

## GIFT VOUCHERS vs. TANGIBLE GOODS

When implementing a rewards scheme, one of the first questions that that may be considered, is what kind of incentives should be offered: Gift vouchers or tangible goods. (These are physical items e.g. iPod, LCD TV etc)

There are several extensive and well documented white papers that have found that the potential benefits of implementing a gift voucher based promotion, far outweighs the benefits from utilising tangible or white goods (e.g. fridge's toasters, kettles)

Listed below is a summary of some the key conclusions identified;



- Gift vouchers create a positive association between the rewarded and employer. It also ensures that its value is spent on something fun or memorable. By issuing smaller, more frequent rewards to reinforce positive behaviour over a period time , you can satisfy employee needs though work related goals
- Tangible goods as incentives tend to be restrictive in terms choice. There is an incredible range of technology and white goods on the market, with new products constantly being released. As such, it is not possible to offer every product in all of its variations in one catalogue. Multi-redemption vouchers, however allow recipients to choose any product they wish from the various retailers supported by that voucher. This greater choice and reward flexibility ensures that all tastes are accounted regardless of demographics, or cultural differences.
- Merchandise products have a high rate of depreciation, especially as evidenced within the electronics industry
- Rewards available through tangible incentive catalogues tend to be male oriented. These days even the last bastions of male dominated industries are now fairly well gender mixed. Equity in

the workforce is a key to success, being seen to address only one gender risks alienating the rest of your employees or target audience.

- A gift voucher solution requires less administration than a tangible goods platform. This is especially true when considering a multi-country incentive solution. Different regions have compatibility issues such as different voltages and electrical outlets. Cultural differences can also be important as all products are not equally desirable in each country.
- Due to the nature of tangible goods, delivery is usually required. Once rewarded, the cost of shipping or delivery of a tangible goods reward can have a profoundly negative effect on a recipient's user experience. There is nothing worse than having to spend a significant portion of the reward achieved on delivery. Especially when these days most high street retailers deliver goods free of charge.
- Gift vouchers offer instant gratification whereas the delivery chain for received goods can be significant, or due to availability in some cases even weeks.
- The cost of items found in tangible catalogues can be up to 40% higher than high street or sale prices. It is extremely detrimental to the motivation of any employee to discover that their reward value of their product is so much higher than an identical product on the high street.

With all the findings above, it can be said that gift vouchers are the most effective way of reinforcing positive behaviours, simply because recipients are empowered to choose their own rewards. Second guessing what motivates by offering a collection eclectic goods collated in a brochure is at best, not engaging your target audience, and at worst alienating them all together.

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