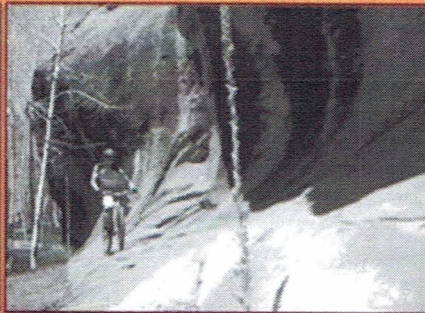


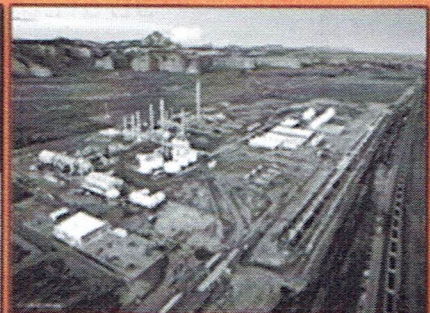
Economic Roundtable



DOWNTOWN



TOURISM



ENERGY

El Morro Theater – Second Street Annex | July 12, 2016

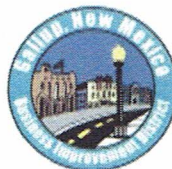
TOURISM

An event of the



Greater Gallup Economic Development Corporation

in partnership with



TOURISM

Strategic Challenges & Opportunities in Tourism for the Greater Gallup Region

prepared by

Gallup Chamber of Commerce

Bill Lee, CEO/President

and

City of Gallup

Catherine Sebold, Tourism Manager

with assistance by

The Roundtable Planning Team

July 11, 2016

PERSPECTIVE

“TOURISM AND OUR MISSING LINK”

Communities throughout New Mexico would sell their souls to have the locational advantages and unique tourism assets that Gallup finds itself blessed with. While we have our liabilities -- which we must all work to improve -- yet Gallup has an authenticity that cannot be manufactured. The sky is the limit in developing tourism as an economic driver.

The formula for success is simple, but hard to get right:

- ❖ Unify our marketing efforts and make investments that count;
- ❖ Transform every resident into a “Gallup ambassador”; and
- ❖ Continue to make our place better – for locals and tourists alike.

The New Mexico Tourism Department’s integrated marketing campaign – *New Mexico True* – celebrates the fact that New Mexico is an “Adventure That Feeds The Soul,” and has been brought to life through its strong visual content, in both video and still photography. The New Mexico True definition is something that separates us from all of our neighbors, and showcases the myriad of “sight-doing” activities – as opposed to “sight-seeing” activities - amidst our state’s beauty.

AFAR, a leader in tourism development and trends, confirmed the New Mexico Tourism Department’s premise that today’s traveler is seeking a tangible, life changing experience. Here in the Gallup McKinley County tourism market, the missing link is a lack of both knowledgeable front line personnel and experienced guides. This liability limits our ability to capitalize on our unique tourism assets.

Julia Cosgrove, Executive VP & Chief Editor at AFAR Media, recently defined nine trends that prove that the way we travel is changing. They are as follows:

1. Biking is the new golf;
2. Travel with the family is huge right now;
3. The future is not sedentary;
4. Generation X now loves health and wellness travel;
5. Millennial travelers are willing to pay for the red rope;
6. Travelers are eschewing the stuffy and the formal;
7. Travelers are looking to hotels to serve as their cool local guides;
8. Local guides who can provide context into a place are the winning ticket;
9. It’s all about local food.

CURRENT CONDITIONS

At first glance, we can all agree that Gallup McKinley County is dynamically suited in each of these trending areas. Where our community falls short throughout is the ability to provide the services that take the tourist deeper into a tangible travel experience.

If, for instance, a visiting family wanted to go on a scenic bike ride on one of our world class trails in the forest or the High Desert Trail System, they would find tear-off maps and a fair amount of World Wide Web exposure. However, there are no guides or services to take them there, to help them dive deeper into the experience. Families can experience the rich culture, heritage, and traditions of our Native American community through our Nightly Indian Dances, or shopping for art at the many galleries and trading posts, but will not find a step-guided tour where they may experience firsthand the heart of the culture.

Combined with the lack of travel guide businesses, our area needs to improve the knowledge of the front-line people who are likely to have the first contact with our visitors. Too many times the answer given by these individuals to the question “what is there to do here?” is “nothing” or “I really don’t know.”

Opportunity is ripe in Gallup and McKinley County for entrepreneurs interested in creating a business model that offers first class services for visitors. Within the community there exists a number of key organizations that should be working together collaboratively to help foster these potential businesses. Greater Gallup Economic Development, The Gallup McKinley County Chamber of Commerce, UNM Small Business Development, and Adventure Gallup and Beyond could be a driving force and support system to encourage this business development.

The Gallup McKinley County Chamber of Commerce, in partnership with the City of Gallup and the New Mexico Hospitality Association, is now undertaking a key role in providing an arrival-to-departure tourism awareness training program customized for our area. *Arrival to Departure*, or “A2D”, is an affordable on-line certification program that focuses on those in the community who are often the first and last to encounter a visitor within a destination. These front-line individuals either create a positive first impression, or provide a lasting bad opinion depending upon their service and knowledge. They may directly influence where visitors will go and what they will do during their stay. They also affect what our visitors post online about the area, what they tell their friends and if they decide to make a return trip. The goal is to transform frontline staff to destination ambassadors, and to match visitor interests with memorable adventures.

Right now Gallup and McKinley County is uniquely positioned to realize the benefits from the travel trends identified. The community must focus on meeting the needs of the traveler by combining resources that will turn Gallup from a stop-over along I-40 into a destination. The results of this transformation would include job creation, and an increase in revenue generated

from both Lodgers' Tax and the Gross Receipts Tax. All of this in turn will lend itself to enhancing quality of place for our residents.

Time is of the essence, and what we know is that these identified trends are only expected to last for few more years. By acting now we can capitalize on the existing behaviors of the market and be better prepared to adjust when needed.

"Vision without action is a daydream...action without vision is a nightmare" is the proverb that should be applied. Working together as a community we can develop a vision that leads to the development of an excellent visitor experience and realize the full potential of our tourism assets in Gallup McKinley County.

The Gallup-McKinley County Tourism Market

Data available for the Gallup-McKinley County Market is limited. According data collected by the McKinley County Chamber of Commerce, in 2015, they had 2,530 people requesting information at the Visitor Center, the majority from New Mexico, followed by California, Arizona, Colorado and Texas; those from outside the country totaled 596. Of those visitors, 986 said they were just passing through, while 702 said they were in Gallup for an extended stay.

New Mexico has a higher overnight pass through rate and lower intent to return than our competitive set of states. From 2012 through 2014, 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 30% compared to a 45% 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).

The Department of Tourism for the State of New Mexico analyzed trends by region, including the Northwest region that includes Gallup, Farmington, Grants, Shiprock and Bloomfield. The latest data released, as seen in Appendix A below, reveals that our region is the second lowest in the state for share of tourism spending, but that share grew by more than 10% between 2011-2014, even as the population decreased.

The City of Gallup has recently subscribed to the STR (or STAR) Report, which provides weekly data for the lodging industry in Gallup. The report reveals supply, demand, occupancy and the average daily rate for approximately 50 lodging establishments in Gallup, and their combined 2,457 rooms. In the most recent report, for the week for June 19-25, the occupancy rate for the week was up slightly from last year's rate at 72.2%, meaning that there were approximately 1,770 rooms occupied. The New Mexico Department of Transportation reports that there are anywhere between 5,903 to 23,205 vehicles per day on I-40. Our goal as a community should be to capture a larger share of that traffic, and provide them not only the world class amenities and adventures only we can offer, but also to develop the capacity to provide those adventures.

The Star Report can also help provide an indication of which events in Gallup help bring in the most "heads in beds," and can therefore guide the City of Gallup Lodgers Tax Committee in their funding recommendations.

RESPONSE STATUS: What's being done?

Inspired by a Greater Gallup Economic Development Corporation (GGEDC) roundtable in Santa Fe on February 5, 2015, Gallup leaders met afterwards with New Mexico Tourism Secretary Rebecca Latham. In that consultation, it was resolved that – while Gallup had tremendous tourism assets and powerful marketing pieces, and was the first community to embrace the *New Mexico True* campaign – as a community we needed a unified brand and marketing plan that could provide a common game plan based on data and research that could be evaluated.

Shortly thereafter, the Gallup-McKinley County Chamber of Commerce and City of Gallup applied to the New Mexico Tourism Department for a Cooperative Marketing Grant. Gallup was awarded \$40,000 to be matched with \$40,000 of local funds. These funds were contracted to create a Marketing Plan and catalyze a move to internet and social media marketing space.

Doubling down on tourism as an economic driver, the City of Gallup created a full-time Tourism & Marketing Manager position to spearhead and implement the Gallup Marketing Plan, in concert with the Chamber of Commerce. This powerful one-two punch gives Gallup a leg-up on the competition and an advantage on re-gaining eroding market share.

The Gallup Marketing Plan is scheduled for approval by the Gallup Lodgers' Tax Committee and the City Council. After these approvals, a major launch party for Gallup's brand will be announced locally and to the world – letting visitors know that, in Gallup "any key gets you in!" While the

emerging brand positioning statement is still top secret, we did want to share some of the key frameworks and strategies.

First, a brief explanation of some buzz words and branding philosophy. According to Ed Burghardt, creator of the Strengthening Brand America Project and the American Dream Composite Index, place branding is much more than a logo, tagline, website, or brand positioning. It's the ability of the community to deliver on the brand promise and exceed visitor expectations. Many communities fail because they only focus on marketing a

Place Branding = Placemaking + Place Marketing

place, and leave out making their place better and making sure they are delivering the customer experience that was promised in their ads. Placemaking is a critical variable of the equation, and lack of attention to that factor can actually harm the brand. Just like a spark can start a forest fire, a negative social media post can torch the future desire of others to visit our community.

A Brand Positioning Statement is the foundation for the brand promise and will be used to drive all future Gallup messaging and marketing. It generates visitor expectations about the Gallup experience. It will create one voice for the community and enable marketing partners to share compelling, consistent, and on-going messaging that reinforces the meaning of the Gallup brand.

The Gallup Marketing Plan re-focuses how we market, while staying true to what we market and to providing a realistic brand promise. It provides tactics related to the nine nodes of the marketing ecosystem – Audio/Video, Print, Out of Home (OOH), Direct Marketing, Place-Based Marketing, Public Relations, Mobile Marketing, Internet, and Experiential. *These tactics are clearly articulated in the Gallup Marketing Action Plan, July 2016.*

The Gallup Marketing Plan also prioritizes seven key strategies ... and we have added the eighth. *These strategies are more fully defined in the Gallup Marketing Plan, July 2016.*

Strategy #1 – New Mexico True: Partner extensively with *New Mexico True* to leverage this statewide campaign and free or low-cost resources to generate substantial awareness for Gallup.

Strategy #2 – Go. See. Do.: Create a compelling “call to action” program based on Gallup offerings to convert “pass-through” travelers into tourism customers.

Strategy #3 – Internet/Social Media: Employ the “best practices” emphasized in this Plan to target and attract travelers, including a steady flow of compelling digital and user generated content.

Strategy #4 – Experiential Tourism: Travelers today are no longer sightseers but sight-doers. Working with community partners and local businesses, we need to develop and promote authentic and memorable experiences, stressing quality over quantity. Tourists should be telling friends and family, “when I was in Gallup, I got to participate in ... and it was such a memorable and life-changing experience”. Examples could include basketweaving, making fry bread, etc.

Strategy #5 – Group Tours: The plan identifies action items for Gallup to follow to build up visitation by group tours and specifically targeting regional group tour operators through tradeshow, direct mail, and familiarization tours.

Strategy #6 – Chinese Tourist Market: Longer term, there is no bigger opportunity for Gallup to build its visitor base than to create the right offerings to target and attract Mainland Chinese visitors.

Strategy #7 – Placemaking: This piece is a critical factor of place branding. The Plan identifies several potential action items for Gallup to consider to make the community a better place to live and visit. This includes a focused effort on linking entrepreneurs to opportunities, including the development of travel guide services and other support businesses.

Strategy #8 – Hospitality Training: The goal is to transform frontline staff and every Gallup resident into “destination ambassadors,” and to match and guide visitor interests with memorable adventures.

The Gallup-McKinley County Chamber of Commerce, in partnership with the City of Gallup and the New Mexico Hospitality Association, is already providing a key role in providing an “Arrival-to-Departure” tourism awareness training program customized for our area. *Arrival-to-Departure*, or “A2D”, is an affordable on-line certification program that focuses on those in the community who are often the first and last to encounter a visitor within a destination. These front-line individuals either create a positive first impression or provide a lasting bad opinion, depending upon their service and knowledge. They may directly influence where a visitor will go and what they will do during their stay. They also contribute to what our visitors post online about the area, what they tell their friends and if they decide to make a return trip.

VISION-FORWARD / CALL TO ACTION:

Time is of the essence, and what we know is that these identified trends are only expected to last for few more years. By acting now, we can capitalize on the existing behaviors of the market and be better prepared to adjust when needed. Working together as a community we can develop a vision that leads to the development of an excellent visitor experience and realize the full potential of our tourism assets in Gallup and McKinley County.

**“Vision without action is a daydream ...
Action without vision is a nightmare”**

Next Steps identified in the Gallup Marketing Plan:

- ❖ Prioritize Marketing Plan action items and assign responsibilities, timelines, and budgets;
- ❖ Begin immediately working with NMTD to align and implement NM True branding and marketing opportunities;
- ❖ Form Gallup Branding Alliance and begin to integrate new Gallup brand into the community mindset;
- ❖ Develop recommended social media channels and begin utilizing Internet best practices advertising strategies;
- ❖ Develop local “Go. See. Do” campaign to begin converting existing “pass-through” travelers to tourism customers.

Once solidified and launched, our hope is that the leaders participating in this Roundtable forum are committed to unifying around the Gallup brand positioning as the foundation for future brand alignment and marketing communication. Further, we hope that participants will lead the larger community in believing and delivering on our brand promise. So especially, we ask that you consider:

Signing up to be a Gallup Brand Champion?

Joining our Gallup Branding Alliance, tasked with carrying and spreading the torch of Gallup’s brand in all forms of media?

Personally participating in and/or sending employees to Arrival to Departure training?

Providing ideas of Gallup offerings that could be incorporated into the “Go-See-So” campaign?

Encouraging and supporting the Lodgers’ Tax Committee and City Council in making strategic and data-driven investments?

Participating in special “placemaking” projects aimed at increasing Gallup’s brand assets and decreasing our brand liabilities?

Providing ideas about experiential tourism experiences that we need to cultivate or existing ones that we need to market?

APPENDIX

Appendix A: New Mexico Regions



Northwest Counties
McKinley, San Juan, Valencia

Northcentral Counties
Los Alamos, Rio Arriba, Santa Fe, Taos

Northeast Counties*
Colfax, Guadalupe, Harding, Mora, Quay, San Miguel, Union

Central Counties
Bernalillo, Cibola, Sandoval, Torrance

Southwest Counties
Catron, Dona Ana, Grant, Hidalgo, Luna, Sierra, Socorro

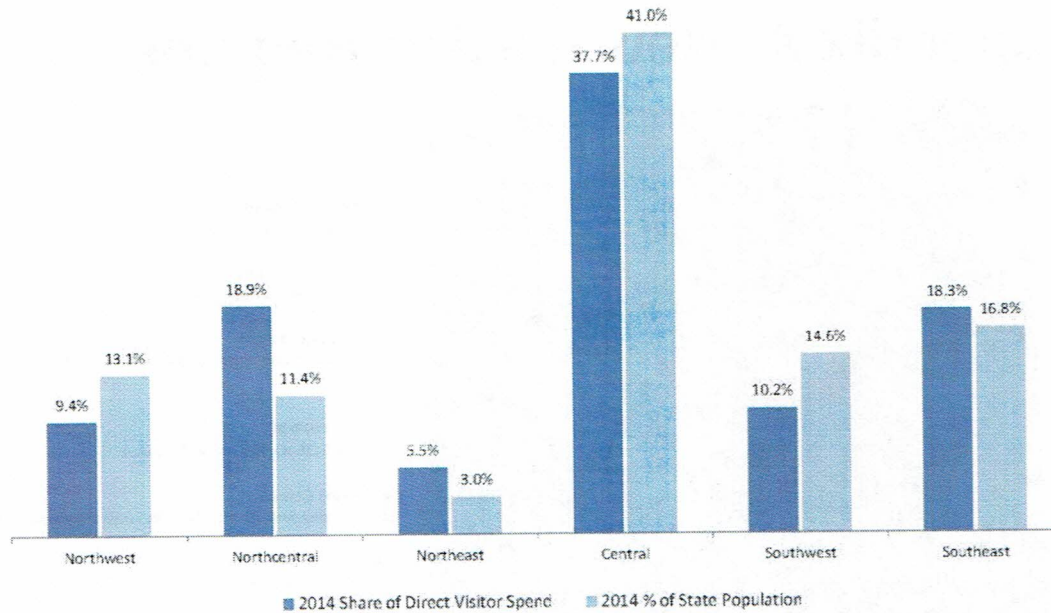
Southeast Counties
Chaves, Curry, DeBaca, Eddy, Lea, Lincoln, Otero, Roosevelt

*This analysis utilizes county level data, so Angel Fire is included in the Northeast region

Note: The charts and tables in Appendix A were compiled by the New Mexico Tourism Department from two sources: 2011 & 2014 Tourism Economics county level data and county population estimates from the U.S. Census Bureau

NEW MEXICO True

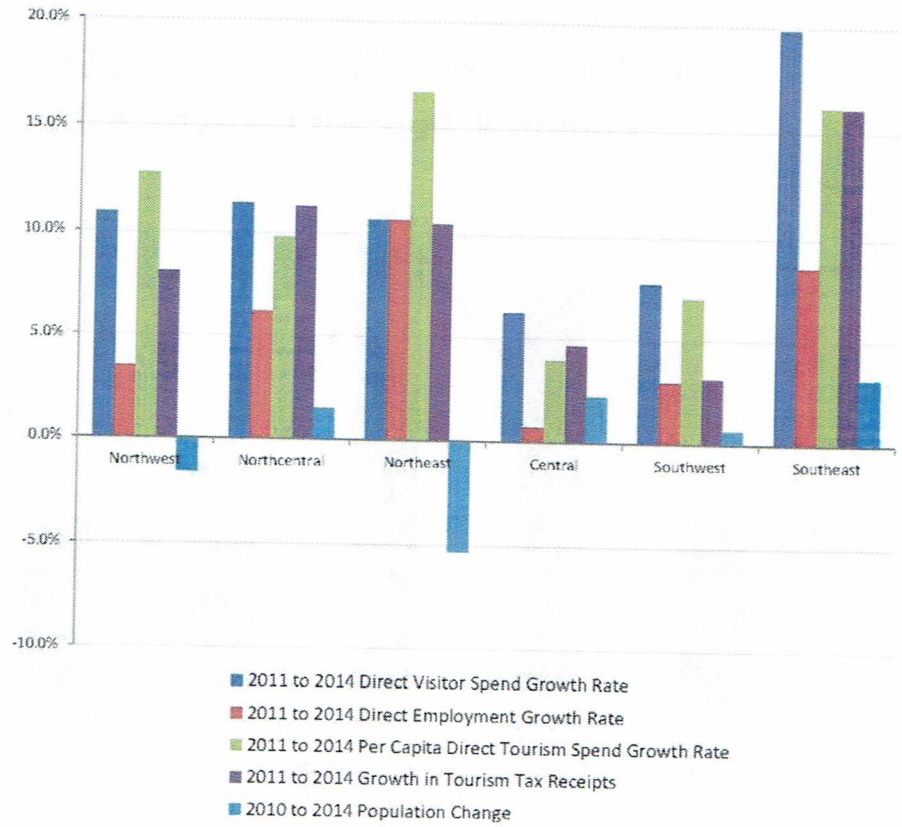
2014 Share of Tourism Direct Spend and % of New Mexico's Population by Region



NEW MEXICO *True*

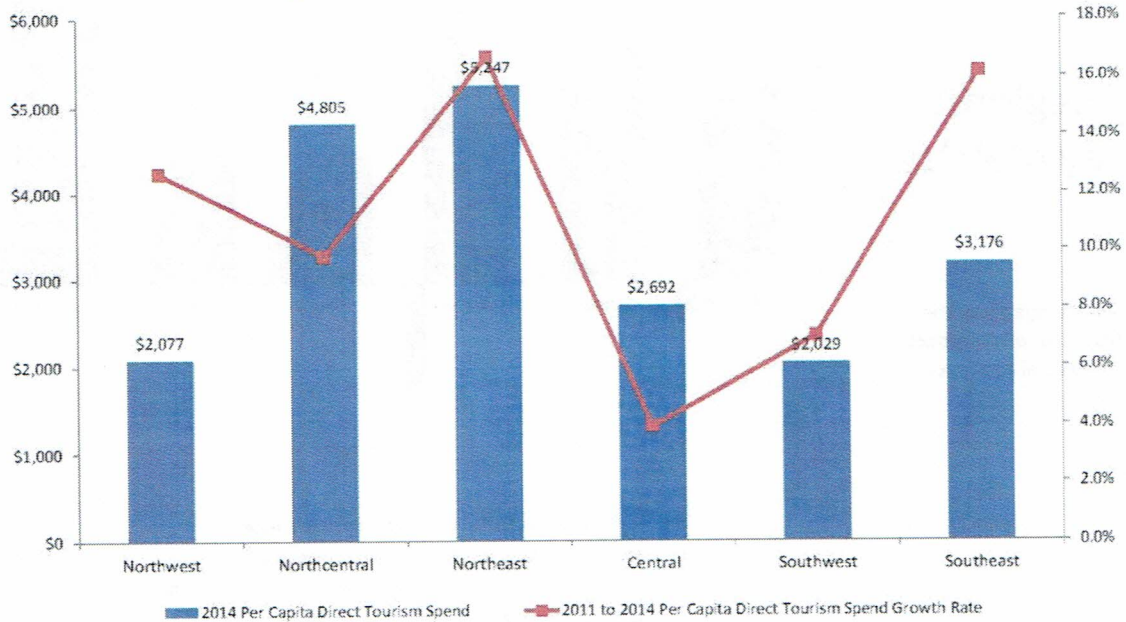
Regions: Key Metrics

(% change since the
2011 Economic Impact
Regional Analysis)



NEW MEXICO *True*

2014 Per Capita Direct Tourism Spend by Region & Percent Growth 2011-14



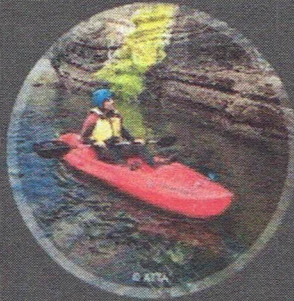
State Average = \$2,915 Up 8.9% from 2011



[WHAT IS ADVENTURE TRAVEL?]



INTERACTION WITH THE ENVIRONMENT



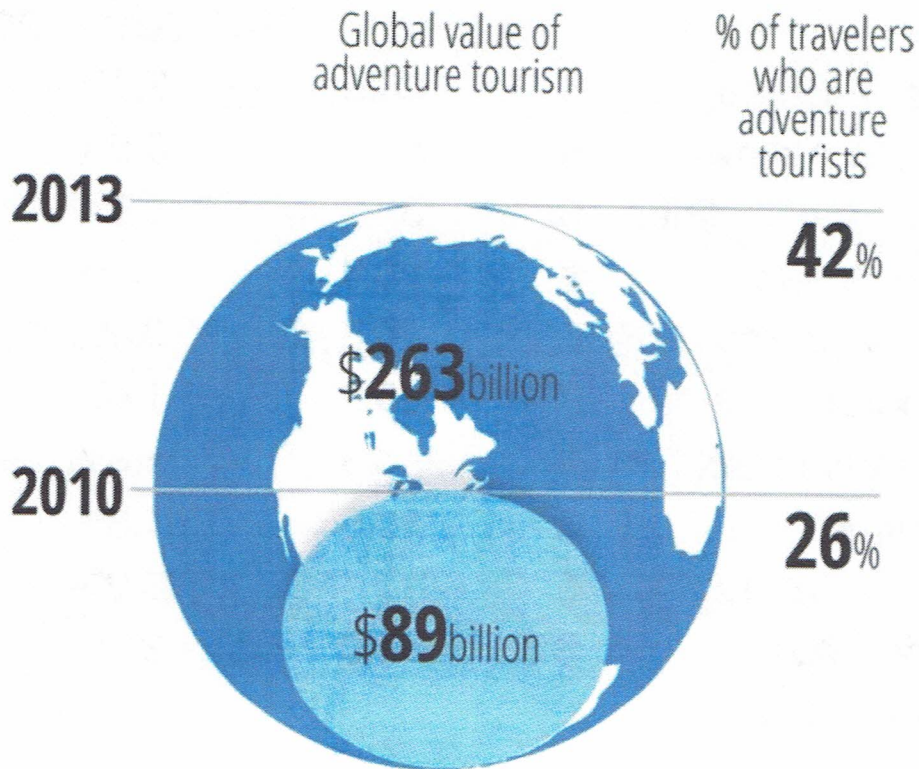
PHYSICAL ACTIVITY

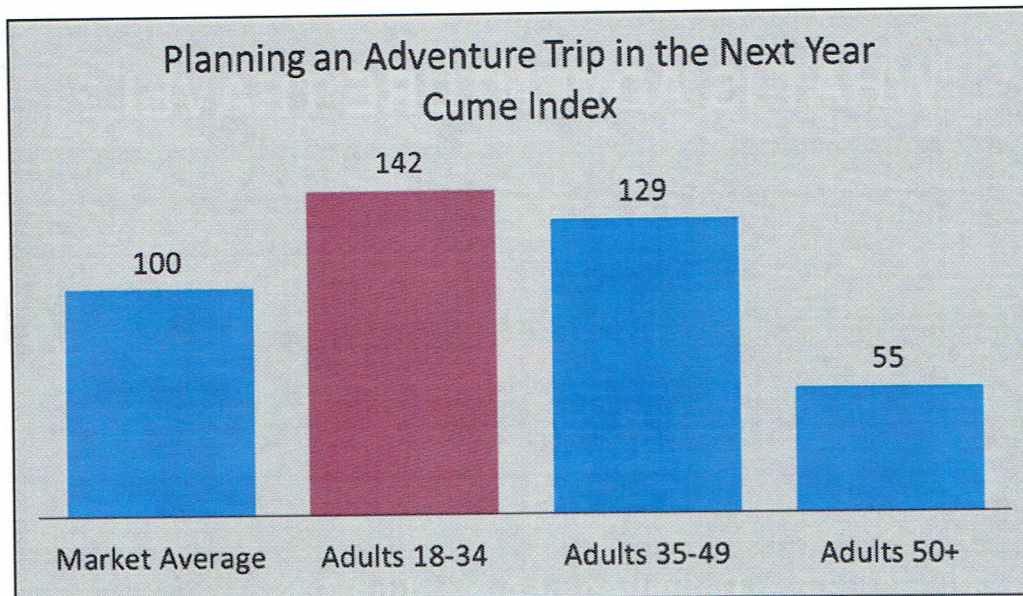


CULTURAL EXCHANGE

The Definition of Adventure Travel

We define adventure travel as having three attributes: interaction with the environment, physical activity and cultural exchange. When two of these are present it is adventure travel. A trip with each attribute is the core of what we call adventure travel.





Source: Scarborough, New York Metro, Sep14-Aug15, Mon-Sun 6A-12Mid

Revenue Growth of Selected Travel & Tourism Industries

Industry	2015 Revenue (billions)	Annual Growth 2010-2015	Annual Growth 2015-2020
Hotels & Motels	\$ 166.5	3.7%	2.9%
Domestic Airlines	\$ 157.1	3.5%	4.6%
International Airlines	\$ 66.2	1.5%	0.4%
Casino Hotels	\$ 56.3	1.1%	1.5%
Travel Agencies	\$ 35.3	3.8%	2.3%
Non-Hotel Casinos	\$ 19.8	1.4%	1.2%
Amusement Parks	\$ 14.8	1.8%	2.8%
Museums	\$ 10.6	1.8%	1.9%
Tour Operators	\$ 7.1	3.2%	2.4%
Historic Sites	\$ 1.0	2.7%	2.3%

Source: IBISWorld

Appendix B: These 9 trends prove that the way we travel is changing

JULIA COSGROVE
9.22.2015

NEXT

Last month, I attended [Virtuoso Travel Week](#), a gathering of high-end travel advisors, travel agencies, and travel suppliers from all over the world. The event attracts 4,842 people in the industry to the [Bellagio](#) in Las Vegas. There were more than 90 countries represented. What I heard over and over again was that luxury experiential travel is the now and the future of travel. Here are nine trends that are changing the face of the industry.

- 1. Biking is the new golf.** I'll say no more. Okay, I will say more: Cycling appeals across generations, and more and more, travelers are looking for the vantage point that two wheels provide. Companies like [Gray & Co](#) and [Backroads](#) specialize in custom-made trips that offer plenty of indulgence along with the exercise.
- 2. Travel with family is huge right now.** Especially rising in popularity: Three generations or more are booking [river cruises](#) in Europe together; south- or east-African [safaris](#); and multi-country [Latin American trips](#).
- 3. The future is not in sedentary travel.** Across generations, [luxury adventure travel](#) is booming. For Gen X that means experiential, active, and immersive travel. Family drives Gen X, which means kids are going to places their grandparents couldn't have dreamed of. The kids are getting out of their day-to-day and enjoying atypical and interactive experiences.
- 4. Generation X now loves health and [wellness travel](#)**—especially coming out of the 2008 recession and as they age. As one travel advisor put it, it's all about "kale, quinoa, and cardio." These travelers want to get away, quickly disconnect, and get in shape and bond with family.
- 5. Millennial travelers are willing to pay for the red rope.** They want to go places where they have bragging rights, because they share so much across social media. They want the truly local feeling, whether they're in their own city or 3,000 miles from home. Additionally, they're looking to be a part of the big events (such as [Coachella](#), [Art Basel](#), and [Burning Man](#)), but they want an experience a little bit beyond everyone else's, in a better, bigger way.
- 6. Travelers are eschewing the stuffy and the formal**, especially when it comes to fine dining and lodging. It's no longer about Michelin-star restaurants and white tablecloths. It's about the authentic, [local trattoria](#) on the corner where there's a great scene.
- 7. Travelers are [looking to hotels to serve as their cool local guides](#).** A community vibe matters, and travelers—especially younger ones—want to feel like their hotel is providing them with the best recommendations, personalized for them by interests.
- 8. Local guides who can provide context into a place are the winning ticket.** This crosses generations.
- 9. It's all about the food.** I'll say it again: [It's all about the food](#).