



DATE: January 26, 2023

TO: Council Economic Development Committee

FROM: City Manager

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

RECOMMENDATION

That the Council Economic Development Committee receives updates on 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 Council Economic Development Committee in June 2021, the Together for Hayward e-Gift Card program was launched in November 2021. This e-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

To help with the efforts of bringing customers back to businesses and to drive new customers to businesses, the Together for Hayward e-Gift Card program was launched in November 2021, along with the companion Point of Sale Grant Program. A total of \$250,000 was allocated toward 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 is headquartered here in the Bay Area. As part of the program, the City of Hayward infused the program with \$75,000 of initial funding to be used to cover the card fees when customers purchased the cards and to provide bonus

card dollars to encourage additional spending at the participating businesses. Up to 3 bonus cards could be obtained per email address.

Once Yiftee was chosen 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. 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 intensive efforts to sign-up and register over 75 business participants. This included personal visits to businesses and providing technical assistance to complete the sign-up process. Participating 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 businesses to help them advertise to their customers. Materials were provided in both English and Spanish languages. All marketing materials featured a QR code that would allow customers to easily purchase gift cards using their smartphone. 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 content for Facebook, Instagram, and LinkedIn. These were disseminated to the business community to use on their own social media outlets. In addition, staff purchased advertisements on social media platforms.

As of October 31st, over 2,075 gift cards have been purchased, including the bonus cards, with a total value of \$134,300. Of the initial \$75,000 that was infused into the program, \$45,000 had been used thus allowing for the bonus card program to continue to be offered. Customers had redeemed \$104,700 of their gift cards at 63 different businesses located around the City. Donna Novitsky, CEO of Yiftee, recently remarked that the “Together for Hayward Gift card program has been a huge success.” A local resident loved the program so much, they reached out to Yiftee to be a volunteer as an ambassador to help other businesses and residents in the Hayward community to join and support the program.

One Year Anniversary Celebration

In celebration of the Together for Hayward gift card program operating for one year, the City launched a new purchase promotion to encourage additional gift card sales. To allow past purchasers to receive new bonus cards, all previous limits on bonus cards were set back to zero. In addition, the bonus cards were provided as follows: purchase a \$50 card, receive a \$25 bonus card, purchase a \$75 card, receive a \$40 bonus card, and finally purchase a \$100 card, and receive a \$100 bonus card. This was to encourage customers to purchase the larger value cards as we approached the holiday shopping season. An additional \$50,000 of ARPA dollars were added to the Yiftee account to cover the bonus card purchases to have a total amount of \$95,000.

In addition to the new promotional offer, each week stating November 1 through December 31, 2022, customers that purchase gift cards were entered into a drawing for a \$50 gift card. Emails were randomly selected each Monday at noon. Winners were notified and sent a gift card electronically. The number of customer entries into the contest each week matched the number of cards purchased by them. Bonus cards issued were not included in the entries for the contest. New promotional materials for this bonus promotion were delivered to the participating businesses and made available on the merchant information page for printing. A social media marketing campaign, a Stack article, and a billboard advertisement were also used to promote the new promotion and drawing contest. In addition, staff continued to recruit new businesses to join the program. Staff focused on geographic areas currently with no or low number of businesses that accept the gift card, past recipients of other COVID recovery programs, and new businesses that have opened during the past year.

Update on Anniversary Promotion

With the launch of the Anniversary promotion on November 1st, gift cards sales reached record numbers. In the first two weeks of the program, over \$67,800 in gift cards were purchased by customers. When combined with the bonus cards provided, \$134,200 of gift cards are now circulating in the community. Customers are not just buying cards; they are also spending the cards. Of the total value of cards purchased during the first two weeks of November, \$48,984 has been redeemed. With this significant increase in sales, over \$284,000 in gift cards have been issued to customers.

With the huge increase in sales that have occurred, an additional \$100,000 was added in hopes to cover the bonus cards through the end of the year. Sales continued at record pace and all of the bonus cards were distributed by December 17, 2022.

In addition to the large increase in sales that have occurred since the launch of the anniversary promotion, the program has also seen a significant increase in the number of participating businesses. Currently, 105 businesses from across the city have signed up with new businesses reaching out each week seeking information on how they can join the program. Much of the growth in participants is due to the word of mouth that businesses are sharing about their success after joining the gift card program. Some businesses have reported that since joining the gift card program, they have had some of their best sales days ever since they opened for business. Staff continues to reach out to businesses to solicit participation in the program. Staff is also providing customer support to businesses that need help training staff on how to redeem gift cards.

Point of Sale Grant Program

The Together for Hayward gift card is essentially a MasterCard that is processed through the store's 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 approach to aid businesses upgrade point of sale terminals is consistent with the “Get Digital” initiative within the economic recovery plan. While upgrading terminals enables businesses to process the e-gift card, it also enables them to modernize their operations. These terminals can often be used to accept online orders from third-party delivery companies, produce sales trend reports, and manage inventory.

To date, 19 businesses have received these grant dollars. There are still funds available in this program for any business that would like to participate. The grant is a reimbursement grant in that the equipment must be purchased and receipts submitted in order to receive payment. This program is open for all brick-and-mortar businesses located citywide.

ECONOMIC IMPACT

The Together for Hayward gift card program has had a positive impact for most of the businesses that are participating in the program. The City has received feedback 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 locally. Studies have shown that dollars spent at locally owned businesses are recirculated in the community six times versus being spent at large chain operations.

Since the start of the gift card program in November 2021, over \$474,000 in gift cards have been issued and over \$340,000 in gift cards have been redeemed at 84 participating businesses. Staff analyzed where the cards are being used based on business categories. Restaurants have received the highest gift card redemption with a total of \$152,412. General merchandise retail has absorbed \$125,247 and personal service businesses, such as hair and beauty salons, have received \$60,849 in sales. This distribution of funds appears to successfully match up with the industry sectors most hard hit by the economic disruption caused by the pandemic.

FISCAL IMPACT

The Together for Hayward gift card program is funded from the Economic Recovery allocation the City designated as part of the ARPA program dollars. A total of \$250,000 was earmarked 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, \$8,000 of the original allocation remains for this two-year program. These dollars will continue to be used to market the program and aid businesses on updating their point-of-sale systems.

NEXT STEPS

With program implementation completed and the majority of funding expended, staff will now focus on evaluating the impact of the program to inform potential future initiatives. On January 5, 2023, staff launched a survey of the participating businesses to seek feedback about the program and any insights the businesses could offer on ways to improve the program. Staff will provide an oral report on results from the survey at the meeting. In addition, staff will continue to outreach to additional businesses regarding participation in the program as gift cards are still being purchased and redeemed by customers and will report back to CEDC on additional results from the program.

Prepared by: Catherine Ralston, Economic Development Specialist

Recommended by: Paul Nguyen, Economic Development Manager

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal stroke extending to the right.

Kelly McAdoo, City Manager