

# B2B Reward & Incentive Ideas

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*Make Targets More Than a Customer Baseline*





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**I was challenged** by the CEO of one of our major New Zealand customers to explain our Why. That simple question sent us on the journey to better understand what is our core purpose, what we are all about and how we deliver on that promise? Our Why, How, and What have become the key drivers in everything we do;

*"We challenge how B2B incentives and reward programs should work. We do so by understanding our clients' pain points and asking them to think strategy first and rewards second. Together with them, we design incentive & reward programs that engage with their customers and distribution channels using merchandise rewards, travel incentives and branded cash (Pre-Paid Visa) for measurable results."*

More important than the words, is the evidence of who we are and tangible local experience we possess. So, I welcome you to our first edition of Engage Magazine, which demonstrates why we are who we are. (Our 'Why'.)

**Engage** is a central theme in what we do. It means human connection and problem solving, which is key to our business. To drive a behavioural change, you must be engaged and in turn engage with your target audience. As Australia's and New Zealand's leading B2B engagement agency we are constantly helping clients understand the inner workings of designing, executing and measuring incentives and rewards programs that bring about a behavioural change.

The content of this magazine is designed for you to invoke thought, educate, and provide thinking on how you might view B2B incentive and rewards strategies.

I hope you find something that is meaningful to you, and I look forward to hearing your feedback.

*Rob Morrow*

212F / MANAGING DIRECTOR



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# How is The Fitness of your Points-Based B2B Rewards Program?

## 15 Top Recommendations for High Performance

**W**hat are the most important aspects to get your B2B incentive and reward program performing?

We canvassed our team across Australia and New Zealand and came up with our list of the 15 most important things we think will give your program success, which we'll cover across this two-part article.

In Part 1, we do some heavy lifting and put your customers and channel partner points-reward programs to the test. In Part 2 of our review (in the next Engage issue), we turn our attention to travel based incentives, leader boards and programs that don't use points as the reward mechanism.

When building a list like this, you could write an article on each program aspect to really do them justice. Our Top 15 list isn't ranked in importance, but is a guideline across similar areas of relevance. There is no #1 top recommendation, because every program and industry is different. That means some points on this list may not be relevant to you. But most should be considered, and are always worth reviewing with your program in mind. If your program isn't taking these top 15 things into account, you've now got the chance to assess and plan improvements for the future.

*Note: there's a scoring system at the end of this article to check the fitness of your current B2B incentive and reward programs. Remember, there are a lot of variances in a program and this should serve as a guide only.*

### 1 Review why your program exists. What is its purpose?

A rewards program is often set up to solve a business problem or a pain point. As time passes, we can get caught up in daily operation of a program or improving features. There can be a tendency to forget why we started the program. The number one recommendation is to take stock of why you are offering your target audience a program, and what pain points you want to solve in the next 12-24 months. In other words, ask yourself these questions:

- What's the role of your incentive or rewards program?
- What are the key drivers for the program?
- Have you set (or are going to set) criteria that all stakeholders understand?
- Have you been tracking those criteria?

It sounds simple, but a lot of programs lose the vision of why they started... and the results they get today often don't reflect the original vision.

### 2 How will you generate an ROI?

Understanding your own program return on investment was a unanimous inclusion on this list. Sooner or later, you will be asked to justify your incentive program. A well-designed program aligns to solving a

pain point (that is worth solving), but also has a clear objective and financial measurement you can track. ROI can be complicated and to have a C-level (CMO, CEO, CFO) defensible model takes considerable amount of work and expertise. A good resource on this is the book "Show Me the Money", by Jack & Patti Phillips.

However, there are some basics of ROI that can give you great indicators of your program performance. At bare minimum, aim to do these, and you can find out how to on page 15.

### 3 Improve your data

Data is a critical cog in any incentive program, though not just any data. To ensure you've got quality data that will deliver useful insights, look for **accuracy**, **granularity**, and **frequency**.

Accuracy leads to trust, which is paramount in any rewarding relationship. A customer must be confident that the points they receive are what you promised. A "Program 101" is the ability of your program participant to self-audit. Remove all human elements and make automation the backbone of your program when it comes to data, API or direct data transfers.

Granularity is about data detail. The more transactional the data you have in your program, the more options you have in delivering a variable rewards yield.



Frequency is often overlooked. If possible, try to get real-time data. We see significant spikes in engagement when we improve data frequency. Engaged customers want to see their spend transform into rewards immediately.

The other area of data that can be overlooked is customer information and sales data. These help build an insights database within a program or enhance a current customer CRM database. Including and reviewing both types of data can pay off in the long run, giving you options around personal and relevant targeted marketing communication and greater customer insight and analytics.

#### 4 Variable rewards yield

Some programs feel they need to offer a flat reward structure and reward value across all purchases and product ranges. Typically, the three main drivers behind this decision are

1. Data
2. Points vs reward yield
3. Participant communications

Solving the data issue can be difficult, however, data interfacing has come a long way in the last few years. Most of the time there is a solution. Modern platforms can handle transactional data which adds business logic layers to allow almost endless variations of points, coupled with real-time data updates and points awards.

During the design process of a program, the question “how much do I give away?” gets asked. You need to flip this thinking to “what value should I invest to drive a change in behaviour?” This can, in many cases, differ across different product families. We have been doing this in the ICT and automotive industries for over 15 years. Commoditised, low margin, high dollar products are attributed a lower percentage earn rate, while higher margin and added value products (typically harder to sell) are awarded a higher percentage.

Getting your marketing message right on differing reward values is crucial. The last thing you want is an over complex message, but don't let this

be a barrier to making changes to your rewards yield. We have clients with over a dozen different types of rewards levels in their program and a seasoned communications planner should still get your message on point to customers.

#### 5 Set a benchmark

When your pain point is share of wallet, this is a big consideration. Setting some form of minimum expectation can be a great way to achieve a behavioural change. Depending on your industry and how you engage with your target audiences, you can set expectations either in a subtle way or highly visual option. When it comes to subtlety, a simple way is setting a minimum rewards redemption value with your merchandise rewards, starting at a certain “from” point price. This can be done if you identify a value you expect a customer could earn in your program, over a reasonable earning period. For instance, that value could be \$500 worth of points earned over six months. In this case, simply start the rewards in your catalogue above \$500, knowing that most customers will earn this value twice each year.

If your target audience is highly visual, you can set redemption targets. You can take comfort that no redemption will be redeemed until a target threshold of points is achieved (see our article on target setting on page 26). Once a target has been achieved, you can set accelerators for spending above target (i.e. you earn more rewards based on achieving a target). Alternatively, points with no redemption value could be offered. These would act in a similar way to “status points”, which on achievement of a set level, gives the customer access to exclusive catalogue areas or offers.

#### 6 Design your program to take market share

There are too many variables to really get into this subject here. In this unpredictable environment, some programs will stop, while others will continue. If you have a competitor who is pulling their program (even

temporarily), use this time to relaunch and re-engage your program. Use your program to keep the conversation away from price and focus on the whole value proposition. If you have a “red ocean” where all your competitors have a reward offer, it's time to take a new direction.

Conduct a SWOT analysis on other programs and find your competitive advantage. In the short-term, you might consider tactics like:

- Giving bonus points for sprint periods
- Introducing hot deals
- Employing heavily discounted redemption items or auction sites

#### 7 Improve debtor days

This is a simple point, but is often lost in the maze of program design. Your reward points are the perfect soft leverage to promote on-time account payment. This can be used around several policies, however, we've seen the most effective examples in the automotive spares industry, where points were set as “Pending” until trade account payments were made within agreed payment terms. With monthly statements that showed points awarded and lost (based on whether the account was paid on time), we saw significant improvements in debtors' days.

#### 8 Program cost

Here's the short version: if you're targeting a pain point worth solving and hitting your ROI goals, then the cost discussion turns to a value decision.

However, there are a few cost savings measures you could still look at:

- a) **Program Ratio.** Check your operational cost to reward payout cost ratio. Generally (as every program is different), more than 80% of your program spend should be in customer rewards. If that's not the case, review your program cost base. The value may not be spent where you need it most.
- b) **Point Expiry Date.** While point expiry can often be contentious and an emotional option, we always recommend it. If a customer hasn't engaged in the program or earned

enough value to redeem over a fair and reasonable time, then we suggest expiring those points and re-investing that value into customers who do. Alternatively, you can quarantine those points and choose to reinstate on a case by case basis.

- c) **Rewards Burn Rates.** By adding an extra margin to the redemption items listed in a program catalogue, you burn more points at less cost to you. This can be an effective way to cover the cost base of a program and communications. A redemption threshold is setting a minimum redemption level on your product catalogue so only those that have earned points through a behavioural change get rewarded.
- d) **Segmentation.** Spending time to understand the participant database of your program means you can focus marketing and engagement efforts into key areas. Determine where the opportunity value is by each persona segment, then aim some of the overall marketing budget at groups that could generate the greatest returns.

#### 9 Personalise your communications

There are noticeable benefits in communicating with your program participants in highly relevant ways. It dials in your conversation and delivers far more engagement. But it also means moving your communications strategy from the relative comfort and low cost of “one to many” to a hyper personalised context.

To move towards “one to one” messaging, consider how you can categorise participants by:

- Personas
- Engagement metrics, like point usage or point balance
- Business metrics, such as location and business size

If you don't have the budget to use an expert, you can find many personalisation guides online. If you can set up personas with the information at hand, it can be worth the investment to create a persona deck. This can be a fast forward for your program and personalised communications journeys.



#### 10 Program Destination

Every B2B incentive and reward program has a brand. And along with that brand, your program should have a dedicated, easy-to-find destination that communicates the messages of your offer. This destination is usually part of your website (or a website in its own right). Here are three things to think about when it comes to your program's website:

1. **Does it have a modern, mobile-responsive design that still works well on desktop?**

There is a growing trend towards engagement of B2B programs via mobile devices (smart phones and tablets) instead of desktop. If your program is not mobile responsive, you need to update it and fast.

2. **Does the user interface remove navigation resistance points?**

An easy way to do this is to navigate the program the same way a participant would. Use the menu bar, read the content and make a redemption. Then refer to your on-site analytics software and

look for anything that indicates resistance in the data. In particular, look for sticking points such as abandonment rates or participants not completing program funnel goals. Take note of the resistance points you find and improve the ones you can.

3. **How is your program home page looking?**

Mature programs can add design elements and functions over time. The result? It either becomes harder to explore or even worse, pushes your key messages away from the prime parts of the page. Review your homepage periodically and make exploration easy. Include your most important messages and avoid clogging up the page with too many things.

### 11 What is the right reward?

It goes without saying that a rewards catalogue needs to be engaging. When you consistently refresh and update your catalogue, you go a long way to achieving this.

It's also important to remember a rewards program is not a rebate program. You're trying to change a behaviour and make the participant redeem for something that builds emotional connection. When a participant accumulates points, then redeems them on the perfect reward, you create trophy value and sometimes a "halo effect" for your company (see page 32). But in trying to create these moments, be cautious of having a reward catalogue overloaded with small, meaningless products that "mop up" points. Consider if having a store gift card is celebrating the reward value - are you really going to be remembered when it's spent in store? If it's necessary to have these things, consider more altruistic rewards such as donations and contributions to charities. These may have a significantly more emotional connection than a \$12.95 gardening set.

### 12 Reward proportionally

This comes down to understanding both your market and your participant. How much does a participant have to spend to redeem a reward that holds value to them? The key is to offer a reward that is proportionately meaningful to them. For some customers this may be a high value, for others lower. You need to understand your customers, market conditions, and review where your offers sit. What was relevant and proportional yesterday may not be today.

Reward proportionality should also be linked to severability. A reward should be received in a way that it doesn't end up paying for household expenses. Where possible, keep it separate from income. Otherwise, much of your rewards' effect will go to waste (see Cash is King, page 24).

The second part of evaluating proportionality is comparing your program to the industry and competitors to assess how you are positioned. Do you want rewards that have almost double the reward value of the next program in the marketplace? This may be an effective short-term strategy, but will probably be difficult to sustain.

### 13 Online Sales vs In Store

With the changes in a post-COVID world, some B2B businesses may be shifting their model to greater online mix. Assuming your distribution channel remains the same, consider adding active points balances to your e-commerce platform. Give the customer a clear view of their current point balance in a highly visual part of your website, and emphasise the value of any points that are linked to their shopping basket to drive greater transaction value. For abandoned orders, consider a remarketing strategy that highlights how many points they have "lost" by not completing the order.

### 14 Step up engagement

In our rewards programs, we aim to create an emotional connection with a participant. To do that, you need to leverage the program's full value. Celebrate redemptions and create redemption heroes. Use platform stats to have your sales channel or customer support call customers to open dialogue. Information such as login dates, redemptions quantity or reward types, and program platform functionalities such as giving participants the ability to set goals to achieve a reward item, gives your sales teams something other than price to talk about.

When reviewing engagement, don't forget other stakeholders. Identify those people or channels in the rewards chain that are critical to the success of the program. Communicate your strategies or plans to people who need to hear it, and link their efforts and actions to the success and outcome of the program.

### 15 Understanding your data

This is a vast subject, and we can't hope to cover it fully in this article. However, one of your priorities should be to gather and review incentive and reward program data. Analysing sales and customer data gathered through and around the program gives you an excellent snapshot of your program's fitness.

To make the most of data, it's best to build it up over time. As you identify patterns, you can begin to segment customer groups, and build trends on customer's spend or supplier purchases. These insights can take your reward offers to a new level, as you tailor them with robust data guiding your decisions, instead of intuitive "guesstimates". At a minimum, there are some important building blocks you should begin with. These can be as simple as Google Analytics, data and journey mapping, eDM open and click rates, and web platform engagement stats. This helps you form a baseline where you can analyse and review the effect of changes you make moving forward.

As with any list, it's important to know when to stop! Our guide was based on internal program reviews, along with factors that we often discuss with stakeholders of the programs we manage. If you aren't challenging the program design, the outcomes, and yourself, then you could easily miss the opportunities to fix blind spots and make a good program great. ■

## B2B INCENTIVE & REWARDS PROGRAM FITNESS SCORECARD

To review the fitness of your program, give a score to each one of the Top 15 considerations presented in this article.

Score **3** for "Yes"  
 Score **2** for "Sometimes"  
 Score **1** for "Could Improve"  
 Score **0** for "No"

Tick your answer in the following table:

**Does my current B2B incentive program include these fitness measures?**

	YES	SOMETIMES	COULD IMPROVE	NO (NOT RELEVANT)	SCORE
Program Purpose Reviews					
Generating ROI					
Data Improvements					
Variable Rewards Yield					
Setting Benchmarks					
Market Share Design					
Improved Debtor Days					
Program Cost					
Personalised Communications					
Program Destination (website)					
Right Reward Choice					
Reward Proportionality					
Online Sales vs In Store					
Engagement					
Data Analysis					

**TOTAL SCORE:**

#### Score | Fitness Level

<b>40-45</b> High Performer	Your program is game fit, what can you add to take it to the next level?
<b>30-39</b> Fit	Your program has built a good base, now to focus on some key areas to step it up
<b>15-29</b> Building Up	Time to address your fitness gaps, you can still take great strides
<b>0-14</b> Unfit	Head to the gym and find a trainer, your program is falling behind





# Show Case

**Industry Segment:** Communications  
**Sub Category:** Mobile Phone



**This show case** outlines one of the typical challenges we solve in the communications industry. While it's not the only segment within the industry, the mobile phone space is one we're often active in, activating participants across Australia, New Zealand and Singapore.

The common focus of a mobile phone manufacturer is the distribution of their product via retail reseller networks, who stock a range of mobile phone brands and options. Although the role of above the line marketing activities primes customers to have a brand preference, the final purchasing decision is frequently made at the shopfloor. The challenge for a handset manufacturer often lies in promoting their product and influencing decisions in this "last 3 feet" of the customer journey.

In this particular instance, we identify the pain points as:

- Increase in share of wallet and margin growth (primary)
- Increase knowledge transfer (secondary)

Program designs to solve these problems can be done in a number of ways. However, we have to weigh up the variables, such as the stakeholders, the buyer, the sales person, their direct employer and the retailer itself. When considering design elements, we also have to identify enablers and barriers to achieving the objective.

Our typical solutions are based around behavioural economic

principles, including attribute priming (you can dig more into this on Page 6). The following explores a unique approach where high engagement was achieved with simple collectable cards.

Our program primarily targeted shop floor retail staff. Rewards points were earned for selling mobile phones or completing product-based training. Sales staff were invited into the program via a launch pack that, among other things, contained a branded t-shirt. The goal of this pack was to create buzz and motivate sales staff.

Sales staff registered through an online portal, then watched videos explaining how the program worked, such as how to claim and what points were available.

As staff sold devices, they logged into the portal to claim points with the unique 12-digit identification number or IMEI number on the phone – see data flow. (Note: they could also claim by text messaging the IMEI number.)

To facilitate product knowledge transfer and to educate on the value of genuine accessories, training was

delivered via the online platform. Bonus rewards points were issued for successful completion of questionnaires.

Each claim of a sold phone or accessory triggered two rewards. The first was a number of reward points which accumulated and could be redeemed in an online merchandise catalogue.

The second reward was a three-pack of collectible trading cards. The trading cards formed a fictitious band of 6 members: Alya, Razr, Sexton, Tiamon, Silliqua and Blade.

To unlock exclusive rewards a limited amount of metal key cards were produced.

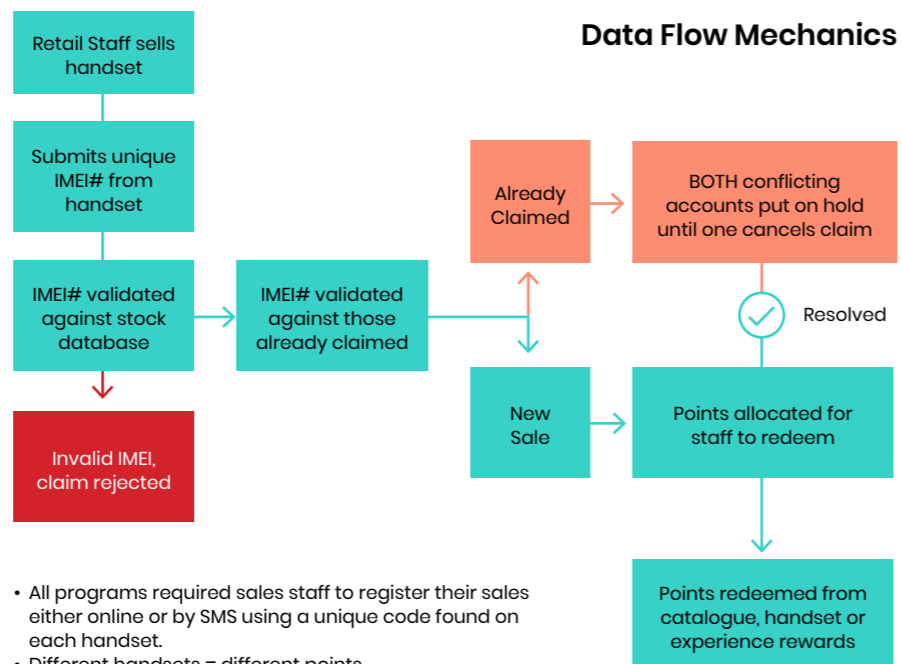
We linked the trading cards to an exclusive event promoting the phone band and headlining a chart-topping band.

An event ticket soon became hot property. Scoring a ticket involved getting a metal key card and collecting the complete set of band members cards. Cards could be traded between sales staff, which created buzz in itself.

The final outcome – kicking ass on all measurables and objectives!

This concept isn't a one-off, "never to be repeated" type of activity. If you have similar conditions, this kind of program could be perfect for you.

- Similar objectives of increasing share of wallet and promoting knowledge transfer
- Product sales that have a high value transaction
- A need to cut through and engage with sales staff
- Similar demographics ■



- All programs required sales staff to register their sales either online or by SMS using a unique code found on each handset.
- Different handsets = different points
- Focus towards flagship products but weighting also used in tactical promotions (such as EOL stock)





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# ROI: The Key to Proving the Value of Your B2B Program

Matt Griffiths, 212F General Manager Sales, Marketing and Technology

**R**eturn on Investment (ROI) is often seen as one of the sole metrics that determine the success of a reward or incentive program. To be classed successful, a program has to make a return in sales and profit. And that leads to an important question:

*How can a B2B rewards program be accurately measured in terms of real success amongst other business operations such as marketing and sales?*

Traditionally, ROI is a simple metric reviewed as a ratio or percentage (i.e. a volume of sales or revenue divided by expenditure). In other words, "how many dollars did I make... and how many dollars did it cost me to make them?"

Like most other business initiatives, incentive programs can't escape being assessed by ROI. Stakeholders want to see how a program's performed against certain indicators, which helps forecast future success (or failure). Scoping a program design with those success measures are as important as any other

part of design, and without a clear view of these in the initial stages can affect long term review metrics.

Setting program objectives linked to outcomes sets a strong path for ROI. An incentive program can't be "all things to all people", but a firm outcome and performance review can light the way towards demonstrating ROI. And when it comes to these programs, Return on Investment can be shown in various ways:

- Revenue vs reward budget
- Margin vs reward budget
- Volume vs last year, increase in dollars returned

To achieve a defensible position on ROI, a program must be related to sales or a financial value: it's the only way to determine true value.

To really determine whether a program is delivering an expected ROI, measures should be related to sales or financial figures. Returns based around other outcomes or objectives can be important to a business, but they're also prone to interpretation that's not so

compatible with cold, hard numbers. To find the true benefit of a program, you need to isolate the benefits from the cost of running and the reward value given away.

Another important method of measuring value from a program is by isolating an incentive program from "noise". An increase in sales may be due to any number of factors, and marketing managers may claim it is the result of an ad campaign or a sales initiative. In these cases, it's vital that program-related results can be clearly proven.

The benefits that spring from an incentive or rewards program go beyond the financial. How you measure different forms of ROI to create an internal perception around whether the program is delivering – and whether it should continue to run each year in terms of budget – is an ongoing task for anyone overseeing a program. Getting accurate views are even more important if you're in a business where you have sales channels you don't control. Being able to isolate and claim the benefits delivered,



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regardless of whether the program outcomes are absolute or intangible, will help justify the program's continuation and show how a strategically designed program complements wider sales and marketing strategy.

At 212F, we've reviewed several ROI methodologies and found the one developed by the ROI Institute to be best. This methodology isolates factors and benefits that may have had an influence in a rewards program, then takes them out of the final ROI review to avoid unfair claims.

The key steps to real ROI, free of the claims by others are;

• **Data collection**

Central to the methodology, this stage is reviewing what and where a program's data will come from. Data can be hard or soft, for example sales, cost and time or satisfaction.

• **Isolation of results**

Critical to the process is how to isolate the effects of the program from the data. This stage dilutes the figures by removing values that could be claimed by others as a cause or influence of the result.

These set a defensible position for the ROI, as what remains is the core benefits of the program. By identifying techniques that will help determine direct impact, will setup an accuracy of the ROI.

• **Data conversion**

This step is to calculate the actual ROI impact by converting sales or benefit data to monetary values and compare that to program costs. This requires some data to be assigned a value using a business accepted technique, which can be a challenge for soft data, such as behaviour or opinion based outcomes.

• **Costs & ROI**

To achieve a true ROI, all program associated costs should be added not just the visible costs such as program fees or rewards. Internal staff hours, training can be added to have a total program cost. Once the total program cost are collected it's a couple of steps away from a ROI

Return on investment of your program can now be represented by a ratio known as Benefit / Cost Ratio (BCR) or Return on Investment (ROI %)

The formula for both are similar and based on your business accepted ROI reviews represented in the best way

$BCR = \text{Program Benefits} / \text{Program Cost}$

$ROI(\%) = \text{Net Benefits} / \text{Program Costs} \times 100$

ROI is a growing requirement for most engagement programs, but when business is trading and performing well, budgets are easier to approve, and the reviews aren't generally thorough. Spending on rewards and incentives is an accepted supportive or method of delivery to a channel.

However as soon as there is a downturn in the market and budget cost cutting is required, opinions of a rewards and incentives program will vary, typically in lieu of any facts. But with a solid ROI process and defensible number built into a program a negative review can be flipped and shown to be a critical part of your way to market. Whichever method is the most beneficial for your business having a ROI concept and plan for your program will avoid the hard questions should they ever come up. ■



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# Lord of the Rewards!

*Yes, it might seem big-headed to claim dominion of the B2B incentive and rewards world... especially when I'm still a relative beginner. However, I did appear in Lord of the Rings as King of the Elves, so that's got to count for something!*

*Mark Ferguson, 212F Sales Director, ANZ*

**N**ow I'm working in the world of business behaviour change through incentives and rewards, and have reflected on how my past in entertainment relates to my present in rewards and incentives.

The connection may not seem obvious at first, but it's actually a logical progression. Your main focus as an actor is to create behavioural change in the character in front of you, for a specific objective, within a given set of circumstances. However, this would be meaningless if you weren't also creating a memorable experience for the audience. This is the glue, the engagement.

One of the biggest lessons I learned at drama school was the concept of playing an Action to achieve an Objective. My character (Mark) wants the other character (Katie) to marry me... in other words, that's my Objective. The Actions are what I do to

achieve the Objective. I might flatter her, charm, humour, threaten, or even beg (highly likely in my case!). All those verbs are Actions. To create drama, she will put up roadblocks to my Action, creating an Obstacle. The stronger the Objective, the stronger the Action, the stronger the Obstacle.

The other key is Empathy. As an actor, you learn the importance of walking in the shoes of another person... literally! To create a believable character, you can't start by judging them. You need to look at the world through their eyes, through the filter of their experiences, to really understand their wants and needs, or their Motivation.

It's easy to forget in the world of business, sales targets, KPIs, budgets, and new products, that it's still all about people, who they are and what they want.

So, how do I apply my acting experience to the world of business

sales and help clients gain a competitive advantage through incentives and rewards?

Let's look at the cut-throat world of air conditioning.

A small group of manufacturers are competing for the love of a sales channel of resellers and installers. The first step is to establish my client's objective. It should be easy, right? Buy more units, increase market share. Obvious, but it's the same goal as my competitors and not very engaging for my audience. But... what if we shift the thinking so selling more units becomes a result of an engaging objective?

By using empathy and asking the right questions, it turns out that many installers are concerned that none of the suppliers seem interested in cultivating long-term partnerships. They're worried they're seen as numbers, not people. So, we change the objective from "Sell More Stuff" to

"Build Stronger, Longer Relationships".

Just like acting, we then look at the "How". How do we achieve the objective? This is done with strategy. Maybe we start with an incentive trip – there's no better way to build relationships. But maybe, unlike our competitors, we don't keep doing a trip every year. By using a rewards platform, we engage our customers on a day-to-day basis. We keep it responsive and dynamic, offering business solutions, training opportunities, and support, all paid for by points earned by doing business with us.

The other key to maintaining an engaging program is the ability to listen. You may think as you sit in a darkened theatre watching a play, that watching (and listening) to the actors perform is what you do. In reality, the actors are listening to YOU as much as you are to them. Every audience is different. They react in different

ways and project a different energy. Performing Shakespeare to a school audience is very different to a mid-week matinee! If the actors aren't listening and making constant adjustments, the show becomes stale and the audience disconnects.

Maintaining an engaging incentive or rewards program demands the same of us. We have to listen, research, ask questions, analyse the data and make the right adjustments to ensure our audience stays connected and delivers the behaviour change clients look for.

Lastly, any reward experience should feel elevated from the every day. In the same way going to see a show is an event we look forward to and remember (sometimes forever), a reward for doing business with you should be a delight. Deliver great experiences every time and you'll see the engagement grow. Plus, a more engaging program inevitably leads to the behaviour you

want to see... more sales, greater market share, and migration to higher margin products.

So, even though I don't come to work to slay Orcs every day, I do get to help great people do amazing things while achieving top results for our clients. Cue applause... "I'd like to thank my mother and the Academy..." ■



212F Sales Director, Mark Ferguson going into battle for his clients! (Note extended ears for keen listening).

# 212F Labs & Decisive

*An Insightful Collaboration*

**F**ollowing an internal review in 2019, 212F identified the need to evolve their platform-based insights for B2B incentive programs into a true data analytics and program insights engine.

In March, 212F Labs (formerly Vault-360) launched as an answer to the challenge, shifting away from IT platform development and management and towards the development of insights for B2B programs. The launch of 212F Labs coincided with the collaboration of Decisive. Based in Auckland, Decisive is a Data Analytics Agency with over 50 years' experience in turning raw data into valuable insights, which they call Customer Science. Using strategy, business intelligence, advanced analytics, and visualisation, they help clients understand a customer database and how to engage customers to drive change.

Over a video call, Engage Magazine sat down with Keely Hilton, Partner Manager at 212F Labs and Simon Conroy, Director of Decisive, to talk about the collaboration of the businesses and the data analytic benefits they see for B2B Incentive and Reward programs.



**Matt (Engage):** Tell us, how did the 212F Labs and Decisive collaboration come about?



**Keely (212F Labs):** "212F Labs had identified the need to be able to create deeper and more connected relationships with customers. I believed data analytics and insights would be a key part of that. We had been on the lookout for a partner to support us, whether that be internal or external. When the discussion with Decisive came along, we knew pretty quickly we had found someone who we could partner with and be a great fit."



**Simon (Decisive):** "The conversation originally started around how we could help 212F lift its own internal analytics capability but we quickly moved on to how there was a broader opportunity to expand our networks and ideas in a wider marketplace. It seemed like a no brainer."

**Keely:** "We felt the same. In the past 12 months, we had started to do more research in this area, but like everything, finding the right partner is critical. Our business philosophy is that we need to be experts at what we do. Instead of trying to do a bit of everything, we partner with other expert businesses."

**Matt:** When you both look at B2B incentive and reward programs, what potential do think companies can have with analytics?

**Simon:** "Coming from a largely B2C space, there is always a push to generate high loyalty at a low cost. That comes from understanding what incentives resonate with various audiences, who to target those incentives at, and importantly, tracking outcomes over time. As you move forward with a program, you want to know how much change and influence campaigns have had and when they worked. It's really a test and learn mentality. Taking small cohorts, trying things, reviewing results, and deploying learnings to the complete program. There's no reason that B2B programs can't follow a similar insight and review process."

**Keely:** "Since every B2B reward and incentive program strategy is different, we believe that each company's needs for analytics will be different as well. Therefore, the potential that 212F Labs sees is providing insights that are meaningful to our clients to meet their business needs. Whether it's the ability to understand investment vs return, determining share of wallet, ongoing assessment of program performance, or even product pricing vs reward analysis. The potential is unlimited based on what we could do."

**Matt:** This partnership will be built over the long term, but what benefits do you see for B2B programs can implement today?

**Simon:** "The Decisive team see the first wins around business intelligence, understanding your market, and how it operates today. We've seen great success in taking public information and overlaying that with internal data to build a landscape of not only your customers, but of the competitor makeup as well. The obvious goal is to get to deeper 1-to-1 relationships [between brands and their program audience] but everyone needs to start with knowing what's around them first."

**Keely:** "Our views are similar as we believe we have clients today who would benefit from a deeper understanding provided by insights and analytics. The provision of deeper insights will immediately be able to help with challenges like share of wallet and potential growth opportunities that can be tapped into quickly without large-scale development requirements for clients."

**Matt:** Simon, you've had experience with B2C programs and analytics. Where do you think B2B programs general stack up today?

**Simon:** "I don't know what it is, but I don't feel that B2B have embraced analytics as

much as B2C. It could be as much a supply issue as a demand one, with fewer analytics businesses like us focused on the B2B sector. B2C is often seen as the sexier part of marketing compared to B2B, probably due to the scale and profile of the programs. That isn't the fault of the programs, it could be that they just fly under the radar. But for me this means it's fertile ground to build into."

**Keely:** "I agree B2B isn't as obvious but for some industries like IT or trade, where they only sell via a reseller channel, these programs are really important, so to be able to add analytics will set them apart."

**Matt:** Keely, do you see programs and industries in Australia and New Zealand using analytics in a similar way?

**Keely:** "Yes, I think that Australian and New Zealand programs will broadly use analytics in a similar way. Having worked in and across both countries for a long time, many industries and channels are similar in both Australia and New Zealand, however local nuances will always need to be considered just as they are when we run programs across both countries. We don't assume that the target audience or requirements will be the same, but in broad terms both markets are close enough where we think we can roll out analytics in a similar model."

**Matt:** Simon, with your experience, if you were to look at various insights such as sales, customers, or marketing, which of these program components would you approach first?

**Simon:** "I don't see them as separate components, I see them feeding into the same ecosystem. They work off each other and are part of a tool kit. The main question is the sequence of how you might attack it. Take share of wallet, for example. You might start at a 30,000 feet view using banking data and then drill down into specific markets, products, segments, and customers to understand where the opportunity for retention or acquisition is. They are all incredibly important and interlinked as far as I am concerned."

**Matt:** What are the barriers that you think have stopped B2B programs from taking the leap into analytics?

**Simon:** "One barrier that comes up, especially in the build phase of a rewards program, is the willingness of clients to share confidential data or in some cases the capacity to even provide a level of granular data needed to build insights."

**Keely:** "For new client programs, trust plays into this, but over time and as we are managing programs, and clients see the value in our recommendations, there'll be a

shift. So, I'm hoping that as customers see the value they could get from the analytics, this reluctance is less of a barrier."

**Simon:** "It could be the perception of investment. If you look at the large scale B2C programs such as Airpoints™ (i.e. Air New Zealand), they have teams of data scientists and lots of money flowing through it. In B2C you have the details of an individual, and you can easily track them and their behaviour over time. Whereas for the B2B environment, companies don't necessarily act rationally, so needs and motivations can be more muddled. It's also not as easy to identify the right people to engage with to get the right result. It could also be that B2B don't have the experience to know whether this is possible, so they haven't explored analytics as it traditionally happens in B2C."

**Matt:** In this current market and coming challenges, what are some of the ways you would suggest using analytics to provide immediate data insights?

**Simon:** "Right now, we are looking at how we can use historical and current data to understand what COVID has done to certain industries. If you look at plumbers

or electricians, finding out how many have gone out of business and how does that change the competitive dynamic by geography. Or how are customers changing their expectations of how they will engage with you. If you look at 'work from home', what impacts will that have on a business? What we're trying to do is use data to help business understand how they can adapt their model going forward."

**Matt:** Where do you see data analytics going in the future?

**Simon:** "Unfortunately, I'm going to give a disappointing answer to this one. There is lots of talk about Blockchain, AI, and Internet of Things, but it surprises me how many companies still don't have a basic level of competency around their data. If you cannot tell me what your customers are buying, which products and how often, then there's no way you should be looking at any advancement beyond getting your detailed sales reporting right first. It seems basic, but you need the foundations to work from. Our aim is to help drive that, as well with data capture through other means."

**Keely:** "212F Labs' DNA is to keep challenging, progressing, and developing

our industry and the benefits we can bring our clients. We're releasing advancements to the rewards platform that will allow geo location data via a rewards app, as well as the ongoing development of our API suite. Our aim is to make data integration and data flows as seamless as possible, as we see the pay off with analytics is so great."

**Matt:** How excited are you for the future of B2B programs with a robust data insight review process?

**Keely:** "Very! Data analytics and insights for our clients are the next step on our relationship journey with them. Several of our Labs' valued clients have been involved in B2B rewards programs for a long time and they too will be ready to take this next step. It's logical and they're ready; you can either stagnant or progress."

**Simon:** "From our perspective, the opportunity to team up with both 212F and their clients is an exciting one that's indicative of the reason we started Decisive. We are looking forward to seeing the results of our first project." ■

## Show Case

Industry Segment: Trade  
Sub-Category: Supplier

One of the biggest challenges suppliers who sell products to the trades industry face is "data", especially when they want to incentivise tradies to spur sales.

Unless they own their stores, suppliers sell their products through partners such as franchises, independent hardware stores or specialist resellers. Their partners are usually happy to promote an incentive for tradies – especially if there's something for them too. However, asking for sales data of their trade accounts, a necessity for the running and fulfilment of an incentives program, is often stretching the friendship too far.

Vendors have details related to partner purchases, such as volume, frequency and how much each partner is worth. They can see their store's purchasing behaviour. However, it's virtually impossible to get the data on how much or how often tradies buy, let alone accessing contact details to fulfil any incentive – and the stores aren't interested in managing incentives.

So, how do we engage directly with tradies so we can run an incentive program?

Let's look at a manufacturer of trade tools. This vendor relies heavily on their independent stores to sell and promote products.

One of our typical solutions in this scenario is to develop a two-fold engagement strategy.

1. A program where for every sale a trade customer makes (either a specific product, minimum amount or volume), they receive a set dollar amount as an incentive (e.g. \$50)
2. Engage stores to drive the program by offering them an incentive too (e.g. the top 10 stores with most claims recorded, or every store that hits a certain target, is rewarded as well).

The program mechanics are simple, and everyone can follow them easily enough. For every purchase a tradesperson makes, they go to the incentive program portal and upload proof of purchase (invoice) to lodge their incentive claim. Once the claim's approved, we send them a reloadable Visa Prepaid Card with the

supplier's branding. Tradies can lodge as many eligible claims they want and at the end of every month, we reload their cards with what they've earned.

Independent stores are engaged to drive the program. On launch, an email is sent to all stores that shows them where they can see a leader board with their position in relation to earning a reward. The top stores that win can be given tickets for the staff to attend a sporting event with other store winners, all hosted by the vendor, or any other number of rewards.

At the end of the program, the trade tool suppliers gain a database of engagement customers with the data to understand purchasing behaviours. This data is then used for future programs and to drive better engagement with their market. Plus, the engagement they've had with store has a "bonus" benefit: the vendor now has a network of brand advocates that will sustain sales and repeat business. ■



The Decisive Team:  
Craig and Simon

decisive



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# Who's REALLY King?

## CASH VS NON-CASH REWARDS

Tanya Henneman, Operations Manager Australia

One of our core philosophies for B2B program design centres on the inclusion of non-cash rewards or incentives to change behaviour. We often discuss the role of cash vs non-cash rewards with clients, and the best ways to use each.

Cash rewards have a number of things going for them:

- They're simple to understand
- They're easy to distribute
- Cash has a universal value

However, the million-dollar question is:

*Will an increase in cash change behaviour the way you want it to?*

Money is a critical component of an individual or channel partner relationship, but it's often the wrong instrument when trying to change behaviour.

*If it's really a "global" solution to every organisational challenge, then shouldn't everyone be on commission-based packages and outperforming expectations?*

But let's dig into this, starting with the roles of compensation vs incentives. Compensation's role is to attract and retain the right calibre of people or distribution partners, and get them to deliver on business objectives. Once an individual or channel distributor receives compensation, it often becomes taken for granted. In other words, you'll face a struggle to "rearrange" the situation... and find it almost impossible to take away or reduce.

However, from a rewards perspective, incentives are a different creature. This definition of non-cash rewards sums it up nicely.

*Instruments that trigger a change in behaviour without making changes to any compensation plan.*

### Non-cash rewards give us 5 key attributes that cash does not:

1	<b>Satisfying Wants vs Needs</b>	Cash is likely spent on household expenses. The more cash earned, the more easily it becomes income adjusted
2	<b>Eliminate Guilt</b>	Spending money "compensation" on yourself can create guilt. Should it be used to pay off a mortgage or pay for household items?
3	<b>Trophy Value</b>	Mostly it is seen as inappropriate to boast about our earnings. Instead we celebrate our status with trophies; luxury items, latest gadgets, new cars, etc.
4	<b>Recall Value</b>	Physical reward or memory based experiences have higher recall value. A sum in your bank balance is difficult to see in components of how it was achieved
5	<b>Difficult to replicate</b>	Competitors can match remuneration plans more easily. This is by far the easiest component to replicate

Going further, the notion of severability is a powerful influencer in a non-cash model. Severability combines several of the attributes above and frames the concept that non-cash rewards remain "separate" to household income. We've all used frequent flyer points to upgrade a flight, or credit card points to buy a new watch, bag, or tablet... whatever you've fancied at the time. We do this guilt-free because those points are severable. Redemptions or point purchases don't need to be justified to the same extent as money, as household income is untouched.

Having said all that, there are times where cash may be a better option than non-cash rewards. After all, everything has its place. I vividly recall consulting with a client who wanted to spend millions of dollars on a channel travel incentive program. They had a budget of around \$12,500 per person. As you can imagine, that kind of money

makes for an amazing travel incentive experience.

Setting aside the ROI challenges for this discussion, we used our discovery process to explore and understand the target audience. We realised that 80% of the target audience were modest income earners. That being the case, we felt the audience would be more engaged by incentives that gave them flexibility on the rewards, so they could choose what was right for them.

Imagine you were just making ends meet and were suddenly invited to travel to Monaco, all expenses paid. Sure, there might be early excitement, but then "real life" would set in and you'd probably start thinking how you'd prefer to have something more relevant to your lifestyle.

We often make comparisons to Maslow's Hierarchy of Needs to illustrate this better. Ultimately, the channel program could not pay peoples

salaries (and that was not its role), so we recommended a tiered program with a travel incentive program for some of the target audience, and either a merchandise reward program or a branded prepaid Visa card for the remaining majority.

So, how do we know non-cash programs work? There are literally dozens of data sources, case studies and research surveys showing this, from the IRF (Incentive Research Foundation), IMA (Incentive Marketing Institute), The Wise Marketer, and Aberdeen Group. They all lead to a similar conclusion: non-cash rewards have a prominent place in many incentive programs.

One study by Aberdeen Group around sales performance management uncovered a fascinating find with organisations that provided non-cash rewards against those who didn't:

<b>+</b> Provide non-cash Rewards and Recognition	<b>-</b> Do not provide non-cash Rewards and Recognition
<b>9.6%</b> increase in average YOY annual corporate revenue	<b>Only 3%</b> increase in average YOY annual corporate revenue
<b>2.1%</b> increase in YOY revenue per sale FTE	<b>0.7%</b> decrease for all others



We've seen it ourselves with hundreds of clients over the years. Since 1996, we've been implementing programs across Australia and New Zealand, learning firsthand what works and what doesn't. And while our access to information and data has changed over

the years, the fundamentals of good program design haven't wavered.

Cash and non-cash have their place in every organisation using incentive programs. Which one is king depends on organisational objectives and how well the behavioural change

plan is structured and communicated.

Ultimately, it boils down to what we tell our clients: design the right behaviour change program first, select the reward last. ■



# Make Targets More than a Customer Baseline

Rob Morrow, 212F Managing Director

**F**or behaviour change program designers, targets are a typical “weapon” in our arsenal. They’re frequently used when trying to achieve customer ROI or manage to a fixed budget, and often pop up in travel incentive programs.

The big challenge working with targets typically comes from setting a fair target that:

1. drives behaviour
  2. meets your business objectives
- There’s plenty of evidence in organisational psychology and neuroscience that document the importance of fairness in human beings. A recent IRF study (Dec 2017) states that fair earning criterion is a leading “satisfaction driver” for participants in incentive programs.

When reviewing target models, there’s generally several standard models we start with:

- GTD (Growth Target Dollars)
- OVT (Opportunity Value Targets)
- SDT (Self Determined Targets)
- SPT (Status Points Targets)

Of course, there are variants, especially when we add a leader-board component. But let’s take a closer look at each of these models.

## Growth Target Dollars (\$)

As simple as it sounds this is often a percentage growth over a previous period, and in most cases the previous year. The advantage of this method is that it is relatively easy to establish a high-level ROI model. As an example, we have a customer who purchased \$ 300,000 the previous year. If we assume that our gross margin is 33%, then we know \$ 15,000 growth = \$5,000 margin. Assuming a cost of the program of \$5,000 and we also have target ROI of 1:2 or 200% (or for every \$1 spend we make \$2), so our growth percentage target would = 10% or \$30,000 growth to make a total target for this customer of \$330,000 before they qualify for the reward.<sup>1</sup> (See ROI footnote).

## Opportunity Value (OV) Targets

OVT can be the most complex method and requires insight into what a customer’s spending power is. We typically find three main methods when establishing these targets. These models become more frequently used as the accuracy in analysing customer data improves.

1. Size standardisation and minimum target
2. Historical trends and estimates
3. Gap analysis (Business Intelligence)

## (OV) Size Standardization and minimum target

This is a standard methodology to estimate the potential purchasing power of a customer.

Using this method, customers are classified into clusters or groups, such as small, medium or large. Alternatively, it’s utilised for trade distributor programs such as plumbing.

Here’s an example: a single plumber installs or buys \$5,000 worth of materials each month. Therefore, a business employing three plumbers should spend around \$15,000 per month or \$180,000 every year. Once you know what they’re spending today and the OV, you can set an individual target that realistically aligns to ROI expectations. Many organisations use CRM systems to manage these types of method.

## (OV) Historical Trend/Estimates

CRM and ERP systems are a great source of historical purchase data. They give you an insight into historical trends and a baseline to work with before percentage growth is applied. The downside is that this usually requires getting input from a salesperson, and these sales people may influence the target to ensure their favorite customers have easy targets. So often it fails the “fairness test”.

## (OV) Gap Analysis (Business Intelligence)

A gap analysis looks at customer groupings to discover what the customer is NOT buying. This creates an opportunity value delta. Even today, many organisations underutilise BI (Business Intelligence) tools to mine data that delivers insights like this. Don’t be surprised to see AI (Artificial Intelligence) also moving into the picture to uncover actionable intelligence in this area.

## Self-Determined Targets

Self-determined targets can be one of the most powerful target options you have.

This concept is also relatively simple: allow the customer to choose the rewards they want, then set that as their target. We often use this in merchandise programs where we help the customer set a redemption target they want, which nudges them towards something meaningful. This creates highly engaged participants, and gives you a targeted communication strategy to motivate them.

Imagine your customer loves to play golf. For them, it’s a no-brainer to set their target as a \$2,000 golf set on offer. Your communication keeps them posted on their progress and sales relationship activities focus on ideas or suggestions on how they can achieve the reward. When the customer closes on their target, you nudge them towards the next level, whether that’s a golfing experience, club membership, or an even better set of clubs.

## Status Points Targets

Status points targets are very simple but very powerful for two reasons:

1. They give you the flexibility to award points for different behaviours
  2. They don’t come with the burden of actual monetary point values
- Points can be awarded for acts such as training, or for product-based actions such as selling more profitable lines. And since you can award status points for actions that don’t have a financial return, you can tailor them around fixed or tiered rewards from an assigned budget. For example, status points (SP) can be arranged into tiers like this:

- 1000 SP = Trip to Gold Coast
- 750 SP = Home Theatre System
- 500 SP = \$500 Gift Card

Regardless of the reward or tier, it all comes from a fixed budget that you control.

## Summary

When we look at the pros and cons of each model, one of the biggest challenges is balancing the wants of the rewards provider with the recipients. While models like growth targets are simple, they can miss the mark on maximising growth opportunity across your customer base. Growth percentage targets sometimes lead to buying cycles that cause you to lose individual customer volume every second year.

Opportunity value models, like the three we mentioned, help us get closer to maximising your sales potential.

But you can’t use them without having meaningful data and insights, and even when you do, gaining clarity from the muddle of data can be tricky. Plus, these often require guidance from sales teams, where dramatic variances of interpretation can emerge.

While self-determined targets require a lot of work helping and encouraging customers towards realistic goals, these are hugely engaging and most likely to pass the customer’s fairness test. Status points targets can reward everyone through the use of virtual tiers, though establishing pre-program ROI confidence can be a challenge.

Whatever the model, targets are a powerful tool in driving programs, but there’ll always be concerns around fairness. We can’t lose sight that targets are just one of the variables when building a program. Our strategy has to make use of the entire “tool kit” to generate engagement in a program. The more you understand the audience you’re trying to reach and how they behave, the more smoothly your program design is likely to be. Unfortunately, we see programs stumble all too often due to poor assumptions of the customer... and that’s something targets can never fix, no matter how you use them. ■

<sup>1</sup>) ROI notes: The above ROI model is not a recognised ROI methodology and is used as an indicative calculation to simplify the discussion. For a true ROI methodology, 212F would recommend a fully defensible and recognised process, such as the “Phillips ROI Methodology”.



# How to Maximise B2B Sales Using B2C Principles

Mark Farrell, Sales & Partnerships Director

## PART 1

**T**raditional thinking says that businesses approach B2B and B2C in very different ways with which strategies are put in place to acquire, sell and retain customers. In reality, they're more closely linked than we would at first glance believe.

Across this two-part article, we'll discuss the key differences between B2B and B2C, identify what B2B can learn from B2C, and how using these strategies drive successful loyalty, rewards and incentives activity that in turn deliver measurable behaviour shifts.

Each of the B2B and B2C markets (or selling) require an individual sales process with a well implemented strategy, regardless of the length of sale. They also need strong alignment with marketing to succeed in both acquisition and retention. Customer loyalty and advocacy is seen as the overarching goal whoever you sell to, whether it's a single consumer or a business.

### The top five differences of B2B and B2C are:

#### 1 Targeting

In B2C, you're targeting millions of people who have a want or need for your product. In B2B, leads are defined by the target companies' specific requirements. In other words, the blanket approach won't work. There are fewer prospects in the B2B world, but each have unique buying requirements and a reason to purchase. B2C spends a lot more on marketing, while B2B tends towards face-to-face selling to build relationships and understand the unique traits a potential customer has.

#### 2 Product Knowledge

B2C and B2B buyers today are more sophisticated than ever before, thanks largely to the amount of information available to them. The difference between the two lies in depth of product knowledge. In B2B sales channels, individuals and teams need ongoing product training and updates to stay on top of what they sell. They also need a deep understanding of the structure and "personality" of each unique customer, in order to build and maintain the relationship.

#### 3 Complexity & Number of Buyers

In B2C, there's usually only one decision maker: the customer themselves. In B2B sales, we navigate through a maze of gatekeepers, influencers, blockers and decision-makers. Just like every sale is unique, the work involved in the sales process is different each time, and that often starts with just identifying which contact fills what role before the process even begins.

#### 4 Emotional vs Rational

In B2C, you look to get an emotional response from customers, usually because they're buying a product with competitors offering identical benefits. B2B buyers are more rational, and they need to be. The price, scale and potential repercussions of a wrong decision at the buying stage are far greater.

#### 5 Length & Type of Relationship

B2C relationships are looked upon as one-off relationships, usually at point of purchase. B2B selling involves more face-to-face interactions throughout the process, and each side often has to invest considerable time.

### Bridging the Gap

Despite all these differences, there's a common thread shared by B2B and B2C that indicates these traditional differences may not last. That thread is DATA. With more available than at any other time in history, along with evolving tools that harness it, data is now a way to optimise B2B sales and marketing in a similar way to B2C.

### Data and Technology – enablers for B2B professionals

Over the past 20 years, B2C businesses had to be at the forefront of data collection, management and utilisation, simply because of the sheer volume of data generated from the rapidly-evolving online sales environment. Not only could a B2C business use that data to target, sell to and engage with customers, it could develop complex data sets and processes to develop its customer base.

Data's an enabler when coupled with technology, and it now paves the way for amazing customer journeys, segmentation and targeting in B2C. It's

this use of data that identifies, nurtures and enhances relationships with customers.

In B2B, key steps along the sales process, like nurturing and targeting, have stayed firmly in the domain of the sales person. The data a sales person had to help make a sale was often known only to them, and built over a number of face-to-face meetings. But what made the meeting a success or a flop? What were the crucial factors? If a sales person made a sale today for this year's figures, were they thinking of the next sale (and next year's budget) via an ongoing relationship? Critically, were they storing the knowledge (data) about that business and its decision-makers in a central database... or only in their head?

Technology and an appreciation of the value of data has made most in the B2B world more accountable and better prepared. B2C has used data for over 20 years to be more customer-focused, productive and relevant – in other words, "customer centric". Companies that operate in complex B2B markets (e.g. resellers and channel models) now

also use technology to increase their customer centricity.

For B2B sales and marketing teams to gain the same advantages B2C does from data, they have to move away from rewarding transactions and build emotional stickiness to the brand by recognising behaviour that goes beyond financial motivation. Interactions with the business or program, like website visits and product manual downloads are excellent ways to identify a "warmth" to a business or product. These must be recognised, and when running an engagement program, rewarded.

B2C have long used data to identify customers, target them and deliver a seamless, relevant customer journey that grows engagement and spend.

In Part 2 of this article, we explore how data brings customer centric outcomes to B2B incentive and rewards programs by making simple shifts in sales and marketing focus that in turn drive engagement and spend. ■





**WHAT'S  
YOUR  
BRAND?**

# The Power of a Strong Incentive Brand In The Time Of Uncertainty

*Matt Griffiths, 212F General Manager Sales, Marketing and Technology*

**I**t's in unpredictable times like these that a strong B2B incentive program brand truly proves its worth. A well-defined program brand gives companies the flexibility to adapt and change their strategy and reward offers without damaging customer goodwill. Program participants trust that the outcomes of any program change will hold true to the brand and the value they receive from it. But to accomplish this, putting your brand centre stage instead of the reward (a common crime), is crucial.

COVID-19 has affected travel incentives more than any other reward type, with most travel incentives programs either postponed or cancelled. These shutdowns, plus the unknown of when travel might be possible again, has proven a devastating blow to the industry. Businesses that provide travel incentives are unsure whether they will deliver a travel program again.

Prior to the travel bans, border closures and social distancing, we

often used travel incentives to show why companies should focus on communicating and building a brand, instead of the reward. With travel incentives, companies mistakenly focused on the reward destination... which left them vulnerable to events such as this pandemic.

Our conversations and framing on building brand with a travel incentive program typically revolved around one major theme. Where possible, move away from the destination and build a brand and community that customers, channel or sales teams can identify with. A singular focus on the destination can lock you into a position difficult to navigate away from.

To be effective with travel rewards, an incentive brand must do more than just promote a particular destination. When people return from their trip, they should say, "Wow, that Elite Circle trip was unforgettable," rather than simply, "I went to Queenstown and it was great."

Elite Circle is a fictional brand, but there's no denying the difference between the two statements. One is merely stating a holiday destination, the other is actively promoting a program brand and subtly encouraging others to take a closer look.

To design a stronger B2B reward and incentive program brand, we recommend using the Kapferer Brand Identity Prism as part of the onboarding and design phase. This method distils what your brand means and how those attributes carry across in a program identity, while also creating a stronger position for the program.

To demonstrate the Brand Identity Prism, I've created a sample for our fictitious incentive program brand Elite Circle below. The industry segment is IT, with a B2B sales channel as the way to market.

At the heart of the prism lies your company and program logos.

In the left-hand column are external-facing elements around

how you want a customer to see your program, who they are, what relationship you have with them, what you want them to see, and the association they have with your brand.

The right-hand column is internally facing and helps identify how you portray your program brand identity. This includes your brand's personality, which guides you on how to express your content, language and culture. By doing this exercise, you keep the elements of your incentive program, such as rewards and communications, consistent with your brand and image. Clarifying the self-image sets the framework for ongoing emotional connection and status to a program.

Coming back to travel, there are several industries across Australia and New Zealand that led with destination as the incentive offer, rather than brand. They now find themselves in a position where communicating the value of their programs is difficult.

With a solid brand proposition, these industries and companies could have addressed the challenges with the following benefits:

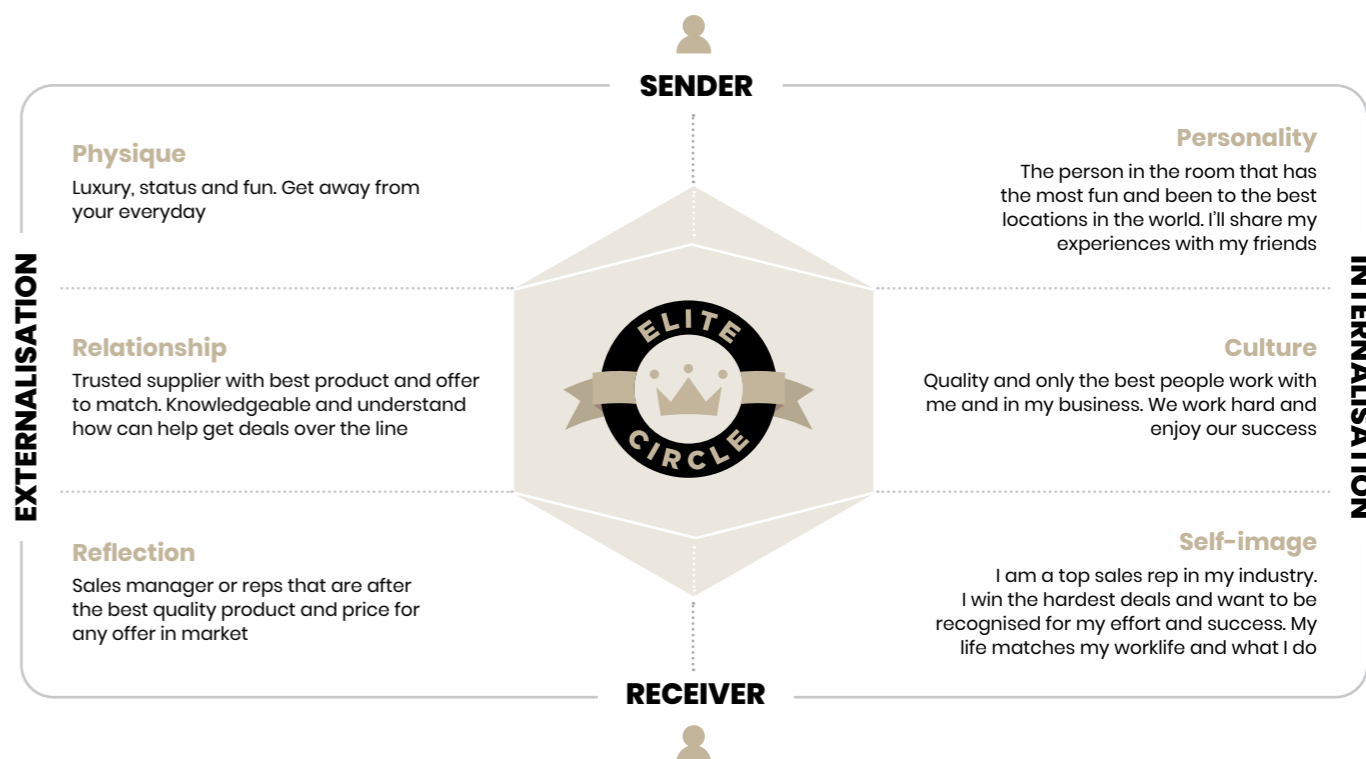
- **Emotional Connection** - over time, customers build an emotional connection with a program brand. People with strong loyalty are more forgiving when hard decisions need to be made.
- **Messaging** - rather than a focus on just the rewards, you're able to talk about and promote other program benefits.
- **Brand Promise** - a customer knows the quality on offer in the program and can expect it will be delivered on.
- **Budget Creep** - there's no need to try to outdo the last program with the same budget, avoiding shortcuts that could damage the program brand and undermining the point of the program.
- **Budgets Cuts** - there's more flexibility to change the program reward offer when economic challenges arise, as the program has a "safety net" of brand promise.

It takes time to build the value proposition of a program. However, by putting the spotlight on your brand, you change the conversation with your

customer. Over time, they see your brand as a partnership, not an expectation. This gives you the flexibility to change and offer rewards, which recent events have shown to be valuable.

Understanding your brand and developing a clear program identity makes it easy to relate and talk to your participants. It sets a clear direction for communication and connects with people who become your strongest advocates. Connection is key for a powerful incentive brand. It also gives you the luxury to change any element in your program (like switching to other rewards, such as from merchandise to Visa Prepaid cards) with little fear of customer repercussion, as the reward is not the chief focus.

Few businesses would create a logo or business name based on a single product, as it would restrict plans for new products or services. The same concept applies for the brand of your incentive program. So, instead of leading with the reward and locking yourself in, build a strong brand and lead with a strategy to maximise its potential. ■





# Straight to the Pool Room

*Belinda Ramanauskas  
212F General Manager Operations, ANZ*

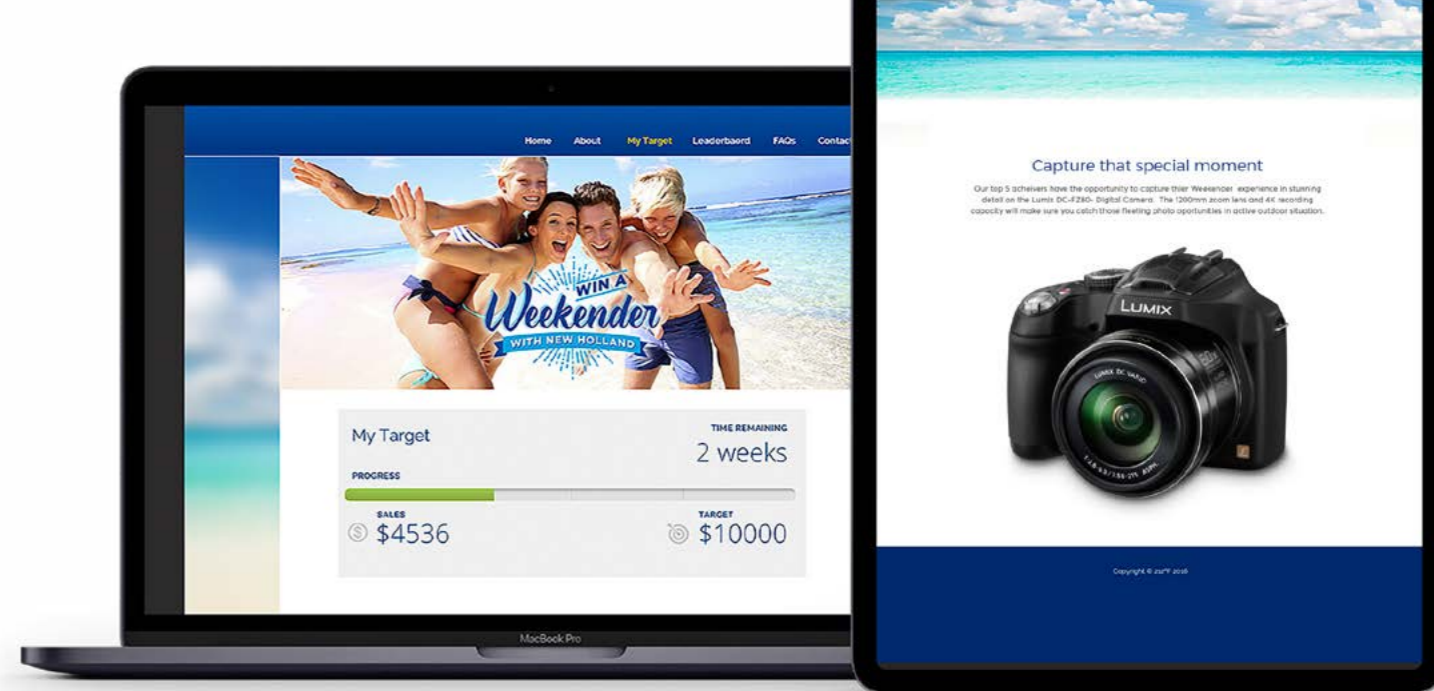
## If you've seen the classic

Australian film "The Castle", you'll no doubt remember the famous phrase "This is going straight to the pool room". It's become part of everyday conversation and like central character Darryl Kerrigan, many people given something incredible compliment the giver with "this is going straight to the pool room".

The "pool room" is significant because it provides a continual reminder of the important milestones, achievements and special celebrations of your life. Having "trophies" on display allows you to share different stories with friends and family, and reconnect with those happy memories and feelings time and time again.

In the business world, gift-giving is a common practice. The wristwatch has long been a gift to recognise a significant achievement or milestone. Unlike a bottle of wine that might be consumed and discarded the next day, a watch is something likely to be treasured for years. At any point someone glances at their wrist, they're reminded of the experience and emotion of the company that gave them the gift. This is known as the Halo Effect.

In many ways, the purpose of incentive programs is to build on this Halo Effect. A successful program can have a deep, positive influence on one's relationship with the company they're associated. Reward offerings are one way to build this.



It's a common belief in the incentive industry that the trophy value of tangible, non-cash rewards are the most effective way to drive performance. When we talk about the trophy value of rewards, we refer to the emotional connection evoked every time someone sees, feels or talks about their reward (much like the way a sporting trophy evokes memories of a big game or moment in a person's life). For example, "I got this reward from my trade store for the number of purchases I made over the last year". In the same way someone prides themselves over the reward, the perceived value of the associated company's brand can increase tenfold.

While surveys often list cash as the preferred reward for many program participants, there are downsides to running with cash as the main reward. One of those is very limited trophy value. When you reward someone with cash, you essentially give away money with little or no opportunity to be connected to the benefits. Most people don't share cash rewards with peers or friends, and it usually doesn't come up in conversation. In fact, cash is typically deposited into savings or spent on mundane expenses like petrol, groceries, or school fees – things you never think twice about.

For a reward to truly inspire and engage your recipient, it needs to be personal and meaningful. Using a blanket approach with your reward offering won't have the desired impact

on a diverse target audience: two people of the same age and same demographic can be interested in very different things. Giving people a wide range of options can help overcome this and is one of the reasons why point-based incentive programs (coupled with extensive reward catalogues) are popular.

Individuals get excited when they can choose rewards that mean something to them, and they'll put in more effort to achieve those rewards. Ideally, your program enables participants to set and track reward goals, giving participants an even bigger personal stake. The most successful programs use targeted communication to guide and nudge participants towards individual rewards, thereby helping the program objectives to be reached. That's the definition of win-win for everyone!

Like merchandise rewards, incentive travel is another reward type that's not only exciting, but has huge trophy value. In fact, travel might hold the ultimate trophy value, as the aim of creating memorable experiences and once-in-a-lifetime opportunities is embodied by an overseas trip or resort stay. Ask someone what they spent their last cash reward on, and odds are they'll have long forgotten. Ask about an incentive trip they took 10 years ago and they'll still remember almost every minute of it, including the brand, who hosted it, other guests they went with and their favourite moments. The long-

lingering Halo Effect is a central part in the success of a travel incentive.

While it's not difficult to add trophy value into a B2B reward program, most of the best in class programs start from the beginning with communication and collateral. Focus on communicating what's required to succeed in the program and ensure that changes in behaviour are recognised with rewards. As a result, the reward is valued all the more as a part of the celebration of the effort. Or, valued like a hard-won trophy that's going straight to their "pool room".

**To ensure the success of a reward or incentive program, it's important you connect with your audience on an emotional level:**

- 1) **Use non-cash rewards** – research shows non-cash rewards are more motivating, memorable and have a more positive effect on long-term performance
- 2) **Communicate** – tell the story of the program and build anticipation. Help your participants visualise themselves achieving their goal and enjoying their reward. See the reward, want the reward, work to achieve the reward!
- 3) **Celebrate** – make it a big thing. Ensure you celebrate achievements and make them memorable. Not only will it leave the recipient feeling super-motivated, it inspires and motivates those that may have fallen just short to work even harder. ■

# Getting a Greater Share



*Matt Griffiths, 212F General Manager Sales, Marketing and Technology*

**I**n a world that has seen such dramatic changes, your customers' priorities have no doubt been shaken. Partners that had been actively purchasing may go to survival mode, with a view to the future. All at once, expenditure and cash flow trumps profitability as a key outcome.

In these changed conditions and relationships, it is the perfect time to review the objectives for your B2B incentive program. If your program design is on autopilot and still operating as though nothing has changed, you are flirting with disaster. Chances are that if your program doesn't have a strategic design with share of wallet at the forefront, then your competitors' program does. But it's not too late to adapt the design to the changing market.

In simple terms, share of wallet determines how much a B2B customer can spend on required business goods and services. This is not different to how you view your wallet with grocery and supermarkets are all vying for their

piece of your weekly spend. Promotions, offers, advertising are the levers to get your attention. In the B2B market, you can follow a similar pattern but increasing share of wallet is one of the primary challenges that can be solved by a rewards and incentive program.

Share of wallet becomes even more important to have as the core of your program when market conditions change and are economically challenging. While a market and your vertical may see a downturn, spending by customers typically remains, although not at the same volume, value, or frequency as it was. The challenge becomes how to attract the repeat purchase from the customer database without having to resort to price reductions, offers or discount.

An incentive and reward program with share of wallet at its heart helps navigate that price problem. Rather than using price to gain new customers, you use rewards to shift the spend of a customer more heavily to you (especially if they're also buying

from a competitor). This is "Loyalty Programs 101", especially for airlines, who drive repeat purchases with status points. Customers often choose a more expensive airfare (which means greater share of wallet for the airline) simply to get the gold status and the benefits that come with it!

Transfer this concept to the strategy of your B2B programs. The aim is to not just reward a transaction, but recognise customer loyalty and shift the value beyond a single purchase to one of benefits for both individual and business. Increasing a customer's share of wallet is much more reliable and profitable than trying to acquire new customers.

Tracking customer spend and visually displaying the wallet share shift within a dashboard gives you a powerful tool: the ability to quickly calculate and defend a reward program's return on investment. While this information is important to your program, the benefits extend beyond just an incremental sales value and into other areas.

## Price Protection

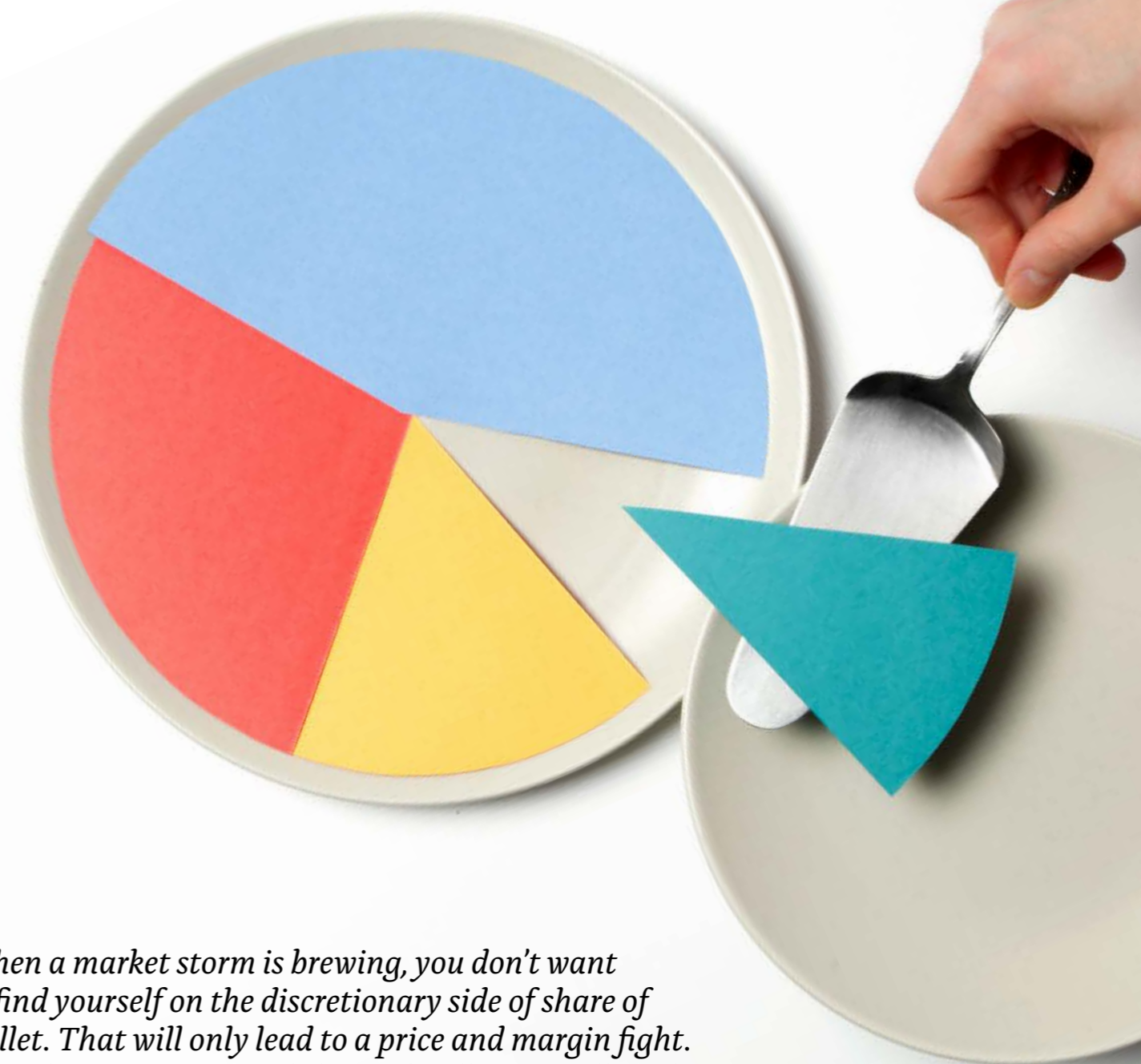
Protecting margin in a tough market delivers huge dividends to the business in their efforts to gain higher wallet share. In fact, margin could be given back to the customer in reward values, which gives you flexibility to retain prices while offering attractive benefits. Being able to maintain your margins while increasing purchases is one of the easiest ways to extract maximum ROI out of a program and defend its position as a key plank in your customer offers.

## Save on Sales & Marketing Resources

Incentive and reward programs can be your silent salesperson as they drive sales through recognition of purchases. You can send targeted communications and offers to existing customers through the program, maintaining (or enhancing) the relationship with them, rather than increasing overheads with new sales staff or marketers.

## New Customer Acquisition Marketing

It's been often quoted that attracting new customers can cost up to five times as much as keeping existing ones. With that in mind, shifting even a fraction of your customer acquisition resources to promoting your program can reap enormous benefits. Plus, the ability to track sales through a reward program gives you justifiable results and ROI from a campaign compared to more nebulous sales acquisitions, which can come from various avenues. ■



*When a market storm is brewing, you don't want to find yourself on the discretionary side of share of wallet. That will only lead to a price and margin fight. If you haven't considered share of wallet as a pillar of your incentive program, it's time to take a closer look.*

# How to get started with Analytics

Simon Conroy, Director Decisive

Over a century ago the retail magnate John Wanamaker famously coined the saying “Half the money I spend on advertising is wasted; the trouble is I don’t know which half”. Much has changed in the world of commerce since those early days, and one of those is the emergence of Data and Analytics. As a discipline, Analytics was established to answer complex business questions, much like the one posed by Mr Wanamaker. Thanks to factors such as the proliferation of digital channels, tracking technology and modelling techniques, we have a much better idea of which half of advertising spend drives value. This is just one example of the transformative power of Data and Analytics for businesses.

The trouble is that Analytics has become so complex and ubiquitous that making the leap into this “dark art” can be intimidating. This is particularly true for the average business who may lack the scale, sophistication or confidence to do it themselves. However, if you distil Analytics down to its rawest form, it’s simply the use of mathematical techniques to solve problems. If there’s one thing most businesses have in abundance, it’s problems to solve. So, the first recommendation for those wanting to leverage the potential of Data is to find a partner who can help you. You are an expert in your business and the challenges you face, so team up with an expert and use Data to find solutions to these problems.

A common question I hear is “Where should I start with Analytics?” My response is always the same: do you know who your most valuable customers are? If your answer is “no”, then that is your jumping off point. For some, value could just be who spends the most with your business (a simple insight that evades an astonishing number of organisations). For others, value might incorporate elements beyond cash in the till. These are a few examples:

- Product margins
- Cost to serve
- Loyalty costs

Either way, the aim is to understand how much each customer contributes to your bottom line. I have worked for and with some of NZ’s largest and most respected brands and I’m yet to meet an organisation who can fully demonstrate the ability to do this.

If one side of the “value coin” is customers, then the other side is potential value itself. By this, I mean: do you know how much of your customer’s share of wallet you’re capturing? Looking at your own numbers can understate how much a customer spends in your category. There are ways to estimate share of wallet and it’s an incredibly valuable and insightful exercise to do. So, the second recommendation is to understand the current and potential pools of value in your customer base.

Segmentation, in one form or another, has been around since the 1950s, and it means to divide your customer base into similar groups. In the current climate of 1:1 marketing and hyper-personalisation, segmentation is viewed as a somewhat primitive approach. However, for an organisation just starting out on their Analytics journey, it can represent a quantum leap forward in understanding your customers and how best to engage them. A popular approach, which originated in Retail, is called RFM Segmentation. This methodology looks at transactional data and groups individual customers into clusters based on three dimensions: Recency, Frequency and Monetary.

## Recency

How much time has elapsed since a customer’s last activity or transaction with the brand? In most cases, the more recently a customer has interacted or transacted with a brand, the more likely that customer will be responsive to communications.

## Frequency

How often has a customer transacted or interacted with the brand over a certain time? Customers with frequent activities are more engaged, and probably more loyal, than customers who rarely do so.

## Monetary

Also referred to as “monetary value,” this reflects how much a customer has spent with the brand over a particular period. Big spenders should usually be treated differently than customers who spend little. Taking the dollar value of all a customer’s orders and dividing them by frequency gives you the average amount; an important secondary factor when segmenting customers.

While it may sound complex, this exercise is straightforward when you have the right Data. Brands can use these groupings to better target communications and achieve higher response rates and engagement. It also has the benefit of informing you of where not to spend your money by trying to engage customers unlikely to respond. So, my third recommendation is to implement a segmentation model

to help you think about your customers as groups of similar entities, rather than an amorphous collection of individuals.

The final recommendation sits at the very heart of Analytics: measure outcomes. The beauty of Analytics as a data-based discipline is that when implemented correctly, it makes it possible to track changes in customer behaviour with a high degree of accuracy. Going back to John Wanamaker’s quote, this means you can understand which engagement activities resonate with the audience and achieve the desired outcomes. The ideal environment with which to conduct this analysis is an incentives and rewards program. The nature of these programs means you have a direct line of communication to individual members and you’re notified when they make a purchase, which gives you a closed-loop system to track behaviours.

I hope this has given some clarity to businesses wanting to experiment with Analytics but were unsure of how to get started. Follow the four recommendations I’ve laid out, and you’ll have not just a newfound respect for Data and Analytics, but newfound success. ■

## FOUR STEPS TO HARNESS DATA AND ANALYTICS FOR YOUR BUSINESS

1

Team up with a partner who can help you with the Data side of things

2

Calculate the value of your customers

3

Develop a segmentation model

4

Measure outcomes

# Behavioural Economics in B2B Incentives & Rewards



**B**ehavioural economics (BE) draws on psychology, economics, and neuroscience to identify and understand the reasons and motivations behind people's actions and behaviour. It's believed that when a brand offers incentives and rewards in their distribution channel, they can influence behaviours in the people buying and reselling their products to gain better financial outcomes. Interestingly, it also explores why people sometimes make irrational decisions, and why and how their behaviour does not follow the predictions of economic models, or in this context, the expectations of an incentive program.

As a result, behavioural economics seeks to explain why a business may buy and recommend vendor's A or vendor's B products. It also helps companies devise incentive programs and sales reward promotions with insights into how people may engage with them.

Here is one example on how a business could use BE to define the reward offer in an incentive program. It explores the concepts of Temporal (Time) Bias, which reflects a quirk of long-term memory and the impact it has on how rewards are remembered.

## Applying the Temporal (Time) Bias in Incentives Rewards & Recognition Programs

Which of the hypothetical vacations listed below do you think a customer would recall as being most rewarding one year after the event?

1. A ten-day vacation that scores a daily "fun rating" of 8 out of 10 points each day.
2. A three-day vacation that scores a daily "fun rating" of 5 out of 10 points on the first two days but a 9 out of 10 on the final day.

If you're like most people, you would simply add up the points for each day and compare the totals. The first vacation would rate 80 total reward points (10 days times 8 fun points per day), while the second would rate 19 reward points (2 days times 5 fun points, plus 9 points for the final day). Logically, we would choose the first option because it offers the greatest overall reward. Right?

Wrong. Memory is biased regarding rewards. The duration of the vacation does not matter; it's the peak reward that is memorable. So, it makes sense to offer shorter, intense vacations as opposed to longer, more predictable ones.

Here is another pair of vacations to compare:

1. A three-day vacation that scores 9 on the first day, but 5s on the next two days.
2. A three-day vacation that scores 5s on the first two days, but a 9 on the last day.

Logically, these two vacations are identical, except for the fact that peak fun occurs on the first day in example 1 and on the last day in example 2. If you agree that these two vacations are equivalent, you are wrong again.

Option 2 is the winner because the last day of the vacation is the most memorable one and will colour our recollection of the event. This finding suggests that the last day of a trip should be the grand finale and the focus of the planning process. If the trip includes wreck diving, for example, schedule it for the final day.

Whether it is merchandise, Visa gift cards, or experiences, think of how you could apply the Temporal (Time) Bias (TTB) example into your reward choice and entice people to engage with your incentive program.

You can learn more about using BE in reward programs with the Incentive Research Foundation's paper\*, "Using Behavioral Economics Insights in Incentives, Rewards, and Recognition: The Neuroscience". This paper is just one of many studies the IRF conducts in the incentive space, and if you'd like to dive deeper into this fascinating topic, these studies are a great place to start. ■

# ENGAGE NOW

If you have wanted to launch or update your own B2B incentive and reward program but been caught by the what if factor... then break free!

We have taken the stress out of it. With our Engage Now Pay Later offer available on all program setup costs, there are no reasons holding you back.

This exclusive offer is available for all qualifying programs setups signed between 1st June 2020 to 31st Dec 2020\*

Engage Now Break Free, Pay Later is available on program setups costs on cards and software only, is subject to some product and value limitations, as well as normal business account approval process.

Contact us today and start Engaging.



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we change behaviour

# Which Incentive Reward **is the Best?**

*Reward Showdown: Merchandise v Branded Cash (Visa prepaid) v Incentive Travel.*

**C**hoosing the right rewards often feels like picking the winner in a football final: a battle for glory where both sides seem practically equal. All the rewards contenders are strong, with proven track records of success across industries and target audiences. And yet, you can't afford to get it wrong: the right reward is central in the selling and engagement of a program, whether it's just starting out or a mature offer.

When it comes to picking the right reward for an incentive program, there are different factors you need to keep in mind. Choosing the wrong reward could be fatal to the success of a program if your channel isn't motivated by the offer, which will obviously hurt in terms of increased sales or new acquisitions.

So, how do you make sure you choose the right reward? Well, you can start with our thoughts on the different reward options, and which ones work best for the circumstances in your reward and incentive program.



## MERCHANDISE

*A timeless classic in the reward space, merchandise is a proven winner in most reward programs, as it gives you a wide range of options to play with. Merchandise can be tailored to any demographic, so your target audience gets a reward selection that suits them.*

### STRENGTHS

#### Value for Budget

Merchandise offers the best value for budget. Reward catalogue items are often purchased at wholesale prices, which give a customer a more attractive perception of value. Reward catalogues can be customised to meet any budget, starting from an entire range down to a fixed budget.

#### Visual drivers / Goal setting

Encouraging a program participant to set rewards as goals gives them a tangible target to work towards. Communicating and driving them

to achieve that reward builds a meaningful outcome for the effort they're making in the program. Redeeming the rewards creates a strong sense of accomplishment, which in turn can reinforce the motivation to strive for more.

#### Trophy Value

Merchandise has a strong "trophy value", since the receiver can show it off to others as a measure of their success. If the reward's commonly desirable, you can imagine the impact that reward being delivered to a customer's workplace might create, with the "winning" individual sharing where it came from. From a marketing perspective, it's invaluable.

### CONSIDERATIONS

#### Limitations in the product catalogue

Obviously, you can only put so many items in a rewards catalogue. Not every

catalogue will have something for everyone, which means you risk a small part of your team or channel being put off by the rewards on offer.

#### Differentiation from "reward offers"

Merchandise is the perfect starting point for rewards and incentive programs, as they are the easiest to source and add into the program offer. But this also means that competitors may well be doing something similar with merchandise. Without this being a major point of difference, you might not get the "cut through" you were hoping for.



## BRANDED CASH (PREPAID VISA)

A relative newcomer to the reward mix, *Branded Cash (Prepaid Visa)* is the natural evolution of store gift cards and cash rewards. *Branded Cash* gives program participants flexibility to get what they want, and delivers another way for program managers to brand their program (and business) with customers.

### STRENGTHS

#### Branding & Recall Value

Branded Cash offers something no other reward can: your brand in the wallet of customers. Every time they pull the card out to use, your brand's staring them in the face. It's instant, easy and cost effective brand awareness for your program and company.

#### Choice

Prepaid Visa is the ultimate in choice, unrestricted by brands like store gift cards. Prepaid Visa can be used anywhere: in store, online and overseas. This is perhaps one of its strongest points for participants, and hard to match in any other reward.

#### Flexibility – gift or reload

Branded Cash (Prepaid Visa) can fit into any program design, either as a single load gift card or ongoing recognition via a reloadable card. Each card option has its own unique function. This flexibility in the reward mechanism means that finding the Branded Cash that complements the overall outcomes of a program is easier to achieve and easily communicated to your target audience.

### CONSIDERATIONS

#### Value

Unlike merchandise, there's no cost benefit (like wholesale prices) for Branded Cash. The cash value is the amount you have to contribute to the program budget. This can impact in a couple of ways: the total reward opportunity value for a customer would be less than merchandise, as a points balance doesn't stretch as far. This can create a perception of value. Or, if a program has a fixed budget, you can either reward less customers as there's

less budget, or you blow out the budget in over performance. (If your program designs awards on over performance, this incremental awarding is a good problem to have!)

#### Not branded, no separation from daily spending

If you include Visa Prepaid cards that aren't branded, you lose the opportunity for any trophy value and the rewards are no longer separable from daily expenses like fuel or groceries. Like store cards, you have a reward that promotes another brand, not yours. Ultimately, you want a reward that creates an emotional connection. If the reward is just being used for everyday expenses like filling up a car, your reward won't create a connection and you haven't achieved any severability for the day to day.

## TRAVEL

*Incentive travel is seen as the pinnacle of reward offers. It inspires and excites partners to achieve results like no other rewards. Travel celebrates the success of partners who've achieved big results or gone well above and beyond expectations.*

*Even with the COVID crisis, travel incentives should remain in the mix, the questions of when we can travel and where can we travel to are still ongoing. But when comparing the core strengths of what the reward means to your target audience, these points still hold true.*

### STRENGTHS

#### Aspirational

It's true: travel incentives are more aspirational than the other rewards. Travel has a strong value proposition, and the status that comes with earning a place on a trip is far greater than any other rewards. Offering a holiday to Queenstown or New York immediately puts your program at the forefront of a customer's thinking: "What do I need to do to get a place on that trip!?"

#### Qualification and community-building

In most incentive programs, travel's typically awarded to the top performers for your business. This shared drive and qualification builds a community of like-minded, successful customers associated to your brand. Plus, with a travel incentive, you've got

a captive audience for the duration of the trip. Imagine what you can do with that time!

#### Brand association

Travel incentives build your brand by simple association. Word of mouth from a travel incentive can spread like wildfire. And, if you deliver an itinerary true to your brand, more and more of your target audience will strive to achieve. Put another way, travel gives you a powerful tool to grow your sales channels.

### CONSIDERATIONS

#### Limited numbers, limited winners

If you've ever offered travel incentives as a reward, you'll know that only a fortunate few will make it under your budget. This can alienate customers who put in the yards to succeed but failed to book their spot in the top 20 or 30. If this happens over and over, "I've gotta make this!" turns to "Why bother?"; and you might start to see negative changes in behaviour.

#### Budget

There's no way round it, but travel needs a reasonably hefty budget. What's more, you'll need to estimate the success of the program BEFORE you see the results of the program. This makes it a risky proposition if things aren't calculated

correctly. This "budget from the outset" sets travel apart from other rewards, all of which can usually be funded out of actual or incremental sales.

#### Expectation management

A trap of travel incentive is trying to go one better over the previous year's destination. In order to exceed expectations, the choice is often to go bigger and that means more strain on the budget, or trying to do the "champagne destination on a beer budget", which is a risky move. To make this work, activities are removed to make the basics fit into the original budget, which in turn makes the holiday a lesser one. Not planning how to manage the expectations can directly impact the quality of the travel program and the experience a guest receives.

## SO, WHO WINS THE BATTLE OF BEST REWARD?

*The results are in... and it's a dead tie! Putting all your money on a single reward selection can impact the outcomes of an incentive program. Rewards shouldn't be about the "absolute best", but which ones are best for the participants in this particular program.*

*Your reward offers should evolve over time as the target audience or business requirements change. If kicking off a program for the first time starting with a mix of rewards that gives a wider choice can help determine which rewards drives a change in behaviour. A stagnant reward can be just as much of an obstacle to a program as any design that doesn't match your intended outcomes.*

*It's for this reason we created and sourced a full reward suite in-house. This gives our customers access to a variety of rewards that are flexible in their delivery. If your competition zigs with one offering, you can zag with a program and reward selection that has a clear, beneficial point of difference that people talk about. ■*

*Rewards can be offered as tactical offers on top of the standard program value and drive business critical areas.*



# Is Your Reward Program Card Wallet Worthy?



**O**pen your wallet and what do you see? The obvious items include bank cards, healthcare cards, a license, a few notes, and maybe a family photo!

If you were to clean out all the cards taking up space, which ones would you really need or use? Those that would make it back into your pocket are what you might call wallet-worthy. They hold value and meaning, provide or connect you to a service, and so have a useful purpose.

But how many of these cards are reward program cards? Most B2C rewards and loyalty cards won't make it back in, as they have little wallet-worthy value. Essentially they are a tool that more often just matches your spend to a database silently collecting and aggregating data. They don't really reward you or justify a reason for that card to be worthy of taking up space in your wallet!

In B2B programs, providing a reward that can break through the wallet-worthy barrier can be a tremendous boost towards future success. This is one reason Visa Prepaid cards are attractive, especially reloadable cards, which are perfect for incentive programs. Functionally, a reloadable Visa prepaid card works the same way as a gift card, but offers a wider range of benefits – from security to top-ups and personalisation.

## Secured funds

Unlike store gift cards, all Visa prepaid card funds are securely stored within an independent account. Funds aren't accessible by the card provider or store. To contrast with store gift cards, you only have to look at Dick Smith. When they went into liquidation, \$2.5 million worth of gift cards went with them. In these difficult market conditions, there's no guarantee other retail groups won't tread a similar path. This is a huge tick for reloadable Visa prepaid cards, but it's not the only one.

## Choice

The leading benefit of Visa prepaid cards is choice. Besides cash, there's no other reward that gives your customer such a range of reward options. Unlike cash, you can use Visa prepaid for online purchases. When people are adjusting from social restrictions, offering a range of locations where they can spend (including websites) gives them some sense of 'normal'. Visa prepaid cards allow discretionary purchases, guilt free.

## Quick to deliver, easy to use

Being able to cut down the time to deliver a reward makes it a winner for both you and participants. When a reloadable card is in the hands of your audience, you (and they) have a reward

that's accessible and always ready to use. There are no delivery time delays, so you can have the reward value loaded on a card and ready to spend inside 24 hours! As far as rewards go, they are as close to instant gratification and recognition as it gets. With load limits of up to \$10,000 on reloadable cards, there's a huge scope of potential usages beyond rewards too.

## Branding

There's no other reward that can provide continual branding the way reloadable Visa prepaid cards can. Imagine your brand in the wallet of your customers. As a reloadable card can be "topped up", it's a wallet-worthy card. That means that every time your customer, partner, or team member pull out the card to use it, your brand will be staring them in the face. There's recall and recognition of your brand with every single purchase.

## Long-term cost benefits

When everyone's looking for ways to manage costs, reloadable Visa cards offer long-term cost benefits, making them a more inexpensive option than other prepaid gift cards. Instead of having to continually purchase and send new gift cards each time a reward is given, the single reloadable card stays with your participants for two to three years at a time.

## Secure delivery

Visa prepaid cards have strong compliance and a secure process of ordering and delivery. Inactive reloadable cards are sent to the recipient via mail, reducing handling and administration time. Only a cardholder's personal details will activate that card, making it useless for anyone else. If a card is lost in the post, there's little risk, and another can be sent again.

Visa prepaid gift cards have been in the incentive and reward space for over 10 years. iChoose, a leading supplier of Visa prepaid corporate solutions, has been at the forefront of this. Since they launched the first Visa prepaid card cashback in 2003, the category has exploded. iChoose alone now issue over 25,000 cards with \$40 million loaded funds each year, making them the largest Visa prepaid issuer in Australia and New Zealand.

As the product has matured, businesses have found ways to use Visa prepaid cards beyond rewards. But it's important to know the difference of the products. Visa gift cards can be limited with most cards having a 12 month life, or in the case of EFTPOS some even shorter with 3 month clauses. Other cards may have usage fees, or have a load limit. Reloadable Visa cards are the single Visa prepaid card for everything, coupling the power of branding and choice that can be integrated into B2B incentive and reward programs. In other words, they're the only rewards card that could be really called wallet-worthy. ■



# Unpacking the Benefits of Merchandise as Your Reward

**T**he coming months after the shutdown periods, will highlight just how important it is for B2B vendors and manufacturers to have an incentive and reward program. Strategically designed programs can adapt to changing market conditions, especially when it's likely that customers will look carefully at how they spend their dollars and make the most of their purchases.

This focus of business customers, distributors and channel partners means they're likely to scrutinise every offer to ensure there's benefit and value that comes with opening the wallet. When economic factors become difficult, too many businesses resort to using price cuts to drive more sales and attract new customers away from competitors. Unfortunately, they find out that price cuts aren't sustainable, and in downturns, can quickly pile on the pain.

It's critical that your brand dodges the low-price trap, which you can do using the power of incentives to engage with distribution channels and spur sales. Merchandise rewards are a great option in your "toolkit" of incentives and can give you the reason to move away from deep discounts and shift the conversation to benefits.

## Why Merchandise Works For Your Business & Stakeholders

### Higher Purchase Value

When customers take part in an incentive program, the actual worth of your product purchases is higher. This is because they not only get value from the products they buy, but also earn program points which they can redeem for merchandise rewards. Their purchases may also build "status" in the incentive program, giving them access to further rewards and benefits offered only to them (such as having a "VIP Members Club" for those who earn a certain number of status points).

### Value for Money

Merchandise rewards in your incentive program can offer customers and channel partners highly desirable items. In market conditions where budgets have been scaled back, merchandise is an excellent example of perceived value vs actual cost. As merchandise rewards are purchased at wholesale prices, your reward budget goes further, allowing you to get extra value from it, and participants can redeem more reward items.

### Budget Control

A merchandise program means you can control your budget in a couple of ways. You can set a sales benchmark (against a dollar value) before paying out any rewards. This means you don't pay out rewards until certain criteria have been reached. This helps protect how many points you spend in a catalogue, as well as link that spend to the lifetime value of your customer. You also have access to points accrued and redemptions via reporting, which shows your liability and redemption behaviours so you can keep a tight rein over your budget and program.

### Rebates and Reduced Liability

A well-designed merchandise program has a model that makes you money. These typically work in the form of rebates or point liability reduction, which deliver savings around point values paid out. This kind of model only happens in merchandise programs, where you buy at wholesale prices and add a rebate value to the cost of the goods. These models help defend questions about your incentive program's return, as you can demonstrate the link to ROI and sales generated.

## Why Merchandise Works For Your Audience

### Trophy Value

When program participants earn rewards from your incentive program, the feeling is fantastic. They not only feel they've achieved something, but they often boast by telling others, like a trophy earned in a sports contest. Imaging the feeling of having a latest model coffee machine you just "bought" with program points turn up on your doorstep. You get a spring in your step, and you don't mind telling others in the office about it. The hype around your program sparks engagement and generates positive sentiment towards your brand.

### Demographic Neutral

Having a merchandise rewards catalogue in your incentive program opens up the scope to target any demographic in your customer base and distribution partner channel. Merchandise is relatable, and almost anybody can find something in the catalogue they might like. With that wider choice, you give participants a higher chance to find rewards that suit their lifestyle, which boosts motivation. From sporting gear and electronics to kitchenware and personal items, merchandise rewards have something for everyone.

### Goal Setting And Aspirational Rewards

When your customer sets their sights on a certain reward, it can be a huge win for your program. Aspirational rewards motivate participants, driving positive behaviour far more than generic rewards may do. These rewards also allow you to create highly targeted communication strategies to motivate participants further. For customers who love cycling, it's a no-brainer to aim for a \$4,000 road bike on offer. Through regular emails, you keep them up-to-date with their progress and suggest other sales activities they could do to reach the bike even quicker. This goal setting feeling can also be applied to levels of status: for each level a participant reaches, it feels like they've climbed to a higher and higher summit!

### Appropriate Rewards

In these current, unpredictable markets, merchandise rewards offer your participants the chance to choose a reward that's appropriate for them. Specifically, your program presents rewards that give your customer immediate value with something they need, instead of something they want. Depending on the financial state of your customers, these offers could be simple household needs, like kitchen appliances, compared to "nice to haves" like expensive watches. Your merchandise rewards catalogue becomes empathic and solves needs (especially during a tough period as recent times), which makes it a positive for both you and your customer.

### Hot Deals

Just like in any online retail environment, merchandise can drive engagement with hot deals. Discounted point values or limited quantities of desired items can be big motivators! The benefits of hot deals in your program mean that participants feel there's a great deal to be had and are more likely to act on it. You can also drive marginal sales by tying points to special products and offers, which lets you deliver higher perceived value.



**Rewards on Time**

Something that always goes down well with participants is that merchandise rewards are delivered soon after redemption. This is in stark contrast to other rewards, such as monetary cash-backs, where processes take time, or travel rewards, which occur at a later date (and at the time of writing this article, aren't even possible). Merchandise rewards fulfilment generally has a short step between reward-redemption and reward-reception. Participants order online, an order is generated, and in a matter of days, is delivered to the participant's door.

**Better Partner & Customer Communication**

An incentive program opens up a direct line with your partners and customers. Alongside incentive program messages, you can use this to announce new products or services and promote sales. If you know what rewards customers want, you can tailor messages to get a higher response, compared to generic broadcasts. When you do that, you tap into self-interest and desire, and your emails are more likely to be read.

In recent times, B2B reward programs have moved away from merchandise rewards and more towards travel or Visa Prepaid cards. But in economically trying times and a post-COVID world where travel is highly limited, merchandise should be back on the table of options to consider.

Merchandise offers an adaptability other rewards struggle to deliver. Being able to tie merchandise rewards into a defensible and well-designed program can give you an advantage competitors may not have. Is it time for a closer look at what merchandise could do for your rewards program? ■

# GIVE THEM ONE THING MONEY CAN BUY... FREEDOM!

*Whether it's a kitchen fit out, the latest electronics, dinner out, or their next family holiday with Visa Prepaid cards you have a reward to match your high flyers and they will have the freedom to choose what they really want.*

**ONE CARD, DOZENS OF USES**

Use your Prepaid Cards to power almost any type of internal or external incentive and rewards program.

**A POCKET BILLBOARD**

Brand your Prepaid Cards to give your business free promotion that sits in hundreds of wallets.

**SIMPLE & EFFECTIVE**

Visa Prepaid Cards are one of the easiest and most effective rewards to manage.

**Get your cards from the Prepaid Pioneers**

*Make the most of your Visa Prepaid Cards*

We've been supplying prepaid products to corporate clients for over 14 years. Plus, we were the first engagement agency in the Trans-Tasman region to run Visa Prepaid sales and marketing programs.

These days, businesses like yours get our help to make sure their Prepaid-driven programs do exactly what they're supposed to: drive performance and inspire achievement.

**Your people aren't the only ones with choice**

There's no "one size fits all" Visa Prepaid Card you need to fit into your program. Whether you want a cost-effective solution that still puts freedom in the palm of your people's hands or a more personalised reward, you've got that choice with our cards.



- ✓ No personal details required
- ✓ Cards bulk-shipped to your business
- ✓ \$1,000 card limit
- ✓ Single use cards only



- ✓ Personalised with recipient's name
- ✓ Cards delivered directly to card holders
- ✓ \$10,000 card limit\*
- ✓ Single use or reloadable cards



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# Travel Incentive Ideas

## Queenstown, the Ultimate Allrounder



**Budget:** \$4,500 – \$5,500 per person (based on twin share)  
**Suggested Trip Duration:** 5 days 4 night trip  
**Group Size:** 20 – 100 delegates  
**Best Travel Month:** All year-round destination  
**Weather:** Winter: Highs of 0°, Lows of -2°  
 Summer: Highs of 22°, Lows of 10°

### OVERVIEW

Regarded as the capital of the outdoors and adventure, Queenstown is not only one of the most popular destinations in the world; it is also renowned for the exceptional beauty of its natural surroundings. A true four season destination, the diversity of activities and experiences on offer will ensure treasured memories.

Known as the Southern Hemisphere’s premier lake and alpine resort, Queenstown is the perfect destination for both adventurers and leisure seekers of all ages, seeing 1.2 million visitors per year. With its rugged mountains, majestic lakes and crystal clear air there is so much to see and do in Queenstown, it’s no wonder the city is known for adventure.

The bustling resort town of Queenstown is an ideal base for exploring. Here you will find a range of restaurants, accommodation, art and craft galleries, world class skiing and a huge range of adventure activities and spas for relaxing.

### DESTINATION HIGHLIGHTS

- Short flying time from Australian and New Zealand ports
- Queenstown is a fantastic incentive destination
- All year destination – there are amazing things to do in all seasons
- World class dining and nightlife options
- Indulge in NZ’s best skiing and snowboarding during winter months
- Fresh local produce and amazing wines
- The stunning landscape – Queenstown is truly a beautiful city
- Adventure destination with endless tour options - More than 200 attractions and activities are available

### ITINERARY OVERVIEW

	Day 1	Day 2	Day 3	Day 4	Day 5
<b>Morning</b>	Afternoon arrival into Queenstown			<b>Optional Activities:</b> White Water Rafting ATV's	Morning at leisure
<b>Afternoon</b>	Jet boat transfer to St Moritz Hotel Welcome drinks on arrival	Milford Sound Helicopter Experience	Day at leisure Fergburger Voucher	Hot springs & spa treatment Winery tour	Afternoon Departures
<b>Evening</b>	Welcome Dinner at The Bunker Restaurant	Dinner at Leisure	Dinner at Botswana Butchery	Happy Hour at The Ice Bar Farewell dinner at Amisfield Winery	In Flight
<b>Overnight</b>	St Moritz Hotel	St Moritz Hotel	St Moritz Hotel	St Moritz Hotel	Arrive Home



### HOTEL

Idyllically situated in Queenstown, New Zealand, overlooking Lake Wakatipu to The Remarkables mountain range, Hotel St Moritz embodies the spirit of its location.

Its interior offers interesting works of art, bespoke furniture and refreshing colours, all of which highlight its unique charm and the serenity of the surroundings. Decorated with style and elegance, its spacious rooms provide the same sense of calm and serenity. The blend of textures, colours and light combine to make this “alpine residence” a unique haven where sensorial delights await guests.

The hotel is a short walk from ‘downtown’ and the shops, restaurants and nightlife of Queenstown await guests to enjoy!



# Sal Salis, Ningaloo Reef

**Budget:** \$7,000 – \$7,500 per person *(based on twin share)*  
**Suggested Trip Duration:** 4 days 3 night trip  
**Group Size:** 30 (15 Couples)  
**Best Travel Month:** April – September  
**Weather:** Highs of 30°, Lows of 16°



## OVERVIEW

**W**here the outback meets the reef. Sal Salis provides a unique place from which to explore Western Australia’s coral coast and one of Australia’s best kept natural secrets, Ningaloo Reef. The World Heritage Area of the Ningaloo Coast provides one of Australia’s great marine experiences, whilst the limestone backdrop of the Cape Range hides deep gorges of spectacular beauty.

The coral reef is literally on your doorstep and the guides love showing you their backyard; home to over 500 species of fish, 250 coral species and 600 species of mollusc. Ningaloo is known as one of the best places on earth to see and swim with whale sharks and manta rays. It is also a major breeding area for hawksbill, green and loggerhead turtles, which are seen daily at camp.

The coastal dunes and gorges in the Cape Range National Park provide a prolific Australian wildlife experience with red kangaroo, wallaroo, echidnas, emus and more seen in and around the camp.

## DESTINATION HIGHLIGHTS

- Eco-luxe wilderness Lodge – only 15 luxury tents
- Sustainable and responsible certified
- Part of the Luxury Lodges of Australia group
- Hidden Australian Secret – not widely known to travellers
- Tents are situated just 50 metres from the ocean
- Behind the camp lies the Cape Range National Park
- All inclusive – Breakfast, lunch, three-course dinner and open bar
- Swim with the amazing Humpback Whales
- Exclusive sole use to the lodge during the trip
- Unique and memorable glamping experience
- Sal Salis does not offer traditional luxury, rather it the luxury is in the experience

## ITINERARY OVERVIEW

	Day 1	Day 2	Day 3	Day 4
Morning	Afternoon arrival at Sal Salis	Ningaloo Discovery Humpback Whale Cruise & Swim. Includes lunch on-board	Morning guided kayak tour	Mandu Mandu Gorge guided walk
Afternoon	Welcome Drinks & Orientation		Afternoon at leisure or Afternoon guided snorkel tour Lunch at the Lodge	Departure
Evening	Sundowners followed by dinner on the deck	Sundowners followed by dinner at the lodge	Sundowners followed by Under the Stars Farewell Dinner	
Overnight	Sal Salis	Sal Salis	Sal Salis	

## HOTEL

Hidden in the dunes overlooking the pristine beach, Sal Salis brings a touch of eco-luxe style to this remote and beautiful wilderness. Designed to blend with the environment, Sal Salis’ spacious wilderness tents sit on raised platforms and offer wonderful views of the natural surrounds and the ocean beyond, as well as comfortable beds and an eco-en suite bathroom.

Sal Salis provides a unique and natural place from which to explore and take in the extraordinary environment and wildlife that surrounds it. Imagine waking to the song of birds as you catch a glimpse of kangaroos grazing among the dunes, or the spectacle of breaching whales as you tuck into breakfast or enjoy a morning swim in Ningaloo’s crystal clear waters. Sal Salis ensures an exclusive experience that is both intimate and personal.



# VIRTUAL MEETINGS



Marriott Bonvoy™ hotels in Australia and New Zealand now offer Virtual Meetings by Marriott Bonvoy Events, to keep you connected with those who matter when they can't meet in person. Choose any hotels participating in Marriott Bonvoy™ within your preferred city and we will facilitate satellite locations on your behalf, leaving you with more time to focus on your business priorities. [Learn more here](#)

## 10 Tips to Host a Successful Virtual Meeting

Safe and cost effective, online meetings can be tricky to manage, but with proper planning and strategy, they are a great way to foster teamwork and collaboration, Virtual Meetings by Marriott Bonvoy Events has come up with some handy tips to ensure your virtual meeting is a success.

### TIP 1 SEND REMINDERS

Give attendees plenty of notice by scheduling and announcing your meeting with enough time to allow everyone to attend. Also, schedule some reminders beforehand to ensure you start on schedule.

### TIP 6 DON'T BUTT IN

Facial expressions and body language keep conversations fluid and the speakers' intentions clear. In a virtual meeting, always ensure the person speaking has finished before taking your turn.

### TIP 2 TEN'S COMPANY, ELEVEN'S A CROWD

Managing a virtual meeting with more than 10 people can lead to chaos. Include and invite only the people who are essential to keep things streamlined and efficient.

### TIP 7 MAKE IT INCLUSIVE

If you're running a virtual meeting where some attendees are gathering in person while others are attending virtually, make sure you include everyone equally to help with remote team-building.

### TIP 3 MAKE AN AGENDA

One week before the meeting, send an agenda to all participants so they have a clear idea on how to prepare. This will save time and make your online meeting run more smoothly.

### TIP 8 GIVE EVERYONE A FOCUS

To cut down on distractions and make sure everyone is engaged, take advantage of the capabilities of most online meeting software platforms to share your screen, slides or charts. Keep people focused by giving them roles such as scribe or timekeeper. Asking for their input on a specific topic or aspect of the gathering also keeps people interested.

### TIP 4 TEST BEFORE GOING LIVE

Online meeting software is a must for virtual meetings. Make sure you test how your chosen software works and ensure that all participants are familiar with it... and have it!

### TIP 9 NAIL THE CLOSING

To make sure everyone leaves the virtual meeting with a sense of accomplishment, give them time to individually point out things they want to share. This could be about the subject of the meeting or about the meeting itself.

### TIP 5 CHOOSE A RINGLEADER!

Having a designated leader helps the team adhere to the agenda and avoid distractions.

**TIP 10 CONTACT YOUR TRUSTED TEAM AT VIRTUAL MEETINGS BY MARRIOTT BONVOY EVENTS AND ENSURE YOU STAY SUCCESSFULLY CONNECTED WHEN YOU CAN'T MEET IN PERSON.**

# YOUR WELCOME AWAITS

*Together, we have the power to withstand the greatest obstacle*

Regardless of how things may change, we await your arrival and look forward to welcoming you. At Marriott, we place an emphasis on your health and safety and are committed to taking care of our guests and the global community. We will be here with you every step of the way.



Plan ahead for your next virtual meeting or event with us and reconnect with those who matter. **Enjoy 3x bonus rewards plus 5,000 points** if you book between now until 15 Sept 2020, for meetings held by 31st of December 2021 at hotels & resorts participating in Marriott Bonvoy™ across Asia Pacific\*.

\*Must book 10 rooms or more for at least one night

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*212F is a single-source supplier of B2B Incentives and Reward solutions that works with you to design engagement strategies. We provide you with ready-to-use platforms and rewards that drive the change in behaviour you need.*

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