



# Mobile Gift Cards Bring Immediacy To Incentive, Recognition Awards

By Joseph Lawrence

The plastic, magnetic-stripped gift card—popular among companies as employee incentive and recognition awards—could be giving way over the next several years to electronic gift card delivery to recipients via their mobile phones. It's a trend just beginning to emerge among several incentive and mobile technology providers, and major retailers.

And this transition could have some new implications for the human resources (HR) community.

The mobile and Internet-based delivery of gift cards is poised to grow with the overall penetration of mobile phone technology. According to SNL Kagan Research, 84% of the U.S. population now use mobile phones, with new subscriptions set to grow 3% annually, versus 1% overall population growth. As a recent *New York Times* story notes, "Our cell phones have become love objects. We take

them everywhere and stare at them constantly. We panic when they are lost and grieve when they die. We even clothe them."

According to incentive providers, the opportunity to offer mobile delivery of gift cards on a widespread basis is probably several years away, but, they note, it is a delivery system which provides an added benefit to incentive efficacy: the advantage of immediacy, and a more positive experience for the employee receiving the gift.

"In a general sense, many in the industry believe the potential to offer mobile gift cards as incentives will improve the success rate of the companies' desired outcome," says Nick Balestino, partnerships manager at Hallmark Business Connections. "The key to incentives and rewards is to tie the incentive as close to the action as possible. The closer

the incentive or reward, the more the action is reinforced. From that standpoint, mobile gift cards will be a great advancement for our clients and customers."

Gift cards have been a popular way to reward and recognize employees because of the broad choice of merchant cards available and ease of use for both the company and the employee, according to Rory Smith, director of sales at Royal Performance Group. "Employees appreciate gift cards because while using the card, they can also take advantage of additional discounts or special savings offers. Employers and HR professionals favor gift cards because they are easy to acquire, store and issue. No further involvement by the employer is needed," says Smith.

And as the ability to digitally deliver gift cards via mobile phones, PCs

and other devices evolves, companies that use gift cards as employee incentives, as well as the vendors that provide them, may realize reduced costs for gift card fulfillment, labor and shipping, noted Marcell King, senior manager of corporate gift cards for e-commerce giant Amazon.

### **Trends toward mobile, digital delivery: Focus on company, employee convenience**

Colorado-based First Data Corp., a leading provider of mobile phone data delivery solutions, was one of the first companies to explore mobile delivery of loyalty and incentive rewards. "It was three years ago when we set up a mobile commerce unit to concentrate on mobile and other digital delivery of prepaid applications," says Michael Hursta, First Data's vice president of its gift card processing unit.

Hursta agrees that immediacy in the ability to process and deliver rewards will be a valuable advantage for companies. "Many types of reward programs often don't hit the mark. With mobile prepaid delivery, the recipient gets within minutes a positive message and reward. That creates for companies and their employees a whole new dynamic."

He adds that mobile gift card technology may also pave the way to create new relationships between companies that use incentive gift cards, and the participating retailers. "I think there will be opportunities to create a better conduit where the company and the retailer are located."

"As the mobile payments ecosystem grows more robust, smart phones will replace both plastic gift cards and

the web interface as a means to add funds to an account. The incentive could be delivered electronically, and all of a sudden a participant has a virtual wallet on their smart phone," says First Data Vice President Jim Contardi. "It can be populated with funds, points, or certificates, along with a message to the recipient as to why they're getting it." This, he adds, could be especially handy for on-the-spot or micro awards.

First Data, along with mobile commerce start-up Transaction Wireless, are also exploring integrating mobile gift cards with social network

websites, such as Facebook, in which companies can send mobile gift cards from their own Facebook pages, while offering access to a "mobile gift card mall" with a wide variety of merchant selections.

Currently, only a few retailers have mobile gift card programs in place. However, the largest "mobile merchant" to date has been Minneapolis-based Target Corp., which last January launched its program in more than 1,700 of its stores nationwide.

"Target continues to be an innovation leader in the mobile market," says company spokesman Eric Hausman, who notes that Target is the first major retailer in which all of its stores have the ability to scan mobile-phone delivered gift card barcodes at the point of sale (or register

checkout). "Trends show that guests who are using the Target Mobile Gift Card technology are having positive experiences and plan to continue using it," Hausman adds. The company, he says, plans to expand its mobile capabilities to make the mobile experience more convenient and engaging.

Along with Target, other popular retailers that have recently adopted mobile gift card technology include JC Penney, 7-Eleven stores, Lowe's, AMC Theatres, and Bass Pro Shops.

Bass Pro Shops has already begun distributing mobile gift cards via a

## **Immediacy in the ability to process and deliver rewards will be a valuable advantage for companies.**

Facebook-powered ordering and delivery system. "As more and more people embrace Facebook and other social networking sites, we foresee this as being the future for gift giving and want to take care of our customers' needs before they realize they even need it," says spokesperson Katie Mitchell.

For companies and HR professionals, the mobile gift card link with Facebook supports instant delivery, customized voice, video and text messages, and the ability to program in and retain important information and dates, such as birthdays or service anniversaries, according to Bruce Springer, president and CEO of Transaction Wireless, San Diego, which established Bass Pro Shops' mobile program. He notes that more than 1.5



million businesses already have an active presence on Facebook. Using the virtual or mobile solution can eliminate production, packaging and shipping costs associated with plastic gift cards, notes Springer.

“Mobile is the technology of the future. It’s a perfect match with gift cards since one of the biggest consumer complaints is forgetting their

cards when they need them the most. With almost 90% of Americans currently carrying mobile devices with them for most of the day, it’s a much more personal, customized, integrated experience a retailer can have with a consumer now.” In the case of incentive and recognition rewards, that may also apply to the company-employee relationship.

### Predictions and challenges ahead

Hallmark’s Balestino predicts that it may be a few years before retailers more broadly adopt and accept mobile gift cards. For now, many incentive providers, such as National Gift Card Corp. in Crystal Lake, Ill., have been working on other reward-delivery technologies. NGC President Adam Van Witzenburg says NGC is developing for launch later this year an e-mail/web-based gift card delivery system, noting that wider acceptance of mobile phone and smart phone gift card delivery may only start to develop two to three years from now.

"One of the biggest challenges will be modifying retail point of sale systems to accept mobile-delivered gift cards," says Witzenburg. "Right now, there are assortment and availability issues, and people may be surprised at the lack of selection which currently exists. The technology is coming, but slowly."

"Infrastructure and processing are probably the key challenges standing in the way of mobile developments today," says Gilles Coccola, managing director of PrePay Solutions, London, U.K. "If we compared the timescale to how long it took for us to adopt vouchers and gift cards in the first place, this will be a much faster process."

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First Data's Hursta adds, "The POS systems will have to be upgraded and must be bulletproof to address any security concerns. Retailers will want to know if the person using a mobile gift card is indeed the owner of the mobile device. We are working on systems to thwart forgery and other potential problems. Most of the holes have been identified."

### HR: What to do now

What do HR professionals need to know amid the rollout of mobile gifting technology? There are, according to Hallmark's Balestino, implications of which companies should be aware.

"From an HR perspective there may be concerns with employees receiving rewards or incentives on personal mobile devices," he said. "The incentive industry needs to be sensitive to HR requirements related to personal data such as mobile phone numbers. At this stage, it is important for HR to understand the many controls in place with mobile marketing and distribution. The mobile marketing industry learned from many mistakes made with e-mail marketing and spam."

"The Mobile Marketing Association provides best practices in how companies treat customer data. For all mobile promotions or marketing, the end user must opt in at some point.

If a mobile gift card is available, the employee would need to opt in to receive it on their mobile devices. This is a well-established practice since customers often pay for the text messages and other mobile communications they might receive."

Balestino adds that a major incentive industry group, the Incentive Gift Card Council (IGCC), is actively working to understand and communicate the potential of mobile gift cards for the incentive industry and their corporate clients. "For any HR executive, this is definitely a trend to watch," he noted.

In the meantime, First Data's Hursta

offers this advice to HR leaders to help them prepare for mobile gift technology: "As an HR professional, I would be talking with my corporate marketing team because chances are they also have a huge interest in finding better, faster, more convenient ways to provide gifts to their audiences. This would be an excellent opportunity to work together to develop a common process and platform."

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### **The Incentive Gift Card Council**

*The Incentive Gift Card Council is a strategic industry group within the Incentive Marketing Association (IMA). The IGCC educates the incentive marketplace and the corporate community on the benefits of gift cards, including choice, value and service, and other key attributes recipients say that they want their awards to have. For more information, please visit <http://www.usegiftcards.org>.*

### **The Incentive Marketing Association**

*Business improves when employees and customers are recognized, rewarded, and engaged through effectively structured programs with defined goals and proven returns. The Incentive Marketing Association (IMA) is comprised of the companies who are leaders in the incentive industry. IMA provides education, resources and research to businesses to help them efficiently and effectively use incentive and recognition programs to motivate marketplace. More information is available on its website at [www.incentivemarketing.org](http://www.incentivemarketing.org).*

