

# Now You See It, Now You Don't

## The Increasing Allure of the Pop-Up Store

**By Andrew Mantis**

Last November, Hermes did it in West London. This spring, Apple did it in Austin. And in October, Brides did it in downtown Manhattan. That's right, they opened pop-up stores, the temporary retail settings that once were almost synonymous with cheap Halloween costumes.

In fact, pop-up stores are a growing phenomenon across the spectrum, from eBay to Liberty of London from mass-market retailers like Target to fashion labels such as Kate Spade. Last holiday season Toys 'R' Us had over six times as many pop-up stores as in 2009; their holiday pop-up stores alone required 10,000 hires. And their popularity isn't limited to the big-name chains. They can be as important to small independent businesses without the capital for a site of their own as to major retailers, looking to explore a new market or meet the demands of a seasonal rush.

Indeed, 2010 turned out to be a very active year for pop-ups. The range was broad, from the big brands and mainstream retailers to more specialized settings. They're particularly compelling today because of the way they respond to two major developments in the current retail landscape. First, of course, is the real estate market. This past holiday season had the highest retail vacancy rates in a decade – in malls, in empty stores, and even in a corner of an existing store or business if the synergy is right. Already there are websites that function as “matchmakers” between landlords with excess space and retailers looking for a short-term rental.

Beyond that is the transformation of the human landscape, that is, the customer base. For one, today's shoppers no longer have the kind of brand loyalty that large stores have always counted on. Further, they can be mobilized quickly through electronic messaging and social media, significantly cutting the lead time needed to build buzz.

Taking advantage of the relatively low-risk environment to try the unusual, pop-up stores can be used at once to build loyalty with new customers, and to transform the whole customer experience. For example, a shopper who had one of the free facials at a Shiseido pop-up store last November, where nothing was for sale, walked away with the kind of associations that no amount of advertising can buy. And with Liberty of London teaming up with Target in a pop-up in New York's Bryant Park, it took a mere two days for customers to buy out all the goods, before they actually got to their planned destination, the Target stores themselves.

But if pop-up stores offer unique opportunities, the extraordinarily rapid time frame in which they operate places unique demands on the merchant. It's not enough just to find an affordable and high-traffic location; it has to be where the target market is and available during the peak time for its sector. The offerings also need to be precisely tailored to that audience. Finally, those shoppers have to be identified and reached with a compelling message. And all of this has to be done at a speed that few retailers are accustomed to.

In working with a number of merchants, we've found that timely, granular information in three key areas can make the crucial difference in a pop-up store's success.

The first is location. A detailed understanding of both the population and current sales in an existing area is as important to the prospective operator as a terrain map is to an army. To arrive at a complete picture involves marrying sales results about area stores with transaction data identifying the kind of customers doing the shopping. Who are they? What else do they buy? With this in hand, it is possible to determine how much room there is for your particular offering.

The second is timing. Even without a crystal ball, the merchant will need to have a sense of when the demand will be about to grow, so that he can be out in front of the shopper before the established competition. It doesn't take much business savvy to know when the holiday shopping season is, or that the best time to sell candy is the second week in February. But a merchant who wants to get beyond the clichés and maximize the value of a short-term presentation needs as precise a forecast as possible of the sales cycle in the specific sector.

The third is the target. The merchant has no time to wait to build a customer base – you need to get shoppers to your store right away. That means being able to identify the most likely prospects and get an offer to them – by email, by instant message, by Twitter, by Facebook – right away.

Finally, once the "circus has left town", a retailer needs to evaluate the store's performance. Perhaps to see if a permanent store would be sustainable, or to assess the success of a new product line, or marketing technique. Or perhaps to plan for the following year or shopping season. But a store's results on their own aren't sufficient to judge success. They need to be benchmarked against other retailers in that sector and geographical area.

The liberation of pop-up stores from the Halloween reservation is a very exciting development in retail, and merchants are only beginning to discover the ways they can be used. But however they fit into an overall strategy, data – for location, for customers, for benchmarking – will be the key to their success.

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### About Andrew Mantis

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