

Incentive Travel Industry Index 2019

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

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 three years (i.e., 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 survey

The survey was aimed at incentive travel professionals all over the world and was available in English and Spanish, customized for five distinct incentive travel personas:

1. Incentive Travel end-user (e.g., corporate buyer)
2. Incentive Travel agency (e.g., incentive house, third party planner, independent planner or other intermediary)
3. Destination Management Company (e.g., DMC coordinating local implementation)
4. Supplier to the incentive market (e.g., hotels, cruise lines, venues, transportation companies, AV companies, Décor companies)
5. Destination Marketing Organizations (e.g., DMO or convention & visitors bureau)

EXECUTIVE SUMMARY

Buyers

- Incentive travel end-user
- Incentive travel agency

Sellers

- Destination management companies (DMC)
- Suppliers (hotels, cruise lines, venues)
- Destination marketing organizations (DMOs)



2,637

Total survey respondents



1,306

Complete survey responses



29%

Increase in respondents compared to 2018 study



100+ countries

Represented by survey respondents

EXECUTIVE SUMMARY

Industry growth trends



Increasing program participation globally is expected to grow at an average rate of nearly 3% from 2020 to 2022.



In all regions, buyers believe budgets will increase over the next three years. Spending per person is predicted to increase by roughly 2%.



Largest buyer budget growth by 2022 is anticipated in Latin America and Asia Pacific.



Expected average hotel spending will increase by 35%, while airfare is expected to increase by 22%.



Wellness and corporate social responsibility are expected to increase by a combined 35%.



Mandated events and competitive sports are predicted to decline by 28%.

Benefits of incentive travel



While hard dollar outcomes remained primary for buyer end-users and agencies, soft power objectives were clearly climbing in the rankings.



Four of the six top benefits relate to soft power rather than hard dollars and include “improved engagement” and “better relationship building.”



In making the case for incentive travel, organizers report the most success demonstrating effects on participants and return on objectives, in addition to measures of ROI (return on investment).

EXECUTIVE SUMMARY

Budgets & spending



Spending per person for buyers and sellers has remained steady in recent years.



Hotel and hotel related spend (i.e., food & beverage) have increased, both in absolute revenue terms, and as a percentage of the overall available budget.



On average, respondent buyers in retail spend the most per person. Logistics and transportation and automotive parts and services follow closely.



Sellers compete by delivering “one of a kind” experiences, which was the most valued component of program competition.



DMCs anticipate trend toward disintermediation will continue.



DMOs are expecting to see the largest increase in RFP volumes. Suppliers predict slow but steady growth.

Destination & partner selection



Reputation is the key factor influencing clients' choices of partner-suppliers, showing the importance of person-to-person transactions and handshakes when conducting business.



Outward business aspects, such as creativity and trust, are more popular to respondents than monetary figures such as value or financial stability.



Infrastructure, safety, and appeal are the top destination criteria.



Prior experience is the top influential factor when selecting a new destination, meaning that personal connections within the industry are vital.



DMOs aren't being connected to buyers quickly enough in the destination selection process.

EXECUTIVE SUMMARY

Program design & inclusions



Experiencing the destination and building relationships through meals remain top rated items for successful incentive travel programs.



Buyers and suppliers selected group experiences and team-building activities as the most important activities for a successful incentive travel program, further supporting relationship building and improved engagement as important benefits of incentive travel.



Increasing interest in destinations outside of each region is demonstrated in planned future use for 2021 and 2022.



Though longer travel time incur greater costs, buyers believe that for lengthier trips travelers should stay longer at their destinations.

INTRODUCTION

A SURVEY TO UNDERSTAND INCENTIVE TRAVEL

Introduction

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For the next three years, (i.e., 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.

Online / mobile survey (July to August 2019)

INCENTIVE TRAVEL INDUSTRY INDEX
Powered by SITE Index, IRF Outlook and FICP
In Association with Oxford Economics

JOINT INCENTIVE TRAVEL INDUSTRY INDEX SURVEY

0% 25% 50% 75% 100%

VD1. Destinations used
Which destinations did your team use or plan to use for incentive travel programs that are occurring this year (2019)?
Please indicate your response for each destination.

	Did not use	Used infrequently	Used frequently
Southeast Asia (e.g., Indonesia, Thailand, Vietnam)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
South Asia (e.g., India)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Northeast Asia (e.g., China, Japan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Oceania (e.g., Australia, New Zealand)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
United States (including Hawaii)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Canada	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mexico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Caribbean (including Puerto Rico)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A SURVEY TO UNDERSTAND INCENTIVE TRAVEL

The survey

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1. Incentive Travel end-user (e.g., corporate buyer)
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5. Destination Marketing Organizations (e.g., DMO or convention & visitors bureau)

While five 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
- Budgets
- Program design
- Destination and supplier-partner selection

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

End users and incentive houses, 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.

A SURVEY TO UNDERSTAND INCENTIVE TRAVEL

Distribution

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

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 three organizations 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, DMC, 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.

Respondents identified 15 different industry sectors with which they worked (including “other”) but the top five industry sectors by the percentage of respondents who worked with them were: Financial & Insurance 46%, Pharmaceutical 30%, Automotive 30%, ICT 28% and Manufacturing 14%. Sectors such as Direct Selling, Retail, Hospitality, Luxury Good were mentioned by 12% or fewer of the respondents.

SURVEY DEMOGRAPHICS

A SURVEY TO UNDERSTAND INCENTIVE TRAVEL

Buyers

- Incentive travel end-user
- Incentive travel agency

Sellers

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- Suppliers (hotels, cruise lines, venues)
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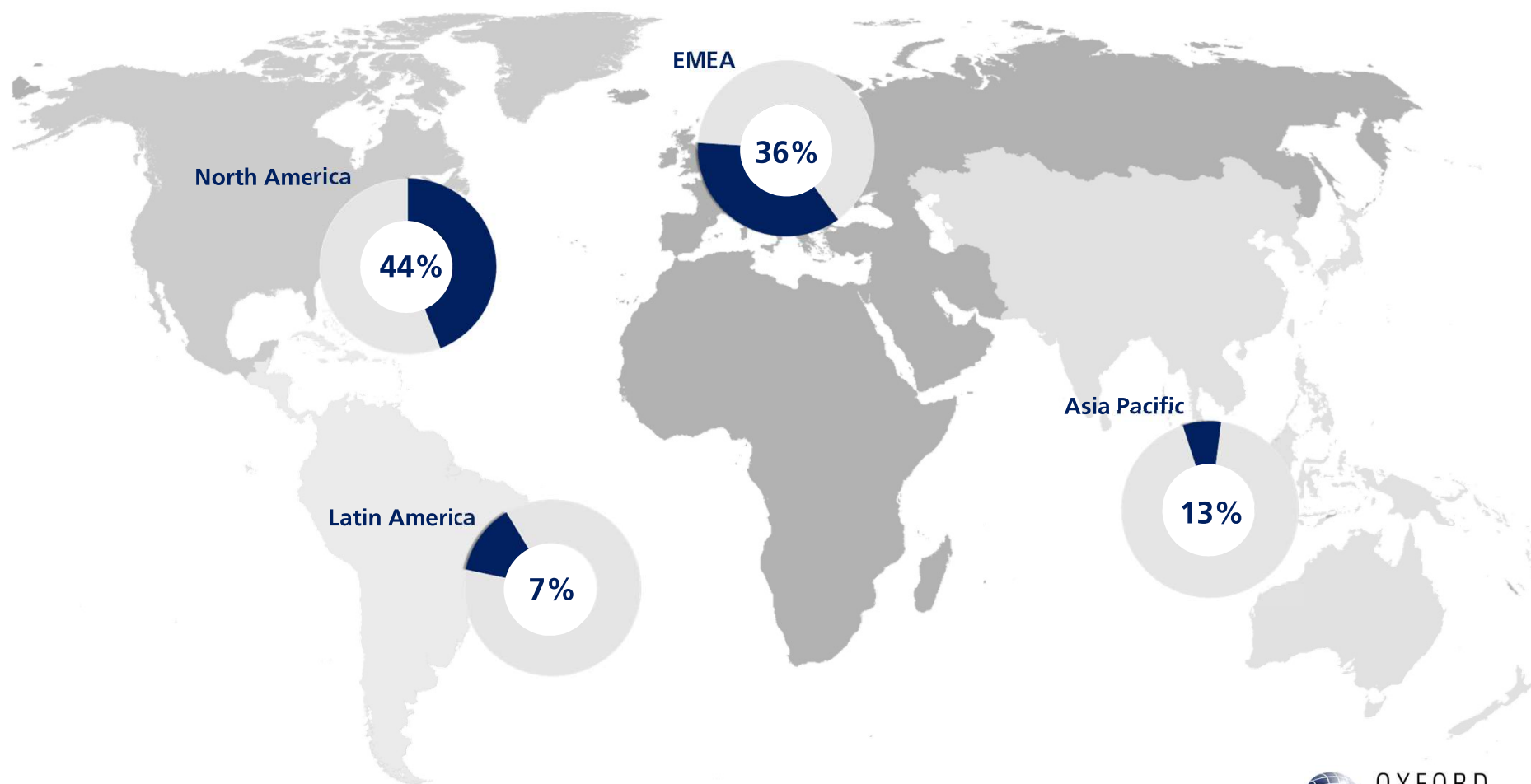
Increase in respondents compared to 2018 study



100+ countries

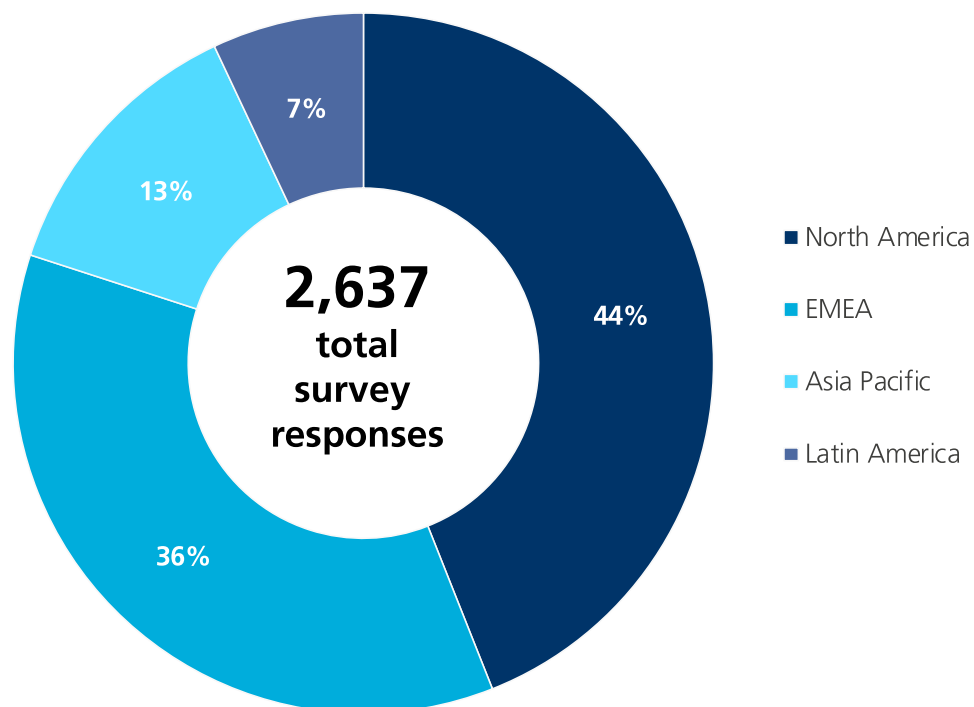
Represented by survey respondents

PERCENT OF SURVEY RESPONSES BY REGION



SURVEY RESPONSE RATES BY REGION

13. In which country is the organization for which you work based?



Response base: Buyers, suppliers, DMCs, DMOs, n=2,637

SURVEY RESPONSE RATES BY REGION

13. In which country is the organization for which you work based?

Selected global regions shown

Region	Country	Response rate per region	Total responses
North America	United States	79%	913
	Canada	13%	152
	Mexico	8%	88
EMEA	United Kingdom	15%	137
	Germany	11%	99
	Ireland	9%	82
	Spain	7%	62
	Italy	6%	56
Asia Pacific	India	19%	72
	China	17%	66
	Singapore	12%	48
	Thailand	12%	47
	Indonesia	6%	25
Latin America	Argentina	26%	49
	Brazil	17%	32
	Dominican Republic	8%	15
	Puerto Rico	8%	15
	Colombia	7%	13

Response base: North America, n=1153; EMEA, n=911; Asia Pacific, n=387; Latin America, n=186

Top country responses by region

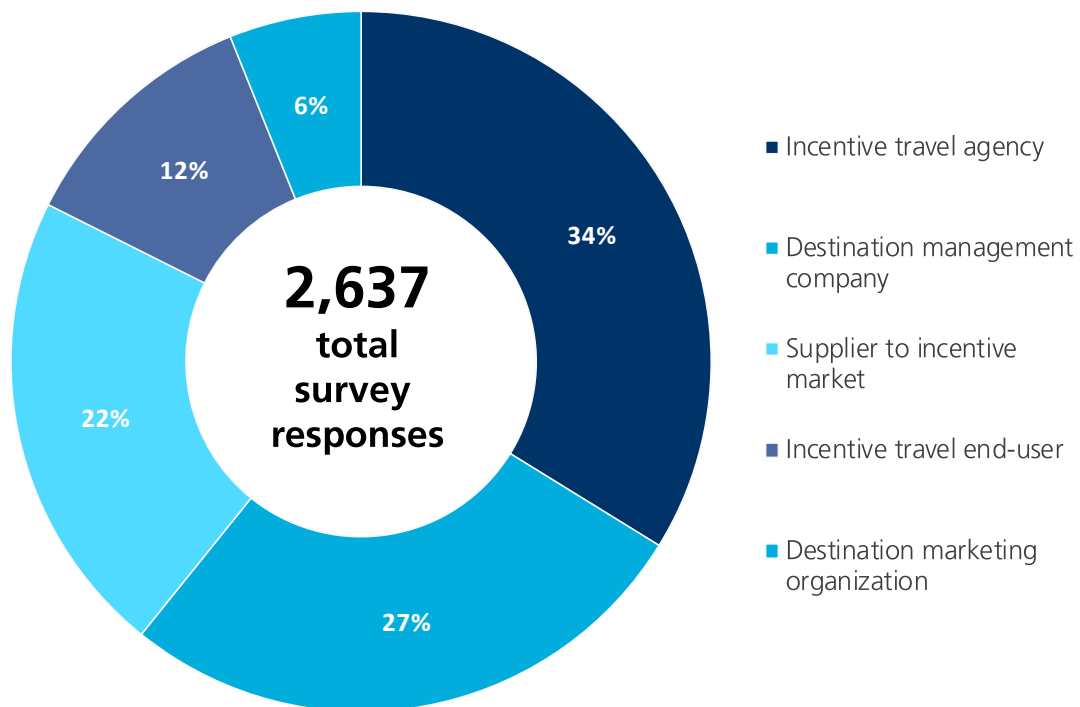
Each response rate describes the percent of responses per region.

The United States carried nearly 80 percent of the North American response, representing the highest rate of any region.

The survey was administered in Spanish for 7% of respondents.

SURVEY RESPONSE COUNTS BY ROLE

11. Please select the role that best describes your involvement in incentive travel



Response base: Buyers, suppliers, DMCs, DMOs, n=2,637

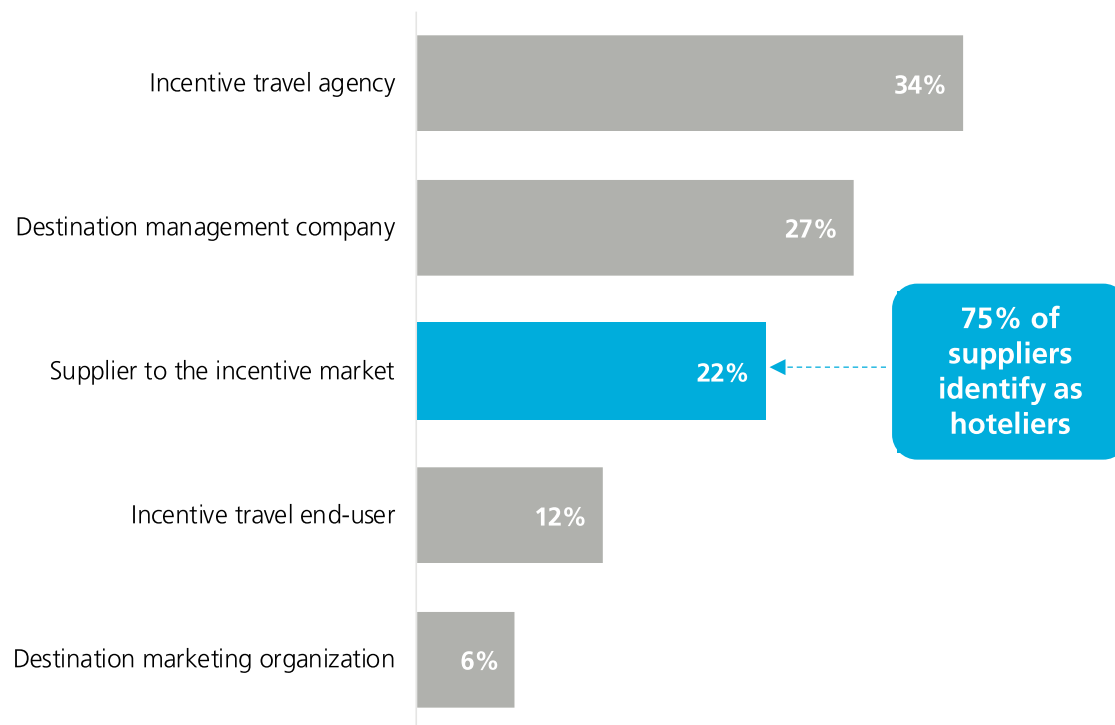
Incentive travel industry response survey count

Industry response numbers were diverse:

- Incentive travel agencies (891)
- Destination management companies (713)
- Suppliers (569)
- Incentive travel end-users (304)
- Destination marketing organizations (160)

SURVEY RESPONSE COUNTS BY ROLE

11. Please select the role that best describes your involvement in incentive travel



Response base: Buyers, suppliers, DMCs, DMOs, n=2,637

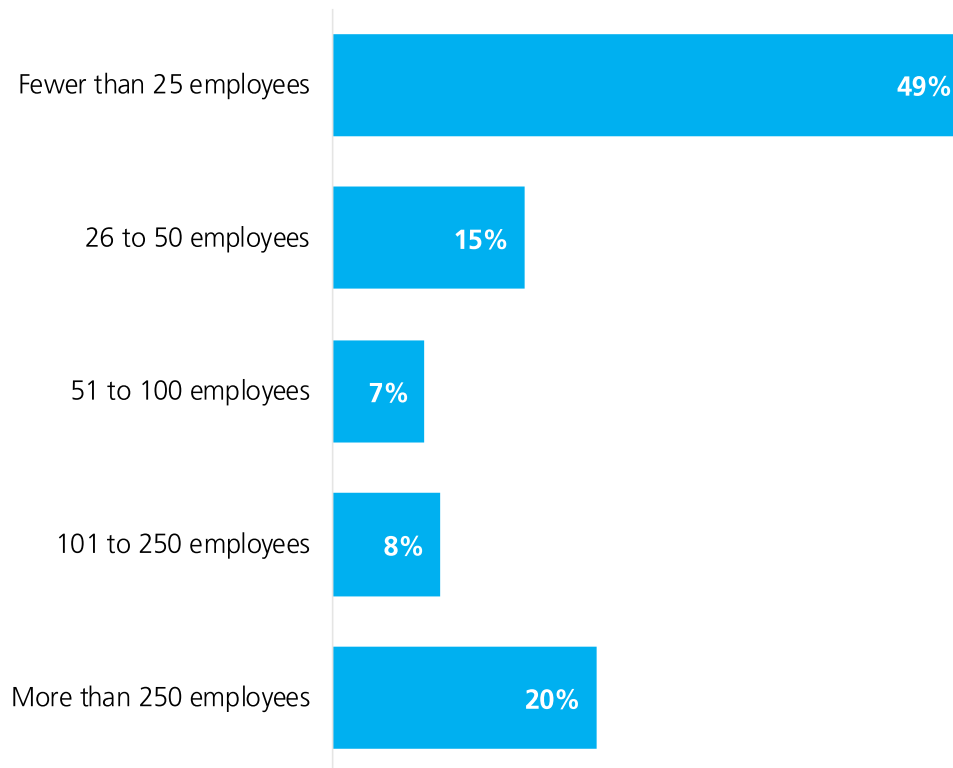
Incentive travel industry response counts by role

Industry response numbers were diverse:

- Incentive travel agencies (891)
- Destination management companies (713)
- Suppliers (569)
- Incentive travel end-users (304)
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SIZE OF INCENTIVE AGENCIES

I4a. Which of the following best describes the size of your company?



Response base: Buyers, n=866

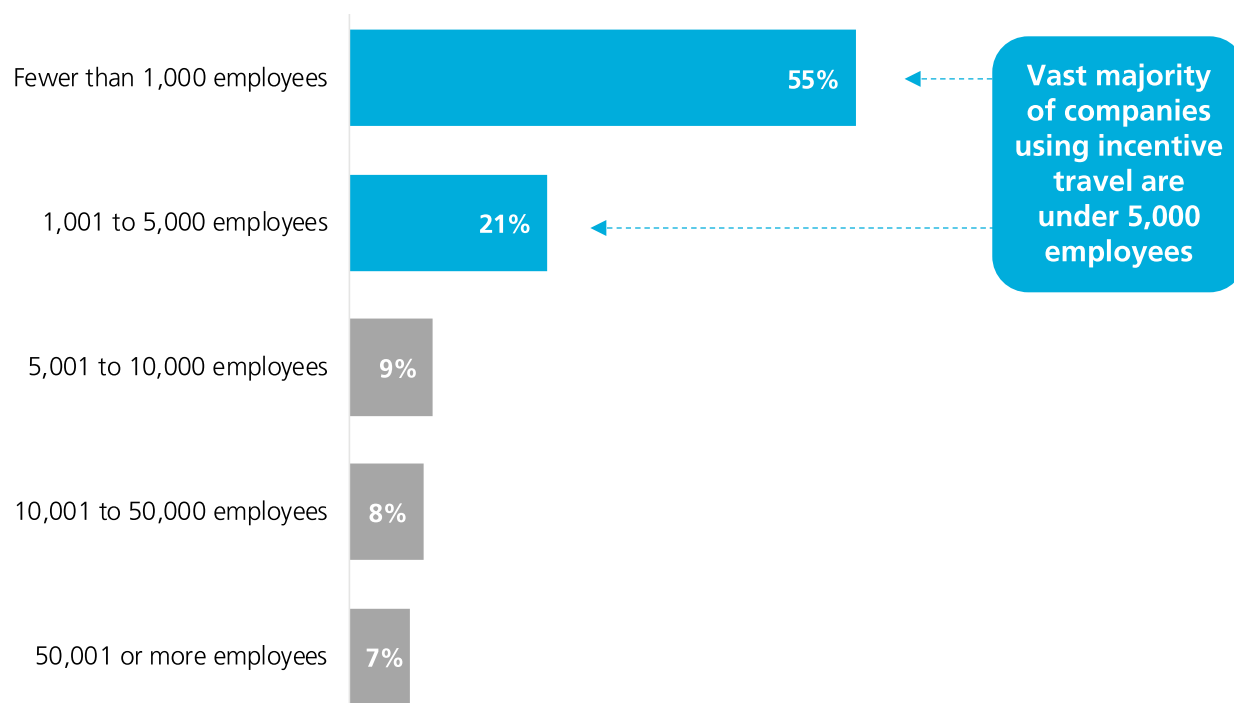
Most incentive agencies employ less than 50 workers

Incentive agencies differed in size, with more than half employing less than 50 workers and 20% employing more than 250 workers.

This variation in agency structure led to a diverse survey response from buyers.

SIZE OF PARENT COMPANIES USING INCENTIVE PROGRAMS

14. Which of the following best describes the size of the company for which your team is organizing incentive travel programs (i.e., the size of the parent company, all employees)? Incentive travel agencies should answer from the perspective of their typical client companies.



Response base: Buyers, n=1,168

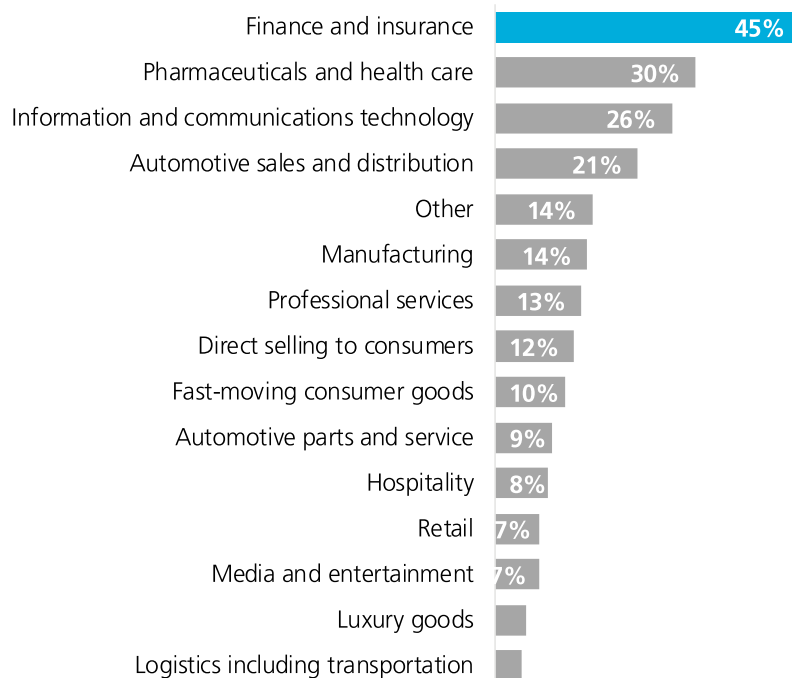
Most companies using incentive travel employ less than 5,000 workers

Parent companies under contract with buyers tend to have fewer than 5,000 employees.

Nearly 25% of parent companies involved in incentive travel have more than 5,000 employees.

INDUSTRIES FOR WHICH RESPONDENTS ORGANIZE INCENTIVE TRAVEL

15. Which of the following best describes the industry for which your team is organizing incentive travel programs (i.e., the industry of the company or business units using incentive travel)? Incentive travel agencies should indicate the client industry they work with most frequently.



Response base: Buyers, n=1,099

Nearly half of respondent participation comes from finance and insurance

Most industry respondents were from finance and insurance

Finance and insurance led the pack, but healthcare, IT, and sales followed closely behind.

"Other" consisted of written answers, including:

Construction	2%
Agriculture	1%
Education	1%
Energy	1%
Food service	1%
Real estate	<1%

INDUSTRY GROWTH TRENDS

INDUSTRY GROWTH TRENDS

Over the next few years, the incentive industry will continue to adapt itself to changing global demand. Spending will evolve with changing market prices for buyers and suppliers.



Increasing program participation globally is expected to grow at an average rate of nearly 3% from 2020 to 2022.



Expected average hotel spending will increase by 35%, while airfare is expected to increase by 22%.



In all regions, buyers believe budgets will increase over the next three years. Spending per person is predicted to increase by roughly 2%.



Wellness and corporate social responsibility are expected to increase by a combined 35%.



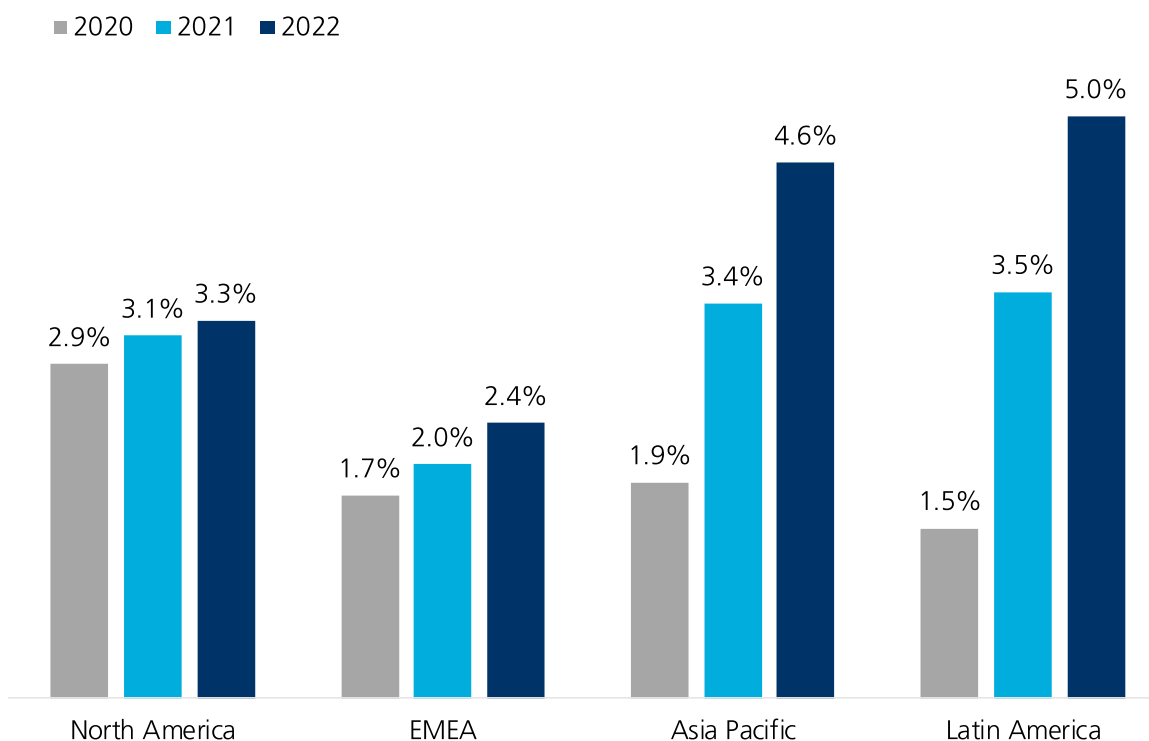
Largest buyer budget growth by 2022 is anticipated in Latin America (11%), and in Asia Pacific (7%). EMEA remains hopeful of stability, envisioning only a 3% increase by 2022.



Mandated events and competitive sports are predicted to decline by 28%.

FORECAST GROWTH IN PARTICIPANTS

The number of people participating in travel programs will increase globally



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

Response base: Buyers in North America, n=429; EMEA, n=224; Asia Pacific, n=76; Latin America, n=45

ITII 2019, unlike previous versions of the study, 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.

Number of people participating in travel programs will increase globally.

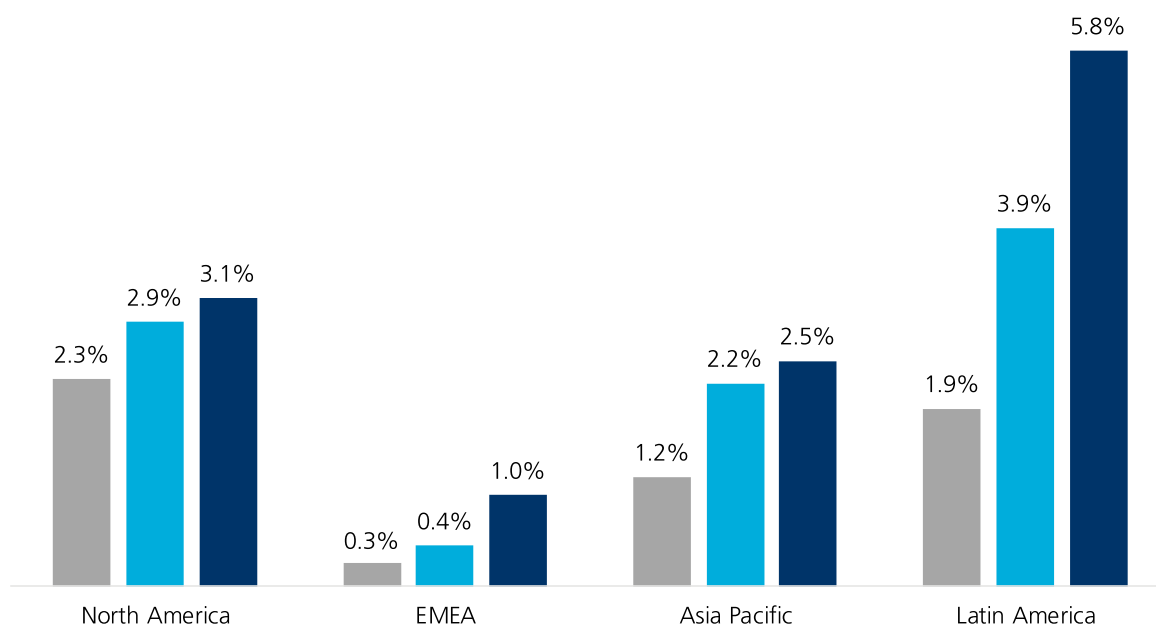
Latin America anticipates an average growth of 3% per year, with Asia Pacific following closely behind.

EMEA and North America also expect gains in the number of participants, but at a slower rate.

FORECAST GROWTH IN AVERAGE SPENDING

Future spending per person varies across regions

■ 2020 ■ 2021 ■ 2022



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

Response base: Buyers in North America, n=423; EMEA, n=220; Asia Pacific, n=76; Latin America, n=44

ITII 2019, unlike previous versions of the study, 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.

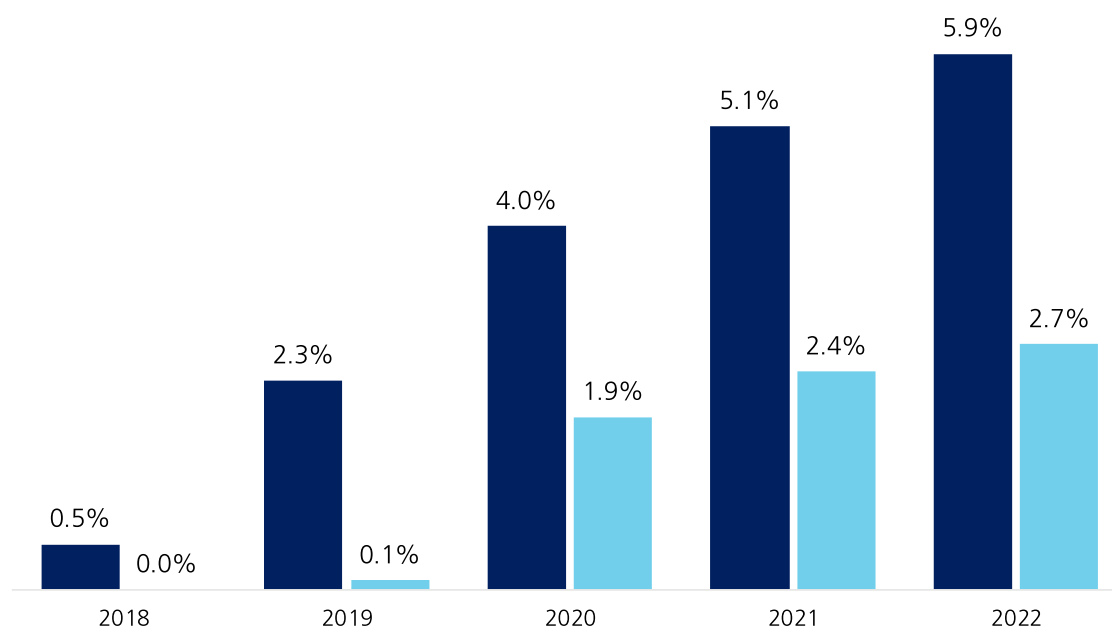
Future spending per person varies across regions.

Latin America foresees the fastest increases in spending per person. EMEA spending per person remains stable, while North America and Asia Pacific expect modest increases.

FORECAST GROWTH IN BUDGETS

Both buyers and sellers anticipate program budgets to increase through 2022

■ Buyers ■ Sellers



Overall budgets of both buyers and sellers are expected to steadily increase through 2022.

Anticipated budget growth of buyers is based on increased spending per person and participant numbers.

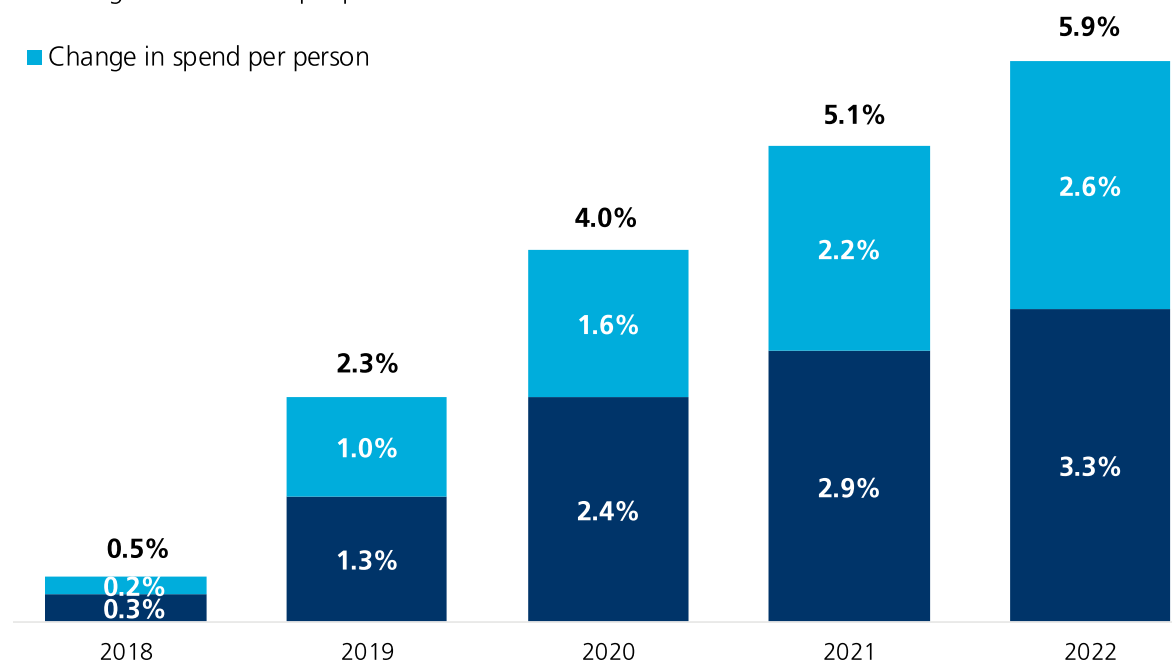
G3 and G4: How has the number of people (qualifiers, guests and other participants) and spending per person (total program cost divided by number of people, including qualifiers and guests in the count of people) in your team's incentive travel programs changed recently? G7 for sellers.

Response base: Buyers n=1,195; sellers n=1,442

FORECAST GROWTH IN BUDGETS

Expectations of budget growth reflect increased numbers of people and increased spending per person (buyers)

- Change in number of people
- Change in spend per person



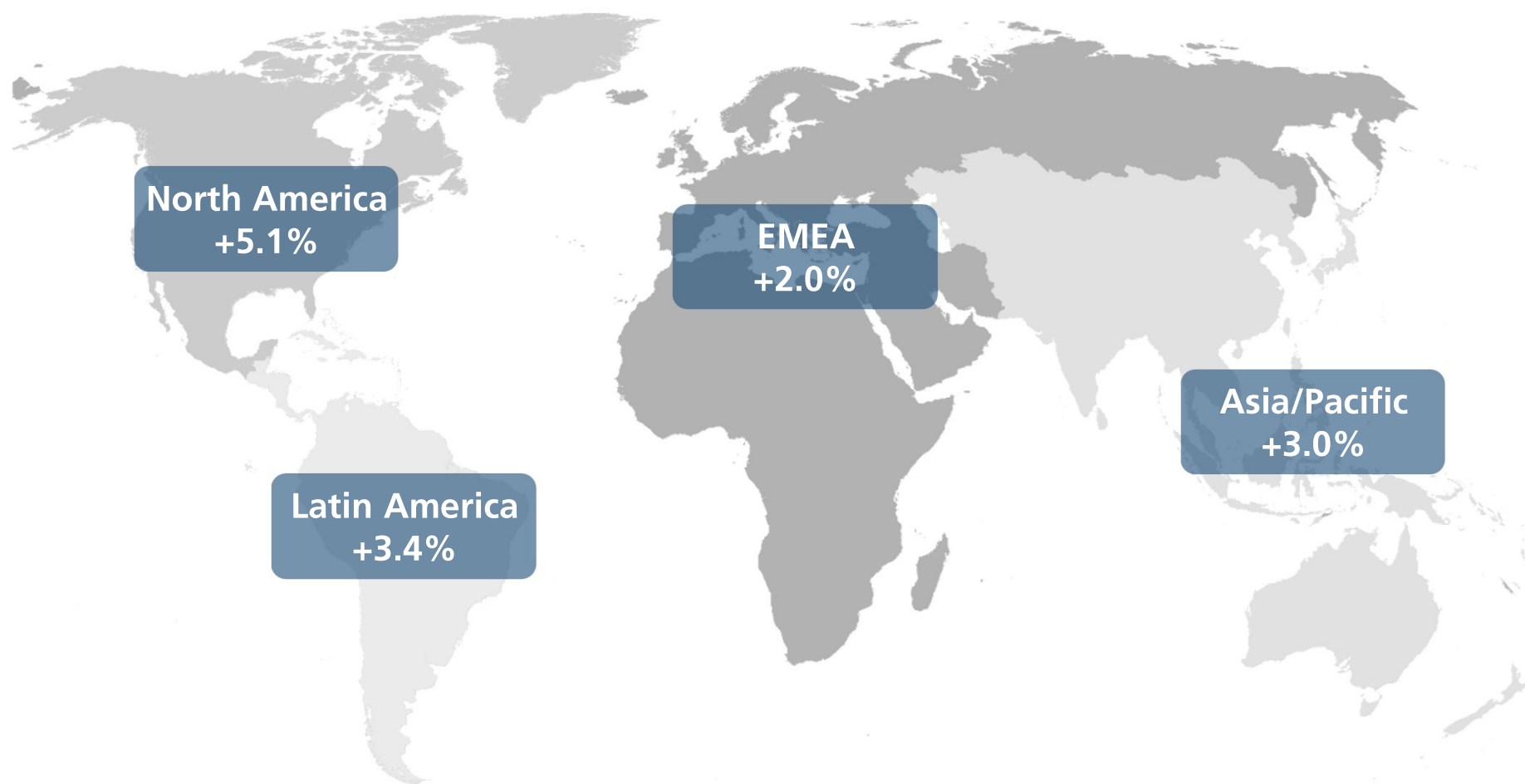
When splitting buyers' budget growth into spending per person and participant numbers, the future of program expansion appears more clearly.

As incentive travel builds in popularity, buyers will likely adjust their accounts accordingly to compensate.

G3 and G4: How has the number of people (qualifiers, guests and other participants) and spending per person (total program cost divided by number of people, including qualifiers and guests in the count of people) in your team's incentive travel programs changed recently? G7 for sellers.

Response base: Buyers n=543; sellers n=762

REPORTED BUDGET GROWTH IN 2020



FORECAST GROWTH IN BUDGETS

All regional budgets are expected to increase in the next 3 years

Region	Year	Change in number of people	Change in spend per person	Total budget growth
North America	2022	3.3%	3.1%	6.4% ↑
	2021	3.1%	2.9%	6.0% ↑
	2020	2.9%	2.3%	5.1% ↑
EMEA	2022	2.4%	1.0%	3.4% ↑
	2021	2.0%	0.4%	2.5% ↑
	2020	1.7%	0.3%	2.0% ↑
Asia Pacific	2022	4.6%	2.5%	7.1% ↑
	2021	3.4%	2.2%	5.6% ↑
	2020	1.9%	1.2%	3.0% ↑
Latin America	2022	5.0%	5.8%	10.8% ↑
	2021	3.5%	3.9%	7.4% ↑
	2020	1.5%	1.9%	3.4% ↑

The fastest expansions of spending per person and program numbers are expected in Latin America and Asia Pacific.

In North America growth outlooks are strong but remain steady around 6%.

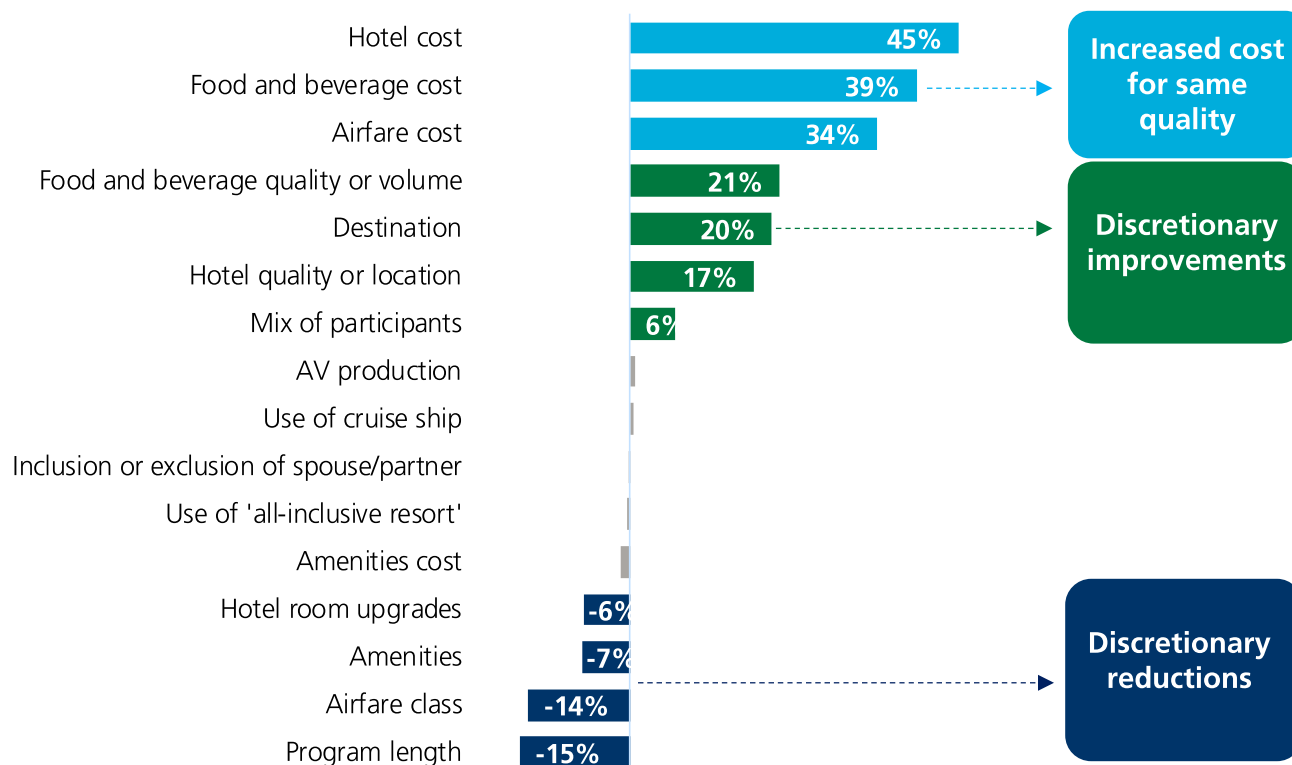
EMEA expects growth to hover around 3%.

G3% and G4%: How has the number of people (qualifiers, guests and other participants) and spending per person (total program cost divided by number of people, including qualifiers and guests in the count of people) in your team's incentive travel programs changed recently?

Response base: G3% - Buyers in North America, n=429; EMEA, n=224; Asia Pacific, n=76; Latin America, n=45; G4% - Buyers in North America, n=423; EMEA, n=220; Asia Pacific, n=75; Latin America, n=44

FACTORS DRIVING INCREASED SPENDING

Cost factors and discretionary improvements are driving increased spend



Cost factors are the most important drivers of increases in spending per person.

Buyers reporting hotel costs as a factor increasing costs outnumbered those citing hotel costs as a factor decreasing costs by 45 percentage points.

Discretionary choices, such as selecting higher cost destinations, are also contributing to increases.

G6. What are the most important trends impacting spending per person in your team's incentive travel programs over the next 2 years (2020 and 2021)?

Response base: Buyers, n=684

ITII INDEX

Based on survey responses on average seller and buyer spending, Oxford Economics created an index benchmarking industry spending to various macroeconomic indicators. The index was built as a weighting of key survey findings with both a historic and forward looking component and provides a comparison of how incentive industry metrics perform against standard economic measures. For example, the index provides insight as to how average spending by sellers and buyers has increased (or decreased) relative to the US economy and inflation.

The macroeconomic indicators included in the index include:

- Nominal GDP (gross domestic product): measures the value of economic activity within a country
- GDP per capita: measures the value of economic activity within a country, accounting for the country's number of people
- CPI (consumer price index): measures the average change over time in the prices paid by consumers for a market basket of consumer goods and services

ITII INDEX

The charts on the following pages compare average spending by sellers and buyers to nominal GDP, GDP per capita, company profits, employment, and CPI and uses 2015 as the benchmark year. The values in the chart show the growth in each indicator relative to the starting values in 2015. For example, average spend by buyers has a value of approximately 1.20 in 2019. Based on this index value, average spend by sellers increased 20% in 2017 relative to 2015 levels.

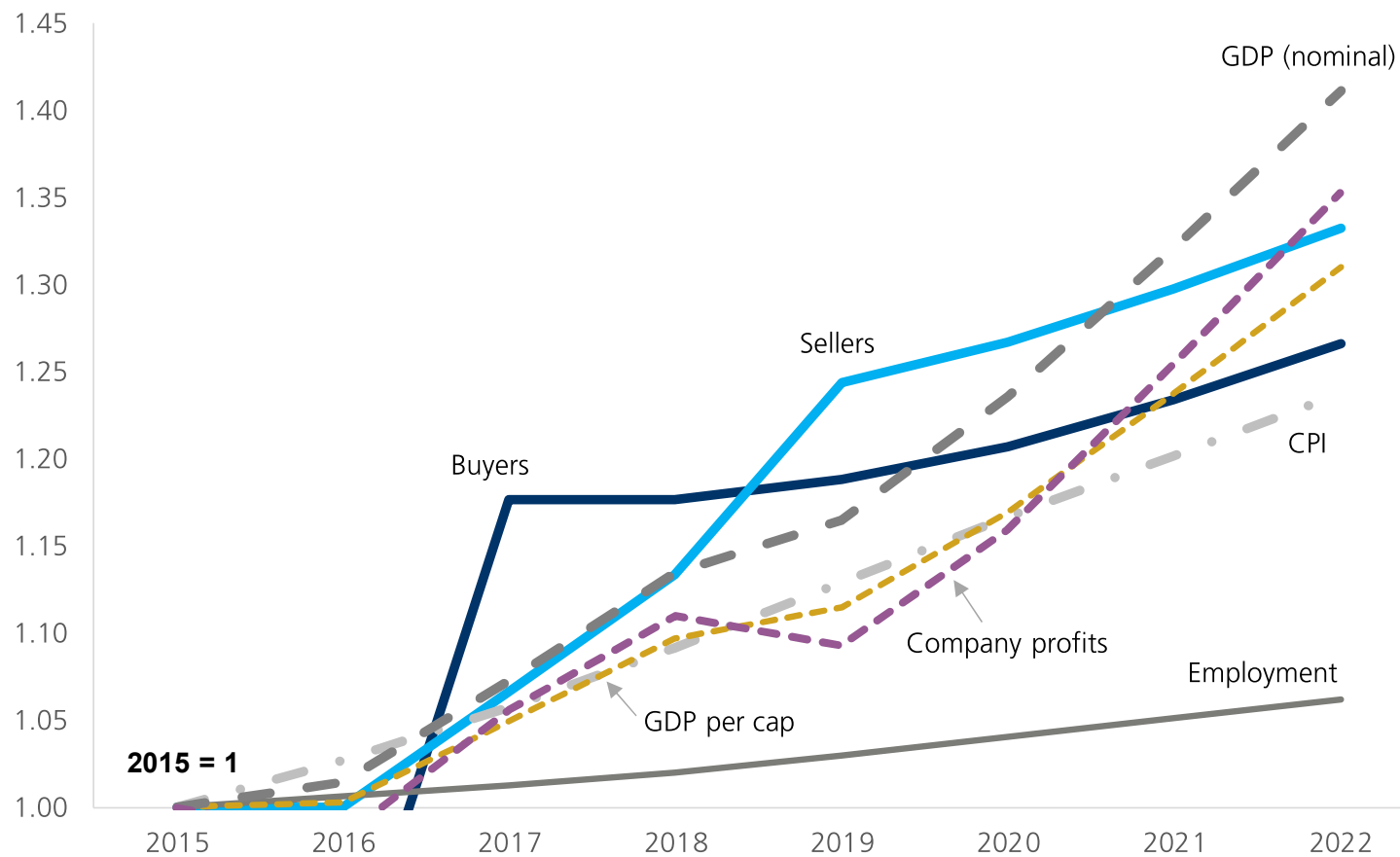
Between 2015 and 2019, average spending by buyers and sellers increased at a faster rate than the economy (GDP), changes in consumer prices (CPI), and company profits. However, average spending by sellers and buyers is forecast to increase at a slower rate between 2019 and 2022 and level off compared to all macroeconomic indicators in the index.

The accompanying charts outline the IITI index for 2015 to 2022 (2015=1), as well as smoothed trend lines, which smooth variations in each metric to capture the overall trends in the given timeframe.

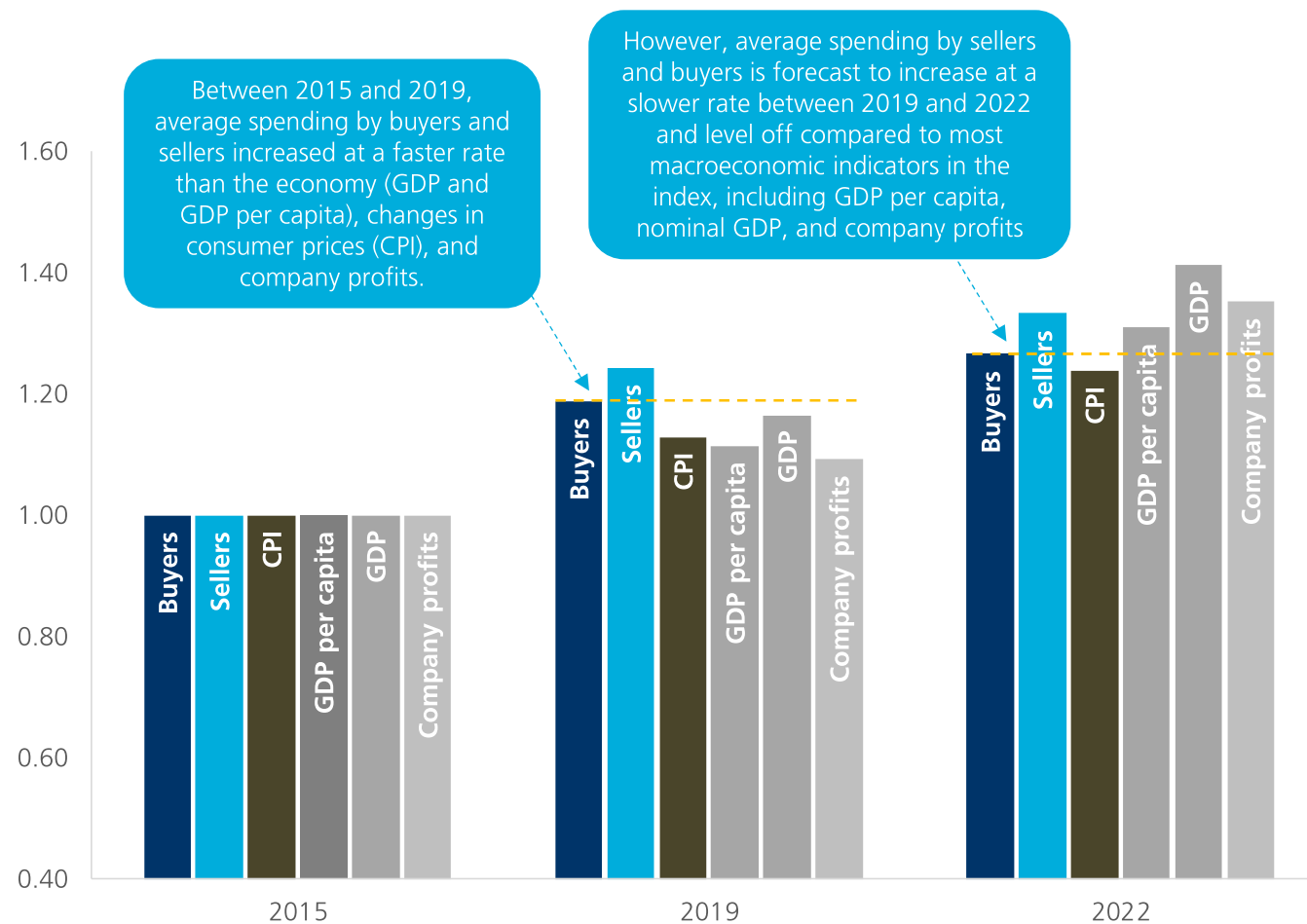
Source: Oxford Economics

ITII INDEX

ITII Benchmark Index, 2015-2022 (2015=1)
Average spending by buyers and sellers and macroeconomic indicators

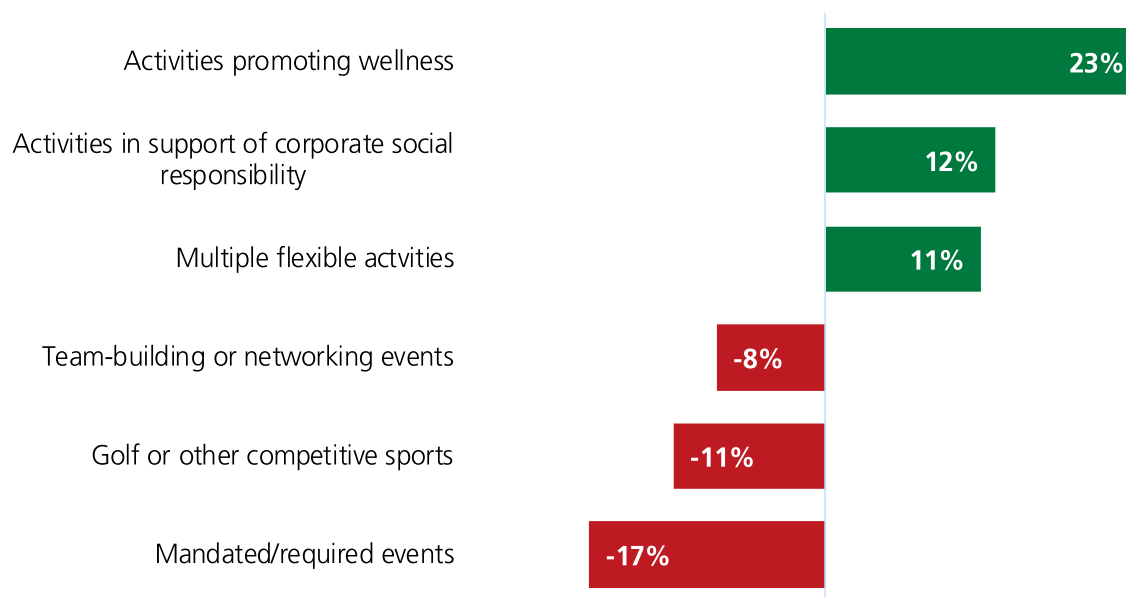


ITII INDEX



ACTIVITIES AND INCLUSIONS

Suppliers understand the activities that buyers value most



Wellness, sustainability and flexible activities will gain prevalence.

Golf and other competitive sports will recede further.

Mandated events and team-building events will become slightly less common.

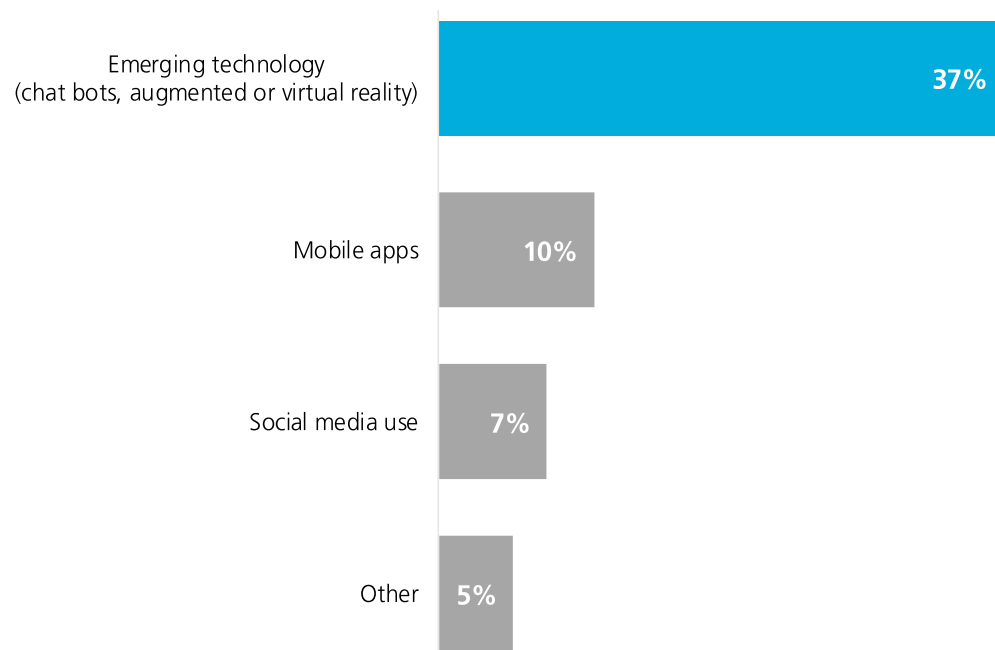
P5. Which program activities and inclusions have been typical in past and current events? What is expected to be typical in future events? (Net change in prevalence of selected activities over the next two years)

Note: Net change in prevalence is calculated as the share of respondents reporting that an activity would be typical in programs over the next two years, minus the share report that it was typical in the past.

Response base: Buyers, suppliers DMC's, DMO's, n=1,412

THE ROLE OF TECHNOLOGY

Emerging technology is anticipated to play a larger role in event planning



Most survey respondents strongly believe that emerging technology will become more common in future events.

Technology can create a more interactive experience for participants and make travel feel personalized.

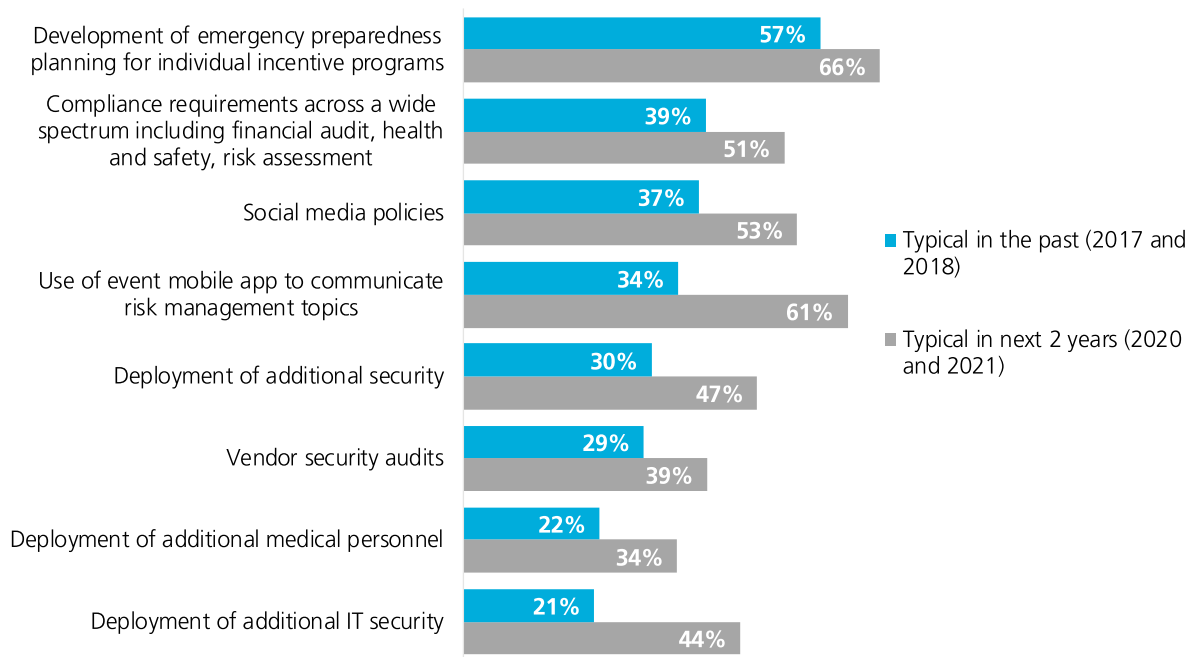
P6T. What technology steps have been typical in past and current events? What is expected to be typical in future events? (Net change in use, multiple selections permitted)

Note: Net change calculated as a share of typical in next 2 years (2020 and 2021), minus the share of typical in past (2017 and 2018)

Response base: Buyers, suppliers, DMOs, DMCs, n=1,398

RISK MANAGEMENT

Risk management looking to continue to grow across future events



Program coordinators on all ends are interested in becoming more involved with risk management practices.

Largest adjustment of interest is in mobile apps: 34% report using apps in the past to communicate risk management topics, while 61% report intended future use.

P6RM. What risk management steps have been typical in past and current events? What is expected to be typical in future events? (Share of respondent answers, multiple selections permitted)

Note: Net change calculated as a share of typical in next 2 years (2020 and 2021), minus the share of typical in past (2017 and 2018)

Response base: Buyers, suppliers, DMOs, DMCS, n=1,398

BENEFITS OF INCENTIVE TRAVEL

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

A key outcome from last year's ITII was the increasing importance of soft power metrics when evaluating the benefits a company receives from its incentive travel programmed.



While hard dollar outcomes remained primary for buyer end-users and agencies, soft power objectives were clearly climbing in the rankings.



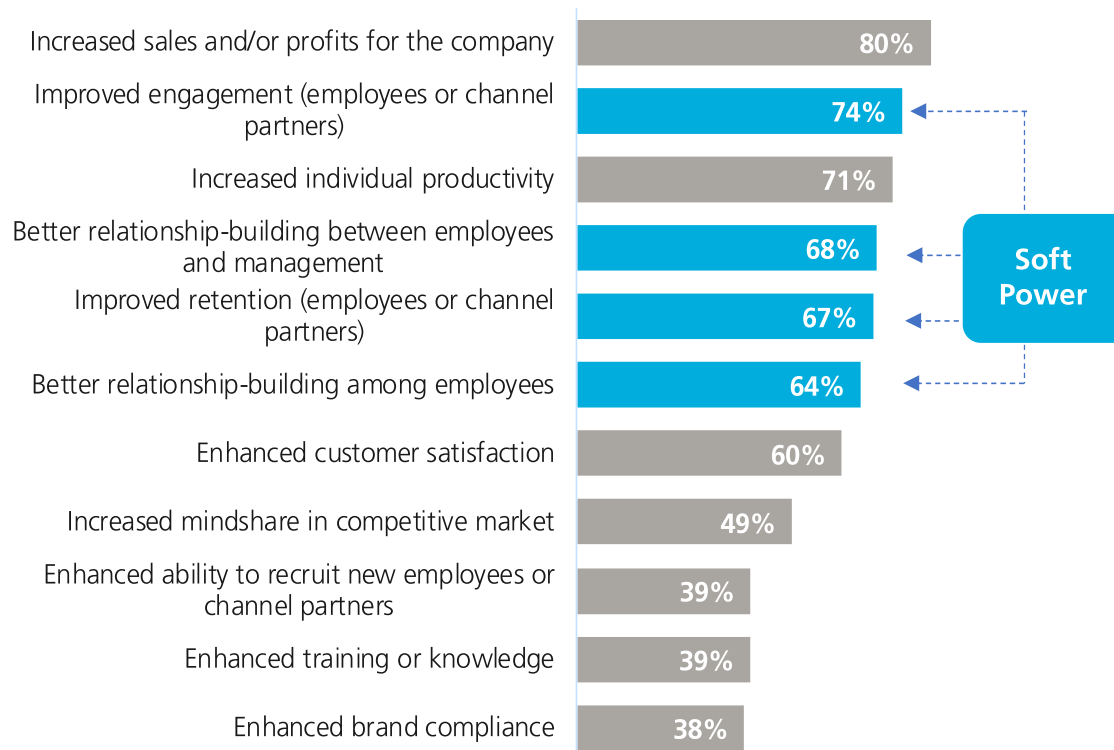
In making the case for incentive travel, organizers report the most success demonstrating effects on participants and return on objectives, in addition to measures of ROI.



Four of the six top benefits relate to soft power rather than hard dollars and include "improved engagement" and "better relationship building."

BENEFITS OF INCENTIVE TRAVEL

Most important benefits to buyers: Stronger focus on soft power is boosting the role of incentive travel



Though hard dollars are a primary factor to buyers for program choice, soft power objectives such as “relationship building” and “improved engagement” are listed amongst the most important benefits of incentive travel.

While hard dollars and corporate profitability are still massively important – it’s still the number one benefit – personal engagement is now second, and four of the six top benefits relate to soft power rather than hard dollars.

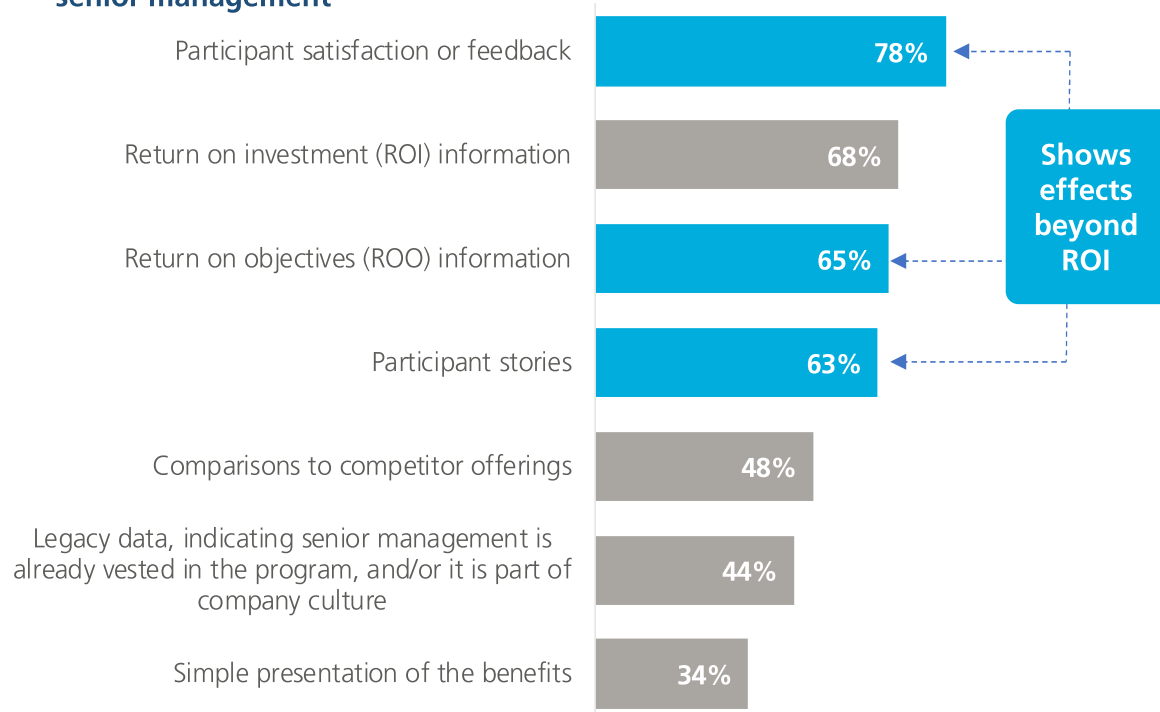
B1: What are the most important benefits your company receives from its incentive travel programs?

Response base: Buyers, n=606

“Most important” and “important responses”

BENEFITS OF INCENTIVE TRAVEL

Organizers report demonstrating soft effects beyond ROI is most effective at demonstrating the value of incentive travel to senior management



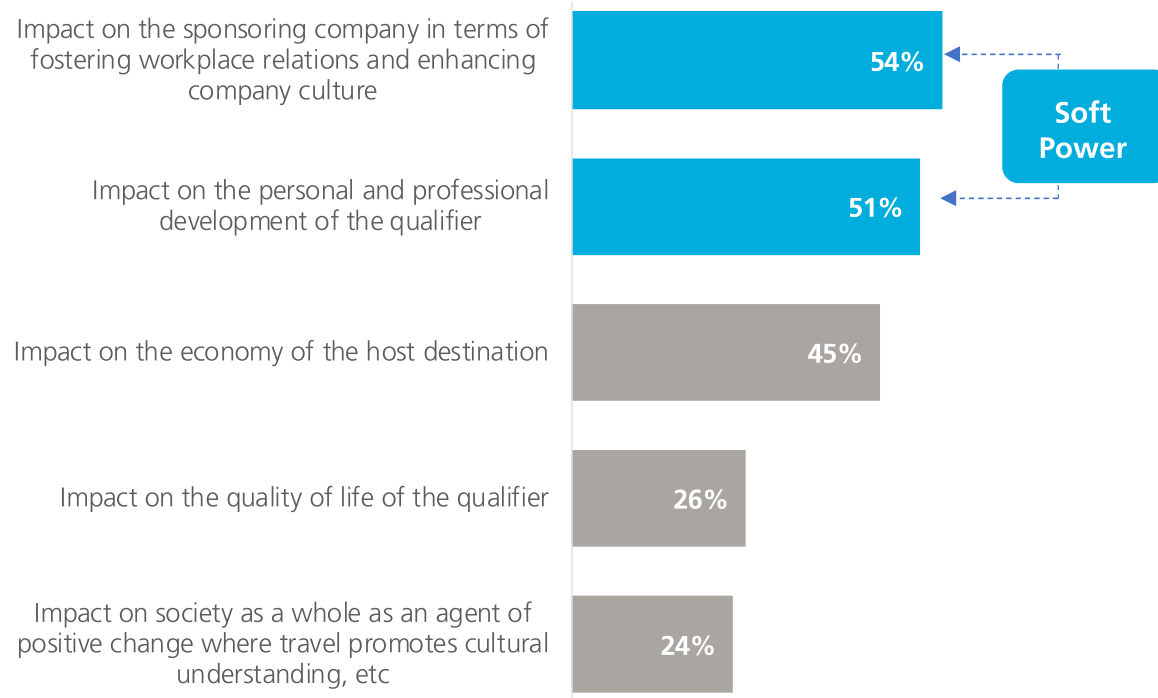
In making the case for incentive travel, organizers report the most success demonstrating effects on participants and return on objectives, in addition to measures of ROI.

B2. Which types of information are most effective at demonstrating the value of the incentive travel program to senior management and other stakeholders at the corporations for whom you organize incentive travel programs?

Response base: Buyers, n=568
"Very effective" and "Effective" responses

BENEFITS OF INCENTIVE TRAVEL: SUPPLIER PERSPECTIVE

Suppliers confirm the most significant impacts beyond impact to sponsor company bottom line: Important impacts to workplace relations and company culture are valued



Suppliers were also asked about the impact of incentive travel and confirmed similar responses as buyers, demonstrating the importance of soft power effects.

The importance of impacts to workplace relations and company culture stands out.

Also the importance of the personal and professional development of the qualifier, rises above the more transactional ("quality of life").

B3. Beyond the impact of the incentive travel program on the sponsoring company's bottom line, which additional impacts of incentive travel are most significant?

Response base: Suppliers, DMC's, DMO's, n=846

BUDGETS & SPENDING

BUDGETS & SPENDING

While buyer and seller spending has remained steady in recent years, a key emerging trend of ITII 2019 is the extent by which hotel and hotel related spend (i.e., food & beverage) have increased



Spending per person for buyers and sellers has remained steady in recent years. Buyers report a typical program budget of \$4,000 per person, while Sellers of individual components (e.g., hotel portion) report typical revenue of \$1,900 per person.



Sellers compete by delivering “one of a kind” experiences, which was the most valued component of program competition.



Hotel and hotel related spend (i.e., food & beverage) have increased, both in absolute revenue terms, and as a percentage of the overall available budget.



DMCs anticipate trend toward disintermediation will continue. DMCs believe that buyers will increasingly contract directly with suppliers, bypassing DMCs as intermediaries.



Respondent buyers in retail on average spend the most per person at \$4,719. Logistics and transportation and automotive parts and services follow closely at \$4,694 and \$4,645, respectively.

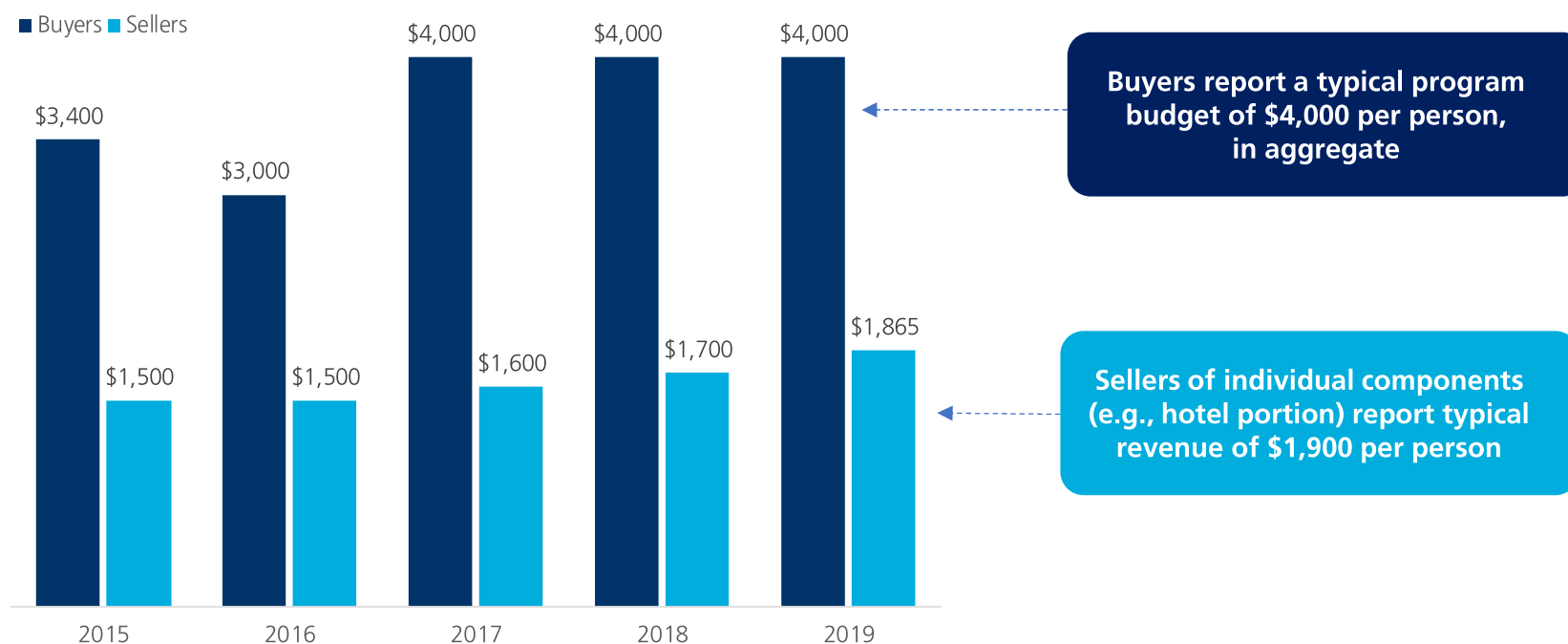


DMOs are expecting to see the largest increase in RFP volumes, with 4.6% growth by 2021. Suppliers predict slow but steady growth, at an average rate of 1% per year.

SPEND PER PERSON

Spending per person for buyers and sellers has remained steady in recent years

(Median values reported in nominal US\$)



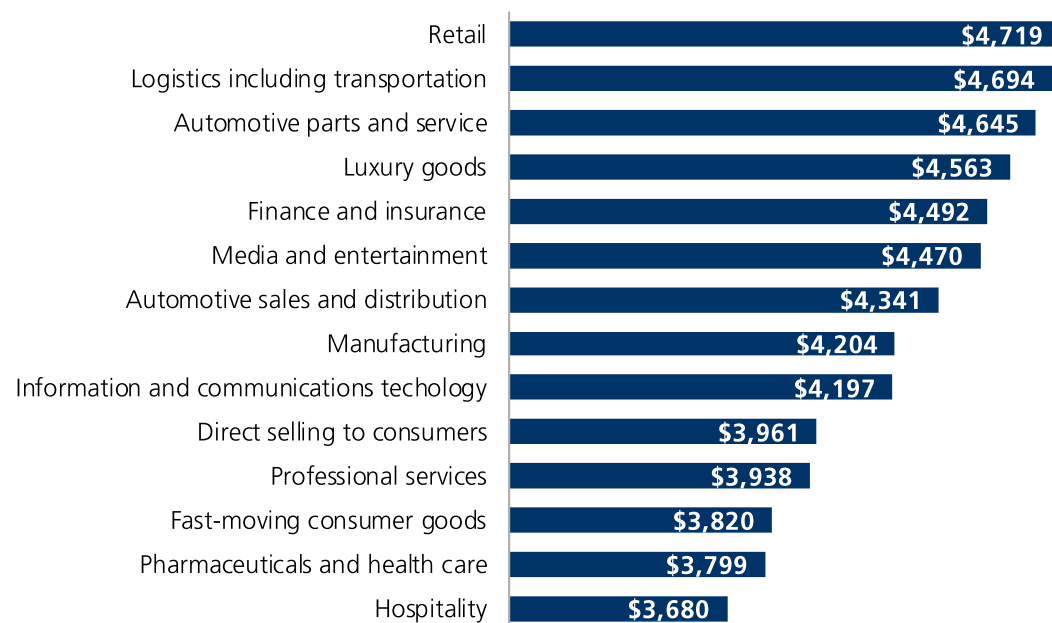
G1A: What is the approximate spend per person (total program cost divided by number of people, including qualifiers, guests and other participants in the count of people) for incentive travel programs occurring this year (2019) for which your team was responsible?

Note: Seller spend responses are specific to the role and not directly comparable to the buyer responses. Suppliers (e.g. hoteliers) and destination management companies reported amounts billed directly by their company. Destination marketing organizations reported spend in the destination (e.g. hotel, F&B, ground transportation). Source: Data for 2015 to 2018 is based on prior editions of the Incentive Travel Industry Index. Response: Buyers n=895; suppliers (includes DMOs) n=914

SPEND PER PERSON BY INDUSTRY

Average spending per person for buyers by industry

(Average values reported in nominal US\$)

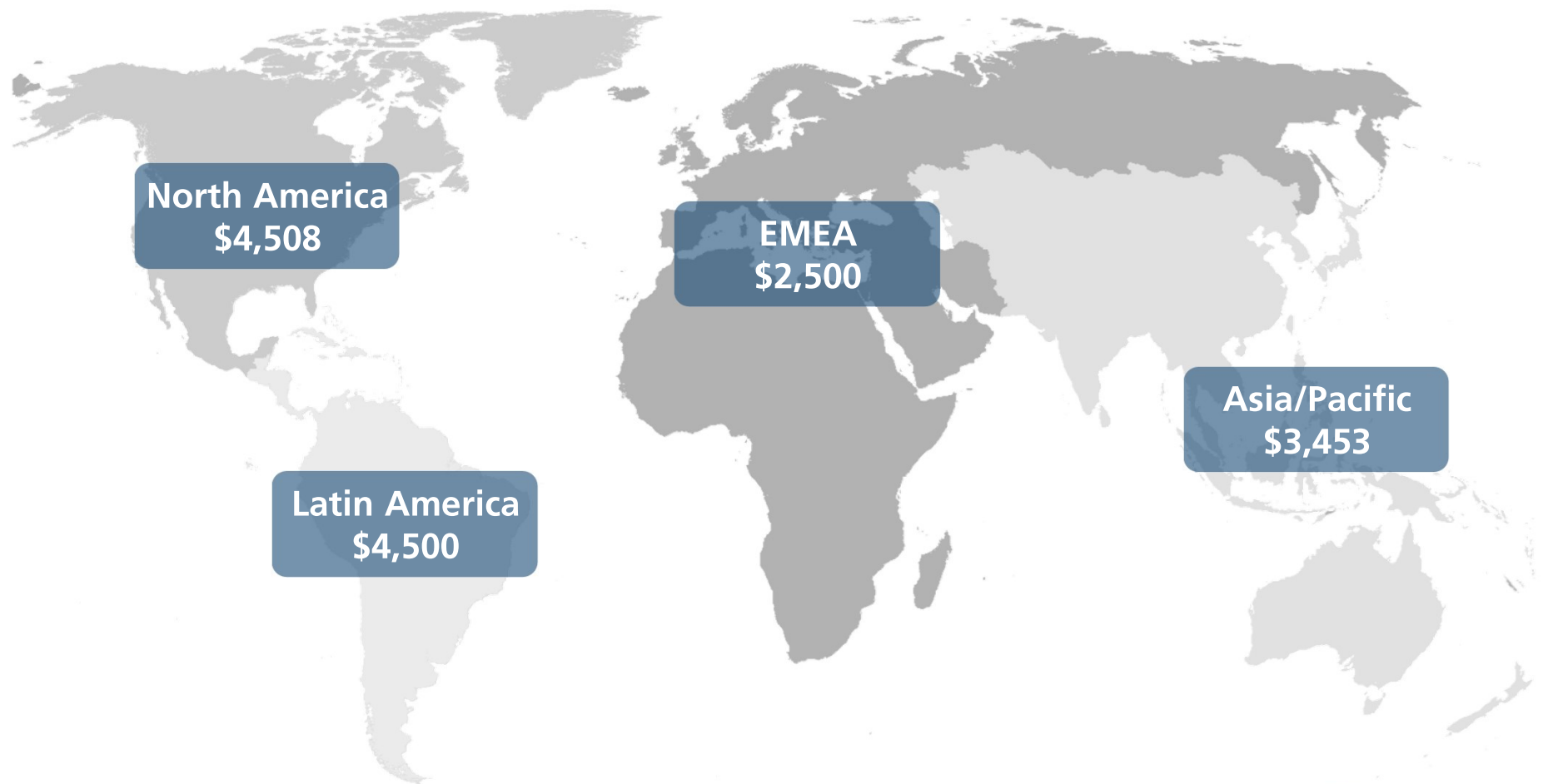


Respondent buyers in retail on average spend the most per person at \$4,719. Logistics and transportation and automotive parts and services follow closely at \$4,694 and \$4,645, respectively.

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?

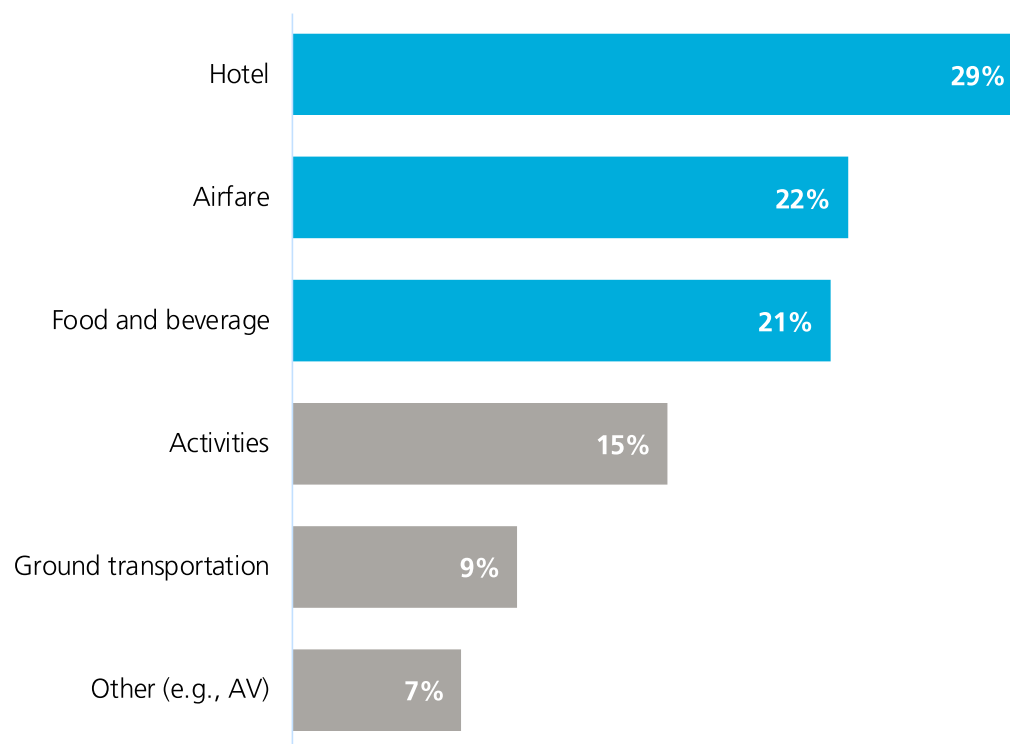
Source: Data for 2015 to 2018 is based on prior editions of the Incentive Travel Industry Index.
Response: Buyers n=895, top 3 industry selections permitted

AVERAGE SPEND PER PERSON



BUDGET ALLOCATION

Hotel and hotel related spend (ie food & beverage) have increased, both in absolute revenue terms, and as a percentage of the overall available budget



A key emerging trend of ITII 2019 is the extent by which hotel and hotel related spend (i.e., food & beverage) have increased, both in absolute revenue terms, and as a percentage of the overall available budget.

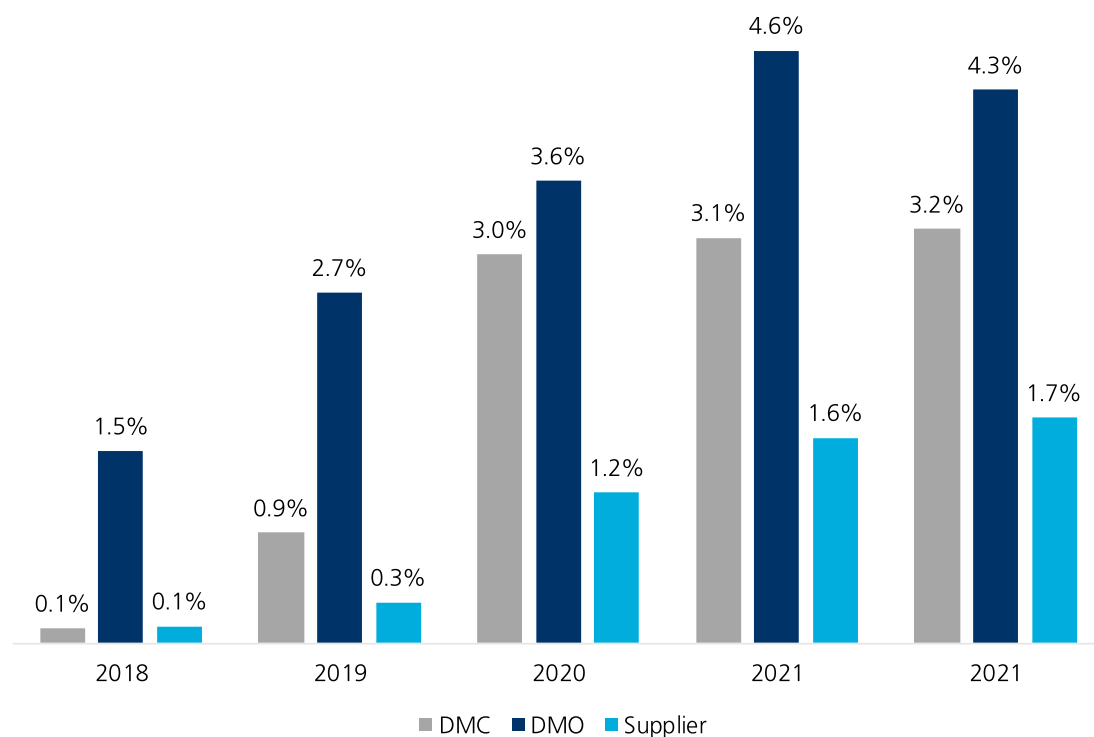
When budgetary allocations or breakdowns are analyzed by spend category, there is little variation across the regions with air, hotel and food & beverage comprising 70% or more of the total spend.

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

Response base: Buyers, n=828

PACE 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



DMOs are expecting to see the largest increase in RFP volumes, with 4.6% growth by 2021.

Suppliers predict slow but steady growth, at an average rate of 1% per year.

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

Response base: DMCs, n=560; DMOs, n=92; suppliers, n=353

HOW SUPPLIERS ADD VALUE TO WIN BUSINESS

Sellers compete by delivering a "one of a kind" experience

Values listed by ranking

	DMC	DMO	Suppliers
1	One of a Kind Experiences	One of a Kind Experiences	One of a Kind Experiences
2	More on site staff / service same price	Partnering for single source	Flexible Payment
3	Partnering for single source	Incentives such as guaranteed exchange rates	Rebates for Multiple Programs
4	Rebates for Multiple Programs	More on site staff / service same price	Partnering for single source

Responses are similar across program sellers, who reported "one of a kind" experiences being the most valued component of program competition.

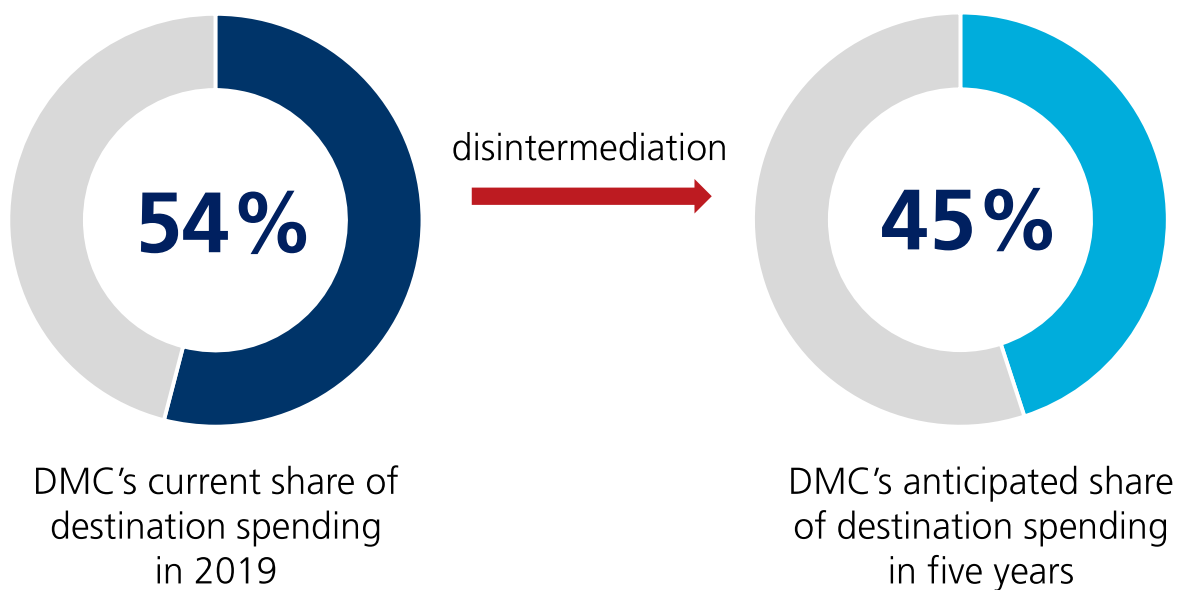
All options are found within the top four distinguishing factors between each type of seller, except for "Not doing anything different at this time".

G9. When competing for contracts for incentive travel programs occurring during the next 2 years (2020 and 2021), what actions are your team taking to add value and win business? Select all that apply.

Response base: DMCs, DMOs, suppliers, n=991

DMC'S SHARE OF SPEND IN DESTINATION

DMCs anticipate trend toward disintermediation will continue



DMCs believe that buyers will increasingly contract directly with suppliers, bypassing DMCs as intermediaries.

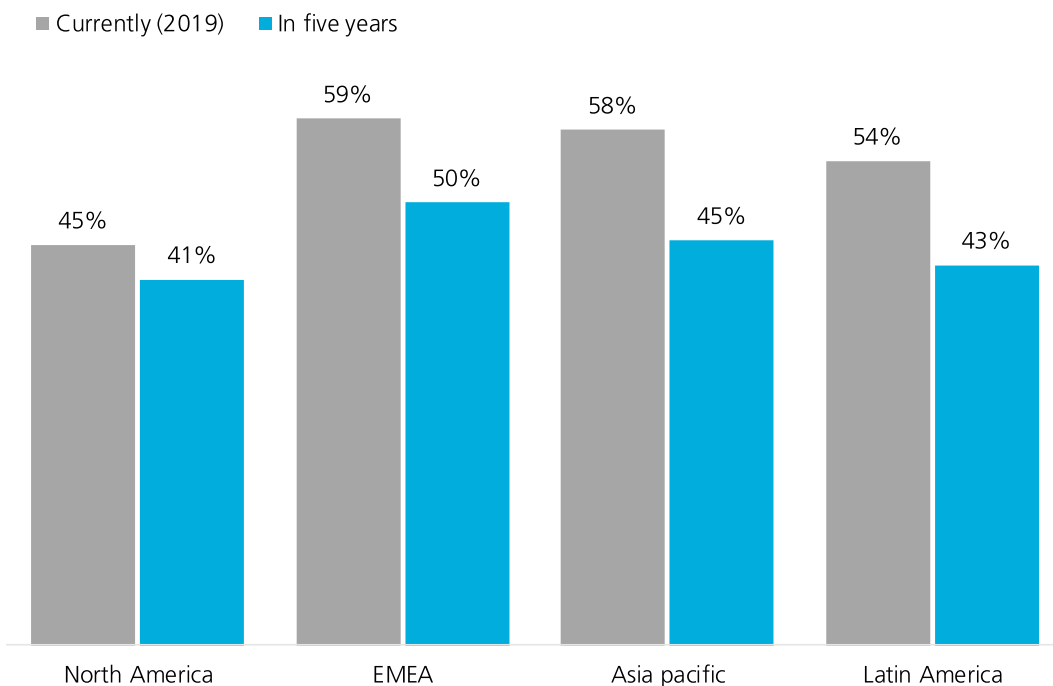
All regions report lessening DMC influence, but rates differ between regions.

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

Response base: DMCs, n=546

DMC'S SHARE OF SPEND IN DESTINATION (BY REGION)

All regions expect DMC share of spending to decrease over the next five years



The overall trend of disintermediation between buyers and suppliers is reported to continue through the next five years.

EMEA predicts the largest drop of DMC use, at 9%. North America predicts the smallest drop at 4%.

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

Response base: DMCs, n=546

DESTINATION & PARTNER SELECTION

DESTINATION & PARTNER SELECTION

ITII 2019 provides interesting insights into purchasing processes. When planning incentive travel programs, buyers and suppliers use a wide variety of techniques to optimally contract an official travel package



Reputation is the key factor influencing clients' choices of partner-suppliers, showing the importance of person-to-person transactions and handshakes when conducting business.



Prior experience is the top influential factor when selecting a new destination, meaning that personal connections within the industry are vital



Outward business aspects, such as creativity (60%) and trust (53%), are more popular to respondents than monetary figures such as value (37%) or financial stability (18%).



DMOs aren't being connected to buyers quickly enough in the destination selection process.



Infrastructure, safety, and appeal are the top destination criteria

DESTINATION & PARTNER SELECTION

ITII 2019 provides interesting insights into purchasing processes revealing, too, 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 EU Buyers who purchased through a DMC (33%) and the percentage of North American buyers who did so – a mere 3%.

When planning incentive travel programs, buyers and suppliers use a wide variety of techniques to optimally contract an official travel package.

In the process of buyers and suppliers matching together, 66% report reputation being the largest draw of interest.

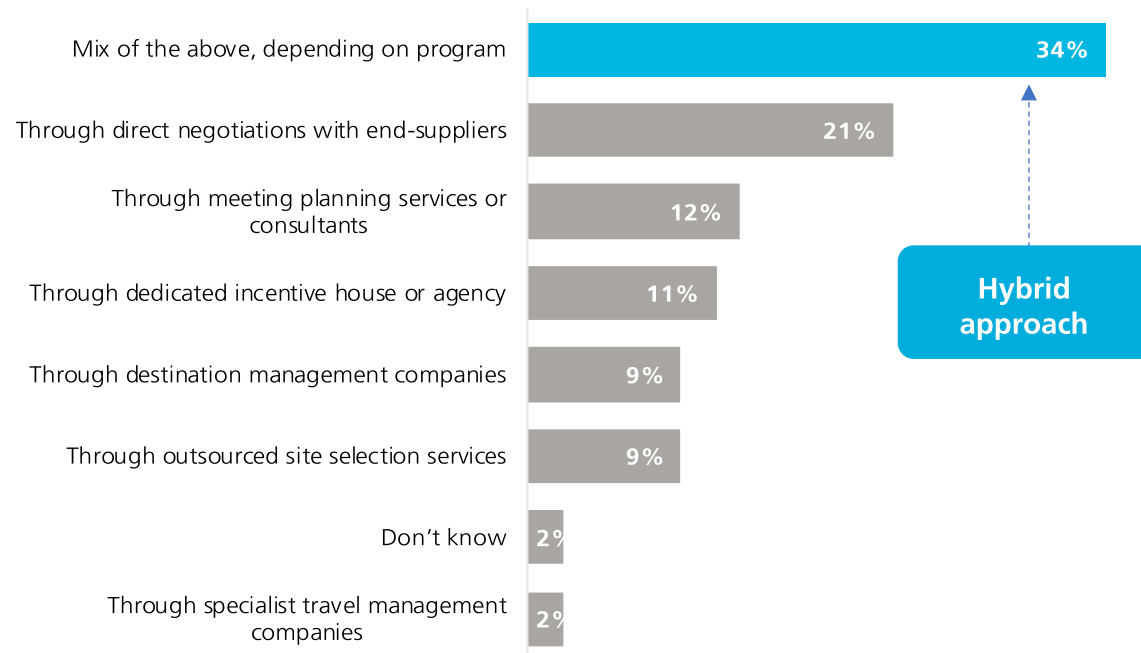
Outward business aspects, such as creativity (60%) and trust (53%), are more popular to respondents than monetary figures such as value (37%) or financial stability (18%).

For destination choice, 81% respondents believe that infrastructure is the most important deciding factor.

Clients are most likely to hear about a destination travel package due to prior experience with the brand of venue (83%), meaning that personal connections within the industry are vital.

METHODS FOR PLANNING INCENTIVE TRAVEL PROGRAMS

A hybrid approach is key for future contracting



End-user teams acknowledge the importance of taking a hybrid approach and using a combination of methods to plan future incentive travel programs

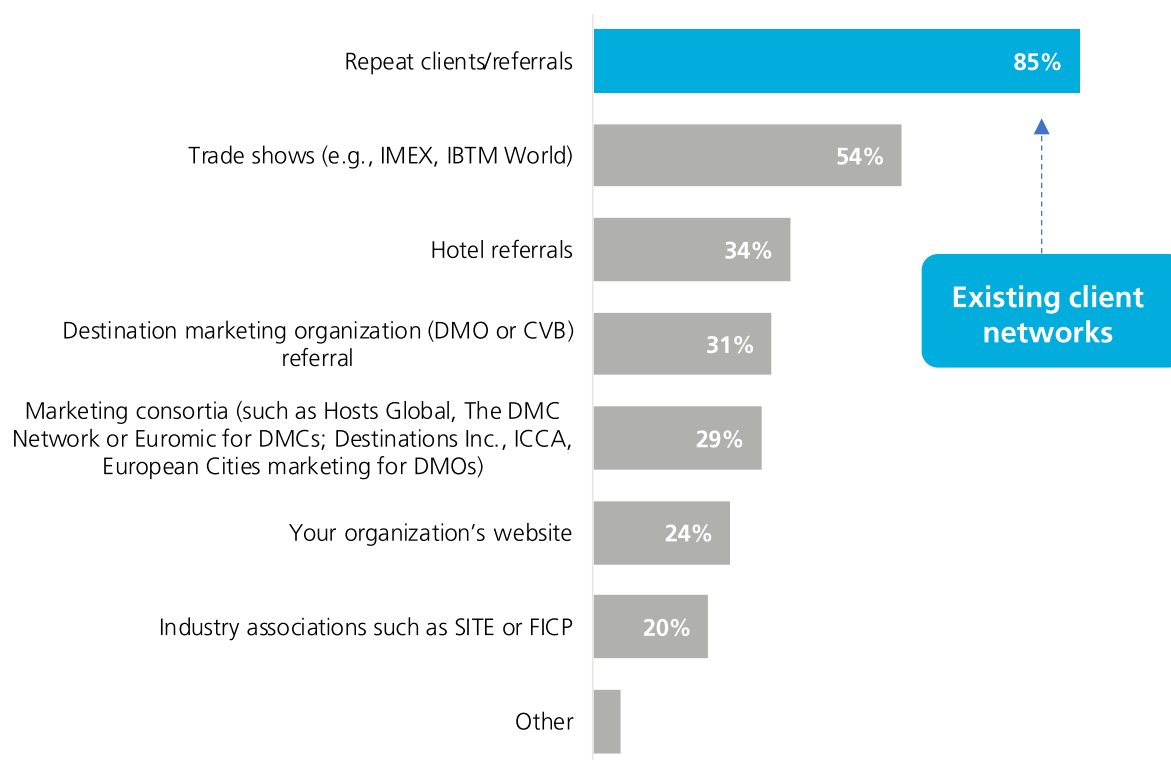
VD3: How is your team contracting for, or planning to contract for, incentive travel programs occurring over the next 2 years (2020 and 2021)?

Share of respondents, multiple selections permitted

Response base: End-user buyers, n=146

EXISTING CLIENT NETWORKS

Nearly all sellers acknowledge the importance of existing client networks



The incentive travel industry is like a big family, and both suppliers and buyers tend to stay with what's comfortable.

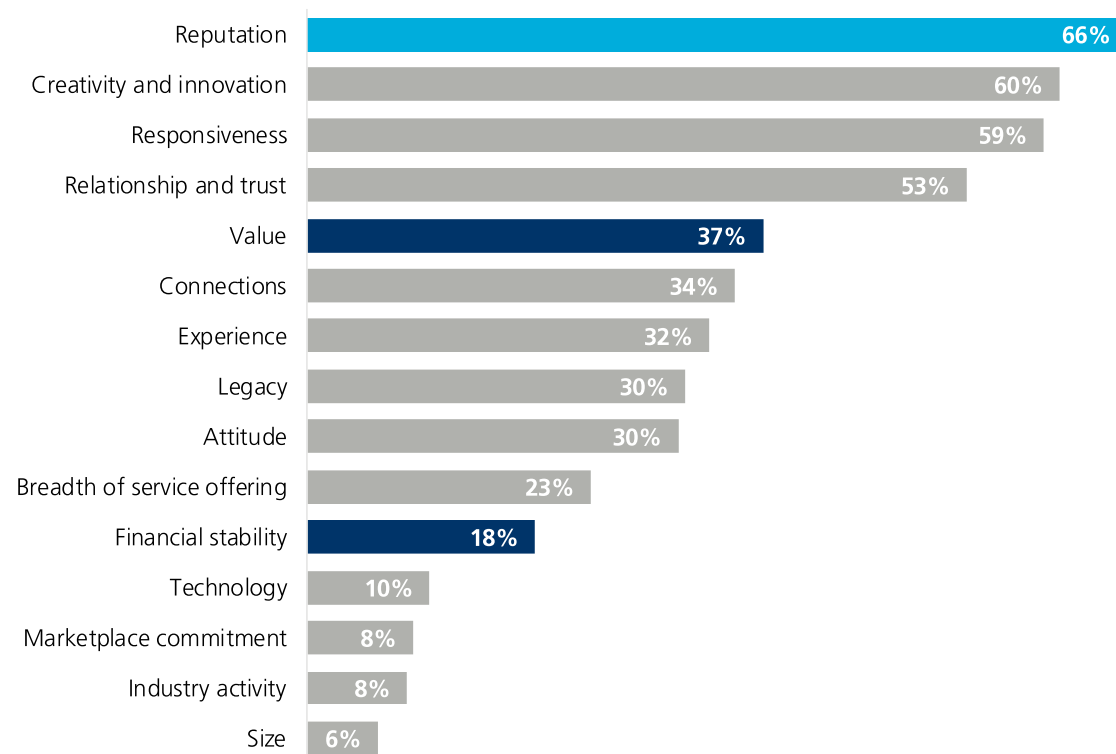
Nearly 85% of participants indicated that RFPs received directly from existing clients will be the most important source of RFPs over the next two years.

VD5 Considering the origin of RFPs for the next 2 years (2020 and 2021), please indicate which sources are most important for your team (e.g., by number and quality of leads)

Response base: Suppliers, n=816

SUPPLIER SELECTION

Reputation is the top factor influencing clients' choices



Reputation is the key factor influencing clients' choices of partner-suppliers, showing the importance of person-to-person transactions and handshakes when conducting business.

Reputation is perceived as being a more important factor than value and financial stability.

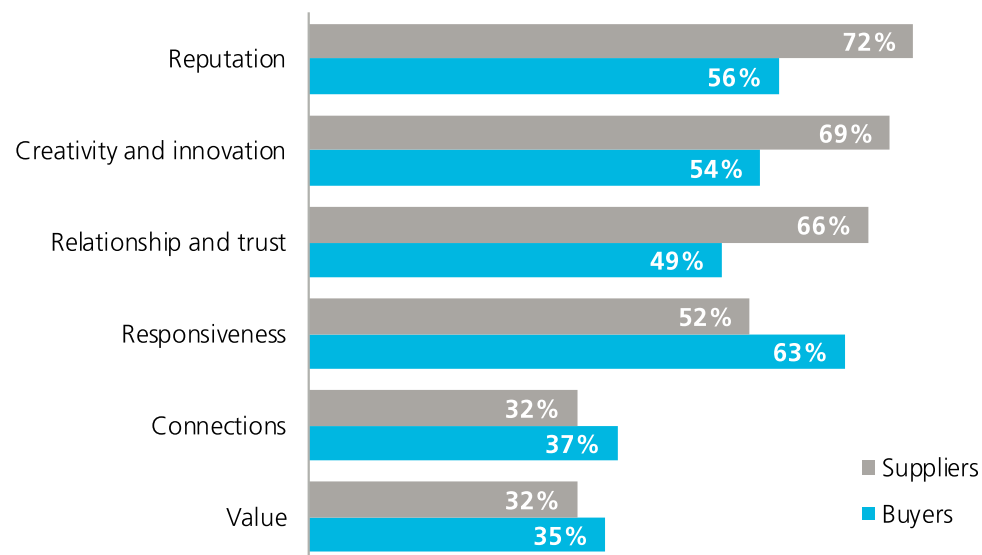
VD6 What do your clients identify as the key factors that influence their choice of partner-suppliers, such as incentive houses, DMCs or other agencies?

Share of respondents, multiple selections permitted

Response base: Buyers, suppliers, DMC's, DMO's, n=1,027

SUPPLIER SELECTION: BUYERS COMPARED TO SELLERS

Buyers and suppliers differentiate themselves on partner-supplier selection



Suppliers believe buyers place greater emphasis on reputation, creativity and innovation, and relationships.

However, buyers actually tend to be more focused on responsiveness, connections, and value when selecting a program supplier.

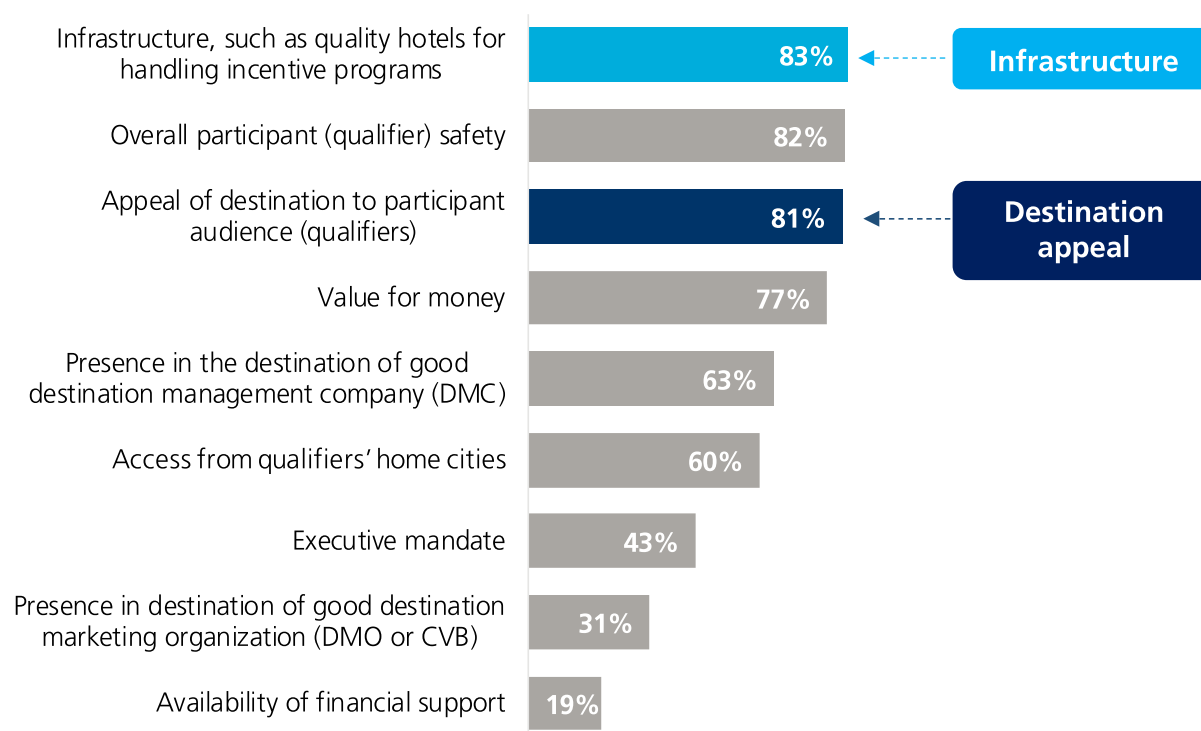
VD6 What do your clients identify as the key factors that influence their choice of partner-suppliers, such as incentive houses, DMCs or other agencies?

Share of respondents, multiple selections permitted

Response base: Buyers, suppliers, DMC's, DMO's, n=1,027

DESTINATION CRITERIA

Infrastructure, safety, and appeal are the top destination criteria



While destination appeal used to be the most important consideration in selecting a destination, infrastructure is now the top factor in destination selection.

More than 83% of respondents indicated infrastructure as the top destination selection factor, which is an important consideration for hotels.

VD7: What are the most important considerations in selecting a destination for incentive travel programs?

Please answer based on your experience with these programs.

Share of respondents, multiple selections permitted

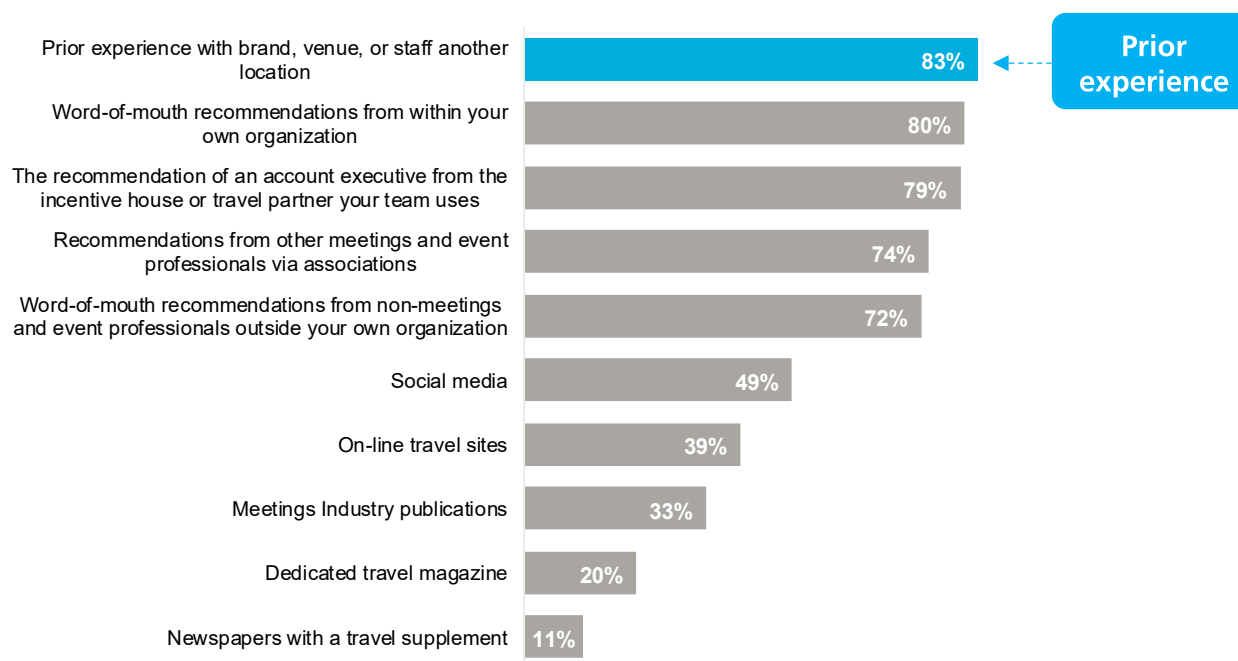
Note: Question asked respondents to answer on a scale from 1 ("Not Important") to 5 ("Very Important").

Graph includes respondents who chose values of 4 or 5.

Response base: Buyers, suppliers, DMC's, DMO's, n=1,027

DESTINATION SELECTION

When selecting a new destination, prior experience is the top influential factor



Nearly 83% of suppliers, DMCs and DMOs perceive prior experience and familiarity as an important factor influencing their clients' choices of new destinations, showing once again that the incentive travel industry is driven by personal connections.

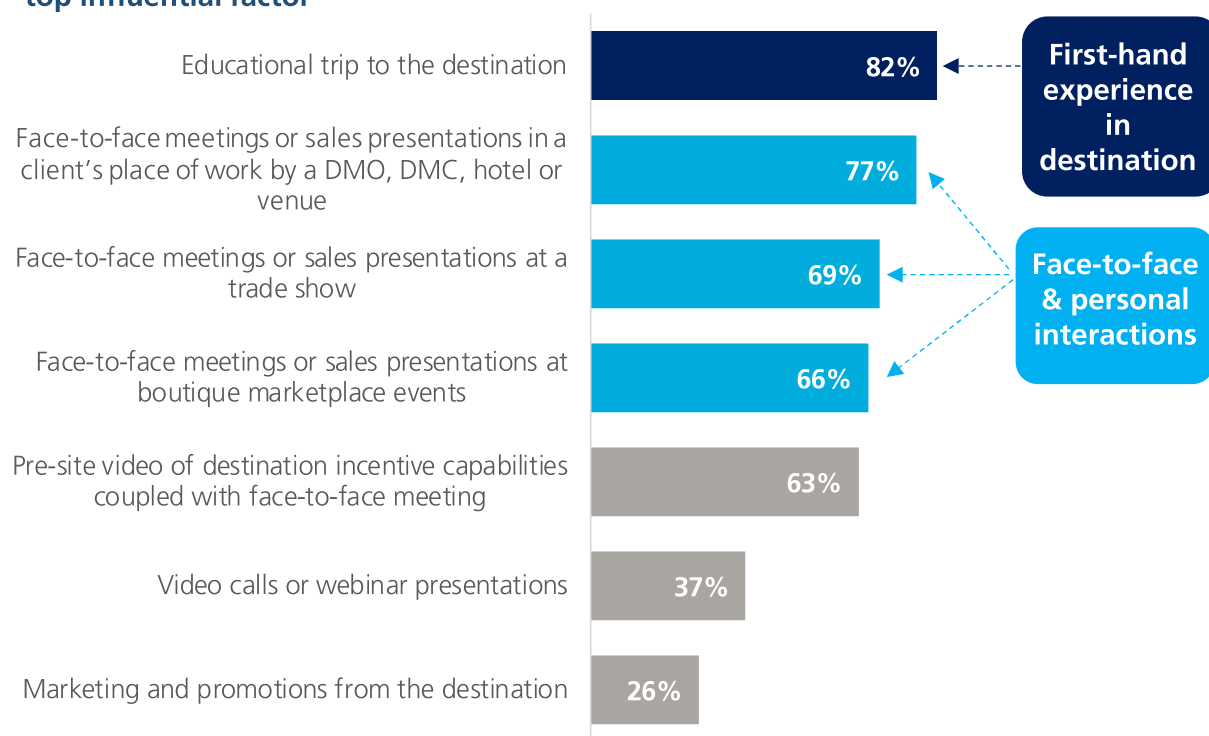
VD8 Based on conversations with your clients, when they are selecting a new destination for an incentive travel experience, how influential are the following factors?

Share of respondents, multiple selections permitted

Response base: Suppliers, DMC's, DMO's, n=796

DESTINATION OUTREACH

When learning about a new destination, first-hand experience is the top influential factor



First-hand experience of a destination is the top factor influencing clients when they are learning about a new destination.

Face-to-face meetings are also top influential factors, stressing the importance of personal connections in the incentive travel industry.

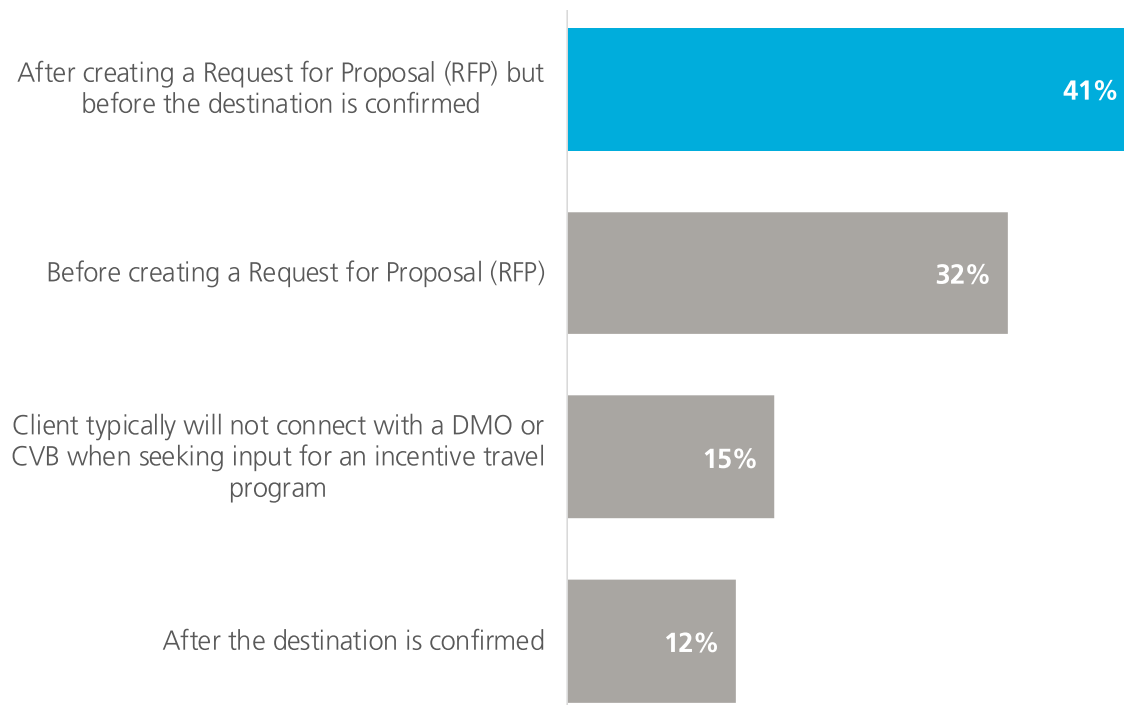
VD9 Based on conversations with your clients, when they are learning about a new destination for an incentive travel experience, how influential are the following factors?

Share of respondents, multiple selections permitted

Response base: Suppliers, DMC's, DMO's, n=789

DMO'S CONNECTED TO BUYERS

DMOs aren't being connected to buyers quickly enough



The top response among suppliers, DMCs and DMOs was that organizers typically approach a DMO after creating an RFP but before confirming the destination, indicating that DMOs aren't being connected with buyers quickly enough in the destination selection process.

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

Share of respondents, multiple selections permitted

Response base: Suppliers, DMC's, DMO's, n=789

PROGRAM DESIGN & INCLUSIONS

PROGRAM DESIGN & INCLUSIONS

Incentive travel is about going to a new place, crossing a barrier together, experiencing a new culture



Buyers and suppliers selected group experiences and team-building activities as the most important activities for a successful incentive travel program, further supporting relationship building and improved engagement as important benefits of incentive travel.



Experiencing the destination and building relationships through meals remain top rated items for successful incentive travel programs.



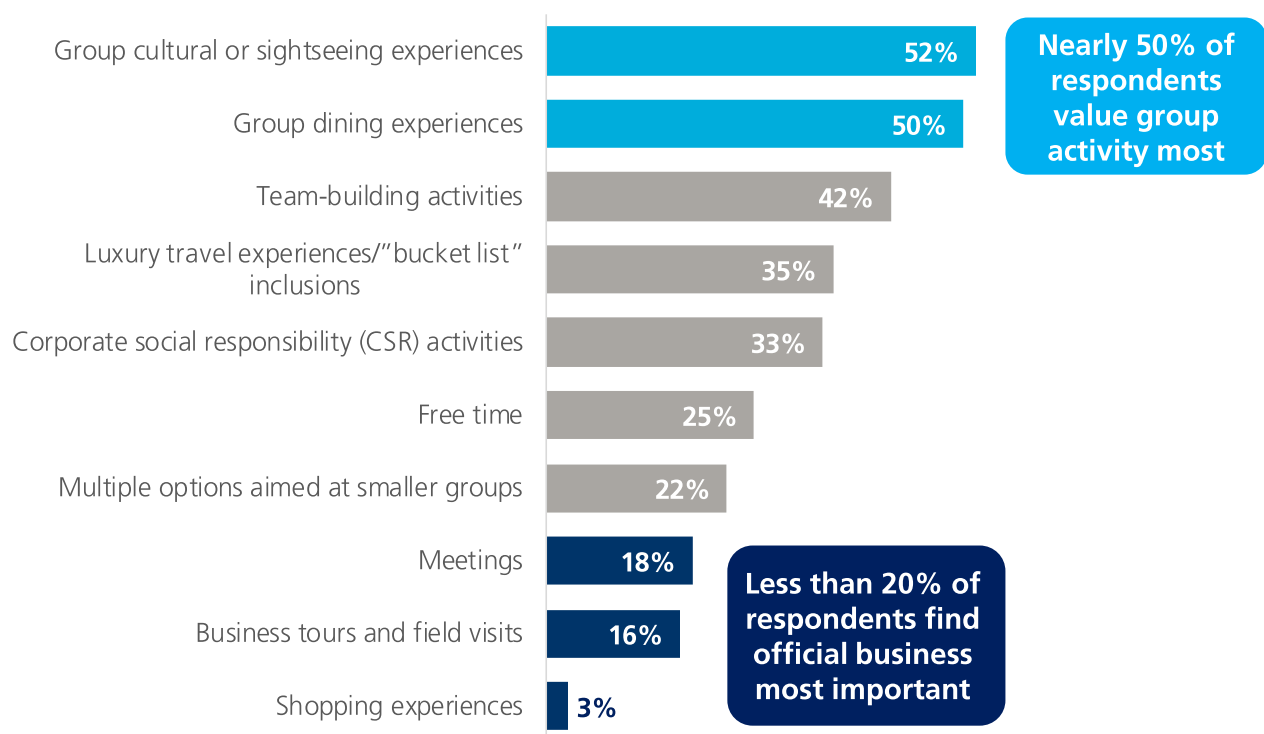
Increasing interest in destinations outside of each region is demonstrated in planned future use for 2021 and 2022.



Though longer travel time incur greater costs, buyers believe that for lengthier trips travelers should stay longer at their destinations.

TOP ACTIVITIES

Group experiences are a vital part of program success



Incentive travel is about going to a new place, crossing a barrier together, experiencing a new culture.

Experiencing the destination and building relationships through meals remain top rated items for successful incentive travel programs.

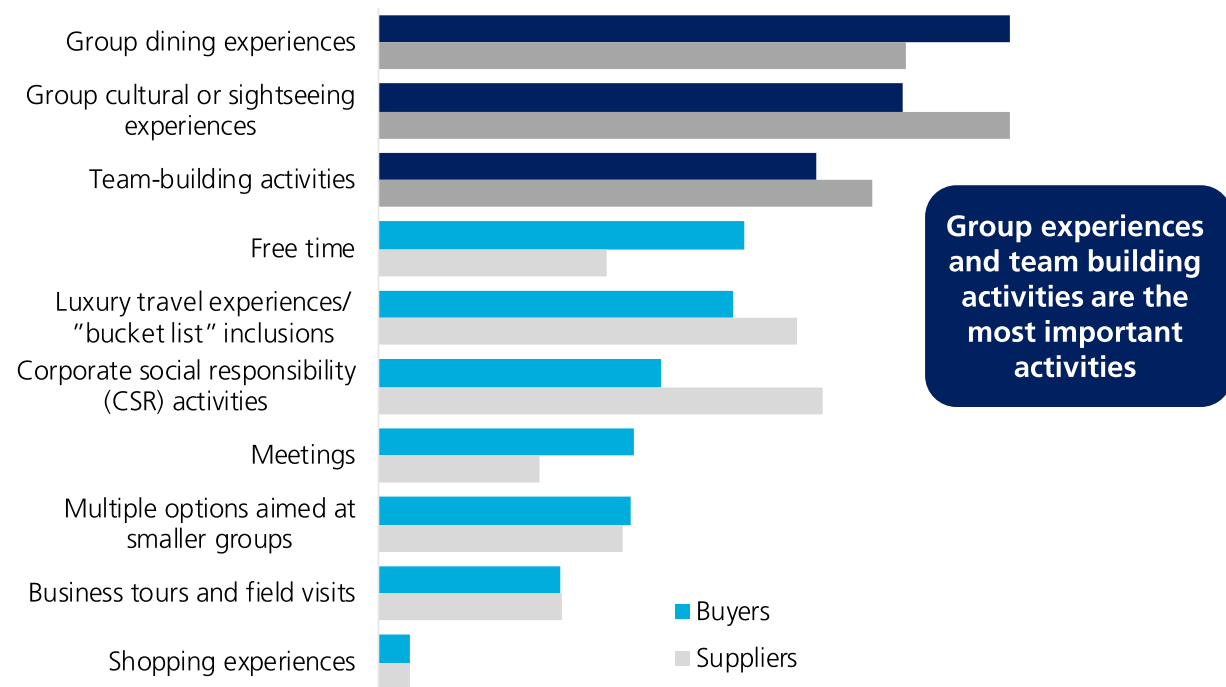
Suppliers assign greater importance to CSR and group cultural or sightseeing experiences than buyers. Buyers assign greater importance to free time and meetings than suppliers.

P1. What activities do you consider most important for a successful incentive travel program? Select up to three.
Share of respondents, multiple selections permitted

Response base: Buyers, suppliers, DMC's, DMO's, n=1,429

ACTIVITIES INFLUENCING BUYERS

Suppliers understand the activities that buyers value most



Between buyer and supplier responses, views converge on activities that make a program successful.

Buyers and suppliers selected group experiences and team-building activities as the most important activities for a successful incentive travel program, further supporting relationship building and improved engagement as important benefits of incentive travel.

P1. What activities do you consider most important for a successful incentive travel program? Select up to three.

Response base: Buyers, n=588; suppliers, n=841

CURRENT DESTINATION USE (2019)

Destinations buyers are currently using or have used

Values listed by ranking

	North America	EMEA	Asia Pacific	Latin America
1	United States	Western EU	Southeast Asia	South America
2	Caribbean	Emerging EU	Northeast Asia	United States
3	Mexico	United States	Western EU	Caribbean
4	Western EU	Gulf States	Gulf States	Central America
5	Canada	Southeast Asia	Oceania	Mexico
6	Central America	Southern Africa	United States	Western EU
7	South America	Northeast Asia	Emerging EU	Gulf States
8	Southeast Asia	North Africa	South Asia	Canada
9	Northeast Asia	Caribbean	Southern Africa	Southern Africa
10	Oceania	Mexico	Caribbean	Northeast Asia

Most common destinations used by buyers tend to be within or close to each buyer region.

Eight out of ten top destinations for North American buyers are from outside the buyer's region.

VD2. Which destinations does your team plan to use for incentive travel programs during the next 2 years (2020 and 2021), and how does that use compare to this year (2019)?

Response base: Buyers in North America, n=321; EMEA, n=162; Asia Pacific, n=48; Latin America, n=35

FUTURE CHANGE IN DESTINATION USE (2020-2021)

Destinations buyers intend to expand to through 2021

Values listed by ranking

	North America	EMEA	Asia Pacific	Latin America
1	United States	Western EU	Northeast Asia	United States ↑
2	Caribbean	Emerging EU	Western EU	Canada ↑
3	Western EU	United States	Oceania	South America
4	Mexico	Southeast Asia	Emerging EU	Mexico
5	Canada	Northeast Asia	Southeast Asia	Western EU ↑
6	Central America	Canada	United States	Northeast Asia ↑
7	Oceania	Gulf States	Gulf States	Oceania ↑
8	South America	South America	South America	Gulf States
9	Southeast Asia	South Asia	Canada	Southeast Asia ↑
10	Northeast Asia	Southern Africa	Southern Africa	Caribbean

Bolded destinations represent increasing future use of destinations outside each buyer region.

Increasing interest in destinations outside of each region is demonstrated in planned future use for 2021 and 2022.

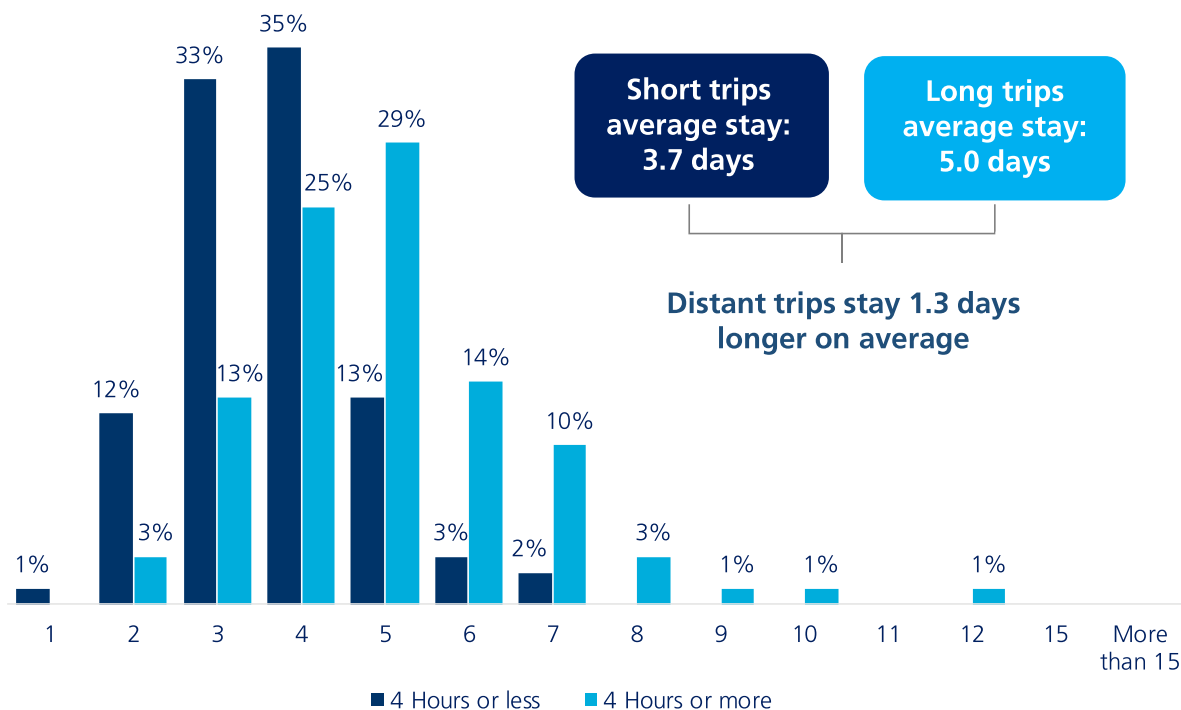
All regions experience net gains in destination use from outside each buyer region.

VD2. Which destinations does your team plan to use for incentive travel programs during the next 2 years (2020 and 2021), and how does that use compare to this year (2019)?

Response base: Buyers in North America, n=321; EMEA, n=162; Asia Pacific, n=48; Latin America, n=35

LENGTH OF STAY FOR FUTURE TRIPS

Travelers are compensated for increasing travel time with longer trips



Though longer travel time incur greater costs, buyers believe that for lengthier trips travelers should stay longer at their destinations.

P2. What is the usual length of stay for incentive travel programs occurring in the next 2 years (2020 and 2021) that require 4 hours or less of travel time (one way)?

P3. What is the usual length of stay for incentive travel programs occurring in the next 2 years (2020 and 2021) that require more than 4 hours of travel time (one way)?

Response base: Buyers, n=534

APPENDIX

AVERAGE SPEND PER PERSON (LEVELS)

Average spend per person

Median values reported in nominal US\$

	2015	2016	2017	2018	2019
Buyers	\$3,400	\$3,000	\$4,000	\$4,000	\$4,000
Corporate end-users	\$3,000	\$3,100	\$5,000	\$4,550	\$4,419
Incentive travel agencies	\$3,500	\$3,000	\$4,000	\$3,500	\$3,994
Sellers	\$1,500	\$1,500	\$1,600	\$1,700	\$1,865
Cruise line	\$3,800	\$6,000	\$2,500	\$2,750	\$2,755
Destination marketing organization	\$1,500	\$1,000	\$1,550	\$1,900	\$2,000
Destination management company	\$1,500	\$1,800	\$1,600	\$1,500	\$2,750
Hotelier	\$1,500	\$1,500	\$1,500	\$2,000	\$2,001
Technology company	\$1,200	\$400	\$3,000	\$3,000	NA

Note: Seller spend responses are specific to the role and not directly comparable to the buyer responses. Suppliers (e.g. hoteliers) and destination management companies reported amounts billed directly by their company. Destination marketing organizations reported spend in the destination (e.g. hotel, F&B, ground transportation).

Data for 2015-2018 (indicated in blue text) is from the 2018 J.D. Power Incentive Travel Industry Index

AVERAGE SPEND PER PERSON (GROWTH RATES)

Reported growth rates

	2018	2019	2020	2021	2022
Buyers	0.2%	1.0%	1.6%	2.2%	2.6%
Corporate end-users	0.2%	0.8%	1.5%	2.0%	2.3%
Incentive travel agencies	0.2%	1.1%	1.6%	2.2%	2.7%
Sellers	0.0%	0.1%	1.9%	2.4%	2.7%
Cruise line	-0.6%	1.0%	2.8%	2.4%	3.7%
Destination marketing organization	1.1%	1.5%	2.1%	2.7%	2.8%
Destination management company	-0.2%	0.2%	2.2%	2.6%	3.0%
Hotelier	0.0%	-0.8%	1.2%	1.9%	2.4%
Technology company			NA	NA	NA

Note: Seller spend responses are specific to the role and not directly comparable to the buyer responses. Suppliers (e.g. hoteliers) and destination management companies reported amounts billed directly by their company. Destination marketing organizations reported spend in the destination (e.g. hotel, F&B, ground transportation).

Data for 2015-2018 (indicated in blue text) is from the 2018 J.D. Power Incentive Travel Industry Index

AVERAGE SPEND PER PERSON (LEVELS)

Average spend per person

Median values reported in nominal US\$

	2015-2016	2017-2018	2019
Buyers	\$3,000	\$4,000	\$4,000
North America	\$3,500	\$4,000	\$4,508
South America/Caribbean	\$3,000	\$6,000	\$4,500
EMEA	\$1,500	\$2,500	\$2,500
Asia Pacific	\$3,000	\$2,000	\$3,453
Sellers	\$1,500	\$1,675	\$2,698
North America	\$2,000	\$2,000	\$2,991
South America/Caribbean	\$1,500	\$1,800	\$2,436
EMEA	\$1,200	\$1,500	\$2,448
Asia Pacific	\$1,800	\$1,500	\$2,843

Note: Seller spend responses are specific to the role and not directly comparable to the buyer responses. Suppliers (e.g. hoteliers) and destination management companies reported amounts billed directly by their company. Destination marketing organizations reported spend in the destination (e.g. hotel, F&B, ground transportation).

Data for 2015-2016 and 2017-2018 (indicated in blue text) is from the 2018 J.D. Power Incentive Travel Industry Index

AVERAGE SPEND PER PERSON (GROWTH RATES)

Reported growth rates

	2018	2019	2020	2021	2022
Buyers	0.2%	1.0%	1.6%	2.2%	2.6%
North America	0.9%	2.2%	2.3%	2.9%	3.1%
South America/Caribbean	-1.9%	1.8%	1.9%	3.9%	5.8%
EMEA	-0.8%	-0.3%	0.3%	0.4%	1.0%
Asia Pacific	0.0%	0.2%	1.2%	2.2%	2.5%
Sellers	0.0%	0.1%	1.9%	2.4%	2.7%
North America	0.3%	-0.2%	1.4%	1.8%	1.9%
South America/Caribbean	-2.4%	-0.2%	2.2%	3.7%	4.2%
EMEA	0.3%	0.4%	2.2%	2.7%	3.2%
Asia Pacific	0.1%	0.0%	1.8%	2.2%	2.6%

Note: Seller spend responses are specific to the role and not directly comparable to the buyer responses. Suppliers (e.g. hoteliers) and destination management companies reported amounts billed directly by their company. Destination marketing organizations reported spend in the destination (e.g. hotel, F&B, ground transportation).

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