SWOT Analysis of Stock

This guide has been put together by both Charity and Corporate Members of the Stock & Recycling Special Interest Group.

**Strengths**

- **Plenty of Stock** – Most members are reporting that stock donations are still strong and regular, supplemented by other stock streams such as corporate partners and donation banks

- **Link to the Cause** – People donate to you because they have been touched by your charity or are passionate about your work/cause; customers will keep coming back to shop with you and donate stock to you

- **Shop Layout** – Better looking shops attract better quality stock, charity shops are now competing with commercial retailers on visual merchandising

- **Gift Aid** – If administered correctly, Gift Aid can provide an additional income stream and also help to galvanise the support of the donor

- **Location** – Convenience of drop off and location of the charity shop can play a huge role in the quality and quantity of donations

- **Tailoring the Offer to the Location** – Knowing that a boutique charity shop will do well in location A vs. a discount store in location B, and knowing that a boutique charity shop should also receive higher quality donations

- **Donation Days** – Holding a donation day internally to encourage all staff of the charity to donate one item

- **Corporate Donations** – Using corporate partners to provide end of line stock/returns for additional, quality items

- **Customer Service** – Good customer service will encourage donors to keep donating, and may convert donors into customers

- **Awareness of Value of Second Hand** – Some members of the public realise that second hand items can often retain their value, specifically designer or vintage items

- **Increase in Rag Price** – Since Autumn 2016 there has been a slight increase in the price of rag

- **Specialist Shops** – Can be a great way of targeting stock in a specific area e.g. using surplus wedding dresses to open a specialist all year round bridal shop
• **New Goods** – Using new goods to complement the second hand offer e.g. Christmas cards, specific accessories

• **Donation Banks** – Having donation banks in visible locations such as supermarket car parks keeps the charities cause fresh in the public’s mind and can increase donations

• **Affordability** – Charity shops cater for every budget, meaning they have a wide range of possible customers

• **Link to Events** – Using stock to create window displays linked to ‘race for life’ or local town events can draw in extra customers and/or donors

**Weaknesses**

• **Quality of Donations** – Due to fast fashion the quality of donations has declined

• **Quantity of Donations** – Some charity shops are seeing a drop in donations too, this is being seen from nationals through to local hospices, but is often location specific

• **Mentality** – Some charity shops still have staff and volunteers who do not quite understand the ‘commercial’ aspect of charity shops, and this ‘old school’ mentality about charity retail can hold progress back

• **Shop Layout** – Poor shop layout, design and format is putting off potential customers, including having poor shop window displays and not rotating stock regularly

• **Hoarding** – Some charity shops are reporting that the public are hoarding more than in the past and some people are reluctant to donate to charity shops

• **Limited Property Budgets** – This can mean that charity retailers are only able to acquire smaller retail units, often in locations with lower footfall

• **Increase in Waste Costs** – Unsellable items can cost the charity a lot to dispose of

• **Cost of Home Collections** – Whilst this can be seen as a good service to operate from a customer service point of view, the cost of home collections is often very high and can be more than the saleable value of the items collected

• **Space** – Operating in smaller retail units can reduce how much stock that can be held, turned over and sorted

• **Gifts in Kind** – Corporate partners are donating smaller quantities of stock or not donating as regularly
Stock in the Wrong Location – Having too much stock in one charity shop, with no space to store it (due to limited shop size), but not enough stock in another charity shop and the cost of transporting stock from one location to another can be very prohibitive

Global Crises – When there are global crises, the public will often donate directly to these appeals rather than donating their clothes to charity shops

End of the Recession – As the public have more money to spend, some will choose not to shop in charity shops

Opportunities

Gift Aid on Rag – This could be an additional income stream

Collaboration between Charities – Charity retailers working together in local areas to support each other, exchange stock, ideas etc.

Social Media – Useful for donation drives, raising awareness of specific items for sale or ‘a call to action’ etc

Gift Aid – Making donors aware of how much extra their donations can raise (often in X number of vaccines or pet classes etc.)

Specialist Shops – We have members who run specialist bridal, children’s, furniture and electrical, vintage and DIY shops, which can often tap into a new customer base

Less Competition on the High Street – As some of the big commercial retailers have ceased trading (such as BHS and X) this has resulted in less competition on the High Street. It is also about understanding who really is competition to charity shops – this may be different in different areas

Supporting the Local Community – Getting more involved and becoming ‘more than just a shop’ but also a place to meet, engaging with local schools and colleges can result in more donations

Upcycling – This can be a good way of turning hard to sell stock, which could provide little or no income, into a higher value item and increase profits. It also taps into the reuse and craft markets which are seeing a resurgence

Donation Apps and Digital Technology – e.g. Gone for Good can provide another way to reach new customers and get access to new donations

Donation Line – Some charities have a specific donation line for designer or ‘high quality’ items, or you can book a free collection online
• **Recycling More than Rag** – Being able to recycle a range of items, not just textiles, to bring in additional income (e.g. books, bric-a-brac)

• **Corporate Partners** – Connecting with the charities corporate partners to see if they can donate stock, or hold their own staff donation drive or promote your charity shops through their networks

• **Donation Points** – Having donation points at the front of store can increase donations, if managed properly

• **Charity Shops as Your Brand** – Charity shops are the window into the parent charity and often one of the most public facing aspects of the charity, showing the wider services the charity provides

• **Estate Agents** – Can be used to source furniture from show homes to resell in store

• **Removal Companies/House Clearances** – Forging links with removal companies can be an additional stock stream as they will pass on some items to resale in-store or provide charity bags to the family to donate their clothes to

• **Moving Away From Fast Fashion** – There is a growing movement away from fast fashion and a desire to shop locally, ethically and buy quality items that will last, which is the same space as charity shops

**Threats**

• **Council run Clothes Banks** – These can act as direct competition to charity donation banks and to people donating items ‘over the door’

• **Third Party Bag Collections** – Often the public are unaware that some charity bags through their letter box are run by third parties and they will simply donate in this way as it is more convenient

• **Technology** – It is now easier than ever for person to person selling online through sites such as eBay, Gumtree, various apps that charity shops are also competing with these for both stock and customers

• **Internal and External Theft** – Theft can eat into your profit margin, causes distress for both staff and volunteers, and can put off potential donors and customers

• **Fast Fashion** – The continued strength of the fast fashion market means that some clothes reach charity shops in an unsellable condition

• **Cash for Clothes** – These schemes still operate in some areas and are in direct competition to charity shops
• **Gift Aid** – Sometimes the public may want to claim back their gift aid, which can be time consuming and costly, or if the Gift Aid system is poorly managed it can leave charities vulnerable to penalties from HMRC

• **Negative Press around Charities** – There has been a lot of negative press around the third sector in general and the public’s slight loss in confidence in the sector may be affecting donations

• **Councils** – Increasing parking rates or imposing other restrictions such as no unloading outside shops could have a big knock on effect for charity shops

• **Dumping Rubbish** – Charity shops being used to dump rubbish or fly tip outside, instead of taking items to the recycling centre can cost the charity in disposal costs, as well as put other potential customers and donors off

• **Price of Rag** – If this drops significantly, this can affect profit margins

• **Value Retailers** – Such as Poundland, mean that some people perceive they get better value from shopping there than in charity shops

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