



DECISION DRIVERS 2022: ELEVATING THE EXPERIENCE

Decision Drivers 2022: Elevating the Experience

In a challenging labor market, experiences take on an elevated level of importance for organizations working to retain top performers, attract new talent, and motivate middle performers to achieve new levels of success. Incentive travel is the tool of choice for many organizations. However, significant challenges – including competing leisure travel, industry-wide staffing issues, and inflation, among other factors – are creating a new level of difficulty for third parties and corporations working to design and execute programs.

To further explore these challenges and discuss the way forward, we gathered industry professionals at Fairmont Chateau Lake Louise for roundtable discussions in partnership with Destination Canada Business Events. Over two days, the group discussed a multitude of topics that you will find in this paper and built trust during incentive-style experiences including chef-inspired events, guided historical and nature tours, and early morning canoe rides on Lake Louise. Their insights and perspectives help shed light on the program elements and desired outcomes that are driving destination decisions for today's incentive buyers.

The New Luxury

As we emerge from the devastating impacts of COVID-19 on our industry, IRF research has shown that program participants are focused once again on travel rewards and hedonic rewards to treat themselves. The utilitarian reward focus of the last two years seems to be fading. Additionally, wellness is playing a major role. One participant noted “Wellness is the new luxury,” a statement that resonated with the entire group.

When asked about the biggest driver of destination choice, the response was unanimous. Experience is far and away the biggest driver of destination choice among buyers today. “Incentive travel used to be about the hotel, but now hotels are a gateway, a piece of the incentive puzzle,” noted one of our participants. It was important to note that hotels have an obligation to honor the destination by both embracing the unique elements of their surroundings within the experience they offer, but also delivering incentive-level service. Interestingly, buyers indicated that many “used to be loyal to a single hotel brand, but that is no longer the case.”



Hotels are still seen as a key driver of the experience. Hotels such as Fairmont Chateau Lake Louise that offer a truly special location and set of experiences are seen as having an edge in today's experience-hungry climate. However, the experiences must be authentic. Manufactured experiences that are trite or forced have a net-negative effect on program owners as they weigh destination decisions. Thoughtful use of the environment, creative and authentic education about the area, and meaningful immersion into local culture are drawing in program owners and decision-makers.

There is an expectation that a hotel will work to help identify the experiences within the destination that program owners cannot find on their own. "Hotels are the home base," said one respondent, "but they cannot bring me things we've already done." Post-pandemic, winners have re-prioritized and now want and demand more. "The properties we ultimately choose will be those that embrace the destination, and bring it fully into both the activity and food and beverage program."

Wellness is also a critical element to weave into the program. It takes a few forms in the eyes of our incentive professionals. Program winners want free time to explore on their own. "They don't want to be overprogrammed," noted one corporate program owner. That means choosing a destination that has a variety of experiences nearby for participants to take in on their own time. From adventure activities to wellness activities, to simple down time to recharge in a relaxing setting.

Effectively incorporating wellness means looking at the full agenda and food and beverage program. It is important that program earners are treated like winners. So, take the opportunity now to refresh what is expected or what you have traditionally delivered to help surprise and delight your winners. It is still incredibly important to deliver an experience that feels rewarding, but the definition of that is shifting. Lowering the level of programming can be of benefit to the participants and increase program satisfaction.

Raising the Game

As incentive travel programs rebound to meet pent-up demand, expectations are higher than ever. One third party planner noted, "It's time to raise the game. Bonuses have not been paid, travel has been delayed, and recognition has not been happening the way a lot of employees expect. Now it's about making good." With the added emphasis on employee retention and recruitment, the quality and impact of programs ties clearly to corporate goals. Since retention is top-of-mind, employee preferences are a major consideration.



Within most top performer programs, the earners are fully capable of going to nearly any destination they'd like to visit. "It's not about a free trip," noted one of our third-party participants. Winners have really re-prioritized how they will spend their free time and spend time away from family since the pandemic. They now want and expect more of an experience they simply cannot buy or cannot get on their own.



Destinations that provide exclusive experiences stand out even more in today's incentive market. Private access to normally crowded venues, exclusive guides and inside stories, meals in places that are unexpected, and more have higher appeal now for program participants. "It's always been a factor in destination choice, but now it can be the tie-breaker," concluded a third-party participant.

As companies commit to elevating the experience, they are willing to pay more on gifts and room drops. Not only is this an opportunity to send participants home with company-branded swag, it is a chance to infuse gifting with authentic local products. Locally sourced coffee, regional delicacies, and wearables remind participants of the destination and the experience long after they have returned to their home offices.

Networking remains an important element, particularly within channel programs, but it is deeply important to know your group. "It's presumptuous to think people want to shake the hand of the CEO," was the comment from one third-party representative. The comment serves as a reminder that participants are changing, and so are their preferences.

The Struggle is Real... But So is The Opportunity

When discussing incentive programs and destination choice, it's important to acknowledge the reality of the challenges facing the industry today, and where destinations can stand out. The list of primary pain points in destination decisions today included:

- Loss of long-term contacts / relationships with hotel representatives
- "Supply chain – from beginning to end"
- Lack of creativity from DMCs largely driven by staffing challenges
- Contracting relative to force majeure
- Availability challenges given rise of leisure travel
- Consistency in delivery
- Transportation challenges – both air and ground

Consistency in delivery and staffing is an area of significant concern. One program owner noted, “There’s only so much we can do to make sure the hotel’s staff or the DMC’s staff is prepped and ready.” This uncertainty means increased need for transparent conversations between suppliers and program owners. A third-party noted that, “While hotels are hiring as fast as they can, these green staffers are not versed in group business.” Properties that demonstrate strong group acumen during site visits stand-out in today’s market.

Transportation, both air and ground, have long been influencers of destination choice, but the challenges of air travel today have raised the level of consideration given to travel. One program owner said, “We knock out destinations that have lift challenges. If there are only a one or two flights a day from major points of departure, we’ve taken it off the list for now.” Others have chosen to reduce use of destinations that have multiple connections to ensure participants can make it to the destination. Cost is a major factor as well, with third-party planner noting, “Europe is a great example of air travel being a deal-breaker.”

For US companies, many continue to look at keeping participants close to home. A few participants noted that somewhere like Lake Louise or Montreal had the feeling of going somewhere very far away and foreign while still being relatively easy to access. Taking a new look at closer to home destinations that offer immersive and different experiences without creating uncertainty.



The availability challenge was discussed at length as well. Program owners find they are battling for space against delayed weddings and leisure travel, and where they can find space, are struggling to get pre- or post-program availability. Weekends are often not available, and a Sunday to Wednesday pattern is often what planners are offered. A hotelier noted that you can’t predict what leisure guests will spend on property, so groups that have built-in onsite activities and meal functions are often more profitable. Another hotelier noted that leisure is starting to slow down, so keeping lines of communication open related to supply and demand will be important in the coming months.

Each of these elements pose a challenge, but also present opportunities for destinations to stand out by helping to mitigate difficulties for program owners. Destinations that can bring together various members of the incentives ecosystem to create seamless experiences are well-positioned to win business.

The Rising Cost of Everything

When asked which element of program design was the most painful from a cost perspective, the response was “everything.” Air, room rates, food & beverage minimums, gifts, and more were all cited. As a result, most are looking at reducing the number of attendees on their programs.

One third-party said “current pricing is at odds with the ability to deliver the desired experience within budget.” Most companies are weighing the value of some of the larger “wow factor” kinds of moments within programs. Another third-party noted, “Incentive travel and the passion to do it is greater than ever, but it is more intentional now.”

The group agreed that overall, program budgets are increasing, just not at the rate of inflation. A third-party said, “Clients are reasonable about the cost increases, but they don’t want to scrimp on the experience.”



In addition to a reduction in the number of attendees, allowing time and space for wellness and “on own” activities can have a significant impact on budget. “Giving free time is a great way to both meet the desires of the attendees and help balance budget struggles,” said one program owner. Some are looking at fewer food and beverage functions as well, giving people time to explore the city or area where the program is being held, using prepaid cards to cover lunch, or in some cases, having attendees take care of their own lunch or breakfast at leisure.

The Value of Emerging Destinations

Businesses are once again more open to programs taking place in a wider variety of exciting destinations. With the desire for authenticity and experience on the rise, we discussed the role of emerging destinations. Our hosts at Destination Canada Business Events shared some of their unique and emerging offerings such as Polar Bear & Narwhal Safaris in Nunavut or communing with Beluga Whales in Manitoba. These once-in-a-lifetime experiences can be the perfect fit for clients looking for a bit more adventure, and for smaller, high-end groups.



Photo Credit: CoPilot Collective courtesy of Travel Manitoba

Our third-party attendees find it particularly valuable to be “in the know” about emerging destinations to demonstrate their fingers are on the pulse of the industry. And while these destinations may be out of the consideration set for some in the short-term, they can quickly evolve into destinations that are on the short-list. One third-party noted, “Emerging destinations are fantastic to include as options in individual incentive travel programs.”

While companies are open to emerging destinations, they expect the quality of property and service to be consistent with proven destinations. They are not willing to compromise service or luxury when considering a new, off-the-beaten path destination. The group also discussed the challenge of overcoming the perception of the beach as the quintessential incentive destination.

The Role of the DMO and CVB

When discussing the role of DMO’s in the decision-making process, our discussion groups noted that they have a unique opportunity to inspire and show what is new and exciting. Of course, there must be a balancing act between the aspirational (think Nunavut or Manitoba) and the tried and true (think Whistler or Vancouver).

DMOs were described as “reliable, objective eyes and ears on the ground” during the decision-making process. They were seen within this group as a good source of knowledge regarding pandemic impacts, and ongoing updates about pandemic restrictions. With their knowledge of the destination, local regulations, and the supplier dynamics, DMOs were seen as well positioned to “bring emerging ways to experience known destinations, making them feel new and exciting.”



While viewed as somewhat less biased, the group pointed to CVBs as another resource to help inform destination decisions. CVBs were described as an “untapped resource” for incentive programs. Many acknowledged their value related to providing discounts, access, information about city wide events that could impact experience and more, but few utilize them on a regular basis. One third-party commented, “CVBs need to understand the incentives business better.”

Important Considerations

COVID-19 continues to be part of the destination decision process. Risk assessments overall now include COVID, and while the influence is lower overall, it can still make or break a destination. One third-party noted “Pandemic restrictions at the time of contracting still drive decisions. Vaccine mandates can be major issues for groups causing them to avoid a destination.” The group noted that COVID does not come up when planning for 2024 and beyond.

When it comes to protocols, our group noted that decisions are being made closer to program operation. Most indicate their programs are aligning to local protocols and not taking any extraordinary steps. Others indicate that protocols tend to be tied to the sponsoring company’s culture.

Other influences discussed included Diversity, Equity & Inclusion (DE&I) requirements. Most third-parties indicate they are seeing questions about DE&I on RFPs, but these questions feel more compulsory versus being decision-drivers. The group acknowledges that for some companies, DE&I is much more of a primary driver, but that is less common in their experience. That said, the influence is growing, and overall DE&I questions are becoming more common in RFPs.

Force majeure clauses were a major point of discussion. When it comes to hotel contracting, the force majeure clause is the one where the discussions most often break down. A third-party commented that, “it makes it very hard to convince clients to contract when there is no flexibility, but they are still living in uncertain circumstances. They want a more generous opt-out.” Procurement and legal representatives are not comfortable either, creating a painful gap. One hotelier indicated that the best path is to connect the attorneys sooner in the process rather than later, and to have the client share their desired clause as early as possible in the process. A program owner added that working with a third party was helpful because “third parties are better set up to address contracting challenges and changes in health protocols, as well as troubleshoot challenges that come up during program operations such as flight delays or weather events.”

The Takeaways

Experience, authenticity, and wellness are driving the decisions for today’s incentive program owners. Hotels, DMOs, and CVBs who bring together critical program elements in a way that is seamless for the planner, and can demonstrate their ability to execute as promised, will come out ahead.

Program owners should not be afraid to look at every element of their program to understand what can and should be changed to meet the shifting needs and desires of participants. Post-pandemic participants are both demanding more in terms of authenticity and wellness, and less in terms of programming to give room for downtime and optional activities.

Emerging destinations deserve a look, and emerging experiences in known destinations are in high demand.

Costs are driving programs close to home for now. But more important than distance is convenience for participants. Destinations with good lift and fewer connections are more likely to make the short-list.

Finally, connecting with DMOs and CVBs to understand the post-pandemic reality in destinations is recommended. Tapping into this expertise can result in exciting new experiences and additional resources to support programs.



Acknowledgements

The Incentive Research Foundation is grateful to the following incentive and meeting experts who participated in the roundtable discussions that led to this paper.

Jennifer Attersall – Destination Canada Business Events

Cate Banfield – Wynford

Jeremy Bielski – ITA Group

Morgan Crain – Rubrik

Lisa Hoehn - Altour

Craig Hudspith – Fairmont Chateau Lake Louise

Lisa McQuerrey – American Equity

Bob Romano – Maritz

Richelle Suver – One10 Marketing

Michael Welsh – Accor



We are also grateful to Destination Canada Business Events and their partners for their contributions to this experience.

Fairmont Chateau Lake Louise

Golden Skybridge

Pursuit Collection

Rare Indigo Destination Management

This report was supported by 2022 IRF Strategic Partner,
Destination Canada Business Events

