

EXPLORING THE SITE SELECTION OF INCENTIVE TRAVEL DESTINATION IN INDONESIA: A DUAL-MARKET PERSPECTIVE

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Abstract

This study aims to explore the site selection of incentive travel destination as a key decision for Incentive travel houses and corporations in Indonesia, for both domestic and international markets. Site selection is a crucial aspect of planning because the destination serves not only as an event venue but also as a symbol of recognition, exclusivity, and corporate image for incentive participants. This study used a qualitative approach, combining field observations, semi structured interviews, and documentation study to identify location attributes for incentive destination. The findings indicate that Bali, Jakarta, and Yogyakarta have advantages in creating experiences and operational readiness, while Labuan Bajo, with its diverse natural resources, can create memorable experiences but requires significant operational improvement. Incentive travel houses and corporate buyers assessed that the domestic market's perspective favors destination selection based on accommodation, destination image, novelty, extra conference opportunities, and risk. However, for international market, there is more emphasis on accessibility, accommodation, destination image, uniqueness, extra conference opportunities, and risk. Only the Accessibility factor is the differentiator between the domestic and international markets, other attributes are not the main factors in either market but are supporting factors that complement the smoothness of incentive travel. The implication of this research is that it will make it easier for Incentive travel houses and corporations to make the right destination decisions for the domestic and international markets in Indonesia. In addition, this can serve as a recommendation to the Indonesian government for developing strategic policies and promoting other destinations as incentives.

Keywords: Corporate Buyer, Destination, Incentive Travel, Incentive Travel Houses, Site Selection.



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INTRODUCTION

Entering the 20th century, business events emerged as a key driver of economies worldwide and as a differentiation strategy for tourism destinations. The term "business events" commonly refers to

meetings, incentive travel, conventions, and exhibitions (Carvalho & Costa, 2022). This sector is part of a wide network of stakeholders, generating growth and a dual economic impact that benefits multiple industries and actors (Mbulu et al., 2021). According to data from the International Congress and Convention Association (ICCA) in 2018, Indonesia hosted 44,445 business events, ranking 23rd globally with 70,893 participants (Kusuma, 2019). Meanwhile, in Australia, the business events sector is recognized as crucial, generating visitor expenditure of AU\$8,433 million. This condition shows that tourism destinations play a vital role in the success of an event, have strategic value for the destination's competitiveness, and can efficiently and effectively handle the ever-changing, dynamic environment of the tourism industry (González-Rodríguez et al., 2023).

In line with these developments, Indonesia's MICE industry has continued to grow, particularly in the incentive travel segment. Incentive travel is widely considered one of the most promising and important components of tourism for value creation and profitability, prompting international destination marketers to compete for this market's attention (Huabcharoen & Viriyasuebpong, 2018; Potgieter & Jacobs, 2016). In 2023, Indonesia's MICE industry reportedly expanded by 12–15%, supported in part by the return of international demand, particularly from the Chinese international market's presence in Indonesia for incentive travel, alongside continued growth in domestic corporate incentive trips across multiple Indonesian destinations. The domestic market also offers incentive travel, as it can increase work motivation and improve performance (Evalia et al., 2022). According to Fisher, incentive travel is a global management tool that uses extraordinary experiences to motivate participants (Rossi, 2019). Participant motivation falls into two categories: travel for business networking and travel for prestige. Both can influence participants' satisfaction with incentive travel (Li et al., 2018). Incentive travel is also recognized as a reward to improve performance and loyalty among employees, customers, and business partners (Supatn, 2016; Swart & Tiwari, 2023; Zhang et al., 2021). The main goal is to create unforgettable, well-planned programs rich with curated surprises, unique activities, and visits to exclusive locations or meetings with important figures, often inaccessible to the general public. The strategic selection of a destination that offers attractive, accessible, and distinctive experiences is a crucial decision criterion for participant satisfaction and loyalty (Potgieter & Jacobs, 2016; Sood et al., 2021; Wang & Chhabra, 2012).

Indonesia was identified as one of the leading incentive destinations and was positioned as an important economic driver of incentive travel (SITE, 2019). Government statements suggest that buyers' top of mind MICE destinations are Bali and Jakarta, followed by Yogyakarta and Surabaya. Nevertheless, it remains unclear whether this hierarchy applies similarly to incentive travel. The Asia Pacific Incentives and Meetings Event (AIME) indicates that buyers' preferred Indonesian destinations for incentive travel include Bali, Jakarta, Yogyakarta, Lombok, and Labuan Bajo. Yet, among these, Bali and Jakarta are most commonly visited by incentive participants, largely due to their relatively stronger business infrastructure and facility readiness. Buyers from Australia, India, Singapore, and Malaysia chose Bali as the most popular destination (Jaman, 2023). However, other destinations have potential but have not been optimized for incentive travel. Basically, destinations are important because they offer a variety of attractions, accessibility, and unique experiences that can increase participant satisfaction and loyalty to the organizing company. This situation presents a unique challenge for a destination, requiring organizers to continue innovating in designing authentic, exclusive, and value-added experiences, and to ensure that travel incentive programs are integrated and deliver sustainable economic benefits (Cerović et al., 2019; Gračan et al., 2018; Sudhiastiningsih, 2023). To address these challenges, the destination must be prepared to welcome buyers and organize incentive activities in Indonesia. This readiness can be assessed through site selection of the incentive travel destination, including Accessibility, Destination Image, Local Support, Novelty, Accommodation, Extra Conference Opportunities, Perceived Risk, and Currency Fluctuations (Fenich et al., 2015; Mair et al., 2016).

A number of studies have shown that incentive travel activities are a key strategy for attracting business travelers, with a primary focus on participants and a significant impact on economic development in Taiwan (Lee & Chiang, 2017). Similarly, Australia is viewed as an ideal destination for incentive travel, particularly Melbourne, because incentive travel houses can conceptualize, plan, and organize these trips. However, other parties, called corporate buyers, also play a role in the decision-making process for incentive travel destinations (Mair et al., 2016). In contrast, in Indonesia, destination image and local culture influence business travelers' incentive travel choices for Bogor and Nias (Lase, 2022; Rossi, 2019). Previous studies in India using a different case study also show that Corporate Buyers and Incentive Travel Houses play a role in determining incentive travel locations. Indian business

travelers also consider F&B and budget as key factors in choosing incentive locations (Cheng et al., 2018). Conceptually, an incentive travel house is a travel agent that creates incentive trips, while the corporate buyer is the client who organizes them to improve employee performance (Thumachai et al., 2017). In line with this, recent research confirms that incentive destination decision-making for companies prioritizes stable and safe destinations, cultural experiences, unique accommodations, and personalized experiences to create a sense of exclusivity for participants (Sood et al., 2023). Thus, incentive destination locations are not only determined by site selection factors but also by a thorough planning strategy that considers the needs and preferences of corporate buyers.

Theoretically, site selection has not been widely studied, especially in Indonesia. Numerous incentive activities have occurred in Indonesia, but this sector has received little attention in developing tourism destination marketing strategies. This is notable because participants in incentive programs generally arrive in large groups. This condition arises from a lack of understanding of the incentive business process (Rudatin & Wardhani, 2024). In line with previous research, strong synergy is needed between incentive travel houses and companies. They must collaborate to develop conceptualizations of incentive travel and identify destination selection factors relevant to both. Case studies of several Indonesian destinations are essential for understanding how these factors operate in domestic and international markets. The decision to choose an incentive destination is determined not only by participants' preferences but also by the reward provider, the company, which considers business objectives, company positioning, and program effectiveness (Potgieter & Jacobs, 2016).

A gap in this research is the lack of a study on the incentive travel destination selection process in Indonesia. There is a need to integrate the perspectives of two main actors: corporate buyers and incentive travel houses. Empirical research addressing factors such as accessibility, destination image, local support, novelty, accommodation, perceived risk, and currency fluctuation for Indonesian destinations is limited. While these factors are discussed in the international literature, few studies assess their relevance and priority in both domestic and international Indonesian markets. As a result, the incentive travel business process and potential for destination optimization remain underexplored in academic literature, creating a need for research to address this gap.

The study aims to explore the site selection of incentive travel destinations as a key decision for incentive travel houses and corporate buyers, considering domestic and international markets. The analysis focused on Indonesian destinations that are ready and have potential but are not yet optimal. This research contributes to tourism science, particularly MICE studies, by clarifying the conceptual framework for destination decision-making and offering practical insights for developing more targeted, competitive, and sustainable positioning strategies for both domestic and international incentive travel markets. The novelty of this study lies in integrating the perspectives of both corporate buyers and the incentive travel house. This approach enables a more comprehensive description of decision-making dynamics than previous studies, which tended to be partial. The study also contextualizes incentive destination selection factors within the characteristics of Indonesia's domestic and international markets. Additionally, it explores the potential of destinations beyond Bali and Jakarta specifically Labuan Bajo and Yogyakarta as part of a diversification strategy for incentive travel development. Thus, the study provides conceptual and practical contributions that enrich incentive travel studies and support the formulation of more targeted and sustainable destination marketing strategies in Indonesia.

RESEARCH METHOD

This study uses a qualitative case study approach, proceeding through conceptualization, data collection, and findings presentation. Its aim is to gain a deep understanding of social phenomena by interpreting descriptive, narrative, or non-numerical data (Silitonga et al., 2024). An approach in the social sciences known as social constructivism (Mantu, 2019). The Case study design is appropriate because they focus on in-depth exploration of a unit or entity (individual, group, organization, event) in a real-life context (Creswell & Poth, 2016; Pettalongi et al., 2025). The research was conducted from August to December 2025 in four major incentive travel destinations in Indonesia: Jakarta, Bali, Yogyakarta, and Labuan Bajo. These destinations represent urban, cultural, resort, and super-priority locations commonly used for incentive travel. Including multiple locations aimed to provide a comprehensive view of their diverse characteristics and the factors influencing their selection. The research target of this research were stakeholders directly involved in the planning and decision-making of incentive travel. Informants were selected through purposive sampling and had at least 5 years of industry experience. They included

representatives from Incentive Houses, Destination Management Companies, corporate buyers in banking and insurance, and government officials responsible for MICE and destination management.

The research procedure included several steps. First, commonly used incentive program activities at each destination (attractions, hotels, restaurants, DMCs) were identified, and relevant literature on location selection was collected. Second, researchers observed actual conditions at the four destinations based on the selected location attributes. Third, semi-structured interviews with key informants explored destination attributes based on practical experience. Finally, data was processed using observation sheets, interview protocols, and literature data.

Data collection techniques include field observation, semi-structured interviews, and documentation study. These data complement each other in capturing the complexity of meaning and dynamics of the social life that constitutes the research object (Pettalongi et al., 2025).

Table 1. List of Data Collection Instruments

Data Source	Participants	Instruments	Purpose	Output Data
Field Observation	Incentive Destination: Jakarta, Bali, Yogyakarta, Labuan Bajo	Observation Sheet based on attribute of site selection incentive travel	Understanding the contextual conditions of the destination, infrastructure readiness, accessibility, and attraction characteristics relevant to incentive travel	Field Notes
Semi Structured Interview	Twelve informants: Incentive House, Destination Management Company (DMC), Corporate buyer (perbankan & asuransi), Government representetative for MICE & Destination sectors (Min 5 years Experiences)	Interview guidelines in the form of open-ended questions and recording device (min 30 – 60 min)	Understanding the concept of incentive travel, program development, and destination selection attributes based on the informant's practical experience.	Audio Transcripts (Primary unit of analysis)
Documentation Study	Documents focus of incentive travel dan destination management	Document sheet	Digging the document from key informant	Supporting documents relevant to the research focus

Data analysis was carried out using the Interactive Model Analysis from Miles & Huberman, which divides the steps into several parts: data collection, data reduction, data display, and conclusion (Creswell & Poth, 2016; Pettalongi et al., 2025). The first stage is data collection, which is the process of collecting data through in-depth interviews, field observations, and documentation studies. At this stage, the data obtained are in the form of interview transcripts, field notes, and supporting documents relevant to the research focus. The second stage is data reduction, which is the process of simplifying and selecting raw data through rereading transcripts, coding, identifying important themes, and grouping data into categories appropriate to the research focus. Data reduction is carried out continuously from the beginning of data collection until the final stage of the study to ensure that only information relevant to the research objectives is analyzed further. The third stage is data display, which is the presentation of data in a structured narrative that allows researchers to see patterns, relationships between categories, and differences in perspectives between informants. This data presentation helps researchers understand the

tendencies of factors that influence the choice of incentive destinations. The final stage is conclusion drawing and verification, the process of drawing conclusions based on patterns and findings emerging from the data. Conclusions are not drawn in a single stroke but are verified repeatedly by reviewing data, comparing information sources, and triangulating to ensure the consistency and credibility of the research findings. To strengthen the credibility and analytical strength of the research, source triangulation is used. Source triangulation means examining data from various informant sources from which data will be collected. Source triangulation can sharpen the reliability of the data by checking the data obtained during the research through multiple sources or informants. Thus, a conclusion is drawn from data analyzed from various sources by the researcher (Mekarisce, 2020; Nurfajriani et al., 2024). Data obtained from various stakeholder groups: Incentive House, Destination Management Company (DMC), corporate buyers, and government representatives are compared and cross-verified to identify similarities, differences, and relationships between perspectives on incentive destination selection factors. The application of source triangulation aims to minimize bias and increase the validity of the findings.

RESULTS AND DISCUSSION

According to data from the Asia-Pacific Incentives and Meetings Event (AIME), the most popular destinations for incentive travel in Indonesia are Bali, Jakarta, Yogyakarta, Lombok, and Labuan Bajo (Jaman, 2023). However, of these five destinations, Bali and Jakarta are the locations frequently chosen and visited by incentive participants due to their adequate infrastructure and business facilities. Meanwhile, other destinations have potential, but their utilization for incentive travel is not optimal. Therefore, this study focuses on relatively ready destinations, namely Bali and Jakarta, as well as developing destinations, namely Yogyakarta and Labuan Bajo, considering both domestic and international markets. The potential of a destination for incentive travel is also not assessed from a single aspect, but rather through various attributes, including Accessibility, Destination Image, Local Support, Novelty, Accommodation, Extra Conference Opportunity, Perceived Risk, and Currency Fluctuation (Mair et al., 2016).

Accessibility. Access to four destinations in Indonesia is largely supported by international-level airports. Destination management companies and incentive travel houses view accessibility as crucial and stress the importance of direct flights from participants' home regions. While air access is a primary concern, efficient ground transportation is equally vital. Most companies cite Bali, Jakarta, and Yogyakarta as having excellent accessibility owing to direct flights, land transport options, and convenient access to hotels, conference centers, and attractions. Labuan Bajo stands out as an exception, with limited direct flights and insufficient vehicles for larger incentive groups. *“Our biggest challenge in developing Labuan Bajo is the limited flight capacity and availability of ground transportation to accommodate MICE participants.” (1st informant, October 7, 2025).*

However, corporate buyers emphasized that they do not evaluate destinations based on accessibility, even if access to the destination is inefficient, for example, if participants must transit to another destination before reaching Labuan Bajo. This is not a major issue. For corporate buyers, the most important factor is a destination's uniqueness. According to an interview with a member of the company's events division, *“We often choose destinations that tend to be difficult to access. For example, in Labuan Bajo, even though we have to transit several times, the needs we seek are currently available there. So, we still decided to carry out incentive travel activities there despite the difficult access.” (2nd informant, October 7, 2025).* Ultimately, a destination's accessibility limitations do not prevent it from being selected if it offers uniqueness and exclusivity. However, the main operational challenge for incentive travel arises with large groups, when the goal is to deliver consistent quality and coordinate travel on a single flight (Thumachai et al., 2017). Across stakeholders, there is shared recognition that offering exclusive, reliable transportation options enhances the overall travel experience, emphasizing accessibility as a component of experience quality rather than just a logistical factor (Lee & Chiang, 2017).

Accommodation. Selecting accommodations for incentive trips requires more than beauty or luxury but suitability, capacity, and facilities to support participants' needs are essential. Locations must feature attractive accommodations that can host the entire program in one area. These four destinations provide options such as resorts, 4- and 5-star hotels, and comprehensive amenities. Destination management companies and incentive travel houses prioritize internationally recognized hotel brands like Accor, IHG, Hyatt, and Marriott, but the final decision is made by the companies. Corporate buyers consider varied needs for selecting accommodation. Buyers from banks value proximity to tourist

attractions, whereas insurance companies prefer ballrooms for combined events, and international buyers focus on excellent service, whether in 5-star hotels or resorts.

Destination image plays a crucial role, as it can influence a company's motivation and decision-making when choosing a destination as a reward or incentive for employees and partners. A strong and positive image makes the destination more attractive. Destination image can be described as the "wow factor" (Mair, 2015; Thumachai et al., 2017). Bali, Jakarta, Yogyakarta, and Labuan Bajo have distinctive images that contribute to the "wow factor" of incentive travel. Informants noted that Bali's image showcases natural luxury, with superior hospitality services, luxurious accommodation options, and a variety of group leisure activities that can be combined to suit participants' preferences. Jakarta's image is oriented toward urban destinations, emphasizing diverse incentive programs utilizing venues and urban tourism. Yogyakarta's image focuses on cultural uniqueness and authentic experiences through historical stories, local culture, and a distinctive city atmosphere. Labuan Bajo's image is positioned as an exclusive destination, offering a more personal, private, and memorable experience with a touch of local culture. From the perspective of domestic and international corporate buyers, these four destinations have distinctly different images. Domestic corporate buyers tend to prefer unique and viral destinations, while international markets prefer destinations that emphasize culture. *"Bali is a destination we frequently use for incentive trips. However, over time, the emergence of new destinations and viral areas, such as Labuan Bajo, a luxury destination offering live-aboard experiences, has made it a top choice. So now, when we choose a destination, beyond image, we also consider trends."* (2nd, 6th-8th informant, October 7, 2025). Yogyakarta is an attractive incentive trip destination because of its expanding range of activities and cultural collaborations. In contrast, Jakarta is typically a last resort due to its location and participants' preference for destinations aligned with company products and relationship-building goals.

Local Support in Bali, Jakarta, Yogyakarta, and Labuan Bajo have destination management companies (DMCs). DMCs are uniquely positioned to bridge the gap between incentive travel organizers and local resources, combining deep local expertise with professional event management. They carefully manage every stage of the incentive travel process, from initial planning and site inspections of gala-dinner venues, accommodations, and meeting rooms to meticulous execution aligned with the client company's expectations. DMCs differentiate themselves through personalized service, offering touches such as welcoming gifts that highlight local culture and customized experiences that cater to participant preferences. This tailored approach ensures engaging, memorable experiences that support business objectives. In addition, government support adds value to a destination through welcome dinners that reinforce participants' first impressions and experiences. Incentive travel houses routinely partner with reputable DMCs to guarantee seamless preparations. *"Collaborating with a respected DMC is essential, as the DMC orchestrates operational logistics with local vendors."* (3rd informant interview, October 6, 2025). Conversely, corporate buyers typically delegate all communication management to the incentive travel house, which directs program execution.

Novelty plays a crucial role as a primary motivating factor for participants, particularly employees receiving awards for their performance. Novelty includes something physically new, such as a previously unvisited destination. It also applies to the experience, travel concept, and surprise elements that can spark participants' curiosity and excitement. The most important thing when planning an incentive trip is "what's new, what's upcoming, and what's exciting." There are differences in destination preferences between domestic and international markets, driven by novelty. Domestic participants showed a higher interest in Yogyakarta, Bali, and Labuan Bajo, while international markets tended to prefer Jakarta, Bali, and Labuan Bajo. This difference indicates that novelty is interpreted relatively differently depending on the participant's background.



Figure 1. Gala Dinner with culture atmosphere in Yogyakarta

Bali remains a favorite destination despite its long-standing reputation because it continues to offer novelty. Destination Management Companies and Incentive travel houses view Bali as a mature destination that continues to implement changes, such as wellness programs, gala dinners in tourist villages, sustainability-focused activities, and CSR initiatives integrated into incentive programs. *“One of our clients incorporated CSR activities into schools, where incentive participants were directly involved in decorating the school by painting and planting mangroves.”* (4nd, 9th, 10th informant, October 24, 2025). Understanding sustainability in the incentive destination is an area to be explored (Agustina et al., 2023). This motivated participants to work even harder upon their return to the office. Yogyakarta is also a top choice for the domestic market due to the novelty offered by cultural and heritage-based packaging, which transforms the experience into a more exclusive one. Heritage-themed programs, such as evening events that use unique spaces like the heritage areas of Prambanan and Borobudur, employ traditional attire from the destination, offering an experience unlike any other. Meanwhile, Jakarta’s appeal to the international market lies in its urban novelty and modern representation of Indonesia, offering innovative event concepts like gala dinners at national museums and fine-dining experiences at top hotels. In contrast, Labuan Bajo attracts both domestic and international markets with exclusive offerings, including live on-board experiences, activities highlighting Komodo Island’s natural beauty and conservation, and village-based tourism. Together, these elements position each destination uniquely, providing distinctive and memorable incentive experiences.

Extra-conference opportunities encompass a variety of activities outside the main incentive trip itinerary. These activities include entertainment, shopping, culinary delights, and relaxation, such as spas and sports. These elements are crucial to creating a holistic experience for incentive trip participants, as they enhance the program’s emotional and motivational value. According to Incentive travel houses and Destination Management Company, Bali, Jakarta, Yogyakarta, and Labuan Bajo each provide distinct extra-conference opportunities that strengthen incentive trips. Bali stands out for relaxation and culturally immersive activities, such as spas, yoga, water sports, and culinary experiences. Jakarta offers a vibrant metropolitan experience with diverse shopping and dining options. Nearby, Kepulauan Seribu complements Jakarta as an appealing alternative for incentive programs. In fact, research by (Erfinda et al., 2024) suggests that one of the islands in Kepulauan Seribu could be used as a location for such programs. Yogyakarta is attracted with traditional cuisine, shopping for local products, and cultural entertainment. Labuan Bajo is ideal for nature-based experiences, adventure, and ocean-based team-building activities. The attributes are tailored to enrich the incentive trip experience.

Essentially, corporate buyers focus not only on fulfilling the primary needs of incentive travel, namely trips that boost motivation and performance and create added value for the company, but also emphasize the attributes of extra-conference opportunities, which are important because they can be combined to create a more exclusive experience. The findings show distinct differences in preferences between participant segments. Domestic participants generally prefer activities that focus on shopping, cultural experiences, and sports. In contrast, international participants favor activities with a strong cultural element, as well as relaxation options such as beach activities, spas, and yoga. *“Programs that are often made for international participants usually involve a meeting program for half a day, followed by time spent enjoying a beachside resort, spa, or yoga.”* (5th, 11th, 12th informant, October 6, 2025). This aligns with research by Mair et al., which found that participants from Australia and America often included relaxing activities, such as time on the beach or at a swimming pool, in incentive programs (Mair, 2015).



Figure 2. Yoga Activities

When designing an incentive travel program, planners need to consider potential risks that could affect its success. These risks impact not only the travel participants but also the reputation of the organizer or company responsible for the program. In Bali, the main challenge is seasonal, particularly during the high season, which generally runs from February to April. During this period, destination managers need to optimize operational readiness to accommodate an increased number of visitors. Meanwhile, Labuan Bajo faces weather risks during the early part of the year, from January to March, which can disrupt marine activities. This situation is particularly serious, given that Labuan Bajo's primary attraction is marine tourism. When the weather is unfavorable, participant activities tend to be limited to exploring land areas. Meanwhile, Jakarta is more vulnerable to risks related to security and political factors, including the potential for demonstrations that can disrupt mobility and the smooth running of incentive programs, as well as traffic jams. Yogyakarta, on the other hand, faces greater risks from natural conditions due to its relatively close proximity to Mount Merapi, an active volcano. If volcanic activity increases or an emergency occurs, tourism in Yogyakarta will be affected, and program implementation will be hampered. Studies on incentive travel also show that trust in service providers at a destination is a crucial factor in reducing perceived risk. This underscores the importance of corporate buyers in selecting an incentive travel house, developing standard operating procedures (SOPs), and planning for contingencies (Keller et al., 2024). In this case, corporate buyers consider the service provider's experience when selecting an incentive travel house. Furthermore, before selecting a destination for an incentive trip, corporate buyers conduct research to assess the potential risks participants may face. This step is a form of company anticipation, as it involves developing mitigation strategies to minimize risks and prevent undesirable incidents during program implementation.

Currency exchange rates are an economic factor that can directly impact the cost efficiency of incentive travel programs. Incentive trips are typically planned well in advance. As a result, exchange rate fluctuations pose a significant risk. They can impact on the overall budget, the price of the travel package, and participants' purchasing power abroad. Exchange rate fluctuations are generally not an issue for domestic guests, as expenses are usually covered by the company and transactions occur in the same currency. In contrast, for international guests, DMCs specify payment terms in USD and inform clients of the current exchange rate before payment. *"The payment process related to currency exchange rates has never been a significant issue because we always provide real-time information on the exchange rate before making payments, so they know when to pay when the exchange rate is high or low."* (6th informant interview, October 6, 2025). According to informants, for international guests, DMCs specify payment terms in USD and inform clients of the current exchange rate before payment.

Incentive Travel is a non-cash reward given by an organization to employees or distributors who have achieved specific targets or milestones (Lu, 2024). This program provides a pleasant, exclusive, and memorable travel experience to recognize high performance. As a human resource management strategy, it builds loyalty, motivates employees, and strengthens social ties. The destination is a core element: it serves not only as the setting for activities, but also as a symbol of appreciation, exclusivity, and company values. Choosing a destination for incentive travel is therefore a strategic decision that directly influences recipients' perceptions of the reward. The process of selecting a destination for incentive travel is similar to planning other types of meetings but still displays special characteristics that differentiate its objectives and priorities (Del Chiappa, 2012). Thus, key factors such as accessibility, local support, safety, costs, and travel time are particularly important for these objectives.

The findings show that Bali, Jakarta, and Yogyakarta are the most operationally prepared incentive travel destinations, excelling in accessibility, accommodation, and local support through DMCs and vendors. Incentive planners see value in destinations that are less accessible. Unlike meeting or convention planners, incentive planners seek locations that are somewhat remote, viewing remoteness or longer travel times as factors that enhance exclusivity, uniqueness, and adventure. These qualities are central to incentive travel's main goal: delivering a special, unforgettable experience for participants (Mair, 2015; Cheng et al., 2018).

Bali holds the strongest position because it combines hospitality, a variety of activities, and a destination image that creates a "wow" factor. These elements attract both domestic and international participants. Meanwhile, Jakarta is a more urban destination. It is strong in venue-based activities and urban tourism but tends to be less prominent as a reward symbol. Jakarta doesn't offer the experiences typically sought by incentive participants, so it is often positioned as an additional destination. However, for international market, Jakarta remains a must-see option. It is a modern city and is well-suited for companies that want to hold incentives during meetings. Meanwhile, Yogyakarta and Labuan Bajo show

great potential as alternative destinations. They align with the preferences of corporate buyers who value destination image, novelty, and additional conference opportunities. Yogyakarta and Labuan Bajo can be developed by leveraging their cultural strengths and authentic experiences. This can help them become more exclusive and appeal to both domestic and international participants with diverse preferences. For domestic market, Yogyakarta is often attractive because it offers culinary delights, local products, traditional entertainment, and cultural experiences. These can be packaged more exclusively. At the same time, Labuan Bajo is more prominent among participants seeking nature experiences, adventure, and sports. This aligns with domestic trends that prioritize active pursuits. International markets tend to prefer relaxation and the use of resort facilities, especially if they include live-on-board experiences in Labuan Bajo. However, the development of Labuan Bajo faces challenges, particularly in transportation capacity and natural conditions. Weather risks are unavoidable and require appropriate mitigation measures.

Sood et al., (2021) support this by stating that factors like destination image, weather conditions, entertainment availability, tourist attractions, and novelty are increasingly important. Destinations with a positive image, a pleasant atmosphere, and novel experiences can increase participant motivation. They also strengthen emotional bonds between companies and their employees or business partners. Destination appeal is the core of an event's product and the primary driver of success, making it crucial to an event's success (Potgieter & Jacobs, 2016). This is also crucial for government involvement, especially destination marketing organizations, which must highlight the uniqueness, exclusivity, novelty, perceived risk, and exchange value of the destinations they market to companies and incentive travel houses. They can achieve this by inviting relevant parties for site inspections or familiarization trips, which helps enhance the destination's positive image. However, companies typically select a destination only once for incentive travel activities because they see the experience as a once-in-a-lifetime moment. While there may be a desire to return, companies usually prefer exploring other locations for new experiences (Jacobs et al., 2016). In the context of decision-making, risk attributes are considered important to planners, though not always a determining factor, as long as control mechanisms are in place. Mitigation efforts are carried out by incentive travel houses and DMCs through recommendations of destinations ready to be visited, as well as by assessing the readiness of large corporate buyers, who, in some cases, have internal teams to handle operational risks. Thumachai et al., (2017) also support that perceived risk is an important attribute in selecting incentive travel destinations. Meanwhile, exchange rate fluctuations are not considered a significant issue for incentive travel houses and corporate buyers, as service providers generally communicate payment terms and exchange rate updates in advance to minimize budget uncertainty.

Theoretically, this research contributes to the development of incentive travel studies, particularly in the context of destination selection in Indonesia. The findings indicate that incentive travel destination selection factors are not based solely on technical aspects such as accessibility and infrastructure availability, but also emphasize emotional and symbolic dimensions, including destination image, novelty, and extra-conference opportunities. This study also identified differences in preferences between domestic and international markets. The domestic market tends to consider trends, active activities, and the destination's uniqueness, while the international market emphasizes cultural elements and relaxation. This difference emphasizes the importance of market segmentation in the planning and development of a destination (Dewi et al., 2024). On the other hand, findings on the important role of Destination Management Companies (DMCs) in reducing perceived risk indicate that trust in local service providers is a strategic factor in decision-making. Thus, the variables of local support and perceived risk are proven to have a significant relationship in the context of incentive travel.

Practically, these findings provide important implications for Incentive Travel Houses, DMCs, Corporate Buyers, and the Government. Incentive Travel Houses and DMCs should design experience-based programs with local cultural elements, novelty, and activities beyond the main agenda. They should also strengthen risk management and develop contingency plans to address unique risks for each destination. Corporate Buyers should select incentive travel destinations that align with the company's strategy, domestic or international market, and the desired image. The government should issue a differentiation strategy tailored to each destination's characteristics and market segments.

This study was limited to four destinations. Therefore, its findings may not be fully generalizable to all incentive travel destinations in Indonesia. The research primarily focuses on the perspectives of organizers and corporate decision-makers, offering limited insight into the views of incentive travel participants, who are the direct beneficiaries. Consequently, the influence of destination experiences on participant motivation and satisfaction remains insufficiently explored. To address these limitations,

future research could incorporate a broader range of Indonesian destinations to yield a comprehensive assessment of national competitiveness. Furthermore, including participants' perspectives would facilitate the measurement of satisfaction, experiential perceptions, and the sustained impacts on motivation, loyalty, and productivity.

CONCLUSION

This study concludes that site selection incentive travel destination in Indonesia is determined not only by operational readiness but also by the destination's ability to create valuable experiences for participants. Bali, Jakarta, and Yogyakarta emerged as the most operationally prepared destinations, driven by advantages in accessibility, accommodation, and local support, particularly through DMCs that play a critical role in the planning process. However, in terms of experiential capabilities, Bali, Yogyakarta, and Labuan Bajo were superior. This suggests that destination attractiveness is largely influenced by the experience, uniqueness, atmosphere, and opportunities to create unforgettable moments that are difficult to replicate elsewhere. However, from the perspective of the domestic market, corporate buyers prioritized accommodation, destination image, novelty, extra-conference opportunities, and perceived risk when selecting incentive travel destinations. Meanwhile, from the perspective of international markets, corporate buyers prioritized accessibility, accommodation, destination image, novelty, extra-conference opportunities, and perceived risk when selecting incentive travel destinations. Other attributes, such as accessibility to the domestic market, local support, and currency fluctuation, remained important but were not the primary factors in destination selection. These findings expand the theoretical discussion of the determinants of incentive travel destination choice by demonstrating differences in attribute priorities between domestic and international markets, thereby enriching the understanding of market segmentation within the theoretical framework of destination decision-making. The findings also offer some implications. Incentive travel houses and DMCs should design creative program packages by combining specific destination advantages based on location selection criteria. Corporate buyers should evaluate market characteristics and company objectives when choosing destinations to ensure the program aligns with both organizational goals and destination offerings. The government should focus on improving accessibility readiness, developing robust risk management strategies, and maintaining the destination's image by standardizing service quality. Overall, the study highlights the need to balance operational readiness, destination image, and memorable experiences when selecting incentive travel destinations. Further research could focus on strategies to make Indonesian incentive travel destinations more competitive. This can include examining other destinations in Indonesia. Future studies might also look at determinants such as satisfaction levels and experiences.

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AUTHOR CONTRIBUTIONS

Author 1 creates articles and creates instruments and is responsible for research author 2-3 analyzes research data that has been collected, author 4 assist in research data analysis, instrument validation, and input research data.

CONFLICTS OF INTEREST

The author(s) declare no conflict of interest.

USE OF ARTIFICIAL INTELLIGENCE (AI)-ASSISTED TECHNOLOGY

The authors declare that no artificial intelligence (AI) tools were used in the generation, analysis, or writing of this manuscript. All aspects of the research, including data collection, interpretation, and manuscript preparation, were carried out entirely by the authors without the assistance of AI-based technologies.

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