

Gift Card Program for Toronto Public Library

Date:	May 27, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to update the Toronto Public Library Board on the viability of a gift card program for Toronto Public Library (TPL) and recommend that the Board consider using the Quick Print card as a value card.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. considers using the Quick Print card as a value card for Toronto Public Library and not creating a new gift card.

FINANCIAL IMPACT

The current Quick Print card, if repositioned as a Library value card, would require start-up costs of approximately \$5,000 to redesign and print the cards and promote it to the public. It is not possible to estimate the potential net revenues.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At the meeting on November 29, 2012, the Library Board adopted the following motion:

That the Toronto Public Library Board requests the City Librarian to investigate the viability of a potential Toronto Public Library gift card, and reports back to the Board.

This report responds to the motion.

ISSUE BACKGROUND

A gift card is a restricted monetary equivalent that is to be used as an alternative to a non-monetary gift. A gift card may resemble a credit card or display a specific theme on a plastic card the size of a credit card. The card is identified by a specific number or code, not usually with an individual name, and thus could be used by anybody. It is backed by an on-line electronic system for authorization. Some gift cards can be reloaded for payment and can be used multiple times.

Gift cards are divided into “open loop” cards and “closed loop” cards. The open loop cards are issued by banks or credit card companies and can be redeemed by different establishments, the closed loop cards are issued by a particular store, restaurant, mall or group of retailers and can only be redeemed by the issuing provider(s). In either case, the giver would buy the gift card and the recipient of the card would redeem the value of the card at a later transaction.

Cards usually have a barcode or magnetic strip, which is read by an electronic card machine. Many cards have no value until they are sold, at which time the cashier enters the amount that the customer wishes to put on the card. This amount is generally not stored on the card but is instead noted in the issuing provider’s database, which is crosslinked to the card ID.

Gift cards that have the value stored on the cards themselves are not common in the marketplace. However, libraries have traditionally used prepaid stored-value cards for photocopying, printing and paying fines. A simplified system is used to manage the stored-value cards to add and redeem value on the cards, and the only information available on the card is the remaining value. The ID of each card is not tracked and there is no database. TPL’s Quick Print card is discussed in more detail below.

Gift cards are attractive for issuers because the cash is received up front and it is estimated that up to 10% of cards are never redeemed, amounting to a gain for the issuer. In addition, recipients of gift cards may end up spending more than the value of the card when it comes time to redeeming them.

COMMENTS

Gift cards are most popular with stores offering merchandise for sale and restaurants. Because the majority of TPL services are provided free of charge, there are very limited opportunities for a gift card program. The opportunities for using a Library gift card are to pay for photocopying, printing, overdue fines, merchandise such as book bags, and used books in branches.

Any new gift card program would entail implementation costs, including set up, rental of card processing equipment, marketing and communication, printing the cards and other day-to-day administration. In addition, if the value on the cards can be replenished and if detailed reports are required, then there would likely be additional service charges to the Library. As a gift card program increases in its offerings and sophistication, so too do the costs to operate the program.

TPL utilizes a Quick Print card, which is a stored-value card resulting from a prepayment by the holder. The Quick Print card is refillable and can be used to pay for photocopying, printing, overdue fines, merchandise such as book bags and used books in branches. Because the Quick Print card has no name or account associated with it, the card can be given as a gift to someone else to use at TPL. If desired, the Quick Print card could be repositioned and act as a stored-value gift card. There would be some start-up costs to redesign and print the cards and promote the cards to the public, but not to the same extent as a closed loop gift card. It should be noted that, from a service perspective, the use of a Quick Print card as a gift to pay for overdue fines may be incentive for some people to keep materials overdue because they can redeem the value on the card to pay for their overdue fines. This has the potential to reduce the availability of materials for others and therefore may have a negative impact on service. A TPL customer can also add value onto their Library card, but because the bar code links to a specific account in the Library's database, the card therefore cannot be given as a gift to someone else.

While a gift card program could be one way to engage Library supporters, the Toronto Public Library Foundation has a number of established programs to solicit support for the Library. The Foundation raises funds through: capital campaigns; major gifts solicitation; sponsorships; seasonal targeted and general mail solicitations; special events and planned giving. The Foundation has recently launched a new and improved tribute giving program. This fundraising program enables people to make donations in honour or memory of important people in their lives, and to choose from a selection of 18 greeting cards, featuring stunning images from the Library's special collections, to send to the honourees. It also provides the opportunity for the Foundation to collect contact information from both the giver and the recipient, and thereby continue to build relationships with them that may result in further support. The program also promotes the Library's special collections and branches. Introducing a new gift card program could compete with the Foundation's fundraising activities, and the Foundation would have no access to information on the giver or recipient of gift cards.

CONCLUSION

Due to the costs involved in setting up a gift card program and the very limited opportunities for redemption at TPL, the introduction of a new gift card program is not financially viable and therefore not recommended. However, the Quick Print card could be used as a value card and used in the same way as a Library gift card and the Board may want to consider this option.

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SIGNATURE

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