

Advice Paper

Information Inspiration

What MIS should you be looking for and what can we learn from the behaviour of over a million user logins to inform benefits scheme design?

When we launched myreward we had the most advanced MIS in the VB market – allowing employers to login to a secure website 24 hours a day, 7 days a week and see information on staff engagement, registrations and scheme usage live and in real time. It's no secret that a few of our clients are self-confessed "statistics geeks" and have been known to login and keep clicking refresh on their web browser just to watch the numbers go up and change live! Well over a year on, we've just launched MIS V2 which includes a whole host of new graphs, charts and ways of viewing, extracting and drilling down into data on the usage and engagement in your voluntary benefits programme. It allows employers to compare information between departments and divisions and even drill down into locations or sites. When you're one of our clients you can see all of the data for your own benefits scheme. But you can also see a macro-analysis of data across all 100+ voluntary benefits schemes that we run – so you can see how your staff usage and engagement performs compared to the norm.

Things you didn't know – from data across all of our employer schemes.

For the purposes of this article, we've taken a look at just a couple of slices of MIS to gain some insight into what employees actually use. Naturally, when we're working with our clients we get right into the nitty-gritty of engagement and uptake across divisions and departments and really start crunching data on how staff are using the programme and how we can encourage more people to use the scheme more.

Where is this data from?

This data is a macro-analysis of a full quarter of Reward Gateway usage across 50 of our established programmes. Almost a million user logins and half a million purchases and transactions form the basis of the data, which makes it pretty robust and solid.

What type of offers do staff use most?

When we are looking at what type of discounts staff use the most, we need to consider two different scales. The first is the type of discount it is, ie how it is accessed. In essence there are four modes of access in a well rounded discounts scheme:

- Online Cashback Offers
- Online Discount Offers
- Telephone Discount Offers
- High Street Offers

The second axis to look at is what products and services your staff are interested in. As you would expect, the most effective benefit schemes with the highest employee engagement need to offer staff the range of products and services they are looking for and offer the choice of modes of access that they want. Programmes that offer restrictions in either of these will not engage with the maximum number of staff and this will therefore reduce your return on investment.

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Part 1: Mode of Access - What is used most

Mode of access is heavily affected by the makeup of your workforce, and in particular how many of them are comfortable using the internet. In organisations where we know that the majority of staff do not use the internet as part of their job, such as hospitality, retail and manufacturing, employer attitudes vary widely as to what that really means for the internet accessibility of the employee. Some employers assume almost all of

their staff can access the internet from home, other almost the opposite. Age and demographics will play a role but not always as obviously as you might think – according to the Office for National Statistics 61% of households have internet access (15 million)¹ and the average age of internet users is actually increasing², thanks to the growing online presence of the over-55's group. Looking at online shopping in particular, total UK online shopping sales were £17.6bn³ for the last three months of 2007, up 82% on the same period in the previous year

What are Cashback offers?

Cashback offers are a type of discount where the employee pays for the goods or services as normal and then receives a Cashback payment for the value of the discount. In a scheme like Reward Gateway, the employee's Cashback payments collect in their individual Cashback account and can then be withdrawn at any time as a cheque or bank transfer.

Cashback offers are important to have in a programme as they create loyalty and regular use – staff are motivated by seeing their Cashback balance increase just by shopping through the employer branded portal.

Importantly Cashback is not a "points currency" – it is straight Cash. This means everyone knows the real value of the reward and no one gets disappointed when their 500,000 "Happy Points" only redeem for a cheap toaster!

In a well balanced benefits programme Cashback discounts should sit alongside straightforward discounts in a single, searchable and easy to use website. This ensures that you and your staff get the benefit of the immediacy of a discount on the price you pay, alongside the longer term loyalty and motivation to come back that higher value

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When we look at mode of access data at Asperity, we do group benefits programmes together based on the level of internet use within the organisation. Figure 1 shows how staff typically access offers when we are looking at a workforce where more than 70% of staff use the internet as part of their job (Group A). This doesn't necessarily mean that they use the benefits programme from work, but it is reasonable to assume that someone who uses the internet at work is also more likely to have a PC at home. Figure 2 shows results on how staff access benefits from organisations where less than 70% of staff use the internet at work (Group B).

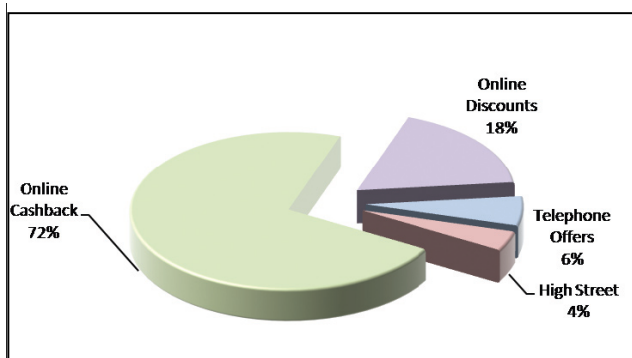


Figure 1; Offer Access Method
(Group A: more than 70% Internet users at work)

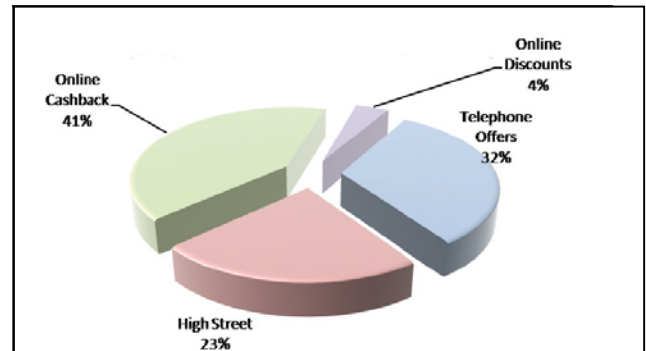


Figure 2: Offer Access Method
(Group A: More than 70% Internet users at work)

As you would expect, there is a difference – In Group A, 90% of offer redemption was online (72% Cashback offers and a further 18% were online discounts). In Group B this fell to 45% with the balance being taken up by significantly increased spend on Discounted High Street Gift Vouchers, which can be ordered by phone (up from 4% to 23%) and also significantly more usage of “telephone offers” where staff telephone the retailer and quote a special code printed in their benefits book. There are a number of conclusions we can draw from this:

1. In workforces where internet use is not prevalent, the “Benefits Book” of offers plays a useful role in communicating with staff and directing them to telephone and high street discounts.
2. However even in these workforces, discounts accessed purely online still account for almost 50% of total scheme usage. We suggest that this is due to staff having internet access from home or elsewhere and also the strength of many of the online and in-particular Cashback offers which are highly attractive to users.

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Advice

Our advice to clients is consistent: using a broad range of communications channels is always better than a narrow range. Even in organisations where 100% of staff are online, we still recommend considering some printed benefits literature as part of the communications plan. Where internet penetration is lower, it is important to expand this to be a bigger part of the overall communications plan. Asperity has many clients where internet use at work is very low, such as in retail environments, hospitality and catering and some public sector organisations. In these cases we recommend a sizable benefits brochure detailing offers and discounts that staff can obtain without using the internet. This ensures accessibility for all, but does have to be balanced with printing costs and impact on the environment. Ultimately, like everything, the final decision rests with employers who know their workforce best.

Part 2: Types of offers – What do staff look for? And what do they actually use?

As well as providing the range of access method that your staff need, we need to provide them with discounts on products and services that they actually want. This is an area where there has much misinformation over the years, most of it accidental.

A typical first generation employee discount scheme will include a range of negotiated offers on holidays

and travel, days out, CD's and other recreational activities. Therefore it is not uncommon to find data suggesting that discounts on days out are amongst the most popular benefits staff can dream of. This is unfortunately not strictly true. When faced with a benefits scheme that has a relatively narrow focus data will, naturally show that these are popular – as there is nothing else to compare with. But in a well developed scheme with a broad range of offers covering all possible shopping and services we get quite a different picture.

Figure 3 shows the top 10 Categories in Reward Gateway for the three months to end January 2008. We're showing these by a measure called "Offer Views" which means these are the top offers looked at by employees, but not necessarily the top offers taken up.

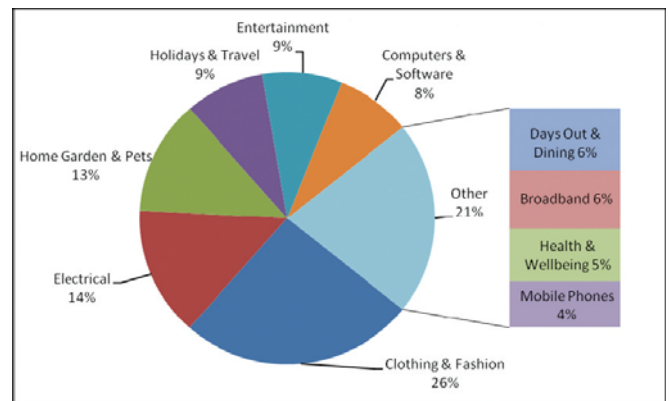


Figure 3; top 10 categories – Offers viewed

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Three key levels of tracking keep us informed to employee's needs

Offer Search	Offer View	Offer Engagement
Tracking searches tells our supplier team what your staff are looking for – so we know which deals to negotiate next	Tracking offers viewed tells us which offers look interesting to staff – but if they are not taken up we deduce the deal was not good enough, so we need to renegotiate	When an employee actually takes up an offer and spends on it from their own net pay we know the brand was good, the offer was good and the product was what they wanted – Offer Engagement is the key measure we look for

Figure 4: Offer Engagement

As shown above, Offer Engagement is the key metric of offers and benefits. Once an employee has actually engaged with an offer and spent their own net pay on that offer through the benefit scheme, they are demonstrating that they have:

1. Heard about the benefits programme and engaged with it
2. Understood the benefits on offer and how to use them
3. Found the brand or retailer desirable
4. Found the offer negotiated attractive

Figure 5 shows the top 10 retailers by employee spend offers across all Reward Gateway employers for the last quarter. In this key measure of offer engagement, top high street retail brands dominate with John Lewis, Dixons, Next and M&S accounting for a total 21.8% of employee spend between them. These figures encompass online (Cashback) spend and high street (discounted gift vouchers) but in all cases employees

spend between 5 and 10 times more through Online Cashback deals when compared to gift vouchers. The lower performance of gift vouchers when compared to the immediacy of online shopping is to be expected – staff need to order gift vouchers in advance and be in to accept delivery of them so all in all one-click online shopping, for those that are internet savvy, is always going to be easier

Share tool spending		
1	John Lewis	5.7%
2	Play.com	5.3%
3	Dixons	4.5%
4	Next	4.3%
5	Empire Direct	4.2%
6	Dell	4.1%
7	Expedia	3.4%
8	Virgin Holidays	3.3%
9	Marks & Spencer	3.2%
10	Sky	3.2%

Figure 5: top 10 Retailers: quarter to 30 Jan 08

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In figure 6 we can see the effect that Offer Engagement has on our view of the top categories. If we look at the top performing categories in terms of employee spend, rather than offer views, we get a very similar chart to that in Figure 3 – which is in some ways is surprising. Conventional wisdom would suggest that Holidays & Travel, which are big ticket items sometimes costing thousands of pounds, should be the most popular category by spend. But actually, the order and size of categories in this chart broadly matches the order and size in Figure 3.

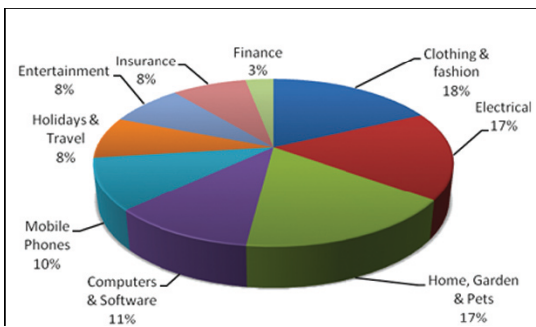


Figure 6: Top Categories by share of spend

It is only by examining the number of actual shopping transactions per category that we start to see why. This is shown in Figure 7 and presents a radically different picture. When we look at number of transactions actually completed, Clothing & Fashion, Home, Garden & Pets and Electrical actually dominate the pending mix with a total of 68% of the total transactions completed. Holidays & Travel reduce to just over 1% of total transactions – very simply the number of instances of employee engagement on holidays is dwarfed by the sheer volume of transactions from employees in general shopping for home wares and clothes. Not a surprise when you consider the potential number of shopping opportunities per year greatly outweighs the number of holidays that we go on.

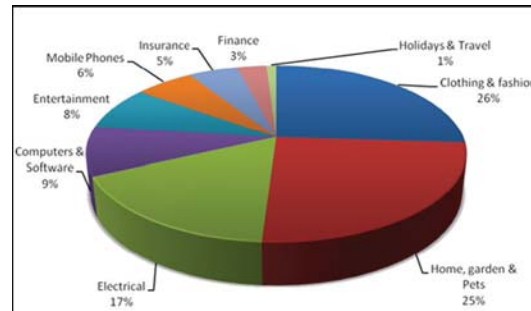


Figure 7: Top Categories by number of transactions

Conclusions

In terms of the types of shops and services that should be included in an employee discount scheme, the data clearly shows a broad range of well known, established brands in clothing, fashion, homewares and electrical should form the bedrock of a scheme. These have the shopping patterns that create regular use and that is what employers are looking for – every time an employee uses the scheme they make a positive association with your company or benefits brand and, after all, that is what we are all here to make happen.

“... we have see a sea-change in employer demands for precise and meaningful MIS in order to make every penny of benefits spend count. It’s no longer sufficient to talk about rules of thumb or to justify provision on the basis of employee benefits popularity polls. At an overall level, employers want to know how their spend compares against the past, against budget, against competitors etc and demand empirical evidence to show that employees use and value those benefits. At a segmented level, employers want to know which parts of their organisation are engaged and the

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IS YOUR VOLUNTARY BENEFIT SCHEME CUTTING IT?

This is just a small example of some of the information that Asperity's clients have access to. Analysis of this data and using it to tune the design of your scheme and its communications is the key to driving employee engagement and then employer value.

If your voluntary benefits programme doesn't have the range of offers we show here, the different types of access, the ability to serve your online workers and your offline workers and the ability to measure it all then give us a call at Asperity. We can help reinvigorate your employee comms, provide you with a new employee discount scheme and integrate childcare vouchers and cycle to work.

Call Nigel, Nick or Craig on 020 7229 0349 or email benefits@asperity.co.uk

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

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

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