



CASE STUDY

A Business Model and Marketing Strategy for a Secondhand Retail Store



"The Fox MC team provided detailed research, creative insight, and a thoughtful evaluation of two possible business models. Job well done!"

-Donald Green, Director of Institutional Advancement

Client Profile

Opened in 1958, the Trading Post of the Board of Associates of Fox Chase Cancer Center (The Trading Post) is a thrift and consignment store that supports Fox Chase Cancer Center (FCCC). Located on Philadelphia's Main Line, The Trading Post offers gently used clothing, jewelry, furniture, and houseware to consumers at a discounted price. All proceeds from The Trading Post are used to fund Fox Chase Cancer Center's clinical, prevention, and research programs. The store operates from September to June and strives to encourage people to support Fox Chase Cancer Center's mission to prevail over cancer.

The Project

A consulting team from Fox Management Consulting (Fox MC) partnered with The Trading Post leadership to develop an enhanced business model and expansion plan for the store. The team investigated the secondhand retail industry, trends in ecommerce, and customer demographics in the region to identify an opportunity for the store to maximize its profitability and increase funding for cancer research.

Recommendations

Through its research and analysis, the Fox MC team found some key insights related to secondhand retail.

- **Customer preferences have changed.** Over the past ten years, consumer preferences related to secondhand retail have shifted. Demand for high-end brands and luxury goods has increased and "fast fashion" has driven the price for new items down. As a result, a market for lower-priced, gently used high-end brands emerged.
- **For-profit stores have increased competitive pressure in the industry.** Given the potential to profit from these high-end goods, more for profit companies entered the space and have successfully expanded. This creates competitive pressure on nonprofit secondhand retailers.
- **E-commerce and digital marketing is a critical component of secondhand retail.** Most successful secondhand retailers have an online presence and offer goods for sale through at least one online channel.
- **An e-commerce only store bears more risk than a hybrid model.** Therefore, the team recommended that the Trading Post develop a hybrid model of brick and mortar with e-commerce.



Comparing an Ecommerce to a Hybrid Model