

Putting Trophy Value Into Your Gift Card Program



Gift cards have transformed the corporate market for rewards and recognition. The 2005 Incentive Federation Study of Motivation and Incentive Applications now ranks gift cards as the most frequently used type of corporate reward. Convenience, ease of use and administration, and the range of choice make stored-value gift cards the perfect choice for many harried sales managers and incentive program administrators, but they also have unique co-branding and trophy-value capabilities overlooked by planners.

Co-branding and trophy value have a key place in rewards and recognition programs, whose very purpose is to promote behaviors without use of compensation. The utility of noncash rewards is enhanced by the perceived value and visibility of the awards and the buzz created when people receive them. A high-end, high-performance outdoor gas grill will serve as a positive reminder to the participant of his or her performance (and firm) every time it is fired up, as will the memories evoked by a motivational travel program. Cash, on the other hand, quickly gets mixed in recipients' minds as compensation

and usually disappears into the family budget, with no direct communication benefits to the giver.

Unlocking the Trophy Value of Gift Cards

While most gift cards are presented showing a dollar value, that's where the comparison with cash stops. When properly used, gift cards provide powerful, ongoing target marketing power. That potential has to be unlocked, however, through careful marketing and ongoing communication of your program, the branding and/or customization of the packaging and through effective presentation of the awards and recognition of the award winners. By using stored-value cards as part of an ongoing program, where points—or cash value—is added as successive goals are met, gift cards can, in fact, become a permanent fixture in an employee's wallet, acting as an effective reminder to program participants every time that wallet is pulled out and the card used. Friends and family often see award winners use the card and may see them use it often. That's trophy value.

In addition, many of today's gift cards carry the names of leading brands, which enhances the perceived value. Gift cards are being offered by major retailers, banks, catalog merchants, department stores and specialty stores of almost every type imaginable, enabling your organization to target awards based on demographics and create themes based on communications objectives

Aligning your incentive or premium program with leading industry brands by offering their gift cards can significantly increase the participation in the program you offer. Brand awareness is a major factor in the end users' shopping experience, and by offering gift cards for brands they already recognize and are currently shopping for, you add awareness to your program—which leads to greater participation. You also receive the benefit not only of the brand of gift card you carry but also of

the brands of products and services the gift card provider offers to the end user. The benefits of offering leading brands on your program are very compelling.

The plethora of options—including the many branded options—also allows you to target and tailor your gift card program in ways that are similar to but more flexible than merchandise because they allow the recipient to select the most relevant award. In addition, many gift card brands open up the potential for some unique customization or packaging opportunities, allowing companies to leverage major brand names in their marketing programs to maximize perceived value, adding to the excitement and pride of the target audience.

Gift card caveat: Using cards with high-end retail brands is one way to increase trophy value—however, use of these needs to be appropriate to the program or to the situation. For example, you don't want to send recipients to high-end retail outlets with low-end rewards, whether because of the award levels in general or because of the lower performance of the individual. There's not much a recipient can do with a \$10 gift card at Tiffany's, for instance, and the card might end up being a demotivator.

Distinguishing From Cash

Respondents to the 2005 Incentive Federation study consistently indicate that merchandise and travel incentives are more compelling than cash. In the merchandise category, gift cards/gift

can around cash. Further, more than four out of five respondents (84 percent) believe that these sorts of rewards are remembered longer than cash awards. Gift cards provide flexibility and versatility as much as cash, but their greater trophy value means they won't be confused with compensation.

Communicating the Value

The trophy value of a gift card program has as much to do with what the user company puts into it as the cash value that's stored on it. And one of the first things that companies should be communicating is the gift card's utility.

- Gift cards give the recipient a wide choice of options for redemption, so the reward possibilities abound and the recipient self-selects the most motivational award.
- Gift cards are easily incorporated into point-tracking programs where award levels are tracked and awards issued almost instantaneously.
- Recipients can store points or value on their card until they've found the reward that most suits them and their family.
- For many people, and for their families in particular, half the fun of receiving an award is shopping. Recipients can share the experience with their families by having them partake in the reward selection and ultimately the reward itself—whether it's a night on the town, a travel experience or a new big-screen TV.

Ongoing Communication

In addition to communicating the inher-



provide a theme or "brand" for the program so that people think of the program as a specific campaign. Think about customizing the packaging and accompanying materials with the program theme as well as with your company logo.

- Explain the program—lay out the goals, objectives, the way performance will be measured and the way rewards will be awarded and delivered. And again, remind participants of the flexibility of the cards in terms of the benefit of choice.
- Have a meeting—use this as a way to kick off your program at the national, regional or local level. Kickoff meetings headed by top management are a powerful way to boost any performance improvement effort.
- Create a newsletter to provide information about the program, track its progress and recognize winners.

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ent value in the gift card, companies should be communicating the details of the gift card program, just as they would for any other incentive or recognition program. This might involve:

- Creating a theme for the program—

Think about using the newsletter to report on the variety of rewards redeemed via the incentive gift card to reinforce the perceived value in having that wide choice.

- Talk up participants' reward choices. Management shouldn't just hand out gift cards and forget about them. Ask participants what they rewarded themselves with for their performance efforts, and publicize the gifts they chose to reward themselves.

- Send letters to announce winners and also to communicate in a positive way to those who didn't meet objectives that you appreciate their efforts.

Personalization and Customization

Depending on the brand, gift cards allow for customization and personalization. People consistently say they prefer choice in their awards, but you can take advantage of those times when you know employees well enough to present a gift card that appeals to their special interests—providing a gift card to a retail bookseller, to a chain of music stores or to a clothing retailer, for instance.

Gift cards also allow companies options in terms of customization. The simplest, of course, is a card that's made out to the individual recipient, but some suppliers can also put your logo or the theme of your incentive program on the packaging as well. You can also ask suppliers to do a custom mailing of the card for you, with a custom-designed envelope and backup materials on the program, or a letter from the company's top executive. Or you can present the gift cards personally with special packaging and at a special awards ceremony.

Presentation

In fact, because gift cards are so easy to deliver, some companies neglect to put enough effort into their presentation of these awards. That's a mistake. Presentation is an important component of any incentive program—gift cards included—and an effective presentation, in front of peers, and family if possible, is another way of increasing the perceived value and trophy value of the award.

Most Popular Merchandise Award Options

These are the types of rewards that companies would be most likely to use in the four major incentive categories, according to the 2005 Incentive Federation Study.

Consumer/User Promotions

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|----------------------------------|-----|
| 1. Gift certificates/gift cards | 58% |
| 2. Electronic items: | |
| Cameras and accessories | 19% |
| Computers, accessories, software | 28% |
| Home entertainment | 15% |
| Telephone-related | 9% |
| 3. Writing instruments | 32% |
| 4. Food & beverage | 31% |
| 5. Apparel | 30% |
| 6. Watches & clocks | 25% |
| 7. Plaques & trophies | 25% |
| 8. Tools & flashlights | 25% |

Dealer Incentives

| | |
|----------------------------------|-----|
| 1. Gift certificates/gift cards | 49% |
| 2. Electronic items: | |
| Cameras and accessories | 22% |
| Computers, accessories, software | 30% |
| Home entertainment | 14% |
| Telephone-related | 7% |
| 3. Food & beverage | 27% |
| 4. Watches & clocks | 24% |
| 5. Apparel | 24% |
| 6. Sporting goods | 24% |

Sales Incentives

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|----------------------------------|-----|
| 1. Gift certificates/gift cards | 59% |
| 2. Electronic items: | |
| Cameras and accessories | 28% |
| Computers, accessories, software | 40% |
| Home entertainment | 25% |
| Telephone-related | 14% |
| 3. Plaques & trophies | 39% |
| 4. Watches & clocks | 36% |
| 5. Apparel | 32% |
| 6. Food & beverage | 31% |

Non-Sales Employee Awards

| | |
|----------------------------------|-----|
| 1. Gift certificates/gift cards | 62% |
| 2. Electronic items: | |
| Cameras and accessories | 24% |
| Computers, accessories, software | 22% |
| Home entertainment | 22% |
| Telephone-related | 14% |
| 3. Plaques & trophies | 48% |
| 4. Watches & clocks | 40% |
| 5. Apparel | 37% |
| 6. Food & beverage | 30% |

Source: Incentive Federation Study 2005

Keep these presentation ideas in mind for your gift card program:

- Present the award in person and in front of a group of peers if possible. Use the occasion as an opportunity to express your appreciation for the performance of the individual and to communicate the advantage of choice in the gift card as an award.
- Deliver the gift card with a handwritten or customized note of congratulations and appreciation.
- Publicize the award in any available and appropriate medium, internally and externally.
- Extend a personal thanks to the individual award winner for his or her performance.

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Gift Cards Are Here to Stay

Gift certificates and gift cards are increasingly becoming a preferred motivator in both the consumer and business-to-business arena. The 2005 Incentive Federation study found that gift cards/gift certificates were the most popular merchandise reward in consumer promotions (58 percent), dealer incentives (49 percent), sales incentives (59 percent) and non-sales employee awards (62 percent). They build on the strengths of noncash incentives by offering rewards that are more memorable and can be redeemed for merchandise or travel that recipients wouldn't otherwise buy for themselves. And they offer the power of choice—recipients can select the reward that's most meaningful to them.

The use of gift cards in incentive programs is growing and will continue to

Cash Falls Short vs. Travel, Merchandise and Gift Cards

The 2005 Incentive Federation study also asked how cash awards were perceived versus gift cards, merchandise and travel. The findings:

- Three out of five respondents agree that a cash payment is perceived to be part of an employee's total remuneration package.
- Almost two out of three respondents believe that cash awards are remembered for the shortest period of time.
- Approximately three out of four respondents agree that they can build a more exciting, memorable program around travel, merchandise or gift cards than around cash.
- More than half of the respondents agree that employees tend to look at bonus payments as something they are due as part of their compensation package.

Source: Incentive Federation Study 2005



grow as more companies take advantage of their flexibility, their ease of use and the low administrative costs and hassles. Corporate managers appreciate the turn-key aspects of such programs; they're great for award programs with multiple award levels; recipients appreciate the wide range of award levels available and their freedom to choose their own reward; and with effective communication, customization and presentation, the trophy value of gift cards can produce meaningful, measurable and memorable results for your incentive programs. ■

This Executive White Paper was commissioned by the Incentive Gift Certificate Council (IGCC) of the Incentive Marketing Association. For further information, go to www.usegiftcertificates.org.

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