

Choosing the Right Client Gift

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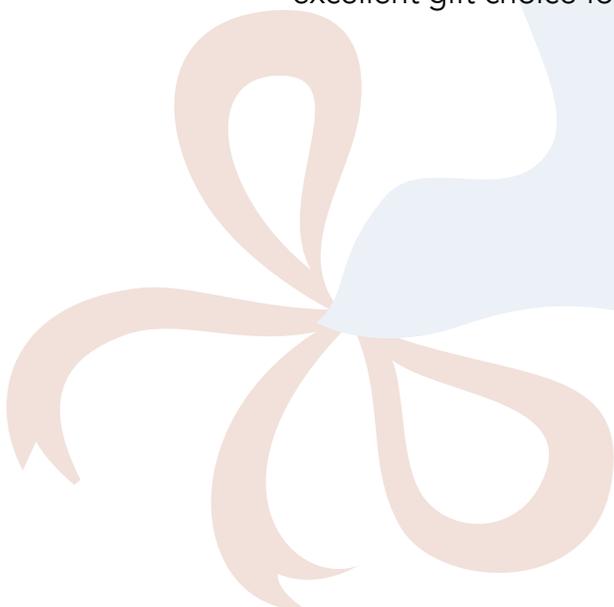


Introduction

Giving a gift to a significant client is a strategy that's been around for a very long time. The reasons to give are many, but principally there is an assumption that staying in touch with clients by offering a gift recognizes their importance to your practice and to you as a professional.

Recent research into the science of giving shows that giving a gift can be more than just a good idea. Gift-giving can actually change the chemistry in the giver's brain, flooding them with positive feelings and increasing their connection to you and your practice. Moreover, offering a "gift of giving" to your clients – specifically a charity gift card -- allows them to more fully experience the wellbeing benefits of charitable giving. Your gift can have a powerful effect on you, your client, and the charities which ultimately receive the money.

This white paper draws on a variety of research and sources to show that gift-giving can be a highly valuable and productive investment in your business, resulting in deeper and more meaningful connections with your key clients. Specifically, we'll demonstrate why a charity gift card is an excellent gift choice for Financial Advisors to give to their clients.



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What is a charity gift card?



A charity gift card works very much like a conventional gift card (to a restaurant or an electronics store, for example) with one big exception: Rather than using the card to purchase stuff in a store, the recipient of a charity gift card “spends” the card by directing the funds on the card to one or more charities of the recipient’s choosing. The gift card recipient gets to choose the cause that is important to them, as opposed to simply being notified of a contribution made to a charity in their behalf. A charity gift card engages the recipient in a uniquely positive way.



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Gift-giving challenges for Financial Advisors

Common sense tells us that giving a nice gift to a loyal client is a good idea. Financial Advisors desire to express appreciation for their clients' patronage, and while a simple greeting card may accomplish that, oftentimes a more substantial gift seems to be required. Businesspeople of all stripes tend to think that perhaps just the right gift will help deepen an existing business relationship and build upon connections that have been developed for months and even years. Perhaps a well-timed, well thought out gift will help to sow seeds of goodwill and make a good working relationship even better. Now a growing body of research appears to validate that premise.

Yet gift-giving by Financial Advisors has its unique challenges. To be truly effective a gift needs to be meaningful to the recipient. This is made somewhat more difficult if your client has substantial economic means. What kind of a gift could be considered 'meaningful' to a person who has the financial wherewithal to buy whatever he or she may want? If you manage a \$30 million portfolio for a client, does a fine dining gift card make an impact? A basket of fruit?

Hopefully, the gift you choose is appealing and perhaps even surprising for the recipient. Yet that's not always possible to accomplish. It's

“To be truly effective a gift needs to be meaningful to the recipient”

difficult to give a truly custom gift to 100 different people. How much staff time can you allocate to finding that perfect gift?

A gift should not be ostentatious or 'over the top.' As a Financial Advisor, your relationship with your clients is a special one. You are privy to personal information no other professional services provider may know. The impression your gift leaves is important. A gift too grand or costly can easily be interpreted as tacky and inappropriate. At the opposite end of the spectrum, of course, is a gift that's simply too small. At what point does modest slide into cheap?

Gift-giving challenges for Financial Advisors

There are even risks attached to specific kinds of gifts for certain people: who on your list might be allergic to nuts? Who should not receive a bottle of wine because of an unknown problem? Does your database contain all of the information you should know?

And of course there are matters of compliance. Does your gift exceed the de minimus guideline?

These are some of the reasons why a gift of charity – and specifically a charity gift card – can be an excellent choice for any of your advisees. A charity gift card meets all of the requirements listed above. The vast majority of your clients already give to charitable causes, so finding a cause they can be enthusiastic about will naturally make a charity gift card a meaningful gift. It's a gift that you can give to any of your clients, whether their AUM is modest or colossal. A charity gift card also shines a positive light on your firm. It shows that you value "giving back" to the community and you value your client's participation.



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The case for business gift-giving

First, let's examine the benefits of business gift-giving. In Beltramini's (1992) study of the effectiveness of business gifts, results showed that giving a business gift can lead to a recipient's perceived sense of obligation to return the favor. Returning the favor, in the instance of a financial advisor relationship, could certainly mean extending the existing client/advisor relationship – a desirable objective.

Beltramini showed that the relative value of the gift contributed only slightly to the likelihood of reciprocity. Gifts of larger value showed only a small increase in the recipient's response. Smaller gifts appeared to stimulate a nearly equal level of reciprocity.

Beltramini's work pointed out important conditions under which gift-giving effectiveness is enhanced:

1. The gift should be deliberately sent to each recipient
2. The recipient should be surprised to receive an unexpected gift of some value
3. The gift should not be overly luxurious or extravagant
4. The gift should be a subtle, rather than a transparent or manipulative expression of reciprocal expectation

Beltramini's study substantiates the commonly held belief that giving a gift to a client is a good business decision.

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Why a “gift of giving” makes your client feel so good

Receiving a gift is generally a pleasant thing. But recent research indicates that if you want to generate truly positive sensations, you are better off giving than receiving. A 2008 study by Harvard Business School professor Michael Norton and colleagues found that giving money to someone else lifted participants' happiness more than spending it on themselves. (*Norton's related TED talk, found at (http://www.ted.com/talks/michael_norton_how_to_buy_happiness) speaks directly to this issue of “buying happiness.” I encourage you to watch it.)*

In a 2006 study, Jorge Moll and colleagues at the National Institutes of Health found that giving to charities activates regions in the brain that are associated with trust, pleasure and social connection, which combined create a ‘warm glow’ feeling. There is a growing body of research that indicates that altruistic behavior releases endorphins in the brain, which produce a positive feeling known as the “helper’s high.”

In related research, giving has been linked to the release of oxytocin, a hormone that induces feelings of euphoria and warmth toward others. Wouldn't it be terrific to give a business gift to a client that would instill feelings of euphoria and warmth?

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How TisBest Charity Gift Cards create the “warm glow”

Giving a charity gift card allows your clients to experience the wellbeing benefits of giving. A charity gift card enables you (the Financial Advisor) to make the charitable donation, but your gift recipient (your client) gets to select which charities receive the funds. By giving a charity gift card, you essentially put your client in the position of giver. When your clients decide which charities receive the funds you donated, they engage in the giving process. They'll feel the “warm glow” effect produced by giving, and by extension, they'll feel good about you and your firm.

Let's compare giving a Starbucks card to a TisBest Charity Gift Card. Suppose you give your client a \$30 Starbucks card. Your client will possibly use the card at some time, and they may even remember that it was given by you. It's not a unique gift, and it may or may not be perceived as a gift that was particularly well thought out. Now suppose you give your client a TisBest Charity Gift Card, also for \$30. You send it in the mail, attached to a handsome greeting card. Your client will see your logo on the card (or perhaps a photo of your team) and instantly recognize it as a gift from your office. After reading the very simple instructions, they will go to the TisBest website and scroll through a list of charity categories, eventually finding the one that is most appealing to them. They will then select one, two or three charities to receive the funds on the card. Simple. Satisfying. And quite possibly, very meaningful.

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Feedback from the TisBest platform

We know from seven years of empirical data that clients enjoy receiving TisBest Charity Gift Cards from their Financial Advisors. During the charity gift card redemption process, TisBest prompts the gift recipient to send a note back to the giver. TisBest's internal research indicates that on average, 32% of a financial advisor's charity gift card recipients will take the time to send a note back to the giver at the time of redemption. That feedback is invariably highly positive, and the advisors themselves have indicated in surveys that such feedback plays a significant role in their decision to use TisBest cards the following year. Client feedback data is accessible to FAs through the TisBest platform or by requesting a report from the TisBest Customer Success Team.

Ask yourself an important question: When was the last time 30% of your gift recipients took the time to write a personal note of thanks for your gift, and shared with you why they found it meaningful?



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What about compliance?

Author and consultant Les Abromovitz writes extensively about compliance issues relative to Registered Investment Advisors (RIAs) and Financial Advisors. He recommends that any gift should be of de minimis value, and further asserts that any gift of \$100 or less meets that threshold. Remember that with a charity gift card, there is no actual value that accrues to the recipient. The only way a recipient can “spend” a charity gift card is by directing the funds on the card to one or more charitable organizations on the TisBest list of charities. Consequently, a charity gift card can be considered a safe gift to give and receive. Scores of CCOs have agreed.

However, Abromovitz does caution against establishing any kind of formal rewards program for referrals, unless the referring party is registered as an investment advisor representative. He states that formalizing a referral program and creating an expectation of reward for referrals may inadvertently create a solicitor relationship for the referring party.



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About TisBest Charity Gift Cards

TisBest Philanthropy pioneered the customizable charity gift card concept in 2007. Since that time the organization has given millions of dollars to hundreds of nonprofits. The cards are available in plastic, in email format, and as print-on-your-printer cards. There are no minimum quantities and adding a custom image to your gift card is free. Most orders ship in one or two business days.

Charities do not pay fees to participate in the program. All participating charities are U.S. 501(c)(3) nonprofit organizations and are reviewed annually by TisBest. TisBest is itself a 501(c)(3). To read reviews of TisBest, we encourage you to visit GreatNonProfits.org.



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