ASSOCIATION OF CHARITY SHOPS
SUPPORTING CHARITY RETAIL

Northern Ireland Charity Retail Conference
Association of Charity Shops
2010

Research - Key Findings

There are basically three types of reports:

MMA - This report is only sent to national medium and large charities. It is a very short summary that is sent very soon after the end of the trading period.

QMA – Most likely you will all be familiar with the Association's Quarterly Survey. This report consists of an analysis of turnover, sales break-down, make up of donated goods etc.

And every quarter we also do a special report on issues that are of concern for the sector. We usually discuss with the Board which surveys we should do for the coming year. Some of them are regular ones such as the Rag or Salaries Survey. Some are suggested by the Association's interest groups, such us the Security Survey. Some are suggested by members that call us and ask for information we don't have. For instance this is the case for the Selling online survey which evolved from the regular eBay survey as a result of a conversation with one of our members. Etc. We are currently doing a survey on Shops Rents, leases and Property Costs that we have put together with the help of the Property interest group.

Finally the consumer research that we commissioned from nfpSynergy

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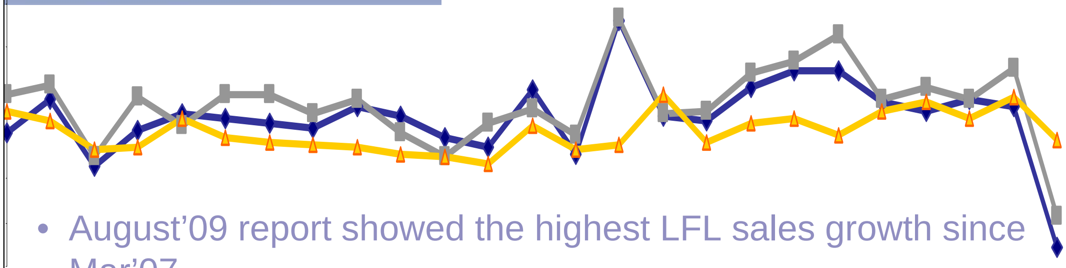
Monthly Market Analysis



- August'09 report showed the highest LFL sales growth since Mar'07.
- January'10 showed the worst reported LFL growth rates. LFL sales fell 12.9% for larger charities and 9.2% for medium charities.
- BRC reported that UK retail sales fell 0.7% on a like-for-like basis being this the worst January sales in 15 years.
- Charity growth rates have stayed above British Retail Consortium's for most of the year.

The main findings this year are:

August'09 report showed the highest LFL sales growth since Mar'07(excl Mar'09 with Easter distortion).

January'10 showed the worst LFL growth rates since. LFL sales, (excl. Gift Aid tax reclaims), fell 12.9% for larger charities and 9.2% for medium charities. This compares to 5.0% for larger charities and 2.9% for medium charities in January 2009.

Some charities reported that the bad weather in January meant that many shops had to close for up to a week and also collections of stock were difficult affecting rag income.

Charity growth rates have stayed well above BRC's for most of the year. However they have got closer in the last 3 months.

Medium charities reported higher than or the same growth as larger ones most of the year

(graph is actual 2 year

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Quarterly Market Analysis

Income growth: In general ,large charities have showed lower turnover growth rates than other charity sizes.

Last QMA:

- LFL income growth (incl. Gift Aid tax reclaims) was 5.2% . LFL income growth (excl. Gift Aid tax reclaims) was 4.7%.
- LFL income growth for Northern Ireland charities was 0.75%.
- Average income per shop per week was £2,441. This compares to £2,332 last year.

Make-up of charity shop sales:

- The proportion of income from the sale of donated goods has decreased every quarter since Apr 08 in favour of rag and Bought In Goods (BIG). This is true for all charity sizes.
- Larger charities sell a higher proportions of BIG than smaller ones.

The main findings of the surveys in the last year are as follows.

Income growth: In general ,large charities have showed lower turnover growth rates than other charity sizes. LFL comparisons were difficult last year for the first and second quarter of the year as Easter fell in April this year and March last year. Even taking this into account the average turnover growth for the second quarter (Apr-Jun) was 6.4% (with up to 2 working days less compared to last year for some charities).

Last QMA:

LFL income growth (incl. Gift Aid tax reclaims) was 5.2% . LFL income growth (excl. Gift Aid tax reclaims) was 4.7%.

LFL income growth for Northern Ireland charities was 0.75%. NI was the region with the lowest average growth but the sample was only 2 charities so unlikely to be representative. Encourage more NI charities to participate to be able to report more accurate info for NI.

Make-up of charity shop sales:

The proportion of income from the sale of donated goods has decreased every quarter since Apr 08 in favour of rag and BIG. This is true for all charity sizes. Larger charities sell a higher proportions of BIG than smaller ones all year round.

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Quarterly Market Analysis

- **Gift Aid:** The number of charities claiming GA has doubled since June'08. For them Gift Aided Sales represent 20% of donated goods sales (Oct-Dec'09)
- **Special reports:**
  - **Shops Rents, Leases and Property costs**: The average rent per shop per annum was £15,950
  - **Rag**: Av. rag price for NI 47p
  - **Sources of Stock**: Av. Response rate for HTH collection felt from 16.6% to 15.8%
  - **Salaries**; The average salary paid to Shop Managers in Sept'09 is £8.22ph

Gift Aid: According to our latest QMA the number of charities claiming GA has doubled since June'08. For them Gift Aided Sales represent 20% of donated goods sales (Oct-Dec'09). This is a relatively new section in the report that is evolving as more information becomes available and more charities are able to report.

Special Reports: Here are the special surveys carried out in the last year. Full reports on the website.

Latest surveys:

Shops Rents, leases and Property costs: The average rent per shop per annum was £15,950 (couldn't report NI)

Rag: Average rag price for national charities in Dec 09 was 52p. For NI 47p (but only 2 charities). Also provide a regional list of textile recyclers NI → every other quarter

Sources of Stock: main problem donated stock and especially problem of HTH collections. The average response rate (% of sacks collected) felt from 16.6% in June'08 to 15.8% in June'09. – Sent in June, available in Aug.

Salaries: The average salary paid to Shop Managers in Sept'09 is £8.22ph. For NI we couldn't report. The average shop manager turnover rate of 15.5% for NI 0% but only 2 charities. – sent in Sept, available in Dec

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Proportion of donors/buyers (May'09)

No significant difference in the proportion of people that has donated to charity shops (73%) and bought from charity shops (63%).

Frequency of donations/ purchasers (Jul'09)

– The average number of times that people have donated items to a charity shop in the last 12 months is 5.

– The average number of times that people have bought from charity shops in the last 12 months is 4.

This is a very simple question that we ask regularly. Have you donated in the last 12 months? Have you bought from charity shops in the last 12 month? The proportion of people that have donated to and bought from charity shop haven't changed significantly. 73% have donated, 63% have bought. 65 and 72% in 2008 This is within the margin of error of 2-3%.

We also ask how many times people has donated to in the last 12 months, the average is 5 times and it has been increasing slightly from 2007 when we reported it the first time (4.6 in 07 and 4.8 in 08).

We asked the same question but for buying in charity shops, and the average number of times per year was 4 (in 2007 and 2008 was 4.2)

It is interesting that average donations seems to be increasing slightly and average purchases decreasing when anecdotic evidence points out the other way around with sales up and shortage of donations. Maybe people are donating the same number of times but less quantity? And maybe fewer people are spending more? I would like to hear what you have to say. Maybe is a sampling issue.

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Gift Aid (Sept'09).

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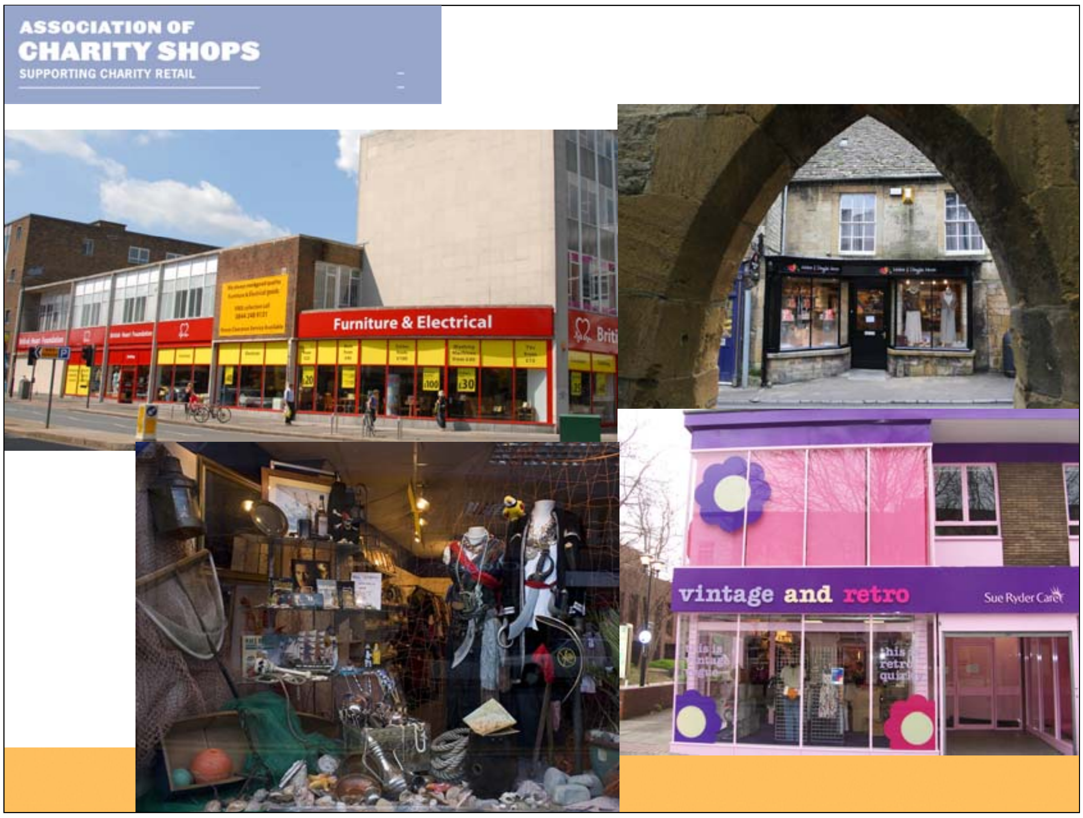
- 74% have heard of Gift Aid and know what it is. Awareness is higher in donors.
- Higher awareness of Gift Aid on the sale of donated goods compared to 2008.
- Significant increase in the proportion of people that think charities should be allowed to claim GA on the sale of donated goods.
- The main barrier for signing up for the scheme is that the charity will be contacting the donor later.

74% of people have heard of Gift Aid and know what it is. This is higher than last year but very close to 2007 levels of awareness so most likely last year a sampling issue. Awareness is higher in donors

The level of awareness of gift aid on the sale of donated goods is higher than last year. A very significance increase from 35% to 54%.

Very significant increase in the proportion of people that said that charities should be allowed to claim GA on the sale of donated goods as for their cash donations compared to 2007 (85% this year, 68% in 2007)

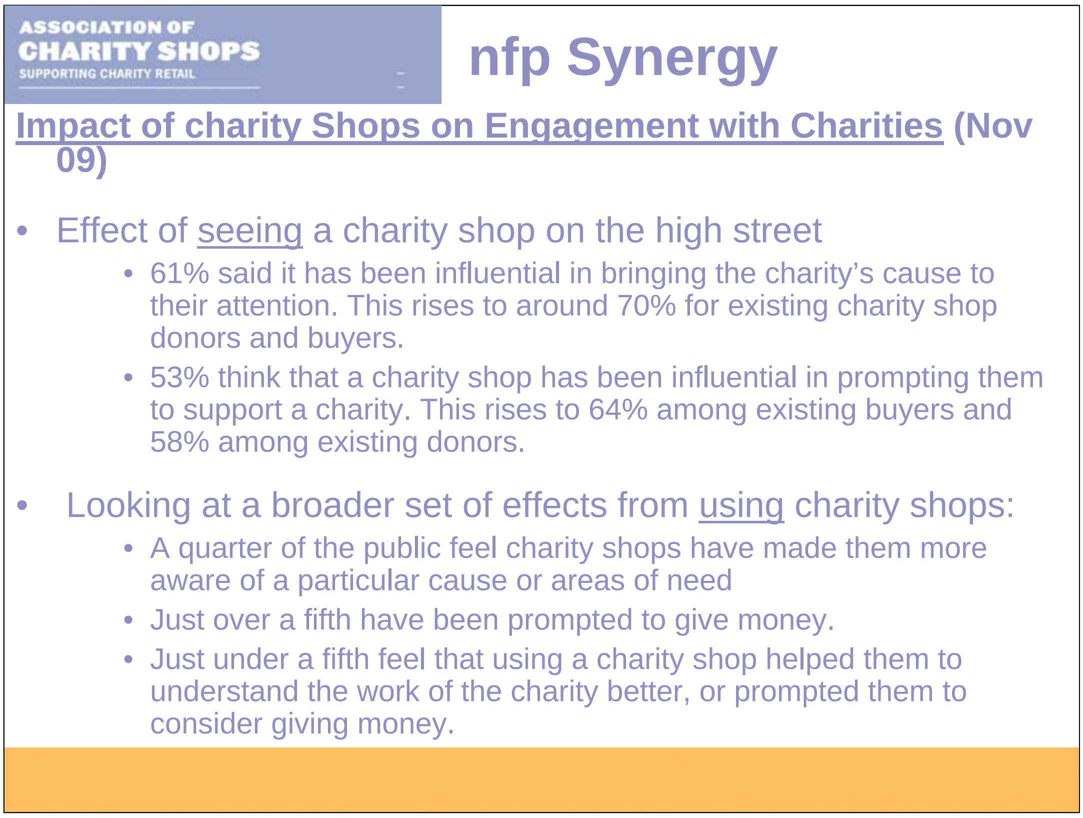
The main barrier for signing up for the scheme is that the charity will be contacting the donor later, but this issue seems to be less important than in 2007. Other issues such us having to fill in a form, time or difficulty in understanding the process are also less of a problem compared to 2007 and 2008.



You might wonder what is this slide about. Here you have the photos of some of the entries for the WOW! Factor awards in last year's annual awards. I use this opportunity to encourage you to take part and start thinking about it and getting your shop managers and regional managers involved ASAP. The awards form will be going out at the end of March or beginning of April and you'll have only 1 month to take your photos, think about the young volunteer that has gone the extra mile and deserves to win the Young Vol. of the year award or the Shop teams that ahs been great this year despite the difficult times. We can talk about this later.

But going back to the survey. The last slide is I think one of the most interesting surveys we have done. At the Association we always thought that charity shops give more to the charities than merely the all so important income. The presence of the shops in the high street is like having a big poster in the high street, there is some value added in having shops that goes beyond providing the parent charity with funds. We wanted to test this, we wanted to provide you with a proof that this is the case so when you go back to your Trustees and in this difficult times for trading they might ask you: why should we have shops? It is an expensive way of fundraising.

We asked : In your experience, how influential has seeing a charity shop on the high street been in bringing the charity's cause to your attention and prompting you to support the charity. Support is defined as donating, goods, buying but also other types of support such as volunteering, giving cash etc.



•61% of the public think that seeing a charity shop on the high street has been influential in bringing the charity's cause to their attention. This rises to around 70% for existing charity shop donors and buyers.

•53% think that a charity shop has been influential in prompting them to support a charity. This rises to 64% among existing buyers and 58% among existing donors.

We asked *Has your experience using charity shops ever had any of the following effects?*

•A quarter of the public feel charity shops have made them more aware of a particular cause or areas of need

•Just over a fifth have been prompted to give money.

•Just under a fifth feel that using a charity shop helped them to understand the work of the charity better, or prompted them to consider giving money.

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