Channel Incentive Travel Programs: Stakeholders Perceptions and Indicators of Satisfaction and Loyalty Based on the Incentive Travel Experience

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Abstract
Channel incentive travel is a lucrative market for many hospitality suppliers and plays a vital role in meeting many companies’ business objectives. Despite this vital role, many people do not understand what channel incentive travel is and how it can be used to meet business objectives. This study uses qualitative analysis to determine why channel incentive travel is used by companies and why dealers participate. To gain a holistic perspective of a channel incentive travel program, key stakeholders (dealer participants, the sponsoring company, and suppliers) were interviewed. Quantitative analysis provides empirical support for three success factors (satisfaction, loyalty, and motivation to increase sales). The independent variable “I would recommend other dealers try to reach the goal of earning an incentive travel trip” was significant in all three models contained within this study. The significance of this variable is a strong indication that participants understand the value and benefits of the channel incentive travel program and would recommend that others try to earn the reward.

The three tested models represent positive relationships between key variables (satisfaction, positivity, relationship enhancement, recommendations, word-of-mouth, loyalty, and motivation to sell more products). For example, building stronger business relationships, recommending products (from suppliers who offer an incentive trip) to customers, and incentive travel being positive for their business were significant in two of the models tested. This result provides empirical support that incentive travel programs motivate dealers to sell more products, create stronger business-to-business relationships.

Keywords
Incentive travel; Channel incentive travel; Incentive programs; Success factors

Introduction
The incentive travel industry has been subject to negative media coverage and political positioning in recent years The ‘AIG effect’ brought many corporate entities under intense scrutiny. The scrutiny was the onset of skepticism regarding the value of incentive travel. For decades, companies have used incentive travel to motivate and reward employees and business partners for reaching high performance levels. Companies, whether they are selling products or services, have used incentive travel as an intrinsic part of their business model to maximize revenue. The combination of the ‘AIG effect’ and the downturn in the economy has caused many companies to scale back or eliminate incentive travel in fear of customers, suppliers, and investors retaliating because incentive travel was being misrepresented and misunderstood.

While researchers have studied many aspects of incentive programs, there are no studies that have taken an in-depth look at channel incentive travel programs and the perspectives of the key stakeholders (dealer participants, the sponsoring company, and suppliers). It is for this reason that the Incentive Research Foundation (IRF) funded the current study. This study will provide evidence-based and objective insight into a channel incentive travel program and its benefits.

As economic conditions show signs of improvement so does the incentive travel market! Many companies such as manufacturing and sales oriented firms who used incentive travel programs were forced to cut or eliminate incentive travel programs during the economic downturn due to limited resources and the negative perception of incentive travel during difficult economic times. The elimination of such programs may have helped companies financially in the short-term, but those same companies are now facing the dilemma of whether or not to reinstate or increase incentive travel to meet long term goals and growth. The projected increase in incentive travel validates the importance of corporate incentive travel programs. This increase in incentive travel may well be the consequence of lower productivity levels as a result of the elimination of incentive travel programs or the need to strengthen business-to-business relationships for growth.

A recent study published by the IRF [1], "The Anatomy of a Successful Incentive Travel Program," demonstrated that incentive travel programs can be used in different ways. Some companies may use an incentive travel program to stimulate sales of their products or services through distributors; thus the distributors are the recipients of the travel incentive. This scenario is referred to as a channel incentive program because the sponsoring company uses multiple channels to distribute products/services. The other scenario occurs when a company uses an incentive travel program to reward, recognize, and motivate employees for meeting or exceeding performance goals. Although the recipients of the incentive travel reward may be different, non-employee versus employee, the ultimate benefactor is the sponsoring company offering the incentive travel program. It would not be lucrative to offer incentive travel programs if the incremental results generated from the participation in these incentive programs didn’t at least offset the cost and play a role in meeting overall business objectives.

The primary objectives of this study were to: (1) investigate the perspectives of the channel incentive travel program from each of

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Incentive travel literature

The meetings, incentive, conventions, and exhibitions (MICE) industry is one of the most important sectors of travel and tourism. Incentive travel represents approximately 5% of the total MICE industry [13]. According to the most recent economic significance study “The Economic Significance of Meetings to the U.S. Economy,” conducted by PwC US, reveals MICE is estimated to be a $263.4 billion industry. In 2009, there were an estimated 1.8 million meetings with 205 million participants. Incentive meetings represented 4% of that total (66,000) with approximately 8,154,000 participants [14]. This study also reported that the total dollars spent associated with each incentive participant was $1,620, which was the highest in all the meeting types [14].

Shinew and Backman [15] outlined the conceptual framework of incentive reward systems (CFIRS). CFIRS models account for the effect of goal setting on performance mediated by various cognitive processes underlining motivation. Shinew and Backman [15] went on to test the model for incentive rewards in the workplace. They found that employees who receive the reward recognize the organization’s appreciation of their hard work. Many organizations also use financial incentives to motivate their employees [16], yet many smaller organizations do not have the flexibility of larger organizations in issuing financial rewards. Some of the reasons for this lack of flexibility in smaller businesses are lack of revenue, market share, or the need to reinvest the capital back into the organization for growth [17].

For many organizations, the use of non-monetary rewards is critical for the motivation of employees, especially those in sales positions. While larger organizations focus on monetary rewards, smaller organizations have turned to non-monetary reward and recognition programs. By recognizing employees, the organization can benefit. This benefit can be reached by either reducing turnover levels or increasing organizational commitment when the incentive is tied to discounts at a restaurant, spa, or travel, with paid time off [18].

Travel incentives also aid in organizational camaraderie and company loyalty. Connections generated by travel and memories of incentive travel trip strengthen participants’ positive feelings towards their employer. Travel awards have trophy value. This trophy value adds to incentive travel’s long-lasting effects on employees. It provides positive reinforcement and has been shown to be a more effective motivator than monetary rewards [15].

Sales incentives

There are many types of sales incentives. There are both monetary and non-monetary rewards as previously discussed and there are benefits to using both types of incentives. When examining incentives, participant understanding is crucial. The participants need to understand both the perceived value of the award, and the value of earning the award. For some recipients, earning the reward has intrinsic value greater than a perceived dollar figure e.g. prestige and recognition.

Sales contests that revolve around incentive travel programs are designed to motivate sales personnel to achieve sales targets. According to Murphy and Sohi [19], throughout the commitment to incentive programs continued to increase over the past two decades. In 1971, expenditures related to incentive programs were $1.6 billion and by the end of the 1980s, those expenditures reached $8 billion. By
2009, the expenditures on participants alone were well over 13 billion [14].

**Channel incentive**

Channel incentive travel programs offer incentive travel opportunities to other companies who sell the sponsoring companies’ products or services. Therefore, the recipients of the incentive travel are owners or employees of the channel partner, not employees of the sponsoring company. Research in this area is almost nonexistent which exacerbates the misunderstanding of incentive travel. Taylor [20] defines a channel incentive as a payment, rebate, discount, or travel that is awarded from a manufacturer to the retailer (dealer) based on their sales to end consumers. Taylor describes two common forms of channel incentives. The first is a linear incentive where the incentive is delivered for each unit sold. The second is a target incentive where incentives are awarded based on a set target, usually associated with sales. In the case study being analyzed, the earning criterion for the incentive travel is based on growth in sales and volume of new products sold. One channel incentive study by Radin and Predmore [21] found that many manufacturers offer incentives or perks to entice salespeople to promote certain products. Manufacturers use incentives so that certain models or materials are sold above others as the salespeople are rewarded for the selling of their products versus a competitor’s.

**Success factors of incentive travel**

A key element of using an incentive travel program is the ability to allow business leaders to design the program based on certain success factors. According to Kastner [22] there are six main factors for successful incentive programs are: (1) educating stakeholders, (2) audience analysis, (3) program design, (4) communications strategy, (5) the trip experience, and (6) measurement.

While these factors provide excellent framework for examining critical areas for an incentive travel program, Formica and Goldblatt [23] found that there are many environmental forces, both internal and external, that need to be taken into consideration when designing an incentive travel program. These external environment forces are economic, socio-cultural, technological, ecological, and political. They continued on by describing the internal environment forces: financial, marketing, human resources, and operations.

According to the study, both external and internal environments must be considered to successfully modify an incentive travel promotion. Formica and Goldblatt [23] also developed four main strategies for a successful travel incentive program. The four strategies are: (1) competitive methods, (2) where to allocate resources, (3) how to implement during economic fluctuations, and (4) general feedback from incentive practitioners.

Based on the research in this area, the success factors explored in the current study focused on success from the participant’s perspective. The three success factors explored in this research were: (1) satisfaction with the incentive travel program, (2) loyalty to the sponsoring company offering the program, and (3) motivation to sell the sponsoring company’s products. These antecedents were deemed appropriate because each can be linked to the reasons why incentive travel programs are implemented to meet business objectives thus providing justification for an investment in an incentive travel program.

Companies value customer opinions and feedback. Information collected through customer surveys typically measure attributes of satisfaction, repurchase intentions, and actual loyalty behaviors such as making recommendations [24,25]. Just as this information proves valuable in monitoring performance and aids the company in making future decisions so is the information important to companies sponsoring incentive travel programs. Surveying incentive travel participants provides the sponsoring company with benchmarks in which they can use to evaluate the overall impact of an incentive travel program.

**Methodology**

“As a research strategy, the case study is used in many situations to contribute to our knowledge of individuals, groups, organizational, social, political, and related phenomena” [26]. To meet the study’s objectives, a case study was deemed the most appropriate research approach. According to Xiao and Smith (2006) a case study an appropriate methodology to use in social science research when “why” and “how” questions are important to the investigation [27]. Since the aim of this study is to better understand why dealers participate, who the different stakeholders are, and what the benefits of a channel incentive travel program are, a case study approach was most applicable.

The first step in the research process was enlisting a channel incentive program sponsor. A manufacturing company who has been producing products for over seventy years and has been offering incentive travel for their dealers/distributors for over twenty years agreed to participate in this study. (Make this the second sentence in your paragraph) The company participation was critical to gaining a holistic understanding of a channel incentive program and this cooperation cannot be underestimated.

For confidentiality purposes the company’s identification will not be disclosed. However, there are some noteworthy facts to share about the sponsoring company. Two thousand dealers have the opportunity to participate in earning this company’s incentive travel program each year. Approximately four hundred employees earn the incentive travel trip each year, or 20 percent. The company offers other incentives besides incentive travel and include: rebates, free products, or discounts off new products. A dealer would not be eligible for both the incentive travel trip and the rebates. The company also tracks dealer’s progress on a monthly basis and send the monthly statements to the customers (dealers) to communicate where they rank in the earning process. After a thorough review of literature, interview questions were developed for each of the channel incentive travel stakeholder groups: (1) executive managers from the sponsoring company, (2) participants which included dealer owners or dealer managers, and (3) suppliers. Interview questions were reviewed by two incentive research specialists and the sponsoring company to verify face validity. Although the interview questions were used as a guide, some responses led to additional questions for inquiry into specific meaning.

The sponsoring company provided the researchers with a list of potential interviewees from each of the four categories. There were a total of 17 telephone interviews conducted; three with top executives from the manufacturing company, eleven with participants, and three with suppliers. Interviews were digitally recorded and transcribed for analysis. Interviews ranged from 9 minutes to 44 minutes. The
transcribed interview responses were then entered into NVivo 9 to assist the researchers in detecting patterns and key phrases.

An electronic survey was developed using the qualitative interview results, a literature review, and input from the company participating in the study. The sponsoring company in this case study sent an email to the 175 potential respondents who had participated in the channel incentive program. A link to the electronic survey was provided and the company encouraged participation in the study. This process yielded a 51% return rate.

The survey consisted of 25 questions. Three questions focused on whether or not the respondent believed in the overall concept of incentive travel. Three questions focused on how well the company communicated the incentive travel program to the respondent. Four questions were used to assess perceived fairness with the incentive travel program. Two questions inquired if the incentive travel destination influenced their participation in the program. Four questions focused on their involvement in trying to earn the travel incentive. Four questions inquired about the benefits respondents gained by participating and 5 questions were the dependent success factors e.g. manufacturing incentive travel programs motivate me to sell more products. Since there were no previous survey instruments used in channel incentive travel research, variables were carefully adapted to meet the needs of the company while also meeting objectives for the study.

Quantitative analyses including frequency distribution and mean comparisons were conducted to gain an understanding of overall responses for variable. The next step in the analysis was to determine which independent variables (Positivity, communication, earning, place, involvement, and benefits) were more likely to predict each of the dependent success variables (satisfaction with the incentive program, would build loyalty to the sponsoring company, and motivation to sell more products).

Qualitative Interview Results

The study’s first objective was to investigate the perspectives of the channel incentive travel program from each of the stakeholder groups (dealer participants, executive management of the sponsoring company, and suppliers). This objective’s purpose was to provide a better understanding of a channel incentive program by taking a holistic approach. To meet this objective, qualitative interviews were conducted with each stakeholder group. The results are presented by first providing an explanation of how channel incentive programs are designed to meet business objectives for both the sponsoring company and the dealers followed by select questions answered by each stakeholder group.

How is channel incentive programs designed to meet business objectives?

Many manufacturing companies who distribute their products through dealers utilize channel incentive travel programs. These companies do so to motivate and reward dealers for meeting the earning criterion set forth by the manufacturing or sponsoring company. Dealers play a vital role in the continued business success of the sponsoring companies, which rely on channel distribution as a means of promoting and selling their products or services in their showrooms.

Channel incentive travel programs are designed to enhance and contribute to the sponsoring companies’ business goals. In this case study, the sponsoring company is a manufacturing company. This company produces products and uses dealers as a distribution channel for the sales of their products. The sponsoring company sells products to dealers at a wholesale price. The wholesale price is based on the cost of manufacturing and/or distributing the products, variable and fixed costs, with a built-in profit margin that allows the manufacturing company to be profitable. The dealers then sell the products at retail, a percentage above the wholesale price plus a percent of profit to ensure profitability.

The sponsoring companies rely on the dealers to sell their products and the dealers rely on the manufacturer to provide products. This action meets the demands of their customers. This business-to-business relationship plays an important role in the success of both the manufacturers’ and dealers’ businesses. In this case study, the earning criteria was a year over year growth and a percentage of new products purchased. This earning strategy is designed to sustain the manufacturing business since the manufacturing company does not sell directly to the end consumer. All dealers may participate in the incentive travel program, but only dealers who meet or exceed the criteria earn the incentive trip.

Results from Dealer Participant Interviews

What is your overall perspective of incentive travel programs?

All participants agreed that incentive travel was well accepted and positive for their business. Positive comments such as "Incentive trips are great!" and "I think incentives trips are phenomenal," appeared from one interview to the next. Another reoccurring comment was the way dealer participants believed in the positive outcomes from incentive travel programs. Based on the interviews, it was evident that dealer participants believe in incentive travel programs and are positive about the role incentive travel plays in the motivation and sales increases in their individual businesses. One respondent said, “I think incentive travel is a great idea because it works, it is an added bonus for us,” and “it builds loyalty every time”.

Why does your dealership participate?

Interview subjects repeatedly stated that the importance of creating and strengthening business-to-business partnerships and providing a means of awarding deserving employees are why their dealerships participate in incentive programs. Interview subjects believe this is a practice which helps motivate and retain good employees. One participant stated, “we feel incentive travel programs from suppliers to vendors allow us to meet the people within the organization from the vendor side. We are able to use it as a tool for our people to meet the vendors and make a connection. It also enables us to make a connection with our counterparts in the industry.” Incentive trips provide a scenario that connects people outside the normal business environment. Another participant stated, “whether it’s over dinner, drinks, or in general conversation you get a chance to discuss items that we run across and how we deal with it and also hear things others run across and how they deal with it. It gives us insight and if something comes up…I remember Joe telling me about that, I think I’m going to give him a call.” These relationships create an unstructured support system within the industry. The other key reason for participation is to pass the incentive onto key employees. “I sometimes go but if I can send a well-deserving employee, then it is a way to help promote positive morale within my company”.

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One respondent did bring up an interesting fact about participation in incentive travel programs by stating, “We buy from the company no matter what. So I mean, they offer it, so it’s a win-win situation. There’s no reason not to do it actually.” If companies are going to buy products even if an incentive trip is not offered, then the cost of the incentive trip becomes a cost to the sponsoring company.

**How would you describe these incentive trips? What do you like best and least about the incentive trips?**

The majority of the responses were positive with participants responding with statements like “They’re fabulous!” and “Unbelievable! It’s first class all the way. You are treated very well.” When asked what they liked best about the incentive trips, responses fell into three primary categories: (1) destinations they would have never had the opportunity to go to, (2) all the trip details being taken care of, which makes the trip more enjoyable and less stressful, and (3) the benefit of meeting people. The following comments support the consensus of the respondents:

“I’m getting to see places that I might not normally have gotten around to traveling to on my own, so that’s definitely the best part.” “I think it’s lovely to have all the details taken care of for you.” “The best part is meeting the people. It allows you to do your job a little better, to know the people a little better, put a face to a name, to get that personal development, even in making calls and conducting business, you have that next level up.”

When respondents were asked about they liked least, participants provided mixed reviews, most likely stemming from individual preferences. Some participants reported they thought the trips were too long while others thought they were too short. A common issue was the travel time to the destination and back. Extended traveling time may impede the overall pleasure of the trip. Even though the company sponsoring the trip may be well planned and organized, many travel incidents are beyond their control, e.g., weather delays and cancellations.

**What is the primary value of an incentive travel program to you?**

Seven out of 11 participants stated the primary value to them was the creation and building of relationships. One interviewee said, “I think it bonds you with that manufacturer in a way that nothing else does. I think it definitely cultivates brand loyalty and you get to know key people in the company.” The other important result from this question was the value of getting recognized for a job well done. As one person said, “It’s a pat on the back. It’s just one of those, good job you made the goal.” The act of appreciation cannot be under estimated.

**Do you think incentive travel programs motivate you to sell more products?**

Incentive trip offers do play an important role in the mind of the seller. Nine interviewees responded that trip offers do motivate them to sell more products of the company sponsoring the trip. If a customer is deciding between two very similar products, the sales representative may suggest the product that is produced from a manufacturer who offers an incentive reward over a similar product from a manufacturer who doesn’t offer an incentive. Ultimately, their customer’s preferences decide, but the dealers can and do influence the decision making process in several ways. One interviewee explains that a stronger relationship with a particular manufacturer naturally brings more of their products into the selling area. As one responded, “The side-effect of an incentive travel program is that we bring more of their products in and thus sell more. We are more committed to that company. We have a deeper relationship, deeper sense of trust, deeper sense of working together. And one of those tools is because of incentive travel.”

Going on incentive trips and building a relationship with the manufacturer and other dealers also provides dealers with a way to solve problems. For example, there may be a customer that needs 12 of the same product but the dealership only has 8 in stock. When dealers have created strong relationships with the manufacturer, it can help in satisfying a customer. The dealer picks up the phone and calls the manufacturer to get the other four he needs for his client. But what if the product is on back order? In that case the dealer calls another dealer he met on the incentive trip, and asks if he has the products in stock. If so, they arrange the products to be shipped to fulfill the customer’s request.

**Results from Executive Managers Interviews**

Three interviews were conducted with the executive management team of the sponsoring company: the Chief Executive Officer (CEO), the Vice President of Operations, and the Chief Financial Officer (CFO). Each question will be provided with an overview of the answers collectively from the three interviewees. The first question was:

**What is the purpose of the incentive travel program for your company?**

The responses revealed three primary purposes for the channel incentive travel program: (1) grow the business, (2) build relationships, and (3) motivate and reward. “The top priority is to grow our business,” says the CEO. The earning criterion is designed to grow the manufacturing business because it is based on growth over last year. The industry is not a brand driven business; therefore, many suppliers offer dealers very similar products. The channel incentive travel program is a business strategy that allows our company a way to differentiate ourselves from other suppliers by offering the dealers incentives. “If the dealers consolidate their purchases into more of our product line, they will be rewarded,” stated the CEO.

**How do you measure the success of the channel incentive program?**

The company measures the success of the channel incentive program based on the business volume growth the program generates. A percentage of growth can be determined by comparing the sales performance of the dealers who earn the trips in the current year to the sales performance from the previous year. Due to the nature of the business, some dealers may earn a trip based on volume growth that would happen despite offering an incentive trip. In that situation, the trip becomes a cost to the company because they would have received the growth in sales no matter what. The sponsoring company understands the overall growth of the company can be only partially attributed to the motivation the incentive travel program provides. There are other external variables that contribute to the growth in volume (e.g. the design of new products, economy, other markets, supply and cost of materials).
How are you involved in the channel incentive program?

The executive managers play a critical role in the design and execution of the channel incentive program. The CEO approves the program, the destination for the trip, and sets the earning criteria for the channel incentive program. The Vice President manages the sales operations for the company and is responsible for training the sales force on how to use the channel incentive program as a tool to motivate dealers to positively change behaviors. The sales force is charged with communicating the benefits of the program to the dealers to create interest in the program, monitor dealers earning status, and motivate dealers to reach the earnings level performance for the trip.

Executive management is also heavily involved in the execution of the incentive trip. They want to be actively involved in creating meaningful relationships believing people will be more likely to purchase from people they know opposed to people they do not know.

What are the primary drivers for dealers to participate in the incentive travel program?

According to executive management, there are three main reasons dealers participate in incentive trips. First, participation provides the dealers an opportunity to have a luxury travel experience to some great destinations. Second, some dealers conduct business as usual and earn the trip at the end of the years, and consider participation a bonus for simply completing their standard work. Third, dealers participate because they are loyal customers, which the president of the sponsoring company refers to as “friends.” The business relationship between the manufacturer and the dealers becomes a partnership. The manufacturer is dedicated to providing quality products so the dealers can sell the products to have a successful business and the dealers keep the manufacturer in business through the purchasing of products.

What are the major benefits to the company, as the sponsor, for dealer participation?

The sales growth is definitely the major benefit of participation. Dealer participation sustains the manufacturing company. The other benefits mentioned were dealer loyalty and long-term relationship building creating friends.

What are the strengths of the incentive travel program?

According to the CEO, “Destination moves the needle. I think we have a reputation of putting on a first-class trip. They know that we’ll do it right. And I think that is important to them.” Based on this statement, the destination for the incentive trips is a definite strength in conjunction with the detailed planning and execution. The Vice President of Operations agreed that destination selection is strength, stating “we go to places that most people would not go on their own.”

Do you see any areas of the incentive travel program needing improvement?

Although the company has been using incentive travel as part of their business model for over twenty years, there are areas that need improvement. Tracking and monitoring buying behavior in relation to benefits to the sponsoring company is one such area. The CEO said, “We’ve got to do a better job in making sure that these trip incentives really do change buying behavior.” Most dealers sign up for the incentive program, but many dealers simply do their business as usual. If they earn the trip at the end of the year, it is an added bonus.

In this scenario, the sponsoring company’s incentive travel program has not changed buying behavior and the trip becomes more of a cost than an award. The executives are looking for a way to specifically link the incentive travel program with the change in buying behavior. The other identified area of improvement is improving the trip marketing the actively building interest and excitement about the trips, and keeping them motivated throughout the earning period.

Do you track the incremental revenue generated by the program?

“We know that they qualified because we tracked it, so if they had to grow $50,000, we tracked it. We know if that happens,” said the CEO. The earning criteria for this company clearly states that to qualify for the incentive trip, the dealer must increase growth by a certain amount. The sponsoring company tracks the growth for each of the dealers enrolled in the program which allows the sponsoring company to determine overall sales growth generated by the program.

How much additional revenue is generated due to the dealers qualifying for this program?

“I don’t know,” said the CEO. It’s difficult to determine because the sponsoring company knows that a percentage of the sales growth would happen despite having the incentive travel program but they feel the incentive travel program’s contribution is worth the investment because it does help motivate a good portion of that growth year to year.

Results of Supplier Interviews

Suppliers for channel incentive travel consist of hospitality and tourism-related businesses that support and service the incentive trip. Three suppliers were interviewed to gain their perspective on channel incentive travel programs. These suppliers included a destination management company (DMC), a travel agency, and a third party company that specializes in travel adventures. Suppliers provide services and support that include arranging individual air travel, hotel accommodations, ground transportation, meeting support, and unique adventures. Although each incentive travel trip has different program components, the role of the suppliers is to support all aspects of the incentive travel trip from beginning to end.

There are some challenges associated with servicing incentive groups. A goal of incentive travel programs is offering the earners an experience they would not otherwise have access to if they were planning a typical vacation. Incentive trips frequently go to unique destinations such as Bali, New Zealand or Africa. These destinations may have limitations that need to be carefully planned and managed. For example, the destination may have limited hotel accommodations, the geography may be unique for transportation access, and the people servicing the earners of incentive travel do not understand the high service expectation the sponsoring company wants to provide to these earners.

The channel incentive trips are an opportunity for the sponsoring company to show the dealers their appreciation and reward them for reaching high performance. The sponsoring company has a limited amount of time on the incentive trip to show the dealers their appreciation, get to know the dealers, gain their loyalty, and learn ways to improve the business-to-business relationship. The sponsoring company does not have a second chance for getting the
incentive trip right; therefore, the planning and execution of the incentive trip is critical to the trip’s success.

When asked what percent of the suppliers’ revenue was generated by incentive travel, the responses ranged from 75% to 90%. This is a strong indication of the value incentive travel contributes to other suppliers in the hospitality tourism industry. Without the incentive market, many suppliers would lose their businesses. The recent economic downturn (from 2008 to 2011) has certainly negatively affected business volume, but the suppliers indicated that the demand for executing such programs is still there and they are starting to see a comeback. One supplier said, “There will always be a company that wants to say thank you in a special way and we are here to make that happen. People work hard to get these trips and knowing that makes us better at what we do.” The three suppliers interviewed reported that incentive travel programs are very lucrative. Incentive groups have high expectations and necessitate a high degree of attention to detail, but extremely rewarding.

**Discussion of Qualitative Results**

After interviewing the three stakeholder groups, reviewing the limited literature in the area of channel incentive travel, and discussing what is most important to explore for the sponsoring company involved in the project, a several variables warranted investigation (Table 1).

The three dependent variables were considered success variables because they not only help justify the investment in the incentive travel program, but also provide the company with evidence that they are implementing an incentive travel program which will ultimately sustain the company by strengthening the social exchange between the parties.

Dealer satisfaction is important because if the dealers aren’t satisfied with the incentive program, they will not participate. It is imperative the company offering the incentive travel motivates as many dealers to try to achieve the reward. This will maximize the potential revenue that can be generated by the program. Even if a dealer doesn’t meet the criteria for earning the trip, if they make an attempt, there will be revenue generated by the attempt. Having the earning criteria based on growth of sales promotes continued growth of the sponsoring company.

Communication is another important dimension between the sponsoring company and the dealers. It is essential the sponsoring company communicate the benefits of the incentive travel program to the dealer participants, as dealer participation is vital to the overall success of the program. In this case study, the dealers believed in the purpose of the incentive travel program and the value it adds to their business. Dealers indicated there was a value benefit by generating additional sales and by building strong relationships with the manufacturing company sponsoring the trip as well as with other dealers.

Communication also plays an important role in the relationship between the sponsoring company and the suppliers servicing the incentive trip. Suppliers need to understand that the incentive travel experience represents the sponsoring company. If suppliers do not provide exceptional service it the sponsoring company will be represented poorly. Communicating the service expectation to this elite group of participants aids the suppliers in understanding how the services should be rendered to meet the expectations of the sponsoring company and exceed expectations of the participants. Although incentive groups require attention to detail to make the experience memorable, suppliers welcome the opportunity because incentive travel groups are a lucrative segment of the meetings and events industry. This communication aids in the execution of a successful event where participants are satisfied.

Loyalty and motivation to sell products also plays an important role. If a customer is choosing between two similar products, the salesperson may be more likely to recommend the product that is supplied by a manufacturer who offers an incentive than one that does not. Owners may also be more likely to purchase from individuals they have a personal relationship with opposed to those they do not. Since the sponsoring company relies heavily on dealers to sell their products, establishing loyalty with dealers is essential.

**Quantitative Results**

The quantitative part of the study test the variables included in
the survey instrument as identified in Table 2. Multiple regression analysis helped answer the questions: (1) "What is the best predictor of satisfaction for an incentive travel program?" (2) "What is the best predictor of loyalty created by an incentive travel program?" and (3) "What is the best predictor that will motivate dealers to sell more products?" based on the given independent variables (positivity, communication, earning, place, involvement, and benefits) in the study.

A series of multiple regression relationships were tested to gain a better understanding of the relationship between variables. All independent variables were tested with each dependent variable using multiple combinations and eliminating variables that were not statistically significant. Since this study was exploratory in nature, all possible relationships were tested.

The first multiple regression model was used to predict the changes in the dependent variable (satisfaction with the incentive travel program) in response to the changes in the independent variables (the earning criteria are fair, opportunity to know top leadership of the manufacturing company, recommend others to participate or word of mouth (WOM), and likely to purchase additional products to earn). The equation is as follows:

\[
Y = b_0 + F_{111} (earning) + R_1 x_1 \text{ (relationship)} + WOM x_1 (positive word of mouth) + P_1 x_1 \text{ (additional purchases)}
\]

A significant relationship was found \((F = 31.286)\), with an \(R^2\) of .607. This means that 60% of the variance in satisfaction is associated with the earning criteria being fair, the opportunity to get to know the top leadership of the sponsoring company, willing to recommend incentive travel to others, and the likelihood of purchasing additional products during the earning period (Table 3).

This finding provides important implications for companies offering incentive travel programs. Companies should understand that the perception of fairness, in the earning criterion, has the most impact on satisfaction with the program from the participant’s point of view. It is recommended that companies carefully review their communication of earning criteria with all potential participants.

Table 2: Frequency Distribution and Means for Variables.

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<thead>
<tr>
<th>Survey Questions (N=89)</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer incentive travel programs are positive for our business.</td>
<td>2</td>
<td>0</td>
<td>18</td>
<td>34</td>
<td>35</td>
<td>4.12</td>
<td>.889</td>
</tr>
<tr>
<td>Incentive travel programs do not match our business model.</td>
<td>24</td>
<td>36</td>
<td>21</td>
<td>4</td>
<td>4</td>
<td>2.19*</td>
<td>1.04</td>
</tr>
<tr>
<td>Manufacturer incentive travel programs provide a bonus for a job well done.</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td>42</td>
<td>35</td>
<td>4.20</td>
<td>.841</td>
</tr>
<tr>
<td>My representative does a good job providing me with where I stand in earning the incentive travel trip.</td>
<td>4</td>
<td>9</td>
<td>21</td>
<td>34</td>
<td>21</td>
<td>3.66</td>
<td>1.08</td>
</tr>
<tr>
<td>My representative knows I am not interested in incentive travel so he/she does not promote it.</td>
<td>26</td>
<td>36</td>
<td>20</td>
<td>4</td>
<td>3</td>
<td>2.12*</td>
<td>.997</td>
</tr>
<tr>
<td>My representative provides suggestions for increasing my sales and how that relates to the incentives the company offers.</td>
<td>3</td>
<td>9</td>
<td>24</td>
<td>38</td>
<td>15</td>
<td>3.59</td>
<td>.996</td>
</tr>
<tr>
<td>The earning criteria for incentive trips with this manufacturer are fair.</td>
<td>3</td>
<td>13</td>
<td>23</td>
<td>41</td>
<td>9</td>
<td>3.44</td>
<td>.977</td>
</tr>
<tr>
<td>Earning an incentive trip is all a matter of luck.</td>
<td>24</td>
<td>40</td>
<td>19</td>
<td>6</td>
<td>0</td>
<td>2.07*</td>
<td>.868</td>
</tr>
<tr>
<td>Earning criteria being based on growth in sales or new product orders are fair.</td>
<td>1</td>
<td>19</td>
<td>28</td>
<td>36</td>
<td>5</td>
<td>3.28</td>
<td>.904</td>
</tr>
<tr>
<td>Manufacturers should work with the individual dealers to tailor earning goals by customer size, type, and market share.</td>
<td>2</td>
<td>5</td>
<td>16</td>
<td>42</td>
<td>24</td>
<td>3.91</td>
<td>.937</td>
</tr>
<tr>
<td>The destination for the incentive trip influences my participation.</td>
<td>3</td>
<td>11</td>
<td>13</td>
<td>39</td>
<td>21</td>
<td>3.73</td>
<td>1.07</td>
</tr>
<tr>
<td>One of the greatest benefits for participating in an incentive trip is to go to a place I would have never gone otherwise.</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>35</td>
<td>34</td>
<td>4.04</td>
<td>1.04</td>
</tr>
<tr>
<td>I appreciate manufacturers providing an incentive travel program.</td>
<td>3</td>
<td>1</td>
<td>7</td>
<td>35</td>
<td>41</td>
<td>4.26</td>
<td>.920</td>
</tr>
<tr>
<td>I do not actively try to earn the incentive trip.</td>
<td>18</td>
<td>32</td>
<td>21</td>
<td>13</td>
<td>3</td>
<td>2.44</td>
<td>1.09</td>
</tr>
<tr>
<td>I first want to meet the customer's needs but where possible I recommend products from manufacturers that offer incentive travel programs.</td>
<td>4</td>
<td>14</td>
<td>17</td>
<td>36</td>
<td>16</td>
<td>3.52</td>
<td>1.10</td>
</tr>
<tr>
<td>The manufacturer provides competitive quality products which help increase my sales and opportunity to earn the incentive trip.</td>
<td>2</td>
<td>4</td>
<td>10</td>
<td>50</td>
<td>21</td>
<td>3.96</td>
<td>.868</td>
</tr>
<tr>
<td>There are no real benefits for participating in an incentive trip.</td>
<td>31</td>
<td>40</td>
<td>11</td>
<td>3</td>
<td>2</td>
<td>1.92*</td>
<td>.910</td>
</tr>
<tr>
<td>Incentive trips offer me an opportunity to get to know top leadership.</td>
<td>2</td>
<td>2</td>
<td>14</td>
<td>41</td>
<td>28</td>
<td>4.04</td>
<td>.888</td>
</tr>
<tr>
<td>Incentive trips are a great way to meet other dealers and learn from them.</td>
<td>1</td>
<td>2</td>
<td>17</td>
<td>41</td>
<td>26</td>
<td>4.02</td>
<td>.834</td>
</tr>
<tr>
<td>One of the greatest benefits for participating in an incentive trip is building relationships with the manufacturer and other dealers.</td>
<td>2</td>
<td>5</td>
<td>9</td>
<td>42</td>
<td>28</td>
<td>4.03</td>
<td>.938</td>
</tr>
<tr>
<td>I am more loyal to the manufacturers that offer incentive travel programs.</td>
<td>2</td>
<td>10</td>
<td>27</td>
<td>26</td>
<td>22</td>
<td>3.64</td>
<td>1.05</td>
</tr>
<tr>
<td>Manufacturer incentive travel programs motivate me to sell more products.</td>
<td>2</td>
<td>10</td>
<td>23</td>
<td>35</td>
<td>17</td>
<td>3.63</td>
<td>1.00</td>
</tr>
<tr>
<td>I am very satisfied with the incentive travel program.</td>
<td>1</td>
<td>6</td>
<td>25</td>
<td>39</td>
<td>15</td>
<td>3.70</td>
<td>.879</td>
</tr>
<tr>
<td>I would recommend other dealers try to reach the goal of earning an incentive trip.</td>
<td>1</td>
<td>4</td>
<td>26</td>
<td>38</td>
<td>18</td>
<td>3.78</td>
<td>.868</td>
</tr>
<tr>
<td>I am likely to purchase additional products during the contest period to earn the incentive trip knowing I will sell the product.</td>
<td>5</td>
<td>16</td>
<td>20</td>
<td>35</td>
<td>11</td>
<td>3.35</td>
<td>1.09</td>
</tr>
</tbody>
</table>

Note: SD=strongly disagree, D=disagree, N=neither, A=agree, SA=strongly agree; * reverse coding
It may be a matter of clearly identifying why the criteria are fair for both the sponsoring company and for the participant. The company may need to provide participants with a better understanding of why each earning criterion is set the way it is. To maximize the positive perception of fairness, the sponsoring company may offer participants a voice in part of the earning criterion. This involvement may improve the perception of fairness because the potential participants would feel they played a role in the process.

The second most important variable, in increasing satisfaction, was the opportunity to build relationships with top executives. This result supports the need for sponsoring companies to maximize networking opportunities on incentive trips. This time investment has a positive influence on business-to-business relationships and should not be underestimated. Executive management’s involvement in the incentive travel program is critical to the success of the incentive travel program.

In the current study, the manufacturing product is not driven by brand. Therefore, incentive travel provides the sponsoring company with an opportunity to put a face to the product. Dealers appear more likely to purchase products from someone they have met on a trip and built a personal relationship, rather than someone they communicate only through email, by phone, or through a website. In this scenario, the relationship provides the sponsoring company a chance to get to know their customers better and it provides the participant of the incentive trip the opportunity to get to know whom they are doing business with. Both parties play a role in the success of the other.

The other two variables that had a positive relationship on satisfaction were positive word of mouth and the purchasing of additional products. Positive word of mouth means that other participants have good things to say about the incentive travel program and encourage others to try to earn the incentive trip. Purchasing additional products to earn the trip may be a consideration for some dealers but only if the situation does not negatively affect business objectives. The results of this study provide empirical support that the perceived fairness of the earning criterion, relationship building, word-of-mouth, and purchasing additional products. All have a positive relationship on satisfaction of the incentive travel program from the participant’s perspective.

The second multiple regression model tested in the study was used to predict the changes in the dependent variable (loyalty to the manufacturer) in response to the changes in the 5 independent variables: (1) incentive travel programs are positive for our business (positivity), (2) when possible I recommend products from manufacturers who offer incentive travel programs (recommendation), (3) the destination for the incentive trip influences my participation (destination), (4) recommend other dealers to participate (word-of-mouth), and (5) opportunity to get to know top leaders of the sponsoring company (relationship).

\[ Y = b_0 + b_{1} x_1 + b_{2} x_2 + b_{3} x_3 + b_{4} x_4 + b_{5} x_5 \]

A significant relationship was found \((F = 27.005)\), with an \(R^2\) of .625. This means that 62.5% of the variance in loyalty is associated with the 5 independent variables as presented in Table 4.

The results provide evidence that the sponsoring company is building loyalty with the use of their incentive travel program. All 5 of the variables build loyalty to the manufacturer offering the incentive trip. Dealers believe the incentive travel being offered is positive for their business, they recommend products to customers to help them earn incentive travel, the destination selections influence their participation in trying to earn the trip, they recommend other dealers participate in trying to achieve the incentive trip, and the opportunity to get to know top leadership within the manufacturing company builds loyalty.

While many companies are finding new ways to attract new customers, retaining current customers is proven to be less costly and provides a reliable steady customer base, which leads to profitability. According to Buchanan and Gillis [28], long-term loyal customers are more profitable for 6 reasons:

1) regular customers place consistent orders
2) longer-established customers tend to purchase more products
3) satisfied customers may pay premium prices
4) retaining customers make it difficult for competitors to gain access to your customers
5) satisfied customers often refer other customers
6) the cost of acquiring and serving new customers can be substantial

Although all companies strive for satisfied and loyal customers, there has not been empirical support to indicate the role incentive travel programs have on establishing satisfied and loyal customers. These results support the value in establishing loyal and satisfied customers for the company sponsoring incentive travel. The results of this study indicate that the incentive travel program plays a vital role in establishing satisfied and loyal dealers for the company used in this case study. This should lead companies to question if incentive travel is a cost or an investment.

### Table 3: Relationship between Satisfaction and 4 Independent Variables (Fairness, Relationship, Word-of-Mouth, and Additional Purchases.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>M</th>
<th>SD</th>
<th>B</th>
<th>Standardized</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earning Fairness</td>
<td>3.44</td>
<td>.977</td>
<td>429</td>
<td>.482</td>
<td>6.72</td>
<td>.000</td>
</tr>
<tr>
<td>Relationship</td>
<td>4.04</td>
<td>.888</td>
<td>255</td>
<td>.259</td>
<td>3.31</td>
<td>.001</td>
</tr>
<tr>
<td>Word-of-Mouth</td>
<td>3.78</td>
<td>.868</td>
<td>236</td>
<td>.233</td>
<td>2.47</td>
<td>.008</td>
</tr>
<tr>
<td>Additional Purchases</td>
<td>3.35</td>
<td>1.09</td>
<td>147</td>
<td>.183</td>
<td>2.14</td>
<td>.010</td>
</tr>
<tr>
<td>F distribution</td>
<td>31.286</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R^2</td>
<td>.607</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R^2</td>
<td>.588</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<.01.*
There are several implications for the sponsoring company to consider. First, promotion and encouragement to participate in the incentive travel program does have a positive effect on dealers selling more products, which leads to profitable results. Second, the sponsoring company should provide training to sales associates to increase recommendations of their products to customers both internally from the sales representative perspective and from the dealer perspective as well. Sales representatives of the sponsoring company play an important role in creating excitement and motivation to the dealers to participate. The sponsoring company should monitor sales representatives’ success in increasing dealer participation. Dealer training is also important. Implementing a user-friendly system to monitor sales and how it relates to the earning of the incentive travel program may increase participation.

The one independent variable that was significant in all three models tested was, “I would recommend other dealers try to reach the goal of earning an incentive travel trip.” Since the respondents to the survey had all participated in an incentive travel trip, it gives value to the importance of incentive travel to participants and indicates incentive travel plays a role in establishing customer satisfaction, loyalty, and motivation for customers (dealers) to sell more products. It is suggested the sponsoring company initiate ways for participants and non-participants to interact. This would provide an opportunity for participants to communicate with non-participants and allow the positive word-of-mouth to generate additional participation in the incentive travel program. It is recommended that sponsoring companies monitor participation rates and trends of dealer participation in the incentive travel program.

The third implication is to provide the necessary resources to the internal staff of the sponsoring company who plan, monitor, and

---

**Table 4: Relationship between Loyalty and 5 Independent Variables (Positivity, Recommendation, Destination, Word-of-Mouth, Relationship).**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>M</th>
<th>SD</th>
<th>B</th>
<th>Standardized B</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positivity</td>
<td>4.12</td>
<td>.889</td>
<td>.319</td>
<td>.268</td>
<td>2.88</td>
<td>.005</td>
</tr>
<tr>
<td>Recommendation</td>
<td>3.52</td>
<td>1.10</td>
<td>.382</td>
<td>.401</td>
<td>4.79</td>
<td>.000</td>
</tr>
<tr>
<td>Destination</td>
<td>3.73</td>
<td>1.07</td>
<td>.218</td>
<td>.222</td>
<td>2.81</td>
<td>.006</td>
</tr>
<tr>
<td>WOM</td>
<td>3.78</td>
<td>.868</td>
<td>.354</td>
<td>.291</td>
<td>3.44</td>
<td>.001</td>
</tr>
<tr>
<td>Relationship</td>
<td>4.04</td>
<td>.888</td>
<td>.241</td>
<td>-.203</td>
<td>2.45</td>
<td>.010</td>
</tr>
<tr>
<td>F distribution</td>
<td>27.005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R^2</td>
<td>.625</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R^2</td>
<td>.602</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<.01.

---

**Table 5: Relationship between Motivation to Sell and 4 Independent Variables (Positivity, No Effort, Recommendation, WOM).**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>M</th>
<th>SD</th>
<th>B</th>
<th>Standardized B</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positivity</td>
<td>4.12</td>
<td>.889</td>
<td>.308</td>
<td>.272</td>
<td>3.15</td>
<td>.002</td>
</tr>
<tr>
<td>No Effort</td>
<td>2.44</td>
<td>1.09</td>
<td>-1.140</td>
<td>-.152</td>
<td>-1.93</td>
<td>.05</td>
</tr>
<tr>
<td>Recommendations</td>
<td>3.52</td>
<td>1.10</td>
<td>.367</td>
<td>.406</td>
<td>5.21</td>
<td>.000</td>
</tr>
<tr>
<td>WOM</td>
<td>3.78</td>
<td>.868</td>
<td>.234</td>
<td>.203</td>
<td>2.62</td>
<td>.010</td>
</tr>
<tr>
<td>F distribution</td>
<td>39.961</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R^2</td>
<td>.661</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R^2</td>
<td>.644</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<.01.

---

The third and final multiple regression model was used to predict the changes in the dependent variable (motivation to sell more product) in response to the changes in the 4 independent variables: (1) incentive travel programs are positive for our business (positivity), (2) do not actively try to earn the incentive travel trip (no effort), (3) when possible I recommend products from manufacturers who offer incentive travel programs (recommendations), (4) recommend other dealers to participate (word-of-mouth).

The equation is as follows:

Y (motivation) = b0 + P1x1 (positivity) - NE1x2 (no effort) + REC1x3 (recommendations) + WOM1x4 (word-of-mouth)

A significant relationship was found (F=39.961), with an R^2 of .661. This means that 66% of the variance in motivation to sell additional products is associated with the 4 independent variables. In this equation, unlike the others, there was a negative relationship between not putting in an effort to earn the incentive trip and motivation to sell more products as would be expected. Someone who is not interested in earning the incentive travel trip will not put in the effort nor be motivated to reach the required level of sales volume. The other variables (positivity, recommendations, and positive word-of-mouth), all had a positive relationship with “manufacturer’s incentive travel programs motivate dealers to sell more products.” In essence, if dealers believe participating in incentive travel programs offered by manufacturing companies is positive for their business they will sell more products. In doing so, they recommend products from manufacturers that offer incentive travel programs and positively recommend other dealers try to reach the goal. Since the respondents have experienced an incentive travel trip, the recommendations and positive word-of-mouth are by-products of having an incentive travel experience.
execute the incentive travel trips. One of the reasons dealers would recommend the incentive travel trips to other dealers is because they have a wonderful experience. The people planning the incentive trips for the sponsoring company have an ongoing responsibility to make each trip exceed the expectations of the participants while at the same time meet business objectives for each trip. Everyone participating may have different expectations of the incentive trip creating a challenge in scheduling the right activities to appeal to the majority of participants. Another important component of the incentive travel trip is incorporating adequate face-to-face time with the participants and executive managers, as this is a proven benefit for both the sponsoring company and the dealers.

Channel incentive travel earning criteria is often tied to a set amount or a percentage of growth in sales year over year that the dealers must attain to qualify for the incentive trip. Sponsoring companies should track dealer participation to determine if there is a cyclical rotation of earning one year and not earning the next year but earning the next. This may indicate a purchasing strategy from the dealers to earn the maximum number of trips. Another issue the sponsoring company should address is properly allocating sales that are a direct relationship of trying to earn the incentive trip and sales that the sponsoring company would get regardless of incentive travel programs. Knowing the dealers and understanding their business is the first start in deciphering how many additional sales are generated directly by the incentive travel program. As one person interviewed said, “We buy from the company no matter what. So I mean, they offer it, so it’s a win-win situation. There’s no reason not to do it actually.” This ties into what the executives were saying about a percentage of businesses purchasing no matter what, so the incentive trip changes from an award a to a gift which becomes a cost. The survey results revealed that even though a dealer’s trip may be considered a cost to the sponsoring company it is also an investment in creating a long-term valued customer who becomes more satisfied and loyal over time.

There are several limitations to this study that should be addressed. First, the findings are derived from a case using one company and cannot be generalized to all company who use channel incentive travel programs. Second, the sample size did not allow for a robust analysis. However, since this is a new area of research in the meetings and events discipline, there is a value for being the initial investigation which may lend itself to other studies. This study contributes to the existing literature by providing empirical support for the benefits of incentive travel.

Conclusions

This case study fills a void in the current research by thoroughly examining a channel incentive travel program. Channel incentive travel programs offer incentive travel opportunities to other companies who sell the sponsoring companies’ products or services and therefore the recipients of the incentive travel are non-employees of the sponsoring company. Just as incentive travel programs are used as a motivational and recognition tool for corporate employees to help achieve business objectives, so is the case with channel incentive travel programs. The major difference is that the incentive travel participant is a non-employee.

This study used qualitative interviews with key stakeholders in a channel incentive travel program to determine the impact of the channel incentive travel program from their perspective. The results revealed the sponsoring company uses the channel incentive travel program as a motivational tool to help reach their business objectives in terms of promoting steady growth in sales. The executive management team sees value in the program as it not only helps promote growth but also creates an environment to strengthen business-to-business relationships with their dealers.

Participants interviewed said they appreciate the sponsoring company offering a channel incentive travel program and that they feel it is an added bonus for a job well done at the end of the year. Participants were in consensus that the earning criteria was fair, although some indicated they would like to see the sponsoring company tailor earning criteria more specific to their business and consider market share more closely. Service Suppliers in support of channel incentive travel programs were also interviewed and indicated they have recently seen an increase in incentive travel. Suppliers view the incentive travel market as being a lucrative part of their business. Companies offering incentive travel have a high level of expectation when it comes to the services they provide.

The quantitative analysis provides empirical support for three success factors (satisfaction, loyalty, and motivation to increase sales) for a channel incentive travel program. The one independent variable that was significant in all three models tested was, “I would recommend other dealers try to reach the goal of earning an incentive travel trip.” This is a strong indication that participants understand the value and benefits of the channel incentive travel program and would recommend to others to try to earn the award.

The three models tested represent positive relationship between key variables. For example, building stronger business relationships, recommending products to customers (from suppliers who offer an incentive trip) and incentive travel being positive for their business were significant in two of the models tested. This result provides empirical support that incentive travel programs do motivate dealers to sell more products, creates stronger business-to-business relationships, and is positive for dealers businesses.

References