



# INCENTIVE TRAVEL REPORT 2023

WRITTEN BY MIKE FLETCHER

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# INTRODUCTION

While leisure travel continues to recover relatively unchallenged worldwide, business travel is having to navigate a more transformational set of post-pandemic behaviours.

Tighter corporate budgets, climate targets, and virtual ways of working and meeting have all had a significant impact.

Not only have attitudes towards business travel changed significantly, but the way organisations motivate and retain their employees has also evolved.

Incentive travel is now adapting to different intentions and priorities to remain a strategic way of motivating, rewarding and engaging a workforce.

In this report, we'll look in detail at the sector's recovery, explore the new drivers of incentive travel and offer some expert advice for future-proofing programmes against cultural change.

Let's begin...



# A sector adapting to recovery



The definition is changing. We're seeing businesses re-label incentives to show positive impacts on people, planet and profit.

**David Taylor**

Non-Executive Director  
BCD Meetings & Events

## Market recovery

The global market value for incentive travel will reach US\$216.8 billion (£174 billion) by 2031 if it continues to recover at its current annual growth rate of 12.1%, according to figures published by Allied Market Research.

Although it is still a long way off the US\$805 billion (£645.8 billion) valuation placed on the sector back in 2017, it does signify that **a revival is finally underway for an important segment of the global MICE industry.**

Research from the 2022 Incentive Travel Index (ITI) - a joint initiative by the Financial & Insurance Conference Professionals (FICP), Incentive Research Foundation (IRF) and the Society for Incentive Travel Excellence (SITE), predicts **that the number of people participating in incentive travel programmes worldwide will recover by 48% this year and grow by 61% in 2024, compared to 2019.**



## The changing face of incentive

As workforces become more disparate and the retention of talent grows ever more challenging, the role of incentive travel has had to shift in a post-Covid world. It has become a key driver in building company culture and increasing employee engagement.

**In fact, 'Retention of Employees' (67%) is now the most commonly cited reason why incentive travel is able to regain its strategic importance, according to ITI.**

Before this decade, incentive travel programmes were predominantly designed to motivate and reward team or individual performance. Top salespeople would compete to win a long-haul travel experience by exceeding their targets or by bringing in the most revenue.

Today though, 66% of incentive travel agencies state that softer benefits such as inclusivity, peer-to-peer relationships and being able to take a partner on a trip have taken on greater relevancy as part of these corporate reward and recognition schemes.

## Wellness and sustainability in programme design

The role of the incentives professional now includes helping companies to demonstrate concern for employee wellbeing, with time-off excursions and access to wellness to counteract workplace loneliness, stress and burnout.

As a result, 35% of respondents to the ITI say that wellness activities have surged in importance along with CSR-focused team building (as stated by 44%).



**Programme design continues to evolve and we can see shifting preferences impacting what's now included.**

**While activities that promote relationships are the top choice across the industry, we see some interesting differences across regions. A key difference is that sustainability and CSR opportunities are considered more important by industry professionals outside of North America.**

**Stepahnie Harris**

President  
IRF



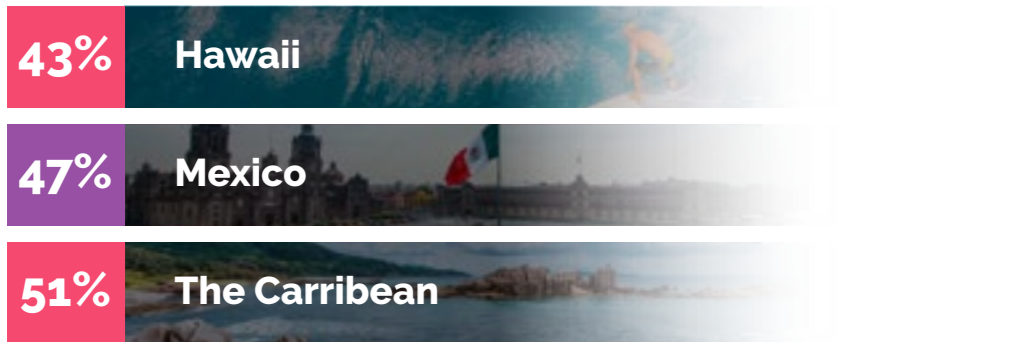
To elaborate, almost half of the 'Rest of the World' respondents to the ITI admitted

**that lowering the carbon footprint of incentive programmes has increased in importance, compared to 34% of North Americans.**

Travelling to and from an incentive destination more sustainably is also a key consideration for 40% of the 'Rest of the World', compared to just 32% of North American respondents. When it comes to choosing a destination, incentive travel buyers outside of North America are planning to use these destinations more than they did in 2019:



Whereas North American buyers are planning to stay closer to home by selecting destinations such as



## Which sectors are prioritising incentive travel?

By sector, 'Finance and Insurance' is currently considered the most important. Some 63% of agencies ranked it in their top three client sectors. Moreover, 30% ranked it number one for incentive programme activity.

Other sectors to rank highly in importance for incentive travel houses included:



**48%**  
SAAS



**39%**  
pharmaceutical  
and healthcare



**27%**  
direct-to-  
consumer



**22%**  
automotive

## What challenges lie ahead?

Agencies still face significant challenges including talent shortages, inflation and limited hotel inventory.

Some 85% of North American respondents to the ITI and 73% from the 'Rest of the World' cited inflation and rising travel and supply-chain costs as their top concerns.

**And yet, despite these challenges, incentive travel programmes are becoming more exciting, more experiential, more authentic and more memorable than ever before as they adapt to the changed landscape.**

Private access to normally crowded venues, exclusive guides with inspiring stories, meals in unexpected and unique places, and once-in-a-lifetime travel now have a higher perceived value for programme participants.

The lockdown years have given us all a greater appreciation for valued experiences. Incentive travel agencies can finally emerge as long-term beneficiaries.



# What should companies prioritise when returning to incentive travel?



Hotels, DMOs, and CVBs who bring together critical programme elements in a way that is seamless for the planner, and can demonstrate their ability to execute as promised, will come out ahead.

**Stephanie Harris**  
IRF President

In IBTM World's 2023 Trends Report, authenticity, wellness and sustainability were highlighted as three critical elements driving a new breed of incentive programmes. Let's look at each in turn.



## Authenticity

According to a recent study commissioned by travel booking platform GetYourGuide,

**67% of Millennials and almost half of Generation Z worry that their travel experiences aren't authentic.**



This desire, especially amongst the young, to experience destinations as the locals do provides incentive planners with myriad opportunities to connect with local culture, create meaningful experiences and align activities with personal values, purpose and the support of local communities. Planners should therefore focus on programmes that facilitate genuine connections with a destination and a lasting legacy that attendees can take pride in.

## Sustainability

Climate-conscious travel options and sustainable destination choices are vital components of programme planning to ensure that incentive schemes reflect overall company values, contribute to corporate climate goals and reward participants responsibly.



**Planners should give guests opportunities to learn about the places they're visiting and to participate in activities that allow them to meet local people, learn more about their surroundings and support environmental efforts.**

Research potential destinations to ensure you won't be contributing to over-tourism, opt for accommodation and brands with sustainable values and practices, and help employees to minimise their environmental impact with the activities on offer.

## Wellness

**Employers wishing to help their employees feel cared for and supported should consider wellness elements as part of incentive schemes.**



This doesn't necessarily mean sending staff off on luxury spa breaks but instead, giving them options and access to days off, gym class memberships and self-improvement programmes. New wellness trends for 2023 include forest bathing and foraging excursions, alongside meditation and mindfulness.

Hotels around the world are innovating to capture an awakened market, offering advanced rejuvenation and hands-on activities, which is encouraging MICE groups to get up close and personal with nature.

# How incentive programmes motivate and reward



Businesses will always look at ways to grow. Now, more than ever there is an emphasis on gaining, engaging and nurturing talent. These are key drivers of the incentive market

**Patrick Delaney**  
MD  
*SoolNua*

With the positive effects of incentive travel felt before, during and after the experience, it's easy to see why programmes should be prioritised as preferred drivers of corporate performance.

Here are eight reasons why travel incentives further help to motivate staff,



## Happiness and inspiration

In a cost of living squeeze, cash rewards are more likely to be spent on necessities such as household bills. Travel on the other hand provides an escape from the realities of everyday life and will leave staff feeling happier and more inspired.



## Performance

The incentive for a reward as exciting as travel provides a sharper focus and occupies more mental space than the promise of cash or discount cards. The added value, plus the universal appeal of travel, translates into measurable increases in recipients' effort, perseverance and performance. More emotional attachment means greater behavioural change.



## Word-of-mouth and social media

We live in a social age where memorable experiences eclipse material things. Winning a place on an incentive travel programme is highly visible and will drive word-of-mouth and social media before, during and after the event. Winners will share enthusiastically about a luxurious travel incentive (and the organisation that made it happen). Bragging about a cash reward on the other hand is just awkward.



## Rest and relaxation

A trip or exclusive experience provides participants with rest and relaxation. Resting doesn't have to mean not doing anything, but it does require you to use your brain differently from when it's in work mode. Whether it's luxury spa treatments or an adrenalin-fuelled motorsport experience, participants will return to work feeling recharged and ready to excel.



## Appreciation and reciprocity

Incentive travel triggers feelings of appreciation and the desire to reciprocate the gift. The more emotionally impactful the reward, the greater the desire to respond through company loyalty, productivity, and creativity. Such a reciprocity effect persists well beyond the transaction as participants recall the experience more frequently than they would a cash reward. These recollections translate into feelings of being valued and will result in more positive workplace behaviours such as attendance, engagement and brand advocacy.



## Teamwork

The promise of an incentive encourages teamwork. If the end goal is a once-in-a-lifetime reward for the whole team, individuals will raise their game to ensure they're not letting the side down. Once the team achieves their collective goal and earns the reward, they'll spend time getting to know each other better and building bonds for an even better performance next year.



## Talent retention

Rewards and recognition enhance a company's ability to retain and attract talent. Moreover, staff who are committed to an organisation's culture of repaying loyalty and performance with incentive holidays and experiences are far more invested in that company's long-term success. Of course, the more 'Instagrammable' and shareable the reward, the more desirable the company will be to work for when job hunters search social channels for inspiration.



## Professional and personal development

Professional and personal development are important components of employee workplace satisfaction. So when your incentive participants are not exploring new destinations, treat them to developing new skills associated with the local culture, such as glass blowing, wine pairing, yoga or sporting activities.

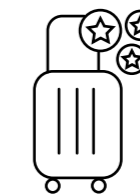
# Top tips to future-proof your incentive travel programmes



**We're seeing companies elongate the process, looking to engage the audience at different times, in different locations over a longer period. It's a more sustainable model and it has more value because there is more engagement with the delegates.**

**Andrew Rae,**  
Founder  
*Anotherway*

US-based incentive travel house, Brightspot shares six vital pieces of advice for enhancing incentive travel schemes.



## Re-think the 'Why' of incentive travel

When was the last time you evaluated how today's corporate priorities (the 'why') line up with the structure of your current incentive programme? Do the qualifying rules reflect today's new realities? What new behaviours will drive success? Perhaps there are new teams that help to drive results and should therefore be included in your programme? It's vital to take a step back, reconsider what makes your programme relevant and reassess what you need to achieve.

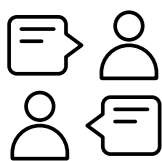


## Focus on 'Who'

Companies frequently lose focus on the target of their incentives - the people they are trying to motivate, engage or reward. Lots of voices have opinions on destinations, hotels, activities and rewards but too often, choices are made because the CEO or another senior leader has recommended or requested it.

Your senior leadership may love the five-star brands of Four Seasons and Ritz-Carlton for example, but your group may live on three-star budgets and feel uncomfortable with exorbitant hotel bar and restaurant prices. Likewise, your CEO may be a keen golfer and thinks the most motivational destination would be a golf resort in the Algarve or a Ryder Cup experience. But how many of your Millennial or Generation Z salesforce play or enjoy watching golf?

Step back, revisit the personas of those being targeted with your programme and choose a destination or activity that will reward and motivate them.



## Communicate better and often

Like any successful marketing programme, your incentive trip needs a comprehensive communication strategy. It should be properly budgeted for and include teasers, a website, regular newsletter updates, themed kickoff kits and a pre-trip pack containing essential documents, luggage tags etc. From contest qualification to the pre-trip mailer, there's an art to both the promotion of the programme details, the qualifying rules that drive ROI results, and keeping your scheme top-of-mind. A clever, attractive theme can go a long way. Tie it to your programme goals and don't let your incentive scheme become a well-kept secret.



## Authenticity is key

Whether it's an individual or group activity, authentic, once-in-a-lifetime experiences are the stuff memories are made of. It's also what keeps your participants earning their way back year after year. Local culture can provide unique experiences: think rum tasting in Jamaica, grape stomping and making your own wine in Sonoma or, folklore and fairy tours in Ireland. Consider activities that connect your guests to the local community and provide inspiring experiences that teach them about the destination, and hopefully a little about themselves in the process.



## Deliver the 'Wow' factor

Work with your agency and DMC to provide experiences that guests wouldn't be able to organise themselves. In Switzerland for example, serve champagne on the cable cars as you ascend the mountain. If you're in New York, organise dinner and a Broadway show but include a backstage tour and the chance to meet the performers. Identify the top attractions and find a way to add the 'Wow'. Think of it this way; it's not a party or a gala, it's an experience. It doesn't have to be crazy or expensive; it just has to be creative.



## Embrace the art of gift giving

Destination-based gifts that have been handcrafted by local artisans are great "pillow gifts". Other popular gifting experiences include designer sunglasses, cowboy hats and boots, custom jewellery, leather accessories, hoodies and hand luggage. Why not set up an artisan's market to give your guests the ultimate selection of authentic gifts, while allowing them to interact with the artisans themselves? Remember, connection always enhances the experience two-fold.

The incentive travel sector will continue to adapt and evolve alongside workplace behaviours, technology and other transformational factors.



To stay up to date with what's driving cultural change to incentive travel programmes and how to stay one step ahead, visit IBTM World in Barcelona this **November 28-30**.

[Register to attend](#)

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