

NEW MEXICO True

New Mexico Tourism Department's Four Strategic Planks

1. Build a Strong, Magnetic Brand
2. Unify and Lead the Tourism Industry
3. Inspire State Pride & Advocacy
4. Require Rigor

Tourism Visitation Continues to Rise

- 34.4M trips were taken in New Mexico in 2016, making it the fifth consecutive record-breaking year for tourism growth
 - 1,000,000 more trips taken than in 2015
- 2016 visitation in New Mexico grew at 2x the US average
- More visitors than ever before from out-of-state (84% of all overnight trips originate outside of New Mexico)
- Leisure & Hospitality is leading job growth in New Mexico
- Preliminary reports show that tourism spending is increasing
- "Marketable Overnight Trips" (primary focus of New Mexico True advertising) have reached an all-time high (48.5% increase since 2010)

New Mexico True is Working

- Continued evidence that New Mexico True advertising delivers a 7:1 ROI at the tax-base level
- Investments in New Mexico True advertising benefit more areas than tourism
 - Exposure to New Mexico True advertising and/or visits to New Mexico significantly improves perceptions of NM as a place to visit, start a business, start a career, go to college, retire, buy a home, and live
- Increased private sector buy-in demonstrates confidence in the New Mexico True brand
- More New Mexico True advertising would result in greater economic impact to New Mexico
- There is still room for growth

FY17 Budget Approach

- Strategic approach to a reduced general fund appropriation by 5.5% (-\$745.9)
- Marketing and Promotion remained our top priority – put every dollar possible towards growing trips to New Mexico
 - 75.8% of FY17 GF appropriation
 - \$9.74M in FY17 vs \$9.53M in FY16
- Shifted advertising budget to put more dollars into areas where we see the greatest ROI
 - Fly markets represent 2/3 of our total marketing and promotion budget
 - Streamlined investments in advertising production and other promotions to put an additional \$1.2MM into media without an increase to the overall budget
 - Added Austin to expand impact with highly effective Texas market, with airport wifi, broadcast commercials and digital media

FY18 Program Update

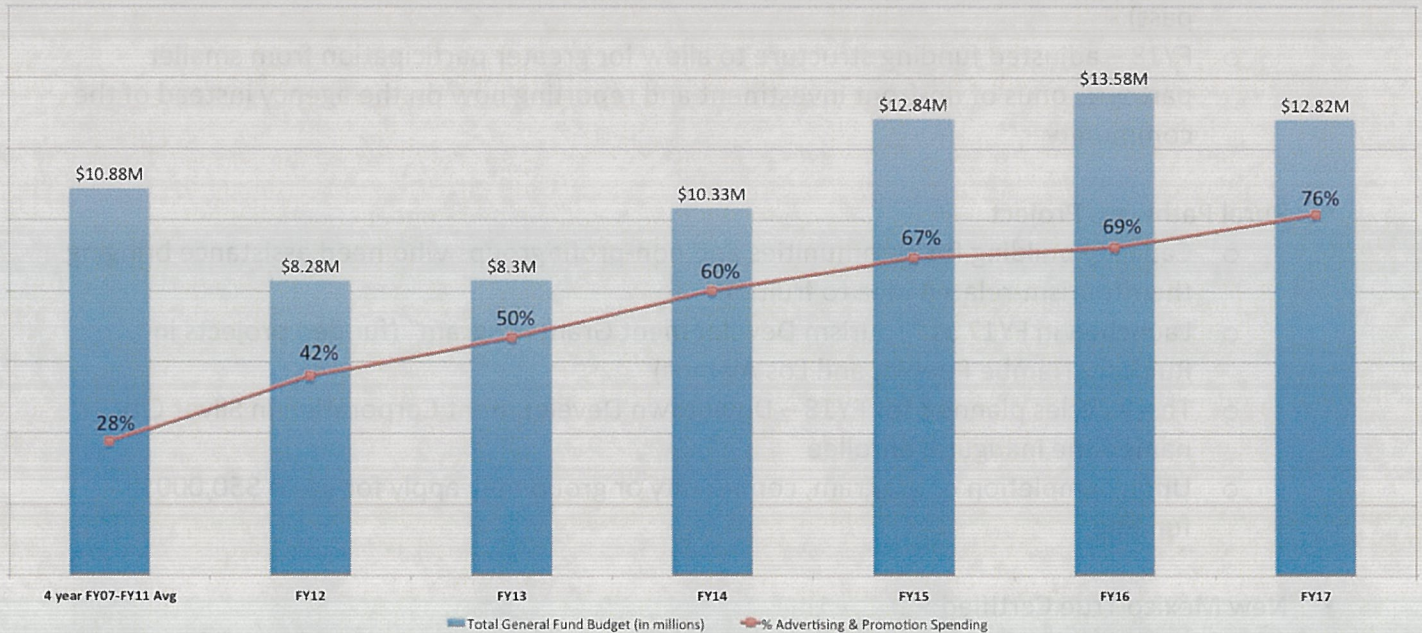
- Co-op Advertising Program
 - Provides 1:1 match for qualified advertising opportunities in fly markets and targeted publications
 - Leverages the scale of our media investments to provide top dollar opportunities for local partners at a lower cost
 - FY17 – divided program into two categories (Media Menu Program and FLEX) and encouraged applicants to seek private funding for match (something prohibited in the past)
 - FY18 – adjusted funding structure to allow for greater participation from smaller partners; onus of up-front investment and reporting now on the agency instead of the community

- Rural Pathways Project
 - Capacity building for communities and non-profit groups who need assistance bringing their tourism-related idea to fruition
 - Launched in FY17 as “Tourism Development Grant Program” (funded projects in Ruidoso, Nambe Pueblo, and Los Alamos)
 - Three cycles planned for FY18 – Downtown Development Corporation in Silver City named the inaugural enrollee
 - Upon completion of program, community or group may apply for up to \$50,000 in funding

- New Mexico True Certified
 - Launched in late-FY16 to bring attention to the care, quality and craftsmanship of products 100% “made in, grown in, or born and raised in NM”
 - Provides a platform for local businesses to leverage New Mexico True brand while bolstering the economy in manufacturing and agriculture
 - FY17 - 160+ NM businesses registered in the program with permission to use NM True Certified mark on their packaging
 - FY18 – Phase II will launch with designated retailers and restaurants carrying NM True Certified products

- Keep New Mexico True
 - Marketing initiative associated with New Mexico Clean & Beautiful grant program to give New Mexicans a place to put their pride into action
 - Launched in FY15 with events-based campaign to encourage New Mexicans to “Take the Pledge to Keep New Mexico True”
 - FY17 – Statewide media campaign; 9000+ residents have Taken the Pledge
 - FY18 – Introduce the program into schools and civic organizations to have greater lasting impact

Appendix A:
Tourism Department General Fund Budgets by FY
Total Budget (in Millions) and Percentage Spent on Advertising and Promotion



Appendix B:
Tourism Growth Across Multiple Sources

	2010	2011	2012	2013	2014	2015	2016	2010 - 2016
All Domestic Visitors	1.0%	4.7%	2.6%	0.6%	1.6%	2.1%	3.0%	15.6%
Source: Longwood's International Travel USA® dataset								
Accommodation sector taxable gross receipts	5.9%	2.3%	3.8%	4.9%	5.4%	4.7%	3.1%	30.1%
Source: NM tax & Revenue Dept.								
Hotel/Motel Lodging receipts (RMLR)	0.2%	0.4%	2.6%	5.8%	5.7%	7.0%	5.6%	27.1%
Source: Rocky Mountain Lodging Association Report								
Leisure & Hospitality jobs	-0.6%	1.1%	1.8%	2.6%	2.5%	2.4%	2.8%	12.6%
Source: U.S. Bureau of Labor Statistics (seasonally adjusted)								