

Incentive Travel Programs Work

If you are looking for a special way to thank people who have done a great job – and motivate others to do their best – consider an incentive travel program.

Not only are you giving your staff unforgettable experiences and life-long memories, there are enormous benefits for your business too:

1. It's much more motivational

Research has shown that non-cash incentives are two to three times more effective at motivating individual performance. Cash or a gift certificate may be spent on a whim, but a trip builds networking between attendees and gives them great memories of fun adventures. There is a true emotional connection between each attendee and their experience during the incentive trip that a cash reward cannot compete against. The photos they'll take home will also serve as a constant reminder of their value to your organization.

2. It's often cheaper than cash rewards

According to the US Travel Association, companies that maintain exciting incentive travel programs often spend less than those that reward with cash alone. With an exciting incentive program, you'll find you can reward less regularly as they strive for greater and more exciting goals.

For every dollar spent in travel, businesses benefit from an average of \$12.50 in increased revenue and \$3.80 in new profits.¹

3. Increased sales and productivity

When people have a reward in sight that they are passionate about, their motivation to hit goals increases enormously. When they recall their memories from a previous incentive travel experience or see the photos of their colleague's last incentive travel reward, they'll work harder to match or exceed them. A friendly sense of competition can make a significant positive impact on your annual sales.

4. Long-term loyalty

When you reward with an exciting incentive travel program, relationships tend to be much more loyal. There's a greater sense of value and belonging when a reward stretches beyond the office walls and into real lives. When the attendee can boast of their reward trip to Sydney, for example, to their friends and neighbors, they'll also develop an additional sense of pride in the company.



The most important element for an incentive program to be successful is buy-in from the people you are trying to motivate. The Incentive Research Foundation (IRF) lists three ways to maximize buy-in while inspiring a higher performance from your participants. They are: 1) The award must be highly desirable and must match the achievement of the stated goals; 2) Goals set must be specific, fixed, and perceived as achievable; 3) Communication before, during and after the program.

Draw the line that connects the behaviors you want to motivate with the financial outcome you want to achieve.

According to Buchanan and Gillis (1990), long-term loyal customers are more profitable for 6 reasons³:

1. Regular customers place consistent orders
2. Longer-established customers tend to purchase more products
3. Satisfied customers may pay premium prices
4. Retaining customers make it difficult for competitors to gain access to your customers
5. Satisfied customers often refer other customers
6. The cost of acquiring and serving new customers can be substantial

The Performer Often Forgotten

A "high performer" and "low performer" are frequent terms in the vocabulary of talent management: high performers are your company's superheroes; low performers are a constant management challenge. But what about employees that fall in "the middle" - the Average Joes?

Incentive programs can increase performance of an individual by 22% and of a team by 44%.⁴

A 5% performance gain from the middle 60% of a sales force can yield 70% more revenue than a 5% shift in the top 20%.² Don't just focus on the top tier of your sales force but create a new program that helps to move the middle for the most gain. Don't forget to create an incentive program or multiple programs that motivate all of your audience to its full potential!

Footnotes

1. U.S. Travel Association, Oxford Economics: *The Return on Investment of Business Travel, Talking Points by Audience*, page 1.
2. Paterson, John. "Incentive Program Buy-in – Senior Leadership Support". *Incentive Research Foundation*, 2013.
3. Buchanan, R. & Gillies, C. (1990). Value managed relationships: The key to customer retention and profitability. *European Management Journal* 8(4). 423-526.
4. *Ibid.*, page 2.

