

The Art of Motivation

An Incentive Industry Primer



Incentive Marketing Association

Business Improvement Starts Here!

The Art of Motivation

An Incentive Industry Primer

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The Basic Psychology of Motivation

Chapter One

Why do people do the things they do? It's because their behavior is being influenced by a variety of factors that motivate them. For instance, hunger motivates a person to forage for food.

The fact is that goals direct our behavior. When an incentive (an object or event that is valued) is included with a specific goal, an individual is further motivated to achieve the goal.

However, an individual is not motivated to obtain every incentive offered to him or her. The incentive must have a perceived value, and when the individual is willing to expend effort to obtain the incentive, it becomes a goal.

The concept of incentive motivation recognizes that the characteristics of the goals we work to obtain influence our behavior. From the perspective of incentive motivation, experts conclude that incentives are the major force underlying what we do. We work to obtain the goals that are emotionally meaningful to us.

The goals toward which we work should clearly provide a strong sense of motivation. However, there also needs to be an expectation of obtaining the goal. Even a highly valued goal won't work as a motivational tool if the expectancy of successfully reaching the goal is very small. An individual has to believe that the goal can be obtained.

1. The Goal directs behavior,
2. The Incentive motivates a person to obtain a goal, and
3. The Expectation of successfully obtaining the goal encourages the individual to participate.

Goals direct our behavior. Employees and consumers can be motivated, and "The Art of Motivation" will provide a blueprint for your success.

One of the most fundamental equations in all psychology is:

$$\text{Ability} \times \text{Motivation} = \text{Performance.}$$

"Ultimate Rewards: What Really Motivates People to Achieve," by Stephen Kerr.

Therefore, in successful incentive motivation, there are three specific variables for success.

How to Motivate

Chapter Two

In the late 1950s and early 1960s, gasoline prices fell to an all-time low of \$.20/gallon or less. A plethora of gas stations existed to service the customer base, and each service station began to emphasize customer service features to encourage new customers and retain old ones. The speedy attendants pumped gas, washed windshields, and checked oil and tire pressure. But although these features added value to gasoline fill-ups, they were intangible and price continued to be the guiding force to where gasoline was purchased.

Continuity Program

A program designed to offer an incentive to an individual that encourages her or him to return for additional business.

Two types of continuity programs are: accumulated airline mileage awards and tobacco consumers offers.

Then gas stations began offering a drinking glass with a 10-gallon fill-up. To build a set of matching glasses, customers needed to return to the same station for their gasoline. The service station owner achieved his objectives: 1) retention of current customers, 2) addition of new customers, and 3) continuity.

Setting Goals and Objectives

The story of the free set of glasses certainly wasn't the first incentive program, but it does illustrate the three parts of a successful incentive program:

1. The goal to direct behavior must be clear, both for management and employees/consumers,
2. The incentive must have a high perceived value to the employee/consumer so he/she becomes emotionally involved in obtaining the goal, and
3. There is an expectancy of successfully obtaining the goal.

For the service station owner, the goal was to keep his customers coming back. Your goal must be equally as clear and defined.

Example

The Goal: Improved Attendance

Stan supervised a group of 50 people. He did a little research and came to the conclusion that each employee used an average of 10 sick days per year. This seriously cut into productivity on the assembly line and he figured that cutting this figure in half, or five sick days per year, would greatly improve production figures for his department.

Stan's goal was clear: to encourage each employee to use five sick days or less per year. How would he accomplish this goal? He spent some time thinking about an incentive that would be meaningful to his group, and discussed it with them. He finally decided on a catalog of gifts where each employee could choose an award in a particular price range. He came up with a budget and had it approved by management.

But how would the Improved Attendance Incentive Program be structured? If the employees had to wait an entire year to receive a reward, they would probably lose interest. And what if someone had a serious illness one quarter and that ruined their chances for the award?

Stan decided that if each employee could use one sick day or less per quarter, they would be eligible to redeem an award in the catalog. This seemed to be a manageable expectation, and they kicked it off with a small party of donuts and coffee.

Each quarter, Stan called the group together and, in an impromptu ceremony, awarded the gift catalog to the employees who qualified. At the end of the year, Stan reviewed the attendance records and was able to ascertain that each employee used an average of five sick days that year. This was what he had planned for; three employees actually received an award each of the four quarters that year for perfect attendance.

Stan decided to run a similar incentive program the following year.

Attendance Program

Designed to reduce employee absenteeism and increase productivity.

Employees are rewarded in a variety of ways, depending on the budget allowed.

The Incentive Program

Chapter Three

Incentive Program: A planned activity designed to motivate an individual to achieve predetermined organizational objectives.

Simply put, an incentive program is a structured plan to get people to do what you want them to do.

There are a variety of reasons why you would put an incentive program together. Some objectives would be to:

- improve sales,
- boost quality,
- raise productivity,
- increase market share,
- expand loyalty of reps and customers (business gifts),
- lift morale (recognition and service awards),
- foster teamwork and communication,
- instill better work habits,
- ensure safety,
- decrease absenteeism,
- reduce turnover,
- improve cycle time,
- create and reward brand loyalty,
- reward long-term employees,
- introduce a new product.

Service Award Program

Promotion designed to reward employees for length of service to their company.

The Incentive Program

Depending on the clearly defined goal(s) you decide on, all incentive programs need to have the following elements:

1. The **goal must be clear**, and the incentive program must be fair, simple, and easy to explain. Each participant in the program should understand what is expected of him or her. If they are confused, they won't participate.
2. The **incentive chosen must be of emotional value** to the participant. If the participant is not emotionally vested in the incentive, it will not become a goal.
3. The incentive **must also be obtainable** so that it becomes a goal. Expectation of achievement is an integral part of the program's success.

Budget

The amount of money specified for awards that will be given to winners of incentive programs. Also includes administration costs.

In addition to the above three elements, an incentive program must take into account:

- the length of time it will encompass and how to keep the participants interested and excited about it,
- how the success of the program will be measured so it is equitable for all participants,
- the budget and the return on investment (ROI) must be considered, and the incentive chosen must be affordable and have a high perceived value.

Types of Incentive Awards and Incentive Promotions

Chapter Four

Types of Incentive Awards

Merchandise and Travel

Basic incentive programs involve either merchandise or travel-related awards. A recent study sponsored by The Incentive Federation estimates that American businesses spent \$46.1 billion on merchandise and travel for motivational use in 2006.

In 2006, American businesses spent \$46.1 billion on merchandise and travel for motivational use.

*The Incentive Federation
Incentive Travel and
Merchandise Incentives
Study - August, 2007*

Cash as a Motivator

Cash is often used as an incentive. However, cash as a motivator, is an unemotional award. Its value is concrete, and while it could be used to purchase a lifestyle award, most likely it will be charged against a burgeoning pile of bills or deposited into a leaky checking account where it soon ceases to exist. And with the demise of the cash award, there goes the memory of its origin.

In 1994, Goodyear Tire & Rubber Company and BI Performance Services produced the first documented evidence that money, as a motivator, is not as effective as tangible rewards. Goodyear sponsored an incentive to improve sales of Aquatred® tires. Two groups were formed, one was offered monetary rewards, and the other an equivalently priced selection of merchandise and travel-related rewards. The group receiving lifestyle and travel awards outperformed the cash awards group by nearly 50%.

(For more information, see "The Trouble with Money," Tom K. Travalos, Manager of Special Accounts Marketing at The Goodyear Tire & Rubber Company, and John M Jack, Vice President, Innovative Resources, a unit. BI Performance Services.)

The Incentive Federation's 2005 Study Conducted among Current Users of Merchandise and Travel Items For Motivation / Incentive Applications found:

- Three of 5 respondents agree that a *cash payment is perceived to be part of an employee's total remuneration package.*
- About 4 of 5 respondents (78%) perceive that *travel is remembered longer than cash*; about 4 of 5 (84%) agree that *merchandise is remembered longer than cash*. Nearly two-thirds of respondents (62%) feel that *cash is remembered for the shortest time.*
- Approximately 3 of 4 respondents (74%) agree that *they can build a more exciting, memorable program around travel than around cash.*

- Similarly, about 3 of 4 respondents (73%) agree that *they can build a more exciting, memorable program around merchandise than around cash.*
- Slightly more than half of the respondents (53%) agree that *employees tend to look at bonus payments as something they are due* as part of their compensation package.

Types of Incentive Promotions

Incentive promotions **directed toward the consumer** include:

- Sweepstakes (winners determined by chance),
- Contests (winners determined by skill),
- Continuity Programs/Points Programs (like accumulated airplane mileage programs; customer loyalty programs),
- Trading Stamps (collect and redeem stamps for merchandise),
- In-pack, on-pack, near-pack offers (usually include free gift, like toothbrush),
- Specialty container (includes merchandise that can be reused, like a basket or cup),
- Through-the-Mail offers (save UPC labels, proof of purchase, and send money for shipping and handling to receive merchandise).

Sweepstakes

A promotion that awards prizes to winners who are determined by chance.

Incentive promotions **directed toward distributors** or dealers include:

- **Dealer Loader/Display Enhancer**
Designed to motivate dealers and distributors to purchase larger quantities of product than they might traditionally buy. Along with the product, the store manager generally receives free merchandise (for instance, a barbecue grill) to use in a point-of-purchase display. This premium can be given away in a sweepstakes, or be kept by store personnel at the end of the promotion.
- **Dealer Incentive Programs**
Designed to run over a longer period of time—possibly several months. A dealer may be required to place a \$500 order and would receive his gift as a reward. These programs often use apparel, lower-end electronics, and time pieces as premiums.

Premium

Merchandise offered free, generally to induce an individual to buy a product.

Types of Incentive Awards and Incentive Promotions

Chapter Four

Types of Incentive Promotions *(continued)*

Incentive promotions **directed toward employees/sales people include:**

Specialty Container

Merchandise that can be reused, like a basket or cup.

- **Service Award Programs**
Designed to reward employees for length of service. May utilize gift certificates, a catalog of selected gifts as awards, trophies or plaques, or other creative gifts like a parking space in the executive parking lot.
- **Safety Programs**
Designed to motivate employees to work safely in their work environment. Often utilizes a catalog of selected gifts as awards, gift certificates, trophies or plaques, articles in the newsletter, etc.
- **Attendance Programs**
Designed to reduce employee absenteeism and increase productivity. Employees are rewarded in a variety of ways, depending on the budget allowed.
- **Sales Incentive Programs**
Designed to motivate salespeople to sell a specific product during a promotion period, or achieve a certain percentage of sales increase in a specific time frame. Typical premiums include travel and electronics.

Choosing the Award

Chapter Five

Depending on what clear and obtainable goal has been decided on, the incentive award needs to be chosen based on its perceived value to the participant. In traditional incentive programs, an effective award mix may employ travel as the top-level award, with merchandise at the low- and mid-level award ranges. Sometimes individual travel awards are more appropriate.

Recognition awards, meanwhile, can range from a catalog of different levels of merchandise, trophies and plaques, to pictures and articles in the local newspaper.

The Incentive Federation's 2005 Study Conducted among Current Users of Merchandise and Travel Items for Motivation/Incentive Applications found awards choices for consumer promotions, sales incentives, dealer programs and employees recognition programs were similar.

Most popular merchandise award choices for consumer promotions:

- gift cards
- electronic items: cameras, computers, home entertainment items, telephone-related items
- writing instruments
- food and beverage
- apparel
- watches and clocks
- plaques and trophies
- tools and flashlights

Most popular merchandise award choices for dealer incentives:

- gift cards
- electronic items: cameras, computers, home entertainment items, telephone-related items
- food and beverage
- watches and clocks
- apparel
- sporting goods

Choosing the Award

Chapter Five

Most popular merchandise award choices for sales incentives:

- gift cards
- electronic items: cameras, computers, home entertainment items, telephone-related items
- plaques and trophies
- watches and clocks
- apparel
- food and beverage

Most popular merchandise award choices for employee recognition awards:

- gift cards
- electronic items: cameras, computers, home entertainment items, telephone-related items
- plaques and trophies
- watches and clocks
- apparel
- food and beverage

The Incentive Federation study found the most used travel awards for consumer programs and sales incentives included individual travel and travel certificates. Group travel awards were most often used for dealer incentives. Special events and individual travel certificates were popular choices for employee recognition programs.

Executing the Incentive Program

Chapter Six

The Incentive Program is a planned activity to motivate an individual to perform a certain way. When you create an incentive program, make sure the individual you plan to motivate is emotionally involved so that the incentive becomes a goal. Then you will achieve your objectives.

The planned activity is a well-coordinated strategic effort that includes all of the following elements:

1. Concrete objectives,
2. Announcement of those objectives to all people involved in the program,
3. Methods for measuring performance toward those objectives,
4. Regular communication of goals and performance standings to participants throughout the effort,
5. Tangible rewards (merchandise, travel, cash and/or recognition plaques for attaining the objectives), and
6. A celebration for the “winners” and their achievements.

An incentive program involves people at any level of the organization, from salespeople to executives. Motivational programs can target almost any human performance, while measuring and rewarding performance in these areas.

The Blueprint

Identify what goal/objective needs to be accomplished, for example: improved attendance, increased sales of a particular product, etc. The objectives must be simple, specific, and attainable.

Begin with a clear, briefly stated objective and communicate it to all participants.

Build the foundation of the Incentive Program carefully, expanding on the methodology to be used. The structure of the program should identify and define the target audience, and anyone else who will be influenced by the program. The size of the group is important to the budget of the program, as well as the ability to communicate clearly and measure the results accurately.

Other considerations are geographic boundaries or sales regions, legal considerations, family issues, the length of the program and timing, individual goals or team goals, and of course, the reward.

Incentive Program

A planned activity designed to motivate an individual to achieve predetermined organizational objectives.

Establish Objectives

Outline the Strategy

Executing the Incentive Program

Chapter Six

Measuring Performance

Define both quantitative and qualitative goals that can be measured, and keep them simple. It might be necessary to look at historical data and come up with an average in order to define a particular sales goal. The goal needs to be fair to all involved, and obtainable by everyone.

The Budget

Depending on whether the program involves sales or non-sales personnel, the budgeting will be different. In general, the three elements of budgeting include:

1. number of participants
2. length of program
3. expected results

In a sales program, the chief rules are:

There are two types of award budgets: 1) closed-ended, and 2) open-ended. You would need to determine the maximum costs involved with closed-ended programs, and estimate the maximum costs involved for the open-ended program.

1. Anywhere from 5% to 10% of additional (incremental) gross sales during the incentive period can be applied to the total cost of the program.
2. The cost of incentive awards should equal no less than 5% of all compensation for the program period.

In a non-sales program, the chief rules are:

In a non-sales program, it may be more difficult to put a monetary figure on the value of "improvement," but some measures are possible that involve increased productivity, improved attendance, and improved safety (fewer traffic tickets). The budget is then determined by the "value" the company will receive from the Incentive Program.

Budget Elements

Awards*	80%
Communication/Promotion**	10%
Administration**	5%
Training/Research**	5%

* For merchandise awards, this includes shipping (about 10% of the cost of the items) and state sales taxes (about 6% of cost).

** The last 3 categories are fixed costs comprising 10-20% of incentive program costs.

Executing the Incentive Program

Chapter Six

It is important to select the correct award because if the individual is not emotionally vested in the incentive award, he or she will not pursue the goal. Spend some time speaking with the target group and find an award within the framework of the budget that will be important to them.

Selecting the Right Award

Administration, communication, and training are approximately 20% of the program budget, and a good 50% of the planner's time. The target group needs clear, consistent communication and timely feedback on measurement of their performance. Some companies choose to outsource the administration aspects of the incentive program.

Administering the Program

The end of the program should be celebrated with the target group and performance measurement by an individual or team should be provided at this point. Awards would then be presented.

Celebrating the Success of the Program

Summary

Chapter Seven

The Basic Psychology of Motivation

You can influence people and direct their behavior if you are aware of the art of motivation. According to Stephen Kerr, who edited and wrote the introduction for “Ultimate Rewards: What Really Motivates People to Achieve,” one of the most fundamental equations in all psychology is “Ability x Motivation = Performance.” It follows, then, that performance/behavior is a variable that is influenced by the type of motivation offered.

People are not motivated to obtain every incentive offered to them. When the individual is willing to expend effort to obtain the incentive, it becomes a goal. Therefore, goals are always incentives, but incentives may or may not also be goals.

In successful incentive motivation there are three specific variables for success:

1. **Goals:** Goals direct our behavior. When an incentive is offered that has a perceived value and the employee or consumer becomes committed to it, it becomes a goal.
2. **Incentives:** Incentives are objects or events that are valued. We work to obtain goals that are meaningful to us.
3. **Expectation of Success:** Even a highly valued goal won't work as a motivational tool if the expectation of successfully reaching the goal is very small.

How to Motivate

When determining the behavior you want to guide, remember that the goal to direct behavior must be clear, both for management and employees/consumers. Secondly, the incentive must have a high perceived value to the employee/consumer so that he or she becomes emotionally involved in obtaining the goal. And lastly, make certain there is an expectancy of successfully obtaining the goal.

The Incentive Program

An incentive program is a structured plan to get people to do what you want them to do. There are a variety of reasons why you would put an incentive program together, from improving sales and increasing market share, to rewarding long-term employees and introducing a new product.

In addition to the elements of goals, incentives, and expectancy of success, you must also take into account the length of time the program will encompass, how to keep the participants interested and excited about the program, how the success of the program will be measured, and the budget needed and allowed for the program.

Types of Incentive Awards and Incentive Promotions

Basic incentive programs involve either merchandise or travel-related awards. Incentive promotions range from consumer-directed sweepstakes and contests, to dealer incentive programs for distributors or dealers, to employee-related promotions.

Cash is often used as an incentive. However, in a 1994 Goodyear Tire & Rubber Company incentive campaign, results were documented that prove cash, as a motivator, is not as effective as merchandise or travel.

Choosing the Award

Depending on what clear and obtainable goal has been decided on, the incentive award needs to be chosen based on perceived value to the participant. In traditional incentive programs, an effective mix may employ travel as the top-level award, with merchandise at the low- and mid-level award ranges.

Among the top 10 merchandise awards are gift cards and electronics. General categories of incentive products are cameras, food, garments, sports, watches, golf-related travel programs, and many others.

Executing the Incentive Program

The Incentive Program is a planned activity to motivate people to perform a certain way. The planned activity is a well-coordinated strategic effort that includes the following elements: 1) concrete objectives, 2) communication, 3) measurement, 4) tangible rewards, and 5) celebration.

The Blueprint

1. Establish objectives.
2. Outline the strategy.
3. Measure performance.
4. Prepare the budget.
5. Select the right award.
6. Administer the program.

Glossary of Terms

Agency: Belief that one's organization will provide the opportunity and necessary support for the realization of a goal (Ford, 1992).

Attendance Program: Promotion designed to reduce employee absenteeism and increase productivity.

Award: Something awarded or granted, as for merit.

Awards Budget: The amount of money specified for awards that will be given to participants in incentive programs.

Behavior: The actions or reactions of persons under specific circumstances.

Celebration: A planned or spontaneous event in recognition of individual or team achievement.

Chance: An occasion where winners are selected by a random process.

Closed-ended Programs: Incentive programs that have a pre-determined number of award earners.

Consideration or Purchase: What an entrant must do to participate in a contest; can be monetary or non-monetary. For example, a customer must buy the sponsor's product and show proof of purchase with entry, or the customer must answer survey questions in order to qualify for entry.

Consumer Incentives: Motivational products targeting consumers.

Content Theories: Motivational theories having a focus on the factors within a person that energize, direct, sustain and stop behavior. They look at the specific needs that motivate people.

Contest: A competition based on skill in which prizes are offered. A game in which chance is eliminated. Winners are chosen according to predetermined criteria or skills, such as writing the best essay or reaching a sales goal.

Continuity Program: A program designed to offer an incentive to an individual that encourages her or him to return to do additional business. Types of continuity programs include frequent flyer mileage, trading stamps, etc.

Dealer Incentive: Premium or other reward given by a manufacturer to retailers or distributors in return for a specified bulk purchase.

Dealer Loader/Display Enhancer: Merchandise designed to motivate dealers and distributors to purchase larger quantities of product than they traditionally buy. Usually includes a point-of-purchase display.

Debit Cards: These cards are redeemable only at participating merchant outlets and are reloadable.

Efficacy (Self Efficacy or Team Efficacy): "Belief in one's capabilities to organize and execute the courses of action required to produce given attainment" (Bandura, 1997, p. 3). Self and Group efficacy is the belief that "I/We can do it in this context".

Employee Incentive: Motivational product targeting an employee of a sponsoring company.

Expectancy Theory: Looks at how likely it is that the performance and outcome will occur. An individual makes voluntary choices about: (1) whether the job can be accomplished, (2) whether the outcome will occur as a result of performing and (3) whether the outcome will be desirable.

Extinction: Decline in response rate due to non-reinforcement (ignoring).

Extrinsic: Rewards that are external to the job, i.e., pay, promotion, fringe benefits or tangible awards; or rewards that are administered by someone else.

Gift Cards: Plastic cards with a magnetic strip and/or bar code preloaded with a dollar or point amount. Some are reloadable (in which case they are sometimes called debit cards); others are not. They are generally available in two types: (1) those that carry a major credit card brand and are redeemable at any merchant accepting the brand; and (2) merchant-specific cards, such as those issued by well-known retailers, which are redeemable only by the issuing merchant.

Gift Certificates: Vouchers with dollar or point values embossed on them. They can be personalized with the recipient's name and giver's logo and, depending on the vendor, can be replaced in case of loss or theft.

Gift Checks: Sometimes synonymous with gift certificates, gift checks usually refer to money orders issued by banks or credit card firms.

Goal: A purpose toward which an endeavor is directed; an objective. A destination or state to be attained. Something that an individual, team, or organization is consciously trying to attain.

Group Incentive Travel: Qualifying meetings and incentive trips held in especially appealing destinations, usually targeting salespeople and resellers—among the most potentially powerful in terms of impact but also among the most logistically complex.

Incentive System: An organized program of rewards and/or recognition offered for the purpose of motivating employees in specific ways. Attributes of an incentive system include intentionality (deliberately developed with the intention of influencing employee performance); externality (devised and administered by agents external to the employee or employee group); standardization (applied in a clearly defined manner that specifies employees affected by the incentive system, the nature of the incentives and the rules for attaining specified rewards).

In-Pack, On-Pack, Near-Pack Offers: Merchandise that is offered free with other merchandise. Frequently found in supermarkets.

Incentive: Objects or events that are valued, which incite to action or effort. Something valued by an individual or group that is offered in exchange for increased performance. "A stimulus or condition that exists in an organization with the expectation of directing or influencing the behavior of organizational members" (Chung, 1972, p. 31).

Glossary of Terms

Incentive Federation: An alliance of incentive product manufacturers, industry suppliers, and associations.

Incentive Motivation: The characteristics of the goals one works to obtain will influence his/her behavior.

Incentive Program: A planned activity designed to motivate an individual to achieve predetermined organizational objectives.

Incentive System: The program by which incentives are offered for the achievement of work goals and assessment procedures are identified and explained. The four types of incentive system formats or schemes are: quota, piece rate, tournament, fixed rate (Bonner, et al., 2000). Other types include open-ended, closed-ended, and plateau programs.

Incentive Travel: 1) Any form of face-to-face event designed to motivate, either directly or indirectly. This includes the traditional definition of a formal, qualifying incentive program that offers incentive travel as one or all of the awards. It also includes any motivational use of a face-to-face event to accomplish a business objective—distinct from meetings designed to get work done and communicate routine information. 2) Packaged programs for individuals and significant others, used in every type of program from employee recognition to consumer sweepstakes and contests. Many major airlines and hotel chains sell certificates for such awards, and there are several dozen companies that package and resell them.

Intrinsic: Rewards that are part of the job itself, i.e., responsibility, challenge and feedback; or rewards that are self-administered.

Mental Effort: Mindful, innovative work. “Using my head”. Thoughtful effort. Often contrasted with “mindless work”. Defined by researchers as “the conscious use of non-automatic elaborations” (Salomon, 1984).

Mood: An emotional state of mind influenced, for the most part, by experiences, beliefs and bio-chemical processes in the body.

Motivation: An incitement to action.

Negative Reinforcement: The removal of a negative reinforcer that increases the frequency of response (taking away something).

Open-ended Programs: A type of incentive program that enables all people who achieve program goals to earn awards.

Persistence: The consistent performance of a task in the face of obstacles. Sometimes called “commitment” or “sticking to it”.

Plateau Programs: A type of incentive program that provides awards at different levels of program achievement.

Point-of-Purchase: Marketing term for where product is displayed in a store.

Glossary of Terms

Points Program: A type of incentive program where participants collect and redeem points for awards. Points programs also apply to reloadable (“Stored Value”) gift cards.

Positive Reinforcement: Anything that increases the strength of response and induces repetition of the behavior that preceded the reinforcement (adding something positive).

Process Theories: Theories of motivation that provide a description and analysis of how behavior is energized, directed, sustained and stopped.

Punishment: An undesirable consequence of a particular behavior (adding a negative consequence or removing a positive consequence).

Premium: Merchandise offered free, generally to induce an individual to buy a product.

Prize: Anything of value awarded to winners, even if the value is nominal.

Reward: To recompense. An item given to an individual or team for meeting a predetermined goal. (Sometimes cash-based).

Recognition: An “after the fact” display of appreciation or acknowledgement of an individual’s or team’s desired behavior, effort, or business result that supports the organization’s goals and values.

Safety Program: Promotion designed to motivate employees to work safely, or drive safely, in their work environment.

Sales Incentive Program: Promotion designed to motivate salespeople to sell a specific product during a promotion period, or achieve a certain percentage of sales increase in a time frame.

Self-Liquidating: The money expended for the product equals the amount of money received for the product.

Service Award Program: Promotion designed to reward employees for length of service to the company.

Specialty Container: Merchandise that can be reused, like a basket or cup.

Sweepstakes: A promotion that awards prizes to winners who are determined by chance. A game in which consideration is eliminated.

Task Value: The relative worth of a given work task (when compared to other work tasks) as perceived by the individual.

Trading Stamps: Collect and redeem stamps for merchandise.

Through-the-Mail Offers: Offers that are generally self-liquidating for the company offering them. Save UPC labels, proof of purchase, and send money for shipping and handling to receive “free merchandise.”

Glossary of Terms

Utility Value: The perceived benefit of completing a work task. When work tasks are not themselves valued highly, people often weigh the benefits of completing the task against avoiding the punishment involved in avoiding a work task.

Value-Added: Merchandise that includes something of value designed to encourage an individual to choose one product over another.

Virtual Certificates: Many gift certificates can be delivered via e-mail directly to the recipient's mailbox, saving time and the expenses of printing and delivery. The "virtual certificate" can contain a link to a Web site where recipients can select and claim their rewards.

Vouchers: Certificates bought by or given to consumers that can be applied for discounts on travel packages; a business unfortunately tainted by unscrupulous practitioners over the years. Legitimate suppliers provide a certifiable discount by asking the consumer to book through their agencies, which buy in bulk, receive commissions or achieve other economies that can be shared in the form of savings.

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Online Industry Resources

Incentive Federation
www.incentivefederation.org

Incentive Marketing Association
www.incentivemarketing.org

Incentive Performance Center
www.incentivecentral.org

Incentive Research Foundation, The
www.theirf.org

The Forum: Business Results Through People
www.BusinessResultsThroughPeople.org



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