

TRAVEL WHITE PAPER January 2011

Maritz Travel Insight:

A tool for improving the effectiveness of incentive travel programs



Today's companies understand that incentive programs are a powerful motivation tool.

However, one common error companies make is to assume that just because an incentive travel program has been working in the past there is no room for improvement. By improving an incentive program, companies can create significant performance gains for a sales team and increase the overall bottom line.

Consider this: A recent Society of Incentive & Travel Executives (SITE) Foundation study confirms the impact of incentive programs. According to this study, incentive programs increase work performance an average of 22 percent.

But, how do companies make the most of their incentive programs? There are three main challenges they must overcome – the first of which is engaging program participants, and keeping them motivated year after year.

How do you top the past program? Earners are becoming more seasoned travelers, so how do you keep programs fresh and motivating?

One solution is to offer choice in incentive program rewards. According to a recent Maritz Poll, 3 out of 4 employees prefer choice in rewards rather than pre-selected items. In addition, the types of rewards offered can make a difference. Based on the Incentive Federation Survey of Motivation & Incentives Applications in 2005, about four out of five respondents believe that travel and merchandise awards are remembered longer than cash awards. Furthermore, about three-fourths of respondents agree that they can build a more exciting, memorable program around travel or merchandise than cash.

A second challenge companies face is motivating the entire workforce to higher levels of performance. One solution is to take a look at how their programs are structured.

Many incentive programs are designed to reward the top 10 percent of performers each year – which usually turns out to be the same few sales force members. While the usual list of top performers and runners up vie for the precious few slots on the incentive travel reward trip, what do the rest of the salespeople do? Rewarding the same group of top performers year after year leads the rest of the program participants feeling that they have no chance to earn the award. Companies may be surprised to learn that most people see the awards offered in their incentive program as unattainable or unattractive, according to a recent Maritz poll. Developing incentive programs that target and motivate the entire sales force can have a big impact on a company's overall sales. Many companies survey their earners at the end of their program each year but fail to survey non-earners to understand what might inspire incremental improvements in their performance.

Consider this: If 20 percent of your sales force comprises your top performers, then 80 percent make up the rest, with 60 percent considered your middle performers. Because there are so many of them, these middle performers can make relatively small individual improvements in sales performance that add up to a big impact on the bottom line. Based on



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a 2003 study called “Shifting the Performance Curve” by the Sales Executive Council of the Corporate Executive Board, a 5 percent performance gain from the middle 60 percent would yield over 70 percent more revenue than a 5 percent shift in the top 10 percent. Given these statistics, isn’t it worth reviewing an incentive program’s structure to make adjustments to appeal to these middle performers?

The third and, some would say, most challenging obstacle to a fully-optimized incentive program is improving your “bang for the buck.” The best way to solve that issue is to have a clear understanding of what your diverse workforce finds the most motivating. Companies are increasingly challenged to improve the performance of their incentive program. While few companies suggest they want to eliminate them, most are seeking ways to demonstrate and improve the value from this investment. By offering them the right rewards, you can instantly increase the impact of every program dollar.

Consider this: Findings from the SITE Foundation study indicated that 63 percent of respondents said their loyalty would increase if the employer offered on-going incentive programs that allowed employees to choose rewards that were personally relevant.

Despite the best intentions, incentive programs often simply do not hit the mark on one or a combination of all three issues: engaging their participants, moving the middle to a higher performance level and maximizing company spend. Companies need to evaluate their goals as well as assess what motivates their participants to develop an optimal incentive program solution.

Maritz Travel’s Solution

Maritz has created Maritz Travel Insight – a research and analysis tool that enables companies to use the voice of the end user – the participants they are trying to motivate – to build a fact-based foundation for designing incentive travel programs.

Engaging Participants

Since no two companies are alike, companies need to look at their unique set of employees and determine which trip attributes are most motivating to them. The tool measures the impact on motivation of several different attributes that make up an incentive travel program. An online survey shows the participants two different trips side by side and asks them to indicate which trip they would work harder to earn. Additionally, the survey can determine the most motivating activities, hotels, length of stay, destination locations, and so forth to help maximize program dollars.

For example, Maritz conducted a national survey with more than 850 respondents who have participated in incentive travel programs. The study found that the most important element of a travel experience was destination type, with strong motivational value attributed to Cruise (36%) and Beach/Sun/Water (31%). The second most important element was attendee type. More than half of the respondents (53%) reported they were most motivated by trips that include a guest or family members at their own expense. Hotel type ranked a close third and provides proof that quality and class of hotel used for incentive trips makes a significant difference in motivational value.



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Using this methodology, Maritz quantifies which trip designs and activities have the highest motivation rates among all incentive travel program participants as well as in key subgroups, such as like age, gender, geography, and past earners or non-earners.

Maximizing Program Spend

Companies can then work with an easy-to-use decision support tool to carve out features to determine the trip structure that will best motivate their sales force for the money spent.

While every company wants to motivate their incentive participants to the highest degree, many may feel they can't do so within their budget. Finding the right balance of motivation within budget realities can be done, again through the voice of the incentive program participant. Maritz can help companies maximize their incentive spend by identifying which elements/activities provide the highest level of motivation for their participants at the price point that fits within the incentive travel budget. Determining the right mix between the two is the key to optimizing the program and getting the "biggest bang for your buck."

The tool helps companies make informed choices by determining which aspects of a program are most important to participants and which elements aren't. Sometimes participants are willing to trade off certain elements to get others. For instance, they may prefer a lesser quality hotel in order to go to a more exotic location if the destination is the most motivating factor to them.

For example, a current telecommunications client wanted to understand how to optimize their annual incentive trip. They felt the trip was effective, but wanted to ensure they were making the most of their investment. By surveying participants, they learned that recognition on a regional and peer level was very meaningful to their participants. The client program has since shifted to offering regional trips that provide more opportunity for personal recognition and interaction with regional management and peers.

Motivating the Middle

Once the trip design is decided, many companies that are seeing the same winners year after year may want to look at their rules structure. Moving to an open-ended program structure encourages participants to work towards attaining their own personal goals as opposed to being among the top 10 percent. Participants will know that if they exceed this goal, they earn the award and have played a valuable role within their organization. This can result in incremental revenue and effort from those who in the past felt they had no chance to be a part of the "winner's circle."

For example, a current financial services client recently changed from a closed-ended program to an open-ended program to help motivate more of their employees. While trip incentives proved to be strong motivators, many sales representatives did not see the top goals as attainable. The new structure kept top performer programs intact, while offering additional awards opportunities for mid-level performers. This change resulted in two-thirds of the midlevel performers qualifying for top incentive travel awards, which in turn created \$14 million in incremental revenue. The new program structure clearly paid for itself in increased sales and profit.

Conclusion

Creating an optimal incentive travel program can be done using fact-based feedback from the incentive program participants. Focusing spend in the areas that are most motivating to participants not only keeps participants engaged year after year, but also motivates participants to achieve higher levels of performance. In addition, moving from a close-ended rules structure to open-ended rules and aligning those rules with both individual and corporate goals will motivate more participants to achieve better results. Finally, companies must learn to maximize incentive travel spend by understanding which trip elements are most motivating to participants. Maximizing any one or all three of these incentive travel program factors will reinvigorate your workforce, their productivity and results, and most importantly a company's overall performance.



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