

# The Incentive TRAVEL BUYER'S Handbook

2008 SUPPLEMENT TO  
NIELSEN TRAVEL NETWORK

Incentive

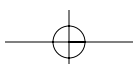
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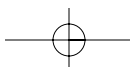
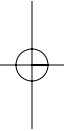
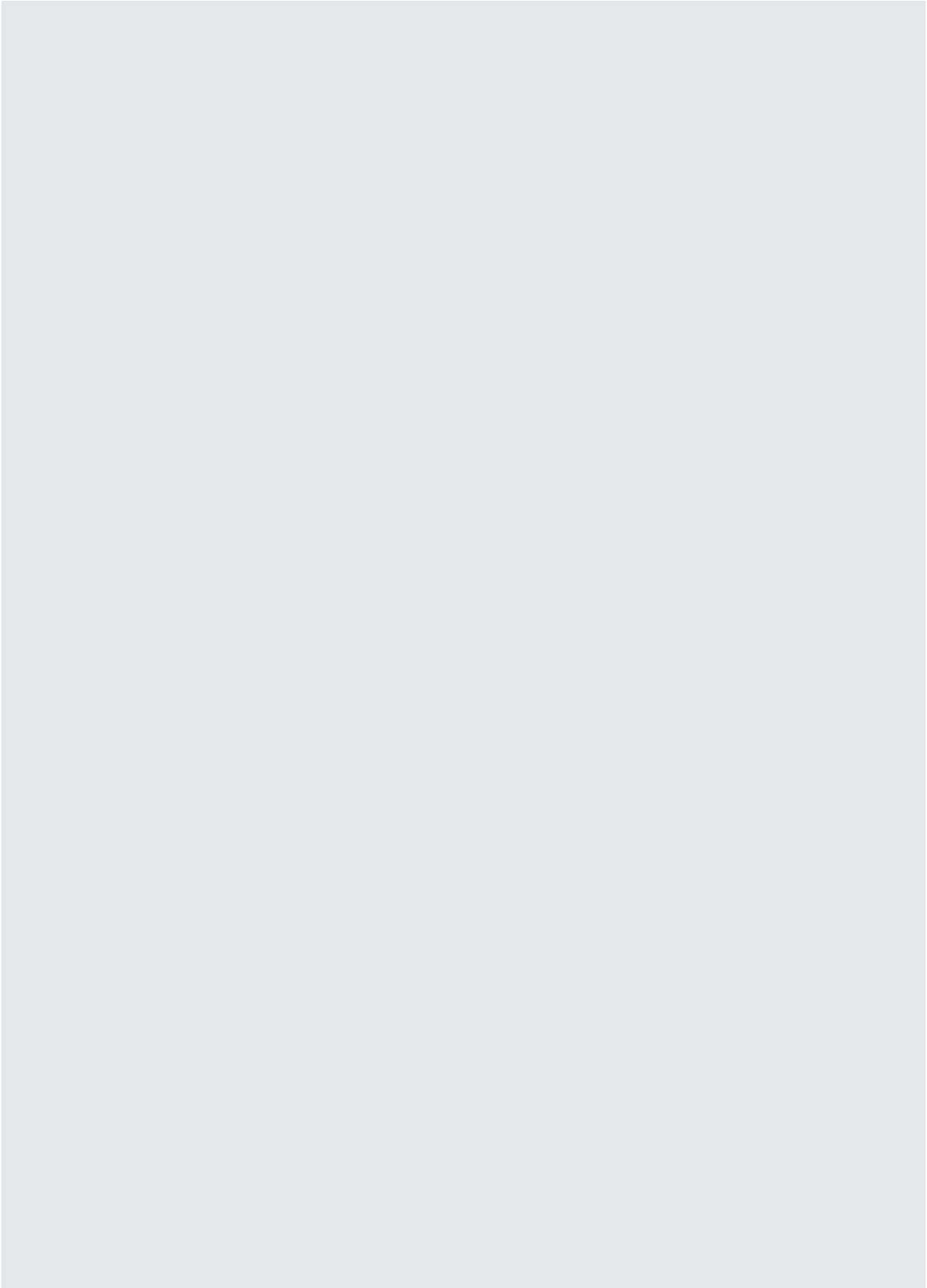
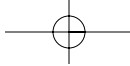
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The comprehensive guide  
to planning incentive travel programs





# Dealing with Change

Incentive travel planners wear many hats. They are motivators, negotiators, event designers, risk managers, and overall travel trend experts. These days planners need those skills and then some, like extra flexibility and creativity, to manage within a travel industry rocked by a struggling economy and soaring fuel costs.

While a lucky 16 percent of planners who answered this year's *Incentive Travel Buyer's Handbook* survey reported no changes to their incentive programs, the majority told us they are contending with the fallout of recent months, including airline cutbacks. Domestic destinations appear to have gained momentum for future programs, probably in response to the weak dollar

abroad. Forty-four percent of respondents, 10 percent more than last year, are giving cruising serious consideration for its almost all-inclusive pricing.

Wherever you stand planning wise, the *Incentive Travel Buyer's Handbook* will help you along with tried and true advice and input from your peers. Case studies from actual programs target family and individual travel, getting the most out of your budget, adding a philanthropic component, and crafting a strategic goal.

The good news: incentive travel still works. The planners may be just a little biased, but an overwhelming number agree that the travel experience is a motivating one—and worth the effort for all involved.

2008 SUPPLEMENT TO  
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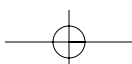
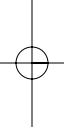
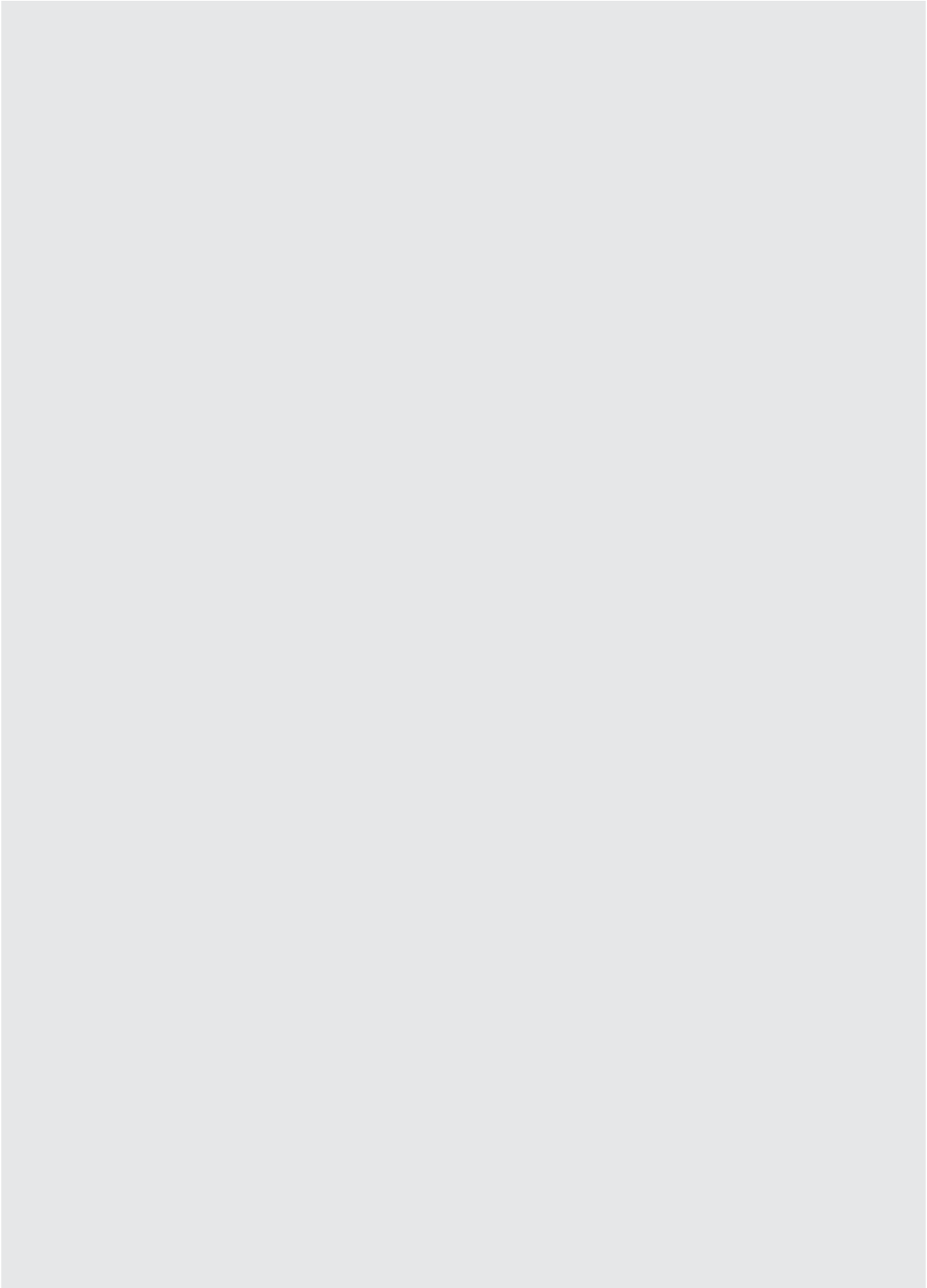
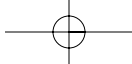
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### SURVEY METHODOLOGY:

The *Incentive Travel Buyer's Handbook* survey was conducted online from May 28 to June 17, 2008. There were a total of 327 respondents who are subscribers of *Incentive*, *Business Travel News*, *Successful Meetings* and *MeetingNews* magazines. All charts and graphs included in this supplement are based on the 2008 survey's results.



# the incentive travel buyer's handbook

## CHAPTER 1

### setting goals



#### case study

**strategic planning** If increasing sales is one of the most common goals of an incentive travel program, it's certainly not the only one. Corporate strategic goals can range from increasing employee morale to enhancing safety efforts, improving customer service efforts, and increasing market share in addition to a host of customer-related or dealer incentive goals.

Minneapolis-based MotivAction, LLC, worked with one heavy equipment manufacturer to achieve a goal that was important to the company, although outside of its prime business area of selling equipment. The goal was to motivate dealers to use the client to finance agricultural equipment, as opposed to using local banks and financial institutions.

To entice dealers to meet the aggressive program goals—increase the overall financing by 18 percent over the previous year—the manufacturer offered a seven-night Alaskan cruise as a reward to dealers who met their total program goal. Individual program goals were assigned to dealers based on past financing history and sales, and broken out by quarter and total program.

Along the way, dealers could win recognition pieces for achieving their quarterly benchmarks—pieces that were designed to generate and build interest, such as Native American dolls and a suncatcher with a pressed Alaskan state flower. The program included other touches to keep interest high as well. A quarterly trivia game, operated via a touch-tone system, allowed dealers to win prizes for correct answers about Alaska and simultaneously educate them about the destination. Creative and frequent communications included a video and custom calendar to keep the dealers engaged throughout the year.

The combination of a desirable destination, along with the frequent communications, resulted in a total increase in client credit financing of 19 percent (1 percent over goal) along with an increase in market share of 10 points. In total, trip qualifiers realized nearly a 50 percent increase over the previous year's financing, and 39 percent of the audience qualified, 4 percent more than the expected 35 percent.

"An Alaskan cruise is always in the top five requested destinations by [this group]," says Dave Holt, account executive for MotivAction. "The overwhelming success of this program is credited in great measure to the motivating impact of the Alaskan cruise on the dealer audience."

**F**irst and foremost, an incentive program is a means to an end—a strategy for achieving business goals. As such, the first step is to carefully consider what you want this incentive program to accomplish. You must ask yourself what your business goals are and how they fit with current market conditions. Only when you have answered this can you design and implement an incentive that gets you where you want to go.

#### what's the problem?

When you sit down to think about goals, don't try to go it alone. Include other representatives from your department as well as those from complementary departments. Their fresh perspectives might provide you with insights on your market or your target audience that you would not have thought of on your own. Be sure to keep in mind how your objectives are affected by the overall business environment, world events, economic factors, your company's strengths and weaknesses, and those of your competition.

Next, carefully consider your company's specific needs and goals. Do you want to:

- Increase sales
- Win new customers
- Increase market share
- Promote a specific product
- Pump up productivity
- Improve safety
- Maintain sales during a down period
- Build dealer traffic
- Boost morale
- Smooth out factory operations
- Build customer loyalty
- Maintain business-to-business relationships

Keep in mind that one incentive program is unlikely to solve all your difficulties. Instead, narrow your list to your most urgent needs. Prioritize this list and focus on the exact characteristics of the one or two most pressing needs. If, for instance, your main problem is poor morale, examine what has everyone down in the dumps. Are salaries on par with the industry average? Are employees given the resources they need to perform their jobs? Does management communicate openly and share information? By filling in the details, you can better target an incentive program to solve the problem.

#### create realistic objectives

Turn problems into goals. Whether they are related to sales, service, safety, or teamwork, realistic objectives share five common characteristics. As you evaluate and transform problems into goals, let these five points guide the way.

**1. STAY FOCUSED.** Keep your objectives simple and specific. Focus on one or two goals so employees can direct their efforts

# the incentive travel buyer's handbook

## CHAPTER 1 setting goals

**Be sure to keep in mind how your objectives are affected by the overall business environment, world events, economic factors, your company's strengths and weaknesses, and those of your competition.**

accordingly. If several goals are necessary, make sure that they are directly related and that participants understand the relationship. Narrow your goal down from a big idea like "sell more," "save more," or "produce more" to precise terms. For instance, rather than "sell more service plans," decide to "increase sales of extended service plans by 15 percent over the previous year in the second and third quarters of 2008." This specific goal has four components: the result (increased sales), the product (extended service plans), the desired increase (15 percent), and the time frame (the middle quarters of 2008).

**2. THINK ACHIEVEMENT.** Ambitious goals can be a rush, but unless those goals are achievable, they will only lead to disappointment. Bearing in mind current market conditions and your company culture, ask yourself the difficult questions that will help strike a balance between easy and unattainable goals:

- Can the goals be met? By whom?
- How hard will participants have to work to attain the goals?
- What will happen if many participants can't meet their goals?
- Has such a goal been met before, either by your company or a competitor?
- Could factors in the industry hinder the desired result?

**3. MAKE IT MEASURABLE.** Successful programs are quantifiable, whether you measure progress by a reduction in the number of accidents at a factory or track sales force progress by an increase in sales volume. No matter what your goals, the activities related to their achievement must be measurable. Nearly everything is, so the real question here is: Which measurements are too costly or time consuming to be worthwhile?

**4. TAKE CARE OF TIMING.** Every business has its seasonal ups and downs; be sure to take these cycles into consideration and incorporate them into your goal structure. Snowblowers just don't sell in July, so it would be suicidal to run a June to August incentive that anticipated a big jump in incremental sales on that item. Even if the program were to generate a 10 percent boost, the profits would pale in comparison to a 10 percent rise

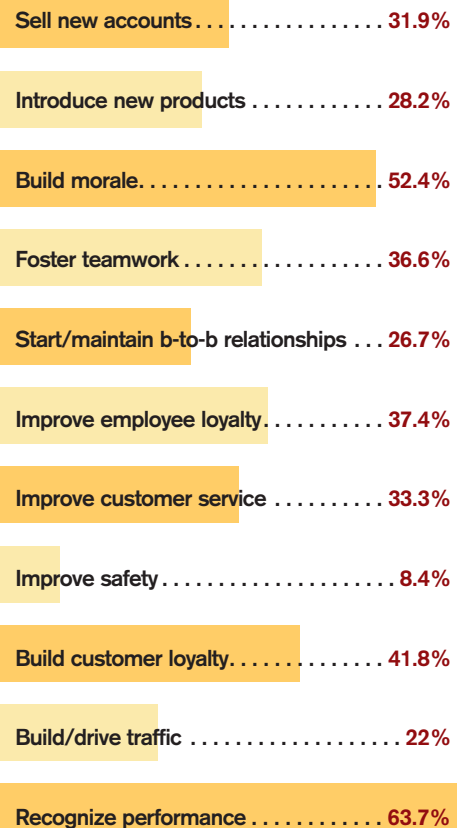
during a December "Let it Snow" incentive.

**5. SEE THE SYNERGY.** Once your goals are focused, achievement-oriented, measurable, and well timed, do a final check to ensure that they are also in line with corporate goals and company policies. Gathering observations and feedback from colleagues in the trenches might help protect you from goals rendered unattainable by the realities of the workplace. Particularly for non-sales-based incentive programs, this might require that you conduct surveys or focus groups with interested parties before homing in on the most critical objectives. For example, what seems like a revolutionary idea for reducing the number of traffic accidents in a fleet of delivery trucks could quickly break down if poor vehicle maintenance, rather than a lackluster training program, is the true cause of the problem. ■

## JUST THE STATS

### Aiming High

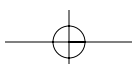
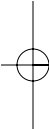
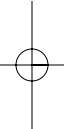
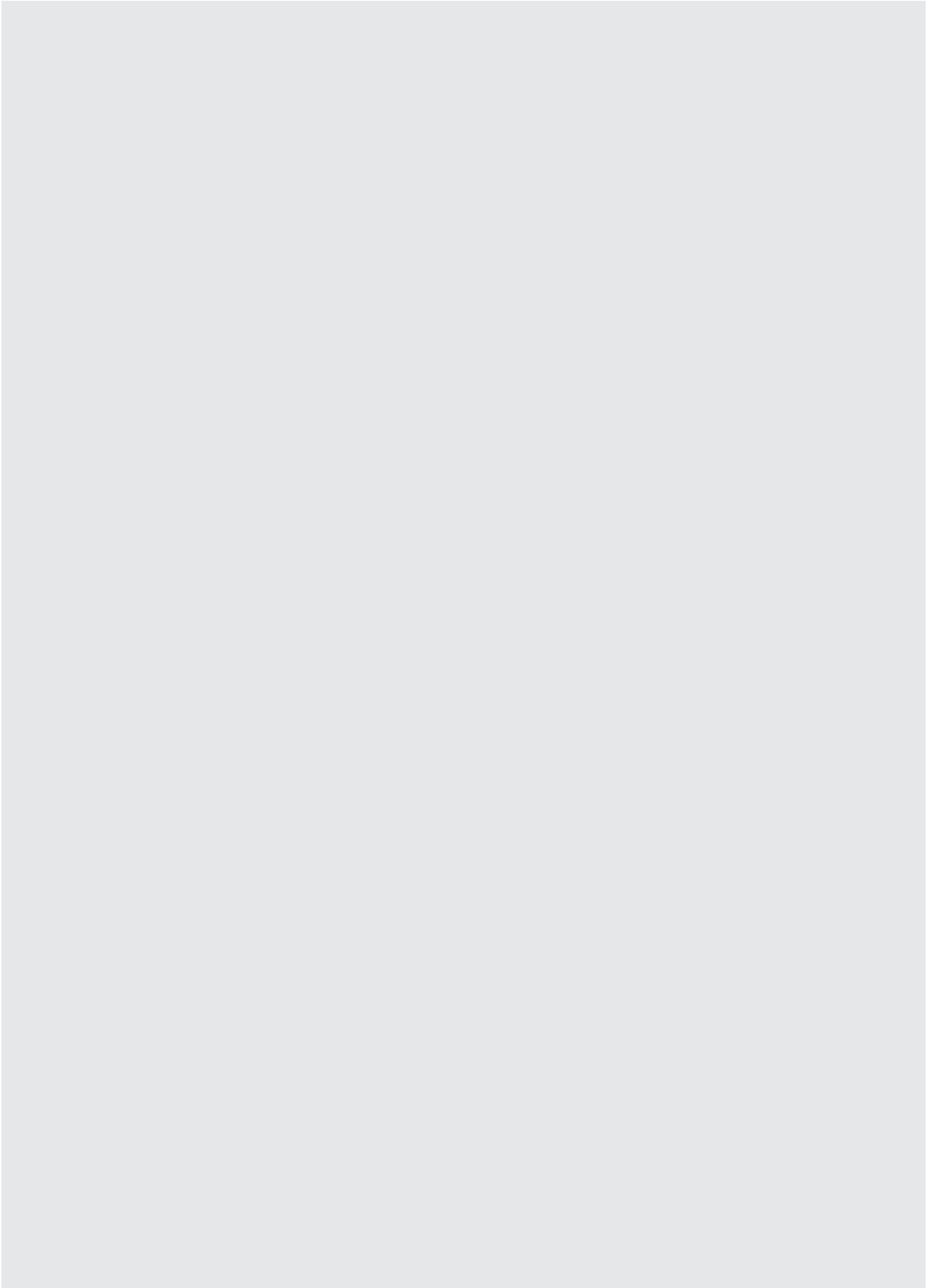
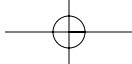
Incentive travel objectives set include:



## program pointers

**short term vs. long term** Determining how long an incentive travel program will run depends on the needs of your organization. For example, if sales are sluggish, maybe a quick, quarterly incentive might prove valuable. Or if a particular new product needs dealer buy-in, then a year-long program that includes education, product promotion, and contests might be the most strategic approach. Seasonal, short-term programs are common in the world of consumer promotions.

Establishing the optimal time frame requires analysis of an incentive's objectives, bearing in mind that external market conditions will also impact a program's duration.



# the incentive travel buyer's handbook

## CHAPTER 2

# map a strategy



**N**ow that you have set your goals, this is the time to determine exactly who you will motivate and how. Begin by pinpointing the partners throughout your distribution channel. Who is involved with getting your product or service to market and what do they do? How much enthusiasm for the incentive can you expect from them? Evaluate any legal restrictions or geographic boundaries that might come into play.

Now, home in on who needs to be motivated and consider exactly how you'll go about it. Often it is easiest to work backwards, beginning with the people closest to the desired behavior—for example, automobile salespeople who move vehicles off the lot or call center reps who deliver customer service. Then you can move up a level and include their managers and supervisors. The greater the reach, the more effective the incentive—but, often, the greater the budget.

Again, balance is key: You'll need to crunch the numbers to find an award large enough to motivate and still fit within your budget. Productivity ratios can help, but don't rely solely on the 80/20 rule, which states that 80 percent of your profit comes from 20 percent of your work force. Instead, do the math to find the ratio for your company. This information helps structure an effective program, whether it's one that offers a large reward only to the top few performers or features smaller rewards for a few tiered qualification levels.

Before there can be rewards, there must first be results. Translate the results you want from the program into a simple formula of behaviors—new accounts opened, referrals made, training courses completed, accidents averted—and decide how often your results will be reported. A good rule of thumb is that the shorter the program, the more frequent the reporting needs to be: weekly for a six-week program or monthly for a year-long program, for instance. In any case, don't wait too long.

Participant enthusiasm feeds off the knowledge of how they're doing in comparison to their previous performance and their competition's performance.

### writing the rules

When communicating the rules of your incentive program, make the wording as clear and straightforward as possible, and avoid cute or clever phrasing that supports a theme but might confuse your audience. For added assurance, run your rules by a panel of potential participants to make sure they are fair and easily understood. And no matter how simple your rules, expect the unexpected—such as a tie between the top two participants—and put a contingency plan into the rules.

Incentive program rules are guided by the kind of program you're running, either closed-ended or open-ended. Closed-ended programs have a pre-set budget and a guaranteed number of winners. The advantage is that it helps sponsoring companies know their exact costs from the start and helps to save on expenses. They are often presented in the form of a contest or sweepstakes, and they work best for a group of seasoned workers with a proven track record.

### closed-ended rules

Here are some popular closed-ended programs and the basic rules that govern them:

**LUCKY SQUARES:** Make a sale and write your name in a square. Winning squares are picked at the end of the week.

**PICK 10:** Every tenth sale earns an entry in a sweepstakes drawing for the trip.

**MAKE YOUR OWN ODDS:** Earn a chance to win for every sale.

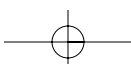
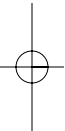
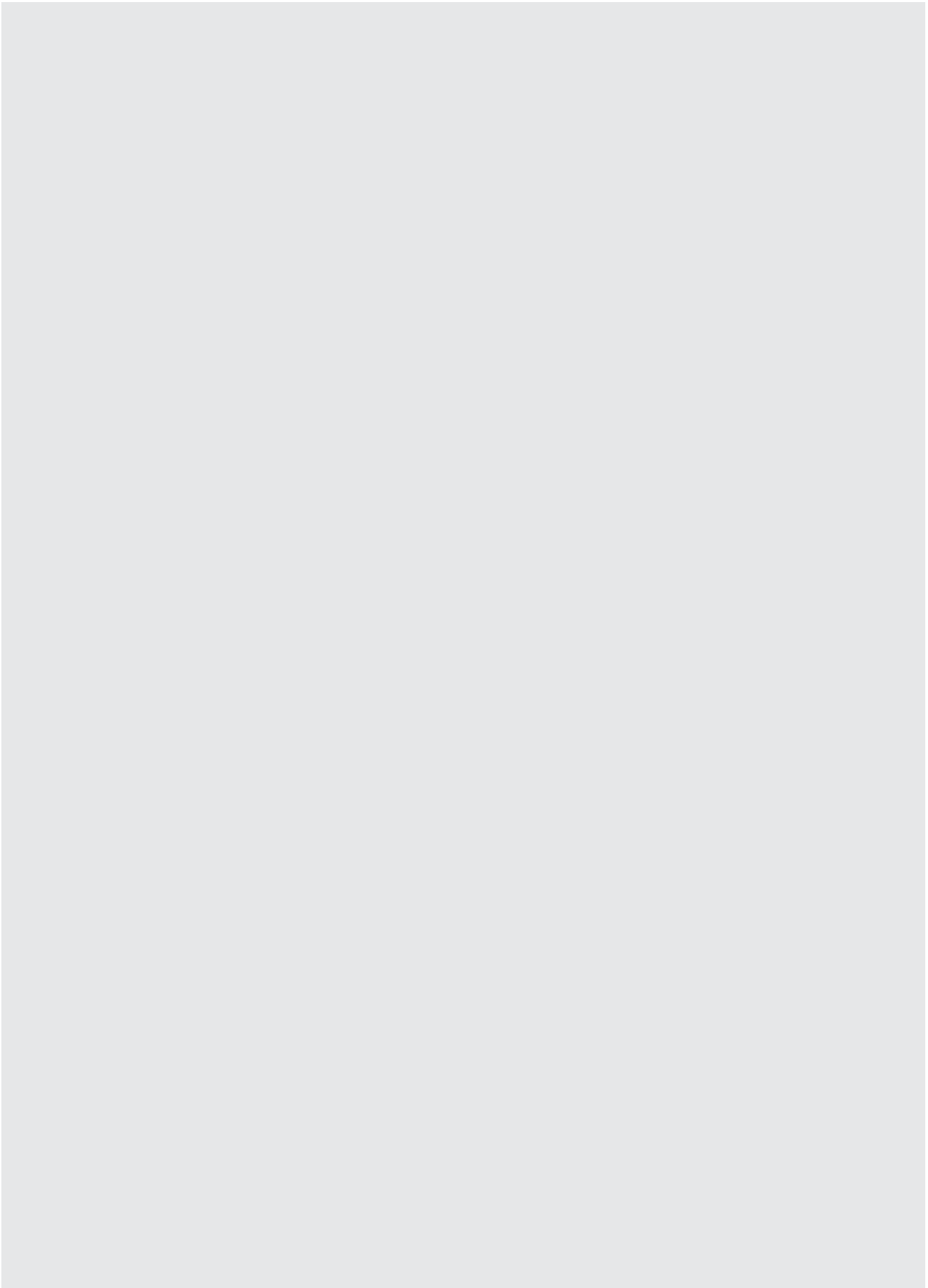
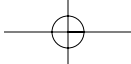
**ONLY THE TOP WIN:** The top 50 performers qualify for the travel award.

**HIT-AND-WIN OR BUY-IN:** The top 50 achievers get the award; those who reach at least 50 percent of their goal can pay a premium and buy their way into the trip.

**UNEQUAL THIRDS:** Participants are divided into three groups and the top 20 performers in each group qualify for the award.

### open-ended rules

With an open-ended program, on the other hand, there is no limit to the number of winners or the number of points or awards they can accrue. Program expenses, then, are tied to the performance of the participants, although generally increased sales pay for rewards. Open-ended programs are more motivating because anyone who achieves the pre-set goal will win



# the incentive travel buyer's handbook

## CHAPTER 2 map a strategy

something. The following are some open-ended program structures:

- STANDARD:** Participants earn a predetermined number of points for every sale they make.
- QUALIFIED:** Participants earn points only after reaching a minimum goal.
- RETROACTIVE:** Similar to a qualified program, but the payoff includes credit for sales leading up to the minimum goal.
- ESCALATING:** The more you sell, the more you earn.
- BID-AND-MAKE:** Participants set their own goals (subject to management approval) and are rewarded for achieving them.
- TEAM BONUS:** Participants receive bonus awards if everyone on their team makes goal.

### spurts of activity

In addition to the basic program strategies outlined above, there are options for when your program needs an extra push or when you want to promote a secondary goal, such as training or service. Spurts are designed to prod your participants into increased productivity, and work especially well at the beginning and middle of a year-long program. Early on, they create excitement. At the midway point, they revive it. Any specific behavior or product can be the objective of these spurts, with extra awards for achieving these goals. Here are some common jump-start strategies:

- FAST START:** Every sale made in the first two weeks earns double points.
- SPRINT:** Earn bonus points for sales of featured models during a short period.
- FAST FINISH:** Double rewards for every sale made in the last few weeks of a program.

### secondary goals

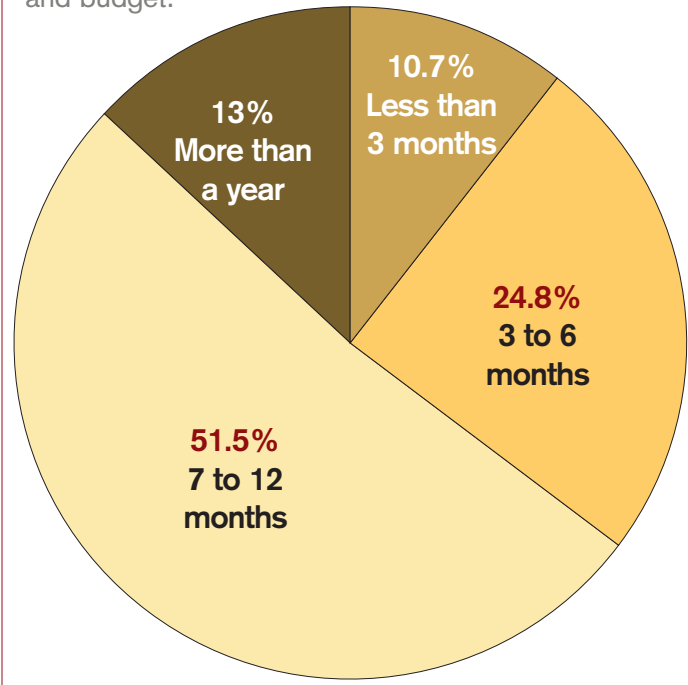
Most incentive programs contain more than one objective. A campaign primarily targeted at cutting costs 10 percent this year based on suggestions from assembly line workers could have building a sense of ownership among workers as its secondary objective. If the primary goals are attainable and a significant number of participants qualify for awards, it is more likely the secondary goals will be satisfied. You can include secondary goals in your program rules structure in the following ways:

- BEYOND THE SALE:** In addition to points earned for making a sale, participants earn bonus points for prospecting, demos, calls, and expense-control efforts.
- WIN TWO WAYS:** Participants earn points for each sale, and the top 50 earn additional rewards, such as a trip.
- ON-TARGET BONUSES:** Bonus points are awarded for every quarter that participants meet their goal. ■

## JUST THE STATS

### Timeline

Length of the qualifying period for incentive travel programs can vary depending on strategy, goals, and budget.



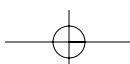
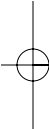
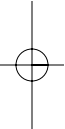
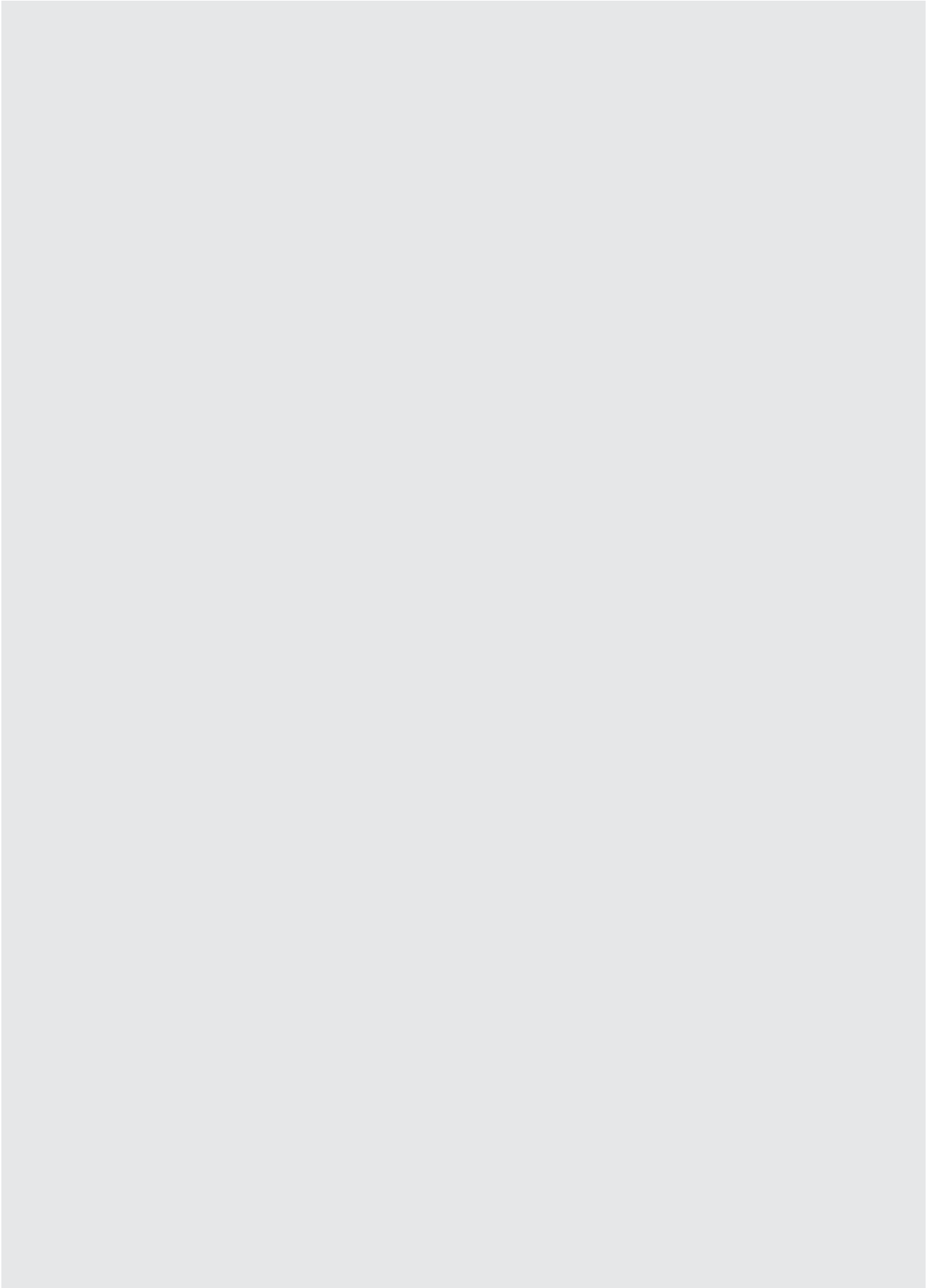
### program pointers

**open or closed?** When it comes to program type, there are advantages and disadvantages of both open and closed programs. Check out the following to help decide which type of program is right for your group.

**OPEN-ENDED PROGRAMS** award all participants who achieve a predetermined level of performance. The benefit of this type of strategy is that it produces better results as it targets the 60 percent of people who generally function at the average level. But beware, budgeting may be more difficult since there is no way to pinpoint the final outcome.

**CLOSED-ENDED PROGRAMS** limit the number of qualifiers to only top qualifiers. While easier to budget, this strategy can alienate sales executives who make quota but still aren't at the top of the heap. Also, repeat winners may dominate the program, leaving the low performers unmotivated to participate.

Programs don't have to be strictly locked into an "open" or "closed" format. Multi-level programs give participants the opportunity to win increasing levels of rewards based on their performance, with higher tiers tying into higher performance. Often in such programs, there might be a predetermined number of winners at the top tier, while the lower tiers are open to anyone who meets their goals.



# the incentive travel buyer's handbook

## CHAPTER 3

### crunch the numbers



#### case study

**Two Is Better Than One** With the increasing costs of gas, decreasing corporate budgets, and a generally poor economic outlook, Scott Siebert, divisional vice president of sales for Atlanta-based USMotivation, has found that all-inclusives are an increasingly popular option for budget-minded incentives.

Since 2006, all-inclusives have been the solution for a travel incentive for the parts and services department of one brand of a major automobile manufacturer that Siebert has worked with since the 1990s. "We get a strict budget from them," says Siebert. "All-inclusives have worked well, not only for keeping within their budget but for ensuring that the winners don't have any additional out-of-pocket expenses."

Building on the success of their programs at Paradisus in Puerto Rico in 2006 and Riu Palace in Mexico's Cabo San Lucas in 2007, the company opted for Aruba in 2008. Although all-inclusives are not as common in Aruba as in some other destinations, the Hyatt Regency Aruba Resort & Casino created a program tailored to the company's needs. But the real savings came when another brand of the same company wanted to start its own similar parts and services incentive, and USMotivation suggested the two brands do back-to-back programs at the same resort.

"By choosing to do similar things for each of the two programs and holding them back to back, we were able to maximize their budgets and get a better rate for each of the groups," says Siebert. "We basically did the same special events for both groups, which allowed for economies of scale. With the DMC, for example, we were able to buy two events for a cost of 1.8."

All the USMotivation staff were able to stay for both events, saving in airfare back and forth, as did a video crew who created a video at the end of each event. While each video was customized to the group, Siebert notes that the background footage was used in both, further saving expenses. "When you effectively combine two programs, you can get a better rate for each of them," says Siebert. "To stay within a tight budget, two is better than one."

The profits or cost savings generated by a well-structured incentive program will cover its costs, but you probably won't know the exact results until the program has concluded. So what does this mean for your budget, which needs to be firmly in place before the incentive campaign can begin?

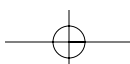
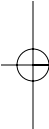
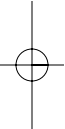
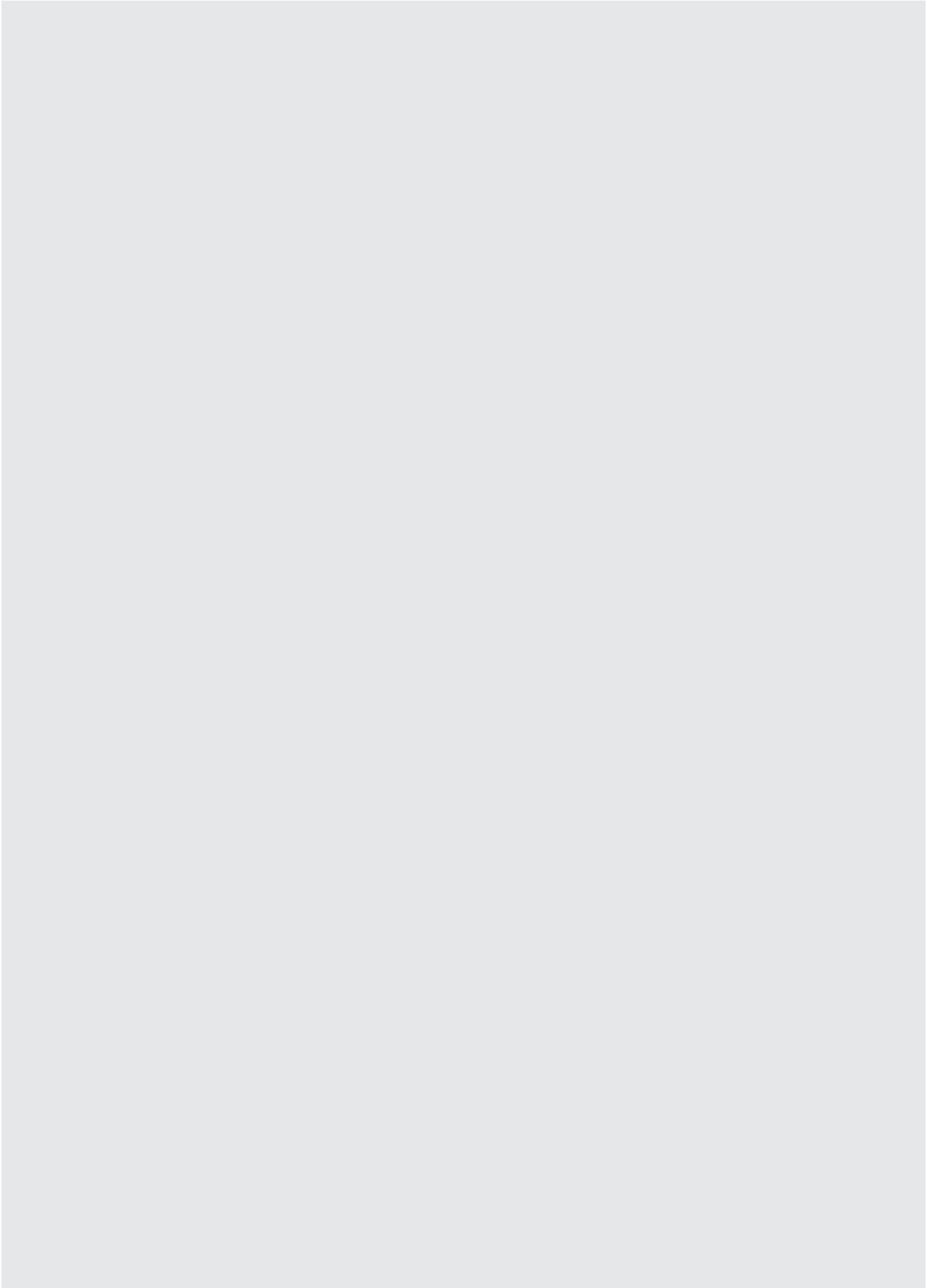
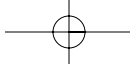
A good rule of thumb is that companies should earmark 5 to 10 percent of the profits the program generates (incremental sales), or 1 percent of overall sales, for the cost of the program itself. The administration budget should account for 5 to 15 percent of the total program cost. Spending will fluctuate, depending on the intricacies of the program, how much analysis will be done on the results, how detailed it will be, and how many hours are required to handle administrative tasks. The promotion budget should stand at a firm 20 percent because communicating with participants is integral to the incentive's overall success.

By far the largest chunk of the budget—70 to 75 percent—should be spent on the awards themselves. For a travel award, this money covers transportation, accommodations, food and beverages, activities, events, meetings, room gifts and amenities, as well as miscellaneous fees, gratuities, and taxes.

With that in mind, there are a few factors to consider: The higher the participant's income, the higher the award required to spark outstanding performance. For a sales or dealer incentive, the value of the award should equal 2 to 5 percent of the participant's annual income. In a non-sales program, that number can fall to 1 percent, depending on the work required. In a short program, the prize should be of higher relative value to produce quick results. The more experienced the participant is with incentives, the more attractive the reward needs to be.

If your organization is new to incentives or if you've taken your motivation strategy in a new direction, you might also have to put aside a portion of the budget for research or training. Employees need to know how to perform the desired function in order to improve their performance the next time around. If neither of these is necessary, adjust the budget accordingly.

Just as with rules structures, there are two types of budgets: open and closed. Administrative costs tend to be higher and the promotion strategy and rules more complex with an open budget.



# the incentive travel buyer's handbook

## CHAPTER 3 crunch the numbers

However, it also provides a chance to sell more product, because there's no limit to the number of points or dollars that can be earned by the participants.

With a closed budget (also called a fixed budget), there's a cap on the total value of awards and the number of winners. The advantage here is that you will know the exact costs of the award beforehand. The downside, however, is that many participants may feel shut out from the chance of winning and feel unmotivated to try, thus limiting the incremental profit generated by the program.

### additional funding

Should the need for additional funding arise, with a little creative thinking, you can find several sources for the extra dollars:

**MEETING AND TRAINING FUNDS:** If incentives require early training sessions or kick-off meetings, request that some dollars be funneled from these areas to cover incentive program costs.

**VENDOR SUPPORT:** If your product or service incorporates those of other companies, an increase in sales will benefit them as well. Approach them about picking up part of the tab for your program.

**BARTER:** Your products or services can be useful to a reward supplier and could help you cut costs.

**PARTIAL BUY-INS:** It can be risky, but if your program results can't fully cover the cost of rewards or if an insufficient number of people qualify, participants can be given the option of paying part of the award price, based on their level of performance.

### tax savvy

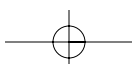
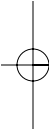
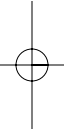
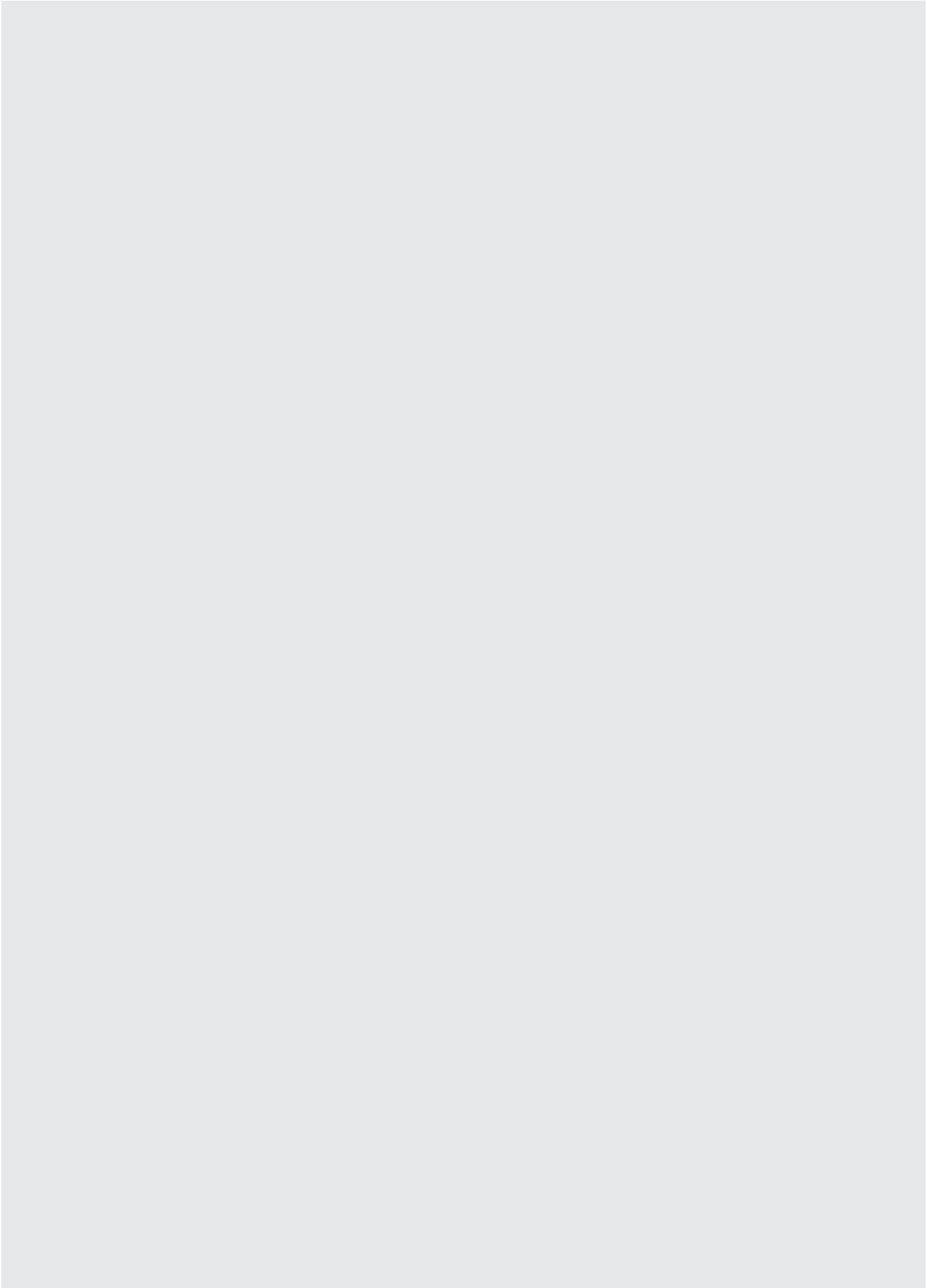
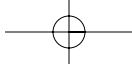
Generally, the federal government views incentive travel as "income," and it is taxed as additional compensation. So, depending on the type of program, the market value of the travel award, and the cost of any accompanying merchandise awards, you and your winners might have to report earnings related to the incentive program to the IRS using 1099 or W-2 forms once the campaign has been completed. The same factors will affect whether your company can deduct any of the award value from its books, so it's important to understand the tax issues upfront. Here's the skinny on the tax code as it relates to incentives and promotions:

- Certain types of awards (but not travel) qualify for preferen-

tial tax treatment. The Tax Reform Act of 1986 provides, in general, that an employer may deduct the cost of "employee achievement awards" given to the same employee up to \$400 per year. If the award is offered under one or more established, written plans or programs from the employer, the limit increases to \$1,600 per employee. Such an "employee achievement award" is not only deductible to the employer, but it does not have to be included in the taxable income of the employee. The IRS defines "employee achievement award" as an item of "tangible personal property" given to an employee by an employer for safety achievement or length of service. It must be awarded with a meaningful presentation. It cannot be disguised compensation, nor distributed at the same time as an annual salary adjustment, nor can it serve as a substitute for a cash bonus. Only merchandise or gift certificates redeemable solely for tangible goods can be excluded from income under the tax code.

- A trip offered to employees in a qualifying program is treated as income to the employee and should be reported at its fair market value on the employee's income statement. A 1099 form must be issued to employees and nonincorporated customers for travel awards with a fair market value of more than \$600. The cost of the travel award is deductible by the employer as compensation paid. This is good news for the organization, but bad news for employees and the reason many employers later reimburse winners for the additional taxes due.
- If the primary purpose of the travel event is a meeting, then it may be deducted as a business expense by the company and is nontaxable to the employee. However, tax regulations are increasingly strict in their definition of a meeting, and such advantages do not hold for meetings outside North America, except in some Caribbean destinations or on foreign-flag cruise ships.
- When individual travel is offered as an incentive, it is likewise taxable to the recipient at its fair market value. If individual travel is offered as a gift, the corporate deduction is limited to \$75.
- There are also tax implications if merchandise is part of your travel program. Tangible items with a fair market value of more than \$75 are taxable as income to the employee and tagged as compensation by the company. Items under \$75 are deductible to the sponsoring company and nontaxable to the recipient. A 1099 must be issued to the employee for merchandise awards with a fair market value of more than \$600. Again, it is common for companies to reimburse winners for the taxes due on an incentive award. ■

**If your organization is new to incentives or if you've taken your motivation strategy in a new direction, you might also have to put aside a portion of the budget for research or training.**



# the incentive travel buyer's handbook

## CHAPTER 4

# choose the award



part of your campaign and could be the most complex aspect of the planning process. After all, it is the tangibility of the incentive travel award that your audience will strive for, and the memory of the trip that will last long after they've returned.

So put aside your own preferences and instead focus on the hopes, dreams, and aspirations of your winners-to-be. Put yourself in their shoes. What destination, activities, level of luxury will push them to excel? Remember, too, that the level of the award will be predicated to some extent on how long your program is running, with less expensive rewards for shorter programs and the once-in-a-lifetime experiences for longer programs.

Your award decision should take into account several factors about your target audience:

**DEMOGRAPHICS:** Ask yourself these questions as you begin the planning process:

- Who are you motivating?
- Where do they live?
- What is the age range of the group?
- What is their average income?
- Do they have families?

All of these characteristics affect the level of expense and sophistication necessary to motivate your audience. Six-figure earners who live in a big city will have different expectations than will small-town factory workers.

**LIFESTYLE:** Without resorting to stereotypes, be aware that men and women frequently have different needs and wants. Men may clamor for a golf course while women might prefer a resort with a spa. A family-oriented audience may appreciate educational attractions or theme parks.

**RELATIONSHIPS:** Internal and outside salespeople, dealers/ distributors, service representatives, and consumers are all poten-

**U**p to this point, all of your program planning has been in abstract terms of goals, measurements, and budgets, but now it's time to choose your awards. This is the most conspicuous

tial incentive targets—and all of them have different levels of interest in the success of your program.

**EXPERIENCE:** The more they win, the more they want. Repeat winners naturally expect the sponsoring company to top last year's award while maintaining a consistent rules structure. On the other hand, neophytes may deliver a performance comparable to a repeat winner—for relatively less reward.

### points to consider

After you've thought long and hard about the nature of your audience, turn your attention to the award itself. Here are a few things to keep in mind as you dream up an award that truly motivates your participants:

**ATTAINABLE:** Participants must feel that the award is within their reach, that it is something they can actually earn. One way to ensure this is by introducing tiered awards that offer a mix of good, better, and best, so that participants of all levels have something to strive for. According to the results of the 2008 *Incentive Travel Buyer's Handbook* survey, 40.4 percent of respondents plan tiered incentive travel programs.

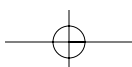
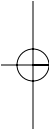
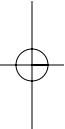
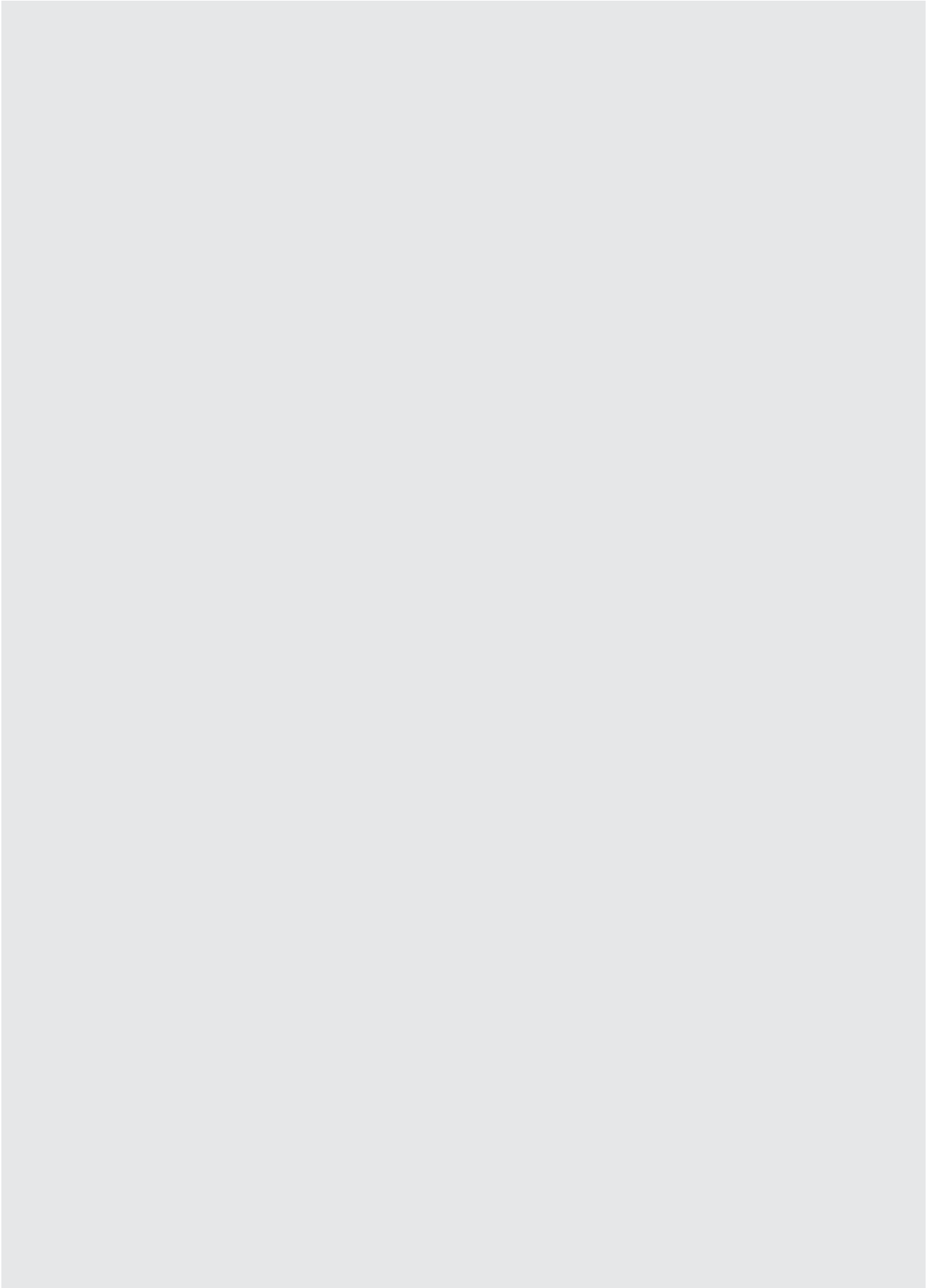
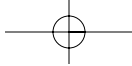
**VARIETY:** Everyone has different wants and needs, so when possible, consider offering a range of choices within your award mix. Group travel can offer a choice of comparable destinations, say New York, the Napa Valley, or Cancun. Likewise, individual travel awards can allow for a range of destinations, accommodations, or lengths of stay.

**TIMELY:** The sooner the award is delivered, the more likely it is your winners will remember they are being rewarded for a particular behavior or achievement performed on behalf of your company. Travel awards for a year-long incentive should take place as soon as the results have been verified, preferably in the first quarter of the following year. Individual travel certificates should be delivered within 72 hours of when they are won.

**BARGAINS:** Trying to save a few bucks can be self-defeating. Scheduling a trip during the less-expensive off season may save your company some money, but it could cost you in effectiveness if the group is unable to enjoy the destination due to predictably inclement weather.

**YOUR WINNERS:** Once again, what you would want if the tables were turned should never be the criteria for choosing an incentive travel award. That's why you spent all that time getting to know your audience, their demographics, lifestyle, and habits. ■

**The sooner the award is delivered, the more likely it is your winners will remember they are being rewarded for a particular behavior or achievement performed on behalf of your company.**



# the incentive travel buyer's handbook

## CHAPTER 5

# motivate, monitor & measure



**A**t every stage of an incentive travel program, planners have an opportunity to optimize results by taking a proactive approach. No matter how ambitious an incentive, a program won't get off the ground if no one knows about it. That's where promotion comes in handy. Not only does a compelling communications plan maximize the motivational impact of a campaign, it drives participation, builds momentum, and establishes a benchmark for future initiatives. While business objectives may vary from organization to organization, the goal of communication remains constant—keeping the incentive top of mind with its target audience.

Start with a central theme. Since the theme will appear on all collateral materials, it should be fun, engaging, and universal. Common tie-ins center on the cultural aspects of the selected award destination or the motivational merits of a popular movie or person. Whatever the theme, all graphics and written content should reinforce a positive message as well as promote the incentive travel award to get the most impact. Expect to budget between 10 and 20 percent on incentive communication pieces. Start your communications blitz by understanding five key areas: the program launch, qualification period, mid-program motivation, award delivery, and post-program assessment. Remember, promoting an incentive is about generating excitement throughout the program, so be creative!

### the launch

The way you launch an incentive program can make a huge difference in the long run. First impressions strongly impact program participation. Teasers, official announcements, and kickoff materials are all essential tools designed to elicit a "wow" response and get people jazzed about the program. Here are few points to jump-start your incentive initiative:

- Create an eye-catching teaser and enrollment kit that outlines

the program's goals, qualification requirements, and rewards. One way to create excitement is to include a theme-related premium with the mailing, like a jigsaw puzzle of the destination, or sunglasses if headed to a sunny resort. Give your audience a hint of what is to come. Follow up with an official program announcement that details the "fine print" issues, such as objectives, rules, measurement systems, timing, and tax implications.

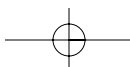
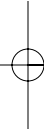
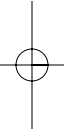
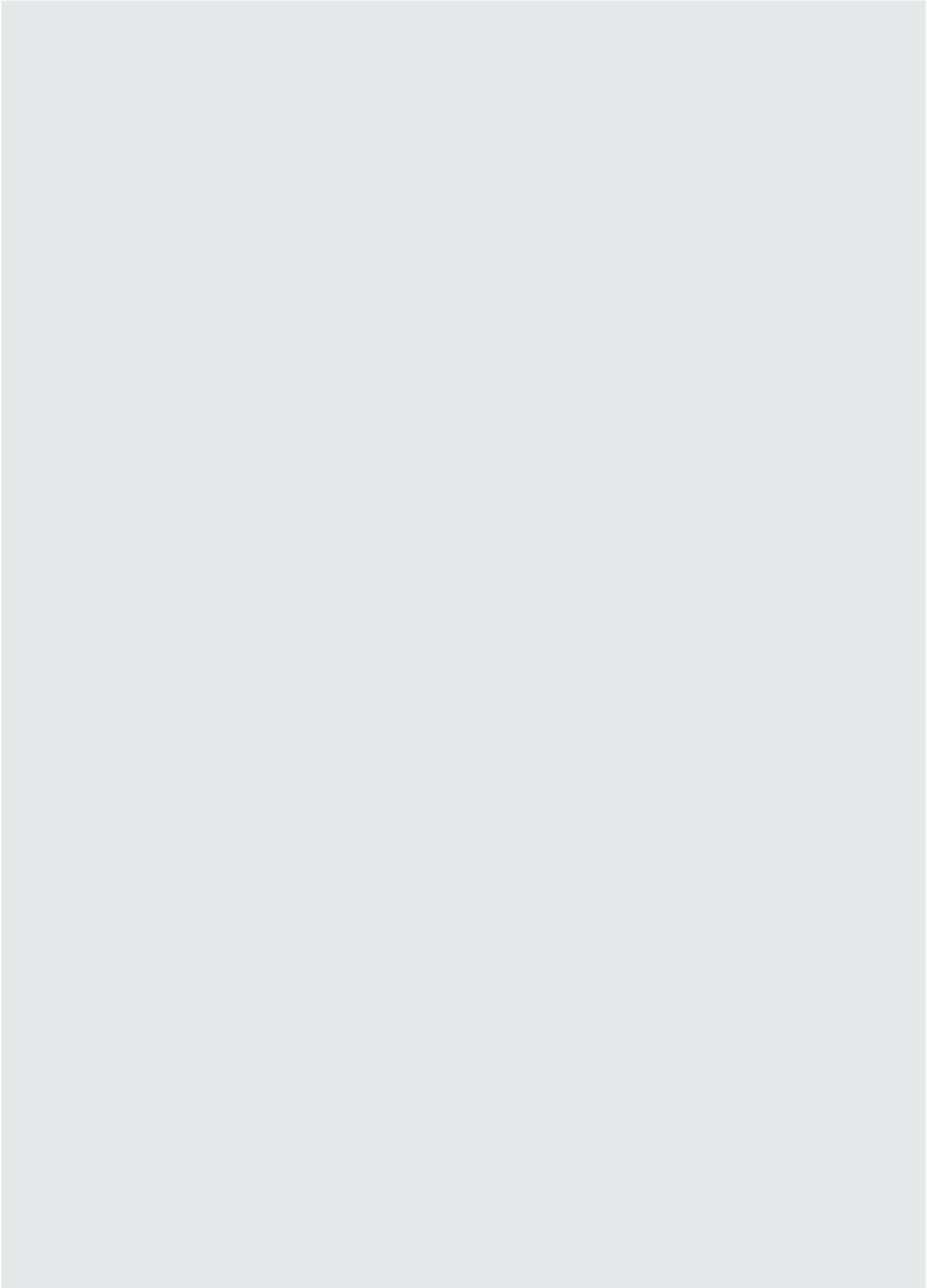
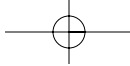
- Give your target audience a reason to respond. All mailings should include a trip itinerary and related information on the destination, such as travel and customs requirements, currency, weather, and appropriate attire.
- Use other promotion platforms such as a company Intranet to support your efforts. Kickoff collateral, such as eye-catching banners, posters, and videos, should be placed in office common areas to provide employees a visual reminder of their potential reward.
- After sending out the teasers and enrollment kit, it's time to sign up interested individuals. Make sure that information is accurate to ensure that all incentive-related materials are delivered in a timely fashion.

**While business objectives may vary from organization to organization, the goal of communication remains constant—keeping the incentive top of mind with its target audience.**

### the qualification period

Midway through the program, it is important to make sure that participants are on track. This can be achieved by keeping accurate records through your own database system or Enterprise Incentive Management technology, an industry-specific platform designed for this purpose. Determine whether administration of the program will be handled in-house or by an outside firm (also see Chapter 7, "Outsourcing," starting on page 28). At this phase of the incentive process, you'll need to:

- Create periodic summaries of the incentive program's progress. The information provides an overview of collective progress, helping you as the planner ensure that the program is on track. Also be sure to send individual participants their own performance updates. Frequency of updates depends on the length of the program. While participants want to know where they stand, they don't need information overload.
- Determine whether additional resources are needed to bolster performance. Is there a great variance in performance? If some individuals seem to be missing the mark, it may be



# the incentive travel buyer's handbook

## CHAPTER 5 motivate, monitor & measure

time to provide additional support. For example, does the target audience need additional product training to help them meet their sales quota? Or maybe your target audience needs to be reminded of why they are working harder in the first place.

- Take note of external factors impacting the incentive program. Sometimes there are conditions or events that affect an individual's ability to achieve their goals. For example, the competition introducing a new product, a war, or channel partners slashing budgets can all negatively impact your participants' ability to meet their goals. Document all information that will help better structure future incentive strategies.

### mid-program motivation

Communication works several ways during this mid-program phase. The critical point is to make sure participants receive frequent updates on their progress, whether through mailings, e-mails, a company Intranet, or other method. Employees use a variety of communication methods, and planners need to be sure they've got their bases covered.

For those participants who are successfully meeting their goals, promotions at this time can be reminders of what they've accomplished so far. For their peers who might not be hitting their numbers, fun mailings and friendly reminders might be the little push needed to motivate them to move ahead full force. At this point, promotional items should include pointers to success, as well as enticing pictures of their ultimate incentive destination. Simple post cards or e-mail blasts such as "Phoenix, here we come!" can have significant influence on performance.

Make a plan for impressions. At this time, clever teasers will set top-of-mind awareness. For example, for a trip to Hong Kong,

you might send a series of monthly e-mail blasts and then once a quarter send something more tangible, such as a fortune cookie and an Eastern scroll detailing the trip.

Also consider sending at least some materials directly to a participant's home, rather than to the office, especially if spouses and children are included in the trip. Receiving packages at home can build excitement among the participant's family, further spurring the participant to achieve the goals.

### award delivery

Now that the shining moment has arrived, make sure your incentive winners revel in their glory. Send letters congratulating winners on their achievement. Get participants excited with a care package that highlights the upcoming program's activities and events. Pre-trip products are also a nice touch at this point—upscale wallets that hold agendas and airline tickets, pouches to carry passports, and luggage are popular items. In addition, when you send the notification that a participant is a winner, it is a good time to send an "heirloom" gift as well, usually a product that serves as a reflection of the achievement and the program, directly to recipients' homes. Products in this category can range from a fine watch or camera to a golf bag or a piece of crystal.

Upon arrival in the destination, greet guests with a gift that ties in the incentive theme. In-room gifts should become ever grander and should include a good mix of categories. On the first night, it's nice to give participants amenities that they can use while they are on the trip, such as a sun hat in the Caribbean, an unlimited subway pass in an urban area, an electronic language translator for cities abroad, or a digital camera. Wearable items, like good-quality polo shirts, golf shirts, and fleece jackets, are also popular.

Reinforce the program and its theme with signage, branded menus and programs, as well as nightly room gifts—little details can make a long-term impact. An awards dinner can be the perfect time to reward those top performers, allowing them to be recognized in front of their peers and also inspiring others to aim high. Such awards are typically high-quality ones that can be displayed on the winner's desk or shelf. From crystal to plaques, such gifts give participants ongoing recognition, help them to remember the goals and achievements, and serve to inspire others in the organization.

### post-program assessment

Running an incentive doesn't stop after the completion of a trip. Before you relax, evaluate the program's results. More than merely wrapping up loose ends, this crucial final step will tell you if your company actually met its goals and alert you

## program pointers

### get the word out

- Expect to allocate between 10 and 20 percent of an incentive budget to communication pieces.
- The shorter the program, the more frequent communication mailings should be. As a general rule of thumb, for incentive programs with a qualification period of three months, send a mailer once every two weeks. Year-long programs require a mailer each month.
- Personalize all incentive-related letters with the executive touch. Make sure a company official signs all congratulatory letters. Recognition from upper management reinforces employees' hard work.
- Share incentive winners' accomplishments with their colleagues by highlighting their contributions in a company newsletter or e-mail memo.

Recognition doesn't end at the completion of an incentive program; it should be ongoing.

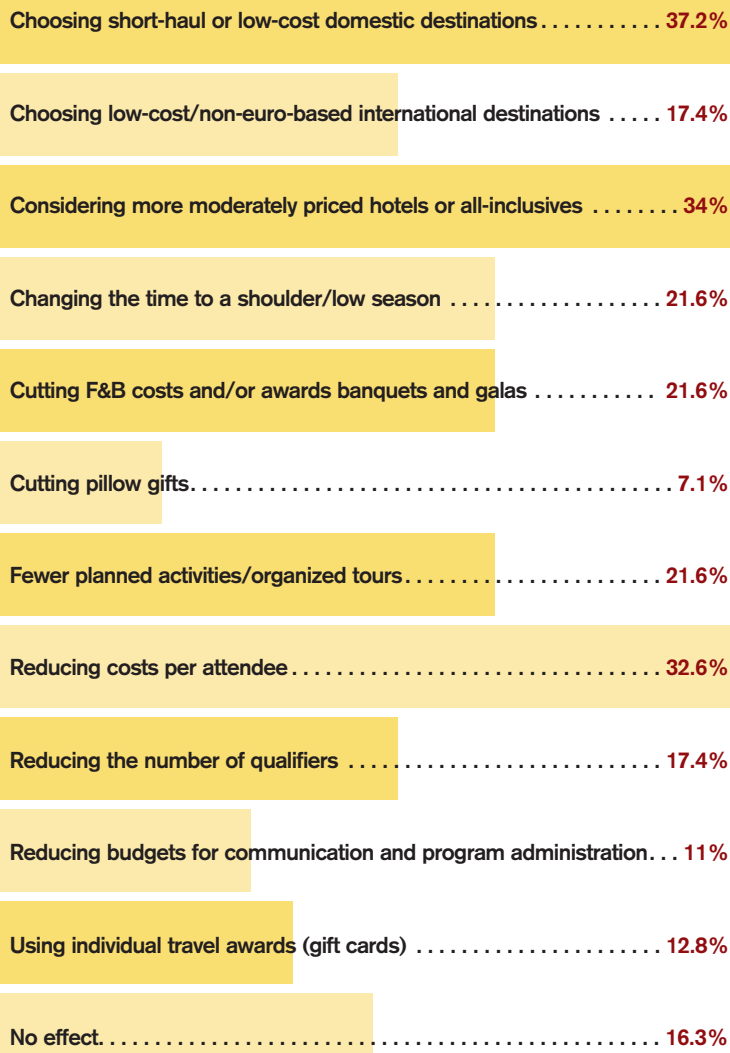
# the incentive travel buyer's handbook

## CHAPTER 5 motivate, monitor & measure

### JUST THE STATS

#### How to Deal

A recessionary economy, airline woes, sky-high oil prices, a weak dollar—these are some of the problems facing group travel planners. They tell us how they are dealing with it here:



to ways you can improve future incentives. Perform a detailed examination of the program as a whole, considering both the results of the winners and the record of those who did not qualify. Feedback is essential, so you'll want to poll your participants on all aspects of the program—not just the trip—and calculate their responses. Using a survey or questionnaire, whether over the phone, online, or via e-mail, ask participants about the timeliness of the program, its rules structure and qualification requirements, the clarity of communication, the awards mix, the impact of training efforts on their performance, and the quality of promotional materials and activities. Ask the program's administrators to describe any snags or successes they encountered with the incentive. In any program, there's always room for improvement.

While the anecdotal information from participants—along with their perceptions of the program—is critical, you'll also need to quantify results based on the measurable characteristics. Some of the results you may want to examine include:

- Units or dollars sold during the qualification period
- Increase in market share
- Incremental sales gains during the qualification period
- Percentage of audience that participated
- Percentage of audience that met goal

When you run the numbers, don't forget to factor in the effects of external influences, both positive and negative. Positive influences on a program include a strong marketplace, weak competition, gains on a competitor's share of the market, new products or services, and enlivened advertising or marketing tactics. Negative influences include advertising cuts, strong competition, poor morale, and distribution blunders.

#### Post-award administration also involves:

**ACCURATE RECORDS:** The planning stage for the next program is always fast approaching. Make sure that all information is organized and easy to understand. You never know when you will have to share the results with upper-level management or reconnect with program

# the incentive travel buyer's handbook

## CHAPTER 5 motivate, monitor & measure

participants at some point.

If you used an online incentive program management application, the price you paid in hours of data entry or cajoling resistant workers to get online will pay off now. The data is there for the mining. Quantifiable results are available at the click of a button and can be reported by region, individual, or product line, often with charts and graphics. An online or e-mail survey of all participants is easily developed, distributed, and tabulated. Some password-protected Web sites even give you the ability to monitor participant chat rooms and bulletin boards for anecdotal feedback about the program.

If your incentive was developed offline, the post-program evaluation will be more time-consuming. The hours you spend, however, will not go to waste: These results hold the key to making your next travel incentive program even better.

**TAX INFORMATION:** It is required by law to report participants' additional earnings to the Internal Revenue Service. Organized data will help facilitate this obligation. There are even online incentive systems that offer 1099 reporting for tax purposes. (For more information on tax

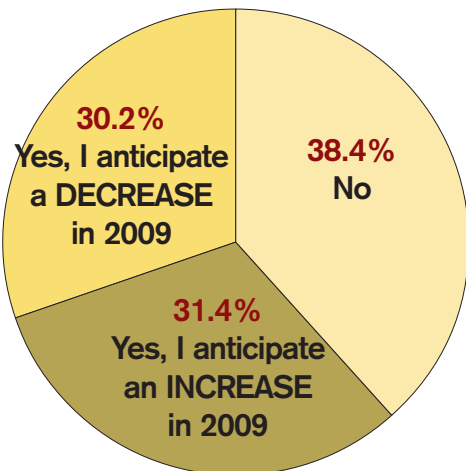
ramifications, see Chapter 3, "Crunch the Numbers," starting on p. 12.)

**GENERATING EXCITEMENT:** With the program at an end, it's time to capitalize on it and build excitement for next year's program. When conducting post-trip evaluations, make sure to incorporate elements such as the incentive program logo and other graphics to maintain momentum. ■

### JUST THE STATS

#### The Outlook for 2009

We asked planners if they expect their budgets for incentive travel awards to change in 2009 from this year's numbers.



# Participation creates Meetings.

**Meeting creates Understanding.** Understanding creates Networking. Networking creates Experience. Experience creates Knowledge. Knowledge creates Technology. Technology creates Convenience. Convenience creates Well-being. Well-being creates Feeling. Feeling creates Motivation. Motivation creates Participation!

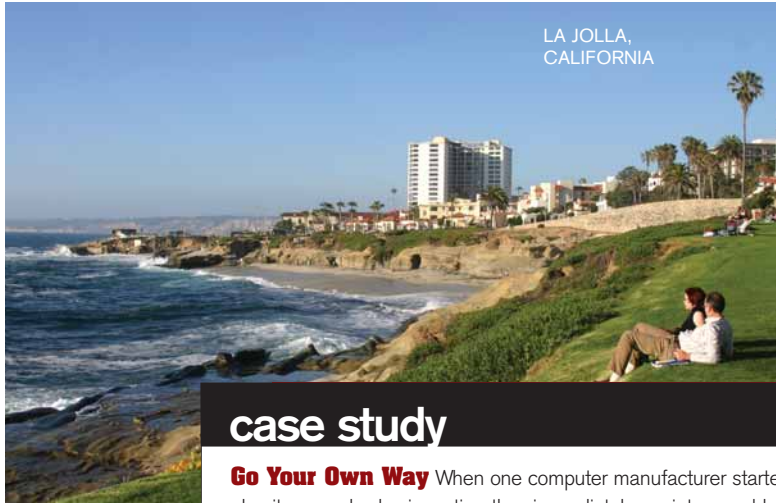
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# the incentive travel buyer's handbook

## CHAPTER 6

# group vs. individual travel



### case study

**Go Your Own Way** When one computer manufacturer started to plan its annual sales incentive, they immediately ran into a problem. They knew their sales goals, but when it came to the details of the award, “they couldn’t decide on a destination or a good date or any of the other basics,” says James Feldman, chief solutions officer of Chicago-based Incentive Travelers Cheque International. In addition, they had found their previous group travel incentives weren’t getting the responses they’d hoped for.

As one of the originators of the concept of individual incentive travel, Feldman knew just what to advise: his company’s program “Create Your Own Vacation.” The premise is straight-forward: Sell x number of widgets and you can go to one destination; sell y and another destination becomes an option. In reality, however, there are even more options. “We find that if we tell salespeople they can choose one of 500 destinations, it becomes overwhelming,” says Feldman. “Instead, in the promotional materials, we focus on what we think are the most attractive destinations for a particular group at different levels—and then make it clear that if they want to, they can choose from multiple other destinations.”

For a group like this, with a diverse population around the country, some home-based, some office-based, multiple options allowed each person to work towards what they personally found most motivating. In addition, Feldman notes that individual awards mean that winners stagger their travel times so the whole salesforce isn’t out of pocket at one time. “By its very nature, individual incentive travel allows for flexibility for the winners in their choice of destination and time they travel,” he says. “The more diverse a group of people, the more applicable individual incentive travel is.”

To choose the destination to focus on, Feldman says they interviewed potential winners about their dream vacations before homing in on a handful of the most desirable prizes.

Did the switch to individual incentive travel work? “The end result was 167 percent over their objective,” says Feldman. “They knocked it out of the park.”

**D**ifferent lifestyles call for different needs. In order to create the most impact, a company should offer an incentive program that accommodates the desires, needs, and schedules of as many participants as possible. Fortunately, two award categories are available: group and individual. While each experience offers trip attendees enrichment and excitement, both have distinct advantages and disadvantages to consider. Understanding the fundamental differences between the two can help determine which type is most appropriate for your target audience.

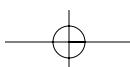
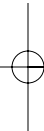
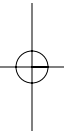
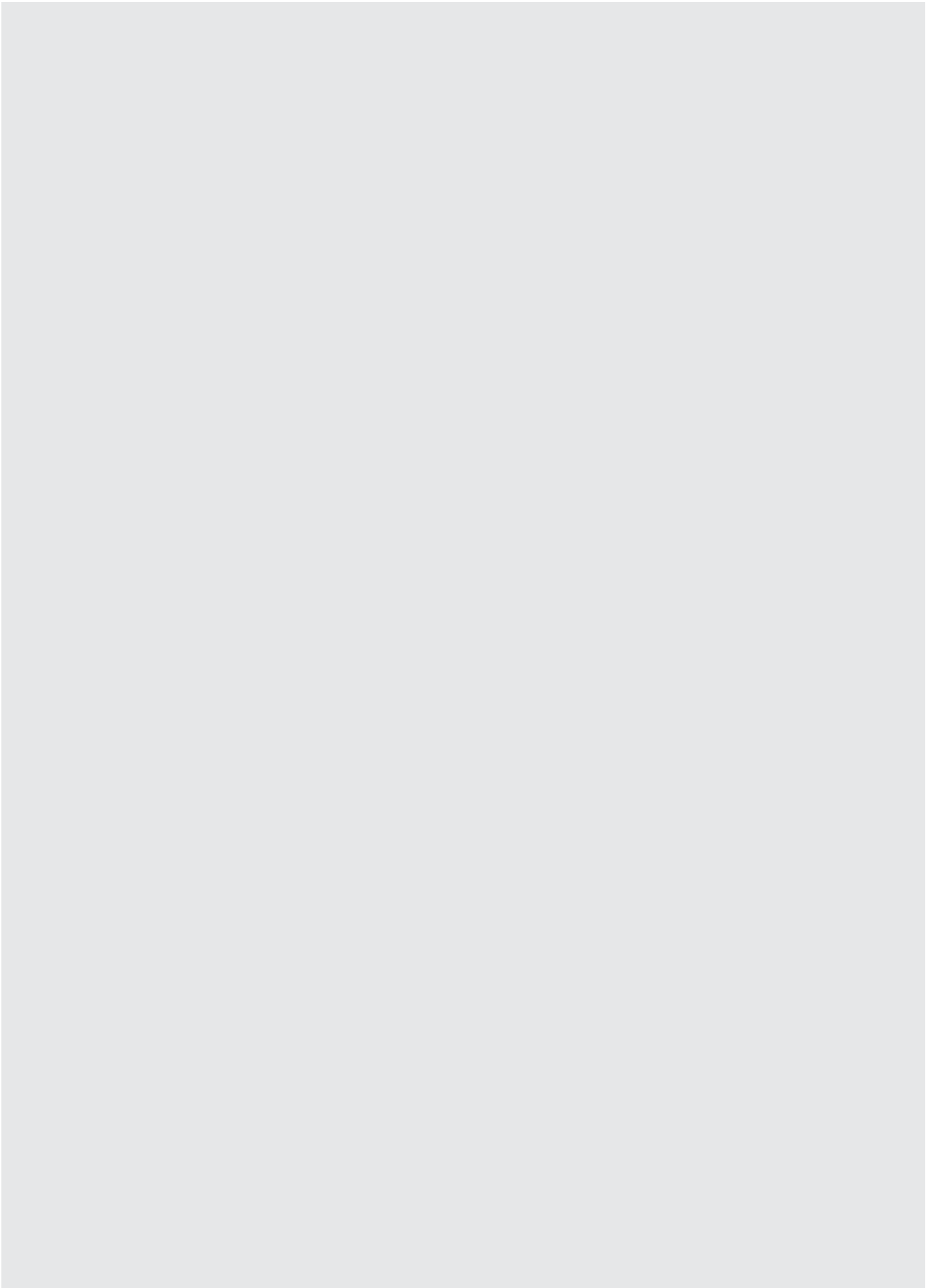
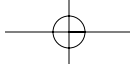
### ALL TOGETHER NOW

Group travel is a collective experience that provides a platform for participants to bond, network, learn, and foster relationships in a unique environment. This is the format most commonly used by organizations. In the 2008 *Incentive Travel Buyer's Handbook* survey, 30.8 percent of respondents indicated that their organization offers only group travel programs, while 18 percent only offered individual incentives. The majority of respondents offer a mix of both group and individual travel programs; this segment totals 51.2 percent. A better perspective on group travel programs requires a closer look at its pros and cons.

### pros

**ONCE-IN-A-LIFETIME OPPORTUNITY:** Group incentive travel is the ultimate form of recognition. Not only do attendees get to go to a fabulous destination with their colleagues, they also get personal recognition from senior management. Plus, the trip involves activities and events that they probably could not duplicate on their own. Even if winners had the financial resources, they lack the expertise, insider knowledge, and contacts needed to create such a high-caliber program. The motivational staying power of this experience is incredible.

**PROMOTES CAMARADERIE:** Most incentive professionals report that qualifiers most value the chance group travel gives them to rub shoulders with top executives and do some networking in a relaxed setting. This positive environment allows attendees to celebrate their accomplishments with their peers and key executives, establishing a level of relationship that is difficult to experience in the office.



# the incentive travel buyer's handbook

## CHAPTER 6 group vs. individual travel

**OFFERS POSSIBLE LEARNING OPPORTUNITIES:** Although some believe that it is best to keep meetings separate from the incentive experience, other companies have benefited from incorporating educational elements, such as short training sessions or product launches. Having a target audience in one place allows companies to maximize dollars spent on such efforts.

**MAINTAINS MOMENTUM FOR FUTURE INCENTIVE STRATEGIES:** At the completion of a group travel program, participants are likely to talk about their experience to colleagues. These success stories can create intrigue and interest for future incentives, as well as motivate those individuals who didn't qualify to work harder the next time around.

### cons

**CAN ALIENATE NON-QUALIFIERS:** One potential pitfall of any incentive program is that not all people will meet the necessary goals to earn the award. When this happens, division can occur. The people left behind might feel unmotivated and envious of their colleagues' success. They could be less likely to achieve in the future due to discouragement.

**PARTICIPANTS HAVE NO SAY IN THE DESTINATION CHOICE:** Historically, when it comes to group travel, participants are at the whim of an incentive planner's decisions. Satisfying everyone's preferences can be a challenge, if not downright impossible. For example, Paris might not appeal to someone who just vacationed there last month. A beach resort won't entice someone who does not like the sun; skiing is not everyone's cup of tea. While it's impossible to satisfy everyone, survey your target audience before you establish the

program to get a sense of where they would like to go.

**SCHEDULING CONFLICTS MIGHT ARISE:** From time to time, work or family commitments might prevent an incentive winner from taking part in the planned program. The motivational impact might be compromised when they have to forfeit their award.

**PRESSURE TO "OUTDO" PREVIOUS PROGRAMS:** In certain industries, such as insurance and automotive, incentives are essential to the business strategy, and it is common for many sales executives and dealers to be "experienced" incentive travelers. In order to capture the interest of this particular segment, planners are under constant pressure to develop creative and compelling programs year after year.

### GOING SOLO

Individual travel incentives, unlike group travel, offer recipients a customized award for meeting goals. Emerging as a flexible solution to address an organization's time constraints, budget cuts, and staffing concessions, numerous individual incentive programs are now offered by airlines, hotels, and incentive companies.

With these awards, incentive participants no longer have to give up an incentive prize because of personal or professional conflicts. Companies can accommodate their employees' and customers' needs with this alternative, which offers choice, convenience, scheduling flexibility, and more of an opportunity to include family.

There are several individual incentive travel products suitable for all lifestyles. Award certificates, offered by airlines, hotels, and incentive companies, can be utilized in plateau-

structured programs. Recipients redeem the certificates, issued in different denominations or levels, for options that can include transportation, accommodations, and activities in their selected destination. Customization and ease of use are what make travel certificates extremely popular.

### pros

**EASE OF USE:** Individual incentive travel programs give recipients autonomy. Program participants can celebrate their accomplishments on their own time, without the restrictions of other people or mandatory events.

**CELEBRATE WITH FRIENDS AND FAMILY:** Often, individual incentive travel awards are designed to include the award recipient and another person of

## program pointers

**special guests** Friends and family are an important part of an incentive winner's success. These significant people provide the additional support and patience that help qualifiers meet their goals; they too deserve recognition. If an incentive travel program allows for guests, make sure they are not overlooked. Here are few points to consider:

**MAKE GUESTS FEEL PAMPERED:** Enhance the motivational impact of an incentive travel program by acknowledging incentive winners' guests from start to finish. If conducting a group travel program, make sure badges, table settings, and cards include all parties' names. In an individual travel incentive, try to include the winner's guest on letters before and during the trip.

**OFFER ACTIVITIES:** Sometimes incentive winners are required to attend functions, such as a mandatory meeting, where guests are not allowed. During this downtime, make activities such as spa treatments, shopping trips, or a golf outing available to guests to ensure that they have something to do.

**DON'T FORGET THE KIDS:** When children are allowed to attend an incentive program, make sure there are plenty of family-friendly activities. Research the destination and offer a detailed itinerary in the pre-trip package. Offer child-care services when needed.

# the incentive travel buyer's handbook

## CHAPTER 6 group vs. individual travel

their choice, giving the travel experience more significance.

**FITS ALL LIFESTYLES:** Sports enthusiasts, spa lovers, or wine connoisseurs—no matter what your target audience prefers, chances are that there are individual incentive programs designed to meet their interests. Offering an award that resonates is easier, as more specialized packages enter the marketplace.

### CONS

**DOES NOT PROMOTE CAMARADERIE:** The experience does not offer the bonding and teambuilding elements that make group travel such a popular award choice, and some argue that such experiences therefore lack the long-term motivational impact of group travel programs.

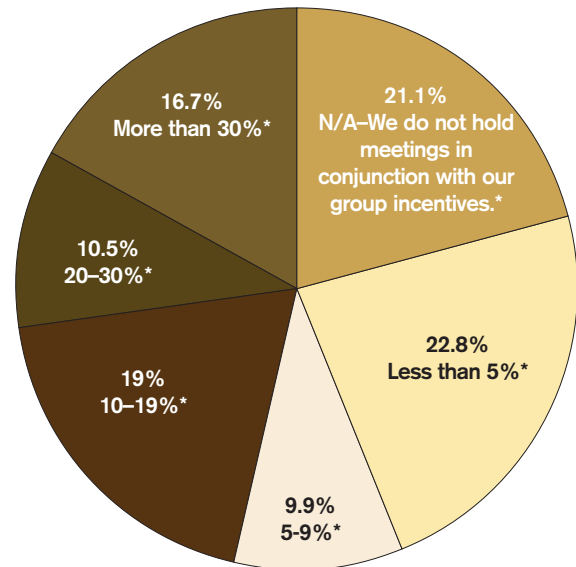
**DIFFICULT TO OFFER APPROPRIATE RECOGNITION:** When designed poorly, individual incentive travel programs can lose their motivational impact. What good is recognition if no one else knows about it? Make sure to present the award in front of the winner's peers to reinforce achievement. ■



## JUST THE STATS

### Mixing Business and Pleasure

The majority of respondents to the Incentive Travel survey do appear to schedule some meeting time into their incentive itineraries, but many also don't hold meetings at all. These are the percentages of their groups' time spent in meetings.



\* Bottom percentage: group's time spent in meetings

## program pointers

**meetings etiquette checklist** According to the 2008 *Incentive Travel Buyer's Handbook* survey, 78.9 percent of incentive trips include at least some meeting component. These meetings can translate into tax savings (see Chapter 3, "Crunch the Numbers"). They shouldn't, however, be allowed to ruin the fun of the incentive program. Here are a few things to keep in mind when planning meeting programs within an incentive trip:

**SCHEDULE APPROPRIATELY:** As a rule of thumb, meetings on incentive trips shouldn't go past noon. Often, they're combined with breakfast, allowing participants to get the "work" portion of the day out of the way early so they can enjoy the rest of the day's activities. Limit any day's meetings to a couple of hours—remember the incentive "reward" component should be the driving force, not the meetings element. At night, meetings are definitely not allowed—but awards banquets, dances, and other group activities can enhance camaraderie.

**CHOOSE THE RIGHT CONTENT:** The focus of the meeting should relate somehow to the accomplishments that brought the group to the incentive trip in the first place. Be sure to highlight the stellar performances that won attendees a spot on the trip, or sketch their goals for next year, or briefly explore quarterly or year-end results at the organizational level. Short keynote speeches help keep things interesting.

**GET A BABYSITTER:** More incentives include families, and during meetings those family members must be accounted for. Either make room for them during meetings, and keep the content light; or arrange substitute activities to keep them occupied, like meals or recreational excursions, if they are to be excluded. If you arrange for spouse programs during such times, either include the children or be sure that there are babysitting services or special programs designed for the kids and teenagers.

# the incentive travel buyer's handbook

## CHAPTER 7

# outsourcing



The process of planning an incentive travel program can be complex. Between structuring the program to meet corporate goals, finding transportation providers and hotels, and staging entertainment and leisure activities, some planners have looked beyond their companies' resources for ways to meet all their needs. As such, entire industries have developed around the outsourcing of incentive travel, with scores of companies willing to help manage all or certain parts of

your program. The outsourcing process itself can be intricate, as planners must decide what specific aspects of the program, if any, could be handled by a third party as well as what suppliers to use, whether such action will assist in meeting the goals of the incentive, and if doing so will be cost-effective. An outsourcing strategy can free planners to devote more time to more important issues, such as strategy and content, and expose their programs to a wider and better range of suppliers. Some third parties have significant buying clout that can result in better hotel rates and prices for entertainment and leisure options. But the benefits of outsourcing are not free, and pricing philosophies vary.

### the choices

The first step in deciding whether the involvement of a third party would help your program is to examine the options available and the services they provide. There are suppliers dedicated to fulfilling every aspect of an incentive travel plan, and any combination thereof.

**INCENTIVE COMPANIES:** Also called incentive houses, these organizations often have the tools necessary to manage every aspect of incentive travel, from the conceptualization of goals and strategies to trip delivery. Some, but not all, large incentive houses are part of larger travel agencies or travel management companies—most of the largest agencies have an incentive travel division—and so they can handle airline ticket fulfillment, too. Large incentive houses also typically have significant buying power with hotels and other suppliers, sometimes more so than the company hosting the incentive. Costs vary significantly, often including commissions and some-

times including a management fee, all of which depends heavily on the size and breadth of the incentive program and the services required.

**DESTINATION MANAGEMENT COMPANIES (DMC):** A typical DMC can assist in finding and negotiating with hotels, entertainment providers, and leisure activities within the city or region it serves. Many planners have found DMCs to be a key cog in an incentive travel program, as the local knowledge that DMCs retain can help planners find quality options they might otherwise not know about, and their relationships with suppliers can help with negotiation. A DMC might charge a flat fee or negotiate a percentage of total event cost. In recent years, some DMCs have banded together to form nationwide or global networks, allowing planners to be easily referred from one DMC to another.

**INDEPENDENT PLANNERS:** Either as part of a large firm or working solo, independent planners typically can provide any and all services related to incentive travel management, including site selection, contract negotiation, logistical management, and event production. Fees vary based on services requested and the size of the event.

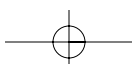
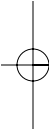
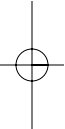
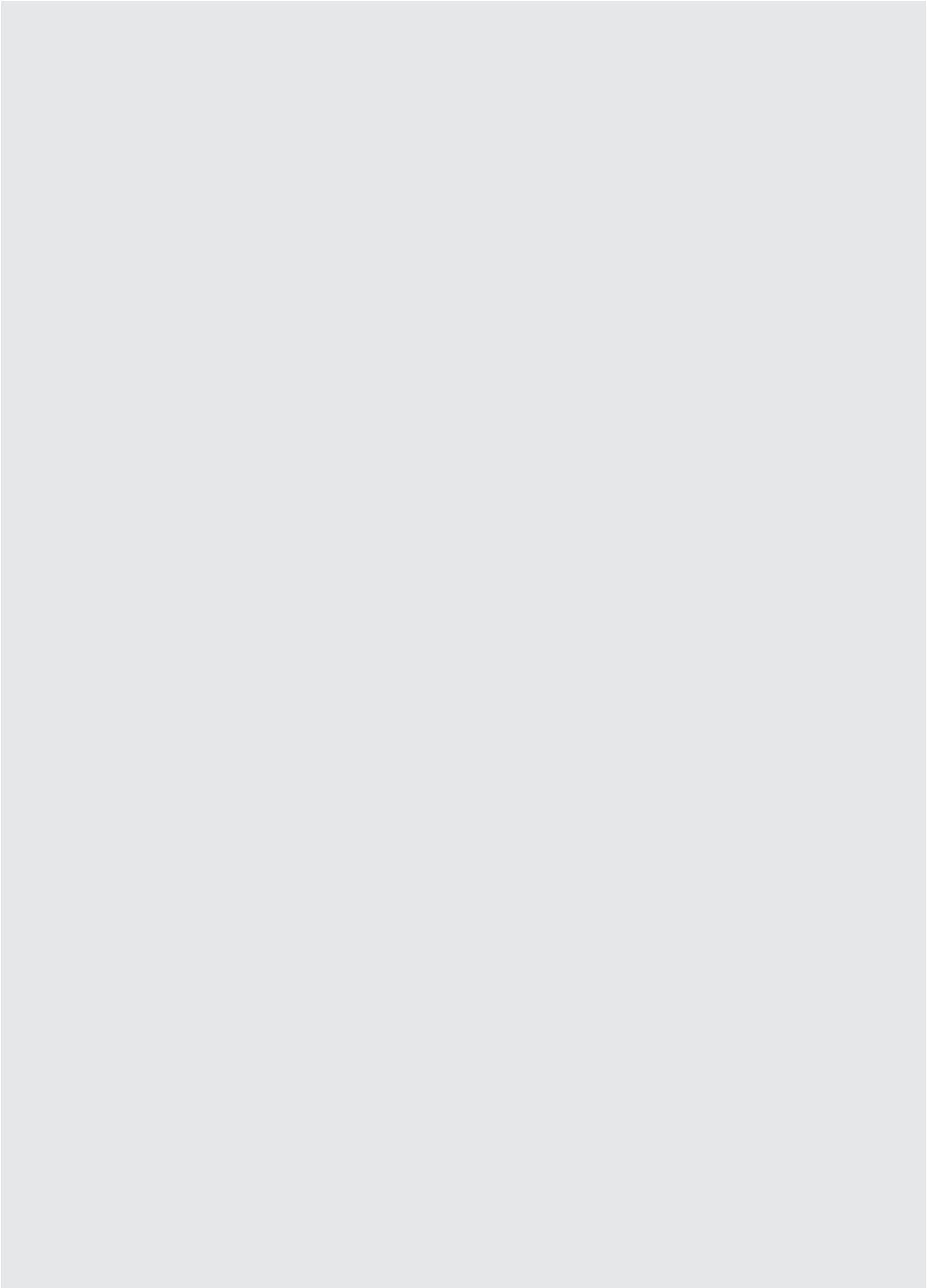
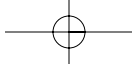
**SITE SELECTION FIRMS:** These companies typically exist to find and solicit bids from properties capable of hosting your event. Site selection firms can negotiate contracts and provide some meeting management services, based on the buyer's needs. They are paid by hotels and work on commission, usually 10 percent of the room rate.

**A typical DMC can assist in finding and negotiating with hotels, entertainment providers, and leisure activities within the city or region it serves.**

### why outsource?

There is no one set of conditions in any incentive travel program that automatically dictates outsourcing. Every program is different; every company's goals are unique to its culture and context. But some of the reasons why planners choose to outsource form a common thread through different corporations and programs, as do some of the reasons why they decide to keep planning functions in-house. Below are some areas planners should consider in their decision-making.

**COMPLEX PROGRAM:** A large incentive travel program, or one that involves multiple destinations, can often benefit from the inclusion of third-party services. More attendees, especially if they are departing from several locations, means more details



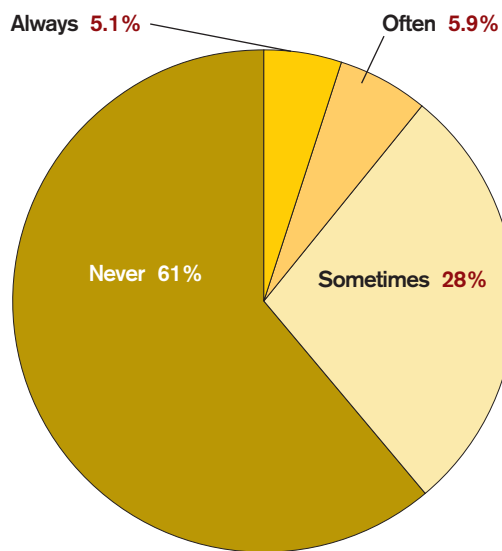
# the incentive travel buyer's handbook

## CHAPTER 7 outsourcing

### JUST THE STATS

#### Collaboration or Not

When asked how often they outsourced all or part of their incentive programs, planners said:



and more intricate itineraries.

**INTERNATIONAL PROGRAM:** Incentive programs in countries outside the United States can pose an entirely different set of challenges than domestic events. Incentive buyers must consider factors like international and value-added taxes, myriad different transportation options, currency conversion, possible language barriers, local laws and customs, and different methods of booking space. A third party familiar with these complex issues can save time and ultimately money.

**LOCAL KNOWLEDGE:** Similarly, whether a program is international or domestic, many planners have found value in retaining the services of a third party that has long working relationships with local hotels, transportation providers, and production and entertainment companies. Almost every popular domestic incentive destination is home to at least one destination management company; they typically know how to find available hotel or resort space and can suggest fun and interesting tours and activities that you might overlook.

**TIME:** A sales executive or other employee planning an incentive travel program in conjunction with regular job responsibilities might quickly discover that incentive planning is no part-time affair. Many companies, even those with professional incentive planners on staff, have found outsourcing beneficial to reduce workload.

**CONTINGENCIES:** Many third parties have the experience to be able to address ancillary but important aspects of incentive travel, like security and contingency planning, that

might slip past the inexperienced planner. In addition, large incentive houses often have the clout to handle unexpected and potentially disastrous incidents, such as a cancellation on the part of the hotel, better and more quickly than a planner at a small company.

#### on the other hand

**COST:** The concept of cost is one that some companies use to justify outsourcing incentive travel—and others use to rationalize keeping the program planning in-house. Neither is wrong. There is going to be additional cost incurred when parts of an incentive travel program are outsourced. However, it's certainly possible that some of that cost might be offset by the better hotel and transportation rates a third party may secure. One single answer about the cost-effectiveness of outsourcing is impossible due to the unquantifiable nature of its benefit: Time saved. Quality of the experience. Minimization of mistakes and snafus during the program. You might weigh these benefits as more or less valuable than hard cost savings, whereas another planner or company might have a different view.

**CORPORATE CULTURE:** Planners sometimes cite concerns about corporate culture, as no outside party can appreciate the values and traditions of a corporation and its employees as well as someone who works for that company. This concern is often exacerbated when senior management is involved with an incentive travel program, as planners frequently want to ensure service levels for those executives. On the flip side, if planners can convey the elements they're looking for, a third party can help make sure such needs are met.

**CONFUSING RELATIONSHIPS:** Outsourcing can lead to a convoluted communication process among the planner, the third party, and the hotel, with a lack of clarity as to which party is responsible for maintaining each line of communication. Clear contracts and agreements can alleviate such problems.

**IMAGE AND APPEARANCE:** Perhaps the most common reason given by planners who resist outsourcing incentive travel is the fear that utilizing the services of a third party will result in senior management determining there is no need for an internal position dedicated to planning incentives. Opinions vary on the validity of this concern, but the concern certainly exists.

Many third parties have the experience to be able to address ancillary but important aspects of incentive travel, like security and contingency planning, that might slip past the inexperienced planner.

# the incentive travel buyer's handbook

## CHAPTER 7 outsourcing

Perhaps the single most important tool in the incentive planner's arsenal is the testimony of peers.

### the process

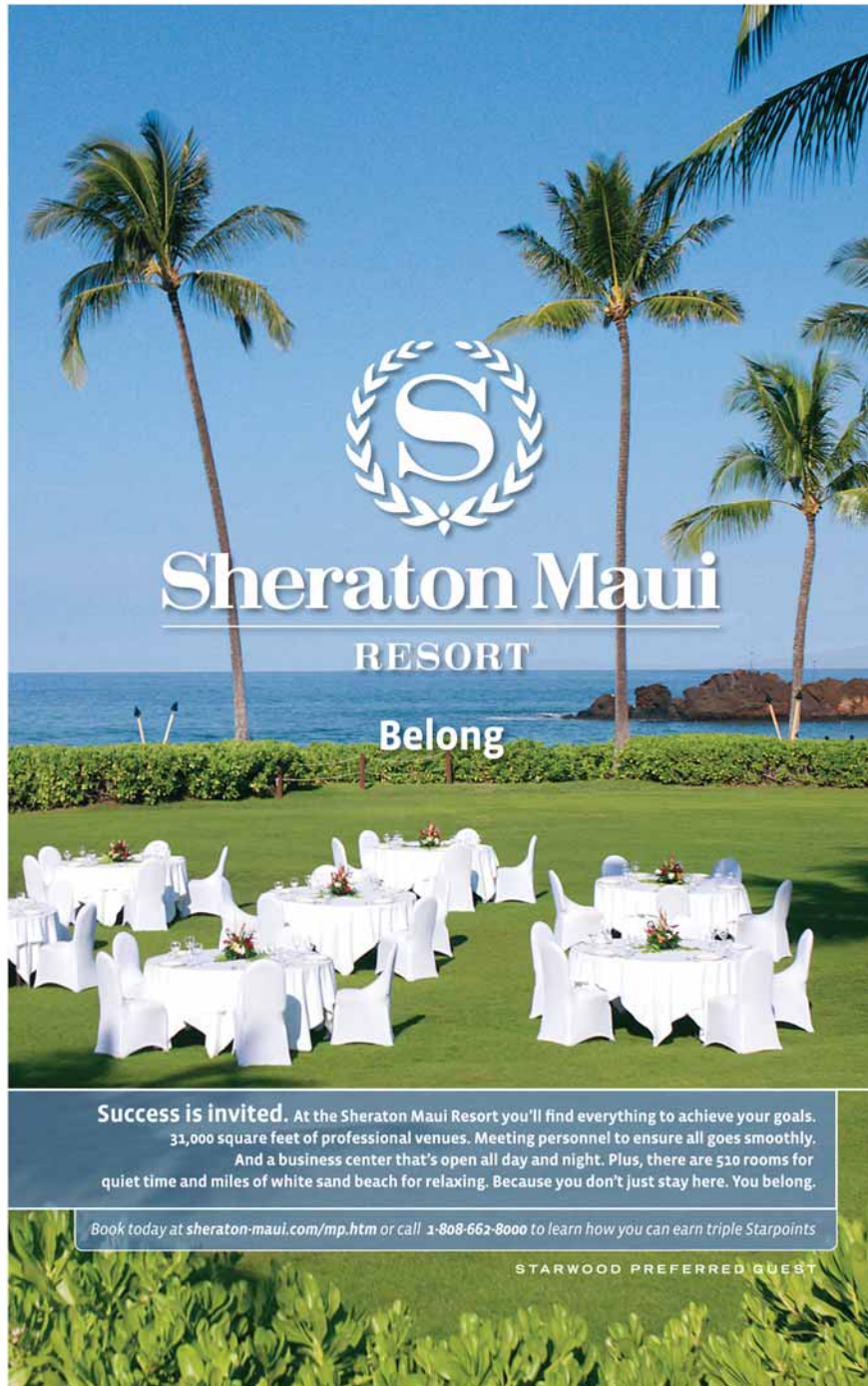
Should you decide to outsource all or part of your incentive travel program, the next step is to determine not only the level of third-party involvement, but the actual suppliers you will use. Whether you decide to turn all, or the majority, of your program over to an incentive house to manage every logistical and strategic facet, or decide to use destination management companies, site selection firms, or independent planners to handle parts of it, you will have many options to consider and several companies. Finding the ones that best fit your program at a reasonable cost is not tremendously complex, but it is an important process.


#### 1. Find third parties

Some of the larger incentive houses—Maritz, BI, WorldTravel Meetings & Incentives, USMotivation, Carlson Marketing Group, and Navigant, for example—are well known and have planted deep roots in the industry. The same is true for the largest site-selection firm—HelmsBriscoe—and the largest independent planning companies, Conferon and ConferenceDirect. The companies listed above perform a wide variety of services, beyond one specific aspect of incentive travel. But if you are looking for a destination management company or a smaller incentive house, site-selection firm, or independent planner, it could take a bit more digging to find them.

**REFERRALS:** Perhaps the single most important tool in the incentive planner's arsenal is the testimony of peers. Fellow planners are usually perfectly happy to share their impressions of third parties they have used for their own programs, and those companies' prices, service levels, ability to deliver on their promises, reliability, and execution of the program. This can offer you an unvarnished look at a potential outsourcing partner.

**INDUSTRY ASSOCIATIONS:** Many third parties, large and small, belong to at least one industry association, most frequently the Society of Incentive & Travel Executives. SITE's Web



  
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# the incentive travel buyer's handbook

## CHAPTER 7 outsourcing

**Independent planners typically can provide any and all services related to incentive travel management, including site selection, contract negotiation, logistical management, and event production.**

site includes a search engine that lets planners search for outsourcing partners by type and location, and the association has dozens of chapters throughout the world. Other associations with third parties as members include Meeting Professionals International (MPI) and the Professional Convention Management Association (PCMA).

**CONVENTION & VISITORS BUREAUS (CVB):** Almost every popular incentive destination in the United States has a convention and visitors bureau, while foreign destinations tend to have tourist offices. In either case, these agencies can provide the names of third parties in their area, and in some cases they can make referrals. Be aware, though, that oftentimes members, including potential outsourcing partners, pay dues to the bureau, making it impossible for a CVB to recommend one supplier over another. Also, the CVB will sometimes be required to forward the lead (your program) to all members who satisfy your requirements. On the plus side, the CVB or tourism office might be able to provide you with ancillary services itself.

### 2. Send RFPs

Once you narrow your list of possible outsourcing partners, the

next step is to send formal requests for proposals. There is probably no such thing as too much detail here—the more the third party knows about your program, the more specificity it can use to address your unique situation. Include the date of the program, its size, potential destinations, history of the program, the results hoped to be achieved through incentive travel, and the budget, if you know it.

### 3. Appraise and make a final decision

With bids tailored to your program in hand, it's time to follow up and determine exactly what services third parties will be able to offer your company and at what cost. Now is the time to iron out issues such as which party would be responsible for which incentive travel function; how the third party plans to internally manage your program—is it a team effort or will you deal with just one manager?—and exactly what fees are charged for each service rendered. If possible, many planners have found it beneficial to meet executives from the third party in person and see exactly how the company manages such programs. With specific information about how the outsourcing partner would handle your program, now is a good time to more fully check references. ■

## case study

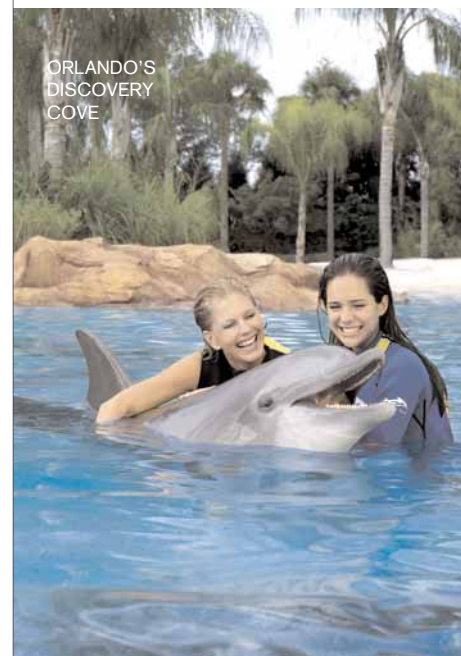
**Kid Friendly** When is an incentive travel award not really a motivator? When participants opt out because they already travel too much and don't want to leave their families again. Enter the kid-friendly incentive, a chance to reward performance and encourage employee bonding while also supporting winners in their efforts to spend quality time with their families.

Tim Bruin, senior account executive at St. Louis-based Maritz Travel Company, works with one insurance industry corporation that has been including children in its incentives for the past 10 years. "Their salespeople travel so much already that they don't want to leave their families for another trip," says Bruin. "Instead of fighting a battle, the company encourages kids to come."

To effectively include kids, though, a company needs to do more than simply extend the invitation and leave the kids on their own. In this company's case, for example, Bruin says both the first and last nights are family events, with appealing kid food and entertainment such as face painters and balloon artists. The middle two evenings are an adults-only awards dinner and a dine-around. "During those events, the company provides childcare and food functions for the kids, broken into age groups," says Bruin. "We might provide a storyteller or movie for younger kids, while the older ones enjoy a different movie and pizza, or sometimes even go off site as a group for go-carting or a video arcade."

Children also need to be factored into the choice of venue. Bruin says choices like Orlando, Hawaii, and Hershey, Pennsylvania, are the obvious ones, but certainly not the only ones. He's also done family incentives for this group in Mexico and even London.

In all, he says, "We find we get more participation from the agents because the children are included. We don't get pushback from them that they don't want to come—and the kids themselves even become an additional motivating factor to make their goals. When the kids are asking mom and dad where and when the next trip is, it gives the parents additional incentive to be sure they win that trip."



# the incentive travel buyer's handbook

## CHAPTER 8

# choosing a destination



### case study

**Community Connections** While a key part of any sales-based travel incentive is the reward for performance, it's also an opportunity for powerful bonding experiences and even the chance to give back to the community in the incentive destination.

All of those elements came together when Rick Anderson created a company's first travel incentive in his former position as executive vice president of human resources at Countrywide Bank. Designed to spur sales, the program rewarded approximately 100 people—a mix of sales-people, based on their sales numbers, and non-sales performers, based on a nomination process—with a trip to the Kona Coast of the Big Island of Hawaii. But Anderson also wanted to provide an experience that would remind the winners of their responsibility to their customers and to the world at large.

To that end, he worked with Chico, California-based Odyssey Teams to offer the company's Life Cycles teambuilding program. Although the premise is simple—the group is broken into smaller groups of three to six to each build a bicycle—the program is profound.

As facilitated by Odyssey Teams, the exercise has several distinct elements, including competition as each team works to complete the bike, collaboration as the teams share tools and strategies, brainstorming marketing approaches—and then the decisive moment when the doors are opened and in walk real children to receive the bicycles.

"It's an unbelievably powerful moment when the kids walk in and the group realizes this wasn't just an exercise, but a real child is going to be using this bike," says Anderson. "You can see their thoughts—Did I build this safely enough? Is it good enough for a real child? Suddenly it's not just about a bike and teambuilding, but about responsibility to the customer, in this case a child in need."

After the fun of giving the bikes to the children, the exercise circles back to process the experience and connect it to the company's "real" customers. "I've seen adult men stand up and cry as they recounted the first time they helped a family get a mortgage for their first home," says Anderson. "It really brings home the idea that your customers are real people. We all have a responsibility in this world and what we do matters."

Selecting the right destination is one of the most crucial tasks in constructing an effective incentive travel program. Good sites can make for magical experiences for incentive participants, and, conversely, troublesome destinations can create headaches for both travelers and planners.

Rather than relying exclusively on personal evaluations of favorite vacation spots, or the valuable, yet subjective opinions of well-traveled incentive participants, also consider the characteristics of the current market to make an informed destination selection, based on detailed research and analysis. This chapter describes a few of the major trends in incentive travel destinations. It also identifies key factors to consider in choosing destinations, and offers tips for making the big decision.

### trends in incentive destinations

When it comes to domestic incentives, big-name places are still garnering the lion's share of incentive groups. Perennial domestic favorites include Hawaii, Las Vegas, Florida, California, New York City, and Arizona. These marquee destinations have a lot to recommend them. They all benefit from good air support, ample hotel inventories, and wide varieties of local activities. Big domestic destinations also have positive name recognition, and that means a lot when it comes to stimulating participants' interest.

So start with an open mind and don't rule out first-tier cities as destinations because of concerns over high prices. First do some research. Although major U.S. cities are still relatively expensive for incentives, some destinations may be suffering from overbuilt hotel inventories and sluggish demand, which means that affordable housing can sometimes be found in places that might be perceived as prohibitively expensive, such as San Francisco or New York City. Also, inexpensive airfares can often be found at the competitive air hubs that serve first-tier cities.

While many incentive groups are sticking to first-tier sites, off-the-beaten-path domestic destinations have their own selling points. For one thing, they tend to be less expensive than big-name cities or resorts. And, if they're marketed effectively to incentive participants, out-of-the-way destinations can take on the allure of the exotic. Lesser-known destinations may be more difficult to sell to decision-makers and attendees, but they can help create truly unique motivational experiences. The trick, here, is to create a theme that suits the incentive participants and highlights the unique, positive characteristics of the destination.

# the incentive travel buyer's handbook

## CHAPTER 8 choosing a destination

### going global

When it comes to worldwide destination selection, big names like Paris and London still have prestige, but currency issues have some groups sticking closer to home. This year's *Incentive Travel Buyer's Handbook* survey revealed that the top international incentive destinations are Mexico, the Caribbean, Canada, and Europe. Canada and Mexico are popular spots, thanks in part to the facts that they are very easy to reach from most cities in the U.S., and they typically require short transport times. They can be good values, comparing favorably to other countries when it comes to budgeting, and they have many features that pique the interest of incentive groups.

For many of those same reasons, the Caribbean is also a favorite as an international incentive destination. Resorts are the strong suit here, and the popular all-inclusive deals that characterize these destinations represent an attractive purchasing option for incentive planners. Generally, the Caribbean also benefits from well-developed travel markets that provide quality services at acceptable prices.

Unfavorable exchange rates, especially in Europe right now, appear to be having a dampening effect on incentive travel to that market, but 22.5 percent of planners say they are still taking programs there, and 28.4 percent plan to do so in the future, according to the 2008 *Incentive Travel Buyer's Handbook* survey. Some European destinations are pursuing group business with dollar-guaranteed deals that attract decision-makers. Contact tour operators, travel agencies, or incentive houses to gain a basic idea of which international destinations are courting the group markets.

Generally speaking, incentive travelers had been coming out of their shells, venturing farther afield than they have since 9/11. Adventure incentives or themed programs involving the culinary world or spectator sports can be right for your particular group. Planners should remember to take cues from their target participants and survey them for their preferences.

### things to consider

Incentive destinations must fulfill several criteria. First of all, they must be safe. They must also be convenient and easy to reach. Once these basic criteria are satisfied, examine the various features of the destinations under consideration. The right sites will have enough variety to satisfy the diverse tastes of attendees, and they will lend themselves easily to creative themes that will be used for building itineraries and marketing campaigns.

### safety

Risk management is an important goal in any travel program, but safety is especially important for incentive groups, which usually represent the most valuable human capital possessed by sponsor organizations. Incentive planners must determine

beyond a doubt that their itineraries are safe, and the best way to do this is by researching the issue from trustworthy sources

Most incentive planners start by talking to suppliers. While asking vendors about the safety of a destination, ask for referrals to other incentive planners who have brought groups to the destination. Don't rely on the reputation of the destination for an indication of its safety level. Instead, ask specific questions of the people who are most familiar with it: vendors, tourist boards, and recent visitors.

Local governments, as well as the U.S. Department of State, periodically issue intelligence reports on destinations that have troublesome safety records. And some governments issue safety bulletins even when there are no acute risks, just to keep the public updated. It is important to note that while government bulletins might provide good background information on the risks associated with a destination, you can't rely on that information exclusively.

More incentive planners are turning to professionals for evaluations of the safety of destinations, but they are still in the minority. Of the respondents to the handbook survey this year

## program pointers

**domestic site checklist** With its cosmopolitan cities, charming towns, and unspoiled wilderness, the United States has a diverse selection of destinations for incentive groups. And there are logistical advantages to booking in the land of the free. But choosing a domestic incentive destination presents its own set of challenges. Remember these basic maxims of domestic destination selection:

**OBEY THE BOTTOM LINE:** As a rule of thumb, domestic destinations are cheaper than international ones, but that's not always the case. For instance, Hawaii is farther from Boston than London is, and New York can be more expensive than Paris. Beyond airfare and room rates, check out important financial factors like average per diems and special taxes by talking to convention and visitors bureaus, destination management companies, and other key suppliers.

**DON'T REST ON YOUR LAURELS:** Domestic travel usually entails fewer transport hassles, making American incentive trips an especially likely choice for groups that include families. Short transport times make domestic sites good for busy groups, and attendees tend to feel comfortable in most domestic destinations. Still, even seemingly mundane destinations can trigger culture shock and unexpected hassles. Check with convention and visitors bureaus to make sure no hidden surprises await incentive participants.

**LOOK FOR VARIETY:** The prestige of a destination will help make it a popular choice among incentive participants, but the destination must have something for everyone. The best sites offer many different activities, ranging from gaming to mountain biking to lively theater and opportunities in between. Consider what participants are looking for, and find a destination that matches those expectations.

# the incentive travel buyer's handbook

## CHAPTER 8 choosing a destination

who consider safety to be a major concern, only 9.9 percent hire security experts for destination analysis. And 12.7 percent of respondents reported that they employed other tactics in researching the safety of destinations, including in-person site inspections and having internal security departments research the destination. (For more information on ensuring safety, see Chapter 11, "Safety and Security," beginning on p. 47.)

### accessibility

Incentive destinations should not only be accessible to groups, they should be as convenient as possible, and they should benefit from a robust travel market that promotes quality service at reasonable prices. A cursory search of major Internet travel retailers should give a basic idea of the options available at a given destination.

The first consideration is transportation. If the group is traveling by ground, identify primary and secondary routes to the site. If incentive participants are traveling by air, check to make sure several carriers serve the destination, and create backup plans for getting participants home in case of an emergency. Convention and visitors bureaus, airports, and travel agencies are good places to look for indications of the quality and quantity of transportation available for specific destinations. In general, the higher the number of vendors serving the destination, the higher quality transportation you can expect.

Also consider the transportation infrastructure within the final award destination. Interview vendors and do research to ensure that unexpected transportation hassles will be avoided on site. Check the condition of local roads and make sure there are backup transportation options available. Ascertain the true distance between the airport and the hotel, and remember that weather has great influence on accessibility and transportation: By talking to experienced suppliers, make sure incentive travel plans are not unduly threatened by disruptive weather patterns.

When it comes to arranging safe and smooth travel for incentive participants, the key is to plan for contingencies, especially with today's stressful airline problems. Identify backup flights and alternate airports. If a change in plans becomes necessary, incentive travelers will rely on those plans for a way home. (For more information on transportation options,


also see Chapter 10, "Negotiating the Incentive Experience," beginning on p. 44.)


### destination details

Research the general features of destinations, as well as the specific amenities offered by potential venues, to ensure you have a good fit with the diverse needs of the group. In a word, look for variety. There should be enough variety at the incentive

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# the incentive travel buyer's handbook

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### program pointers

**international site checklist** Although international incentive trips present some logistical challenges, they're an effective means of providing incentive participants with unique once-in-a-lifetime experiences. When it comes to choosing an international site, consider these rules of thumb:

**SCHEDULE FOR DELAYS:** International travel means extra travel delays from customs and immigration. If participants have less than a week for an incentive trip, consider staying in the United States. Always double-check the conditions on the ground at foreign destinations and allow for extra time for onsite travel in unfamiliar environments.

**BUDGET FOR THE UNEXPECTED:** International travel can be had for reasonable prices or it can be surprisingly expensive. Don't automatically assume marquee destinations are too expensive, and don't assume that offbeat destinations are cheap. Do assume that you will have to pay extra taxes and tariffs on international trips. Remember to account for exchange rates and peak seasons.

**DO EXTRA RESEARCH:** Out-of-country destinations have great potential for surprising and troublesome details, but familiarization trips and interviews with convention and visitors bureaus and suppliers are great ways to get educated. If possible, talk to other incentive planners who have experience with the destination and the specific vendors you'll be using.

**KNOW YOUR AUDIENCE:** Some incentive travelers are savvier than others. As a general rule, higher paid, more senior participants will be better prepared for international jaunts, and more junior incentive participants will need more handholding.

destination that the trip will suit each particular incentive traveler.

**FEATURES AND AMENITIES:** Convention and visitors bureaus, destination management companies, incentive houses, and local suppliers will help educate you as to the most important features of the destinations you are considering.

Any destination that you're considering should have a well-developed travel infrastructure: a competitive selection of air carriers, hotels, ground transportation companies, and other travel-related vendors. High-quality service is also key and best determined by a site visit and references from groups that have used the destination. Reputation—among incentive planners, winners, and the public at large—goes a long way toward getting travelers interested. In fact, 30 percent of planners surveyed this year said audience appeal is very important in their destination decision-making.

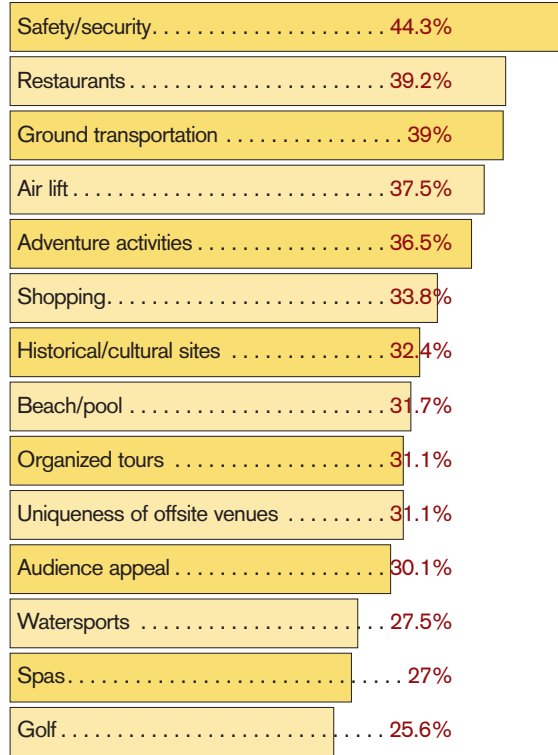
**NATURAL ATTRACTIONS:** Beautiful weather is something to look for, as are clean beaches, forests, or other ecological wonders that will pique the interest of the incentive group.

**NIGHTLIFE:** A world-class selection of restaurants, cafes, and bars always creates a buzz among participants. The popularity of food and travel shows, as well as celebrity chefs, has made many participants aware of trendy eateries around the world. Satisfying sophisticated palates is now on the incentive menu. Theater and musical performances

### JUST THE STATS

#### What They're Looking For

Planners reveal their top criteria for selecting a destination.



are key for some groups as well.

**HISTORICAL ATTRACTIONS:** Landmarks, museums, and institutions, such as forts, castles, and historic sites might have special group tours, and they make unique event venues.

**SHOPPING:** Make sure it's appropriate for the spending levels expected from attendees. Score a bonus if the kind of shopping is unique to the destination.

**LOCAL CULTURE:** Consider location-specific cuisines, traditional music, dancing or art, and special events like Mardi Gras in New Orleans, jazz festivals in the Caribbean, and New Year celebrations in Asia: All these things count as valuable cultural selling points.

**SPORTS:** Golf, tennis, skiing, diving, boating, and hiking are just a few of the sports participants favor for incentive trips. Discover the physical activities that attendees value most, and look for ways to not just satisfy but inspire them with potential destinations.

**SPAS:** They have become an absolute necessity on the amenity menu, appealing to both women and men. Ask for marketing materials and testimonials to find the right local spas.

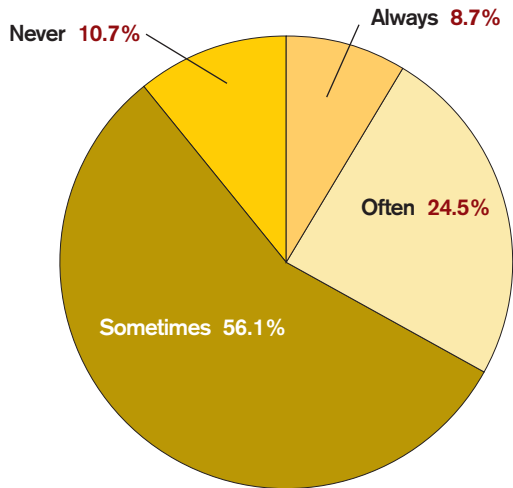
# the incentive travel buyer's handbook

## CHAPTER 8 choosing a destination

### JUST THE STATS

#### Expert Help

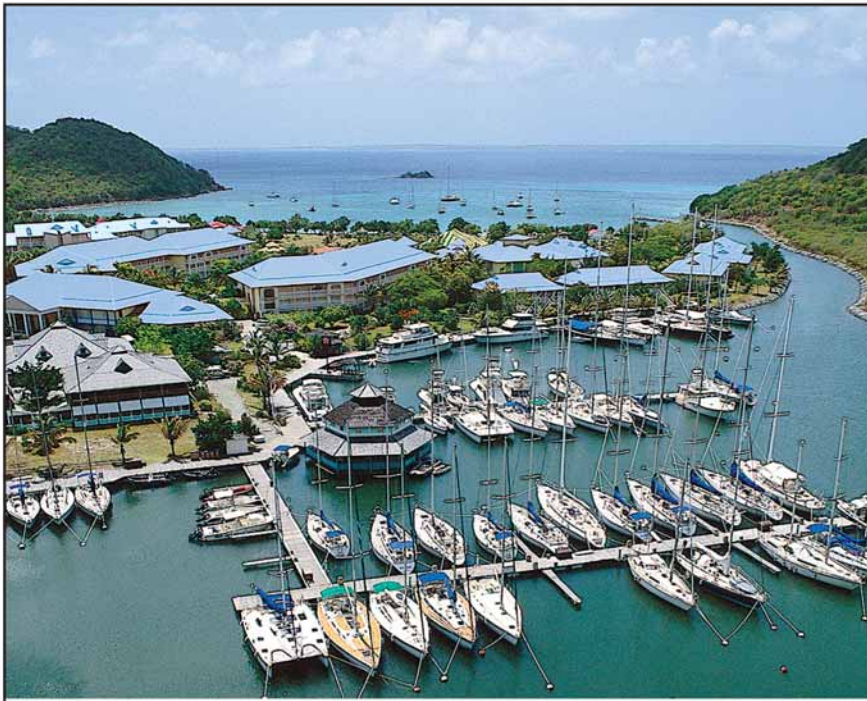
Convention and visitors bureaus and national tourist boards are used as a source of information and help when planning a program. Planners tell us how often they use them.



**GAMING:** This is a selling point for many groups but a turn-off for a select few. Make sure there are entertainment alternatives for group members who choose not to gamble.

Most destinations will not have every aspect outlined on this list—and that's okay as long as you stay focused on finding destinations that match the specific desires of your incentive groups. The best way to identify those desires is to ask participants directly. Surveys that allow respondents to indicate what they want out of the incentive trip are good for identifying must-have features. Or, if surveys aren't feasible, try interviewing several representatives of the incentive group, such as leading executives or top performers. Factors like the presence of spouses and children are important to note and will also influence the site-selection process. ■

**Any destination that you're considering should have a well-developed travel infrastructure: a competitive selection of air carriers, hotels, ground transportation companies, and other travel-related vendors.**



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# the incentive travel buyer's handbook

## CHAPTER 9

# working with cruise lines

**T**he cruise industry has overhauled its group offerings in the last decade. In addition to spacious accommodations and a dizzying array of activities, cruise ships now offer such amenities as dedicated meeting rooms, cyber cafes, and fantastic spas. The novelty of cruising can also provide a fresh alternative to get incentive participants motivated.

### group options

Incentive travel buyers can take their qualifiers to sea in one of three ways: full-ship charter, half-ship charter, and as a group on board a regular sailing.

**FULL-SHIP CHARTER:** Customization options are virtually unlimited with a full-ship charter. An incentive buyer can take the notion of exclusivity to the extreme, from having the ship fly the company flag to selecting the itinerary, within certain limits. With so many different kinds of ships, an incentive buyer can charter a ship for a group of 50 to 1,000 or more people. But stiff obligations come with the benefits of a full-ship charter. The incentive sponsor typically must supply an irrevocable letter of credit, and essentially there is no cancellation without paying the full fee (in the case of cancellation, the cruise company will try to resell the ship, but the logistics of doing so make it unlikely they'll succeed).

**HALF-SHIP CHARTER:** Half-ship charters are typically based on cabin category, allowing qualifiers to receive cabins not too disparate in quality. Incentive buyers can, however, charter by deck if they wish. As with a full-ship charter, incentive sponsors are often required to submit a letter of credit. But if the

sponsor needs to cancel or has overestimated the number of cabins it needs, the cruise company can more easily resell the cabins, since a half-ship charter is part of a commercially scheduled cruise.

Also on the plus side, incentive buyers booking half-ship charters can usually reserve a dining room or one seating exclusively for their groups. You can usually also reserve one of the larger lounges or the theater for awards ceremonies as long as you don't interfere with other passengers.

**GROUPS:** Unlike full- and half-ship charters, groups need no letter of credit. They simply pay a deposit of about \$50 to \$250 per person, with scheduled payments usually until about 60 days prior to departure. As with hotels, however, groups are subject to an attrition schedule. Incentive buyers can release a contractually set percentage of rooms at set intervals, usually up to 30 or 60 days prior to departure, without paying attrition fees. The fees kick in at that time and grow steeper as a percentage of cabin price as the departure date draws nearer.



SEADREAM'S  
CAVIAR AND  
CHAMPAGNE  
SPLASH

## case study

**The Good Life** Even for groups that have “been there, done that,” a chartered yacht incentive award can be a dream travel experience, combining unique destinations and a high level of personalized service with an exclusive cachet. “Even people who travel a lot don't usually have the opportunity to experience a private yacht,” says Joyce Landry, CEO of Landry & Kling Cruise Event Services, based in Miami.

A large part of the appeal of a yacht can be its exclusivity, but therein can also lie the rub since they typically can only accommodate a handful of participants. Enter the “mega-yacht,” which Landry defines as a yacht with more than 30 guest cabins.

This spring Landry & Kling worked with a financial services firm to create an incentive program where the reward was five nights on the *SeaDream II*, a 51-cabin mega-yacht that can be chartered for groups. The open-ended program was so successful that more people qualified than originally anticipated.

“We expected to charter the whole yacht, but not use all the rooms,” says Landry. “When we had more winners than expected, to accommodate

everyone, we chartered the whole yacht for a five-day excursion for the first group of 100 (50 winners and their guests) and then did a partial charter on a seven-night excursion for the second group. Since the second trip was longer, the company positioned the second charter for their very top people and explained they had earned an additional two nights.”

Both yachts had a similar Mediterranean itinerary, traveling from Athens to Istanbul, with stops along the way at Santorini, Mykonos, and Ephesus for a private classical concert in the Library of Celsus. On-board, white-glove service and high-end meals were provided by a crew of 95. Landry notes that in addition to the luxury aspect, a full yacht charter encourages camaraderie among the participants.

Landry & Kling are using the same yacht, along with sister mega-yacht *SeaDream I*, for a recognition incentive program for a consulting group this fall, but going even a step further by opening doors so that each winner has a two-room suite, extremely rare for a yacht. The two ships will sail in tandem in the Caribbean, joining together for excursions and special events, and possibly even racing each other.

# the incentive travel buyer's handbook

## CHAPTER 9 working with cruise lines

In the case of cancellation, the smaller the group is in proportion to the size of the ship, and the more advance the notice, the easier it is to resell the space. Some lines allow full refunds for group trips canceled a set number of days, 70 days for example, prior to departure. Although the group doesn't get the customization advantages of taking over a ship, a group cruise experience is similar to that of a hotel or resort incentive experience.

### all-inclusive pricing

It may come as a surprise, but incentive travel buyers can often get more for their money on sea than on land, thanks to cruising's nearly all-inclusive pricing. Cruise prices include nearly everything an incentive buyer needs to stage a successful program, with the possible exception of some of the "frills." High-end cruise lines typically offer more as part of their standard package than mass-market lines—gratuities, champagne, daily pressing service, for example—with, of course, a correspondingly higher base price.

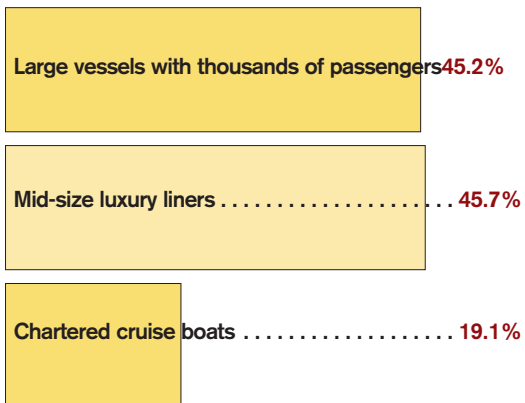
In addition to sleeping rooms, here's a list of what's typically included in the price of a cruise:

- Round-trip air transportation and ground transfers with air/sea packages
- All on-board meals, including snacks and room service
- On-board entertainment, including floor shows, live music, first-run movies, and lectures

## JUST THE STATS

### Taking to the Water

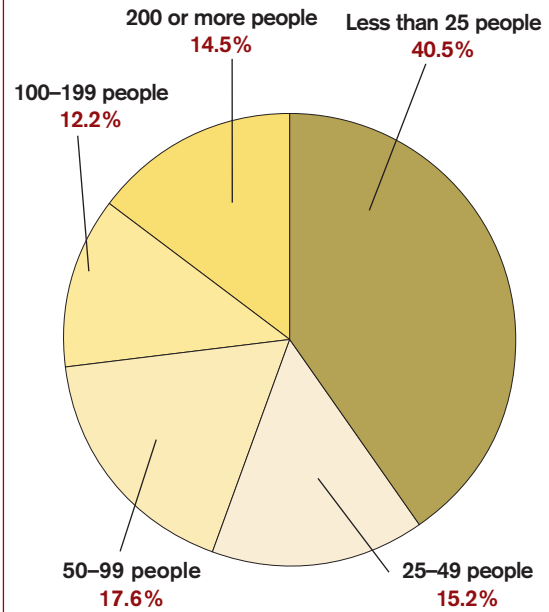
Forty-four percent of planners said they are considering a cruise incentive for future programs. Those who already have taken their groups aboard prefer:



## JUST THE STATS

### Size Matters

The number of incentive winners going on that trip will impact planning from start to finish. Group sizes this year as reported by our respondents are:

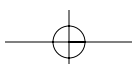
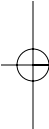
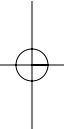
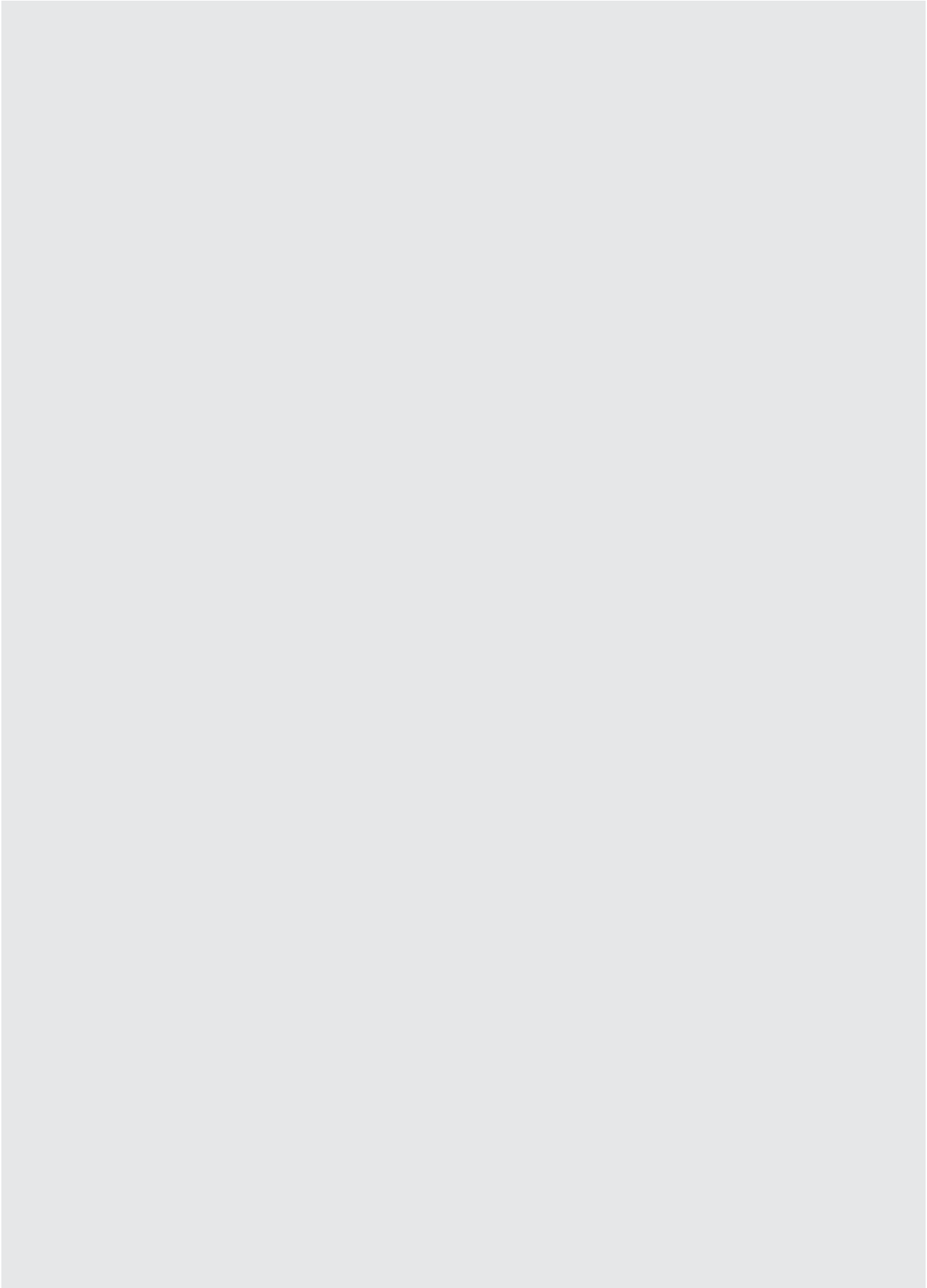
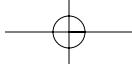


- On-board recreation, including use of the fitness club
- Use of on-board meeting rooms and lounges for private events

### customizing a cruise

Customization really comes into its own on a full-ship charter. But an incentive buyer who takes a group to sea as part of a commercially scheduled cruise can also build a certain degree of exclusivity into the voyage. Some ideas require extra expenses but many cost little or nothing. Here are just a few of the possibilities:

- Private events on board in smaller lounges, poolside, or in the small, specialty dining rooms on large ships
- Private tours, events, and on-shore transportation
- A private captain's reception
- Exclusive seating in portions of main dining rooms and lounges for shows
- An information desk exclusively for the group
- An exclusive daily newsletter or closed-circuit TV broadcast about the group's activities
- Cabin-door plaques with qualifiers' names



# the incentive travel buyer's handbook

## CHAPTER 10

# negotiating the incentive experience

A successful incentive program requires a top-notch experience, from the moment participants step onto their airplane to their arrival at the hotel and the service standards throughout the trip. "Top-notch," of course, doesn't have to mean "most expensive." It does, however, mean a program in which participants will feel special and well cared for.

### negotiating with hotels

Set the stage for an excellent incentive program during the negotiation sessions with the hotel. Once the contract is signed, both sides should feel they made wise concessions and received the best value proposition possible.

- Begin negotiations as soon as possible. Many hotels will only block a certain number of rooms for group business so don't make arrangements too late. Early negotiations can also ensure protection in the case of changes in market conditions; consult with your lawyer about the best way to incorporate protective clauses into your contracts.
- Communicate with the hotel. Tell the property about your group's best incentive program ever. Also tell them about any negative experiences.

### program pointers

**requesting concessions from hotels** Group business is important to hotels. If the hotel can't or won't negotiate on price, you might be able to negotiate in other important areas. Even if you do get a good price, it's worthwhile to see what else you can include in your contract.

- Before asking for concessions, be clear on what you want and need. Make a prioritized wish list. Start at the top and keep going.
- Anything is negotiable, but keep requests within reason. Establish a reputation as a professional incentive planner, not someone who takes advantage of suppliers.
- Evaluate a property's need for your business: Low demand times or underperforming hotels are in a better position to offer price breaks or other concessions.
- Ask questions about how the hotel does business to establish its most profitable items versus what is easiest for the hotel to give away.
- Demand that the hotel's general manager play a role in your incentive program. That builds the relationship and makes the hotel accountable for the success of your program or any problems that crop up.
- Typical concession requests include free or reduced:
  - Resort fees
  - Welcome drinks
  - Health club/spa access
  - Dataport hookups
  - Room gifts (such as fruit baskets, chocolates, etc.)
  - Upgrades to suites
  - Daily newspaper delivery
  - Preferred tee times

Give the hotel as much information as possible about what kinds of things work for your particular group.

- Let the hotel know what makes this incentive different from your past programs. Share your theme so they can help make it a reality and help with new ideas.
- Be sure all winners have the same type of room or have good reasons for putting participants in different categories.

### getting the rate

- Evaluate both the hotel's highest published price, known as the rack rate, as well as the lowest price available on the Internet. Your group rates will likely fall in between.
- Be prepared to demonstrate your group's value to the hotel. In addition to room rates and planned food and beverage functions, additional revenue comes from group or individual spending in the spa, gift shop, casino, even from minibars.
- Comb through the contract for service charges, resort fees, and the like; they might be negotiable or even eliminated.
- The room rate should be less than 50 percent of the total program budget.
- For smaller budgets, it generally pays to buy the best experience available from a less expensive property than a minimal experience from an expensive property.
- Remember that hotels in high-demand markets can ask for and get high rates from other guests, if not your group. You'll lose some negotiating power in such instances.

### avoiding penalties

In today's business climate, this has become increasingly important. With a closed-ended program, you should know your exact room block early in the game, but with an open-ended program, you might not know until the end of your qualification period. In either case, it's good business practice to minimize your exposure to damages. Here are some strategies to accomplish that in the hotel contract:

- When determining the room block and estimating what percentage will not show up, take the group's history into account. Does the group historically have a last-minute rush of winners? Have the number of winners fallen short of expectations in the past?
- If you're unsure of your group's numbers, consider asking to have the attrition clause eased or waived and sacrifice the complimentary welcome drink, VIP upgrades, or the like.
- In the cancellation clause, stipulate that the group will rebook an event of a similar size within a year.

# the incentive travel buyer's handbook

## CHAPTER 10 negotiating the incentive experience

### food and beverage

After room rates, food and beverage will most likely be the next largest part of your hotel budget. This is no place to skimp, but negotiating is key.

- Tell the hotel your budget and then work with the chef to determine what can be done. Often they can come up with creative ideas and still contain costs.
- Design menus according to destination and the group's demographics. Take into account your other activities—will the group want a hearty breakfast before a day of diving?
- Research the specialty of the area and the chef. Requesting an unfamiliar dish or one that incorporates ingredients that need to be flown in will drive up costs.
- Include the number of servers per person, servers' dress code, and other serving information in your contract.

### theme events and venues on site

Not every food function needs to be a "special" or "theme" event. Still, this is one of the best ways to turn an incentive into a memorable experience.

- Hotels do special events all the time. Work closely with your catering manager to come up with ideas.
- Many hotels have low-cost sets or theme decor already available on site to tie into their location.
- Find out what else the hotel has on hand and can provide at little or no cost: linens, chairs, centerpieces, etc.
- Check if the property has a renowned chef or an exclusive arrangement with an entertainer.
- Use different spaces for meals and functions so that the events don't become boring.
- It is effective to have at least the first and last night events in the hotel. On the first night, attendees are often tired from traveling; on the last night, they might be concerned about early flights.

### negotiating airfares

Most domestic incentive programs as well as trips from the United States to other countries most likely will require air transportation. For simplicity and consistency, stick with a single airline whenever possible. It will give you additional negotiating power. Plus, you then can include the airline information in all your marketing materials and sometimes partner with the airline for additional concessions or value-added. However, you might need to expand to more than one carrier if your group is very

**Carriers are eliminating frequencies or routes in today's lean economic times that could impact your program. Make sure this eventuality is addressed beforehand and develop a contingency plan.**

large or coming from multiple destinations not served by one carrier, or if availability to the given destination is otherwise insufficient. Be sure to look into any guidelines and restrictions that airlines might have that could preclude their use, such as a minimum number of travelers required, blackouts during your timeframe, and so on.

For an international program, some destinations are serviced directly by U.S.-based carriers. In other cases, U.S. airlines will coordinate on your behalf with their international alliance partners to block required space and provide discounted group fares. If your incentive program is to be held at a foreign destination not served by a major U.S. carrier, also consider working directly with a foreign airline.

Because airline service must be determined several months, if not a year or two in advance, early contracting is required. Some airlines recommend you block out a pre-determined number of seats as far in advance as possible to avoid availability issues—and then negotiate the specifics at a later date. Permitting each employee/traveler to separately book the air segment of the program can cause complications.

### pricing

In addition to flight routes, service, and preferred agreements, your choice of airline, of course, might be based on specific pricing levels. Of course, pricing varies by destination and is impacted by current market and competitive conditions, the number of connecting flights you need to move your travelers, and the size of the initial deposit you are willing to make. Airlines also have been known to bid competitively for business against offerings from other airlines, so keep this in mind. Being aware of a few basic types of fares can be helpful.

- **Zone Fares**—Flat, published fares based on geographical distance that require advanced purchase and may have restrictions, but airlines might be willing to negotiate this rate depending on the customer.
- **Group Rates**—Often these are branded by the airlines. They offer 5 or 10 percent discounts off full coach fares, depending on how far in advance they are booked. These fares will generally be more expensive than zone fares but offer more flexibility.
- **Corporate Negotiated Rates**—Rates that are based on discounts that have been negotiated by your company with a specific airline may not be applicable or suited to your incentive program, but it never hurts to check.

### penalty clauses

Airlines can be flexible with incentive planners but nonetheless generally include penalty clauses in contracts. For example, at 30 to 60 days out, they will usually confirm that you plan to use the entire block of seats they have set aside and will penalize you for unused seats. Some airlines may require only a percentage of seats be confirmed at that point, allowing a small number of seats to go unused without penalty. Make sure you know the

# the incentive travel buyer's handbook

## CHAPTER 10 negotiating the incentive experience

exact deadline and precisely what is required of you by that point. Foreign carriers may have longer lead times, with penalty clauses kicking in as far as 120 days out. If larger changes are required—shifting from an overseas trip to a domestic one, for example—carriers will work with you to make the appropriate shifts, if it is done far enough in advance.

Conversely, carriers may eliminate frequencies or routes, especially in today's lean economic times, that could impact your program. Make sure this eventuality is addressed beforehand and develop a contingency plan.

### on the ground

While not as common, there are cases where motorcoach or other ground transportation is the preferred method for transporting attendees to their incentive destination. For example, a group based in New York City might opt for a luxury bus or several limousines to transport winners to a casino in Atlantic City. For those who are flying, ground transportation generally kicks in on arrival.

Work with your agency, DMC, or a convention and visitors bureau to make arrangements and develop a "meet and greet" program for your incoming travelers, and to coordinate ground transportation, including airport transfers and other services while your employees are at the destination. DMCs also can keep a watchful eye on any changes to your manifest, and then relay those changes to ground transportation providers.

While a group will almost always need to be transported from the airport to the resort or hotel, in some cases, there's a fairly long trip involved and then the ground transportation becomes part of the travel experience as a whole.

For more local transfers, it's most common to work directly with your ground transportation provider, although you can work with a DMC or a travel bureau to aid in coordinating. In some cases, hotels have their own transportation or can help you work with a local vendor. Especially in a foreign destination, local DMCs can be key in arranging other ground transportation options and in fact may be closely affiliated with motorcoach operators. Unlike counterparts overseas, U.S. DMCs generally do not own ground transportation inventory and serve simply as a service contractor. Based on a budget that you or your agency provides, they will deal with local providers on your behalf.

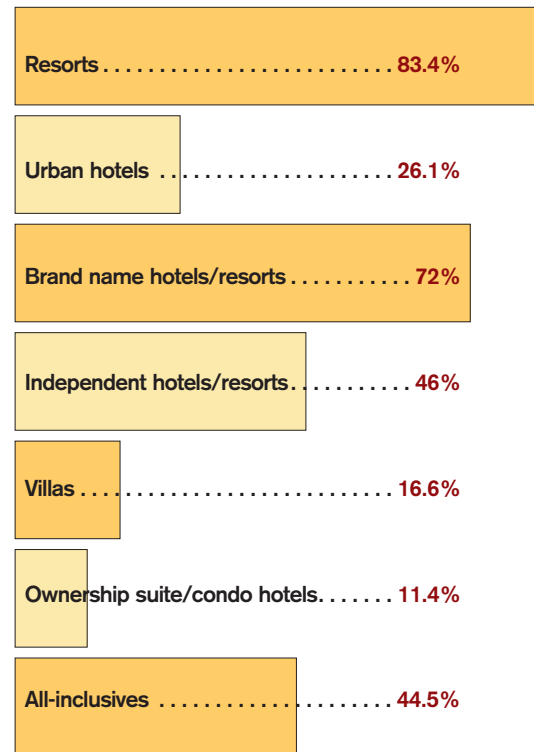
### getting home

Transporting travelers back to the original departure point will mirror the outbound process on the same transportation provider. Because incentive trips may be "the trip of a lifetime," your employees may seek to arrive early or depart late. You should make sure you work with the airlines to ensure a degree of flexibility. In such cases, be sure flights are available and tickets reserved well in advance. ■

## JUST THE STATS

### Preferred Lodgings

Planners weigh in on the types of hospitality establishments they use most often:



## program pointers

**Ground Transportation Options** There are several levels of ground transportation that you can choose for your incentive needs.

**SEDANS:** Available at a few different levels, from basic to executive style.

**LIMOUSINES:** Can be used to transport either several people or individual travelers; styles range from traditional (such as Lincoln Continentals) to super-luxury and contemporary choices.

**VANS:** Available either as traditional airport transport vehicles or upscale vehicles sporting various amenities.

**MOTORCOACHES:** Come in a range of models and sizes with varying amenities, from the most basic transportation to luxury models with individual lighting and air conditioning, televisions and DVD players, and more.

# the incentive travel buyer's handbook

## CHAPTER 11 safety and security

### safety and security

Every incentive planner has to become a risk manager. It means that you need to try to anticipate everything, including all the things that could possibly go wrong with your program, then take whatever steps are necessary to prevent those things from happening.

#### the macro level

Simply put, this is everything that could happen to things and to people, regardless of the destination location or type of incentive program you're staging. Sit down with staff and have everyone make a "what-if" list of possibilities. Some things to consider include:

- What could happen to your technical equipment used in any planned programs? It could be stolen, dropped from a truck, soaked when a water sprinkler system goes off accidentally, ruined by an ignorant operator, etc.
- What might befall the tangible property that your attendees themselves will bring along? Laptops, cameras, jewelry, and other items could be stolen, pockets could be picked, luggage could be lost.
- What risks does your meeting face that may prevent it from actually happening as planned? Consider the possibility of an airline or resort strike, a resort fire, loss of electricity, broken pipes, and flooding.
- What risk does your corporate information face? Corporate sabotage, premature leaks to the press, and so on.
- What could happen to attendees personally? The most dire is death, but other possibilities include sickness, accidents and injury, or kidnapping of top executives.

#### the micro level

These items are "micro" not because they are any less important, but because they are confined to a particular event, space, and situation. While it's possible that terrorism or an earthquake (for example) can happen anywhere, they are more likely to happen in certain circumstances and places. In addition to your staff's "what if" list, poll your contacts at your destination and resort for their input. They shouldn't whitewash the situation if they're true professionals. Here are some examples of things to consider in particular places and situations.

- For a winter program, consider the effects of the cold and dangers of skiing or sledding. Mountain locations, while beautiful, pose concerns about altitude sickness, especially among smokers or drinkers.
- A cruise incentive can prompt thoughts of a disabled vessel, seasickness, and ship-wide epidemics.
- Speaking of islands, don't forget the possibility of a hurricane in the late summer and fall. Similar concerns apply for desert locales during the brutal summer months.

- Have older participants? You might want to have an emergency medical team with a defibrillator on hand. This caution can even apply to sedentary 35-year-olds having a go at a ropes course.

Also be sure to keep abreast of current events in the chosen destination. For example, an event planned several months before in a country with a faltering economy could prompt you to consider canceling outright, if economic collapse and civic unrest is possible.

#### preparation and planning

Always have a Plan B. For example, that might mean identifying where an incentive program could be moved in case of an emergency at the original destination. Make sure your knowledge of force majeure clauses in hotel contracts is up to date.

When on site, make sure the facility is safe and secure. You can do this by preparing plans for most eventualities (or using your facility's plan).

#### communication

Part of your responsibility is to make sure participants are aware of things that can go wrong. You don't want to scare people, of course, but if you're taking precautions, you'll want your winners to take care, too.

- Advise participants to take simple precautions, such as dressing in a low-key manner that respects local norms.
- Winners should not use a business card as a luggage tag. All bag tags should be covered.
- Attendees must clearly advise planners and company officials of any existing medical problems. Send a form to all participants to detail any medical or physical problems.

#### liability and insurance

Incentive planners have four legal duties:

1. The duty to investigate all aspects of the event and act accordingly
2. The duty to inform and warn attendees and participants of known hazards as may be necessary
3. The duty and responsibility to plan for the safety and well-being of every attendee and participant
4. The duty not to subject attendees and participants to unreasonable risks of harm

- Brainstorm with your staff to determine everything that could go wrong and the necessity for insurance.
- Put your risk management policies in writing to demonstrate you're a good risk, to reduce your claims, and to help keep your premiums in line in the future.
- Use insurance companies that are familiar with the incentive industry. And compare policies, not just prices. ■

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PAGE #		Have a salesperson call	Send Literature
6-7	Atlantis	<input type="checkbox"/>	<input type="checkbox"/>
11	Bermuda Tourism	<input type="checkbox"/>	<input type="checkbox"/>
9	Blue Man Group	<input type="checkbox"/>	<input type="checkbox"/>
15	Borgata Hotel & Casino	<input type="checkbox"/>	<input type="checkbox"/>
37	Chateau on the Lake	<input type="checkbox"/>	<input type="checkbox"/>
25	Hard Rock	<input type="checkbox"/>	<input type="checkbox"/>
19	Harrah's Entertainment	<input type="checkbox"/>	<input type="checkbox"/>
21	Harrah's Harvey's Lake Tahoe	<input type="checkbox"/>	<input type="checkbox"/>
5	Marriott Hotels	<input type="checkbox"/>	<input type="checkbox"/>
35	Palace Resorts	<input type="checkbox"/>	<input type="checkbox"/>
29	Palms Place Hotel & Spa	<input type="checkbox"/>	<input type="checkbox"/>
17	Planet Hollywood	<input type="checkbox"/>	<input type="checkbox"/>
39	Radisson St. Martin	<input type="checkbox"/>	<input type="checkbox"/>
CV2	Scottsdale Plaza Resort	<input type="checkbox"/>	<input type="checkbox"/>
31	Sheraton Maui Hotel	<input type="checkbox"/>	<input type="checkbox"/>
33	Tourism Aruba	<input type="checkbox"/>	<input type="checkbox"/>
41	Tourism Malaysia	<input type="checkbox"/>	<input type="checkbox"/>
13	Tourism Monaco	<input type="checkbox"/>	<input type="checkbox"/>
2	The Venetian	<input type="checkbox"/>	<input type="checkbox"/>
23	Vienna Tourism	<input type="checkbox"/>	<input type="checkbox"/>
CV4	Wynn Las Vegas	<input type="checkbox"/>	<input type="checkbox"/>
CV3	Yucatan CPTM	<input type="checkbox"/>	<input type="checkbox"/>