2018 BUSINESS GIFT SATISFACTION REPORT: EMPLOYEE GIFTING SUPPLEMENT

KNACK MODERN GIFT GIVING
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Welcome to the 2018 Knack Business Gifting Satisfaction Report:
Employee Gifting Supplement

Employee gifting can play an important role in employee retention in a tight labor market. That's why US businesses will spend upwards of $40B in employee gifting this year.

As we began searching for tangible data that would help us better serve our business customers, we found that while many organizations collect data about what business gifters intend to give or spend, there was a dearth of information about the impact of that spending. In other words, what do the recipients of all those corporate gifts really think, and how does that affect their behavior?

To fill this void, we engaged a third-party research firm to gather data. We surveyed 500 people across the U.S. who work full-time and had received a gift from a business partner or employer in the past year. We learned a lot about how gifting can support business growth, what to give and how much to spend, and how these statistics vary across the U.S.

The first part of our report released in December 2017 covered findings related to corporate gifting to customers, clients and partners. I am pleased to share the second half of our findings in this Employee Gifting Supplement, which covers the impact of employee gifting on attitudes, behaviors, and retention.

Sincerely,

Laura Jennings
CEO & Founder
A majority of the respondents in the 2018 survey reported that their employers use gifting as a retention and reward tool and that they themselves had received a gift. Our survey found that these efforts result in an employee feeling an increased positive opinion of their employer, a higher degree of connection to their employer and a desire to be more loyal to their employer.

Our study also identified clear opportunities to deepen the impact of employee gifting, given that 40% of respondents reported being less than “very satisfied” with their gift and 52% referred to their last gift as not “very memorable.”

The key finding is that the more memorable and personal the gift is, the more appreciated and connected the employee feels to the giver. Employees who received gifts they characterized as memorable and personal were 38% more likely to report feeling connected to their employer and 45% felt that the gift made them want to work at the company longer.

Read on for more details and conclusions.

**KNACK’S TOP EMPLOYEE GIFT SATISFACTION STATS**

- **YOU GOT THIS**
  - 81% of employees feel appreciated when they get gifts from employers

- **51%**
  - who received a “very memorable” gift said they felt more connected to their employers

- **CASH IS KING**
  - 88% of employees state that gift cards are their top choice

- **ONLY 26%**
  - of employees prefer a company-branded gift

- **GRATITUDE IN ACTION**
  - 88% of employees received a gift from their employer

- **28%**
  - of employees report receiving a personal note from the giver accompanying their gift

- **GET THE MESSAGE**
  - Employees who received memorable gifts are 70% more likely to report feeling more connected to their employer.

- **MAKE IT MORE PERSONAL**
  - 23% of employees said they received a gift that was not relevant to them

- **1-IN-4**
  - employees state they’ve received gifts they did not like but felt guilty tossing out

- **THE MAJORITY**
  - 26% of employees think that business milestone gifts should be twice the value of annual holiday gifts

- **MISSING OPPORTUNITY**
  - employees who received gifts they did not like but felt guilty tossing out

- **THE MAJORITY**
  - 26% of employees think that business milestone gifts should be twice the value of annual holiday gifts
WHY GIFTING IS IMPORTANT
(and so good for business)
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(and so good for business)

While most companies (88%) are using gifting as an employee recognition and retention tool, many miss opportunities to create deeper employee-employer relationships.

The good news: gifting plays an important role in employee connectedness, loyalty, and retention.
- 81% of employees feel appreciated when they receive gifts from employers
- 56% feel recognized for doing a good job
- 41% indicate that gifts positively influence their opinion of their employer

However, many employers are missing the gift giving bullseye, creating opportunities to be far more deliberate in their gifting:
- 40% of employees were not “very satisfied” with their gift
- Only 37% report feeling more connected to the company as a result of their gift
- Only 36% feel more loyal to their employer as a result of their gift
- 31% said they had received a gift from an employer that seemed cheap and made them feel unappreciated
- More than 1 in 4 (29%) employees said that they had received gifts they did not like but felt guilty tossing out
- Another 23% said they received a gift that was not relevant to them

This data was highly correlated to the type of gift received: more than half (52%) of the people surveyed did not consider the last gift they got from their company “very memorable.” And yet, attentive companies should aspire to send “very memorable” gifts; it’s the feature most highly correlated with recipients reporting positive impressions of their employer as a result of their gift.

In fact, employees who reported receiving “very memorable” gifts were:
- 10% more likely to state that they feel appreciated
- 16% more likely to feel they had done a good job
- 45% more likely to report feeling more loyal and more likely to work longer for the company
- 70% more likely to report feeling more connected to their employer

The report also found that junior staff generally found their employee gifts less satisfying or memorable than did the C-Level, Director and Manager staff. Selecting memorable gifts for junior staff can go a long way toward improving satisfaction and loyalty as entry level talent works up the ranks of your organization.
WHAT MAKES A GIFT MEMORABLE?
(Hint: It doesn’t cost money)
**WHAT MAKES A GIFT MEMORABLE?**

(Hint: It doesn’t cost money)

Hands down, one of the biggest insights from our survey was that there are easily achievable opportunities for companies looking to improve their employee gifting strategies.

- 17% of employees felt the last gift they got from their company was truly unique
- Only 7% said the gift included an interesting story they will remember
- Only 28% of gifts had a personal message written just for the recipient

Note that none of these three opportunities for improvement add significant cost to an employer’s employee gifting program, but the actions can be quite meaningful to the gift recipients.

Among employees who received “very memorable” gifts:
- 32% said the gift was clearly chosen for them
- 43% said their gift had a personal message just for them
- 32% said the gift was truly unique

When asked about the attributes that made their gifts from an employer “very memorable” recipients specifically noted:

1. A truly unique gift item, chosen just for them
2. A personal message written just for the recipient

The impact of a simple personalized note is worth emphasizing: overall, over 70% of all employee gift recipients don’t remember their gift including a personalized note. Taking the time to write individual notes (even if you’re giving identical items) is absolutely the easiest and most cost effective way to maximize the impact of your gift.

Wondering how to avoid a gift memorability misstep? Among those employees who did not find their gift very memorable, 44% said the gift included a company logo. While branded gifts will always be a popular choice, companies can make a big impression on more people by giving non-branded gifts that have personal meaning for the recipient.
GIFTS WITH LOGOS
(Put Yourself In Their (Non-Branded) Shoes)
GIFTS WITH LOGOS
(Put Yourself In Their (Non-Branded) Shoes)

Branded t-shirts, hats, tote bags and more are an enormous business – we’ve all received this type of “swag.” Swag isn’t a gift – it’s a reminder to think of the company during your normal routines, which is why it comes out of the marketing department. And, like all marketing, it can sometimes be very effective.

There’s a time and place for giving logoed items to employees, including recruiting, new employee welcome packages, corporate events and company meetings. If you’re going to give them, though, know that these items aren’t considered “gifts” in the traditional sense of the word: a thing given willingly to someone without payment. Items with logos are a form of advertising and your employees understand this.

While business partners and clients were clear that they found logoed items less than desirable, it’s a slightly more nuanced situation on the employee gifting side when the logo is from their own company. Here’s what respondents had to say about branded gift items:

<table>
<thead>
<tr>
<th>When I get a branded gift, I feel...</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Content but indifferent</td>
<td>40%</td>
</tr>
<tr>
<td>Proud—I love wearing my company’s logo</td>
<td>28%</td>
</tr>
<tr>
<td>Meh—maybe I’ll keep it, maybe I’ll regift it</td>
<td>25%</td>
</tr>
<tr>
<td>Disgusted—I’m more than my company</td>
<td>4%</td>
</tr>
<tr>
<td>Disappointed—I’ll just throw it out</td>
<td>3%</td>
</tr>
</tbody>
</table>
In addition, we found that:

- Gifts of logoed items are more than 60% less likely to be considered memorable than non-logoed gifts.
- Women are less likely to approve of gift items with logos, with only 21% characterizing them as desirable or very desirable, vs. 31% for male employees.
- Age is also a factor: only 21% of employees over 40 characterize logoed items as desirable or very desirable, vs. 36% for employees under 40.

Unfortunately, items with company logos on them are often “regifted.” Here’s what employees say about keeping gifts that feature their company’s logo:

```
<table>
<thead>
<tr>
<th>I’ll keep a company branded item if...</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like the item itself</td>
</tr>
<tr>
<td>I feel close to the company</td>
</tr>
<tr>
<td>The company is cool</td>
</tr>
<tr>
<td>The logo is cool</td>
</tr>
</tbody>
</table>
```

So it boils down to the quality of the item itself: if the item is unique, attractive, or useful, just over one-third of employees will keep it. But a generic or poorly-made item that doesn’t clear that hurdle won’t be saved from the dustbin by the presence of your company logo, no matter how cool it is.
GIFT CARDS, YES OR NO?
(Pros and Cons)
GIFT CARDS, YES OR NO?
(Pros and Cons)

While gift cards came in second in desirability for customer, client and partner gifting, cash still reigns supreme in employee gifting. When receiving gifts from their employers almost all employees (88%) prefer gift cards, and 76% prefer unique and useful items.

<table>
<thead>
<tr>
<th>Employee Gift Preferences</th>
<th>%</th>
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<tbody>
<tr>
<td>Generic gift cards</td>
<td>88%</td>
</tr>
<tr>
<td>Unique &amp; useful items</td>
<td>76%</td>
</tr>
<tr>
<td>Food</td>
<td>50%</td>
</tr>
<tr>
<td>Wine</td>
<td>43%</td>
</tr>
<tr>
<td>Gifts personalized with initials or a name</td>
<td>40%</td>
</tr>
<tr>
<td>Gifts that give back</td>
<td>40%</td>
</tr>
<tr>
<td>Spa products</td>
<td>36%</td>
</tr>
<tr>
<td>Company branded gifts of any sort</td>
<td>26%</td>
</tr>
<tr>
<td>Flowers</td>
<td>18%</td>
</tr>
</tbody>
</table>

Gift cards are especially popular among employees over 40, with 91% rating gift cards as one of their top two choices, vs. 78% for employees under 40.

And women are slightly more likely than men to find gift cards desirable, with 91% of women and 84% of men rating gift cards as a top 2 choice.

However, the positive impact of gift cards appears to be somewhat fleeting, with only 23% of C-level employees reporting gift cards as a gift they will remember, up to a high of just 37% for junior-level staff.
HOW MUCH TO SPEND

($75 is your sweet spot)
Across the country, people expect employers to spend around $75 on most employee gifts, with little variation by region. Employees expect their employers to spend the least on birthday gifts — $50 or less — and the most on gifts celebrating important business milestones: $150 on average.

### Employee expectations for gift spending

<table>
<thead>
<tr>
<th>Event</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Promotions</td>
<td>$75</td>
</tr>
<tr>
<td>Work Anniversary</td>
<td>$75</td>
</tr>
<tr>
<td>Birthday</td>
<td>$50 or under</td>
</tr>
<tr>
<td>Milestone</td>
<td>$150</td>
</tr>
<tr>
<td>Holiday</td>
<td>$75</td>
</tr>
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WHAT TO SAY
(Always leave a note!)
WHAT TO SAY
(Always leave a note!)

The gift message can sometimes trip people up. But it doesn’t need to, if you follow these three guidelines:

1) Address each recipient by name
2) Simply express your thanks
3) Explain why you’re giving them this gift

This third point is your opportunity to use the gift to reinforce your company’s brand values. For example, if your company prides itself on its sustainable sourcing methods, your gift message might highlight the sustainability of the item you’re giving. Or, if your company is a family-run business, you might talk about how your gift supports families. Even if you’re just gifting your employees something you think is a great item, share your enthusiasm and the thought behind your selection. There’s nothing more flattering than being given a gift that’s someone’s “favorite,” especially if the gifter is the CEO of the company.

A universal truth is that the gifts people remember are the ones that have stories. Don’t miss this opportunity to tell yours. It doesn’t need to be long, and it will pay a multitude of dividends.

**Examples of thoughtful gift messages:**

**THE ACME TEAM**

Dear Carl,

We’re so glad to congratulate you on reaching 5 years with Acme. Know that your hard work has most definitely been noticed! We see you emerging as a smart decision maker and a steady mentor to your direct reports, and you’ve set a terrific example for other teams. We appreciate your years with us and look forward to many more.

The Acme Team

**THE FUNSTR GROUP**

Dear Dina & Jake

Thank you for all your dedication and impeccable work this year. Your upbeat personality and leadership skills on your team have made you a true asset to the company, and we look forward to seeing big things from your projects in 2018. Please enjoy some well-earned downtime with this gift!

The Funster Group
CASE STUDIES

(Gift-Giving Successes)
CASE STUDY #1
(Gift-Giving Successes)

How a gift with a story helped one company stand out:

An organization in the Pacific Northwest wanted to send gifts to a select group of colleagues and friends to show their gratitude for a supportive year. We helped them choose items from small, women-owned businesses that support philanthropy and sustainability, in line with our client’s mission.

The gift messages to their recipients shared the story behind each gift item and explained how the products aligned with the organization’s values. They emphasized how each product represented an essential facet of the business, and how the gift, as a whole, reflected the relationship between the company and each recipient. It was a celebration of independent, women-led businesses, sustainable craftsmanship, and fruitful collaboration that resulted in a beautiful and meaningful gift.
CASE STUDY #2
(Gift-Giving Successes)

This firm made showstopping employee gifts even more memorable with personal messages:

A wealth management firm contacted us in search of showstopping, high-end gifts to thank their employees for a successful year. Since they wanted to give something unique to several dozen employees, we helped our contact at the firm create 4 distinctive gift styles that featured products the recipients would truly cherish—each and every one fit our “give unique and useful gifts” motto.

The products weren’t the only thing that made these gifts special. The company had the gifts shipped to their office across the country, where they personally distributed them to each recipient. Most importantly, each gift contained a completely customized (and often bilingual) message for the employee thanking them for their hard work and the value they added to the company, and encouraging them to enjoy the holidays—it was the final thoughtful detail on an exceptionally meaningful gift.

GIFT #1

GIFT #2

GIFT #3

GIFT #4
CASE STUDY #3
(Gift-Giving Successes)

Special requests are our specialty—these executive gifts are one of a kind:

A business manager from a Northwest tech company approached us with a special request: could we add an additional item to the gifts she’d created for an executive retreat? Absolutely—customization is our specialty, after all.

The business manager assembled a gift of artisanal products, some of which are only available through Knack, like Meg Maggie Margaret’s assorted caramels. She paired them with a bottle of fine Washington wine, a handblown stemless wine glass from DECICIO Artisan Glass, a stylish corkscrew, and a few snacks like gourmet popcorn and cocktail peanuts. The finishing touch—that special request—was a book chosen for the retreat. Each recipient received a copy of Grit: The Power of Passion and Perseverance by Angela Duckworth for use at the meeting (no word on whether the wine was enjoyed simultaneously!).

Assembly and delivery couldn’t have been simpler. The business manager sent us the books to be packed, and we shipped the completed gifts directly to the lodge where the meeting was held. Sixteen gifts (including a specially-customized one for the General Manager) were distributed to the participants, who enjoyed a successful, productive strategy meeting.
CONCLUSIONS
(Employee Gifting Pays Off)

Gifting to employees at inflection points – significant anniversaries, business milestones and personal events such as holidays and birthdays — has become an expected part of the employer-employee relationship.

There are clear and inexpensive opportunities for employers to maximize the value of their employee gifting program through:

1) Including a personal note to each recipient
2) Choosing memorable gift items that supports the company’s brand values
3) Avoiding the temptation to make the gift an advertising opportunity

Employee gifting pays dividends in the form of increased positive opinions, a higher degree of connection and a desire to be more loyal to their employer. Developing a robust and thoughtful employee gifting strategy is an important (and often, cost-effective) way for businesses to increase employee retention and satisfaction, and reinforce company values.
Knack is a premier gift-giving website. We cater to discerning businesses who want to send unforgettable gift boxes to clients and employees.

KNACKSHOPS.COM
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