

Research Article

Analysis of Stakeholder Engagement and Role in the Incentive Travel Destination Selection Process

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Abstract.

Incentive travel tourists generally come in large groups and travel at the full expense of their company. Their expenditure is greater than ordinary tourists, but they receive less attention in Indonesia's marketing strategy as quality tourists. This condition occurs due to a lack of understanding of the incentive travel business process. This lack of understanding is because research on the MICE industry is more concerned with meetings/conferences or exhibitions than incentive travel. Also, a reference book that discusses incentive travel and its relation to the choice of destination processes or destination marketing strategy is limited. This study aims to determine who is involved in the destination selection process and their relationships. The research method used is a qualitative method using desk research for data collection and content analysis for analytical methods. The research method used is a qualitative method using desk research for data collection and content analysis for the analysis method. Desk research was carried out by reviewing literature related to travel incentives and research report documents conducted by research institutions related to incentive travel. The result shows several parties' engagement and role in the incentive travel destination selection process.

Keywords: incentive travel, stakeholders, MICE industry, quality tourist, destination selection

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1. Introduction

Tourism is considered one of the world's largest and fastest-growing industries in the world [1-2] The characteristics of tourist trips are generally trips that are divided into two purposes, namely for recreational purposes by carrying out activities related to leisure (Leisure Visitor) and for business purposes with activities related to business (Business Visitor) [3]. In contrast to the characteristics of leisure visitor who tend to enjoy free time, business visitors, especially visitors for meeting, conference & exhibition purposes, do not have much spare time, perhaps only a few hours or a day after business commitments are completed, before they return to their hometown. Other types of

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business travel, such as incentive travel, have programs that combining business and leisure. Therefore, destinations that can offer a combination of efficiency and security in business meetings, as well as leisure opportunities, tend to be more frequently chosen [4].

Since Bali reopened to tourists after the pandemic ended, Bali's economy, which relies heavily on tourism, has grown again. On the other hand, Bali's economic growth as a result of the revival of tourism has brought new problems. The Regional Government of Bali Province is busy with various acts of foreign tourists who violate regulations, from traffic regulations and misuse of visas to falsifying identity documents. These violations are generally committed by individual tourists who come to Bali at their own expense with a limited budget for recreational purposes. The situation would be different if the marketing strategy for Indonesian destinations, especially Bali, were also directed at attracting business visitors, especially those who visit for incentive travel activities. Incentive travel tourists generally come in large groups and travel at the full expense of the company sending them. Their expenses are greater than ordinary tourists but receive less attention in Indonesia's destination marketing strategy. This condition occurs due to a lack of understanding of the incentive travel business process. This lack of understanding is because of the four activities in Business Travel, namely Meeting, Incentive, Conference, and Exhibition (MICE), more research is in the field of Meeting, Conference, and Exhibition [5], but there is still little research or reference books that discuss incentive travel. especially about the destination selection process for incentive travel [6]. According to research conducted in 2018 by Oxford Economics for the Event Industry Council, the global value of in-person business events is \$1.07 trillion. Incentive travel is included in these figures but has a much higher per person spend than meetings, conferences, or other business events. This research suggests that incentive travel is worthy of further research because it could be part of a strategy to attract quality business tourists to the destination. This study aims to determine who is involved in the destination selection process and their relationships.

2. Literature Review

2.1. Previous research related to incentive travel

Meeting, Incentive Travel, Conference & Exhibition (MICE) activities as the main activities in Business Events have attracted quite a lot of attention from researchers, but among

the four aspects of MICE, the Incentive Travel aspect is the one that has received the least attention. This fact causes very few journal articles related to Incentive Travel. Sood et al. [7] conducted a literature review and only found 45 articles related to Incentive Travel, the results are shown in Table 1.

TABLE 1: Research theme focus related to incentive travel.

Research Focus	Number of Article
Destination Image	7
Motivation Factors	7
Supply Chain	3
Consumer Perspective	9
Provider Perspective	4
Incentive Planners Perspective	4
Technological advancements	2
TOTAL	45

The Desk Research in this study found 16 articles published in 2014-2023 focused on Incentive travel research. Slightly different from the literature review conducted by Sood et al. [7], which only focuses on research articles conducted by academics, the articles analyzed in this research also include those conducted by organizations that operate incentive travel businesses, including reports from the Incentive Research Foundation and Business Events Sydney, whose research collaborated with The University of Technology Sydney, Business School. The focus of research related to incentive travel from the 16 articles obtained by the author is shown in Table 2. In Table 2, there are also articles about the economic impact and impact of Covid-19 disruption on the incentive travel business these topics have not been recorded in the literature review conducted by Sood et al. [7]; details of the results of the literature review appear in Table 2.

2.2. Incentive travel as a motivational tool

The Society of Incentive Travel Executives (SITE) defines incentive travel as a global management tool that uses exceptional travel experiences to motivate and/or recognize participants for their level of performance achievement in the workplace [8]. Incentive travel acts as a reward for recipients who can spend significant time away from work-related activities [6]. The incentives or rewards given in the form of tourist trips are considered the best form of reward, which has been proven to be able to motivate

TABLE 2: Research articles related to incentive travel during 2014-2023.

Fokus Riset	Number of Article
Destination Image	1
Motivation Factors	2
Supply Chain	1
Site Selection	6
Destination Loyalty	1
Economic Impact	3
Post Covid Disruption	1
Incentiv Travel Industri Indrx	1
TOTAL	16

Source: prepared by Author [7]

company employees to work and show better performance [9]. Research on the theoretical perspective of incentive travel [6] has laid a conceptual framework for incentive travel as an employee motivation tool. However, scientists and professionals in their fields still have their arguments regarding whether incentive travel is included in the leisure or business sector. Meanwhile, The definition issued by SITE [10] clearly places incentive travel as business travel because the source of funding for incentive travel is entirely from the company, and the reward recipients are employees or partners who have great performance that provides large profits for the company. SITE [10] also highlights the differences between the segments as follows:

- a. The trip is paid for by the company or organisation
- b. The employee has won the trip by his/her performance at work
- c. The trip is carefully planned
- d. The traveler does not choose the destination 10
- e. The trip is a unique experience
- f. The traveler is considered to be a VIP client

2.3. Incentive travel destination selection

Research related to destination selection began to attract the attention of researchers when [11] researched convention destination selection. According to Crouch and Louviere [11] “the choice of destination can make or break the convention” (p. 52). This opinion confirms the opinion of Montgomery and Strick [12], who said, “Regardless of

the type of meeting, convention or exposition, the site is a critical factor in the success and failure of the event” (p. 109). Crouch and Brent Ritchie [13] research results are outlined in a seminal article, which is the most widely referenced for almost all research related to destination selection. Crouch and Brent Ritchie [13] findings in Table 3 show the factors considered in choosing a convention destination.

TABLE 3: Convention site selection factors.

FACTOR	COMPONENT
Accessibility	Cost; travel time; convenience of travel connections; barriers such as customs and visas
Local support	Assistance from a local chapter; support from the CVB; subsidies or subventions
Extra-conference opportunities	Entertainment; shopping; sightseeing; recreation; and professional opportunities
Accommodation facilities	Capacity; cost; service; security; availability
Meeting facilities	Capacity; layout; cost; ambience; service; security; availability
Information	Has the site performed well in the past; marketing
Site environment	Climate; setting; infrastructure; hospitality
Other criteria	e.g., risk; profitability

Source: Crouch and Ritchie [13]

Many researchers have conducted similar research on destination selection [14-16], but almost all focus more on researching convention destination selection with almost the same findings. The new one is carried out by Lee et al. [17], according to Lee et al. [17], IT-related factors such as the availability of high-speed internet, wireless connections, the availability of ICT Support on site, and the availability of e-mail support are factors to consider in selecting a destination.

A quite contradictory fact in research related to MICE is how the aspect of incentive travel still receives little attention [18], even though in terms of the economic impact of incentive travel activities, it has been proven to have the potential to be a source of income for destinations with expenditures 9.5 times the expenditure of ordinary tourists [19]. Many studies related to destination selection generally focus on convention destinations. Research that began to pay attention to incentive destination criteria was carried out by Del ChiAPPA [20] who examined differences in destination attributes based on the type of event, including meetings, incentives, conventions, and exhibitions. The findings of this research show that although some of the required destination attributes are almost the same between several types of meetings, there are some differences in incentive destination attributes. According to incentive planners who were respondents,

accessibility is an important attribute but not as important as according to meeting planners, because according to Mair et al. [21] even if a destination’s accessibility is less supportive to a certain level, it will probably still be chosen if the destination is unique and exclusive.

Thumachai et al. [22] conducted the most complete research on incentive travel destination selection. This research produced findings on incentive travel destination attributes based on interviews with incentive travel planners in China, Australia, and the US. America. The research results show that several factors are important for selecting a convention and incentive destinations. However, several factors have not previously appeared to be considered important for incentive travel destination selection. These factors include novelty, perceived risk and exchange rate. Thumachai et al. [22] groups his findings into three groups; the key factors are accessibility of the destination, accommodation availability, and destination image. Factors that are grouped as less important are meeting facilities and site environment. Other factors that have not previously been mentioned are novelty, perceived risk, and currency.

2.4. Incentive travel stakeholders

Based on content analysis carried out on all research articles obtained, articles related to supply chains written by SITE Foundation [23] provide the best description of the parties involved in the occurrence of incentive travel in Thailand as shown in Table 4, SITE Foundation [23] group the parties involved in the incentive travel into three categories, namely Producers, Intermediaries, and Providers.

TABLE 4: Incentive travel player.

Producer	Intermediaries	Providers
<ul style="list-style-type: none"> → Corporates → Organisations 	<ul style="list-style-type: none"> → Incentive fulfillment house → Incentive planner → Travel management company (TMC) → Destination → Management Company (DMC) 	<ul style="list-style-type: none"> → Hotel → Airline → Restaurant → Production company → Ground transportation → Tech provider → Awards → Team building → Motivational speakers → Giveaways → Other service providers

Source: Thumacai et al. [22]

A collaboration between the Incentive Research Foundation (IRF), Financial & Insurance Conference Professionals (FICP), and the Foundation of Society for Incentive Travel

Excellence (SITE) conducted the Incentive Travel Industry Index study, a study about the nature and direction of incentive travel on a global basis. The study identified five parties involved in the process of incentive travel. These parties are grouped into two categories, namely buyers and suppliers. Table 5 shows the parties included in the buyers category and those who are suppliers.

TABLE 5: The party involve in incentive travel.

Buyer	Supplier
1. Incentive Travel End-User (e.g. corporate buyer)	1. Destination Management Company (e.g. DMC coordinating local implementation)
2. Incentive Travel Agency (e.g. incentive agency, third party planner, independent planner, or other intermediary)	2. Supplier to the incentive market (e.g. hotels, cruise lines, venues, transportation companies, AV companies, décor companies)
	3. Destination Marketing Organisations (e.g. DMO, convention bureau, visitor bureau)

Source: SITE Foundation [23]

2.5. The role of the stakeholders in the incentive travel process

The research results of SITE Foundation [23] explain how the incentive travel stages occur. It can be seen in Figure 1 that the process of an incentive trip begins at the planning stage, where Corporate internally and, with the help of consultation with the incentive house, determines a system for determining who is entitled to receive an award, such as employees or customers. The company must decide what targets they want to achieve through incentive travel and prepare a budget for all costs of implementing the incentive travel program. The next stage is the coordination phase, where corporations have several choices of companies or organizations with expertise in incentive travel, such as Incentive House/Incentive organization, which can then provide program design proposals for incentive travel and coordinate with providers in the destination. As a producer that finances incentive travel, the company can also directly correspond with the Travel Management Company or Destination Management Company (DMC), which acts as the incentive travel program’s designer and the ground handler in the Operation phase. In the Operation phase, DMC as the operator of incentive travel, collaborates and coordinates with related providers, such as hotels, food and beverage providers, restaurants, venues, shopping centers, tour and travel companies, entertainment, and other providers. In the operating phase, DMC is the party that handles the entire incentive travel process from arrival, Visa, transportation, Team

Building activities, entertainment, special dinners, CSR, and other programs according to the rundown- designed and agreed upon.

Table 2. Process of the Incentive Travel Supply Chain

Phrase	Plan	Coordinate	Operate
Players	Corporate / Incentive houses	Incentive organization / Incentive house, Travel Management Company (TMC) / Destination Management Company (DMC)	Destination management company, Service providers
Main activities:	<ul style="list-style-type: none"> • Target group will be awarded: employees or customers • Objectives for award (incentive travel) • Budget for incentive travel 	<ul style="list-style-type: none"> • coordinator with service provider in destination • create incentive programs for incentive travel 	<ul style="list-style-type: none"> • Hotel and accommodation Food and Beverage, Shopping venues, Guide • Activity: Team building, CSR • Transportation: VISA, Ground transportation

Figure 1: Incentive travel business supply chain (Source: Thumacai et al. [22]).

3. Research Method

This research is qualitative research using data collection methods through Desk Research. A number of articles on travel incentives, published in journals and research reports by credible international organizations such as the Foundation of Society for Incentive Travel Excellence (SITE), Incentive Travel Research (IRF), and Sydney Business Events, have been reviewed and analyzed with the Content Analysis method. There is only a little research on incentive travel during 2014-2023; only 16 articles were found in journals and publications and have been reviewed using content analysis. Each article was analyzed, including the research focus, year of publication, research methods, data collection instruments, participants or respondents, author profile, research results or findings.

4. Result and Discussion

This research has two main objectives: first, to find out who the parties are involved in the incentive travel business process, and second, to understand the relationships and roles of the parties in the incentive travel business process. The literature review shows that two interesting views originate from a theoretical perspective [21, 22] and a practical perspective from industry players [23]. There are similar views from both parties

regarding the parties involved in the process of incentive travel. However, there are different perspectives in classifying the roles of each party. According to a theoretical and practitioner perspective, the parties involved in the incentive travel process are corporations as end users, organizations such as incentive houses/agencies, destination management companies, destination management organizations (DMO) such as convention bureaus, service providers (hotels, venues, transportation companies), Shopping, Food and Beverage, and other providers), and other suppliers.

In grouping the roles of each party involved in the incentive travel, there are slight differences between theoretical and practitioner perspectives. The theoretical perspective groups the roles of related parties based on the plan, intermediary, and operation phases. In the planning phase, Corporations and organizations such as Incentive House are the parties that initiate awards in the form of incentive travel and plan a system for determining reward recipients, destinations, and incentive travel programs. In the intermediary phase, the parties involved are DMC, DMO, and Incentive House, who help corporates design programs, choose destinations and coordinate with various suppliers; the third phase is the operation phase, whereby coordinating with DMC, suppliers play a role in implementing the travel incentive program. Somewhat different from the theoretical perspective, Incentive travel business actors who are members of the SITE Foundation group the parties involved in the incentive travel process into Buyers and Suppliers groups. Corporate and Incentive Agency or Incentive House act as buyers, while DMC and all tourism businesses such as Hotels, Venues, Restaurants, Transportation, and others act as suppliers.

Even though there are differences of opinion between the theoretical perspective and the practitioner perspective in classifying the positions of the parties involved in incentive travel, both have the same explanation for placing the parties who play a role in the destination selection process. According to both perspectives, Corporate or End User and Incentives House are parties that play a big role in the process of choosing a destination. Meanwhile, according to Crouch and Brent Ritchie [13], accessibility is the main attribute of a destination chosen to hold MICE activities, but according to Mair et al. [21], for incentive travel activities, even though a destination has weaknesses in accessibility, it still has the potential to be chosen if it is unique and exclusive. This opinion is complemented by Thumacai et al. [22] with the attributes novelty, perceived risk, and exchange rate which are also important attributes for selecting incentive travel destinations. Based on findings related to the attributes of incentive travel destinations, as well as the role of corporate parties and incentive houses as determinants of incentive

travel destinations, destination marketing organizations must be able to highlight the uniqueness, exclusivity, novelty, perceived risk and exchange rate of the destinations they market to corporates and incentive houses, for example by inviting them to do a site inspection or familiarization trip. This method will provide options for decision-makers to consider when providing rewards in the form of incentive trips.

5. Conclusion

The type of tourists who visit a destination in the form of an incentive group are quality tourists with spending that exceeds the spending of leisure tourists in general. The amount of incentive tourist spending makes many destinations compete and develop strategies to get as many incentive group tourists as possible; therefore, knowing who the buyers and suppliers are will make it easier to develop destination marketing strategies, as well as improve the quality of products and services that a destination can provide. Knowing the phases in the incentive travel process, which the parties play a role in each phase, and their activities will make destination marketers understand which phases they need to pay attention to win the market competition. Therefore, future research needs to be carried out regarding incentive destination marketing strategies.

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