

## **Promoting Workplace Safety with Gift Cards**

Using gift cards to promote workplace safety is just good business. Not only have recent surveys found that such programs are far more effective than cash-based incentives, but there are also some basic tax provisions that make gift cards more compelling for companies looking to reward their employees for maintaining a safe workplace.

Able to award \$400 in non-cash incentives to employees every year, companies are circumventing the rule by using gift cards which, to the consumer, spend like cash but possess a lasting value that greenbacks simply can't compete with. And while grocery store and gas cards are lumped as cash incentives, most other gift cards fall under the IRS' \$400 rule.

Knowing this, a high number of companies are turning to gift cards as a way to fuel their workplace safety programs. Dennis O. Borst, president and COO for Foot Locker Gift Card Sales in Los Angeles, has helped create several such programs, all intent on improving a company's safety record.

By focusing on merchants that have a wide geographic reach, and by making the incentive levels appropriate to the specific recipients, Borst says companies can develop programs that are both effective and appreciated. Right now, he says Foot Locker has two safety programs in place at national fast food chains, whose goal it is to reduce accidents caused by machinery such as food grinders. "Reducing accidents means reducing time off," says Borst, "while ultimately decreasing workers' compensation and healthcare costs."

But not just any gift card will do, says Borst, who advises employers to study their workforce before implementing such programs. A mix of offerings that includes cards from drugstores, apparel retailers, hotels and catalogs, for example, can make the program that much more compelling for the employee. To ensure success, he says companies should also consider the face value of the cards.

"What you offer an hourly worker in a fast-food restaurant is going to be different than what you would give to a mechanic working on the shop floor," says Borst. "The key is to make it relevant to that specific audience, and create a program based on a mix of offerings that drives that demographic to be safe."

Having watched its gift card business grow significantly over the last year, Walgreen Co., of Deerfield, Ill., is also helping companies create incentive programs using gift certificates. Leslie Demourelle, manager of marketing implementation, says the fact that gift cards translate into more than just a basic cash purchase makes them especially useful for companies looking to improve their safety records.

"While gift cards are used like cash, there is a higher perceived value in getting a gift card over just getting cash," says Demourelle, who advises companies to keep this in mind when developing their own incentive programs. "From the company perspective,

gift card programs are also very easy to use, administer and track, making them even more popular."

The fact that the end rewards of a gift card can be shared with others is yet another reason to integrate them into a safety program, says Cary Kuykendall, manager of gift card sales for O'Charley's Restaurants in Nashville, Tenn. "People really enjoy going out to eat, and when they can take their family and/or friends out to enjoy their 'reward,' it becomes all that more valuable," says Kuykendall. "They get to share their accomplishment, and that holds a lot more value than a single piece of merchandise."

As director of marketing and communications for Rosemont, Ill.-based Marketing Innovators International, Inc., and JC Penney Incentive Sales, Diane R. Gillespie says the fact that gift card-based programs are so easy to use makes them especially useful for busy executives looking to create a safe workplace. They also offer choices that consumers enjoy, ranging from department store merchandise and meals, to travel merchandise and salon services.

And where gift certificates at one time were largely paper-based and stuffed in envelopes, today's gift cards look like credit cards, come with personalized options (such as holiday messages) and feature special packaging options that merchants typically position right near the cards themselves. "There's a lot of customization around gift cards these days," says Gillespie. "Instead of just handing someone a card, you can put something around it, thus enhancing its value even further."

Having developed a number of safety-based incentive programs over the last few years, Gillespie says the employers who are using them most effectively are the ones whose programs include features that measure and track workplace safety and productivity. "That way, companies can see whether their records have improved or not, and tweak the incentive program accordingly," says Gillespie, who has found gift card-based programs to be extremely effective for improving safety in the workplace. "Putting that incentive out there, with something tangible that workers receive for maintaining safety, really works."

Kuykendall agrees, and says that the gift card is a relative newcomer to the incentive party, and as such has plenty of room to grow and improve. "There is still a lot of untapped potential that companies of all sizes could be using to their advantage," he says. "People like to receive gift cards because instead of someone making a selection for them, or handing them cash that's quickly spent, they can choose what they like, whether it's merchandise, entertainment or dining. It's their choice."

## **SIDEBAR #1:**

### **The Multi-Faceted Gift Card**

At the company level, gift certificates and cards play a wide variety of roles in many types of incentive programs, including:

- **Recognition:** Gift certificates and cards have both “trophy” and “halo” value, and are marks of accomplishment that can be given in an awards ceremony or included in a congratulatory note or e-mail. And they produce a halo effect: employees are reminded of their accomplishment as they plan how to redeem the card or certificates and when they receive and use the merchandise or travel. There is also opportunity to share the experience with family by having them partake in rewards such as restaurants and travel. Unlike cash, employees are unlikely to consider gift certificates and cards as compensation and thus do not begin to expect them.
- **Safety:** Gift certificates and cards are used to recognize individual or team milestones: months without injury or accident, reduced days off for illness or injury, following and documenting safety procedures, or demonstrating knowledge of preventative practices and emergency preparedness.
- **Sales:** Gift certificates and cards work especially well for sales incentives. They’re scalable—that is, available in many denominations—and thus flexible enough to reward for any volume of incremental sales. And unlike cash, which is a common and expected form of variable compensation in this field, certificates and cards are seen as a one-time reward for a job well done.
- **Dealer incentives:** Monetary incentives such as discounts and rebates are common and expected in most distribution channels, but gift certificates and cards can make a motivation program more targeted and memorable without raising sensitive pricing issues. They can be used to spur channel partners to participate in new product training, increase overall sales/purchase volume, or to push a particular product or line.
- **Trade show traffic-builder:** Branded cards can be sent to trade show attendees with the promise to load in points or dollar value once they visit the sponsor’s booth.
- **Consumer promotions:** Because consumer populations are so diverse, makers of goods from cereal to long-distance phone service have tapped the versatility of gift certificates and cards. They’re used to entice a consumer to try a product, switch from a competitor’s product, buy large quantities of a single product or try other related products sold by the same company or retailer. Certificates and cards are also popular in cross-promotions: a brokerage house can offer certificates or cards for a software store, or a popcorn manufacturer can tie in with a movie theater chain.

- **Loyalty programs:** Gift certificates and cards are a popular reward for repeat purchases. Retailers offer gift certificates or cards to consumers who spend minimum amounts; for example, a \$10 certificate for every \$100 in purchases.

**SIDEBAR #2:**

Comparing Incentive Options

	<b>Merchandise and/or travel</b>	<b>Gift certificates &amp; cards</b>	<b>Cash</b>
<b>Perceived value</b>	<b>Variable.</b> Can be higher or lower than actual cost. If item is available at retail, the recipient can determine approximate cost.	<b>Not variable</b> if denomination is in dollars. <b>Slightly variable</b> if points-based, because recipients may be able to approximate the dollar equivalent.	<b>Not variable.</b>
<b>Branding</b>	<b>Available but can be costly.</b> Often not available on single items.	<b>Available and relatively inexpensive.</b>	<b>Not available.</b>
<b>Time frame of recall</b>	<b>Long to medium.</b> Recipients will remember accomplishment and reward each time they look at or use merchandise or recall a trip.	<b>Long.</b> Recipients recall accomplishment as they consider and choose reward. Once received, memory is reinforced.	<b>Short.</b> Once spent, recipient is unlikely to remember giver or occasion for award.
<b>Versatility</b>	<b>Low.</b> Generally cannot be converted or exchanged for other goods and services.	<b>Medium.</b> Can be converted to services or merchandise within issuer's selection.	<b>High.</b> Redeemable for any service or merchandise.

Source: IGCC