Market feasibility overview

BOOKSHOP, CAFÉ, AND PERFORMANCE SPACE

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BOOKSHOP, CAFÉ, AND PERFORMANCE SPACE

Huntington Station, NY

Overview
Members of Source the Station have nominated and shown strong support for development of a combination bookshop, café, and performance space in Huntington Station. The Source the Station retail campaign website describes the proposed business this way:

“After talking to many Huntington Station residents, we have seen that there is a void in the students and young professionals of our town. We have a lot of commuter students in Huntington Station who feel disjointed from the intellectual community at their schools. Young professionals have no place to have meetings or round tables with other forward thinking friends.

“What if we could provide a place for students and all people to meet and study? Imagine a beautiful place of our own that is a bookstore, café and eatery, and a performance space all in one! This shop would be the perfect place for all Huntington Station residents.

“Like many cafés garnered for students and teachers, this store could be opened for late night study sessions. It would sell books, CDs, DVDs, and gifts as well as high quality food and drinks. Wifi and wide open diverse seating opportunities would make it conducive to working or hanging out. You could camp out there during finals week and have breakfast, lunch, and dinner while still enjoying the company of fellow students!

“Additionally having an entertainment space would allow local artists, musicians, poets, and speakers to enrich Huntington Station with their talent.
The shop would be a center for growth and enjoyment for our community of Huntington Station!"

This report explores the feasibility of such a business and provides suggestions on how it might operate.

**Concept profile**
There are scores of restaurant/bookstore combinations in the US and throughout the world. The combination usually works well, for several reasons:

- The bookstore offers a distraction for people waiting for a dining table.
- The restaurant generates a steady stream of foot traffic (and potential customers) for the bookstore.
- By reading a book, magazine, or newspaper, people feel more comfortable dining alone – so, the restaurant is able to attract more solo diners than it might normally attract.
- Bookstores that use wall-mounted bookshelves, rather than freestanding shelves or stacks, use very little square footage and are therefore a logistically easy sub-tenant for a restaurant to accommodate.

In recent years, restaurant/bookstore combinations that also incorporate entertainment space have popped up around the US. One of the earliest and best-known is Busboys and Poets, a restaurant in Washington, DC. Owned by an experienced restaurateur and amateur artist, Busboys and Poets is primarily a restaurant. But it incorporates other components, as well:

- It leases the exterior walls in its entry space to a bookstore operated by a national nonprofit organization, Teaching for Change.
- It uses other walls in the restaurant as gallery space to exhibit the owner’s and other local artists’ artwork. The restaurant receives a commission on artwork sold.
A large room (with a small stage) adjacent to the dining room is used almost every night for entertainment – sometimes readings/discussions by authors whose books are featured in the bookstore, sometimes poetry slams, sometimes live music. When the room is not being used for performances, it can be used as overflow dining space, if needed. The restaurant also rents the room to individuals, businesses, and organizations for private functions, with the restaurant catering these functions.

It offers several large, communal tables and some sofas and easy chairs near the front door, with free wifi, so that people can casually work while dining.

Busboys and Poets has now expanded into three additional locations in Washington, DC and its suburbs. Each one incorporates the same components.

Some restaurateurs have reported that offering free wifi encourages people to linger too long over coffee, preventing other customers from being served. For example, the Atomic Café, in Beverly, Massachusetts, has eliminated wifi in order to discourage people from lingering for hours without buying meals. Other restaurants limit wifi use to 60 minutes.

Existing bookstores, restaurants, and entertainment venues
With the exception of a Christian bookstore, there are no bookstores, restaurants, or entertainment venues within practical walking distance of the train station. The larger area contains several bookstores, numerous restaurants, and several entertainment venues.

Bookstores: Promesas Christian Book Store (1342 New York Avenue) is the closest bookstore to the train station. Book Revue (313 New York Avenue, in Huntington) is a long-established and renowned family-owned bookstore. Collectors Kingdom (202 West Jericho Turnpike), about 1.8 miles from the train station, specializes in comic books. Libreria Catolica (231 Wall Street, in Huntington) specializes in Spanish-language religious books.
Restaurants: Maria’s Famous Pizza Chicken (1044 New York Avenue), El Picacho (1026 New York Avenue), and Golden City Chinese Kitchen (953 New York Avenue) are the closest restaurants to the train station.

Entertainment venues: There are a number of entertainment venues within three miles of the train station, including The Paramount (370 New York Avenue, in Huntington), Murder Mystery (a dinner theatre, at 18 Hollywood Place, in Huntington), 300 Long Island (a social bowling alley with upscale food, in Melville), AMC Shore 8 movie theatre (37 Wall Street, in Huntington), and Cinema Arts Centre (423 Park Avenue, in Huntington).

There are several businesses within the Town of Huntington that combine more than one of these product lines. For example, Book Revue offers a healthy calendar of author appearances/book signings and other special events. And Murder Mystery is essentially a restaurant offering scheduled entertainment.

Market demand
In estimating market demand for a combination bookstore, café, and performance space, we explored market demand for these three product lines:

- Books, magazines, and newspapers
- Restaurant meals (including alcoholic beverages consumed in restaurants)
- Live entertainment (movies, theatre, other non-sports ticketed events)

Using data from the 2010 Census of Population and the 2010 Consumer Expenditure Survey, we examined the market demand for these product lines by Huntington Station residents, Town of Huntington residents, LIRR commuters whose trips begin or end at Huntington Station, and LIRR commuters from stations east of Huntington Station on the Port Jefferson branch. For each of these product lines and market groups, we first estimated the total amount of market demand – e.g., the total amount of money that people in these three customer segments are likely to spend in each of these categories over the course of the year. We then developed estimates of
how much of this market demand a new business in Huntington Station that combines these three product lines might realistically expect to capture, taking into consideration factors such as the amount existing businesses in these categories appear to currently be capturing, the demographic characteristics of the area, and site accessibility.

The amount of potential retail sales that a business might realistically capture is affected by many more factors than the amount of retail demand that appears to exist for a product or service. In particular, the amount of potential sales that might be captured by a business are affected by the management and marketing skills of the business owner and staff. We therefore also considered the market demand this new hybrid business might be likely to capture (assuming good management and marketing, adequate capitalization, and other sound business practices), based on minimal, moderate, and aggressive levels of market penetration.

“Minimal”, “moderate”, and “aggressive” are relative, but some rough benchmarks include:

- **Minimal:**
  - Typical lunch and dinner restaurant service hours
  - No special marketing activities
- **Moderate:**
  - Breakfast, lunch, and dinner restaurant service
  - Some special marketing activities
- **Aggressive:**
  - Breakfast, lunch, dinner, and late night restaurant service
  - An aggressive merchandising strategy
  - Numerous special marketing activities
  - Multiple ways to reach customers and potential customers

Finally, we also took into consideration the amount of visibility the new business might have from the train station and from New York Avenue. If the business were located at the train station but lacked good visibility from New York Avenue, its market would be limited primarily to train commuters (and particularly to those whose trips begin and/or end at Huntington
Station). If it had strong New York Avenue visibility as well as visibility and easy access from the train station, its market would be stronger.

Tables 1-4 summarize our findings:

- Table 1 includes our estimates of achievable annual gross sales from purchases made by Huntington Station residents
- Table 2 includes our estimates of achievable annual gross sales from purchases made by Town of Huntington residents
- Table 3 presents our estimates for LIRR commuters whose trips begin or end at Huntington Station
- Table 4 presents our estimates for LIRR commuters who live in communities east of Huntington Station along the Port Jefferson branch

<table>
<thead>
<tr>
<th>Product/service</th>
<th>Limited New York Ave visibility</th>
<th>Strong New York Avenue visibility</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Moderate</td>
</tr>
<tr>
<td>Meals and alcohol consumed in restaurants</td>
<td>$34,000</td>
<td>102,100</td>
</tr>
<tr>
<td>Books, magazines, newspapers</td>
<td>19,900</td>
<td>39,800</td>
</tr>
<tr>
<td>Movie, theatre, and other entertainment</td>
<td>40,300</td>
<td>60,500</td>
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**Table 1.** Summary of likely market demand from Huntington Station residents for three potential product lines combined in one business.

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<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Moderate</td>
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<tr>
<td>Meals and alcohol consumed in restaurants</td>
<td>$334,200</td>
<td>668,400</td>
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<tr>
<td>Books, magazines, newspapers</td>
<td>11,700</td>
<td>17,600</td>
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<tr>
<td>Movie, theatre, and other entertainment</td>
<td>43,600</td>
<td>87,300</td>
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**Table 2.** Summary of likely market demand from Town of Huntington residents for three potential product lines combined in one business.
Table 3. Summary of likely market demand from LIRR commuters whose trips begin or end at Huntington Station for three potential product lines combined in one business.

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<tr>
<td></td>
<td>Minimum</td>
<td>Moderate</td>
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<tr>
<td>Meals and alcohol consumed in restaurants</td>
<td>$110,700</td>
<td>123,400</td>
</tr>
<tr>
<td>Books, magazines, newspapers</td>
<td>8,900</td>
<td>17,800</td>
</tr>
<tr>
<td>Movie, theatre, and other entertainment</td>
<td>10,000</td>
<td>15,500</td>
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Table 4. Summary of likely market demand from LIRR commuters living in towns east of Huntington Station on the Port Arthur branch for three potential product lines combined in one business.

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<th>Product/service</th>
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<th>Strong New York Avenue visibility</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Moderate</td>
</tr>
<tr>
<td>Meals and alcohol consumed in restaurants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Books, magazines, newspapers</td>
<td>3,400</td>
<td>5,100</td>
</tr>
<tr>
<td>Movie, theatre, and other entertainment</td>
<td>4,800</td>
<td>5,700</td>
</tr>
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There is, of course, some overlap between these groups. For example, residents of the Huntington Station Census Designated Place are also residents of the Town of Huntington, so our estimates of potential sales to residents of the Town of Huntington include sales to residents of Huntington Station. And, while there is no data about where LIRR commuters whose trips begin or end at Huntington Station live, it is likely that the vast majority of them live within the Town of Huntington.
Discussion

We believe it is likely that there is adequate market demand to support a combination bookstore, restaurant, and entertainment venue in Huntington Station, relying primarily on sales to Huntington Station residents, with additional market support from other Town of Huntington residents and from Huntington Station train station passengers. The business’s chances of success would therefore almost certainly be bolstered if it were located within easy walking distance of the train station. Good visibility from New York Avenue will be crucial.

Bookstore sales are likely to be marginal; Book Revue is a powerful market attraction; bookstore profit margins are very thin; and it would be unrealistic to expect a bookstore with small square footage and with a strong market competitor to generate sufficient sales to support an owner’s salary or owner’s draw. We therefore think that, as is the case with the Washington, DC-based Busboys and Poets, the bookshop included in the restaurant should be considered an amenity, not a significant profit center. The bookstore might therefore be owned and operated by a nonprofit organization or school (perhaps by a young entrepreneurs’ class or club), or perhaps a small outpost of an existing bookstore (such as Book Revue), paying rent to the restaurant for the square footage it uses.

Given the active calendar of author readings, book signings, and other events at Book Revue, it would be important that the entertainment program provided at the hybrid restaurant/bookstore/entertainment venue offer activities different from those available at Book Revue. For example, the entertainment program might include live music, audience participatory events (like poetry slams), film screenings, and workshops. It might also offer programming of specific interest to Huntington Station’s Hispanic population. And, it might market its performance space as a daytime venue for private meetings and events, augmenting its ticketed event revenues and providing a revenue stream from catering the private meetings.

It will be most important, however, that the business perform as a successful restaurant, relying primarily on its food and beverage sales, with its other activities serving to attract customers and provide additional sources of revenue.
General limitations and disclaimer
Retail market analyses, their components, and derivative business development plans provide important guidance on how a business or commercial center should, theoretically, be able to perform and on the sales levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator and property manager, level of business capitalization, the quality of the physical environment, changes in overall economic conditions, the effectiveness of business and district marketing programs, and many other factors. The information in this report is intended to provide a foundation of information for making business development decisions for Huntington Station, but it does not, and cannot, ensure success.