

Channel Incentives: Protecting Your Budget, Boosting Your Returns For 2025 & Beyond





Protecting Your Budget, Boosting Your Returns For 2025 & Beyond

As CFOs examine every line item, your channel incentives budget might be under fire.

In the current economic landscape, budget scrutiny is inevitable. Businesses are under immense pressure to lower costs and improve efficiency, and yours is likely no different. But can you afford to risk alienating your channel partners in the name of savings?

When it comes to channel incentives, this is one area where businesses can't afford to cut corners. Channel incentive programs aren't just budget line items – they're the backbone of partner engagement, sales performance and brand loyalty.

Maritz recently conducted a comprehensive market study to explore the state of channel incentives. We surveyed hundreds of channel partners from various industries to understand their experiences, preferences and what truly drives their engagement.

In this report, we'll share key insights from our study, uncover the hidden costs of neglecting incentives and provide actionable strategies for optimizing your investment. By the end, you'll understand how to protect your budget while running a top-tier incentive program that delivers results.

The Hidden Costs of a Subpar Incentive Program

In an increasingly competitive landscape, where **7 out of 10 companies** your partners work with have their own incentive programs, it's not enough to simply offer incentives. You need to offer the best.

But what happens when your incentive program falls short? The consequences go far beyond lower engagement rates. A subpar program can weaken your relationship with partners, diminish sales performance and lead to long-term revenue loss.

83% of participants said a reduction in program benefits would make them less likely to sell the product or engage with the company's communications.

When the stakes are this high, investing in a robust program is crucial. Businesses that try to cut costs on channel incentives risk disengaging their partners—and that's a risk no company should be willing to take.

In fact, **92% of sellers** in top-tier programs report feeling **more confident** when selling the sponsoring business' products. Contrast that with **45% confidence** in poorly run programs, and the cost of complacency becomes clear.

A man with glasses and a light blue shirt is looking at a laptop screen. A woman with glasses and a brown shirt is pointing at the screen with a pen. They appear to be in a professional setting, possibly a meeting or a collaborative work environment.

2x
more seller confidence
in top-tier programs
compared to those in
poorly run programs.

The Top 4 Reasons Participants Drop Out of An Incentive Program:



1. Rewards were too hard to earn or took too long



2. The communications and offers weren't relevant



3. Rewards weren't appealing



4. Rules weren't clear or were confusing



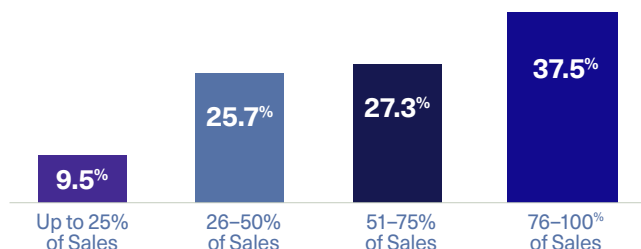
ACTIONABLE INSIGHT: Instead of reducing your program's budget, consider restructuring your rewards. You can keep payouts the same but reassess your tiers and earning criteria to create a more scalable, responsive incentive system.



Why Investing in Channel Incentives Pays Off

Channel incentives are more than just perks—they are one of the most effective tools to ensure partner engagement and increase sales.

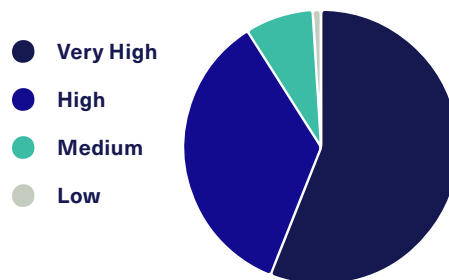
What percent of your (or your team's) sales are directly attributable to efforts in incentive programs?



63.3%
of total sales were attributed to incentive-driven efforts.

A striking **91% of survey respondents** said that incentives have a “high” or “very high” influence on their motivation to sell a company’s products. This kind of influence is hard to replicate with any other sales strategy. If that’s not enough, **92% of sellers** strongly agree that participating in incentive programs contributes positively to their location’s business success.

How much influence do opportunities to earn rewards have on your motivation to sell?



How much influence do these things have on your likelihood to recommend a brand? (0=no influence, 5=strong influence)

Product Quality	4.2
Profit to Your Business	4.2
Customer Demand	4.2
Availability of Incentives	4.1
Short-term Discounts	3.9

This research underscores just how critical incentives are: They rank nearly as high as *quality* and *profitability* when it comes to a partner's likelihood of recommending your brand.

These programs don't just boost individual sales performance; they have a measurable impact on overall business success. The key is to optimize your program to stand out—simplify your rules, personalize the reward experience, communicate effectively and offer rewards that resonate with your partners. When done right, the return on investment speaks for itself.



ACTIONABLE INSIGHT:

Removing a program or cutting the budget could significantly reduce partner engagement. If you must tighten the budget, avoid touching core rewards. Instead, focus on optimizing the reward mix and eliminating unnecessary complexity to maintain program value.

91%

of sellers said incentives have a **high or very high influence** on their willingness, interest, and energy to sell another business' product or service.

92%

of sellers agreed that incentives **positively impact their business success**



Budget Protection in a Down Economy

In tough economic times, departments are often pressured to trim the budget. But here's where cutting from your incentive program can backfire: Reducing or eliminating incentives leads to disengaged partners, fewer sales and a weakened market position.

83% of sellers said reducing program benefits would make them less likely to promote your product

That's a direct impact on revenue.

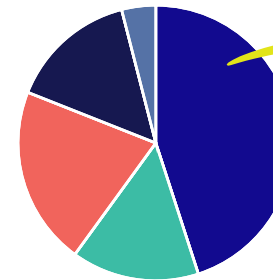
Instead of slashing the budget or terminating the program entirely, use it as a tool to be more responsive to your business's challenges. Incentive rules and promotions are flexible and can be adjusted to address fluctuating inventory levels, supply chain disruptions, or a focus on higher-margin or slower-moving products.

While your partner pricing should remain relatively stable, your incentive program can become a dynamic lever to drive behavior and manage market shifts. By offering limited-time promotions and adjusting rewards to fit changing conditions, you can stay agile and protect your revenue stream.

Incentives also provide a critical source of revenue by ensuring your channel partners continue to push your product, even in a market slump. The solution to cost concerns isn't phasing out the program; it's ensuring that it delivers the highest possible ROI. **91% of sellers** in best-in-class programs are **more aware and knowledgeable** of the sponsoring company's products, compared to only 51% in inferior programs. These programs are effective, but only if they're protected and optimized.

How much effort do you put forth to succeed in the BEST programs?

- 90 TO 100
- 76 TO 89
- 51 TO 75
- 26 TO 50
- 1 TO 25



45%

of participants exert maximum effort in the "best" incentive programs

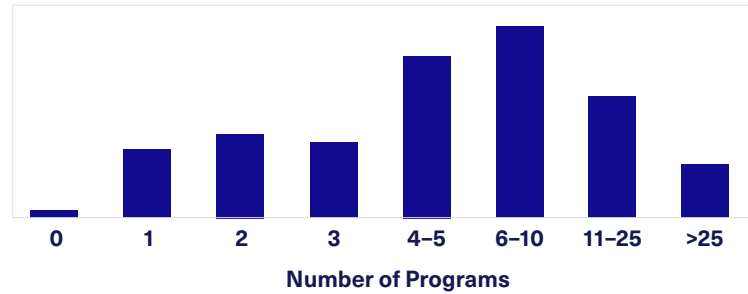


ACTIONABLE INSIGHT: During budget reviews, position incentive programs as revenue generators, not cost centers. Cutting these programs would decrease partner engagement and reduce sales. Protect your investment by communicating the clear link between incentives and revenue.



Staying Competitive: Fighting for Mindshare

Within the past 5 years, how many incentive programs have you had the opportunity to participate in?



8.9
 number of programs
 sellers are typically
 enrolled in



ACTIONABLE INSIGHT:

To keep your program competitive, focus on reducing friction for your partners. Simplify the rules, make rewards more personalized and tailor promotions to meet changing business needs. The more your program stands out, the more mindshare it will capture, and the stronger your sales pipeline will be too.

Competition in the channel space is fierce. With an average of **8.9 programs** vying for your partners' attention, you need to ensure your incentive program stands out as the one they prioritize.

How do you achieve this? The formula is straightforward: Remove complexity, add personalization, improve communications and optimize your reward mix.

Incentives are a powerful tool to build partner loyalty and brand awareness. **91% of respondents** agree that the opportunity to earn rewards encourages them to learn more about that brand. Plus, **92% of sellers** say they actively keep earning opportunities in mind while performing their daily tasks. Successful programs don't just influence a single sale; they help your brand stay top of mind, ensuring partners continuously engage with and advocate for your products.

Rate your agreement with the following statements:

5 = strongly agree
 1 = strongly disagree



2024 Insights Study: Top Participant Takeaways



Said a reduction in program benefits would **negatively impact their engagement and sales efforts.**



Actively keep **incentive earning opportunities in mind while doing their daily job.**



Believe incentives have a **significant influence on their motivation to sell.**



Felt more confident when **selling the sponsoring business' products.**



Agree that participation in incentives **contributes positively to their business success.**



of sales were **attributed to incentive-driven efforts.**

The survey included 308 respondents from various industries with the majority in manufacturing or technology organizations. Respondents were primarily business owners, executives, or sales professionals. Most respondents were located in US and Canada and have been in their industry for an average of 14 years. Respondents are between 20 and 69 years of age with the breakdown as follows: 18-34 (21%), 35-44 (43%), 45-54 (30%), 55-69 (6%).



Don't Cut Corners on Channel Incentives

Channel incentive programs often end up on the chopping block when costs feel out of control. However, the data is clear: Trimming these programs leads to negative outcomes. From diminished partner engagement to reduced sales, the costs of cutting incentives far outweigh the savings.

Instead, focus on optimizing your program to ensure it delivers maximum ROI, especially during economic downturns.

By protecting your budget, refining your strategy and keeping your program competitive, you can continue to generate revenue and maintain strong partner relationships—regardless of market conditions.

Protect your budget by optimizing your program, not by cutting it.

Evaluate your current incentive program. Are there areas to simplify? Is your reward mix driving the right behaviors? Protect your investment by making smart adjustments, not by cutting corners.

Want to learn more?

Read part 2, where we explore what channel partners really want and how to create an exceptional incentive program.

For more information contact your Maritz account manager, email info@maritz.com or visit [maritz.com](https://www.maritz.com).

