



## When is travel more than a trip?

When it is part of a strategy.

Many contractor-oriented distributors offer travel programs to their customers and more ask about them. *Do they work? How do I structure them? Can I get manufacturer support? How much will it cost* – these are some of the many questions that are asked.

### Do they work?

Yes. *Incentive* magazine studies show that distribution incentive programs average a 16% sales increase from involved participants. During my 17 years in developing incentives for distributors and manufacturers, I can attest to significant sales performance – with industry case studies. These programs are especially effective when the buyer has discretion in what to buy and where to buy.

Many distributors are concerned that they may be too “small” to implement a program. If you are a minimum of \$10MM and serve a minimum of 200 active accounts, an incentive program is an option.

### Steps to Success

1. **Evaluate your business** – Review your customer demographics and set program objectives.
2. **Develop program rules** – Are you focused on customer retention, customer penetration, product mix, focusing your sales organization on specific “steps to the sale” or something else? Each objective requires a different program structure. In developing programs for incremental growth, I prefer programs with defined purchase objectives for the customer (i.e. increase business by \$20,000 and earn a trip). This is easier for them.
3. **Forecast Performance** – Combine your customer purchase information with your program rules structure to develop a program pro-forma.
4. **Consider Manufacturer Support** – Convert your program from a trip to a strategy by involving your manufacturers. Commit to developing a specific planning and sales/marketing strategy with them. Focus efforts on selected manufacturers. They will also assist in program funding if you present a plan and they see value, and opportunities, in the plan.
5. **Include Your Sales Force** – Sounds like a given, however, make sure they are vested in registering customers to participate in the program, are rewarded for customer performance and for achieving overall gross profit objectives.
6. **Structure a Communications Campaign** – This step is critical as programs that are out of site are out of mind. Promote why people should do business with you, the program, and manufacturers that are supporting your program. Schedule a minimum of one mailing per month and highlight the program in all of your communication vehicles (messaging systems, website, flyers, tradeshow, counter areas). And send award brochures to the home to solicit family involvement (it generates family pressure and sales for you!)
7. **Program Administration** – You, and your customers, need to know their performance. Send monthly program purchase updates; generate sales management reports (sorted by





salesperson) and an exception report to quickly identify those large accounts who are not performing.

- 8. Awards** – Research has shown that travel awards are the best motivators, with merchandise next. Cash awards are beneficial for lower income employees or if given in large quantity (typically 3-5x compensation for a defined time period). Travel and merchandise also have recognition and longevity value. Use reputable suppliers, and if you are using travel, use a company that is experienced in incentive programs.

These programs can be very effective; however, they will not work for all of your customers. Typically less than 50% of your customer base will enroll in a program (if only travel it will be 25-33%). And if your program focuses on incremental performance, plan on budgeting 40-60% of the incremental gross profit.

Don't consider a travel program for the sake of offering a travel program. These strategies are marketing tools, and can provide you with an "umbrella marketing approach" for 2002. By this I mean a platform to integrate all of your strategies to differentiate your business to your customers. Travel for the sake of travel minimizes your effectiveness.

Incentive programs take time to plan. As you develop your 2002 strategy, consider whether or not an aggressive marketing approach can help you increase your market share and accelerate your growth.

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Not a contractor-oriented distributor but **want to grow your MRO business**. Incentive approaches can still apply. Just change the awards. Consider awards of differentiated services, training, business items, workplace enhancement awards, gift certificates, discounts certificates good for future business or similar. One caveat – make sure that your salespeople present the program to the highest possible influencer within the company to ensure that you adhere to corporate policies.

### **Incentive Resources**

Society Incentive Travel Executives – [www.site-intl.org](http://www.site-intl.org)

Incentive Magazine – [www.incentivemag.com](http://www.incentivemag.com)

The Motivation Show, October 9-11, Chicago – [www.motivationshow.com](http://www.motivationshow.com)

The Sales Marketing Network - <http://www.info-now.com>

Potentials Magazine - <http://www.potentialsmag.com/>

Corporate & Incentive Travel Magazine - <http://www.corporate-inc-travel.com/>

