



DATE: December 4, 2023

TO: Council Economic Development Committee

FROM: Chief Economic Development Officer

SUBJECT: Hayward Upward Economic Recovery Plan Update: Together for Hayward e-Gift Card Program

RECOMMENDATION

That the Council Economic Development Committee receives an update on the Together for Hayward e-Gift Card program activities and results to date.

SUMMARY

As part of the City of Hayward COVID-19 economic recovery plan that was reviewed by the Council Economic Development Committee in June 2021, the Together for Hayward e-Gift Card program was launched November 2021. This gift card program is designed to encourage customers to shop and dine at Hayward brick and mortar businesses rather than spending money outside of the City or online. As part of the program, the City of Hayward infused American Rescue Plan Act (ARPA) funds into the program for marketing, bonus gift cards and business support to participate in the program. Staff will provide CEDC members an update on the program activities and results to date.

BACKGROUND

To help with the efforts of bringing customers back to businesses and to drive new customers to the business, the Together for Hayward e-Gift Card program was launched in November 2021. An initial amount of \$250,000 was allocated towards the gift card program. Due to the resounding success of the program, an additional \$250,000 was allocated to the program in July 2023. The first round of gift card promotions was launched in August 2023, with \$125,000 for bonus cards. The second round of gift card promotions was launched November 20, 2023 with the final allocation of \$125,000 for bonus cards.

DISCUSSION

Together for Hayward Gift Card Program

In October 2021, Economic Development staff evaluated several community gift card operators and selected Yiftee to help implement the Together for Hayward Gift Card program. Yiftee has implemented similar programs in over 200 cities across the country and are headquartered here in the Bay Area. As part of the program, the City of Hayward infused the program with an initial allocation of \$250,000 to be used to cover the card fees when customers purchased the cards and provide bonus card dollars to encourage additional spending at the participating businesses. Up to 3 bonus cards could be obtained per purchaser.

During the first year of the program, \$474,560 in gift cards were purchased and issued to customers to use at any of the registered businesses. These gift cards had a significant positive impact on many of the businesses, including some that said “This was my first year in business, but I saw a very large increase in revenue when the \$100 bonus gift card was offered. Over a 100% increase.” Another business indicated “Customers loved the program and came from all over to spend money in Hayward that they would not have spent otherwise. They were impressed with the support the City was offering to its small businesses and many of them were hoping that the program would come back this year.”

Due to the success of the program in the first year, the City Council in June 2023 authorized an additional \$250,000 of ARPA funds for the program. An initial promotional campaign was launched on August 8, 2023, and in just 11 days, over \$241,000 in gift cards were issued and purchased. This was the fastest time period Yiftee, who administers this gift card portal for jurisdictions across the U.S., had seen for that amount of sales to take place. Many of the purchasers during this period were new customers to the program buying their first gift cards. They had heard about the program previously and were happy it had been brought back so they could participate. The final launch of the program took place on November 20, 2023, with an additional \$125,000 made available for bonus cards. At the December 4th CEDC meeting, staff will present sales and redemption data statistics from this final allocation.

To enhance this final phase of this program, staff partnered with participating businesses to add additional promotional efforts tied to “Small Business Saturday” on November 25, 2023. Small Business Saturday is designated by the U.S. Small Business Administration as a day to celebrate and support small businesses and all they do for their communities. Staff engaged participating businesses who agreed to offer unique specials to customers. Customers making a qualified purchase received a complimentary Hayward-themed pint glass while supplies lasted. This not only provided an extra incentive for patrons but also served as a strategic marketing tool, promoting the city and local businesses throughout Hayward. Businesses participating in this promotion were located throughout the city and included: The Gurkha Kitchen (855 B Street); Country Waffles (30182 Industrial Parkway SW); El Taquito (22354 Mission Blvd); and Sushi Ichimoto (888 A Street). Information regarding the relaunch of the program and the associated Small Business Saturday promotions were broadcasted by the Community and Media Relations Division staff through all social media and newsletter channels.

ECONOMIC IMPACT

The Together for Hayward gift card program has had a positive impact on most of the businesses that are participating in the program. The City has received testimony from customers that they have used the gift cards at new businesses they discovered on the Together for Hayward webpage. In addition, because the gift cards can only be used at Hayward businesses, it ensures that the money being used to purchase the gift cards and provide the bonus cards stays local. Studies have shown that dollars spent at locally-owned businesses are recirculated in the community six times versus being spent at large chain operations.

FISCAL IMPACT

The Together for Hayward Gift Card program is funded from the Economic Recovery allocation the City designated as part of the American Rescue Plan Act program dollars. A total of \$500,000 was earmarked for the program. The use of these funds for this program had a positive fiscal impact on the General Fund for the City of Hayward due to the sale tax that was generated through the use of the cards at retail and restaurant businesses.

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Approved by:



Kelly McAadoo, City Manager