

Incentive travel trends: pre-IMEX 'snapshot' poll

Incentive travel specialists in more than 20 countries across Europe have identified market trends in a pre-IMEX 'snapshot' poll.

The most commonly reported are that prize trips are of shorter duration, often involving fewer winners, and typically concentrating on short-haul destinations, and a maximum of a two-hour flight is frequently mentioned. Increasingly these programmes involve less pre-organised activity. The perceived safety and security of the proposed destination(s) remains of paramount importance.

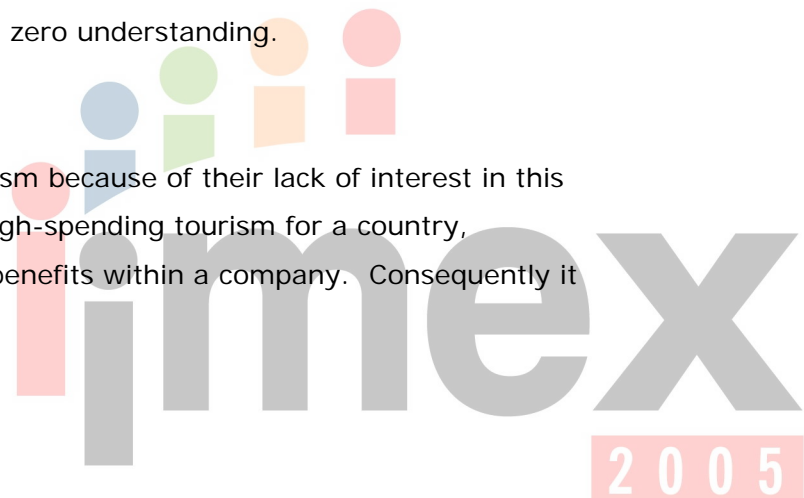
negotiation skills

Decision-making is later, budgets are being stretched further, competition between agencies seeking contracts is fiercer, and yet there is still an expectation that the quality and creativity of programmes should not suffer. This calls for enhanced negotiation skills, the more focused timing of trips to coincide with quiet weeks in hotels, and off-peak travel on airlines to secure discounts. As one agency puts it 'companies still ask for the moon but do not want to pay for it', and they have learned to 'shop around'. Some agencies express doubt that there is sufficient per capita budget any longer to cover a 'really decent incentive', and that their offers, whilst impressive, are no longer 'mega-luxurious' in content.

Professionals in the industry fully understand the essential truth that incentives are intended to be self-financing because winners manifestly have increased either their sales, or their productivity, but there are doubts whether this is yet appreciated by all staff within client companies. Agencies therefore report that they need to educate such personnel, often having to start from zero understanding.

lack of interest

Governments come in for increasing criticism because of their lack of interest in this sector, despite its record for generating high-spending tourism for a country, together with performance improvement benefits within a company. Consequently it



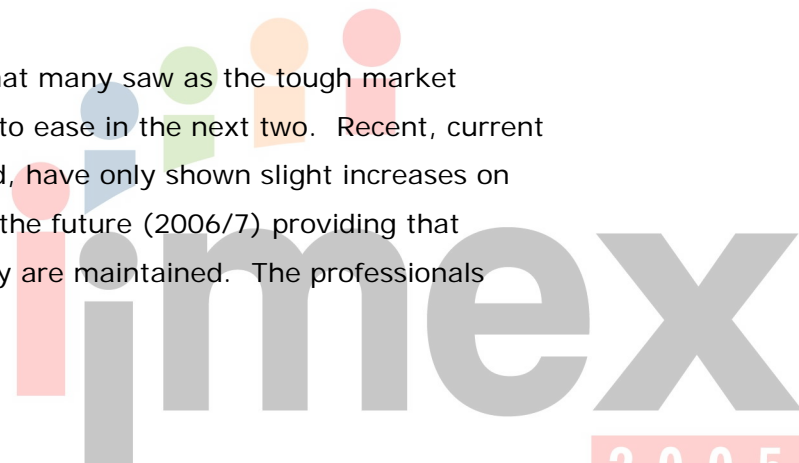
is not uncommon for winners to have tax to pay, and there are those in countries with high levels of VAT who regret this 'extra cost' when planning to stage domestic rather than overseas events. There is a view that fuel surcharges of up to 10% on long-haul flights have not helped more exotic destinations. Given these and other constraining circumstances it is not surprising that many buyers and agencies report that they get around the rules by staging an incentive that incorporates a recognisable element of working activity (e.g. meeting, training course, or factory visit), or alternatively organise meetings with a disproportionately attractive social programme. Such factors explain a tendency to choose city centre and/or cultural destinations over more obviously laid-back and holiday-styled resort venues.

incentive favourites

For the traditional, no-strings-attached type of incentive trip the hierarchy of favourites appears to change little over the years. The main preference (according to European organisers) is for the holiday that combines sightseeing with travelling; followed by a romantic resort or island ... a cultural break ... a sports/activity holiday ... a cruise ... and then a spa/holistic/health experience. Whilst the idea of the single purpose eco- holiday is not yet popular, organisers increasingly admit to including some environmental dimension within their programme(s). This may be a counter to the growing view that the hedonism and extravagance that are inherent in the idea of incentive travel may not sit comfortably with more ethically-aware global companies, or the political sensitivities of a disadvantaged host community or country. Also becoming more talked about are incentives that feature extreme sports, with these appealing particularly to younger groups. It is possible that this is a sub-conscious response to the global issues of recent years, and that the idea of thrill-based adventures has taken hold. Another emerging vision is that incentive winners no longer want to be seen just as tourists, but instead want to become more thoroughly integrated into the social and cultural life of the destination.

guarded optimism

Finally, there is guarded optimism that what many saw as the tough market conditions of the last two years are going to ease in the next two. Recent, current and forecast levels of budget, and demand, have only shown slight increases on previous totals, but there is confidence in the future (2006/7) providing that standards of creativity and levels of quality are maintained. The professionals



acknowledge that favourable economic circumstances matter, but that what also counts is the originality and cost-effectiveness of the programmes that they put forward. Innovation-minded incentive travel agencies say that they rarely have much to be pessimistic about!

Ends

