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Perfect

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We've finally discovered what women want—plastic. Gift cards are the most desired gift among women, and third-most desired gift among men, according to a survey by Needham, Mass.–based Tower Group. They are attractive to both givers and receivers for their ease of use, but incentive professionals say some corporate award givers are handing out gift cards for the wrong reasons.

One-third of those surveyed give gift cards because they don't know what else to do, the study says.

A gift card has the potential to be exactly what an employee wants, but this requires a creative gift-giver. An effective gift card will take as much consideration as any other gift.

Rich Killian, a past president of the Incentive Gift Card Council (IGCC), says the best way to give a gift card is as an unannounced spot reward, rather than as an expected holiday gift.

"I recommend doing it in person and in front of peers," he says. "Communicate the gift so that other workers see some reward. Personalize the gift card, put a letter with it."

Killian does not believe that a gift card should be used to pay for mundane items. "We're not suggesting using gift cards to ever [supply] diapers, cigarettes or gas," he says. "But also look at their income. You don't want to give a minimum-wage worker a twenty-five-dollar Tiffany gift card, because they won't be able to get anything worthwhile with that. Often it's better to give them two or three cards to choose from."

And how do gift cards stack up to cash?

"There's some trophy value with a gift card," he says. "You can share it with family or a friend, and say, 'I earned this for doing a good job.' You don't share with a friend that you got a cash bonus or how much that was. There's more lasting value if you can share it with more people." Beyond that, many cards can be customized with a corporate logo and message, and some even with personalized messages reinforcing an incentive program's theme or goals.

On the day restaurant chain Bennigan's announced it was filing Chapter 7 bankruptcy, Killian addressed the topic of risk. Bennigan's Grill & Tavern, owned by Metromedia Restaurant Group, had been selling gift cards for years, both in the incentive industry and to the general public.

"It scares people in the gift card industry," he says, and admits that such an incident is always possible with gift cards. "I always say, if someone gives you a gift card, use it. If you're buying one, research your retailer. The Sharper Image had announcements for a long time that they were going to close due to bankruptcy."

A number of incentive professionals reacted to that poorly handled bankruptcy and subsequent refusal to honor Sharper Image gift cards by pointing out that one of the reasons for corporate executives to hire an incentive professional is that they can and should monitor issues like a card-issuer's financial health.

A study released in May by Denver-based First Data Corp. found that 90 percent of people had given or received a gift card in the past year. Six out of 10 did both, a significant increase from last year. Most used cards that were redeemable at a specific retailer, but 28 percent of respondents chose one that could be used at multiple stores (for an entire mall, for example).

Tara Goodwin Frier, president and CEO of Sharon, Mass.–based public relations firm The Goodwin Group Inc., believes a gift card

doesn't have to be impersonal.

"Okay, maybe a generic 'mall' gift card shows no imagination, but if you really know your employees, you can get gift cards from ski shops, makeup stores like Sephora, bookstores, restaurants and everything in between," she says. "I love to read, and one of my clients gave me a one-hundred-dollar gift card to Barnes & Noble and it was very much appreciated. This year, a few of my staff members [who are mothers of young children] are going to get spa gift cards, because they don't often have time for pampering."

For an alternative to the on-the-spot gift card presentation, Frier posted a Sephora gift card on the company bulletin board and declared that the first employee to get a major media hit for a client would receive the prize.

"PR is a very competitive business, and they would all walk by the board, and the one who won it had bragging rights for two weeks," she says. "The others were a little jealous. It really does cause employees to work harder."

Frier runs a small business, so she knows exactly what her employees' interests are. She is close enough to her staff to know that they enjoy anything that involves health and beauty, so she alternates gift cards for spas, cosmetics and clothing. Giving effective, personalized gift cards to many employees is possible for larger companies, but takes extra work and communication between managers and the person buying the cards. Giving every employee the same gift is not recommended.

"I used to work for a very large PR firm, and every year we would get a gift certificate for a holiday chicken," Frier says. "Everyone expected it. It was like, 'Okay, time for another chicken.'"

"You need to know what's going on at the watercooler and beyond," Frier says. "Otherwise you run the risk of not having them used. I would change it up every now and then, because a gift card can get stale. It's like the uncle who gets a tie every Christmas."

Like all awards, gift cards have pros and cons. Goodwin believes their most attractive aspect is their ease of use: They can be ordered over the phone, or online, and delivered for little cost.

"The worst part of a gift card is their potential to be lost or not used," she says. "There have been many times I've had gift cards and forgotten about them." Surveys estimate hundreds of millions of dollars are wasted every year in unused gift cards.

Andreas Hesse, a consultant for Clear HR Consulting Inc., believes surveys are an investment worth making to determine what an employee would like to receive as an incentive.

"When an employer can tailor their incentives to the specific preferences of each employee, they increase their ability to attract and retain great staff," he says. "A quick survey to know which gift card to buy can be a very cost-effective mechanism to provide a motivating incentive. Of course, the employer also has to be doing all the other things right as well, in terms of providing an environment where an employee wants to work, to ensure the employee remains motivated."

While Killian and Frier may disagree, Hesse is a proponent of "giving the employees what they want," even if it is not an experience or something very memorable. He advises that if employees say they want gas cards, they should have them.

So for many employers, gift cards offer an attractive incentive with only a few drawbacks. A gift card is semi-personal, certainly more individualized than cash, but not as unique as a "real" gift emblazoned with a company name and message. If the employer prefers, the card may be from a restaurant or spa, with the intention that using the card will create a memorable experience associated with the company.

A gift card is best used as an occasional incentive, often in conjunction with other reward programs. And of course, the gift should be presented in person with an explanation of what the employee did to deserve it. g


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