

vouchers, giftcards and e-money



Scissors, paper, stone?

What format should companies be using to give rewards or incentives to employees or consumers – paper, plastic or virtual? Martin Croft investigates

Arguments have been raging on the issue for years now, ever since the first plastic gift cards appeared to challenge paper vouchers: now, of course, the matter has been even more complicated by the addition of virtual vouchers in either online or mobile form.

The card camp says cards are more flexible and more secure than paper; the paper camp says ordinary people prefer the vouchers in their wallets because they feel like money. Meanwhile, the companies offering v-money and m-money just say electronic alternatives are the future – and they're inevitable.

Promotional Marketing commissioned polling company **fast.MAP** to do some research with its consumer panel, and the evidence of that suggests that more of them do say they would rather have paper vouchers (42%); more than a third prefer cards (34%) and 21% want their vouchers in a virtual form.

A poll conducted in August 2011 on behalf of employee reward specialist The Voucher Shop showed that HR managers are still more in favour of paper as well – 46% of employers surveyed are requesting paper vouchers, despite the dominance

of plastic giftcards in the consumer gift voucher and card market.

Kuljit Kaur, head of business development at The Voucher Shop, says: "We have not seen a sharp shift away from vouchers and, in fact, our year-on-year voucher sales have remained consistent, indicating that giftcard sales are a whole new market that is growing alongside paper vouchers, rather than replacing them."

Kaur adds: "Paper vouchers continue to be the reward solution of choice for many corporate organisations because they are straightforward and easy to use for both the employer and the employee. With no technical aspects such as activation codes or online balances to deal with, they are a hassle-free reward for the recipient, which can be personalised and presented with style for maximum impact."

Not everyone agrees. As Martin Cooper, head of national accounts and marketing at Love2reward, argues, paper vouchers tend to be popular for staff programmes because "delivery of the reward can be made personally with presentation of the reward at the place of work, in front of peers and colleagues". In contrast, cards are more likely to be used for consumer

campaigns because they are likely to be "run on a nationwide basis where delivery costs are much higher, so that gift cards become the mechanic of choice – value can be loaded after delivery to the recipient."

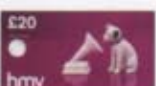
Steve Baker, head of recognition and incentives at staff and consumer motivation agency Grass Roots Projectlink, says: "people do still like to have a piece of paper in their hands. And if we're saying that, it's because that's what research is telling us." Cards are certainly important, with more clients interested in them, but virtual is as yet undeveloped because "there are still not a lot of retailers who are geared up to accept them, so there's a limited choice."

Of course, if you talk to companies that actually provide one form of reward or the other, you might get different answers to the question of which is best. As Kevin Harrington, managing director of industry body Global Prepaid Exchange and formerly director of Sodexo Motivation Solutions, says: "If I were running a business that makes plastic cards, of course I wouldn't be saying the future is virtual! But if you look at a company that offers motivation services like Edenred, they will offer all three solutions."

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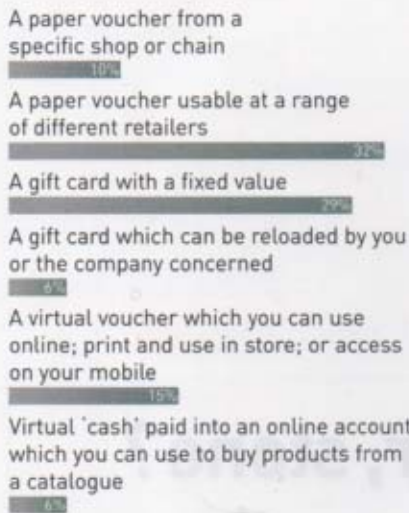
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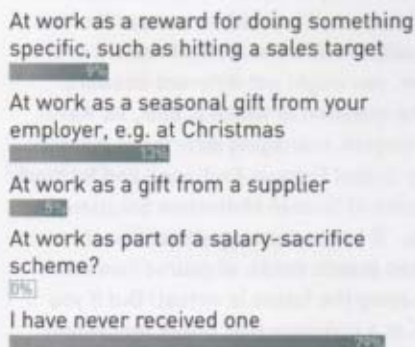
Which type of gift card or voucher would be most likely to encourage you to do or buy something (such as take a test drive or buy a product)? Tick only one



Harrington points out that there has been a very obvious migration from paper to plastic, but adds that the virtual rewards sector is definitely growing – for example, when Starbucks in the US launched an app that allowed people to send 'm-vouchers', \$300 million was loaded onto mobiles within 60 days. Similarly, McDonald's is rolling out mobile payment and voucher systems across its UK outlets.

But he also argues that the perception of paper/card/virtual is simplistic – the future, he believes, is 'money' in an

Have you ever received a gift voucher/ card as part of an employee benefit or staff motivation scheme and if so, how/ why did you receive this work-related benefit? Tick all that apply



electronic form, which can be used online as a virtual voucher or loaded onto a range of physical objects – cards, perhaps even paper, and anything that can have a chip in it. Harrington even has a watch from MasterCard which can function as a payment device.

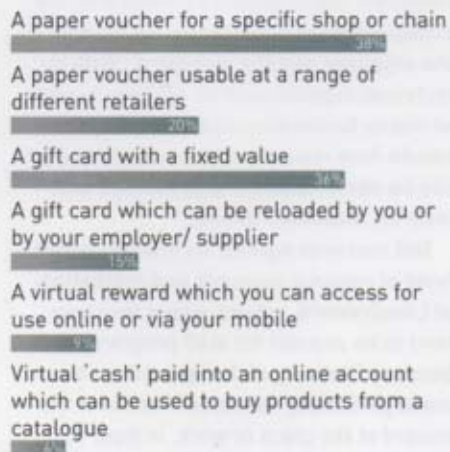
John Sylvester, executive director at P&MM Motivation, points out that clients should look beyond the obvious when their suppliers are recommending one solution above another – "what's their agenda?" He says that which solution a particular provider may be pushing can depend on their own business processes. P&MM, for example, offers more than 100 different variables including retailer vouchers, gift cards and the like – but ideally "we want as simple a process as possible."

P&MM's core focus was on paper, with card as an alternative for clients who demanded it: but Sylvester says "the bulk of our retailers can now supply plastic, so we have been able to 'flip' our core product offering and are now focusing on plastic."

So there is no simple answer to the question of which is best, paper, plastic or electronic funds.

It appears that it depends – on who will be using the product, on what the company giving it away wants to achieve, on how the company supplying the physical voucher or the electronic processes involved is set up, on the penetration of smartphones, on how much money retailers are

What type of voucher/ card was it? Tick more than one if applicable



prepared to spend on updating their EPOS terminals...

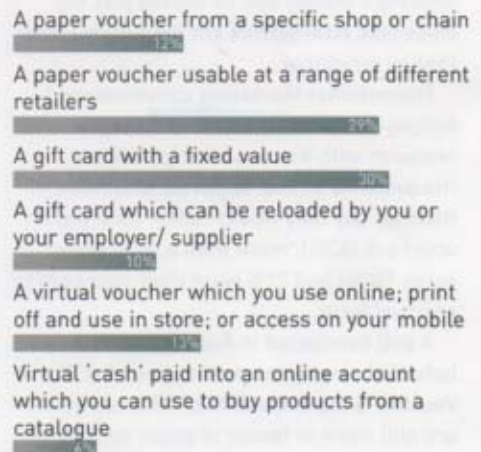
Andrew Johnson, director-general of industry body the UK Gift Card & Voucher Association, points out that the key factor in which of the three 'channels' is being used and promoted right now is who is able to distribute each one.

Rather than let retailers, suppliers of pre-paid services, or even the corporate users (HR or marketing departments), decide, Johnson says, "how the recipient wants to receive their voucher should be the main priority – [the incentive or reward] should be delivered in accordance with their preferences. The big change in the next three to five years will be that some customers will not just want just one of these, but all three."

In other words, the end users will want to be able to choose how to spend their rewards (paper, card or virtual) when they are spending it – so perhaps printing out a voucher at home, loading value onto a card or spending virtual cash at an e-commerce site.

David Cole, managing director of fast.MAP, observes: "Shopper reward tracking studies we are conducting indicate that [the industry will] gradually move towards a preference for virtual, as people become more used to the flexibility of the mobile versions of virtual rewards and not just online. But this will not happen overnight; it's a very gradual acceptance."

Which do you prefer to get? Tick only one



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music to their ears

