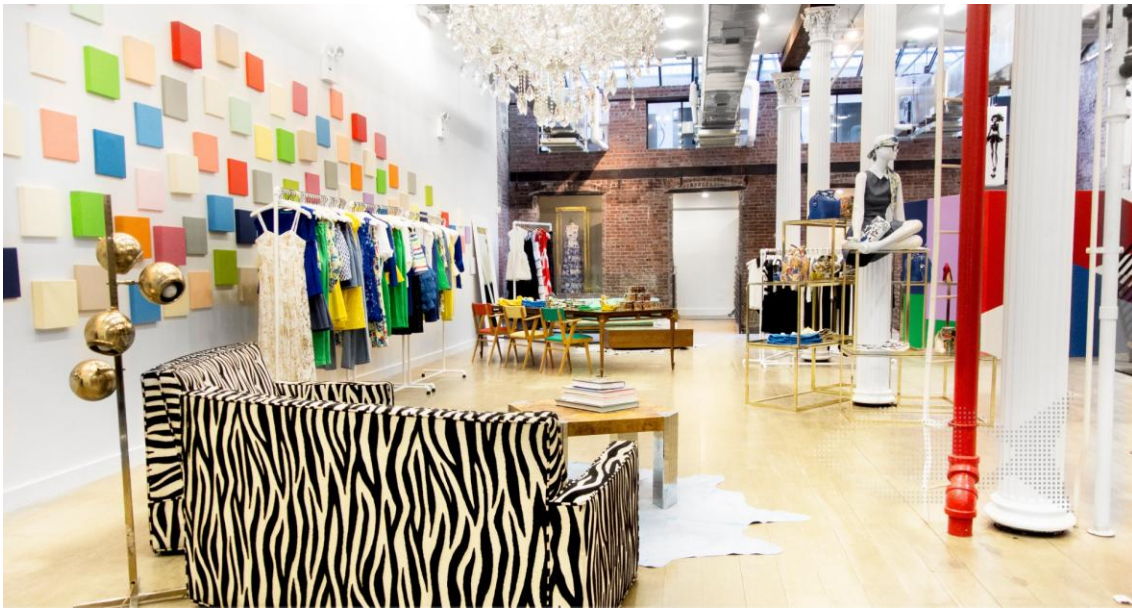


# Pop-up stores:

## Taking the retail world by storm



## Pop-up stores: Taking the retail world by storm

*Amidst global economic uncertainty and consumers' insatiable appetite for novelty, the retail industry has seen multiple retail trends come and go. One of the most noteworthy has been pop-up retail stores. Are they set to take emerging markets by storm?*

### What is a pop-up retail store?

Unlike conventional retail stores, a pop-up retail store opens for a short duration at unusual, unique locations. The term "pop-up" was first coined as these stores can "pop-up" one day and be gone by the next without warning<sup>1</sup>.

The concept of pop-up stores was first inspired by small-scale retailers which sprung up to cater to seasonal demand from holidays such as Halloween, Christmas, Easter and Valentine's Day.<sup>2</sup>

### De-mystifying the appeal of pop-up retail stores

Retailers and marketers have attempted to dissect the consumer psychology and behavior underlying the appeal of pop-up stores. Some key aspects driving the appeal include:

#### Element of novelty and surprise

*"The thing about a pop-up is its element of surprise. Like pop art or those windup Jack in the Box toys, something about it – either the location, or what they're selling – pops out at you<sup>3</sup>."*

One of the most captivating features about pop-up retail stores is their ability to pique consumers' curiosity and satisfy their desire for novelty.

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<sup>1</sup> Pop-Up Retail, Investopedia US, retrieved on 3 March 2013

<sup>2</sup> Halloween Popup, Temporary Retailers Slake The Thirst For Costumes And Other Spooky Paraphernalia, IBT Media Inc., Angelo Young, 28 October 2012

<sup>3</sup> Pop-up stores (and restaurants and even web entities) are the big trend of this year's holiday season, The Star – Life, Karen von Hahn, 7 December 2012

The pop-up retail model is such that it can be present in a district for a short period of time, before it disappears and resurfaces weeks or months later. When it resurfaces, the store can be completely re-furnished with an entirely new format and set of merchandise, providing consumers an alluring element of surprise.

Adding onto that element of surprise is the unusual location of pop-up stores. One of the most interesting examples is The Double Club, a pop-up nightclub, which was transformed from a derelict warehouse in North London<sup>4</sup>.

### **Temporal and transient nature of stores**

*"It is impossible to get excited about a new place that's opening indefinitely. You think, 'Oh yes, I'll go to that at some point' and you end up there in 20 years. Whereas if it's temporary it's like: 'We've got to do it right now'<sup>5</sup>."*

Similar to the magical curiosity shops that have been featured in fiction for centuries, the temporal and transient nature of pop-up stores is what fascinates and appeals to consumers. The stores' unpredictable "here-today-and-gone-tomorrow" concept helps to create a sense of excitement and urgency for consumers to visit the store. Besides, consumers are also attracted by the exclusive, limited edition merchandise that is only available through these temporary retail channels<sup>6</sup>.

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<sup>4</sup> 3 Reasons to Use Pop-Up Retail: Curiosity, Cost Cuts and Carving a Niche, Firepole Marketing, Mariam Noronha, 20 June 2011

<sup>5</sup> Why pop-ups pop up everywhere, The Guardian, Kira Cochrane, 12 October 2010

<sup>6</sup> Ibid

## **High level of consumer engagement and involvement**

*“A short-lived experience, such as a pop-up, may have taken months or years of preparation, but the experience can create a powerful and lasting memory<sup>7</sup>”.*

Engagement through budget billboard and TV advertisements are no longer sufficient and effective in engaging the new generation of highly discerning and demanding consumers. Pop-up stores act as an effective medium of encouraging consumer engagement and involvement.

***Often, pop-up stores are launched without warning in disused premises or purpose-built venues.***

Often, pop-up stores are launched without warning in disused premises or purpose-built venues; shocking and enticing consumers into visiting the stores. Since there is minimal marketing and promotion of these stores through mainstream media avenues, consumers who wish to visit these pop-up stores have to put in the extra effort to locate the stores via word-of-mouth or social media platforms such as Twitter. Furthermore, pop-up stores are usually designed to create an interactive experience for shoppers by being highly creative in terms of décor and even in-store entertainment.

### **Early adopters of pop-up stores**

The pop-up store, also known as the guerrilla store, traced its initial beginnings to the fashion world. The concept of pop-up stores was popularized by Japanese fashion label Comme des Garçons. Its founder, Rei Kawakubo, opened the label's first pop-up store in Berlin in 2004<sup>8</sup>. Since then, the fashion label has been making its mark around the world through pop-up stores in Warsaw, Helsinki, Singapore, Los Angeles, Hong Kong, Glasgow, etc<sup>9</sup>. These stores are usually only open for a year and are situated in unpredictable

<sup>7</sup> World's best pop-up restaurants; Temporary eateries are a hit with diners, New York Daily News, 24 August 2012

<sup>8</sup> A Hip Hideaway, Los Angeles Times, Emili Vesilind, 17 February 2008

<sup>9</sup> The Anti-Concept Concept Store, The New York Times, Amanda Fortini, 12 December 2004

locations away from fashion hubs and districts. The temporal and anti-establishment nature of these pop-up stores has enabled the label to constantly evolve and build a name for itself in the fashion space. This pop-up concept was quickly embraced by the progressive fashion industry players as a way of bringing exclusive tastemakers to the stores.

### **Pop-up stores becoming mainstream<sup>10 11</sup>**

Noting the appeal of pop-up stores to consumers, this guerrilla marketing tactic is no longer exclusively used by the fashion industry. Retailers and brand owners value the pop-up store tactic for some of the following reasons.

#### **🌐 Creating an instant buzz**

A pop-up store is totally unlike a store-wide sale, where the key objective is to help retailers clear off their old merchandise. Quoting designer Thornley Hall, a pop-up store is akin to an art opening or installation, where the main purpose is to generate hype and conversation amongst consumers<sup>12</sup>. Recognizing the power of pop-up stores in creating a buzz, large retailers such as Tesco, eBay, Target and even Microsoft have jumped on the bandwagon.

#### **🌐 Allowing for non-committal exposure**

One of the most important factors driving widespread use of pop-up stores is the short-term lease of such stores. With slowing economies in developed countries, short term leases on the high streets give retailers non-committal exposure and high flexibility.

***One of the most important factors driving widespread use of pop-up stores is the short-term lease of such stores.***

These short term leases are not only benefitting the retailers, but also the landlords who have been suffering

<sup>10</sup> Pop-Up Retail Goes Mainstream in the U.K., Ad Age Global, Emma Hall, 22 November 2009

<sup>11</sup> Pop-Up Shops Go Mainstream, The Wall Street Journal, Peter Evans, 3 September 2012

<sup>12</sup> Ibid

from the low occupancy rates of high street shops, due to the economic slow-down and trend of businesses going online. Seeking out temporary, pop-up store tenants is a rational response to economic uncertainties. The tactic enables landlords to generate revenue whilst trying to fill vacant stores with long-term retailers.

In the U.S, start-up costs for a new restaurant in New York or the Bay area can range up to USD5 million, whilst pop-ups can range from a modest USD2,000 to USD5,000 per week<sup>13</sup>.

### **Creating opportunities for brands to experiment**

Pop-up stores give brands the opportunity to test a new marketing program with a specific, confined retail space and launch period. Due to its temporary nature, retailers are less risk adverse and are encouraged to inject more creativity into creating a refreshing and innovative brand experience for consumers.

For example, Gucci's series of flash sneaker stores – the Gucci Icon-Temporary stores that were launched in 2009 – enabled it to reinvent its brand identity and experiment with a more unconventional approach of reaching out to style leaders in the various fashion capitals. These stores were launched for two to three weeks in six to seven locations around the globe, in fashion capitals such as New York, London, Berlin, Paris, Hong Kong and Tokyo<sup>14</sup>.

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<sup>13</sup> World's Best Pop-Up Restaurants, Departures, Adam H. Graham, Jul/Aug-2012

<sup>14</sup> Gucci Icon: Temporary Pop-Up Sneaker Stores, Hypebeast, Eugene Kan, 5 August 2009

## **Informal, cost-effective test-beds for new products and concepts**

*“Put on a bit of a party for the people who buy the drinks, meet and hang out with them, and find out stuff you wouldn't discover in some weird research group... You get all these charts and graphs that say your customer is a certain age, that they live in a certain place, do a certain thing, and then you see the real people<sup>15</sup>.”*

According to Popup Britain, up to 59% of pop-up store tenants felt that they were able to obtain customer feedback on their products and in-store experience to benefit their businesses. The feedback obtained was helpful in improving their existing product and service offerings to better fit consumers' preferences<sup>16</sup>.

Test bed pop-ups are most commonly utilized by retailers who are eager to test a new location before investing in a permanent site. Sometimes pop-ups are used to gauge the market response to new products. For example, restaurateurs in Britain, Australia and the U.S have been using pop-ups as a way of gathering consumers' response to new menus.

In short, pop-up stores serve as a good way of sharpening retailers' methods of marketing, visual merchandising, customer servicing, sales techniques and even pricing strategies.

This phenomenon has been embraced by retailers ranging from restaurants, galleries, clubs to even online auction companies. Some interesting examples of pop-up stores across various industries are shared below.

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<sup>15</sup> Ibid

<sup>16</sup> POPUP BRITAIN: KIT FOR TOWN TEAMS, StartUp Britain, retrieved on 3 March 2013

## In the West

### **Discount Fashion Retail: Target**

American discount fashion retail chains have been using pop-up stores to create buzz for their designer-collaboration collections in the U.S. Given its effectiveness, Target's usage of pop-up stores has extended beyond the shores of the U.S. As part of its efforts to create hype before opening 135 stores across Canada in 2013<sup>17</sup>, Target launched a temporary pop-up store in Toronto. Despite limiting purchases to only three items per shopper, this pop-up store featuring renowned haute couture designs by Jason Wu managed to draw up to 1,500 Canadian shoppers, and sold all of its 2,500 pieces in merely 5 hours.

### **Online retail: eBay<sup>18 19 20</sup>**

During the Christmas season in 2011, eBay launched its first pop-up store in London's Soho district. The store generated buzz in Central London during the holiday season, as shoppers could shop in the store through their smartphones and have the goods they bought delivered directly to their homes. Since then, a series of eBay pop-up stores have opened in London, Berlin and Manhattan.

As a result, eBay's website saw an increase in web traffic, as well as 2,500 walk-in customers into the pop-up stores. This also led to a surge in eBay's Facebook following by 25,000 five days after the campaign<sup>21</sup>.

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<sup>17</sup> Target pop-up store attracts 1,500 shoppers, Canadian Broadcasting Corporation, Prithi Yelaja, 23 February 2012

<sup>18</sup> Mobile Centre-Stage at eBay Pop-Up Stores, L'Atelier – Paris, 3 January 2013

<sup>19</sup> Ibid

<sup>20</sup> An eBay pop-up shop opens in Manhattan through Sunday, Time Out New York, Lizzie Plaugic, 7 December 2012

<sup>21</sup> Pop-ups: A domain for Online Retailers, Specialty Retail, Beth Mattson-Teig, 2012



## **Food and entertainment**

### **Bon Appétit Supper Club and Café<sup>22 23 24</sup>**

Transforming the space of the former Hard Rock Café in midtown Manhattan in 2007, the Bon Appétit Supper Club was open temporarily for 10 days. The concept proved to be a big hit, drawing up to 600 to 800 people per day, with an eclectic line-up of celebrity chefs. This idea has since taken off and the pop-up store has become a highly anticipated annual food event in New York. Consequently, this trend of pop-up restaurants has also caught on in other states such as San Francisco, Seattle and Kansas City.

### **The Double Club in London**

This pop-up club made its first appearance in November 2008, located in an abandoned warehouse in North London. With a unique ambience from its fusion of Congolese-Western influences and ability to appeal to consumers' desires for novelty, the club soon built a loyal following. The Double Club was such a successful project that it was replicated in Paris, after its short half-year stint in London<sup>25</sup>.

## **Software: Microsoft**

In an effort to raise awareness and boost sales of its latest hardware, the Surface RT tablet in October 2012, Microsoft decided to extend its reach by launching 30 pop-up stores prior to the holidays<sup>26</sup>. Since the launch of the pop-up stores, an estimated 15 million customers have walked

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<sup>22</sup> Bon Appétit Cooks Up Permanent-Looking Pop-Up, BizBash, Anna Sekula, 5 November 2007

<sup>23</sup> Eater Inside: Bon Appétit Supper Club and Café, Amanda Kludt, 23 October 2008

<sup>24</sup> Bon Appetit Supper Club, Ben Stanton, retrieved on 3 March 2013

<sup>25</sup> Top of the pop-ups, Elizabeth Day, The Observer, 26 July 2009

<sup>26</sup> Microsoft Opens 30 Pop-Up Stores to Sell the Surface RT Tablet During the Holidays, Technology Marketing Corporation, David Gitonga, 6 November 2012

through the shops; ensuring publicity and creating buzz for the new launch<sup>27</sup>.

## **In Asia and Other Emerging Markets**

### **Technology: Lomography in Russia**

The first Lomography pop-up store in Russia was opened at the Tsvetnoy Central Market in December 2012. The store's objective was to gather Lomographers from all walks of life; locals and travelers alike, to meet, talk and share ideas and interests. With its strategic location in the heart of Moscow City and beautifully decorated shopping area, the pop-up store was simply eye-catching <sup>28</sup>. The store was equipped with experienced Lomographers as consultants, as well as a wide range of Lomography cameras and limited edition products.

### **Retail:**

#### **Nike in Tokyo, Japan<sup>29</sup>**

To celebrate the 30<sup>th</sup> anniversary of the Nike Air Force 1 shoes, Nike opened its pop-up store, aptly named 'Pivot Point', in Tokyo. The store was open for one week in December 2012, alongside the Brooklyn pop-up store opening. The key aim of the Tokyo pop-up store was to offer Japanese youth the opportunity to be immersed in the rich New York Culture<sup>30</sup>, whilst releasing their specialty and limited edition products. Following the success of its Tokyo pop-up store, Nike announced plans to bring its pop-up stores to other global cities such as London, to increase the brand's global presence.

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<sup>27</sup> Microsoft among wave of new retailers to "pop up" across Manhattan, Commercial Observer, Billy Gray, 12 May 2012

<sup>28</sup> The First Lomography Pop-Up Store in Russia, Lomography Magazine, 12 December 2012

<sup>29</sup> Nike Pop-Up Store Tokyo, Blog.Stylesight, 17 December 2012

<sup>30</sup> Nike Sportswear's Pivot Point Lands in Japan, Nike.Inc, 18 December 2012

### **Hansel and Gretel in Singapore**<sup>31</sup>

The 2009 Hansel pop-up store was one of Singapore's most commercially successful pop-ups. The month-long undertaking generated great publicity for the Singaporean fashion label. The pop-up store featured apparel from the label's past-season collections at knock-off prices. With its eye-catching and quirky vibe, the store quickly attracted bargain hunters countrywide and generated a profit of SGD 50,000. Since then, Hansel and Gretel has been partaking in numerous pop-up ventures.

### **Entertainment: SM Pop-up Store in Seoul, Korea**<sup>32</sup>

Korea's famous SM Entertainment label set up a pop-up shop in January this year in Seoul, selling SM artists' official goods and merchandise as well as limited edition items. The store was widely supported and endorsed by a multitude of local celebrities, including popular band, Girls' Generation, who used the store to promote their new album.

### **Food and Beverage: Mandarin Oriental in Hong Kong**<sup>33</sup>

In line with its 50<sup>th</sup> anniversary and attempt to restore the restaurant's recently affected reputation, Hong Kong's luxury hotel Mandarin Oriental invited New York star Chef Daniel Humm to set up a pop-up restaurant in March 2013. During the short one-week stint, Chef Daniel Humm took over the restaurant's Grill and Bar, and exclusively prepared a menu for a seven-course lunch and a nine-course dinner.

## **The way ahead**

The pop-up retail trend has been around for close to a decade. Evolving from an underground, guerilla phenomenon, it has won a place in mainstream marketing that it is unlikely to lose. Pop-ups offer brand owners

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<sup>31</sup> Charting Singapore's Most Interesting and Influential Pop-Up Moments, The Asia City Network, 11 July 2011

<sup>32</sup> Girls' Generation Promote Album at Pop-up Store in Central Seoul, Chosun Media, 20 March 2013

<sup>33</sup> Daniel Humm Plans Hong Kong Pop-Up Restaurant, Wine-Searcher, 2 February 2013

and retailers something invaluable – a cost-effective way to generate excitement in the marketplace. Few other marketing tools do this.

Many questions remain unanswered. For example, would the pop-up tactic work with all kinds of brands? Is it even a tactic; could it become a permanent, viable business model? These questions will be answered through the marketing arena's brutal rules of natural selection. In order to stay on top of the pop-up retail game, the most important takeaway for retailers is to be flexible and constantly adapt to the ever-changing expectations of consumers.

***Retailers, such as Chinese superstore Yihaodian have blazed a trail for a new generation of pop-up retail stores in the virtual space, utilizing augmented reality technologies.***

Moving forward, the concept of pop-up retail stores is being re-invented. Retailers, such as Chinese superstore Yihaodian have blazed a trail for a new generation of pop-up retail stores in the virtual space, utilizing augmented reality technologies<sup>34</sup>.

Pop-up retail's best days are certain to lie ahead.

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<sup>34</sup> Chinese Retailer Yihaodian Launches 1,000 'Stores' Overnight, Advertising Age, 19 October 2012