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EVENT ALTERNATIVES AND THEIR IMPACT ON CULTURE



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## Introduction

More than a year has passed since global air travel restrictions were announced in early February 2020.<sup>1</sup> Since then, US travel spending has plummeted, falling 42% in 2020, including 34% on domestic travel, and 76% on international flights. Overall, air travel has declined by more than 50% in 2020 versus 2019, and hotel occupancy rates hit all time historic lows at 44% in 2020 (21% for luxury hotels).<sup>2</sup> In 2020, the US travel industry lost about \$500 billion.<sup>3</sup> Employment in US hotels dropped by almost 700,000. Across the entire US hospitality industry 536,000 jobs were lost in December 2020 alone and about four million in 2020 overall.<sup>4</sup> Worldwide, losses related to international travel – a category that suffered declines of between 70% to 75% globally in 2020 – likely exceed \$2 trillion.<sup>5</sup>

As disastrous as the COVID-19 pandemic has proven for the hospitality sector overall, it may have had an even deeper impact on the incentive travel, meetings and events portion of the industry. While many individuals continued to travel for leisure throughout the pandemic – if mostly by car to nearby destinations<sup>6</sup> – only a small minority of leaders within the organizations interviewed for this study permitted incentive-related travel over the past year. Instead, these organizations have accelerated and/or devised alternative means of rewarding, recognizing, and meeting during COVID-19.

This study describes the alternatives to incentive group travel and offsite business meetings and events that organizations have instituted or augmented over the past year and the impact on corporate culture, including salespeople and employee engagement. It is based on interviews with 20 industry experts, including 11 who lead incentive group travel and events in large firms (hereafter referred to as in-house), and nine who design incentive programs for clients across various industries (hereafter referred to as third parties).

Results from interviews combined with an extensive review of recent and related data, research, surveys, articles and webinars to offer insight into how organizations have continued to motivate and recognize employees and stakeholders during the pandemic, while also connecting people socially for meetings and events.

## Alternatives to Incentive Group Travel, Meetings & Events

“Our clients who have planned trips in March and April 2021 have made the tough decision to cancel or postpone those trips.”

*Incentive Program Designer, Third Party*

Four of the nine third-party incentive program designers interviewed for this paper have assisted (or have imminent plans to assist) at least one client in the execution of an incentive group travel trip during the pandemic. With one notable exception, these events were incident-free. They included limited participation, local destinations, and they followed strict safety protocols including testing, masking and social distancing. Ten of the eleven corporate incentive/events managers interviewed have not conducted incentive group travel since March 2020 nor have plans to do so before mid-2021.

As of January 2021, one interviewee had incentive group travel scheduled for March and April 2021; one to a near-shore, international destination. By late February, that interviewee's clients had cancelled or postponed those trips.

Whether they have in-person events or incentive group travel planned in 2021 or later, interviewees expressed an eagerness to reclaim the benefits of incentive travel. These include the excitement and competition that reward travel generates during the qualifying period, the networking and relationship-building during the trip or event, and the storytelling afterward.

Despite these benefits, the majority interviewed for this study report that business leaders believe group incentive travel is too risky to conduct during COVID-19 restrictions. In these cases, most interviewees (and nearly half those surveyed in recent IRF research<sup>7</sup>) offer their employees and stakeholders alternatives.<sup>8</sup> Over the past year, firms have expanded or introduced incentive and event alternatives that include gifting and virtual recognition events. Some have spared little expense, featuring intimate online concerts with famous musicians, or small web-meeting sessions with professional athletes.

“We helped one client do a special virtual concert for their direct sales teams, it was very well-received. Participants got a personally curated gift box in advance; the concert was small and intimate, like going backstage. We scrolled the winners' names at the beginning of the event.”

*Incentive Program Designer, Third Party*

Many interviewees or their clients have turned to virtual experiences in which themed and branded gifts enhance an online reward experience, such as ingredients and tools to accompany a virtual cooking lesson; or wine delivered to employees' homes for a virtual tasting. Others have ramped up and/or implemented new technologies that allow employees and stakeholders to collect reward points and then convert them into a variety of merchandise, gift cards, or even individual travel rewards.

Though mostly hesitant to do so, a significant number of firms have converted incentive group travel rewards to cash, or at least given qualifiers the option to take cash versus holding their spot in a post COVID-19 reward trip. More have conducted modest virtual recognition and gifting events in 2020 with the promise that 2019 and 2020 qualifiers will attend a future trip. Some in this group underestimated the number of months they needed to postpone their group reward travel and have had to postpone again or even cancel trips in 2020 that were meant for 2019 reward qualifiers. In these cases, interviewees' alternatives ranged from (in order of frequency), gifting options, cash payouts, a choice of either, or in rare cases, nothing at all.

“For our cancelled trip winners, we decided to compensate with an equivalent cash payment. In a normal year, it might have been reward points, but with businesses struggling during the pandemic, we felt cash provided a better boost to their bottom line.”

*Incentive Program Designer, Third Party*

In every case except one, interviewees' firms provided alternative rewards worth only a fraction of the value of the incentive travel reward they replaced. Interestingly, only one awarded incentive travel earners the equivalent time off they would have received had the trip gone forward. Not one of the interviewees reported conducting any large group offsite business meetings since at least March 2020. Most replaced these meetings with video web meetings or conference calls but without recognition elements beyond "shout-outs."

### **Effectiveness of Event Alternatives**

Virtually every interviewee lamented the loss of incentive group travel and in-person meetings in 2020. Though most saw benefits in points platforms and felt that reward-earners enjoyed creative virtual events and gifting experiences, these types of rewards cannot, in their opinion, replace the benefits of bringing high-performers and executives together to network, share ideas and build relationships. Nor do interviewees believe the alternatives match the excitement before and during the event, nor memories afterward that incentive travel and events often generate. Belief in the benefits and extraordinary returns of events – incentive group travel in particular – was passionately conveyed and nearly universal among interviewees.

“Our clients still think incentive group travel is better than the alternatives for top level rewards – it is the most inspiring and allows for networking. The benefits of having your best people around the table to talk business and ideas delivers the best bang for the buck and maybe especially for channel programs, where the chance for relationship-building doesn’t happen otherwise. You just can’t get these things in a points program. Face time and fun together can’t be replicated. And of course, there’s the trophy value and other recognition benefits that go with group incentive travel.”

**Incentive Program Designer, *Third Party***

Every interviewee had attended at least part of a virtual industry conference during the pandemic. Everyone had attended multiple virtual business meetings, which, in many cases, had an incentive component and would have been held in-person if it weren’t for the pandemic. All but one said virtual meetings and events are likely to remain a more viable and popular option after COVID-19 than they were before. However, many who had staged large virtual events pointed out that doing them well requires almost as many resources as doing them live (e.g., in production time and costs).

Others described the difficulty of staying engaged in virtual conferences, especially with the distraction of emails, texts, requests and calls. Several said these distractions are less easily put off when working from home versus when colleagues know that you’ve traveled to a conference. All agreed that virtual events and meetings cannot replace in-person group reward travel or, indeed, any event or meeting where recognition, networking and relationship-building are the main objectives.

“The majority of our reward earners do not think that incentive group travel rewards can ever be replaced by virtual events or cash rewards.”

**Events and Incentives Director, *In-House***

Most believe that the volume of offsite business meetings – even those with recognition/reward components – won’t return to previous norms or will take many years to do so. Several are convinced that the future of corporate events and industry conferences is hybrid, where a few hundred may travel to gain the full experience in-person while thousands more might attend virtually, mainly to gather information and education.

## Satisfaction with Event Alternatives and Impact on Culture

“We’re actually seeing the opposite, where people have become more engaged with us during the pandemic and our employee survey scores have improved since COVID.”

**Events and Incentives Director, In-House**

People are often observed to be at their best (and worst) during times of crisis. Group challenges often amplify the good elements of a strong corporate culture. And while organizations with weak or toxic cultures might experience heightened negative behaviors and disengagement during a crisis, the interviewees polled for this paper were nearly unanimous in reporting no ill-feelings among reward earners who lost trips, had them postponed (and postponed again), or received rewards worth a fraction of the value of a lost trip. While reward earners were disappointed when the trips they earned were postponed or canceled, and/or when events were made virtual instead of in-person, they understood the reasons, especially where firms took the time to transparently and thoroughly communicate their decisions.

“We’ve not seen any impact on motivation or attrition, engagement, etc. because of COVID-19 travel restrictions. They understand and are forgiving, and we’ve found ways to recognize them otherwise.”

**Events and Incentives Director, In-House**

In industries that were hard hit by the pandemic – travel and hospitality, for example – employees were simply grateful to keep their jobs. Yet whether a firm saw increased business during COVID-19 or had to furlough large numbers of staff, not a single interviewee could think of any employee who allowed their engagement to decrease or their productivity to suffer. Indeed, employees often worked even harder and longer, despite missing out on rewards they might have qualified for in the past. In some cases, for example where large portions of a firm’s employees were let go, talk of rewards stopped altogether out of sensitivity to those impacted, stakeholder optics, budget restrictions, or all three.

“Our winners were very disappointed that the trip they earned was cancelled, but they were understanding. It’s great to hear that they miss incentive travel, that validates what we do. As for the alternatives, they liked that we gave them choice, and they don’t get that as much in incentive group travel, though we have moved toward it. But this year had a lot more options and we really worked to curate gifting packages appropriate to COVID – things for the home, not luggage selection, for example. We got very good feedback. Overall, though disappointed, they were understanding and appreciative.”

**Events and Incentives Director, Third Party**

Interviewees believe that employees, including those in the channel, understand the havoc wreaked by the crisis but will expect renewed incentives and rewards post-pandemic. Many believe that while incentive group travel will return in force, points platforms, and especially peer-to-peer recognition and rewards, will remain and grow in use after the pandemic. While the alternatives don't replace incentive travel, organizations have found that they promote a culture of recognition, extend the reach of rewards to more of the workforce, and prove engaging on a day-to-day basis where an incentive travel program may occur only annually.

### The Impact of Event Alternatives on Connectedness

It isn't surprising that the temporary loss of incentive group travel and in-person events has, so far, had little demonstrable or measurable impact on corporate culture or employee engagement. Many firms have experienced tremendous challenges and losses over the past year. Few have had opportunity to assess the impact of COVID-19 on their culture. As opposed to voicing resentment or demonstrating their disengagement, most workers have stepped up during the pandemic.

“ I am hearing this from clients and have seen disengagement of people because they have been isolated. I think that will create a level of change in the global workforce where even if I am not unhappy with where I am, I will be looking for something different. Firms are going to have to try even harder to keep and engage high-performers. Incentives will play a huge role when we are back in offices and getting back to normal. People are reevaluating their lives, jobs and careers because of COVID. ”

**Incentive Program Designer, Third Party**

Whether or not their organizations have officially assessed and measured impact, many interviewees believe that the COVID-19 crisis has affected people psychologically, making the return of in-person events urgent and critical. Given the fact that many employees have worked from home – perhaps entirely alone for the past year – and have given up face-to-face reward, recognition and other events, the cultural and psychological effects of isolation are real.<sup>9</sup> Some believe the pandemic has even caused people to re-evaluate their lives, work and careers, and that this will present organizations with new challenges as they recover.

“ Their feedback is ‘I don't want this, I want the trip, I can't wait to travel again.’ They appreciate the gesture in the alternatives, it's ok, but it's not giving them the reward, recognition and connection they crave. Clients want incentive group travel back because they miss the face-to-face with people and networking – getting to know your people in a great environment. ”

**Incentive Program Designer, Third Party**

Over the past year, event alternatives have helped bring people together virtually and made them feel recognized, but the strain of isolation is being felt more acutely as the weeks and months of distancing mount. The toll COVID-19 may take on corporate culture and employee engagement remains to be seen and measured but most interviewees believe that group travel and face-to-face events will play a vital role in recovery.

## Summary

Most interviewees – their organizations or clients – have used reward alternatives during COVID-19. Of these, the majority provided some range of choice in gifts, gift cards or individual travel, and many used virtual recognition events in addition to gifts or choice of reward to retain some of the social recognition aspects of incentive group travel and offsite meetings. Almost half offered cash in the mix of options and a few offered cash alternatives exclusively. Many emphasized the importance of even greater transparency and communications surrounding incentives, recognition and rewards during the crisis.

Many believe that the use of alternatives to group reward travel, especially cash, might create an ongoing (unwanted) expectation of choice among future reward earners. Yet even where individual travel and points were used, and where incentive designers and leaders have seen benefits – including significantly lower costs – interviewees are almost universally adamant that incentive group travel will return to pre COVID-19 levels.

“Our employees are still really interested in incentive group travel. It is a coveted thing, it taps engagement, and even though we are pushing efficiency it delivers employee happiness. If we were to cancel or change incentive travel too much it would have consequences. It’s a networking experience that you just can’t replicate in virtual.”

Events and Incentives Director, *In-House*

Almost all interviewees shared their conviction that the benefits of bringing people together cannot be replaced with virtual events and meetings. They believe that connecting high performing employees or channel salespeople with the firm’s executives presents value that cannot be matched by any other reward. Some have observed that appreciation for events and incentive travel has grown after a year in which in-person get togethers have been eliminated or restricted. Interviewees cite everything from human nature and peoples’ need for connectedness, to survey data and anecdotal conversations, as evidence. Most people, they believe, prefer incentive travel to all other reward types, and – especially where group travel is concerned – organizations often gain as much as the reward-earner.

Most experts interviewed believe 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. Nevertheless, of twenty experts interviewed, only two intend to allow incentive group travel qualifiers to opt-out in favor of other rewards, except under special circumstances.



“Anything with an incentive/reward component was replaced with virtual, we had only two instances out of dozens where instead of virtual we presented the earners with a choice of cash or charitable donations. In this case we did not give them anywhere close to the value of the trip, just about one-quarter of the value.”

**Events and Incentives Director, In-House**

Some expect to offer choice through 2021 and perhaps 2022 but not beyond. And even though several interviewees anticipate having to convince their CFO that the firm should return to relatively expensive group travel programs and offsite events, they feel prepared to do so, armed with evidence of the benefits of each. Many even anticipate a surge in higher end, luxury incentive travel, especially if they decide to run smaller groups in the first months or years of post-pandemic recovery.

“People love the ease of virtual events and not having to travel, but that human connection is missing, and people crave that. They are bursting to get out of their houses, to travel and be with other people, in person.”

**Incentive Program Designer, In-House**

The various impacts of COVID-19 have no doubt effected corporate culture and employee engagement. Most leaders, understandably, have not made it a priority to assess that impact while still battling the pandemic. Nevertheless, COVID-19 has frustrated peoples’ basic need for connectedness. The stress of isolation has struck across all age levels and demographics, workers included. Corporate events and incentive group travel, including the memories associated with them, kept organizations connected and their cultures resilient before and during the pandemic. They will play a key role in the recovery as well.

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