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The transformation of a charity shop into a specialist fashion store

Keywords Charity shop, fashion retailing, models

Abstract

More than ten years ago, a Guardian columnist observed a growth in the charity shop sector due to an increase in the number of such outlets on the high streets of towns and cities in the UK. The Guardian more recently reported on a new charity store image evidenced by brand-new charity fashion boutiques being launched by Oxfam in London. This new mode of charity store sold selected re-styled and re-designed items created by young designers from the London College of Fashion. The article stated that 'the charity was taking its first step towards a more fashion-conscious image: away from the slightly battered shoes and oversize floral skirts it's known for and into the world of designer one-offs and couture accessories' (Freeman, 2008). It is unquestionable that charity shops have the potential to offer good value fashion to people on a budget as well as attracting fashion-conscious customers. However, if the charity shop is to make the most of this opportunity then certain retail practices are in need of change. The aim of this research was to explore the current trend of UK charity retailers upgrading towards a new target market through the launching of specialist fashion stores and to examine effective strategies for charity shops to achieve up-market fashion retailing. Three retail models from the literature review were used and the research makes use of

illustrated visual evidences to demonstrate the performance of charity shops compared to up-market fashion stores. Structured observations, photography and semi-structured interviews were used to develop a new 'Mannequin Model' to provide a strategy for charity shops wanting to move into the mid-upper levels of the fashion market. A synthesis representation of localisation and specialisation was found to have potential for launching a specialist fashion outlet in the charity retail sector.

Introduction

Charity shops offer good value second-hand fashion products to consumers on a budget. In the current economic climate there is further opportunity to attract other fashion-conscious customers who have to readjust their fashion-spend. However, in order for charity shops to make the most of this opportunity and become key players in the marketplace changes need to be made to their current retail practices. In 1990 there were around 3,200 charity shops across the UK and around 6,300 a decade later (NGO Finance, 2000). Broadbridge and Parsons (2003) believed this growth to be a result of competition in the sector accompanied by changes in the way the sector operated. Such changes included the management and organisation of charity retailing through to the overall orientation of the sector. However, attempts to explore the development of charity shops thus far in academia, particularly into the transformation of charity shops into specialist fashion stores, is limited. Much of the work is focused on the causes in changes of charity shops in a broad sense, such as intense competition (Broadbridge et al, 2003), professionalism and commercialism of

management (Parsons, 2002) and the whole European retail environment (Dawson, 2000). This study aims explore the current charity fashion retailing in an attempt to highlight the necessary changes needed in retail strategies in order for charity shops to realise the benefits of moving towards a specialist fashion retailer concept. To achieve this three existing retail models were used as theoretical tools to assess the inherent nature and the future transformation of charity retail through primary research. The development of the charity retail sector and reasons for their evolution were defined from a literature review in order to explore a re-imagining of the second-hand purchase process which could be associated with the growth of charity retailing.

Aim and objectives

The aim of this research is to explore the current trend of charity retailers upgrading towards a new target market through the launching of specialist fashion stores and to examine effective strategies for charity shops to achieve an up-market fashion retailing concept.

The objectives are:

- To review the development of the charity retail sector and changes in charity retail strategies
- To review general retailing theory models and apply to retail trends in the charity fashion sector

- To explore the premises and necessary conditions required in order for charity shops to upgrade to a specialist fashion store
- To develop a new theoretical framework for charity shops to use to upgrade towards up-market fashion retailing

Methodology

This qualitative study draws on observations conducted in Yorkshire and London in the UK and semi-structured interviews with store managers to evaluate and rank the fashion performance of a number of charity shops through the retail aspects; overall look, environment and store design, the product mix and pricing strategies. In some instances photography was used to support the observations. A total of 45 charity shops were selected, 30 were chosen at random within Yorkshire and used to understand the current status of the UK charity retail sector. A further 15 specific examples were targeted from the London ‘chic charity shop list’. The purpose being to explore the premises and conditions necessary for charity stores to move towards being specialist fashion stores. A check list comprising 20 criteria was designed to facilitate the grading process and fashion performance evaluations shown in figure 1.

Figure 1 Checklist criteria

Merchandise Mix	
<input checked="" type="checkbox"/>	Highlight clothing items
<input checked="" type="checkbox"/>	Specific area for fashion items
<input checked="" type="checkbox"/>	High quality fashion offering
<input checked="" type="checkbox"/>	Only selling fashion items
<input checked="" type="checkbox"/>	Introduction of new concept fashion merchandise

Environment & storefitting

- Sufficient browsing space
- Clean and organised layout
- Elaborate interior maintenance and refurbishing
- Soft decoration
- Consistent layout with distinct fashion taste

Price

- Wide range of prices
- Clear price strategy
- Higher price strategy than normal charity shops
- Price ticket with brand identity
- Promotional price

Total 20

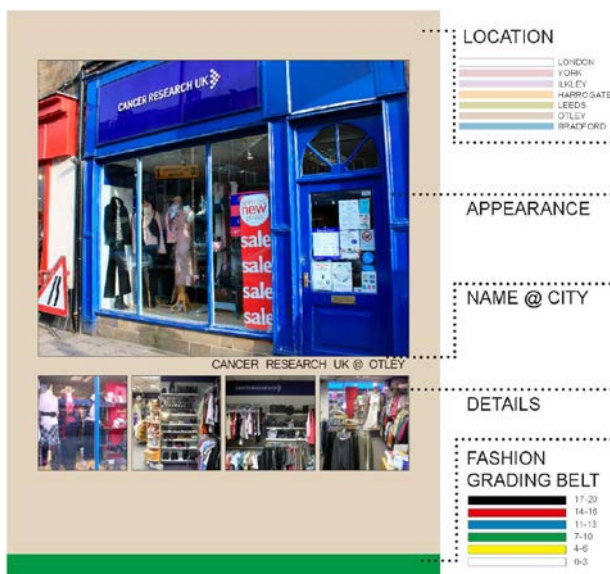
In order to simplify the data from the observations into a more manageable form a score or rating system was used to identify the fashion context and performance of each charity shop sample. The interviews were used to further understand and identify each shop. Following the data collection process the number of '✓' on the check list was used to rank the fashion performance for each shop, each '✓' being equal to one point and a total of 20 points available. In order to clearly determine each shop's fashion performance a fashion grade ranking table was designed comprising six levels classified according to the colour system used by the martial arts taekwondo belts, shown in Figure 2, where black is the highest level of fashion performance for a charity shop followed by red, blue, green, yellow and white representing the lowest level.

Figure 2 Fashion colour belt



A further two tables were designed to re-rank shops by location and branding and a set of portfolio charity shop cards were designed showing a photograph, the appropriate fashion colour belt and the name and location of the shop. The portfolio cards visually reflect the fashion performance of each shop and an example is given in Figure 3. Finally a new theoretical strategy framework was developed specifically for charity shops to upgrade towards an up-market fashion retailing concept termed the mannequin model.

Figure 3



The development of the charity shop retail sector

The charity shop has evolved over time from simply the trader of second-hand goods for the benefit of charitable causes to a more bona fide business and fashion retail contender on the UK high street. The Salvation Army popularised the charity shop concept back in the 19th century through their endeavours to provide the lower classes with cheaper second-hand clothing. The charity shop concept became dormant in the UK throughout the first and second world wars despite still being widespread and also popular in the USA (Horne, 2000). The charity shop as we know it today is essentially a post-1945 phenomenon. Horne (2000) attributed the birth of the world's largest charity retailing business Oxfam to the idea of converting donated goods into cash after surplus donated goods originally to be sent to people suffering in other countries was sold in a specific shop in order to raise funds for their continuing work. In the 1960s many charities followed suit and commenced launching their own charity shops in order to fundraise mainly through second hand clothing sales. By this time, incomes had generally increased and society was moving into the era of consumer disposables, described by Horne (1998) as '*one of buy and discard*' rather than the wartime ethos of '*make do and mend*'. The jumble sale, often housed in church halls etc, were once regarded as the most widespread form of selling second-hand goods to commonly support local and nation-wide causes. However, during the economic boom of the 1980s charity shops blossomed on the high streets, though the most rapid expansion in their development had gradually taken place since 1985. Horne and Maddrell (2002) claimed that this phenomenon was mainly concerned with the upturn of the economy in the UK in the mid-1980s, which brought an abundance of greater disposable wealth and surplus goods. Moreover, due to a buoyant economy social services were cut by a

conservative government policy and it therefore became necessary for charities to rely more on profits from sales, with this, there was a significant transformation in the charity retail sector. Due to the recession of the late 1980's and a large number of specialist stores moving to out-of-town locations, charity shops became a more prominent feature on UK high streets benefiting from the reduced rents for these vacant premises. However, the increase in turnover for the charity shops was slow due to the competition in the newly-formed charity shop sector and the need for volunteers and donated stock. Horne and Maddrell (2002) argued that the growth of shop numbers since the 1980s was accompanied by a number of changes, such as increased competition for donors. From the late 1980's charity shops began to supplement their offering by buying-in new merchandise as the rapid expansion of shops, combined with the financial recession had resulted in a lack of good quality, saleable, second-hand goods. This strategy served to raise the profile of the shops by improving their image to attract a more diverse customer base and to compensate for the lack of good quality goods and in doing so, the nature of the retail operation changed (Horne, 1998). Throughout the 1990's, charity shops benefited from an approximate 8% growth year-on-year mainly due to many charities concentrating on brand development, particularly through brand image. However, this growth began to slow down in 1995, though a second growth period did take place between 1996 and 1999 when sales began to stabilise once again (Horne and Maddrell, 2002).

After considerable growth in the charity shop sector of the 1990's, a shift also occurred in the management and organisation of these businesses. Early studies showed that the majority of paid staff were those working in the regional or head

offices having responsibilities for policy formulation and implementation (Horne and Broadbridge, 1995). By the late 1990s paid shop managers, usually with previous retail management experience, were introduced throughout the sector as many charity shops moved towards a more mainstream retail ethos. The emphasis for development focused on professionalism rather than expansion and maximising profit through investments such as the improvement of management and operations and brand image. This involved the location of shops in prime high street positions, improved shop fittings and decoration, merchandising and window displays, a move to selling more new products and the adoption of standardised pricing systems for donated goods, as well as the cost of increasing paid staff with qualified management ability (Horne, 1998). Charities began to realise the importance of creating a good brand image and profile for their fund raising efforts. Some charity shops undertook complete store refurbishments, while others modernised their fascias and became more customer focused. As a consequence, throughout the 1990s it was possible to trace a pattern of overall improvement in both shop location and merchandise presentation, and overall expertise and professionalism. According to Horne (2000) there was a trading up of the retail charity environment through a more centralised and professional operation. While some charity shops closed in the early 2000s, Parsons (2002) reported a year on year increase and suggested that there may be a larger market need than previously surmised.

Changes in charity retail strategies

The introduction of head office management was regarded as one of the strongest proponents to re-image and rework modern charity retailing by a number of scholars including Broadbridge and Parsons (2003) who had observed that head office management from senior management positions had the most impact on the transformation of charity retailing towards a more professional sector image. They realised that most of the senior management positions were occupied by individuals with commercial retail backgrounds, and that such people benefited charity shops realising a more professional status through the transference of retail skills, commercial abilities of understanding markets, store layouts and consumers. Gregson et al (2002) also acknowledged the term 'professionalism' to denote the wave of retail-led changes currently sweeping through many charity shop operations and concludes that this professionalisation reflects practices in the commercial retailing sector and encompasses image enforcement, shop standardisation, segmentation and specialisation. Parsons (2002) also discussed the professionalism and commercialism of charity shop management and identified the increased formalism of the charity shop manager's role as the main reason for the new image of the charity shop. Furthermore, Parsons identified the introduction of paid managers at shop level in 1997 was considered to be the most widespread and far-reaching shift in terms of charity shop staffing and through increased employment of paid staff at shop level and the introduction of mainstream retailing methods, charity retailers were seen to becoming more professional. At the same time, competition was becoming fiercer both between the charity shops and competitive mainstream retailers. Horne and Broadbridge (1995) put forward the mix of donated and bought-in merchandise as another cause of transformation of charity shops. They also identified a positive relationship between the maturity of a charity retail operation and

the percentage of new goods sold in the shops. Furthermore, the product mix had been redefined by the introduction of the new goods. Owing to transformations in European retailing summarised briefly by Dawson (2000), which included increased competition, expansion, technological advancement in information dissemination and rising consumer sovereignty, retailing has become increasingly heterogeneous and recent trends suggest that many aspects of retailing are still diverging. With respect to charity retailing in the UK, it is necessary to refine retail strategies due to structural changes outlined by Dawson to enable a more commercial or business-like image for the charity shop sector in a fashion context.

Retail theory models

Horne (2000) offers a useful framework for conceptualising changes in charity retailing with reference to the use of McNair's (1978) Wheel of Retailing to explore the origin of the organisation. The wheel of retailing model is possibly the most commonly used theory as it attempts to explain changes in retailing institutions. This descriptive model was later improved by Hollander in 1960. The wheel sought to account for the rise and fall of particular types of retail formats and explores features identifiable in the retailing establishment using three phases of retail evolution; the entry phase, the trading-up phase and the mature or vulnerable phase. Each phase represents an increase in location prominence, operational costs, quality and appearance of merchandise and standard of premises. Horne observes that after an initial entry phase charities pass through a trading up phase to reach a mature phase in their cycle of development. The trading up phase involves improvements in the

store's appearance and the quality of goods. Throughout the 1990s shops moved to improved locations, the merchandise was presented to a higher standard and there was an overall rise in professional standards. At the mature phase, aggressive corporate marketing and expansion is where quality and service preside over price. Charity shops would need to balance the tensions between the profit making motive and the charitable activity; therefore balancing commercial orientation and social service orientation. Horne (2000) successfully used the wheel of retailing model to explore and highlight elements of charity retail transformation providing a theoretical framework and identifying patterns of retail change and purpose at each stage of the cycle and the continuum.

Hollander's retail accordion (1966) was developed from the original wheel of retailing by taking the concept further to incorporate the continuing fluctuations between general and specialist retailers (Reynolds and Haword, 2007). This historical development in retailing appears as an accordion pattern, hence the name. The model emphasises the swings of domination of general product stores to more specialised, narrow-line retailers. The model attempts to combine the patterns of diversification and specialisation empirically whilst analysing variations in merchandise strategy decision and assortment mix (Hart, 1999). The retail accordion model was further developed into a theory of retail growth and development rather than being simply the theory of assortment where Hollander suggested the mix of retail store types and the nature of their assortment mixes would resemble that of a well-designed shopping centre. He implicitly indicated the need for diversity which is derived from the demand consideration. In the illustration of the theory, this cyclical model is regarded as a basic theory for

providing the answers to the research questions posed about the current and future trend of charity retailing specifically in the transformation towards a becoming a specialist fashion outlet. It provides both a viable and effective approach to analyse the innovation and merchandise strategies of charity retailing, and is a useful tool to help unveil the cause of the currently diverse formats in the field of charity retail such as fashion boutiques or vintage stores.

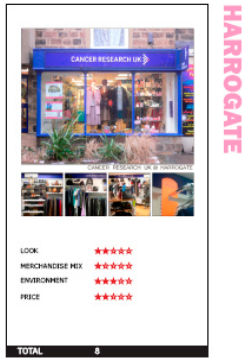
The Big Middle is another popular concept for indicating format evolution, which was first introduced by Levy et al (2005). The model defines a desirable market-space, in which the largest retailers compete and where the largest number of potential customers reside through four structural segments; innovation, big middle, low-price and in-trouble. Relative price and relative offerings, as two retail strategy dimensions are depicted as horizontal and vertical axes respectively. Using this model, retail companies tend to originate as either innovative or low-price retailers and the successful ones migrate to the big middle. During this process, it is necessary for innovative retailers to appeal to a price-conscious market while low-price retailers directly target the quality-conscious market by delivering a high value offering. Big middle retailers who fail to maintain their value proposition may fall into the in-trouble segment. In other words, the perceptions of innovative leaders or low-price leaders are suggested to be successfully transformed to a hybrid of the two that appeals to a much larger customer base and provides great value for a broader array of merchandise (Levy et al, 2005). According Reynolds and Haword (2007) retailing success or failure is influenced by how product/market specialist strategies combine with innovation/low-price strategies in the big middle and new retailers can be

categorised as product specialists or market specialists that fulfil certain consumer needs. Product specialists were defined as those offering a deep and broad product array that has a wide appeal and market specialists as those meeting the needs of a particular market, such as demographically or geographically. This retail model has the potential for a suitable theoretic framework for the charity retailing sector to move out of the low price sector into the big middle segment. The model is considered to be reliable and effective in offering help and suggestions for charity retailers who struggle with competitors.

Transformation of a charity shop towards a specialist fashion store

In order to understand the current state of the charity retail sector and explore the premises and required conditions necessary for charity stores to turn into specialist fashion shops charity shop portfolio cards were produced. The charity shop portfolio card was designed as a result of the structured observations and semi-structured interviews and supported by photography, an example can be seen in Figure 4. The fashion performance of the selected charity shops in London was found to be significantly greater than that of the randomly selected shops in Yorkshire.

Figure 4 Portfolio Card

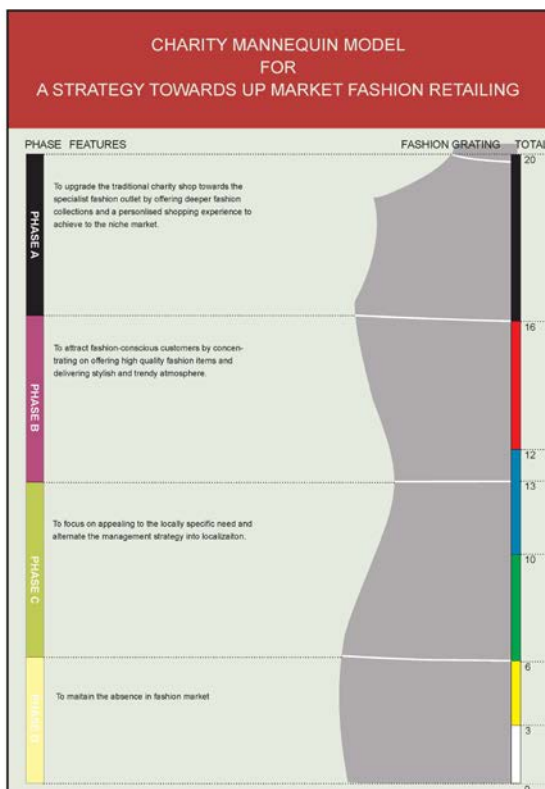


Given the distinction of the fashion performance of the same charity brand in different cities and towns in Yorkshire, 30 charity shops were categorised by branches and ranked by fashion totals. The purpose was to explore the effect of the brand's head office policy beyond the transformation of the charity shop towards a specialist fashion store. It was identified whether head offices were using standardised or localised policies through analysing the differences between the highest and lowest marks in a branch's fashion scores. If the difference was small, this suggested that the brand was adopting a standardisation policy; a larger difference suggests the implementation of localisation. Blue and red belts, which were associated with outstanding fashion performance, relate to the localisation policy of the brand's head office. Shops identified as using standard policies were generally those with low fashion totals. Therefore, the brand's head office policies and market strategies were found to play a crucial role in the transformation of a charity shop towards a specialist fashion store.

A new charity mannequin model

A new mannequin model shown in Figure 5 was developed to provide a strategic approach for charity shops to upgrade to an up-market fashion outlet. There was an interesting correlation between the mannequin's shape and the distinct market strategies of charity shops upgrading. Using this model a charity retailer can ascertain their position within the whole charity retail sector and then followed the corresponding suggestions of how to upgrade to a higher level until achieving the top of upmarket fashion store. The theoretical framework was used as an heuristic device for identifying features of market strategies in the current charity retail fashion sector and secondly a continuation of usage with which to provide effective strategies for charity shops in diverse phases to achieve up market fashion retailing.

Figure 5 The mannequin model



Conclusion

The transformation of a charity shop towards a specialist fashion store was explored through a practical study and a theoretical study. The qualitative approach was good for the exploration and understanding of the new phenomenon in the charity retail field. Quantitative data was used to identify the factors that influence the transformation of charity shops upgrading specialist fashion stores. The new charity mannequin model and charity portfolio cards produced would enable charity retailers to ascertain their positions within the whole charity retail sector. According to the fashion belt colour, the portfolio card was positioned on the relevant phase of the charity mannequin model. It would be of advantage for charity retailers to identify and examine where they were regarding Strengths, Weaknesses, Opportunities, and Threats, in comparison with the existing cards of other sample charity shops on the mannequin model. The selection of charity shop portfolio cards with the fashion grading belt was a major feature of the research which was presented with one of six defined fashion grades according to assessment of overall fashion image providing a standard measure of charity shop fashion levels. It was beneficial to perceive the current status of charity retail.

Limitations

Firstly, data collection from practical study which involved mixed qualitative and quantitative approaches took place at limited research sites and time. A total 45 charity shops in Yorkshire and London were used in the investigation. Without the time restriction, a higher number of respondents would have been involved, which would increase the reliability and persuasion of this study. Secondly, there was lack of evaluation process to examine the validity of the outcome owing to the limitation of time. Considering the new

charity mannequin model on the strategies for charity shops upgrading into up-market fashion, the researcher would have employed further interviews or questionnaires which focused on the managers of charities and staff at the head-office level of the charity retail. This would enable to researcher to assess and prove the validity and practicability of the new theoretical framework in charity retail fashion sector.

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