



The benefits and pitfalls of contemporary pop-up shops



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KEYWORDS

Temporary stores;
Pop-up shops;
Brick-and-mortar;
Retail promotion;
Physical stores

Abstract As e-commerce growth continues to surpass that of brick-and-mortar retail, temporary retail spaces, also known as pop-up shops, are becoming an important promotional strategy, especially for online retailers and service providers. Success in today's retail environment means being able to create and maintain brand communities, to generate instant and measurable hype, and to deliver personalized consumer experiences—all of which can be readily achieved through a strategically placed physical business presence. In this study, a survey of retailing organizations worldwide reveals that among those that had implemented at least one pop-up shop, more than 80% considered it a success. The results also show that the primary reasons for activating pop-up shops were to create connections with current and potential customers, to increase brand awareness, to introduce a new product or brand to the marketplace, and to stage a new product or brand. While the respondents deemed revenue generated at pop-up shops important, they considered improving market visibility (e.g., through social media, website traffic, or media coverage) a more significant objective. Given the economic potential of pop-up shops, this research provides retailing organizations with guiding principles for developing and operating successful pop-up shops in the current marketplace. © 2020 Kelley School of Business, Indiana University. Published by Elsevier Inc. All rights reserved.

1. The pop-up phenomenon

In June 2019, the famed luxury retailer Louis Vuitton opened a boutique in Chicago's West Loop

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neighborhood. It looked like a typical Vuitton boutique; that is, it featured a new men's collection designed by Vuitton's Men's Artistic Director Virgil Abloh (Brenner, 2019) in a gallery-like experience that blended fashion offerings with stunningly crafted displays and artifacts. The boutique's exterior color was unique in that Vuitton chose an orange-hued palette, adorned with the famous LV logo, rather than the more traditional brown hue. Perhaps the most fascinating aspect of the boutique was not its exterior color or mixing of fashion with art but its strategically planned goal to operate for just 30 days. Welcome to a new marketplace reality: temporary retailing, otherwise known as pop-up shops.

Pop-up shops are appearing across the globe in Europe, Asia, the Americas, and elsewhere, as they have become an important strategic marketing tool for retailers of all types and sizes, including online, brick-and-mortar, and multichannel organizations (De Lassus & Freire, 2014; Scott & Szili, 2018; Warnaby & Shi, 2019b). Pop-up shops have assumed their name in analogy with the pop-up windows that appear on internet users' computer screens. But despite their kitsch name, contemporary pop-up shops represent strategically planned, temporary, physical retail operations that are open for a limited time, ranging from a few days to several months (De Lassus & Freire, 2014; Ibrahim & Chua, 2010; Warnaby & Shi, 2019a). Rudkowski et al. (2019, p. 1) identify contemporary pop-up retailing as temporary stores in multifaceted, nontraditional retail environments and label them as "an innovative and highly experiential marketing strategy that marketers and retailers leverage to ensure their customers receive the innovative and interactive experiences they crave."

Despite the nomenclature association with the internet, pop-up shops are far from a novel concept in retailing; flea markets, garage/yard sales, farmers' markets, home product parties (e.g., Avon, Tupperware), door-to-door selling, night markets, vending machines, food trucks, mall kiosks, and even some forms of illicit retailing (e.g., selling items out of a car) are all forms of pop-up shops, or temporary retailing, that operate for only a limited time (Rudkowski et al., 2019). A feature that separates contemporary pop-up shops from these other types of common temporary retailing is that, today, many represent strategic initiatives by retail organizations to temporarily enter marketplaces in a way that mirrors a permanent locale in terms of construction of a physical consumption setting (Spitzkat & Fuentes, 2019). That is, many organizations, including brick-and-mortar stores, online vendors, and

resellers/distributors, are investing in crafting visually appealing and complex pop-up shops (Ballantyne & Nilsson, 2017), even though these temporary outlets, regardless of their attractiveness, are slated to be dismantled within relatively short periods. As such, what are the reasons behind pop-up retailing?

This article aims to help retailing practitioners and academics recognize the strategic logic of operating pop-up shops in major urban centers and marketplaces and to provide a clearer understanding of the benefits, pitfalls, and best practices associated with their operation. First, we review the history of contemporary pop-up shops to shed light on why these temporary retail outlets have recently appeared in major shopping locales and the benefits they offer consumers, communities, and retail organizations. Second, to address the dearth of research on why retailing organizations operate pop-up shops, we analyze data collected from 290 respondents who have operated at least one pop-up shop. Building on our findings and extant research, we provide organizations with an in-depth analysis of the benefits and obstacles associated with pop-ups' activations and offer guiding principles for their success. Our findings also aid commercial real estate firms in understanding the benefits of offering leases that accommodate temporary retailing.

2. How pop-up shops benefit commercial leaseholders and communities

As temporary consumption settings, pop-up shops are often located in vacant retail, commercial, or government sites located in major cities, especially in populous locations where leaseholders are willing, if not desperate, to negotiate cost-competitive short-term leases to obtain cash flow. Many pop-up shops also operate within existing retail organizations to create a sense of newness in otherwise staid merchandise formats (Berman, 2019; Pomodoro, 2013). Pop-up shops are similarly opening in less conventional spaces, such as on boats, in moveable shipping containers (Harris, 2015; Jones et al., 2017), and on college campuses during student move-in days (Truman et al., 2017).

Pop-up shops have taught retailers that vacant commercial spaces hold revenue potential. Spirit Halloween opened its first pop-up in California in 1984 and today has more than 1,000 seasonal pop-up shops across the United States and Canada (Yu et al., 2018). Spirit Halloween's success shows that retailers no longer need permanent stores to

reap revenues; instead, even downtown flagship stores can be temporary.

The amount of vacant commercial space will likely increase in many industrialized countries as e-commerce retail sales continue to surge ahead of brick-and-mortar retail sales (Steinhoff et al., 2019). In 2018, e-commerce accounted for a record 14.3% of total retail sales in the United States, with the retailing powerhouse Amazon accounting for slightly over 40% of sales (Ali, 2019). The same year, retailing organizations announced plans to shut a record-breaking 145 million square feet of commercial retail space across the United States (Tokosh, 2019). Today, more than 10% of the United States' commercial mall space is unoccupied, with retailing experts predicting additional commercial and retailing vacancies and falling commercial property rents. This combination of increased vacancies and falling rents is likely to continue in the foreseeable future (Shoag & Veuger, 2018). Therefore, pop-up shops may represent a temporary way to compensate for the revenue loss that commercial property owners are likely to experience until their properties are repurposed for other revenue-generating operations, such as residential living, medical clinics, educational facilities, or fitness centers (Rosenbaum et al., 2019).

In today's retail climate, owners of commercial property have become more amenable to issuing short-term leases to fill vacant retail space in an effort to maintain the appearance of a popular shopping destination and to generate revenue. As many brick-and-mortar retailers downsize their existing stores (e.g., Target; Mortimer & Grimmer, 2018) while increasing their online offerings, the amount of excess retail space in many locations will continue to expand (CB Insights, 2019). On the one hand, pop-up shops are not long-term, permanent solutions for filling vacancies in commercial real estate. On the other hand, they allow commercial leaseholders to realize rental income while searching for long-term tenants and to generate foot traffic in an effort to prevent perceptions of a moribund commercial space (Berman, 2019).

In many cases, physical and digital retail formats are converging to provide consumers with seamless omnichannel experiences. Research reveals that when opening a new physical store, a retail organization not only adds to its total sales volume but also increases traffic to its website by an average of 27% (Lee et al., 2019). Furthermore, for an emerging brand, defined as a brand less than 10 years old, a physical store presence increases traffic to its website by an average of 45% (International Council of Shopping Centers, 2018). Thus the pertinent question is not necessarily what

benefits a physical outlet provides but whether a retailer's or a brand's physical store needs permanency, such as a flagship store, to stimulate sales and web traffic (Nierobisch et al., 2017).

In addition to assisting commercial leaseholders in filling vacancies, pop-up shops assume a role in promoting community and societal well-being (Madanipour, 2018). That is, retail occupancy is a key ingredient in keeping neighborhoods vibrant, and vacant commercial space, regardless of whether this is in enclosed malls, in strip plazas, or on streets, harms a community and neighboring businesses through increased crime and depressed property values (MacDonald & Stokes, 2020). Indeed, pop-up retailing in Cairo, Egypt, has led to urban revitalization, with temporary retailing serving as a harbinger of future growth and development (Elrahman, 2016). According to Scott and Szili (2018), pop-up shops add vibrancy and uniqueness to otherwise underused or vacant spaces, in turn helping leaseholders obtain revenue, aiding in place marketing, fostering small business enterprises, and enhancing the urban experience.

3. Why consumers like pop-up shops

Despite the growth of online retailing, research shows that consumers respond favorably to experiences they encounter while shopping or browsing in brick-and-mortar settings because they can enjoy sensory stimulation and social interactions that cannot be experienced through mobile phones, iPads, or desktop devices (Bolton et al., 2018). Similarly, research reveals that many consumers find shopping in pop-up shops a pleasurable experience because these temporary settings arouse their curiosity, help them attribute tangible, real-life qualities to previously unknown or online retail organizations and brands, create a retail theater that often generates buzz from the media, and facilitate deeper engagement than is possible when browsing e-commerce sites (Alexander et al., 2018; Picot-Coupey, 2014).

In a similar vein, International Council of Shopping Centers (2019) reports that consumers patronize pop-up shops to experience unique products, to satisfy their curiosity about focal brands, and to support local or independent businesses (De Lassus & Freire, 2014). Other studies suggest that consumers patronize pop-up shops because of their convenience (Jones et al., 2017) or ability to foster excitement (Kim et al., 2010), or because they cater to those who appreciate retailer and brand innovation (Taube & Warnaby, 2017). That is, by their inherent nature, pop-up

shops tend to be more forward-thinking than other retailers, primarily in terms of merchandise and service offerings, and they “produce a vision of a flexible city [that is] always orientated towards the future” (Harris, 2015, p. 594).

Pop-up shops are also successful because they allow online-only retailers to connect with customers by offering them tactile experiences and to differentiate themselves from other online-only competitors (Obeng, 2019; Pomodoro, 2013; Surchi, 2011). Despite the popularity of e-commerce, many consumers still want to touch products, especially high-ticket items, before purchasing them, an experience that is currently available only through physical outlets (Bell et al., 2014; Grohmann et al., 2007; Sluis, 2014; Wilson, 2016). Last, luxury manufacturers are discovering that pop-up shops are an optimal means for entertaining already-loyal customers and introducing new customers to a brand in a less intimidating, more informal setting than a traditional boutique (De Lassus & Freire, 2014; Lunardo; Mouangue, 2019).

4. Why organizations use pop-ups as strategic initiatives

Although retailing academics and practitioners seem to understand the benefits (e.g., enjoyment, curiosity) that customers obtain from patronizing pop-up shops (Chen & Fiore, 2017; Zogaj et al., 2019), they know considerably less about the benefits organizations realize from engaging in temporary retailing (see Alexander et al., 2018). On the one hand, research suggests that retailing organizations use pop-up shops to accomplish strategic goals, such as generating new revenue or selling excess or seasonal inventory, or to test potential sites for permanent physical locales (Overdiek, 2018; Warnaby & Shi, 2018). On the other hand, research indicates that rather than simply selling merchandise (Klein et al., 2016; Ko et al., 2016), pop-up shops primarily serve as promotional initiatives that help firms launch new products, generate brand awareness, create marketplace buzz (e.g., using pop-ups to promote collaborations between retailing organizations and product designers), experiment with new products, technologies, and formats (CB Insights, 2019; Robertson et al., 2018), and enhance brand image. For example, Levi Strauss opened its first pop-up shop in 1997 to revive sluggish sales and to reverse its humdrum perception among younger consumers; the event was so successful that the apparel manufacturer has continued to operate temporary retail outlets as part of its marketing

strategy (Kim et al., 2010; Levi ; Strauss & Co., 2019; Swystun, 2015).

According to Lowe et al. (2018, p. 79), temporary retail activations constitute “exchange events,” or “fundamental moments in which brands can develop relationships with consumers through the interaction with sta, products and services,” without having to incur major fixed costs. This is especially true for online retailers, as a key objective of opening pop-up shops may be to drive pop-up shop customers to their websites (Sluis, 2014). Pop-up shops provide a means for online retailers and brands to connect with current and potential customers without needing to invest heavily in the construction of brick-and-mortar stores, sign long-term commercial leases, hire permanent staff, or purchase and maintain high stock levels and displays (Mittelman & Gardner, 2018; Sluis, 2014).

This discussion suggests that organizations engaged in retailing, in marketing, and in event promotion employ pop-up shops for myriad reasons; however, to date no empirical study has explored all these reasons (e.g., increased sales, market testing, promotion, relationship marketing) together. As previously mentioned, most research has investigated the pop-up phenomenon from a consumer perspective (Ryu, 2011), while considerably fewer studies have explored the topic from an organizational stance (see Alexander et al., 2018). As a result, there is a dearth of knowledge on why retailing organizations open pop-up shops and the benefits and risks they encounter in doing so. This article addresses these research voids by empirically investigating four research questions:

- RQ1: What motivates traditional retailers, e-commerce retailers, and brand owners to open pop-up shops?
- RQ2: How successful are pop-up shops in helping traditional retailers, e-commerce retailers, and brand owners achieve their objectives?
- RQ3: What benefits do retail organizations realize from operating retail pop-up shops?
- RQ4: What obstacles impede the success of retail pop-up shops?

5. Methodology

We collected data through a self-administered questionnaire, which was available to

Table 1. Demographic profile of participating retail organizations in our research study

	Number of organizations	%
<i>Organization type</i>		
Fashion	77	27
Event/experiential design agency	64	22
Consumer products	29	10
Health/beauty	16	6
Jewelry/accessories	12	4
Food products	12	4
Luxury goods	10	3
Footwear	10	3
Entertainment/media	8	8
Technology	5	2
Other (gifts, cannabis, art)	47	16
<i>Respondent's role in their organization</i>		
Executive management	123	42
Marketing/advertising/branding	86	30
Product line or brand manager	16	6
Event management/planning	16	6
Sales or channel management	15	5
Other (founder, owner, CEO)	34	12
<i>Country of origin</i>		
United States	205	71
France	22	8
United Kingdom	22	8
Canada	12	4
Other	29	9
<i>Annual sales</i>		
Under \$500,000	112	39
\$500,000–\$1M	15	5
\$1M–\$10M	41	14
\$10M–\$50M	22	8
\$50M–\$100M	12	4
\$100M–\$500M	30	10
Over \$500M	58	20
<i>Organization type (from a sales perspective)</i>		
Brick-and-mortar retailer	128	44
E-commerce/online retailer	84	29
Reseller/distributor	22	8
Other (e.g., brick and online retailer, events)	56	19
<i>Number of pop-up shops opened within the last year</i>		
Zero	41	14
One	71	25
Two or three	82	28
More than three	96	33

respondents via links on organization X's Twitter, Facebook, and LinkedIn social media feeds. Organization X (which preferred anonymity) is one of the world's largest proprietors of short-term retail spaces, specializing in creating pop-up activations for retailers (e.g., proprietors of fashion, music, and art) and offering layout and design consulting services. The links to the questionnaire were available for one month, and weekly reminders of the link's availability were posted on organization X's social media, including its LinkedIn and Facebook landing pages. In addition, organization X emailed its customers to ask them to participate in the survey.

In total, 545 respondents agreed to provide their perspectives on pop-up shops. Of these, 290 (53%) confirmed that their organizations had made use of a temporary storefront or pop-up at some time, so we focused our analysis on these respondents. When queried how many times their organization used a temporary storefront or pop-

up in the last year, 41 respondents (14%) indicated zero, 71 (25%) indicated once, 82 (28%) indicated two or three times, and 96 (33%) indicated more than three times. Table 1 contains demographic information about the respondents, including organization type, country of origin, annual sales, primary sales outlet, and number of pop-up shops the organization opened within the last year.

6. Results

6.1. Motivations to open pop-up shops

With regard to RQ1, the respondents indicated several factors that motivated them to make use of the pop-up shop format. The list, which organization X developed, is based on its global experience in offering short-term leases for temporary retailing. Table 2 provides the reasons the respondents chose to open a temporary storefront or

Table 2. Reasons why respondents opened their latest pop-up shop

Reason	Number of organizations	%
Increase brand awareness	164	66
Create a connection with customers	158	63
Introduce a new product or brand	120	48
Stage an event for customers or partners	105	42
Increase sales for a specific product or brand	93	37
Test market a new domestic region or neighborhood	54	22
Test market a new country/international market	27	11
Other (seasonal, new store delays, Black Friday)	25	10
Offer customer service (e.g., order pickup, a return facility)	18	7

Table 3. Most important reason respondents operate pop-up shops

Reason	Number of organizations	%
Create a connection with customers	64	26
Increase brand awareness	48	19
Introduce a new product or brand	36	15
Stage an event for customers and/or partners	31	13
Increase sales for a specific product or brand	28	11
Other (seasonal, new store delays, Black Friday)	19	7
Test market a new domestic region or neighborhood	17	7
Test market a new country/international market	5	2
Offer customer service (e.g., order pickup, a return facility)	1	.4

pop-up. Overall, the table shows that many organizations are employing pop-up shops as advertising and promotional tools—that is, as an integrated marketing tool more than as a tool to generate additional sales for a product or brand.

For example, 164 respondents (66%) noted that they opened a pop-up shop to increase brand awareness. A slightly fewer number, or 158 (63%), indicated that they wanted to create connections with customers. Just under half the respondents (120; 48%) indicated that they opened a pop-up shop to introduce a new product or brand, while 105 (42%) indicated that they wanted to stage an event for customers. In addition, 93 respondents (37%) indicated that they were motivated to open a pop-up shop to increase sales for a specific product or brand. Only 54 retailers (22%) opened a pop-up shop to test a new region or neighborhood in a domestic location, while 27 (11%) indicated that they wanted to test a new international market. Additional reasons included “other” (25 respondents; 10%), such as operating a seasonal business, operating a temporary store because of a delay in the opening of the permanent new store, and opening for Black Friday. Last, 18 of the respondents (7%) noted that they opened pop-ups to offer customers new services, such as order pickup or a return facility.

When the respondents were asked to indicate the most important reason for making use of a pop-up shop, reasons such as to “increase sales” and to “test new markets” were surprisingly fewer than reasons related to relationship building (e.g., “creating a connection with customers”), creating buzz (e.g., to “increase brand awareness”), and launching a new product or brand introduction (see Table 3). In many respects, pop-up shops are assuming relationship, promotional, and product roles that were once enacted by retailers’ monolithic, physical flagship stores (Moore et al., 2010). That is, a pop-up shop may act as a fleeting flagship, whose role is to tell the retailer’s story, build and enhance customer relationships, or test new product categories without the expenses traditionally associated with operating flagship operations (Moore et al., 2010). Thus, the results serve to dispel the commonly held perception that organizations activate pop-up shops to generate sales or revenue. Indeed, the results reveal that organizations use pop-up shops primarily for marketing purposes, including to

create buzz, enhance customer relationships, give customers tactile experiences with online brands, and conduct marketing research.

6.2. Achieving organizational objectives with pop-up shops

To address RQ2, the respondents were asked to subjectively rate the success of their last pop-up shop in achieving their organizations’ goals on a scale from 1 (not successful) to 4 (very successful). Of the 247 respondents answering this question, 201 (81%) rated the success as positive (scores 3 or 4), while 46 (19%) offered a negative perspective (scores of 1 or 2).

Respondents were then asked to explain why they believed their pop-up shops helped them achieve their organizations’ goals or why they failed to do so. We then coded the open-ended answers, reaching agreement on the conceptual categories created from the qualitative data. Of the 290 respondents, 198 (68%) provided descriptive insights into the benefits and drawbacks their organizations realized in operating a pop-up shop, with 155 (78%) discussing how they achieved their organizations’ goals with pop-up shops and 43 (22%) discussing why they failed to achieve these goals.

6.3. Benefits of operating pop-up shops

6.3.1. Building brand awareness

Forty-one respondents (27%) noted that they realized increased brand awareness from operating a pop-up shop. A health/beauty retailer noted: “[a pop-up shop is the] best way to exchange with customers and tell our brand story.” Similarly, a design agency said the pop-up “enabled consumers to engage with the brand in a new and unique way that they were not previously able to.” A footwear retailer remarked: “[We] have no storefront locations in the U.S. So, consumers were excited [with the pop-up] to have a chance to interact with the brand.”

6.3.2. Cultivating existing customer relationships

Thirty-seven respondents (24%) reported that they improved customer relationships by operating a pop-up shop. For example, a fashion retailer said that the pop-up shop “allowed customers a tactile experience.” A health/beauty retailer remarked:

We think it is very important to create a link with customers. We don't have a store. When we decide to make a pop-up store, people are very happy to [know] who we are and to meet the team behind the Internet.

In a similar vein, a wine retailer said, "[It] was good to give customers a traditional [store] experience while utilizing my e-commerce capabilities. Also, I feel the human connection is still important." Indeed, a retailer-owner captured the essence of a pop-up by noting that "loyalty is created when you have great experience in-person." Thus the findings reveal that pop-up shops permit online retailers to humanize a website or a brand and to give customers the opportunity to touch and interact with products in a manner found only in a brick-and-mortar setting.

6.3.3. Creating marketplace buzz

Twenty-six respondents (17%) noted that their pop-up shops helped them create promotional discussions or buzz, especially on social media. Respondents remarked that these stores enabled them to "[obtain] great social coverage," "secure press interest," "tell a brand story and to communicate excitement online and to [the] press," "drive buzz and excitement," and create "word of mouth." A fashion retailer noted, "The pop-up shop created a great buzz about my business. It creates a level of excitement; customers don't want to miss it because they know it won't last long." Another fashion retailer said pop-ups are "novelty and personal events ... They are in vogue." Yet another remark from a consumer-products retailer inextricably links the creation of buzz to location: "It [the pop-up] was in a great location, Manhattan, and garnered a lot of press/coverage for our new launch."

6.3.4. Reaching new customers

Nineteen respondents (12%) indicated that they were able to target new customers as a result of their pop-up shops. A design agency said, "[as] a primarily e-commerce business without a permanent storefront, a pop-up allowed us to reach customers in a new way, without the expense of having a full-time storefront presence." A furniture/home goods retailer indicated that the pop-up allowed the organization to "reach a new [type of] customer," while a fashion retailer noted that "it brought new customers to the brick-and-mortar store." In a similar vein, a health/beauty retailer noted: "A pop-up shop is a great opportunity to gain customers and inform customers of your brand." Another health/beauty retailer said that "people are curious

about pop-up stores, so they stop to look to see what is going on."

6.3.5. Market research/testing

Seventeen respondents (11%) noted that they wanted to obtain a market response to new products, locations, displays, partnerships, and promotions from operating a pop-up shop. For example, a marketing agency indicated that the pop-up shop is a place to conduct intercept interviews for marketing research. A glass craftsman noted that the "pop-up allows my organization to break the routine and to explore horizons, it is a laboratory." A luxury goods retailer responded that "we can enter into a location before having a permanent store and evaluate the potential of the market or mall."

6.3.6. Generating sales

Twelve respondents (7%) noted that their pop-up shops helped them generate sales. This finding was especially evident among respondents who operate seasonal (e.g., holiday season, Halloween) pop-up shops. A food-product retailer said: "[the pop-up shop] generated cash for a good product that is seasonal, which makes conventional annual leasing difficult." A fashion retailer noted, however, that an increase in sales is not necessarily an organization's main goal, explaining that "pop-ups are a definite boost. However, the ultimate goal is word of mouth." Finally, another fashion retailer clarified the financial benefits of pop-ups by noting that "having a storefront is too costly. A pop-up gives me the opportunity to sell without all the overhead costs."

6.3.7. Driving website traffic, engagement, and sales

Eight respondents (5%) indicated that their pop-up shop enabled them to increase website traffic, including impressions, social engagement, and online sales. For example, as a marketing agency explained in-depth:

[The pop-up] activation reached over 2.4 million digital impression and drove over 10,000 visitors to the website—a 2–3 [times] social referral increase when compared to similar time frames. Consumers in the store entered the contest through the hashtag nearly 500 times, and social posts garnered more than 31,000 social engagements. With over 4,000 visitors to the activation in just three days, [the pop-up] generated unprecedented consumer engagement metrics. While the average digital and social engagement is measured generally in seconds, shoppers engaged within the store an average

of 10–12 minutes, with an estimated total of over 800 hours spent in-store with the brand.

A consumer-products retailer explained that “foot traffic alone in our pop-up means 100K+ views per weekend.” In addition, a fashion retailer said the pop-up “attracted new customers, provided an experience for them to share on social media, and [received] more brand impression[s].” Another fashion retailer suggested that its pop-up shop was successful because it “drove high impact conversion, creating brand ambassadors.”

6.4. Obstacles to pop-up success

Forty-three respondents provided descriptive insights into why their pop-up shops failed to meet organizational objectives. Importantly, only approximately 20% of the responding organizations perceived their pop-up operations as failures. In this section, we turn attention to discussing why respondents were disappointed in the effectiveness of their pop-up shops.

6.4.1. Structures are too expensive

Ten respondents (23%) indicated that they believed their pop-up shops failed because the physical structures were too expensive to build and operate. As a food-product retailer noted: “Pop-ups are too expensive in general. Consumers are visually driven. This means a large expense in setting up and furniture for street appeal ... plus the day rate. You come up [with a] deficit.” This sentiment was shared by a consumer-products retailer, who noted that the “profit that you make from a pop-up is offset by the amount you invest into building a pop-up.” A footwear retailer said, “The overall operations costs, rent, personnel, [and] fixtures exceeded the margin revenue.” Finally, a health/beauty retailer said that “the [return on investment] is hard to prove; lots of expenses to build a pop-up.”

6.4.2. Limited foot traffic and wrong location

Nine respondents (21%) noted disappointing foot traffic as a primary reason for their pop-up shops’ lackluster performance. A fashion retailer responded, “Unless the management company of the pop-up is already well known or is pulling in tons of money to market and drive traffic to the store, pop-ups don’t really do well on their own.” Several respondents attributed limited foot traffic to the pop-up location itself, such as a specific mall or a strip center. In a similar vein, five respondents (12%) attributed the pop-up failure to its “wrong location.” A health/beauty retailer

explained that the location was poor because “there were multiple vendors who already have a large following.” Both reasons, low foot traffic and wrong location, suggest that retailers need to understand the importance of working with companies that specialize in short-term retailing leases and in assisting clients with pop-up selection and development, as many potential sites may suffer from low traffic or other issues.

6.4.3. Lack of promotional efforts

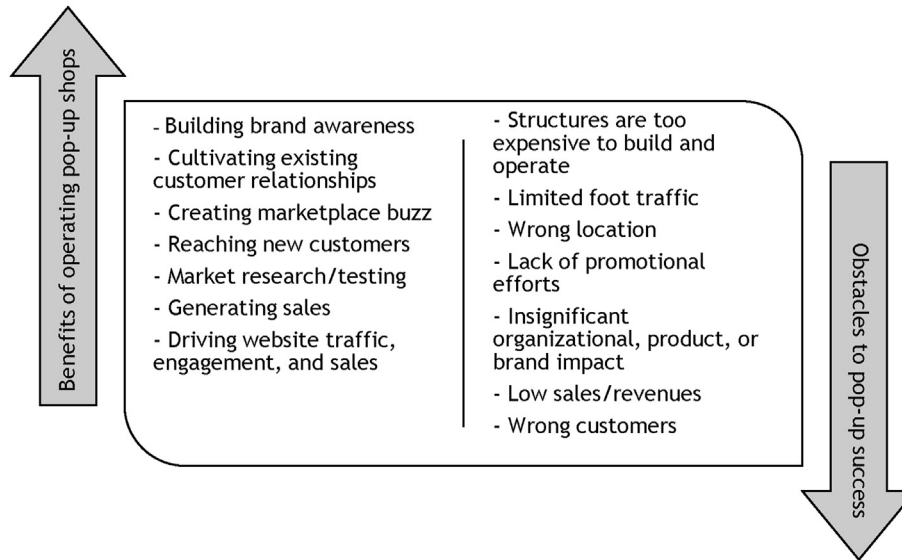
Four respondents (9%) indicated that their pop-up shops failed because they did not promote them enough. A fashion retailer explained, “[We] didn’t invest in paid advertising enough and couldn’t get free [public relations] coverage. So, there wasn’t enough public awareness.” Another fashion retailer noted that “[the organization] did not have enough marketing or promotional budget for the pop-up to succeed in a short period of time.” Similarly, a food retailer suggested that its pop-up failed because of “no real lead for advertising.” In other words, the speed at which a pop-up is opened and dismantled may be faster than the time required for traditional advertising methods to even garner consumer interest.

6.4.4. Insignificant organizational, product, or brand impact, low sales/revenues, and wrong customers

Four respondents (9%) noted that their pop-up shops failed because they did not achieve significant impact, in terms of promoting brand or organizational awareness, for the organization. These respondents found no improvement in brand awareness that could be attributed to the pop-up. A fashion retailer said, “The pop-up was short term, about three weeks, and [we] believe it needed to be up longer to achieve a larger impact.” Indeed, a health/beauty retailer explained that the pop-up was too “short-lived and not integrated into [the organization’s] overall brand strategy.”

Similarly, three respondents (7%) noted that their pop-up shops failed to meet sales goals or revenue targets. But these respondents did not provide additional details as to why their activations failed to meet sales/revenue targets. Finally, two respondents (5%) attributed the poor performance of their pop-up shops to the presence of “wrong customers.” For example, a respondent said that the location was “extremely crowded with vendors, and customers were most interested in food trucks. It was very difficult to sell our type of product there.” Another respondent indicated that the pop-up may not work for exclusive products, noting that “our brand needs to raise

Figure 1. Benefits of pop-up shops and obstacles to their success



awareness among the top .03% of Americans, the tip of the top. A pop-up attracts a lot of unqualified interest.” Finally, seven respondents (16%) could not attribute any reason to their pop-up shops’ apparent failure.

7. Guiding principles for pop-up success

Figure 1 illustrates the benefits and obstacles of opening pop-up shops and suggests that though many retailing organizations are realizing success from temporary retail activations, organizations must understand how to integrate them into their marketing programs. In the following sections, we provide a set of guiding principles that are designed to help retailers launch successful pop-up activations.

7.1. Use pop-up shops as marketing/promotion tools

The findings suggest that pop-up activations have an 80% satisfaction rate; however, they can still fail miserably. As this research reveals, pop-up shops help retailers increase their brand awareness and generate hype, typically with the introduction of new products or new brand partnerships. Furthermore, pop-up shops are especially useful for digital retailers interested in connecting with their current customers by offering a tactile experience while also driving new customers to their websites. For example, the online fashion-jewelry brand, BaubleBar, regularly uses pop-up shops to generate brand awareness

and excitement. Its annual pop-up shop in New York is situated among brick-and-mortar luxury designer stores and features colorful displays, friendly associates, interactive displays, and a Godiva chocolate station (Fiorletta, 2019).

Pop-up shops are also a relatively low-risk way to test experiential marketing strategies, as they provide organizations with valuable information for future business planning. For example, the fitness-apparel brand Lululemon Athletica often uses pop-up shops to obtain customer feedback on and insights into a local market (Fiorletta, 2019). Moreover, testing geographic locations through the pop-up method can provide confidence and due diligence in the process of planning potential physical stores. The eyeglass retailer Warby Parker, which was founded online in 2010, is planning on opening more than 100 strategically placed brick-and-mortar stores in the United States, with most of these locales determined, in part, by testing specific markets and locations with pop-up shops (Thomas, 2018).

Our research shows that despite the apparent strengths of pop-up shops, they often fail to meet organizational goals when used solely to generate revenue. The reason is that pop-ups are often so short-lived that unless an organization already has a loyal customer base or selects an opportune location for its activations, the pop-up activation is likely to fail. Pop-ups work best when organizations can foster excitement among their customers, provide them with tactile experiences, and build a loyal customer base that continues to engage with the organization or brand virtually.

7.2. Build strategic partnerships that optimize location

The familiar real estate adage “location, location, location” applies to operating successful pop-up shops as well. As pop-up shops may fail from limited foot traffic, a poor geographic location, the wrong customers, or incorrect assumptions about a mall owner’s ability to promote pop-up activations, retail organizations should review their own data sets for market penetration, as well as conduct location analyses to determine optimal regions, cities, and neighborhoods in which to set up shop. Indeed, as online retailers look to move into permanent brick-and-mortar spaces, individualized testing of markets for sustainability in terms of target market interest, rent, staffing, and product preferences is imperative for meeting strategic goals.

Notably, an entire service system of businesses that support the newly developing pop-up industry is now emerging in the global marketplace (CB Insights, 2019). Real estate organizations such as Storefront and Appear Here assist retail organizations in locating and securing appropriate temporary spaces for pop-up shops. In addition to short-term leases, services such as the Pop Up Shop Agency provide pop-up shops with ancillary services, including marketing, staffing, event management, and custom fabrication of displays and props. At the same time, real estate attorneys specializing in short-term lease negotiations have also begun marketing legal services to assist organizations with understanding their pop-up contractual obligations (Aguirre, 2019).

Although retail organizations may obtain competitive short-term leasing rates for their pop-ups, our study reveals that these stores per se will not save a dying mall or miraculously create foot traffic without organizational promotional efforts. Indeed, organizations seem to realize success with pop-ups when they are activated in locations that already have strong foot traffic and that will garner interest among new and existing customers.

7.3. Create buzzworthy experiences with memorable activations

This research shows that retail activations are successful when customers and the public, including the media, experience a product or brand through a combination of personalization, interactivity, education, and excitement. We argue that the most effective pop-up shops can increase

customer engagement and promote media coverage through a multilayered approach that includes employing design elements that are visually appealing, encouraging approach behaviors by creating a sense of curiosity, offering details about the company or brand, and evoking a sense of urgency by encouraging potential customers to quickly respond via a purchase or a connection through social media postings and conversations.

Accordingly, pop-up shops are poised to help digital retailers build their brands through opportunities that enthrall consumers by enabling them to concretize the intangible and gain meaningful experiences through the combination of performance, entertainment, a unique environment, and tactile opportunities. These meaningful experiences also encourage new and existing customers to engage with the pop-up in various social media outlets, which helps foster an online customer base following pop-up deactivation.

For example, BarkBox, a dog-centric digital retailer, conceived of an engaging pop-up shop by inviting customers to bring their dogs to its Manhattan temporary store, where the canine visitors were fitted with movement-tracking vests that used radio-frequency identification. After tracking their dogs’ most played-with toys, owners were invited to buy the identified items through the event’s mobile app (Cook, 2019). Similarly, in a clever use of its own space, the premier online cosmetics brand Glossier opened a portion of its Manhattan offices as a weekly Instagram-worthy pop-up featuring custom floral arrangements, an art installation, and live product try-ons (Fumo, 2015). Indeed, Berman (2019) suggests that traditional brick-and-mortar retailers should use pop-up shops for creative customer engagement options, such as hosting product and fashion shows, providing consumers with product samples, and putting on in-store special events that offer temporal originality.

7.4. Drive market visibility by creating a sense of urgency

This study reveals that social media promotion is an integral part of a successful pop-up activation. With nearly three-quarters of Facebook users and more than half of Snapchat and Instagram users visiting those sites daily, retail organizations can drive market visibility and brand awareness through social media platforms (Perrin & Anderson, 2019). As previously discussed, retail firms can capitalize on the temporary nature of pop-ups by creating a sense of urgency through their social media outlets and other innovative communications (e.g., press releases) that encourage

customers not only to patronize pop-ups but also to promote these pop-up activations to others.

In addition, this research reveals that retail organizations cannot rely on mall management alone to promote their pop-up shops. To realize successful pop-up activations, organizations must also rely on their own social media channels, email, and other publicity to promote and provide updates about their pop-up activations to current and potential customers. Indeed, we advise retailers to engage potential customers and influencers online and to work with public relations/media firms before the launch of a physical pop-up shop to create awareness and build anticipation for their short-term retail activations (Yu et al., 2018).

Because positive pop-up shopping experiences increase consumers' intentions to spread positive word of mouth about the pop-up to others (Klein et al., 2016; Taylor et al., 2018), part of the promotional campaign should include encouraging patrons to share their pop-up experiences via social media posts. Therefore, sales staff and promotional signage inside pop-up shops should encourage customers to follow the organization's or brand's social media channels, subscribe to online newsletters, and visit the e-commerce website (Rudkowski et al., 2019).

In addition, we encourage retailers to create photo opportunities at their pop-up shops to help increase awareness, generate free publicity, and keep customers engaged through likes, sharing, and commenting. For example, BaubleBar installs in-store photo booths in its pop-up shops so that patrons can publish pictures taken in the shop on Instagram with the #BaubleBar hashtag (Fiorletta, 2019). Finally, to capitalize on the pop-up momentum, it is crucial that retail organizations develop and implement post-pop-up-shop marketing initiatives, such as promotional emails, to build on new or current customer connections.

8. Conclusion

Many retail pundits suggest that physical store retailing is in a state of decline or even a so-called apocalypse. This work reveals that within the physical retail store segment, temporary stores, or pop-up shops, are thriving. Pop-up shops are a means for retail organizations to generate marketplace buzz, customer interaction, and buy-in and to test new products, brands, or markets for permanent locations. Retailers no longer need to build or maintain expensive monumental flagship stores to support customer relationships or to amass extensive inventories to generate

marketplace hype. Rather, this research shows that consumers respond well to temporary retail outlets that offer them engaging and memorable shopping experiences. This does not mean that pop-up shops are a panacea for the decline of brick-and-mortar retailing or that they are without their own challenges. Our research shows that organizations must balance the financial and time investments involved in pop-up activations with the understanding that the benefits they most likely will obtain from pop-up shops are increased brand awareness and marketplace buzz rather than direct sales or revenue generation.

Note that because respondents participated in the survey via organization X, they likely viewed the term "pop-up" as a form of temporary retailing that requires resources in terms of location selection and layout/design features. That is, given organization X's prominence in securing short-term rentals in prime global locations, the respondents may have been biased toward perceiving pop-up activation as part of a strategic marketing program. As such, organizations that engage in architecturally simplistic and historically older forms of temporary retail activations, such as flea and farmers' markets, or jobbers who sell directly from pallets, were likely not represented in this study. Therefore, the results should be viewed from a contemporary perspective, with pop-up activations as part of a strategic marketing program.

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