



# NON-CASH VALUE PERCEPTION: IDENTIFYING THE TIPPING POINT

---



## Introduction

In a competitive business environment, maximizing effort and dedication to company outcomes is essential for success. Offering goal-oriented incentive reward programs is a key strategy companies employ to boost personnel performance and engagement. To maximize the effectiveness of these programs, it is crucial to understand the motivations of program participants (both internal staff and external “channel” partners) and tailor rewards accordingly. This approach presents reward optimization as a vital component in advancing a company’s objectives.

As organizations implement incentive reward programs, determining the monetary value of these rewards becomes increasingly important and challenging. While higher reward values can enhance motivation and participation, there is a threshold beyond which additional increases yield diminishing returns in engagement and performance. Identifying this “tipping point” ensures that budget allocations for reward programs generate a positive return on investment. By understanding where this balance lies, organizations can maximize the impact of their incentive strategies without overspending.

## Methodology

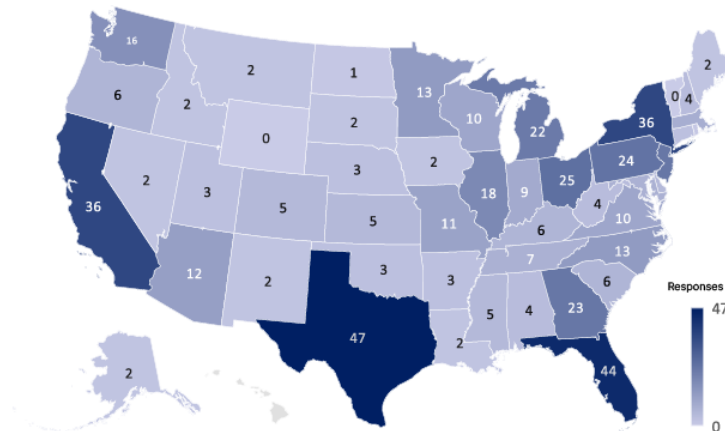
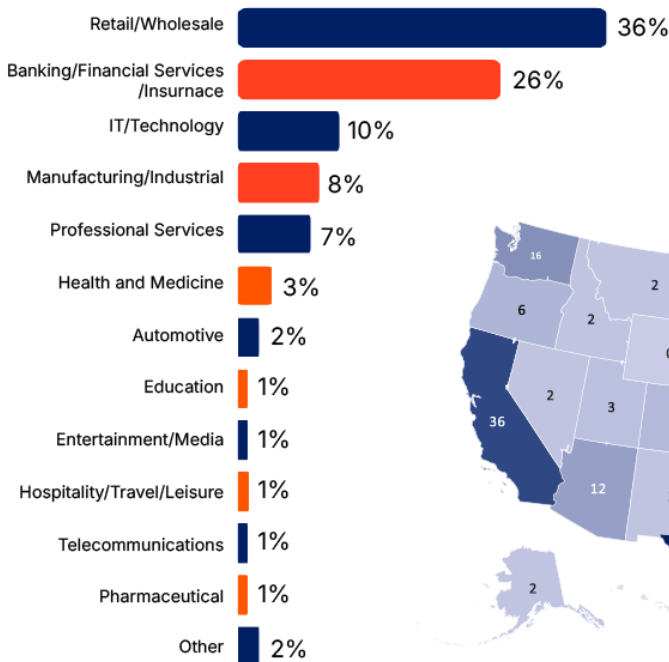
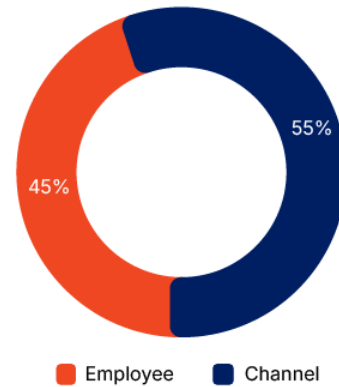
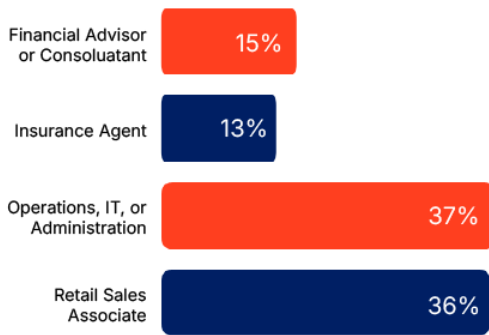
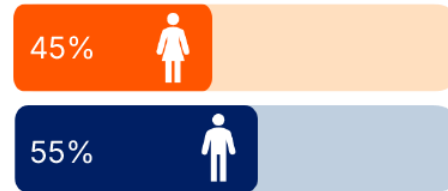
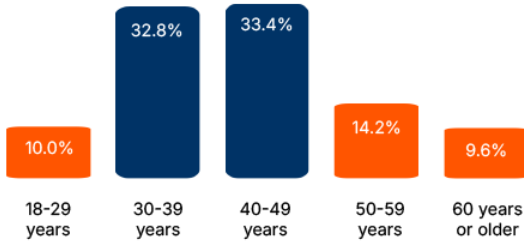
The Incentive Research Foundation (IRF) designed a study to identify optimal reward values across various scenarios and industries. As part of the study design, the IRF conducted ten qualitative interviews with incentive program owners in retail sales, finance, insurance, and professional services to gain a deeper understanding of how they currently determine reward values. The interviews also covered topics such as budgets and funding, measuring program performance, program participation, and the impact of reward value on morale and retention. The insights gathered from these in-depth interviews laid the foundation for the study and informed the development of a subsequent quantitative survey.

For the quantitative design, the IRF surveyed 500 full-time employees or channel partners eligible for non-cash rewards programs within their organizations. Respondents included:

- Retail sales associates earning \$15 to \$25 per hour
- Insurance agents earning \$60,000 to \$120,000 annually
- Financial advisors or consultants earning \$75,000 to \$150,000 annually
- Operations, IT, and administration professionals earning \$50,000 to \$150,000 annually

The survey included a mix of age, gender, industry, geographical location, tenure, company size, and employee versus channel programs. Within each segment, the results were analyzed to identify trends across different groups

## Respondent Demographics



As part of the survey, respondents were questioned about their previous experience with reward programs including participation, reward value, and reward program satisfaction. Additionally, each respondent completed a reward value optimization exercise. As part of the exercise, respondents were grouped into three categories: **Business Operations** (including operations, IT, and administration), **Finance** (including insurance agents and financial advisors or consultants), and **Retail Sales** (including retail sales associates). Within each category, respondents were randomly presented with two scenarios reflecting reward opportunities relevant to their specific roles.

Fashioned after the Van Westendorp Pricing Model, respondents answered the following questions for each scenario to determine a “tipping point” at which the dollar value of the reward would most effectively drive a desired outcome:

- What dollar value reward would you expect to receive if you accomplished this?
- At what dollar value would you consider it not worth the effort to earn the reward?
- At what dollar value would you start to consider making the effort to earn the reward?
- At what dollar value would you definitely make the effort to earn the reward?
- At what dollar value would you make extra effort to earn the reward as quickly as possible?

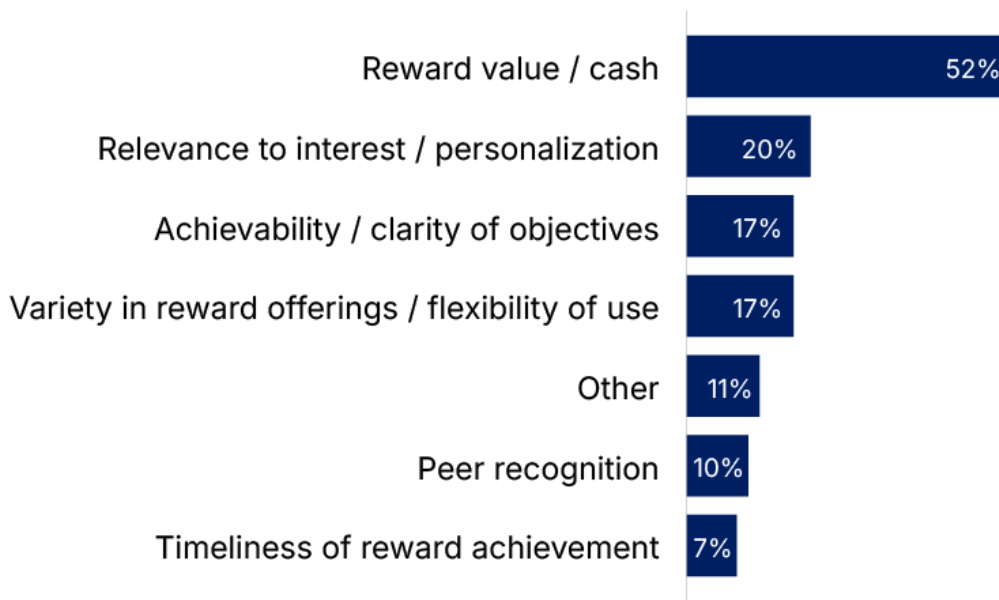
Responses to these questions were aggregated to develop a reward value optimization model, with regression curves providing insight into the outcomes for any specified reward value. For this study, the intersection of the ‘not worth the effort’ curve and the ‘make extra effort’ curve identified the baseline reward value. To confirm these results and explore additional options, each respondent was then presented with a series of pre-determined values to identify the minimum dollar value that would entice their participation. Each of the three scenarios in the Business Operations category received approximately 120 evaluations, as did each of the three scenarios in the Retail Sales segment. In the Finance segment, each of the two scenarios received 137 evaluations.

## The Importance of Monetary Value

*“Top performers are going to perform regardless; but rewards with monetary value help create trust that the company values its people, recognizing them, financially and emotionally.” – Interviewee*

In the interview series conducted by the IRF prior to the reward optimization survey, finance and insurance professionals frequently noted that the monetary value of a reward does not always fully reflect its appeal to program participants. One interviewee emphasized that “the key thing is making sure you’ve learned enough about your base to give them meaningful gifts.” To further explore the significance of monetary value, the optimization survey posed two additional questions to financial advisors and insurance agents.

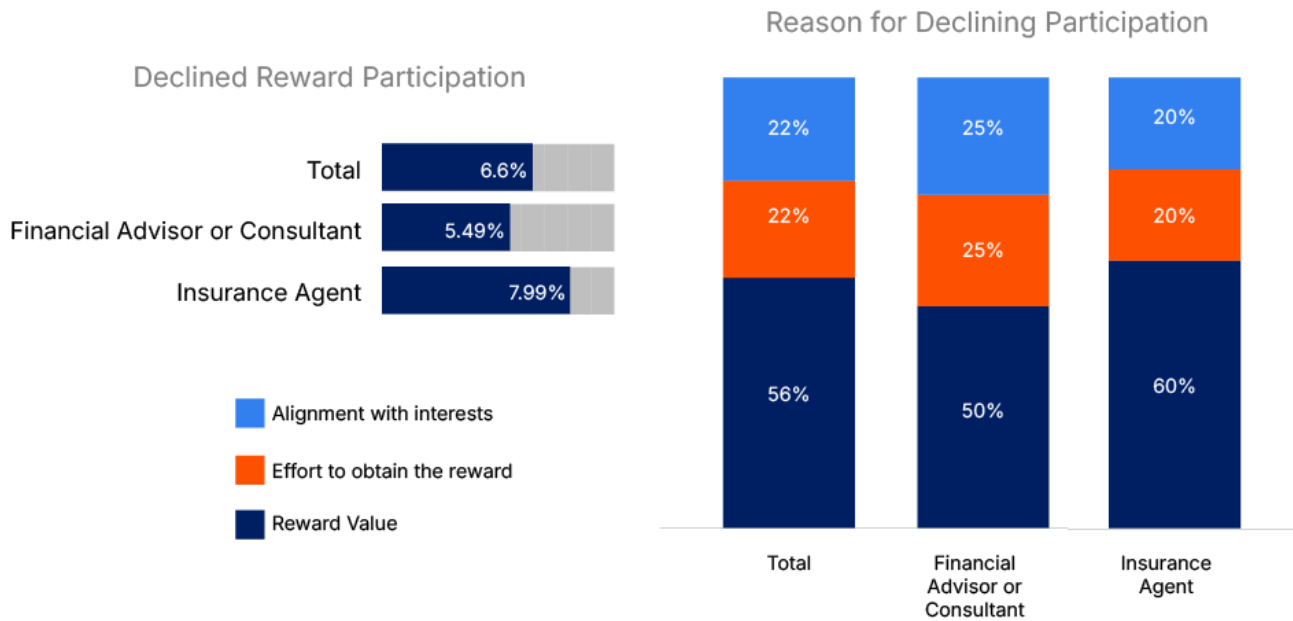
## Reward Program Participation Drivers



B5: What aspects of a reward make participation in a program appealing? (Please be as detailed and specific as possible)

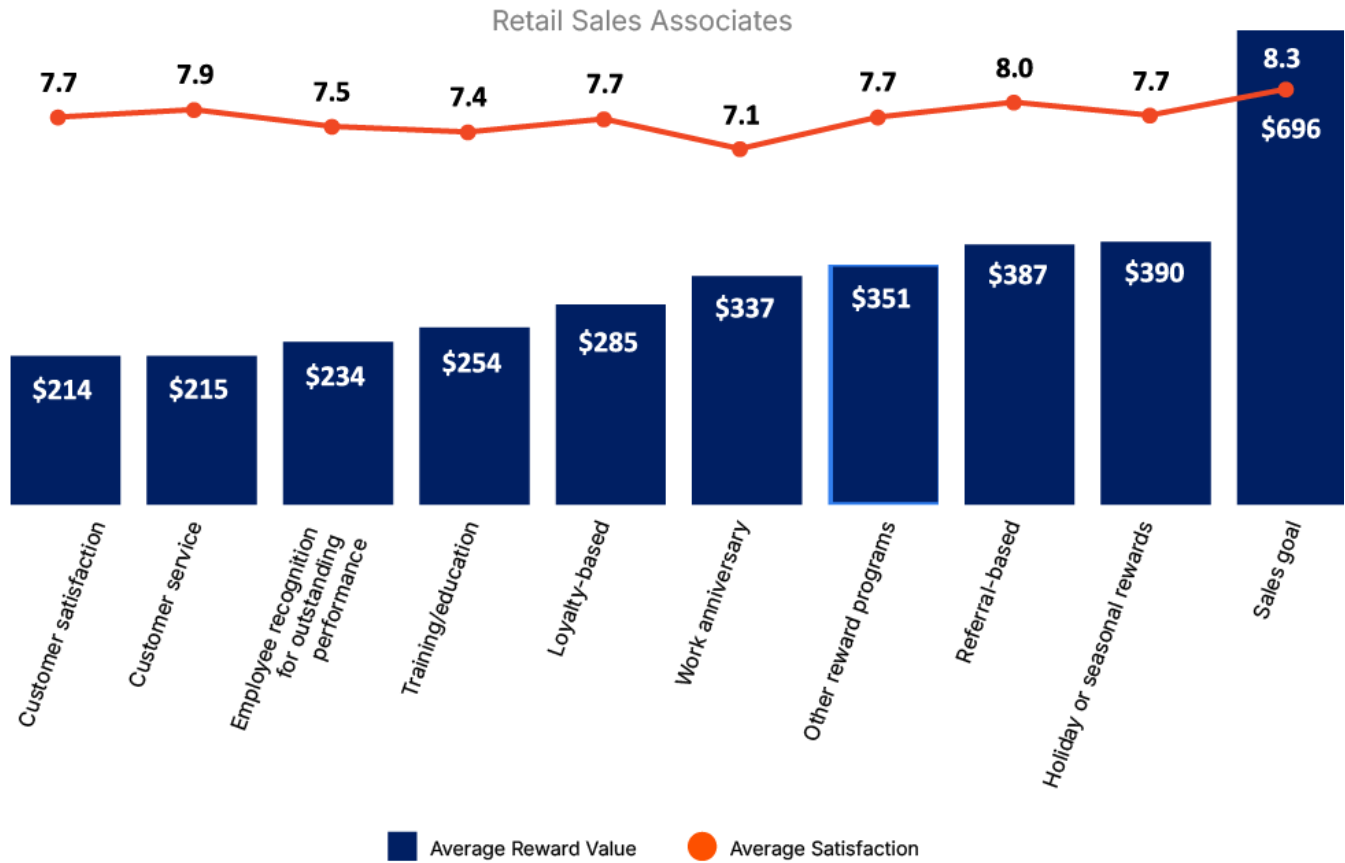
While factors such as relevance to interests, achievability and clarity of outcomes, and variety in reward offerings contribute to program participation, the monetary value of a reward remains the primary driver. It was identified as an appealing aspect of a reward program in 52% of responses (32% more than the next highest factor) and was the sole aspect listed in 35% of responses. Additionally, though very few potential participants opt out of partaking in reward programs, over 50% of those that do cite the monetary value of the reward. Another 22% indicate the effort that it takes to obtain the reward. While these individuals did not directly reference reward value, an increase in value could influence their perspective and make the effort seem more worthwhile. Adapting rewards to qualifiers' varying preferences is difficult, but as one interviewee told us, "If we operate solely based on our own agenda rather than catering to what the qualifiers want, we see less interest."

## Reward Program Deterrents



B4: Have you chosen not to participate in a reward program that was available to you? If yes, please describe the reasons you did not participate.

## Average Reward Value vs. Average Reward Satisfaction



B4: Have you chosen not to participate in a reward program that was available to you? If yes, please describe the reasons you did not participate.

Survey respondents were asked to provide the monetary value of past reward offerings and their satisfaction with those rewards. Comparing the average values of both metrics presents an opportunity for further investigation into the role of incentive value. Overall, there is only a loose correlation between reward value and satisfaction, as many lower-valued rewards still receive high satisfaction ratings. One interviewee noted that, “Participation is high when we use well-designed non-cash rewards, even if the monetary value of those rewards is lower than a cash reward may have been. We’ve found that these incentives are especially effective in driving important behaviors like opportunity generation through proposal volume.” Notably, financial advisors and consultants demonstrate some of the strongest connections between reward value and satisfaction. Overall, these findings suggest that while reward value is a key driver of participation, a more holistic approach is needed to maximize the effectiveness of incentive reward programs.

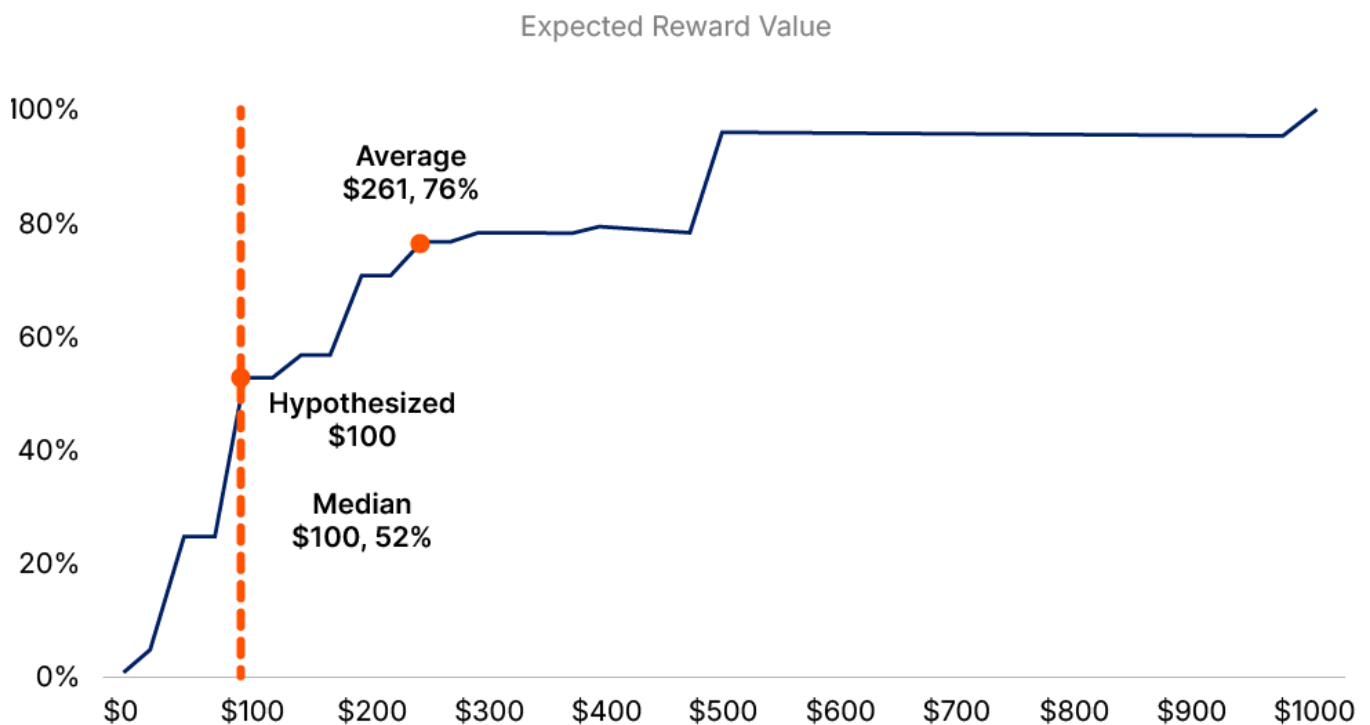
## Reward Value Optimization

### Business Operations – Scenario 3

The following scenario was presented to 123 respondents in the Business Operations segment:

*Your organization is holding an innovation contest to identify a solution to an efficiency problem. Your idea is among the finalists for evaluation. In recognition of being one of the finalists, you receive a gift card.*

### Business Operations Scenario 3 - Expected Reward Value



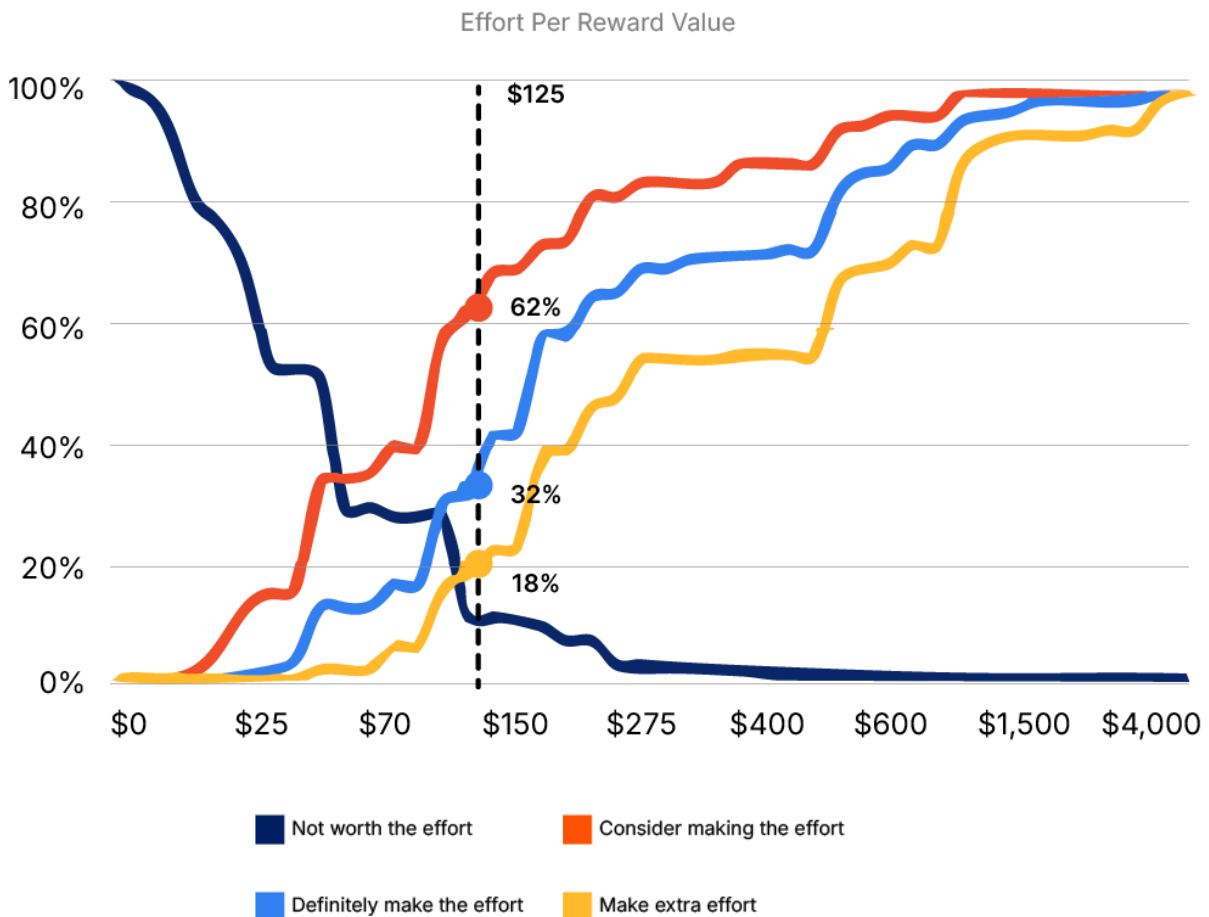
A1: What dollar value reward would you expect to receive if you accomplished this?



On average, operations, IT, and administration professionals expect a reward value of \$261, well above the \$100 hypothesized reward from the program designer, which is consistent with the median. The significant amount between median and average values suggests that many respondents indicated lower expected reward values while a few reported exceptionally high amounts. The responses varied widely, ranging from \$25 to \$5,000. Notably, males reported an average expected value of \$315, 58% higher than the \$200 average for females.

The graph below illustrates the responses to the reward value optimization model questions. At the identified baseline reward value of \$125, 62% of respondents indicated they would consider making the effort to earn the reward. However, only 32% would definitely make the effort to work toward the goal, and just 18% would exert extra effort to achieve the reward. This indicates that an incentive value of \$125 should likely be the absolute minimum.

### Business Operations Scenario 3 - Reward Value Optimization



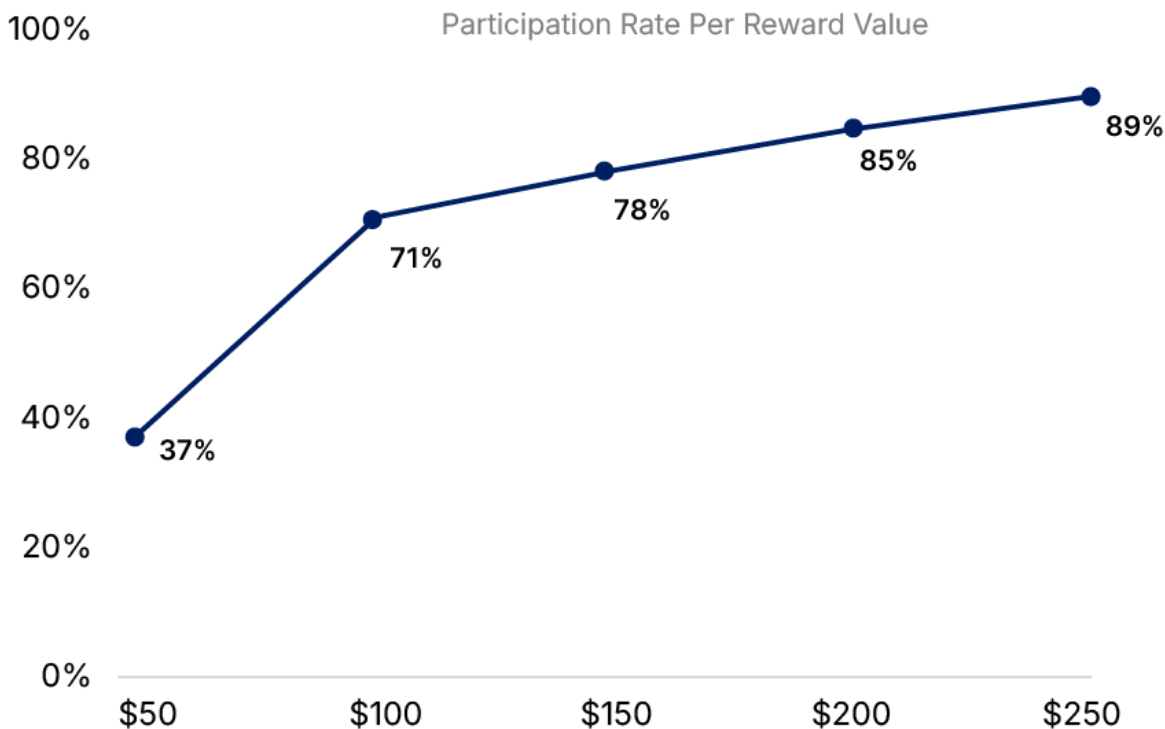
A2-A5: At what dollar value would you...to earn the reward?

If the goal of the program is to maximize participation, the reward value could be established from the “definitely make the effort” curve. Under this consideration, steady increases in engagement can be achieved with reward values up to \$325, at which point 70% of respondents would definitely partake in the program. Beyond this mark, the proportion of respondents who can confirm their engagement begins to plateau until reaching a reward value of \$500 (83%).

Conversely, if the objective is to generate excitement among participants regarding the program and its rewards, the “make extra effort” curve should guide the incentive reward value. In this case, an optimal reward value might be around \$300, as 54% of Business Operations personnel would invest extra effort to achieve the goal. Minimal changes in response are observed until reaching \$500, where the participation rate increases to 57%, demonstrating that even higher reward values can drive greater engagement if the rewards budget allows.

Participation indicators yield slightly different results. While operations, IT, and administration professionals initially indicated higher values, 71% confirmed they would make the effort to earn the reward at \$100 when presented with the incentive value. Additionally, nearly 90% expressed willingness to engage at a \$250 reward value. This suggests that although respondents favor higher amounts, reward values below their expectations can still generate considerable involvement in the program if presented in an enticing manner.

### Business Operations Scenario 3 - Expected Reward Value



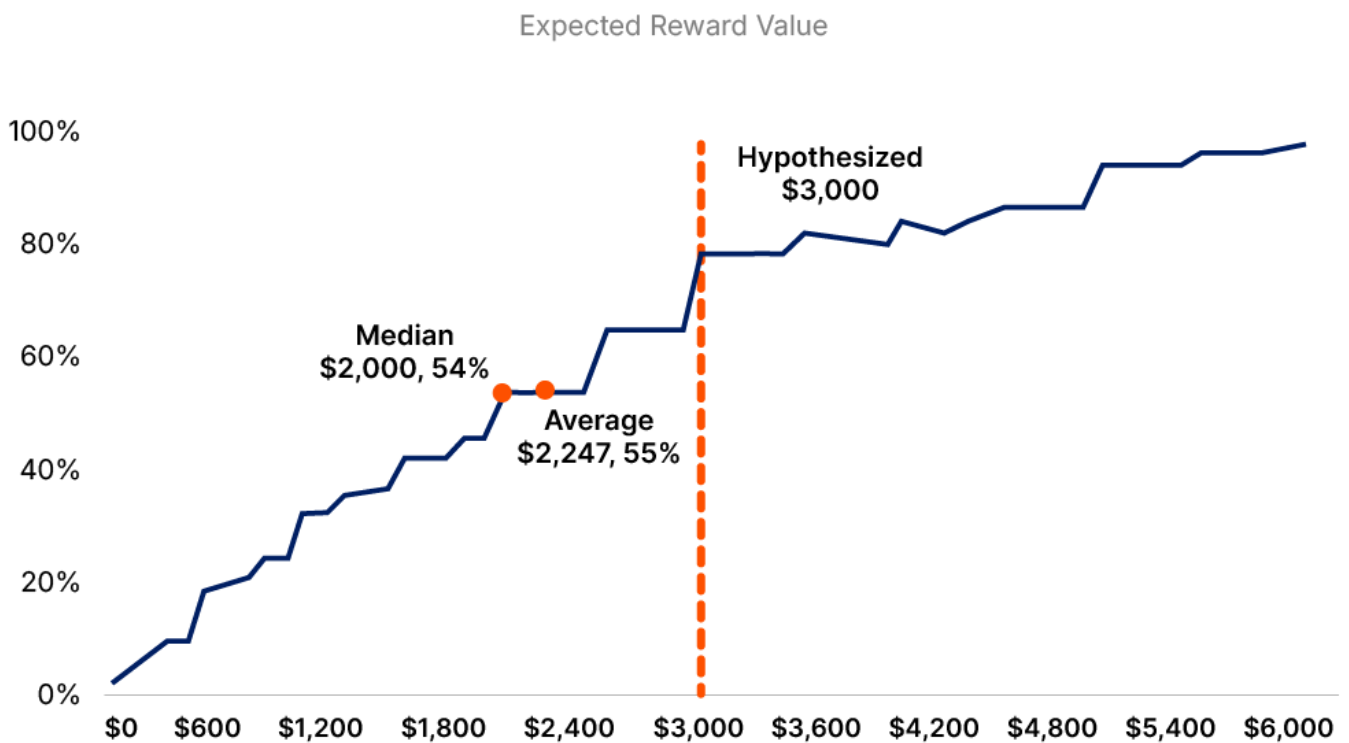
A6-A10: Would you make the effort to earn this reward if it was worth \$[X]?

## Finance - Scenario 1

The following scenario was presented to 137 respondents in the Finance segment:

*You are among the top 5% of performers at your company. As a result of your outstanding efforts, you will receive a travel voucher for a trip of your choice, including airfare and accommodations for you and a guest.*

### Finance Scenario 1 - Expected Reward Value

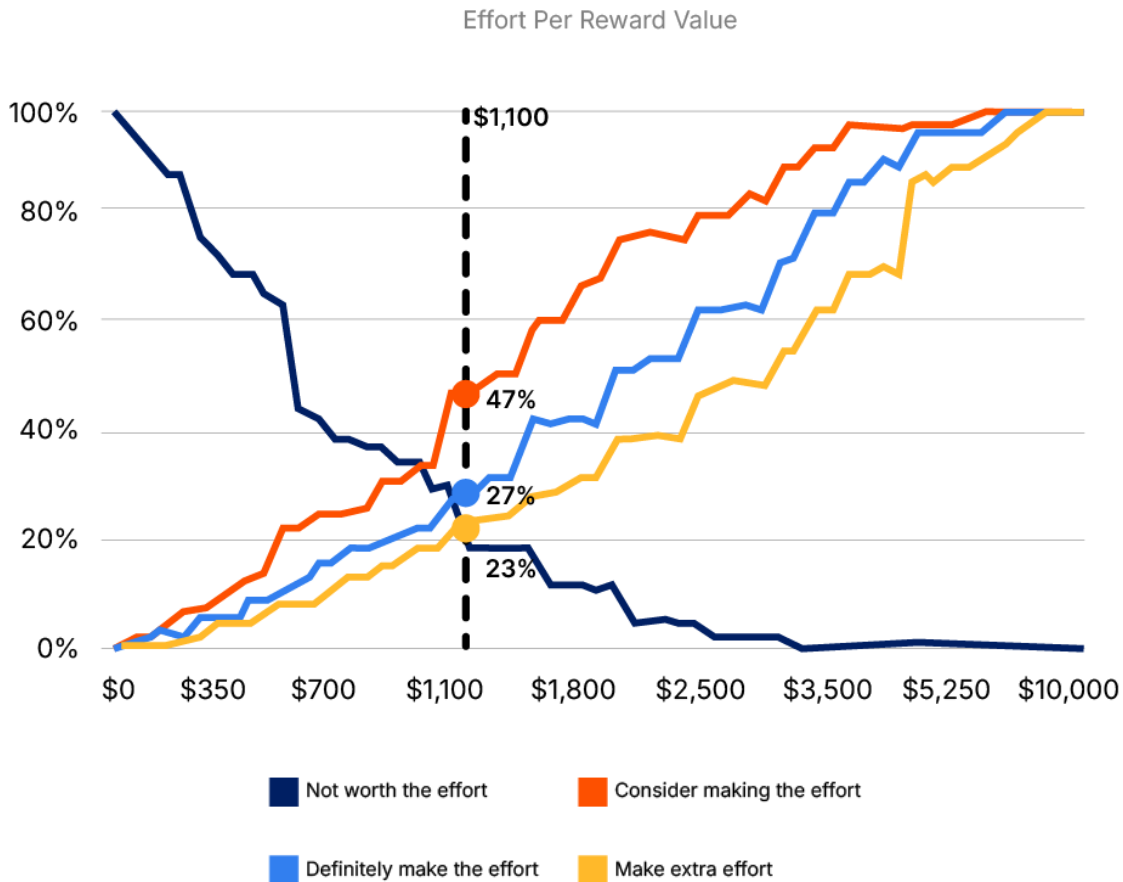


A1: What dollar value reward would you expect to receive if you accomplish this?

With an average expected reward value of \$2,247 and a median expected reward of \$2,000, financial advisors and insurance agents provided a more consistent set of values in response to this scenario than others. These marks are also well below the hypothesized reward value of \$3,000 set by the program designer. At an average expected reward of \$2,743, channel program participants have a 32% higher expectation than employee program participants (\$2,084). Additionally, insurance agents exhibit a 39% greater reward expectation than financial advisors or consultants, with averages of \$2,653 and \$1,902, respectively.

Incentive travel is often among the most expensive in an organization’s repertoire of rewards but as one interviewee said after reflecting on their incentive structure, “Our group travel programs are expensive. The premiere trip costs approximately \$30,000 per participant, and provides expenses like accommodation, meals, and travel arrangements. But we’ve been doing it for years, and the cumulative value the program delivers to the business makes the investment worthwhile”

### Finance Scenario 1 - Reward Value Optimization

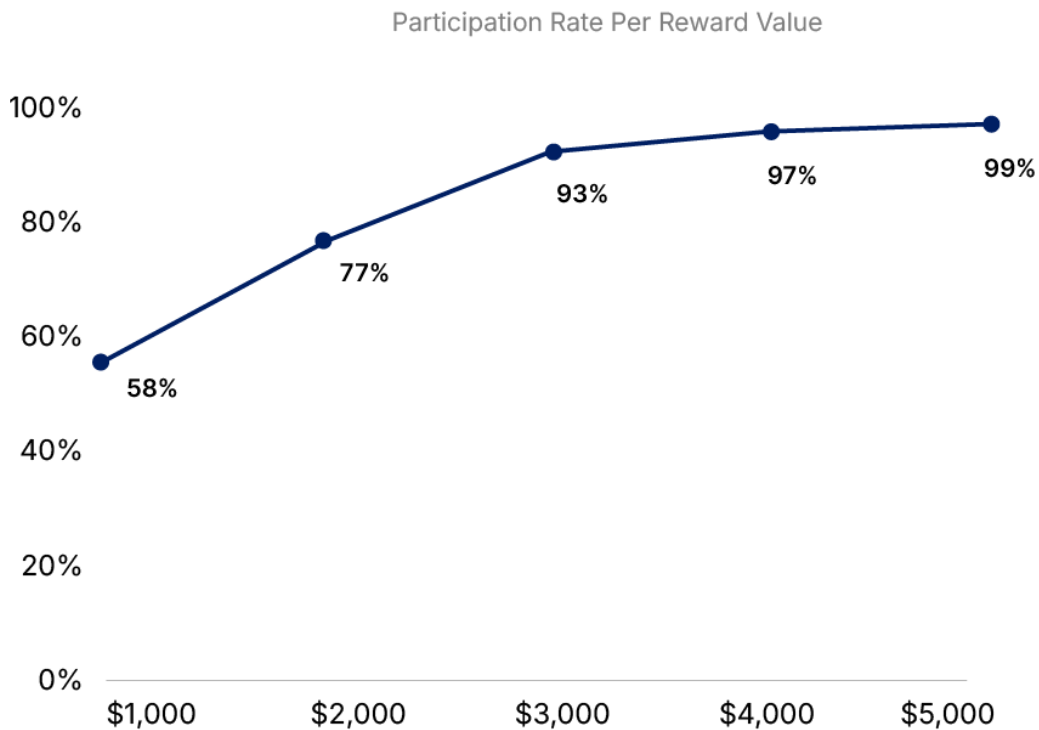


A2-A5: At what dollar value would you...to earn the reward?

Responses to the reward optimization model questions were also grouped more consistently. At the baseline value of \$1,100, only 47% of respondents indicated they would consider pursuing the reward. Interestingly, while just 27% would definitely participate, 23% would make extra effort to achieve the target. This relatively tight clustering of results suggests that participation may lead directly to extra motivation to reach the objective.

To enhance program engagement, increasing the incentive is consistently effective up to \$1,500, with 42% indicating they would definitely make the effort to achieve the reward. Participation then rises significantly only in larger increments (52% at \$2,000, 61% at \$2,500, 71% at \$3,000, etc.). Generating excitement within the program steadily rises with increased incentive value up to \$2,000, where 39% indicate that they would make extra effort to earn the reward. Similar to program participation, significant increases in motivation occur in larger incremental reward increases (46% at \$2,500, 55% at \$3,000, 62% at \$3,500, and 69% at \$4,000). These findings indicate that defining an optimal reward value may be even more difficult than in other scenarios. When significant increases in response require substantial jumps in reward value, budget considerations should be assessed to determine whether the cost of additional incentives

### ▶ Finance Scenario 1 - Reward Value Optimization



A6-A10: Would you make the effort to earn this reward if it was worth \$[X]?

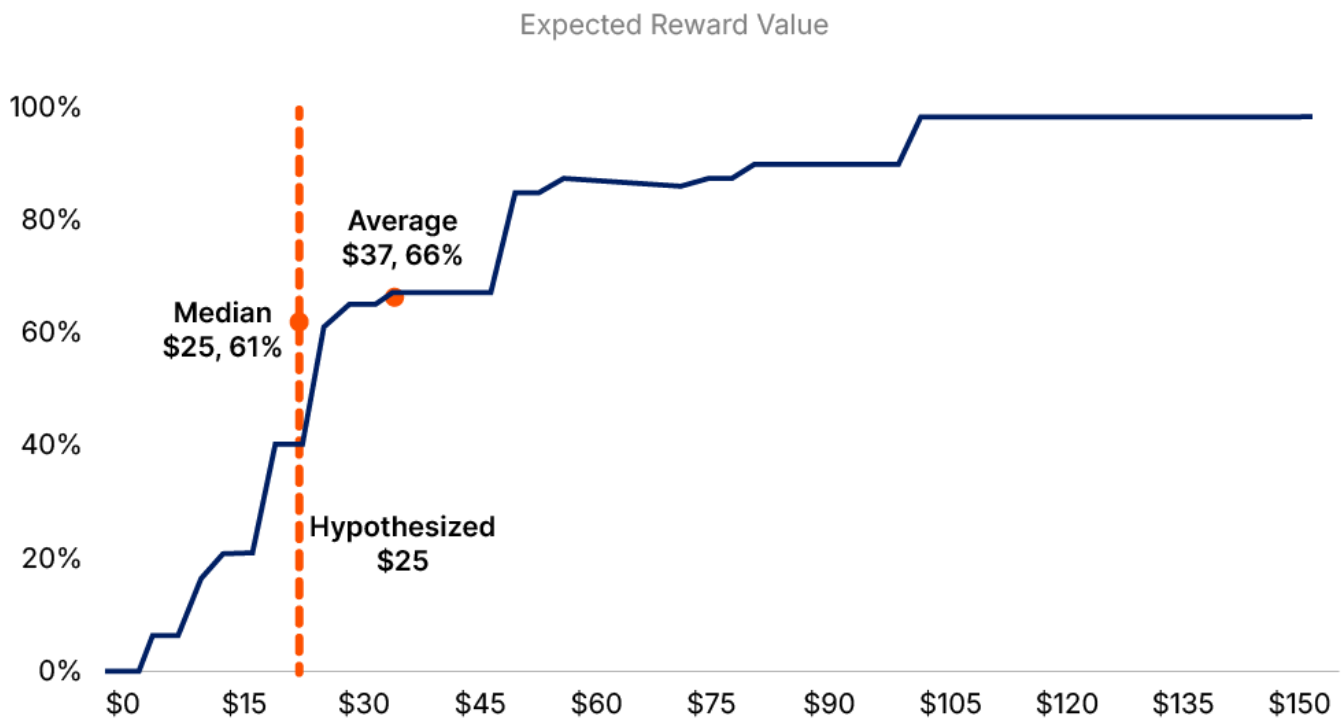
Participation indicators show that increasing the reward value to between \$1,000 and \$3,000 would result in significant increases in participation. Beyond \$3,000, while higher reward values would still attract additional participants, the growth rate would be reduced. Unlike the previous model, this analysis does not reveal significant incremental adjustments, as the incentive values were offered to the respondents.

## Retail Sales – Scenario 1

The following scenario was presented to 119 professionals in the Retail Sales segment:

*Your organization has a training program that needs to be completed by all employees. You will receive a gift card for completing the training by a specific date.*

### ▶ Retail Sales Scenario 1 - Expected Reward Value

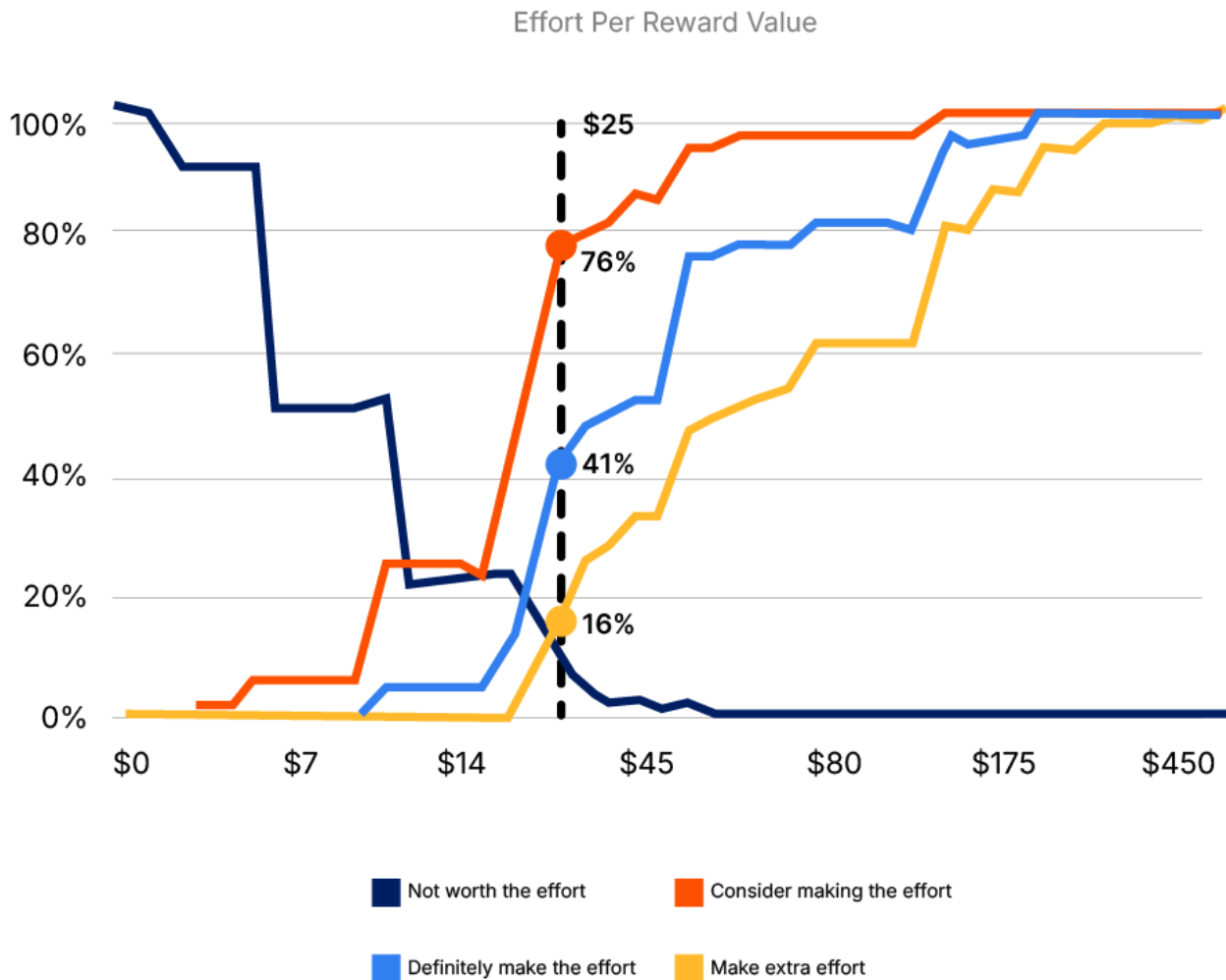


A1: What dollar value reward would you expect to receive if you accomplished this?

Retail sales associates displayed a relatively wide range of reward value expectations, with an average of \$37 and a median of \$25 (on par with the hypothesized reward value). This disparity is largely attributed to male respondents, who expect an average reward of \$46, 53% more than their female counterparts. Though not talking about males specifically, an interviewee from the retail sector warned, "If the 'juice isn't worth the squeeze,' engagement and success dip."

The baseline incentive value of \$25 would drive relatively high engagement, with 76% of respondents considering and 41% confirming their intent to pursue earning the reward. Conversely, only 16% of retail sales associates indicated they would make an extra effort to achieve the reward. These results suggest that in scenarios where the effort required to obtain a reward is minimal, a lower incentive value can encourage participation, but it may not generate significant excitement.

## Retail Scenario 1 - Reward Value Optimization



A2-A5: Would you make the effort to earn this reward if it was worth \$[X]?



Retail sales associates offer more definitive evidence of an optimal reward value for effectively engaging program participants. At a reward value of \$55, 76% would definitely make the effort to earn the reward. In contrast, an incentive value of \$45 yields only 52% participation, and a significant increase to \$100 is necessary to boost program engagement.

To drive program excitement, the optimal reward value is less straightforward. Increasing the incentive leads to steady growth in the percentage of participants willing to make extra effort, up to 61% at \$75. However, minimal change occurs afterward until the reward is raised to \$100, at which point excitement levels rise steadily to 97% at a \$250 incentive value.

Although retail sales associates may be willing to participate for lower amounts, a comprehensive view of engagement and excitement suggests that the optimal reward value is around \$55, or \$100 if the budget permits.

## Reward Value Optimization Model Application

To maximize the effectiveness of incentive reward programs, organizations must recognize that a one-size-fits-all approach is insufficient due to the inherent variability in participants' expectations and motivators. The findings from this study highlight the importance of understanding the specific needs and preferences of potential program participants. To hone in on maximizing the effectiveness of the reward value offered, we recommend conducting an analysis specific to your audience. Key questions to explore in your research include:

- At what dollar value would you consider it not worth the effort to earn the reward?
- At what dollar value would you start to consider making the effort to earn the reward?
- At what dollar value would you definitely make the effort to earn the reward?
- At what dollar value would you make extra effort to earn the reward as quickly as possible?

The objectives of the incentive rewards program should guide the analysis. If the goal is to most efficiently maximize participation, interpretation should focus on the data derived from the "consider making the effort" and "definitely make the effort" curves. These insights will help to identify a baseline reward value that encourages a substantial rate of engagement.



Conversely, if the aim is to generate excitement and inspire participants to exceed expectations, prioritize the findings from the “make extra effort” curve. This will indicate higher reward thresholds that motivate individuals to go above and beyond in their performance.

The chart below provides a hypothetical analysis of each scenario in this study. The reward value target has been determined based on the diminishing returns observed in the “definitely make the effort” curve for estimating participation, and the “make extra effort” curve for estimating the rate of exceeding expectations.

Scenario	Suggested Reward Value	Expected Participation Rate	Expected Rate of Exceeding Expectations
Business Operations - Scenario 1	\$600	84%	68%
Business Operations - Scenario 2	\$500	80%	61%
Business Operations - Scenario 3	\$800	91%	74%
Finance - Scenario 1	\$5,000	96%	87%
Finance - Scenario 2	\$1,500	93%	89%
Retail Sales - Scenario 1	\$100	93%	79%
Retail Sales - Scenario 2	\$100	89%	75%
Retail Sales - Scenario 3	\$110	92%	77%

By tailoring the reward structure based on these insights, you can maximize the reward value to create a more effective and engaging program that resonates with the intended audience. This strategic alignment between reward value and participant expectations serves to not only drive higher participation but also to enhance overall satisfaction with the incentive program. Ultimately, a customized reward program will lead to improved performance and a stronger commitment to your organization’s objectives.

Moreover, as organizations refine their approaches to non-cash incentives, understanding the specific psychological factors at play can be vital. As one interviewee from the professional services industry noted, “A significant reward needs to generate talk and buzz to be effective.” This highlights the importance of creating an engaging environment where the rewards stimulate conversation and excitement among employees and channel partners, thereby enhancing the culture of recognition within the organization.



## Key Takeaways

### Effective reward values are dependent on multiple factors

Historical reward values vary by program type (e.g., sales goals, customer satisfaction), participant employment role, and whether the program is employee- or channel-driven. Even within common program types and roles, different reward scenarios require differing compensation levels. This variability highlights the complexity of reward structures and the necessity for careful consideration of the specific context in which rewards are given.

### The value of a reward does not guarantee satisfaction

Average satisfaction trends show a loose correlation with average reward values across various programs. However, inconsistencies arise, with some lower-valued programs receiving higher ratings and vice versa. Observations suggest that satisfaction is generally higher in employee-driven programs compared to channel programs, even though channel program participants often expect greater reward values. This indicates that a more personal connection may significantly influence perceived value.

### Reward value is linked to performance motivation

In all scenarios, as reward value increases, the percentage of participants reporting their willingness to engage in a program and exert (extra) effort to achieve its goals also rises. However, there is a threshold beyond which further increases in reward value no longer lead to significant gains in participation. Additionally, even substantial reward amounts may not attract participation from all potential individuals.

### Optimal reward values are difficult to pinpoint

Though the reward optimization methodologies aimed to identify a specific range of values that would encourage participation in a rewards program, considerable variability exists, even among common respondent roles. When asked to suggest a reward value that would entice them, respondents often listed higher amounts than they later indicated as motivating when presented with actual values. This suggests that a wide range of values may drive engagement in rewards programs, especially when considering other motivational factors.

### Though reward value is the primary driver for participation, other factors hold significance

While the majority of financial advisors/consultants and insurance agents choose to participate in incentivized reward programs, many who opt out do so for reasons other than reward value. Furthermore, nearly half of the respondents identified non-value related factors that enhance a program's appeal, including personalization and relevance to their interests, clarity and achievability of objectives, and variety and flexibility in reward offerings, among others.



## Conclusion

The cash value of rewards is important, and models or guidance on how to set these levels can be valuable. However, as companies navigate the diverse expectations of their workforce, it is crucial to go beyond merely offering cash or focusing too heavily on the cash value of non-monetary rewards. "If we try to win based solely on dollars, we're going to lose; instead, we focus on personalized and special rewards," noted one industry leader. This perspective underscores the need for companies to develop a deeper understanding of what truly motivates both their internal employees and external channel partners, transitioning to a model of recognition and incentive design that emphasizes meaningful experiences and emotional connections over financial incentives.

In conclusion, the insights from this study, spanning various industries, provide a solid framework for organizations to enhance incentive design. The findings emphasize the importance of tailoring rewards to meet the diverse needs of both employees and channel partners, highlighting the significant role of non-cash incentives. Additionally, it is crucial that reward program structures not only drive participation but also foster deep, sustained engagement. By adopting these strategies, organizations can cultivate a motivated workforce that aligns with their strategic goals, leading to long-term success and innovation.

Thank you to our  
Research Advocacy Partner

