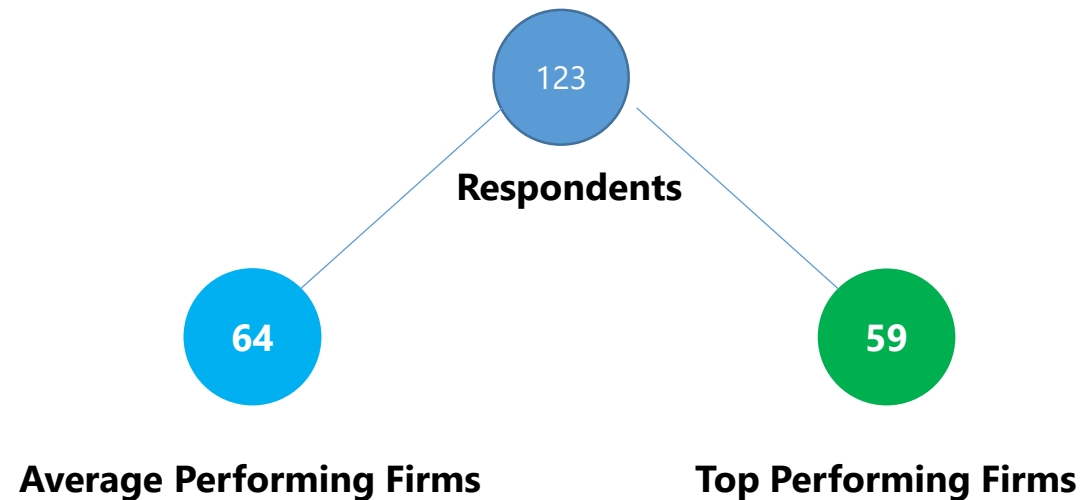


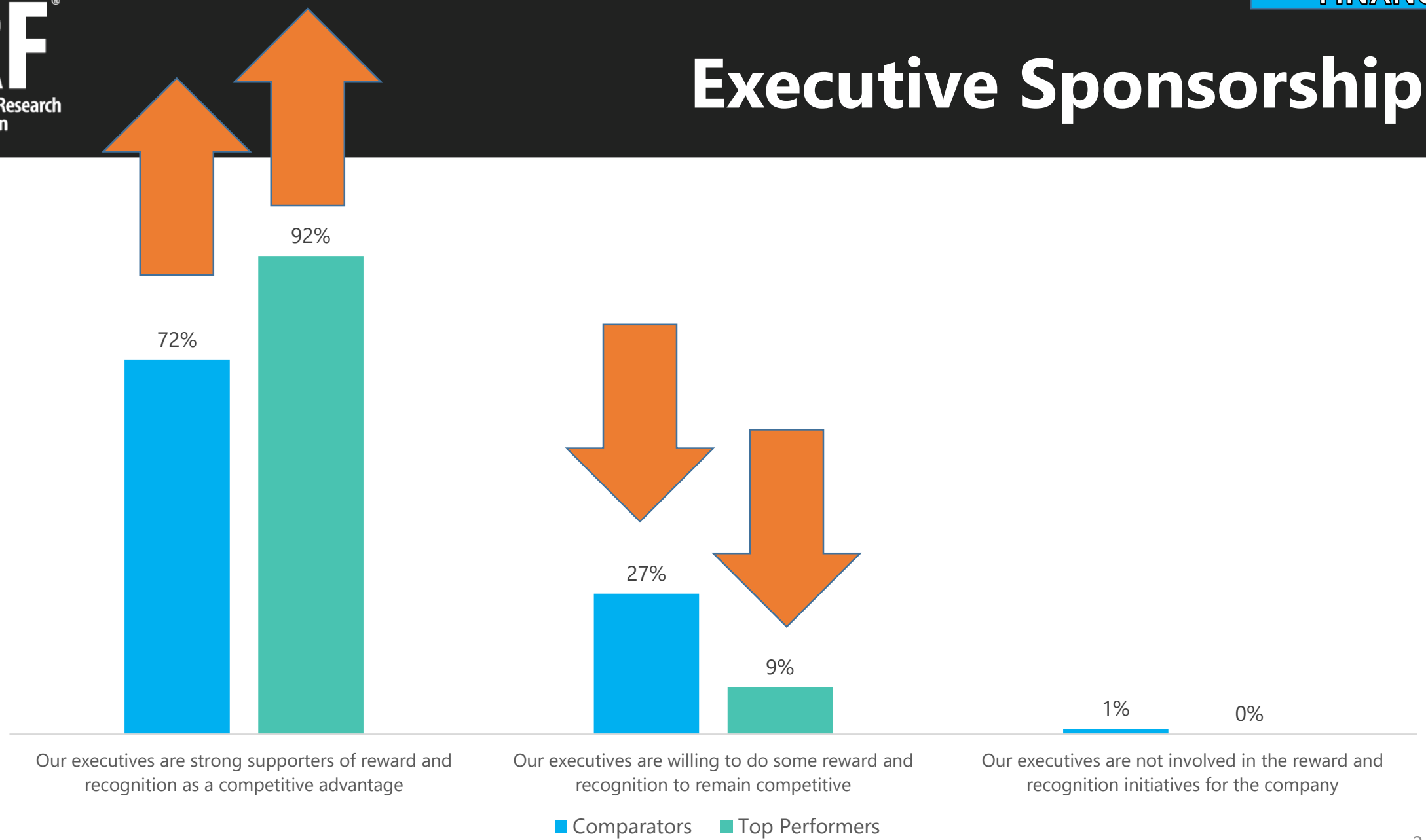
FINANCIAL SERVICES SECTOR FINDINGS



Executive Sponsorship Key Findings

- While there is still a large gap between Top Performers and Comparators, both groups have increased in the percentage who say their executives are 'strong supporters of reward and recognition as a competitive advantage' (e.g., Top Performers increasing from 76% to 92% and Comparators moving from 50% to 72%.)

Executive Sponsorship

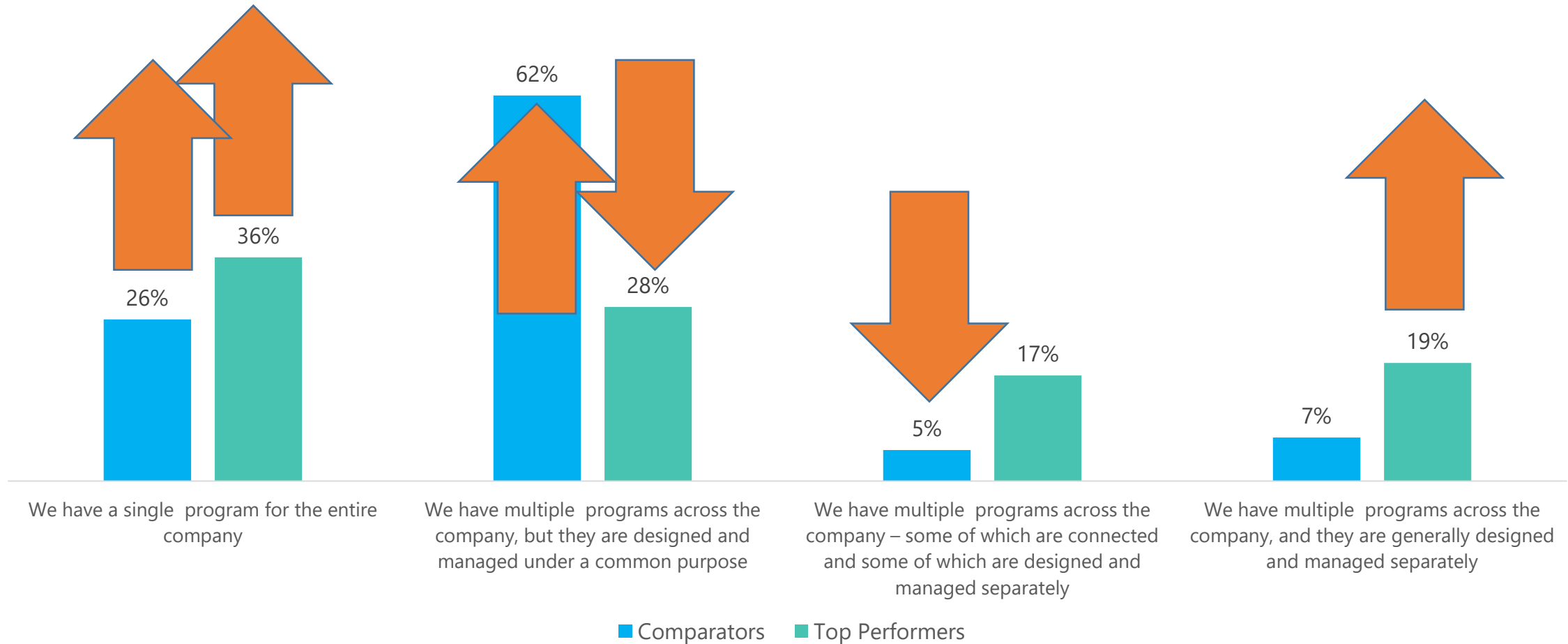


Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

Program Connectivity

- There has been an increase in the percentage of Top Performers who have a single program for the entire company, going from 27% to 36%.
 - The percentage of Comparators who have multiple programs across the company, but designed and managed under a common purpose, has increased from 48% to 62% and now represent the approach taken by the majority of Comparators in the financial services sector.

Program Connectivity

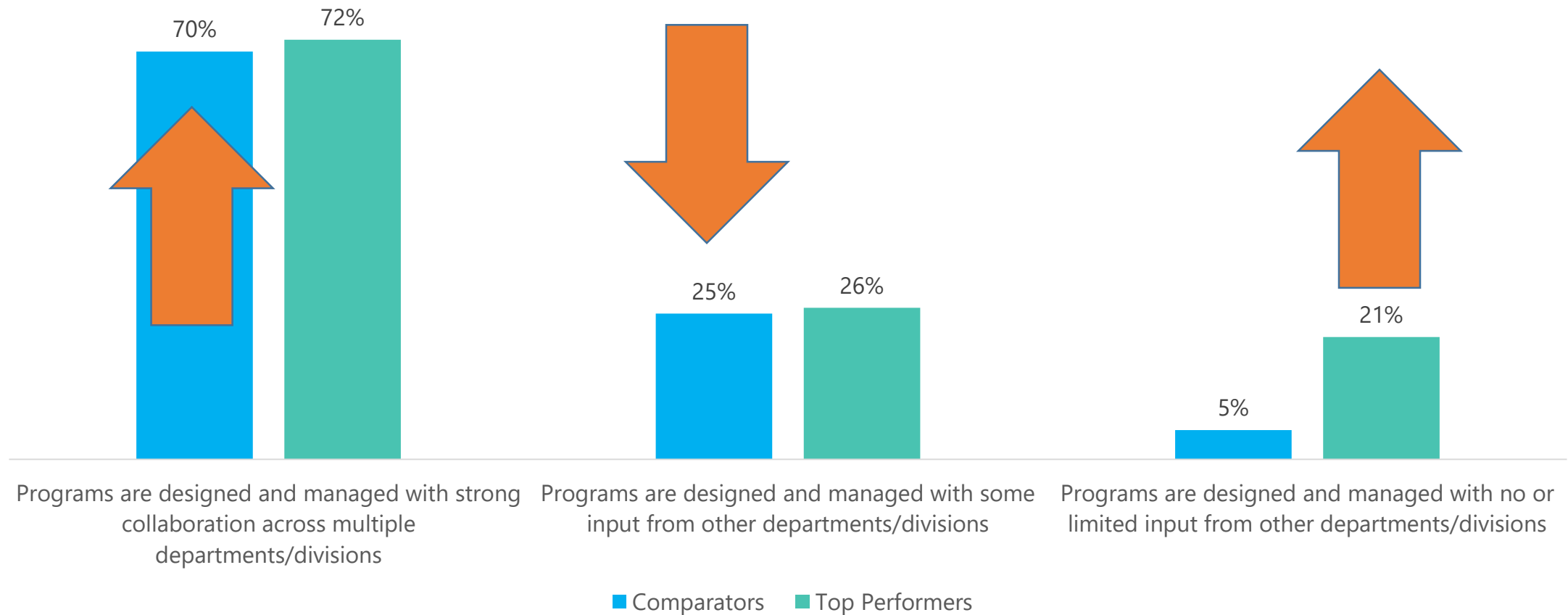


Which of the descriptions below best describes your programs?

Program Design Collaboration

- Seven out of ten programs are designed and managed with strong collaboration across multiple departments.
 - Comparators showed up a sharp increase (59% to 70%) catching up to Top Performers in this area.
 - Four times as many Top Performing financial companies have programs designed with no, or limited input from other departments/divisions compared to others (21% to 5%.)

Program Design Collaboration

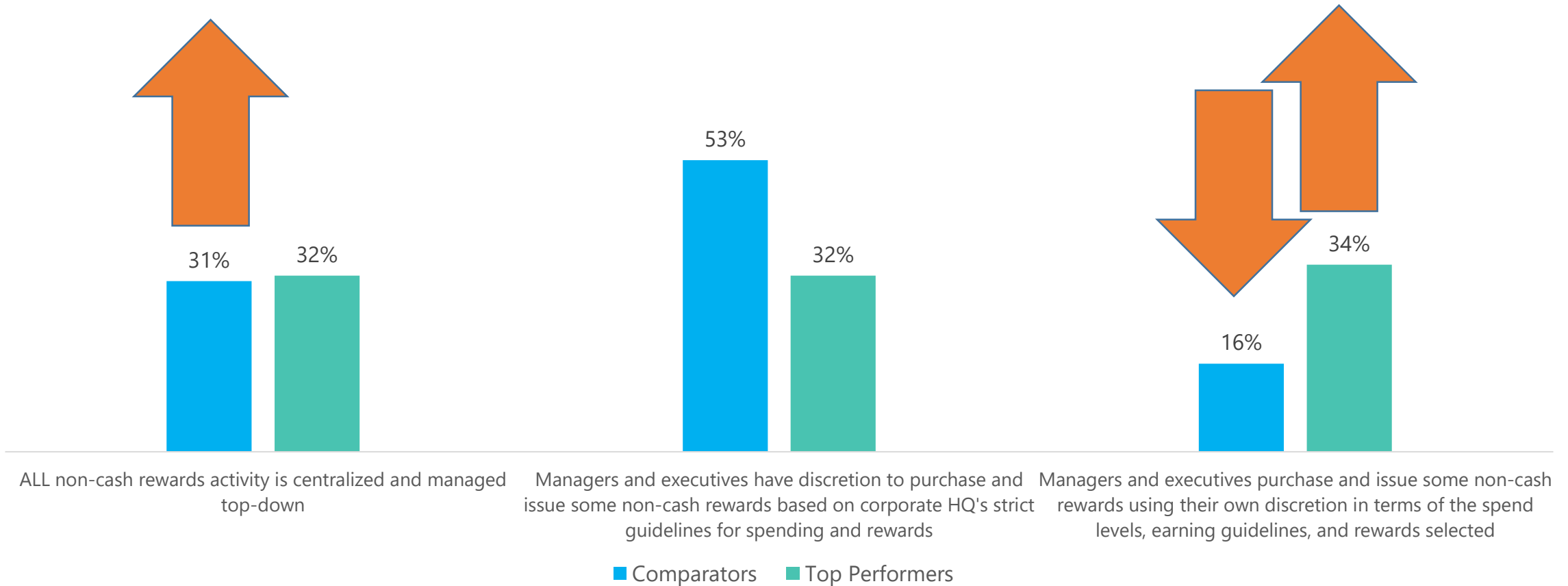


Which of the below best describes the way your company organizes around reward and recognition initiatives?

Program Command and Control

- While the style of program 'control' styles is evenly divided within Top Performing financial firms between centralized top down management (32%), some management discretion based on strict guidelines (32%) and greater discretionary ability (34%).
 - Management discretionary ability has risen significantly in the past year from 10% to 34%.
 - Most Comparator programs (53%) involve some management discretion under strict HQ spending guidelines.

Program Command & Control

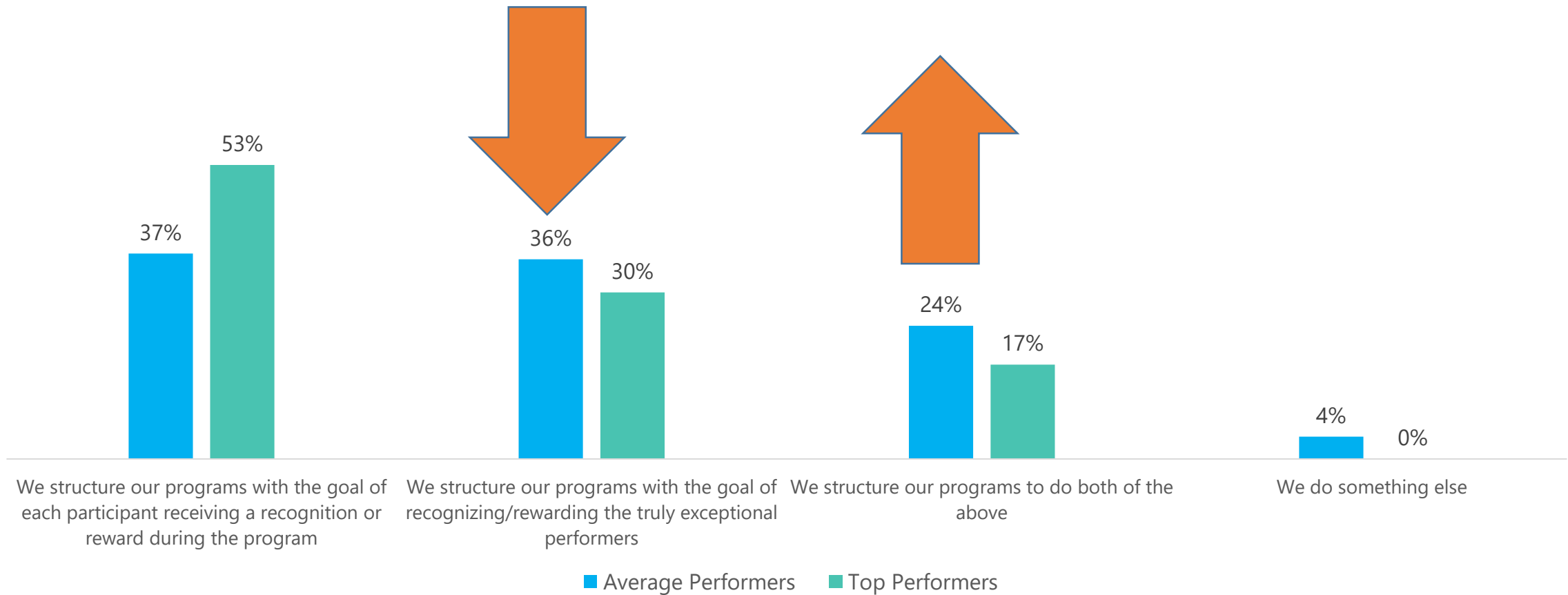


To the best of your knowledge, which of the below most accurately describes non-cash rewards activity at your company?

Program Reward Reach

- Overall, Top Performing financial firms are more likely to structure programs with the goal of each participant receiving recognition or reward (53%) compared to others (37%).

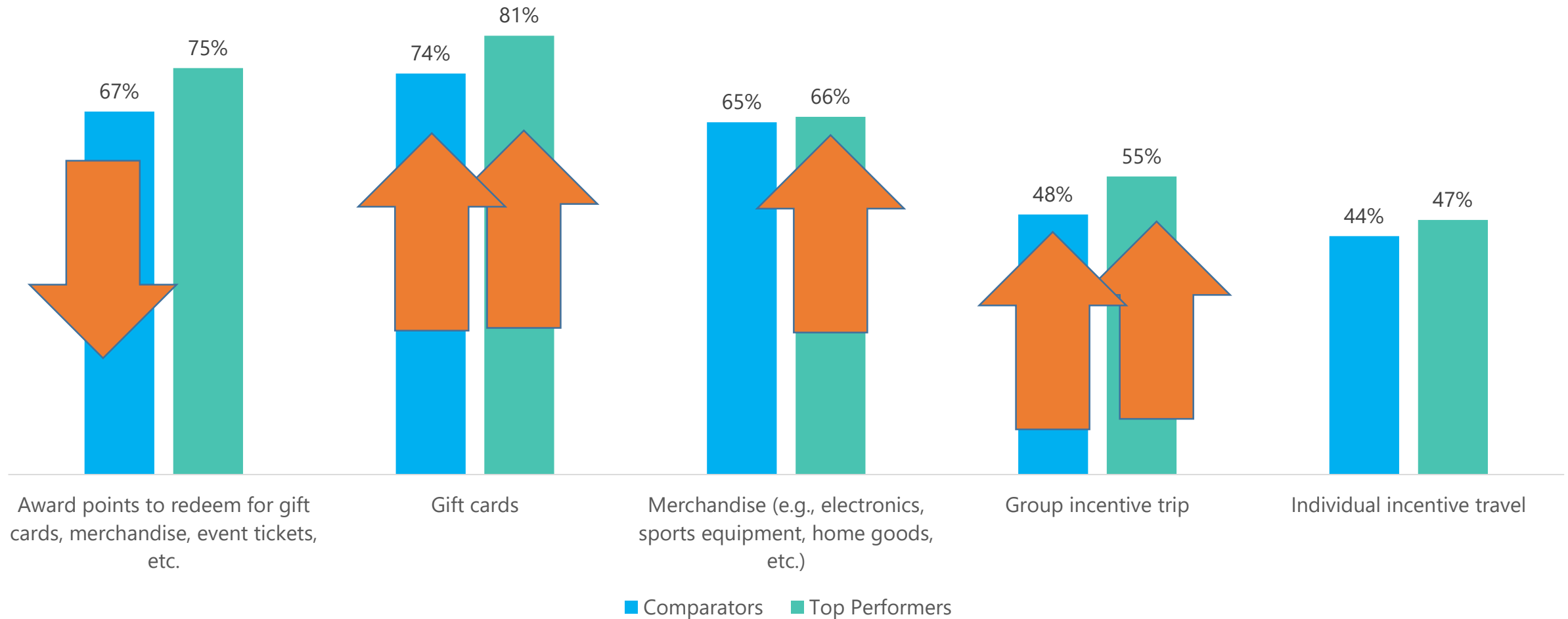
Program Reward Reach



Which of the options below best describes your company's approach when designing the rules for your programs?

- While Top Performing firms have a greater incidence of reward types offered, the prevalence of gift cards and group incentive trips appears to have risen over the past year.
 - Incidence of gift cards for Top Performers has risen from 58% to 81%; Comparators have seen an increase of gift card usage from 61% to 74%.
 - Incidence of group incentive trips within Top Performing financial companies has gone up from 20% to 55% and from 33% to 48% in Comparator companies.

Reward Types

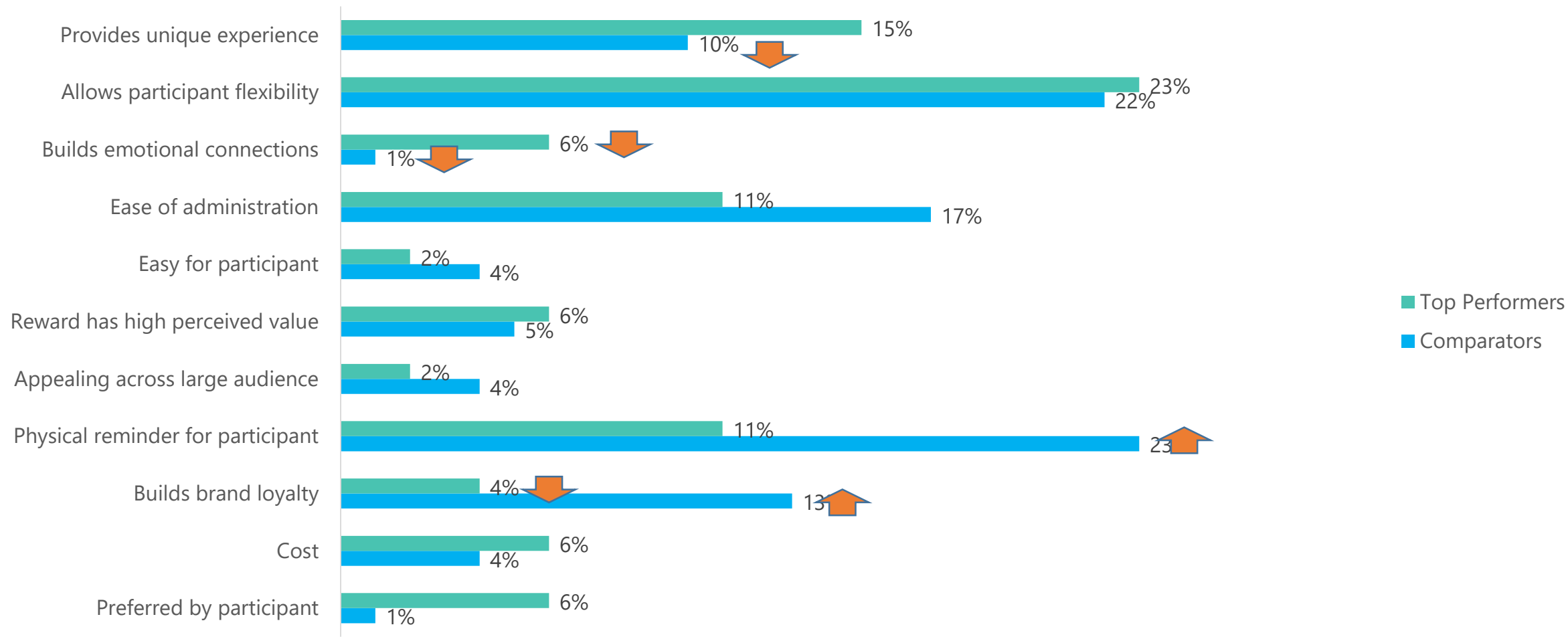


Which of the below are rewards participants can earn in your programs?

Priorities for Tangible Rewards

- Allowing participant flexibility remains a top priority for reward programs of both Top Performing financial firms and non-top performers.
 - Comparators do place a higher priority on the tangible reward representing a 'physical reminder for participants' and 'building brand loyalty', both areas that have increased quite a bit in priority since last year's study.

Priorities for Tangible Rewards

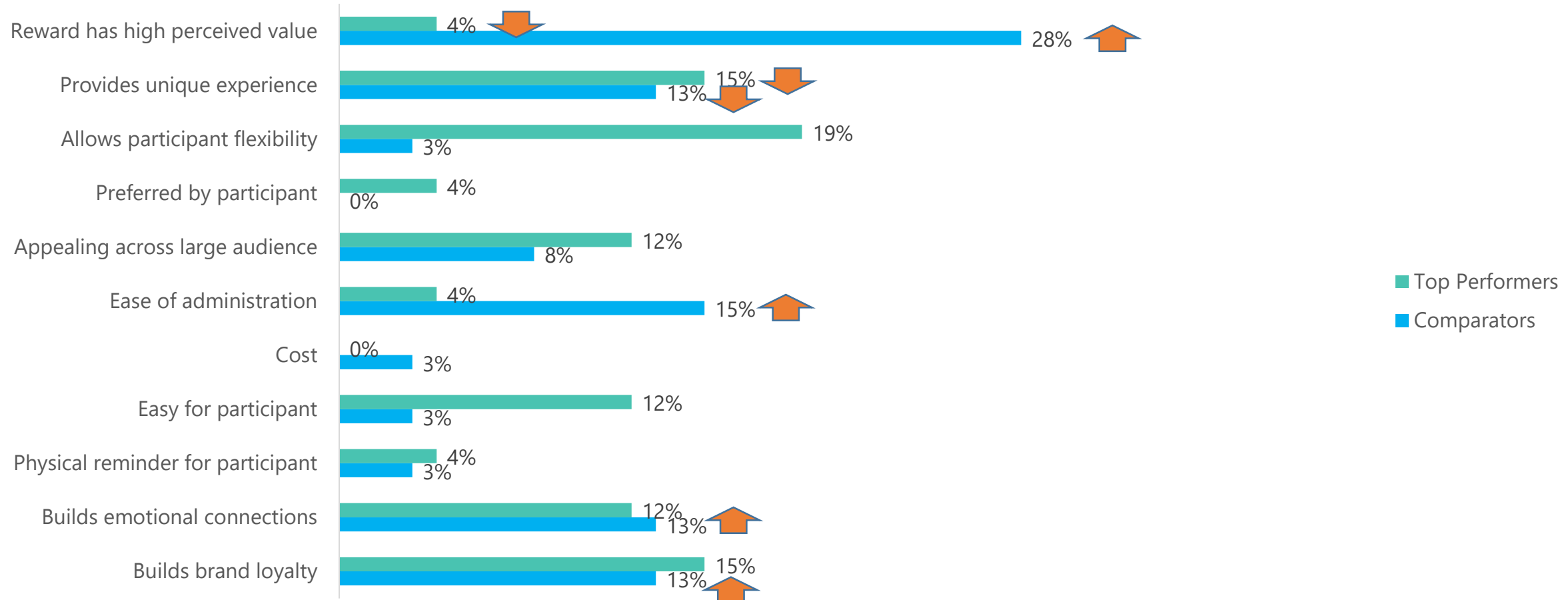


When selecting MERCHANDISE or GIFT CARD rewards for your programs, which of the below are the most important and least important?

Priorities for Incentive Travel

- Allowing flexibility is a much greater priority for designing incentive travel programs for Top Performers compared to others.
 - Participant flexibility was the top priority for 19% of Top Performers vs. only 3% of Comparators.
 - Having high perceived value was the number one priority for 28% of the Comparators as opposed to only 4% of Top Performers.
 - An interesting contrast is that 12% of Top Performers prioritize making the trip 'easy for the participant' vs. only 3% of Comparators.
 - Comparators place a greater priority on 'ease of administration' with 15% of Comparators listing this as a priority vs. only 4% of Top Performers.
 - Top Performers have a higher concern for making the trip easy for the participant vs. Comparators who are perhaps more focused on making the trip easy for themselves to administer.

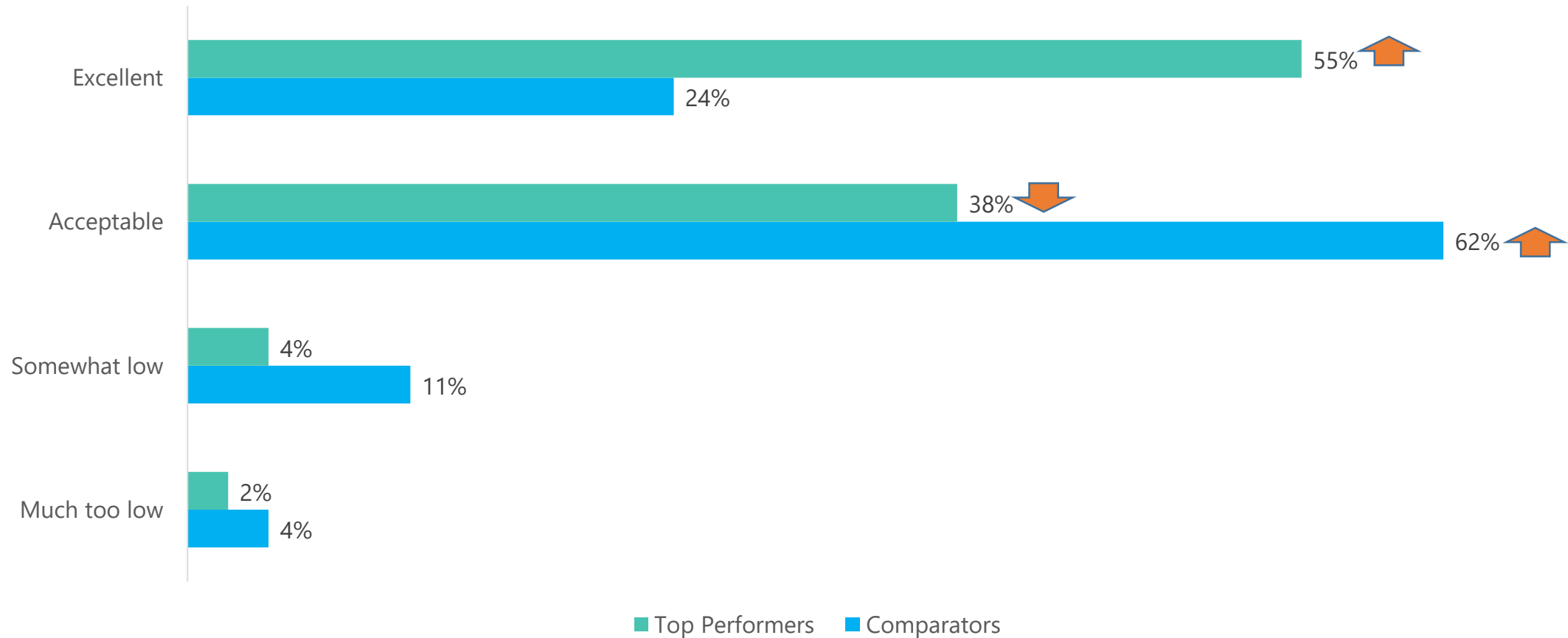
Priorities for Incentive Travel



Program Assessment: Staffing to Support Program

- Top Performers are more than twice as likely as Comparators to rate the staffing support of their programs as excellent (55% to 24%)
 - This represents a huge increase from the previous year when only 22% of Top Performers described staff support as 'excellent', and most (66%) described staffing support as 'acceptable'.

Program Assessment: Staffing to Support program

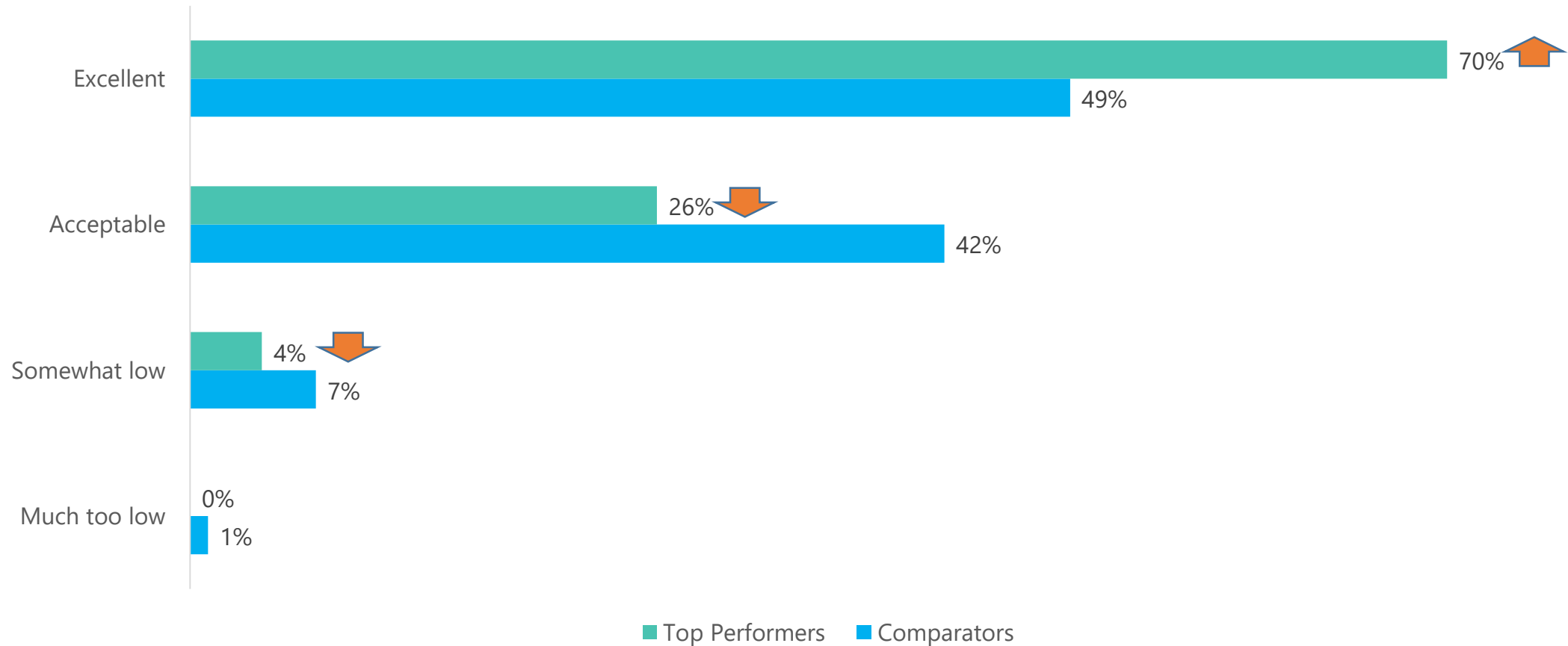


For each line item below, please indicate your assessment of your programs.

Program Assessment: Executive Support of Program

- Top Performing firms that described executive support as 'excellent' increased from 39% to 70%, further widening the difference between themselves as Comparators, among whom only 49% described executive support for non-cash incentive programs as 'excellent.'

Program Assessment: Executive Support of program

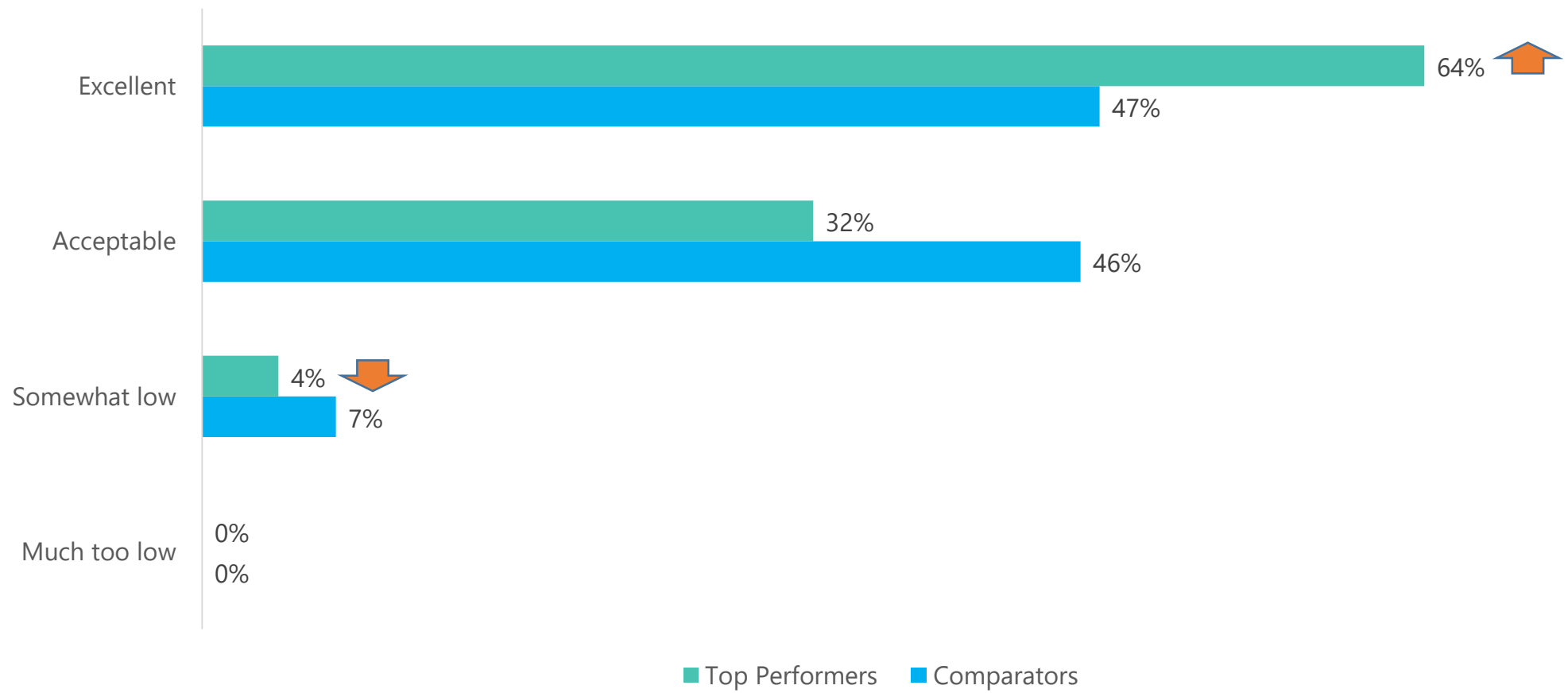


For each line item below, please indicate your assessment of your programs.

Program Assessment: Alignment to Corporate Goals

- Alignment to corporate is another area on which Top Performer ratings jumped significantly this year.
 - Last year, 48% described their program's alignment to corporate goals as 'excellent, improving to 64% this year.
 - The gap between Top Performers and comparators continues to widen as only 47% of comparators rated alignment to corporate goals as 'excellent.'

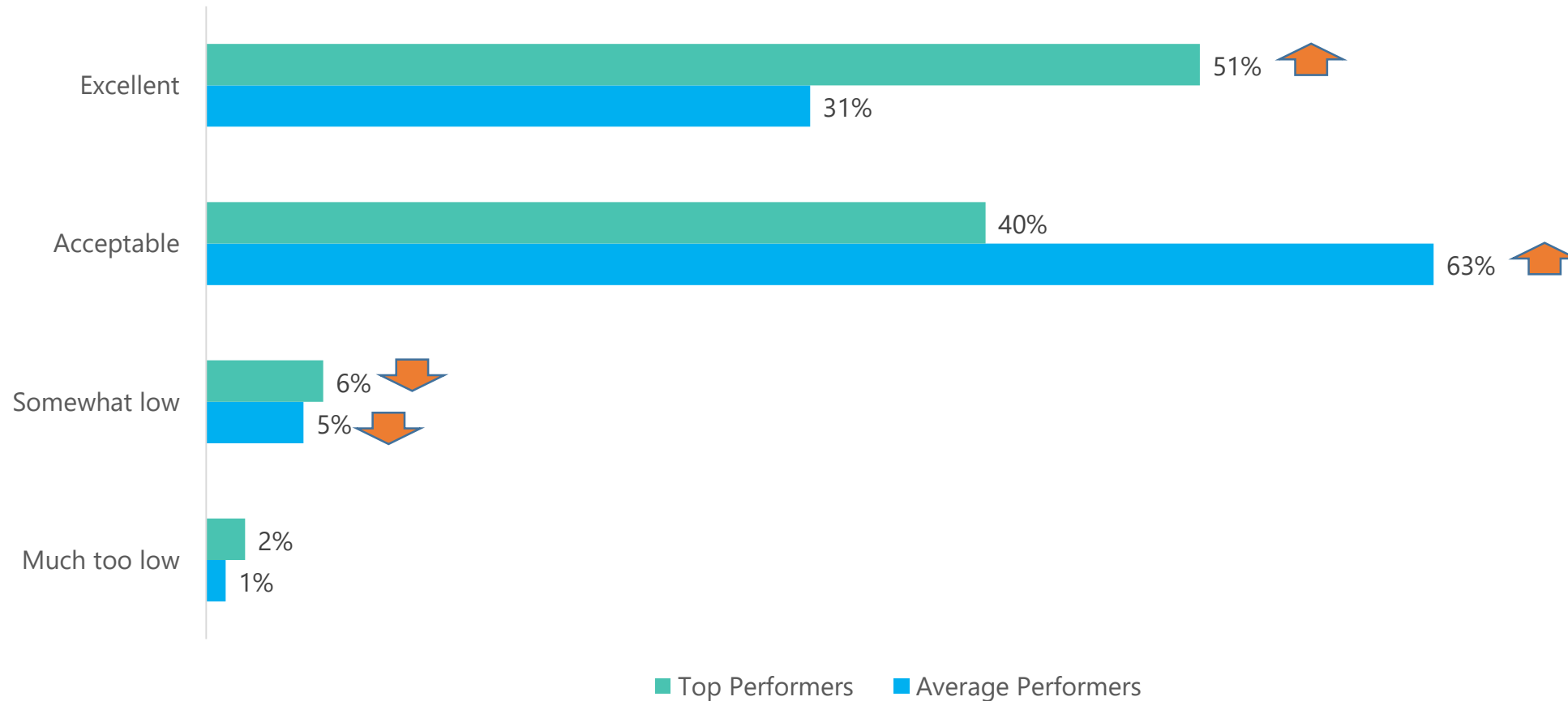
Program Assessment: Alignment to Corporate Goals



For each line item below, please indicate your assessment of your programs.

- The percentage of Top Performers rating program budget as 'excellent' increased from 39% to 51%, further widening the gap with Comparators, 31% of whom rated their budget as 'excellent', slightly down from last year's 36%.
 - The news wasn't all bad for Comparators as the percentage of those rating the budget as 'acceptable' rose from 50% to 63% and those rating the budget 'somewhat low' declined from 13% down to 5%.

Program Assessment: Budget

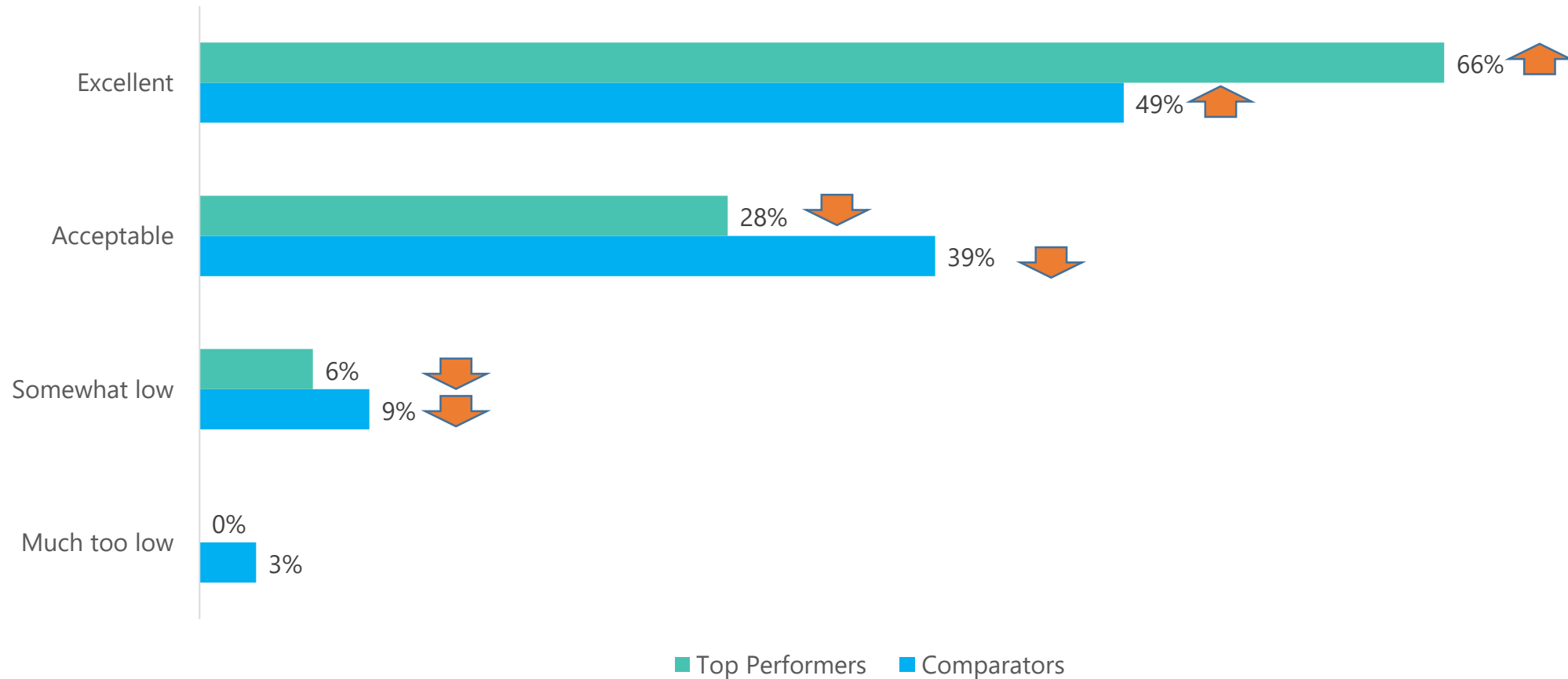


For each line item below, please indicate your assessment of your programs.

Program Assessment: Participation

- Participation among Top Performers also showed a strong increase, with the percentage describing the participation as 'excellent' increasing from 36% to 66%.
 - The increase in Comparators' participation was a bit more modest in contrast, increasing from 34% to 49% who described participation as 'excellent'.

Program Assessment: Participation

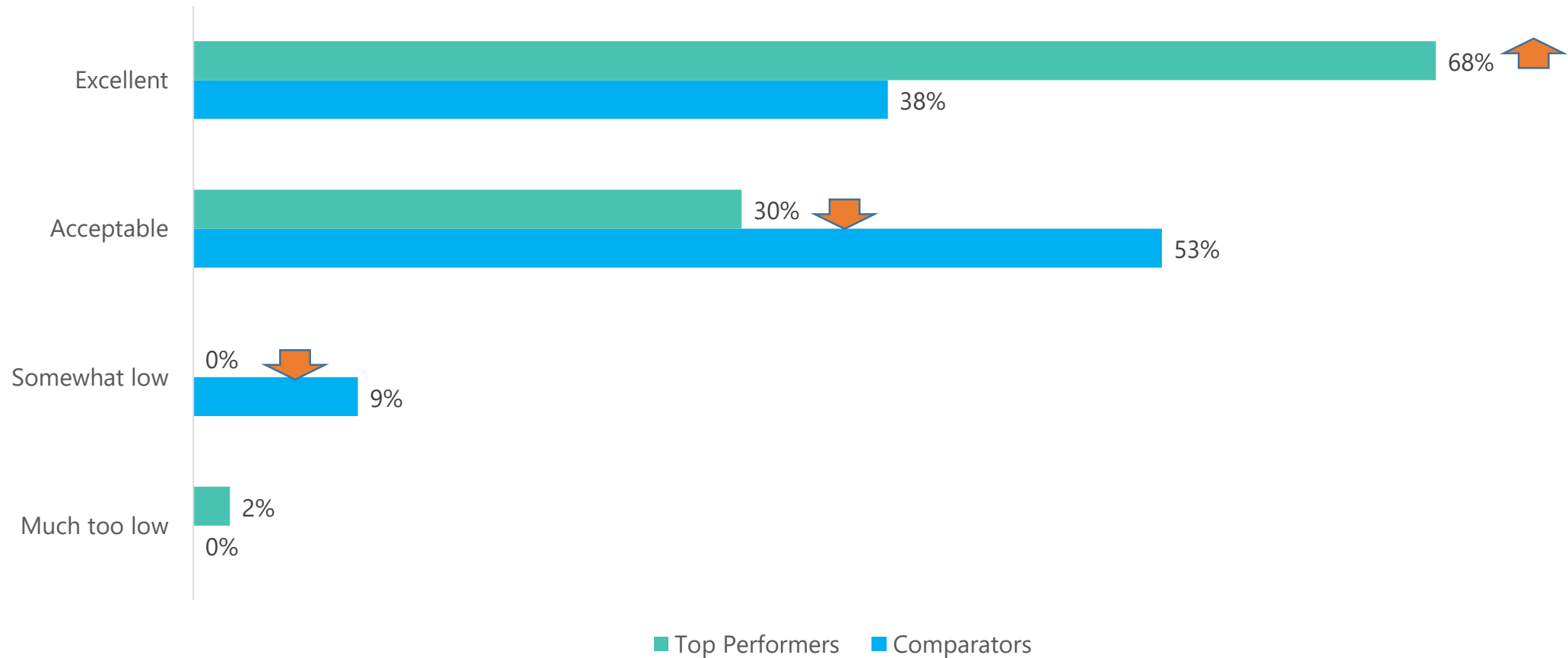


For each line item below, please indicate your assessment of your programs.

Program Assessment: Manager Buy-in

- Manager Buy-in also increased significantly for Top Performers, with the percentage rating manager buy-in as 'excellent' rising from 36% to 68%, while the percentage of comparators rating manager buy-in as excellent remained relatively stable (33% in 2018, 38% in 2019.)

Program Assessment: Manager Buy-in

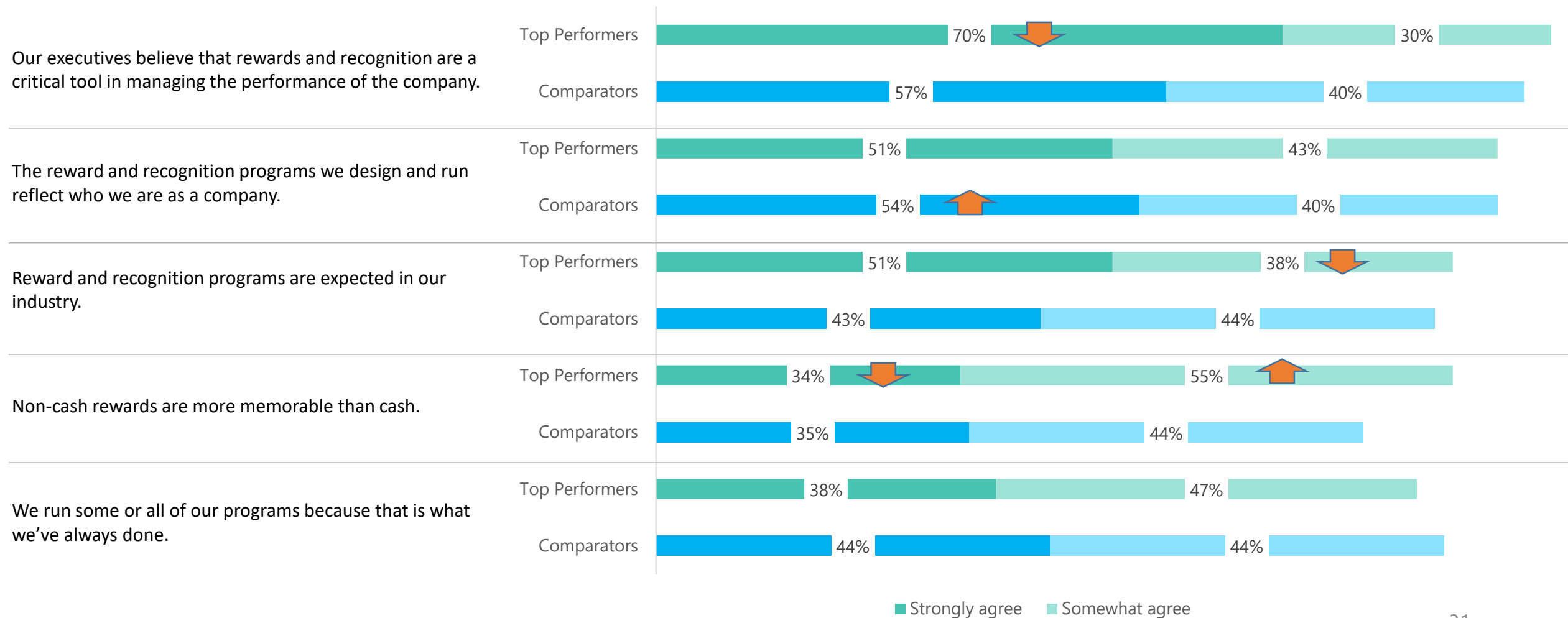


For each line item below, please indicate your assessment of your programs.

Reward and Recognition Perspectives

- While Top Performing financial firms and Comparators hold similar attitudes toward reward and recognition practices in many ways, Top Performer executives are more likely to believe that rewards and recognition are a critical tool in managing the performance of the company by a 70% to 57% margin.
 - Top Performers are also more likely to believe that reward and recognition programs are expected in the financial services industry by a 51% to 43% margin.

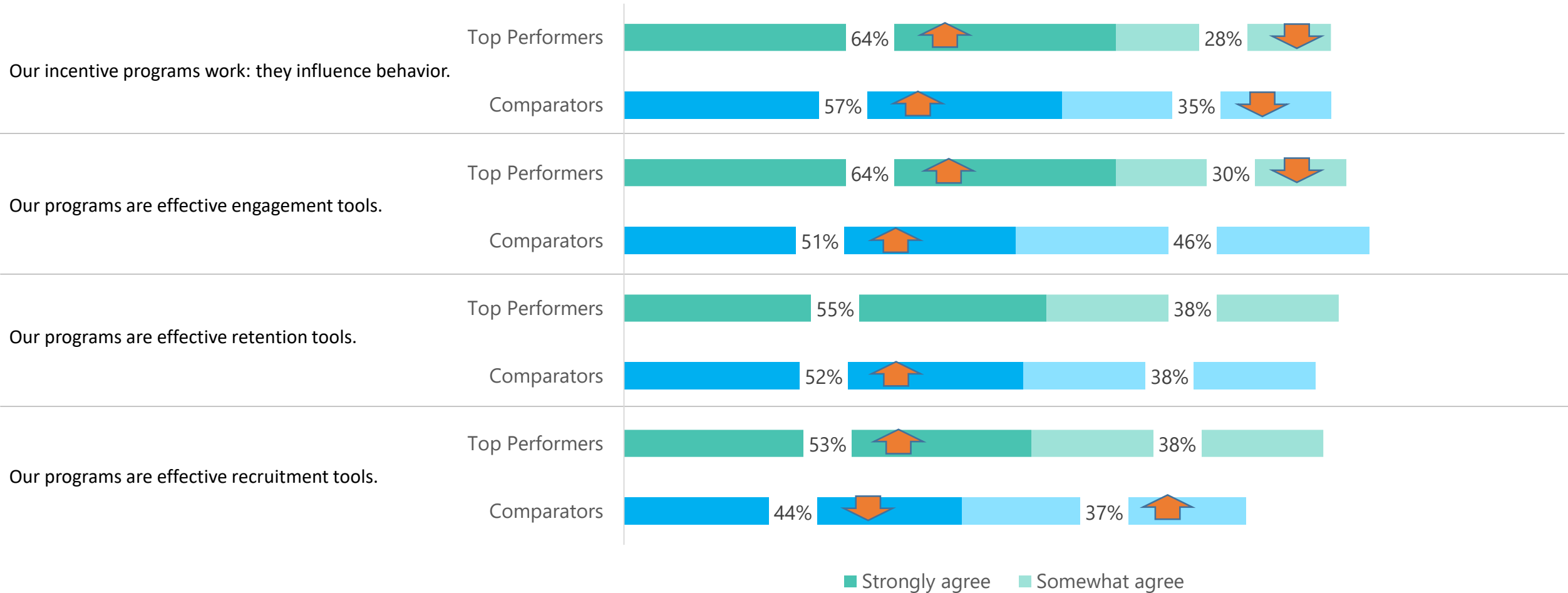
R&R Perspectives



Reward and Recognition Effectiveness

- While Top Performing companies tend to have more effective programs across the board, two areas where the advantage is particularly large are reflected in the statements, '*Our programs are effective engagement tools*' (64% agreement vs. 51% of Comparators) and '*Our programs are effective recruitment tools*' (53% agreement vs. 44% of Comparators).

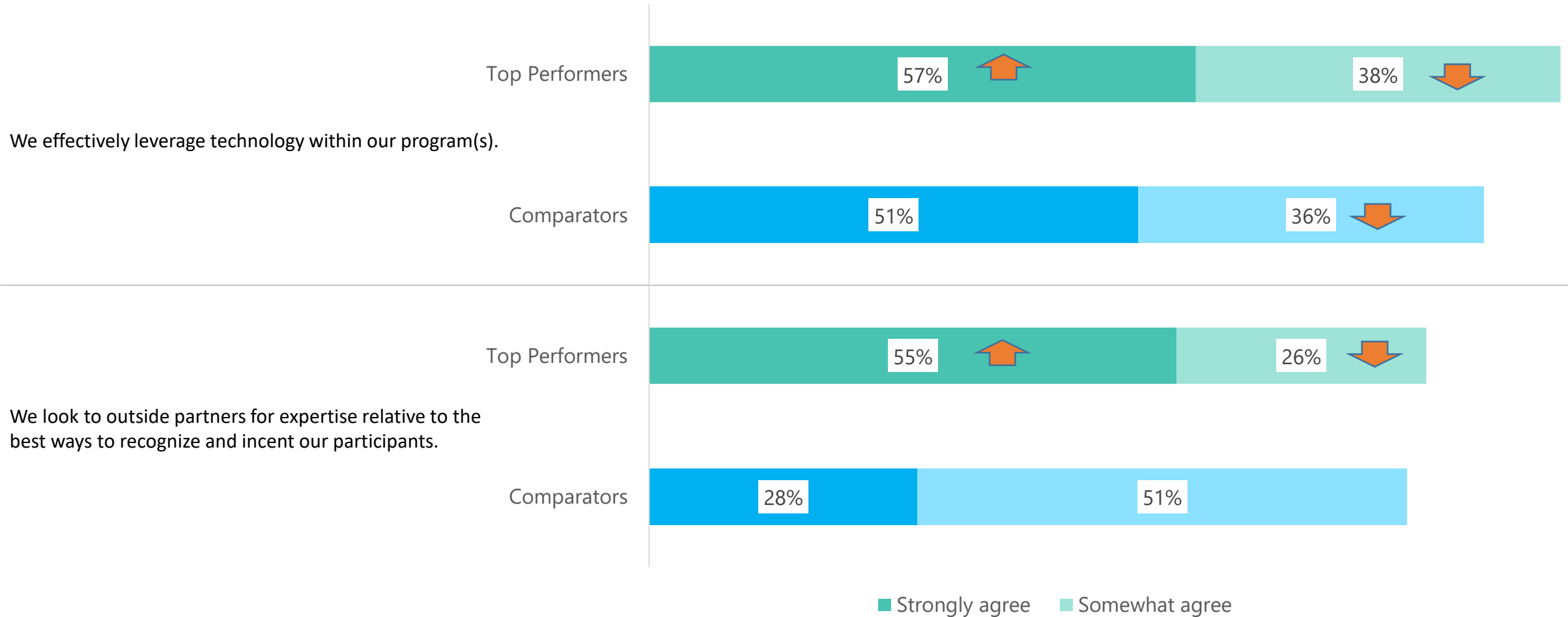
R&R Effectiveness



Reward and Recognition Leverage

- Top Performers are much more likely to seek outside partners relative to the best way to incent participants.
 - Top Performers are much more likely to agree that they both leverage technology within programs and utilize outside partners compared to last year.
 - Last year, only 41% of Top Performers agreed their companies leveraged technology vs. 57% this year.
 - Previously, 37% agreed their companies sought outside expertise compared to 55% this year.

R&R Leverage



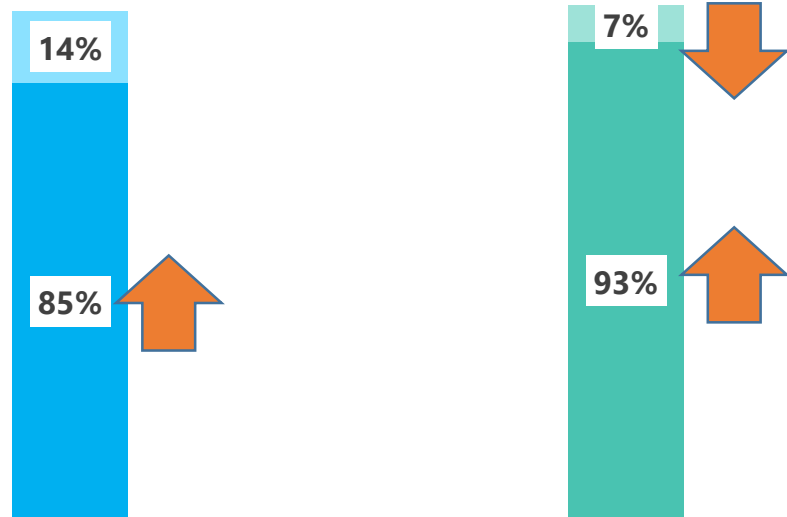
SALES PROGRAMS

Top Performer Group Incentive Trips

- Last year, there was a higher percentage of Comparators that offered a Top Performer award versus the high performing financial services companies by a 77% to 63% margin.
 - While both Top Performers and Comparators increased the number of Top Performers awards within their companies, the Top Performing firms showed a very impressive increase from 63% offering a Top Performer award to 93%.
 - Top Performing firms who had a Top Performer award also increased the number offering group trips from 77% to 85%.
 - Simplifying the math, this means that 79% of Top Performing financial firms in the study offered a group trip as part of their incentive program contrasted with 65% of Comparators.

Top Performer Group Incentive Trips

Program Includes Top Performer Award

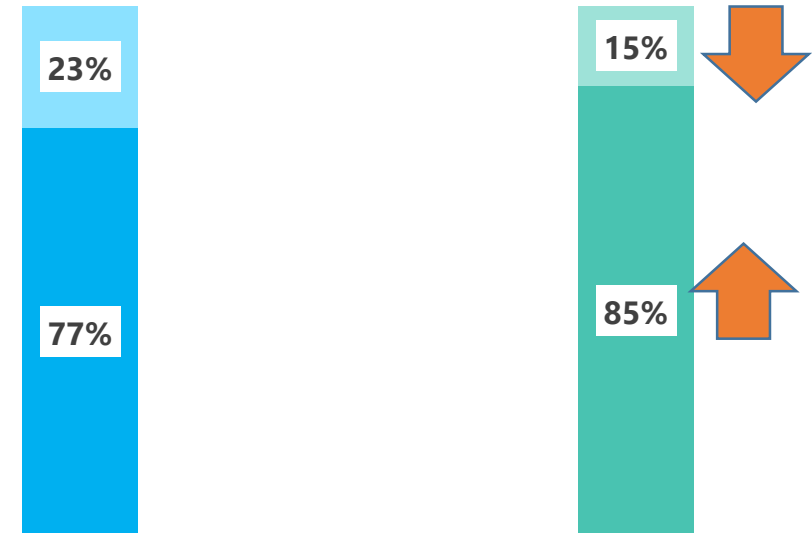


Comparators

Top Performers

■ Yes ■ No

Top Performer Award Includes Group Trip



Comparators

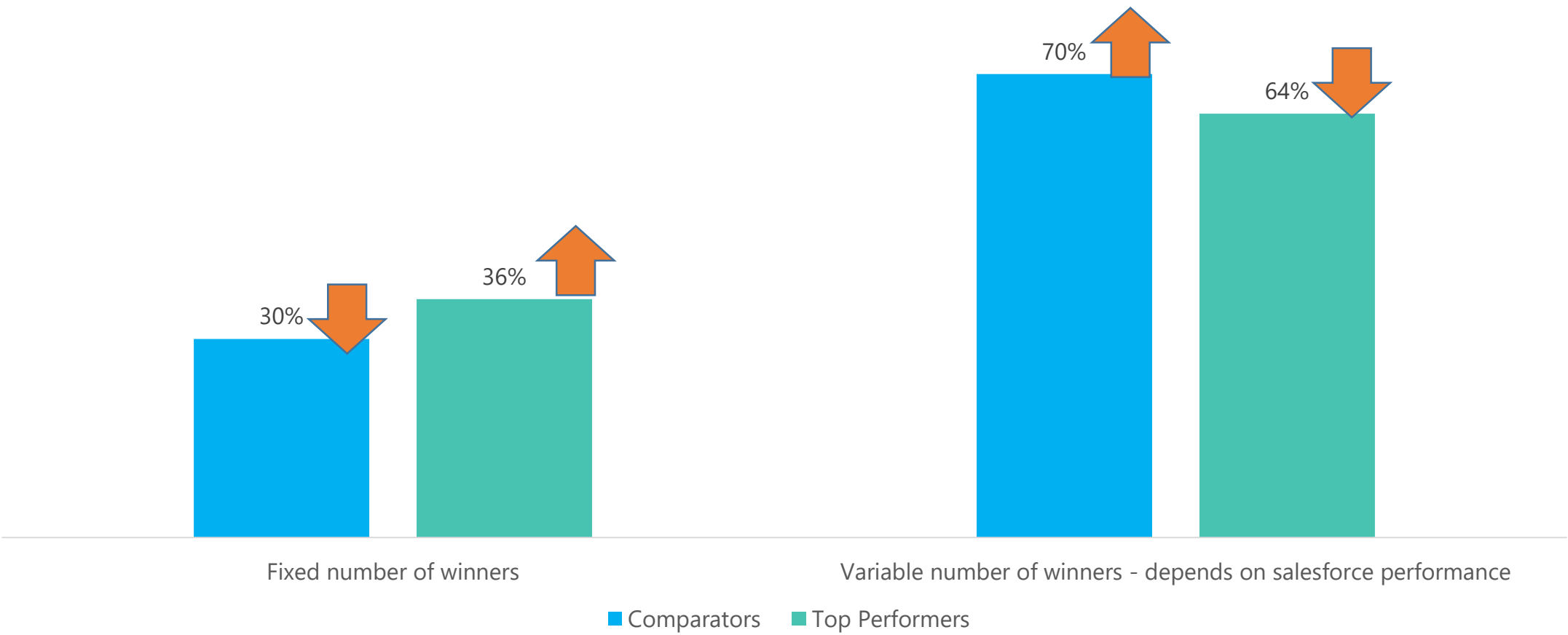
Top Performers

■ Yes ■ No

Limits on Number of Top Performer Trip Winners

- While there currently isn't a great deal of difference between Top Performing firms and others on whether there are fixed or variable winners, the percentage of Top Performers who have a fixed number of winners has increased within the past year from 25% to 36%, while Comparators showed the exact opposite trend with 48% of companies having fixed winners dropping down to 30%.

Limits on Number of Top Performer Trip Winners

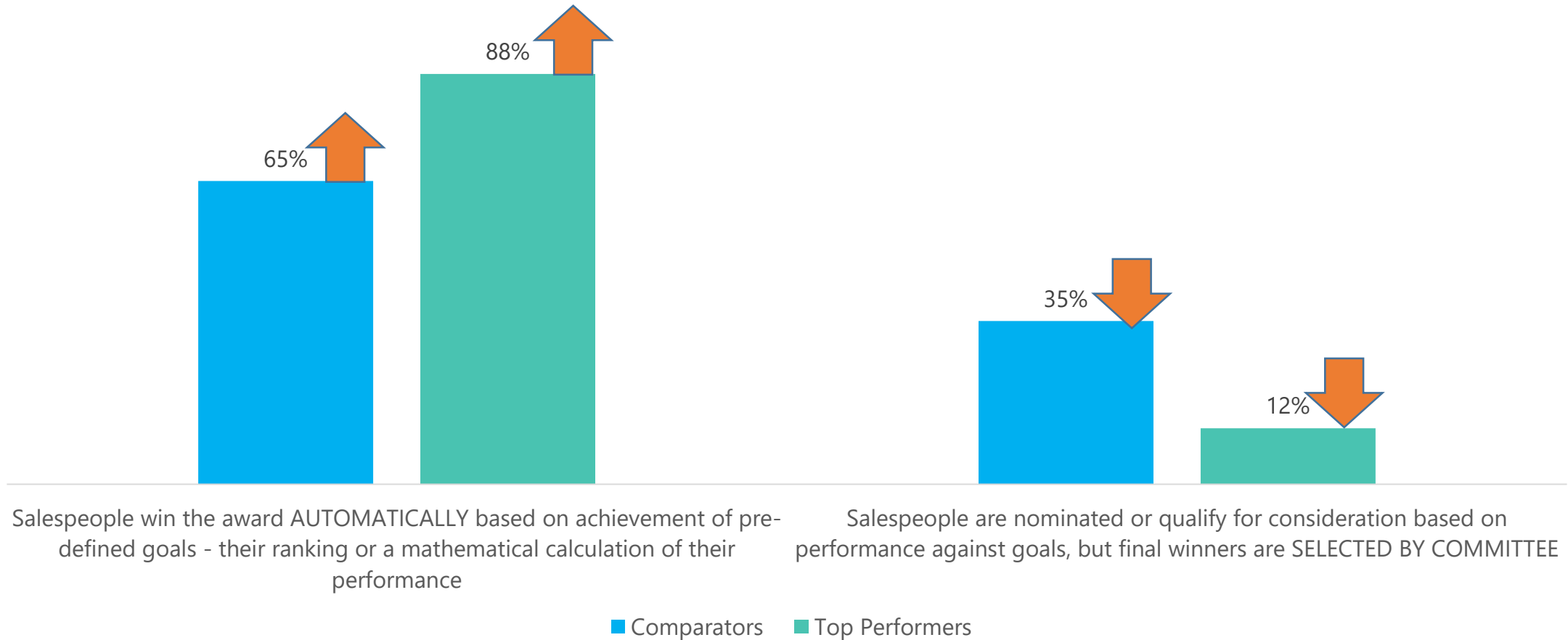


Is the number of Top Performer trip winners set in advance, or does it vary based on the performance of the salesforce?

Objective Qualification: Top Performer Sales Incentive Trip

- Among Top Performing companies, 88% automatically win sales incentive awards based on achievement of pre-determined goals, compared to only 65% of Comparator companies.
 - Both groups increased the percentages who automatically win based on pre-defined criteria, moving more away from selection by a committee.
 - Last year, 70% of Top Performers automatically qualified for a Top Performer incentive trip; this year the percentage has risen to 88%.
 - Similarly, 48% of Comparator top performers automatically qualified last year, compared to 65% this year.

Objective Qualification: Top Performer Incentive Trip

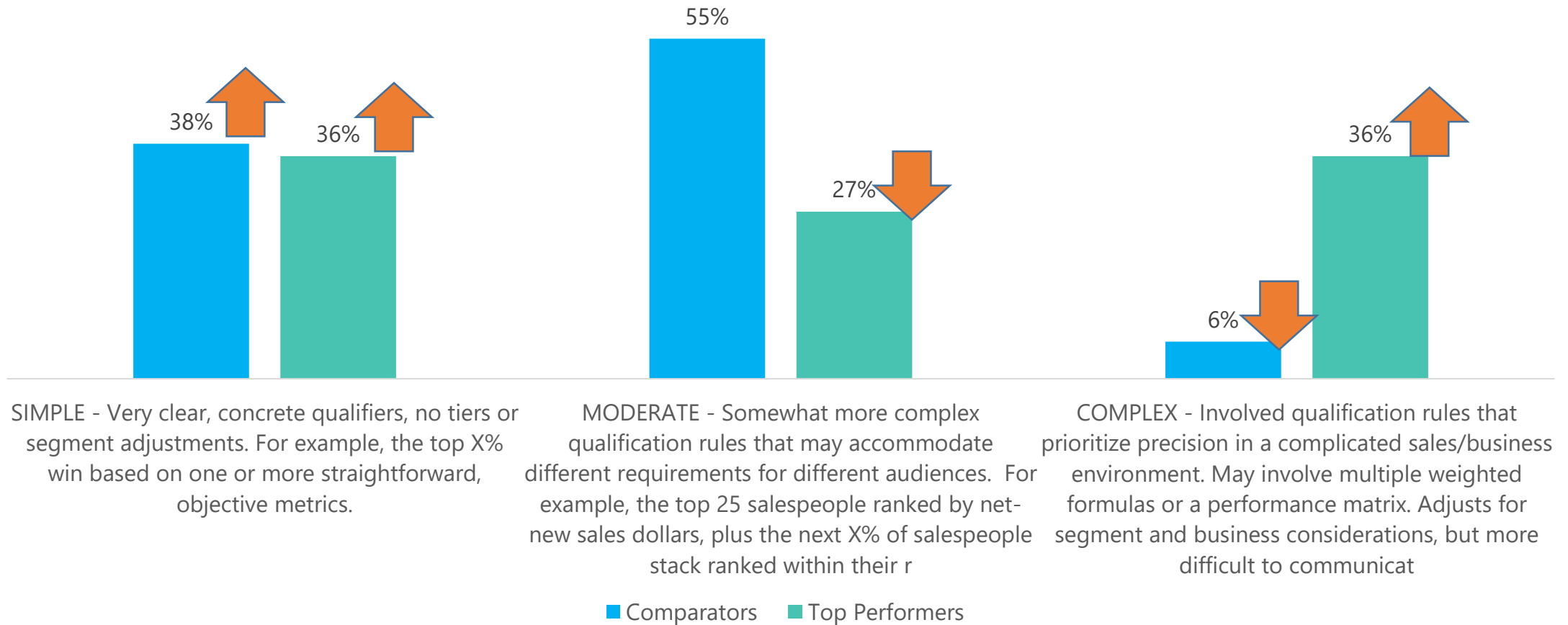


Which of the below BEST describes the qualification process for the sales Top Performer incentive trip?

Qualification Complexity: Top Performer Sales Incentive Trip

- Among Top Performing financial companies, the percentage that said qualification criteria for the top performer sales incentive trip was 'complex' jumped significantly from 5% to 36%.
 - The data suggest qualification criteria for this group has changed, in many instances, from being 'intermediate' in complexity to more complex.
 - However, this finding is not entirely consistent as the percentage of Top Performing financial firms having 'simple' qualification also rose from 20% to 36%.
 - Comparators seem to be moving toward much greater simplicity of award qualification.
 - 38% of Comparators have 'simple' qualification criteria compared to 27% last year.
 - Only 6% of Comparators have 'complex' qualification criteria, down from 20%.

Qualification Complexity: Top Performer Incentive Trip

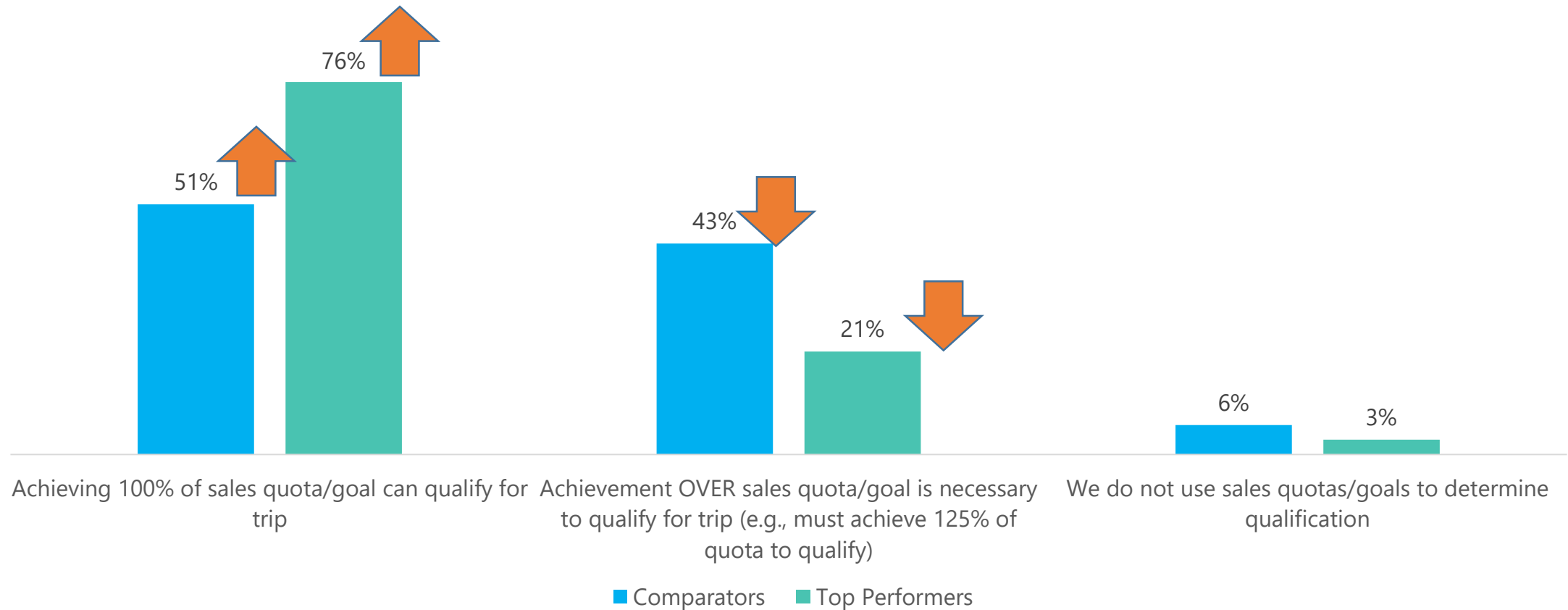


Which of the following best describes your qualification criteria for the Top Performer incentive trip?

Sales Quotas: Top Performer Sales Incentive Trip

- While both Top Performers and Comparators have moved more toward an incentive trip qualification standard of meeting 100% of goal as opposed to requiring qualifiers to exceed their goals, Top Performing firms are much more likely to require only that their salespersons meet their quota goal in order to qualify by a 76% to 51% margin.
 - 43% of Comparators require achievement over goal in order to qualify, compared to only 21% of Top Performers.

Sales Quotas: Top Performer Sales Incentive Trip

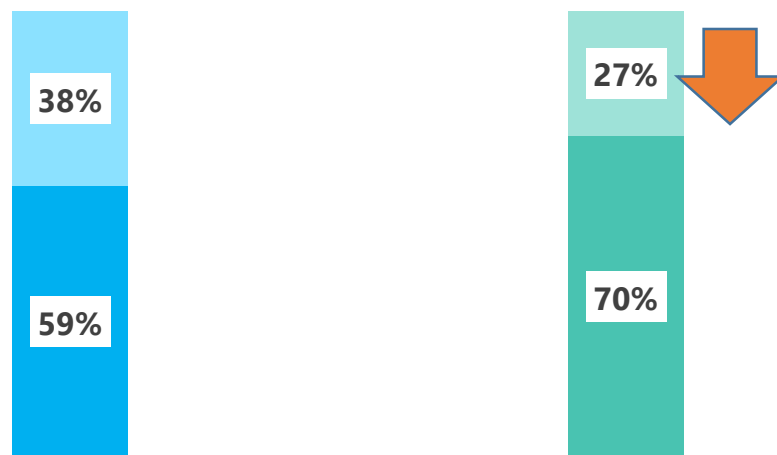


Reward Achievability: Top Performer Sales Incentives

- The percentage of Top Performers in the financial sector who have special rules for new salespeople has risen from 65% to 70%, widening the margin between themselves and Comparators who remained steady at 59% (vs. 58% last year.)
- Comparators who have a tiered program, allowing salespeople who don't qualify for the trip to win other awards, increased from 68% to 81%, closing the gap somewhat with Top Performers, 94% of whom have a tiered program.

Reward Achievability: Top Performer Sales Incentives

Special Rules for New Salespeople Top Performer Award

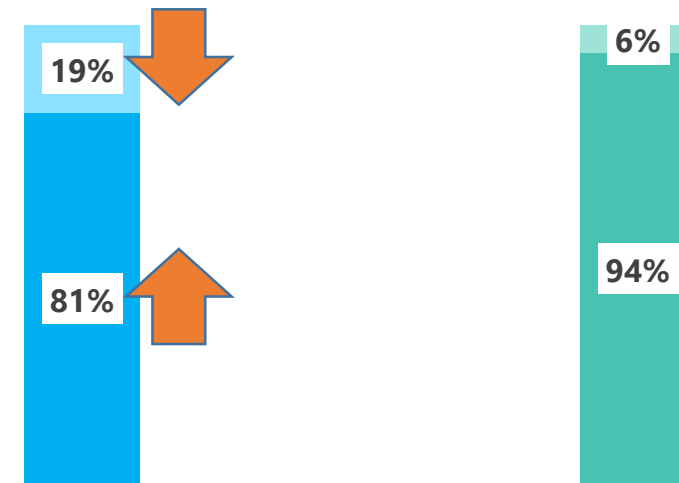


Comparators

Top Performers

■ Yes ■ No

Tiered Structure for Maximizing Reach Beyond Top Performer Award



Comparators

Top Performers

■ Yes ■ No

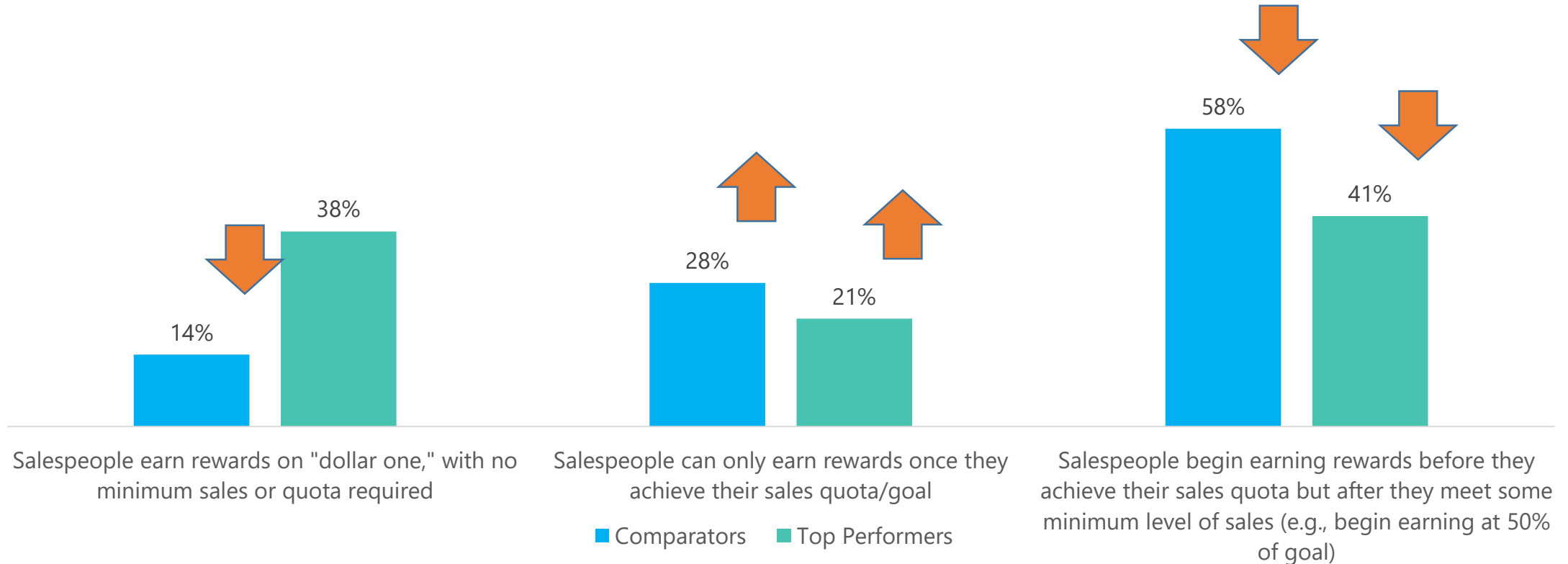
Do you have special rules for new salespeople that allow them a better chance to earn a place on the trip?

Is your Top Performer award program tiered - allowing salespeople who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

Program Rules: Threshold to begin Earning Rewards

- The percentage of Top Performers who allow salespeople to earn rewards right away without requiring them to reach a minimum sales quota is nearly three times as great as Comparators (38% to 14%).
 - The percentage of Comparators allowing salespeople to earn right away dropped from 26% down to 14%.
- The percentage that structure their programs so that salespeople begin earning rewards before they achieve their sales goals but after they meet some minimum level of sales declined for both Top Performers (51% down to 41%) and Comparators (66% down to 58%).
 - There were corresponding increases in the percentages that can only earn rewards once they achieve their sales goals—Top Performers up from 12% to 21% and Comparators up from 8% to 28%.

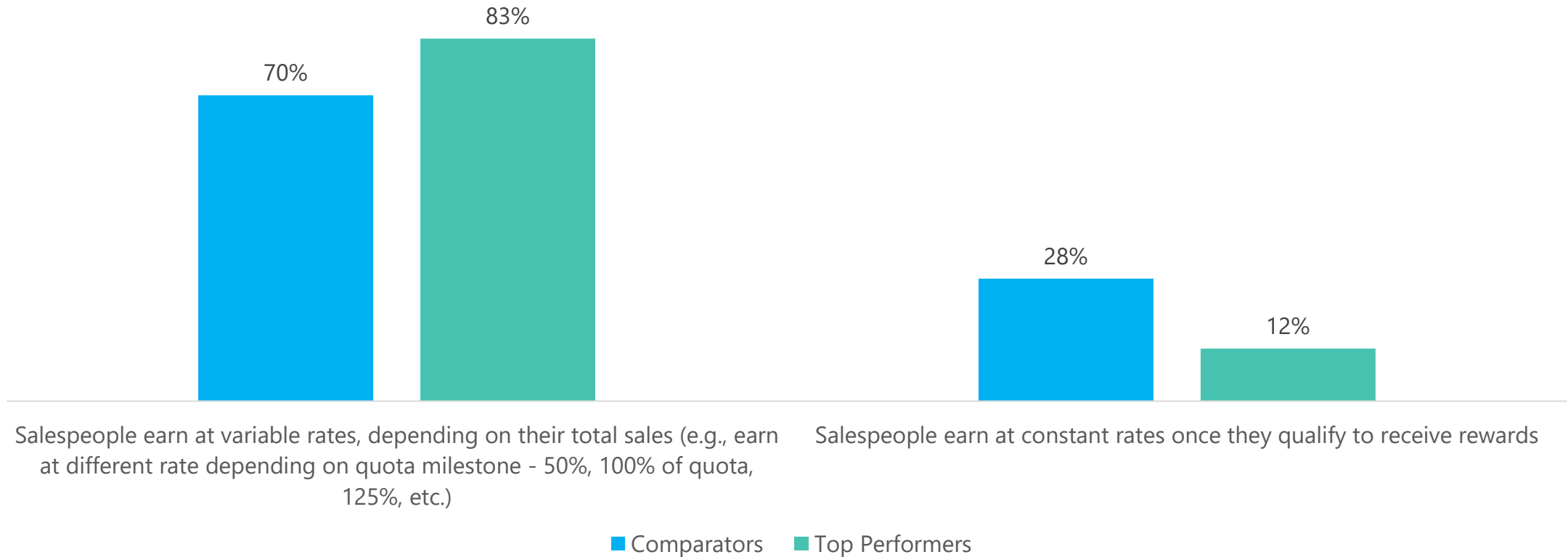
Program Rules: Threshold to begin Earning Rewards



Program Rules: Rate of Earning Rewards

- Most salespersons earn rewards at variable rates, depending on their total sales versus constant rates.
 - A higher percentage of Top Performing financial firms structure their programs for salespeople to earn at variable rates compared to Comparators (83% to 70%.)

Program Rules: Rate of Earning Rewards

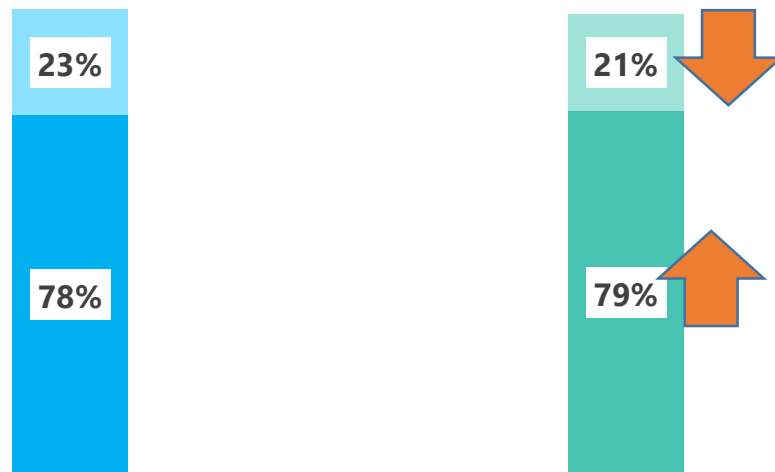


Reward Approach: Non-Travel Rewards

- The percentage of Top Performers offering new salespersons a 'fast start' has risen since last year (61% to 79%) so this practice is now as prevalent among Top Performers as Comparators (78%).
- Last year, only 37% of Top Performing financial firms operated programs with no earning limits.
 - This year, the percentage of programs without earnings limits has doubled to 76%.
 - Comparators operating programs without earning limits went up slightly as well from 54% to 61%.

Reward Approach: Non-Travel Rewards

Special Rules for New Salespeople Non-Travel Rewards

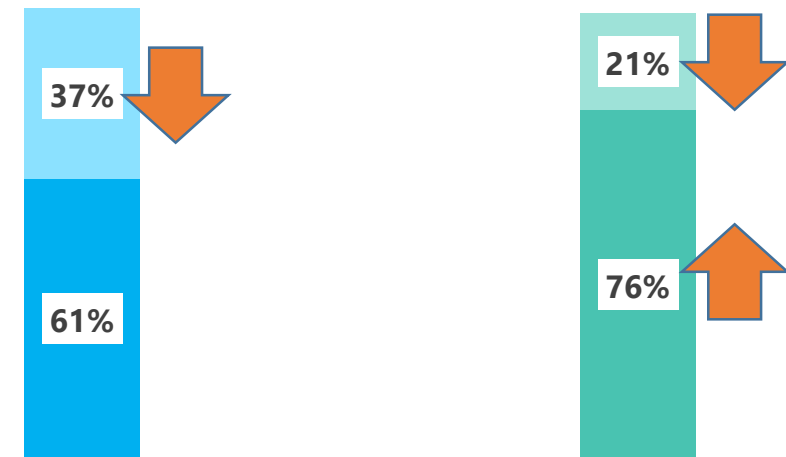


Comparators

Top Performers

■ Yes ■ No

Any Programs without Earning Limits?



Comparators

Top Performers

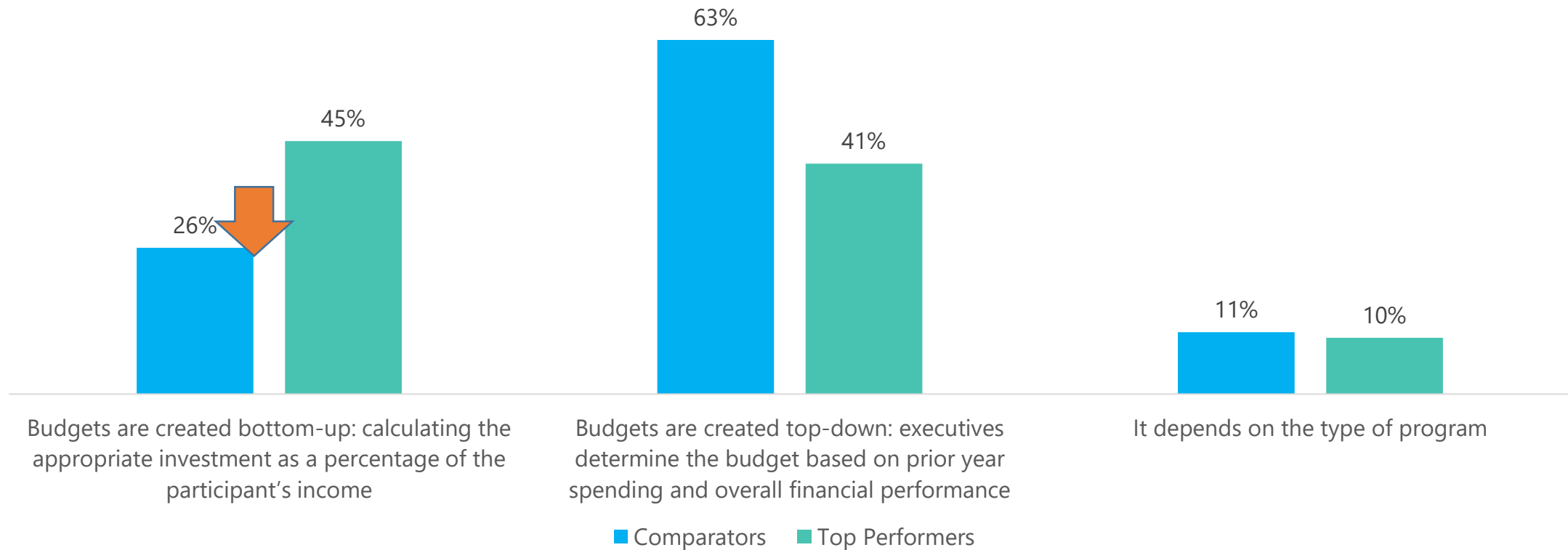
■ Yes ■ No

Regarding award points, gift cards, and merchandise rewards, does your non-cash sales incentive program have a "Fast Start" that allows new salespeople to quickly earn, giving them early "wins" to boost their motivation?

Do you operate any non-cash sales incentive programs that do not have a "top-stop" - meaning the sales person can earn unlimited awards based on the amount of product/service they sell?

- Similar to last year, Top Performers are almost twice as likely as Comparators (45% to 26%) to create budgets from the bottom up, calculating the appropriate investment as a percentage of the participant's income.

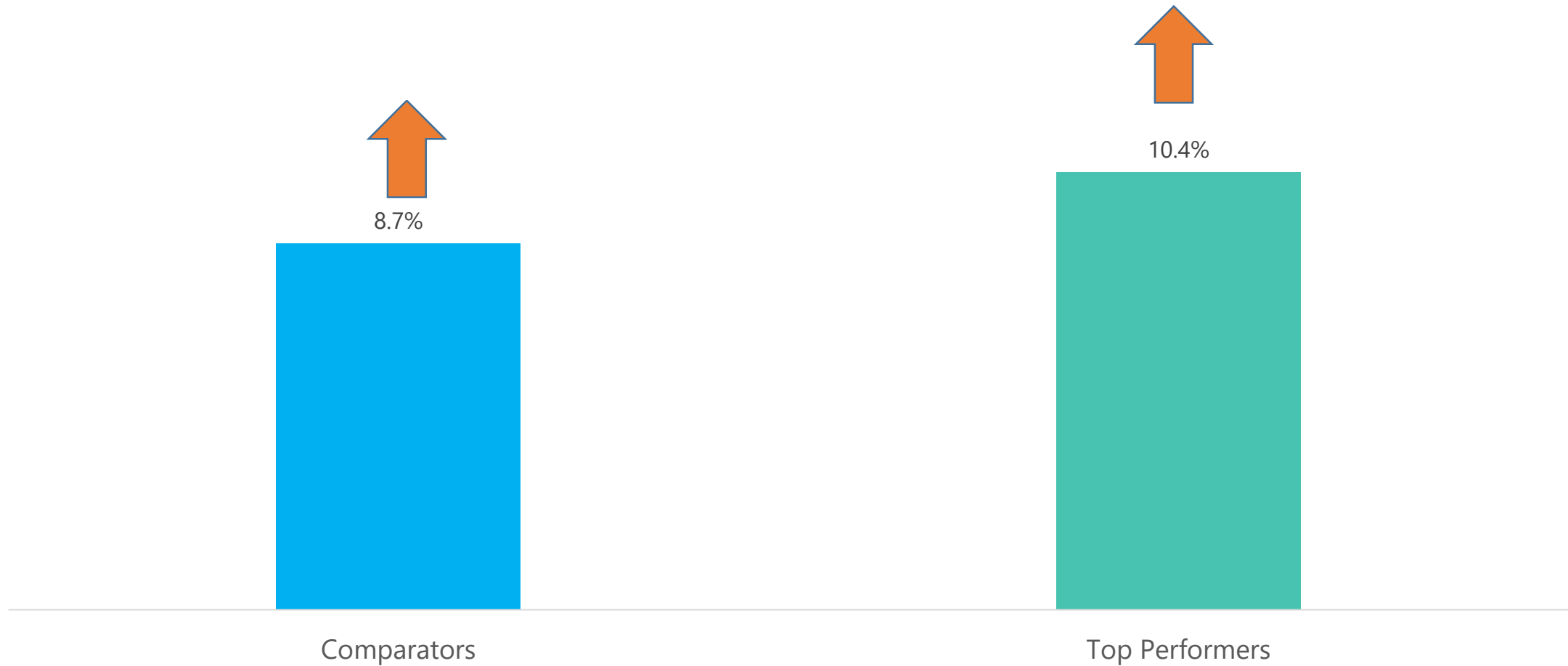
Budget Approach



Bottom-Up Budgeting Rate

- Based on percentage of income, the approximate annual spend for non-cash rewards has increased among both Top Performers and Comparators.
 - Percentage of income spent on reward among Top Performers rose from 8.2% to 10.4%; Comparators rose from 7.8% to 8.7%.

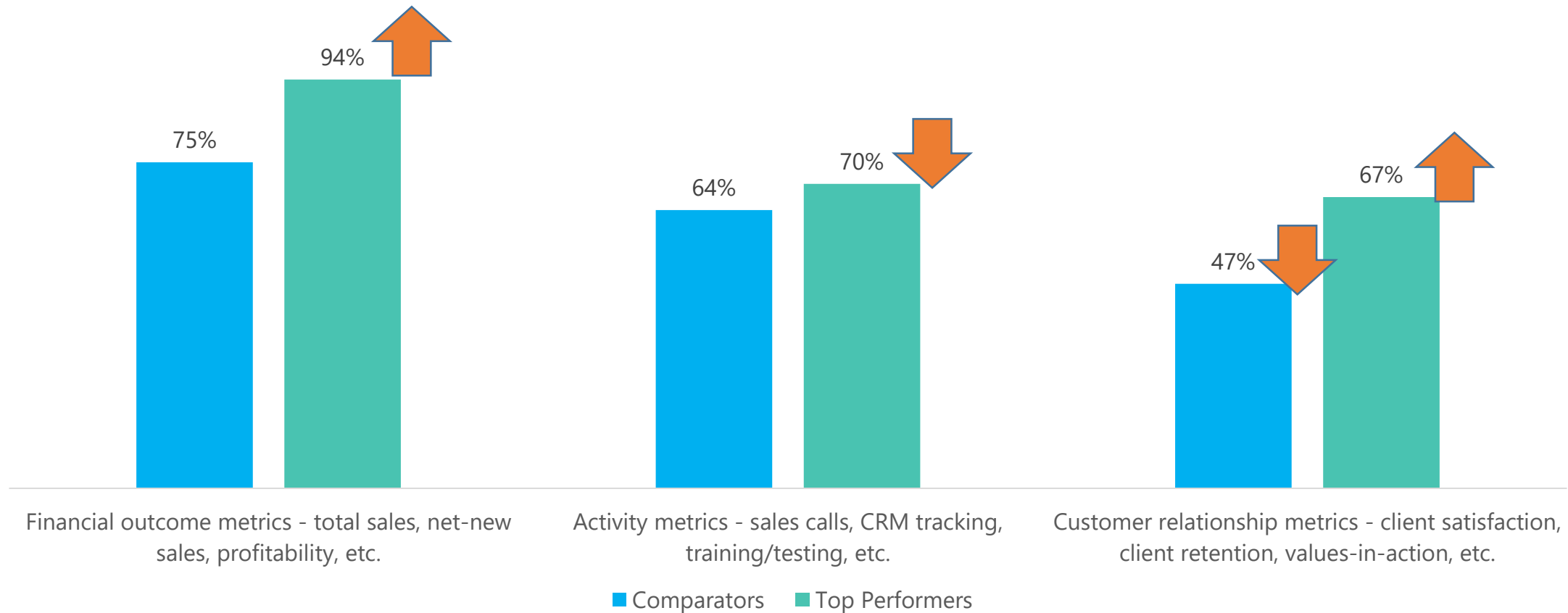
Bottom-Up Budgeting Rate



Qualification Metrics: Top Performer Incentive Trip

- Qualification metrics have shifted a bit since last year, with Top Performing financial firms almost universally using financial metrics to determine qualifiers for the top performer incentive trips (94% this year, compared to 80% last year).
- Client relationship metrics have also increased in importance for Top Performers rising from 55% to 67%.

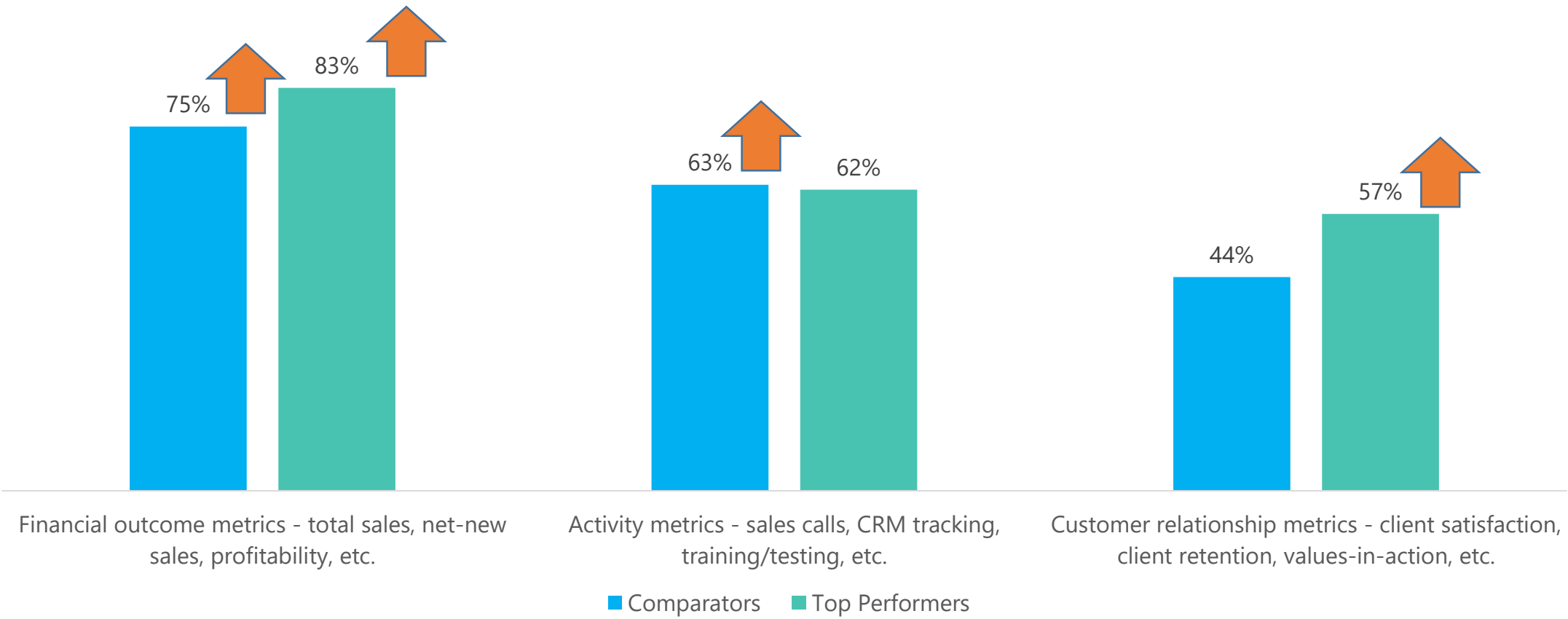
Qualification Metrics Top Performer Incentive Trip



Qualification Metrics: Award Points, Gift Cards, & Merchandise

- There were some shifts in the qualification metrics salespeople needed to earn award points, gift cards, and merchandise, compared to last year.
 - More relied on financial metrics for these tangible rewards compared to last year (Top Performers up 73%% to 83%; Comparators up 63% to 75%).
 - More Top Performers gave non-cash awards for customer relationship metrics compared to the previous year (32% up to 57%).
 - Comparators increased activity metrics as a qualifying criteria from 53% to 63%.

Qualification Metrics: Award Points, Gift Cards, & Merchandise



Which of the below best describes the metrics on which salespeople can earn award points, gift cards, and merchandise?

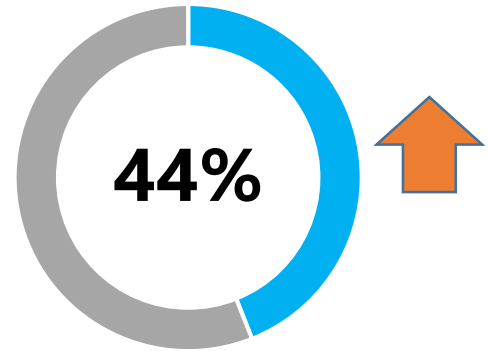
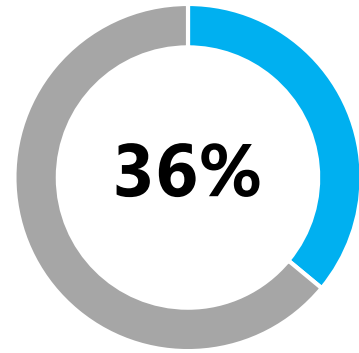
- A much higher percentage of top performing salespersons working for Top Performing firms qualified for the incentive trip this year vs. last, rising from 31% to 43%.
- There was also an increase among salespersons working both for Top Performers and Comparators qualifying for non-cash incentives.
 - The percentage of those working for Top Performers qualifying for non-cash incentives rose from 37% to 58%; while the percentage of Comparators rose from 34% to 44%.

Reward Reach

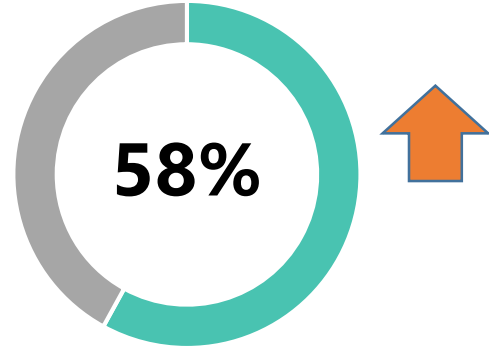
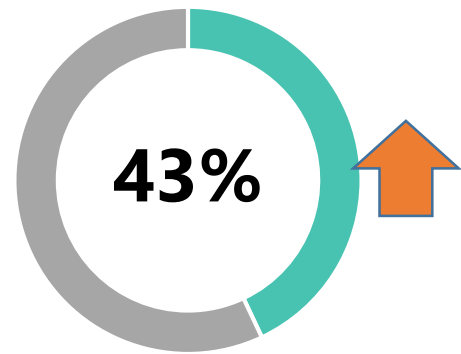
% Sales Reps Earning Trip

% Sales Reps Earning Reward Points,
Gift Cards, or Merchandise

Comparator Firms



Top Performing Firms

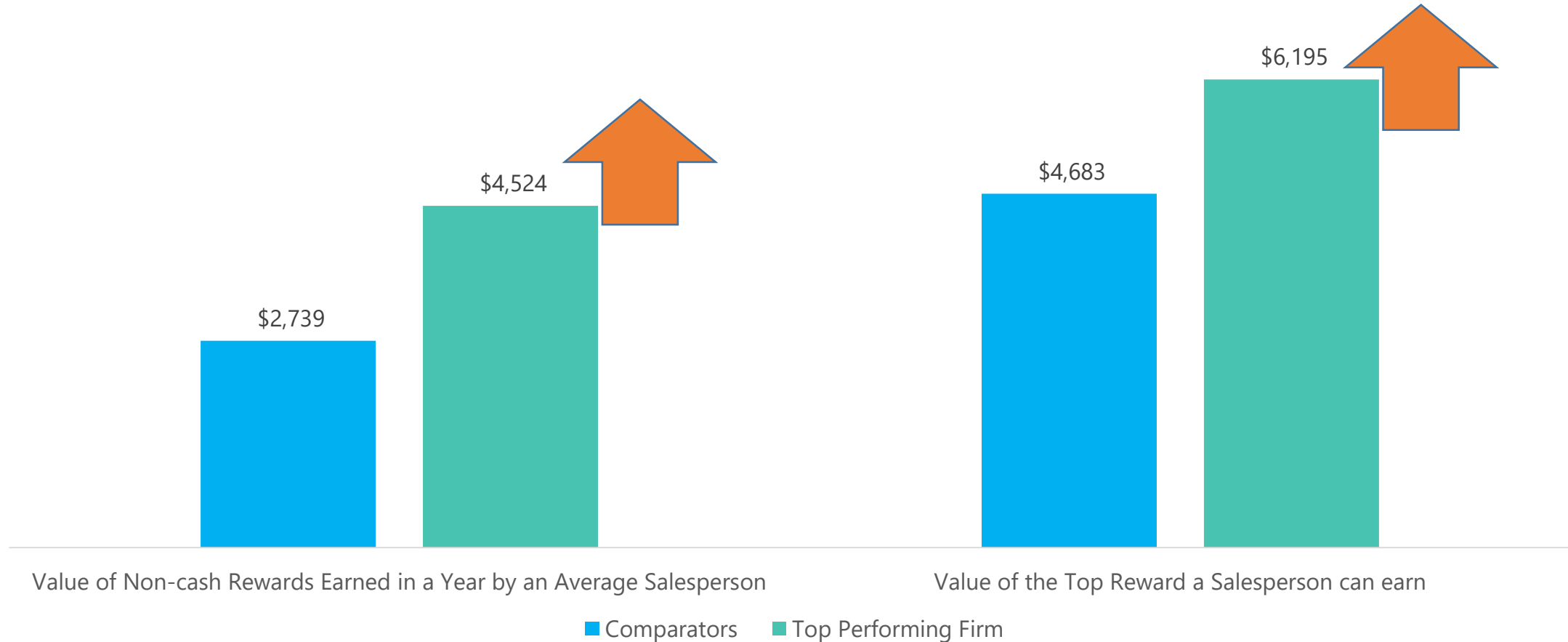


*Approximately what percent of your sales representatives do you take on the Top Performer incentive trip?
Regarding rewards other than group incentive travel, what percent of your salesforce do you expect to earn award points, merchandise, or gift cards in 2018?*

Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise

- Top Performers spend more than Comparators on non-cash rewards.
 - The amount spent by Top Performers trended upward since last year (\$2865 average up to \$4524 average and \$3646 top dollar up to \$6195.)
 - Last year spend between Top Performers and Comparators was similar, while this year Top Performer spend much more.

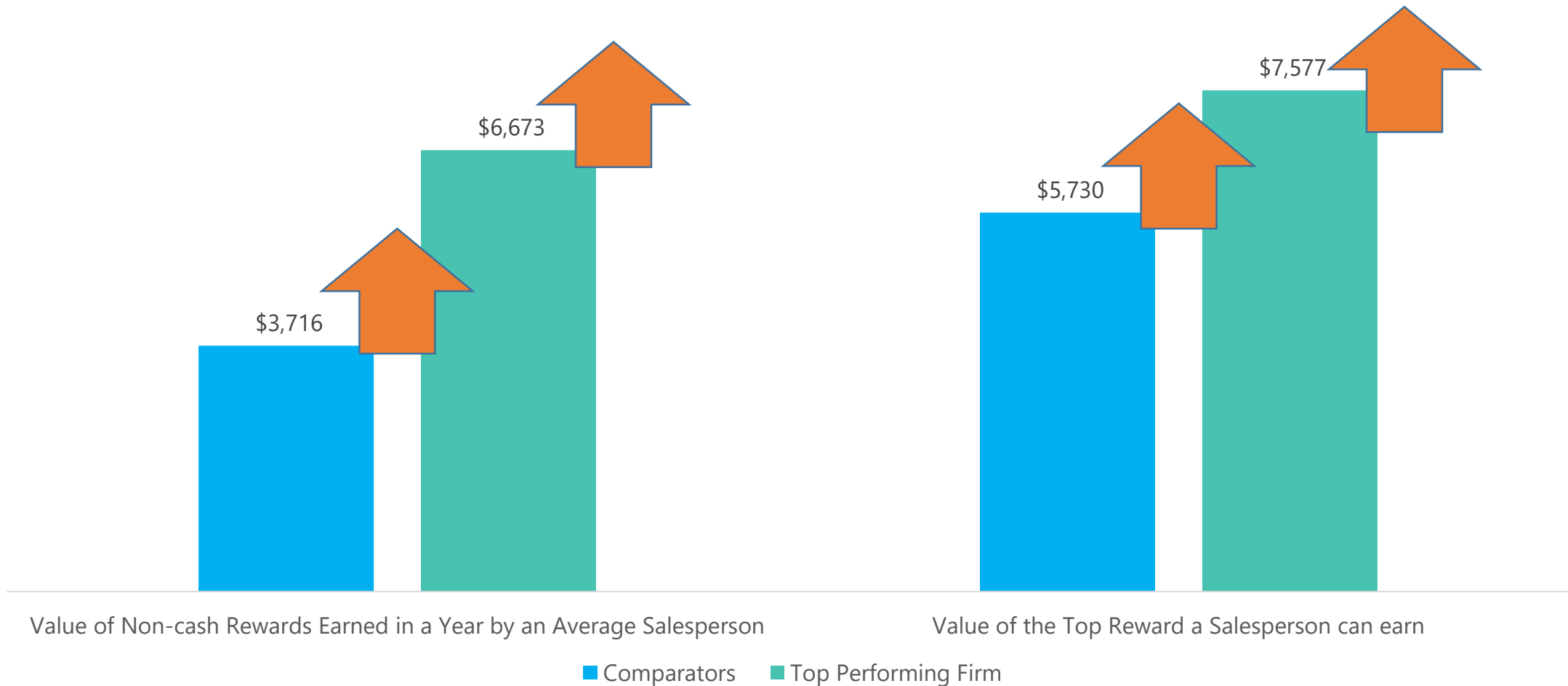
Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values: Incentive Trips

- Although Top Performing financial firms spend more than Comparators on incentive trips, both groups have increased incentive trip spend this year.
 - Top Performers increased from an average of \$4094 to \$6673 and a top dollar spend of \$6438 up to \$7577.
 - Comparators increased from an average of \$2891 to \$3716 and a top dollar spend of \$4594 up to \$5730.

Average & Top Dollar Values: Incentive Trips



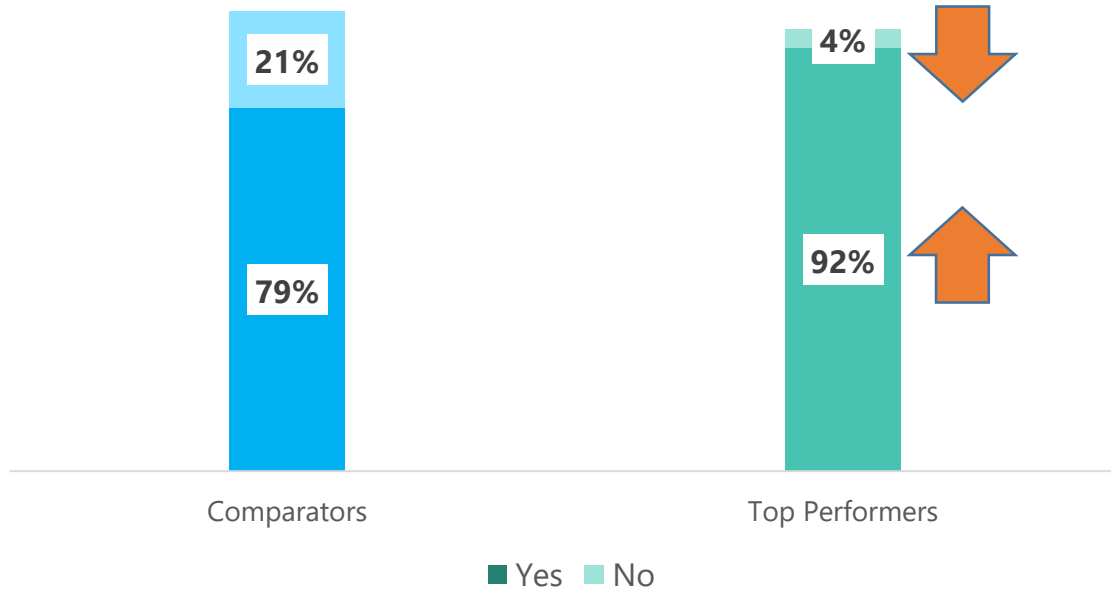
CHANNEL PROGRAMS

Top Performer Group Incentive Trips

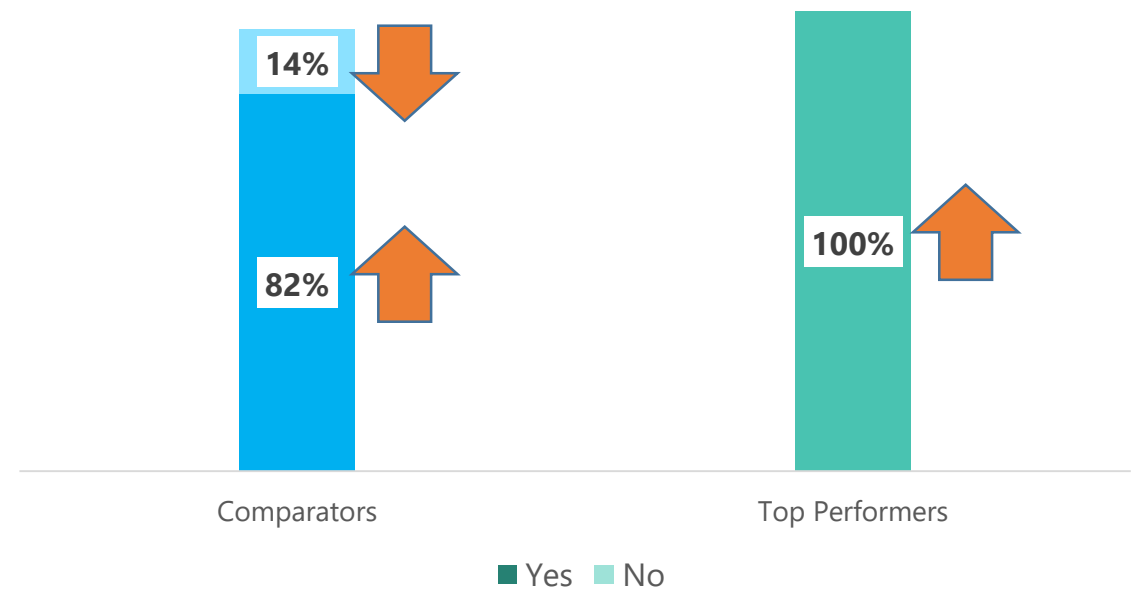
- The percentages who offer a 'Top Performer' award through their non-cash channel incentive programs has increased for Top Performing financial companies, although stayed somewhat similar for Comparators.
 - The percentage of Top Performing companies that offer a Top Performer award as part of their channel programs jumped from 63% to 92%.
 - Comparator companies offering Top Performer awards increased from 75% to 79%.
- The percentages that offered group incentive trips as part of their Top Performer awards increased for both groups.
 - Top performing companies offering group incentive trips as part of a channel incentive program increased from 70% to 100% (92% of all Top Performing financial firms with channel partners in the study), while Comparators offering group incentive trips through a channel incentive program increased from 67% to 82% (55% of all Comparator companies with channel partners.)

Top Performer Group Incentive Trips

Program Includes Top Performer Award



Top Performer Award Includes Group Trip

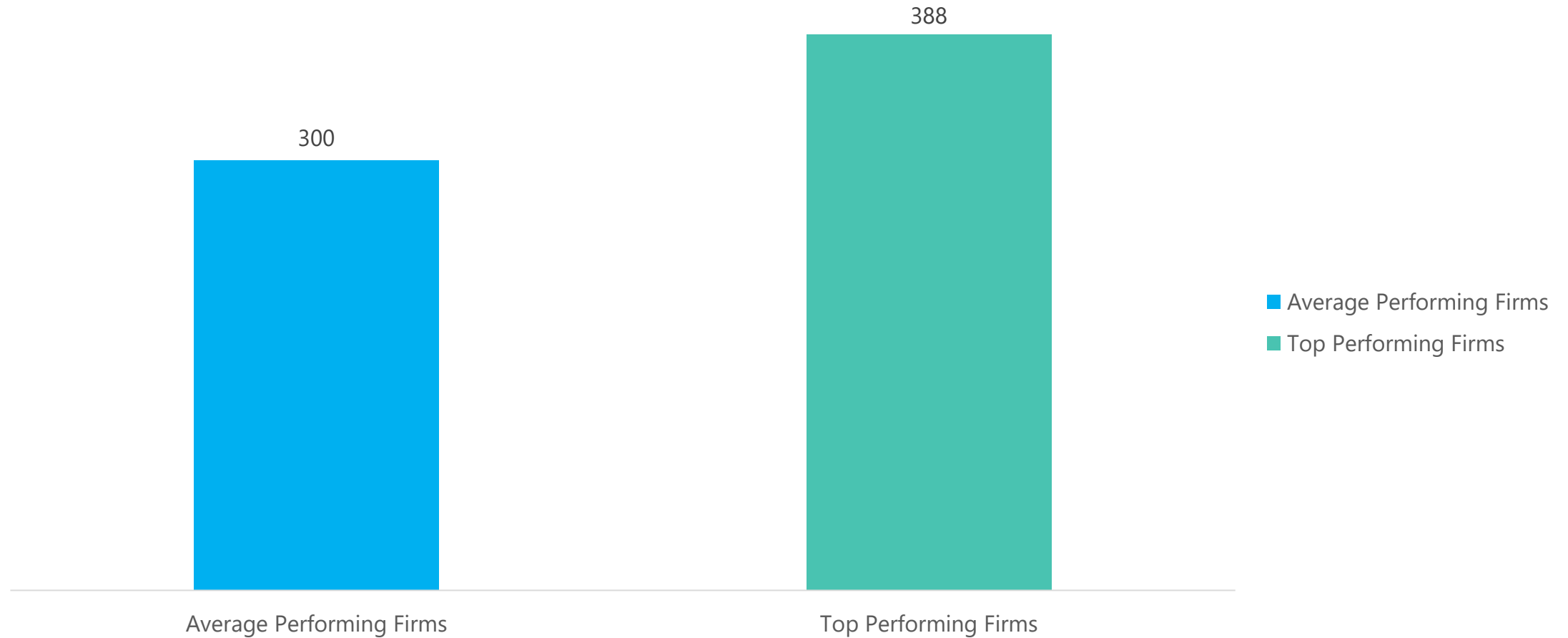




Average Number of Participants Earning Top Performer Incentive Trip

- Top Performers average a higher number of participants on incentive trips than Comparators (388 vs. 300).

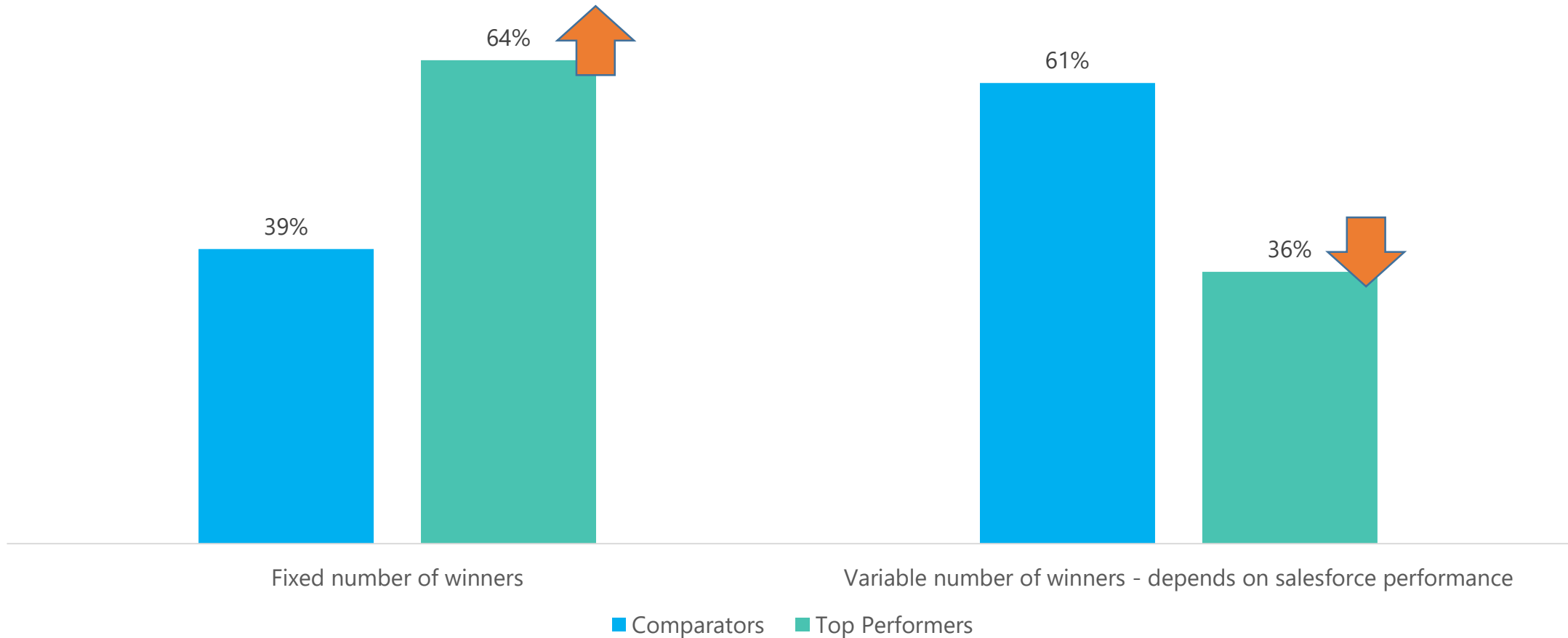
Number of Trip Attendees



Limits on Number of Top Performer Trip Winners

- Top Performing financial companies in this study have a higher incidence of having a fixed number of winners (64% to 39%).
 - Comparators show the exact opposite with 61% having variable winners.
 - The percentage of Top Performers with fixed winners has increased from 29% to 64%---quite a large jump.

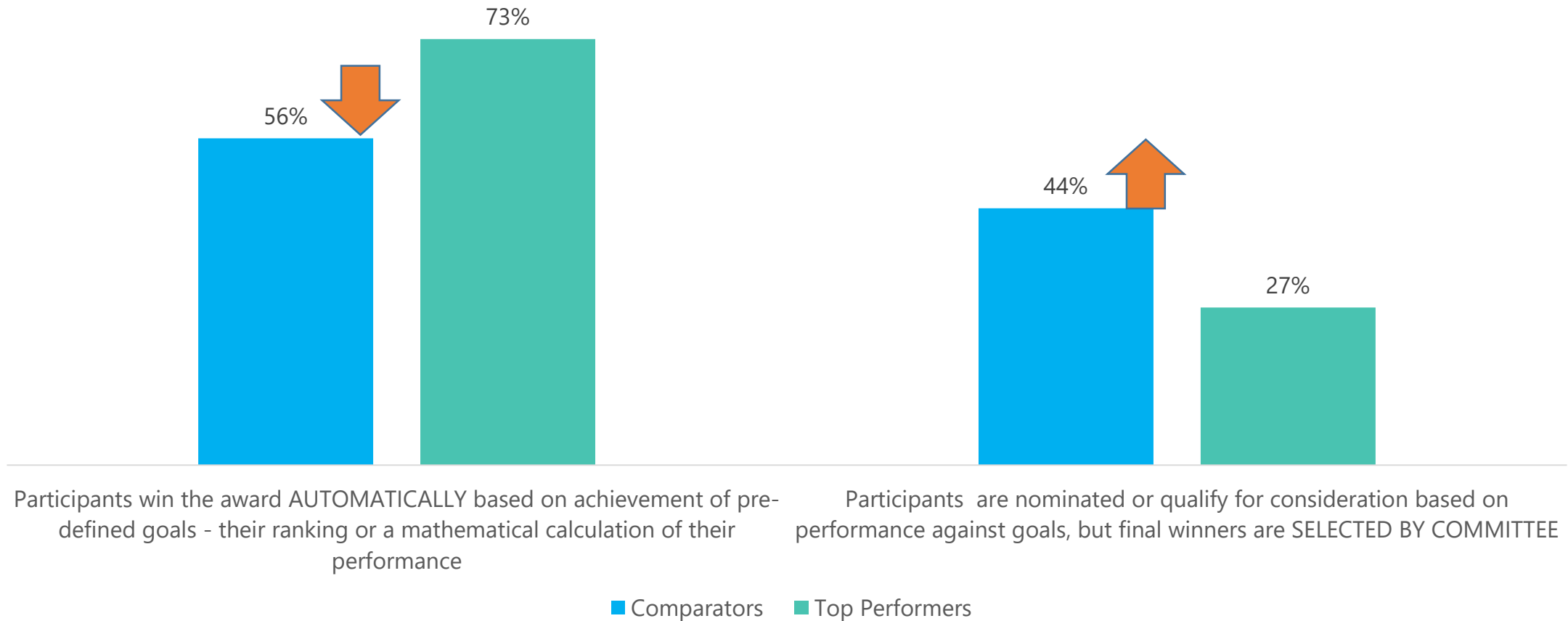
Limits on Number of Top Performer Trip Winners



Objective Qualification: Top Performer Incentive Trip

- While three out of four (73%) Top Performing financial firms qualify winners automatically based on achievement of pre-defined goals, a shrinking number of Comparators approach qualification this way.
 - 44% of Comparators add the extra step of a committee selection for those that achieve their goals.
 - This is an increase from 29% last year.

Objective Qualification: Top Performer Incentive Trip

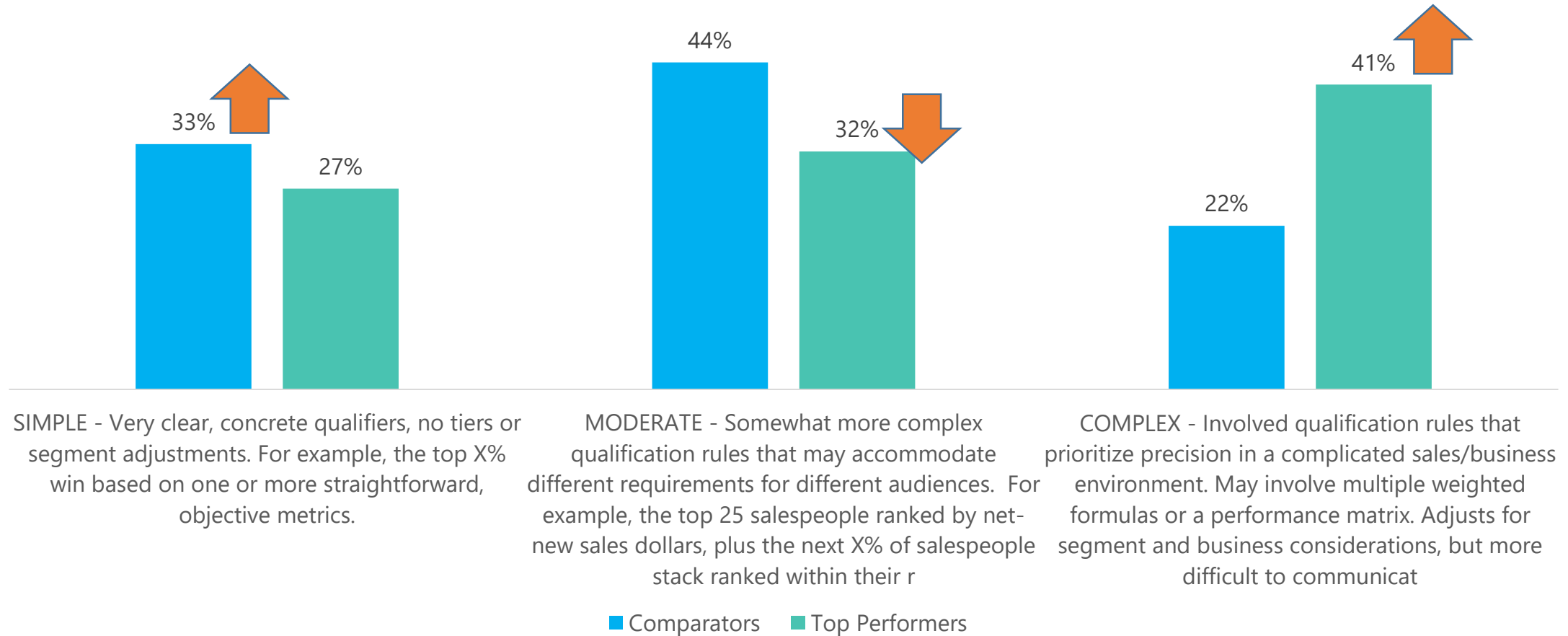


Which of the below BEST describes the qualification process for the channel Top Performer incentive trip?

Qualification Complexity: Top Performer Incentive Trip

- Qualification complexity for channel partner incentive trip awards has increased for Top Performing companies with 41% describing the qualification process as 'complex' compared to only 14% from last year.
- The qualification process for Comparator companies is, more often than not, considered 'moderate', with 44% describing their qualification process this way, although the percentage within this group who consider the qualification process as 'simple' has increased from 21% to 33%.

Qualification Complexity: Top Performer Incentive Trip

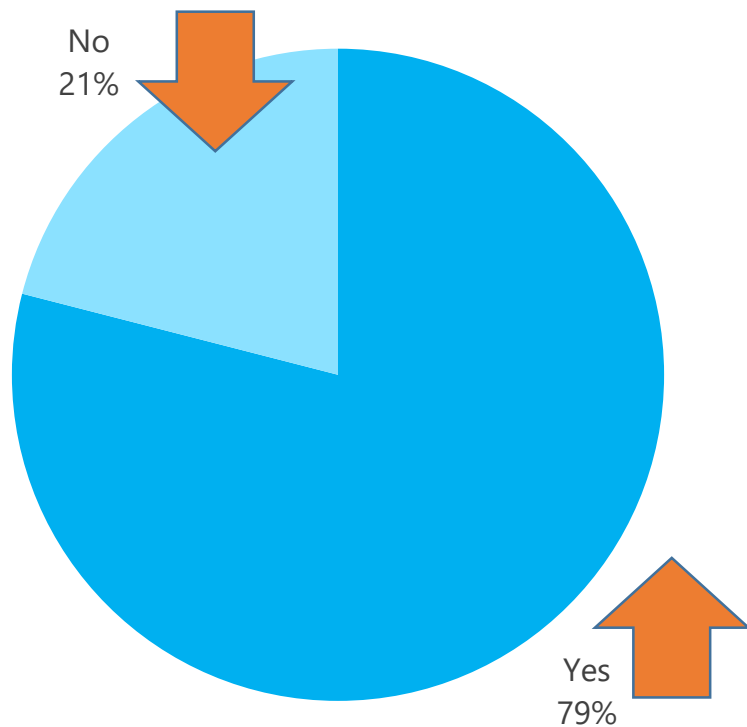


Sales Targets for Channel Participants

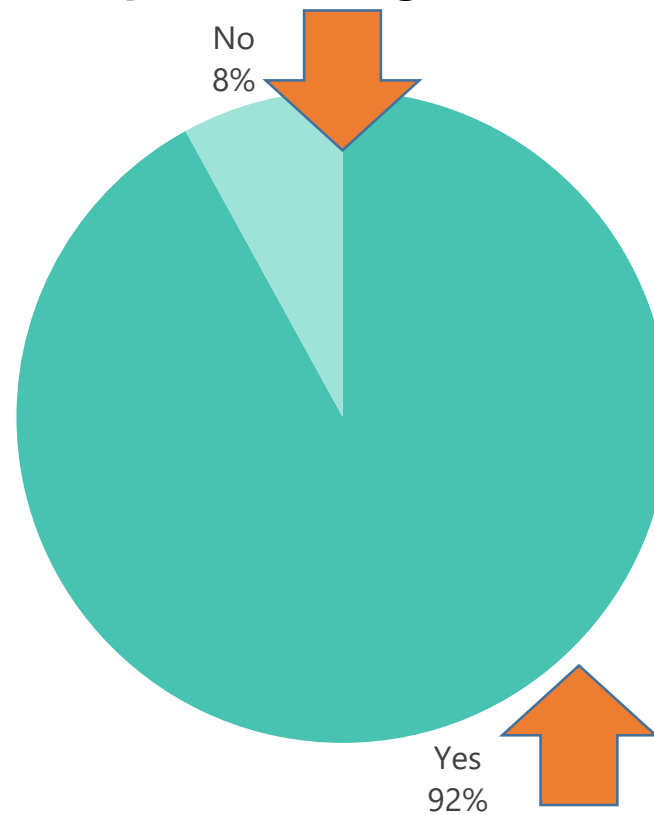
- There has been a substantial increase in the percentages of channel participants who have defined sales targets as part of non-cash incentive programs. This is true among both Top Performing financial companies and Comparator companies.
 - The percentage of Top Performing companies with defined sales targets for channel partners increased from 75% to 92%, while Comparators with defined sales targets for channel partners increased from 64% to 79%.

Sales Targets for Channel Participants

Comparator Firms



Top Performing Firms



Reward Achievability: Top Performer Channel Incentives

- More than 90% of Top Performers and Comparators, had both special rules for new channel partners and a tiered structure for maximizing reach beyond the top performer award.
 - The only meaningful change from last year was an increase among Top Performers in this study who had a tiered structure for new channel partners allowing non-qualifiers to still earn rewards, going from 86% to 100%.

Reward Achievability: Top Performer Channel Incentives

Special Rules for New Channel Participants Top Performer Award

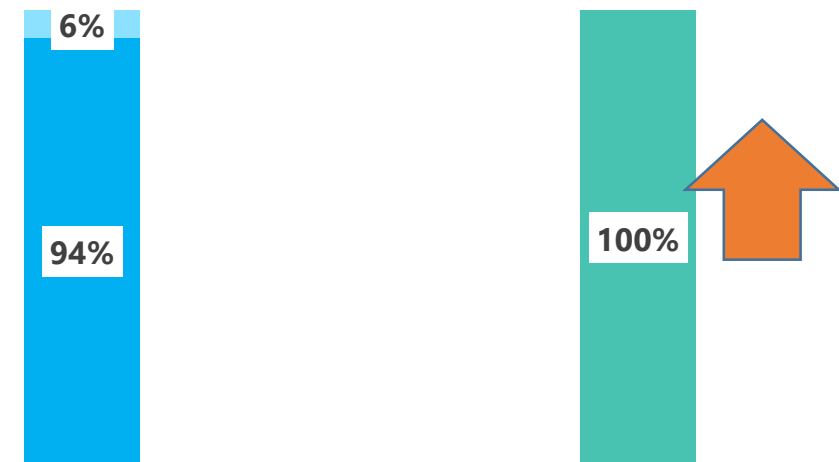


Comparators

Top Performers

■ Yes ■ No

Tiered Structure for Maximizing Reach Beyond Top Performer Award



Comparators

Top Performers

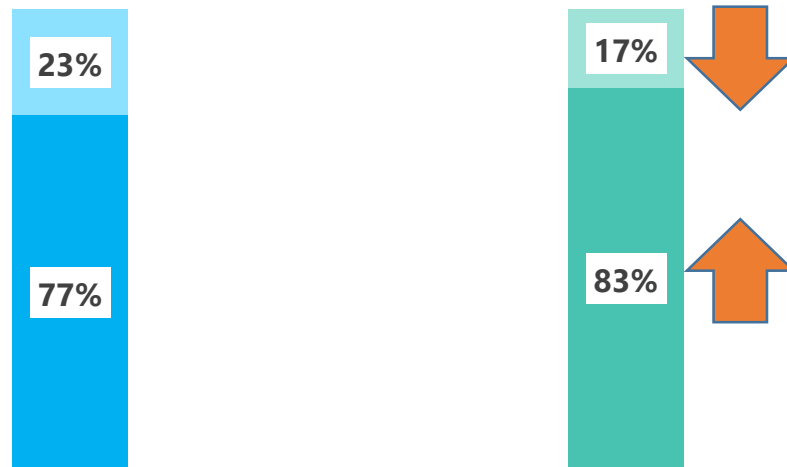
■ Yes ■ No

- Do you have special rules for new channel participants that allow them a better chance to earn a place on the trip?
- Is your Top Performer award program tiered - allowing channel participants who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

- Approximately eight-in-ten Top Performing companies and Comparators offer a 'fast start' opportunity that allows newer channel participants to earn quickly, giving 'early wins' to boost their motivation.
 - While the percentages were similar to last year for Comparators that offer this option, the percentage of Top Performers jumped significantly from 69% to 83%.
- Similarly, the percentage of Comparators that do not have an earning limit was similar to last year (71% vs. 68%) but there was a large jump in the percentage of Top Performers that didn't have an earning limit on non-travel awards—moving up from 56% to 83%.
 - It is noteworthy that Top Performing companies in this study are now less likely to cap earnings vs. Comparators.

Reward Approach: Non-Travel Rewards

Special Rules for New Channel Participants Non-Travel Rewards

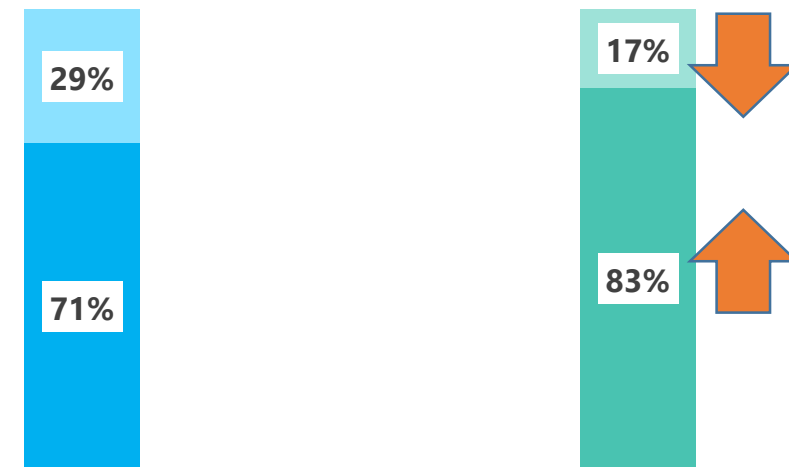


Comparators

Top Performers

■ Yes ■ No

Any Programs without Earning Limits?



Comparators

Top Performers

■ Yes ■ No

- Regarding award points, gift cards, and merchandise rewards, does your non-cash channel incentive program have a "Fast Start" that allows newer channel participants to earn quickly, giving them early "wins" to boost their motivation?
- Do you operate any non-cash channel incentive programs that do not have a "top-stop" - meaning channel participants can earn unlimited awards based on the amount of product/service they sell?

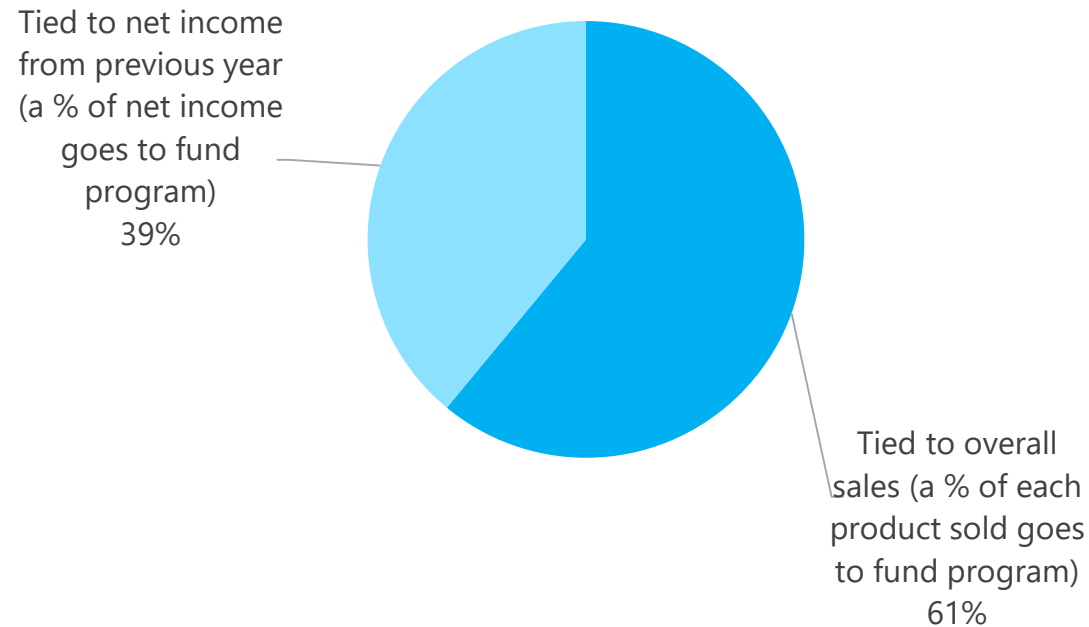
Budget Influencers

Non-Cash Channel Incentives

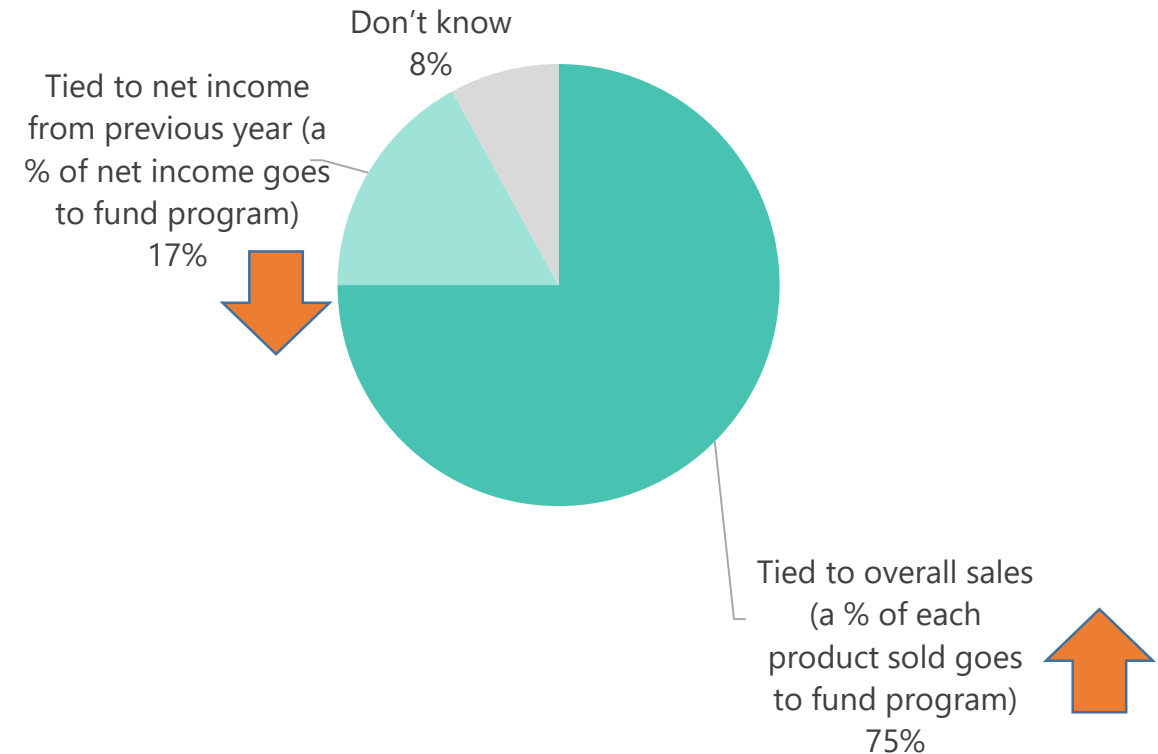
- Last year, 56% of Top Performing financial firms tied their budget to overall sales. This year the percentage has gone up dramatically, with 75% tying budgets to overall sales and only 17% tying budgets to net income from the previous year.
 - Comparator firms are much more likely to tie their budgets to net income from the previous year compared to Top Performers (39% to 17%.)

Budgeting Approach Non-Cash Channel Incentives

Comparator Firms



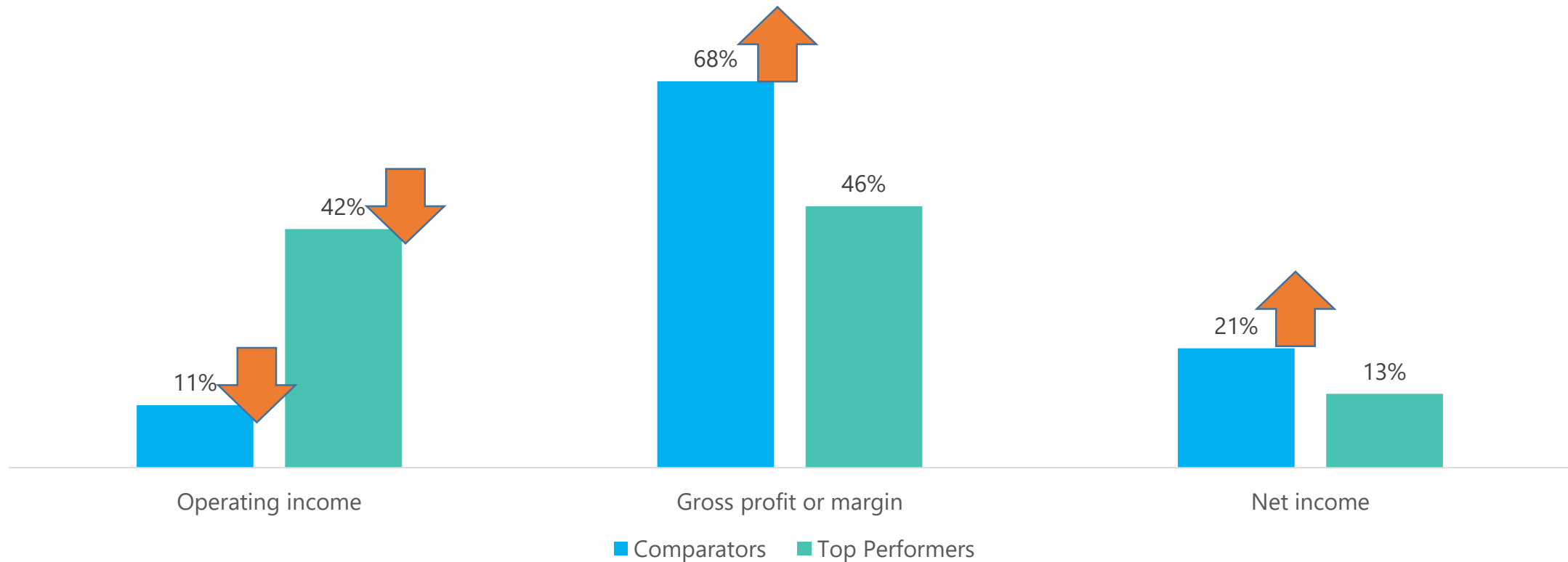
Top Performing Firms



- The biggest differentiator between Top Performing companies and Comparators is that operating income is nearly four times the influence for Top Performers (42%) vs. Comparators (11%) while gross profit is a more important influence to Comparators (68% to 46%).
 - The percentages of both Top Performers and Comparators influenced by operating income declined.
 - Top Performers went from 50% down to 42%, while Comparators influenced by operating income went from 39% down to 11%.
 - The focus for Comparators shifted from operating income to gross profit, increasing from 57% to 68% and net income, increasing from 4% to 21%.

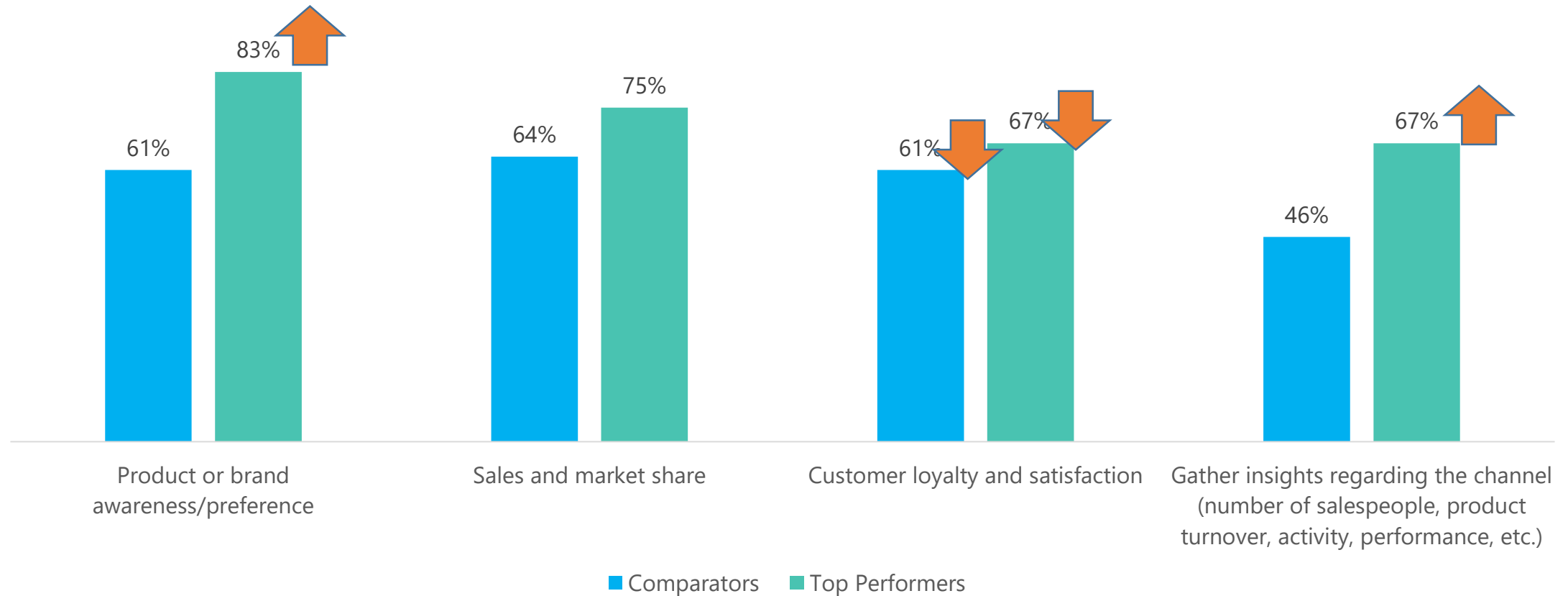
Budget Influencers

Non-Cash Channel Incentives



- The most prevalent business objective for Top Performing financial companies for their channel incentive programs is product or brand awareness/preference.
 - Top Performers focused on this objective have increased from 69% to 83% making it easily the primary focus of their channel recognition programs.
- Top Performers are placing much more focus on gathering insights regarding the channel than in the previous wave.
 - The percentage of Top Performers that identify gathering insights as a business objective has increased from 31% to 67%.

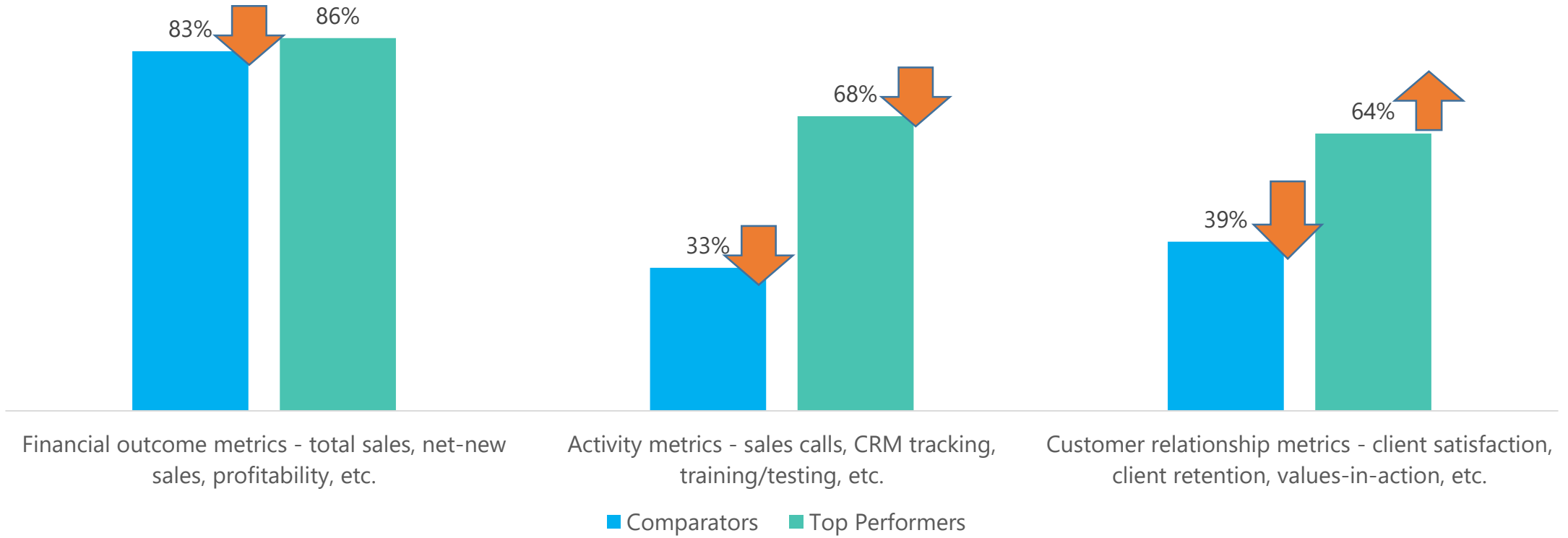
Business Objectives Channel Reward & Recognition



Qualifying Metrics Top Performer Channel Incentive Trip

- While sample size may be an issue, there are some major shifts in the percentages who use the various qualifying metrics for Top Performer Incentive trips from the previous wave of the study.
 - The percentage of Comparators who rely on financial outcome metrics has declined from 93% to 83% within the past year, while the percentage of Top Performers relying on financial outcomes remained constant at 86%..
 - The percentage of Top Performers who rely on activity metrics has declined from 86% down to 68%; Comparators saw an even larger drop, going from 86% to 33%.
 - The percentage of Top Performers who rely on customer relationship metrics has increased from 43% to 64%, while the percentage of Comparators focused on customer metrics has declined from 57% to 39%.

Qualifying Metrics Top Performer Channel Incentive Trip

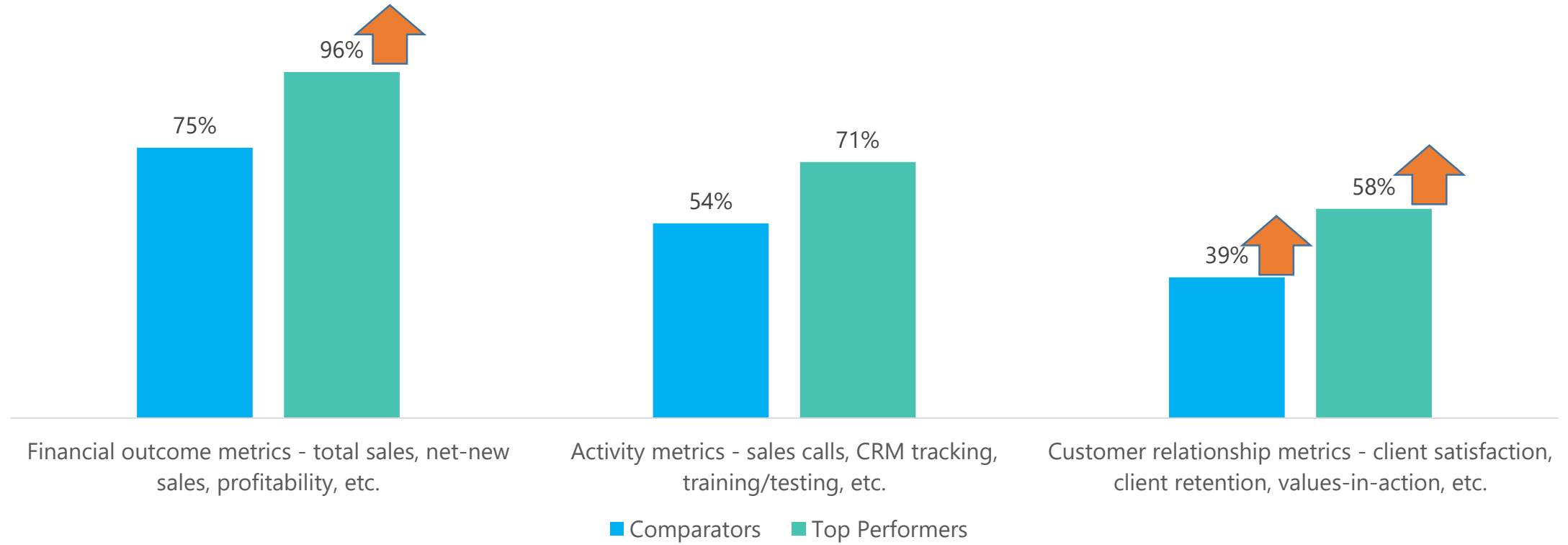


Which of the below best describes the metrics used to qualify channel participants for the Top Performer incentive trip?

Qualifying Metrics Top Performer Channel Rewards

- Financial metrics remain the focus for channel partners among both Top Performers and Comparators to achieve award points, gift cards, and merchandise.
 - The percentage of Top Performers using financial metrics to determine channel rewards increased from 81% to 96%
 - The percentage of Comparators using financial metrics remained relatively stable (75% vs. 71% last year.)
 - The percentage of those looking at customer relationship metrics increased, consistent with the idea that customer relationship metrics area becoming increasingly important to channel reward programs.
 - Top Performers focused on customer relationship metrics increased from 44% to 58%; Comparators rose from 30% to 39%.

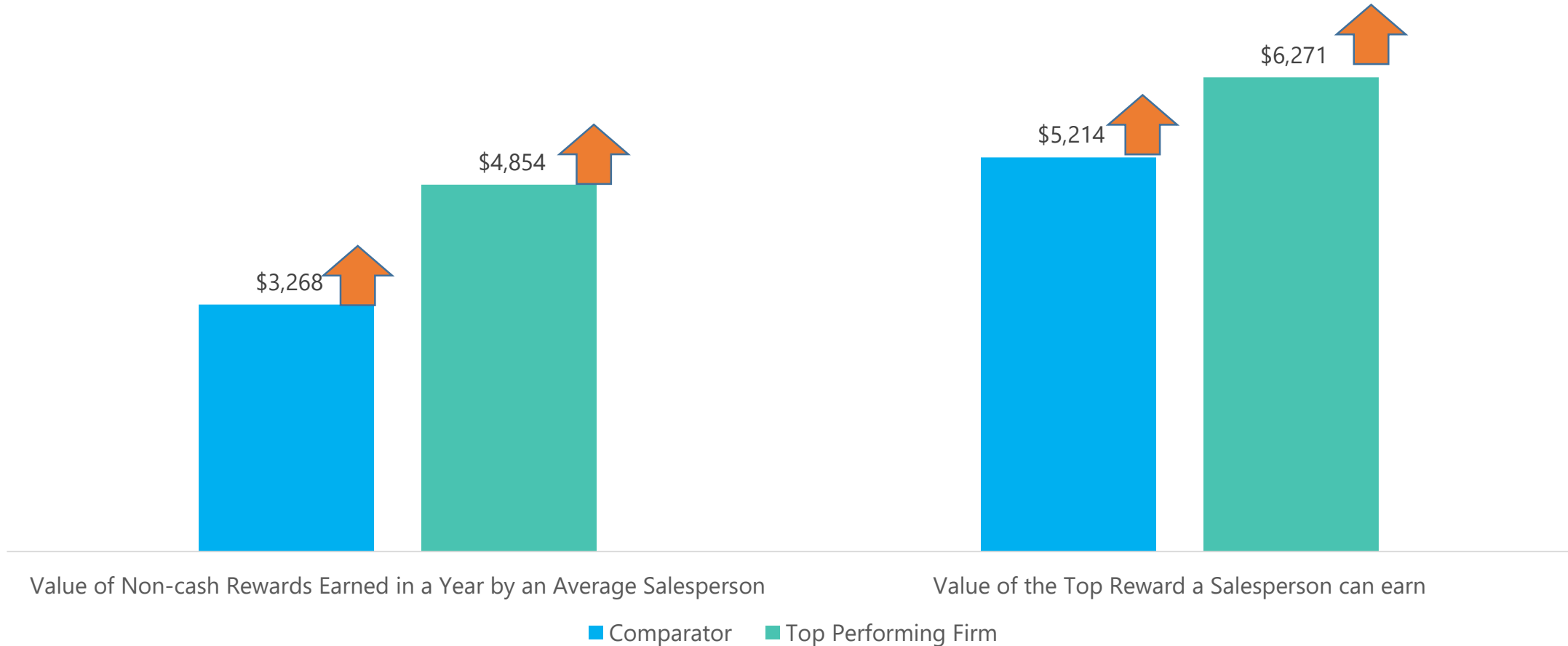
Qualifying Metrics Top Performer Channel Rewards



Which of the below best describes the metrics on which channel participants can earn award points, gift cards, and merchandise?

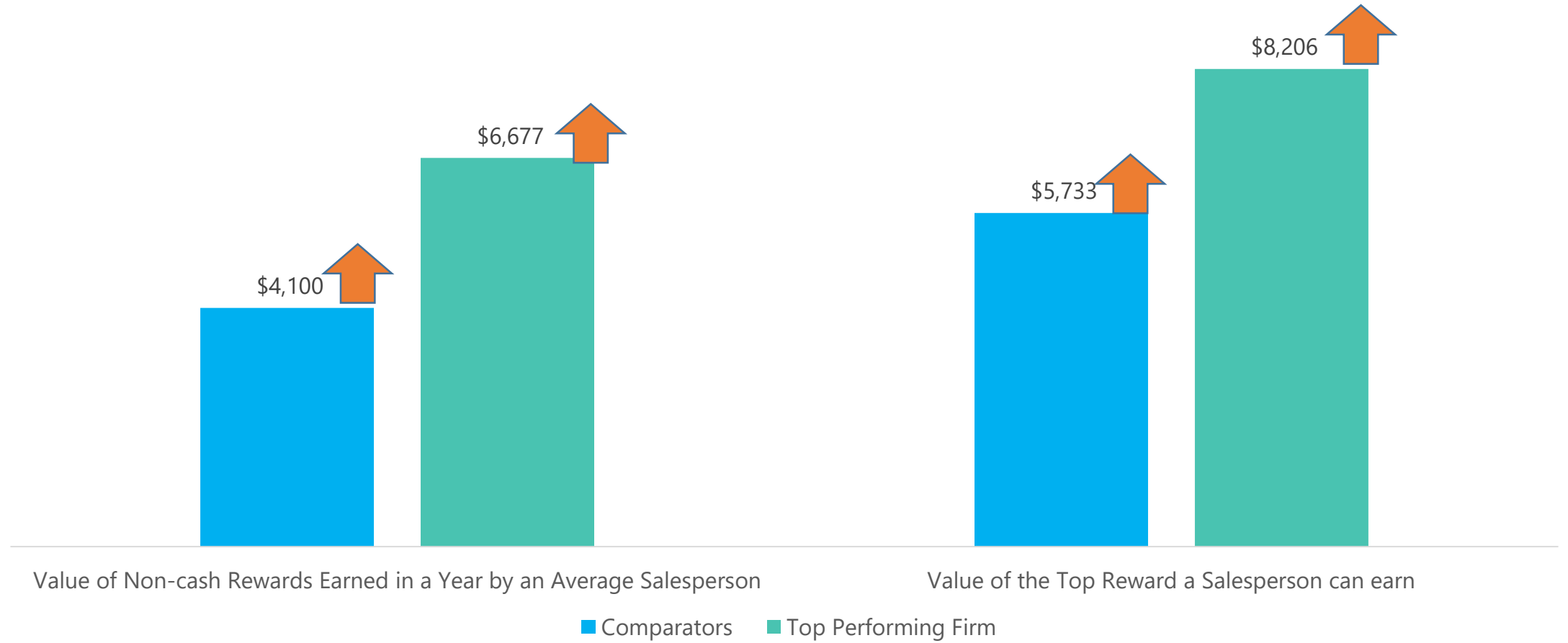
- The amounts spent by both Top Performers and Comparators rose from last year.
 - The average spent by Top Performers for channel rewards rose from \$2172 to \$4854; the average spent by Comparators rose from \$2481 to \$3268.
 - The top amounts rose from \$3359 to \$6271 for Top Performers and from \$3529 to \$5214 for Comparators.
 - As the data suggest, last year's data showed Comparators spent slightly more than Top Performers; this year, the situation is reversed.

Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



- Similarly, the amounts spent on incentive trips went up from last year, although the trend of Top Performers spending more on incentive trips continues.
 - Average Top Performer spend went up from \$5020 to \$6677; top spend on incentive trips went up from \$7500 to \$8206.
 - Average Comparator spend went up from \$3200 to \$4100; top spend went up from \$5000 to \$5733.

Average & Top Dollar Values Incentive Trips



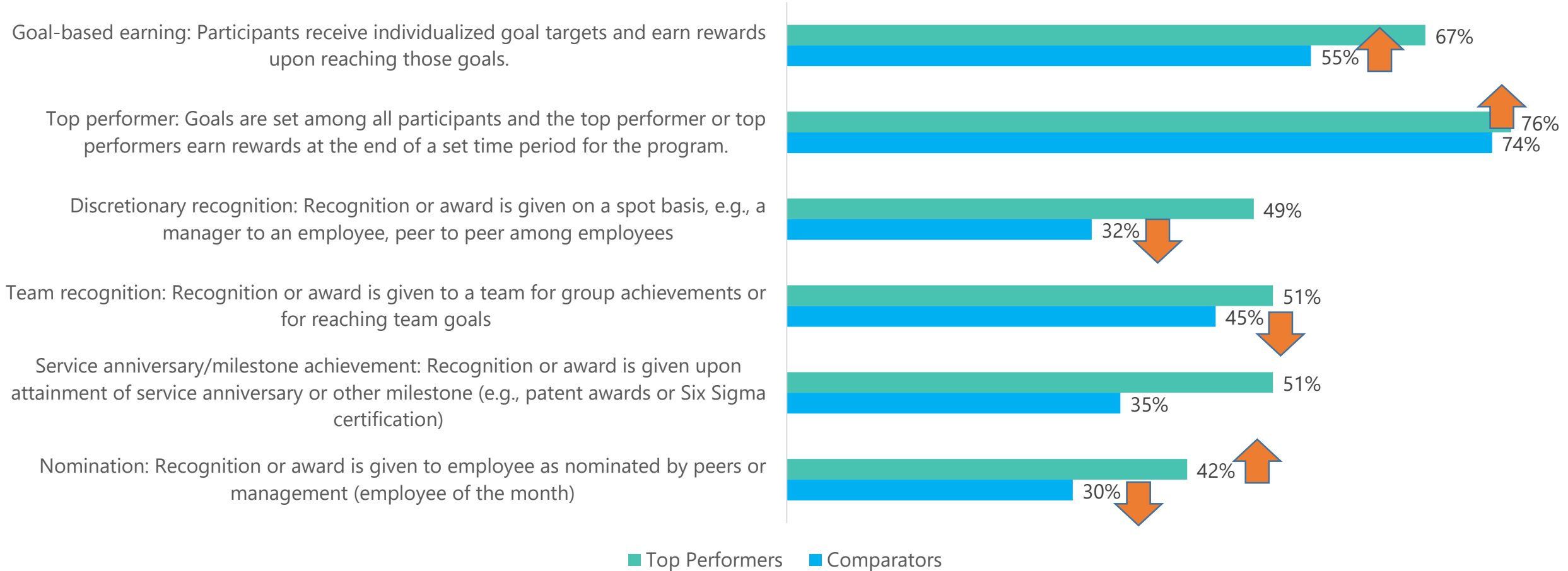
Using your best approximation, what are the AVERAGE and TOP reward values for your channel rewards?

EMPLOYEE PROGRAMS

Program Structures Employee Reward & Recognition

- Overall, Top Performing companies have a higher percentage of recognition program structures compared to Comparators.
 - The biggest gaps between Top Performers and others are in the following areas:
 - Discretionary recognition—Top Performers 49%; Comparators 32%
 - Service anniversary/milestone achievement awards—Top Performers 51%; Comparators 35%
 - Goal based earning awards—Top Performers 67%; Comparators 55%
 - Rewards by nomination—Top Performers 42%; Comparators 30%

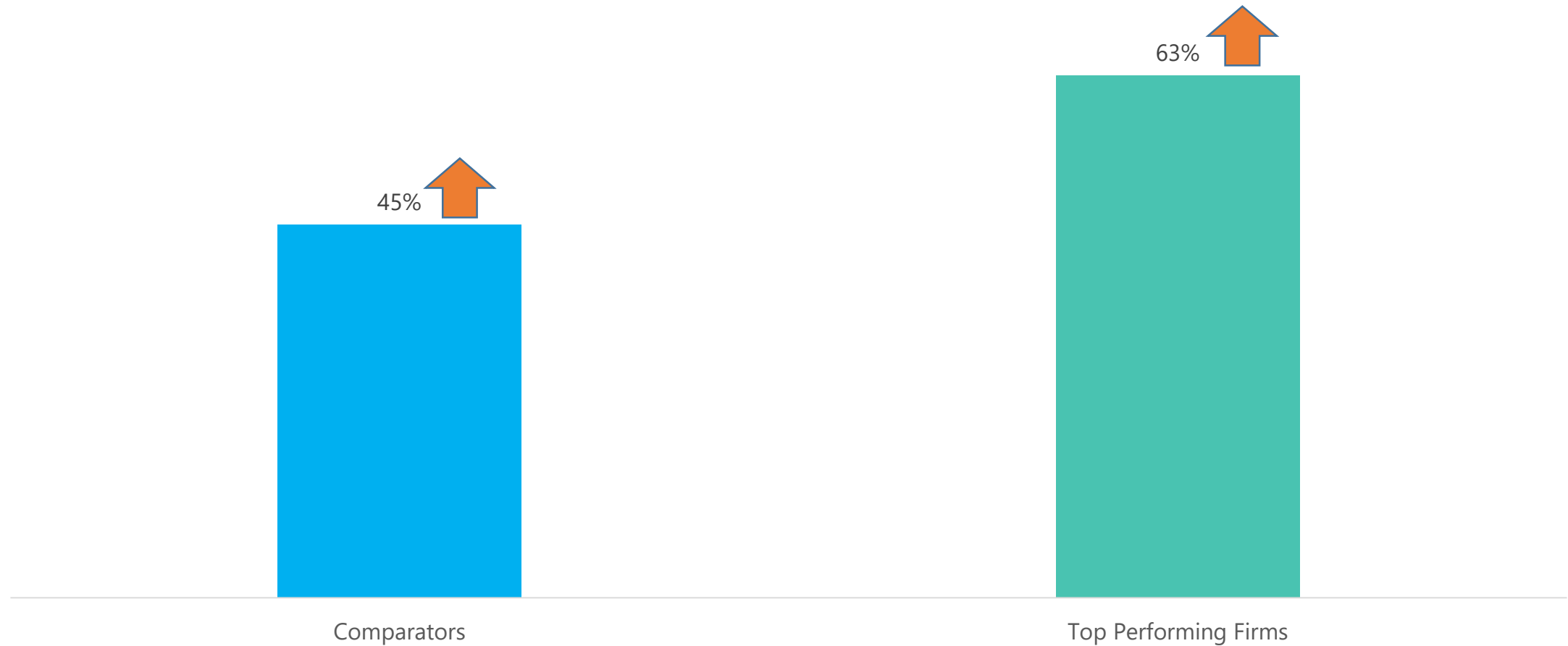
Program Structures Employee Reward & Recognition



Percent of Employees Earning Rewards

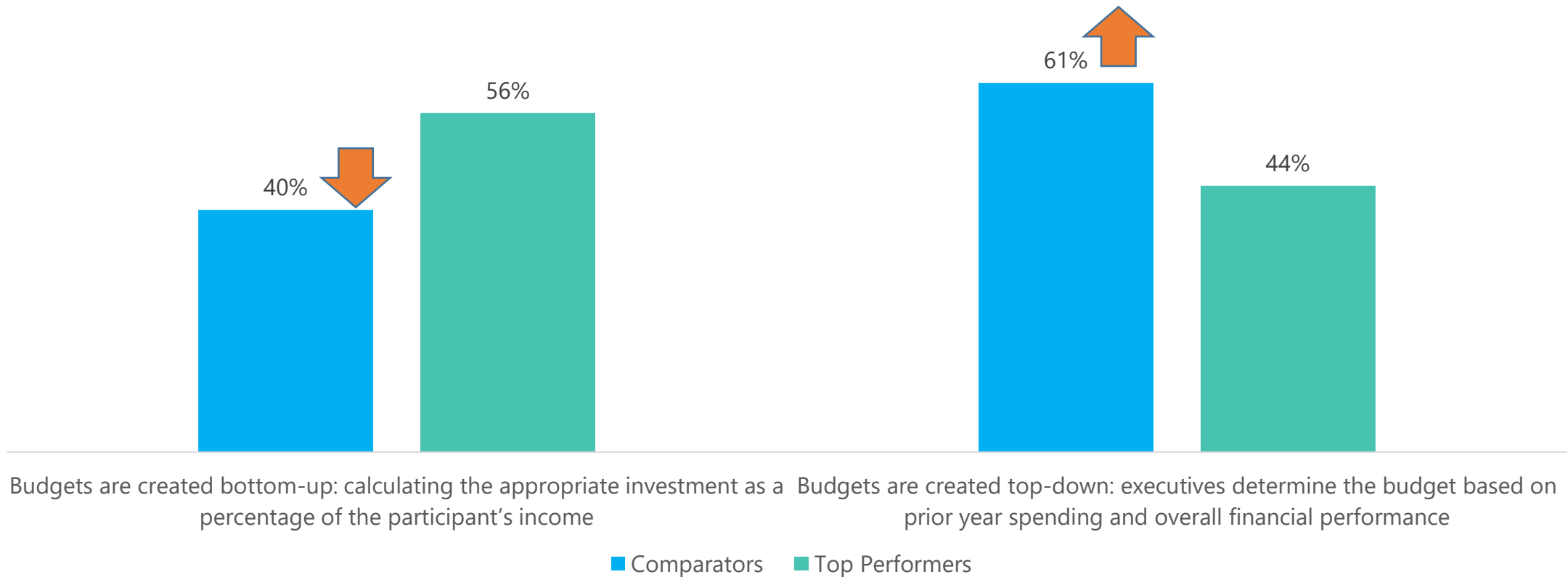
- While Top Performers have a higher percentage of employees expected to earn non-cash rewards compared to others (63% to 45%), the percentages for both groups went up from last year.
 - The expected percentage of employees earning rewards from Top Performers went up from 35% to 63%, while the percentage of Comparators went up from 28% to 45%.

Percent of Employees Earning Rewards



- Top Performers and Comparators are almost mirror opposites of one another in their approach to budgeting.
 - The majority of Top Performers (56%) create their budgets from the bottom-up, calculating the appropriate investment as a percentage of the participant's income, while the majority of Comparators (61%) create their budgets from the top-down, based on prior year spending and overall financial performance.
- Last year, Top Performers and Comparators looked nearly identical with regard to how they planned their budgets.
 - This year, there was a significant shift among Comparators toward more top down budget planning.

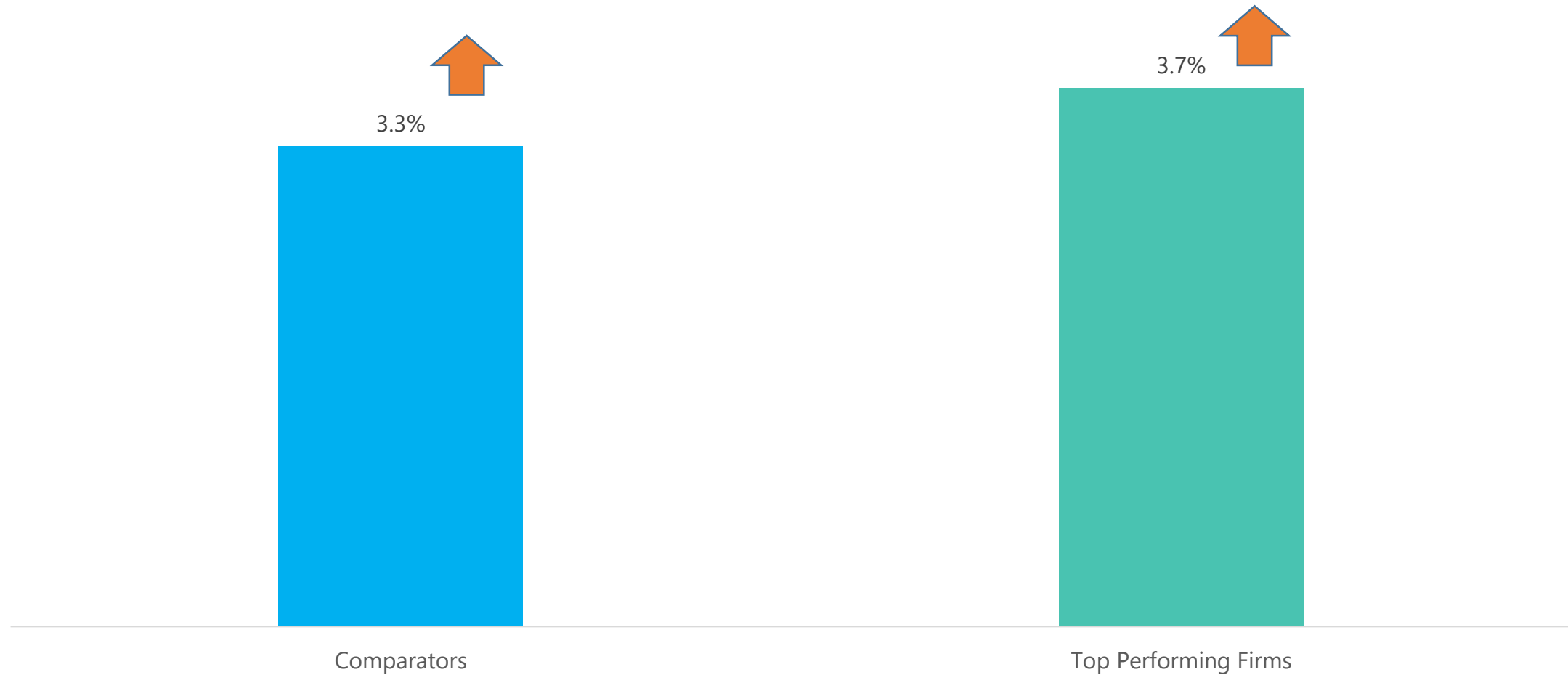
Budget Approach



Bottom-Up Budgeting: Percent of Payroll for Reward & Recognition

- Last year, both Top Performers and Comparators spent 3% of their budget on employee recognition programs.
 - This year, both showed increases in the percentage of their budgets that go toward reward and recognition programs (Top Performers 3.7%; Comparators 3.3%).

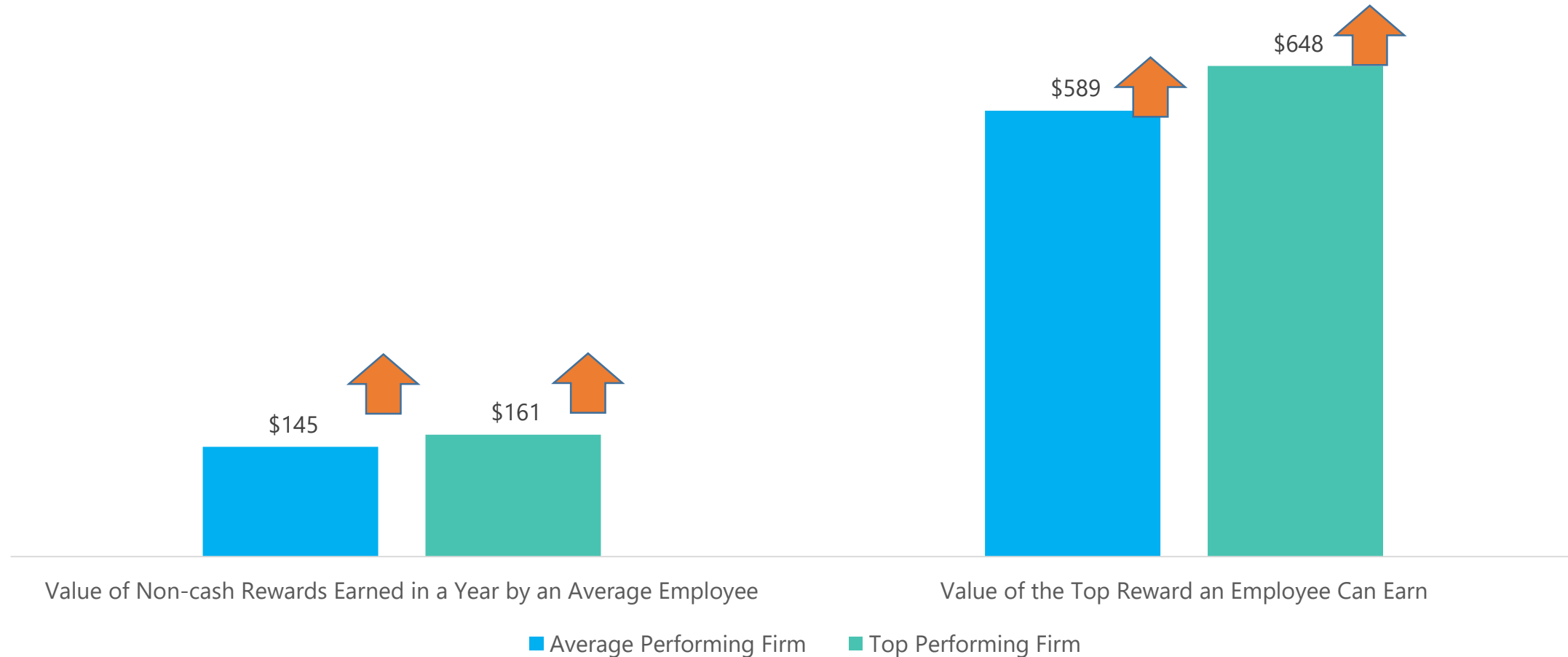
Bottom-Up Budgeting: Percent of Payroll for Reward & Recognition



Average and Top Dollar Spent

- While Top Performers outspend others on both employee non-cash rewards and incentive trips, the amounts spent by both have increased since last year.
 - Average spent by Top Performers on non-cash rewards has risen from \$120 to \$161; Comparator spend has risen from \$108 to \$145
 - Top spent by Top Performers rose from \$431 to \$648; top spent by others has risen from \$428 to \$589.
 - Value of non-cash incentive travel in a year by an average employee of a Top Performing firm rose from \$158 to \$191; average Comparator spend on employee incentive trips rose from \$138 to \$176.
 - Top spend on incentive trips rose from \$527 to \$746 for Top Performers; top spend rose from \$501 to \$675 for Comparators

Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values Incentive Trips

