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Unlocking Employee Wellness: How Points-Based Reward Systems Boost Health Incentive Programs

White Paper

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I. Introduction

In today's highly competitive and rapidly evolving business environment, maintaining a healthy, happy, and productive workforce is essential for an organization's long-term success (Goetzel et al., 2014). Employee wellness is directly linked to key business outcomes, including productivity, employee engagement, and overall organizational performance (Berry et al., 2010). Therefore, prioritizing and investing in employee health and wellness programs is not just a matter of corporate social responsibility but a strategic business decision with demonstrable returns.

A critical facet of these programs is incorporating an effective incentive mechanism. It was found that incentives and rewards encourage participation in wellness programs and inspire sustained change in health behaviors (Mitchell et al., 2013). However, the effectiveness of an incentive program largely depends on its structure and the relevance of the rewards to the participants. This is where a points-based marketplace system proves to be a game-changer.

A points-based marketplace system in the context of a health and wellness program creates an engaging and motivating environment where participants can earn points for healthy behaviors. Points were exchanged for rewards, which can be chosen by the participants from a variety of options available in a virtual marketplace (Zhang et al., 2016). This approach provides flexibility and personalization, which have been identified as crucial factors for the success of health and wellness programs (Anderson et al., 2005).

This whitepaper will explore the benefits of implementing a points-based marketplace within a health and wellness incentive program. It will provide an understanding of the system, its importance in health and wellness programs, benefits, successful case studies, and steps for implementation. The paper will conclude with insights into the future of points-based marketplaces in health and wellness programs. The aim is to enable organizations to understand and harness the potential of this system in fostering a healthy and productive work environment.

II. Understanding the Points-Based Marketplace System

A points-based marketplace system is an incentivization approach where participants earn points for completing specific actions or achieving predefined goals. The points earned can then be redeemed for rewards within a virtual marketplace, providing the participants with a wide range of choices (Zhang et al., 2016). This creates a motivating, flexible, and engaging system that resonates with participants due to the potential of earning tangible rewards.

In the context of a health and wellness incentive program, the actions that can earn participants points are typically oriented toward promoting healthy behaviors. These can include a wide range of activities such as adhering to regular exercise routines, maintaining a healthy diet, quitting smoking, regular health check-ups, participating in wellness challenges or seminars, and much more. By tying points to these health-promoting behaviors, the program effectively motivates participants to adopt and maintain these habits (Anderson et al., 2005).

The virtual marketplace in this system, where participants can redeem their earned points, contains various reward options. The nature of these rewards can vary significantly based on the organization's resources and participant preferences, ranging from small merchandise, discount vouchers, and fitness equipment to experiential rewards such as spa vouchers, wellness retreats, or even additional vacation days. Offering such a variety allows participants to choose what motivates them the most, further enhancing the program's effectiveness.

When comparing a points-based marketplace system to traditional incentive programs, the former stands out due to its flexibility, personalization, and potential for sustained engagement. Traditional wellness programs often use a one-size-fits-all approach, providing uniform rewards to participants (Mitchell et al., 2013). However, such programs often fail to cater to all participants' diverse needs and preferences, thereby reducing overall engagement and effectiveness. In contrast, a points-based marketplace offers various rewards, ensuring each participant can find something that truly motivates them, thereby driving long-term engagement and promoting sustained behavior change.

III. The Importance of Incorporating a Points-Based Marketplace in Health and Wellness Incentive Programs

Incorporating a points-based marketplace into health and wellness programs presents numerous benefits, providing a versatile tool that can be used to drive participant engagement, foster a sense of healthy competition, and encourage long-term behavior change.

1. Driving User Engagement: The first step towards a successful wellness program is ensuring high levels of participation. A points-based marketplace system offers an appealing proposition for employees, enticing them to get involved and stay engaged. The program effectively quantifies participants' progress by assigning point values to different health-promoting behaviors, providing a tangible measure of their achievements (Zhang et al., 2017). Moreover, the anticipation of earning points and the satisfaction derived from redeeming them for desirable rewards makes the program inherently motivating, increasing the likelihood of sustained engagement.
2. Fostering Healthy Competition: By creating a points system, organizations can also introduce an element of healthy competition among participants. Users can compare their points with peers, turning health and wellness into a social, interactive activity. This adds an additional layer of motivation and fosters a sense of community and camaraderie, further enhancing the program's appeal (Zhang et al., 2017).
3. Encouraging Long-term Behavior Change: Perhaps the most significant benefit of a points-based marketplace is its potential to promote sustained behavior change. Traditional wellness programs often need help maintaining participant interest over time, leading to declining engagement and effectiveness. However, by offering continual and evolving rewards through a marketplace system, organizations can encourage participants to engage in health-promoting behaviors consistently. The accrued points are a constant reminder of participants' progress, encouraging them to maintain their healthy habits to earn more points and rewards (Kullgren et al., 2013).

IV. Benefits of a Points-Based Marketplace in a Health and Wellness Incentive Program

Incorporating a points-based marketplace into a health and wellness incentive program carries multiple benefits, contributing to both the individual participants and the organization.

1. **User Engagement and Satisfaction:** Using a points-based marketplace can significantly boost user engagement and satisfaction. The ability to earn points for healthful behaviors and then redeem those points for various appealing rewards creates a fun, engaging, and personally rewarding experience (Zhang et al., 2017). This can lead to higher participation rates, improved user experience, and increased motivation and morale within the workforce.
2. **Personalized and Flexible Reward System:** One of the standout benefits of a points-based marketplace is its inherent flexibility and personalization. Unlike traditional reward systems, which often offer a one-size-fits-all approach, a points-based marketplace allows users to select the most appealing and relevant rewards (Anderson et al., 2005). This leads to increased satisfaction and long-term engagement, as users feel more motivated to earn and redeem points for genuinely valued rewards.
3. **Positive Health Outcomes:** By incentivizing and rewarding healthful behaviors, points-based systems can drive significant positive health outcomes. These might include improved physical fitness, healthier dietary habits, lower stress levels, better sleep, and reduced risk factors for chronic diseases (Kullgren et al., 2013). These health improvements can lead to a more energetic, focused, and productive workforce.
4. **Economic Benefits:** There are also potential economic benefits of implementing a points-based marketplace within a health and wellness incentive program. Promoting health and wellness among employees can help reduce absenteeism and increase productivity, leading to improved business performance (Goetzel et al., 2014). Additionally, healthier employees could lead to lower healthcare costs for the organization.
5. **Data Collection and Analytics:** Another key benefit of a points-based marketplace is the valuable data that it can provide. Organizations can track which behaviors earn points and rewards are chosen, offering essential insights into employee preferences and behaviors (Zhang et al., 2017). This data can be used to continually refine and improve the program, ensuring its ongoing relevance and effectiveness.

V. Successful Case Studies of Points-Based Marketplace in Health and Wellness Programs

1. Company A - Large Technology Firm

A large technology firm in the United States adopted a points-based wellness program to increase employee engagement in healthy behaviors and improve overall health (Patel et al., 2016). Participants could earn points for activities such as tracking their daily steps, participating in gym classes, or attending preventive health screenings. They could then redeem these points for rewards like health and wellness products, gift cards, or donations to a charity of their choice.

Results: Within a year, the program reported a substantial increase in user engagement, with over 80% of employees actively participating. Additionally, participants demonstrated significant improvements in their physical health, with reduced body mass index and lower risk factors for chronic diseases. The study also reported reduced healthcare costs for the firm, providing strong evidence for the economic benefits of such programs.

2. Company B - National Retail Chain

A national retail chain implemented a points-based health and wellness program to reduce employee absenteeism and boost productivity (Gubler, Larkin, & Pierce, 2018). Employees could earn points for achieving personalized health goals, like weight loss or smoking cessation, and maintaining regular exercise routines. Points could be redeemed for a range of rewards, including merchandise, discount vouchers, or additional vacation days.

Results: The program saw a high participation rate and a notable decrease in absenteeism. Additionally, the program positively changed participants' health behaviors, with many reporting increased physical activity and improved dietary habits. Overall, the program was found to positively impact both employee health and the company's bottom line.

3. Company C - Healthcare Organization

A healthcare organization introduced a points-based wellness program to promote healthy behaviors among its employees and reduce healthcare costs (Mitchell et al., 2013). The program awarded points for regular exercise, a healthy diet, and preventive health screenings. The points could be redeemed for various rewards, from fitness equipment to wellness retreats.

Results: The program was highly successful, with most employees actively participating and achieving their health goals. Participants reported improved physical health, higher energy levels, and reduced stress. The organization also reported a significant reduction in healthcare costs, demonstrating the potential economic benefits of points-based wellness programs.

VI. Common Challenges and Possible Solutions

While the benefits of a points-based marketplace in health and wellness programs are clear, there can be potential challenges to its successful implementation. Acknowledging these challenges and identifying ways to overcome them for the program's success is essential.

1. Engagement and Participation: One of the common challenges in implementing wellness programs is driving consistent engagement and participation. Employees may not initially be motivated to participate or lose interest over time.
Solution: Organizations can address this by ensuring that the points system is easy to understand and that the rewards are appealing and relevant to the participants. Regular communication about the program, benefits, and rewards can also boost participation.
2. Reward Selection and Distribution: Choosing the right rewards that cater to diverse employee preferences can be challenging.
Solution: Offering various rewards and regularly updating the rewards catalog based on feedback can ensure that the rewards remain appealing to all participants.
3. Privacy and Data Security: Collecting and managing personal health data can raise privacy concerns.
Solution: Organizations need to ensure that they comply with all relevant data protection laws and regulations. Maintaining transparency about the data being collected and how it will be used is crucial.

VII. Implementing a Points-Based Marketplace in Your Health and Wellness Incentive Program

Implementing a points-based marketplace in a wellness program involves a series of steps:

1. **Setting Objectives:** The first step is to define what to achieve through the program. The goals can range from improving employees' physical health, promoting mental well-being, reducing absenteeism, or boosting productivity.
2. **Designing the Points System:** The next step involves designing the points system. Determining which activities will earn points, how many points will be awarded, and how points can be redeemed is essential.
3. **Choosing Rewards:** Choose a variety of rewards that cater to diverse preferences. The rewards range from tangible products, experiences, recognition, or charitable donations.
4. **Communicating the Program:** Once the program is designed, it needs to be effectively communicated to all potential participants. This should include explaining how the program works, how to earn and redeem points, and the benefits of participating.
5. **Monitoring and Updating the Program:** The program should be regularly monitored and updated based on participant feedback and the organization's changing needs.

With careful planning, a points-based marketplace can be an effective component of a health and wellness incentive program, driving engagement, promoting healthy behaviors, and delivering measurable benefits.

VIII. The Future of Points-Based Marketplaces in Health and Wellness Incentive Programs

The future of points-based marketplaces in health and wellness incentive programs is promising. With increasing interest from organizations of all sizes and industries, it is expected that the adoption and innovative development of such systems will continue to grow.

1. **Increasing Adoption:** Given the demonstrated benefits, more organizations will likely incorporate points-based marketplaces into their health and wellness programs. They can serve as a powerful tool to boost participation, promote healthier behaviors, and improve overall employee well-being, all while potentially reducing healthcare costs.
2. **Innovation in Reward Systems:** As the popularity of these systems grows, there is a substantial opportunity for innovation. We may see rewards extending beyond physical items or experiences, embracing trends such as virtual or augmented reality experiences, personalized learning opportunities, or access to exclusive online communities.
3. **Integration with Technology:** With the rise of wearable technology and health-tracking apps, points-based wellness programs are set to become more sophisticated and personalized. Users could earn points for a broader range of activities tracked automatically via their devices and even receive personalized health recommendations based on their data.
4. **Use of Data Analytics:** With the wealth of data generated by these programs, organizations can better understand their employees' health behaviors and preferences. This will allow them to tailor their programs more effectively and offer personalized rewards.

However, alongside these developments, organizations will need to address specific challenges. These might include:

1. **Maintaining User Interest:** As with any program, keeping participants engaged over the long term can be challenging. Organizations must ensure that the points system and rewards remain

relevant and appealing, potentially through regular updates based on user feedback and data analysis.

2. Ensuring Data Privacy and Security: With the increasing use of personal health data, privacy, and data security will be paramount. Companies must comply with all relevant regulations and ensure robust data protection measures are in place.

Despite these challenges, the future of points-based marketplaces in health and wellness programs appears bright. With careful planning and implementation, they have the potential to significantly enhance the effectiveness of these programs, ultimately promoting healthier, happier, and more productive workplaces.

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