

## Summer Sales in Hamilton, NY

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### **Introduction:**

The 2,750 students that attend Colgate University make up a significant portion of the population of Hamilton, NY, which has a local population of approximately 3,500. When summertime comes, most of these students leave town and take their spending power with them. To add to this, village residents come and go on vacations during the summer season. It seems likely that downtown Hamilton stores and restaurants would be adversely affected by Colgate's summer break. Is this the case? How badly are businesses hurt by the summer's economic lag? Are all businesses affected in the same way? Are some periods worse than others? But more importantly, do the summer programs at the University and seasonal programming in the Village compensate for the drop in sales? This study tracks the gross sales for 19 Hamilton businesses over 18 weeks of the summer months in an attempt to answer these questions.

### **Methodology:**

To collect the data for this study, a letter requesting the gross sales from Saturdays during the summer months was sent to 68 businesses in or near the Village of Hamilton. We chose to focus on Saturday revenues because Saturdays are generally a strong sales day for the retail and restaurant and lodging sectors. In order to get more business owners to participate in the study, it was made clear that the data would be aggregated across industries so that no business's individual data could be identified in the final report. In fact, all the participating businesses will remain anonymous with the exception of the Colgate bookstore. The industry groups represented in the study are hospitality, restaurants, liquor, retail, services, and entertainment.

Many of the business owners approached did not want to participate in this study for various reasons. Some indicated that the information requested was too personal. Other business owners were not interested in participating because they did not think their business would show any significant drop or increase over the summer due to the lack of students or due to the events that were happening in the village. While some declined to participate, other business owners were immediately interested in joining the study. These proprietors saw the value in the study and were interested in the results.

After several weeks of speaking with various business owners and requesting their participation, 25 businesses agreed to share their sales information. However, due to irregular summer hours for some businesses, only 19 of the businesses had complete sales information for inclusion in the study. These 19 businesses are further disaggregated into 21 observations because two of the participating businesses sell two different products each – one sells entertainment and retail, and one sells hospitality and dining.

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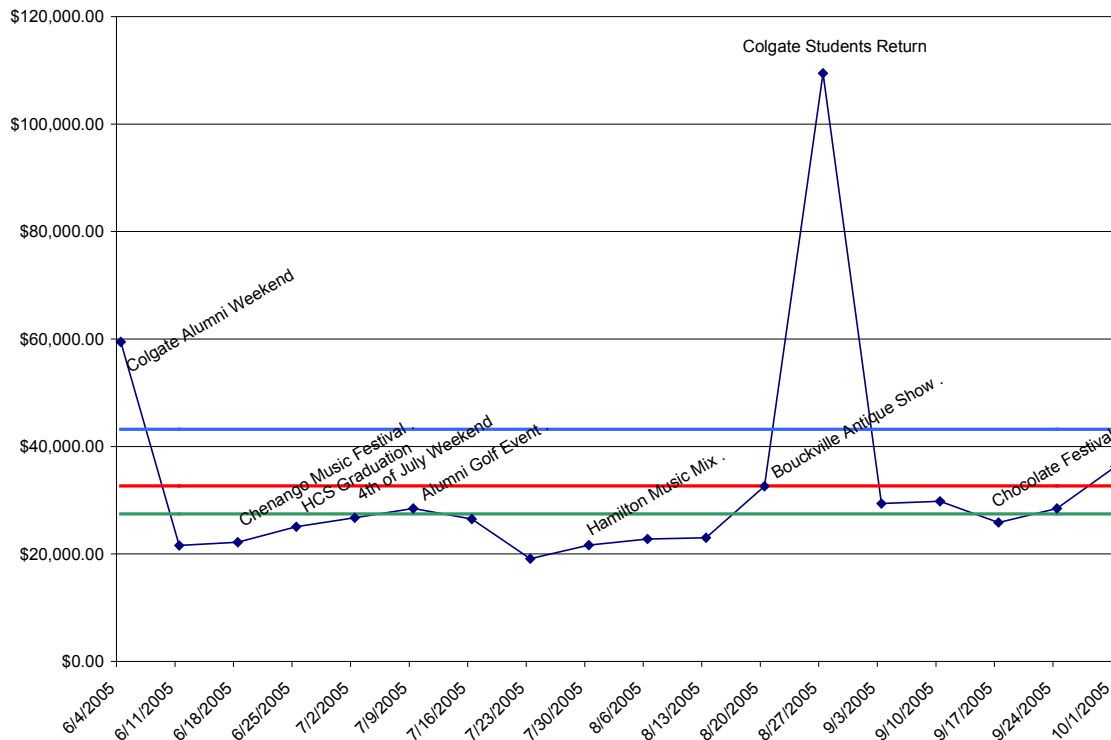
\* I would like to thank the Partnership for Community Development (PCD) for all the help they provided, especially with gathering data, the Upstate Institute and Professor Jill Tiefenthaler for guidance and funding, as well as all participating business owners without whom I could not have completed this study.

It was impossible to create a subset of businesses that would completely reflect the types and number of businesses in the Village of Hamilton because it was ultimately up to proprietors whether or not they would participate in the study. For the most part, the participating businesses provide an accurate, but broad, overview of the different types of businesses that operate in Hamilton. However, because many businesses did not participate, the study is not an exact picture of what is happening in Hamilton over the summer.

### Group A: Retail

The retail group is comprised of ten businesses with significantly varying sales. For some of these businesses, sales on Saturday are consistently on the order of \$100s, while some are on the order of \$10,000s. A few of the businesses jump from \$100s in sales to \$1000s in sales from weekend to weekend. The following graph shows the total sales for the ten retail businesses that participated in the study. Included on the graph is an average for retail sales across the 18 weeks of the study, shown in red, the average for the 12 weeks that Colgate University is out of session, shown in green, and the average for the 6 weeks of the study during which Colgate is in session, shown in blue.

**Figure 1: Total Sales for the Retail Sector**



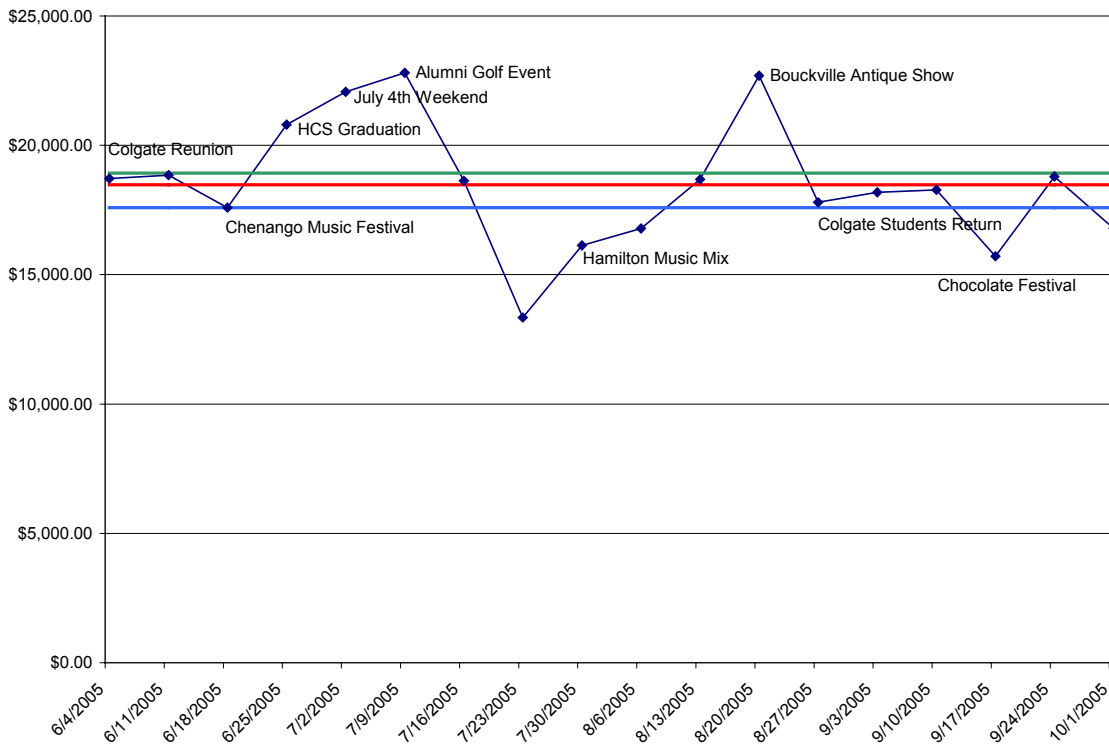
As we can see from this graph, there are two Saturdays where sales figures are far above those of any other weekend – June 4<sup>th</sup> and August 27<sup>th</sup>. June 4<sup>th</sup> is Colgate’s alumni reunion and August 27<sup>th</sup> is the weekend that Colgate students return to campus. On both of these weekends, though, one business alone causes the dramatic increase in sales: the Colgate Bookstore. Alumni weekend is a big weekend for the bookstore because

thousands of alumni return to the area and buy Colgate apparel. When students return to campus, the bookstore sells thousands of required textbooks.

The Colgate Bookstore is a recent addition to downtown Hamilton. In the summer of 2002, the university moved it from its previous location on campus, the O’Conner Campus Center, to the heart of downtown amid much controversy. While some businesses worried that the move would increase competition downtown, others hoped that the Bookstore would bring more foot traffic to the area which would spill over to all downtown retail businesses increasing sales for everyone. The sales data collected for this study show that the Colgate Bookstore’s sales are weakly correlated (correlation coefficient is -0.088) with the sales of the rest of the retail businesses that participated in the study. While these data do not provide a before-and-after look at the effects of moving the bookstore downtown, the correlation coefficient indicates that the bookstore’s sales pattern is, for the most part, independent from the sales of other downtown retail businesses.

The following graph also shows the total sales in the retail sector, but this time without the Colgate Bookstore’s data included. Given the correlation results, omitting the bookstore provides a better picture of how events affect sales for the rest of the retail businesses. Again, the red line is the average of retail sales (minus the bookstore) over all 18 weeks, the green line shows the average for the first 12 weeks before Colgate students return to the village, and the blue line shows the average for the 6 weeks when Colgate students are on campus.

**Figure 2: Total Sales for the Retail Sector without the Bookstore's Data**



The data indicate that average retail sales are 7.03% lower when students are on campus than when they are away during the summer break. This is the difference between the green and blue averages above. So, even though the population of the village increases substantially when students return, there is actually a decrease in average retail sales for local businesses that participated in the study (not including the bookstore). Five of the ten retail businesses tracked show lower average sales of 19.37% to 91.21% when Colgate is in session. Two businesses are fairly stable during the two time periods with increases of only 0.14% and 4.79%. The other three businesses showed moderate increases (except, of course, for the bookstore which posted an increase over 200%).

In terms of special events impacting businesses, there are mixed results. Alumni weekend, the first weekend of the study, June 4<sup>th</sup>, produced only slightly above (1.28%) average sales in retail (except for the bookstore, which as mentioned earlier, increased substantially). A complaint heard from one business owner was that the alumni weekend activities were all centered on campus, “up the hill,” and, therefore, alumni were not downtown in the shops.

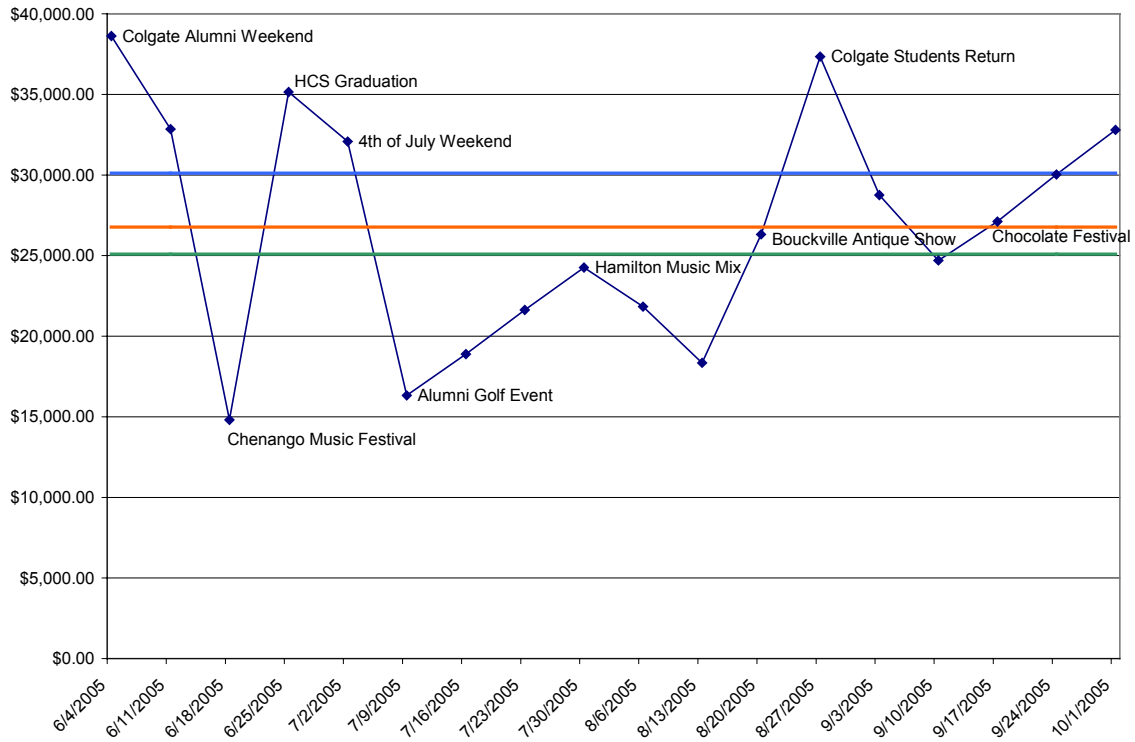
There were two music festivals over the summer season. The Chenango Music Festival was a four day event with concerts at different venues throughout town from Thursday, June 16<sup>th</sup> to Sunday, June 19<sup>th</sup>. Retail sales were 4.81% below average on the Saturday of the Chenango Music Festival. Some individual businesses had increases in sales, some were static, and some dropped, but the businesses that had lower than normal sales dropped by a larger percentage than the increase that other businesses experienced. The second music festival was the Hamilton Music Mix on Saturday, July 30<sup>th</sup>, a one day music festival held on the Village Green. Sales were 12.7% below the summer average on this Saturday. However, sales were 13.24% higher than sales the previous week when there were no events.

The Saturday with the strongest sales for retail businesses over the summer was Saturday, August 20<sup>th</sup>, the weekend of the Madison-Bouckville Antique Show. Sales were 22.80% above the summer average on this day. The antique show draws thousands of vendors and shoppers to a town just a few miles north of Hamilton for two nights. Other events had varying effects on business in Hamilton. The weekend of Hamilton Central School’s graduation saw an increase of 12.52%, adjusting for the bookstore’s effects. The weekend of the Fourth of July saw an increase of 19.43% from the average as campers, vacationers, and families come into town for the long weekend and celebration.

### **Group B: Lodging, Entertainment, and Dining**

Eleven businesses in the lodging, entertainment, and dining sectors participated in the study. The participants in this group also have highly variable sales numbers. Figure 3 shows total aggregate sales for these businesses in the Hamilton area over the 18 week study. Again, the red line shows the average Saturday sales over the entire 18 weeks, the green line shows the average total sales for the first 12 weeks of the study, and the blue line shows the average sales for the final 6 weeks of the study, when Colgate students returned to campus.

**Figure 3: Total Sales for Lodging, Entertainment, and Dining Sectors**



It is clear that sales in the lodging, entertainment and dining sector varied more than aggregate retail sales over the same time period. While there are many peaks and troughs in the aggregate data, sales are generally higher in these three sectors during the beginning and end of the study than the middle of the summer. Once Colgate is back in session and students return on August 27<sup>th</sup>, average sales in these three sectors increase by 20.05%.

Events over the summer seemed to help some businesses in this sector, but hurt others. Though Colgate Alumni Weekend produced the highest weekend in sales for these sectors across the summer, an increase of 44.28% from the average weekend, there could have been more of an increase. Some proprietors in town expressed frustration with Colgate for holding almost all of the weekend's activities at the university rather than in town. Though local inns and B&Bs were full during this weekend, some of the dining establishments in town suffered because the weekend was catered at the university.

The return of Colgate's students on August 27<sup>th</sup> increased total sales in this sector by 39.49% relative to the average. However, most businesses had average sales on this Saturday while a few posted their largest sales of the summer. While we might expect sales to be higher because there would have been thousands of families descending on the village to drop off students; in reality, most families would have gone home by Saturday. The big day for families was Thursday of that week, the date that first-year orientation began.

The impact of the two music festivals on sales in the lodging, entertainment, and dining sector is quite different from their impact on retail businesses. The weekend of the

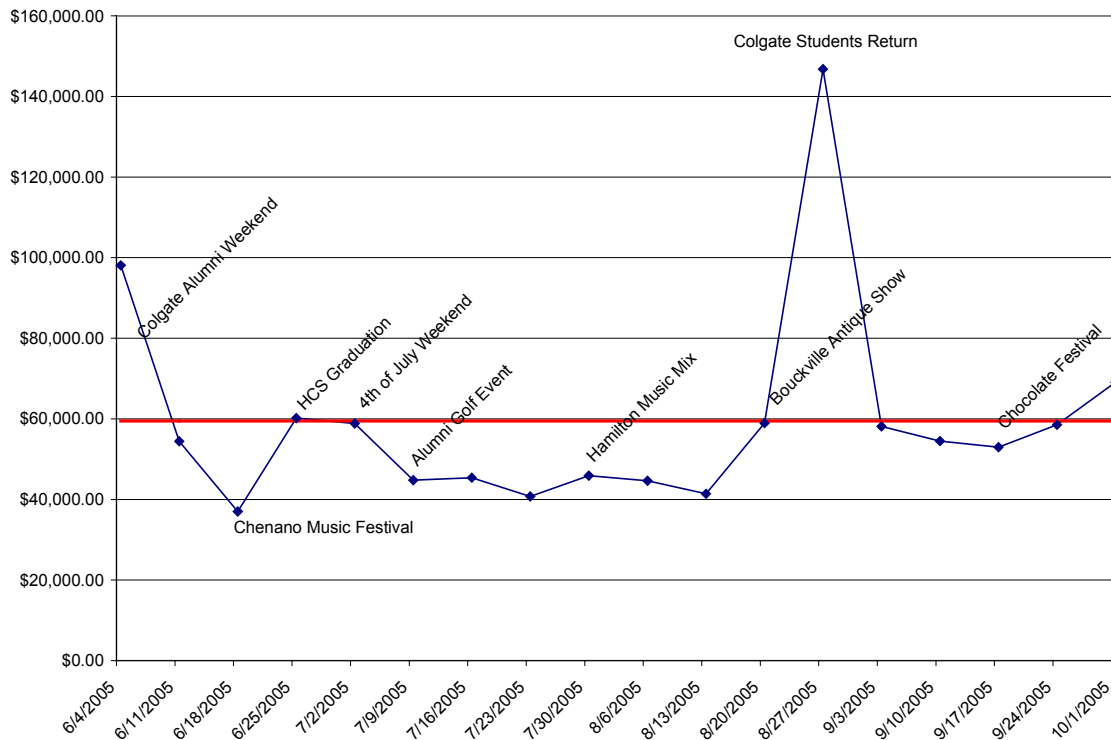
Chenango Music Festival saw a drop in sales of 44.69% below the 18 week average. This is probably the result of catered events, housing provided by Colgate University for the musicians, and the many free events included in the festival. Another possible contributing factor to this drop in sales was the weather. The weekend of the Chenango Music Festival was unseasonably cold and rainy, which likely contributed to the below average sales that weekend. The Saturday of the Hamilton Music Mix also produced lower than average sales (9.39% lower than average). The economic difference between the two festivals, however, is that the Chenango Music Festival is a very slow weekend surrounded by relatively good weekends while the Hamilton Music Mix is a relatively good weekend during a relatively slow period.

Like the retail group, the Hamilton Central School graduation weekend and the 4th of July weekend produced relatively high sales, 31.31% and 19.83% above the average, respectively. Other events had varying effects on business in the village. The Chocolate Wreck Festival on September 17<sup>th</sup> produced slightly above average sales, though only by a little more than 1%.

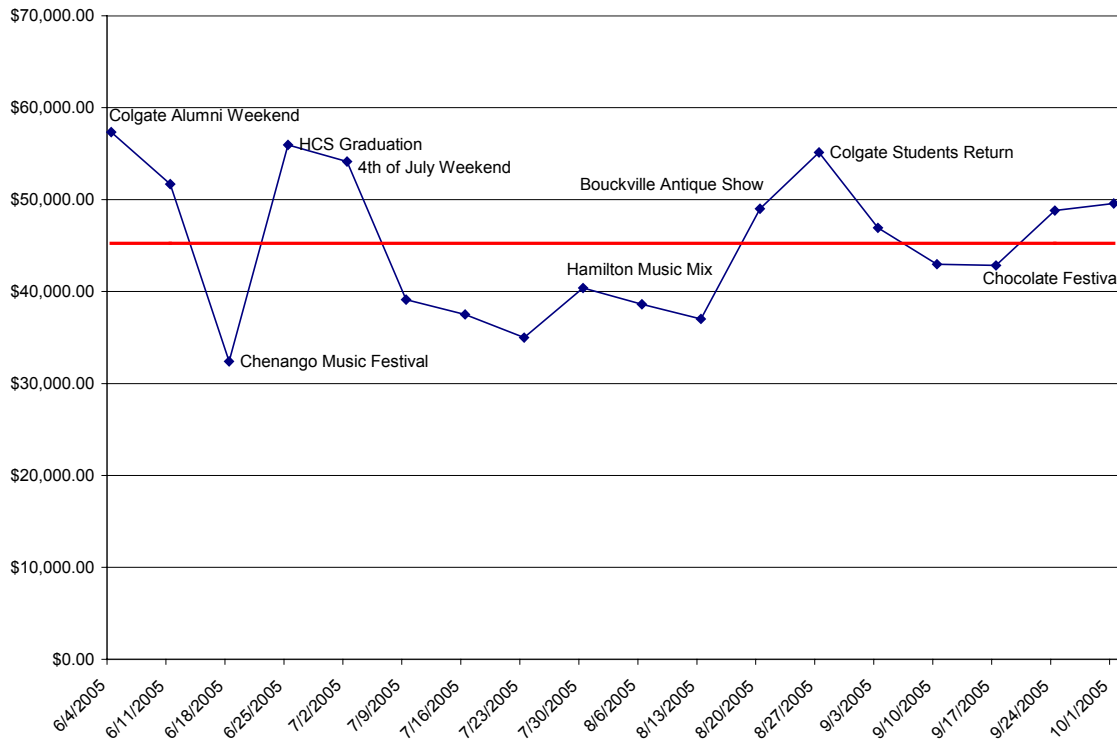
**Total Sales:**

The following two figures show total aggregate sales for all 19 businesses that participated in the study. Figure 4 shows the total aggregate sales for all participating businesses along with the 18 week average sales (shown in red). Figure 5 shows the total aggregate sales for participating businesses, with the exception of the Colgate Bookstore, as well as the 18 week average in red.

**Figure 4: Total Aggregate Sales for Participating Businesses**



**Figure 5: Total Aggregate Sales for all Participating Businesses except the Bookstore**



The figures show that the slowest part of the season for the Hamilton businesses in the sample is from post-July 4<sup>th</sup> to August 20<sup>th</sup>, with the best part of the season being early June to July 4<sup>th</sup> and late August. The slowdown is likely caused by local residents going on vacations. Clearly, Hamilton does not have a tourist trade significant enough to replace this decline in demand.

While weather might appear to be a significant factor in total sales, the correlation is actually small. We would expect to find a negative correlation between precipitation and sales; the more it rains, the less people shop. However, the correlation coefficient is small and insignificant. Weather may have an impact on certain events, especially those held outdoors, but overall, it is not much of a factor in total sales in the village.

It is important to note, again, that the businesses that participated in this study represent only approximately 30% of the total business activity in Hamilton. Therefore, while the results do not provide a complete picture of summer sales in the village, they do provide insight into the experiences of a significant number of local businesses.

**Conclusion:**

In general, when Colgate students return to Hamilton, the total sales of the businesses surveyed increase. This result holds for the lodging, entertainment, and dining sector, as well as for the Colgate Bookstore. However, sales actually decreased slightly for other retail businesses during the six weeks measured after Colgate students returned. Why would retail sales actually decline when Colgate is back in session and the population of

the village doubles? Increased traffic and problems with parking may deter some locals from shopping downtown. Some of this decrease could also be attributed to an end of the summer shopping season and might occur independently of the student presence.

Specific events also have a varying impact on summer sales. Overall, Hamilton Central School's Graduation weekend, the 4<sup>th</sup> of July weekend, Alumni weekend, the Bouckville Antique Show and the return of Colgate's students had a very positive effect on sales in Hamilton. The Colgate reunion, the return of Colgate students, and the Chocolate Festival had greater effects on lodging, entertainment, and dining than on retail. The Bouckville Antique show had a greater effect on retail than other industry groups. Graduation weekend and the 4<sup>th</sup> of July weekend helped both retail and lodging, entertainment and dining equally.

However, these events held over the summer should undergo changes in order to promote economic stability in the area during the slower summer season. Events that bring hundreds, and even thousands, of visitors into the village do not appear to automatically benefit the overall local economy as one might expect. It might take a special effort to spread out the economic benefits of events such as Colgate's alumni weekend. Using local businesses for catering, having fewer planned meals on campus (perhaps making special arrangements for downtown restaurants to meet the need), and planning events downtown might increase the economic benefits of such events to the local economy. Even so, we cannot forget about the immeasurable positive social value these events have for the community.

Of the events that are specifically designed to increase economic activity in the area, the Hamilton Music Mix and the Bouckville Antique Show are the most successful. While the Saturday of the Hamilton Music Mix shows below average sales, sales are significantly higher than the other Saturdays from post-July 4<sup>th</sup> to late August. While the Bouckville Antique Show is not designed to increase economic activity in Hamilton, it does bring together buyers and sellers from all over the country to focus commerce in Central New York for a period of two days. That spirit of business, commerce, and economic improvement appears to spill over into the surrounding areas. It is this kind of event that boosts a stagnant summer economy.