

Copenhagen Business School Master of Social Science:

Organizational Innovation and Entrepreneurship (OIE)

Master Thesis -

**The Second-hand Retail Industry: Intra-Comparison
of combining Social and Commercial enterprise**

Instructor: Ester Barinaga



Student Name: Youfei Jiang

Date: 2.Dec.2015

(73 pages, 126038 characters inc.space)

Abstract

The aim of this thesis is to investigate the different operational practice between commercial and social second-hand retailers. In view of the growing interest in alternative consumption channels, the concept of second-hand shopping is developing rapidly at recent years. Compare to the normal retailing industry, in the second-hand clothing industry, the operational models are diverse, we can see that lots of so-called thrift shops are operated by those non-profit organizations, for instance, the Red Cross, Goodwill (from United State), Salvation Army (from Australian), and so on. Then how do customers and founders perceive the value created by commercial and social ventures that serve the same markets, and translate it into the daily operational practice?

This thesis research the topic by exploring the second hand retail industry historically, globally and then narrow down into the Denmark context. After that, by conducting the empirical data (collect from surveys, interviews and participate observation), it will identify the concept of thrift consumption (from customers' perspective) and the professionalism process of commercial and charity second-hand shops' operation (from the founders and managers perspective) based on Foucault's Govern-mentality Theory, presenting customers and founders' perception towards the difference between commercial and social second-hand stores, and how did the founders translate it into the operational practice, resulting in a discussion of the main principals from a theoretical perspective to end in a conclusion and suggestion of further studies.

Key words: the Second-hand industry, Charity Shops Operational Practice, Govern-mentality, Charity Organizations & Resale Retail Business

The Table of Content

Abstract.....	1
1. Introduction	4
1.1 Problem Statement	6
1.2 Research Objective	7
2. Methodology	8
3. Background.....	10
3.1 Historical background.....	10
3.2 From little thrift shops to second-hand clothes trading	11
3.3 Global second-hand clothing trade	13
3.4 Charity Organizations & Thrift Retail Business.....	14
3.5 In the Danish context.....	15
4. Literature Review.....	16
5. Findings	22
5.1 Consumers' perceptions toward second-hand consumption.....	22
5.1.1 Age and Gender.....	22
5.1.2 Employment status.....	24
5.1.3 Spending pattern at second-hand shops.....	25
5.1.4 Popular items in Second-hand shops	26
5.1.5 Who buys what?	29
5.1.6 Difference between charity shops and the commercial second hand retailers..	32
5.2 Founders' perspective towards second-hand shops operation	34
5.2.1 Basic Operational model.....	34
5.2.2 the process of professionalization	43
5.2.3 'Govern' the organization	54
6. Conclusion	60
7. Future trajectories	62
Reference	68
Appendix	71

1. Introduction

“Consumerism has become the norm in the West. It is a world in which we live to shop, fuelled by an ever-increasing number of shopping malls and mega centers, and now the Internet. If an object no longer works or has ceased to be attractive, it can easily be replaced with a newer version, In a world of the new then, with such a vast array of consumer choice, why is consumption of all things second-hand so popular today?” (Arnold, 2009)

Why would people consume second-hand products? This simple question unlocks a complex area of research in which economic and social structures meet culturally biased material consumption. The reuse of old and discarded objects in the past has received only minor attention from historians. Studies of textile industry connect to mainstream historical understanding, but they tend to analyze primarily the acquisition of new goods and the rise of innovative consumption patterns. Even it has been regard as an informal business at the beginning of its developing process. Few studies research the field of second-hand consumption, despite its long tradition in Europe and current proliferation in many markets today.

Then what was once a marginal form of commerce, including the flea market, second-hand market, and antique dealers, has become a basic trend that makes reselling, recycling, and sustainable consuming acceptable in both Europe and the United States. In view of the growing interest in alternative consumption channels, the concept of second-hand shopping is developing rapidly at recent years. This apparel is sourced by exporters from the unsold goods of new merchandise retailers, charity donations, and a mixed variety of other outlets including consignment shops, vintage and thrift stores, garage sales, car-boot sales, jumble sales, charity shops, and even flea markets.

Nowadays, second-hand shopping consists both of not buying new - *a product perspective*, and also channels with distinctive characteristics - *a channels perspective*. Therefore, Guiot and Roux defined second-hand shopping as *the acquisition of second-hand objects through methods and places of exchange that are generally distinct from those for new products (Guiot and Roux, 2010)*.

Compare to the normal retailing industry, in the second-hand clothing industry, the operational models are diverse, we can see that lots of so-called thrift shops are operated by those non-profit organizations, for instance, the Red Cross, Goodwill (from United State), Salvation Army (from Australian), and so on. Also, another parts of the industry would be those for-profit commercial stores, like vintage shops, second-hand luxuries, and consignment shops. This industry perfectly mixed those two nature's organizations – commercial and social ventures, which can serve the 'similar' value to the customers group.

But how do customers perceive the value created by commercial and social ventures that serve the same markets? This issue cause a continuously debate within the academic world, various of scholars research that it is not merely satisfied the expectations of economic advantages, there are some recreational benefits derived from outlets such as the thrift stores, vintage shops, and even flea market. These channels offer opportunities for finding unusual items that are often unavailable in a normal new goods market (Belk, Sherry, and Wallendorf 1988; Gregson and Crewe 1997b; Sherry 1990a; Soiffer and Herrmann 1987). Then, how do the founders perceived the value difference? And how did they transfer it into the operational practice (including the operational model, the recruitment policy, and even the marketing strategy)?

This paper consists of five sections, which will start of with a background

introduction of the second hand retail industry historically, globally and then narrow down into the Denmark context. After that, it will follow a literature review introducing thrift consumption (from customers' perspective) and charity second-hand shops' operation (from the founders and managers perspective) based on Foucault's Govern-mentality Theory. Then an empirical analysis will be conducted, presenting customers and founders' perception towards the difference between commercial and social second-hand stores, and how did the founders translate it into the operational practice, resulting in a discussion of the main principals from a theoretical perspective to end in a conclusion and suggestion of further studies.

1.1 Problem Statement

As the previously mentioned, due to the unique feature of the second-hand industry, the social and commercial organizations exist in this market simultaneously. They serve the similar value for the customers who are seeking to a low price and vintage style item. From the global second-hand trade to the particular design palace Denmark, in such a special and unique industry, a pointedly question has arose - how do people perceived and served the similar value from both social and commercial ventures? In other words what are the differences incurred during this value creation and perception process? It is their very position in simultaneously fulfilling charitable and commercial roles that makes them an interesting and valuable subject for research.

More specifically, the problem could be split and analyzed by the following sections.

- *What do customers see as the difference between commercial and social second hand shops?*

- *What do founders see as the difference between commercial and social second hand shops? And how does it translate into operational practices?*

1.2 Research Objective

◆ Identify customers' value perception

The first objective of our project, is that we explore and measure customers' and founders' perception for second-hand shopping, from the customer's side, the project would be try to analyze both their antecedents and consequences for their consumption behavior, and how they perceived the difference between social and commercial thrift shops.

◆ Identify founders' operational model

The second objective of our project, is that from the founders' aspect, it will be try to explore the different mindset and value perceptions of the managers and founders both from the commercial and social second-hand shops by analyzing their daily operational practice. And identify how did they translate their perception into the practice?

◆ Application Tool-kit

Accordingly, the third objective of our project would be a practical objective for the whole second-hand industry. We try to propose a **tool-kit** for the whole industry's future development by identify the value creation and perception process of the second-hand industry, including *a segmentation tool* for the retailer, which they can use to identify different shopper profiles, and *a perception tool* by addressing second-hand shoppers' perception, we help clarify the links between product choice and channel preference. In addition,

the developing process of those successful social second-hand shops could be regard as a *role model*, which can refer to the other types of social organizations.

2. Methodology

As previously mentioned, we organize this project into the following parts. Firstly, the literature review part will introduce thrift consumption (from customers' perspective) and charity second-hand shops' operation (from the founders and managers perspective) based on Foucault's Govern-mentality Theory. In addition to derive the hypotheses from prior literature, a preliminary qualitative study will be applied to generate the main arguments toward this particular issue. An inductive method is applied in this project by analyze the second-hand industry based on the particular field research materials and the known arguments in the previous literature, therefore proposed and concluded the test model from several new point of views. Finally, the implications of our findings, their limitation and additional research we suggest in the field of retailing will be discussed.

Field materials collection method:

In order to analyze the research question, we mainly applied the following methods to collect the field materials.

- Customers Survey

Self-complete questionnaires were distributed through 15 shops (both commercial and social second-hand shops) in the Copenhagen in April 2015. A total of 167 replies were collected two weeks later. The replies cover a variety of charity shop and commercial second-hand shops customers, from a wide range of social groups. Except

the field survey, an online questionnaire was conducted in May 2015, a total of 98 replies were collected one week later. These respondents covered not only customers who often shop second-hand stuff but also some potential customers who have been unknown about the second-hand industry yet.

These two surveys canvassing opinions of customers' actual use and experience of charity shops. Moreover, the survey captured the views and experiences of people in one particular place rather than representing general opinions and attitudes. The aim was to understand a particular area in depth, rather than to produce a generalized view of the whole country.

- *Interviews*

In order to identify the difference between social and commercial second hand shops, the data from those market surveys could not be sufficient. Because we need to investigate more detailed thoughts from the customers' and the founders' mind-set, which the simple and inflexible surveys could not offered.

Therefore, we also conduct several interviews with related people, including second-hand shoppers (customers), second-hand organization founders and managers (for instance, the team leader of second hand department of Red Cross in Denmark, the shop managers and area managers in Red Cross and the Salvation Army) and also the volunteers and working stuff within the charity shops. During this process, a snowball method was applied to involve more related people, which can be generated valuable information for the project.

- *Participate Observation*

Moreover, join an association could generate more detailed practical field material by allow me to interact with others in the business. So I was applied to work as a volunteer in one of the Red Cross second-hand stores, which is located near the

Amagerbro Metro station in Copenhagen for two weeks. Within the working process, the association from the other working staff allows and involves me to get more detailed and deep insights for the organization's daily operational process.

- ***Secondary materials***

In order to answer the research question, a theoretical building approach was adopted to the study, which mixed empirical data, theories and action oriented information to analyze the research question. The theory of Foucault's govern-mentality will be applied to analyze the research question as a theoretical base.

The secondary data is mainly collected through a rigorous key-word (including *second-hand market*, *thrift shopping*, *charity retail*, and so on) search of the literature by using CBS library's data system. The relevant data and theories were properly excerpted from the literature.

A critical analysis was conducted using data from those secondary sources. Data reduction, data display, conclusion drawing, and verification allowed for organization and compression of information, and assisted in identification of research gaps.

3. Background

3.1 Historical background

The global trade of second-hand industry has a long and unexplored history. Until the mid 19th century, second hand clothing was still an important way of acquiring clothing. Only through industrialization, mass production and increasing income, was the general public able to purchase new, rather than second-hand clothing. During Europe's colonial days second-hand garments were exported to the colonies and

locally, charity shops catering for the poor needs.

Since the Second World War the second-hand clothing trade has grown considerably globally. With environmental issues being more significant and fashion pollution noted, people learn how to be environmental friendly and second-hand stores have become fashionable and respectable in Europe and even the whole world. The Internet connectivity added strongly online trade of second-hand garments.

Then how does this industry progress step by step? This question arises from the rapid growth of such consumption in the past 20 years. In 2000, a survey by Mintel noted that 40% of U.K. Consumers had shopped in second-hand markets during the previous one year and 28% had consumed in a charity store during this same period (Williams and Paddock, 2003). There is no exception with the other countries of this phenomenon, which could be also seen as the evidence of the proliferation of garage sales, second-order luxury outlets, and the rise of Internet auctions (Solomon and Rabolt, 2004). Second-hand shopping, as the other attractive alternative for customer's shopping experience, has brought a certain degree of competition to the traditional retailing.

3.2 From little thrift shops to second-hand clothes trading

In the early 1980s many charity shops were little more than 'thrift shops', managed by local groups of volunteers, selling wholly donated goods, and located in back and side streets (Horne, 2000). Twenty years later most shops are staffed by at least one paid manager, sell a percentage of new goods and are located on or near to prime shopping streets. Second-hand clothing is useful for certain groups of people, including parents who don't want to spend a lot on their children's clothing because

they quickly grow out of it. Learning about the second-hand clothing industry involves keeping up with consumer demand because fashions from the past become trendy for a time and then go out of style again.

In addition, the down market jumble sale image of the shops has been reversed through investment in refurbishment and a focus on merchandising and display. Senior managers admit that they now expect much more of shop managers. Shop income is central to these expectations and many charity shop managers are under significant pressure not only to meet sales targets, but also to draw up adequate business plans and generally 'expand the business'.

Charity shops have become a familiar feature of many local high streets up and down the Denmark. And charity retail presents a particularly interesting opportunity to explore the process of professionalization in a charitable context. While the primary purpose of most charity retailers is profit generation, their charitable association can conflict with this objective. They occupy sometimes uneasily the border zone between commercialism and voluntarism. This is reflected in the unique juxtaposition of the sale of goods (which now include new goods as well as donated items) by volunteer staff. Charities need to be seen to be acting charitably towards their volunteers and customers as well as applying sound smart business to their operations. The nature of the traditional volunteer in charity shops brings with it additional challenges, because charity shop volunteers are typically elderly women who volunteer for a range of reasons, such as the need for social contact and support, which easily conflict with the central profit making objective of the shops.

Reasons for growth

There are several reasons for the growth of the sector, but it is possible to identify three main ones.

First, this growth has connected with wider developments in the retail sector. The Economic Crisis has a big effect for the customers that they are more willing to consume something cheap. Lots of high street shops closed, so second hand shops moved in to the vacated properties. Reduced rents for these vacant premises, combined with the drastically reduced business rates enjoyed by charities, transformed even relatively prominent sites into viable proposition.

Second, growth on such a scale would not have been possible without a corresponding increase in donations.

In addition, under the increasing awareness towards environmental issues, second hand shops played an important role in recycling unwanted clothing and other household items. Second-hand shops have become increasingly popular destinations for used items as more of the population has become socialized into recycling. Donations may also have been boosted by an increased surplus of used items from the past period of affluence. Commentators suggested that a more value-conscious shopper has been produced over time (Corporate Intelligence on Retailing, 1997). Considerations of sustainability, thrift and value for money make charity shops popular with a broad cross-section of society, not just for those on low incomes, but also for people who pursue originality.

3.3 Global second-hand clothing trade

There is a tendency to regard the retailing of second-hand clothing as an informal business, independent of the formal sector and of sub-standard quality. This conservative mind-set totally dismisses the capacity of second-hand clothing to grow and prosper in the marketplace and diminishes its perceived value to consumers.

Nowadays, a large supply chain exists for second-hand apparel between the US, Europe, and the developing world. The second-hand industry is a multimillion-dollar global trade, with diverse supporting business activities (Wilson and Thorpe, 2000). Support functions range from buying, merchandising, packing and delivery, employment, inventory control and logistics, to even financial management (US Department of Commerce, 2000; Peterson and Balasubramanian, 2002). Johnson's Ropa Usada second-hand warehouse in McAllen Texas, is part of the nearly 1 billion dollars of US used-clothing exports sold for 30 cents per pound (Wilson and Thorpe, 2000). TVI Incorporation with 172 stores in the US, Canada and Australia sold nearly 287 million dollars worth second-hand apparel and other products in fiscal 1999 (Editor, 2000). This volume of sales suggests that some form of relationships exist across the distribution channel, contributing to business success in the country of consumption.

To sum up that, the second-hand industry has no longer an informal business any more, not only economically but also functionally. And the maze of this industry would be worthy and fruit-able to be explored and researched.

3.4 Charity Organizations & Thrift Retail Business

As the previous statement, within the second-hand industry, the charity organizations and profit-oriented resale retail stores serve the similar value to their target group. So what's the difference between those values perceived and served by the customers or the founders?

Charity organizations, like the Goodwill, Red Cross are the largest contributors to the second-hand and pre-owned clothing categories. These organizations collect

clothes and donate them to the poor beyond their country's borders or re-sell them in retail shops as a fundraising strategy.

Whereas charity shops dominated the second-hand market from the 1960s to the 1970s, more specialized, profit-oriented shops emerged in the 1980s. These shops catered primarily to the fashionable female demographic and offered women and children designer clothes, and occasionally high-end used designer fashion, while others specialize in vintage or retro fashion, period fashion, or contemporary basics and one-of-a-kind finds. Still others cater to specific things rather than clothing, like riding equipment, diving gear, etc. The re-sale business model has now expanded into the athletic equipment, books and music categories. Second hand sales developed into a peer-to-peer platform, effectively cutting out the retailer as the middleman – when website such as eBay and Amazon introduced the opportunity for Internet users to sell virtually anything online, including designer handbags, shoes and accessories.

3.5 In the Danish context

As one of the hottest design nations on the planet, Denmark's design sector ranged from home ware to fashion, but at recent years, most local high streets and shopping precincts up and down the Denmark now have emerged more and more second-hand shops. However, while second hand retailing accounts for comparatively little of the commercial retail economy, but the shops themselves are important in the lives of a wide range of participants, including customers, volunteers and managers. And the shops also provide a vital source of funding for charitable activities overall.

4. Literature Review

This part aimed to illustrate the previous studies towards the topic we are exploring, including the research of second-hand industry, roles and functions of the charity shops, and the introduction and combination of the Foucault's Govern-mentality Theory with second-hand retail industry.

The second-hand industry

Historically, few studies research the field of second-hand consumption, despite its long tradition in Europe and current proliferation in many markets today. Why would people consume second-hand products? This simple question unlocks a complex area of research in which economic and social structures meet culturally biased material consumption. The reuse of old and discarded objects in the past has received only minor attention from historians. Studies of textile industry connect to mainstream historical understanding, but they tend to analyze primarily the acquisition of new goods and the rise of innovative consumption patterns. Even it has been regard as an informal business at the beginning of its developing process.

Time flies, what was once a marginal form of commerce, including the flea market, second-hand market, and antique dealers, has become a basic trend that makes reselling, recycling, and sustainable consuming acceptable in both Europe and the United States. In other words, second-hand shopping consists both of not buying new - *a product perspective*, and also channels with distinctive characteristics - *a channels perspective*. Therefore, Guiot and Roux defined second-hand shopping as *the acquisition of second-hand objects through methods and places of exchange that are generally distinct from those for new products (Guiot and Roux 2010)*.

Then how did this industry progress step by step? Previous studies concluded two

reasons for the growth of this market. One of them is the economic reason related to the declines in purchasing power of middle classes since the 1980s (Williams and Paddock 2003). The other reason would be a recreational explanation, for instance, when second-hand markets provide various, unpredictable and unique offerings, the visual stimulation, the feelings of affiliation and social interaction, even the urge to hunt for bargains (Belk, Sherry, and Wallendorf 1988; Gregson and Crewe 1997b; Sherry 1990a; Soiffer and Herrmann 1987; Stone, Horne, and Hibbert 1996).

Second hand consumption:

The study of motivation would be help to understand the reason behind the customer value perception towards this particular industry. Motivation can support investigations of behavior toward both products (Haire 1950; Webster and Von Pechmann 1970) and also retail channels (Tauber 1972). Many studies addressed shoppers' motivations in conventional channels (Arnold and Reynolds 2003; Babin, Darden and Griffin 1994; Tauber 1972; Westbrook and Black 1985), but few describe the complex motives that explain why people might turn to alternative shopping channels.

In particular, Westbrook and Black (1985) suggest shopping motivations consist of three dimensions: the wish to acquire a product, the desire to satisfy needs not linked to the product, and the goal of achieving certain ends independent of the actual purchase. In this framework, second-hand shopping motives encourage consumers to prefer the informal and unique atmosphere of certain channels and look for exclusive and original products (Belk, Sherry and Wallendorf 1988; Gregson and Crewe 1997a, 1997b; Sherry 1990a, 1990b)

In general, previous researches provide observations about the features and advantages of the channels rather than analyzing any motivations behind customer's

buying behavior for this type of shopping (Bardhi and Arnould 2005). However, they explain that the motivations of the second-hand shoppers are not limited to financially, it is a result of both the recreational and the other kinds of motives interwoven.

In general, among their qualitative exploration of second-hand shopping, Bardhi and Arnould (2005) state that the links of hedonic and economic aspects. Some studies suggest that for these shoppers, second-hand shopping provide a new alternative to conventional channels, sometimes inspired by criticisms of traditional channels (Sherry 1990a; Soiffer and Herrmann 1987; Stone, Horne, and Hibbert 1996; Williams and Paddock 2003).

Four functions (roles) of charity shops

“Firstly, I should say, we are highly profitable, not non-profit, our revenue has reached 53 million one year, and we use our revenue to help people in need nationally and internationally. Our aim is to generate money to help people as many as possible.” (Birgitte, Team Leader of Second Hand Department of Red Cross)

With no doubt, charity shops make profit, since the Charity organization defines them as “ the shops which sell donated goods where the profit is used for charitable purposes” (Blume, 1995). However, charity shops also fulfill a wide range of other roles in their local communities, these include providing a contact point between the parent charity and the general public, providing clothes and household goods cheaply for customers, providing useful employment, support and training for a range of volunteers, and recycling unwanted household items. Parsons (2002) has identified the four functions of a charity shop, and each of these four functions will be discussed in more depth below.

First, charity shops are important as the charity’s *‘face on the high street’*. As such the image of the shops describe by the charity shops themselves is important in what it

says about the organization to the public at large. Their presence on local high streets enables the shops as the ideal advertising spaces and many shops display posters in their windows promoting charity fund-raising events. Some charities use their shops as a point of contact for the relevant client group, using display units in their shops to distribute advice and information leaflets and instructing volunteers on the best ways to offer help and advice.

Second, charity shops' central function is to *make a profit*, they have also built a reputation for providing clothes and household items cheaply. Many customers visit the shops primarily to buy items cheaply or to find the pleasure for bargaining. For some the shops are associated with modesty and the philanthropic spirit of charity, but on the whole, customers regard the shops primarily as providers rather than fund-raisers. So bartering and complaints about inflated prices are commonplace in charity shops. In addition, for some customers the shops play an important social function, many of the more elderly customers visit the shops with the purpose of having a chat and passing the time of day as much as anything else.

A third distinctive function of charity shops is their importance in the lives of *volunteers*. While the relation between the volunteers and the shops is a reciprocal one, the shops often have particular significance for older retired volunteers and younger volunteers who are disadvantaged in the labor market. This importance can be stressed in two main senses, one sense in providing social contact and a supportive and non-threatening environment in which to re-build lost confidence, and in another sense, in providing useful employment and training. A lot of individuals benefit from these features, but particularly the elderly and the long-term unemployed. For elderly volunteers their contribution to the life of the shop can provide them with reassurance, confidence and social contact that may be missing in other areas of their lives. The

charitable status and social benefits of such work is usually central for these volunteers. With volunteers in short supply, charities are looking to attract younger volunteers largely by offering training in the shops.

Finally, charity shops perform a significant *recycling function*. Used items (donations) are either re-sold through the shops to individual customers and directly enter another cycle of use, or, they are sold to textile reclamation merchants to be re-used at a later point. In these cases the charity shops act as an entry point into a much wider series of flows for unwanted goods. Textile reclamation merchants process unwanted clothing and sell ‘textile bales’ to commercial importers, these bales are then sold on to local market traders. Most charities sell unsalable clothing direct to reclamation merchants but the Red Cross sort and reclaim items themselves before selling them on.

Govern-mentality

Govern-mentality, is a concept first developed by the French philosopher Michel Foucault roughly between 1977 to 1984. The concept has been elaborated further from an “Anglo-Neo Foucauldian” perspective in the social sciences (Foucault, 1991).

Along with the development of economical and cultural progress, the concept has evolved from a philosophical perspective into a more practical one. It is not merely could be understand as the way government try to product the citizen best suited to fulfill the particular policies, it also could be understand as the way to organize practices, including mentalities, rationalities and techniques through which subjects are governed. For instance, the process of own-govern, the process of govern a family, likewise the process of govern a particular organization or a program.

In other words, several processes could be regard as a govern-mentality process, and each process would be, firstly has a particular purpose (finality), and then apply

an efficient approach (apparatus) to govern all of the subjects that involve the process appropriately, finally achieve the goals. The whole process could be understood as govern-mentality.

More specifically, to combine the govern-mentality concept with this project, in order to analyze the research question, identify the value creation and perception process of the second-hand industry both from the customer and founder's aspects, we can regard it as a governing process. In this particular process, the founders could be the 'prince' (the actor of governing), the customers, volunteers and the working staff, even the organization itself could be the subjects that need to be govern, the finality of this govern-mentality process is create meaningful value during the process economically and functionally. Then what should be the apparatus? Different natures of organizations will apply diverse of apparatus to govern the organization. The central point of this project would be the identification and exploration of these different *govern-apparatus*. These apparatus include the approaches that both commercial and social second-hand stores' practical operation model, management policies, recruitment policies, pools, and all of the tools they applied to run the organization.

Then how does these apparatus affect the operation process of commercial and social second-hand shop, depend on how does it translate the value perception into the operational practice.

So by combining the Foucault's govern-mentality theory with the analysis of the research question, the theoretical framework of this project would be:



5. Findings

5.1 Consumers' perceptions toward second-hand consumption

In this section, we will discuss the findings that we drawn from the surveys. According to the result from the survey, we start to discuss the findings by some basic feature of customers, including *age and gender*, *employment status*, before moving on to discuss their *spending patterns* and *value perception* towards the difference between commercial and social second hand shops in depth.

Second hand shops are popular with a range of people, from a variety of backgrounds, as the following (quite typical) comment from a volunteer illustrates:

"I was very surprised when I came here in the first day, to see some of the people that walked into the shop. You'd think to your self 'second hand shops, people wouldn't, you know, well-to-do people wouldn't come in'... But it's interesting to see the different types of people that walk into the shop." (Julie, volunteer in Red Cross second-hand shop Amager Copenhagen)

5.1.1 Age and Gender

One way to break down this range is to view respondents by age and gender. From the survey result, we can see that most of the customers were older people, with some middle-aged and very few young people. Just under two-thirds (64 percent) were aged 46 or older, 29 percent were aged 25-45, and only 5 percent were aged under 24. The lower response rate for younger people in Copenhagen may reflect a lack of time, and/or less interest, to complete the questionnaire.

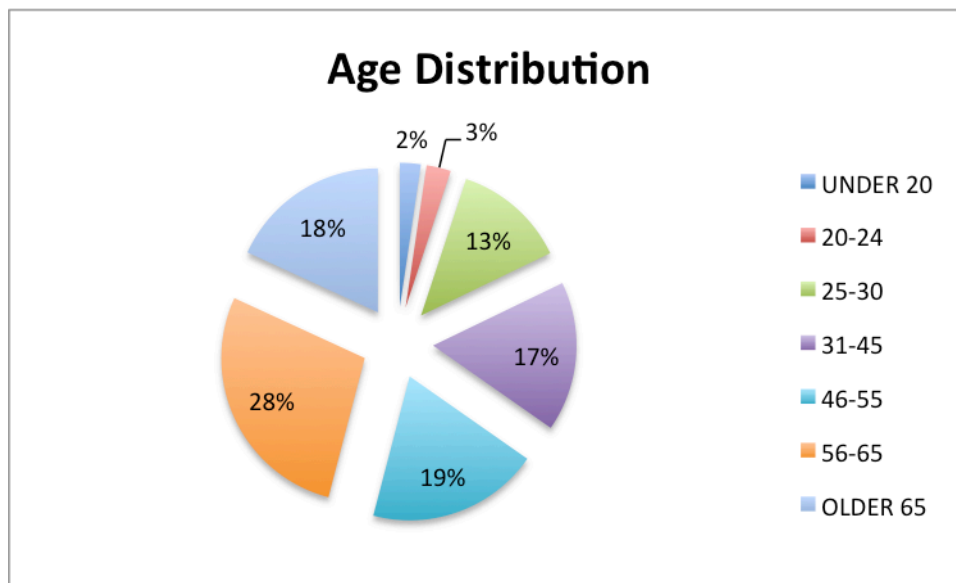
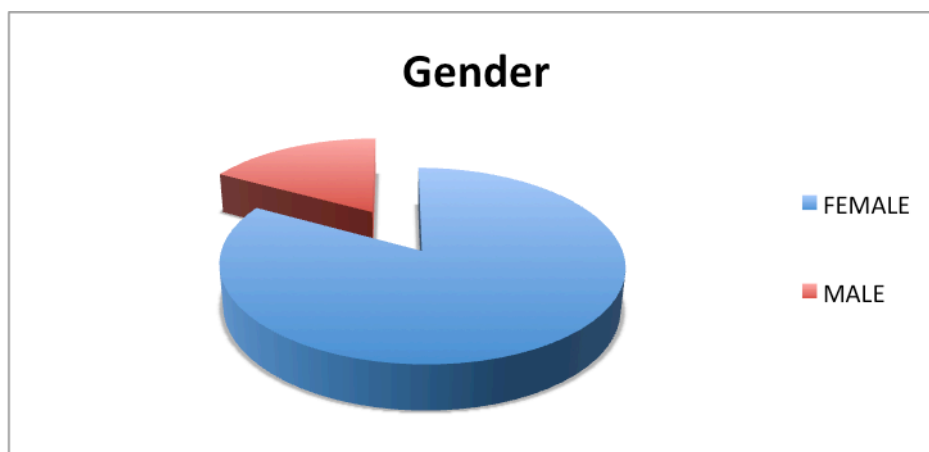
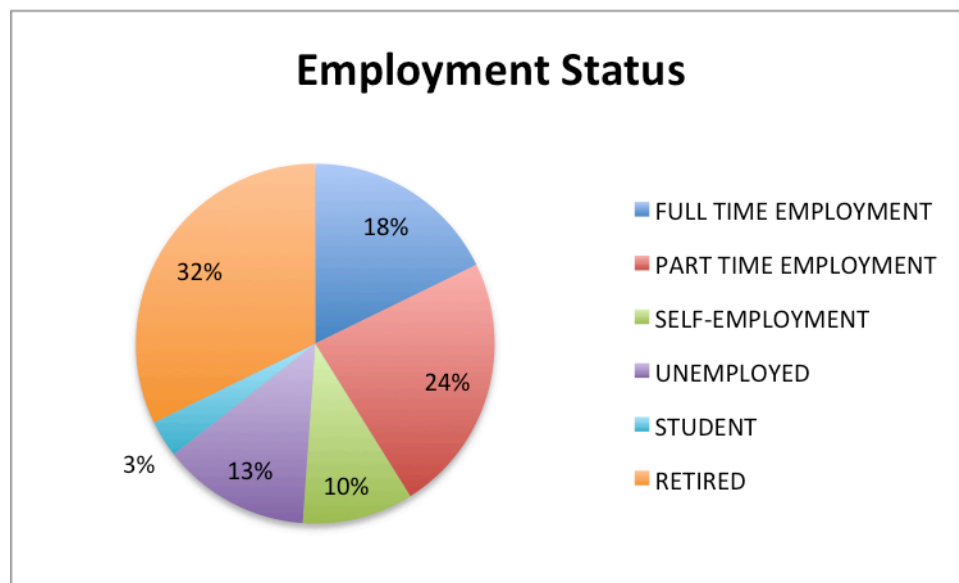


Figure below also shows that the shops attract far more women than men. Most of the survey respondents were female (83 percent) while only 17 percent were male. The women (concentrated in the 65 plus age group) tended to be older than the men. We can find significantly that more women than men bought goods from second-hand shops. The differing purchasing habits of men and women will be discussed below.



5.1.2 Employment status

Figure below shows the employment status of the respondents. Nearly half (46 percent) were in some form of paid employment (full time, part time or self-employed) another third (29 percent) were retired. Ten percent of the respondents showed that they were house-workers and 12 per cent were unemployed; only 3 per cent were students.



One might have expected the percentage of respondents working 'in the house' to be higher since participant observation suggests that young mothers use charity shops quite extensively, especially for clothing. Because parents who don't want to spend a lot on their children's clothing because they quickly grow out of it. The relative absence of this group from the survey may reflect the increasing number of working women (therefore counted here as the paid employment), although young mothers accompanied by young children may have been less inclined to complete the questionnaires. The survey captured few students, which is surprising since students are often identified as using thrift shops, due to their limited income and recent second-hand clothing fashions (vintage styles). Again, as the observation suggests,

students are indeed present in the shops, but they too may have been less inclined to complete questionnaires.

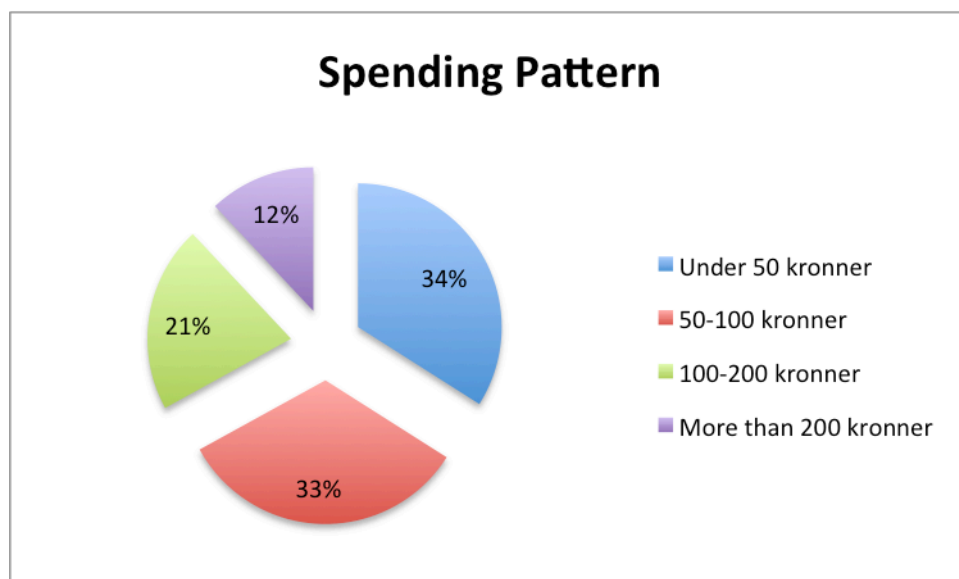
“Charity shops appeal to me because I’ve never really liked to spend a lot of money on clothes. Since I’ve started budgeting my money more I have more things to do with it, I have changing my priorities.” (Emma aged 18, customer)

To summarize, most of those surveyed were aged 45 or older, female, and either retired or employed full or part-time.

5.1.3 Spending pattern at second-hand shops

“Because more people are using second-hand shops, not necessarily because they have to, because it gives them a better way of life, they’ve got more money left at the end of the month.” (Tina, customer at Panache, Vintage Shop)

Respondents were asked “How much would you usually spend in second hand shops in a month?” Figure below shows their answers. It’s important to note that volunteers spend significant amounts in the shops, but are excluded from the survey. For some, the first pick of items is a big incentive to volunteer.



Most respondents (67 percent) spend under 100 kroner per month in charity shops. This seems relatively little, given that the survey also found most respondents (73 percent) visit a second hand shop once a week or more. In fact, the average spend-per-visit is approximately 60 kroner. The observation revealed that customers often do not make purchases. Like in the normal commercial shopping process, browsing and trying on, without buying is popular as parts of second-hand shopping as well. In interviews, customers suggested that the relaxed and informal atmosphere in second-hand shops encourages these activities, no matter in a charity shop or in a commercial second-hand retail shop.

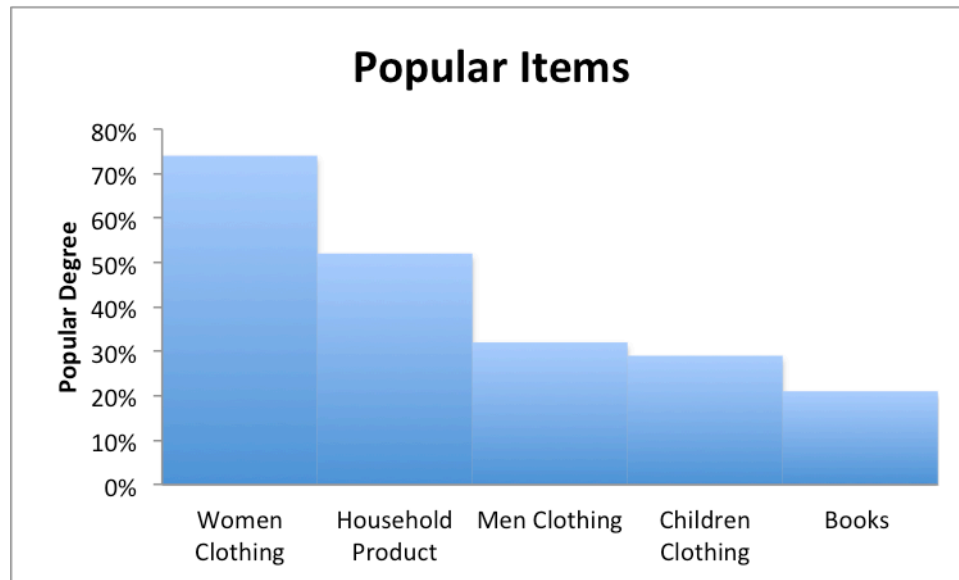
“In a charity shop I find them very helpful and friendly, because they are voluntary, so they’re happy to just chat about the clothes and generally find things that match for you or whatever.” (Elaine, customer)

Spending-per-visit is also small because items are relatively cheap (twenty thirty kroner for a T-shirt for instance). Selling mainly donated items, charities can keep the prices low, but they rely on high sales volume to generate a revenue surplus. Indeed, some charities run surplus shops trading solely on the ‘pile it high, sell it cheap’ principle. Here surplus stock unsold in their other shops is sold at very low prices.

Competition at the cheaper end of the market is increasing in Denmark, particularly with the growth of discount retail chains. These outlets sell clothing and shoes for men, women and children relatively cheaply, as do second-hand shops. Also, they often exist geographically side-by-side with charity shops in the less affluent areas of towns and cities.

5.1.4 Popular items in Second-hand shops

Figure below shows the range of items people buy in second-hand shops. The question was “What do you usually buy from charity shops?” and the respondents were invited to indicate more than one category. Note that these percentages relate to the popularity of each category with those surveyed, not sales value.



Charity shops' reliance on donated goods makes their stock both diverse and unpredictable. So does for the commercial second-hand shops, in other words, they cannot control their stocks. Competition from other charity shops, and second-hand goods traders (those commercial second-hand shops), has compromised for both the quality and quantity of all items. But charity shops are very concerned about shortages of donated stock. Some items are scarcer than others in the shops, for example donations of household products have decreased due to the popularity of flea market sales.

Over three-quarters (74 percent) of respondents said that they usually buy women's clothes, which is the most popular items sold in second-hand shops. Learning about the second-hand clothing industry involves keeping up with consumer demand because fashions from the past become trendy for a time and then go out of style

again. Household products ranked secondly in popularity, purchased regularly by just over half (52 percent) of respondents. Books are popular as well, regularly purchased by 47 percent of respondents. About a third of respondents (32 percent) usually buy men's clothes and 29 percent buy children's clothes.

The popularity of women's clothing in second-hand shops is not surprising since majority second-hand shops are female-dominated. Actually, the observation showed that most of the charity shop volunteers are women. Moreover, second-hand shops always offer more women's clothes for sale than other goods because that women donation items are more often than men; Women's clothes are more primarily displayed in the shops. Sales techniques illustrate that commercial retailing allocate display space to types of stock to match their sales. Shop managers commented in interviews that they typically allocate two thirds of shop floor space to women's clothing, compared with one third to men's clothes together with the other items; Men's clothes are bought less than half as often. In turn, children's clothes are considerably less popular. Observation suggests that donations of children's clothes are relatively scarce in charity shops, as children's and baby clothes are often flawed among friends and families. Donations that are received are often marked or stained, so they disposed.

One interesting finding is the high proportion of household products purchased in second-hand shops. The category encompasses a wide range of items, from kitchen goods (cookware, glass and china) to leisure goods (fitness equipment or even cameras). In interviews, many managers complained about the falling quantity and quality of bibelot donations. The donations of records are also now much scarcer in

second-hand shops. This may be because in recent years records have become increasingly collectable. The records still typically found in charity shops are often defective ones.

The survey's result shows the popularity of books. Books are a potential feature of second-hand shops, perhaps because they undercut second-hand bookshops with their low prices. As with clothes, however, the increase of discount/bargain bookshops has pushed charity shops to keep their book prices very low. Charity shops often have book sales with prices as low as 10 kroner a book. This usually occurs if they have an excess of books, as backroom storage space is often at a premium. The participant observation showed that some regular customers use the shops almost as a library, buying books and donating them back after reading them. The role that the shops play in the circulation of goods in this (and other ways) warrants further attention.

5.1.5 Who buys what?

"You do get older people, grannies in charity shops looking for a bargain. I know my Grandma goes all the time. And you do get people with young children looking for clothes for themselves and the kids. You do get a real mix of young people looking for trendy kind of stuff and older people looking for bargains, I'm somewhere between the two." (Sarah 23, customer at Little Angels Second Hand Shop)

The previous figures show the age and gender patterns among purchasers of different types of goods, which exhibit some interesting differences.

The greatest differences in purchasing patterns between men and women occurred for records (purchased more by men), and for children's clothes and bought-in goods (purchased more by women). Younger men are less likely than other groups to buy clothes for themselves. This may reflect a traditional male role as 'provider'. If clothing is a vital facet of self-image, and a sign of wealth and/or success, some

younger men may avoid buying second-hand clothing. Women seem less concerned, and regard the second-hand items as a vintage style, as one volunteer commented:

“When I first came here I took home a couple of skirts that were hardly worn and my husband said ‘you don’t need to wear second-hand stuff’. I say ‘why? It’s lovely to have a bargain, and wear something vintage’. ”

Older men (78 percent) purchase more clothing for themselves than younger men, possibly reflecting a tighter budget, or that commercial retail outlets are more difficult to access than charity shops. The participant observation suggests that men often use charity shops to purchase more expensive items such as suits and jackets that may be needed for a one-off event such as a job interview or wedding.

“I bought a Polo shirt for my job interview here, which is super awesome, and the price is very good too. I found this place is a very good one to purchase second-hand quality things, especially for men.” (Jens, customer at Bau Bau, an exclusive men’s second-hand shop)

About a third of women (31 percent) and men (32 percent) regularly buy clothes for the opposite gender. The survey also showed that similar proportions of women and men buy for their partners in charity shops. Research in commercial retail environments shows, women are much more likely to shop for other family members than men. From this it seems that men more often purchase clothes for their partners in charity shops than in commercial retail outlets. This may be because clothes are quite cheap in charity shops and therefore there is less risk associated with a purchase. As one customer commented:

“In a charity shop for the price it is cheap, it doesn’t matter if it’s not really right because you can get rid of that you don’t wear it, it’s affordable for you to have it or don’t wear it.”

Both older and younger women purchase children's clothes. It is likely that younger women are buying for their own children but older women buy for the children of friends and relatives.

"I mean the baby clothes, babies don't wear their clothes out, do they? So you get excellent baby clothes. I've got a nephew who's hemophiliac, he can't work at all and he's got two children and I buy some lovely things in here for his two little girls."
(Jean, volunteers of the Red Cross Butik)

There is little difference overall between men and women in the popularity of household products and books, but books are markedly more popular with older men than any other group. This is certainly confirmed by participant observation; Many older men visit the shops regularly, solely to buy books. Records are also very popular with the older men surveyed, collecting records is more associated with men than women. This may be because the type of records available in the shops is more likely to appeal to older than younger men. Moreover, for many younger men the record will have been replaced by the online music, few of which have filtered through to charity shops.

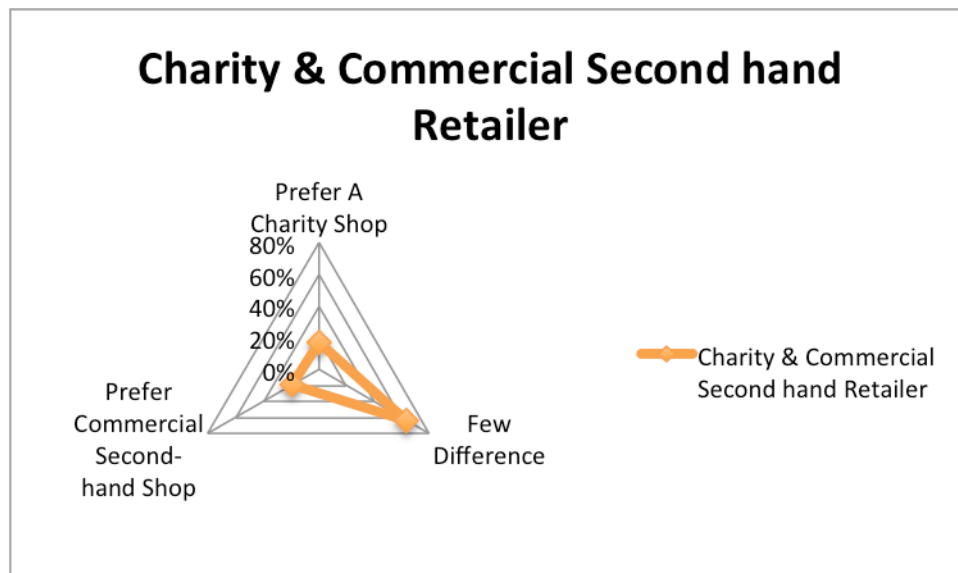
Summarization

The findings discussed above are summarized as, the women second-hand shoppers are older, and are more likely to be in full or part-time employment (although most of both groups are retired). Differences in spending patterns are slight, although there are many more high spenders among women than men. There are some interesting differences in purchase. Household products are more popular than books for women. Children's clothes also are quite highly for women but much less for men. The men tend to be younger, more likely to be unemployed, and they spend less in the shops.

Clothes figure highly in their purchases but many younger men are still reluctant to buy second-hand clothes (possibly attaching a stigma to their purchase). Men also regularly buy books, household products and records in the shops. Clothes for the opposite gender are popular for both male and female customers. This may be because they are displayed side by side in the shops, but also, because they are cheap, purchases can be experimental and mistakes are less costly than in commercial retail shops.

5.1.6 Difference between charity shops and the commercial second hand retailers

From the results of the surveys, we found that few differences have been discovered for customers to view significant varied features to compare their experience from charity shops and the commercial second-hand retailers. Specifically, only 17 percent of respondents expressed that they prefer a charity shop than a commercial second-hand store. 64 percent of respondents claim that they won't take into account that whether they are consuming in a charity shop or a normal one when they are shopping. The rest 19 percent states that they are more willing to consume at a commercial second-hand shop (usually in second hand luxury shop).



From both of these shops, they merely focus on the quality of the second-hand item itself and the reasonable price. Few of them felt that they are doing good by consuming at a charity shop. They would not enforce themselves to buy something at the charity shop, just because they think they are doing good things. So the quality and price of the item is more important than whether it is a charity or a commercial one.

Charities have begun to respond to local customer bases by practicing a form of niche marketing, targeting defined markets with specific shops. Examples of these are Bau Bau (a second-hand shop mainly operate men clothes), and second hand luxuries shops, which target a younger, more fashion conscious customer by selling selected vintage and designer clothes. Some charities are also targeting less affluent customers with surplus shops selling surplus stock very cheaply. Charities are also specializing in the stock they offer for sale and have opened furniture and bookshops in some cities. On a much smaller scale, some charities are redistributing donated stock to match local specificities.

Much of this activity, however, is based on charity's own internal research of their customer profiles. They rely largely on sales figures for information and have little knowledge of exactly who is using the shops and why. Most charity shop managers have some knowledge of their customer base, and again rely heavily on sales information. The author's research has shown that while charity shops serve a range of customers, it is possible to discern some very definite purchasing and spending patterns among them. It remains for the charities involved to exploit this research to their advantage.

To sum up all of the findings that mentioned above, we can conclude that in terms of the perception of the difference between the charity and commercial second-hand, consumers see few differences about valued perceptions toward commercial and charity second-hand shopping. Rather they focus on the price and quality of the second-hand stuff itself.

5.2 Founders' perspective towards second-hand shops operation

After identify the customers' perception toward the difference between social and commercial thrift shops, how did founders see the difference and how did they transfer it into the operational practice? This section will be divided into the following parts. Firstly, the basic operational model including different mission and daily operational methods would be analyzed, then the management policy (for volunteers and shop managers), the recruitment policy, customers relationship management, the retail strategy and the supply chain management would be identified by the professionalism process of the second-hand retail industry. Finally, Foucault's Govern-mentality Theory would be combined to analyze the difference between social and commercial thrift shops' daily operational practice.

5.2.1 Basic Operational model

➤ Different mission:

For most of social ventures, their missions are not profit-oriented. Their final goals usually are trying to help someone who in need by their own approaches. For instance, the Danish Red Cross set out its mission to become an auxiliary to the Danish government in the fields of humanitarian organizations relief work and education,

either along or in-corporation with state bodies or other organizations. The Danish RC and the government also co-operate in the area of asylum seekers and international humanitarian aid and rehabilitation. To help people in need is their first priority.

But when it comes to the normal commercial second-hand shops, their original and essential intention to establish the thrift stores would be for-profit. They are picky for the donations; they only want to pick something valuable for sale, either the items are unique or interesting.

Different missions will lead to a different end. Although the outcomes would be similar for all second-hand shops (no matter social or commercial), but their operational approaches are various.

➤ **Operational model:**

For those charity shops, the specific operational model would be volunteer-managed, selling donated goods only, charging very low prices and sited in back and side streets. At the other end, commercial second-hand stores are many more ‘upmarket’ shops, which employ paid management, sell both new and donated goods and occupy more prominent, high street locations. Indeed charity retailing embraces a whole range of approaches to the many facets of retailing management including locating, presenting, staffing and resourcing shops.

Smaller charities with fewer resources are necessarily more restricted in the scale of their retail operations, and they often take a less commercial approach to management than their larger counterparts. And most of the larger charities have reached a similarly advanced stage of development, and competition at the top end of the market is fierce, their competitors including not only the other large charity shops, but also some commercial second-hand shops. Red Cross is a good example of a mature operation. It was the first documented charity to open a shop. And it has always been

by far the biggest operator, pioneering the most recent developments in the sector. To give an example, in 2014 The Red Cross brought in some local fashion designers to design some of their shop interiors.

“When I walked into the store, I think oh my god, it doesn’t look like a second-hand store, it is elegant and designable, and it is really fantastic.” (Summer, customer in a newly opened Red Cross Shop in Hvidovre)

➤ **Thrift stores funding sources:**

What would be the thrift stores funding sources? How to make sure the organization’s daily operation financially? The funding resources mainly consist of government income, trading revenue, residents’ contribution, church donation, investment income, and misc. We can take the Red Cross Denmark as an example; the chart below can show the sources of income for the organization. These funds provide the financial basis for many local brunches and the possibility of voluntary social work in Denmark and participation in the Danish Red Cross’ international relief work through the relief and disaster fund and the friendship program (Red Cross Annual report, 2012).

Collected funds (Amounts in DKK'000)	2012			2011
	Income	Expenses	Total	Total
Second-hand	105,234	-76,605	28,630	26,632
Membership fees and voluntary donations	33,227	-9,486	23,741	23,684
Nationwide Red Cross fundraising effort	17,832	-4,000	13,831	12,087
Legacies	23,988	-627	23,361	6,662
Business cooperation	7,473	-986	6,487	5,794
Christmas activities	4,048	-826	3,221	2,890
Funds and donations	9,661	-	9,661	27,787
Red Cross companies/IFRC/ICRC	24,155	-	24,155	44,367
Other collected funds and fundraising expenses	32,132	-14,232	17,900	61,115
Total	257,749	-106,763	150,986	211,018

➤ **Thrift stores expenditure:**

Then except the income, on the contrary, what will be the thrift stores expenditure? Besides the daily expenditure for the operation activities including the rent, heat and so on, as a humanity organization, the expenditures are mainly flow to its mother organization, then the organization spend the money on homelessness and domestic violence, individual and family support, children and young people at risk, addictions and substance abuse, aged care and disability services, employment education and training. That's to say, only the organization spend the expenditure to do something good, and people see the positive change for their behaviors, there would be donations flow into stores continually, this could be a virtuous circle. Money goes in for the good sake and goes out as well.

➤ **Manage the Resources**

As the specificity of the charity shops, much stock is obtained from household collections and initially goes to the local shop where it is cleaned, steamed, deodorized and pressed as necessary, priced and labeled and put on display. So the key objective is quality; Founder and managers strongly believed that success depend on displaying stock of a consistently high quality. This practice of preparation and presentation of second-hand goods was regarding as a key difference between staff at charity shops and their commercial counterparts.

Moreover, a very important factor in this respect, which a second-hand shop sees as providing the organization with a competitive edge over the competition, is that of stock rotation. Take an example of the Red Cross; all stock is labeled in order to keep track of source and time at location before being displayed at a shop for a maximum of two to three weeks. It is then removed from the rails and sent to the warehouse for redistribution to a shop in another geographical area. If it is still not sold within

another two to three weeks at that location it is ‘ragged’. This practice is supported by an informal database of which location might be best placed to sell particular items and styles. The stock rotation policy appears rather cruel but this is essential to achieve sales targets, because it sometimes means that to give the item a second life.

“Some of the other chains, (E) for example, work on four to six weeks. I work on the basis that if it hasn’t sold in two weeks it’s dead anyway. It’s no good waiting for the right person, get a new shop load in, but it means you’ve got to have a massive quantity of stock coming in and if we want good quality we’ve got to be selective...”
(Anna, Shop managers of Red Cross Shop)

The maintenance of the stock flow is a very significant factor for the second-hand retailers, especially for the charity ones, because it enabled the charity shops to be selective within a limited resource.

➤ ***Supply chain management***

When it comes to the supply chain management of the second-hand retail industry, it should be explained that the supply chain for commercial and social are totally different, due to their varied operational models. As the previously mentioned, the charity stores stocks are mainly from the donations, thus the donation consist the major part of their supply chain. But this also means that their supply chains do not stable and easy to control. Take an example of The Red Cross, they have set up several donation sites within every part of the city, not only at the front of their second-hand stores, but also at some places near the living space. They will use a van driver to go to these sites to collect the donations regularly. The consistent supply of goods could be a vital issue within the supply chain. So stock shortages have increased the need to actively seek donations, and this has meant employing more van drivers. Moreover, they set up the target takings and compare to the actual sales, and

try to improve the gap continuously. The purpose is to identify how much stock a shop needs to achieve target takings and to have the ability always to deliver that amount of stock.

After collect all of the donations, the volunteers would pack and organize them by using the particular standard to sort the donations according to the quality. Grade A items would be delivered to the local second hand stores for sale, and Grade B items would be delivered to those developing countries (the African countries). Therefore, the sale of second-hand clothing plays a fundamental role in delivering clothing and related goods from economically advanced countries to consumers in developing nations.

Compare to the charity shops, for the commercial second-hand stores, relationships between suppliers and wholesalers of second-hand clothing are crucial. Because the quality of the stock decides the sales figure for the shops, in other words, the quality of the supply chain plays a vital role for the success of the commercial second-hand retailers. Relationships and one's network position in the channel could influence access to information, merchandise, and other facilitators that could positively or negatively affect business performance (Granovetter, 1973). Relation-based interactions include the selection, ordering, delivery of merchandise, and financial transactions. Wholesalers and charity organizations target micro enterprise in second-hand clothing sector. Retailers, including vendors, sell bundles of second-hand clothing assortments in open-air markets and trading centers to consumers (Hansen, 2000; Thomsen, 2001). They form important relationships with consumers throughout Denmark, including those residing in remote areas. These culturally embedded market relationships are invaluable to the sustainability of second-hand apparel enterprises as

either informal or formal retail outlets (See Appendix).

In addition, the warehouses play a valuable role in stock distribution as well. Household collections may initially go to the immediate locality but the warehouses, as a center and the backup, provide the facility not only to redistribute stock to 'poorer' areas but also to redistribute stock for a 'second chance'. The team leader of the Second Hand Department of Red Cross identifies the function of the warehouse as the crucial factor in shop performance.

"One of the reasons we have the warehouse is ... to get the flow right, to regulate it, to try and manage it..." (Birgette, the Team Leader of Second Hand Department, Red Cross)

➤ **Competition**

Second-hand shops are increasingly prevalent at recent years. One particular charity organizations would have several brunches (second-hand shops), so the degree of competition is relatively fierce, because the competitors include not only the thrift shops from the other charity organizations, but also from those commercial second hand retailers, even from the discount stores (outlets).

For illustration, in a local high street near the my home there are about a dozen second-hand shops of similar size and content all within sight of each other, then they becomes a similar 'cluster'. How did these enterprises act in mutual competition? Then how can those second-hand shops, especially the charity shops deal with the effect of increasing competition in the sector with the inevitable impact on its ability to produce surplus funds for the parent charity.

Similarly to the normal commercial retail industry, in respect of their retail operations charities compete for income from sales in the same way as any other retail operation. That is they compete for attract more customers in terms of *product, quality*

and price. For them, the products means that they are in competition for trading stock, however, a factor that rarely occurs in commercial retail operations outside of goods that have a fashionable attraction. The majority of the stock in charity shops is second-hand, and under these circumstances charity shops compete with each other to acquire donations. And in few of second-hand stores, other stock might be purchased new for resale, typically in relatively small batches such as end of lines from the larger commercial chains. Therefore, charity shops are in competition not only with each other but also with smaller commercial enterprises including market traders. The nature of stock offered for sale will influence the degree to which charity shops may be identified as being in competition with local commercial counterparts.

But on the other hand, competition in the charity retail sector is an ambiguous issue. In general there is some competition within the sector but outside the sector the main competition is from discount and commercial second-hand retailers. The competition within the sector is for volunteers and stock as opposed to customer. It is not unusual for customers to visit every charity shop on a street and thus areas with high numbers of charity shops attract an increased amount of customers. In this sense, charity shops benefit from the local competition that clustering brings. Thus, this clustering also bring an amount of comparison shopping, then the price and stock range in neighboring charity shops is vital.

As the previous description, Horne (2000) identified four interrelated functions of a charity shop: a social service; recycling goods; raising awareness of the parent charity; and fundraising. Therefore, while there may have been an element of raising awareness in the initial setting up of the retail operation, the objectives and motivation of the controlling Director are clearly focused on fundraising and arguably are more

closely related to commercial operations than to those of a charity.

The performance of competitions in the charity retail sector is closely monitored by a benchmarking approach. The importance of benchmark is evidenced by the number of references to it in those interviews perfectly illustrated by the following comment:

“...our shops, we’ve never been out of the top four in terms of sales and profit per shop. We can’t compete with the other shops, they obviously make more profit than us but what the sector looks at is individual sales and profit per shop, that’s how we judge ourselves and we’ve always been in the top four, there’s only (B and C, D) that take slightly more than us and we’re all about the same, which is how I benchmark it.” (Birgitte, the Team Leader of Second Hand Department of Red Cross)

In order to maintain the competitive advantage for all of the second-hand retailers, the key objective of management control for the trading function is to ensure that each retail outlet is achieving its full potential. So all of the strategies are established to maximize sales revenue and to identify reasons why shops cannot reach the initial goals. Red Cross sees the two principle elements of shop performance as stock and the manager. Then if the organizations can manage its stock and managers well, it could maximize its sales revenue and make a big success.

Moreover, along with the information technology’s development, online shops have become a powerful competitor for all of the ‘offline retailers’, not except for the commercial and charity second-hand shops. Take an example of Ebay, which is a C2C platform that allowed customers to make the transaction directly online. In other words, the middleman, including the charity shops and the other second-hand retailers would be omitted during the process, if the online second-hand consumption system becomes more and more mature in the future.

In general, the online platform would be a very significant threat for the

second-hand offline retailers in the near future.

5.2.2 the process of professionalization

“ I would say that the company has become far more professional, in terms of the way it relates to it (the shops) as a real retail business, and not merely as a provider of service. About five years ago I’m sure that amongst staff and shop managers there was an acceptance that we were there as a provider of service. And so we were actually providing really good quality stock at affordable prices and serving a customer base. But then we realized that our sole reason for operating was to enable us to run our projects. Just run it. And we just had to become smarter in our approach to it (the shops). Everything has changed dramatically over the last five years our recruitment in particular now is far more professional (Birgitte, Team Manager of Second hand apartment of Red Cross Denmark). ”

This extract from an interview with the team leader of the Second-hand Department of Red Cross highlights one of the conflicts inherent in charity retailing. This manager suggests that the charity has moved away from merely providing a service for the customer (providing quality items at low price) to focus efforts on increasing profits for the parent charity. Along with the development of the second-hand industry, nowadays it has been progressed more and more professional either for the social or the commercial sectors.

From the results of the interviews with founders and managers in the second-hand retail sector, it could be found that the process of professionalization occurred within second-hand retail industry has been expressed by the actual operational experiences in many perspectives, especially in the issue of dealing with customers and managing volunteers. So in this section, the findings would be analyzed by divided into four

parts. The first explores how this professionalism expressed by a focus on the improvement of the internal environment, and the second would be how did the professionalism translated into management policies (including recruitment policy of volunteers and the shop managers). Then the third findings explore shop managers' experiences of this process of professionalization focusing on their dealings and relationships with customers. Last but not the least, moves to the professionalism expressed by a strategy perspective.

■ *Internal environment*

Professionalism was linked to improve the internal environment of the shops, and improve other general terms or features, which can make the shops better by through spending more money.

Senior managers talked about improving the internal environment of the shops through refurbishment and becoming more similar to commercial shops (See appendix). In fact talk of professionalism almost always refer to close the gap between charity shops and commercial shops.

"In the sector as a whole, I think the biggest changes are that the majority of charities are realizing that you have to go for a professional approach in order to earn more profit, and that means investing more money. And there is always a mind-set conflict within a charity of spending money as opposed to 'you are a charity'. I think there has been a move away from what we know a traditional charity shop to be. To one in the future when it will just be a standard part of in the walking street."
(Birgette, the team leader of the Second Hand Department of Red Cross)

The suggestion here is that 'traditional charity shop' with strong links with 'charity' represents an old school and unprofessional way of doing things and this is contrasted with 'professional' commercial shops. However, interestingly the 'professional

image' cultivated by senior managers is not solely to attract customers and earn more profit, they were also concerned about the connections with the parent charity and how an un-professional image might destroy the image negatively on the charity. But there exist a dilemma here, people may concern that as a humanity organization, why does the organization spend more money on refurbish the stores, but not helping more people in needs? This would leads to a paradox, and increase the degree of difficulties for a positive image building.

“At the end of the day we run a specialist, professional, highly skilled medical operation, we help people to die, painlessly and graciously, that’s a very skilled job and yet the shops didn’t reflect that. So, my brief was, let’s change it let’s bring it, not upmarket because I don’t like that term, its about making it cleaner and fresher and more inviting and make you fell better about the hospice, hopefully that’s what we’ll do when we’ve done them (refurbished the shops)” (Sophia, Shop manager of the Red Cross)

However talk of improvement by senior managers is still tempered by the charitable association of the shops, this manager is aware that the term ‘upmarket’ is somehow inappropriate when talking about charity shops.

■ **Management policy**

As the second-hand retail sector has become more and more professional, the costs of employment have been necessarily raised, expenditure on wages having the most significant impact on profits. Shops that were traditionally run solely on volunteer effort now employ at least one paid manager and those that previously employed a single manager now often employ two to stay abreast of the competition. In fact, there have been changes to the whole mode and ethos of managing the shops (Broad bridge and Parsons, 2002a; Parsons, 2002. But volunteers are still the main force for the

charity shops industry. Then how to manage these volunteers should be a significant problem within the industry.

✧ **Volunteers Management**

There are now estimated to be close to 2200 shops selling donated goods, principally, but not exclusively, second-hand clothes. The greater majority of these shops rely on volunteers' effort to survive. As one of the biggest humanity organization, the Red Cross Denmark, the number has remained steady in the Danish Red Cross at 15,000 volunteers at regional and branch level, while 20,000 help the annual fund-raising campaign (The Danish Red Cross Annual Report, 2012).

Denmark has a visible volunteer culture, and when this is combined with recent government programmers to promote voluntary activity it is perhaps surprising that there is a shortage of volunteer labor in charity retail. Charity retail at shop front level is particular labor intensive, this labor is largely located in the preparation of stock for sale (including packing, picking and organizing the donations ready to sale). With an increasing emphasis on presentation as well as standardization of prices and stock quality, charities are requiring higher numbers of volunteers per shop. Charities have tackled this shortfall in two main ways: through the employment of paid staff and by focusing on a range of volunteer recruitment strategies. Many charities employ more than one paid manager in each shop, and in some cases paid assistants. To encourage volunteering some charities have strengthened links with the local community through partnerships with the local organizations. However, many charities are finding that the complex structure of delivery in the local organizations which are differ between regions makes this option difficult to coordinate centrally. They have at present hold an ambivalent attitude to taking on the trainees. Moreover, they also try to attract more volunteers from social medias, like facebook and instagram.

“ A lot of it’s down to the manager now, I mean if someone comes to volunteer their help, first of all they’re coming because they’re feeling a bit rejected, so they want to be useful. Sometimes they come because they need the confidence to go after a paid job or they come because they have lost somebody and they need to get out, or because they are going through a depression” (Lene, Area Manager from the Red Cross)

Generally, the expansion of the recruitment base for volunteers consist of a diversity types including a traditional core of predominantly older women, students, therapeutic volunteers, those seeking work experience and/or training, and those undertaking ‘compulsory volunteering’ in order to qualify for Job Seekers Allowance or to complete community service hours (Parsons, 2004). It’s very difficult to manage such a diverse workforce, as managers find it particularly hard to ‘match these volunteers to the requirements of an increasingly complex set of retail practices’. It’s not easy to make the perfect match, because it often takes time to know the volunteers’ specific expertise, and match their uniqueness to the right work they should do.

Similarly, the shop managers often sink into another managing dilemma because ‘the pressures placed on them by the management hierarchy are all too often oriented towards getting commercial results, rather than towards team building and team working’.

“If you’ve got this blouse, and a volunteer has put ten kroner on it when in fact it’s worth one hundred kroner, if someone puts an extra ninety on it, that’s no extra work, its straight profit, wit a paid manager you increase profits quite quickly. ” (Anders, Shop Manager of Red Cross Denmark.)

This comment illustrates the conception of volunteers as un-commercial in their

approach to selling, having little knowledge of what things are worth. Not only for the commercial second-hand shops, but also the charity ones, the requirement of a retail background in their shop staff play a significant role in the operational process. Such professionalism consists of both a way of thinking and a way of doing or ‘methods’.

“All of our managers are from a retail background. Initially um, I found when I joined the company that were certain managers that had come from non-retail backgrounds, this can’t be the case now because the thinking, um the methods we use, the professionalism within our shops really needs a retail background.” (Anders, Shop manager from Red Cross)

✧ **Shop managers Issue**

Second hand retailers have a second staffing problem, the attraction of shop managers. Especially for the charity thrift shop, managing a charity shop involves much hard physical work, as managers are heavily involved in the preparation of stock for sale. Managers must also command a developed set of communication skills to manage volunteers adequately as well as a sense of entrepreneurship to make creative and profitable use of *limited* stock and labor resources. It’s not an easy thing for manager to coordinate all of the products and the employees under an insufficient and limited situation, as for the thrift shops, either the product resource or their employees (the volunteers) are not expectable and hard to control.

In addition the work is poorly paid and holds few opportunities in the way of career progression. While this issue has yet to be researched the absence of men in these positions is undoubtedly connected to the low pay and poor career prospects. This issue may be one that charities will have to tackle.

Indeed, some organizations have started to do so by focusing on staff development and training, and introducing performance based bonuses. Some charities have

inserted a management tier in between shop managers and area managers creating senior shop managers. These new posts extend the shop manager's role to include the supervision of three or four charity shops.

Compare to the managers issue of charity second-hand retailing sectors, recent research has revealed that a large proportion of entrepreneurs start up their ventures operating on a wholly or partially off-the-books basis. Until now, it has been commonly assumed that those who operate in the informal economy are exclusively commercial entrepreneurs. And the second-hand shops have been regard as the informal business, the founders or entrepreneurs of those second-hand stores, both for-profit and non-profit have their own story about how did they translate their rationales into the practice. And what begins as a commercial entrepreneurial venture may become more socially oriented over time or vice versa. In order words, the founders (managers) for those so-called commercial thrift shops are mainly entrepreneurs. They are often self-motivated and have high degree of autonomy. They are doing this for fun. They love the feeling of un-control, because the product resources cannot be expected, they can find something sparkling their eyes just around the corner.

However, charity retail differs from the normal operations in three main senses, the profit generated remains 'fund raised' for a charitable organization, the stock is mostly donated by the general public and the workforce at shop floor level is largely constituted of volunteers. Therefore it may be expected that the aspirations of senior managers would be modified, but still, all of the senior managers are willing to earn more money, either for humanity ends or for the profits' own sake.

■ Strategy

In addition, except discussing the improvement through internal environment and

the management policy, the third and most striking discussion of becoming more professional would be the retail strategy. In other words, professionalism expressed at being more strategic and evaluating the performance of their shops (and therefore their shop managers) more regularly and in a more detailed method than in the past. In order to set up a proper retail strategy, this would be linked, knowing external sales details and internal performance, and continually reviewing, analyzing and evaluating this information.

“I think we are used to make an application of strategy for whatever we do. It provided a direction for the particular things. To evaluate it, to be as scientific as what we are doing, I shy away from calling it a science, I don’t believe it is, I believe the actual fact and figures. But I do think there are some elements of it that you can analyze and form informed judgments on. Whereas perhaps the trends five ten years ago will be far more less demanding about the criteria you use, far less analytical about what you are doing, and far less concerned about the long term strategic implications.” (Anna, Shop manager from Red Cross)

One of the main ways in which such talk of strategy has translated into practice, is through the evaluation of sales target for shop managers. Like the other commercial retail shops, in the larger charities each shop has weekly, monthly and yearly sales targets, which are set by the area so that managers can measure their progress against other shops. While designed to motivate shop managers, for some shop managers, sales targets are a source of pressure, particularly struggling under the situation of a shortage of volunteers and donated stock. But however, positive pressure makes the people going forwards. Findings indicate that second-hand clothing is widely accepted by the consumer market in Denmark. Consumers are motivated by convenience in terms of location, time, price, quality and assortment of merchandise.

Their professionalism from the strategy's perspective, could also be illustrated as they were trying to change customers' mind-set towards second-hand items, take an example of the Red Cross Denmark, it started to make a fashion magazine called God Stil (See Appendix) from last year 2014. They invite some celebrities and models to wear the second-hand clothes, they look very fashionable even they are wearing a second-hand item. So the organization was trying to change customers' mind-set that second-hand items could also be fashionable, elegant and gorgeous.

"We distribute these magazines at every of our second-hand butik, people can leafed through it when they come into our store, and also they can take it for free. By the way, all of the models, celebrities and even the photographer are voluntary. We didn't pay anything for them. We are doing this because we want to change peoples mind-set towards second-hand stuff." (Birgette, the team leader of Second Hand Department of Red Cross)

■ Customer relationship management

Besides the previous three parts, the professionalism also act at the relationship with the customers. As the founders and managers try to manage their volunteers through offering support and building up relationships of trust and mutual respect, managers expressed similar sentiments in relation to their customers. In interviews, shop managers frequently referred to the importance of good customer service and knowing their customers, however their relationship with customers often went beyond customer service and knowing their customers what you might expect in a commercial retail environment.

Two main interpretations of acting charitably towards customers emerged from interviews with shop managers, these include not only providing good customer service, but also developing supportive relationships with customers, and (for some

managers) providing low-cost (or free) clothing to those perceived to be in need.

Managers talked about providing good customer service, but due to the unique humanity features of the charity shops, this was often involved to help the poverty. Except to fulfill the physical needs, the charity shops may also provide the psychological needs, it was important to managers that customers not only received good service, but was literally made to feel at home.

“Anyone who comes into our shop no matter who they are, so if they only want to spend ten kroner on a bracelet, or a pillowcase, or a curtain, we try to make them feel welcome, we try to make them feel that, whatever they need we’re there to help them. ” (Julie, Shop manager from the Red Cross)

Gregson et al (2002) from their research on charity shops observe that individuals that would normally be excluded from commercial shops ‘appear to interpreted charity shops as potentially accommodating of them’. In their case they report homeless people loitering in the shop, perhaps to keep warm and dry.

“Sometimes we get to know people that are homeless, and we get them coming in for shoes and they’ll leave behind the ones that they’ve worn and walk out with the ‘new’ ones. ” (Anna, Shop manager from Red Cross)

An experience of one manager of an independent, locally run charity shop which raises money for the local homeless shelter claims that between viewing the shops as conventional retail shops and as charity shops whose both function is the same - to assist charitable causes.

“A problem that I’m starting to address is people coming in, homeless people asking for things, which I’m trying very hard to formulate a response to but it’s very difficult. I mean I can’t deal with giving them money from the shop and yet that’s really what they (the shops) are about. But I can’t let them do that, I can’t start to do

it, it will be a snowball. It's difficult to handle. One day a customer gave a guy twenty kroners, we were trying to explain why we couldn't give him money and its very embarrassing and a very difficult one to deal with." (Sophia, Shop manager of Salvation Army)

But except this, the charity shops can provide some emotional value, by lending a supportive ear to customers who may be lonely and in need of some company. Managers were often proud of their role in this respect. The fact that customers come into the shops and ask for a particular person suggests that they regard charity shops as providing a social service.

"We got a lot of them (customers) just come in to talk, they come in to see a friendly face and have a talk, which we do. I mean we hear their troubles and things like that. It makes you feel good that they can tell you their troubles; I think we do a dual service really. We've got quite a few that come in regularly and they ask for a certain person." (Sophia, Shop Manager from Salvation Army)

Then, the other value that charity shops can be acting charitably towards customers is through the provision of low-cost clothing to customers. But providing the low-cost items is not the merely and solely purpose of the charity shops. This is an example of the tensions brought about by differing constructions of the charity shop by volunteers and managers.

"I think they (volunteers) have a misconception that the charity is for the customer and not for the charity itself so therefore they'll say this is a cheap shop, so we want things cheap. That's not the purpose of the shop, the purpose of the shop is to raise money for the parent charity. So there is a danger that you lost sight of where you should be heading." (Anders, Shop manager of the Red Cross)

Most of the time customers are not effected by a moral imperative that the shops exist to raise money for charitable causes, some will use any opportunity they can get to bargain prices down.

“They say ‘I can get this cheaper somewhere else’ or ‘it’s got a mark on it, can you do it for ten kroner cheaper?’ yes they do try. But we know our regular.” (Lene, Shop Managers of Red Cross)

5.2.3 ‘Govern’ the organization

Indeed, this papers focus on identify the ways in which the actual behaviors of both managers, volunteers and customers at the sharp end of charity retailing hinder and promote the development of the whole industry, and what kinds of value it creates during the process. But according to Foucault’s Govern-mentality Theory, how can those managers govern such a complicated and special organization, by using what governance apparatus?

“It’s disorganized if you think you’ve got to run a shop for six days a week on twelve shifts of people that is enormously complicated. Times that by fifteen shops you’ve got all your problems taken up in keeping the shop open, let alone training people on pricing and sorting, but then you cut it down to one leader per shop, imagine that leader or supervisor is highly competent in sorting and pricing and managing people, managing stock. ” (Hanna, Shop Manager from Red Cross)

Lowe and Crewe (1996) explore ways in which retailers attempt to govern the behaviors and identities of their shop workers. They observe that retailer are now looking for certain types of people to sell their goods, detailed selection criteria extend from personality to appearance and dress sense. This focus has also involved

the extension of control over shop workers' experience from details in their dress style down to their personality. Retailers are keen to convey a store image in line with their overall brand identity and increasingly strict staff policies are clearly a component of this marketing strategy (Benson, 1986; Domosh, 1996; Winship, 2000).

Research specifically on charity retailing by Gregson et al explores 'how charity retailing has been reimagined and reworked in head offices both through patterns of talk and through associated practices, and how this is displaced through charity retail chains to the point of particular performances in specific charity shops'. They found three relevant interpretations within the meaning of professionalism, broadly these could be concluded that being paid, being a member of a specific expert work community, and being generally competent and business-like.

But recently, further research on charity retail has begun to highlight some of the practical difficulties managers face in meshing these two cultures (business-like and voluntary). Focus thus has been expressed on the challenges of mixing volunteers with paid managers (Maddrell, 2000; Whithear, 1999b).

Almost all of the senior managers interviewed emphasized the benefits of introducing paid managers in charity shops. They suggested that paying staff at shop floor level increased their control over shop floor activities and enabled them to effect more commercialized branding and merchandising. In other words, paid managers could lead the organization to make the operational model more professional and then more profitable.

The strengths of employing paid managers include in the effective management techniques of volunteer staff and effective processing of donated stock, owing to their more professional expertise within the operating field. In addition, senior managers suggested that a paid manager would have a significant impact on the pricing strategy.

They are good at price the items suitable for the market, which is neither too high nor too low.

“If we are serious about taking big money we have got to have hands. So we are now recruiting quite a few paid sales assistants but what it ensures is we make money. Big investment, we have a big staffing bill but the bottom line is we take the money.”
(Birgitte, the Team Leader of Second Hand Department of Red Cross)

This is part of a drive to professionalism by senior management with the objective of maximizing the efficiency and effectiveness of the retail trading operation by recruiting professional working staff; it will spend a source of funds for charitable purposes and part of an overall not-for-profit organization. But it will also become a direct force and has a very hands-on approach to his management duties.

In general, endeavoring to continually improve *to be more professional* (reduce the gap between the commercial second-hand shops and the charity retailers), for instance by employing paid managers with a professional background would be one of the efficient governmental apparatus for not only the commercial second hand retailers, but also (especially) for the charity ones.

In management terms, managers rely on a personal rather than bureaucratic form of authority. As one manager commented, you need enthusiasm and ‘good motivation skills to create a happy and positive atmosphere.’ The volunteer work force is unique and requires very specific skills to manage, these skills require an emphasis on volunteer support and encouragement.

“You have got to be careful if you are a manageress. You can’t ask, you’ve got to suggest ‘could they possibly’ not ‘you will’ or ‘you must’ or ‘you’ve got to’, it’s ‘would you mind?’ or ‘do you think you could?’ There is a subtle difference you see,

at the end of the day, I'm getting paid for it and they (volunteers) aren't. ” (Anders, Shop Manager from Red Cross)

Because they work largely with volunteer staff, charity shop managers take on the characteristics of leaders commonly associated with voluntary sector management. Pearce (1993) found that ‘volunteers allowed themselves to be guided by others because of the personal qualities of those others’. This is also the same in charity shops. While volunteers are initially motivated to offer their help by the association with the parent charity, over time a strong loyalty develops between volunteer and the shop manager. As one area manager commented ‘if a manager leaves they’ll take the volunteers with them, that shows they’re really working for a personality as well as a charity’. They are motivated by the personality of the shop manager, because these volunteers often regard themselves as a nice people who are willing to help others, so they are more easy to affect by the positive personality of their leaders. The following quote also illustrates the precarious relationship between the parent charity and its volunteers; this relationship is built on trust and mutual respect.

“The manageress had been there for ten years, usually the manageress is paid for these shops, but she’d never taken one kroner. All her assistants (volunteers) had been with her for a number of years and, after these alterations (shop refurbishment) they had a form they had to sign to say that they would be completely loyal to the charity, and they objected, they said they’d been working there for years and they’d been trusted. They all walked out so now there’s a new manageress.” (Lene, Shop Manager from Red Cross)

But still, in an interesting comparison with the commercial retail sector, in the governing process, there exist greater management problems in charity retail due to (i) the unpredictability of stock (donation) and (ii) the management issue of voluntary

staff. Its management strategy was to make the operation less random by ‘eliminating and controlling some of the variables’; In other words, trying to remove as much as uncertainty as possible from factors affecting shop daily operation.

A major aim in the use of resources was in seeking to ensure that each shop had sufficient trading stock of appropriate quality at all times. Therefore, the policy is to employ paid shop staff (managers with professional business background) in order to eliminate unspecified difficulties involved in the management of volunteers.

Charity shop managers feel a strong imperative to act charitably towards the volunteer staff under their supervision and this often means going beyond the call of duty. They want to give a high degree of autonomy for the volunteers.

But this imperative stems from two main factors. Firstly, because volunteers are unpaid, usually they are offering their time and efforts for altruistic reasons, but at the meanwhile, it means that such a voluntary status enable them to withdraw their commitment at any time. This would add the degree of difficulties to manage the volunteers.

Secondly, it may because that managers are working for a charitable organization they have a highly expectation of their behavior, but volunteers’ behavior is not easy to organize, then when the high expectation meet the random work effort of volunteers, the conflicts would be incurred.

These two main obstacles can be solved by some ways that we could identified from interviews with managers on this topic, first the provision of support and training for volunteers, second the centrality of trust and mutual respect in the manager-volunteer relationship.

More specifically, managers now provide support and training for a broad range of volunteers. Charities have begun to participate in a range of government schemes,

which can promote volunteering as a vital training resource to refill the workforce. In doing so, the shop managers are required to take on the role of trainer, as they are required to provide adequate training for a new set of younger, unemployed volunteers. There has been some debate about the efficiency and legitimacy of mixing paid and unpaid volunteer staff (Whithear, 1999a). These activities would result in a change of the whole ethos of volunteering in the shops from a broadly social and altruistic ethos, towards an ethos full of notions about good citizenship, re-training for the workforce and individual advancement (Parsons, 2001).

These management skills also require a high degree of communication skill, managers aware that volunteers' work is unpaid and this contrasts with their own salaried position. Because of this it is not uncommon for managers to work extra un-paid hours and not once in interviews did managers mention their salary, even though given their responsibilities these salaries are very low (particularly compared with managers in commercial retail). But they should take more responsibilities.

Indeed the use of sales targets and budgets are one of the primary means that senior managers use to encourage shop managers. It is also clear that these managers are drawing on their past experiences of commercial retail management to inform their management practices in charity shop operations. As such they have imported techniques from the commercial retail environment, which are not entirely suited to charity retailing.

It can be argued that charity shop managers' responsibilities to both their volunteer and their customers are far greater than for managers in commercial retail. The volunteer workforce is not selected on the basis of their skills and experience, but self-selected with a range of motivations, and some actually excluded from traditional paid work for reasons of age, ill health, disability, etc. A conflict undoubtedly exists

between the strategy set by managers at senior levels within the charity and the actual practice of managing a shop, which is staffed by volunteers and additionally relies on donations of second hand goods for stock.

6. Conclusion

This paper aimed at explores the difference between the commercial and social second-hand retailers from both customers and founders' perspectives.

From the results of the survey, it could be seen that consumers did not saw any significant difference between the normal second-hand retailers and the charity shops. But from the founders' perspective, by evaluating the professionalism process of the second hand retail industry, the difference has been translated into the daily operational practice, including the basic operational model, the management policy (recruitment policy, volunteers management issue), customer relationship management, the retail strategy, supply chain management and so on. To combine it with Foucault's govern-mentality Theory, this paper showed that how varied types of second-hand retail sectors applied different governmental apparatus to govern their organizations.

In the analysis of interviews with the founders and managers concluded all of the two interpretations of professionalism. These were associated with being paid, and being generally competent and business-like. This notion of being business-like typically involved professional retail strategy associated with the collection and evaluation of sales data, and spending more money on improving the internal environment and changing customers' mind-set. Compare to the commercial

second-hand retailers, managers of charity shops focused largely on an interpretation of charity as fundraising, making connections between this activity and the need to become more professional. They are keen to close the gap between charity shops and commercial shops both literally through the practices they use to govern their charity shop managers (using targets and budgets) and metaphorically through the language they use to describe the 'charity retail business'.

As a particular part of the charity shop, the use of voluntary staff and the potential benefits along with consequential risks and costs and coping with shortages of volunteers was discussed. Charity shops are intent on the adoption of commercial management techniques and the difficulty of recruiting sufficient volunteer staff was noted. There was an acknowledgement of potential problems, however, in relation to the 'reactions' of volunteers and the ready acceptance of the financial burden of a move towards the employment of paid staff in place of volunteers might itself be indicative of recognized but unspecified difficulties. Conflicts may incur during the process of managing volunteers because of the diverse backgrounds and self-motivated features of the group. The conflict could be solved by building mutual trust, providing related training and so on. This study does perhaps illustrate the problem of volunteer recruitment and also suggests a management regime content to pay close to market rates in order to recruit appropriately skilled staff.

Clearly findings from this paper point to the need for the efficient relationship management between managers, volunteers and customers. Except managing the volunteers staff, customer relationship management also plays a significant role in the operational practice of charity shops, because as a charity shop, it should fulfill not only the functional needs but also the mental needs for the customers.

In addition, management of the second-hand retail trading operation have sought to

maintain or improve by the adoption of a management and marketing strategy of professionalism along with the strict maintenance of stock quality via a policy of aggressive stock management. This pursuit of professionalism and quality is consistent with observations in other studies.

The tentative attempt to assess the difference between the commercial and social second-hand retail operation has shown that, in the surface, the two types of thrift shops provide similar value for customers. But actually, from the founders' perspective, it has been translated into totally different operational practice, including management policy, recruitment policy, and even retail strategy. This part of the study raised more questions than it answered.

7. Future trajectories

As profits in the second-hand retail sector soared throughout the 1980s to 1990s, many charity organizations entered into the charity retail trend and adopted quite aggressive policies on opening shops. Then as the sector has become saturated, the profit space has become slowly increased, a number of charities made a loss from their retail operation. Many commentators have suggested that the market is becoming saturated (Brindle, 1999). As a result many charity organizations are now trying to improve their existing portfolios of shops rather than opening a new one.

There remain a number of question marks over the future development for the second-hand retail sectors. As discussed above, due to the particular features of the industry, the shops are a product of a number of complementary factors, including donated stock and volunteers. The future of the sector depends on all of these

variables, which are considered as below.

- **Regulations**

With the increasing presence of second-hand shops, issues of regulation have been paid more attention nowadays. The relaxation of tax and rating levels for charity retailers by central government has kept costs down for charity retailers. However these benefits to the charity retail sector have become debatable. Some charity shops now offer bought-in goods for sale. Given their benefits some local traders feel this constitutes unfair competition and debate has appeared between the association like the Federation of Small Businesses and the Charity Shops Association. An additional concern within the sector is the threat of VAT on donated goods.

- ***Competition***

Although the degree of competition within the second-hand retail industry is not relatively high, but along with the information technology's development, online shops has become a powerful competitor for all of the 'offline retailers', not except for the commercial and charity second-hand shops. Take an example of Ebay, which is a C2C platform that allowed customers to make the transaction directly online. In other words, the middleman, including the charity shops and the other second-hand retailers would be omitted during the process, if the online second-hand consumption system becomes more and more mature in the future.

In general, the online platform would be a very significant threat for the second-hand offline retailers in the near future.

- **Conventional perception towards second-hand consumption**

As charity shops become more professional in their retail activities, the introduction of bought-in goods in the shops would further diversified their customer base. Perceptions of charity shops as serving only for the people in needs (the poor) have

been replaced. A range of customers across class and economic status consumed at charity shops. Shopping in charity shops is now relatively free of stigma. But there still exist a segment of society who will not purchase in charity shops, no matter how professional charities become and quality of stock and how similar to commercial retailers in their level of customer service.

- **Environmental awareness**

Increased environmental awareness and attention to the issue of re-use and recycling has resulted in a widespread practice of donation of unwanted goods to charity shops. Then the maintenance of stock levels through donation has become an issue for charity shops, which would be a positive perspective for the whole second-hand industry.

It will not only promote the donations of unwanted goods, but also encourage the consumption of second-hand stuff, because the positive ethos of people that when they are consuming in a sustainable way for the earth's future development.

- **Concerns of future management policy**

In the face of these challenges the question remains as to whether the sector can be expected to pull together. This can be conceived in two main senses: first, within charities, will the present mix of paid and unpaid staffs continue to achieve benefit for charities? And where will their future sources of stock lie? As charities seek additional labor the workforce is becoming increasingly diverse and the mixture of paid and unpaid staff, volunteers, trainees is becoming increasingly difficult to manage (Broadbridge and Parsons, 2002a, b; Maddrell, 2000; Parsons, 2002). The introduction of more professional structures for training for both volunteers and paid staff will have a further re-structuring effect on the sector.

In addition, with regard to the future retail strategy, many charities see their future

in diversification and niche marketing, such as furniture, bicycles and books; and extending the current clothing emphasis to include antique clothing and dress hire.

● **Collaboration**

As many charities have decreased their shop opening but none of them have withdrawn from the sector entirely. Little margins have forced a re-think in charity retailing but as yet charities have done little to collaborate. Collaboration between the second-hand retail organizations could provide a beneficial learning environment. As charities get squeezed out of the charity retail sector joint ventures may be a solution. Regional and national charities in particular would benefit from sharing resources, thus benefiting from both economies of scale on the one hand and long-term relationships with local communities on the other.

● ***Brought-in goods in charity shops***

With increasing competition for donations putting pressure on both quality and quantity of donated goods some charities have introduced bought-in (new) goods in their shops. These goods often include giftware, toiletries and collectables such as glass and china. The goods are usually seasonal, changing at Christmas and Easter. Some charities significantly increase their stock of new goods at Christmas (candles, gift-wrap and gifts such as soft toys, china and glassware). There is also now a very large market for charity Christmas cards, most of which are sold through voluntary organizations via temporary shops in church halls and community centers, but some are sold through charity shops.

Many charity shops do not stock new goods at other times of year and only sell Christmas cards. The bought-in goods were not relatively popular in the charity shops. This may simply reflect the small range of new goods stocked; Some of customers and volunteers have shown a negative attitude to the shops selling new goods. The

average of sales of bought-in goods represented only a small proportion of turnover.

● ***Hidden professionalism & Fast Fashion***

On the surface, the recycling of used clothes, often charitably donated, means old garments don't go to waste, which is good for the environment and the people, because new owners get a bargain. It seems like a "win-win" situation that couldn't be more ethically sound. But on closer inspection, the reselling of clothes is more complex than one might think, posing difficult questions for those hoping to do good by donating their old clothes.

Contrary to its homespun image, the second-hand clothing industry is dominated by what Dr Andrew Brockks and Prof David Simon at the University of London have called "hidden professionalism." The majority of donated clothing is sold to second-hand clothing merchants, who sort garments (either commercial or social ventures), then bundle them in bales for resale, usually outside the country in which the clothing was originally donated.

One key market is sub-Saharan Africa, where a third of all globally donated clothes are sold. In a paper entitled "*Unravelling the relationships between Used-clothing Imports and the Decline of African Clothing Industries*," Brooks and Simon quote a representative of UK-based anti-poverty organization Oxfam Wastesaver, who states that 300 bales of second-hand clothing can be sold in Africa for around 25,000 dollars, while transport costs are just 2,000 dollars. Even taking into account the costs of things like collection and processing, these numbers suggest that the selling of second-hand clothing can be a high profitable affair; especially as the clothing being sold has often been charitably donated for free. While exact figures are scarce, in 2009, used clothing exports from OECD countries were worth 1.9 billion dollars, according to the United Nations Commodity Trade Statistics Database.

But it's not just the 'hidden professionalism' of the used clothing business – and the resulting gap between costs and resale prices. The flood of castoffs collected via second-hand clothing schemes, along with the rise of cheap Chinese apparel imports, have also helped to undermine Africa's own textiles and clothing manufacturing industry.

The second-hand clothing market has a negative impact in donor markets, as well. Consumers in the global North throw away vast quantities of clothing every year. For example, in the UK, people dump 1.4 million tones of clothing into landfills, annually. To combat dumping, charities and local governments have increasingly instituted clothing recycling programs. But recycling tackles the symptom not the cause, and gives consumers a false sense of security that the rate at which they are consuming and disposing of clothing is at all sustainable.

The truth is, "fast fashion" is a deeply unsustainable model. And by emphasizing recycling rather than tackling the root cause of why people continue to buy and dispose of larger and larger quantities of lighter, thinner and less well-made clothing. Consumers are reassured that they can continue shopping as normal.

"There is now this notion that fashion is just a commodity, and that we are just consumers. But actually fashion should be about cherishing clothes and creating an identity, but today it's based on constant adrenalin and the excitement of purchasing. There is no anticipation or dreaming. Nothing lasts or is look after. We each have a mini-landfill in our closets." (Dilys Williams, director of the Centre for Sustainable Fashion at the London College of Fashion)

In fact even at the top end of luxury market, everything becomes "fast fashion" nowadays. But the burning question is – how can consumerism moving backwards? With the emerging markets, the world has gone more and more materialistic.

Reference:

- Arnold, C (2009). *Ethical marketing and the new consumer*. West Sussex, UK; John Wiley & Sons Ltd, P34-35
- Arnold, Mark J and Kristy E. Reynolds (2003), "Hedonic Shopping Motivations", *Journal of Retailing*, 79 (1), P77-95
- Babin, B.J, W.R Darden and M. Griffin (1994), "Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value", *Journal of Consumer Research*, 20 (November), P644-656
- Bardhi, Fleura and Eric J. Arnould (2005), "Thrift Shopping: Combining Utilitarian Thrift and Hedonic Treat Benefits", *Journal of Consumer Behavior*, 4 (4), P223-233
- Belk, Russell W., John F. Sherry Jr. and Melanie Wallendorf (1988), "A Naturalistic Inquiry into Buyer and Seller Behaviour at a Swap Meet", *Journal of Consumer Research*, 14 (March), P449
- Blume, H (1995), "The Charity Shops Handbook", *The Charities Advisory Trust*, London
- Brindle, D (1999), "Charity shops feel chill of competition", *The Guardian*, 1999, P 57-65
- Broadbridge, A & Parsons, E (2002a), "Trading up in charity retailing: managing in a climate of change", *The Institute of Retail Studies Working Paper Series*, 0202, University of Stirling, Stirling
- Domosh, M (1996), "The feminized retail landscape: gender, ideology and consumer culture in nineteenth century New York City". *Retailing, Consumption and Capital: Towards a New Economic Geography of Retailing*. Longman, London.
- Editor (2000), "Reaping a pay off in used goods", *Mergers and Acquisitions Journal*, Vol. 35 No.8 P53
- Foucault, M (1991), (Govern-mentality trans. Rosi Braidotti and revised by Collin Gordon, in Graham Burchell, Collin Gordon and Peter Miller) "The Foucault Effect: Studies in Govern-mentality", P87-104, *University of Chicago Press*
- Granovetter, M.S. (1973), "The strength of weak ties", *American Journal of Sociology*, Vol. 78, P 1360-80
- Gregson, Nicky and Louise Crewe (1997a), "The Bargain, the Knowledge, and the Spectacle: Making Sense of Consumption in the Space of the Car-boot Sale", *Environment and Planning D: Society and Space*, 15 (1), P87-112
- Gregson, N, Crewe, L, Brooks, K (2002), "Discourse, Displacement and Retail Practice: Some Pointers from the Charity Retail Project ". *Environment and Planning A*, P1661-1683
- Guiot D & Roux D (2010), "A Second-hand Shoppers' Motivation Scale: Antecedents, Consequences, and Implications for Retailers", *Journal of Retailing* 86 (4,2010) P 355-371

- Hansen, K.T (2000), "The World of Second-hand Clothing and Zambia", *University of Chicago Press*, Chicago, IL
- Haire, M (1950), "Protective Techniques in Marketing Research", *Journal of Marketing*, 14 (April), P649-656
- Horne, S (2000). "The Charity Shop: Purpose and Change". *International Journal of Nonprofit and Voluntary Sector Marketing* 5 (2), P113-124
- Lowe M, Crewe, L, (1996), "Shop Work : image, customer care and the restructuring of retail employment ", *Retailing, consumption and Capital: Towards a New Economic Geography of Retailing*, Longman, London.
- Maddrell, A (2000), "The challenges and opportunities of working with volunteers in the charity shop – an Oxford Case Study", *International Journal of Nonprofit and Voluntary Sector Marketing* 5 (2), P 125-139
- Mary W. Mhango Linda S. Niehm (2005), "The Second-hand Clothing Distribution Channel", *Journal of Fashion Marketing and Management: An International Journal*, Vol. 9 Iss 3 P342-356
- Parsons, E. (2002), "People of Profits? The Challenges of Managing in Charity Retail ", *The Institute of Retail Studies Working Paper Series*, No. 0201, University of Stirling, Stirling.
- Parsons, E (2004), "Chairty shop managers in the UK: becoming more professional?", *Journal of Retailing and Consumer Services* 11 (2004), P259-268
- Pearce, J,L (1993), "Volunteers: The Organizational Behavior of Unpaid Workers", Rountedge, London
- Peterson, R.A. & Balasubramanian S. (2002), "Retailing in the 21st century: reflections and prognosis", *Journal of Retailing*, Vol. 78 No.1 P9-16
- Sheery, John F. Jr. (1990a), "A Sociocultural Analysis of a Midwestern American Flea Market", *Journal of Consumer Research*, 17 (June), P13-30
- Sheery, John F. Jr. (1990b), "Dealers and Dealing in a Periodic Market: Informal Retailing in Ethnographic Perspective", *Journal of Retailing*, P 174-200
- Stone, Jonathan, Suzanne Horne and Sally Hibbert (1996), "Car Boot Sales: A Study of Shopping Motives in an Alternative Retail Format", *International Journal of Retail and Distribution Management*, 24(11), P4-15
- Solomon, Michael R. and Nancy J. Rabolt (2004), *Consumer Behavior in Fashion*, Englewood Cliffs, NJ: Prentice Hall.
- Soiffer, Stephen S. and Gretchen M. Hermann (1987), "Vision of Power: Ideology and Practice in the American Garage Sale", *Sociological Review*, 35 (1), P48-83
- Tauber, Edward M (1972), "Why Do People Shop?", *Journal of Marketing*, 36 (October), P46-59
- The Danish Red Cross Annual Report (2012), available at http://redcross.eu/en/upload/documents/pdf/2012/Annual_Reports/Danish_Red_Cross_2012%20Arsregnskab%20UK.pdf
- Thomsen, O (2001), "Clothes Sales, Blantyre", The International Humana

People to People Movement, available at www.humana.org/ProjectPage.asp?ProjectID 1/4 63

- US Department of Commerce (2000), FY 2001 Country Commercial Guide: Malawi, Bureau of Economic and Business, available at http://www.mac.doc.gov/tcc/data/commerce_html/%20countries/Countries4/Malawi/CountryCommercial/2000/
- Whithear R (1999b), "Charity shop volunteers: a 'no cost' option?", *Voluntary Action* 1 (3), P55-66
- Winship J (2000), "Culture of Restraint: the British Chain Store 1920-1939 ", *Commercial Cultures: Economies, Practices, Spaces*. Berg, Oxford, New York
- Williams, Colin C, and Christopher Paddock (2003), "The Meanings of Informal and Second-hand Retail Channels: Some Evidence from Leicester", *International Review of Retail, Distribution and Consumer Research*, 13 (July), P316-336
- Wilson, L & Thorpe, H (2000), "The Great Hand-me down heap", *The New York Times Magazine* – 92, 15 October.
- Webster, Frederick E, Jr. and Frederick Von Pechmann (1970), "A Replication of the Shopping List Study", *Journal of Marketing*, 34 (April), P61-63
- Westbrook, Robert A and William C. Black (1985), "A Motivation – Based Shopper Typology", *Journal of Retailing*, 61 (1), P78-103

Appendix:



Red Cross Donation box

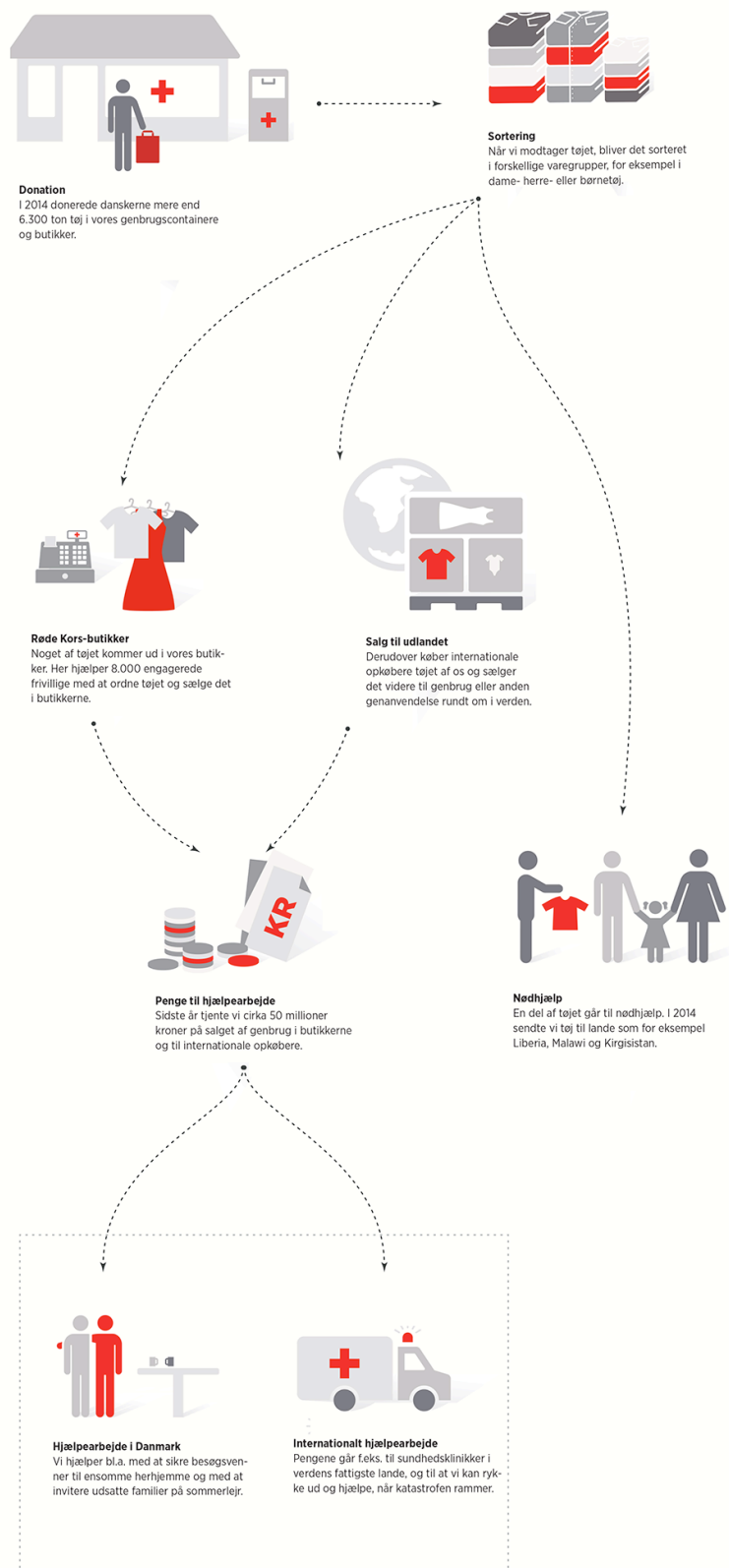


Refurbish the store – improve the internal environment



The Sorting process

The Supply Chain of Red Cross Second-hand Shop



Source: <https://www.rodekors.dk/det-goer-vi/genbrug/genbrugstoej-hjaelparbejde-noedhjaelp/infografik>

Part of Interview transcription With *Birgitte Breving Christoffersen* (Team leader of second hand department in Red Cross Denmark)

“What’s the truly difference between for profit and non profit second hand shops?”

“We are highly profitable, not non-profit, our revenue 53 million a year, we use our revenue to help people in need nationally and internationally. Our aim is to generate money to help people as many as possible. ”

“What kinds of value do you want to provide to the customers?”

“We are provide the value that people feel they are doing a difference (for other people), when they donate clothes to or they buy clothes at our second hand shops, the first reason that people buy stuffs in our shop is we have shops, it’s possible to buy stuff in our shops, the second reason is that we are a humanitarian organization, the sales are helping people. And also they can find some good stuff in our second hand shops.”

“We are high quality second hand shops, customers can find good clothes maybe not too much money, and we are so many places here in Denmark so they know what they get in Red Cross second hand shop. ”

“What’s special for your organization? What kinds of jobs does the volunteers do?”

“What is special for our shops is it’s driven by volunteers, so we have a high profit because we do not have this kind of expenses (salaries for volunteers), we have 8000 volunteers. They sales the clothes to the customers, they price the clothes, they sort the clothes after get the donations, what can be sold in the shops, sold out in the world, they clean the shop, they do everything to run a shop like any other normal shops. Except the volunteers only work 4 hours a day, and one day a week. 30 volunteers in a 100 m2 shops.”

“What is your pricing strategy? ”

“We have a price list handbook, we have a clear system, criteria to sort the donations by producer, by brands, by different categories (lady’s clothes, lady’s underwear, men clothes, kids). We have cheap, middle and expensive three categories. But this price list is only for advice, actually every shops they have their own criteria, for example in the north part of Copenhagen the shops will have a relatively high price and in south Sjælland the price will be cheaper even it is a good brand. We were trying to sale expensive things there, but it’s not possible.”

“What do you think is the difference between Red Cross and those Luxury second hand shops? ”

“I think some of the luxury second hand shops and the other profitable shops, they are very selective and picky of what they want to put in the shop. But we have a broad kinds of clothes both cheap and expensive. And also the luxury second hand shops they give commission for people who ‘donate’ the clothes.”

“Did you refuse the donation if they have a bad quality? How about your recycling system, sorting system? ”

“We do not refuse anything from donation, we have a very big campaign now called ‘drop your clothes’ we receive good things, bad things even destroyed, we accept everything. If the clothes are not at a good quality, we send it to our partners, these partners they recycle them, and we get around 2 DKK for one kilo. ”

“A lot of Red Cross shops, they wash the clothes before they sale it. If the clothes are dirty.”

“We have a recycle center, we have cars and they drive around to empty the containers. And also we have a very huge sorting center where they sort all the good clothes to the shop, bad clothes to recycling, all the shops they can ask for what do they need to the sorting center if they do not have good quality stuffs in their own container. We have a very professional recycling system. We put it into a box. ”

“What factors do you think is the most important for customers to influence their perception towards a non-profit second hand shop?”

“The most important factors for customer consuming a second hand clothes are quality, price and service. If they can buy a high quality stuff at a good price. If they do not get good thing, they wouldn’t come. A nice service is also an important factor, we know that the nice quality, good price shop and they have a good service which can make them feel comfortable, customers will come again and again. It’s the same with the other normal shops.”

“What do you think is the largest barriers behind customers’ perception towards consuming in a second hand shops?”

“The biggest barrier behind customer to consume in a second hand shops is the mental aspect, people have some perception about the second hand clothes, maybe they think the clothes are dirty and smelling, but I think we are changing it, we working very hard to changing it last year, we made a fashion magazine which are very trendy, beautiful and fashionable, and all of the models and celebrities they wear second hand clothes, they also look very cool and beautiful. All of the models, celebrities and photographer are voluntarily. And you can order the items you like in the magazine. We will also make the magazine this year. People can get it in our shops. And we decorated our new shops more beautiful as well to improve the consuming experience within our shops. So we are changing people’s perception about second hand. ”