November 2024

Evaluating the Economic Impacts of Taste NY: A Case Study of the Southern Tier Welcome Center Taste NY Store

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Under reasonable assumptions the Taste NY store in the Southern Tier Welcome Center creates a positive economic impact to the state. Cornell extension economists studied one Taste NY operation in the Southern Tier to analyze the sales and impact of the store and to create a method that can be used to study the remaining Taste NY stores.

Taste NY is a New York state-led program designed to promote farm viability, economic development, and food access and equity. Along with assessing the economic impact of the Southern Tier Taste NY store, the project demonstrated a successful methodology that can be used to evaluate the impact of other TNY outlets. The researchers used scan-level sales data from the Southern Tier Welcome Center store from January 1, 2022-December 31, 2022. The scan data captured the sales data of each product from every transaction, approximately 174,000 customer transactions.

Sales Analysis

In 2022, the Southern Tier store sold 730 products from 145 NYS producers and processors. Of these 145 producers and processors, 61 sold products directly to the store, while 84 sold their products through the 7 wholesale-distributors doing business with the store. Total store sales in 2022 were $692,060. Overall, average store payments to producers were $2,797. Food and beverage items constituted 89% of the products and 94% of total store sales. The top 10 items in sales included sandwiches and coffees and other lunch items, typical grab-and-go items for the traveler on the road.

Table 1. Description of STWC TNY Store Sales and Cost of Goods Sold

Store performance metric	
Total sales	$692,060
Sales from top 10 items	$186,855
Number of suppliers[1]	68
Number of producers or processors with sales of products	145
Number of products	730
Average price per product	$6.35
Average sales per product	$948
Average products sold per producer	5
Number of food and beverage products	649
Sales of food and beverage products	$649,465
Number of non-food products	81
Sales of non-food products	$42,595
Total cost of goods sold	$451,271
Average store purchases per producer[2]	$2,797
Average product % gross margin[3]	34.8%

[1] Suppliers equal producers or processors who sell directly to the store plus wholesalers or distributors selling to the store.
[2] Excludes wholesale and transport margins from producers selling through wholesalers.
[3] Simple average of product percentage gross margins.

In early 2024, the New York Department of Agriculture and Markets conducted a survey of Taste NY suppliers. The most popular benefit to selling through the store, cited by 83% of respondents, was it "increased the visibility of my business". Additional business performance indicators include "increased my total sales (71% of respondents), "gained more customers" (50%), and "increased my total volume" (29%).

The Taste NY program might be able to improve its benefits to producers by developing additional locations where people will be more interested in purchasing local products as opposed to refueling themselves with grab-and-go food items. TNY could investigate how it might work collaboratively and leverage its other programs, such as at the New York State Fair. More appropriate site locations and finding synergies with other programs could improve the visibility of the local products, improve trial purchases, and improve repeat purchases.

Economic Impact Assessment

Dyson researchers examined whether all sales at the Southern Tier store in 2022 represented new, additional sales to the economy. If they were, then the increases in overall consumer demand for the products sold countered by the cost of the Taste NY program due to the state funded subsidy, there is a strong benefit to cost ratio of 3.66. However, the producer survey mentioned above indicates that rather than gaining new, additional sales, producers shifted some of their product from other markets to the Taste NY store. When researchers used the estimates of the amount of product reallocated, they estimate an upwards benefit to cost ratio of 1.17. This is significantly less than before, but still above one.

Researchers observed that many of the sales from the Taste NY store were for grab and go items,

like many convenience stores. Therefore, they looked to see if the net economic impact of the Taste NY store (with the Taste NY subsidy) could be compared with the economic impact of a comparable private business (with no subsidy), such as a convenience store. In this case, the opportunity costs of not having a privately run convenience store of similar size reveals a BCR of 1.45 for the TNY store. Again, much smaller than the original estimate but still above one.

The diversity in scale, operational nature, and target customers across all the 63 Taste NY retail outlets means these results cannot be compared to other, alternative Taste NY outlets. However, with the methodological framework established, researchers can replicate this research across store types, which would be instrumental in assessing the effectiveness of alternative Taste NY retail settings.

We gratefully acknowledge the Southern Tier Welcome Center Taste NY store and Cornell Cooperative Extension of Broome County for their help. This material is based upon work that is supported by the New York State Department of Agriculture and Markets (grant number CM04068EH). A copy of the full report can be found at: Taste NY Impact report.

"Smart Marketing", is an extension publication for placement in extension and local media. It reviews extension and outreach efforts from the Dyson School at Cornell University that are critical to the food and agricultural industry. Please cite or acknowledge when using this material. Past articles are available at: Smart Marketing.