

WHITE PAPER EDITION 2



CORPORATE *THE CHANGING FACE OF INCENTIVE TRAVEL* **INsites**

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NOTE FROM TERRY MANION, PRESIDENT, SITE FOUNDATION



Terry Manion, CIS, CITP
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Welcome to Edition 2 of Corporate inSITEs, SITE Foundation's ongoing research into the changing face of incentive travel as we move toward a post-pandemic world.

SITE established SITE Foundation to raise funds and support research, education and advocacy projects on behalf of the incentive travel industry.

Monies raised by SITE Foundation enable us to make the business case for incentive travel and highlight the transformational potential of travel experiences on individuals, enterprises and communities.

Since 2017 SITE Foundation has invested over \$1.25 million to drive the business case for incentive travel and support professional development within the industry.

Recent projects include:

- Development of certification for mid-manager level incentive travel professionals (CITP)
- Annual publication of the Incentive Travel Industry Index (ITII) with our partners Incentive Research Foundation (IRF) and Financial & Insurance Conference Professionals (FICP)
- Creation and distribution of "Motivate," an online content repository for incentive travel professionals
- Funding and running The David Riddell Memorial Scholarship
- Ongoing disbursement of grants to individuals, chapters, or companies in the incentive industry

The SITE Foundation is a registered charity holding a 501(c)(3) nonprofit organization status.

NOTE FROM SELINA SINCLAIR, VP, RESEARCH & CONTENT, SITE FOUNDATION



Selina Sinclair, CITP, CMP, SMMC
CEO, Realm, SINGAPORE

Four months is a long time in a pandemic, and since Edition 1 of Corporate inSITES in April, we've seen the following changes:

April 2021	September 2021
Corporate America loves incentive travel, and its use is increasing	Corporate America still loves incentive travel, but it's safety first
Incentive travel is recovering quicker than originally imagined for US-based buyers and suppliers	Recovery and resumption pushed into 2022
New priorities are emerging for Incentive travel due to Covid – new priority focus on contracts; safety now primary criteria in destination selection	New priorities for Incentive Travel continue to emerge – concern over contracts down, sustainability and industry connections up; Changes in priority rankings for destination selection – appeal now back in top spot

From the Asia perspective, I am not surprised to see overall safety rank as a high priority item as companies that are looking at 2022 and 2023 are engaging with us heavily to map out the changes to operations protocols, matching their own internal policies and requirements to that of the destination so as to start the process of communicating to attendees of what to expect.

There is still a large degree of uncertainty, overall, and this is requiring us to plan for various scenarios – with full measures, with some measures, with limited measures – so as to evaluate the impact on budget and attendee journey. The positive side, however, is that these conversations are active and companies are optimistic they will be traveling.

We're seeing a general benchmark from companies that if 80% or more of their attendees can enter, then the event will proceed. At the same time, the decisions on who can enter are being driven by the vaccination rates in those countries. Therefore, for large global events, the tracking of vaccination rates per countries becomes part of the job of the event planner to evaluate probabilities and adjust planning.

Overall, however, great optimism remains, with longer timelines and detailed scenario planning and the DMC playing a vital bridging role between companies, governments and suppliers who also require commitments.



EXECUTIVE SUMMARY

CORPORATE INSITES

EDITION 2

- Smaller number of responses overall (34 v 50) but greater no. of responses from Finance & Insurance sector – this may account for a greater overall note of caution detected in September responses
- Optimism of April results somewhat blunted by onset of delta, but US corporations remain committed to incentive travel
- Some late 2021 programs now postponed to 2022 as companies' concerns over delta variant push out recovery
- Almost half of the US corporations who responded are now mandating vaccines for their participants while 56% align protocols with the requirements of the host destination
- Top 3 elements influencing incentive travel for US corporations are:
 - Safe on-site program logistics and protocols – mask wearing, social distancing
 - Corporate travel policies
 - The requirement for advance vaccine certificates
- Changes being made to design of incentive travel program in light of the pandemic
- Attitude of corporate C-suite toward the resumption of incentive travel programs
- Considerations and criteria for selecting a destination in post pandemic world



DEMOGRAPHICS

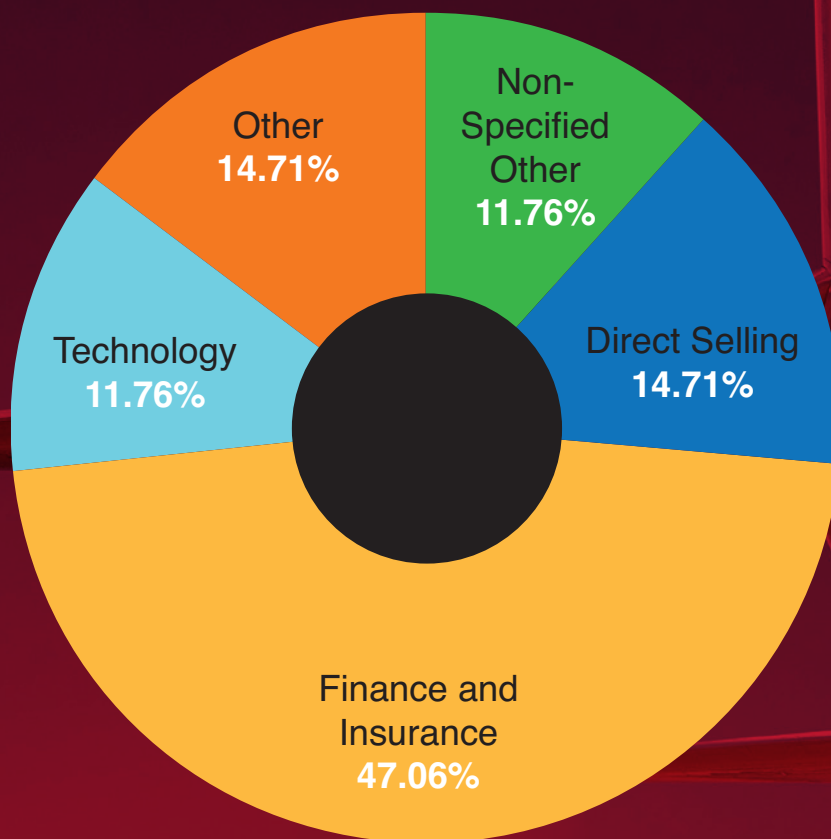


Figure 1: Demographics

KEY THEMES FROM EDITION 1

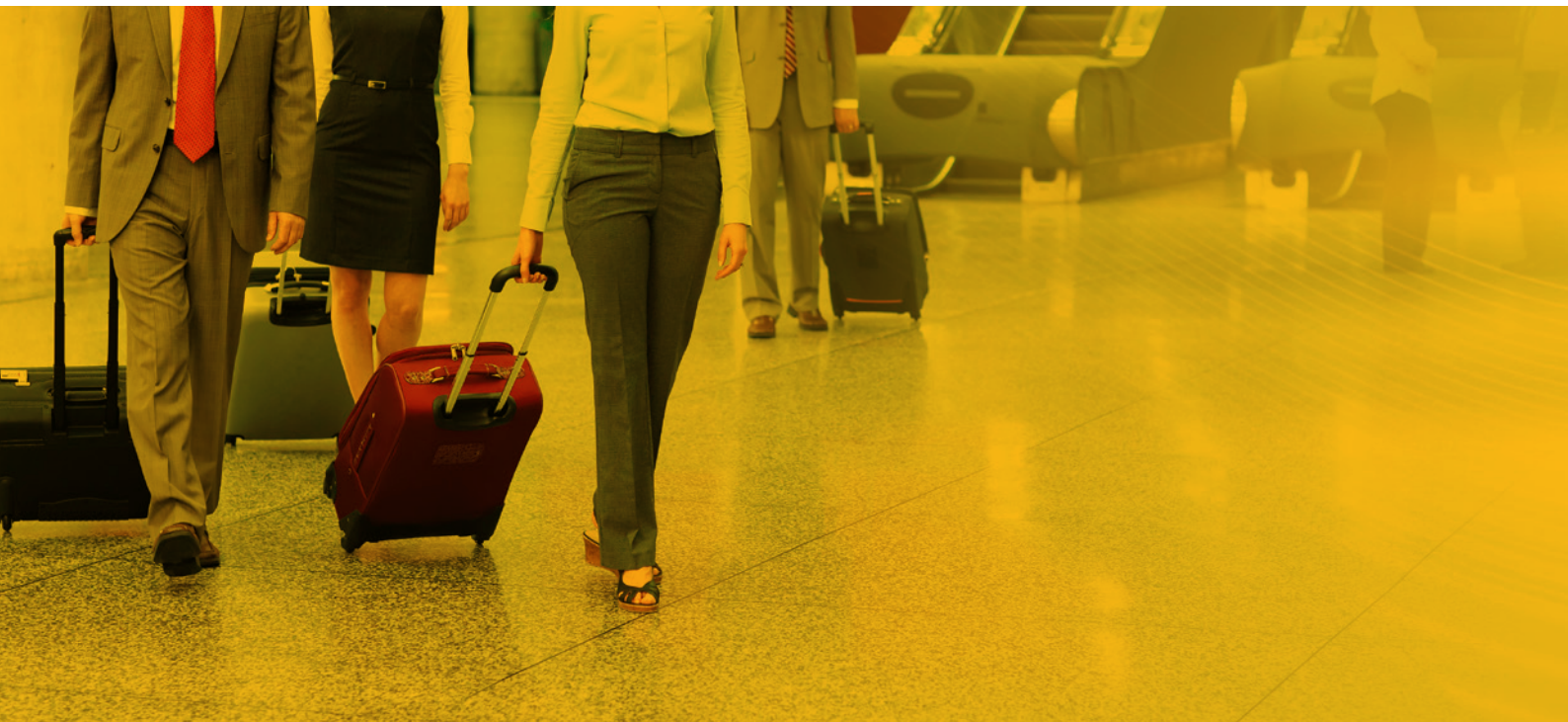
APRIL 2021

Our previous White Paper (Corporate inSITES Edition 1) struck an extraordinarily positive note regarding the future face of incentive travel, and highlighted three emerging themes:

1. Corporate America loves incentive travel and its use is increasing
2. Incentive travel is recovering quicker than originally imagined for US-based buyers and suppliers
3. New priorities are emerging for incentive travel due to Covid

April/May was a pandemic inflection point, particularly in the US, with an extremely efficient roll-out of, and enthusiastic sign-up to, the vaccination program. The road ahead looked open and clear, and this was reflected in the pervasive optimism that characterized Corporate inSITES Edition 1 and our first White Paper.

The arrival of the delta variant and the slow-down in vaccine take-up did change the complexion somewhat, and this is reflected in the key themes emerging in Corporate inSITES Edition 2 and this present White Paper.



KEY THEMES FROM EDITION 2 SEPTEMBER 2021

1. CORPORATE AMERICA STILL LOVES INCENTIVE TRAVEL, BUT IT'S SAFETY FIRST

In April, 94% of the 50 companies surveyed stated that they were 100% supported by their corporate c-suite leadership.

In September, this percentage was 53%, with another 29% stating the commitment is still there but predicated on the safety of qualifiers.

The combined percentages here (82%) fall short of the unqualified 94% support given in April. A very small percentage (6%) report 100% commitment balanced by reduced costs and 11% say it “depends,” with each incentive travel program “justified ... on its merits.”

This final point is interesting and highlights how the pandemic caused corporations

to question many practices that may previously have been regarded as a given. Universal remote working is probably the most dramatic example of this, but other examples include the replacement of face-to-face meetings with virtual solutions such as Zoom and other online platforms.

Remote working, online meetings and virtual incentives were all tried and tested during the pandemic, even by conservative industry verticals that would normally rely on very traditional workplace arrangements. Many corporations are now actively introducing new policies to facilitate off-campus work and virtual meetings but the fact that only 11% are wavering in regard to incentive travel demonstrates, perhaps, that in-person,

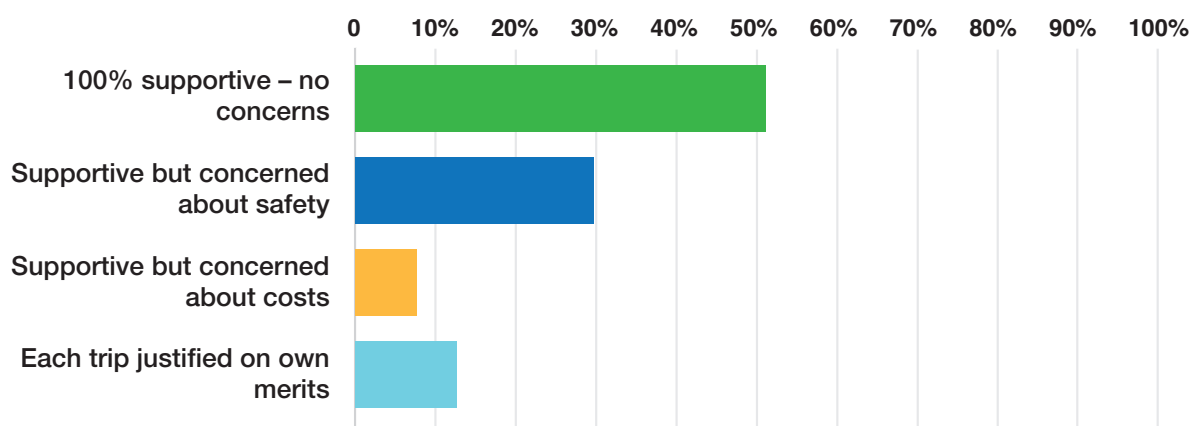


Figure 2: Level of support for incentive travel from corporate leadership (c-suite)

face-to-face incentive travel programs are seen as irreplaceable.

The “safety first” principles emerging strongly in Edition 2 of Corporate inSITEs may also be seen in the increased importance given to overall safety concerns in the question relation to destination selection. Respondents were asked: “When selecting a destination for a future incentive travel experience, please rank the following considerations and criteria.”

In terms of net ranking, safety increased from 5.4 to 5.8 — a 7% increase — while Covid safety increased from 4.0 to 4.9, a 19% increase and a clear indication of an increase in the need for caution.

Finally, the safety first principles may be seen in the protocols and policies adopted by corporations in relation to travel and the pandemic. 70% of the companies surveyed have formal policies in place regarding vaccines, testing and safety protocols for their incentive

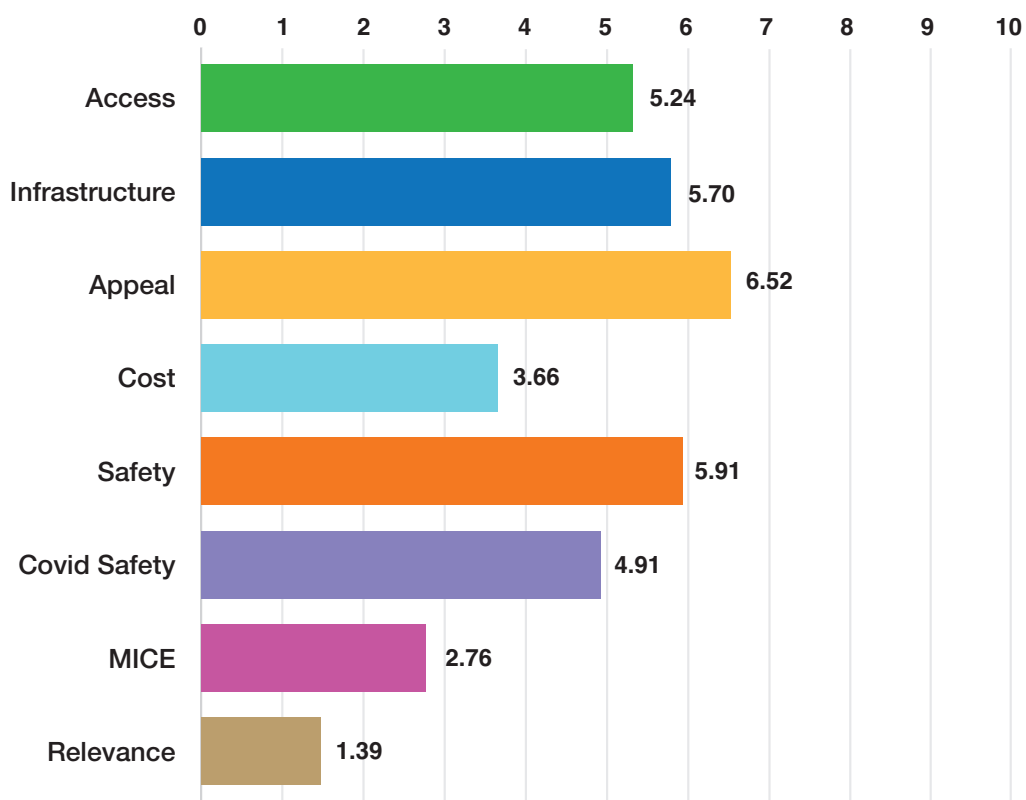


Figure 3: Criteria for destination selection post-pandemic

programs. 56% of corporations align with the host destination regarding what policies they put in place, while 44% insist that qualifiers must be vaccinated in order to participate.

One corporate planner, who has operated five incentive travel programs already in 2021, shared on a recent webinar how their corporate policy has led to smaller numbers traveling (participation was down by as much as 50% on one program) but has allowed for the programs to be delivered in the year of qualification. Her company, in the

Finance & Insurance sector, also offers cash bonuses to employees who get the vaccine.

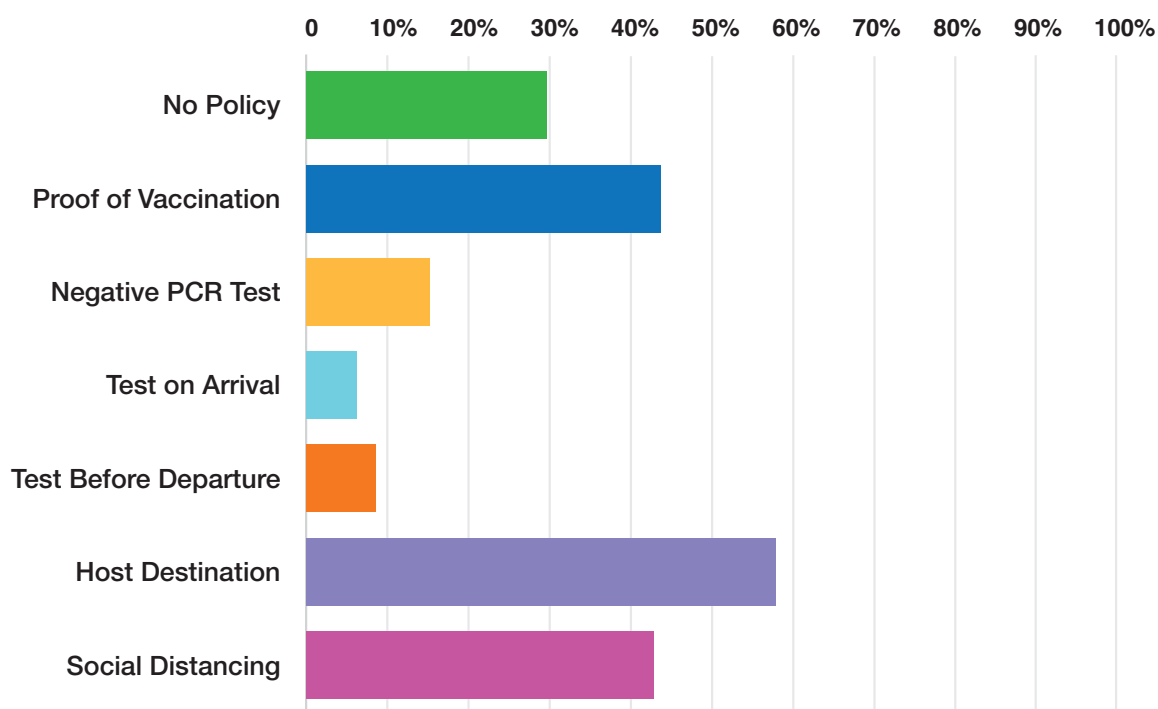


Figure 4: Measures adopted by corporations to mitigate Covid risk

2. RECOVERY AND RESUMPTION PUSHED INTO 2022

Edition 1 of Corporate inSITES revealed a sooner-than-expected recovery, with many companies reporting their intention to deliver domestic meetings and incentives in Q3 and Q4 of the current year, and international meetings and incentives in Q1 and Q2 2022.

Inevitably, given the advent of the delta variant, this resumption has been somewhat curtailed and has been pushed beyond Q3 and Q4 of 2021 into 2022 and beyond.

That said, respondents are still reporting some domestic corporate meeting programs for Q3 and Q4 of the present year and even some domestic incentives (especially for Q4). However, the overall

picture is for resumption to kick in in 2022, with some international incentives now pushing into 2023.

One challenge emerging as a result of this is the strong likelihood of congestion in 2022 – particularly in Q2 – as programs postponed from 2021 jostle for space with programs already booked for 2022. This may be seen in the unusually high incidence of international program activity currently slated for Q2 2022 (light blue in the chart below).

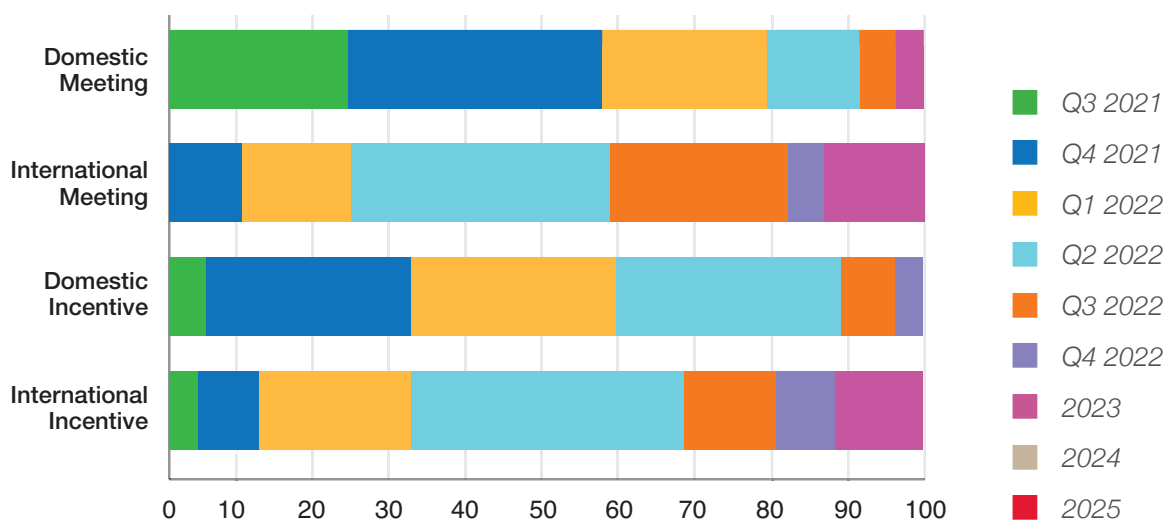


Figure 5: Operation of first post-pandemic program

3. NEW PRIORITIES FOR INCENTIVE TRAVEL CONTINUE TO EMERGE

We have already seen how *The Incentive Travel Industry Index* (September/October 2020) characterised Covid as a game-changer for incentive travel, with 86% of buyers stating that incentive travel would be either moderately changed (63%) or fundamentally different (23%).

(a) Concern over contracts down, sustainability and industry connections up

Corporate inSITES Edition 1 (April 2021) spotlighted what specifically these changes might be, calling out, in particular, contracts/risk management and generating a significant volume of verbatim comments on this topic in the survey.

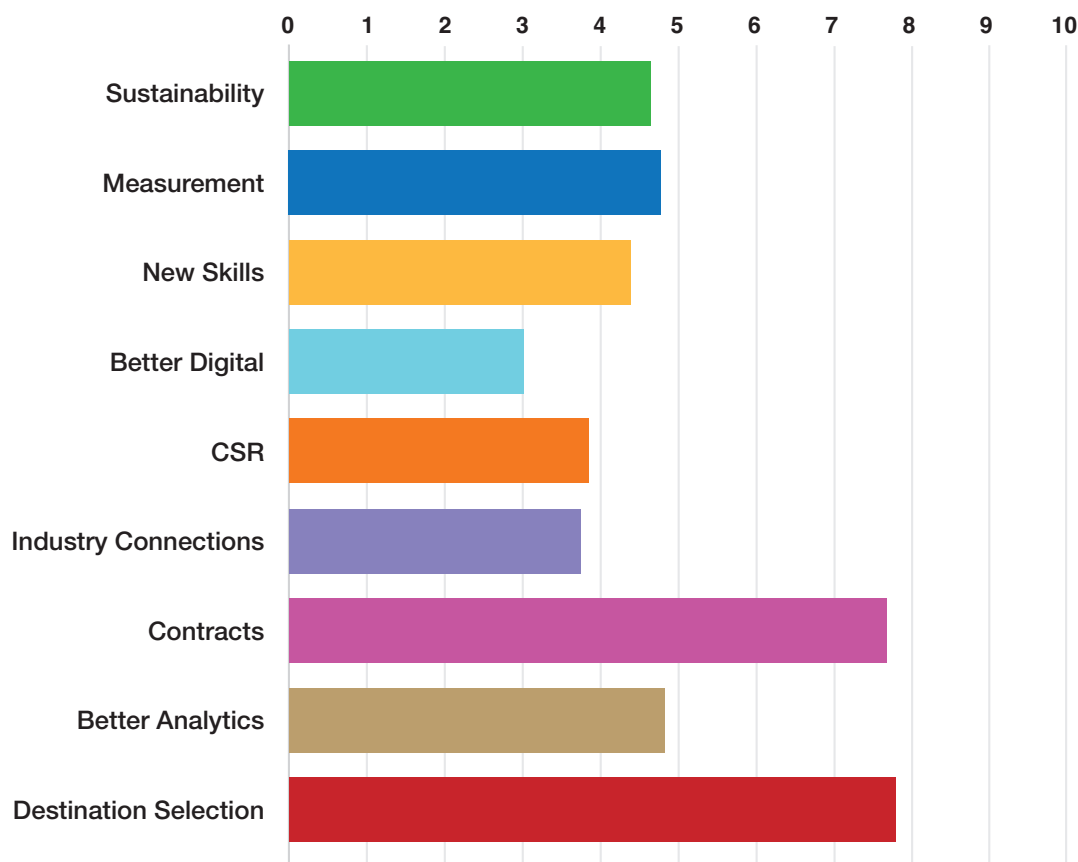


Figure 6: Key success factors for post-pandemic programs

There are some interesting additional narratives hidden in the chart above, particularly when we track changes in net scores from April to September. Although ranked second from the bottom, MICE support – the presence in a destination of great DMOs, DMCs, hotels, resorts, etc. – records a significant increase in net score when compared with April: rising from 1.7 to 2.8, or almost 40%.

This clearly indicates an increased level of confidence and trust placed in destination partners who, the pandemic has highlighted, are the destination experts *par excellence* and understand the exacting requirement of planners of incentive travel experiences.

(b) Changes in priority rankings for destination selection – appeal now back in top spot

SITE Foundation and other industry organizations have been using a similar list of criteria for destination selection for many years. This provides important historical perspective on changing priorities based on how the prevailing socio-political or economic winds are blowing.

This list includes the following considerations:

- Ease of access to the destination – air, sea, rail, road
- Presence of appropriate destination infrastructure - quality hotels, resorts, venues

- Overall destination appeal – nation brand, image, profile, awareness, weather, landscape, culture, etc.
- Affordability or value for money
- Safety/stability/security
- MICE infrastructure (availability of DMOs, DMCs and other supporting agencies)
- Destination relevance (connection with your corporation – e.g., affiliate office; IP, best practice, or knowledge connection: DEI, solidarity, sustainability, or other soft power connection) – NEW for Corporate inSITES Edition 2

This list can also include destination subvention, or financial supports, if association conferences, as opposed to corporate incentives, are being considered.

Historically, for incentive travel professionals, destination appeal has always been the highest-ranked criteria for destination selection, with infrastructure and value for money usually ranked at 2 and 3.

In Corporate inSITES Edition 1, we saw a significant change, with safety outranking destination appeal and deposing value for money as a top three criterion. Value for money or cost, in fact, dropped to sixth position behind appeal, safety, infrastructure, access and Covid safety.

Corporate inSITEs Edition 2 now ranks destination appeal in the top spot again (6.5), followed by safety (5.8) and infrastructure (5.6). While safety is still a top three criterion, this suggests a normalization of sentiment and hints at an underlying conviction that we are definitely and decisively on the road to recovery!

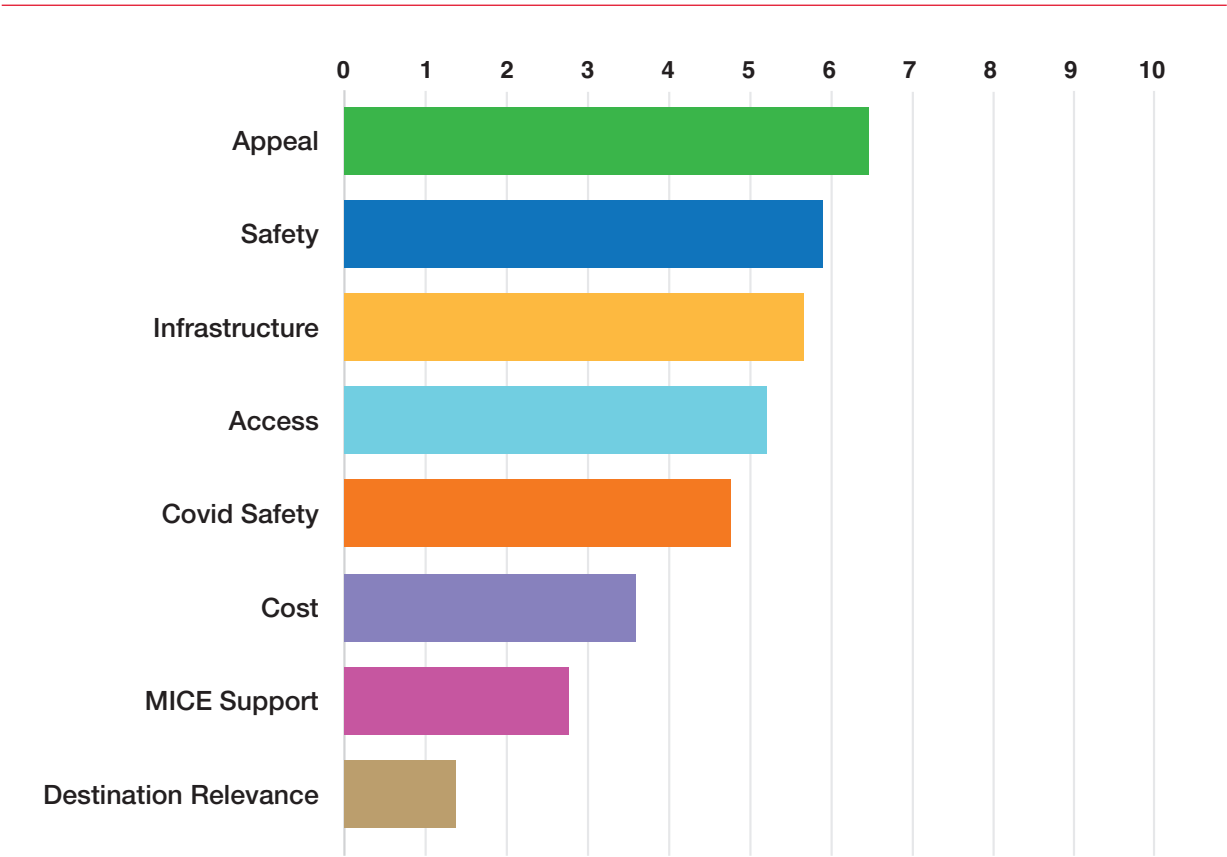


Figure 7: Criteria for destination selection post-pandemic

EXPERT VIEWPOINTS

SITE Foundation discussed the results of Corporate inSITEs Edition with two incentive travel professionals, Matt Coyne, President of Cantrav (Canada), and Kathy Roche, Director, Meeting Planning, Travel & Events, Western & Southern Financial Group.

Here are their expert viewpoints on topics such as recovery, vaccines, contracts and destination partners.

MATT COYNE ON RECOVERY



Matt Coyne
President, Cantrav

“I’m pleased to say that, indeed, RFPs are coming in and I think for us here in Canada, there was almost a direct correlation between when Canada reopened its borders on August 9th for US visitors and September 7th for international visitors and when we saw that definite uptick in RFP requests

We also saw interest in actual physical site inspections, so I’m pleased to say those RFPs are already converting to actual site inspections. Speaking to DMC counterparts, they’re seeing that same interest as well, but I think it really comes down to where each respective region is in their own challenges and struggles with the pandemic. Those destinations that handled the pandemic well and have re-opening strategies are indeed moving forward. There’s definite pent-up demand and corporations are actively looking at where they might be able to meet safely for their guests.”

KATHY ROCHE ON VACCINES



Kathy Roche,
Director, Meeting Planning,
Travel & Events, Western &
Southern Financial Group

“A lot of my colleagues were very optimistic and positive for 2021 but, due to the variant, those programs have now been cancelled. The biggest frustration for us as meeting planners is vaccinations: still a lot of our qualifiers/producers (I’m talking about in the financial and insurance industry) are refusing to get vaccines and don’t want to do Covid testing, so I think that’s a big challenge for us and is postponing and delaying our recovery.

But a lot of colleagues in my industry who were traveling internationally to Monaco, and the Bahamas, and places like that, are hoping to re-book for 2022 and beyond. I’m excited to report that we’re going to be looking at Canada in 2024, and hopefully 2025, but I would say that the biggest threat right now is that vaccination uptake.

We are mandating vaccinations at Western Southern. We’ve been back in the office now for four months and we just received \$1,000 bonuses from our CEO for being vaccinated so it’s a nice perk.

We are 70% vaccinated as a company. I know there are a lot of people, for many medical reasons, who cannot physically get the vaccine, but we are definitely mandating vaccinations and we all carry our vaccination cards.

We’re paying close attention, too, to what’s happening in our chosen destinations. In Colorado Springs, for instance, at the Broadmoor, we worked very closely with our Legal and HR and we had our medical doctor travel with us.”

MATT COYNE ON CONTRACTS



Matt Coyne
President, Cantrav

“At one stage in the pandemic, contracts for new opportunities almost came to a standstill because everyone was so focused on the immediate and the now. Fortunately, we’re now seeing that change and seeing again some willingness to sign contracts for the future but for the near term, for sure, there’s still some hesitancy.

With contracts, the issue is probably twofold: on the one hand, there’s the question of whether we will actually be able to meet, that degree of uncertainty around a regional restriction on gatherings that would actually prevent the opportunity for moving forward. On the other hand, there’s trying to understand what the risks are from a financial standpoint with cancellation policies, penalties, what may be nonrecoverable or recoverable costs.

Clients are willing to sign contracts but clauses need to be in place around Covid and regional restrictions. And then, of course, it all trickles down to the entire supplier ecosystem where I’m now not able to sign supplier contracts unless there are exit clauses recognizing the uncertainty that we are in. It’s a strange sort of tug-of-war where you’re trying to develop some certainty with a contract in a very uncertain time — but this applies short-term, to Q4 2021 and Q1 2022. It’s more business-as-usual when it comes to contracts for Q2 2022 and beyond.”

KATHY ROCHE ON DESTINATION PARTNERS



Kathy Roche,
Director, Meeting Planning,
Travel & Events, Western &
Southern Financial Group

“We have always relied on great partners, especially internationally, but with Covid, our domestic partners are becoming even more important. I have two amazing senior planners going to Florida now and they are evaluating five or six different DMCs because there’s so much great competition across the United States right now. We’re looking at a lot of our partners who may be based on the West Coast but are now opening offices on the East Coast or in the Midwest, and they’re becoming more and more critical to our success. For us, it’s not just about cost. It’s about sustainability, creativity, uniqueness. These things have become more important than ever before.”

