

**New Mexico**  
Tourism Advertising  
ROI Study

*July 2015*

# Research Objective



- Longwoods International was engaged by the New Mexico Tourism Department (NMTD) to conduct a program of research designed to measure the Return-on-Investment of the “New Mexico True” campaign in terms of:
  - *Incremental travel to New Mexico*
  - *Incremental visitor spending in New Mexico*
  - *Incremental state and local taxes*
  - *Impact of ad campaign and visitation on New Mexico’s Economic Development Image*

# Background



- ◉ This research covers the campaign period from September 2013 through April 2015.
- ◉ The advertising investment in the 5 target markets was \$2.5 million.
- ◉ Media employed included TV, Digital, and Out-of-Home.

# Research Method



- New Mexico advertised in the 5 key fly markets of Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix.
- The study was conducted among an enhanced sample in each of New Mexico's five advertising markets of adult travelers (18+) residing in those markets.
  - *A Traveler is defined as a person who has taken a day and/or overnight pleasure trip anywhere in the past 3 years and intends to take another in the next 2 years*
- The study was conducted via a major online consumer panel in May 2015.
  - *5,005 individuals responded to the research*
- Prior to analysis, the data was weighted on key demographic variables to ensure that the sample profile was representative of New Mexico's travel markets.

# Research Method (Cont'd)



- ◉ Questionnaire content included:
  - ◉ ***Travel to New Mexico***
    - ◉ *Respondents reported trips they took to New Mexico during and shortly after the advertising campaign.*
  - ◉ ***Impact of ad campaign and visitation on New Mexico's Economic Development Image***
  - ◉ ***Advertising Awareness***
    - ◉ *Actual creative from the "New Mexico True" campaign was exposed and respondents reported recall of each.*
    - ◉ *We use this forced exposure approach to ensure that we are measuring the State sponsored advertising only – not that of New Mexico attractions and accommodation facilities.*

# Research Method (Cont'd)



- **ROI calculation:**

- *The **Longwoods R.O.EYE™** method quantifies the relationship between awareness of campaign elements and trip taking.*
- *A baseline measure is generated to estimate the level of visitation that would have occurred in the absence of advertising activity.*
- *Using the principles and techniques of experimental design, we control for the effects of internal and external factors that could otherwise influence the result, such as economic conditions, weather, prior visitation, etc.*

# The Campaign

# Longwoods INTERNATIONAL



We need only to find the place outside that matches the spirit inside.

TRUE  FALSE



**NEW MEXICO True**  
Adventure That Feeds the Soul. [newmexico.org](http://newmexico.org)





# Main Findings

# Advertising Impacts



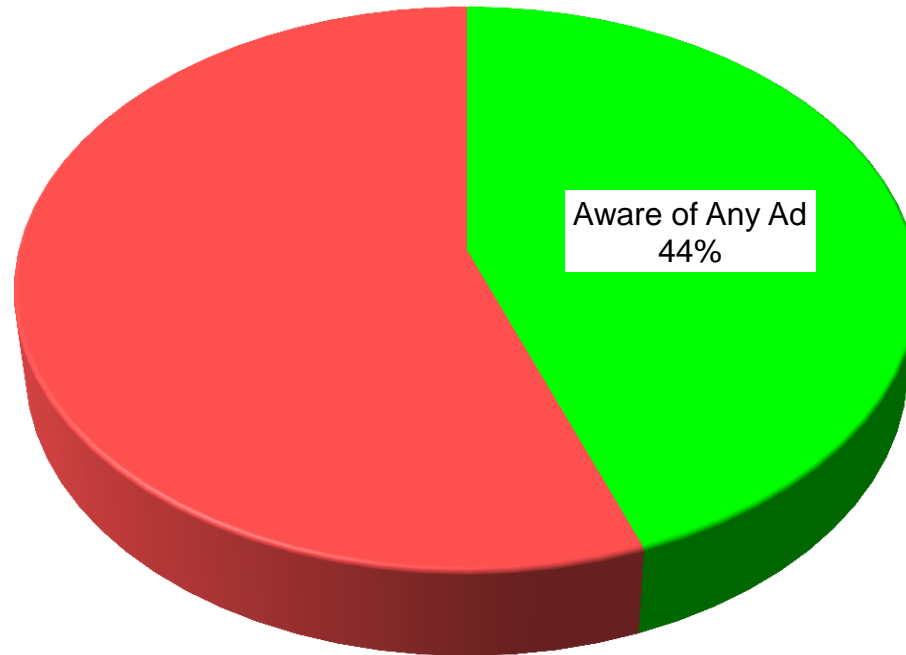
- ⦿ 44% of respondents in the 5 key markets of interest\* were aware of at least one of New Mexico Tourism's ads.
- ⦿ Among those who saw New Mexico ads in several types of media, ad recall was highest for internet ads (33% each). Among those who only saw ads in one medium, internet ads also had the highest recall (10%).
- ⦿ The campaign in those 5 markets generated 895,000 incremental trips that would not otherwise have taken place, which brought \$176.3 million in incremental visitor spending and \$18.1 million in state and local taxes.
- ⦿ 751,000 incremental trips were overnight trips and 144,000 were day trips.
- ⦿ Every \$1 invested in the New Mexico ad campaign in the 5 markets generated \$72 in visitor spending and \$7 in tax revenue for the benefit of New Mexico residents.

\*5 markets are Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix

# Awareness of New Mexico's Advertising



Base: 5 markets aggregated

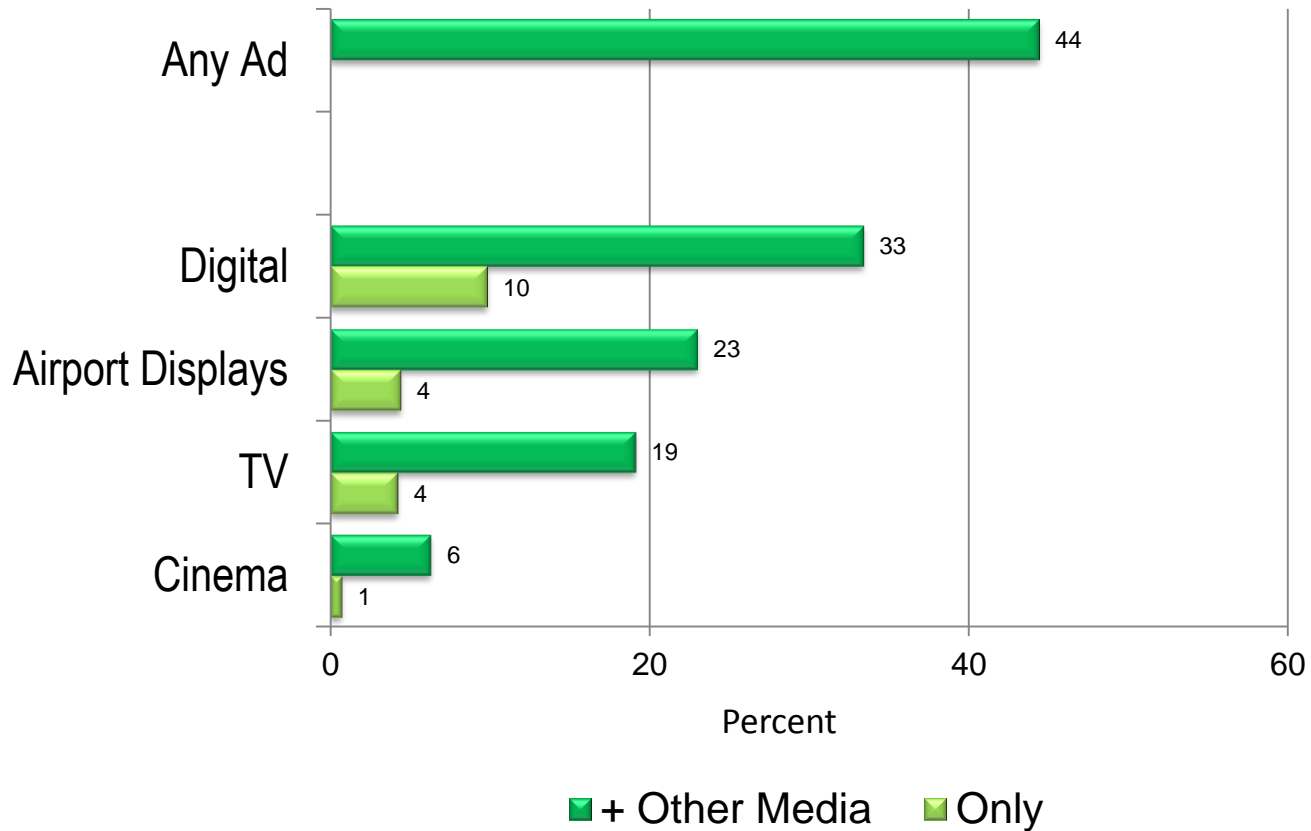


5 markets are Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix

# Awareness by Media

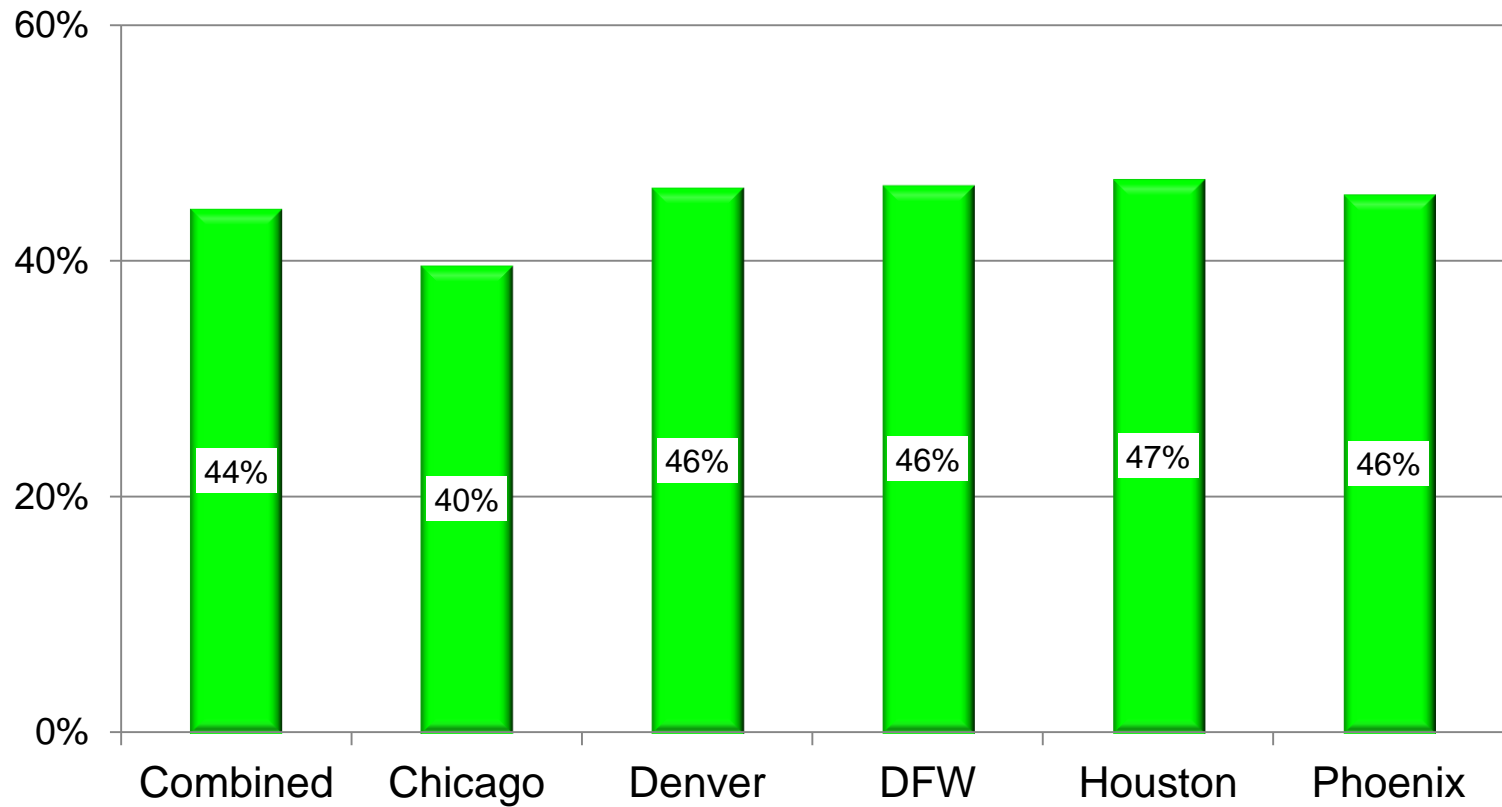


Base: 5 markets aggregated



5 markets are Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix

# Awareness of New Mexico's Advertising



# Incremental Trips, Spending and Taxes Due to Advertising



	CHI	DEN	PHX	DFW	HOU	Total 5 markets
Ad Investment	\$372K	\$333K	\$534K	\$686K	\$535K	\$2.5M
Incremental Trips	134K	190K	214K	200K	157K	895K
Incremental Visitor Spending	\$ 29.5M	\$ 32.1M	\$ 36.1M	\$ 44.1M	\$ 34.6M	\$176.3M
Incremental Taxes	\$ 3M	\$ 3.3M	\$ 3.7M	\$ 4.5M	\$ 3.5M	\$18.1M

- Ad Investment excludes Production/Other Costs
- Visitor spending based on Avg. Per-Person Expenditures = \$220.34 for overnight visitors; \$74.88 for day visitors
- Effective Direct Tax rates developed from 2012 NM economic impact report = 10.3%

# Incremental Trips due to Advertising



	<b>CHI</b>	<b>DEN</b>	<b>PHX</b>	<b>DFW</b>	<b>HOU</b>	<b>Total 5 markets</b>
Overnight Trips	134K	123K	138K	200K	157K	751K
Day Trips	-	67K	76K	-	-	144K
Total Trips	134K	190K	214K	200K	157K	895K

# Campaign Efficiency



	<b>CHI</b>	<b>DEN</b>	<b>PHX</b>	<b>DFW</b>	<b>HOU</b>	<b>Total 5 markets</b>
Ad \$'s per Trip	\$2.78	\$1.75	\$2.50	\$3.43	\$3.41	\$2.75
Trips per Ad \$	0.4	0.6	0.4	0.3	0.3	0.4



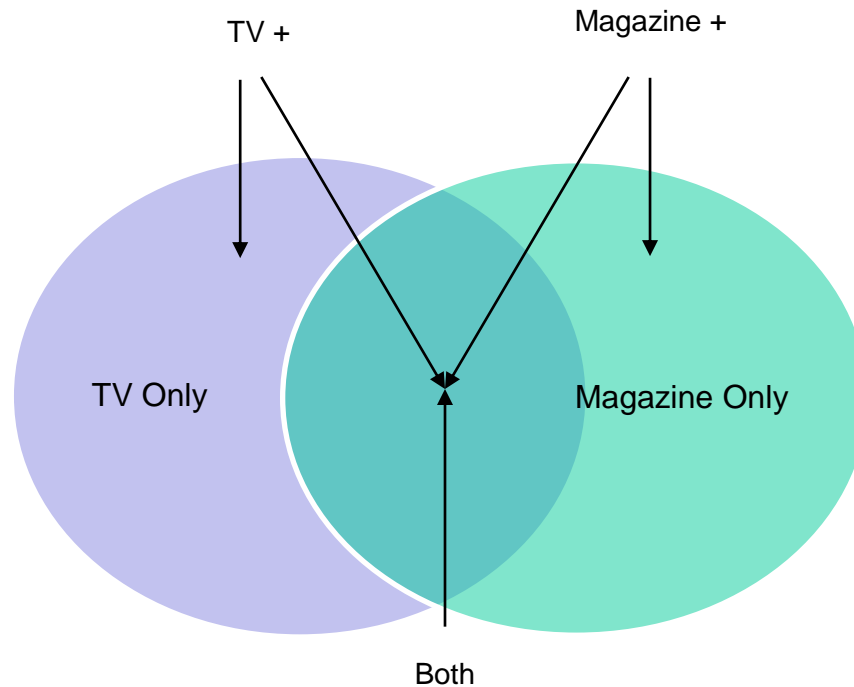
# The Bottom Line



	CHI	DEN	PHX	DFW	HOU	Total 5 markets
Spending ROI	\$79	\$96	\$68	\$64	\$65	\$72
Tax ROI	\$8	\$10	\$7	\$7	\$7	\$7

# Media Diagnostics

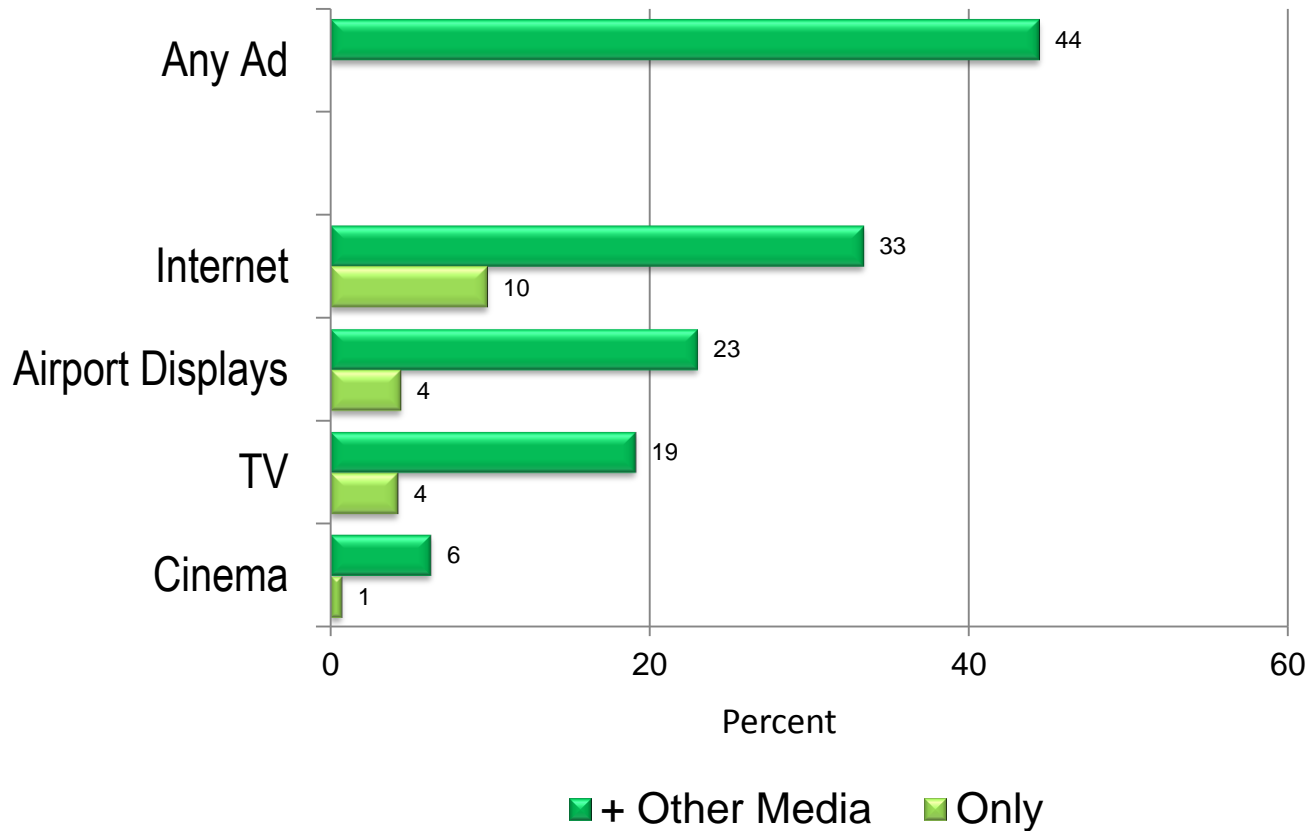
# Definition of Awareness



# Awareness by Media



Base: 5 markets aggregated

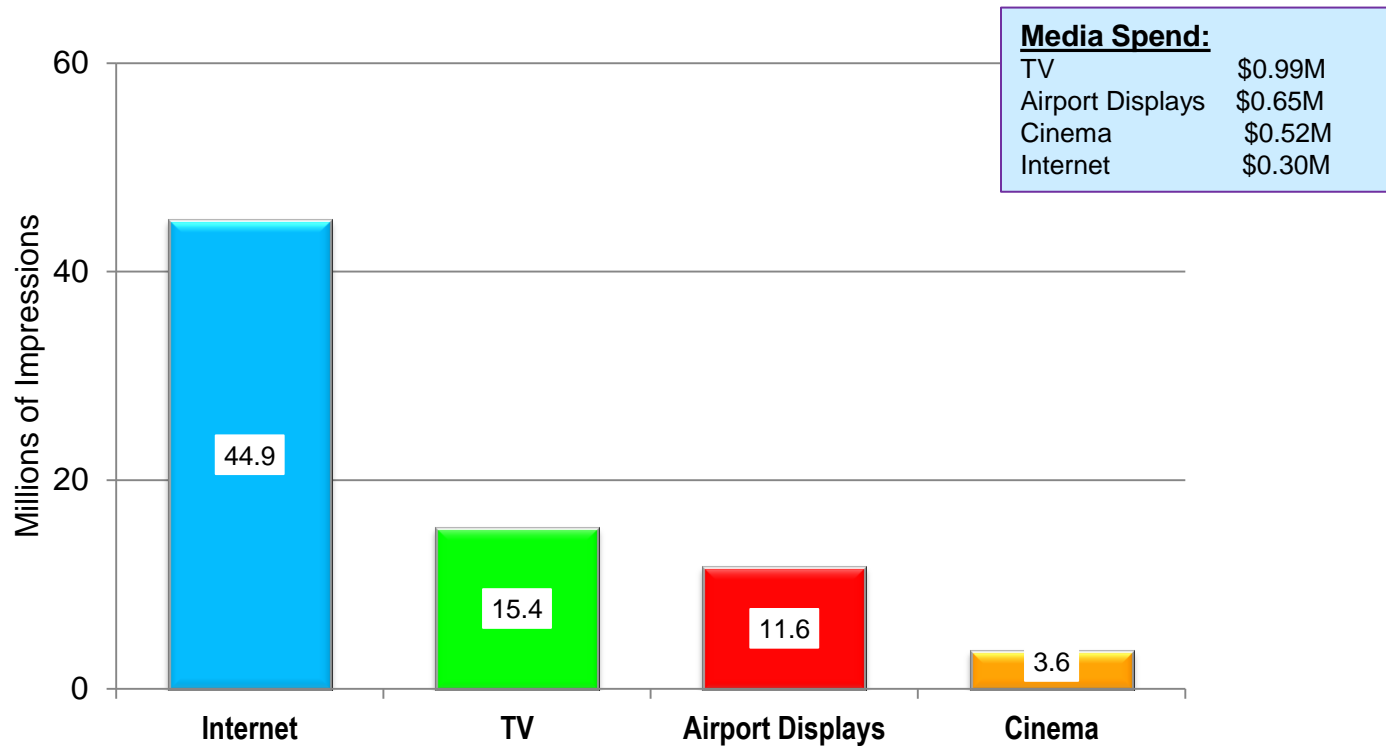


5 markets are Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix

# Total Impressions by Media



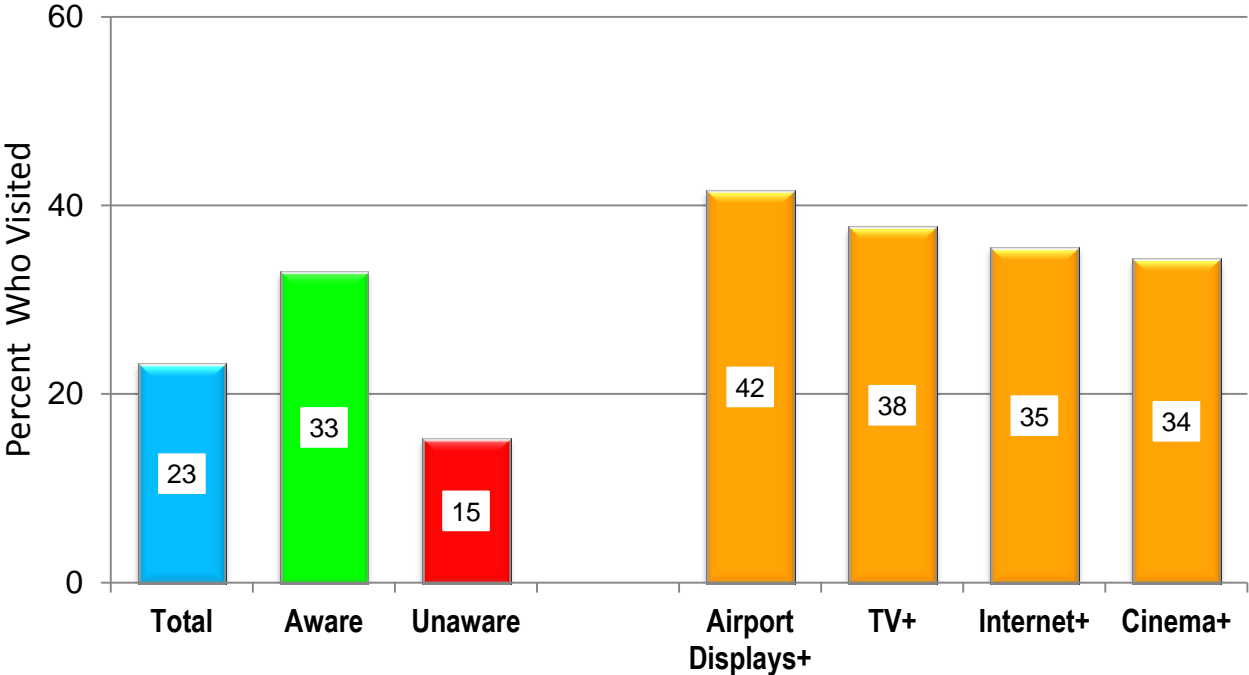
Base: 5 markets aggregated



# Impact on Visitation by Media

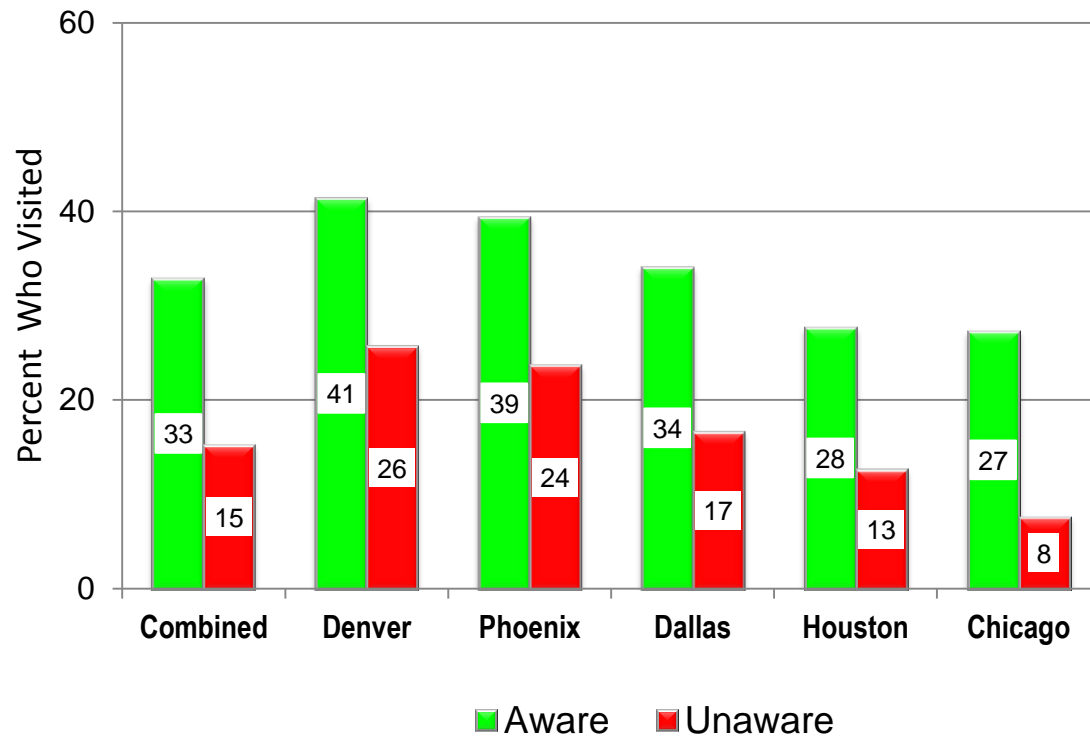


Base: 5 markets aggregated



5 markets are Chicago, Denver, Dallas/Ft. Worth, Houston, Phoenix

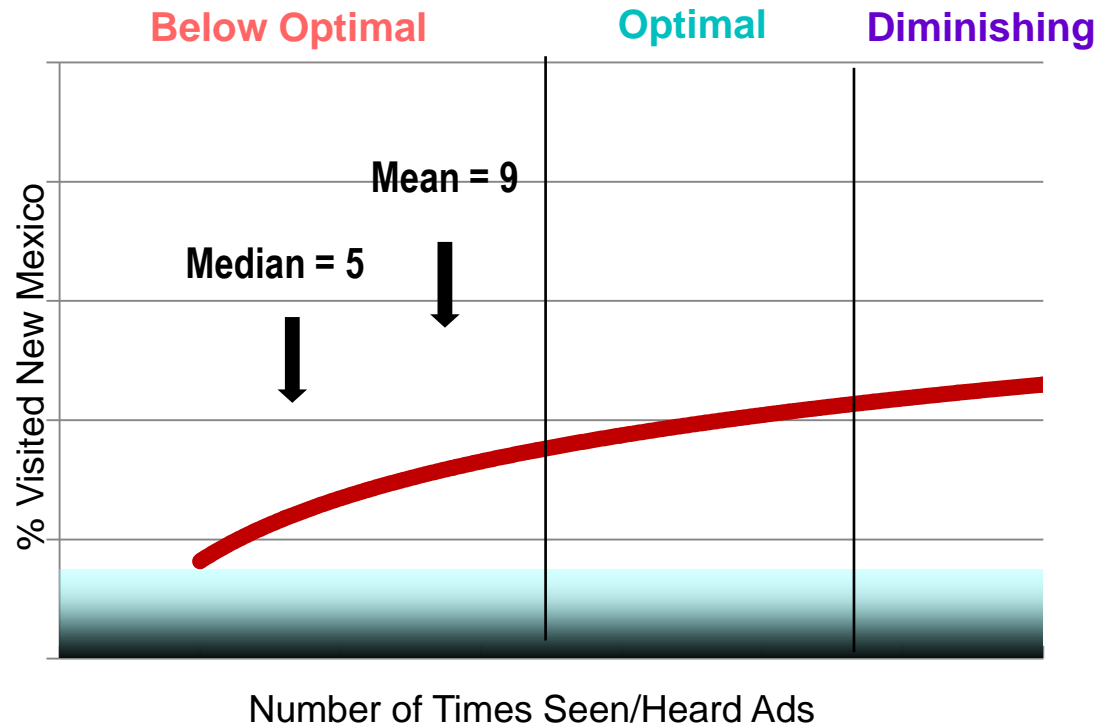
# Impact on Visitation by Market



# Impact of Ad Frequency on Visits to New Mexico



Base: 5 markets aggregated

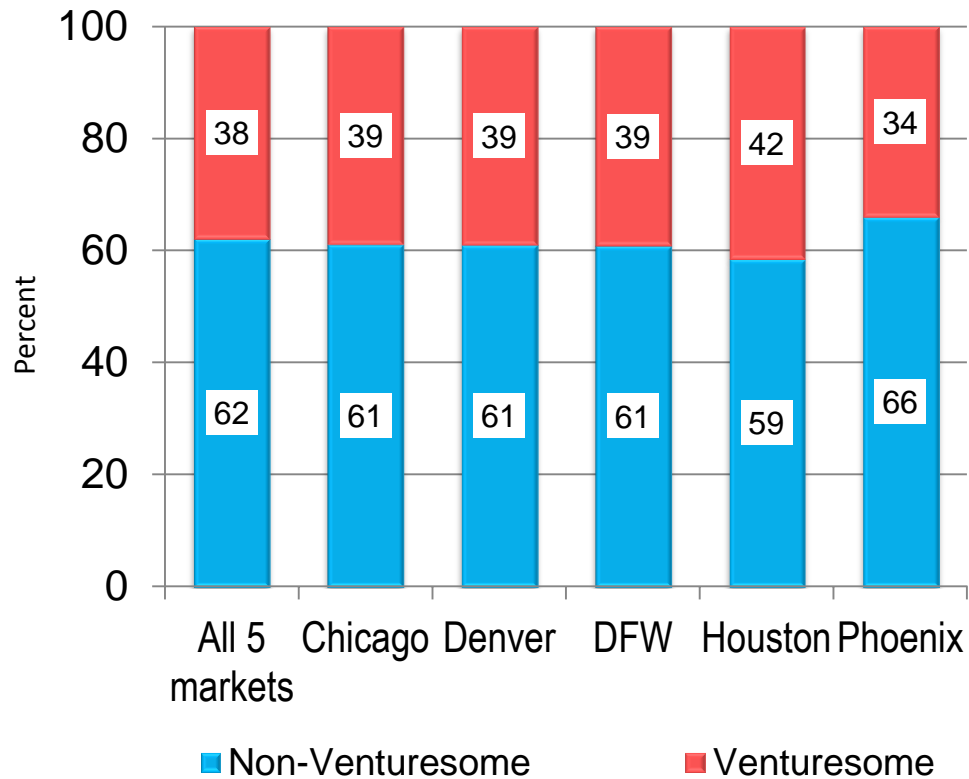




# Venturesome

**Definition:** The Venturesome Traveler was defined as those who strongly agreed (answered 7-10 on a 10 point scale where 1 = Do not agree and 10 = Strongly agree) with at least 3 of the following 4 statements: 1) My family and friends often ask my advice on travel matters (Opinion leader) 2) I love hunting out the newest travel experiences before anyone else catches on to them (Early adopter) 3) I frequently search the internet or magazines for information about travel destinations I'm interested in (High information seeking behavior) 4) I often go out of my way to find travel destinations that offer really genuine, authentic experiences (Seeks authentic travel experiences)

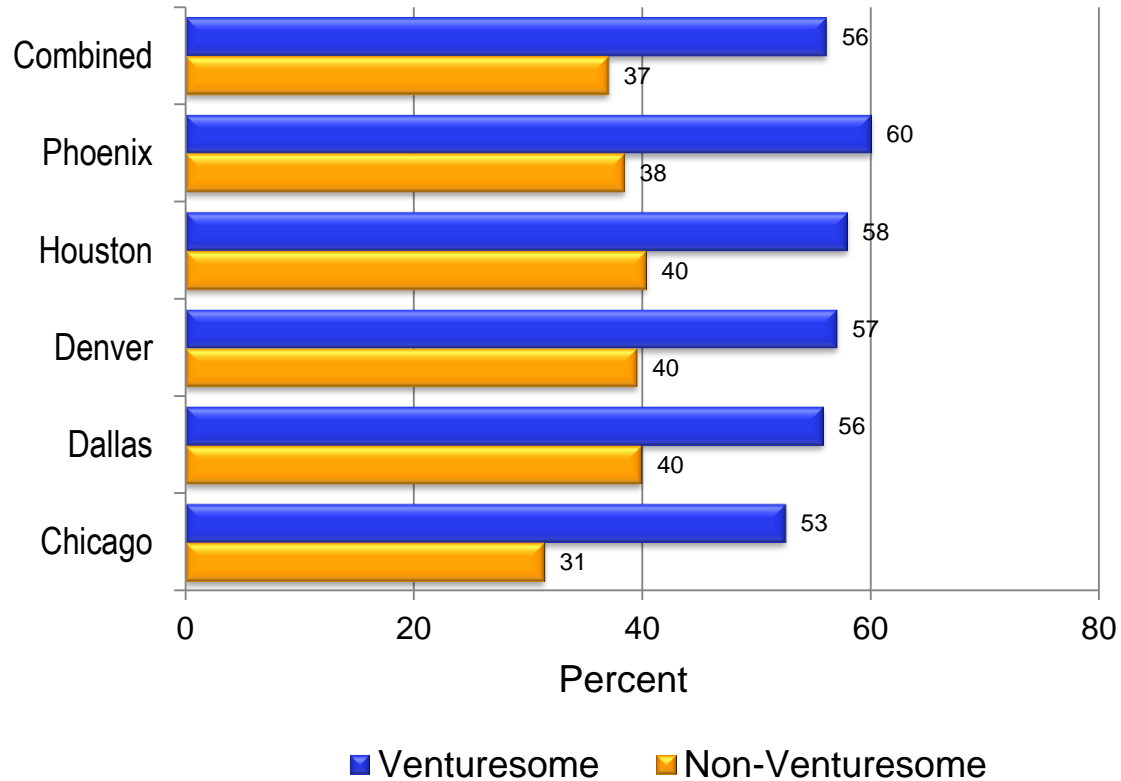
# Venturesome vs. Non-Venturesome by Market



# Awareness by Market - Venturesome



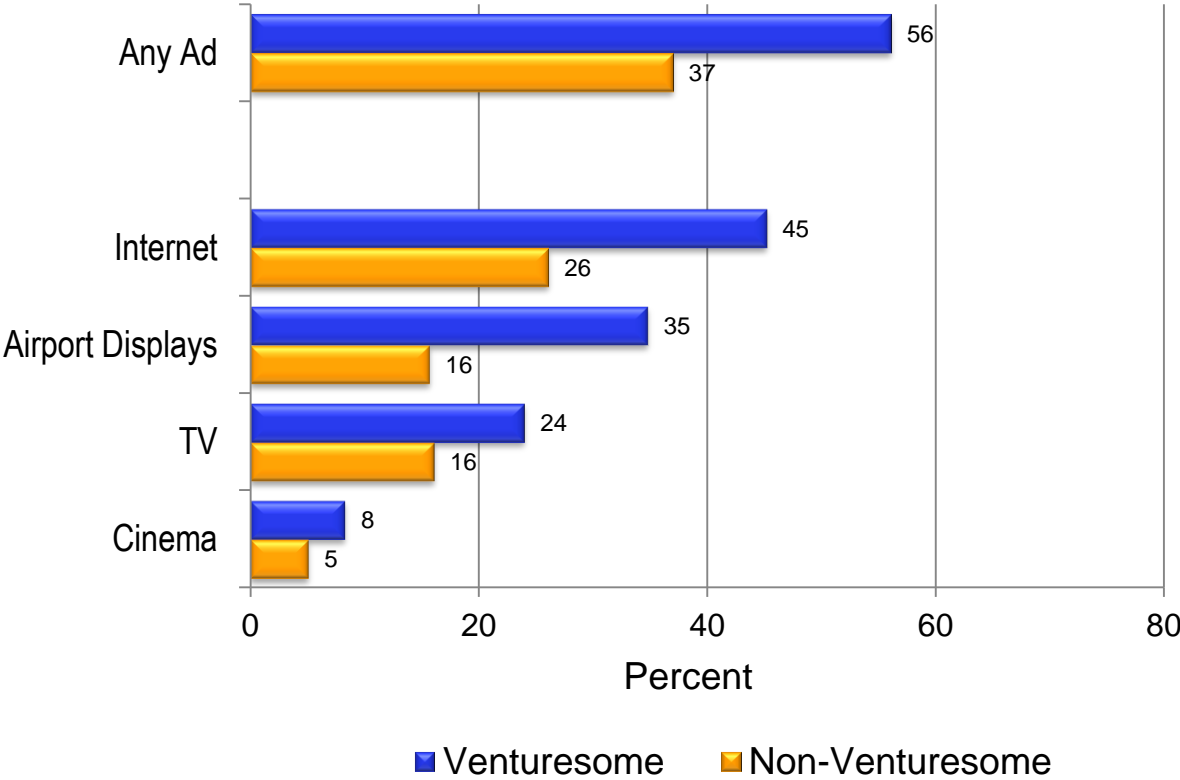
Base: 5 markets aggregated



# Awareness by Media Platform - Venturesome

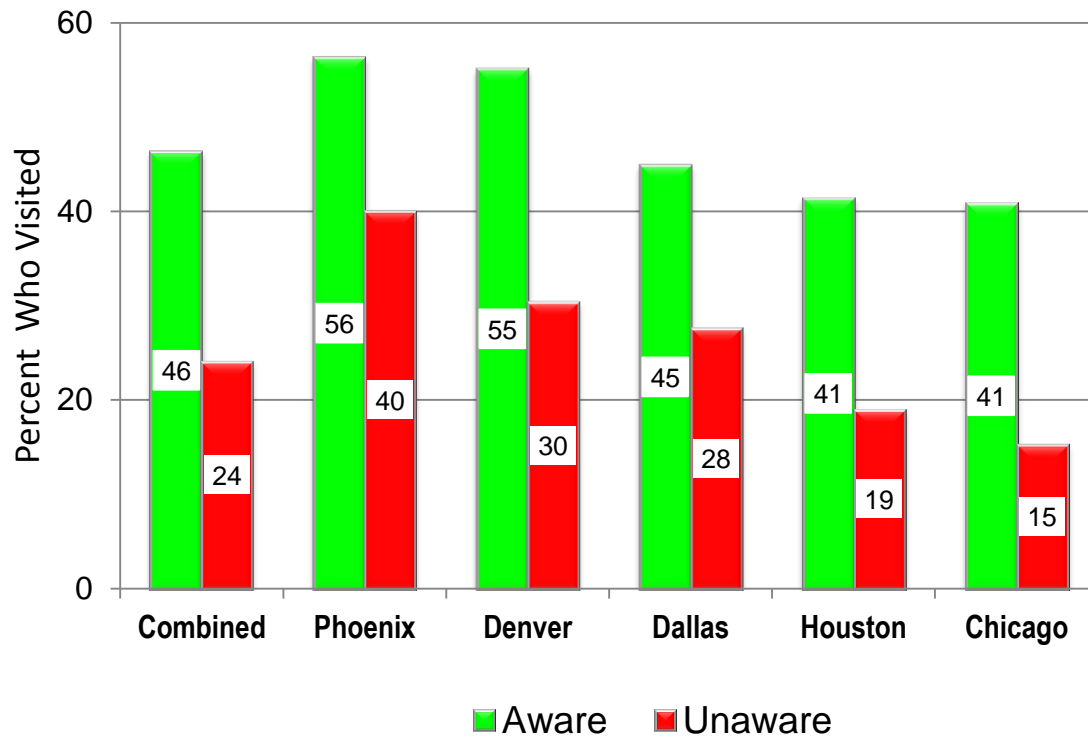


Base: 5 markets aggregated



\* Note: + Other Media

# Impact on Visitation by Market - Venturesome



# Economic Development

## **Methodology:**

Respondents were asked to provide their personal impression of each travel destination by using a rating scale from 1 to 10, where 1 = Do Not Agree and 10 = Strongly Agree for each of the following economic development attributes:

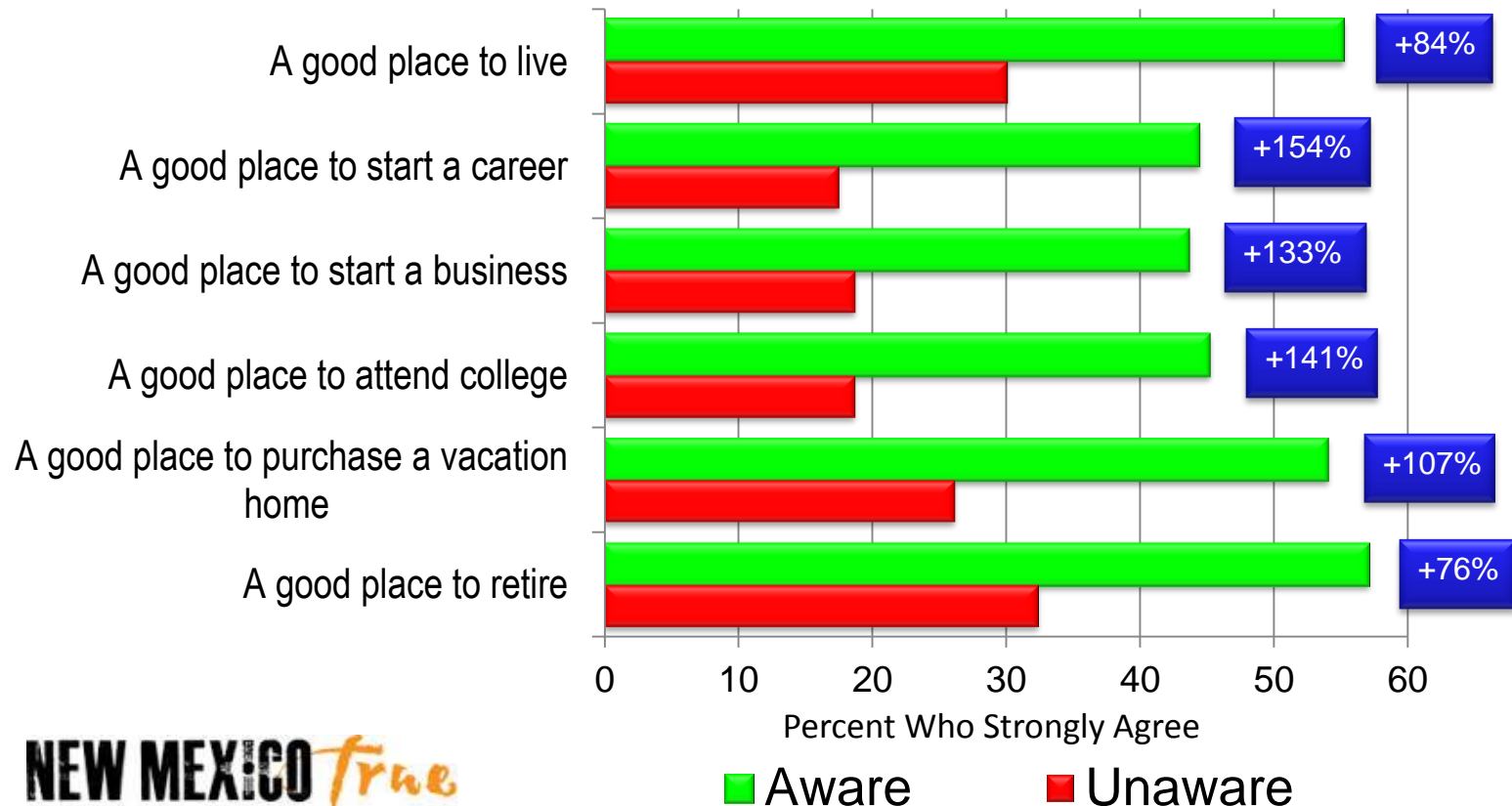
1) A good place to live 2) A good place to start a career 3) A good place to start a business 4) A good place to attend college 5) A good place to purchase a vacation home 6) A good place to retire

The research compared the ratings of those who strongly agreed (answered 7-10 on the 10 point scale) for those who had not seen the tourism ads or visited the destination in the past year and those who did see the tourism ads and/or visited in the past year.

# Impact of New Mexico 2014 Tourism Campaign on State's Economic Development Image



Base: Out-of-State Residents

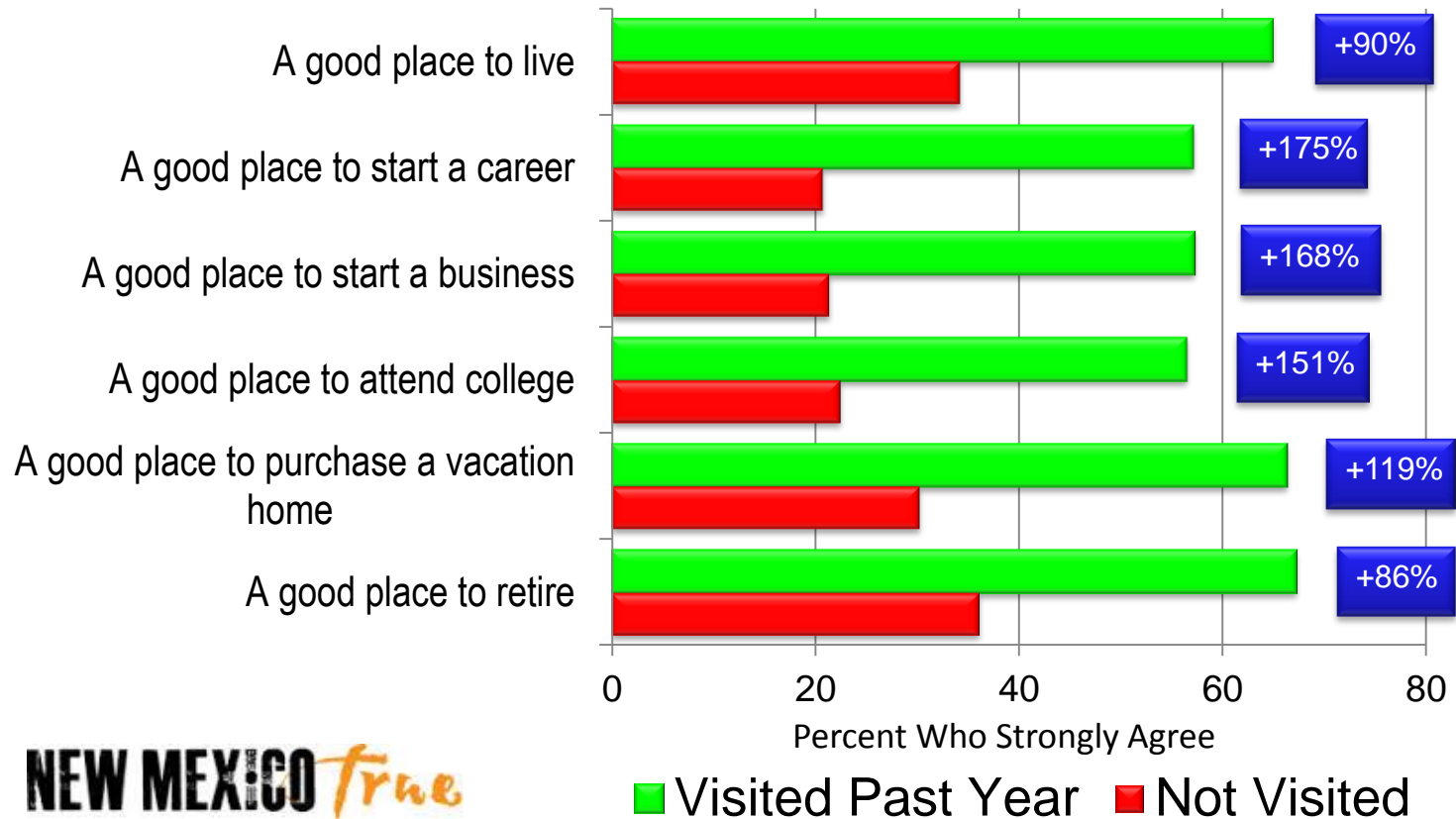


**NEW MEXICO** True

# Impact of *Visitation* on New Mexico Economic Development Image



Base: Out-of-State Residents



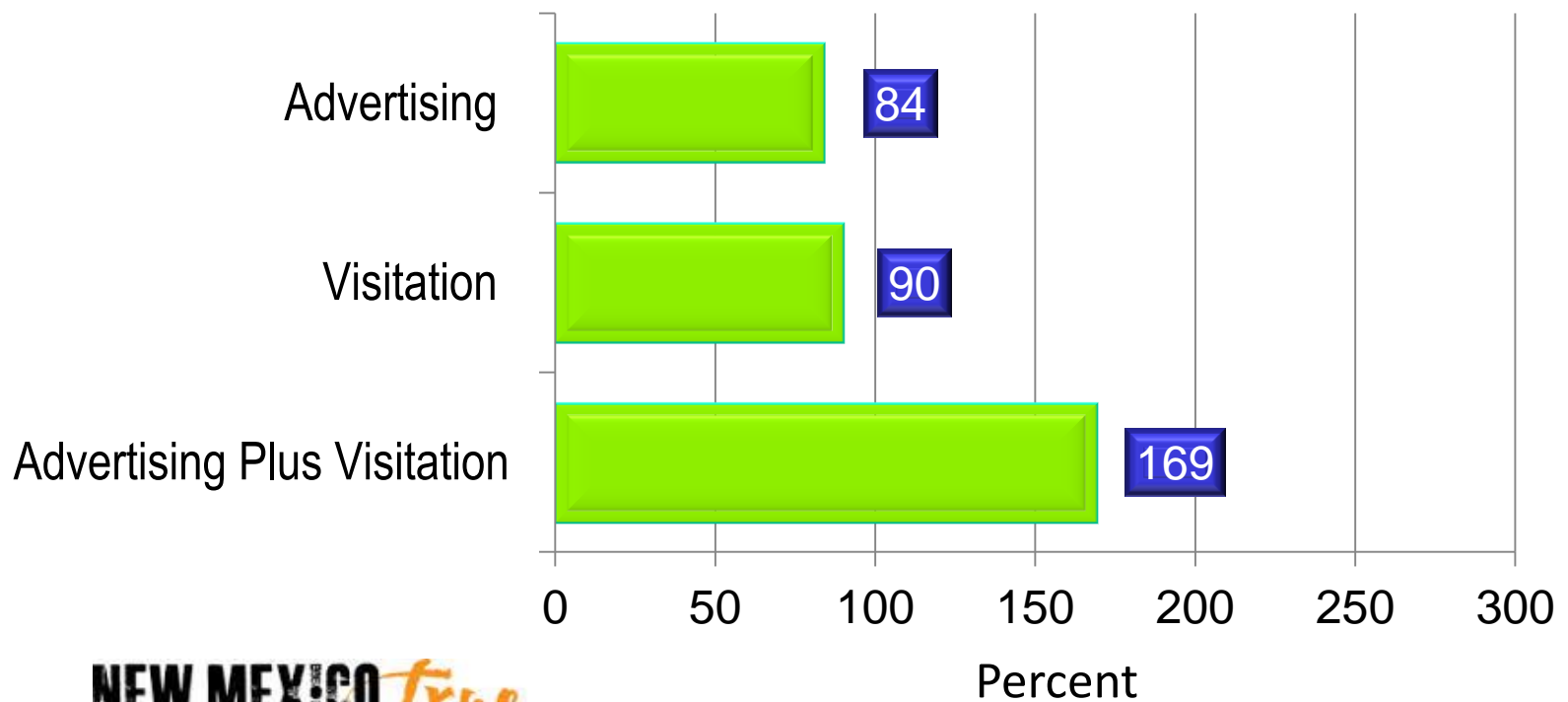
**NEW MEXICO** True



# “A Good Place to Live”



## % Image Lift

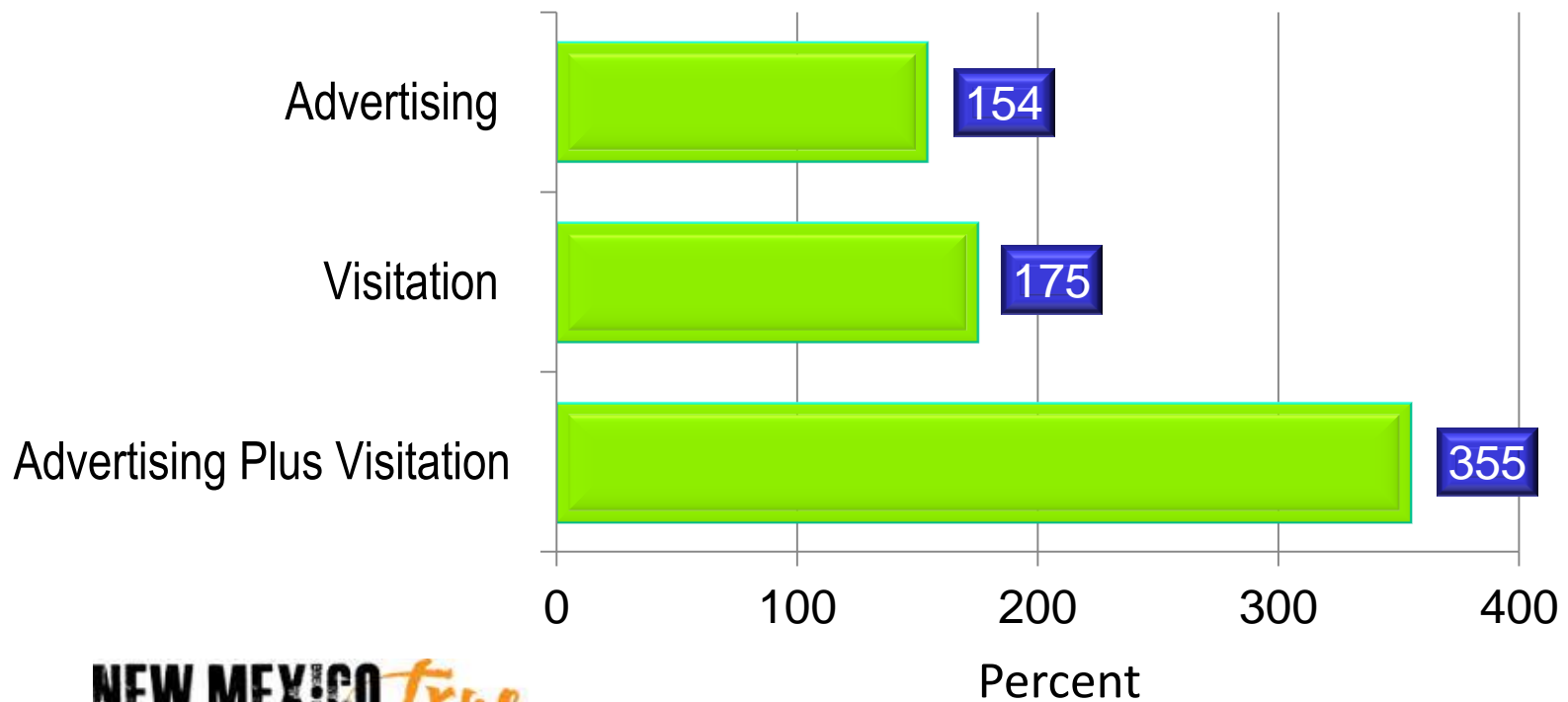


**NEW MEXICO** True

# “A Good Place to Start a Career”



## % Image Lift

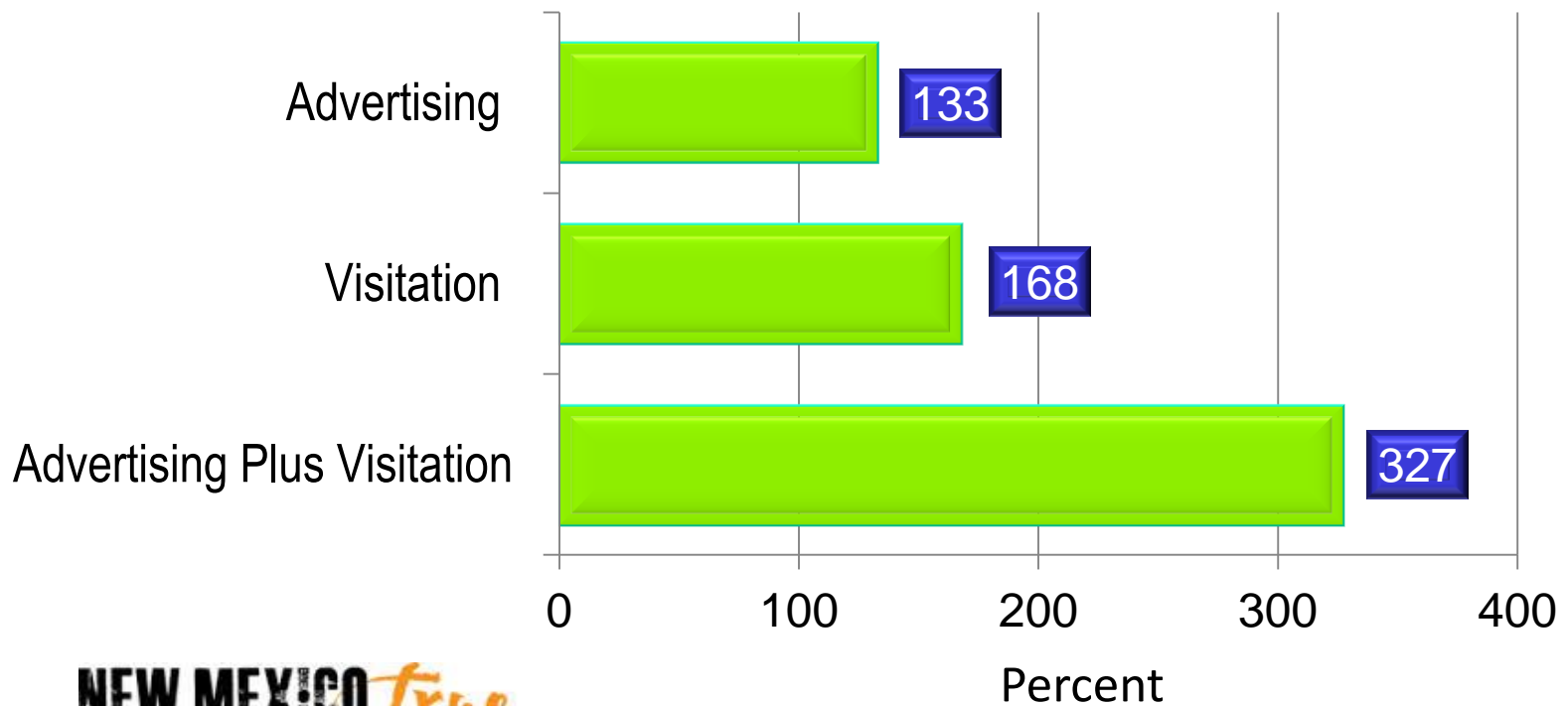


**NEW MEXICO** *True*

# “A Good Place to Start a Business”



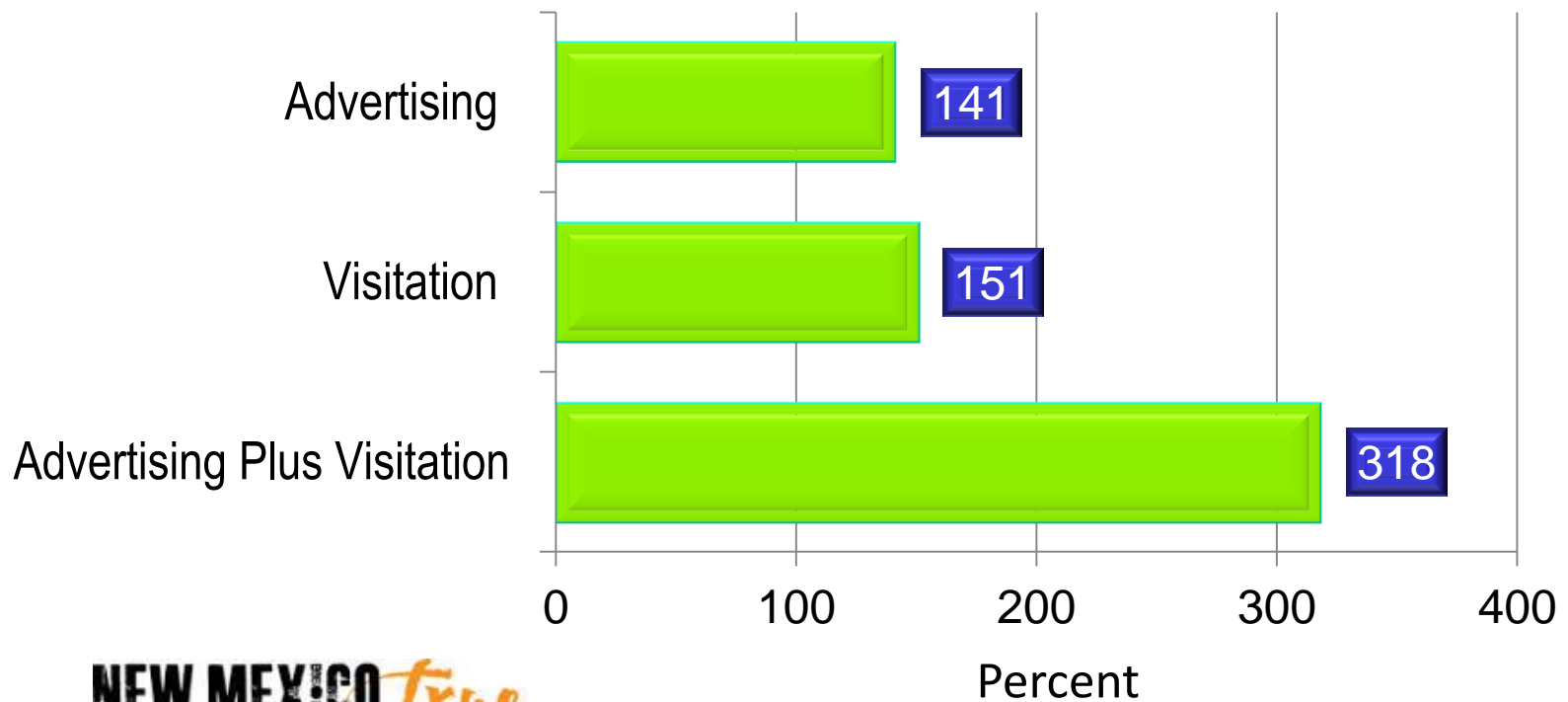
## % Image Lift



# “A Good Place to Attend College”



## % Image Lift

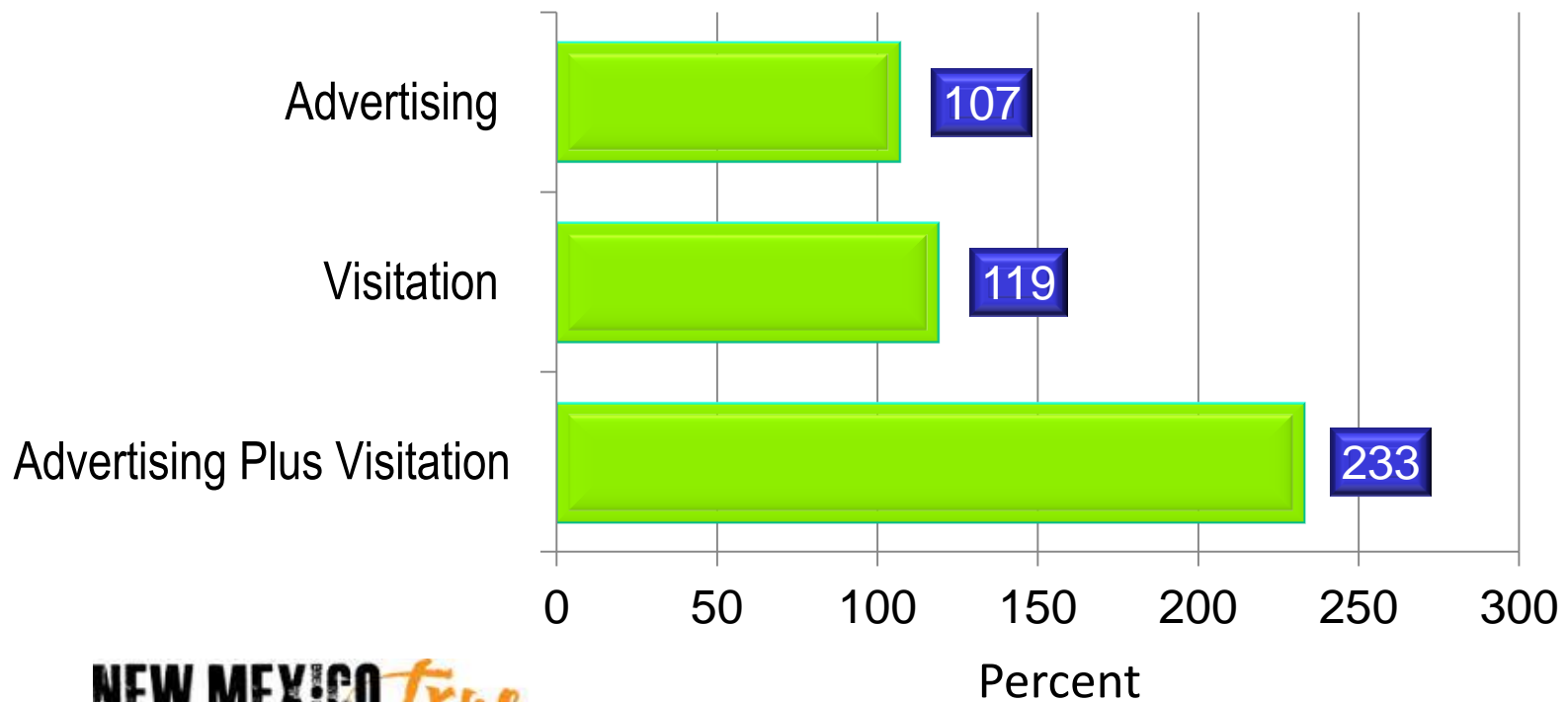


**NEW MEXICO** *True*

# “A Good Place to Purchase a Vacation Home”



## % Image Lift

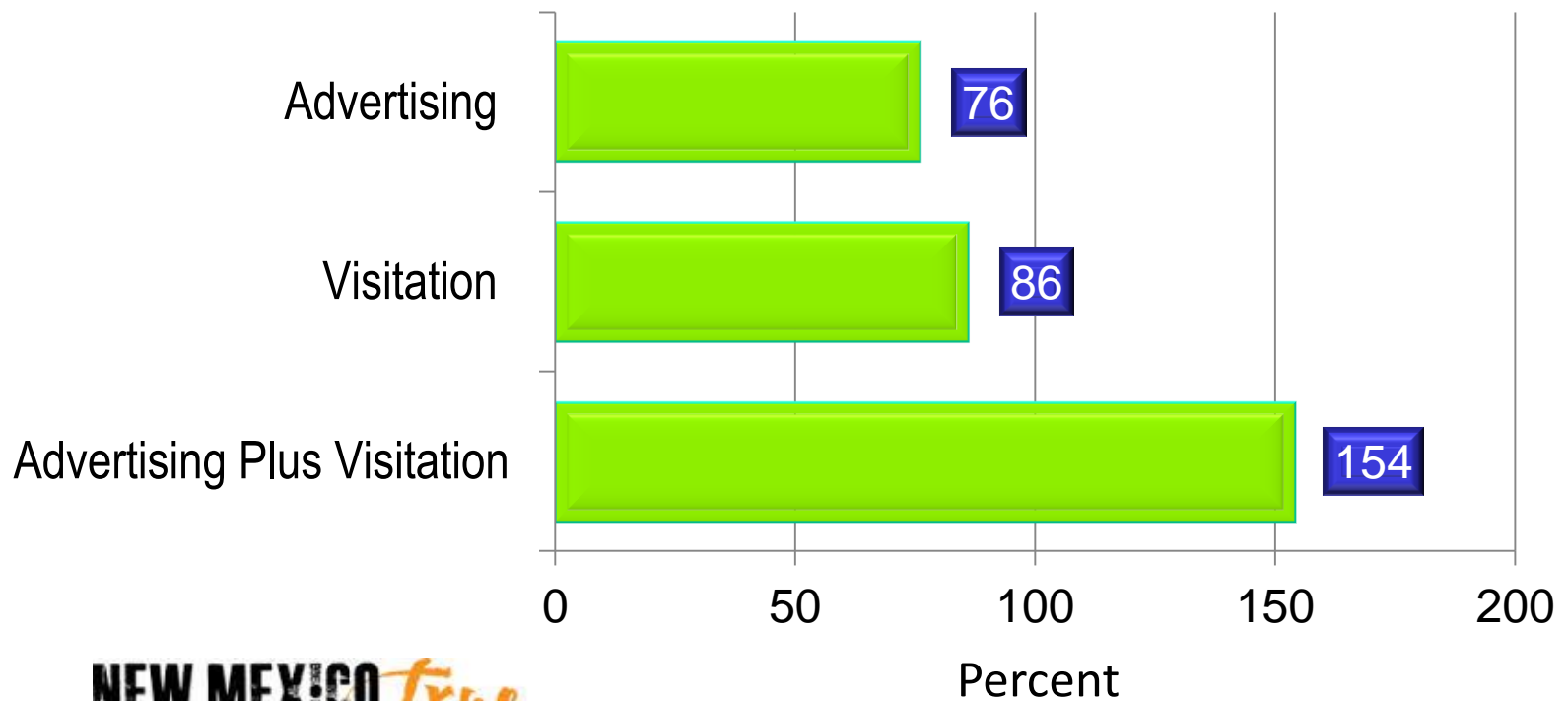


**NEW MEXICO** True

# “A Good Place to Retire”



## % Image Lift



**NEW MEXICO** True