

2009 Extended Store Hours Tracking Analysis

SDDA Economic Development Committee Goal: To encourage a proactive approach for Staunton Downtown businesses to incorporate best business practices that will position them in the market where after 5PM business hours are the norm. The SDDA is seeking to encourage sustainability through competitive business behaviors. To foster the public-private partnership with the City by utilizing resources from the Economic Development Department, both fiscal and advisory.

- 1) Challenges
 - a) Overcoming 9-5 community perception
 - b) Merchant participation
 - c) Evening weather/lighting/Street activity
 - d) Program adjustment to respond to the effectiveness from the 2008 program
- 2) Opportunities
 - a) Capture sales from evening restaurant and entertainment traffic/ community interest in performance on the streets
 - b) Support stores that are already open later hours through clustering
 - c) Make shopping more convenient, stores competitive
 - d) Establish shopping habits before the Holidays
 - e) Utilize educational services from the Staunton Creative Community Fund
- 3) SDDA's 2009 Response
 - a) Store Extended Hours Program
 - i) Reduce the time requirement to Fridays only, but increase required hours to 9PM.
 - ii) Offer optional educational training to develop business plans through the Staunton Creative Community Fund and offer scholarships pending business plan completion and Core 4 class attendance.
 - iii) Targeted Outcomes - Increase revenues, retain and educate businesses, change community trends and utilize local talent.

The Extended Hours Program

In exchange for SDDA provided advertising and street entertainment, participants agree to remain **open until 9PM on Friday evenings from September 4 through December 24** and will also display and maintain the gold star balloons at their storefront on Fridays, display promotional materials related to the program, store hours signs and **track sales and traffic from 5-9 on Fridays** throughout the duration of the program from September through December.

The SDDA Economic Development Committee purchased a schedule of television advertising with NBC Channel 29 September through December and produced four custom commercials where each of the participants was featured. Funding for the commercial schedule was provided by the City Economic Development Department with matching funds of \$6,000.

Store Participation 33 Business agreed to participate in the program and we did not have any drop outs this year. We had 11 Retailers, 3 salons, 16 restaurants, 2 cinemas and The Visitor's Center.

RETAIL & GALLERY

Arthur's of Staunton
13 East Beverley St.

Design @ Nine She Salon
9 East Beverley St.

The Dragon's Hoard
17 East Johnson St.

17 East Beverley Street Antiques
17 East Beverley St.

Maggie's Beads & Jewelry
103 West Beverley Street

Pretty Pretty
110 E. Beverley St. • 885-2122
or 886-7570

Pufferbellies
15 West Johnson St.

Pure Allure Boutique
9 New St.

The Sacred Circle
112 E. Beverley St.

Turtle Lane
10 East Beverley St.

Sunspots Studios
202 South Lewis St.

BODY CARE

The Body Care Company
110 W. Johnson St.

TEASE hair design
16 E. Beverley St.

Shanti Yoga
16 W. Beverley St.

ENTERTAINMENT

Dixie Theater
125 East Beverley St.

Visulite Cinema
12 North Augusta St.

DINING

Baja Bean Co.
9 West Beverley St.

Byers Street Bistro
18 Byers St.

Coffee on the Corner
140 E. Beverley St.

Downtown at the Clocktower
27 West Beverley St.

The Dining Room
29 North Augusta St.

Domino's Pizza
283 North Central Ave.

Emilio's Italian Restaurant
23 East Beverley St.

Irish Alley Restaurant & Pub
19 W. Johnson St.

Mill Street Grill
1 Mill St.

Mockingbird Artisan Fare & Roots Music
123 Beverley St.

Mugshots Coffeehouse & Cafe
32 South New St.

Shenandoah Pizza
19 E. Beverley St.

Sorrell's Lounge @ The Stonewall Jackson Hotel
24 S. Market St.

The Split Banana
7 West Beverley St. • 448-5628

Staunton Grocery
105 West Beverley St.

Zynodoa
115 E. Beverley St.

Market Challenges – Most businesses are still recovering from the 2008 economic slump with slow to no growth seeing only slight increase in sales and tourism numbers. Severe snow storms in December deeply affected traffic and sales, particularly ill timed the weekend before Christmas.

Retail Tracking

Stores were broken into two groups:

Group 1 consisted of 7 retailers, and 1 attraction that already have consistent evening hours.

Group 2 consisted of 4 retailers and 2 salons whose hours were newly extended for the participation in the program.

Group 1 stores have a customer base that is accustomed to shopping during the Extended Hours time frame, while the Group 2 stores need time (up to a year) to develop the awareness of new hours with their customer base shopping habits.

A children’s store drove the Group 1 traffic numbers, with a gaming store coming in second.

An antique market drove traffic numbers in the Group 2 category.

Retail and Gallery Traffic (Number of Customers)

<u>Month (Stores Reporting)</u>	Group 1* Fridays	Group 2* Fridays	Friday Traffic Totals Groups 1 & 2	% Difference Between Groups 1 & 2
SEPTEMBER(14)	906	389	2590	+42.9%
OCTOBER(14)	743	358	1101	+46.8%
NOVEMBER (14)	1322	513	1835	+38.8%
DECEMBER(14)	637	136	2608	+21.4%

*Group 1: Previously participated in Store Extended Hours Program.

*Group 2: New to the Program without consistent evening hours.

2008 and 2009 Traffic Number Comparison Between Groups 1 & 2

<u>Month (Stores Reporting)</u>	Group 1*			Group 2*		
	2008	2009	% Change	2008	2009	% Change
SEPTEMBER(14)	555	906	+61%	517	389	-7.5%
OCTOBER(14)	718	743	+.003%	420	358	-8.5%
NOVEMBER (14)	1108	1322	+.002%	1121	513	-45%
DECEMBER(14)	455	637	+7.2%	238	136	-57%

Desired Results:

When the traffic numbers between the 2008 and 2009 are compared, if the numbers increase as the program matures, this would show increasing customer awareness, positive effects of clustering and the effectiveness of the advertising.

Actual Results:

Group 1: When comparing traffic (number of customers) during the 4 month promotional period in 2009 to the same four months in 2008, stores with established store hours show an average increase of 17% in customer traffic with increases ranging from 61% in September to a meager .002 % in November. The dramatic 61% increase occurred during a month of consistent Friday evening Street Entertainment which was very successful in drawing significant numbers to Downtown streets. The numbers also reflect an increase in customer awareness of stores observing later evening hours consistently over a longer period of time, proving the value of the Program and the hypothesis that it does take at least a year or more to change customer shopping habits.

Group 2: When making the same comparison between 2008 and 2009 traffic, this group shows an average decrease of -29.5% with decrease ranging from a low of -7.5% in September during Street Entertainment and a high of -57% during the colder darker month of December with the added negative impact of severe weather.

Retail Sales ~ Group1 & Group 2

Month (Stores Reporting)	# of Stores Reporting Sales			Average (Increase or Decrease)
	Down	Flat	Up	
SEPTEMBER(13)	6	0	7	+1.5%
OCTOBER(13)	3	1	9	+14.3%
NOVEMBER(13)	4	1	8	-3.85%
DECEMBER(13)	4	1	8	+10%

13 participating stores and salons, reported % of increase or decrease in monthly sales as compared to 2008, combining Group 1

Group 2 in the chart above. One newly opened business did not report sales, as there was no past activity for comparison. On average, sales are up in the District at +9.24%. Individual sales reports indicate that the retailers were most affected by the economic downturn and the reduced tourist visits in 2008, but are slowly recovering. The results are more revealing when examining individual store reports where the decreases range from - 2% to - 60% and the increases range from + 5% to + 200%. Businesses with interactive activities and a service aspect are the least affected, reflected in both sales % and in traffic numbers. Those businesses that have a strong grass roots marketing/cause marketing campaign with an email list, a Facebook account and websites have sustained their traffic and created awareness for events and new programs or hours. Facebook was an impressive tool for sales and promotions during the snowstorms, as well, drawing customers who can walk Downtown out into the snow to shop and dine.

Restaurant Tracking

A total of 16 Downtown restaurants participated in the program as compared to 10 participants in 2008. Only 14 of the participants reported traffic and 13 reported sales. All of the restaurants have consistent evening hours and drive evening traffic Downtown. The restaurants are the biggest draw for Downtown. Extending hours was intended to capture the restaurant traffic for increasing retail sales. The turnover – amount of restaurant traffic that is shopping at other businesses when they visit Downtown - is 3.94%. The national average is 3.25%. The difference in the traffic numbers for restaurants and retail is considerable: total Friday store traffic collected was 5004 versus 19,691 for restaurants.

Restaurant Traffic (Number of Customers)

Month (Restaurants Reporting)

SEPTEMBER(14)

OCTOBER(14)

NOVEMBER(14)

DECEMBER(14)

Fridays 2008	Total	
	Fridays 2009	% of Change
3409	5069	+6.8%
6270	6936	+.9%
4347	4692	+.9%
3857	2994	-8%

Restaurant Sales

Month (Stores Reporting)

SEPTEMBER(13)

OCTOBER(13)

NOVEMBER(13)

DECEMBER(13)

# of Restaurants Reporting Sales		
Down	Flat	Up
9	1	3
7	0	6
7	1	5
10	0	3

Average (Increase or Decrease)
+2.5%
+27.4%
+1.5%
-30.4%

Restaurant traffic was flat with an average increase of 1% for the four-month period. The exception was October with an increase of 27.4 %.

In December, the restaurants were deeply affected by snowy weather and holiday closures, most opening only 18 days during the month and creating a more dramatic decrease of 30.4%. Several restaurants generated some traffic and sales through Facebook communication. The community supported them by playing music and walking to join friends despite the snowy conditions.

All of restaurants are experiencing less traffic and lower sales per ticket and are cutting costs through staff reduction, menu changes and more conservative buying, which is particularly hard for less experienced restaurants. The mature restaurants are feeling the competitive pressure of development that divides the market among over 30 restaurants located Downtown.

Restaurants are experimenting with lower priced, smaller portioned menu items and trends such as tapas/appetizer items and specials, special events that feature wine or beer tastings and music. Just a note that while food sales and dining visits are down nationally, wine and beer sales are up.

Tourism (Visitor's Center) - Traffic at the Visitor's Center saw minor increases flat for the 4-month time period, experiencing an increases of over 9 % for both November and December as compared to 2008.

Theaters (Dixie and The Visulite Cinemas) – Traffic and sales showed fair increase of around 10% for September through November with the addition of new technology at the Visulite and upgrades to the Dixie. The theaters suffered a huge decrease of 27.5% in December due in part to severe weather.

Staunton Creative Community Fund Core 4 Training

Participating businesses were offered the option of attending Core 4 Training offered by the Staunton Creative Community Fund at a reduced rate of \$50, which would be paid by the SDDA pending the creation of a business plan. Seven businesses agreed to take part in the training which consisted of four Wednesday evening classes and follow up training for business plan creation. Out of the 7, only 5 completed the training and no one completed a business plan.

Conclusions:

1. Businesses willing to have consistent extended hours will begin to see results after a year or so and benefit from the hours extension.
2. The economic downturn changed shopping and dining patterns significantly but we are slowly recovering.
3. Businesses that are clustered or destination businesses benefit the most from evening hours.
4. Restaurant and entertainment businesses are key to driving evening sales and generating evening traffic.
5. Additional business practices, regardless of hours, affect business performance, especially social networking and a web presence.
6. Extended hours alone will not produce dramatic increases in sales or traffic.
7. Extending hours until at least 9:00 PM is essential for seeing results.

Recommendations for the Program, going forward:

1. Continue to develop the Street Entertainment Program to support stores that are open until 9 PM.
2. Engage participating stores so that they will be fully connected to street activities and the support functions of the program.
3. Participating businesses must invest dollars in the program or become personally invested to reap benefits.
4. More educational tools needed by underperforming businesses.
5. Participating businesses need to be incentivized or penalized to provide tracking in a timely manner.

Suggested Educational Tools:

1. Business Plan/Marketing Strategy
2. Customer Service & Rewards
3. How to utilize event provided to capitalize on event traffic
4. Guerilla Marketing (partnerships, cause marketing, promotions)
5. Web promotion and social networking
6. Business Plan Coaching