

Cards punch voucher market

New target markets push up demand for vouchers and gift cards in the motivation sector, according to Incentive & Motivation's survey.

Mark Ludmon reports

The role of human resources and procurement departments in buying vouchers for rewards and motivation continues to grow, according to a poll by Incentive & Motivation.

Along with sales and marketing, people in a HR role have become one of the top three buyers of vouchers for rewards and motivation. Most corporate vouchers are still bought by people in marketing - 27 per cent - but HR has risen year on year to account for 26 per cent of sales. This is up from last year's figure of 23 per cent.

This has been driven by a number of voucher suppliers moving into the flexible benefits arena, mainly offering individual participants discounts on bulk orders. "HR still probably represents the biggest opportunity, the biggest untapped area," comments Andrew Johnson, director general of the VA, the trade body representing the voucher and gift card industry.

Tracy Aslam, head of business incentives at Kingfisher Gift Voucher (KGV), notes: "We have seen a significant shift over the last two years as HR has taken over responsibility for sourcing, selection and management of reward and incentive programmes alongside the staff benefits programmes they have traditionally managed."

While people in a sales role accounted for 30 per cent of corporate voucher sales in 2005, this year it fell to 22 per cent. Procurement has also edged up to account for 10 per cent of sales, compared to seven per cent last year.

Aslam says working with procurement can have its advantages.

"Because we are dealing with a number of functions and departments within a business, we're able to consolidate sales and also offer group deals on discount," she says.

Decisions about buying vouchers are still made at board level by just a small number of companies, which makes up just five per cent of sales. "Most voucher-buying decisions are made below board level and of tactical rather than strategic significance," notes Paul O'Brien, managing director of The Virgin Voucher.

He says call centres are becoming an "increasingly important" target market, reflected by the large number of voucher suppliers that exhibited at this month's Call Centre Expo in Birmingham. "Motivating call centre personnel is no easy task, and vouchers have a significant role to play."

PAs and others in general administration roles continue to play a role in buying, accounting for four per cent of sales - in line with 2005. Finance departments also remain a minor buyer of corporate vouchers, responsible for about three per cent on average.

For voucher and card companies operating in the corporate sector, 64 per cent of sales are made to corporate clients, while the rest are sold to consumers through retail channels, according to the survey. However, the split varies among suppliers, with some saying that 90 per cent of sales are corporate and others saying the figure is as little as 10 per cent.

Of course, a key channel is the motivation agencies that include vouchers and gift cards as part of



Habitat, Borders, Esprit and Asda are among retailers to enter the gift card market, supported by card specialist Valuelink

