

REPORT ON INCENTIVE TRAVEL IN ASIA

COMMISSIONED BY SITE FOUNDATION USING DATA FROM INCENTIVE TRAVEL INDUSTRY INDEX, A JOINT INITIATIVE OF FICP, IRF & SITE FOUNDATION IN ASSOCIATION WITH OXFORD ECONOMICS



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WELCOME



Carina Bauer
President SITE Foundation & CEO
The IMEX Group

Incentive Travel Industry Index (ITII) is a collaboration between Incentive Research Foundation (IRF), Financial & Insurance Conference Professionals (FICP) and the Foundation of Society for Incentive Travel Excellence (SITE), 3 associations in the Business Events industry with a core focus on incentive travel. With over 2,500 submissions from over 100 countries around the world, ITII, clearly, is the single most comprehensive study into the nature and direction of incentive travel on a global basis.

When we deep dove into the data, however, we realised there were multiple regional and sectoral narratives hidden therein. If, on a global basis, the story unfolded in one way, regionally it often went in a different direction, offering up contrasting insights or outcomes. The scale and depth of the regional and sectoral data made it possible to follow these underlying narratives and produce 3 standalone reports for 2 regions, Europe and Asia, and 1 sector, the DMC industry.

SITE Foundation offers these 3 reports to the incentive travel industry as an expression of its mission and raison d'être:

To create compelling content to inform business professionals of the bold results incentive travel produces, and to provide industry insights to further careers of current incentive professionals.

Already in production, we look forward to soliciting your insights for the next edition of ITII which will be launched at IMEX in Frankfurt in May 2020.

#SITEUnite



FOREWORD



Selina Sinclair
CITP, CMP, SMMC
Global Managing Director
Pacific World

Incentive Travel has been a prized sector within the Business Events industry in Asia ever since towering pioneers like Jacques Arnoux, Anthony Wong, Bob Guy and the late, great Jane Schuldt – all proud and prominent members of SITE, it should be noted – brought the sumptuous secrets of Asia as a regional destination to the global incentive travel marketplace in the 1980s.

The fact that, to date, SITE Global Conferences have been hosted in such APAC locations as Singapore, Hong Kong, New Zealand, Beijing and New Delhi is testament to that. And, of course, this is not surprising. If incentive travel is all about creating and delivering once-off, extraordinary, transformational travel experiences, then what's more unique than the treasures of Thailand, the curiosities of China, the marvels of Malaysia, the verve of Vietnam?

The APAC region as a destination continues to beguile and bewitch within the world of incentive travel, with significantly increased air access due to the rise of carriers like Turkish Airlines, Emirates, Etihad and Qatar, making tier one incentive cities like Bangkok, Sydney, Singapore even more accessible for source markets, particularly in greater Europe.

What's new, however, is the rise of Asia as a source market in itself, delivering incentive travel trips, both regionally in APAC countries, as well as globally. And while APAC as a source market has followed the model elaborated in mature source markets like the US, the region has also developed its own unique characteristics with the advent of the mega-incentive - massive movements of up to 15,000 people, descending upon destinations in Australia, the Gulf region and Europe.

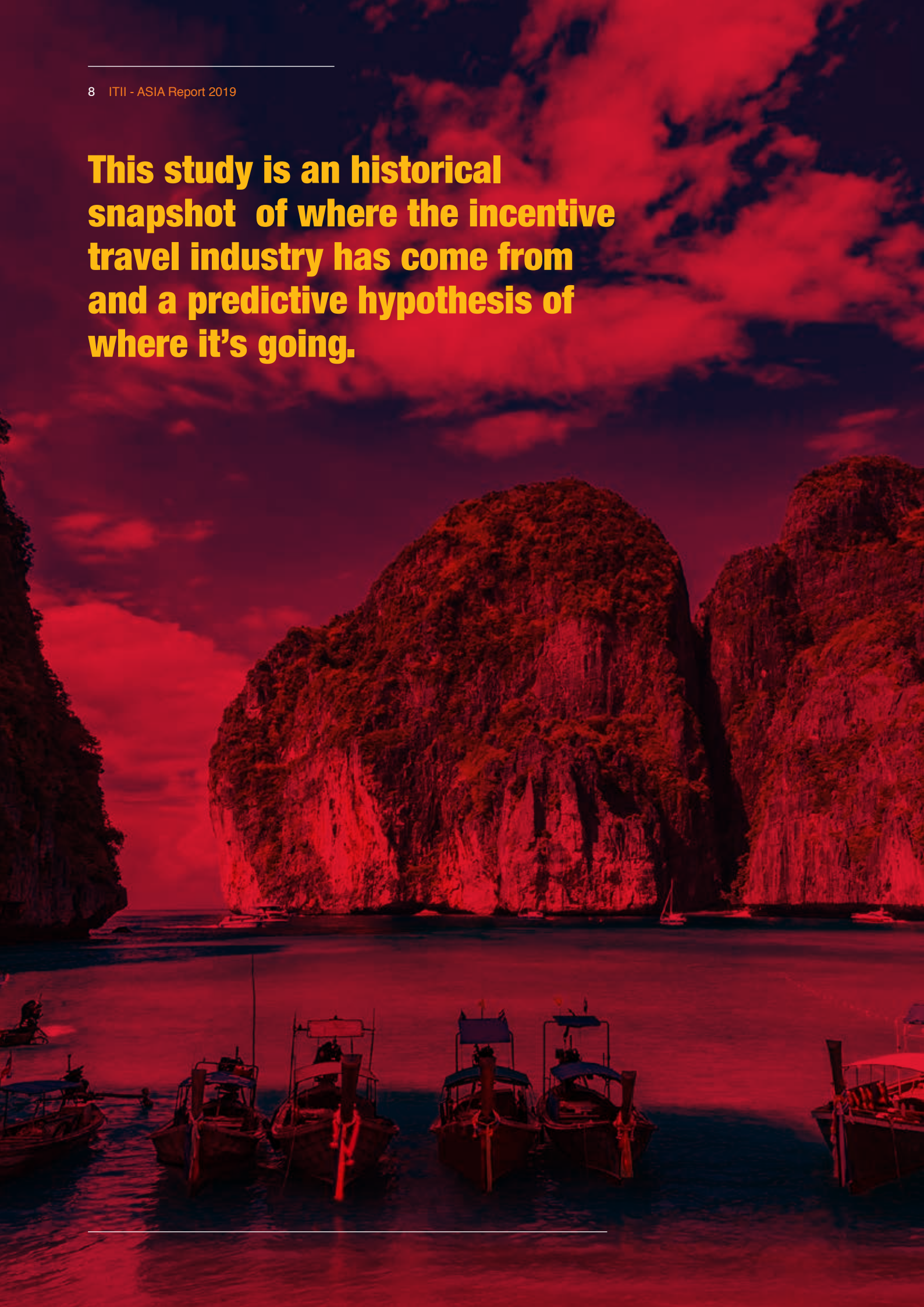
The APAC region is dynamic, strong, and robust both as a collection of destinations and an assembly of source markets. I welcome the annual publication of the Incentive Travel Industry Index, undertaken collectively by FICP, IRF and SITE Foundation, and thank SITE Foundation, in particular, for producing this compelling, comprehensive study dedicated to the APAC region.



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This study is an historical snapshot of where the incentive travel industry has come from and a predictive hypothesis of where it's going.



THE INCENTIVE TRAVEL INDUSTRY INDEX 2019

INTRODUCTION

A joint initiative of Financial & Insurance Conference Professionals (FICP), Incentive Research Foundation (IRF) and Society for Incentive Travel Excellence (SITE), the Incentive Travel Industry Index (ITII) consolidates previous research undertaken individually by each association into a single, pan-industry study.

The study is at once an historical snapshot of where the industry has come from and a predictive hypothesis of where it's going.

For the next 3 years, i.e. until 2021, the partnership will be working with Oxford Economics, a leading independent research company, well known to global incentive travel professionals for its extensive work with the Events Industry Council (EIC), US Travel Association and Meetings Mean Business coalition.

The initial results of the survey were released to the industry at IMEX America, Las Vegas on Monday 9th September 2019 during a panel discussion featuring:

- **Adam Sacks**, President, Tourism Economics, an Oxford Economics company
 - **Allison Cooper**, Vice President, Conference Experiences at LPL Financial
 - **Bob Miller**, President & CEO at One10
 - **Selina Sinclair**, CMP, SMM, CITP, Global Managing Director, Pacific World
 - **Soma Kim**, Account Director, Incentive Sales at Four Seasons Hotels and Resorts.
-

THE SURVEY

The survey was aimed at incentive travel professionals all over the world and was available in English and Spanish, customised for 5 distinct incentive travel personas under the two main categories of buyers and suppliers.

Buyer:

1. Incentive Travel End-User (e.g. corporate buyer)
2. Incentive Travel Agency (e.g. incentive agency, third party planner, independent planner or other intermediary)

Supplier:

3. Destination Management Company (e.g. DMC coordinating local implementation)
4. Supplier to the incentive market (e.g. hotels, cruise lines, venues, transportation companies, AV companies, décor companies)
5. Destination Marketing Organisations (e.g. DMO, convention bureau, visitor bureau)

While 5 distinct pathways were provided through the survey, the overall orientation of the survey was from the point of view of the end-user, the ultimate instigator and budget holder for the incentive travel experience.

The survey followed the areas of inquiry established in our previous studies:

- Benefits of Incentive Travel
- Budget Management
- Destination and supplier-partner selection
- Programme design

However, this time the questions probed more deeply, evaluating present and future practice and trends. End-users and incentive agencies, for example, were asked specifically what destinations they were considering for the future and also what factors and considerations influence their choice of partner-supplier.

DISTRIBUTION

The Incentive Travel Industry Index was launched on Monday, 8 July 2019 and remained active in the field until Tuesday, 6 August.

The survey was distributed via individual links to the databases of SITE, IRF and FICP. Additionally another 71 distinct links were created and distributed to sectoral and geographical clusters of incentive travel professionals around the world by the 3 organisations, or via media and other distribution partners.

DEMOGRAPHICS

The survey achieved a good balance between buyers (Incentive Travel Agencies and End-Users) and suppliers (DMOs, DMCs, and Other Suppliers) (see figure 1).

Responses were received from over 100 countries around the world and while North America, traditionally the “stronghold” for incentive travel, accounted for the single biggest regional response rate, more responses, overall, were received from outside of North America (see figure 2).

Respondents identified 15 different industry sectors with whom they worked (including ‘other’) (see figure 3).

Sectors such as Direct Selling, Retail, Hospitality, and Luxury Goods were mentioned by fewer than 12% of respondents.

I1: Please select the role that best describes your involvement in incentive travel?

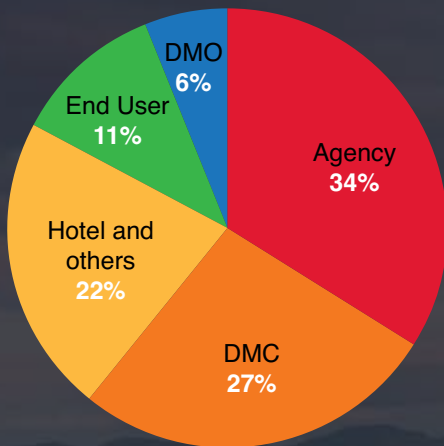


Figure 1: Breakdown of respondents by sector
Buyers (45%)

- **Agency** Incentive Travel Agency
- **End User** Incentive Travel Participant Company
- Suppliers (55%)**
- **DMC** Destination Management Company
- **Other Suppliers** eg Hotels, Venues etc.
- **DMO** Destination Marketing Organisation

I3: In which country is the organisation in which you work for based?

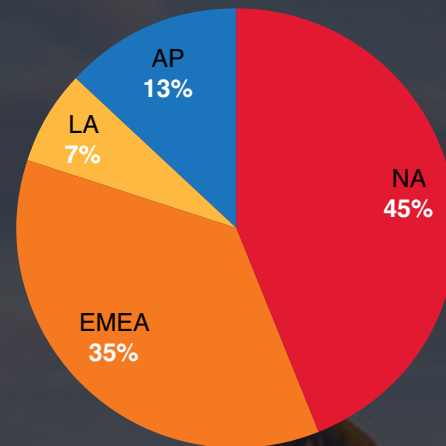


Figure 2: Breakdown of respondents by geographical region

- **NA** North America
- **EMEA** Europe, Middle East, Africa
- **LA** Latin America
- **AP** Asia Pacific

I5: Which of the following best describes the industry for which your team is organizing incentive travel programmes (i.e. the industry of the company of business units using incentive travel)? Incentive travel agencies should indicate the client industry they work with most frequently.

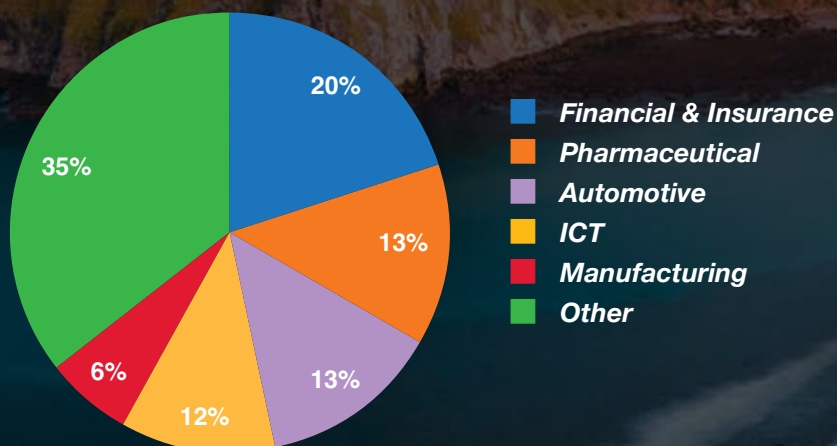


Figure 3: Breakdown of respondents by industry



ASIA PACIFIC – A REGIONAL ANALYSIS



With 2,500+ responses, the depth and breadth of data now allows for a valid regional examination of incentive travel and for a comparative analysis of emerging topics, trends and themes between the regions.

What follows is a report on the incentive travel industry in Asia Pacific. In this report Asia Pacific is represented by input from the following regions - Oceania, Southeast Asia, Northeast Asia and South Asia – which in turn represents the following countries - Australia, China, Hong Kong, India, Indonesia, Japan, Macao, Malaysia, Maldives, Myanmar, New Zealand, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. The Asia Pacific data is presented in the light of three comparators, the aggregate data for All Regions, North America, and Europe.

ASIA PACIFIC RESPONDENTS



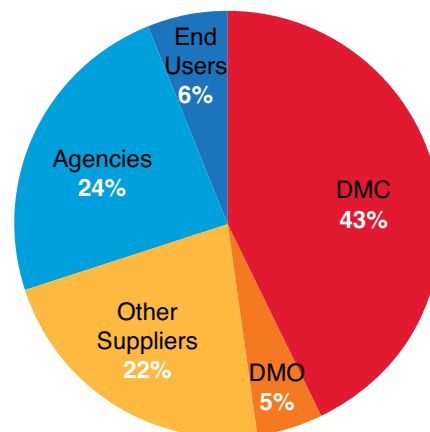
This survey was completed by 288 respondents from the Incentive Travel Industry in Asia Pacific, 70% of whom were suppliers (DMCs, DMOs, and 'Other Suppliers'), and 30% buyers (Incentive Agents and End-Users). Respondents came from a total of 19 different Asian Pacific countries, all of which are listed below.

| | |
|---|----------------|
| 1 | India – 58 |
| 2 | China – 38 |
| 3 | Singapore – 35 |
| 4 | Thailand - 31 |
| 5 | Indonesia – 22 |

- Australia
- Malaysia
- Hong Kong
- Japan
- Philippines
- South Korea
- Taiwan
- Vietnam
- Sri Lanka
- New Zealand
- Macao
- Pakistan
- Fiji
- Mongolia

Breakdown of APAC Respondents

Total Asian Pacific respondents: 288







**SHIFT TAKING PLACE
FROM HARD TO SOFT
POWER METRICS –
LEANING TOWARDS THE
INTANGIBLE BENEFITS
HERALDED IN EUROPE
– BUT PROFIT STILL
THE MOST IMPORTANT
FACTOR**



**APAC AVERAGE
PROGRAMME
BUDGETS BISECT
THOSE OF NA AND
EUROPE**



**CREATIVITY IS THE TOP
DIFFERENTIATOR FOR
DMCS IN APAC, WHILE
FOR NA AND EUROPE IT
IS SERVICE**

**DMCS IN APAC
MANAGE A HIGHER
BUDGET THAN NORTH
AMERICAN DMCS**

**(+16%)
AND EUROPEAN DMCS
(+33%)**



**APAC CORPORATE
BUYERS PREDICT
MASSIVE GROWTH IN
INCENTIVE TRAVEL,
TWICE AS MUCH AS NA,
AND 3 TIMES AS MUCH
AS EUROPE**



**MEETINGS ARE
HUGELY IMPORTANT
IN APAC INCENTIVE
PROGRAMMES**



**UNLIKE NA AND
EUROPE, SPENDING
ON AIR IS HIGHER
THAN HOTELS**



**PROGRAMME
DESIGN: APAC
GIVES IMPORTANCE
TO COHESION,
CONNECTIONS,
BONDING,
RELATIONSHIP
BUILDING AND
GIVING BACK**



**VALUE FOR MONEY
MORE IMPORTANT
FOR DESTINATION
SELECTION IN APAC
THAN IT IS FOR NA OR
EUROPE**



**ORGANIC COMPANY
GROWTH PRIMARILY
FUELS THE UPTAKE
OF INCENTIVE
TRAVEL IN APAC**



**DMO/CVB MORE
INFLUENTIAL ON
BUSINESS LEADS FOR
SUPPLIERS IN APAC
THAN IN NA AND EUROPE**



**APAC HAS
FASTEST GROWTH
IN QUALIFIERS
BUT SLOWEST
GROWTH IN RFPS**



**APAC AHEAD
OF THE CURVE
IN THE USE
OF EMERGING
TECHNOLOGY**



**APAC WILLING TO
COMPROMISE ON HOTEL
LOCATION & QUALITY
MORE SO THAN NA AND
EUROPE**



**APAC
PREDICTS
HIGHEST
GROWTH
IN RISK
MANAGEMENT
PROCEDURES**



**MEETINGS INDUSTRY
PRINT AND ON-LINE
MEDIA PLAY LITTLE OR
NO ROLE IN INFLUENCING
DESTINATION SELECTION**



**DESTINATION
SELECTION THE
MAIN FACTOR
AFFECTING
PROGRAMME
BUDGET**

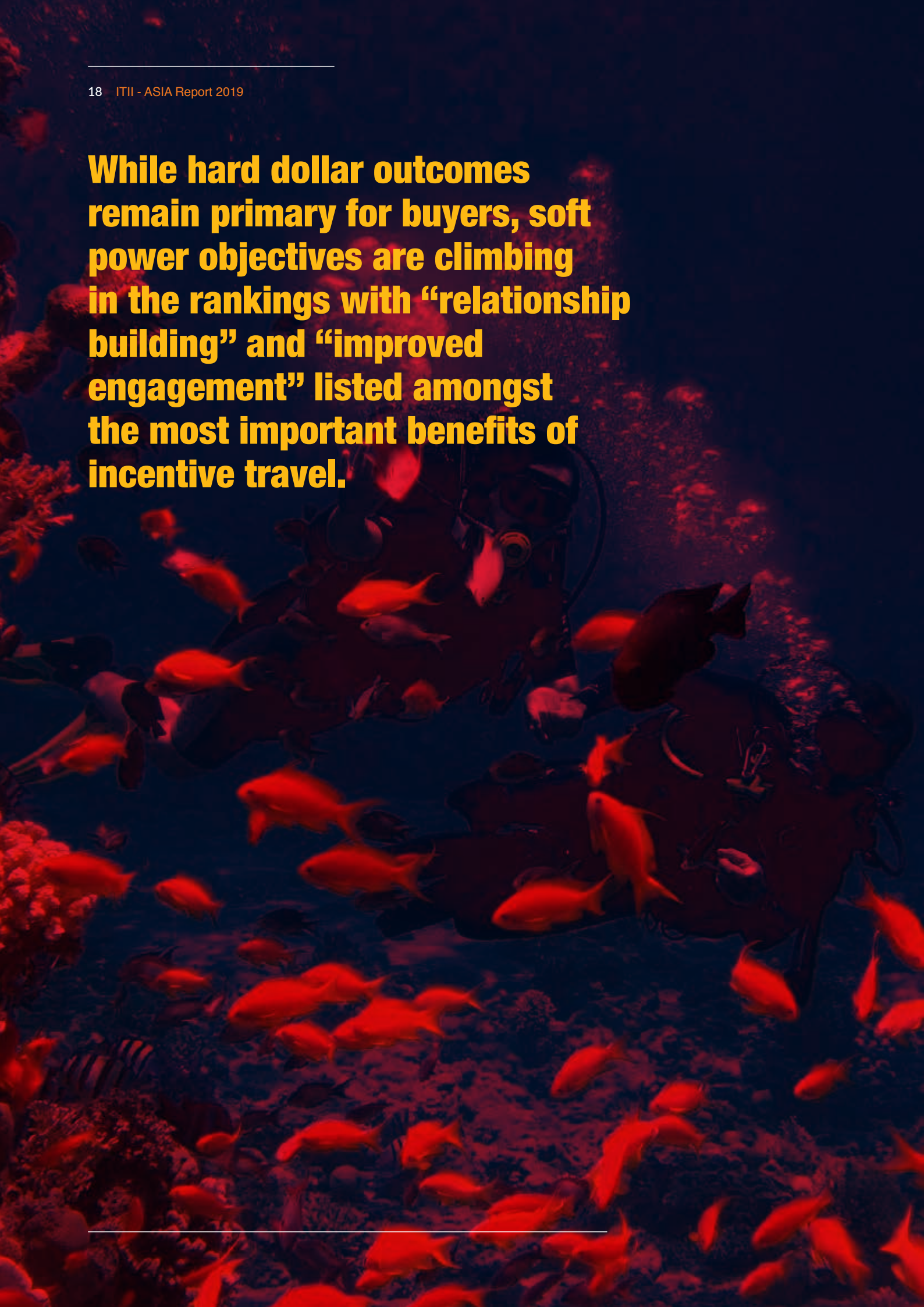


**RESPONSIVENESS IS THE
MOST VALUED FACTOR IN
PARTNER-SELECTION**



**REGULATORY
CHANGES HAVE A
NEGATIVE EFFECT
ON THE GROWTH
OF INCENTIVE
PROGRAMMES**

While hard dollar outcomes remain primary for buyers, soft power objectives are climbing in the rankings with “relationship building” and “improved engagement” listed amongst the most important benefits of incentive travel.



SECTION 1

BENEFITS OF INCENTIVE TRAVEL



Incentive Travel, typically and traditionally, is used by enterprises to encourage, motivate and inspire individuals in an organisation to achieve extraordinary levels of performance against organisational goals. These goals are usually expressed in financial metrics.

A key outcome from last year's ITII was the increasing importance of soft power metrics when evaluating the benefits a company receives from its incentive travel programmes. While hard dollar outcomes still remained primary for buyers, soft power objectives were clearly climbing in the rankings, with relationship building and improved engagement listed amongst the most important benefits.

With a significantly bigger response rate, the trend has continued in this survey, with soft power benefits now making up over two-thirds of the top 6 benefits chosen by buyers.

THE MOST IMPORTANT BENEFITS FOR END-USERS

From 13 options, respondents were asked to select the most important benefits of incentive travel programmes either in their own organisations (end-user buyers) or from the perspective of their client companies (incentive agencies).

The options spanned the full spectrum of benefits from tangible benefits that contribute to the company's bottom line to intangible benefits that build company culture.

1. Increased individual productivity
2. Improved engagement (employees or channel partners)
3. Enhanced customer satisfaction
4. Improved retention (employees or channel partners)
5. Better relationship-building between employees and management
6. Better relationship-building among employees
7. Increased mindshare in a competitive marketplace
8. Enhanced brand compliance
9. Enhanced ability to recruit new employees or channel partners
10. Enhanced training or knowledge
11. Increased sales and/or profits for the company

Whilst the primacy of soft power metrics have heightened in recent years, the Asia Pacific incentive travel market is still driven primarily by the hard power metric of increased sales and/or profits for the company.

While the soft power metrics of 'improved engagement' and 'relationships between employees and managers' also rank high, coming in 2nd and 4th place respectively, 'engagement' is still a full 11 percentage points behind profit. 'Productivity', another hard metric, is in 3rd position, one percentage point above 'relationships between employees and management' (see figure 4).

Clearly - and similar to North America - financial benefits outweigh inter-personal benefits when APAC buyers are setting goals for incentive travel experiences. However, a shift towards soft power objectives can also be noted, bringing APAC into closer alignment with the prevailing position in Europe (see figure 4.1).

Of note amongst the other objectives is the significantly higher ranking given to 'mindshare' in the APAC region. Here it ranks 10 percentage points higher than it does in North America and a full 19 percentage points higher than Europe. This reflects a decisive regional variation, underlining the importance within the wider Asian context of capturing hearts and minds by building company loyalty via shared travel experiences.



B1: What are the most important benefits your company receives from its incentive travel programmes? Incentive travel agencies should answer from the perspective of their client companies



Figure 4: Benefits of incentive travel programmes by percentage choosing important and most important (APAC buyers only)

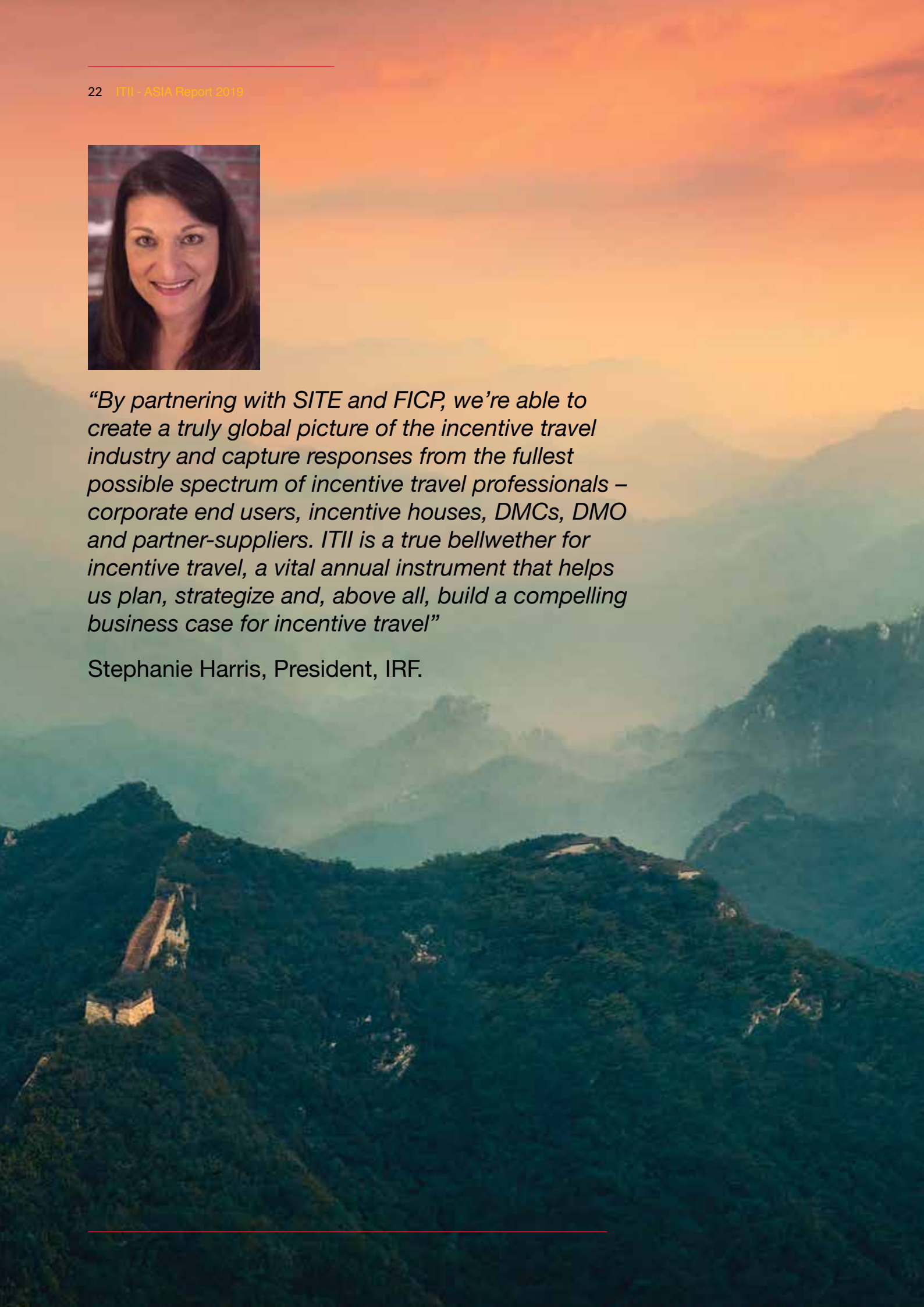
| ALL BUYERS | | | |
|------------|---|---|---|
| | n=55 | n=344 | n=158 |
| TOP 5 | APAC | NA | EUR |
| 1 | Profit | Profit | Relationships between employees |
| 2 | Engagement | Productivity | Relationship between employees & management |
| 3 | Productivity | Engagement | Engagement |
| 4 | Relationship between employees & management | Retention | Profit |
| 5 | Retention | Relationship between employees & management | Customer Satisfaction |

Figure 4.1: Top incentive travel benefits (all buyers)



“By partnering with SITE and FICP, we’re able to create a truly global picture of the incentive travel industry and capture responses from the fullest possible spectrum of incentive travel professionals – corporate end users, incentive houses, DMCs, DMO and partner-suppliers. ITII is a true bellwether for incentive travel, a vital annual instrument that helps us plan, strategize and, above all, build a compelling business case for incentive travel”

Stephanie Harris, President, IRF.



EVALUATING THE SUCCESS OF INCENTIVE TRAVEL

This overall shift towards soft power metrics continues in how incentive programme success is evaluated as we observe how empirical elements such as legacy data or ROI information, are considered less important than participant feedback. It's a case of anecdotal evidence – participants' stories and feedback – having more weight in terms of evaluating impacts than any formal metric or measurement.

This is consistent across all regions with 'participant feedback' ranking in first position for Europe, Asia Pacific and North America (see figure 5). However, human considerations prevail even more in Asia Pacific than in North America – while ROI still ranks within the top 3 levels of importance in APAC, it is still 16 points behind North America. Interestingly, in APAC while 'participant feedback' ranks on a par with North America and Europe, 'participant stories' ranks considerably lower.

Overall, however, the APAC data aligns with the increased importance given to an individual's personal development and engagement, over the monetary value of incentive programs to the company as a whole.

When the supplier community (e.g. DMCs, hotels, & venues) is questioned on the non-ROI impacts of incentive travel programmes, they, too, highlight the intangible benefits of the programme in relation to company culture and the personal development of the qualifier, over the tangible, financial impact of the programme on the destination. Any regional variations between North America, Europe and Asia Pacific here are miniscule, indicating close global alignment in this regard.

B2: What types of information are most effective at demonstrating the value of the incentive travel programme to senior management and other stakeholders at the corporations for whom you organise incentive travel programmes?

ALL BUYERS

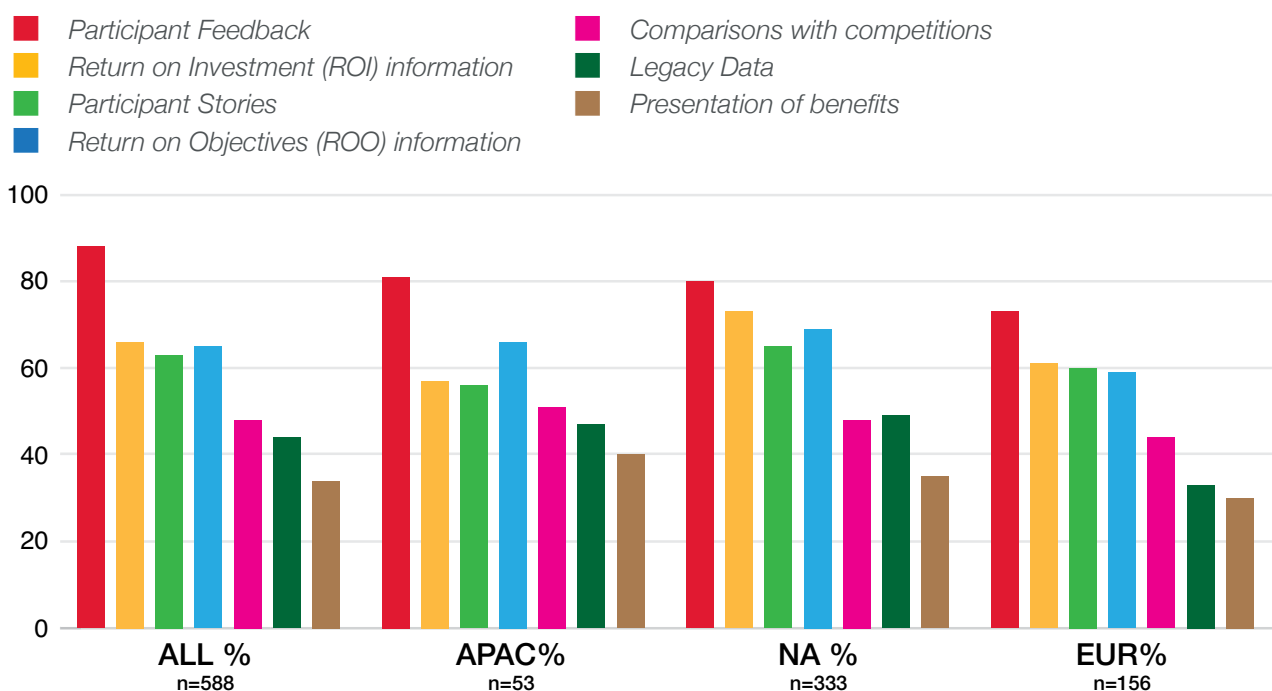


Figure 5: How buyers demonstrate the value of incentive programmes to stakeholders and management by percentage choosing effective and very effective (all buyers)

APAC bisects the line between Europe and North America for average programme spend. However, when the data contributed by DMCs are analysed, the spend for APAC is 11% higher than North America and 27% higher than Europe.



SECTION 2

THE GROWTH & MANAGEMENT OF INCENTIVE TRAVEL

BUDGET MANAGEMENT: WHO MANAGES WHAT, & HOW MUCH?

Budgets are an important yardstick for the overall health of the incentive travel industry and, for 2019 and beyond, the research paints a positive picture.

In ITII 2019 budgets are measured and compared by per person spend. This is specifically defined as the total programme cost divided by the number of people, including qualifiers, guests and other participants in the count of people. Thus, different average values will apply to buyers (corporate end-users and incentive travel agencies) and suppliers (DMCs and other destination suppliers) as the total programme cost will be comprised of fewer or more line items. This table sets out the likely budgetary line item inclusions across each of the key sectors analysed (see figure 6).

| Cost Element / Category | Corporate End User | Incentive Agency | DMC | Other Suppliers |
|---|--------------------|------------------|-----|-----------------|
| Programme Design | YES | YES | NO | NO |
| Programme Marketing | YES | NO | NO | NO |
| Programme Management (including staff) | YES | NO | NO | NO |
| Air travel | YES | YES | NO | NO |
| Destination Logistics (transport, guiding etc) | YES | YES | YES | NO |
| Destination Accommodation | YES | YES | NO | YES |
| Destination Delivery (local fees, activities etc) | YES | YES | YES | NO |
| Food & Beverage and other on-site expenses | YES | YES | YES | YES |

Figure 6: Likely budgetary line item inclusions across each of the key sectors analysed

Taking each of the category types into consideration, however, ITII 2019 still reveals wide and dramatic variations in per person spend with budgets, overall, significantly lower in Asia Pacific when compared with North America. However, they are also significantly higher than Europe (see figure 7).

Why is there such regional variation across the globe in terms of the per person spend on incentive travel experiences? While programme length may play a part - North American programmes are, on average, marginally longer than European and APAC programmes - other factors must also be in play.

When data supplied by buyers are compared, APAC bisects the line between Europe (\$2766) and North America (\$5071) with an average per person spend of \$3851. However, when data contributed by DMCs are analysed, the per person spend for APAC is

11% higher than North America and 27% higher than Europe. This reflects the position in the supply chain of the DMC community in Asia. Often bridging diverse countries, cultures and languages, the pan-Asian DMCs - and, indeed the hotel groups - offer an indispensable value proposition to buyers, particularly from outside the region, resulting in the consolidation of their “one-stop-shop” status.

Proportionally, according to these figures, DMCs in APAC manage 64% of the overall budget, versus just 43% in NA and 70% in Europe. While this is undisputedly an approximate figure, it nevertheless further supports the mid line position that APAC follows within the incentive industry, certainly when compared directly with NA and Europe.

G1A: What is the approximate spend per person (total programme cost divided by number of people, including qualifiers, guests and other participants in the count of people) for incentive travel programmes occurring this year (2019) for which your team was responsible?

| | n=1800 | n=288 | n=791 | n=517 |
|-----------------|--------|---------|-------|--------|
| | ALL \$ | APAC \$ | NA \$ | EUR \$ |
| All Categories | 3375 | 2960 | 4260 | 2402 |
| All Buyers | 4309 | 3851 | 5071 | 2766 |
| End User Only | 4659 | 3862 | 5137 | 2910 |
| Agency Only | 4181 | 3848 | 5041 | 2731 |
| Other Suppliers | 2460 | 2768 | 2730 | 2117 |
| DMC Only | 2181 | 2472 | 2220 | 1942 |

Figure 7: Average spend per person for incentive travel programmes in 2019 (including airfare where appropriate)

BUDGET ALLOCATION WITHIN PROGRAMMES

The strong position of the DMC in APAC may also be seen when budgetary breakdowns are analysed.

While the hotel/F&B percentage spend of overall budget has increased considerably over the years in the European and North American markets, this isn't as noticeable in Asia Pacific (see figure 8 and figure 8.1).

Asia Pacific incentive buyers are committing less of their overall budget to hotel related expenses when compared to their counterparts in North America and Europe. While 52% of per person spend for North American and 48% of per person spend for European buyers goes to hotel, food and beverage, for Asia Pacific this figure is only 40%. This may be due to buyers staying within the APAC region for programmes, where luxury hotels and resort prices, on average, are less expensive than other regions.

That said, the percentage of overall budget required for air transportation is higher for APAC than for other regions, which is perhaps a counterpoint to this argument.

G2: While mindful that no two programmes are the same, please indicate the average programme budget allocation for incentive travel programmes occurring this year (2019) for which your team was responsible.

| ALL BUYERS | | | |
|-----------------------|-------|-------|-------|
| | n=79 | n=828 | n=226 |
| CATEGORY | APAC% | NA % | EUR % |
| Hotel | 23 | 29 | 28 |
| F&B | 17 | 23 | 20 |
| Air | 27 | 20 | 20 |
| Ground Transportation | 11 | 8 | 10 |
| Activities | 15 | 13 | 17 |
| Other | 7 | 7 | 5 |

Figure 8: Average programme allocation per spend category (all buyers)

| | n=79 | n=828 | n=226 |
|-----------------------|---------|-------|--------|
| Total Spend | APAC \$ | NA \$ | EUR \$ |
| Hotel | 3851 | 4260 | 2402 |
| F&B | 886 | 1235 | 673 |
| Air | 655 | 980 | 480 |
| Ground Transportation | 1040 | 852 | 480 |
| Activities | 578 | 554 | 408 |
| Other | 270 | 298 | 120 |

Figure 8.1: Revenue breakdown of per person spend by region

GROWTH IN NUMBER OF QUALIFIERS

The overall growth of incentive travel is measured by (a) increases in the number of participants qualifying for programmes and (b) increases in the overall per person spend. Unlike its predecessors, ITII 2019 tries to determine likely future scenarios for incentive travel, posing questions about rises in the number of qualifiers and in spend per head between 2018 and 2022.

Overall, the agency community across all regions and countries is reporting positive growth in qualifier numbers all the way up to 2022, albeit at different average rates. Asia Pacific is sitting comfortably in the middle, with an average growth of 2.6% over the next 4 years, which is considerably faster than the EU growth of 1.85%, but slower than North America at 3.35% (see figure 9).

In Asia Pacific, the rate of growth is consistent for the

first three years, increasing from 1 to 1.9% to 3%, however, there is a marked increase to 4.3% in 2022.

Globally, there is more caution on the corporate side, with average growth in the number of qualifiers at 2.15% versus the 2.53% predicted by the agency community (see figure 9.1 and figure 9.2).

However, the APAC corporate sector is a significant outlier, both compared to other regions, and within APAC itself, predicting significant growth over the next 3 years, with an overall average of 3.48%. This figure is over 2 times the North American average (1.75%) and almost 3 times the European average. As APAC is a region newer to the market side of incentive travel, it makes sense that average growth rates would be higher from Corporates here than in regions where incentive travel is more traditionally well-established.

G3: How has the number of people (qualifiers, guests and other participants) in your team's incentive travel programmes changed recently? How do you expect it to change this year and in future years?

| AGENCY ONLY | | | | |
|-------------|-------|--------|-------|-------|
| | n=572 | n=61 | n=302 | n=166 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 1.5 | 1.1 | 2.2 | 0.8 |
| 2020 | 2.5 | 1.9 | 3.4 | 1.4 |
| 2021 | 2.8 | 3.1 | 3.8 | 2.3 |
| 2022 | 3.3 | 4.3 | 4.0 | 2.9 |
| Average | 2.53 | 2.60 | 3.35 | 1.85 |

Figure 9: Percentage growth in number of qualifiers (agency only)

| END USER ONLY | | | | |
|---------------|-------|--------|-------|-------|
| | n=202 | n=18 | n=127 | n=39 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 0.7 | -0.8 | 1.0 | -0.7 |
| 2020 | 2.1 | 2.9 | 1.6 | 2.1 |
| 2021 | 2.9 | 5.3 | 2.4 | 1.4 |
| 2022 | 2.9 | 6.5 | 2.0 | 2.3 |
| Average | 2.15 | 3.48 | 1.75 | 1.28 |

Figure 9.1: Percentage growth in number of qualifiers (end-user only)

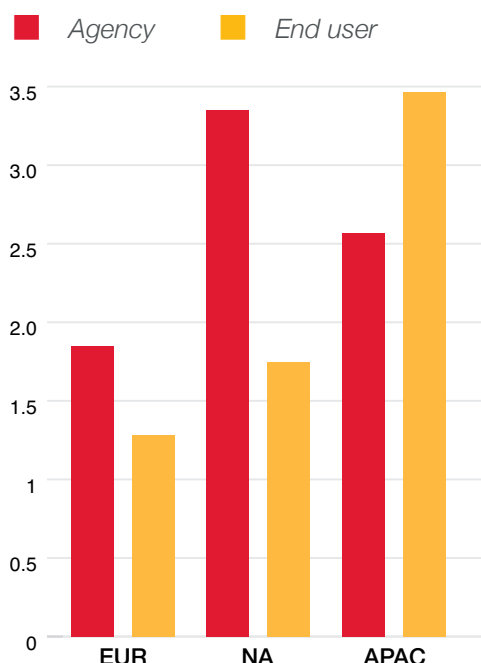


Figure 9.2: Average growth in agency vs average growth for end-users

GROWTH IN SPENDING

Growth in spending on incentive travel programmes is also forecasted to increase through to 2022. However, concerningly, this is not at the same pace as the number of participants. In terms of growth in spending, APAC drops considerably in the rankings, falling below the average levels for all regions (1.6% in APAC v 1.9% in All Regions) but remaining ahead of the regional laggard in this regard, Europe (at 0.6%) (see figure 10).

APAC agencies are considerably less optimistic than corporates, predicting an overall average increase of just 1.40% versus 2.0% for APAC corporate buyers (see figure 10.1 and figure 10.2).

G4: How has spending per person (total programme cost divided by number of people including qualifiers and guests in the count of people) in your team's incentive travel programmes changed recently? How do you expect it to change this year and in future years?

| ALL BUYERS | | | | |
|------------|-------|--------|-------|-------|
| | n=762 | n=77 | n=423 | n=202 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 1.0 | 0 | 2.2 | 0.1 |
| 2020 | 1.6 | 1.3 | 2.3 | 0.5 |
| 2021 | 2.2 | 2.4 | 2.9 | 0.6 |
| 2022 | 2.6 | 2.6 | 3.1 | 1.2 |
| Average | 1.9 | 1.6 | 2.6 | 0.6 |

Figure 10: Forecasted percentage growth in spending from 2019-2022 (all buyers)

| END USER ONLY | | | | |
|---------------|-------|--------|-------|-------|
| | n=200 | n=18 | n=125 | n=39 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 0.8 | -1.1 | 1.6 | -0.8 |
| 2020 | 1.5 | 1.5 | 1.5 | 1.0 |
| 2021 | 2.0 | 3.9 | 2.1 | 0.2 |
| 2022 | 2.3 | 3.8 | 1.8 | 1.8 |
| Average | 1.7 | 2.0 | 1.8 | 0.6 |

Figure 10.2: Forecasted percentage growth in spending from 2019-2022 (end user only)

| AGENCY ONLY | | | | |
|-------------|-------|--------|-------|-------|
| | n=562 | n=59 | n=298 | n=163 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 1.1 | 0.3 | 2.9 | 0.8 |
| 2020 | 1.6 | 1.2 | 2.9 | 0.3 |
| 2021 | 2.2 | 1.9 | 3.6 | 0.8 |
| 2022 | 2.7 | 2.2 | 4.1 | 1.0 |
| Average | 1.9 | 1.4 | 3.4 | 0.7 |

Figure 10.1: Forecasted percentage growth in spending from 2019-2022 (agency only)

A MISMATCH OF GROWTH

While all categories and sectors are forecasting growth over the next 4 years – albeit at different rates – there’s a misalignment between growth in qualifier numbers and spending (see figure 10.3).

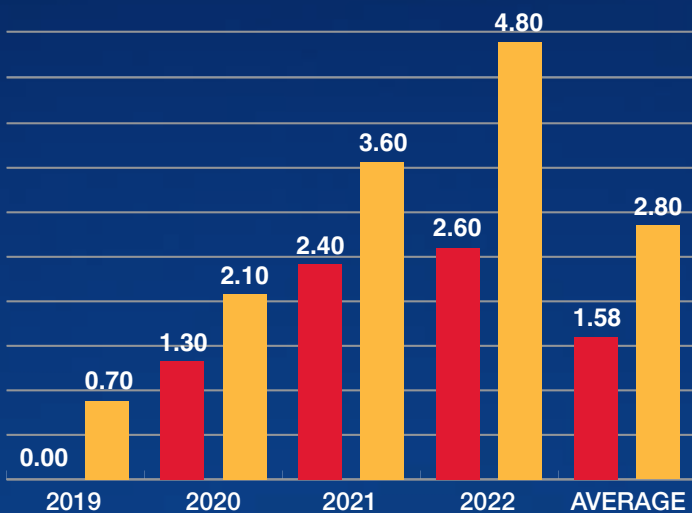
If not addressed, this will undoubtedly lead to a fall in quality and standards for incentive travel experiences as the number of qualifiers per programme is increasing at a faster rate than spending available to fund the programme.

This is even more acute in APAC where growth in the number of predicted qualifiers is almost 2 times the predicted growth in available budget.

Figure 10.3: Growth in spending compared with growth in qualifier numbers (APAC only)

■ Spending (%)

■ Qualifiers (%)



KEY TRENDS AND FACTORS INFLUENCING GROWTH

(a) Number of qualifiers

Increases or decreases in the number of qualifiers for incentive travel programmes are influenced by both internal (within the enterprise itself) and external (within the wider business environment) factors.

Different factors, linked to the wider prevailing winds of the respective regional economies, are influencing the situation in North America, Europe and Asia Pacific. In North America, the strongest positive factor impacting the increase in qualifier numbers is change in company size as a result of mergers and acquisitions, whereas for organisers in Asia

Pacific, it is as a result of organic growth (see figure 11). This reflects, perhaps, the more robust growth environment for business in North America which favours a more aggressive, acquisitive approach.

On the negative side, while growth is predominantly hindered by internal management decisions in Europe and North America, for APAC, the principal hindrance to growth is regulatory changes impacting the industry at large (see figure 11.1 and figure 11.2).

G5: What are the key trends impacting the number of people (qualifiers, guests and other participants) in your team's incentive travel programmes over the next two years (2020 and 2021)?

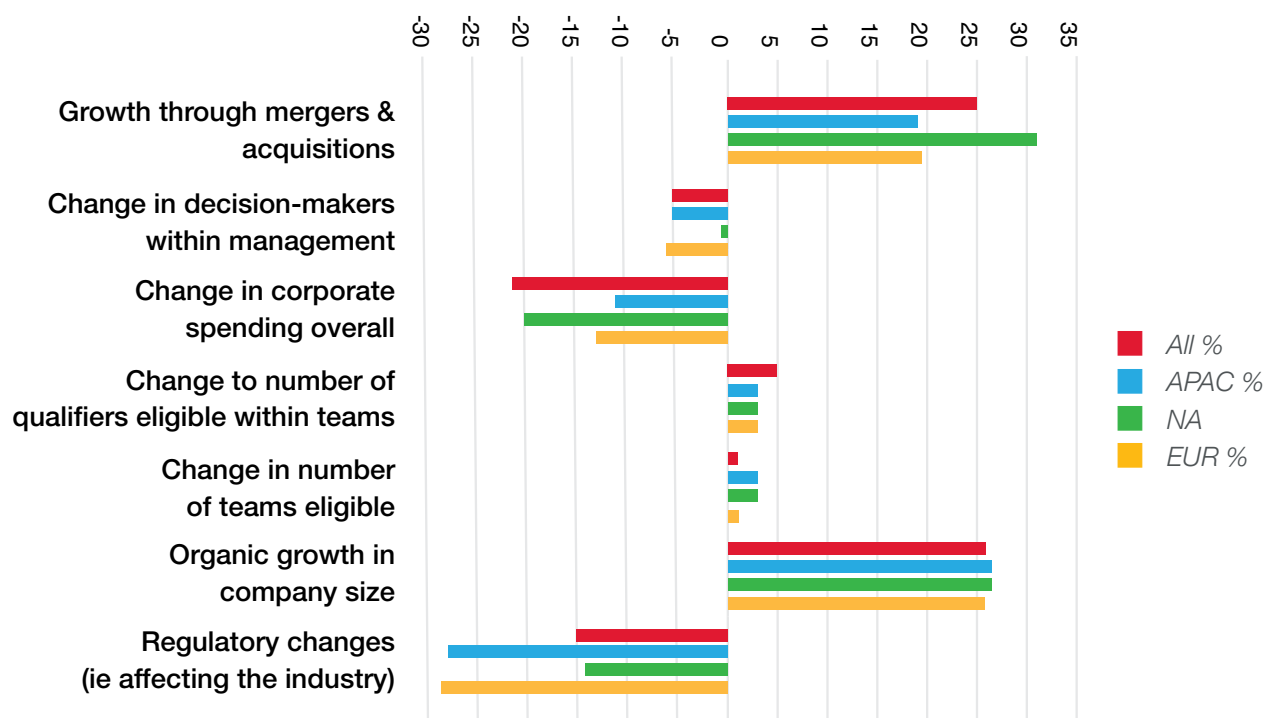


Figure 11: Key trends impacting number of qualifiers - answer expressed as a percentage affecting an increase or decrease in the number of qualifiers (comparing all regions)

| All BUYERS | | | | |
|------------|--|--|---|--|
| | n=739 | n=70 | n=415 | n=193 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Organic change in company size | Organic change in company size | Change in company size through mergers or acquisitions | Organic change in company size |
| 2 | Change in company size through mergers or acquisitions | Change in company size through mergers or acquisitions | Organic change in company size | Change in company size through mergers or acquisitions |
| 3 | Management decision to change number of qualifiers eligible | Management decision to change number of qualifiers eligible | Management decision to change number of teams eligible | Management decision to change number of qualifiers eligible |

Figure 11.1: Reasons why number of qualifiers is increasing (all buyers)

| All BUYERS | | | | |
|------------|--|--|--|--|
| RANK | ALL | APAC | NA | EUR |
| 1 | Management decision to change corporate spending overall | Regulatory changes | Management decision to change corporate spending overall | Management decision to change corporate spending overall |
| 2 | Regulatory changes | Management decision to change corporate spending overall | Regulatory changes | Regulatory changes |
| 3 | Change in management | Change in management | Change in management | Change in management |

Figure 11.2: Reasons why number of qualifiers is decreasing (all buyers)





(b) Spending

While there is great similarity across all regions regarding the top 5 factors most affecting budget fluctuations, there is quite a difference in how these are ranked, most especially in APAC.

The top factor contributing to increases in budgetary spend across North America and Europe is hotel cost (see figure 12). However, in APAC, it is destination choice. This could be due to the fact that programme costs occurring regionally in APAC are generally lower than those in North America or Europe – meaning, if APAC buyers select a European destination such as Milan over an Asian destination such as Hanoi, the overall programme cost will be higher. There is also more destination price variation within APAC itself than perhaps within NA or Europe, with destinations like Japan or Australia being much more expensive than examples like Sri Lanka or Laos.

Respondents were also asked what they did to manage budgets, i.e., what elements helped to reduce spending across the various line items (see figure 12.1). Here again, APAC buyers differ from their North American and European counterparts. NA and European buyers use programme length as the most common means to control or reduce budget. Due to the fact that the hotel component consumes the single biggest overall percentage of the budget in NA and EUR, reducing the programme by one or

two nights will certainly help with overall spending, without necessarily impacting on standard and quality. However, for APAC buyers, the options to reduce hotel costs or airfare costs are selected more readily than shortening the length of the programme. This indicates that APAC buyers are perhaps more willing to compromise on the quality and standard of the accommodation and transport (i.e. less luxurious), but are less willing to curtail the actual content potential of the programme. By reducing programme length the content of the programme would also be compromised, leading to fewer meetings, less engagement, and so less time for relationship building between employees and managers, etc.

For North American buyers who enjoy a large and easily accessible supply, the use of “all inclusive” resorts is the second most popular way to control or reduce spending. While the APAC region has a significant supply of integrated resort properties across Bali, Thailand, Malaysia and the Philippines, the “all inclusive” pricing model is not as readily available in other destinations within the region and as such, this approach is not used to control costs in the same way as in NA.



G6: What are the most important trends impacting spending per person in your teams incentive travel programmes over the next two years (2020 and 2021)?

| All BUYERS | | | | |
|------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | n=684 | n=63 | n=387 | n=178 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Hotel Cost | Destination | Hotel Cost | Hotel Cost |
| 2 | Air Cost | Hotel Cost | Air Cost | Food & Beverage |
| 3 | Food & Beverage | Food & Beverage | Food & Beverage | Destination |
| 4 | Destination | Air Cost | Destination | Air Cost |
| 5 | Hotel Quality/ Location | Hotel Quality/ Location | Hotel Quality/ Location | Hotel Quality/ Location |

Figure 12: Factors impacting spending 2020-2021 (all buyers)

| All BUYERS | | | | |
|------------|----------------------|------------------|----------------------|------------------|
| | n=684 | n=63 | n=387 | n=178 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Programme Length | Hotel Cost | Programme Length | Programme Length |
| 2 | Air Class | Air Cost | Use of All Inclusive | Air Cost |
| 3 | Destination | Programme Length | Air Class | Air Class |
| 4 | Amenities Cost | Destination | Destination | Destination |
| 5 | Use of All Inclusive | Hotel Quality | Amenities Cost | Hotel Cost |

Figure 12.1: Ways buyers are controlling budgets 2020-2021 (all buyers)



SUPPLIER EXPECTATIONS ON BUDGET GROWTH

While the supplier perspective on budgets is positive overall, there are noticeable variations in the extent of growth predicted across all markets. There is also an interesting exchange in the level of optimism between buyers and suppliers in this regard (see figure 13).

Comparing optimism across the regions, amongst buyers, it is the North Americans who are the most positive about future budgetary growth. However, on the supplier side, it is the Europeans who are the most confident, predicting 1.9% growth in incentive budgets, which is 37% higher than the more cautious North American and Asian Pacific suppliers,

whose average over the coming years is 1.2% (see figure 13.1 and figure 13.2). Looking at the DMC community specifically, this difference is even more pronounced, bolstered in part by the optimism of UK DMCs who predict an upsurge in RFPs post Brexit (see European report).

G7: How did incentive travel budgets change for programmes in which your team was involved last year? How do you expect budgets to change in future years?

| ALL SUPPLIERS | | | | |
|---------------|--------|--------|-------|-------|
| | n=1074 | n=232 | n=354 | n=339 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 0.1 | -0.6 | -0.2 | 0.4 |
| 2020 | 1.9 | 1.3 | 1.4 | 1.9 |
| 2021 | 2.4 | 1.7 | 1.8 | 2.3 |
| 2022 | 2.7 | 2.2 | 1.9 | 2.8 |
| Average | 1.8 | 1.2 | 1.2 | 1.9 |

Figure 13: Percentage change to incentive budgets 2019-2022 (all suppliers)

| DMC ONLY | | | | |
|----------|-------|--------|-------|-------|
| | n=178 | n=122 | n=181 | n=178 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 0.2 | 0 | -0.8 | 0.6 |
| 2020 | 2.2 | 1.1 | 1.7 | 2.2 |
| 2021 | 2.6 | 1.7 | 1.8 | 2.6 |
| 2022 | 3.0 | 2.3 | 1.9 | 3.0 |
| Average | 2.0 | 1.3 | 1.2 | 2.1 |

Figure 13.1: Percentage change to incentive budgets 2019-2022 (DMC only)

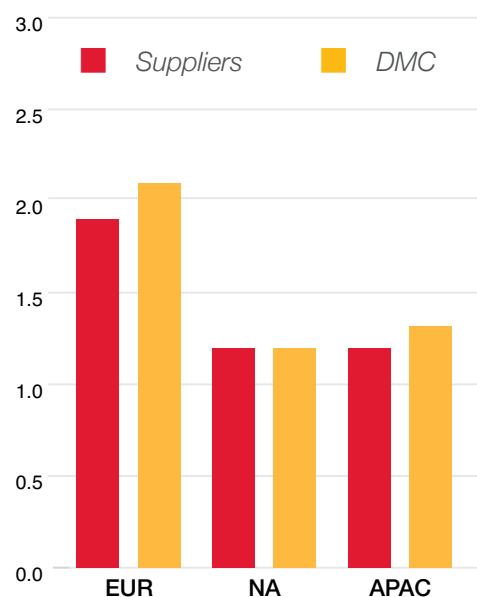
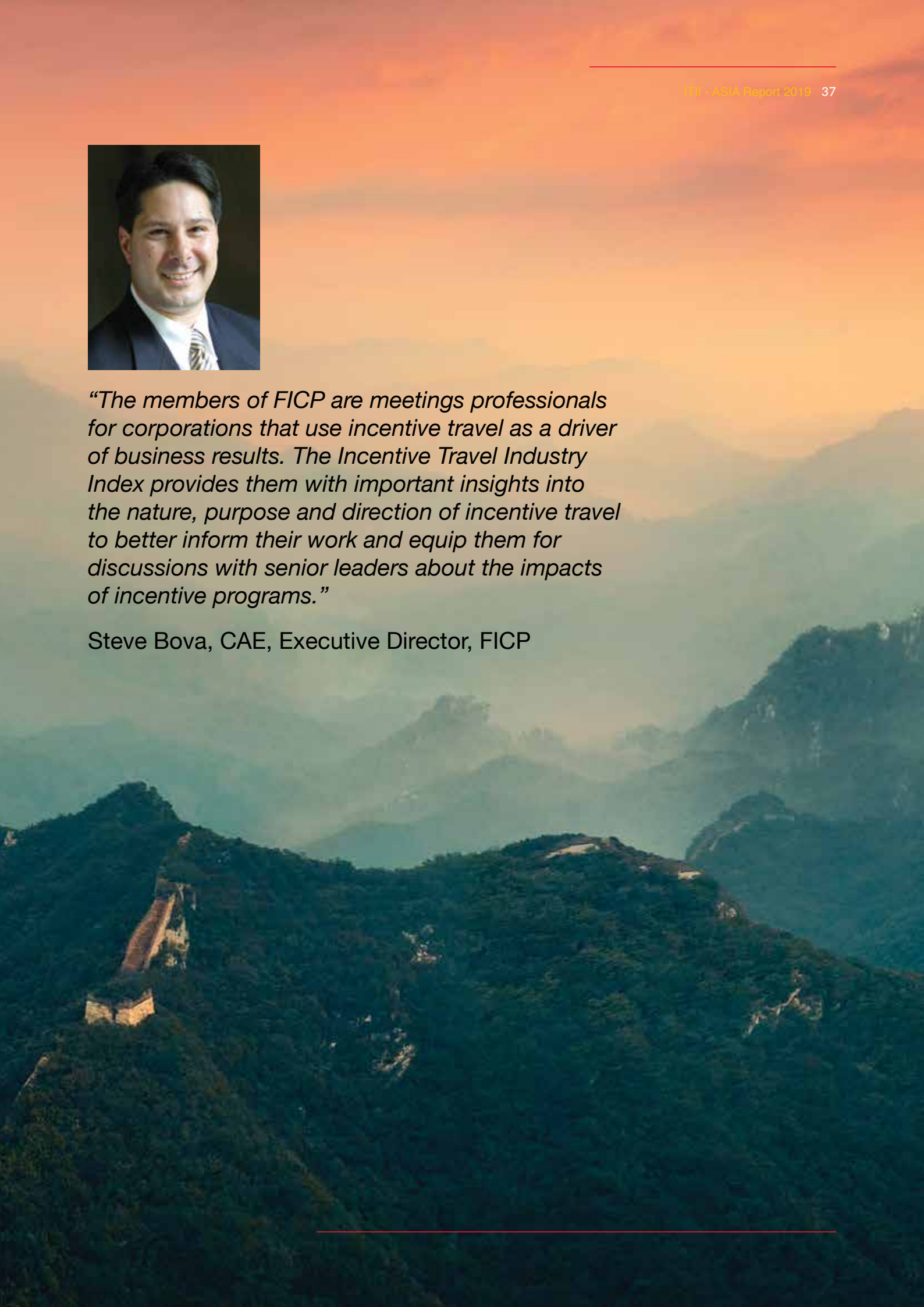


Figure 13.2: Comparing average growth from 2019-2022 for suppliers and DMC in each region



“The members of FICP are meetings professionals for corporations that use incentive travel as a driver of business results. The Incentive Travel Industry Index provides them with important insights into the nature, purpose and direction of incentive travel to better inform their work and equip them for discussions with senior leaders about the impacts of incentive programs.”

Steve Bova, CAE, Executive Director, FICP



GROWTH IN THE VOLUME OF RFPS

The pace at which Requests for Proposals (RFPs) are received by suppliers is also a good indication of the relative health of the incentive travel industry. Here, interestingly, a contrasting outcome emerges. As previously noted, APAC buyers predict positive growth, especially corporates with regard to incentive qualifier numbers. Contrastingly, when asked about the volume of RFPs, APAC suppliers paint a more modest picture with growth at 1.2%, which is low relative to the 1.8% of NA and 3% of Europe (see figure 14 and figure 14.1).

Europe, the least optimistic region for growth in participation and budgets, emerges as the poster boy for RFP activity, coming in at almost 3 times the rate of APAC. This highlights, once again,

the dichotomy between a country or a region as a destination (a location where incentive travel experiences are delivered) and a source market (a location from which incentive travel programmes are produced for other locations). As seen previously, as a regional source market, APAC is predicting strong growth up until 2022. However, as a regional destination, the region appears to be more cautious. There is a mismatch here, perhaps due to APAC buyers going to other regions, or alternatively, a case that corporate enthusiasm has perhaps not quite reached the point of putting aspirations into practical realisations.

G8: How has the volume of RFPs for incentive travel programmes changed in the most recent year (2019)? How do you expect that to change for programmes occurring over the next three years (2020-2022)?

| DMC ONLY | | | | |
|----------|-------|--------|-------|-------|
| | n=560 | n=133 | n=174 | n=169 |
| YEAR | ALL % | APAC % | NA % | EUR % |
| 2019 | 0.9 | 0.1 | -0.1 | 1.5 |
| 2020 | 3.0 | 1.2 | 2.8 | 3.6 |
| 2021 | 3.1 | 1.5 | 2.2 | 3.5 |
| 2022 | 3.2 | 1.8 | 2.1 | 3.5 |
| Average | 2.6 | 1.2 | 1.8 | 3.0 |

Figure 14: Volume of RFP growth from 2019-2022 (DMC only)

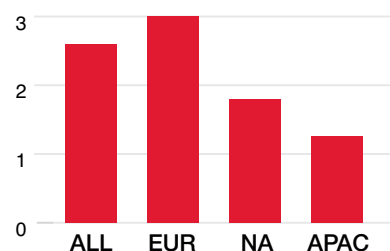


Figure 14.1: Average volume of RFP growth from 2019-2022 in each region



In Asia Pacific the DMO is ranked as the third most important source for business, mentioned by 45% of respondents as opposed to just 21% from North America and 30% from Europe.



SECTION 3

DESTINATION AND PARTNER SELECTION



WHO BUYERS CONTRACT WITH

It's well documented that the traditional supply chain for purchasing incentive travel programmes has long been disrupted. In what many practitioners call the halcyon days of incentive travel, the channel was essential linear: corporate end-users contracted with incentive agencies who contracted with destination based DMCs who, in turn, contracted all destination suppliers, often including the hotel, particularly if the programme was international.

Widespread disintermediation caused by the advent of the internet, coupled with a sharp rise in the role of procurement departments, broke the traditional patterns and opened up new purchasing channels, favouring a more "direct" purchasing option.

ITII 2019 provides interesting insights into purchasing processes, at times revealing quite sharp differences between the regions. While most buyers across all regions deploy a hybrid approach to purchasing, mixing all of the purchasing options offered, there's a considerable difference, for example, between the percentage of European buyers who purchased through a DMC (33%) and the percentage of North American buyers who did so – a mere 3%. Asian Pacific buyers, interestingly sit midway, with 18% contracting through a DMC (see figure 15 and figure 15.1).

Drilling down into the type of buyer, ie, end-user vs incentive agency, the percentage use of a DMC doubles to 6% for North American end-users, marginally increases for Asian Pacific end-users (20%) but surprisingly, falls for end-users in Europe

(19%) (see figure 15.2). Such figures serve to highlight the huge amount of variety in how business is contracted... revealing data that perhaps raises more questions than it answers.

While North American buyers also use external meeting planning consultants (16%) to source destination suppliers, European (1%) and APAC (6%) buyers are much less likely to use this option, leaning more heavily towards a DMC, or indeed especially in the case of APAC, a mixture of all options. At 52%, APAC has the highest proportion of respondents who cite a 'mixture of the below', suggesting that their minds are perhaps more open and actions more flexible than the potentially engrained preferences of Europe or NA.

VD3: How is your team contracting or planning to contract for incentive travel programmes occurring over the next two years (2020/2021)?

| ALL BUYERS | | | |
|--|--------|-------|-------|
| | n=50 | n=321 | n=149 |
| | APAC % | NA % | EUR % |
| Mixture of below | 52 | 36 | 41 |
| Direct negotiations with end suppliers | 10 | 29 | 17 |
| Through a DMC | 18 | 3 | 33 |
| Through meeting planning services/consultant | 6 | 16 | 1 |
| Through outsourced site selection services | 8 | 8 | 1 |
| Through Specialist Travel Management Company | 2 | 3 | 4 |
| Through Dedicated Incentive House/Agency | 0 | 4 | 0 |
| Don't know | 4 | 1 | 3 |

Figure 15: How business is contracted (all buyers)

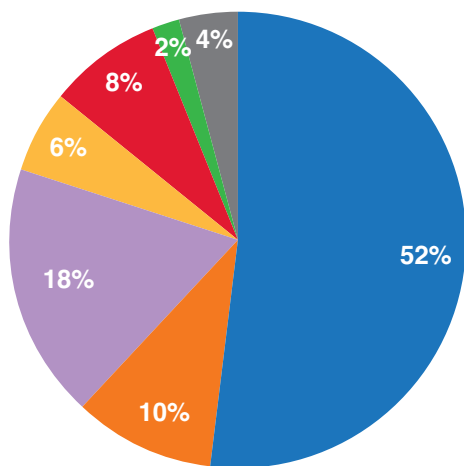
APAC %

Figure 15.1: How Asian Pacific buyers contract their business (APAC only)

- Mixture of below
- Direct negotiations with end suppliers
- Through a DMC
- Through meeting planning services/consultant
- Through outsourced site selection services
- Through specialist travel management company
- Through dedicated incentive agency

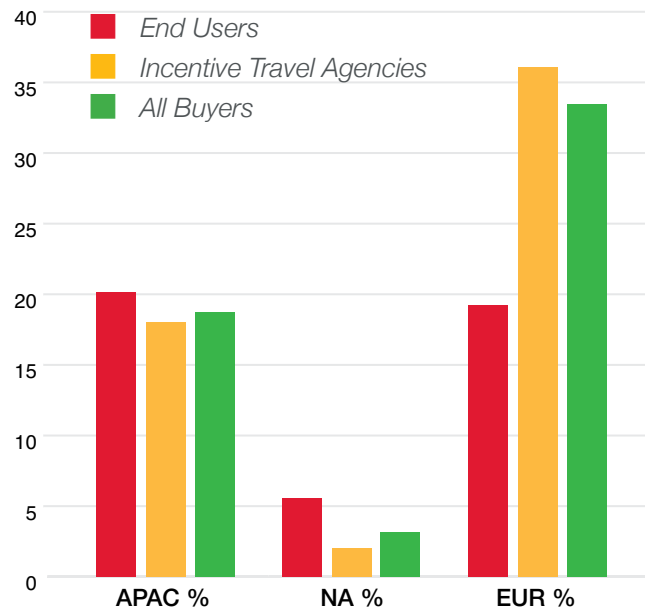


Figure 15.2: The percentage of buyers who contract through a DMC (all buyers)

WHO SUPPLIERS RELY ON

ITII 2019 also surveys the supplier community on the generation of business, asking how their share of business is divided between end-user direct, incentive agency or other sources (eg. digital platforms such as Cvent).

Looking at DMCs in all regions, we see general alignment regarding reliance on intermediaries as opposed to end-users directly. In this era of technology, interestingly, only a small percentage mentioned 'other sources' (such as Cvent and other online platforms) as a source of business for 2020 and beyond (see figure 16).

In relation to DMCs we do see a higher incidence of direct business reported by North America (46%) relative to Asia Pacific (40%) and Europe (36%) – but when we drill down into the other supplier side (eg. hotels), Asia Pacific suppliers report a slightly higher

percentage of direct business (41%) than North American suppliers (37%) (see figure 16.1 and figure 16.2).

Suppliers' reliance on 'other sources' is low (3-4%) when compared with intermediaries and direct business. However, this is likely due to the fact that not every supplier/DMC has access to such other sources, for reasons including cost, technology and time. That said, for the 20% of suppliers who do cite these sources, they account for, on average, 18% (almost one fifth) of business generated, showing that when implemented for the right supplier, these alternative sources are not something to dismiss. It will be interesting to keep track of these in the future, as while technology evolves and more and more business is conducted online, we could see this change considerably.

VD4: For programmes occurring in the next two years (2020/2021) what share of your team's business is generated by each type of client?

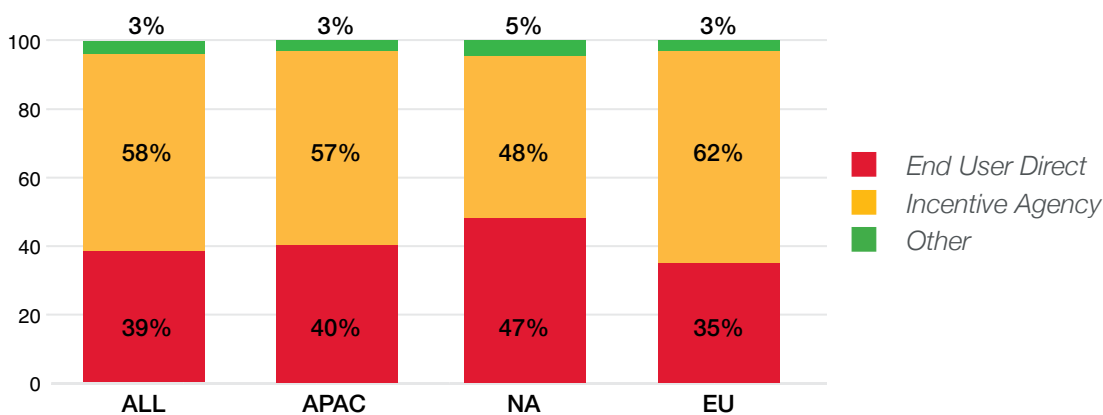


Figure 16: Percentage share of how business is generated for suppliers (DMC)

| DMC ONLY | | | | |
|------------------|-------|--------|-------|-------|
| | n=470 | n=104 | n=140 | n=144 |
| | ALL % | APAC % | NA % | EUR % |
| End User Direct | 39 | 40 | 47 | 35 |
| Incentive Agency | 58 | 57 | 48 | 62 |
| Other | 3 | 3 | 5 | 3 |

Figure 16.1: Percentage share of how business is generated (DMC only)

| HOTELS AND OTHER SUPPLIERS | | | | |
|----------------------------|-------|--------|-------|-------|
| | n=349 | n=54 | n=127 | n=102 |
| | ALL % | APAC % | NA % | EUR % |
| End User Direct | 36 | 43 | 37 | 34 |
| Incentive Agency | 60 | 53 | 60 | 62 |
| Other | 4 | 4 | 3 | 4 |

Figure 16.2: Percentage share of how business is generated (other suppliers only)



WHERE SUPPLIERS GO TO FIND BUSINESS

Suppliers were also asked about their most important sources of business, invited to select from the following 8 options:

1. Direct from clients – previous or existing relationships
2. Trade shows – large format exhibitions like IMEX, IBTM World
3. Referral from the local Destination Marketing Organisation or Convention & Visitors Bureau
4. Contact through membership of an industry association such as FICP or SITE
5. Associations (for DMOs) or Marketing Consortia (for DMCs) such as Hosts Global, DMC Network, ICCA, European Cities Marketing
6. Website – digital, on-line presence
7. Referral from a hotel
8. Other

Given the centrality of relationships in the Incentive Travel Industry, it's not surprising that 'Direct from Clients' is the number one source for all geographical regions. However, when it comes to reliance on the CVB or DMO, a significant regional difference emerges. In Asia Pacific the DMO is ranked as the third most important source for business, mentioned by 45% of respondents as opposed to just 21% from NA and 30% from Europe (see figure 17).

Interestingly, while North America relies heavily on memberships of associations such as FICP and SITE (30%) for business leads, it is the 2nd least important source in Asia Pacific at just 13%. This may be explained by the fact that these associations are not yet embedded within this region, however, in 2019 a Thailand SITE chapter was started and, at IMEX Las Vegas, SITE Australia/New Zealand was launched. As such, it will be interesting to track responses to this question over the next number of years.

Another interesting outlier is the North American reliance on hotel referrals, mentioned in the top 3 of 49% of respondents. This figure is much lower in both Asia Pacific (28%) and Europe (25%) (see figure 18.1), who in general are on more of a par with each other in this regard, favouring a range of options like trade shows, DMOs and consortia instead.



VD5: Considering the origin of RFPs for the next two years (2020, 2021), please indicate which sources are most important for your team (e.g. by number and quality of leads). Select up to 3.

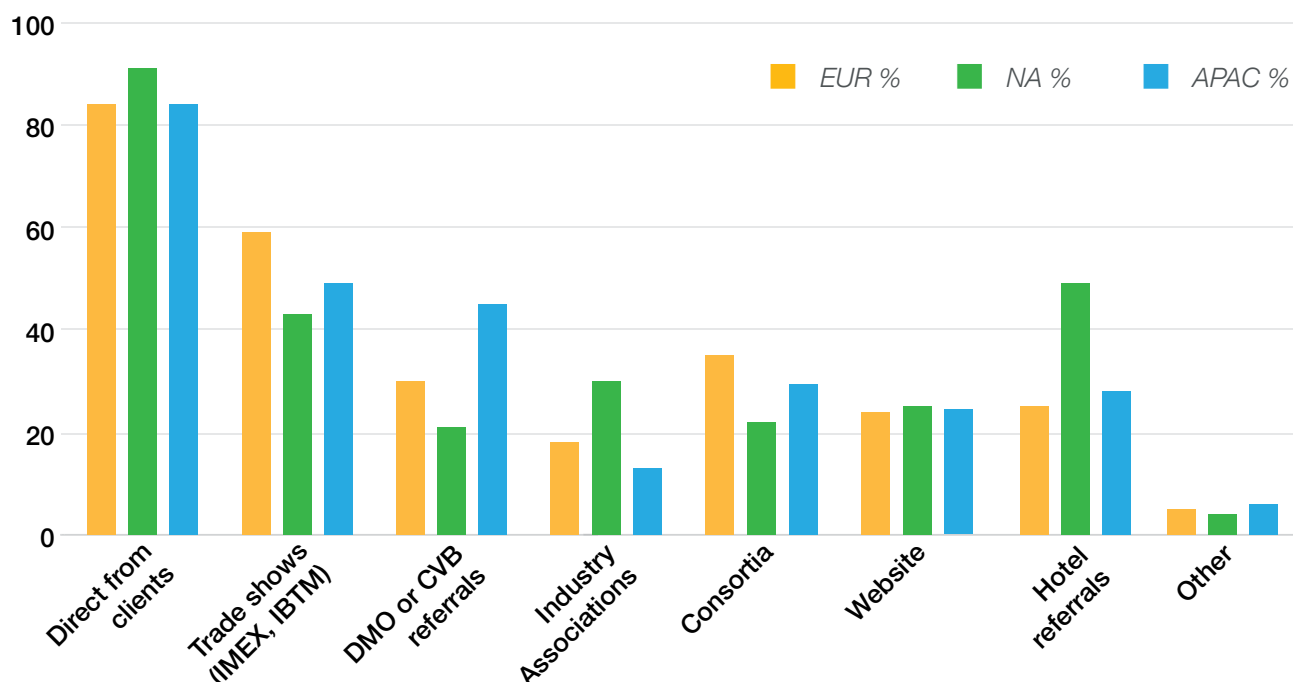


Figure 17: Where suppliers go to find business (all suppliers)

| ALL SUPPLIERS | | | | |
|---------------|--------------------------|--------------------------|--------------------------|--|
| | n=816 | n=164 | n=267 | n=246 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Direct from clients | Direct from clients | Direct from clients | Direct from clients |
| 2 | Trade shows (IMEX, IBTM) | Trade shows (IMEX, IBTM) | Hotel Referrals | Trade shows (IMEX, IBTM) |
| 3 | Hotel Referrals | DMO or CVB referral | Trade shows (IMEX, IBTM) | Consortia (such as Hosts Global, DMC Network, ICCA, European Cities for DMO's) |

Figure 17.1: Where suppliers go to find business - top 3 origins (all suppliers)

KEY CRITERIA IN SELECTING A PARTNER

Both buyers and suppliers were asked to identify the key factors influencing their choice of partner-supplier by choosing from a list of 15 criteria.

There's remarkable alignment across all geographical regions and industry categories on the primacy of soft values over hard values, with 'reputation' ranking top and 'size' ranking bottom (see figure 18 and figure 18.1). This re-enforces the outcomes already noted in section one on the growing importance of intangible objectives for incentive travel programmes.

Interestingly, while reputation is important, for Asia Pacific, responsiveness is the most valued factor,

followed by creativity & innovation. Experience also enters the top 5 in this region at 42%, a greater consideration than it gets in NA (30%) or Europe (32%).

Drilling down into the different regions and analysing both buyer and supplier preferences reveals little difference across the data set. The incentive travel industry values H2H – human to human – and places least value in partner selection on the relative size of the company or how sophisticated it might be in terms of deployment of technology (see figure 18.2). In some cases 'financial stability' is even ranked in the bottom 5 factors.

VD6: What do your clients identify as the key factors that influence their choice of partner-suppliers such as incentive houses, DMCs or other agencies?

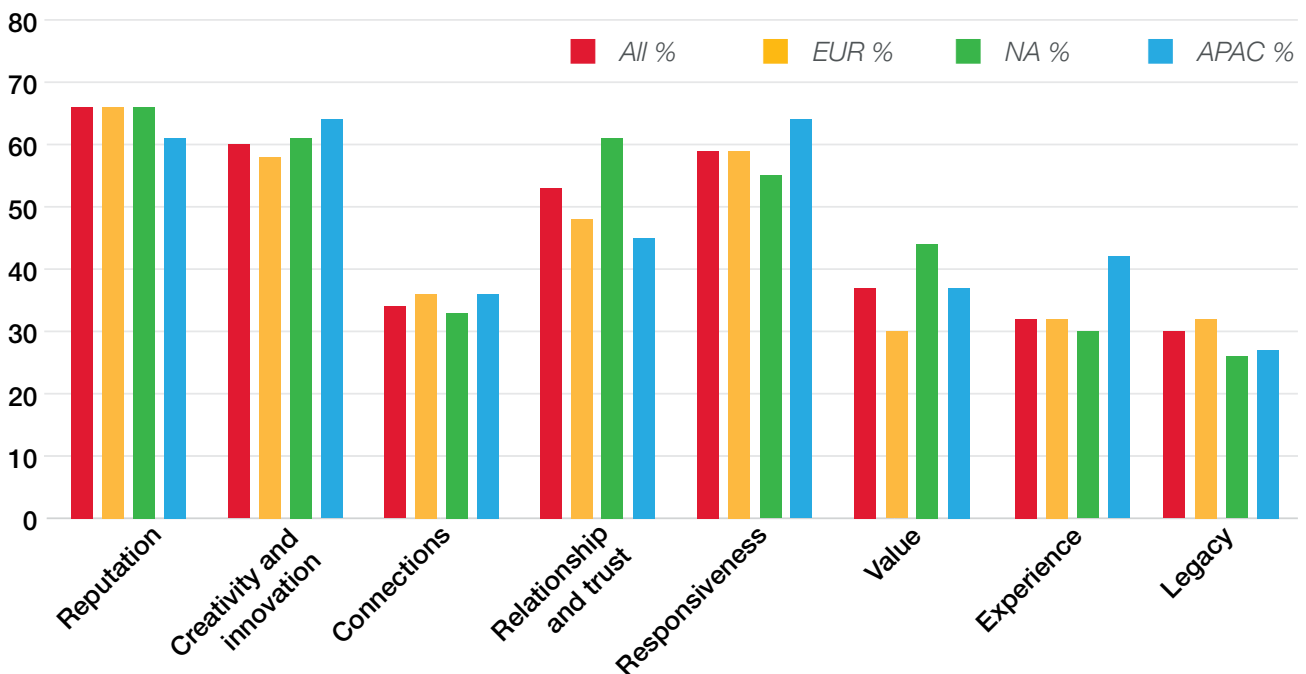


Figure 18: Comparison of the top 8 most valuable occurring factors across all regions

| ALL CATEGORIES | | | | |
|----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | n=1027 | n=166 | n=458 | n=292 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Reputation | Responsiveness | Reputation | Reputation |
| 2 | Creativity & Innovation | Creativity & Innovation | Creativity & Innovation | Responsiveness |
| 3 | Responsiveness | Reputation | Relationship & Trust | Creativity & Innovation |
| 4 | Relationship & Trust | Relationship & Trust | Responsiveness | Relationship & Trust |
| 5 | Value | Experience | Value | Connections |

Figure 18.1: Top ranking of most valuable factors influencing choice of partner suppliers - respondents asked to choose up to 5 options from 15

| ALL CATEGORIES | | | | |
|----------------|------------------------|------------------------|------------------------|-----------------------------|
| RANK | ALL | APAC | NA | EUR |
| 1 | Size | Industry Activity | Size | Size |
| 2 | Industry Activity | Size | Marketplace Commitment | Marketplace Commitment |
| 3 | Marketplace Commitment | Marketplace Commitment | Technology | Technology |
| 4 | Technology | Technology | Industry Activity | Industry Activity |
| 5 | Financial Stability | Financial Stability | Financial Stability | Breadth of service offering |

Figure 18.2: Top ranking of least valuable factors influencing choice of partner suppliers - respondents asked to choose up to 5 options from 15

KEY CONSIDERATIONS IN SELECTING A DESTINATION

Successful incentive travel programmes pivot around matching the chosen destination with the objectives of the sponsoring organisation and the expectations of the participants. Incentive travel professionals work from a largely unwritten set of criteria or filters for selecting a destination that include all or some of the following.

- **Access** – how easy is it to get to and around the selected destination?
- **Infrastructure** – does the destination have incentive quality hotels, resorts?
- **Value** – does price match value?
- **Appeal** – is the destination, location, resort, motivational, aspirational, inspirational?
- **Incentive infrastructure** – does the destination have a good DMO? Are there excellent DMCs there?
- **Subvention** – does the DMO offer financial contributions towards budget?
- **Safety** – is the destination safe?
- **Executive Mandate** – is the destination “pre-selected” by virtue of executive mandate?

Traditionally, and in past surveys of incentive travel professionals, ‘appeal’ would rank highest amongst the criteria for destination selection as it connects with the *raison d’être* of incentive travel – for it to be “incentive travel” the destination must, de facto, be

incentivising. In the 2018 edition of ITII, destination appeal was ranked first.

However, geo-political realities will also impact destination selection and, from year to year, will cause one or other particular criteria to rank highest. In 2019, safety was a huge concern due to an elevated incidence of extreme weather related issues and some high profile terrorism incidents, particularly in Europe. Thus, unsurprisingly, across all geographies and categories, safety emerges in the first or second position (see figure 18).

Appeal and infrastructure continue to rank high with buyers adopting an extremely practical approach to selection – is it safe? Does it have appeal? Can I get the right hotel?

Interestingly, value for money doesn’t feature in the top 3 criteria for any other region other than the Asia Pacific market (see figure 19.1). This price consciousness may also be seen in relation to subvention or financial support. While it’s deemed the least important factor for all regions, it’s still 6 points higher in Asia Pacific than the North American market (see figure 19.2). This shows how APAC professionals still value hard metrics when choosing a destination.



VD7: What are the most important considerations in selecting a destination for incentive travel programmes? Please answer based on your experience with these programmes.

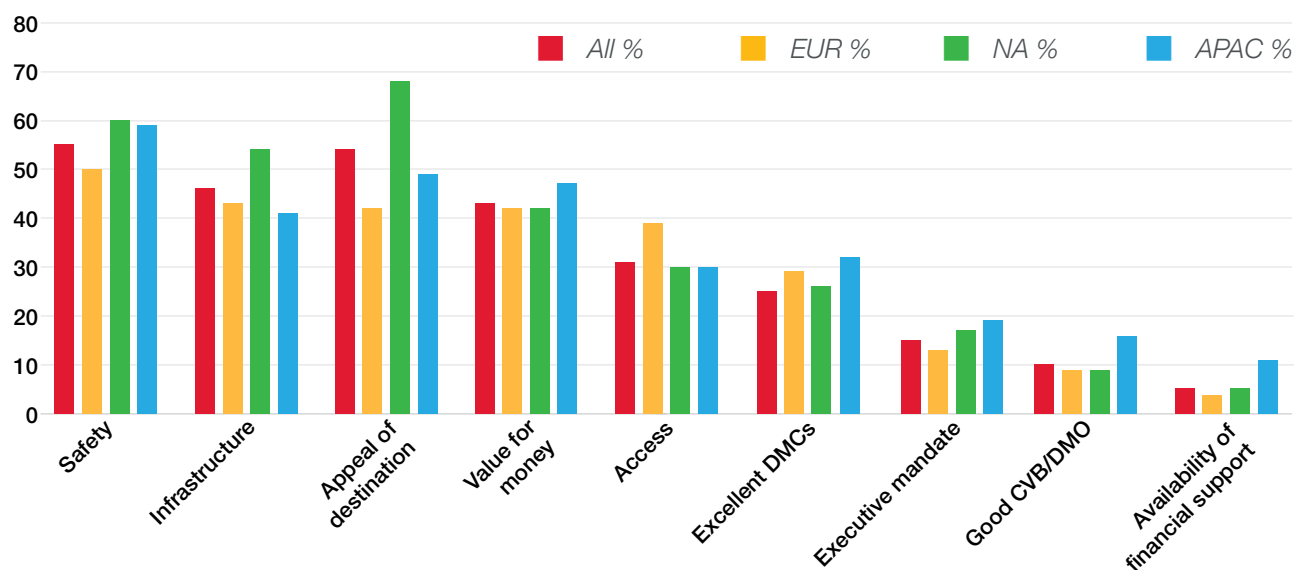


Figure 19: Most important considerations in selecting a destination for an incentive travel programme – percentage number of people who selected this option as 'very important' (all categories)

| ALL CATEGORIES | | | | |
|----------------|----------------|--------|----------------|----------------|
| | n=1367 | n=237 | n=581 | n=393 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Safety | Safety | Appeal | Safety |
| 2 | Appeal | Appeal | Safety | Infrastructure |
| 3 | Infrastructure | Value | Infrastructure | Appeal |

Figure 19.1: Top considerations when selecting a destination (all categories)

| ALL CATEGORIES | | | | |
|-----------------------------------|-----|------|----|----|
| | ALL | APAC | NA | EU |
| Availability of financial support | 5 | 11 | 5 | 3 |
| Value for money | 43 | 47 | 42 | 42 |

Figure 19.2: Comparing the importance of financial benefits in each region - percentage of respondents who selected this option as 'very important'

FACTORS INFLUENCING SELECTION OF A NEW DESTINATION

Both the H2H factor and the homogeneous nature of the industry emerge once again when we examine the factors that influence destination choice when the destination is *unknown* to the buyer.

All regions and categories rank 'prior experience with a brand, venue or staff at another location' in first or second position, meaning that relationships built during the delivery of previous incentive travel experiences define current and future choice (see figure 20).

A great experience at the Four Seasons in Florence will cause me to look at London or Hong Kong or Bangkok or St Petersburg where there are also Four Seasons properties; or my dealings with Jane Doe when she was with Mandarin Oriental in Paris will impact my choice of Rocco Forte Villa Kennedy in Frankfurt where Jane now works.

While word of mouth and direct recommendations rank high as key influencers of choice across the board, interestingly, Asian Pacific suppliers value recommendations from non-meeting professionals over input from fellow professionals via industry associations like SITE or FICP. As mentioned previously, this could potentially be due to the lower frequency of such associations currently operating in Asia Pacific.

Perhaps most interesting are the least influential factors in the selection of new destinations. With percentages for the top 5 factors ranging on average from 32-46%, the single figures for the least influential criteria stand out starkly, with both non-industry as well as industry-specific print media ranking in the bottom three for all regions (see figure 20.1).



VD8: Based on conversations with your clients, when they are selecting a new destination for an incentive travel experience, how influential are the following factors?

| ALL SUPPLIERS | | | | |
|---------------|---|---|---|---|
| | n=796 | n=184 | n=263 | n=241 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Prior experience with brand, venue or staff | Prior experience with brand, venue or staff | Prior experience with brand, venue or staff | WOM recommendation from within their own organization |
| 2 | WOM recommendation from within their own organization | WOM recommendation from within their own organization | WOM recommendation from within their own organization | Prior experience with brand, venue or staff |
| 3 | Recommendation from an incentive agency | WOM from non-meeting professional | Recommendation from an incentive agency | WOM from non-meeting professional |
| 4 | WOM from non-meeting professional | Recommendation from an incentive agency | Recommendations via associations | Recommendation from an incentive agency |
| 5 | Recommendations via associations | Recommendations via associations | WOM from non-meeting professional | Recommendations via associations |

Figure 20: Most influential factors in selecting new destination (all suppliers)

| ALL SUPPLIERS | | | | |
|---------------------------------------|-------|--------|-------|-------|
| | n=796 | n=184 | n=263 | n=241 |
| Least Influence on Destination Choice | ALL% | APAC % | NA% | EUR% |
| Meeting industry publications | 6 | 7 | 7 | 9 |
| Dedicated travel magazines | 5 | 4 | 5 | 5 |
| Newspapers with travel supplements | 3 | 3 | 3 | 3 |

Figure 20.1: Least influential factors in selecting a new destination (suppliers only) - percentage of respondents who considered these factors 'very influential'.

ADDING VALUE TO WIN BUSINESS

ITII 2019 also tries to understand how relationships along the supply chain work, how suppliers add value and how business is won.

There is little regional variation when it comes to the top 3 ways that suppliers demonstrate their worth. All focus on their ability to deliver the essence of incentive travel - the creation, crafting and co-ordination of 'one of a kind experiences' (see figure 21). This deliverable extends across the entire supplier spectrum including both the hotel and the DMC communities.

From a total of 7 options offered, 4 recur across all regions and categories, and can be characterised as qualitative (one of a kind experiences and partnering to create a single source) or quantitative (rebates, flexible payment and more on site staff).

When suppliers were asked to identify the factor that generates their greatest differentiator, most regions concur that 'service' is their most important asset. However, for Asia Pacific suppliers, creativity trumps

service, with a 9% difference (34% vs 25%). With regards to price, while for Europe it is considered an important competitive advantage (25%), APAC is more akin to NA, with a low 15% considering it as the strongest differentiator (see figure 22.1). This is somewhat in contrast to the results of VD7 where financial incentives seem to be more important for APAC than either NA or Europe. Interestingly, while over 60% of respondents from question VD6 felt that 'reputation' was a very influential factor in the selection of partner-suppliers, only 15% of DMCs cite it here as their strongest differentiator. Even more controversially, while APAC was the region who ranked reputation lowest previously, it is now the only one who lists it amongst their top 3 differentiators (see figure 22.2). Again, these results raise many questions and provide much food for thought.



G9: When competing for contracts for incentive travel programmes occurring during the next 2 years (2020 and 2021), what actions are your team taking to add value and win business?

| ALL SUPPLIERS | | | | |
|---------------|--|--|---------------------------------|--|
| | n=991 | n=216 | n=329 | n=306 |
| RANK | ALL | APAC | NA | EUR |
| 1 | One of a kind Experiences | One of a kind Experiences | One of a kind Experiences | One of a kind Experiences |
| 2 | More on site staff/ service same price | More on site staff/ service same price | Rebates for multiple programmes | More on site staff/ service same price |
| 3 | Partnering for single source | Partnering for single source | Partnering for single source | Flexible Payment |

Figure 21: Most frequently selected actions taken by suppliers to add value and win business (all suppliers)

G10: What factor do you consider your strongest differentiator to win incentive travel program business?

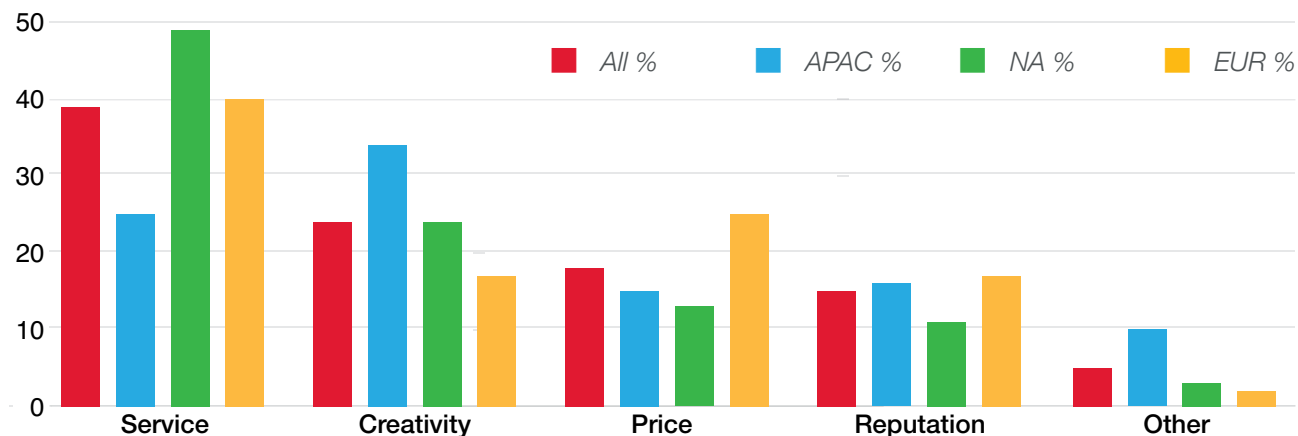


Figure 22: The differentiators to win incentive travel programme business across all regions (DMC only)

| DMC ONLY | | | | |
|----------|------------|------------|------------|------------|
| | n=343 | n=68 | n=101 | n=136 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Service | Creativity | Service | Service |
| 2 | Creativity | Service | Creativity | Price |
| 3 | Price | Reputation | Price | Creativity |

Figure 22.1: Top three differentiators to win incentive travel programme business

GETTING BUSINESS OVER THE LINE

ITII 2019 highlights how central human factors are in the channel that brings buyers from that top-of-funnel, initial consideration to the point where they are ready to purchase. Let us examine now the later stages in the sales process, and determine the most effective methods of getting business over the line.

Once more, human factors rank at the top with all regions and categories stating that an educational trip to the destination and a face-to-face presentation are the two most successful ways of moving buyers from consideration to confirmation (see figure 23).

There is also clarity around what does *not* work when it comes to confirming destinations or partner-suppliers. Out-of-market promotion (i.e. marketing/promotion from a destination) and video-calls or webinars score very poorly (see figure 23.1), while repeatedly it is face-to-face and human interactions that lead to those relationships which inherently turn into business.

VD9: Based on conversations with your clients, when they are learning about new destinations for incentive travel, how effective are the following outreach methods?

| ALL SUPPLIERS | | | | |
|---------------|---|---|---|---|
| | n=789 | n=181 | n=261 | n=239 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Educational trip to destination | Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel | Educational trip to destination | Educational trip to destination |
| 2 | Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel | Educational trip to destination | Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel | Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel |
| 3 | Face-to-face meeting or sales presentation at a trade show | Face-to-face meeting or sales presentation at a trade show | Pre site video of destination incentive capabilities coupled with face-to-face | Face-to-face meeting or sales presentation at a trade show |

Figure 23: Most effective outreach methods in selecting a new destination (all suppliers)

| ALL SUPPLIERS | | | | |
|--|-----|------|----|-----|
| | ALL | APAC | NA | EUR |
| Video calls or webinars | 9 | 10 | 8 | 8 |
| Marketing and promotion from the destination | 7 | 10 | 6 | 5 |

Figure 23.1: Least effective outreach methods in selecting a new destination (suppliers only) - percentage of respondents who consider these outreach methods to be 'very effective'



“ITII is an important instrument for our entire industry, both buyer and supplier. It highlights underlying patterns and trends on a global basis and reveals subtle shifts in the use of incentive travel such as its increasing application as a builder of corporate culture. This year with Oxford Economics on board we’ve tweaked its scope more, so as to provide accurate forecasts and predictions for the years to come.”

Didier Scaillet, CIS, CITP, CEO, SITE

THE FUTURE OF INCENTIVE TRAVEL – DESTINATION PREDICTIONS

Brand new in 2019 is the addition to ITII of a predictive, future looking orientation. Thus ITII is not merely an index of what has happened already, but an indication of future trends. Nowhere is this more interesting than in the choice of destinations for incentive travel experiences and how these choices are evolving from year to year.

It's a long established fact that most incentive travel experiences remain within the region of their source market; thus 99% of European buyers used destinations in Western Europe during 2019 and 91% of North American buyers used the US as their destination.

As it would have been impossible to offer respondents the 200 or so countries in the world to choose from, this survey arranged destinations into 19 different regional groupings, often providing examples of key destinations within these regions. The regional groupings were as follows:

1. Western Europe
2. Emerging EU - Russia, Turkey, Poland
3. United States including Hawaii
4. South East Asia - Indonesia, Thailand, Vietnam
5. Northeast Asia - China, Japan
6. Oceania - Australia, New Zealand
7. Canada
8. Gulf States - Saudi Arabia, Dubai, Oman, Abu Dhabi
9. South America
10. Mexico
11. North Africa - Egypt, Morocco, Tunisia
12. South Asia - India
13. Southern Africa - Botswana, South Africa, Zimbabwe
14. Other Africa
15. Central America - Costa Rica, Panama
16. West Africa - Togo, Ghana, Benin
17. East Africa - Rwanda, Uganda, Tanzania
18. Caribbean including Puerto Rico
19. Other Middle East

The tables overleaf show the Top 10 ranked destinations by region for incentive travel (see figure 24 and 24.1).

Looking in more detail at the destination preferences for APAC source markets, there's a shift of interest to North East Asia, Oceania and Emerging Europe. Declining sharply in the ranks is South East Asia (dropping from first to fifth position, and the Gulf States (dropping from fourth to seventh) (see figure 24.2). South America and Canada have increased in interest, coming into the top 10 destinations, whilst South Asia and the Caribbean have dropped out completely.

Despite the extensive data points provided throughout this study around the science of destination selection, destination choice, ultimately, is often simply cyclical with certain countries ranking high in certain source markets for periods of time only to then disappear from consideration.

VD1: Which destinations did your team use or plan to use for incentive travel programmes that are occurring this year (2019)?

| ALL BUYERS | | | |
|------------|-----------------|-----------------|-----------------|
| | n=50 | n=323 | n=150 |
| RANK | APAC | NA | EUR |
| 1 | South East Asia | United States | Western EU |
| 2 | North East Asia | Caribbean | Emerging EU |
| 3 | Western Europe | Mexico | United States |
| 4 | Gulf States | Western Europe | Gulf States |
| 5 | Oceania | Canada | South East Asia |
| 6 | United States | Central America | North Africa |
| 7 | Emerging EU | South America | Southern Africa |
| 8 | South Asia | Oceania | Caribbean |
| 9 | Southern Africa | South East Asia | North East Asia |
| 10 | Caribbean | Emerging EU | South America |

Figure 24: Destinations used 2019 (buyers only)

VD2: What destinations did your team use or plan to use for incentive travel programmes during the next 2 years?

| ALL BUYERS | | | |
|------------|-----------------|-----------------|-----------------|
| | n=150 | n=323 | n=29 |
| RANK | APAC | NA | EUR |
| 1 | North East Asia | United States | Western EU |
| 2 | Western Europe | Western Europe | Emerging EU |
| 3 | Oceania | Mexico | United States |
| 4 | Emerging Europe | Caribbean | South East Asia |
| 5 | South East Asia | Canada | North East Asia |
| 6 | United States | Oceania | Canada |
| 7 | Gulf States | South East Asia | Oceania |
| 8 | South America | Central America | Gulf States |
| 9 | Canada | South America | South America |
| 10 | Southern Africa | South Asia | Mexico |

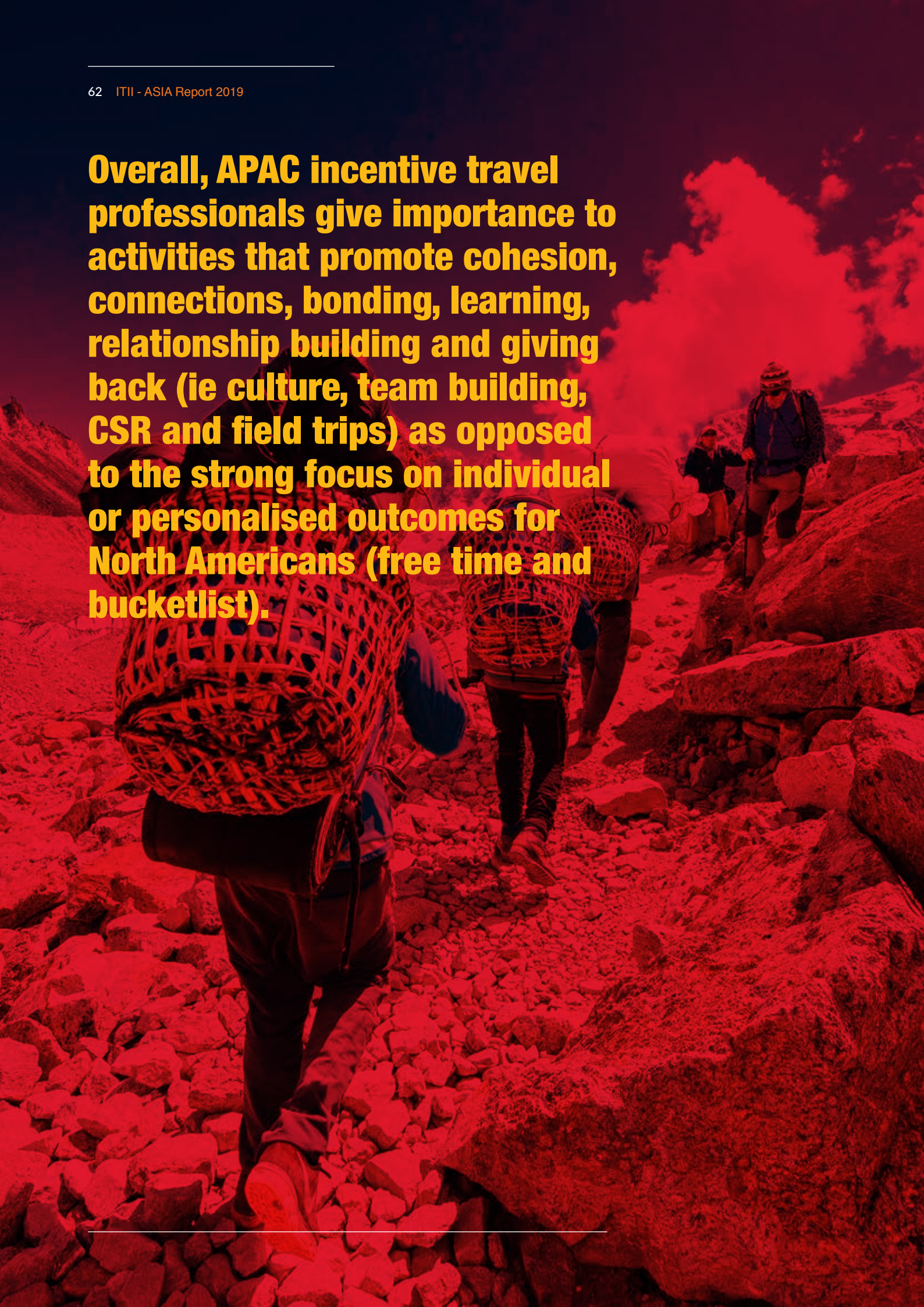
Figure 24.1: Destinations predicted to be used 2020/2021 (all buyers)

| APAC | | |
|------|-----------------|-----------------|
| RANK | PAST | FUTURE |
| 1 | South East Asia | North East Asia |
| 2 | North East Asia | Western Europe |
| 3 | Western Europe | Oceania |
| 4 | Gulf States | Emerging Europe |
| 5 | Oceania | South East Asia |
| 6 | United States | United States |
| 7 | Emerging Europe | Gulf States |
| 8 | South Asia | South America |
| 9 | Southern Africa | Canada |
| 10 | Caribbean | Southern Africa |

Figure 24.2: Comparison 2019 v 2020/2021 for destination selection (APAC)



Overall, APAC incentive travel professionals give importance to activities that promote cohesion, connections, bonding, learning, relationship building and giving back (ie culture, team building, CSR and field trips) as opposed to the strong focus on individual or personalised outcomes for North Americans (free time and bucketlist).



SECTION 4

PROGRAMME DESIGN & INCLUSIONS



KEY INCLUSIONS/ACTIVITIES

Both buyers and suppliers were asked about the evolving make up of incentive travel programmes, i.e. what elements are essential for the success of a programme, how programme design is altering in line with changing workplace demographics etc. Respondents were asked to select 3 from the following list of 10 items regarding their relative importance for an incentive travel programme.

1. Group cultural/sightseeing experiences
2. Group dining
3. Team building activities
4. Luxury travel experiences/Bucket list inclusions
5. CSR activities
6. Free Time
7. Multiple options aimed at smaller groups
8. Meetings
9. Business tours/Field trips
10. Shopping experiences

While the top 5 items were more or less the same across all regions and countries, Asian Pacific incentive travel professionals prioritise their importance differently to North Americans and, indeed, the blended result for all regions (see figure 25).

CSR activities appear on the list for Asia Pacific and Europe but not for North American. Team Building, while important for NA, is much more so for APAC and Europe. Field trips are also considered important in the Asian Pacific market, while not appearing in the top 5 at all for North American counterparts (see figure 25.1).

Overall, APAC incentive travel professionals are more akin to European than North American peers. They give importance to activities that promote cohesion, connections, bonding, learning, relationship building and giving back (i.e. culture, team building, CSR and field trips) as opposed to the strong focus on individual or personalised outcomes of North Americans (Free time and Bucket list).

Interestingly, no region listed 'shopping experiences' as important, with no more than 3% of all respondents selecting it within their top 3 inclusions by level of importance. While it may not be a primary

concern in planning, anyone who works on the delivery side of incentive travel knows how massively important shopping experiences are for the actual qualifiers of the trips.

In all regions, there seems to be a disconnect between buyers and suppliers. Suppliers believe they know their buyers and what they want, but it seems, perhaps, that they do not fully grasp what they need. For example, while, Asia Pacific suppliers have included CSR within the top 5 activities they consider important, when it comes to the buyers for the incentive program, this is not considered as vital as field trips and meetings (see figure 25.1). One explanation could be that suppliers (the ones often on the ground with the end client) are thinking more about the participants' priorities, while buyers are focusing more on their *corporate* objectives.

P1: What activities do you consider most important for a successful incentive travel programme?

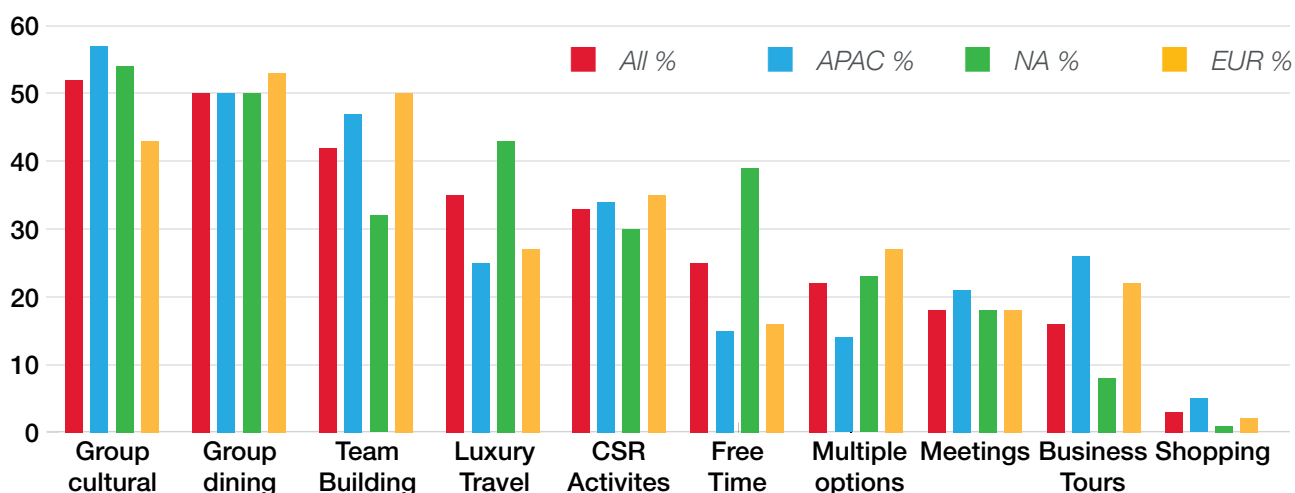


Figure 25: Important activities for a successful incentive travel programme - percentage of respondents who selected this option within their top 3 (all categories)

| ALL CATEGORIES | | | | |
|----------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | n=1429 | n=251 | n=603 | n=412 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Group cultural experiences | Group cultural experiences | Group cultural experiences | Group dining |
| 2 | Group dining | Group dining | Group dining | Team building |
| 3 | Team building | Team building | Luxury experiences | Group cultural experiences |
| 4 | Luxury experiences | CSR | Free Time | CSR |
| 5 | CSR | Field trips | Team building | Luxury experiences |

Figure 25.1: Most important activities for a successful incentive travel programme (all categories)

| APAC | | |
|------|----------------------------|----------------------------|
| RANK | BUYERS | SUPPLIERS |
| 1 | Group cultural experiences | Group cultural experiences |
| 2 | Group dining | Group dining |
| 3 | Team building | Team building |
| 4 | Field trips | CSR |
| 5 | Meetings | Bucket list |

Figure 25.2: Comparing buyer and supplier perspective on the most important activities

PROGRAMME DESIGN

Respondents were asked to compare programme design for 2018/2019 and 2020/2021, highlighting the design elements that they perceive to be increasing or decreasing.

Surprisingly, all regions are aligned around the overall broad trend - a move away from a design approach favouring mandated group activities, (particularly golf) to a more personalised, health-focused, CSR-driven experience (see figure 26 and figure 26.1).

P5: Which programme activities and inclusions have been typical in past and current events (2018/2019)? What is expected to be typical in future events (2020/2021)?

| BUYERS ONLY | | | | |
|-------------|--------------------|--------------------|--------------------|--------------------|
| | n=579 | n=52 | n=328 | n=153 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Wellness | Wellness | Wellness | Wellness |
| 2 | Flexible programme | Flexible programme | CSR | CSR |
| 3 | CSR | CSR | Flexible programme | Flexible programme |

Figure 26: Activities and inclusions growing in importance from 2018/2019 to 2020/2021 (all buyers)

| BUYERS ONLY | | | | |
|-------------|--------------------------|------------------------------|----------------------------|--------------------------|
| | n=579 | n=52 | n=328 | n=153 |
| RANK | ALL | APAC | NA | EUR |
| 1 | Mandated Activities | Learning relevant to company | Mandated Activities | Mandated Activities |
| 2 | Golf | Networking/Team Building | Golf | Networking/Team Building |
| 3 | Networking/Team Building | Mandated Activities | Networking / Team Building | Golf |

Figure 26.1: Activities and inclusions decreasing in importance from 2018/2019 to 2020/2021 (all buyers)

LENGTH OF PROGRAMME

For short haul destinations with a flight time of less than 4 hours, Asian Pacific incentive travel programmes last on average 3.45 nights, slightly shorter than the average for North America (3.9 nights) but in line with the overall average (see figure 27).

The journey/programme duration ratio for long haul travel shows only marginal differences across the regions with the average lying around 4.9 (see figure 28).

P2: What is the usual length of stay for incentive travel programmes occurring in the next two years (2020 and 2021) that require 4 hours or less of travel time (one way)?

| ALL SUPPLIERS - SHORT HAUL | | | | |
|----------------------------|-------|------|-------|-------|
| | n=534 | n=52 | n=304 | n=142 |
| NUMBER OF NIGHTS | ALL | APAC | NA | EUR |
| 1 | 1 | 2 | 1 | 1 |
| 2 | 12 | 15 | 5 | 26 |
| 3 | 33 | 42 | 28 | 41 |
| 4 | 36 | 21 | 46 | 20 |
| 5 | 12 | 15 | 14 | 8 |
| 6 | 3 | 2 | 3 | 1 |
| 7 | 2 | 0 | 2 | 2 |
| 8 | 0 | 2 | 0 | 0 |
| 9 | 0 | 0 | 0 | 1 |
| 10 | 0 | 0 | 1 | 0 |
| Average | 3.60 | 3.45 | 3.91 | 3.16 |

Figure 27: Average number of nights for an incentive travel programme for a short haul destination (all suppliers)

P3: What is the usual length of stay for incentive travel programmes occurring in the next two years (2020 and 2021) that require 4 hours or more of travel time (one way)?

| ALL SUPPLIERS - LONG HAUL | | | | |
|---------------------------|-------|------|-------|-------|
| | n=534 | n=51 | n=307 | n=139 |
| NUMBER OF NIGHTS | ALL | APAC | NA | EUR |
| 1 | 0 | 2 | 0 | 0 |
| 2 | 3 | 2 | 2 | 7 |
| 3 | 13 | 16 | 11 | 17 |
| 4 | 25 | 33 | 26 | 21 |
| 5 | 29 | 25 | 30 | 28 |
| 6 | 14 | 10 | 14 | 12 |
| 7 | 10 | 4 | 12 | 7 |
| 8 | 3 | 2 | 3 | 3 |
| 9 | 1 | 6 | 1 | 1 |
| 10 | 1 | 0 | 0 | 0 |
| 11 | 0 | 0 | 0 | 1 |
| 12 | 1 | 0 | 0 | 2 |
| 15 | 0 | 0 | 1 | 0 |
| Average | 4.90 | 4.69 | 5.07 | 4.78 |

Figure 28: Average number of nights for an incentive travel programme for a long haul destination (all suppliers)

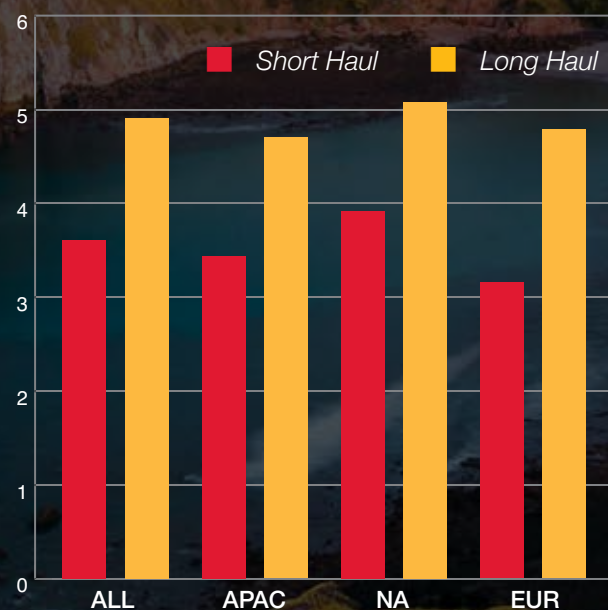


Figure 29: Average number of nights for a short haul destination vs average number of nights for a long haul destination

THE INCLUSION OF MEETINGS

Organisers often combine a business meeting component within the incentive travel programme. This survey sets out to determine how integral the meeting component will be to incentive travel programmes over the next 2 years.

While, for the most part, the APAC region plots a mid-course between North America and Europe, it is a clear outlier when it comes to the inclusion of a formal meeting element in the programme (see figure 30). For the 2020/2021 period, Asian Pacific organisers are predicting that 94% of programmes will include some formal meeting element. This drops to 82% for North Americans. Almost half (43%) of

Asian Pacific respondents will spend between 2 – 4 hours per day in meetings – a major difference to the figure for both Europeans and North Americans (see figure 30.1).

Learning, acquiring know-how, developing professional expertise have high value in the APAC region and this is reflected directly in the data outcomes here with APAC respondents reporting significantly higher incidence of formal meetings within the incentive travel programme.

P4: What amount of time on-site will be spent in meetings for programmes occurring in the next two years (2020/2021)?

| BUYERS ONLY | | | | | |
|------------------------------|-------|--------|-------|-------|------|
| | n=543 | n=63 | n=310 | n=142 | n=22 |
| | ALL % | APAC % | NA % | EUR % | UK % |
| Majority of time (6+ hours) | 5 | 8 | 5 | 5 | 8 |
| Good amount (4-6 hours) | 14 | 23 | 8 | 21 | 4 |
| Some (between 2-4 hours) | 29 | 43 | 27 | 26 | 17 |
| A little (less than 2 hours) | 37 | 19 | 43 | 35 | 42 |
| None (no meetings) | 13 | 6 | 17 | 10 | 25 |
| Don't know | 2 | 2 | 0 | 3 | 4 |

Figure 30: Time spent in meetings - percentage of respondents who selected this option as the most frequent (all buyers)

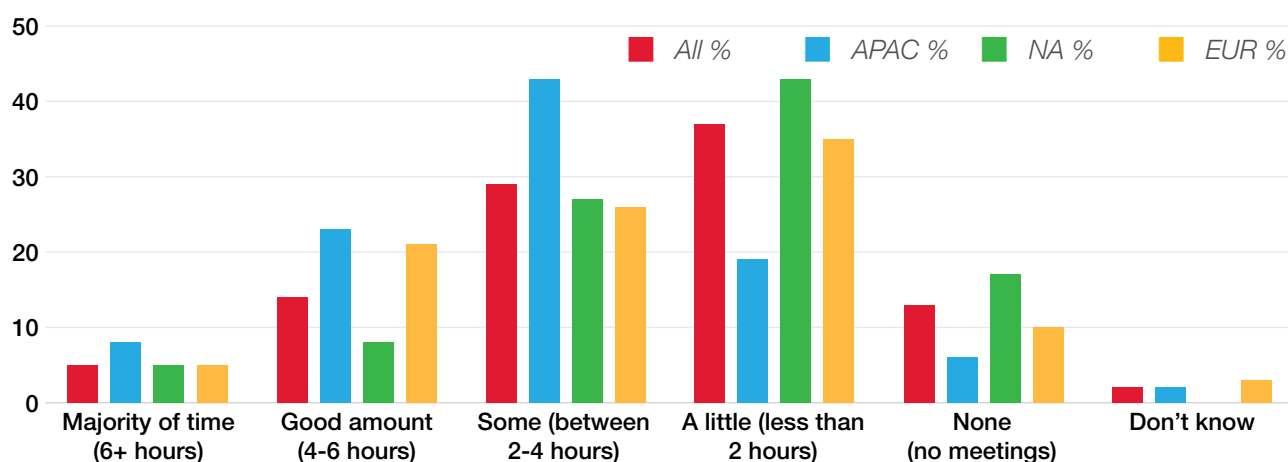


Figure 30.1: Time spent in meetings - percentage of respondents who selected this option as the most frequent (all buyers)

TECHNOLOGY USAGE

Social Media deployment during incentive travel programmes is more well-established in Asia Pacific than it is in North America, with 52% of APAC buyers already using social media compared to just 42% for North America (see figure 31 and figure 31.1). In Europe and Asia Pacific, peak use for Social Media may already have been reached. Predicted increases for the next two years are insignificant or minimal. However for North American buyers, a massive 20% increase in the use of social media is expected.

When it comes to event apps, at 66%, Asia Pacific is slightly ahead of North America for current use. However, NA buyers forecast that usage will increase

to 78% over the next two years while for Asia Pacific respondents growth is slightly less to reach 76%.

All regions predict significant increase in the use of emerging technologies such as chat bots, augmented reality and virtual reality. Here Asia Pacific also leads the way. With already significantly higher usage and a future predicted adoption rate of 70%, they are almost at double the levels of their NA and European counterparts (see figure 31).

P6a: What technology has been typical in past and current events (2018/2019)? What is expected to be typical in future events (2020/2021)?

| ALL BUYERS | | | | |
|--|-------|--------|-------|-------|
| | n=574 | n=50 | n=326 | n=152 |
| | ALL % | APAC % | NA % | EUR % |
| Encouragement of use of social media through hashtags, deployment of social media wall etc | 12 | 4 | 20 | 0 |
| Use of mobile app | 11 | 10 | 14 | 6 |
| Use of emerging technology (chat bots, augmented or virtual reality) | 30 | 44 | 28 | 24 |
| Other | 5 | 6 | 5 | 6 |

Figure 31: Predicted percentage change in usage of above technology from past to future use (all buyers)

RISK MANAGEMENT

In relation to risk management and mitigation, respondents were asked to consider from the list below what steps they are currently taking and which they expect to take for future incentive travel programmes.

1. Use of event mobile app to communicate risk management topics
2. Deployment of additional IT security
3. Deployment of additional security
4. Social Media policies
5. Deployment of additional medical personnel
6. Compliance requirements across a wide spectrum including financial audit, health and safety, risk assessment
7. Vendor security audits
8. Development of emergence preparedness, planning for individual incentive programs

The main areas for risk management implementation to date are fairly consistent across all regions, with Emergency Preparedness (57%) and Compliance (39%) generally being the top 2 most important priorities globally. However, this survey is also future orientated, and while these two areas remain important, there are other technologies that are growing at a faster rate - most notably - Event Apps, expected to increase by almost 30% in future events. IT Security is the next highest growth area, anticipated to rise by approximately 23% in future (see figure 32).

While the regions are more or less aligned on the top risk management priorities as well as the primary growth areas, APAC stands out as having the highest levels of risk management implementation – both currently, as well in the future, with the highest predicted growth rates of all regions (see figure 33).

P6b: What risk management steps have been typical in past and current events (2018/2019)? What is expected to be typical in future events (2020/2021)?

| ALL CATEGORIES | | | | |
|----------------|---|---|---|---|
| | n=1398 | n=244 | n=594 | n=400 |
| TOP 3 | ALL | APAC | NA | EUR |
| 1 | Use of event mobile app to communicate risk management topics | Use of event mobile app to communicate risk management topics | Use of event mobile app to communicate risk management topics | Use of event mobile app to communicate risk management topics |
| 2 | Deployment of additional IT security | Deployment of additional IT security | Deployment of additional IT security | Deployment of additional security |
| 3 | Deployment of additional security | Social Media policies | Deployment of additional security | Deployment of additional IT security |

Figure 32: Risk management steps predicted to increase the most from 2018/2019 to 2020/2021 (all categories)

| ALL CATEGORIES | | | | |
|----------------------|---------------|--------|-------|-------|
| | n =1398 | n=244 | n=594 | n=400 |
| | ALL REGIONS % | APAC % | NA % | EUR % |
| Average current rate | 34 | 40 | 34 | 30 |
| Average future rate | 49 | 58 | 51 | 42 |
| Average growth rate | 15 | 18 | 17 | 12 |

Figure 33: Average percentage of respondents who consider the stated risk management steps to be typical - comparing present-day to future predictions (average rate from all 8 risk management options)

CONCLUSION

The Incentive Travel Industry Index provided data which merited regional analysis. This report has sought to examine the results of the 2019 Index with an Asian Pacific focus.

For the first time ever, we were able to isolate responses from Asia Pacific, giving us insights on the region as both a destination and a market - as well as how it differs from its equivalents in North America and Europe. Whilst some of the assumptions we might have had ran true (such as the importance of meetings within their programmes), there are numerous new insights and perceptions within the report which were both surprising and thought-provoking.

This report has followed 4 main sections of analysis. It opened with an examination of the perceived benefits of incentive travel, followed by a more in-depth look into the growth and management of the industry. It then investigated how decisions are made in the selection of destinations and supplier-partners, finishing with an examination of programme design and key inclusions.

Some of the key discoveries were as follows.

- As in other regions, there is a shift taking place from hard to soft power metrics. APAC leans towards the intangible benefits celebrated in Europe, but like in NA, profit is still the most important factor.
- Average programme budgets, as well as many other behaviours (such as the employment of a DMC), are positioned midway between North America and Europe. APAC seems to pull the 'best from both worlds' as well as adopting a unique approach in specific areas.
- APAC corporate buyers predict massive growth in incentive travel, twice as much as NA, and 3 times as much as Europe. This growth is primarily fuelled by organic company growth, although regulatory changes can have a negative impact on this. Interestingly, APAC has the lowest rate of growth in RFPs, suggesting that it is growing faster as a market than a destination.
- DMOs and CVBs are more influential on business leads for suppliers in APAC than in NA or Europe. By contrast, industry associations

are less so, suggesting that there may be an opportunity for growth here.

- Destination selection is the main factor affecting programme budget in Asia Pacific, with greater spending on air than on hotels. In general, APAC seems to have less commitment to luxury hotels, with a willingness to compromise on hotel location & quality more so than NA and Europe.
- Value for money is more important for destination selection in APAC than it is for NA or Europe. They are also motivated more by responsiveness and creativity than by reputation and service as is the case in Europe and NA.
- APAC gives importance to cohesion, connections, bonding, relationship building and giving back, but meetings are also hugely important and form a core part of most programmes.
- Asia Pacific is ahead of the curve in the current use of emerging technology and also predicts the greatest growth in risk management procedures

In conclusion, while there are clear differences between Asia Pacific and the other regions (North America and Europe), overall, the industry is in a positive place. It is undergoing a predicted period of growth, with a move towards more flexible, individualized and engaging programmes. Relationships between end-users, agents, and suppliers remain strong, and while there is most certainly variety in how people conduct their business, the age-old values of trust, reputation, and word of mouth referrals remain as important as ever. This is a people-led industry, and while there is absolutely a growth in emerging technology for both interaction and risk management, it is still face-to-face contact and experience which reigns supreme and will continue to do so. Asia Pacific is newer to the Incentive Travel world than stalwarts like North America and Europe. It is fascinating to see how it develops as both a destination and source market, showcasing a model that oftentimes echoes the trends of its global counterparts, but can also pave the way in areas such as technological implementation. A region that is both vast and varied, and undergoing unprecedented economic growth, there is no doubt that Asia Pacific will continue to grow as a core contributor to the incentive travel world.



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For further information please contact:

Steve Bova
Executive Director, FICP
(312) 245 1023
sbova@ficpnet.com

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For further information please contact:

Stephanie Harris
President, IRF
(703) 651 8189,
sharris@theirf.org

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Founded in 1973, The Society for Incentive Travel Excellence (SITE) is a professional association of 2,500 members located in 90 countries, working in corporations, agencies, airlines, cruise companies and across the entire destination supply chain.

For further information please contact:

Didier Scaillet, CIS, CITP
CEO, SITE
(312) 673 4905
dscaillet@siteglobal.com

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Original Research

Commissioned by FICP, IRF & SITE and conducted by Oxford Economics

Report compiled & written by

Pádraic Gilligan, Gráinne Ní Ghiollagain & Sara Hosford

Graphic Design, Infographics & Layout

Paul Martin, Paul Martin Communications



