



Edenred

# How Employee Savings can enhance motivation and engagement in the current economic climate:

*A guide for SMEs*

Next practice in rewards and benefits



## Foreword

In these tough times of economic recovery how do you reward employees and increase engagement when budgets may have been cut? In this paper, we explore how an employee savings scheme can engage and motivate employees without significant costs to the organisation.

It may be that organisations have a salary freeze or have had make cuts in the size of their workforce. It is therefore vitally important that those left behind, particularly if they are taking on extra work in smaller teams, are made to feel rewarded and valued by the organisation, in order to push the business forward through recession and into recovery.

Employee savings is a scheme that offers exclusive discounts and offers to employees. With a relatively low cost per head, it can be an excellent way of offering added value and maximising the spending power of the salary and benefits that they currently receive. There are many solutions on the market, including schemes specifically designed for SMEs. This paper discusses how you can select the right scheme for your organisation and ensure success and return on the investment that you make.

**Alistair Denton,**  
Managing Director (Employee Benefits)

## What can employee savings and discounts do for you?

Over the last year the UK has experienced a period of unprecedented change and this climate looks set to continue as the new coalition government sets out its plans to cut the country's deficit. During this period - and looking forward - employers and employees alike are keen to explore ways they can increase their spending power and make savings on day-to-day purchases.

Throughout the recession employees have looked for support from all angles when it comes to managing their personal finances. And with 18.3 million households in the UK - representing over 70% of the population - now with access to the internet, it's not surprising that one of the ways people have looked to save money is by searching for bargains online. Yet although the rise in online shopping has meant greater access to deals and discounts, it has become harder for employees to know which websites to trust to find the best deals.

Employee savings has quickly emerged as one of the most effective ways for employers to help their people manage their personal finances and make significant savings.

"Over the last few years the employee savings market has witnessed significant growth. More and more organisations are implementing these schemes to help employees make immediate savings on their purchases. The popularity of this product has grown with the market and is now, according to latest research, the third most valued benefit that an employer can offer its people," says Alistair Denton, managing director at Edenred (Employee Benefits).

### What is an Employee Savings scheme?

Employee savings schemes enable employees to benefit from substantial discounts at a large number of online and high street retailers and leisure facilities throughout the UK. Accessed through a secure web portal, employees can either receive vouchers for in-store savings or take advantage of a variety of online discounts. Savings can then be made when buying large products such as holidays and household items, as well as everyday purchases such as CDs, electrical products, fashion and magazine subscriptions.

"Many organisations, and in particular SMEs, regard an employee savings offering as a great way to start their workforce on the journey towards a full flexible benefits and total reward package. It really helps to engage people with the advantages of employee benefits because the savings are so easy to see and measure," says Nick Courtney, key accounts director at Edenred.

And at a time when it's difficult to offer employees a pay rise or core benefits, employee savings schemes can offer an easy and highly cost effective way for employers to give something extra to their people.

"Essentially it's a great way to motivate and enhance performance within the organisation; employers can be reassured they're helping their people save money," says Nick Courtney.

Typical savings which can be seen through an employee savings scheme include:

Save 5% on your supermarket spend (which can also include petrol savings) - if you spend on average £100 per week on supermarket shopping, over the course of a year you could see a saving of £260 by using discounted vouchers.

Save 10% on fashion - if you spend £300 per year (£25 per month) on fashion by using the online discounts and discounted vouchers you could save £30 a year.

Save 15% on your holiday - if your annual family holiday costs £1200, you could save £180 on this amount by using the online discounts through an employee savings scheme

The growth employee savings schemes have seen is highlighted in the latest Employee Benefits research (2010) where 27% of employers offer retail and/or leisure discounts as a voluntary benefit and a further 20% offer retail and/or leisure vouchers through this method. These figures have increased since the 2009 research where discounts were only offered by 23% of employers and vouchers by 17%.

### **MyWorkOffers from Edenred**

MyWorkOffers is an online employee benefits solution that was developed specifically for organisations employing less than 500 people. The platform provides employees with access to more than 200 offers and discounts - including savings on day-to-day shopping, lifestyle and entertainment purchases, days out and holidays at any one time.

“MyWorkOffers was designed in response to high demand,” explains Laura Czapiewski, childcare voucher product manager at Edenred. “Thousands of SME employees who use our childcare vouchers have had access to an online platform of offers for some time and many of these organisations asked us to find a cost effective way to extend this type of offering to all employees within their business. MyWorkOffers was the result and we are pleased to be able to offer a great benefits solution to the SME business owner.”

### **Commissioning an employee savings platform**

Within the employee savings market place there are a wide range of solutions on offer and therefore picking a supplier is no easy task.

To choose the best employee savings package for your organisation you first need to find out what your employees value. “An employee savings investment will only show a return if you provide access to discounts that the workforce really want. Ask your employees what will make them use the service and what sort of discounts they would like to receive. Only with this data to hand are you in a position to explore the various options available to you and select the package that’s most suitable for your business,” explains Alistair Denton.

# Key questions to ask an employee savings supplier

To ensure you select the 'right' partner to work with on your employee savings platform, there are a number of key questions to ask. The questions outlined below cover the most basic aspects of commissioning an employee savings platform and should be discussed with all potential suppliers.

## **1. How can you help with communication of the scheme?**

Communicating the scheme is vital to ensure employees understand the services and use it to their advantage. Poor communication can result in low take up and limited return on investment. Are there any support services, such as a telephone helpline, which can help communication and answer any queries employees have?

## **2. What offers are available to employees?**

It's the discounts on offer that will really drive up usage of an employee savings scheme. They need to be relevant to employees needs and good enough to keep the service alive. Also, remember to ask if they can exclude conflicting offers to products and services you offer as a business.

## **3. How can you show that people are using the system?**

Being able to see transparently the usage of the platform can help you recognise if the benefit is being used to its full potential. It also allows you to check that the discounts on offer are being used or whether they need to be developed or changed to encourage greater take up.

## **4. How can you effectively measure the impact of a scheme?**

Explore which measurement tools work and which don't work with your supplier and find out how they will measure the scheme. Checking the impact on launch and then again on a regular basis can help you design communications around the scheme and alter the discounts on offer ensuring employees - and the organisation as the customer - receives the greatest value for money.

“When selecting an employee savings solution you need to ensure it not only fits the needs of your employees, but also matches the culture of your organisation as a whole. Other issues to consider are how the platform should be customised, will it be company branded and will you include local offers, for example restaurants and bars that can prove extremely valuable and popular amongst your workforce,” adds Nick Courtney.

The impact of the employee savings platform on a company’s brand means it’s important to appreciate that any offer made available to employees is a reflection of your organisation.

“There are some suppliers that offer access to over one thousand retailers, but how can they ensure they’re all reputable?” asks Nick Courtney. “When it comes to selecting a supplier you need to ensure they can offer a reputable, safe and financially secure service. Whilst it’s not appropriate to criticise suppliers for having lots of offers, it’s more important to have confidence in what they are offering.”

## Getting employee savings off the ground

Historically, employee savings platforms have been regarded as an expensive and complicated employee benefit, which has made it an inaccessible and unappealing offer for many organisations. However, recent technological developments, for example, have made employee savings a much more attractive benefit solution.

Once you have decided to implement an employee savings scheme, the first step to getting it off the ground is to ensure it has an effective launch. As such, communication is critical for a successful programme.

“A long-term communication plan needs to be in place to ensure employees receive regular reminders about the scheme to ensure it’s at the front of their mind when they’re looking to purchase goods and services. Posters on notice boards and by coffee machines, as well as email bulletins or notices on company intranets can all be useful communications channels for the scheme,” suggests Mark Carman, communications services director at Edenred.

The launch of a new employee savings platform also offers employers an opportunity to re-communicate messages and information about other employee benefit offerings.

“Combining your employee savings communications with other key benefit messages is something which should be explored,” says Mark Carman. “By doing so you are able to reinforce benefits messaging which can help develop a trusted reward brand and improve engagement levels within the scheme,” he adds.

Some suppliers also use opt in emails as a valuable communications tool. They allow employees to select their benefit preferences which ensure only offers which are relevant to their needs and wants are communicated to them. “Opt in emails are especially useful if an organisation has a lot of employees with online access in the workplace, as it allows messages to be communicated to as many people and as quickly as possible,” highlights Mark Carman.

Keeping employees involved in the development of your employee savings platform - as well as other employee benefits offerings more generally - is another significant step that will get your scheme off the ground and ensure ongoing employee interest and take-up of your offers.

“Consider developing a short employee survey to regularly research what your people want from their employee savings platform and confirm whether any improvements could be made to ensure the system is as ‘user friendly’ as possible. By engaging employees in the scheme from the outset, you are not only ensuring the offer is understood and meets the needs of the workforce, but also supports take up of discounts and benefits,” says Alistair Denton.

## Moneyway takes advantage of employee savings

Moneyway is a small bank based in Solihull in the UK that helps people pay their bills and organise their finances. The company offers a range of products and services that help customers stretch their finances and make their budgets go further. The business employs 219 people, 70 percent of whom work full-time and 60 percent of whom are aged less than 30 years.

The main challenge for Moneyway is to maintain the positive employer brand that encourages people to want to work with Moneyway, rather than many of the other major employers in Solihull. With most employees receiving an average salary of £14,000, the business recognises it needs a strong and attractive rewards and benefits package that nurtures this positive culture and retains and engages talent within the business.

Employees at Moneyway currently receive a holiday allowance, as well as performance bonuses, through a core employee benefits scheme. However, budgetary pressures mean that the organisation is not able to extend this core offering. Therefore, the business has developed a strong voluntary and flexible benefits offering, through which the workforce has access to a range of employee savings.

Employee Savings has been a powerful tool, enabling Moneyway to offer benefits which will increase the overall spending power of their employees, without a significant cost to the organisation. Employees can benefit from discounts on some of the largest high street brands and online shopping portals, allowing them to save on everyday items such as weekly supermarket shopping, petrol, clothing and larger items such as holidays.

However, Moneyway needed to engage employees with the benefits on offer and drive take-up levels. They decided the way to do this was through technology and creativity. Rather than utilising the skill and experience of the HR team, consultants or line managers to expound their virtues of the benefits and savings on offer, they took a more ingenious approach and recruited FlexiBen – an animated character – to the business. The character was developed during a brainstorming session with the internal marketing and HR team and was quickly adopted as the friendly face of the benefits scheme, interacting openly with employees through social media channels, including Facebook and Twitter, as well as more traditional, offline media to ensure employees without online access were also engaged.

The reaction to FlexiBen within the business was exceptional. Employees behave as though he is real and, as such, within weeks of the launch a strong cross-section of the employee base was engaged with him. For example, FlexiBen is now “friends” with one third of the workforce on Facebook and takes this opportunity to keep employees updated on current discounts, vouchers and events and encourages individuals to have a conversation about benefits, as well as more general and social topics. FlexiBen has been brought to life with actual rubber figures that are given out as rewards and prizes. These have now become increasingly sought after within the business and the character has secured a “cult status” amongst employees.

The return on investment of this scheme can be measured through the low cost way in which it was implemented. The total budget for the FlexiBen communication initiative, for example, was just £200, which was allocated to the production of leaflets, business cards and setting up the website. Moneyway has experienced encouraging take up rates with nearly 20% of employees actively using the system since launch. This figure is expected to increase as communications around the benefits scheme continue to be distributed throughout the company.

## The future of employee savings

With the increasing rate of online shopping and more and more employees becoming financially aware, it's likely the employee savings market will continue to grow. And with this growth, price will inevitably become a more significant factor for organisations commissioning employee savings platforms.

"As with any benefits scheme, when the market expands the competition intensifies. With employee savings, the differentiating factor will be the price to the employer and the value the scheme offers employees. This therefore means suppliers will need to have volume in order to make their offer sustainable," says Alistair Denton.

Nick Courtney agrees and suggests the future of employee savings will be strengthened as platforms increasingly mirror consumer online shopping portals. "Now the majority of the population has internet access and many people use online shopping on a regular basis, it should be relatively simple to ensure employee savings platforms match buyer habits. There are already a number of lessons the industry can learn, including reducing the number of 'clicks' to make transactions as smooth as possible," he says.

It's also likely the provision of employee savings and individuals' attitudes towards it will change. "Initially we will see more companies linking employee savings to their general reward and benefits platform, ensuring savings schemes are no longer seen as a bolt on but a valuable part of the employee benefits proposition," says Edenred's Courtney.

"We will see more organisations using their corporate branding on employee savings platforms thus giving their users confidence in the discounts on offer," adds Alistair Denton.

## References

- National Statistics Omnibus Survey (2009)
- GfK NOP Research for Rewards & Benefits Today (2009)



# Edenred

## About Edenred

We help organisations engage and motivate people to achieve enhanced performance

Our unique and unrivalled total reward solutions:

**Employee benefits solutions** that encompass the management of your flexible and voluntary benefits, employee discounts and salary sacrifice schemes, that can be deployed to drive engagement at a company-wide level or focused around specific segments of your workforce.

**Incentives and rewards solutions** that can motivate, create behavioural change and improve performance, centred around the widest choice of reward platforms and mechanisms and that offer the recipient the widest choice of redemption options.

**Expense management solutions** that help streamline and simplify your routine payment processes, reducing administrative burden, saving money and helping make life easier for everyone.

**Communication services** that ensure your investment in incentives, rewards and employee benefits are understood, valued and appreciated, delivering maximum returns for your business.

This offering is available to our clients as a fully integrated solution or as individual products that meet a specific need or requirement, either at a local, national or international level.

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