Opening a New Nonprofit Thrift Store: Performance, Competition, Pricing, and Financial Sustainability

Wodon, Divya and Wodon, Naina and Wodon, Quentin

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Performance, Competition, Pricing, and Financial Sustainability[1]

Divya Wodon, Naina Wodon, and Quentin Wodon

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Abstract

The thrift store market in the United States is thriving, driven in part by hard economic times but also by changing perceptions and habits. As a result some nonprofits are considering expanding their thrift store operations, often with the hope that earnings from new or expanded thrift stores may help fund other programs for low income individuals and families. Before opening a new thrift store, it is however important to conduct a detailed analysis to assess whether a new store is likely to be successful. Such an analysis should focus among others on likely performance, including versus the competition, the choice of location, and financial sustainability. This paper illustrates how such an analysis can be conducted using program and competitor information as well as a client survey of the current clientele of an existing store. The analysis is carried through a case study of Martha's Outfitters, the thrift store of Martha's Table in Washington, DC.

Keywords: Thrift stores, Competitive analysis, Financial sustainability, Client survey

1.   Introduction

The thrift store and resale market is thriving in the United States and growing at a faster rate than other retail stores. Today many thrift stores are not only attracting those in need as used to be the case (Ferrell 1990), but also the middle class and well to do in search of unique vintage items (e.g., Bardhi, 2003; Williams, 2003; Bardhi and Arnould, 2005; Albinsson and Perera, 2009; Guiot and Roux, 2010; Mitchel and Montgomery, 2010; James, 2011; Cervellon et al., 2012). The traditional stigma of thrift shopping has faded in recent years. While this is not universal and some people still reject the idea of wearing clothes that were previously used (Roux and Korchia, 2006), there are now 25,000 resale and consignment stores in the United States, with total sales of the order of US$13 billion according to NARTS[2]. This relatively healthy market has led some nonprofits to open up thrift stores, or expand existing operations, with the hope that net earnings from sales could be reinvested into programs for the poor (e.g., Home, 1998; Pearsons, 2002; on the role of nonprofits more generally, see Guo, 2009).

The purpose of this paper is to analyze one such initiative by Martha's Table, a nonprofit in Washington, DC. Specifically, the objective is to illustrate how simple research and analysis can be conducted in order to maximize the likelihood of success and reduce risk before actually opening a new thrift store. The paper provides a competitive and financial sustainability analysis. These are two of the core components of any serious business plan, whether it relates to opening the first thrift store of an organization, or opening one or more additional stores. Competitive analysis often covers quite a few different topics, including the identification and assessment of competitors and their strengths and weaknesses, an understanding of the market and its outlook, and an understanding of key drivers of success for the various competitors in an industry which relates in part to how competitors manage to respond to the needs and motivation of customers. Additional topics, such as cost and pricing assessments, an analysis of the barriers to entry in the industry, and an analysis of the promotion and marketing strategies used by competitors is often included. Data on the location of competitors is also very important for retail markets, since location is essential to the success of retail businesses. As to financial sustainability, it deals with the expected revenues from a business and the cost of operating it, as well as potential risks.

In the case study of Martha's Table considered here, because the organization already had experience in operating an existing thrift store for years, the competitive analysis carried out for the opening of a second thrift store was probably lighter than what might have been required for a nonprofit opening its very first thrift store. The availability of data on the costs and revenue of the existing store also made it simpler to assess likely costs and revenue for the second store. But one of the hopefully interesting aspects of this paper is that the analysis is based not only on a standard assessment of the competition as well as on expected revenue and costs, but also on a client survey implemented at the existing store, which proved very helpful.

The analysis focuses on three main questions: 1) Does the existing store (Martha's Outfitters) perform well in terms of attracting and satisfying its current customers, and does it perform at least as well if not better than its main competitors?; 2) Is the planned location for the second Outfitters favorable given the objectives of Martha's Table and the location of competing thrift stores, including the first store?; and finally 3) What might be the expected revenue of the new store, would the new store be able to raise its prices if needed, and is the new store expected to be financially sustainable and generate positive earnings?. A brief conclusion follows the discussion on these three sets of questions.

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[2] See for example statistics provided on the NARTS website for the US at www.narts.org.

## 2.	Performance of the Existing Store

This section answers the first question identified in the introduction: Does the existing Outfitters store perform well in terms of attracting and satisfying its current customers, and does it perform at least as well if not better than its main competitors? In order to answer this question, data are available on the store's sales over time (a partial but important measure of performance) as well as from a client survey implemented from Saturday, June 30, 2012 to Friday, July 6, 2012. Interviews were conducted all day long for the four days during which the store was open that week (the store was closed on Independence Day). A total of about 411 clients responded to the survey (or parts thereof only in some cases). Note that clients benefitted from a 20 percent discount on their purchase for that day if they participated in the survey, which helped in obtaining a very good response rate. This may lead to a bias upward in satisfaction, but given the feedback received from customers, this bias is not likely to be large. The survey included 24 questions and, within those, sub-questions. Statistics from the survey will be presented using three different weights. The first weight corresponds to the share of clients while the second weight corresponds to the share of visits (clients who come more count more). The third weight corresponds to the share of sales (clients who buy more count for more). Most of the survey questions were closed form, but some were open ended.

Consider first the trend in the store's sale (Figure 1). In 2009-10, the store's sales ranged from $15,000 to $20,000 per month. Thereafter a steady increase in monthly sales is observed, with sales reaching $35,000 to $40,000 per month at the end of 2012. The figure also displays a polynomial of the third degree fitted on the monthly sales data, which suggests a tapering off in sales in recent months, but this was to be expected given the relatively small size of the store (which limits traffic) and the fact that the potential for increasing sales is never infinite. Total sales for 2012 were at $425,372, and this figure will be used for earnings projections for the new store in 2013, albeit with discounting for several potential factors that will be discussed below.

<Insert Figure 1>

The increase in sales over the last two years is essentially due to the arrival of a new team to manage the store as of the end of 2010 and a number of changes that the team made in order to make the store more attractive. These changes included empowering employees to manage the store; employing staff from the neighborhood when positions became available; creating a social environment where people could just come in to be around other people; increasing curb appeal with signage and an awning; implementing minimal renovation (painting, replacement of the carpet and of ceiling tiles); creating a buzz using social media (invited bloggers, Facebook and Twitter accounts); providing music in the store; simplifying the pricing system; keeping prices extremely low for non-branded items; creating an atmosphere where people from all backgrounds could feel welcomed; and most of all focusing on customer service and a positive attitude towards the clientele. The increase in the store's sales in the last two years is clearly *prima facie* evidence that the store is doing well.

Figure 2 suggests that the number of clothing donations to the store also increased in the last two years, although less rapidly than sales. This is not a problem however, because the store is able to sell only a fraction of the clothes being donated (the rest is resold in bulk, but at very low prices), so that there should be no problem in using the donations to supply a second store. Figure 2 shows that referrals have increased as well. Referrals are clients sent to the store by

other social agencies, which entitles them to receive a few items for free once every two months. The clothes received by individuals referred by social agencies are not included in the sales data.

<Insert Figure 2 here>

The client survey implemented in July 2012 also suggests a high level of performance. Clients were asked to rate their satisfaction with the store on various dimensions using a five-point scale: Not satisfied, somewhat dissatisfied, neutral, somewhat satisfied, or extremely satisfied, with an additional option for unsure/not applicable. Eleven different dimensions of satisfaction or store characteristics were rated: the variety, quality, and pricing of clothing items, the variety, quality, and pricing of household goods, the signage, the store layout, the store atmosphere, the customer service, and finally the client's overall experience in the store. As shown in table 1, the store scored very high on all dimensions and especially on customer service and overall satisfaction. Qualitative data from the open ended questions corroborate this finding. A more detailed analysis of the satisfaction of the clientele is provided by Wodon et al. (2013b). The high level of satisfaction of the clientele has led to positive word of mouth about the store, something that has been shown in the literature to be especially important for the ability of thrift stores to generate repeat sales with the same clientele as well as attract clients residing further away (see for example Darley and Lim, 1999, and Christiansen and Snepenger, 2005).

How well is the store doing versus competitors? First, it is worth noting that the market seems competitive. As shown in table 1, just under half of the clients shop at other thrift stores. In comparison to other thrift stores (this question was asked to the sample as a whole, not only those who shop at other thrift stores), only 1.4 percent of clients said that Martha's Outfitters was worse, versus 64.3 percent who said that the store was better. As expected, with sales weights the share of clients who consider Martha's Outfitters to be better is even higher. Finally, when asked whether they could find all the items that they were looking for, 72.1 percent of clients said yes, with the rest saying that they did not find at least some of the items that they were looking for.

<Insert Table 1 here>

3.   Location of the New Store and Competition
Location is a key decision for nonprofit thrift stores and charity retailers have increasingly based their location decision bon the basis of good data (Alexander et al., 2008). This section answers the second questions identified in the introduction: Is the planned location for the second Outfitters favorable given the objectives of Martha's Table and the location of competing thrift stores, including the first store? Basic information on the socio-economic characteristic of the population in the location for the new store and its potential competitors (including the existing Outfitters store) can be used to answer this second question.

The site chosen for the second store is a one-story building located at 2204 Martin Luther King Jr. Ave., South East, Washington DC 20020. The store is located in the Anacostia historic district, a neighborhood east of the Anacostia River in the Southeast quadrant of Washington, DC. Figure 3 provides a map of the area, including an itinerary from the Anacostia Metro station (point B on the map) to the store (point A on the map). The distance between the store and the metro station is only 0.4 mile. Figure 4 provides a photograph of the store's area, looking north on Martin Luther King, Jr. Avenue. The store is actually visible in this picture, just before the white building with the red top. A better photograph of the store on the right of that building is

provided in Figure 5. This is a relatively nice neighborhood and a busy one as well, at least during the week (not so on Sundays). The store provides 2,456 square feet of space, together with a 2,400 square foot adjacent paved parking lot. The lease for the store was signed in February 2013 by Martha's Table with Curtis property.

While the Anacostia historic district where the store is located is pleasant, the broader area is poor. Table 2 provides poverty data for Washington, DC by zip code. The poverty rate in zip code 20020 is 45.5 percent, one of the highest in the district, while it is at 20.1 percent in zip code 20009 where the current Outfitters store is located. With similar populations in the two zip codes, the number of individuals in poverty in zip code 20020 is more than twice that of zip code 20009. Until the early 1960s, almost nine in ten inhabitants in Anacostia were white and the area was prosperous, but the construction of the Anacostia Freeway (I-295) which separated the neighborhood from the river and led to a decline in property values, as well as the construction of several public housing complexes led to the departure of the middle class. Over the next two decades, the area became impoverished, with substantial drug use and crime. Several efforts are underway to revitalize the areas, and it is served by one of the better high schools in the district (the Thurgood Marshall Academy charter school), as well as by the Anacostia Museum, a public library, a year-round ice skating rink, city police boys' club, and a tennis and learning center. Still, the number of stores and restaurants as well as entertainment facilities is fairly limited.

<Insert Table 2 here>

The clientele to be served by the second store is thus likely to be different from the clientele of the first store. While the first store is located in an area with vibrant businesses, this is not the case of the Anacostia area. This means that while the first store attracts both those who live in the area and those who work there, the second store will in all likelihood mostly attract those who live there. Table 3 provides additional statistics comparing the population living in zip codes 20009 and 20020. Again, the population in zip code 20020 is clearly much more vulnerable than that in zip code 20009, whether this is measured according to home values, average income per capita, annual payroll, or those who benefit from social security. Businesses are few and employment is scarce in zip code 20020. Also, while the population of zip code 20009 is diversified in terms of race, zip code 20020 is mostly African American. Anacostia is a neighborhood with substantial poverty, but this is also the population that Martha's Table aims to serve. Thus, while the new store may have a different feel than the existing store, it should provide valuable services to the neighborhood and there should be a high demand for its services.

<Insert Table 3 here>

The fact that there may be a high demand for the second store's services relates also to its location in terms of potential for competition from other thrift stores. Table 4 provides location and distance information for the two Outfitters stores as well as other thrift stores in the area. The two Outfitters are located in very different parts of the city, with a distance of 6.5 miles separating them (18' driving time according to the first choice of routing from Google maps; in all cases except for the distance between the Unique store and the second Outfitters store, the first choice of routing provided by Google maps was used). The next stores identified in the table are those mentioned by the clients of the existing Outfitters store in the client survey. That

is, these are the other thrift stores were the clientele from the existing Outfitters store shops (only the stores mentioned by at least three clients are listed).

The four main competitors of the existing Outfitters store appear to be the Georgia Avenue thrift store (mentioned by at least 42 clients), Goodwill Industries[3] (at least 36 clients), the Salvation Army family store (at least 34 clients), and Value Village (at least 24 clients). These four thrift stores and all the others mentioned at least three times by clients - Unique, Frugalista, Buffalo Exchange, and St Albans, are all located further away from the second Outfitters store than the first, and are thus less likely to compete with the second store than with the first. Some clients identified the thrift stores that they rely upon in a less precise way (the main such identifications were "Maryland", "H Street", and "14th Street"), but these are likely to be the same stores as those just mentioned, in which case they would again be located further away from the second Outfitters store than from the first. There are a few thrift stores not mentioned by clients in the Outfitters survey, including Monkey's Uncle, Clothes Encounter of the Second Kind, and Flea Market Store. These stores may represent some competition, but overall it does not appear likely that competition will be stronger in the second location than in the first given the relative scarcity of other types of stores in zip code 20020 as compared to the relative abundance of stores in zip code 20009 and other adjacent zip codes. Said differently, the second store is likely to fill an important gap in service in its area.

<Insert Table 4 here>

One last piece of evidence on the fact that competition is likely to be manageable for the second store comes from the fact that the clientele of the existing store is highly concentrated in zip code 2009 and other adjacent zip codes, suggesting that the same should be observed with the new store. Table 5 shows that almost a third of the clients for the existing store live in zip code 20009. Other zip codes with a large share of clients include zip codes 20010 and 20011, both of which are adjacent to zip code 20009. Only 3.1 percent of clients from the Outfitters store live in zip code 20020 where the second store will open. It is also interesting to note that over half of the clientele of the existing store found the store simply by walking in, with the second main way of finding the store being word of mouth through friends and family members. The success of the existing Outfitters store is likely to be related in part to "thrift mavens" who pass along information (Christiansen and Snepenger 2005). A minority of clients found the store through social agencies and referrals. One could hope that the same will work with the second store.

<Insert Table 5 here>

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[3] Goodwill Industries operates a dozen stores in the Greater Washington Area (in the District of Columbia, Gaithersburg, Rockville, Alexandria, Arlington (Glebe Road), Arlington, Falls Church, Annandale Plaza, Sterling, Falls Church/Annandale, Manassas, Herndon, Waldorf, Fairfax, Springfield Fire Station, Prince William County, and Landfill ADC), but only the District of Columbia store is located nearby and that store is thus the most likely to be used by clients.

4.   Revenues, Ability to Raise Prices, and Costs

The analysis conducted so far suggests that the existing Outfitters store is performing well, and that the location chosen for the opening a second store is appropriate. The next questions are: What might be the expected revenue of the new store, would the new store be able to raise its prices if needed, and is the new store expected to be financially sustainable and generate positive earnings? When opening a very first store, this may be a fairly difficult question to answer, but when a nonprofit can rely on data from an existing store to assess the feasibility of opening a new store, uncertainty in projecting revenues tends to be reduced.

When the financial sustainability analysis was conducted for the second store, the point of departure for estimating revenues consisted in looking at the sales of the existing stores. Indeed, monthly sales for the new store are expected to be similar to those of the existing store, but with four adjustments taking into account differences in square footage and location between the two stores, as well as the time needed to establish the new store in its market and the fact that prices may differ between the stores. To be precise, four adjustment factors were used:

(1) s is the ratio of the square footage of the new store divided by that of the existing store, which is equal to 1.23 because the new store has a floor area that is larger than the existing store (the larger the store, the larger the sales; even if the relationship need not be linear, it is assumed to be here for simplicity);

(2) l takes into account the difference in location between the two stores, with l set for the baseline scenario at 0.6 for the second store in comparison to the first store in order to be conservative and to reflect the fact that traffic in the new location may well be below the level in the existing store since the first store is located in a more vibrant area of the city;

(3) d is a discount factor reflecting the fact that it may take time for the new store to establish itself and achieve its steady-state sales level (in the financial sustainability analysis, it was assumed that d would be equal to 0.8 throughout the first year of operation of the new store, 0.9 throughout the second year, and 1.0 after that); and

(4) p reflects the fact that prices at the new store could be different from those at the existing store, although in the base case scenario p is set to 1.0.

Denoting by S the average monthly sales (before sales taxes) at the existing store and by SN the expected sales at the new store, we have $SN = S \times (s \times l \times d \times p)$. On the basis of sales for calendar year 2012 at the existing store of $425,372) and using the parameter values above for s, l, d, and p, this translates into expected sales at the new store of $251,140 in the first continuous year of operation, $282,532 in the second year, and $313,925 in the third year and all years after that in constant terms (without inflation). This last value of $313,925 will be used below in this section when discussing the financial sustainability of the second thrift store, but it is first useful to look at whether the store might be able to raise its prices if somehow needed.

Specifically, although some adjustment factors are conservative (especially for the baseline value of l), risk is present, and with a relatively fixed cost structure, the question arises as to whether the second store might be able to raise its prices if needed (that is, would the store be able to increase the value of p if needed). Raising prices is not the objective, given that the Outfitters store aims to reach and serve low income individuals and families, but if necessary, would this be feasible? Such feasibility depends on two basic considerations. The first is whether the store would remain available for its target population if prices were raised. The second is whether the store would lose its competitiveness versus other thrift stores.

Consider first affordability. The existing store operates with a color system whereby all items (mostly clothes) with a red tag are priced at US$1.00 for a shirt, US$2.00 for pants and

skirts, and US$3.00 for sweaters. Red tag items are estimated to represent about half of all sales. Next, items with a pink tag are sold at US$4.00, and these are estimated by the store's management to account for about 25 percent of all sales. Items with a purple tag are priced at US$6.00 per item, and are thought to account for another 10 percent of sales. Items with a green tag are priced at US$8.00 and account for about eight percent of sales. The last three categories are items with an orange tag (priced at US$10.00, five percent of sales), a blue tag (US$15.00, per item, one percent of sales), and finally a yellow tag (US$20.00 per item and one percent of sales). These prices are very reasonable, and it seems likely that small increases in prices (say, by 10 or 30 percent if needed) would not significantly affect whether the clientele can afford the merchandise. Thus, on the grounds of affordability, prices could probably be increased if needed.

The fact that affordability should not be too much of an issue if raising prices is required for financial sustainability is confirmed by the data on client satisfaction at the existing store regarding the pricing of clothing as well as household items. As shown in table 6, clients are highly satisfied not only with the variety and the quality of the items at the existing store, but also with their pricing, with about six in ten clients stating that the pricing is excellent.

<Insert Table 6 here>

What about competitiveness? The client survey also asked whether the Outfitters' store had cheaper or more expensive items in comparison to other thrift stores. As shown in table 7, 39.4 percent of the clients consider the Outfitters store to be cheap in comparison to other thrift stores, and a fifth consider the store to be very cheap. In addition, as mentioned in section 2, in comparison to other thrift stores, two thirds of the clients from the existing Outfitters store said that the store was better than other thrift stores, such as those of the Salvation Army, Goodwill, and others. Overall, even if this is not the intention of the management of the thrift store, there is some margin for increasing prices at the second store if the need arises, so that the projection of revenues mentioned above can probably be considered as achievable under various scenarios.

<Insert Table 7 here>

Finally, what about costs and financial sustainability? Is the new store expected to be financially sustainable and generate positive earnings? Answering this question is again facilitated by the fact that the cost structure of the existing store is known. Table 8 provides the key data. Total expenses (including salaries, rental costs, and all other program costs) were estimated to be US$ 267,500 for the existing store in 2013, and $220,037 for the new store on a yearly basis. These are based on rough estimates, but they do provide an idea of the cost of running the store[4]. On the basis of sales of $425,372 at the existing store, and expected sales of $313,925 at the second store (as computed above), the estimates suggest that the second store should break even, and probably generate net earnings (US$93,888) which can then be reinvested in other programs for low income families by Martha's Table. But even if net earnings were at zero, the store would still generate substantial benefits for its low income clientele by making quality secondhand clothing and household items available at low prices.

<Insert Table 8 here>

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[4] For the existing store, depreciation for the building owned by Martha's Table is not included, but the building may well be appreciating over time, which would then yield a gain in assets.

5.   Conclusion

Many nonprofits operate thrift stores and reinvest net earnings from their sales in other programs reaching the poor. This is the case of Martha's Table, a nonprofit in Washington DC. Its existing thrift store has been doing very well in recent years. The objective of this paper was to assess whether it would make sense to open a second thrift store in a different part of the city.

When thinking about a thrift store expansion, it is important to conduct an analysis to assess whether the new store is likely to be successful. The analysis in this paper focused on four questions: 1) Does the existing thrift store perform well in terms of attracting and satisfying its current customers, and does it perform at least as well if not better than its main competitors?; 2) Is the planned location for the second Outfitters favorable given the objectives of Martha's Table and the location of competing thrift stores, including the first Outfitters store?; 3) What might be the expected revenue of the new store, and would the new store be able to raise its prices if needed?; and finally 4) Is the new store expected to be financially sustainable and generate positive earnings? The answer to all four questions is likely to be positive, suggesting that the second thrift store could indeed be launched. While there is of course a risk in opening the second store, and things can always turn out differently than anticipated, the competitive and sustainability analysis in this paper suggested that this risk should be relatively low, while the potential gains for the low income population in the new location could be substantial.

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Table 1: Average Satisfaction (%) (1-5 for first three columns and 1-4 for next two)

Category	Clients	Visits	Sales
Performance Assessment for Existing Store			
Clothing Variety/ Food Variety	4.41	4.47	4.52
Clothing Quality/Food 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
Shopping at Other Thrift Stores			
No	52.8	51.9	50.6
Yes	47.2	48.1	49.4
Comparison to Other Thrift Stores			
Worse	1.4	1	0.8
Similar	34.3	29.7	28
Better	64.3	69.4	71.3

Source: Authors.

Table 2: Poverty by Zip Code in Washington, DC

Rank	Zip code	Population	Poverty	Rank	Zip code	Population	Poverty
1.	20032	31,688	49.44 %	12.	20009	46,561	20.12 %
2.	20020	49,899	45.49 %	13.	20037	12,642	17.18 %
3.	20019	52,793	38.51 %	14.	20011	57,444	16.52 %
4.	20001	33,550	32.15 %	15.	20017	19,170	15.15 %
5.	20010	28,772	26.50 %	16.	20007	28,818	12.54 %
6.	20002	49,333	26.47 %	17.	20012	13,604	10.49 %
7.	20006	1,874	26.21 %	18.	20036	3,808	9.79 %
8.	20005	10,610	26.13 %	19.	20004	901	8.46 %
9.	20024	11,795	25.50 %	20.	20016	31,374	6.64 %
10.	20003	23,122	21.54 %	21.	20008	26,195	6.03 %
11.	20018	16,991	20.34 %	22.	20015	15,824	4.62 %

Source: Census data, downloaded from Zipatlas.com.

Table 3: Additional Socio-Economic and Demographic Statistics, 2009-2010

	Zip code 20009	Zip code 20020
Socio-demographics		
Average House Value	$511,200	$286,900
Avg. Income Per Household	$77,835	$36,063
Persons Per Household	1.74	2.43
White Population	55.0%	2.6%
Black Population	19.1%	94.1%
Hispanic Population	12.7%	1.4%
Asian Population	5.4%	0.5%
Indian Population	1.0%	0.9%
Hawaiian Population	0.2%	0.1%
Other Population	6.6%	0.6%
Median Age	32.40 years	32.90 years
Businesses and employment		
Number of Businesses	1373	389
Annual Payroll	$716,526,000	$142,926,000
Number of Employees	17,068	4,130
Social Security Benefits		
Total Beneficiaries	3,330	6,395
Retired Workers	2,370	3,400
Disabled Workers	530	1,450
Widow(er)s and Parents	190	480
Spouses	50	115
Children	190	950
65+	2,430	3,645
Monthly Benefits - All	$3,280,000	$5,101,000
Monthly Benefits - Retired Workers	$2,493,000	$2,887,000
Monthly Benefits - Widow(ers)	$165,000	$375,000

Source: Census data (2010) and Social Security benefits data (2009) downloaded from zipcode.com.

Table 4: Distance between Martha's Outfitters and Other Thrift Stores in Washington, DC

Store	Number of times mentioned	Location	Distance from Outfitters 1	Distance from Outfitters 2
Outfitters 1	-	2114 14th Street, NW, DC 20009	-	6.5m; 18'
Outfitters 2	-	2204 M.L. King Jr. Ave., SE, DC 20020	6.5m; 18'	-
Georgia Avenue	42	6101 Georgia Ave NW , DC 20011	3.2m; 11'	9.6 mi; 22'
Goodwill	36	2200 South Dakota Ave NE, DC 20018	4.9 mi; 16'	8.3 mi; 15'
Salvation Army	34	1375 H St NE Washington, DC 20002	3.0mi; 15'	5.8 mi; 12'
Value Village	24	2277 University Blv. East, Hyattsville, MD	6.5 mi; 21'	13.1 mi; 26'
Unique	8	800 Howard Ave, Kensington, MD	9.1 mi; 27'	16.3 mi; 38'
Frugalista	5	3069 Mount Pleasant St NW, DC 20009	1.0 mi; 5'	7.2 mi; 19'
Buffalo exchange	3	1318 14th St NW, Washington, DC, 2005	0.7 mi; 3'	5.6 mi; 13'
St Abans	3	3001 Wisconsin Ave NW, DC 20016	2.8 mi; 11'	8.9 mi; 21'
Maryland	16	Not specified – Likely to be Value Village	6.5 mi; 21'	13.1 mi; 26'
H street	6	Not specified - Likely to be Salvation Army	3.0mi; 15'	5.8 mi; 12'
14th Street	3	Not specified - Likely to be Buffalo Exchange	0.7 mi; 3'	5.6 mi; 13'
Rainbow stores	-	2853 Alabama Ave SE, DC 20020	-	1.5 mi; 5'
Monkey's Uncle	-	321 7th St SE, Washington, DC 20003	-	1.8 mi; 7'
Clothes Encounter	-	202 7th St SE, Washington, DC 20003	-	1.9 mi; 7'
Flea Market Store	-	1626 Lincoln Rd NE, Washington, DC 20002	-	5.3 mi; 11'

Source: Authors.

Table 5: Location of the Clientele and Point of First Contact (%)

Category	Clients	Visits	Sales
Zip Codes			
20001	9.3	7.1	5.7
20002	4.6	4	3.9
20005	4.8	5.9	7.2
20009	30	33.2	29.2
20010	12.8	11.4	8.4
20011	9.4	9.9	10.1
20020	3.1	3.9	4.6
Others	25.9	24.5	31
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
Other	0.4	0.3	0.2
Friend or family	29.3	28.7	29.4
Referral Agency	10.1	10.1	10.2

Source: Authors.

Table 6: Satisfaction with Variety, Quality, and Pricing at the Existing Store (%)

Category	Clothes			Household Items		
	Clients	Visits	Sales	Clients	Visits	Sales
Variety						
Poor	0.4	0.3	0.3	1.1	1.6	0.8
Mediocre	1.8	1.2	0.5	5.5	5.4	3.8
Average	11.4	10.1	9.6	17.6	14.1	16.9
Good	29.7	27.7	26.4	30.3	30.3	31.3
Excellent	56.7	60.7	63.2	45.5	48.8	47.2
Quality						
Poor	0.6	0.4	0.4	0.3	0.2	0.2
Mediocre	1.4	1	0.4	4.2	3.9	2.5
Average	11.4	10.5	10	16.6	14.8	17.5
Good	30.6	28.2	28.3	30.2	28.4	29
Excellent	56.1	59.9	60.9	48.7	52.7	50.7
Pricing						
Poor	1.3	1.4	1	0.9	1.1	1.2
Mediocre	4	3.2	2.6	4.7	4	3.1
Average	10.4	10.9	11.9	14	12.6	12.3
Good	24.2	23.8	24.6	25.8	24.5	24.9
Excellent	60	60.7	60	54.7	57.9	58.5

Source: Authors.

**Table 7: Indicators for the Ability to Raise Prices if Needed (%)**

Category	Clients	Visits	Sales
Perceptions of Pricing at Existing Store			
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

Source: Authors.

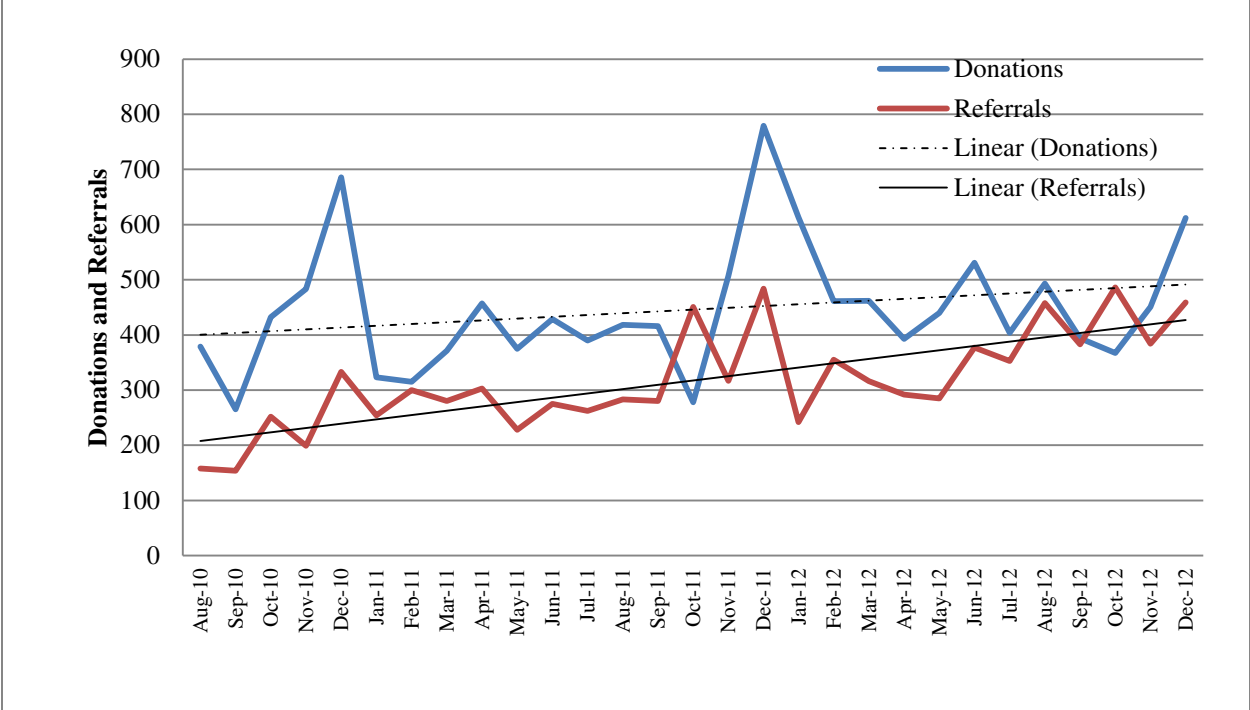**Table 8: Expected Expenses and Revenues for the Two Outfitters Stores (US$)**

	Existing Store	New Store
Expected Expense	267,500	220,037
Expected Revenue	425,372	313,925
Expected Net Earnings	157,872	93,888

Source: Authors.

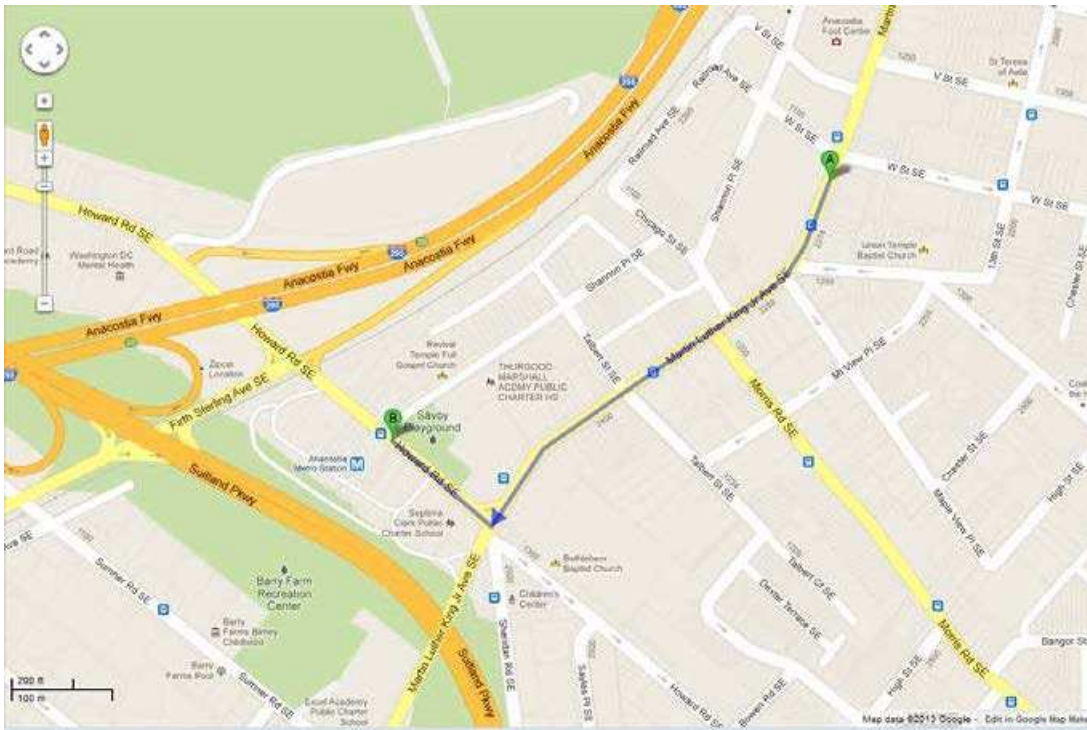Figure 1: Martha's Outfitters Monthly Sales, Jan. 2009- Dec. 2012
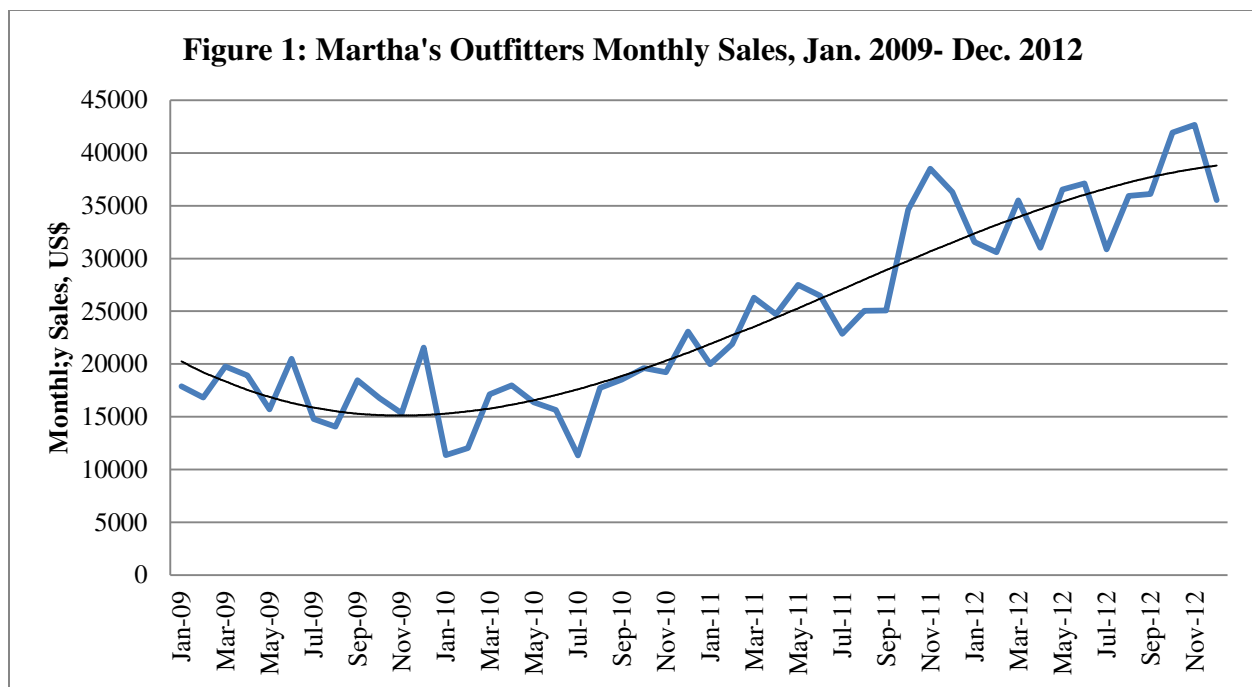
Source: Authors.

Figure 2: Outfitters Donations and Referrals, Jan. 2009-Dec. 2012

Source: Authors.

Figure 3: Location of Second Martha's Outfitters Store and Metro Station

Source: Google Maps.

Figure 4: Photograph of Martin Luther King Avenue

Source: Wikipedia.

Figure 5: Photograph of Second Martha's Outfitters Store

Source: Curtis Management. The store is the smaller building on the right.