



SparkPlug

Brand Guide to Boosting Sales with Retail Incentives

2021 Update

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Introduction

For a consumer brand in retail channels, getting your product on the shelf in key doors is a big win. But, savvy brands understand that is just the beginning of the battle. In a world that has gone increasingly digital, customers expect a personal and interactive buying experience - even in store. In fact, research has shown that too many options without clear differentiation overwhelm consumers, making them more likely to walk away rather than wrestle with a decision.

75% of surveyed sales personnel say they would sell more of a product if they felt engaged by the brand.

Leading retailers on the frontline have come to understand this dilemma. In response, many are beginning to lean into the role of retail sales employees in guiding consumers toward purchases. For retailers, this shift means bigger basket sizes and for customers, it means a positive experience they'll remember the next time they're looking for products.

This is all great for the retailers and consumers - but it begs the question of how brands can capitalize on more frontline-customer interaction. For most, education on brand differentiators and product knowledge has been a go-to. But, while cultivating brand knowledge among the frontline is important, too many brands overlook the "will" required to motivate employees in selling their products.

This is where incentives come in - to drive not only product knowledge but also a "will" to sell.

In this guide, we will explain what incentive plans are currently in use, when they make the most sense and key aspects of each to consider to boost sales velocity and brand loyalty.

Cash Commissions

The easiest way to incentivize any sales person is to offer cash commissions on individual products sold in store. Frontline employees are viewed by consumers as people with expertise in the desired products. These are the people you want on your brand's side. By allowing sales personnel to directly profit from each product they sell, vendors build natural trust between frontline and brands, a critical step in getting products in front of target customers.

Quick Tip:

Sales taxes vary widely across municipality and some retailers add on additional fees, so consider offering pre-tax percentage-based commissions

Cash commissions are a great way to promote a new product or boost sales of an older one. In these cases, brands should consider offering a small cash commission for each unit sold. The key here is to keep the compensation straightforward and not force salespeople to make any mental calculations when they make sales.

So what do we mean by "small cash commissions"?

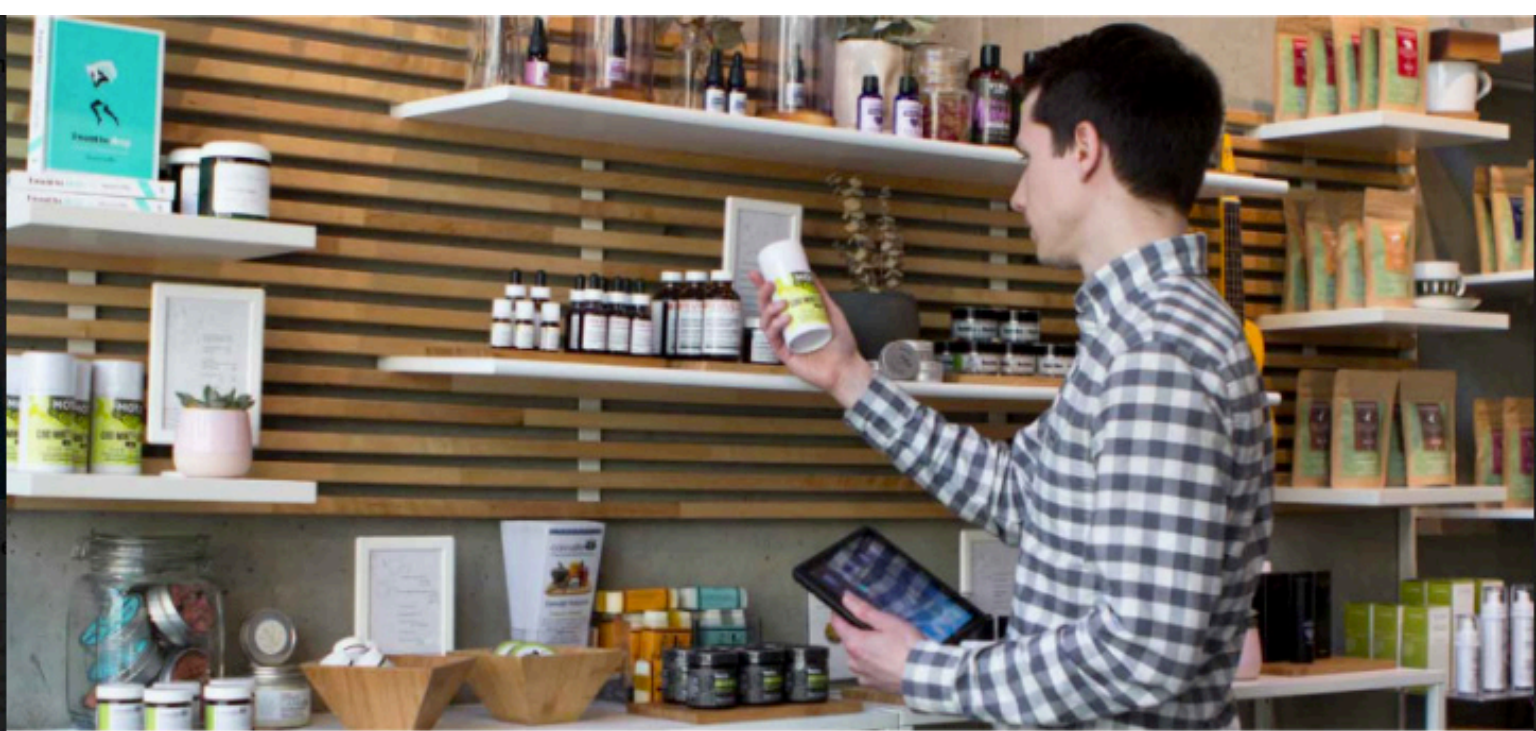
For a frame of reference, our data demonstrates that vendors usually find luck by launching sales commissions in the 2.5% to 10% range.

For slow-moving products that naturally take longer to sell, successful brands land somewhere at the higher-end of that range.

It is key, though, to factor in your unique brand, price-point, and niche. Some specialty products are just harder to sell. Those products typically are higher-priced and enjoy a healthier margin. Consider sharing that margin with the frontline employee who puts in the work to keep your product moving.

Competitive Leaderboards

Within many retailers, collaboration between employees is common. However, introducing friendly competition can also reliably drive sales. In a leaderboard incentive, sales personnel compete to be within top sellers of all combined products available from a given vendor. At the end of the month, the bestselling employee receives products or other prizes from the brand.



Competitive leaderboards have been proven to work best for established brands with strong name recognition and consistent sell-through. If your brand is already enjoying strong sales, introducing a commission-based incentive will likely feel wasteful. However, a leaderboard style incentive can act like fuel on fire, further motivating the sales floor to move your product and fight for the top spot.

Leaderboards offer the advantage of being flexible as weekly, monthly, or even quarterly competitions. They also maximize brand exposure by motivating a focus on selling any of the vendor's products rather than a specialty item.

Store vs. Store

Occasionally, competition between sales personnel isn't appealing to a retailer. In these cases, store vs. store competitions allow for more of the "team" mentality that the retailer is looking for while maintaining the spirit of competition.

In a store vs. store competitions, sales personnel at each retailer work together to amass the highest amount of sales of an individual brand. Rewards for the winning store can vary from product prizes or cash commissions or even covered lunches to the winning retailer staff.

Store vs. store competitions also opens up the option of providing an incentive to the retailer as a whole in the form of a general discount between 5 to 10% on the next shipment of products. This strategy shifts incentivization of personnel from the brand to the retailer while simultaneously incentivizing re-orders.

One of the major advantages of store vs. store incentive programs is that it strengthens the relationship between the brands and the retailers. As each branch tries to out-sell peer stores, sales people treat each other like teammates rather than competitors.

Insider Tip:

Store vs. store competitions build goodwill between vendors and retailers and upper level management benefits from sales incentives, too.

Retail managers benefit as well—especially when storewide rewards are included in the incentives program.



Threshold Goals

Both new and specialty products naturally move slower when first introduced as it can be hard to convince customers to immediately buy the novelty items. A goal-based incentive program offers sales personnel rewards when they hit a certain sales volume threshold over the span of weeks, months, or even fiscal quarters. This builds traction with the market and makes an immediate splash in brand awareness and overall sales.

Brands that offer an
incentive see an average
28% increase
in sell-through their first month.

Goals-based incentive programs not only allow vendors to take risks when introducing new and unique products, but also give brands a leg up as they break into new doors and markets - especially when they're up against better-known competing products. Goals-based incentives programs can help integrate that new vendor into the sales strategies already in use to sell similar brands.

This emerging sales strategy already has proven results. Recently, one vendor began offering \$50, \$75, and \$100 Gift Card gift rewards to sales personnel when they sold high volumes of their products, resulting in a 24% increase in sell-through.

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Prizes & Rewards

As vendors introduce a wide range of cash commissions, leaderboards, and store vs. store incentivization programs, one way to make your brand stand out among the frontline employees is to directly offer them your product when they cross a threshold.

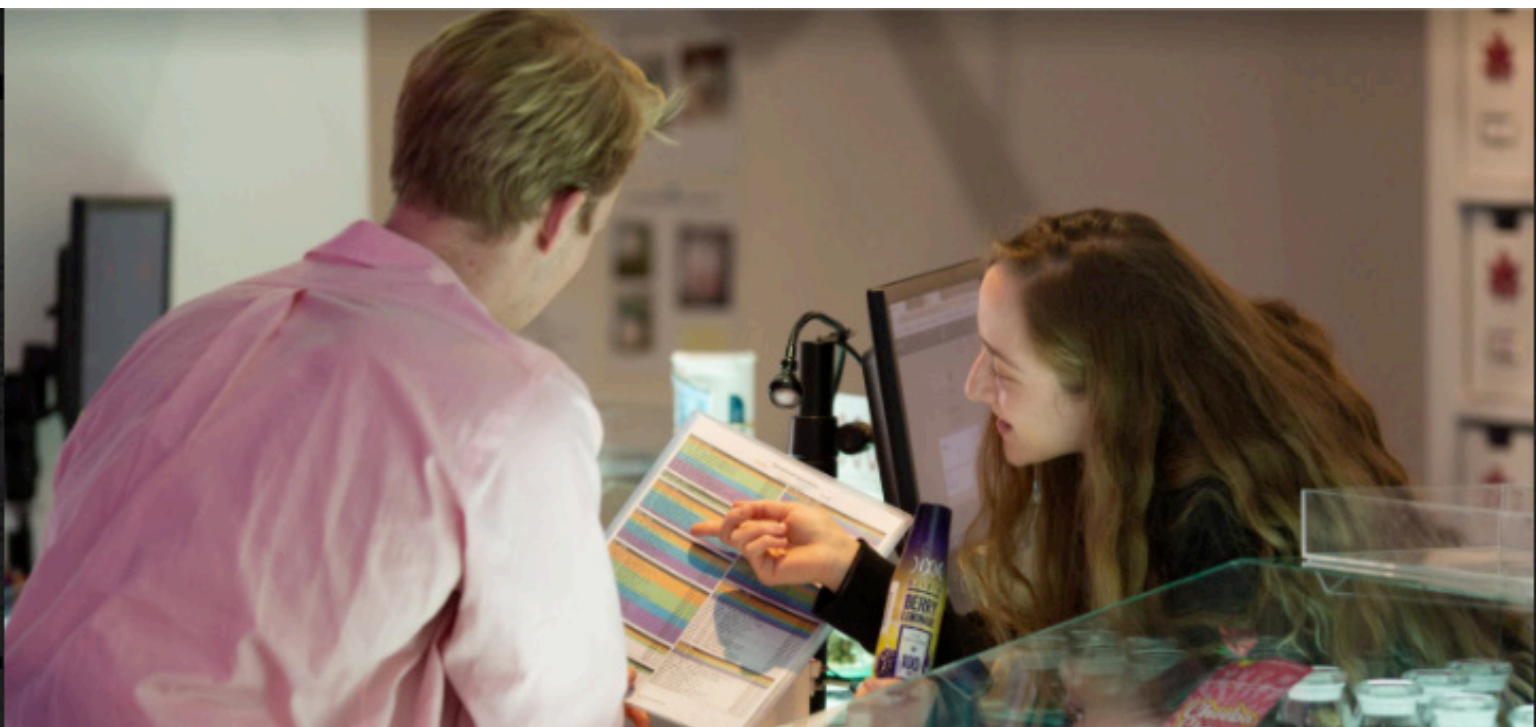
With product prizes, not only is the frontline employee able to use and better understand the product, they're also then able to personally vouch for a product they are selling to a customer, further building a line of trust between the vendor, sales person, and customer.

However, when setting these incentives up, it's critical to consider what you're trying to motivate - high chance of a low prize and a low chance of a high prize. Determine product prizes accordingly.

Prize and reward programs have a long-term impact on raising sales. By creating constant exposure to a vendor's products, it fuels the organic reach of the brand. As customers gradually buy the same vendor's products, they may eventually just return to the store and ask for the brand themselves and in some cases, even refer their friends.

Quick Tip:

Customers appreciate the personalized advice they get from retail sales personnel. By rewarding them with product and prizes, brands build trust between themselves, sales reps, and customers.



Concluding Thoughts

In this fast-changing retail environment, brands are seeing real results by incentivizing the frontline, turning them into evangelists. And while there is no one-size-fits-all mode, finding the right incentive approach matters more than ever.

Like everything in branding and product promotion, the metrics around success are critical to informing where future incentive spend goes. Creating transparency requires a good reporting system. Incentive programs are only effective if brands are tracking and measuring the results of their offers. Vendors should seek consistent visibility into sales, which requires them to work with retailers to analyze sales reports.

Quick Tip:

Incentive programs are on effective if brands work with retailers to gain access to sales reports to measure results.

Understanding which incentives are working best with each product and calculating the return on investment for each incentive campaign is the only way to optimize your strategy and avoid misusing marketing dollars.

It's also important to note that incentives only work when the sales floor is aware of the program and receiving consistent updates about their standings. Without frequent reminders, a good incentive program can be easily overlooked or even forgotten over a month as other vendors advertise their own incentives with competing products. Great incentive programs require brands to work closely with a retailer to keep up engagement and motivation.

There are various methods toward designing and implementing an incentive program. Some brands choose to manually manage retailers, incentives and tracking. Others opt for a more automated approach using products like the [SparkPlug](#) software which tracks sales across retail accounts, manages incentives, and visualizes individual sales people's performance. For more on the pros and cons of incentive management methods, check out our **Guide to Implementing Retail Sales Incentives**.