

The Popular Format

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Although pop-up stores are not new to the retail market, their number is growing year on year both in Europe and the U.S. In just a short time, they were able to turn from a means of customer entertainment and an unprofitable retailer's best friend into a serious marketing tool. MALL discusses the issue of flash retailing and its future in Russia.

Evolution of the Trend

In the early 2000s pop-up was still a novelty, a slight off-course deviation. Retail was based on its traditional principles like permanence of retail spaces and shopping made easy through brand awareness and out of habit. Most retailers focused on renting premises with high foot traffic and concluding long-term contracts.

The economic crisis of 2008 opened up new opportunities for the pop-up format. Instability of the commercial real estate market and growing vacancy rates forced mall management to consider short-term leasing options. Landlords in the U.S. became willing to offer vacant premises to seasonal pop-up fairs, promotional events or test product launch events. Short-term lease contracts (from several days to 6 months, with the average of several weeks) are now widely used in Europe due to low consumer spending rates in the EU.

Time for Renewal

However, the fast growth of pop-up shops is largely due to reasons other than economic ones. By the early 2000s retail stopped being interesting for the customers who have the need for the wow-factor, for novelties and surprises. The partial return of the temporary retail concept brought new life into the stagnant industry. Pop-up provided a strategy of economic revival, a boost to city development, and a motivational tool

for small business owners. Large chain retailers, from the mass market to the premium segment, including Hermes, Tommy Hilfiger, Tiffany & Co., Walmart, showed profound interest in the pop-up format. Pop-up entered its new development stage, that of creative installation and being a retailer's experimental site.

Russian Fairs: Past and Future

Whether the western concept of a pop-up shop is new and unique for Russia is a subject of discussion. A number of speakers claim that pop-up has been a traditional format of Russian trade for as long as we can remember and has been developing in its own way. Similar to the western format of mobile or temporary points of sale, there are seasonal or themed fairs that appear in the Russian streets and malls, and there is even a special site for holding temporary fairs in Moscow — All-Russia Exhibition Center (VVC).

Experts think that, outside of fairs, there is practically no place for a small business or individual entrepreneur to organize their street pop-ups in Russia. The main difficulty lies in getting the consent of the local executive authorities for carrying out commercial activities in a certain location.

Starting on a Shoestring

In Russia the pop-up concept is usually used for launching new brands and products. The first and most well-known

project is Sunday Up Market (SUM). The company founded in 2008 has been a platform for showcasing both unknown and famous Russian fashion designers. In February 2011 SUM's first pop-up store offering clothing by Russian designers appeared at Tsvetnoy Central Market and became so popular that in one year it was replaced by three traditional stores in Tsvetnoy, Moscow Gallery and Mega Belaya Dacha. SUM focuses on low-budget event promotion by organizing various contests, concerts, fashion shows, etc.

Mobile Shops

A less popular format is a mobile pop-up store. The pioneer in Russia was a Centro shop truck. The project was launched in early 2013, with a brightly-colored truck touring Leningrad and Rostov regions. At present, 6 Centro truck shops are visiting regions of Russia, mainly small towns with the population below 20,000 people. According to Andrey Nesterov, CEO of Centro, investments into one mobile shop total 2.5 mln rubles, while the annual turnover averages 15 mln rubles. The footwear chain has made an official announcement that it is going to carry out expansion in Russia using this format, without having to pay for floor space rent. However, experts presume that Centro is actually testing new markets for opening its traditional points of sale.