

## Advice paper

### Communicating employee discounts.

Helen Craik, Director of HR Policy & Strategy, Asperity Employee Benefits

## Communicate, schmoonicate – sounds easy enough but many organisations find it difficult to be really effective

### Getting the message out about employee discounts

If an employer is going to invest resources in benefits over and above basic salaries, it makes sense to communicate these well to employees. In the case of some benefits – holiday and sick leave, for example – information will usually be in the employment contract and well understood by both parties. But in many other cases it is not – research suggests that “although 90 per cent of employers believe non-salary benefits are crucial to attract and retain staff, up to 40 per cent of employees do not either appreciate the benefits or know their monetary value”. Research suggests that a very high percentage of employees do not fully appreciate the value of their overall benefits package. With companies spending between 10% and 30% of payroll on non-salary items (excluding pensions), this is a situation that employers need to address. Pensions, private healthcare and life assurance are high value benefits to employees, with a correspondingly high cost to employers, and can sometimes be complex messages to disseminate requiring considerable investment. But with other parts of the benefits package - voluntary benefits and employee discounts in particular - the message is more straightforward and high levels of employee recognition should be achievable: “when it comes to staff benefits, research shows that the better they are communicated, the more staff appreciate them”. One Major reason these elements are not better valued is the lack of a coherent, targeted and well executed benefits communication plan.

Employee discounts products, which have been out in the cold for a few years as a result of changing shopping patterns and choices, are back in a big way. A good scheme offers a massive range of discounts with both high street names and niche retailers, covering essential purchases and discretionary spending. Employers are re-boarding the discount ship and realising that a wide portfolio of discounts, branded to their corporate or benefits scheme identity with key highlight offers aligning to an overall reward or corporate strategy, is a highly desirable, low-cost, minimum-effort benefit for all employees. And that’s good: but if the communications strategy fails – and that supposes there is a communications strategy in the first place – the potential

to create goodwill, loyalty, motivation and make a positive connection with the benefits brand (and the therefore with the employer) is lost.

There are of course, wider issues around corporate communication that impact on if or how employees get good information on workplace benefits. But if an employer has a benefits or discounts scheme for its employees, the scheme is considerably more valuable as a benefit and therefore as a satisfaction tool if employees use it regularly and are actively encouraged to use it by the employer. Every time such a scheme is used there is a positive connection made with the employee and this needs to be maximised; in our own research, levels of employer goodwill are raised even when a scheme is not used by some staff – the mere fact that it is there and well communicated means the employee feels valued and views the employer more positively.

Frequency of scheme usage is the key driver for employer value. A scheme generating 12 occurrences of employee usage per year has more value than one generating 4; a scheme generating several uses per month has even more value. Employees won’t use a scheme that they don’t know about it and they will only use a scheme once or twice if communication isn’t persistent, consistent and high quality enough to create a habit. The offers and benefits need to be well-understood and have the credibility to become integrated as a core part of an employee’s purchasing decision-making process. Employees will use a scheme less if access to and communication about the scheme is disjointed or poorly targeted or if a lack of belief in the scheme pervades the employing organisation.

It is only recently that the new generation of discounts schemes, online and with paper or phone based offers as well, have made employee discounts a strong, attractive proposition again. It’s easy to understand why staff discounts of yesteryears got little by way of comms effort from the employer – they had only a few credible discounts and were more likely to bring a firm into disrepute with its employees or elicit jaundiced laughter than enhance its image. Employers that did have a good offer or two (and now good schemes have many hundreds of discount offers) found it hard to keep these up-to-date and therefore drifted into leaving employees to do the legwork themselves to find out if and what was available by way of employee discounts.

<sup>1</sup>PIFC Survey for People Management August 2005

<sup>2</sup>CIPD Annual Reward Survey February 2007

<sup>3</sup>Employee Benefits: An overview – CIPD Factsheet February 2007

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#### First things first

There is no point in communicating a lacklustre or outdated discounts portfolio so employers need to get a good scheme before embarking on comms. If the scheme is in need of a refresh, that has to be done first. If the employer doesn't have a scheme, a straightforward procurement exercise will identify providers that have a great product as well as the required tools for comms support.

Employers should choose a benefits provider that has proven expertise in designing and delivering the communications process. A great deal of the work in getting the discounts message out to employees and then keeping it there is either undertaken directly by the discount provider – for example, regular email newsletters to opted-in employees – or facilitated by them, particularly at launch or revamp, with designed materials, marketing tools and collateral and most importantly a coherent strategic plan. Apart from sourcing a provider that will shoulder the comms effort with them, employers need to ensure that the content of the scheme is more than just fit-for-purpose. A portfolio that offers predominantly days out or travel discounts may get a look-in during holiday periods but will fail to attract year-round use by employees. There needs to be an incentive to use the employer's discount scheme for everyday, routine, got-to-buy-anyway purchases like insurance, broadband, mobiles, clothes, groceries and to have a breadth of choice within those

categories. And then the fun and discretionary spend items must also be covered – books, CDs, gifts, furniture, flowers and the rest.

So first get the right scheme, and then communicate it.

#### Employee audiences

Communications activity to employees falls broadly into 5 groupings:

- Induction comms for new joiners; this is a key target audience for employers – new employees will be especially receptive to new benefits and if properly engaged at this stage will remain users of a good scheme for their career at the firm.
- Launch of a new or seriously revamped discount scheme
- Regular reminders to ensure continued use and credibility
- One-off comms for a particular or new discount
- Special communications to align and integrate the scheme with other internal activity, such as a work / life balance programme or a CSR or environmental push.

Some of the communication activity will overlap between the groups and some will be distinct

#### Engagement through involvement

The launch of a new or revamped scheme is a good time to create employee engagement through employee involvement.

Surveys on scheme content, which can often be arranged by a provider quickly and easily, especially where an employee population can be reached online, are an effective way to ask employees what deals and offers they would like, and has the side effect of letting everyone know that something new and big is coming soon.

Similarly, for organisations without a standalone benefits brand, an all-employee competition to come up with a scheme name is a great way of raising a new or revamped scheme's profile before it even launches.

Both of these pre-launch activities are effective in raising awareness and building buy-in in advance.

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channels for communicating employee discounts				
type of activity	new employee induction	scheme launch	regular communications	one-off specials
Pre-launch teaser campaign	no	yes	no	no
link / banner ads on intranet	yes	yes	yes	yes
news stories on intranet	yes	yes	yes	yes
news stories in company magazines and newspapers	yes	yes	yes	yes
competitions	yes	yes	yes – for larger employers	yes
all staff email	no	yes	yes	yes
posters	no	yes	maybe	maybe
text message	no	no	no	yes – if individual has positively signed up to receive sms messages
talks from discount partners e.g. as part of induction or at lunchtimes	yes	yes	no	yes
face to face forum	yes	yes	no	no
Dovetailing with other employee initiatives such as a wellbeing or CSR campaign	no	no	no	yes
Accepting employee suggestions	yes	yes	yes	yes
team meetings	no	yes	no	yes
Roadshow	no	yes	no	yes
presentation from scheme provider	yes	yes	yes	yes
scheme brochure	yes	yes	no	no
regular email newsletter from scheme provider	no	no	yes – if employee has opted-in	no
HR led promotion via meetings with line managers and employee groups	yes	yes	yes	no
workplace collateral e.g. tent cards in canteen	no	yes	yes	no
payslip communications	no	yes	yes	no
individual employee statement of total discounts saved *	no	no	yes	no
personalised communication with employees e.g. reward cheques *	yes	no	yes	yes
union or employee representatives	yes	yes	yes	yes

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\* The best schemes include an element of reward where some or all of the discount builds up in an employee's personal account and is then withdrawn as a lump sum payment. This highlights the value to the employee both when they look at their statement showing the reward sum increase and also when a cheque is received in an employer-branded gift card.

None of the above is a difficult channel of communication and yet many employers and providers struggle to deliver a cohesive approach to setting out their discounts benefit stall and then regularly and suitably reinforcing the message. If the employer's problem is time and a lack of skills the answer must surely lie with choosing a benefits provider who can lead proactively and take the strain of the work

It is also important to harness feedback on an ongoing basis from employees as to what they'd like to see in a scheme; online portals make this particularly easy for employers. A 'tell us what you like or want but we haven't got' facility on the website and provider's telephone helpdesk means that a scheme provider can be alerted to employees' suggestions and wherever possible act to include these in the discounts portfolio. It also provides a straightforward way to ensure easy reporting of any problems and engenders two-way communication. Employees will feel like participants: "I suggested that offer" is a good line for the coffee break.

### Remind us why this is all worth doing?

Research<sup>4</sup> tells us that employees really value decent discounts arranged by their employer – they value it way in excess of the cost to the employer, especially when compared with other benefits – and yet few employers even tap hesitantly on the tambourine about their scheme, let alone bang a drum.

### Information vehicles

The traditional approach to letting employees know about employer-negotiated discounts is the production of the Annual Discounts Brochure. No doubt this often produces a nice feeling and some considerable interest when it first arrives – with the proviso that it is a well-designed brochure with attractive offers which may not always be the case; think of the photocopy of a photocopy of a photocopy which characterises some scheme 'brochures'. Even an attractive brochure's appeal will fade with familiarity and it is quite likely to get lost under the pile of

letters from the bank, TV listings magazines and other household paper detritus. How many employees will be able to find it 2 weeks after that expensive print run? HR departments may have neat file copies that stand the test of the year but most employees simply won't be that organised.

An online portal is constantly refreshed, can't get lost and doesn't need to be reprinted. That's not to say that there is no place for printed means of communication; there is. Printed matter is particularly good for new recruits and allows employers to offer choice to their employees especially where there is a significant employee population without internet access. With over 60% of households in the UK having home internet access (and this is rising at 5% a year) and another substantial number having access via work, libraries, friends or relatives; online portals are a mass-accessible tool.

Other factors will also inform the printed v virtual debate.

- the cost of printing and, particularly in larger or geographically dispersed organisations, the cost of postage must be taken into account
- the impact of printing on the environment and the need to minimise this especially with the current focus on environmental impact
- creating equality of access for an organisation's particular profile of employees

The comms programme and the vehicles chosen to deliver it must connect with:

- traditionally hard-to-reach groups (e.g. mobile or night workers)
- the lowest paid in the organisation as well as those higher up the scale
- employees with special requirements for access

If additionally it can engage across employee groups – from senior management to entry-level posts – then a real benefit has been delivered to the employer as well as the employees. One scheme in a large employer enables part of an employee's discount to be donated to a corporate charity, meaning workers can either reap the benefits personally or are motivated to participate for altruistic reasons. This chimes well with CSR initiatives.

<sup>4</sup> Employee Benefits magazine research

<sup>5</sup> Office of National Statistics August 2006

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#### Use technology to create interest

A podcast announcing the launch of your scheme, possibly including an interview with your chief exec or other senior figure, is a low cost way of communicating in an innovative way, creating interest and showing that you are at the forefront of technology.

Appropriateness and results will depend on your workforce but inclusion of technology-led communication should be considered as part of your plan.

#### Why are employers failing to make capital out of a useful HR resource?

There are a number of reasons why organisations don't communicate their discounts portfolio well, amongst them:

1. employers don't have confidence that their scheme is broad enough to warrant publicity – either not broad enough in its range of discount offers or not broad enough in its appeal to all employee demographics
2. employers don't have confidence that the discounts will remain relevant and up-to-date and they will lay themselves open to muttered ridicule because employees can find a better deal on the high street or online
3. they haven't given the need for comms any serious consideration – they have got a scheme but they haven't realised the added value it can bring to the employment proposition
4. they lack, or think they lack, the resource to run a cohesive comms programme and don't want to do a half-baked effort
5. they don't know how to get started or sustain the initiative
6. they lack materials, ideas and design
7. they think it will communicate itself or that interested employees will find it anyway
8. their workforce is dispersed by shift patterns or geography and it isn't easy to reach them all
9. the offer or offers is/are too complicated or embedded in different media in the organisation which makes it unmanageable
10. budget hasn't been allocated to the communications programme

The new generation of discounts providers understand that negotiating good deals for closed user groups of employees is not enough – to be a specialist, an expert in the employee discounts field, a provider also has to know how to get the scheme used and therefore deliver the impact for the employer. The good news for employers,

therefore, is that many of the problems cited above are negated by choosing a discounts provider who not only has access to hundreds of discounts but is also experienced in designing and implementing employee discounts communications. This means that the employer organisation will get assistance and direction as required on its internal effort, and communications features which will effectively run a substantial part of the ongoing activity will be integral to the discount scheme.

#### What should that assistance look like?

Some key criteria underlie the delivery of the communications strategy for all 5 groups identified above:

- attractive, easy-to-use internet portal for online benefits, branded for larger employers;
- dedicated helpdesk for employees and dedicated account management for employer contact;
- ability for individual employees to see instantly the accumulated benefits of the discount;
- integrated design and communications across a number of channels
- development of a coherent 12 month rolling plan – benefits communications are for life, not just for launch!

These are the more obvious requirements of successful comms delivery but a provider needs to deliver more than the obvious; employers need to source a provider with added extras up its discounts' sleeve.

In selecting a discounts provider, the employing organisation whether it has 10 or 50,000 employees – although clearly the strategy will be different for these two ends of the size spectrum – needs to be confident that the supplier not only has proven methodology for getting the message out but has leading edge advantage now in keeping a discounts scheme attractive and valued and the technological development capability to issue new releases and upgrade regularly.

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Most suppliers can be expected to identify which of the employer's current comms channels would be suitable for the discounts message and advise on the best tools and collateral to exploit these. Additionally, organisations need to look for a discount supplier which, for example:

- will set up and run the email newsletters (or even text messaging) independently of the employer by having an opt-in facility for employees
- has a loyalty bonus or cashback component to its scheme as well as the negotiated discount; employees use the cashback component like a store loyalty card and often accumulate this element of the discount until perhaps Christmas or they are ready to make a large withdrawal – the amount saved becomes a reminder of the value of the benefit to staff every time they access the scheme
- will ensure the good employer message is reinforced when the loyalty/cashback savings are drawn down by sending employer-branded 'refunds'
- integrate with an employer's existing staff discount scheme where appropriate so making a 'total' proposition
- customise the scheme website to include links to the employer's other benefit pages or relevant employment information
- enable the easy withdrawal of the discounts from leavers so as not to devalue the overall proposition to staff
- have the in-house capability to respond to bespoke requirements

And it may be that in workforces with very dispersed or otherwise hard-to-reach profiles that not everything can be done at once. In these cases, employers will look to their discount provider to identify the key messages and comms channels for particular groups and concentrate on bedding in the basic tenets of a scheme with a phased communications roll-out where appropriate.

### How should other benefits integrate with the employee discounts communications plan?

This will be very much specific to each employer organisation. SMEs, for example, might find it useful to integrate salary sacrifice or other benefits into a single benefits scheme website – something that a good benefits provider should easily accommodate. Very large organisations, on the other hand, may already have a benefits intranet site or may also have necessarily complex

arrangements for salary sacrifice or high-value benefits which may not lend themselves to straightforward integration into a single benefits portal.

There is scope, however, for those employers who have an online discounts scheme to take advantage of government-led childcare vouchers and the cycle to work salary sacrifice schemes which can easily be integrated into and presented on a provider's online discounts and benefits portal. It won't make the need to register with the inland revenue or make the payroll adjustments go away (although again, a good provider of these benefits makes this employer-friendly) but it will provide a great channel for employees in smaller companies to take advantage of a benefit that might otherwise be unavailable. Cycles, of course, can be more complicated than just providing the bike under a registered scheme because typically storage, showers and lockers are required to maximise take-up and these facilities are more likely to be found in large workplaces. But SMEs may be missing a trick in not promoting childcare vouchers – the employer saves the NI on the salary sacrifice, meaning that the benefit should be cost neutral, and those employees that have it perceive it as being valuable. Take-up among low paid employees is very small indeed at under 1 in 100 low paid employees (between 0.3 and 0.8% in the low paying organisations surveyed) and better integration with a discounts portfolio combined with good communication should see forward-thinking employers gaining kudos and some of their employees saving money on childcare. Overall, launching the straightforward elements of a voluntary benefits plan can be a good introduction to the workforce to more complex flex or total reward programmes.

### So go for it.

SME or multi-national, employee communication works best when it isn't something that is just talked about or discussed but it is something that people actually do, with strong, pro-active support from a good competent benefits specialist. In the field of employee discounts, so much of the work will be done for employer organisations simply by dovetailing with the right scheme provider that it makes sense to harness this expertise and blow the discounts trumpet.

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<sup>6</sup> Income Data Services Survey for the Low Pay Commission: Non-Pay Benefits in Low Paying Organisations Nov 05

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#### About the Jelf Group

The Jelf Group was founded by Chris Jelf in 1989. Today the Group operates from over 20 locations in the South of England and South Wales and offers an extensive range of corporate services; general insurance, healthcare, employee benefits, commercial finance and wealth management services to businesses and individuals. The Jelf Group advises over 25,000 corporate clients and 20,000 individual clients across a range of disciplines.

Currently, the Jelf Group is working closely with Asperity to bring a high quality range of Employee benefits to our clients. To find out more about the services we offer or more on the work Asperity do for us please visit

[www.jelfgroup.com](http://www.jelfgroup.com)

or contact Chris Dodge on 0845 602 1858

#### About Asperity Employee Benefits

Asperity is the UK market leader in voluntary employee benefits with its Reward Gateway product - the UK's first fully integrated voluntary benefits scheme and the largest employee discount scheme in the UK. Reward Gateway is an exclusive discounted shopping service with discounts and savings for employees at over 1700 retailers and service providers. The scheme has been described as a "who's who of the high street" and includes discounts at retailer such as M&S, Boots, Debenhams and John Lewis.

Asperity is the only voluntary benefits provider to use a pioneering mix of Cashback on top of traditionally negotiated employee discounts meaning that the levels of savings on Reward Gateway are higher than any other scheme in the market.

Since launch, Asperity's Reward Gateway product has taken the market by storm and Asperity provides its scheme to employees at nearly 100 leading companies including Next Retail Ltd and British Airways plc. Reward Gateway now services over 750,000 UK employees with discounts and savings of up to 45% at over 1700 retailers. Offers are accessed online, locally, on the phone and in the high street. [www.asperity.co.uk](http://www.asperity.co.uk)

Most recently, Asperity has worked in partnership with the Jelf Group to launch an exciting new employee discount scheme myshopping, along with a version tailored for SMEs called myshopping:2go. For further information please visit [www.jelfgroup.com/myreward](http://www.jelfgroup.com/myreward)