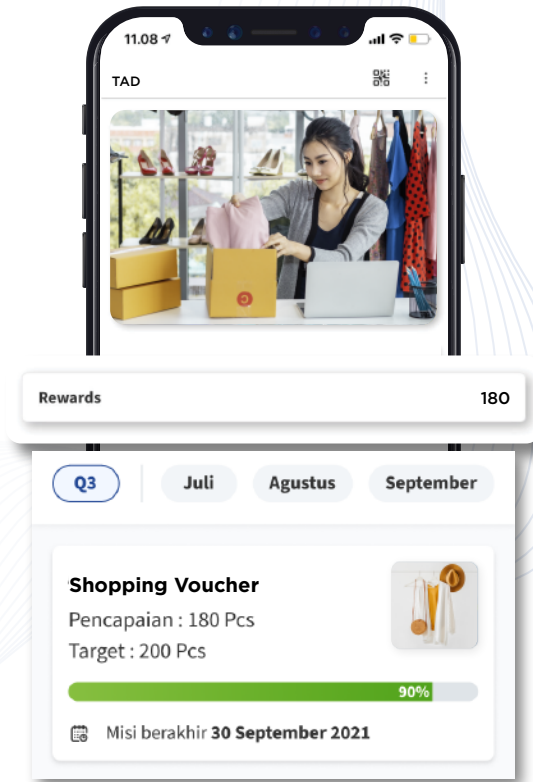


Creating an Impactful Channel Incentive Program



Activate and engage distributors, agents, or partners and grow your revenue.

TADA

TABLE OF CONTENTS

1

INTRODUCTION

2

BENEFITS OF
CHANNEL
INCENTIVES

3

PLANNING AND
DESIGNING A
SUCCESSFUL
PROGRAM

4

THE CHALLENGES OF
CHANNEL INCENTIVE
PROGRAMS

5

SOLUTIONS TO
CHALLENGES OF
CHANNEL INCENTIVE
PROGRAM

6

FEATURES



INTRODUCTION

Why Your Business Needs to Adopt and Perfect a Channel Incentive Program

Channel incentive has been around for a long time because businesses realize that it can help nurture channel partners' (resellers, distributors, agents, dealers, etc.) behavior to align them to the overarching business goal. It is also a win-win solution for all parties associated. No wonder manufacturers and vendors rely on financial incentive programs to motivate their channel partners. In turn, channel partners rely on these programs for revenue.

Current research also shows that businesses are getting more results out of channel incentive programs' capability to motivate their channel partners, nurture long-term relationships, and boost revenues. In fact, the Incentive Research Foundation (IRF) discovered in 2017 that 81% of top-performing companies use a channel incentive program. IRF also found that channel incentive programs:

With such a promising potential, we believe that it is vital for your business to adopt and perfect a channel incentive program!



Increased total revenues by 32%

Increased market share in nine of twelve markets, in excess of 30%

Increased net operating income to 19% of revenue

Despite their potential to improve channel performance, incentive programs often fail to live up to expectations. This shortcoming results from various causes, such as poor design and execution. But a major shortfall can be attributed to inadequate or non-scalable systems or platforms that often cause data inaccuracy or fragmentation. Ultimately, this issue will lead to a slow and inefficient incentive distribution process and lack of measurement capability to provide insight into the program's performance.

With so much at stake, manufacturers must take a vital interest in setting their incentive programs for success.

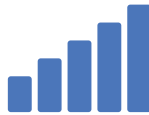


BENEFITS OF CHANNEL INCENTIVES

Powerful and Data-Driven Evidence of Channel Incentives' Potential

You may already be familiar with channel incentives, or the theme is still a blur to you. Either way, you'll love to learn that channel incentives have various benefits beyond activating channel partners and boosting revenue. Here, we will not only state some reasons channel incentives have become an integral strategy of top-performing companies, but also prove it by using our internal data.

A well devised and effective channel incentives solution:



1. Can drive volume

This is the main and ultimate goal for many channel incentive programs out there, which is to ultimately increase your business' revenue by motivating partners to sell more.

- a.** A global insurance brand managed to increase its sales volume and incentive redemption for its agents to almost 80% within five months.
- b.** A prominent Indonesian glasses retailer managed to increase its sales volume and incentive redemption for its distributors to almost 300%.



2. Can build market share

Channel partners help your business get discovered by a new user base, improving your visibility by motivating your partners to promote your products more aggressively. Incentivizing partners can help your business to gain a stronger footing in the market. This is very useful when a business has a new product, or trying to penetrate a new market.

- a.** A popular outdoor equipment company moved to a social commerce channel when their stores were forced to close due to the pandemic. Thanks to that, it managed to sustain its sales and market shares and even break to a new target audience in this challenging time. Around 100 resellers contributed to the sales and incentive numbers' growth of almost 1000% in the past year.
- b.** A global supplement brand grew its monthly transaction number by 6x in 4 months by incentivizing its frontline salespeople to motivate them to promote its supplement brand rather than other brands in the stores.



3. Can be used to educate partners

Channel incentives motivate your channel partners to improve their mastery and knowledge to sell products better. This can be done by rewarding suitable engagement, such as giving a reward when they watch your product video, or when they register and attend a product information session.

Your business can also provide incentives in the form of skill development classes to help sharpen partners' skills so as to help them to help you achieve your target. At the same time, giving rewards in the form of self-development gifts also help partners feel cared for and valued, and definitely strengthen their relationships with your business.

- a.** An Indonesian pharmacy group, a distributor of medicines into smaller pharmacists (its retailers) regularly created engagement programs, in a form of perks in its apps, for its retailers to reward them with points when they watch different product videos created by different pharmaceutical brands. From 2019 - 2021, there had been around 120 of such perks created to educate the salesperson on the latest medicines for Gastric pains, cold, flu, health supplements, etc. An in-app survey with their partners revealed that many partners thought that those product knowledge videos helped them to successfully sell the products.

- b.** The same Indonesian pharmacy group also allowed their pharmacists' sales people / owners to redeem their incentive into educational items, such as online sales classes, accounting classes, or even classes to update their scientific knowledge. During the same period (2019-2021), the redemption towards this item grew almost 10x, to almost \$10,000 worth of rewards in 2021, indicating the popularity of such educational items



4. Can tap into existing customer relationships that partners have built

Have you ever thought of also building a loyalty program for your end customers? This has various strategic benefits for your business. Imagine collecting data from these two groups of stakeholders and leveraging them to formulate, adjust, and finetune your marketing, sales, and even branding strategy.

For example, using data collected from the end customer loyalty program, you can create a better incentive structure to promote higher margin items but have slower selling pace. You can also provide ideal customer profiles for different groups of products. Therefore, your partners can do targeted selling and promote the most suitable products to the most suitable group of prospects according to the ideal customer profile.

On the other hand, your channel partners already have ongoing relationships with their most loyal customers. Motivated by the incentives, they are more motivated to recommend your business and invite these valuable loyal customers to join the loyalty program!

- a.** An FMCG company selling baby and children's formulas had a referral incentive in their partner's program. Partners could receive rewards when they refer customers to join the end customers' loyalty program. Within 3 months, around 500 referrals were made by partners that would help enrich brand's data.



PLANNING & DESIGNING A SUCCESSFUL PROGRAM

Key Steps to a Smooth Implementation & Effective Results

A channel incentive program must encourage activities and behaviors from partners that will help you reach your business goal, whether it is the sales of specific products, growth and revenue targets, winning new customers and/or market share, and so on. Before you decide to start a channel incentive program:

- **Define the objective you hope to reach.**



First, identify the specific behaviors that you want to encourage from your channel partners (for example, do you want to push a specific product, or do you want to increase your overall sales volume?). But most importantly, keep objectives simple and easy to understand.

- **Make a proposition they can't refuse**



Create realistically attainable goals. Don't make your channel partners fulfill overly complicated tasks in order to gain incentives. Also prepare attractive and relevant rewards. Get your channel partners excited. They're used to promotions. Offer something personalized and valuable that triggers them into doing what they need to do to obtain the incentives.

- **Keep up ongoing communication**



Your partners need to know your incentive program exists in order to get excited about it in the first place! Let them know and inform them how the channel incentive program works and what they need to do to get rewards. Communication is the key in forging a strong relationship and engaging them better!

As reported by Parago, a global leader in customized incentive and engagement solutions, email remains the most used means of communication to share information, followed by LinkedIn, Twitter and Facebook. However, one email announcing the program

is hardly enough. Communication must be regular and continual. It also must be clear and simple. Parago suggests using a variety of media channels, such as direct mail, personal presentations by channel sales managers, placing posters in your partner's place of business, or using telemarketing or text messaging.



- **Make sure partners are paid promptly, consistently, and accurately**

Late incentive payments can damage relationships, undoing the original purpose of the incentive program. We always advise clients to make submission, calculation, and incentive distribution to be as seamless as possible, to the extent of them being automated, timely, and accurate.



- **Evaluate and adjust**

Monitor and measure channel partners' performance before and after your incentive program. Is it working? Do you need to make some adjustments? Measuring performance is not easy, we understand. That's why setting the objective as the first step is very important. From the overarching objective, business can then break it down into various smaller, measurable and more realistic goals. Having a system to help you monitor real time values and produce reports with ease will increase your effectiveness and your performance's visibility.



THE CHALLENGES OF CHANNEL INCENTIVE PROGRAMS

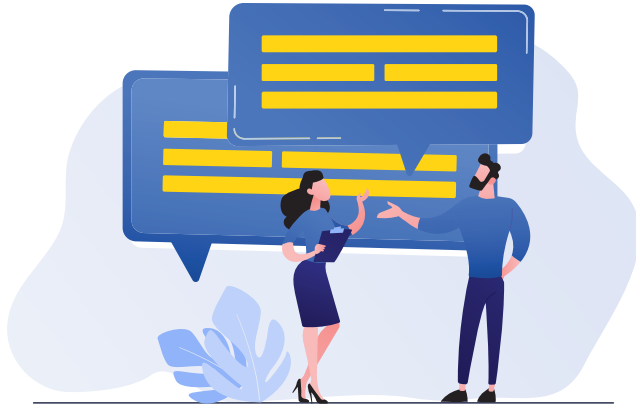
Existing Hindrances towards Channel Program Success

Many of you reading this e-book may already have some sort of channel incentive program in place and can probably relate to some of the pain points associated with conventional channel incentive programs below:

- Different partners use different systems. Manual processing of claims, rebates, and redemption places a huge burden on partners.
- Manual verification of claims, rebates, or reward redemption is also troublesome for manufacturers
- Delay in rewards distribution across various channels and geographical locations
- No way of telling how well the program is working (eg, ROI of program)
- Difficulty in knowing what motivates each channel partner & provide relevant incentives

These challenges are more prominent in businesses that still run their channel incentive program conventionally or without any digital platform or software. These businesses end up having difficulty collecting timely, accurate, and standardized data needed to analyze and be leveraged so businesses can further improve program's effectiveness. Thanks to this digital age, a digital platform such as TADA's channel incentives solution, will provide the capability for data collection, incentive calculation, engagement features to overcome these challenges. Let's discuss how channel incentive programs' shift into digital programs and can solve these problems.





SOLUTIONS TO CHALLENGES OF CHANNEL INCENTIVE PROGRAM

Bid Farewell to Traditional Programs and their Nuisance



As discussed above, in this day and age, shifting to a tech-based channel incentive program may be one of your wisest strategies. Technology platforms or software give your program many benefits that will increase programs' effectiveness and positive impact to your business. A digitalized, on top of a well designed program, will solve traditional channel incentive programs' pain points and provide these benefits :



1. Simplicity, standardization, and visibility

Using fragmented incentive solutions is exhaustive and complex. Your program has to be a unified channel incentives solution :

- Portal for partners to submit claims and rebates, track targets, take part in engagement activities, etc.
- Portal for a business to capture data, approve submissions, pick and distribute rewards, track their usage, monitor partners' performance and many more.

Technology allows the development of a simple app for partners and a real time highly visual dashboard to show insights and data easily. Using a unified solution saves you a great deal of time and cost because everything is readily available in a single platform. If you do not have these digital solutions yet, TADA can help to create customized incentive programs, develop apps, provide a dashboard to give business the simplicity, visibility, and timeliness that you would need to view, manage, and review your program.



2. A system to collect data & segmentize partners

Previously, you may have had your own database of partners, demographic, and maybe their transaction history. However, do your business have the capability and resources to analyze and segment the database you collected? Also, do you know what kind of incentive is attractive to your partners? To address this question, you might have tried to experiment with multiple vouchers or rewards to activate and reward your channel partners. The downside is there is no way of telling whether those incentives are effective in achieving your goal.

With a digital and unified channel incentives solution such as TADA's platform, you are able to capture valuable data and learn about your partners' behavior better. The data can also be segmented based on either demographic, behavioral, or performance categories. This way, it is easy to devise an incentive and rewards strategy that is personalized, relevant, and impactful.



3. Capability to precisely target group of partners you want to motivate

Every channel partner is different. For example, you may feel the need to increase the sales from one group of partners, but for another, the issue is more towards improving product knowledge in order to convince potential customers better. With the ability to segment and visualize the segments, you can target specific partners precisely and activate them according to your current business goal!

For example, for a group of distributors with the highest potential to fuel growth, the incentives can be more aggressive by giving them financial incentives linked to sales lead generation, deal registrations, rebates on targeted products sold. Whereas, another group, the one with less potential to drive sales may be given less aggressive financial rewards but more access to sales / marketing collateral.

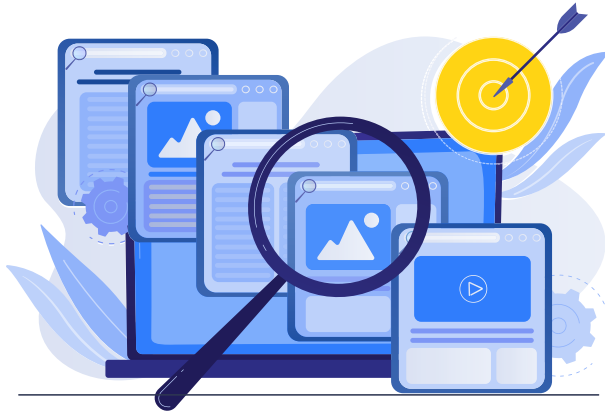
Another way to motivate them is to send personalized and relevant communications to inform partners of tactical promotions, new products, or to send rewards on momentous occasions, such as partners' birthday, company's anniversary, etc. These personalized communications will help increase engagements and strengthen the relationship between you and your partners. Your digital platform should be able to send these communications through various channels, such as SMS, email, push notification, and Whatsapp to maximize engagement and reach your partners at their preferred channel.



4. Accuracy and timeliness

With a digital system, target achievements, incentive calculation, and distribution can be automated. Accurate and timely incentive distribution is key to channel incentive programs to build partners' excitement, motivation and loyalty towards the program.

A good platform should also have a wide variety of attractive and relevant rewards to keep partners engaged in your program. These rewards can be in terms of points to be earned and redeemed into rewards, or a catalog of physical and digital goods ready to be chosen and sent to the partners in a timely manner. TADA platform also allows rewards distribution, in the form of a link, through various channels, such as SMS, email, push notification, and Whatsapp.



FEATURES

Powering and Unified Solution for Channel Partner Rewards & Activation

If you have made it to this part of the ebook, chances are you are eager to learn more or even implement a channel incentives solution for your own business. Here are the features of TADA's digital channel incentive program to help you motivate the right partner behavior with the right rewards at the right time!



Create your own branded partners' mobile app / web



Levelling / target achievement view in partners' interface



Points calculation and rewards distribution system



Dashboard to see real time program insights and reports



Rewards redemption into digital and physical goods



Create personalized campaign and reach partners through email, SMS, push notification and Whatsapp

CONCLUSION

Proceeding to Perfect Your Channel Incentive Solution




Channel incentives are a promising solution that many top-performing companies have applied to activate their channel partners. The role of channel incentives in driving volume, building market share, educating channel partners, and tapping into existing customer relationships have been tried and true. We believe that it is vital for your business to adopt and perfect your own channel incentive program too!

TADA's Solution

TADA can help you set up and run your own channel incentive program with the benefits and features mentioned above quickly and seamlessly. Start activating, nurturing, and rewarding your channel partners and sustain your business today!



[Request a demo or schedule a chat!](#)

 (+6221) 1500-340  usetada.com  eva.kim@usetada.com