

# Employee Recognition Program Benchmarking Survey

## Summary Report January 2007

# Summary / Method

- **Scope**
  - Survey invitations were delivered via email to approximately 11,305 people sourced from permission-based lists
  - Invitees primarily represented the Human Resources function and came from mid-size to large organizations in a range of business categories
- **Offering**
  - In return for completing the survey, respondents were offered a copy of survey results as well as 1,500 points available for redemption in Loyaltyworks' Reward Collection™ catalog
- **Timing**
  - The survey completion period: December 7-19, 2006
- **Survey Methodology**
  - Loyaltyworks used a proprietary online survey tool in offering the survey to respondents
  - Respondents completed 11 to 12 multiple choice questions
  - Each question had to be answered in order for the respondent to complete the survey
- **Respondents**
  - 58 managers and executives completed the survey
    - A .51% response rate of those invited to complete the survey
  - 55% of respondents currently have an incentive program in place
- **Results Calculation and Analysis**
  - Results were compiled and analyzed by a statistician using Microsoft Excel and statistical software, SAS

# Survey Objectives

- **Gain comparative marketplace perspective on current and potential incentive/loyalty programs and promotions, including:**
  - Program objectives
  - Program design, structure and scope
  - Program management
  - Program measurement strategies, execution and results

## Key Findings – Program Objective

- **In response to the question: “What is/would be the objective of your incentive program?”**
  - Top objectives were consistent across respondents running current programs and for those with no current program in place: ‘Reward / recognize employees’ (88%), ‘Boost morale’ (83%), ‘Increase employee retention / reduce attrition’ (76%), ‘Increase employee satisfaction’ (66%)

PROGRAM OBJECTIVE	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Boost morale	81%	85%
Increase candidate referrals	25%	19%
Increase employee retention / reduce attrition	78%	73%
Increase employee satisfaction	72%	58%
Reward / recognize employees	94%	81%
There are no specific objectives	0%	0%
Other	9%	4%

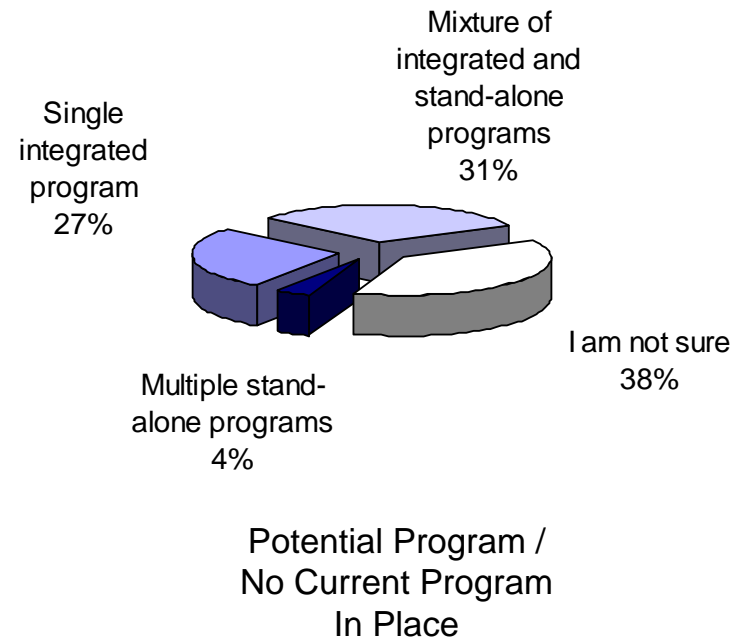
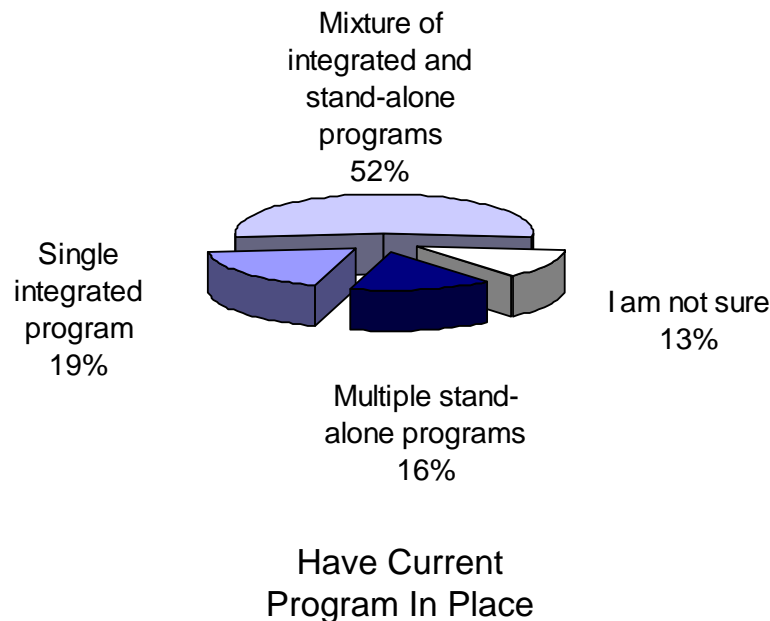
# Key Findings – Activities Recognized / Rewarded

- **In response to the question: “What activities are you recognizing and rewarding?” (or would you recognize and reward)**
  - Top rewarding activities were consistent across respondents running current programs and for those with no current program in place: ‘Productivity’ (75%), ‘Quality’ (69%) and ‘Length of service’ (57%)

PROGRAM REWARDING ACTIVITIES	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Length of service	53%	62%
Attendance	16%	31%
Training	19%	15%
Wellness	9%	15%
Productivity	78%	69%
Quality	66%	73%
Sales-related performance	38%	54%
Safety	25%	35%
Cultural or value-based behaviors	44%	42%
Other	28%	15%

# Key Findings – Program Management

- **In response to the question: “For the activities you are (or would be) recognizing, how do you (would you) manage recognition and reward?”**
  - For those currently running programs: Over 50% of the respondents use a mixture of integrated and stand-alone programs to manage recognition and reward
  - For those with no current program in place: Nearly 40% of respondents are unsure of how they would manage recognition and reward



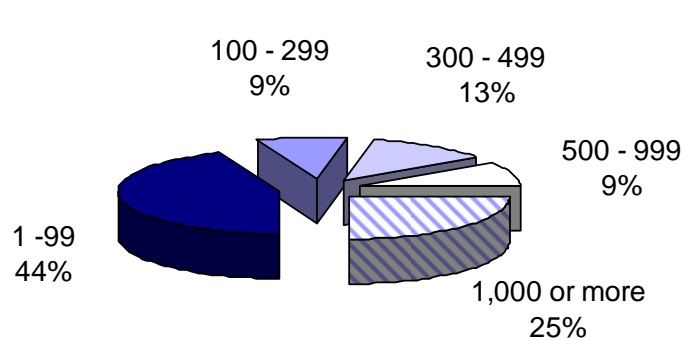
# Key Findings – Program Elements

- **In response to the question: “Which elements are included (would you include) in your employee recognition program?”**
  - Over 70% of respondents running current programs award their program targets with ‘Gift cards / Gift certificates’
    - 13% solely award with this element
  - Over 80% of respondents with no current program in place would award their program targets with ‘Gift cards / Gift certificates’
    - 8% solely would award with this element
  - 54% of respondents with no current program in place plan to award their participants with ‘Points’ redeemable for merchandise and/or travel, while only 22% of respondents currently running programs do so

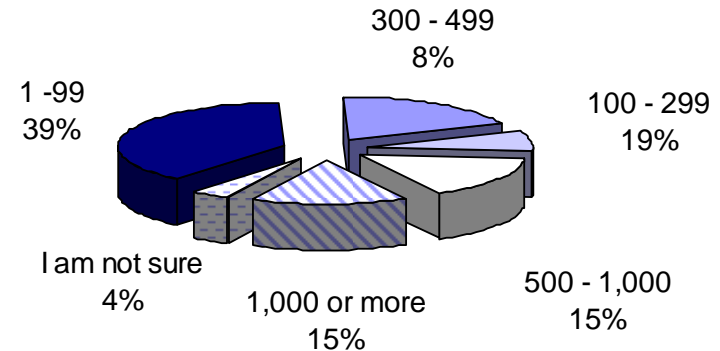
PROGRAM ELEMENTS	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Cash rewards	66%	65%
Gift cards / Gift certificates	72%	81%
Group travel	13%	15%
Individual travel	19%	23%
Points for merchandise and / or travel	22%	54%
Other	31%	23%

# Key Findings – Participant Base

- **In response to the question: “How many participants are enrolled or would be enrolled in your program?”**
  - 34% of respondents have at least 500 participants in their current programs
  - 32% of respondents, who know how many participants would be included, say that they plan to have at least 500 participants in their potential programs <sup>1</sup>



Have Current  
Program In Place

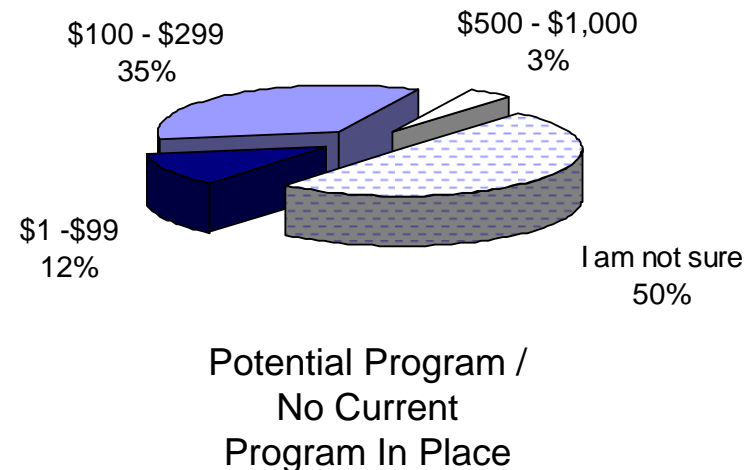
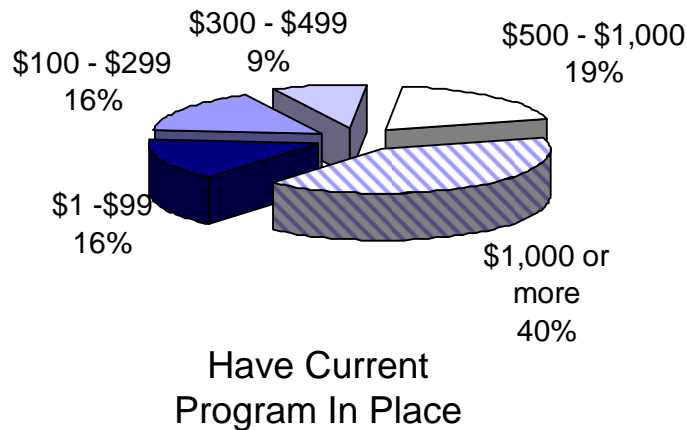


Potential Program /  
No Current  
Program In Place

1. Statistic applies to those respondents who estimate number of participants in potential programs.

# Key Findings – Per Participant Budget

- **In response to the question: “How much do you budget/would you budget for your incentive program annually per participant?”**
  - 2 in every 5 of respondents budget for over \$1,000 per participant on an annual basis for their current program
  - One-half of respondents are not sure how much they would budget per participant in their potential programs



# Key Findings – Goal Attainment

- **Of respondents who currently have employee recognition & reward programs in place... when asked if their program is meeting its intended goals:**
  - 60% assert that the “program has reached the goals it was intended to reach” or “is on track to reach goals”
  - 19% say that they are not “not sure” as to what the goals are

GOAL ATTAINMENT	PERCENT OF RESPONDERS
Our incentive program has reached the goals it was intended to reach	38%
Our incentive program is too new to be viewed as successful or unsuccessful	19%
Our incentive program has not reached its goals but it is on track to reach goals	22%
Our incentive program has not reached its goals and it is not on track to reach goals	3%
I am not sure	19%

## Key Findings – Program Rules

- **In response to the question, “How often do you change (or would you consider changing) the targets or the rules for your incentive program?”**
  - 43% of respondents change the targets / rules of their current programs in some specified time
  - 27% of the respondents would change the targets / rules of their potential programs in some specified time
  - Overall, 21% of respondents are not sure how often they do, or would, adjust their program rules

PROGRAM RULES	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Targets / rules do not change	16%	4%
Targets / rules do not change with the exception of promotions	0%	27%
Once every 30 days	9%	0%
Every 30 - 90 days	3%	4%
Twice a year	3%	4%
Annually	28%	19%
Targets / rules do change but in no specific time frame	28%	12%
I am not sure	13%	31%

# Key Findings – Program Measurement

- **In response to the question: “Do you measure (or how would you measure) the impact of your incentive program?”**
  - Of those with a current program: 28% of respondents either do not measure or are not sure if they do measure the impact of their program
  - Of those considering a potential program: nearly half of respondents are unsure of how they would measure program impact

PROGRAM MEASUREMENT	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Yes - utilizing a HRIS or CRM system	0%	12%
Yes - utilizing a ROI formula	6%	8%
Yes - comparing pre-program and program statistics	28%	31%
Yes - by ways other than those listed here	38%	0%
No / I would not expect the program impact to be measured	9%	4%
I am not sure	19%	46%

## Key Findings – Vendor Criteria

- **In response to the question: “What, other than price, is your most important criteria for selecting an incentive vendor?”**
  - The top three criteria are the same referenced for respondents with current programs and those considering a potential program (no current program)
    - Industry experience and reputation (31%)
    - Flexibility and responsiveness (24%)
    - Availability of measurement, tracking and reporting (22%)

VENDOR CRITERIA	PERCENT OF RESPONDERS WITH CURRENT PROGRAMS	PERCENT OF RESPONDERS WITH POTENTIAL PROGRAMS / NO CURRENT PROGRAM
Industry experience and reputation	25%	38%
Quality of reward catalog	0%	4%
Technology platform	3%	4%
Availability of measurement, tracking and reporting	28%	15%
Fast ramp-up and implementation	6%	12%
Flexibility and responsiveness	31%	15%
Ease of working with account team	6%	12%

## For More Information

**We are still working with the data and will publish a comprehensive analysis of the survey results (with more valuable insights) in the next issue of our “Loyalty Pulse” newsletter. To sign up for “Loyalty Pulse” and receive your copy of the survey article, please go to: <http://www.loyaltyworks.com/newsandviews/index.html>**

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