

## **THE TURNAROUND STARTS NOW: INCENTIVE INDUSTRY 'CAUTIOUSLY OPTIMISTIC' ABOUT 2010**

### Incentive Research Foundation Releases Industry Trend Data

**NEW YORK -- January 25, 2010 --** Last year was a challenging one for the incentive industry, but as 2010 gets underway, it continues to be a vital, multi-billion-dollar business that plays a critical role in motivation, engagement, productivity and profitability at thousands of companies. A recent Pulse survey by the Incentive Research Foundation reveals several indications of (slightly) rosier times ahead. While the industry is not quite ready to breathe a sigh of relief, these results indicate a brightening outlook as practitioners plan programs for 2010.

“Cautiously optimistic is the term I would use to describe the overall message in the data from the survey,” says Mark Peterman, Chairman of the IRF Research Committee. “Our sense is that companies may have been sitting on budgets for the past 10 months or so waiting to see how things were going to play out and whether there was going to be more pushback from the media and community regarding incentives.”

Some highlights from the *Incentive Industry Trends 2010* study:

#### **Key Findings: Incentive Travel**

- \* Respondents 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 pulse survey results from July and March 2009 – 33% versus 24% and 11%, respectively.
- \* 44% of respondents anticipate no change with regards to incentive travel program destinations in 2010, while 47% anticipate a switch from international to domestic destinations.
- \* A majority (41%) of respondents anticipate no change with regards to sponsored non-meal-related components for Incentive Travel Programs in 2010, while 7% indicate that sponsored non-meal-related components will moderately increase in 2010.
- \* A combined 16% of respondents indicate that they expect budgets for incentive travel programs in 2010 to increase, while 30% say they expect budgets to remain unchanged.
- \* While 36% of respondents anticipate no change with regards to involvement of procurement and purchasing for incentive travel programs in 2010, 56% agree that their involvement will increase by some degree.

#### **Key findings: Merchandise/Non-Cash Programs**

- \* 32% of respondents say that budgets for merchandise/non-cash incentive programs in 2010 will increase (either moderately or slightly), while 34% anticipate that budgets will remain unchanged.
- \* Planners still point to the economic downturn as having a negative impact on their ability to plan and implement merchandise/non-cash incentive programs. However, while 34% report a negative impact, this is an improvement over the almost 50% reporting a negative impact a year ago (October 2008).

\* When asked “What changes, if any, will be made in 2010 with award selections?” 27% of respondents say they will include individual travel as an option in 2010; 22% indicate that the use of debit/gift cards will be increased; and 18% will add merchandise. It should be noted that 30% indicate there will be a decrease in merchandise award value for 2010 programs.

### **Survey Background**

The IRF asked incentive travel providers, corporate incentive travel buyers, suppliers and other industry professionals questions on trends with regard to incentive travel programs, merchandise/non-cash programs and budget changes forecast for 2010. Data collection was conducted October 19 through November 17, 2009. In addition to the current topic on industry trends, the IRF tracks core issues of continuing interest to the industry including but not limited to: 1) The extent to which company financial forecasts influence incentive programs; 2) The effect of competitor reactions on company incentive programs; and 3) Sensitivity to others’ perceptions of company incentive programs.