



PULSE SURVEY

The Incentive Industry Trends 2010

November 2009

Background and Survey Purpose

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In August 2008 it was decided that an appropriate topic for the final 2008 Pulse Survey would be an incentive industry trends outlook for 2009, Mid-Year 2009 and with the continued economic downturn, also an appropriate topic for the trends outlook for 2010.

Given that the Incentive Research Foundation (IRF) is charged with advancing the science of incentives, it surveyed industry professionals to obtain their opinions about the more salient trends affecting the industry during 2009 and leading into 2010.

To this end, the IRF asked these professionals questions on trends with regard to incentive travel programs, merchandise non-cash programs, and budget changes forecast for 2010.

In addition to the current topic on industry trends, the IRF tracks core issues of continuing interest to the industry:

- The extent to which company financial forecasts influence incentive programs;
- The effect of competitor reactions on company incentive programs; and
- Sensitivity to others' perceptions of company incentive programs.

Research Methods

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Invitations to participate in this online survey were sent to 618 incentive providers, suppliers to the industry and corporate incentive travel buyers.

The 103 survey participants can be categorized as follows...

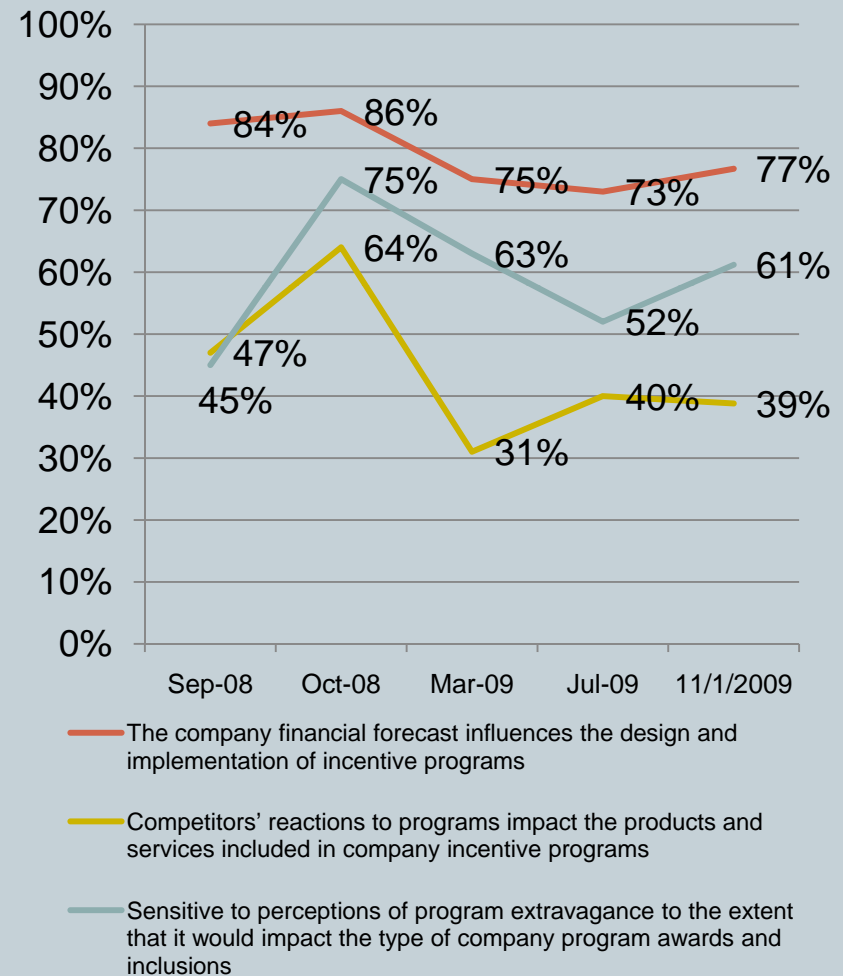
- Incentive travel provider (53%)
- Corporate incentive travel buyer (28%)
- Supplier, e.g., hotelier (13%)
- Other (6%)
- ...and represents, after undeliverable emails and out of office adjustments are made, a response rate of 18.8%

Data collection was conducted October 19th through November 17th, 2009.

Highlights: Core Issues

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Findings indicate that the trends are stabilizing for each of the core issues since March 2009. However, the trends remain significantly lower than in 2008.



Current Topic

Industry Trends for Mid Year 2009/2010

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Incentive Travel Programs
Merchandise Non-Cash Programs
ROI – Budget Considerations

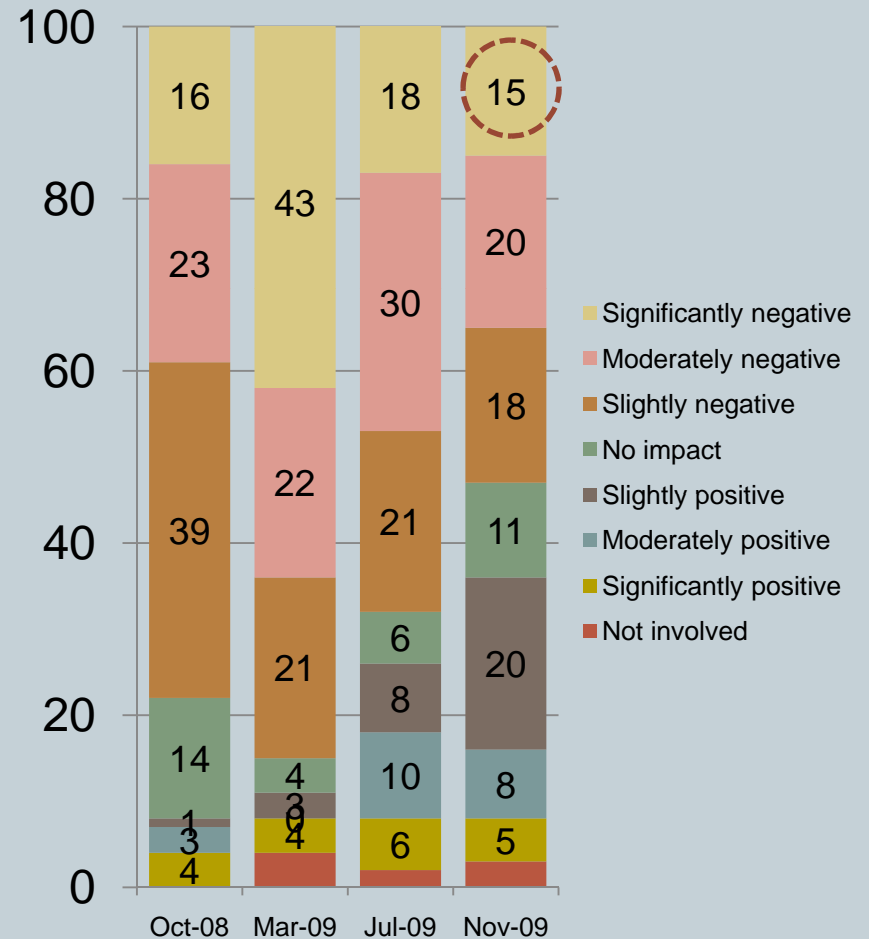
Perceived Impact of the Economy on Ability to Plan and Implement Incentive Travel Programs

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Respondents in the current survey (November 2009) appear to be more optimistic and consider the economy as having a “more” positive impact on their ability to plan and implement incentive travel programs when compared with the previous July & March results.

- Significantly negative 15%
November 2009 vs. 18% July 2009
- All negative impacts 53%
November 2009 vs. 69% July 2009.

In your opinion in 2009, what impact will the economy have on your ability to plan and implement travel incentive programs?
(October Base=79; March Base=102, July Base=103)



Techniques Used In 2010 To Enhance The Air Transportation Portion Of Incentive Travel Programs, What Component?

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A majority (53%) of respondents anticipate that roundtrip airport transfers will be included with the Air Transportation portion of Incentive Travel Programs in 2010.

- 45% indicate that All costs for air transportation-related expenses will be included.
- 39% indicate that Only tickets will be provided.

With regard to the air transportation portion of incentive travel programs, what techniques will be used in 2010 to enhance this component? Check all that apply. (n=103)



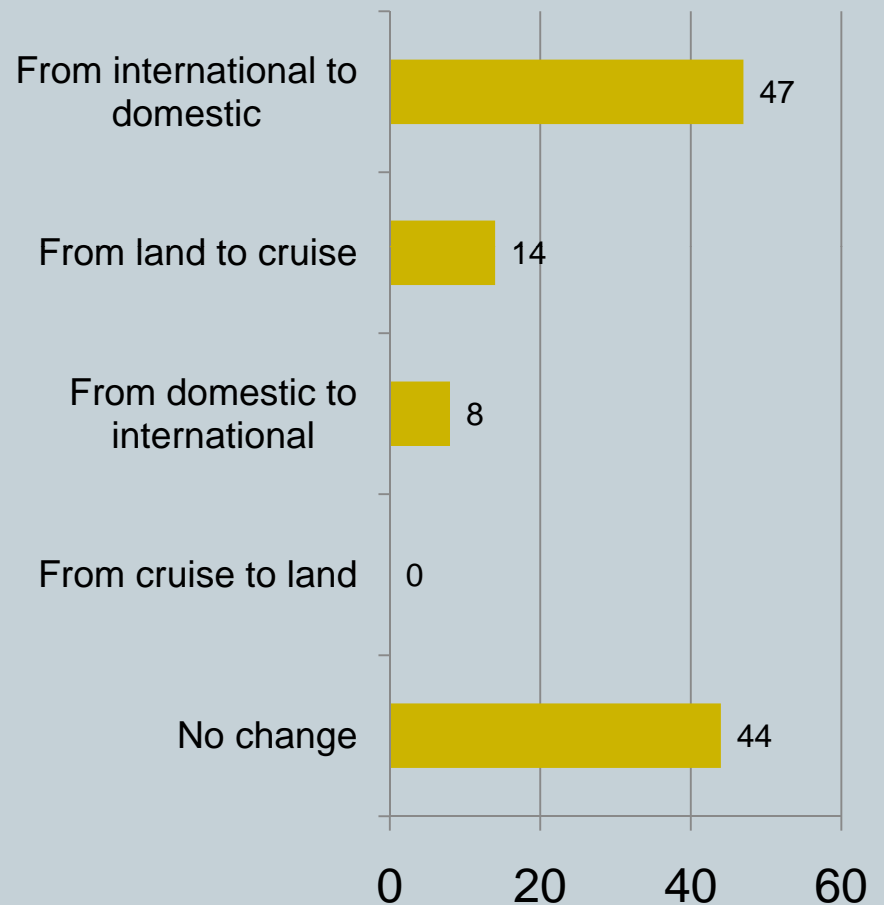
Anticipated Changes In 2010 With Regards To Incentive Travel Program Destinations

8

The majority (47%) of respondents anticipate more domestic destinations than international for Incentive Travel Programs in 2010.

- 44% indicate that they anticipate “No Change” with regards to the travel program destinations.

In 2010, do you anticipate any of the following changes will be made with regard to incentive travel program destinations? Check all that apply. (n=103)



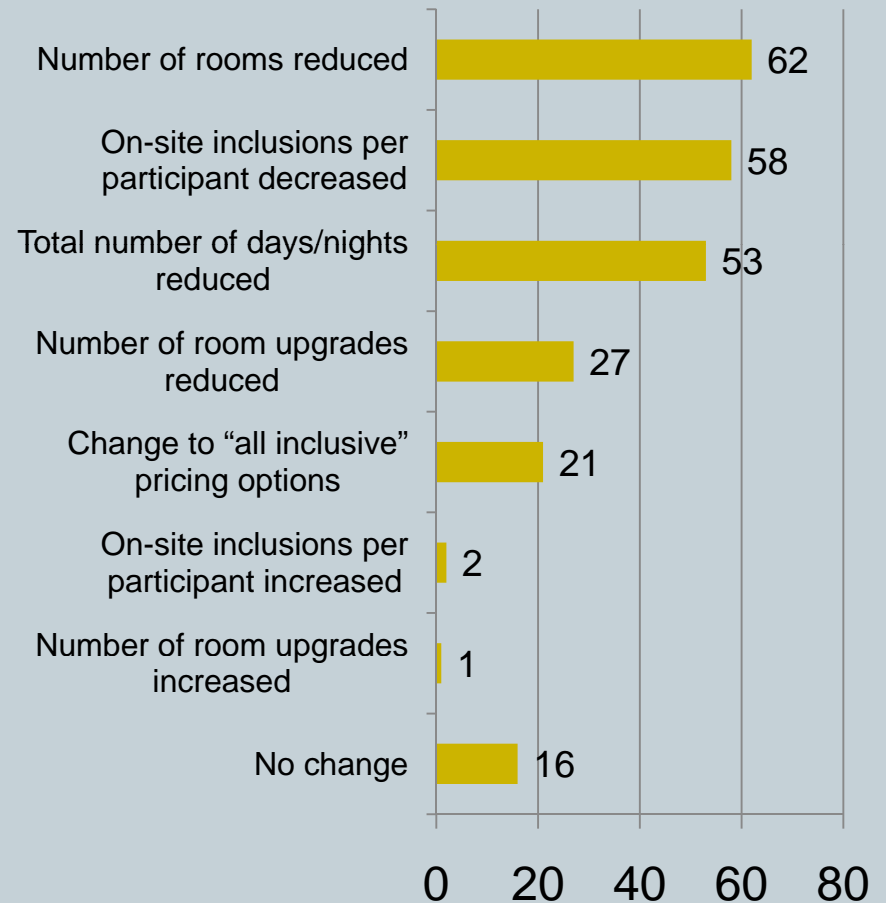
Anticipated Changes In 2010 With Regards To Incentive Travel Accommodations

9

A majority (62%) of respondents anticipate reducing the number of rooms for accommodations portion of Incentive Travel Programs in 2010.

- 58% indicate that On-site inclusions per participant will be decreased.
- 53% indicate that Total number of days/nights will be reduced .

With regard to accommodations for incentive travel programs in 2010, what changes, if any, will be made?
Check all that apply.(n=103)



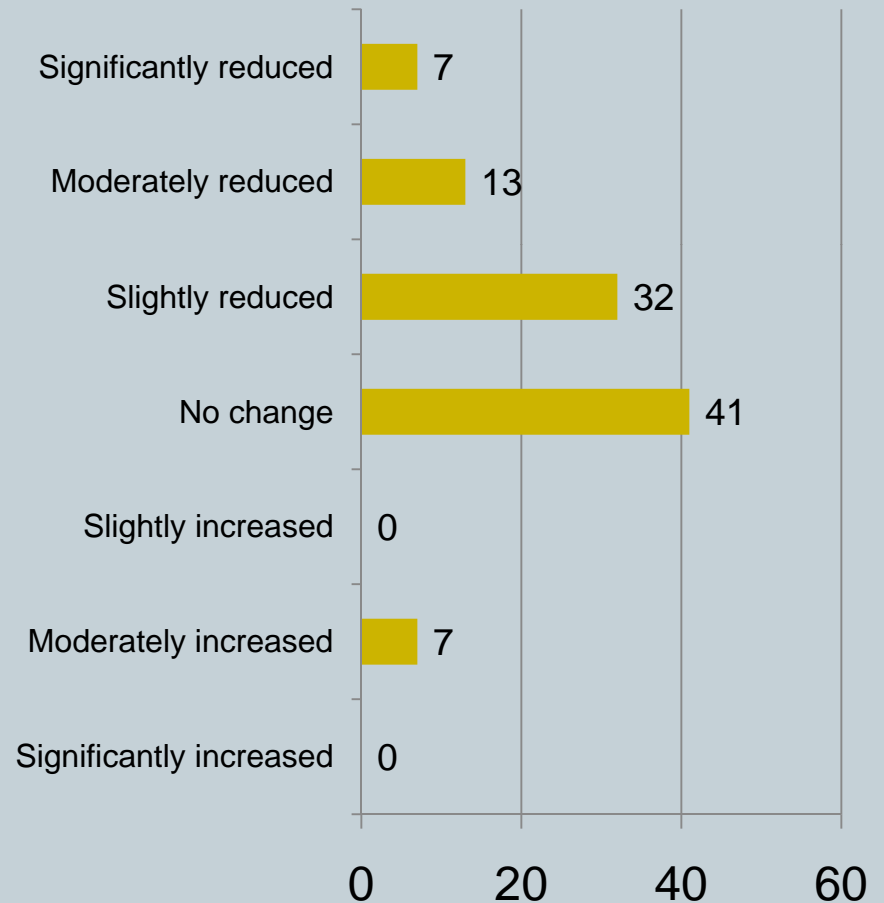
Anticipated Changes In 2010 With Regards To Sponsored Non-Meal Related Components

10

A majority (41%) of respondents anticipate No Change with regards to Sponsored Non-Meal Related Components for Incentive Travel Programs in 2010.

- 32% indicate that Sponsored Non-Meal related components will be “Slightly Reduced” in 2010
- Only 7% indicate that that Sponsored Non-Meal related components will be “Moderately Increased” in 2010.

With regard to the sponsored (paid by your company) non-meal related components for incentive travel programs, what changes in 2010, if any, will be made? Will non-meal related components be... n=103)



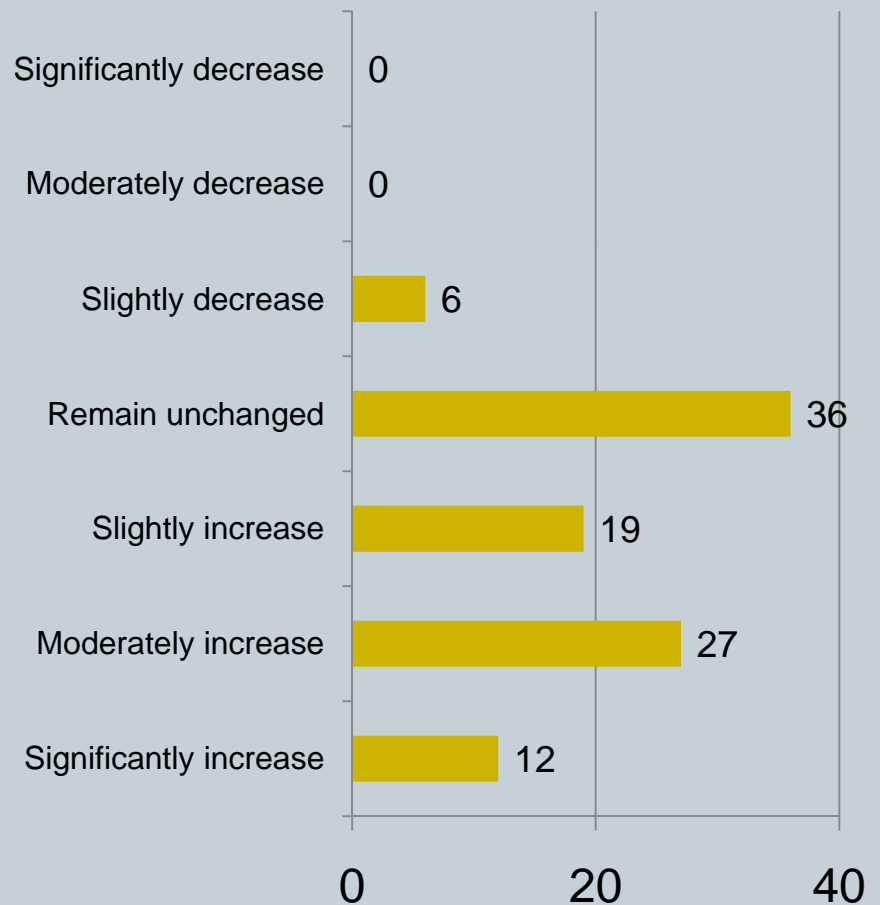
Anticipated Changes With The Involvement Of Procurement And Purchasing In 2010 Travel Incentive Programs

11

While the majority (36%) of respondents anticipate No Change with regards to involvement of procurement and purchasing for Incentive Travel Programs in 2010, almost all agree that their involvement will increase by some degree in 2010.

- 27% indicate that procurement and purchasing involvement will “Moderately Increase” in 2010.
- 19% indicate that procurement and purchasing involvement will “Slightly Increase” in 2010.

With regard to planning and implementing incentive travel programs, do you anticipate the involvement of procurement and purchasing in 2010 to... (n=103)



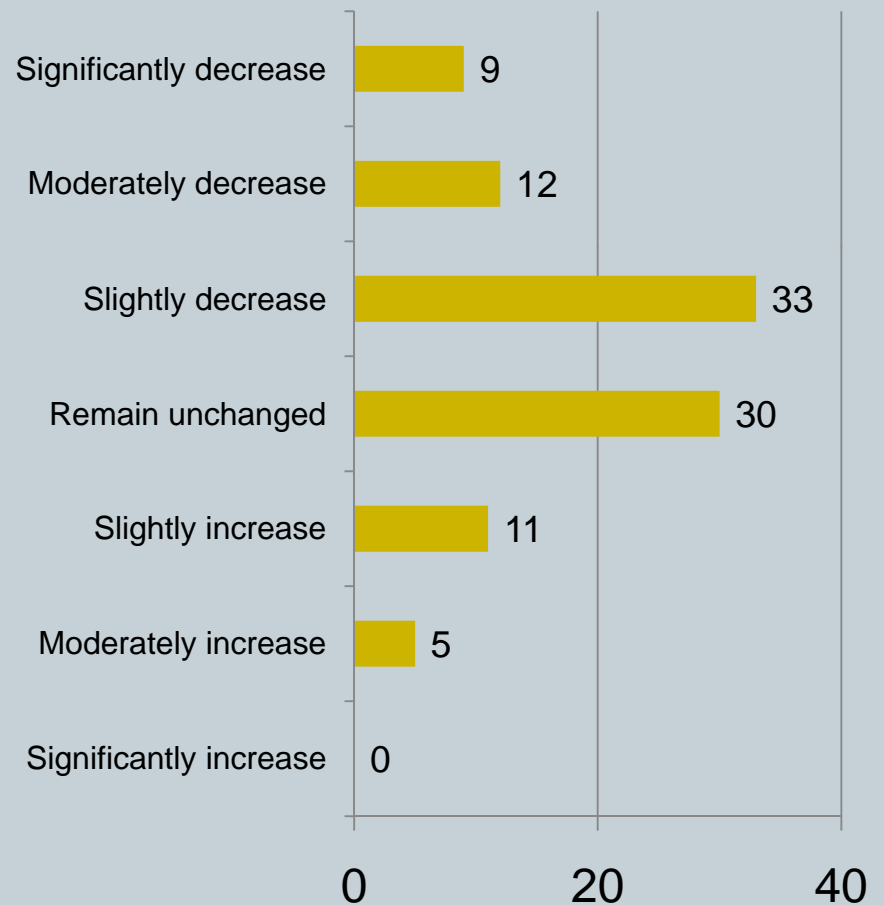
Anticipated Changes In 2010 Incentive Travel Program Budgets

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The majority (33%) of respondents anticipate budgets for Incentive Travel Programs in 2010 to “Slightly Decrease”.

- 30% indicate that budgets for Incentive Travel Programs in 2010 to “Remain Unchanged”.
- Only a combined 16% indicate that budgets for Incentive Travel Programs in 2010 to increase.

With regard to the sponsored (paid by your company) non-meal related components for incentive travel programs, what changes in 2010, if any, will be made? Will non-meal related components be... n=103)



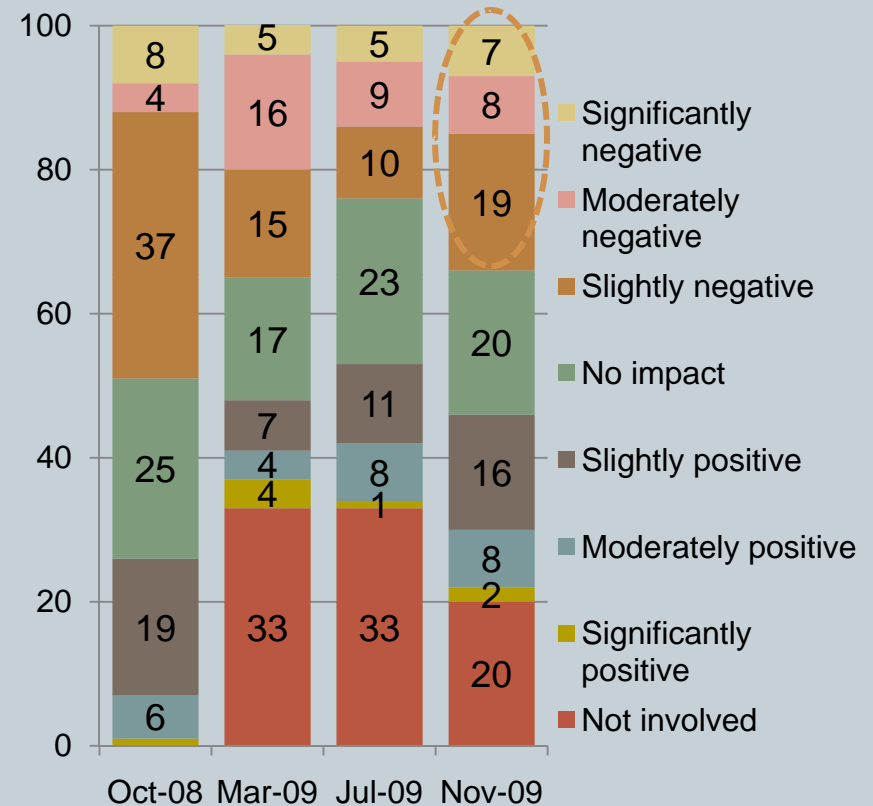
Perceived Impact of the Economy on Ability to Plan and Implement Merchandise Non-Cash Incentive Programs

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In November 2009, more respondents anticipate the economic downturn to continue to have a negative rather than positive effect on their ability to plan and implement merchandise non-cash incentive programs.

- Negative impact 34% in November vs. 24% in July 2009.
- No impact 23% in November vs. 20% in July 2009.
- Positive impact 26% in November vs. 20% in July 2009.

In your opinion in 2010, what impact will the economy have on the ability to plan and implement merchandise non-cash incentive programs? Will the impact of the economy in 2010 be...(n=103)



Note: 2008 vs. 2009 percentages not comparable because "not involved" response category added in 2009 survey.

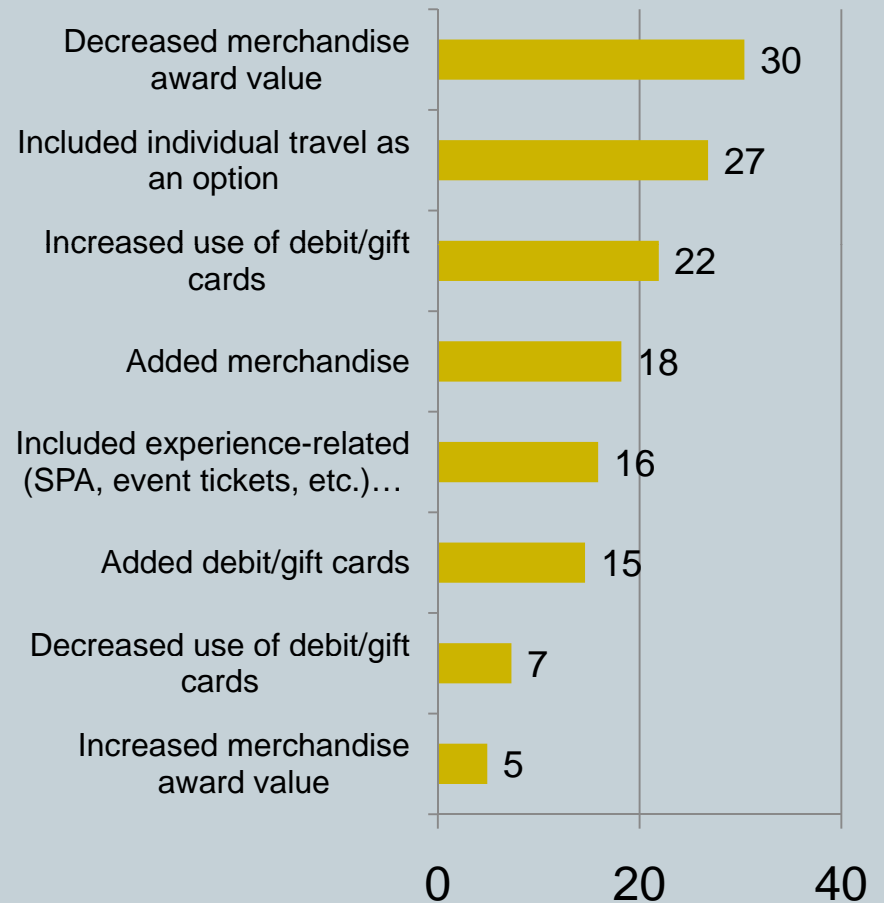
Anticipated Changes In 2010 With Regards To Merchandise Non-cash Incentive Programs Award Selections

14

A majority (30%) of respondents anticipate decreased merchandise award value with regards to 2010 Merchandise Non-Cash Incentive programs.

- 27% indicate that Included individual travel will be offered as an option in 2010.
- 22% indicate that the use of debit/gift cards will be increased in 2010.

With regard to merchandise non-cash incentive programs, what changes, if any, will be made in 2010 with award selections? Check all that apply. (n=82)



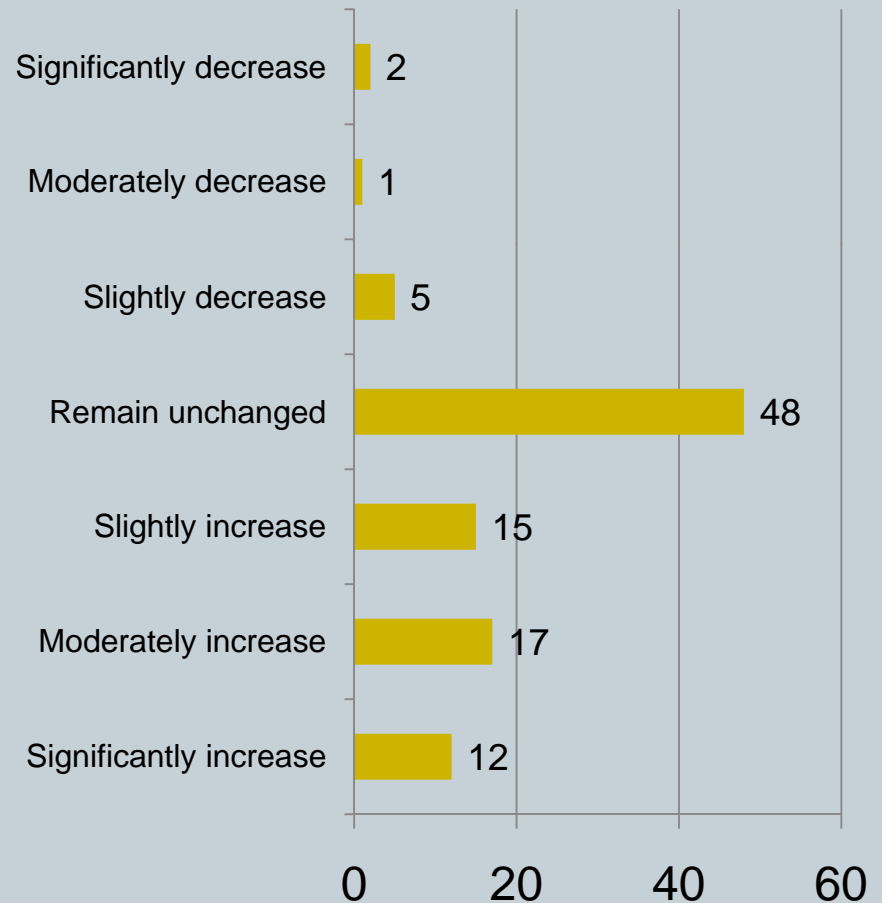
Anticipated Changes With The Involvement Of Procurement And Purchasing In 2010 Merchandise Non-Cash Incentive Programs

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While the majority (48%) of respondents anticipate No Change with regards to involvement of procurement and purchasing for Merchandise Non-Cash Incentive Programs in 2010, most all agree that their involvement will increase by some degree in 2010.

- 17% indicate that procurement and purchasing involvement will “Moderately Increase” in 2010.
- 12% indicate that procurement and purchasing involvement will “Slightly Increase” in 2010.
- Only 8% indicate the procurement and purchasing involvement will increase by some degree in 2010.

With regard to planning and implementing merchandise non-cash incentive programs, do you anticipate the involvement of procurement and purchasing in 2010 to...(n=82)



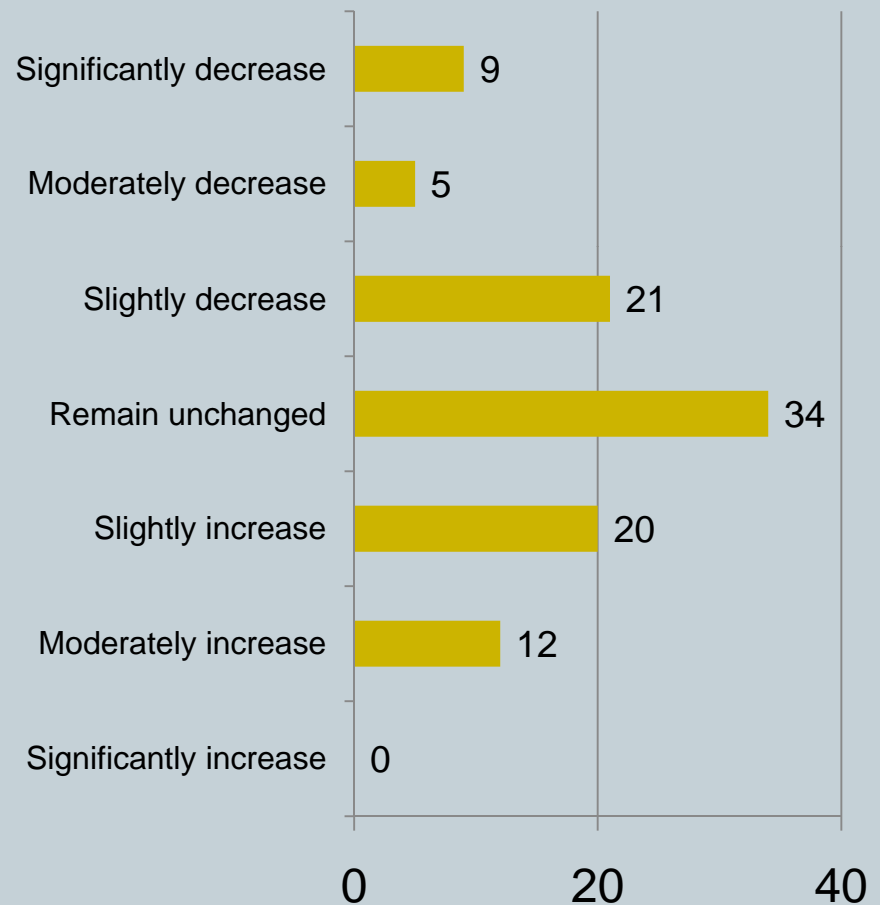
Anticipated Changes In 2010 Merchandise Non-Cash Incentive Program Budgets

16

The majority (34%) of respondents anticipate budgets for Merchandise Non-Cash Incentive Programs in 2010 to “Remain Unchanged”.

- 21% indicate that budgets for Merchandise Non-Cash Incentive Programs in 2010 to “Slightly Decrease”.
- Of note, a combined 32% indicate that budgets for Merchandise Non-Cash Incentive Programs in 2010 to increase.

In 2010, do you anticipate budgets for merchandise non-cash incentive programs in general to...(n=82)



General Issues Of Interest to the Industry

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Budget Changes for 2010 Incentive Program Elements

Anticipated Changes Incentive Program Elements

In general, respondents indicated that they anticipate most incentive program elements to either decrease or remain the same in 2010.

- Only the following elements received ratings of Increase of greater than 10% for 2010:
 - Number of total qualifiers (10%)
 - Awards budget (11%)
 - Incentive Company involvement (11%)

In 2010, do you anticipate the following incentive program elements will increase, decrease or remain the same?
(n=103)

