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May 2013

Online at <https://mpra.ub.uni-muenchen.de/56941/>
MPRA Paper No. 56941, posted 29 Jun 2014 05:50 UTC

Thrift Stores Funding Food Pantries: A Win-Win Strategy for Nonprofits Serving the Poor?

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Abstract

In recent years, nonprofits have started operating thrift stores to reinvest earnings from the stores' sales in other programs for the poor. Martha's Table, a nonprofit in Washington DC, has adopted such a strategy. It operates Martha's Outfitters, a thrift store which provides clothing at low cost to its clientele. Earnings from the thrift store help fund other programs, including Pantry Day which provides free bags of food to very low income beneficiaries once a month. After presenting a profile of the beneficiaries of the thrift store and the food pantry programs, this paper discusses how to estimate the combined benefits of the two programs for low income beneficiaries on the basis of client surveys and other data for both programs. The analysis suggests that these benefits are substantial, so that using thrift stores to fund food pantries may indeed be a win-win strategy for nonprofits serving low income populations.

1. Introduction

The thrift store industry appears to be thriving. NARTS, the association of resale professionals, suggests that the number of thrift stores in the United States is increasing by seven percent per year, with more than 25,000 resale, consignment, and nonprofit resale stores in operation today. NARTS also quotes estimates by First Research that the annual revenues of the industry have reached \$13 billion. Finally, NARTS quotes research by America's Research Group suggesting that about 16 percent to 18 percent of Americans shop at a thrift stores in any given year¹. And Goodwill Industries, the largest chain of thrift stores in the United States, operates 2,900 stores and auction sites and is expected to generate \$5 billion in revenues in 2013.

While part of the success of thrift stores in recent years is related to persistently high unemployment rates and the impact of the great recession, part of the success is also due to a change in perceptions about thrift stores which now attract a broader range of customers, among others for the 'thrill of the hunt' (Bardhi, 2003; Bardhi and Amould, 2005; Albinsson and Perera, 2009; James, 2011). As thrift stores have become less stigmatized, they are growing faster than other retail stores (Solomon and Rabolt 2004).

The renewed popularity of thrift stores has led some nonprofits to start operating thrift stores with the aim to reinvest potential net earnings from the stores' sales into other programs for the poor. Martha's Table, a nonprofit in Washington DC, has adopted such a strategy. It operates Martha's Outfitters, a thrift store which sells clothing, shoes, and household items at low cost. The store is open to the general public, and in addition individuals referred by social agencies can receive a few clothing items for free every month. Between 2011 and 2013 the store more than doubled its sales thanks to a number of improvements as well as attention to customer service. This increase in sales has generated substantial net earnings that help fund other programs, including the Pantry Day program which provides free bags of food to very low income beneficiaries once a month². The needs for such food pantries is great not only in Washington, DC, but in the country as a whole. In 2012, 18.2 percent of the U.S. population declared not having had enough money at some point to buy the food they needed (Food Research and Action Center, 2013). According to Jensen et al. (2011; see also Nord et al., 2010), five percent of the U.S. population relied in 2009 on food pantries to make ends meet.

The objective of this paper is to assess how large the twin benefits from operating a thrift store and a food pantry are for their low income beneficiaries using the experience of Martha's Table as a case study. Note that while anybody can come to both the thrift store and Pantry Day because there are no selection criteria (with the exception of individuals referred to the thrift store by social agencies who receive free clothing once every two months), in the case of Pantry Day beneficiaries must come to Martha's Table's location on the last Thursday of the month when distributions take place around lunch time. Beneficiaries typically come in advance and wait often for quite some time in order to receive the food. This means that only people who really need the food will tend to come to the program, thereby resulting in good self-targeting to the poor. By contrast, the clientele of the thrift store is likely to be much more diverse.

¹ Those statistics are from NARTS' website at www.narts.org.

² Martha's Table also operates education and family programs. Since funds are fungible, it is not clear whether the net earnings from the thrift store are allocated to education or food distribution programs. But for the sake of the illustration of the approach proposed in this paper, we will simply assume that the net earnings from the thrift store indeed fund Martha's Table food distribution programs (interestingly the thrift store and food distribution programs are both managed by the same Director in the organization's management structure).

In order to measure the benefits generated by the two programs for the low income population, client surveys were conducted among the Outfitters store clients and among Pantry Day beneficiaries. The surveys asked clients and beneficiaries how they came to know about the programs, how satisfied they were with the programs, and what were their socio-economic and demographic characteristics. Section 2 of the paper provides a summary of the main results from these two surveys. Section 3 then uses data from the surveys as well as additional budget information and costing to provide estimates of the likely in-kind benefits generated by the two programs together for the area's low income population. A brief conclusion follows.

2. Profile of the Clientele

2.1. Data

This section provides a brief description of the clientele of the two programs – the Outfitters thrift store and Pantry Day as representative of Martha's Table food programs. This is done on the basis of client surveys implemented in July 2012. The survey for Martha's Outfitters ran from Saturday, June 30, 2012 to Friday, July 6, 2012. The survey for Pantry Day was conducted on Thursday, July 26, 2012 (the program operates once a month). The questions in the two surveys were similar, although the Outfitters questionnaire was more detailed. A total of 411 clients responded to the Outfitters survey and 78 clients responded to the Pantry Day survey.

Questions were asked in the two surveys about how clients found out about the programs (the term 'client' will sometimes be used to describe both the clients of the Outfitters store and the beneficiaries of Pantry Day), what their demographic and socio-economic characteristics were, and how satisfied they were with the programs. In what follows, statistics are on these various dimensions are provided not only according to the share of clients that have various characteristics, but also according to the share of visits to the Outfitters store and Pantry Day to account for the fact that some clients come more often than others, and finally according to the share of sales made to clients with different characteristics in the case of the Outfitters store, since that purchases differ depending on the client (in the case of Pantry Day, benefits from the program in terms of food distributed are similar for all clients, so that the share of benefits is essentially the same as the share of visits).

While the discussion in this section will focus on the statistics according to the share of clients, the next section which focuses on benefits for the poor will rely on the statistics according to visits for Pantry Day and sales for the Outfitters store. When statistics are provided in terms of visits, this means that the weights include the information on the frequency of visits by clients to the thrift store and the Pantry day program. When statistics are provided according to sales (for the thrift store), this also factors in the amounts purchased for each visit by clients.

2.2. Finding Out About the Programs

Consider first how clients found out about the program, and where they come from. One might have expected that the Outfitters store would have a higher share of new clients every week since it is a store located in a lively neighborhood which benefits from walks-in. By contrast, Pantry Day targets a low income population that comes almost exclusively for the program, waiting in line in order to benefit from the free food distributed. However, table 1 suggests that 29 percent of Pantry Day's clients were new in the specific month when that survey was implemented, a proportion higher than the 20 percent of Martha's Outfitters clients who were new clients during the week of that survey. Also, when looking at the first year of contact,

the results are similar for the two programs, with 37 percent of clients who first came in 2012. The difference in the number of new clients between the programs is thus not very large

Clients who were repeat customers were asked how often they came to the programs. On average, Outfitters clients came to the store 1.2 times a week. As one client explained “*I come to the store every day, I’m addicted, I’m always wondering if they put out some new clothes, and I’m missing a great bargain.*” These results are better than those obtained in a survey conducted in Thompson County where clients came to the local thrift store on average only twice a year (James 2011). Clients from Pantry Day also came often, on average 0.8 times a month (this is high because the program is held once a month, so that 1.0 would be the maximum value).

Where do clients come from? Table 1 shows that almost a third of the clients for both programs live in zip code area 20009 which is where Martha’s Table is located and the two programs are run. Other zip codes with a large share of clients include zip codes 20010 and 20011, both of which are adjacent to zip code 20009. The average time it takes to the clientele to come to the thrift store is 21 minutes, versus 27 minutes for Pantry Day. How did clients find out about the program? Half of the clientele of Martha’s Outfitters found the store simply by walking in, with the second main way of finding the store being word of mouth through friends and relatives. It is worth noting that the Outfitters store is not advertising even if social media are used. It appears that so-called ‘thrift mavens’ are passing along information about the store (Christiansen and Snepenger 2005). By contrast 56.7 percent of clients from Pantry Day found the program through word of mouth, with the second main source of information being referrals from other social agencies (that share is much higher than for the thrift store as expected).

<Table 1 here>

2.3. Demographic and Socio-economic Profile

A number of questions were asked in the surveys about the demographic and socio-economic profile of clients. As shown in table 2, two thirds of the clientele of Martha’s Outfitters consists of women, but women account for only half of Pantry day clients. The larger share of female clients for the Outfitters store may be due to the fact that women tend to like shopping more, and they also tend to buy for the family as a whole. Pantry Day is a different type of program as it distributes food. Another difference between the programs relates to age. The clientele for Martha’s Outfitters is diversified between the different age groups, but only one percent of Pantry Day’s clients are under 25 years of age. Many Pantry Day clients are 55 years old or above. Possibly Pantry Day attracts elderly clients because they are retired and not working, and thereby have more time to wait to receive the food. Also, elderly individuals who have few resources and cannot find work tend to need programs such as Pantry Day more.

<Table 2 here>

Table 2 also provides data on the race of the clientele. Almost half of Martha’s Outfitters clientele is African American, whereas 73.8 percent of Pantry day clients are African American. A quarter of Martha’s Outfitters clients are Latinos and the proportion is similar for Pantry Day. Caucasians clients account for a fifth of Martha’s Outfitters’ clientele, but almost none of the clients of Pantry Day. In terms of family members living in the household, for both programs many clients live in small households with only two members or less. But this is even more the

case for Pantry Day than for the Outfitters' store, and is again related to the fact that the Pantry Day clientele is older, with many clients having no children living at home.

Data are also available in table 2 on the occupation of clients, their income level, and whether they benefit from government programs as well as other programs run by Martha's Table. Over half of the clientele from Martha's Outfitters is employed, but a substantial minority is unemployed (17.2 percent), with others being inactive or retired, or studying. The fact that the clienteles of thrift stores tend to be diversified has also been observed among others by James (2011) and Mitchell and Montgomery (2010). Interestingly, the employed clientele tends to spend more in the store, accounting for 60.1 percent of the sales. By contrast most clients of Pantry are unemployed (40.5 percent), with only a small minority being employed (14.6 percent) and other clients being either inactive or retired. In addition, while a third of the clientele from Martha's Outfitters declared living in a household with total income below US\$ 15,000 per year, this was the case for 85.0 percent of clients from Pantry Day. Similarly, while 26.6 percent of clients from Martha's Outfitters declared benefitting from government programs such as food stamps and disability allowances, the proportion was 54.8 percent for Pantry Day. Thus the data suggest that about half of the clientele of the Outfitters store is poor or near-poor, but virtually all clients of Pantry Day are near poor to poor. The data also suggests that few beneficiaries from one program tend to benefit from other programs run by Martha's Table, so that more synergies between programs could probably be created for low income beneficiaries especially.

2.4. Client Satisfaction

Another section of the surveys asked clients about their experience with the programs. In Outfitters store, clients were asked to rate the store on a scale from 1 to 5 (with 5 being the best score) in terms of the variety, quality, and pricing of clothing, the variety, quality, and pricing of household items, the signage, the store layout, the atmosphere, the customer service, and finally the overall experience in the store. Similarly, clients from Pantry Day were asked to rate the program on a scale from poor to very good in terms of the variety of the food received, the quality of the food, the amount of food received, and the waiting time for receiving the food, and the average shares of clients rating these attributes on the 4-level scale is provided.

Both programs scored very high as shown in table 3 which provides the average ratings. All scores for the Outfitters store were high and the highest scores were obtained for customer service. This is not surprising as Outfitters store employees are very friendly and try to help clients in any way they can. There is such a good relationship between clients and employees that many repeat clients are able to list their favorite employees on a first name basis. While a bit lower, the ratings for Pantry Day were also good, with about two thirds of the clients being very satisfied (top rating) for most dimensions of the service provided. Again, Pantry Day employees tend to go the extra mile. For example, when the survey was implemented on a hot July day, the employees served fresh water to the clients waiting in line, and they also offered popsicles to anyone requesting them. Even for waiting time the top ratings did not fall below 50 percent.

<Table 3 here>

Additional questions were asked about the competitive position of Martha's Outfitters and Pantry Day, including whether the Outfitters' store had cheaper or more expensive items in comparison to other thrift stores, and whether there were at times food items received at Pantry Day that clients were not able to use. Four in ten clients (39.4 percent) consider the Outfitters

store to be cheap in comparison to other thrift stores, and another one in five considers the store to be very cheap. For Pantry Day, the data suggest that most of the food given is being used by clients, with very little waste. That is, when clients said that they didn't use the food, they also said that they would give it away to other people. Overall, in comparison to other thrift stores, two thirds (64.3 percent) of clients from Martha's Outfitters said that the store was better than other thrift stores, such as those of the Salvation Army, Goodwill, and others. When the same question was asked to the clients of Pantry Day, again almost two thirds said that the program was better than other food distribution programs in Washington, DC.

Finally, questions were asked about whether the beneficiaries of Pantry Day actually used all the food they receive. As shown in table 3, two thirds of the beneficiaries use all the food received themselves. Those who do not use all of the food by themselves tend to give what they do not use to others. This suggests that the quantity of food discarded is minimal. In effect, the share of the food discarded is only 9.2 percent of 32.9 percent or about 3.0 percent overall.

3. Estimation of Benefits Accruing to the Low Income Population

We now turn to the assessment of the value of the in-kind transfers generated by the Outfitters store both directly and indirectly for the low income population of the greater Washington area. The question asked is the following: How much in-kind benefits are generated by the Outfitters store for the area's low income population taking into account both the store's sales (direct effect) and the food distribution programs that the store helps fund (indirect effect)?

The direct in-kind benefits generated by the store are of two types. First, clients shopping at the store are able to buy clothes and other items at very low costs. Second, the individuals who benefit from the referral system (whereby other social agencies send the individuals in need to the store) receive free clothing once every two months. The indirect benefits come from the food distribution programs funded through the net earnings of the store (we assume here for simplicity and because of data availability that all net earnings from the store fund food distribution programs, but some of the store's earnings may also fund education programs).

Denote the direct benefits for the poor from the store's sales by *BOP* (Benefits of Outfitters sales for the Poor). The benefits for the poor from the referral program are denoted by *BRP* (Benefits of Referrals for the Poor). The benefits for the poor from the food distribution programs are denoted by *BFP* (Benefit of Food programs for the Poor). The total benefits for the poor are $TBP = BOP + BRP + BFP$. The value of *BOP* is estimated on the basis of the pricing structure in the store which follows a color scheme, and the assumed actual value of the items.

Items with a red tag represent an estimated 50 percent of items sold and they are priced in the case of clothing at \$1 for a shirt, \$2 for pants and skirts, and \$3.00 for sweaters. Because more shirts and pants are sold than sweaters, we assume an average price for items with red tags of \$1.75 per item. The assumption on value is that red tag items are worth four times their price, or \$7 per item. Next, clothes and other items with a pink tag are estimated to represent 25 percent of sales and are sold at \$4, with an assumed value three times higher (\$12). Items with a purple tag cost \$6 and account for 10 percent of sales. Green tag items are priced at \$8.00 and account for an estimated eight percent of sales. Orange, blue, and yellow tag items are priced respectively at \$10, \$ 15, and \$ 20 per item and account for five percent, one percent, and again one percent of sales. All those items – purple, green, orange, blue, and yellow tags – are assumed to be worth twice their sales price in the store. Denote by P_i the prices of merchandises with tags of color i , with $i=1, \dots, 7$ (the seven colors in the pricing scheme), by V_i the assumed value of the

merchandise with a tag of color i , and by Q_i the quantities sold, if a proportion P_O of the sales from the Outfitters store is purchased by the low income population, BOP is computed as:

$$BOP = \left(\sum_{i=1}^7 (V_i - P_i) \times Q_i \right) \times P_O$$

For referrals, the estimation of BRP is even simpler. Individuals benefitting from referrals are sent by other social agencies that have established a need for support, so that we assume that all individuals benefitting from referrals are low income or at least in need. Denote the number of visits by referrals clients on a yearly by N_R . Typically, individuals being referred receive two shirts, two pants, and a number of other items (such as socks, underwear, toiletry, a coat or a sweater in the winter, etc.) for each visit, yielding a total of about seven items per visit. The items can be selected by referred individuals among the red and pink tag merchandise, and it is assumed that four items are selected from the red tag merchandise, and three from the pink tag merchandise. This yields an average value of \$64 in benefits per referral (four red tag items each with a price of \$1.75 and a value of \$4, and three pink tag items, each with a price of \$4 and a value of \$12). We then have $BRP=64 \times N_R$ since this merchandise is free (because all referred individuals are in need, we simply assume they all belong to the low income population).

The estimation of BFP requires a bit more explanation. The net earnings from the thrift store are used to purchase a number of food items $j=1, \dots, N_F$ where N_F is the number of different food items being purchased. The value of the items at supermarket prices is denoted by VF_j and the quantities purchased are denoted by QF_j . The share of the funding available from the thrift store's earnings used to purchase the food to be distributed from local food banks is denoted by S_F . This share is below one because there are other costs in running food distribution programs, including staff salaries (even if many volunteers do provide help), as well as transport costs for the food, insurances, and other administrative costs. An additional parameter is the share of the food being distributed that is actually used by beneficiaries, denoted by S_U . This parameter is needed and also below one because some of food may well be thrown away, and not taking that into account would overstate the benefits of the program. Finally, denote by P_F the share of the food distributed by the program that reaches low income beneficiaries. Then we have:

$$BFP = \left(\sum_{j=1}^{N_F} VF_j \times QF_j \right) \times S_U \times P_F$$

Unfortunately, detailed data on individual food items purchased for Pantry Day are not available. But data from another food distribution program implemented by Martha's Table are available, and the food items distributed through Pantry day tend to be broadly similar. For that other program, the overall value of the food being distributed in the schools was 2.34 times larger than the cost for Martha's Table of purchasing the food from the local food bank, so that a similar multiplier is likely to apply for Pantry Day.

In order to use that information, denote the funding available for food purchases from the earnings of the thrift store by FA . Denote next the total value of the food distributed to Pantry Day beneficiaries and other similar programs by VF . The total cost of the food purchased is CF , with $CF=FA \times S_F$ if S_F denotes the share of the total cost of the food distribution programs that is allocated to food purchases (other program costs include staff salaries even if many unpaid volunteers help out, transport cost, insurance costs, and administrative costs among others). The benefits from the program can then be written as $BFP=FA \times S_F \times (VF/(FA \times S_F)) \times S_U \times P_F$. The

estimate of 2.34 mentioned earlier obtained for the Meals for Minds program corresponds to the value of $V_F/(FA \times S_F)$. It will also be assumed for simplicity that the value of S_F for Pantry Day is equal to the value observed for Meals for Minds, so that $S_F = 0.62$. All that is needed then to estimate BFP are the values of FA , S_U , and P_F . Using this formulation, we have:

$$TBP = \left(\sum_{i=1}^7 (V_i - P_i) \times Q_i \right) \times P_O + 64 \times N_R + FA \times S_F \times (V_F / (FA \times S_F)) \times S_U \times P_F$$

Table 4 provides the various estimates obtained from the data as well as a few assumptions. In table 4, the shares of the items sold by the Outfitters store by color category are based on rough estimates by the management of the store (the register only records total purchases by clients and not purchases by color category). The additional information used is the fact that total sales for calendar year 2012 were \$425,372 (with a total of 44,983 transactions, this yields a mean value by transaction of \$9.5). Based on total sales and the share of item sold by color category as well as the prices by category, we can retrieve the number of items sold by category (Q_i) and the value of the benefits generated by the store for the clientele as a whole.

<Table 4 here>

Consider for example red tag items. These items have an average price per item of \$1.75 and they account for half of the items sold and 22 percent of the sales in value. As explained earlier, the assumption made in table 4 is that these items are worth four times the price paid by clients. This would mean that red tag shirts would be worth \$4 as compared to their price of \$1, while red tag pants would be worth \$8 instead of their price of \$2 (many pants are dress pants), and finally that red tag sweaters would be worth \$12 instead of their price of \$3. On average, the value of a red tag item is \$7 (four times the average sales price of \$1.75), so that the net benefit generated for the clientele per item sold is \$5.25 ($V_i - P_i = 7 - 1.75$). Given the quantities sold, red tag items generate in-kind benefits for the clientele of \$281,615. This is equal to the value of the items sold (\$375,486) less the price paid for those items by the clientele (\$93,872). The same procedure is followed for other colors, with the following assumptions mentioned earlier: pink tag items are worth three times their sales price, and all other items are worth twice their sales price. These assumptions are somewhat arbitrary, but they reflect the explicit strategy of the thrift store to try to make the more basic clothing items especially affordable for the clientele. The total value of the benefits generated for the clientele as a whole is estimated at \$720,397.

The parameter in table 4 on the share of purchases at the thrift store made by low income clients is based on the client survey presented in the previous section. In table 2, the clientele with household income below \$30,000 accounted for 58.4 percent of the store's sales. Without detailed information as to which types of households purchase which types of items, it is assumed that the same proportion of sales for the various color tags are purchased by the poor or near-poor. Using that value, in the case of red tag items, the in-kind benefits transferred to the poor or near poor through red tag sales is then \$164,463 (0.584 times \$281,615). Adopting the same procedure for the other colors, the estimation suggests that the total value of the in-kind benefits generated through sales by the store for the poor or near poor is \$420,712.

What about referrals? In 2012 a total of 4,390 individuals benefitted from free clothing through the referral system of the store, whereby other social agencies send the individuals in need to the store. As mentioned earlier, we assume that each referred individual receives four red tag items and three pink tag items, so that the total number of items given away for free is

30,730. Since each of these items is received free of charge ($P_i = 0$ for referrals), we have on average $V_i - P_i = 9.14$, taking the mix of red and pink tag items into consideration. The benefit generated for all referrals is then estimated at \$280,960. Since all referred clients are assumed to be low income that is also benefit provided to the low income population.

Finally, table 4 includes the assessment of the benefits for the low income population generated by the food programs that the Outfitters store helps fund. The first data point is the value of \$157,872. While this is placed by default in the column on the value of total sales, it is not a sale, but rather the net earnings from the Outfitters store after taking costs into account. As noted in Wodon et al. (2013), total yearly operating costs for the thrift store amount to \$267,500. With sales of \$425,372, this yields net earnings of \$157,872 which can be used for the food distribution programs. The assumption is that this amount is reinvested into Pantry Day and other emergency food programs run by Martha's Table (including a food emergency program similar to Pantry day where referred individuals can get bags of foods and a different program serving the homeless which functions in a different way, but we will not go into that here).

The question is: what is the value for the clientele of Pantry Day and similar food distribution programs from the investments in these programs assuming that all the net earnings from the thrift store are invested in those programs? As explained earlier, the benefits are estimated as $BFP = FA \times S_F \times V_F / (FA \times S_F) \times S_U \times P_F$. The value of FA is \$157,872 and the parameter values for S_F and $V_F / (FA \times S_F)$ are based on estimates by Wodon et al. (2003) for the Meals for Minds program and set at 0.62 and 2.34 respectively. The share of the food distributed by pantry Day and actually used by households either for themselves or for others is very high 97.0 percent, as noted when discussing table 3 in the previous section. The product of S_F , $V_F / (FA \times S_F)$, and S_U is equal to 1.41, and this value is indicated in table 4 in the benefit column of the table, although the interpretation of that parameter is different from that of the parameters used in the discussion of the direct benefits from the Outfitters store. The total benefit generated for the clientele of food distribution programs as a whole is then \$222,169. In table 2, the clientele of Pantry Day with household income below \$30,000 accounted for 97.2 percent of all the visits and thereby benefits from the program. This would then imply that the value of the in-kind provided to the low income population through the food distribution programs is \$217,282.

In total, as shown in table 4, the Outfitters store generates close to one million dollars (\$918,954) in various types of benefits for the area's low income population. Is the estimate is roughly correct³, it would mean that for every dollar in sales by the store, \$2.16 would be provided in in-kind benefits for the poor and near-poor. Of course, this estimate is based on a number of assumptions, and it would be straightforward to provide different estimates of the total benefits simply by changing some of the assumptions in table 4. This could be done but if the parameter values used for the analysis are of the right order of magnitude, table 4 provides at least an idea of the order of magnitude of the contribution of the thrift store to the welfare of the

³ In past budgets, the store's management assumed roughly that the value of the clothes that it received through donations was about four times its sales. This would yield a value of \$1,701,489 in calendar year 2012. Because we have been somewhat conservative in our assumptions about the value of different types of items according to the color scheme, the estimates provided in table 4 are a bit lower. Adding the store's sales (\$425,372), the additional value generated for the clientele as a whole (\$720,397), and the value generated for referrals (\$280,960) yields a total value of the clothing sold to the clientele or provided for free to referrals at the store of \$1,426,729. Note though that the Outfitters store sells in bulk part of the clothes it received because the store is not able to use all the clothes being donated, and the value of those clothes not being used would bring the total value computed here higher. Martha's Table recently decided to open a second thrift store and thereby it will be able to use much of what is currently being resold at low prices in bulk to generate value for the area's low income population.

low income population in the greater Washington Metro Area. In terms of where these benefits come from, table 4 suggests that almost half of the benefits (45.8 percent) are generated through the store's sales, followed by 30.6 percent of the benefits coming from the ability of the store to provide free clothing to individuals being referred to the store by social agencies, and finally 23.6 percent coming from the food distribution programs that the store helps support.

4. Conclusion

Many nonprofits operate thrift stores and reinvest earnings from their sales in other programs reaching the poor. This is the case of Martha's Table, a nonprofit in Washington DC, which uses parts of the net earnings from its thrift store to fund food distribution programs. The objective of this paper was to provide an approximate measure of the overall benefits thereby generated by Martha's Table thrift store for the area's low income population. In doing so, the paper relied on client surveys implemented among the nonprofit's clients and beneficiaries.

The first part of the paper summarizes some of the main results from the client surveys. A number of interesting differences were found between the clienteles of the two programs – the thrift store and the food distribution program. While clients of Martha's Outfitters found the store mostly through walk-ins, word of mouth and social agencies played a larger role for Pantry Day. The clientele of Martha's Outfitters appears to be diversified in terms of gender, age, race, income levels, and occupation. By contrast Pantry Day clients are highly concentrated among low income African American elderly. However, what was common among both programs is the fact that clients were highly satisfied with the services received. The two programs received very high marks especially for the quality of their service and the friendliness of the staff. In both cases, clients rated the programs highly in comparisons to other thrift stores and food distribution initiatives in the greater Washington DC areas. The model of operating a thrift store to serve not only the poor in their clothing needs but also other groups, and of using net earnings from the store to fund other programs for the poor thus seems to be working well for Martha's Table.

The second part of the paper provided estimates of the overall benefits generated for the low income population by the thrift store, both directly and indirectly. In total, it was estimated that the Outfitters store generates closer to one million dollars in direct and indirect in-kind benefits for the area's low income population. This would mean that for every dollar in sales by the store, \$2.16 would be generated in benefits for the poor and near-poor. Almost half of the benefits are generated through the store's sale of clothing and other items at low cost, and the rest comes from benefits from food distribution programs funded by the store and the ability of the store to provide free clothing to individuals referred by social agencies. These results are encouraging and have been used to support the possibility for Martha's Table to open a second thrift store in the area. It does thereby seem that at least in the case of Martha's Table, the idea of operating thrift stores in part to fund food pantries is a win-win strategy for serving the poor.

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Table 1: Finding Out About the Programs (%)

Category	Outfitters			Pantry Day	
	Clients	Visits	Sales	Clients	Visits
Clients					
New Clients (%)	20.4	14.5	14.0	29.2	32.4
Clients (%)	79.6	85.5	86.0	70.8	67.7
Year of First Visit					
2012 (%)	37.4	30.5	29.3	37.1	37.9
2011 (%)	20.7	20.8	21.4	32.8	28.4
2010 or before (%)	41.9	48.7	49.3	30.0	33.7
Other characteristics					
Time (minutes)	21.1	19.6	20.3	27.0	27.0
Frequency (per month)	1.2	-	-	0.8	-
Zip Codes					
20001	9.3	7.1	5.7	6.2	7.3
20002	4.6	4	3.9	-	-
20005	4.8	5.9	7.2	-	-
20009	30	33.2	29.2	31	28.7
20010	12.8	11.4	8.4	9.5	8.5
20011	9.4	9.9	10.1	16.5	16.7
20020	3.1	3.9	4.6	6.2	6.7
Others	25.9	24.5	31	30.6	32.1
Point of First Contact					
Volunteer	2.7	2.4	2.1	-	-
Website	4.4	4.3	2.7	-	-
Work colleague	1.3	1.2	1	-	-
Walk-in	51.9	53.1	54.5	-	-
Friend or family	29.3	28.7	29.4	56.7	53.8
Referral Agency	10.1	10.1	10.2	21.4	23.4
Other	0.4	0.3	0.2	21.9	22.8

Source: Author.

Note: The visits statistics account for the fact that some clients come less often than others, while the sales statistics (in the case of thrift stores only) account for differences in the frequency of visits as well as in the sales per visit.

Table 2: Demographic and Socio-Economic Profile of the Clientele (%)

Category	Outfitters			Pantry Day	
	Clients	Visits	Sales	Clients	Visits
Gender					
Men	38.3	37.7	34.6	51.0	54.4
Women	61.7	62.3	65.4	49.0	45.6
Age					
Under 25	12.9	12.1	12.1	1.3	2.1
25-34	17.3	16	15.4	3.4	5.5
35-44	20.5	18.9	17.8	6.3	10.2
45-54	25.8	27.3	30.9	21.6	26.4
55+	23.5	25.7	23.9	40.3	55.7
Race					
African American	49.3	54.5	58.5	73.8	73.2
Asian	3.8	3.4	3.0	-	-
Latino	23.4	22.4	22.2	25.2	25.6
Caucasian	19.5	16.0	11.9	1.0	1.2
Other/Mixed	4.0	3.7	4.4	-	-
Household Size					
Adults	2.21	2.22	2.29	2.0	2.0
Children	0.79	0.85	0.94	1.1	1.0
Occupation					
Student	12.1	9.1	8.8	-	-
Employed	56.5	56.7	60.1	14.6	13.7
Unemployed	17.2	18.8	17.3	40.0	37.0
Retired/Inactive	14.2	15.4	13.9	45.3	49.2
Income					
Under \$15,000	32	34.7	35.3	85.0	85.4
\$15,000-\$30,000	24.3	24.1	23.1	130	12.4
\$30,000-\$50,000	20.6	20.6	19.6	1.8	2.2
Above \$50,000	23.2	20.5	22	-	-
Assistance from Govt. Programs					
Yes	26.6	28.6	27.1	54.8	44.9
No	73.4	71.4	72.9	45.2	55.1
Other Martha's Table Programs					
Yes	6.9	9.2	10.4	14	14.3
No	93.1	90.8	89.6	86	85.7

Source: Authors.

Note: The visits statistics account for the fact that some clients come less often than others, while the sales statistics (in the case of thrift stores only) account for differences in the frequency of visits as well as in the sales per visit.

Table 3: Satisfaction (1-5 for Outfitters, 1-4 for Pantry Day) and Competitive Position (%)

Category	Outfitters			Pantry Day	
	Clients	Visits	Sales	Clients	Visits
Average Satisfaction					
Clothing Variety	4.41	4.47	4.52	-	-
Clothing Quality	4.4	4.46	4.49	-	-
Clothing pricing	4.38	4.39	4.4	-	-
Household items variety	4.13	4.19	4.2	-	-
Household items quality	4.23	4.3	4.28	-	-
Household items pricing	4.29	4.34	4.36	-	-
Signage	4.45	4.47	4.5	-	-
Store layout	4.5	4.53	4.55	-	-
Store atmosphere	4.59	4.62	4.62	-	-
Customer service	4.64	4.66	4.66	-	-
Overall evaluation	4.66	4.68	4.68	-	-
Food Variety				3.5	3.5
Food Quality				3.5	3.6
Amount of Food	-	-	-	3.4	3.4
Waiting Time	-	-	-	3.1	3.2
Benefits from other organizations (%)					
No	52.8	51.9	50.6	57.3	57.8
Yes	47.2	48.1	49.4	42.7	42.2
Comparison to organizations (%)					
Worse	1.4	1	0.8	4.5	3.9
Similar	34.3	29.7	28	33.1	32.4
Better	64.3	69.4	71.3	62.4	63.7
Assessment of prices (%)					
Very cheap	19.2	20	21.9	-	-
Cheap	39.4	37.2	34.5	-	-
Normal	37.7	39.3	41.2	-	-
Expensive	3.8	3.5	2.4	-	-
Any Unused Foods?					
No	-	-	-	65.1	67.1
Yes	-	-	-	34.9	32.9
If Yes, Disposal Mode					
Exchange	-	-	-	4.1	4.9
Give to Others	-	-	-	78.2	79.5
Throw Away	-	-	-	8.9	9.2
Donate Back	-	-	-	8.9	6.3

Source: Authors.

Note: The visits statistics account for the fact that some clients come less often than others, while the sales statistics (in the case of thrift stores only) account for differences in the frequency of visits as well as in the sales per visit.

Table 4: Estimation of In-kind Benefits for the Low Income Population

	Price of items sold P_i (\$)	Share of items sold (%)	Share of total sales (%)	Value of sales $P_i \times Q_i$ (\$)	Number of items sold Q_i	Benefits per item ($V_i - P_i$) (\$)	Overall value of benefits (\$)	Share for low income pop. (%)	Benefits for low income pop. (\$)
Outfitters									
Red	1.75	50%	22%	93,872	53,641	5.25	281,615	58.4%	164,463
Pink	4	25%	25%	107,282	26,820	8	214,564	58.4%	125,305
Purple	6	10%	15%	64,369	10,728	6	64,369	58.4%	37,592
Green	8	8%	16%	68,660	8,583	8	68,660	58.4%	40,098
Orange	10	5%	13%	53,641	5,364	5.0	53,641	58.4%	31,326
Blue	15	1%	4%	16,092	1,073	7.5	16,092	58.4%	9,398
Yellow	20	1%	5%	21,456	1,073	10.0	21,456	58.4%	12,531
All sales	-	100%	100%	425,372	107,282	-	720,397	58.4%	420,712
Referrals	2.88	-	-	-	30,730	9.14	280,960	100%	280,960
Food programs	-	-	-	157,872*	-	1.41*	222,169*	97.8%	217,282
Total benefits									918,954
Store sales									425,372
Total benefits/sales									2.16

Source: Authors.

Note: (*) See the main text for the interpretation of these values.