

"A Tool in our Toolbox"

How gift card promotions helped a restaurant navigate the pandemic

HOFMAN HOSPITALITY GROUP manages 27 restaurants, including Lucille's Smokehouse Bar-B-Que, a chain of barbecue venues for whole-family celebrations and special-occasion southern cooking. In the early part of 2020, Director of Marketing Joan Hansen built a promotional gift card program with the goal of selling gift cards outside of the high-volume holiday season. She partnered with Blackhawk Network to execute on a series of online gift card and eGift promotions on the CashStar platform. The first planned test for the program was based around the March Madness tournament—until the COVID-19 pandemic arrived, and everything changed.

Shutdown

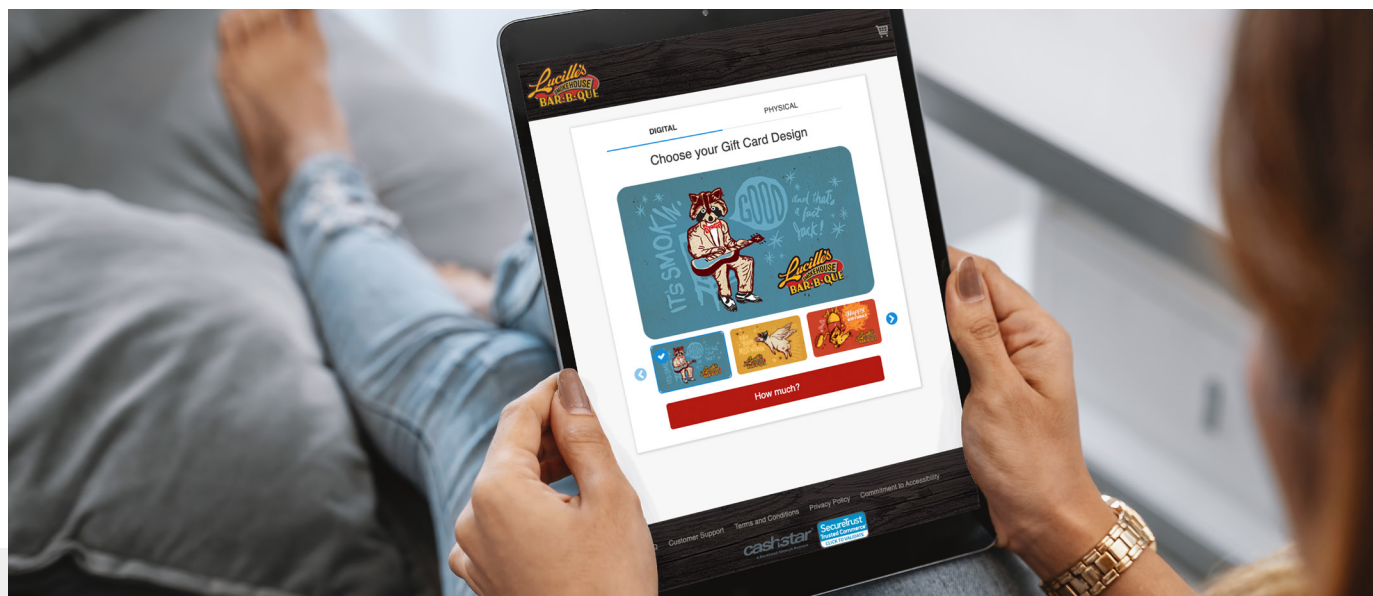
With indoor dining closed, business and cash flow for restaurants around the country stopped overnight. One of the best ways for people to support their favorite restaurants was with gift card purchases. The Hofman Hospitality Group just needed to give guests a reason to pick up eGifts. The planned promotion for March was scrapped, but Hansen reached back out to Blackhawk Network to try something for April.

"The first [promotion] we tried was, 'buy \$50, get a \$10 bonus card,'" Hansen said. "That did really well for us." That promotion led to an increase of almost 500% for the month of April. "[Offering gift cards] wasn't really about 'we need sales, how can we get them,'" she said. "But it was more about 'what can we do for our guests that gives them something for supporting us?' If you go online and buy a gift card, you'll get something for it."

Buying gift cards that you might not be able to use for weeks or months was not only an act of support, Hansen says, but also an act of trust. "The fact that our guests thought enough of us and trusted us meant a lot," she said. "It was transactional, but it was also emotional."

Hof's Hut
RESTAURANT AND BAKERY

Lucille's
SMOKEHOUSE
BAR-B-QUE®



A year of changes

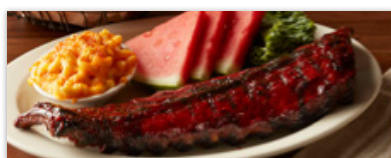
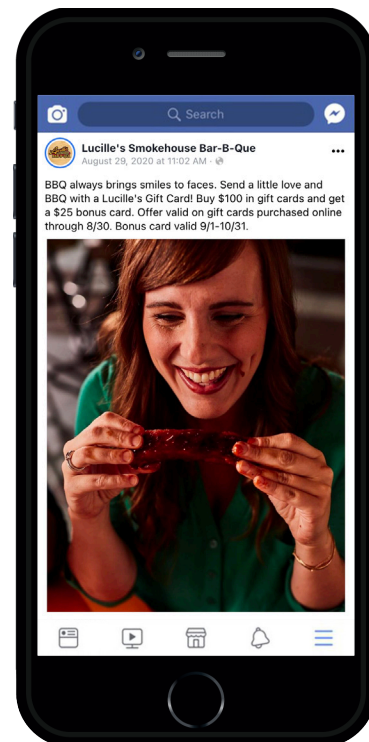
The success of April's promotion set a tone for the rest of 2020. Hansen launched ten promotions over the course of the year, most anchored around a major holiday. Each promotion came with new opportunities to tweak and test, see what worked and adjust to ever-changing lockdown circumstances. "Like every other restaurant company, we've had to pivot a number of times from completely open to completely closed to outside dining to closed," Hansen said. "We had to stay very nimble. Gift cards have become a lever, a tool in our toolbox."

Each promotion was a learning experience, and by the time the winter holidays rolled around, Hofman Hospitality Group had their promotions strategy perfected for when it was most critical for the business. "It was a game-changer," Hansen said. "We were able to do so much testing over the year that we had a really solid plan for the holidays, when we sell the most gift cards. We were only open for take-out at Christmas. If we had been relying only on dine-in gift cards or any in-person option, we would have been in trouble because we just didn't have the traffic."

Moving forward

Hansen's eagerness to try new things—combined with the flexibility of the CashStar platform—resulted in real revenue for the Hofman Hospitality Group and praise for the program. Even when things were tough or uncertain for the company, Hansen said, "[W]e have this online gift card option, and we have this partner that is helping us execute on it. It was really moving the needle and helping the business. The president of the company, Brad Hofman, is very pleased that we were able to leverage a partnership that was already in place and make a difference."

Hansen has nothing but praise for her account manager at Blackhawk Network and her experience with the CashStar platform. "I knew that this was a doable, turn-key operation already. Coming to a new position where I was already familiar [with Blackhawk Network], it gave me the confidence to go for it. For the most part, it was fairly seamless. You do have to think about it ahead of time and be open to trying different things, and that's worked out really well for us," she said. "I could not have asked for it to go any better."



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