Incentive Travel Industry Index
2019

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>4</td>
</tr>
<tr>
<td>Introduction</td>
<td>10</td>
</tr>
<tr>
<td>Survey demographics</td>
<td>14</td>
</tr>
<tr>
<td>Industry growth trends</td>
<td>24</td>
</tr>
<tr>
<td>Benefits of incentive travel</td>
<td>40</td>
</tr>
<tr>
<td>Budgets and spending</td>
<td>45</td>
</tr>
<tr>
<td>Destination and partner selection</td>
<td>55</td>
</tr>
<tr>
<td>Program design and inclusions</td>
<td>66</td>
</tr>
<tr>
<td>Appendix</td>
<td>73</td>
</tr>
</tbody>
</table>
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

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.

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Online / mobile survey (July to August 2019)

<table>
<thead>
<tr>
<th>Destination (e.g., Indonesia, Thailand, Vietnam)</th>
<th>Did not use</th>
<th>Used occasionally</th>
<th>Used frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia (e.g., India)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northeast Asia (e.g., China, Japan)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oceania (e.g., Australia, New Zealand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States (including Hawaii)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caribbean (including Puerto Rico)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A SURVEY TO UNDERSTAND INCENTIVE TRAVEL

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)

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
- 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
PERCENT OF SURVEY RESPONSES BY REGION

- North America: 44%
- Latin America: 7%
- EMEA: 36%
- Asia Pacific: 13%
**SURVEY RESPONSE RATES BY REGION**

I3. In which country is the organization for which you work based?

- **North America**: 44%
- **EMEA**: 36%
- **Asia Pacific**: 13%
- **Latin America**: 7%

**2,637 total survey responses**

Response base: Buyers, suppliers, DMCs, DMOs, n=2,637
SURVEY RESPONSE RATES BY REGION

I3. In which country is the organization for which you work based?

Selected global regions shown

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

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

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

- Incentive travel agency: 34%
- Destination management company: 27%
- Supplier to incentive market: 22%
- Incentive travel end-user: 12%
- Destination marketing organization: 6%

2,637 total survey responses

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

- Incentive travel agency: 34%
- Destination management company: 27%
- Supplier to the incentive market: 22%
- Incentive travel end-user: 12%
- Destination marketing organization: 6%

75% of suppliers identify as hoteliers

Industry response numbers were diverse:
- Incentive travel agencies (891)
- Destination management companies (713)
- Suppliers (569)
- Incentive travel end-users (304)
- Destination marketing organizations (160)

Response base: Buyers, suppliers, DMCs, DMOs, n=2,637
SIZE OF INCENTIVE AGENCIES

14a. Which of the following best describes the size of your company?

- Fewer than 25 employees: 49%
- 26 to 50 employees: 15%
- 51 to 100 employees: 7%
- 101 to 250 employees: 8%
- More than 250 employees: 20%

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.

<table>
<thead>
<tr>
<th>Size of Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 1,000 employees</td>
<td>55%</td>
</tr>
<tr>
<td>1,001 to 5,000 employees</td>
<td>21%</td>
</tr>
<tr>
<td>5,001 to 10,000 employees</td>
<td>9%</td>
</tr>
<tr>
<td>10,001 to 50,000 employees</td>
<td>8%</td>
</tr>
<tr>
<td>50,001 or more employees</td>
<td>7%</td>
</tr>
</tbody>
</table>

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.

- Finance and insurance: 45%
- Pharmaceuticals and health care: 30%
- Information and communications technology: 26%
- Automotive sales and distribution: 21%
- Manufacturing: 14%
- Professional services: 14%
- Direct selling to consumers: 13%
- Fast-moving consumer goods: 12%
- Automotive parts and service: 10%
- Hospitality: 10%
- Retail: 9%
- Media and entertainment: 8%
- Energy: 8%
- Luxury goods: 7%
- Real estate: 7%
- Construction: 6%
- Agriculture: 1%
- Education: 1%
- Food service: 1%
- Other: 1%

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

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

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.

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
FORECAST GROWTH IN AVERAGE SPENDING

Future spending per person varies across regions

<table>
<thead>
<tr>
<th>Region</th>
<th>2020 %</th>
<th>2021 %</th>
<th>2022 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>2.3%</td>
<td>2.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>EMEA</td>
<td>0.3%</td>
<td>0.4%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1.2%</td>
<td>2.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td>3.9%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

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.

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
FORECAST GROWTH IN BUDGETS

Both buyers and sellers anticipate program budgets to increase through 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Buyers</th>
<th>Sellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2019</td>
<td>2.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>2020</td>
<td>4.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2021</td>
<td>5.1%</td>
<td>2.4%</td>
</tr>
<tr>
<td>2022</td>
<td>5.9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

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

North America +5.1%

EMEA +2.0%

Latin America +3.4%

Asia/Pacific +3.0%
FORECAST GROWTH IN BUDGETS

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

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

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

- Hotel cost: 45%
- Food and beverage cost: 39%
- Airfare cost: 34%
- Food and beverage quality or volume: 21%
- Destination: 20%
- Hotel quality or location: 17%
- Mix of participants: 6%
- AV production: -6%
- Use of cruise ship: -7%
- Inclusion or exclusion of spouse/partner: -14%
- Use of ‘all-inclusive resort’: -15%
- Amenities cost: -15%
- Hotel room upgrades: -14%
- Amenities: -7%
- Airfare class: -6%
- Program length:

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 ITII 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
Between 2015 and 2019, average spending by buyers and sellers increased at a faster rate than the economy (GDP and GDP per capita), 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 most macroeconomic indicators in the index, including GDP per capita, nominal GDP, and company profits.
ACTIVITIES AND INCLUSIONS

Suppliers understand the activities that buyers value most

- Activities promoting wellness: 23%
- Activities in support of corporate social responsibility: 12%
- Multiple flexible activities: 11%
- Team-building or networking events: -8%
- Golf or other competitive sports: -11%
- Mandated/required events: -17%

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.

PS. 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

- Emerging technology (chat bots, augmented or virtual reality): 37%
- Mobile apps: 10%
- Social media use: 7%
- Other: 5%

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of emergency preparedness planning for individual incentive programs</td>
<td>57%</td>
<td>66%</td>
</tr>
<tr>
<td>Compliance requirements across a wide spectrum including financial audit, health and safety, risk assessment</td>
<td>39%</td>
<td>51%</td>
</tr>
<tr>
<td>Social media policies</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>Use of event mobile app to communicate risk management topics</td>
<td>34%</td>
<td>61%</td>
</tr>
<tr>
<td>Deployment of additional security</td>
<td>30%</td>
<td>47%</td>
</tr>
<tr>
<td>Vendor security audits</td>
<td>29%</td>
<td>39%</td>
</tr>
<tr>
<td>Deployment of additional medical personnel</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Deployment of additional IT security</td>
<td>21%</td>
<td>44%</td>
</tr>
</tbody>
</table>

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
BENEFITS OF INCENTIVE TRAVEL

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

Increased sales and/or profits for the company: 80%
Improved engagement (employees or channel partners): 74%
Increased individual productivity: 71%
Better relationship-building between employees and management: 68%
Improved retention (employees or channel partners): 67%
Better relationship-building among employees: 64%
Enhanced customer satisfaction: 60%
Increased mindshare in competitive market: 49%
Enhanced ability to recruit new employees or channel partners: 39%
Enhanced training or knowledge: 39%
Enhanced brand compliance: 38%

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"

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.
BENEFITS OF INCENTIVE TRAVEL

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

- Participant satisfaction or feedback: 78%
- Return on investment (ROI) information: 68%
- Return on objectives (ROO) information: 65%
- Participant stories: 63%
- Comparisons to competitor offerings: 48%
- Legacy data, indicating senior management is already vested in the program, and/or it is part of company culture: 44%
- Simple presentation of the benefits: 34%

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

<table>
<thead>
<tr>
<th>Impact</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on the sponsoring company in terms of fostering workplace relations and enhancing company culture</td>
<td>54%</td>
</tr>
<tr>
<td>Impact on the personal and professional development of the qualifier</td>
<td>51%</td>
</tr>
<tr>
<td>Impact on the economy of the host destination</td>
<td>45%</td>
</tr>
<tr>
<td>Impact on the quality of life of the qualifier</td>
<td>26%</td>
</tr>
<tr>
<td>Impact on society as a whole as an agent of positive change where travel promotes cultural understanding, etc</td>
<td>24%</td>
</tr>
</tbody>
</table>

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

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$)

Buyers report a typical program budget of $4,000 per person, in aggregate

Sellers of individual components (e.g., hotel portion) report typical revenue of $1,900 per person

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$)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Spend per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>$4,719</td>
</tr>
<tr>
<td>Logistics including transportation</td>
<td>$4,694</td>
</tr>
<tr>
<td>Automotive parts and service</td>
<td>$4,645</td>
</tr>
<tr>
<td>Luxury goods</td>
<td>$4,563</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>$4,492</td>
</tr>
<tr>
<td>Media and entertainment</td>
<td>$4,470</td>
</tr>
<tr>
<td>Automotive sales and distribution</td>
<td>$4,341</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$4,204</td>
</tr>
<tr>
<td>Information and communications technology</td>
<td>$4,197</td>
</tr>
<tr>
<td>Direct selling to consumers</td>
<td>$3,961</td>
</tr>
<tr>
<td>Professional services</td>
<td>$3,938</td>
</tr>
<tr>
<td>Fast-moving consumer goods</td>
<td>$3,820</td>
</tr>
<tr>
<td>Pharmaceuticals and health care</td>
<td>$3,799</td>
</tr>
<tr>
<td>Hospitality</td>
<td>$3,680</td>
</tr>
</tbody>
</table>

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

North America
$4,508

EMEA
$2,500

Latin America
$4,500

Asia/Pacific
$3,453
BUDGET ALLOCATION

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.

- Hotel: 29%
- Airfare: 22%
- Food and beverage: 21%
- Activities: 15%
- Ground transportation: 9%
- Other (e.g., AV): 7%

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**

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

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

DMC’s current share of destination spending in 2019

DMC’s anticipated share of destination spending in five years

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

- Currently (2019)
- In five years

North America: 45% → 41%
EMEA: 59% → 50%
Asia Pacific: 58% → 45%
Latin America: 54% → 43%

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

ITM 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.

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%).

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.
DESTINATION & PARTNER SELECTION

ITM 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

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mix of the above, depending on program</td>
<td>34%</td>
</tr>
<tr>
<td>Through direct negotiations with end-suppliers</td>
<td>21%</td>
</tr>
<tr>
<td>Through meeting planning services or consultants</td>
<td>12%</td>
</tr>
<tr>
<td>Through dedicated incentive house or agency</td>
<td>11%</td>
</tr>
<tr>
<td>Through destination management companies</td>
<td>9%</td>
</tr>
<tr>
<td>Through outsourced site selection services</td>
<td>9%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
</tr>
<tr>
<td>Through specialist travel management companies</td>
<td>2%</td>
</tr>
</tbody>
</table>

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

- **Repeat clients/referrals**: 85%
- **Trade shows (e.g., IMEX, IBTM World)**: 54%
- **Hotel referrals**: 34%
- **Destination marketing organization (DMO or CVB) referral**: 31%
- **Marketing consortia (such as Hosts Global, The DMC Network or Euromic for DMCs; Destinations Inc., ICCA, European Cities marketing for DMOs)**: 29%
- **Your organization’s website**: 24%
- **Industry associations such as SITE or FICP**: 20%
- **Other**

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.

**59** 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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation</td>
<td>66%</td>
</tr>
<tr>
<td>Creativity and innovation</td>
<td>60%</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>59%</td>
</tr>
<tr>
<td>Relationship and trust</td>
<td>53%</td>
</tr>
<tr>
<td>Value</td>
<td>37%</td>
</tr>
<tr>
<td>Connections</td>
<td>34%</td>
</tr>
<tr>
<td>Experience</td>
<td>32%</td>
</tr>
<tr>
<td>Legacy</td>
<td>30%</td>
</tr>
<tr>
<td>Attitude</td>
<td>30%</td>
</tr>
<tr>
<td>Breadth of service offering</td>
<td>23%</td>
</tr>
<tr>
<td>Financial stability</td>
<td>18%</td>
</tr>
<tr>
<td>Technology</td>
<td>10%</td>
</tr>
<tr>
<td>Marketplace commitment</td>
<td>8%</td>
</tr>
<tr>
<td>Industry activity</td>
<td>8%</td>
</tr>
<tr>
<td>Size</td>
<td>6%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Suppliers</th>
<th>Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation</td>
<td>56%</td>
<td>72%</td>
</tr>
<tr>
<td>Creativity and innovation</td>
<td>54%</td>
<td>69%</td>
</tr>
<tr>
<td>Relationship and trust</td>
<td>49%</td>
<td>66%</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>52%</td>
<td>63%</td>
</tr>
<tr>
<td>Connections</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td>Value</td>
<td>32%</td>
<td>35%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure, such as quality hotels for handling incentive programs</td>
<td>83%</td>
</tr>
<tr>
<td>Overall participant (qualifier) safety</td>
<td>82%</td>
</tr>
<tr>
<td>Appeal of destination to participant audience (qualifiers)</td>
<td>81%</td>
</tr>
<tr>
<td>Value for money</td>
<td>77%</td>
</tr>
<tr>
<td>Presence in the destination of good destination management company (DMC)</td>
<td>63%</td>
</tr>
<tr>
<td>Access from qualifiers’ home cities</td>
<td>60%</td>
</tr>
<tr>
<td>Executive mandate</td>
<td>43%</td>
</tr>
<tr>
<td>Presence in destination of good destination marketing organization (DMO or CVB)</td>
<td>31%</td>
</tr>
<tr>
<td>Availability of financial support</td>
<td>19%</td>
</tr>
</tbody>
</table>

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

- Prior experience with brand, venue, or staff another location: 83%
- Word-of-mouth recommendations from within your own organization: 80%
- The recommendation of an account executive from the incentive house or travel partner your team uses: 79%
- Recommendations from other meetings and event professionals via associations: 74%
- Word-of-mouth recommendations from non-meetings and event professionals outside your own organization: 72%
- Social media: 49%
- On-line travel sites: 39%
- Meetings industry publications: 33%
- Dedicated travel magazine: 20%
- Newspapers with a travel supplement: 11%

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

- Educational trip to the destination: 82%
- Face-to-face meetings or sales presentations in a client’s place of work by a DMO, DMC, hotel or venue: 77%
- Face-to-face meetings or sales presentations at a trade show: 69%
- Face-to-face meetings or sales presentations at boutique marketplace events: 66%
- Pre-site video of destination incentive capabilities coupled with face-to-face meeting: 63%
- Video calls or webinar presentations: 37%
- Marketing and promotions from the destination: 26%

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

- After creating a Request for Proposal (RFP) but before the destination is confirmed: 41%
- Before creating a Request for Proposal (RFP): 32%
- Client typically will not connect with a DMO or CVB when seeking input for an incentive travel program: 15%
- After the destination is confirmed: 12%

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

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

- Group cultural or sightseeing experiences: 52%
- Group dining experiences: 50%
- Team-building activities: 42%
- Luxury travel experiences/“bucket list” inclusions: 35%
- Corporate social responsibility (CSR) activities: 33%
- Free time: 25%
- Multiple options aimed at smaller groups: 22%
- Meetings: 18%
- Business tours and field visits: 16%
- Shopping experiences: 3%

Nearly 50% of respondents value group activity most

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

Group dining experiences
Group cultural or sightseeing experiences
Team-building activities
Free time
Luxury travel experiences/“bucket list” inclusions
Corporate social responsibility (CSR) activities
Meetings
Multiple options aimed at smaller groups
Business tours and field visits
Shopping experiences

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

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>EMEA</th>
<th>Asia Pacific</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>Western EU</td>
<td>Southeast Asia</td>
<td>South America</td>
</tr>
<tr>
<td>2</td>
<td>Caribbean</td>
<td>Emerging EU</td>
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<td>Mexico</td>
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<td>Caribbean</td>
</tr>
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<td>Western EU</td>
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<td>10</td>
<td>Oceania</td>
<td>Mexico</td>
<td>Caribbean</td>
<td>Northeast Asia</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>North America</th>
<th>EMEA</th>
<th>Asia Pacific</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. United States</td>
<td>Western EU</td>
<td>Northeast Asia</td>
<td>United States</td>
</tr>
<tr>
<td>2. Caribbean</td>
<td>Emerging EU</td>
<td>Western EU</td>
<td>Canada</td>
</tr>
<tr>
<td>3. Western EU</td>
<td>United States</td>
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<td>4. Mexico</td>
<td>Southeast Asia</td>
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<td>5. Canada</td>
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<td>Western EU</td>
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<tr>
<td>6. Central America</td>
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<td>Northeast Asia</td>
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<tr>
<td>7. Oceania</td>
<td>Gulf States</td>
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<tr>
<td>8. South America</td>
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<td>South America</td>
<td>Gulf States</td>
</tr>
<tr>
<td>9. Southeast Asia</td>
<td>South Asia</td>
<td>Canada</td>
<td>Southeast Asia</td>
</tr>
<tr>
<td>10. Northeast Asia</td>
<td>Southern Africa</td>
<td>Southern Africa</td>
<td>Caribbean</td>
</tr>
</tbody>
</table>

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

- **Short trips average stay:** 3.7 days
- **Long trips average stay:** 5.0 days
- **Distant trips stay 1.3 days longer on average**

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)

<table>
<thead>
<tr>
<th>Average spend per person</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
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<td>$3,000</td>
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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)

<table>
<thead>
<tr>
<th>Reported growth rates</th>
<th>2018</th>
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<th>2020</th>
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<th>2022</th>
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<tbody>
<tr>
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<tr>
<td>Corporate end-users</td>
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<tr>
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<td>2.7%</td>
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<tr>
<td>Sellers</td>
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<tr>
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<td>Destination management company</td>
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<td>Technology company</td>
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# Average Spend Per Person (Levels)

<table>
<thead>
<tr>
<th>Average spend per person</th>
<th>2015-2016</th>
<th>2017-2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median values reported in nominal US$</td>
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<tr>
<td><strong>Buyers</strong></td>
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<tr>
<td>North America</td>
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<tr>
<td>South America/Caribbean</td>
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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)

<table>
<thead>
<tr>
<th>Reported growth rates</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyers</td>
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<td>1.6%</td>
<td>2.2%</td>
<td>2.6%</td>
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<tr>
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<td>3.1%</td>
</tr>
<tr>
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<td>-1.9%</td>
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<td>2.2%</td>
<td>2.6%</td>
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</tbody>
</table>

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