

Points-Based Incentive Programs

Point-based incentive solutions outperform other reward program formats because they:

1. Effectively motivate a wide variety of participants
2. Adapt quickly to changing company needs, program objectives and audiences
3. Are "data-centric" and inherently measureable

A well designed and managed point-based solution will deliver broad (and sustained) appeal to participants while offering highly flexible program structure and data-driven performance measurement.

Greater Participation and Impact

The way point-based incentive programs “work” is quickly embraced by participants and capable of motivating a wide range of people.

- **Popular, Proven Incentive** – Participants are well acquainted with and respond enthusiastically to the reward models behind most point-based incentive programs. Similar to widely recognized and successful “Frequent Flier” and credit card programs, points are awarded for specific actions or behaviors; points represent a branded, proprietary currency that participants redeem for reward choices.
- **Participant Choice** – Point-based programs afford participants significant control over their rewards. They are free to choose the rewards that they desire most (and from a selection that can include any number of reward types – travel, merchandise, gift card, stored value card) - as well as to decide to save their points for a substantial reward or spend them immediately.
- **Easy Access** – Program communications, personal point balances, reward options and redemption assistance are readily available to participants in a number of ways – via program web site, email, telephone, or US Mail.
- **Effective Communications** – Point program participants voluntarily identify themselves, extend permission to send communications and select a preferred method/mode. This open channel of communication is a huge, direct benefit of point programs, allowing the program sponsor to market directly to partners and customers. Additionally, participants are extremely receptive to and engaged by communications delivered through the program – they actually want them. As the old loyalty marketing adage goes, “Junk mail always gets tossed; the letter opened first is a participant’s point statement from his rewards program.”
- **Broad Involvement** – While group travel or typical sales incentives reward only a few (usually high-volume) customers, a point-based program has the capacity to involve a broader span of participants (i.e. – mid-size customers with available share-of-wallet). Different groups (ex. - employee, partner, end-user) with different objectives can also be included in unified programs.

Versatile, Flexible Program Structure

Point programs are extremely adaptable, easily adjusting to align and realign as company needs and program objectives change. Program components that might undergo refinements can include:

- Program duration (long term/short term)
- Promotions (frequency, products, target participants)
- Discrete participant groups and subsets
- Awardable activities and behaviors
- Point reward rules
- Administrative organization and access
- Program financial models
- Exit strategy

Program Data, Tracking and Reporting

Nearly all point-based incentive solutions employ a technology platform to support the program, most visibly providing participants with a program Web site with access to online point accounts and a rewards “store” where points are redeemed for a wide variety of reward options. The technology underlying point-based programs naturally accumulates generous amounts of useful participant information (entered when partners and customers are enrolled) and specific data on the behaviors and activities being rewarded (captured as participants are awarded points), all of which can be used to continually refine and enhance the program.

Most well-designed incentive systems feature integrated tracking and reporting tools that give administrators ready access to program data, which is often used to track the business activity being stimulated by the program and program ROI analysis. Conducting segmentation analysis on the participant base can also yield valuable insight into customer behavior and value, as well as providing the fundamental information needed to execute targeted marketing campaigns and communications.