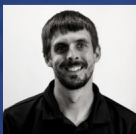




# Your Next Thrift Store

Why NOW is the Right Time to Open Your Next Thrift Store



# Why Do We Exist?

We leverage social enterprise, specifically thrift, to support local ministry

Funding

Telling the story

# A Few Disclosures

- We are not perfect
- It's easy to say it. It's difficult to do it.
- Permission to disagree
- Questions are encouraged

## Start With Your “Why?”

- Funding your rescue mission
  - \$2 provides a meal
  - Profits = Potential
- Telling the story

## How Do We Grow?

### The 4 P's of Thrift

- Product
- Property
- Process
- People

## The 4 P's: Product

Raw material for your thrift operation

Donations are the lifeblood

Steady flow versus a single stockpile

Use ThriftTrac to capture details of donor and donation

## The 4 P's: Property

Location to receive, process, store, and sell

Consider the donor first when selecting a location

Optimize for size and price → Risk management

- Square footage
- Lease cost = 20% of projected sales

## The 4 P's: Process

Manufacturing → Speed and Quality

Three functions

- Receiving
- Sorting
- Pricing

Use ThriftTrac to capture  
number of pieces produced  
& the price at which it is sold

## The 4 P's: People

Single biggest obstacle facing your business today

Recruit, Train, and Retain

Processing vs Retail

Key positions

- Donation receiver
- Pricer
- Cashier

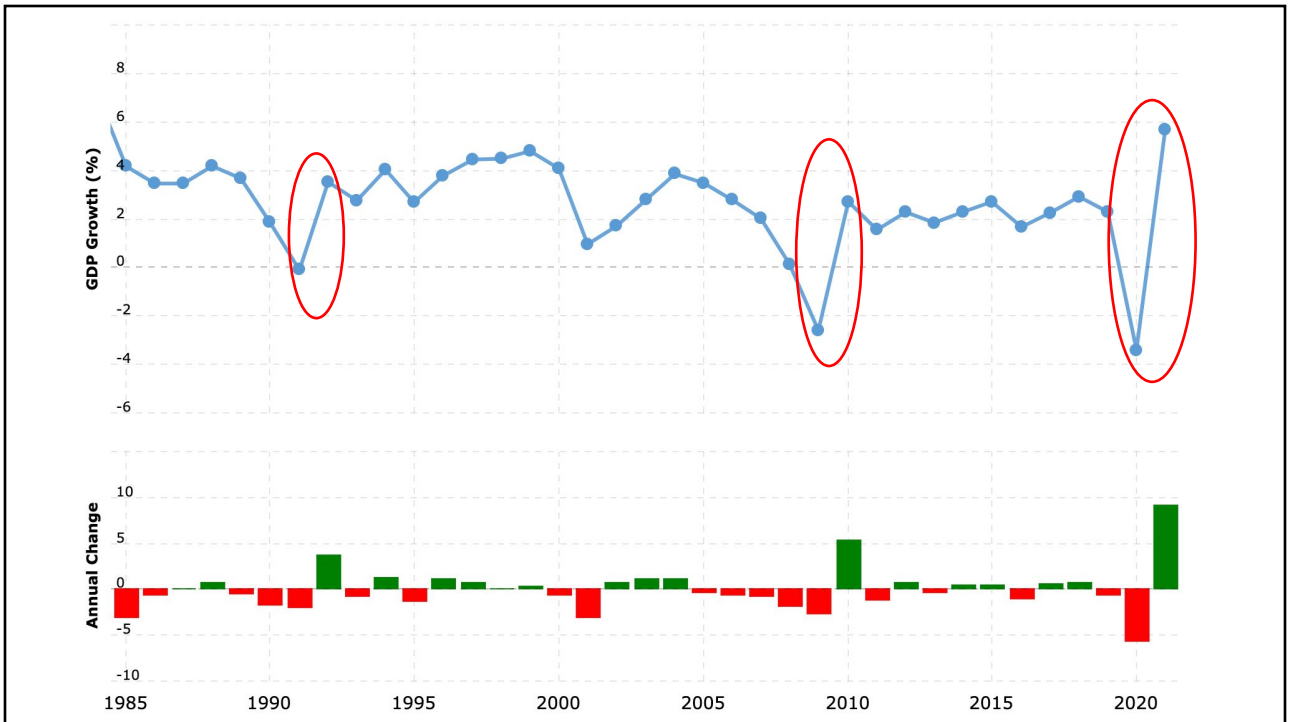


# Stay in Sync

Product	Property
Process	People

## Economic History

- North American economy is driven by the consumer
- During times of recession, consumers decrease spending
- During times of expansion, consumers increase spending
- The thrift industry has performed relatively well during times of both recession and expansion



## Economic History

- North American economy is driven by the consumer
- During times of recession, consumers decrease spending
- During times of expansion, consumers increase spending
- The thrift industry has performed relatively well during times of both recession and expansion
- Fastest growth occurs immediately after a recession

# History Prepares Us For The Future

## Current Economic Reality

- US consumer is being cautious
- Inflation is still elevated, although increase is slowing



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# THE WALL STREET JOURNAL.

## Shoppers Pull Back, Putting Pressure On Retail

BY DEAN SEAL AND SABELA OJEA

Most shoppers' budgets remain under pressure and retailers continue to adapt.

Companies from **Best Buy** and **Dick's Sporting Goods** to

**Kohl's** and **Lowe's** flashed mixed signals on the state of the U.S. consumer this week.

Inflation is weighing on Americans across income levels, and some pandemic changes in consumer behavior are expected to last.



# THE WALL STREET JOURNAL.

## Prices, Consumer Spending Muddle Fed Path

Stubborn inflation will fuel policy debate on whether to raise rates at the June meeting

BY HARRIET TORRY AND NICK TIMIRAOS

Consumers increased their spending sharply last month and inflation accelerated, potentially complicating

Consumer spending, the primary driver of economic growth, rose 0.8% in April, the Commerce Department services such as insurance and healthcare. Adjusted for inflation, consumer spending rose 0.5% in April.

The Fed's preferred gauge of consumer prices, the personal- consumption expenditures price index, rose 4

# Economic Outlook

A slowdown, or even a recession, offers opportunities

- Consumers look for bargains
- Noticeable impact on the 4 P's

## Consumers Are Spending Less on Apparel As They Feel the Squeeze of Inflation



The top 5 categories where consumers are noticing price increases: <sup>4</sup>

- 1 Groceries
- 2 Gasoline
- 3 Restaurants
- 4 Household bills
- 5 Apparel



Consumers are responding to inflation by cutting back spend on apparel.

**44%** of consumers say they're cutting back spend on apparel—more than any other category except restaurants. <sup>4</sup>

**34%** of Gen Z say they're cutting back spend on apparel—more than any other category. <sup>4</sup>

## Secondhand Is a Bright Spot, Helping Consumers Stretch Their Dollar Further

58% of consumers say secondhand has helped them in some way during a time of inflation.<sup>4</sup>

### Top Reasons Consumers Say Secondhand Has Helped<sup>4</sup>

- 1 Secondhand is helping me stretch my apparel budget.
- 2 Secondhand is more attractive now that traditional retail prices are going up.
- 3 Secondhand allows me to continue to afford brands I love.
- 4 If I couldn't shop secondhand, I would be buying less apparel.

80% — vs — 49%

of consumers say they're buying the same or more **secondhand apparel items**.<sup>4</sup>

of consumers who say they're buying the same or more **apparel items overall**.<sup>4</sup>

25% of consumers say they'll consider buying more secondhand apparel if prices keep rising.<sup>4</sup>



## Outlook: Product

Raw material for your thrift operation

Donations may slowdown

Move towards proactive requests over reactive receiving

Maintain focus on convenience

**SMCo Thrift**  
Thrift Store Consultants

# \$580.2B

Total value of unused items in US households



## THE UNUSED OPPORTUNITY

### Americans sit on 23.6 billion unused items

Per household, this equates to 184 items at a total value of \$4,517.<sup>2</sup>  
This includes any condition of product that is saleable.

GlobalData 2021 Market Analysis and Forecasts

## 1.6 billion products fit for resale were thrown away in 2020

Unused items methods of disposal and amounts  
United States, billions of items

GlobalData Market Analysis

**12.6B**  
Items disposed of in 2020



Donation	2.44B
Sold it using an online secondhand site	2.40B
Gave it away to friends and/or family members	2.32B
<b>Threw it out</b>	<b>1.62B</b>
Recycled it	1.29B
Sold it at a garage sale or estate sale	1.11B
Sold it at a physical secondhand store	930M
Left it on my street	230M
Stored it in a storage facility	150M
Refurbished or repurposed it into a DIY project	140M

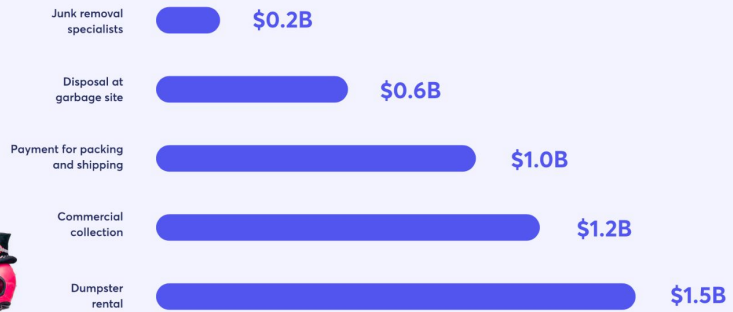
## Americans spend billions on the disposal of unused items

Total consumer spend on disposal in 2020 per category<sup>4</sup>  
United States, \$ billions

GlobalData Market Analysis and Forecasts

# \$4.5B

Total spent on disposal



## Outlook: Property

All real estate is local

Only 4.2% of all commercial real estate is vacant

And rents continue to grow, at 3.8% over the last 12 months

**SMCo Thrift**  
Thrift Store Consultants



Retail space demand remains strong.

In fact, Retail currently boasts the lowest vacancy rate among all commercial real estate sectors at 4.2%.

By type of retail stores, General Retail and Neighborhood Centers have driven the demand.



Rents for retail spaces remained elevated, but their growth rate has decelerated, due to consumer sensitivity to higher prices.

Nationally, retail asking rents grew by 3.8%, which is slower than the previous year but faster than pre-pandemic levels.

Despite rising rents for all types of retail stores, neighborhood centers (4.7%) and strip centers (4.5%) saw the largest increases in rent prices



### Net Absorption by type (2017, 2020 and March 2023)

	2017 Q1	2020 Q1	2023 Q1
General Retail	74.50M	25.22M	35.00M
Mall	8.35M	-6.15M	-4.06M
Neighborhood Center	38.07M	7.47M	21.66M
Other	1.64M	0.01M	0.12M
Power Center	2.08M	1.81M	6.87M
Strip Center	12.90M	2.14M	3.68M
All	137.54M	30.50M	63.27M



## Outlook: Process

Manufacturing → Speed and Quality

Remain flexible, fluid

- 2 out of 10 → 3 out of 10
- Update pull schedule



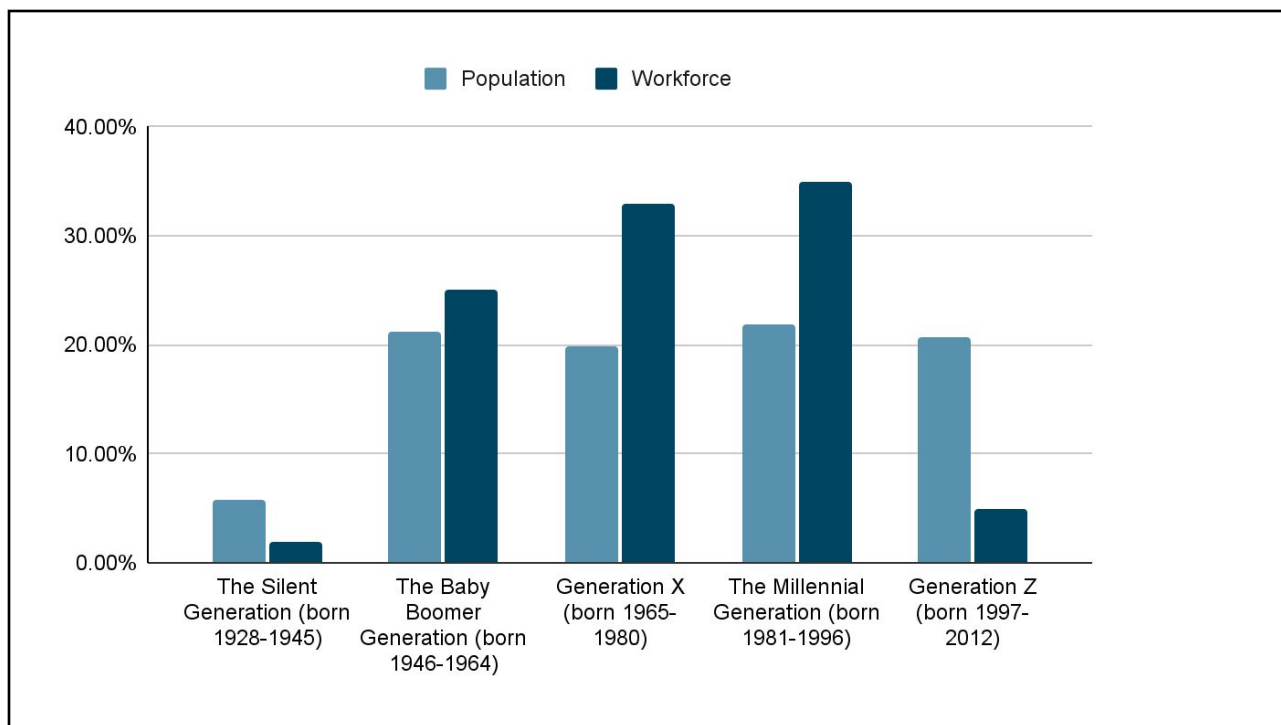
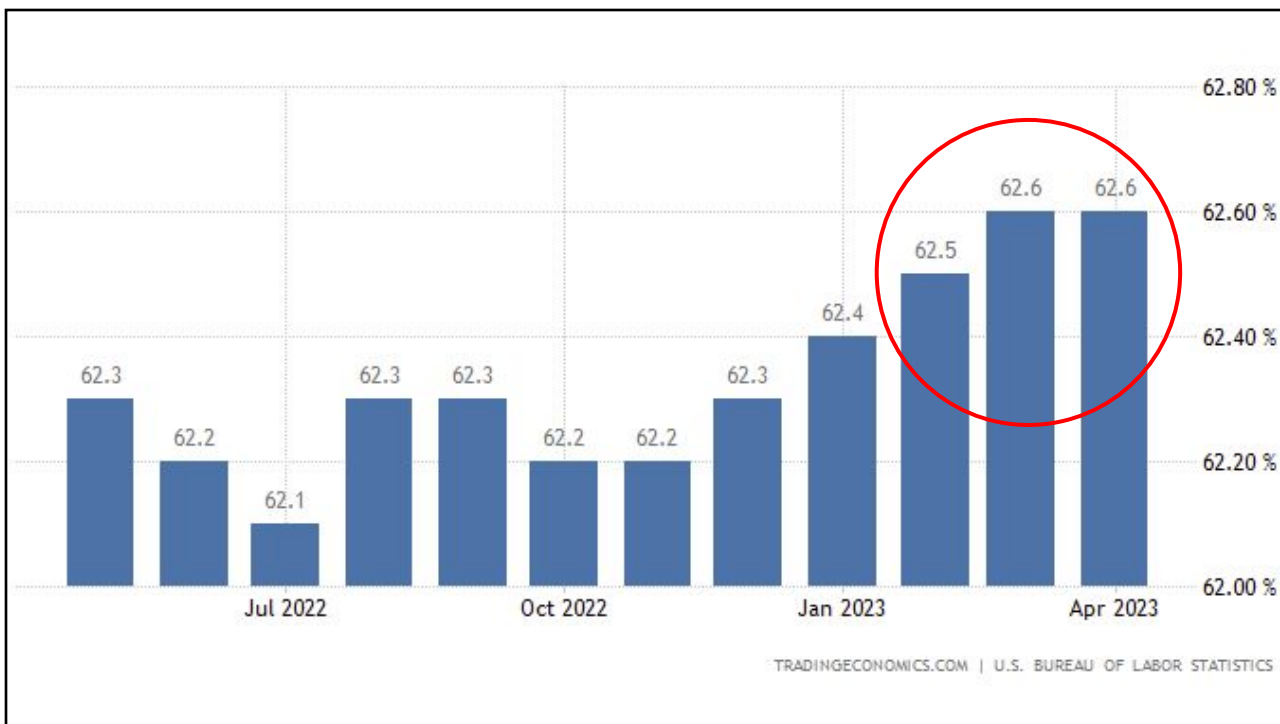
## Outlook: People

Will continue to be the single biggest obstacle facing your business today

The generational makeup of our population is shifting

**Labor force growth is projected to be slower** (0.5 percent per year) than the growth in much of recent history, partly because of an aging population.

**The labor force participation rate is projected to continue to trend down**, declining from 61.7 percent in 2020 to 60.4 percent in 2030.



## Conclusion

The thrift industry is uniquely positioned to grow during times of economic uncertainty

Look for opportunities

- Real estate
- People

## Questions?