

Charity retailers in competition for merchandise: examining how consumers dispose of used goods

Sally A. Hibbert^{a,*}, Suzanne Horne^b, Stephen Tagg^c

^a*Nottingham University Business School, Jubilee Campus, University of Nottingham, Wollaton Road, Nottingham NG8 1BB, UK*

^b*Department of Marketing, University of Stirling, Stirling, UK*

^c*Department of Marketing, University of Strathclyde, Glasgow, UK*

Received 1 February 2003; received in revised form 1 August 2003; accepted 1 September 2003

Abstract

This article confronts the challenges of charity merchandising and competition for secondhand goods by examining consumer disposal behaviour. It focuses on goods traded by charity retailers and extends existing research on disposal by reporting the multifarious strategies that characterise household disposition. Descriptive research is presented, based on a postal survey of 210 households. Descriptive statistics illustrate patterns of disposal, and a hierarchical cluster analysis using the Jaccard coefficient is performed to distinguish households in terms of goods discarded and channels used. The results show that disposal is significantly influenced by the events that prompt disposition (decorating, purchase, and bereavement), and households use a varied portfolio of disposal channels within and across categories of goods. Five types of households are differentiated with respect to the combination of channels used and the mixture of goods discarded. The conclusions suggest how charity retailers might extend and refine targeting activities to ameliorate procurement, thus facilitating pursuit of increasingly sophisticated retail strategies.

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Keywords: Charity retailing; Merchandising; Secondhand markets; Consumer disposition; Jaccard coefficient cluster analysis

1. Introduction

In 1890, William Booth, founder of the Salvation Army, castigated the Victorian upper classes concerning the amount of the wastage of goods in their homes and suggested that it should be channeled to help those less well-off or, in his words, ‘the submerged’. Being a man of action, he arranged for the collection of these surplus goods and directed their disposal through special retail outlets—the forerunner of today’s charity shop (see Horne and Maddrell, 2002). Today, in the United Kingdom, the charity shop is an accepted retail format. The first postwar charity shop opened in Oxford in 1947, but it took another 52 years for an academic conference on the subject to come to fruition (Horne and Maddrell, 2000). Within the emergent literature, the focus has centered on the marketing strategy of charity retailers (Horne, 1998; Goodall, 2000a,b) and on the consumer patronage (e.g., Parsons, 2000) of the shops

but with no focus on the problems of supply and procurement of the secondhand goods sold.

This article takes the first step in filling this gap in the literature by addressing the basic question of what competition charity retailers face in the market for used goods. It starts with a discussion of charity shop merchandising and moves on to consider consumer disposal behaviour and competition in the secondhand goods market. Subsequently, we present the method for the descriptive research undertaken and the findings of the study. In the discussion of the results, we reflect on how a description of consumers’ disposal habits contributes to the understanding of disposal behaviour and consider the implications for charity merchandising. Finally, the limitations of the study and directions for future research are presented.

2. Charity retail strategy and merchandising

The majority of charity shops in the United Kingdom sell secondhand donated goods to fundraise, and even large charity chains known for the sale of new goods generate

* Corresponding author. Tel./fax: +44-115-846-7653.

E-mail address: sally.hibbert@nottingham.ac.uk (S.A. Hibbert).

high profits (average—79%) from the sale of secondhand goods (Goodall, 2000c). Given this heavy reliance on used goods, charities are highly aware of the need to procure high volumes of good-quality merchandise from the public. Along with heightened competition in the sector and increased sophistication in terms of retail strategy, there are now charity shops that exclusively concentrate on particular types of goods, such as designer clothes, furniture, and books, and even those stores which carry more general merchandise emphasise certain product lines and target markets. For example, dinner suits, ball gowns, and evening wear collected regionally are sold centrally to students in Oxford around the time of May balls. This strategic approach is successful but requires that charities acquire the appropriate merchandise to consolidate a clear position in the market.

Historically the main method by which charity shops in the United Kingdom have acquired merchandise has been through the donor delivering the goods to a specific shop. This method is still widely used, but donations declined with the advent of the pedestrianisation of High Streets in the mid 1980s. The main method of goods acquisition since the 1980s is the ‘bag drop’. Polythene bags are delivered to households to be filled with goods and collected at a later date by the charity. Operating a bag drop system is costly but the predominant sentiment is that there is little option (Horne and Maddrell, 2002), and it does, at least, give some regulation to the acquisition of goods. To generate an information base for bag drops, some charities formally record the goods collected from different neighbourhoods (Horne and Maddrell 2002), but most rely on staff members’ local knowledge. More recently, the United Kingdom has witnessed the increased use of solicitation methods, such as clothes banks, which tackles problems of ‘reverse distribution’ but remains to be a haphazard approach to the procurement.

To augment merchandise management, some larger charities use formal warehousing systems, while others simply move stock from shop to shop to accommodate local markets. Such systems are possible because, in contrast to many secondhand traders, the larger charities have extensive retail chains. Nevertheless, surveys reveal that charities remain concerned over the shortage of donated stock (Phelan, 1999; Goodall, 2000c), and an improved understanding of the disposal market is required as a basis for rethinking stock generation strategies.

3. Consumer disposal of goods

Despite extensive research into the purchase and use of goods, literature on disposal behaviour is very patchy and relates mainly to recycling. As far back as 1977, Jacoby et al. (1977) bemoaned the lack of literature on disposal, and although their paper stimulated some research, the body of literature remains small, and empirical evidence is scarce.

3.1. Methods of disposal

Disposal is a process through which consumers intentionally or unintentionally move the ownership of a piece of goods to another person or entity (Hanson, 1980; Young and Wallendorf, 1989; Boyd and McConocha, 1996). Jacoby et al. (1977) dealt with the fundamental issue of how people dispose of their possessions. They proposed a taxonomy of product disposition, suggesting that there are three main courses of action open to consumers when considering disposal: keep it, dispose of it temporarily, or dispose of it permanently. If a person chooses to keep the item, they may use it for its original purpose, convert it for a new purpose, or store it. An individual, who decides to dispose of an item only temporarily, may rent the piece of goods or lend it. Finally, if the decision is to dispose of the goods permanently, the options are to throw it away, give it away, trade it in, or sell it. Young and Wallendorf (1989) further noted that consumers are sometimes dispossessed involuntarily through incidents, such as loss and theft. These taxonomies of the methods of disposal are a necessary and useful starting point for research in this area, but little empirical research has been undertaken to provide evidence of their prevalence.

Jacoby et al. (1977) and Hanson (1980) present conceptual frameworks for disposal decisions, which indicate that personal, product, and situational factors influence disposal. According to Hanson (1980), influential personal factors include the inter- and intrapersonal characteristics of the individual and the involvement of family/household members in the decision process. Individual effects have been explored to a limited degree in segmentation studies. Burke et al. (1978) found that consumers who threw away small electrical appliances were primarily young and prone to get rid of products as soon as they failed, whereas those using other methods of disposal (e.g., storage, sale, donation) were older with the tendency to give goods away or to hold onto them, sometimes repairing them for reuse. More recent studies of disposal segments have been in the context of recycling. Level of education, age, and income have been found to be significant demographic variables (e.g., Vining and Ebreo, 1990), although demographic and psychographic characteristics have been combined to more reliably profile ‘green consumers’ (e.g., Roberts, 1996; Antil, 1984; Vining and Ebreo, 1990), and there appears to be a clear relationship between recycling behaviour and consumer values (Thøgersen and Grunert-Beckmann, 1996; McCarty and Shrum, 1994). In particular, Thøgersen and Grunert-Beckmann (1996) suggest that recycling is an altruistic act characterised by a moral sense of obligation. Although such socio-demographics and values undoubtedly affect the disposal of goods, this is a more complex context, and charities need to understand how consumers dispose of the specific goods in which they trade and account for the competitive environment of their operations.

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