



# **THE STATE OF INTERNATIONAL INCENTIVES The European and Canadian Perspective**

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The incentive market across Europe and Canada is experiencing high levels of activity and continues to grow. In an effort to better understand the challenges and dynamics of buyers, as well as their perspectives on the US as an incentive destination, we gathered a group of program owners and third parties together to experience Palm Beach, Florida, a destination that was new to all of them, and discuss the state of incentives.

This paper is a result of conversations across this event, as well as additional discussions with buyers who were unable to attend the event but provided their input on our discussion guide.



Focus group participants in the grand lobby at The Breakers Palm Beach

## In the Hearts and Minds of Buyers

To get the discussion underway, we started with Nancy Giordano’s [RIFF Model](#). This approach asks participants to think about the industry in a more emotional and nuanced way. We sat down to discuss what these buyers were Relieved by, Inspired by, Frustrated by, and Frightened by relative to the state of the incentives industry.

### The RIFF Model



The RIFF model conversation revealed a balanced perspective on the future of the industry, with equal parts relief and inspiration offset fear and frustration. Some items, like AI or where the industry stands from a staffing perspective, fall into multiple areas.

This conversation continued over our time together in the Palm Beaches. The group often referred back to this discussion as we talked more about the industry during our roundtables.

## International Activity

On average, more than half of this group's incentives happen outside their home country. It is increasingly popular to take incentives international, with Spain, Italy, and France (likely boosted by the 2024 Olympic Games) being popular European destinations. An average of 30% or more of those incentives are going outside the continent to long-haul destinations such as Vietnam, Singapore, Thailand, and Japan. It's also increasingly popular to go to new destinations not experienced previously.

Long haul incentives come with a discussion of time and cost limitations, as well as a discussion of sustainability concerns related to long-haul flights. Though one participant pointed out that short haul flights emit more carbon per person for every kilometre traveled than long-haul flights.

While budget and objectives tend to be the primary drivers, group size also plays a role when destinations are being considered. One participant indicated that large groups are, generally speaking, harder to place in some countries as they simply do not have the large-scale properties required. For perspective, the average group size for our European participants was between 100 – 250 inclusive of guests. Those larger properties tend to be in higher demand given the more limited nature of them in Europe and Canada versus within the US, Middle East, or Mexico.

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**Large groups need to stay on continent or near continent. Smaller groups are more exclusive and can go anywhere.**

The variety of hotels and hotel sizes, combined with available meeting and event space throughout the Palm Beaches was impressive to the participants. From host hotel The Breakers to Boca to the new Amrit hotel with its focus on wellness, this group was inspired by the combination of event space and sheer size.



Amrit Ocean Resort



The Breakers Palm Beach

## In Search of Something New

Leadership and participants alike expect incentive travel destinations to feel new, exciting, and luxurious. They want to experience something they never have before and might not have even known was possible. A unique and memorable incentive travel experience builds the company's brand and differentiates it from its competitors.

For both budget and experiential reasons, buyers are looking for new North American destinations beyond New York, Los Angeles, and Las Vegas. Palm Beach was a prime example of a destination that defied expectations and was full of surprises.

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To me, Palm Beach is a hidden gem. It's chic and authentic. A completely different experience from other nearby Florida cities with which I was more familiar, like Orlando and Miami.

Palm Beach's sun, beach, and palm trees were important to the buyers. Tropical incentives, including the Caribbean and Mexico, continue to be popular with both Canadian and European groups. But the destinations need to keep evolving and adding new points of interest. One buyer noted *"Cities are constantly reinventing themselves so they can stay relevant."*



Four Seasons Palm Beach



The Colony Hotel

## Budget Challenges

Our group felt strongly about budget challenges. Across the board both program owners and third parties recognize that while there may be budget increases, they are often not enough to keep up with program costs. Creativity is required to deliver on the expectations that minimal or no budget increase will result in the same experience that attendees have had historically.



**It's simply not realistic to have the budget remain the same year over year and have people expect the same or more. We look for savings in small things hoping they add up, and often end up doing it ourselves to save costs. For example, we'll buy things that are less expensive locally and bring them with us.**

One area our European and Canadian buyers prioritize is hotel as it is critical to the overall experience and motivation to earn. But they note that results in a lot of “robbing Peter to pay Paul” as they find it more difficult to negotiate with smaller suppliers.

A third party indicated they are having to have more client consultations around budgets including management fees. Labour costs are a challenge, but clients are often expecting service fees to remain flat.



**Budget push happens, but the wrong area to cut is experience design. It's an opportunity to identify what is really important and where budgets can or should be cut or pushed whilst still delivering on the objectives.**

One of the biggest areas of discussion among this group relative to budget are the challenges with the approach to pricing in the United States. Our respondents find it difficult to budget for the US because “there is so much ++” in the proposals versus providing tax and service inclusive pricing. This also complicates reconciling invoices after the program.

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It's hard to know the actual cost in the US. Even with F&B, coffee is priced by the gallon instead of per person. It's so complex and is difficult to present to a client. Resort fees in addition to ++ is really off-putting.

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US contracts are very elaborate, and the general perception is the US partners follow the letter of contract very strictly with very low tolerance for ad-hoc changes and alterations while these are inherent to incentives and group dynamics.

However, a Canadian buyer noted that they experience more challenges when contracting with European hotels and suppliers.

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Typically it is more difficult to contract with Europe as they are not as used to the high level of scrutiny, extra clauses and protections we expect within North America. In some ways though European contracts are less complex so easier to review as long as they are open to adding the clauses we need.

European and Canadian buyers also struggle with the impact of currency exchange rates in many countries. For Canadians, the US dollar presents a challenge to their budgets. For Europeans, the exchange rate can both play in their favor and add additional budget burden. It is a factor in destination selection and can be a bit of a gamble. Shifting exchange rates add risk when contracting far in advance of the program operation date.

Tax rebates and commissions can offset some budget challenges. Buyers discussed opportunities for tax rebates, citing Canada, Dublin, and Abu Dhabi as examples. Commissions are another important consideration. They noted that not only were commission rates higher in Europe than North America, total commissions in Europe were paid on more items, including rooms, event space, and F&B.

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**We have to figure out how to make a profit in North America without the favorable commissions. We are going to go where we get paid more.**

Overall the single biggest area of budget concern for our group is airfare. Aside from ticket pricing, increasingly frequent schedule changes due to weather not only create anxiety with passengers, they impact budgets due to overnight accommodations, the need for air on call services, and in some cases new air tickets. Air travel is also an area that has high impact on destination choice. Beyond the cost concerns, our buyers note that routes remain more limited today than they were historically, and that makes time and air logistics a significant factor. While lift into and out of major cities may be more consistent, the cost of hosting programs in major cities can be higher than average leaving decision makers in a difficult position.

The frustration with air costs and service levels with airlines is significant. There is a feeling that the group market and the advantages of booking groups has essentially disappeared over the last four years. The European audience also notes concerns over potential for strikes and labor-related disruptions that can impact the attendee experience.

When we asked our European buyers about the perception of the US relative to budget, most indicated the perception is that, in general, the US is an expensive destination. Some indicated it's no more expensive than other major cities like Rome, Paris, or London, but the flights are a major cost factor. Canadian buyers added that depending on timing and city, there is little cost difference between travelling domestic versus to US destinations. The overall sentiment of the group was that many US destinations provide a valuable experience and motivational impact, and that the US is perceived as being safe overall.



Focus group discussions were conducted at the Amrit Ocean Resort.



## Geopolitical Impacts

The impact of the disruption and uncertainty in several regions of the world is strongly felt by our buyers. For many, more countries and some regions are being excluded by corporations related to security and human rights concerns. Elections are also driving some hesitation in a year where political shifts are happening for many countries. With more than 50% of the world's population headed to the ballot box this year, there is a "wait and see" attitude toward many destinations.

Some noted that the way security is handled can make or break the perception of a destination for buyers. An example given was sitting through a security screening with mirrors under cars checking for explosives. Many attendees would be very unsettled by the experience. One corporate program owner noted that "it's difficult to manage the emotions of a hundred people. We don't need to add that to our plates." Our planners are increasingly bringing the client's security team in for risk assessments if there is any question about a destination to ensure alignment with corporate policy.

The security protocols at The Breakers, our host hotel, were held up as both safe but also managed in a way that did not cause alarm. It's important to note that a former president was staying at The Breakers over the same dates, so there was heightened security, but managed in a way that was not intrusive to the guest experience.

While attendee and planner preferences play a role, ultimately compliance and governance are making decisions about where programs can and can't go. An attendee noted that if there is any heightened government warning, they are unable to take a program to that destination. One individual noted that their organization requires they must be able to return all individuals to their home within one day in the case of disruption or unrest.

Our attendees were also quick to note that their perceptions of Florida politics and the US election year were very different than what they were experiencing in the Palm Beaches. To a person they felt very safe, welcome, and comfortable in the destination.

## The Participant Perspective

The participant perspective is highly valued among this group. There is a lot of enthusiasm for travel, but the destination must be worth it in the eyes of the participant. To be worth it means selecting a destination participants haven't experienced before, or one that is trendy or fashionable in their eyes. Uniqueness plays a role, but ultimately this group agrees that it's all in the marketing. For example, this group talked about the stories they could create around the Palm Beaches with their new found knowledge of the interesting history of the destination that would allow them to build anticipation among attendees feeling certain the destination would deliver on the hype.

Generational differences among participants are creating opportunities and challenges for the program owners. One participant noted that Gen Z participants were more likely not to accept a trip if it were just for the sake of going. When they do attend, there is a higher expectation of downtime, the flexibility to "choose their own adventure," and opportunities for choice and wellness to be infused into the program structure.

One attendee pointed to the type of experiences offered earlier in the day at the Amrit Ocean Resort, a new property entirely focused on wellness. Attendees were offered a choice of two activities from a menu of eight that included time in a hyperbaric chamber, a red light wellness experience, a beach walk with breathing exercises, yoga, personal training, and more. Attendees could experience completely new wellness options and choose how their time was spent. This is the kind of activation that they felt would appeal to audiences with mixed generations. In fact, the focus on wellbeing, including less alcohol and more health-conscious food choices, was another element they are seeing having more appeal among their attendees.



The National Croquet Center

We also discussed participants' desire to bring a partner or guest. Many noted that the desire is high to bring a guest when going international, as the desire to extend on their own is higher. Others noted that guests are for a smaller more elite group. Large groups cannot absorb the cost of those additional attendees. In general, having a guest can be a motivator, but seems to be more of an important consideration for groups going to farther-flung destinations.



Amrit's Wellness Spa

## Sustainability

Considering the discussions around sustainability that were part of the RIFF model input, it's no surprise that sustainability is a hot topic among Canadian and European buyers. There is a perception that Canadian and European buyers are further ahead when it comes to sustainability being a clear decision driver for programs, but greenwashing is still apparent.

Our participants were pleasantly surprised by the level of awareness around sustainability found in the Palm Beaches. From the walking tours to available biking and water-based activities – including opportunities to help clean beaches and partner with organizations like 4Ocean, the destination has a lot to offer. Gifts procured from local suppliers and artisans supported the community and were valued by our participants. Hotels in Palm Beach are increasingly focused on local, sustainable food, and have incorporated other thoughtful sustainable touches to their properties.

Organizations certainly want to talk about sustainability more in Canada and Europe than in the US, but in a similar fashion, cost is typically the driver in the end. Our attendees feel compelled to talk about it with clients and to source sustainable properties, but for now see it as more talk than action. One buyer indicated that she believes sustainability is coming as the driving factor when comparing venues due to the 2030 and 2050 goals more corporations are adopting.

Interestingly, for this group at the moment, wellness is playing more of a deciding factor than sustainability measures. Focus on local whole foods, activities and options that serve the wellbeing of the attendee both mentally and physically are a bigger part of the current conversation within their companies.

## Authenticity

During a walking tour and history talk on Palm Beaches' historic Worth Avenue, the topic of authenticity and connection to place kept coming up. One program owner talked about the value of telling a story to immerse their attendees in whatever destination they were experiencing as a way to deliver more value, even when budget challenged.

A destination's unique story can inspire creativity in program design. From tales of the Gilded Age, to rise of the elite "cocktail classes," to the colorful display of iconic Lilly Pulitzer's dresses, there's no shortage of themes that planners can use for receptions and events in Palm Beach.

While shopping can be experienced in nearly every destination, when it is such an authentic and integral part of the place, as it is on Worth Avenue, there is, as one attendee described it, "A certain magic of connecting to this special place."

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We try to create an experience in a destination that touches on authentic aspects of that destination in as many ways as we can that make sense for the program – F&B, activities, speakers, gifting, hotels & venues with a sense of place, playing up aspects of the destination’s history in décor, entertainment, etc. Why go to a destination if you are not going to engage with it?

As budgets create a demand to do more with less, destinations that have the ability to tell a deep, rich story and immerse attendees in the destination without elaborate and expensive build-outs have an advantage in the current economy.



Rick Rose Walking Tour



Lilly Pulitzer Worth Avenue

## Service-Level Standards

When it comes to service level standards, this group has high expectations for their programs. They find that service levels can be inconsistent across countries, even in countries that are highly reliant on tourism. Having a high service level standard can be a standout for them in an RFP process.

Overall, this group felt the service levels in the US were very strong compared to other countries. However, there does seem to be less flexibility and a slower response rate from partners during the RFP and contracting process. This makes it difficult to know what to expect on the ground. This can be compounded by the sense that suppliers are a bit fractured across the US and inconsistent in their product and delivery. This is an area where a DMO or CVB can help provide guidance and clarity for international buyers.

All-inclusive properties are definitely on the radar for this group, especially in the current economy, however the service must be done well to take the pressure off of the program owners. And the tipping culture in some countries overall is a bit off-putting and confusing, particularly for the Europeans. Partners need to be cognizant of this and ensure both program owners and their attendees have the information they need to avoid uncomfortable situations.

Buyers noted that they preferred the educational content provided during a group presentation over one-on-one meetings, which often feel too sales focused. Our group noted that FAM trips enable the planner to experience the destination firsthand, with a program owner noting that they only commit to the FAM trip when there is potential to bring her group there, and they have not personally experienced the location.



Breakfast at Four Seasons Palm Beach



Eau Palm Beach Resort & Spa

## Winning Their Business

When asked what it takes to win the business of European and Canadian buyers, this group had a lot to say.

- Respect the cultural differences of the group. Seek to understand them and remember that what is known to you might not be known to them. It can be exciting to learn about new cultures, just don't assume they will automatically understand what is important or special without some explanation.
- Be ready to meet attendees where they are. Demonstrate that you can adapt for their attendee base. For example, while touring the Eau Resort in Palm Beach, they made a point of noting the in-room coffee service could be adapted to be a tea service if requested. Small details matter.
- Ensure you understand the client – both the event purpose and their quirks to avoid sending off the shelf proposals that simply will not resonate. Simply asking questions like “what has worked well in the past” or “what was a moment that a destination or property really wowed the group?” goes a long way toward understanding and certainly gets the buyer's attention.
- Know the critical success factors and how the program will be measured.
- Be transparent. If your pricing is ++, make the effort to help the buyer “translate” that so it is similar to the format in which they are receiving other bids. Surprises on pricing are not welcomed.
- There is the perception that the US charges for everything. Offer incentives, like a free welcome reception. Work with the CVB to identify incentives.
- Be sensitive to the buyer's timelines. In particular, DMCs need to give straightforward timelines. For example, it will be X days to give you something we've done before or something off the shelf. If you want something new or custom, it will take Y days.
- Demonstrate the unique things about your destination and elements that will deliver local flavor in an authentic way.

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