

## Program Design & Support Series:

### 4 Engaging Outside Program Support

Data reported here includes survey results from our 2015 national sampling of reward and recognition "end users" of sales, channel, and employee programs. Additional papers in this series include the following:

- 1 Program Goals & Objectives
- 2 Communications, Technology, Tools & Reporting
- 3 Award Program Spending

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PROMOTING, PROTECTING, AND RESEARCHING  
THE OPTIMAL USE OF INCENTIVES,  
REWARDS, AND RELATED PROMOTIONS IN BUSINESS.

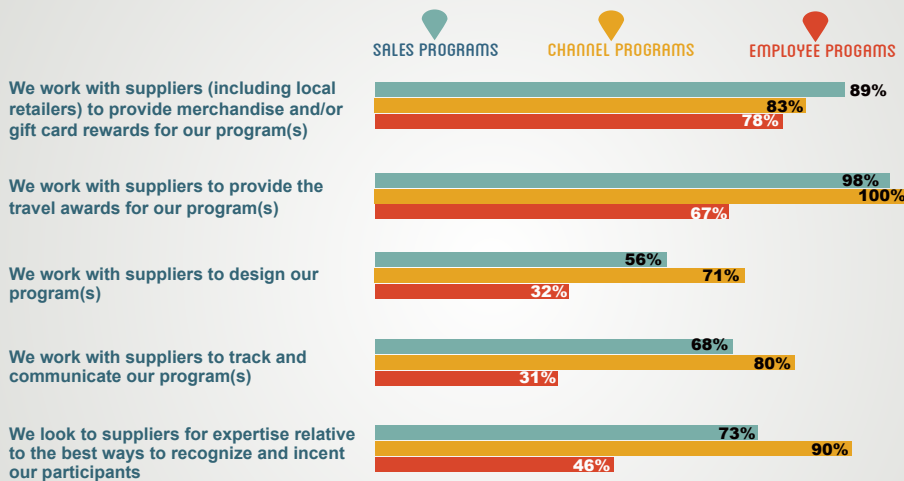


To gauge how incentive programs are procured by end-using companies, we asked research respondents about their use of outside suppliers, whether they work with single or multiple vendors, the types of vendors/suppliers they work with, etc. The following provides these and more details about program procurement.

## USE OF SUPPLIERS BY PROGRAM TYPE

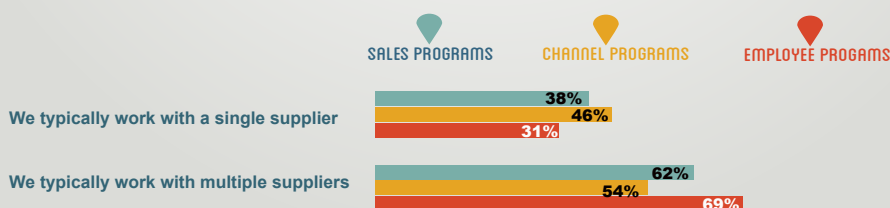
### OVERALL

As expected, the highest use of suppliers is for sourcing of merchandise, gift cards, and travel rewards. For non-reward support, Sales Channel programs have the highest incidence of relying on suppliers for expertise, design, and program administration, while Employee programs show the lowest incidence of using outside support for these activities.



## SINGLE VS. MULTIPLE SUPPLIERS

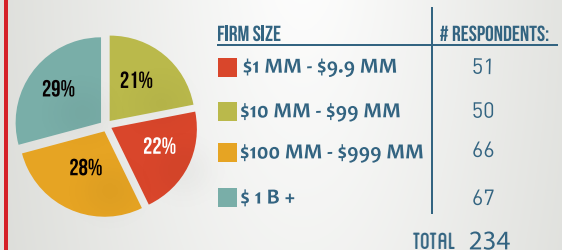
Multiple suppliers are often used to support Sales and Employee programs. Conversely, nearly half of Channel programs are supported by a single supplier.



## ABOUT THE END-USER SURVEY

### AUDIENCE:

Reward and recognition "end-users" in firms with annual revenue of \$1 million or more. The following shows final survey distribution of respondents who had some level of responsibility for non-cash programs for their salespeople, for channel/dealer partners (the end-user company's distribution channel), or for their employees.



### CONFIDENCE LEVEL:

The sample size provides a 95% confidence level and 6.4% margin of error (i.e., if the study was completed 100 times, 95% of the studies would generate results within 6.4% of the current study).



## SINGLE VS. MULTIPLE SUPPLIERS BY FIRM SIZE

The use of single vs. multiple suppliers varies according to the size of the firm:

### SALES PROGRAMS

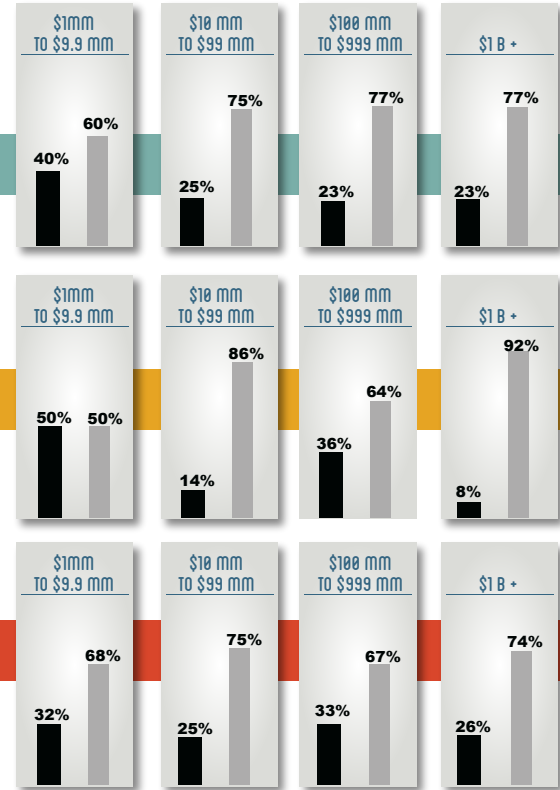
For Sales programs, larger companies use multiple suppliers more often than the smallest companies do. Only a quarter of larger firms use a single supplier for program support.

### CHANNEL PROGRAMS

Similar to Sales programs, Channel programs in large firms show a higher incidence of multiple suppliers than do small companies.

### EMPLOYEE PROGRAMS

Unlike Sales and Channel programs, Employee programs show a consistently high incidence of multiple suppliers across all company sizes. For all firm size categories, only a quarter to a third of companies use a single supplier.



## TYPES OF SUPPLIERS ENGAGED BY PROGRAM TYPE

### SALES PROGRAMS

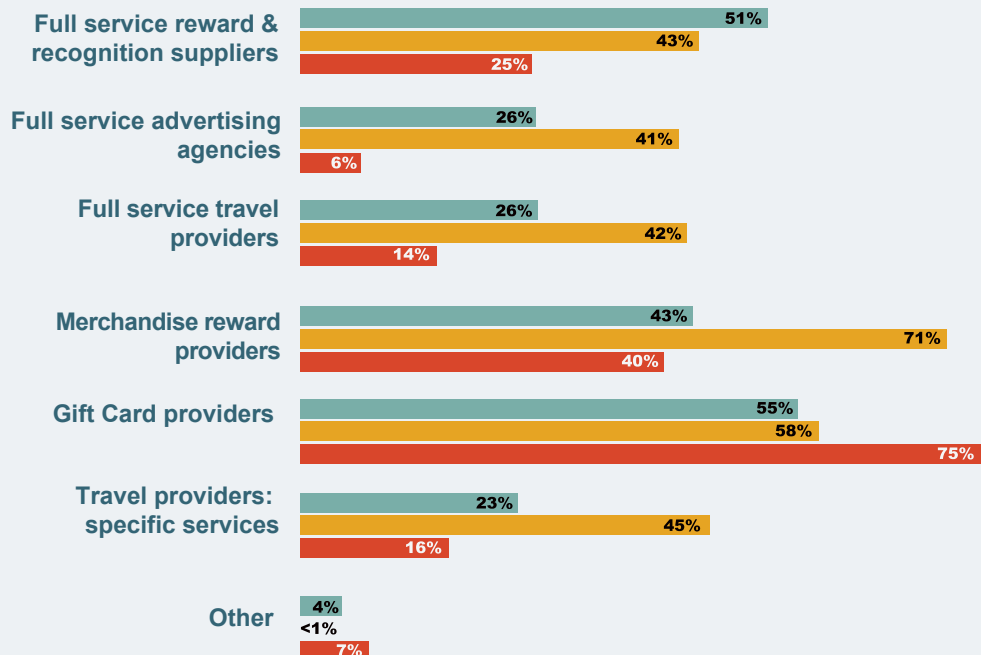
For Sales program support, there is a strong presence of full-service reward and recognition providers, gift card providers, and merchandise providers.

### CHANNEL PROGRAMS

Within Channel programs there is a strong reliance on merchandise reward providers and, to a lesser extent, gift card suppliers.

### EMPLOYEE PROGRAMS

The opposite is seen in Employee programs, where gift card suppliers have the highest incidence followed by merchandise providers.



## SOURCING FOR MERCHANDISE & GIFT CARDS

Among companies using merchandise or gift cards for their programs, a majority source those rewards from local retailers. The next most-prevalent source is incentives-industry companies, followed by the corporate B2B sales team for retailers or merchandisers.

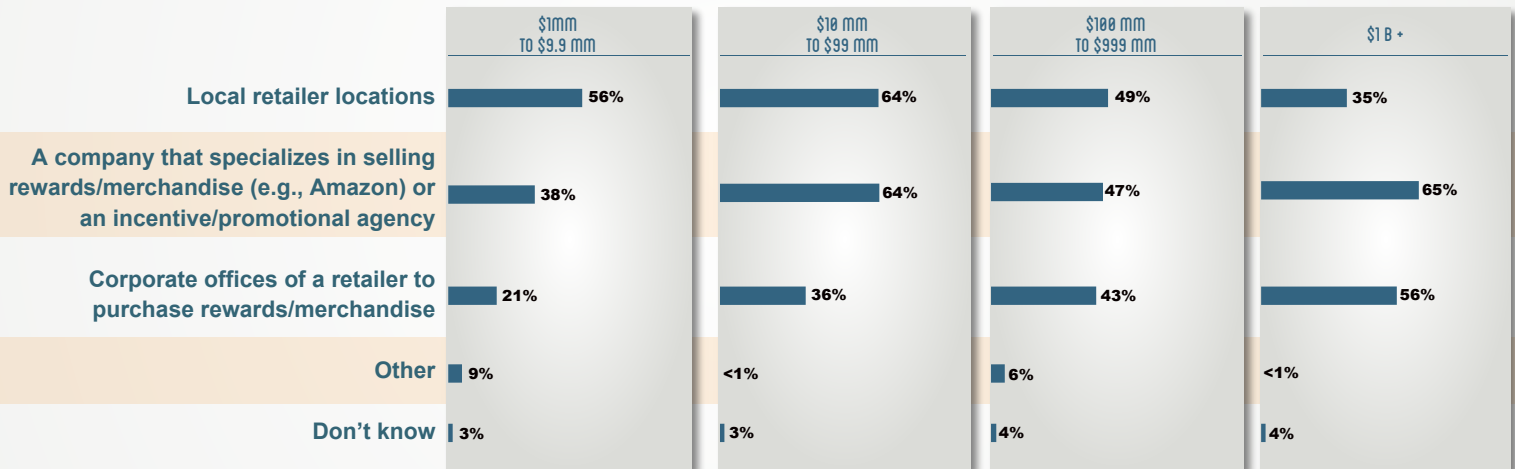


"We get our program rewards from ..."



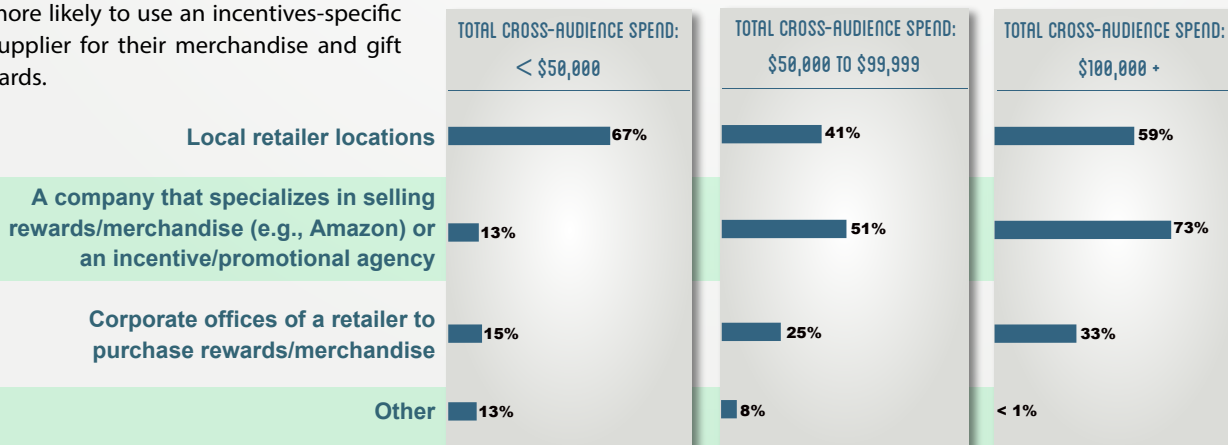
## MERCHANDISE & GIFT CARD SOURCING BY FIRM SIZE

The reliance on local retailers for merchandise and gift cards is highest among smaller firms, dropping dramatically for companies over \$1 billion in revenues. The largest firms use suppliers in the incentives industry or go directly to corporate B2B retail/merchandise sales teams.



## REWARDS SOURCING BY TOTAL (CROSS-AUDIENCE) SPEND

Firms that spend more across multiple audiences (e.g. Sales and Employees) are more likely to use an incentives-specific supplier for their merchandise and gift cards.



## HOW MERCHANDISE AND GIFT CARDS ARE SOURCED

Companies using incentive industry and corporate B2B suppliers have many options available to them in terms of how they source their awards.

A majority are working through an account manager or customer service representative, and half are ordering online.

Approximately one-third bulk-order rewards and a third opt for fulfillment upon participant order.

### ORDERING MECHANISMS

We order through an account manager or customer service representative

We order online

We order merchandise rewards in bulk

Rewards are fulfilled as participants earn and order them

I don't know

#### OVERALL

65%

50%

30%

30%

1%

## MERCHANDISE AND GIFT CARD SOURCING BY FIRM SIZE

How companies order from incentive industry and corporate B2B suppliers differs by size of firm. The smallest firms are most likely to be working through a service representative, while mid-sized companies (\$10 to 99 million) predominantly order online.

We order through an account manager or customer service representative

We order online

We order merchandise rewards in bulk

Rewards are fulfilled as participants earn and order them

I don't know

\$1mm  
TO \$9.9 mm

72%

44%

28%

28%

&lt; 1%

\$10 mm  
TO \$99 mm

35%

77%

42%

38%

4%

\$100 mm  
TO \$999 mm

44%

47%

33%

33%

6%

\$1 B +

52%

50%

36%

43%

2%

## REWARDS ORDERING BY TOTAL CROSS-AUDIENCE SPEND

Firms with higher cross-audience spend are more likely to engage an account manager or CSR in their ordering process. Additionally, higher-spending firms are more likely to fulfill rewards as participants earn and order them.

We order through an account manager or customer service representative

We order online

We order merchandise rewards in bulk

Rewards are fulfilled as participants earn and order them

TOTAL CROSS-AUDIENCE SPEND:  
< \$50,000

57%

46%

36%

7%

TOTAL CROSS-AUDIENCE SPEND:  
\$50,000 TO \$99,999

61%

50%

15%

27%

TOTAL CROSS-AUDIENCE SPEND:  
\$100,000 +

73%

52%

42%

42%