

Research Says... Gift Cards Are In!



WHILE incentive spending is down, a natural tendency during recessionary times, there is evidence that gift and prepaid incentive cards have become very much the reward of choice for many corporations.

In a year long study from the first quarter of 2008 to the first quarter of 2009 Scotiabank and Berkeley Payment Solutions have unveiled a number of revealing trends based on millions of dollars spent on Visa prepaid incentive cards in North America. For example, fast food chains more than doubled their spending up 107%. And in contrast spending at home furnishing and equipment stores was down by 44% as users of the cards elected to purchase household essentials at discount stores up 37%.

The study pointed out that in tough economic times people will spend more on day-to-day necessities instead of non-essential items such as big screen TV's or luxury vacations. According to David Eason, president of Berkeley Payment Solutions, "as a result, many companies are moving

away from rewarding individuals with highly visible items that are typically part of travel and merchandise incentive programs. They are doing so to avoid the perception of extravagance and to allow individuals to choose the rewards that are most appropriate to their current needs".


Information provided through the Incentive Gift Card Council (IGCC), a strategic industry group under the Incentive Marketing Association (IMA) suggests that Incentive Marketing providers are selling huge numbers of gift cards to corporate clients as part of their overall motivation and recognition programs.

According to some studies gift card expenditures to corporations and consumers could rise from \$400 Billion to \$600 billion by 2010.

Incentive Gift Card Council President Andrew Dodge, in a March 09 interview stated: "Make no mistake. Gift cards are and will continue to be an extremely popular — if not the # 1 choice in incentive, reward, loyalty and recognition programs. Incentive professionals have come to know that gift cards are ideal for corporate clients looking for a meaningful gift that gives the recipient some personal choice, and are easy to buy, receive and distribute in a timely manner."

To prove this point, in another recent study conducted by the Incentive Federation it showed that 73 % of those surveyed agreed that they can build a





more exciting and memorable reward program using merchandise gift cards than around cash.

Today more than ever consumers have a large influence on what happens in the corporate marketplace...their preferences are now expressed through social media networks and blogs. Corporate executives are listening as never before and are implementing programs and policies to elicit the loyalty of their customers. A very interesting survey commissioned by the Network Branded Prepaid Card Association (NBPCA) pointed out that among the 8,000 folks who participated in the survey over 90% expressed enjoyment at the freedom to choose their perfect gift and 75%

suggested they prefer to pick out their own gifts when given a choice. Further, more than 64 percent of respondents suggested that gift cards are better than traditional gifts and 50 percent thought that gift cards are better than receiving cash. More than 90 percent of consumers enjoy fantasizing about what they would buy with a branded gift card, making the overall experience of receiving the card a very satisfying experience. Branded gift cards include but are not limited to American Express, Discover, MasterCard and Visa.

And the reason they are so popular with corporations is the credibility factor because if a store moves or goes out of business the branded gift

card can still be used at millions of other locations. They are also safer than cash, because the funds can be recovered if the card is lost or stolen. Branded gift cards are more convenient and versatile than gift certificates or store gift cards because they are accepted virtually anywhere a merchant accepts the branded logo, even online.

With this kind of research and documented feedback corporations are quick to pickup on what consumers want and are now offering it to them in their customer loyalty and employee engagement programs. Because after all consumers are also employees and isn't the consumer always right?

Have a Rewarding Day! ●
