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# Solving a business problem with an incentive travel solution

A Case Study on Program Build-Outs



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# The problems that businesses face

Every day business leaders face challenges, ranging from low employee morale to high employee turnover, from sales or revenue decline, to team cohesion, and customer retention.

Incentive travel programs not only tackle these behavioral or revenue challenges but also offer innovative solutions that unleash a range of positive, additional perks.

Besides sales uplift or bottom-line benefits, these programs motivate, enhance performance, and foster deeper engagement, leaving a lasting positive impact on both employees and the organization.

**But how does it all work? How would a company go about implementing an incentive travel program as the solution to a business problem?**





# 5 business problems incentive travel programs solve



## Low employee morale & motivation

When employees feel disengaged or unmotivated, overall productivity and job satisfaction decrease. Incentive travel provides a powerful motivator by offering employees the opportunity to earn an exciting reward, boosting morale and driving performance. The prospect of a memorable trip can rekindle enthusiasm and commitment.



## High employee turnover

Retaining top talent is essential for a company's success, but high turnover rates can disrupt operations and increase costs. An incentive travel program enhances employee loyalty and engagement by showing appreciation for their hard work. The exclusive nature of travel rewards can strengthen employees' emotional connection to the company, encouraging them to stay longer.



## Sales or revenue decline

When sales targets aren't being met, it can impact a company's profitability. By tying incentive travel to sales performance, companies can motivate their sales teams to surpass goals. Offering a desirable, experience-based reward like a vacation can push employees to go above and beyond to increase revenue.



## Lack of team cohesion or collaboration

A fragmented team can hinder progress and innovation. Group incentive travel can solve this by creating opportunities for team bonding in a new environment. Shared experiences during travel foster better communication, trust, and collaboration, improving overall team dynamics back at the office.



## Customer retention challenges

Companies struggling to retain key clients can use incentive travel programs to reward account managers or sales representatives for maintaining strong client relationships. This drives employees to focus on providing excellent customer service and building long-lasting relationships, which leads to higher client satisfaction and retention.

# Case study: Solving a sales problem with an incentive travel program

Glocom Devices, a global corporation, specializes in manufacturing and selling Android-based computers, offering three distinct models: the GD-B, GD-S, and GD-G. Notably, the GD-G model retails at nearly twice the price of the GD-B.

Historically, annual sales are distributed with 40% of units sold being the GD-B, 50% the GD-S, and 10% the GD-G.

In January 2023, the senior leadership team devised an ambitious strategy aimed at elevating Glocom Devices to a premium, upscale brand.

A key component of this strategy involved discontinuing the lower-priced GD-B model while continuing to offer the GD-S and GD-G, all without sacrificing market share. The chart on the next page provides a high-level financial snapshot of the challenge: the leadership's goal is a 26% revenue increase, achieved by each sales representative selling an additional 80 GD-S models and 240 GD-G models.



<b>Unit / Revenue Sales Glocom Devices / 740 sales people</b>	<b>GD - B Model</b>	<b>GD - S Model</b>	<b>GD - G Model</b>	<b>Total</b>	<b>%</b>
<b>Unit Sales 2022</b>	240,000	300,000	60,000	600,000	
<b>Revenue Sales 2022</b>	\$108,000,000	\$180,000,000	\$54,000,000	\$324,000,000	
<b>Average Unit Sales per Sales Person</b>	\$320	\$400	\$80	\$800	
<b>Average Revenue per Sales Person</b>	\$144,000	\$240,000	\$72,000	\$456,000	
<b>Projected Unit Sales</b>	0	360,000	240,000	600,000	
<b>Projected Revenue Sales 2023</b>	\$ -	\$216,000,000	\$216,000,000	\$432,000,000	
<b>Average Unit Sales per Sales Person</b>		480	320	800	
<b>Average Revenue per Sales Person</b>		\$288,000	\$288,000	\$576,000	
<b>Incremental Unit Sales 2023</b>	-240,000	60,000	180,000	0	
<b>Incremental Revenue Sales 2023</b>	\$ (108,000,000)	\$36,000,000	\$162,000,000	\$90,000,000	
<b>Incremental Unit Sales / Sales Person 2023</b>		80	240		
<b>Incremental Revenue Sales 2023 / Sales Person 2023</b>		\$48,000	\$216,000	\$120,000	<b>26%</b>

## Case study: Solving a sales problem with an incentive travel program

With one eye on the hard dollar prize – up to USD\$90m – and another on the magnitude of the challenge – 26% uplift in revenue – the senior leadership team consulted with AimHigh Incentives, a reward and recognition agency specializing in incentive travel.

Based on both the demographics and value graphics of the salespeople at Glocom Devices, AimHigh Incentives advised the senior leadership team to set aside around 5% of the incremental revenue for a reward campaign with a travel experience to an exotic long-haul destination as the ultimate reward for the top performers.

Thus the budget allocation for Glocom's incentive program was set at USD\$5m, based on a 17:1 ROI.

**Based on their professional knowledge of how incentives work, AimHigh Incentives set out a rationale regarding the deployment of the budget as follows:**

- Top 10% or 75 members of sales team qualify for top-tier program, a 7-night trip to Australia
- Next 20% or 150 members of the sales team qualify for second-tier program, a 3-night trip to Napa Valley
- Remaining 70% or 525 qualify for share of merchandise program





## Budget Breakdown

<b>Overall Budget Allocation</b>	100%	\$5,000,000	
<b>Agency Fee</b>	15%	\$750,000	
<b>Marketing &amp; Promotion</b>	10%	\$500,000	
<b>Administration</b>	7.5%	\$375,000	
<b>HQ Costs</b>	7.5%	\$375,000	
<b>Total Costs</b>		\$2,000,000	
<b>Balance for Reward Program</b>		\$3,000,000	
<b>Top Tier</b>	75	\$1,500,000	\$20,000
<b>Next Tier</b>	225	\$1,000,000	\$4,444
<b>Other Non-Cash Rewards</b>	525	\$500,000	\$952



## Case study: Solving a sales problem with an incentive travel program

Thus the **75 top qualifiers** (and a guest of their choice) would enjoy a 7-night program in Australia, valued at USD\$20,000 per pair.

The next **225 qualifiers** (and guests) would enjoy a 3-night long weekend in Napa Valley, valued at around USD\$4,444 per pair.

Finally, 525 salespeople who didn't reach the quota for either incentive travel experience would qualify for a share of USD\$500,000 in non-cash rewards – i.e., premium rewards, merchandise, gift cards, etc.

**Assuming that all targets are reached, this incentive campaign would generate USD\$85m in sales for Glocom Devices for a USD\$5m investment, a return of 17:1.**







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