



**DATE:** January 27, 2022

**TO:** Council Economic Development Committee

**FROM:** Assistant City Manager

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

### **RECOMMENDATION**

That the Council Economic Development Committee (CEDC) receives updates on the progress of the Hayward Upward Economic Recovery Plan initiatives, including the Together for Hayward e-Gift Card Program.

### **SUMMARY**

As part of the City of Hayward COVID-19 economic recovery plan that was reviewed by the CEDC in June 2021, the Together for Hayward e-Gift Card program was launched in 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. The following report provides a summary of those efforts and results to date.

### **BACKGROUND**

Since the start of the pandemic over 22 months ago, the business community in Hayward has experienced significant impacts. Restaurants have had to make significant changes to their operations including being take-out only for many months, then allowed to have some outdoor dining, and finally being allowed to resume normal indoor dining over a year later. Retailers experienced similar limitations with capacity limitations during the Shelter in Place order. Personal Services businesses were forced to close to all customers for more than 9 months before they were able to begin limited operations. Meanwhile, the hotel industry has seen significant drops in travelers as only essential travel could occur for most of the past year. All these industries had to make cuts to their staffing to accommodate the loss in revenue. Some businesses do not expect to ever recover fully, while some say it will take 12 or more months to make up for the losses.

In preparation for creating a COVID Economic Recovery Plan, staff launched a Business Needs Survey seeking input from the business community on what they would like the City of Hayward to assist with as part of their recovery efforts. Most businesses indicated they were interested in assistance with driving customers back to the bricks and mortar stores, establishing better web presence, and the need for assistance with marketing. 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, along with the companion Point of Sale Grant Program. A total of \$250,000 was allocated towards the gift card program.

## **DISCUSSION**

### Together for Hayward Gift Card Program

In October 2021, 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 would infuse the program with \$75,000 in initial funding to be used to cover the card fees when customers purchased the cards and provide bonus card dollars to incentivize additional spending at the participating businesses.

Once Yiftee was selected as the platform for the program, staff began the process of registering businesses to sign up as participants. Gift cards can only be used at those businesses that have registered. Since this was a new program for the City, staff embarked on “High Touch” efforts to register businesses and ensure them it was not a scam. Staff sent both bulk and personalized emails and made direct phone calls to assist with the registration process. Consistent with the City’s commitment to equity and inclusion, staff conducted extensive engagement including over 70 in-person visits to small businesses during off-peak hours on retail corridors including B Street, Tennyson, Mission Boulevard, and Southland Mall to encourage and assist in registration. Direct personalized contact is often required to engage business owners who are unreachable by other means and/or otherwise unlikely to engage with the City without relationship and trust building. In addition, staff conducted presentations to the membership of both the Latino Business Roundtable and Black Business Roundtable.

At the time of the program launch in November 2021, 35 businesses were active in the program located throughout the City. Over the course of that month and leading up to Black Friday, staff continued the sign-up efforts and registered over 75 business participants. Businesses range from food, professional services, and general retail.

For those businesses registered to participate in the program, staff designed and delivered printed signage, table tent cards, and drink coasters to the business to help them advertise to their customers. Materials were provided in both English and Spanish languages. All marketing materials featured a QR code would allow customers to easily purchase gift cards using their smart phone. To further promote the program, large posters were also displayed in the downtown, City Hall and Southland Mall and the billboard along I-880 also featured the

new gift card program. Press releases, *The Stack* articles, and social media ads are also being utilized to spread the word to customers.

To support online marketing efforts, staff partnered with graphic designers in the Community and Media Relations Division to create new content for Facebook, Instagram and LinkedIn. These graphics and a promotional video were disseminated to the business community to use on their own social media outlets. In addition, staff purchased advertisements on social media platforms. At the time of this report's preparation, these advertisements reached nearly 110,000 people and 107 unique clicks were completed that took customers to the page to purchase gift cards. To date a total of \$386 has been spent on social media advertisements.

As of the preparation of this report, over 450 gift cards have been purchased, including the bonus cards, with a total value of \$32,000. Of the initial \$75,000 that was infused into the program, only \$10,000 has been used to date thus allowing for the bonus card program to continue to be offered. Customers have redeemed their gift cards at 37 different businesses located around the City.

### New Point of Sale Grant Program

The Together for Hayward gift card is essentially a MasterCard that is processed through the stores' existing point of sale system. No new equipment or software was needed to be able to accept these gift cards. This was one of the determining factors on why the Yiftee system was chosen to implement our new program.

In order to ensure that all businesses that wanted to participate in the Together for Hayward Gift Card program could, staff offered a Point-of-Sale Grant. The grant was available for any business interested in participating as it would allow them to purchase a new point of sale system if they did not have one or to upgrade their system to a newer format that was easier to use. Each business could receive up to \$800 towards the equipment purchase.

This new program also dovetails with the "Get Digital" initiative outlined in the recovery plan as it lowers the barrier for businesses seeking to adopt more modern equipment and business practices. According to Forbes, upgrading to a modern point-of-sale system, which includes terminals such as Square, Clover, Shopify, among others, enhances a business's productivity and increases earnings.<sup>1</sup>

To date, 24 businesses have been approved to receive these grant dollars. There are still funds available in this program for any business that would like to participate in this grant program. The grant is a reimbursement grant in that the equipment must be purchased and receipts submitted in order to receive payment.

### **NEXT STEPS**

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<sup>1</sup> Toni, M and C. Bottorff. (October 13, 2021). 10 Benefits A Point-of-Sale (POS) System Will Bring Your Business. *Forbes*. <https://www.forbes.com/advisor/business/software/pos-system-benefits/>

As the second month of the gift card program came to a close, staff explored additional options to help encourage more customers to purchase gift cards and further support Hayward businesses. Since January is California Restaurant Month, staff wanted to use this long-standing marketing opportunity locally. Beginning January 1, 2022, customers who purchase a gift card between \$20 - \$100 will receive a bonus card equal to 50% of the original purchase price.

To further promote Restaurant month and the new bonus offer, staff in coordination with the Communications and Media Relations Division, are promoting some of the 40 participating restaurants on the City social media sites. Each feature, posted on Fridays and Saturdays, will have pictures of a well-known menu item and a little fun fact about the restaurant. This new promotion received additional press coverage and staff is receiving inquiries from other jurisdictions seeking to replicate Hayward's program.

### **ECONOMIC IMPACT**

The Together for Hayward gift card program has the potential to have significant positive economic impacts on the Hayward business community. 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 locally. In addition, 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 \$250,000 was ear marked for the program, including the cost of the bonus dollars, marketing efforts for the program, and the business assistance grants provided under the Point of Sale Grant program. To date, \$160,000 of the original allocation remains for this two-year program. These dollars will continue to be used to market the program, provide bonus cards to customers, and aid businesses with updating their point of sale systems.

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