

# Pop-up Stores

---

## Summary

For those in the retail industry, in which consumer confidence is critical, a recession can drive revenue plummeting. Consumers struggling with fears of job loss, depleted income, increased debt, or other financial concerns, will spend less in stores on luxury and non-priority items. The longer the recession, the tighter consumers cinch their belts. For retailers, effective response to these circumstances is critical.

## Retailers Respond to Recession

Faced with a dismal economic climate many retailers simply go out of business, leaving behind shells of their former existence. Estimates indicate that nearly 10% of all malls in the US today will close their doors due to lost lease customers.

For some, bankruptcy is an option that deals with the burdens of debt, while allowing for expected emergence from insolvency, though this is not always the case. Many recent, highly publicized retail bankruptcies resulted in complete shutdowns, most notably, Circuit City and Linens n' Things. Though closing stores may appear the easiest method of saving money, it simply results in the loss of opportunity to gain revenue.

Still while some fall, others take advantage of competitors' bankruptcies by promoting themselves as the next viable customer option. Bed, Bath and Beyond undoubtedly saw a boost in customers once Linen n' Things filed for bankruptcy. Best Buy surely saw an increase in revenue when Circuit City suddenly closed its doors.

Then, there are those retailers that have sidestepped the bankruptcy route, choosing instead a more proactive approach. Even in difficult economic times, these retailers are flourishing by following one of the newest and most successful trends in retail—the pop-up store.

For years, the holidays and other busy periods, mark the peak seasons for the retail industry, making or breaking businesses that are dependent upon the current financial climate and consumer spending. Retailers bank on these busy periods, not only for their current fiscal year, but as the gateway to their next year's projects, budgets, and more. The pop-up store is revitalizing retailers during this crucial time, offering them a new, temporary venue in which to draw in customers and revenue.

This paper will explore the benefits and challenges of operating the pop-up store in the current marketplace and attempt to direct retailers toward utilizing and maximizing the pop-up store's revenue-generating potential.

## **Pop-up Stores**

Open only during the busy season and closing shortly after the season ends, the pop-up store increases merchant exposure to the consumer, resulting in expanded revenue. Retailers such as Target, Gap, Levis, JCPenney and Toys "R" Us all experimented with pop-up stores this past 2009 holiday season with varying degrees of success.

Easily assembled and disassembled, a pop-up store is a temporary retail space that represents a smaller version of a retailer's big-box location. Typically, the pop-up store is located in a mall setting where there is a high level of traffic. With the establishment of a pop-up store, the retailer is creating a duplicate of the main store, albeit on a smaller scale. Within this duplicate, the same benefits and challenges of the main store are still present.

### **Benefits**

Expanding revenue is the most obvious benefit of the pop-up store. By adding stores during the holiday or other busy season, a retailer increases exposure, is able to offer exclusive items, and boost customer traffic, thus adding more opportunity to multiply profits.

Additionally, current market conditions create the optimal environment in which to open a pop-up store. Increasing numbers of store closures allow for ample and affordable retail space opportunities. What's more, with no annual expenses typically associated with a year-round store, no yearly rent/lease, and with owner desperation to fill retail space, aggressive, cost-effective leases are more readily obtainable.

### **Challenges**

When creating a pop-up store, a retailer is creating a copy of its primary retail location. As such, the pop-up store must function as efficiently as its main stores, particularly during the busiest shopping days of the year. Problems, such as a brief IT outage while customers wait in line, could result in a loss of sales and severely hinder customer satisfaction. In turn, this could drive customers to the competition, simply because the retailer compromised reliability for affordability.

Because a retailer is adding these new stores to their company portfolio, no matter how briefly, they must address the same processes and challenges as their main

store--personnel/human resources, technology, building/contractors, materials, network/telecommunications, marketing, support/help desk, and products sold. These internal processes are all extensions of the retailer's existing brand, and thus should reflect what already exists.

Technology can prove a huge challenge in these stores, and can include Point of Sale terminals (POS), all voice and data equipment, telecommunication services, security/Virtual Private Network (VPN), call boxes, paging, music on hold, servers and more. For these temporary sites, purchasing all new equipment may prove too expensive an outlay, while utilizing older refurbished equipment increases the risk of failures. As a temporary store environment, annual contracts don't apply, and thus telecom provider costs may increase when purchasing service month-to-month.

Additionally, once the pop-up store is setup and personnel hired, the retailer must provide training on the POS, voice, and data systems. For existing employees, moving to a system that is identical to the permanent store presents less of a training issue. However, training new employees or providing existing employees with training on an entirely new system can pose a major expense. Ultimately, the main challenge retailers face in erecting a pop-up store is managing expenses to keep costs low, while ensuring greater profitability, and the same reliability and effectiveness of the permanent store.

## **Solutions**

One clear method of reducing costs in a pop-up store is to approach technology expense as a service, rather than an acquisition. As such, it is advisable to rent equipment for three months, get premium on-site support and avoid signing annual contracts. However, if purchasing equipment is unavoidable, it's best to make certain it can be used in the main fleet of annual stores as supplementary equipment.

Consequently, it is critical to choose a single provider that can address as many challenges as possible. This is not the time to have multiple vendors delivering technology to your stores in a piece-meal fashion. If the pop-up store experiences difficulty for any reason, the retailer needs to feel confident that one call will result in a technician dispatched to repair any and all problems.

### **One Reliable Source**

Acuative has assembled a comprehensive package for retailers planning to enter the lucrative pop-up store space. This packaged solution addresses the fundamental need that a retailer's concentration remains on its retail store's success, not technology limitations within its stores. As such, Acuative acts as the one reliable vendor source providing support for routers, switches, Internet access, telephone service, and POS during the pivotal busy seasons. Acuative offers 24x7 help desk support for pop-up stores, as well as seven-day technician dispatch. Since all technicians are Acuative employees rather than outside contractors, they are able to provide

unsurpassed quality and assistance in reducing expenses by offering aggressive rates for the entire store environment.

## Conclusion

Retailers are grasping for any method of drawing customers into their stores, particularly during their busy seasons. Though price cutting, exclusive offers and door buster-giveaways have proved moderately successful in increasing traffic, retailers must question if these methods have delivered a boost in revenue. For many retailers, 2009 was a year of inflated traffic and flat spending.

Conversely, the pop-up store offers retailers an opportunity to increase exposure, while expanding revenue potential. Yet it does pose its own challenges in technology and standard internal processes, which they must address effectively in order to maintain the quality brand of the company as a whole. Thus, the launch of the pop-up store is not the time to cut corners.

Selecting a single source trusted service provider to manage voice and data network capabilities is an astute business choice for combating the many challenges facing a pop-up store environment. Even though these stores are temporary, a small outage not effectively handled could prove disastrous.

Despite the current economy, flexible and motivated retailers are seeing their revenue climb. By exploring new ways to attract customers or increase exposure, they have discovered the key to success. For all retailers, their busy season offers an opportunity to increase revenue for the year to come. With the right service partner, the pop-up store takes full advantage of that opportunity in order to dramatically amplify revenue during the busiest and ultimately, most successful times of year.

---

ACUATIVE, formerly Telsource Corporation, actively delivers intuitive solutions executed with accuracy and acumen, to help you be ready!

30 Two Bridges Road  
Fairfield, NJ 07004  
1-877-806-9473  
Acuative.com

© 2012 Acuative™ 010412R  
Acuative and Be Ready are trademarks of Acuative

