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The Great Comeback: Incentive Travel Rebounds

BY ROBIN AMSTER

After what many in the field consider the worst recession in memory, incentive travel is back, with both incentive companies and industry groups noting a marked increase in business for 2011.

Not surprisingly, the industry that is rebounding is different from the one that saw wholesale cancellations a few years ago. The recent dismal economy plus an image problem — triggered by American International Group's (AIG) lavish 2008 trip in the wake of its government bailout — have combined to change some elements of incentive travel programs as well as the way incentive travel sellers do business.

"With many programs coming back, people are talking about tighter budgets," said Jim Dittman, president of New Brunswick, N.J.-based Dittman Incentive Marketing. "My great concern during the course of this recession is that we may have recalibrated the standard down and that will be truly unfortunate because it undermines the foundation of what incentive travel is."

Still, many sellers believe that changes tied to tighter budgets — including shorter trips, fewer participants, less luxurious properties, and the use of U.S. destinations in place of off-shore sites — will prove to be temporary as the economy improves.

Other changes, they say, are here to stay.

These include a much greater focus on making the business case for incentive travel, an intense scrutiny of the financials, the inclusion in programs of business meetings and CSR (corporate social responsibility) activities, and the use of social media for communication and promotion.

Permanent and positive

Many view these permanent changes as positive. And they see another silver lining in the cloud of the last few years: The absence of incentive programs made visible the real value of incentive travel.



"The recent recession was the most dramatic in 25 years and one in which the effects were most immediate; business turned off like a faucet," said Steve O'Malley, senior vice president of Fenton, Mo.-based Maritz Travel and president of the SITE (Society of Incentive Travel Executives)

International Foundation. "There was a reluctance to invest in anything, much less things that people were hesitant to use because of the villification of incentive travel in 2007 and 2008.

"Now, with the engagement of employees and channel partners at an all time low, companies recognize the power of incentive travel as a meaningful reward," he said. "There's a bit of pent-up demand with people having taken a break for so long."

The "AIG effect" is also fading, according to Dittman. "The industry has finally done a good job of explaining the jobs we create and the contribution we make to the economy," he said.