REPORT ON INCENTIVE TRAVEL IN TURKEY

INCENTIVE TRAVEL INDUSTRY INDEX 2020-2023

site Foundation

INCENTIVE TRAVEL INDUSTRY INDEX

A joint initiative of FICP, IRF & SITE Foundation in association with Oxford Economics

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WELCOME

Hasan Dinc, CITP
Managing Director, ODS Turkey
President, SITE Turkey

Thanks to the initiative taken by SITE Foundation, FICP, and IRF with research partner Oxford Economics, the Incentive Travel Industry Index report became the most crucial pan-industry report forecasting future trends and expectations of our Industry based on evidence-based research.

For the unprecedented times that we are going through, this year's edition of the Incentive Travel Industry Index is a vital lifeline. In countries like Turkey, which have gone through several crises, the data has always been missing as high-cost implications prevented serious surveys from being conducted.

Thanks to the significant number of local contributors, we are able to publish, for the first time, a report on Incentive Travel in Turkey focusing mainly on Turkey as a destinations for incentive trips but also highlighting Turkey as a source market, sending qualifiers to other destinations.

The detailed results are shared in this report and set out a hopeful, optimistic future for incentive travel in Turkey. SITE Turkey looks forward to engaging proactively with the widest possible stakeholder community in discussion, dialogue and debate around the findings of the report.

This report uses data generated by the global initiative undertaken by SITE Foundation, FICP and IRF and filters it forensically to reflect the reality in Turkey. I'd like to extend a personal thanks to SITE Foundation for making this customised report possible.

WELCOME

Terry Manion, CIS, CITP
SVP, Business Development,
Creative Group
President, SITE Foundation

SITE Foundation is delighted to support the creation and publication of this customized report on incentive travel in Turkey. Using data from our joint initiative with FICP and IRF, this report tells the story of incentive travel from the perspective of buyers and suppliers in Turkey, one of the world's most important destinations for incentive travel and an emerging country as a source market too.

SITE Foundation is an integral part of the family of SITE but with its own leadership and Board of Trustees. Our legal structure affords us fiscal advantages, allowing us to undertake fundraising and to make investments in support of SITE's key purpose – to make the business case for and highlight the transformative power of incentive travel

The Incentive Travel Industry Index (ITII), upon which this report is based, is one core expression of our mission: *raising funds to drive the business case for incentive travel and support professional development within the incentive travel industry*.

This year's ITII throws up some intriguing regional variations around the impact of the pandemic on our industry and the pace of recovery. In this regard Turkey emerges as the expert in recovery, projecting business levels of 141% of the 2019 levels by 2023. If resilience and "bouncebackability" are hallmarks of our industry at large, then these attributes are super-sized in Turkey.

This is just one of the many highlights of this customised report that we're sure can fuel professional development with the incentive travel industry in Turkey. Thank you to Hasan Dinc, Eda Özden and the many prominent SITE members in Turkey who helped us to obtain such a prolific response rate from your local community. This is our gift to you!

FOREWORD

This is the third year of our collaboration on the Incentive Travel Industry Index (ITII). With our research partner Oxford Economics, we've been building out what is fast becoming the indispensable annual report on the state of the incentive travel nation, providing stakeholders with empirical data on its current and future evolution.

ITII is a key part of our industry's roadmap to recovery. It's our collective way of providing the incentive travel industry with data for the decisions that will help inform, impact and shape incentive travel in a post pandemic world.

The devastating impact of Covid-19 has been felt across the entire global footprint of our industry, with programs cancelled outright, pushed to future periods, or replaced by non-travel rewards. Indeed, at points it seemed both strange and critically important to proceed with the ITII. We adapted and re-wrote the survey instrument to measure three distinct time references: before, during or after the pandemic. The results have proven timely and insightful, revealing that the shock has accelerated change. Redoubling a shift toward the emotional, inspirational power of travel, while reforming with a focus on safety, wellness and the individual.

ITII is a key part of our industry's roadmap to recovery. It's our collective way of providing the incentive travel industry with data for the decisions that will help inform, impact and shape incentive travel in a post pandemic world. Additional insights on industry changes across regions, roles and industries are available through the three partnership organizations.

CONTENTS

In some ways, the sentiment of industry participants is common across regions and roles - confirming a shared global experience.

EXECUTIVE SUMMARY

External shocks bring powerful moments of change, creating new norms. During a widespread pause on travel, the incentive travel sector has sought its bearings, wondering what incentive travel will look like on the other side, including:

- What's changed?
- What is truer now than ever before?
- How are we responding?

In some ways, the sentiment of industry participants is common across regions and roles—confirming a shared global experience. But as one looks closer, signs of regional and sub-sector differences stand out. These local, regional and sub-sector narratives will likely assert even greater influence in the months ahead, as incentive travel recovers anew.

1. RENEWED PRESTIGE OF TRAVEL

A year without travel has sharpened our appreciation, confirming travel's intrinsic merits and elevating the prestige of travel as a prize. When the time comes, our appreciation for travel will help fuel the recovery. This is borne out in the survey, as the desire to travel is far and away the greatest net positive factor expected to influence the recovery.

The case for incentive travel is changing, reflecting the inspirational and transformative capacity of travel. Buyers (incentive travel end users and agencies) report shifts emerging for a post-COVID world, with "soft power" purposes—improved engagement, customer satisfaction and relationship building—becoming more important goals, even as hard dollar goals—sales and corporate profitability—continue.

2. BUYERS RE-ORIENT PROGRAMS TO MANAGE RISK

Safety is the watchword and buyers are shifting to match traveler sentiment. Sanitation and health security have joined emergency preparedness as top risk management strategies, while location preferences have shifted temporarily away from more dense, urban locations, cruise ships and all-inclusive resorts, and toward destinations perceived as safe.

3. STAKEHOLDERS' DURABLE COMMITMENT TO INCENTIVE TRAVEL

As a testament of support, 83% of buyers report senior management and other stakeholders remain committed to incentive travel. But commitment isn't the same as rigidity. Many also expect incentive travel will need to fundamentally change to reduce risks.

4. ROAD TO RECOVERY

Buyers estimate activity this year at just 23% of 2019 levels, with hope that 2021—fueled by activity in the second half—can recover to 59% of 2019 levels. Recovery expectations hinge on virus containment, as a majority of respondents (66%) expect a one-to-two-year recovery of incentive travel once post-COVID conditions are reached.

5. HOW TO PLAN? REGIONAL SITUATIONS DIFFER

Given varied experiences with the pandemic, it is clear that local and regional differences will determine the shape and timing of the recovery. Optimism for the recovery timeline once we reach post-COVID conditions remains dependent on region—Western Europe expects a slower recovery (only 54% expect a one-to-two-year recovery), with North America (74%) and South America (71%) more optimistic.

In a post-COVID world, will incentive travel resume where it left off? Individual views differ, but aggregate views are similar across regions. Across most regions, about 23% of respondents expect travel, once it's recovered post-COVID, will be fundamentally different, and about 65% expect it will be moderately changed, and the rest see it very similar to before.

INTRODUCTION

The ITII represents the results of a detailed, global survey of incentive travel professionals.

The survey was customized for five distinct incentive travel persona, achieving a balance between buyer and seller roles. It was provided in an online format and was active in the field for seven weeks (September 10 to October 28, 2020, English and Spanish versions). Links to the survey were distributed by SITE, IRF and FICP to members and contacts, and through trade media and social media outlets.

While North America, traditionally the "stronghold" for incentive travel, accounted for the single biggest response rate, more responses, overall, were received from outside North America.

Turkey was one of the countries that submitted the most responses to the survey.

DEMOGRAPHICS

This was the biggest ever ITII conducted with submissions received from almost 2500 incentive travel professionals in 91 destinations and 41 source markets.

For the purposes of this study, a destination is defined as a region, country, city or locality that typically hosts incentive travel programmes.

A source market, on the other hand, is a region or a country where an incentive travel programme is contracted.

Regions, countries, cities and localities can be BOTH source markets and destinations (the USA, for example or Great Britain).

This year's survey was well balanced between buyers (corporate end users and agencies) and suppliers (DMCs, Hotels, DMOs). In addition data was submitted in respect of 19 different industry verticals with Finance & Insurance, Automotive and Pharma constituting the Top 3.

Finally, good global distribution was achieved with 57% of submissions coming from regions other than North America, the top global region for use of Incentive Travel.

In 2020 a significant number of submissions were received from Turkey allowing for this valid, dedicated report on Incentive Travel in Turkey to be prepared.

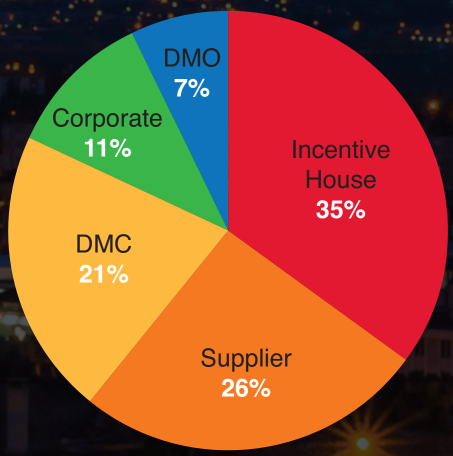

Figure 1: Buyer/Supplier

- ***Incentive House***
- ***Supplier***
- ***DMC** Destination Management Company*
- ***Corporate***
- ***DMO** Destination Marketing Organisation*

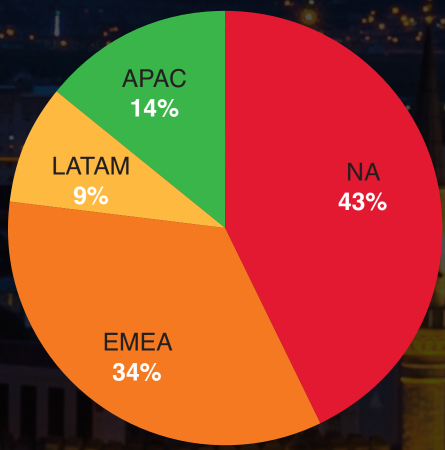

Figure 2: Geographical Demographics

- ***NA** North America*
- ***EMEA** Europe, Middle East, Africa*
- ***LATAM** Latin America*
- ***AP** Asia Pacific*

2882 submissions, 41 Source Markets,
91 Destinations

Data from 19 industry verticals

- Finance & Insurance
- Automotive
- Pharma
- IT
- Direct Selling

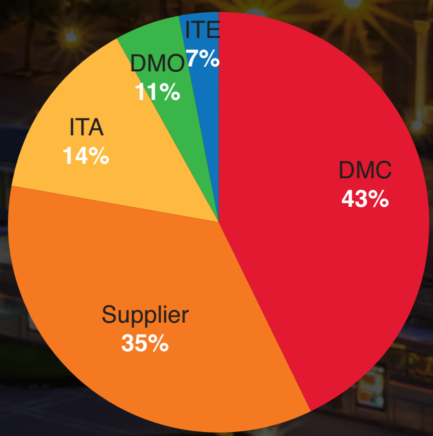

Figure 3: Industry Sectors

- ***DMC** Destination Management Company*
- ***Supplier** to the incentive market*
- ***ITA** Incentive Travel Agency*
- ***DMO** Destination Marketing Organisation*
- ***ITE** Incentive Travel End-user*

The impacts of the pandemic are mainly temporary, focused on cost cutting.

IMPACT OF THE PANDEMIC ON INCENTIVE TRAVEL PROFESSIONALS

Respondents were asked to choose from 11 different statements and rate the ones that best represented what they experienced as a result of the pandemic.

Unsurprisingly, respondents clearly call out the many negative impacts of the pandemic on their businesses with overall reductions in budgets, work hours and travel and many reporting furloughs and lay-offs.

Overall, however, the impacts are mainly temporary, focused on cost cutting. The number of closed, restructured or sold business on a global basis is relatively small at 7%.

In Turkey, on the other hand, while the number of shuttered business is greater than the global average, government supports are more widely utilised and that appears to allow more time for focus on learning and development.

Overall, Turkey based respondents report a marginally greater incidence of “positive” outcomes of the pandemic than the global average.

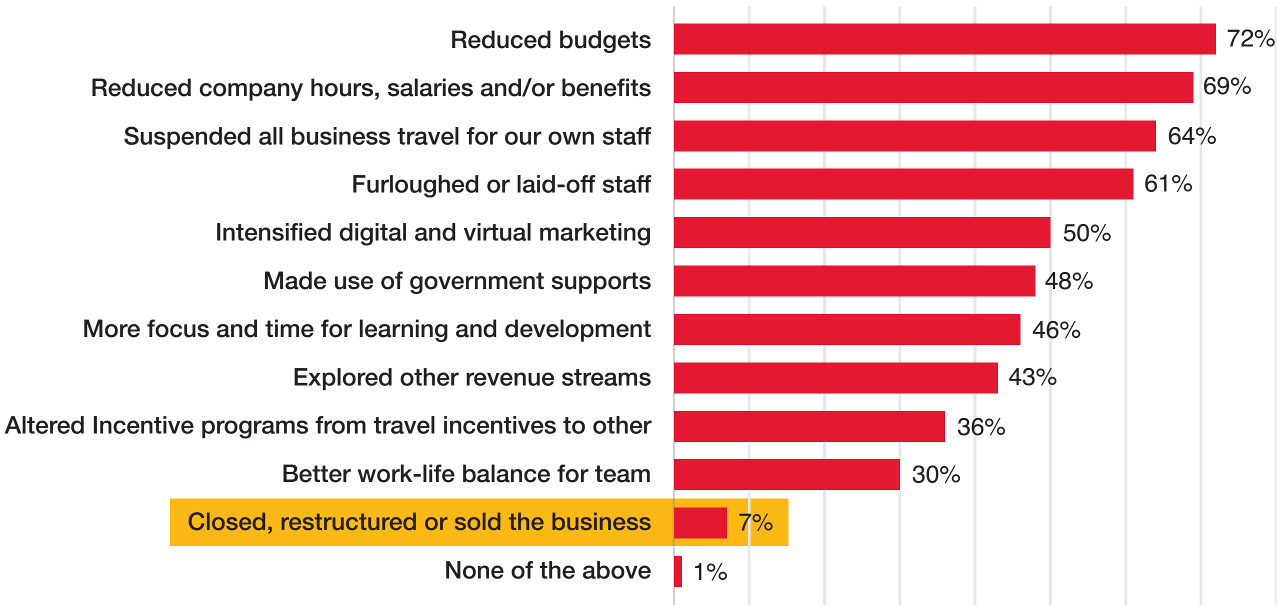

Figure 4: Impact of the pandemic on businesses

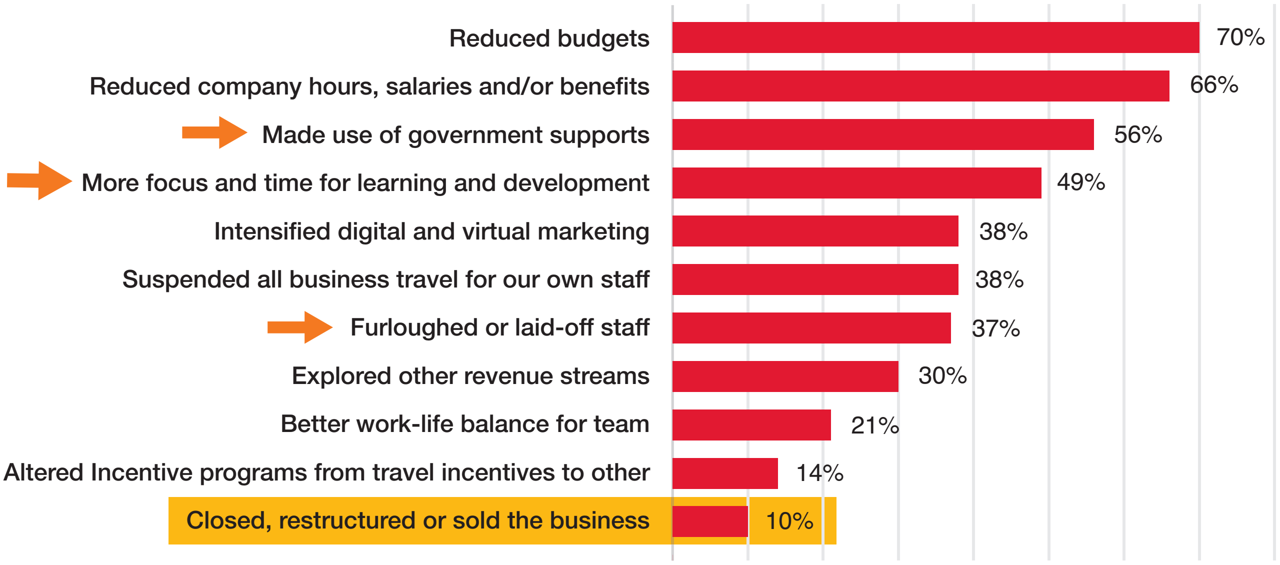

Figure 5: Impact of the pandemic on businesses - Turkey only

Respondents from Turkey are forecasting revenues to be at 141% of the 2019 levels, a level significantly higher than all other regions, even the USA (116%).

RECOVERY

Respondents in Turkey report business levels down by 80% in 2020. This fall in business levels in Turkey place incentive travel professionals there below the global average and significantly below the downturn level in the USA and the European Union.

Turkey continues to lag behind other regions in 2021 but for 2022 and 2023 is projecting better recovery levels than all other regions.

This is particularly striking for 2023 when respondents from Turkey are forecasting revenues to be at 141% of the 2019 levels, a level significantly higher than all other regions, even the USA (116%).

So how can we explain this extraordinary optimism in Turkey?

More than other established destinations, Turkey has experienced the roller coaster reality of crash and burn followed by revival and recovery and has developed resilience when faced with the extreme challenges of political instability, terrorism, natural disasters and now a global pandemic.

Other destinations and source markets operate routinely on an even keel and, therefore, lack experience when it comes to dealing with acute difficulties, challenges and adversity. Turkey, conversely, has unique perspective when it comes to challenges and has learned to project forward and see beyond the obstacles.

This must be seen as an strong element of competitive advantage for Turkey.

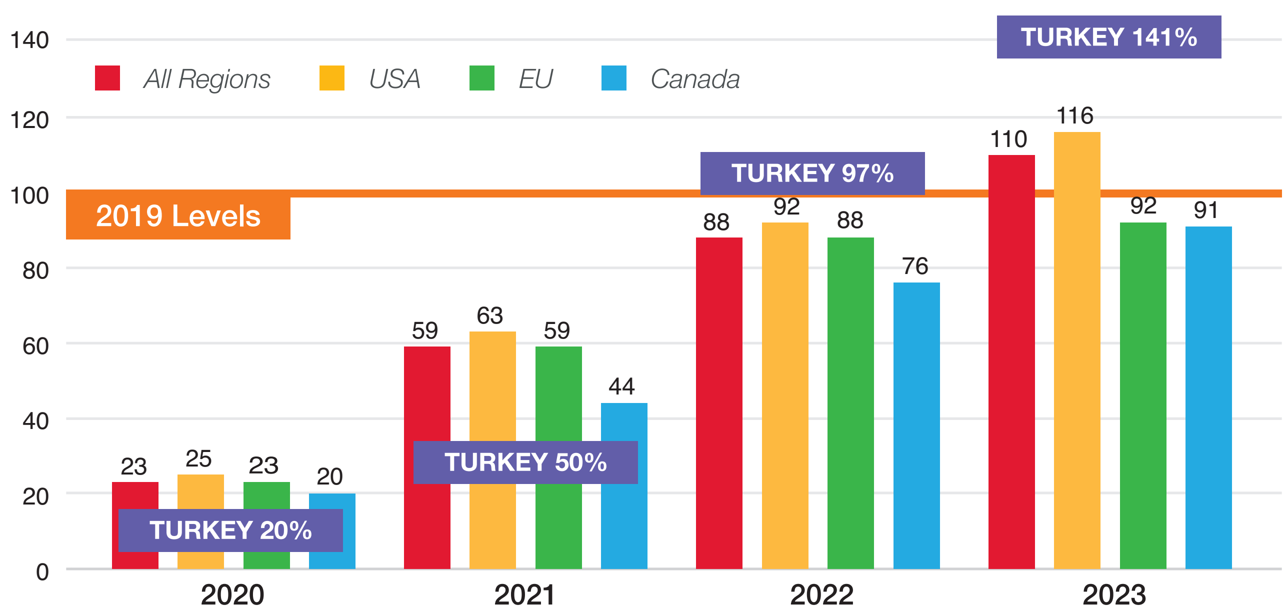

Figure 6: Recovery 2020-2023 when compared with 2019

This year's survey shows a dramatic shift from mid and long haul to almost exclusively short haul destinations.

DESTINATION SELECTION

The shifts and changes in destination selection as a result of the pandemic are dramatic in the extreme.

While most incentive travel programmes tend to remain within the region in which they are contracted, the past number of years has seen an increase in mid and long haul travel with more and more programmes journeying across the Atlantic and the Pacific.

In 2019, for example, North America programmes include Western European, Oceanian and South East Asian countries in their top 10.

NA	2018	2019	2020
1	United States	United States	United States
2	Caribbean	**Western Europe**	Canada
3	Mexico	Mexico	Hawai'i
4	**Western Europe**	Caribbean	Caribbean
5	Canada	Canada	Mexico
6	Central America	Oceania	Alaska
7	South America	South East Asia	Oceania
8	Oceania	Central America	Central America
9	South East Asia	South America	**Western Europe**
10	Emerging EU	South Asia	Other Africa

Figure 7: Ranking for Destination Selection (North American Buyers)

This year's survey shows a dramatic shift from mid and long haul to almost exclusively short haul destinations. North American buyers are now favouring nearby locations with Western European destinations dropping from second to ninth place.

A similar situation may be seen with buyers from the United Kingdom. In 2019 the US was the number one destination for UK incentives. In 2020 the US is in fifteenth place. Like their North American counterparts, UK buyers show a strong preference for destinations that are close by, or, indeed, for those perceived to be healthy and safe: UK programmes still display a willingness to travel mid and long haul but the places chosen are countries with a strong safety record in the pandemic.

Turkey respondents also included a small number of buyers, mainly in the Pharma and IT sectors. Their destination selection followed the overall trend towards clse by destinations but also follow the safety and health perceptions. Western Europe and Emerging Europe were in the first and second positions, respectively, with Gulf States and Oceania in third and fourth place.

NA	2018	2019	2020
1	**Western Europe**	United States	**Western Europe**
2	United States	South Africa	Carribean
3	South East Asia	**Western Europe**	Gulf States
4	Mexico	South East Asia	Canada
5	Gulf States	Emerging EU	South East Asia
6	Carribean	South Asia	Emergin Europe
7	Emerging EU	Canada	Alaska
8	South Africa	Oceania	Hawai'i
9	Canada	North East Asia	Other Africa
10	South Asia	South America	Central America

Figure 8: Ranking for Destination Selection (UK Buyers)

When ranking key success factors for incentive travel in August / September 2020, when most of the world languished in lockdown, different priorities rise to the top.

PROGRAMME INCLUSIONS

One of the survey areas of inquiry that threw up the biggest contrasts across all regions when compared with the 2019 results was key success factors for incentive travel programmes.

In 2019 respondents highlighted two elements related to travel and two related to corporate objectives within the Top 4 key factors for successful incentive travel programmes.

Ranked second and third in 2019, “group dining” and “team building” re-enforce corporate objectives by providing a setting during programme execution that fosters connections, relationship building and bonding and contribute significantly to workplace culture.

Ranked first and fourth in 2019, “cultural experiences” and “luxury / bucket list experiences” ultimately benefit the qualifier, providing them with an extraordinary travel experience that connects them with another culture or gives them a once-in-a-lifetime travel experience.

	2019	2020
1	Cultural Experiences	Luxury/Bucket List Experiences
2	Group Dining	Cultural Experiences
3	Team Building	CSSR
4	Luxury/Bucket List Experiences	Wellness

Figure 9: Key Factors for Successful Incentive Travel

When ranking key success factors for incentive travel in August / September 2020, when most of the world languished in lockdown, different priorities rise to the top. In first and second place are travel related success factors that, ultimately, benefit the qualifier.

With travel rewards on pause due to the pandemic, the overwhelming desire to travel become irresistible and corporate objectives, however “soft” they may be, are deprioritised against the desire to offer the qualifier a travel experience with no strings attached. Thus the top success factors are intrinsically and exclusively related to travel – cultural and bucket list experiences.

In third position in the 2020 survey, when it comes to evaluating the key success factors for incentive travel, is corporate social responsibility. Here it appears the pandemic has sharpened corporate consciences and helped the global incentive travel community look beyond the corporation and its qualifiers to the destination to which they travel and commit to leaving a positive legacy there.

Finally, when looking a key success factors for incentive travel from our lockdown point of view it’s not surprising that we highlight wellness as a priority. This, obviously, relates to the actual journey itself and how we ensure the wellness of our qualifiers as they move through public spaces, airports, hotels, resorts, cities, destinations and so on. It also concerns the activities, opportunities and experiences we offer to them as programme inclusions in those destinations with more space dedicated to rest, relaxation, keeping fit, slowing down and connecting with the inner self and so on.

This new perspective on what constitutes a successful incentive programme provides substantial food for thought for planners of incentive trips and the DMCs with whom they work.

The pandemic has sharpened corporate consciences and helped the global incentive travel community look beyond the corporation and its qualifiers to the destination to which they travel and commit to leaving a positive legacy there.

IN CONCLUSION

Undertaken at a time when incentive travel was on pause, the Incentive Travel Industry Index 2020 provides significant evidence of our industry at an important crossroads.

ITII 2020 confirms unequivocally that incentive travel will continue to play a huge role in corporate reward and recognition programmes. However, the re-set triggered by the pandemic means that it will not be “business as usual” when travel reward programmes resume.

The pandemic has turned things upside down eliminating or restricting, temporarily, our opportunities for travel. But this has only intensified our desire to travel and, once restrictions are lifted, we’ll see a massive new uptake in incentive travel as corporations rush to provide rewards that are truly motivational.

ABOUT FICP, IRF AND SITE

FICP

Financial & Insurance Conference Professionals (FICP) is a community of financial services and insurance industry meetings and events professionals dedicated to developing members, and advocating the positive impact and value of their work. We elevate the profession by leveraging partnerships and our members' collective skills and experiences to create purposeful interactions for all stakeholders whose professional success is linked to our members' work.

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IRF

The Incentive Research Foundation (TheIRF.org) funds and promotes research to advance the science and enhance the awareness and appropriate application of motivation and incentives in business and industry globally. The goal is to increase the understanding, effective use, and resultant benefits of incentives to businesses that currently use incentives and others interested in improved performance.

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SITE

Founded in 1973, The Society for Incentive Travel Excellence (SITE) is a professional association of 2,500 members located in 90 countries, working in corporations, agencies, airlines, cruise companies and across the entire destination supply chain.

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