

# NMJC THEATER PROFILE: VISITOR DRIVEN

## Introduction

An advance team met July 30<sup>th</sup> and spent the day going through each of the program theater questions. Attendees were sector experts who discussed job creation and impediments to job creation for the tourism industry. The preliminary profile generated at the advance meeting was expanded upon in general discussion at the August 10<sup>th</sup> IJC meeting in Deming.

## 1. Theater Definition

*How is the Visitor Driven theater defined?*

The Visitor Theater of job creation focuses on creating new economic base jobs, which are jobs with salaries paid from the local sale of goods and services to visitors from out-of-state. Although most job creation activities in this theater can be considered tourism – defined as any journey for business or pleasure more than 50 miles outside your community in which you spend more than one night away from home -- the IJC process would exclude such in-state journeys for business or pleasure by New Mexico residents.

## Definition of an Economic Base Transaction

*How is an economic base job creation transaction defined for this theater?*

An economic base job is created when there is an increase in revenue generating visitor activity, such that additional staff is required by employers to manage the increase. An economic base transaction is an increase in number of visits per year required to support an economic base job. By these definitions, the theater can account for new economic base jobs by measuring a given net increase in visitors. The Visitor Theater has 6 sub-theaters, and each could have a different economic base transaction formula and metric. Many have their own program attributes.

## Sub-Theaters:

Job creation program efforts in this theater will focus on one or more of these six areas.

- Transit services: Out-of-state residents passing through the state stop for services or stay overnight. Activities could include using billboard space and construction of truck stops, casinos and hotels.

- Short-term Personal: Leisure travel of less than a month can include tours, events, vacations, weddings, space tourism, cultural tourism, eco-tourism, health tourism and entrepreneur tourism. Activities include advertising major attractions (spaceport, balloon fiesta, etc.) and building sports facilities.
- Extended-stay Personal: Temporary or part-time residents can be RVers, snowbirds, medical stays, education programs and religious visits. To be considered visitors and not retirees, they must be in the state one to eight months and not pay state income tax. Activities include advertising extended-stay attractions and identifying existing properties that could be rented to visitors.
- Short-term Business: Business travelers, spending less than a month, may attend trade shows, conferences, business meetings and/or trips. Activities include recruitment of conventions and trade shows to maximize occupancy of convention centers and hotels and construction of new convention centers and hotels. This sub-theater counts jobs created by leisure activities as long as the activity takes place in the same city as the business event and occurs in one visit.
- Extended-stay Business: These visitors conduct business for more than one month and could include the Santa Fe Opera, film projects, construction, seasonal out-of-state workers, event vendors. This category requires clarification: Do these jobs qualify as economic base? Would they pay New Mexico income taxes?
- Halo Impacts: Tourism can produce leads in such theaters as Retirement, Solowork, Industry Recruitment. These jobs would need to be measured but are not necessarily program reliant.

Synonyms: Tourism, leisure traveler, business traveler, snowbirds, part-time residents, extended stay visitors, RVers, campers, entrepreneurial tourism, eco-tourists, agri-tourists, outdoor adventurers, foodies, truckers.

## Metrics:

*What metrics should be used to measure the production and return on investment of procuring programs in the theater?*

| Source  | Variable  | Value            | Result           |
|---|---|------------------|------------------|
| The Economic Impact of Tourism in New Mexico, 2011 Analysis | Tourism Sales, Direct   | \$ 5,500,000,000 | multiplied by    |
| Tourism ROI Advertising Study, July 2015                    | Percent of Out of State Spending  | 84%              |                  |
| Calculated  | Out of State Derived Tourism Sales, Direct                                    |                  | \$ 4,620,000,000 |
| The Economic Impact of Tourism in New Mexico, 2011 Analysis | Tourism Employment, Direct  | 64,000           | multiplied by    |
| Tourism ROI Advertising Study, July 2015                    | Percent of Out of State Spending  | 84%              |                  |
| Calculated  | Out of State Derived Tourism Employment, Direct                               |                  | 53,760           |
| Calculated  | Out of State Derived Tourism Sales, Direct                                    | \$ 4,620,000,000 | divided by       |
| Calculated  | Out of State Derived Tourism Employment, Direct                               | 53,760           |                  |
| Calculated  | Out of State Tourism Sales to Out of State Tourism Employment (E-Base)        |                  | \$ 85,938        |
| Calculated  | Out of State Tourism Sales to Out of State Tourism Employment (E-Base)        | \$ 85,938        | divided by       |
| Tourism ROI Advertising Study, July 2015                    | Spend per Visit   | \$ 205           |                  |
| Calculated  | Visits per E-Base Job   |                  | 419              |
| The Economic Impact of Tourism in New Mexico, 2011 Analysis | Tourism Employment, Direct  | 64,000           | multiplied by    |
| Calculated  | Visits per E-Base Job   | 419              |                  |
| Calculated  | Annual out of state visits  |                  | 26,829,268       |
| CELab Consensus Value for Visitor Theater                   | New E-Base Jobs Required Annually   | 2000             | multiplied by    |
| Calculated  | Visits per E-Base Job   | 419              |                  |
| Calculated  | Additional Annual Out of State Visits Required to Meet E-Base Job Requirement |                  | 838,415          |
| Calculated  | Additional Annual Out of State Visits Required to Meet E-Base Job Requirement | 838,415          | divided by       |
| Calculated  | Annual out of state visits  | 26,829,268       |                  |
| Calculated  | Percent Increase in Annual Out of State Visits to Meet E-Base Job Goal        |                  | 3.13%            |
| Calculated  | Additional Annual Visits Required to Meet E-Base Job Requirement              | 838,415          | multiplied by    |
| Tourism ROI Advertising Study, July 2015                    | Spend per Visit   | \$ 205           |                  |
| Calculated  | Additional Annual Out of State Spend to Meet E-Base Job Requirement           |                  | 171,875,000      |
| Calculated  | Additional Annual Out of State Spend to Meet E-Base Job Requirement           | \$ 171,875,000   | divided by       |
| Calculated  | Out of State Derived Tourism Sales, Direct                                    | \$ 4,620,000,000 |                  |
| Calculated  | Percent Additional Annual Out of State Spend to Meet E-Base Job Requirement   |                  | 3.72%            |

Summary: The state needs 838,415 additional visitors per year spending a minimum average of \$205 per visit (increase of 3.72% over last year) to reach economic base job creation goals.

## Attributes and Insights

*What important attributes, distinctions and insights are important to understanding the nature and capacity of this theater?*

- The Visitor Theater like Film has a very high attrition rate in the sense that the Visitors attracted to the state last year must be replaced next by an even greater number if there is to be a net increase in new economic base job growth. Theoretically, this means the state must continue to increase the scope and effectiveness of the marketing program and increase the lodging and amenity capacity of the state if it is to grow the total number of economic base jobs over time.
- Almost any community in the state has the capacity to add more economic base jobs in this theater. Communities of any size can participate.
- The methodology and diligence the Tourism industry and NM Tourism Department uses to research, plan and measure their program efforts is the key to their success at scaling the growth of the industry over time.
- The state's substantial investments in Tourism state-wide have a substantial positive impact on many of the other economic base job theaters. (A study on the extent of the impact is pending.)
- State and local tax revenue from expansion of the Visitor Theater is easily measured.
- While wage rates of many employers in the Visitor Theater may be lower others, the job match the education and skill level of the largest cohorts of unemployed in many parts of the state. .
- Job creation requires annual increases in visitors or higher wages to sustain economic growth

## 2. Players/Procuring Agents

*What organizations and institutions are formally missioned, funded and staffed to create economic base jobs in this theater?*

| Program Categories   | Players  |  |
|----------------------|--|--|
| Transit Services     | - Visitor Centers/Rest Stops<br>- Restaurants<br>- Hotel Associations  | - Culture<br>- Casinos<br>- State Parks  |
| Short term Personal  | - Hotel Associations<br>- Lodgers Tax boards<br>- Special event boards<br>- Churches/ wedding locations<br>- Sport Venues<br>- State Attractions<br>- Culture<br>- Tour Operators<br>- Tribes<br>- Private Museums | - Casinos<br>- Airports<br>- Tourism Associations<br>- Food/wine<br>- Main Street<br>- Chambers<br>- Conv. & visitor bureau<br>- B&Bs<br>- CUB's/DMO<br>- Nat'l Parks/ Monuments |
| Extended Personal    | - Culture<br>- Tour operators<br>- Casinos<br>- Food/wine  | - Tourism Associations<br>- State parks<br>- Realtors Association<br>- B&Bs  |
| Short -Term Business | - Hotel Associations<br>- Convention Hotels<br>- Lodgers tax boards<br>- Conference Centers  | - Special event boards<br>- Airports<br>- Chambers   |
| Extended Business    | - Airports<br>- Chambers<br>- Lodgers tax boards   | - EDOs<br>- Hotel Associations<br>- Realtors Association   |
| Halo Impact          | - Culture<br>- Tourism Associations  | - Chambers<br>- Realtors Association   |

## 3. Economic/Industry Sectors

*Which economic base sectors are the primary focus of this theater?*

*Which are the primary economic base sectors in this theater?*

- Entertainment/New Mexico Attractions
- Venues
- Food
- Accommodations

- Retail
- Transportation
- Soloworkers (artisan, performance)
- Recreation

## 4. Jobs

*How many new (gross) economic base jobs are estimated to be created in each sector?*

The Jobs Council deliberations around the state over the last two years have estimated that 21,082 Jobs could be created over a ten-year period with reasonable support from public and private stakeholders. According to the metrics calculation, it would require an additional 838,415 visits per year to meet this goal.

## 5. Program Reliant

*How many of the jobs in these sectors are to be directly caused or procured by the organizations specifically missioned, funded and staffed to generate economic base transactions in this theater?*

*How many are expected to be generated by program efforts?*

It is estimated that 50% or 10,541 economic base jobs will require critical assistance from programs in this theater. The remaining 50% are estimated to be created organically, without direct program assistance. These estimates are more difficult to validate since it is difficult to attribute an increase in visits directly to a single marketing campaign or other effort. Positive correlation between ad campaigns and increased visits has been confirmed but causation and subsequent reliance on programs is still only assumed.

# FACTORS OF PRODUCTION

*What factor of production gaps must be cured if the economic base jobs in this theater are to be created?*

## 6. Creating Tourism Jobs (Sales and Marketing)

*Is the marketing, sales and completion apparatus in place and at scale to generate the necessary interest, manage the pipeline of prospects, and complete transactions?*

The goal is to turn leads into suspects, suspects into prospects, and prospects into transactions.

- A lead is someone who is exposed to programmatic outreach, such as an ad campaign or website.
- A suspect asks for information or visits a website related to visiting the state (price research, attraction comparison, etc).
- A prospect is someone who makes a reservation in New Mexico.
- A transaction is when someone visits the state.

We need to know how state tourism funding has changed in recent years. Also, we need to know what the budget need is to reach the scale we have defined. Do we have enough agents at each level (state, region, county, city) to scale the goal of 20,000 new jobs in the next ten years? These questions must be asked for each of the 5 categories, as each has a different answer.

### Gaps:

1. Local data is limited; most information is aggregated on a state level.
2. New Mexico's repeat visitation rate is lower than other states.
3. We have no incubators focused on tourism in the state.
4. There is little knowledge of New Mexico outside the state.
5. Visitation is still below pre-recession levels.

### Transit Services:

1. Locals don't represent New Mexico as a quality state as much as they could. Many service people actually represent the state negatively to customers. As the only exposure to the state for many travelers, the local hospitality must be contributory to the state brand.
2. Inadequate broadband in the state doesn't support easy access to online roadside information.
3. There is a shortage of signs promoting the state along major highways.

### Personal Short-Term:

1. State advertising is overly broad and not targeted to specific groups. There is a shortage of specific attraction marketing.
2. CVB marketing and recruitment don't match state targets.

### Personal Extended-Stay:

1. Marketing efforts are too general. Much like personal short-term visits, there needs to be more marketing of specific attractions/locations.
2. There is no branding other than NewMexicoTrue. This brand is strong but local attractions have their own brand to promote.

### Business Short-Term:

1. State convention recruiting of trade associations try to compete with large conventions in other states. Our competitive advantage is not in large conventions but niche markets, such as arts and culture.
2. Promotions don't leverage activities unique to the state. We need to highlight the places that set New Mexico apart.

### Business Extended-Stay:

1. Promotion of local attractions is insufficient. This fact is redundant between most all sub theaters.
2. Local communities aren't reaching out to these travelers. There is opportunity for a higher percentage of repeat visits if the local communities create a welcoming and accommodating environment.

### Solutions:

1. Collect data locally and tie to individual attractions. Each community will have a different profile and have different needs. This data would ensure that each community is addressed uniquely to the types of visitors they get and what their needs are.
2. Increase visitation by holding more events. Events create exposure that can lead to repeat visitors.
3. Create new events during times with no events to maximize capacity of the conference centers and keep hotels full.
4. Create training programs for those who would launch tourism-related initiatives and events. Training is key to putting the best foot forward as a state through exceptional hospitality and joint promotion of local attractions.
5. Fund the Tourism Department to support and publicize more events.
6. Instead of marketing the entire state, market familiar places; once they're here, market other places in the state.
7. Require a private match to receive state marketing funding. Tourism efforts that benefit the private sector should be funded in part from private sources. Without their commitment, job creation in every industry will be jeopardized.
8. Use "New Mexico True" in other theaters. The retirement and solo theaters in particular have an aspect of attraction for permanent residency. Universalizing this brand would be mutually beneficial.

### Transit Services:

1. Set up recharge stations in key locations along the highway.
2. Get NEW MEXICO True values taught in schools to create state ambassadors in the next generation.
3. Improve the digital presence of state services and attractions through app design or online ad placement.



4. Forge a partnership with the Department of Transportation to market more effectively through signs.
5. Offer tax credits to truckers if they have signs promoting the state.
6. Set up a “Got Chile” campaign with roadway promotion of the best chile providers.

#### Personal Short-Term:

1. Identify and target specific groups for state marketing.
2. Ensure that CVB marketing and recruitment efforts match targeted sectors.

#### Personal Extended-Stay:

1. Begin a marketing campaign targeting the social, military, educational, religious and fraternal (SMERF) group or other specific target groups.
2. Make allowances for regional branding outside of NewMexicoTrue

#### Business Short-Term:

1. When recruiting or promoting conventions, focus on activities people already do when visiting.
2. Promote activities unique to the state.

#### Business Extended-Stay:

1. Have local communities provide a letter of welcome and appreciation along with a guide to local services and attractions.
2. Have local hospitality industry employees offer information on regional events and attractions.

## 7. Real Estate, Infrastructure, Capital

*Does the region have the land, buildings, infrastructure, utility capacity and capital resources to fulfill the transactions envisioned for the theater over the next ten years?*

#### Gaps:

1. A limited number of nonstop flights make New Mexico a less attractive destination.
2. Interstate highways move traffic toward some attractions, but others lack good highway access. Not enough interstates go through major attractions.
3. Railrunner doesn't go to the airport or shopping centers. Because public transportation is lacking, air travelers must rent a car. Ease of access is a major factor in area appeal.
4. Limited broadband access is an issue across multiple theaters.
5. Key attractions have limited cellular access; visitors won't stay long without cell coverage.
6. New Mexico has too few high-end resorts. Arizona has demonstrated that five-star resorts can draw visitors despite a harsh climate.
7. State offers too few services and opportunities for experiences.

### Transit Services:

1. Inadequate investment in visitor centers, rest areas and other service stops. These offer the first impression for many visitors and need to be improved and maintained aesthetically.

### Personal Short-Term:

1. The lack of signage is also a factor in attracting this group.
2. Broadband service is a key factor in accommodating leisure visitors.
3. Cell service and 4G coverage is spotty, especially in remote areas.
4. This traveler needs transportation from the airports to public transport or to lodging.
5. Lack of high-end resorts in the state.
6. Need for improvement of our roads and bridges.
7. Hotel rooms are plentiful but the quality is poor.
8. Shortage of dude ranches; this niche is unfilled in the state.

### Personal Extended Stay:

1. Air, rail, and public transportation are insufficient.
2. Too few medical services near extended stay destinations.
3. Broadband service is inadequate.
4. Services such as groceries and gas stations are thin.

### Business Short-Term:

1. Too few direct flights to or from the state.
2. Insufficient provision of side activities and experiences.
3. Quality of hotels is poor.

### Business Extended-Stay:

1. Insufficient accommodations for long-term visitors, such as oil field workers.
2. Too few 24/7 services for this group.

### Solutions:

1. Improve airline connections and increase the number of flights.
2. Improve highways to tourist destinations.
3. Define and fill any local shortages in cell service or broadband.
4. Keep improving the Railrunner. Use Uber and Lyft to add connections.
5. Create a Native American Visitor Center on I-25 with information about visiting the northern pueblos. (This action would stimulate Solowork in the arts)
6. Start a civic incubator for developing new businesses to capture tourism.

### Transit Services:

1. Secure match funds for investment in visitor centers, rest areas, service stops.

### Personal Short-Term:

1. Improve existing hotel rooms.
2. Support more training for hospitality service people beyond the scope of their jobs.
3. Increase 4G coverage and broadband.

### Personal Extended-Stay:

1. Encourage the opening of more dude ranches.
2. Use public-private co-ops to build up attractions.
3. Improve medical services by offering to pay off student debt for doctors who will relocate to rural areas.
4. Invest in statewide broadband.
5. Support creative solutions by communities for repurposing real estate.

### Business Short-Term:

1. Extend rail service to Albuquerque Sunport.
2. Support UBER and Lyft.

### Business Extended-Stay

1. Facilitate construction of more reasonably priced hotels, rentals and other housing in impacted areas, such as oil fields.
2. Encourage restaurants, service stations and other facilities to extend hours to serve visitors who often work shift and weekend hours.

## 8. Workforce, Housing and Community Quality

*Does the region have the qualified workforce, workforce housing and community quality necessary to grow, attract and retain the workers needed over the next ten years?*

### Gaps:

1. The state lacks sufficient activities and amenities to attract workers.
2. Hospitality employees should be trained to advise visitors about attractions, activities and giving directions.

### Transit Services:

1. Insufficient accommodations for long-term visitors, such as oil field workers.

### Personal Short-Term:

1. Poor service quality leaves a negative impression about the state.

### Personal Extended Stay:

1. There is a need for higher paid, better trained service employees.

#### Business Short-Term:

*No gaps identified.*

#### Business Extended Stay:

*No gaps identified.*

#### Solutions:

1. Disseminate information about other communities.
2. Establish a collaborative program between tourism and hospitality to train service people in marketing nearby attractions.

#### Personal Short-Term:

1. Work through JTIP to improve hospitality training.

#### Personal Extended Stay:

1. Lengthen the training process for service providers and improve the level of quality expected in order to make service employees more valuable
2. More focused community college programs and high schools for skills related to hospitality

#### Business Short-Term:

1. No gaps identified.

#### Business Extended Stay:

1. No gaps identified.

## 9. Leadership, Organization, Business Climate

*Does the region have the leadership, organizational assets, planning and the business climate needed to compete for the theater's targets?*

#### Gaps:

1. There is a lack of leadership in product improvement. The state is being undersold and is not actively working on improving or adding attractions.
2. Lack of liquor licenses is an impediment to tourism, especially in smaller counties where a single license can provide a center of community.
3. Short-term rentals, such as Airbnb and VRBO (Vacation Rentals By Owner), don't pay lodgers' taxes.
4. Data on the impact of tourism marketing on visitation is difficult to acquire due to data firewalls at the Department of Labor.

### Transit Services:

1. No gaps identified.

### Personal Short-Term:

1. Insurance is being misclassified for tour groups.
2. Downtown Albuquerque is not walkable enough.

### Personal Extended-Stay:

1. Tax structure is confusing.
2. We lack a can-do attitude.

### Business Short-Term:

*No gaps identified.*

### Business Extended Stay:

*No gaps identified.*

### Solutions:

1. Modify liquor license laws to improve tourism and not just to increase access.
2. Discourage sale of liquor licenses from small towns to large towns.
3. Allow liquor license stock splits, in which existing liquor licenses would be split, allowing an owner to keep one and sell one. This would double the number of licenses without reducing the equity of existing licenses.
4. Governor should assume the role as lead marketer for state tourism.
5. Tax Airbnb and VRBO.
6. Address the obstacles preventing collection of relevant data with the DOL or find a way to acquire data by other means.

### Personal Short-Term:

1. Change the insurance classification of tour operators.
2. Improve walkability in downtown areas.
3. Provide or seek subsidies for more direct flights.

### Personal Extended Stay:

1. Provide more support for industry related associations.
2. Support clarity and correction in the tax structure.
3. Bring people into the tourism program who can help with private and public communications.

### Business Short-Term:

1. New Mexico members of national boards should promote the state to their organizations for retreats.
2. Local civic and business leaders should promote the state regionally and nationally.



## 10. Action Taken

- Support Tourism Advertising budget at \$4.7M
- Support Scenic Byways legislation at \$500K



## Advance Team:

Richard Holcomb, President, Cave Dweller Digital  
Ed Pulsifer, Director of Sales, La Fonda Hotel  
Simon Brackley, President and CEO, Santa Fe Chamber of Commerce  
Chris Stagg, Vice President, Taos Ski Valley  
John Garcia, Vice President, Central New Mexico Home Builders Association  
Kim Skinner, Mayor Pro Tem, City of Elephant Butte  
Jen Schroer, President and CEO, New Mexico Hospitality Association  
Jason Espinosa, President, Association of Commerce and Industry  
Randy Randall, Executive Director, Tourism Santa Fe  
Elise Rogers, VP of Development, Albuquerque Convention and Visitors Bureau

## Council Members Present:

Sen. Mary Kay Papen  
Rep. Don L. Tripp  
Sen. Stuart Ingle  
Rep. W. Ken Martinez  
Sen. George K. Muñoz  
Sen. Pat Woods  
Rep. Alonzo Baldonado  
Sen. Carlos R. Cisneros  
Rep. Kelly K. Fajardo  
Rep. Bealquin Bill Gomez  
Rep. Conrad James  
Rep. Bill McCamley  
Rep. Debbie A. Rodella  
Sen. William P. Soules  
Eric Witt, Executive Director, Motion Picture Association of New Mexico  
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