



Summit on Regional Tourism

POLICIES AND PRACTICES

FINAL REPORT

- February 28, 2011
- 9 am-4 pm
- Albuquerque Balloon Museum

CONVENER

City of Albuquerque

ORGANIZER

New Mexico First



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INTRODUCTION

Currently the Albuquerque Convention and Visitors Bureau (ACVB) represents much of the greater Albuquerque region as a travel destination for meetings, conventions, recreation, and leisure. The expansion of regional tourism attractions, including Native American resorts and casinos, has prompted questions regarding how the ACVB markets businesses, specifically hotels, located outside the Albuquerque lodgers tax district. The City of Albuquerque was interested in exploring whether the current marketing approach works for everyone.

The city's current contract with ACVB instructs it to "produce a recommended resolution to the policy issues regarding ACVB's role with non-Albuquerque lodgers tax hotels." The recommended resolution must be submitted in June 2011. To ensure that key stakeholders had an opportunity to provide input for the development of this resolution, a one-day summit was convened to address the ways different regional stakeholders work together and identify issues, concerns, and questions about how broadly the ACVB should market the region. This report summarizes the results from the *Summit on Regional Tourism: Policies and Practices* held in Albuquerque, New Mexico on February 28, 2011. The 58 New Mexicans who participated in the summit represented key stakeholders in the tourism and hospitality sectors in the Albuquerque region.

Key Outcomes

Summit participants saw the need for a forward looking vision of working together and taking advantage of lessons learned to benefit from each other. Most participants believed there was ample evidence that cooperative marketing efforts must continue or revenue would suffer for all. However, many people agreed that greater attention needed to focus on *how* ACVB's marketing efforts are coordinated and funded. Collectively the group expressed a need for:

- Leadership to capitalize on the unique assets of the region
- Continued collaboration and cooperation among all marketing organizations
- A larger vision in promoting the region for the benefit of all
- Funding strategies that address fairness

The participants' ideas will be further developed by a summit working group that will finalize recommendations for the City of Albuquerque by June 2011.

Convener

The convener of the summit was the City of Albuquerque, which funds the ACVB with lodgers tax that is paid by visitors and collected by Albuquerque hotels.

Organizer

New Mexico First engages people in important issues facing their state or community. Established in 1986, the public policy organization offers unique town halls and forums that bring together people from all walks of life to develop their best ideas for policymakers and the public. New Mexico First also produces nonpartisan public policy reports on critical issues facing the state. These reports – on topics like water, education, healthcare, the economy, and energy – are available at nmfirst.org.

SUMMIT RESULTS

During the summit, participants engaged in a series of small group discussions about marketing the greater Albuquerque region as a travel destination for meetings, conventions, recreation, and leisure. Their opinions and concerns fall into the following groupings:

- Assets that the Albuquerque area can offer visitors
- The pros and cons of ACVB marketing Albuquerque businesses only
- Considerations that might contribute to policies that are fair to all if the ACVB pursued a more regional approach
- Creative ideas that could broaden this issue to satisfy the interests of Albuquerque businesses, regional businesses, and visitors to the area
- Additional issues that should be considered by the working group to help them develop recommendations for the city regarding the ACVB's role

Albuquerque Destination Assets

Summit participants overwhelmingly believed the region has unique features that are attractive to visitors for meetings, conventions, recreation, and leisure. Several participants believed the Albuquerque region was a “destination with a soul.” The area’s diversity of people and places provide a quintessential experience for visitors.

Features participants felt were most attractive to visitors include the:

- Beauty of the entire region and the diversity of landscapes
- Authenticity of the region as reflected in its multi-cultural experience and cuisine
- Rich heritage and history that visitors can see and experience in no other location
- Four season climate enabling year-round activities such as sightseeing, hiking, golf, ballooning, and skiing
- Cultural activities including the music, dance, and art of the Native Americans, Hispanics, and Anglos who have settled this region

In addition, participants pointed out other assets that make the Albuquerque region a choice destination:

- Convenient access for air travelers and regional drivers
- Affordability and value that make the region competitive with other locations
- Friendly people and “small town hospitality” that makes visitors feel important
- Adequate meeting and convention facilities and ease of booking with “one-stop shopping”
- Proximity to attractions for pre- and post-conference opportunities

The region was seen as attractive to meeting and convention planners who want to see a broad range of activities that allow them to reach different market segments. Because the region is not “Everywhere Else, USA,” participants believed that the marketing organizations need to capitalize on the region’s uniqueness.

Market Albuquerque Only

Summit participants discussed pros and cons of ACVB marketing Albuquerque hotels and businesses only. There was a contradiction in how some participants viewed the purpose of ACVB as a marketing organization. Some participants believed the ACVB was created to promote its hotel members that pay lodgers tax with respect to meeting and convention leads. Other participants believed that ACVB was founded to market the destination as a whole.

There was also a contradiction in how some participants viewed the nature of the controversy regarding ACVB's mission. Some participants believed that the disagreement centered on ACVB providing a range of membership benefits (such as online bookings or visitor's guide ads) to non-Albuquerque businesses. Others believed that the controversy centered exclusively on ACVB providing "convention leads" to non-Albuquerque hotels.

Given the different perspectives, the responses varied. The following table summarizes key pros and cons voiced by participants regarding the ACVB marketing only Albuquerque hotels and businesses.

Advantages	Details voiced by participants
More focused sales effort	Marketing only Albuquerque hotels and businesses would allow the ACVB to tightly focus its sales efforts and satisfy a more focused group of members. The marketing message could be clearer, and the financial assets could be concentrated in Albuquerque, making the best use of the marketing asset and goals.
Support for Albuquerque Convention Center debt and expansion	If an Albuquerque-only focus generated increased revenue for city hotels, it would generate additional lodgers tax to help pay off the debt for the Albuquerque Convention Center (ACC) and potentially allow additional investment for future development of convention facilities.
Better return on investment for local partners	The ACC, Old Town businesses, and city hotels could benefit from ACVB focusing only on the city. This strategy might contribute to the re-invigoration of the downtown area. Albuquerque, instead of the region, would be the name brand if there is a more exclusive set of partners.
Uncertain need for marketing support from tribal properties	Tribal casinos and resorts have marketing budgets for their facilities that are significantly larger than ACVB's, and the need for ACVB's marketing support is questionable.

Disadvantages	Details voiced by participants
Reduced business overall	Revenue growth would be limited in the region. If the ACVB didn't promote non-Albuquerque hotels, there could be fewer visitors to the area, and visitors that do come would be less likely to stay additional days or become repeat visitors. As a result, restaurants, shops, and other businesses would have less business. Reduced tourism would result in a loss of revenues, jobs, and businesses. This would also have an impact on attracting new residents to the area which can improve our economic base.
Duplication of marketing efforts	Discontinuing regional marketing of hotels or other businesses would be a step backward, resulting in a mismatch of goals and opportunities for the destination. The duplication of marketing efforts if every hotel and business in the region were to handle their own exclusive marketing plan would waste advertising dollars. There needs to be a consistency in the branding for central New Mexico as a destination.
Visitor experience would suffer	Visitors don't recognize city limits. They care about the unique experience in the destination. Lodgers tax promotes more than a hotel stay and a convention experience. If visitors are not informed of the historical, cultural, and recreational aspects of the destination as a whole, ACVB is not meeting the needs of our visitors who are paying lodgers tax.
Residual benefits are important	It is short-sighted to sell one asset and not another. Lodgers tax is paid by visitors who stay at hotels, but they also spend dollars at businesses and attractions in the regional community. Residual benefits include spending in the city as well as exposing visitors to the destination with a positive impact on air service, restaurants, retailers, galleries, museums, and performance centers throughout the region.
Reduced product options	It is frustrating to meeting and convention planners when ACVB is not allowed to represent all facilities. Planners are also confused by the limitation of services. Reduced product availability narrows the visibility of the community and reduces the length of time visitors stay. The meeting and convention customers who look at the area are very diverse. Old Town and downtown do not have enough uniqueness to market Albuquerque as a stand alone destination. We are missing an opportunity if we don't embrace the resort, gaming, and entertainment elements of the region. We are not able to become a high-end resort destination if we cannot market those assets. If we offer a "department store" model, we all gain.
Limits competitiveness with other destinations	We need to protect any competitive advantage we have for meeting and convention business. By losing those groups who want a resort experience to other cities, we lose the related economic impact for galleries, museums, restaurants, and retailers. In comparison to other destinations, our visitors would not be getting the best value for their dollar.

Damages regional partnerships	Limiting the marketing focus reduces the dialogue and possibility of reaching agreements with potential partners outside the city limits. This loss of cooperation and synergy would impact the destination's ability to attract visitors from throughout the nation and alienate valuable partners. Other destinations, such as the Reno/Tahoe area, have created awareness of their destination with cooperative partnerships and resulted in a win/win for both.
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Market the Region

Summit participants were also asked to identify important considerations that might contribute to policies that are fair to all if the ACVB pursued a more regional approach.

Considerations	Details voiced by participants
Maintain customer focus	We should focus on the needs of visitors first. Some are looking for economical room rates, some for amenities, some for engaging attractions, and some for resort experiences. It is important to envision how we can become stronger together by focusing on the motivation of visitors. The key is to grow the impact of marketing investment as a region.
Increase destination desirability	Consider the assets neighboring communities have that increase the desirability of the destination (e.g., golf, spas, culture, horseback riding, hiking, etc.). Also consider the tribes' investments in the attractions they offer to visitors to the region. Resorts outside the Albuquerque metro area bring value.
Define the region	Clearly define the region (i.e., 30 mile or 60 mile radius) and then create an inclusive plan to market it. For example, our region could be defined as the central corridor including Albuquerque, Los Ranchos, Rio Rancho, Corrales, Santa Fe, tribal properties, Paa-ko, etc.
Consider long-term business impact	There is currently less demand for the tourism business, but we should look for a long-term solution that benefits business growth for retailers, restaurants, cultural organizations, hoteliers, etc. Consider the impact on local businesses if we don't engage in cross-promotional activities and follow through on visitor interest in pueblo properties.
Be aware of Albuquerque hotelier investments	Albuquerque hoteliers self-imposed the lodgers tax on their guests in the 70's and later a hospitality tax for the purpose of receiving meeting and convention leads. There should be consideration of their investment in the destination.

Be aware of tribal investments	Tribes have made significant investment in tourism infrastructure, raising the desirability of Albuquerque as a destination. In addition to the financial commitment, these assets provide jobs and related spending/economic impact back to the city. Tribes have also made financial commitments to arts organizations, sports events (US Bowling Congress), and the UNM Sports Program. There is a feeling among the tribes that these investments and economic impacts are not recognized or valued.
Weigh competitive advantage of tribal properties	A casino hotel has a different business plan than other types of hotels in that they have the ability to offer deeper discount rates on rooms and amenities. Properties that collect gross receipts tax and lodgers tax may be at a disadvantage because they charge visitors approximately 13% more than tribal properties for rooms and services. ¹ There is a perception that tribal entities have an advantage by not having to charge lodgers and gross receipts tax. However, these entities do impose various tax and fee structures, but retain the taxes within the tribe (similar to Rio Rancho hotels collecting and remitting lodgers tax to Rio Rancho). A key issue for the Albuquerque hotels is not marketing in the broadest sense, but the distribution of leads to properties like Tamaya and Sandia.
Be transparent and consistent in policies and practices	Regardless of the final recommendation to the city, the resolution should be clear, open, and provide focus for the ACVB. The three key stakeholder groups (the city, the hotels collecting lodgers tax, and tribal properties) should all be represented in the working group.
Trust the ACVB's decisions	Casino hotels may not need leads from ACVB, yet some desire to be treated as an asset to the destination. Consider a situation in which members could trust ACVB to choose how to distribute leads based on visitor needs.
Parity matters	Only the equivalent of a 6% lodgers tax on tribal property room nights will be satisfactory for some hoteliers. Anything less is believed to be unfair.
Every tribal entity is different	There is no "one size fits all." Any potential agreements with tribal properties would need to be negotiated one at a time, tailored to the unique needs of that hotel or resort. Any notion of redirecting the tribes' existing lodgers tax would probably fail because it would require votes by tribal members and leaders. Just as redirecting a municipal tax would be difficult to pass in Albuquerque, so would it be for each tribe. If the resolution recommendation involved entering into an agreement with any government entity, the city will need to negotiate a final agreement with each tribal government as well as surrounding government entities. Simple marketing cooperative agreements could possibly be entered into between ACVB and a business development or resort hotel representative.

¹ The taxes and fees charged at tribal properties vary by facility.

Consider New Options

A number of different and creative options were suggested by the summit participants.

Possible Solutions	Details voiced by participants
Equal fee structure for meeting and convention leads	All hotel properties in the region could make an equal financial contribution to receive meeting and convention leads from the ACVB. The percentage could be equal to the 3% (marketing fee portion of the lodgers tax) versus the full 6% (full fee on room rate). The question to decide would be one of “equitable versus equal.”
Membership dues structure	Members could pay dues to ACVB for specific marketing and sales services based on available rooms. A fee (commission) would be paid for all successful meeting and convention leads.
Regional hotel fee for cultural tourism marketing	All regional hotels could consider a self-imposed fee to be used to market cultural tourism for the destination. The amount could be the same for all properties (e.g., \$10/available room or \$10/consumed room). This idea could be broader than receiving meeting and convention leads and could provide resources for specifically marketing cultural tourism.
Regional marketing cooperative	Create a marketing cooperative led by ACVB to leverage multiple marketing budgets. An annual lump sum fee could allow each participant within a 30 mile radius to define a package of marketing services that would fit their needs. An alternative could be to provide tiered participation with a package of marketing services based on the tier chosen.
Regional authority organization	Create a regional authority to represent the region as a whole. All regional entities could participate on a voluntary basis. Each could decide on their level of financial contribution and therefore the benefits received. This approach would diversify revenue sources and allow an independent entity that can operate outside the current limitations and strictures.
Earmark funds from tribal properties	ACVB could receive 1% of the tax that is passed on by tribal properties to their visitors and earmark the funds for specific sales and marketing purposes.
Tribal fee for service structure	Create a fee-for-service model, similar to the previous Hyatt Tamaya arrangement (higher membership dues, plus commission-based fee for leads).
Customized tribal agreements	Agreements could be made with the tribal business development entities at their request and customized to their needs. Different agreements could be structured for casino resorts versus non-casino resorts. Consideration could be given for “resort only” leads (groups that specifically request resort properties).

Third-party booking company for tribal properties	Allow the ACVB to become a third party booking company for tribal properties.
Tiered-lead purchases	Meeting and convention leads could be tiered based on type of lead and hoteliers could purchase leads in the category that works for them. This system could give priority to hotels that pay lodgers tax and then to those in the remaining tiers.
Room rebate fee	Consider a per room night rebate for non-Albuquerque members.
Hybrid solution	Hotels pay a lump sum annually and a 5% commission on booked rooms. There could also be tiered levels of cooperative advertising. The overall goal would be to market the destination regionally.
Dissolve Lodger's Tax	Dissolve the lodger's tax and find other funding sources for marketing and sales.
ACVB/AHCC/AICC share funds and marketing efforts	Since the ACVB is limited in its ability to market Native American and Hispanic groups, increase funding to the AHCC/AICC budgets to enhance their capacity to represent and market Native American/Hispanic markets.
Build an Albuquerque resort	Build a resort hotel within in the city limits to leverage meeting and convention bookings.
Targeted group sponsorship	Provide opportunities for sponsorship support for specific events (e.g., US Bowling Congress, Family Motorcoach) outside of the lodgers tax.
Western states marketing coalition	Create a multi-state marketing coalition for the states in the west coast, east coast, and middle for organizations that want to move their conferences.

Additional Issues

Other issues were identified that may have an impact on the recommendations from the summit working group to the city.

Other Issues	Details voiced by participants
Clarify ACVB mission	The mission of ACVB is to drive economic development for the city of Albuquerque, which is broader than providing meeting and convention leads to local hotels. The city should establish clear goals for what it wants the ACVB to be doing.

Revise success measures	Explore how ACVB can work with the city to find ways to measure success more broadly than the number of room nights booked and lost business. Consider financial impact that is not being measured such as gross receipt tax derived from tourism. Be aware that there are incremental taxes and revenues that result from activity outside of the immediate area, i.e., one-night stays in surrounding communities, Sunport flights, etc. Consider the business expenses incurred by surrounding hotel properties that benefit companies in the city including the economic multipliers of job creation and spending in the Albuquerque economy.
More study of economic impact	Consider additional studies that measure the economic impact on the city of meetings and conventions both inside and outside the city limits.
Conduct asset mapping analysis	The city could do an “asset mapping analysis” which views potential partners as assets rather than competitors. Visitors come and stay longer when there is more to do and see. Compare the destination to a shopping center where the economics work when there are anchor tenants. Perhaps the region’s anchor tenants are casinos and resorts.
Fairness to all	Consider the fairness of excluding some businesses (e.g., resorts) while including other businesses outside the city limits.
Consider gaming revenues	Consider the revenue stream that comes from gaming where rooms are often a loss leader as a possible revenue source.
Market as an entertainment destination	Become more aggressive in marketing the city as an entertainment destination.
Focus on the marketing issue versus the political issue	The city needs to take the lead on regionalism – including regional marketing. Work in partnership with the tribes, but perhaps involve tribal members who operate the business side of tribal enterprises. Focus on the marketing decision, not on the political issue

Conclusion

Many summit participants subscribed to the notion that ‘high tide raises all boats’. But many acknowledged that, because of the recent recession, the current model is not working, which creates fear. Participants want to protect the state and the city from losing visitors to other destinations. The question is about how to strengthen ‘the pot’ rather than further diluting the funding stream and get to fairness and equanimity.

APPENDIX A: SUMMIT LEADERSHIP

Summit Speakers

Richard Berry, Mayor, City of Albuquerque
David Campbell, CAO, City of Albuquerque
John Garcia, Director of the Economic Development Department, City of Albuquerque
Charlie Gray, Director, Greater Albuquerque Innkeepers Association
Dale Lockett, President/CEO, Albuquerque Convention & Visitors Bureau
Deborah (Debi) Owen, Director of Communications, Sandia Peak Ski & Tramway and Ski Santa Fe
Ron Solimon, President/CEO, Indian Pueblo Cultural Center, Inc.

Summit Leadership Team

The following people served on the Leadership Team to support and facilitate the summit.

Heather Balas
Sharon Berman
Kathy Komoll
Gina Maes
Kathleen Oweegon
Charlotte Pollard
Melanie Sanchez Eastwood
Joni Thompson
Anna Von Dielingen

Summit Working Group

Scott Appelman, Rainbow Ryders; ACVB Board of Directors
Bruce Farmer, FBT Architects; Chair, Lodgers Tax Advisory Committee
John Garcia, City of Albuquerque
Charlie Gray, Greater Albuquerque Innkeepers' Association
Mark Gundlach, Embassy Suites; Chair, ACVB Board of Directors
Steve Hiatt, Bottger Mansion Bed and Breakfast; ACVB Board of Directors; Vice-Chairman, Lodgers Tax Advisory Committee
Dale Lockett, ACVB
Bob Murphy, Economic Forum; ACVB Board of Directors
Debi Owen, Sandia Peak Ski & Tram
Adrian Perez, Heritage Hotels & Resorts; ACVB Board of Directors
Travis Suazo, Tribal tourism consultant
Jim Walther, National Museum of Nuclear Science & History; ACVB Board of Directors
TBD, Sandia Pueblo
TBD, Santa Ana Pueblo
TBD, Isleta Pueblo

APPENDIX B: SUMMIT PARTICIPANTS

Sally Adams

Clear Channel Outdoor

Scott Appelman

Rainbow Ryders Hot Air Balloon Co.

Tania Armenta

ACVB

Larry Atchison

ACVB

David Campbell

City of Albuquerque

Kelly Carr

Albuquerque Convention Center

Joseph Chavez

DoubleTree Hotel

Regina Chavez

Creative Albuquerque

Lewis Dawley

Albuquerque Convention Center

Janis DeLaney

Laguna Development Corp/Route 66 Casino Hotel

Robert Enriquez

ACVB

Bruce Farmer

FBT Architects

John Garcia

City of Albuquerque

Cathy Gonzales

Albuquerque Hispano Chamber of Commerce

Charlie Gray

Greater Albuquerque Innkeepers Association

Mark Gundlach

Embassy Suites Hotel & Spa

Bernie Herrera

Hard Rock Hotel & Casino

Steve Hiatt

Bottger Mansion Bed and Breakfast

Jim Hinde

City of Albuquerque

Karl Holme

Eco Gecko DTG

Tracie Jernigan

Hilton Garden Inn Journal Center

Daniel Jiron

Albuquerque International Sunport

Mary Ann Jones

Albuquerque Hispano Chamber of Commerce

Darla Jones

AICCNM / NMNABEC

Suheil Kare

ACVB

Laura Kesselman

Kesselman-Jones, Inc.

Dale Lockett

ACVB

Barbara Marcus

ACVB

Julia Miera

Clear Channel Outdoor

Judy Montanes

NM Gas Company

Bob Murphy

Economic Forum

Vince Murphy

Garrity Group

David Naquin

Southern Sandoval Investments

Deborah Owen

Sandia Peak Ski & Tram

Cecilia Padilla-Quillen

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Theodore Pedro

American Indian Chamber of Commerce of NM

Russell Pedro

AICCNM / NMNABEC

Cecilia Perez

Doubletree Hotel

Adrian Perez

Heritage Hotels and Resorts

Janice Pomeroy

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Ed Pulsifer

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Cheryl Rein-Borunda

City of Albuquerque

Nancy Renner

Chocolate Turtle Bed and
Breakfast

Elise Rogers

ACVB

Alex Romero

Albuquerque Hispano Chamber
of Commerce

Eric Rossena

Hilton Albuquerque

Skip Sayre

Laguna Development
Corporation/Route 66 Casino
Hotel

Jack Scherer

City of Albuquerque

Sharon Schultz

Tourism Association of New
Mexico

Steven Schwartz

Albuquerque Marriott

Ronald Solimon

Indian Pueblo Cultural Center,
Inc.

Diane Souder

National Park Service

Travis Suazo

ACVB Contractor

Joni Thompson

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George Trujeque

University of New Mexico

Dee Turner

Hyatt Tamaya

Todd Walters

Legacy Hospitality

Carol Wight

New Mexico Restaurant
Association