



Why Cash Rewards Are Less Effective

DRIVING
FORCE
INCENTIVES

The Money or the reward?

– The true motivations behind our choices

THINK CASH IS THE ULTIMATE MOTIVATOR? THINK AGAIN. UNLOCKING THE RIGHT MOTIVATORS IN YOUR BUSINESS IS THE KEY TO TRULY STARTLING GROWTH.

GROWTH THROUGH INCENTIVES

The challenge of any business is finding ways to offer the perfect experience and keep your clients from going elsewhere.

If you already have an incentive programme or are thinking about implementing one to boost growth, understanding what rewards will motivate people is key.

Doesn't everyone just want money? Isn't that the ultimate reward?

The short answer is: no.

As a reward, money isn't actually the best way to foster loyalty, build meaningful relationships with your clients and change behaviours.

Emotion is more powerful than reason

There are many influences that sway our choices - particularly our emotions and the desire to achieve.

In order to get the best results out of your incentive programme you need to forget what the economic theories say and look at how people's emotions influence their choices.

WE'RE MOTIVATED BY EMOTION, SO WE OFTEN DON'T REALLY KNOW WHAT WE WANT.

OUR BRAIN IS BROKEN DOWN IN TO TWO PARTS: LEFT SIDE AND RIGHT SIDE.

The left side of our brain is the logical side. It compares the reward and the effort required, it's the side that is engaged when cash rewards are offered.

The right side of the brain is the emotional side, the part of the brain that's engaged when non-monetary rewards are offered. There is no logic involved, only warm fuzzy feelings as you dream of the options, you see yourself with the reward of choice being used in your life and how great that feels.

Also, because the money we earn is first used to meet our expenses, money is less compelling because paying our bills isn't emotionally rewarding and doesn't get us the rewards we desire.

What this tells us is that money will motivate us, but only up to a point. So how do we move people past that plateau?

What people really want

Why don't we put this into a real life example.

Have you ever been given a bottle of wine for hosting a dinner party?

Most people would host the party and expect nothing more than a thank you in return, but the bottle of wine makes you feel good and say, "ohhh, you didn't have to do that" and graciously accept the wine with a smile.

LET'S NOT FORGET THAT THE LITTLE EMOTIONS ARE THE GREAT CAPTAINS OF OUR LIVES AND WE OBEY THEM WITHOUT REALISING IT.

VINCENT VAN GOGH, 1889

What about if we turn it around, and rather than giving you a bottle of wine your friend gave you \$12 of gold coins (the \$ equivalent of the wine).

Would you have felt as good? As appreciated? Or as happy to host a party again?

Mmmm.... probably not.

Why is it that we don't feel as good when cash is the reward or gift?

They have the same value and in both cases you received a reward for your efforts as a thank you. So, why does receiving the wine feel better than receiving the coins?

It's all to do with left brain vs. right brain.

When you were given the wine your right brain was engaged. There is no logic involved, only warm fuzzy feelings.

When cash was given your left brain was engaged and it compared the reward vs. the effort of hosting a party. Cash in this regard is deemed rude and you feel that the value represents your efforts.

What people really want

CASH IS THE EASY CHOICE, BUT YOU'LL FEEL MORE APPRECIATED BY A NON-MONETARY REWARD.

The interesting part is that if you were asked to choose between cash and a non monetary reward, you'd probably say "just give me the cash"; the cash is what you think you want, but really, you'll feel more appreciated by the reward.

Why?

When someone gives you the option of cash or reward your mind runs at a million miles an hour trying to decide what reward you want so you dismiss the reward option and take the cash instead as it's easier.

It's like a restaurant with too many options on their menu...

It takes you a long time to decide on what to order or you revert to an old favourite.

The value of the reward vs. the value of the task has an impact too. The response when the monetary value of a reward is specified is interesting, like a \$12 bottle of wine. A lot of people would say (internally), "Are you kidding? That's not worth my time"

So using cash as a reward turns some people off because it lacks emotion. The same principle applies to business. To gain loyalty we need to engage people on an emotional level.

The bottom line

YOU NEED TO ENGAGE PEOPLE EMOTIONALLY.

Spending \$1.00 on a non-monetary reward that is appropriate to you will give you better return than \$1.00 in cash rewards. In our opinion, one 'logical' dollar is worth three 'emotional' dollars. Meaning it takes more cash (logical) to get the same motivation levels that you can acquire through non-monetary rewards (emotional) and in the long term, cash rewards lose their potency - they become viewed as rights.

With a non-cash incentive you'll get more people engaged and produce greater results over a long period.

WHEN DEALING WITH PEOPLE, REMEMBER YOU ARE NOT DEALING WITH CREATURES OF LOGIC, BUT CREATURES OF EMOTION.

DALE CARNEGIE

Logically, people are rational about rewards – they weigh up the benefits and effort needed to obtain them.

But at heart humans are sentimental and passionate.

So when developing your rewards programme make sure you tap into the most influential and compelling side of humanity – our emotions.

© 2014 Driving Force Incentives Limited.