

## FEATURES

# Business in the Village

## New business do surprisingly well in competitive Chapel Hill market

By LISA CARL

The crunch begins as the spring semester ends. Signs appear on area cash registers: "Sorry, no checks." Merchants post those end-of-the-season notices with regret, anticipating a long summer of empty dorms, empty sidewalks, empty stores — and their empty pockets.

It is not unusual for students to return in the fall to find several businesses closed down, unable to maintain themselves without student patronage. The businesses that fail are usually those already operating on the edge of solvency. Many are new businesses that hadn't yet built up enough capital to carry them through the summer doldrums.

This year, George's International Cuisine, Hobbit's Hoagies, Jasper's, and Roy Rogers were among the casualties. But, new businesses are already stepping in. Hunan Chinese Restaurant will occupy the old George's location, and Biscuit Town, an all-night restaurant will open in mid-August in the Roy Rogers' building.

July is generally the worst month for area merchants. Retail sales figures in Chapel Hill for 1980 dropped from more than \$15,000 in June to \$14,500 in July.

Sales for 1980 climbed to almost \$18,000 in both August and September, when the regular session students returned.

Carrboro fared a little better last summer, because the smaller town has a higher percentage of permanent residents than Chapel Hill. Carrboro's retail sales dropped from \$3,000 in June to \$2,600 in July of last year.

This year, sales are not improving. "It's my feeling that business has been down this summer," said John Gastineau, president of the Greater Chapel Hill-Carrboro Chapter of Commerce.

To alleviate uneven business, the Chamber initiated Hot Diggity Days, a July sales promotion, almost 25 years ago.

"Hot Diggity Day was an outstanding success this year," Gastineau said. "A lot of the stores were filled, and the merchants were really pleased."

Gastineau said inflation, high interest rates, and a limited amount of investment capital had discouraged prospective

merchants from starting businesses in any area. Chapel Hill itself poses special problems for new businesses, he said.

"We've gotten a lot of bad press about the town government being hard to work with."

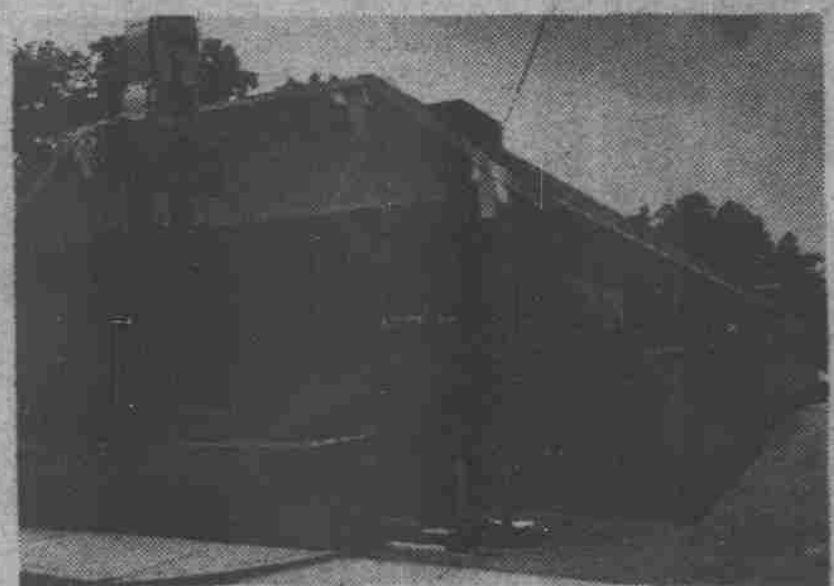
For this reason, some prospective merchants hesitate to open businesses here.

A new building proposal must gain approval from the Carrboro Board of Aldermen and the Chapel Hill Town Council. But Chapel Hill planner Liz Rooks said she did not think businesses were unnecessarily inconvenienced by prevailing ordinances.

Most new construction have at least a courtesy review by the planning boards, but most businesses take very little time to be approved, she said.

But because some businesses are located in specially zoned districts, the red tape may increase. For instance, a new Burger King will open in December next to Sadlack's. The restaurant had to obtain an exterior Certificate of Appropriateness from the town, as it will be located within the town's historic district.

Other businesses have had to obtain special use permits



Defunct Roy Rogers, soon to be Biscuit Town

"to establish a balance between business and surrounding property owners," Rooks said.

A residential special use permit could take as long as three months to be approved, she said.

Tim Kirkpatrick, owner of the Henderson Street Bar, opened his business in late May. "I had planned to open in the middle of March, but the Presbyterian Church next door was protesting my license," he said.

After the rough start, some businesses are able to maintain a fairly healthy business over the summer. Mike Bullock, manager of the Varsity Theater on Franklin Street said, "Over all, business is up (since the regular school year) because we're only charging a dollar admission. That doesn't necessarily reflect better movies or a better economy — it's mainly because of the cheap movies."

The Varsity started its dollar movies during exams last May, so the new policy has not really been tested by the student population yet. "We're expecting double the business in the fall," Bullock said.

Owen Gwyn, owner of the Pump House game room, has done well this summer also, as his store attracts many junior high and high school students on summer vacation. Gwyn said the town should make an effort to encourage permanent residents to patronize downtown businesses.

Many town residents flock to the malls because parking uptown is expensive. "It costs the price of a movie to park uptown nowadays. So only students (who live nearby) go uptown, and businesses are forced to appeal to students," he said.

Gwyn, like the other downtown merchants, said the town government spent too much time on zoning ordinances and not enough time on more "practical" laws.

"The amount of time that it takes to prepare the laws and to follow their guide... it's a real investment. There's a fine line between what they (the town council) recommend and what they actually allow," he said.

"What we really need in this town is cheaper parking. That would bring the residents in, and merchants wouldn't have this summer slump."

## Merchants prepare for worst as sales drop during summer doldrums

By LISA CARL

Details like high inflation, high interest rates on loans, and Chapel Hill's uneven market and strict zoning laws have not discouraged at least four young businessmen from starting new businesses in town.

Tim Kirkpatrick, owner of the Henderson Street Bar and former owner of Kirkpatrick's on Rosemary Street, said, "You can't go wrong buying real estate in this town."

He said this despite the fact that his bar was delayed from opening for months because the Presbyterian Church next door protested his license.

Kirkpatrick stood behind his bar wearing a brightly colored designer sport shirt and casual pants. His clothes and relaxed manner blended with the easy college-town atmosphere of the place.

The Henderson Street Bar serves only beer and munchies. Kirkpatrick said he did not think serving only beer would decrease business. "Seventy-five to 80 percent of the students here are under 21 and couldn't buy mixed drinks anyway," he said.

Kirkpatrick has remodeled the former Record Bar with dark wood, several tables and a long bar. One wall of the new bar is lined with pinball and electronic games.

Business was better than he had expected. He has often arrived to set up at 10 a.m. to find patrons already waiting to come in, drink a beer and play some games.

He expects continued success in August. "I hate to think about it. I'll have to work too hard," he said.

Kirkpatrick sold Kirkpatrick's bar two years ago. His years of experience have not diminished his enthusiasm for business in the area.

He emphasized the great increase in the number of bars in Chapel Hill in the last few

years. In 1974, when he opened Kirkpatrick's, "there were only five bars on the top of the hill."

Now the number of bars is difficult to count because most restaurants have added bars since the 1978 passage of liquor-by-the-drink. The 1980 Franklin Street Gourmet lists nine "beer only" places, not including the Henderson Street Bar. Tim Kirkpatrick's secret for a successful business in Chapel Hill: hard, steady work. Once businesses get underway, "too many (managers) get fat and say, 'I don't have to work now,'" he said. Most businesses fail because of bad management and high rent, he said.

Just below the Henderson Street Bar is a closet-sized basement store aptly named The Designer's Closet. Stacks and racks of designer label clothing fill the store.

"We're going to try to carry first quality merchandise at a discount," said Bill Ripley, the store's co-owner and manager. The store will cater to the student population, offering "clothing college students want and that they're buying anyway," he said.

Ripley and George Lee, former owners of Rip-Lee's in Durham, hope to move their store upstairs over the bar within a week or so.

While talking, Ripley arranged a bright array of shirts in colors from brilliant cerise to pale lavender, each with the familiar polo player on the left breast.

"We have a real low overhead here, so we can pass the savings on to the customer," he said.

Ripley and Lee have had a few opening problems, including leaky plumbing from the bar upstairs. "That's why I'm moving these shirts around today," Ripley explained.

The Designer's Closet has also suffered from the summer business doldrums. "Traf-

fic's been really slow, especially in July," Ripley said, "but we're looking for a good August."

Low visibility has also been a problem. Ripley said he hoped the alley leading to the store would be paved when the new Burger King is built next door.

Both Ripley and Lee attended UNC. Ripley graduated in 1976 with a degree in chemistry and psychology, but has no plans to go on to medical school. "If anything, I'll get my M.B.A."

Lee obtained a degree in business. He also plans to stay in business rather than continue academic studies.

At the other end of the main business district on Franklin Street, the Pump House game room is already drawing crowds.

A blast of cool air and several curious electronic buzzes, beeps and blips greet Pump House customers. Hardwood floors and a light wood "bar" balance the high tech aura of the electronic game machines that line the walls.

"Bartender" David Leventhal serves quarters and bottled mineral water (fifty cents a shot) to hungry machines and thirsty customers. A large red metal Mobil Oil Pegasus spreads its wings behind him.

"The kids spend the most," he said. "I had one kid come in here the other day with a twenty dollar bill. I gave him two rolls of quarters, and he spent two and a half hours in here."

The Pump House opened during final exams in May, and so has yet to feel the impact of the regular student population. But business has already profited from the summer basketball and soccer camps which cater to several hundred pre-college-age kids each summer. The Pump House has gotten

considerable business from electronic game lovers across the street in Granville Towers.

But Pump House business is by no means restricted to kids. Manager Kevin Cohan said the client age range is "forty and under."

"We get a lot of high school and junior high schoolers, but we expect it to be mainly college business (in the fall)."

Owner Owen Gwyn said, "We're not trying to appeal exclusively to students, in the sense that we don't serve beer."

Cohan said for this reason, "we will get more of the people who are more into the sport... the people who refer to themselves as addicts."

Gwyn admitted apprehension about opening a business in Chapel Hill, especially during the summer. "Anytime you open in a college town, you're looking at a seasonal business. But as far as opening a business in Chapel Hill, I'm excited."

Opening a business during the off-season gives managers a chance to work out some of the bugs. "We can get our employees trained and get them (working) at a steady pace," Gwyn said.

Gwyn relies on both the clean-cut atmosphere of the Pump House and its central location to draw customers. "In order for us to survive, we ought to have the nicest place, the cleanest place. We offer air conditioning and a clean place to play."

Gwyn's vision has had some competition in town. Two other electronic game rooms vie for the Pump House's business further down Franklin Street.

"I think Chapel Hill is a good place for us," Gwyn said. "All I can hope is that we won't have another (game room) opening up next door."