



The changing face of employee benefits in UK SMEs

Insights, trends, and practical lessons from 2,500 HR decision makers and employees' voice



Contents

• Chapter One: A workplace in transition	3	• Chapter Six: Lessons for SMEs	11
• Chapter Two: The benefits that matter most	4	• Chapter Seven: The power (and limitations) of saving tools	12
• Chapter Three: Financial wellbeing as a retention tool	6	• Chapter Seven: The way forward	13
• Chapter Four: Beyond the essentials: Employee spending behaviour	8	• Closing reflection	14
• Chapter Five: The power (and limitations) of saving tools	10		



A workplace in transition

Across the UK, small and medium-sized enterprises are navigating a labour market that feels more unpredictable than ever. **Economic uncertainty, rising living costs, and shifting employee priorities have redefined what people want from their employers.**

It is no longer enough to offer a steady salary and a standard benefits package. Employees are seeking tangible ways to stretch their money further, access the tools and products they need, and feel supported in both their professional and personal lives. Meanwhile, HR leaders are under increasing pressure to keep teams motivated, engaged, and, most importantly, committed. **To understand this changing dynamic, two distinct surveys were conducted in early 2024:**

Group 1:

2,000 employees from SMEs across England, Wales, Scotland, and Ireland. Top 3 sectors: finance & accounting, IT, and retail/wholesale trade.

Group 2:

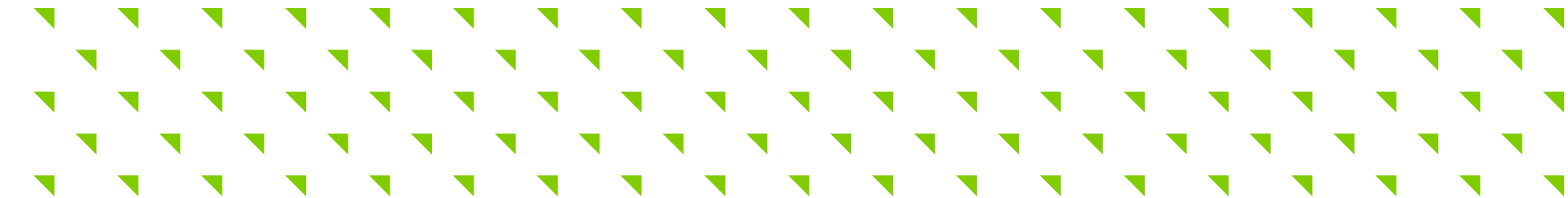
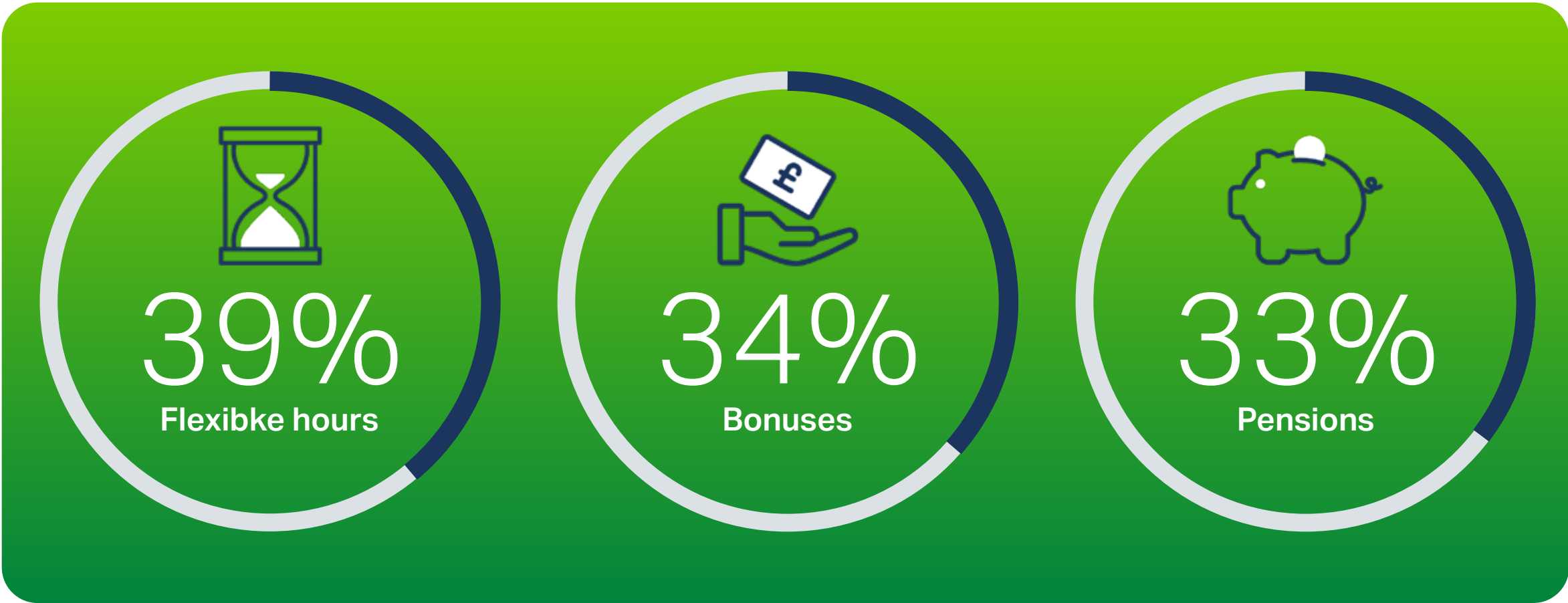
500 HR decision-makers from SMEs across the UK. Top 3 sectors: education, healthcare, and IT.

The findings offer a rare, two-sided view of the benefits landscape, highlighting where perceptions align, where they diverge, and what steps employers can take to bridge the gap.

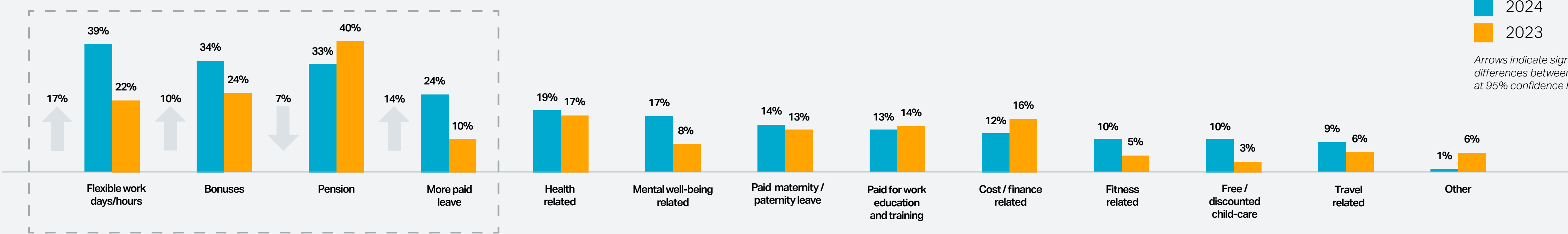


The benefits that matter most

When we asked employees to name their **most valued benefits**, three themes stood out:



Q. Which of the following types of benefits, that your employer offers, are most important to you right now?



At first glance, these may seem like traditional priorities. Yet dig deeper and a subtle shift emerges. **Flexibility is no longer just about accommodating personal schedules; it is a symbol of trust and autonomy. Bonuses are not simply financial rewards; they are seen as recognition in a climate where costs are rising faster than wages.**

Interestingly, 83% of employees told us they appreciate their current benefits because they help save on essentials. Yet this satisfaction is tempered by frustration: a third say their biggest complaint is limited retailers' choice.

This is a crucial insight: even the most generous benefit loses impact if it doesn't align with the recipient's actual needs. **Employees want options that fit their lifestyles, not a one-size-fits-all package dictated from above.**

Financial wellbeing as a retention tool

In the next 12 months, 79% of employees expect their financial situation to be a source of concern. For many, workplace benefits represent not just “nice-to-haves” but an essential part of their personal budgeting strategy.

When asked what would help them most, two answers tied for the top spot:

- **More opportunities to work from home** (55%)
- **Free or subsidised food and drink** (55%)

These are benefits that ease daily expenses immediately and tangibly.

Top 2 most useful company benefits by employees in 2024

55%

More opportunities to work from home

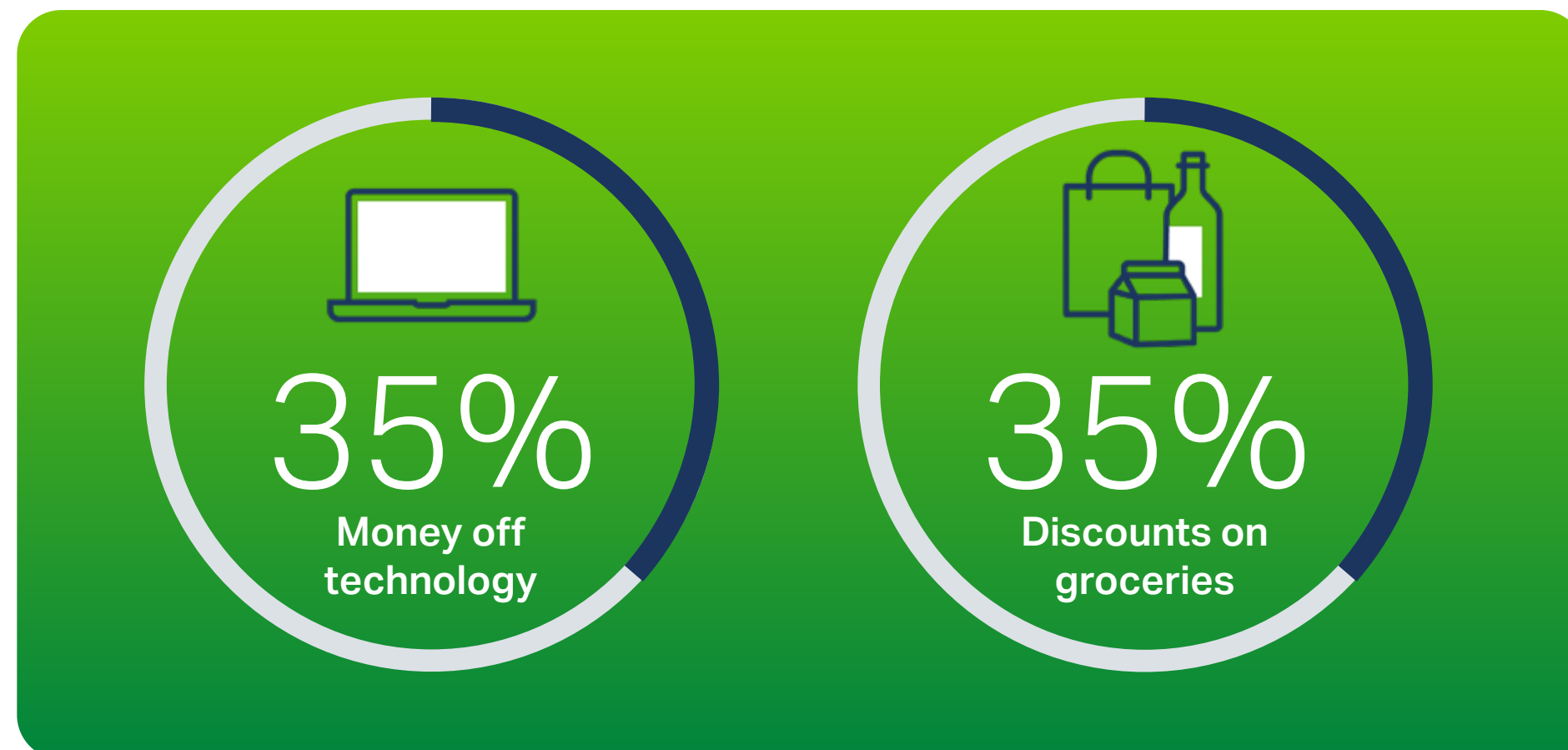


55%

Free or subsidised food and drink

Beyond that, **money off technology (35%)** and **discounts on groceries (35%)** also emerged as strong drivers of loyalty.

Technology benefits, in particular, are now used by two-thirds of employees, almost as much as education and training perks. This reflects a new reality: access to the right devices, software, and digital tools is as fundamental as help with commuting or utility costs. Flexible schemes that make these purchases easier, including structured payment options through **salary sacrifice models**, can transform what might otherwise feel like a luxury into an achievable, everyday benefit.

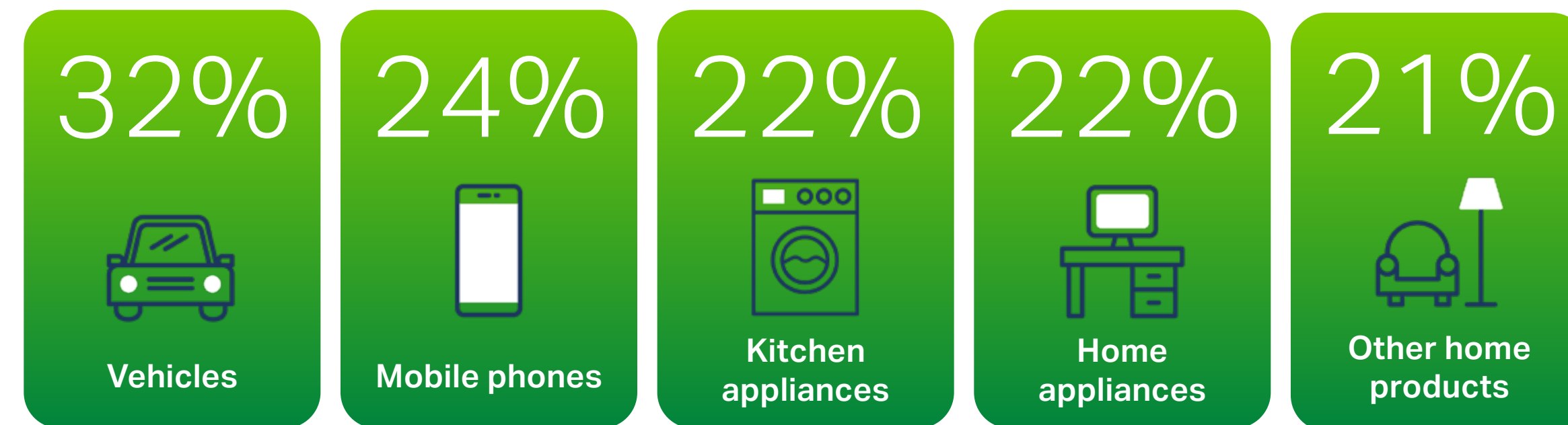


Beyond the essentials:

Employee spending behaviour

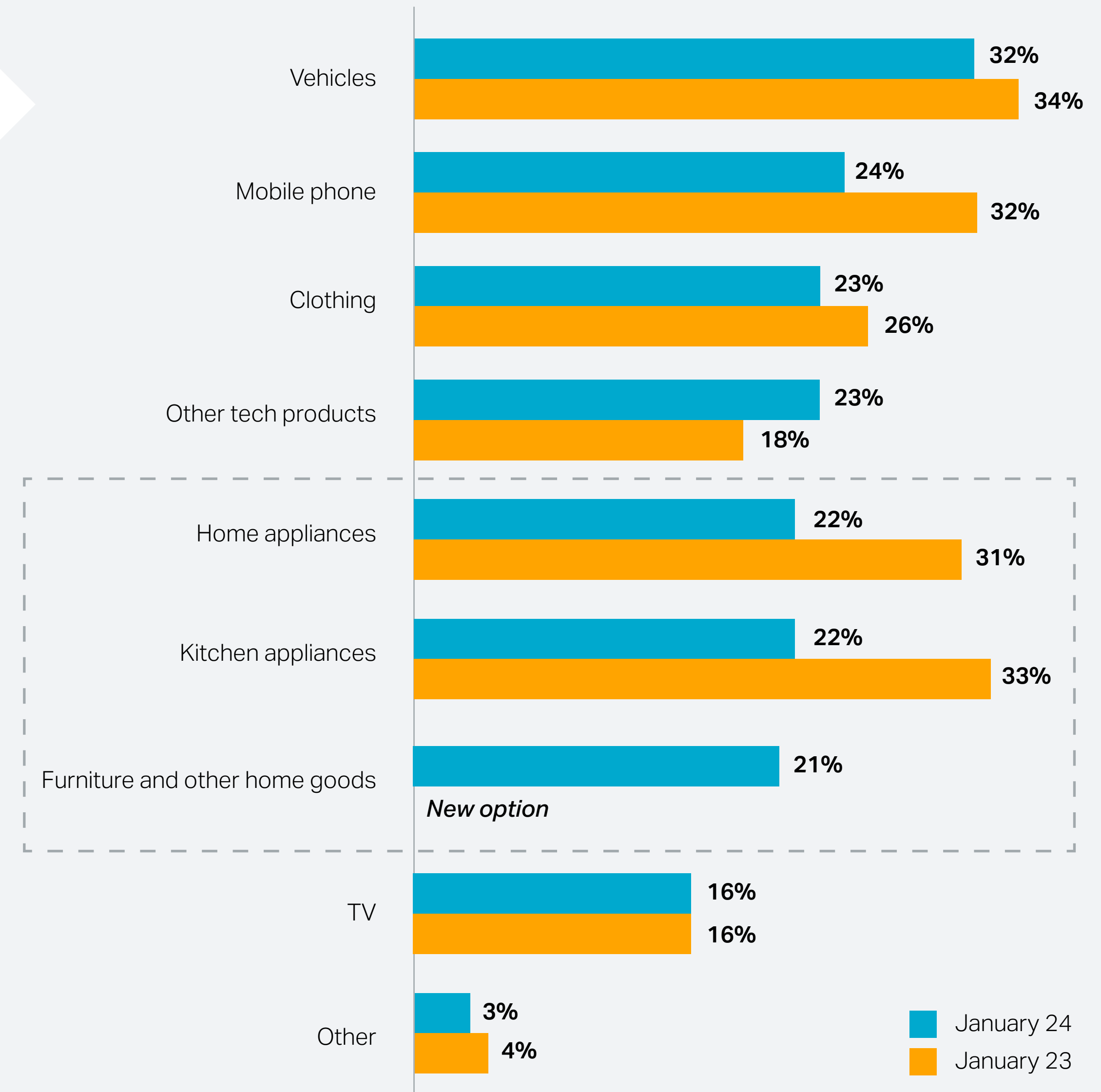
Once every day needs are met, where does employee spending focus shift?

Our data shows a willingness to invest in high-ticket items:



These are not luxury whims. In many cases, they represent practical upgrades to improve daily living or work-from-home setups.

Q. What type of large purchases are you more likely to invest in today, if by doing so it could save you money in the long run?



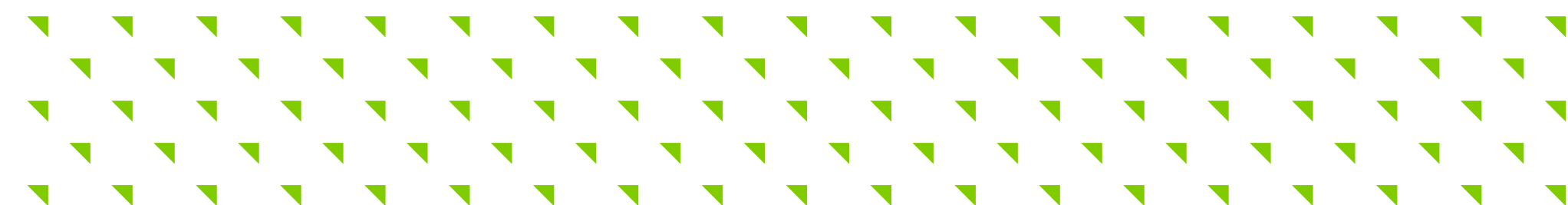
Yet affordability is key: 58% of those buying home products or tech prefer to pay in instalments rather than upfront.

This appetite for flexible financing suggests that benefits which support larger purchases, through discounts, salary sacrifice schemes, or staged payments, could play a powerful role in engagement.

In practice, schemes that allow employees to access items such as furniture or technology in a budget-friendly, structured way, like the approach seen in certain [Home & Tech benefit models](#), can bridge the gap between aspiration and affordability while strengthening loyalty.

And while **only 8% prioritise savings or investments**, a significant portion choose to spend on experiences or lifestyle upgrades: **dining out (39%), clothing (38%), or furniture and technology (28%).**

Employers who ignore these lifestyle drivers risk missing opportunities to create benefits that feel both useful and aspirational.



The power (and limitations) of saving tools

Cost-saving tools are already part of most employees' lives:



Top 3 most used money saving tools

With 93% using at least one form of discount or reward mechanism, the familiarity is there, but integration into workplace benefits is often patchy.

A common frustration is when employers provide discount schemes for retailers or brands that employees rarely use, reducing the perceived value of the perk.

There is untapped potential in streamlining these tools into a single, coherent benefit experience that connects directly with where people shop and spend. For example, [cashback cards](#) with extensive retailer networks, covering groceries, dining out, and leisure, or discount platforms offering gift cards for the UK's most popular high-street and online brands, can bridge this gap and ensure that savings feel relevant and immediately useful to many employees. This alignment is exactly where models with wide retailer coverage and popular [gift card options](#) excel, removing the mismatch between offered perks and real shopping habits.

HR's retention challenge

From the employer side, the picture is mixed. Nearly half of HR decision-makers (45%) are concerned about losing talent to competitors, and almost a third (29%) have seen resignation rates climb in the past six months.

And yet... only 28% have implemented specific retention measures. Another 39% are in the process, leaving a sizeable group who have taken no concrete action.

This gap between awareness and execution is risky. In today's competitive market, waiting until turnover becomes a problem is an expensive strategy. Proactive benefit design, informed by employee data, is far more cost-effective than reacting to attrition after the fact. Inclusion (DEI) principles into benefits design, ensuring policies do not unintentionally disadvantage specific groups but instead foster fairness and empowerment.



Lessons for SMEs

Taken together, the findings point to three big lessons for SME leaders:



Flexibility is the new baseline

From working hours to benefit selection to payment methods, employees expect choice and adaptability.



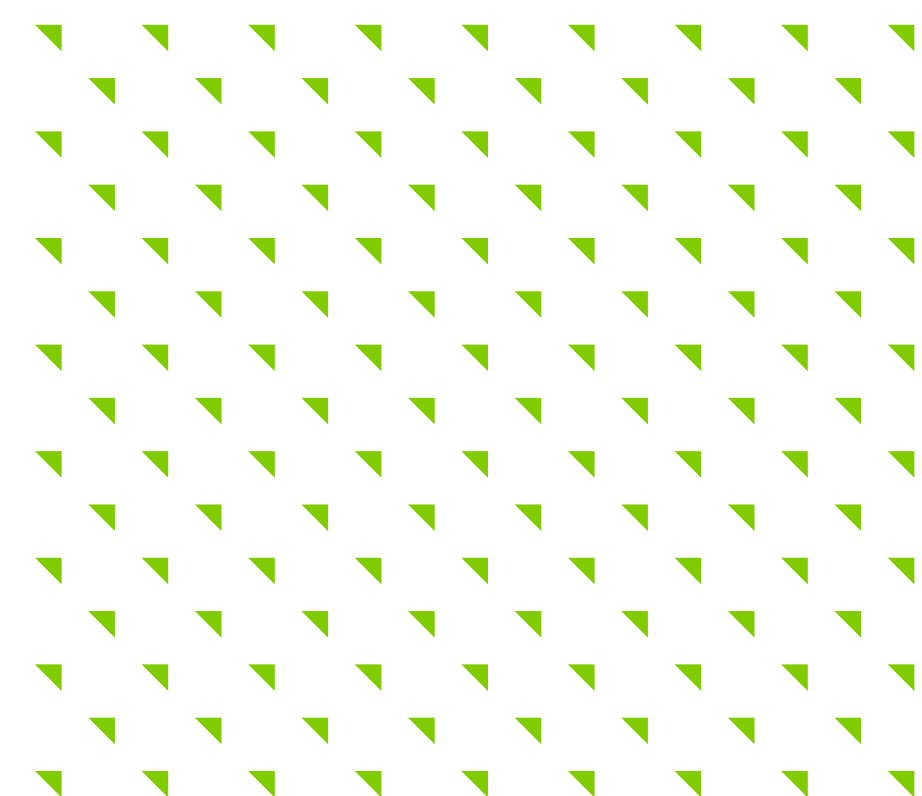
Financial wellbeing drives loyalty

Benefits that help employees save on essentials, and afford larger purchases without financial strain, are valued more than abstract perks.



Retention requires action, not just awareness

HR leaders who move quickly to align benefits with actual employee needs will have a clear competitive edge.



The way forward

The most effective benefits strategies in 2025 will not be those that try to offer everything to everyone, but those that offer **the right things to the right people**.

SMEs should focus on:

- Expanding choice to reflect diverse lifestyles.
- Combining everyday savings with access to high-priority goods and services.
- Offering flexible payment options for larger purchases.
- Proactively addressing retention before attrition becomes costly.

Integrating solutions that cover both daily essentials and bigger lifestyle purchases, with options like wide retailer cashback schemes, high-street gift card discounts, and accessible home & tech programmes, ensures benefits remain relevant, practical, and valued.



Closing reflection

In uncertain times, employees remember the organisations that made life easier, the ones that helped them manage their budgets, improve their homes, upgrade their tools, and still enjoy life's small pleasures.

Benefits, when designed with both empathy and insight, are more than a checkbox on a contract. They are a living, breathing part of the employee experience, a reason to stay, to recommend, and to give one's best work.

For SMEs, the challenge is clear: understand your people, align with their needs, and make your benefits a reason they never want to leave.



