

IRF/IMA Participant Study

July 2015



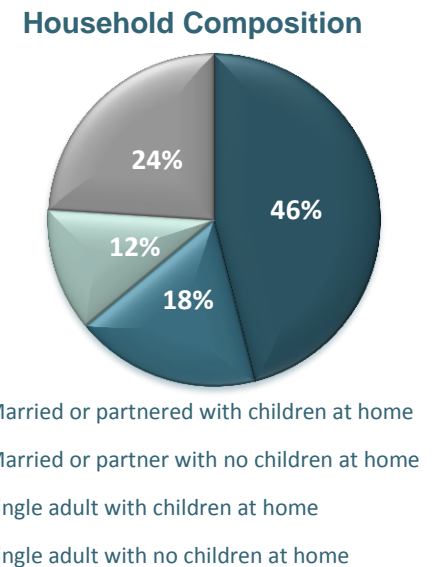
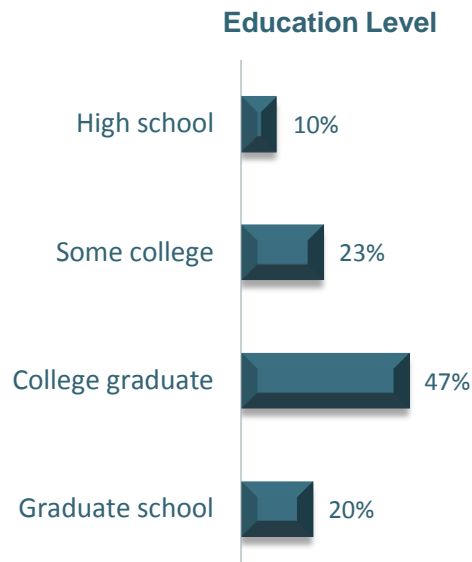
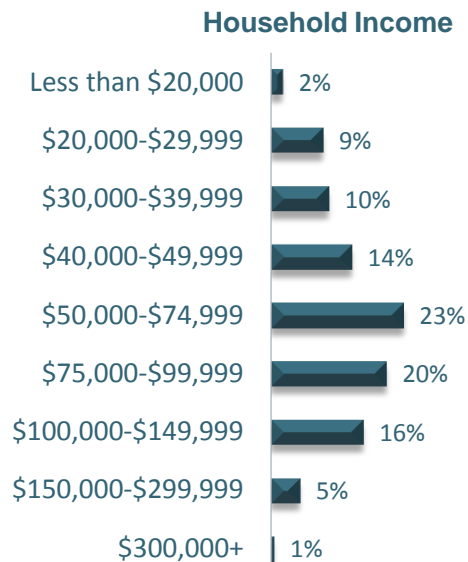
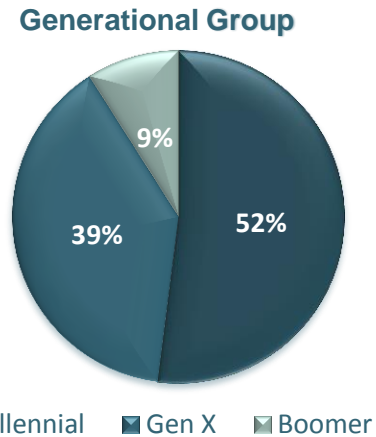
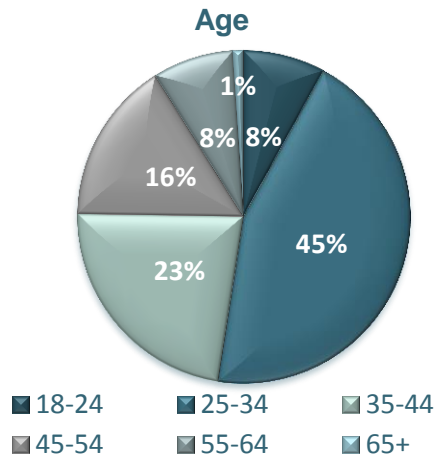
Background

- The Incentive Marketing Association and the Incentive Research Foundation seek to address the gap in empirical research regarding the participant's experience of reward and recognition programs

Methodology

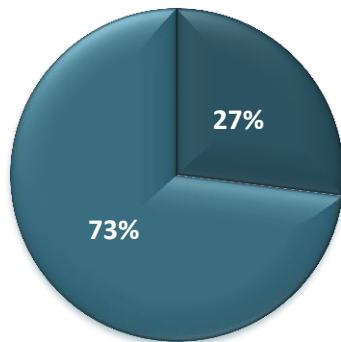
- A national cross-section of 452 working adults was surveyed via a 15 minute web questionnaire
 - The survey was designed by Intellective Group in partnership with advisors from the IMA and IRF
 - An experimental design was used to maximize the information output and minimize any extraneous error effects
 - Respondents were recruited via research panels sourced through Cido
 - Quotas were established for gender and household income – all other demographic subgroups were allowed to populate organically
 - Data was collected in June 2015

Respondent Profiles: Home



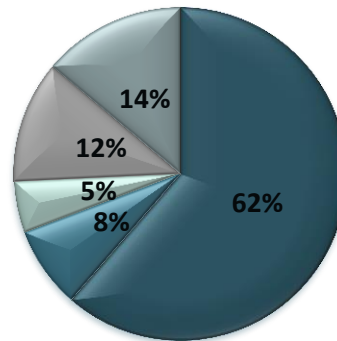
Respondent Profiles: Work

Salesperson



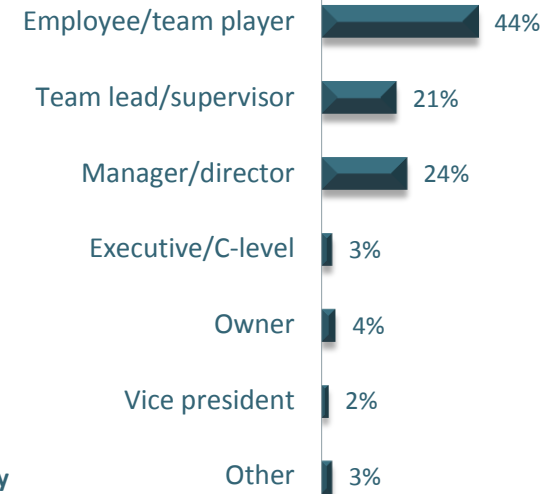
■ Yes ■ No

Work Environment

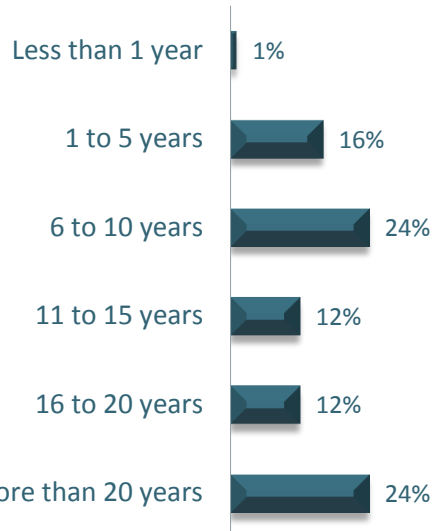


■ Office ■ Home office ■ Factory
■ Retail ■ Something else

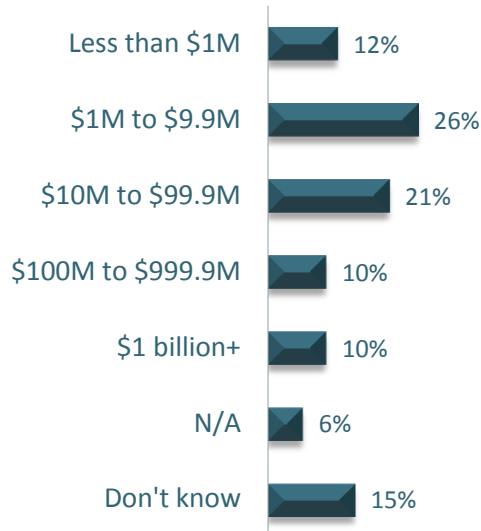
Role



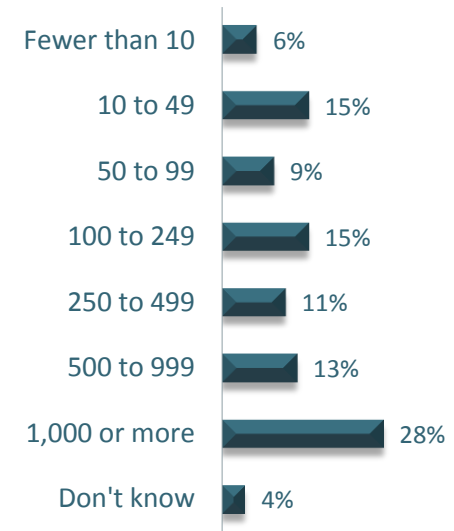
Years Employed



Company Annual Revenue



Company Number of Employees



Scenario-Moderated Conjoint

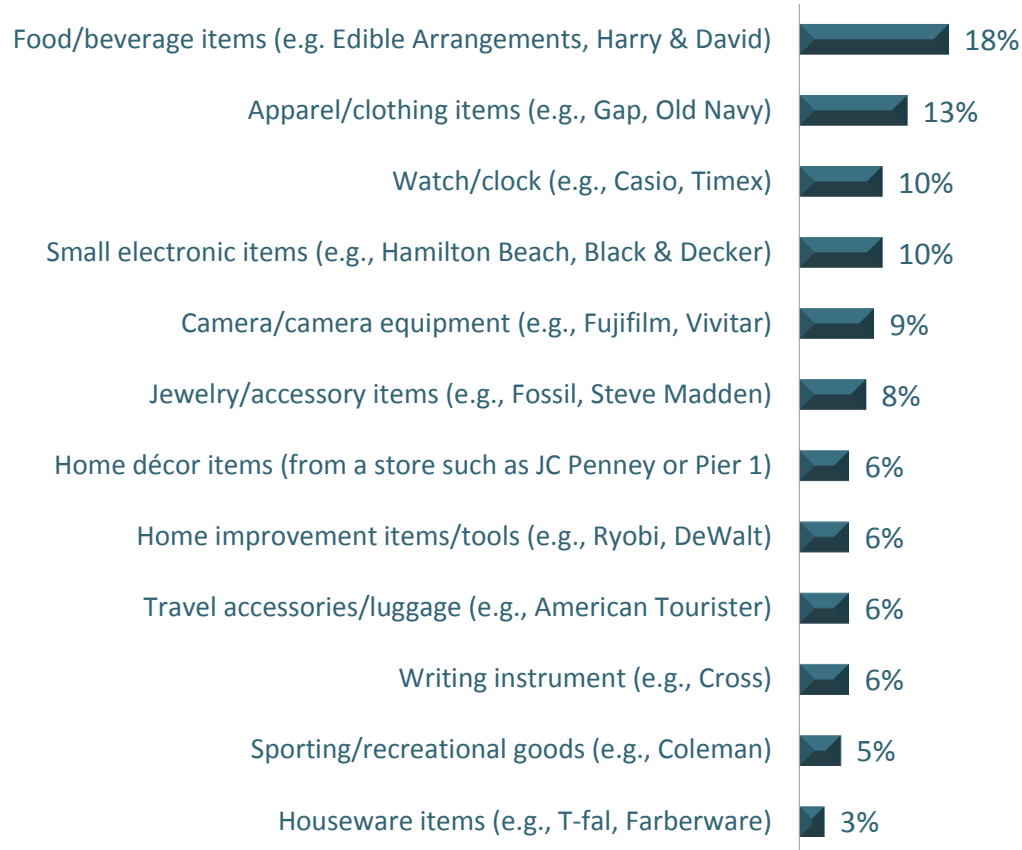
- Each respondent was asked to complete fourteen choice exercises – seven for a “small” reward scenario and seven for a “large” reward scenario
 - Each exercise consisted of three reward experiences, from which the respondent was asked to select their most and least preferred
 - Each experience described whom was recognizing the respondent, through what communication, with what reward type and any professional development benefit
 - For reward categories of merchandise, closed-loop gift card, perk, travel, and experiential awards, the reward experience used a specific award previously selected by the respondent

Contextualizing Rewards

- Respondents were not given a specific dollar value for small or large rewards, but allowed to make inferences based on their own experience and perspective. They were told to assume that all rewards they were comparing were of equivalent dollar value.
 - Travel and experiential rewards were only presented for large reward experiences. Perks were only presented for small rewards.
 - Within gift cards and merchandise, the categories were only slightly modified between small and large rewards (e.g. small electronics vs. electronics)
 - Examples of commonly-known brand names were offered to help contextualize the various types of merchandise and gift cards. Brand names were selected based on various factors, including expectation of familiarity across a range of ages and incomes, strength of association with that category, and the extent to which the brand offers products appropriate for small or large rewards.

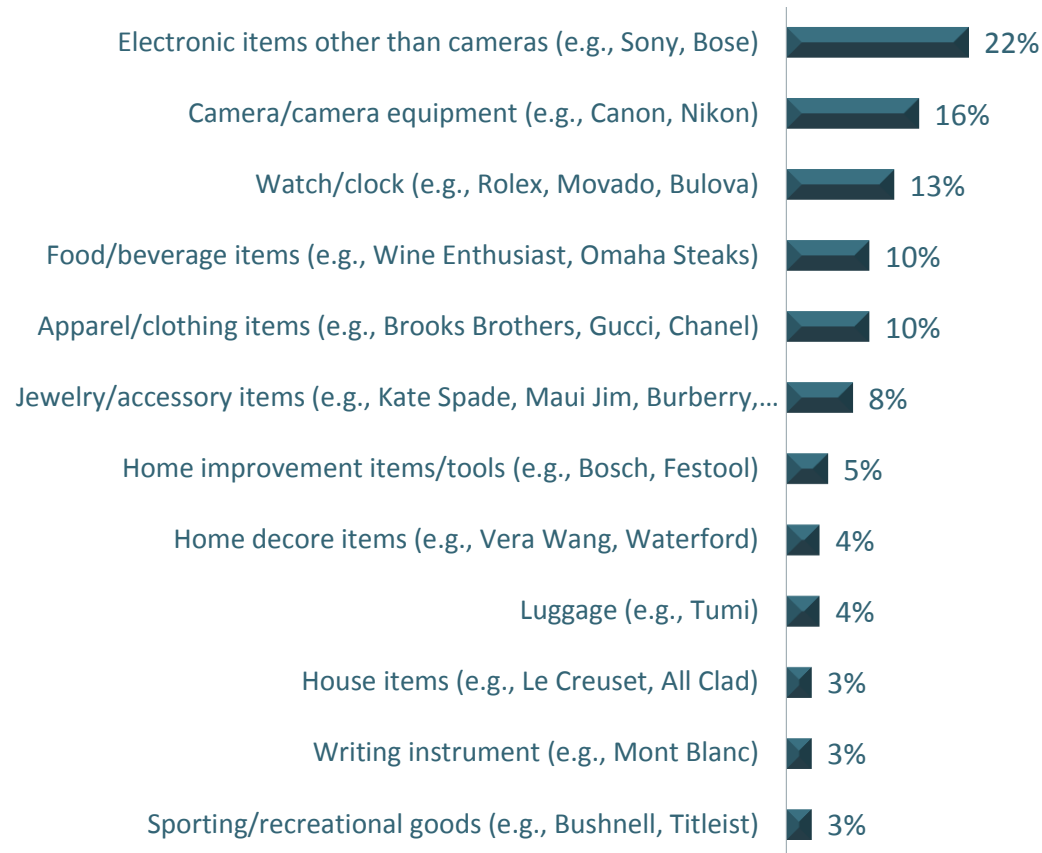
Merchandise Rewards Preferred: Small

Compared with other reward types, workers are interested in a variety of merchandise. Food/beverage items are selected as preferred most often.



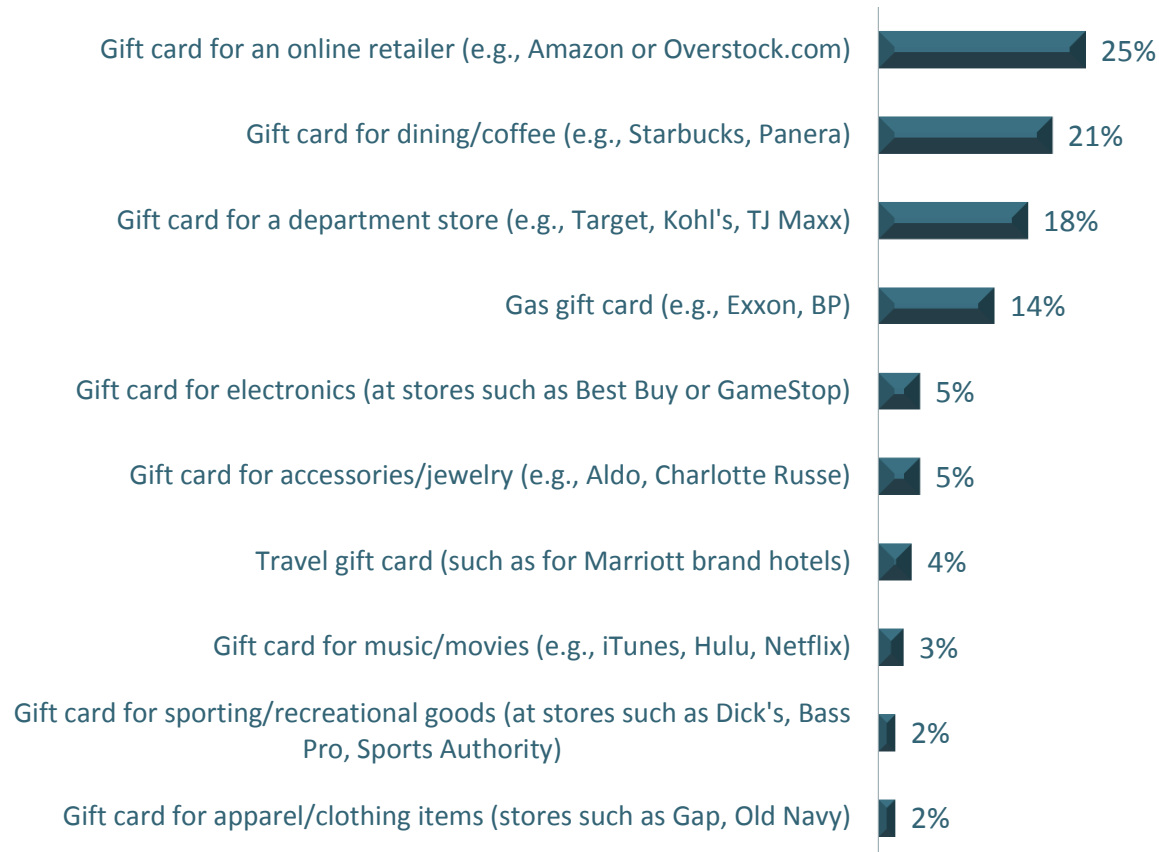
Merchandise Rewards Preferred: Large

Electronic items and camera/camera equipment are most preferred for large merchandise rewards.



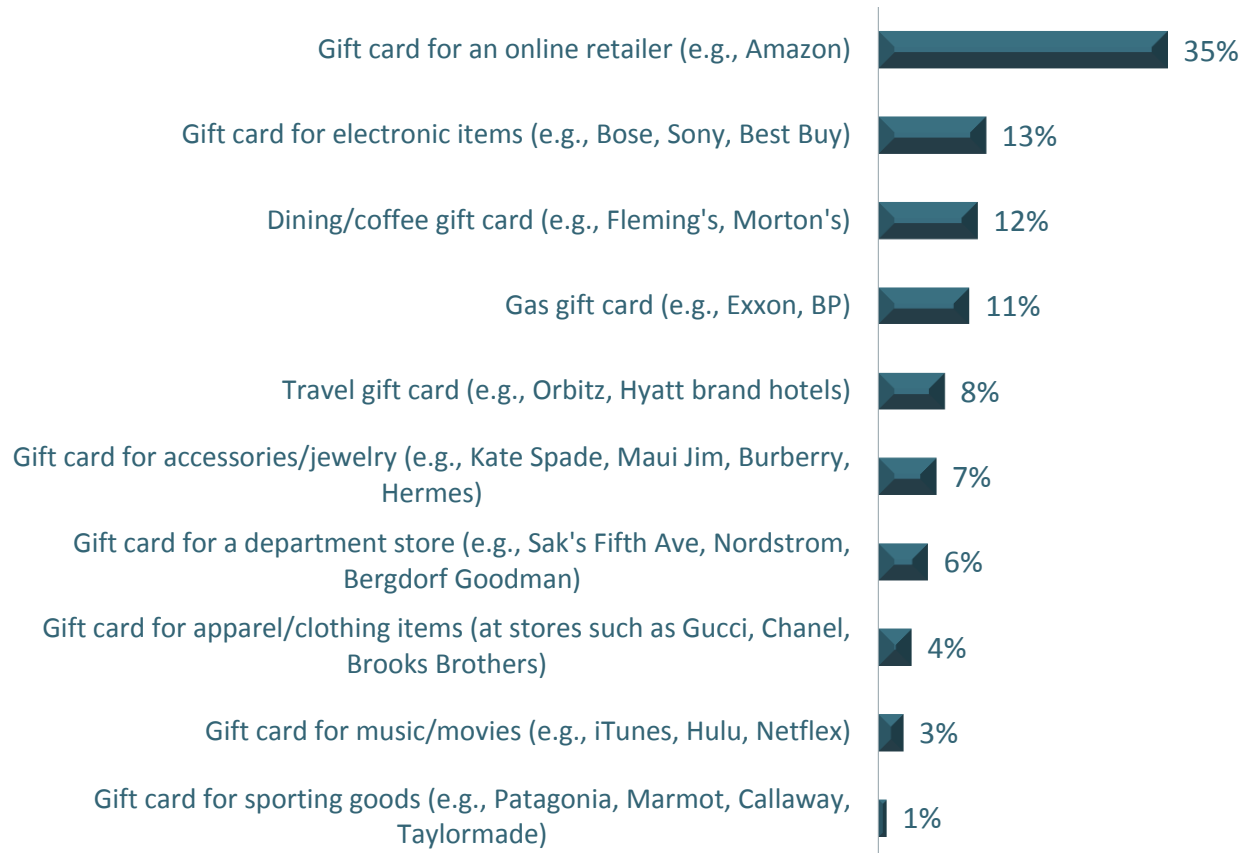
Gift Card Rewards Preferred: Small

For small rewards, gift cards for online retailers are most frequently preferred.



Gift Card Rewards Preferred: Large

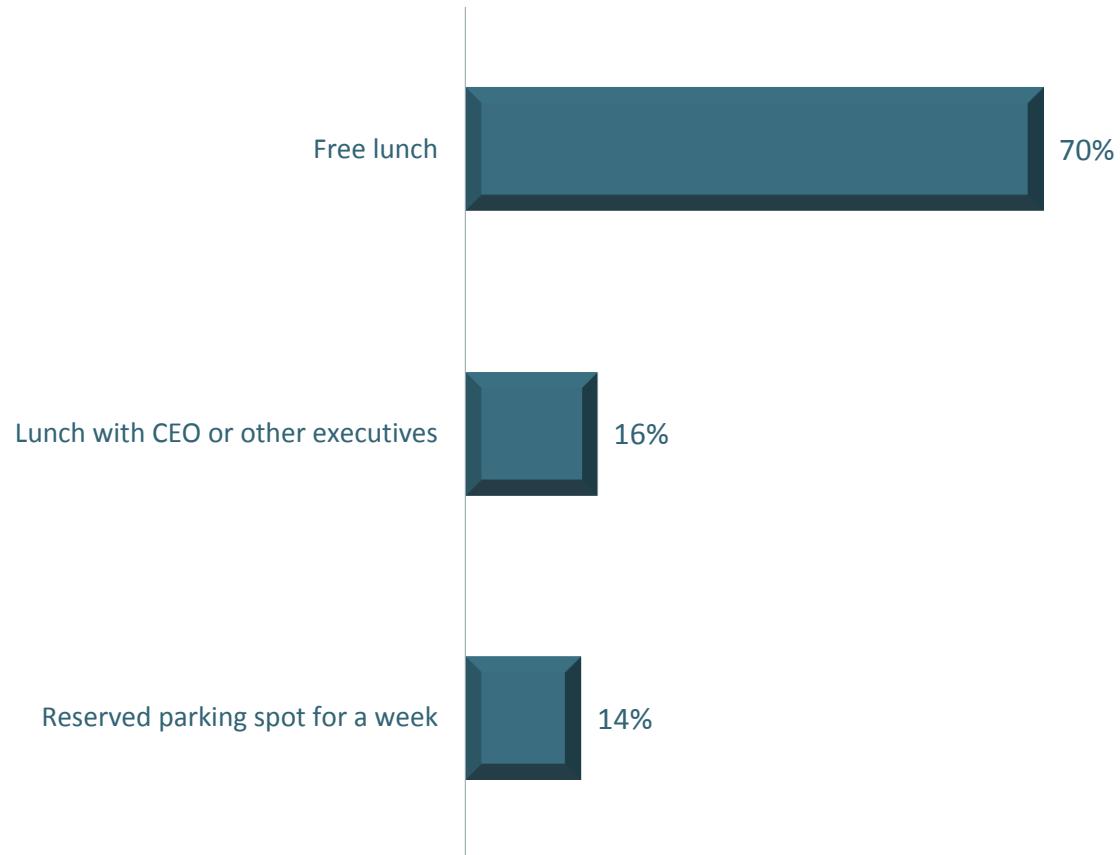
For large rewards, gift cards for online retailers are most frequently preferred.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=454)

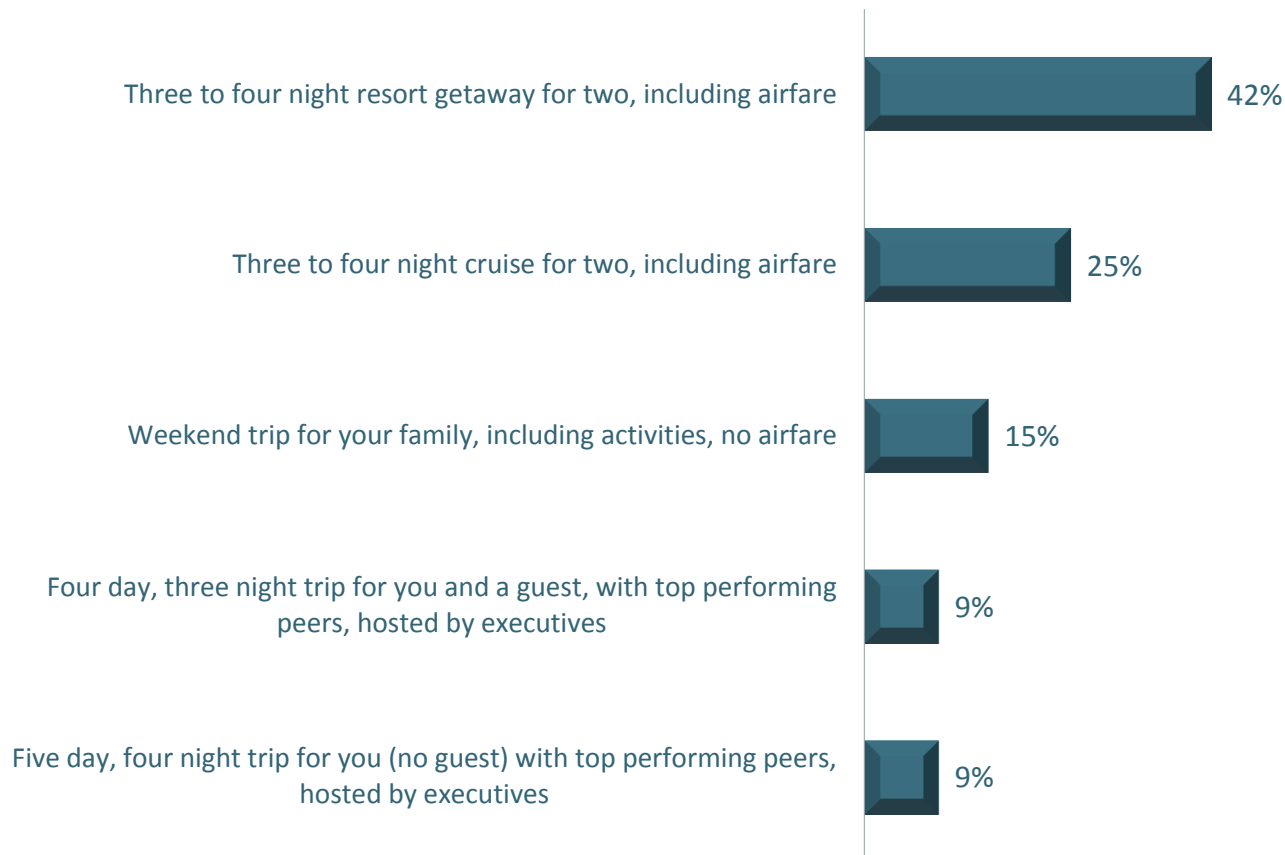
Perks Preferred: Small

From the small reward perks presented to respondents, a free lunch is by far the most preferred.



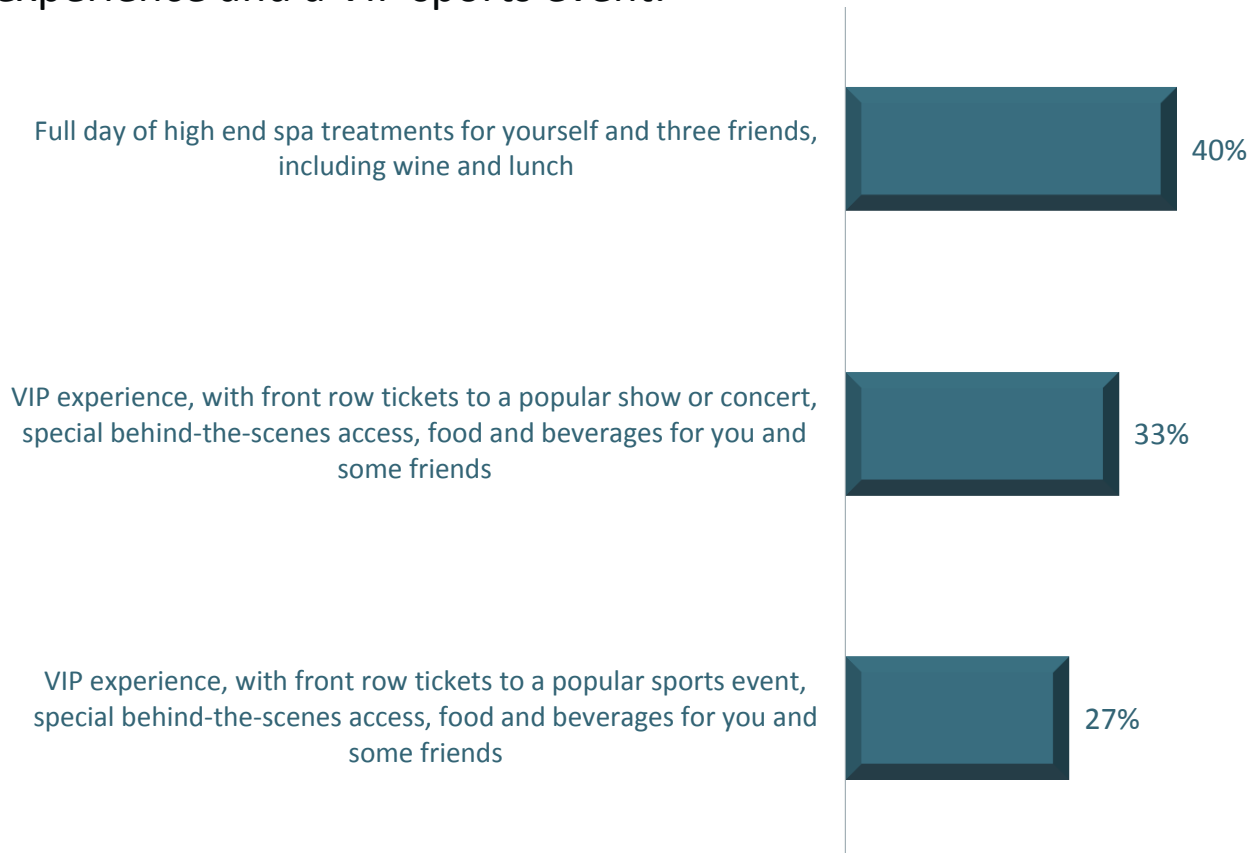
Travel Reward Preferred: Large

From the large travel rewards presented to respondents, most would prefer a resort getaway for two that includes airfare.



Experiential Reward Preferred: Large

From the large experiential reward packages presented to respondents, most would prefer a full day of high end spa treatments, but many also select a VIP short/concert experience and a VIP sports event.



Small Reward Scenario

For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution. Which of the following **small rewards** would you MOST prefer and which would you LEAST prefer?

Small Reward

Recognized By:	Reward:	Professional Development:	Communication:
• Your peers/team	• None	• None	• Posted on company's intranet
• Your direct manager	• Earn points to redeem for item of your choice	• More challenging work/special project	• Posted to public site, such as social media
• Company executive(s)	• Merchandise*	• Paired with personal mentor	• Recognized in private 1 on 1 conversation
	• Perk*	• Networking with other professionals or executives across company	• Recognized in front of large employee audience
	• Gift card that can be used for*	• Invited to share best practices with others	• Recognized in front of immediate work team
	• Gift card that can be used anywhere	• Attend conference or seminar	• Via a handwritten note
	• Cash		• Via an email

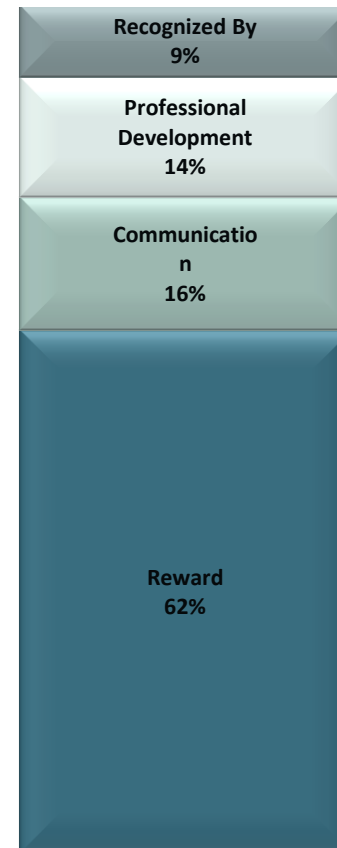
* Indicates respondents were shown their specifically-preferred reward for context

Personally-Relevant Small Rewards

Gift Card	Merchandise	Perk
• A gift card for a department store such as Target, Kohl's, or TJ Maxx	• Apparel/clothing items such as Gap or Old Navy	• Reserved parking spot for a week
• A gift card for apparel/clothing items at stores such as Gap or Old Navy	• Food and beverage items such as Edible Arrangements or Harry & David	• Free lunch
• A gift card for electronics at stores such as Best Buy or GameStop	• Sporting/recreational goods such as Coleman	• Lunch with the CEO or other executives
• A gift card for sporting/recreational goods at stores such as Dick's, Bass Pro Shops, or Sports Authority	• Home improvement items/tools such as Ryobi or DeWalt	
• A dining/coffee gift card such as Panera Bread or Starbucks	• A writing instrument such as Cross	
• A gift card for an online retailer such as Amazon or Overstock.com	• Home décor items from a store such as JC Penney or Pier 1	
• A gift card for accessories & jewelry for a store such as Aldo or Charlotte Russe	• Travel accessories or luggage such as American Tourister	
• A gift card for music/movies such as iTunes, Hulu, or Netflix	• Jewelry/accessory items such as Fossil or Steve Madden	
• A travel gift card such as for Marriott brand hotels	• Houseware items such as T-Fal or Farberware	
• A gas gift card such as for Exxon or BP	• A camera/camera equipment such as Fujifilm or	
	• Small electronic items such as Hamilton Beach or Black & Decker	
	• A watch or clock such as Timex or Casio	

Small Reward Preference Drivers

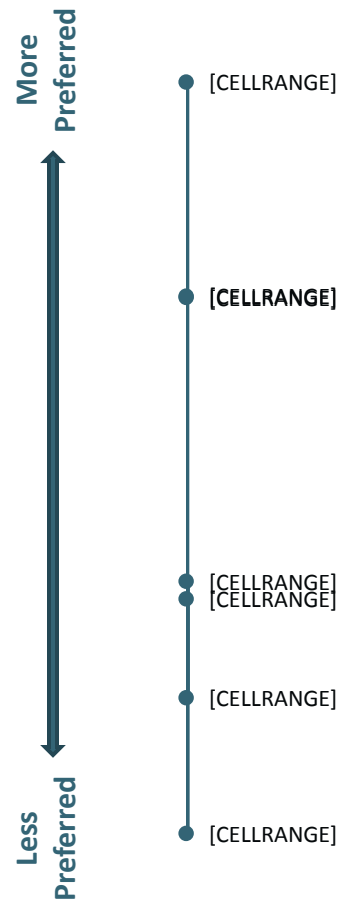
- While a large proportion of an individual's preference for a specific reward/recognition experience is determined by the actual reward, nearly 40% of the total experience is determined by the non-reward components: how the recognition is communicated, any professional development impact, and who is doing the recognizing.



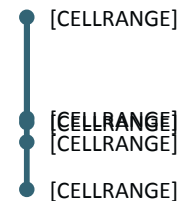
Understanding Reward Preferences

- Findings regarding reward preferences are presented in two ways:
 - The relative preference and importance of various components when considering the population as a whole – these findings represent the average results (e.g. slide 20)
 - The predicted percent of individuals likely to prefer a specific reward scenario given their personal preference profile – these findings depict the degree to which reward preference varies from person to person (e.g. slide 21)

Small Reward Experience Preferences – Population



- The diagram below depicts the average relative impact and preference for various components of the reward experience
 - A longer line indicates a stronger impact on the overall reward experience
 - Items near the top of the line are, on average, more preferred than items near the bottom of the line.
 - The appropriate interpretation of position of a reward component on the line is average relative preference compared to other components, not an absolute measure of whether that component is compelling to a reward experience.
- For small rewards, cash has the highest average preference across the population, followed by either an open or closed-loop card.
- Employees generally prefer small reward/recognition to be personal or within a small group
- Receiving a special assignment as a result of good performance is the favored professional development experience
- Being recognized by executives or a direct manager is typically the most meaningful



Small Reward Scenario Preference Shares

- The tables below show the “preference share” for each of four reward experiences. Given the four options shown, the preference share is the percent of people who would prefer that particular option. The preference share will sum to 100%.
- The first table demonstrates the specific impact of changing only the reward component while the remaining reward/recognition experience remains the same.
- Although cash is the most-preferred reward, the magnitude of preference between the cash experience and the closed-loop gift card is relatively low – only 5%

Only the reward changes →

Small	Option 1	Option 2	Option 3	Option 4
Recognizer	Company executive(s)	Company executive(s)	Company executive(s)	Company executive(s)
Reward	Cash	Gift Card (Piped)	Gift Card (anywhere)	Merchandise (Piped)
Professional Impact	Special Assignment	Special Assignment	Special Assignment	Special Assignment
Communication	Private 1 on 1	Private 1 on 1	Private 1 on 1	Private 1 on 1
Preference Share	35%	30%	21%	14%

← *The least-preferred of the four options still captures 14% of the population.*

- The second table demonstrates the impact of changing several aspects of the reward experience.
- The first two experiences are as above – the most-preferred experience with only the reward changing.
- Option 3 is the preference for the reward experience created by combining the mid-point of each of the four components.
- Option 4 is the preference for the least-preferred experience components.

Small	Option 1	Option 2	Option 3	Option 4
Recognizer	Company executive(s)	Company executive(s)	Direct Manager	Peers/Team
Reward	Cash	Gift Card (Piped)	Merchandise (Piped)	Perk (Piped)
Professional Impact	Special Assignment	Special Assignment	Personal Mentor	Share Best Practices
Communication	Private 1 on 1	Private 1 on 1	Posted on Intranet	In Front of Audience
Preference Share	40%	34%	18%	8%

Median-preferred components *Least-preferred components*

← *The drop-off in preference is more marked, but some still prefer the least-favored option.*

Three Additional Scenario Comparisons

- Comparing two specific scenarios at a time reinforces the finding that at an individual level, each scenario within the full range of experiences is preferred by some portion of the employee population. **Reward preference is never one-size-fits-all.**
- The spread between the most-preferred total experience and the least-preferred total experience is 78% to 22%; over 1 in 5 employees prefer the least-preferred combination.
- By changing only the reward component of the least-preferred experience to be cash (the most-preferred small reward, on average), the preference share does shift, but only moderately. This is a function of the relative importance of the non-reward elements in the overall recognition experience.
- Keeping all elements the same except for the reward component results in a considerable spread in preference, albeit with a healthy proportion of the population in the lesser-preferred scenario.

	Most Preferred Total Experience	Least Preferred Total Experience
Recognizer	Company executive(s)	Peers/Team
Reward	Cash	Perk (Piped)
Professional Impact	Special Assignment	Share Best Practices
Communication	Private 1 on 1	In Front of Audience
Preference Share	78%	22%

Even the least-preferred experience captures a considerable proportion of the employee audience

	Most Preferred Combined Experience	Least Preferred Experience with Most Preferred Reward
Recognizer	Company executive(s)	Peers/Team
Reward	Cash	Cash
Professional Impact	Special Assignment	Share Best Practices
Communication	Private 1 on 1	In Front of Audience
Preference Share	62%	38%

Offering the most-preferred reward increases the preference, but not enough to offset the other components.

	Most Preferred Combined Experience	Most Preferred Experience with Least Preferred Reward
Recognizer	Company executive(s)	Company executive(s)
Reward	Cash	Perk (Piped)
Professional Impact	Special Assignment	Special Assignment
Communication	Private 1 on 1	Private 1 on 1
Preference Share	70%	30%

The most-preferred experience combined with the least-preferred reward garners a 30% share.

Large Reward Scenario

- For your excellent performance over the course of the year, your manager or peers want to recognize you for your contribution – which of the following **large rewards** would you MOST prefer and which would you LEAST prefer?

Large Reward Experience Characteristics

Recognized By:	Reward:	Professional Development:	Communication:
• Your peers/team	• None	• None	• Posted on company's intranet
• Your direct manager	• Earn points to redeem for item of your choice	• More challenging work/special project	• Posted to public site, such as social media
• Company executive(s)	• Merchandise*	• Paired with personal mentor	• Recognized in private 1 on 1 conversation
	• Experience*	• Networking with other professionals or executives across company	• Recognized in front of large employee audience
	• Gift card that can be used for*	• Invited to share best practices with others	• Recognized in front of immediate work team
	• Gift card that can be used anywhere	• Attend conference or seminar	• Via a handwritten note
	• Cash		• Via an email
	• Travel*		

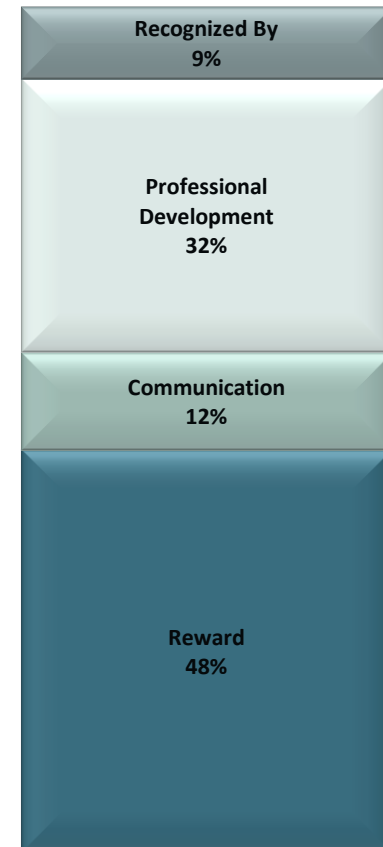
* Indicates respondents were shown their specifically-preferred reward for context

Personally-Relevant Large Rewards

Gift Card	Merchandise	Experience	Travel
• A gift card for a department store such as Sak's Fifth Avenue, Nordstrom, or Bergdorf Goodman	• A camera/camera equipment such as Canon or Nikon	• Full day of high end spa treatments for yourself and three friends, including wine and lunch	• A three to four night resort getaway for two, including airfare
A gift card for apparel/clothing items at stores such as Brooks Brothers, Gucci, or Chanel	Electronic items other than cameras such as Sony or Bose	A VIP experience, with front row tickets to a popular sports event, special behind-the-scenes access, food and beverages for you and some friends	A weekend trip for your family, including activities, no airfare
• A gift card for electronics items such as Best Buy, Sony, or Bose	• Food and beverage items such as Wine Enthusiast or Omaha Steaks	• A VIP experience, with front row tickets to a popular show or concert, special behind-the-scenes access, food and beverages for you and some friends	• A three to four night cruise for two, including airfare
A gift card for sporting goods such as Patagonia, Marmot, Callaway, or Taylormade	Sporting/recreational goods such as Bushnell or Titleist		A five day, four night trip for you (no guest) with top performing peers, hosted by executives
• A dining/coffee gift card such as Fleming's or Morton's Steakhouse	• Home improvement items/tools such as Bosch or Festool		• A four day, three night trip for you and a guest, with top performing peers, hosted by executives
A gift card for an online retailer such as Amazon	A watch or clock such as Rolex, Movado, or Bulova		
• A gift card for accessories & jewelry such as Kate Spade, Maui Jim, Burberry, or Hermes	• A writing instrument such as Mont Blanc		
A travel gift card such as for Orbitz or Hyatt brand hotels	Home décor items such as Waterford or Vera Wang		
• A gift card for music/movies such as iTunes, Hulu, or Netflix	• Luggage such as Tumi		
A gas gift card such as for Exxon or BP	Jewelry/accessory items such as Kate Spade, Maui Jim, Burberry, or Hermes		
	• Houseware items such as Le Creuset or All Clad		
	Apparel/clothing items such as Brooks Brothers, Gucci, or Chanel		

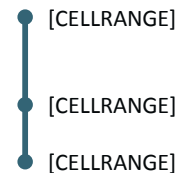
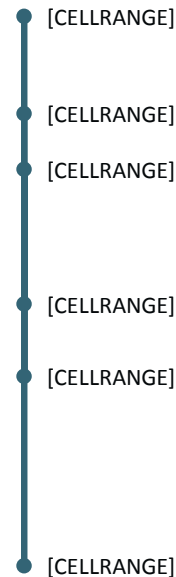
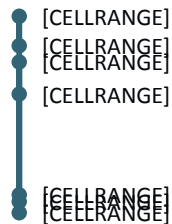
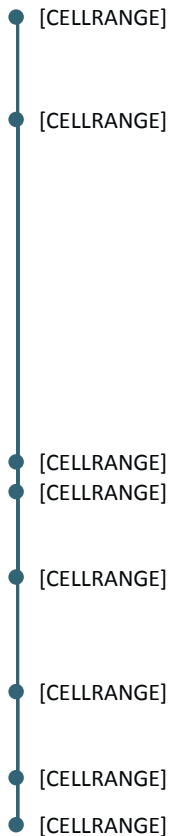
Large Reward Preference Drivers

- A large proportion of an individual's preference for a specific large reward/recognition experience is determined by the actual reward included in the scenario, although to a lesser degree than for a small reward.
- Professional development opportunities become more relevant to preference as the significance of the reward increases.
- Communication and the person or group conferring the recognition have the smallest relative impact on the preference for a given large reward experience.



Large Reward Experience Preferences

- For large rewards, travel is the most-preferred reward, followed by an experiential reward.
- Professional development opportunities become more important for large rewards, with networking and conferences of particular interest.
- Public recognition is more compelling than private recognition when considering a large reward.
- Being recognized by executives is more meaningful than by a direct manager or peers/team members



Large Reward Scenario Trade-Offs

- The tables below show the “preference share” for each of four reward experiences. Given the four options shown, the preference share is the percent of people who would prefer that particular option. The preference share will sum to 100%.
- The first table demonstrates the specific impact of changing only the reward component while the remaining reward/recognition experience remains the same.
- Although travel is the most-preferred reward, the magnitude of preference between a travel reward and an experiential reward is relatively low – only 3%

Only the
reward changes

	Option 1	Option 2	Option 3	Option 4
Recognizer	Company executive(s)	Company executive(s)	Company executive(s)	Company executive(s)
Reward	Travel (piped)	Experience (Piped)	Cash	Gift Card (Piped)
Professional Impact	Networking	Networking	Networking	Networking
Communication	Posted to Public Site	Posted to Public Site	Posted to Public Site	Posted to Public Site
Preference Share	35%	32%	14%	19%

The least-preferred
of the four options
still captures 19%
of the population.

- The second table demonstrates the impact of changing various aspects of the reward experience.
- The first two experiences are as above – the most-preferred experience with only the reward changing.
- Option 3 is the preference for the reward experience created by combining the mid-point of each of the four components.
- Option 4 is the preference for the least-preferred experience components.

	Option 1	Option 2	Option 3	Option 4
Recognizer	Company executive(s)	Company executive(s)	Direct Manager	Peers/Team
Reward	Travel (piped)	Perk (Piped)	Gift Card (anywhere)	Points
Professional Impact	Networking	Networking	None	Personal Mentor
Communication	Posted to Public Site	Posted to Public Site	In Front of Audience	Email
Preference Share	42%	32%	16%	10%

The drop-off in
preference is more
marked, but some
still prefer the
least-favored
option.

Three Additional Scenario Comparisons - Large

- Comparing two specific scenarios at a time reinforces the finding that at an individual level, each scenario within the full range of experiences is preferred by some portion of the employee population. **Reward preference is never one-size-fits-all.**
- The spread between the most-preferred total experience and the least-preferred total experience is 79% to 21%; over 1 in 5 employees still prefer the least-preferred combination.
- By changing only the reward component of the least-preferred experience to be cash (the most-preferred small reward, on average), the preference share does shift, but only moderately. This is a function of the relative importance of the non-reward elements in the overall recognition experience.
- Keeping all elements the same except for the reward component results in a considerable spread in preference, albeit with a healthy proportion of the population in the lesser-preferred scenario.

	Most Preferred Total Experience	Least Preferred Total Experience
Recognizer	Company executive(s)	Peers/Team
Reward	Travel (piped)	Points
Professional Impact	Networking	Personal Mentor
Communication	Posted to Public Site	Email
Preference Share	79%	21%

Even the least-preferred experience captures a considerable proportion of the employee audience

	Most Preferred Combined Experience	Least Preferred Experience with Most Preferred Reward
Recognizer	Company executive(s)	Peers/Team
Reward	Travel (piped)	Travel (piped)
Professional Impact	Networking	Personal Mentor
Communication	Posted to Public Site	Email
Preference Share	70%	30%

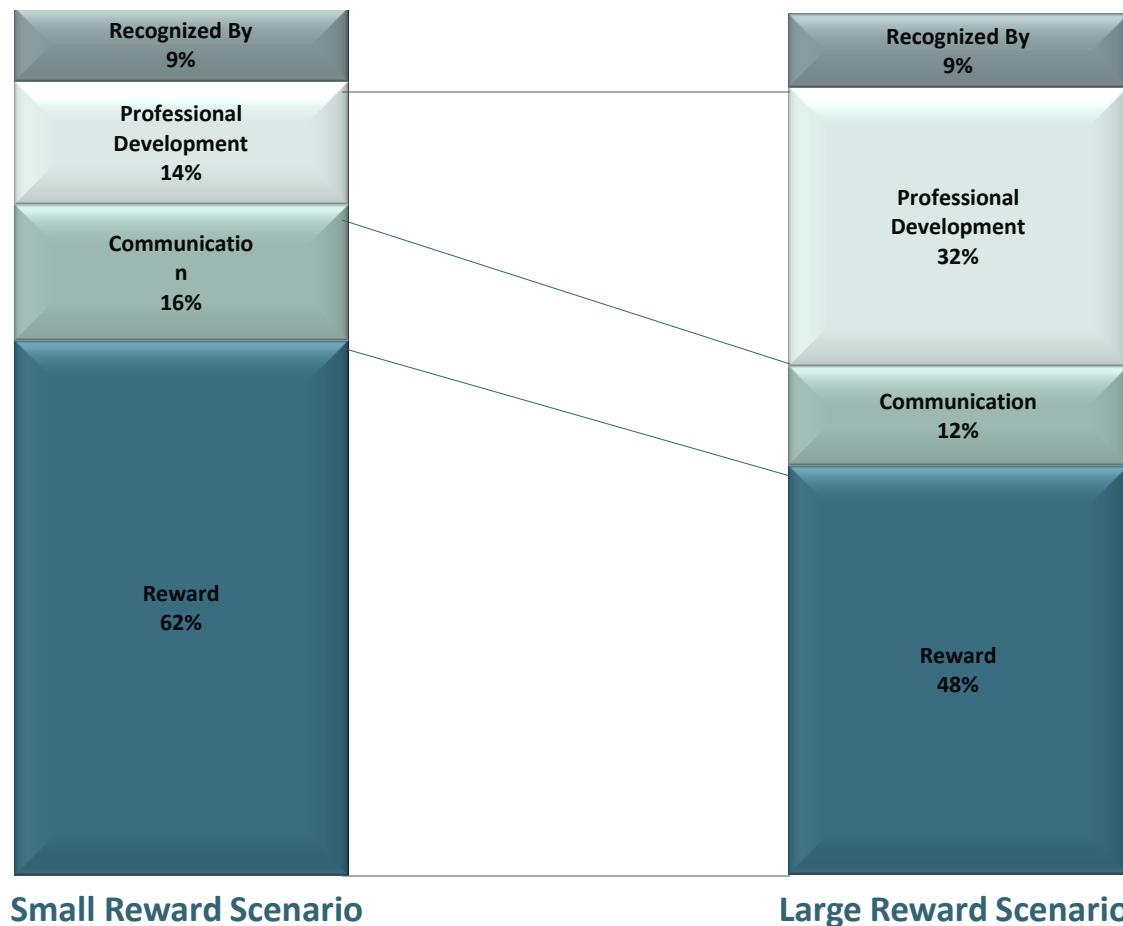
Offering the most-preferred reward increases the preference, but not enough to offset the other components.

	Most Preferred Combined Experience	Most Preferred Experience with Least Preferred Reward
Recognizer	Company executive(s)	Company executive(s)
Reward	Travel (piped)	Points
Professional Impact	Networking	Networking
Communication	Posted to Public Site	Posted to Public Site
Preference Share	75%	25%

The most-preferred experience combined with the least-preferred reward garners a 25% share.

Drivers Are Scenario-Dependent

- The reward component of the experience carries more weight for small reward/recognition events than for large.
- Professional development becomes much more relevant for large reward/recognition experiences.



Some Notes on Merchandise Preference (Small)

- For the small reward scenario, general preference for merchandise falls below that for cash or gift cards. However, there is a segment of people for whom merchandise is a highly-compelling reward. While no clear demographic identifiers emerge that would help a program manager pinpoint these people, they do exhibit some differences from their employee-counterparts:
 - In terms of the reward experience, this segment places a lower value on the reward than their counterparts when considering their preferences. They care somewhat more than their counterparts do about who is doing the recognizing. (They prefer to be recognized by executives.) They are more interested in networking than are their counterparts. They prefer to be recognized in front of their coworkers or via the intranet. They prefer cash and open cards the least of all of the rewards, but are interested in small perks.
 - In terms of their attitudes, compared to their counterparts, merchandise-preferrers are:
 - Less concerned about feeling part of the company culture
 - Less concerned about job security
 - More enjoy parties and large gatherings
 - More likely to buy things on impulse
 - More likely to surprise friends and family with gifts, and
 - More likely to entertain in their home

Some Notes on Merchandise Preference (Large)

- For the large reward scenario, general preference for merchandise falls below that for travel, experiences, cash, and gift cards. However, there is a segment of people for whom merchandise is a highly-compelling large reward. No clear demographic identifiers emerge that would help a program manager pinpoint these people, but they do exhibit some differences from their counterparts:
 - In terms of the reward experience, this segment places a lower relative value on the reward when considering their preferences, and a much higher value than their counterparts do on communication. (They prefer to be recognized on a public site, or in front of their coworkers or an audience.) They are more interested in networking than are their counterparts. They prefer to be recognized by their manager or peers. They prefer cash and closed-loop gift cards the least of all of the rewards, but are interested in travel and experiential rewards.
 - In terms of their attitudes, compared to their counterparts, merchandise-preferrers are:
 - More likely to feel well-compensated for their work
 - More likely to report their finances are in good share
 - More likely to follow the latest trends and fashions
 - More likely to take risks
 - More likely to demonstrate affluent behaviors, such as:
 - Living in a spacious home
 - Eating out for dinner several times a week
 - Going to events (concerts, sporting, etc.) at least once a month
 - More likely to value a healthy lifestyle
 - More likely to be active in their community

Generations

Respondents were asked to describe themselves relative to **professional**, **attitudinal**, and **lifestyle** characteristics. There are a number of dimensions where the generations differ: most of these differences concern **lifestyle**.

Respondents used characteristic ratings to self describe on 17 **professional**, 21 **attitudinal**, and 11 **lifestyle** characteristics. While they differed relative to some **professional** and **attitudinal** dimensions, they differed concerning nearly all **lifestyle** characteristics.

Generations: Professional

Respondents were asked about 17 professional-related dimensions as they relate to their own attitudes and preferences in their work. In general, the generations are similar in how they feel about most. They do differ on a few:

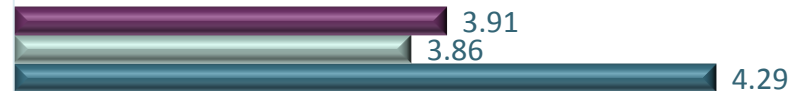
- Generally, Boomers are more likely than younger workers to feel their work is important to their company, that their positions are secure, that their job is enjoyable and challenging, and that they enjoy their co-workers.
- Interestingly, Gen X workers are less likely than both younger and older workers to consider it personally important to be rewarded for their professional accomplishments.

Significant
differences
at 95% level

The work I do is important to my company



I feel my current job is secure

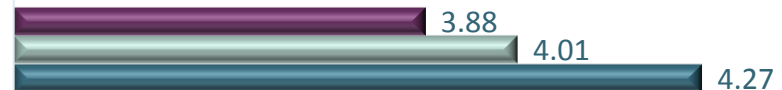


Significant
differences
at 90% level

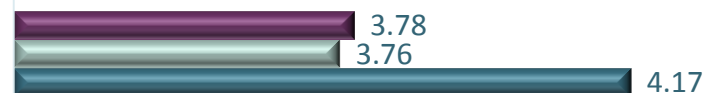
It is important to me to be rewarded for my work accomplishments



I like my job; it is enjoyable and challenging



I enjoy spending time with my team members/co-workers



■ Millennials ■ Gen X ■ Boomers

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Generations: Psychographic/Attitudinal

Respondents were asked about 21 psychographic/attitudinal to understand their dispositions relative to spending, excitement pursuit, fashion orientation, and interests. The areas where differences can be observed by the generations concern risk-taking, excitement, and fashion orientation – with younger workers expressing a higher interest in these things than older workers. Conversely, older workers consider themselves practical more often than their younger counterparts.

Significant
differences
at 95% level



Significant
differences
at 90% level

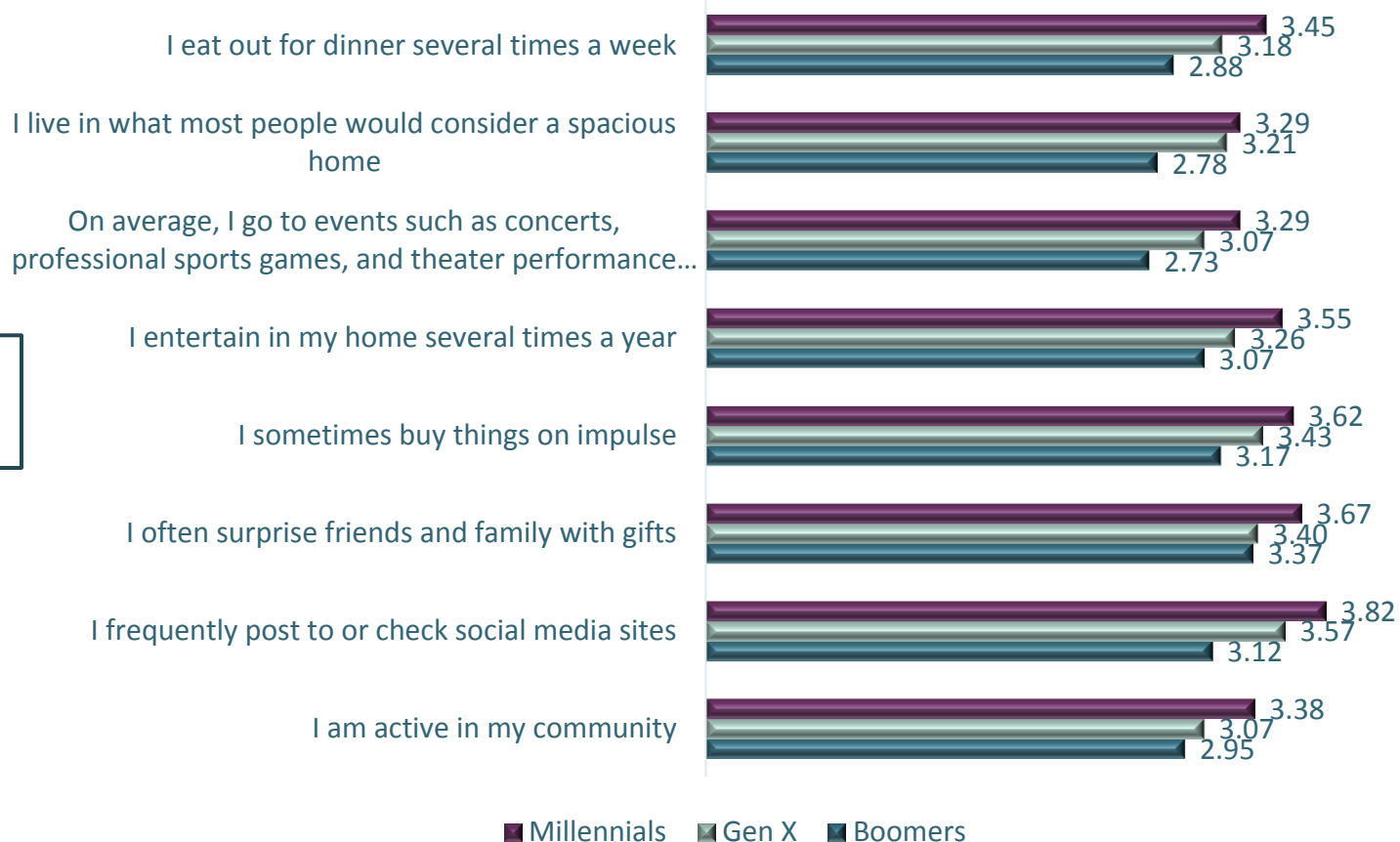
■ Millennials ■ Gen X ■ Boomers

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Generations: Lifestyle/Behavioral

Respondents were asked about 11 lifestyle/behavioral characteristics and there are generational differences for most. The following behaviors and activities decrease with increasing age:

- Socializing frequently inside and outside of the home, including patronizing restaurants and events
- Buying on impulse and surprising friend/family with gifts
- Use of social media



Significant differences at 95% level

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Gender

Results indicate that woman are generally more communal than men. Women workers are more likely than their male counterparts to:

- Value being part of their company's culture
- Enjoy their team members/co-workers
- Like to hear from company executives about company priorities
- Be interested in personal growth, social issues, family and other people
- Be interested in and follow fashion trends
- Use social media

Gender: Professional

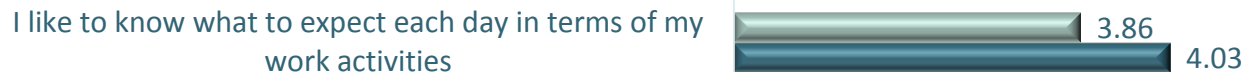
Men and women are similar in terms of many professional preferences and priorities. They differ concerning some. Women are more likely than men to:

- Value being part of their company's culture
- Enjoy coming up with better ways of doing things
- Value job security
- Enjoy spending time with co-workers and hearing from senior managers about the state of the company
- Like to know what to expect each day in terms of activities

**Significant
differences
at 95% level**



**Significant
differences
at 90% level**



■ Men ■ Women

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Gender: Psychographic/Attitudinal

Respondents were asked about 21 psychographic/attitudinal to understand their dispositions relative to spending, excitement pursuit, fashion orientation, and interests. Men and women are similar on most. Women are more interested than men as it pertains to valuing experiences over things, focus on personal growth, social issues, and other people/family, and interest in fashion and shopping.



Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Gender: Lifestyle/Behavioral

Concerning the 11 lifestyle/behavioral characteristics queried, there are gender differences for just a few.

- Men more often report frequent attendance at events outside the home and having a spacious home
- Women use social media more than men

On average, I go to events such as concerts, professional sports games, and theater performances once a month or more



I frequently post or check social media sites



I live in what most people would consider a spacious home



Significant differences at 95% level

■ Men ■ Women

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Income

Most income-related differences pertain to professional compensation satisfaction and personal spending.

In terms of their profession, workers from higher income households are happy with their compensation and feel their work is important – more than lower income respondents.

On the spending front, preferences for better brands, entertaining in the home, attending events and vacationing, buying on impulse, and affinity for exclusivity all increase with increasing income.

Income: Professional

In terms of professional characteristics and preferences related to engagement, achievement, and security, respondents of varying income levels feel similarly. There are a few dimensions where differences emerge: workers at higher income levels are more likely than those at lower income levels to feel they are well compensated for their work and that the work they do is

Significant
differences
at 95% level

I am well compensated for the work I do



I enjoy leading teams/projects



The work I do is important to my company



Significant
differences
at 90% level

■ Less than \$50,000 ■ \$50,000-\$99,999 ■ \$100,000+

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Income: Psychographic/Attitudinal

While similar to one another in many ways as it pertains to disposition and attitudes, workers of varying income levels differ from one another relative to some spending attitudes. People of lower income levels think about purchases more than people of higher income levels, and they feel less confident their personal finances are in order. Additionally, the following increase with increasing income:

- Preference for better brands
- Having things not everyone else has
- Interest in taking risks

Significant
differences
at 95% level

I typically think a lot about buying something before I purchase it



I prefer to purchase top-of-the-line brands



I enjoy feeling a sense of exclusivity - having things not everyone else has



Significant
differences
at 90% level

My personal finances are in good shape



I like to take risks



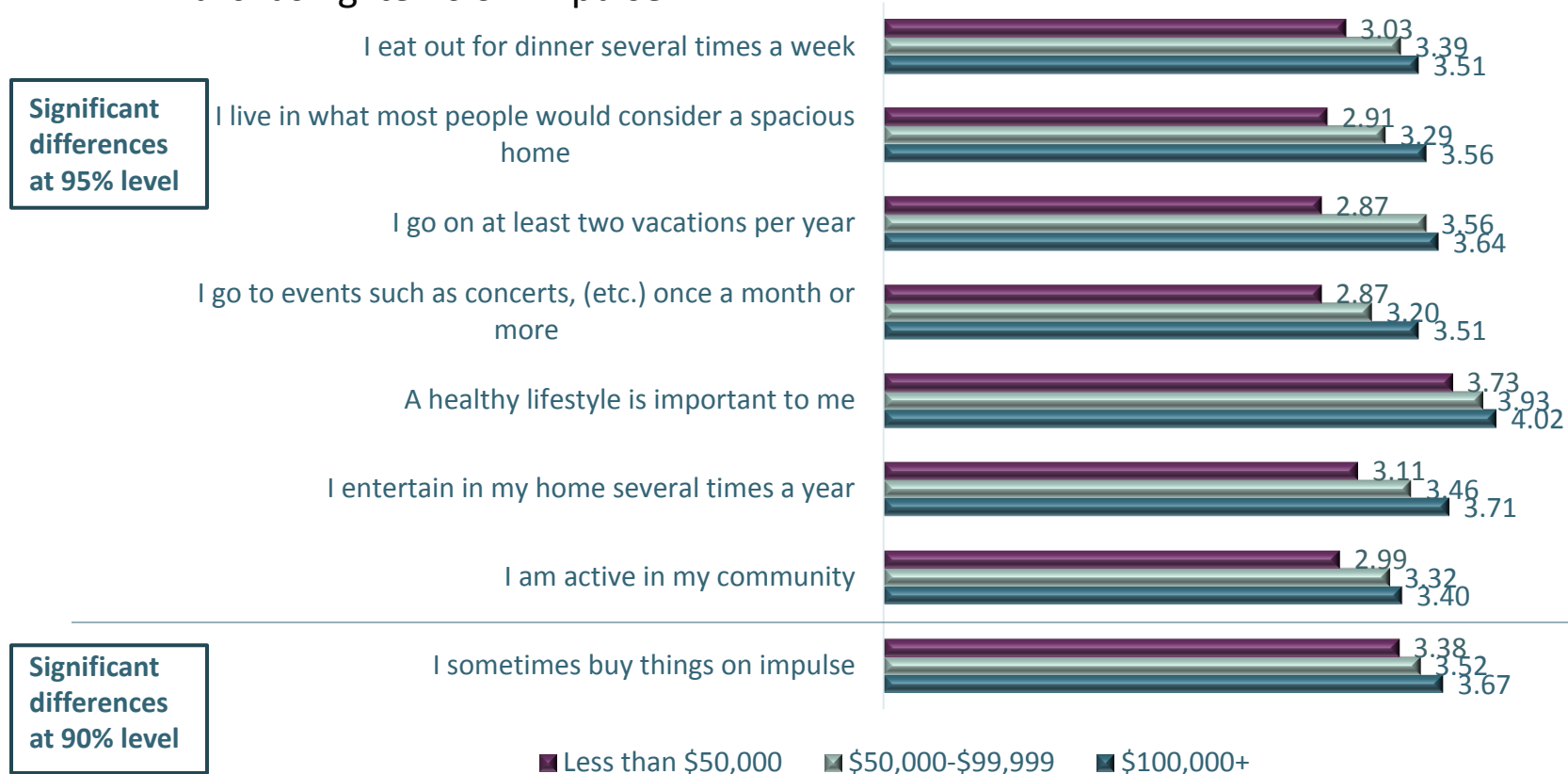
■ Less than \$50,000 ■ \$50,000-\$99,999 ■ \$100,000+

Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

Income: Lifestyle/Behavioral

Workers of varying income levels differ on many lifestyle dimensions related to spending. The below increase with increasing income:

- Dining out, going on vacation, attending events outside the home
- Living in a spacious home and entertaining often
- Purchasing items on impulse

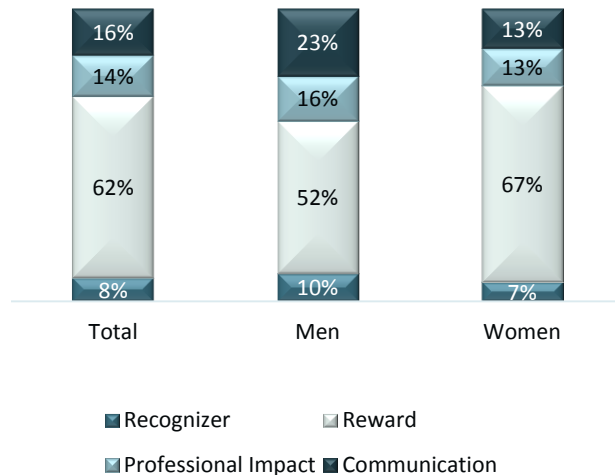


Respondents used a 5-point scale, where "1" meant "definitely does not describe me" and "5" meant "definitely describes me"

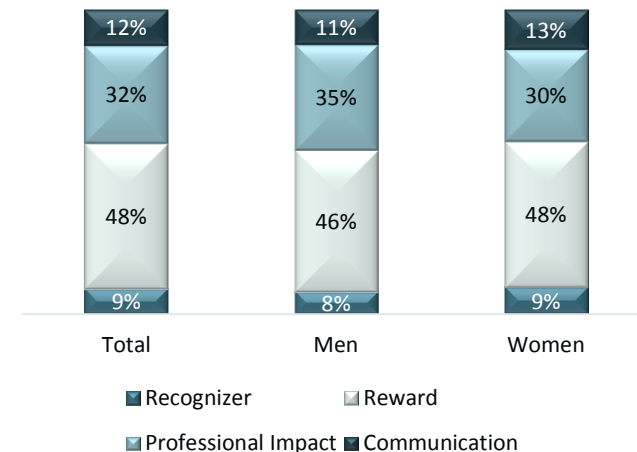
Reward Preferences by Group

Gender – Reward Preferences

Small Reward



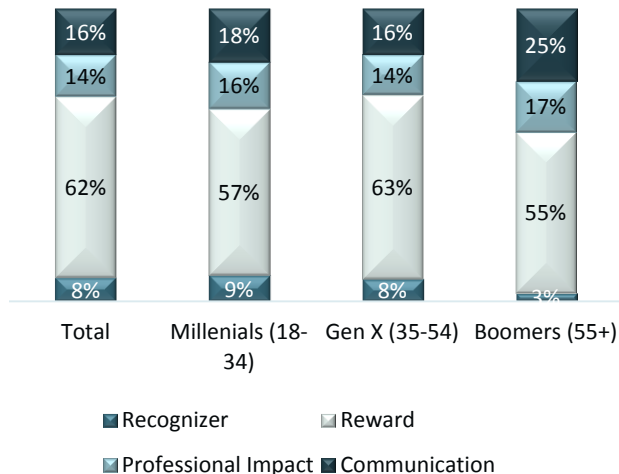
Large Reward



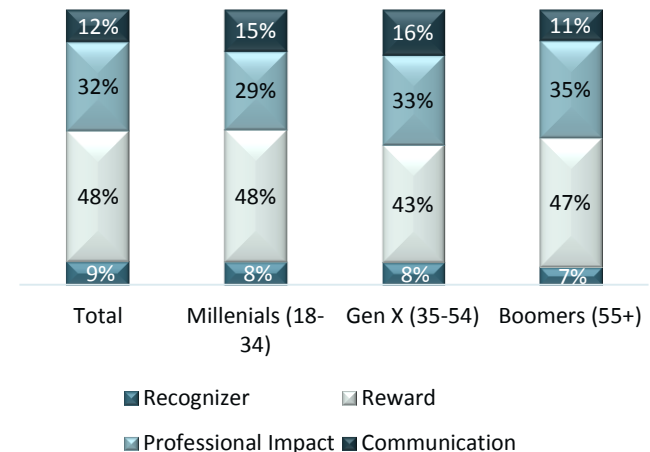
- Women place more emphasis on the actual reward component for small rewards than men do, by a margin of 15 percentage points. For men, the reward component is only $\frac{1}{2}$ of the total experience, while for women it is $\frac{2}{3}$.
- Men give more weight than women to how the recognition is communicated.
- Recognize women in private for small rewards; recognize men in front of coworkers.
- For a large reward, there is no material difference in the relative importance of the various recognition components.
- Both genders prefer Travel as the top award, followed by an experiential award. However, women view experiential and travel rewards as more equivalent, while men have a decided preference for travel.
- Women and men both prefer networking opportunities as the professional development component; women value a conference as a close second choice while men would generally prefer a special assignment as their second choice.
- Men would prefer to have their recognition posted to a public site while women's preference would be a posting on the intranet.

Generations – Reward Preferences

Small Reward



Large Reward

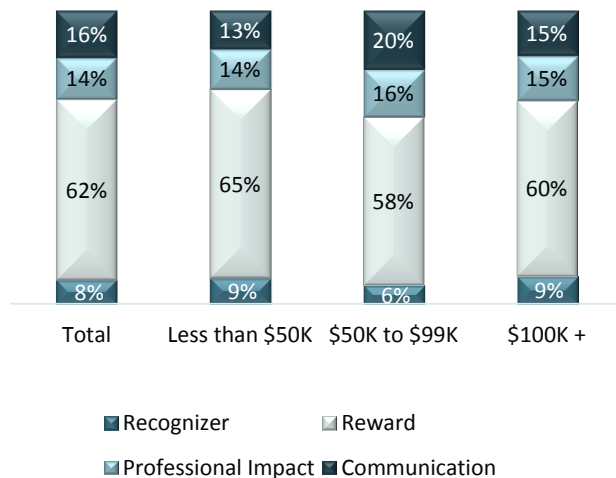


- Gen X prioritizes the small reward component more highly than Millennials and Boomers (by 6-8 percentage points)
- Generally, recognize Millennials in front of co-workers, with cash or a closed-loop card and offer a special assignment– they are less interested in sharing best practices.
- Gen X prefers to be recognized in private conversation, with cash or closed/open gift card. Similar to Millennials, offer a special assignment – they are less interested in sharing best practices.
- For Boomers, post the recognition to the company's intranet site. Offer cash or an open card. Boomers are interested in special assignments and open to sharing best practices, and less interested in networking

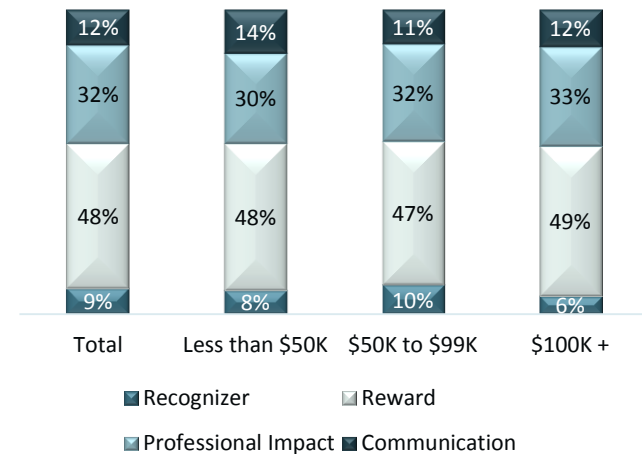
- Gen X prioritizes the large reward component somewhat lower than Millennials and Boomers (by 4-5 percentage points)
- Recognize Millennials by posting to an internal or external site, with Travel or an experience. This group prefers cash over a gift card.
- Recognize Gen X in front of their co-workers or on the intranet. They prefer an experiential reward, followed by travel.
- For Boomers, post the recognition to the company's external site or recognize them privately. Offer travel or an experiential award. They prefer closed-loop cards over open cards. Boomers are interested in special assignments and open to sharing best practices, but less interested in networking

Income – Reward Preferences

Small Reward



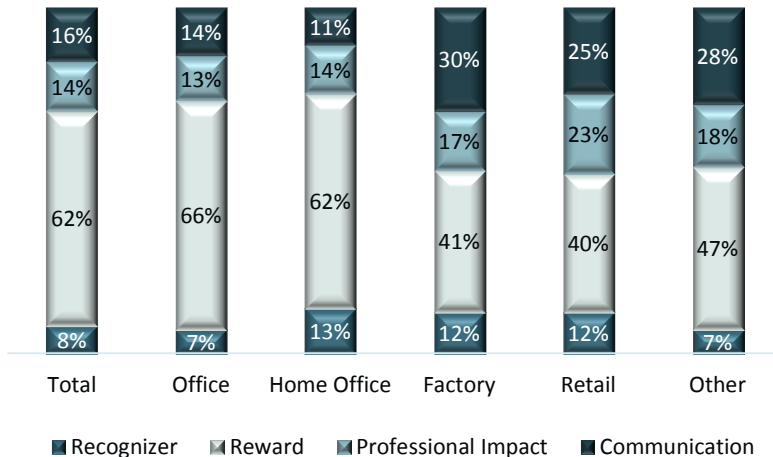
Large Reward



- Middle-income employees (\$50K to \$99K), and to a lesser extent high-income employees (\$100K +) place somewhat less emphasis on the actual reward for a small recognition experience. Middle income employees are more concerned about how the recognition is communicated than their counterparts tend to be.
- All groups prefer cash for the small reward; lower income employees prefer open card as a second choice, while high-income employees will choose closed-loop card after cash.
- Employees with household income under \$100K per year will prefer to be recognized in front of their coworkers more than their high-income counterparts – they would prefer to be recognized via email or on the intranet.
- For large reward, there is no material difference in the relative importance of the various recognition components.
- Networking is the favored professional development benefit across all income groups. An opportunity to attend a conference is more compelling for employees with household incomes of \$100K or less, while high-income employees are more interested in special assignments than their counterparts.
- Travel is the favored award for all income groups. Experiential rewards are seen just as favorably for the lower-income groups, and fall into second-place for high-income employees.

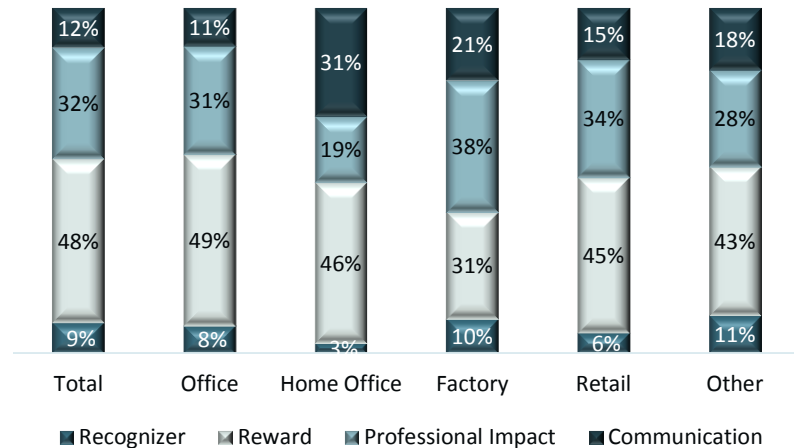
Work Environment – Reward Preferences

Small Reward



- Office workers (central and home) prioritize reward higher than workers in other environments. Workers in factory, retail, and other non-office environments prioritize communication more than their office counterparts.
- Recognize office workers (central and home) with cash or gift cards, with special assignments, and via private communication.
- Recognize factory workers with gift cards and special assignments. Workers in this environment would enjoy communication of their achievement be communicated on an intranet or in front of co-workers.
- Recognize retail workers with cash or gift cards and special assignments. Public recognition in front of co-workers is most preferred/recommended.
- Similarly for workers in other work environments, reward with cash, gift cards, and special assignments via private recognition. 1:1 is most preferred.
- Overall across workers of all environments, perks and large audience public recognition are less-preferred for small rewards.

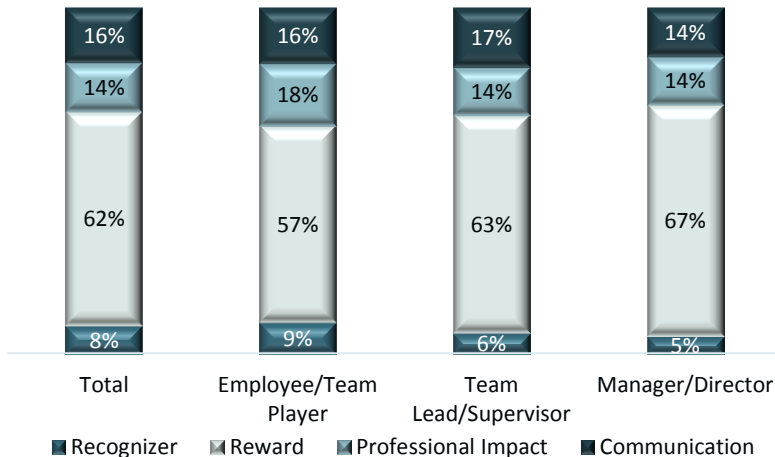
Large Reward



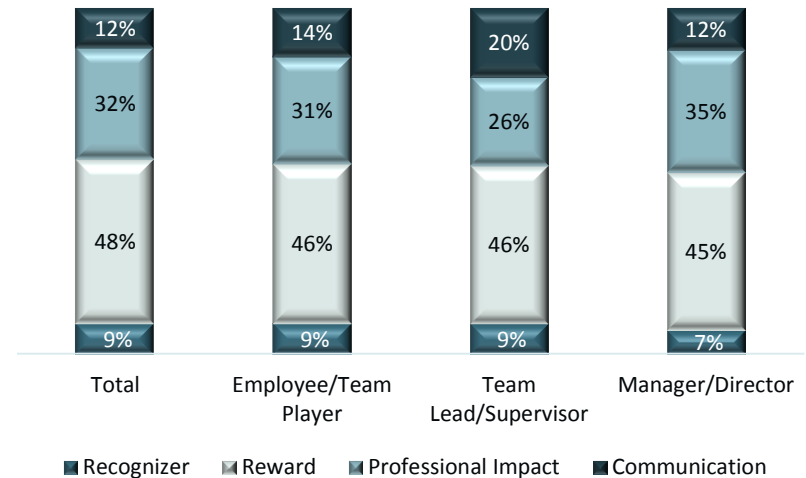
- Home office and factory workers prioritize communication higher than workers in other environments; factory workers prioritize reward less than others; home office workers prioritize professional impact less than others.
- Recognize office workers (central and home) with travel or an experience, with networking or conference attendance as professional impact rewards. Public recognition for large achievements is most preferred.
- Recognize employees in factory environments with travel, cash, and gift cards and offer them special assignments. Public recognition in front of an audience or posted to a public site is most preferred.
- Recognize retail employees with experiences and offer conference attendance. Provide public recognition – in front of co-workers or posted to an intranet.

Role – Reward Preferences

Small Reward



Large Reward



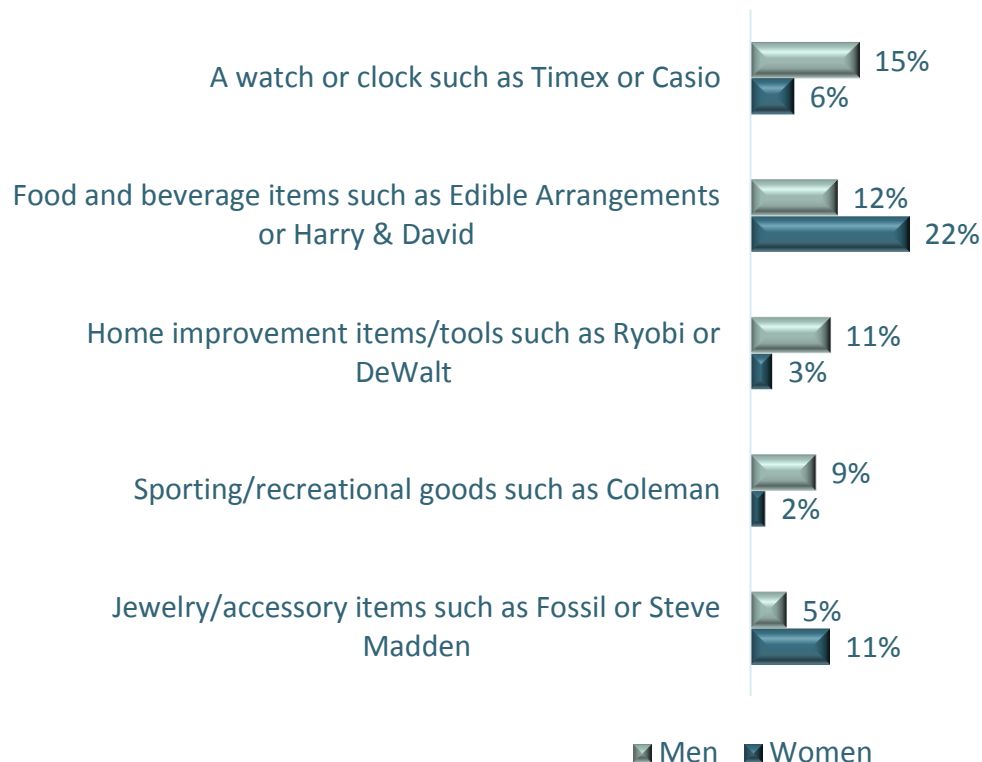
- Prioritization of reward increases with increasing seniority of role.
- The preferences for small reward and recognition are similar for employees in these three roles: Reward them with cash or gift certificates, provide opportunities for special assignments, and communicate privately - most preferably 1:1.

- Team leads/supervisors prioritize communication higher and professional impact lower than employees/team players and managers/directors.
- The preferences for large achievement recognition are similar for employees in these three roles: Reward them with travel or experiences; provide opportunities for networking, conference attendance, or special assignments; and communicate their achievement publicly via an intranet or external site posting and/or in front of co-workers.

Appendix – Reward Type/Category Selection by Group

Merchandise Preferences for Small Rewards: Gender Differences

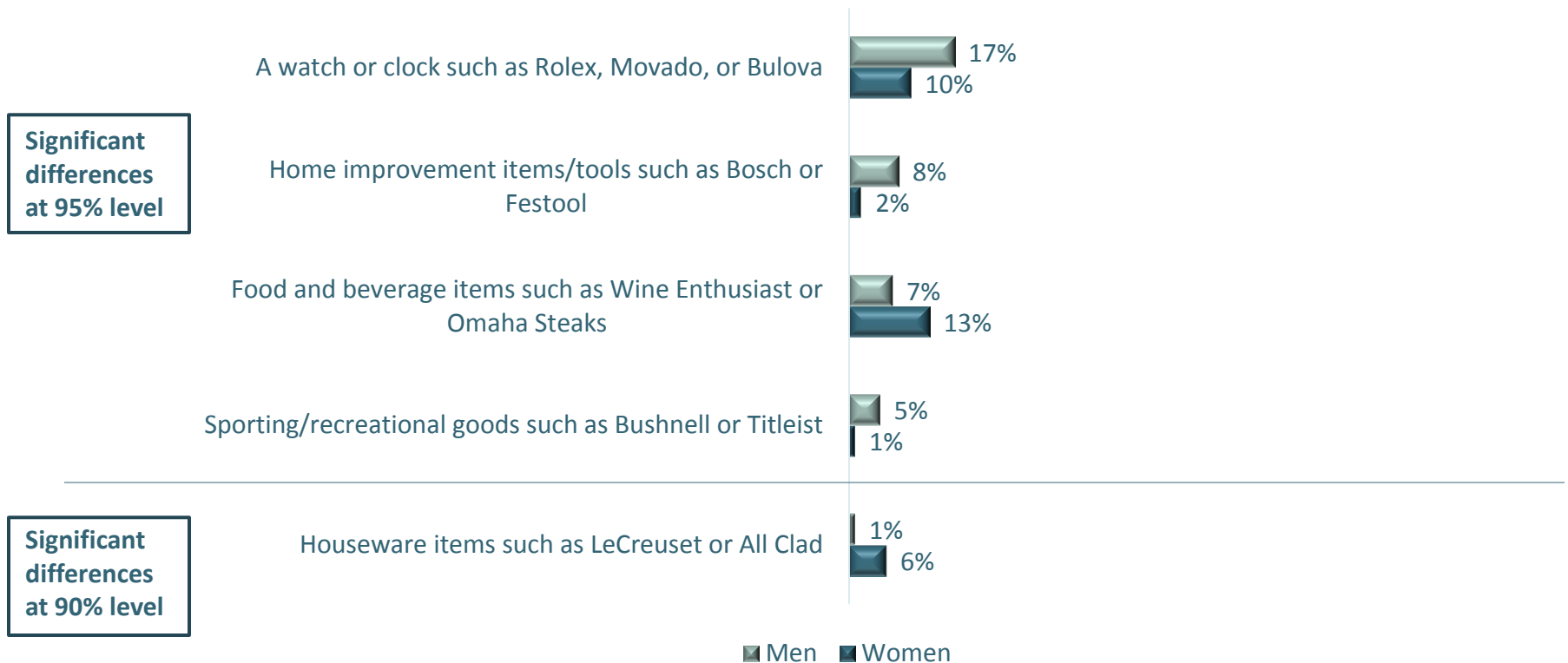
For merchandise for small rewards, men prefer timepieces, home improvement tools, and sporting/recreational goods more than women. Women prefer food/beverage items and jewelry/accessory items more than men.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=253 women; 199 men)

Merchandise Preferences for Large Rewards: Gender Differences

For merchandise for large rewards, men prefer timepieces, home improvement tools, and sporting/recreational goods more than women. Women prefer food/beverage items and houseware items more than men.



"For your excellent performance over the course of the year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=253 women; 199 men)

Gift Card Preferences for Small Rewards: Gender Differences

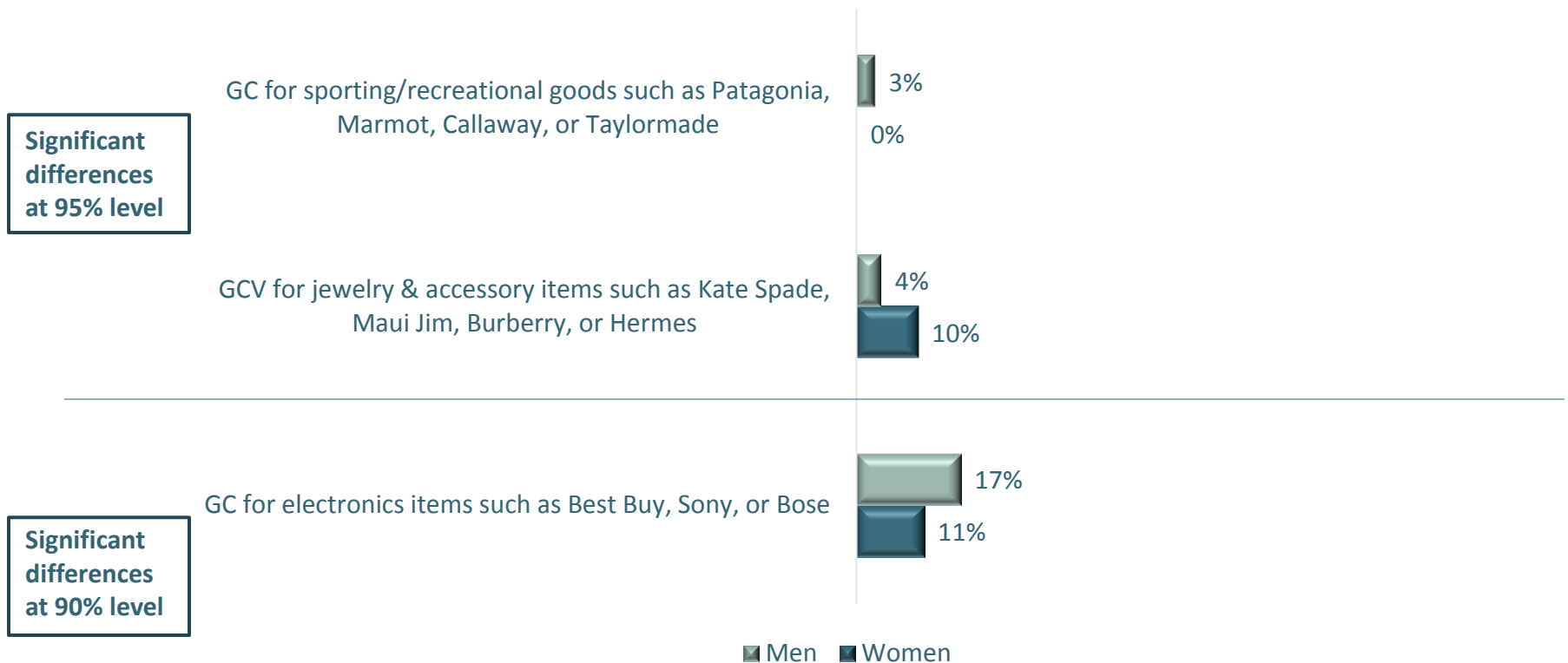
For a gift card for small rewards, men prefer those for online retailers such as Amazon or Overstock, for electronics from stores like Best Buy, and for sporting/recreational goods more than women. Women prefer gift cards for food/beverage items, department stores, and travel more than men.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=253 women; 199 men)

Gift Card Preferences for Large Rewards: Gender Differences

For a gift card for large rewards, men prefer those for electronics from stores like Best Buy or for sporting/recreational goods more than women. Women prefer gift cards for jewelry & accessory items more than men.

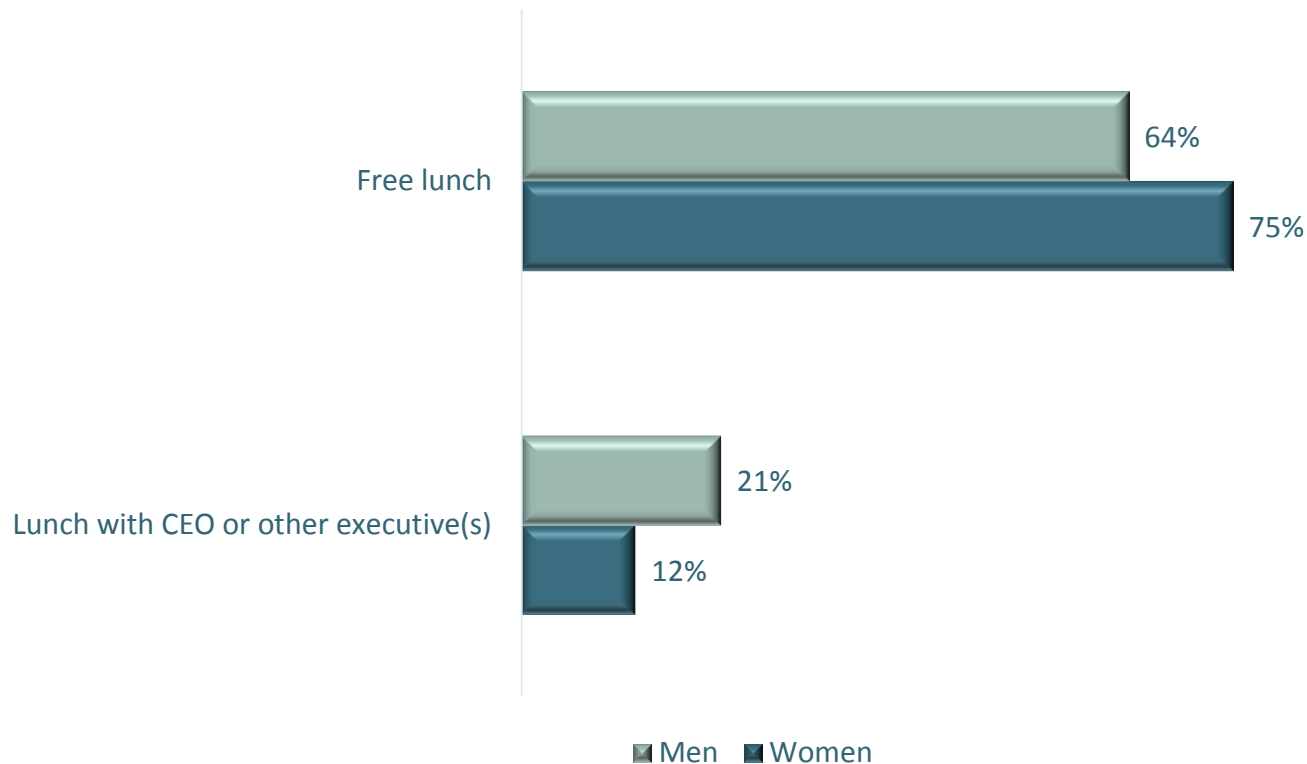


"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=253 women; 199 men)

Perk Preferences for Small Rewards: Gender Differences

For perks for small rewards, men prefer the opportunity to lunch with their CEO or other executives more than women. For the same type of reward, women prefer a free lunch more than men.

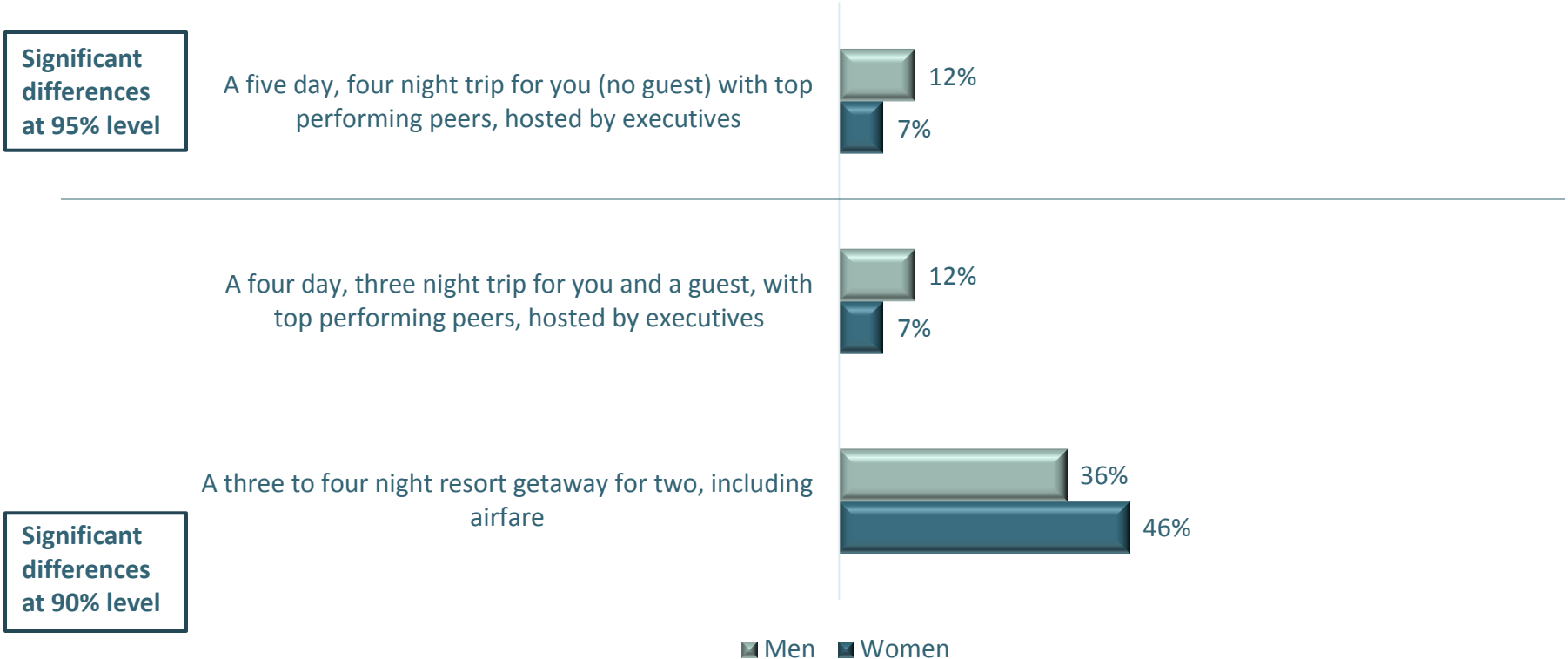
Significant
differences
at 95% level



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following would you prefer to receive?" (n=454)

Travel Preferences for Large Rewards: Gender Differences

From the large travel rewards, men prefer trips hosted by executives with other top performing peers more than women do. Women prefer a resort getaway for two more than men.

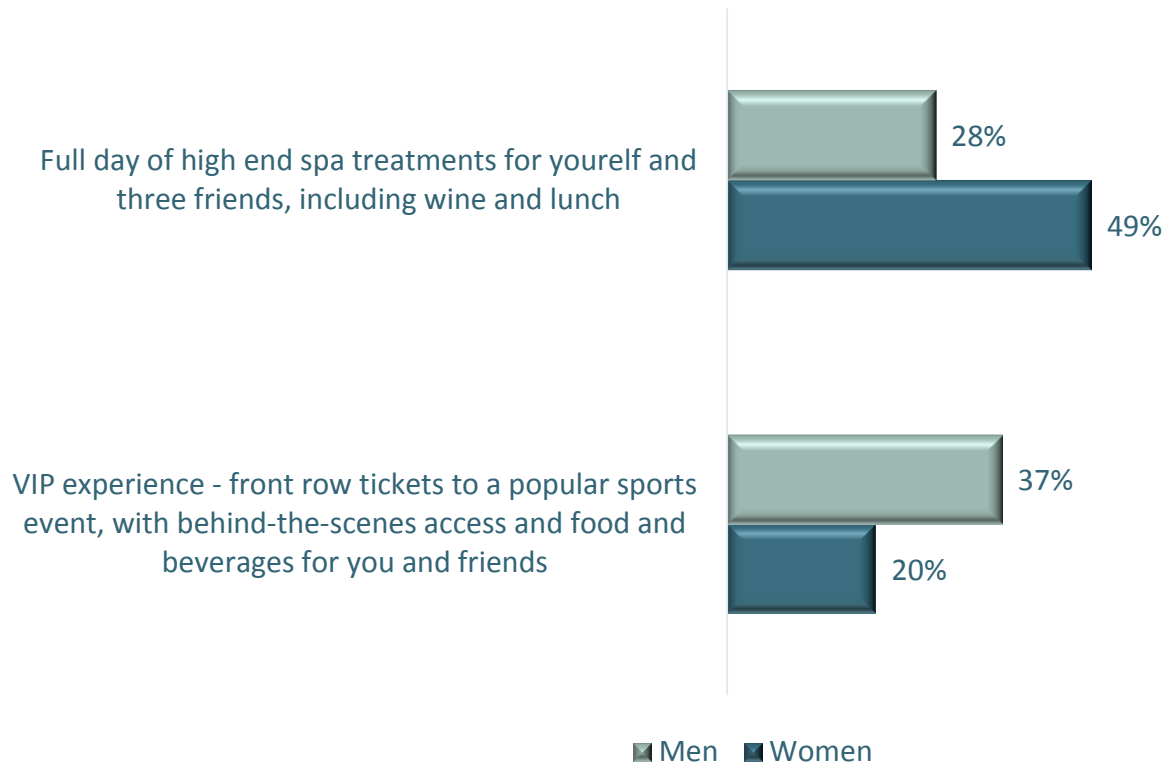


"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following trips would you prefer to receive?" (n=253 women; 199 men)

Experience Preferences for Large Rewards: Gender Differences

From the experiential large rewards, men prefer a VIP sports experience more than women do. For the same, women prefer high end spa treatments more than men.

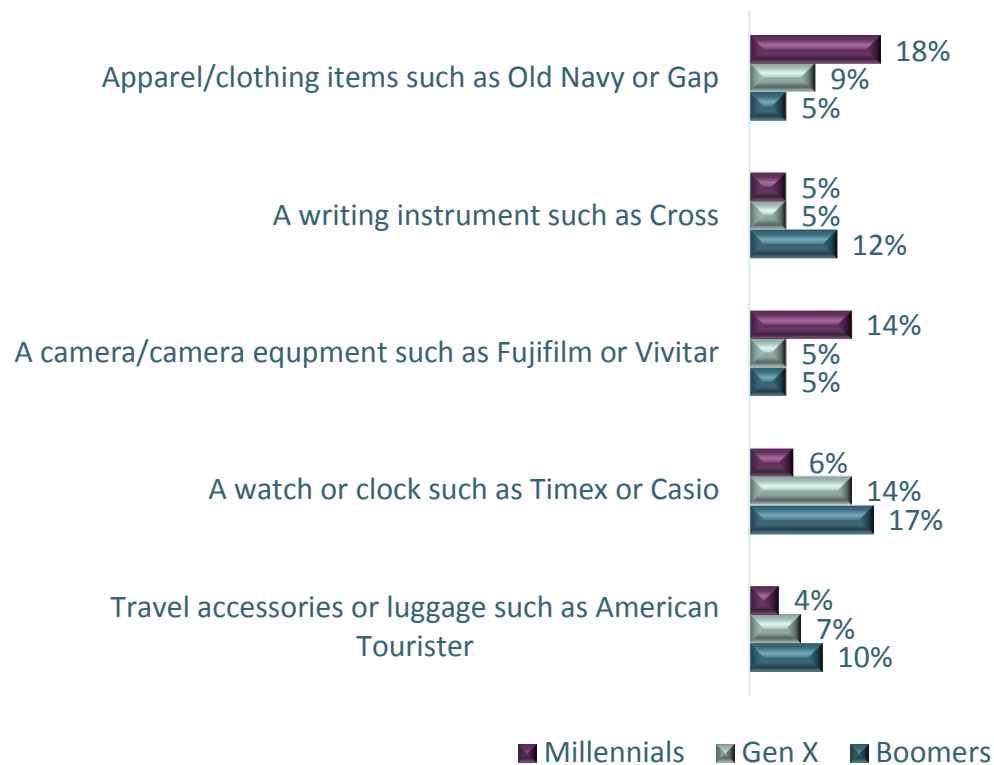
Significant
differences
at 95% level



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following types of packages would you prefer to receive?" (n=253 women; 199 men)

Merchandise Preferences for Small Rewards: Generation Differences

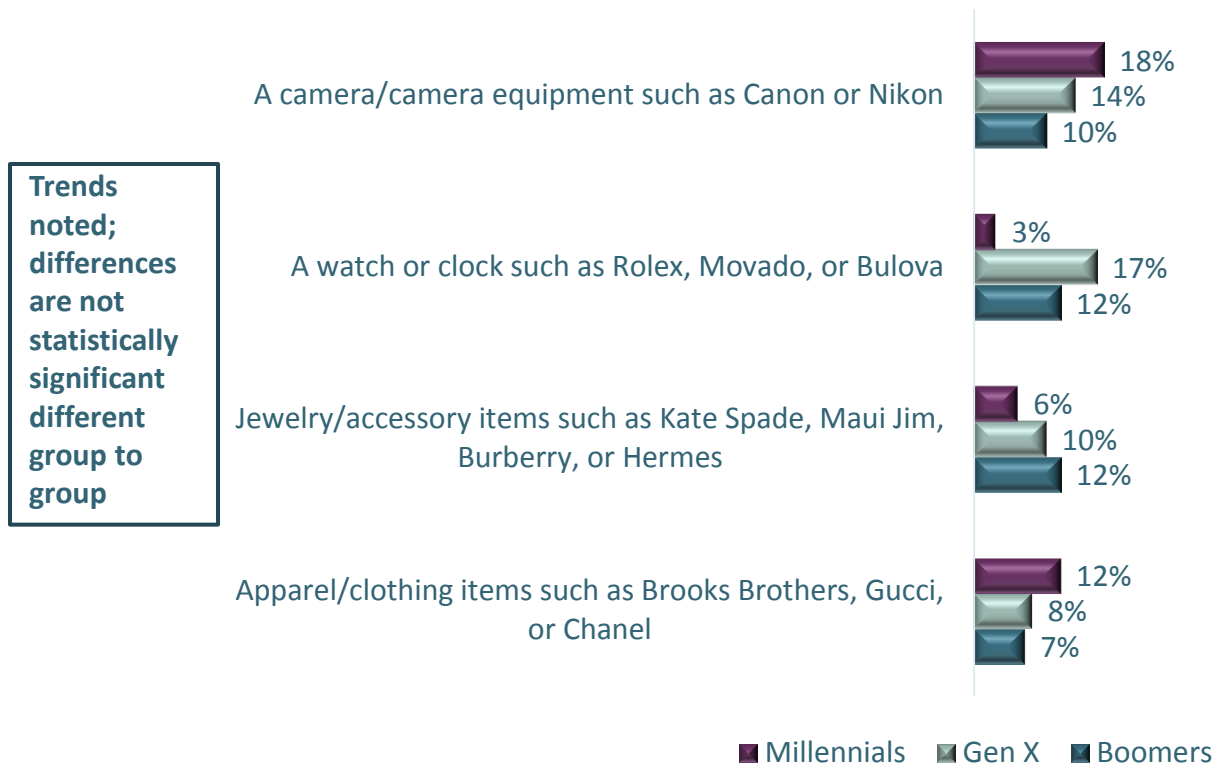
Trends in generational differences for small reward merchandise items reflect a decreasing preference for apparel/clothing and cameras/camera equipment with increasing age. Conversely, there is an increasing preference for writing instruments, watches/clocks, and travel accessories/luggage with increasing age.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Merchandise Preferences for Large Rewards: Generation Differences

Similar to small awards, trends in generational differences for large reward merchandise items reflect a decreasing preference in cameras/camera equipment and apparel/clothing with increasing age. There is an increasing preference in watches/clocks and jewelry/accessory items with increasing age.



“For your excellent performance over the course of the year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value.” (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Gift Card Preferences for Small Rewards: Generation Differences

There are few generational preference trends relative to gift cards (both for small and for large rewards).



“For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value.” (n=237 Millennials; 147 Gen Xers; 41 Boomers)

Gift Card Preferences for Large Rewards: Generation Differences

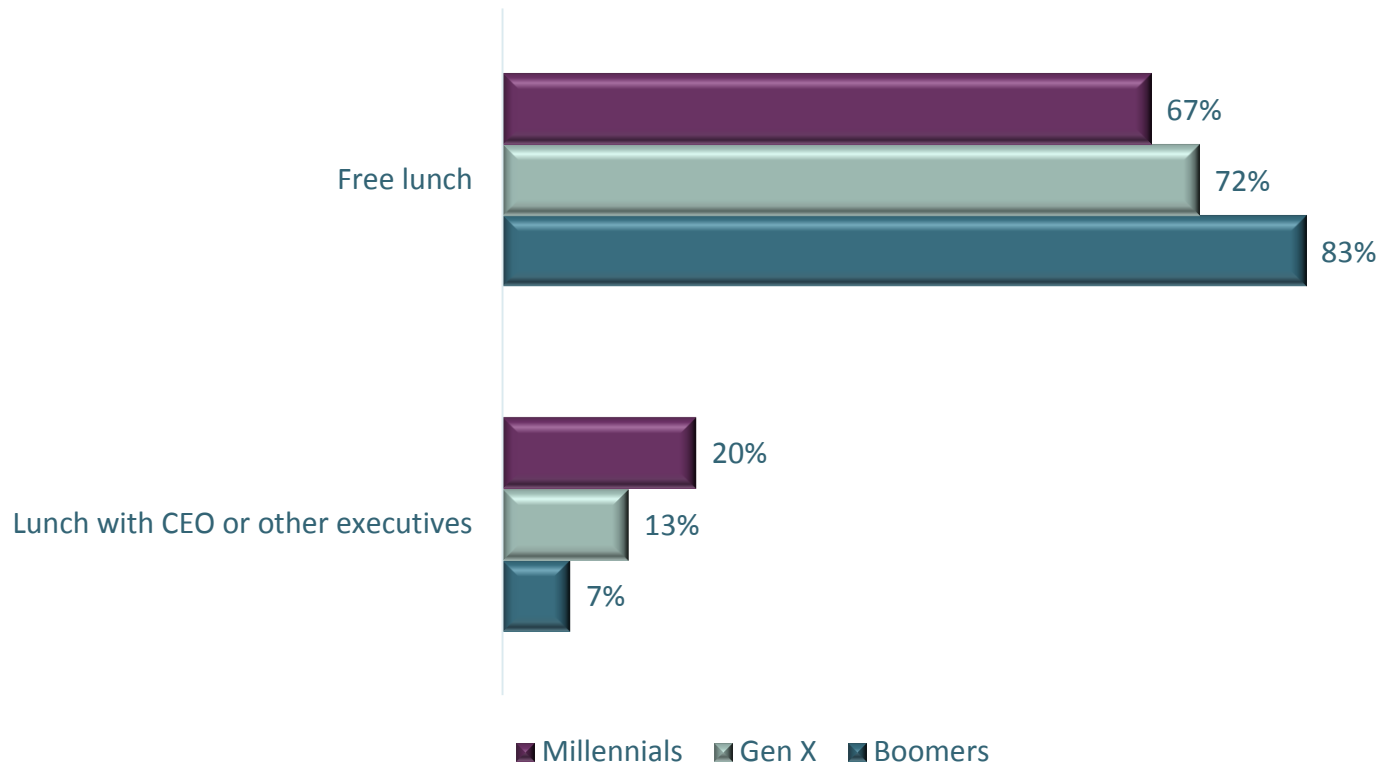
No trends of note.

“For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value.” (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Perk Preferences for Small Rewards: Generation Differences

For perks for small rewards, preference for a free lunch increases with age. Preference for lunching with the CEO or other executives decreases with age.

Trends noted; differences are not statistically significant different group to group



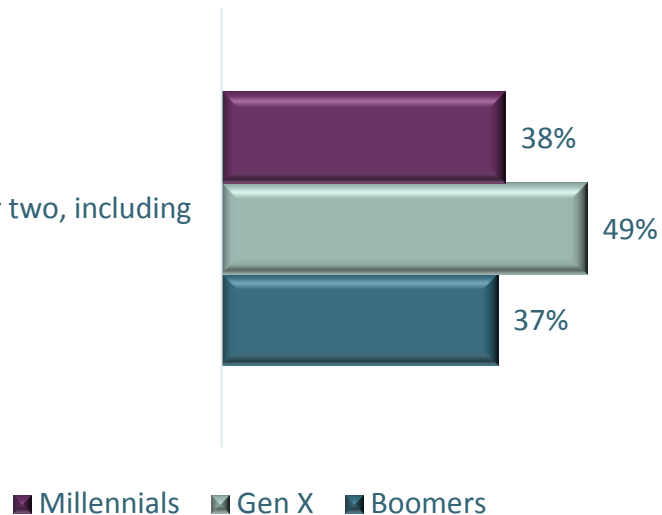
"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following would you prefer to receive?" (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Travel Preferences for Large Rewards: Generation Differences

Generation X workers have a greater preference for a resort getaway for two for a large travel reward than older and younger workers do.

Trends noted; differences are not statistically significant different group to group

Three to four night resort getaway for two, including airfare



“For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following trips would you prefer to receive?” (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Experience Preferences for Large Rewards: Generation Differences

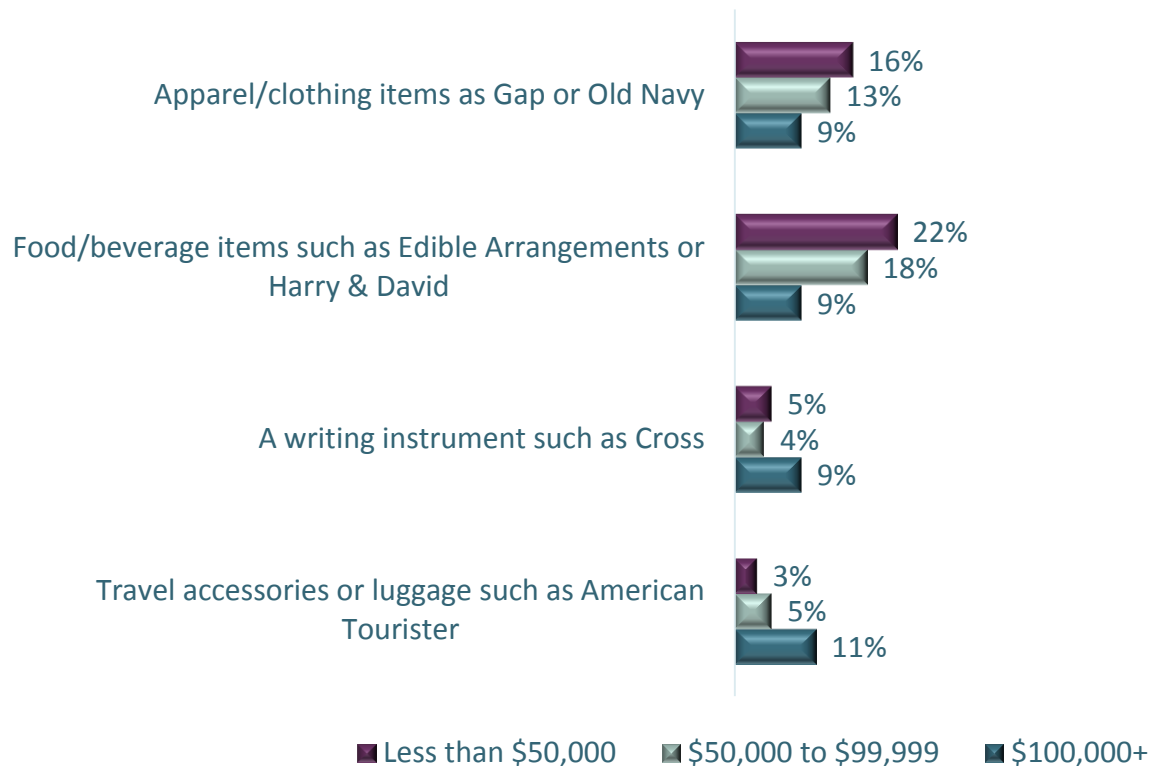
For experiential large rewards, preference for a spa day increases with age. Generation X workers choose sports and concert VIP packages a bit more than older and younger workers.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following types of packages would you prefer to receive?" (n=237 Millennials; 174 Gen Xers; 41 Boomers)

Merchandise Preferences for Small Rewards: Income Differences

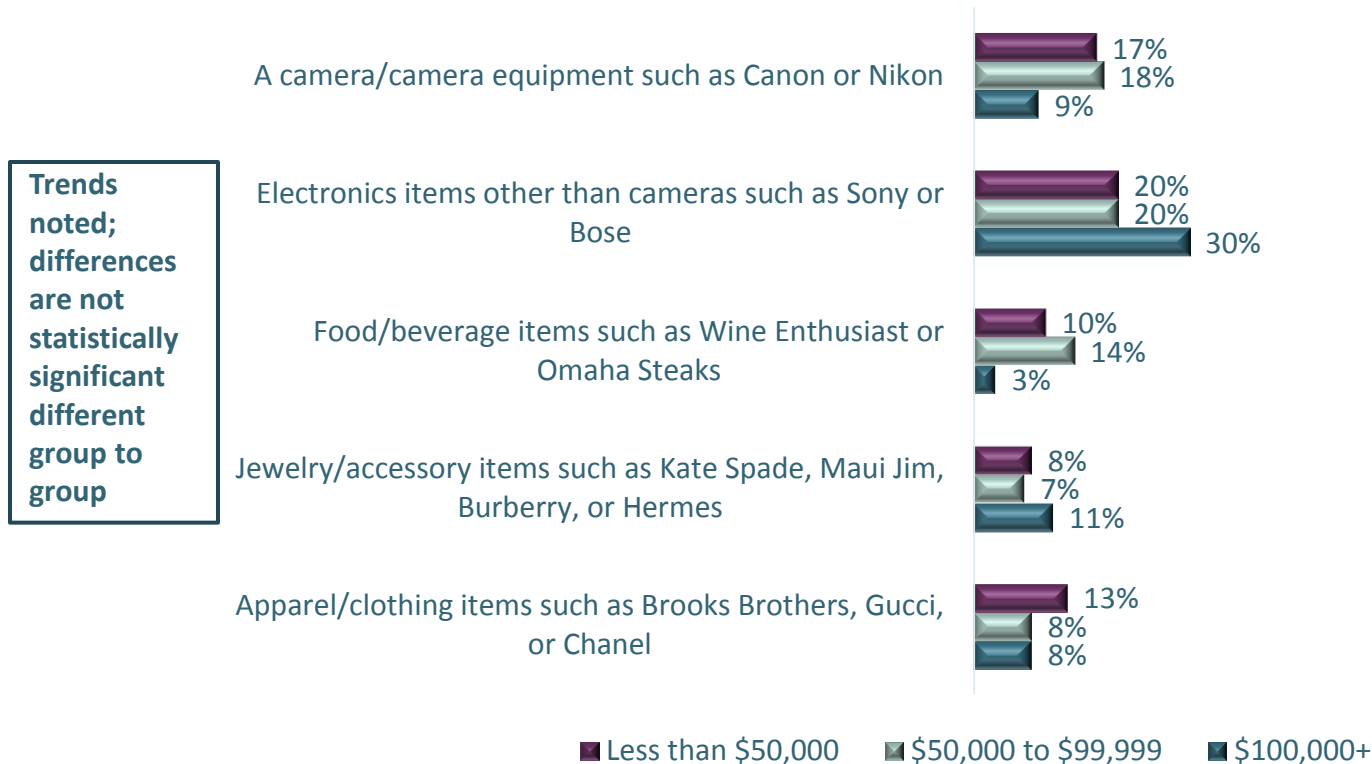
For merchandise for small rewards, preference for apparel/clothing items and food/beverage items decreases with increasing income. In general, interest in a writing instrument and travel accessories/luggage is a bit higher among the highest earners.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Merchandise Preferences for Large Rewards: Income Differences

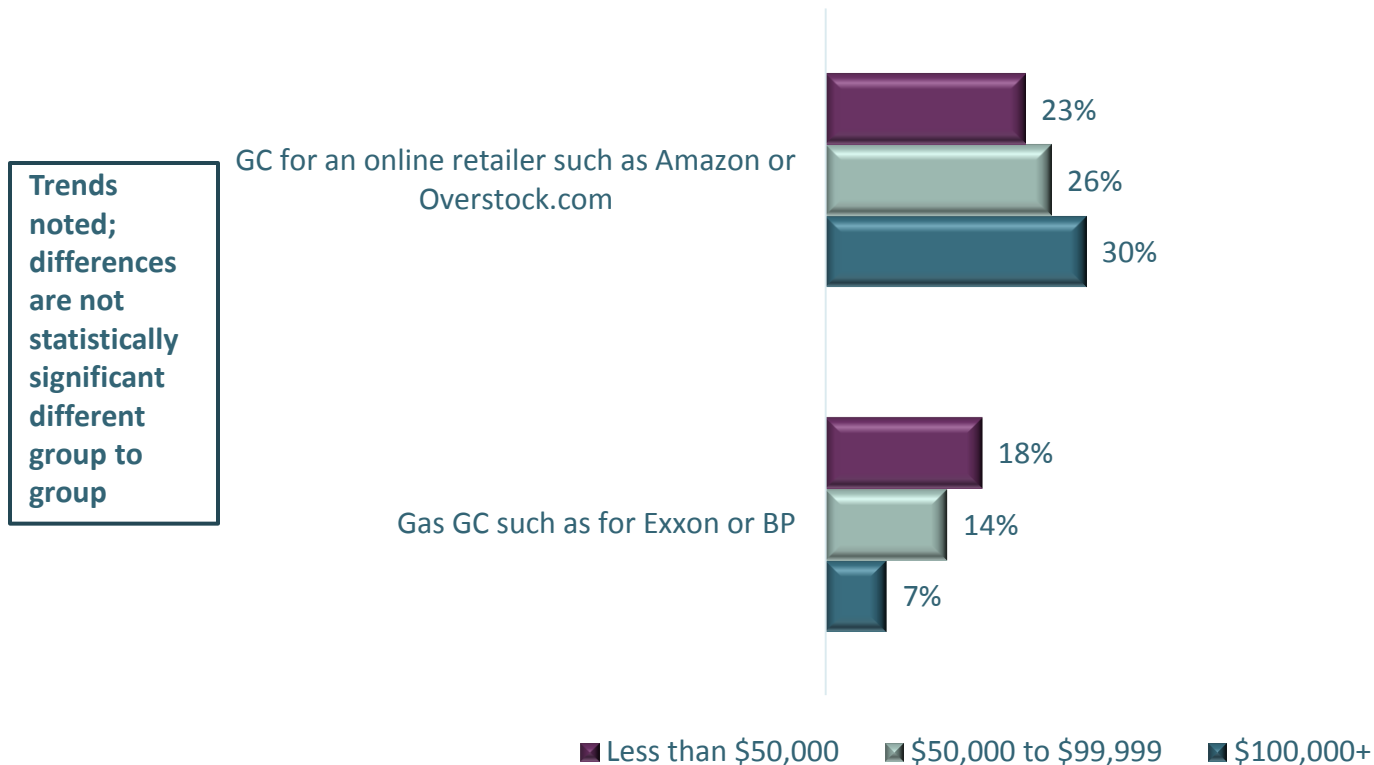
For merchandise for large rewards, preference for cameras/camera equipment and food/beverages is lowest for the highest income group. The highest income prefers electronics items other than cameras more than lower income groups.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following merchandise items would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Gift Card Preferences for Small Rewards: Income Differences

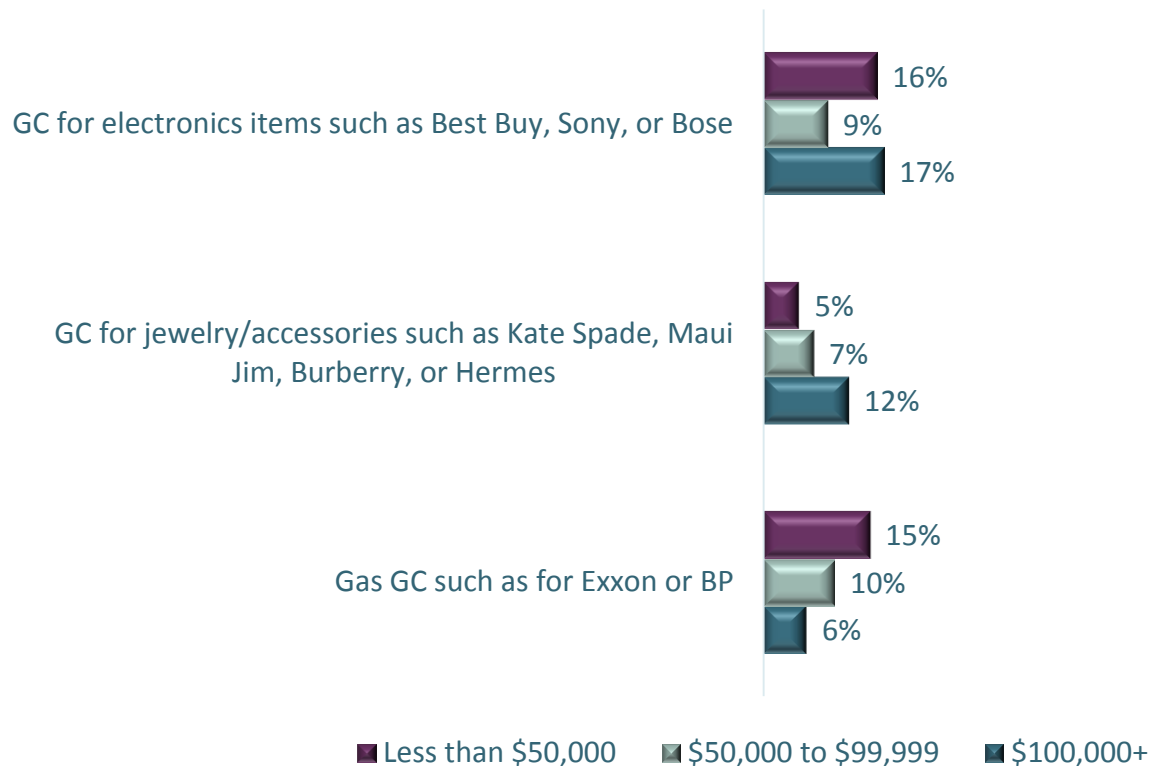
For gift cards for small rewards, higher income workers are more interested in online retailer gift cards and less interested in gasoline gift cards than their younger counterparts.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Gift Card Preferences for Large Rewards: Income Differences

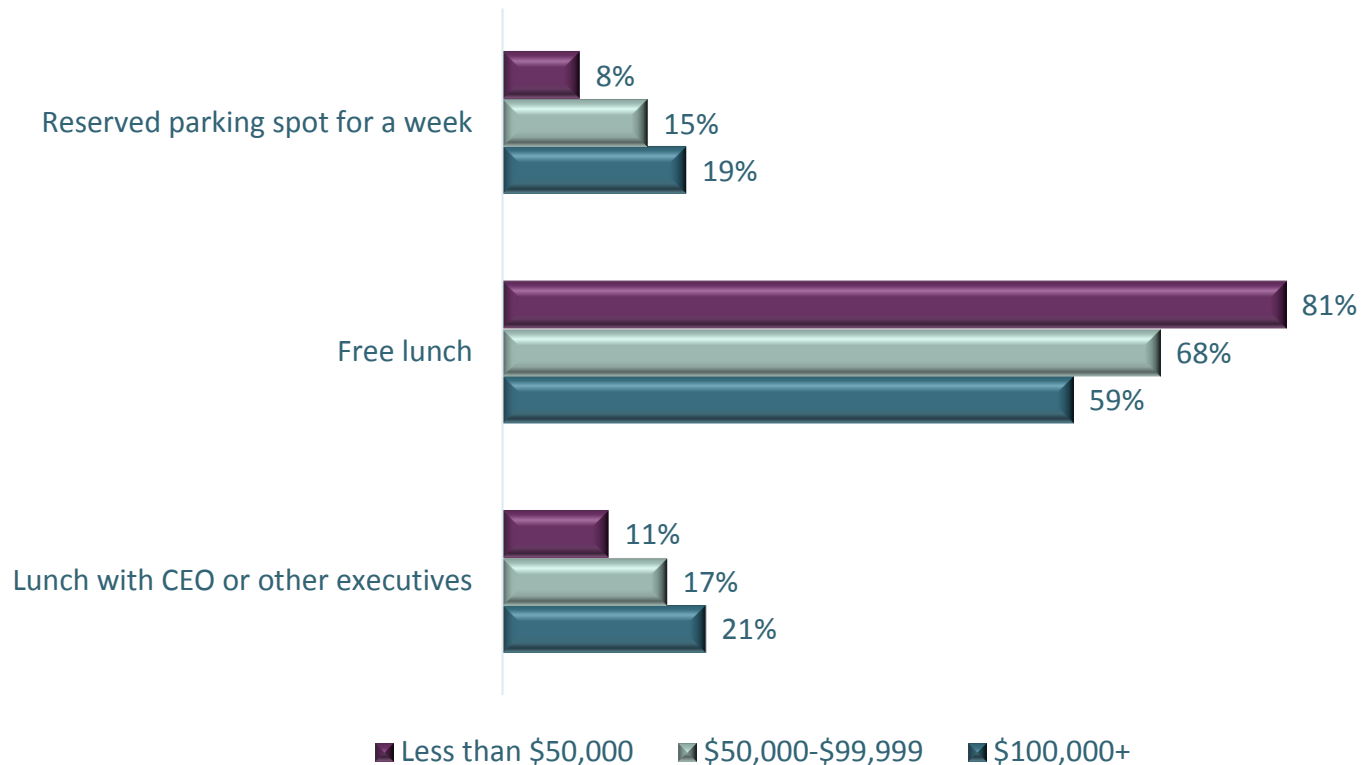
For gift cards for large rewards, higher income workers are more interested in gift cards for jewelry/accessories and less interested in gasoline gift cards than their younger counterparts.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following gift cards would you prefer to receive? Please assume all categories of merchandise reward are of equivalent retail value." (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Perk Preferences for Small Rewards: Income Differences

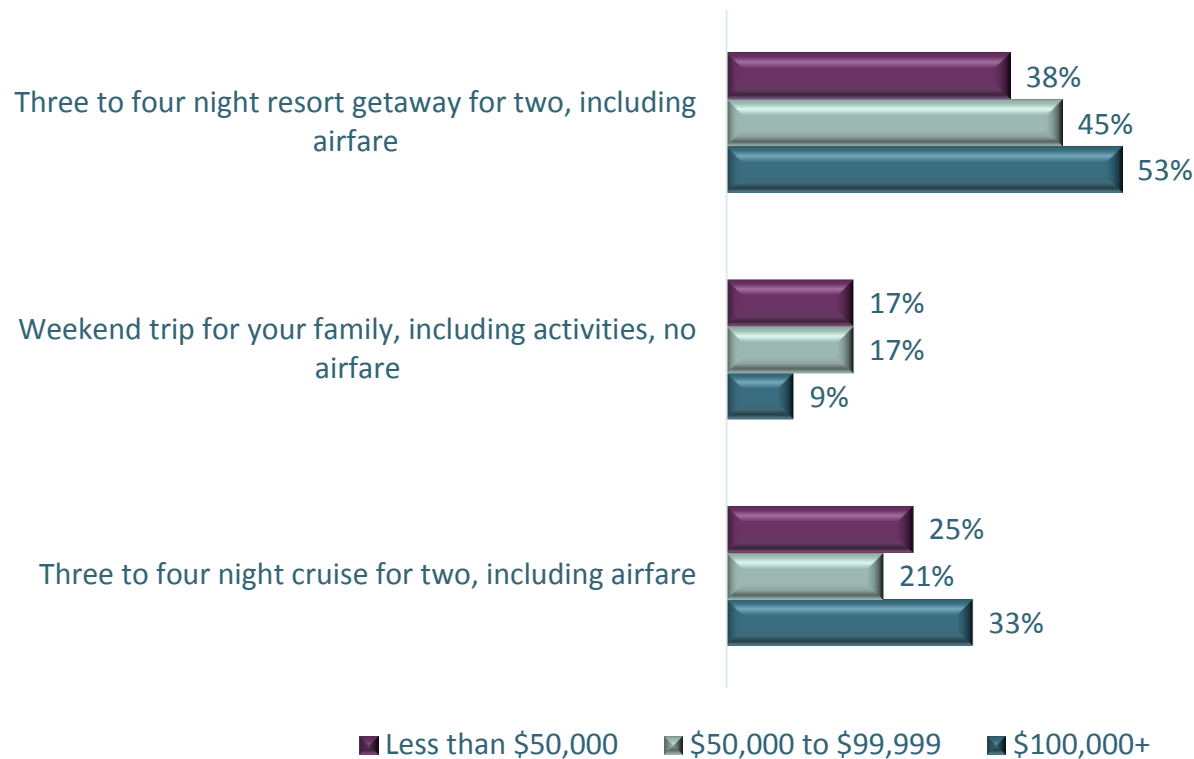
For perks for small rewards, the preference trend for a reserved parking spot and lunch with CEO/other executives increased with income. Conversely, the preference for a free lunch decreases with income.



"For your day-to-day efforts or work on a short-term project, your manager or peers want to recognize you for your contribution with a small reward. Which of the following would you prefer to receive?" (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Travel Preferences for Large Rewards: Income Differences

For travel for large rewards, there is a trend of increasing preference for a resort or cruise getaway with increasing income. The inverse is true for a weekend family trip.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following trips would you prefer to receive?" (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")

Experience Preferences for Large Rewards: Income Differences

For large experiential rewards, the lowest income group shows a trend for the least preference for a VIP sports experience.



"For your excellent performance over the course of a year, your manager or peers want to recognize you for your contribution with a large reward. Which of the following types of packages would you prefer to receive?" (n=159 "less than \$50,000;" 195 "\$50,000 to \$99,999;" 98 "\$100,000+.")