



# IRF 2022 TRENDS REPORT

As we enter 2022, Covid-19 and uncertainty continue to impact every aspect of incentives. Adaptation, flexibility, and communication will continue to be key as companies weigh their options about bringing employees together, whether it's opening the office or travelling on an incentive trip. Incentive professionals are called to motivate a changing workforce while corporate goals also continue to change. For the foreseeable future, a remote and hybrid workforce is here to stay. A [Mercer survey](#) last May found that 83% of employers will continue to provide flexibility at greater scale post pandemic.

Given the importance of recruitment, retention, and engagement, incentive programs will be more important than ever. Dramatic hiring shifts are driving companies to examine how to be even more competitive in the job market, and a robust incentive program is an important part of a company's full benefits package. According to the IRF's [Industry Outlook for 2022](#), overall incentive budgets are expected to increase by 34% in 2022, with the per-person spend increasing to \$806 from \$764 the prior year – although these budgets will need to accommodate price increases resulting from workforce, inventory, and supply chain challenges.

As we face so much change, it is essential to remember the purpose of incentive programs is to connect people to organizations and their initiatives. There are many ways to achieve that, through face-to-face events, online communities, rewards programs, communications, and recognition. Incentive program owners must be sure to keep the focus on the actual purpose, rather than the means of delivery, particularly during this time of extreme change and dispersed workforces.



## EXPANDING REACH AND BUILDING COMPANY CULTURE

As companies strive to retain and hire talent during “The Great Resignation,” incentive programs are expanding their reach to motivate the maximum number of employees and partners. Programs need to make participants feel connected to the company, with the focus on post-pandemic, culture-building company goals. Companies are redefining their employer value proposition to better align to employee needs. While many incentive programs have traditionally focused on top performers and senior team members, incentive program owners are now working to close the gap between what tenured members of leadership teams value in terms of culture and what their employees value. Newer outcomes might include buy-in on return to office, a fully engaged remote workforce, and embracing evolving corporate goals.

In order to reach employees at all levels, incentive and recognition programs should include a combination of rewards, including travel, points, and merchandise. This combination of rewards helps incentive program owners reach more participants, such as part-time employees, channel partner store associates, and “moving the middle” 60% of producers.

As reviewed in the IRF’s 2021 study [The Psychology of Points](#), points reward programs often reach the majority of the workforce, making them very effective at motivating performance across a much larger group. They are memorable and can create an enduring emotional impact on the workforce. This extended impact includes gratitude when points are awarded, anticipation as employees plan for and select their reward, and finally the excitement of redeeming points for the reward. Points enable managers to frequently reward employees, and a peer-to-peer recognition component further drives motivation and engagement.

Hybrid events are also being used to broaden participation and boost motivation. While companies launched virtual recognition and reward events out of necessity during the pandemic, as live events return, many incentive event professionals have continued to include hybrid elements to share the experience with a broader audience. Not only is this an opportunity for an incentive trip to reach more people, seeing what happens at the live event is a strong motivator for employees who could qualify for the event. Previewing this top reward motivates employees to reach the highest performance level so they can attend in person the next year.

## INCENTIVE TRAVEL REMAINS A PRIORITY



Incentive travel will continue to remain a top motivator, despite the many challenges presented by Covid. Incentive program owners and participants are willing to navigate uncertainty, travel restrictions, testing, and shifting protocols for an incentive trip. The benefits of incentive travel include the excitement the reward travel generates during the qualifying period, the networking and relationship-building during the trip or event, the storytelling afterward, and ultimately shifting the culture of performance in a positive direction.

In the IRF’s June 2021 study, [\*\*\*The Impact of Destination Choice on Motivation\*\*\*](#), we reported that group incentive travel awards are considered ‘very’ or ‘extremely’ motivating by 80% of survey respondents. One industry professional interviewed for [\*\*\*Event Alternatives and Their Impact on Culture\*\*\*](#) summed up the appetite for incentive travel, saying, “The majority of our reward earners do not think that incentive group travel rewards can ever be replaced by virtual events or cash rewards.”

In 2022, incentive travel continues to be a moving target. People are clearly motivated to travel on incentive programs, but local regulations, variants, supply chain and labor disruptions make planning and operating events challenging at every turn, both for planners and their partners. Companies must still be prepared to – here’s the word of 2020 and 2021 and now 2022 – *pivot* at any moment. Health & safety protocols will continue to be a priority, and these protocols will continue to be revisited and updated as the pandemic runs its course to endemic. Emerging Covid variants, medical advances, new technologies, and attendee comfort and readiness will all impact health & safety protocols and event design.

Participants want less crowding, more open spaces, and remote areas. In [\*\*\*The Impact of Destination Choice on Motivation\*\*\*](#), we reported that nearly two-thirds of the respondents had increased interest in an incentive travel program that included a trip to the mountains or other remote area, or an incentive trip that included a stay in a luxury hotel. Centralized locations that require shorter flight and travel times are also preferred by many. To help manage group sizes and achieve the balance of experience with safety, larger incentive programs may be broken into smaller waves or regional events.

Attendee comfort levels continue to vary widely. For programs that have a Covid vaccine mandate, there are incentive trip winners who cannot participate because they choose not to be vaccinated. There are still other attendees who are not yet comfortable traveling or being around large groups of people. Individual incentive travel may be offered where employees or companies are not yet comfortable with a group trip, but we see this trend as one that will be used more sparingly.

Overcommunicating with attendees will help them understand and anticipate what the experience will be like onsite, enhancing their comfort level. Providing attendees with detailed information ahead of the event helps manage expectations and empowers attendees to make decisions for themselves. Incentive program owners are increasing the frequency of communications, breaking down the information into easily digestible bites coupled with a master document or comprehensive webpage. This approach also allows for updates as event details and requirements change.

## MOTIVATING A REMOTE WORKFORCE

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Nearly two years after the initial Covid lockdown, it appears that many employees will continue to successfully work remotely. Blackhawk Network’s [survey](#) of 1,560 workers in the U.S. in August 2021, demonstrated a strong preference for remote work, with 41% of respondents indicating they would seek employment with another company if their current employers required a return to a physical workplace all or part of the time.

With this changing workforce, incentive programs are more important than ever to help recruit and retain employees. In [Event Alternatives and their Impact on Culture](#), most experts interviewed believed their firms or client firms will leverage alternatives like points platforms, choice of merchandise, creative gifting experiences, gift cards, and individual or family experiences (including travel) as much or more than they did before the pandemic. This increase in spend was supported by [The Industry Outlook for 2022](#) which reported that overall incentive budgets are expected to increase by 34% in 2022, with merchandise increasing 30% and gift cards increasing 34%.

Incentive programs will need to be reviewed and revamped to meet changing working conditions and company goals. With so many changes to the workforce, incentive programs need to be aimed at encouraging desired behaviors. Well-designed programs will link employee decisions, behaviors, and actions to the firm’s pandemic recovery strategy and priorities. Platform technology is key to providing a consistent participant experience, and it needs to be coupled with marketing communications to keep programs top-of-mind. A personal touch is still important, and incentive program owners are ensuring that rewards are delivered and presented in meaningful ways that celebrate the recipient and motivate others to achieve.

With a remote workforce, fostering a feeling of connectedness is an important part of any incentive program. Frequency is key to making employees feel like part of the team and encouraging desired behaviors. According to social exchange theory, as discussed in [Academic Research in Action](#), people will go to significant efforts to win appreciation and approval from managers, peers, customers, and other stakeholders. This form of frequent, broad-based recognition increasingly includes rewards of token tangible value, but high social value – such as in points or spot reward programs offering travel, merchandise, gift cards, time off, and other items.

## NEW DIMENSIONS OF PERSONALIZATION

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Personalization in incentive programs has been a trend over the past several years, but there will be an increased need for customizing the incentive experience in 2022. Individual preferences and comfort levels will need to be addressed for the remote workforce, employees returning to the office, and incentive trip winners who may have not travelled for many months. Participants experience greater personalization based on their individual preferences in day-to-day shopping experiences, and they expect the same from their incentive programs. This permeates into all solutions and capabilities, including points programs, travel, events, recognition, rule structures, and communications.

Personalization will be infused into incentive travel programs – whether providing choice through itineraries or gifting experiences, or by giving participants additional free time during the trip. As reported in October 2021 in [\*The IRF 2021 Wellness in Meetings and Incentive Travel Study\*](#), the emphasis on attendee comfort will include mental health and emotional wellbeing. Personalization will include more flexibility and options regarding the agenda, breaks, and spacing as critical elements in achieving attendees’ peace of mind and delivering a memorable experience.

The need for increased personalization and concern for employee wellness will also apply to in-person and remote workforces. Incentive program design is being reimagined in order to take into account a growing number of workstyles and lifestyles. Data collection is key to personalization, so collection of profile, preference, and behavioral information is required. Program owners are collecting and analyzing participant data through their recognition portals, event registration platforms, and surveys.

Curated reward selections and specialty gifts will continue to deliver maximum impact. Merchandise reward options are being broadened to appeal to employees who are spending more time at home. Experiential rewards include tickets to a music concert or sporting event, cooking classes, airline tickets, and hotel vouchers. Many points programs now include charity donation options. For maximum motivational impact, reward presentation methods should be built around employee preferences. Considerations will include whether the employee prefers a note or call from the supervisor, presentation during a staff meeting, or special home delivery when the employee’s family is present.



## WORKFORCE, INVENTORY, & SUPPLY CHAIN DISRUPTIONS

In the wake of the pandemic, incentive programs have been impacted by factors such as compression of hotel inventory, availability of merchandise, price increases, and a reduced workforce. The resulting inefficiencies, dissatisfaction, and compromise threaten to hamper program profitability and program participant experience. With this reduced availability of resources, incentive program owners are focused on setting expectations for program participants and company leadership.

Supply chain disruptions and longer delivery times are impacting merchandise and event gifting programs. According to the [Industry Outlook for 2022](#), merchandise budgets are up 30% in US and 42% in Europe for 2022, but the inventory program owners need may not be available when they want it. Electronics and apparel are top gifts in the US and Europe, but program owners are reporting that they have fewer choices and often have to settle for something different than their original vision.

Communication with vendors, suppliers, and partners is critical to knowing merchandise availability and realistic delivery times. In the [Industry Outlook for 2022](#), we reported that online retailers have surpassed corporate sales as the primary purchase source of event gifts, but program owners are finding that working without a contact person can open them up to surprises and not knowing of potential supply and delivery issues.

The labor shortage is impacting the full incentive travel experience, including availability of flights, fleets, restaurants, local activities, and housekeeping. Reductions in labor are compounded by the increased need for space, such as fewer people in a vehicle or more spacing in a restaurant or conference room. Hotels are often reducing housekeeping, but participants have noted that not having their room cleaned daily is inconsistent with the typical incentive trip. Incentive program owners are looking at restaurant buy-outs, bringing additional staff, and partnering with DMCs to maintain incentive-level experiences.

The budget implications of these workforce and supply chain issues can be significant. For merchandise, the supply chain issues are driving not just timeline increase but price increases as well. Incentive travel program budgets are absorbing rate increases from hotels and partners to cover their cost increases, increased health & safety measures (Covid testing pre-and onsite), and supplemental staffing and local partners.

## CLOSING

Optimism and the vaccine did not yield the recovery in 2021 most had predicted. We enter 2022 dealing with “The Great Resignation,” a significant virtual workforce, and continued uncertainty. Motivating employees and partners is more important than ever. Incentive professionals will need to constantly adapt and apply new thinking and new strategies to recruit, retain, and engage a changing workforce.

**THANK YOU TO OUR RESEARCH ADVOCACY PARTNER**

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