

A BIG LITTLE BOOK BY BI WORLDWIDE

HOW TO REWARD EFFECTIVELY





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01. NOT ALL REWARDS ARE MADE EQUAL

The most effective way to drive improved performance is through non-cash rewards! Non-cash rewards evoke an emotional connection between how that person earned that reward and the reward itself.



Cash and cash equivalents like vouchers create a short-lived buzz, whereas physical rewards or experiences will be remembered forever, creating a desire to repeat the behaviours that earned the rewards! Non-cash works across industries and pay grades and economic conditions.

Whether you are looking to motivate salespeople with a long history of SPIFFS or university employees who volunteer to play word games over their lunch hour, both academic and real-world studies have proven time and again that non-cash rewards are more effective than cash on multiple metrics, even when people adamantly say they would prefer cash.

Industrial studies		
Situation	Non-monetary reward results	Monetary reward results
Automotive dealers	8.2% lift	1.2% lift
Tyre manufacturer dealer reps	32% increase	22% increase
Automotive dealer sales managers	18.8% over objective	9.5% over objective
UK financial firm sales managers	58.2% achieving	29.9% achieving
Window manufacturer dealer reps	15 conversions/rep	12 conversions/rep
	\$4,436 AOV	\$4,305 AOV
	\$66,540 revenue per rep	\$51,560 revenue per rep
Financial institution	165:1 revenue:expense	131:1 revenue:expense
Retailer reps	85.3% of objective	76.1% of objective

Academic studies		
Situation	Non-monetary reward results	Monetary reward results
University of Chicago study	38.6% increase	14.5% increase
Columbia Graduate School of Business study	85% participation	65% participation
MIT	64% participation	48% participation

If you need to increase incremental performance, you cannot afford to overlook these findings.

02. UNDERSTAND THE PSYCHOLOGY OF NON-CASH REWARDS

There are a few key psychological reasons why rewards such as merchandise, experiences, and travel are more effective than cash when it comes to triggering inspiration.

THEY'RE MEMORABLE

Recipients are more likely to remember where and why they earned the travel trip or latest tech they received over cash, which can easily get folded into the daily budget and used for buying forgettable purchases such as fuel or groceries.

THEY AVOID ENTITLEMENT

Monetary awards often become viewed as part of regular compensation and lead the recipient to expect the same or more cash in the future, an expectation that may not be sustainable.

THEY'RE RE-CONSUMPTIVE

The best rewards are re-lived. Whether it's looking back over photos from a once-in-a-lifetime trip, or receiving a compliment about a long-desired watch received, the moment will provoke an emotional response and the chance to re-live the positive emotions associated with earning the award.

THEY'RE SOCIABLE

Recipients should feel comfortable discussing and sharing their rewards with friends and family. Social norms typically suggest it's not 'polite' to discuss money in the same way we would talk about a luxury reward or experience, making the latter a more effective motivator.

TIP: The further away from cash, the more effective the rewards become at changing behaviour.

03. RIGHT REWARD, RIGHT TIME

Choosing the right reward isn't just about what's appealing, it's about when and how it's delivered. The most effective reward strategies align the type of reward with the moment, the audience, and the desired outcome. Here's how to match non-cash rewards to the right context:



RECOGNITION AWARDS **FOR EVERYDAY EXCELLENCE**

Use recognition awards to celebrate day-to-day achievements, milestones, or values-based behaviours to reinforce a culture of appreciation.

BEST FOR:

- Peer-to-peer recognition
- Living company values
- Celebrating small wins



INCENTIVE TRAVEL **FOR TOP PERFORMERS AND BIG GOALS**

Incentive travel creates lasting memories and emotional connections that drive loyalty and repeat effort. Use it sparingly and strategically to reward exceptional results.

BEST FOR:

- Annual sales targets
- Channel partner performance
- Executive-level incentives



MERCHANDISE AND EXPERIENTIAL REWARDS **FOR PERSONAL IMPACT**

Tangible rewards like tech gadgets, luxury items, or curated experiences offer personal indulgence and emotional resonance.

BEST FOR:

- Quarterly performance goals
- Customer service excellence
- Innovation or idea submissions



PERSONAL DEVELOPMENT REWARDS **FOR GROWTH AND RETENTION**

Offering rewards that support learning and growth, like online courses, coaching sessions, or conference passes, shows investment in the individual's future.

BEST FOR:

- Employee development programmes
- High-potential talent recognition
- Long-term engagement strategies



TEAM-BASED REWARDS **FOR COLLECTIVE SUCCESS**

Group experiences, shared bonuses, or team outings foster camaraderie and reinforce the value of working together.

BEST FOR:

- Cross-functional project success
- Departmental KPIs
- Culture-building initiatives

By aligning the type of reward with the timing and context, you not only maximise its impact, you also build a reward culture that feels thoughtful, strategic, and human.

04. BUDGET FOR IMPACT



Budgeting for rewards can be tricky. You want to motivate and recognise employees, but with finite budgets and competing priorities, it's easy to overspend or underdeliver. The key is to align your investment with the behaviours you want to drive and the outcomes you expect. Here are some budgeting rules of thumb:



SERVICE AWARDS

A typical benchmark is £15–£20 per year of service. Recognising early milestones (like 1 or 3 years) helps build loyalty and reduce early attrition.



EVERYDAY RECOGNITION

In some cultures, public recognition is highly valued, in others, private praise is more appropriate. Team-based rewards may be more effective in collectivist cultures, while individual awards work better in individualist ones.



DIRECT VS CHANNEL

For direct sales teams, allocate around 2–5% of total compensation. For channel sales, aim for 1–5% of total sales revenue or 6–10% of incremental revenue. Open-ended budgets often yield better results, but even fixed budgets can work if the rewards are compelling.



05. CREATE UNITY WITHOUT UNIFORMITY

Organisations with globally dispersed teams must consider cultural nuances that influence how rewards are perceived and valued. Ensuring fairness and consistency in offerings - regardless of location - is essential but achieving cultural sensitivity while delivering comparable solutions globally can be complex without the right support. So, what should organisations look for to overcome these challenges?



CENTRALISE STRATEGY, LOCALISE DELIVERY

Implementing a centralised global reward strategy helps employers maintain cohesion and compliance across countries and cultures. Company culture also has a strong bearing on the overall strategy but, crucially, it must dovetail into local traditions and expectations. Seek to find solutions that allow for central governance, but offer the agility and flexibility to provide local nuance in delivery.



OFFER CHOICE TO DRIVE INCLUSIVITY

No two people are the same. The days should be gone where we assume everyone will be inspired by a gold watch. The only way to ensure international inclusivity in your reward strategy, whether for age, gender or religion, for example, is to offer choice. Don't assume! Reward strategies that offer a wide range of options, including experiences and tangible rewards, helps foster inclusivity.



GO LOCAL TO GO GLOBAL

There's no better way to ensure your reward strategy lands well with your international employees than having feet on the street where they're based. As well as ensuring your reward approach features globally aspirational reward choices, seek a provider that's local. This will guarantee they understand the trends, brands, needs, and desires of the people they serve, and allow them to buy and fulfil within the region to maximise the effectiveness of your rewards and their ability to inspire your employees.

06. MOVE BEYOND CASH WITH SIX STEPS TO SMARTER REWARDS



1

SLOW DOWN

The longer a cash-based rewards system is in place, the more carefully the transition should be managed.

4

LEADERSHIP MATTERS

Best-in-class programmes actively engage leaders in rolling out and cheerleading the new programme. Best-in-class leaders are accountable for metrics of success and align that responsibility with the management of their organisation.

2

AVOID QUID PRO QUO

Adjusting the mechanisms and way of earning in tandem with increasing recognition and benefits mitigates the feeling of loss.

5

MANAGE EXPECTATIONS

For some, transitions are likely to cause some short-term aches and pains. This is entirely normal and should be expected. Many participants will immediately love the new programme and find points a perfect way to indulge their desires guilt-free.

3

EDUCATION IS KEY

Explaining the 'why', creating guides and videos to relaunch the evolved programme supports adoption and results.

6

OVER COMMUNICATE

Behaviour change depends on employees being engaged beyond cognitive information. Once rewards begin to be earned, successes are magnified through communication.



07. SUSTAIN THE POSITIVE IMPACT OF REWARDS

As you move away from cash-based rewards, it's essential to understand not just what motivates people but what can demotivate them. One of the most powerful psychological forces at play is loss aversion.

Loss aversion

[loss uh-VER-zhun] - theory

It is thought that the pain of losing is psychologically about twice as powerful as the pleasure of gaining. People are more willing to take risks to avoid a loss than to make a gain.



Loss aversion, a well-established principle in behavioural economics, suggests that people feel the pain of losing something twice as strongly as the pleasure of gaining it. In the context of rewards, this means that removing or reducing a perceived benefit, especially without clear explanation, can trigger strong negative emotions like frustration, confusion, or resentment.

To avoid this, your reward strategy must be built for the long term. Ensure that changes are positioned as enhancements, not reductions. Reinforce the emotional and experiential value of the new rewards and give employees time to see and feel the benefits.

By planning for the psychological impact of change, you'll not only protect morale but also strengthen the long-term effectiveness of your reward programme.



Inspiring **people.** Delivering **results.**

RECOGNITION | INCENTIVES | REWARDS | LIVE EVENTS

BI WORLDWIDE helps organisations solve critical business challenges by driving positive behaviour change and engagement. By applying our talent and expertise in behavioural economics we deliver complementary recognition, rewards, incentives and live event solutions.

Our full-service portfolio offers clients a unique blend of consulting expertise and proprietary technology solutions that drive value from programme design to implementation and beyond.

Working with over 2000 organisations worldwide, across 183 countries, BI WORLDWIDE has been inspiring people, partners, and customers since 1950.



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