

INCENTIVE TRAVEL DESTINATION PREFERENCES & THEIR IMPACT ON **MOTIVATION**

While the pandemic put incentive trips on hold, the 2022 IRF Destination Preferences Study shows that interest in incentive travel as a motivating sales reward has never been higher. In addition, many of the long-established practices associated with these trips are gradually returning to pre-pandemic levels.

The 2022 study conducted in March and April of 2022, and builds on the 2021 Destination Preferences Study conducted in June 2021. In 2022, the IRF surveyed 405 full-time salespeople who have been eligible for an incentive trip at some point within the past three years, and focused on U.S. participants. The survey asked about several areas including perceived motivational appeal of incentive travel awards, fairness of the award process, destination preferences, and the aspects of an incentive trip they prioritized as being most important or motivating.

Additionally, Cvent and 3D Cruise Partners provided booking data to determine the degree of alignment between what travel planners were booking and participant preferences. This data showed strong alignment between the trips that are currently booked and what participants find most motivating.

Appeal of Incentive Travel is Near Universal Among the Sales Professionals Represented in the Study

The 2021 study showed that 80% found group incentive travel to be 'extremely' or 'very' motivating'. While this was considered quite high, the percentage rose even higher in 2022. In 2022, the percentage that found group incentive travel to be 'extremely' or 'very motivating' increased to 91%, with only 1% stating they did not find incentive travel to be 'motivating at all'. The data suggests that, currently, a group incentive travel award is a universally appealing incentive, with few exceptions to the rule.

While there was not much room to top the appeal of group incentive travel, individual incentive travel was rated even higher as a motivational award. Ninety-six percent rated individual incentive travel as being 'extremely' or 'very' motivating, up from 84% last year. Only one person out of 405 said that individual incentive travel was 'not motivating at all.'

Fairness of Selection Process

Another encouraging data point from the study is that most of the respondents felt the selection process at their companies was fair. Eighty-five percent felt the award selection process was either 'extremely' or 'somewhat' fair. This is a new question asked in 2022.

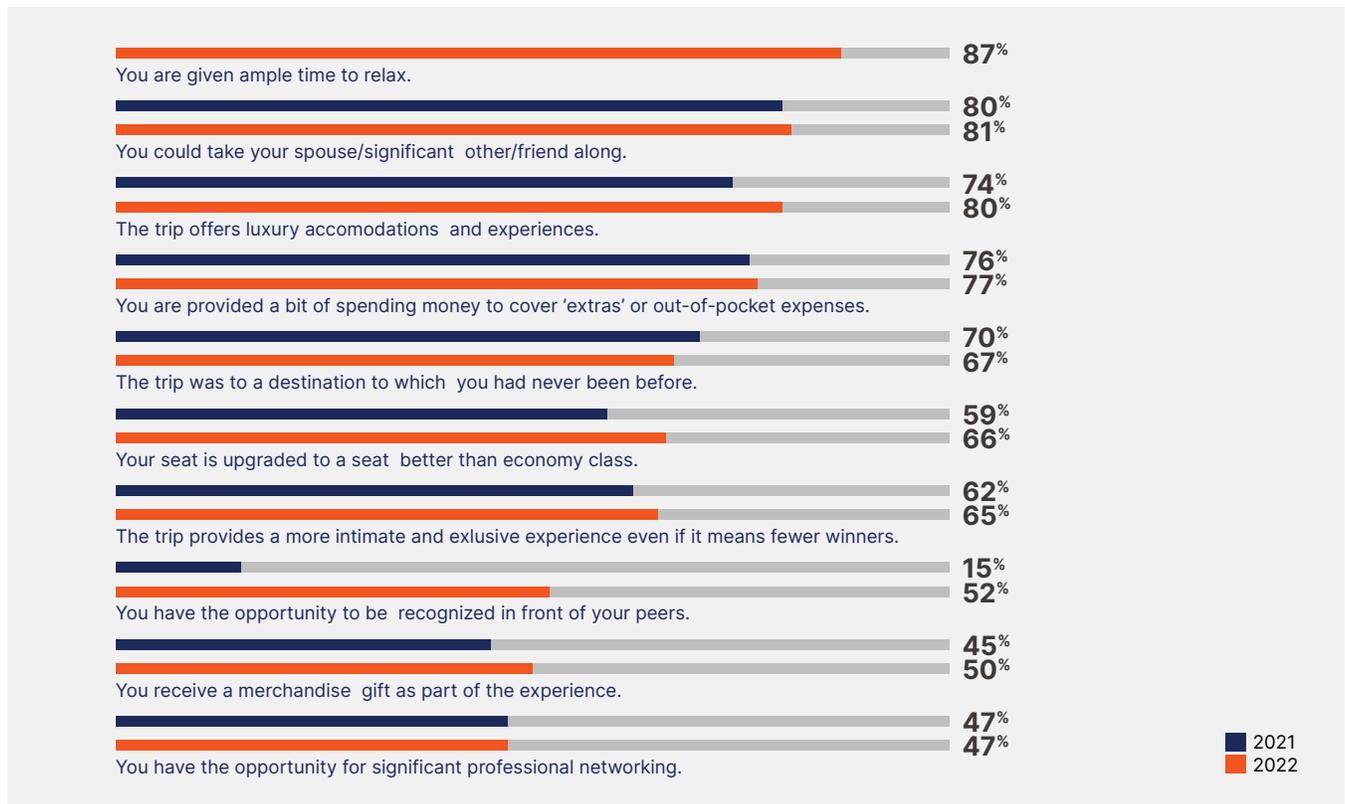
Most Important Qualities of an Incentive Trip

The survey respondents were given a list of incentive trip attributes to rate on importance using a scale of 'not important at all,' 'somewhat unimportant,' 'somewhat important,' and 'extremely important.' Because these rating scales sometimes lend themselves to everything being given high importance, a subset of these items were presented in a subsequent forced 1-10 ranking system.

A new attribute, *being given ample time to relax* was added to this year’s list. It was ranked as most important on the list, with 89% saying it was ‘extremely’ or ‘somewhat important.’ *Being able to take someone else on the trip, having the trip offer luxury accommodations and experiences, and being provided spending money to cover out-of-pocket expenses* were also considered extremely important trip features in 2022 as they were in 2021.

The largest shift in importance was *having the opportunity to be recognized in front of your peers*, which had an extremely large gain from 2021 when it was considered far less important. This is reflective of the opportunity to return to larger group events that better facilitate peer-wide recognition.

The following chart shows the net percentages (those rating ‘extremely’/‘somewhat important’ minus those rating ‘not important at all’/‘somewhat important.’) The comparisons between 2021 and 2022 are presented.



In both 2022 and 2021, the three highest ranked priorities were:

- Being able to invite a spouse/significant other/friend along
- Going to an appealing destination
- Having additional expenses covered either by an all-inclusive package or by being given additional spending money

In 2022 however, *having additional expenses covered* virtually tied *being able to bring someone along* as the top ranked priority. Additionally, *having 5-star luxury accommodations* virtually tied with *choosing an appealing destination* as the next most important priorities.

Having luxury accommodations continues to grow as a preference factor. This preference is reflected in the Cvent data as well. In 2021, Cvent data indicated the percentage that included luxury accommodations had grown to 85%, mirroring the high priority placed on this facet of the experience. In 2022, the percentage of luxury accommodation bookings remained stable and high at 84%.

Preferences for Trip Experiences

Like the ranking exercise for trip features, the study asked the respondents to rank order twelve types of experiences in order of preference. Like 2021, the three top ranked destination experiences for 2022 are:

1. Beach/sunshine
2. Adventure travel
3. Mountains

Despite some similarities with the 2021 rankings, several experiences shifted significantly from 2022:

- Visiting a *wellness spa*, which ranked near the bottom of preferred experiences in 2021, moved up to the overall fourth ranked experience preference.
- *Cruising*, which ranked last as a preferred experience in 2021, rose significantly in rankings in 2022.
- Visiting *larger metropolitan areas* also showed increased prioritization compared to 2021.

These shifts suggest that safety concerns are easing, and that people are, once again, getting more comfortable with crowds. The lowest ranked experiences in 2022 were visiting smaller cities, going to primarily English-speaking areas, and going to wooded/nature areas.

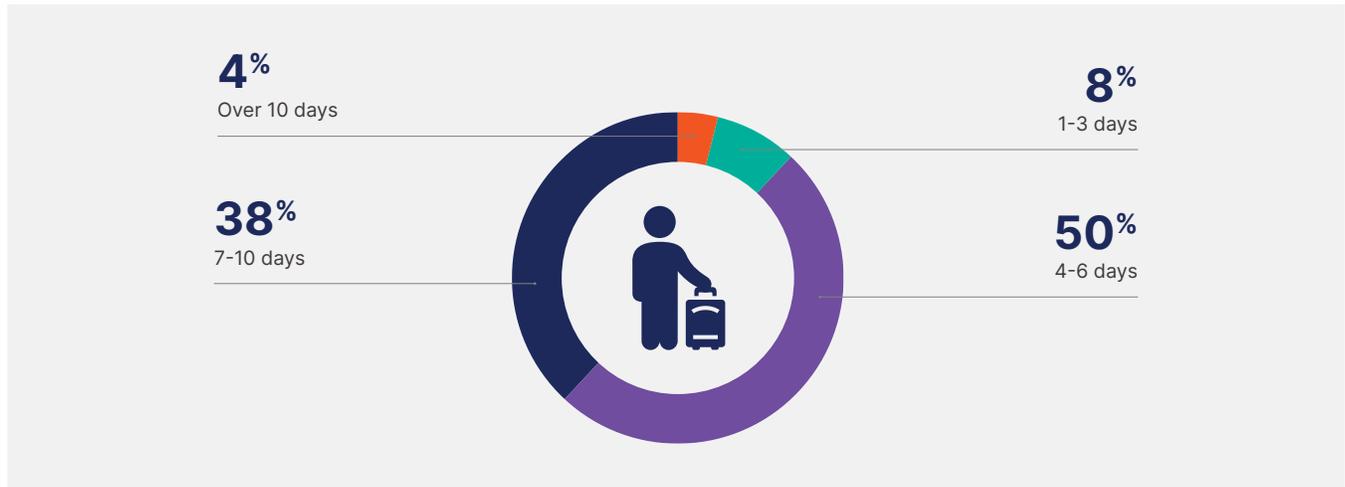
Experience Rankings (1=High/12=Low)

Experience Type	2021 Ranking	2022 Ranking
Beach/sunshine	4.11	4.16
Adventure travel	5.54	5.56
Mountains	5.81	6.42
Wellness Spa	7.55	6.45
Cultural Importance	6.64	6.51
Cruise	7.79	6.63
Large Metropolitan Area	7.48	6.65
Historical Location	5.88	6.73
Shopping	7.28	6.97
Wooded/natural area	6.50	7.00
Primarily English Speaking	6.46	7.33
Smaller city	7.05	7.58

Ideal Length of an Incentive Trip

Half (50%) indicated that a trip between 4-6 days would be 'ideal'. Only 8% preferred a trip lasting 1-3 days. Event data showed that 23% of trips are currently planned for three days or less.

Ideal Length of an Incentive Trip



Destination Preferences

Like the 2021 study, the participants were presented with 23 regional options from which to choose their most and least preferred destinations. Each person in the study was first asked to identify their three most and least preferred destinations. Once selected, participants were then asked to choose their next four most preferred and least preferred destinations. This created a Top 7/Bottom 7 preference list. The 'Net' preference share was determined by subtracting the percentage that listed the destination in their Bottom 7 from their Top 7.

Based on these net preference scores, the same four destinations that were ranked at the top in the 2021 study remained at the top in 2022:

1. Hawaii
2. The Caribbean
3. Western United States
4. Western Europe

Even though the rankings were similar, participants showed an even stronger preference for the Caribbean and the Western United States than they did in 2021.

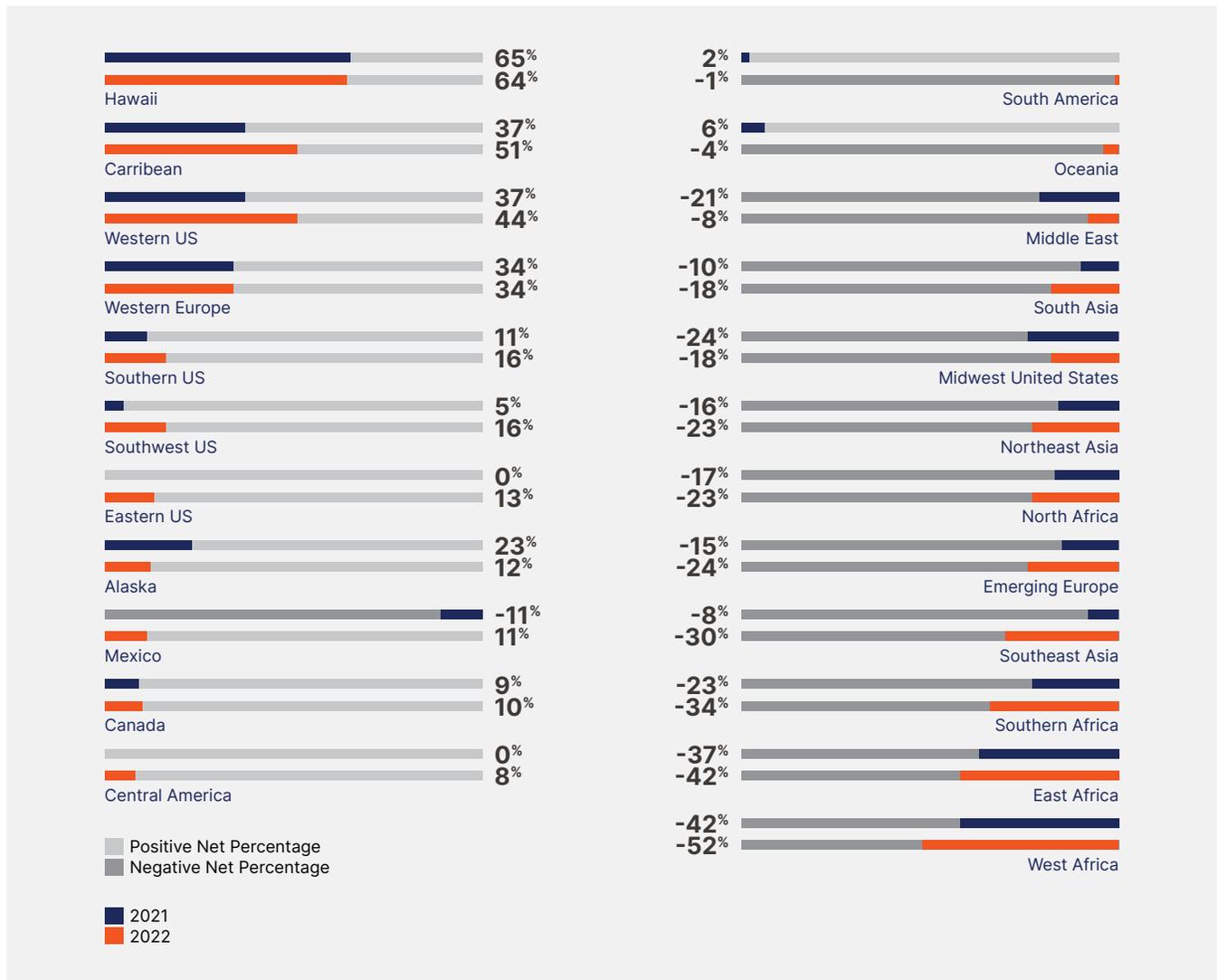
Mexico, which ranked low in preference in the 2021 study, rebounded and made the top 10 in 2022, as the ‘biggest riser.’ Several ‘risers’ were already ranked relatively high and became even more ‘preferred’ in 2022. Similarly, the destinations that showed the biggest decline in interest were typically destinations already ranked low in 2021. The largest decliner in 2022, was **Southeast Asia**, which declined 24 net percent.

A surprising decliner was **Alaska**. Although Alaska still ranked in the Top 10 destinations, it declined 11 net percentage points. The destinations that were selected the least overall were primarily composed of Asian and African destinations.

West Africa ranked last of the 23 regions with a -52% net score, followed by East Africa (-42%), South Africa (-34), Southeast Asia (-30%), Emerging Europe (e.g., Hungary, Romania) (-24%), North Africa (-23%) and Northeast Asia (-23%).

The following chart that shows rankings and comparisons to 2021.

Destination Preferences: Top 7/Bottom 7 Net Percentage



When asked to name their ‘ideal’ destination for an incentive trip, 25% of the sample mentioned **Hawaii** top-of-mind. It was easily the most mentioned destination. **Western European** destinations also received quite a bit of first mention, particularly **France** and **Italy**.

A new follow-up question was included, asking people to provide a reason they chose their ideal destination:

- The most common theme had to do with the *beauty and aesthetics of the area*.
- Many people commented on the *weather*.
- Many respondents *wanted to go to an area they always wanted to visit but had never been before*.
- Others indicated a *desire to go back to a place where they had been previously and greatly enjoyed*.
- A number of people wanted to *visit a place that reflected their cultural heritage and background*.

Aligning Booking Data with Participant Preferences

Cvent provided data on the Top 20 destinations currently booked in 2021 and 2022. Last year, the data showed that while Mexico was one of the top booked destinations, it was ranked low as a participant preference. Mexico remains one of the most booked destinations overall, but happily, participant sentiment toward Mexico has rebounded. Mexico is an affordable destination, and its appeal has rebounded, at least for the time being.

In all cases of the 20 top booked destinations, the most frequently booked regions also ranked either in the 1st or 2nd tier of participant preferences. All the Top 20 booked destinations were either U.S., Caribbean, or Central America locations.

In terms of the biggest ‘risers,’ 12 of the 20 locations that gained the most booking since last year were U.S. based locations. The focus is on a greater amount of domestic travel. Despite Hawaii’s popularity, many Hawaiian destinations are declining in bookings. It is likely issues related to cost and inventory may have caused planners to look elsewhere.

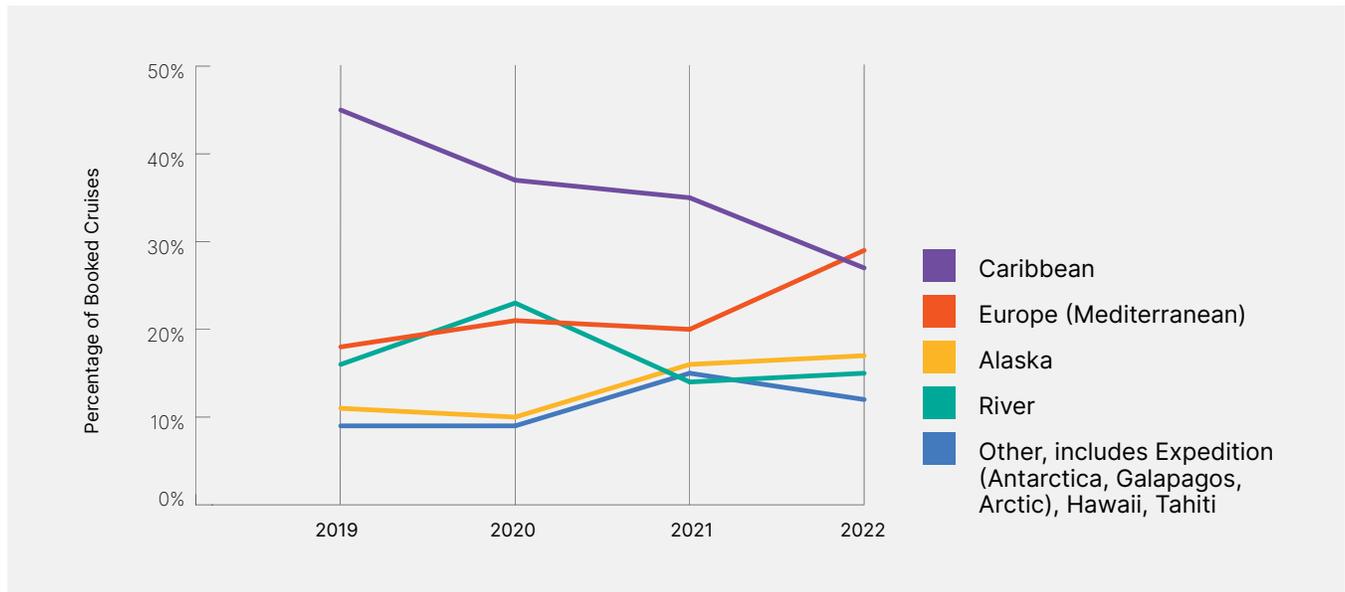
Cvent Top 20 Booked Destinations

- | | |
|---------------------------------|-----------------------------|
| 1. Playa del Carmen, Mexico | 11. Maui, Hawaii |
| 2. Nassau, Caribbean | 12. Grand Cayman, Caribbean |
| 3. San Jose del Cabo, Mexico | 13. Punta Cana, Caribbean |
| 4. Los Cabos, Mexico | 14. Rio Grande, Caribbean |
| 5. Cancun, Mexico | 15. Kohala Coast, Hawaii |
| 6. Palm Beach, Southern US | 16. St. Thomas, Caribbean |
| 7. Cabo San Lucas, Mexico | 17. San Diego, Western US |
| 8. Scottsdale, Southwest US | 18. Riviera Maya, Caribbean |
| 9. Miami Beach, Southern US | 19. Naples, FL, Southern US |
| 10. Guanacaste, Central America | 20. Wailea, Hawaii |

Participant Preference:
■ 1st Tier - Very High
■ 2nd Tier - High

Event data shows that no European destination made the Top 100. Cruise line data, however, shows that cruising is picking up the slack for European incentive experiences. Data from 3D Cruise Partners indicates that, over the last several years, the proportion of Mediterranean/European cruises continues to increase, while the proportion of Caribbean cruises is decreasing.

3D Cruise Partners Top Booked Cruise Destinations



Changes Since Last Year

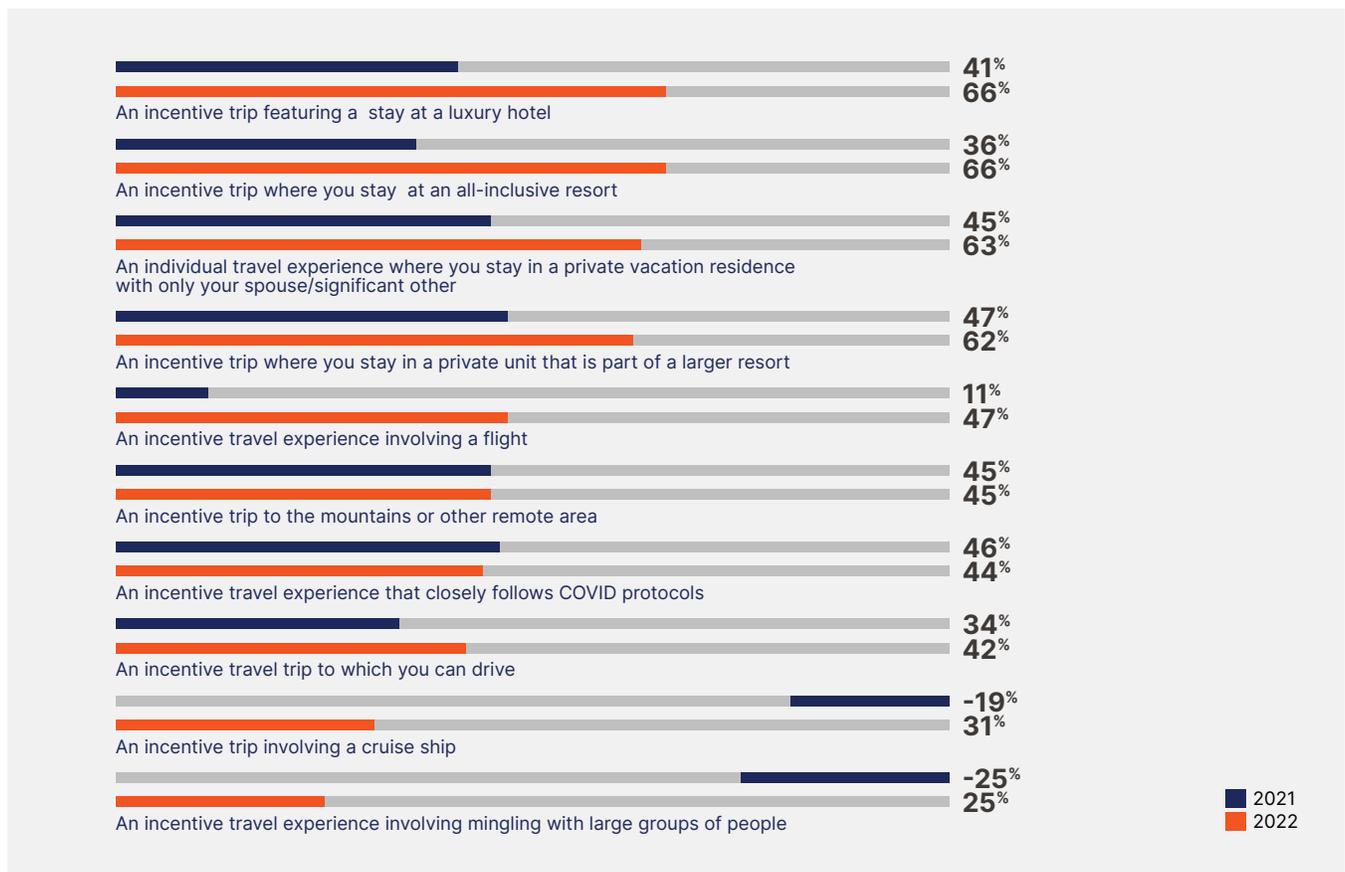
In 2021, the study showed that people were leaning in favor of private residences, driving trips, and less large group activity since the onset of the pandemic. Since that time, interest in many of these things has continued to grow despite the recession of the pandemic.

The data show dramatic increases in cruising, mingling with large groups of people and taking an incentive trip that involves a flight. These are all areas that were dramatically impacted by the pandemic and now show signs of a 'normal' level of interest again. The data from this section of the survey continue to underscore the increased interest in luxury accommodations, as well as all-inclusive resorts.

The data show that, while people are still interested in seeing COVID protocols observed, however, other priorities have emerged as more important to people.

The following chart shows the net percentage increase (e.g., the percentage whose interest increased minus the percentage whose interest decreased) from June 2021.

Net Change in Interest



Summary and Conclusions

Overall, the study strongly suggests a growing return to normal incentive travel activity in the following ways:

- There is near universal indication of the appeal of incentive travel as a motivational award
- Interest in cruising has shown a strong rebound since last year at this time
- People are warming to the idea of mingling again with others, as well as being recognized in front of peers at large events
- Resurgent interest in incentive trips involving a flight
- A growing Interest in visiting large cities
- Incentive trip bookings and cruise line bookings have increased
- A resurgent interest in visiting Mexico destinations
- A resurgent interest in spas and wellness activities

What are 'residual trends' from a year ago?

- A strong preference for U.S. based destinations
- Continued interest in seeing COVID protocols maintained
- A strong interest in staying at individual residences as part of a larger resort
- Continued preference for visiting beaches, adventure travel, and mountainous areas
- Resistance to visiting Asian and African destinations

What other findings are consistent or growing since last year?

- A continued focus on being able to bring along a guest
- The strong affinity for staying in 5-star luxury accommodations
- The strong preference for being given spending money to cover non-travel costs

Destinations remain one of the most important components of the motivational appeal of an incentive trip. However, the data suggest that where U.S. residents want to go is starting to narrow. They want U.S. destinations, Hawaii, and/or the Caribbean. Many want to go to Western Europe, but not emerging Europe, and certainly not Asia nor Africa. Perhaps this is the sign of concerns about the safety of the world outside the U.S.

The study shows that aesthetic beauty and warm climate are key motivators. Given these factors, it is no wonder Hawaii, the Caribbean, and the Western U.S. remain the most popular and motivating destinations. As the familiar incentive trips become more costly and less available, there are many under-utilized destinations that fit the bill, particularly since being able to relax and unwind is identified as a high priority for almost 90% of the participants. As long as there is sun, a luxury hotel, a beautiful beach, the chance to bring along a friend or spouse, and extra spending money to use on the trip, incentive travel experiences are sure to motivate performance for the foreseeable future.

Thank You

The following companies shared their booking data to support this study:

- Cvent
- 3D Cruise Partners

Incentive Travel Destination Preferences &
Their Impact on Motivation was supported by

cvent