

Safety Incentive Market

There's nothing quite like getting the gift of your choice for a job done well, and safely. This is what employees across the nation are realizing as their companies embrace the idea of gift cards as an excellent safety incentive. Unlike cash (which spends so easily that it's hard to remember what it was used for) and corporate gifts (let's face it, does Joe really need another company polo shirt?), gift cards possess the kind of trophy value that make employees continue to work safely in hopes of getting another one very soon.

"Being presented a gift card in front of fellow employees – along with an presentation and an award announcement – creates strong, lasting value," says Rich Killian, IGCC president. "Companies are also taking it a step further by videotaping the results (of, say, a vacation that was funded by a gift card) and showing them to employees. The message sent to employees is: 'Continue working safely and productively, and you could get to go on the trip next year.'"

Former IGCC president and current board member Nancy Serrato concurs, and says her own experience shows that grocery store gift cards tend to work best within the safety incentive marketplace. "That audience is looking for basic necessities, and would rather forgo the high-end retail gifts over grocery cards," Serrato says. "It's a very good fit, and employees appreciate and respond to this type of incentive."

Trophy Value

It's no secret that gift cards have changed the way corporations reward their employees for helping to sustain safe workplaces. Take the 2005 Incentive Federation Study of Motivation and Incentive Applications for example. The study ranks gift cards as the most frequently used type of corporate reward, thanks to the convenience, ease of use and administration, and the range of choices that these incentives provide. What they also provide is unique trophy value, and co-branding opportunities, that other incentives can't touch.

Ed Handel in corporate sales at Charlottesville, Va.-based Crutchfield Corp., has seen firsthand how effective gift cards can be as safety incentives. "The companies we've developed programs for have found the gift cards to be much more effective than cash because they give employees the chance to buy something they wouldn't ordinarily buy for themselves," says Handel. "In that regard, they're much more valuable than cash."

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 non-cash rewards is enhanced by the perceived value and visibility of the awards and the buzz created when people receive them. A high-performance stereo in the living room 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.

And while most gift cards are presented showing a dollar value, the comparison to cash stops there. When utilized properly, gift cards provide powerful, ongoing target marketing power. 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.

Additionally, today's gift cards carry the names of leading brands, thus enhancing 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 organizations to target awards based on demographics and create themes based on communications objectives.

Cards Over Cash

It's already being proven that employees like cards over cash when it comes to corporate incentives. In a September 2006 study, Packaged Facts (a division of MarketResearch.com), found that gift cards were the top choice for recognizing and motivating employees. According to the report, consumers spent over \$18.5 billion on gift cards during the prior year's holiday season alone.

"Consumers have made gift cards the number one holiday gift because they're easy to use and give the recipient the freedom of choice," says Serrato. "The gift card explosion in the incentive industry reflects this trend, as ultimately, we are all consumers."

In a research study conducted by Incentive magazine, 69 percent of companies stated that gift cards and gift certificates are more effective than cash in motivating and rewarding employees. Increasing performance and boosting morale are the two main objectives for including gift cards in incentive programs.

The primary objectives of using gift cards in programs are 78 percent to recognize performance, 63 percent to boost morale, 47 percent to build loyalty and trust, 38 percent to foster teamwork, 37 percent to increase or maintain sales, 36 percent to build customer loyalty & trust, 26 percent to improve customer services, 24 percent to start or maintain business relationships and 10 percent to create new markets.

Credit the administration and redemption for creating such high demand for gift cards. According to the study, the primary benefits of offering gift cards in incentive programs are: 66 percent ease of administration, 63 percent redemption options and flexibility, 63 percent broad audience appeal, 45 percent perceived value, 36 percent cost effectiveness, 27 percent lasting impact, and 14 percent backend and ROI tracking.

"Gift cards continue to be the number one choice of program administrators because they are easy to store, easy to ship, easy to present," says Serrato, "and they offer the most flexibility for the recipient to choose an award that's most meaningful to them."

Full Steam Ahead

Expect to see more companies using gift cards to motivate their employees to greatness in the future. According to the Forum for People Performance Management & Measurement, corporate managers report employee recognition as the most used motivational tactic, with gift certificates the second most popular.

Non-cash programs are viewed as more effective for nine out of 10 organizational objectives studied including reinforcing organizational values/culture; creating positive communication/buzz; improving teamwork; increasing customer satisfaction; motivating specific behaviors/tasks; increasing retention/loyalty; improving product quality; increasing profitability/ROI and improving customer acquisition/referrals.

"Recognizing an employee with a gift card award can have tremendous trophy value and be a highly effective tool to motivate," says Serrato. "Not only can an employee benefit from the acknowledgement of their achievement amongst their co-workers, but they can share the redemption of the gift card with family and friends."

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How do you use gift certificates in your incentive programs?

	2005	2006
Recognize performance	67%	73%
Sales incentives	48%	52%
Business gifts	44%	45%
Non-sales recognition awards	38%	40%
Service awards	39%	39%
Consumer promotions	25%	23%
Start/maintain business relationship	18%	16%
Safety awards	13%	14%
Dealer incentives	14%	11%
Other	4%	3%

How would you rate the effectiveness of gift cards/certificates?

(on a scale from 1-5, with 5 as most effective)



Source: *Incentive Magazine's 2006 Facts Report*