

And the Award Goes To....

Exploring the "trophy value" of gift cards and gift certificates

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 options make stored value gift cards the perfect choice for many harried sales managers and incentive program administrators, but the cards 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 non-cash 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.

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 promotion 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

Brand awareness is a major factor in the end users' award 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 in your program are very compelling. The plethora of options—including the many branded options—also allow 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. Realizing, however, that using cards with high-end retail brands is one way to increase trophy value, yet their purpose 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 de-motivator.

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 certificates were the most popular award items in all applications. Approximately three out of four respondents (73 percent) agree that they can build a more exciting and memorable program using merchandise and gift cards that 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.

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. A few examples include:

- 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.

Depending on the brand, gift cards also 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.

Here To Stay

Gift certificates and gift cards are increasingly becoming a preferred motivator in both the consumer and business-to-business arena. The 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 non-cash 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 in that recipients can select the reward that's most meaningful to them.

At the same time, corporate managers appreciate the turnkey aspects of such programs. They're great for award programs with multiple prize 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.

Buoyed by these strengths, the industry is expected to grow. Particular areas of development to watch for include use of gift certificates as a sales incentive for dealers and direct sales people. In addition, expect more gift certificate programs to take place online. In the Incentive Federation study, only 15 percent of incentive buyers said they've run a program online, but usage of e-commerce, particularly for buying incentive rewards, is higher among buyers who run eight or more incentive programs per year.

In sum, gift certificates are a versatile, proven way to spur employees, customers, resellers and revenues. The power of choice is potent indeed.