



Location Planning in Charity Retailing

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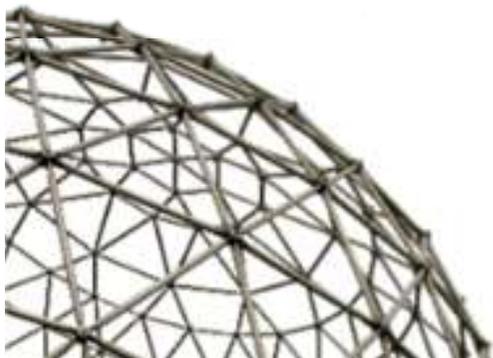


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Introduction



- How is location planning for new charity stores undertaken?
- What techniques of location planning and management are adopted by retailers in the sector?
- How and to what extent are the drivers of store location in the charity sector similar to those in other sectors?

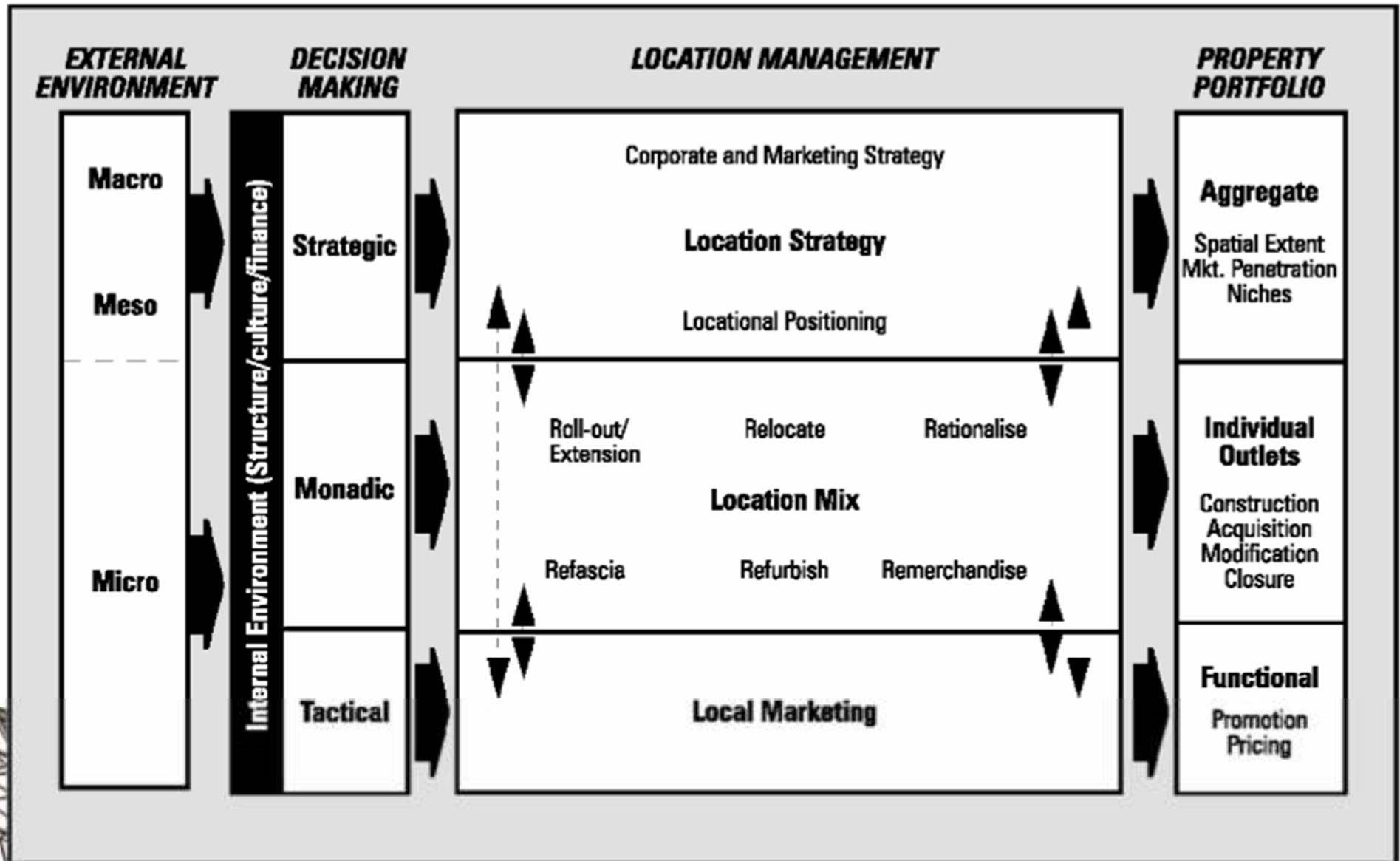


What we will cover today...

- The importance of location planning
- Location planning forecasting techniques
- A detailed examination of a charity store start-up and the location planning involved
- Highlight key and differentiating factors in charity shop location planning from conventional retailing
- Generate key learnings for charity operators



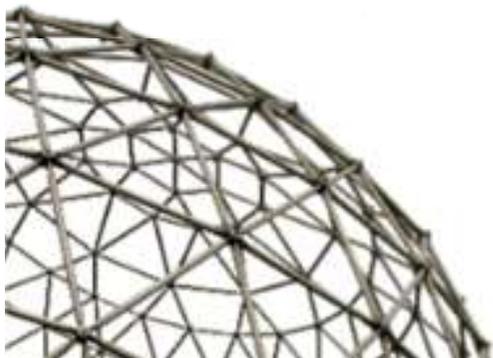
Location Planning in Retailing



Why investment in accurate location decision making?

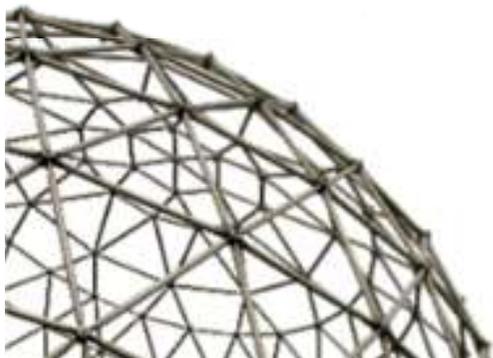


- Justify decisions to stakeholders
- Increasing competition for retail sites
- Disappearance of obvious sites
- Increasing costs of location decisions
- Retailers need to know how much a site is worth to them

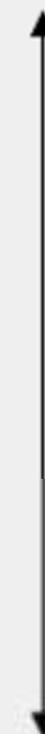


Facilitating factors

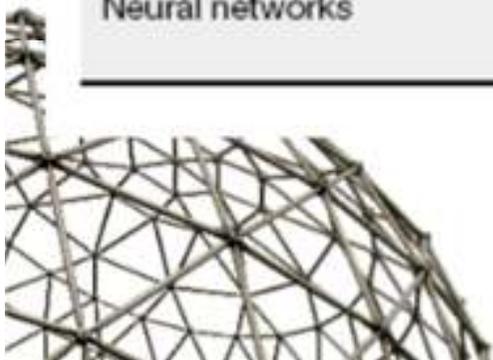
- Rapid rise in data availability
- internal (e.g. EPoS data, loyalty cards)
- external (e.g. Neighbourhood and lifestyle data (MOSAIC);
- Neighbourhood and personal /household (ACORN)
- Increased availability and lower cost of computing software and hardware for data analysis
- Improvement in analysis techniques and applications e.g. Geographical Information Systems (GIS)

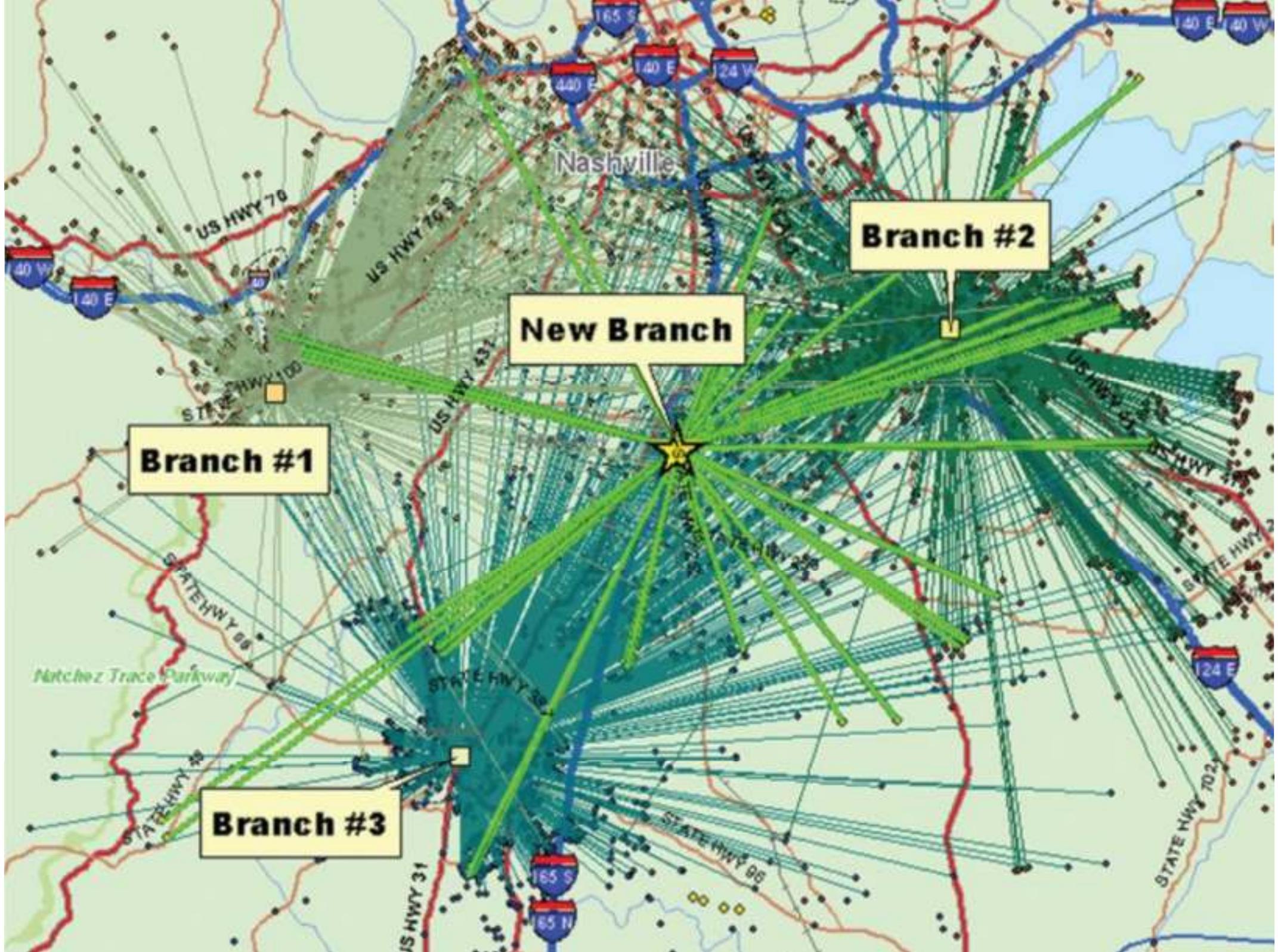


A range of tools to use

Technique	Details	Technological and data input	
Experience/experimental	'Rule of thumb' procedures often employed 'on site' where the benefits of experience, observation and intuition drive decision-making.	Low	
Checklist	Procedure to systematically evaluate the value of (and between) site(s) on the basis of a number of established variables.		
Ratio	Assumes that if a retailer has a given share of competing floorspace in an area it will achieve a proportionate share of total available sales.		
Analogues	Existing store (or stores) similar to the site are compared to it to tailor turnover expectations.		
Multiple regression	Attempts to define a correlation between store sales and variables within the catchment that influence performance.		
Geographical information systems (GIS)	Spatial representation of geodemographic and retail data that is based on digitalised cartography and draws on relational databases.		
Spatial interaction modeling	Derived from Newtonian laws of physics based on the relationship between store attractiveness and distance from consumers. May operate 'within' a GIS.		
Neural networks	Computer-based models explicitly represent the neural and synaptic activity of the biological brain.		High

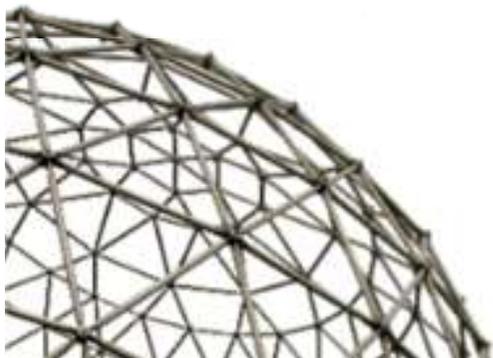
Source: Wood & Tasker, 2008





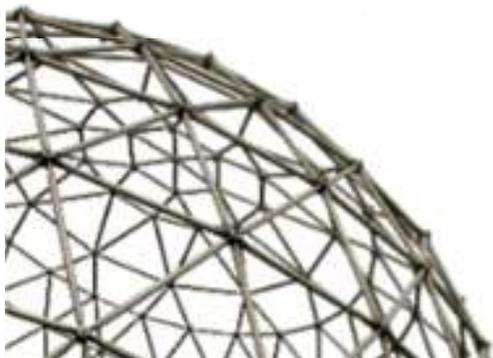
But what about charity retailers? (1)

- Lack of capital to invest in location decision-making tools.
- Small stores = small catchments so there is unlikely to be extensive data sets available at this spatial scale.
- ALSO...
- Other factors need to be considered in the location decision:
 - Proximity of charity retail workers
 - Challenges of the donation supply chain



But what about charity retailers? (2)

- BUT...
- Scope for the application of basic techniques
- Visit the site. Take time to understand the catchment
- Checklist approach
- Regression analysis
- Analogue techniques
- Use ONS data
- Possibility to acquire data from supportive organisations?



Case Study: Location decision-making and the Helen & Douglas retail operation



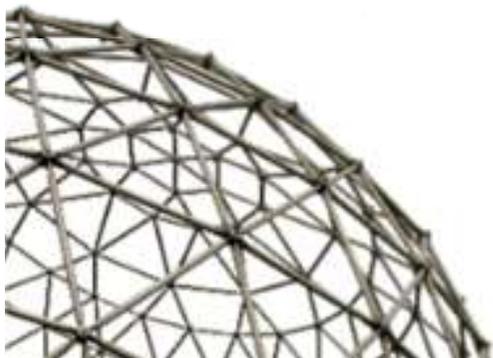
- 1982 - Helen House, the world's first children's hospice opened in Oxford
- 2004 - Douglas House was opened on the hospice's existing site in order to provide additional care for young adults
- 2005 - Increasing need for income generation, to support the two Houses . HDH embarked upon a strategy to develop a chain of charity shops, building upon an existing unit that was bequeathed to the charity



Case Study: Location decision-making and the Helen & Douglas retail operation



- Entering a fairly mature charity shop market
- Within the charity's core catchment area, there were already a significant number of well-established charity shops
- Highlights the importance of effective locational planning, as well as strong merchandising and other operational disciplines.



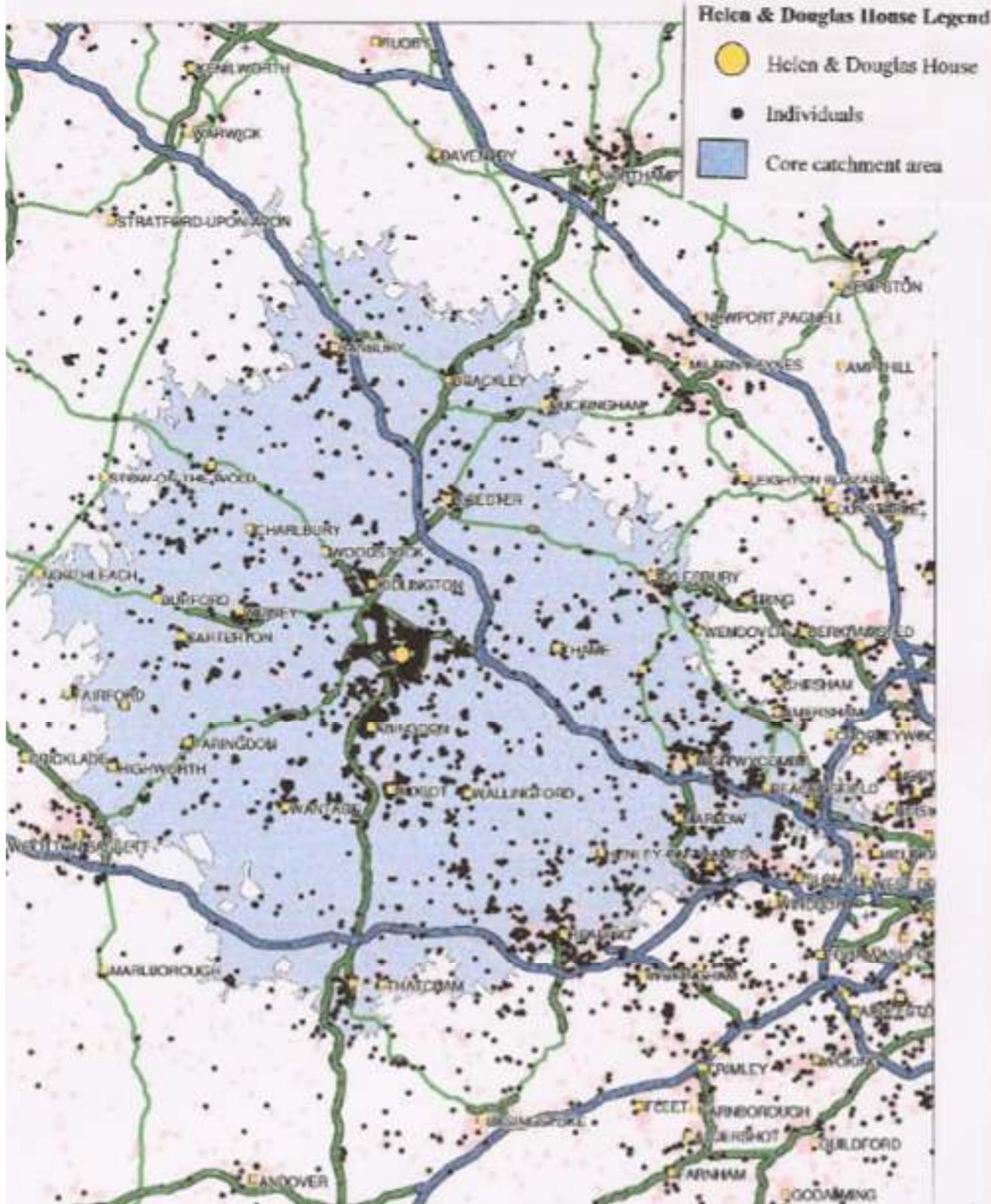
Case Study: Location decision-making and the Helen & Douglas retail operation



First stage: Spatial analysis and mapping of postcode data relating to the charity's existing supporters.

- The core catchment area of the charity was found to be within a 45 minute drive time of HDH
- It focused on an area around Oxford itself and encompassed large parts of the Thames Valley, the Chilterns and Cotswolds.





- Postcode profiling of the existing supporters registered on the database.
- Over-representation of:
 - ‘young families’ compared with the national average;
 - ‘families with dependant children’

Case Study - Second stage: Initial 'market town' development



- Identification of the charity's core catchment led to a search for viable locations
- Search process driven primarily by a consideration of expected customer demand for the store's outputs.
- Target towns based upon the strength of representation in town catchment areas of the two segments of 'young families' and 'families with dependent children'.
- Abingdon identified as optimum location.



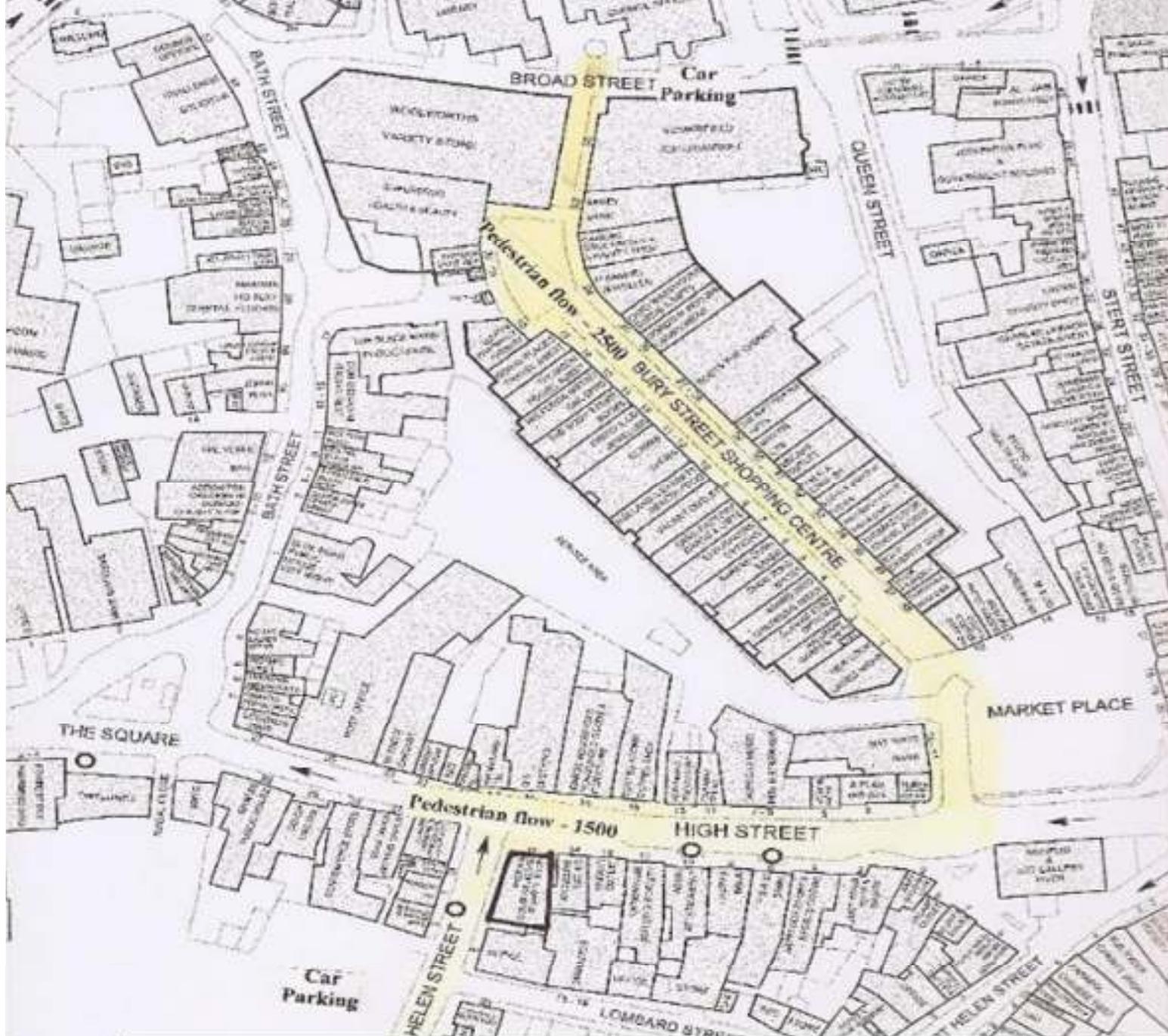
Helen & Douglas House

HOSPICE CARE FOR CHILDREN AND Y



Helen & Douglas House





- Identify high footfall secondary areas
- Good sales potential but lower rents

GOAD plan of Abingdon, showing summary footfall data

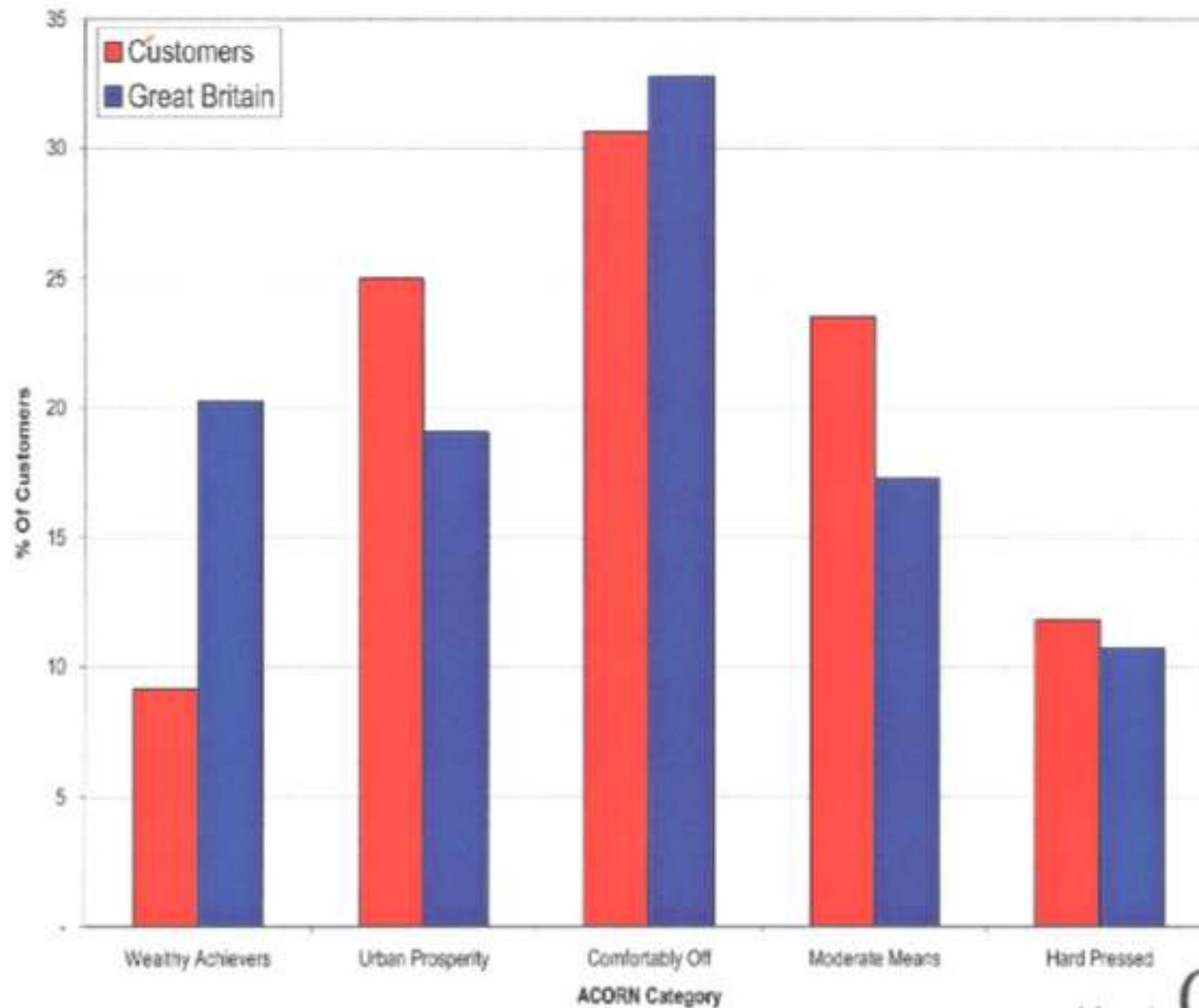
Case Study - Third stage: suburban Oxford



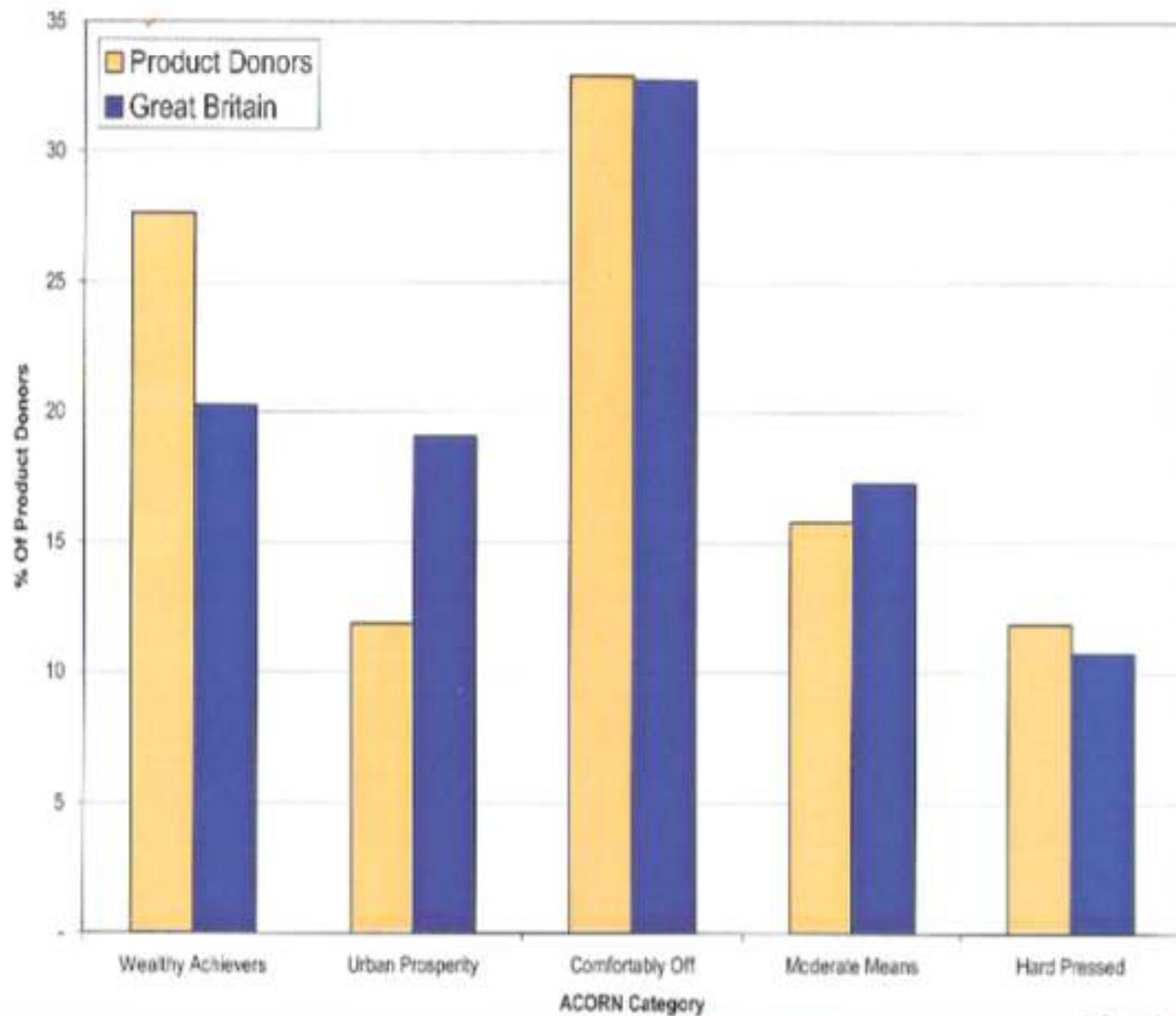
- Suburbs of Oxford represented a strong opportunity following initial success of market towns
- Concern over simple demographic profiling to date based on broad analysis of HDH 'supporter'
- A more complex method was required
- Demographic profiling of three key groups:
 - Customers
 - Stock donators
 - Volunteers



ACORN Category Profile Of Shop Customers



ACORN Category Profile Of Product Donors



Volunteers

- Socially diverse but H&D higher end

The profile of Helen & Douglas shop volunteers

Social Class Grouping	A	B	C1	C2	DE
Helen & Douglas Hs. Shop Volunteers	23	27	27	4	19
National Average	4	22	29	21	24
Index	575	122	93	20	80

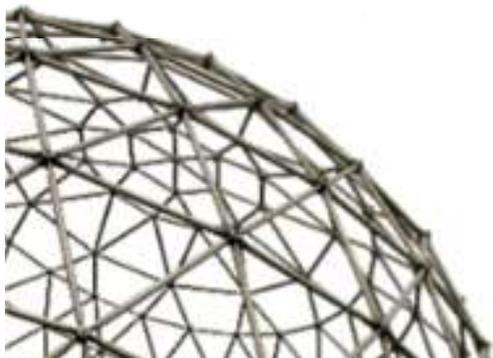
Source: Helen & Douglas, 2007. National Average data from ONS.

Case Study - Choosing the target location

Two stage approach to identifying which suburbs of Oxford would have the best prospects:

1. RETAIL RANKING - each suburb assessed as to its retail strength using a retail ranking analysis based on:

- Total number of shops
- Number of existing charity shops
- Other factors: presence of multiples and c-stores; car parking provision



Case Study - Choosing the target location

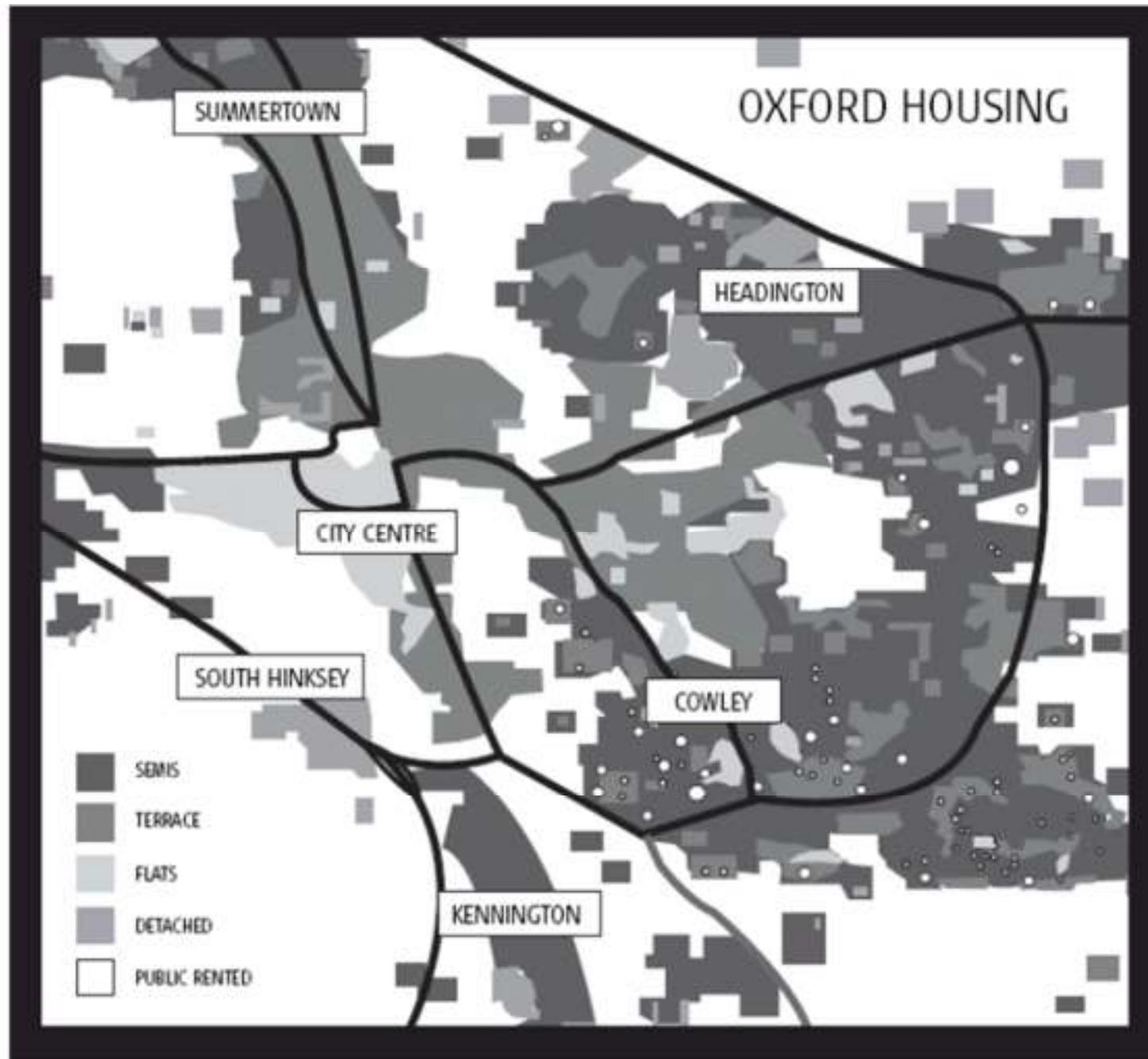
2. **HOUSING AFFLUENCE** - the cities housing stock was divided into 3 categories:

- Detached
- Semi-detached
- Flats/apartments

and a 'Housing Affluence' map was produced



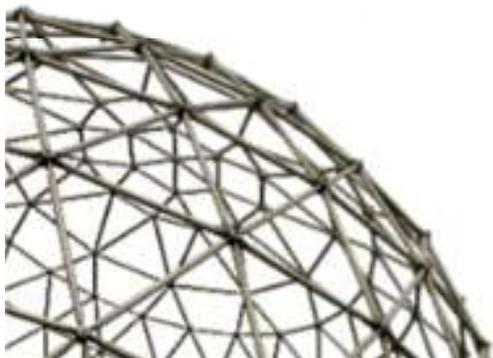
Housing affluence map of Oxford



Case Study - the scoring process



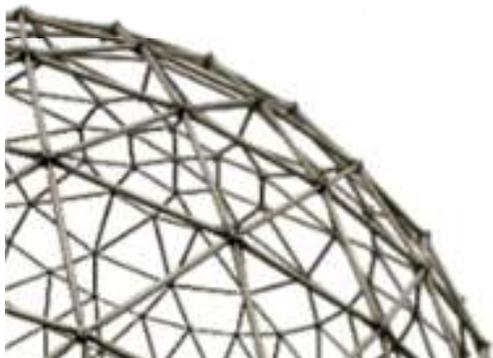
- Locations that scored highly on the Retail Rankings list were identified on the 'Housing Affluence' map as potential target locations.
- Primary catchment areas were then constructed around each of these suburbs, based upon a one mile radius
- The socio-economic profile of each of the postcodes within the catchment area was aggregated up to give an overall profile for the catchment area.



Case Study - the scoring process



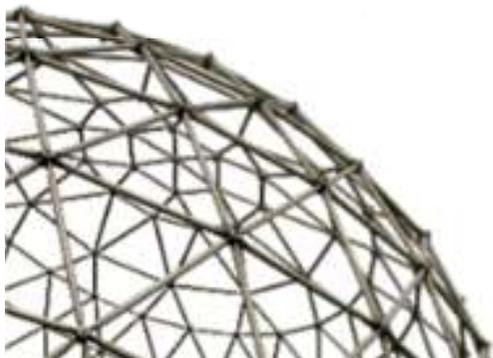
- **Catchment Area Ranking** - areas with representation across all of the socio-economic types, but with a skew towards the more affluent groupings scored highest.
- The combined scores of the retail ranking analysis and the catchment area analysis determined the overall priority order.



Case Study - Priority areas



- The top four areas on the priority list were Summertown, Cowley Road, Headington and Templars Square (Cowley).
- A shop has recently successfully opened on the Cowley Road and shops are under development in Headington and Templars Square. A site is also being sought in Summertown.



Conclusions

- Illustrates the locational decision-making and related network planning of one charity retailer compared to such practices by ‘conventional retailers’.
- Charity retail location planning is different:
 - Traditional focus in relation to the potential customer base and key competition.
 - While much of the data analysed and techniques used remain the same (e.g. “scoring” locations against agreed criteria), some issues are more complex and nuanced in charity retailing.
 - Lack of budget for systems and data availability

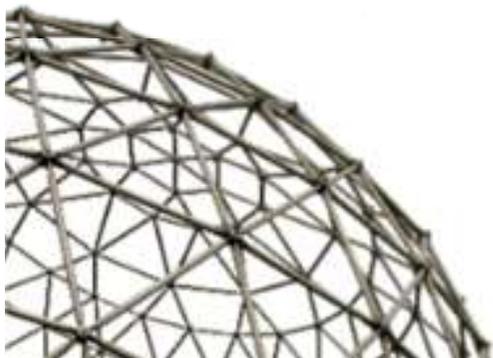


Conclusions

- Need to study catchment dynamics at a local spatial scale
- The agglomeration of charity stores can positively affect the dynamics of footfall and “perceived quality” of a location.
- Two additional concerns:

1. The supply chain and store location

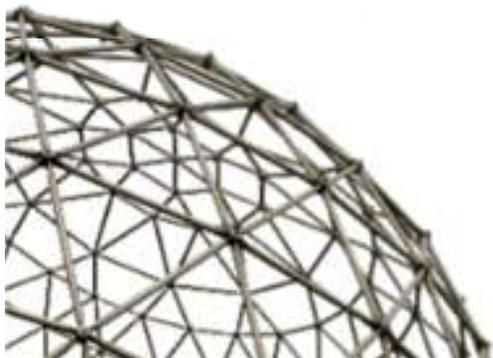
- Charity store dependence on donations
- In competition with other stores and disposal routes to intercept such donations. Location is crucial here.
- Given the low value of the merchandise, it is often prohibitively expensive to transport stock between branches.
- Essential to consider in the location decision.



Conclusions

2. The workforce and store location

- Dependence on volunteer workforce
- Research has found that volunteers are not especially mobile: 60% of shop volunteers live less than two miles from the store, with less than 40% driving to the shop (Broadbridge and Horne, 1994, p 431).
- Need to balance an accessible location for consumers with proximity to the equally essential volunteer base.



- Any questions...?

