

SITE – INCENTIVE TRAVEL FACTBOOK 2009: 5TH ANNUAL PAN-EUROPEAN REPORT

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Annually, the Frankfurt-based IMEX exhibition researches the views of MICE agencies and buyers during November/December to compile a PAN-EUROPEAN REPORT that previews the year ahead. This report, assessing prospects and perspectives for 2009, is based on replies from over 190 respondents in over a dozen countries across Europe and the European Union, plus others in Finland, Russia and Turkey.

The job titles of participants suggest their seniority in decision-making and include: general manager; managing director; owner, executive director; account director; special events co-ordinator; operations manager; international sales manager; DMC; director of sales; and project manager. For 62% of those replying a focus on incentive travel accounts for up to half of their working responsibility; and in 26% of cases the proportion exceeds three-quarters of their workload.

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progress being made?

How well established is the concept of incentivising the workforce? Industry specialists offer the following analysis (Table 1):

	Very widespread		Increasingly Not very widespread			
	2009	2008	2009	2008	2009	2008
* Established within major international business	57%	55%	40%	41%	3%	4%
* Established amongst most sizes of business	29%	24%	61%	64%	10%	12%
* Established amongst public sector workforces	12%	11%	38%	36%	50%	53%

The trajectory of these findings indicates gradual progress in the acceptance of motivational concepts.

factors of importance

How do decision-makers rank in importance the factors that influence their incentive travel planning? Industry specialists offer the following analysis (Table 2):

	2009	2008	2007	2006	2005
<i>A fashionable or new destination/holiday type that gives winners something to boast about to friends</i>	1 st	5 th	1 st	3 rd	2 nd
<i>An expensive-sounding programme at a good-value price that allows for the maximum number of participants within the overall budget</i>	2 nd	3 rd	3 rd	1 st	4 th
<i>A safe and secure incentive travel experience which ensures that participants are not at risk</i>	3 rd	1 st	2 nd	2 nd	1 st
<i>Ease of access so that winners are away the least time from work</i>	4 th	4 ^h	4 th	5 th	5 th
<i>An incentive travel experience that most accurately matches the educational background/lifestyle/status of the prize-winners</i>	5 th	2 nd	5 th	4 th	3 rd
<i>An incentive travel programme that is really easy to organise and book</i>	6 th	6 th	6 th	6 th	6 th

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

Whilst the picture has stayed broadly the same year on year (and for much of five years) the increased relevance for 2009 both of destination fashionability and programme expense suggests that potential winners may be being tempted to try harder to succeed because perhaps their own vacation plans have had to be scaled down in scope and value.

most memorable?

What factors reflect the memorable and motivating qualities of a programme for prize-winners? Industry specialists offer the following analysis (Table 3):

	2009	2008	2007	2006	2005
<i>The perception that the experience is unique/ a privilege/difficult for others to book</i>	1 st	1 st	1 st	1 st	1 st
<i>The creativity of the programme that really catches the imagination</i>	2 nd	2 nd	2 nd	2 nd	2 nd
<i>The perception that the experience would have cost a great deal to buy</i>	3 rd	3 rd	3 rd	3 rd	3 rd
<i>The opportunity for incentive prize-winners to choose some or all of the programme, and to personalise their experience</i>	4 th	4 th	5 th	4 th	4 th
<i>The degree to which the programme appeals to a partner/other members of the family who are included</i>	5 th	5 th	4 th	5 th	5 th
<i>The degree to which winners have been consulted about the kind of incentive travel prize that would best match their lifestyle and interests</i>	6 th	6 th	6 th	6 th	6 th

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

The clear pattern demonstrated over a five-year period is that core structural strategies for an incentive travel programme appear resilient to change.

incentive preferences?

What ranking of categories of incentive travel trip currently reflects the perceived preference of prizewinners? Industry specialists offer the following analysis (Table 4):

	2009	2008	2007	2006	2005
<i>A cultural city break</i>	1 st	2 nd	1 st	1 st	3 rd
<i>A sports/adventure holiday</i>	2 nd	1 st	4 th	3 rd	4 th
<i>A sightseeing/travelling about programme</i>	3 rd	3 rd	2 nd	2 nd	1 st
<i>A spa/health/holistic experience</i>	4 th	4 th	5 th	4 th	6 th
<i>A romantic resort/island destination</i>	5 th	6 th	3 rd	7 th	2 nd
<i>An eco/wildlife incentive</i>	6 th	5 th	6 th	6 th	7 th
<i>A cruise</i>	7 th	8 th	7 th	5 th	5 th
<i>A good cause/community support project</i>	8 th	7 th	8 th	-	-

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

The broad pattern is that of underlying continuity.

trend-spotting

Current trends in incentive travel are manifestly the outcome of the international economic downturn, although significant pockets of confidence remain. The most commonly-mentioned predictions for programmes in 2009 and 2010 make references to shorter distances, fewer days, less planned activity, the same or a reduced number of participants, more modest dining, and overall, a far greater attention to value for money. The situation, many say, is not helped by unjustifiably high taxes and surcharges on flying.

However, a considerable proportion of MICE specialists, representing a genuine cross-section of European countries, prefers a far more optimistic scenario. Their expectations draw on the proven track record of motivational initiatives in delivering incremental sales and productivity benefits arising from underlying psychology: participants are inspired to work harder and smarter. Additionally, those feeling buoyant towards the future anticipate that increased airline costs will be balanced by cheaper prices both for hotel accommodation and other programme elements.

'very confident'

Many MICE specialists therefore look ahead with caution, but not with negativity. For example, a cross-section of respondents in the following countries reports that they feel 'very confident' towards the next 12 or 24 months – Switzerland, Germany, Poland, the Netherlands, Ireland; whilst elsewhere others express their underlying 'confidence' – UK and Belgium. Whilst these opinions cannot be taken as country-wide assessments, nevertheless they point to the potential to overcome market challenges. One special events co-ordinator in Germany comments, 'our demand currently is growing so fast that our real problem will be how to handle all the winners as they achieve their sales targets in shorter times!'; whilst a MICE organiser in Italy explains, 'we are positive because we are making the necessary programme adjustments that reflect the new circumstances of our clients'.

meetcentives

One industry trend that appears to have been underpinned during the last year, and shows no sign of abating, is that of the so-called '*meetcentive*', or hybrid conference and reward programme. Over two-thirds of research participants confirmed this momentum, noting the 'best of both worlds' contribution of work plus talks and team-building, or work alongside leisure time. Specific examples include a meeting followed by sightseeing and fine dining in an attractive destination such as Venice; or a programme of lectures and briefings prior to free time in a spa resort. Further recommendations are for a country house hotel that provides a high-tech business centre, or access to outdoor pursuits; and for the combination of a day of work and a day of fun in an art city. A survey correspondent in the UK explains that this concept makes staff 'feel more valued and gives them something back ... making them more inclined to participate during meetings and stay motivated on returning to their offices'.

How would you rank those factors that influence the planning of meetcentives?

Industry specialists offer the following analysis (**Table 5**):

	2009	2008	2007
<i>To make sure the event has some productivity benefit and is not simply 'lost' working time</i>	1 st	2 nd	1 st
<i>To reflect the company philosophy that meetings and/or training courses are more effective if an element of reward is incorporated</i>	2 nd	4 th	3 rd
<i>To make the event more tax-efficient</i>	3 rd	1 st	2 nd
<i>To meet the criteria of the senior management who are not fully convinced that 'pure pleasure' incentives are appropriate, or necessary</i>	4 th	3 rd	4 th
<i>To enhance the image of the event in the eyes of non-participating staff</i>	5 th	5 th	5 th
<i>To satisfy participants who would feel guilty if no work took place</i>	6 th	6 th	6 th

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

Whilst the picture over time remains relatively stable, an inference may be drawn in the context of a more difficult global economy that companies genuinely want business events to take place, and not be shelved, but that their expectations are higher in respect of executive performance. For this reason, arguably, MICE sector respondents again stress the growing importance of ROI (Return on Investment) from incentive travel strategies. Assessment techniques include 'positive feedback from clients'; 'questionnaires and interviews'. 'subsequent levels of staff and customer loyalty, together with reduced sick leave plus improved social behaviour at work'; 'growing sales targets'; and 'built-in profit goals'.

government action

A characteristic of previous IMEX pan—European polls is that many MICE experts believe that their governments do not do enough to help the industry, and the research for 2009 echoes this critique. Typical verbatim comments include: 'no –

because they continue to tax incentives' (**Belgium**); 'no – it is simply not in their culture' (**UK**); 'I doubt whether many of our politicians know what the word incentive even means' (**Romania**); 'it's time that governments across Europe standardise and lower tax regimes for incentive travel' (**Germany**), and 'they should give back all taxes paid overseas in hotel bills and business event programmes' (**Ireland**). On the other hand, some suggest that supporting motivational initiatives 'is not the duty of a government' (**Germany**).

climate change

Evidence increasingly suggests that concerns about climate change will take a lower priority as businesses work harder simply to maintain their markets during 2009. Whilst this no doubt will prove only a temporary lowering of interest, the tone of many (characteristic) verbatim comments nevertheless is clear: 'green issues are of no importance' ... 'the environment has lost relevance – people want to live for now and enjoy their lives'; and 'for the sake only of image, participants may be willing to pay a few extra Euros when they are flying'. Others admit that changing climate is already affecting them since they 'make less use of hot destinations', and 'generally apply greater weather-awareness in planning'. In contrast, a positive role is struck by an agent in Italy who emphasises that attention in favour of eco issues is certainly growing in some countries and will influence demand in these. 'Consequently we are working to offer zero-impact events to meet this new 'correct' demand', he explains.

Finally, those surveyed were asked to offer suggestions as to how categories of decision-maker in the industry might work to improve their response to the industry. Verbatim comments follow:

* **Airlines:** *'be more flexible and pay commission'; 'employ specialist staff to handle incentives'; 'return to more personalised standards of service'; 'stop charging passengers with excessive fuel surcharges'; 'make more seats available to MICE clients'; and 'fix your airfares 12 months ahead'*

* **Convention Bureaux:** *'be greener'; 'focus on smaller venues not just the major conference centres'; 'do more to emphasise the alternative, less well-known hotel brands'; 'do more to motivate*

your governments to help the industry'; and 'become more flexible'

*** Global Hotel Brands:** *'become more flexible and pay more commission'; 'define your eco-credentials'; 'avoid going direct to the clients of agencies'; 'offer better rates to MICE groups'; 'be less severe on MICE cancellations'; and 'think long-term in your industry relationships and not display a greedy approach for one year only'*

*** Board of Directors:** *'invest in incentives'; 'don't interfere in finalised programmes'; 'recognise the power and impact of these management strategies'; and 'be quicker in making destination and venue decisions'*

The last word in this 2009 assessment goes to an agency in Italy who writes: 'we must remain optimistic even if the world financial crisis affects our business. The secret of survival must be to aim both for higher quality programmes and yet still to offer better value'.

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IMEX would like to thank those industry professionals who responded so professionally to this research.