

# **Chapter 3**

## **Incentive Travels**

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## Objectives

1. Explain the meaning of terms related to incentive travels
2. Explain the purposes of incentive travels
3. Explain the overview of the incentive travel industry
4. Explain the value chain of incentive travels
5. Explain the key stakeholders of incentive travels



## Definition and Concept Clarifications (1/3)

❑ There are many definition and concept for *incentive travel* which are defined as:

“a global management tool that uses exceptional travel experience to motivate and/or recognize participants for increased level of performance in support of the organization goal” – Society of Incentive and Travel Executives (SITE)

“Travel provided to employees by companies in an effort to motivate them to increase and improve their performance.” – Pizman and Holcomb (2008)

“1) a corporate sponsored meeting or trip to reward effort and create company loyalty, often build around a theme; and 2) a celebratory event intended to showcase persons who meet or exceed sales or production goals.” – Goldblatt and Nelson (2001)

“a motivational tool to enhance productivity or achieve other business objectives. Participants qualify for the travel award based on achieving the level of performance required by the program” – the Incentive Research Foundation (IRF)

## Definition and Concept Clarifications (2/3)

❑ The employees/people who can be motivated by incentive travels are as follows:

1. *Salespersons or agents*: Many types of businesses give rewards to salespersons who achieve the sales target.
2. *Non-sales persons*: To increase productivity or to improve performance.
3. *Executives and employees at various levels*: To promote achievement of the organizational goals.
4. *Dealers*: To reward dealers achieving the sales target, such as car dealers or electrical device dealers, etc.
5. *Distributors or retailers*: To reward distributors or retailers who achieve the sales target, such as soft drink or consumer product distributors, etc.
6. *Premium customers*: To reward customers with high purchase, regular customers, large customers, etc.

## Definition and Concept Clarifications (3/3)

### ❑ Distinct characteristics and functions of *Incentive Travels*

- Incentive travel is always sponsored by the company although trip elements may well be very similar to a leisure trip
- They serve as a motivational tool for employees. They function as motivation to perform and as a reward or recognition for achieving goals set forth by management.
- Building loyalty towards distributor, dealers, retailers, and customer
- Incentive trips must be predetermined for employees who perform to or above a given criteria with clear objectives, measurements and qualification process planned and agreed upon by participants and senior management (Incentive Research Foundation - IRF)
- Keeping employee morale high is valued by an organization in their efforts to maintain smooth operations. Incentives of any kind are usually given as rewards, as signs of recognition or as tools to motivate employees.

## Incentive Travel Purposes (1/2)

### **1. Drive desired outcome**

- ❑ Planned ahead of time
- ❑ Need to set out the goals and objectives employees are expected to achieve

### **2. Improve top performer retention**

- ❑ Incentive travel programs can influence the decision to remain with a company

### **3. Ensure positive organizational culture**

- ❑ Enhances a positive organizational culture which is essential to a smooth working environment, high morale and a positive employee attitude

### **4. Provide networking opportunities**

- ❑ Serve as a stage for employees to mingle among themselves as well as with management
- ❑ Can widen the perspectives of both employees and management

### **5. Build motivation**

- ❑ A most effective motivational tool

### **6. Provide recognition**

- ❑ Only those who qualified are selected and rewarded with an incentive trip providing participants with a sense of recognition and acceptance from the organization

## Incentive Travel Purposes (2/2)

- ❑ Many organizations reward their employees in the form of incentive travels with the purposes to sell their products and services (Laforge, 1992: 1-32) as follows:
  1. To increase sales of products or services.
  2. To promote work morale.
  3. To sell products to new groups of customers.
  4. To introduce new products.
  5. To sell old stocks of products or services.
  6. To promote sales.
  7. To stimulate competitions.
  8. To support sales promotion.
  9. To organize incentive travels to strengthen a good relationship with sales agents.
- ❑ Many organizations motivate their employees through incentive travels with an aim to improve performance as follows:
  1. To promote work safety.
  2. To increase work attendance.
  3. To control work quality.
  4. To encourage employees' recommendations on how to improve works.
  5. To promote teamwork.

## Key Success Factors (1/3)

### Communication

- ❑ Prior to any incentive travel program to take place in an upcoming year, top management needs to communicate to all employees details about the incentive plan and the destination to which the company will be taking them

### Earning Criteria and Allocations

- ❑ Reward and recognition programs are very sensitive issues and can easily create conflict and hard feelings
- ❑ The criteria for a successful candidate must be thoroughly and clearly identified to everyone involved
- ❑ The criteria must be realistic and attainable

### Incentive Program Design

- ❑ Every incentive trip requires hours of program-design planning, as the quality of trips largely depends on the efforts put into this process
- ❑ Shape the program in such a way that it promotes synergy among top company performers



## Key Success Factors (2/3)

### Top Management Roles

- ❑ Hosts in this case refer to the executive level management who are expected to participate in every event and mingle with employees. They are given an opportunity to build personal relationships and motivate employees, issues discussed with top performers can help senior management improve operations and processes that can ultimately move the organization forward.

### Budget

- ❑ Can be viewed as both a key success factor and a constraint
- ❑ The proper allocation and budgetary management in every element of the trip is vital to a trip's success

## Key Success Factors (3/3)

- ❑ There are three criteria for creating impression from incentive travels as follows:

### Creativity

- ❑ Service providers should be creative to organize new activities to suit travelers, projects and organizations



### Unusual Experience

- ❑ Activities in the traveling plan should be beyond expectation and cannot be found in general trips



### Customization/Personalization

- ❑ Service providers should focus on the unique feature of the organization as a whole as well as its individuals. For organization, it means the emphasis on important projects or unique organizational characteristics.



## Incentive Travel Industry Value

- ❑ Statistical sources of the incentive travel industry are limited. From the data shown shown the value of the US incentive travel industry, such data can imply the importance of this industry as the US has the largest incentive travel industry in the world.
- ❑ *The Market for Incentive Travel, Motivational Meetings and Special Events* published by the Incentive Research Foundation (IRF) offered insight into the size of the industry. It states that the spending of incentive travelers was worth USD 22.5 billion in 2015, which accounted for 46% of all the US business.
- ❑ According to the study of the Incentive Federation and Incentive Research Foundation (IRF), incentive travel has a good rate of growth while the factors that need to be taken into account include travelling cost, itinerary planning, challenges in introducing new experience, and creating unusual experience for travelers.



## Incentive Travel in Thailand (1/8)

### Thailand Statistics

Table 3.1: Number of Incentive Travel Groups in Thailand during 2014-2015 Categorized by Region

Region	2014	2015	Rate of Change (%)
Bangkok Metropolitan Region	429	438	14.06
Central Region	275	280	1.89
Northern Region	389	406	3.96
Southern Region	489	498	1.27
Eastern Region	383	405	4.93
Northeastern Region	15	12	-14.11
<b>Total</b>	<b>1,980</b>	<b>2,039</b>	<b>5.65</b>

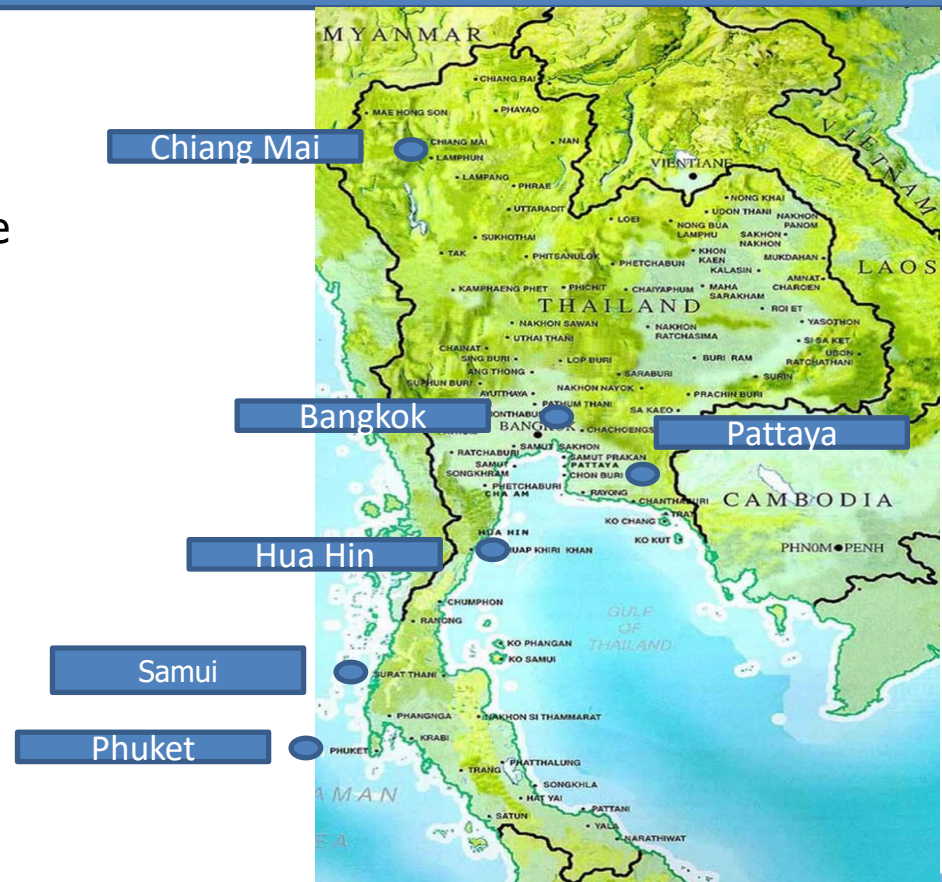
Source: Thailand Convention and Exhibition Bureau (TCEB), 2015

- Table 3.1, during 2014-2015 the rate of change of incentive travel groups increased by 5.65%. The Eastern Region had the highest increase, followed by Bangkok Metropolitan Region.
- The businesses with the highest rate of incentive travel programs were
  - Chemicals & Cosmetics
  - Pharmaceutical & Medical
  - Insurance & Assurance
  - Household Products
  - Finance & Banking
  - Automotive & Accessories
  - Tourism

## Incentive Travel in Thailand (2/8)

### Top Destinations in Thailand (1/7)

- ❑ A touch of modernization and rich culture infused in every destination make Thailand a mesmerizing place to visit.
- ❑ Popular destinations among both leisure tourists as well as incentive travelers include Bangkok, Chiang Mai, Phuket and Hua Hin.





## Incentive Travel in Thailand (3/8)

### Top Destinations in Thailand (2/7)

#### Bangkok



- ❑ The city of Bangkok is regarded as a vibrant, fun and active city
- ❑ A fast-paced and city-style travel programs with a better value for money comparing to other cities in the region



## Incentive Travel in Thailand (4/8)

### Top Destinations in Thailand (3/7)

#### Chiang Mai

- ❑ Chiang Mai has been awarded recognition as one of the 5 Most Underrated Asian Cities in Asia by Condé Nast Traveler 2015 Reader's Choice Award.
- ❑ The city itself, located in the Northern part of the country, is one of the most attractive sites available in Thailand





## Incentive Travel in Thailand (5/8)

### Top Destinations in Thailand (4/7)

#### Phuket

- ❑ Based on Trip Advisor Survey of the Top 10 Islands in Asia in 2015, Phuket was ranked The Third Best Island in Asia.
- ❑ With its advanced infrastructures such as an international airport, Phuket is one of the most popular islands in Thailand filled with lively, cosmopolitan and colorful activities



## Incentive Travel in Thailand (6/8)

### Top Destinations in Thailand (5/7)

#### Pattaya

- ❑ Pattaya is among top of the list of the most famous destinations popular with tourists and expatriates.
- ❑ There are so many places and activities to choose from that it has become the world's leading repeat visitor resort.
- ❑ Pattaya ranked the eight in "The Asia Top 20 Destinations by International Overnight Arrivals" by 2015 Master Card Asia Pacific Destinations Index.



## Incentive Travel in Thailand (7/8)

### Top Destinations in Thailand (6/7)

#### Samui

- ❑ Samui Island ranked the fourth by 2015 Trip Advisor Survey of the
- ❑ Top 10 Islands in Asia. It is in SuratThani Province off the east coast, is Thailand's second largest island after Phuket. It is rich with natural resources, white sandy beaches, coral reefs, jungles, mountains and fields of coconut trees.
- ❑ The island is a self-sufficient community having little connection with mainland Thailand and is surrounded by about sixty smaller islands.





## Incentive Travel in Thailand (8/8)

### Top Destinations in Thailand (7/7)

#### Hua Hin



- ❑ Within easy travelling distance to Bangkok, another spectacular beach destination, Hua Hin is more serene and well preserved than its more famous sister, Pattaya.
- ❑ Activities in Hua Hin include golfing and savoring seafood by the sea.
- ❑ In addition to typical beach activities, resorts and spas in Hua Hin have continuously received awards from Conde Nast Traveler



## Incentive Travel Trends

- ❑ The incentive travel industry does not deviate much from other industries as it is influenced by the state of the economy, technology and CSR initiatives.
- ❑ Surveys from the Incentive Research Foundation (IRF), "*IRF 2016 Trends in Incentive Travel, Rewards, and Recognition*" have identified the factors seen to influence the incentive travel industry.

### ***Trend***

- ❑ Organizational structure has experienced substantial changes due to the emergence of the Gen Y workforce, in addition to Baby Boomer and Gen X employees. The need to set up strategies to bridge the age gaps of employees, as well as provide incentives to retain high performers in the business.
- ❑ IRF Pulse Study to survey 200 planners of incentive programs, it was found that the budget for this kind of program was higher than the previous years due to better economic conditions.
- ❑ Destinations are now moving from international to domestic locations together with a reduction in trip length
- ❑ Technology has played an important role in various operations, including incentive travels.
- ❑ Corporate Social Responsibility (CSR) and Sustainability have become more popular over the past years and have played a more important role in incentive travels.

## The Value Chain



Figure 3.1: Incentive Travel Value Chain

- ❑ The important part of an incentive trip is when the company and an incentive organization begin to work together since it marks where the scope and content of a particular incentive trip are defined
- ❑ A back-and-forth communication and between the company and an incentive organization to indicate that back and forth natures in the steps required to plan and execute an incentive trip
- ❑ The preparation of the trip itself is usually in the hands of the incentive organizer who should oversee all administrative aspects and ensure synchronization of all functions included in the program.
- ❑ Most incentive organizers will coordinate and sub-contract most tasks to dependable service providers such as hotels, airlines, ground transportation and local tour operators

## Key Stakeholders (1/5)

### Incentive House/ Incentive Travel Company

- ❑ An incentive house is the organization that plans and runs incentive travel programs on behalf of companies or customers who wish to increase employee work performance. Incentive houses can be categorized into various levels of services as follows (Ranee Isichaiyakul 2003: 137):
  1. Full-service Incentive House is the organization that performs all related tasks of incentive travels.
  2. Incentive Travel Fulfillment Company is the organization providing partial incentive travel services where project development, marketing or sales promotion are beyond its responsibility.
  3. Travel Agency/Incentive Division is the tourism agency with an incentive division, which has a direct responsibility in running incentive travel programs and providing travel programs for meeting program customers.
  4. Travel Agency is the tourism agency offering retailing of business travel services and incentive travel programs.
  5. Incentive Organizer/Consultant is the consulting agency specialized in marketing or sales promotion who provides incentive programs and tourism services.

## Key Stakeholders (2/5)

### Destination Management Company (DMC)

- ❑ DMC is a local company specialized in providing services related to incentive travels as it has profound knowledge and experience in the destination, tourist attractions and incentive travel needs. Generally, DMC provides the following services:



- Consultation on incentive travels management.
- Running incentive travel programs.
- Acting as a local travel secretary office.
- Traveler registration.
- Coordinating with incentive houses concerning relevant management issues, such as providing shuttle buses, hospitality and tour operation, room reservation, organizing banquets or theme parties, stage performance, flower arrangement, venue decoration, souvenir and gifts, etc.



## Key Stakeholders (3/5)

### Other Service Providers/Suppliers

- ❑ Services providers in any incentive travel include hotels, transport operators, incoming tour operators and airlines
- ❑ Perform tasks that are skilled or experienced at providing and are vital to incentive trip quality and overall success.
- ❑ Increasingly incentive travel requires more creativity and innovation compared to typical leisure trips as incentive travelers expect exceptional experiences rather than a 'product,' services providers need to offer travel experiences that reflect:
  - ❑ **Uniqueness.** No trip or event should be the same as any other or predictable.
  - ❑ **Fantasy or exotic experiences.** Traveling to new locations should be followed by rare and exotic new experiences not easily available.
  - ❑ **Exclusivity.** Trips must give participants the impression they have been offered privileged access to exclusive places and opportunities to meet new and influential people.
  - ❑ **Originality.** Providers need to create new ways of performing the same task by providing programs that create excitement.
  - ❑ **Attention to detail.** Perhaps the most vital aspect to the overall success of an incentive trip, any little detail must not be overlooked, to create the highest customer satisfaction.
  - ❑ **Equality in Treatment.** Providers must make certain they treat every participant equally as incentive travelers can be sensitive to any nuance in levels of treatment.

## Key Stakeholders (4/5)

### Convention and Visitors Bureau (CVB)

- ❑ Convention and Visitors Bureaus (CVB) promote and facilitate the MICE industry within the country or region it represents
- ❑ In general, services that CVB offer can include:
  1. Provide information and advice on destinations services, facilities and know-how.
  2. Give unbiased advice on how to choose destinations, venues, providers and suppliers.
  3. Organize and support familiarization trips for corporate buyers and incentive houses.
  4. Provide brochures, teaser materials and maps.
  5. Serve as the center of market updates.
  6. Give advice and assist with customs, immigrations and tax rebates.
  7. Serve as the center of information on local laws and regulations.
  8. Provide access to special destinations, venues and other facilities.

## Key Stakeholders (5/5)

### Thailand Incentive and Convention Association (TICA)

- ❑ For incentive travel, TICA plays an active role in hosting and coordinating familiarization trips in Thailand

### Society of Incentive Travel Executives (SITE)

- ❑ SITE has played an important role attempt to standardize and improve the incentive industry starting the Certified Incentive Travel Executive (CITE) program as well as holding many seminars to improve the professionalism within the industry

### The Incentive Research Foundation (IRF)

- ❑ The IRF funds research studies and develops products to serve all segments in the incentive industry.
- ❑ To date it has published nearly 80 research projects highlighting the power and importance of incentive and motivational programs in the form of non-cash reward.

## Review Questions

1. Explain the meaning of incentive travels.
2. Explain the importance of incentive travels.
3. What are the key success factors of incentive travels?
4. Explain the process of incentive travels.
5. Explain the key stakeholders of incentive travels.

## Chapter Activities

1. Find information about different provinces in Thailand which are popular for incentive travels and specify the unique features of those provinces.
2. Arrange creative activities to impress incentive travelers at a certain provincial destination to suit the local context.

# Reference :



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