 2014 Longwoods International multi-state Image studies
   2015 Longwoods International ROI study & Longwoods International multi-state Halo Effect study of out of state residents.

2) ***New Mexico has a higher overnight pass through rate and lower intent to return than our competitive set of states***. From 2012 through 2015, New Mexico's pass through rate (pass-through overnight visitors are those who spent at least one night in a state, but indicated that the state was not their primary destination) has averaged 30% of all overnight visitors, while the C.S. average is 18%. New Mexico's intent to repeat an overnight trip within 12 months rate is around 40% compared to a 46% average for our Competitive set of states. There are several reasons for these disparities, including a lower visiting friends and family (VFR) rate for New Mexico (those who visit friends and family have a higher intent to return rate). However, it is also hypothesized that one of the more significant factors is related to the geographic distribution and lower quantity of New Mexico's tourist attractions. An analysis of the geographic distribution of TripAdvisor's "things to do" listings for New Mexico and our three competitive states (Arizona, Colorado and Utah), shows that the attractions in our competitive states are more widely distributed within each state as compared to New Mexico. 74% of New Mexico's "things to do" occur within the Albuquerque to Taos corridor (broadly defined), and this corridor coincides with where the majority of New Mexicans live. This geographic concentration of attractions and New Mexico residents likely suppresses in-state overnight trips, and favors day trips. The geographic concentration and overall number of New Mexico attractions also suggests out of state visitors would be less likely to return within 12 months, despite having highly favorable opinions of New Mexico (see #3 below).

   Supporting studies: 2010 through 2015 Longwoods TravelUSA® data
   TripAdvisor 2015 analysis of of "Things to do" listings by state

3) ***Exposure to NM True advertising and/or visiting New Mexico greatly improves New Mexico's image, for both tourism related and socio-economic attributes***. New Mexico does not have an image problem among out of state visitors who are exposed to what our state has to offer. Exposure to NM True advertising and/or visiting New Mexico is associated with much higher tourism and socioeconomic related attribute ratings.

   Supporting studies: The 2011 Longwoods International Image Study and the 2015 ROI study demonstrated a lift in Tourism related attributes for those who visited NM.

The 2015 Longwoods International ROI study & Longwoods multi-state Halo Effect study of out of state residents showed that exposure to NM True advertising and visiting NM had a pronounced lift on opinions regarding six socioeconomic attributes (such as NM is a good place to live or start a business), in fact, NM's overall lift was higher than the 6 other states in the Longwoods study.

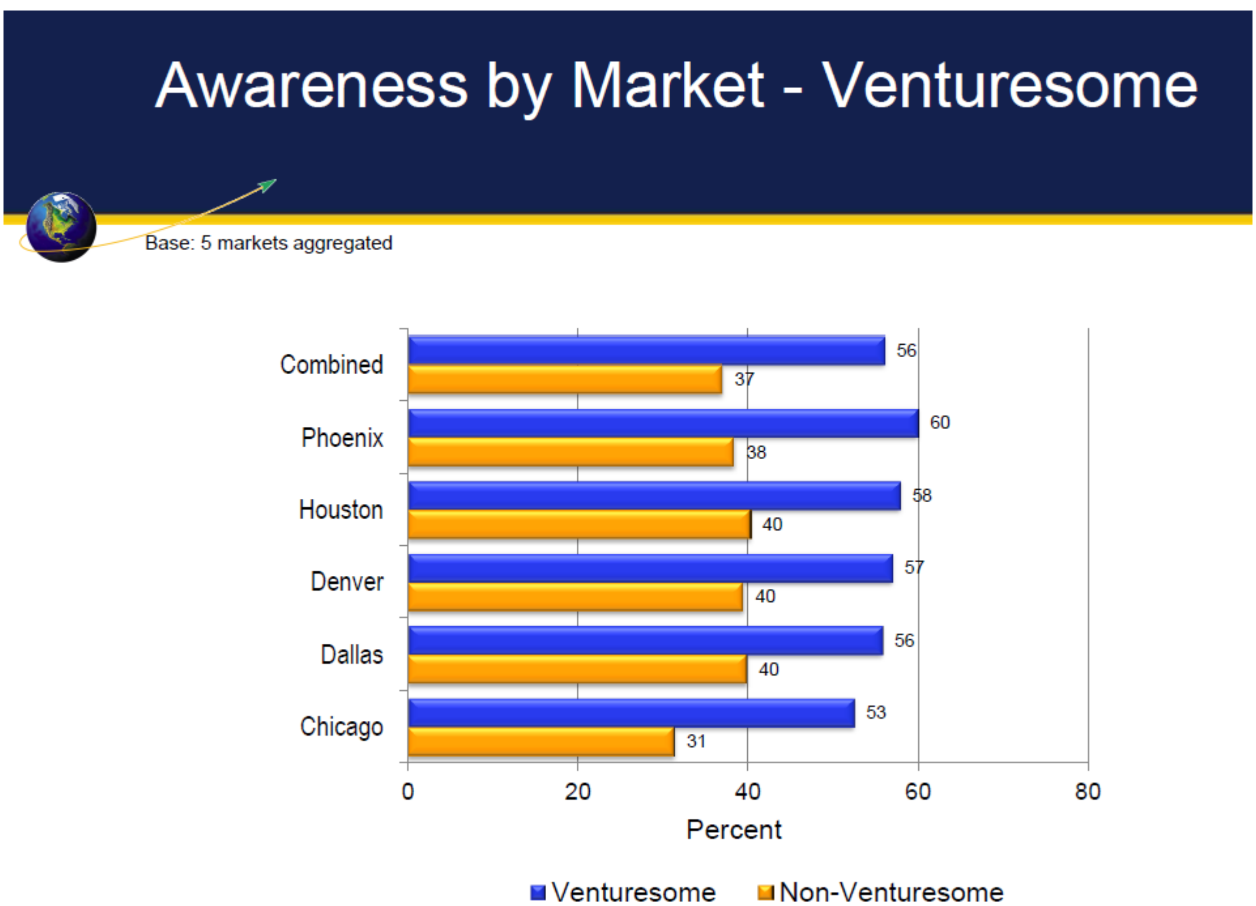
4) ***Research has allowed NMTD to identify, and successfully target and attract Venturesome travelers, a highly desirable subgroup that is an excellent fit for what New Mexico has to offer*** (the Venturesome are defined as those who seek authentic, unusual & adventurous travel experiences, are opinion leaders, have higher than average household income & education and travel more frequently).

Supporting studies: 2011 multi-state focus groups, 2011 TNS data analysis, & Besttripchoices.com state profiles (key sources that helped NMTD identify the Venturesome as NM's primary target)

2014 Longwoods International Advertising Effectiveness study (the Venturesome were found to be much more likely than the non-Venturesome to have seen NM True advertising and say they intend to visit NM as a result of having seen NM True advertising)

2015 Longwoods International ROI study (the Venturesome were found to be much more likely than the non-Venturesome to visit NM as a result of having seen NM True advertising)

Sample chart from the Longwoods International 2015 ROI study, demonstrating increased awareness of NM True advertising among the Venturesome:



5) ***NM True advertising is working and Tourism in New Mexico is growing***. Those exposed to NM True advertising are much more likely to subsequently visit New Mexico, in addition, multiple unique data sources show strong growth in the tourism industry.

Supporting studies: 2012 & 2015 Longwoods International ROI studies. In the 2015 study, every $1 invested in the New Mexico ad campaign in 5 targeted markets generated $72 in visitor spending and $7 in tax revenue for the benefit of New Mexico residents. In the 2012 ROI study (over a shorter period and with a smaller budget), the equivalent returns were $30 in visitor spending and $3 in tax revenue.

In addition, multiple data sources show strong growth in tourism over time:

	2010	2011	2012	2013	2014	2015	2016	2017	2010 - 2017
All Domestic Visitors Source: Longwood's International Travel USA® dataset	1.0%	4.7%	2.6%	0.6%	1.6%	2.1%	3.0%	3.0%	18.6%
Accommodation sector taxable gross receipts Source: NM tax & Revenue Dept.	5.9%	2.3%	3.8%	4.9%	5.4%	4.7%	3.1%	7.8%	37.9%
Hotel/Motel Lodging receipts (RMLR) Source: Rocky Mountain Lodging Association Report	0.2%	0.4%	2.6%	5.8%	5.7%	7.0%	5.6%	5.9%	33%
Leisure & Hospitality jobs Source: U.S. Bureau of Labor Statistics (seasonally adjusted)	-0.6%	1.1%	1.8%	2.6%	2.5%	2.4%	2.8%	1.1%	13.9%
Tourism Direct Sales in New Mexico Source: Tourism Economics, The Economic Impact of Tourism in New Mexico	NA	5.9%	3.9%	1.6%	4.5%	3.6%	2.1%	3%	27.3%

6) ***More NM True advertising would result in more visitors***.

Supporting studies: Both the Longwoods International 2014 Advertising Effectiveness study and Longwoods International 2015 ROI study showed that the level of NM True advertising in our target markets is well below saturation levels, and so greater spending would result in significantly more trips to New Mexico.

7) ***Tourism is a major contributor to the growth of economic base jobs in New Mexico***.

Supporting studies: Tourism related economic base jobs are jobs that result from new money being brought into and spent in New Mexico by out of state visitors. Analysis of Longwoods TravelUSA® data shows that in 2016, out of state visitors accounted for 84% of all tourism spending in New Mexico (overnight and day trip spending combined). Thus higher levels of tourism spending help grow New Mexico economic base jobs and are an important contributor to New Mexico's wealth creating exports.

NEW MEXICO BRAND PERFORMANCE

Tourism Visits

Objective: Increase the number of marketable visitors and total visitors numbers.

Note that the data on this page is for domestic visitation only. Refer to page 6 in this report for domestic and international visitation totals. This data is reported to maintain continuity with previous annual reports.

In 2017, Longwoods International Travel USA data shows that **total domestic visitation increased 3%** over 2016 for a combined total of **35.4 million visits**, while Tourism Economics 2017 data showed domestic and international visitation **increased 3.2% to 36.1 million**. Overnight domestic visitation **increased by 3.3%** and day-trip visitation **increased by 2.6%**. Domestic marketable overnight visitation **increased 2.5%** and out of state visitation also **increased 0.7%**. Marketable trips (trips other than visits to friends and family and business trips) are the focus of NMTD's advertising efforts, since, as the name indicates, they are trips that can be more readily influenced by advertising. The fact that marketable trips have **nearly 50%** since 2010 is quite remarkable, and a strong indicator that NMTD's True advertising is having an impact. An additional bonus of marketable trips is that people who take these trips spend more on food, lodging, and in all spending categories than the average visitor, thus bringing more money into New Mexico's economy.

This market share rank increase has occurred because some states market share has declined during this period, so New Mexico, by maintaining its market share has moved up.

New Mexico Total Person Visits* & U.S. Market Share
(% market share of overnight & day trip visits)

	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016	CY2017
NM All Domestic Visits	**29.8**	**31.2**	**32**	**32.2**	**32.7**	**33.4**	**34.4**	**35.4**
Y/Y Change	*1.0%*	*4.7%*	*2.6%*	*0.6%*	*1.6%*	*2.1%*	*3.0%*	*3.0%*
NM Overnight Visits	**13.7**	**14.5**	**14.5**	**14.6**	**14.9**	**15.1**	**15.2**	**15.7**
Y/Y Change	*-1.4%*	*5.8%*	*0.0%*	*0.7%*	*2.1%*	*1.3%*	*0.6%*	*3.3%*
NM Overnight Marketable Visits	**5.6**	**6.2**	**7.0**	**7.7**	**7.9**	**8.2**	**8.4**	**7.9**
Y/Y Change	*NA*	*11.0%*	*11.6%*	*11.2%*	*2.1%*	*3.8%*	*2.5%*	*-5.5%*
NM Day Visits	**16.1**	**16.7**	**17.5**	**17.6**	**17.8**	**18.3**	**19.2**	**19.7**
Y/Y Change	*3.2%*	*3.7%*	*4.8%*	*0.6%*	*1.1%*	*2.8%*	*4.9%*	*2.6%*
U.S. Share of Adult Overnight Marketable Trips	NA	1.11%	1.15%	1.15%	1.12%	1.15%	1.12%	1.14%

* In Millions

Source: Longwoods International Travel USA® 2010 through 2017 data sets and Tourism Economics 2017 data
Interval of Measurement: Annual by Calendar Year

Intent to Travel – National Travel Intent, In-State Travel Intent, Repeat Visitation Rate

Objective: Improve perceptions of New Mexico as an attractive travel destination for both the national and in-state travel markets so that it is more in line with competitive set averages.

Three measures (**National Travel Intent, In-State Travel Intent, and the Repeat Visitation Rate**), were selected in 2011 as indicators of key weaknesses in New Mexico's visitor market that NMTD has sought to improve (see page 20). New Mexico has lagged behind our competitive states in each of these measures: **National Travel Intent** (the % of respondents in the Longwoods Intl. national sample who intend to visit New Mexico and our competitive set of states in the next 12 months); **In-State Travel Intent** (the % of state residents who intend to take an overnight trip within their own state); and the **Repeat Visitation** Rate (the % of visitors who intend to return within the next 12 months to the state they previously visited and spent most of their time in).

National Travel Intent decreased back to 1.9% for New Mexico, where it has been for most data years, while increasing slightly for the competitive set. As with National Travel Intent, **In-State Travel Intent** fell to 21.8% in 2017. The **Repeat Visitation Rate** also fell by a percent for New Mexico, to 34.7%.

Percent of Respondents in the Longwoods Intl. National Sample Intending to Visit New Mexico or Competitive Set* states in the next 12 months								
		2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
National Travel Intent	**New Mexico**	**1.9%**	**1.7%**	**1.9%**	**1.9%**	**1.9%**	**2.1%**	**1.9%**
	Competitive Set Average*	4.2%	4.1%	4.5%	4.7%	4.4%	4.4%	4.5%
Percent of State Residents Intending to Take an Overnight Trip within Their Own State								
		2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
In-State Travel Intent	**New Mexicans**	**27.7%**	**24.8%**	**26.9%**	**26.3%**	**30.6%**	**25.9%**	**21.8%**
	Competitive Set Average*	33.1%	32.3%	29.6%	29.9%	31.8%	31.4%	29.8%
Percent of Visitors Intending to Return to the State They Previously Visited and Spent Most of Their Time In								
		2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Repeat Visitation Rate	**New Mexico**	**39.2%**	**29.8%**	**30.4%**	**29.8%**	**38.4%**	**35.7%**	**34.7%**
	Competitive Set Average*	51.2%	47.8%	45.2%	47.4%	46.4%	42.8%	43.7%

*The competitive set average is the weighted average of scores for Arizona, Colorado & Utah

Source: Longwoods International Travel USA® 2010 through 2017 data sets
Interval of Measurement: Annual by Calendar Year

ECONOMIC IMPACT OF TOURISM IN NEW MEXICO

Objective: Make tourism the economic growth engine for New Mexico.

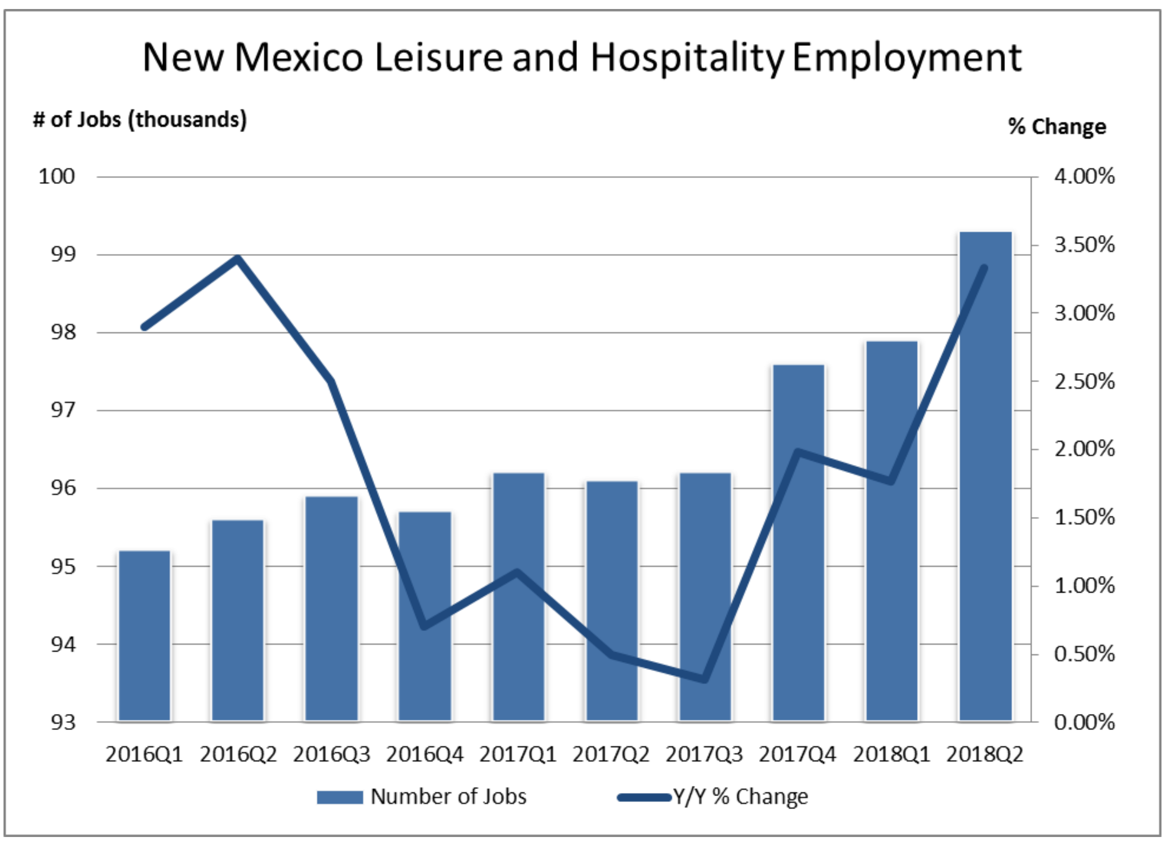
New Mexico Leisure and Hospitality Employment

Objective: Increase tourism related employment.

The U.S. Bureau of Labor Statistics Leisure and Hospitality sector is an indicator of tourism-related employment, although not as precise as the tourism employment numbers in Tourism Economics 2017 Economic Impact study, as it omits indirect and induced employment (**see pages 7 & 8 of this report**). Leisure and Hospitality Employment began growing in New Mexico in 2011 and has continued to grow steadily in 2017 and the first two quarters of 2018. L&H employment **grew 1.1% in 2017** which represented an additional **1,092 jobs over 2016.** Another **1,700** were added in the first 6 months of 2018.

Note that in the interest of reporting continuity, L&H employment numbers are reported, however, more comprehensive information about employment, visitor spending and tourism tax revenue can be found in the 2014 Economic Impact of Tourism in New Mexico, available for download under the Research section at https://www.newmexico.org/industry/.

New Mexico Leisure and Hospitality Employment (in thousands)							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Number of Jobs	**84.6**	**86.1**	**88.4**	**90.6**	**93.2**	**95.5**	**96.5**
Y/Y # Change	*958*	*1,550*	*2,258*	*2,242*	*2,567*	*2,242*	*1,092*
Y/Y % Change	*1.1%*	*1.8%*	*2.6%*	*2.5%*	*2.8%*	*2.4%*	*1.1%*



Source: U.S. Bureau of Labor Statistics http://www.bls.gov/EAG/eag.nm.htm

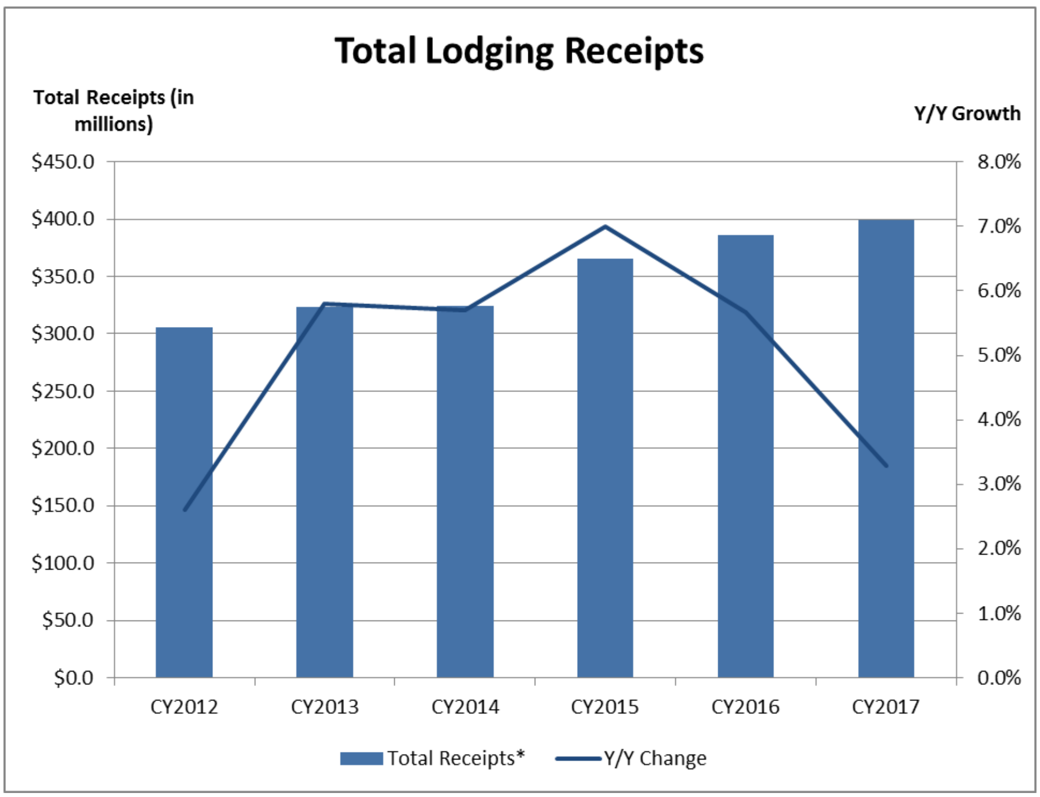
New Mexico Hotel & Motel Total Receipts
Objective: Increase lodging revenue.

In 2016 and 2017, accommodation total receipts **increased 5.7% and 3.3%** respectively over the previous years. This increase is due to increases in both average daily rate (increased by nearly $4 from 2016 to 2017) and occupancy percent (increased over 3% from 2016 to 2017).

Lodging Receipts (No. of occupied rooms * Average Room Rate)						
	CY2012	**CY2013**	**CY2014**	**CY2015**	**CY2016**	**CY2017**
Total Receipts*	**$305.5**	**$323.2**	**$324.2**	**$365.4**	**$386.1**	**$398.8**
Y/Y Change	*2.6%*	*5.8%*	*5.7%*	*7.0%*	*5.7%*	*3.3%*

* in millions

*Total Receipts = (Number of occupied rooms * Average Room Rate)

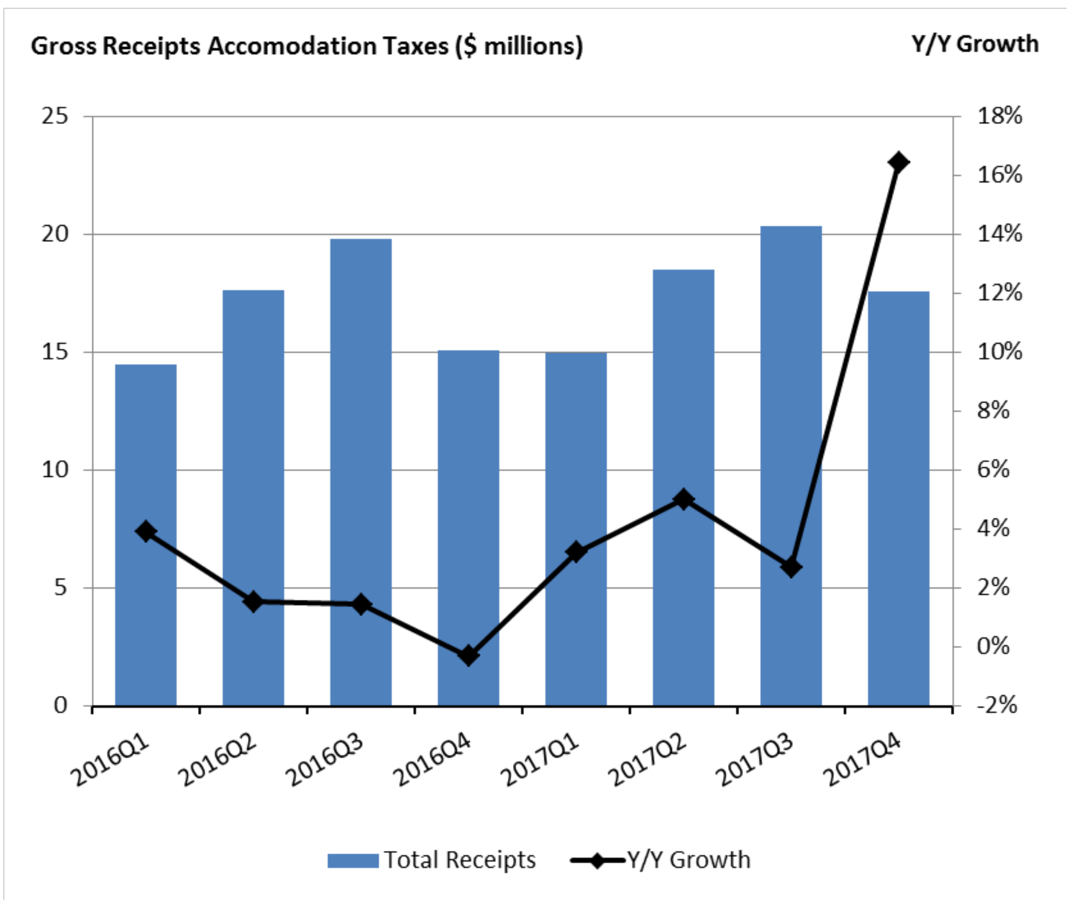


Source: Rocky Mountain Lodging Report
Interval of Measurement: Quarterly

NM Gross Receipts Accommodation Taxes & Food, Drink and Accommodation Gross Receipts
Objective: Increase tourism related tax revenue.

New Mexico gross receipts accommodation taxes **increased by 6.5%** during calendar year 2017, continuing the steady increases seen since 2011. Total taxable receipts for food & drink and accommodations showed significant growth in 2017, increasing 1**1.9%** over 2016.

Gross Receipts Accommodation Taxes and Total New Mexico Food & Drink and Accommodation Taxable Gross Receipts (in millions $)						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Gross Receipts Accommodation Taxes	**$55.905**	**$59.075**	**$62.361**	**$65.970**	**$67.014**	**$71.378**
Y/Y Change	*3.8%*	*5.7%*	*5.6%*	*5.8%*	*1.6%*	*6.5%*
Total Receipts	**$3,486.368**	**$3,639.442**	**$3,806.358**	**$4,032.184**	**$4,107.598**	**$4,594.528**
Y/Y Change	*3.2%*	*4.4%*	*4.6%*	*5.9%*	*1.9%*	*11.9%*
Food & Drink Receipts*	**$2,735.081**	**$2,849.293**	**$2,973.926**	**$3,160.975**	**$3,207.843**	**$3,622.973**
Y/Y Change	*3.1%*	*4.2%*	*4.4%*	*6.3%*	*1.5%*	*12.9%*
Accommodation Receipts*	**$753.104**	**$790.111**	**$832.432**	**$871.208**	**$897.939**	**$972.539**
Y/Y Change	*3.8%*	*4.9%*	*5.4%*	*4.7%*	*3.1%*	*8.3%*



WITHOUT Medical Source: BBER & New Mexico Tax & Revenue Department
Interval of Measurement: Quarterly

NMTD VISITOR RELATIONSHIPS

Social Media Presence

Objective: Grow active visitor relationships and interactions.

Measurement of the department's Facebook activities began in the 3rd quarter of calendar year 2010, but over time, NMTD's Facebook metrics have changed in response to changes Facebook has made in the available measures. For example, new measures: "PTAT" or **P**eople **T**alking **A**bout **T**his and Weekly Reach were introduced in August, 2011. PTAT is a comprehensive ***engagement*** metric that measures the overall "health" of a Facebook brand Page. It analyzes the "conversation" happening around a Page across Facebook and provides a numerical score. It includes activities such as liking a page; commenting on, or sharing a page post, answering a question, responding to an event, mentioning a page and tagging a photo. Weekly total reach is a measure of the ***awareness*** of NMTD's Facebook content (measured though total impressions). This is the number of people who have been exposed to any content associated with NMTD's Facebook presence over a 7 day period .

The department's total reach continues recent trends and has grown very rapidly as more department resources have been devoted to Facebook, with strong growth in 2017. Average weekly engagement fell slightly from 2016's all-time high. The number of Facebook fans continues to grow strongly, **increasing an average of 14.4%** in 2017 and reaching over 230,000 in 2017.

New Mexico Tourism Department Facebook Statistics						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
# of fans of NMTD facebook site	**41,531**	**52,809**	**78,472**	**157,638**	**206,674**	**236,367**
Y/Y Change	*18.3%*	*27.2%*	*48.6%*	*100.9%*	*31.1%*	*14.4%*
NMTD Facebook PTAT (weekly/avg)	**4,344**	**4,195**	**7,810**	**18,626**	**36,582**	**29,900**
Y/Y Change	*NA*	*-3.4%*	*86.2%*	*138.5%*	*96.4%*	*-18.3%*
NMTD Total Reach (weekly/avg)	**77,765**	**80,334**	**157,581**	**418,043**	**782,636**	**979,025**
Y/Y Change	*NA*	*3.3%*	*96.2%*	*165.3%*	*87.2%*	*25.1%*

Interval of Measurement: Quarterly by Calendar Year

NEW MEXICO VISITOR PROFILE

Percent Primary Overnight Visitor Trips

Objective: Increase the percentage of Primary Overnight visits and decrease the percentage of "pass-through" visits.

New Mexico and the competitive set's average share of Primary overnight visitors **increased** from 2016, and both years showed a small **decrease** from 2011 and 2012, as did our competitive set of states. However, longer term (from 2010 to 2017), the gap between New Mexico and our Competitive set of states narrowed significantly, from a **16.3** percentage point gap in 2010 to a **12.7** percentage point gap in 2017. The trend for both New Mexico and the competitive set has been to decrease in percent of primary overnight visitor share since 2011.

% of Primary* Overnight Visitors							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
New Mexico	**72.0%**	**70.7%**	**70.3%**	**70.2%**	**67.2%**	**65.0%**	**69.9%**
Competitive Set Average**	83.9%	82.7%	82.6%	82.1%	80.7%	79.0%	82.6%

Regional Concentration of Visitor Trips

Objective: Broaden New Mexico's visitor market from a regional to a more national market by reducing the concentration of visitors from the top 5 states of origin.

New Mexico's percent of visitor trips from the top five states of origin (New Mexico, Texas, Arizona, Colorado and California) **has increased 7.1%** from 2016, due largely in part to the increase in in-state visitation**,** while the competitive set average **increased 0.4%**. This measure was introduced in 2011 because New Mexico's narrower geographic concentration of visitors and smaller fly market created dependence on a geographically limited group of visitors. The primary reason geographic diversity has increased is believed to be due to an increase in fly market visitors. More fly market visitors are desirable as they spend nearly twice as much in all spending categories (even accounting for higher transportation costs) as non-fly market visitors.

% of Primary* Overnight Visitors from Top 5 States							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
New Mexico	**77.3%**	**68.0%**	**65.5%**	**62.6%**	**62.9%**	**60.5%**	**67.6%**
Competitive Set Average**	66.9%	66.9%	65.5%	64.5%	62.4%	63.3%	63.7%

*Primary visitors are overnight visitors who spent most of their time in that state

**Competitive set weighted average of Arizona, Colorado, and Utah

For the two tables on this page:
Source: Longwoods International Travel USA® 2010 through 2016 data sets
Interval of Measurement: Annual by Calendar Year

Average Age of Visitors

Objective: Decrease the average age of visitors so that it aligns with our competitive set.

The average age of New Mexico's primary overnight visitors has **increased slightly** since 2016. New Mexico's competitive set, however, saw an increase by nearly two years. In 2010 New Mexico's visitors were older than the U.S. and competitive set average (for non-primary overnight visitors), however, since then the average age of New Mexico's visitors has declined to below the U.S. and competitive set averages, a significant and positive shift in New Mexico's overnight visitor profile. It is worth noting that, for all overnight visitors, average age has been increasing steadily for the U.S. and competitive set since 2012.

Average Age of Overnight Visitors							
		2012	**2013**	**2014**	**2015**	**2016**	**2017**
Primary Overnight Visitors*	**New Mexico**	**42.6**	**42.4**	**42.7**	**45.6**	**44.6**	**44.9**
	Competitive Set**	43.5	43.5	45.1	45.3	43.5	45.3
All Overnight Visitors	**New Mexico**	**42.2**	**42.6**	**42.8**	**45.4**	**42.9**	**45.9**
	Competitive Set**	43.1	44.1	45.5	45.7	43.1	45.6
	U.S.	42.7	43.1	44.2	45.5	43.8	45

* Primary visitors are overnight visitors who spent most of their time in that state. There is no U.S. equivalent.

** Competitive Set is the weighted average of Arizona, Colorado, Utah.

Source: Longwoods International

Fly Market

Objective: Grow the fly market as a percent of total visits.

The percentage of New Mexico primary overnight visitors who traveled by air declined slightly from **21.3%** in 2016 to **19.8%** in 2017, while the competitive set saw a 0.5% increase in air travel. New Mexico tends to be more reliant on drive market than our competitive set, a trend that fluctuates from year to year, with some years seeing higher fly market activities and some lower. Fly market activity peaked in 2014, with nearly one quarter of all primary overnight visitors traveling by air.

Analyses of fly market visitors show they spend about twice as much in nearly all spending categories as drive market visitors. Therefore, it is believed a more balanced fly/drive visit profile (more similar to our competitive set) would benefit New Mexico.

Traveled by Air--% of Primary* Overnight Visits							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
New Mexico	**16.7%**	**22.4%**	**20.7%**	**23.9%**	**21.9%**	**21.3%**	**19.8%**
Competitive Set Average**	23.7%	24.9%	27.3%	30.3%	29.4%	25.7%	26.2%

*Primary visitors are overnight visitors who spent most of their time in that state

**Competitive set weighted average of Arizona, Colorado, and Utah

Source for both tables on this page: Longwoods International Travel USA® 2010 through 2017

Outdoor & Cultural Activity Indexes

Objective: Increase visitor Outdoor activity levels and maintain high Cultural activity levels.

New Mexico's rich culture, combined with numerous opportunities for outdoor activities is a unique strength of New Mexico. These indexes are the cumulative totals of the Outdoor and Cultural activities Primary overnight visitors engaged in during their trips. When New Mexico's scores were compared in 2010 to regional and national averages, New Mexico had high activity levels for Cultural activities, but lagged compared to our competitive set for Outdoor activities. (Note that only Primary overnight visitors were measured as non-primary overnight visitors spent most of their trip outside each respective state.)

For 2017, the percentage of outdoor activities engaged in by visitors **decreased** across New Mexico, our competitive set, and the U.S. as a whole, **falling to 41.9 for New Mexico.** This sharp decrease is mirrored in the US and our competitive set. New Mexico has always led in participation in Cultural activities, well above the competitive set or U.S. averages. In 2017, this number decreased slightly to **70.6.** However, Cultural activities decreased significantly in the competitive set and the US to 50.3 and 46.6 respectively, a five-year low.

Outdoor and Cultural Activity Indexes (for primary overnight visitors)							
		2012	**2013**	**2014**	**2015**	**2016**	**2017**
Outdoor Activities Index*	**New Mexico**	**52.9**	**51.9**	**62.0**	**46.2**	**50.0**	**41.9**
	Competitive Set	57.0	54.6	62.0	51.6	57.2	52.5
	U.S.	33.4	32.6	32.0	29.7	31.8	26.5
Cultural Activities Index**	**New Mexico**	**63.0**	**68.0**	**90.0**	**75.1**	**72.9**	**70.6**
	Competitive Set	50.6	51.2	65.0	65.0	53.2	50.3
	U.S.	48.0	49.4	50.0	50.0	50.6	46.6

*The Outdoor Activities Index is the cumulative total of the % of Primary overnight visitors who engaged in Hiking/backpacking, Camping, Fishing, Mountain Climbing, Golf, Skiing/snowboarding, Hunting, Biking or Rafting.

**The Cultural Activities Index is the cumulative total of the % of Primary overnight visitors who attended either a Museum, Landmark/historic site, Art gallery, Winery, Theater, Fair/exhibition/festival, Rock/pop concert, Symphony, Opera or Rodeo.

Source: Longwoods International Travel USA® 2010 through 2017 data sets
Interval of Measurement: Annual by Calendar Year

VISIT CHARACTERISTICS

Airport Passenger Volume – Albuquerque International Airport

There was a **3.8% increase** in passenger volume through the Albuquerque International Airport in 2017 from 2016, and a 0.6% increase from 2015 to 2016. This reverses a pattern of declining passenger volume since at least 2009.

Currently, the Albuquerque International Sunport offers nonstop service to the following US cities: Alamosa, Atlanta, Austin, Baltimore (BWI), Chicago (Midway/O'Hare), Dallas (DFW/ Love Field), Denver, Houston (Bush/Hobby), Kansas City, Las Vegas, Los Angeles, Minneapolis/St. Paul, New York (JFK), Oakland, Orange County, Orlando (seasonal), Phoenix, Portland, Salt Lake City, San Diego, San Francisco, Seattle/Tacoma.

Albuquerque International Airport Total Enplaned & Deplaned (in millions)						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
ABQ Rider Count	**5.387**	**5.059**	**4.872**	**4.745**	**4.775**	**4.958**
Y/Y Change	-5.4%	-6.1%	-3.7%	-2.6%	0.6%	3.8%

Source: City of Albuquerque Website, Airport Facts and Figures, http://www.cabq.gov/airport/facts-and-figures

New Mexico National Park and Monuments Visits

Objective: Grow visitation to New Mexico's unique natural and cultural attractions.

Visits to New Mexico's National Parks and Monuments rose by **9.2%** in both calendar year 2016 and calendar year 2017, surpassing **2 million** visits for the first time in 2017. Since 2012, visitation to New Mexico's National Parks, Monuments and Historical Sites has increased by **36.1%.**

The four most visited New Mexico National Parks and Monuments in 2017 were White Sands NM (**30%** of market share), Carlsbad Caverns NP (**25%** of market share), Bandelier NM (**10.2%** of market share), and El Malpais NM (**8%** of market share).

National Parks and Monuments include the following: Aztec Ruins NM; Bandelier NM; Capulin Volcano NM; Carlsbad Caverns NP; Chaco Culture NHP; El Malpais NM; El Morro NM; Fort Union NM; Gila Cliff Dwellings NM; Manhattan Project, NHP; Pecos NHP; Petroglyph NM; Salinas Pueblo Missions NM; and White Sands NM.

New Mexico National Park & Monument Visits						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
NM National Park Visits	**1,502,931**	**1,512,529**	**1,508,397**	**1,714,670**	**1,872,044**	**2,045,049**
Y/Y Change	*-*	*0.6%*	*-0.3%*	*13.7%*	*9.2%*	*9.2%*

Source: National Park Service Public Reports, https://irma.nps.gov/Stats