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Interviewer: As you know, my research is about trying to devise ways for society to reuse more of the materials it currently discards. And I'm particularly interested in the kind of economic infrastructure and economic configurations that can be put in place to reuse materials. Particularly things that are not necessarily broken.

The idea is to avoid as much as possible the proper recycling or incineration or landfilling of solid waste.

I think I would like you to describe what- how do you describe your business? Even though I know you are trying to get out of business. But how do you describe your current configuration?

Respondent: So we are a buy and sell store where members of the public can bring in goods to us. There are two options that we can do. Obviously we offer a price for the goods, and if they agree it we buy it in. Some of our customers, probably about half of the people that sell stuff to us, are using it as a way of raising cash against their goods. Kind of similar to pawn broking of the past, but this is buyback, which is slightly different.

The stuff that isn't bought back, that is stuff that we put out for sale on the shop floor. We sell, mobile phones are probably our biggest category. We sell game consoles and games, tablets and laptops, TVs, hi-fis, home entertainment systems,

cars, sporting goods, musical instruments. All that kind of stuff. And video as well.

Interviewer: Can you explain a bit what is the difference between pawn broking and buybacks? Because this is not that clear to me.

Respondent: So pawn broking falls under the Consumer Credit Act in which it's classed as a financial loan where a member of the public sells an item, but legally they still own the item. They are just taking a loan against the product. A pawn broking agreement lasts for six months, and is usually charged about 7% per month.

Historically, it's always been done on gold because the price of gold over a six month period won't devalue by much. And legally, it's slightly different, that if they don't buy the item back, because they legally still own it, the pawn broker will then have to sell the item and any monies that are raised has to then obviously pay off the financial loan.

If the money that's left from what the loan is, the pawn broker can legally chase the customer. Or if it's more than what the loan was, the pawn broker will have to give the- or split the difference with the customer.

With buyback it's very different because it falls under the Sale of Goods Act in that the customer's actually selling the goods to the store. The store is then writing in an agreement that they won't sell that product within a 28 day period to anybody apart from the person who has sold the product to us. Therefore, because it's on a 28 day cycle, we can do that on all kind of electronics and things like that which won't devalue much within a 28 day period.

You don't get a lot of pawn brokers now. Pawn broking is very much a kind of dead industry now. You kind of see the programmes of Posh Pawn and things like that, where they're doing it with super cars or very expensive jewellery, or like a horse, or things like that for the rich and famous.

Buyback for us what we call a C2 DE social demographic of society. So households with a combined income of £17,000 a year or less.

Interviewer: How did you start that business?

Respondent: Back in 2009 I was looking to invest into a franchise, like a Cash Generator, which was kind of the British equivalent to Cash Converters. I established a store in 2010. In 2012, I set up a second store in [another city]. 2012 was like the height of the market.

So from the 2008 financial crash up to 2012, that's when you see a lot of cash for gold and pay day loan shops rising up in the high street. And the growth of Cash Generator itself, my store was the 201st store. That was in July 2012.

And then in 2014, I bought an existing store in [a third city], and I also set up a store in [a fourth one]. So since then, I've closed various shops. The [third] shop lease ran out and I'm just down to my [fourth] store.

Interviewer: You told me on email, but perhaps you can tell me again, why did you decide to sell the third store, and why are you trying to sell the fourth shop?

Respondent: The [first] stores were shut unfortunately due to a lot of staff fraud that was happening within the company at the time. That cost me over £50,000. And unfortunately the police were very restricted in what they could do in terms of identifying the stock which was being embezzled from the company.

The [third] store, the lease was coming to an end and I wasn't prepared to enter into another five to ten year agreement with it. And with the [fourth] store, as I say, I've been trying to exit the market now since, what, 2016. And there's not been any buyers for- there's been very limited interest for this type of store.

Therefore, when the COVID-19 lockdown happened, and especially with the oil price slump as well is that the future of cash advancing stores will inevitably grow up and it was just not something that I was prepared to do. You know, if I'm struggling to sell a store with the current level of stock, when the lockdown is lifted, the stock level's going to be increased. Obviously we're going to be paying out more cash for more people coming in for their cash services. It will just make it even harder to find an exit strategy. So for me, it was just a now or never to be out of the market. It certainly wasn't because it wasn't a proper run operation, it was just I'm looking to do other things.

Interviewer: You told me that usually the public sells, or puts this agreement into buying back the products. Do you also acquire goods in any other way, like auctions? Do you go out buying stuff, or do you just receive whatever the public brings?

Respondent: No, we've not been active in terms of going out and searching for stuff. I mean, we attract over 2,000 folk per week in our

store. So we've certainly had enough demand of people bringing in stock to us, whether it was from the buyback service or just stock that people were just looking to sell on.

So we didn't need to go to auctions and things like that to attract more stock in.

Interviewer: Can you walk me through how usually the process works? So someone brings in, for instance, a laptop to the shop. How do you evaluate what it's worth and what happens next?

Respondent: If somebody came into the shop, if they'd never sold with us before, we'd set them up with an account. That's part of our second-hand dealer's licence. We would ask for proof of address or a recent official letter that just confirms where they live. And some form of ID that confirms who they are. Therefore, if there were any problems, say with the police, following the transaction then obviously we can give that information to the police to say exactly where this person is.

If they're bringing in a laptop, obviously our buyers are experienced that they would have an idea of what laptop specs are selling at what price on our shop floor. The other side is, to be honest, eBay has been probably the main way of valuing stock. You can type in the specs of a laptop into eBay, you can click on sold listings, and you can see what a similar type product has sold for over the last week or month.

Therefore you can face that to the customer, say, "This laptop's selling for £300," therefore we kind of work on a 50/50 type basis. Depending on stock levels. So say if we've got loads of laptops in, then to try and manage the supply and demand of stock coming in, sometimes if you've got a lot of

stock in you maybe lower the 50/50 to make sure that you make more margin on that.

Or if you're desperate for new stock coming in, you might say 60% or 70% of the RRP to try and attract more stock coming in.

Interviewer: And then after that, the customer is able to buyback within 28 days and you're not putting the object for sale. Is that it?

Respondent: Yes. So if the customer opts for the buyback option, we put it into storage, keep it there for 28 days. If they don't buy it back, we will then put it on the sales floor for the £300 that we've quoted them.

Interviewer: Do you perform any tests, for instance on the laptop or phone? Is there a kind of regular, a standard testing procedure? Or is just-

Respondent: Of course, because if we're buying in duff stock then that's dead money for us. So yes, we would make sure that obviously it turns on, that it's fully functioning. And that might be reflected in the price. Because for example, you can get some of the higher end phones with a cracked screen or something which might not be economical for us to get-replace the screen and then try and resell it in the store. But we could maybe send it off to a recycler like Mazuma.

So we'd offer slightly less than the Mazuma price to buy then and we would just send it on to a recycler.

Interviewer: What's that called? Mazuma?

Respondent: Mazuma Mobile.

Interviewer: This kind of evaluating and testing, whenever you had, for instance, a new employee would they have some kind of training that they need to go through?

Respondent: Generally when you take on new staff they would spend a couple of months on the sales floor learning obviously that side of the selling process, and get used to the different product ranges and stuff. And then once they're comfortable, or when they've kind of worked their way up the business, then you would obviously put them onto the buys counter, when they are then flip reversing having to buy something from the public and go through the process of testing and things like that.

Interviewer: Do you do any kind of repairs or cleaning or some kind of operation on the object?

Respondent: For the workload that we've got, no. We wouldn't have any spare capacity to do- I mean, there is like, on the street where we are, there are four mobile phone repair shops opposite us anyway. For us, it wasn't- there didn't seem any point going into that market. And we were already kind of at maximum capacity in terms of the ability of the staff.

Interviewer: Would you end up, I don't know, usually with products that were not sold and would stay months, or years?

Respondent: Sorry, say that again please?

Interviewer: Were there any kinds of products that you were not able to sell in any way? I don't know, that would stay there for months or years?

Respondent: Yes. So our kind of process is that obviously once the buyer buys it in, they put a price that they think it will sell at, and that's what goes on the ticket, and that will go onto the item. If it doesn't sell usually within a 12 week period, we would then look at RRP adjusting it. So marking it down slightly, and doing that on a weekly basis until it's sold. Or looking at re-merchandising it in different ways, or bundling it up with different products.

If it was maybe like a lens or something that maybe by itself isn't selling, but you bundled it up with a camera, then that maybe gives it an increased sales appeal, and you can sell it through that way.

But yes, we do have some stock, usually about 1% to 2% of our overall stock has probably been in the business for over 365 days.

Interviewer: Well, not that much. Do you have any interaction with sustainability, social enterprise community organisations?

Respondent: I mean, we have some charity shops that take stock to us, because obviously any electrics you need to PAT test it. And if they don't have a PAT test machine, then they will just bring stuff over to us and then we would obviously give them cash which they can then put to the charity.

But no, we don't work with any social enterprises or anything like that.

Interviewer: What kind of- what do you identify as the competition? I imagine that, for instance, people buying from eBay or getting things on Gumtree is in a sense a kind of indirect competitor. But what else do you see in the market?

Respondent: Our high street competitors are Ramsdens. So they deal in buying in gold, they buy in high end phones and laptops. We've got GAME, which obviously do games consoles and video games. And we've got CEX, which is Communication and Entertainment Exchange. They do, again, a lot of the lines that we do.

What we do in terms of a broader product offering, because we might do things like guitars and bikes and DIY tools and all that different kind of stuff. And we've got the buyback option as well. Nobody in [the city] does the buyback option on as many products as we do. Ramsdens will just do it on a high end phone, or gold. We do it on your TVs, your camcorder, a far bigger product range.

Interviewer: Cool. And do you- can you just share what your thoughts are on the effects of the COVID lockdown? You mentioned that

you expect more demand for cash advance. Do you see any other effects of the current and future situation?

Respondent: Cash advancing stores excel when the economy is dying. So for example, our [fourth] store, we established it in September 2014, and it really took off in 2015, which is when there was an oil crisis which really affected the [city's] economy.

So we were, instead of getting people coming in selling a £20 games console, we were getting the higher social demographic coming in and selling the £400 latest iPad. Just because they're obviously struggling month to month in terms of their cash flow.

I believe that the economy will go down because of COVID-19 in that people will be looking for cash solutions and be turning to places like this. And I think the oil price slump will hit [the city] again.

I think the other aspects of COVID-19 is, I think the social distancing thing will probably mean that shops will be limited to what will be allowed. People coming to the shop is probably poorer between now and Christmas, I don't know. And generally our Christmas trade accounts are about 10% to 20% of your annual turnover. So if that's going to be restricted, I think that's going to be harmful.

And I think the other side of it is the fact that people, for the last eight weeks have been stuck at home. Those who have never shopped online before have now been forced to do so. I think whenever the lockdown is lifted, they're less likely to return to this high street.

I think companies like eBay and Amazon are probably just going to excel. And I think your high street second-hand shops

such as ourselves will- we'll still have no problem buying in stock. I don't think that's an issue. But I think in terms of how we sell on the stock, if you don't have an online presence, you're certainly sleeping.

I mean, before lockdown we did about maybe 5% of our overall sales online. We always wanted to offer our literal demographic a bargain rather than trying to sell it online. Now, obviously we are just selling 100% online because we can't open the doors.

I think retail will change from that aspect. And I think the high street will definitely shrink by probably 20%, if not more.

Interviewer: Are members of the public looking- people who knew your shop, looking for your own internet? Or just stilling stuff online to people from other cities and other places? How's that being distributed right now?

Respondent: We're just listing on eBay. We're listing on Gumtree and Facebook, so that's probably more our local trade. I mean, the first two weeks of lockdown, our games consoles, the price of game consoles probably rose by 25% to 30% than what we were selling them early March. So that was a great boost for us.

Mobile phones probably have fallen through the floor, those prices, like anything else.

Interviewer: Yes, I bought an Xbox for my kids in the first week. To survive.

Respondent: Bikes, bike sales have probably been very strong as well.

Interviewer: Yes. Makes sense. Do you see an effect in people being wary of getting things that used to belong to others? With fear of contamination? Or that is irrelevant, or not even mentioned?

Respondent: I think that's just a case by case basis. I think when the 2008 crash happened, they said that the lasting effects of the upper classes, they started to shop in Lidl and Aldi, whereas they would have been Sainsbury's and Tesco shoppers before that. So I think the lasting effects of that will last probably for a decade.

I don't think people will be wary. I think the movement from buying- those who would probably never buy second-hand before will certainly consider it now. So yes, I don't think they will be as worried about cross contamination.

Interviewer: Are you still acquiring goods during this time or not? Or just selling?

Respondent: No, we're just selling off the stock now. So yes, I'm not taking in extra stock, because we're trying to obviously wind the company up.

Interviewer: Sure. Okay, I guess this is- I have pretty much covered all the questions I had already. Would you have any suggestions, because in the long run the purpose of my research is to advise on policies for municipalities to make sure that society

reuses as much of the materials as possible. Would you have any kinds of suggestions on local or national policies?

Respondent: I think the main thing, again 2012 was the height of the market, and I think that was in turn because they changed the VAT element on second hand. So if you sell a new product, you pay 20% of the RRP goes on VAT, whereas on second hand, you pay 20% of the profit. So there's a lot more margin to be made on second hand.

That came into effect in, I think it was January 2011.

So in terms of policy from government, I don't think they really need to do anything, because I think reusing...

I mean, I suppose from a bigger economic point of view, as I said, the minimum wage for a 40 hour a week worker over 25, back in 2010 went from £13,500 and it's now at £18,200 for a 40 hour a week worker. So that's an increase of over £5,000. So if you've got a team of four, that's £20,000 extra in wages that you've got to look for, for just minimum wage.

That's not including if you've got a manager, then if the minimum wage staff are getting an increase then obviously that has to be reflected in their wage as well.

I think to make products reused, I think the wage structure has to be looked at, because obviously there is some stuff that it's not economical to fix. It's actually just better to count your loss and throw it in the bin.

We have about maybe 2% of stock take, just stuff that's, obviously if we give it to a customer and it develops a fault or whatever and they come back for a refund, there is a percentage of stuck that it is actually just more economical for us to throw it in the bin than to waste time trying to fix it.

Interviewer: Okay. I had an interviewee in England, actually, who has a shop that sells upcycled objects. And what he told me was that a good incentive that he would see for any kind of local manufacturing or high street business, was if the government would help shops to get free of rent costs, and acquire their shops. Then they would be more invested into relating to high street dealers.

Do you see that as relevant? Or it wouldn't make a difference?

Respondent: Well, I mean your biggest costs for any business is your rent, your rates, and your staffing. So again, whether that sort of thing, whether they're going to slash the rates- I would suspect they probably will do to try and save the high street. They've given us, I think is it three months' rates free, from your local council? So I think that probably will happen anyway.

But I mean, your rent, that's just market forces. Again, I would think landlords, if they've now got less businesses looking to occupy retail space, then inevitably the going market rent has to follow from that. So I don't think that's the government's place to kind of step in to, what do you call it? To govern the rents.

Interviewer: Just one last question. How much of the physical space is used to keep the kind of recent, the products that you're now selling for the 28 day period? What's the volume of that usually?

Respondent: Generally with a Cash Generator store, it's about 2,000 square feet. A third of it's dedicated to the sales floor; a third of it's dedicated to storage; and then a third of it's dedicated to other parts of the store. Like your kitchen area, toilet, your safe, your seating area and all that kind of stuff.

So it's about, say, 700 square feet for the buyback storage.

Interviewer: Okay. One third each. That's great. That's all for now. Thanks a lot. That was very valuable input. And as soon as I have anything coming out of my research, and it will take some months before I digest everything, I'll let you know and I'll send an email.

It may be that I have further questions, and then I'll write to your email if that's all right.

Respondent: Yes, that's not a problem.

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