Aspirational Brands:
How they Impact Rewards & Recognition

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Why a Rewards & Recognition Program?

We believe companies with formal recognition and rewards programs are better equipped to increase engagement, reduce churn and inspire employees to feel more valuable to the organization.

According to a report by Davitt Corporate Partners, the number one reason most employees leave their jobs is a lack of recognition. In addition, companies offering recognition and reward programs are 12 times more likely to encounter strong business outcomes.

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So why don’t more companies have formal recognition programs?

For starters, many companies don’t realize that reward and recognition programs are powerful engagement tools.

Additionally, they might incorrectly still believe that cash is the number one way to motivate. The truth is that most people use their cash bonus to pay for necessities like groceries and gas—discounting the emotional benefits of the program.

Finally, there may be a lack of understanding of the strong psychological benefits of being rewarded. According to a report by Canon, “The ability to visualize an award increases our chances of achieving it and accounts for much of the increased productivity generated by merchandise awards.” Also, tangible rewards remind employees of their achievements. They garner “bragging rights,” which can be shared on social media and celebrated with family and friends.

Think about it this way, would you call a neighbor and say, “Come check out at my new rewards check?” Probably not.

Despite the lack of understanding, many businesses are starting to acknowledge the benefits of reward and recognition programs. According to the Incentive Research Foundation (IRF), there has been a dramatic jump in the number of U.S. businesses using non-cash rewards over the last two decades, rising from 26 percent in 1996 to 84 percent in 2016.

Which brings us to the rewards themselves.
How Do We Select Rewards that Motivate?

In the “Amazon” world of unlimited merchandise choices – selecting rewards can be daunting. How does a program administrator set up their catalog of rewards to guarantee optimal engagement?

Here are our recommended best practices:

1) **It’s all about the brand.** People do not dream about getting a new watch, they long to own the latest Apple watch or a classic timepiece like a Rolex. Whether it’s a North Face tent or a Louis Vuitton bag, the brand is where the excitement lives in the reward.

2) **Rewards should be aspirational.** Giving your audience reward items they would not normally buy for themselves is a proven way to see people push themselves, work harder and longer, and go beyond the 9 to 5 of their job.

3) **Make the items and experience worth sharing.** If there is no “Wow” factor in the reward, then there is no reason to share it with family, friends or on social media.

4) **Capitalize on the “perceived value” of the item** – which in many cases, is 30% higher than what you actually paid for the item. Reward catalogs are often better positioned for high name brands due to purchasing power and corporate economies of scale. In fact, upscale name brands are frequently cheaper than less recognized brand items.

   “The tactic is a smart one,” says Sharon Welles, an incentive program manager for a nutritional supplements company. Welles says part of her program strategy is to select the trendiest brand-name items she knows the company’s independent sales reps would never purchase. In one recent case, she says, a rep who won a Yeti cooler (a $300 value), confided that she put in extra hours for several months to earn the reward, then splashed the news and photos of the cooler all over her social media accounts. “Now, she’s boasting about taking the cooler with her on her beach vacation this summer, and I bet we’ll see more pictures,” according to Welles.

5) **Consider demographics when choosing your reward items:**
   a. Choose reward items based on lifestyle phases (single, parenthood, etc.) versus age demographics. One reason for this is that Millennials may be experiencing parenthood, for example, much earlier in the Midwest versus on either of the Coasts.
   b. Income levels
   c. Profession
   d. Education

6) **Lastly, when offering a merchandise rewards and recognition program – make sure you offer your participants a reward choice.** We often see companies only offer one style of a Cross pen, Waterford vase or Mikado watch, and then see them turn around and give it to their kids because it wasn’t something that they really wanted. You can avoid this mistake by allowing your participants to experience elevated brands and a myriad of choices. When they can “dream” of their reward, it will push them to work harder and reach for something they never imagined was possible.

In summary, companies who invest in a formal recognition and rewards program versus cash are better equipped to increase engagement, reduce their turn-over rate and enhance the perceived value their program participants feel by the organization. The key ingredient is to select aspirational brands that will entice your participants to work harder and help grow your business.

[Click here for an easy-to-use reward selection checklist.]