



## Executive Summary

**This Site Index survey addressed the measurement of Return on Investment (ROI) and Return on Objectives (ROO) in the motivational events industry. It zeroed in on current activity as well as predictions for the future.**

As might be expected, ROI/ROO measurement is gaining focus in today's environment where every expense is closely examined. Therefore, the need for clear measurement and reporting will only increase.

**The Site Index** also studied the application of motivational events. Not surprisingly, the most common usage of motivational events is in sales programs, followed by dealer programs. Very few (26.5%) respondents use travel for consumer promotions. Also not surprising is the fact that hard measures (increased sales, profitability, and growth of market share) are considered more important than soft measures such as commitment, loyalty, trust, etc.

Responses tell us that over 80% of respondents understand that the focus on ROI is now increasing. (Nearly 80% say the same for ROO). Seventy-five percent say that the number of programs for which ROI/ROO is measured will increase in the next three to five years. This fact must be considered with data from the earlier *Focus on the Economy* survey that showed more involvement in motivational event programs by higher management.

Together they send a clear message: spending on motivational events is being watched much more carefully. Providers and users of these programs must clearly communicate to management not only the expected return from motivational expenditures but also how the returns will be measured.

Unfortunately, the majority of respondents report they currently measure less than 50% of their programs. **Even though less than half of all programs are being measured, 45% of all respondents believe it is likely that firms who do not track results will cease using motivational events.**

The survey also shows that while financial objectives are important and are being tracked, adherence to budget is less important. Another interesting point is that post-program results, while ranked important, are not being extensively watched. A great deal of research shows that the benefits of tangible incentives are stronger over time. With fewer than 50% of participants tracking post-program information we see an area where measurement should occur—and that creates a clear opportunity for providers and users alike.

### Focus on Measurement, April 2010

#### Observations

This research highlights several very clear opportunities for both providers and users of motivational events.

- First is that there is demand for providers to add value to clients in helping them measure the ROI/ROO of their events. Similarly, users who are not providing measurements to prove the value of programs to management are missing an important step in the implementation process of events.
- There is a large amount of prior research indicating that the effects of motivational events tend to accrue after the event. Given that fact, measuring the long-range impact is clearly an area where value can be added by creating good follow-up measures.

Consistent with the increasing importance of measurement, 73.5% of respondents want to learn how to build ROI/ROO into the program design. There is extensive information in this regard. The following Site International Foundation white papers make an excellent starting point:

A Measurement Model to Validate Performance of a Motivational Experience Program,  
<http://www.siteglobal.com/MeasurementModel>

Measuring Results of Incentive Programs and Meetings in a Down Economy,  
<http://www.siteglobal.com/MeasuringResults>

Return on Investment—The How and Why of Incentive ROI (presentation),  
<http://www.siteglobal.com/ROI>

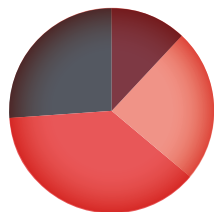
## Current Measures of ROI/ROO

This is a sampling of responses to the question: *Please enter any other information regarding how you measure ROI and ROO.*

- Other than program accounting and the resulting cost compared to revenue reports, post program participant surveys are used more than any other measurement device with most of our clients.
- Establish goals and reward those that achieve them through cash bonuses.
- Follow the usual international practice.
- It tends to be anecdotal.
- Develop trust and ongoing relationship with client.
- Rating of sessions offered. Feedback from Sponsors Return rate and participation rate of our sponsors.
- We do not formally measure ROI and ROO since we are suppliers to clients who do so. We do, however, monitor the trends through our evaluation responses from our meeting planner clients. We have found that their emphasis on ROI and ROO is increasing.

## Program Types

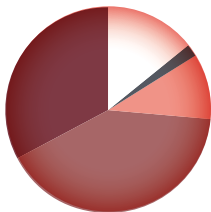
What percentage of your motivational event marketing budget is targeted towards the following types of programs:



<span style="color: #8B4513;">●</span> Consumer Programs	26.5%
<span style="color: #E9967A;">●</span> Dealer Programs	53.1%
<span style="color: #D9534F;">●</span> Sales Programs	83.7%
<span style="color: #4B4B4B;">●</span> Non-Sales Programs	57.1%

## Percentage of Future Measurement

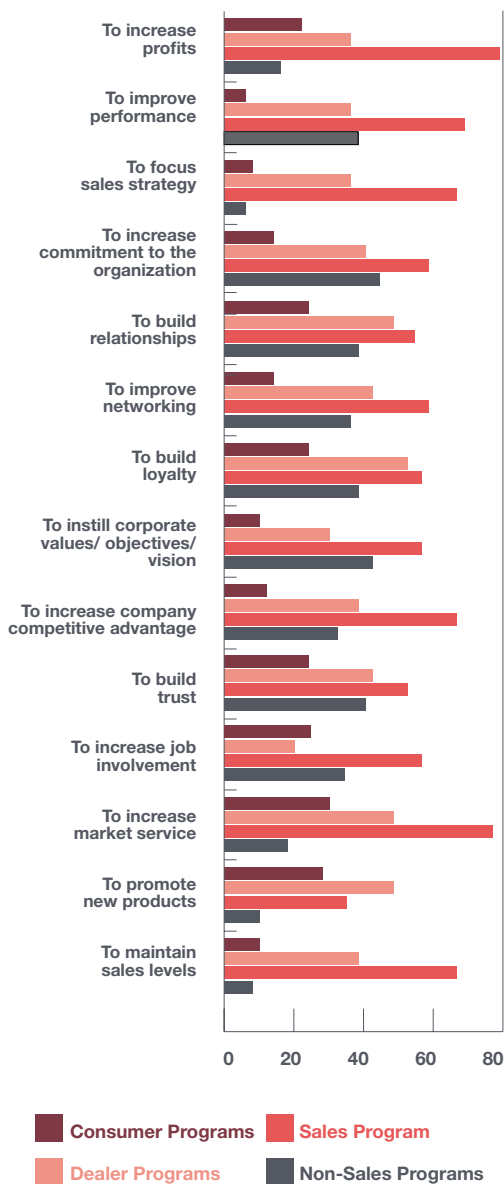
Currently, defining and measuring an incentive program's ROI and ROO is only practiced on approximately 30% of all programs. In 3-5 years, what percentage of programs do you think will be defined and measured?



<span style="color: #FFFFFF;">○</span> No Answer	14.3%
<span style="color: #D9534F;">●</span> Decrease	0.0%
<span style="color: #4B4B4B;">●</span> Stay the Same	2.0%
<span style="color: #E9967A;">●</span> Increase to 30-50%	10.2%
<span style="color: #8B4513;">●</span> Increase to 50-75%	40.8%
<span style="color: #4B4B4B;">●</span> Increase to more than 75%	32.7%

## Program Objectives

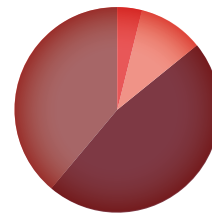
For the following questions, please check off the boxes that correspond to your objectives in each of the four categories listed in Question 1. What are the objectives you attempt to satisfy by running motivational events?



## Future of Measurement

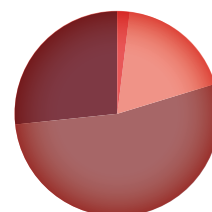
Trends indicate the focus on Return on Investment (ROI) measurement and Return on Objectives (ROO) measurement is increasing. Do you agree or disagree with this?

### Return on Investment (ROI)



<span style="color: #FFFFFF;">○</span> Strongly Disagree	0%
<span style="color: #D9534F;">●</span> Disagree	4.1%
<span style="color: #E9967A;">●</span> Uncertain/No Answer	10.2%
<span style="color: #8B4513;">●</span> Agree	46.9%
<span style="color: #4B4B4B;">●</span> Strongly Agree	38.8%

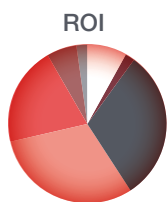
### Return on Objectives (ROO)



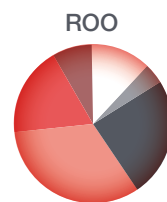
<span style="color: #FFFFFF;">○</span> Strongly Disagree	0%
<span style="color: #D9534F;">●</span> Disagree	2.0%
<span style="color: #E9967A;">●</span> Uncertain/No Answer	18.4%
<span style="color: #8B4513;">●</span> Agree	53.1%
<span style="color: #4B4B4B;">●</span> Strongly Agree	26.5%

## Frequency of Measurement

With what frequency do you or your clients most commonly track the ROI or ROO of a program?



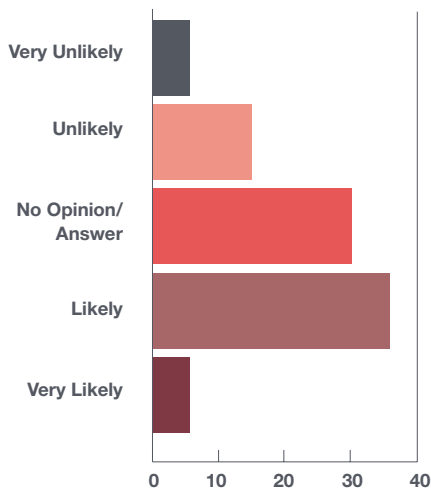
<span style="color: #FFFFFF;">○</span> No Answer	8.2%
<span style="color: #4B4B4B;">●</span> Never or Almost Never	2.0%
<span style="color: #E9967A;">●</span> Rarely (less than 25% of the time)	30.6%
<span style="color: #4B4B4B;">●</span> Occasionally (25-50% of the time)	30.6%
<span style="color: #D9534F;">●</span> Frequently (50-75% of the time)	20.4%
<span style="color: #8B4513;">●</span> Almost all the time (more than 75% but less than always)	6.1%
<span style="color: #4B4B4B;">●</span> Always	2.0%



<span style="color: #FFFFFF;">○</span> No Answer	12.2%
<span style="color: #4B4B4B;">●</span> Never or Almost Never	4.1%
<span style="color: #E9967A;">●</span> Rarely (less than 25% of the time)	24.5%
<span style="color: #4B4B4B;">●</span> Occasionally (25-50% of the time)	32.7%
<span style="color: #D9534F;">●</span> Frequently (50-75% of the time)	18.4%
<span style="color: #8B4513;">●</span> Almost all the time (more than 75% but less than always)	8.2%
<span style="color: #4B4B4B;">●</span> Always	0.0%

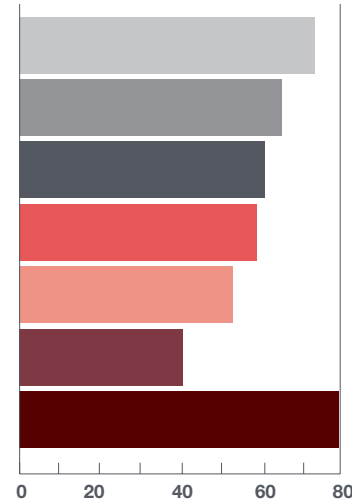
## Measurement and Motivational Events

How likely is it that corporate users who fail to measure ROI and ROO will cease using motivational events at some point in the future?



## Future Needs

I would like to learn more about the following: (please check all that apply)

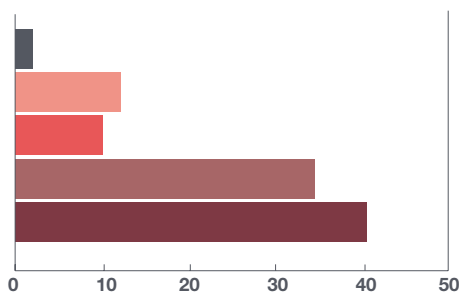


- How to design incentive programs with defined ROI and ROO measurements for more impact and effectiveness
- How to better justify the use of incentive programs
- How to inform stakeholders within the organization of an incentive program's value to the organization
- What positive and negative outcomes have been produced by incentive programs
- How to reallocate budgets from lower performing events to higher performing events
- How to select the employees who should be invited to a motivational event
- What the new next generation incentive programs really look like

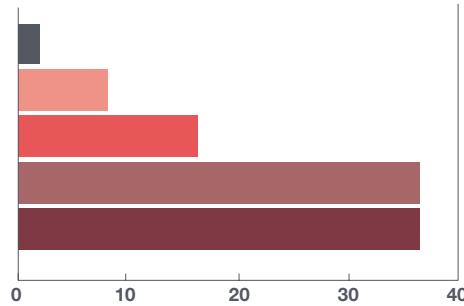
## Motivation and Rewards

Do you agree with the following statements:

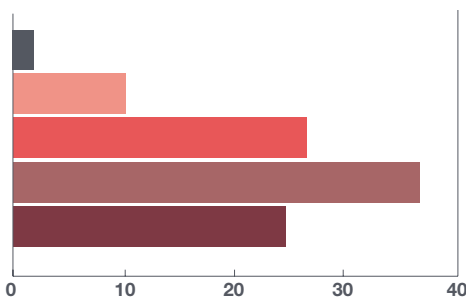
*If the goal is achievable for an individual, motivational events are more effective than cash incentives at providing motivation to accomplish a company's objectives.*



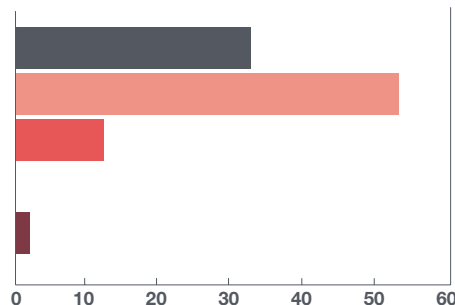
*If the goal is achievable for an individual, motivational events are more effective than merchandise incentives at providing motivation to accomplish a company's objectives.*



*Motivational Events are effective because a participant can close their eyes and "see" the reward. Therefore it is more emotional and the goals have a better chance of being achieved.*



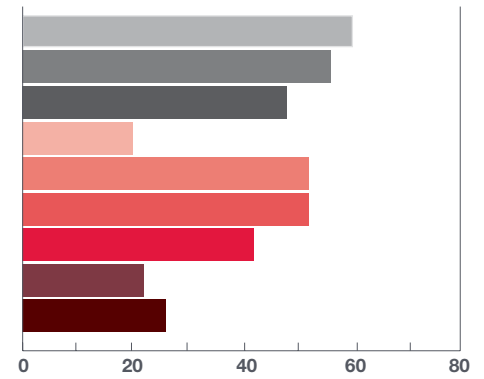
*Motivational Events create the feeling of guilt, making them less motivational.*



- Strongly Disagree
- Disagree
- Uncertain/No Answer
- Agree
- Strongly Agree

## Measuring ROI

Please rate the following factors in terms of their importance in determining the true return on investment for incentive programs. Also, please check off those that you are currently tracking.



- Defined Financial Objectives
- Number of Qualifiers
- Information regarding the quality of the destination experience
- Information regarding camaraderie among participants
- Information regarding the quality of the interactions with company VIPs
- Information regarding adherence to the program budget
- Information regarding increased employee satisfaction (post program)
- Information regarding increased employee loyalty (post program)
- Information regarding increased customer satisfaction (post program)

## Changes in Measurement

This is a sampling of responses to the question: *In your own words, please tell us how you think the measurement of ROI and ROO is changing.*

As financial margins get smaller, companies/ organizations need to secure the directly measurable return on their investments and effort in this area is more needed than ever.

Clients are under pressure of the procurement department. They need to justify each cent, so they need an exact ROI and ROO measurement.

We must show direct impact to the bottom line; also year to year comparisons. Are we improving our ROI through the programs we do?

In the U.S. the government is funding a number of businesses that are core users of incentives including the financial and automotive industries. If incentives are to continue in these industries, ROI and ROO will be required to validate the business model.

In today's environment, companies have to justify the cost of the incentive program. In the past, incentive programs just became part of the regimen or annual budget. Not anymore. Fortune 500 companies know the importance of the events but want to streamline them and make sure their objectives are being met and that they're not just producing another annual incentive program.

Measures have to become more practical, not too academic.

Most managers need to show a return from how dollars are budgeted. Showing results through measurement is now required. Benchmarking from previous programs is now in play.

ROI and ROO are now being used not just for measurement but also for justification of expense. While every motivational experience needs to show that that motivational experience actually does increase sales, loyalty etc., planners now know that ROI/ROO is the ONE tool that is used to evaluate the success of any activity. "Transparency" issues are driving this increased emphasis and the trend will not decrease.

ROI is mainly focused on monetary measures but organisations have more KPI (Key Performance Indicators) than just this—therefore clearly defining your objectives beforehand and then monitoring and measuring results is more holistic. ROO can also include financial performance if that is a stated objective. I think it will move in this direction.

The tools to execute ROO and ROI measurement are becoming more accurate and sophisticated.



## The Site Index

The Site International Foundation maintains an ongoing research project that serves as an analysis and forecast for the motivational events industry. **The Site Index** is composed of an annual survey and interim reports.

Data for **The Site Index** are derived from the collective experiences and perspectives of a global group of highly qualified incentive travel and motivational event users and providers. Research examines both internal and external challenges to our business and how these factors impact the stability and growth of our market. It addresses behaviors of buyers and supplier partners, providing leading indicators for future trends.

All data—including the list of participants—are maintained on a strictly confidential basis by the researchers and are never available to the Site International Foundation or Site.

There is an opportunity for you as a user or provider of motivational events to promote our industry and have access to information that will increase your proficiency. As an industry, cooperation—coupled with the guarantee of confidentiality—can create the strongest database of information ever available to our industry.

We urge you to become part of this project at <http://siteindex.monmouth.edu>.

**You can make a difference!**

## Methodology and Researchers

All registrants in **The Site Index** database were invited to participate in this survey. The survey had a response rate of 16%.

86% of the responses represented provider firms and 14% represented users/consumers of motivational events.

Ten countries were represented among respondents with the majority of the respondents from the United States, the United Kingdom and Canada.

The survey was supervised by Scott A. Jeffrey, Ph.D., Monmouth University and Marion Joppe, Ph.D., University of Guelph.

## Our Thanks

This **Site Index** report was made possible by partner donations from the Canadian Tourism Commission, InterContinental Hotels Group and Mexico Tourism. If your organization would like to say yes to supporting **The Site Index** and the Site International Foundation, please contact [site@siteglobal.com](mailto:site@siteglobal.com).

## The Site International Foundation

The mission of the Site International Foundation is simple—to enhance the awareness and effectiveness of motivational experiences and incentive travel, thereby increasing usage globally. The Site International Foundation has served Site members by providing research and educational programs that assist business executives, practitioners and partners who operate in our community since 2006.

### For more information, contact:

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## Site

Site has grown since its inception 35 years ago to more than 2,200 members in 87 countries with 36 local and regional chapters. It is the only global authority connecting motivational experiences with business results. The community of Site professionals brings best-in-class solutions, insights and global connections to maximize the business impact of motivational experiences regardless of industry, region or culture. Site serves as the source of expertise, knowledge and personal connections that will catapult and sustain professional growth and help build the value of extraordinary, motivational experiences worldwide.

