Incentive Research Foundation

INDUSTRY OUTLOOK FOR 2026: MERCHANDISE, GIFT CARDS AND EVENT GIFTING

Introduction

The 2026 outlook for non-cash rewards is marked by a mix of optimism and emerging challenges across North America and Europe. Economic and financial confidence among organizations is high, with over 90% of respondents in both regions expressing a positive outlook for the year ahead. However, this optimism is tempered by flat budgets, increasing costs, competing priorities, and shifts in spending patterns.

While European companies continue to increase their average per-person spend on non-cash rewards, North American organizations have seen a second consecutive year of decline. Despite increases in the average value of individual gift card and merchandise rewards, total event gifting spend per person has decreased significantly in both regions. This suggests that organizations may be focusing on fewer, higher-value rewards or adjusting participation levels.

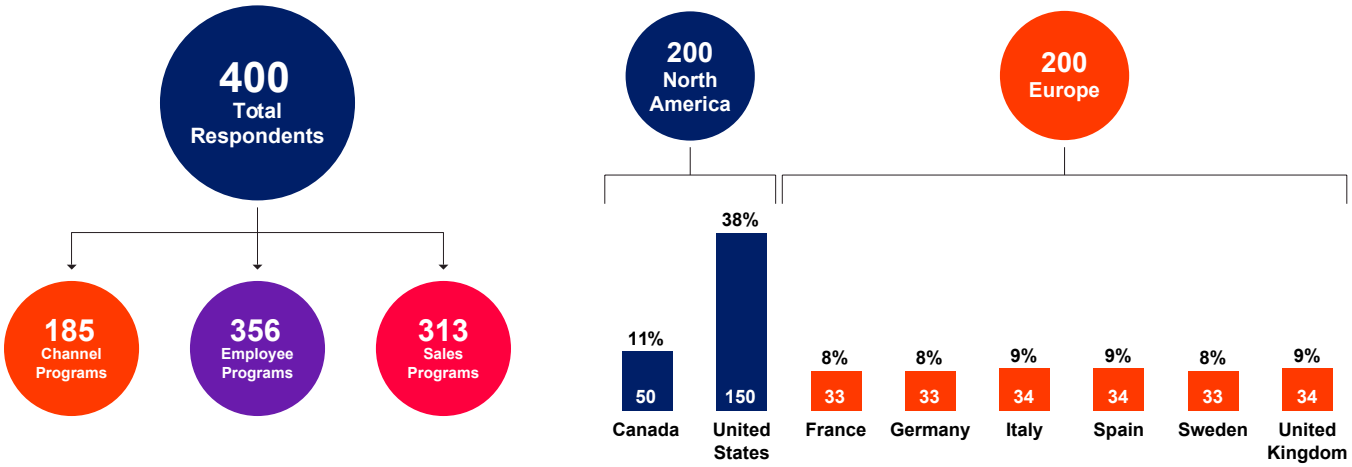
Research Methodology & Respondent Profile

During the months of August and September, the IRF collected 400 responses to the *2026 Industry Outlook* survey. Each respondent was a full-time industry professional who provides or manages gift card and/or merchandise incentive programs as part of a non-cash reward and recognition strategy, indicating comprehensive knowledge of program details, including spending.

Responses were split evenly amongst North America and Europe, targeting a variety of industries in Canada, the United States, France, Germany, Italy, Spain, Sweden, and the United Kingdom. Of the 400 organizations represented, 356 offered employee rewards and recognition programs, 313 offered sales incentive programs, and 185 provided channel rewards programs.

This year, respondents were predominantly (93%) corporate entities that manage their own rewards programs for employees, salesforces, and/or channel partners. Only 7% of respondents identified as third-party providers of merchandise, gift cards, or incentive travel programs, down from 21% in the previous year. The sample also reflects a more balanced revenue distribution, with increased representation from organizations generating over $100 million in revenue. While these revenue differences resulted in modestly higher reported financial figures, analyses within specific segments indicate that these profile changes have minimal impact on overall results. Collective trends remain consistent and broadly applicable, though caution is applied where third-party results differ significantly from prior years due to the smaller sample size.

Respondent Profile

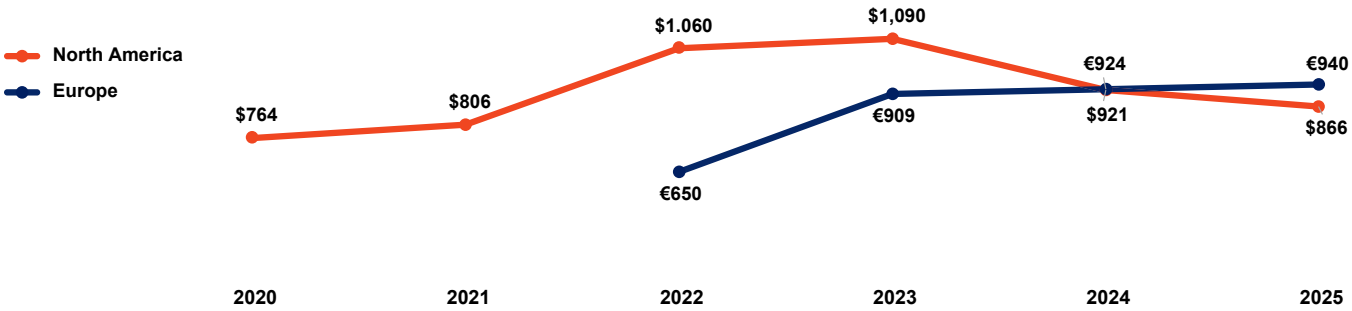


Key Findings

Economic Optimism Drives Expansion

Organizations across North America and Europe are entering 2026 with rising economic confidence, reflecting consistent upward trends in recent years. In relation, just over 70% of North American programs and 60% of European programs anticipate budget increases for their non-cash rewards and recognition programs. The effects of inflation are not overlooked, as the majority of these budget increases are expected to align with the rate of inflation. Nonetheless, 65% of North American programs and half of European programs expect the number of participants receiving a non-cash incentive to grow in 2026. Combined with a slight decline in per-person expenditures in North America (from $921 to $866) and only a moderate increase in Europe (from €924 to €940), these patterns indicate a commitment to extending the reach of rewards and recognition programs while managing spending levels carefully. In short, incentive planners will be expected to do more with less.

Figure 1: Non-Cash Rewards & Recognition Per-Person

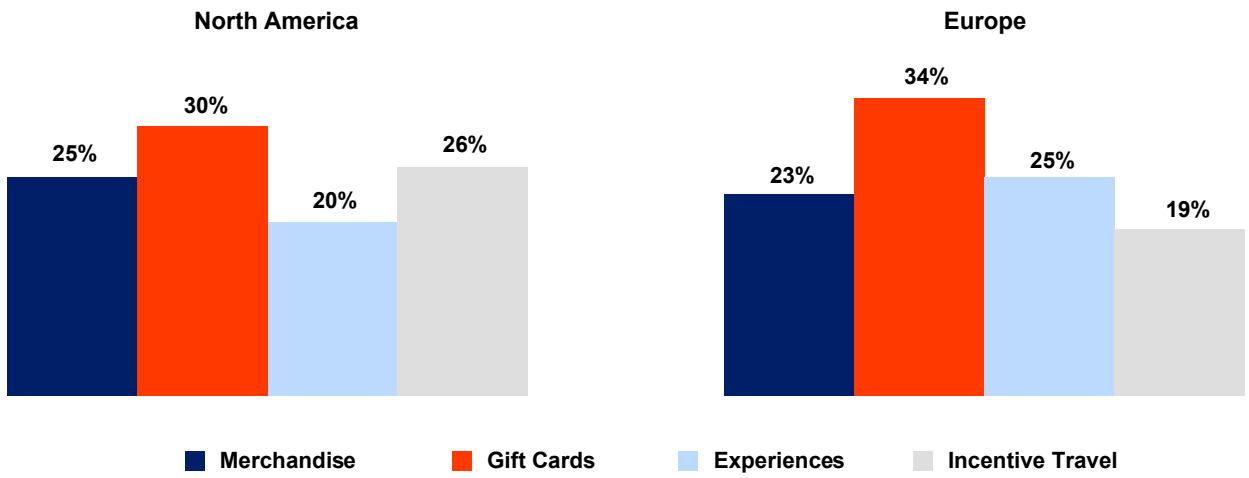


Q18: On average, what is the annual per-person spend on non-cash rewards, including merchandise and gift cards for your [channel/ employee/sales] program?

Gift Card Use Remains a Program Staple

Gift cards continue to be the most widely used reward across North America and Europe, accounting for 30% and 34% of program allocations, respectively. This popularity is expected to continue into 2026. Nearly 70% of North American organizations and just under 60% of European organizations anticipate a moderate or significant increase in gift card use in the coming year, reflecting the reward's enduring appeal and flexibility.

Figure 2: Rewards Allocation



Q17: What percentage of your [channel/employee/sales] reward programs is contributed to each of the following categories?

The sustained popularity of gift cards is driven by brand-specific options, which maintain steady use by 80% of North American programs and 68% of European programs. While open-loop cards (a prepaid card like Visa, Mastercard) have declined in prominence (down 17% in North America and 16% in Europe), gift card vouchers contribute to the versatility of this reward type. They remain especially popular in Europe, used by 68% of programs, and have grown by 7% in North America. Together, these variations demonstrate the adaptability of gift cards across markets and reinforce their long-term role in reward and recognition strategies.

Gift card spending continues to rise globally. Driven primarily by third-party programs in North America, the average denomination has increased to $193 across all program types. In Europe, average denominations remain relatively stable at €189. However, combined with the expected increase in overall usage, total gift card spend is projected to climb in 2026 as organizations continue to invest in rewards that balance simplicity, choice, and value for participants.

Use of dining gift cards (54%) surpassed online-only retailers (50%) which had been the most used branded gift card type by North American respondents for several years. Gift cards for clothing and apparel (48%) also became more popular in 2025. This could be attributed to economic challenges and the recipients' desire for practical small luxuries. For Europe, while online-only retailers continues to top the list (43%), its prevalence is down from previous years (60% in 2024 and 57% in 2024). The second most used type of gift card by European respondents was electronics, rising dramatically to 36% in 2025 compared to 24% in 2024.

Figure 3: Top Branded Gift Card Merchants – North America

Q45: Which of the options best describes the types of merchants selected when your company buys BRANDED gift cards for your non-cash rewards programs?

Figure 4: Top Branded Gift Card Merchants - Europe

Q45: Which of the options best describes the types of merchants selected when your company buys BRANDED gift cards for your non-cash rewards programs?

Merchandise Rewards Strengthen Program Differentiation

Merchandise rewards continue to play a key role in differentiating and personalizing recognition programs. As the second-most prominent reward type in North America, 84% of organizations include merchandise as a participant incentive, and 54% of these expect to increase its use in the coming year. While European programs employ merchandise rewards somewhat less frequently (70%), 46% anticipate increasing their use in 2026, underscoring the effectiveness of merchandise as an engagement tool across regions and program types.

Merchandise spend is also on the rise. In North America, the average per-instance spend has climbed to $276, nearly $100 higher than in previous years. European programs report an

average of €306, up €74 over the same period. On-site gifts follow a similar trend, increasing per-instance spend from $170 to $243 in North America and from €233 to €295 in Europe. While economic and political factors have contributed to some of this growth, the pace of these increases reflects a broader commitment to enhancing the value and impact of merchandise rewards.

Across both regions, channel programs consistently outspend other program types on merchandise, emphasizing premium, branded items. Popular categories in North America include apparel, food gifts, and electronics, which have remained consistent over recent years. European programs favor similar categories, with food gifts leading all others.

Figure 5: Top Merchandise Reward Types – North America

Q42: Which types of merchandise do you use for your non-cash rewards programs?

Figure 6: Top Merchandise Reward Types - Europe

Q42: Which types of merchandise do you use for your non-cash rewards programs?

Event Gifting Shifting and Reimagined

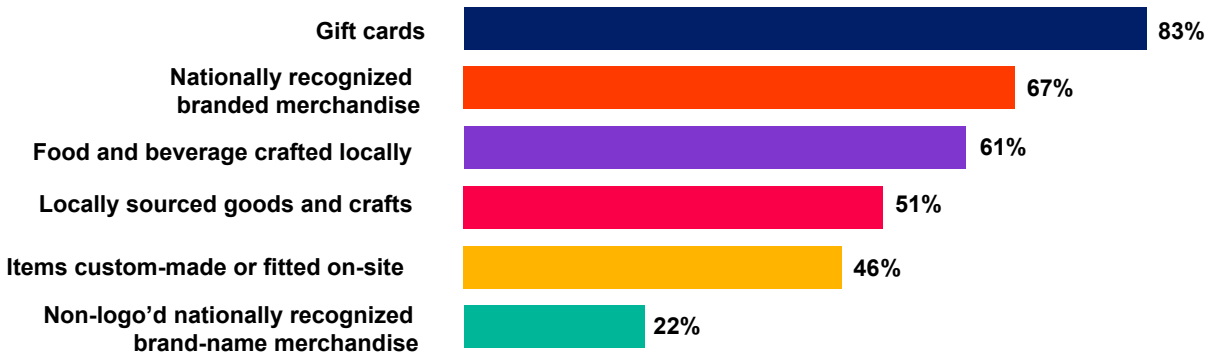
Event gifting has been impacted by overall event budget pressure, including increasing costs for hotel and food and beverage. While approximately 58% of North American organizations and 54% of European organizations expect their event-gifting budgets to increase in 2026, only about 10% in each region anticipate increases that will outpace inflation. This indicates that organizations are approaching event gifting with measured, cost-conscious planning while maintaining the strategic value of these programs.

Average per-person event spending is declining, from $649 to $397 in North America and from €876 to €408 in Europe, even as the per-instance spend on merchandise on event gifting increases as noted in the previous section. This shift, combined with budgets largely maintaining purchasing power relative to inflation, suggests that organizations are scaling back overall event gifting while finding strategies to ensure gifting has an impact. Rethinking the number of gifts during an event allows for a higher spend on fewer, more appealing gifts. Locally sourced gifts help attendees remember the destination, but also can reflect cost savings and reduced shipping costs.

Spending also varies by program type. North American channel programs average nearly $500 per participant, while in Europe, channel and employee programs both exceed the norm, spending just over €450 per event gift.

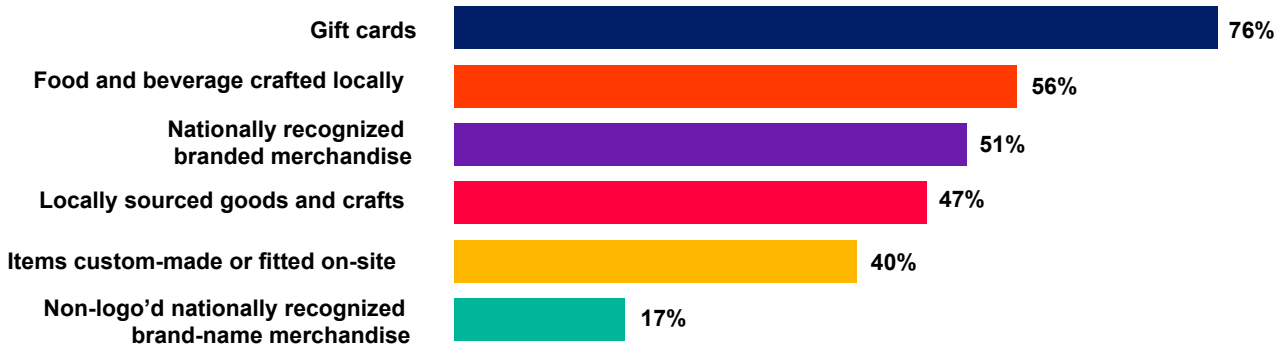
With expansive growth, gift cards have become the most widely used event reward, overtaking merchandise in both continents. In North America, gift cards are now included in over 80% of programs, 35% more than the previous year. Similarly, European usage of gift cards for event gifts has risen over 40%, now included in more than 75% of all on-site gifting programs. This dramatic shift reinforces the appeal to flexibility and simplicity that gift cards provide.

Figure 7: Top Event Gifting Options – North America



Q35: Which of these options do you use or supply as part of meeting/event gifting?

Figure 8: Top Event Gifting Options - Europe



Q35: Which of these options do you use or supply as part of meeting/event gifting?

In selecting event gifts, organizations are continuing to prioritize usefulness and practicality, budget alignment, personalization, and meaningful or sentimental impact. However, the distribution of event gifts is evolving. Traditional "swag bags" are declining in popularity, replaced by more engaging on-site approaches. Organizations increasingly favor integrating gifts into activities over other methods, such as placing items directly in participant rooms or offering marketplace-style selections. This approach enhances the participant experience while making event gifting more meaningful and personalized.

Internal Management and Technology Shape Reward Administration

The majority of organizations continue to manage recognition and reward programs internally, with 84% of North American and 79% of European programs reporting internal management. Familiarity and control remain the primary reasons for this approach, as programs historically managed in-house generally meet organizational needs. Additional considerations, such as the cost and complexity of external solutions, also contribute to retaining internal management, highlighting potential opportunities for external providers to offer simplified or value-driven alternatives.

Roles in program management vary by region. In North America, responsibility is shared between HR and management departments, whereas European organizations rely more heavily on HR alone. Across both regions, technology investments are outpacing other administrative budget categories. In North America, 62% of organizations expect their program technology budgets to increase, and in Europe, 63% anticipate growth. This emphasis on platforms, mobile apps, and digital tools signals a long-term shift toward integrated program management, enabling greater efficiency, oversight, and participant engagement.

Regional Outlooks Diverge While Reward Trends Converge

North American and European organizations continue to demonstrate distinct regional characteristics, even as broader reward trends align. North American economic optimism is on the rise, reaching net 37% (up 14% from the past year), while perceptions of the regulatory environment remain steady. European organizations report declining viewpoints, with economic outlook net optimism dropping from 56% to 39% and regulatory environment net optimism from 59% to 31%. Despite these differences, 70% of programs in both regions face similar challenges in staying informed on regulations that may affect programs.

Across reward types, North America and Europe follow parallel growth trajectories. Gift cards and merchandise continue to outpace other options, while experiential rewards grow at similar rates across both regions. Incentive travel, however, is poised for more rapid expansion in North America, with 27% of programs anticipating significant increases in the coming year. In program design and implementation decisions, organizations in both regions prioritize internal financial forecasts over external factors such as competitor activity, additional internal stakeholders, or public perception. This alignment suggests that while regional conditions influence programs, strategies remain largely guided by internal priorities and shared trends in reward type growth.

Summary

The *2026 Industry Outlook* underscores a rewards and recognition landscape defined by steady growth, thoughtful innovation, and a balance between optimism and practicality. Organizations across North America and Europe are investing in non-cash rewards while refining program design to enhance efficiency, personalization, and participant impact.

Gift cards, merchandise, and event gifting remain central to engagement strategies, each offering unique opportunities to motivate, recognize, and retain participants. Gift cards continue to provide flexibility and broad appeal. Merchandise rewards strengthen program differentiation and personalization. Event gifting is evolving toward experiential integration and meaningful delivery. These trends show that organizations are not simply spending more but spending smarter, aligning rewards with both organizational objectives and participant preferences.

The strategic use of internal management and technology is reshaping program administration. Organizations rely on in-house teams supported by platforms, apps, and digital tools, creating more integrated, efficient, and engaging programs. While regional economic and regulatory conditions vary, reward type growth and program design priorities align, reflecting a shared commitment to internal financial stewardship, participant engagement, and long-term impact.

As organizations move into 2026, the most successful programs will be those that combine strategic foresight with thoughtful execution. Embedding rewards within organizational culture, leveraging technology to enhance efficiency, and prioritizing experiences that resonate personally with participants will ensure non-cash rewards and recognition programs continue to serve not only as tools of motivation but also as integral drivers of culture, engagement, and sustained organizational success.

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