

# **Current Trends in Incentive Rewards Who's doing What?**

**A discussion about current market  
trends and the  
“Experience Economy”**



**IRF**<sup>®</sup>

Incentive Research  
Foundation

**IF** **INCENTIVE**  
**FEDERATION INC.**

# Non-Cash Reward and Recognition

**Total % of Businesses Above  
\$1MM or €1MM that offer  
Non Cash Awards**

U.S. 2015	U.K. 2015
84%	65%

# Non-Cash Reward and Recognition

**Majorities of U.K. and U.S. companies offer non-cash reward and recognition to employees, salespeople, distributors/channel partners, and customers.**

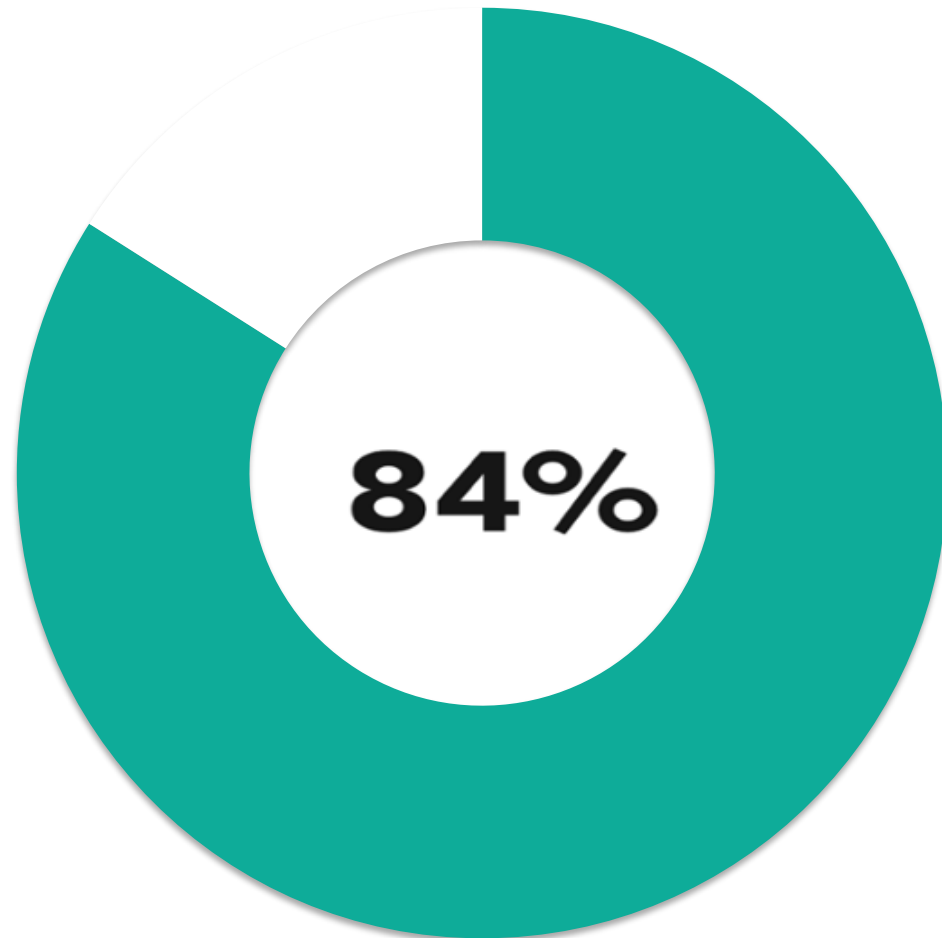
% Business that Offer Non-Cash Reward/Recognition	U.S. 2015	U.K. 2015
Employees	72%	52%
Salespeople	60%	46%
Distributors/Channel Partners	41%	37%
Customers	45%	41%

# Types of Incentive Awards Offered

**Respondents were asked whether they are involved as purchasers of services related to different types of awards. A majority of U.K. companies offer incentive travel awards and half offer merchandise awards.**

	Involved/ Offer
Group Incentive Travel	58%
Individual Incentive Travel	56%
Merchandise	52%
Prepaid	31%
Digital	37%

# The Vast Majority of U.S. Businesses Use Non-cash Incentive Awards



# U.S. Companies Use More Than One Award Type



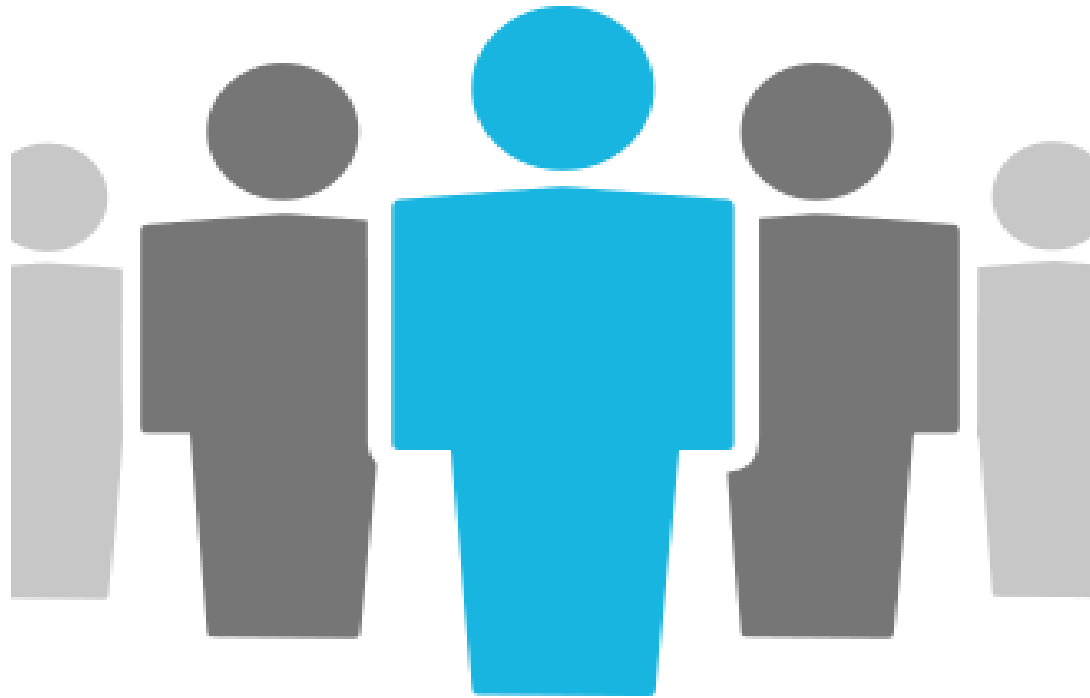
# **77% of U.S. Jobs Are Service Related**





# Net 35% Increasing Budgets for 2017

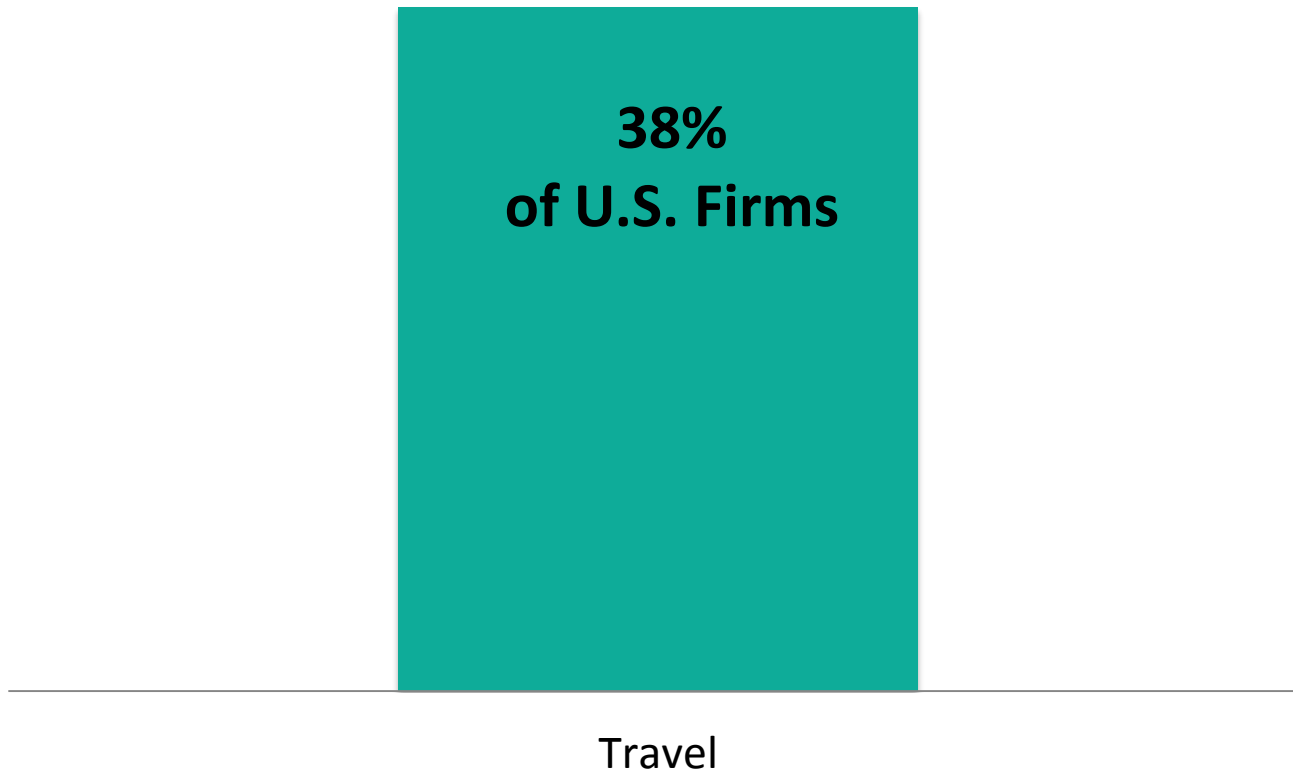
## More Earners



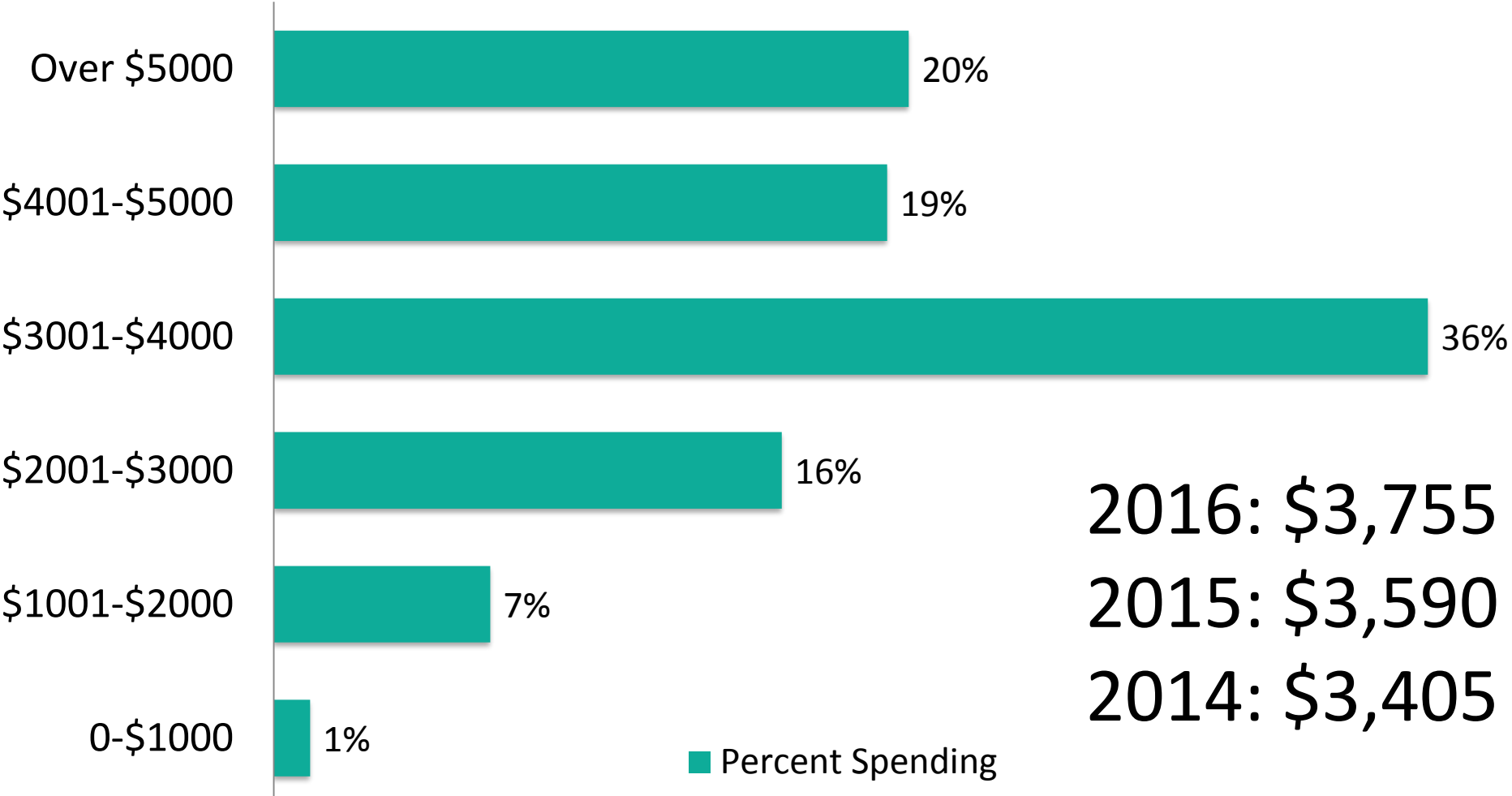
# People are the Best Investment



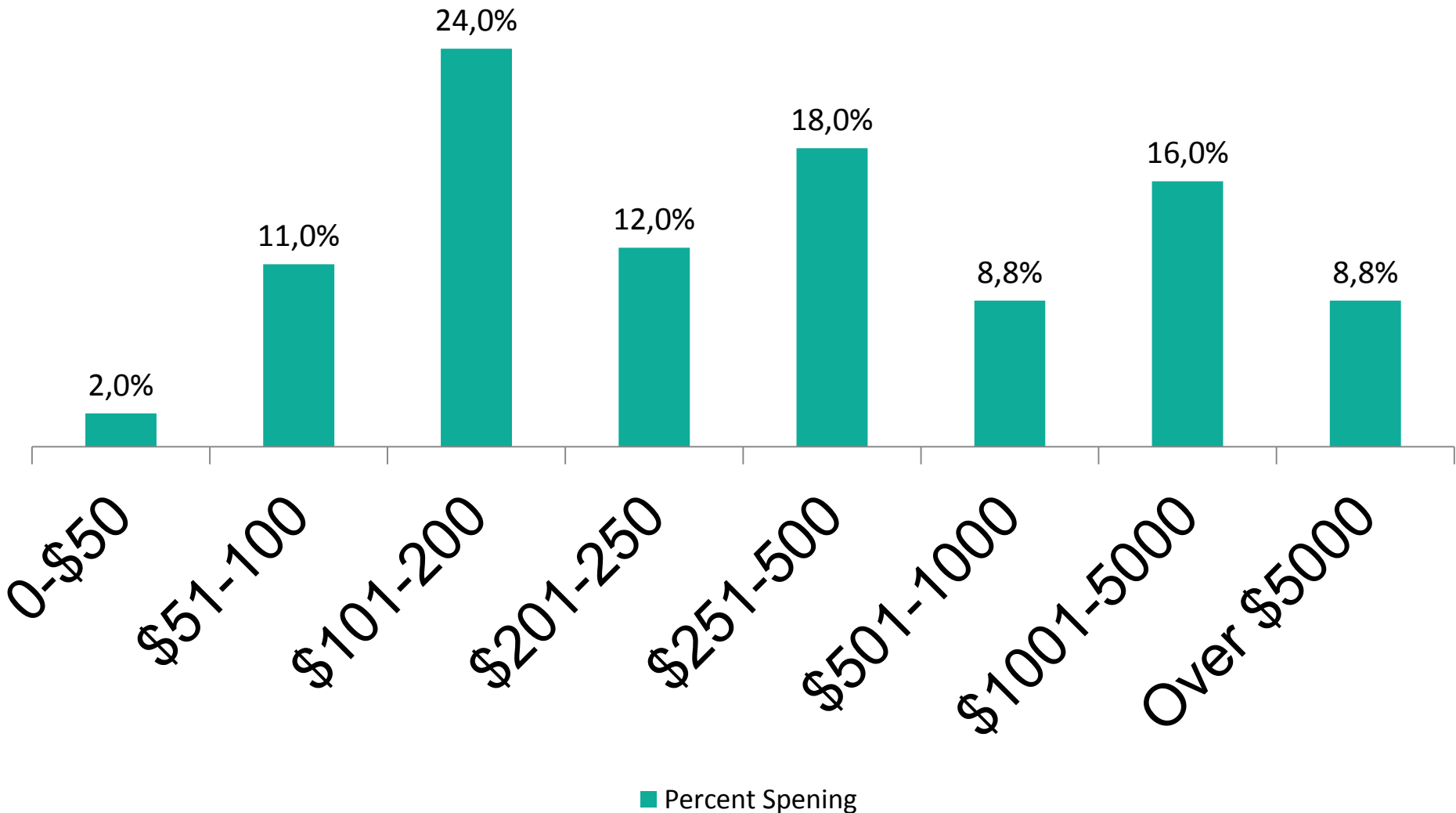
# 38% of All U.S. Firms Use Incentive Travel



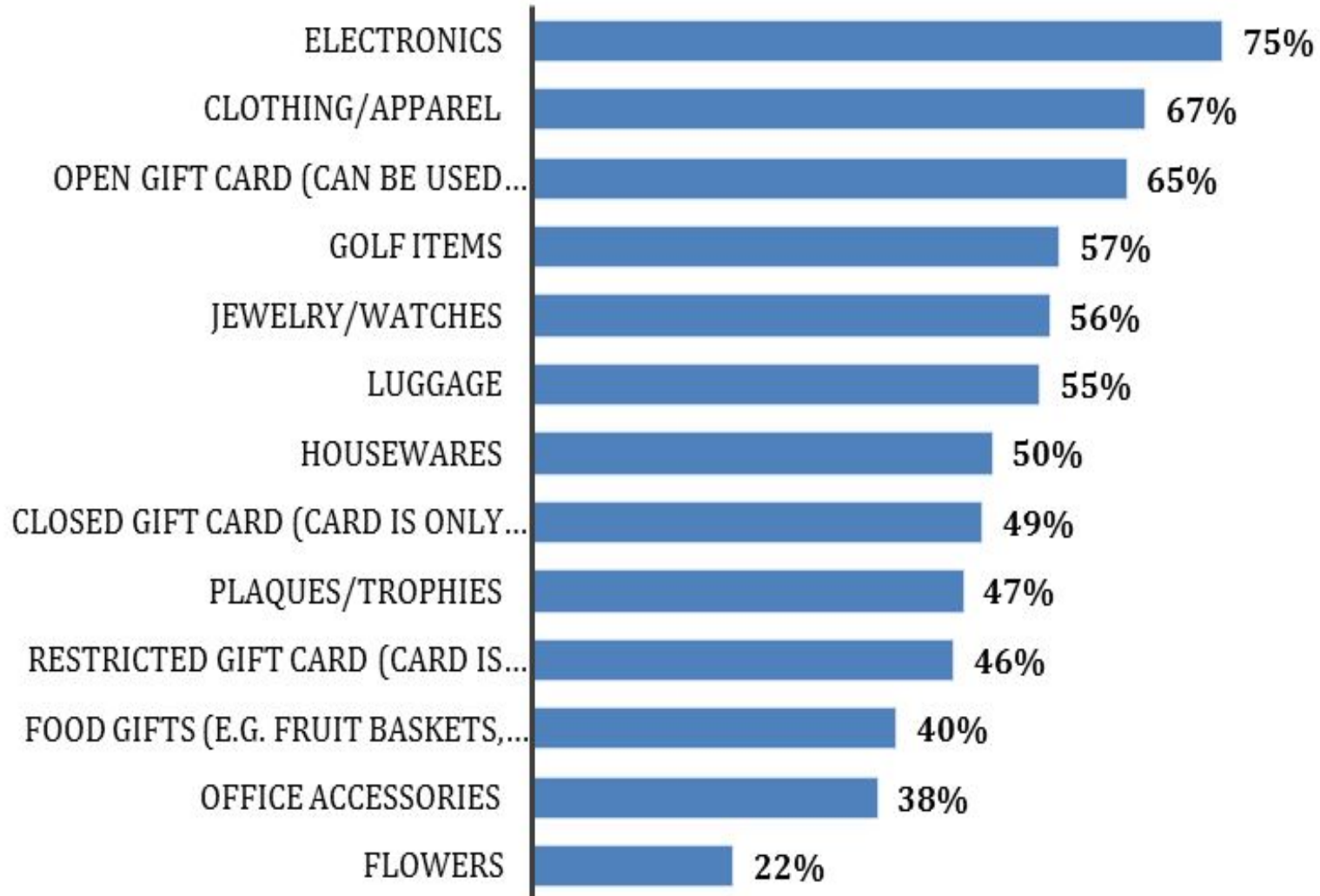
# Per Person Budget for Incentive Travel



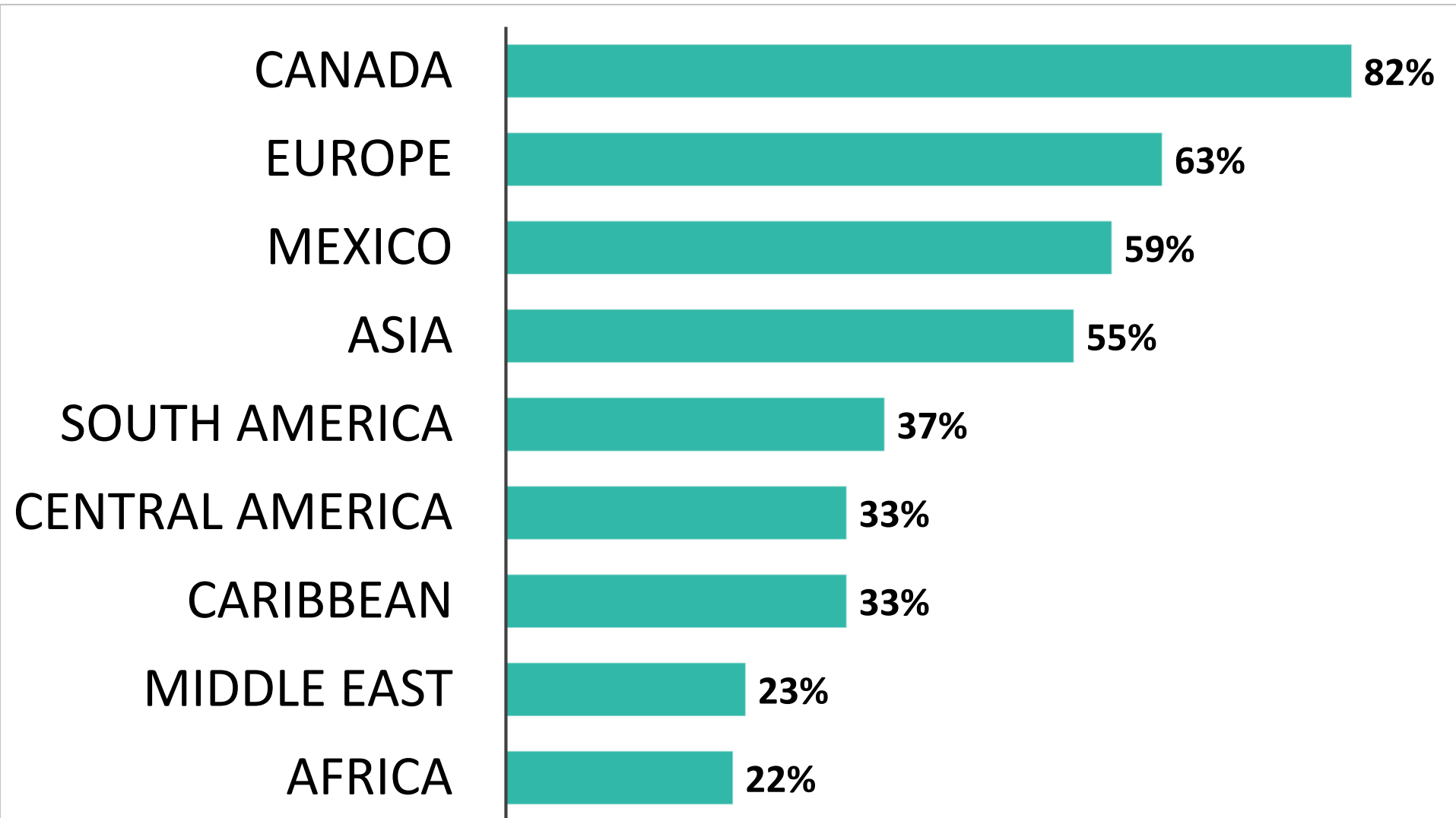
# Per Person Budget: Merch/Card



# What are Merch/Cards used for ?



# 75% of Merch/GiftCard Programs Have Non-US Participants



# Next Level Experiences

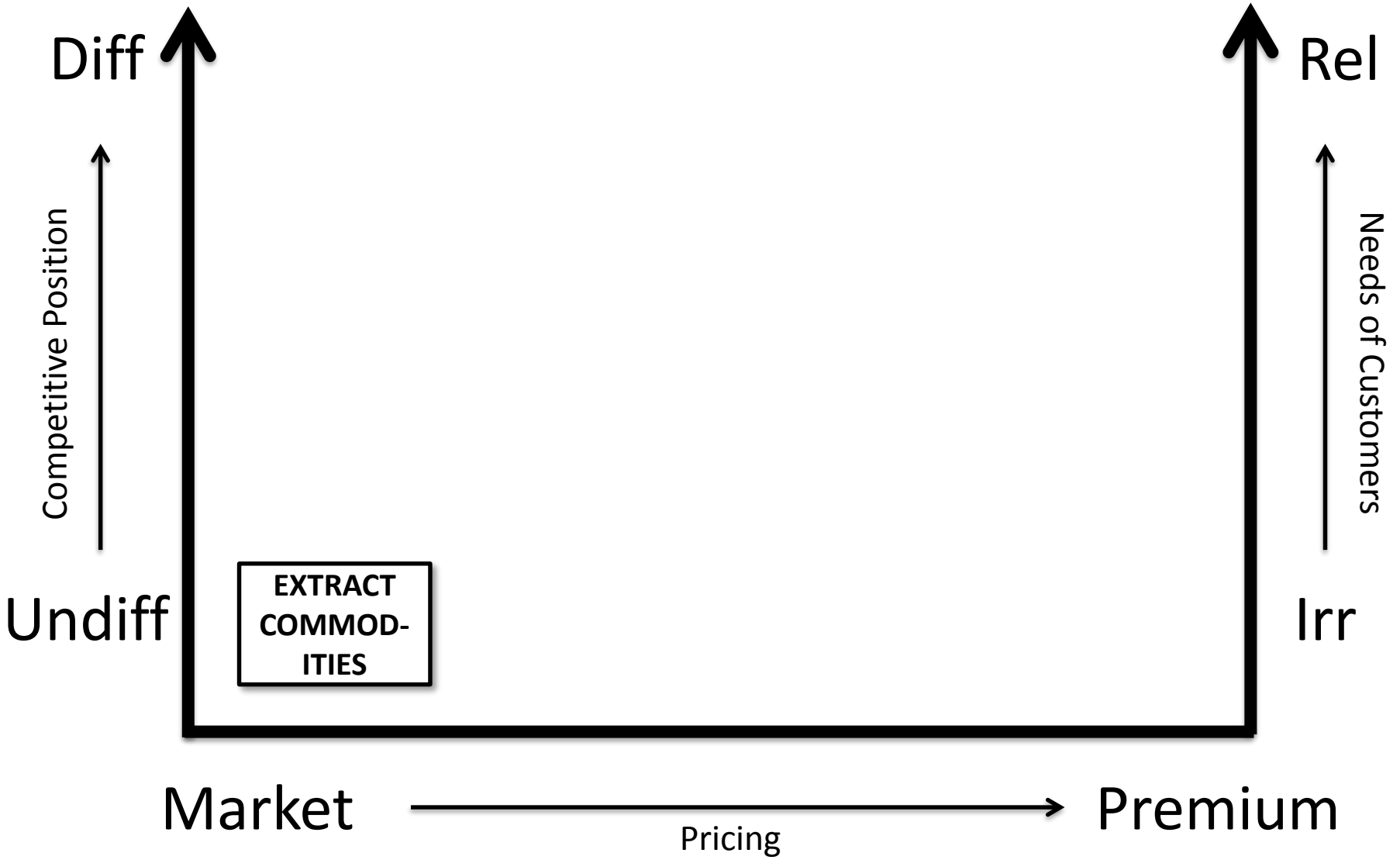




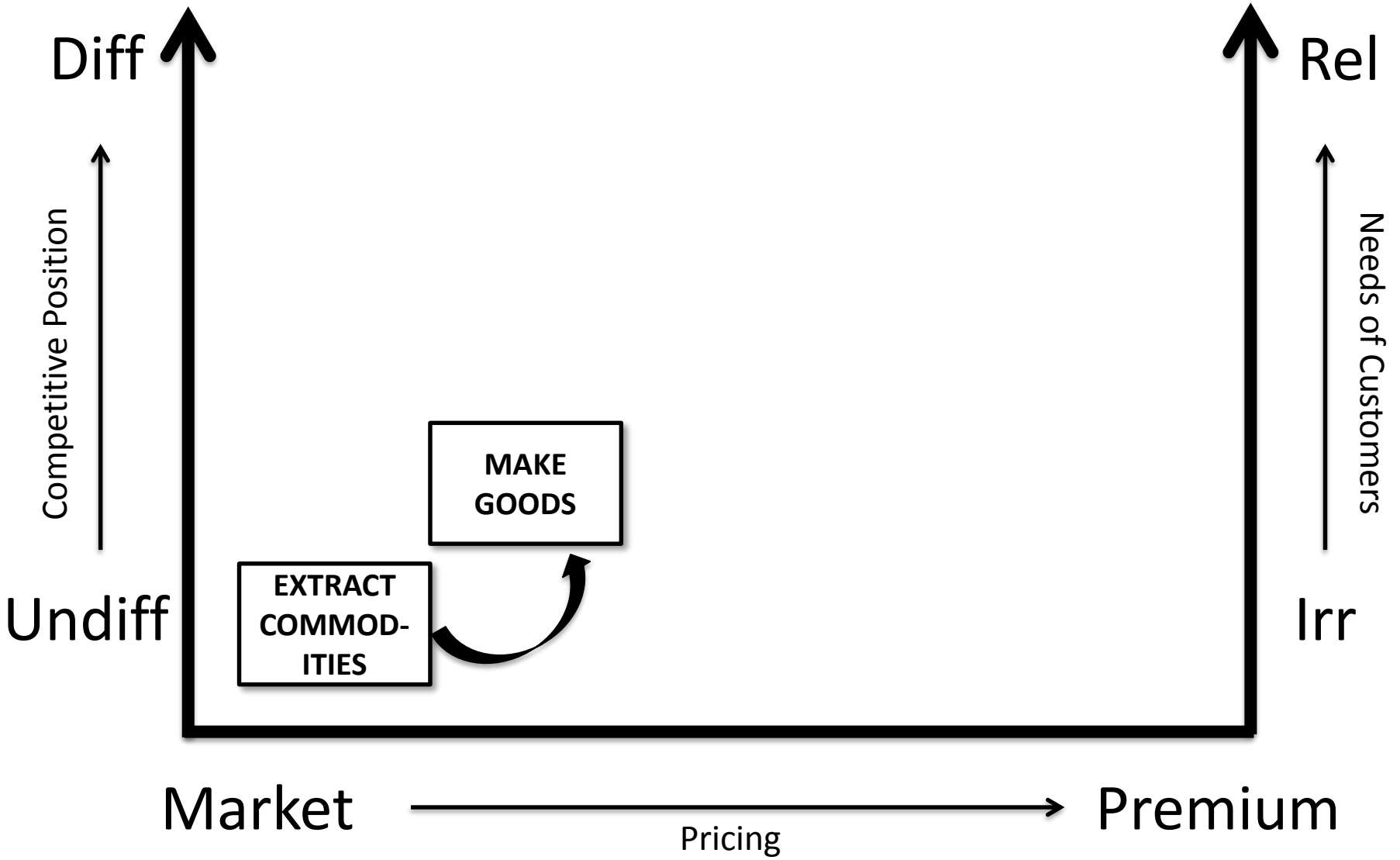
# **The Experience Economy**

**In 1999, Joseph Pine and John Gilmore first introduced the concept of an “Experience Economy”. The concept is that basic goods and services will no longer be enough for consumers – that businesses will need to create memorable events and experiences that capture their audience and create experiences that transforms their brand’s value proposition.**

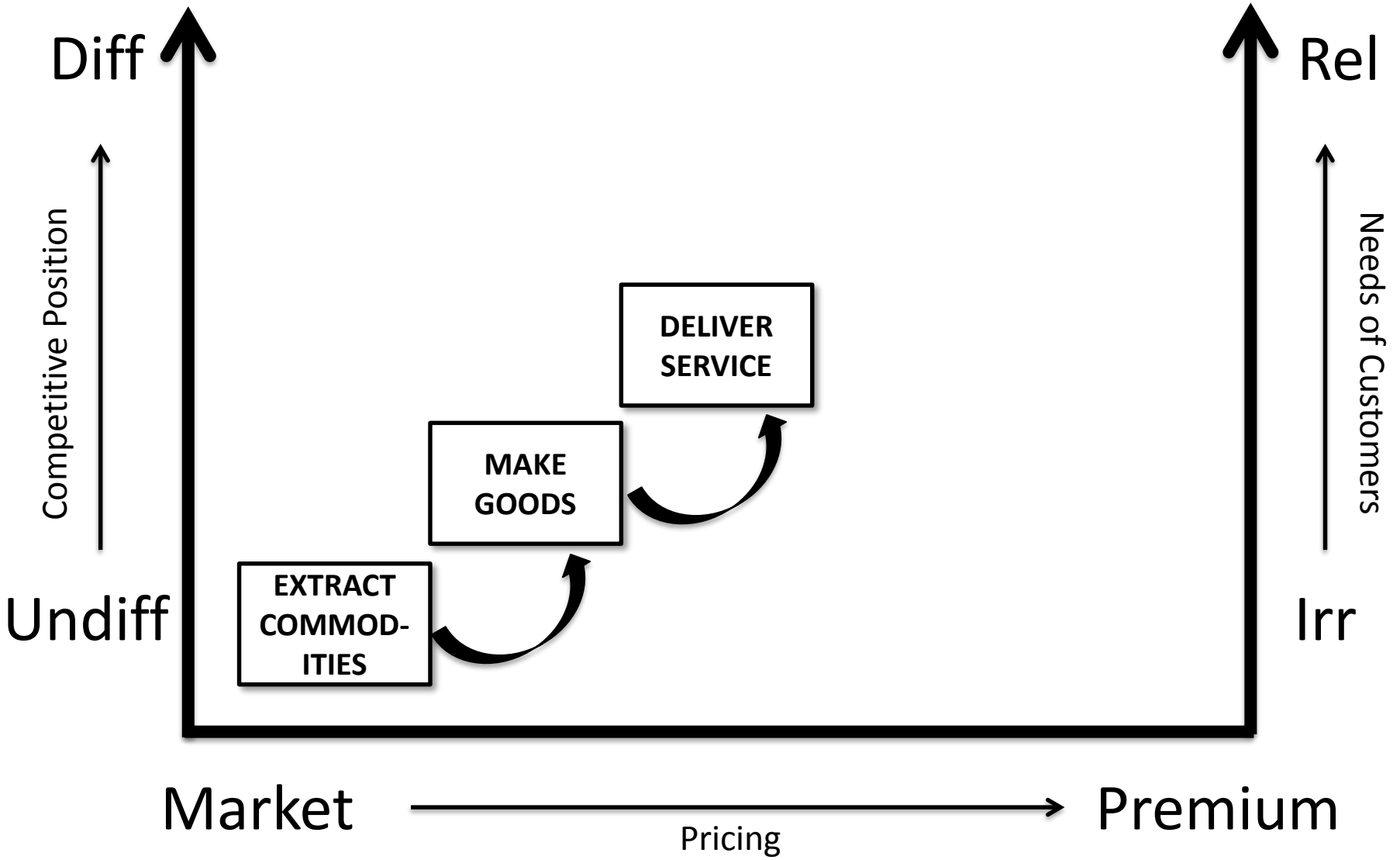
# The Progression of Economic Value



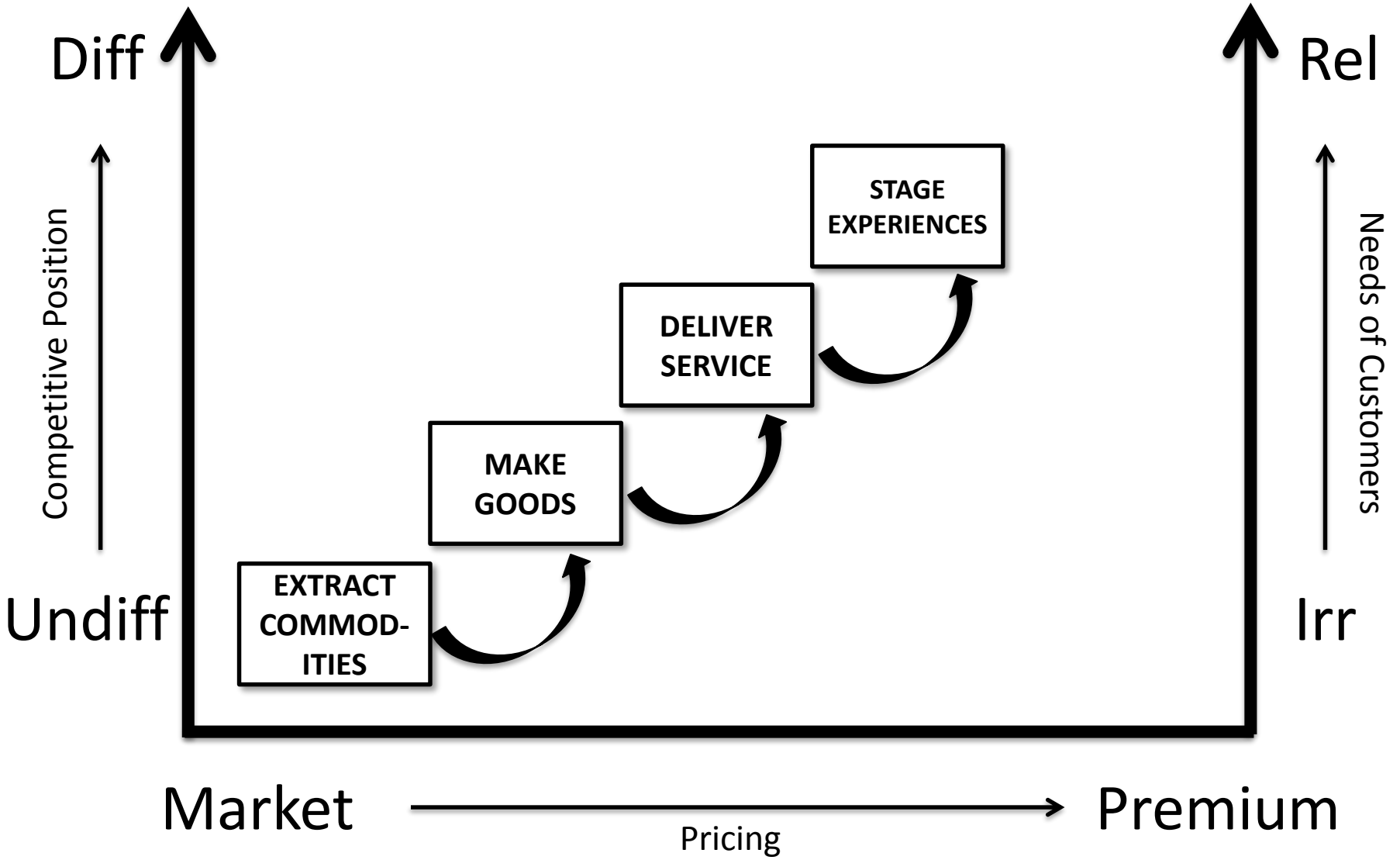
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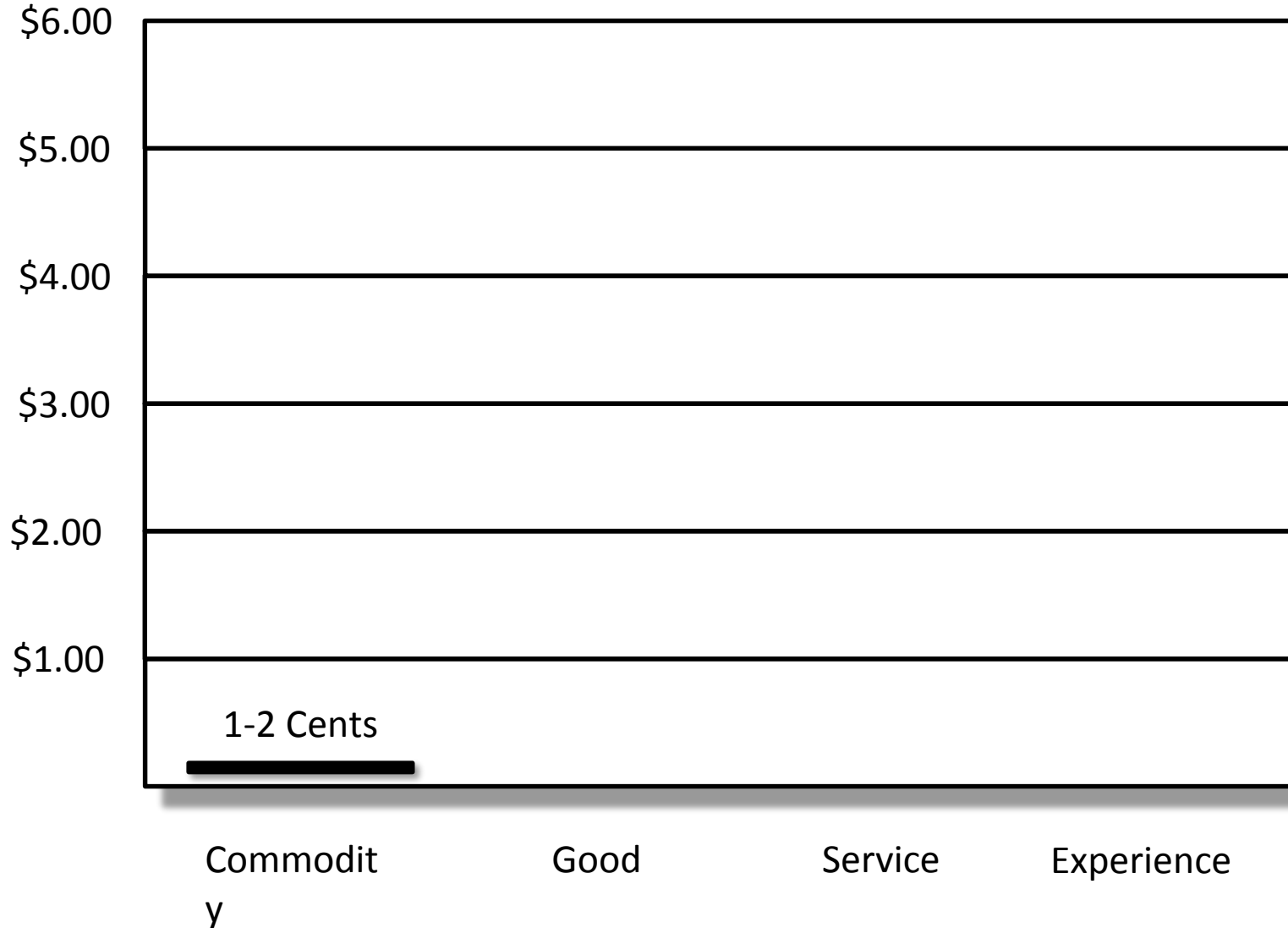
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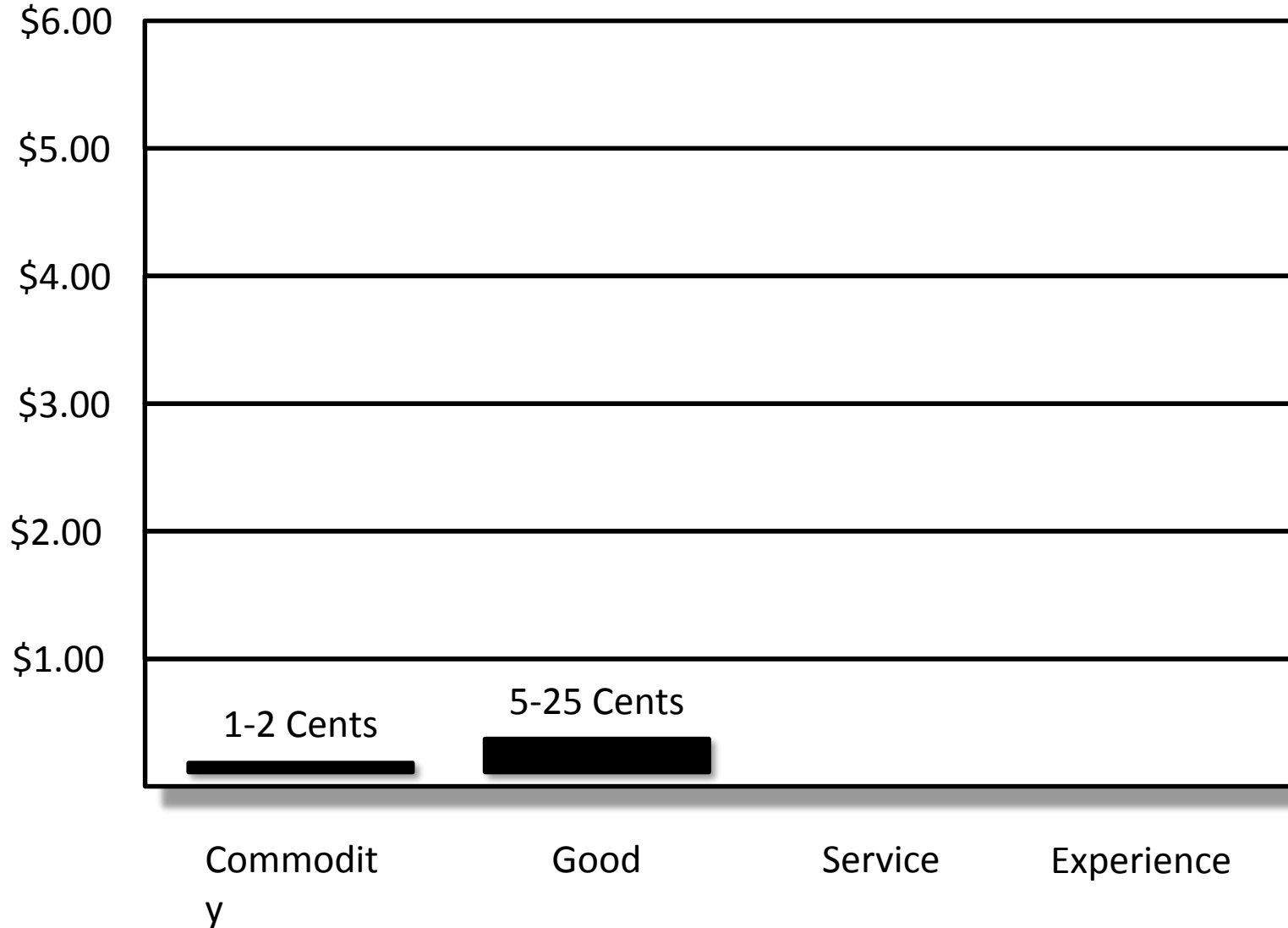
# The Price of Coffee Offerings – One Cup



# Economic Distinctions

<b>Economic Offering</b>	<b>Commodities</b>
<b>Economy</b>	<b>Agrarian</b>
<b>Economic Function</b>	<b>Extract</b>
<b>Nature of Offering</b>	<b>Fungible</b>
<b>Key Attribute</b>	<b>Natural</b>
<b>Method of Supply</b>	<b>Stored in Bulk</b>
<b>Seller</b>	<b>Trader</b>
<b>Buyer</b>	<b>Market</b>
<b>Factors of Demand</b>	<b>Characteristics</b>

# The Price of Coffee Offerings – One Cup

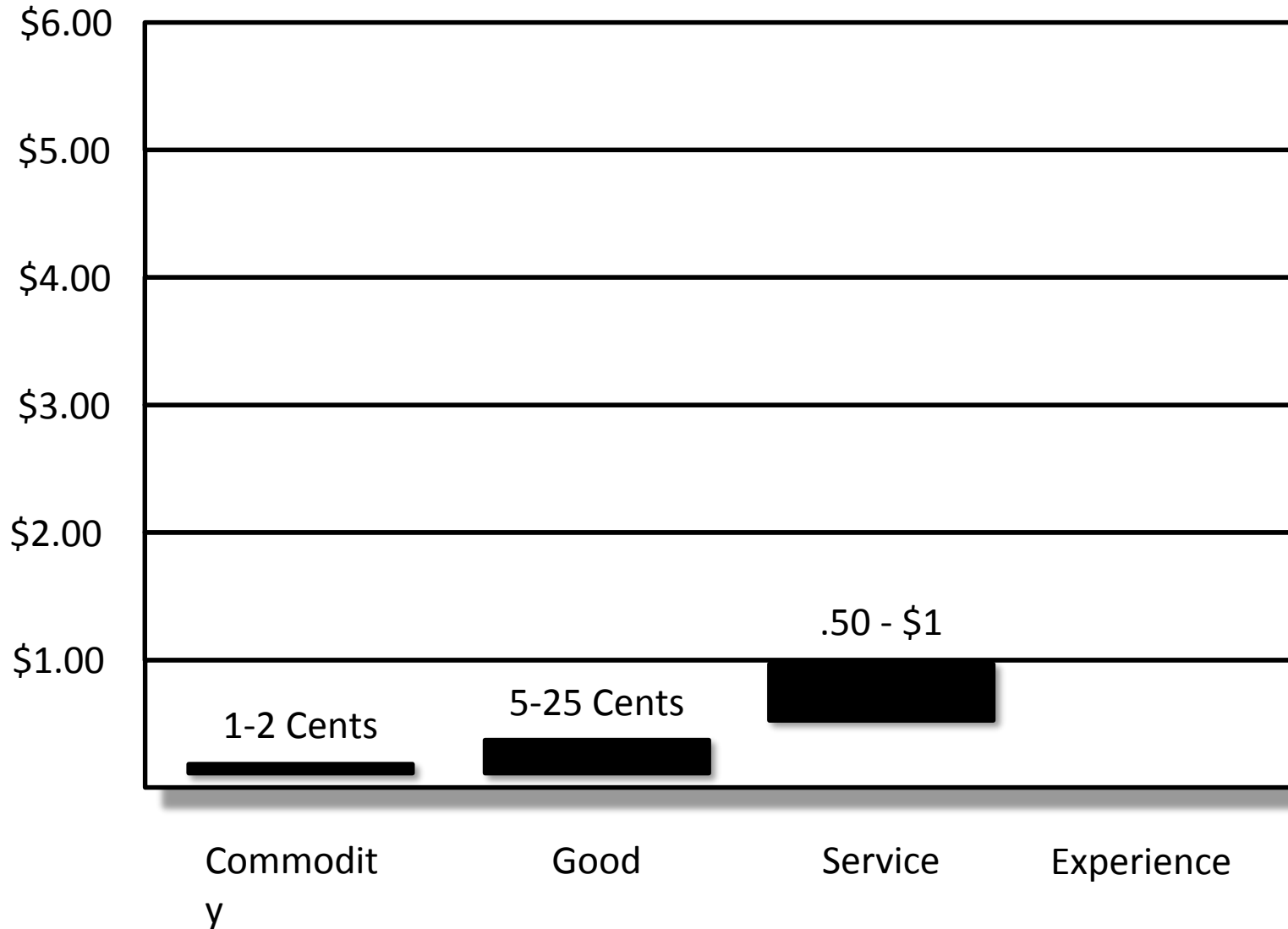




# Economic Distinctions

<b>Economic Offering</b>	<b>Commodities</b>	<b>Goods</b>
<b>Economy</b>	<b>Agrarian</b>	<b>Industrial</b>
<b>Economic Function</b>	<b>Extract</b>	<b>Make</b>
<b>Nature of Offering</b>	<b>Fungible</b>	<b>Tangible</b>
<b>Key Attribute</b>	<b>Natural</b>	<b>Standardized</b>
<b>Method of Supply</b>	<b>Stored in Bulk</b>	<b>Inventoried after production</b>
<b>Seller</b>	<b>Trader</b>	<b>Manufacturer</b>
<b>Buyer</b>	<b>Market</b>	<b>User</b>
<b>Factors of Demand</b>	<b>Characteristics</b>	<b>Features</b>

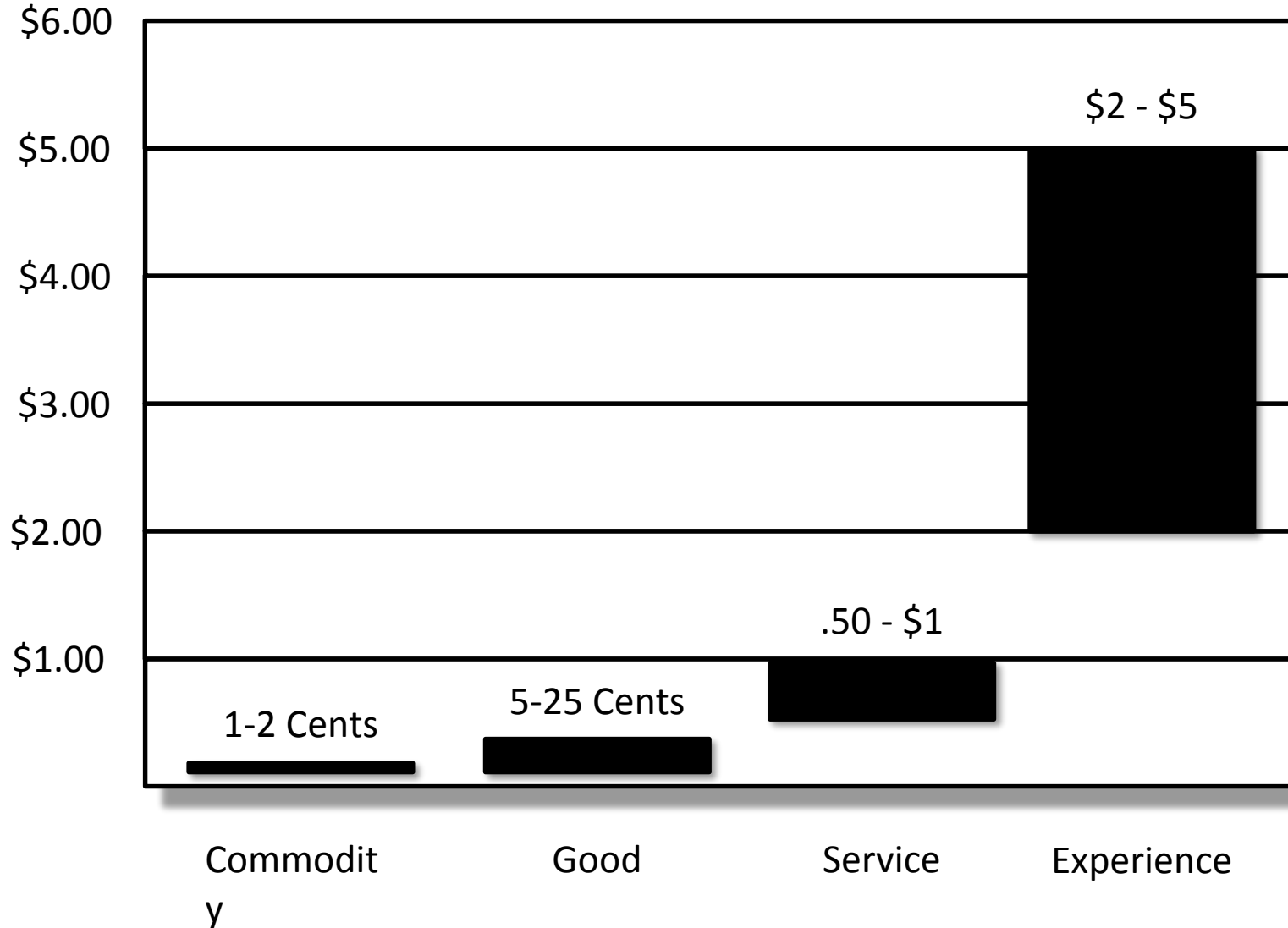
# The Price of Coffee Offerings – One Cup



# Economic Distinctions

<b>Economic Offering</b>	<b>Commodities</b>	<b>Goods</b>	<b>Services</b>
<b>Economy</b>	<b>Agrarian</b>	<b>Industrial</b>	<b>Service</b>
<b>Economic Function</b>	<b>Extract</b>	<b>Make</b>	<b>Deliver</b>
<b>Nature of Offering</b>	<b>Fungible</b>	<b>Tangible</b>	<b>Intangible</b>
<b>Key Attribute</b>	<b>Natural</b>	<b>Standardized</b>	<b>Customized</b>
<b>Method of Supply</b>	<b>Stored in Bulk</b>	<b>Inventoried after production</b>	<b>Delivered on Demand</b>
<b>Seller</b>	<b>Trader</b>	<b>Manufacturer</b>	<b>Provider</b>
<b>Buyer</b>	<b>Market</b>	<b>User</b>	<b>Client</b>
<b>Factors of Demand</b>	<b>Characteristics</b>	<b>Features</b>	<b>Benefits</b>

# The Price of Coffee Offerings – One Cup



<b>Economic Offering</b>	<b>Commodities</b>	<b>Goods</b>	<b>Services</b>	<b>Experiences</b>
<b>Economy</b>	<b>Agrarian</b>	<b>Industrial</b>	<b>Service</b>	<b>Experience</b>
<b>Economic Function</b>	<b>Extract</b>	<b>Make</b>	<b>Deliver</b>	<b>Stage</b>
<b>Nature of Offering</b>	<b>Fungible</b>	<b>Tangible</b>	<b>Intangible</b>	<b>Memorable</b>
<b>Key Attribute</b>	<b>Natural</b>	<b>Standardized</b>	<b>Customized</b>	<b>Personal</b>
<b>Method of Supply</b>	<b>Stored in Bulk</b>	<b>Inventoried after production</b>	<b>Delivered on Demand</b>	<b>Revealed over a duration</b>
<b>Seller</b>	<b>Trader</b>	<b>Manufacturer</b>	<b>Provider</b>	<b>Stager</b>
<b>Buyer</b>	<b>Market</b>	<b>User</b>	<b>Client</b>	<b>Guest</b>
<b>Factors of Demand</b>	<b>Characteristics</b>	<b>Features</b>	<b>Benefits</b>	<b>Sensations</b>

**An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event. Commodities are fungible, goods tangible, services intangible, and experiences *memorable*.**







So, looking forward, what will  
“guests” and the overall  
economy desire beyond the  
experience?

# The Progression of Economic Value

