Incentive Research Foundation

MEASURING INCENTIVE TRAVEL PROGRAM EFFECTIVENESS

Introduction

Incentive travel programs are a significant investment, and program owners face growing pressure from the C-suite to deliver against broader business goals. This study was conducted to understand how incentive program owners and their partners are currently measuring effectiveness, where the biggest gaps exist, and what is needed to strengthen measurement practices across the industry.

Our research found that while most program owners strongly believe incentive travel drives outcomes such as sales growth, engagement, and retention, far fewer are confident in their ability to isolate and demonstrate that impact. Measurement efforts still tend to focus more on attendee satisfaction and event execution than on business performance or long-term behavioral change, leaving many programs vulnerable to scrutiny from finance and procurement stakeholders. This study explores these challenges in detail and identifies practical opportunities to build more consistent, credible, and business-focused measurement approaches.

Methodology

This study set out to assess the status of incentive travel program measurement, identify barriers to more effective measurement, and support the incentive travel community in overcoming those barriers.

The report explores the extent to which current measurement practices demonstrate business impact and inform strategic decisions. This is set against the backdrop of changing budgets and stakeholder expectations.

Independent research agency Explori conducted an online survey, with contributions from 114 respondents, including 56 incentive program owners and 58 third party providers who help organizations plan, deliver, or support incentive travel programs.

In addition, Explori conducted eight qualitative depth interviews with selected respondents who had participated in the survey.

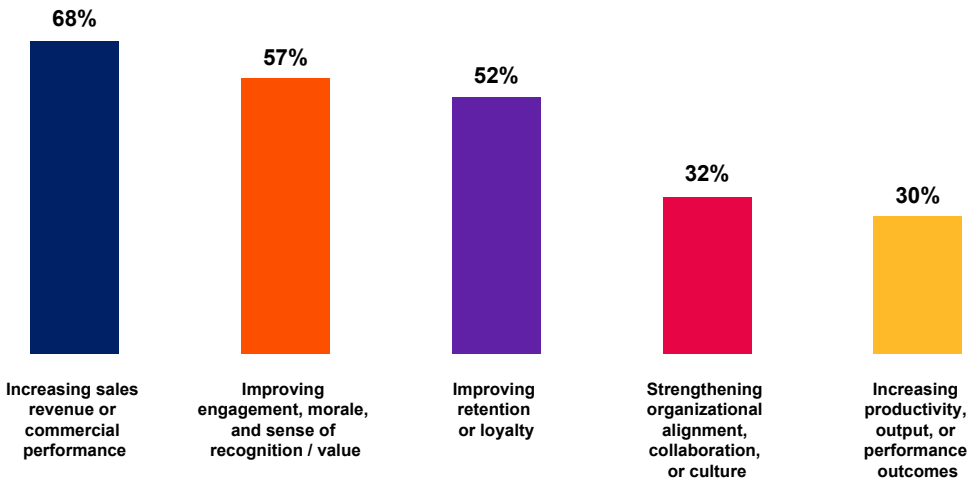
Key Findings

- While incentive travel professionals wholeheartedly advocate for the value that their programs deliver, they are much less confident in their ability to isolate the impact of their incentive travel programs on business objectives.
- Incentive program owners feel that their internal stakeholders, especially senior leadership, value their programs. However, Finance / Procurement are seen as much less supportive, and fewer than one in four program owners track ROI or cost-benefit analysis to evaluate the effectiveness of their programs, suggesting limited ability to withstand scrutiny.
- This is reflected by the measurement practices we observed. While boosting sales growth, employee engagement and retention are common objectives, measurement tends to focus on attendee experience and event design over business impact.
- Short measurement timelines, anecdotal measurement processes, and limited use of advanced measurement tools mean that the foundations of effective measurement are frequently absent, leaving incentive program owners to do their best with the means that are available.
- Program owners identify uncertainty around how to best measure outcomes as the biggest barrier to effective incentive program measurement, pointing to a lack of measurement maturity, expertise, and strategic alignment rather than lack of interest or effort.
- There is demand for more practical measurement support, such as frameworks, playbooks, benchmarking, KPI definitions, case studies, and implementation guidance.
- With third parties more used to justifying program investment and evaluating business impact, and more likely to provide ROI or cost-benefit analysis of their programs, there is potential for cross-industry learnings to be shared and for closer collaboration to enhance measurement practices.
- However, third parties raise lack of client data access as the key barrier to effective measurement. Implementing better upfront data sharing agreements would help overcome this barrier, and as such could be a key step towards improving program measurement effectiveness.

Demonstrating Business Impact

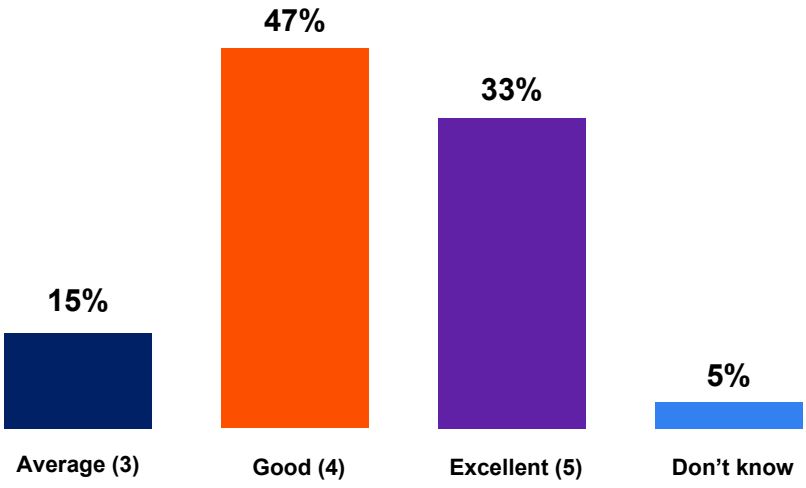
The purpose of incentive travel programs is clear: organizations invest in these to stimulate commercial performance, spark employee engagement, and engender loyalty. Incentive program owners wholeheartedly advocate for the value that their programs deliver. The vast majority (85%) rated the impact of their programs on business objectives as Good or Excellent.

Figure 1: Top Business Objectives for Incentive Travel Programs



What are the primary business objectives that you are looking to achieve with your organization's event incentive travel programs (i.e., the outcomes your organization aims to deliver through these programs)?

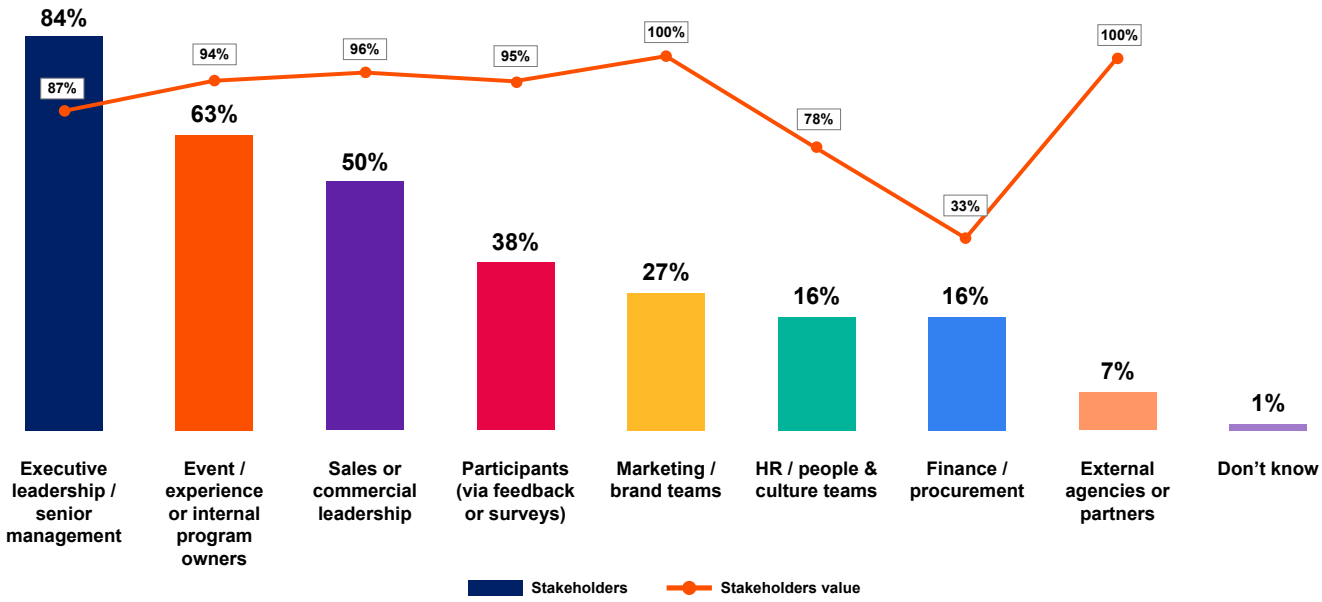
Figure 2: Impact of Incentive Travel Programs



How would you rate the impact of your organization's incentive travel programs in relation to your business objectives?

They don't feel alone in their views. Those who reported involvement from executive leadership / senior management felt in 87% of cases that these stakeholders perceive incentive programs as high / very highly valuable. A similar picture emerged for most other internal stakeholders, with incentive owners reporting that value is perceived to be high by those involved in assessing it.

Figure 3: Stakeholder Assessment of Incentive Travel Programs



Which stakeholders assess the impact or value of your incentive travel program? / How do your internal stakeholders typically perceive the value of incentive travel programs?

There is one notable exception. When Finance / Procurement is involved, only one in three incentive program owners report that they highly value incentive travel programs.

So why is this? Part of the issue lies in the difficulties that program owners have in isolating the impact of their incentive programs on business goals. While positive feedback on the experience and anecdotal evidence of the impact may be enough to persuade some stakeholders of the program's value, this is not the same as proving the return on investment that a finance department may be looking for.

> "How do you know that it wasn't the salesperson in the relationship that they built? How do you know it wasn't that they saw an ad... or there was a promotion going on that drove the behavior?

Yet incentive travel program budgets are holding steady, with four in five program owners reporting stable or growing spend. And these budgets are substantial: the program owners we surveyed report that their organizations spend a median of $3.8 million on incentive travel programs annually. One in four report annual spend of over $10 million. Looking forward, nearly half the incentive program owners are expecting their budgets to increase further in the next two years.

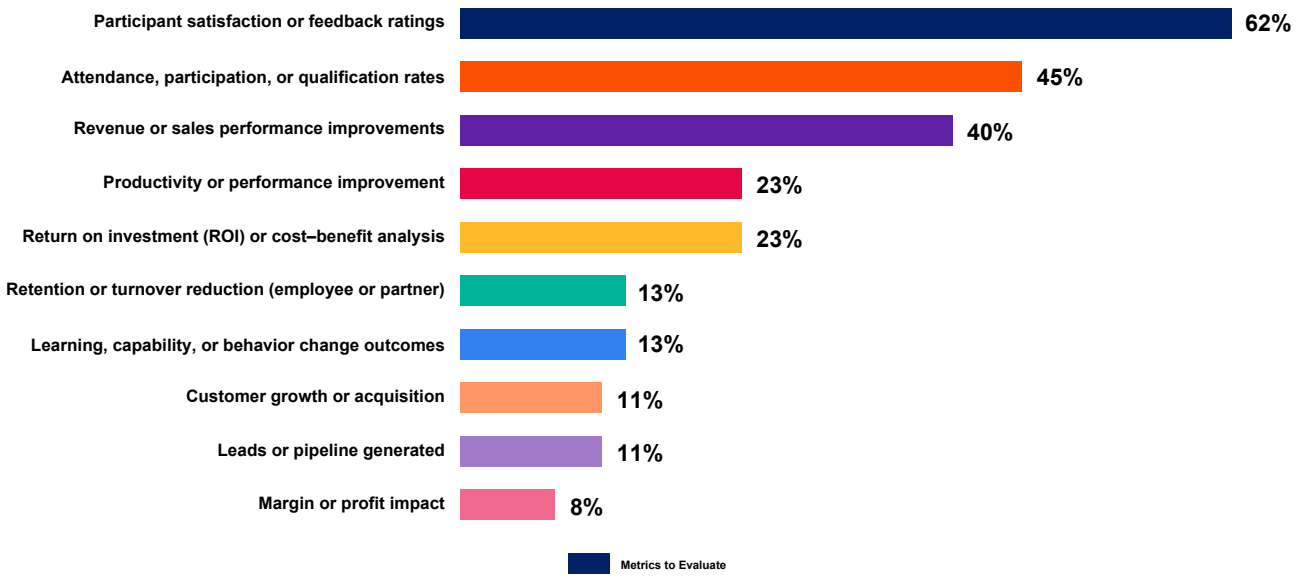
For the moment, it appears that incentive travel is buoyant, attracting significant investment and support. However, there is an underlying risk of Finance / Procurement stringently questioning the impact of the spend. There is also a vulnerability to changes in senior leadership, as new leaders who have not seen the programs may be more sceptical about their value. While incentive program owners are feeling relatively secure, they cannot risk being complacent about the need to demonstrate impact.

Even without the threat of future budget cuts looming in the distance, better measurement also creates opportunities in the short term. Some program owners who have been able to prove the commercial impact of their programs report that this has been transformative in securing more budget and support.

> “[They] increased the number of eligible winners by… 20%… due to the level of impact that those winners had and can continue to have… on the company.

However far too often, program measurement approaches are not set up for success. Our study found that the majority of organizations do not track the metrics that would enable them to prove the impact of incentive travel on business goals. Fewer than one in four track ROI, profit impact, customer growth or pipeline generation, even though increasing sales revenue or commercial performance is a common goal. Learning, capability, or behavior change outcomes are also rarely tracked despite key objectives around engagement, culture, and productivity.

Figure 4: Metrics to Evaluate Incentive Travel Programs

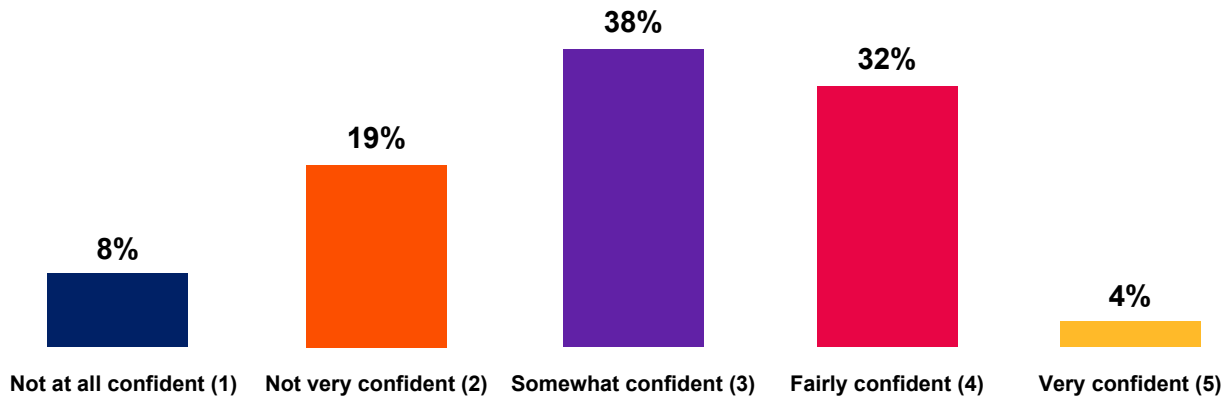


What are the main metrics your organization uses to track or evaluate the effectiveness of the incentive travel program?

The two elements that are widely measured concern participant satisfaction and attendance. Interviews confirmed that common areas of measurement focus include eliciting feedback on location, hotels, agenda structure, networking, and whether attendees felt valued. These speak to the experience, not its impact.

Incentive program owners are acutely aware of the limitations in their measurement approach. Only 36% are fairly / very confident that their approach accurately isolates the impact of their incentive travel programs. 27% are not very confident / not at all confident that this is the case.

Figure 5: Confidence in Measurement



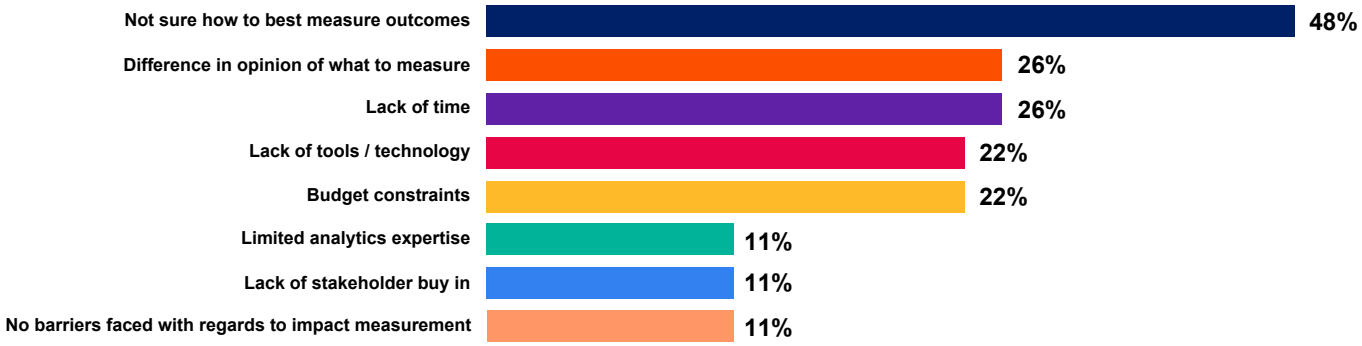
How confident are you that your measurement approach accurately isolates the impact of your incentive travel program?

These figures stand in stark contrast to the high levels of confidence reported by those same program owners about the impact of their program on business goals. While most feel their program impact is Good or Excellent, they are much less bullish about their ability to prove this through measurement. Clearly, they often do not track the metrics that would make this possible.

Overcoming Barriers to Better Measurement

The lack of focus on impact metrics starts to make more sense when we explore the barriers to better measurement that program owners report. While budget constraints and lack of time are part of the problem, the most-mentioned issue shows organizational uncertainty about how to best measure outcomes.

Figure 6: Barriers to Impact Measurement

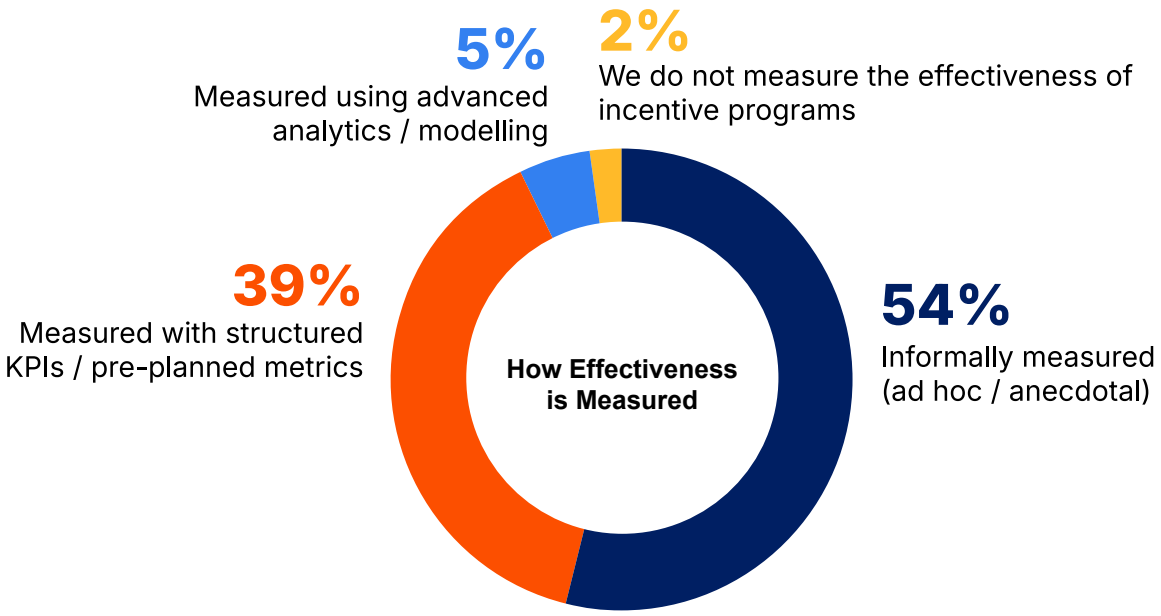


What (if any) are the main barriers your organization faces with regards to impact measurement of incentive programs?

This lack of expertise is reflected in the elementary approaches to measurement that these organizations adopt. Over half of program owners rely on ad hoc / anecdotal measurement, with little structure to support them in their efforts.

Without alignment about what to measure and how to measure it, they are left to their own devices to figure out their measurement approach.

Figure 7: How Effectiveness is Measured



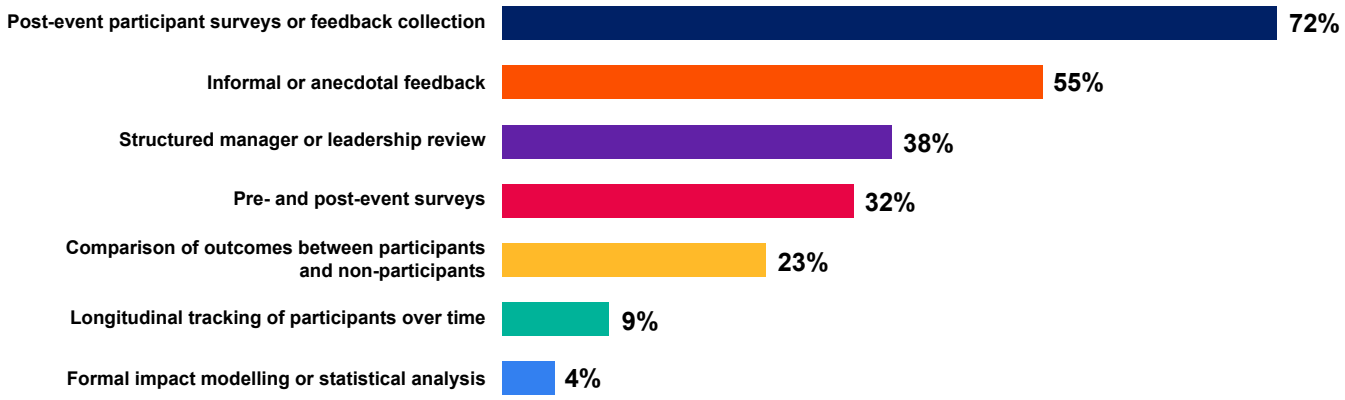
Which of the following best applies to the way in which your organization measures the effectiveness of its incentive travel programs?

> Each program is measured differently… we just don't have a systematic approach or a template that we apply.

Where post-event feedback surveys are used alongside informal or anecdotal feedback, few organizations compare outcomes between participants and non-participants to assess the effectiveness of their programs. Fewer than one in ten track impact over time, and there is limited use of technology beyond survey platforms and manual analysis in spreadsheets to make sense of the findings.

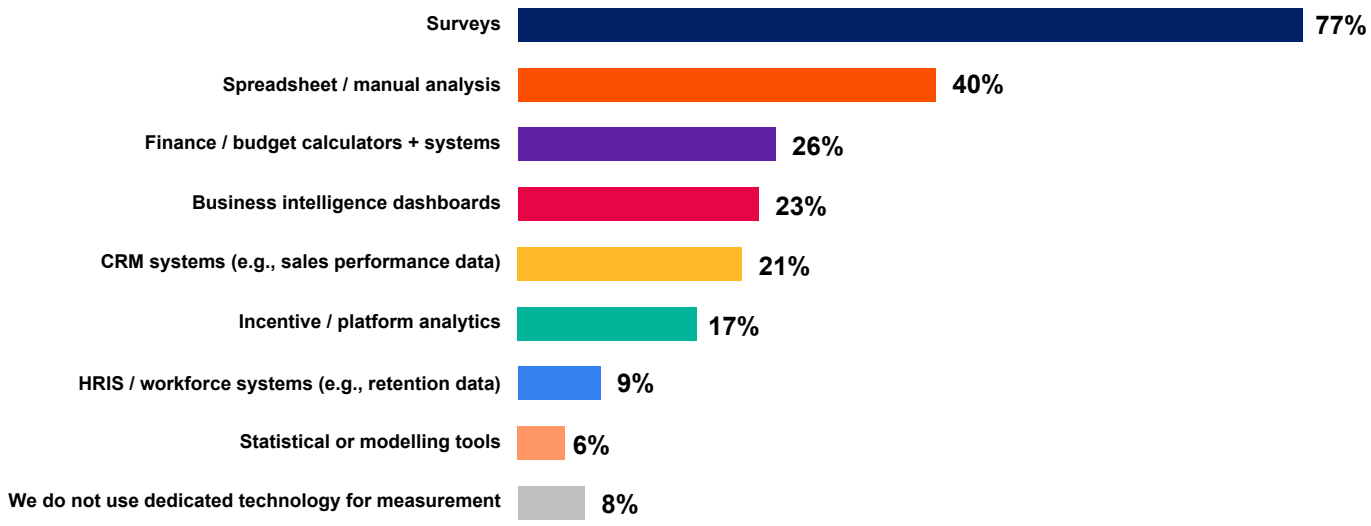
Many program owners are simply not equipped with the tools and processes that would aid their measurement endeavours.

Figure 8: Evaluation of Effectiveness of Incentive Travel Programs



How does your organization primarily evaluate the effectiveness of its incentive travel program?

Figure 9: Technologies Used for Measurement of Impact



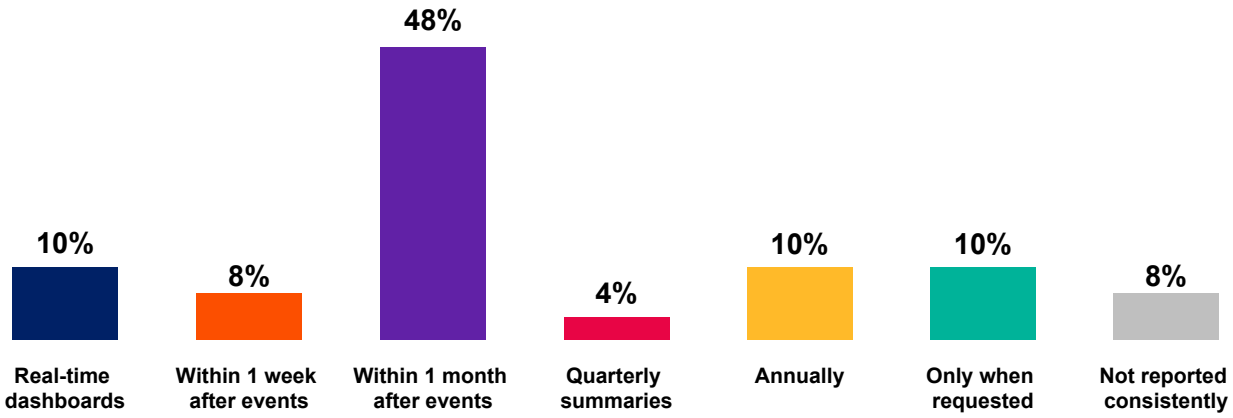
What technologies or systems does your organization use when measuring and assessing the impact of incentive travel programs?

Even the timing of program measurement can stand in the way of their success. While two-thirds of incentive owners tend to report on travel program performance results within a month, only 8% would typically expect to see measurable impact from their programs within a four-week period.

They are under pressure to report an impact which hasn't yet had the time to materialize.

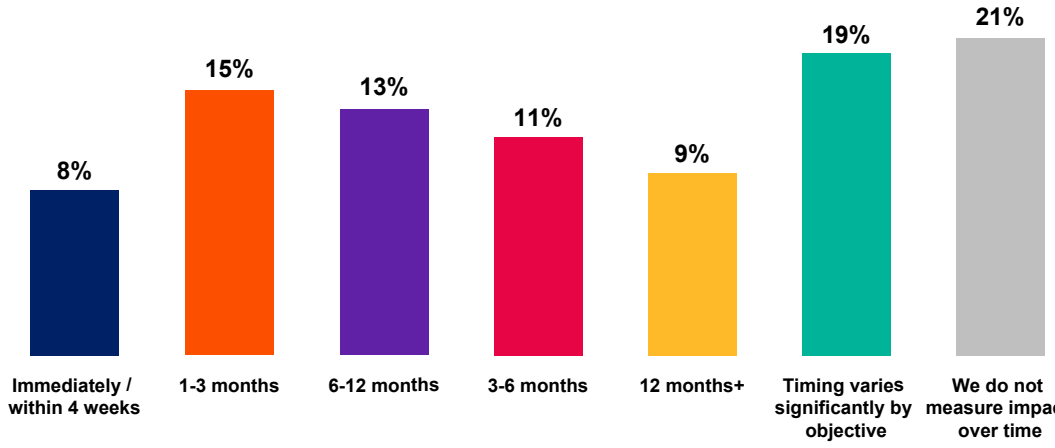
These time pressures may go some way to explaining the emphasis on informal measurement of the incentive travel experience, which is comparatively quick and easy to collate, over more challenging but more strategically important long-term metrics.

Figure 10: Reporting Timing



How frequently are incentive travel program performance results reported within your organization?

Figure 11: Timing Expectations for Measurable Impact

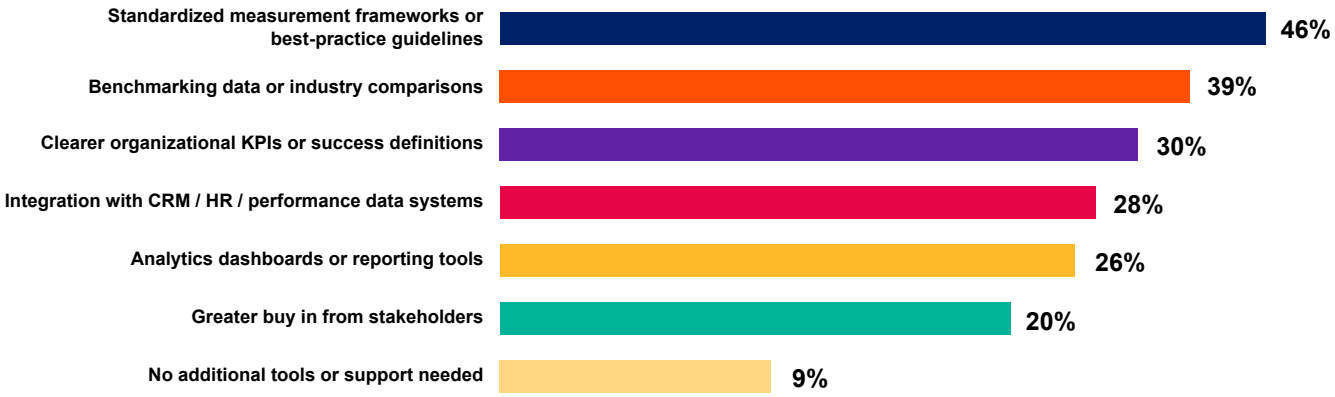


Over what time frame do you typically expect to see measurable impact from your incentive travel programs?

To move beyond ad hoc measurement, program owners are looking for standardized measurement practice. They want to work to clearer KPIs and success definitions, and compare their own program performance against relevant industry benchmarks, with more sophisticated use of data systems and reporting tools.

> A more consistent and integrated measurement approach across business units—one that better aligns sales results with brand objectives and incorporates event feedback—would help provide a clearer, more holistic view of incentive ROI.

Figure 12: Measurement Tools Wanted



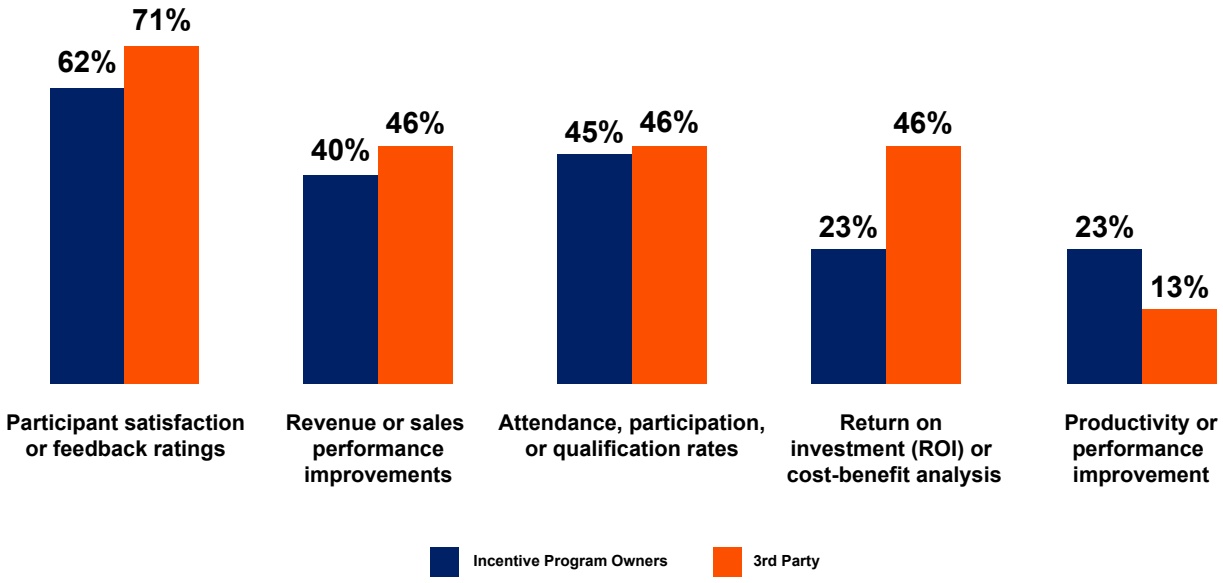
Which are the main tools or support mechanisms that would help you become more effective in measuring the impact of your incentive travel programs?

Identifying and adopting best practices

Program owners who are keen to learn from their peers could start with the experiences from organizations running six or more incentive travel programs. These organizations are the most likely to measure through structured KPIs / pre-planned metrics. They are also most likely to have experience comparing outcomes between participants and non-participants, as well as using CRM systems and finance calculators to inform their analysis.

Another source of know-how can be found in third party suppliers that serve the incentive travel industry. Their measurement approaches tend to place greater emphasis on justifying program investment (71%) and evaluating business impact (60%), and they are more likely than program owners to measure ROI.

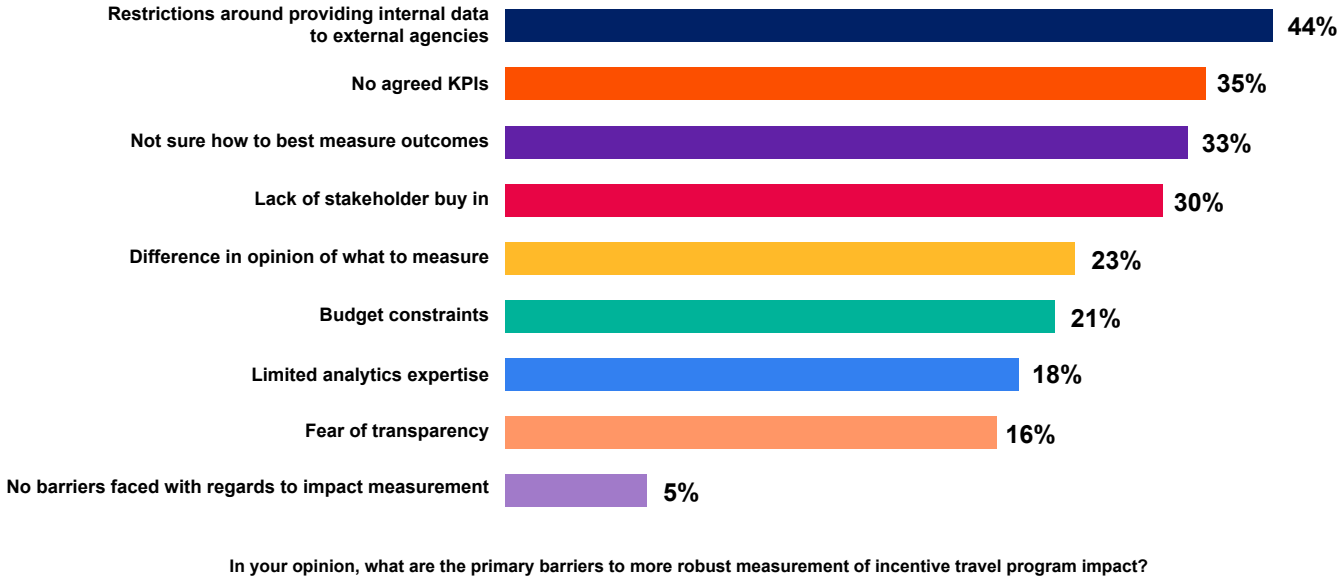
Figure 13: Metrics – Incentive Program Owners and Third Parties



What are the main metrics your organization uses to track to evaluate the effectiveness of the incentive travel program? / What are the main types of impact measurement most commonly requested?

In addition, third parties appear relatively confident about their measurement skills. They (33%) are less likely than program owners (48%) to say that being 'not sure how to best measure outcomes' is a barrier to better measurement. Instead, they cite clients' restrictions around providing them with data and lack of agreed KPIs as key factors that are holding back more robust measurement of incentive travel program impact. Closer partnership, more strategic collaboration based on comprehensive data sharing, and mutual learning could help unlock better measurement for organizations working with such third parties.

Figure 14: Barriers to Impact Measurement for Third Parties



Research was conducted in partnership with independent research agency Explori.

Measurement Best Practices

Based on key themes emerging from the research, IRF and Explori recommend the following best practices:

- When setting incentive travel program KPIs, start with the changes you are looking to effect on participants' attitudes and behaviors. What do you want attendees to think and feel as a result of participating? What do you want them to do?
- Once you have determined your KPIs, consider how and when these can best be measured. Work backwards from there: what processes, tools and resources do you need to put in place to make this possible? Planning for your measurement ahead of time gives you a much better chance of success.
- Bring your stakeholders along in the process. Map who needs to see the program impact, what their measurement requirements are, and to what extent they can contribute to areas such as data access, tools, and expertise.
- Use consistent metrics to enable meaningful comparison over time and between programs. This gives you a benchmark of what good looks like and helps prioritize intervention and investment.

IRF Recommended Resources

Top 10 Things Top Performing Companies Do Differently
What Top Performing European Companies Do Differently
Incentive Travel Index
Budgeting for Recognition Toolkit, Section 3: Budget, Measure, Analyze

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