

Travel Truths for Business Events Corporate Incentive Travel



A research report commissioned by the Melbourne Convention Bureau (MCB)
in partnership with the PCMA Foundation. November 2018.





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Overview



What

The Asia Pacific (APAC) business events sector is currently worth more than US\$200 billion and growing rapidly. This burgeoning sector is creating opportunities for meetings and event professionals, and as industry leaders our role is to uncover what those opportunities are and provide recommendations on how our stakeholders can benefit from them.

One opportunity that is clearly emerging is the rise in Corporate Incentive Travel (CIT).

With this in mind, the Melbourne Convention Bureau (MCB) partnered with the PCMA Foundation to commission a research project to:

- > Investigate the future trends and emerging business models for the business events sector in Asia Pacific specifically for Corporate Incentive Travel.
- > Identify the impact these trends will have on the sector.
- > Uncover the needs and expectations that drive choice and decision-making.
- > Understand how the various stakeholders in the sector can maximise the opportunities available.

Why

In a fast-paced sector like travel and tourism, we know that it's a case of "disrupt or be disrupted". We firmly believe that if you know what your market wants, and are prepared to craft your offering to

meet it, you will be able to create a new source of revenue for your business, stay relevant and become the disruptor, rather than the disrupted.

We hope you can use this information to be proactive and incorporate these recommendations into your business operations to profit from the trends occurring in your sector.

Who

We engaged an Australian-based research company Essence Communications as our research partner for this study.

Our research focused on the Asian Corporate Incentive Travel market (i.e high-performing sales staff and executives) and the people who know this sector well: incentive travel planners, meeting planners, event strategists and other experts in the sector.

Research participants came from a wide range of countries:



China



Australia



Japan



Thailand



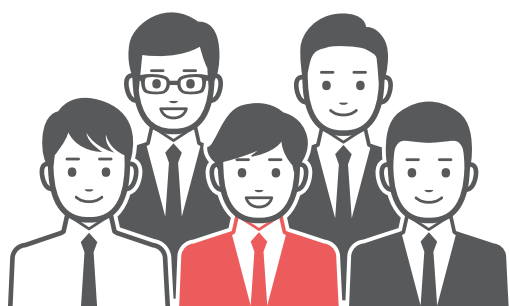
Malaysia



Singapore

The methodology

The research was conducted as a virtual round table, consisting of two stages:



Stage 1 - Qualitative reseach

18 x 60-minute one-on-one interviews with:

- > Key decision makers for Corporate Incentive Travel (CIT) based in APAC.
- > In-house Corporate Incentive Travel planners.
- > Corporate Incentive Travel agents.

Stage 2 - Quantitative research

- > **A 10-minute online survey** with 42 Corporate Incentive Travel planners, event strategists and key decision makers for CIT in APAC to provide metrics, confirm trends and test business models.
- > **The sampling frame included:**
 - > PCMA ICESAP Members.
 - > MCB Corporate Incentive Travel clients.

The "Travel Truths for Business Events Corporate Incentive Travel" research took place between March – June 2018.



What we
discovered



Asia on the rise

What we discovered was very encouraging for those in the business events sector, particularly for Corporate Incentive Travel planners, in-house corporate incentive planners and destination bureaus in the APAC region.

Snapshot: Asia rising

- > The APAC region is a key player in the travel sector, thanks to the expansion of the middle class, increase in travel affordability and their willingness to travel for work, pleasure and education.
- > With almost 280 million international tourist arrivals in 2015 alone, "the Asia Pacific macro region is second only to Europe in terms of travel and tourism size. It is the most dynamic area globally with the largest percentage growth in arrivals."¹
- > According to the World Travel and Tourism Council, the sector will double in the coming decade, reaching almost \$1.2 trillion in 2026 from its current \$650 billion.
- > By 2025, 32% of all world airline traffic is expected to originate from Asia².

This burgeoning travel economy in Asia presents exciting opportunities for our industry. Why? Because whilst the travel and tourism industry as a whole continues to flourish, there's a segment within the business events sector that is proving to be a "quiet phenomenon"; a segment that makes up over 25% of the global business travel industry; a segment that in Australia alone is growing at 20% year on year. That segment is the Corporate Incentive Travel (or CIT) segment.



\$650B
Current Asia travel



\$1.2T
Asia travel by 2026

CIT on the rise

As a result of this research, we discovered an emerging trend that has the power to offer many in the sector a new revenue opportunity. That trend is the rise of the Corporate Incentive Traveller. It's not a new segment but it's growing substantially and offers massive potential to those who can tailor their offering to take advantage of it.

¹ 2017 World Economic Forum Report

² Airbus

What are the emerging trends?

Here's a snapshot of the trends occurring in the sector:

- > Travel and tourism, globally, and particularly in Asia, is growing.
- > The Corporate Incentive Travel (CIT) sector is growing strongly.
- > There is a move away from creating 'tourist' experiences to curating unexpected 'wow' experiences.
- > There is an increased need to source 'unusual' destinations and non 'major / first tier' cities as potential incentive travel locations.
- > More research and support is required by all in the sector to create 'unique' experiences and itineraries.
- > This trend presents local destination bureaus and business events suppliers with the opportunity to work closely with corporates or intermediaries to help them create 'wow' programs and experiences.
- > Planners are increasingly being asked to justify the budget and do more with less.
- > High levels of social media posting and engagement (pre-trip, during and post-trip) contributes to higher expectations of the visitor which means planners have to work harder to provide experiences that meet those expectations.





Corporate **Incentive Travel**



What is CIT?

Traditionally, Corporate Incentive Travel (CIT) has been used as a tool to motivate and reward high-performing staff and executives. In other words, if you hit your sales targets, you are rewarded with an all-expenses paid trip to a premium destination.

CIT as a strategic tool

CIT is becoming increasingly important to corporate clients. In fact, 60% of planners believe CIT is replacing financial incentives and bonuses (for those companies that offer CIT) as a tool for motivating staff to achieve sales targets.

In addition, CIT is also being used as a strategic tool to help corporates solve one of their thorniest challenges – attracting, acquiring and retaining quality staff; and in particular, Millennial staff.

Our research showed that 65% of CIT planners consider CIT important in attracting and acquiring the best talent.

So, in short, corporates are increasingly using CIT as a strategic tool to:

- > Motivate staff to achieve sales goals.
- > Attract and retain highly valuable staff.
- > Provide a point of difference and be seen as an 'employer of choice'.

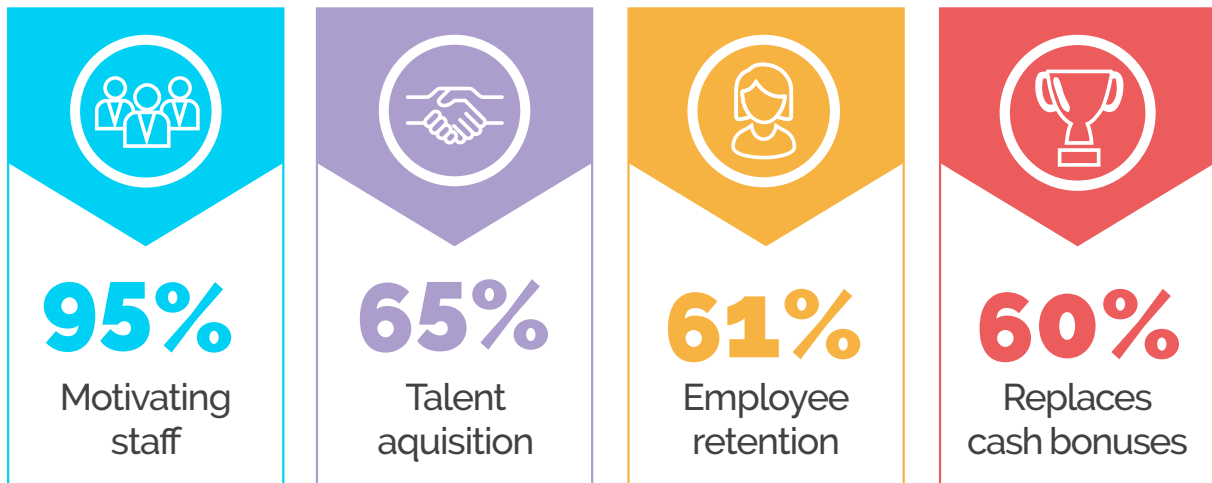
CIT snapshot

- > Is growing quickly.
- > Makes up over 25% of the global business travel industry.
- > Is a lever that corporates can use to help attract, acquire and retain quality staff and become an employer of choice.
- > Presents a major opportunity for planners and destinations who are keen to add a new source of revenue to their business.

The CIT market is growing

- > 50% of planners anticipate an increase of incentive groups travelling outside of Asia into other destinations in the next 5 years.
- > 44% anticipate that the number of Corporate Incentive Travel programs will increase for staff who achieve base-level sales targets.

The role of CIT



The upshot?

This presents a great opportunity for meetings and event professionals to craft, curate and present CIT packages to this segment.

The good news is that unlike a corporate conference, which only gets offered once a year, CIT packages are needed year around, providing a new product offering for planners to add to their suite of services.

When it comes to selecting a destination, 87% of CIT planners said that the number one factor they considered most important was the ability to deliver a WOW experience.

What does a CIT planner look for in a CIT package?

Our research with CIT planners made it very clear that what they were looking for in a CIT package was the ability to offer their employees an EXPERIENCE; and not just any old experience, but a WOW experience.



Creating the
WOW experience



Overwhelmingly, corporate incentive (CI) travellers are not just seeking a 'tick the box' trip – they want an experience.

CI travellers are seeking an experience that:

- > Money can't buy.
- > Enables them to develop as an individual, both personally and professionally.
- > Aligns with their values and priorities.

One of the challenges in curating a WOW experience for this market is that CI travellers are increasingly becoming more well-travelled. They may have visited some of the iconic attractions in major cities, or at least experienced them virtually via social media.

So when crafting a CIT experience for them, do we bypass the major iconic attractions because they may have already been there? No. Those destinations will always play a role but to make that experience different, we have to add a 'twist' that enhances the WOW factor.

The top 7 truths to creating a WOW experience

1. Interactive: Make it engaging

A trend that's driving this theme is the combination of the 'maker movement' – people who like to get their hands 'dirty' and actually make something; and 'interactivity' for the people who value the concept: 'don't show me – involve me.'

This group doesn't want to be treated like everyone else and only be taken on tours that anyone can find in a brochure at the tourist desk.

Case study:

Melbourne's approach

Melbourne's inner-city hidden laneways are always a major attraction to a CIT group. However, it's likely this group may know about them or have experienced them already, so we'd add the WOW factor by conducting the laneway tour on a bicycle so they could experience the destination in a visceral way, feel the cobblestones under the wheels and the wind in their hair.

We'd also up the WOW factor by adding a street art tour led by a graffiti artist so they can experience first-hand why Melbourne is one of the most important destinations in the world for outdoor galleries and political street art.

We ratchet up the up the WOW factor again by taking them back to a studio where they can meet other graffiti artists, see them at work or even participate in a street art workshop so they have something to take back home with them.

Of course, Melbourne being Melbourne, the tour would finish with networking and a masterclass in food and wine pairing an up-and-coming, world-class chef with an award-winning sommelier.

Interactive, engaging, hands on and immersive – that's what creating a WOW experience looks like.

WOW me

2. VIP Access: Make it unique

Providing a point of difference to what visitors have seen before is critical. One of the ways this can be achieved is to take them 'behind the scenes' of iconic attractions. For example, if this group has been to Australia, the odds are they've seen the Sydney Opera House. Been there, done that.

How can we add the WOW factor?

Give them an experience money can't buy and take them on a 'behind the scenes' tour of the Opera House; have them walk the stage, even sing a song on stage so they can film it for their friends back home, or perhaps have them sit in on a dress rehearsal for an upcoming play or have dinner with the director and actors.

That's a unique, once-in-a-lifetime experience that's also 'insta-worthy'.

3. Authentic: Make it real

We know that Millennials have a well-developed social conscience.

We also know that because they are already well travelled, CIT planners who can bundle a sustainable, volunteering or social enterprise activity into their program will find their CIT volunteer package well received.

Below is an example of how you incorporate the WOW factor that's interactive, engaging and unique as well as providing them with an opportunity that aligns with their values.

Case study: Authentic experiences create the 'WOW' factor

Ahn, 39, is the marketing manager at a tech-based start-up. He wanted to reward his sales team for achieving their targets. He wanted to take his team to Australia and experience the 'outback'. Most of his team had studied in Australia, had seen Uluru and the local Indigenous tourist galleries and centres.

What many hadn't experienced however was an authentic Indigenous experience where they could meet the traditional owners of the land. Ahn's event planner connected him to a charity called Footys4all that provides footballs to underprivileged children.

The charity helped Ahn and his planner create a fully immersive experience whereby his team travelled to the community, hand-delivered the footballs to the local children and had a game of football with them.

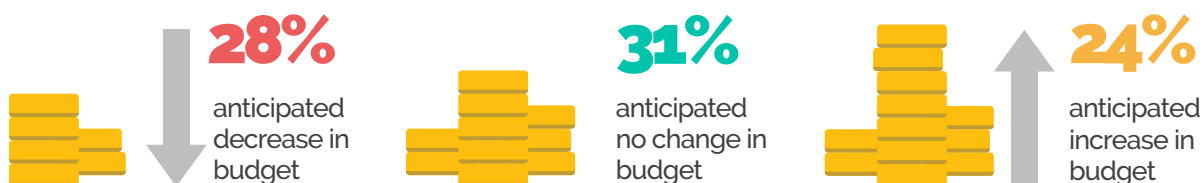
After the game, they sat down to a traditional meal cooked by the locals and heard from an elder about what life is like for the children in that community.

You can't buy this kind of experience at a tour desk. It has to be brokered by people on the ground with strong connections to the community.

The good news about creating and curating WOW experiences like this is that because they are not mainstream, they are often less expensive than the big-ticket iconic experiences.



WOW me



4. Good Value: Make it cost-effective

Our research showed that while 24% of planners anticipate an increase in CIT budgets, 28% anticipate a decrease, with 31% anticipating no change.

Due to this, many planners face the challenge of meeting increased expectations for Corporate Incentive Travel while continuing to work within operational realities including:

- > Increasing costs with the same or reduced budgets.
- > Shorter lead times (for some).
- > Logistical issues (flights, hotel capacity, different time zones, internal travel, visas, perceived safety of a destination etc.).

This presents an obvious dilemma. How can planners create a 'wow' experience on the same budget or less?

The research tells us CI travellers have an appetite for different, untapped experiences. This allows CIT programs to consider bypassing traditional costly iconic destinations and opt for more affordable, up-and-coming destinations.

This highlights that CIT planners with adequate research and creativity can deliver those WOW experiences within a given budget.

The key takeout for destinations is never assume what may be routine to you as a resident is unexciting to a visitor. Sometimes the most innovative and valuable experiences are right in your own backyard - accessible, scalable and cost-effective.

Case study: Innovative, local experiences in your own backyard

Theresa, 52, is a senior executive with a major bank. She travels frequently. She had a stopover in Hong Kong and had a day to spare. She had been there before, had seen all the tourist sights but really wanted to experience the real Hong Kong; to go 'behind the scenes' and see the city in action.

She spoke to the hotel concierge who recommended a 'wharf tour'. The boat left at dawn, and would manoeuvre its way in and out of the big container ships, the docks and wharves and give visitors an up-close and personal experience of Hong Kong that you simply could not get anywhere else. The cost? Under USD \$15.

This was a low-cost trip with a high-perceived value and according to Theresa, "one of the best tours I've ever been on."

Look closely in your own backyard and see what is happening right under your nose. It might seem unexciting to you, but be perceived as amazing to a visitor.



WOW me

5. Condensed: Make it fast

One of the things that also needs to be considered is that the experience needs to be condensed into a tighter time frame than ever before.

For example, CIT planners want minimal travel when they arrive at a destination – preferably within 2 hours of airport, and preference shorter flights (12 hours or less), that fly direct to the destination.

Our research showed that CI travellers also want to do more in less time; they want to pack more into the experience but spend less time away from the office. Technology is enabling this in a big way so it pays to know who's doing what and how, so you can be on the lookout for how you can help your clients get more bang for their buck.

Case study: Technology powers personalised customer experiences

Carnival Cruises are helping their passengers experience more of what the ship offers by minimising choice and helping tailor and personalise the offering. Here's how it works: guests are given the 'Ocean Medallion', a coin-size connected device they wear on the wrist that is synched with an app.

The onboard sensors record their tastes and respond to their movements, and the app guides them around the ship and steers them towards activities aligned with their preferences. If the passenger opens up her app and orders suntan lotion, a bowl of wedges and a Mai Tai cocktail, a server will find her, wherever she is on the ship.

Technology like this has the potential to transform our events, particularly large events that need to cater for the specific needs of a diverse audience. This form of 'mass personalisation' is here to stay and it's going to be a major asset for event planners who need to offer more personalised experiences in less time.

6. Social media friendly: Make it shareable

We must also recognise that whatever we offer this group, it must be social media-friendly and worthy of sharing – because we all know that if it doesn't get seen on social media, it didn't really happen.

If you can incorporate these WOW elements into your CIT package, you'll give them an 'insta-worthy' experience.

7. Culturally aware: Make it regionalised

Planners value destinations and experiences that can be tailored and align with the various cultural differences that exist (and are magnified) when travelling to a foreign country. Destinations, suppliers and planners who demonstrate awareness of these cultural differences will be viewed favourably.

Food:

CIT planners rated food as a significant consideration when choosing a destination. The research showed:

- > Chinese and Indian travellers prefer to have their home food daily.
- > Other Asian travellers (Malay, Thai, Japanese) may require one meal that reflects their home food but only once during the trip and other Asian food is also welcome.
- > Menus that incorporate religious elements (halal, Indian vegetarian) are 'must haves'.

Interactions:

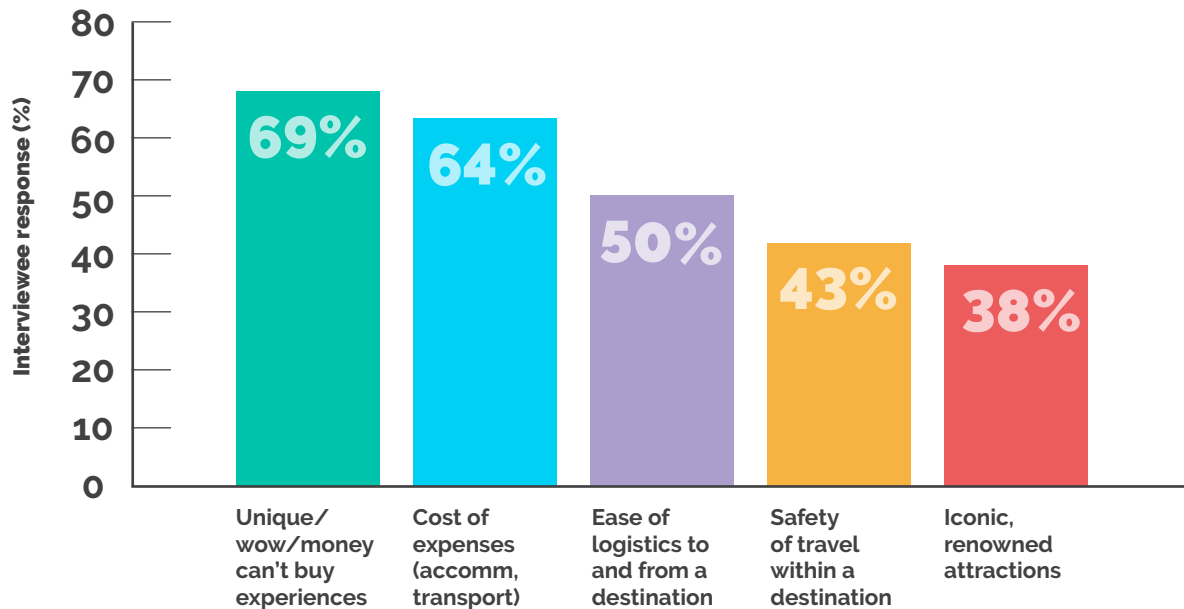
Different cultures also prefer different types of experiences:

- > Some travellers (typically those with more English fluency) are open to more local experiences and interaction while others (Thai) enjoy observing but don't necessarily need high levels of local interaction.
- > For some cultures, shopping is not only a past time but a key highlight of the trip. For many Asian travellers, they will expect a shopping experience to source branded luxury goods and some souvenirs.
- > Whilst many were comfortable travelling in a group, building in some free time was appreciated.

So there you have it. The top 7 truths that CIT planners say make up a WOW experience.

WOW me

We asked interviewees to select the top five factors when planning a CIT program



The top 12 ingredients of an ideal CIT destination





What this means
to your business



What do you need to do in order to take advantage of this growth in CIT and how can you profit from the opportunity it presents? Here are our top four **CORE** recommendations for how you can tap into this trend, and create and curate CIT packages with the **WOW** factor.



Collaborate



Open Minded



Research



Extra Mile

1. Collaborate

As you've seen, the very nature of these interactive, 'behind the scenes' attractions means that these WOW experiences are not always easy to find. They may require you to work more closely with those in your supply chain, and to have well-developed communication channels. This will enable you to act quickly so that when you need to find a WOW experience that meets the need of the client, you can present these ideas to your clients with confidence.

2. Open Minded

As you've seen from the case studies presented, these WOW experiences need not be expensive. But what they will require from you is an open mind.

When you keep an open mind about what might be possible, all sorts of exciting opportunities present themselves. We need to get creative about how we package up these experiences and see our own destinations from the point of view of a visitor.

The key point to remember is this: what might be routine for us, could be exciting for the visitor. That's good because often these real and authentic experiences are not nearly as costly as the big ticket, high-profile tourist attractions. That enables you to be competitive with your pitches whilst offering your clients an experience that money can't buy. A true win win.

Recommendations

3. Research

To enable this collaboration and open minded attitude to flourish, you'll need to do some research in the sector to find out who can offer what. After all, how would you find out about that Hong Kong wharf experience, or the Footys4All Uluru opportunity if you're not collaborating with others.

- > **For destination bureaus:** this means you may need to work more closely with business events suppliers and experience providers in your region, get to know what they're doing, make it easier for them to submit their ideas to you and find a way to systemise the process so that when new and exciting offers get created, you are the first to find out about them.
- > **For event planners:** it means working closely with your destination bureaus so they can let you know what's new and exciting so you can incorporate it into your CIT program and quote.
- > **For in-house incentive planners:** it means working closely with your teams and staff to find out exactly what they want from a CIT program. Why guess what they want to experience when with some well-placed coffee meetings or informal focus groups, they'll happily tell you.
- > **For companies offering CIT programs:** it also means getting some market data on what CIT programs your corporate competitors are offering as employer inducements, so that you can see how your program stacks up against them. You might need to work harder and incorporate more into the program or conversely, you may find what you offer is highly attractive and therefore something worth using as a selling point in your recruitment process.

4. Extra mile

Creating and curating these experiences may take more time at the outset, especially if you are working with new suppliers and can't fall back on the old iconic favourite destinations, attractions or tours that you used to offer. To service this burgeoning sector, it will require you to go that extra mile to make sure that you can:

- > Source new experiences.
- > Trial new experiences.
- > Engage the supplier.
- > Sell the concept to your client.
- > Ensure the budget stacks up.
- > Deliver the CIT program on time, within budget and to the highest standard.

But like all new initiatives, once you establish the systems and processes, the up-front time and effort you need to invest will diminish.

Recommendations

What do planners want more of and how can destinations bureaus and business event suppliers support them?

Here's a checklist of what planners want you to do:

- > Demonstrate previous successful case studies and list the advantages of why they should choose your destination.
 - > Create an attractive itinerary, present it with high quality graphics (and preferably video) so they can get a clear picture of why your proposal should succeed.
 - > For the growing Chinese incentive market, prepare a 'China-ready' itinerary ready to present and be culturally aware and trained in how to work with Chinese incentive groups.
 - > Organize familiarisation trips for incentive/event planners to introduce them to the destination.
 - > Offer effective support to incentive planners that lightens their burdens;
 - > connect them with relevant contacts
 - > assist them with creating client proposals
 - > provide incentives that can be directly transferred to clients such as sponsorship, gifts, welcome gestures etc that can help reduce client's costs.
 - > Provide a point of differentiation from other similar destinations and highlight desirable experiences and unique opportunities that can't be found elsewhere.
- > Help them craft tailored experiences and think creatively about how you can take existing experiences and add a 'twist' to make the program unique and memorable.
 - > View small incentive groups as genuine and lucrative sources of revenue for your destination (and don't overlook them in favour of large groups).

In conclusion

Despite whatever happens in the world, we all know that the great escape is travel, and for the 6th consecutive year, travel and tourism has continued to grow. The Asia Pacific region is a major player and a key driver to this growth.

With this appetite for travel, there is no better way for companies to attract, keep and reward high-performing sales staff and executives than Corporate Incentive Travel.

We hope this report has helped you understand this emerging trend and provided you with the insights and strategies you need to benefit from it.



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