



POP-UP STORES

The importance of physical presence in an Omni-channel world

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<p>E-commerce has made the retail environment very competitive. Customer have abundant information, near price transparency and endless special deals. Retailers that sell books, electronics and entertainment have suffered the most in the hands Amazon and other online retailers. Even though online shopping is increasing, the importance of physical presence is also increasing. As a result, the trend in the retail market is being an Omni-channel retailer. The purpose of this thesis is to investigate if retailer in Finland can use the pop-up store format, to have a physical presence in a way that creates value in a cost effective way. Two interviews were conducted with companies that are using the pop-up store format to create brand awareness and increase sales through multiple channel. One of the interviewees were the manager of Ivana Helsinki and the other was the manager of Voglia's pop-up store in Itäkeskus. This thesis showed that pop-up stores will help Finnish retailers integrate their online and physical store in a way that creates value in a cost effective way. It would be interesting to further study about pop-up stores by interviews more retailers from different retail segments and adding the perspective of the costumer.</p>	
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1 INTRODUCTION

In this thesis we are going to investigate the “pop-up store” concept. Will see how the Omni-channel trend is making retailer come up with innovative ways to engage with their customers. The introduction is the first section of the thesis and it consists of six parts. The background will be the first sub-topic within the introduction. Followed by the research question, aim of the study, Limitations, Definition and the thesis structure layout. The second part of the thesis will be methodology, where we will discuss the methods we chose to and the reason behind it. It will also consist of information about how we collected the data for our study. The third part is the Literature. It consist of all our secondary data that was collected through the internet. The forth section is where the empirical data, which was collected through an interview is discussed. The fifth section is where we discuss all the points that were raised throughout the thesis. The last and the sixth section will cover the conclusion.

1.1 BACKGROUND

Retail have gone through different changes throughout different times. A century and a half ago it was modern department stores that were changing the way people purchased goods. Since then many changes had occurred in the retail world. In the 1960’s and the 1970’s Wal-Mart, K mart and other discount chains came to the scene and reshaped and redefined customers expectation. Circuit City and home Depot emerged soon after and transformed the retail system. In the early 1990s it was the digital retailers that were re-shaping customers’ expectation. (Rigby: 2011)

E-commerce has made the retail environment very competitive. Today customer have abundant information, near price transparency and endless of special deals. The perks of online shopping has made customers abandon the stores and malls. Lots of companies suffered in the hands of Amazon and other online retailers. Especially companies who sell books and electronics has been affected the most. Borders, which is a chain of American bookshop and Tower records, retail music chain have both closed down in the USA.

The same goes to Comet, a British white-goods and electronics retailer and Virgin Megastore, an International entertainment retail chain. (The economist: 2013)

Do you know any retail company that only sells its products in a store? How about a retail company that only sells online? It is not easy to find a company in 2015 that only sells in a store. But it is much easier to name retailers that only sell online. One of the common answer will be the likes of Amazon and EBay. That is because having only a physical store by itself has become not profitable. Companies that use to sell only in physical stores now a day invest highly on their e-commerce. And they go by the name of Omni-channel retailer. (The Economist: 2013) But in recent years web based retailer are also seeing the importance of becoming Omni-channel and are opening stores. By opening stores they are hoping to capture those customers that favors the social experience of shopping. (Smith: 2015)

1.2 RESEARCH PROBLEM AND QUESTION

E- Commerce has redefined customer's expectation and has transformed the retail world. People no longer need to go to stores to acquire products; products come to them. Not only that, online retailer offers customer's vast selection of products with cheaper price. (Rigby: 2011) But not all people view shopping as a process of acquiring a product. For some people shopping is also a social experience. "It encompasses exploration and frivolity, not just necessity." (The economist: 2013) That is not the only drawback of purchasing an item online, it also includes: waiting time, not able to touch and feel products and having to trust a company you have never seen. As, a result companies that only sold online are opening physical store to cater to both customers that view shopping differently. (Smith: 2015) Because it can be limiting to sell products in a single sales channel, most retailer have adopted the Omni-channel retail.

For many retailers that owns stores becoming Omni-channel will entail reduction of stores. That is because, "you are putting in more capital to keep the sales you have". The

online sales will come at the expense of the existing stores. As result, retailers have to close down stores because there is not enough profit being generated by the stores. That was the case for Dixons, Britain's biggest electronics and computer retailer. It had to reduce it stores from 780 to 480. (The economist: 2013)With this type of financial re-strains of having multiple sales channel, retailer have to think about a more cost effective ways to have a physical presences.

Q1. Can the pop-up store format help Omni-channel retailers in Finland integrate their online and store, in a cost effective way?

Q2. Can the pop-store format help Omni-channel retailers in Finland help integrate their online and store in a way that creates value?

1.3 Aim of the study

The aim of this thesis is as follows:

- To see how the “Omni- channel” trend is making retailers come up with new innovative ways to engage with their customers. One of them being the “pop- up” concept. In this thesis, we will investigate if pop-up stores can help retailers in Finland, have physical presence in a way that creates value in a cost effective way.

1.4 Limitations

- The topic discussed in this thesis is fairly new, there was limited secondary data available.
- There is not that many companies adopting the “pop-up store format” in Finland. Because of that it was also difficult to find empirical data. There were limited number of companies to conduct interview from.
- Also because of time constrain only two companies were picked for an interview.

- Both the companies interview in this thesis are in the fashion sector of retail. The result of the thesis might not reflect other pop-up store in different retail segments, such as: electronics, restaurants and furniture pop-up stores to name a few.

1.5 Definitions

- E-commerce - A type of business model or segment of a larger business model, which enables a firm or individual to conduct business over an electronic network, typically the internet. (Investopedia:2015)
- Omni-channel – Providing multiple retail touch points for your customer. Your products can be available online, on mobile and in-store, exposing your brand to multiple sales channels. (Chami:2014)
- Show rooming – When shoppers use real world stores for browsing and websites for purchasing the goods inspected in person.(Tuttle: 2013)
- Web rooming – Purchasing an item in a physical store after conducting research about it online.(Tuttle: 2013)
- Pop-up store – A retail store that is opened temporarily to take advantage of trend or seasonal product. (Investopedia:2015)

1.6 Thesis structure

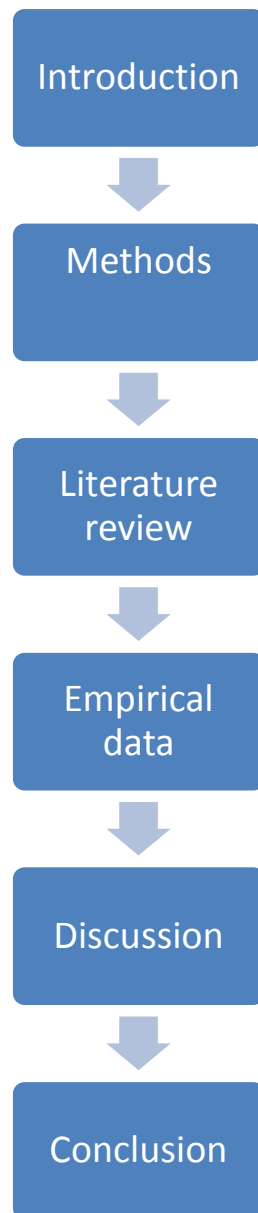


Figure 1. Thesis structure layout (Author's own: 2015)

2 METHODS

The methods we use will depend on our nature of our research. In this thesis we are trying to investigate if pop-stores can help Omni-channel retailers have physical presence, in a way that creates value. And this fall under the exploratory study category. Exploratory study can be defined as “valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light”. (Saunders, Lewis & Thornhill: 2009 p139)

2.1 Choice of research method

For this thesis a qualitative research method was chosen because it was most appropriate method for the nature of our research and question.

There are two types of data primary and secondary data. Primary data are new data that is collected, whereas secondary data are already collected for some other purpose. (Saunders, Lewis & Thornhill: 2009) Both types of data were used to strengthen our result. In the next section we will elaborate on how we collected both our primary and secondary data.

2.2 Data sampling and data collection

The empirical section consist the primary data that was conducted through a semi-structured interview. As we can see from the figure 2, for exploratory studies it is much common to use semi-structured and unstructured interview. We chose to the semi structure interview to have a flexible and fluid conversation with our interviewees.

The interview questions were open ended question to allow interviewees answer questions in their own words. Also, since research question is exploratory we wanted as much of more information on the subject discussed. One of the interviews was conducted face to face and the other was through phone. Those methods were chosen by interviewees. The interview with Suhonen (manager of Ivana Helsinki) was conducted over the phone.

A face to face interview was conducted with Virtanen (the manager of the Voglia pop-up store in Itäkeskus). The interview was carried out in their pop-up store in Itäkeskus mall.

	Exploratory	Descriptive	Explanatory
Structured		✓✓	✓
Semi-structured	✓		✓✓
Unstructured	✓✓		

✓✓ = more frequent, ✓ = less frequent.

Figure 2. Use of different types of interview in each of the main research categories. (Saunders, Lewis, Thornhill: 2009 p.323)

The secondary data in this thesis, which is the literature part was collected through the internet. Since we are exploring a fairly new trends in the retail world, the internet was the best way to acquire recent data. All of literature data was acquired from the internet. It consists of Articles, blogs, book and reports found online. Before citing the sources, we have evaluated the credibility in terms of the author background and association with organization. Harvard Business Review, Bloomberg, The Economist, Business Time and Post Nord are some of cited sources.

Sampling techniques can be divided into two, probability or representative sampling and non-probability or judgmental sampling. With probability samples the chance, of each case that were selected from the population is known and is usually equal for all cases. Whereas, for non-probability samples, the chance of each case being selected from the total populations is not known. (Saunders, Lewis & Thornhin: 2009 p.213) In this thesis, non-probability sampling technique was used. The companies that are included in this thesis, were chosen because they are Omni-channel companies that are using the pop-up store format. Because of the time constrain and the lack of companies in Finland using this format, a convenience sampling method was used.

3 LITERATURE REVIEW

The literature review contains all our secondary data, we collected over the internet.

3.1 E-commerce

E-commerce is growing everywhere in the world but the rate in which it grows varies from country to country. Not all retailers were affected by the growth of e-commerce equally. Store based retailers that sold books, electronics, music and video are the ones who were affected the most. Borders, a chain of book store has went out of business and also Comet, a British white good and electronics retailer. Virgin Megastore from France and Tower Records from USA has went out of business as well. Because you don't need to experience these products in their physical form before buying them. For example buying clothing is not going to be the same as trying it on vs reading description before buying it. (The economist:2013)

The advantages of online shopping:

- Selection is vast yet remarkably easy to search
- Good price and easily compared
- Can be done anywhere
- Extensive product review and recommendation (Rigby:2013)

The advantages of online shopping is increasing as online retailers are coming up with innovative ways to overcome their drawbacks. For example, Amazon has created online system where customers can exchange unwanted gifts before receiving it and 1-click checkout system. (Rigby:2011)

3.1.1 E-commerce in the Nordic countries

Online shopping is becoming more and more popular in the Nordic regions. One – third of Nordic residents shop online each month. And an average of 12.4 million Nordic

residents shopped online during each quarter of 2014. Sweden have the largest number of people consuming online, followed by Denmark. Nearly 5 million people shopped online in Sweden in 2014. (Post Nord: 2015 p.6) Clothing and footwear are the most popular items purchased online by Nordic consumers. Home electronics and books are the second and third popular items bought online.

The other popular items were cosmetics, sport and leisure items. Whereas, CDs were the least frequently purchased items. Nordic consumer shop from foreign sites to large extent. In 2014, 42% Scandinavians shopped from foreign site in each quarter. Clothing are also popular items purchased from foreign sites. UK is the most popular foreign destination for Nordic residents. And Sweden is the popular destination with in the Nordic area. (Post Nord:2015 p.6-9)

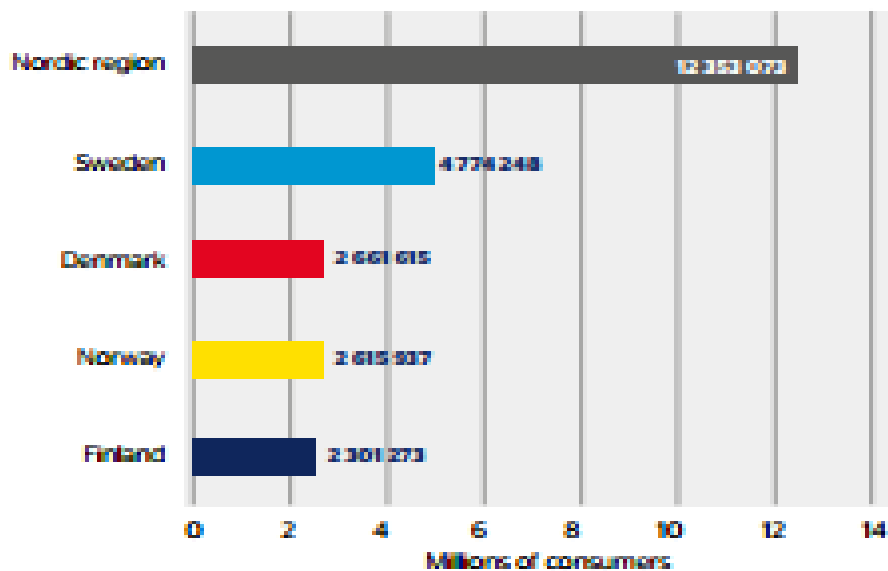


Figure 3. Average numbers of Nordic region consumers, per quarter, that shopped online, in 2014. (Post Nord: 2015 p.6)

Nordic residents are attracted to online shopping because following reasons.

- Simplicity and convenience of online shopping is the number one reason for resident in Nordic area to shop online.

- Price – The second reason why Nordic residents shop online is, it is less expensive.
- Vast selection – The third reason is, e-commerce offers a broad selection. (Post Nord:2015 p.6)

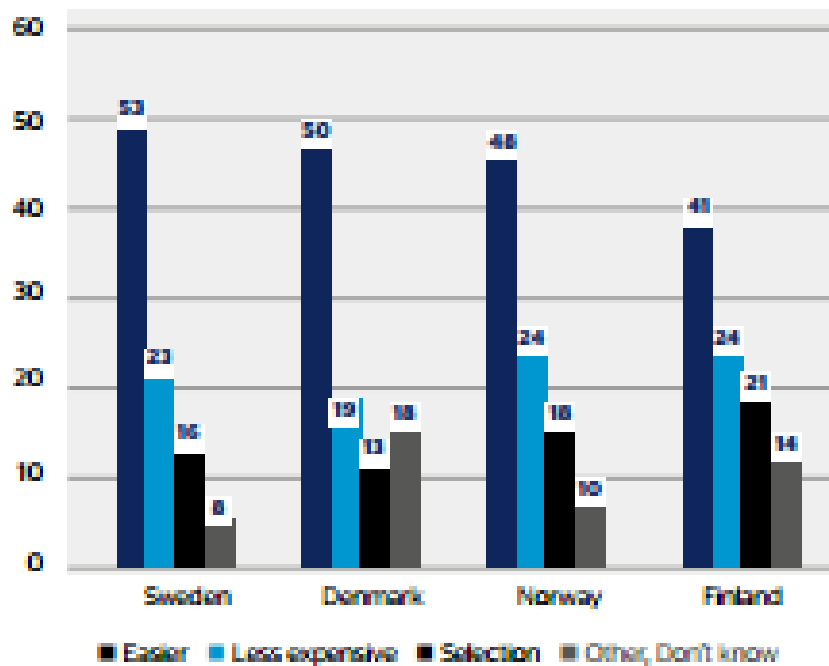


Figure 4. The reasons behind Nordic residents shop online. (Post Nord: 2015 p.6)

The most popular product Nordic residents purchase online is clothing and footwear. The second most popular item varies from country to country. For Swedes books is the second most popular items purchased, where home electronics is the second most popular item purchased by Finns, Danes and Norwegians. Among the different products purchased online, CDs were the least frequently purchased items in all Nordic countries. (Post Nord:2015 p.7)

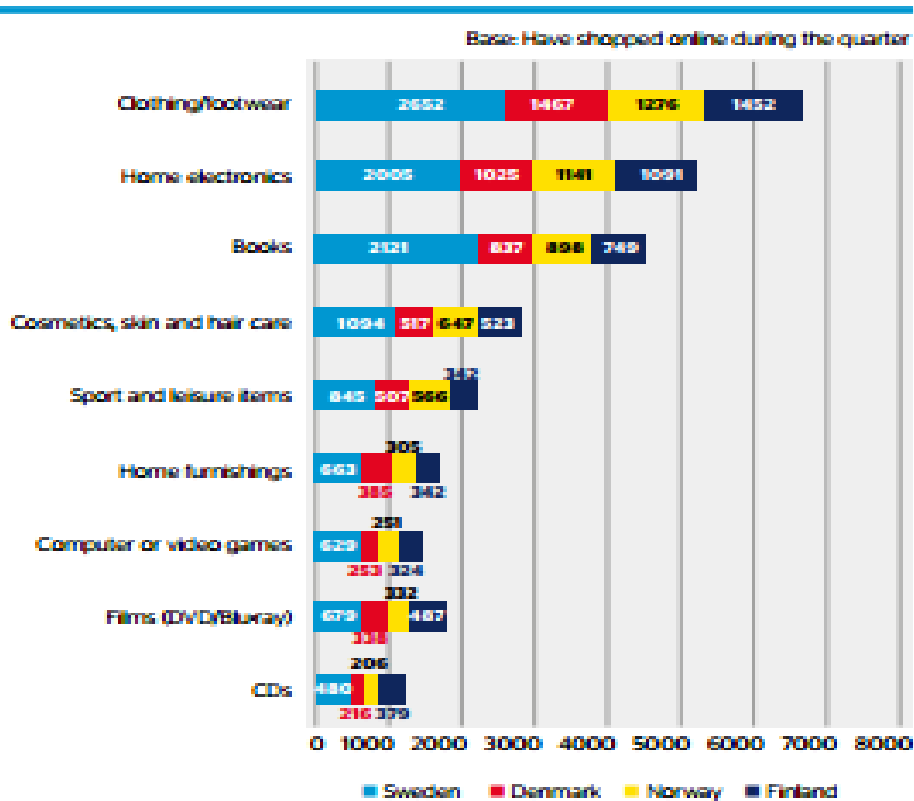


Figure 5. Average number of Nordic region consumers, per quarter, that purchased products online. (Post Nord: 2015 p.7)

Nordic countries shop online from foreign sites heavily. Online shopping from foreign sites accounts for approximately 27% of the total estimated online shopping in the Nordics. Online purchase from foreign sites in 2014 was EUR 4 billion. Among the Nordic countries Swede and Norwegians spend the most shopping online from foreign sites. Clothing tops the most online purchased item foreign sites. Home electronics is the second most online purchased item from foreign sites. Books came in third. (Post Nord: 2015)

When it comes the most popular foreign country Nordics shop the most, Uk is on top. USA was the second most popular and Germany the third most popular. Online shopping within Nordic countries is not as popular as online shopping from foreign sites. (Post Nord:2015)

3.1.2 E-commerce in Finland

Finns shop online less frequently compared to other Nordic countries. It was reported in 2014, Finns spent a total of EUR 2.4 billion on online purchase. About 20% of Finns shop online each month, which is equivalent to one in five Finns purchase products online at least once per month. Clothing and footwear is the most popular item purchase online. Approximately 40% of Finns purchased clothing and footwear each quarter. The second most popular item purchased online by Finns is electronics, followed by Books.

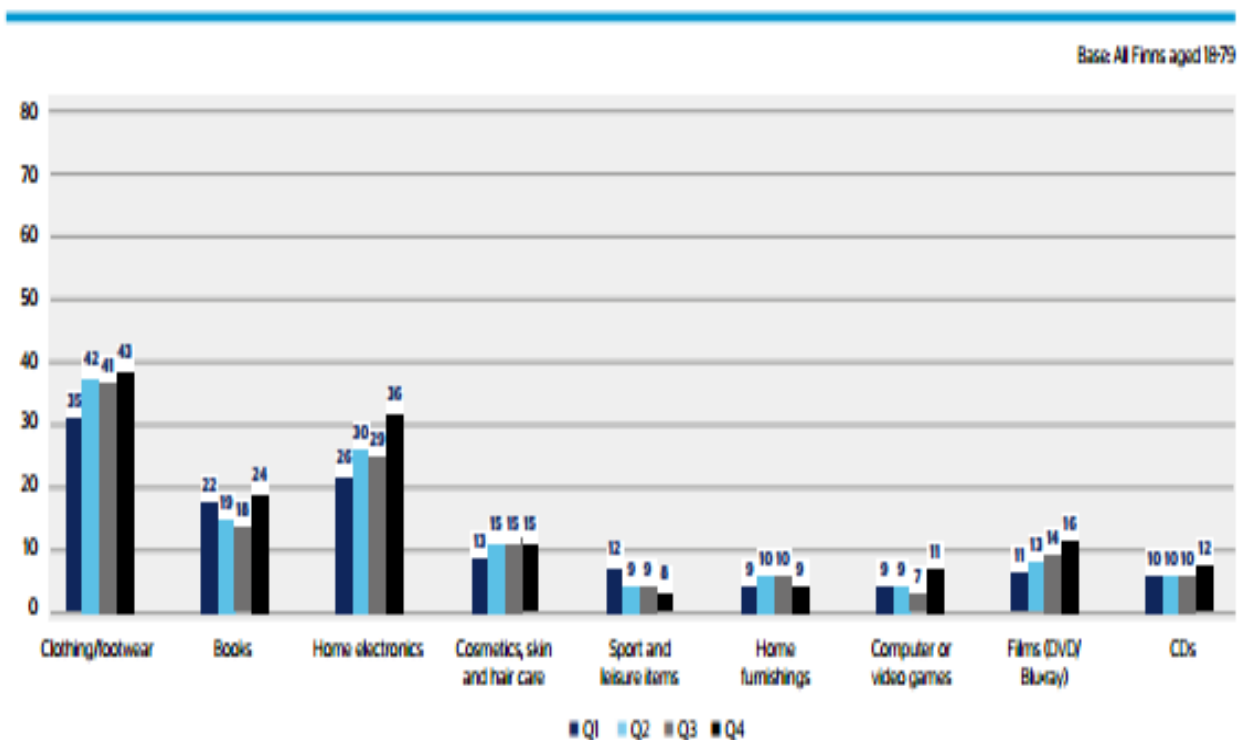


Figure 6. Favorite products among Finnish online shoppers and the reasons behind purchasing the items in recent years. (Post Nord: 2015 p.35)

Clothing is the number one item purchased online. And the reasons are:

- 35% shopped online for clothing because it was easy to buy online
- 42% shopped online for clothing because it was less expensive to buy online
- 43% shopped online for clothing because online offers vast selection
- 41% shopped online for clothing for other reasons(Post Nord : 2015 p.35)

When it comes so purchasing from foreign sites, one in two Finns purchased product from foreign sites. The most popular item purchased by Finns from foreign sites is once again clothing. The second is electronics and followed by skin and hair products. (Post Nord:2015 p. 36)

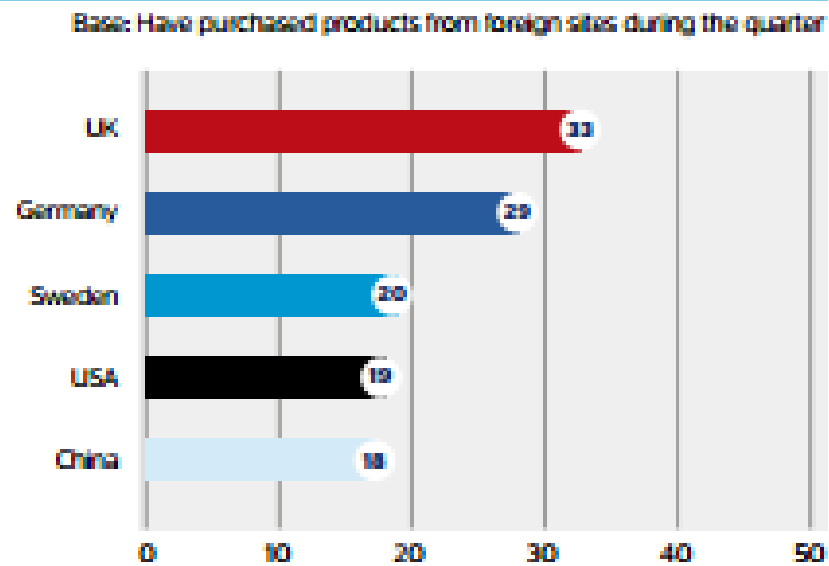


Figure 7. The percentage of Finns, who purchased items from foreign sites in the past three months. (Post Nord: 2015 p.36)

- The highest percentage of people who purchased from foreign sites were recorded in UK. 33% of Finns purchased from UK sites.
- The second highest percentage of people purchased from Germany, about 29 % of Finns purchased from there.
- The third most popular foreign sites Finns purchase from was Sweden, about 20 %.
- USA and China came forth and fifth. About 19 % of Finns purchased items from USA in the past three month. About 18% of Finns purchased items from China. (Post Nord:2015 p.36)

3.2 The trend in the retail world

The way consumers shop for products has tremendously changed over the years. The Internet has transformed the way people gather information of the products they purchase. In the past people might gather information of the product from flyers, newspaper, TV, catalogue and from the people they know. Now a day people don't have to wait for flyers nor catalogues to reach their doorsteps. They can easily type the product they want to buy from the site of their choice and shortly will get over whelming information about the product. (Chami: 2014)

3.2.1 Omni-Channel retail

Companies are trying to reach customers through many sale channels and are becoming Omni-channel retailer. Omni-channel, which is the integrations of physical and online retail, has become a very crucial strategy for companies. Companies have to cater to different segments of their customers in order to competitive. (The economist: 2013)

Companies that sell clothing and accessories are discovering selling their items only online it not sufficient. Companies such as Birchbox, Warby Parker, Baublebar and Bonobos have all started online but now they have created physical presence for their brand. Baublebar, online jewelry brand have teamed up with Nordstrom department store to put its jewelry line in 35 location. Bonobos, an online brand that sold men clothing had great success when it opened its Guideshop. The Guideshop offers customer the ability to touch and try on clothing without having to guess. (Smith: 2015) Whenever customers are purchasing clothing online, there is sense of guessing involved. As a result, a quarter or more of customers end up having to return their purchase. (The Economist: 2013) For physical based retailer going Omni-channel will involve a reduction of the number of stores they have. And that was the case of the Dixons, a British electronics and computer retailer, who has to cut down its stores from 780 to 486. (The Economist: 2013)

Retailer in Nordic countries are also following the new trend and are becoming Omni-channel. It has become important for Nordic retailer to offer customers availability, freedom of choice and also personal touch. (Post Nord: 2015)

3.2.2 The role of physical stores in an Omni-channel world

What is the role of physical stores in an Omni-channel world? Online retail has undermined the value of traditional physical stores. (Brown, Farmer, Ganenthiran: 2013) Online retail has made shopping very easy. We can do online shopping anywhere and anytime with a click of a button. So, it is important more than ever for physical store to create value beyond just selling a product. Because any online company can sell a product. (HBR: 2011)

A store has got to be much more than a place to acquire merchandise. It's got to help people enrich their lives. If stores just fulfil a specific product needs, it is not creating new type of value for the consumer.

Ron Johnson (HBR: 2011)

Apple store is good example of how a store can be successful in this digital world. Their success can be attributed to their innovative products and their customer service. Apple's stores are the most profitable stores in the world; with \$39 million revenue per store. (Roose: 2014)

Why consumers shop in physical stores

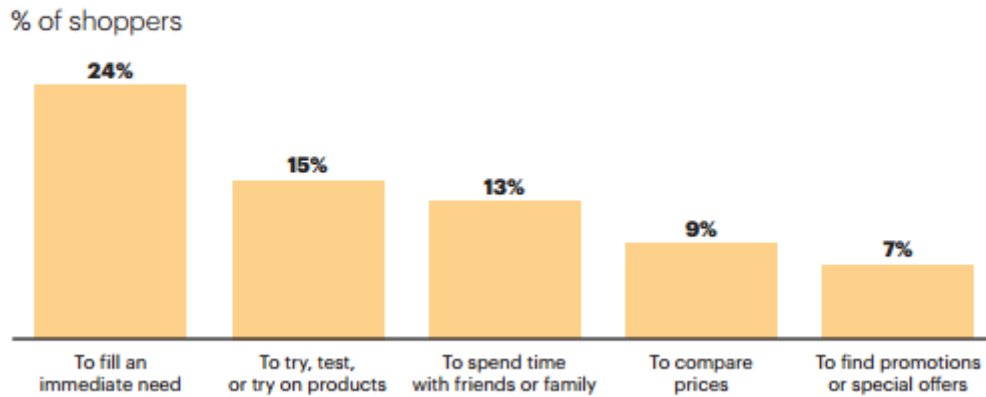


Figure 8. The reasons behind consumers shop in physical stores. (Brown, J & Farmer & Ganenthiran: 2013 p.5)

The role of physical stores should be:

- Discovery- Since some people go to store for the experience .Stores should be a place where customers can stumble up on new product and hidden treasures. (Brown, Farmer, Ganenthiran :2013)
- Entertainment – Retailers should make stores existing and entertaining for customers. Stores should create experience for customers by transforming the traditional store formats. Asda, a British supermarket owned by Walmart are transforming their supermarkets in to “mini high streets”, by bringing in Disney shops and shoe repairs. (The Economist:2013)
- Relationship - unlike online shopping, in stores retailers have the ability to engage with their customer face to face. A good customer service is essential for building brand loyalty. (Brown, Farmer, Ganenthiran :2013)

- Transaction –The number one reason for people who choose to buy product in store was to an immediate need. People get instant gratification out of taking the product right away. No matter how short the delivery period is for online shopping it will involves a waiting time. So stores should capitalize on this advantage by offering customers short and convenient checkout lines and customer oriented cashiers. (Brown, Farmer, Ganenthiran:2013)
- Fulfilment – Retailers should give customers the ability to pick up products in store regardless of where they bought it. This not only beneficial to the consumer but also the company. By picking up the product from the store, the customer will get the instant gratification. And the companies will benefit from it by saving cost and improving efficiency. (Brown, Farmer , Ganenthiran:2013)

Shopping centers and malls are changing now days. Leisure and entertainments activities are growing more and more. In Britain for example non retail share of shopping Center revenue has increased from 5% to 10-15% and it is expected to increase to 20% over the next five years. Europe will also see a similar changes. (The Economist: 2013)

3.3 Increase interplay between online and stores channel

As more retailer are becoming Omni-channel, consumer are also increasingly alternating between physical stores and online for research and purchase. (Post Nord: 2015)

3.3.1 Show rooming

Show rooming is when customers go to physical stores to touch, feel and try on products before they go online to purchase it. Because the Internet is vast and cheap some customers use physical stores as showrooms for what they want to buy online. Amazon is the number one place where customers go to after they have physically seen and

touched the product they want because they are able to get it at cheaper price. (Chami: 2014)

Companies such as Target, Toy R Us, best buy now offer customers the same price of identical products customers find on Amazon and other big online retailers. By implementing permanent price matching policy they are trying to reduce the amount of the people show rooming in their stores. (Tuttle: 2013) According to (Chami: 2014) 71% of customers plan to showroom during holiday season because they want to make sure the product they are looking for is in stock. The other ways companies are combating show rooming is by having exclusive products in their stores that can't be find any other place. For example Target works with fashion brands such that only create line only for Target. Toy R Us also has items that can only be find in their stores exclusively as well. (Tuttle: 2012)

Showrooming is less common than web rooming in Nordic countries. Only 13% of Nordic residents during the past three months looked for item in store before purchasing online. The most common items Nordic residents purchase online after inspecting in a store are clothing and footwear, followed by home electronics. (Post Nord: 2015 p.10) Only a small portion of Finns inspect items in a store before buying it online. As we can see from figure 6 below only 8% of Finns show roomed during the past three months. The item that is inspected in a store the most before purchasing online is clothing in Finland. (Post Nord: 2015 p.37)

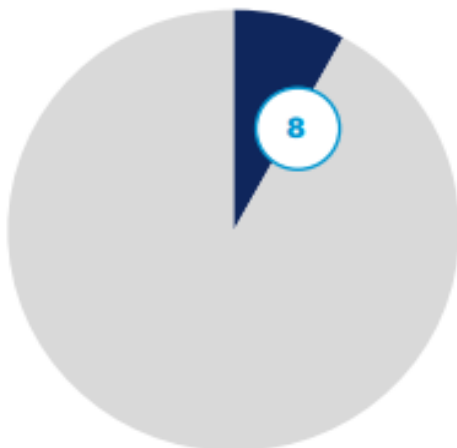


Figure 9. The percentage of Finnish consumers, who inspected a product in a store before purchasing online during the past three months. (Post Nord: 2015 p.37)

3.3.2 Web rooming

Web rooming is the opposite of show rooming. That is when customers search for products information online before going to the store to purchase. When customers do this they avoid shipping costs, fulfil their immediate need and avoid guessing. Price matching policy undertaken by some retailers has become an addition reason for customers to choose web rooming as well. (Tuttle: 2013)

By web rooming customer take advantage of the enormous data online offers and the advantage of going to the store to try on or inspect further in person before buy in store. Because of the above reasons web rooming is more popular than showrooming. (Chami: 2014)

Researching online before buy in a store is more common in Nordic countries as we. 49 % of Nordic residents in the past three months researched products online first before buying in a store. Among the common items Nordic residents searched online first before buying in a store were home electronics followed by clothing. (Post Nord: 2015 p.10)

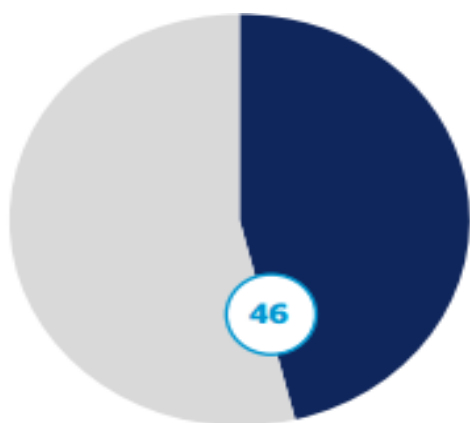


Figure 10. The percentage of Finnish consumers, who researched online before buying in a store during the past three month. (Post Nord: 2015 p.37)

As we see from figure 7, most Finnish people choose to research an item before purchasing in a store. The item that most search online before purchasing in a store is, electronics in Finland. Clothing/ footwear and books coming second and third. (Post Nord: 2015 37)

3.4 THE NEW INNOVATIVE STORE FORMAT

3.4.1 Pop-up store

Retailers of all size are now seeing the benefits of pop-up stores and are trying to leverage from it. Landlord are also welcoming the concept of a pop-up store. If pop-up stores are executed properly they can be valuable tool for companies. And companies can use this tool for experimentation, branding, advertising, storytelling and demand generation purposes. (Lee: 2013)



Figure 11. Adidas pop-up store in Barcelona, Spain, 2011. (Young: 2013)

Pop-up stores are better than advertisement campaigns. That is because in a pop-up store retailers advertise products in a physical form, which is more intense. And if executed well it can live a lasting impression on customers. (Cochrane: 2010) That was the case for Levi Strauss, when they opened a work shop at a former art gallery in Manhattan's SoHo district. They wanted to leave a lasting impression on their customer. They furnished the workshop with benches made from cargo pallets and the focal interest was (pre-digital) photography. In the workshop, customers can rent vintage cameras and sign up for free classes. The collaboration with regular customers extends their brand. (Townsend: 2010)



Figure 12. EBay pop-up in Convent Garden London. (Greenwood: 2014)

Lot of retailers will have their own specific reasons for opening pop-up stores. For young start-up companies it can be to introduce brands for the first time and generate some revenue across different sales channels. For example for OFabz, a small swimwear company, they opened pop up store to promote their online store. And some small web based companies are getting together and are forming mini mall pop up in area where there are lots of vacancies. That was the case in Fort Wayne, Indiana (USA), where small web based companies got together to create a holiday pop up event called "Hollypop". But it not only small or start-up companies that are taking advantage of temporary retail. Well know companies are also utilizing the pop-up store format. Google for example has opened six winter themed pop-up in order to increase its retail presence. (Allen: 2013)

3.4.2 Why pop-up?

- **Cost effective way to testing location and product** – Pop-up store formats give retailer the chance to try out new locations before investing permanently. When you also launching a product through pop-up, you are testing how customer will react to it before mass production. (Bergman:2014)
- **Connect with customers and build brand in a new way** – The pop-up retail model gives retail to be present in an area a short period of time before disappearing and resurfacing again with a completely different new formats and set of merchandise. Buying changing the pop-up format and merchandise frequently, retailer can connect with customers and build brand in a new way. (Lee:2013)
- **Create a “Buzz”** – Pop up are perfect avenues to create a buzz and excitement. Because of temporary format of pop-up it persuades customers to act now, before it disappears. With a store that is opens for indefinite time (regular or conventional stores) customers might have a lead back attitude, which they can buy it anytime, so they don't need to act on it immediately. (Cochrane: 2010)
- **Create brand awareness** – Pop-up stores are effective way create brand awareness especially for relatively new web based retailers. It will allow them to tell the story of their brand in a tangible way. By creating brand awareness companies can distinguish themselves from companies that sell similar product. (Lee:2013)
- **Generate a new revenue stream** – Pop-up store's temporary and exclusive nature has the ability to evoke customers to buy now or act now. Customers are persuaded to purchase now, because they might not find the store or the products in the future .This usually help retailer boost their sales and often leads to larger purchases. (Subramanian:2014)

3.4.3 The key elements in Pop-up stores

The success of a pop-up store will depend on: picking the right location, having an immersive store design and great customer service. We will see one by one all the element that can break or make the success of a pop-up store. (Lee: 2014)

Location

Finding the right location is very important for pop-up store. The location chosen should have a high foot traffic. The surrounding of the area is another important point to think about when picking location. Are the retailers surrounding your pop-up store will be complementing your business or competing? The history of the location is another point that is vital in picking the right location. Has the area hosted pop-up stores in the past? If so, how successful were they? The location for a pop-up store should be easily accessible to be people, so it should have great parking space and great transport connection. (Bergman: 2014)

The right location sometimes depends on the timing. There a different types of event throughout the years. There is the New York Fashion week, South by Southwest and Coachella etc... Retailer that have pop-up stores can capitalize on the foot traffic by open pop-up stores around or nearby this events. For example H&M created a pop-up store at the music festival in Coachella to promote its” H&M Loves Music” line. (Fiorletta: 2014)

Picking the right location for a pop-up store also depends on who retailers are trying to attract. Is it new customers or customers who are already familiar with retailer’s products and services? (Bergman: 2014)

Store design

Pop-up stores are about communicating brand message in a physical space by creating experiences that will last. But in order do that, companies have to create pop-stores that can lure in customers. But unlike conventional stores, pop-up stores have limited time to attract customers. As a result of that, companies that own pop-up store have to give more

emphasis to the store design. How do you stand out from the surrounding stores? How do you attract customers?

- Storefront – The storefront display is the first thing customer look at. It is the first impression customers will have about the pop-up store and whether or not they will explore any further. Hence, companies that own pop-up stores have to create storefront displays that are catchy to the eye. Storefronts of pop-ups should also display the temporary nature of the store, by clearly stating for how long the store will be around. That will help customers distinguish pop-up stores from the surrounding conventional stores. The temporary aspect of pop-up will also persuade customers “to act now.” (Gonzalez:2014)
- The environment of the store- Storefront display only sets an expectation for customers, but once customers set foot in the store, the environment should meet or exceed those expectations. Those expectations can be met or exceeded by creating a visual environment that is immersive. The environment of the pop-up store should “evoke an emotional connection to your brand.” The brand message retailers are trying to convey will depend each company’s brand. Retailer should ask themselves: what their brand message is, which customers they want to attract, what store environment best suits their brand message and what actions they would like customer to take. (Gonzalez:2014)
- The product display- The product display of a pop-up store should eye catching. Retailers should display products in fluid and clean way that goes with the pop-up goals and purpose. By creating product display that caters to that specific reason will only make the store experience more unique. (Gonzalez:2014)

Customer service

Customer service is essential for any type store, whether is conventional stores or pop-up stores. Usually the people who apply for pop-up stores are younger and less experienced. Hiring is the best staff is essential for a pop-up store. So, retailer that own pop-up stores must invest time and energy in to interviewing and training staffs. The staff should be able have extensive knowledge on the company's brand and also should deep product knowledge. (Lee: 2013)

4 EMPIRICAL DATA

In this part of the thesis we will see how to companies in Finland are leveraging from pop-up store format. We will start with Ivan Helsinki. And first we will start by general information about the company, followed by the interview that was conducted. After that we will introduce the second company that was chosen for this thesis, which is Voglia. Here as well, we will start by stating general points about the company and followed by the interview.

4.1 Ivan Helsinki

4.1.1 Company Background

Ivana Helsinki is an independent art, fashion and cinema brand. It is family operated company based in downtown Helsinki. (Ivana Helsinki webpage: 2015)

It was founded in 1998 by designer Paola Suhonen together with her sister Pirjo Suhonen. Ivana Helsinki was the first Nordic company every to participate in the Paris fashion week in 2007. (Wikipedia:2015)



Figure 13. Ivana Helsinki pop-up store in Itäkeskus mall. (Ivana Helsinki web page: 2015)

4.1.2 Interview

Phone Interview with – Pirjo Suhonen

Manager of Ivana Helsinki

Nov.8.2015

Phone interview

Q1. What was the reason behind opening a pop store than a permanent store?

“Pop-up store is an operational tool that helps you see and test your strategy. And we have opened pop up store before in downtown part of Helsinki, Paris, New York and Tokyo. And we opened the pop up store in Itäkeskus in May and was initially going to stay only for a month but because of the success we had, we extended until January 2016. And the reason we picked Itäkeskus was to test out a different area. Because we had a pop up store in down town Helsinki in the past and we also have our permanent flag ship store in downtown Helsinki that has been running almost for 15 years now”.

Q2. How does having a pop up store help build company's brand?

For those who have heard about our brand but never seen or tried our products can get the full experience when they came to our pop-up store. And the physical interaction they will get from our customer service is the best way to build our brand.

Q3. How does having a pop-up store help build online sales?

“Customers who were hesitant to buy online because they weren't sure the size might fit them or they don't know how the cloth looks on them can easily try the product in the pop-up store and know their size and how it looks on them. This has given customers the courage to shop online more. As a result we have seen an increase on our online sales.

Q4. How important is location when opening a pop-up store?

Location is very important. Especially when the weather is cold and gloomy like now in Finland, it hard to get customers into your store. So you have to have your pop-up store inside a mall, where it will be surrounded by other stores and other sources of entertainments. But whether you have your pop up store inside a mall or standalone it is important it is easily seen by customers. So, it is always good to have pop-up stores in areas where there are museums, lot of cafes and other clothing stores.

Q5. How important is customer service in a pop-up store?

Customer service is everything in a pop up store. It is the first touch for the product, that first interaction leaves a mark and terrace.

4.2 Voglia

4.2.1 Company background

Voglia was founded in 1983. It is Finnish company that sells women clothing. It is best known for its quality and it is designed to fit women with curves. (Voglia website:2015)

Voglia has 18 stores overall in Finland. (Virtanen:2015)



Figure 14. Voglia store. (Voglia web page: 2015)

4.2.2 Interview

Interview with – Katriinna Virtanen

Manager of Voglia Pop-up store in itis mall

Nov.11.2015

Face to face interview

Q1. What was the reason behind opening a pop-up store than permanent store?

When you have a store you might have a strict concept you have to follow but with pop-up store there is a bit more room to play with the concept. It gives you many options. So you can focus on denim, outerwear or have a younger style. It also gives you time to test out location.

Q2. How does having a pop-up store help build your company's brand?

It is really good for brand because pop-up store is a marketing activity for a company. We used to have our store here in Itäkekus mall but we moved it to Herttoniemi. It has been 12 years since we had a store here. And through our pop-up store, we have gotten new customers who have not seen our brand before.

Q3. How does having a pop-up store help build online sales?

Since it is a marketing tool, it gives you more name. We don't have the whole collection in our pop-up stores, so when a customer wants a product we don't have in the pop-up store, I show them how they can get it online. So, I am always informing customers how they can get our products. And this is what all the stores should do as well, get those two worlds linked. So they will actually help both ways.

Q4. How important is location when opening a pop-up store?

It is really tricky and very important. At least for our company there are two ways we go about it. It should be in a place where there is a lot of traffic; like here. Also where there is not a lot of competition. The pop-up stores here in this mall sell home decoration, candles and specific design clothing. Because our customers probably are also interested in that, it supports our pop-up store more than .And also our pop-up store shouldn't be near to our normal stores.

5 DISCUSSION

Retailers of all sizes and types are discovering the importance of reaching customers through multi-channel sales. There has been many changes that have occurred in the retail world. From the modern department stores, to the discount chains and to big box retailers. All of the changes throughout the years have transformed the previous way of doing business and redefined customer expectation. In 1990s the internet transformed the way we search products and shop for product. (Rigby: 2011)

Even though e-commerce is increasing, the importance of physical presences is also increasing. (Post Nord: 2015) As a result, retailers are adopting the Omni-channel retail system. But becoming Omni-channel retailer entails reduction of store. That is because the sales generated online come in the expense of the physical store, which has a bulky fixed cost. (The Economist: 2013) When it comes to why Nordic residents are attracted to online shopping, the main attraction for online shopping was simplicity, less expensive and vast selection. And the same goes to Finland. (Post Nord: 2015) But as we stated from previous part of the thesis, shopping is not only about acquiring product for a cheaper price but it is also about a social experience. Which people cannot get while shopping online. (The Economist: 2013) That means even though online shopping is becoming more and more popular it is not sufficient by itself to satisfy the need of every customers. This is specially try for some products. For example, if we take clothing, it is not the same as buying online and in a store. No matter how the online web page can describe the measurement of the clothing, it is not a guarantee it we fit perfectly. There is always some guessing involved. As, a result in recently years online or web based clothing companies are opening physical stores. Not only do they think, it will help their customers avoid guessing before buying, but also help them build their brand. But most of them are doing it differently. They are not opening traditional or convention stores. They are finding other formats of having physical presence and one of it is opening pop-up store. (Smith: 2015) Are pop-up stores the answers for other retailer as well, especially for those who sell clothing? From our research we have found out that to be true. And the reasons are stated in detail in the following paragraphs.

Pop-up store are cost effective way to test location and product before making a permanent investment. (Bergman: 2014) For example, Ivana Helsinki is using their pop-up store as an operational tool. It help them see and test their strategy. They are also using their pop-up stores to give customers a full experience of their brand. (Suhonen: 2015) Voglia are also using their pop-up store for a similar reason. They are using it as a marketing tool. They want to introduce their products to people, who are not quite familiar with products and their brand. (Virtanen: 2015) Both companies have expressed that having a pop-up store have helped them increase their online sales. For Ivana Helsinki, the pop-up store has helped their customer to physically inspect clothing and later purchase it online. (Suhonen: 2015)

Pop-up store are the perfect avenue to create a buzz and excitement. There a sense urgency to “shop now” and to” act now “before it disappears. (Lee: 2014) The exclusivity and temporary nature of pop-up stores also leads customer to make large purchases. Which helps retailers boost their sale and generate revenue. (Subramanian: 2014)

The success of pop-up store will depend on picking the right location. Whether Retailer choose between having a pop-up store in a mall or standalone, the important aspect is they should be easily discovered by a customer. So, they should be in area where that are lots of activities like museums, cafes and other stores. (Suhonen: 2015) It is also important to think about surrounding stores. Do surrounding pop-up stores or stores be complimentary for your business or is more competitive? It is important to open pop-up store where the surrounding stores or pop-up stores will be complementary to the business. (Virtanen: 2015) And sometime the right location will depend on timing. There are some events that are happen throughout the years. Retailers can capitalize on the foot traffic that is created by those events by opening pop-up stores. (Fiorletta: 2014)

But after picking the right location, how do retailers that own pop-up stores stand out from the crowd? The will depend on how catchy the store design is. The first thing retailer should invest on is creating storefront display that can lure in customers. But after customer step foot in the store, the expectation should be met or exceeded by the environment created inside the store. (Gonzalez: 2014) Customer service is essential for any type of physical retail but it is even crucial in a pop-up stores. Since pop-up store are short term

retail, that leaves lasting impression. If the customer service is good and able to communicate the brand, customer will have positive attitude towards the company after the pop-up store closes. But if the customer service was not good, that would be a negative lasting impression. Customer service is the "first touch for the product, the first interaction leaves a mark and terrace". (Suhonen: 2015)

6 CONCLUSION

Going Omni-channel has become a necessary strategy for retailer to meet the demands of today's customer, as well as to stay competitive. But rather than opening conventional store, retailers are discovering a more cost effective way for a physical presence; pop-up stores. Different retailers are leveraging for the pop-up store format. From our research we have found that Omni-channel retailers in Finland will benefit from opening pop-up stores. Especially those retailers that sell clothing. That is because clothing is the number one item purchased online in Finland. It is also the most common item Finn buy online after inspecting in a store.

Pop-up stores will help Omni-channel retailer in Finland increase their online sales. We found this to be true for retailers that sell clothing. From our interview we have found out that it has helped Ivana Helsinki Company. After they opened their pop-up stores, they saw an increase in their online sales. The reason was customers were able to try on clothing in the pop-up store and know their exact fit. This encouraged customer to later make purchases online.

But in order to leverage from the pop-up stores, retailer in Finland have to locate their pop-up stores in area where there are lots of foot traffic. Unlike conventional stores pop-up stores do have luxury to slowly build their reputation. They only have a short time span to make a lasting impression.

The way Omni-channel retailers in Finland make last impression by creating a store environment that is immersive. And that starts with the storefront display, it can either lure in customers or it might not. So, retailer in Finland that have pop-up stores should invest time and effort to create storefront display than can catch people's attention. The storefront display creates only creates expectation for customers. So, those expectations should be met or exceeded by the environment created inside the store. The customer service is also another important aspect of pop-up stores. Since Customer service helps build brand, retailer should take time and effort to train employees. So, they can have an extensive knowledge on the products and brand.

6.1 Recommendation For future studies

- Interviewing more Omni-channel retailers that have pop-up store would make the thesis much stronger.
- Interviewing companies that sell different products using pop-up stores will add an interesting layer to the research.
- Getting the perspective of the customer about the pop-store format would give a complete picture of pop-up store experience.

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APPENDIX

Interview questions

Q1. What was the reason behind opening a pop store than a permanent store?

Q2. How does having a pop up store help build company's brand?

Q3. How does having a pop-up store help build online sales?

Q4. How important is location when opening a pop-up store?

Q5. How important is customer service in a pop-up store?