

Incentive Technology

Value of online incentive programs, use of suppliers and selection of vendor considerations.

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Incentive Programs Are Powerful Target Marketing Tools

Technology has turned incentive programs into a powerful target-marketing tool, either to external or internal audiences. The impact goes far beyond self-serve, automated award selection, into the realms long considered a holy grail of marketing: the ability to identify and build relationships precisely with the people who can deliver results, be they customers, salespeople, channel partners or employees. With the cost of communicating with people dropping into the area of pennies per person, it has now become possible for almost any company to build its own universe of people receptive to receiving ongoing information.

It Begins With The Database

All of this technology begins with a database, the ability for people to give permission to receive information, to be marketed to, to participate in an incentive program. Incentive technology becomes a platform for almost every element of an incentive program and provides levels of real-time measurement almost never before feasible in marketing. When used properly, the technology provides the foundation for the ultimate relationship-building tool.

Technology Solutions

Today, low-cost technology solutions automate:

Enrollment. Getting permission from consumers or formal buy-in from internal audiences.

Communications. Providing useful information to inform consumers and promote internal alignment.

Promotion. Adding value and getting attention through special offers and incentives.

Point Tracking. Managing accounts of program participants.

Award-fulfillment. Letting winners select, redeem and track shipping of almost any type of award imaginable.

Data Updates. Offering the ability to tie in to other corporate software to reduce duplicate data entry.

Training. Incorporating quick tips, quizzes and guided Web site tours to reinforce learning.

Real-Time Performance Tracking. Providing management the ability to see real-time results by product, geography, salesperson, etc.

Return-On-Investment Analysis. Offering the ability to correlate performance improvement to program costs.

Online Incentive Program Benefits

An online program obeys the same rules as any traditional incentive program. You still need to spell out your objectives, state the rules and list the awards, of course. The critical difference is the speed at which participants send and receive information. It is this difference that gives your program a sense of immediacy. The original systems generally required technically skilled people to handle all but the most basic administrator functions. But clients want to make changes without incurring programming charges every time. The new systems have become user-friendlier, and less expensive to run and maintain.

In addition, as with all technology, the database architecture of online incentive systems must be continually updated. With the rapid improvements in technology, applications that were built in 1999 are becoming outdated. Today, new development tools such as Microsoft.Net or open source software such as Mysql are available, which make it faster, easier and more cost-effective to build and support new applications. As a result, today's systems are:

More user-friendly. Navigation is much easier than in the past.

More customizable. For example, tailored catalogs are now available at the program level. In addition, it's now easy to create incentive themes around recurring holidays and special events, such as the Fourth of July, Thanksgiving and Christmas.

Better at data management. New systems allow for multiple query levels of performance data. Since data can be reported by region, by person and by product line, it's simple to see where additional training is needed. This training, of course, can now be supplied online and customized to the individual.

More compatible. New systems share information seamlessly with order processing or enterprise systems.

Fully integrated. Purchase orders on redemption are routed directly to the warehouse. Information on performance comes across multiple platforms if necessary to feed into a single report.

Report-friendly. This means that there is greater use of graphics. User user-defined reports instead of pre-programmed reports are possible.

How The Internet Can Enhance Your Program

Here are some ways the speed and efficiency of the Internet can enhance your program:

Easy to administer. Companies can easily customize their performance-enhancement programs, setting up Web sites that fit determined objectives.

Real-time information providers. All information program managers need can be sent, received and viewed on a real-time basis, avoiding the time it normally takes to generate hard copy.

Instant gratifiers. Employees, resellers and customers participating in online programs can log onto the Web site anytime to check their personal status, including goals met and points earned. They can also peruse digital catalogs and instantly order a wide range of merchandise and other awards. Order processing can be accomplished in a matter of hours, not days.

Community builders. Password-protected Web sites allow participants to enter chat rooms and access bulletin boards to discuss the program with other employees. Some companies even post pictures of participants on the site, along with brief write-ups.

More participatory. When a target audience is engaged, it responds rapidly to permission-based e-mail newsletters and special offers. Salespeople are more likely to research an issue to make a sale if they can quickly find it on the Web site.

Cost Advantages

How much do you currently budget for printing and mailing costs? Putting your program on the Internet can cut costs dramatically. Even greater labor savings can be achieved via real-time report generation, communication and centralized administration features. And, the best software comes with program tracking built in, with multiple ways to customize.

Speed To Market

The Internet makes the entire setup and marketing process more efficient. Although the traditional steps of writing copy, design and layout, management review and legal review remain the same, execution is sped up by doing away with the layout and print phase of traditional programs. In some cases, what used to take a month now takes just a few days to produce. Because it takes less time, it costs less.

Return-On-Investment Tools

Today's new systems allow managers to extract data that was previously inaccessible. For example, internet connectivity can create virtually instantaneous feedback on a program's progress. Rather than having to wait weeks or months to measure a program's progress, companies can exercise close control of information. They can add new features, tune up a program that's falling short of expectations or cut it off entirely. Software that links performance with reporting mechanisms can produce reports broken down by person, product line, region or account and customized according to a manager's specifications. Sales managers can see the results of everyone under their supervision. The vice president of sales can check on national or international totals. Recognition managers can correlate turnover rates to the following recognition participation levels:

Communications are more robust and flexible, enabling administrators to change programs on the fly, which make it easier to adapt to changing circumstances.

Creativity is enhanced because increased Internet bandwidth allows the use of Flash animation and graphic content such as streaming video and photographs.

There is now the ability to *communicate performance reporting in graphic formats*.

Additional Benefits

Additional benefits include:

The ability to capture all incentive program data. Domestically and internationally, data gives customers control and consistency; however, it's important to note that data collection is dependent upon the organization's ability to collect it, and sometimes incentives are needed just to get the data needed for better planning.

Easy program implementation and administration. Rapid, cost-effective implementation of short programs as well as larger, complex programs. New programs can easily target segments of a target audience.

Flexibility. Customers can change and add programs inexpensively and quickly.

Wider range of applications. Companies can use incentives in applications that were not previously cost-effective, such as in consumer campaigns involving low-cost products requiring a very low cost per sale.

Tax preparation. Online incentive systems have the ability to offer 1099 reporting for tax purposes.

Referral efforts. Programs that let employees get points for referring customers or new employees.

Recognition. Programs that permit peer-to-peer, or management-to-employee or recognition customers for commitment, longevity, referrals, etc.

New Opportunities For Short-Term Campaigns. Technology has sped up the launch and implementation cycle. A calendar year wasn't unusual, especially for a lavish travel reward. Now, because the production time can be compressed, much shorter programs are feasible. This has important implications for time-sensitive programs, such as those geared to clearing inventory quickly. Or perhaps as a change of pace.

Types Of Vendors

Specialists. A very few companies specialize in providing software for incentive applications. The specialists offer various options for buyers, from licensing to outright purchase of software. Find a list at www.useonlineincentives.org.

Incentive companies. Many of the top incentive companies use software provided by the specialists or have developed their own software. These companies provide both the software and some or all of related services.

Promotion agencies, promotional products companies. These companies might offer software related to loyalty programs or managing promotional products acquisition, and some offer incentive software provided by specialists on a customized basis.

Key Considerations In Selecting A Vendor

What level of service do you need? Software and customization, or a full range of related strategic or tactical marketing and promotional services.

What are the costs to customize the software? Specify what you need the software to do and what it will cost to make the software do the job.

Is it solely Web based? You may need the capability for administrators to enter data off-line and synchronize when Web access is available.

Security. You want to keep data off of your live Web server and make it very difficult for anyone to get beyond your Web server via internal firewalls. No live data need ever be online.

What are the licensing fees? What will you pay on an ongoing basis? Is there a per-seat or per-person charge?

Can it link to other software? Can you benefit from creating reports that merge the incentive technology with point-of-sale, enterprise management or other system software?

Evaluating The Software

The following consists of the key elements to look at when testing the software.

From The Participant Point Of View

Enrollment. Is it easy for people to sign up?

Navigation. Is it easy for people to find their way?

Communication. Is it easy for people to find desired information?

Training. Does it make it easy to get informed about a specific topic?

Incentives. Does it give concrete reasons to stay involved?

Fulfillment. Is it easy to find out what I've won, what I can do with it and how I can make sure I get what I want?

Tracking. Is it easy to find out where my prize is?

From The Administrator's Point Of View

Setup. Is it easy to set up and administer multiple programs?

Administration. Is it easy to learn and navigate?

Promotion. Is it easy to set up special offers and promotions and send to specific groups?

Point tracking. Does it easily manage participant accounts?

Award-fulfillment. Letting winners select, redeem and track shipping of almost any type of award imaginable.

Redemption tracking. Letting administrators see redemptions in an easy-to-read format.

Data updates. Offering the ability to tie into other corporate software to reduce duplicate data entry.