

STAR PAWN

The Backstory

Former oil company executive Don Parnell opened a pawn shop in Joshua, Texas, loaning money to individuals in the community. Star Pawn had few competitors, and was profitable from its first month of operation.

The Issue

Pawnbrokers differ from banks in that they take possession of the collateral used to secure a loan. When the loan is not repaid with interest, or extended to an additional loan period, the pawned item will be sold by the pawnbroker to recover the funds loaned.

Star Pawn had too much operating capital tied up in non-redeemed merchandise, which limited their ability to loan additional funds to borrowers.

The Solution

Chuck McKay negotiated a radio schedule with the local station. Parnell phoned the station each morning with a specific item for sale. Each day that item remained unsold it was discounted by a pre-determined percentage. Parnell said in each ad, the longer you wait, the lower the price, but the greater the chance someone else will buy it first.

Traffic through Star Pawn nearly doubled during this 12 week promotion, and approximately half of the store inventory was sold for cash.

Don Parnell, Owner
Star Pawn
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