

Are gift cards good incentives?

Here's what behavioural science says.

Like beauty, the value of an incentive is in the eye of the beholder. Right? Actually, while individual preferences and cultural norms do have an influence, there are also some seemingly universal human aspects to what motivates us and makes us feel good. With that in mind, are gift cards good incentives? Behavioural science can help us answer the question.

Stephanie Bank, a behavioural economist at Evree, offers some insight. She wrote a Globe and Mail article about the [best gifts](#) that compared cash, gift cards, gifts the recipient asked for, and gifts of the giver's choosing. Her findings had more to do with helping last-minute Christmas shoppers than incentive marketers, but I think there's a lot we can learn from her piece, too. Here are four gift options, ranked by her from worst to best.

An incentive picked for you. This gift option gets the lowest marks from Stephanie. Interestingly, psychologists have shown that gift givers think this is the best option, as it demonstrates forethought and caring. Receivers, however, want the opposite: a gift they chose themselves.

A cash incentive. Cash is better than a gift that's picked for you, but it's still not great. A cash gift, Stephanie points out, makes us feel "the pain of paying": the guilt we feel when we open up our wallets, take out some money, hand it over to a stranger, and close a now-thinner wallet, particularly when we're buying something we want, not something we need. Since very few of us are going to spend gift money on the grocery bill, pay-pain is inevitable. (Even if we do spend our gift money on food, we won't associate any good feelings with the items we bought—unless we're the type to get warm fuzzies from broccoli.)

A gift card incentive. If you can't give someone exactly what they asked for—something that's easier for holiday gift-givers than motivational marketers—the gift card is the best option. That's because, according to behavioural scientists, we get the most pleasure from something when we can separate payment from enjoyment. As Stephanie explains, it's why we feel good when we pay with a credit card—we're enjoying the thing we bought long before the bill comes in—or when we sidle on up to the bar at an all-inclusive resort.

A savvy marketer will know their buyer persona's preferences and can maximize the effectiveness of a gift card incentive by tailoring the cards to the persona.