

2020  
PULSE SURVEY



# **COVID-19's Impact on Rewards & Recognition**

*The IRF Pulse Survey*

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# COVID-19's Impact on Rewards & Recognition

The impact of COVID-19 on the workforce globally has been significant. Every industry has been forced to make adjustments, whether increasing or decreasing staff, adapting to new work from home mandates, or making quick changes in how they deliver their core product. Reward and recognition programs play a vital role in helping to maintain employees' focus and energy during difficult times. Top performers are being asked to do more, and many employees are being asked to work in stores or other public environments that make them uncomfortable while the risk from COVID-19 remains.

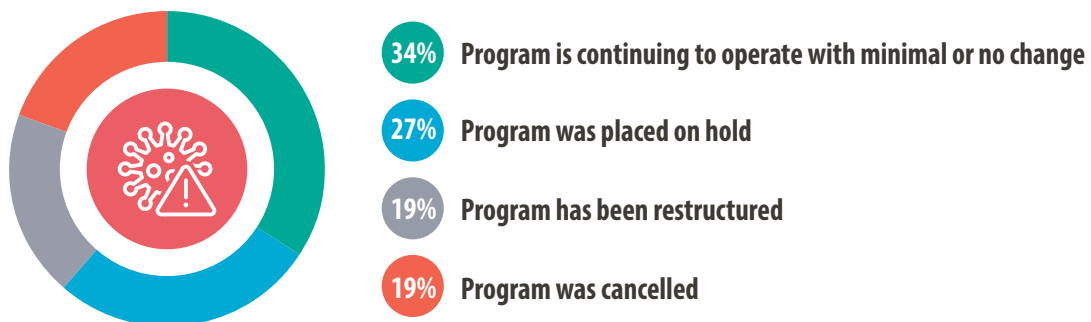
To understand the impact COVID-19 is having on employee and channel reward and recognition programs, the Incentive Research Foundation fielded a survey from May 11 – May 30. The survey was completed by 177 respondents with 30% representing third party reward & recognition providers, 25% executive leadership, 14% HR professionals, 12% sales professionals and 4% administrative professionals. The remaining 15% included a variety of titles that manage reward and recognition programs.

Respondents manage a variety of program types, and many respondents manage multiple types of programs. Channels Sales Incentives and Employee Sales Incentives were used the most frequently. Of those programs managed, 37% reported that Employee Sales Incentive programs had the largest budgets, followed by Channel Sales Incentive programs. Employee Recognition / Anniversary programs were reported to have the largest budget by 20% of the respondents. Over 70% reported using a reward and recognition program technology to manage their programs.

## Many Programs Impacted

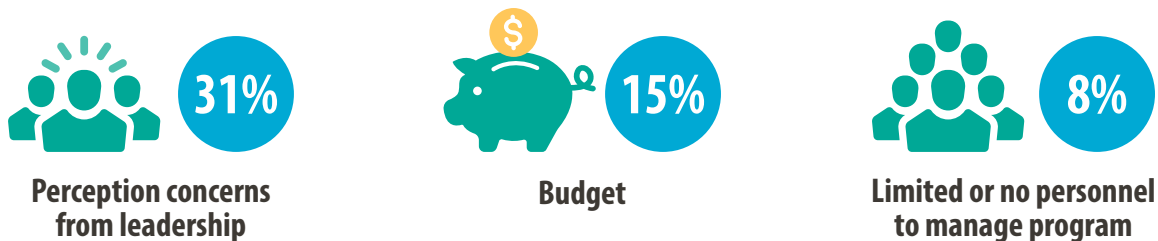
Many programs have been impacted as a result of COVID-19. However, 34% noted their programs continue to operate with minimal or no change and another 19% indicate programs are being restructured. Impacted programs include 27% reporting their programs were placed on hold and another 19% indicated the program has been cancelled.

### COVID-19 Impact on Incentive Programs



Of those that indicated their program was placed on hold or cancelled, 31% cited perception concerns from leadership relative to economic conditions as the reason. Budget was indicated by 15% as the reason for cancellation or hold. It's important to note 40% of respondents selected "other" in this category with nearly all indicating in comments that a travel award was placed on hold or cancelled due to travel-related restrictions.

### Top Reasons Incentive Programs Were Cancelled



### Where Programs Continue, Budgets Hold

The data show that budgets for these programs have largely been protected with 56% reporting no budget change. The reductions that were reported were primarily less than 20% of budget.

Where budget reductions were taken, 57% indicated they were on par with other reductions taken company wide. Another 25% indicated the reduction to the program was actually lower than reductions taken in other parts of the organization. Program budgets are performing better than respondents predicted in the IRF's study *Metrics of Success for Incentive and Reward Programs* (released April, 2020). In that study, 43% of respondents predicted budget cuts would be larger than those taken elsewhere in the organization. This is an encouraging sign for the way these programs are valued in the face of an economic downturn.

This relatively low impact to budget may be related to another finding in the study. Over 65% of respondents indicated their programs are viewed as strategically relevant by senior management, and always have been viewed this way. Interestingly, 12.5% of our respondent base indicated their program is viewed as more strategically relevant now than prior to the current pandemic. This could be the result of the need to maintain top performers, attract talent in front-line organizations, or help shift the focus of the organization to new strategic priorities in the wake of COVID-19.

### Keeping Programs Relevant – Shifting Priorities

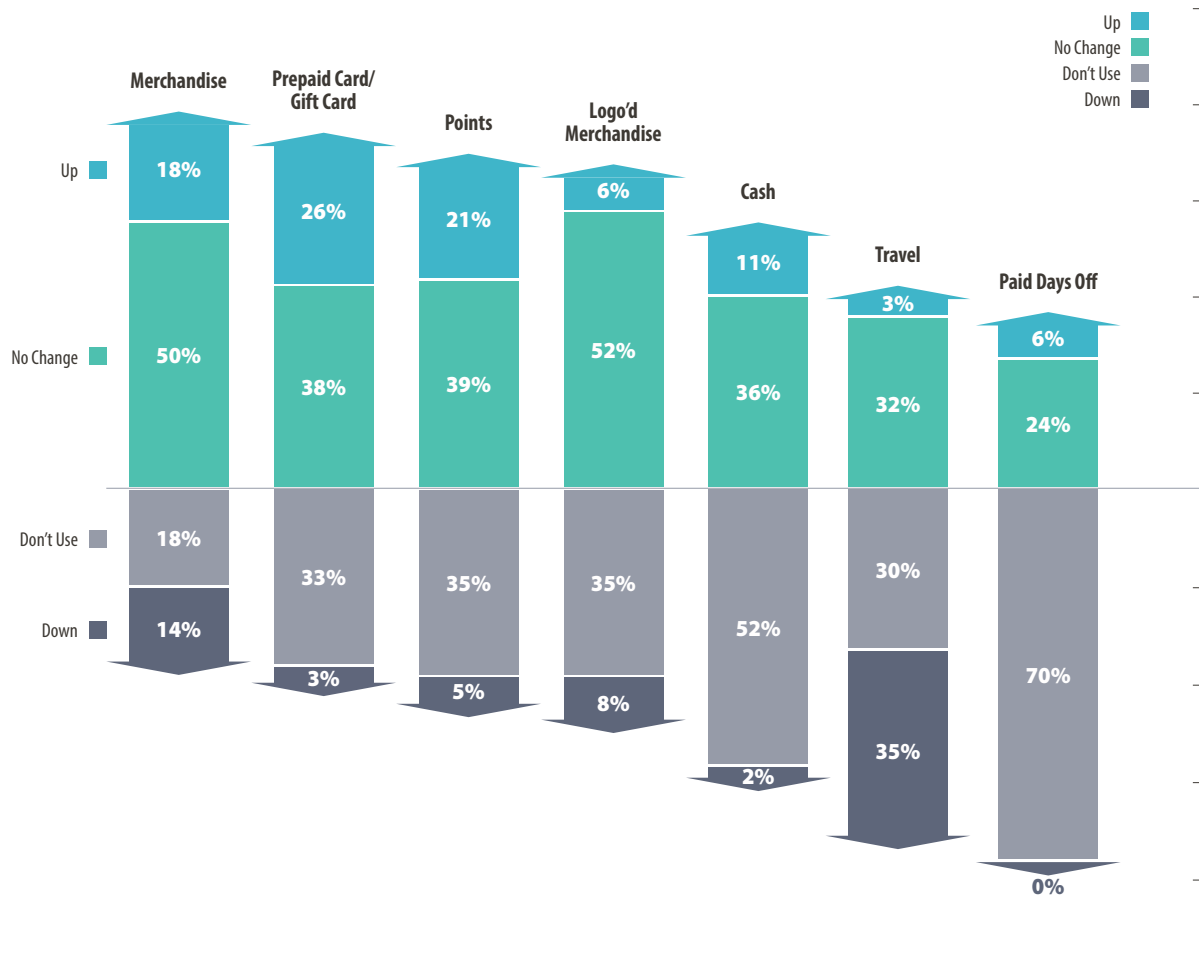
Program owners have indicated they continue to adapt their programs to ensure relevancy, shifting the focus to whatever is critical within the organization – growth-oriented objectives, safety-oriented objectives, health and well-being objectives and revenue retention among those indicated. One respondent noted they are lowering the goal for revenue growth to reflect the shifting reality while keeping their participants motivated. Adapting your program to avoid having participants feel frustrated and unintentionally de-motivating them is critical at a time when achieving the original goals may no longer be realistic due to economic conditions.

## Prepaid Card Use Up, Travel Down

Programs are being adjusted, which is reflected in changes in the use of many types of rewards:

- It comes as no surprise that use of travel is down in the current environment with 24% of program owners indicating decreased use and nearly 11% indicating they have eliminated travel from their programs. Only 3% indicated they have added travel to their program.
- Prepaid Card / Gift Card is seeing the largest increase in use with 6% indicating they have added card to their programs and nearly 20% noting increased use.
- Points programs were indicated as being added to programs by 11% with the same percentage indicating they have increased use within their programs.
- Merchandise use is slightly more up than down with 18% of respondents noting an increase in use or addition of merchandise to their programs. However, this is balanced out by 13.5% indicate they are decreasing use or eliminating.
- Logo'd merchandise is showing a very small net decrease in use.
- Paid days off and cash are seeing small increases of 6% and 11% respectively.

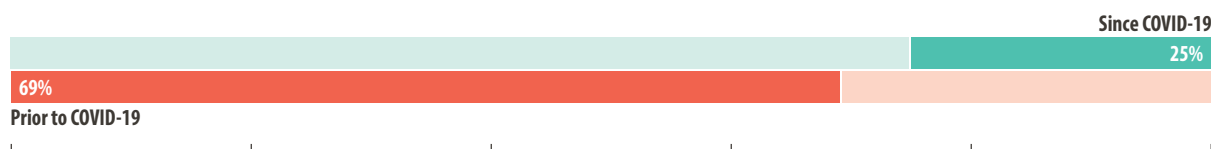
### Adjustments to Use of Rewards



## Increased Communication in Virtual Work Environments

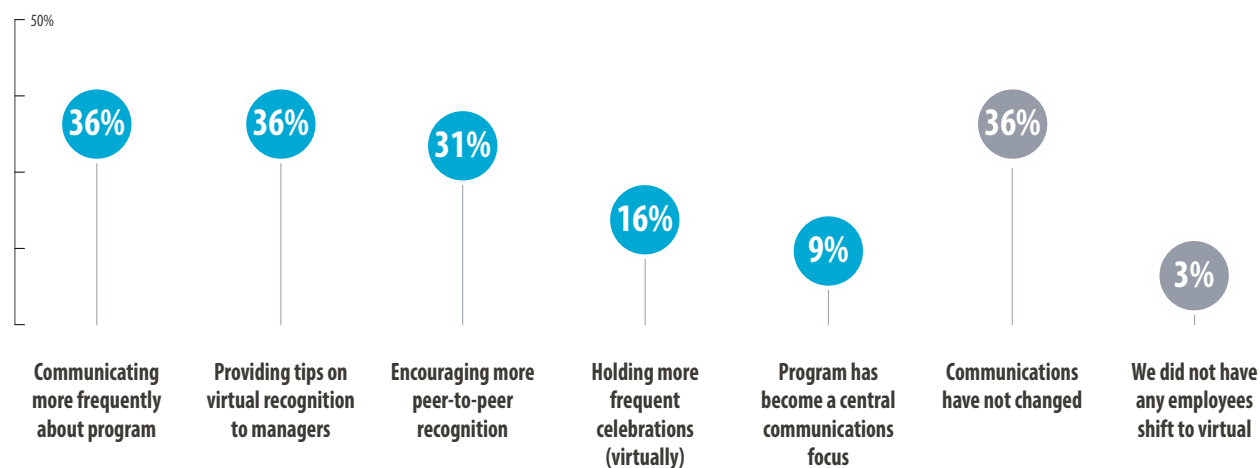
Our respondents reported that prior to COVID-19, 69% of their participants worked in an office / retail / warehouse environment. Since COVID-19, that number has dropped to 25%. Only 3% of our respondents indicated they did not have any employees shift to virtual work environments.

### Incentive Program Participants Working in Office, Retail, Warehouse Environments



This major shift from an in-person to virtual work environment has also created a shift in communications surrounding the recognition programs. 36% indicated they are communicating more frequently about the program to participants, and that same percentage are providing tips on virtual recognition to managers. Just over 9% indicated that the program has become a central communications focus.

### How Incentive Program Communications Have Changed in a Virtual Workplace



This increased communication may correlate to another study finding showing that while 40% of companies saw no noticeable change in program participation over the last eight weeks, 22% of organizations they have seen an increase in participation. Best practice shows that reward and recognition programs perform better when the company keeps them top of mind with the targeted participants, whether employees or channel partners. Providing clarity on what behaviors result in rewards and sending frequent reminders drives both program awareness and performance.

## Overcoming Optics

While optics around reward and recognition programs have certainly shifted since the last financial crisis, they still play a role in program owners' minds. When asked "Are you concerned about the perception / optics of operating your program in a declining economy?" More than half of respondents indicated they were not (54%). This goes hand-in-hand with the 31% of respondents that cited "perception concerns from leadership relative to economic conditions" as the reason for programs being cancelled or put on hold.

As seen in our recent study, *Metrics of Success for Incentive and Reward Programs*, it is important to have a clear connection between the organizations' performance and your reward and recognition program. Soft measures help, but hard measures can show reward and recognition is an investment in increased performance and results.

## Use Recognition to Drive Recovery

During difficult times, employees and channel partners require motivation and recognition more than ever. Thoughtful shifts in your programs can help ensure relevance to participants today and help drive faster recovery for your organization.