



The Power of Engagement

Dillard's

Challenge

In 2009, Dillard's, one of the nation's largest fashion apparel and home furnishings retailer, sought to implement a sales incentive program to engage, motivate, and reward nearly 4,800 Sales Associates in response to a significant decrease in sales. Despite historic double-digit growth, Dillard's found themselves faced with double digit downturn in sales and a reduction in vendor co-op dollars.

As a result, Dillard's turned to All Star Incentive Marketing® to establish a dynamic, cost effective sales incentive program that offered greater flexibility to replace their internal sales incentive program, designed to promote one brand per week. Their original program format did not reward store associates for sales outside of their respective departments. And while their historic sales programs were in part successful, they required a significant co-op allowance from vendors to offset the program cost.

Solution

All Star worked closely with Dillard's to design and execute a series of comprehensive sales incentive programs that awarded all Sales Associates. The point earning methodology for the new open-ended program took into careful consideration prior years' sales units, vendor co-op dollars, and vendor "Focus Weeks." Thoughtful consideration was used to determine point earning potential which varied directly with categories that held different retail price points. Unique to this sales incentive program was the ability of Dillard's store associates to earn points for sales outside of their department.

All Star developed a fully customized point tracking and redemption system branded as DillardsAwards.com. This award site, incorporating a custom banner, rotating graphics, and unique messaging is refreshed weekly to promote and highlight the specifics of each program.

A key to the program's continued success is the ease of implementation and accessibility for both sales employees and management. The Dillard's Sales Associates enjoy easy access to their reward site from the register terminals, the company's intranet, as well as from the comfort of their own home. Sales Associates utilize the award site wish list functionality to set their sites on rewards of greater value and strived to achieve greater success. The ability to redeem for higher-level awards creates much enthusiasm. To encourage frequent visits to the reward site, sales numbers are reported every Tuesday and Thursday, enabling Sales Associates to monitor their point accumulation on a regular basis.



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The sales incentive program is focused on regular price merchandise, excluding both sale and clearance items. To optimize the exposure and participation of marquee brands, Dillard's collected co-op dollars from the vendors willing to participate, and budgeted accordingly to the respective departments e.g.; Kids, Shoes, Young Men's, Ladies, Ready to Wear, etc.

In exchange for their co-op dollars, contributing vendors receive promotional exposure. Exclusive promotion for one week is provided to those vendors that contributed more funds than the minimum amount and as such, they were rewarded with a "Focus Week." During any given "Focus Week", Sales Associates earned extra points for selling products belonging to the featured vendor. In addition, vendors can award "Gold Points" for subjective reasons such as; excellent customer service, access to a full line of SKU's, and properly displayed merchandise.

Area Sales Managers also receive 20% of their Sales Associates' total points which helped motivate them to further communicate and engage their staff to generate an increase in sales. Essentially, management is now out driving their business with a 'purpose'.



Results

The Dillard's award website serves as the primary communication vehicle to consistently engage Sales Associates and promote marquee brands. Since the program's inception, Dillard's successfully increased employee engagement to realize incremental sales within departments that were trending downward 25% - 30% over the previous year. On January 18, 2011, All Star Incentive Marketing and Dillard's collectively received the Grand Motivation Masters Award from Incentives Magazine - a leading publication devoted to motivation and performance improvement through the use of incentive programs and consumer promotions.

In most areas, vendors who participate in the sales incentive programs realize double digit increases in regular priced items compared to their departments that were down or flat the previous year. Vendors also realize an upward spike in sales during "Focus Weeks" while daily sales produced significant increases throughout the duration of the incentive program. A 2013 sales incentive offer for Ladies apparel increased sales results by 14%, compared to a previous average of 1%. Within the past five years, Dillard's exceeded previous years' sales with 95% of the vendors participating in the sales incentive program.



The positive results yielded from the sales incentive led to the incorporation of additional recognition opportunities for Sales Associates of Dillard's. The Dillard's management team personally delivers custom designed, point-loaded cards to recognize those employees going above and beyond in areas of service, floor setup, displays, etc.

According to Dillard's, "Sales Associates love this program format and continue to ask when the next incentive offer is taking place." Given the proven success of these programs, Dillard's continues to work with All Star launching ongoing sales incentive programs.

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Motivate.
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