

TRENDICATORS BEST PRACTICES REPORT



2024 EMPLOYEE REWARDS TRENDS



TRENDICATORS
HR Research & Insights by Engage2Excel® Group



Recognition is an intangible acknowledgement of people for their behaviors, personal efforts or contributions.

A **Reward** is something tangible that is given in return for service or effort.

An **Award** is a symbol of recognition for an achievement or milestone.

Introduction

Sharing research and best practice insights is an important part of our mission at Engage2Excel. Over the past seven years, our Trendicators research division has produced dozens of eBooks on a wide variety of issues, challenges and opportunities relating to employee recognition and engagement. However, in reviewing our archives, we noticed that information about employee rewards was conspicuously absent.

To fill this gap, we recently conducted a roundtable discussion with members of the Trendicators Advisory Board. The discussion was led by Jeff Gelinas, president of Engage2Excel; Mike Donnelly, president of Hinda Incentives, an E2E company; and Ron Eliakim, Engage2Excel's VP of Merchandising and Strategic Award Services.

Research and best practices presented and discussed at the roundtable shaped the content of this report on 2024 Employee Rewards Trends.



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President
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Special thanks to the following members of the Trendicators Advisory Board who provided guidance to help shape the contents of this report.



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Trendicators™ is the research division of the E2E group of companies, leading providers of engaging career and consumer experiences. Trendicators provides original research, and reports on insights and best practices from industry leaders and experts.

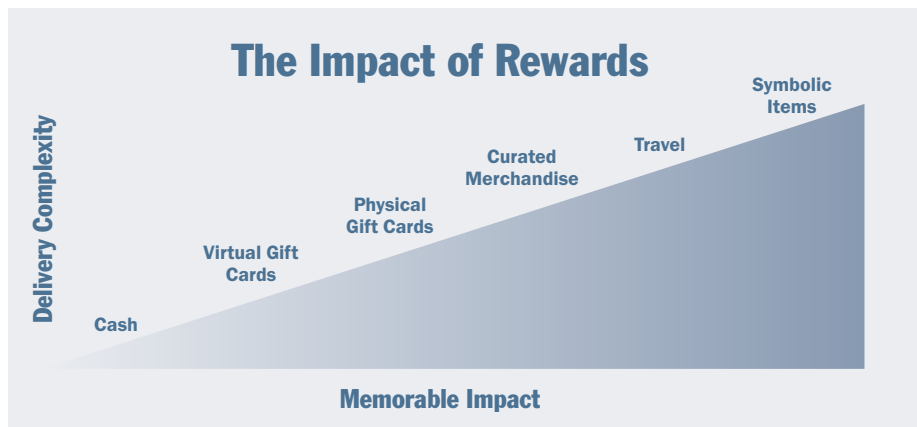


The Business Case for Employee Rewards


The business case for employee recognition and engagement is well established. Research by Dr. Jack Wiley, Engage2Excel’s chief scientific officer, shows that highly engaged employees drive higher profits, demonstrate significantly higher performance and have far lower voluntary turnover rates. What has received less attention is the emotional impact of non-cash rewards. Paychecks are seen as entitlements and are used for necessities. Non-cash rewards are an extended form of recognition and appreciation for exceptional performance and the demonstration of organizational values. While cash rewards are easily delivered, they have the lowest memorable impact. The “Impact of Rewards” table below charts the progression of perceived value for common rewards categories. A well-balanced portfolio includes a mix of these options.

Benefits of Non-Cash Rewards:


- Non-cash rewards are NOT seen as entitlements
- Non-cash rewards are viewed as symbols of appreciation and receive a higher perceived value than cash
- Guilt-free pleasure



Highly Engaged Employees Deliver:


33%
HIGHER PROFITS


5X
HIGHER PERFORMANCE-RELATED BUSINESS OUTCOMES

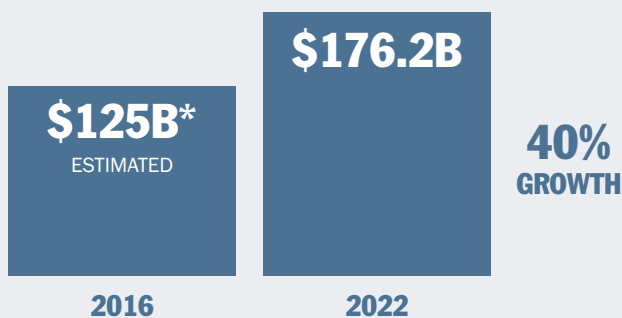

51%
LOWER VOLUNTARY TURNOVER



Employee Rewards Budgeting Trends

The Incentive Research Foundation (IRF) annually studies economic trends in the rewards industry. In a 2022 Incentive Federation study co-sponsored by Engage2Excel, total non-cash rewards spend in North America was estimated at \$176.2 billion, representing a 40% growth over spending in 2016. This rate of increase was greatly diminished by the cancellation of travel programs during the pandemic. Average per-person spend on non-cash rewards grew from \$764 in 2020 to \$1,090 in 2023. This includes all types of recognition, incentives and non-cash rewards. A new IRF study on 2024 budgeting trends, based on a survey of executives who purchase or operate incentive programs, reveals significant increases in planned spending for 2024 over 2023, with a projected 31% increase in total merchandise spending and 42% growth in gift card spending.

Total US Non-Cash Rewards Spend



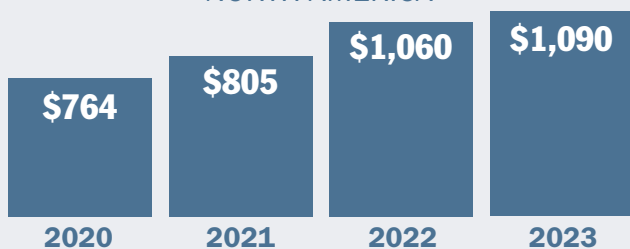
Projected Budget Increases for 2024 NORTH AMERICA

Growth in
Merchandise
Spend
31%

Growth in
Gift Card
Spend
42%

Avg. Per Person Spend on Non-Cash Incentive Programs

NORTH AMERICA





Curating Meaningful Rewards Portfolios

Merchandise rewards are effective because each time a product is used, it serves as a reminder of how the reward was earned. Curate your portfolio to appeal to the preferences of different cohorts in your workforce. Younger generations tend to prefer eco-friendly and socially responsible items. In gift cards, the trend is toward digital cards for immediate gratification online. Lifestyle products and electronics are always popular as durable symbols of appreciation. For service awards, branded products resonate and bolster company pride while effectively reinforcing loyalty.

Eco Friendly & Socially Conscious:

Recycled, Fair Trade & Donation



Gift Cards: Digital & Physical



Lifestyle: Home & Kitchen



Service Programs: Products With Logo





Best Practices for Improving Program Success

Some organizations focus only on building awareness around launching an employee rewards program. Unlike open-enrollment programs, which are promoted annually during the enrollment period, rewards programs should be promoted throughout the year. A purpose-built strategy, a communications platform and a creative approach to getting the word out are essential for improving program success. Partner with your rewards provider and marketing team to develop a strategy to help remind employees to take advantage of their well-deserved rewards.



Communication Strategy

- Think beyond the initial launch of your program.
- Build a communications strategy for the entire year to create top-of-mind awareness and keep the program fresh.
- Educate teammates on how to log in, explain how they can redeem their rewards and send reminders for points available to redeem/spend.



Communication Platform

- Whether you use an internal platform or a partner recognition tool, you'll need a means to plan, create and message teammates consistently.
- As shown on the following page, your ability to communicate frequently is critical to improving the overall success of the program.



Creative Communication

- Building a brand for your rewards program will help raise awareness and ensure consistency across messaging venues and channels.
- Please don't limit your communications to email (we all get buried with them). Send postcards to the home, use text messages and create location signage.



Building Awareness for Your Rewards Program

The key to improving rewards program success is building and maintaining top-of-mind awareness. Awareness campaigns impact program usage, boost program access (logins), profile completion, recognition given and redemptions. As shown below, organizations with three or more awareness campaigns throughout the year have more than twice the program logins as those without campaigns. Moreover, organizations with four campaigns over the course of the year will experience spikes in total logins, reward redemptions and recognition given.



Awareness Campaigns Increase Logins and Site Usage

41%
LOGIN PERCENTAGE
NO CAMPAIGN

61%
LOGIN PERCENTAGE
1-2 CAMPAIGNS

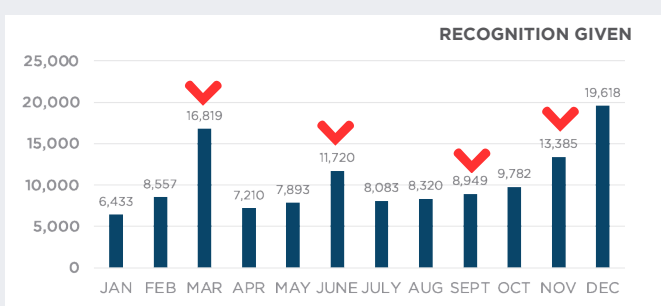
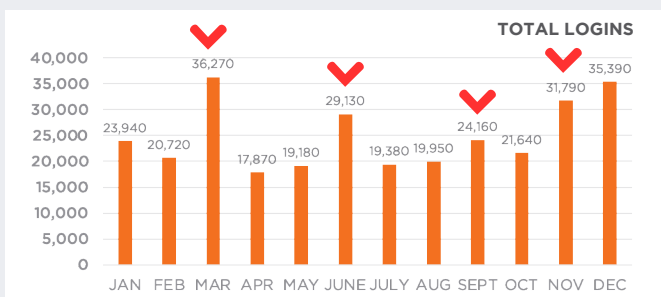
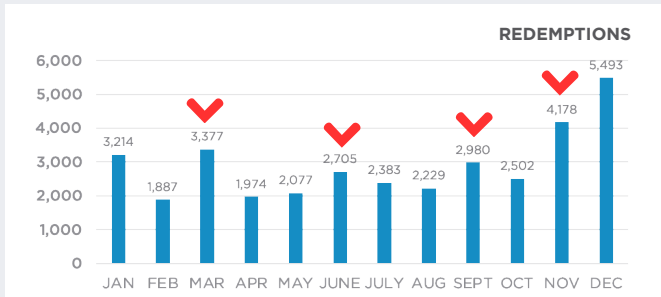
97%
LOGIN PERCENTAGE
3+ CAMPAIGNS



Frequent Campaigns Increase Program Success

These charts reflect actions taken for a client with four awareness campaigns throughout the year.

Red arrows indicate when campaigns were utilized and reflect spikes in total logins, redemptions and overall recognition given.





Roundtable Key Takeaways

The following is a recap of key topics and takeaways from our roundtable discussion with members of the Trendicators Advisory Board. These discussions are essential in shaping the content of the Trendicators' research and best practice reports.



Ease of Access: It is important to make it easy and enjoyable for employees to access your rewards portal from any device. For organizations with seasonal or offline employees, kiosks can effectively improve access and visibility.



Curated Selection: Your rewards portfolio should appeal to a mix of employees and provide them with a limited number of redemption choices. Research shows that, when faced with too many options, we often don't make a choice at all. One of our advisors commented that great rewards are "guilt-free" items that you want but wouldn't necessarily purchase for yourself.



Creating Meaningful Experiences: Suggestions included rewards that appeal to the senses, such as special packaging with celebratory messaging and an inexpensive microchip in the package with an applause track. One advisor reported that her organization's policy required managers to present rewards to employees.



Employee and Manager Education: Including information about your rewards program on your career site should be part of your recruitment strategy. In our soon-to-be-released 2024 Job Seeker Survey Report, 64% of active and passive job seekers said that this was important or very important. Educating new employees and managers about your recognition and rewards programs as part of the onboarding process is vital.



Amplifying Awareness: Frequent communication is needed to remind employees throughout the year to take advantage of their just-deserved rewards. The analysis of the impact of awareness campaigns on page 8 motivated our advisors to revisit and refresh their approaches to promoting this important employee benefit.

The Engage2Excel group of companies creates engaging career and consumer experiences. Its Career Experience Suite (CXS) provides recruitment, onboarding, employee recognition, manager development and employee survey solutions tailored to each organization and designed to help clients find and keep their talent. With over 3,000 client programs, Engage2Excel has a proud heritage of developing innovative solutions that improve competitive advantage and boost bottom-line results.

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