



Incentive Marketplace Estimate Research Study

Conducted by Intellective Group, St. Louis, Missouri
for the

Incentive Federation Incorporated
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The Incentive Marketing Association
The Incentive Research Foundation
The Promotional Products Association International
The Society for Incentive Travel Excellence

Background

The Incentive Federation in partnership with Intellective Group, collected data from a national sample of business executives to estimate the size of the non-cash incentives marketplace.

Executive Summary

A study of a cross-section of US businesses confirms that award points, gift cards, incentive travel, and merchandise are commonly used tools for firms seeking to reward and recognize their employees, sales teams, channel partners, and customers. *Key findings from the study include:*

- *84% of U.S. businesses use non-cash rewards to recognize and reward key audiences in the form of award points, gift cards, incentive travel, and merchandise – up from 74% in 2013*
- *In 2015, U.S. businesses spent \$90 billion on these types of non-cash rewards, up from \$77 billion in 2013*

Methodology

A total of 1,392 business people completed a 15-minute web survey in December of 2015; 400 qualified to complete the full survey based on their role in managing an incentive or non-cash rewards program. The respondents were sourced using a curated research panel. This sample size provides a 95% confidence level and a 2.6 margin of error for estimates of incidence and a 5% margin of error for estimates of spend. This means if the study was replicated, 95 times out of 100 the results would be within 5% of the results presented in this paper – a very high degree of reliability.

See the appendix for notes regarding efforts to control estimation error.

Changes from Prior Studies

Several changes were made to the survey methodology which will have a material impact on the estimates provided via this study.

1. Respondents were asked what types of non-cash awards were used in their various programs. Here the methodology differed from the 2013 study, in a manner that very likely increases the resulting market estimates. In 2013, as in previous iterations of the study, award types were defined in two categories: incentive travel and merchandise/card. The categories were specifically defined for respondents as below in 2013:

*Incentive trips – travel experiences to motivate and/or recognize participants for superior performance in support of organizational goals. **With these programs, incentive travel is the key award.** Participants may win a spot on a group travel program, or they may be able to select from among various travel packages – either group or individual. Related expenses including room and other gifts are included.*

Points-based or merchandise awards - these are merchandise or other awards used as part of an incentive or recognition program. Rewards may be a variety of products of different values, gift certificates/gift cards, experiences, or individual travel. These programs may allow participants to redeem points for awards of their choice, or earn different awards based on level of achievement.

In 2015, the study was updated to reflect more accurately the proliferation of award points and gift cards as the delivery mechanism for non-cash rewards. The specific definitions respondents were given are as follows:

Award Points - Participants can choose to redeem points for gift cards, travel, or merchandise

Gift Cards - Program sponsor purchases gift cards and distributes to participants as rewards. Gift cards may be for travel, merchandise, retail, dining, or to be spent at any merchant that accepts credit cards.

Trips & Travel - Program sponsor arranges group or individual trips and awards to participants

Merchandise - Program sponsor purchases merchandise items (e.g. electronics or luggage) and distributes to participants as rewards

The main factor in determining how to categorize your awards is how that reward is distributed to your participants. For example:

- *If your program includes gift cards for travel rewards that are purchased and awarded outside of a points program, you should account for that under Gift Cards.*
 - *If your participants receive merchandise and gift cards by redeeming award points, you should account for that under Award Points.*
2. Spend estimates for the smallest businesses in the study have been adjusted to represent better the underlying distribution of firms. The category that has been reported as “\$1 to \$9.9 million” was split during analysis to account for the vast population of firms with \$1 to \$4.9 million in revenue. This adjustment lowers the extrapolated market estimation and is a conservative refinement to the study. It is recommended that future studies of the B2B marketplace make this adjustment in the survey and analysis.
 3. No industry lists were used for sample for this iteration of the study. In prior studies, a portion of the respondents was sourced from membership and subscriber lists. All respondents for this survey were sourced from an independent research panel.
 4. There are additional wording changes to note. The description of channel programs was updated to include “distributors.” Incentive travel was relabeled “trips and travel” to more closely mirror the language used by respondents, particularly those in smaller companies.

Weighted Calculations

Because the study objective is to project findings to the population of U.S. businesses, measures of incidence and market size are statistically weighted to reflect the highly skewed distribution of firms; for every firm over \$1 billion in revenues, there are over 400 firms between \$1 and \$4.9 million in annual revenues.

Company Revenue	Number of US Companies	Percent of All Companies Over \$1 Million in Revenue
\$1 to \$4.9 million	1,069,866	74%
\$5 to \$9.9 million	174,298	12%
\$10 to \$99.9 million	176,850	12%
\$100 million to \$999 million	17,974	1%
Over \$1 billion	2,631	0.2%
Totals	1,441,619	

Part 1: Findings

Incidence of Non-cash Incentives

A total of 84% of US businesses use some type of non-cash reward program. Incidence of non-cash programs increases with company size, as shown below.

Company Revenue	Non-cash Reward Incidence*
\$1 to \$4.9 million	83%
\$5 to \$9.9 million	83%
\$10 to \$99.9 million	86%
\$100 million to \$999 million	90%
Over \$1 billion	83%
Weighted Incidence	84%

Program Audiences

Respondents were asked whether their firm uses non-cash rewards in five categories: Sales, Channel, Employee, Customer Loyalty, and Corporate Gifts. Programs were defined as follows and presented in this order:

- Reward and/or motivate desired behaviors and achievements among your company's **salespeople**?
- Reward and/or motivate desired behaviors and achievements among your company's **distributors, channel, or dealer partners**?
- Reward and/or motivate desired behaviors and achievements among your company's **employees**?
- Reward and/or motivate your company's **customers** as part of a loyalty program?
- Show appreciation to/thank **clients, prospective clients, or partners** for their business?

Employees are the audience most commonly targeted for non-cash rewards – only corporate gifts show a similar incidence. Non-cash sales programs are present in three out of five U.S. businesses. Non-cash channel programs remain the least prevalent, but show a significant increase in incidence compared to 2013.

	Weighted Total Incidence WITHIN ALL US BUSINESSES*	
	2015	2013
Sales Rewards	60%	46%
Channel Rewards	41%	26%
Employee Rewards	72%	56%
Customer Rewards	45%	32%
Corporate Gifts	72%	53%

*Calculations are based to all U.S. businesses, not just those offering non-cash awards.

Reward Types

Consistent with past studies, the incidence of reward type differs across program audiences. Gift cards are the most prevalent reward type in all programs except customer loyalty, which has a similarly high incidence of award points. Trips and travel is highest within sales programs and lowest within customer loyalty. Merchandise use is highest in channel programs.

	2015 Award Type Use Among Business Using Noncash Awards				2013 Award Type Use*	
	Award Points	Gift Cards	Trips & Travel	Merchandise	Incentive Travel**	Merchandise/ Card**
In companies offering non-cash:						
Sales Programs	44%	72%	34%	44%	53%	60%
Channel Programs	43%	63%	30%	51%	33%	75%
Employee Programs	36%	71%	30%	38%	43%	60%
Customer Programs	55%	51%	25%	32%	27%	74%

*Calculations are based to U.S. businesses offering non-cash awards for that audience. For example, within companies offering non-cash sales incentives, 44% of companies use award points and 72% use gift cards.

**While it appears on the surface that the use of incentive travel has declined since 2013, individual travel rewards are frequently included in award point and gift card programs, so incidence and spend for some travel rewards may be accounted for differently in the current study compared with earlier iterations. This will be explored in more detail later in the report.

Sales Rewards

Program managers for sales rewards use a variety of rewards to recognize their sales teams. Among the various reward types, points' budgets tend to be the richest across all firm sizes. The numbers below represent the most conservative available estimate of spend within the given business size and award type.

The per-firm spending on trips & travel is lower than the spend for incentive travel in 2013, but much of the individual travel spending may have been categorized into award points and gift cards for the 2015 survey, as travel is a frequent component of those rewards.

2015 Per-Firm Annual Sales Reward Spend					
	Award Points	Gift Cards	Trips & Travel	Merchandise	Adjusted Total Spend
\$1 to \$4.9 million	\$2,179	\$1,531	\$2,000	\$1,469	\$3,320
\$5 to \$9.9 million	\$50,971	\$13,645	\$23,714	\$18,596	\$47,244
\$10 to \$99.9 million	\$65,824	\$49,667	\$40,570	\$35,740	\$104,293
\$100 million to \$999 million	\$168,301	\$82,413	\$103,676	\$96,844	\$255,971
Over \$1 billion	\$288,375	\$244,551	\$238,818	\$117,932	\$488,207

2013 Per-Firm Annual Sales Reward Spend			
	Merchandise & Card	Incentive Travel	Adjusted Total Spend
\$1 to \$10 million	\$20,118	\$18,547	\$21,667
\$10 to \$100 million	\$73,546	\$36,488	\$64,826
\$100 to \$1B	\$128,640	\$106,978	\$160,928
\$1B plus	\$352,930	\$475,105	\$552,693

2015 Sales Rewards Total Market Summary (60% Incidence)		
	Percent of Sales Programs Using	Total Spend (Billions)
Award Points	44%	\$8.3
Gift Cards	72%	\$6.9
Trips & Travel	34%	\$3.9
Merchandise	44%	\$3.7
Total		\$23.0

Market incidence for non-cash Sales rewards increased from 46% of all U.S. Businesses in 2013 to 60% in 2015. Likewise, total spend for non-cash Sales rewards increased from \$21.4B to \$23B over the 2-year period.

Channel Rewards

As noted above, the overall incidence of channel reward programs increased by 15 percentage points – a 57% increase over 2013. The description of Channel programs was changed this iteration of the survey to include the word “Distributors,” which may account for some portion of that increase. Additionally, the increase is most notable among the smallest firms, who reported 24% incidence of Channel programs in 2013 compared to 41% in 2015. Because this is by far the largest group within the population of US businesses, the impact of this change will be significant in terms of overall estimate of market spend.

2015 Per-Firm Annual Channel Reward Spend					
	Award Points	Gift Cards	Trips & Travel	Merchandise	Adjusted Total Spend
\$1 to \$4.9 million	\$2,500	\$1,900	\$4,000	\$1,750	\$4,253
\$5 to \$9.9 million	\$28,529	\$20,333	\$32,909	\$27,500	\$47,985
\$10 to \$99.9 million	\$127,333	\$63,296	\$58,526	\$19,370	\$133,971
\$100 million to \$999 million	\$132,679	\$68,384	\$97,500	\$132,728	\$240,845
Over \$1 billion	\$264,857	\$230,678	\$210,000	\$151,113	\$444,911

2013 Per-Firm Annual Channel Reward Spend			
	Channel Merchandise & Card	Channel Incentive Travel Spend	Adjusted Total Spend
\$1 to \$10 million	\$10,600	\$8,800	\$10,701
\$10 to \$100 million	\$33,883	\$47,875	\$46,406
\$100 to \$1B	\$99,100	\$86,578	\$134,268
\$1B plus	\$362,526	\$372,868	\$450,621

2015 Channel Rewards Total Market Summary (41% Incidence)		
	Percent of Channel Programs Using	Total Spend (Billions)
Award Points	43%	\$6.3
Gift Cards	63%	\$4.9
Trips & Travel	30%	\$3.3
Merchandise	51%	\$2.8
Total		\$17.4

Market incidence for non-cash Channel rewards increased from 26% of all U.S. businesses in 2013 to 41% in 2015. Likewise, total spend for non-cash Channel rewards increased from \$6.6B to \$17.4B over the 2-year period.

Employee Rewards

The incidence of employee rewards increased by 16 percentage points from 2013 to 2015, a 29% increase. Spending for award points is the highest, with the exception of trips and travel for the very smallest and very largest firms.

2015 Per-Firm Annual Employee Reward Spend					
	Award Points	Gift Cards	Trips & Travel	Merchandise	Adjusted Total Spend
\$1 to \$4.9 million	\$1,625	\$1,475	\$2,000	\$1,434	\$2,747
\$5 to \$9.9 million	\$59,596	\$18,928	\$15,143	\$7,402	\$41,960
\$10 to \$99.9 million	\$80,531	\$40,623	\$55,154	\$30,353	\$91,443
\$100 million to \$999 million	\$147,622	\$79,033	\$139,333	\$75,935	\$206,113
Over \$1 billion	\$225,532	\$189,509	\$275,696	\$154,455	\$389,599

2013 Per-Firm Annual Employee Reward Spend			
	Merchandise & Card	Incentive Travel Spend	Adjusted Total Spend
\$1 to \$10 million	\$10,331	\$16,995	\$13,452
\$10 to \$100 million	\$68,081	\$60,508	\$64,627
\$100 to \$1B	\$68,755	\$74,095	\$81,180
\$1B plus	\$325,315	\$354,935	\$423,406

2015 Employee Rewards Total Market Summary (72% Incidence)		
	Percent of Employee Programs Using	Total Spend (Billions)
Award Points	36%	\$8.1
Gift Cards	71%	\$7.5
Trips & Travel	30%	\$3.9
Merchandise	38%	\$3.2
Total		\$22.9

Market incidence for non-cash Employee Rewards increased from 56% of all U.S. businesses in 2013 to 72% in 2015. Likewise, total spend for non-cash Channel Rewards increased from \$18.1B to \$22.9B over the 2-year period.

Customer Loyalty Rewards

The incidence of customer loyalty rewards increased between 2013 and 2015; the increase is consistent across company size. Spending for award points and trips and travel tend to be the highest.

2015 Per-Firm Annual Customer Loyalty Reward Spend					
	Award Points	Gift Cards	Trips & Travel	Merchandise	Adjusted Total Spend
\$1 to \$4.9 million	\$1,750	\$885	\$5,500	\$1,917	\$3,367
\$5 to \$9.9 million	\$54,321	\$19,660	\$31,750	\$16,703	\$52,850
\$10 to \$99.9 million	\$53,036	\$53,659	\$63,132	\$38,292	\$94,564
\$100 million to \$999 million	\$106,793	\$84,450	\$133,438	\$89,833	\$194,864
Over \$1 billion	\$251,556	\$139,213	\$266,375	\$155,345	\$311,549

2013 Per-Firm Annual Customer Loyalty Reward Spend			
	Merchandise & Card	Incentive Travel Spend	Adjusted Total Spend
\$1 to \$10 million	\$21,191	\$12,513	\$19,457
\$10 to \$100 million	\$149,341	\$34,853	\$92,390
\$100 to \$1B	\$178,893	\$75,264	\$162,143
\$1B plus	\$407,868	\$310,475	\$432,952

The total estimated spend for loyalty rewards increased by 6% - US firms spent \$16.1 billion on loyalty rewards in 2015.

2015 Customer Loyalty Total Market Summary (45% Incidence)		
	Percent of Customer Programs Using	Total Spend (Billions)
Award Points	55%	\$5.6
Gift Cards	51%	\$4.7
Trips & Travel	25%	\$3.1
Merchandise	32%	\$2.5
Total		\$16.1

Market incidence for non-cash Customer Rewards increased from 32% of all U.S. businesses in 2013 to 45% in 2015. Likewise, total spend for non-cash Customer Rewards increased from \$15.1B to \$16.1B over the 2-year period.

Corporate Gift Spend

The incidence of firms using non-cash rewards to thank clients, prospects, and partners increased by 19 percentage points from 2013 to 2015 – a 36% increase. The change was consistent across firm size. This increase is offset, however, by a decrease in reported spend in this category. Average spending is significantly lower in 2015 for most firm sizes.

Per-Firm Annual Customer Gift Budgets		
	2015	2013
\$1 to \$4.9 million	\$1,482	\$24,209
\$5 to \$9.9 million	\$22,319	
\$10 to \$99.9 million	\$41,638	\$112,903
\$100 million to \$999 million	\$87,596	\$113,458
Over \$1 billion	\$211,795	\$292,895

The net impact of these changes is a larger number of firms utilizing non-cash items as tokens of appreciation, but a decrease in overall spend in the market – down 32% to \$10.5 billion.

Customer Gifts Total Market Summary		
	2015	2013
Overall Incidence	72%	53%
Total Spend (Billions)	\$10.5	\$15.5

Note – data for customer gifts was examined to determine if spending had shifted to a category not included in the current survey. There was no evidence to suggest the decline in spending was related to the specific types of rewards mentioned on the survey.

Total Market Spend

Total market size is calculated by extrapolating the average rewards spend to the population of U.S. businesses of that size using non-cash rewards. As shown in the table below, the total size of the non-cash incentives market is \$90 billion, with sales and employee rewards remaining the largest categories of spend.

	2015 Estimated Market	2013 Estimated Market	Percent Change
Sales Rewards	\$23,004,028,531	\$21,452,080,306	7%
Channel Rewards	\$17,424,909,458	\$6,656,838,829	162%
Employee Rewards	\$22,911,818,559	\$18,134,743,466	26%
Customer Rewards	\$16,133,268,043	\$15,178,452,035	6%
Corporate Gifts	\$10,548,400,721	\$15,510,046,909	-32%
Total	\$ 90,022,425,312	\$76,932,161,544	17%

The addition of award points and gift cards as separate categories for spend has shifted the distribution of rewards budgets – award points and gift cards account for two-thirds of the market spend. Spending on sales and employee rewards continues to outpace other program types.

Note – customer gifts are not included in the tables below because they do not fall neatly into any one category.

2015	Award Points	Gift Cards	Trips & Travel	Merchandise	Total Spend
Sales	\$8,347,089,851	\$6,958,731,197	\$3,964,800,449	\$3,733,407,033	\$23,004,028,531
Channel	\$6,307,992,107	\$4,925,186,135	\$3,372,205,248	\$2,819,525,967	\$17,424,909,458
Employee	\$8,196,976,538	\$7,559,177,757	\$3,905,804,290	\$3,249,859,974	\$22,911,818,559
Customer Loyalty	\$5,696,726,898	\$4,737,211,885	\$3,189,711,473	\$2,509,617,786	\$16,133,268,043
Total Spend	\$28,548,785,395	\$24,180,306,974	\$14,432,521,461	\$12,312,410,761	\$79,474,024,591

2013	Incentive Travel	Incentive Merchandise/Card	Total Spend
Sales	\$8,887,138,807	\$12,564,941,499	\$21,452,080,306
Channel	\$2,419,830,036	\$4,237,008,793	\$6,656,838,829
Employee	\$8,809,417,779	\$9,325,325,687	\$18,134,743,466
Customer Loyalty	\$2,469,318,250	\$12,709,133,785	\$15,178,452,035
Total	\$22,585,704,872	\$38,836,409,764	\$61,422,114,636

Examining the breakdown of the market by firm size reveals the impact of adjusting the market calculations to account for the large population of very small companies (\$1 to \$4.9 million). The total spend for companies between \$1 million and \$9.9 million accounts for 33% of the total market in 2015, compared to 51% in 2013. The general finding noted in earlier studies still holds – the majority of the market opportunity resides in companies smaller than \$100 million in revenue.

2015 Market Breakdown		
Firm Size (\$)	Total Market Spend	Percent of Market Spend
\$1 to \$4.9 million	\$ 8,837,900,418	10%
\$5 to \$9.9 million	\$ 20,481,860,783	23%
\$10 to \$99.9 million	\$ 45,925,431,358	51%
\$100 to \$999 million	\$ 11,785,425,306	13%
Over \$1 billion	\$ 2,993,613,902	3%
	\$ 90,024,231,767	

2013 Market Breakdown		
Firm Size (\$)	Total Market Spend	Percent of Market Spend
\$1 to \$9.9 million	\$39,330,173,430	51%
\$10 to \$99.9 million	\$28,571,534,479	37%
\$100 to \$999 million	\$5,751,519,589	7%
\$1 billion or more	\$3,278,934,045	4%
Total	\$76,932,161,544	

Part 2: The Multi-Faceted Market

Since the inception of this study over two decades ago, the number and type of non-cash rewards from which program owners can choose has expanded vastly. Primarily, the entrance of gift cards and award points into the consideration set for non-cash reward programs has been embraced strongly by end users. While 72% of U.S. firms still use some form of Merchandise for gifting and rewards and 45% still use Travel, a full 87% are now using gift cards and 55% are using award points.

WEIGHTED TOTALS	Use Non Cash	Gift Cards	Merchandise or Logo'd Merch	Merchandise	Use Award Points	Trips and Travel
Number of firms	1,207,624	1,055,071	863,616	839,280	662,340	540,986
As % of all US firms	84%	73%	60%	58%	46%	38%
As % of US firms using non-cash rewards		87%	72%	69%	55%	45%

While the percent of US firms using non cash rewards varies from 83-90% based on business size, the study also reveals a great deal of variance in the usage rate of different reward types based on business size. Usage ranged from a 'high' where 95% of \$100-\$1B sized firms with non-cash programs were using Gift Cards as a reward to a 'low' of 43% of \$1-\$10MM US firms with non-cash reward programs using company-organized Travel Awards.

	Number of Companies	Net Use Non-Cash	% of Firms Using Non Cash Who Use This Type of Award				
			Award Points	Gift Cards	Travel Awards	Merchandise	Merchandise or Logo'd Merchandise
\$1 to \$10 million	1,244,164	83%	55%	87%	43%	69%	71%
\$11 to \$100 million	176,850	86%	53%	89%	56%	72%	74%
\$100 to \$1B	17,974	90%	62%	95%	54%	77%	80%
\$1B plus	2,631	83%	57%	92%	53%	77%	80%
Total	1,441,619						

Most importantly, the study showed that the majority of US firms do not rely on a single type of non-cash reward for their motivation programs. In fact, of those firms using non-cash awards, a weighted total of 81% are using more than one award type. Naturally, the number of awards used within an organization tended to increase with the size of the business.

Number of Primary Reward Types Used					
Percent of companies using 1, 2, 3, or 4 different types of rewards as the PRIMARY reward vehicle (i.e., does not include gift cards that fall under the banner of an award points program)					
	1	2	3	4	Net Percent of Firms Using Multiple Reward Types
\$1 to \$9.9 million	19%	37%	28%	16%	81%
\$10 to \$99.9 million	19%	25%	37%	19%	81%
\$100 to \$999 million	11%	28%	30%	30%	89%
\$1 billion or more	11%	36%	29%	24%	89%
Weighted Total					81%

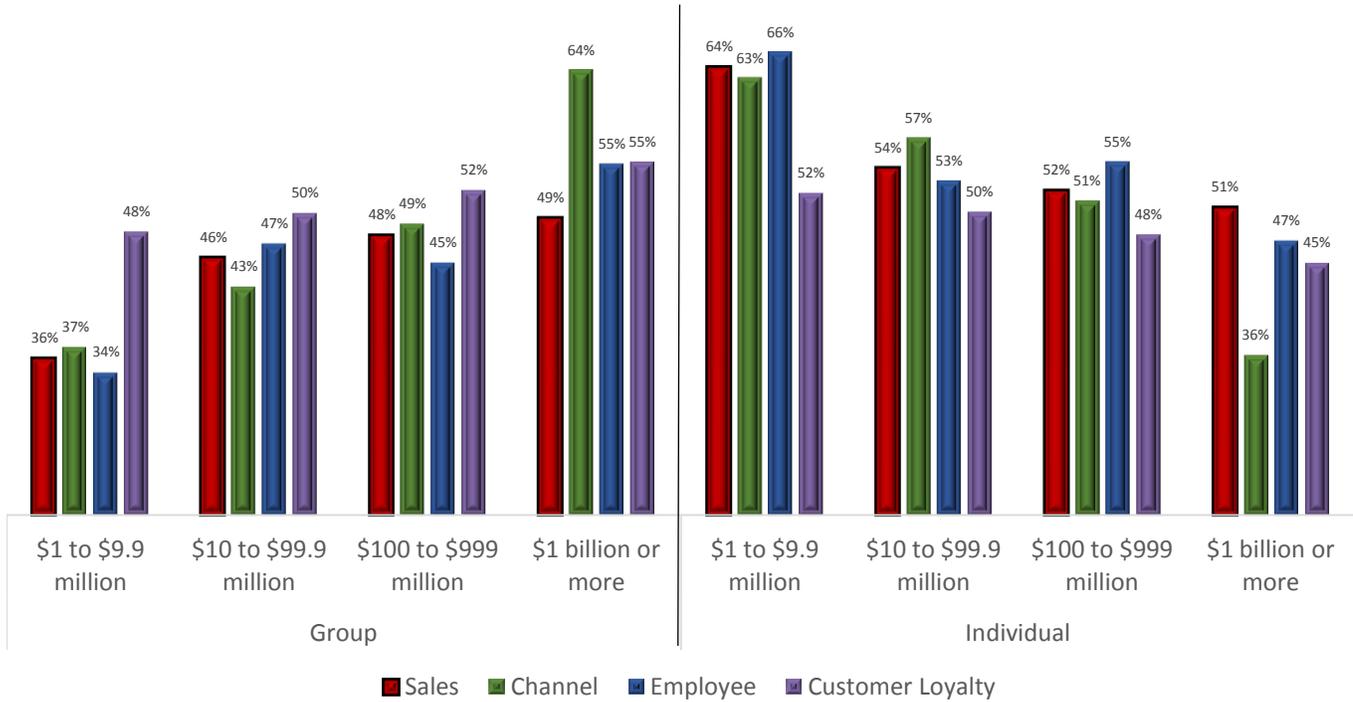
Part 3: Group Travel, Individual Travel, and Relationship to Previous Market Calculations

Exploration of the Incentive Travel market in the U.S. has changed over the years in which this study has been produced. A primary point raised in this 2015 study was that while incidence of program usage increased across all program types and total spend increased by over \$13 Billion, why then did the amount of spend categorized as Incentive Travel seem to fall in many areas? Significantly, in an attempt to tease out the rewards spending into more detailed categories, questions for all reward types became more granular in 2015. Program owners had two options for categorizing their reward spend for the studies prior to 2015 – Incentive Travel and Merchandise (including gift cards and points). In 2015, program owners had four categories for their spending: Award Points, Gift Cards, Trips and Travel, and Merchandise. Because Travel is included as a redemption option for a large number of firms utilizing Award Points and Gift Cards, it is likely that some of the spending reported under the banner of “Incentive Travel” in previous iterations of the study is now being captured as Award Point and Gift Card spending. As the 2015 study reveals, the newly itemized categories of Award Points and Gift Cards comprise the largest portion of market share. Their detailing would naturally pull from the only two designations previously offered. Likewise, we would then anticipate seeing the largest shift in travel-related incidence to come from program types where individual travel is most prevalent - primarily sales and employee programs. This held true as the totals below show.

	2015 Award Type Use Among Business Using Noncash Awards				2013 Award Type Use*	
	Award Points	Gift Cards	Sponsor-Arranged Travel	Merchandise	Incentive Travel**	Merchandise/Card**
In company's offering Non-Cash:						
Sales Programs	44%	72%	34%	44%	53%	60%
Channel Programs	43%	63%	30%	51%	33%	75%
Employee Programs	36%	71%	30%	38%	43%	60%
Customer Programs	55%	51%	25%	32%	27%	74%

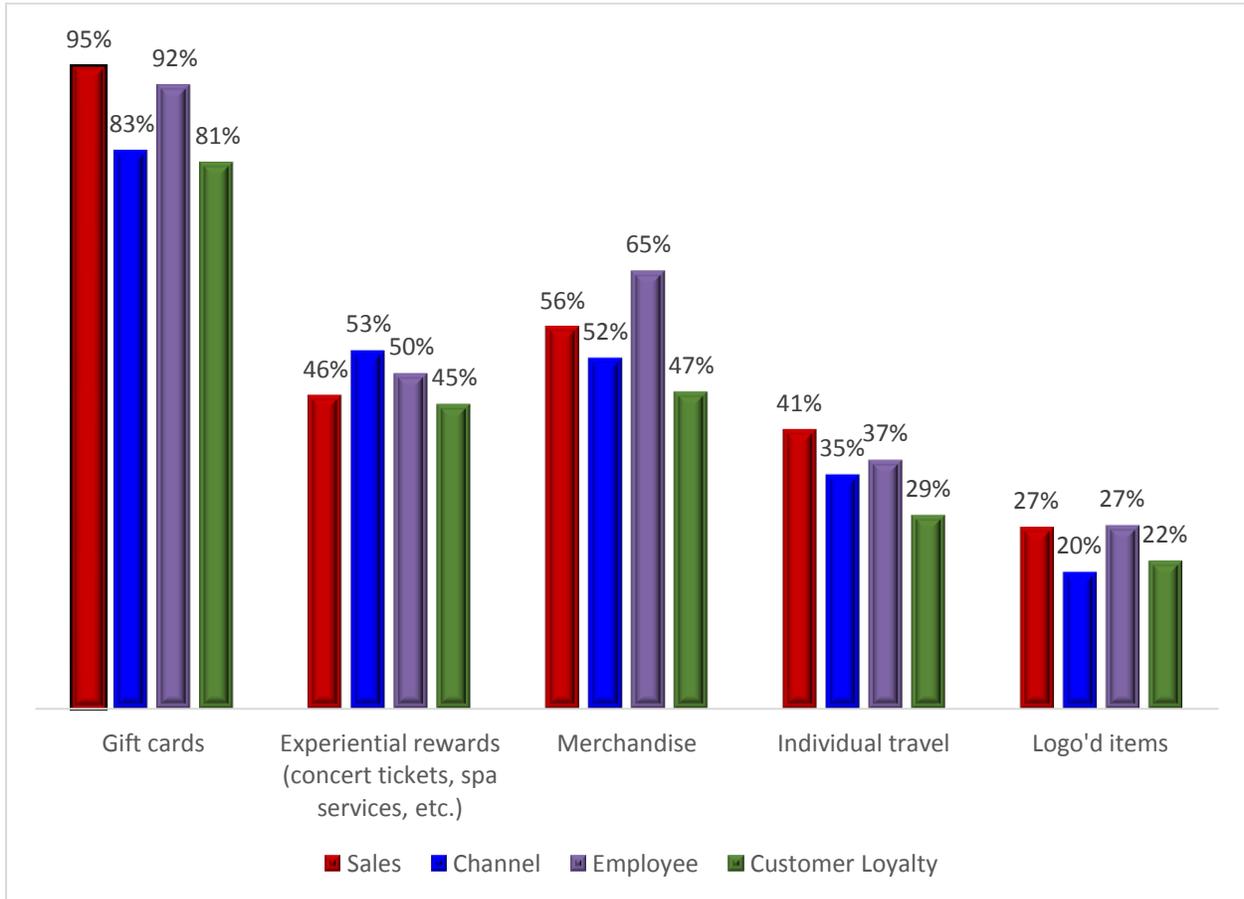
Spending Breakdown for Trips & Travel

For Trips & Travel, in which travel is the key award, smaller firms generally report a higher reliance on individual travel, while larger firms split rewards more equally across individual and group travel. This is particularly evident in channel programs. Additionally, as noted above, sales and employee programs tend to outpace channel and customer programs in their use of individual travel regardless of company size.



Rewards Breakdown for Award Points

Firms that use award points as the primary reward vehicle offer a wide array of redemption options in their programs. Gift cards are the most prevalent across all audiences, followed by merchandise and experiential rewards. Between 30% and 40% of firms include individual travel as a redemption option.



Conclusions

The findings confirm that the incentives market is very large and thriving – the 84% of US businesses using award points, gift cards, trips and travel, and merchandise spend \$90 billion annually in this category. The market is largely driven by small-to-medium businesses (those between \$1 and \$100 million in annual revenue), whose budgets are considerably smaller, but these businesses account for 84% of the spending in this industry.

Appendix

Efforts to Control Estimation Error

Aside from the issue of sampling, a B2B study such as this will include inherent bias that will affect the accuracy of market projections. This error has been deemed tolerable by the sponsors because any error of projection will likely make the estimates conservative – underestimating the market, not overstating it.

1. False negatives: It is likely that the true incidence of gift card programs is higher in the marketplace than reported here. The likelihood of a respondent being unaware of a program is higher than the likelihood of a respondent believing there is a program where one is not. This is particularly true in larger companies, where a respondent typically will not be aware of the activities of various divisions, subsidiaries, and locations.
2. Multiple decision-makers: As firm size increases, so too does the number of divisions and locations. The Fortune 500 companies are complex microcosms unto themselves, with subsidiaries, branches, divisions, operating units, etc. It is unlikely a respondent will have perfect information within a company with revenue above \$100 million, and firms over \$1 billion are highly complex. Interviewing a stakeholder in marketing, for example, may give some information about the activity of that department, but is unlikely to yield accurate data for sales, HR, operations, and other departments.
3. Discretionary spend: In many large companies, department managers will use some small part of their budget, or perhaps their own money, to buy “thank you gifts” for their teams. The amount a single manager spends may be small, but in a firm with thousands of managers, the impact on the market is worth noting. These funds may not be captured in the “official” program budgets of the firm.

All of this to say, the findings of this study are far more likely to understate the size of the non-cash incentives market than overstate it.