



2022

EMPLOYEE INCENTIVES REPORT

Who We Are

ABOUT OUR SPONSOR



Blackhawk Network delivers branded payment solutions through the prepaid products, technologies and network that connect brands and people. We collaborate with our partners to innovate, translating market trends in branded payments to increase reach, loyalty and revenue. Serving partners, we reliably execute security-minded solutions worldwide. Join us as we shape the future of global branded payments.

Consumer insights are so much more than facts and figures. It's about emotional intelligence and understanding the thoughts and feelings that drive their actions.

Blackhawk Network EQ helps brands build lasting relationships through payments.

Learn more at blackhawknetwork.com.

ABOUT US



NAPCO Research crafts custom, data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making. NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact research@napco.com to talk with our analysts to find out how we can help you with your research needs.

Why Read This Report

The COVID-19 pandemic has seemingly forever altered the employee-employer relationship. Employees gained more control and power during the pandemic, and they've been flexing it. Amidst a tight labor market, this dynamic was further exacerbated. Employees became emboldened to ask for increased compensation and other benefits, such as the ability to work remotely. If their demands weren't met, they started increasingly leaving for other businesses that would meet them.

Case in point: According to [Blackhawk Network's 2022 Employee Appreciation Study](#), more than 4 million American workers quit their jobs in April 2022.

The recent economic downturn seems to have slowed the mass exodus that we were seeing during the Great Resignation, but that doesn't necessarily mean that employers can breathe a collective sigh of relief.

Ongoing labor shortages, especially in certain sectors, continue to make it challenging to attract the right candidates. In addition, employee turnover can prove to be very costly. When companies are vying to stay competitive in a down market, losing valuable members of your organization can be detrimental. Finding effective methods of attracting, engaging and retaining top talent should remain a priority, even during more uncertain economic times.

Let's start with what employees want — recognition and gratitude. Consider the following data from the aforementioned Blackhawk Network study:

90% of employees believe it's important to receive recognition;

83% of employees say receiving rewards improves their productivity and loyalty; and

77% of employees want to be able to recognize their peers/co-workers.

To address these issues, employers are looking for ways to incentivize workers to ensure maximum productivity. The problem is how they're doing this doesn't always align with what their employees want.

Specifically, employees are most interested in the following types of rewards from employers:

- **gift cards/Mastercard or Visa prepaid cards (90 percent);**
- **bonus (72 percent);**
- **additional vacation days (65 percent).**

To gain insight into what employers are offering their employees as rewards and recognition — and what those rewards are given for — NAPCO Research surveyed executives from multiple industries that are responsible for administering employee rewards/recognition programs. This report shares that data as well as analysis of it. In addition, the report includes quotes from survey respondents who participated in phone interviews with NAPCO Research.

Key Tips for Employers

Based on the survey data collected, we've compiled the following key tips that companies should implement to set up and manage an effective employee rewards program. The sections that follow these tips provide the survey data and analysis used to identify these actionable steps employers should take.



OFFER MULTIPLE TYPES OF REWARDS PROGRAMS. The more ways that you recognize and reward employees, the more appreciated they will feel. And employees that feel appreciated will perform better and stay longer.



INCORPORATE PREPAID CARDS AND GIFT CARDS INTO YOUR EMPLOYEE REWARDS/RECOGNITION PROGRAM. Gift cards and prepaid cards are the top requested reward by employees. Employers should be offering choice in the types of reward cards provided to employees, while also balancing operational efficiencies.



REWARD EMPLOYEES FOR DEMONSTRATING AND ACTING UPON ESTABLISHED COMPANY VALUES. Employees want to work for organizations that are about more than just turning a profit. Therefore, employers should reward employees for actions that reflect the company's values and culture.



HAVE PROCEDURES IN PLACE TO CREATE EMPLOYEE AWARENESS OF YOUR COMPANY'S REWARDS PROGRAM. This goes for both current and future employees. For example, include details of the rewards/recognition program on the company intranet and in the employee handbook, and within companywide emails and meetings. Also consider including details of your company's rewards program in job postings.



MEASURE THE PERFORMANCE OF YOUR REWARDS PROGRAM. Collect feedback from your employees via surveys, reviews, word-of-mouth, etc., about what they like and don't like about the company's rewards program. Then take that information and act upon it when appropriate.



Engagement and Retention Most Common Type of Reward Program

TAKEAWAY

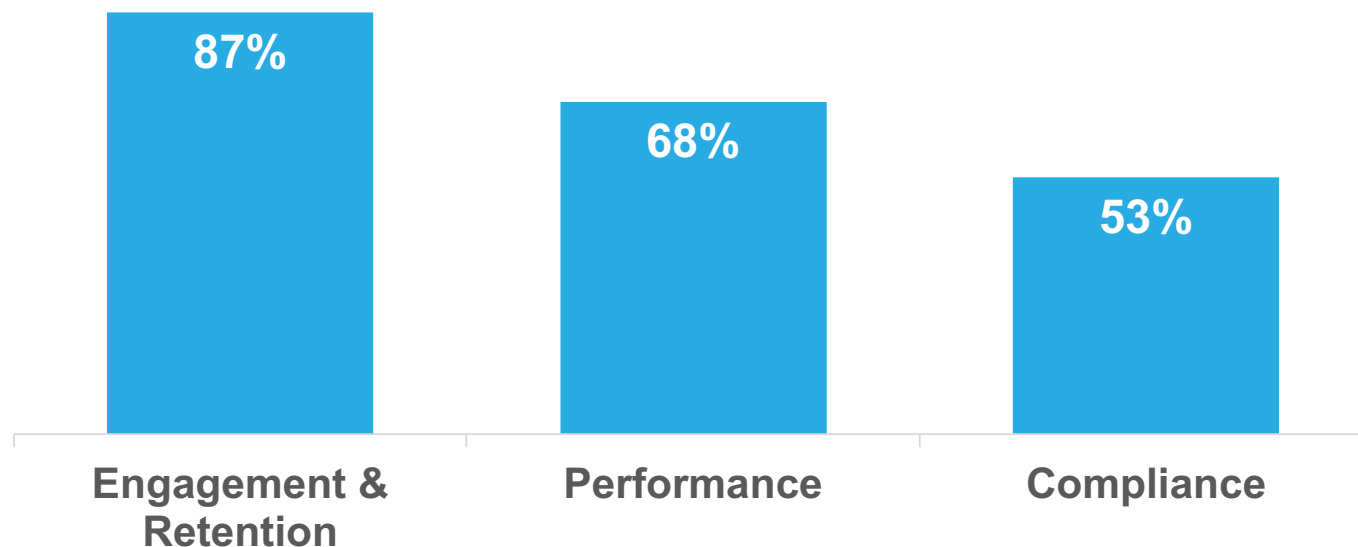
Rewards are most commonly being given as a way to engage employees (e.g., work anniversaries, birthdays, onboarding, referrals) and recognize them in an effort to retain them. Perhaps not a surprising tactic given nationwide labor shortages. However, opportunities exist for creating a more well-balanced rewards program that incentivizes employees for performance (e.g., completion of a large project, reaching a project milestone, meeting a sales goal) and compliance with rules and regulations (e.g., successful safety review, embodiment of corporate values, perfect attendance).

BONUS

Here's a breakdown of how many programs respondents' companies provide:

- 30% of companies provide one program type
- 32% provide two program types
- 38% provide three program types

DOES YOUR COMPANY OFFER ANY OF THE FOLLOWING REWARDS/RECOGNITION PROGRAMS? SELECT ALL THAT APPLY.



n = 168

Prepaid & Gift Cards a Staple of Employers' Rewards Programs

TAKEAWAY

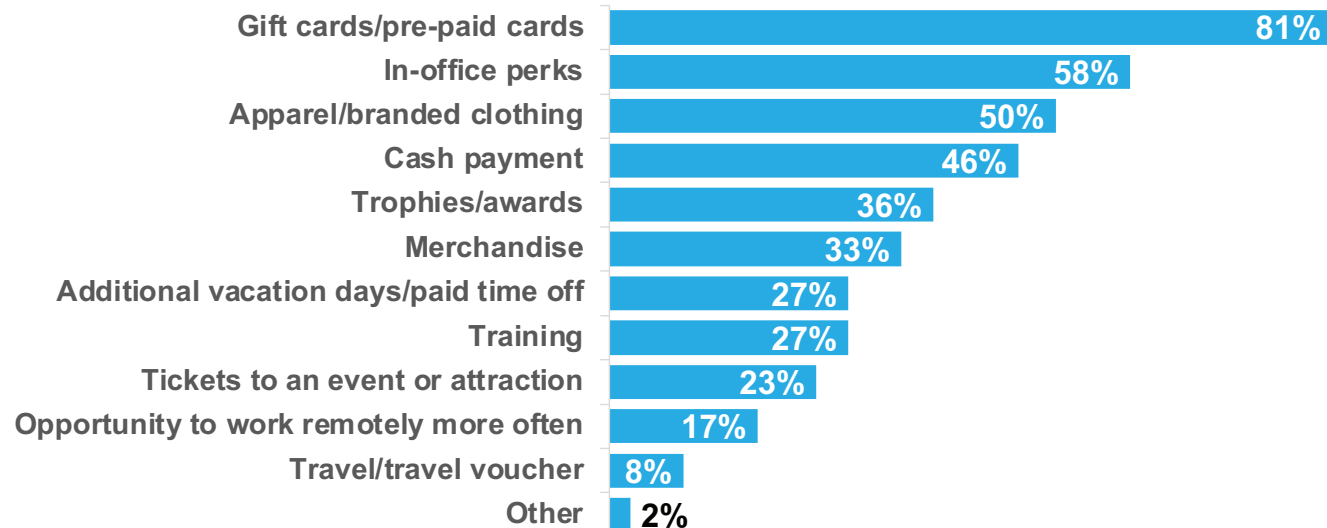
Give your employees rewards they want. For the vast majority, that's gift cards and pre-paid cards. Taking it one step further, identify where there are gaps between what's offered in your rewards program and what employees want to receive. This data from Blackhawk Network identifies some of the more common ones.

WHAT EMPLOYERS ARE SAYING

On employees' preference for gift card rewards:

"We've had input from employees on what they want in the rewards program. We've done different types of gift cards, spot payments directly through payroll, and the feedback was that they preferred gift cards, which they could use to spend wherever they want."

WHAT TYPES OF EMPLOYEE REWARDS DOES YOUR COMPANY OFFER AS PART OF ITS EMPLOYEE REWARDS/RECOGNITION PROGRAM? SELECT ALL THAT APPLY.








n = 168

Top Rewards Gap Between Employees and Employers

TAKEAWAY

To close the gaps that too often exist between the rewards employees prefer and the rewards being offered by employers, companies need to collect feedback and listen to their employees on what they want in a rewards/recognition program. Based on this research, we can see that, in many cases, employers are providing rewards that their employees don't necessarily want and they're not giving their preferred rewards often enough.

	GIFT CARDS/ MASTERCARD/ VISA	BONUS	ADDITIONAL VACATION DAYS	IN-OFFICE PERKS (social events, food)	APPAREL
TOP REQUESTED REWARDS					
Employee Requested ²	90%	72%	65%	40%	34%
Employer Offered ¹	81%	46%	27%	58%	50%
Gap	-9%	-26%	-38%	+18%	+16%

¹NAPCO Employee Incentives study, July/Aug 2022, B2B n=168

²Blackhawk Network EQ 2022 Employee Appreciation study, Feb/March 2022, n=2,608 US consumers 18+

Prepaid Cards Most Common Reward Offered by Employers

TAKEAWAY

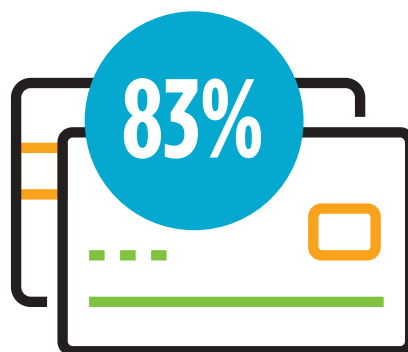
It's not surprising that prepaid cards such as Mastercard® and Visa® are most frequently included in companies' employee rewards programs. Employees value the purchasing flexibility that these cards offer them. Therefore, it's wise that employers prioritize the distribution of prepaid cards.

WHAT EMPLOYERS ARE SAYING

On the value of giving out prepaid reward cards:

"It's something that we can give to employees and they can spend it however they want. If they want to go to the movies, take their kids out, they have a gift card that they can use. Or if they want to, they can give it to another family member."

WHAT KIND OF GIFT CARDS/PREPAID CARDS ARE INCLUDED IN YOUR COMPANY'S EMPLOYEE REWARDS/RECOGNITION PROGRAM? SELECT ALL THAT APPLY.



Prepaid Card



Merchant Gift Cards



Multibrand Gift Cards

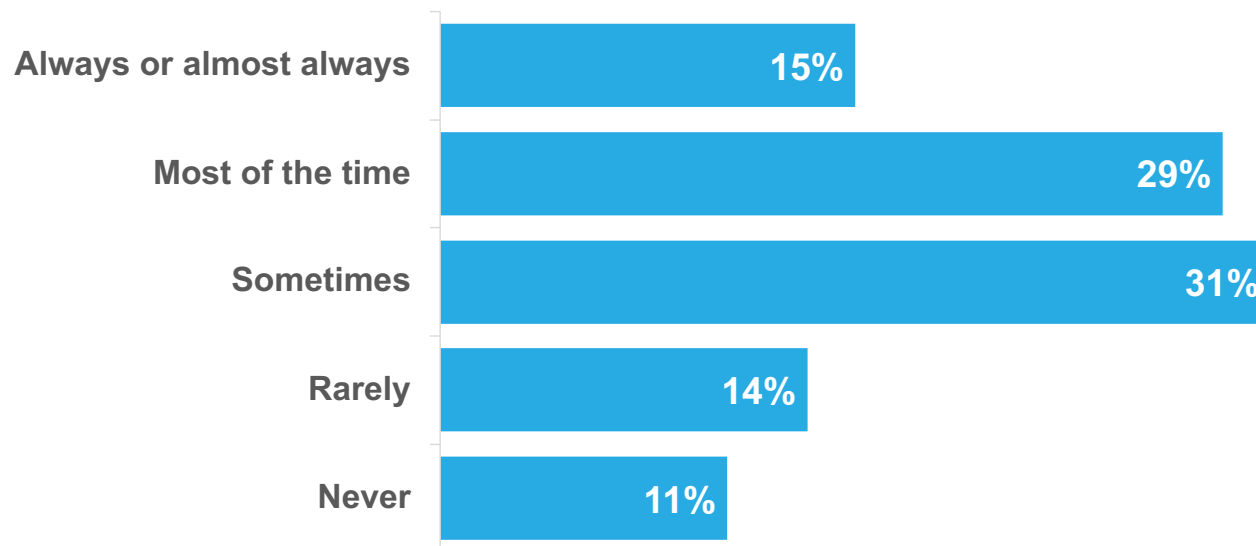
n = 136 respondents that offer gift cards/prepaid cards as part of their employee rewards/recognition program

Tie Employee Rewards to Company Values

TAKEAWAY

Fewer than half of employers are consistently rewarding employees for specifically demonstrating company values in their work. This presents an opportunity for employers to better connect with employees through shared values, which are an important consideration for job-seekers. Rewarding employees for embodying company values is likely just as impactful to that person as receiving a reward for a birthday, work anniversary, etc., and it helps to drive company culture at the same time.

WHEN YOUR COMPANY ADMINISTERS EMPLOYEE REWARDS, HOW OFTEN ARE THEY ADMINISTERED TO RECOGNIZE AN EMPLOYEE THAT HAS DEMONSTRATED A COMPANY VALUE?



n = 168

How Much Are Businesses Spending on Rewards Programs?

TAKEAWAY

Our benchmark data showed that, on average, companies are most likely to spend between .05 to .2 percent of their annual revenue on their rewards program. That translates into the following data points:

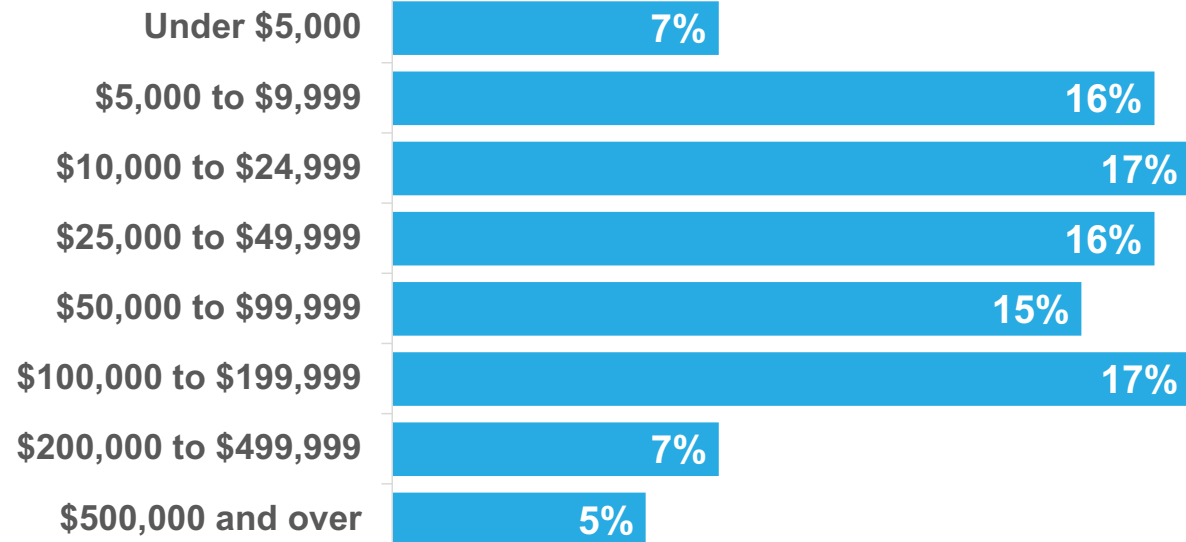
Average: \$102,433

Median: \$30,000

** The average is pulled higher than the median by a few companies with very large budgets (\$1 million-plus).*

The benchmark scoring was based on the aggregate responses of respondents to the above question and the annual revenue of each individual respondent.

WHAT IS YOUR COMPANY'S TOTAL ANNUAL REWARDS/RECOGNITION PROGRAM BUDGET?



n = 130

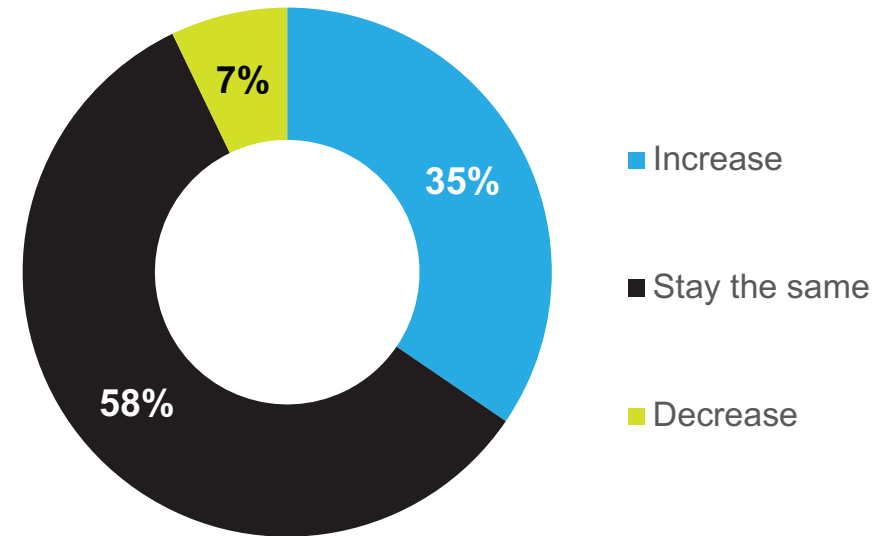
Reward Spending to Increase for More Than One-Third of Businesses

BONUS

Digging deeper into the data, companies that are increasing spending on rewards are also:

- **26%** more likely to offer a “performance” gift card program (as an incentive to boost job performance), which employees want to be recognized for.
- **18%** more likely to report that the rewards programs they offer are “very effective” at boosting employee morale.
- **28%** more likely to use an employee recognition platform
- **33%** more likely to track whether employees are redeeming/using employee rewards

HOW, IF AT ALL, WILL YOUR COMPANY'S TOTAL ANNUAL REWARDS/RECOGNITION BUDGET CHANGE IN THE NEXT YEAR?



n = 168

Rewards Programs Boost Employee Morale

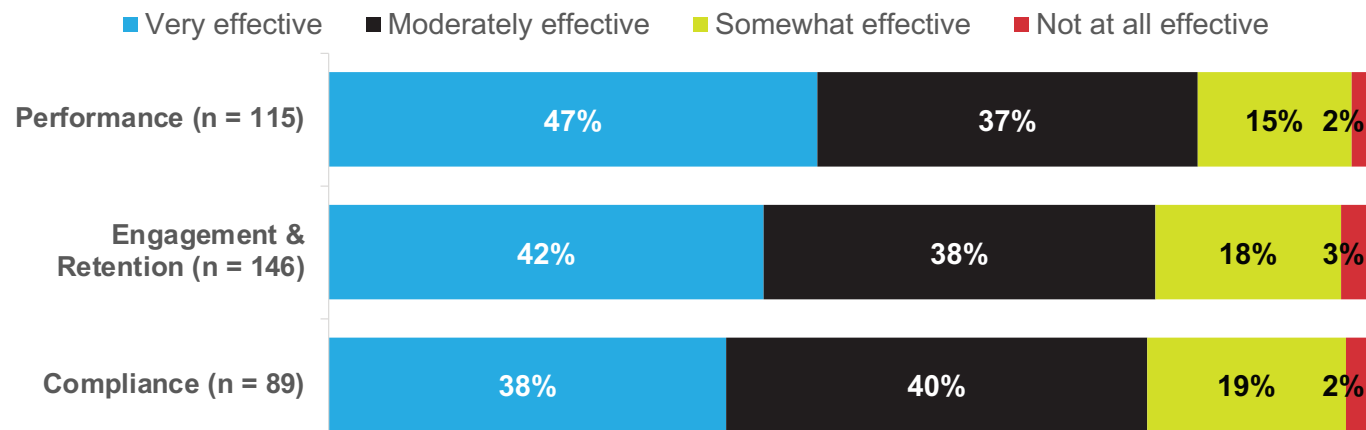
TAKEAWAY

Overall, across all program types, 81 percent are reported as being very/moderately effective at boosting employee morale. This data speaks to the power that rewards programs can have on employee retention, which in turn creates more profitable businesses from a combination of improved performance and cost savings.

BONUS

Companies that survey employees at least once a year to measure employee satisfaction with their rewards program are **11 percent** more likely to report that their rewards programs are “very effective” at boosting employee morale.

OF THE REWARDS/RECOGNITION PROGRAMS YOUR COMPANY OFFERS, HOW EFFECTIVE IS EACH AT BOOSTING EMPLOYEE MORALE?



n = 168 (respondents only shown the rewards/recognition programs they offer)

Building Awareness



A PERSONALIZED CARD
CAN GO A LONG WAY IN
MAKING REWARDS RECIPIENTS
FEEL APPRECIATED

MAKE SURE DETAILS OF
YOUR REWARDS PROGRAM
ARE INCLUDED ON YOUR
COMPANY'S INTRANET

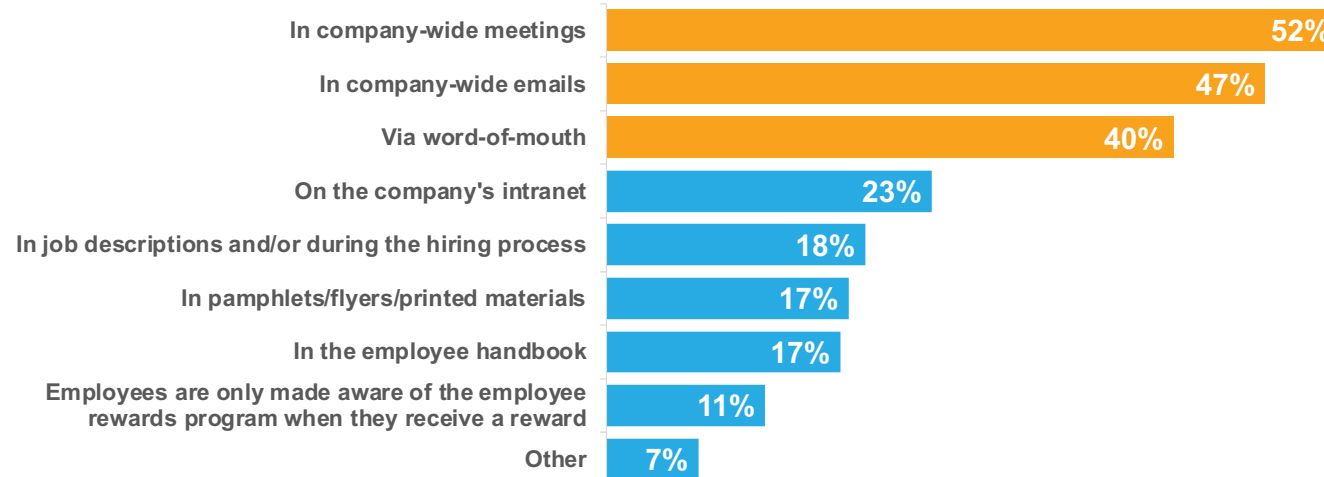
RECOGNITION DURING COMPANY
EVENTS/COMPANY-WIDE
COMMUNICATIONS

Use Multiple Channels to Create Awareness for Your Rewards Program

TAKEAWAY

Having a rewards program is an employee perk. Therefore, make sure that your employees know about it. The chart to the right lists the different ways that employers are informing their employees about their rewards program. Consider the value of including the details of the program in “permanent” channels such as the company’s intranet and employee handbook. Lastly, don’t forget about informing new hires about the existence of an employee rewards program and how they can get more information about it.

HOW DOES YOUR COMPANY INFORM EMPLOYEES THAT THERE IS AN EMPLOYEE REWARDS/RECOGNITION PROGRAM? SELECT ALL THAT APPLY







n = 168

Employees and Employers Are Not Aligned on How They Want to Be Recognized

TAKEAWAY

Too often there's a disconnect between how employees want to be recognized and how employers are offering recognition, per this table from Blackhawk Network. This again speaks to the importance of collecting employee feedback on your company's rewards/recognition program. A better understanding of what employees want can lead to a better performing program.

Additional ways to recognize employees not listed on the table include a wall of recognition (physical or virtual), with an informal phone call or a "drop-by" to someone's workspace, or through a company-wide email.

	COMPANY EVENT W/OTHERS	DURING A REVIEW (privately)	PERSONALIZED CARD OR EMAIL	VIA INTRANET / RECOGNITION PLATFORM
TOP REQUESTED RECOGNITION				
Employees Want to Receive ²	46%	43%	38%	24%
Employers Recognition Offered ¹	37%	28%	46%	19%
Gap	-9%	-15%	+8%	-5%

¹NAPCO Employee Incentives study, July/Aug 2022, B2B n=168

²Blackhawk Network EQ 2022 Employee Appreciation study, Feb/March 2022, n=2,608 US consumers 18+

Establish a Process for Recognizing Reward Recipients

TAKEAWAY

On average, companies recognize recipients of employee rewards using 3.1 methods. The more ways you recognize employees the better.

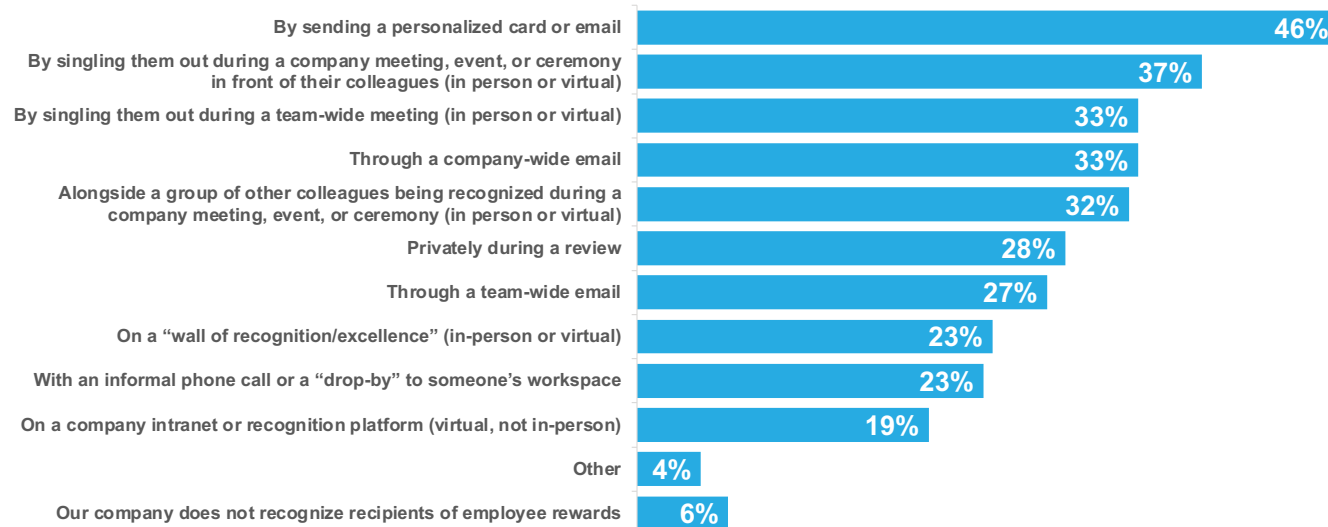
Companywide/teamwide recognition earned employers the highest benchmark score, and most companies are doing one or the other. However, more can be done in this area, as employees value being recognized. Ask your employees how they want to be recognized for their accomplishments, and then take those actions. Furthermore, enable employees to be able to recognize their peers. More than three-quarters (77%) of employees have expressed a desire to do so.

WHAT EMPLOYERS ARE SAYING

On how rewards are being communicated to employees:

“Each program is administered with very strong communication about the work, completion of the project, and appreciation from management for the time and effort put in. The highest level of recognition comes from verbal and written communication about why the rewards program is being executed.”

HOW DOES YOUR COMPANY RECOGNIZE RECIPIENTS OF EMPLOYEE REWARDS? SELECT ALL THAT APPLY.



n = 168

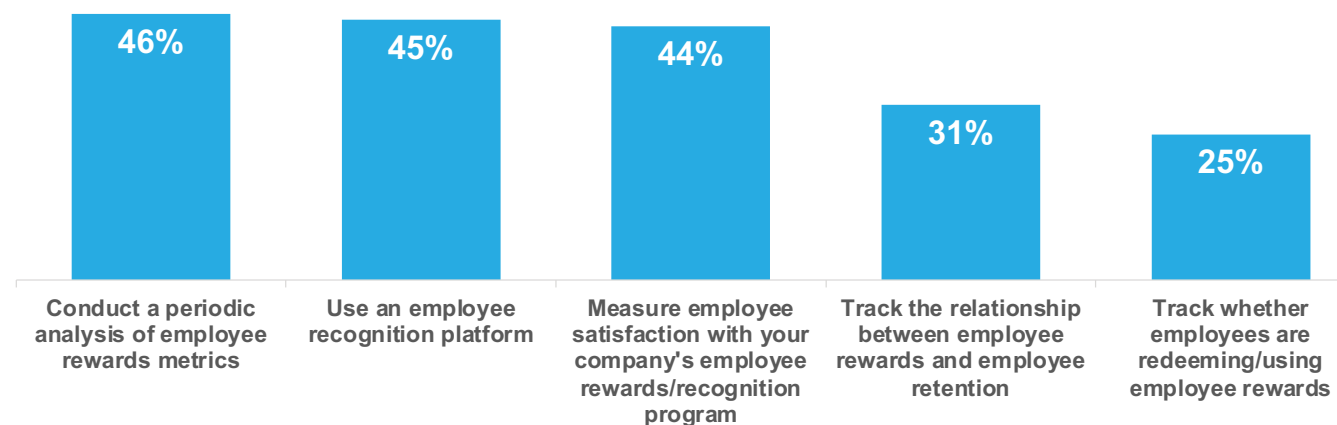
Give More Support to Your Employee Rewards Program

TAKEAWAY

Not enough is being done by employers to measure the performance of their rewards program to help ensure future optimization. Use technology solutions such as an employee recognition platform to help with this. Your approach to a rewards program shouldn't be "set it and forget it." To be a truly successful program, it needs to be continually evaluated to address the evolving wants and needs of your employees.

A primary benefit of any employee rewards program should be that it boosts employee retention rates. The problem is that too many employers don't know the impact of the former on the latter. Less than one-third (31 percent) of employers are using software to track the relationship between employee rewards and employee retention, opting in favor of manual or observational assessments. An employee recognition platform is the most efficient and effective to determine the relationship between employee reward programs and employee retention rates.

WHICH OF THE FOLLOWING DOES YOUR COMPANY DO IN SUPPORT OF ITS EMPLOYEE REWARDS/RECOGNITION PROGRAM? SELECT ALL THAT APPLY.



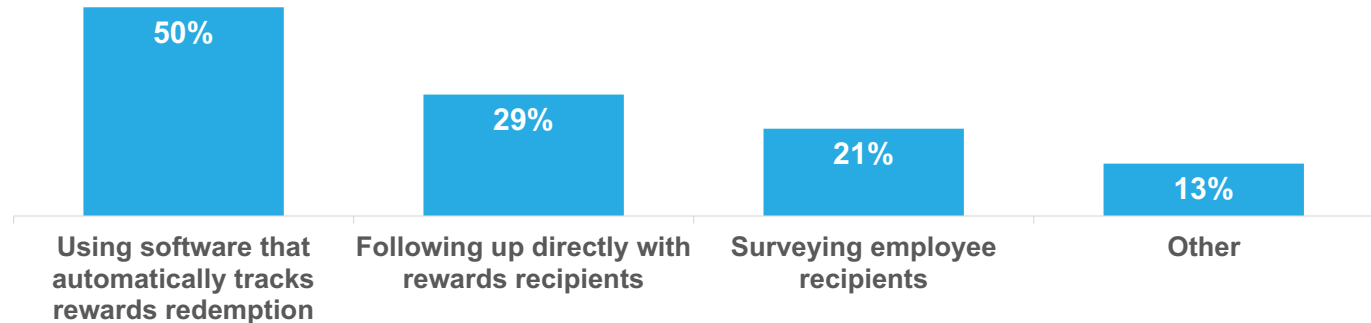
n = 95 respondents that take one or more measures in support of their employee rewards/recognition program(s)

Lack of Insight Into Reward Redemption

TAKEAWAY

It's important for companies to know that the rewards they're giving out are being received by employees, especially rewards such as prepaid cards and gift cards. Otherwise, the money is being wasted. Using software that can automatically track that rewards have been received by the intended employee makes this task simple. The more insight you have into reward recipients, the better the experience you can create for them.

HOW DOES YOUR COMPANY TRACK WHETHER EMPLOYEES ARE REDEEMING/USING EMPLOYEE REWARDS? SELECT ALL THAT APPLY.



n = 24 respondents that track whether employees are redeeming/using employee rewards

Collect Employee Feedback About Your Company's Rewards Program

TAKEAWAY

Best practice is to survey your employees at least annually to get their feedback on your employee rewards program — what they like, what they don't like, types of rewards they want, how they want to be recognized, etc. Of the survey respondents whose companies are measuring employee satisfaction with their rewards/recognition program, 74 percent are using surveys to collect this information, and they're doing so at minimum of once a year.

HOW DOES YOUR COMPANY MEASURE EMPLOYEE SATISFACTION WITH YOUR COMPANY'S EMPLOYEE REWARDS/RECOGNITION PROGRAM?



n = 42 respondents that measure employee satisfaction with their employee rewards/recognition program

Employers Beginning to Understand the Value of an Employee Recognition Platform

TAKEAWAY

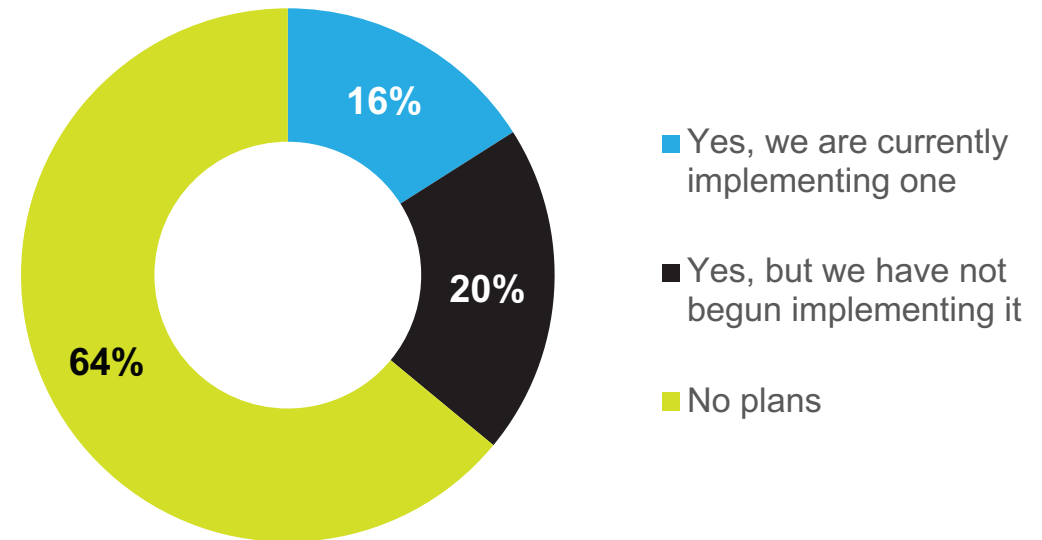
It's encouraging to see that more than one-third of survey respondents (36 percent) are currently implementing or are planning to implement an employee recognition platform. For a program that's not immediately revenue-generating, that's a surprisingly high number. It speaks to the correlation that employers are making between a strong rewards program and higher employee retention rates. Companies would be wise to leverage a technology solution to track and report on their rewards/recognition programs, yet our survey revealed that 43 percent of respondents are not taking this action.

WHAT EMPLOYERS ARE SAYING

On the goals of their employee rewards program:

"We're obviously looking at retention. We're obviously looking at employee satisfaction and work-life balance. A lot of it has to do with the labor market. Turnover has always been an issue. And as anyone who hires employees knows, it's so much more expensive to hire and train new employees than it is to retain the ones you already have."

DOES YOUR COMPANY HAVE PLANS TO IMPLEMENT AN EMPLOYEE RECOGNITION PLATFORM?



n = 125 respondents that don't currently use an employee recognition platform

Methodology

An online survey was completed by 168 U.S.-based respondents in July and August 2022. Those respondents were from the following industries:



Manufacturing
18%



Healthcare
14%



Nonprofit
12%



Financial
Institution
8%



Technology
7%



Construction
5%



Retail
5%



Automotive
Sales and Auto
Aftermarket
4%



Utility and
Energy
4%



Real Estate
4%



Travel and
Hospitality
4%



Education
4%



Government
2%



Telecomm
2%

Methodology

Within those industries, the respondents' job titles ranged from company owner/C-suite to team member/staff. Furthermore, the respondents represented the following departments within their organizations:

Human Resources	39%
Finance	15%
Operations	14%
Marketing	7%

Sales	5%
Customer Service	4%
C-Suite/Executive Management	4%

Lastly, the respondents' companies ranged in size from under \$1 million (USD) in annual revenue to over \$1 billion (USD). The number of employees for respondents' companies ranged from under 20 to over 5,000. All survey respondents were based in the United States, and all currency figures shown in this report are in U.S. dollars (USD). The survey data collected was translated into a benchmark scoring system. Each survey participant's responses were turned into scores for 11 benchmark criteria, which were grouped into four primary criteria categories: budget; variety of rewards; building awareness; reporting. A total score for each survey participant was calculated based upon their performance in each primary benchmark category, with relative weighting applied between the categories. Aggregated criteria category scores help to shed light on areas of strength and weakness among survey participants.



Average Benchmark Scores Across the 4 Criteria Categories

CRITERIA CATEGORY	TOTAL PTS*	AVG SCORE
Budget	5	71%
Variety of Rewards	11	75%
Building Awareness	9	72%
Reporting	11	39%
TOTAL:	36	66%

** Relative weighting was applied between the categories, which is why not all Total Points are equal.*

A robust rewards program has a variety of offerings (e.g., prepaid/gift cards, financial bonuses, additional PTO) that align with what employees want. Employers performed best here, earning three-quarters of the available points for the variety of rewards criteria.

An effective rewards program needs to have a budget. And ideally, that budget should be spent entirely. However, it's not enough to just throw money at a rewards program. There needs to be a consideration of how rewards are being chosen, how they're distributed, and then making improvements to the program based on employee feedback.

Reporting is an area of weakness for too many companies' rewards programs. Technology can help here, but currently, many businesses are using Excel to manage their rewards programs, which is a manual, time-consuming process.

TALK TO Blackhawk Network

Need some help with your employee
rewards and incentives program?

Contact Blackhawk Network
to learn more today.

Call 866.353.4877 or visit [BHN.com](https://www.bhn.com)



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