

User-Friendly Incentives That Work

Gift cards have come a long way in the last few years, both in terms of how many merchants and service providers are actively selling them, and in the sheer number of consumers and businesses that are using them. According to the National Retail Federation's annual gift card survey, 75.5 percent of consumers bought at least one gift card during the last holiday season, up from 74.3 percent in 2004.

In all, shoppers spent \$18.48 billion on the cards, 6.6 percent more than in 2004. The average gift-card buyer spent \$116.60 on the cards during the course of the year, making the industry particularly compelling for retailers, merchants, service providers and catalogs that are vying for a piece of the pie.

To compete, these merchants have jazzed up designs and packaging. Enter a Target store and you'll find candy-cane-shaped cards, cards that smell like bananas when you scratch and sniff, and cards that light up or play music when you press a button. Toys "R" Us is selling stuffed animals with gift cards slots on them.

Best Buy stocks a kiosk with cards packaged with coupons for the gamer and cards in compact disc cases to keep the present's true identity under wraps. Many prepaid credit cards let you personalize with the recipient's name and a message. Wal-Mart takes it even further, with a photo gift card option.

"These companies want to become user-friendly for firms that are creating incentive programs around the cards," says IGCC Executive Vice President Rich Killian, president of Orlando-based RK Incentives, who sees safety programs as one area where merchants have put in much effort to create a user-friendly environment. That can mean discounts on bulk purchases, offering customized cards and helping employers communicate the value of the cards to their employees using tools like posters.

Sears offers a custom solution for safety awards via its special "safety gift card," which features a company logo, no minimum order or expiration dates, and volume discounts, according to Babette Halder, manager of B2B gift cards for the Chicago-based retailer.

"There's no better way to promote safety among employees," says Halder, who works closely with companies to set up such programs. "They can get exactly what they want, from hardware to housewares to home electronics."

At Charlottesville, Va.-based consumer electronics retailer Crutchfield Corp., Ed Handel, corporate sales advisor, says the company has watched its gift card sales rise nearly 20 percent over the last three years. The bulk of the sales were to companies using the cards for both long-term and short-term (spiffs, for example) incentives, says Handel.

"People look at gift certificates/gift cards much differently than they ever have in the past, where they were just written out on a sheet of paper," says Handel. "Today's cards

hold a lot of value, are easy to purchase and use, and are very simple for companies to administer and track. It's a real win-win incentive tool for everyone involved."

SIDEBAR #1:

Choosing a Gift Card Vendor

Ready to integrate gift cards into your firm's safety incentive campaign? Before you do, check out the IGCC's key questions to ask when seeking a gift certificate or card provider:

- **Redemption options:** How can cards or certificates be redeemed: online, by phone, by mail, in person? If redeemable only at a specific merchant, how close are retail locations to where recipients live? When do the certificates or value loaded in the card expire? Is the amount recipients don't spend refundable? Is there an administrative charge levied even if the recipient doesn't redeem the certificate or card?
- **Branding & customization:** Does the vendor offer branding with the company name and/or logo? Can the recipient's name be imprinted?
- **Communications:** Can the vendor provide a personalized letter on my company's stationery? Is there a web site or catalog where recipients can view and or buy available merchandise? Does the vendor provide reports or a web site on which participants can see how many dollars or points they've accrued and redeemed?
- **Reporting on redemption:** How often can the program sponsor view data on activation and redemption? How often is data updated? Remember, gift certificates and gift cards can offer the unusual ability to track how people redeemed their awards, giving useful insight into the preferences of your target audience.
- **Discounts & fees:** Is there a discount for buying in bulk, or for limited redemption options such as web-only? Is there a set-up fee for issuing certificates or cards and tracking redemption?
- **Individual fulfillment vs. bulk:** Can the certificates or cards be sent to each individual recipient, or are they sent in bulk to the person placing the order so he or she can disburse them?
- **Administration:** Are card or certificates shipped "live," or must they be validated on receipt? If cards are lost or stolen, can they be replaced?
- **Escheat considerations:** Certain states require gift card issuers to return unredeemed funds to the recipient or the state. Ask your gift card issuer if there is a monthly fee for cardholders with unredeemed balances and what happens to balances that aren't used.