

THE BUSINESS BENEFITS OF PREPAID REWARD CARDS FOR INCENTIVE PROGRAMS

THE BUSINESS BENEFITS OF PREPAID REWARD CARDS FOR INCENTIVE PROGRAMS

Whether you need to drive sales growth or employee performance, incentive programs are among the most powerful tools available to achieve business goals. For any incentive program, though, your choice of reward plays a critical role in program success.

In American Express' series on how to build effective incentive programs, we conducted research and interviewed incentive program experts who all agree that open loop prepaid gift cards, like those offered by American Express, are highly effective. They offer recipients the flexibility to spend the reward however they want, which is a key reason that 500 business decision-makers surveyed rank gift cards more highly than any other type of gift for rewarding employees or customers.¹ Of note, virtually all those business decision makers (96 percent) agreed that gift cards are a great way to encourage employees to do their best.

Plus, a reward card also has a much greater emotional and psychological impact than an employee's take-home pay. "Cards have an unwritten intent statement: 'Use this for something

OPEN LOOP CARD:

a prepaid card or payment device that may be used to purchase goods or services at multiple unaffiliated merchants. Open loop cards may come initially in fixed amounts or may be available in variable load amounts. They may or may not have an expiration date. American Express is among the preeminent providers of prepaid open loop cards.

¹ 2015 Ebiquity Survey Results, Sponsored by American Express: *The Business of Incentive Programs*
<http://www4.ebiquity.com/Business-Incentives-2015-Amex-Survey>

nice,” comments John Hornbogen, Director of Business Development at RPG Card Services. “When you get a card, you’re more likely to use it to pamper yourself. You can go out and buy dinner for your family, or take yourself out to a place that you typically wouldn’t go.”

Experts’ Comments, Program-by-Program

For Customer Loyalty Programs: Interviewees tell us that open loop prepaid reward cards are increasing in popularity for use in customer loyalty programs because they are a safer bet – flexible, and more universally accepted. Such cards are the simple and safe way to fulfill your rewards because from the customer’s standpoint they provide instant spending power with ultimate flexibility and choice. “You want to make sure that you motivate the highest percentage of your audience,” says John Ebann, Executive Vice President at Meridian Enterprises. “With open loop cards you will motivate pretty much 100 percent because they can get what they want, when they want, where they want.” Of note, 82 percent of business decision makers surveyed in the American Express-sponsored research agreed that “giving a gift card is a great way to keep your business competitive”; 74 percent noted they are “a trusted vehicle to give a monetary gift”; and 64 percent noted their flexibility.²

For Consumer Rebate Programs: Your selection of reward vehicles can be a key determining factor for success in consumer rebate programs, too. Mailing out checks is now generally avoided in favor of prepaid reward cards, which are immediately liquid and prized by most customers for their convenience and flexibility. Further, cards can be customized with your logo for instant “share-of-wallet” branding. Such branding has been shown to drive repeat store visits. “When customers pull out a branded prepaid card, they get a reminder that the sponsor rewarded them for their purchase and they get a good, lasting impression of that sponsor,” notes Brian Phillipy, president of Afligo. For all these reasons, open loop gift cards like the prepaid American Express® Reward Card continue increasing in popularity.

“You want to make sure that you motivate the highest percentage of your audience. With open loop cards you will motivate pretty much 100 percent because they can get what they want, when they want, where they want.”

—John Ebann
Executive Vice
President
Meridian Enterprises

² 2015 Ebiquity Survey Results, Sponsored by American Express: *The Business of Incentive Programs*
<http://www4.ebiquity.com/Business-Incentives-2015-Amex-Survey>

For Employee Motivation: Open loop cards can be ideal for employee motivation because they provide incentive winners with freedom of choice. Not all employees care about sports, for example, so tickets to a baseball or basketball game can't be universal motivators. Open loop cards, however, can be used to acquire anyone's ideal gift. Employees can also maximize the impact of your incentive program investment by finding what they want at the best possible price. According to Rick Rubin, Executive Vice President of Strategic Partnerships at National Gift Card, reward fulfillment services often offer merchandise at list price when it's available at a discount elsewhere. Says Rubin, "If your employees know they can buy the item for much less, it diminishes the value of your reward and may even result in a negative feeling for the employees when you're trying to make them feel good. That's why you should reward them with a prepaid card or a gift card."

For Employee Recognition: Interviewees insist that open loop prepaid reward cards are the right employee recognition reward for our times. In Rubin's words: "Times have shifted, and employees are saying 'We want choice!' It's not about being forced to take a piece of jewelry, a plaque, a blender, or an iPad. People often own one of those already. Allow the employee to choose a prepaid card or gift card so they can use it wherever they want, including restaurants."

For Sales Incentives: Interviewees also tell us that prepaid American Express® Reward Cards make excellent sales incentives because of their flexibility and inherent separation from core salespeople compensation. Salespeople increasingly want to decide for themselves how to spend the extra \$100, \$500, or \$1,000 they've earned. Prepaid cards' wide acceptance makes them as good as take home pay in that regard. But prepaid cards aren't deposited in an employee's bank account, where they might end up being used for daily necessities – food, rent, mortgage payments. Instead, prepaid cards are more often spent on something special, which interviewees say makes the reward more memorable.

For Wellness Programs: While incentives will not make for healthier employees, they do help inspire interest and participation. Monetary incentives delivered via open loop prepaid reward cards, like those offered by American Express, can help increase participation in wellness programs and make that participation more meaningful for employees, notes Leonard Spangher, Vice President and Senior Health Consultant at Sibson

"When customers pull out a branded prepaid card, they get a reminder that the sponsor rewarded them for their purchase and they get a good, lasting impression of that sponsor."

—Brian Phillipy
President
Afligo

Consulting. He says one client company used similar incentives to increase screenings for breast, prostate, and colon cancers after learning that its employee base was below average for them. “The hope is that the incentives helped that client find potential cancers at earlier stages, when they’re easier to treat and the remission rate is much higher,” Spangher says. Other companies use a system in which employees earn points either for medical screenings, fitness contest participation, or weight-loss milestones (e.g., five-pound loss, 10-pound loss, etc.). Reaching points milestones earns the employee a \$25 or \$50 reward card.

Conclusion: Reward Cards Are, Well, Rewarding!

Whether based on quantitative research or qualitative interviews, the conclusion is the same: open loop prepaid reward cards are the ideal way to pay on any type of incentive program. Whether you’re motivating salespeople to drive higher numbers, working to increase consumer loyalty, or striving for a healthier, more productive workforce, prepaid cards provide the flexibility, freedom, choice, and all-around motivational power you need to drive incentive program success.

Find out more about using prepaid American Express® Reward Cards in your incentive programs by visiting <https://www.americanexpress.com/gifts>. ■

Not all employees care about sports, for example, so tickets to a baseball or basketball game can’t be universal motivators. Open loop cards, however, can be used to acquire anyone’s ideal gift.