

Industry Outlook for 2022

Merchandise, Gift Cards and Event Gifting

December 2021

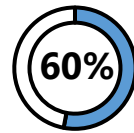


The Incentive Research Foundation (IRF) sponsors regular trends surveys covering topics of current interest to those in the incentive industry: incentive providers, suppliers to the industry, and corporate incentive merchandise and travel buyers.

This report summarizes findings from data collected in October 2021.

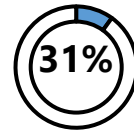
For the first time, this study features a global component, incorporating 200 European panelists into the study.

- ✓ **350 Industry professionals were recruited by independent research panel companies.**
 - 150 North American Respondents
 - 200 European Respondents
- ✓ **Additional respondents were invited to participate in the survey by numerous groups and incentive communities to complement the panelists.**
 - ✓ **Total respondents = 481**



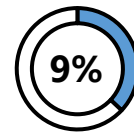
Corporate (e.g., Buyer, Planner, Sales, HR)

- **Up from 39% in 2020**
 - **North America 59%**
 - **Europe 61%**



Third Party (e.g., Incentive Company, Travel Agency, Consultant)

- **Down from 38% in 2020**
 - **North America 31%**
 - **Europe 32%**



Third Party (e.g., Incentive Company, Travel Agency, Consultant) Supplier (e.g., Hotel, Airline, DMC, Merch)

- **Down from 24% in 2020**
 - **North America 10%**
 - **Europe 7%**

Countries Represented in the Study

Country	Total N	Percent
United States (North America)	183	38%
Canada (North America)	92	19%
United Kingdom (Europe)	59	12%
Italy	45	9%
France	36	7%
Spain	36	7%
Germany	30	6%

Methodology Considerations

Audience

The study, for the first time, has taken on a global perspective, including European respondents from the UK, Germany, Italy, France, and Spain. Six (6) additional European respondents came as a result of 'volunteer' recruitment efforts from various incentive networks and communities. The 281 North Americans came from both panel sources and volunteer efforts. The balance between clients, third-parties, and suppliers was very comparable in the samples between the two continents.

Weighting

No weighting is done on the data to control for variances in response counts across the three stakeholder groups – Corporate, Supplier, and Third-Party. Totals reported are simple totals across all survey respondents.

Small supplier samples prohibit separate breakouts of this group. Supplier responses are counted within the totals.

It is important to note when trending that the contribution of corporate clients is 54% higher than the previous year, while the supplier sample declined by 63%. When relevant, the difference in respondent mix will be noted in the trending bullet points.

North America and Europe results will be presented separately.

Client Sectors Represented (Client Side)

Sector	2020 NA Percent	2021 NA Percent	2021 Europe Percent
Services	21%	22%	26%
Banking/Financial/Insurance	18%	16%	10%
IT/Technology	16%	14%	21%
Manufacturing/Industrial	11%	13%	20%
Pharmaceutical	7%	4%	6%
Retail/Wholesale trade	7%	15%	15%
Automotive	6%	5%	2%
Other	15%	10%	0%

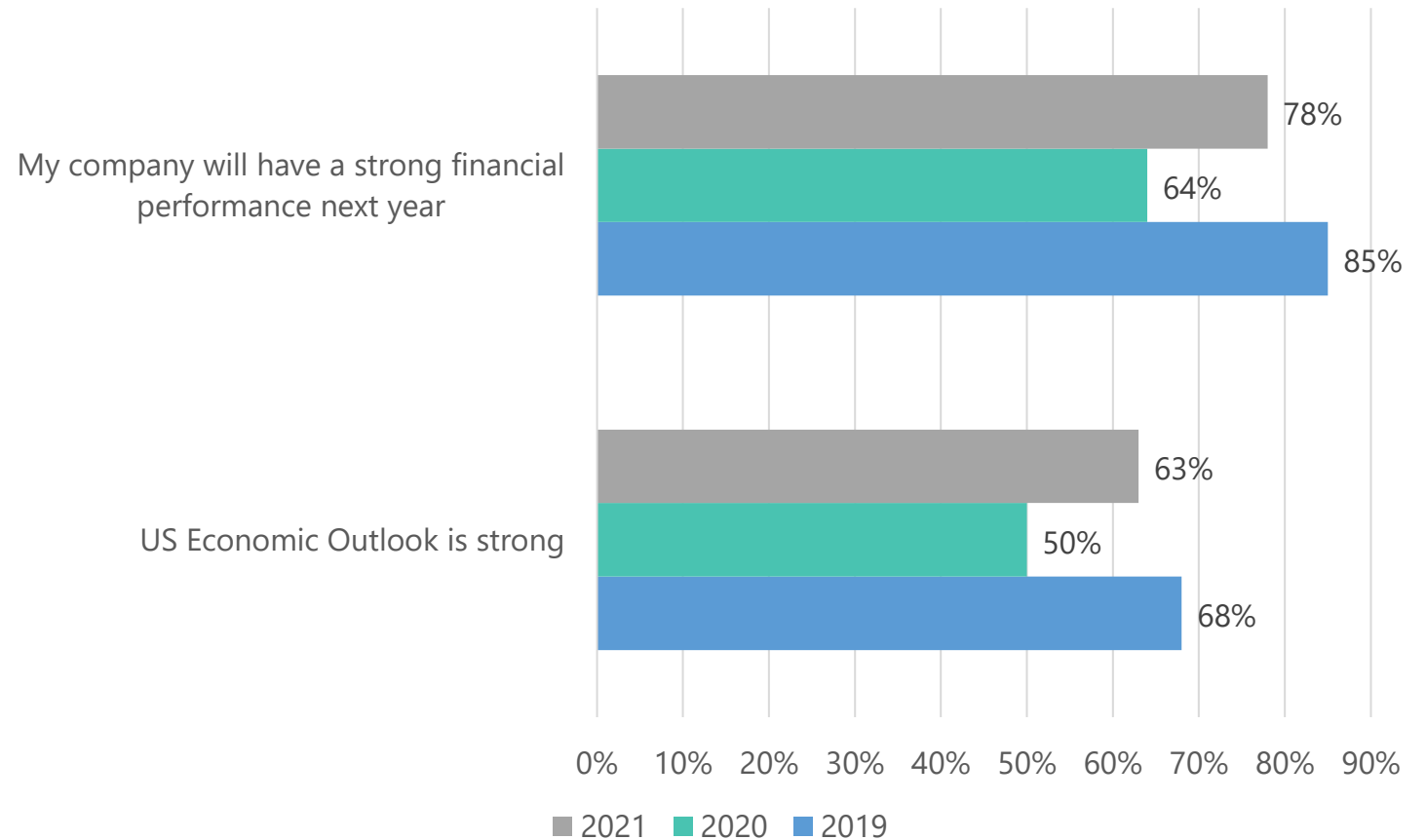
Client Sectors Serviced (Supplier Side)

Sector	2020 Percent	2021 NA Percent	2021 Europe Percent
Services	37%	53%	16%
Banking/Financial/Insurance	32%	39%	30%
IT/Technology	32%	33%	16%
Manufacturing/Industrial	32%	39%	22%
Pharmaceutical	26%	26%	9%
Retail/Wholesale trade	26%	38%	21%
Automotive	26%	35%	22%
Other	13%	9%	1%

General Program Outlook

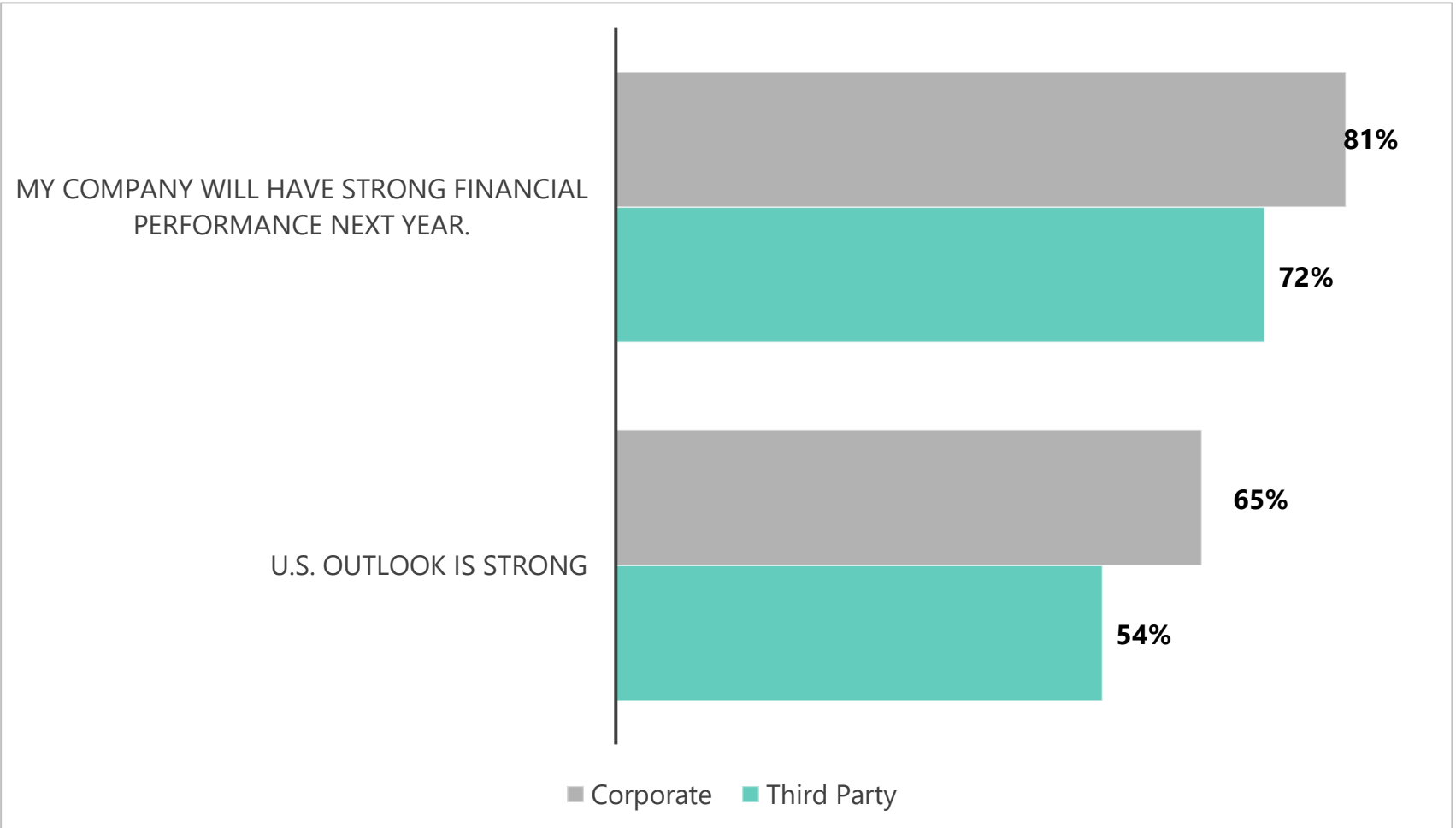
North American Overall Financial Outlook

- The data show the US is expecting a strong financial rebound in the next 12 months.



North American Economic Outlook by Type of Respondent

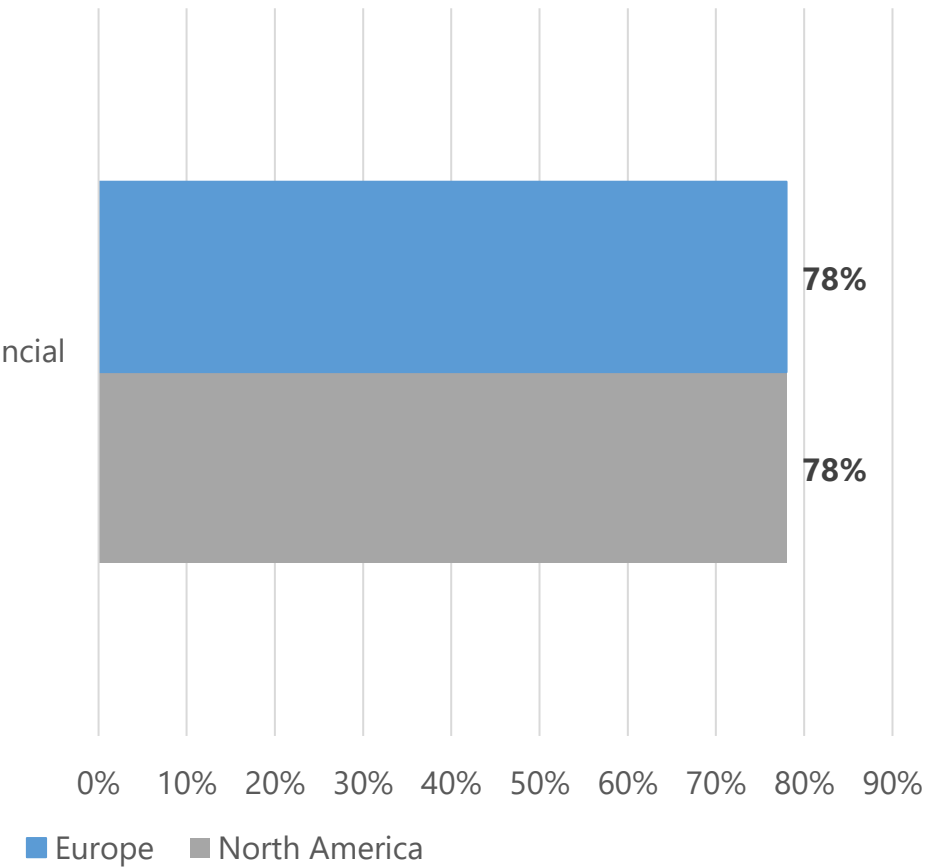
- Generally, corporate clients show stronger optimism compared to third party agencies and incentive houses.



North America vs. Europe

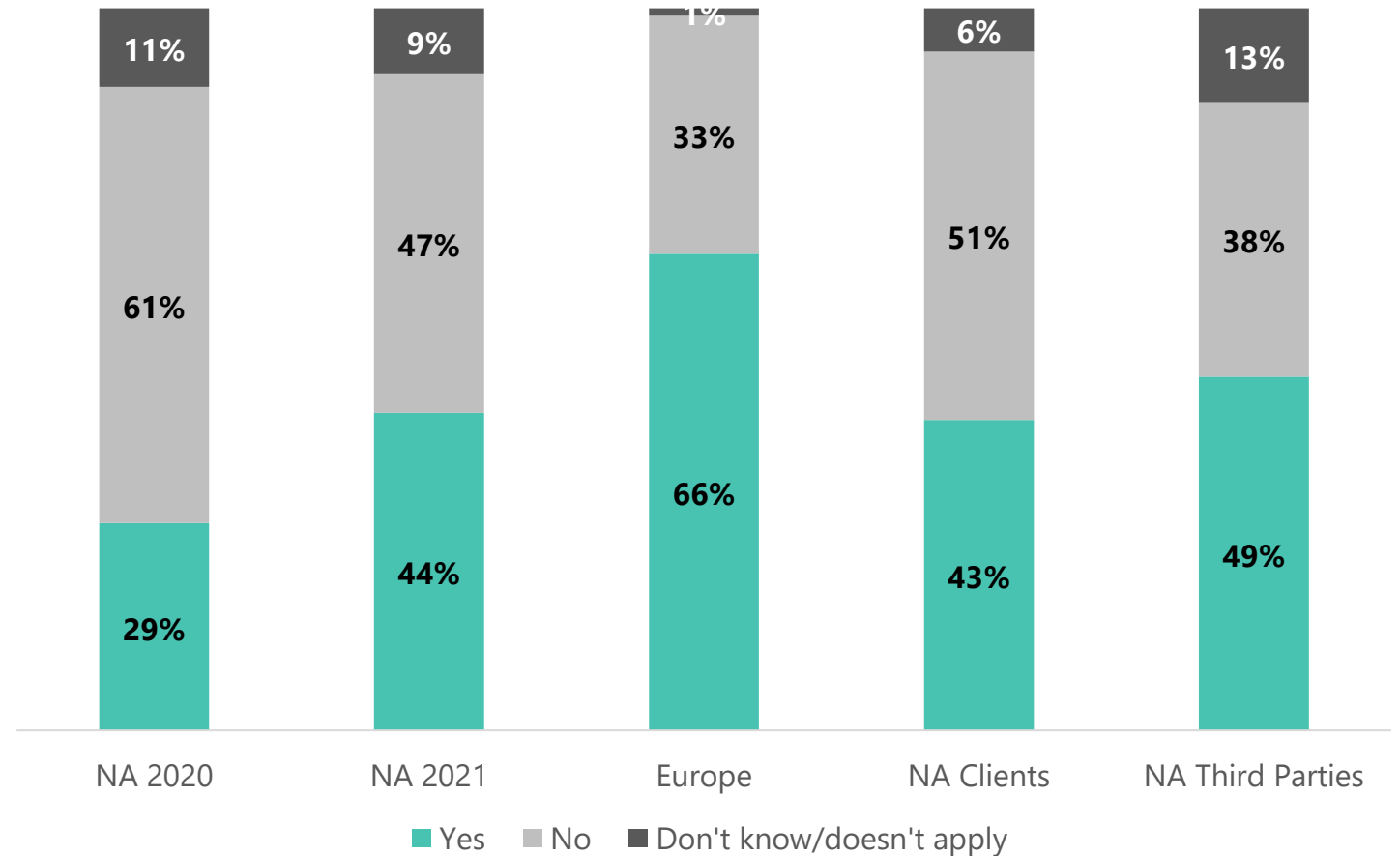
- Optimism toward strong financial performance is identical between North America and Europe at 78%.

My company will have a strong financial performance next year



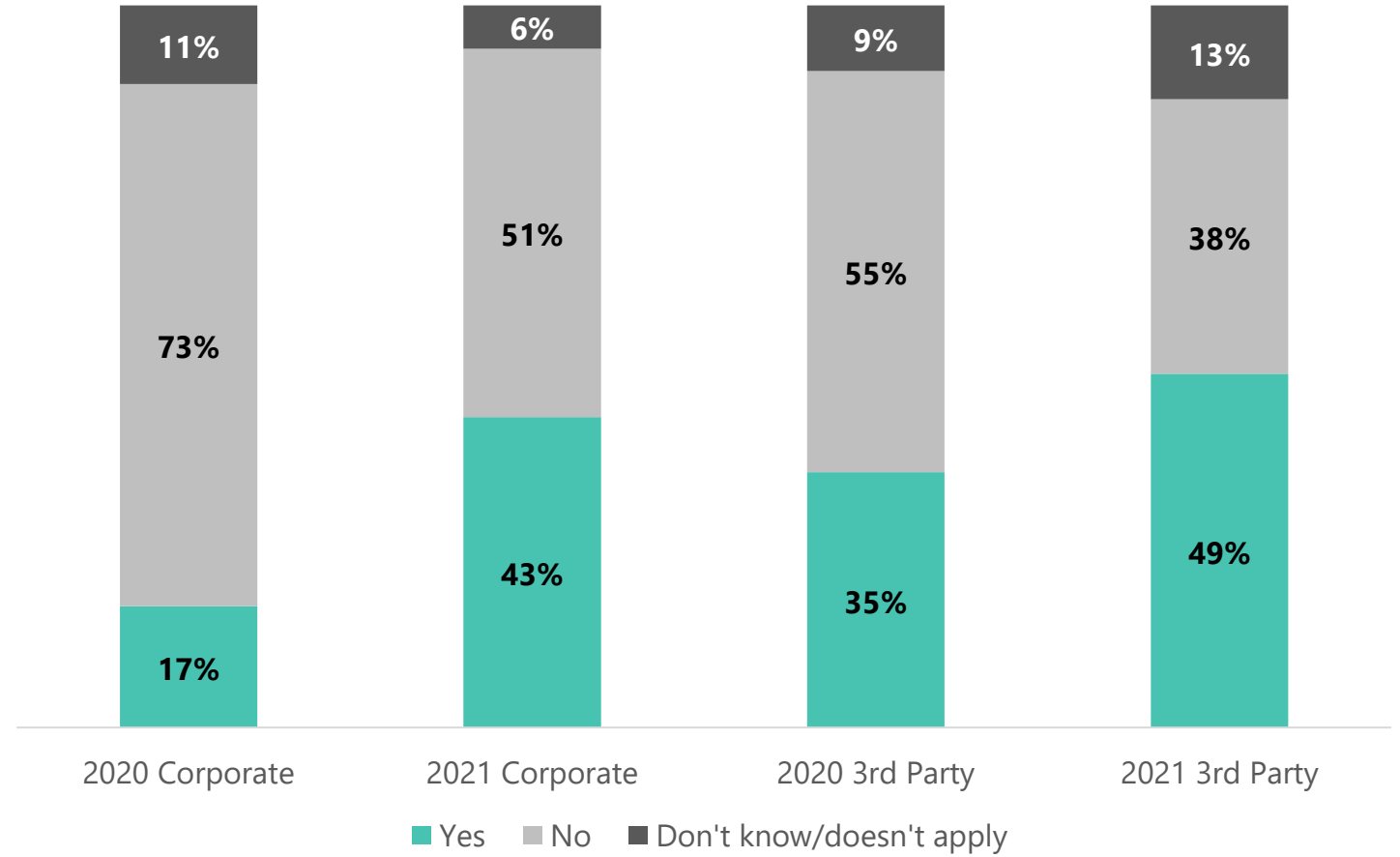
Cancelled a Program in the Past 12 Months

- Program cancellations in North America grew from 29% to 44% in the past 12 months, but were even higher among Europeans, where two-thirds (66%) reported a cancellation of a merchandise or gift card program within the past 12 months.



North America: Cancelled a Program in the Past 12 Months

- North American Program cancellations have been increasing for some time but peaked within this past 12 months. Overall, program cancellations jumped from 29% to 44%, with corporate program cancellations more than doubling and 3rd party program cancellations going up by 40%.



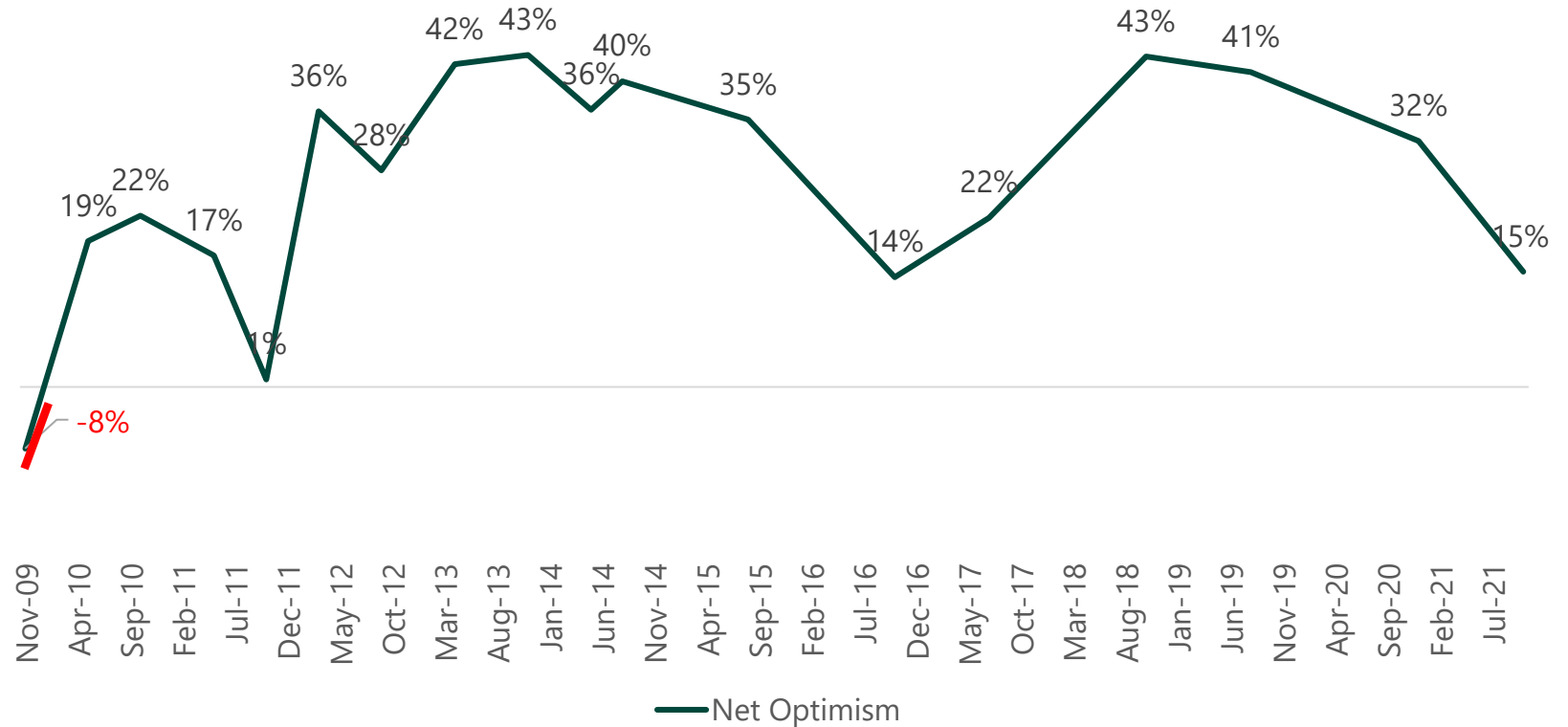
North American Net Optimism – Impact of Economy on Programs



Fall 2021 Optimism Index

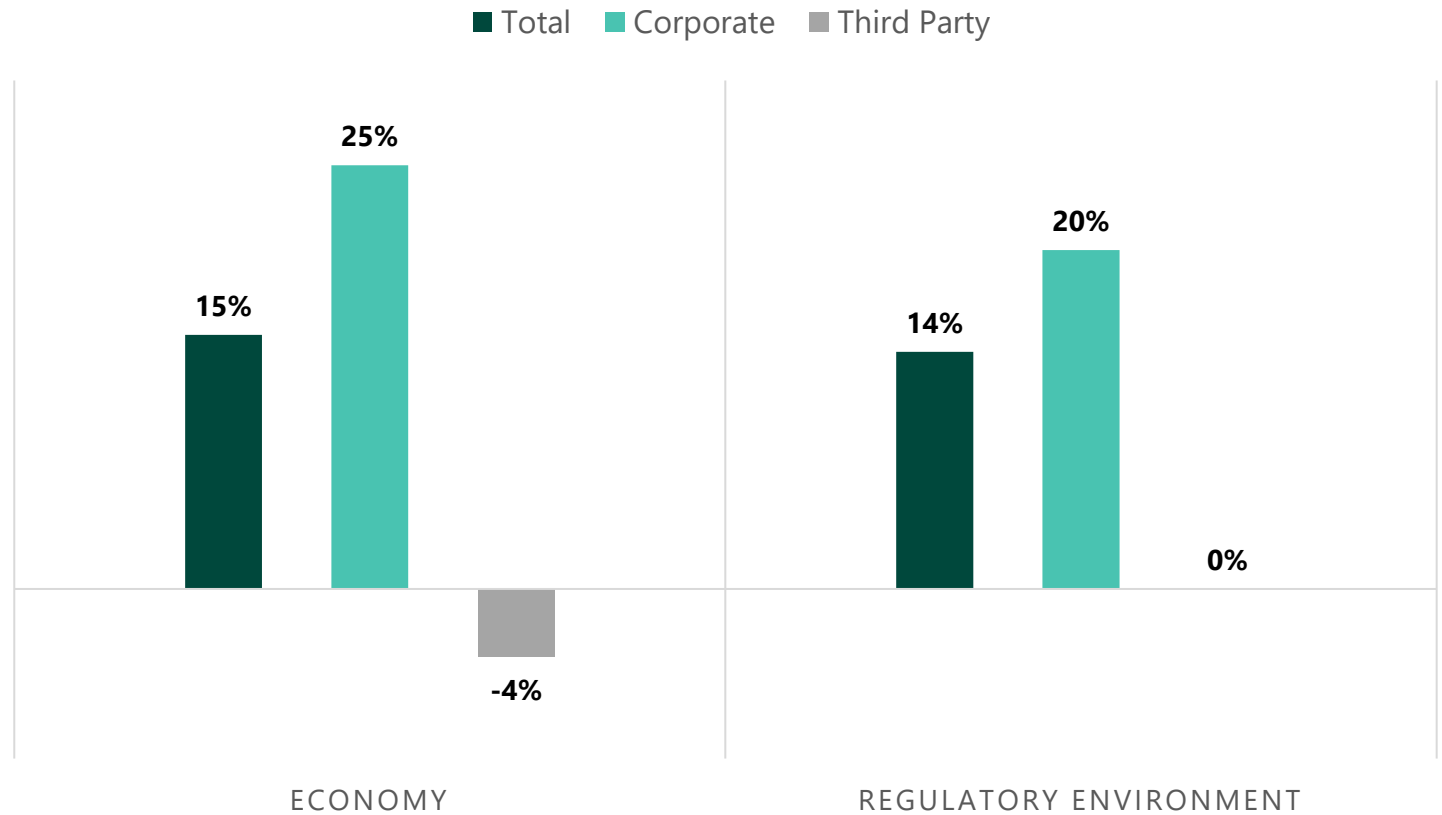
-17 Percentage Points from Summer 2019

- Although there are a lot of signs of positive economic activity, optimism toward the economy declined 17 percentage points from the previous wave, and 28 percentage points from two years earlier.



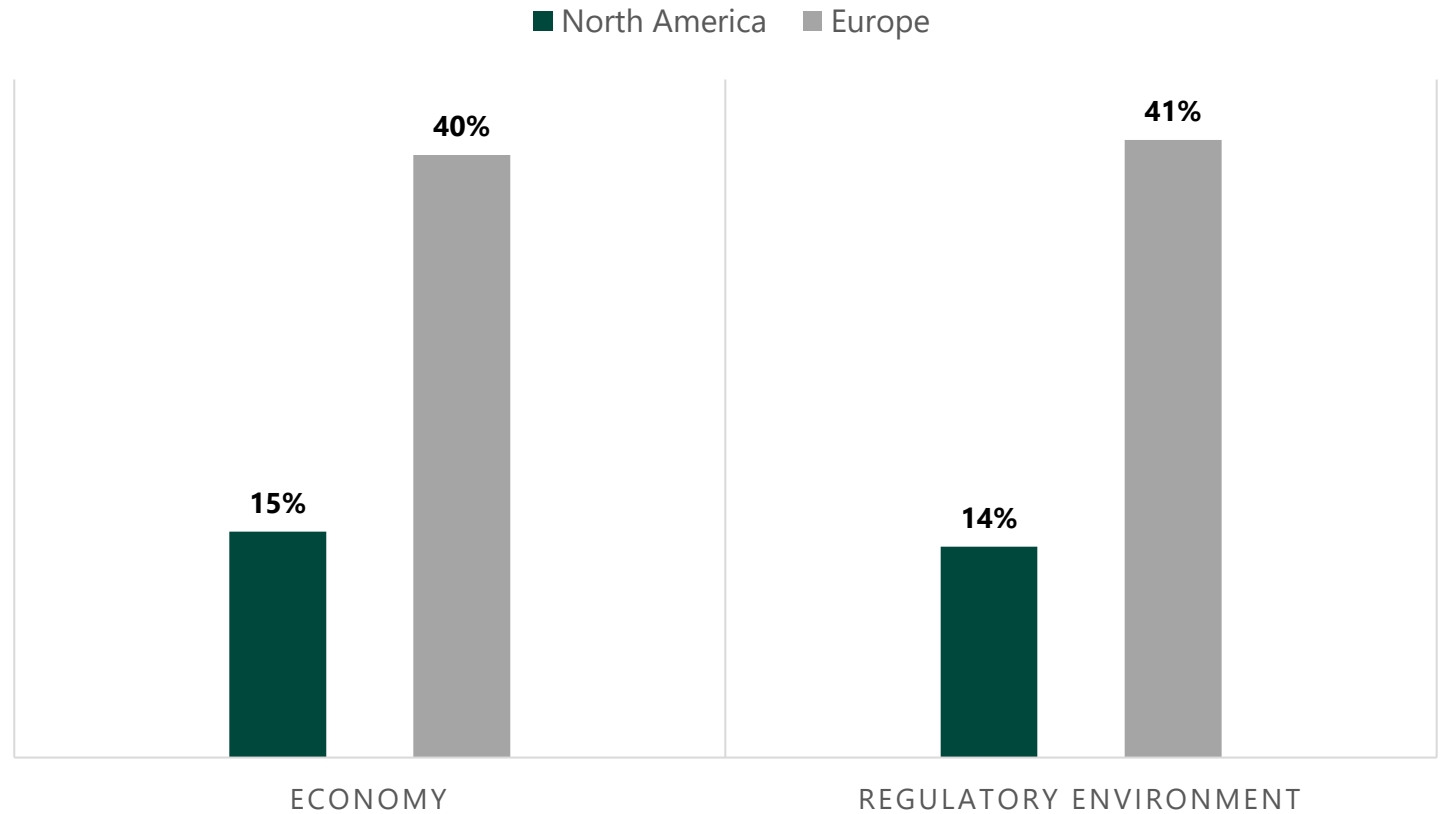
North American Net Optimism by Audience

- While net economic optimism tailed off slightly from 34% down to 25% for clients, third party agencies and incentive houses went down significantly from 33% to -5%, driving much of the overall decline in economic optimism.
- Net optimism toward the regulatory environment improved from 10% to 14%, matching its 2019 level. Client optimism shifted slightly from 22% to 20%, while third-party net optimism about the regulatory environment rose slightly from -5% to 0%.



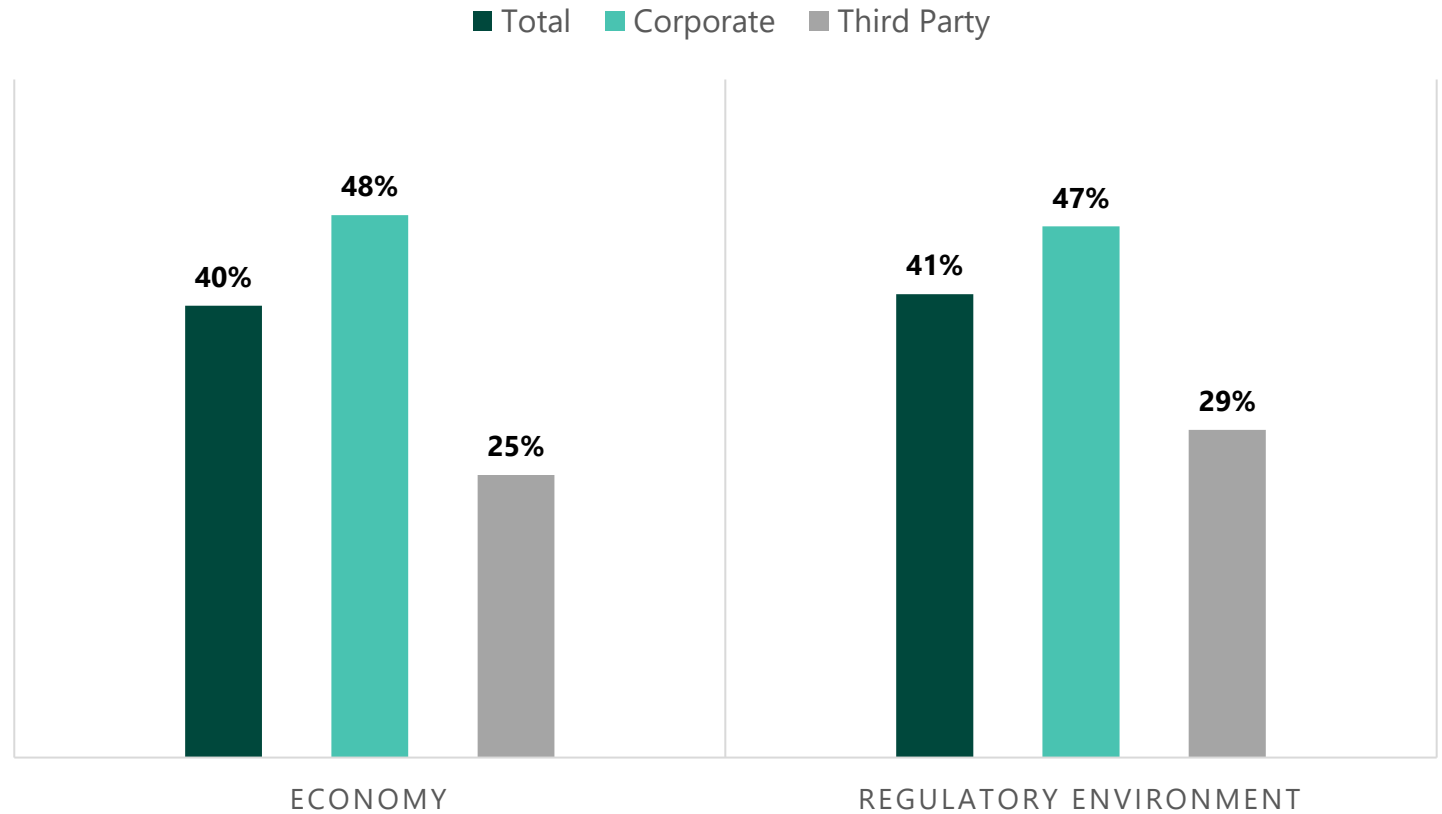
North America v. Europe—Net Optimism

- Compared to North America, optimism in Europe, both about the economy and the regulatory environment is almost 3X as positive.

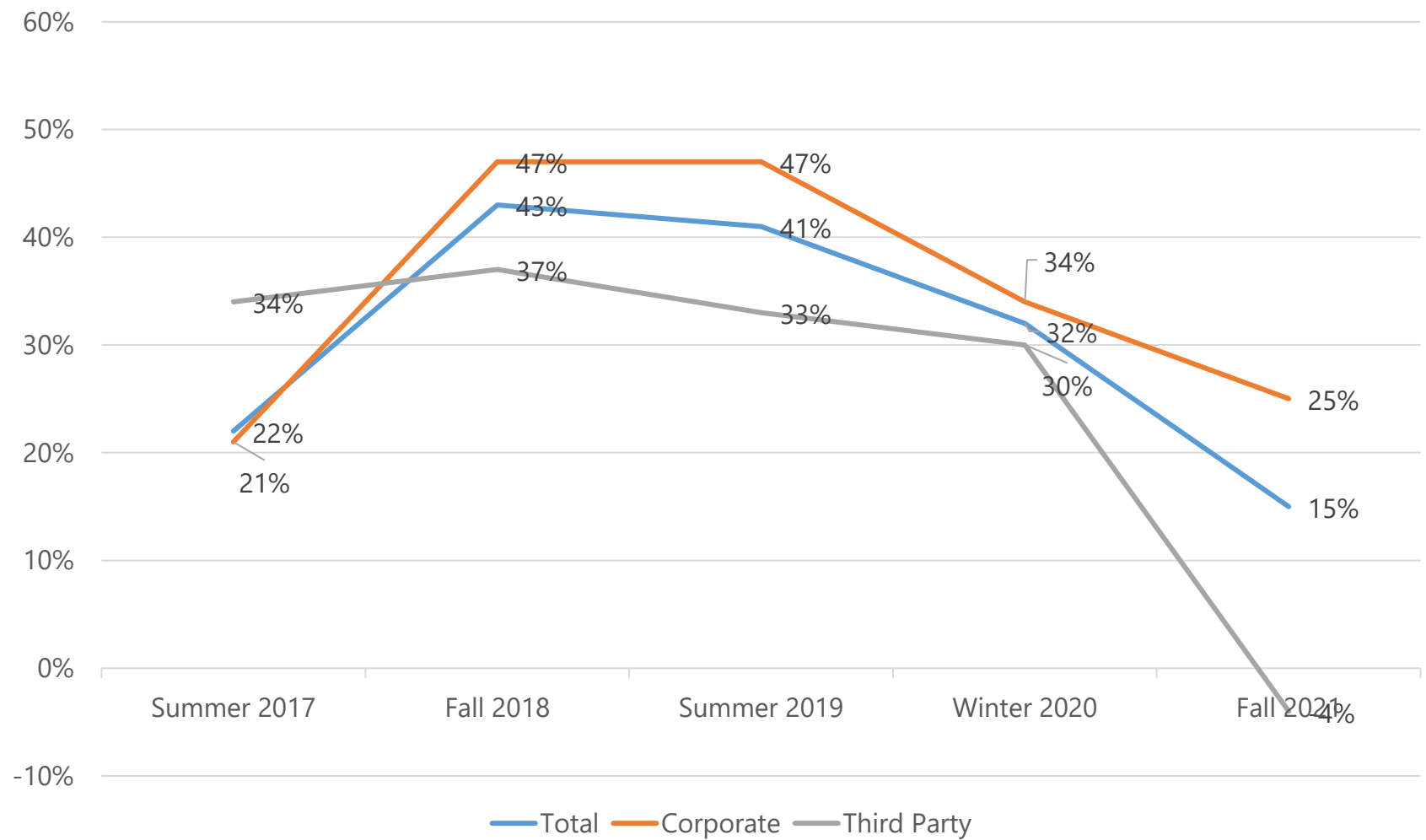


European Net Optimism by Audience

- Optimism among corporate clients is particularly strong in Europe, both with regard to the economy and the regulatory environment.
- While optimism is not as strong comparatively among third-party incentive agencies, it is still significantly higher in Europe than the U.S. in both areas.

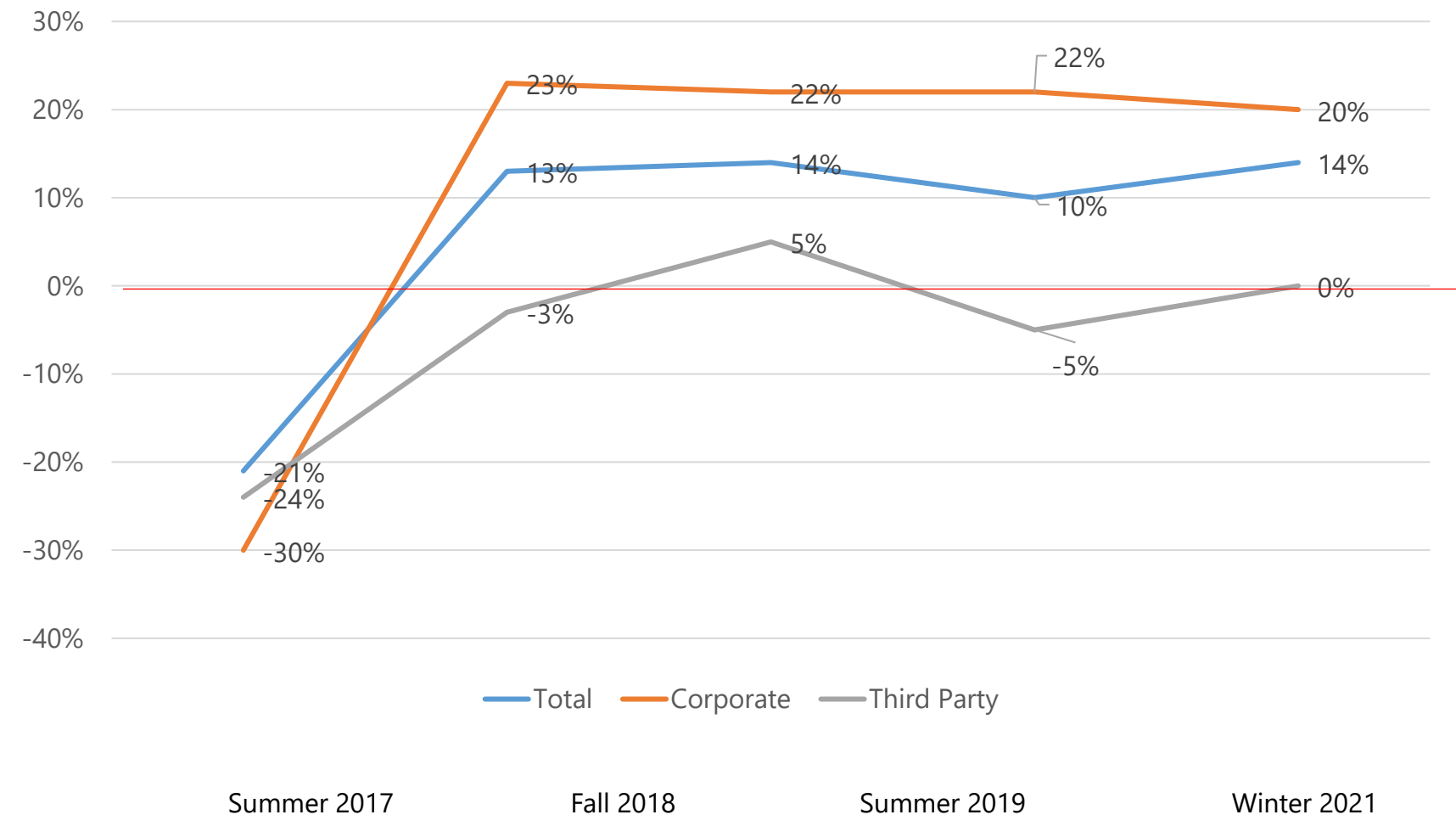


North American: Net Optimism Regarding the Economy Compared to Prior Years by Audience





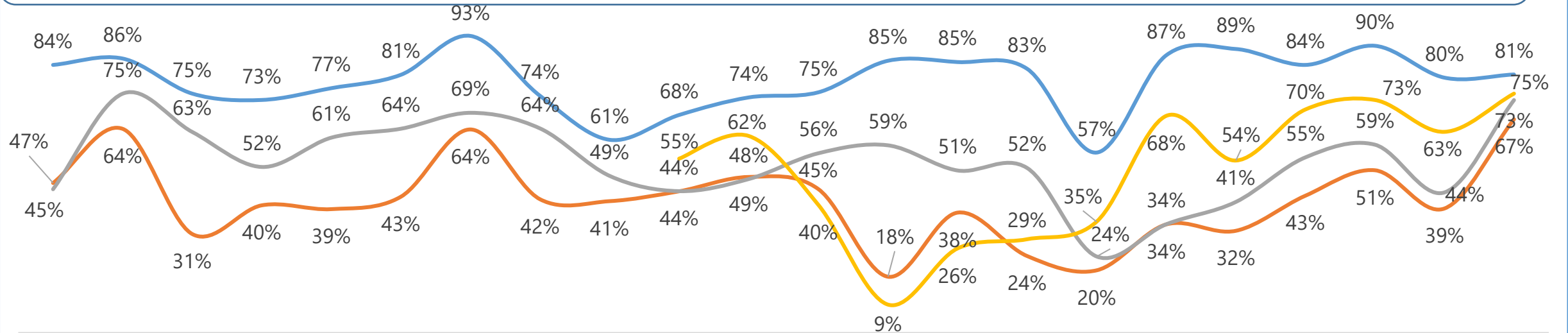
North American Net Optimism Regarding the Regulatory Environment Compared to Prior Years by Audience



In the coming year, what impact will the factors below have on your/your clients' non-cash reward and recognition program planning and execution?

North American Considerations for Non-Cash Program Design

Several factors became much more important in considerations for non-cash program design. A year ago, only 44% said public perception was a consideration; that percentage rose to 73% in 2021. Similarly, competitor programs influenced 39% of programs last year, compared to 67% in 2021. Those who considered non-incentive stakeholders important rose from 63% to 75%.



Sep-08 Oct-08 Mar-09 Jul-09 Nov-09 May-10 Oct-10 May-11 Oct-11 Mar-12 Sep-12 Apr-13 Nov-13 May-14 Aug-14 Aug-15 Oct-16 Jul-17 Oct-18 19-Aug-20-Dec Oct-21

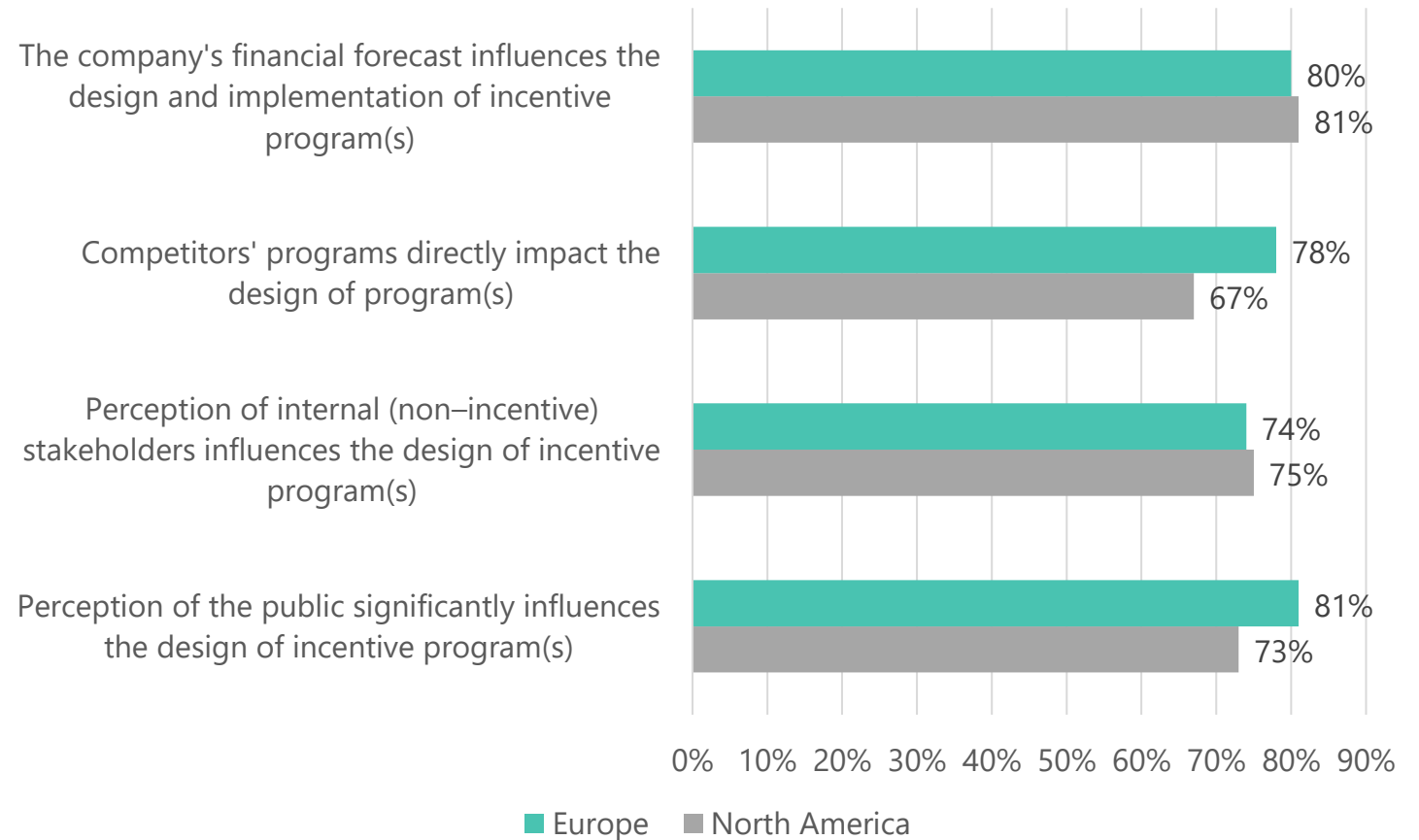
- My company's financial forecast influences the design and implementation of incentive programs
- Our competitors' programs directly impact the design of our incentive program(s).
- Perception of the public significantly influences the design of our incentive program(s). *
- Perception of internal (non-incentive) stakeholders significantly influences the design of our incentive program(s).

Please indicate the level of your agreement or disagreement with the following statements as they relate to your most recent incentive program.

Base: Corporate respondents

Considerations for Non-Cash Program Design: North America vs. Europe

- North Americans and Europeans have similar considerations for non-cash program design, although Europe appears to place slightly higher importance on competitor programs and public perception.

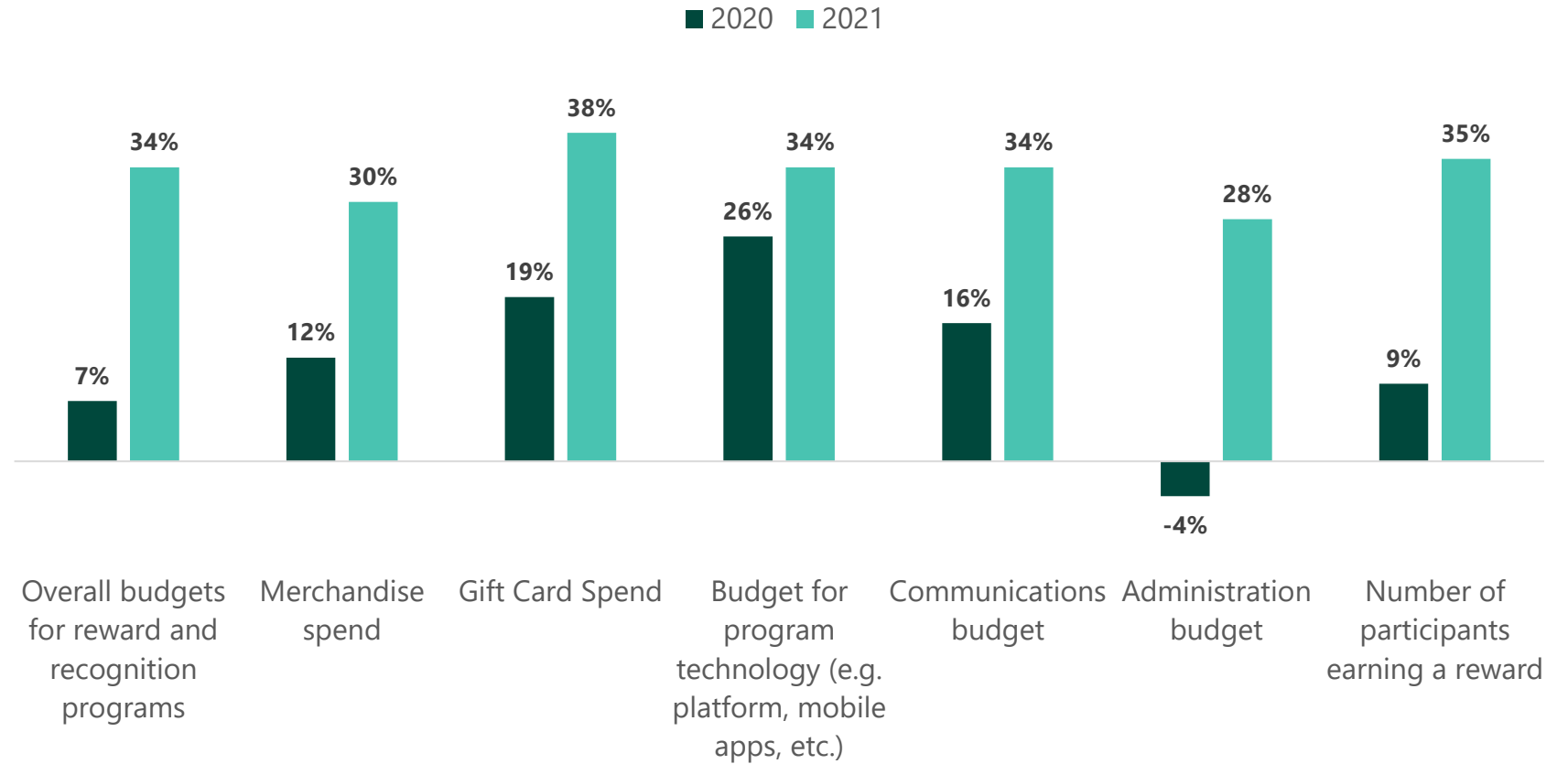


Please indicate the level of your agreement or disagreement with the following statements as they relate to your most recent incentive program.

Base: Corporate respondents

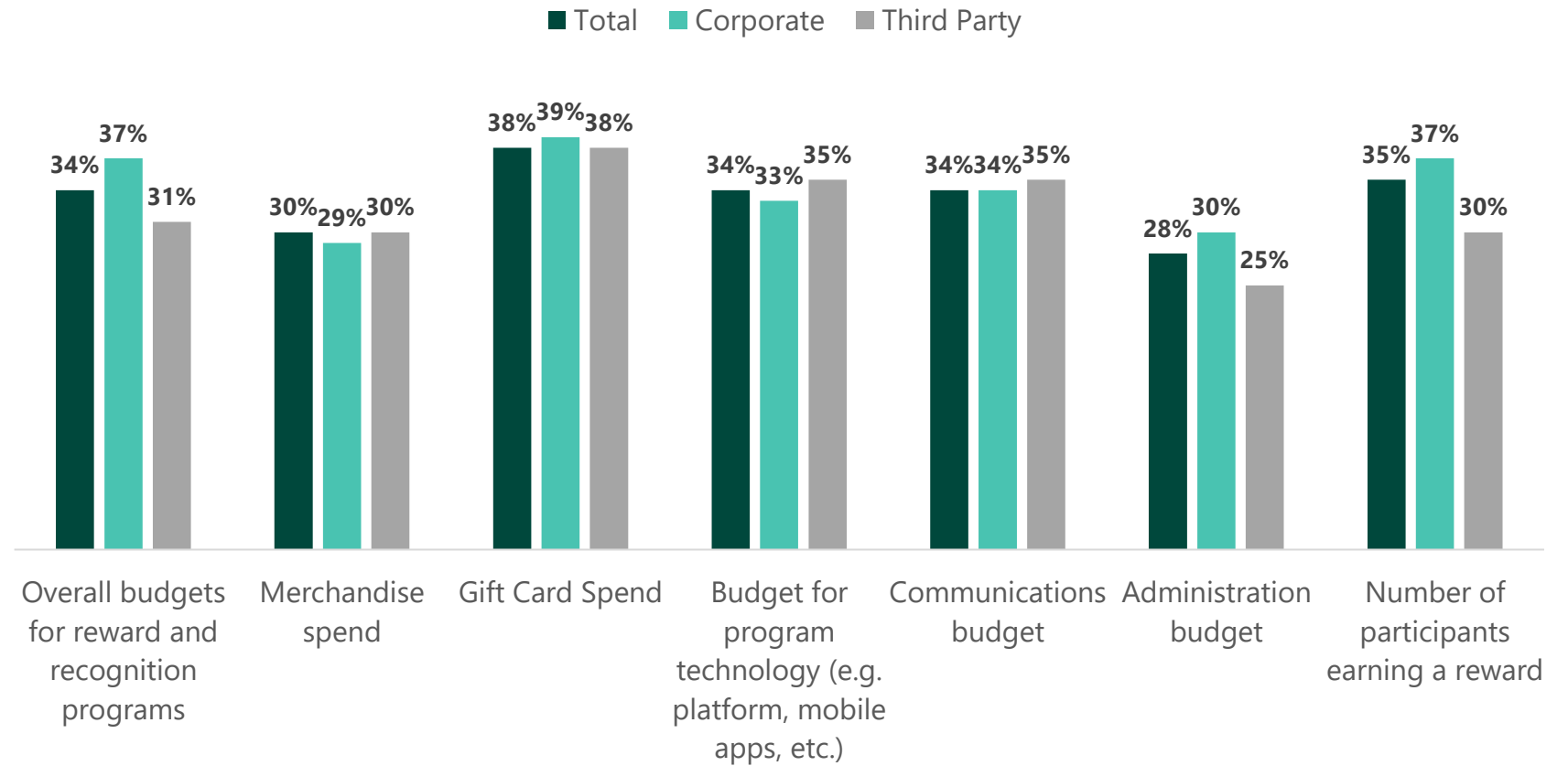
North American Outlook for Rewards Budgets – Net Change

- Looking at the net change, budgets are expected to significantly increase across the board for 2022.



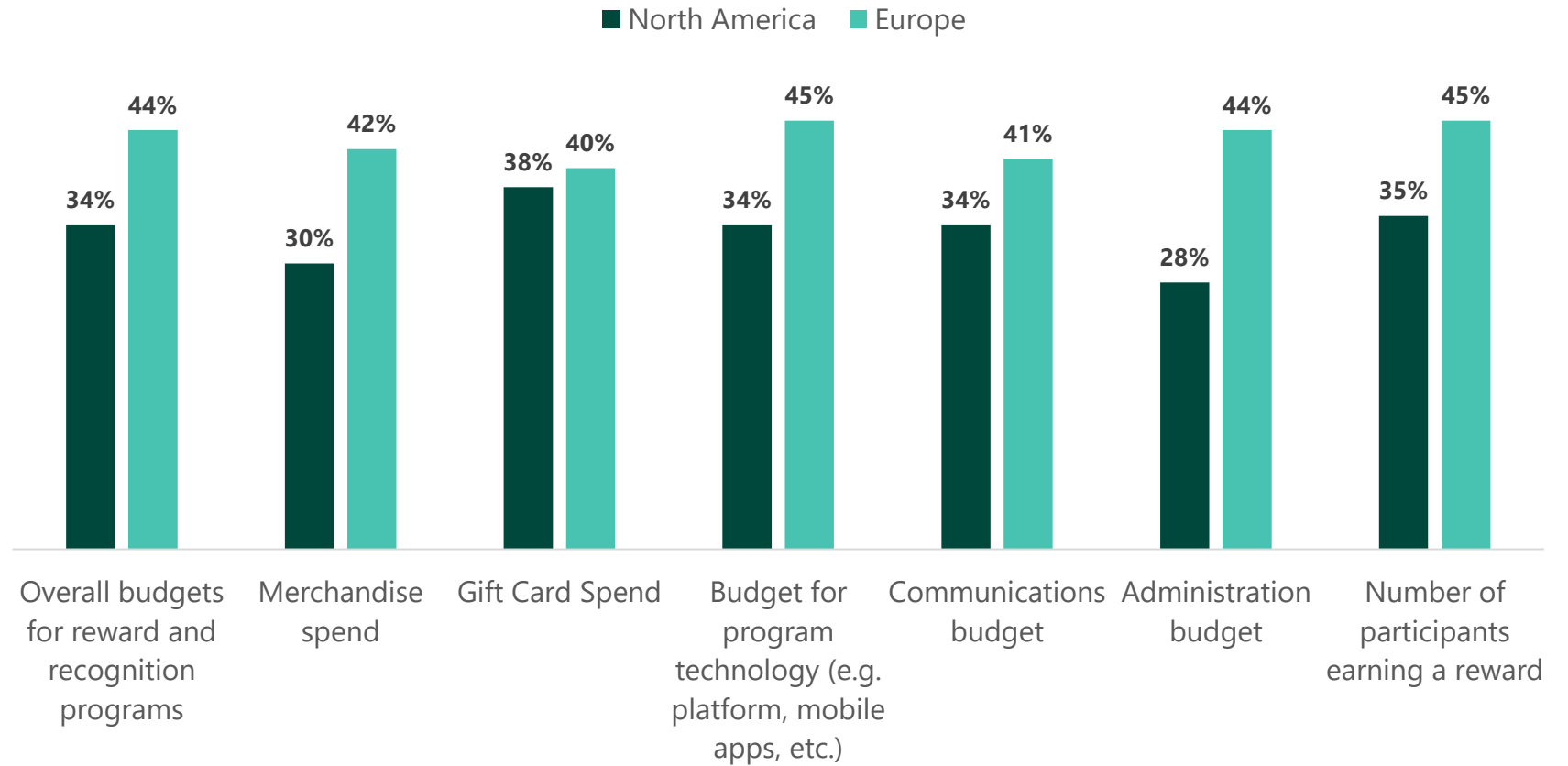
Outlook for Rewards Budgets – Net Change Across Audiences

- While budgets are going up across the board, there was a slightly higher net percent change among clients for overall budget (37%) compared to third-parties (31%).



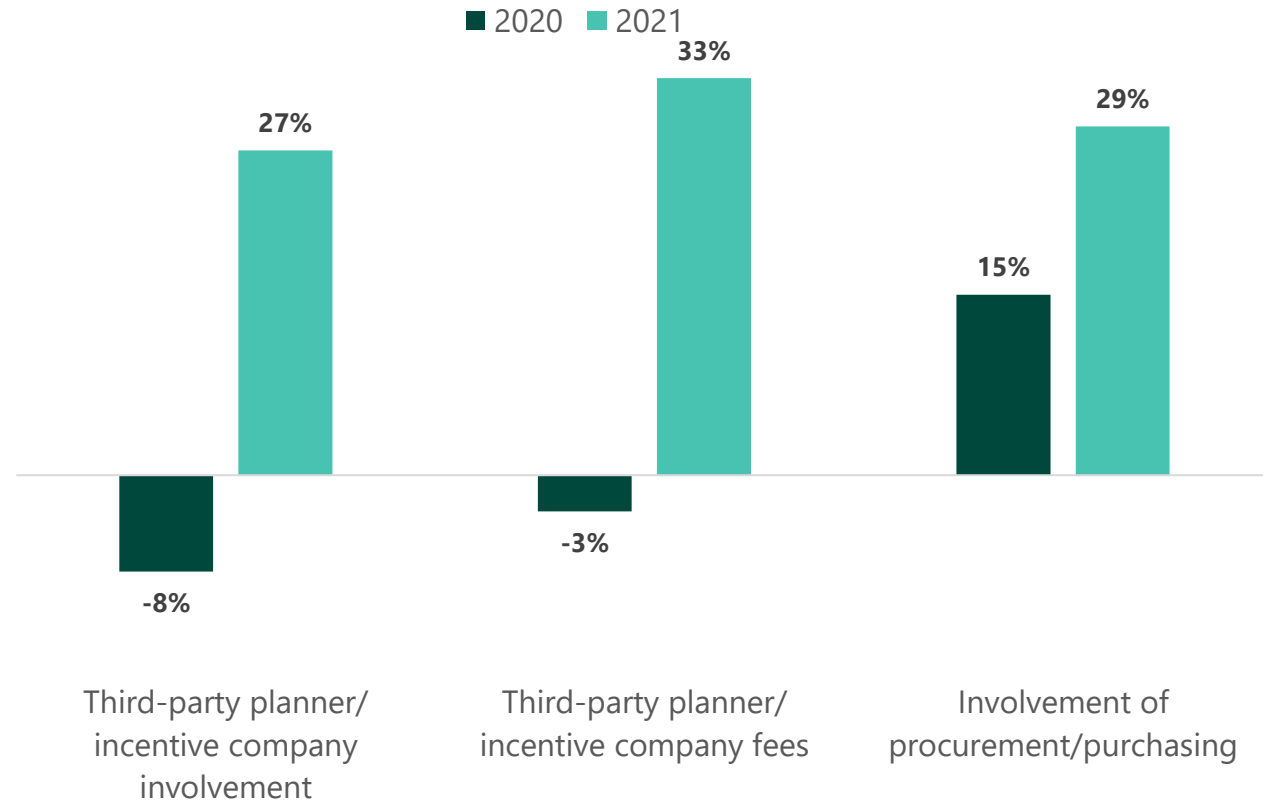
North America v. Europe: Outlook for Rewards Budgets – Net Change

- As much as North American budgets seem positioned to increase across the board, European budgets look even stronger.



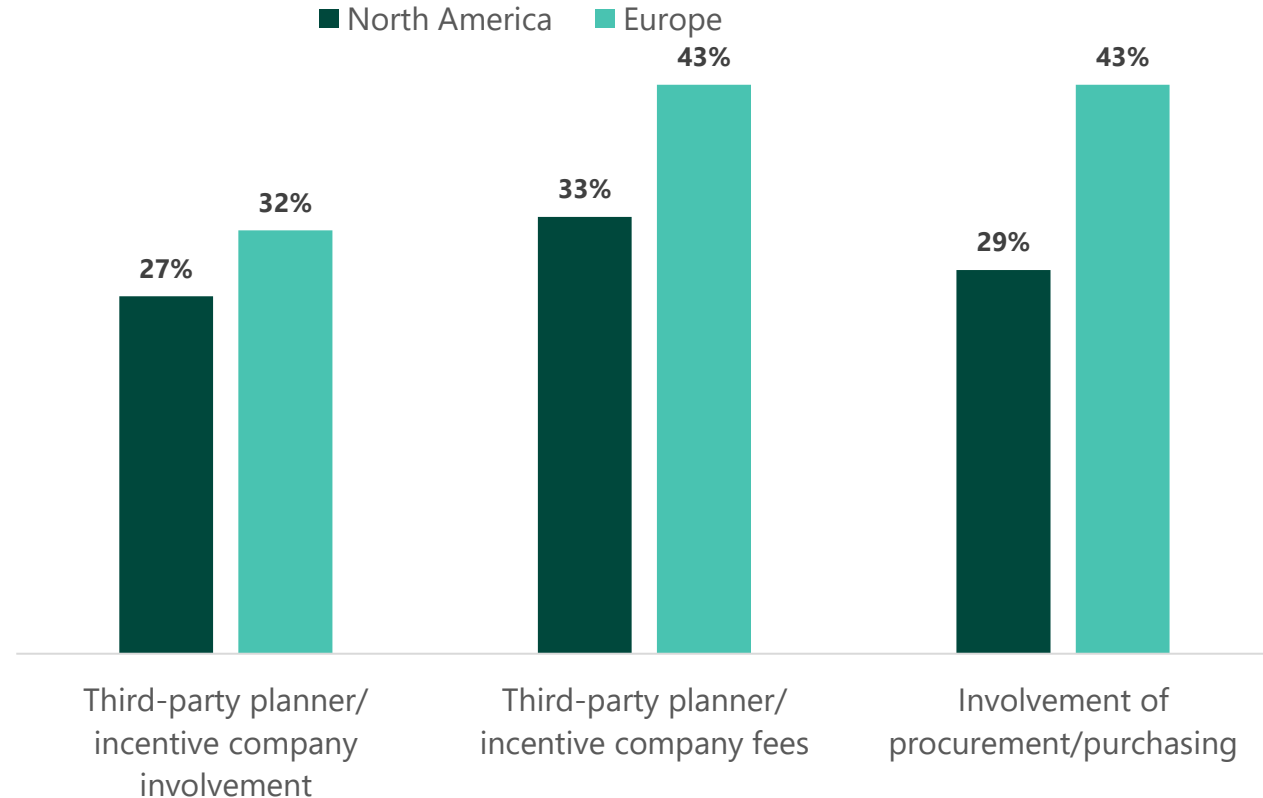
North American Outlook for Rewards Partners – Net Change

- After a year of contraction, Involvement by third parties is expected to expand. Budgets for third-party companies are expected to be greater as well. The growing involvement by procurement/purchasing departments is expected to continue with an even steeper growth trajectory.



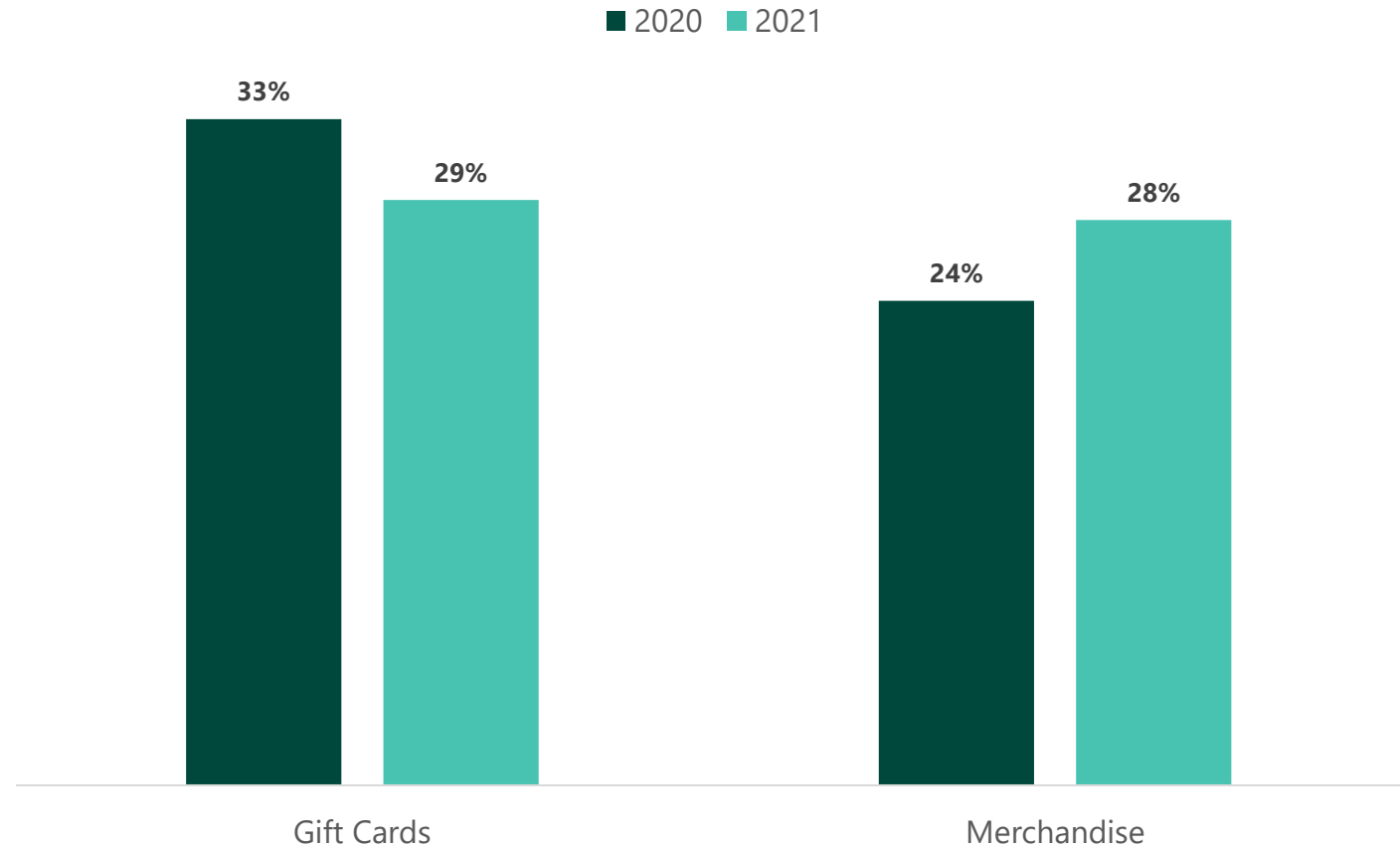
North America v. Europe: Outlook for Rewards Partners – Net Change

- The outlook for third-party planners in Europe looks even more favorable, although the involvement of procurement is expected to grow at an even greater growth trajectory than North America.



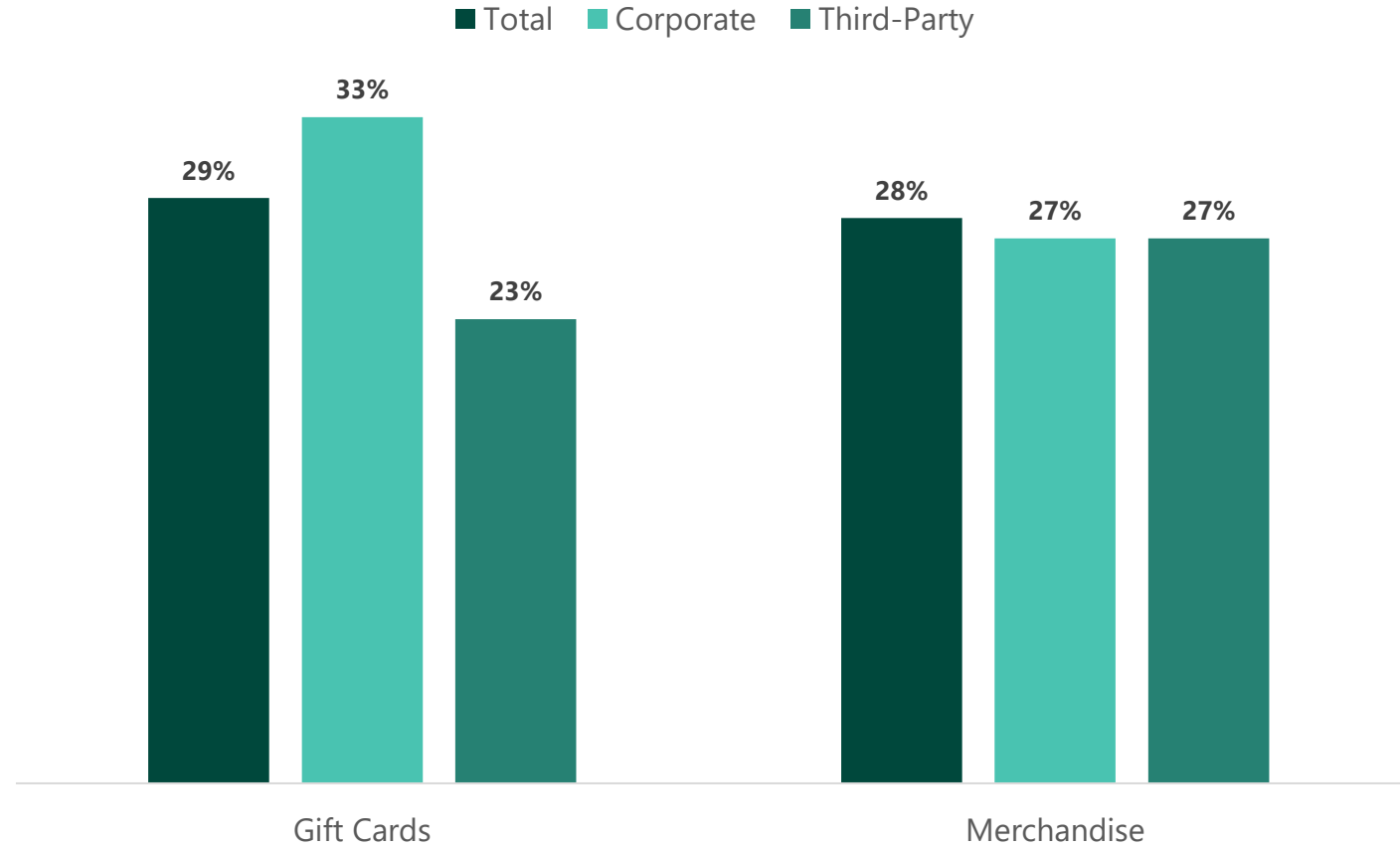
Net Change in the Use of Rewards

- The net perception is that both gift cards and merchandise is expected to increase at approximately the same level as last year.



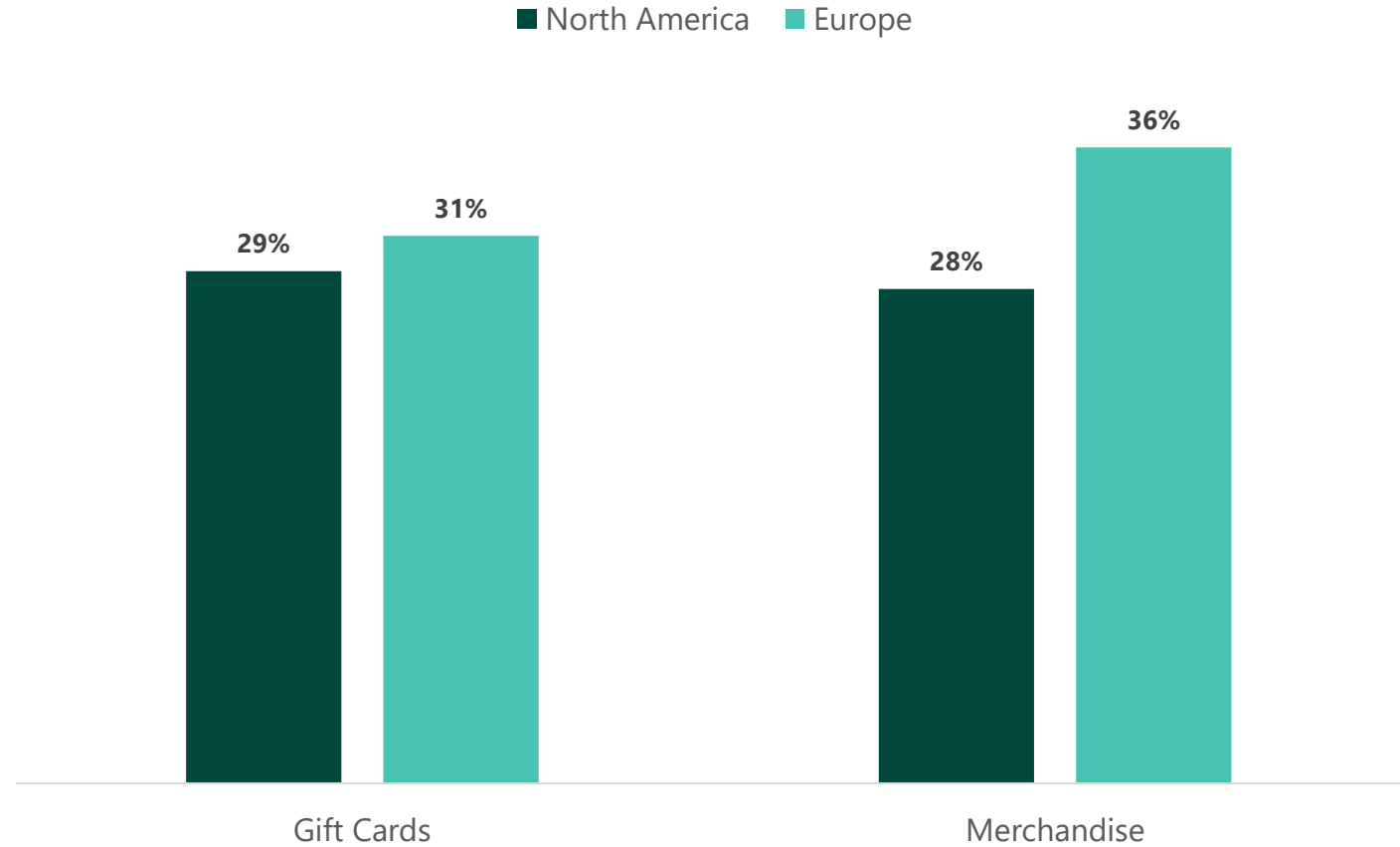
North American Net Change in the Use of Rewards by Audience

- A greater percentage of corporate clients intend to use more gift cards in the future compared to the expectations of third-parties.



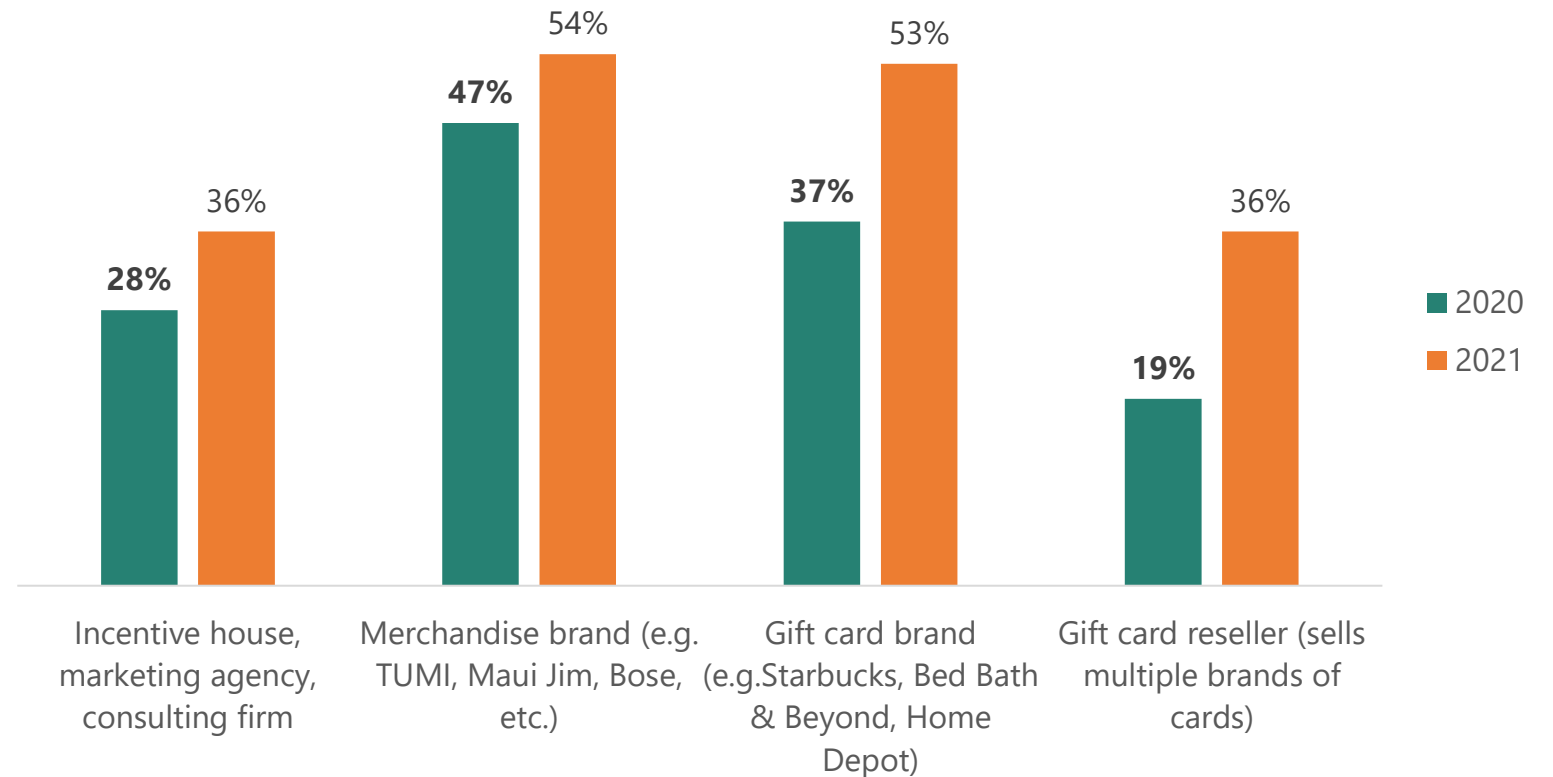
North America v. Europe: Net Change in the Use of Rewards

- Compared to North Americans, more Europeans expect merchandise use to increase next year. .



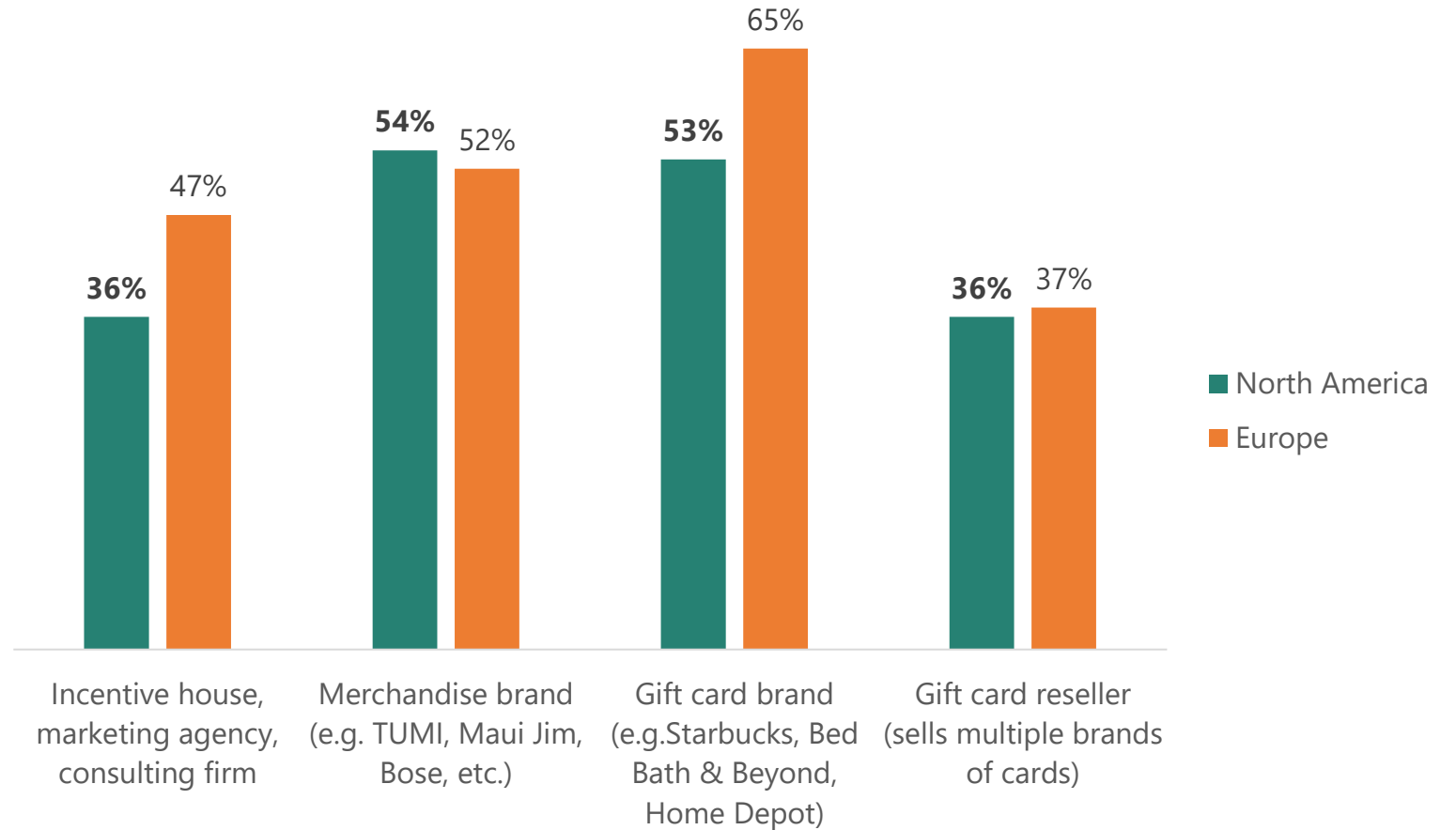
North American Use of Partners (Direct Working Relationship)

- The use of partnerships has increased in 2021 across the board.
- The use of gift card re-sellers has nearly doubled since the previous year.



North America v. Europe Use of Partners

- The use of gift card brand partners, as well as incentive houses, is stronger in Europe than in North America.



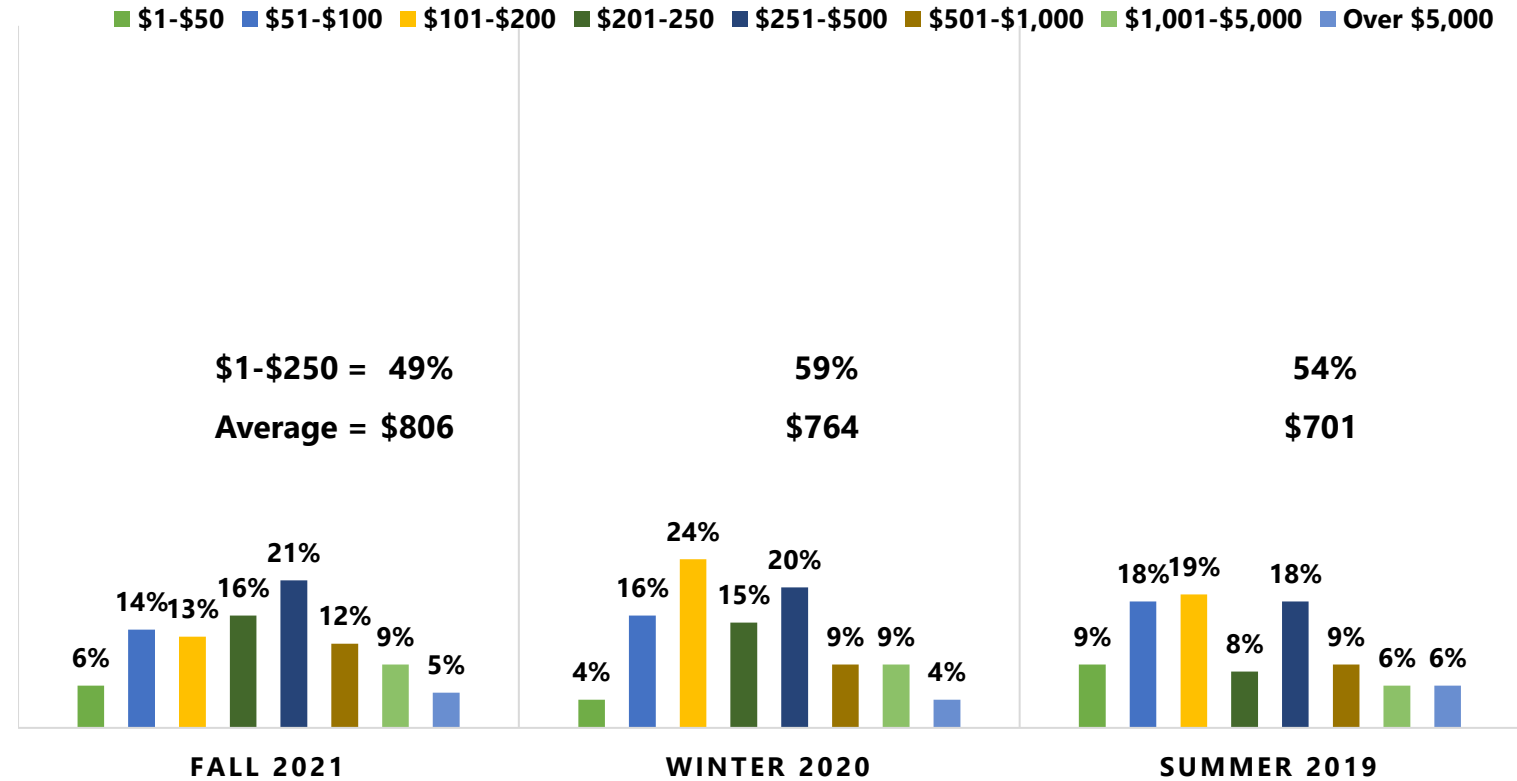
For your non-cash reward and recognition programs, do you work directly with...

Base: Corporate buyers

Anticipated Spend

North American Average Per-Person Spend – Non-Cash Reward & Recognition Programs

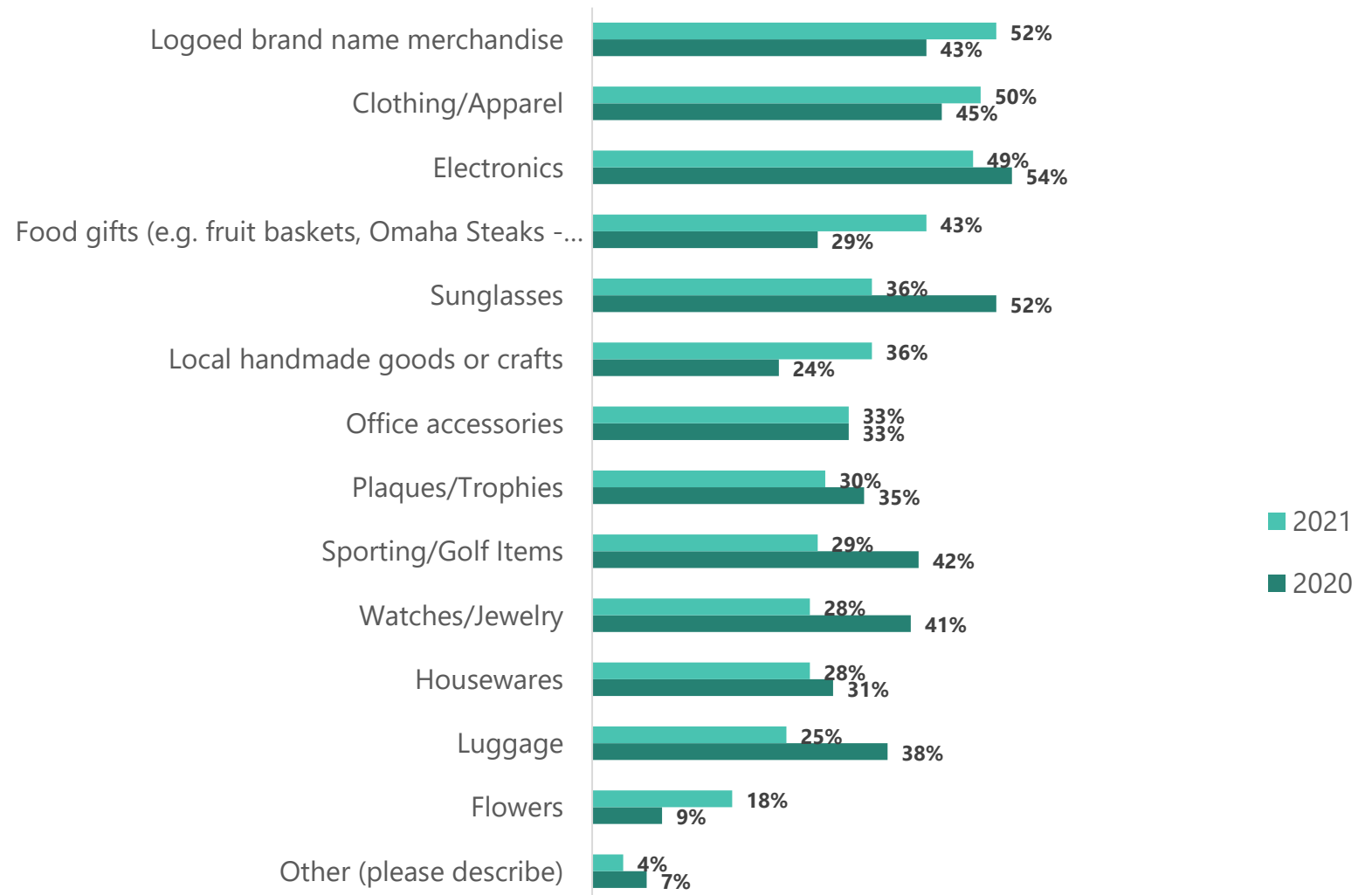
- The average per-person spend appears to be up a bit from previous years. Over half plan (51%) plan to spend more than \$250 per person on non-cash reward and recognition systems. Last year, only 41% planned to spend more than \$250.



Non-Cash Reward & Recognition: Merchandise

North American Merchandise Prevalence 2020 v. 2021

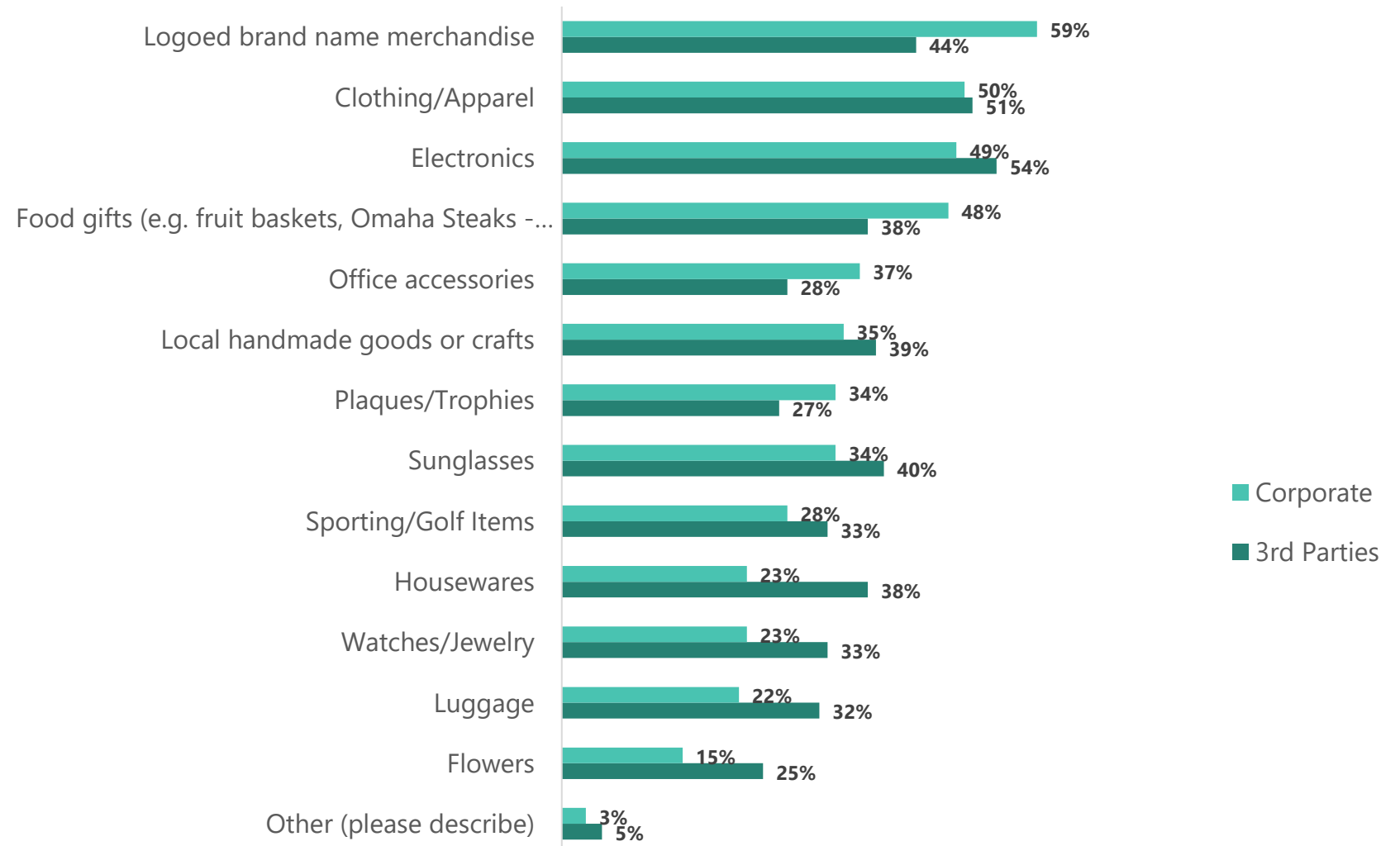
- Logoed brand name merchandise, along with clothing and electronics represent the merchandise categories with the highest prevalence in North America in the 2021 study.
- When comparing the prevalence in merchandise to the previous year, it appears that shifts have taken place. In reality, the shifts are a result of a sample mix toward a much greater proportion of clients. The merchandise mentioned is very consistent with the merchandise mentioned in 2020 by clients.



What types of merchandise and gift cards are used within your/your clients' reward and recognition program(s)? Check all that apply.

North American Merchandise Prevalence by Audience

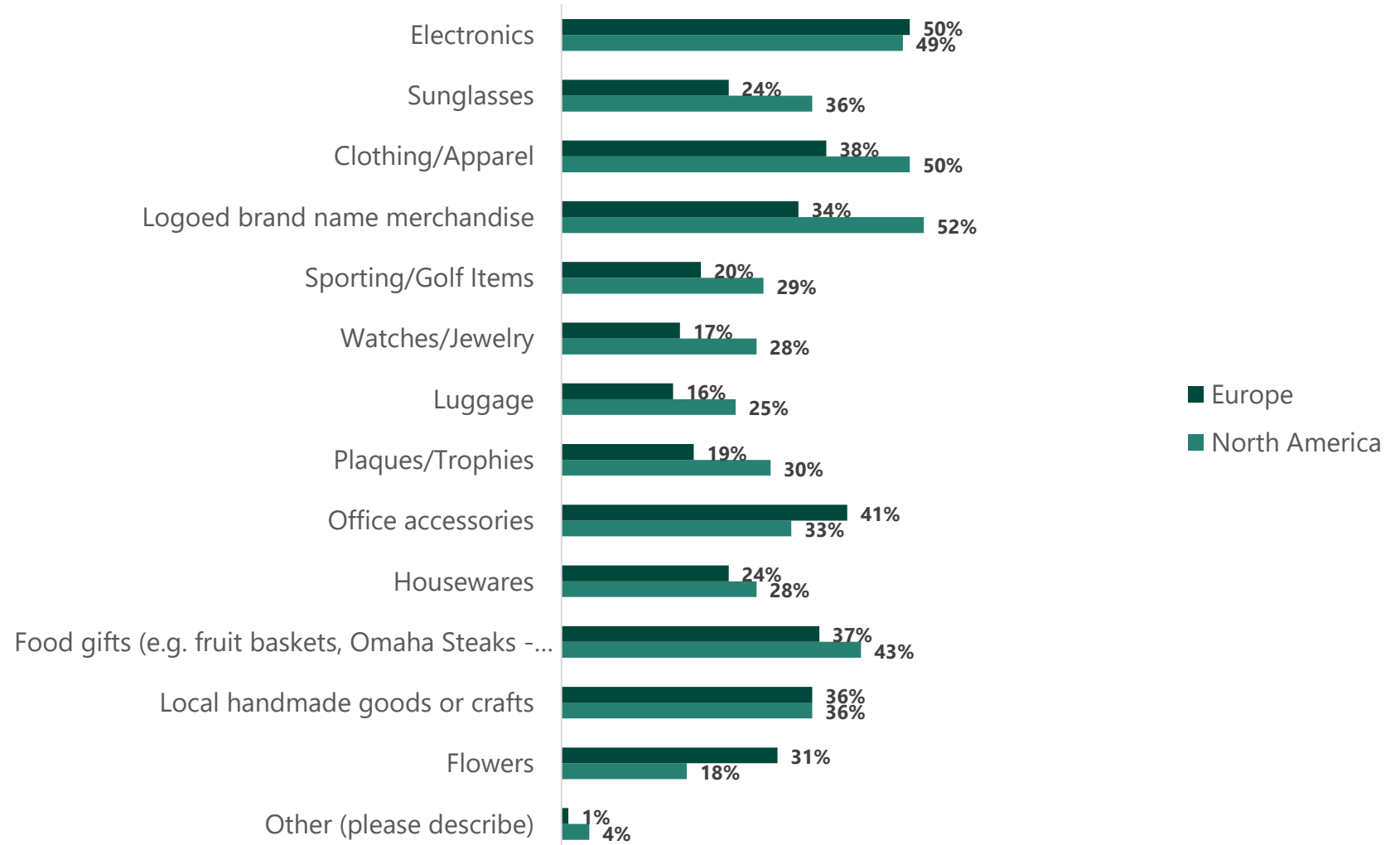
- Electronics and merchandise logoed with the company brand are the most common rewards with corporate respondents, while electronics and clothing are the most common merchandise gifts given by 3rd party providers.



What types of merchandise and gift cards are used within your/your clients' reward and recognition program(s)? Check all that apply.

Merchandise Prevalence North America v. Europe

- Both North Americans and Europeans are most likely to give electronics and clothing/apparel as merchandise gifts. However, North Americans place a much higher emphasis on logoed brand merchandise, while Europeans are more likely to give office accessories as a gift.



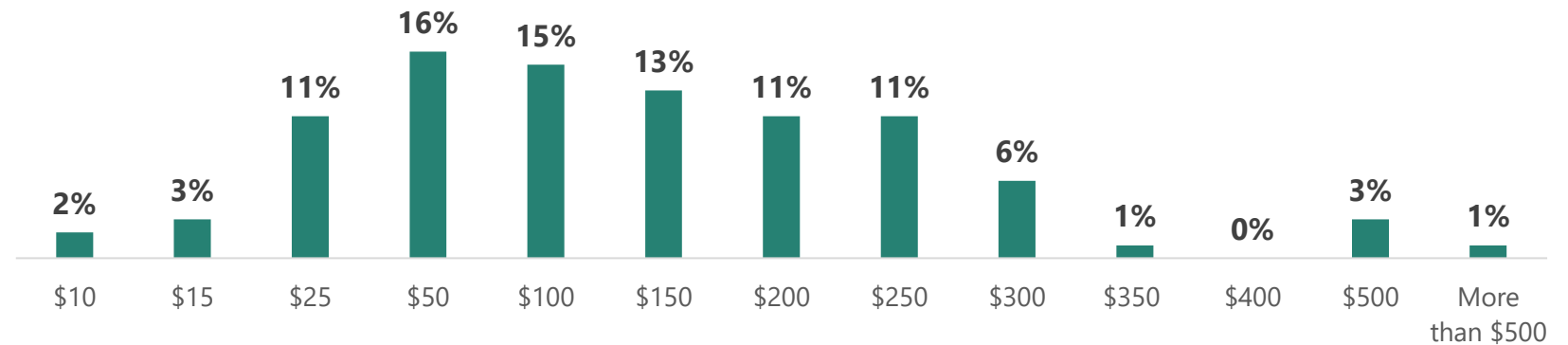
What types of merchandise and gift cards are used within your/your clients' reward and recognition program(s)? Check all that apply.

North American Average Value of Merchandise Reward

\$1-\$100 = 47%

Average = \$152

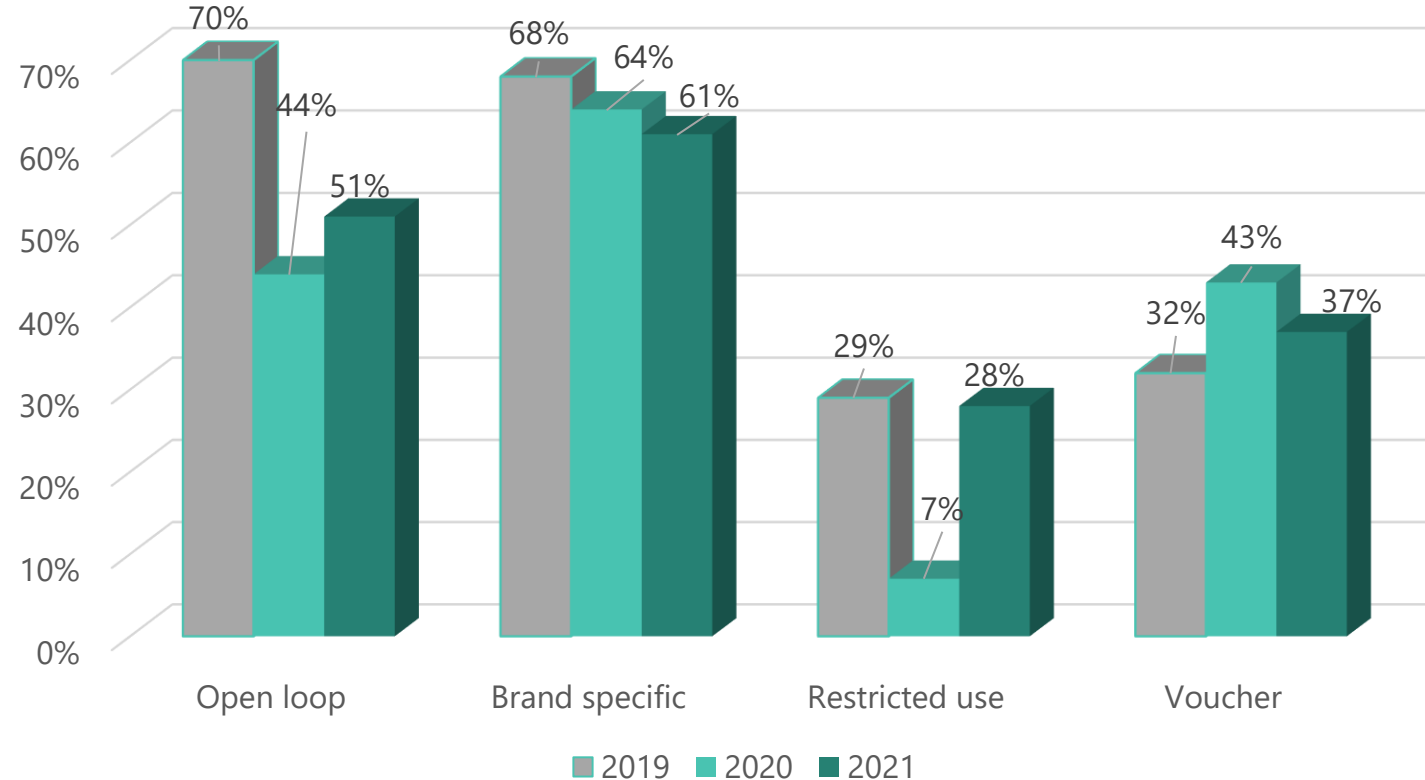
- The average value of a merchandise reward is \$152. This is easily within the range for the last three waves of the study that have provided the exact same average amount of \$160.
- The percentage that spent \$100 or less on merchandise was exactly the same as a year ago, 47%.



Non-Cash Reward & Recognition: Gift Cards

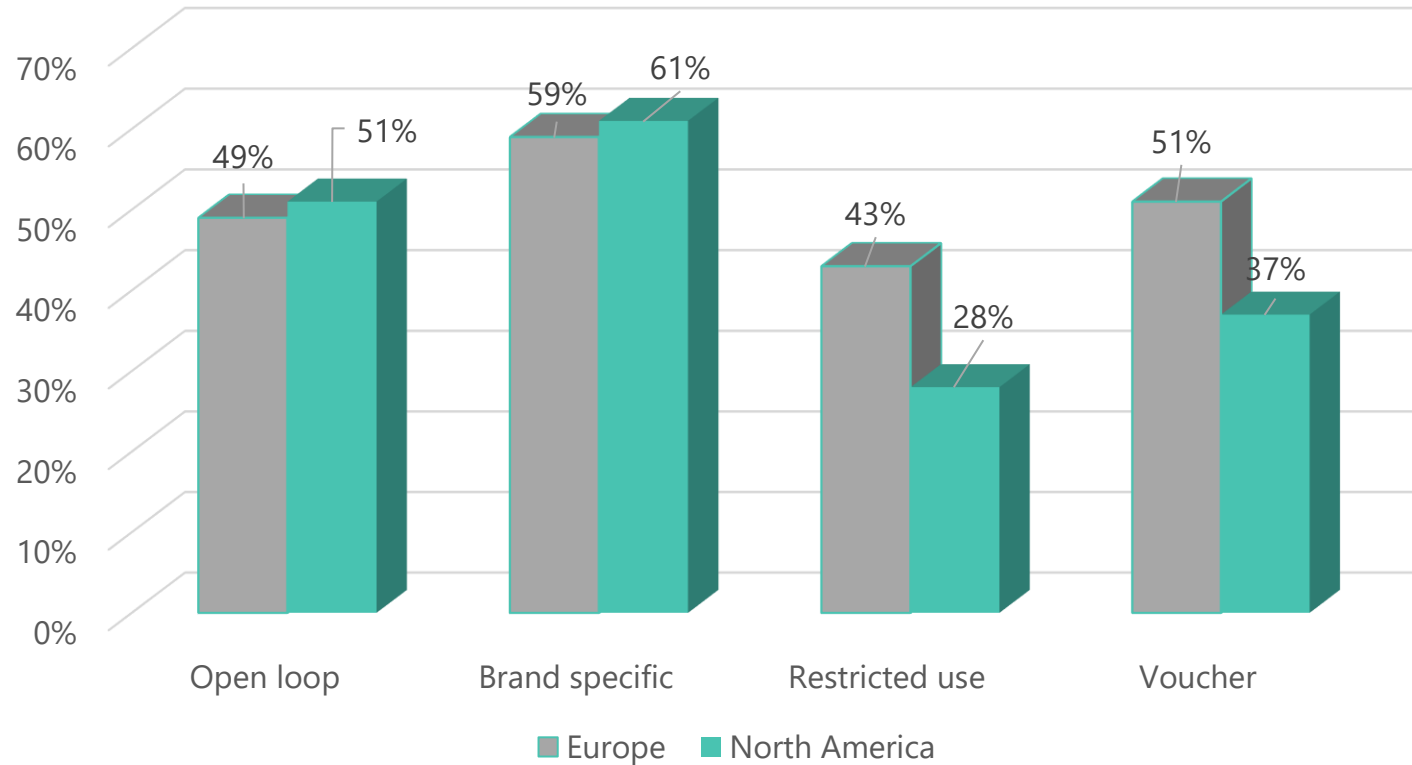
North American Usage by Gift Card Type

- The use of open-loop and restricted cards declined in 2020. While open loop card use was still down quite a bit from 2019 levels, the use of restricted cards rebounded to pre-pandemic use levels.



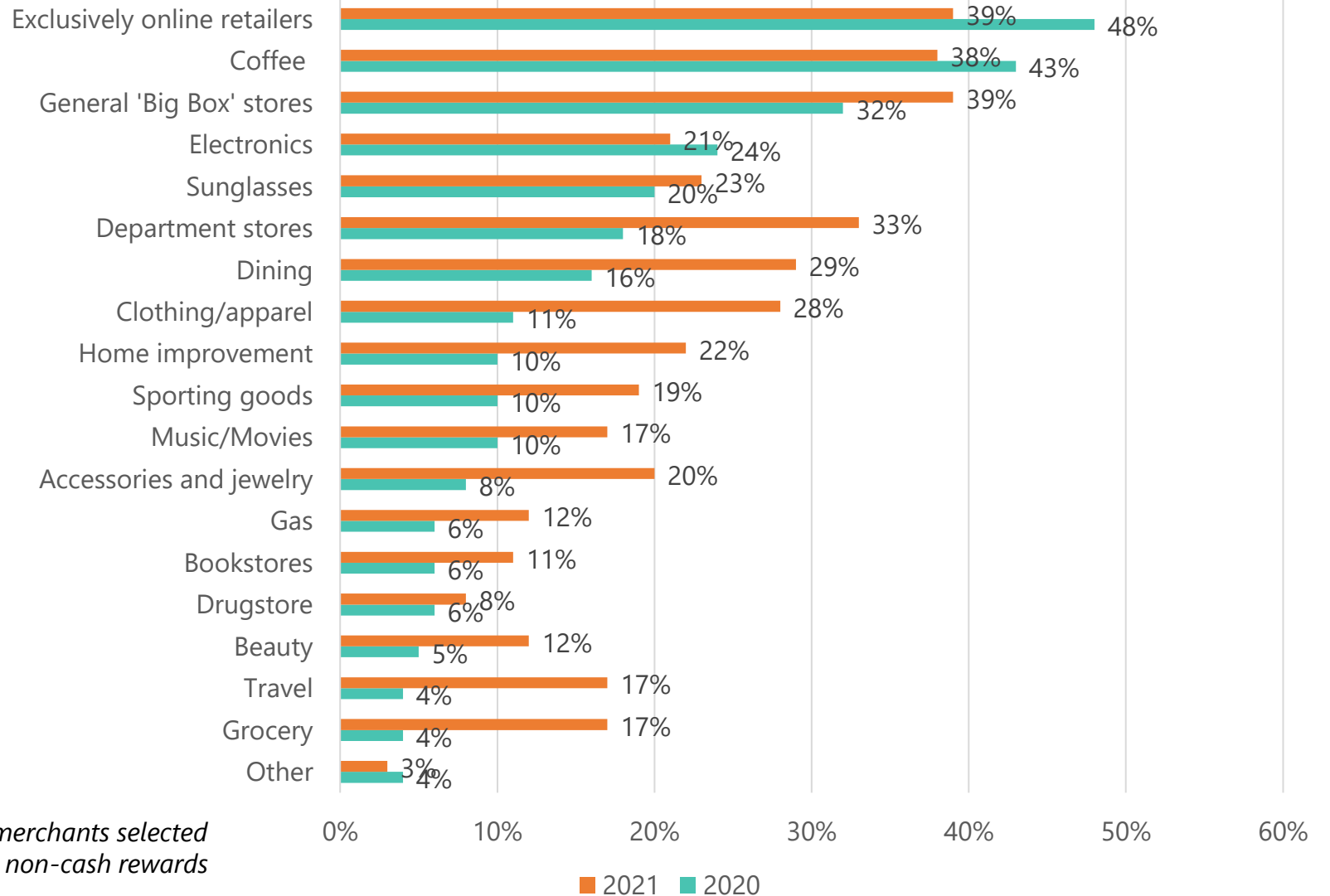
North America v. Europe: Gift Card Type

- Europeans are much more likely to use restricted use cards and vouchers compared to North Americans.



North American Brand-Specific Merchant Types

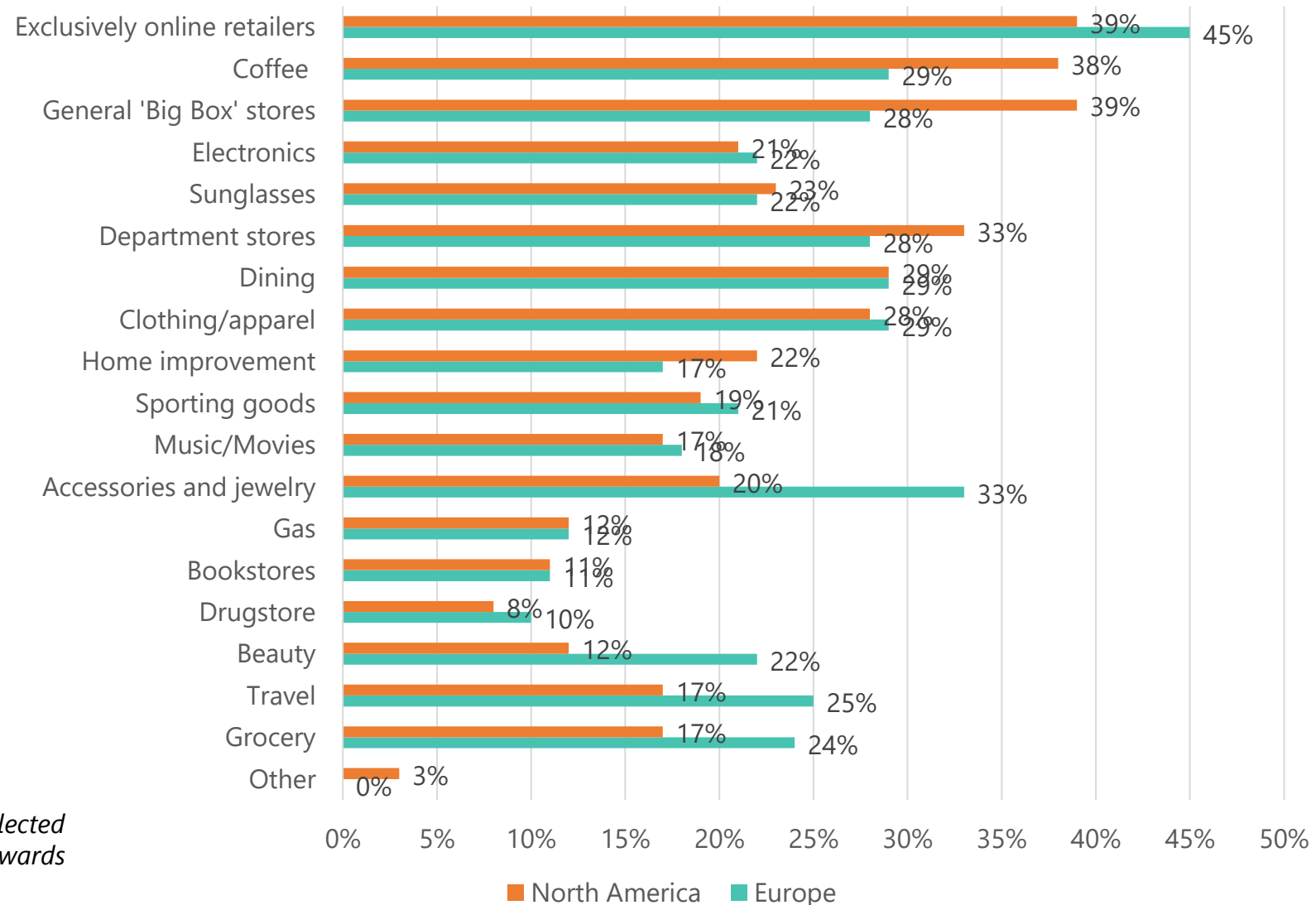
- Biggest gains from 2020 include clothing/apparel, department store, grocery, travel, and dining cards.
- The type of gift card that showed the biggest decline from 2020 was exclusively on-line retailers (48% down to 39%). However, in spite of this, exclusive on-line retailer cards were still tied with 'big box' stores as the most predominant type of gift card.



Which of the options below best describes the types of merchants selected when your company buys BRANDED gift cards for your non-cash rewards programs?

North America v. Europe: Brand-Specific Merchant Types

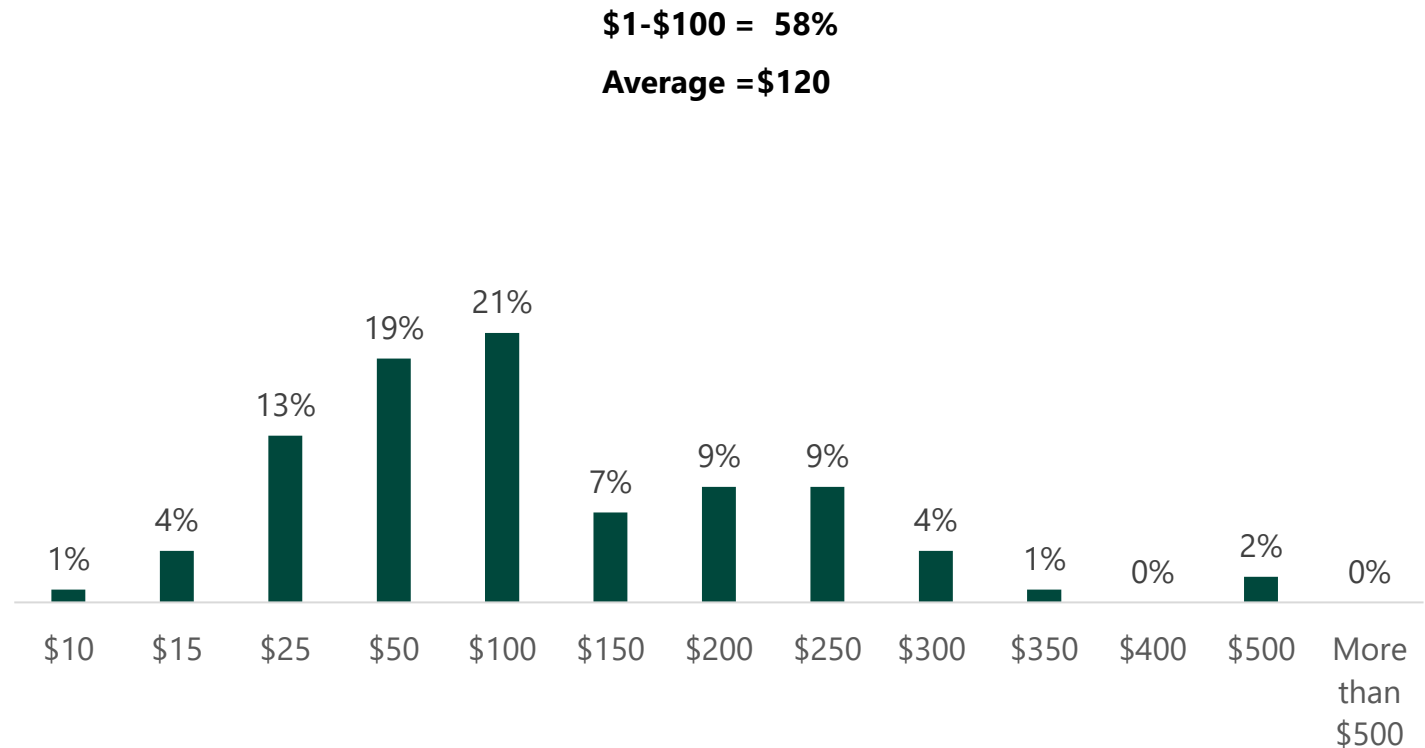
- Europe and North America frequently use different types of gift cards with similar prevalence to one another. However, there are some exceptions.
- North Americans are far more likely to give 'big box' retailer cards, as well as coffee cards. Europeans, however, are much more likely to give gift cards for accessories and jewelry, as well as gift cards for beauty products, travel, and grocery.



Which of the options below best describes the types of merchants selected when your company buys BRANDED gift cards for your non-cash rewards programs?

North American Average Gift Card Denomination

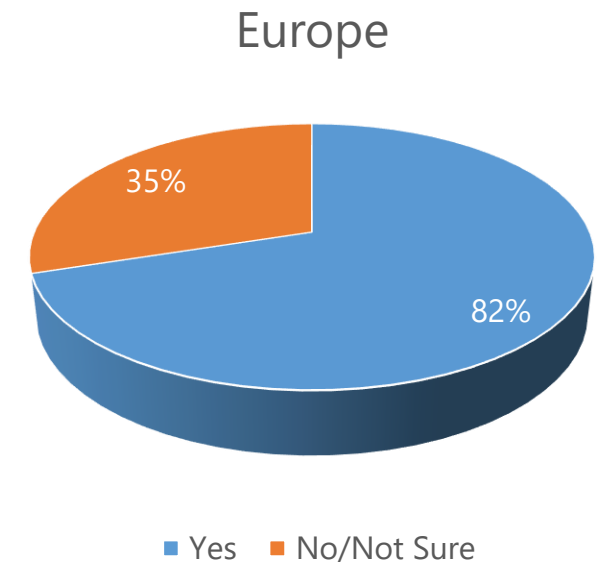
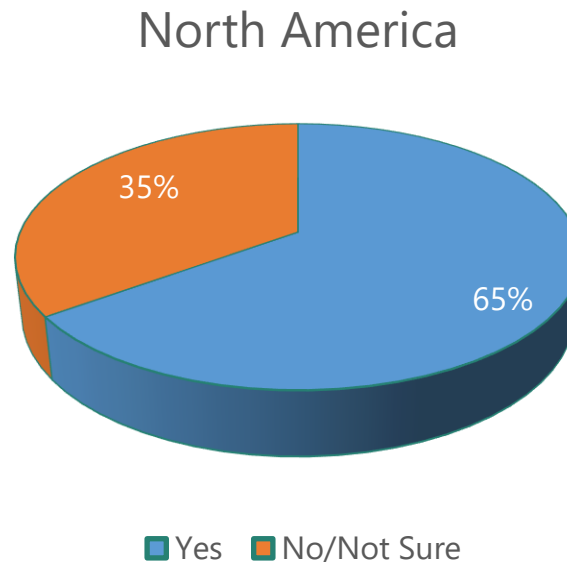
- The average per person amount spent on gift cards is \$127, which is nearly identical to the previous two-year averages (\$120, \$129)
- The most common denominations for gift card rewards are \$100, \$50, and \$25.
- 58% use gift cards of \$100 or less, down from 79% last year, suggesting people are giving gift cards for higher amounts.



Local Retail Sourcing for Gift Cards

- Corporate respondents were asked if people in their organization are visiting local retailers to purchase gift cards for use as employee reward and recognition. The percentage for North Americans has been remarkably consistent in this regard. In 2021, 65% indicate this is occurring in their organizations. In 2020, the percentage was 61%, while in the previous two years, the reported percentage was 69%, all within sampling error.
- Eighty-two percent (82%) of Europeans sourced their own gift cards.

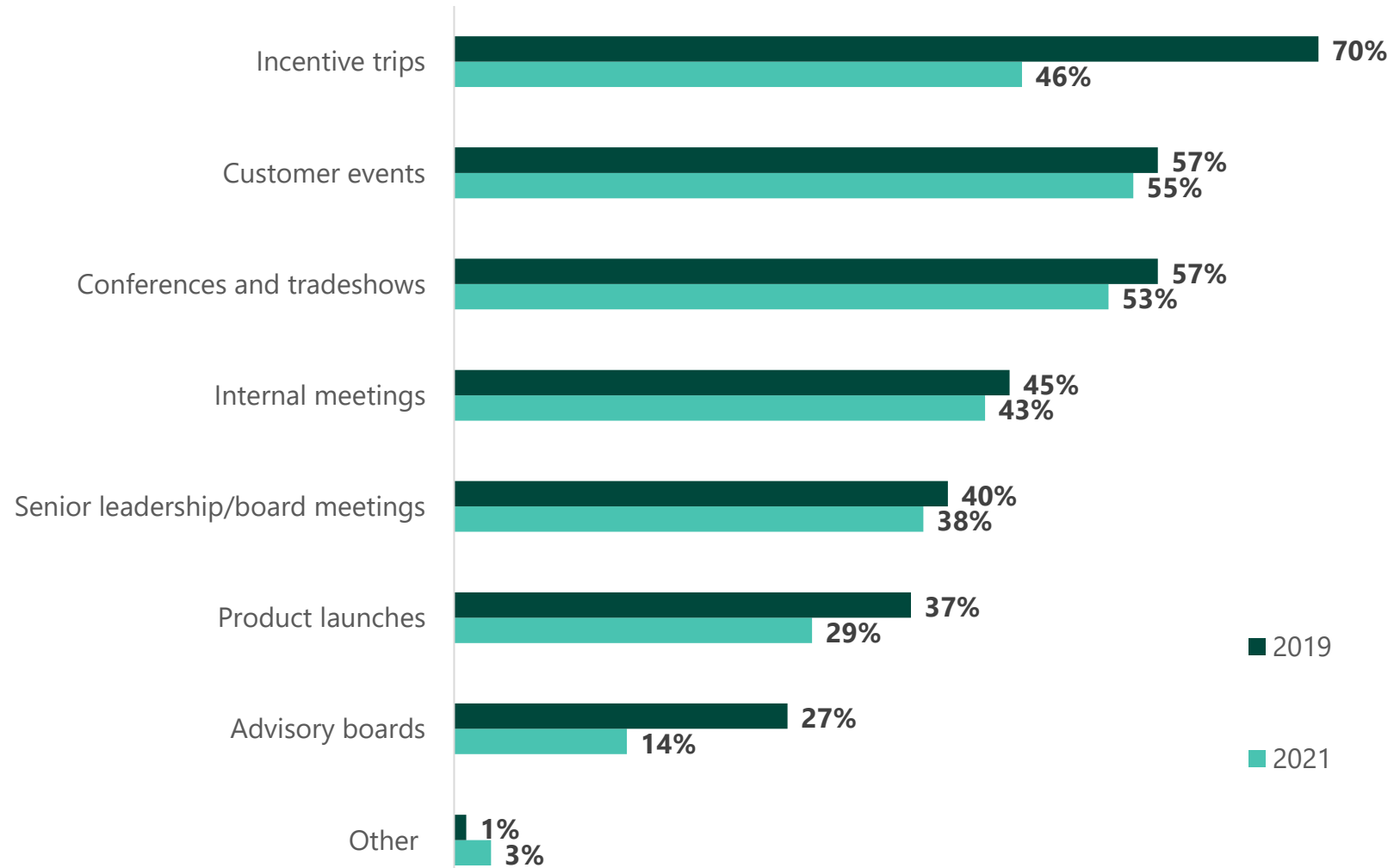
Purchasing at Retail



Event Gifting

North American Event Gifting – Meeting Types

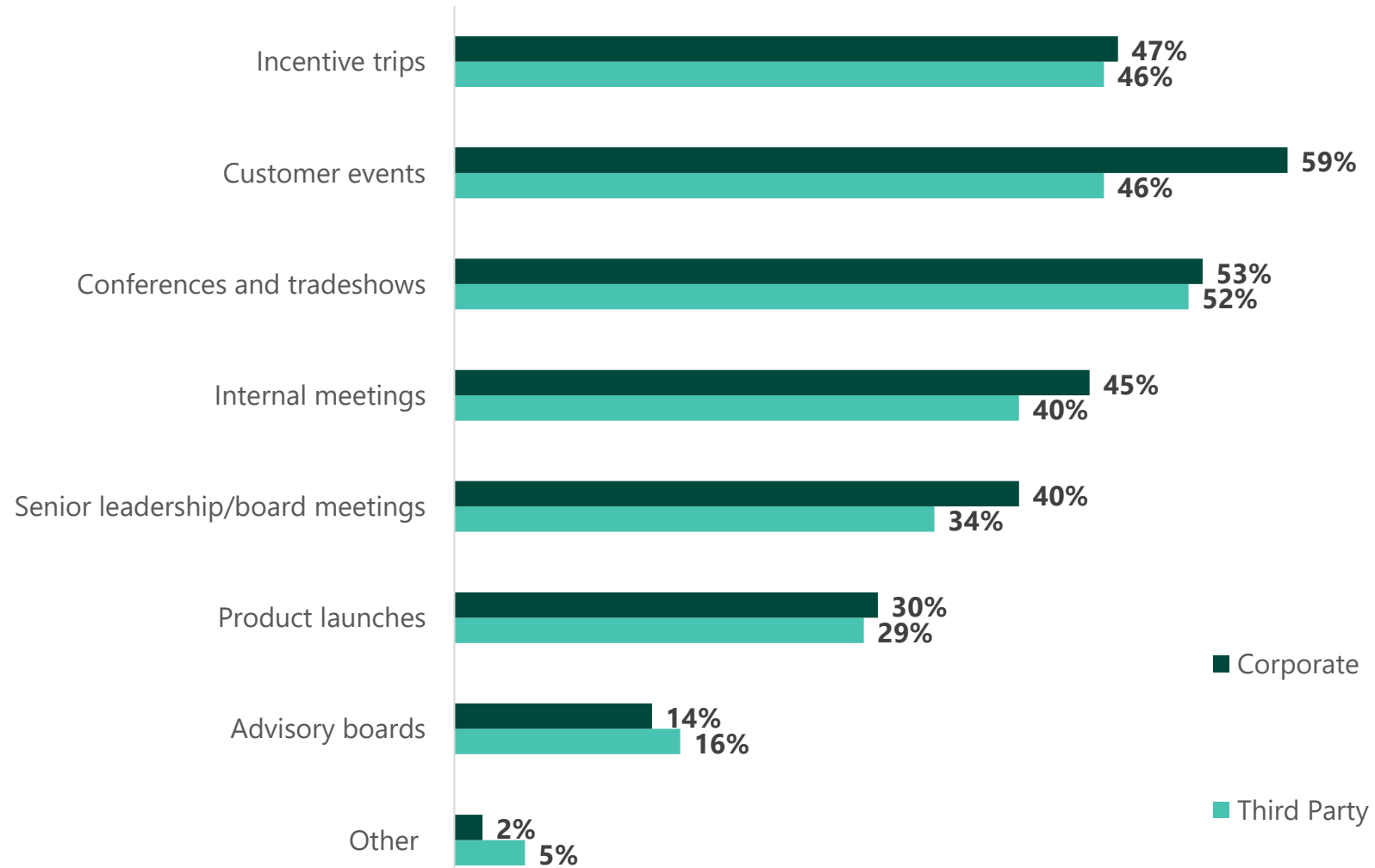
- For the most part, North American event gifting has remained consistent with 2019 levels, prior to the pandemic. The exceptions are incentive trips, advisory boards, and product launches where event gifting is significantly lower than 2019.



For what types of meetings and events are you/your clients using attendee gifts? Select all that apply.

Corporate v. Third Party: North American Event Gifting – Meeting Types

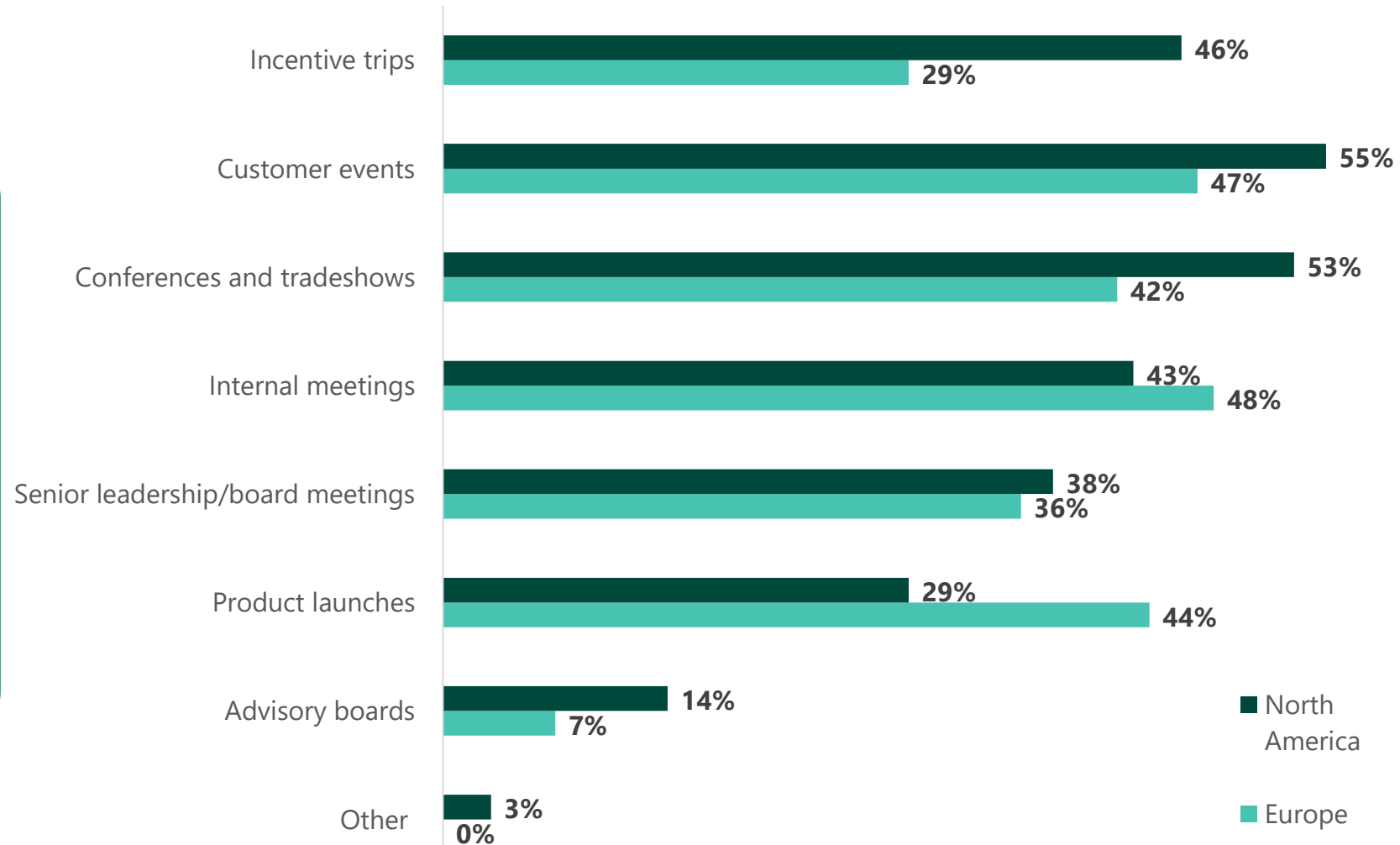
- Generally, there are not large differences between the types of events at which both corporate clients and third parties provide event gifts.
- One exception is that third parties are less likely to give gifts at customer events.



For what types of meetings and events are you/your clients using attendee gifts? Select all that apply.

North America v. Europe Event Gifting – Meeting Types

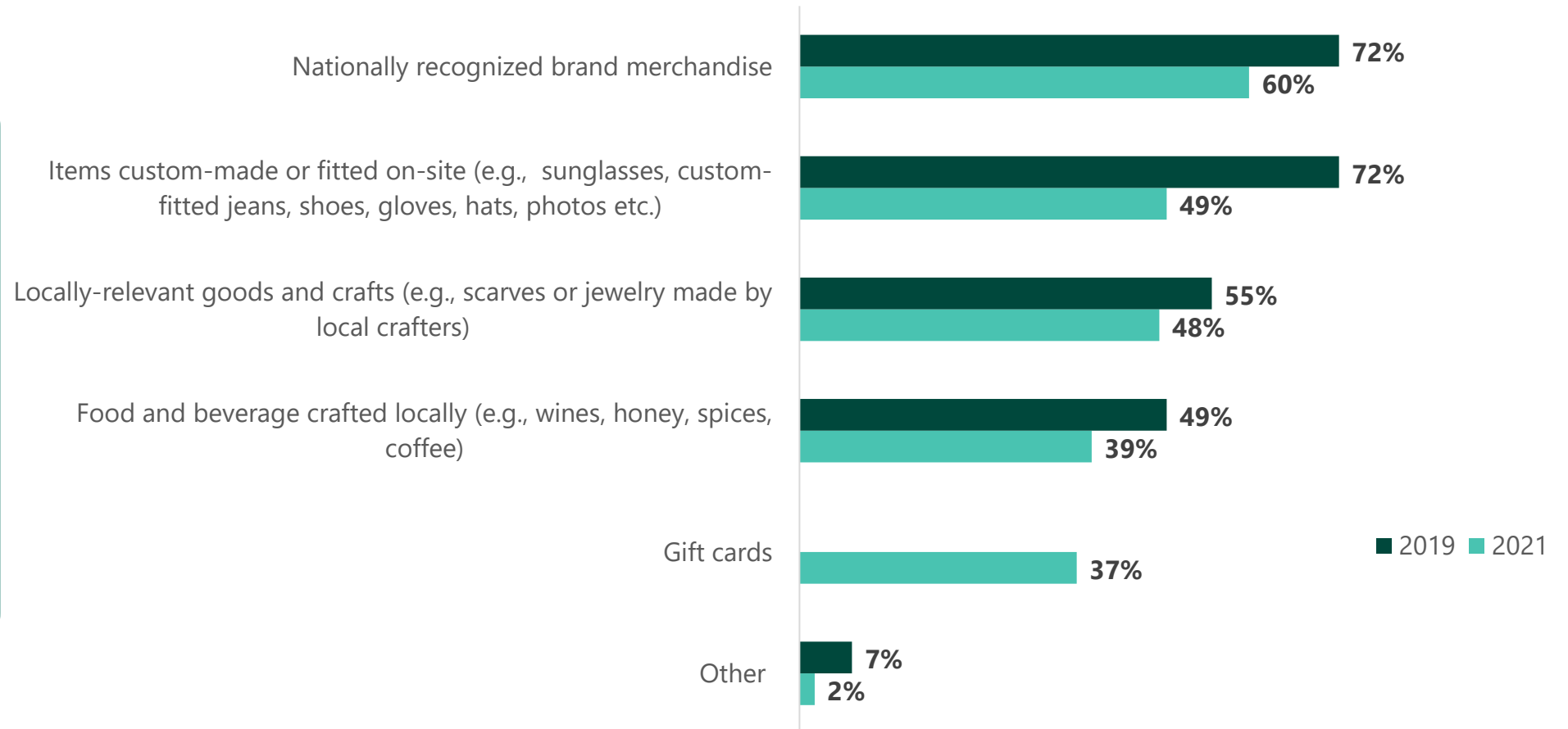
- There are differences between North America and Europe in the way gift events are used. The biggest difference is that only three-out-of-ten (29%) of Europeans use event gifts for incentive trips.
- They also use event gifts significantly less for conferences and tradeshows but use event gifts more for product launches.



For what types of meetings and events are you/your clients using attendee gifts? Select all that apply.

North American Event Gifting – Gift Types

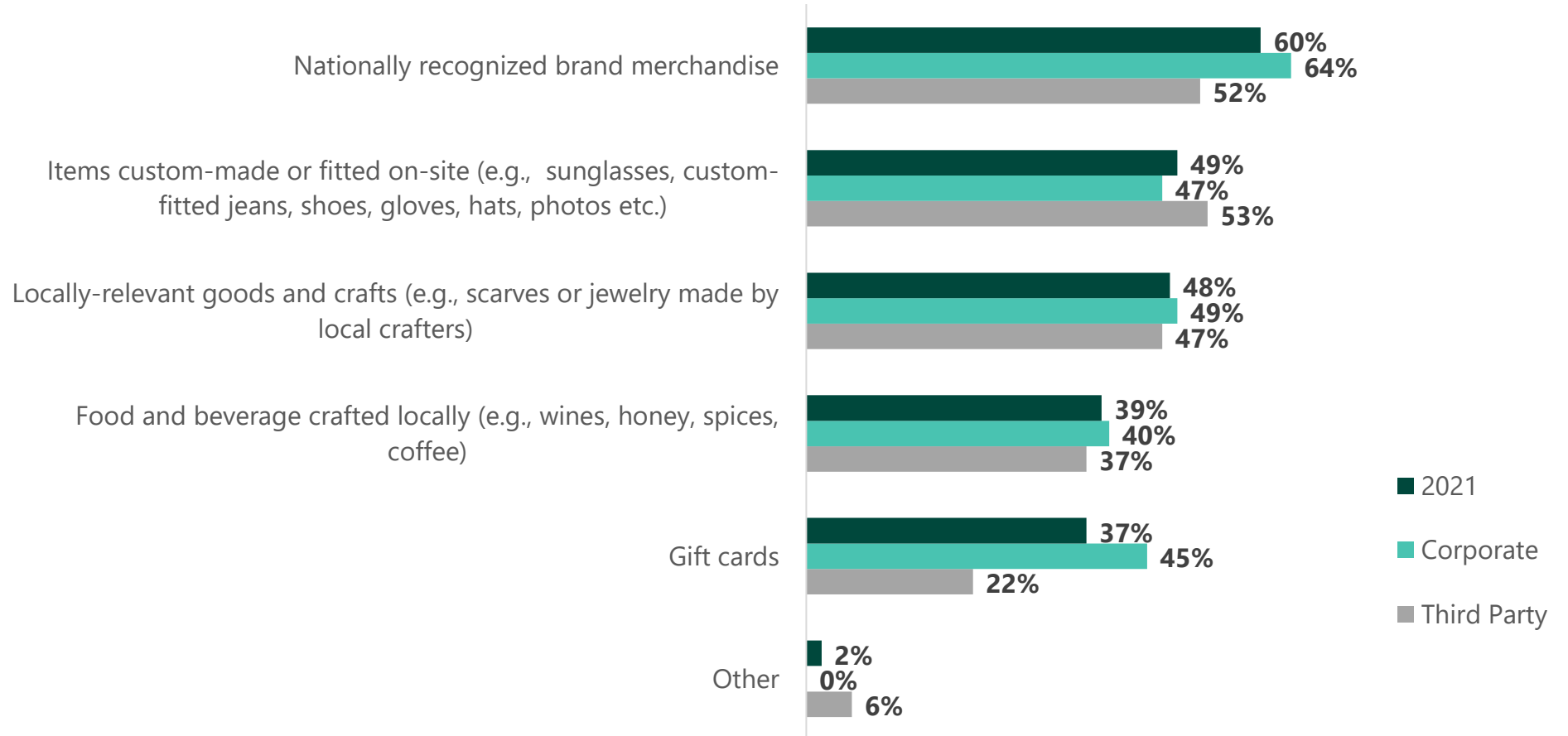
- The prevalence of items custom-made or fitted on-site, decreased dramatically from 72% to 49%, offsetting an increase from 2018 to 2019 (59% to 72%.)
- A new category, gift cards, received 37% mention, nearly as high as local food and beverage (39%)



Which of the below do you/your clients use as part of your/your clients' meeting/event gifting? Select all that apply.

North American Event Gifting – Gift Types by Audience

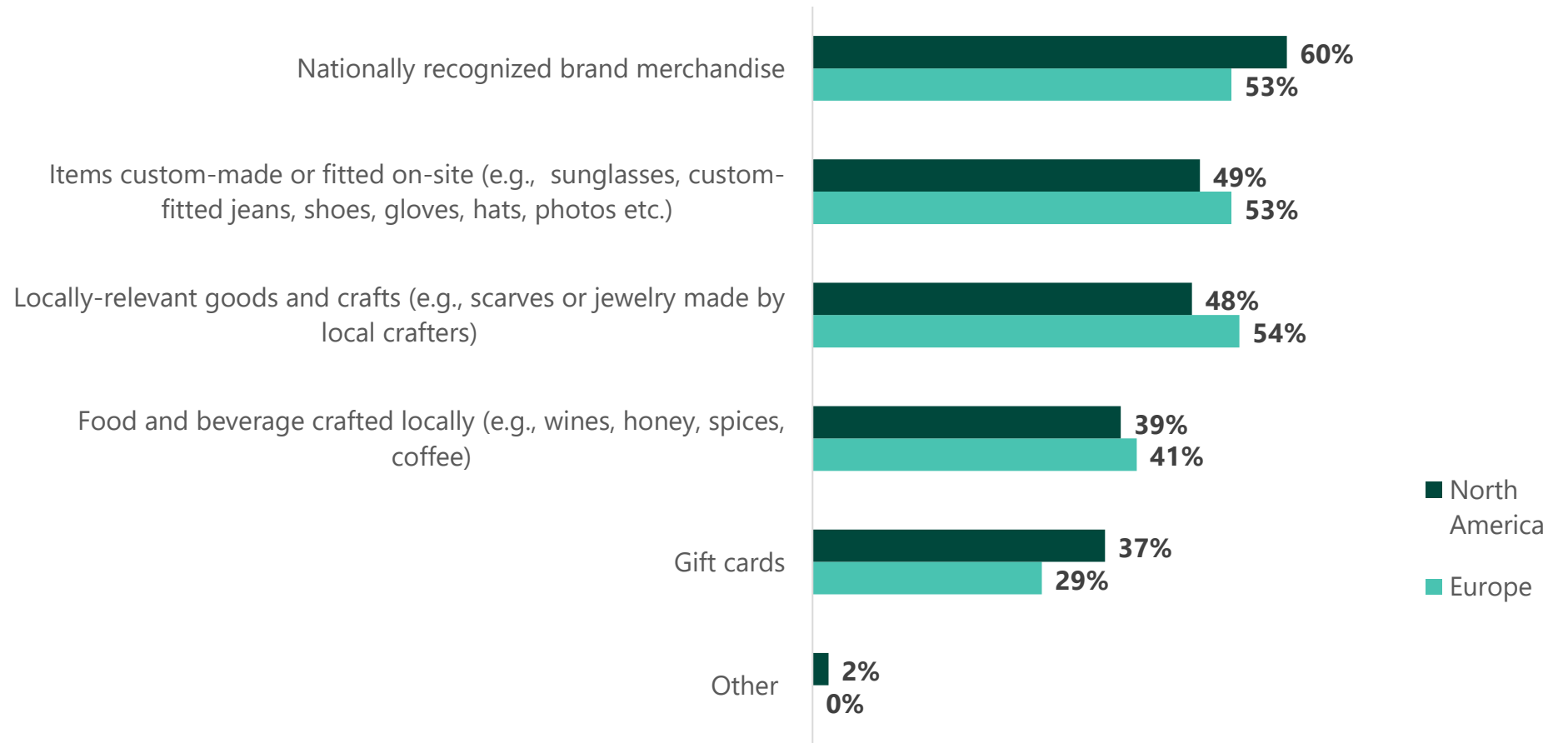
- For the most part, corporate clients and third-parties gift similarly, except corporate clients use nationally recognized branded merchandise and gift cards to a much greater extent.



Which of the below do you/your clients use as part of your/your clients' meeting/event gifting? Select all that apply.

North America v. Europe: Event Gifting – Gift Types

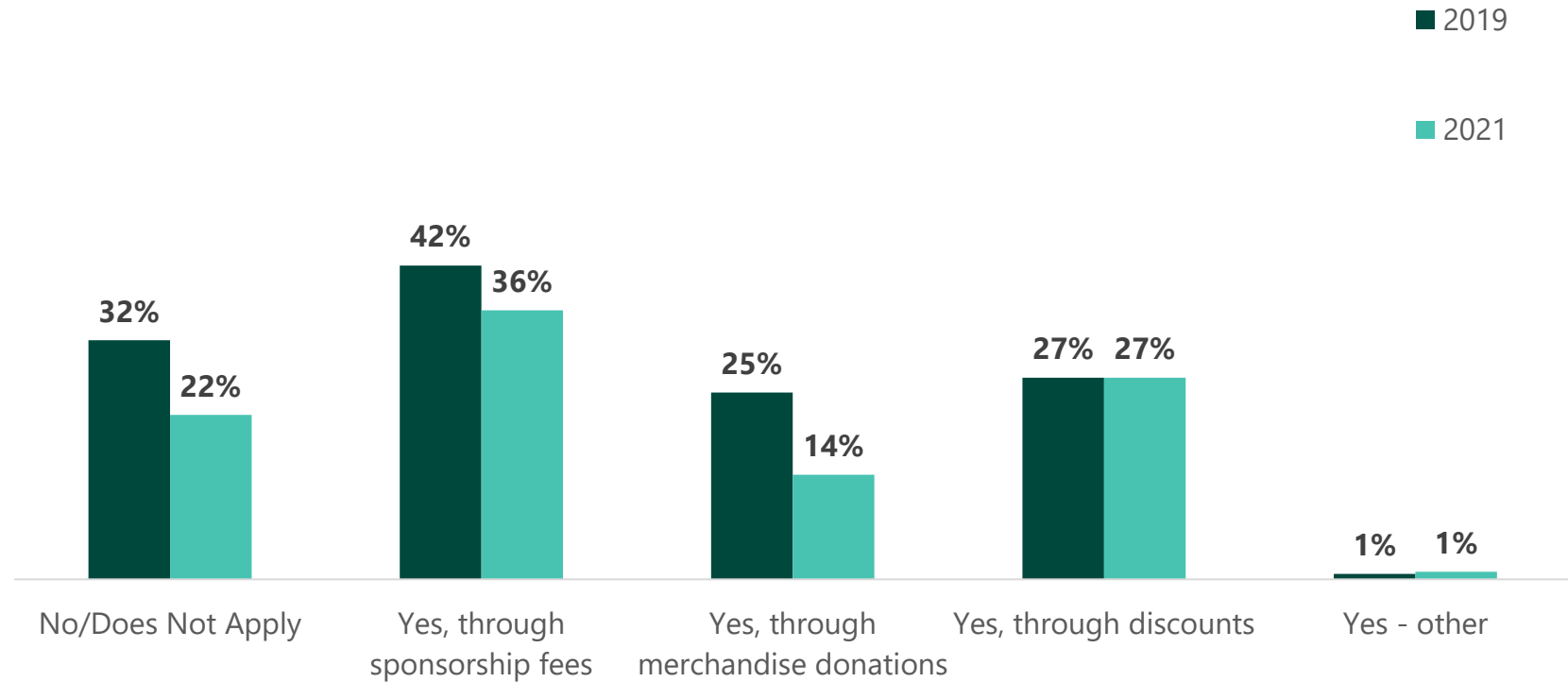
- Europeans are most likely to give locally relevant goods and crafts as gifts, and less likely to give nationally recognized brand merchandise and gift cards, compared to North Americans.



Which of the below do you/your clients use as part of your/your clients' meeting/event gifting? Select all that apply.

North American Event Gifting – Sponsorships

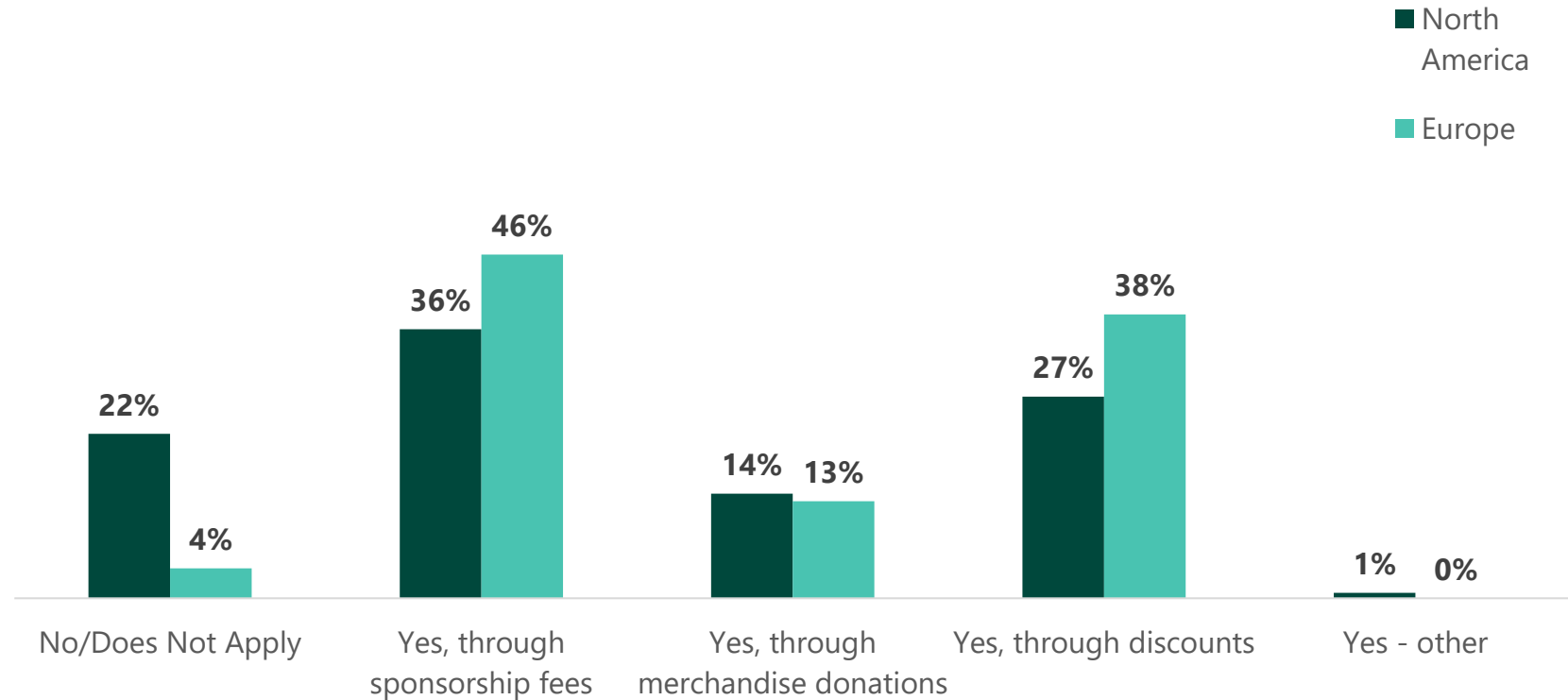
- Sponsorships of event gifts seems to be declining in the area of merchandise donations.



Do sponsors cover some of the cost of your/your clients' event gifts?

North America v. Europe: Event Gifting – Sponsorships

- Europeans do much better at getting sponsorship fees and discounts to pay for event gifts.

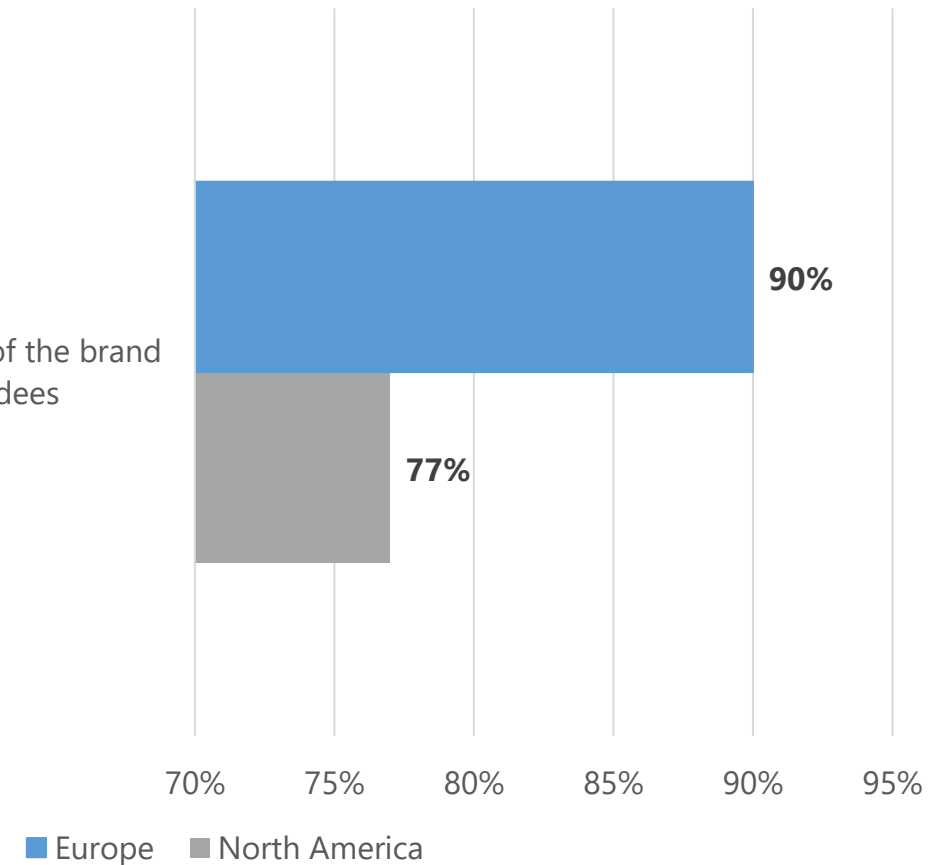


Do sponsors cover some of the cost of your/your clients' event gifts?

North America vs. Europe: Interaction with Brand Reps

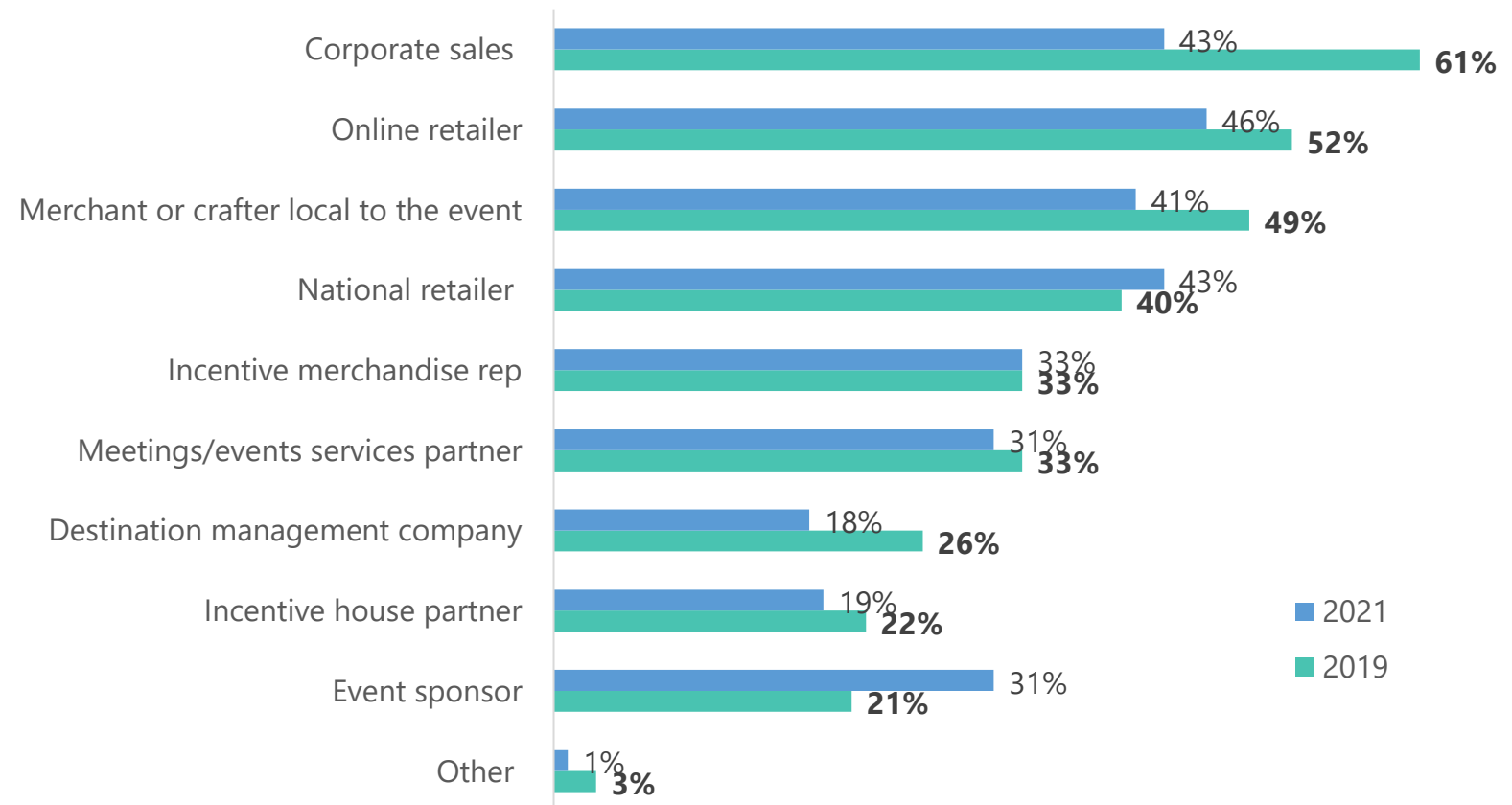
- While three-in-four (77%) allow brand representatives to engage with attendees in North America, it is a near-universal practice in Europe with 90% allowing this interaction.

Percent that allow representatives of the brand or gift to engage with attendees



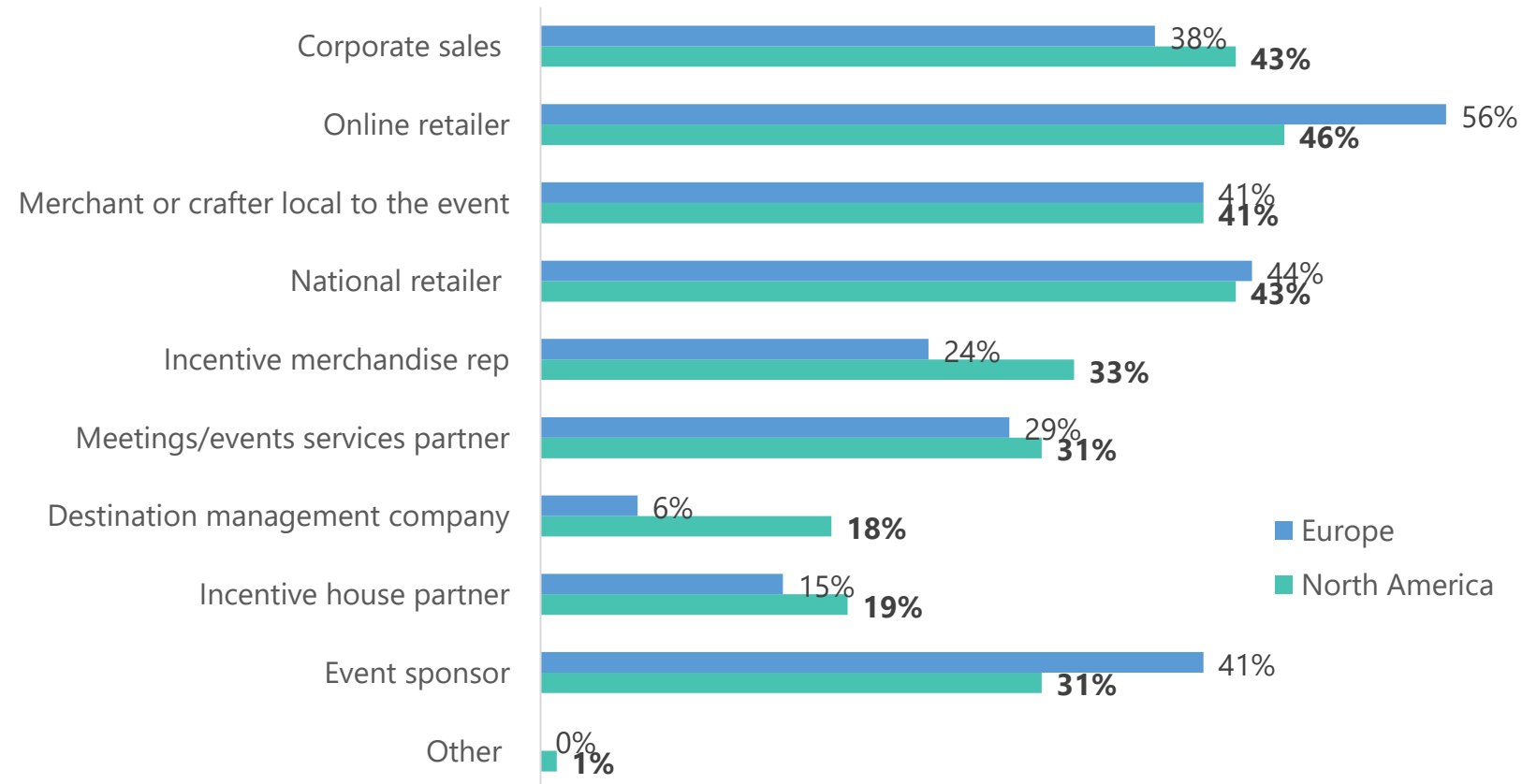
North American Event Gifting – Gift Sources

- The biggest shift in sourcing since 2019 is a significant reduction in the purchases made through corporate sales. In 2019, corporate sales was easily the most common source of purchasing event gifts. In 2021, corporate sales has fallen behind online retailers as the primary purchase source.



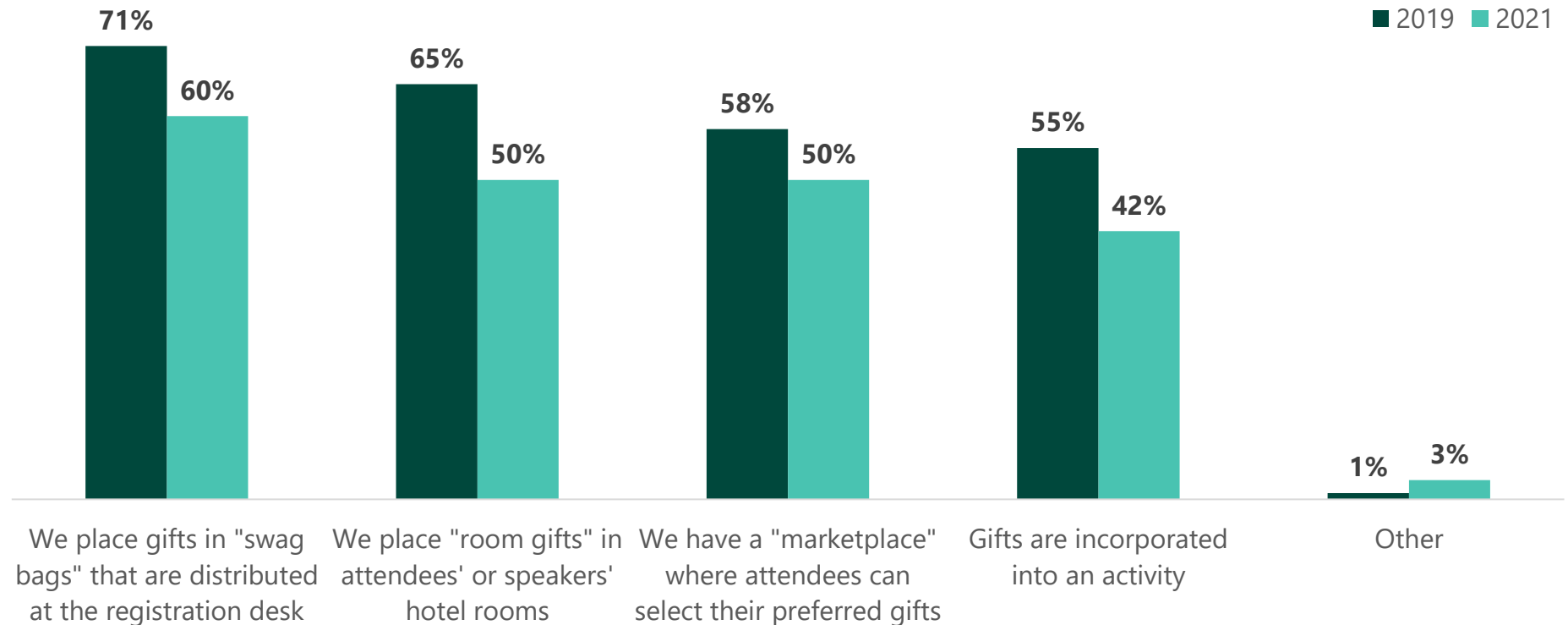
North America v. Europe: Event Gifting – Gift Sources

- Compared to North Americans, Europeans are much more likely to purchase event gifts from online retailers and event sponsors. North Americans are more likely to purchase from destination management companies and corporate sales.



North American Event Gift Distribution

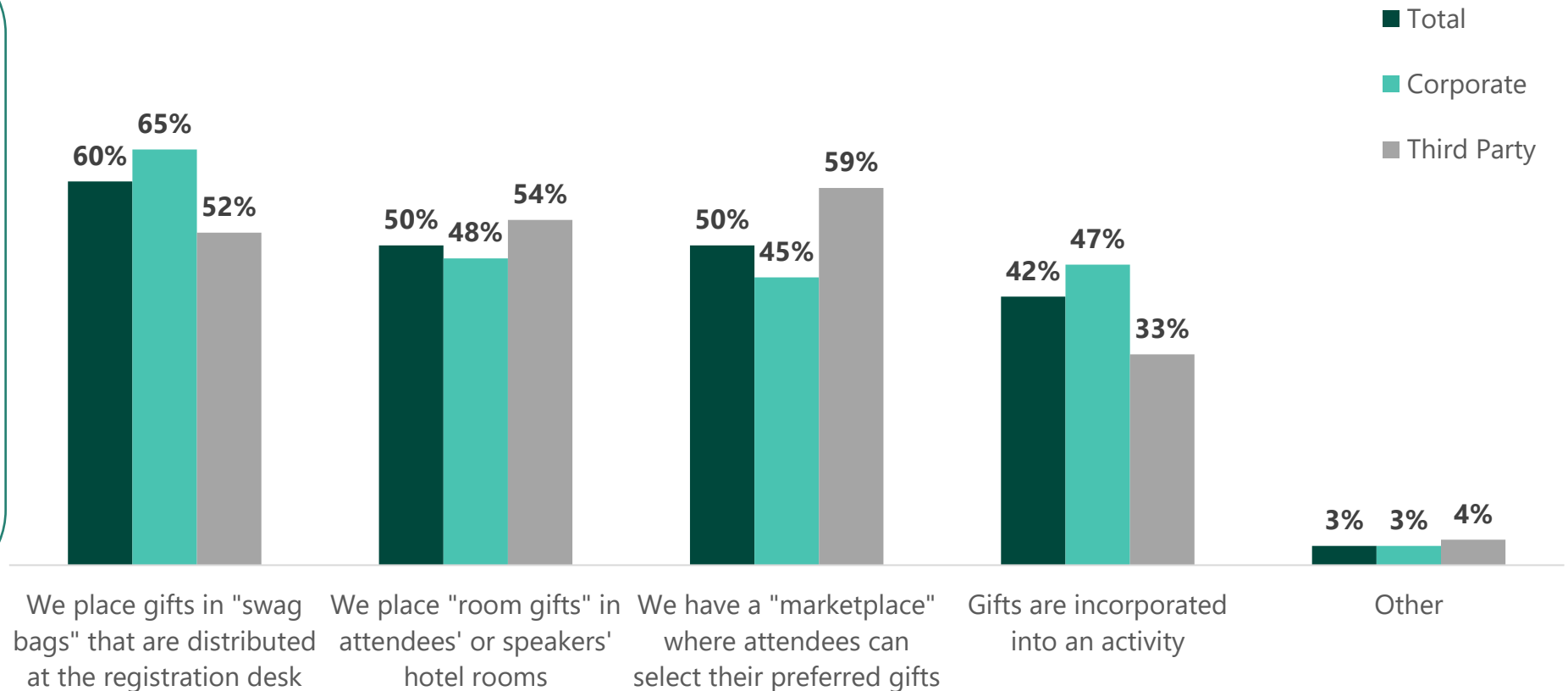
- While distribution of gifts through 'swag bags' is still the most popular distribution method, the percentage who used each of the distribution methods declined since 2019.



Which of the following describe(s) how you/your clients distribute event gifts?

North American Event Gift Distribution by Audience

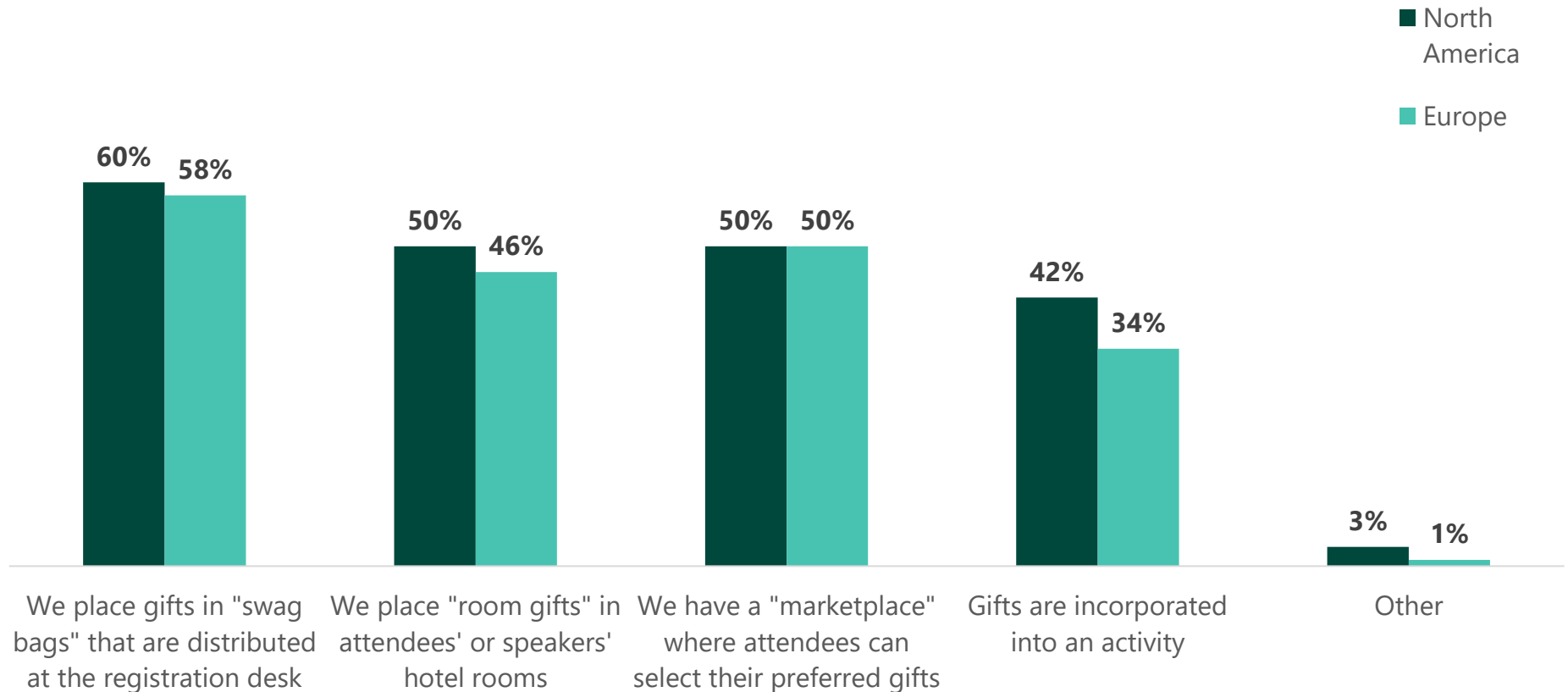
- Corporate clients and third parties place a different emphasis on how they distribute event gifts. Corporate clients are much more likely to use 'swag bags' that are distributed at the front desk and incorporate gifts into an activity, while third parties are more likely to use a marketplace or place gifts in hotel rooms.



Which of the following describe(s) how you/your clients distribute event gifts?

North America vs. Europe: Event Gift Distribution

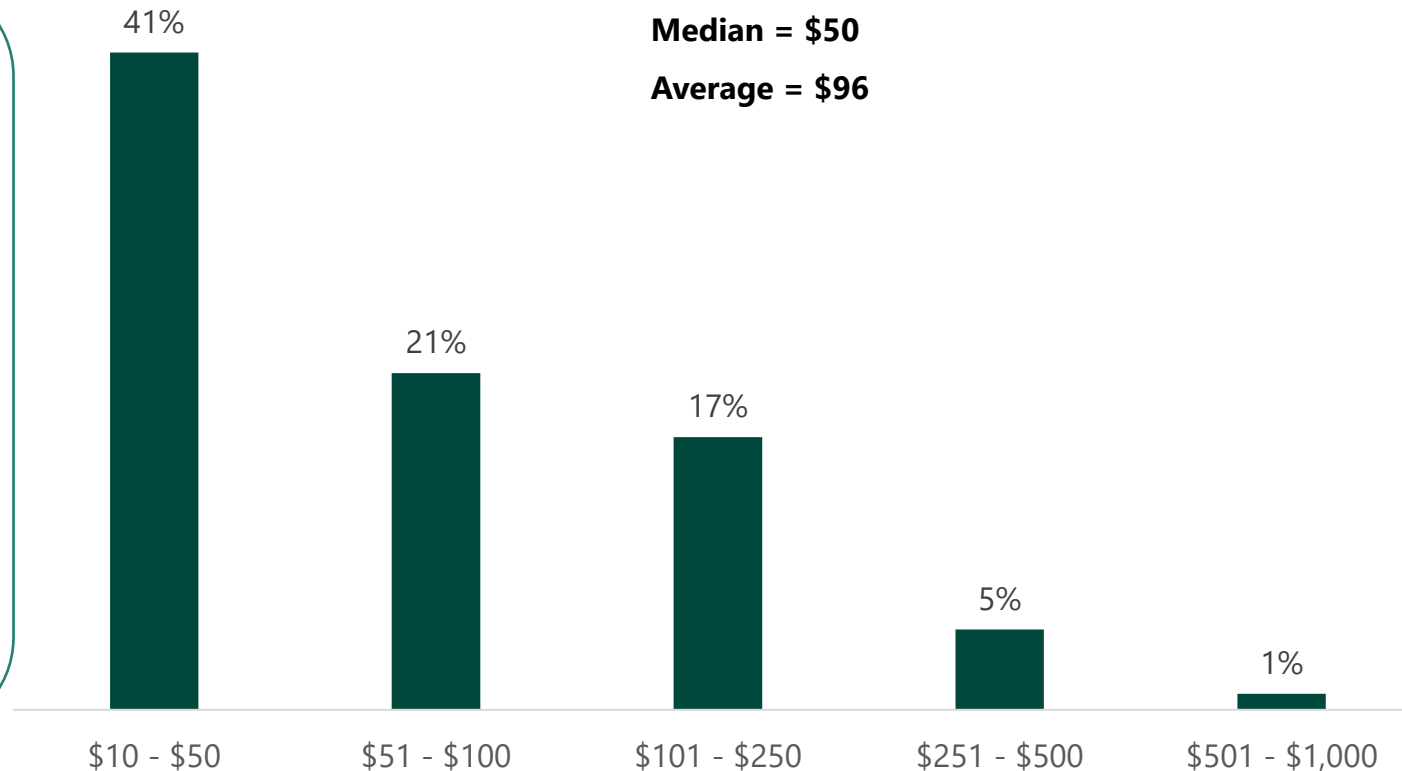
- For the most part, North Americans and Europeans use similar methods of distribution for event gifts, although the data suggest that Europeans are less likely to incorporate a gift into an activity.



Which of the following describe(s) how you/your clients distribute event gifts?

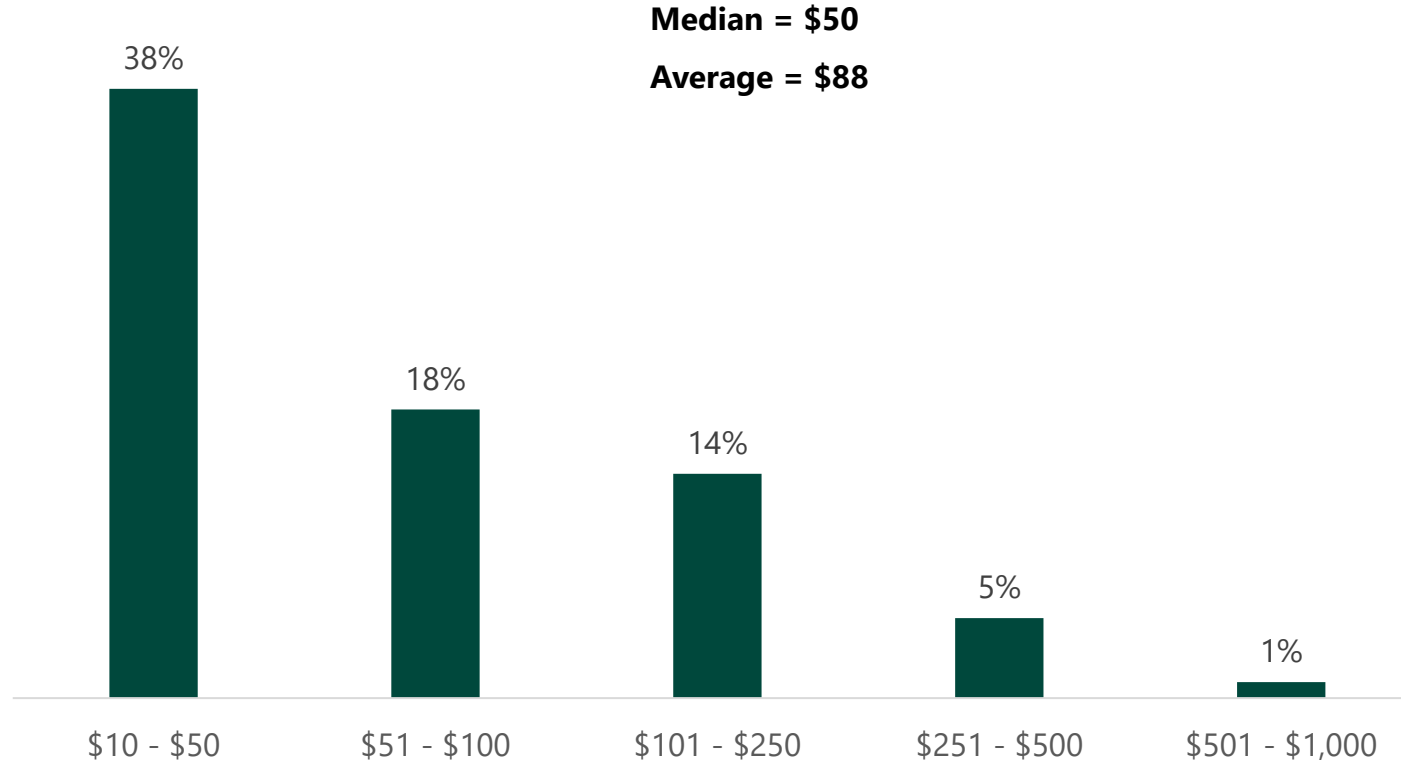
North American Average Per-Attendee Gifting Spend*

- Based on the data from the study, spending on event gifts has gone way down since the days prior to the pandemic. In 2019, people reported spending an average of \$213 with a median spend of \$100. In this wave, average spend was \$96 with a median spend of \$50 per attendee..



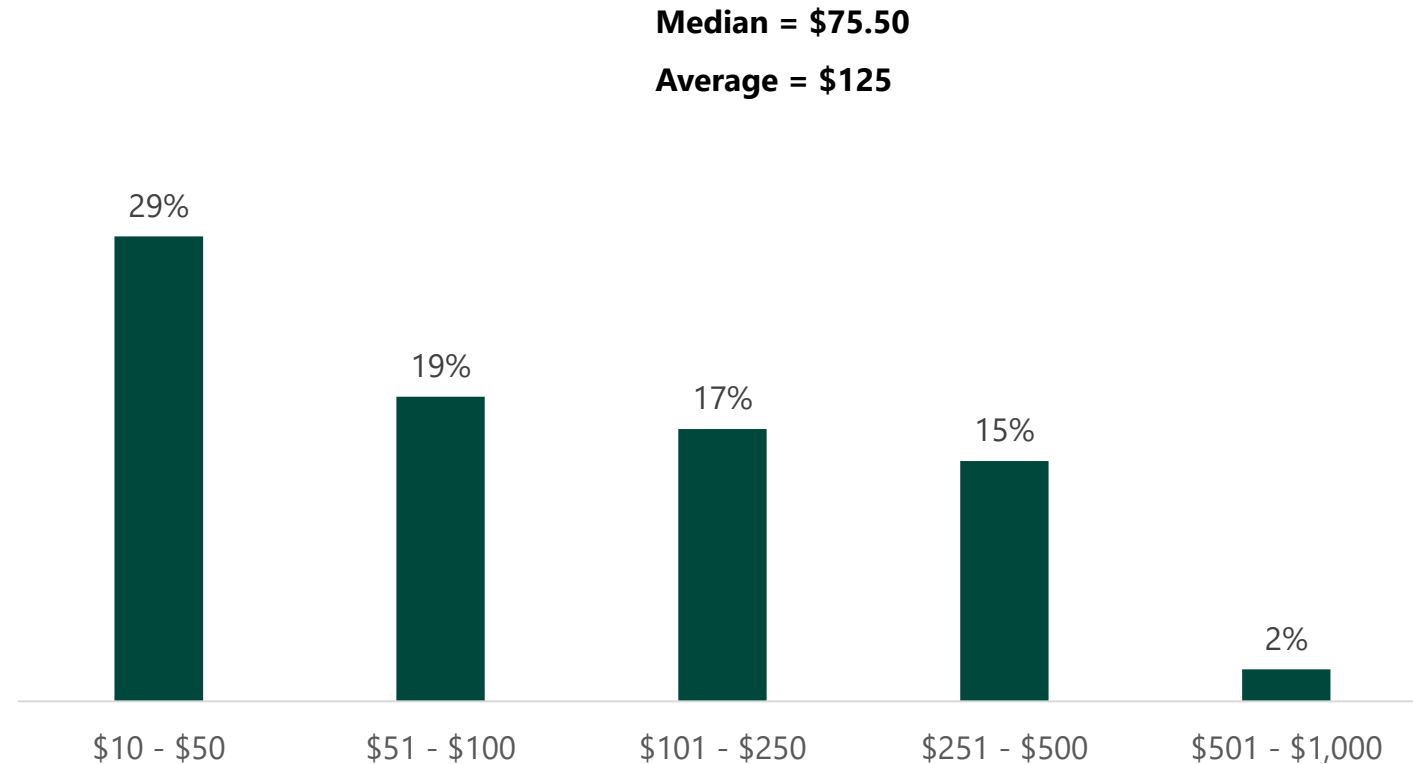
North American Average Per-Speaker Gifting Spend*

- Spending on speaker gifts went down as well. Last year, The median per-speaker spend is \$100 and reported average spend was \$171. This year the average spend was \$88 and the median spend was \$50. This continues a trend toward spending less money on speaker gifts over the last several years.



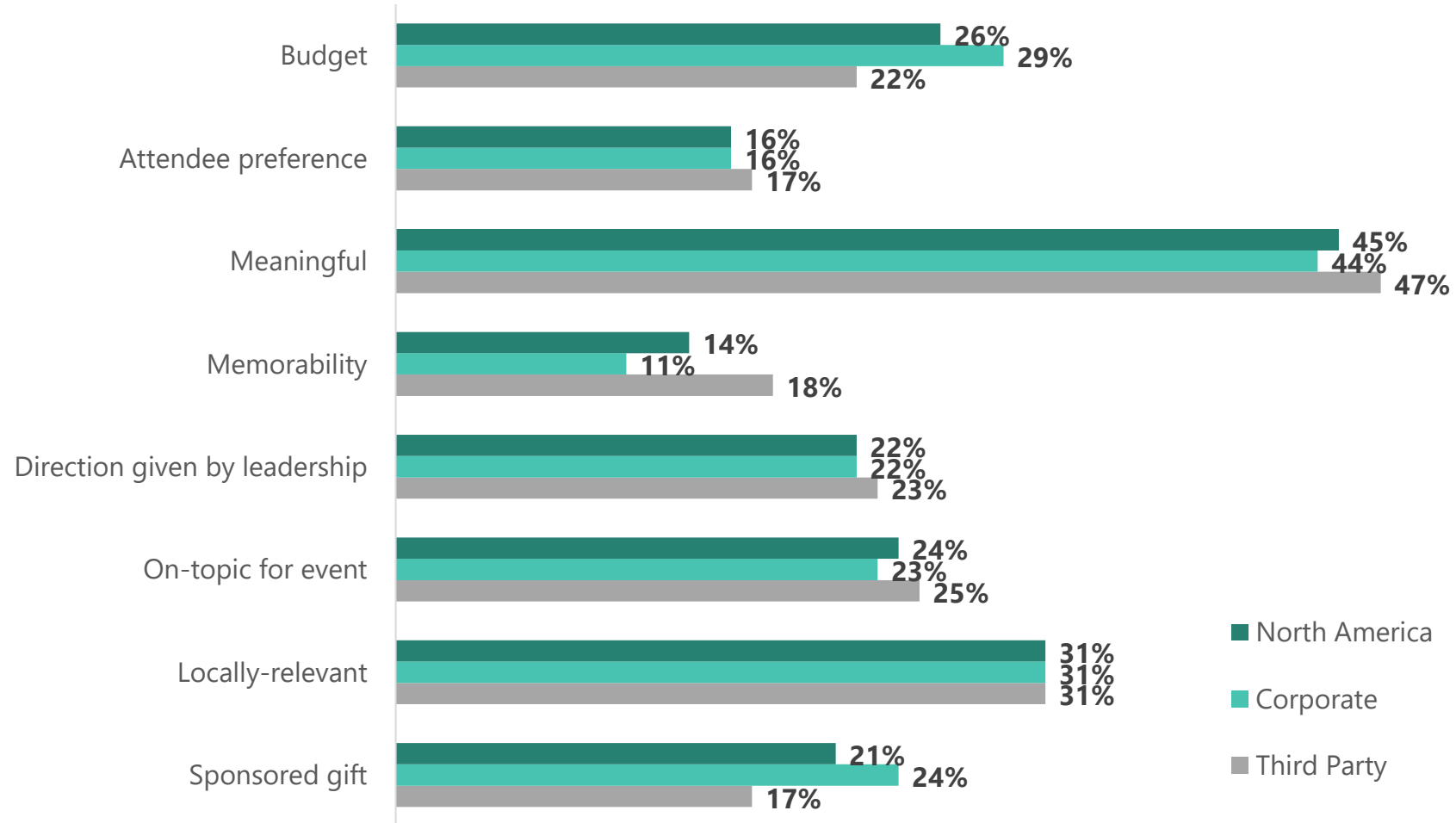
North American Average Per-VIP Gifting Spend*

- North Americans reported spending an average of \$125 on VIP gifts, which is approximately half of what they reported spending pre-pandemic (\$258). The median amount of \$75.50 is also half the median amount of \$150 reported in the last wave for VIP gifts.



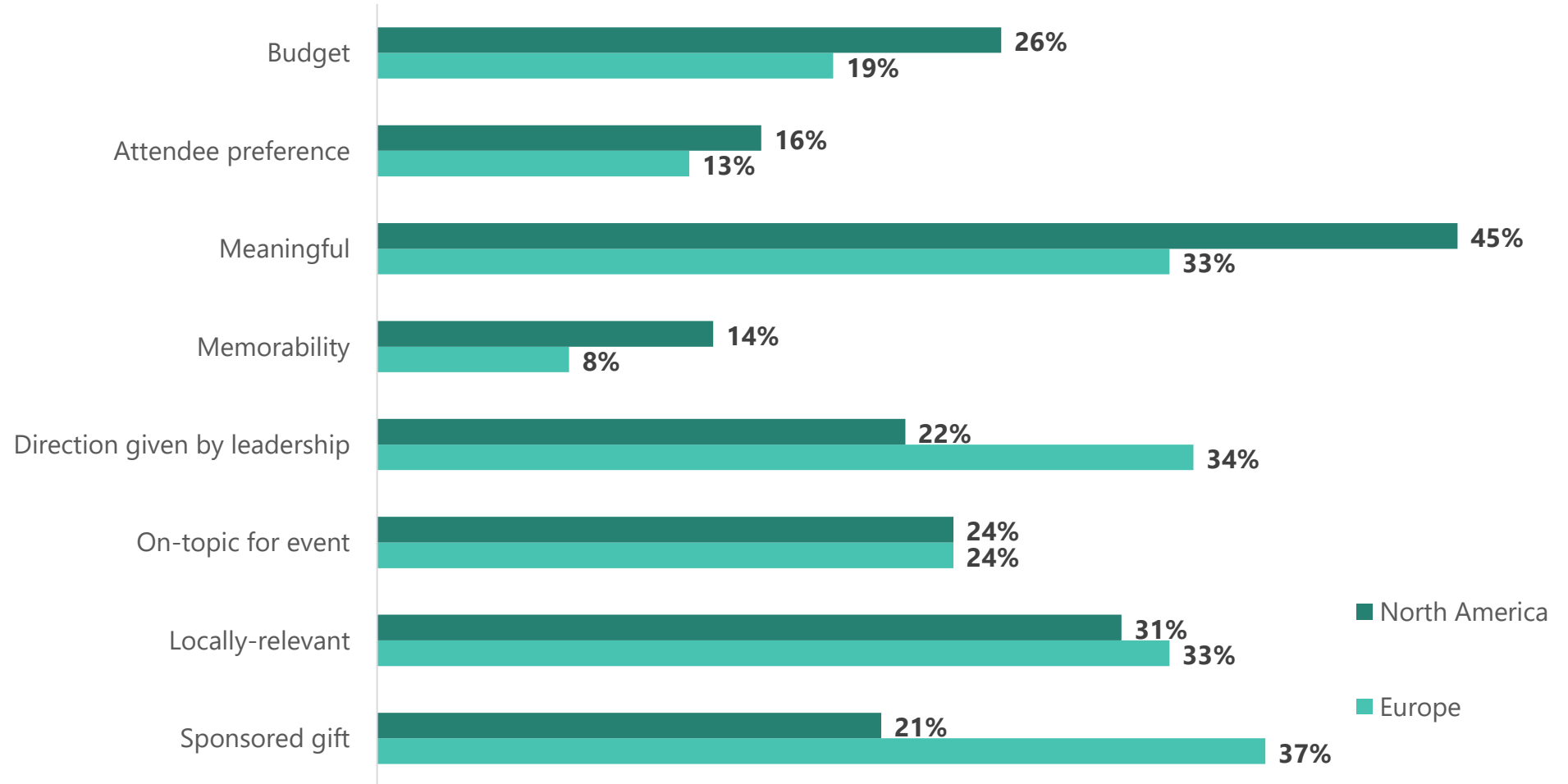
North American Priorities When Selecting Event Gifts

There is not a great deal of difference in the priorities of corporate clients and third parties when selecting event gifts. Both want gifts to be meaningful. Budget appears a bit more important to corporate clients than to third parties, as do sponsorships.



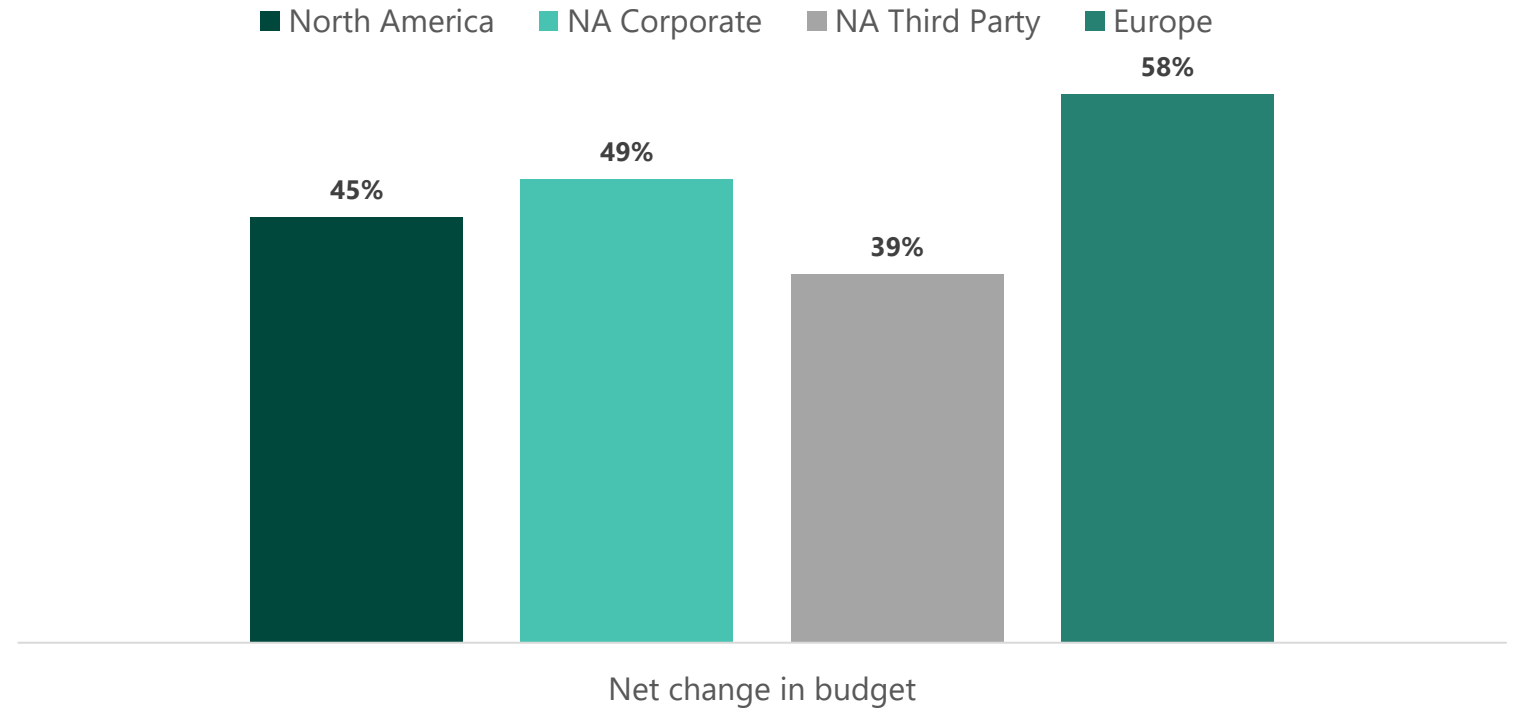
North America v. Europe Priorities When Selecting Event Gifts

- North Americans place far more importance on the meaningfulness and budget associated with an event gift; Europeans focus more on gift sponsorships and direction given by leadership.



Event Gifting Budgets - Net Increases for 2022

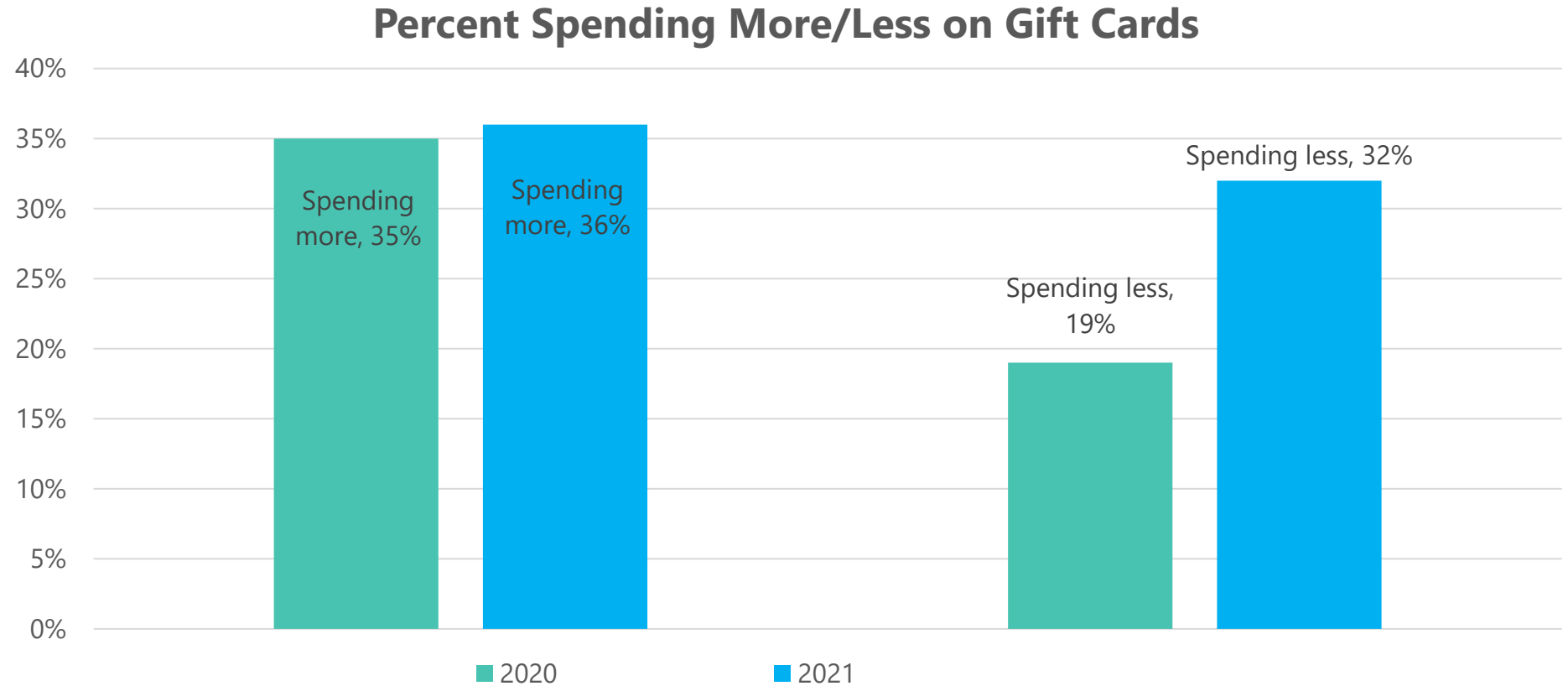
- While the current spend was significantly lower for event gifting, event gifting budgets look to increase significantly for 2022, particularly in Europe.



Changes Since the Pandemic

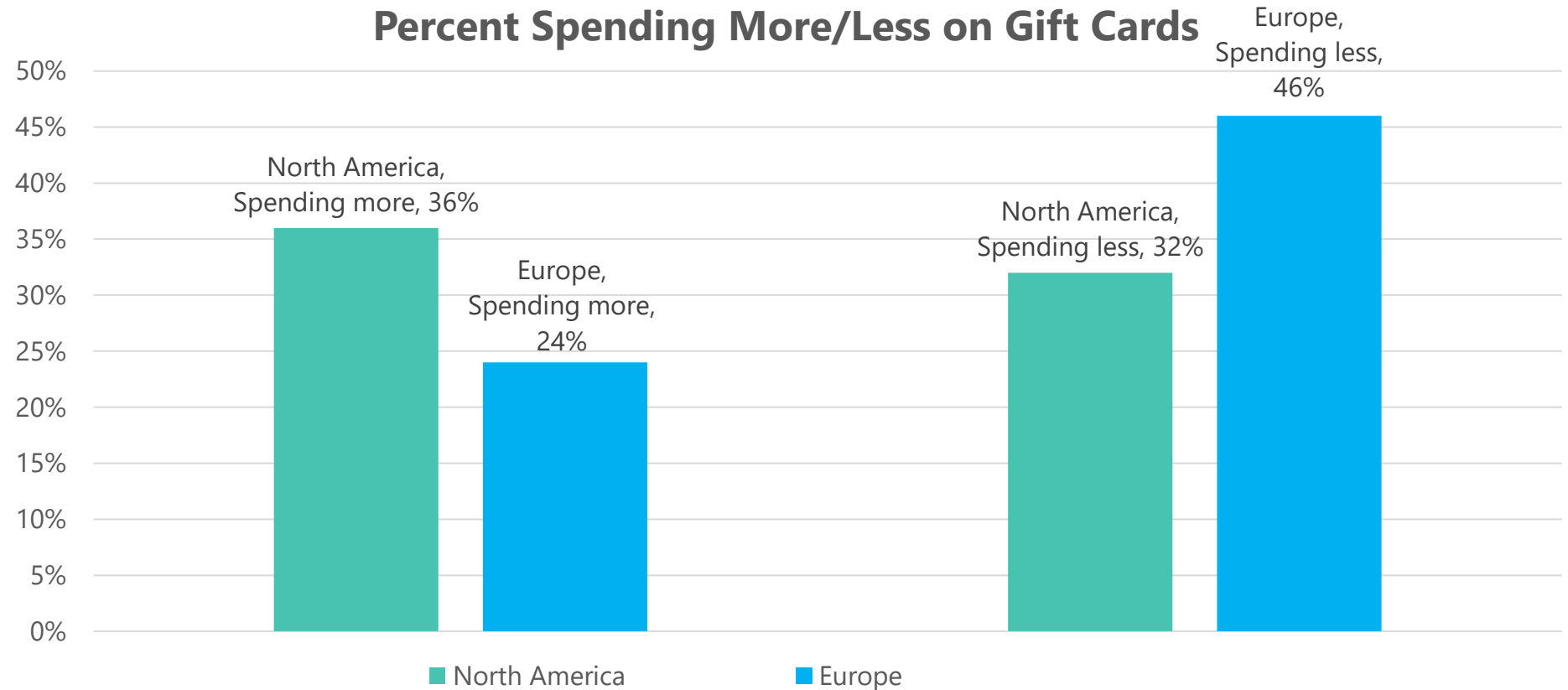
North American spending on gift cards is declining from the peak of the pandemic

- Overall, the percentage who are spending more on gift cards is similar to last year, but the percentage spending less on gift cards has nearly doubled. While the gift card industry is still looking strong in North America, gift card expenditures likely hit their peak in 2020.



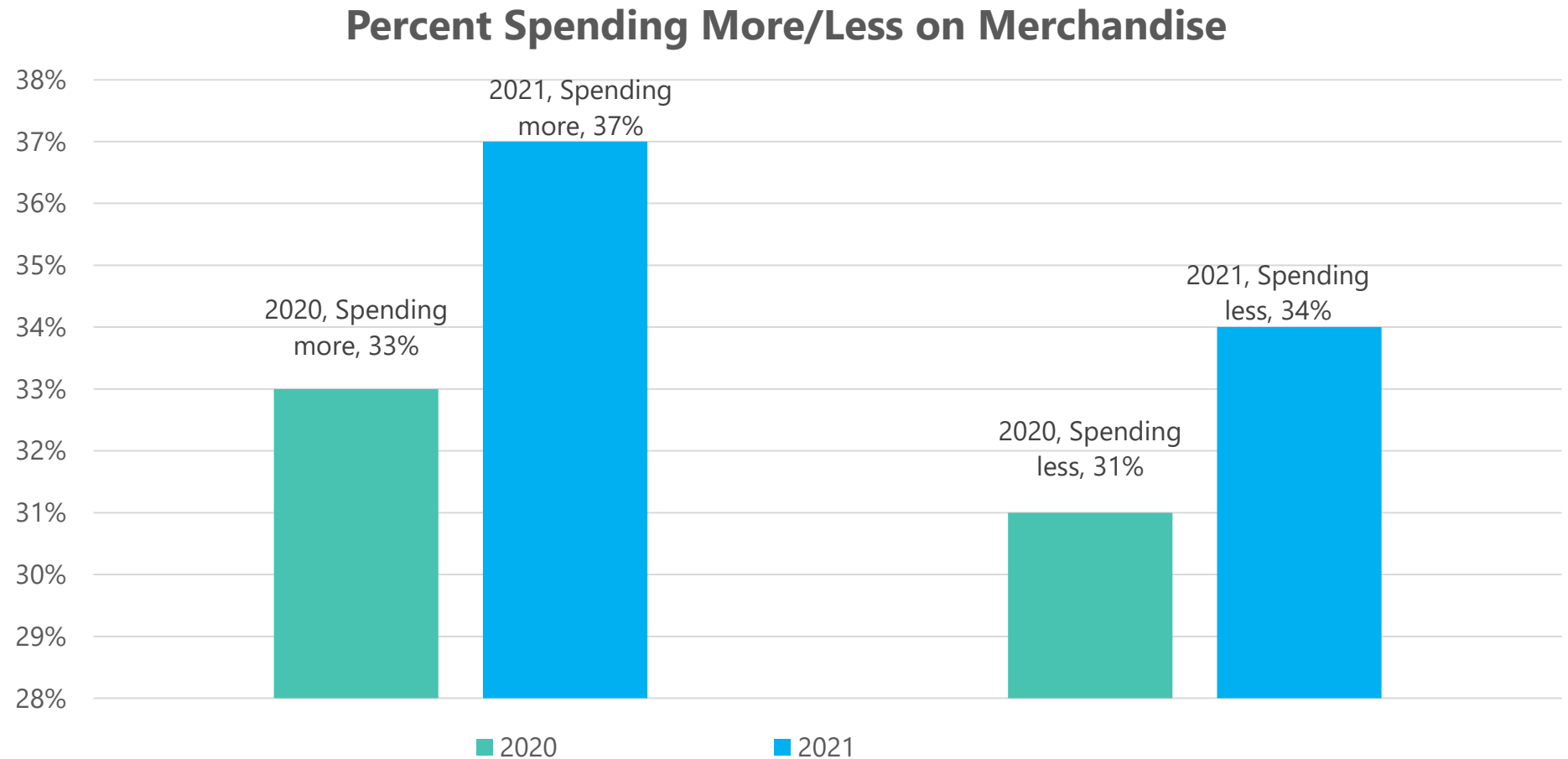
The Use of Gift Cards in Europe is Declining at an Even Greater Pace

- While gift card use is declining in North America, the study shows that gift cards have declined to an even greater extent in Europe, with nearly half (46%) saying they are spending less on gift cards.



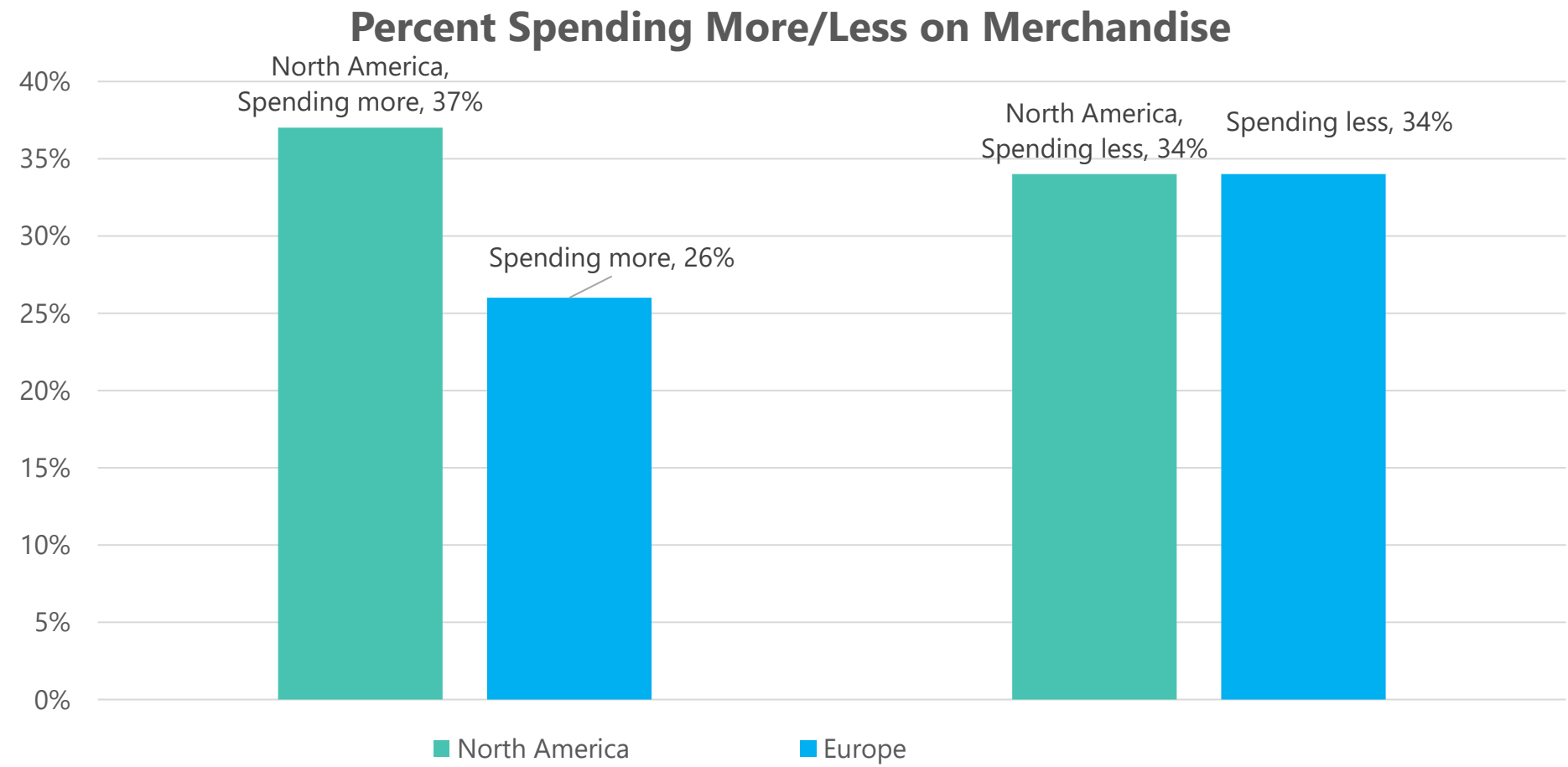
Similar to Last Year, North American Merchandise Gains were Largely Offset by Reductions

- North American merchandise spend is similar to a year ago. Some are spending more (37%) but that is largely offset by those spending less (34%). .



Merchandise Spend in Europe is Experiencing a Net Loss

• While merchandise spend in Europe is really neither gaining nor declining, the net merchandise spend in Europe is negative with 26% spending more on merchandise and 34% spending less.



Thank you to our Research Advocacy Partner

