

2020
PULSE SURVEY



COVID-19's Impact on the Incentive Travel Industry

The IRF Pulse Survey

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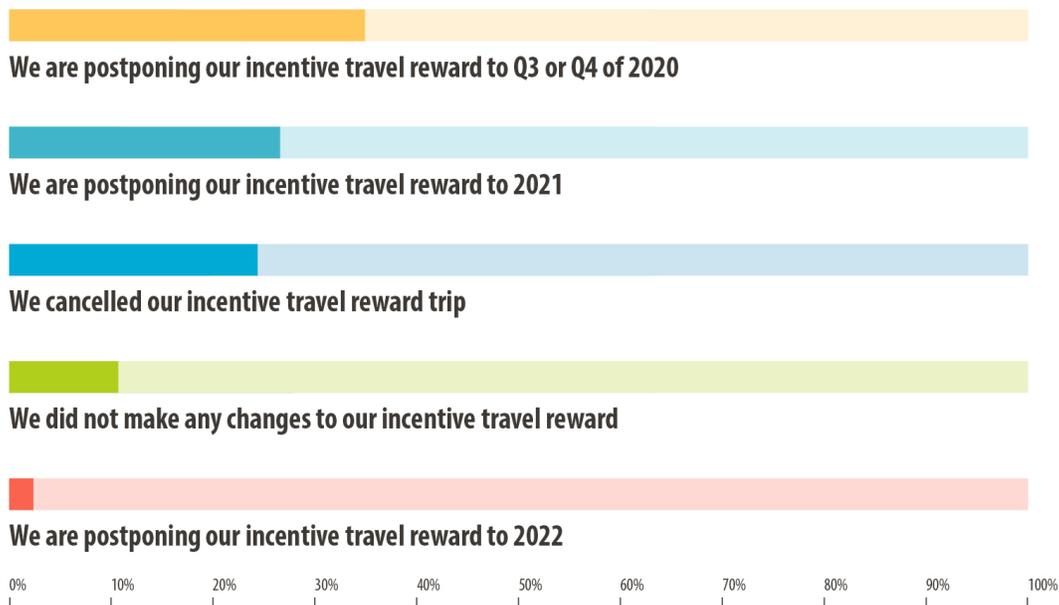
Over the last few months, the incentive travel industry has endured significant impact from COVID-19. While it is true that every industry, every country, and every individual has been affected by the pandemic, travel and tourism have been especially hard hit.

From April 2, 2020 – April 16, 2020 the Incentive Research Foundation fielded this survey. More than 250 incentive providers, both third parties and corporate end users, responded with insights into the disposition of their incentive travel award programs as a result of COVID-19.

Overall, the results are encouraging. The data show that organizations value incentive travel award programs, and that budgets for these hard-earned awards are largely being protected.

The Majority are Choosing to Postpone

The majority (61.5%) of incentive trips originally planned for Q1 or Q2 of 2020 have been postponed into Q3 or Q4 of 2020, or into 2021 according to our respondents. Of the remainder, ten percent noted that they had not made any changes at the time of the survey, and one quarter indicated their program had been cancelled.



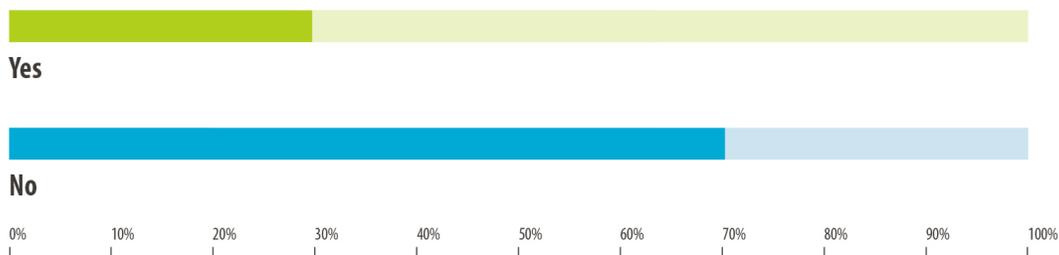
High Rates of Budgets Staying Intact

Of those indicating they had postponed their incentive travel reward, 70.25% noted that there had been no change to their budget. In subsequent conversations with program owners, they indicated that the organization “recognizes the importance of rewarding the effort made by the winners in the prior year and therefore is protecting the budget.”

Scaling Back When Budgets Reduced

The remaining 29.75% are working with reduced budgets. In order to execute their programs with a lower budget, the majority are scaling back offsite events and activities, reducing the number of program nights, and scaling back entertainment. One respondent noted that the reduced budget is not coming from a corporate mandate, but rather offsetting penalties incurred from having to postpone. Other options being explored include eliminating or reducing amenities and room drops, eliminating guest participation, and scaling back complimentary food and beverage offerings.

Question: If you are facing a reduction to your existing 2020 program budget, how are you approaching the reduction?



If the Trip is Cancelled, Most Find Alternative Means of Recognizing Winners

Among those canceling their programs, 75% indicated they were recognizing winners in another way. The answers were varied with many organizations working to find creative ways to ensure participants felt recognized for the effort put forth to earn the award including delivering hand-written notes from the CEO and holding virtual celebrations to recognize those who had earned.

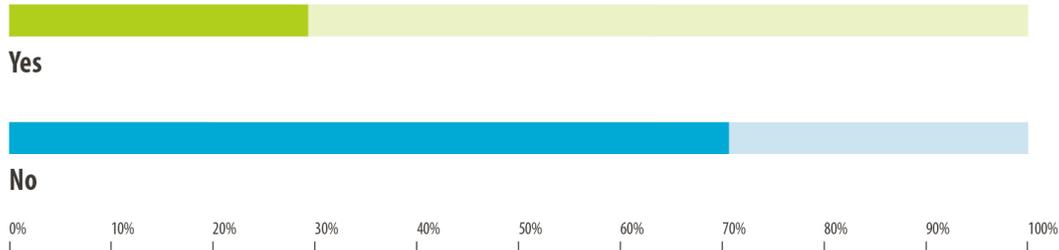
The most common award substitutions were:

- 1** *Merchandise and offering points to be redeemed for merchandise*
- 2** *Cash, with some noting that this comes with tax implications*
- 3** *Individual travel*
- 4** *Gift cards and vouchers*

Majority Sticking with Current Rules Structures

When asked about the current qualifying period, 64% of respondents indicated that they were not making changes to their current fiscal year earning period. Similarly, 70% indicated they were not making any changes to their rules structures in an effort to maintain their incentive travel reward given the current financial crisis. This indicates some confidence in the support for incentives within these organizations.

Question: Are you adjusting or considering adjusting your rules structure to maintain your incentive travel award in consideration of potential economic impact?



However, among the remaining 30% of respondents that indicated they were making changes to rules structures the approaches were varied. In verbatim responses, many respondents indicated that rules structure changes were being discussed, but it was too early to know exactly what changes would be implemented. Others noted that they were reducing the size of the winner pool. The comments also suggest that many will be reducing the qualification criteria relative to new revenue expectations of the organization. Examples of the open-ended comments:

“Considering self-funding”

“Adjusting qualification periods, lowering required months to win”

“Lowering revenue levels”

“Smaller winners pool and more smaller value rewards non-travel”

“To be determined....adjusting to the new world after the Coronavirus”

“Expecting to sell 30% less. Will still take top 10% on travel and reward middle 60% with tangible.”

As the world navigates the short and long-term impacts of COVID-19, incentive professionals are adapting. The data suggest incentive travel awards are important to the organizations that utilize them as they work to postpone programs and maintain their current rules structures or adapt to the current economic realities.