

2020
PULSE SURVEY



**COVID-19's Impact on the
Incentive Travel Industry
July 2020**
The IRF Pulse Survey

This and all other IRF reports are available at TheIRF.org

www.TheIRF.org

COVID-19's Impact on the Incentive Travel Industry July 2020

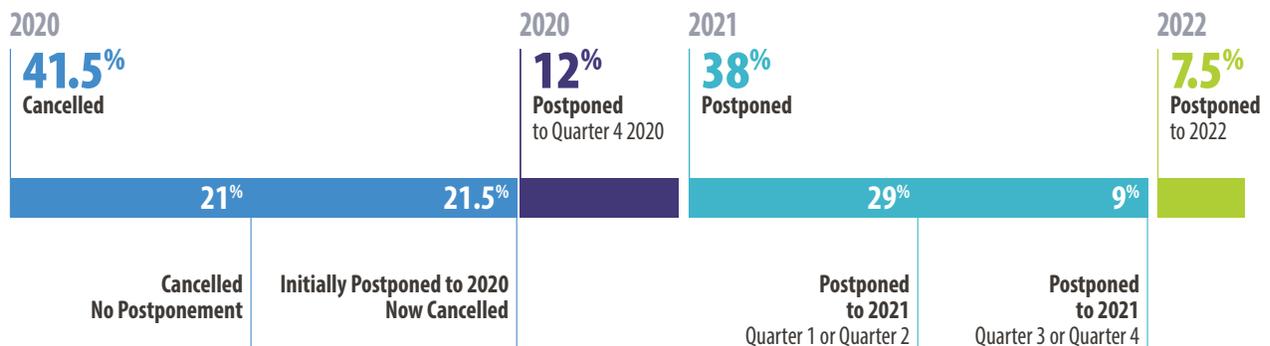
Earlier this year, The Incentive Research Foundation published the results of a pulse survey fielded April 2, 2020 – April 16, 2020 in *COVID-19's Impact on the Incentive Travel Industry (April 2020)*. Given the continued challenges for the industry related to the pandemic, we fielded a study July 1, 2020 – July 15, 2020 to understand the ongoing impact on 2020 programs, and when industry professionals believe incentive travel for of various group sizes will return.

The study included 205 respondents. Just over 51% of the respondents were either third party planners/client managers, 11% were corporate meeting planners, 10% corporate program owners, and 7% were independent planners. The remaining 20% included representatives from across the incentive travel landscape. Respondents had an incentive travel program planned for Q1 or Q2 of 2020 that did not operate due to COVID-19.

Increase in Cancellations

In our April study, we found that approximately 25% of incentive travel programs had been cancelled. In the July study, the rate of cancellation had increased to 42.5% – including 21.5% that had originally been postponed within 2020. There has also been a significant decrease in programs planned for Q3 and Q4 of 2020 going from 35% in our April study to 12% in the July study. Programs scheduled into 2021 are at 38%, an increase of 11% over the April study.

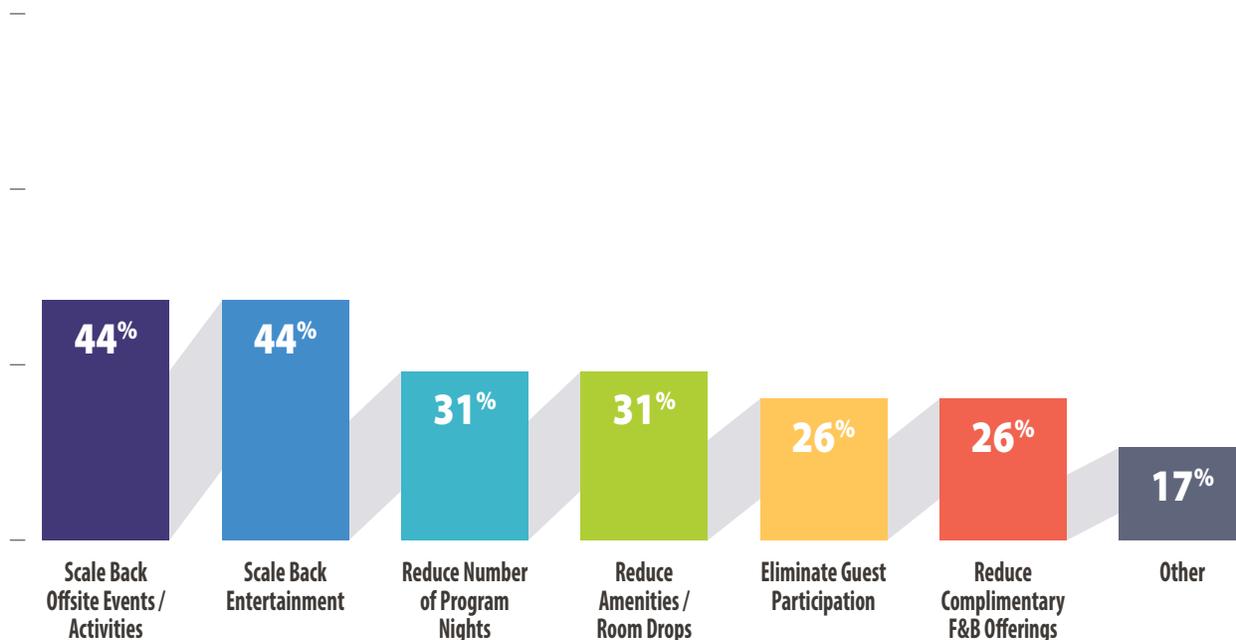
Changes to Programs Scheduled for Q1 & Q2 2020



Budgets Remain Largely Untouched

Of those indicating they had postponed their incentive travel reward, 79% noted that there had been no change to their budget, an increase of 9% over the April findings. Consistent with the April results, the 21% that are working with reduced budgets are most frequently scaling back offsite events and reducing the number of program nights. Nearly a third of respondents indicated they are eliminating guest participation which is an increase of 7% over the April results.

Adapting Programs to Manage Reduced Budgets



Bridging the Gap

We are increasingly hearing about virtual award ceremonies, gift boxes full of logo'd merchandise, and other creative ways to recognize participants while they wait for their postponed award trip. Nearly 42% of respondents who have postponed their incentive travel award trip are using alternative means to recognize or celebrate their award winners in the interim.

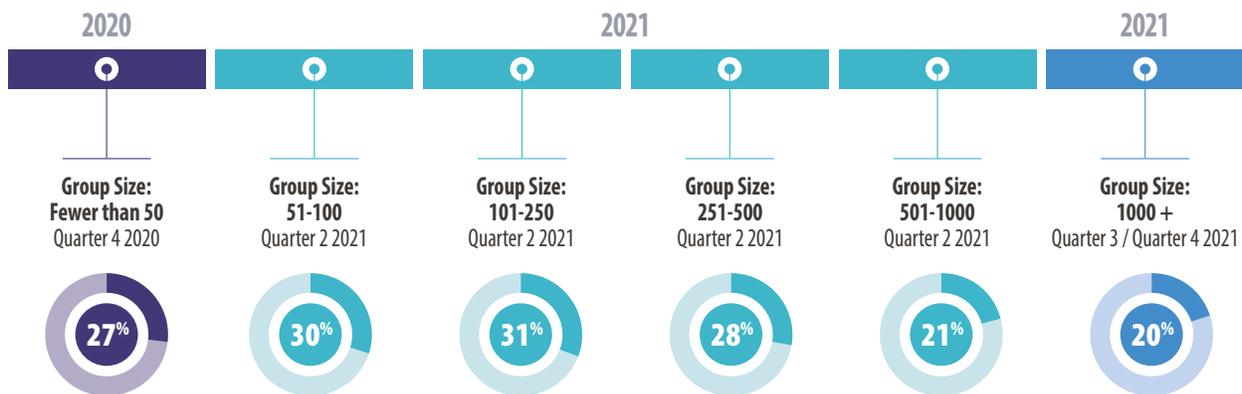
Among those canceling their programs, 78% indicated they were providing alternative awards. That is a significant increase over the April study where 41% indicated they were offering a substitute for the travel award. For this study, we asked respondents to select all the alternative awards they were offering. Like our April study, program owners are using points, merchandise, and individual travel options (often in combination) as alternatives. Some noted that they had invited the 2020 earners to the 2021 incentive travel program.

Interestingly, offering equivalent cash was mentioned more frequently as an alternative award in the July study. Given the economic impact of COVID-19 and uncertainty it has created, there are likely causes for this shift including bridging potential financial gaps where salaries have been reduced or commissions are few and far between due to sales slumps.

Taking Flight in 2021

The most recent study asked respondents to think across all the incentive travel programs they manage and indicate the soonest they are planning to host groups of various sizes. As expected, program size is a major driver of timing. The second quarter of 2021 led the responses as the soonest incentive trips will be held for most program sizes. The fourth quarter of 2020 may see small programs (fewer than 50 participants) taking place with 27% indicating they were planning programs during that timeframe. Very large groups of 1001+ are primarily indicated for Q3 or Q4 of 2021.

When Is the Soonest You Plan to Host Groups?

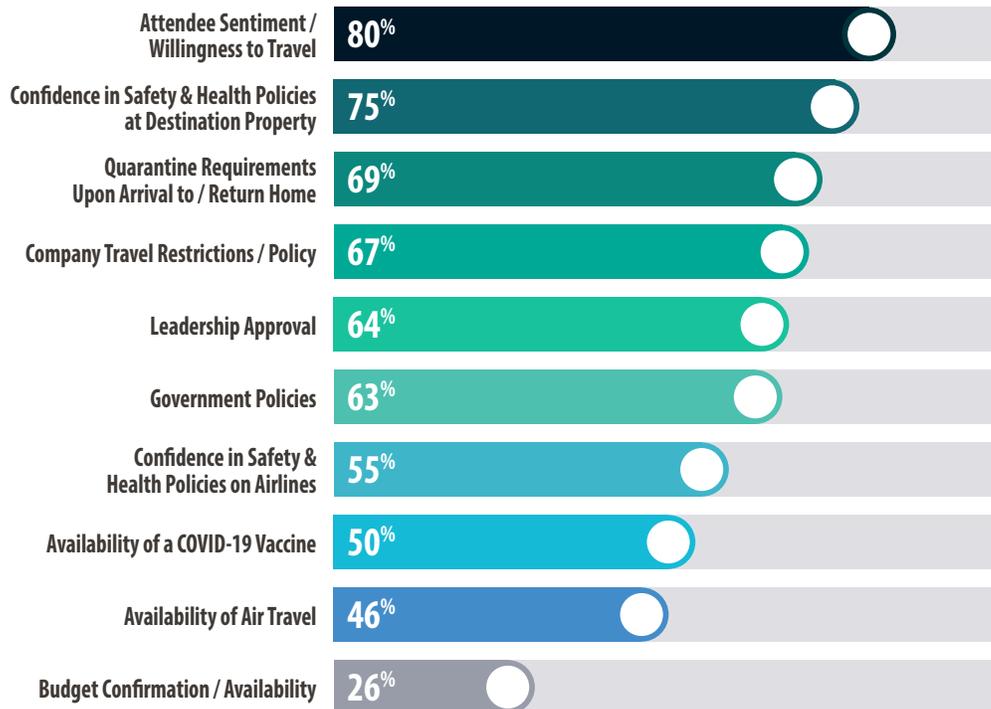


Attendee Sentiment is the Biggest Driver

Finally, we asked respondents to indicate the leading decision factors for moving forward with operating an incentive travel program. Attendee sentiment was the leading driver indicated by 80% of respondents. Confidence in the health and safety of the destination property, and policies including arrival or return quarantines and company travel policies were also high on the list of decision factors.

Confidence in the health and safety policies of airlines was indicated as a leading factor by 55% of respondents, 20% fewer than those driven by the policies of the destination property. Keep in mind that airlines have continuously operated and therefore communicated frequently over the last few months about their policies, while most hotels experienced a shut down and are only recently re-opening and communicating their guidelines. Hotels, DMCs, and others are learning from early openings, destination weddings, and tourism. They are working to translate those learnings into plans for safely managing group incentives, so their approaches and policies are likely to evolve with experience.

Leading Decision Factors for Moving Forward with a Group Incentive Travel Program



While health and safety are naturally leading conversations at the moment, incentive professionals continue to keep their eye on designing and delivering an exceptional experience. In comments, respondents indicated the ability to deliver on the experience will also influence the decision to move forward with programs. Balancing the reality of what needs to be done to ensure attendees' health and meet safety standards with the desire for an inspiring group experience can present challenges, but creative solutions abound and are already being both discussed and put to the test.