

Award Cards vs. Award Books

How the Changing Marketplace Has Made Award Cards the Reward of Choice

In today's business environment, awards or gift cards have emerged as one of corporate America's most powerful and popular incentive tools. They're used to motivate employees; build loyalty among customers, users and dealers; generate trade show traffic and much more. According to Bain & Co.,¹ they've become so popular, in fact, that nearly \$50 billion in gift cards are issued annually.

It's a Fact....Merchandise Works!

Over the years, merchandise has proven to be an outstanding tool for rewarding, recognizing and motivating employee behavior. There really isn't a lack of consensus regarding this point. Research demonstrates that people love to earn and/or receive "stuff" for their work efforts and are inspired to do so.

In the earliest programs decades ago, a single item was selected by management, and qualified individuals would receive the "one size fits all" product. As time went on, the need to expand the number of items was recognized and has since evolved into a catalog or "Book of Awards," which typically constitutes approximately 1600 to 2000 products. The products range in value from approximately \$25 to several thousand dollars.

The Award Book

The concept is really a simple one. How do you allow many people to choose the award of their choice? There must be a site or catalog from which an individual can select a product, providing access to the items being offered. An award book allows such activity.

In a typical corporate incentive program, an employee who meets specified objectives earns corporate credits or points. These points act as currency to obtain the merchandise featured in a book of awards. The most common point programs are probably the frequent traveler programs in the airline business.

Consumers Demand More

Age and generation, gender, ethnicity, culture, household income and life choices are but a few of the ingredients which frame the way people consume products and services today. As the workforce of today has grown and diversified, it has become increasingly important to offer

more choice and flexibility in the merchandise offerings. As both a worker and a consumer, our appetite for goods and services is mirrored in both worlds. We want more choice from our company programs and more choice as consumers.

Gift Cards Offer More Flexibility, More Choice

Herein lies the connection to gift certificates or as they are referred to today, gift cards. Gift cards act as a means of access to the world of merchandise offered by retailers. Gift cards are a means of exchange for the hundreds of thousands of products, product lines and models of merchandise. Retailers have sophisticated networks of merchandise distribution with optimized systems and processes for offering a wide range of products from electronics to cookware; sports equipment to apparel; jewelry to refrigerators; furniture to lawn equipment. Such "redemption centers" will not only ship products to your door, but there are thousands of locations providing convenient distance from your home for personal shopping.

You see, gift cards are really "award cards." They serve the same purpose as an incentive catalog or "Book of Awards." Gift cards provide a means for the recipient to select the award or product of their choice offered at the store, on the retail Web site or via the retail catalog. Award book or award card...both are means by which an employee selects merchandise.

Technology Improves Redemption Options

The technology of the plastic gift card versus the paper gift certificate eliminated the one real drawback of gift certificates. In the old model of gift certificates, a recipient would go to a retailer, select a product with a lower value than the value of the gift certificate and receive cash back for the difference. With the advent of gift cards, this deficiency in the system has been corrected. Now under the same scenario, a person who selects an item of lower value than their award will retain the difference on their card and can use the remaining balance on a future product selection. It's the same principle as points. You'll always have the same value, but you can use them when and for whatever you choose.

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Gift Cards Are More Responsive to Changing Lifestyles

The gift card gives your recipient access to the ever changing products and services offered by the most popular retailers, both online and offline. Recipients can take advantage of fads, luxury items and the necessities of life. They can leverage their corporate currency or credits through the abundance of sales offered throughout the year by our nations' leading retailers. Gift cards allow you to enhance your participants' existing buying behavior and the freedom of choice is a powerful motivator.

Research Demonstrates Impact of Gift Cards

Perhaps above all else, however, is the documented motivational impact of gift cards. In a 2005 study conducted by the Forum for People Performance Management and Measurement,² the majority of corporate users reported that non-cash incentives such as gift cards are the most commonly used approach to reward and recognize employees.

Finally, consider feedback from respondents to the 2005 Incentive Federation Study of Motivation and Incentive Applications: in the "merchandise" category, gift cards and certificates were deemed the most popular award items, approximately three-quarters of respondents agreed that they could build "a more exciting and memorable program using merchandise and gift cards than they can around cash." Four out of five also indicated a belief that gift cards are remembered longer than cash awards.³

The role of gift cards goes beyond employee reward and motivation, of course. Companies also use them to forge relationships with dealers and distributors, increase trade show traffic, and encourage customers to buy their products.

Further, the 2005 Federation Study also ranks gift cards as the "most frequently used type of corporate reward (because of their) convenience, ease of use and administration, and the range of choice."⁴

Maximizing the Use of Gift Cards

Here are five ways to maximize your organization's use of gift cards:

Understand your target audience

What kind of merchandise appeals to your audience? Young and hip? More traditional? Selecting the right kind

of merchandise that will motivate your audience translates to selecting retailers who specialize in such products and services. Make sure the retailers you choose match the demographics of your audience and are a part of your gift card offering.

Drive desired behaviors and beliefs

Award your gift cards with a purpose. Is your primary organizational goal to secure new customers? Then, reward those who bring in the most new accounts.

Make your loyalty program cumulative

By creating continuity in your award program, you provide a constant reminder to your target audience of how – and from whom – they earned the reward, which reinforces re-engagement in the desired behavior. Participants can accumulate corporate credits and select a gift card with a large dollar amount or simply accumulate gift cards. In either case, participants can select a product and receive value for their earnings gained through hard work.

Promote Your Awards!

Active communication brings an added motivational dimension to your program and lets everyone see the results of their hard-earned efforts. Create a theme for your program and feature progress and winners in your newsletter, bulletin, e-mail alerts and company meetings. And don't forget to mention the corporate objective or core value they supported via the program!

Gift Cards Reward Existing Buying Behavior

From luxury gifts to necessities, gift cards reinforce the current buying behaviors of your recipients. But they also provide a more efficient way to award employees in a way that is synonymous to their real lifestyle. Award cards or award books – they each provide access to exciting, appealing merchandise. But gift cards provide easier access, convenience, more flexibility and choice. The real choice is yours.

REFERENCES:

¹As quoted in Convenience Stories Decisions; "A Gift for all Seasons," June 2006.

²People for Performance Management and Measurement, "Strategic Guidelines for Managing Cash and Non-Cash Employee Motivation Programs," December 2005.

³As quoted in "Putting Trophy Value into Your Gift Card Program," by the Incentive Performance Center, on www.incentivecentral.org, reviewed in June 2006.

⁴As quoted in "Putting Trophy Value into Your Gift Card Program," by the Incentive Performance Center, on www.incentivecentral.org, reviewed in June 2006.