

# ENTERPRISE

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## ENGAGEMENT ALLIANCE

### **The Role of Travel in Engagement**

By Patty Pae, Sandi Daniel and Allan Schweyer



## Introduction

Organizations' use of travel to incentivize key stakeholders – employees, partners, resellers and customers is an established practice stretching back decades. Incentive travel has long been considered among the reward tactics that yield the highest return on investment with the longest-term impact on participant performance and engagement.<sup>1</sup>

The impact of well-designed incentive travel – as compared to cash and merchandise incentives – appears to be increasing as both consumers and high performers seek tailored experiences over commodity goods aimed at the mass market. Indeed, the Incentive Research Foundation has found that non-cash incentives can be more powerful and more profitable than cash.<sup>2</sup> And incentive travel, has been determined to generate hard dollar returns of \$4 for every \$1 spent.<sup>3</sup>

Travel takes people out of their routine and forces them to deal with the unfamiliar. It is often a renewing and revitalizing experience that can boost productivity and health, reduce stress and increase engagement and creativity for months to follow. Remarkable experiences impact people at an emotional level, allowing lasting memories to form – memories that participants often associate with the organization that provided them the experience.

Even where travel is mainly for work and business, well-designed programs can make an experience meaningful and engaging by demonstrating to participants that their contributions, thoughts and ideas are valued. For younger workers especially, the opportunity to travel for work is often highly prized, especially where business meetings are combined with holidays – a growing trend, especially among Millennial and younger generations in the workforce.

Corporate attention to “business” travel should extend to employee holiday time. In the US, workers leave hundreds of millions of paid vacation days unused each year.<sup>4</sup> The culture of hard, continuous work – while admirable in many ways – often brings with it negative consequences for workers and employers in terms of health, productivity and creativity. Savvy employers should encourage employees not only to use their vacation time to disconnect from work, but to travel.

As always, the key to engaging stakeholders through incentives and rewards is in the design. Organizations must avoid a one-size-fits-all approach to any business travel. What one employee, customer or partner finds rewarding and engaging, another might find inconvenient, boring or even stressful. A week at the beach or several days of golf no longer appeal to the masses as they once did. Organizations must explore the experience and meaning of travel – including elements of wellness and volunteerism – to create bespoke experiences and lasting memories. Extracting the greatest impact and ROI from investments in business travel requires more imagination and creativity than ever before.

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<sup>1</sup> *At Last, A Real Way to Measure ROI*, Incentive Research Foundation; *Determining the Return on Investment of Incentive Travel Programs*, Incentive Research Foundation, 2001; and *ROI Incentive Programs: Driving People, Driving Profits*, Donna Oldenburg, Incentive Marketing Association, 2002.

<sup>2</sup> *The State of Tangible Incentive Research*, IRF, 2011

<sup>3</sup> *Return on Investment of U.S. Business Travel*, Oxford Economics, 2009

<sup>4</sup> *Americans only take half of their paid vacation*, Quentin Fottrell, Market Watch, Oct. 2014

This chapter explores the directions incentive travel, offsite business meetings, business travel and travel-on-vacation are taking in the US today. In keeping with the theme of the textbook, less emphasis is placed on reward aspects and more on how organizations can create lasting engagement among stakeholders through travel.

## **Incentive Travel**

*“Incentive travel programs will require increasingly personalized experiences.”*

- Incentive Research Foundation, 2014

The bar on incentive travel programs has risen. Participants are no longer as satisfied with the one-size-fits-all luxury resort vacation. And from the perspective of sponsoring organizations, return on investment (ROI) and the measurement of the impact of investment in travel has become more important since the financial crisis and recession began in 2008.

Incentive travel is among the most expensive rewards organizations offer. Dittman Incentive Marketing, a leading advisor to organizations on reward travel programs suggests that a good experience costs at least \$5,000 per reward earner,<sup>5</sup> more than enough for the latest big screen, high definition television and certainly adequate to make an impression on most people using cash.

Yet many organizations prefer incentive travel to cash and merchandise rewards because travel is widely thought to have a greater impact on engagement and performance. Indeed, a flurry of research over the past two decades demonstrates the link between incentive travel and performance.<sup>6</sup> This holds true for all stakeholders, including channel partners, in which over 90 percent cite incentive travel programs as driving more sales.<sup>7</sup>

Harvard Psychologist Daniel Gilbert attributes the ROI on incentive travel to its emotional impact. He believes that heightened engagement (leading to higher performance) derives from the “experiential” elements of travel and other, similar “purchases.” In a 2011 study by Gilbert and colleagues, two-thirds of the more than one thousand Americans surveyed equated an experiential purchase with increased happiness. Comparatively, only about one-third of those who made material purchases felt the same way.<sup>8</sup> In other words, a big screen TV might make a strong initial impression on a reward earner but it might not make as lasting an impression as a great travel experience.

*“After devoting days to selecting the perfect hardwood floor to install in a new condo, homebuyers find their once beloved Brazilian cherry floors quickly become nothing more than the unnoticed ground beneath their feet. In contrast, their memory of seeing a baby cheetah at dawn on an African safari continues to provide delight.”* - Elizabeth Dunn, Daniel Gilbert, Timothy Wilson, 2011

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<sup>5</sup> EEA interview with Susan Adams, Dittman Incentive Marketing, November 2014

<sup>6</sup> A small sample of such sources include: Severt et al, 2010; Peltier et al, 2011; Xiang & Formica, 2007; Cho, Woods, Jang, & Erdem, 2006; Shinew & Backman, 1995; Witt et al, 1992).

<sup>7</sup> *Channel Incentive Travel: A Case Study*, Kimberly Severt, Tom Rutkowski, Incentive Research Foundation, October 2011

<sup>8</sup> *If money doesn't make you happy, then you probably aren't spending it right*, Elizabeth Dunn, Daniel Gilbert, Timothy Wilson, Science Direct, March 2011.

### Individual Incentive Travel

Incentive travel offers benefits to organizations before, during and after the event itself. As employees, customers or partners strive to earn the reward, their productivity and engagement increases. This effect can last months as excitement around the program builds momentum. Recent Site Foundation research determined that “Of those who earned the [incentive travel] reward 95.5 percent said they were ... motivated to earn the reward. But 90.7 percent of non- earners were similarly motivated.”<sup>9</sup>

For this effect to work, design is paramount. The program should not be exclusive or too difficult to attain. The more stakeholders that can see a realistic chance of earning the reward, the more the organization will benefit from their extra efforts and engagement.

Flexible travel options are key. Thoughtful design is important in creating programs that appeal to as many people as possible. This is easier to manage in individual versus group programs and should be taken advantage of. Many will continue to opt for the beach or golf destination, for others, a significant health & wellness component is essential, some will want an “extreme” experience, others may be motivated by the opportunity to give back in some form through volunteerism (for example, paid time off to build houses with Habitat for Humanity in Central America). For most, individual travel must include significant others to be rewarding.<sup>10</sup>

Finally, in most cases (volunteerism and extreme travel are possible exceptions) programs should pamper reward earners. The experience should be made more positive by removing as many of the inconveniences and indignities of travel as possible. This might include fast passes at airports, preferred boarding and seating on planes, pre-arranged concierge services, local transportation at the destination, welcome packages and thoughtfully planned agendas.

### Group Incentive Travel

Group reward travel offers greater potential benefits to organizations than individual travel. And when done exceptionally well, it can be a more rewarding and memorable experience for reward earners as well. Group travel is usually designed to bring high performers together with the organization’s best customers and partners and its top executives. Getting the best of the best together in one place, without the distractions of the office can

### **Not Only for Employees**

Incentive travel can be utilized in conjunction with channel partners to further increase the engagement of top producers. The Firelight Group in Madison, Wisconsin, for example, serves several incentive travel clients who utilize their programs to leverage face-to-face time with channel partners and earners during the program. One technology firm, for example, asks its channel partners from various technology providers to sponsor a portion of the cost of the group incentive travel program. The sponsors then schedule special activities, and/or off-site dinners to invite the top resellers of their products to participate in this special VIP experience.

Initially the client simply paid for people to go on a trip to a beach resort and then let participants schedule their own experience while there. No face time was scheduled among the group with the exception of a closing dinner. With the help of experienced incentive travel designers, Firelight was able to revamp the experience in such a way that participants still had their free time, but could also opt to spend time with various channel partners during their stay. Participants are also formally recognized for their achievements at a final dinner.

The program has grown substantially as a result of the redesign. Channel partners now fund a larger part of the overall cost, resulting in much higher ROI’s for the company and their sponsor partners. The participants now enjoy more activities and meals that are covered, and the number of nights provided for the program have increased, allowing a longer get away for the participants.

There is a far greater engagement level among the participants, the senior staff and the channel partners as a result of the attention to program design.

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<sup>9</sup> *Incentive Travel: The Participant’s Viewpoint Part 1: Incentive Travel as a Meaningful Motivator*, SITE International Foundation and Incentive Travel Council

<sup>10</sup> *Striking the Balance: The Integration of Offsite Business Meetings and Incentive Group Travel*. Allan Schweyer and Lynn Randall, Incentive Research Foundation, May 2013

unleash a bonanza of networking, idea-sharing and bonding. The results, though possibly long-term and difficult to measure, can provide near limitless returns.

But group travel can't focus exclusively on meetings, group dinners and networking events. Organizations must balance the benefits to the business with an agenda that truly rewards the individuals who earned the trip. From memorable, exciting experiences to relaxing spa and beach time, the program should cater to as many tastes as possible. According to IRF research from 2013, the niceties still matter a great deal:

*“Reward earners rated the location, ‘exotic and nice’ as the most motivating aspect of an incentive travel program and by a fairly wide margin. This was followed by food and activities. The fact that they had been recognized and rewarded was also rated as very important, as was the time they get to spend away with their spouse or partner.”<sup>11</sup>*

As long as reward earners' needs are addressed, organizations can carefully weave business meetings into the agenda. Indeed, if those meetings are substantive, and high performers or top customers are really heard by senior executives, the meetings might even rate as the best and most engaging part of the trip by some participants.<sup>12</sup> Nonetheless, most reward earners believe that no matter how good and career-enhancing the meeting aspects of the program, those components should constitute no more than 20 percent of their time. Reward earners also strongly emphasize the need for significant others to be included in the reward travel.<sup>13</sup>

Program designers who wish to engage participants and hopefuls before, during and after the event should strike the right balance between free time and time spent in business meetings or networking activities. Take care to properly recognize reward earners. Offer varied leisure, sports, adventure, health & wellness and other activities to cater to a group that is bound to have diverse interests. Make every effort to exceed participants' expectations, after all, the buzz generated back at the office after the event starts a new cycle of engagement with the program the following year.

Whether for group or individual incentive travel, the experience is the key to a long-lasting impact on engagement. Designers should personalize the experience as much as possible and try to create emotional experiences that generate the longest and highest impact memories. One sign of the times is the trend to incorporate Corporate Social Responsibility (CSR) in travel programs. The 2014 Incentive Travel survey conducted by the IRF found that a whopping 47 percent of organizations already integrate CSR components into their programs. Wellness experiences are also trending upward. The same survey found that 62 percent of respondents have either implemented health and wellness components into their programs or are planning to.<sup>14</sup>

### Demographics

To some degree, the trends above are driven by demographics. A recent Wharton study argues that, depending on their age, people differ in what they find motivating (in terms of experiences, including travel). The report found that people under thirty-five, for example, are more engaged

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<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> 2014 Trends in Engagement, Incentives and Recognition, Incentive Research Foundation, 2014

by exciting and/or unusual, even extreme activities while those over forty-five prefer quiet times with friends and colleagues while traveling.<sup>15</sup>

While these generalizations can be useful guideposts for designers, participants should never be pigeonholed into programs based on their age or other demographic factors.

Incentive travel is shown to deliver a range of long-term benefits beyond lasting engagement. Better teamwork, longer retention among participants, higher sales, better customer service and easier recruitment, are among them.<sup>16</sup> Indeed, research commissioned by the IRF in 2013 found that the single fully consistent practice among high performing sales organizations is group incentive travel and events to recognize sales success.<sup>17</sup>

Beyond incentive reward travel, other forms of business travel prove to impact stakeholder engagement as well.

### **Motivational Events/Offsite Business Meetings**

*“Meetings are a crucial element to solidifying and forming new relationships, sharing best practices and ensuring industries are forging ahead.”* – Roger Dow, President and Chief Executive Officer, U.S. Travel Association.

As of 2013, IRF surveys of meeting and reward planners found that at least 90 percent of organizations conduct offsite business meetings.<sup>18</sup> In contrast to pure incentive travel programs, offsite business meetings that combine at least four hours of meetings with other activities (dinners, wine tastings, etc.) qualify as business expenses and incur no tax implications for participants. However, according to 2013 research by the Incentive Research Foundation, organizations often conduct offsite business meetings not primarily to gain tax advantages, but to recognize, reward and bringing key people together.<sup>19</sup>

Offsite business meetings in attractive locations where real business is discussed can constitute recognition for those invited. First, they offer a chance to connect with colleagues and leaders in a neutral, more intimate setting. For some employees or partners, just being invited can be an engaging experience. But many organizations are adding clear reward elements to their offsite meetings. An offsite meeting that might have taken place at a windowless, local hotel, for example, might be conducted in a destination location, like Las Vegas or South Beach, Miami. Fine dining, entertainment or other evening activities might follow several hours of meetings during the day. Though much more expensive than typical meetings, motivational meetings of these sorts can be used, in part, to reward and recognize high performers.

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<sup>15</sup> *10 Trends Shaping The Future*, IRF, 2010

<sup>16</sup> *Behavioral Economics of Incentive Travel*, Incentive Travel Council (see: <http://c.yimcdn.com/sites/www.incentivemarketing.org/resource/resmgr/imported/Behaviorial%20Economics%20of%20Incentive%20Travel%20w%20Members%20Listings.pdf>)

<sup>17</sup> *Best in class firms prefer non-cash rewards to drive sales performance*, IRF, March 2013

<sup>18</sup> *Striking the Balance: The Integration of Offsite Business Meetings and Incentive Group Travel*. Allan Schweyer and Lynn Randall, Incentive Research Foundation, May 2013

<sup>19</sup> *Ibid*

According to a 2013 survey conducted for the IRF, only 15 percent of respondents indicated doubt as to whether offsite business meetings have a positive impact on their job performance. In terms of behaviors and attitudes, more than three-quarters said that good information and being better informed were positive, motivating outcomes of offsite business meetings. Most tellingly, where respondents had experienced offsite meetings used, in part, to recognize and engage high performers, almost 95 percent felt that they worked as motivating tools.<sup>20</sup>

## **Business Travel**

*“There is widespread awareness among European executives that a ‘stay at home’ mentality can lead to lost business, forsaken sales leads, and eventually smaller market share. An overwhelming majority of respondents say that business trips are critical for sales (85%) and customer retention (84%). An even higher proportion of executives (88%) believe that travel has a crucial influence on their company’s competitiveness.”*

-Economist Intelligence Unit, December 2012

According to the 2012 Economist Intelligence Unit survey conducted throughout Europe (cited above) more than 80 percent of organizations believe business travel is critical to boosting their sales, building customer relationships and remaining competitive – and more than two-thirds believe that business trips are likely to meet these objectives.<sup>21</sup> According to a US Travel Association report published in 2013, business travelers believe that, on average, 42 percent of customers would eventually be lost without in-person meetings.<sup>22</sup>

In 2009, Oxford Economics USA conducted research finding that for each \$1 invested in business travel \$12.50 is realized in incremental revenue. Moreover, the report’s findings suggest that reduced business travel has significant long and short-term impact on organizations’ sales, revenue and profitability. Respondents estimated that in person sales meetings converted prospects to customers at more than twice the rate of telephone or other distance meetings.<sup>23</sup>

The Oxford report also contains interesting data about motivation and engagement. Executive respondents suggested that the impact of incentive travel is so large that to offset it, they would have to raise salaries by 8.5 percent.<sup>24</sup> Employee respondents to the survey said travel is: “... key to professional development (66%), job performance (58%), and morale (56%). And more than 40 percent of travelers perceive a strong relationship between travel and staff retention.”<sup>25</sup> Executive respondents to the survey put those figures even higher.

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<sup>20</sup> Ibid

<sup>21</sup> *Business on the move: How globalisation is changing the travel plans of European executives*. EIU, 2012

<sup>22</sup> *The Role of Business Travel in the US Economic Recovery*, US Travel Association, 2013

<sup>23</sup> *The Return on Investment of U.S. business travel*, Oxford Economics USA, Sept 2009

<sup>24</sup> Ibid

<sup>25</sup> Ibid

In a separate survey of more than 500 employees across industries in 2013, HfS Research found that even though “29 percent of respondents said less time spent traveling would increase their engagement and empowerment, 32 percent said more would. And 43 percent were looking for more time at events and conferences, versus 24 percent who sought less.”<sup>26</sup> The report found that significantly more employees felt that business travel would make them more engaged and productive and were frustrated with cost-cutting measures that reduced or eliminated travel.

Despite the inconveniences of travel, it seems clear that many employees welcome it. They believe it contributes to their effectiveness and success and, as such, are engaged by business travel, especially when they can add personal experiences once the business is done.

A fast growing trend – one travel managers and corporations are struggling to define – is “bleisure” travel or “biztravel” where employees, especially young ones, are combining personal travel with business related trips. In 2014, BridgeStreet Global Hospitality polled 640 international travelers and found that mixing business with pleasure or “bleisure,” improves engagement and loyalty.<sup>27</sup> In that employees typically pay the incremental costs of remaining in a destination longer, this arrangement can be mutually beneficial providing there is no compelling need for the employee or partner to return to work immediately. “Bleisure” travel may also help to address a growing phenomenon among US workers – the reluctance of many to use their full allotment of vacation days.

Ironically, despite all the advantages of travel for individuals and businesses, one of the most obvious avenues for travel may be the least utilized – vacation time.

### **Vacation Travel**

*“A growing body of scientific evidence explains what many of us have learned from unpleasant experience: Push yourself through too many hours or days of work and your brain starts to push back. Ideas that once flowed easily dry up, and tasks that you should be able to perform quickly become excruciatingly difficult.” – Minda Zetlin, Inc. Magazine*

A study commissioned by Office Team in 2013 found that about 30 percent of Americans don’t use all of their vacation time each year.<sup>28</sup> Another study in 2013, by Oxford Economics put that number at 40 percent.<sup>29</sup> The most recent study of its kind, a Harris Interactive survey in 2014, found that a full 75 percent of US workers with paid vacation do *not* use all of their vacation days.<sup>30</sup> Whatever the number, it is high and the effects are telling.

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<sup>26</sup> *Traveling For The Best: Examining Engagement And Travel Policies In The World's Best Places To Work*, Jay Campbell, March 14, 2014

<sup>27</sup> *'Bleisure travel' popular among younger workers, surveys find*. CTV News, Sept. 2014

<sup>28</sup> *Here's Why So Many Americans Don't Use All Their Vacation Days*, Jacquelyn Smith, Business Insider, August 2014

<sup>29</sup> *An Assessment of Paid Time Off in the U.S.*, Oxford Economics, Feb. 2014

<sup>30</sup> *Why Your Mind Breaks*, Sandra Bond Chapman, Psychology Today, June 2014

According to the Oxford Economics study, the impact of employees foregoing vacation time costs the US economy 1.2 million jobs and \$52 billion in spending each year.<sup>31</sup> The greater impact however, may be on worker health. According to researcher Jessica de Bloom and colleagues, “research suggests that not taking annual vacations is associated with illness or even premature death.”<sup>32</sup> Based on studies conducted in 2013, the US Travel Association claims that vacations can cut the risk of heart attack in half. Moreover, according to the same report, myriad psychological, neural and relationship-benefits accrue from travel and time off as well.<sup>33</sup>

Health and wellness play an indelible part in engagement. Most of us believe in the positive mental and physical effects of vacation and travel, but research is helping us to understand the relationship of vacation time to employee well-being, productivity and creativity, even after their return to the office. *Psychology Today* attributes away time on vacations and experiences during travel to heightened mental engagement, which leads to innovation, or what *Psychology Today* calls “breakthrough thinking.”<sup>34</sup>

*“The frontal lobe brain networks—responsible for reasoning, planning, decision-making, and judgment—work for you in creative ways when the brain is quiet, not while you are effortfully trying to find a solution to a problem. Moments of insight increase as the brain unwinds. Why? When not actively tackling a task, the brain connects random ideas and consolidates these with prior knowledge into exciting new thoughts, ideas, directions, and potential solutions. Vacations are important because our bodies and brains are just not equipped to maintain the chronic stress that is a part of 21st-century life.”* – Dr. Sandra Bond Chapman<sup>35</sup>

In other words, healthy employees with the downtime to process information will function better in an organization. And employees who take their vacations, particularly those who combine the positive effects of vacation with travel, appear to do even better in terms of engagement and creativity.

As Susan Adams, Director of Engagement at Dittman Incentive Marketing says: *“The effect of travel is the subject of a good deal of research, much of which is centered on the concept of liminality. Being in a liminal state or place is often explained as ‘in between-ness.’ Writers on travel use this concept to express a state of mind in which day-to-day constructs are left behind in a separation phase. Travelers step out of their normal habits and thinking, then re-assimilate with new perspectives.”*<sup>36</sup>

The time away from work lets employees’ reset, re-energize and re-engage. Problems that might seem insurmountable at work might become solvable from the distant perspective travel brings.

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<sup>31</sup> Ibid

<sup>32</sup> *Vacation (after-) effects on employee health and well-being, and the role of vacation activities, experiences and sleep*, Jessica de Bloom, Samuel Guests and Michiel Kompier, *Journal of Happiness*, 2012

<sup>33</sup> *The Benefits are Everywhere: The Personal Benefits of Travel and Taking a Vacation* (see: [https://www.ustravel.org/sites/default/files/page/2010/02/benefits\\_of\\_travel\\_08\\_pdf\\_87080.pdf](https://www.ustravel.org/sites/default/files/page/2010/02/benefits_of_travel_08_pdf_87080.pdf))

<sup>34</sup> *Why Your Mind Breaks*, Sandra Bond Chapman, *Psychology Today*, June 2014

<sup>35</sup> Ibid

<sup>36</sup> EEA Interview with Susan Adams, November 2014

Of course, economic conditions have discouraged many workers from using all of their time off. Increased workloads and fear of creating negative impressions means many Americans are working harder than ever, with longer hours and fewer days off. Unfortunately, much well-intentioned career advice centers on how workers must become “indispensable” at work, a notion that for many will feel incompatible with taking vacation time.

Adams recommends that for “employees to feel that they can actually take vacation time to recharge, employers must let them know it is not only acceptable, but that it is encouraged. The workforce needs to hear that it is okay to stop, to put down the cellphone and the laptop for a few days.”<sup>37</sup>

### **Summary**

While much of what is reported in the media portrays travel as a necessary evil for many American workers, its effects are, in many cases, extremely positive for both organizations and travelers. Well-designed incentive travel remains among the most sought after rewards organizations offer, and among those with the greatest proven returns. Business travel – for meetings, customer relationships and sales – clearly benefits organizations through better customer relationships and sales, but can also be engaging for travelers, especially when reward elements are deliberately built in.

Travel brings people together physically. The benefits to relationships, sales and other business measures are irrefutable. But travel can also create incentives for sustained performance and lasting memories that forge deeper bonds between organizations and their stakeholders, including employees, customers, channel partners and even suppliers and members of the community. Travel might be more expensive in time and money than some cash and merchandise rewards, but the returns on well-designed and flexible business travel programs, including their impact on engagement, are also greater in most cases.

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<sup>37</sup> Ibid