

BRAND C

Next generation charity shops

Purepages Group

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There are many who openly say and question that charity shops blight the high street. And it's true to say that a sizeable percentage of the UK public don't like them. But then



oppositely, half the population do shop in them.

Those who are concerned about high street blight point to the fact that the UK has the world's highest concentrations of charity shops in our town centres. So why is that?

For a start, we are a nation of givers. The charity market, nowadays called *the third sector*, was worth £53.9bn in 2009/10 and employed some 765,000 people. (source Charities Commission). Our Royal National Lifeboat Institute, for example, covers the whole coastal waters of the UK but receives not a penny from the Government.

The British are amazingly generous to the point that we are the #1 western nation in the CAF league tables for giving up our hard won

cash. So the key issue for the UK High Street is whether there is another workable modality for charities to receive donations without having a shop presence. And because *chuggers* are getting quite a bad name nowadays, there are not any obvious answers.

Secondly, our British retail entrepreneurs are habitually stealing ideas from the States, so we now have more out of town shopping centres than anyone else apart from North America. And that's where the issue of charity excessive shop concentrations started.

Because as everyone piled into the hermetically sealed environments of Trafford Park (featured below) and Gateshead's Metro Centre, the



retailers in our town centres could not compete. You can spend all day in one of these gargantuan shopping malls without worrying about rain, snow or being cold. You don't shop Doncaster or Wigan without such worries. More the point, these malls allow our somewhat shallow twenty first century shoppers to choose from every desirable brand name under the sun.



So the local councils and landlords faced with increasing number of empty shops thought it would be a good wheeze to lease them to charities, and, for good measure, give them whopping 80% discount off their business rates too. Unfortunately, and mainly because of the recession, no one has since come along to compete with them for these spaces.

However, looking at the bigger picture, there is one way that our town centres

and high streets will survive. They have to reinvent themselves and become more like those in Europe. People must come back to live in the town. As a by-product, it means the Green belt will not be ravished by house developers and CO2 emissions will go down.

Having people back in town will completely alter the dynamics. It will encourage more bars and cafes. For example, in Laredo (pictured below), Northern Spain, there are ten times more bars and cafes than Bolton which has twice the population. But people live throughout the town centre of Laredo, whilst virtually no one lives in Bolton's town centre.

More bars and services shops like cobblers, dry cleaners, electrical repairs, for example will compete against the charity shops for space. The charity will eventually lose, but where will they go? This where Brand C, the T K Maxx lookalike will help maintain, if not increase, revenues from the displaced shops.

How will Brand C Work in Practice?

Brand C is all about convenience, collaboration and most importantly, technology.

Recent research by Bank Santander, published in RetailBulletin, has indicated how much we love the *one-stop shopping* that the supermarkets provide. Their study found that 16% of shoppers now use supermarkets as *one-stop shops*



and that 98% of all UK shoppers buy at least some non-food items from their local supermarket. In essence it's all about convenience, having clothes, food, electricals, records and books, for example, all in one place.

Brand C could be exactly like that, though, but without the food part. Brand C could be a TK Maxx lookalike - light, airy and spacious! How different would that be from your average, generally cramped and arguably down-market charity shop?

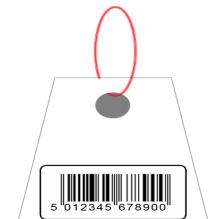
And the collaboration comes from several charities all working together towards a common cause which is maximising the revenues from goods donated by the public

All these sweaters on the garment rail in the picture could from differing charities. Brand C will exploit modern bar code technology to allow a diverse range of suppliers to supply one unit with product.

What is to stop several charity organisations supplying one store with product, each product bar coded for the particular charity or supplier.

It's no different from modern department stores who sell a mix of own label brands intermingled with other private brands. So for example, Debenhams will sell their own house brands such as Maine alongside Levi's, Lacoste and Nautica amongst many. John Lewis sells house label John Lewis (previously





called Jonelle) against Jigsaw, Gant and Ted Baker.

Brand C could be a joint venture between several main UK charities who then sell as a department store or cooperative. The premises would then become destination stores for selling good quality, clean fashion items, household bric-a-brac and books

The British Heart Foundation already has larger stores selling furniture in prime shopping centre space, for example the Pride Hill Centre in Shrewsbury.

In summary, the major benefits of a larger format modern store are:

- 1. Creation of a destination store
- 2. Major economies of scale
- 3. Ability to gain higher margins
- 4. Higher sales numbers per FT2
- 5. Products shown in high quality surroundings
- 6. Perceived increased cleanliness and freshness of product
- 7. Ability to lose the perception of down market, dowdy surroundings
- 8. Opportunity for sponsorship from larger retailers, primarily supermarket groups



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