



Gift Cards At a Glance

An October 2005 study by First Data Prepaid Services showed that 59% of American Adults—an estimated 131 million people—had purchased or received a gift card in the previous 12 months, up 23% from 2001

Nearly six in 10 respondents to a 2005 Incentive Federation Survey said they were likely to use gift cards in their next sales incentive program

The average value of gift cards sold by a large third-party distributor of NAME BRAND cards is \$41

Numerous surveys indicate that the most popular uses of gift cards in incentive programs include short-term sales increases, non-sales recognition, building customer and/or employee loyalty, and improving customer service.

Gift cards have ballooned into the most frequently used type of corporate award, according to a 2005 Incentive Federation Study.

Almost SIX in TEN respondents stated that they are likely to use gift cards in their next sales incentive program.

Gift cards are easy to administer and provide flexibility in terms of award choice to recipients.

Gift cards provide freedom of choice while maintaining trophy value."

Gift cards omnipresence is a sure sign they belong in incentive programs.



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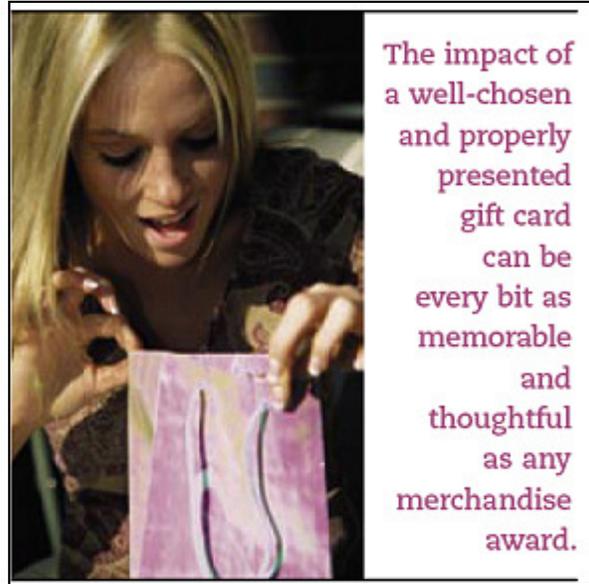
What's In The Cards?

A Lot -- If You Play Them Right

The discussion of gift cards in the incentive world often includes a debate on whether or not they are somehow something less – less meaningful, less thoughtful, less memorable, less of a "trophy."

Some lump cards with cash, arguing that for all intents and purposes, gift cards are cash.

Carried further, the argument states that a salesperson's compensation, is spent on everyday items, and is quickly forgotten - until it's time to receive another one.



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But gift cards are not cash - not even close.

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This isn't to say that all gift cards can serve this purpose.

They can't. Getting a card from the local grocery is not the same as getting a card from SONY. But if the choice is between cash and an upscale gift card, the card has material advantages that shouldn't be underestimated:

- Cash sits in the recipient's wallet with cash taken from the ATM or found on the street. Cards occupy a place of honor in the recipient's wallet next to the Visa or the American Express. Seeing the card reinforces the circumstances by which it was obtained.
- Cash can be used anywhere. Most cards require a conscious decision to use them at a specific retailer (or at a specific Web site) that issued them.
- When someone buys something of value with a gift card, they remember how they got it. This is especially true when the item is from a luxury brand with high perceived value.



Who Matters Most?

Much of the angst in this gift cards vs. merchandise rumble is caused by the notion that the entity presenting the gift is the most important stakeholder in the transaction.

There's no doubt that the company is important - after all, they're providing the award. But the gift card revolution is based in large part on a **changing emphasis from giver to recipient.**

If I've done a great job for the company, why shouldn't I have a voice in what I receive to commemorate it? And even though many contemporary award programs have dozens (or hundreds) of options, the recipient still seeks empowerment to select the appropriate award.

What does this mean for incentive users?

- Cards can be a valuable part of a sales incentive strategy when the status of the card is taken into account. Focus on cards from entities with upscale and/or aspirational offerings.
- The presentation of a card can enhance its memorability. Consider inserting the card into an upscale business card case or notepad.
- Gift cards issued by many leading retailers are "deep" but not "wide." That is, they offer a comprehensive selection of items, but they don't offer numerous categories of merchandise. Other cards increase the width by offering suppliers from many product categories but sacrifice depth.
- Managers need to be aware of the message that is being communicated (even if it's not spoken). High achievers want to believe they are special. If they receive a card from a down-market retailer or a less than top brand name, the impact of the achievement may be diminished.
- Executed properly, cards can provide impact and trophy value that empowers the recipient while reducing stress for the giver. And isn't keeping key employees happy the whole point?

**"How can I get my employees
more excited about exceeding
Expectations?"**



Let them choose what they want.....give them a gift card!

