ita group.

Effective incentive programs for sales reps

Research-backed insights to optimize manufacturers' programs

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Survey respondent profiles

Understanding what motivates sellers in incentive programs

In the manufacturing sector, sales performance makes or breaks your bottom line. As a sales and marketing leader, you're likely grappling with two critical challenges:

1. Uncertainty about your sales incentive programs' effectiveness

2. Ever-present pressure from budget constraints

A well-designed incentive program is key to driving results. But how can you be confident yours is hitting the mark?

To find out what really motivates sellers, ITA Group surveyed more than 200 Distributor Sales Reps (DSRs) and Manufacturer Sales Reps (MSRs) currently participating in at least one manufacturer's sales incentive program.

⊙ Learn more about respondents' profiles in the appendix.

Our study focused on:

> Uncovering reps' preferences, behaviors and motivations

> Identifying what's working and what's not

> Analyzing results to help manufacturers design targeted, cost-effective incentive programs that improve engagement and boost sales

The report outlines key findings from our survey and provides recommendations to improve your channel sales incentive programs. By better aligning with the needs of both DSRs and MSRs, you'll drive greater engagement and sales results.

Approximately 60% of surveyed sales reps view incentives as an integral part of their compensation. Unfortunately, nearly all (96%) reported challenges in their sales incentive program experiences, often related to unclear communication or confusing program structures. **These barriers stand in the way of stronger participation, but they can be overcome.**

Key takeaways

60%+ of sales reps cite rewards and incentives as the strongest motivators for participation in sales incentive programs

44% of sales reps rate recognition beyond financial incentives as extremely important

42% of sales reps say experiential rewards would encourage them to sell more, indicating an opportunity to diversify incentive types

80%+ of sales reps consider personalization in sales incentive programs highly important

~40% of sales reps prefer weekly communication of incentive program updates, new promos, progress reports, etc.

90%+ of sales reps say they're very or extremely likely to participate in training if incentivized

Key challenges

38%
of sales reps report that competing promotions prevent them from participating in a program

35%
of sales reps find the tracking of goals and promotions confusing or not existent

32%
of sales reps find it difficult to navigate incentive programs they participate in

28%
of sales reps say lack of incentives and/or motivation is a key challenge

25%
of sales reps say training and development opportunities are too basic/simple

26%
of sales reps say the lack of clear and frequent communication is a challenge to participate in the program
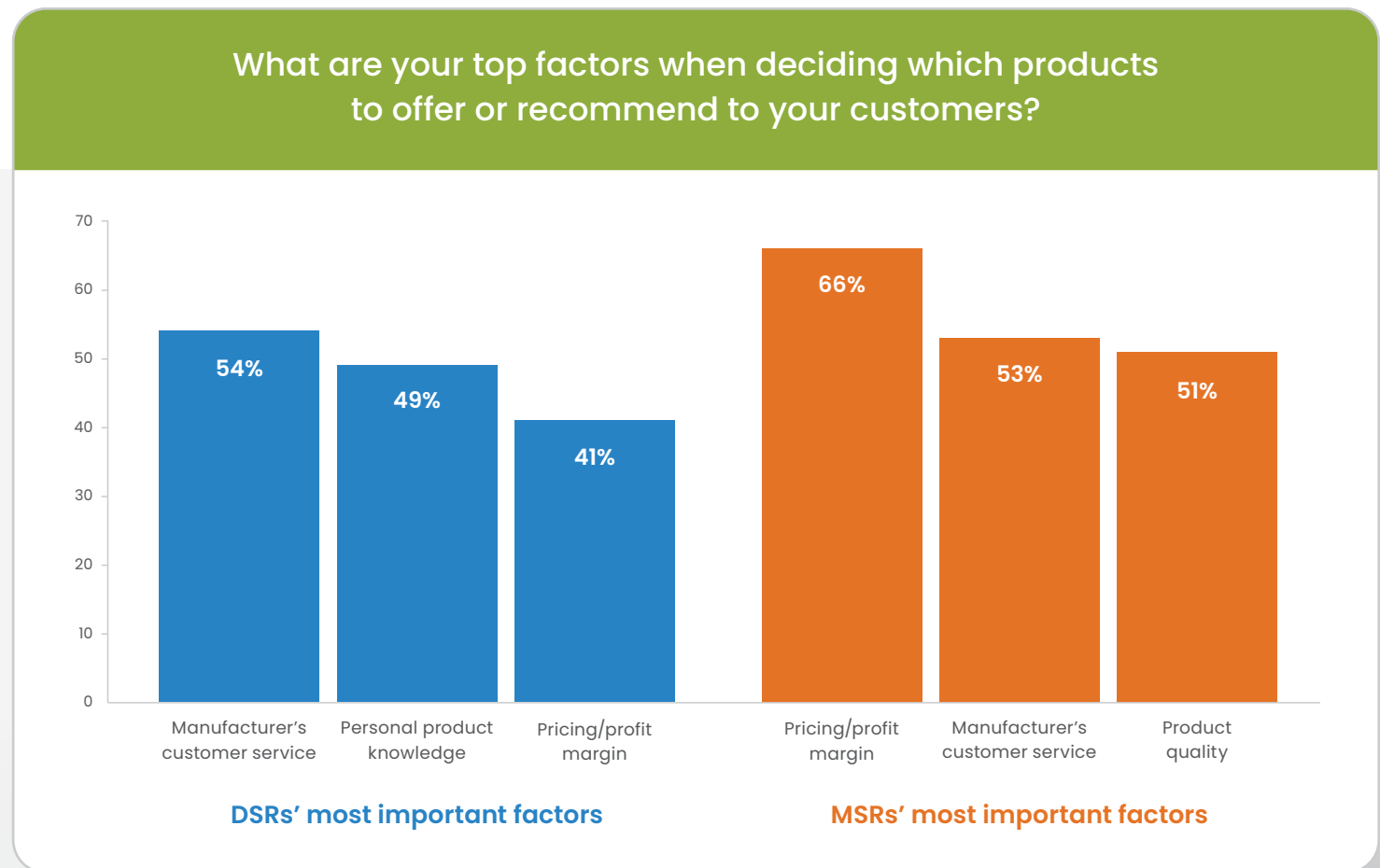
PART 1

Product recommendation influencers

Understanding what drives DSRs and MSRs to prioritize certain products over others is crucial for shaping your incentive program.

Top product recommendation influencers

DSRs and MSRs selected their three most important factors that influence product recommendations out of eight possible options. Their specific roles led to slightly different needs and priorities.

What are your top factors when deciding which products to offer or recommend to your customers?

DSRs' most important factors
- Manufacturer's customer service: 54%
- Personal product knowledge: 49%
- Pricing/profit margin: 41%

MSRs' most important factors
- Pricing/profit margin: 66%
- Manufacturer's customer service: 53%
- Product quality: 51%

Insights

Pricing/profit margin

20% of DSRs and MSRs rank it as a top factor and 59% rank it in their top three. Clearly, pricing strategies play a crucial role in determining which products are recommended.

Manufacturer's customer service (support from your sales, service, financial and product experts)

20% of sales reps rank it as the most important factor, and 53% rank it in their top three.

Product quality

Only 10% of respondents rank product quality first, and only 41% rank it in their top three. That indicates product quality alone is not the leading driver of recommendations unless supported by other factors like pricing and service.
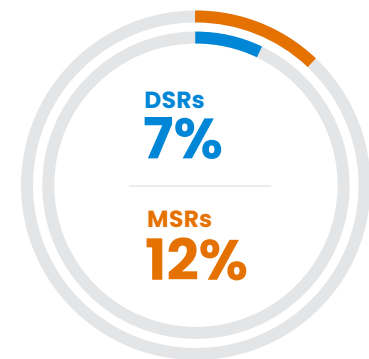
DSRs vs. MSRs

Understanding what drives DSRs and MSRs to recommend products will help you shape your program and increase market share. However, DSRs and MSRs rank factors slightly different.

Manufacturer's customer service

DSRs
25%

MSRs
18%
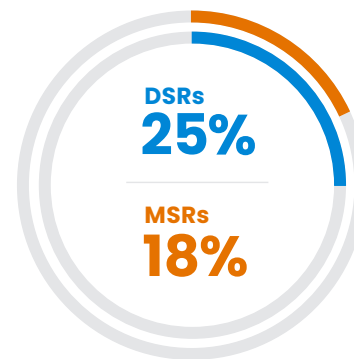
Product features and benefits

DSRs
7%

MSRs
12%

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Actions

> **Prioritize competitive pricing and attractive margins** to capture more recommendations from sales reps.

> **Invest in customer service training and support** to ensure your employees are making the best possible impression on sales reps and customers.

> **Create feedback loops** that let your sales reps share insights on customer service, helping you continuously improve the experience.

> **Build training and certifications** into your program to help reps feel more confident about the products they're selling. Offer incentives for completing product training and earning certifications.

Outcomes

Addressing these key selling behaviors and influences fine-tunes your approach and empowers your sales reps to make decisions that benefit their customers and your bottom line.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"A better program to make connections deeper and more detailed between the seller and buyers, with good margins."

—DSR OF COMMUNICATIONS EQUIPMENT

"If the company can provide regular training courses and professional certifications in the industry, it will make me feel that I am constantly growing. This will not only improve my sales skills, but also my confidence."
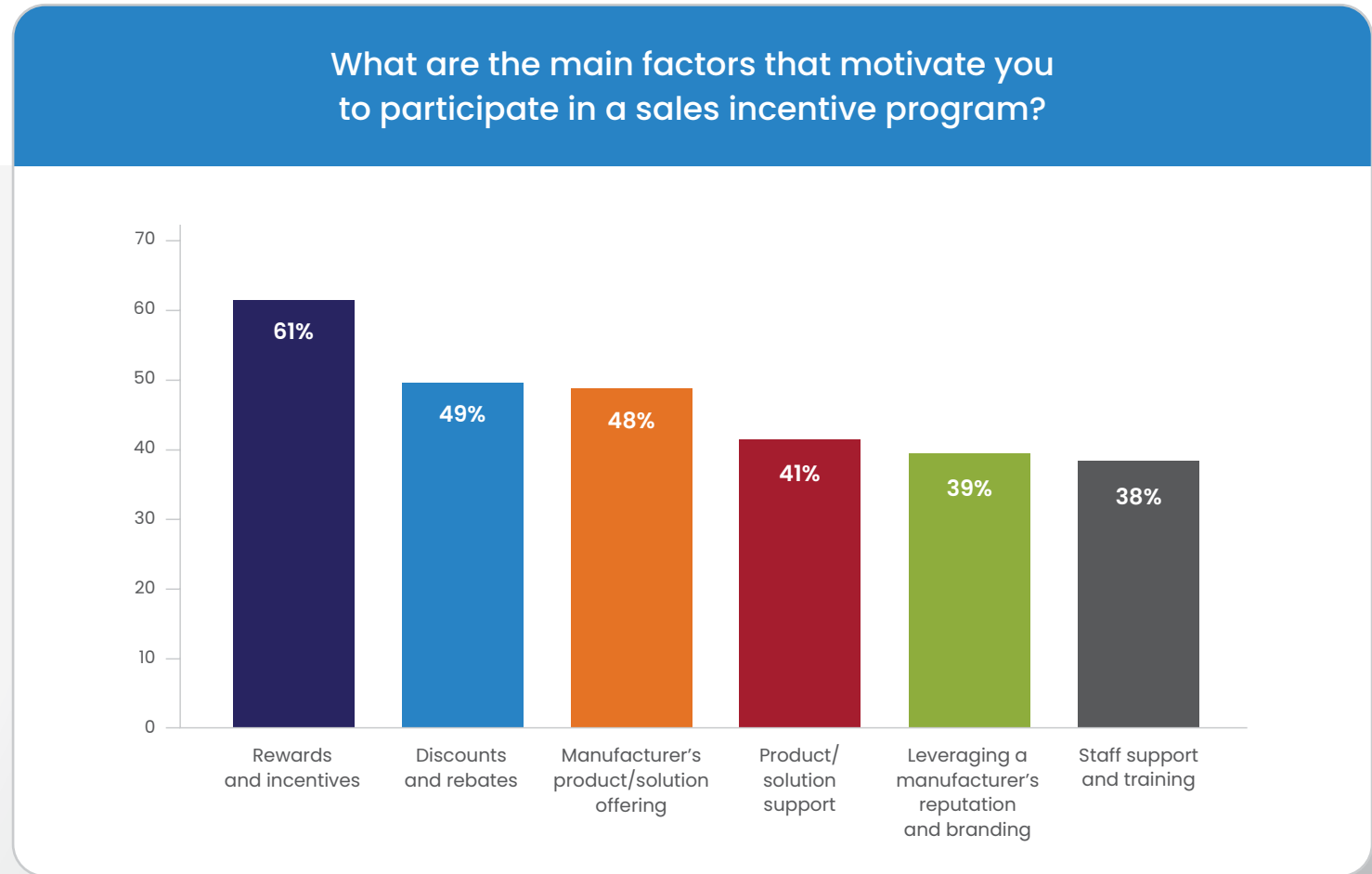
—MSR OF SURGICAL APPLIANCE AND SUPPLIES

PART 2

Program participation motivators

Sales incentive programs motivate your reps to achieve specific goals, encourage them to strive for higher performance and connect them to your sales and marketing strategies. But what motivates them to participate in the first place?

Top participation drivers

The surveyed sales reps identified up to three main factors that motivate them to participate in a sales incentive program.

What are the main factors that motivate you to participate in a sales incentive program?

Factor	Percentage
Rewards and incentives	61%
Discounts and rebates	49%
Manufacturer's product/solution offering	48%
Product/solution support	41%
Leveraging a manufacturer's reputation and branding	39%
Staff support and training	38%

Top participation drivers by participant role

When the top drivers were further broken out by participant type, we found key differences between DSRs and MSRs.
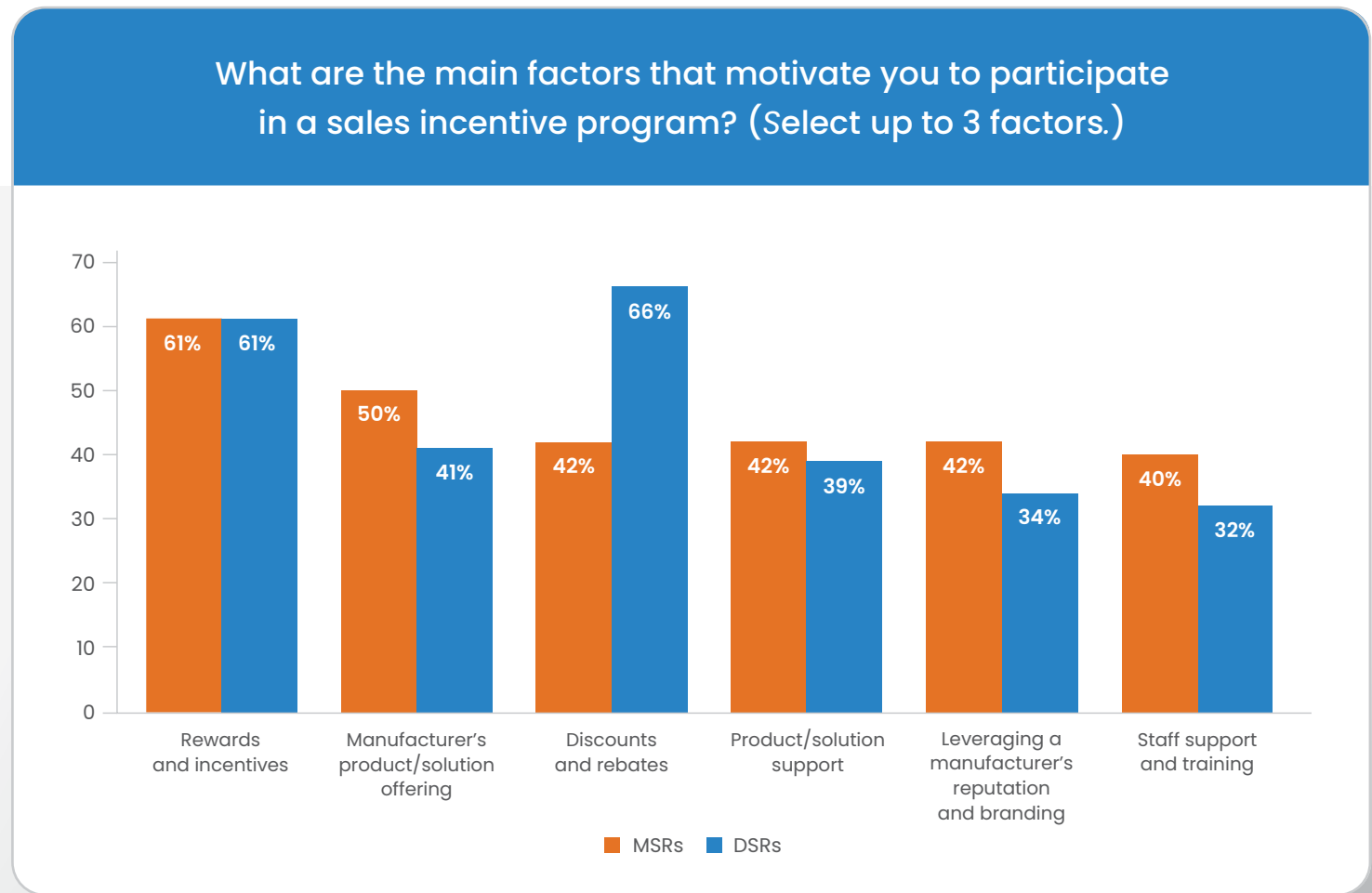
What are the main factors that motivate you to participate in a sales incentive program? (Select up to 3 factors.)

	MSRs	DSRs
Rewards and incentives	61%	61%
Manufacturer's product/solution offering	50%	41%
Discounts and rebates	42%	66%
Product/solution support	42%	39%
Leveraging a manufacturer's reputation and branding	42%	34%
Staff support and training	40%	32%

■ MSRs ■ DSRs

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Insights

Rewards and incentives

Financial compensation remains a universal motivator for participation in incentive programs across both groups, with 61% selecting this as a top factor.

Product offerings

48% of all reps say the manufacturer's product or solution offering plays a significant role in encouraging their participation. A great product backed by a solid incentive is a winning combination.

Product/solution support

39% of DSRs and 42% of MSRs value product or solution support, reflecting the importance of having reliable and well-supported products to offer customers. Your field and support teams are critical for motivating partners to sell your products.

DSRs vs. MSRs

While rewards drive both groups, DSRs tend to be more financially driven. MSRs statistically focus more on product and development support.

Motivated by discounts and rebates

DSRs: 66% | **MSRs:** 42%

Prioritize the manufacturer's solution

DSRs: 41% | **MSRs:** 50%

Motivated by staff support and training

DSRs: 32% | **MSRs:** 40%

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Actions

> **Create a robust rewards structure** that ties incentives to performance. Ensure the incentives are relevant and personalized to what your reps value most.

> **Develop hybrid incentive programs** that balance financial rewards, product innovation and training to appeal to both DSRs and MSRs. For example:

DSRs	MSRs
Tiered earning opportunities based on sales volume or goals	Bonuses for exceeding sales targets

Outcomes

Aligning your program with these motivators encourages higher levels of engagement and performance from DSRs and MSRs.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Flexible alternatives that keep my motivation high by letting me select from a wide range of rewards and immediate benefits for specific efforts would encourage me to engage more frequently."
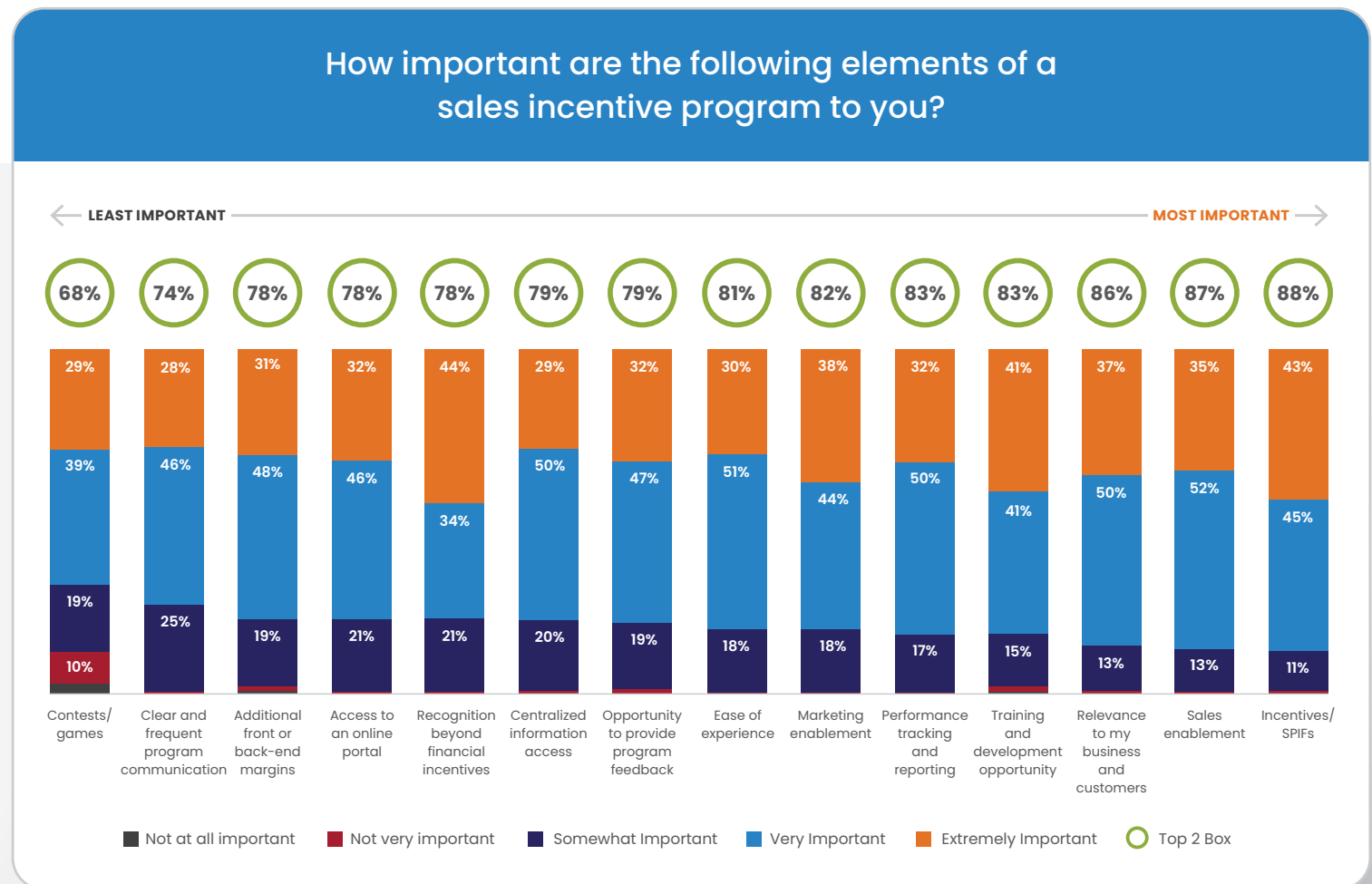
—MSR OF OFFICE SUPPLIES AND ELECTRICAL EQUIPMENT

"Personalized incentives would make the program more appealing and encourage greater participation."

—DSR OF ELECTRICAL EQUIPMENT

The most and least important elements of a program

We asked DSRs and MSRs to rank a list of program elements on a scale of "not at all important" to "extremely important."

How important are the following elements of a sales incentive program to you?

LEAST IMPORTANT ← → MOST IMPORTANT

Element	Top 2 Box	Extremely Important	Very Important	Somewhat Important	Not very important	Not at all important
Contests/games	68%	29%	39%	19%	10%	
Clear and frequent program communication	74%	28%	46%	25%		
Additional front or back-end margins	78%	31%	48%	19%		
Access to an online portal	78%	32%	46%	21%		
Recognition beyond financial incentives	78%	44%	34%	21%		
Centralized information access	79%	29%	50%	20%		
Opportunity to provide program feedback	79%	32%	47%	19%		
Ease of experience	81%	30%	51%	18%		
Marketing enablement	82%	38%	44%	18%		
Performance tracking and reporting	83%	32%	50%	17%		
Training and development opportunity	83%	41%	41%	15%		
Relevance to my business and customers	86%	37%	50%	13%		
Sales enablement	87%	35%	52%	13%		
Incentives/SPIFs	88%	43%	45%	11%		

Legend: ■ Not at all important ■ Not very important ■ Somewhat Important ■ Very Important ■ Extremely Important ○ Top 2 Box

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Insights

Incentives and SPIFs

88% of sales reps rated incentives and SPIFs as very or extremely important. They want to know that their efforts will be rewarded in meaningful ways.

Sales enablement

87% of sales reps ranked sales enablement as extremely or very important. They want information and resources that help them sell effectively.

Relevance

About 86% of sales reps said the program's relevance to their work is a top priority.

Training and development

83% emphasized the importance of training and professional development. This suggests that offering growth opportunities can enhance program engagement.

Performance tracking

83% of respondents cited performance tracking and reporting as crucial.

Contests/games

68% of respondents cited contests as very or extremely important, which was significantly lower than other elements. 13% ranked it not very important or not important at all.

DSRs vs. MSRs

Sales reps agree on the importance* of incentives/SPIFs, sales enablement and marketing enablement. However, MSRs place more importance on training/development and nonfinancial recognition, while DSRs want clear and frequent communication.

Training and development

DSRs: 73% | **MSRs:** 87%

Recognition beyond financial incentives

DSRs: 68% | **MSRs:** 83%

Clear and frequent communication

DSRs: 78% | **MSRs:** 73%

*Ranked very or extremely important

Actions

> **Provide easy access** to product information, sales collateral and competitive intelligence within your partner enablement and incentive platform.

> **Offer various training opportunities**, from product knowledge to sales techniques, to keep sales reps engaged and help them grow.

> **Focus on incentives and SPIFs** directly tied to sales rep performance.

> **Develop clear, frequent communication** about sales incentive programs.

> **Provide real-time performance tracking** through user-friendly dashboards to give sales reps visibility into their progress.

> **Ensure contests and games add value** and don't distract from the core goals of your program.

Outcomes

Prioritizing these key elements creates a program that resonates with your sales reps and helps drive engagement.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Incentive plans that include regular feedback on sales performance and public recognition of outstanding sales reps will help increase motivation."

—MSR OF SURGICAL APPLIANCE AND SUPPLIES

"Establish measurable, challenging and realistic performance objectives. Employee performance and engagement increase when there are ambitious yet reachable goals that motivate them to move beyond their comfort zones."
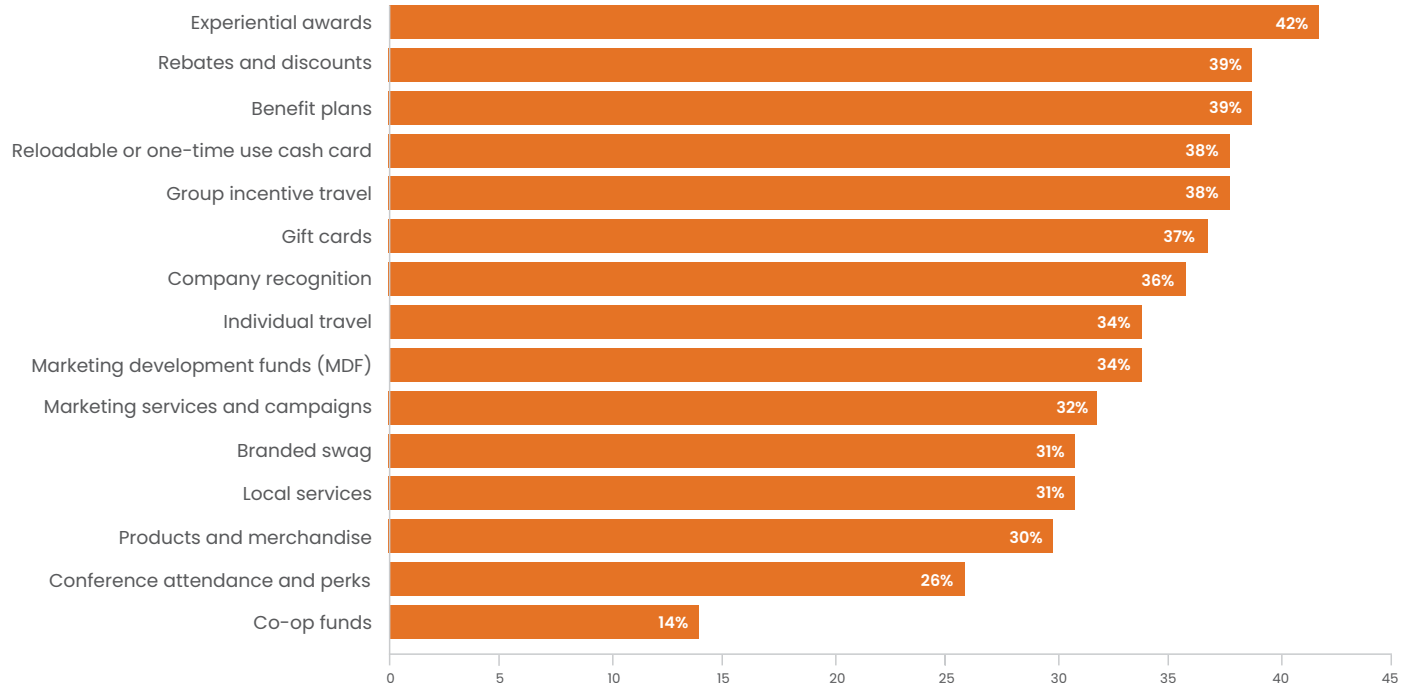
—DSR OF ELECTRICAL EQUIPMENT
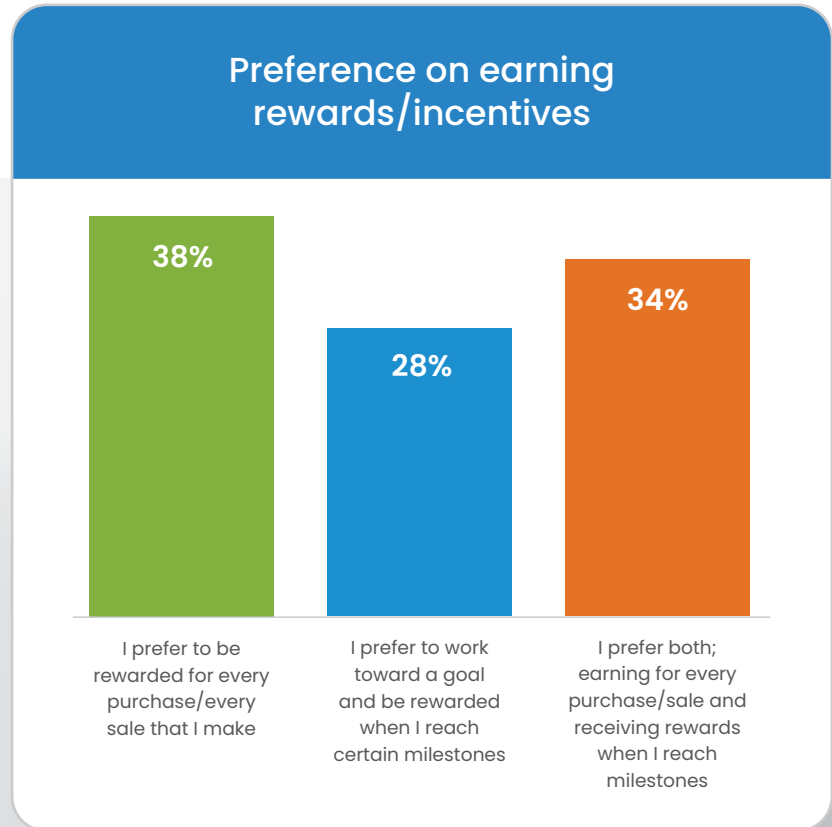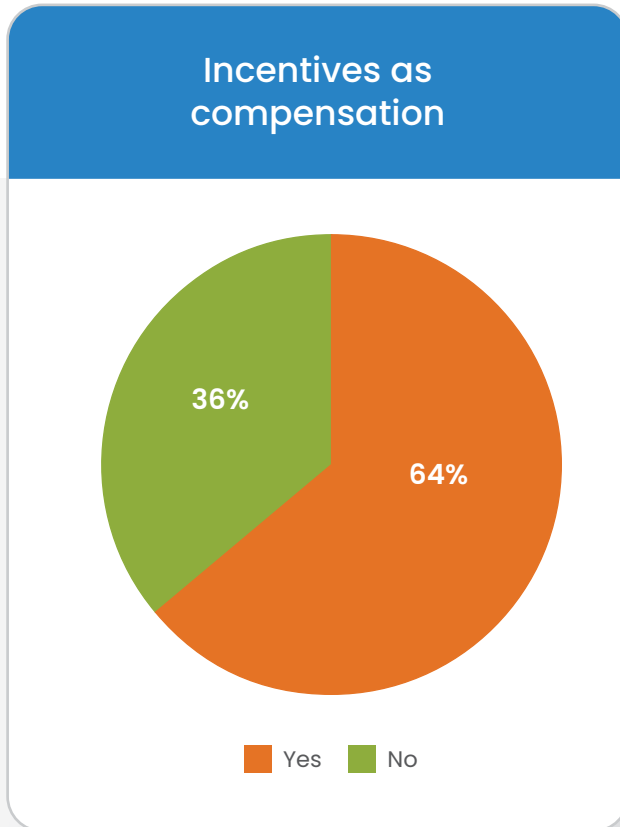
Preferred reward types and earning structures

Knowing which rewards matter to sales reps can make or break an incentive program. To find out, we asked DSRs and MSRs to select their top five incentives that would encourage them to sell products more frequently.

Which of the following types of incentives would encourage you to sell products more frequently? (Select your top 5.)

Incentive type	Percentage
Experiential awards	42%
Rebates and discounts	39%
Benefit plans	39%
Reloadable or one-time use cash card	38%
Group incentive travel	38%
Gift cards	37%
Company recognition	36%
Individual travel	34%
Marketing development funds (MDF)	34%
Marketing services and campaigns	32%
Branded swag	31%
Local services	31%
Products and merchandise	30%
Conference attendance and perks	26%
Co-op funds	14%

Perception of manufacturers' incentive programs

To understand more about how incentives are perceived and what structure is most motivating, we asked if DSRs and MSRs view incentives as part of their compensation and how they prefer to earn rewards/incentives.

Incentives as compensation

64% Yes
36% No

Preference on earning rewards/incentives

- 38% — I prefer to be rewarded for every purchase/every sale that I make
- 28% — I prefer to work toward a goal and be rewarded when I reach certain milestones
- 34% — I prefer both; earning for every purchase/sale and receiving rewards when I reach milestones

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Insights

Incentives as compensation

64% of sales reps view incentives as an essential part of their overall compensation package. This underscores the importance of rewards that reps recognize as valuable.

Earning structures

Sales reps have a slight preference for being rewarded for every purchase. However, a common suggestion in the open text question was introducing tiered reward systems so higher achievements unlock more valuable rewards.

Experiential rewards

Experiential rewards like concerts and sporting events are highly valued by both groups, with 41% of DSRs and 42% of MSRs selecting them as a top incentive.

Incentive travel

Incentive travel is highly valued by both groups. DSRs favor individual travel (42% vs. 31%), while MSRs prefer group travel (39% vs. 34%).

Gift and cash cards

41% of DSRs and 35% of MSRs showed a preference for gift cards for hitting specific targets. This makes them a flexible, universal incentive.
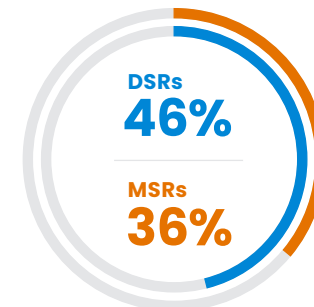
DSRs vs. MSRs

The greatest differences between DSRs and MSRs highlight DSRs' overall preference for practical financial rewards.

Rebates and discounts
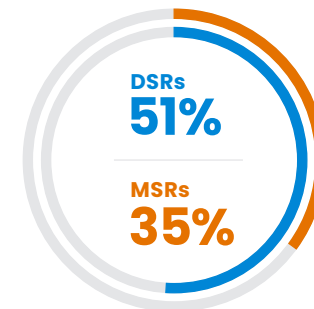
DSRs
51%

MSRs
35%

Benefit plans

DSRs
46%

MSRs
36%

Actions

> **Focus on personalizing rewards** so reps can choose options that match their preferences (e.g., electronics, travel or professional development opportunities).

> **Prioritize experiential rewards and travel** for DSRs and MSRs to provide a valuable reward they can work toward year-round.

> **Introduce a tiered reward system** that gives reps more valuable incentives as they achieve higher levels of success.

Outcomes

Tailoring your earning structures and rewards to what reps genuinely value increases participation and helps them see the direct benefits of their efforts.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Offer premium travel experiences like [trips abroad] and private vacation."

—MSR OF PLASTICS PRODUCT

"Put in place a tiered system where participants receive progressively valuable prizes as their engagement levels rise. [This] can provide them a sense of accomplishment."

—MSR IN PLASTICS PRODUCT, RUBBER PRODUCT AND CHEMICAL MANUFACTURING

"Offering rewards that cater to individual preferences can make the program more appealing."

—DSR OF CHEMICAL MANUFACTURING, OPHTHALMIC GOODS, OFFICE SUPPLIES (EXCEPT PAPER) AND ELECTRICAL EQUIPMENT
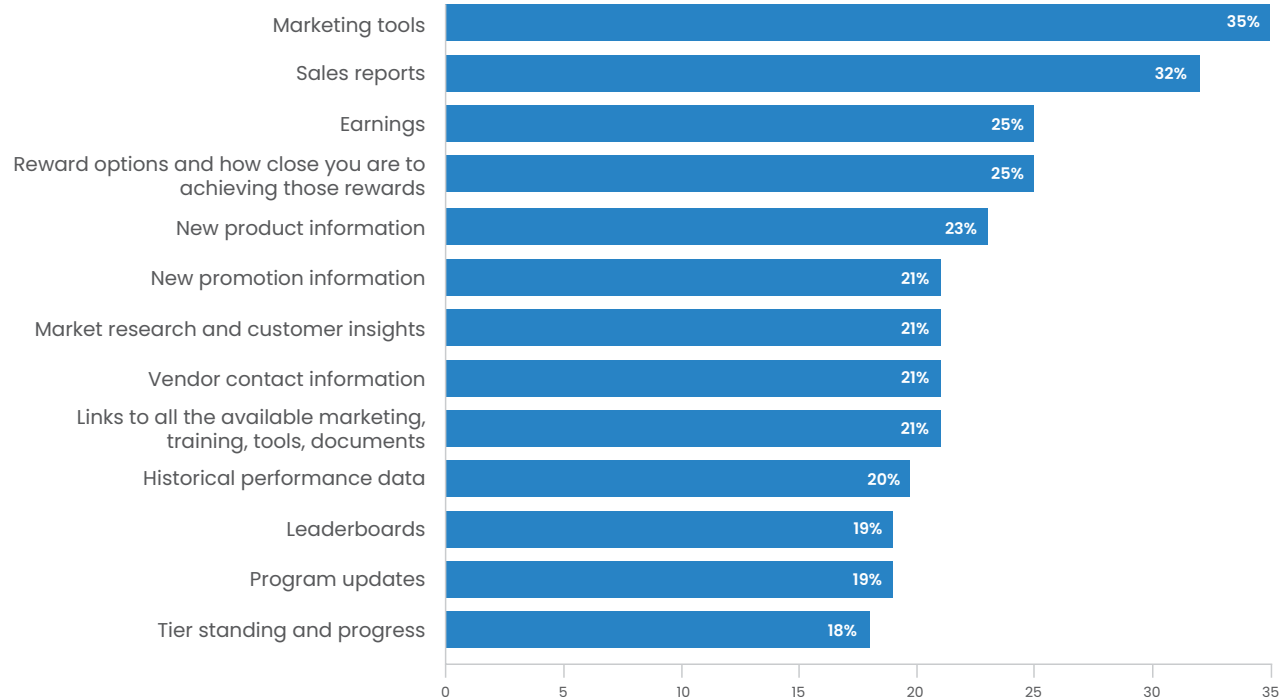
PART 3

Program engagement drivers

Incentive programs succeed by actively engaging sales reps with the right tools and resources. Key elements, like online portals, program communications and training, increase engagement, and help manufacturers create programs that resonate.

The impact of an online portal on engagement

How sales reps access and interact with your incentive program is just as important as the rewards and program elements themselves. We asked DSRs and MSRs what types of information/data points they find most valuable when visiting an online incentive program portal and how often they foresee themselves visiting a portal for updates and information.

When visiting an online incentive program portal, what types of information/data points would you find most valuable? (Select your top 3.)

Category	Percentage
Marketing tools	35%
Sales reports	32%
Earnings	25%
Reward options and how close you are to achieving those rewards	25%
New product information	23%
New promotion information	21%
Market research and customer insights	21%
Vendor contact information	21%
Links to all the available marketing, training, tools, documents	21%
Historical performance data	20%
Leaderboards	19%
Program updates	19%
Tier standing and progress	18%

Insights

Frequent portal access

73% expect to visit the online portal at least once per week, with 44% planning to visit multiple times per week or daily.

Mobile-first approach

79% of all sales reps prefer to access the portal via mobile phone/app to stay updated on program activities. However, 93% of DSRs prefer to access the portal via desktop compared to 68% of MSRs.

Personalized experiences

94% of respondents rated personalization as very or extremely important. Sales reps want their partner portal homepage to reflect their roles, the products they sell and the customers they serve.

Valuable tools

Marketing tools and sales reports are the top two most valued pieces of information available through the portal, cited in the top three factors by 35% and 32%, respectively. Reps rely on these resources to help them succeed, with both DSRs and MSRs ranking them as essential features. Earnings and progress toward rewards tied for the top three spot with 25%.

DSRs vs. MSRs

DSRs and MSRs have similar priorities for top features and online incentive portals. **They differ on the third priority.**

1 Marketing tools

2 Sales reports

DSRs

3 Earnings (34%)

MSRs

3 Reward options* (25%)
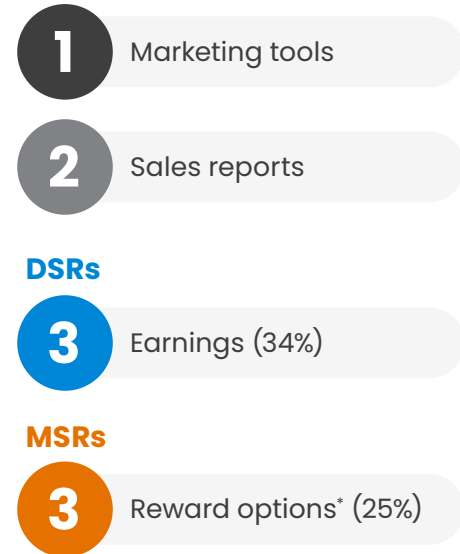
*Includes how close they are to achieving them

Actions

> **Optimize your portal for mobile use** and consider what functionality is needed to make access easier for reps who are on the go.

> **Prioritize personalization** on the homepage, goals, rewards and communications based on the sales rep's role, products and sales region.

> **Highlight marketing tools and sales reports** prominently on the portal to give reps the resources they need at their fingertips.

> **Add visual incentives trackers** like progress bars or gamification elements to make tracking rewards more engaging and clearer.

Outcomes

Making your online portal easy to access, personalized and full of valuable tools connects reps with your program and motivates them to engage regularly.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Display sales leaderboards within the company that are updated regularly to incentivize salespeople to compete and provide additional rewards to the top rankers."
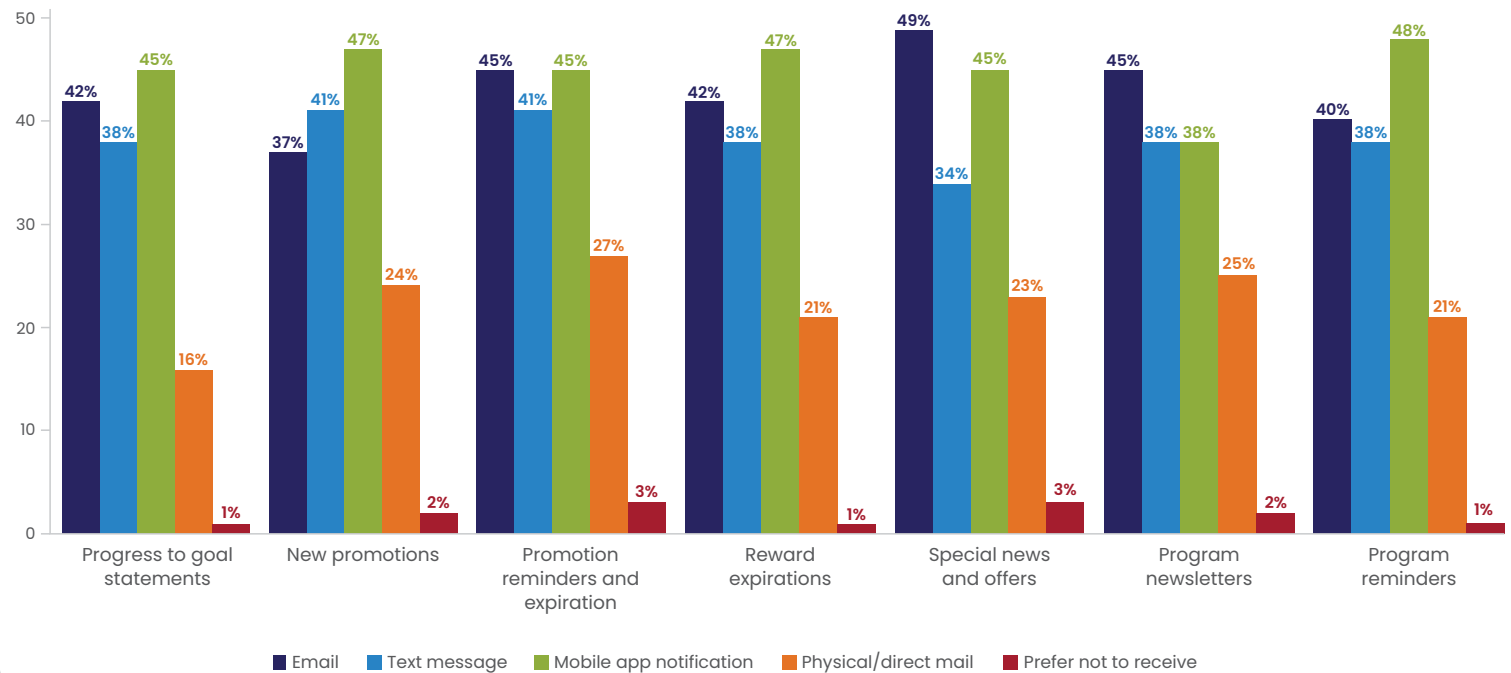
—MSR OF TELEPHONE APPARATUSES

"Transparency in incentive plans is very important to me. Clearly stating the conditions for obtaining each reward will give me more confidence to work hard to achieve my goals. Sometimes the goals seem a bit vague, and clear conditions will give me a better sense of direction."

—DSR, POLISH AND OTHER SANITATION GOODS

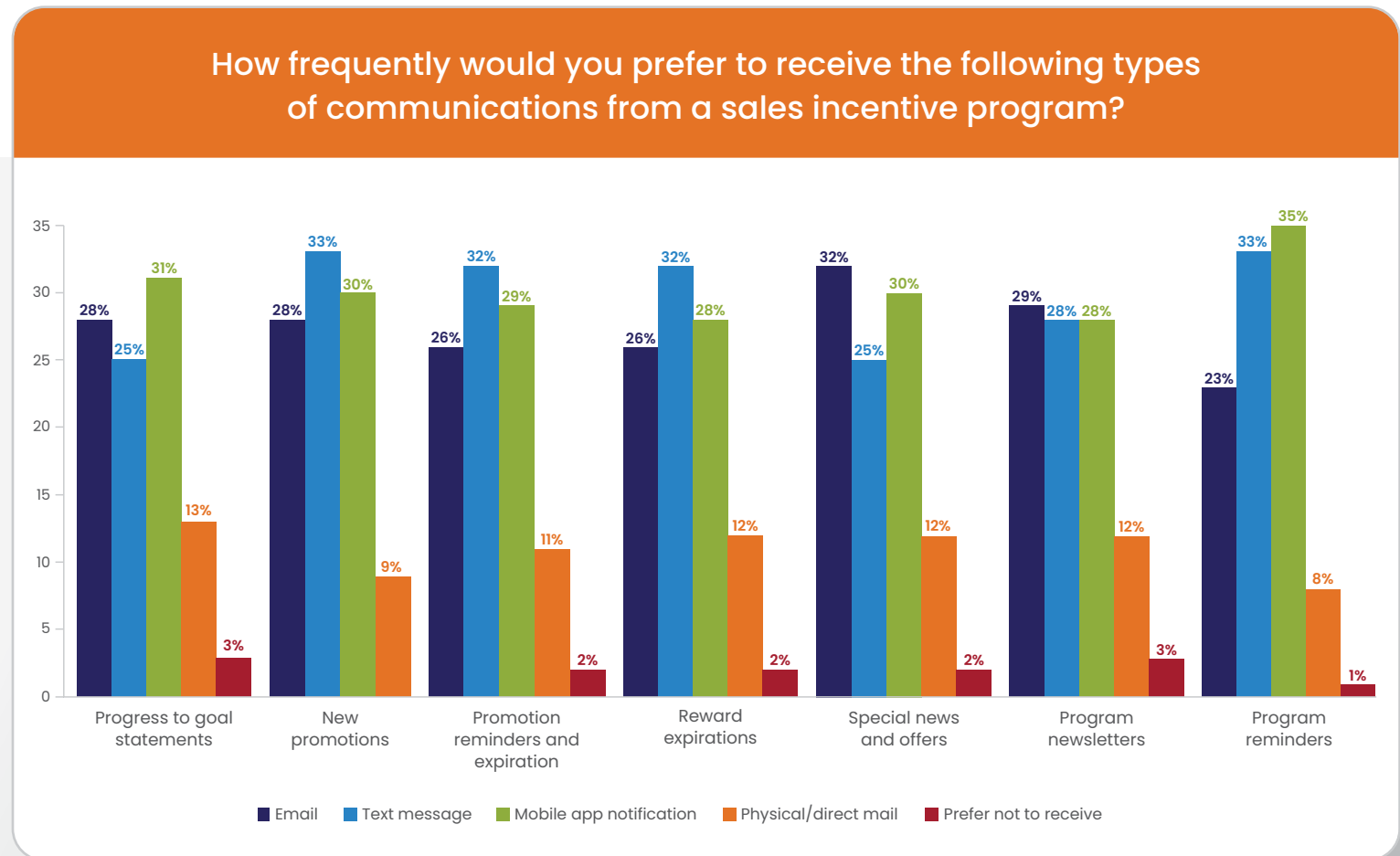# The impact of communications on engagement

Clear, frequent communication keeps an incentive program top of mind. To find out how to best communicate and how often, we asked DSRs and MSRs how they prefer to receive different types of communications pertaining to sales incentive programs.

How do you prefer to receive different types of communications pertaining to sales incentive programs?

	Email	Text message	Mobile app notification	Physical/direct mail	Prefer not to receive
Progress to goal statements	42%	38%	45%	16%	1%
New promotions	37%	41%	47%	24%	2%
Promotion reminders and expiration	45%	41%	45%	27%	3%
Reward expirations	42%	38%	47%	21%	1%
Special news and offers	49%	34%	45%	23%	3%
Program newsletters	45%	38%	38%	25%	2%
Program reminders	40%	38%	48%	21%	1%

Sales reps' communication preferences

We then asked reps to select how frequently they would prefer to receive the following types of communications from a sales incentive program.

How frequently would you prefer to receive the following types of communications from a sales incentive program?

	Email	Text message	Mobile app notification	Physical/direct mail	Prefer not to receive
Progress to goal statements	28%	25%	31%	13%	3%
New promotions	28%	33%	30%	9%	
Promotion reminders and expiration	26%	32%	29%	11%	2%
Reward expirations	26%	32%	28%	12%	2%
Special news and offers	32%	25%	30%	12%	2%
Program newsletters	29%	28%	28%	12%	3%
Program reminders	23%	33%	35%	8%	1%

Insights

Weekly communication

To stay engaged and informed, sales reps have a strong preference for weekly updates across most communications types, such as:

Program reminders (45%)

Reward statements (43%)

Special news and offers (42%)

Progress-to-goal statements (40%)

Mobile notifications

DSRs and MSRs rely heavily on their mobile devices for quick updates, and they expect to be notified about important program changes or new promotions through text messages (40%) or mobile app notifications (45%). Email is preferred for more detailed information like program newsletters (45%) and special news/offers (49%).

Tailored messaging

Sales reps appreciate when communication is personalized to their role and program progress. They're more likely to engage with updates that are timely and relevant to their own goals.

DSRs vs. MSRs

While both groups favor frequent updates via mobile app and email, **DSRs prefer email and mobile app notifications** while **MSRs prefer email or text message communications.**

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Actions

> **Use a multichannel communication strategy** that includes mobile notifications, text messages and email to ensure sales reps always have necessary program information.

> **Let reps set their communication preferences** within the portal so they can choose how often and through which channels they receive updates.

> **Tailor communication** to the sales rep's specific role and program status.

Outcomes

Keeping communication open and personalized ensures sales reps stay engaged with the program and don't miss out on key opportunities.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Provide regular updates to users for progress and achieve the goals to keep them motivated."

—MSR OF PLASTICS PRODUCT, OFFICE SUPPLIES, POLISH AND OTHER SANITATION GOODS, AND ELECTRICAL EQUIPMENT

The impact of training on engagement

While rewards are important, sales reps also value opportunities to improve their skills and learn more about what they're selling. In fact, training and development ranked highly in our survey, with 83% of respondents considering it a critical element of incentive programs. DSRs rated personal product knowledge as the second most important factor when choosing which brands to sell.
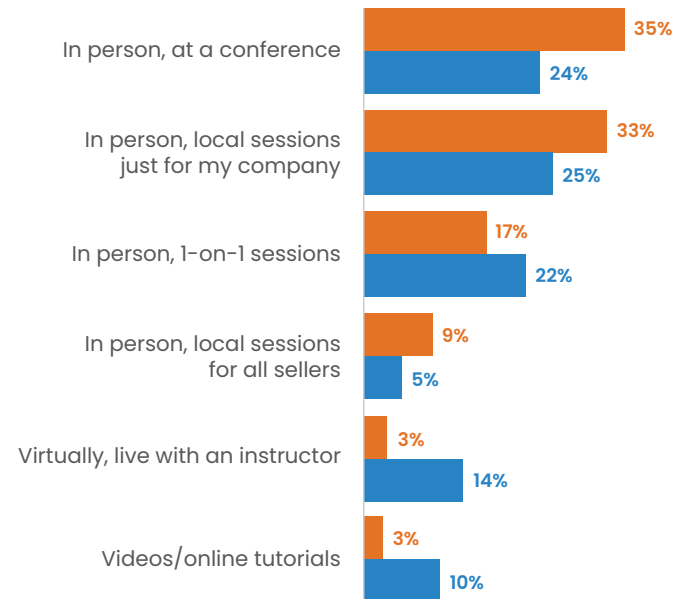
How likely would you be to participate in more trainings if you received incentives/rewards for participating?

(% selected very/extremely likely)
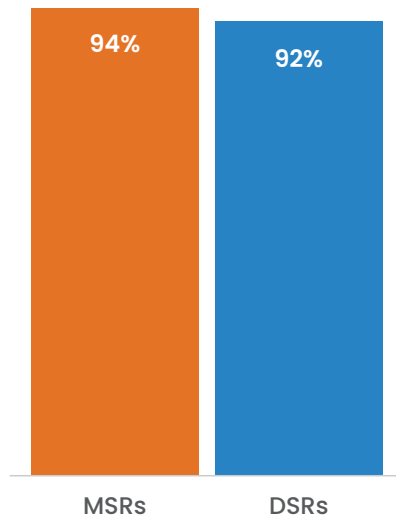
	MSRs	DSRs
	94%	92%

How do you prefer to consume training content?

MSRs ■ **DSRs**

	MSRs	DSRs
In person, at a conference	35%	24%
In person, local sessions just for my company	33%	25%
In person, 1-on-1 sessions	17%	22%
In person, local sessions for all sellers	9%	5%
Virtually, live with an instructor	3%	14%
Videos/online tutorials	3%	10%

Insights

Training as a motivator

Although training motivates more frequent program participation (77%), it's not necessarily the first reason sales reps participate in a program. Instead, better sales and marketing enablement (85%), recognition (85%) and rewards (80%) were prioritized. However, training becomes more significant as part of their overall development.

Incentivized training

93% of sales reps indicated they'd participate if training sessions were incentivized. This suggests incorporating rewards for completing training modules or certifications could boost engagement and skill development.

In-person training

Despite virtual and self-service options on the rise, a wide margin still prefers in-person training (32%) vs. virtual training with a live instructor (6%). While sales reps value face-to-face interactions for deeper learning and engagement, they do appreciate the flexibility of online options.
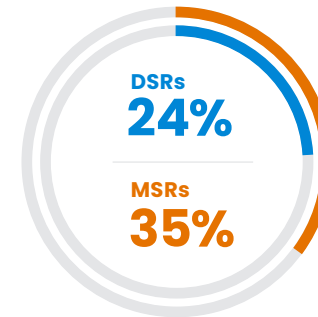
DSRs vs. MSRs

When it comes to training methods, DSRs prefer personalized and flexible training options while MSRs lean toward larger, collective learning experiences.

In-person, 1:1 sessions

DSRs
22%

MSRs
17%
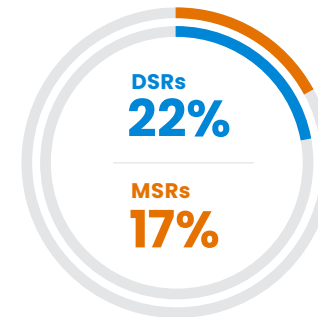
In-person, large-group formats

DSRs
24%

MSRs
35%

Actions

> **Incentivize training** by offering bonus points or rewards for completing key training sessions or certifications. This can drive higher participation and improve skills.

> **Prioritize in-person training opportunities** whenever possible, but complement them with virtual and self-service options for flexibility. Getting the right mix of scalable virtual options and in-person attention is important. This is often where incentives can make or break training and certification efforts.

> **Include advanced topics** and career development courses in your training offerings to provide long-term value for sales reps.

Outcomes

Incorporating training into your incentive program benefits your sales reps by helping them grow professionally. Training also strengthens their loyalty to your brand by offering deeper knowledge of your products and services. People sell what they know.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Provide free or subsidized professional training courses to help upgrade skills while increasing career development opportunities for salespeople."

—MSR OF OPHTHALMIC GOODS

"Offer awards that promote personal development, including mentoring opportunities, workshops or training sessions. This offers value that goes beyond financial gain."

—MSR OF RUBBER PRODUCT, CHEMICAL MANUFACTURING, TELEPHONE AND OTHER COMMUNICATIONS EQUIPMENT

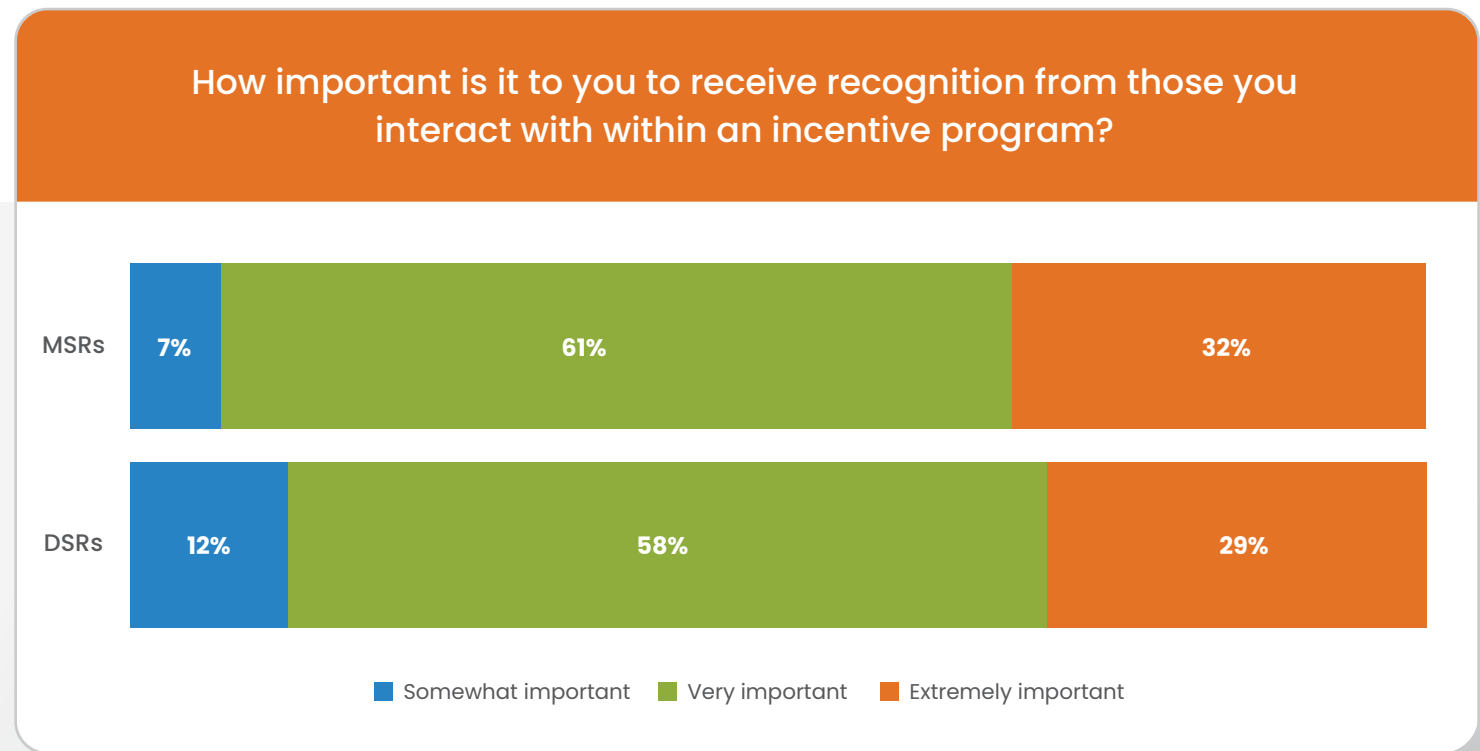"If it can give me professional knowledge training and better development."

—DSR OF CHEMICAL MANUFACTURING, SURGICAL APPLIANCE AND SUPPLIES, OFFICE SUPPLIES

The impact of recognition on engagement

We know from our work in the employee experience space that recognition that goes beyond financial rewards is a key part of engagement.

To find out how important it is to this audience, we asked DSRs and MSRs to rank recognition as an element of a sales incentive program, including how important it is to them to receive recognition from those they interact with in the program.

How important is it to you to receive recognition from those you interact with within an incentive program?

	Somewhat important	Very important	Extremely important
MSRs	7%	61%	32%
DSRs	12%	58%	29%

■ Somewhat important   ■ Very important   ■ Extremely important

Insights

Recognition as a motivator

78% of sales reps responded they consider recognition beyond financial incentives to be very or extremely important.

Peer and manager recognition

91% of DSRs and MSRs mentioned that receiving recognition from peers and managers is very or extremely important.

Recognition and brand loyalty

Sales reps who feel appreciated for their hard work are more likely to stay engaged and loyal to your brand. Public praise, rewards and other forms of nonmonetary recognition go a long way in making reps feel valued.

DSRs vs. MSRs

The importance of recognition beyond financial incentives as part of a sales incentive program differs slightly between sales groups, with MSRs placing a greater importance on it as an element of a program.

DSRs
68%

MSRs
83%
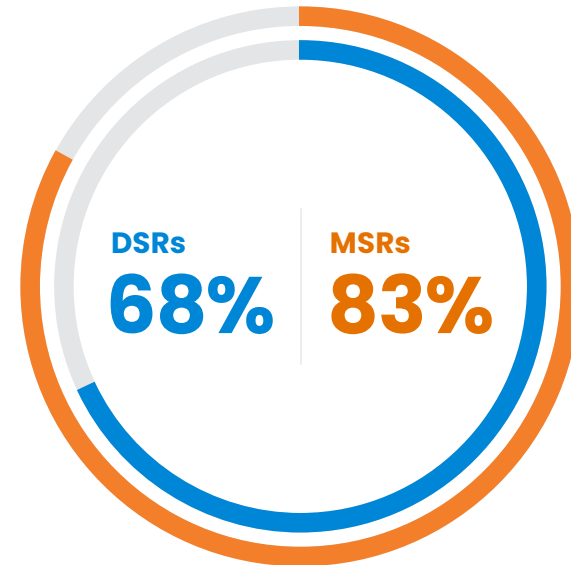
% selected "very or extremely important"

34

Actions

> **Implement recognition inside your sales incentive program** that lets managers and peers celebrate achievements, whether it's closing a big deal or reaching a key milestone. This also works well for connecting MSRs with their peers, managers or DSRs.

> **Make recognition visible** by incorporating opportunities for public recognition (announcements, awards ceremonies or spotlights in company communications).

Outcomes

Integrating recognition into your incentive program creates a culture of appreciation that encourages continued engagement and performance. This could be the point of differentiation between your company and a competitor.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"Recognition and praise from leadership will also motivate me more. Nonmaterial awards, such as public praise or special job opportunities, will make me feel more motivated."

—DSR OF RUBBER PRODUCT, CHEMICAL MANUFACTURING, ANALYTICAL LABORATORY INSTRUMENTS, AND POLISH AND OTHER SANITATION GOODS

"Tell success stories and give respect to the best employees. Having friends rewarded motivates more participation from others."
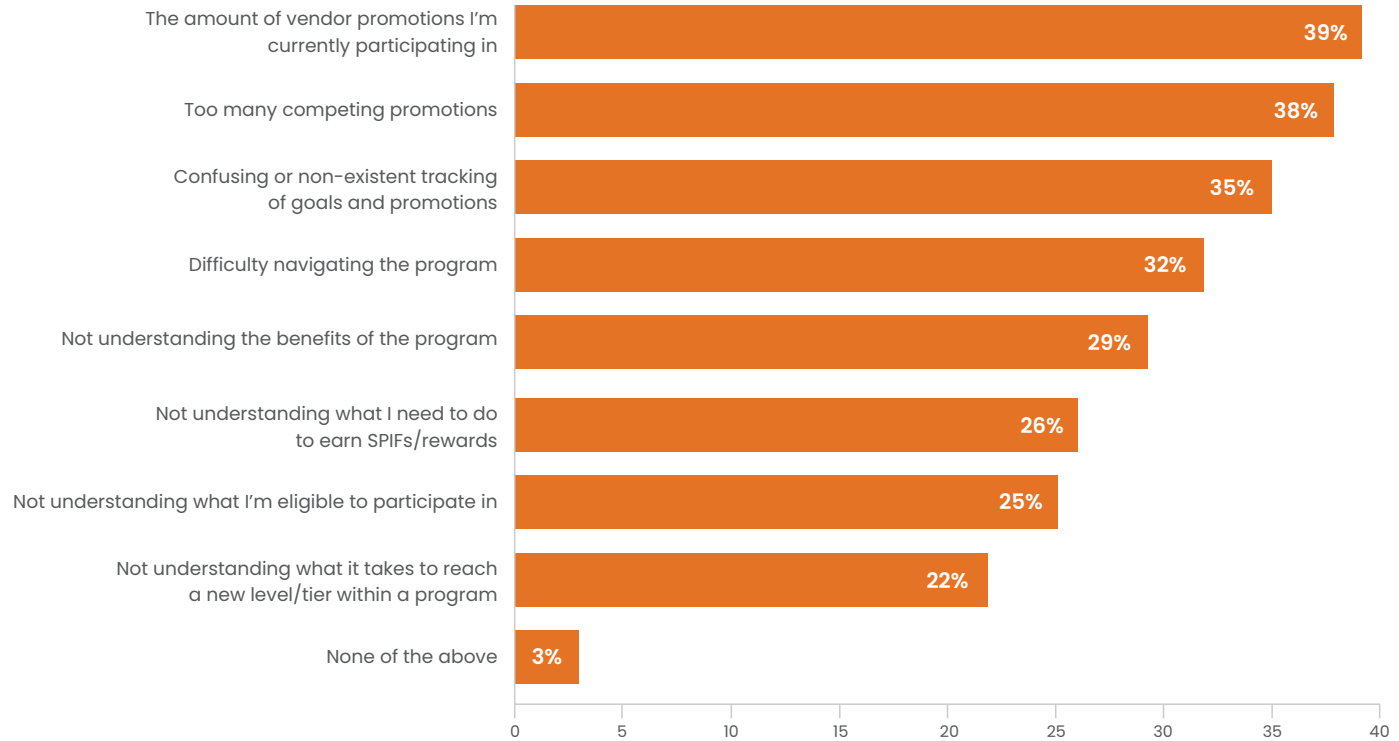
—MSR OF ELECTRICAL EQUIPMENT

PART 4

Program participation challenges

Even with the best-designed sales incentive programs, sales reps may face significant barriers stopping them from participating or challenges preventing them from participating fully.

Common participation barriers

We asked DSRs and MSRs to share barriers that prevent them from participating in an incentive program and list any challenges they've experienced with sales incentive programs they've participated in.
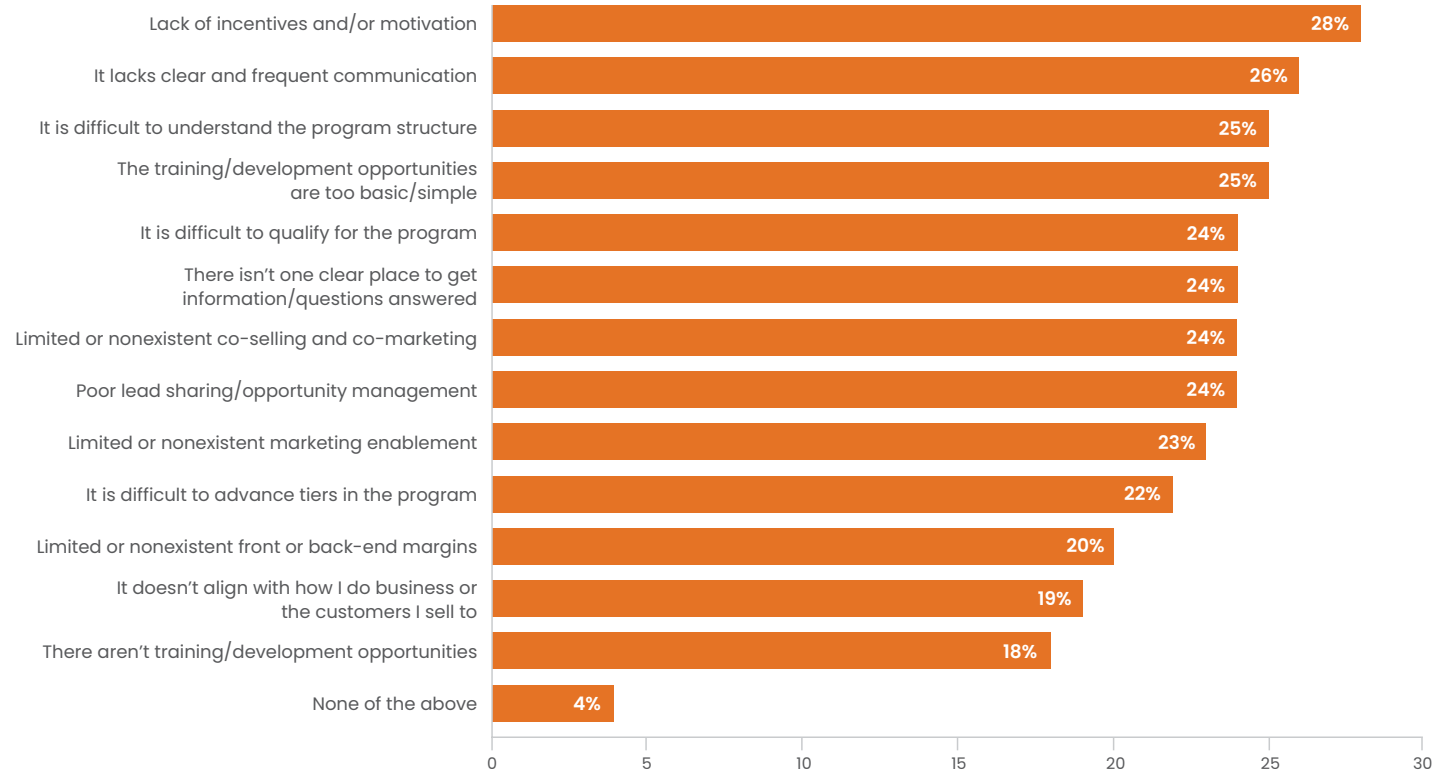
Do any of the following prevent you from participating in a sales incentive program? (Select all that apply.)

Barrier	Percentage
The amount of vendor promotions I'm currently participating in	39%
Too many competing promotions	38%
Confusing or non-existent tracking of goals and promotions	35%
Difficulty navigating the program	32%
Not understanding the benefits of the program	29%
Not understanding what I need to do to earn SPIFs/rewards	26%
Not understanding what I'm eligible to participate in	25%
Not understanding what it takes to reach a new level/tier within a program	22%
None of the above	3%

Challenges current participants face with programs

Even after sales reps overcome the participation barriers and engage with the program, they can experience significant challenges based on the program's structure. We asked them to identify which common issues affect their program experience.

Have you experienced any of the following challenges with your sales incentive program(s)? (Select all that apply.)

Challenge	Percentage
Lack of incentives and/or motivation	28%
It lacks clear and frequent communication	26%
It is difficult to understand the program structure	25%
The training/development opportunities are too basic/simple	25%
It is difficult to qualify for the program	24%
There isn't one clear place to get information/questions answered	24%
Limited or nonexistent co-selling and co-marketing	24%
Poor lead sharing/opportunity management	24%
Limited or nonexistent marketing enablement	23%
It is difficult to advance tiers in the program	22%
Limited or nonexistent front or back-end margins	20%
It doesn't align with how I do business or the customers I sell to	19%
There aren't training/development opportunities	18%
None of the above	4%

Insights

Number of vendor promotions

39% of respondents feel overwhelmed by how many vendor programs they're participating in.

Competing promotions

38% of respondents said the number of competing promotions leads to confusion and difficulty in prioritizing programs.

Confusing or non-existent tracking

35% of respondents report unclear or nonexistent tracking systems make it hard to understand their progress.

Difficulty navigating the program

32% of sales reps reported issues understanding the program rules.

Lack of incentives or motivation

28% indicated there's a lack of incentives and/or motivation.

Training is too basic

25% feel that the training and development options lack the depth to support their growth.

Lack of clear and frequent communication

26% of respondents receive insufficient communication, making it hard to stay informed.

DSRs vs. MSRs

The differences between DSRs and MSRs regarding challenges with sales incentive programs are relatively small. MSRs have a slightly higher percentage of respondents struggling to **understand the qualifications to earn** (**DSRs:** 26% | **MSRs:** 29%) and **program eligibility** (**DSRs:** 19% | **MSRs:** 28%).

Because both groups face similar challenges, manufacturers should address these barriers as a whole.

Actions

> **Simplify program structures** to make it easier for sales reps to understand earnings and track their progress.

> **Develop more advanced training opportunities** to address concerns about overly basic training and give sales reps a chance to grow their skills.

> **Implement a clear tracking system** that lets sales reps see their progress toward goals in real time, reducing confusion and helping them stay motivated.

> **Enhance program communications** by developing easy-to-understand program guides and FAQs.

Outcomes

Addressing these challenges removes roadblocks and ensures your reps can engage fully with your program.

In their own words

What changes or additions to an incentive program would encourage you to engage more frequently and with greater enthusiasm?

"If the award distribution speed could be faster, I would be more willing to participate. If it's too long, I won't be enthusiastic anymore."

—MSR OF RUBBER PRODUCT

"Set some specific and achievable goals, and make clear the criteria for awards, such as extra bonuses or gift cards for exceeding sales targets, so I will be more motivated. In particular, the awards should be able to make me feel the real value, such as extra commissions, vacation awards, etc."

—MSR OF ELECTRICAL EQUIPMENT

PART 5

Overall program recommendations

Based on our research, here are 10 key steps you can start today to create a more engaging and effective sales incentive program.

1.
Develop a comprehensive incentive structure

Combine financial rewards, experiential rewards, training incentives and personalized recognition.

2.
Streamline and coordinate promotions

Reduce confusion by making your program easy to understand. Align promotions with clear, achievable goals.

3.
Personalize rewards

Offer rewards tailored to each rep's preferences and performance to make them feel more valued.

4.
Simplify program structure and improve the user experience

Make it simple for reps to understand how to earn rewards and track their performance.

5.
Incentivize training and development

Include training as a core part of your award structure and offer more advanced training opportunities to help reps grow their skills and product knowledge.

6.
Implement recognition programs

Create a structured system for recognizing achievements from peers and managers to foster a sense of community and appreciation.

7.
Enhance communications

Develop an explicit, frequent and multichannel communications strategy that informs but doesn't overwhelm. Include program and promotion details, information about their earnings, and important reminders.

8.
Optimize the program portal for mobile access

Consider what roles need on-the-go access and what functionality will help them most.

9.

Implement data analytics to personalize goal-setting and award offerings

Provide real-time performance tracking and reporting to keep sales reps engaged and informed.

10.

Consider combining separate DSR and MSR incentive programs

Gain efficiency while still tailoring the experience to each audience's unique motivations. This can reduce complexity and enhance overall effectiveness, ensuring that both DSRs and MSRs are aligned and engaged.

Implementing these recommendations creates a sales incentive program that motivates all your reps and **delivers measurable results for your business.**
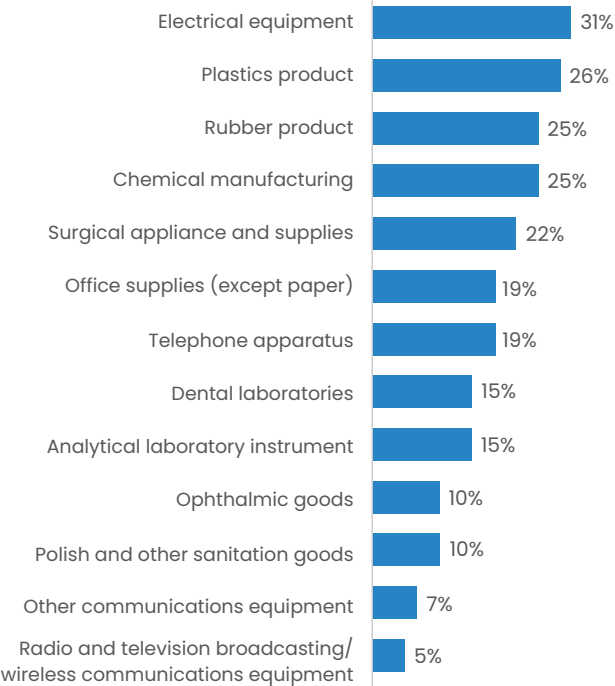
Appendix

Survey respondent profiles

Distributor Sales Rep
Number of participating DSRs: 59

NAICS codes represented

NAICS code	%
Electrical equipment	31%
Plastics product	26%
Rubber product	25%
Chemical manufacturing	25%
Surgical appliance and supplies	22%
Office supplies (except paper)	19%
Telephone apparatus	19%
Dental laboratories	15%
Analytical laboratory instrument	15%
Ophthalmic goods	10%
Polish and other sanitation goods	10%
Other communications equipment	7%
Radio and television broadcasting/ wireless communications equipment	5%

Company tenure

- 2-4 years: 24%
- 5-9 years: 59%
- 10-19 years: 15%
- 20 years or more: 2%

Number of customers

Average number of customers: 95

<25	25-49	50-99	100+
41%	19%	15%	25%

Annual sales

<$1M	<$1M - $1,999,999	<$2M - $4,999,999	<$5M+
42%	31%	20%	7%

Number of DSRs at company

Average number of DSRs: 17

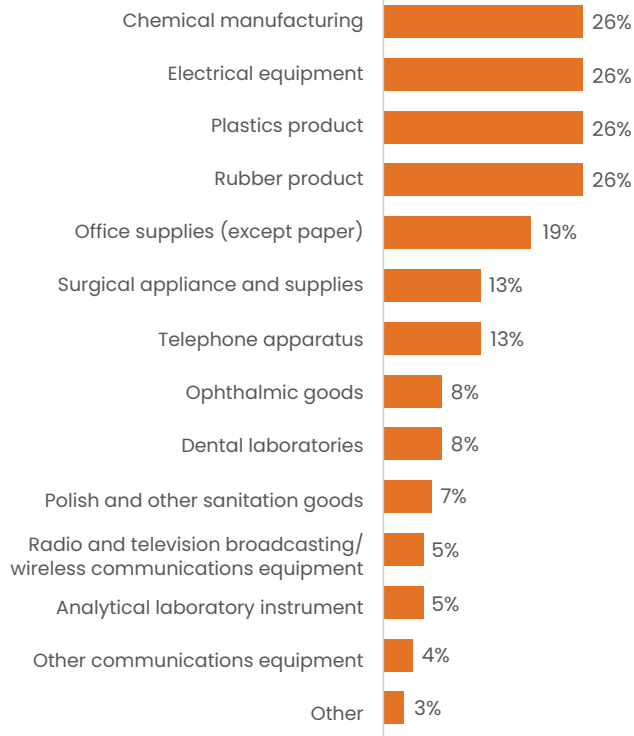| <5	5-9	10-19	20-29	30+
44%	24%	14%	12%	15%
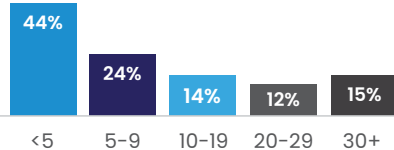
Survey respondent profiles

Manufacturer Sales Rep
Number of participating MSRs: 149

NAICS codes represented

Category	%
Chemical manufacturing	26%
Electrical equipment	26%
Plastics product	26%
Rubber product	26%
Office supplies (except paper)	19%
Surgical appliance and supplies	13%
Telephone apparatus	13%
Ophthalmic goods	8%
Dental laboratories	8%
Polish and other sanitation goods	7%
Radio and television broadcasting/ wireless communications equipment	5%
Analytical laboratory instrument	5%
Other communications equipment	4%
Other	3%

Company tenure

- 2-4 years: 18%
- 5-9 years: 58%
- 10-19 years: 23%

Number of customers

Average number of customers: 170

<25	25-49	50-99	100+
12%	20%	21%	47%

Annual sales

<$1M	<$1M - $1,999,999	<$2M - $4,999,999	<$5M+
12%	29%	27%	32%

Number of MSRs at company

Average number of MSRs: 22

<5	5-9	10-19	20-29	30+
23%	12%	15%	23%	32%
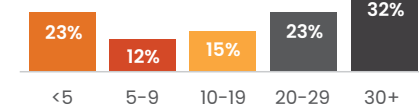
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