Rewards & Awards:
Brands Boost incentive and Recognition Programs

Recent figures show that companies spend nearly $27 Billion a year on incentive programs to motivate employees, channel partners and customers. And nearly two-thirds of all of the purchases made are for Brand-name products. Whether it's a sales incentive plan, recognition of employee achievements, or a program to reward loyal customers—- the right selection of brand-name goods generates a special appeal. In other words, give 'em what they want, and they'll work harder for more.

Today's marketplace and society is experiencing intense periods of rapid change. Brands have assumed a new importance (apparently in response to the events of 9/11) for people as a source of stability in their lives.

"We've seen a sociologic shift," states John Grace, executive director of Interbrand (an NYC firm that consults with corporations on branding issues). "As incentives, brands will become more important in these times," continued Grace, noting that marketers must do their homework if they want to derive the full value from offering branded merchandise. "If the program isn't based on true and meaningful corporate values, it won't resonate. Great brands have a level of trust, quality and consistency—-that's what made them great brands."

A quick look at some recent figures about incentive programs reveals that companies in increasing numbers are motivating their employees, vendor partners and customers this way. A study by the Incentive Federation showed the following:

- Spending on Premium Incentives in 2000 grew to $26.9 Billion
- This is a 2.3% INCREASE over 1999
- $8.7 Billion of that total was spent on Sales Incentives
- $8.3 Billion of that total was spent on Dealer Incentives
- $6.3 Billion of that total was spent on End Users (either Consumer or Business customers
- $3.6 Billion of that total was spent on NonSales employee Incentives

Companies have also noted a continued push toward premiums with high-perceived value as well as increased usage of "lifestyle-type" premiums (like trips or sporting goods/equipment). Watches, luggage, electronic devices and brand-name apparel rounded out the popular premium choices. Spending small is sending the wrong message.

High-end audio product producer Nakamichi America wanted to increase retail sales of its new SoundSpace 3 stereo system during the Holiday Season last year. They created an attractive incentive program for salespeople at audio-video specialty outlets, department stores, catalog operations and Internet sites. They assembled an eclectic collection of products and ignored the traditional temptation of rewarding with cash or their own products. They carefully looked at their target market and selected such American stalwart products as Meade Instruments binoculars and telescopes, Jeep bicycles, Movado watches, Sentry sages, DSI remote-control cars, Konica cameras and others things at various prize levels. The program was wildly successful with sales easily exceeding program expectations. This shows that the best way to have perceived value is to actually offer REAL value. This sense is delivered by premier brand names that possess a distinct value proposition in the marketplace.

Doing campaigns with tie-ins between brands (called: co-branding) also plays an important part in the motivation equation. Here are some premier examples: Starbucks is associated with Marriott, Nike with Michael Jordan, McDonald's with Disney and both Intel and Rogers Communications use a distinctive audio note pattern/tune to help consumers relate to their brands' products and services.

But at the same time, marketers have to be very careful about who they align themselves with. There are many potential choices and options. What makes a better choice between various companies? Is there a standard method of "measuring the fit?" One obvious way is to seek out co-branding with corporate partners that possess similar values to their own business beliefs/practices. This can also quickly shake out the potential partners that are obviously not appropriate. Blindly matching two corporate partners with dissimilar core values (which are either real or publicly perceived) is bound to reflect badly on one operation sooner or later. So, the path is laced with pit-falls. Brander beware!