

incentive
marketing association



• acknowledge
• appreciate
• award
• achieve

Incentive & Engagement
Solution Providers



Emerging Best Practices and Innovation

in B2B Incentive and Loyalty Programs

THANK YOU TO OUR RESEARCH SPONSOR:



Success. This is what we all seek as we build and launch programs aimed to motivate and inspire an audience of people who are critical to our business goals.

Consultants and strategists in the incentive and loyalty fields recognize that there are as many definitions for success as there are unique people in the world, which is why it is so hard for our industry to publish a consistent formula for greatness. But therein lies the beauty, no two programs are the same, and if they are, at least one of them is not reaching its fullest potential.

However, some tactics and best practices consistently help all of our programs operate with efficiency and effectiveness. In this white paper, we have documented findings from a market study focused on emerging best practices and innovations in the design and implementation of B2B incentive and loyalty programs. One key principle - personalization - is seeing rapid adoption and signals a major shift that will impact the future of incentive and loyalty programs for owners and audiences. More about this topic will be covered in the conclusion.

This paper is organized into three sections.

1. Expectations: Which program-related objectives are changing among corporate buyers today?
2. Trends, Innovations and Value: How do we ensure success in the future of B2B incentive and loyalty programs?
3. Standards for Success: What are the minimum requirements for program design and infrastructure?

This new research was commissioned by the Incentive & Engagement Solution Providers (IESP), a Strategic Industry Group within the Incentive Marketing Association (IMA), an industry trade association. IESP members are professionals whose companies offer full-service solutions (from strategy to technology to reward fulfillment and more) for agencies, associations and brands. Our mission is to be a trusted resource for



FIGURE 1

leaders globally in helping their organizations achieve success through the use of motivation, engagement and incentive solutions.

RESPONDENTS SUMMARY

Survey respondents consisted of 43% Corporate Buyers of B2B incentive and loyalty programs and 57% Solution Providers (see figure 1). The responding companies own or operate programs in four primary geographic regions and cover a vast array of industries (see figure 2).



FIGURE 2

The top five industries represented are:

1. Tech and Telecommunications
2. Financial Services
3. Manufacturing
4. Hospitality
5. Automotive

Respondent roles ranged from Executive Management to Sales Operations and several positions in between. (see figure 3). Tenure ranged from two years to more than 30 years of experience with B2B incentives and loyalty programs. More than 60% had 10 or more years of experience.

The people who took the time to provide their input and guidance are leaders in our field, and the IESP is honored to represent your perspectives back to our membership and beyond. We thank you!

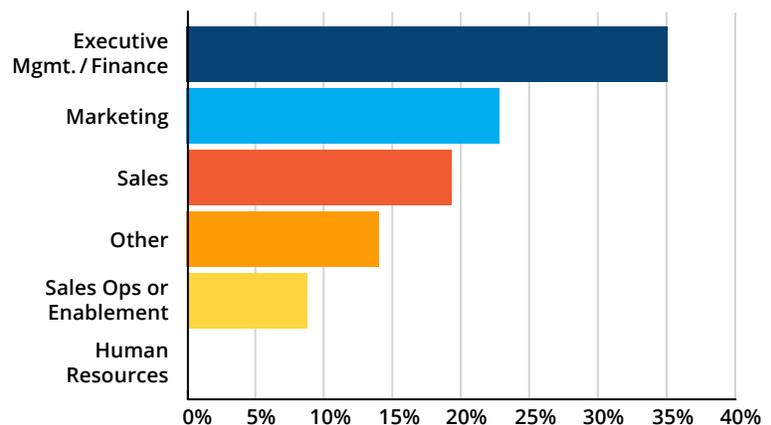


FIGURE 3

SECTION 1: Program Expectations

Which program-related objectives are changing among corporate buyers today?

B2B incentive and loyalty programs are strategic growth levers for corporate buyers and brands. They are unlike HR-related employee programs, where benefits (including recognition and reward), professional development, and career pathing are mostly expected by the target audience. Instead, these B2B programs are optional, and therefore must be based on the sponsoring company's strategic objectives.

PRIMARY OBJECTIVES

According to survey respondents, the top three most important objectives in running an incentive or loyalty program include:

1. Motivating people/customers to achieve greater results for our organization.
2. Recognizing and rewarding members/customers for their continued loyalty to the brand.
3. Building deeper relationships with our most important business drivers.

These top objectives were identified through a stack ranking scale where respondents were asked about the relative importance of each objective. The next three objectives cited were:

- Celebrating and retaining our top performers
- Encouraging personal and professional development
- Capturing new data for personalization and segmentation

It should be noted that all six objectives were deemed important, though the top three rated significantly higher than the next three. While these points may all appear intuitive, when you dig just beneath the surface an important change is happening in the language that is being used for these objectives.

The top three responses are all **longer-term and strategic in nature** when compared to the other responses. The number one objective does not really infer a timeframe, but it is forward-looking and sustainable. In the next two responses, phrases like "continue loyalty" and "deeper relationships" signify an alignment with much broader brand-related goals. It is also important to recognize that the last of our top objectives, "capturing new data for personalization and

segmentation," is directly connected to the longer-term nature of the top three objectives.

B2B programs are now being evaluated from the perspective of lifetime value, not just short-term ROI.

SOFTER OBJECTIVES MATTER, TOO

In the survey, we asked respondents to identify all of their "softer" program objectives (see figure 4). These objectives are often difficult to measure and are not tied directly to finances. The responses ranked from most to least are:

- Building an emotional connection with the brand through appreciation (71.93%)
- Building broader awareness of the brand and its products (68.42%)
- Improving skills and understanding of products, services and brand values (63.16%)
- Creating and enabling brand ambassadors (45.61%)

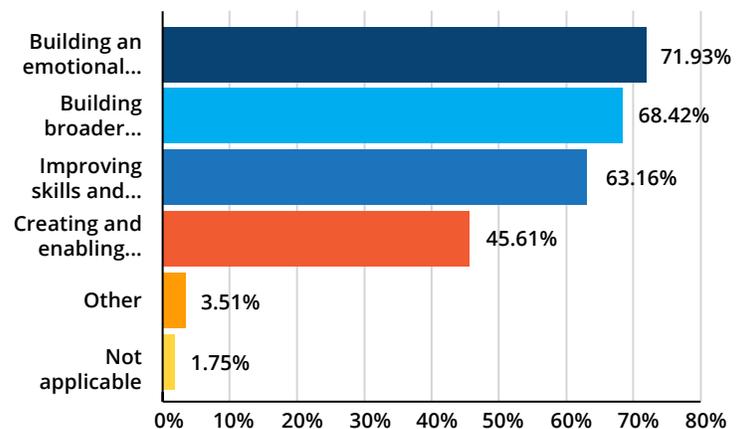


FIGURE 4

Again, we are struck by how the top responses to this question about softer, yet strategic, objectives recognize the importance of emotion in B2B sales and marketing. A study by [Google, Gartner and Motista](#) found that on average, emotional connection plays a much more significant role in B2B purchasing decisions than in B2C. In fact, where 10-40% of brands have an emotional connection with their consumers, in B2B purchasing decisions the number is between 40% and 70%.

A far cry from the "do this, get that," Pavlovian and B.F. Skinner motivation models of the past, even the most substantial business purchases are built on relationships, not simple rationality.

KPIS: IT'S ABOUT RELEVANCE, NOT JUST ROI

Our last question related to program expectations focused on the obvious desire by brands to measure business impact (see figure 5). Incentive and B2B loyalty programs, when well-designed deliver strong ROI because of the variable nature of the reward payouts. (See our 2021 study findings [Establishing Benchmarks: What Kind of Results Can You Expect From Incentive or B2B Loyalty Programs?](#)). And while ROI is critically important to the ongoing funding of a program, Key Performance Indicators (KPIs) involve more than just return on investment.

When asked to rank key performance indicators in terms of importance to your organization and specifically to your program, respondents provided the following:

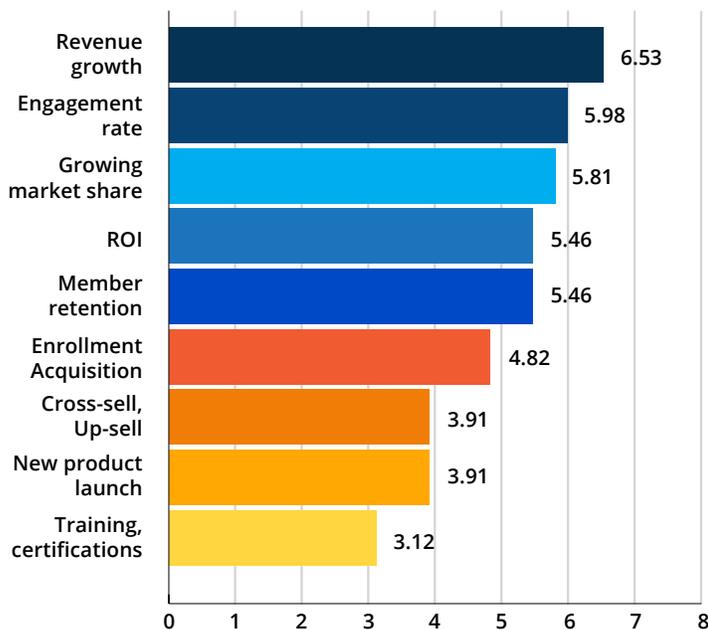


FIGURE 5

Growth and ROI are among the top KPIs, and when you include market share growth, it is clear that incremental financial performance is critical in B2B programs. However, three metrics in the top six - Engagement Rate, Member Retention and Enrollment - are indicators of relevance more than financial performance. The fact that market share is number three on this list is a clear indication of the strategic importance businesses are now placing on incentive and loyalty programs as drivers of business valuation in the market.

SECTION 2: Trends, Innovations and Value

How do we ensure the future success of B2B incentive and loyalty programs?

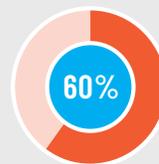
IESP members are full-service incentive and loyalty solution providers who invest heavily in monitoring trends and innovations related to our field. For the purposes of this study, we wanted to hear from corporate buyers directly about what they are doing or seeing specific to their programs. The following section will explore the trends and innovations that they value most.

In the questionnaire, we kept our focus on more tangible strategies and tactics to have this output be as practical as possible. This is not to say that recent innovations in our understanding of behavioral science, neuroscience and psychology are not important. They are crucial to forming the best program design. However, for this study, we explored the more functional aspects of program design.

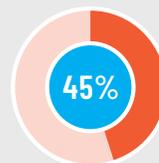
TRENDS: WHAT ARE THE TOP TRENDS IMPACTING PROGRAM STRATEGY?

For our survey, we curated and assembled a list of trends specific to B2B incentive and loyalty programs found in research and other publications within the last 12 months. We asked our respondents to select which trends were most applicable to their businesses and their programs (see figure 6).

According to survey respondents, the top trends in program strategy (ranked by percent of respondents) are:



Programs are increasingly issuing points for brand-related activities beyond just sales or purchase transactions - such as points for posting reviews, taking surveys, social sharing, training completions, or content consumption.



Store-branded gift cards and prepaid cash cards are among the most popular rewards in loyalty programs.



FIGURE 6

Each of these trends stands alone and is self-explanatory, but obviously not every trend applies to every program. It does seem clear, however, that many of the top trends identified have some connection to the global pandemic and the resulting economic environment. As we measure this over time, it will be interesting to see which trends stick around vs. those that are replaced by other priorities.

INNOVATIONS: WHAT PROGRAM CAPABILITIES WILL DRIVE THE FUTURE OF B2B INCENTIVE AND LOYALTY PROGRAMS?

Responses to this part of our survey truly indicate that the future of incentive and loyalty programs is bright when they are designed to be more dynamic and more fully integrated with the broader marketing tech stack.

In the past, programs were built and managed in isolation, with very limited ability to test, learn and evolve. A stand-alone platform technology housed a set rules structure mostly refreshed annually.

Program owners would launch the program with great enthusiasm and then wait at the finish line to see who won. That has changed dramatically in recent years, and full-service providers in this space are leading the charge.

Staying relevant in this changing landscape is vital so we asked our survey respondents to select key emerging capabilities that will increase their ability to create engagement, increase efficiency and improve the effectiveness of their broader marketing efforts. Here is what they selected:

CAPABILITY	PERCENT RESPONDING
Ability to run many short-term promotions or SPIFFs under one annual umbrella program	56%
Offering reward experiences that really stand out from the crowd - one-of-a-kind, exclusive access, etc.	56%
Highly personalized journey encompassing the full member lifecycle	46%
Omni-channel integration for acquisition, engagement and retention	40%
Machine learning and artificial intelligence help to segment and recommend offers that convert	37%
Plugging into a larger rewards ecosystem, providing more choice and relevance to our members	35%
Allowing members to establish their own goals and chart their own journeys	21%

FIGURE 7

With the possible exception of the reward experiences, every other capability selected above (see figure 7) is enabled or made more efficient through modern technology. For example:

- The ability to spin up and communicate a double-points promotion that sits on top of a core earning structure often needs to happen in a matter of days, not weeks or months.
- Highly personalized digital experiences require dynamic segmentation and the ability to communicate in a 1-to-1 manner. Triggers and known preferences are used to increase effectiveness.

- Those same dynamic segments must not live only in the incentive or loyalty platform but should feed your marketing automation and CRM tools.
- Data needs to be converted to intelligence, and with the volume of data being consumed, machine learning and artificial intelligence help with quality as well as speed.
- Online reward catalogs, especially in loyalty programs, are leveraging new exchanges where points can be shared or transferred. In some cases, they are even transferred for cryptocurrencies.

Program owners are embracing newer technologies and services to maximize their impact and maintain a competitive advantage. These innovations do not replace the core value of reward-based programs, and in fact, the rewards industry (travel, gift cards, merchandise, etc.) is doing a fantastic job of evolving with the preferences of our audiences. New capabilities that surround these highly sought-after rewards serve to increase engagement and impact.

Our final section provides bonus content offering a glimpse of our respondents' wish list for future innovations.

VALUE: HOW DO CORPORATE BUYERS PERCEIVE THE VALUE OF B2B INCENTIVE AND LOYALTY PROGRAMS?

B2B incentive and loyalty programs are among the most efficient marketing investments a company can make. Additionally, they have the potential to increase the power of all your other marketing investments. They collect original "zero party data" (intentional and proactive data shared by program members with a brand) and "first party data" (behavior and activity data in direct interactions with a brand), which make all other segment-based marketing efforts even smarter. In short, they provide an ROI-justified method of creating and growing stronger, sustainable relationships with a target audience.

But don't take our word for it. We asked our survey respondents why incentive and/or loyalty-based rewards programs work for their companies. Some of the most salient responses are included to the right.



They are a foundational expectation of our channel partners and a proven tactic to motivate behaviour.



People sell what they know. We use incentive programs to familiarize participants with our products, technology and brand.



It keeps us competitive with other manufacturers of the same products in the same markets.

They are considered a necessary part of our culture and value proposition in the total rewards philosophy.



They work best when they are integrated into an overall process that addresses all key drivers...i.e., purpose, communication, stakeholder voice, training and information, fun and clear metrics tied to methodologies and goals.



It's an 'industry staple' that many expect from larger companies. They help our customers provide additional rewards for their staff. They help increase the perceived value of our product vs. the competitor.



We see these programs as an element that engages more people, more quickly and creates a sense of urgency to take action.

SECTION 3: Standards for Success

What are the minimum requirements for program design and infrastructure?

In this last section, we will share findings from some baseline questions we asked related to program design and infrastructure. These data points offer good references for program owners who are considering where and how to evolve their current programs.

Many of these findings reinforce the trends and innovations we have already identified.

MINIMUM TECHNICAL CAPABILITIES

What are the minimum technical capabilities that are critical to you and your program?

- Stand-alone platform for enrollment, points issuance, reward redemption and reporting
- Ability to administer promotions and offers to specific segments of your audience
- Integration with CRM, or HRIS system(s) for authenticating members and tracking progress
- Embedded communications tools for email and/or SMS
- Gamification - badges, leaderboards, missions, surprise and delight
- Integration with other systems (Learning Management Systems, Point-Of-Sale, etc.)
- Embedded training or learning management module as point earning opportunities
- Mobile app, stand-alone or branded

- Integration with 3rd Party Marketing Automation tools for communications
- Integration with an existing mobile app
- Other

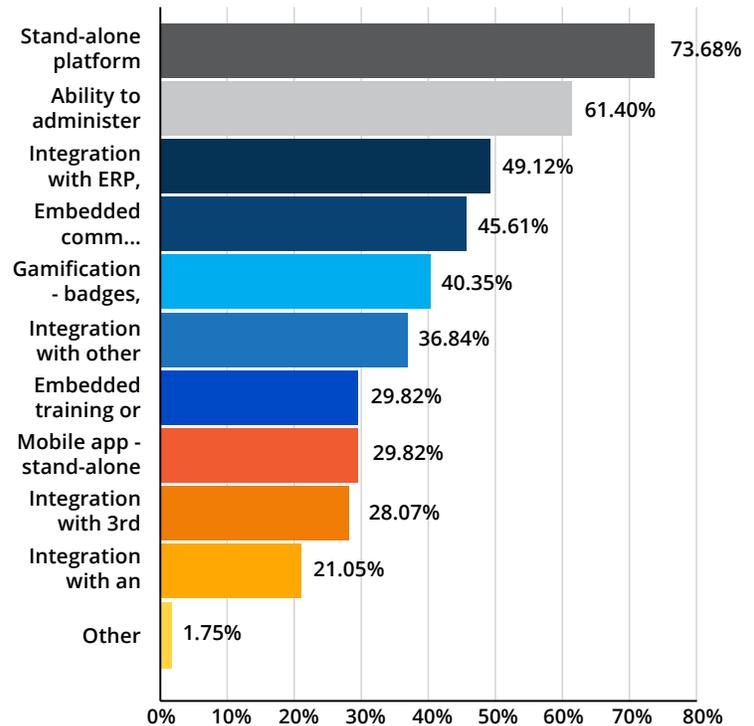


FIGURE 8

Features selected by at least 40% of respondents focused on dynamic segmentation, automation and ways to create personalized experiences. It is also noteworthy that in this era of mobile-first websites, dedicated apps and app integrations are at the bottom of the list (see figure 8).



WHAT COMMUNICATIONS TOOLS DO YOU USE TO KEEP PEOPLE INFORMED AND ENGAGED?

The list below represents the communications options that were selected by at least 50% of respondents.

- Email - 100% of respondents use email to communicate with program participants
- Web or app notifications - 56.1%
- SMS/text messaging - 50.9%
- Social media feed - 50.88%



WHICH REWARD CATEGORIES ARE PERFORMING THE BEST FOR YOUR AUDIENCE?

Respondents ranked an array of reward types based on their experience with B2B incentive and loyalty programs. The results from this question are in line with our expectations and strengthen the power of positive reinforcement (see figure 9).

Providing choice in reward options is a reward in and of itself. It's crucial to offer a curated selection of rewards so that the choice doesn't become overwhelming. This must be balanced with enough choice that there is something to motivate everyone in the program.

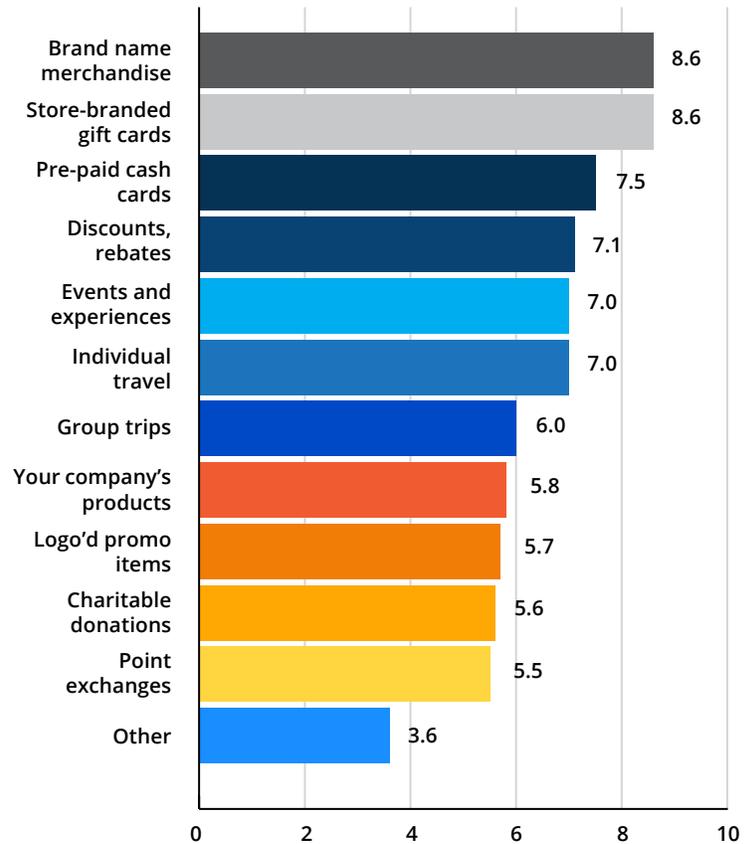


FIGURE 9

WHAT LEVEL OF SUPPORT AND TRAINING IS REQUIRED OR DESIRED BY YOU AND YOUR TEAM IN MANAGING THIS INCENTIVE?

In this question, 40% of our respondents tend to self-manage their programs with only limited tactical support from their vendors. 60% task their service providers with either Tier 1 or Tier 2 support and training for the brand.

CLOSING

Success. Beyond just making it through reading a lengthy white paper, our hope is that these findings will help define what it means to create success using B2B incentive and loyalty programs. This definition is not shocking to full-service incentive and engagement service providers, but it validates the approach and direction this industry is moving.

We opened this report with the notion that every program is unique (or it should be). These findings support that in detail. Every audience is different, and their expectations are as well. To illustrate this, and to highlight the overarching message from our findings, we thought it would be beneficial to close with statements directly from survey respondents about their “Wish List” items for the future.

Replies to the question regarding the top three needs you’d like to solve through innovation fell into three major categories, one of which was our number one key to the future of incentives that we identified at the beginning of this report – Personalization.

Integration

“Fully integrated enterprise engagement technology linking all key engagement levers and audiences the way CRM does for customer management.”

“Greater integration between disparate tools to communicate with one another to enhance individual performance.”

Engagement

“More user engagement (log into the portal more), include dashboards showing progress.”

“Ad hoc promotion, loyalty program gamification.”

Personalization

“Predictive needs and suggestions based on purchase history.”

“Ability to drive the personalized reward experience down to individual preference.”

“A more personalized experience for our partners.”

This shift in program design to more dynamic, personal and flexible programs has only scratched the surface of its potential. B2B marketers are beginning to see the value of integrating their various systems, from marketing automation to CRM to ERP and beyond to make each of those platforms even stronger. The data captured and generated in B2B incentive and loyalty programs are in many cases more insightful than even the best CRM can provide through second or third-party data appendices. The best programs are leveraging that data to create even more value for their brands.

The bottom line: If you are not moving toward personalizing every aspect of your program - communication, user experience, rewards and even rules structures - you might be leaving incremental growth on the table.

About the Incentive & Engagement Solution Providers

The Incentive & Engagement Solution Providers (IESP), a strategic industry group of the Incentive Marketing Association (IMA), is a trusted resource for business leaders globally in helping their organizations achieve results through engagement and incentive solutions.

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JOIN THE COLLABORATION. SHARE YOUR INSIGHTS.

The IESP welcomes new members! The more experts we bring to the table the better we can share insights with each other and provide expertise to the industry. As an IESP member you'll have full access to IESP's original best practices and benchmarking research. You can also grow your personal brand and your organization's brand by contributing your thought leadership to IESP's content and educational resources such as white papers, podcasts and more.

[BET on success with IESP!](#) →

HOW CAN YOU GET MORE INVOLVED AND SUPPORT IESP RESEARCH?

IESP Board Member and Content/Corporate Outreach Chair, Chris Galloway, CPIM, and EVP, Strategy & Design, Brandmovers is heading up the IESP's research program.

Plans are underway for future IESP research studies in 2023 that will add context and definition to the concept of well-designed incentive programs. Our goal is to help incentive program designers and businesses better understand and apply well-designed incentive programs to improve business performance.

To learn more about participation and sponsorship opportunities for future IESP research studies contact [Chris Galloway](mailto:Chris.Galloway@brandmovers.com) cgalloway@brandmovers.com.



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