

Helping your staff through the credit crunch

Everywhere you turn there is talk of the credit crisis continuous effects on consumers. Research suggests that four in ten of us fear that we will be hit by the credit crunch.¹ As a consequence of feeling the pinch we are beginning to reign in our spending and there is an increasing trend for looking to ways to save money and be smarter shoppers on both the High Street and online. This trend is supported by the increase in the number of sales through specialist discount sites offering discount codes and deals off major retailers and a number of these sites have reported an increase in sales of over £2m in the last few months alone²

With consumer confidence and morale down, Companies can play an important role in assisting their employees in 'riding out' the credit crunch through the introduction of a Voluntary employee discount scheme. Over recent years more and more employers, both large and small have recognized the importance of introducing voluntary benefits either as part of their overall reward strategy or as a standalone reward mechanism to their employees.

Voluntary employee discount schemes can provide companies with the opportunity to offer employee access to sizable discounts on a range of lifestyle, shopping & local brands that are of benefit in every day routine spending.

Many employers who previously offered their staff one or two good deals on specific brands have discovered that either the deals being offered are either not relevant or of interest to all employees or become dated and too difficult for an internal HR department to manage. Therefore, the offering of a wide portfolio of leading brands with substantial discounts which provides added value and savings to employees is becoming more and more a priority for companies when developing their benefits strategy.

"84% of companies planning a revamped benefits programme included discounted shopping and discounted retail vouchers as priorities for their new scheme³."

Choosing a provider

Implementing a voluntary employee benefits programme can be problematic for many SME employers who may not have the resources or the time to devote to sourcing and negotiating individual benefits. This should not though restrict these employers from implementing a programme, and many employers are turning to third party employee benefits providers who offer greater choices of benefits and who have larger purchasing power to fulfill their requirements.

¹ Which? Magazine Survey

² The Sunday Times article- April 27th 2008

³ Employee Rewards Watch 2006

A good Employee Benefits provider can take away the administrative burden from HR and co-ordinate the entire programme, from negotiating and managing the deals through to providing the mechanism to effectively communicate the deals to the employees.

When choosing a provider, companies need to ensure that their provider of choice offers a diverse range of quality retailers and local offers to appeal to all demographics, that a sizeable discount is being offered and that the deal is easy to take up.

Communication, Communication, Communication

Communicating benefits to employees is extremely crucial in determining the success or failure of a voluntary employee discount scheme. If employees do not understand what benefits are on offer or how to access them then the scheme will not work. Employees will not use a scheme that they do not know about and a poorly communicated benefits scheme can lead to de-motivated and apathetic employees.

Therefore the benefits need to be effectively communicated from the beginning. The rise in internet consumer purchases and general use has inevitably resulted in a decline in the popularity of traditional paper based discount schemes, and online discount portals offering a continuously updated portfolio of discounts is now regarded as the most effective way to communicate discounts to employees. However it is important to note that a mixed communication strategy combining both paper and online messages provides the most effective communication tool.

An online company branded scheme offering access to a large number of diverse discounts which is integrated into a company's existing intranet is becoming the most popular method of communicating voluntary benefits to employees.

The integration of voluntary benefits into the company's existing intranet increases the credibility of the benefits on offer and encourages everyday purchases and buy-in and forms an 'everyday user' of benefits. To encourage everyday purchases it is important for employers to offer a wide variety of deals that will appeal to both the majority of employees and also their family members. Deals that benefit employee's family members (e.g Travel Holidays or family days out) are extremely appreciated by employees and increase the potential to create loyalty and motivation to your company.

Through a successfully implemented Voluntary employee discount scheme that offers a wide choice of retailers, sizeable discounts and which is effectively communicated, employees have access to large savings courtesy of their employer. The employer in turn is able to provide a benefit offering that is highly desirable, with a low-cost but perceived higher value and which has the potential to create motivated and loyal employees, which in today's current 'credit crunch' climate is extremely important to both employee and employer.