

## Who are the Incentive Federation's members?

The Incentive Federation is the only organization whose membership and leadership includes all the industry's national trade associations, as well as individual industry companies. It is under The Incentive Federation umbrella that the collective interests of the Incentive Marketing Association (IMA), the Promotional Products Association International (PPAI), The Incentive Research Foundation (IRF), the Recognition Professionals International (RPI) and Society for Incentive Travel Excellence (SITE) are advanced.

## Research Perspective

### U.S. businesses using non-cash rewards

1996 – 26%

2016 – 84%

### \$\$ Spent in Incentive Marketplace

1996 - \$27 billion

2016 - \$90 billion

## Incentive Research Foundation Introduces Toolkit for Channel Partner Programs

The Incentive Research Foundation has released the first in a series of incentive toolboxes, each designed as an introduction to a specific area of research. The first Toolkit is titled the Strategy, Design and Management of Channel Partner Incentive, Reward and Recognition Programs. The highlights will help you with your job and be a useful reference when you read some of the IRF's more advanced and specific, cutting-edge research.

The first Toolkit is a primer on incentive programs for channel partners - companies that partner with a manufacturer or producer to market and sell the manufacturer's products, services, or technologies. It is geared to professionals new to the incentive industry or those new to designing channel partner incentive programs. The IRF Channel Partner Toolbox provides key statistics, best practices, benchmarks and recommended reading. Among the issues explained are:

- What is a channel partner?
- Who is using non-cash channel partner reward programs?
- What are some best practices in designing these programs?
- Click [here](#) for an introduction to the IRF's Channel Partner programs and for access to IRF's latest research about these strategies.

## *Things to Know and Think About*

The following are interesting pieces of marketing and market information that you might find useful in your businesses:

### Tariffs on Chinese Manufactured Products Challenges Industry Companies and Prompts Industry Opposition

At a recent Special Markets Dialogues meeting in early September the participants addressed the impact of tariffs imposed on a variety of merchandise commonly used in the incentives, recognition and rewards industry. Aside from the timepiece representatives at the meeting, the consensus from the other attendees was four-fold:

- The tariffs are likely to increase again before the end of year, with little optimism that a trade agreement between the U.S. and China will be reached this year.
- That even when a trade agreement is eventually concluded, the price increases imposed on goods so far will likely remain in place, as manufacturers will be reluctant to retract prices and give up the extra margins that they might enjoy.
- The prospect of moving the production of products of most brand companies from China to another country is remote given the time required to establish facilities, gain the needed workforce and to have the supporting infrastructure in place.
- Brand suppliers, distributors reps and marketing companies reported push-back from customers against price increases, with some choosing to buying less to meet budgets to some whose businesses are concerned about survival.

PPAI's *PPB Newslink* reported that On October 11, 2019, President Trump announced that the U.S. and China had reached a "very substantial phase one deal" in the two countries' ongoing trade dispute. In the deal, the U.S. suspended a tariff increase on \$300 billion in Chinese imports, which was set to go into effect on October 15, and China agreed to purchase \$50 billion in American farm exports.

Questions remain about the agreement, and reports are that China wants further negotiations before signing it. *The China Daily*, the official state-owned English-language newspaper, noted, "While the negotiations do appear to have produced a fundamental understanding on the key issues and the broader benefits of friendly relations, the champagne should probably be kept on ice, at least until the two presidents put pen to paper." However, activity on the negotiations have been positively, if cautiously, welcomed.

At present, the trade deal announced earlier in October exists only in principle. The Associated Press reports that no documents have been signed and many details remain to be worked out. And plans to impose further tariffs on December 15, 2019 on an additional \$160 billion in Chinese products remain in place.

### **PPAI Joins Other Organizations in Opposing Tariff increases**

PPAI's *PPB Newslink's* October 8, 2019, issue reported that PPAI has joined with 79 businesses and trade organizations in a letter to U.S. Trade Representative (USTR) Robert Lighthizer opposing the proposed increases, from 25 percent to 30 percent, on the third list of Chinese imports subject to tariffs. The list includes consumer and commercial products, such as travel goods, specialty clothing, headwear, accessories and textiles from China. The letter requests the USTR to exempt products on list three from the increase which went into effect October 1.

The letter notes: "The 25-percent tax that is currently being imposed has already emerged as a huge cost burden that is resulting in price increases, job losses and other irreversible economic damage in the United States. The proposed tax increase will only magnify these problems, coming entirely at the expense of U.S. firms, including those with manufacturing operations in the United States and the American customers they serve.

"None of the items we produce in China—items such as travel goods, specialty clothing, headwear, accessories and textiles—are in any way connected to the underlying disputes relating to forced technology transfer or the Made in 2025 initiative. Although some of these items do experience intellectual property (IP) theft, the tariff rate increase on legitimate merchandise will only make the IP problem worse by increasing the reward for counterfeiters.

"At the same time, these extra tariffs will create disproportionate harm to U.S. companies and consumers. In addition to losing market share to counterfeiters, legitimate companies who pay these new taxes are forced to make difficult choices, such as raising prices, foregoing investments, and laying off workers. Further, one year after the first punitive tariffs were applied, we can clearly see that supply chains cannot easily relocate outside of China quickly or at all. Thus, these tariffs will be increasingly borne by companies that are less able to find alternatives outside of China."

## Rise Reported in Corporate Preference for Incentive-based Gift Cards

The Persistence Market Research firm has released a new market study on the popularity of gift cards, moving toward the global marketplace, with a prediction that global sales will exceed \$1 trillion by the end of 2019. The company surmises that the U.S. market for gift cards, while still holding the dominant share of the marketplace, is becoming stagnant due to the large number of players in the industry. The company sees the major expansion in the rest of the world. See PMR's analysis [here](#).

## PPAI Reports On The California Consumer Privacy Act Coming January 1, 2020

PPAI's October 15, 2019 issue of *PPB Newslink* has updated businesses that on January 1, 2020, the California Consumer Privacy Act (CCPA) goes into effect and applies to any organization that does business in California, collects consumers' personal data and satisfies at least one of the following thresholds: has an annual gross revenue in excess of \$25 million; possesses the personal information of 50,000 or more consumers, households, or devices; earns more than half of its annual revenue from selling consumers' personal information. It's estimated that CCPA will affect upwards of half a million U.S. businesses.

An upcoming webinar will provide information on the next steps to take regardless of what state you are located in.

On December 4, 2019 at 1 pm CT PPAI presents the webinar "How the California Privacy Law Will Affect You In 2020" featuring the expertise of Amar Hajeri, PMP, a data management expert who has advised several major corporations, including Time Warner Cable, Tyson Foods and Southwest Airlines in the areas of data strategy, specifically around governance and privacy. This one-hour webinar is free for PPAI members and \$15 for PPAI associates.

If interested and if you want to learn if you can register for the webinars, click [here](#).

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If you have questions, advice for the Board, or want to raise issues for the Board to think about, please contact Steve Slagle at [steves3309@gmail.com](mailto:steves3309@gmail.com) or 864-710-6739.