REPORT ON INCENTIVE TRAVEL A DMC ANALYSIS

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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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 in May 2020.

#SITEUnite

FOREWORD

Jennifer Glynn, CIS, CITP,
President SITE 2020 & Managing Partner, Meeting Encore, Ltd. & Intuitive Conferences + Events, Inc.

I welcome this study into the DMC sector – the first of its kind – and hope that it helps to shine a light on the incredible value that DMCs bring to our industry.

As a buyer of incentive travel, meetings, conferences and events, I know, first-hand, the value of a great DMC partner, in building trust with mutual clients and delivering exceptional programs.

A great DMC is a weaver of destination memories.

They know their locations intimately.

Working with and for our clients, they take the raw material of the destination and fashion it into something special that exceeds expectations and delivers extraordinary, memorable moments.

A DMC is also a juggler of local destination relationships.

They know the characteristics and cultural nuances of their location. Their areas of expertise, and yes, magic, leverage these relationships to infuse programmes with energy, life, and destination personality.

They ensure that in times of emergency their relationships can help you manage through.

Consider your DMC a part of your insurance policy.

INTRODUCTION

A SECTOR IN FLUX
THE CHANGING FACE OF THE DMC SECTOR

As far as we are aware, other than the workbook published some years ago by the Association of Destination Management Executives International (ADMEI), this present publication is the first full length study of the DMC sector to be undertaken.

It's brought to you under the aegis of SITE Foundation, using the rich data source from the Incentive Travel Industry Index (ITII), SITE Foundation's joint initiative with Financial and Insurance Conference Planners (FICP) and Incentive Research Foundation (IRF). When we saw that well over 500 of the completed submissions came from the global DMC sector, we realised this constituted a study in its own right and created the document you are about to read.

The term **destination management** company (or consultant, according to some) distinguishes the unique full-service skill set of the DMC from the more generic expertise of the incoming tour operator. Opinion is divided as to whether it was first coined in the seventies by Tom Risbecker, a Swedish DMC and co-founder of Euromic or by Phil Lee of ACCESS Destination Services in the USA in 1972.

Either way, the first historically documented use of the term dates from 1974. That was the year that Phil Lee persuaded the San Diego Convention and Visitors Bureau to officially adopt the term as a means of differentiating the elevated value proposition of the destination expert, the DMC, from the ground services agency. So, if 1972 is the year of its birth, then the DMC sector will celebrate its golden anniversary in two years' time, 2022.

The difference of opinion between Europeans and Americans on the origin of the term DMC is reflected across many other regional differences that you'll find in the pages of this study. But whatever about the differences, the DNA of the DMC is consistent all over the world:

Using local contacts, knowledge and expertise, DMC's mediate the

uniqueness and authenticity of the destination for corporate, association and agency clients but particularly for clients staging incentive travel programmes in the destination.

DMCs work with all MICE professionals but the true value of the DMC is inextricably linked to incentive travel where the underlying objectives of the corporate client are delivered seamlessly and creatively in the destination by the DMC. Thus the DMC is, and should always be, strategically vested in the programme.

Over the years, however, the evolution of these familial relationships, a.k.a. disintermediation, have caused challenges for DMCs. Corporates, associations and agencies often “go direct” for services previously purchased through the DMC, sometimes having engaged initially with the DMC.

This has led to an on-going crisis of identity in the sector as DMCs struggle to understand their evolving profession and develop a new value proposition for a disintermediated age.

Many, however, are embracing the new challenges and finding exciting ways to add value to their core service offering. As you’ll see in this study, DMCs are now building expertise in sustainability, corporate social responsibility, technology, emergency preparedness, health and safety, security, expanding their value proposition way beyond the expected seamless logistics and creative services.

Thus the evolution continues. DMCs that yearn for yesterday’s role as destination gatekeepers will struggle in this brave new world with no fences, limits or destination borders. Those that are entrepreneurial and future focused will find new opportunities emerging with every twist and turn in market development and will continue to add immense value for clients who opt to bring their incentive travel programs in their respective destinations.

CONTENTS

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

THE INCENTIVE TRAVEL INDUSTRY INDEX 2019

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 house, 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
- Growth & 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 influenced 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 Supplier’s) (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 also identified 15 different industry sectors with which 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?

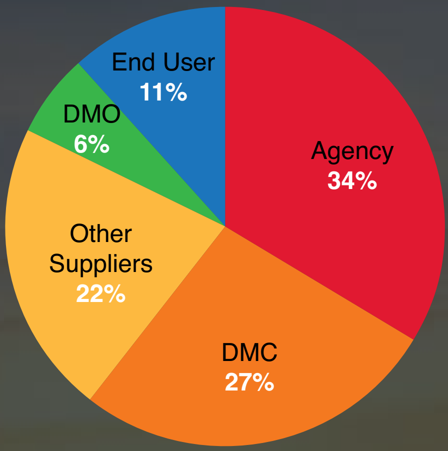


Figure 1: Breakdown of respondents by sector

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?

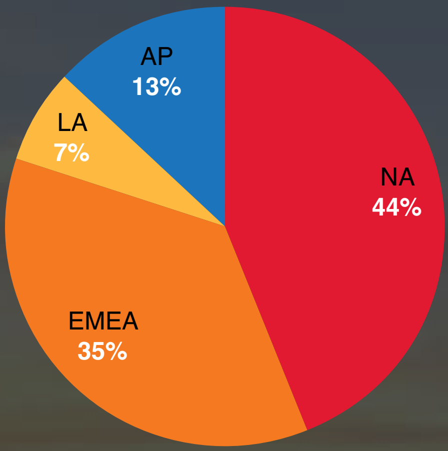


Figure 2: Breakdown of respondents by geographical region

- ***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.

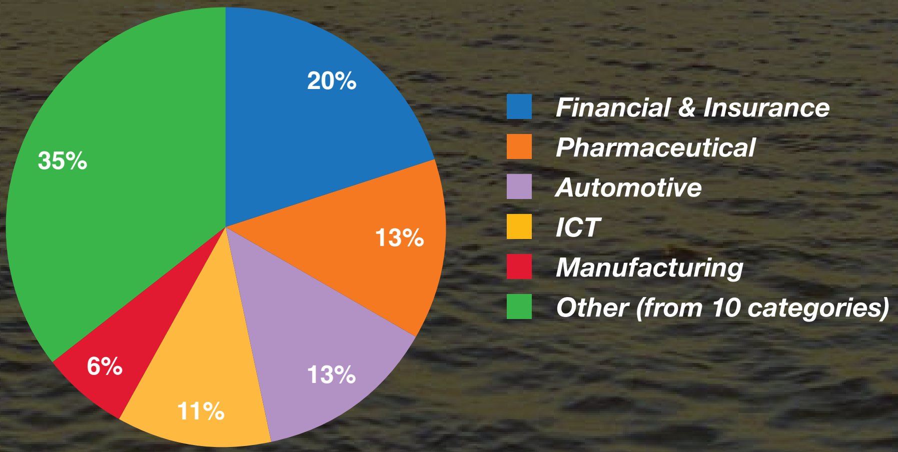


Figure 3: Breakdown of respondents by industry

This report analyses the DMC community through a geographical lens, as well as comparing it to its competitor set and supplier peers.

A DMC ANALYSIS

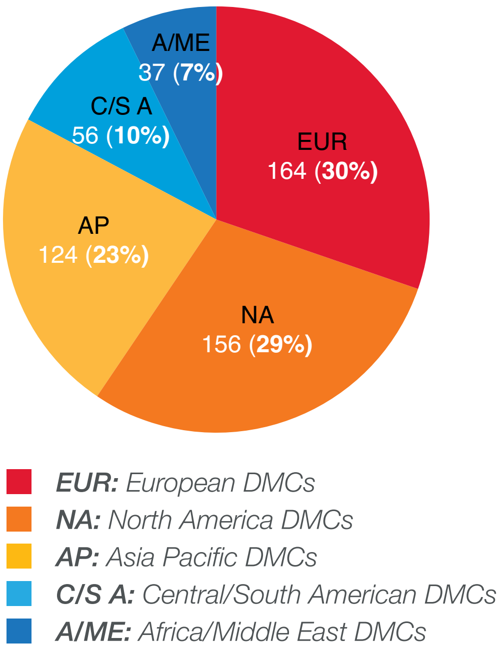
With 2,500+ responses, the depth and breadth of data of ITII 2019 has allowed for several valid sub-examinations - regionally, as has been done for Europe and Asia Pacific - and now, also according to sector. What follows is a report on the incentive travel industry with particular reference to the DMC community.

To best examine the role and standing of the DMC, this report analyses the DMC community through both a geographical lens, focusing on the 3 largest regions (North America – Europe – Asia Pacific), as well as comparing it to its competitor set and supplier peers (Incentive Agencies & 'Other Suppliers'). With this multifaceted and flexible approach, a more thorough presentation of perceptions, behaviours, trends, and insights can be made.

DMC RESPONDENTS

This survey was completed by 537 DMC respondents from across the world. This makes the DMC community the largest single sector represented in the survey, accounting for approximately 59% of the suppliers (the remaining 41% being DMOs and 'Other Suppliers'), and 30% of total survey respondents. The DMCs came from a wide geographical spread of regions and countries, outlined broadly in figure 4.

Figure 4: Breakdown of DMCs by region
Total DMC respondents: 537




NORT
Spokane
Portland
Salt Lake City
Eureka
San Francisco
UNIT
Las Vegas
Phoenix
Los Angeles
San Diego
Tucson
Islas
Revillagigedo
Pitcairn Island
(U.K.)
IFIC OCEA

DMCS ARE MORE IN TOUCH WITH THE INTANGIBLE COMPANY BENEFITS OF INCENTIVE PROGRAMMES THAN OTHER SUPPLIERS

DMCS GENERALLY MANAGE BETWEEN 40-60% OF TOTAL PROGRAMME BUDGET BUT THIS IS LOWER IN NA

VALUE IS MORE IMPORTANT TO BUYERS THAN IS NOTED BY DMCS

DMCS BELIEVE THEIR PERCENTAGE SHARE OF THE OVERALL BUDGET WILL HAVE DROPPED BY ON AVERAGE 9% WITHIN THE NEXT 5 YEARS

IT IS DMCS WHO ARE THE MOST POSITIVE ABOUT FUTURE GROWTH IN EUROPE, WHILE IN NA, INCENTIVE AGENCIES ARE THE MOST OPTIMISTIC

UK-BASED DMCS PREDICT THE BIGGEST GROWTH RATES OF ALL, MOST LIKELY FROM A SURGE OF INTEREST POST BREXIT

DMCS EXPECT, ON AVERAGE, 3% GROWTH IN THE VOLUME OF RFPS 2020-2022

BRINGING A SPOUSE/ PARTNER ON A PROGRAMME IS MUCH MORE COMMON IN NA THAN IN OTHER REGIONS

DMOS GENERALLY RECEIVE RFPS BEFORE THE FINAL DESTINATION HAS BEEN DECIDED UPON

ECONOMIC HEALTH AND POLITICAL STABILITY ARE THE CORNER STONES UPON WHICH THE INDUSTRY FLOURISHES

THE NATIONAL ECONOMY IS GENERALLY A FUEL FOR GROWTH IN NA AND EUROPE, BUT TENDS TO HAVE MORE OF A NEGATIVE IMPACT ON THE INDUSTRY IN ASIA PACIFIC.

THERE IS LESS TENDENCY TO CONTRACT A DMC IN NA THAN IN OTHER REGIONS

HOTEL REFERRALS ARE MUCH MORE COMMON FOR DMCS IN NA, EVEN TRUMPING TRADE SHOWS AS A SOURCE OF BUSINESS

OFFERING 'ONE-OF-A-KIND' EXPERIENCES IS THE TOP WAY DMCS BELIEVE THEY ADD VALUE

MANDATED ACTIVITIES AND COMPETITIVE SPORTS LIKE GOLF ARE DECREASING IN POPULARITY WHILE WELLNESS AND CSR/ SUSTAINABLE ACTIVITIES ARE ON THE RISE

THE DMO HAS AN ELEVATED LEAD GENERATION ROLE IN AP THAN IN OTHER REGIONS

SERVICE QUALITY IS AT THE CORE OF DMC IDENTITY AND IS WHAT THEY BELIEVE SETS THEM APART, THOUGH IN AP, CREATIVITY & INNOVATION ARE JUST AS IMPORTANT

EDUCATIONAL "FAM" TRIPS AND SALES CALLS ARE THE MOST EFFECTIVE WAYS OF CONFIRMING NEW BUSINESS

DMCS BELIEVE RESPONSIVENESS IS MOST IMPORTANT, BUT FOR BUYERS, IT IS REPUTATION

INDUSTRY PUBLICATIONS, TRAVEL MAGAZINES AND NEWSPAPER ARTICLES ARE MUCH LESS INFLUENTIAL THAN HUMAN CONNECTIONS IN THE SELECTION OF A DESTINATION

APPEAL AND SAFETY REMAIN THE MOST INFLUENTIAL FACTORS IN SELECTING A DESTINATION, BUT THERE IS VARIETY BETWEEN REGIONS

THERE IS AN AVERAGE 60-40 SPLIT BETWEEN RECEIVING BUSINESS LEADS FROM INTERMEDIARIES AND DIRECT FROM END-CLIENTS

CULTURAL/SIGHTSEEING TRIPS, GROUP DINING, AND TEAM BUILDING ARE THE MOST IMPORTANT INCLUSIONS IN INCENTIVE PROGRAMMES FOR BOTH BUYERS AND DMCS

DMCs are more aware of the softer impacts of incentive travel, while other suppliers, like hotels or entertainment providers, are more in tune with the trickle-down hard economic benefits across the whole destination.

SECTION 1
BENEFITS OF INCENTIVE TRAVEL

Incentive Travel is much more than a tick box activity for corporations. It is an inherent part of their strategy, incorporated into annual budgets in order to achieve a myriad of concrete as well as more abstract goals. Enhancing employee productivity, promoting employee-employer relations, or even enticing greater talent to the company, are just some of the objectives for which incentive travel is often enlisted. This section investigates the range of benefits of incentive travel, as well as the impacts it can have on both the company involved and the destination selected.

BENEFITS BEYOND THE BOTTOM LINE

This section aims to understand, from the supplier perspective, what the benefits of incentive travel are. Going beyond the hard tacks of company profit and productivity, respondents were given a variety of both hard and soft benefits.

It is interesting to observe that by and large, DMCs and 'Other Suppliers' are aligned in their opinions on the benefits of Incentive Travel. Nevertheless, there are a few points which are worth our observation.

Firstly, we can see differences emerging in the importance placed on tangible versus intangible benefits. Comparing the significance allocated to *Impact on the economy of the host destination*, we see that Other Suppliers have rated this more highly than DMCs (see figure 5). By contrast, the opposite is true when we look at abstract benefits such as *Company Culture and Personal/Professional Development*, which are rated higher amongst DMCs. It is plausible to deduce that this is down to DMCs more intimate dealings with the company itself and therefore understanding of these softer impacts, while Other Suppliers, like hotels or entertainment providers, are more in tune with the trickle-down hard economic benefits across the whole destination.

Drilling into the regions next (see figure 6), we see that for Asia Pacific, *Impact on the economy of the Host Destination* is significantly higher than for either North America or Europe, scoring 52% amongst DMCs and 63% amongst Other Suppliers, which is markedly higher than both their North American (35%) and European (39%) counterparts. As a developing region, it makes sense that the economic watershed of tourism is more acutely observed here than in NA and Europe, both by the DMCs and wider supplier community.

B3) Beyond the impact of the incentive travel program on the sponsoring company's bottom line, which additional impacts of incentive travel are most significant?
Rank on scale from 1 to 5, with 1 being the most important.

SUPPLIER COMPARISON		
	n=484	n=362
IMPACTS	**DMCS ONLY %**	**OTHER SUPPLIERS %**
Impact on the economy of the host destination	43	49
Fostering workplace relations and enhancing company culture	58	50
Personal & professional development of qualifier	53	48
Quality of life of qualifier	25	27
Impact on society as travel promotes cultural understanding	22	26

Figure 5: Supplier comparison on percentage of respondents who scored these benefits as either important or very important

DMC ONLY						
	n=149		n=144		n=108	
TOP 3	**EUR**	**%**	**NA**	**%**	**AP**	**%**
1	Personal & Professional Development of Qualifier	59	Workplace Relations & Company Culture	66	Workplace Relations & Company Culture	53
2	Workplace Relations & Company Culture	57	Personal & Professional Development of Qualifier	56	Economy of Host Destination	52
3	Economy of Host Destination	39	Economy of Host Destination	35	Personal & Professional Development of Qualifier	43

Figure 6: DMC regional ranking based on percentage of respondents who scored these benefits as either important or very important

While there has been caution over the past two years across all sectors, there is general optimism about the direction the industry is going.

SECTION 2

THE GROWTH & MANAGEMENT OF INCENTIVE TRAVEL

DMCs exist world-wide, and yet from region to region, country to country, can operate quite differently. This section seeks to analyse these differences (or similarities) in more depth, so as to understand how and why this might be.

BUDGET MANAGEMENT

Looking first at budget management, this research sets out to ascertain the average percentage of incentive budgets that are managed by DMCs in each region.

Dollars Managed

Breaking down the regions into countries, we have compared DMC budget with that of ‘Other Suppliers’ to try and determine total budget and therefore the DMC percentage of the whole programme (see figures 8a-g). It is arguable that there may be overlap as DMCs certainly would sub-contract some budgetary items to other suppliers, but for the process of evaluation, we are examining them separately. Looking at these figures, we can see certain patterns. Of the 7 countries with sufficient data, 4 (The UK, Spain, Thailand and India) all show an approximate 50% of total business managed by the DMC. Looking at the outliers, we see the US and Mexico managing 38% and 32% respectively, while in Ireland, DMCs are seen to manage 60% of the budget. Why is this?

While such statistics may raise more questions than they answer, there are some plausible explanations which can be discussed. In the case of Ireland, 80% of incentive business comes from North America, a long-haul destination. As such, there might be greater reliance on the DMC to manage more parts of the programme. NA is also known to have more emphasis on luxury inclusions, all of which might premise the involvement of a local DMC. Contrastingly, in destinations like Spain, where most business is from more short-haul destinations, it is plausible that buyers go direct for more elements. That said, countries like Thailand and India (generally also long-haul from key markets) also fall at around 50%, so perhaps we need further interpretation of this data. On the other end of the scale lie the US and Mexico, who manage 30+% of the budget. This is significantly lower, and one reason may well be attributed to the prevalence of all-inclusive resorts in these destinations, which if contracted directly, leave a much smaller proportion of the pie for DMCs to oversee.

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

DMC ONLY			
n=537	n=156	n=165	n=110
ALL - $	**NA - $**	**EUR - $**	**AP - $**
2181	2220	1942	2583

Figure 7: Approximate spend per person for which DMCs were responsible

*Figure 8a: Breakdown of **figures from USA***
Total spend per head: $5464

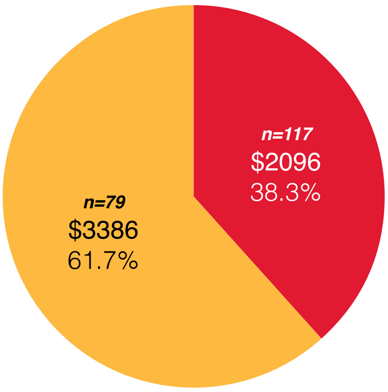


*Figure 8b: Breakdown of **figures from IRELAND***
Total spend per head: $3532

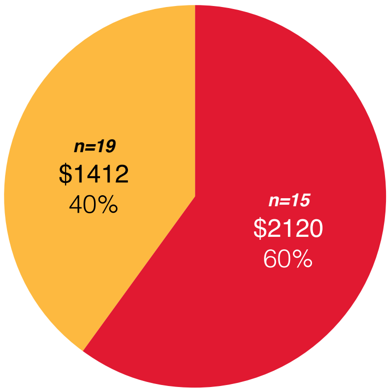


*Figure 8c: Breakdown of **figures from SPAIN***
Total spend per head: $4896

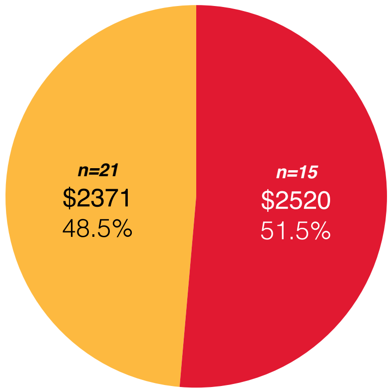


*Figure 8d: Breakdown of **figures from INDIA***
Total spend per head: $5952

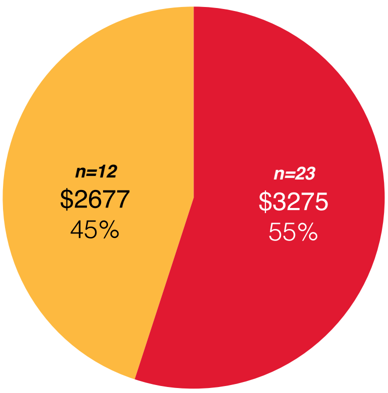


*Figure 8e: Breakdown of **figures from MEXICO***
Total spend per head: $6186

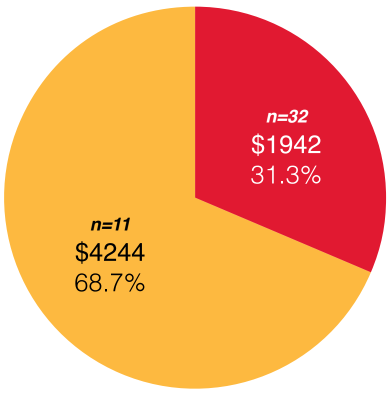


*Figure 8f: Breakdown of **figures from UK***
Total spend per head: $5182

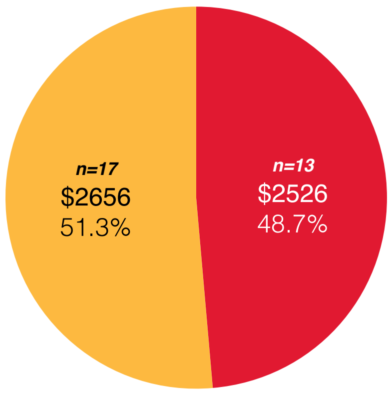
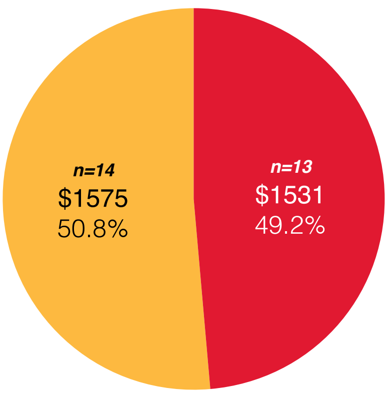


*Figure 8g: Breakdown of **figures from THAILAND***
Total spend per head: $3106



DMC spend per head
Other Suppliers spend per head

Percentage Managed

While the previous question asks how much per person spend the respondents' team is responsible for in *monetary* dollar form, this question asks the *percentage* for which they believe a DMC is responsible. While question G11 asks for a hard currency figure (which may be more or less accurate depending on the respondent), this question asks for a percentage, which gives more insight into *impressions* of this particular industry sector. The question was only asked to DMCs themselves, which means that we get a "self-analysis" of where the sector stands within the industry. This is fantastic food for thought in itself, but for future surveys it will be interesting to ask this question of buyers and other suppliers also, to see if their impressions of the DMC community align with the DMCs own self-diagnosis. Not only does this question offer great insights into perceptions as to where the DMC sector currently stands, but also how they predict the future of their business.

The result is unanimous across the regions. DMCs believe that their share of business is dropping, and that it will have decreased by on average 9% by 2023 (see figure 9). When we look individually at the regions we see that Europe and Asia Pacific both currently deduce that they manage 58% of budget spent in the destination. North America, by contrast, is 45%. This is not surprising given the findings from other questions, highlighting that not only does the DMC community in NA receive less business, but that they also manage a lower percentage of budget for the programmes that are confirmed.

For an even deeper analysis, we have attempted to compare the results of this question with G1A, looking at this on a country-by-country basis (see figure 10). While the results are certainly not conclusive, it nevertheless provides food for thought, showing potential disparities between perception and reality, and also the strength of the DMC community in particular countries. Going forward it will be interesting to pose this question to incentive agencies and end-users also, in order to provide a comparison point on how they determine the role and future of a DMC.

G11: What percentage of the overall spend per person in the destination (transportation, hotel, off-site functions) do you estimate is channelled through a DMC currently (2019)? How much will be channelled through a DMC in five years?

DMC ONLY				
	n= 546	n=167	n=165	n=116
TIMELINE	**ALL - %**	**NA - %**	**EUR - %**	**AP - %**
2019 (now)	54	45	58	58
By 2023	45	41	48	45

Figure 9: Percentage change in the percent of total programme business managed by the DMC

COUNTRY COMPARISON							
*n=(for G11 only)	n=132	n=29	n=14	n=15	n=16	n=14	n=22
	USA	**MEXICO**	**IRELAND**	**UK**	**SPAIN**	**THAILAND**	**INDIA**
% of budget actually managed by DMCs (see G1A - figures 8a-g)	38	31	60	49	52	49	55
% budget DMCs estimate they currently manage (G11 - figure 9)	44	50	61	61	61	52	71
% budget DMCs expect to manage by 2023 (G11 - figure 9)	40	46	45	54	56	44	52

Figure 10: Breakdown per country of percentages given in relation to DMC budget management

BUDGET PREDICTIONS

The previous section gives us a sense of how the role and magnitude of the DMC can vary between regions. This next question seeks to analyse the security of this standing, further examining the confidence of the DMC in maintaining percentage share within the industry.

The figures in the table below show the overall predicted growth from 2020-2022 in the 3 sectors of DMCs, 'Other Suppliers', and Incentive Agencies (see figure 11), while the bar chart depicts the rate of growth from one year to the next (see figure 12).

From a global perspective, across the 3 sectors we see modest growth from 2018 - 2019 (even some minor decreases in cases) and then a spike in expected growth from 2020 - 2022, showing that while there has been caution over the past two years across all sectors, there is general optimism about the direction the industry is going.

When we look to isolate the sectors, and compare the DMC with its industry peers, there are some noteworthy observations. While DMCs and Other Suppliers are broadly aligned on their expectations, we see massive divergence in the predictions from Incentive Agencies, both on a regional, and sectoral basis.

Looking first at Incentive Agencies in NA and Europe, we see a huge imbalance - with a 3.2% expected growth for NA versus just 1% for Europe. AP cuts this in the middle, at 2.1%. These figures suggest that while the Incentive Agency sector is strong in NA, perhaps down to more nation-wide programmes, it certainly does not have such a foothold in Europe.

Comparing these figures then to those of the DMC, the reason for this may become clearer. While Incentive Agencies predict 3.2% growth in NA, the DMCs here anticipate a much more modest growth of 1.8%. By contrast, looking at Europe, although Incentive Agencies are cautious with 1% growth, the DMC sector is much more optimistic with forecasted increases of 2.6%. These disparities highlight the regional strengths of these two 'middleman' sectors, with the DMC reigning supreme in Europe, in contrast to the Incentive Agency in North America. Interestingly, Asia Pacific shows equal growth from both sectors at 2.1%, underlining how in this newer region of incentive travel, there is equal playing ground for both sectors to develop and prove their validity.

Worth an additional mention is the expected growth in the UK. While 'Other Suppliers' are extremely cautious, predicting negative growth in 2018-2019 and even into 2021 and 2022 (anticipating the lowest growth figures of all regions), their DMCs sing a very different story. They predict the highest growth in 2019 and while there is a slight drop off in 2020, they are full steam ahead in 2021 and 2022, estimating powerful increases of 3.6% for each year. Clearly, while Other Suppliers are more measured, perhaps due to a reliance on domestic business as well as international, the DMCs are forecasting a huge increase in global interest in the UK, post Brexit.

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

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

ALL REGIONS					
	n= 546	n=167	n=165	n=116	n=116
SECTOR	**ALL - %**	**NA - %**	**EUR - %**	**AP - %**	**UK - %**
DMCs	2.6	1.8	2.6	2.1	2.6
Other Suppliers	2.0	1.5	2.0	2.3	0.2
Incentive Agencies	2.4	3.2	1.0	2.1	1.8

Figure 11: Percentage increase of budgets for incentive programmes 2020-2022 – comparison between sectors and regions

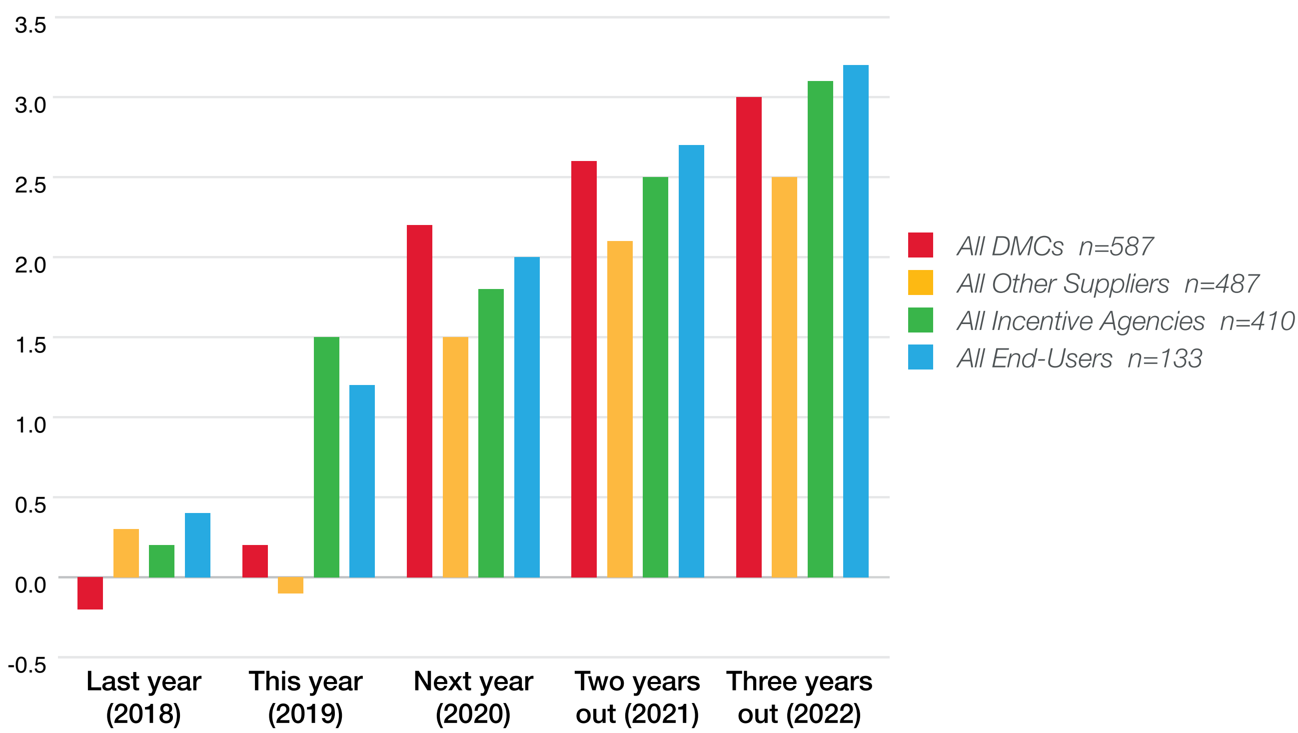


Figure 12: Average yearly growth in budget predicted by DMCs, Other Suppliers, Incentive Agencies and End-Users

GROWTH IN RFPS

RFP pace and volume is a good indicator as to the overall health of the industry. Where there are RFPs there is business, showing intention to travel and optimism for the future.

Looking specifically at DMCs, RFP growth was moderate in Europe in 2018 and 2019, even more so in Asia Pacific, and even took a slight dip in North America. Despite this, forecasts are good for 2020-2022 at over 2% for NA and AP, and in Europe, 40% higher than this, at 3.5%. This bodes well for Europe, however, it must be noted that this figure is bolstered by the extraordinary growth anticipated by the UK, averaging 7.4% between 2020 and 2022, highlighting again the destination optimism for the UK industry post Brexit.

Interestingly, while DMCs have a very positive future outlook, 'Other Suppliers' are entirely more measured, as the average growth expected is significantly lower than their DMC counterparts (25% lower in North America, 17% in Europe, and 73% in Asia Pacific). When we look at the UK specifically we see even more drastic divergences, as contrary to the DMC community, 'Other Suppliers' here predict continuous decreases in RFP growth from now until 2022. Their pessimism is in direct contrast with the abundant optimism of British DMCs and begs the question why. Plausibly it may be a case of domestic versus international business, with domestic enterprise suffering from a fall in sterling, while contrastingly this would serve to attract international visitors who would gain more 'bang for their buck' as a result.

Overall, RFP growth is positive, with the DMC community seeing even more of this than their supplier peers, suggesting the sector is feeling secure and optimistic for the future.

G8: How has the volume of RFPs for incentive travel programs changed in the most recent 2 years (2018 and 2019)? How do you expect that to change for programs occurring over the next 3 years (2020 – 2022)?

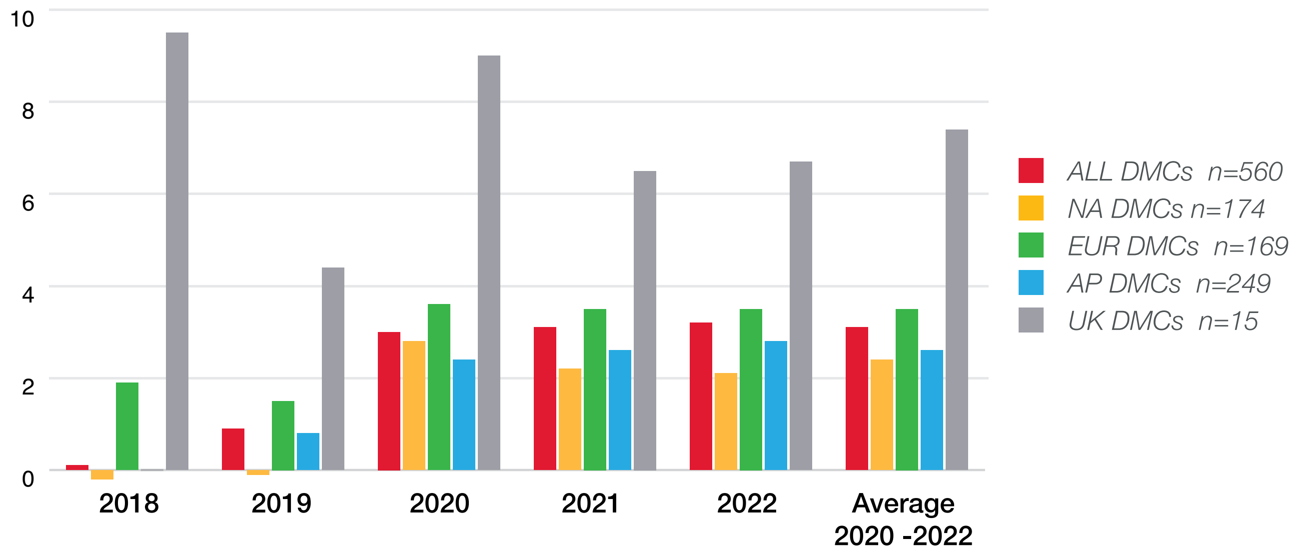


Figure 13: Percentage change in RFP volume 2018 – 2022 (DMCs only)

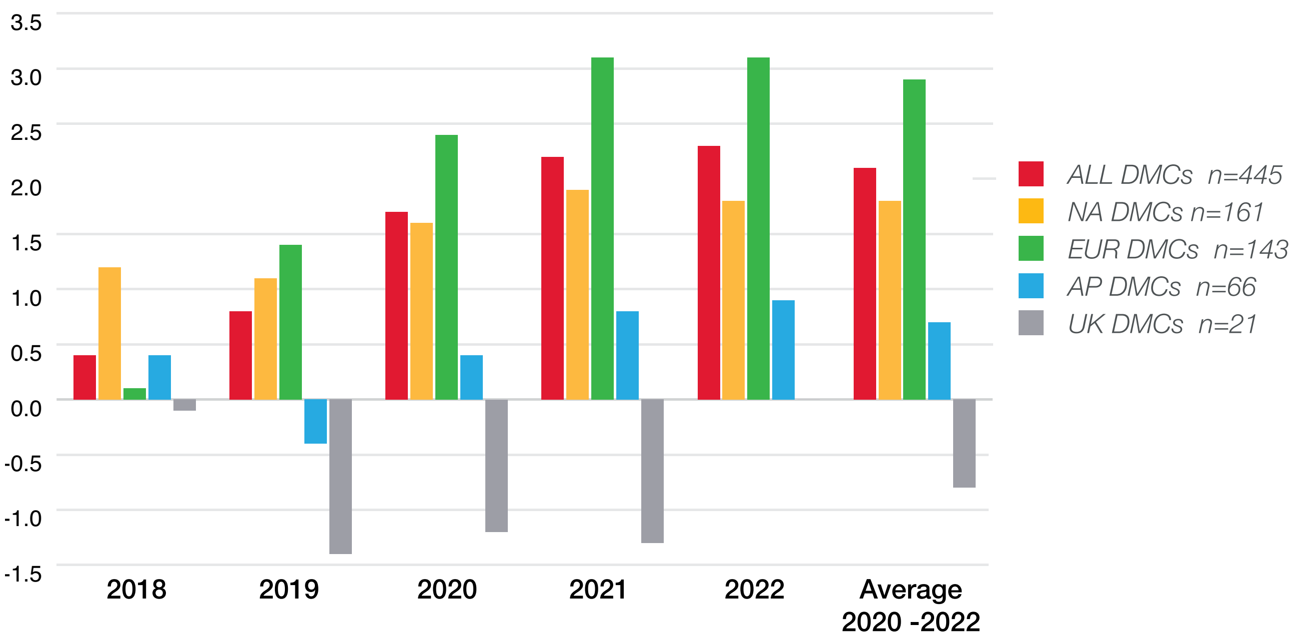


Figure 14: Percentage change in RFP volume 2018 – 2022 (Other Suppliers only)

“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.

DMO RELATIONSHIP

This question seeks to establish the role of the DMO in the RFP process and in the securing of business leads. There is little disparity between the regions, or indeed amongst suppliers in general. The only marginal difference is that in Asia Pacific, fewer ascertain that the DMO is not contacted at all. This verifies what has been deduced in previous questions as to the greater importance of the DMO in AP, although, as the data is not extremely different, too much weight should not be accredited to this discrepancy. Overall, we can see that approximately 17% of DMCs believe a DMO is not involved in the process. This may be when a client – supplier relationship is more established or the client may already know the destination quite well. It would be interesting to see what DMCs would say if asked what percentage of leads they receive via a DMO, but for those than do, we see that generally it is before the destination has been fully confirmed.

VD10: Based on your experience, at what stage does an incentive travel program organizer typically approach a destination marketing organization (DMO or CVB) to seek advice about operating a program in that destination? Select one.

DMC ONLY - ALL REGIONS *n=451*

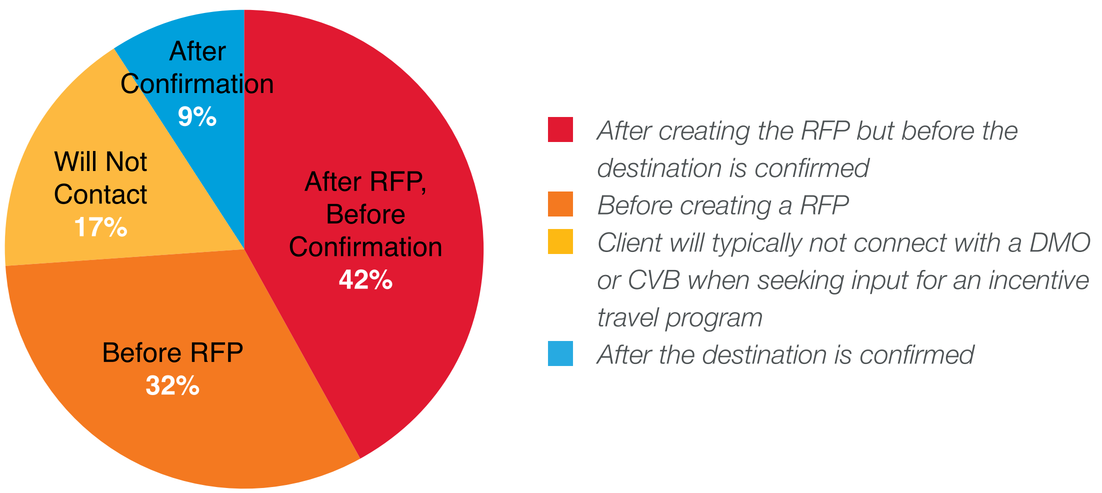


Figure 15: Percentage of respondents who selected this option (DMCs only)

IMPACTS ON INCENTIVE TRAVEL

Having examined current and predicted growth in both budgets and RFP volume, it is prudent to take a step back and look at the bigger picture. While the industry seems to be on an upward curve, what factors most influence this? – and conversely, what might restrain growth for a nation or region at any given time?

Respondents were asked to identify the top 3 impacts on their team's plans for incentive travel from the following 15 factors.

1. **National economy**
2. **Global economy**
3. **Air travel costs**
4. **General threat of terrorism**
5. Natural disasters (e.g. hurricanes)
6. **General marketplace uncertainty**
7. Increasing importance of corporate social responsibility (CSR), sustainability and being "green"
8. Tightening of border security between countries
9. **Financial outlook of the company (i.e. the company or companies for which your team organizes incentive travel)**
10. An increased focus on the importance of company culture
11. Changes to incentive programs offered by the company's competitors
12. Internal stakeholder perceptions of the program
13. Public perceptions of incentive travel
14. Government policies or other regulations
15. Increased tendency to combine business and leisure (e.g. "bleisure")

They were then asked to mark whether these factors had a positive or negative impact on their plans, and whether this was in a moderate or strong way.

For the first part of the question, there was remarkable parity across the regions and sectors with the 6 impacts in bold generally being selected by over 20% of respondents, with *air travel*, *terrorism*, and *marketplace uncertainty* having a negative influence, while economic factors and *financial outlooks* generally have a positive effect.

Delving further into this data from a DMC perspective, there are some interesting observations to be made. The first is in relation to the economy. The DMC community from each region notes the influence of the *national economy*. However, this is markedly more pronounced in North America, where 55% of respondents select this within their top 3, compared to 38% in Europe and 30% in AP (see figure 16). In addition, while for both Europe and Asia Pacific, *global economy* is the most frequently selected (48% and 50% respectively), it is much lower in NA at 36%. Such data shows that the DMC community in NA is far more concerned with the national than the global economy. This suggests that North American DMCs have a much greater dependence on domestic programmes than their counterparts in Europe and Asia Pacific.

Another interesting observation from the DMC data is in the frequency with which the *general threat of terrorism* was selected as a top impact. For Europe and Asia Pacific, this option is selected by 35% and 30% respectively. For North American DMCs, this was chosen by only 11%. This suggests that in NA, terrorism is perceived as more of an external problem than a prime concern for inbound business.

When we analyse the internal results of these top 6 selections (where they lie on the positive-negative impact scale), there is even more of interest. While certain factors like terrorism, market uncertainty and air travel would be expected to, by and large, have a negative impact, the other 3 factors could potentially go either way.

Looking at the chart below (see figure 17) we see that the *financial outlook of the company* is just on the positive side of the scale, suggesting optimism for corporate financial health at the time of the survey. This is consolidated in the results of *national economy*, which for NA and Europe, is weighted just about on the positive side. For AP, however, we see that national economy is more often perceived to have a negative impact on incentive travel plans (56%), perhaps highlighting the greater vulnerability and sensitivity of some of AP's more newly developed national economies. Looking to the *global economy* now, we see that across the board this tends to have a negative impact on travel plans. National economies can therefore be seen to boost our industry, while the global climate more often serves to curtail it.

Looking at some of the lesser selected options we can also see some thought-provoking trends. As expected, impacts like *company culture* and *bleisure* are having a very positive impact on travel, but interestingly, so does CSR, *sustainability* and *being "green"*. In an industry where flight travel is almost a prerequisite, it is surprising that for the 17% of DMCs who did select this option, it is seen as an overwhelmingly *positive impact* (84% NA, 95% EUR, 91% AP). When we look at *public perceptions of incentive travel* we also see that by and large, this has a positive impact (80% EUR & 75% AP). Given recent flight shaming trends emerging in Europe, it is a relief to see that public opinion on this has not yet negatively affected incentive travel plans. Controversially however, in North America, the stalwart of incentive travel, the tide seems to have changed. Of the 14% of NA DMCs who selected this option, 69% felt it had either a strong (23%) or moderate (46%) *negative* effect on incentive travel plans. It would be interesting to ask this question of all NA DMCs and ascertain if these are isolated cases, or if such sentiment is the forebearer of a general shift in North American priorities.

Such figures provide fascinating insights into regional disparities, but overall, also decidedly underscore the industry's dependence on economic health and political stability in order to prosper and grow.

G12: Which of the following factors are having the greatest positive and/or negative impact on your team's plans for incentive travel programs occurring over the next 2 years (2020 and 2021)? Destination marketing organizations and suppliers should respond by considering impacts to programs occurring in their destination. Indicate the impact of the 3 most important factors.

ALL BUYERS & DMC												
	n=310		n=132		n=142		n=143		n=44		n=84	
	NA				EUR				AP			
	ALL BUYERS	**%**	**DMC**	**%**	**ALL BUYERS**	**%**	**DMC**	**%**	**ALL BUYERS**	**%**	**DMC**	**%**
1	Financial Outlook of Company	41	National Economy	55	National Economy	49	Global Economy	48	National Economy	50	Global Economy	50
2	Air Travel	41	Global Economy	36	Global Economy	39	National Economy	38	Global Economy	45	Terrorism	30
3	National Economy	40	Financial Outlook of Company	28	Air Travel	33	Terrorism	35	Terrorism	34	National Economy	30
4	Terrorism	29	General Marketplace uncertainty	24	Financial Outlook of Company	29	Air Travel	29	Financial Outlook of Company	32	Air Travel	26
5	Global Economy	27	Air Travel	23	Terrorism	25	General Marketplace uncertainty	23	Air Travel	30	Financial Outlook of Company	25
			Company Culture	20	CSR	20			General Marketplace Uncertainty	30	CSR	25
											Bleisure	23
											Marketplace Uncertainty	20
											Natural Disasters	20

Figure 16: Percentage of respondents who selected this option within their top 3 (showing all options which recieve greater than 20%) – a comparison between buyers and DMCs in the main regions

DMCS ONLY						
	n=132		n=143		n=84	
	NA		EUR		AP	
RANK	% POS	%NEG	% POS	% NEG	% POS	% NEG
National Economy	57	41	47	43	36	56
Global Economy	19	77	19	64	36	59
Financial Outlook of Company	54	43	66	30	53	48
Air Travel	30	67	24	66	23	77
Terrorism	20	73	26	66	16	80
Market Uncertainty	9	88	3	88	18	82

Figure 17: Percentage of respondents who marked these primary factors as positive or negative (DMCs only)

On the whole, it is clear that the incentive travel industry values H2H – human to human – above all, placing least weight on the relative size of the company or how sophisticated it might be in terms of deployment of technology.

SECTION 3
DESTINATION AND PARTNER SELECTION

ITII 2019 also tries to understand how relationships along the supply chain work. This section seeks to examine how suppliers add value and win business and also what buyers look for when making their decisions, both in terms of destination and partner selection.

HOW DMCS ADD VALUE

In a strong destination there will be a wide range of DMCs for the buyer to choose from. Long gone are the days of unquestioned loyalty as buyers now shop around for the DMC that suits them best. As such, adding value and differentiating to stand out from the crowd are crucial. This question seeks to understand the main ways DMCs endeavour to do this. Respondents were asked to select all actions they undertake from the below list.

1. Including more on-site staff or service elements for the same price
2. Offering financial incentives such as guaranteed exchange rates
3. Offering annual rebates if multiple programs are confirmed
4. Offering flexible payment terms
5. Offering ‘one-of-a-kind’ exclusive experiences
6. Partnering to provide more services from a single source
7. Other, please specify
8. Not doing anything different at this time

Examining DMC responses with a regional lens we see that across the board, offering *‘one-of-a-kind’ exclusive experiences* is the number one way to add value (see figure 18). This marks the essence of DMC identity – the production of experiences that otherwise would not be possible. While this is the most selected option for all regions, there is nevertheless a significant gap between the regions in the percentages (All – 85%, NA

– 91%, EUR – 78%, AP – 82%). For NA, 91% of respondents take this action to add value. This is 9 percentage points higher than AP and 13 more than Europe, perhaps highlighting North America's greater emphasis on luxury and exclusivity. We also note that NA DMCs have a greater tendency to offer annual rebates (58% versus 34% in EUR and 26% in AP), which perhaps suggesting greater brand loyalty in this region.

While financial incentives may not be the number one value adding factor, it's still evident that monetary value counts. Supply reacts to demand and as DMCs offer more staff and service elements for the same price, it is clear that buyers want a sense of getting the best "deal" - more bang for their buck in perceived freebies. For NA and AP, acting as a *'one-stop-shop'* is also key as DMCs strive to make things as easy as possible for their clients, and also perhaps add extra revenue streams to their own bottom line, especially where previously core elements, like hotel contracting, are more often being taken out of the hands of the DMC. Interestingly, this is only offered by 29% of European DMCs, which is 15 percentage points lower than AP or NA, where it is selected by 44-46% of respondents, suggesting that there is either less demand for this in Europe, or that there is a gap in the market here for more European DMCs to explore. *Financial Incentives such as guaranteed exchange rates* are also considered less important for Europeans (14%) than for NA (27%) and AP (23%). Rather than being less concerned with monetary benefits, this may be due to the example given of 'exchange rates', as this would not be relevant for Europeans staying in Europe.

Comparing DMCs to 'Other Suppliers', while we see the same top 3 or 4 actions being taken, there is nonetheless difference in the frequency of said action. Taking the top choice of *one of a kind experiences*, while this gets an average 85% adoption rate from DMCs, the rate is 12 percentage points lower among 'Other Suppliers' at an average of 73%. This suggests that while all suppliers need to show their uniqueness to secure business, DMCs are more at the forefront of making this happen and translating it to the end client.

G9: When competing for contracts for incentive travel programs occurring during the next two years (2020/2021) what actions are your teams taking to add value and win business? Select all that apply.

DMC ONLY				
	n=434	n=132	n=143	n=84
RANK	**ALL**	**NA**	**EUR**	**AP**
1	One-of-a-kind Experiences	One-of-a-kind Experiences	One-of-a-kind Experiences	One-of-a-kind Experiences
2	More Onsite Staff/ Service Elements for the same price	Annual rebates	More Onsite Staff/ Service Elements for the same price	More Onsite Staff/ Service Elements for the same price
3	Partnering to provide more services from a single source	Partnering to provide more services from a single source	Annual rebates	Partnering to provide more services from a single source
4	Annual Rebates	More Onsite Staff/ Service Elements for the same price	Flexible Payment Terms	Flexible Payment Terms
5	Flexible Payment Terms	Flexible Payment Terms	Partnering to provide more services from a single source	Annual rebates
6	Financial Incentives	Financial Incentives	Financial Incentives	Financial Incentives

Figure 18: Ranking based on percentage of respondents who selected this option (DMCs only)

HOW DMCS DIFFERENTIATE

Similar to the previous question, this one also tries to ascertain how DMCs stand out from one another. Unlike G9 however, which looked at what *actions* DMCs take, this question is more about identity, investigating what differentiating factors different DMCs most associate with.

The question provides captivating insight into the core identities of DMCs, as well as highlighting regional differences - echoing some of the trends observed in other questions. As respondents were only allowed to choose 1 option, it really forced them to identify their *raison d'être*, the factor which most aligned to their values, and sense of self-worth.

We can see that, overall, *service quality* is at the epicentre of a DMCs offering, most acutely in Europe and North America, where 40% (Europe), and 49% (NA), selected this as their top differentiator (see figure 19). This echoes the findings of previous questions, in which for NA especially, service is king above all else. For both regions, the second most prevalent factor was selected by approximately a quarter of all respondents. For NA, this was *creativity & innovation*, while for Europe, this was *price*, highlighting the greater price sensitivity of the European region. Interestingly, Asia Pacific falls somewhat in between NA and Europe. Adopting a balanced approach, we see that like the North Americans, *service quality* and *creativity/innovation* are the top two factors, although these are rated more equally, at 31% and 33% respectively. In contrast to Europe, and like North America, a very low percentage select price as a key differentiator, and for all 3 regions, *reputation* is not generally perceived to be a winning factor.

It will be interesting in future surveys to ask this question to buyers also - to see if their interpretation of the DMCs top qualities align with those being espoused by the DMCs themselves.

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

DMC ONLY								
	n=343		n=136		n=101		n=52	
RANK	**ALL**	**%**	**NA**	**%**	**EUR**	**%**	**AP**	**%**
1	Service Quality	39	Service Quality	49	Service Quality	40	Creativity/ Innovation	33
2	Creativity/ Innovation	24	Creativity/ Innovation	24	Price	25	Service Quality	31
3	Price	18	Price	13	Reputation & Creativity/ Innovation	17	Reputation	15
4	Reputation	15	Reputation	11			Price	12

Figure 19: Ranking with percentage of respondents who selected this option (DMC only)

WHO BUYERS TURN TO

This question seeks to understand how buyers contract their business. DMCs are not the only show in town, and there are many alternatives to using one – going direct, venue finders, and so forth. Is the DMC the preferred choice at all?

Examining this from a DMC perspective, fascinating insights emerge, especially regarding variation between the regions. As clearly evident from the pie charts, the most stark contrast is in the predicted use of a DMC. Europe comes out on top here, with 33% of buyers planning to contract a DMC in the coming years. AP lags somewhat behind at 19%, while a shocking mere 3% of NA buyers expect to use a DMC (see figure 20). This is an unsettlingly low statistic, but perhaps explainable by NA's greater tendency to stay within NA and therefore lean more towards the use of Meeting Planning Consultants, Site Selection Services, Travel Management Companies and Incentive Houses, all which receive negligible mention from Asia Pacific, and especially Europe.

It's worth mentioning also that Incentive Houses score very low across the board. However, as Incentive Houses make up a large proportion of the buyers responding to this question, it is reasonable that they would not choose themselves as a sub-contractor. What is interesting however, is when we break out the responses between Incentive Houses and End-Users. While Incentive Houses echo the overall regional disparity in DMC usage, End-Users paint a very different picture, further highlighting regional discrepancies. Although the quantity of End-User respondents is lower, it is nonetheless significant that NA was the only region to plan to use an Incentive House (14%), with 0% of European and AP respondents selecting this option. Instead, 13% and 27% respectively stated that it was a DMC they planned to contract. From the figures below we can clearly see that the Incentive House is the middle man of choice for NA, while Europe and AP have greater tendency to rely on a DMC.

VD3: How is your team contracting for, or planning to contract for, incentive travel programs occurring over the next 2 years (2020 and 2021)? Select one.

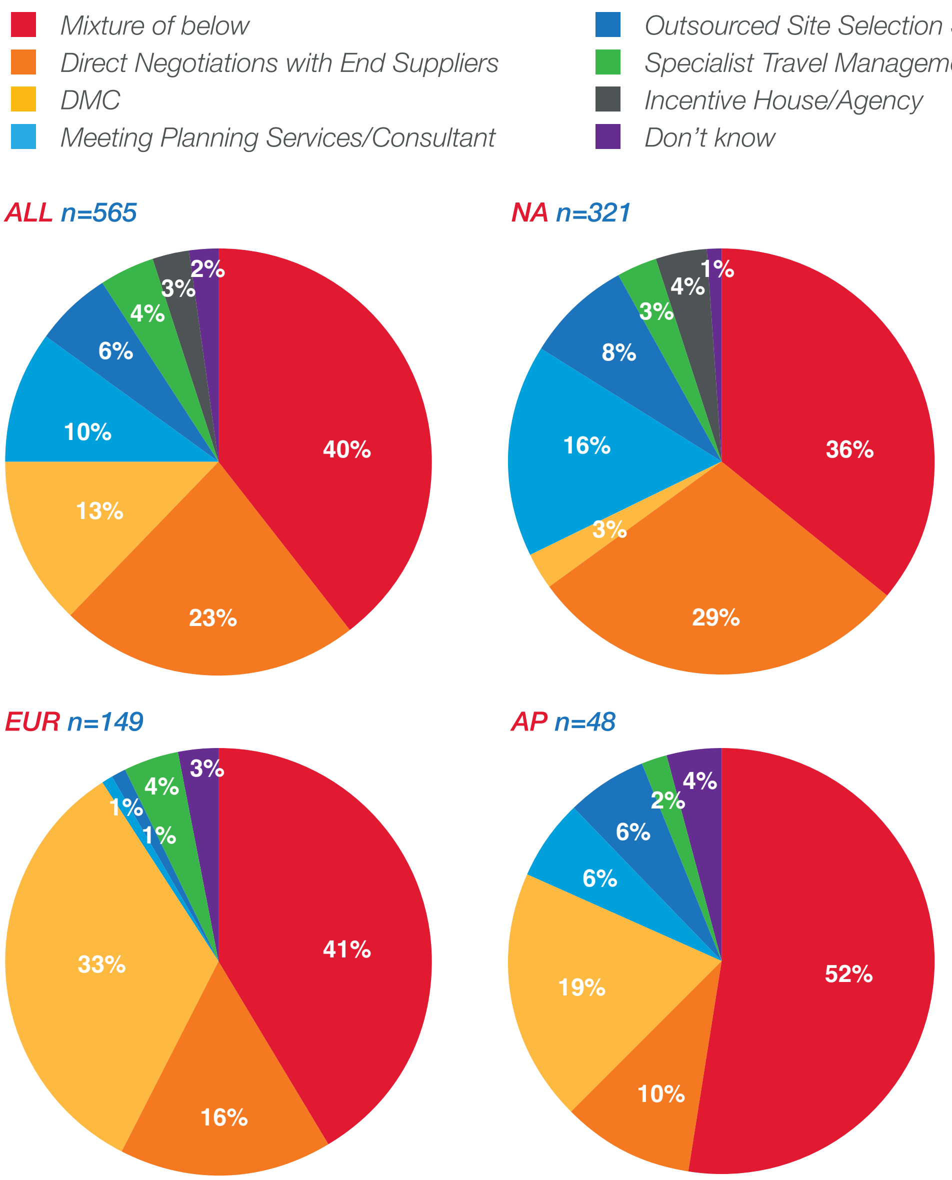


Figure 20: Percentage of respondents who selected this option (all buyers)

WHO SUPPLIERS RELY ON

This question is the same as the previous, except from a reverse perspective. While VD3 asked buyers how they plan to contract, VD4 asks suppliers where they generate business. Looking at all regions we see overall alignment amongst suppliers in general, with an approximate 60-40 split between business from intermediaries (such as incentive houses) and end-users direct.

Types of Clients

Examining the DMC community specifically, we see a slightly higher incidence of direct business reported from North America (46%), than from Europe (36%) or globally (39%) (see figure 21).

Differences also arise in the selection of 'other sources', examples of which include Cvent. This 'other sources' option was selected by more North Americans (32%) than other regions (16%). For those who did select this option, generally 17/18% of their total business came from here, regardless of region.

Turning to the ways 'Other Suppliers' generate business, the results are not vastly different, though less regional differences can be seen here than are evident amongst DMCs. 'Other sources' are still important for approximately 21% of NA respondents, accounting for 19% of their business. For European and Asian Pacific, 17% get 24% of business from these other sources (see figure 22).

The results here are not overly conclusive but there does seem to be less reliance than average amongst DMCs in North America on third party intermediaries, with a more varied source pool to fish in for gaining new business. The category of 'Other' is broad, and is certainly responsible for up to 25% of business for some companies, but it is not the bread and butter of the industry at large (only accounting for 3-4% of total business), who still depend predominantly on contacts with end-users direct (ca. 40%), or most especially, on agency-peers (ca. 60%), for their staple business. As technology develops, perhaps this 60-40 divide will change, and it will be interesting to observe in the coming years. To date, it is plausible that not every supplier/DMC has access to such other sources, for reasons including cost, technology and time. However, as technology evolves and more and more business is conducted online, it will be interesting to see if this source grows, or if the more H2H (human to human) connections of industry peers and direct clients will remain as strong as ever.

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).

DMCS ONLY				
	n=470	n=140	n=115	n=104
	ALL - %	**NA - %**	**EUR - %**	**AP - %**
End User Direct	39	46	36	40
Third Party/Agency	58	49	61	57
'Other Sources' (i.e Cvent or other digital platforms)	20% of respondents allocate 18% to 'other sources'	32% of respondents allocate 17% to 'other sources'	16% of respondents allocate 18% to 'other sources'	same as Europe

Figure 21: Average percentage of business generated by each type of client/source (DMCs only)

OTHER SUPPLIERS				
	n=284	n=114	n=80	n=45
	ALL - %	**NA - %**	**EUR - %**	**AP - %**
End User Direct	36	36	34	40
Third Party/Agency	60	60	62	56
'Other Sources' (i.e Cvent or other digital platforms)	18% of respondents allocate 21% to 'other sources'	21% of respondents allocate 19% to 'other sources'	17% respondents allocate 24% to 'other sources'	same as Europe

Figure 22: Average percentage of business generated by each type of client/source (other suppliers only)

Sources of Business

Delving even deeper into the generation of business for the supplier community, this next question invited suppliers to select their top 3 sources for RFPs for the next 2 years. Respondents were asked to choose from the below list of 8 options based on number and quality of leads.

1. Direct from clients – previous or existing relationships
2. Trade shows – large format exhibitions like IMEX, IBTMWorld
3. Referral from the local Destination Marketing Organisation or Convention & Visitors Bureau
4. Contact through membership of an industry associations 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

DMCs and 'Other Suppliers' are once again, broadly aligned on their sources of business. Far and away the number one source for both is *direct from clients* (see figure 23). This is somewhat in contrast to the previous question, which had 'intermediaries' as the predominant source. However, as 'intermediary' is not an option here, it is highly probable that respondents have included these intermediaries (such as incentive houses) under the banner of direct clients. Such focus on this source shows the importance of relationships in this industry, creating them, and curating them for long term returns.

Attendance at *trade shows* is generally the second source of business for most suppliers, though North American DMCs are definitely an outlier here, with 69% citing *hotel referrals* as a top source, ranking it much higher than European (28%) or Asian Pacific (34%) DMCs… or indeed their own 'Other Supplier' (49%) community.

Another observation is the greater reliance on *DMO/CVB referrals* in Asia Pacific (see figure 24). This is selected by 42-45% of suppliers, versus just 21-30% from NA or Europe, who by contrast, generally have higher percentages choosing *consortia* as an important source of business, especially within the DMC community (34% NA & 43% EUR).

Interestingly, website referrals is only mentioned by approximately 20-25% of respondents across the board, again showing how face to face and personal contacts and referrals are fundamental in this industry.

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

ALL SUPPLIERS								
	n=816	n=468	n=207	n=140	n=246	n=144	n=158	n=102
	ALL REGIONS		NA		EUR		AP	
SOURCES OF BUSINESS	ALL SUPPLIERS	DMC ONLY	ALL SUPPLIERS	DMC ONLY	ALL SUPPLIERS	DMC ONLY	ALL SUPPLIERS	DMC ONLY
Direct from clients	85	84	91	88	84	83	82	85
Trade shows (IMEX, IBTM)	54	51	43	31	59	58	52	54
DMO or CVB referral	31	28	21	23	30	23	45	42
Consortia (such as Hosts Global, DMC Network, ICCA, European Cities for DMO's)	29	37	22	34	35	43	28	30
Hotel Referrals	34	42	49	69	25	28	32	34

Figure 23: Regional comparison between all suppliers and DMCs - percentage of respondents who selected this source in their top 3

DMCS ONLY			
RANKING	NA	EUR	AP
1	Direct from clients	Direct from clients	Direct from clients
2	Hotel Referrals	Trade shows	Trade shows
3	Consortia	Consortia	DMO or CVB referral

Figure 24: Ranking of top 3 sources based on region (DMCs only)

SELECTING A PARTNER-SUPPLIER

The incentive industry supply chain has long lost its predictable linear flow, and now there are many options available. Beyond the more tangible factors discussed previously (like financial incentives or acting as a one-stop-shop) this question seeks to understand what other factors might influence the selection of a supplier-partner… is it *who* you know? … *what* you do? … *how* you do it? Or it is all about brass tacks and marketplace dominance? Both buyers and suppliers were asked to identify the key factors they felt influenced choice of partner-suppliers by choosing 5 options from a long list of 15 values, which are a mix of both concrete and abstract criteria. As both suppliers and buyers were asked this question, it provides a really interesting platform from which to compare DMC perception with buyer reality.

1. Reputation
2. Relationship & Trust
3. Creativity & Innovation
4. Connections
5. Responsiveness
6. Attitude
7. Experience
8. Value
9. Legacy
10. Breadth of service offering
11. Financial stability
12. Marketplace commitment
13. Technology
14. Industry activity
15. Size

There's remarkable alignment across all geographical regions and industry categories on the primacy of soft values over hard values (see figure 25). Therefore, factors like reputation, responsiveness and creativity rank top, while considerations like size and technology rank lowest. This re-enforces the outcomes already noted in terms of soft versus hard objectives for incentive travel programmes.

Overall, for buyers, *reputation* comes out as the most important consideration, selected in the top 5 of over 63% of respondents. While it is also included in the top 5 of DMCs, at a weighty 69%, it nevertheless plays second fiddle to *responsiveness*, which is selected by 72%. By contrast, for buyers, this is a much less relevant consideration, being chosen by just 49% - behind other factors like *creativity & innovation* (56%), *relationship & trust* (54%), as well as the front runner, reputation. As a regional disparity however, we see that for Asia Pacific, responsiveness is the top selection for both DMCs **and** buyers at 64% and 71% respectively. Interestingly, *experience* also makes it into the top 5 for AP (42-45%), while it is seen as less important for the more established incentive regions of NA and Europe (29-35%).

On the whole, it is clear that the incentive travel industry values H2H – human to human – above all, placing least weight on the relative size of the company or how sophisticated it might be in terms of deployment of technology. In some cases *financial stability* is even ranked in the bottom 5 factors, showing that in this industry, you are judged by performance and intellectual capital far more than physical presence and longevity. This serves to give encouragement to new companies, while acting as a warning to more established DMCs that it is unwise to rest on ones laurels or to grow complacent.

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? Pick up to 5 factors.

DMCS & BUYERS						
RANK	NA		EUR		AP	
	DMC	BUYERS	DMC	BUYERS	DMC	BUYERS
1	Responsiveness	Reputation	Responsiveness	Reputation	Responsiveness	Responsiveness
2	Creativity	Relationships	Reputation	Creativity	Creativity	Creativity
3	Reputation	Creativity	Creativity	Relationships	Reputation	Reputation
4	Relationships	Responsiveness	Relationships	Responsiveness	Relationships	Experience
5	Value	Value	Connections	Connections	Experience	Connections

Figure 25: Top 5 ranking of factors – comparison between DMCs and buyers by region

SELECTING A DESTINATION

Successful incentive travel programmes pivot around matching the 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 in this selection process, including considerations like access, infrastructure, value, appeal, subvention, safety, and the presence of good DMCs/DMOs.

Most Important Considerations

Aside from showing yearly trends, this question provides a very interesting platform from which to compare DMC perception (on why their destination may or may not be chosen) to the buyer reality.

Traditionally, *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 previous versions of ITII, destination appeal has always been 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, for example, safety was a huge concern due to an elevated incidence of extreme weather related issues and some high profile terrorism incidents, particularly in Europe. For this reason it is no surprise that appeal and safety rank highest across the board.

Looking only at the DMC answers to this question, as predicted, *safety* and *appeal* are at the forefront. However, there are regional disparities. We can see that safety is the primary concern of Europe (54%) and Asia Pacific (56%), but for North America, it is second, with a much lower response rate at 44%, putting it on a par with infrastructure (43%). For NA, it is appeal (67%) which very much reigns supreme - being the only factor across all regions to be listed as 'very important' by over 60% of respondents.

European DMCs can be seen to have the most varied responses, with 4 criteria in the 40-50% bracket - *appeal, infrastructure, access* and *value*. Value is equally important for Asia Pacific (44%), but less so for North America (32%). Access is another clear differentiator, coming in at only 25% for AP and 19% for NA, compared to 45% in Europe. Differences can also be seen in the importance given to *the presence of a good CVB/DMO* and *financial support*. While both of these are selected by fewer than 10% of NA and European DMCs, Asia Pacific rates them higher (18% and 10% respectively), confirming the greater importance, noticed in a previous question, of the DMO in the AP region.

Interestingly, despite varying percentages on every other factor, unanimity is reached on the existence of a good DMC... rated 'very important' by 36-39% of DMCs across all regions. This is also one of the only factors that buyers agree on across all geographies, except the consensus is somewhat lower, at 21-25%. This highlights that the existence of a good DMC has equal importance, irrespective of the destination in mind. However, it also shows that DMCs have a higher sense of their own importance than buyers would assign, with some 14 percentage points in the difference.

Looking at the results of buyers only now, there is more or less alignment with what DMCs perceive to be important, showing general understanding from the DMCs as to what the buyer is searching for. There are a few disparities however – such as the appeal versus safety question in North America. In this debate NA buyers adopt a much more balanced approach than their DMC peers, allocating 66% to each. Value for money is also rated more important by buyers across the regions than by DMCs, while access also grows in importance for both NA and AP buyers, putting this factor in the 30-39% bracket for all buyer regions.

Overall, there is a lot to reflect on in this data, with regional differences and also some mis-weightings on behalf of the DMCs, especially in the case of the importance allocated to value, access, and indeed, the existence of DMCs themselves. Many of the top criteria may be out of the hands of the DMC, influenced primarily by the geo-political sphere, however, such data gives powerful insights into where the marketing efforts of DMOs should focus, and indeed, the subliminary messaging that should be present in DMC proposals as well.

“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

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

DMC ONLY			
	n=138	n=143	n=101
RANKING	NA	EUR	AP
60-69%	Appeal		
50-59%		Safety	Safety
40-49%	Safety	Creativity	Reputation
30-39%	Value Good DMC	Good DMC	Infrastructure & Good DMC
20-29%			Access & Executive Mandate
10-19%	Access & Executive Mandate	Executive Mandate	Good CVB/DMO & Financial Support
0-9%	Good CVB/DMO & Financial Support	Good CVB/DMO &Financial Support	

Figure 26: Band ranking of percentages of respondents who selected this consideration as 'very important' (DMCs only)

ALL BUYERS			
	n=230	n=122	n=34
RANKING	NA	EUR	AP
60-69%	Safety & Appeal		Safety
50-59%	Infrastructure		Appeal & Value
40-49%	Value	Safety & Value	Infrastructure
30-39%	Access	Infrastructure, Access, Appeal	Access & Executive Mandate
20-29%	Good DMC presence	Good DMC presence	Good DMC presence
10-19%	Executive Mandate	Executive Mandate	DMO/CVB & Financial Support
0-9%	DMO/CVB & Financial Support	DMO/CVB & Financial Support	

Figure 27: Band ranking of percentages of respondents who selected this consideration as 'very important' (All buyers)

Influential factors for new destinations

While the previous question sought to understand the reasons for choosing one destination over another, this question goes deeper into that psyche, focusing on the selection process for a **new** destination, one that the client is not familiar with. Buyers themselves were not asked this question, so in this case, we have only the perspectives of the supplier community.

Across all regions and supplier sectors, there is general consensus on the most influential factors in selecting a new destination. Prior experience and recommendations (whether word-of-mouth or other) emerge very much on top, trumping all intentional marketing activities, such as online travel sites, social media, and printed articles.

Drilling into the data we do see the occasional difference, with DMCs assigning less value to *recommendations from non-meeting professionals* than their other supplier peers do (see figure 28). As many of these other suppliers, such as hotels, may also have trade from non-business-related travellers, this is understandable. DMCs also place less importance on *social media* and *online travel sites* than other suppliers. This is most likely due to DMCs greater reliance on H2H factors, such as reputation, responsiveness, and relationships. By contrast, other suppliers like DMOs and hotels, often depend greatly on their online presence and marketing to create the right image and appeal.

Most interesting is probably the somewhat "yesterday's news" response to newspapers, travel magazines, and industry publications, with only single digit numbers regarding these as very important. Such statistics suggest that, by and large, for MICE business, investments are very much more likely to reap rewards when made in relationship development and networking than any printed marketing material. Human connections emerge very much as the beating heart of the industry.

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?

OTHER SUPPLIERS – DMC COMPARISON			
DMC ONLY - ALL REGIONS	**%**	**OTHER SUPPLIERS ONLY - ALL REGIONS**	**%**
Prior experience with brand, venue or staff at another location	43	Prior experience with brand, venue or staff at another location	45
WOM recommendation from within their own organization	41	WOM recommendation from within their own organization	42
Recommendation of an account executive from a incentive house or agency	35	WOM from non-meeting professional	40
Recommendations from other meeting and event professionals via associations	35	Recommendation of an account executive from a incentive house or agency	35
WOM from non-meeting professional	30	Recommendations from other meeting and event professionals via associations	33
Social media	16	Social media	23
Online travel sites	8	Online travel sites	16
Meeting industry publications	8	Meeting industry publications	8
Dedicated travel magazines	4	Dedicated travel magazines	6
Newspapers with travel supplements	2	Newspapers with travel supplements	4

Figure 28: Ranking with percentages based on number of respondents who consider the factor to be 'very important' - comparison between DMCs and 'Other Suppliers'.

"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

ENGAGING THE CLIENT

This question seeks to understand, once conversations with a client have begun, how suppliers engage with their clients and the efficiency of different methods in getting business over the line. Suppliers were given the following options are asked to rank on a scale.

- Educational ("fam") trip to destination
- Face-to-Face meetings or sales presentation in the client's place of work by a DMO, DMC, hotel
- Face-to-face meeting or sales presentation at a trade show
- Face-to-face meetings or sales presentations at boutique marketplace events
- Pre site video of destination incentive capabilities coupled with face-to-face
- Video calls or webinars
- Marketing and promotion from the destination

All suppliers are agreed on *fam trips* and *sales presentations* being the most effective outreach methods, with between 40-60% of respondents ranking them as 'very effective' (see figure 29). What we perceive in the 3rd and latter positions is a drop off to under 30%, with *face-to-face meetings/ sales presentations at trade shows* and *face-to face meetings/sales presentations at boutique marketplaces* generally scoring 25-30%. The only region we do not see these scoring so well is North America, where they receive 19% and 16% respectively, pushing *pre-site video with face-to-face* into 3rd position, which for the other regions lies in 4th at a similar score of 20-25%.

Interestingly, a *pre-site destination video* is deemed more effective by 'Other Suppliers' overall than by the DMCs. This is perhaps because other suppliers have something more specific to show (i.e. a venue/a hotel), whereas a DMC, representing the whole country, would find it much more difficult to deliver one video that would showcase all they offer, while also universally appealing to all buyers.

However, while there is some disparity between the regions and DMCs/Other Suppliers, the learning from this is that face-to-face, most especially via real life experience, triumphs over all. The other methods, such as video calls, webinars, and marketing, are ranked as 'very effective' by just 5-15% of respondents.

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

DMC ONLY				
	n=451	n=135	n=143	n=97
RANK %	**ALL**	**NA**	**EUR**	**AP**
50-59%	Fam Trip	Fam trip	Fam trip	
40-49%	Sales Trip	Sales calls	Sales calls	Sales calls & Fam trip
26-30%	Trade Shows		Trade shows	Trade Shows & Boutique Marketplace Events
20-25%	Boutique Marketplace Events & Pre site video with F2F	Pre site video with F2F	Boutique Marketplace Events Pre site video with F2F	Pre site video with F2F
15-19%		Trade Shows Boutique Marketplace Events		
<10%	Video Calls/Webinars	Video Calls/Webinars	Video Calls/Webinars	Video Calls/Webinars
<10%	Marketing & Promotion from destination	Marketing & Promotion from destination	Marketing & Promotion from destination	Marketing & Promotion from destination

Figure 29: Band ranking according to percentage of respondents who regarded this as 'very effective' (DMCs only)

It is time for traditional mandated inclusions to make way for *en vogue* self-selected activities, like wellness and giving back through CSR and sustainability.

SECTION 4
PROGRAMME DESIGN & INCLUSIONS

Moving away from the supply chain and how business is contracted, this section will examine what an incentive programme looks like, what typical activities are included, the elements which are deemed most important and whether there are changes on the horizon.

THE MOST IMPORTANT ELEMENTS

Both buyers and suppliers were asked about the content of incentive travel programmes, requested to select the 3 most important inclusions from the following list of 10 items.

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 European and Asian Pacific reports from this survey analyse regional differences in response to this question, this report will take a deeper dive into the sectors, taking each region separately, comparing perceptions of the DMC versus those of the Incentive House and End-User in each region.

Starting with North America we see that *group dining* and *group cultural trips* are perceived as important across all sectors (see figure 31a). While *luxury travel & bucket list experiences* do not feature in the top 3 for incentive houses, it is nevertheless a strong 4th, being selected by 39%, compounding evidence as to the importance of such inclusions for the North American market. One interesting disparity is the absence of *free time* from the DMC list, with a much lower 17% selecting this option.

When we look at Europe (see figure 31b), as with NA, and indeed also Asia Pacific, *group dining* is classified as vital across all sectors. Interestingly however, *team building* also makes an appearance, something that does not feature in the top 3 for North America at all. Team building is selected by, on average, nearly 50% of respondents, showing this to be a key element of approximately half of all European programmes. *Group cultural trips* are also important, but curiously, *meetings* appear as the number one factor for end-users, with 45% selecting this option in their top 3. This is something that is only noted by 20% of Incentive houses and just 13% of DMCs, suggesting that while for the corporate end-user it is an critical inclusion (perhaps for tax/company justification purposes), for the organisers on the ground, it is not perceived to be of great importance.

Looking finally to Asia Pacific (see figure 31c) we see that DMCs and Incentive houses are broadly aligned. As with the other regions though, there is a disconnect on *free time*, with just 12% (AP), 17% (EUR) and 25% (NA) of DMCs choosing this option, versus 29% (AP), 17% (EUR) and 47% (NA) of incentive houses. For end-users this is 35% (NA) and just 10% (EUR) so unfortunately there is no clear pattern on what is most usual, either by region or by sector. One could surmise that as *free time* is not something DMCs control or organise, they are less likely to rate it as highly, whereas for the incentive house, who is often one step closer to the client, it is something they can appreciate more.

Interestingly, no DMCs particularly regard *shopping experiences* as important with a maximum of 3% selecting it amongst their top 3 inclusions. In contrast, buyers from Asia Pacific do buck this trend somewhat with 11% of incentive houses here selecting the option, highlighting the importance of this activity for the AP market. That said, regardless of the market, anyone who works on the delivery side of incentive travel knows how massively important shopping is for the end qualifiers of the trips, and while perhaps deemed less important from an organisational viewpoint, it is nevertheless critical to incorporate for ultimate participant satisfaction.

When we look at the aggregate data for all regions (see figure 30), we see that across all sectors the top 3 inclusions are group dining, group cultural trips, and team building. DMCs allocate more to group cultural trips/sightseeing than buyers do, but as this is the element with potentially the most logistical creativity on the part of the DMCs, it’s not surprising that this would steal slightly ahead.

P1: What activities do you consider most important for a successful incentive programme? Select up to 3.

ALL REGIONS					
n=480		n=433		n=155	
DMC	**%**	**AGENCY**	**%**	**END USER**	**%**
Group Cultural Trips	57	Group Dining	57	Group Dining	54
Group Dining	50	Group Cultural Trips	46	Group Cultural Trips	48
Team Building	43	Team Building Activities	41	Team Building Activities	31

Figure 30: Ranking of activities according to sector (all regions)

NORTH AMERICA ONLY					
n=142		n=238		n=95	
DMC	**%**	**AGENCY**	**%**	**END USER**	**%**
Group Cultural Trips	58	Group Dining	54	Group Dining	60
Luxury & Bucket List Experiences	57	Group Cultural Trips	50	Group Cultural Trips	46
Group Dining	44	Free Time	47	Free Time + Luxury & Bucket List Experiences	36

Figure 31a: Ranking of activities according to sector (NA only)

EUROPE ONLY					
n=147		n=127		n=29	
DMC	**%**	**AGENCY**	**%**	**END USER**	**%**
Group Dining	60	Group Dining	62	Meetings	45
Group Cultural Trips	48	Team Building Activities	57	Group Dining	41
Team Building Activities	46	Group Cultural Trips	36	Team Building	38

Figure 31b: Ranking of activities according to sector (EUR only)

ASIA PACIFIC ONLY					
n=108		n=35		n=NA	
DMC	**%**	**AGENCY**	**%**	**END USER**	**%**
Group Cultural Trips	58	Group Dining	54	Insufficient Data	
Group Dining	56	Group Cultural Trips	51		
Team Building	46	Team Building Activities	51		

Figure 31c: Ranking of activities according to sector (AP only)

PROGRAMME INCLUSIONS - PAST, PRESENT AND FUTURE

There is no doubt that as the world evolves, there is a constant ebb and flow of ideas, interests, attitudes, as well as new trends. This may affect different regions at different times, but change is a certainty, and incentive designers must adapt accordingly to ensure their programmes remain relevant and engage participants in meaningful and novel ways. This question seeks to establish what these new trends might be, investigating what is most important now, but also which areas are experiencing most growth.

Respondents were asked to select, from the below list, which inclusions were typical now, and which they believed would be typical in future programmes.

- Activities in support of CSR or sustainability objective
- Activities promoting wellbeing (yoga, healthy options for meals)
- Activities that participants are mandated/ expected to attend
- Golf or other competitive team sport
- Inclusion of spouse/partner in program
- Learning and development elements relevant to the business activity of the sponsor company
- Learning and development elements uniquely available in the destination
- Multiple/flexible activity from which small groups of qualifiers can select
- Team building/networking

There are many layers to this question worthy of our analysis. First of interest is a regional comparison. This is discussed in more detail in other reports, but as a broad stroke comparison of buyers only, we see a greater tendency towards *partner inclusion* in North America, while *team building* and *CSR & sustainability* are more of a focus in Europe and Asia Pacific. This corresponds to learnings from other questions.

Looking at how DMCs and buyers align on their perceptions, we see that generally speaking, there is agreement on at least 3 or 4 of the top 5 inclusions per region. If there are some differences, no specific pattern becomes apparent.

By contrast, comparing the typical inclusions from the past/present to the future, we can observe a definite pattern emerge. In each region there is at least one, if not two changes in the top 5 inclusions when respondents were asked about future programmes. In every case, activities that were less likely were *mandated activities* and partner inclusion, and in the case of Asia Pacific we also see a decrease in *team building* and *corporate L&D*, though this is not echoed by the DMCs in this region, so of less significance that the other declining activities.

For *mandated activities*, a decrease is consistent

across all sectors and regions, ranging from 6% to 28%. The *inclusion of competitive team* sports (like golf) is the next most likely to decrease, from remaining the same to a 13% reduction. The inclusions of partners on programmes remains somewhat the same in NA, though sees a decrease in Europe from both DMCs (-8%) and Buyers (-3%), and a decrease from AP DMCs (-8%) (perhaps influenced by receiving European business), but an increase of +12% from the AP buyer community, showing that once again, in many regards, AP lies somewhat between Europe and NA in their tendencies. Finally, *team building*, while still remaining a stalwart of most programmes, also sees a future hit, decreasing for almost all sectors and regions by 7-13%, staying static only for the NA Buyer community.

In terms of the 'new kid on the block', this is most definitely the inclusion of *wellness activities*. This exists in none of the top 5 currently, but appears is all top 5s for the future, climbing the ranks by 11% and 18% in NA, while a whopping 26-40% in Europe and Asia Pacific, even entering top position for some of the sectors.

Another growing trend is the inclusion of *CSR and sustainability*-related activities. While this is already a feature on European and Asian Pacific programmes, it nevertheless is expected to become even more important in the future, with growth rates averaging between 13-24% in Europe and Asia Pacific. Interestingly, NA is the only region where buyers neither have it in the top 5 for existing or for future programmes, with growth expectations of just 9% (from 41% - 50%). While it exists in the NA DMCs top 5 portfolio at already high percentage of 69%, it has the lowest change in growth at a predicted +3%. Clearly, engagement with CSR has not yet reached the NA Buyer community, while for NA DMCs, they seem to be more plugged into the global trends of their international peers.

In conclusion, what can we say? Clearly it is time for the traditional inclusions like mandated activities and golf to make way for the more *en vogue* activities of wellness, and giving back through CSR and Sustainability. While for North America including your partner remains the norm, for Europe and Asia Pacific this is also becoming less important. All in all, programmes are becoming more focused on individuality. Allowing people to select activities for themselves from multiple options. Teambuilding and Learning and Development remain important, but programmes now need to take a more holistic slant. Thankfully, it seems like the DMC community is already in touch with this, ready to provide suitable activities and inclusions for their discerning clients.

P5: Which program activities and inclusions have been typical in past and current events? What is expected to be typical in future events? Select all that apply.

NORTH AMERCIA ONLY								
	n=328				n=141			
	ALL BUYERS				DMC ONLY			
RANK	CURRENT	%	FUTURE	%	CURRENT	%	FUTURE	%
1	Partner Inclusion	76	Partner Inclusion	77	Team Building	80	***Wellness***	***79***
2	Multiple Activities	64	Multiple Activities	72	Multiple Activities	77	Multiple Activities	77
3	Destination L&D	59	Destination L&D	65	Destination L&D	73	Destination L&D	75
4	Team Building	56	Team Building	57	CSR/Sustainability	69	CSR/Sustainability	72
5	***Mandated Activities***	***52***	***Wellness***	***54***	***Partner Inclusion***	***63***	Team Building	67

Figure 32: Top 5 inclusions typical in NA for past current programmes as well as future programmes – a comparison between buyers and DMCs

EUROPE								
	n=153				n=145			
	ALL BUYERS				DMC ONLY			
RANK	CURRENT	%	FUTURE	%	CURRENT	%	FUTURE	%
1	Team Building	63	CSR/Sustainability	61	Team Building	70	Multiple Activities	70
2	Destination L&D	57	***Wellness***	***56***	Destination L&D	68	***CSR/Sustainability***	***67***
3	***Mandated Activities***	***56***	Team Building	56	***Partner Inclusion***	***58***	***Wellness***	***67***
4	CSR/Sustainability	41	***Multiple Activities***	***54***	***Mandated Activities***	***53***	Destination L&D	61
5	***Partner Inclusion***	***40***	Destination L&D	48	Multiple Activities	53	Team Building	52

Figure 33: Top 5 inclusions typical in EUR for past current programmes as well as future programmes – a comparison between buyers and DMCs

ASIA PACIFIC								
	n=50				n=108			
	ALL BUYERS				DMC ONLY			
RANK	CURRENT	%	FUTURE	%	CURRENT	%	FUTURE	%
1	Team Building	72	***Wellness***	***70***	***Team Building***	***74***	CSR/Sustainability	67
2	***Mandated Activities***	***56***	Team Building	62	Partner Inclusion	64	***Wellness***	***66***
3	***Corporate L&D***	***56***	***Multiple Activities***	***60***	***Mandated Activities***	***58***	***Destination L&D***	***58***
4	Destination L&D	54	CSR/Sustainability	58	Multiple Activities	56	Partner Inclusion	56
5	CSR/Sustainability	44	Destination L&D	56	CSR/Sustainability	54	Multiple Activities	56

Figure 34: Top 5 inclusions typical in AP for past current programmes as well as future programmes – a comparison between buyers and DMCs

TECHNOLOGY USAGE – TODAY AND TOMORROW

Technology is in a relentless state of evolution and to keep up necessitates an ability and willingness to constantly adopt, and adapt to, new realities. It is interesting to see the regional and sectoral differences here and see who is at the forefront of these trends.

Comparing buyers with DMCs on the aggregate data from all regions, we see that overall DMCs are further ahead in the adoption of technology. In fact, the future predictions of buyers are often more similar to the current usage of DMCs. That said, both sectors expect growth, especially in the area of emerging technology, which jumps by 30% and 43% respectively. Social Media and Mobile apps are also set for increases, though this is on a much more minimal scale, with a drop off even expected in some regions, which is in contrast to the predictions of buyer peers. By and large, Europe seems to lag behind NA and AP on the technology scene (see figures 35 and 36).

P6: What technology has been typical in past and current events (2018/2019)? What is expected to be typical in future events (2020/2021)? Select all that apply.

DMC ONLY

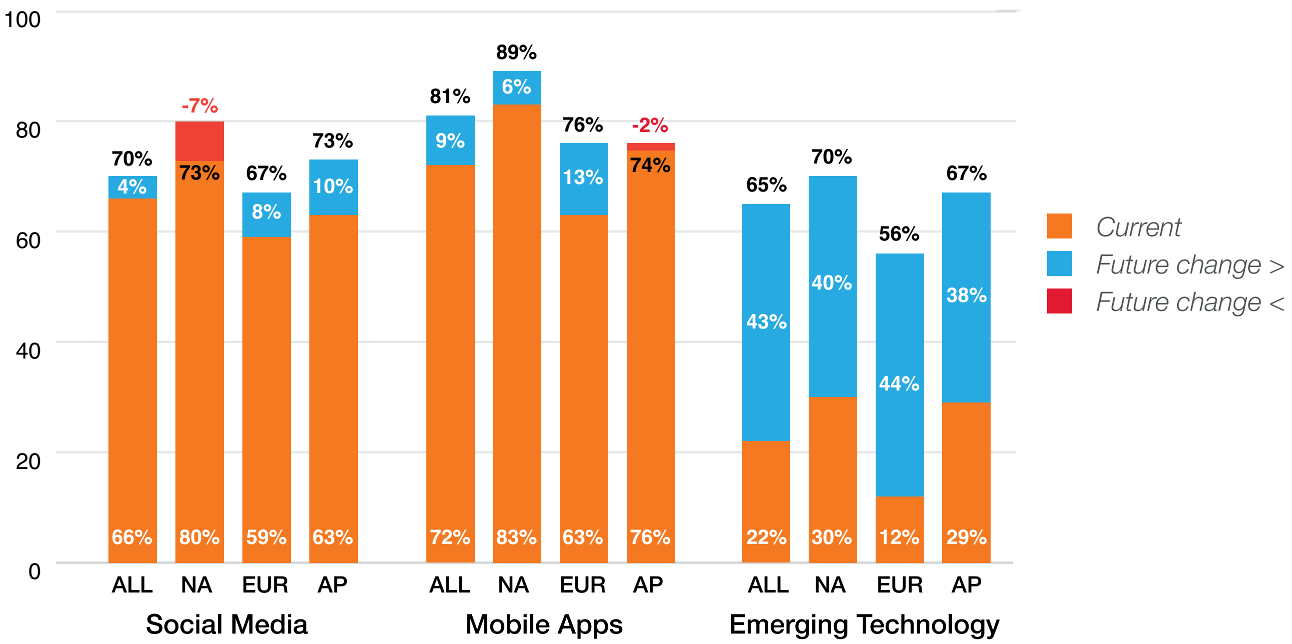


Figure 35: Percentage change in technology usage comparing all regions (DMC only)

BUYERS ONLY

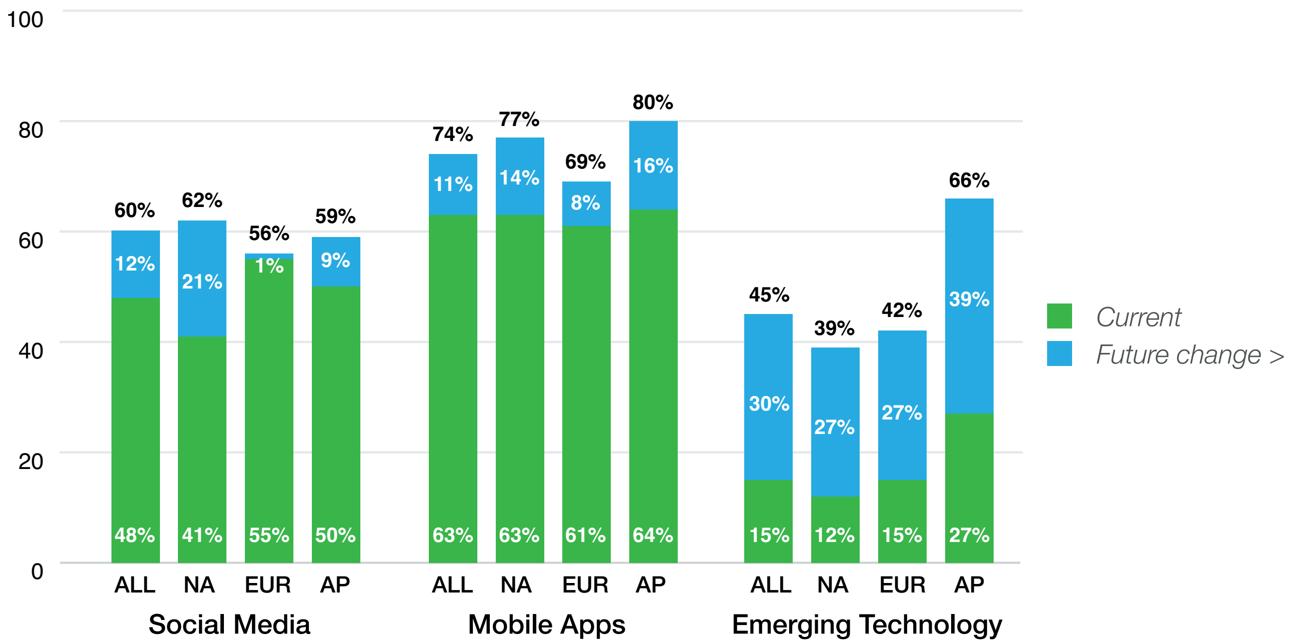


Figure 36: Percentage change in technology usage comparing all regions (Buyers only)

RISK MANAGEMENT

For incentive travel, risk management is an important consideration, and not one that should be taken lightly. Entrusted with the movement of people to destinations far from home, incentive planners need to be ready to deal with the unexpected. Risk can take many forms and this question investigates what is to the fore of planners minds in relation to risk management and mitigation. Respondents were asked to select 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 personal
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

Interestingly, as with the technology question, buyers are behind DMCs in the implementation of risk management measures, by on average 7% (see figure 38). However, they share the same top 3 measures - emergency preparedness, compliance, and social media policies, as well as predicting the same top 4 areas of growth - use of an event app, additional IT security, additional security in general, and social media policies. They also share the same 2 least currently implemented measures - IT security and medical personnel. Therefore, while the rate of adoption is lower among buyers, the similar ranking of results shows that the industry in general is singing off the same hymn sheet.

Turning to the DMC community in particular now (see figure 37), by and large, AP seems to be the region which has highest rate of adoption of risk management steps to date, except for in the areas of emergency preparedness, social media policies, and event apps, where NA appears to be the leader in this field.

DMC ONLY

COMPLIANCE				IT SECURITY				MEDICAL PERSONNEL				SECURITY			
	Current %	Future %	Change %		Current %	Future %	Change %		Current %	Future %	Change %		Current %	Future %	Change %
NA	33	59	26	NA	23	59	36	NA	20	37	17	NA	37	63	26
EUR	41	57	16	EUR	15	43	28	EUR	23	34	11	EUR	27	48	21
AP	51	69	18	AP	30	57	27	AP	31	46	15	AP	39	51	12
EMERGENCY PLANNING				**SOCIAL MEDIA POLICIES**				**EVENT APPS**				**VENDOR SECURITY AUDITS**			
	Current %	Future %	Change %		Current %	Future %	Change %		Current %	Future %	Change %		Current %	Future %	Change %
NA	73	89	16	NA	46	63	17	NA	48	73	25	NA	31	52	21
EUR	52	61	9	EUR	32	53	21	EUR	28	61	33	EUR	24	36	12
AP	56	65	9	AP	43	63	20	AP	27	64	37	AP	50	60	10

Figure 37: Regional comparison of DMCs and buyers regarding the current adoption of, and predicted growth in, risk management steps – percentage of respondents who selected this option (DMCs and buyers)

P6(b): 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)?

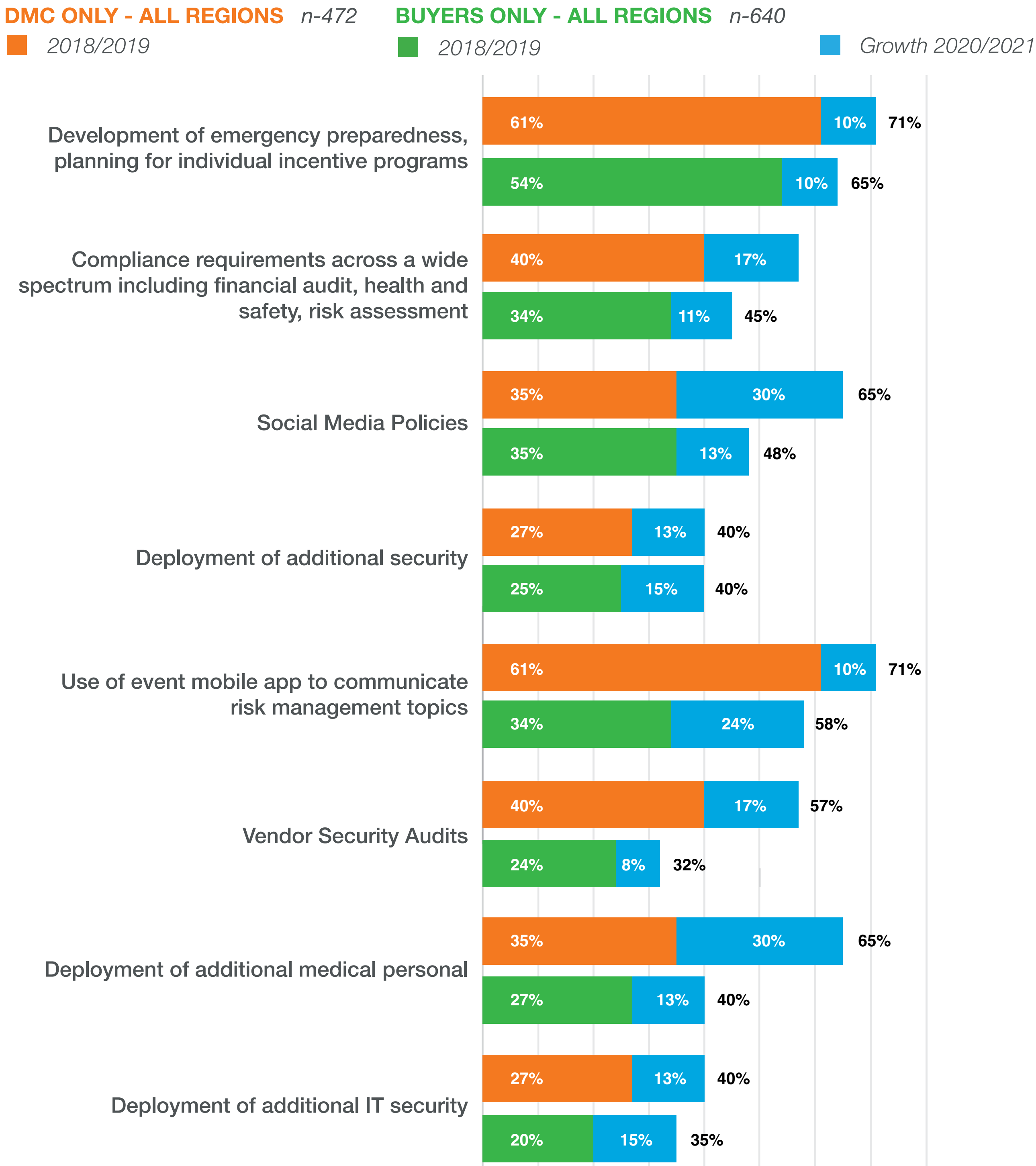


Figure 38: Current adoption of, and predicted growth in, risk management steps – percentage of respondents who selected this option (DMC and buyer comparison)

SUMMARY

Incentive rewards, by definition, need to be motivational. They are designed to inspire qualifiers to perform better, to strive for more and to stretch themselves productively. Incentive *travel* goes one step further, building bonds that would never happen in alternative scenarios, inspiring greater team solidarity and enhancing company culture – benefits that transcend the bottom line, permeating to the very core of a company's DNA.

As the providers of these transformative journeys, the incentive industry is a nerve centre of innovative thinking and organisational agility. In very few industries do you see such a successful unconventional marriage – of creativity with practicality… vision with execution… and flair with precision. DMCs are at the epicentre of this dynamic dichotomy. Charismatic yet meticulous, the creativity and exactness of DMCs infuse their destinations with experiences that outlive the brevity of stay.

Nevertheless, their role within the industry is in a state of flux. With the evolution of technology, their function has at times been called into question.
So, what exactly *is* the role of the DMC in modern society? Are they adapting with the times? – if so, in what way? Is there space or a need for DMCs in the future of the industry? Are they trend setters or late adopters? Are they valued by the buyer community?

With over 500 responses from DMCs around the globe, the 2019 Index provided the perfect opportunity to really shine a spotlight on this sector.

This report has followed 4 main sections of analysis, each with a DMC-specific focus. This focus has been multi-layered. At times, it has been geographical – comparing DMC responses from the 3 largest regions of North America, Europe, and Asia Pacific. At other times, it has honed in on the DMC in relation to its competitors, or to its supplier peers. Each question has unearthed different points of comparison and some fascinating insights have emerged on the perceptions, behaviours, and trends which affect the DMC today.

The 4 sections outlined in the report have been - the perceived benefits of incentive travel, its growth and management, how partnerships are formed between buyers and suppliers/destinations, and the evolution of programme design.

Certain results are to be expected, while others are somewhat surprising. A selection of the key findings are summarised below.

Benefits of Incentive Travel

DMCs are more in touch with the intangible company benefits of incentive programmes than other suppliers. However, Asia Pacific DMCs are also conscious of the economic benefits to the host destination – more so than their peers from other regions.

Growth & Management of Incentive Travel

As a general rule of thumb, DMCs manage between 40-60% of total programme budget. However, this is lower in North America, where incentive agencies are the more popular choice and DMCs receive less business than they do in Europe or Asia Pacific. Globally, DMCs from the UK are the most positive about future growth, potentially due to an expected surge of interest post Brexit. However, while RFP volume is predicted to go up by on average 3%, DMCs believe their percentage share of the overall budget will have dropped by on average 9% within the next 5 years. Overall, growth is dependent on economic health and political stability, with the national economy tending to have a more negative impact on the industry in Asia Pacific than in Europe or North America.

Forming Partnerships

Offering 'one-of-a-kind' experiences is the top way DMCs believe they add value. Service quality is at the core of DMC identity, though in Asia Pacific, creativity & innovation are just as important. There is some disconnect with buyers as DMCs believe responsiveness is their most important quality, but for buyers, it is reputation. Value for money is also more important for buyers than many DMCs realise.

Generally, 60% of DMC leads are generated from intermediaries while the remaining 40% comes directly from end-clients. This breakdown is changing, however, as technology platforms gain traction, and it will be interesting to observe how this develops over time. Face-to-face meetings through sales calls and trade shows are by and large the most effective way of sourcing business, though hotel referrals are common for DMCs in North America, and the DMO has a valued role in Asia Pacific.

In choosing a destination, appeal and safety remain the most influential factors, but there is variety between regions. Printed articles and publications are much less influential than human connections in the selection of a destination.

Programme Design

Cultural and sightseeing trips, group dining, and team building are the most important inclusions in incentive programmes for both buyers and DMCs, though there is regional variety over inclusions like meetings. Mandated activities and competitive sports like golf are decreasing in popularity globally, while wellness and CSR/sustainable activities are on the rise.

While this report has generated many insights, it has also raised many questions. From the responses analysed, it would seem that the DMC is in a strong position, predicting overall growth for the industry. However, at the same time, it is clear that DMCs feel vulnerable - anticipating a 9% drop in programme budget share within 5 years. DMCs are creative and savvy, and while most confirm that their primary role is in service quality, they are also adding value by acting as a 'one stop shop' and offering financial incentives.

There is plenty food for thought from this report. However, one thing is clear - in this industry, there will always be space for human connections to flourish when they are reinforced with trust and creativity. While DMCs may feel insecure, overall, relationships between clients and suppliers appear to be strong - and while there is most certainly variety in how people conduct their business, the age-old values of reliability, reputation, and recommendations remain as important as ever. This is a people-led industry, and while there is absolutely a need to adapt with the times - which may involve the carving out of a slightly adjusted identity - there will always be space for the DMC who is flexible, innovative, and focused on the human relations at the heart of the industry they serve.

ABOUT FICP, IRF AND SITE

FICP

Financial & Insurance Conference Professionals (FICP) is a community of financial services and insurance industry meetings and events professionals dedicated to developing members, and advocating the positive impact and value of their work. We elevate the profession by leveraging partnerships and our members' collective skills and experiences to create purposeful interactions for all stakeholders whose professional success is linked to our members' work.

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IRF

The Incentive Research Foundation (TheIRF.org) funds and promotes research to advance the science and enhance the awareness and appropriate application of motivation and incentives in business and industry globally. The goal is to increase the understanding, effective use, and resultant benefits of incentives to businesses that currently use incentives and others interested in improved performance.

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SITE

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.

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