

# Incentive Program Benchmarking Survey

## Supplemental Findings to January 2007 Summary Report



# Benchmarking Survey – Supplemental Findings

- Following on the heels our national incentive program benchmarking survey, we sliced the survey respondents' feedback further and came up with a series of additional findings
- Quick Background: We performed two separate surveys at the end of 2006, one focusing on channel & customer incentive programs and the other on employee recognition and reward programs
- New Findings: We segmented the 434 channel-customer program respondents into two groups: those who targeted “Salespeople” (inside or outside) with their programs versus those who targeted “Channel Partners” and “End Users”

# Program Objectives

- **In response to the question: “What is the objective (or would be the objective) of your incentive program?”**
  - For those programs targeting Salespeople, far and away the top objective – for both those with current programs and those considering programs – is *‘Achieve overall financial goals.’* (nearly 2:1 over a second stated goal)
  - Overall, for those targeting Channel Partners and End Users, *‘Improve customer loyalty’* (46-54%) and *‘Achieve overall financial goals’* (41-46%) led the way followed by *‘Boost product specific sales’* and *‘Develop referrals’*

**Observation: While all programs (sales, channel, end user) drive toward specific financial objectives, channel and end user/customer programs focus heavily on customer retention and loyalty as well.**

# Program Lead

- In response to the question: “Who directs or leads (or would direct / lead) your incentive program?”
  - Programs targeting Salespeople, usually are led by someone in the ‘Sales’ department (as high as 62%) or at the ‘Executive/C-level’ (up to 47%)
  - Channel Partner and End User programs typically are led by the ‘Marketing’ department (as high as 54%), followed by the ‘Executive/C-level’ (up to 41%)

**Observation: Straight-forward proposition that most sales incentives are led by Sales and most channel/end user programs are led by Marketing. Both rely equally on Executive buy-in to drive program adoption.**

# Program Participants

- In response to the question: “How many participants are enrolled in your incentive program?”
  - For those with *current* programs targeting Salespeople, most involve less than 300 participants (82%)
  - For those with *current* programs targeting Channel Partners and End Users, the breakout is more evenly split: 49% involve less than 100 participants while 42% engage more than 300 participants (35% of those involve 500 or more)

**Observation: Sales incentives that target company sales forces often number in the hundreds rather than thousands. Channel and end user (end customer) incentive programs tend to be much more diverse in who they engage and what behaviors/activities they motivate.**

# Program Budget

- **In response to the question: “How much do you budget (or would you budget) for your incentive program annually per participant?”**
  - For those current programs targeting Salespeople, 49% of the respondents budget over \$1,000 per participant on an annual basis and 63% budget more than \$500
  - For those with current programs targeting Channel Partners and End Users, 30% of the respondents budget over \$1,000 per participant on an annual basis and 44% budget more than \$500
  - Overall, for those *considering* incentive programs, many are not sure how much they would budget (27 to 38%)

**Observation: Loyaltyworks’ own programs have illustrated that effective incentive programs incorporate a compelling proposition, where participants may earn at least \$500 in annual “point-to-reward value” for exhibiting desired behaviors or activities. We call this *Participant Program Equity*.**

# Program Results

- In response to the question: “Approximately when did you begin to see results (or would you expect to see results) in your incentive program?”
  - Overall, three-quarters of respondents have seen – or expect to see – results from their incentive programs in 12 months or less
  - For those *considering* incentive programs, 12% are not sure when to expect results

**Observation:** Through the hundreds of programs that Loyaltyworks runs, we have found that the solution provider should perform a preliminary progress review at 6 months and a thorough program review every 12 months... all in an effort to ensure that the program path continues to meet the client’s established objectives.

# Program Targets and Rules

- **In response to the question: “If your company were to have an incentive program, how often would you consider changing the targets or the rules of the program?”**
  - Overall, for those *considering* an incentive program, nearly 20% are not sure how often they would change program targets or rules

**Observation:** As with the questions on budgeting (27-38%), measurement (10-25%) and expected results (12%), the relatively high percentage of “not sure” responses indicates a defined need for expert direction in program planning and design.

For more on Loyaltyworks’ approach to program design, please visit [www.loyaltyworks.com/what\\_we\\_do/index.html](http://www.loyaltyworks.com/what_we_do/index.html).

For more on best practices in program budgeting & measurement, visit [www.loyaltyworks.com/newsandviews/index.html](http://www.loyaltyworks.com/newsandviews/index.html).



# Program Measurement

- In response to the question: “How do you measure (or would you measure) the impact of your incentive program?”
  - 25% of respondents running *current* programs targeting Salespeople either do not measure or are not sure if they do measure the impact of their current program
  - 10% of respondents running *current* programs targeting Channel Partners and End Users do not measure or are not sure if they measure the impact of their current program
  - Overall, the most employed method for measuring program success involves ‘**comparing pre-program and program statistics**’

**Observation: Every incentive program should have an element of measurement and analysis built into the program’s core design. For more on how to measure program ROI, visit [www.loyaltyworks.com/newsandviews](http://www.loyaltyworks.com/newsandviews).**

# Vendor Criteria

- In response to the question: “What, other than price, are your most important criteria for selecting an incentive vendor?”
  - Overall, ‘*Availability of measurement, tracking and reporting*’ shows up in the top 3 criteria across the board, regardless of program target or type; followed by:
    - ‘Industry experience and reputation’ & ‘Flexibility and responsiveness’
  - The group of respondents *considering* an incentive program targeting Salespeople was unique in that they stated top criterion as ‘Fast ramp-up and implementation’ (36%)

**Observation: Again, successful program design incorporates measurable program performance objectives into the core design. Further, Loyaltyworks finds that our most effective clients also demand 24/7 access to Web-based reports / tools, and take advantage of our dedicated Strategic Services team for supplemental program analysis, research, data segmentation & modeling.**

**Also, it’s common for solution providers to launch standard incentive point-based reward programs in a matter of weeks.**

## For More Information

**For more information on our research findings, please contact:**

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