SALESFORCEXP

Thursday, October 14, 2004

SALESFORCEXP—TOOLS FOR DRIVING RESULTS



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## FEATURE STORY

### The Secret To Charging Up The Troops:

# It's Not In the Cards

The selling points of gift cards may also be their downfal
when used as incentives

Gift cards have taken the retail landscape by storm and are building a head of steam in the incentive industry. Bain & Co., a New York-based global business consulting firm, estimates that $45 billion worth of gift cards were sold in 2003.

It's not known what percentage of that figure was for business gifts and incentives and recognition, but no one argues that corporate use of gift card and debit card has increased exponentially in the past five years.

And why not? Gift card proponents will tell you that they are easy to administer, provide freedom of choice to recipients, and require minimal effort in terms of a structured reco program. It's stress-free and everyone goes home happy, right?

Not always.

The fact is that the very features that are used to promote gift cards can als held up as reasons why they don't work well, at least not in incentive progra where employees are enticed to exceed expectations in return for rewards.

Indeed, gift cards are easy to administer, which makes them well-suited for rewards and recognition where minimal measurable results are expected. Bu research shows that they do not produce the results in structured performan improvement programs that tangibles do.

Before you buy into the benefits most frequently mentioned by gift card sup consider these drawbacks of using them in incentive programs:

> **$ They are treated like cash** — Some of the most popular gift cards today allow recipients to use them wherever major credit cards are accepted, which means they often are used to purchase household necessities rather than the sort of nonessentials the presenter likely intended them for. A derivative of this dilemma: anecdotal evidence

suggests a significant incidence of "re-gifting," or using gift cards to purchase a gift for someone else.

**$ They are not effective performance enhancers** — Recipients ma say they want gift cards (in many cases, it's the closest thing to cash that's being offered to them), but results have shown that incentive program participants don't make the same emotional connection with cards that they do with merchandise and travel, therefore they do not perform up to their potential in a program.

**$ Connection to top-notch performance is lost** — Because they ar easy to distribute, gift cards often are presented with a quick congratulations and an otherwise unceremonious hand-off.

**$ Loss of trophy value** — Recipients can't show off gift cards to colleagues or coworkers.

**$ Dormancy fees** — Many gift cards have expiration dates or actually lose value if they go unredeemed for a period of time (in some cases a little as six months).

**$ They go unredeemed** — *Kiplinger's Personal Finance* magazine reported earlier this year that up to 40 percent of all funds loaded ontc gift cards go unredeemed. Which begs the question, if a gift card doesn't have strong enough appeal for recipients to even use it, how is it going to be engaging enough to increase performance in the first place?

**See also in *Question the Answer***

Right answer, Wrong Questions

Follow the Leaders When Engaging Talent

The Secret To Charging Up The Troops: It's Not In the Cards

.. The Nuances of Managing Motivation

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