

REPORT ON INCENTIVE TRAVEL IN EUROPE

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



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WELCOME



Carina Bauer
President SITE Foundation & CEO
The IMEX Group

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

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

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

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

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

#SITEUnite



FOREWORD



Bob Postins CMM
Head of Events
Amway Europe & Southern Africa

Incentive travel experiences have been crucial for AMWAY's growth as a global organization both for the tangible, hard dollar results that deliver a robust return on investment and for the intangible, soft benefits that foster brand loyalty, engagement and enduring relationships. At AMWAY, we grow our people and our business by crafting extraordinary, transformational travel experiences as a key component of our reward and recognition programmes.

For these reasons, I welcome this report on incentive travel. Underwritten by the collective and formidable resources of FICP, IRF and SITE, **Incentive Travel Industry Index** is the single most comprehensive study into the nature, purpose and future of incentive travel and the first such study with a dedicated European filter.

Wherever you sit on the buyer / supplier spectrum, there is something here for you. This report provides us with incontrovertible evidence that allows us advocate for our *métier* with solid, empirical data. The juxtaposition of the different demographic, regional and country insights underlines how complex our business is and how one size doesn't fit all when it comes to regionality.

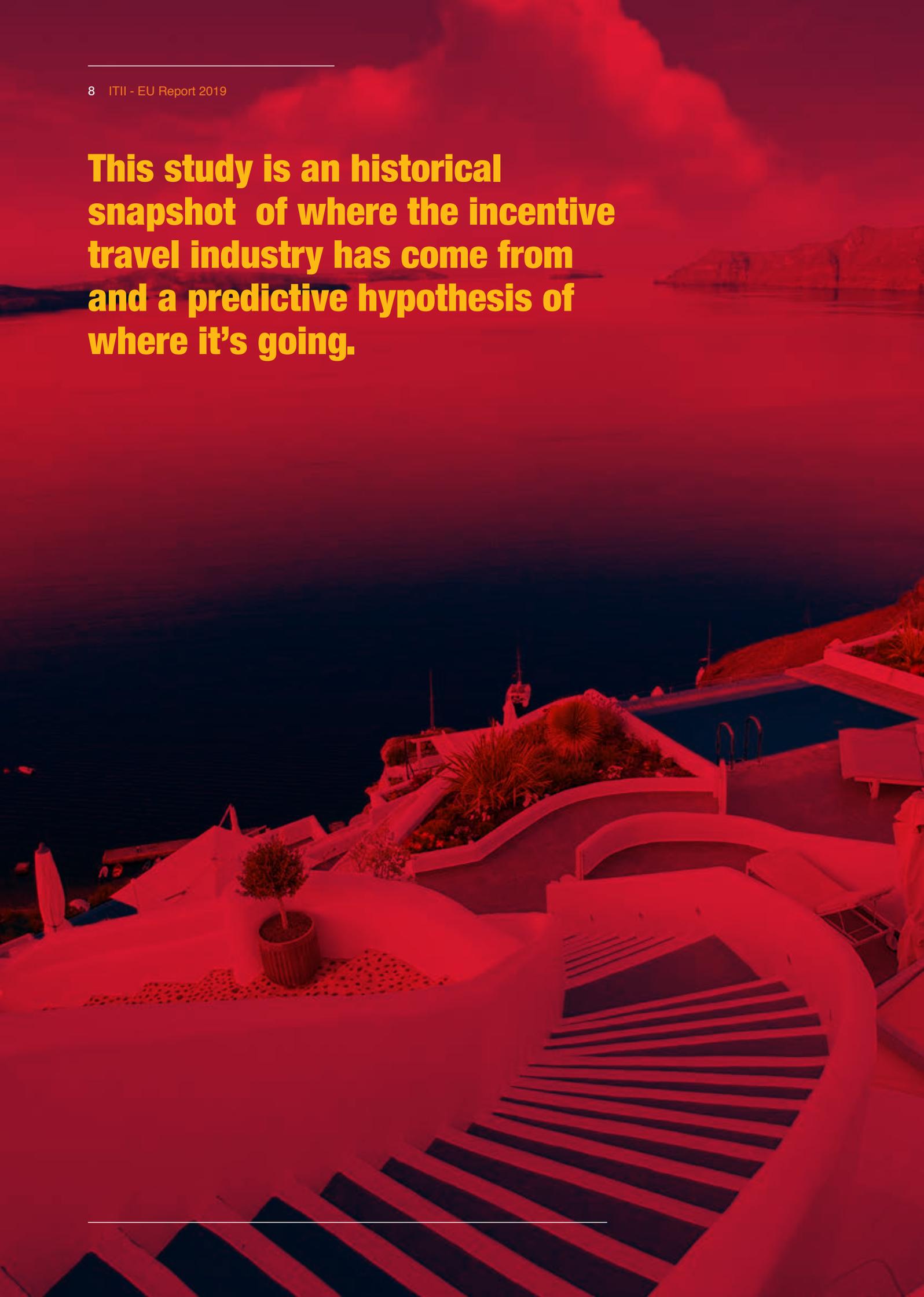
A key insight emerging from the study highlights how European incentive travel professionals take a broad, holistic view of incentive travel, giving priority to soft power intangibles - the "unintended" outcomes - like engagement, relationship building and the reinforcement of company culture. I find this inspiring and it certainly endorses the approach we take at AMWAY - incentive travel builds the bottom line but it also builds relationships and nothing is as strong as human relationships for building long term business prosperity.



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



THE INCENTIVE TRAVEL INDUSTRY INDEX 2019

INTRODUCTION

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

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

For the next 3 years, ie, until 2021, the partnership will be partnering 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, LPL Financial
 - **Bob Miller**, President & CEO, One10
 - **Selina Sinclair**, CMP, SMM, CITP, Global Managing Director, Pacific World
 - **Soma Kim**, Account Director, Incentive Sales, 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 (see figure 1).

Buyer:

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

Supplier:

3. Destination Management Company (eg DMC coordinating local implementation)
4. Other Suppliers to the incentive market (eg hotels, cruise lines, venues, transportation companies, AV companies, Décor companies)
5. Destination Marketing Organisations (eg DMO or convention & visitors bureau)

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

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

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

However, this time the questions probed more deeply, evaluating present AND future practice and trends.

End-users and agencies, for example, were asked specifically what destinations they were considering for the future and also what factors and considerations influence their choice of partner-supplier.

DISTRIBUTION

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

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

DEMOGRAPHICS

The survey achieved a good balance between buyers (incentive travel agencies and end users) and suppliers (DMOs, DMCs, Other Suppliers).

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

Respondents identified 15 different industry sectors with which they worked (including “other”) but the Top 5 industry sectors by the percentage of respondents who worked with them were Financial & Insurance 46%, Pharmaceutical 30%, Automotive 30%, ICT 28% and Manufacturing 14% (see figure 3).

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

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

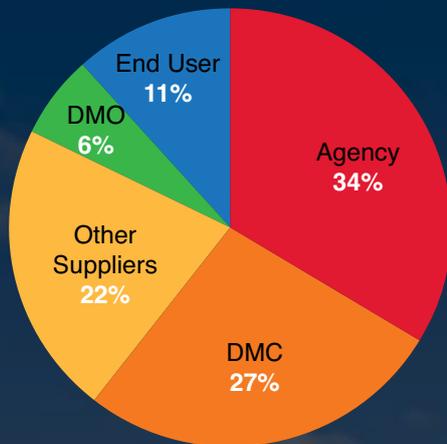


Figure 1: Breakdown of respondents by sector

- **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?

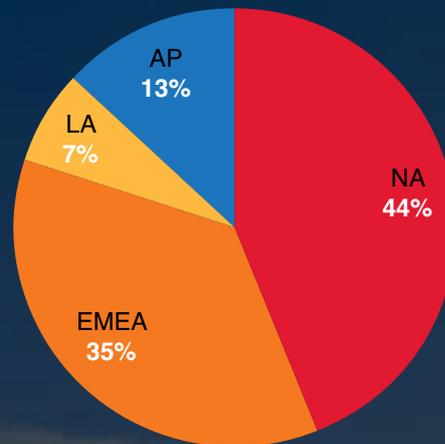


Figure 2: Breakdown of respondents by geographical region

- **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.

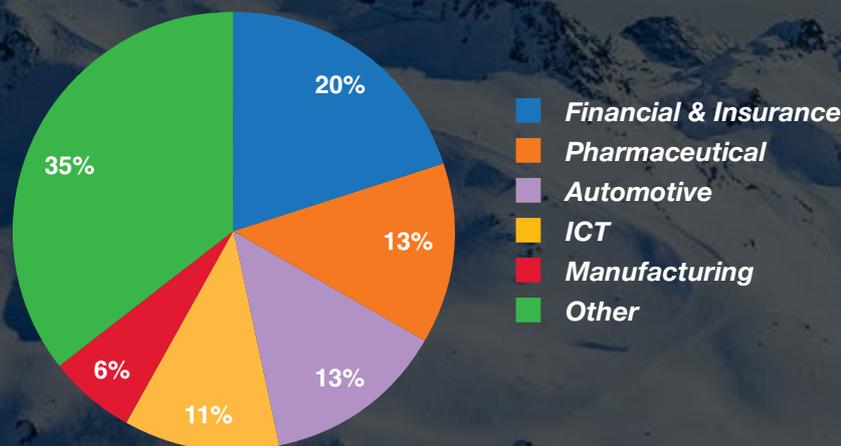


Figure 3: Breakdown of respondents by industry



EUROPE - A REGIONAL ANALYSIS



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

What follows is a report on the incentive travel industry in Europe with particular reference to its two main source markets, Germany and the UK. The European data is presented in the light of two comparators, the aggregate data for All Regions and North America.

EUROPEAN RESPONDENTS

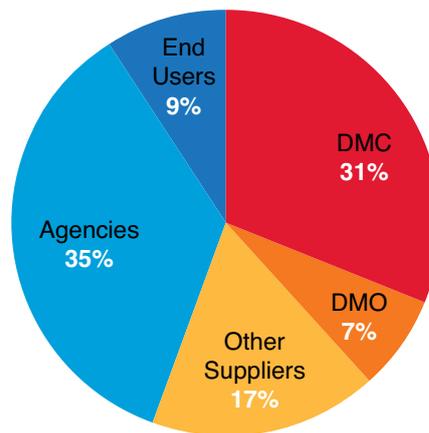
This survey was completed by 517 respondents from the Incentive Travel Industry in Europe, 56% of whom were suppliers (DMCs, DMOs, and 'Other Suppliers'), and 44% buyers (Incentive Agents and End-Users). Respondents came from a total of 35 different European countries, all of which are listed below. The UK and Germany together constitute almost a quarter of the total responses from Europe and so have been used as case studies for greater in-depth analysis of the differences within Europe.

Top ten

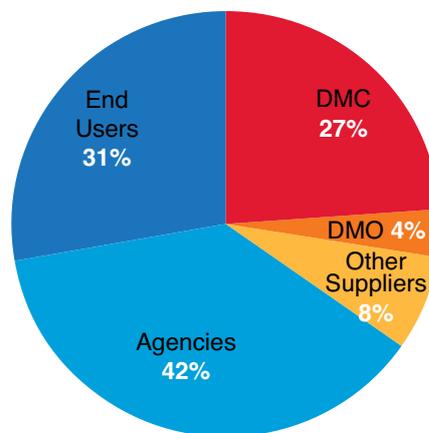
1	UK - 72 (14% of total respondents)
2	Germany - 52 (10% of total respondents)
3	Ireland - 46
4	Spain - 42
5	Italy - 42
6	France - 26
7	Turkey - 24
8	Poland - 23
9	Belgium - 22
10	Russian Federation - 21

- Switzerland
- Greece
- Portugal
- The Netherlands
- Austria
- Slovenia
- Sweden
- Malta
- Croatia
- Ukraine
- Slovakia
- Czechia
- Hungary
- Cyprus
- Denmark
- Norway
- Finland
- Latvia
- Montenegro
- Luxembourg
- Iceland
- Romania
- Lithuania
- Bulgaria
- Bosnia & Herzegovina

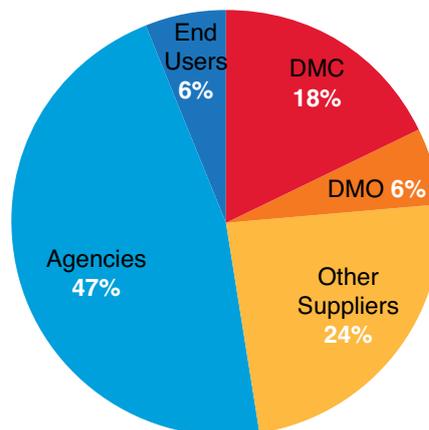
Breakdown of European Respondents
Total European respondents: 517



Breakdown of German Respondents
Total German respondents: 52



Breakdown of UK Respondents
Total UK respondents: 72







IN EUROPE IT'S DEFINITELY NOT ABOUT B2B BUT H2H – HUMAN TO HUMAN

INCENTIVES IN EUROPE ARE, OVERALL, LESS “LUXURIOUS” THAN NORTH AMERICA



GERMANY HAPPY TO EXCLUDE PLUS 1S FROM INCENTIVE PROGRAMMES

VIVE LA DIFFERENCE!

LITTLE ABSOLUTE ALIGNMENT ACROSS THE COUNTRIES OF EUROPE



WHEN SELECTING A PARTNER EUROPEAN INCENTIVE TRAVEL PROFESSIONALS VALUE REPUTATION, RESPONSIVENESS, CREATIVITY, TRUST AND CONNECTIONS OVER SIZE, TECHNOLOGY, BREADTH OF SERVICE OFFERING AND MARKETPLACE/ INDUSTRY COMMITMENT



EUROPEAN INCENTIVE PROGRAMMES MORE LIKELY TO INCLUDE A MEETING COMPONENT THAN NORTH AMERICAN PROGRAMMES



EU BUYERS ARE USING LOW COST AIRLINES TO DELIVER INCENTIVE TRAVEL EXPERIENCES



LITTLE INCIDENCE AND AVAILABILITY IN EU OF “ALL INCLUSIVE” RESORTS



METHODS TO ADD VALUE AND WIN BUSINESS VARY WIDELY WITHIN EUROPE - THOUGH EXCLUSIVE EXPERIENCES ON TOP FOR ALL BAR GERMANY



MEETINGS INDUSTRY PRINT AND ON-LINE MEDIA PLAY LITTLE OR NO ROLE IN INFLUENCING DESTINATION SELECTION EXCEPT FOR UK BUYERS



BREXIT IS DEFINITELY IMPACTING ON INCENTIVE TRAVEL – NEGATIVELY FOR UK AS A SOURCE MARKET BUT POSITIVELY FOR UK AS A DESTINATION



IN EUROPE WHAT COUNTS IS THE UNIQUENESS OF THE TOTAL DESTINATION EXPERIENCE AS OPPOSED TO THE QUALITY OF THE HOSPITALITY EXPERIENCE



USE OF TECHNOLOGY MAY HAVE PEAKED FOR EU BUYERS – SHARP DECREASES BEING DETECTED ALREADY IN GERMANY



EUROPEAN SUPPLIERS ARE FAR MORE SANGUINE ABOUT GROWTH BETWEEN NOW AND 2022 THAN NORTH AMERICAN SUPPLIERS, PARTICULARLY THE DMCS.



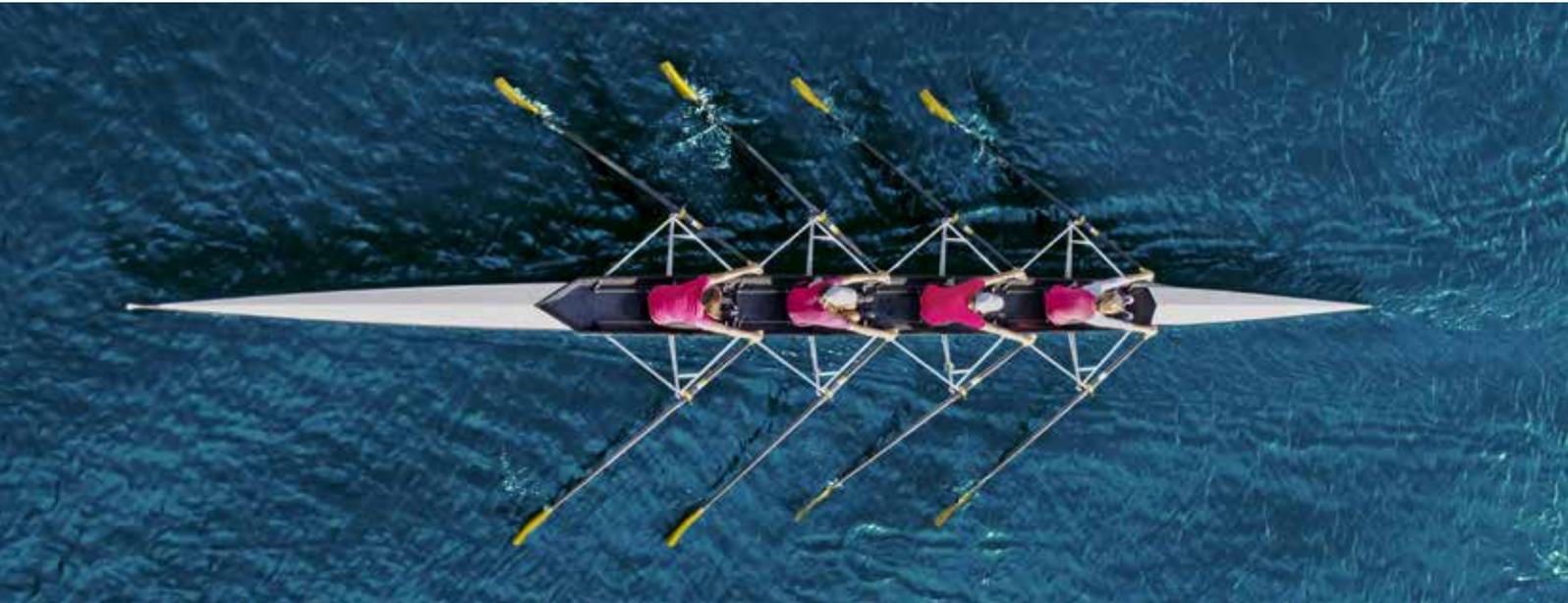
INCENTIVE AGENCIES IN EUROPE ARE MORE OPTIMISTIC ABOUT GROWTH THAN THEIR END USER CLIENTS

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



SECTION 1

BENEFITS OF INCENTIVE TRAVEL



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

A key outcome from the 2018 edition of ITII was the increasing importance of soft power metrics when evaluating the benefits a company receives from its incentive travel programmes. While hard dollar outcomes remained primary for buyer end-users and agencies, soft power objectives were clearly climbing in the rankings with relationship building and improved engagement listed amongst the “most important” benefits.

With a significantly bigger response rate, this trend continues in 2019, with soft power benefits now making up over two-thirds of the top 6 benefits chosen by buyers.

THE MOST IMPORTANT BENEFITS FOR END-USERS

From 11 options, respondents were asked to select the most important benefits of incentive travel programmes either in their own organisations (end-user buyers) or from the perspective of their client companies (incentive agencies).

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

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

The European responses are weighted decisively in favour of intangible benefits that build soft power in an organisation by strengthening relationships and enhancing company culture.

In fact the top 3 benefits identified by European buyers all relate exclusively to soft power outcomes – “relationships between employees”, “relationships between employees and management” and “engagement” – with “profit” only ranking in 4th position as a benefit.

If we examine the situation in Germany and the UK, Europe's biggest source markets for incentive travel, another interesting variation emerges. German buyers rank “relationships between employees” as their top benefit with “relationship between employees and management” in second position, but a full 13 percentage points behind. “Profit” is then listed in third position.

UK buyers, on the other hand, rank **both** relationship benefits in joint top positions with engagement a close third. Profit and productivity then come in at fourth and fifth positions.

Clearly, it is inter-personal rather than financial benefits which are shaping the nature, purpose and direction of incentive travel in Europe, differentiating it substantially from a more ROI driven model in North America.



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



Figure 4: Benefits of incentive travel programmes, by percentage of respondents who chose important or very important (European buyers only)

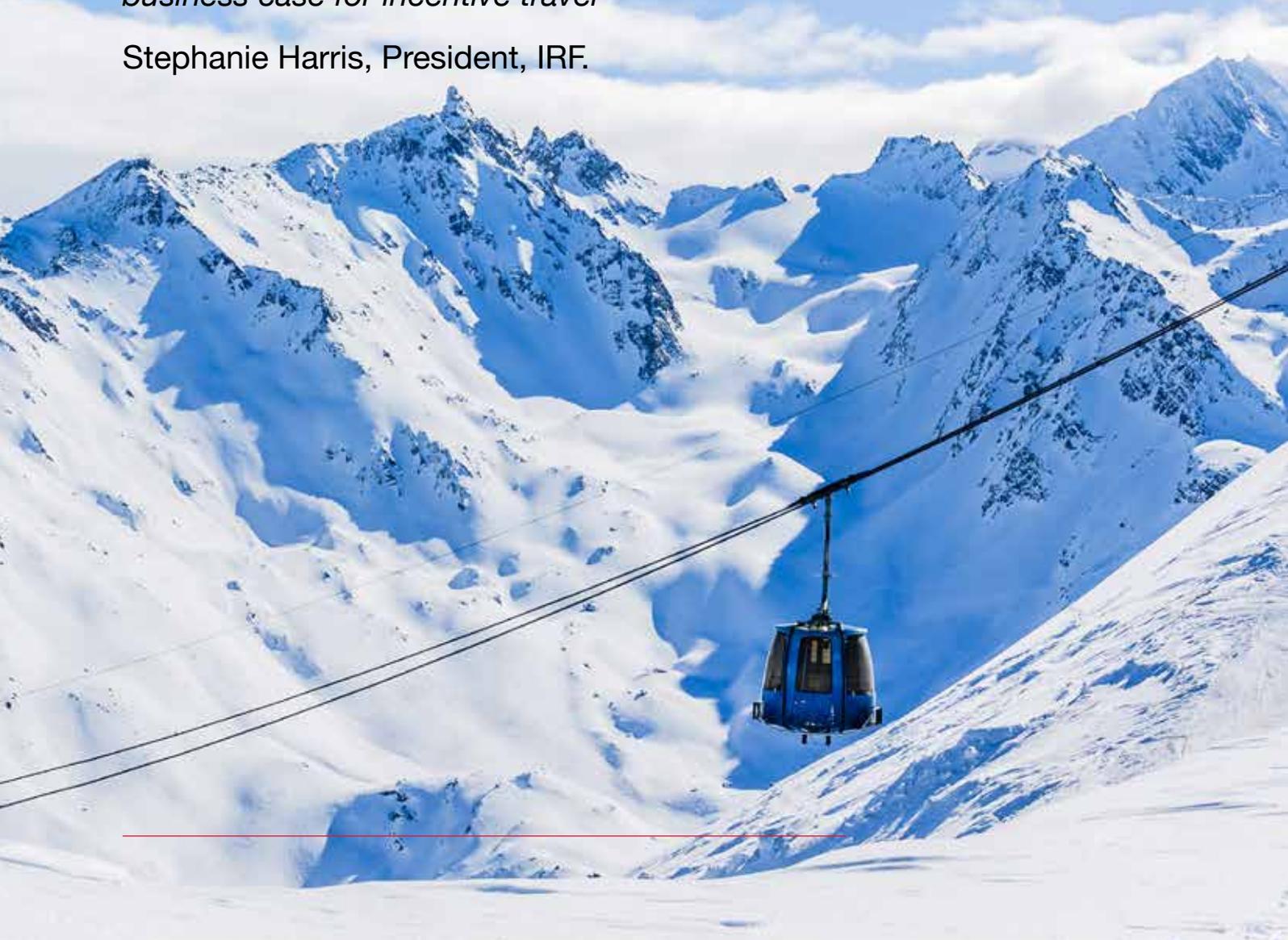
ALL BUYERS				
	n=158	n=344	n=30	n=25
TOP 5	EUR	NA	GER	UK
1	Relationships between employees	Profit	Relationships between employees	Relationships between employees
2	Relationship between employees & management	Productivity	Relationship between employees & management	Relationship between employees & management
3	Engagement	Engagement	Profit	Engagement
4	Profit	Retention	Productivity	Profit
5	Customer Satisfaction	Relationship between employees & management	Engagement	Productivity

Figure 4.1: Ranking by top 5 incentive travel benefits (all buyers)



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

Stephanie Harris, President, IRF.



EVALUATING THE SUCCESS OF INCENTIVE TRAVEL

The primacy of soft power is carried over to the process of evaluating the effectiveness of incentive programmes with empirical elements such as legacy data or ROI information considered less important than participant feedback. Here it's a case of anecdotal evidence – participants' stories and feedback – having more weight in terms of evaluating impacts than any formal metric or measurement.

This is consistent across all regions with "participant feedback" ranking in first position for both Europe and North America. However, human considerations prevail even more in Europe with "legacy data" ranking 16 percentage points lower for European buyers than for buyers from North America.

Interestingly, when the supplier community (DMCs, hotels, venues etc) is questioned on the non-ROI impacts of incentive travel programmes, they, too, highlight the intangible benefits of the programme in relation to company culture and the personal development of the qualifier over the tangible, financial impact of the programme on the destination. However, the regional variations here between North America and Europe are miniscule.

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

ALL BUYERS

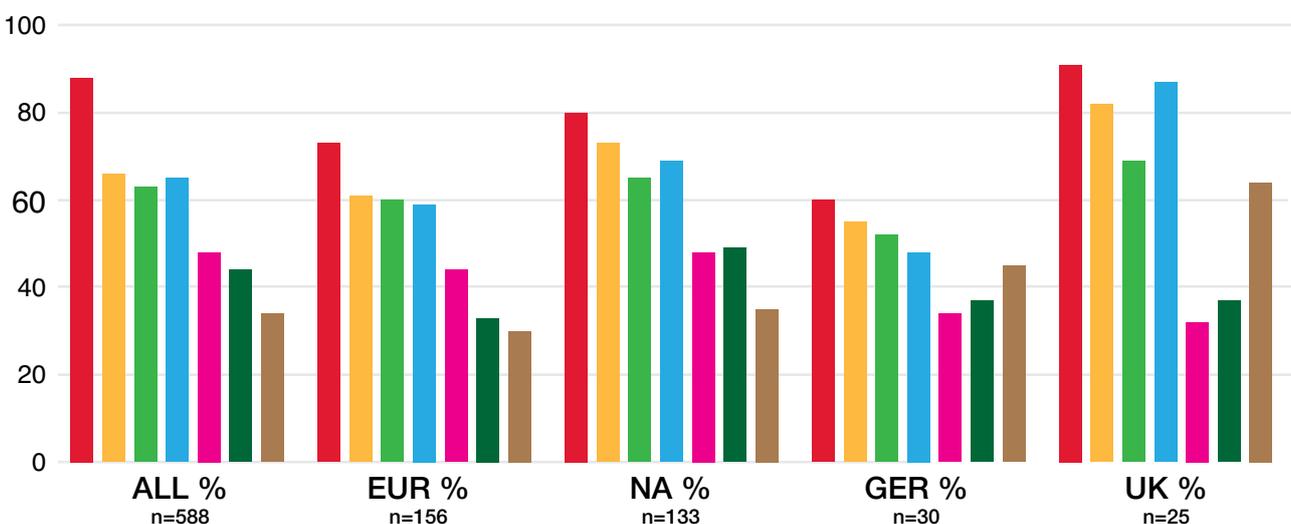
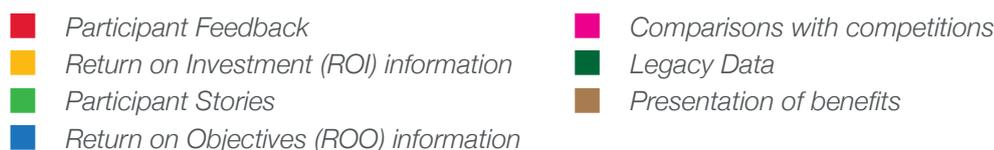


Figure 5: How buyers demonstrate the value of incentive programmes to stakeholders and management by percentage choosing very effective and effective (all buyers)

Growth in spending on incentive travel programmes is also forecast to grow each year until 2022 but, in Europe, growth will be modest.



SECTION 2

THE GROWTH & MANAGEMENT OF INCENTIVE TRAVEL

BUDGET MANAGEMENT: WHO MANAGES WHAT, & HOW MUCH

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

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

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

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

Taking each of the category types into consideration, however, ITII 2019 still reveals wide and dramatic variations in per person spend with budgets, overall, significantly lower in Europe when compared with North America. The net difference between the biggest per person spend (North American Incentive Agencies at \$5137) and the smallest (German DMCs) is a staggering \$3722 (see figure 7).

So why are programmes designed by European buyers only half as expensive as those designed by North Americans? North American programmes are, on average, longer than European programmes so that accounts for some – but certainly not all, of the variation.

It is most likely a consequence of the cultural differences around what constitutes an “extraordinary travel experience”. North American buyers tend to

prioritise hospitality experiences over destination experiences with greater budgetary line items invested in hotel and hotel related spend categories.

However, when we dig a little deeper, we see that high variations also exist within Europe itself, with the two biggest source markets, Germany and the UK, each positioned either side of the regional average. The variation between their average per person spend ranges from \$294 (all buyers) to \$1151 (DMC sector).

Across the supplier community, too, the same dramatic regional variation can be found with suppliers in North America achieving per person averages 22.4% higher than the EU.

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?

	n=1800	n=517	n=791	n=52	n=72
	All \$	EUR \$	NA \$	GER \$	UK \$
All Categories	3375	2402	4260	2137	2664
All Buyers	4309	2766	5071	2588	2882
End User Only	4659	2910	5137	2735	1140
Agency Only	4181	2731	5041	2521	3087
Other Suppliers	2460	2117	2730	1415	2420
DMC Only	2181	1942	2220	1375	2526

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

BUDGET ALLOCATION WITHIN PROGRAMMES

When budgetary allocations or breakdowns are analysed by spend category, there's little variation across the regions with air, hotel and food & beverage comprising approximately 70% of the total spend (see figure 8).

In fact, one of the key emerging trends of ITII 2019 is the extent by which hotel and hotel related spend (ie food & beverage) have increased, both in absolute revenue terms, and as a percentage of the overall available budget.

Spending on air in Germany at 18% is lower than the North American (20%), European (21%) and UK (22%) averages but that can be explained by the strength of the domestic incentive travel market in Germany and its road and rail connections to nearby incentive destinations like Austria, Switzerland, and France. As an island source-market it's also logical

that air would constitute a higher proportion of the per head spend for outbound UK incentives.

The single biggest variation across the regions relates to "activities". This category captures in-destination spend on local visits, tours, trips, excursions, experiences, team building and so on and is usually delivered through a DMC or local partner. Across Europe this category is 5% higher than North America, accounting for 18% of the per head spend versus only 13% for North America.

This hints at one of the key differences between North American and European incentive travel programmes, with European programmes, overall, more focused on the uniqueness of the total destination experience as opposed to the quality of the hospitality experience alone.

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

ALL BUYERS				
	n=226	n=828	n=39	n=37
CATEGORY	EUR %	NA %	GER %	UK %
Hotel	28	29	30	28
F&B	20	23	20	21
Air	21	20	18	22
Ground Transportation	10	8	8	9
Activities	18	13	19	16
Other	5	7	5	5

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

	EUR \$	NA \$	GER \$	UK \$
Total Spend	2402	4260	2137	2664
Hotel	672.56	1235.40	641.10	745.92
F&B	480.40	979.80	427.40	559.44
Air	480.40	852.00	384.66	559.44
Ground Transportation	240.20	340.80	170.96	239.76
Activities	408.34	553.80	406.03	426.24
Other	120.10	298.20	106.85	133.20

Figure 8.1: Revenue breakdown of per person spend by region

GROWTH IN NUMBER OF QUALIFIERS

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

Overall, the agency community across all regions and countries is reporting positive growth in qualifier numbers up to 2022, albeit at different average rates, with Europeans reporting lower growth rates than their North American counterparts. North American agencies predict average growth in qualifier numbers of 3.35% while European increases are considerably less, averaging 1.85% up until 2022 (see figure 9).

The stand out exception is the 3.8% increase in qualifier numbers predicted by UK agency buyers for 2022. Following average growth for UK agencies of -0.1% until 2021, there's a dramatic increase to 3.8% growth in 2022. UK agencies are obviously predicting lean times in the immediate aftermath of Brexit but then a spike in qualifier numbers due to pent up demand.

There's more caution on the corporate side (see figures 9.1 & 9.2) with average growth in the number of qualifiers until 2022 at 2.15% versus the 2.53% predicted by the agency community. Here, too, Europe lags behind North America – 1.28% v 1.75% average growth although Corporate end-users in Germany are more optimistic about qualifier numbers, predicting average growth of 1.88%.

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

AGENCY ONLY					
	n=572	n=166	n=302	n=25	n=29
YEAR	All %	EUR %	NA %	GER %	UK %
2019	1.5	0.8	2.2	2.9	1.0
2020	2.5	1.4	3.4	3.2	-0.1
2021	2.8	2.3	3.8	2.2	2.1
2022	3.3	2.9	4.0	2.4	3.8
Average	2.53	1.85	3.35	2.68	1.43

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

END USER ONLY					
	n=202	n=39	n=127	n=12	n=2
YEAR	All %	EUR %	NA %	GER %	UK %
2019	0.7	-0.7	1.0	0.9	Sample size too small
2020	2.1	2.1	1.6	1.9	
2021	2.9	1.4	2.4	2.3	
2022	2.9	2.3	2.0	2.4	
Average	2.15	1.28	1.75	1.88	

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

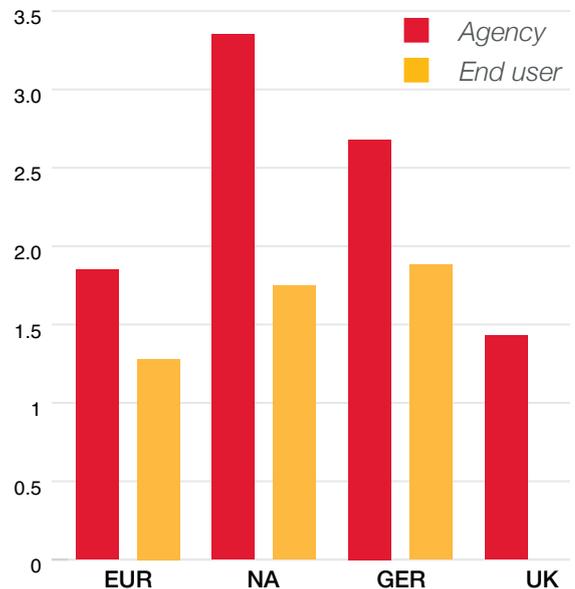


Figure 9.2: Average growth in agency vs average growth for end users

GROWTH IN SPENDING

Growth in spending on incentive travel programmes is also forecast to increase until 2022 and, once again, forecasts for North America, which average 2.63% over the next 4 years, are considerably more robust than for Europe, where the average rate is 0.6% (see figure 10).

Once more, the agency figures exceed the corporate figures across both regions. The German corporate sector, however, doesn't follow the trend, forecasting strong growth rates of on average 3.4% with the 4.6% growth it predicts for 2022 a stark outlier (see figures 10.1 & 10.2).

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

ALL BUYERS					
	n=762	n=202	n=423	n=36	n=31
YEAR	ALL %	EUR %	NA %	GER %	UK %
2019	1.0	0.1	2.2	1.2	0.0
2020	1.6	0.5	2.3	0.8	0.6
2021	2.2	0.6	2.9	1.5	1.1
2022	2.6	1.2	3.1	2.3	1.1
Average	1.9	0.6	2.6	1.5	0.7

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

END USER ONLY					
	n=200	n=39	n=125	n=12	n=2
YEAR	ALL %	EUR %	NA %	GER %	UK %
2019	0.8	-0.8	1.6	2.2	Sample too small
2020	1.5	1.0	1.5	3.3	
2021	2.0	0.2	2.1	3.5	
2022	2.3	1.8	1.8	4.6	
Average	1.7	0.6	1.8	3.4	

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

AGENCY ONLY					
	n=562	n=163	n=298	n=24	n=12
YEAR	ALL %	EUR %	NA %	GER %	UK %
2019	1.1	0.8	2.9	0.8	0.2
2020	1.6	0.3	2.9	-0.5	1.2
2021	2.2	0.8	3.6	0.4	1.7
2022	2.7	1.0	4.1	1.2	1.7
Average	1.9	0.7	3.4	0.5	1.2

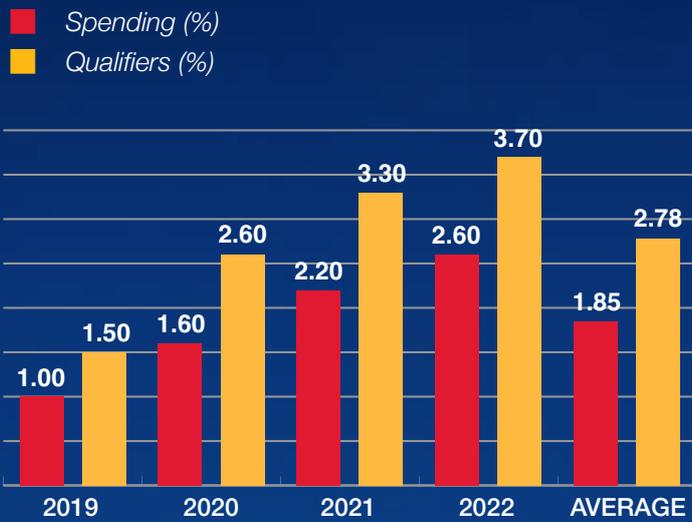
Figure 10.1: Forecasted percentage growth in spending from 2019-2022 (agency only)

A MISMATCH OF GROWTH

While all categories and sectors are forecasting growth over the next 4 years – albeit at different rates – there’s a misalignment between growth in qualifier numbers and spending (see figure 11).

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

Figure 11: Percentage growth in spending compared with growth in qualifier numbers



KEY TRENDS AND FACTORS INFLUENCING GROWTH

(a) Number of qualifiers

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

Again, different factors linked to the wider prevailing winds of the regional economy are influencing the situation in North America and Europe. For organisers of incentives in North America, the strongest positive factor impacting the increase in qualifier numbers is change in company size as a result of mergers and acquisitions, whereas for European organisers it's organic growth (see figures 12 & 12.1). This reflects, perhaps, the more robust growth environment for business in North America which favours a more aggressive, acquisitive approach.

On the negative side (see figure 12.2), qualifier growth is predominantly hindered by changes in corporate spending. This is particularly the case for German agents as 50% listed it within their top 3 reasons for reductions in the number of qualifiers, compared to 22% for all of Europe, and 20% for NA. In general, internal management decisions are more impactful within Europe than North America, contributing to decreases in the number of teams eligible for incentives as opposed to the more positive impact this can have for their North American counterparts. External factors such as regulatory changes are also having a negative impact on growth potential, though this is greater in North America at 15% than in Europe at 10%.

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

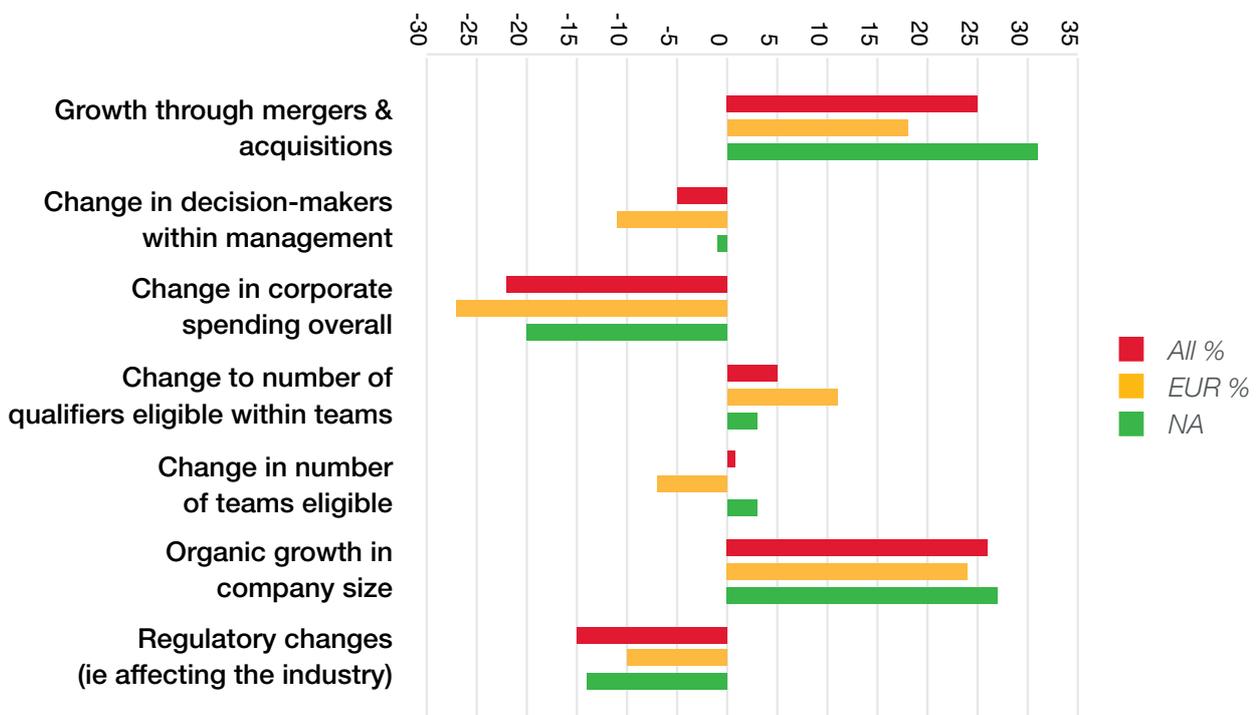


Figure 12: Key trends impacting the number of qualifiers - answer expressed as a percentage increase or decrease in the number of qualifiers (all regions)

All BUYERS			
	n=739	n=193	n=415
RANK	ALL	EUR	NA
1	Organic growth	Organic growth	Mergers or Acquisitions
2	Mergers or Acquisitions	Mergers or Acquisitions	Organic growth
3	Change in number of qualifiers eligible	Change in number of qualifiers eligible	Change in number of teams eligible

Figure 12.1: Reasons why number of qualifiers is increasing (all buyers)

All BUYERS			
	n=739	n=193	n=415
RANK	ALL	EUR	NA
1	Change in corporate spending overall	Change in corporate spending overall	Change in corporate spending overall
2	Regulatory changes	Regulatory changes	Regulatory changes
3	Change in decision-makers	Change in decision-makers	Change in decision-makers

Figure 12.2: Reasons why number of qualifiers is decreasing (all buyers)





(b) Spending

When it comes to actual budgets and spending there is greater similarity across the regions in terms of what factors are causing an increase or a decrease in budgets.

The top factor contributing to increases in budgetary spend across all regions and countries is hotel cost. This factor extends to each of the categories too, with agency and corporate buyers both listing it in the top position (see figure 13).

Closely related to hotel cost are food & beverage costs and these rank in second or third position across all sectors and categories. While not all food and beverage services are delivered within the host hotel, many hotels mandate a minimum of two evening functions in addition to daily breakfast in their contracts.

In the past, airline costs accounted for the single biggest percentage of incentive travel budgets. Clearly, the airline has now been superseded by the hotel. Airline costs, however, do rank high in terms of spend but less so in Europe where, for European corporate buyers, they rank in fifth position behind hotel cost, destination, food and beverage and hotel location/quality.

Respondents were also asked what they did to manage budgets, ie, what elements helped to reduce spending across the various spending line items. Here, all regions and most countries use programme length as the means to control or reduce budget. As the hotel component consumes the single biggest overall percentage of the budget, reducing the programme by one or two nights will certainly help with overall spending, without necessarily impacting on standard and quality (see figure 13.1).

For North American buyers who enjoy a large and easily accessible supply, the use of “all inclusive” resorts is the second most popular way to control or reduce spending. This is not listed amongst the top 5 choices for European buyers due, no doubt, to the lack of supply of such resorts within easy access of the key source markets.

With the exception of all-inclusive resorts, the regional scenarios prevailing in Europe and North America are more or less similar, although European buyers do exercise their option to tackle air cost - probably by using low cost carriers like EasyJet and Ryanair – an opportunity which is less available for North American buyers. North American buyers, on the other hand, consider the cost of programme amenities – in reality, the gifting programme – as a means of controlling or reducing budgets.

An interesting outlier amongst the data is how German buyers control or reduce the spending on incentive travel - by excluding spouses from the programme. This approach is not deployed in any other region or country and is not aligned with other data points in the survey which indicate, categorically, that the inclusion of partners / spouses in incentive travel programmes is unlikely to change as programme design evolves (see figure 13.1).

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

All BUYERS					
	n=684	n=178	n=387	n=34	n=26
RANK	ALL	EUR	NA	GER	UK
1	Hotel Cost	Hotel Cost	Hotel Cost	Hotel Cost	Hotel Cost
2	Air Cost	Food & Beverage	Air Cost	Food & Beverage	Destination
3	Food & Beverage	Destination	Food & Beverage	Hotel Quality / Location	Air Cost
4	Destination	Air Cost	Destination	Food & Beverage Quality	Food & Beverage
5	Hotel Quality / Location	Hotel Quality / Location	Hotel Quality / Location	Destination	Hotel Quality / Location

Figure 13: Factors impacting spending 2020-2021 (all buyers)

All BUYERS					
	n=684	n=178	n=387	n=34	n=26
RANK	ALL	EUR	NA	GER	UK
1	Programme length	Programme length	Programme length	Programme length	Air Class
2	Air Class	Air Cost	Use of All Inclusive	Include / Exclude Spouse	Programme length
3	Destination	Air Class	Air Class	Destination	Hotel Upgrades
4	Amenities Cost	Destination	Destination	Air Cost	Amenities Cost
5	Use of All Inclusive	Hotel Cost	Amenities Cost	Air Class	Air Cost

Figure 13.1: Ways buyers are controlling budgets 2020-2021 (all buyers)

SUPPLIER EXPECTATIONS ON BUDGET GROWTH

There is an interesting reversal of outcomes when it comes to supplier sentiment around changes to budgets between now and 2022. While North American buyers are more positive about future budgets than European buyers, this is not the case on the supplier side. Forecast budgetary increases on the supplier side average 1.9% in Europe which is higher than the average for all regions and a full 37% higher than the North American average of 1.2% (see figure 14).

For the DMC sector the contrast is even greater - with European averages 43% higher than North

America. DMCs in both Germany and the UK are also predicting significant increases in 2021 and 2022, averaging 3.05% for Germany and 3.6% for the UK (see figure 14.1).

It is interesting to note this silver lining for the supplier community on the dark cloud of Brexit. The gloomy economic challenges imposed by Brexit on the buyer community are largely positive for the supplier community with a weakened sterling making UK destinations very competitive for inbound business.

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

ALL SUPPLIERS					
	n=1074	n=339	n=354	n=32	n=39
YEAR	All %	EUR %	NA %	GER %	UK %
2019	0.1	0.4	-0.2	0.7	-1.1
2020	1.9	1.9	1.4	1.2	-0.3
2021	2.4	2.3	1.8	1.9	0.8
2022	2.7	2.8	1.9	2.9	1.4
Average	1.8	1.9	1.2	1.7	0.2

Figure 14: Percentage change to incentive budgets 2019-2022 (all suppliers)

DMC ONLY					
	n=178	n=178	n=181	n=18	n=15
YEAR	All %	EUR %	NA %	GER %	UK %
2019	0.2	0.6	-0.8	1.5	2.2
2020	2.2	2.2	1.7	1.1	1.0
2021	2.6	2.6	1.8	2.4	3.6
2022	3.0	3.0	1.9	3.7	3.6
Average	2.0	2.1	1.2	2.2	2.6

Figure 14.1: Percentage change to incentive budgets 2019-2022 (DMC only)

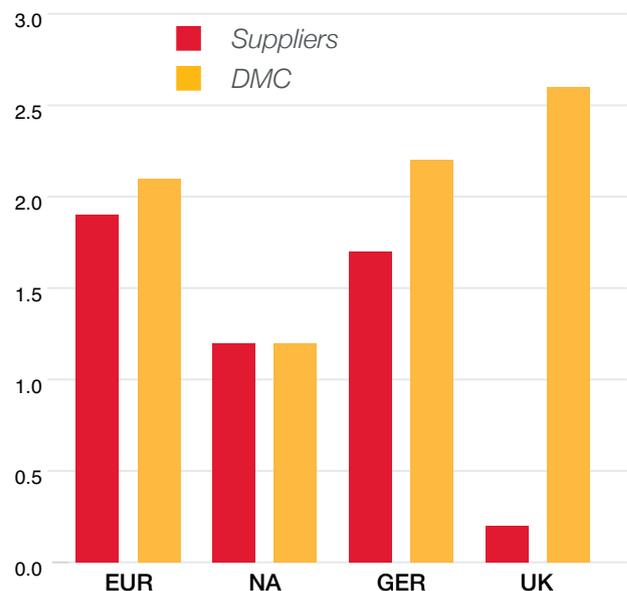


Figure 14.2: Comparing average growth from 2019-2022 for suppliers and DMC in each region



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

Steve Bova, CAE, Executive Director, FICP



GROWTH IN THE VOLUME OF RFPs

The pace at which Requests for Proposals (RFPs) are received by suppliers is also a good indication of the relative health of the incentive travel industry.

Here, too, there are significant geographical differences, with Europe outpacing all regions, exceeding North American rates by a massive 43% (3% vs 1.8% - see figure 15).

If European suppliers, in general, are experiencing an uplift in RFP pace then it's even more marked for the DMC sector with average growth at 3%+, almost twice the North American rate. And for Germany and the UK the increases are even more dramatic with Germany averaging 3.75% for 2019 – 2022 and the UK weighing in at 6.65% (see figures 15 & 15.1).

Clearly, there are strong expectations amongst the DMC community in the UK that in a post Brexit scenario sterling will fall and lead to an increase in inbound business to the destination.

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

DMC ONLY					
	n=560	n=169	n=174	n=17	n=15
YEAR	ALL %	EUR %	NA %	GER %	UK %
2019	0.9	1.5	-0.1	2.8	4.4
2020	3	3.6	2.8	3.2	9
2021	3.1	3.5	2.2	4.1	6.5
2022	3.2	3.5	2.1	4.8	6.7
Average	2.6	3.0	1.8	3.7	6.7

Figure 15: Volume of RFP growth from 2019-2022 (DMC only)

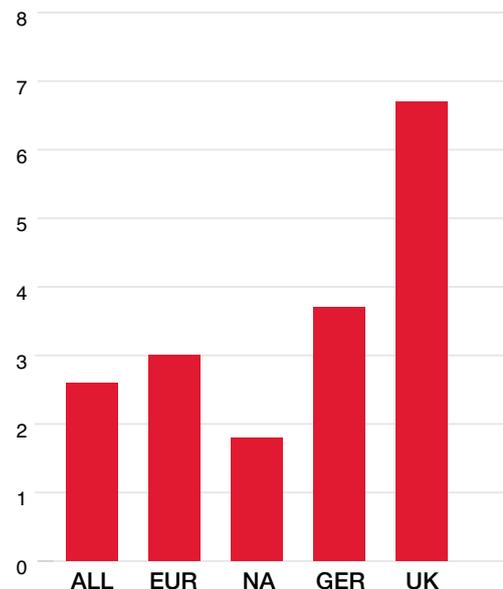


Figure 15.1: Average volume of RFP growth from 2019-2022 in each region



Given the centrality of relationships in the Incentive Travel Industry, it's not surprising that "Direct from Clients" is the outlier in terms of sources of business for all geographical regions.



SECTION 3

DESTINATION AND PARTNER SELECTION



WHO BUYERS CONTRACT WITH

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

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

ITII 2019 provides interesting insights into purchasing processes revealing quite sharp differences in some regards between the regions. While most buyers across all regions deploy a hybrid approach to purchasing, mixing all of the purchasing options offered, there's a considerable difference, for example, between the percentage of European Buyers who purchased through a DMC (33%) and the percentage of North American buyers who did so – a mere 3% (see figures 16 & 16.2).

While North American buyers also use external meeting planning consultants (16%) and site selection services (8%) to source destination suppliers, European buyers, in general, favour the DMC as the point of destination contact. In the UK, however,

there's a larger incidence of direct negotiations with the end supplier than the average for the entire European region, with 34% dealing with the end user directly.

The extremely low percentage use of DMCs (3%) reported for North American buyers is likely to stem from their extremely high volume of domestic business where the services of a DMC may be regarded as unnecessary.

Drilling down into the type of buyer, - end user vs incentive agency - the percentage use of a DMC doubles to 6% for North American end-user buyers but, surprisingly, falls for end-users in Europe.

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

ALL BUYERS				
	n=149	n=321	n=29	n=23
	EUR %	NA %	GER %	UK %
Mixture of below	41	36	46	33
Direct negotiations with end suppliers	17	29	17	34
Through a DMC	33	3	21	27
Through meeting planning services/consultant	1	16	3	0
Through outsourced site selection services	1	8	3	3
Through Specialist Travel Management Company	4	3	3	0
Through Dedicated Incentive House/Agency	0	4	0	0
Don't know	3	1	7	3

Figure 16: How business is contracted (all buyers)

EUR %

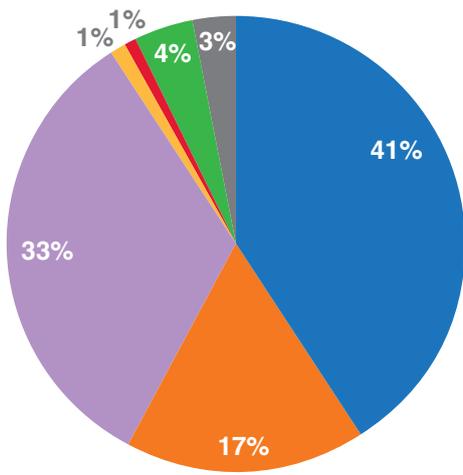


Figure 16.1: How European buyers contract their business (Europe only)

- Mixture of below
- Direct negotiations with end suppliers
- Through a DMC
- Through meeting planning services/consultant
- Through outsourced site selection services
- Through Specialist Travel Management Company
- Through Dedicated Incentive Agency

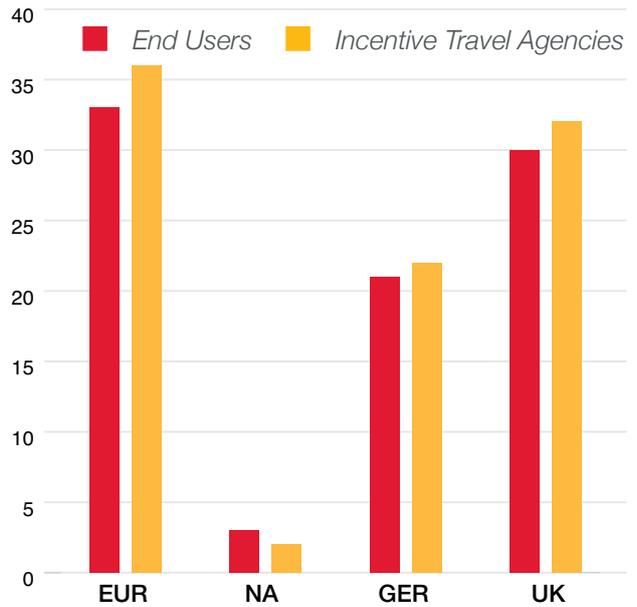


Figure 16.2: The percentage of buyers who contract through a DMC (all buyers)

WHO SUPPLIERS RELY ON

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

European suppliers, on average, report a slightly higher incidence of third party business (62%) than their North American counterparts (54%) (see figure 17). However, this difference is more acute amongst DMCs than the wider supplier community (see figures 17.1 & 17.2). Within Europe itself, some variety can be also be perceived, highlighting that even general

trends are susceptible to ups and downs, depending on region, sector, and often year.

As a broad global sweep, a 60/40 ratio can be observed, with 60% of business tending to come from intermediaries. While this ratio is more varied within NA, overall, it bodes well for the continued health of DMCs and Incentive Agencies along the supply chain, and shows the importance of relationship building within this sphere for the generation of future business.

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

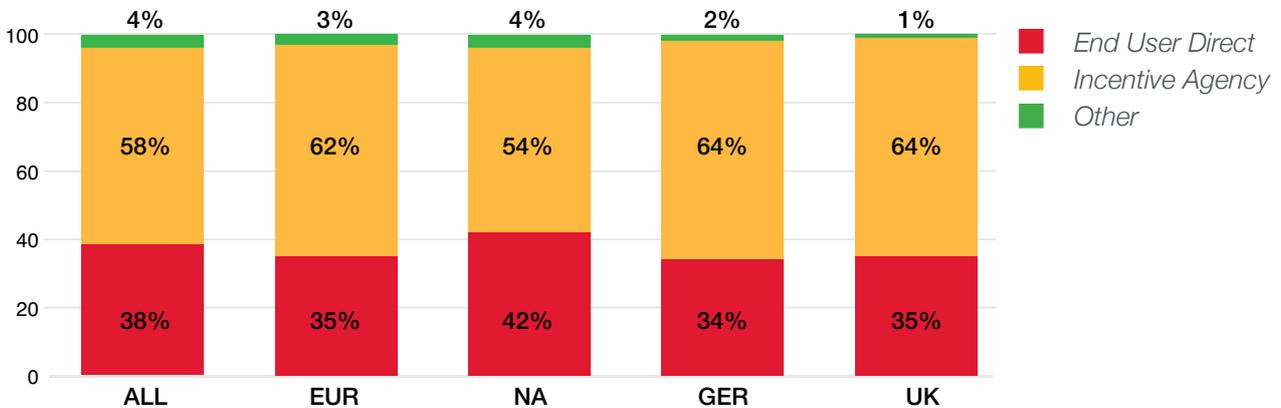


Figure 17: Percentage share of how business is generated for suppliers (all suppliers)

DMC ONLY					
	n=470	n=144	n=140	n=13	n=13
	ALL	EUR	NA	GER	UK
	%	%	%	%	%
End User Direct	39	35	46	27	39
Incentive Agency	58	62	49	71	59
Other	3	3	5	2	2

Figure 17.1: Percentage share of how business is generated (DMC only)

HOTELS AND OTHER SUPPLIERS					
	n=349	n=102	n=127	n=6	n=12
	ALL	EUR	NA	GER	UK
	%	%	%	%	%
End User Direct	37	35	37	48	29
Incentive Agency	59	61	60	48	70
Other	4	4	3	4	1

Figure 17.2: Percentage share of how business is generated for other suppliers (hotels and others)



WHERE SUPPLIERS GO TO FIND BUSINESS

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

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

Given the centrality of relationships in the Incentive

Travel Industry, it's not surprising that "Direct from Clients" is the number one source of business for all geographical regions (see figures 18 & 18.1).

Looking at the second and third ranked sources, however, does throw up some interesting regional differences. For North American DMOs and destination suppliers, "hotel referrals" rank 6 percentage points higher than "trade shows", the overwhelming second rank source across all European destinations.

Extending the European range of countries beyond Germany and the UK to include other key incentive destinations – Ireland, Italy, France and Spain (see figure 18.2) – an interesting scenario emerges around the source ranked in third position with "hotel referrals" emerging in Italy and Spain, "Consortia" in the UK, digital in Germany and "Referral from a DMO" in Ireland.

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).

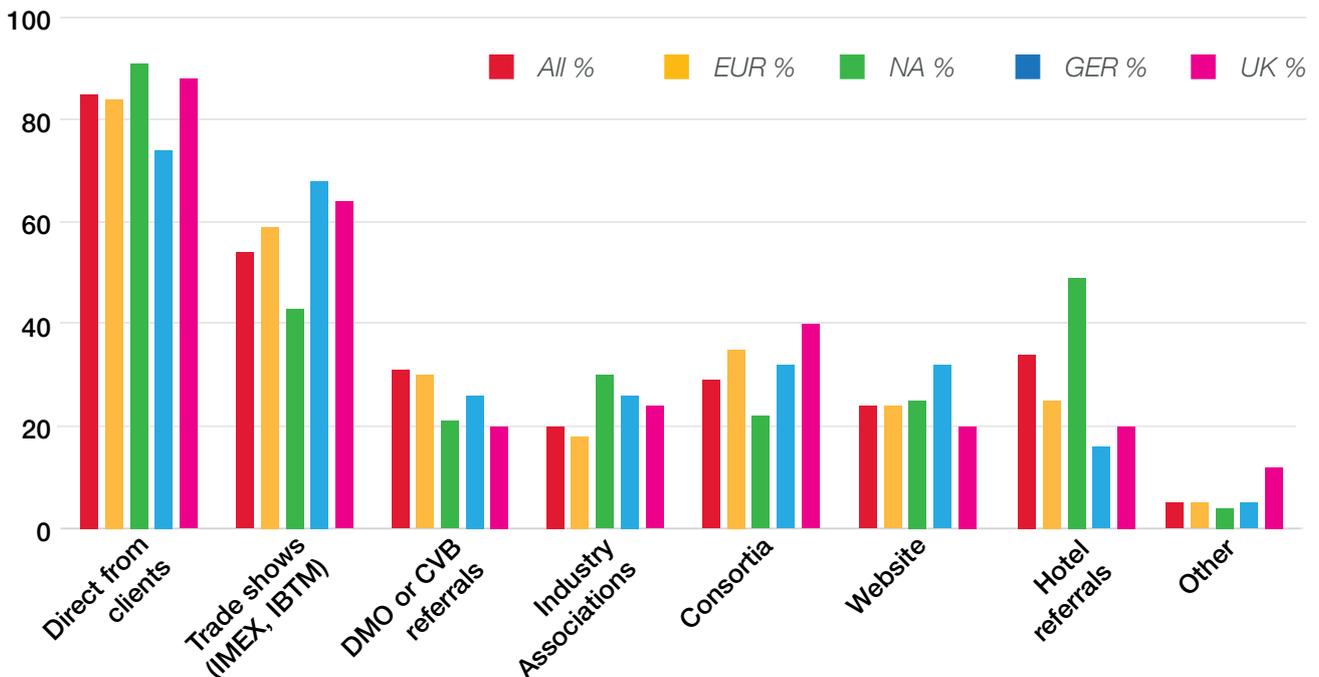


Figure 18: Where suppliers go to find business (all suppliers)

ALL SUPPLIERS					
	n=816	n=246	n=267	n=19	n=25
RANK	ALL	EUR	NA	GER	UK
1	Direct from clients	Direct from clients	Direct from clients	Direct from clients	Direct from clients
2	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)	Hotel Referrals	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)
3	Hotel referrals	Consortia (such as Hosts Global, DMC Network, ICCA, European Cities for DMO's)	Trade shows (IMEX, IBTM)	Website	Consortia (such as Hosts Global, DMC Network, ICCA, European Cities for DMO's)

Figure 18.1: Where suppliers go to find business - top 3 origins (all suppliers)

ALL SUPPLIERS						
	n=19	n=25	n=34	n=15	n=12	n=31
RANK	Germany	UK	Ireland	Italy	France	Spain
1	Direct from clients	Direct from clients	Direct from clients	Direct from clients	Direct from clients	Direct from clients
2	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)	Trade shows (IMEX, IBTM)
3	Website	Consortia	DMO or CVB referral	Hotel Referrals	Website	Hotel referrals

Figure 18.2: Where suppliers go to find business - top 3 origins (different countries in Europe)

KEY CRITERIA IN SELECTING A PARTNER

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

There’s remarkable alignment across all geographical regions and industry categories on the primacy of soft values over hard values. Thus “reputation” ranks top and “size” ranks bottom (see figure 19 & 19.1). This re-enforces the outcomes already noted in terms of soft versus hard objectives for incentive travel programmes (see section 1).

Drilling down into the different regions and analysing both buyer and supplier preferences reveals little difference across the data set. The incentive travel industry values H2H – human to human – and places least value in partner selection on the relative size of the company or how sophisticated it might be in terms of deployment of technology. In some cases “financial stability” is even ranked in the bottom 5 factors (see figure 19.2)

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

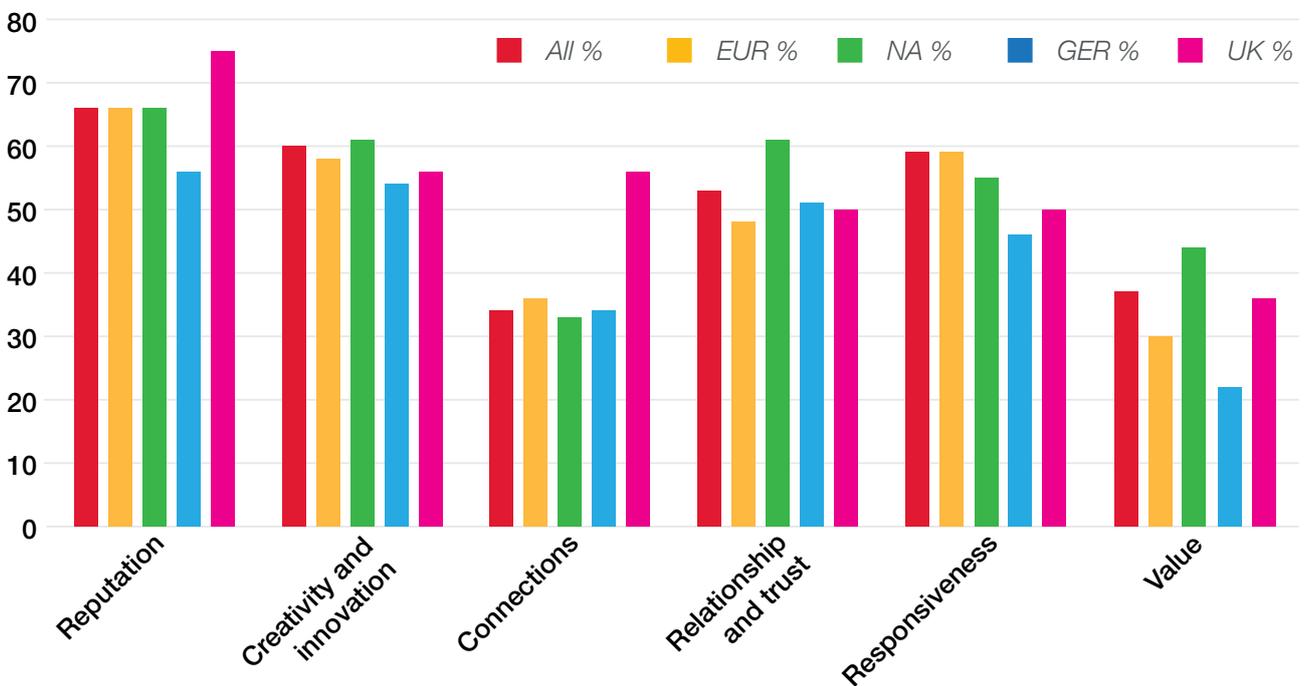


Figure 19: Comparison of the top 6 most influential factors across all regions

ALL CATEGORIES					
	n=1027	n=292	n=458	n=41	n=36
RANK	ALL	EUR	NA	GER	UK
1	Reputation	Reputation	Reputation	Reputation	Reputation
2	Creativity & Innovation	Responsiveness	Creativity & Innovation	Creativity & Innovation	Creativity & Innovation
3	Responsiveness	Creativity & Innovation	Relationship & Trust	Relationship & Trust	Connections
4	Relationship & Trust	Relationship & Trust	Responsiveness	Responsiveness	Relationship & Trust
5	Value	Connections	Value	Experience	Responsiveness

Figure 19.1: Ranking of most influential factors affecting choice of partner suppliers - respondents asked to choose up to 5 options from 15

ALL CATEGORIES					
	n=1027	n=292	n=458	n=41	n=36
RANK	ALL	EUR	NA	GER	UK
1	Size	Size	Size	Size	Size
2	Industry Activity	Marketplace Commitment	Marketplace Commitment	Technology	Technology
3	Marketplace Commitment	Technology	Technology	Marketplace Commitment	Industry Activity
4	Technology	Industry Activity	Industry Activity	Breadth of service offering	Financial Stability
5	Financial Stability	Breadth of service offering	Financial Stability	Industry Activity	Marketplace Activity

Figure 19.2: Ranking of least influential factors affecting choice of partner suppliers - respondents asked to choose up to 5 options from 15

KEY CONSIDERATIONS IN SELECTING A DESTINATION

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

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

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 safety was a huge concern due to an elevated incidence of extreme weather related issues and some high profile terrorism incidents, particularly in Europe. Thus, unsurprisingly across all geographies and all categories, safety emerges in the first or second position (see figures 20 & 20.1).

Appeal continues to rank high, too, although more so for UK than German respondents who adopt an extremely practical approach to selection – is it safe? Does it have the right hotel? Can we get there easily?

Interestingly, price doesn’t feature in the top 3 criteria for any overall region, although it does rank in third position for UK buyers (see figure 20.2).

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

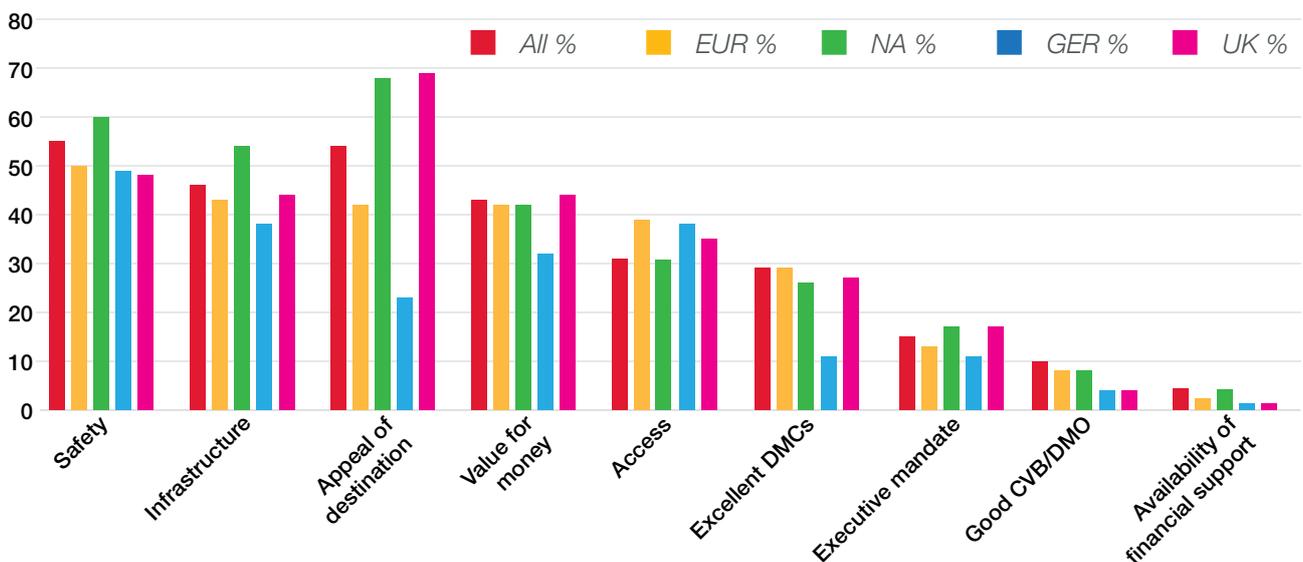


Figure 20: Most important considerations in selecting a destination for an incentive travel programme - percentage number of people who selected this option as ‘very important’ (all categories)



ALL CATEGORIES					
	n=1367	n=393	n=581	n=47	n=48
RANK	ALL	EUR	NA	GER	UK
1	Safety	Safety	Appeal	Safety	Appeal
2	Appeal	Infrastructure	Safety	Infrastructure	Safety
3	Infrastructure	Appeal	Infrastructure	Access	Infrastructure

Figure 20.1: Top considerations when selecting a destination (all categories)

BUYERS ONLY					
	n=559	n=149	n=316	n=29	n=23
RANK	ALL	EUR	NA	Germany	UK
1	Safety	Safety	Safety	Safety	Appeal
2	Appeal	Value	Appeal	Infrastructure	Safety
3	Infrastructure	Infrastructure	Infrastructure	Access	Value

Figure 20.2: Top considerations when selecting a destination (buyers only)

FACTORS INFLUENCING SELECTION OF A NEW DESTINATION

Both the H2H factor and the homogeneous nature of the incentive travel industry emerge strongly once again when considering what influences destination choice when a buyer is evaluating a destination that is unknown to them.

Respondents were asked to rate the impact of the following 10 factors on a scale from 'not at all influential' to 'very influential'.

- Newspapers with a **travel supplement** (e.g., The New York Times, The Guardian)
- Dedicated **travel magazine** (e.g., Condé Nast Traveler)
- Meetings **Industry publications** (e.g., Incentive Magazine, Meetings & Incentive Travel, Biz Events Asia)
- **On-line travel sites** (e.g., Trip Advisor)
- **Social media** (e.g., Instagram, Twitter)
- **Word-of-mouth recommendations** from non-meetings and event professionals **outside your own organization** (e.g., neighbors)
- **Word-of-mouth recommendations** from **within your own organization** (e.g., colleagues, leaders from other regions, etc.)
- The **recommendation** of an account executive from the incentive house or **travel partner your team uses**
- **Recommendations** from other meetings and event professionals **via associations** (e.g., SITE, FICP, IRF, etc.)
- **Prior experience** with brand, venue, or staff another location

All regions and categories rank "prior experience with a brand, venue or staff at another location" in first or second position. Therefore relationships built during the delivery of previous incentive travel experiences define current and future choice (see figure 21).

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

Word of Mouth and direct recommendations also rank high as key influencers of choice in our industry with all regions and categories valuing input from fellow professionals via industry associations like SITE or FICP.

Perhaps more interesting, and more surprising, are the least influential resources with non-industry and industry print media ranking in the bottom three on the list (see figure 21.1).

With percentages on average for the top 5 factors ranging from 38 to 46, the single figures for the least influential criteria stand out starkly with the obvious exception of the UK where meeting industry publications score a very credible 29%.



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

ALL SUPPLIERS					
	n=796	n=241	n=263	n=18	n=24
RANK	ALL	EUR	NA	GER	UK
1	Prior experience	WOM within their own organization	Prior experience	Prior experience	Prior experience
2	WOM within their own organization	Prior experience	WOM within their own organization	Recommendation via associations	WOM within their own organization
3	Recommendation from the company's travel partner	WOM from non-meeting professional	Recommendation from the company's travel partner	WOM within their own organization	Recommendation from the company's travel partner
4	WOM from non-meeting professional	Recommendation from the company's travel partner	Recommendation via associations	Recommendation from the company's travel partner	Recommendation via associations
5	Recommendation via associations	Recommendation via associations	WOM from non-meeting professional	WOM from non-meeting professional	WOM from non-meeting professional

Figure 21: Most influential factors in selecting new destination (all suppliers)

Least Influence on Destination Choice	ALL %	EUR %	NA %	GER %	UK %
Meeting industry publications	6	9	7	0	29
Dedicated travel magazines	5	5	5	0	8
Newspapers with travel supplements	3	3	3	0	4

Figure 21.1: Least influential factors in selecting a new destination - percentage of respondents who selected these factors as influential/very influential (suppliers only)

ADDING VALUE TO WIN BUSINESS

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

Respondents were asked to select all relevant options from the below list to show how they add value.

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

For both Europe and North America, offering one of a kind exclusive experiences is the number one way to add value, although in percentage points, there is a significant gap between the two (64% vs 76%), highlighting again North America's greater emphasis on luxury and exclusivity. We also see a difference with the use of annual rebates, a much more frequent occurrence in NA, suggesting greater brand loyalty. The exception within Europe here is Germany, who is on a par with NA at 50% (see figures 22 & 22.1).

There is marginal difference in percentage points between Europe's 4 next most frequently used methods - more on-site staff (34%), flexible payment terms (33%), partnering to provide services from a single source (29%), and annual rebates (28%). What is interesting, however, is looking more in-depth at the differences within Europe on some of these points. Understandably, financial incentives like exchange rates are far more important for the sterling using UK, while for Germany, this is much less of interest, suggesting that the vast majority of their business stays in the eurozone of the European Union. On this point, as well as on annual rebates, and others, Germany and the UK value quite different things, showing that within Europe, there is definitely no set method for winning business. Important to note, however, is the low percentage of respondents across the board who said they are not trying to differentiate at this time, highlighting the competitive nature of the industry and the importance of trying to stand out above the crowd.

When suppliers were asked what factor was their greatest differentiator, all regions agree that “service” is their most important asset. Nevertheless, similarly to the question on adding value, alignment ends here, as we see big differences in the stress allocated to each factor, both within Europe itself, and compared to North America as a whole (see figure 23).

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

ALL SUPPLIERS					
	n=991	n=306	n=329	n=28	n=35
RANK	All	EUR	NA	GER	UK
1	One of a Kind Experiences	One of a Kind Experiences	One of a Kind Experiences	Rebates for Multiple Programmes	One of a Kind Experiences
2	More on site staff / service same price	More on site staff / service same price	Rebates for Multiple Programmes	One of a Kind Experiences	More on site staff / service same price
3	Partnering for single source	Flexible Payment	Partnering for single source	Flexible Payment	Partnering for single source

Figure 22: Most frequently selected actions taken by suppliers to add value and win business (all suppliers)

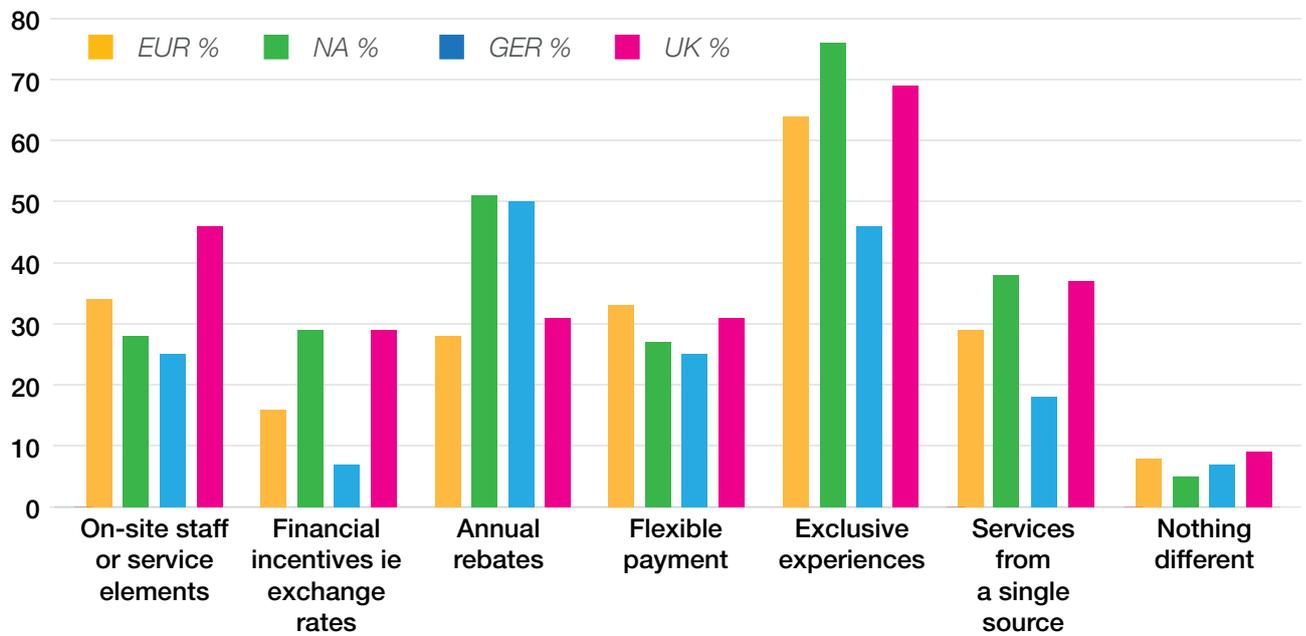


Figure 22.1: Actions taken by suppliers to add value and win business (all suppliers)

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

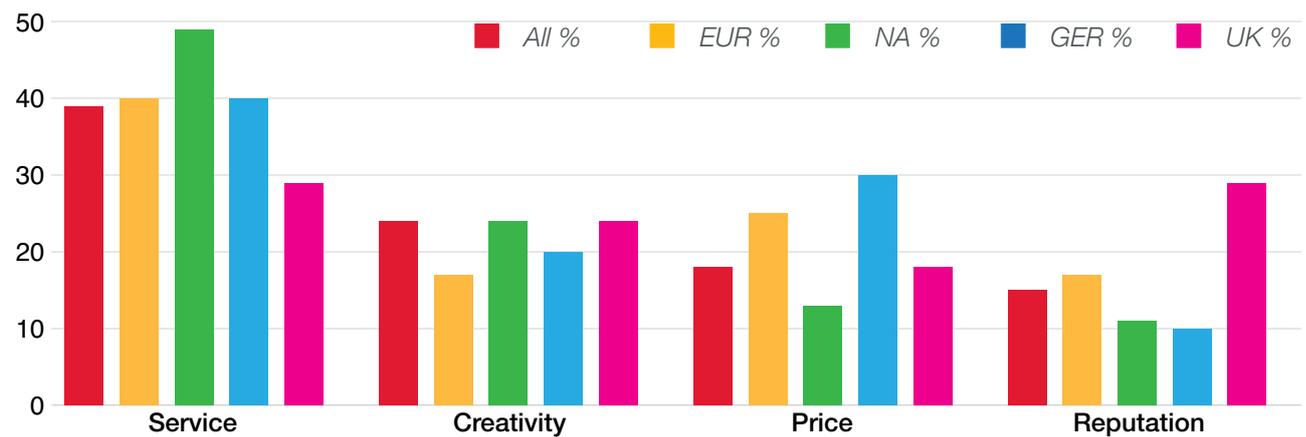


Figure 23: The differentiators to win incentive travel business across all regions (DMC only)

GETTING BUSINESS OVER THE LINE

ITII 2019 highlights how central human factors are in the sales funnel, bringing buyers from that top-of-funnel, initial consideration, to the point where they are ready to purchase.

So what are the later stages in the sales process and what ranks highest when it comes to actual confirmations?

Again human factors rank at the top with all regions and categories stating that an educational trip to the destination is the single most successful factor in moving from consideration to confirmation (see figure 24).

European professionals stress face to face initiatives absolutely for their top 3 factors although German professionals, like North Americans, do also place value on pre-site destination videos.

Interestingly, there are both similar and opposing opinions on what does NOT work when it comes to confirming destinations or partner-suppliers. While the EU and North America align on average, Germany and the UK stand apart from the crowd. Neither values marketing or promotion, and while the UK highly rates video calls and webinars, the Germans don't care for them at all (see figure 24.1)

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

ALL SUPPLIERS					
	n=789	n=239	n=261	n=18	n=23
RANK	ALL	EUR	NA	GER	UK
1	Educational trip to destination	Educational trip to destination	Educational trip to destination	Educational trip to destination	Educational trip to destination
2	Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel	Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel	Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel	Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel	Face-to-Face meetings or sales presentation in the clients place of work by a DMO, DMC, hotel
3	Face-to-face meeting or sales presentation at a trade show	Face-to-face meeting or sales presentation at a trade show	Pre site video of destination incentive capabilities coupled with face-to-face	Pre site video of destination incentive capabilities coupled with face-to-face	Face-to-face meeting or sales presentation at a trade show

Figure 24: Most effective outreach methods in selecting a new destination (all suppliers)

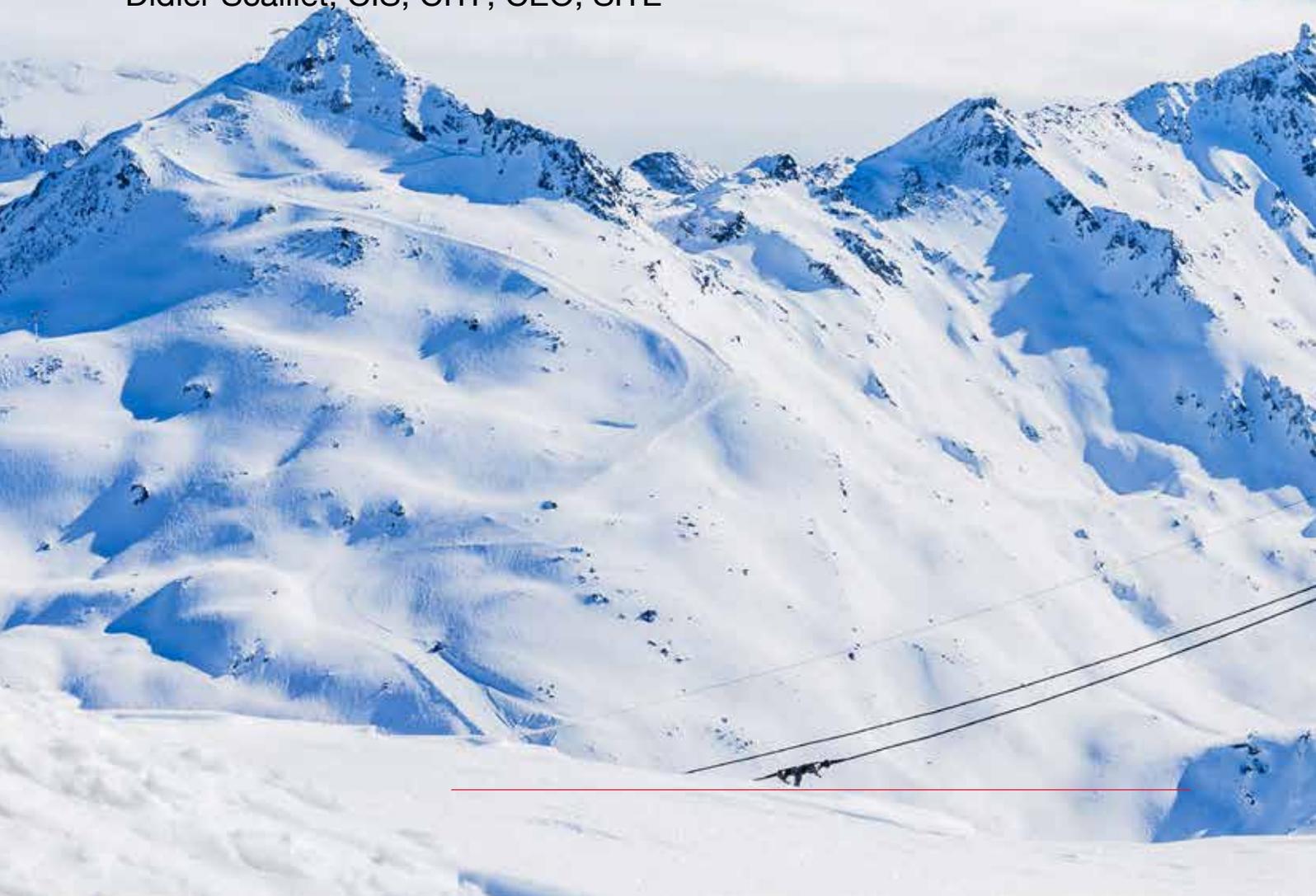
ALL SUPPLIERS					
Least Influence on Destination Choice	ALL %	EUR %	NA %	GER %	UK %
Video calls or webinars	9	8	8	0	13
Marketing and promotion from the destination	7	5	6	0	0

Figure 24.1 Least effective outreach methods in selecting a new destination (suppliers only) - percentage of respondents who consider these to be very effective



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

Didier Scaillet, CIS, CITP, CEO, SITE



THE FUTURE OF INCENTIVE TRAVEL – DESTINATION PREDICTIONS

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

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

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

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

The tables overleaf show the Top 10 ranked regional destinations for incentive travel from the 2 regional and 2 country source markets, respectively Europe, North America, Germany and UK for 2019 and then for 2022 (see figures 25 & 26).

Looking in more detail now at the destination selection for European source markets there's an interesting shift of interest to North and South East Asia, ie, Japan, China, Thailand, Indonesia; also new for 2022 are Canada, Australia / New Zealand and Mexico.

Declining sharply in the ranks are the Gulf States (dropping from fourth to eighth position), North and Southern Africa, and the Caribbean.

Declining as a hot choice across the entire region, the Gulf States, are increasing in popularity in Germany, ranking in third position for 2022. North and South East Asia also show strong increases from the German source market as do Canada, Australia and New Zealand, as well as South America.

Contrastingly, "Other" Middle East, the Caribbean, and Southern Africa, popular for Germany buyers in 2019 drop out of the Top 10 for 2022.

Destination choice for UK buyers is different again with the United States rising to top spot followed by Southern Africa and Western Europe.

Mexico, The Gulf States and the Caribbean, ranked fourth, fifth and sixth in 2019 drop out of Top 10 consideration for 2022 but Canada rises in the rankings and Australia / New Zealand and South America make an appearance.

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

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

ALL BUYERS				
	n=150	n=323	n=29	n=23
RANK	EUR	NA	GER	UK
1	Western EU	United States	Western EU	Western EU
2	Emerging EU	Caribbean	Emerging EU	United States
3	United States	Mexico	United States	South East Asia
4	Gulf States	Western Europe	Gulf States	Mexico
5	South East Asia	Canada	Southern Africa	Gulf States
6	North Africa	Central America	South Asia	Caribbean
7	Southern Africa	South America	North Africa	Emerging EU
8	Caribbean	Oceania	Other Middle East	Southern Africa
9	North East Asia	South East Asia	South East Asia	Canada
10	South America	Emerging EU	Caribbean	South Asia

Figure 25: Destinations used 2019 (buyers only)

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

ALL BUYERS				
	n=150	n=323	n=29	n=23
RANK	EUR	NA	GER	UK
1	Western EU	United States	Western EU	United States
2	Emerging EU	Western Europe	United States	Southern Africa
3	United States	Mexico	Gulf States	Western EU
4	South East Asia	Caribbean	South East Asia	South East Asia
5	North East Asia	Canada	Emerging EU	Emerging EU
6	Canada	Oceania	North East Asia	South Asia
7	Oceania	South East Asia	South America	Canada
8	Gulf States	Central America	South Asia	Oceania
9	South America	South America	Canada	North East Asia
10	Mexico	South Asia	Oceania	South America

Figure 26: Destinations predicted to be used 2020/2021 (all buyers)

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

Figure 26.1: Comparison 2019 v 2020/2021 for destination selection (Europe)

GERMANY		
RANK	PAST	FUTURE
1	Western EU	Western EU
2	Emerging EU	United States
3	United States	Gulf States
4	Gulf States	South East Asia
5	Southern Africa	Emerging EU
6	South Asia	North East Asia
7	North Africa	South America
8	Other Middle East	South Asia
9	South East Asia	Canada
10	Caribbean	Oceania

Figure 26.3: Comparison 2019 v 2020/2021 for destination selection (Germany)

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

Figure 26.2: Comparison 2019 v 2020/2021 for destination selection (UK)



Overall, European incentive travel professionals give importance to activities that promote cohesion, connections, bonding, relationship building and giving back as opposed to the strong focus on individual or personalised outcomes for North Americans.



SECTION 4

PROGRAMME DESIGN & INCLUSIONS



KEY ACTIVITIES & INCLUSIONS

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

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

While the Top 5 items were more or less the same across all regions and countries, European incentive travel professionals prioritise their importance differently to North Americans and, indeed, the blended result for all regions.

CSR activities appear on the list for Europeans but not for North Americans and Team Building is ranked in second position in Europe (versus fifth position for North Americans). “Bucket List” is ranked in fifth position while “Free Time” doesn’t make the Top 5 list at all for Europeans.

Overall, European incentive travel professionals give importance to activities that promote cohesion, connections, bonding, relationship building and giving back as opposed to the strong focus on individual or personalised outcomes for North Americans.

Drilling down, German incentive travel professionals follow the overall trend for Europe but they also

value a practical, business-focused inclusion - “Field Trips”. UK professionals, overall, are more akin to North Americans with a greater focus on personalisation with “Bucket List” activities ranked highest and “Multiple options aimed at smaller groups” also included in the Top 5.

Interestingly, no region or country regards “shopping experiences” as important with no more than 2% of all respondents selecting it amongst their top 3 inclusions by level of importance. That said, anyone who works on the delivery side of incentive travel knows how massively important “shopping experiences” are for the actual qualifiers or winners of the trips.

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

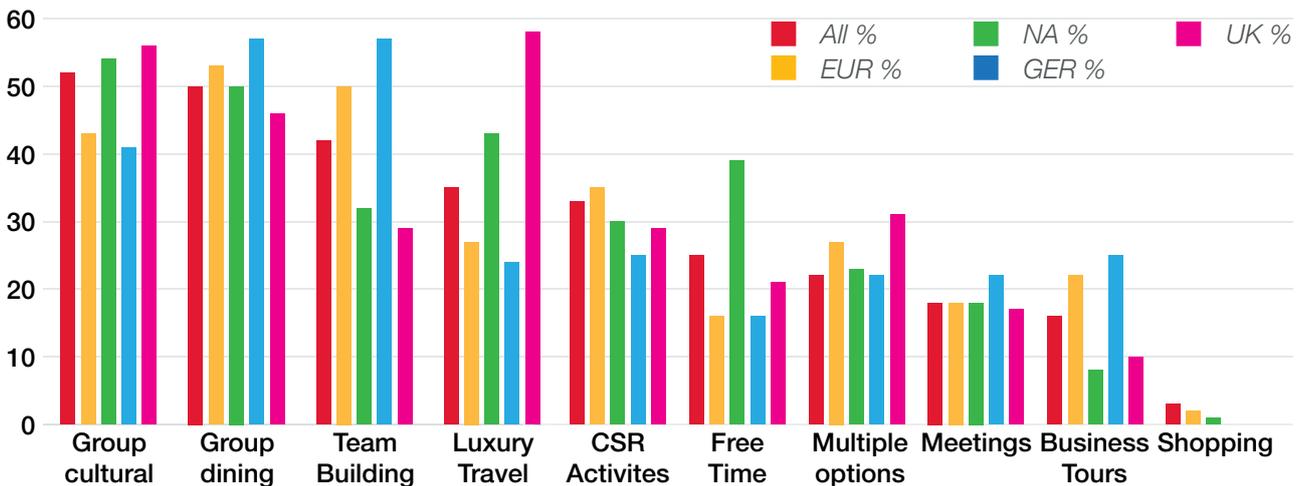


Figure 27: Important activities for a successful incentive travel programme - percentage of respondents who selected this option within their top 3 (all categories)

ALL CATEGORIES					
	n=1429	n=412	n=603	n=51	n=52
RANK	ALL	EUR	NA	GER	UK
1	Group cultural experiences	Group dining	Group cultural experiences	Group dining	Luxury Experiences
2	Group dining	Team Building	Group dining	Team Building	Group cultural experiences
3	Team Building	Group cultural experiences	Luxury Experiences	Group cultural experiences	Group dining
4	Luxury Experiences	CSR	Free Time	CSR	Multiple small group options

Figure 27.1: Most important activities for a successful incentive travel programme (all categories)

PROGRAMME DESIGN

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

Surprisingly, all regions and countries are aligned around the overall broad trend: a move away from a design approach favouring mandated group activities, (particularly golf) to a more personalised, health-focused, CSR-driven experience (see figures 28 & 28.1).

It's worth commenting on the somewhat anomalous "inclusion of spouse / partner" listed amongst the decreasing design elements for both Germany and the UK. Incentive travel programmes, traditionally, included a significant other / spouse / partner, not only as a participant on the trip itself, but often as the recipient of campaign communications based on the premise that he or she was part of the team effort that led to qualifier achieving his / her performance goals and winning the programme.

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

BUYERS ONLY INCREASING					
	n=579	n=153	n=328	n=50	n=49
RANK	ALL	EUR	NA	GER	UK
1	Wellness	Wellness	Wellness	Wellness	CSR
2	Flexible Programme	CSR	CSR	Flexible Programme	Wellness
3	CSR	Flexible Programme	Flexible Programme	Networking / Team Building	Flexible Programme

Figure 28: Activities and inclusions growing in importance from 2018/2019 to 2020/2021 (all buyers)

BUYERS ONLY DECREASING					
	n=579	n=153	n=328	n=50	n=49
RANK	ALL	EUR	NA	GER	UK
1	Mandated Activities	Mandated Activities	Mandated Activities	Mandated Activities	Inclusion of spouse/partner in program
2	Golf	Networking	Golf	Golf	Mandated Activities
3	Networking / Team Building	Golf	Networking / Team Building	Inclusion of spouse/partner in program	Learning & Development

Figure 28.1: Activities and inclusions decreasing in importance from 2018/2019 to 2020/2021 (all buyers)

LENGTH OF PROGRAMME

For short haul destinations with a flight time of less than 4 hours, European incentive travel programmes last, on average 3.16 nights, slightly shorter than the average for all regions (3.6 nights) and North America (3.9 nights) (see figure 29).

In addition, analysing the source markets it's interesting to note that 33% of German respondents and 28% of UK respondents organise trips of 2 nights or less. Amongst North American buyers this is only 6%.

The journey / programme duration ratio for long haul travel shows only marginal differences across the regions and countries but, once again, it's worth commenting on the incidence of short duration programmes (of 3 nights or less) to long haul destinations from Germany (29%) and the UK (30%) (see figures 30 & 30.1).

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

ALL SUPPLIERS - SHORT HAUL					
	n=534	n=142	n=304	n=27	n=22
NUMBER OF NIGHTS	ALL	EUR	NA	GER	UK
1	1	1	1	3	12
2	12	26	5	30	16
3	33	41	28	47	40
4	36	20	46	3	16
5	12	8	14	13	12
6	3	1	3	0	0
7	2	2	2	3	0
8	0	0	0	0	0
9	0	1	0	0	4
10	0	0	1	0	0
Average	3.60	3.16	3.91	3.02	3.24

Figure 29: Average number of nights for a short-haul destination (all suppliers)

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

ALL SUPPLIERS - LONG HAUL					
	n=534	n=139	n=307	n=26	n=21
NUMBER OF NIGHTS	ALL	EUR	NA	GER	UK
1	0	0	0	0	0
2	3	7	2	11	17
3	13	17	11	18	13
4	25	21	26	25	17
5	29	28	30	25	38
6	14	12	14	11	0
7	10	7	12	4	8
8	3	3	3	4	4
9	1	1	1	0	0
10	1	0	0	0	0
11	0	1	0	0	4
12	1	2	0	4	0
15	0	0	1	0	0
Average	4.90	4.78	5.07	4.75	4.63

Figure 30: Average number of nights for a long-haul destination (all suppliers)

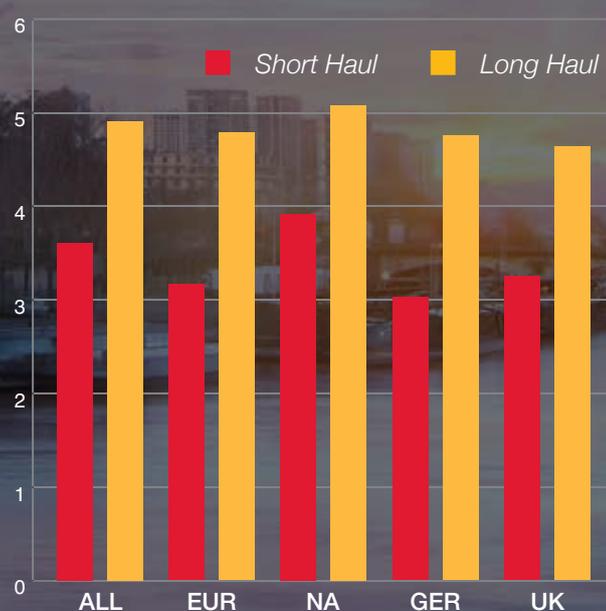


Figure 30.1: Average number of nights for a short haul destination vs average number of nights for a long haul destination

THE INCLUSION OF MEETINGS

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

For the 2020 / 2021 period, European organisers are predicting that 90% of programmes will include some formal meeting element, while for north Americans this figure drops to 82%. 26% of European respondents will spend 4 – 6 hours per day in meetings although this reduces to 17% in Germany and is only 4% in the UK (see figure 31).

Overall, the inclusion of a meeting as part of the incentive travel programme is more likely to be the case within Europe, with 52% of incentive travel programmes stating that at least 2 hours of meeting time per day will be part of the programme. For North Americans this figure is 41%.

Within Europe, the UK is the exception with 25% of programmes predicted to have no meeting component at all and only 29% including 2 hours or more of meeting time. That said, UK respondents also forecast the highest incidence (8%) of incentive travel programmes during which the majority of time will be spend in meetings.

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

BUYERS ONLY					
	n=543	n=142	n=310	n=27	n=22
	ALL %	EUR %	NA %	GER %	UK %
Majority of time (6+ hours)	5	5	5	0	8
Good amount (4-6 hours)	14	21	8	17	4
Some (between 2-4 hours)	29	26	27	29	17
A little (less than 2 hours)	37	35	43	30	42
None (no meetings)	13	10	17	17	25
Don't know	2	3	0	7	4

Figure 31: Time spent in meetings - percentage of respondents who selected this option as the most frequent (all buyers)

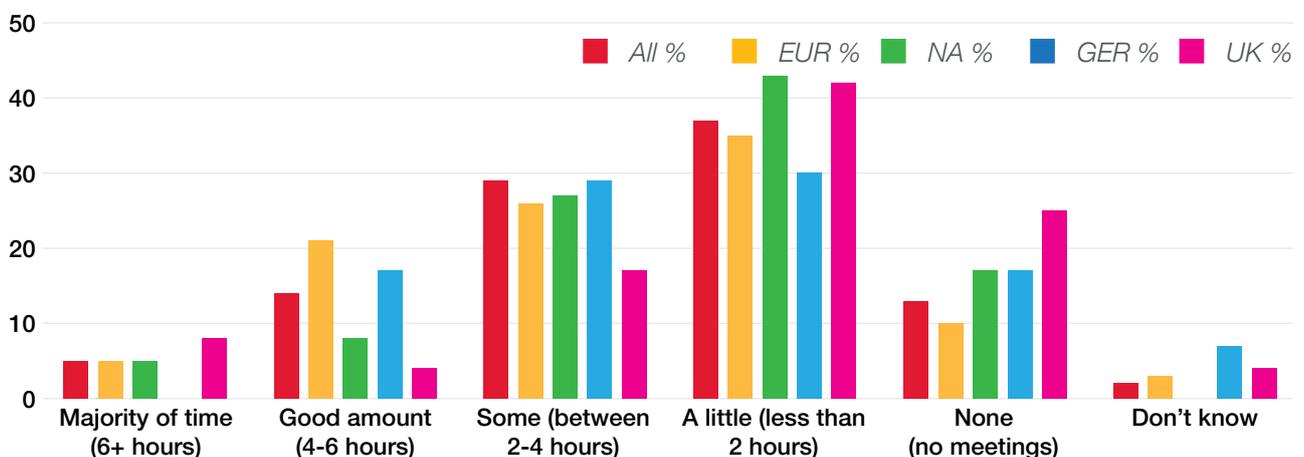


Figure 31.1: Time spent in meetings - percentage of respondents who selected this option as the most frequent (all buyers)

TECHNOLOGY USAGE

Social Media deployment during incentive travel programmes is more well established for European than North American buyers with 55% already using social media compared with just 42% for North America (see figures 32 & 32.1).

When it comes to event apps North America at 64% is slightly ahead of Europe (61%) for current use but North American buyers forecast that use of event apps will increase by 14% to 78% over the next two years.

In Europe, contrary to North America, peak use for Social Media and event apps may already have been

reached. Predicted increases for the next two years are insignificant with no increase in use of Social Media and only a 6% increase in use of event apps. For German buyers peak use has already been reached with decreases now predicted for both Social Media (-6%) and events apps (-3%).

All regions and countries, however, predict significant increase in the use of emerging technologies such as chat bots, augmented reality and virtual reality.

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

ALL BUYERS					
	n=574	n=152	n=326	n=30	n=23
	ALL %	EUR %	NA %	GER %	UK %
Encouragement of use of social media through hashtags, deployment of social media wall etc	12	0	20	-6	13
Use of mobile app	11	6	14	-3	21
Use of emerging technology (chat bots, augmented or virtual reality)	30	24	28	17	34
Other	5	6	5	7	8

Figure 32: Predicted percentage change in usage of above technology from 2018/2019 to 2020/2021 (all buyers)

ALL SUPPLIERS					
	n=824	n=248	n=268	n=19	n=25
	ALL %	EUR %	NA %	GER %	UK %
Encouragement of use of social media through hashtags, deployment of social media wall etc	4	3	0	16	24
Use of mobile app	10	12	9	37	24
Use of emerging technology (chat bots, augmented or virtual reality)	41	42	38	58	52
Other	4	4	7	6	-8

Figure 32.1: Predicted percentage change in usage of above technology from 2018/2019 to 2020/2021 (all suppliers)

RISK MANAGEMENT

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

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

The results were almost identical across all regions, countries and categories and, despite the expected fall in the use of event apps by German incentive travel professionals, “use of an event app to communicate risk management topics” still reached joint top position in that country (see figure 33).

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

ALL CATEGORIES					
	n=1398	n=400	n=594	n=49	n=48
TOP 3	ALL	EUR	NA	GER	UK
1	Use of event mobile app to communicate risk management topics	Use of event mobile app to communicate risk management topics	Use of event mobile app to communicate risk management topics	Deployment of additional IT security	Use of event mobile app to communicate risk management topics
2	Deployment of additional IT security	Deployment of additional security	Deployment of additional IT security	Deployment of additional security	Deployment of additional IT security
3	Deployment of additional security	Deployment of additional IT security	Deployment of additional security	Development of emergence preparedness, planning for individual incentive programmes	Development of emergence preparedness, planning for individual incentive programmes

Figure 33: Risk Management steps predicted to most increase from 2018/2019 - 2020/2021 (all categories)



CONCLUSION

This report has sought to examine the results of the 2019 Index with a European focus. Analysing the data according to region has enabled us to shed light, both on the differences as well as the similarities, of how the Incentive Travel industry operates across the globe.

By further isolating the responses of incentive powerhouses like Germany and the UK (who together make up just under a quarter of all European responses) we have been allowed even greater insights into the idiosyncrasies of specific markets and destinations.

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

Some of the results are to be expected, while others are somewhat surprising.

- European respondents are, by and large, more interested in the intangible benefits of incentive travel (relationships and engagement) than their North American counterparts, who value profit and productivity most.
- Europeans have more focus on team-building, bonding, and “giving back” opportunities, while North America focuses more on the luxurious and inclusive. The UK is more like North America in this regard.
- Both regions forecast an increase in areas like CSR and wellness.
- Both regions predict growth in the coming years. European suppliers are more optimistic (especially DMCs in the UK), but in North America, it is the buyers who expect most growth.

- North American programmes have much higher budgets than their European equivalents.
- There is huge regional variety in the way suppliers seek to add value, but ‘one of a kind experiences’ is perceived as the most important overall.
- Safety, appeal, and infrastructure are key when choosing a new destination, but value and access are also important, especially in Europe.
- Europeans are much more likely to have shorter 2-3 night programmes.
- In terms of the supply chain, Europeans are much more dependent on DMCs and intermediaries in general, while North America leans more toward direct business and hotel referrals.

In conclusion, while there are clearly differences between Europe and North America, and then further disparities within Europe itself, overall, the industry is in a positive place. It is undergoing a predicted period of growth, with a move towards more flexible, individualized and engaging programmes. Relationships between end-users, agents, and suppliers remain strong, and while there is most certainly variety in how people conduct their business, the age-old values of trust, reputation, and word of mouth referrals remain as important as ever. This is a people-led industry, and while there is absolutely a growth in emerging technology for both interaction and risk management, it is still face-to-face contact and experience which reigns supreme and will continue to do so.



ABOUT FICP, IRF AND SITE

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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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