

# B to B

THE MAGAZINE FOR MARKETING AND E-COMMERCE STRATEGISTS

Reprinted from B to B,  
the magazine for  
Marketing and  
E-Commerce Strategists.  
September 3, 2001

## Investing in incentives

**F**ROM DISHES GIVEN to Depression-era moviegoers to today's travel awards, incentives are proven sales stimulants.

The modern incentive industry was born during the Depression when manufacturers realized cutting prices was like cutting their throats.

Incentives are now integral to marketing and sales, helping create momentum where there was none.

We believe incentives use should be grown and exploited in economic hard times. This can be done while reducing costs by using a Web-based tool to manage the program. Why?

■ **Standout.** Incentives help a manufacturer or business stand out from the competition.

■ **Better product management and quicker changes.** By managing incentive programs via a Web site, operating costs are reduced (paper work and people are eliminated from the

process) and success can be tracked daily, not monthly.

■ **Stimulate the distribution chain.** Incentives encourage employees to focus on the bottom line. Incentives induce wholesalers and distributors to boost inventory or sell a complete line, not just one product. And consumers are persuaded to test products.

■ **No price erosion.** Incentives generate interest and action, while maintaining necessary profit margins. Also, dealers, resellers and retailers can be rewarded to do the same.

■ **Fund from growth.** Incentives help fund the program. Targeted growth can cover reward expenses and program costs by starting the current year's quarter payout 10% above the prior-year quarter. New sales growth will more than fund the award and Web site costs while creating incremental profit.

■ **Better communications.** Web-based communications with

employees, distribution partners or end users are immediate.

■ **Laser vs. shotgun.** Incentives and the Web allow businesses to specifically target audiences with messages valuable to them.

■ **Upgrade, adopt new habits.** Web-based incentives drive new product testing and encourage upgrading from the existing technology or product line.

■ **Retain loyalty.** Better people and partners are more important than ever. Incentives can retain valued employees and partners.

Spending on a Web-based incentive program is a wise investment. It can pay off in incremental profit and growth in a downturn, and can be even more rewarding when business trends upward.

**Bill Wicklem** is CEO of Paramax, a digital marketing communications company. He can be reached at [bwick@pmx.com](mailto:bwick@pmx.com).

**David Carrithers** is chief bee keeper at BusinessHive, a consultancy. He can be reached at [david@businesshive.com](mailto:david@businesshive.com).



BY BILL WICKLEM  
AND DAVID CARRITHERS