



SITE – INCENTIVE TRAVEL FACTBOOK 2007

Pan-European Report

The third Pan-European report by IMEX on incentive travel again considers the decision-making motives of programme planners, together with trends, opinions on issues confronting the sector in 2007, and a snapshot consideration of budgets. Conducted during December 2006 the poll focused on 400+ specialists representing 10 countries (a cross-section from the EU plus Russia), including a strong response from Germany, Holland, Italy, Spain, and the UK.

sample

As always with this particular research project, the sample engages respondents at the highest level – typical job titles include: director, owner, senior marketing manager, managing director, consultant, PCO, procurement director, and project leader. For more than half of those who replied their work in incentive travel accounts for 50% or more of their workload and in nearly a third of cases the proportion rises to 70%+. Approximate figures offered by respondents suggest that the share by value of incentive travel rewards as a percentage of the whole motivation market in their respective countries reaches at least 30% in Austria, France, Germany, Italy, Spain, and the UK. There has been no change in the dominance of international companies as the most frequent users of incentive travel in a given country, followed by larger national firms, and lastly the public sector. Perhaps significantly, a notable trend is the emphasis being placed on introducing incentive rewards to staff working in administrative roles and whose contribution to corporate profit might lie more in generating business ideas or suggesting cost-cutting and efficiency-boosting measures.

Core questions within the IMEX research consider the hierarchy of factors that influence decision-making. **Table 1** looks at the factors affecting the selection of a destination, with the results as follows:

	2007	2006	2005
<i>A fashionable or new destination/holiday type that gives winners something to boast about to friends</i>	1 st	3 rd	2 nd
<i>A safe and secure incentive travel experience which ensures that participants are not at risk</i>	2 nd	2 nd	1 st
<i>An expensive-sounding programme at a good-value price that allows for the maximum number of participants within the overall budget</i>	3 rd	1 st	4 th
<i>Ease of access so that winners are away the least time from work</i>	4 th	5 th	5 th
<i>An incentive travel experience that most accurately matches the educational background/lifestyle/status of the prize-winners</i>	5 th	4 th	3 rd
<i>An incentive travel programme that is really easy to organise and book</i>	6 th	6 th	6 th

(Note: 1st = most appealing; 2nd = next most appealing etc. Research conducted in each case at the end of the previous year).

It can be noted that there is a broad correspondence in the ranking over the three consecutive surveys. Currently there is a little more emphasis on the novelty factor, whilst with staff productivity issues in mind, also a rise in the importance of the factor of accessibility. Security concerns are never overlooked. A further factor reported by some respondents is a wish to out-do the incentive programmes offered by their corporate competitors for their personnel or dealers.

Table 2 examines the sequence of those factors that planners ‘think make an incentive most memorable, and motivating, to prize-winners’, with the results as follows:

	2007	2006	2005
<i>The perception that the experience is unique/ a privilege/difficult for others to book</i>	1 st	1 st	1 st
<i>The creativity of the programme that really catches the imagination</i>	2 nd	2 nd	2 nd
<i>The perception that the experience would have cost a great deal to buy</i>	3 rd	3 rd	3 rd
<i>The degree to which the programme appeals to a partner/other members of the family who are included</i>	4 th	5 th	5 th
<i>The opportunity for incentive prize-winners to choose some or all of the programme, and to personalise their experience</i>	5 th	4 th	4 th
<i>The degree to which winners have been consulted about the kind of incentive travel prize that would best match their lifestyle and interests</i>	6 th	6 th	6 th

(Note: 1st = most appealing; 2nd = next most appealing etc. Research conducted in each case at the end of the previous year).

It can be noted, remarkably, that for three consecutive polls there has been no change in emphasis within the top three factors, and only one change overall. One buyer summed up the top two considerations as being the ‘wow factor’.

Table 3 approaches the theme of ‘what types of incentive travel programme appeal most to prize-winners’, and in what sequence. For the first time an eighth choice has been added, namely, the option of a good cause/community support project. The results are as follows:

	2007	2006	2005
<i>A cultural city break</i>	1 st	1 st	3 rd
<i>A sightseeing/travelling about programme</i>	2 nd	2 nd	1 st
<i>A romantic resort/island destination</i>	3 rd	7 th	2 nd
<i>A sports/adventure holiday</i>	4 th	3 rd	4 th
<i>A spa/health/holistic experience</i>	5 th	4 th	6 th
<i>An eco/wildlife incentive</i>	6 th	6 th	7 th
<i>A cruise</i>	7 th	5 th	5 th
<i>A good cause/community support project</i>	8 th	-	-

(Note: 1st = most appealing; 2nd = next most appealing etc. Research conducted in each case at the end of the previous year).

In general terms the main points are: the continued importance of cultural city breaks (perhaps relatively inexpensive to arrange, and possibly also involving short travelling times?); the extra emphasis on romantic programmes (suited to younger executives?); plus the apparent absence yet of support for ‘good cause’ projects, nor a rise in this research in the status of environment-focused travel awards.

budgets

Comparable figures for incentive travel budgets, year on year, should be taken as a guide, not a definitive statement, because organisers in each market will be using contrasting airlines, hotels and destinations. That said, the typical cost of a four-day programme appears to have remained steady at 1,500 USD, excluding travel – whilst that for six/seven day programmes is now averaging around 2200 USD, also excluding travel.

From verbatim comments about trends it appears that a general squeeze on costs continues, and will continue into 2007. Respondents report: ‘Higher cost control in the coming year will affect everyone in the delivery chain as clients seek more value for less’; ‘fewer winners but better programmes’; ‘shorter travel, shorter duration,

less planned activity'; plus a 'likely increase in the proportion of meetcentives taking place'. These slightly cautious views are reflected in expenditure forecasts for the year ahead which tend to focus on 'tighter budgets; (UK); 'reduced confidence' (Italy); and a 'possibly difficult year, with 2008 likely to be better' (Germany). Constant and widespread criticism is directed towards governments for doing nothing to help the incentive sector (e.g. Germany, Holland, Italy, Spain, UK). Two more generally identified trends to watch involve avoiding 'been there, done it' destinations, and placing more emphasis on 'participant-tailored programmes'. Locations linked by direct flights are felt most likely to do well.

meetcentives

No doubt prompted by a wish to minimise the tax implications of 'pure' incentives, many organisers note the growing importance of meetcentives, a reward trip that incorporates an element of work such as training, team-building, consultancy, or round-table discussion. Such 'official' time can be as little as a half-day within a four-day break, a German specialist admits, but the concept is nevertheless admired for the additional productivity it represents. Unsurprisingly nearly two-thirds (63%) of respondents envisage future growth in the popularity of this hybrid event, whilst acknowledging that 'for appearances, these are more likely to be staged in cities, not resorts'.

Table 4 identifies the ranking of factors said to influence the planning of meetcentives, as follows:

	All replies	Spain	UK	Ger	Hol	Russia
<i>To make sure the event has some productivity benefit and is not simply 'lost' working time</i>	1 st	4 th =	1 st	2 nd =	1 st	1 st
<i>To make the event more tax-efficient</i>	2 nd	2 nd	3 rd	1 st	3 rd	4 th
<i>To reflect the company philosophy that meetings and/or training courses are more effective if an element of reward is incorporated</i>	3 rd	1 st	5 th	2 nd =	2 nd	3 rd
<i>To meet the criteria of the senior management who are not fully convinced that 'pure pleasure' incentives are appropriate, or necessary</i>	4 th	3 rd	2 nd	5 th	4 th	2 nd
<i>To enhance the image of the event in the eyes of non-participating staff</i>	5 th	4 th =	4 th	4 th	6 th	5 th
<i>To satisfy participants who would feel guilty if no work took place</i>	6 th	6 th	6 th	6 th	5 th	6 th

(Note: 1st = most important; 2nd = next most important etc. Research conducted at the end of the previous year)

The contrasting emphases within each country tend to be relatively minor, but future IMEX research will seek to note trends and possible increasing differences in the reflected values. Not surprisingly there was a similarly widespread consensus that incentive travel ROI matters more. An evolving sophistication in such evaluation is apparent, with cited methods including: 'use of balanced score models to assess outcomes' (Germany); 'use of management information systems to quantify performance data' (UK); and 'direct comparison between the sales productivity of winners v non-participants' (UK). Others track 'the volume of future sales' (Russia); 'repeat business' (Italy); and 'the winning of new clients' (Austria). One UK respondent stressed how difficult it is to measure soft values such as 'morale in the sales team, or staff feelings towards the company'.

sustainability

Finally, the poll again sought opinions on the possible relevance, or otherwise, of the wider industry issues of 'sustainability and the environment'; 'social responsibility and host community issues'; and 'multi-cultural concerns'. Proportions mentioning these themes 12 months ago were respectively 33%, 27%, and 20%, with equivalent proportions now of 40%, 25%, and 26%.

Within the green topic buyers report looking more carefully 'for environmental credentials amongst suppliers' (UK); 'more emphasis on African destinations' (Italy); and 'particular concerns for companies in selected sectors such as cars, chemicals and energy' (Spain). Reported socially responsible initiatives have included 'helping a children's home in South Africa'.

Recent media emphasis on climate change has tended to polarise opinion between those who feel it will have little discernible influence on their decision-making 'no, it will always be seen as the next guy's problem' (UK); to those who think 'increased weather-awareness is here to stay and will work to exclude certain at-risk destinations' (Germany). The consensus, however, is that as companies and individuals become more sensitive to global warming, then so will the incentive travel programmes that they prefer – 'it should be good news for cities and resorts easily accessible by high-speed trains' is a characteristic reference.

To sum up: 2007 is likely to see more programmes but for smaller numbers; tight budgets; an increased likelihood of a work element within the schedule; and a heightened green awareness that possibly will affect the mode and distance of travel as well as favouring those venues and destinations seen to be the most environmentally responsible. Values within the incentive sector across Europe may be about to change dramatically.

- Ends.

Further IMEX research can be found online at:

<http://www.imex-frankfurt.com/dataexchange.aspx>