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What's Hot (Right Now, Anyway)

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IF YOU CHOOSE MERCHANDISE for incentives, you're always searching for that next hot item — the one thing that will get people jazzed to produce, to sell more, to succeed. Jim Feldman of James Feldman Associates Inc., Chicago, calls this the “sweaty palm” — the item that people have to have, that their palms sweat for. Of course, that one item is different for everyone, which makes what you do so tricky.

To help, *CMI* asked several leading incentive firms to name their hottest, most redeemed items. Buyers beware: People's sweaty palms dry quickly, so act early or you'll miss the wave.

According to Leigh Roberts, client services manager at Dittman Incentive Marketing, New Brunswick, N.J., the top items are “electronics, no question. But depending on how many points someone has earned, they'll either go for the camera or the flat-screen TV.” Tim Houlihan, vice president, reward systems at BI, Minneapolis, finds that the most motivational items “tend to be those that are new to retail or very cool to a particular audience segment.” As an exception, the iPod products were new to retail three years ago yet not highly motivational for the masses until this past holiday season, when the United States got caught up in iPod fever.

According to Houlihan, Apple's iPod seems to show up on every incentive company's list of hot items because people are going back to wanting frivolous items for themselves, rather than something that's useful.

Other hot items right now, Houlihan says: experiential rewards such as front-row tickets to hard-to-acquire concerts (such as Bruce Springsteen's current tour), plasma screen HDTVs, David Yurman jewelry, Coach products, and Louis Vuitton products. Brooke Bryand, senior events manager for the Boston-based Castle Group, agrees with Houlihan that “people are getting away from necessities and going for true awards. The iPod is enormous right now. The same with Best Buy and Home Depot certificates, golf clubs, eBay money cards, Sephora makeovers, Macy's personal shopping experiences, Loews movie tickets, and gas cards.”

Feldman says people want things they would not necessarily buy for themselves. “We were giving away Maui Jim sunglasses to get people to our booth at a trade show. People were killing themselves to get them. No one is going to spend \$300 for glasses, but they'll do anything they can to get them. We also sent Toyota dealers a bolt of cloth in the mail with a note that we will customize the shirt for them, whether they wanted French cuffs or a certain collar. These winners were millionaires, yet they sent us handwritten notes telling us it was the greatest gift they'd ever gotten.”

Electronics, says Feldman, are not only for the younger set when it comes to incentives. “Even older recipients are asking for iPods and digital cameras and asking younger people how to use them.”

According to Carol Ivcich, head merchandiser at Maritz Inc. in Fenton, Mo., people are trading up and choosing small indulgences. “We’re seeing awards that traditionally would have been considered indulgences. An everyday example: Many of us will travel each morning to purchase a Starbucks ‘designer’ coffee as opposed to settling for the regular pot at the local gas station. We trade up to reward ourselves each day.”

Among the most-redeemed items at Maritz: the Apple iPod Mini 4GB digital music player; Uniden 5.8GHz dual handset telephone with answering system; Apple iPod 20GB digital music player; and Canon PowerShot digital camera kit.

Mike Horn, director of merchandising for Hinda Incentives, Chicago, says 30 percent of the company's business is electronics. “It’s the No. 1 category — plasma TVs, iPods, digital cameras. I think LCD and plasma will still be strong as they come down in price and add more features. But I think this might be the last year of the iPod because of all the competitors out there.”

According to Horn, home appliances are strong, especially Cuisinart products, which have a high perceived value. Jewelry is also hot. “The Movado watch will always catch someone's eye,” he says. Also big: sporting goods.

Larisa Menenhall, director of individual awards for ITA Group, West Des Moines, Iowa, is still seeing the nesting phenomenon when it comes to what people are redeeming their points for. “They want things they can use in their homes: professional cookware, the brands, the good stuff. Or colorful kitchen items like espresso machines or Krups coffee grinders.”

What will be that next sought-after item — the next wave? Mike Horn predicts that it's “just a matter of time” before we see packages with cameras and printers so people can have photo shops in their homes. Jim Feldman says it won't be long until someone comes out with a phone that doubles as an MP3 player, that takes pictures you can send to your home computer.

“It's about finding the thing,” he says, “that will make people ask themselves, ‘What do I have to do to win this?’”

Hot at Hinda

The top 10 redeemed merchandise items in 2005 at incentive firm Hinda Incentives, Chicago (based on total dollars redeemed):

- Bose Wave music player
- Panasonic plasma TV
- iPod

- digital cameras
- portable DVD players
- home theater systems
- Sony WEGA TV
- Callaway White Hop #2 putter
- Weber grills
- Bose noise-reduction headsets