

**The State of the Retail Thrift Industry**

**September 15, 2014**

**Prepared by Sophia Bennett for The Cascade Alliance**

**Funded by The Robert Wood Johnson Foundation**

**The state of the retail thrift industry**

The retail thrift industry was a rare bright spot during the Great Recession, actually adding stores and jobs. But now that the economy is growing and unemployment is down, will the outlook for thrift stores maintain its upward trend?

There is more than just anecdotal evidence suggesting that the retail thrift industry will continue to grow in the United States in coming years. An expanding customer base, shifts in the culture and changes within the industry all paint a very positive picture for thrift store operators.

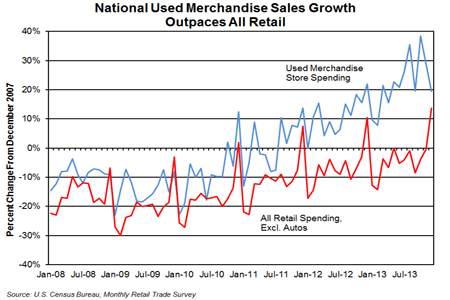
**The resale industry is growing**

According to the Bureau of Labor Statistics, there were 16,238 used merchandise stores in the U.S. in 2010 and 17,206 in 2012. Employment figures also grew; in 2010 used merchandise stores employed over 125,000 people and in 2012 they employed over 145,000 people. The Bureau of Labor Statistics estimates the industry will employ 175,000 people by 2020 – a 20 percent jump.

The National Association of Resale and Thrift Shops (NARTS) reports that resale businesses, which include both thrift shops and consignment stores, represent one of the fastest-growing segments of the retail industry. There are more than 25,000 resale shops in the United States, and growth in the number of stores was 7 percent for two years in a row (since the survey was conducted in 2010, the two years are presumably 2008 and 2009). Some resale chains, such as First Research and Goodwill, have over $1 billion in sales annually.

NARTS includes this interesting piece of information in the “Industry statistics and trends” page of their website: “According to America’s Research Group, a consumer research firm, about 16-18 percent of Americans will shop at a thrift store during a given year. For consignment/resale shops, it’s about 12 to 15 percent. To keep these figures in perspective, consider that during the same time frame; 11.4 percent of Americans shop in factory outlet malls, 19.6 percent in apparel stores and 21.3 percent in major department stores.”

A chart put together by the Oregon Employment Department shows that the rate of spending on resale items increased by 19.5 percent between December 2007 and December 2013. That was 6 percent more than the increase in all retail spending (excluding cars). While spending on resale items is a very small part of the economy (less than 1 percent, by their calculation) this is still a welcome trend.



Certain niches within the resale industry have always done well and continue to do well now. Used book sales remain strong, even with the influx of e-books and audio books in recent years (see Cascade Alliance document “The state of book publishing, reuse and recycling”). Second-hand children’s clothing stores are popular in many communities. A recent story on National Public Radio reported that Americans spend over $7 billion per year on Halloween costumes and decorations, which is second only to Christmas. Many of those shoppers will visit thrift stores in their search for pirate costumes and pumpkin dishes.

**Who shops at thrift stores?**

It used to be that thrift shops were only for poor people, college students and serious bargain hunters. Those groups are still well-represented, but they aren’t the only ones.

* Research by St. Vincent de Paul of Lane County indicates that the average shopper in our stores is a lower- to middle-income woman between the ages of 35-55. She is seeking primarily clothing for herself and her family, and household and decorative goods.
* The recent recession introduced many new consumers shopper to second-hand stores. Middle class families tightening their belts after job losses and wage cuts started going to thrift stores instead of big-box locations to look for the items they needed.
* The do-it-yourself (or DIY) movement really took off during the recession and has grabbed hold of millions of people across the country, particularly younger folks. Those people are flocking to thrift stores in search of clothing to upcycle or turn into costumes; craft goods for home projects; and furniture they can refinish.
* The popularity of the “industrial” and vintage looks in home décor and the steam punk or retro looks for clothing is also driving demand for the items available in resale shops. The Oregon Employment Department notes that surveys show young people “value unique and original styles, which often leads them to favor vintage and retro clothing or décor.” That, in turn, drives them to shop at thrift stores rather than more traditional retailers.
* Staff at St. Vincent de Paul of Lane County often hear that “treasure hunting” is one of our customers’ favorite parts of the thrift store experience, and more people are getting in on the fun. The website RetailCustomerExperience.com points out that the popularity of websites like eBay and television shows like “American Pickers” are making people more comfortable (and even excited) about the idea of buying used. The Grammy Award-winning song “Thrift Shop” by Macklemore and Ryan Lewis didn’t hurt either.

In sum: there are more thrift store shoppers than ever; many of them are young; and the stigma of buying things used is going away.

**The thrift industry is becoming more professional**

As thrift stores have become more mainstream businesses, they’ve had to start operating more like businesses. Newspaper articles from across the country quote resale business owners and managers reporting that they’re doing a better job of keeping stores clean, organizing items in an attractive way, and generally make their shops more “shop-able.”

Overall, this trend is a positive one. As thrift stores become nicer places to shop, more people will feel comfortable going there. As more business owners treat them like real businesses, they will be more likely to look at industry best practices and continue to improve their stores. Retail thrift operations that cannot compete as businesses will stay small or simply go away, making more room for organizations that do wish to operate at a more professional level.

**Are Craigslist and similar sites a threat to the thrift industry?**

Selling your stuff rather than donating it is easier than ever thanks to free websites like Craigslist. And with plenty of people looking for a way to make ends meet, it seems logical that more people would prefer to sell their items rather than a tax deduction. Is that likely to hurt the resale industry?

Online classified sites have made an impact on the thrift industry since they’ve appeared in the last 15 years, but they certainly haven’t put retail stores out of business. In the end, many people find it much easier to give items away rather than going to the trouble of posting an ad, inviting strangers to their homes, and haggling over prices. While some high-value items may be more likely to end up on Craigslist, plenty are still coming to thrift stores.

**Resources:**

*Industry Profile,* Career Onestop (<http://www.careerinfonet.org/industry/Ind_Search_Report.aspx?id=8&nodeid=10&stfips=00&stc=&sector=45&subSector=453310&indGroup=453310&ind=453310&rptLevel=4>)

*Industry Statistics and Trends,* National Association of Resale and Thrift Shops (<http://www.narts.org/i4a/pages/index.cfm?pageid=3285>)

*Used merchandise stores prove they’re as good as new,* Oregon Employment Department (<http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00008443>)

*Rise of the thrift store shopper provides steady growth in resale industry,* RetailCustomerExperiene.com (<http://www.retailcustomerexperience.com/articles/rise-of-the-thrift-store-shopper-provides-steady-growth-in-resale-industry/>)

*The business of Halloween means you can buy an arm and a leg,* National Public Radio (<http://www.npr.org/2014/09/03/345575950/the-business-of-halloween-means-you-can-buy-an-arm-and-a-leg>)