Pop-up stores as a foreign operation mode for retailers

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November 2012 - WP 2012-41
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Structured abstract

**Purpose** The purpose of this research is (1) to describe the characteristics of a pop-up store in an international context, (2) to investigate the motives for its choice and (3) to analyse how it is managed.

**Design/methodology/approach** A multiple-case study was adopted. Research was carried out through secondary data sources, social media observation and semi-structured interviews with senior managers in charge of developing and managing pop-up stores internationally. A conceptualizing content analysis was carried out manually and using NVivo software.

**Findings** The main results concern:
- the characteristics of an international pop-up store: location, design and architecture, merchandise mix and events associated to the store are key characteristics that exhibit differences;
- the three motives for its choice: testing and adapting the concept to foreign consumers who are unfamiliar with; raising and sustaining the international profile of a retail brand; developing relationships networks with stakeholders in foreign markets;
- its management: the management of pop-up stores as foreign operation modes is dynamic. It varies from mode switch at the entry stage to mode combination at the further expansion stage.

**Research limitations/implications** The research results suggest avenues for future research, especially about how the concept of international pop-up store will evolve over time.

**Practical implications** The research provides guidelines to international retail managers in order to choose a pop-up store as a FOM in appropriate situations.

**Originality/value** The research brings new understanding into the characteristics, the motives for the choice and the management of a pop-up store in an international context.

**Keywords:** pop-up store, foreign operation mode, retailing, internationalisation.
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Introduction

A Uniqlo store opened for two months in Paris, a Azzaro shop launched for ten weeks in Riyadh, a Louis Vuitton store established for four months only at the heart of the Museum of Contemporary Arts in Los Angeles… these examples illustrate the increasing trend since 2008 for international retailers in using pop-up stores in foreign markets.

Pop-up store, also referred to as temporary, itinerant or guerrilla store, is a retail space intentionally opened for a short period of time (Niehm et al., 2007). The Japanese high-end fashion brand Comme Des Garçons is often presented as the initiator of the international pop-up store trend, with its store located in an old warehouse in former East-Berlin for one year only, in 2004. Since this initiative, international pop-up stores have popped insomuch that they are viewed as the “latest expression of innovative solutions” in marketing channel (Musso, 2010, p.37).

Whereas international pop-up stores are multiplying, they have enjoyed very little interest in the international retailing literature, to date. Meanwhile, choosing the most appropriate foreign operation mode (FOM) has been largely acknowledged in the academic literature as one of the most critical but difficult decisions (e.g. Welch et al., 2007). Managerial reports have also stressed the key role of the FOM decision in retail internationalisation: “Perhaps most critical is the method of entry into the chosen market.” (Deloitte, 2009: p.3). Therefore, it seems particularly interesting to better understand why the choice of a pop-up store as a FOM seems appropriate.

Hence, the purpose of this research is to investigate the context of choice and management of a pop-up store as a FOM. It aims at exploring how heads of international retail brands assess the distinctive features of a pop-up store format at the entry stage as well as at the expansion stage, in a given foreign market.
This research taps a novel and up-to-date subject. Its contribution to the international retailing literature lies in a detailed analysis of pop-up stores as an innovative FOM and in the display of an extended typology of retail FOMs. Moreover, it brings a dynamic conceptualisation on FOM choice in retailing as it depicts the management of an international pop-up store both at the entry and expansion stages, when used in isolation or in combination.

The article is structured as follows. The following section presents an overview of the relevant FOM literature and pop-up store literature. The case-study methodology employed in this research is then presented. The main results are detailed and subsequently discussed. Finally, limitations and suggestions for further research are provided.

**Retail foreign operation modes and pop-up store: a literature review**

The framework of the research arises from the international business and retailing literature on FOM as well as from the literature on pop-up stores. Retail FOMs are numerous and new ones such as pop-up stores develop.

**Retail foreign operation modes**

Retail FOMs refer to the “means by which retailers establish an operational presence in non-domestic markets” (Alexander, 1997: p.278). The works of Hollander (1970) and Waldman (1978) were the first to document FOMs in retailing. According to the latter, the most common FOMs were “the purchase of existing stores and firms, participation in joint-ventures, establishment of foreign subsidiaries and franchising plans” (Hollander, 1970: p.145). Management contracts and mergers were presented as less frequently used. This topic had remained under researched up to the 90s when works on retail internationalisation began to consider the FOM as key in this process (Burt, 1993). Dawson (1994) presented five main FOMs for international retailers: internal expansion, merger and takeover, franchise type
agreement, joint-venture and non-controlling interest. In recent years, the international retailing literature showed a growing interest in the FOM topic (Doherty, 2000; 2007; Burt et al., 2008), with qualitative research shedding light on retail experiences. FOM not mentioned in conventional typologies were then observed: flagships stores, concession, shop-in-shop or wholesaling (Moore, 1998; Fernie et al., 1998; Hutchinson et al., 2007; Moore et al., 2010).

Yet, the range of FOMs presented in the traditional typologies (Dawson, 1994; Howard, 2004) is more limited than the ones effectively used by retailers today. This illustrates a “discrepancy between theory and practice” about FOM decision (Benito et al., 2009, p.1455). An extended typology of retail FOMs is presented in Table 1.

Insert table 1 here

**Decisions about retail FOMs: choice, switching and combination strategy**

The issues related to the choice of an appropriate operation mode to develop a retail store network in a foreign market are largely acknowledged. In the short-run, it positively influences the network market share (Moore, 1998) and its efficiency in terms of turn-over / m² (Gielens and Dekimpe, 2001). In the long-run, it impacts the network survival (Burt et al., 2003) as well as its international marketing strategy in terms of countries where the retail company can operate and speed of development. When choosing a FOM, international retailers trade-off the advantages and disadvantages of the different modes. The decision is complex, with numerous and conflicting determinants. Five sets of factors are recognised as key determinants (Doherty, 2000; Author; Hutchinson et al., 2007): (1) the perceived characteristics of the targeted foreign market, (2) the industry context, (3) the retail marketing strategy (brand, location, assortment and market coverage strategy), (4) the retailer’s general strategy and finally (5) the retail company’s characteristics (size, motives for internationalisation, relationship networks).
These determinants influence the final choice through the dimensions of a FOM, whose two traditional ones are risk and control (Root, 1994). Further research suggested four dimensions: dissemination risk of specific assets, control over strategic and operational decisions, resource commitment and flexibility (Driscoll and Paliwoda, 1997). This echoes the view of Treadgold and Davies (1988) about the importance of three criteria in retail FOM decisions, namely the desired degree of control over the operation, the amount of resource dedicated to the project and the degree of flexibility.

FOMs remain typically presented as alternative solutions of operating in a foreign market. Yet the internationalisation process is dynamic. The entry mode may not be suitable for the expansion stage as circumstances and objectives may be different (Fisher et al., 2005). If the longitudinal dimension of an internationalisation process is explicitly considered in retailing since the 2000s (Dawson, 2001), it remains rarely taken into account as far as the FOM choice is concerned. However, current critical issue in FOM research is mode development over time, with two strategies: mode shift and mode combination (Canabal and White, 2008; Welch et al., 2007; Benito et al., 2011). Mode shift corresponds to a switch from one FOM to another, the later replacing the former. The motive for the change may be either difficulties with the present mode or new objectives in the targeted foreign market. Mode combination consists in the addition of one FOM to another, for short or long term. Combined modes may be unrelated to serve different businesses in a foreign market; segmented to handle differently various customer targets; complementary to manage different value chain activities or reach various objectives; hybrid to monitor goal congruence between the principal and the agent; or finally, competing with the use of multiple FOMs to benchmark local operations (Welch et al., 2007). The degree of coordination and integration of these combined modes may vary greatly, from complete independence to permanent benchmark. Such a combined use of FOMs in retailing is documented: the combination of concession and company-owned stores
(Waldman, 1978), plural form associating company-owned and franchised stores (Dant et al., 2008) and multi-modal forms combining wholesaling and franchising (Moore and Fernie, 2000; Petersen and Welch, 2000) or company-owned stores, franchises and shop-in shops (Moore, 1998; Author).

**Pop-up store in the literature**

Due to the novelty of pop-up stores, very little academic research has been conducted on it, especially in an international context. Table 2 overviews the dedicated studies.

*Insert Table 2 here*

**Definition and features**

A pop-up store is a temporary and short-term retail space deliberately springing up and closing rapidly (Kim et al., 2010; Surchi, 2011). According to Surchi (2011), a consequence of this temporary nature is improvisation. It is presented as a “method of marketing communication” (Marciniak and Budnarowska, 2009: p.4) and “an interactive and relational platform” (Russo-Spena et al., 2012, p.34). A pop-up store is a new experiential marketing format based on surprise and exclusivity; it is intended to engage consumers (Niehm et al., 2007). It is developed in synergy with other events and temporary initiatives (Russo-Spena et al., 2012). Historically, a main goal of the Japanese retailer Comme des Garçons with her guerrilla stores was to challenge the conventions of retailing, searching for radicalism and revolution (Doyle and Moore, 2004). Pop-up stores present a theatrical nature and are imagined as an art format (Marchetti and Quinz, 2007). Table 3 provides an overview of the key features of a pop-up store format.

*Table 3 to be inserted here.*
If location is acknowledged as a key point, results diverge about where pop-up stores are located: “invariably strategically located in high traffic shopping areas” (Surchi, 2011: p.260), in innovative locations (Niehm et al., 2007; Kim et al., 2010), in fashionable and economically significant cities (Marciniak and Budnarowska, 2009; Russo-Spina et al., 2012) or in radical and little-known places for initiated consumers (Doyle and Moore, 2004). Their promotion is essentially based on word of mouth (Ryu, 2011; Surchi, 2011). A pop-up store requires a modest investment (Surchi, 2011): cost is circumscribed, with limited resources invested in the project. It has communication relevance to develop long term relationships beyond direct profit generation (Doyle and Moore, 2004; Marciniak and Budnarowska, 2009; Surchi, 2011); no ambitious sales objectives are fixed, but the break-even. Pop-up stores aim at producing demand rather than generating revenue (Ryu, 2011); they are “a sort of synthesis between communication and selling” (Surchi, 2011: p.260).

Motives for the choice

Analysis of the reasons motivating retailers in choosing pop-up stores as a FOM is very limited. Marciniak and Budnarowska (2010) assert that international pop-up stores aim at raising the international profile of a brand in a new foreign market. Surchi (2011) qualifies it as a method of brand dissemination across international markets. She observes that it is a means to test a new store concept for retail brands and foresees that it would help to further establish a store network in a foreign market.

Additionally, three motives for the choice of pop-up stores domestically are acknowledged. Firstly, a format based on surprise and exclusivity is a well-suited response to current consumer expectations. Pop-up stores appeal to consumers for hedonic reasons linked to the novelty and the distinctiveness of the retail concept and the uniqueness of the experience (Kim et al., 2010). Secondly, in a context of limited efficiency of traditional media communication, the store as a media is of strategic importance. Pop-up stores are thus a
means to create awareness and buzz, with a promotion plan based on word-of-mouth communication, guerrilla marketing and social networking techniques (Marciniak and Budnarowska, 2010; Ryu, 2011). They deliver a consistent and distinctive message and provide an interactive environment for consumers and retailers (Kim et al., 2010). Thirdly, pop-up stores are analysed as a solution to the challenging economic climate facing both landlords and retail managers. For the former, it is a way to fill vacant space (Mulvihill, 2010) while the latter can sell off excess warehouse stocks or to maintain sales at certain periods with limited investment (Surchi, 2011).

**Context of management**

The way pop-up stores are managed in the internationalisation strategy of a retailer has not yet been investigated; the following scare points can be derived from the research mentioned in Table 3. On the one hand, a pop-up store may be managed to help making future business decisions relative to the internationalisation strategy. A pop-up store can be managed to decide if a permanent store would be interesting or not (Surchi, 2011; Ryu, 2012). Thus, a pop-up store could be a means of market selection as it could allow assessing a market potential and appraising a foreign culture. On the other hand, the way pop-up stores are managed is analysed in the perspective of multi-channel distribution. A pop-up store is said to be managed to increase traffic in permanent outlets and to produce profitable business at these other locations. In an international context, the question arises as to whether pop-up stores are managed alone or in combination with other formats. What benefits would offer the combined use of pop-up stores with other FOMs? If used as a sole FOM, how is it managed to fulfil the roles it should play in the internationalisation strategy?
If some characteristics of and motives for an international pop-up store are stressed, the literature review reveals important gaps in the understanding of a pop-up store as a FOM. Therefore, this work is an attempt to address this gap by investigating the three following research questions thanks to a qualitative research presented below:

*RQ1.* What are the characteristics of a pop-up store in an international context?

*RQ2.* What are the motives for the choice of this format as a FOM?

*RQ3.* How is it managed to contribute to the internationalisation of a retail store network?

**Research methodology**

Considering these objectives and the dearth of existing research on pop-up stores as a FOM, an exploratory qualitative study in the form of a multiple case-study methodology was considered appropriate. The research sought the “how and why” of a pop-up store as a FOM, issue for which this methodology is said particularly relevant (Yin, 2009: p.1). Moreover a case-study research is considered suitable in the early stage of a research on a specific topic (Eisenhart, 1989) and retailers-side view of pop-up store is nearly inexistent (Niehm *et al.*, 2007). This methodology is also consistent with recent views arguing that research on FOMs would greatly benefit from qualitative approaches in order to tackle the complexity of the phenomenon (Benito *et al.*, 2009; Canabal and White, 2008).

**Case companies selection and description**

Multiple case-study approach was selected for two reasons. Firstly, this methodology allows for observation of patterns and replication among cases (Stake, 2005; Yin, 2009) which were needed to investigate the different approaches in the use of a pop-up store as a FOM. Secondly, multiple case study is said to derive more compelled findings (Miles and Huberman, 1994; Yin, 2009).
Cases were selected purposefully, according to the fact they typify three characteristics considered influencing retail FOM decision (Hutchinson et al., 2007; Petersen and Welch, 2000): brand status (established versus small retail brand), FOMs in use (equity, contractual or exporting modes), and the length of international experience (long versus short). Without an official list of retailers’ pop-up stores operated in foreign markets, the case companies were selected from a database developed by the author since 2007, on the basis of a systematic review of newspaper articles, Internet alerts and retailer websites. This list gathers information on pop-up store operations by either French speciality retailers in any foreign country or by any foreign specialist retailer in France. Mid-2011, this database comprised 41 retail companies and 56 international pop-up stores.

Table 4 provides key information on the case companies. For reasons of confidentiality, all retail companies under investigation remain anonymous. In terms of size, they range from small to major companies. FOMs differ from purely company-owned networks to ones developed via shop-in-shops. Regarding sectors, they cover beauty, fashion and luxury food. The objective of reaching an in-depth understanding of pop-up stores as a FOM guided the total number of observed companies: in total, 13 cases were studied.

*Table 4 to be inserted here*

**Data collection**

A variety of data gathering methods was used, in the form of semi-structured interviews, secondary data (company material, press articles, permanent and temporary Internet websites), observation of social media (social networking sites mainly Facebook, blogs and micro-blogs, content communities), and, when possible, visit to the pop-up store. The objective behind multiple sources of data collection techniques was data triangulation to reinforce the research results and conclusions (Yin, 2009).

Potential key informants were approached via e-mail and phone to participate to the research.
For each retail company, one semi-structured interview (two for three cases) was conducted with senior managers in charge of developing pop-up stores internationally (marketing director, merchandising director, international business developer or CEO). The objective was to capture their experiences and thoughts about the pop-up stores, especially the connections they made between this FOM choice and some determining factors, and subsequently to contrast these experiences. Interviews were all conducted by a single senior researcher in a unique language (French) to ensure consistency and equivalence in data collection (Sinkovics et al., 2008). The interview guideline, previously tested by interviewing a retailer, was structured around 4 key themes\(^1\) and possible prompts. Additionally, a field note book, memos, case summary and transcription coversheets, to multiply sources of evidence.

**Data analysis**

The suggestions of Huberman and Miles (1994) and Sinkovics et al. (2008) drove the data analysis process. The 16 interviews were audio-recorded and fully transcribed to meet the desired analytical needs. The object of our analysis was a corpus of 209 pages.

Pattern-matching logic was pursed in case analysis. A conceptualizing content analysis was carried out manually and using NVivo9 software which helped address issues of validity and rigor by facilitating the research analytical process. Adopting the iterative pattern coding process, the first nine interviews were examined and coded; the seven final ones were subsequently analysed and coded with the residual material method (Mukamurera et al., 2006). Consistency of conclusions between initial and final findings was checked. Since one of the aims of interpretation was to find relations between variables, matrix intersections and tabulations of events frequency were also developed. Following Stake (2005), excerpts from verbatim text will be used as illustrative quotes to exemplify specific themes.

\(^1\) The 4 key themes were: (1) Latest international pop-up store; (2) Reasons for the pop-up store to be the right FOM; (3) Pop-up store and the internationalisation process; (4) Management of an international pop-up store.
Findings

Characteristics of a pop-up store as a FOM

The retail companies under investigation operated their pop-up stores in foreign markets during 30 days to five months, with an average duration of two months and a half. Retail managers highlighted the following key characteristics as distinctive of an international pop-up store:

- **Store location**: all the retailers underlined the strategic role of pop-up store location in expressing retail brand positioning and values to foreign consumers ignorant about them. “Location should embody our values” (interview with B). Various types of location depending on the objective, were chosen – prestigious avenues, pioneering locations, unfamiliar sites – which contradicts previous findings of pop-up stores being “invariably strategically located in high traffic shopping areas” (Surchi, 2011: p.260). Such locations could not be accessible permanently. “It is possible to take advantage of a premium location we could not normally afford” (interview with O).

- **Store design and atmosphere**: in-store design, out-store design, visual merchandising and store atmosphere were considered crucial. Except M, all retailers wanted to offer consumers an immersive experience. This result is consistent with the experiential dimension of the format (Marciniak and Budnarowska, 2010). Eleven out of thirteen retail companies had an architect or a designer for their projects. The objective was “to create a special place to promote our values, our culture, our… our style thanks to any artistic form” (interview with P). Creativity is central in order to give the store an air of strong design thanks to antique furniture, movable installations or “rough and ready” materials, and to showcase mobility. This result is consistent with Marchetti and Quinz’s view (2007) of a pop-up store as an art format.
• **Merchandise mix:** very different product assortments were displayed; their depth and width depended on the objective of the operation. M presented a seasonal product range in sea-side pop-up stores, while O, P and T displayed their complete product range to switch quickly to permanent stores. In the other cases, a narrow assortment was displayed: “we presented a selection of our fall-winter 2010 collection of boots to let Londoner know they were part of our history and still handcrafted in France” (interview with G). Symbolic or expensive special edition products were displayed to emphasize a specific dimension of the retail brand to foreign consumers.

• **Promotion and events:** the pop-up store in itself was unanimously considered as a communication tool: “the store attracted a lot of media coverage” (interview with B). Promotion operations were also carefully planned to attract stakeholders’ attention. Temporary web sites, street marketing campaigns, social media and word-of-mouth were used to showcase pop-up stores. This result supports the social networking approach of pop-up stores (Marciniak and Budnarowska, 2010). Retailers described events with artists and community groups as a means to generate long lasting souvenirs beyond the life-time of the store. “We wanted the “wow” experience with an inauguration and following events with the artist who inspired the collection” (interview with D). Pursing a sale objective, M also favoured media communication to promote its seasonal pop-up stores.

• **Sale space:** sale size ranged from 33 to 570m²; it appeared less chosen than imposed by available retail spaces. A, G and D’s pop-up stores were larger than their permanent stores because they were their temporary flagship stores. In the other cases, modest sale size was sufficient “4 days for 250 pairs of shoes that’s not the size of the sale space that is important here… that’s not how big the store is, that’s what we can express and who we can reach with it” (interview with S).
All the interviewees underlined that the temporary nature of the store was not synonymous of approximation: a very specific analysis has to be done. There are sensitive questions of planning and timing: “what appears to be spontaneous, hem…extemporaneous is in fact the fruit of a true thought. That’s organized improvisation” (interview with Q). This result disconfirms the conclusion of the improvised character of a pop-up store (Surchi, 2011).

The cost of a pop-up store amounted to a fraction of the one of a normal store. In all cases, there was a search for cost efficiency. A, G, and D devoted high budget to their temporary flagship stores, but underlined it was a way to optimize resources invested in such a project.

**Motives for the choice of a pop-up store as a FOM**

Three key motives emerged from the retailers’ discourse.

*Motive 1: testing and adapting the concept to foreign consumers who are unfamiliar with*  
Both young and established retail brand managers viewed pop-up stores as a cost-effective FOM to observe a foreign market and gauge its potential for their retail concept. “It is a test grandeur nature, a full scale market study at low cost” (interview with T). This FOM helps address key issues in an international context about (i) market attractiveness: “If the youth rush in, we know it’s won” (interview with C); (ii) consumer preferences and format adoption: “it is the opportunity to do something a bit different... What we have is more a laboratory situation whereby we can engage with consumers and learn from their responses on what pleases them and what does not” (interview with Z). As a FOM, pop-up stores help addressing the standardisation – adaptation dilemma via their creativity. The concept can be tailored to the market, according to consumers’ feedbacks: “we had a funny product assortment and we noticed that our clients would also buy bags, which is quite surprising for us” (interview with A). This result deepens the observation of pop-up stores being a means to
test a new store concept (Surchi, 2011; Ryu, 2011). Their ability to offer the conditions for an efficient implementation of an international marketing policy is a key factor for the choice, confirming results on the determinants of a retail FOM (Burt, 1993; Doherty, 2000; Author).

**Motive 2: raising and sustaining the international profile of a retail brand**

The international retailers interviewed underlined the importance of shaping the international status of a brand and the ways international pop-up stores helped doing it, thus motivating their choice. Firstly, their temporary nature allowed accessing some specific or prestigious but expensive locations that are necessary to develop an international image. “Some specific international locations are the place to be at certain period of the year” (interview with T). It confirms the importance of location for an international pop-up store to reach its objectives (Surchi, 2011; Russo-Spena et al., 2012). Secondly, pop-up stores injected exclusivity, surprise and ingenuity thus offering visibility to a retail brand in a new competitive context. Their theatrical nature generated buzz and brand awareness when expanding in new markets: “it was never meant to be a selling operation but an opportunity to generate a buzz about our new venture in Germany” (interview with C). International pop-up stores serve the purpose of store as a media, with communication relevance rather than turnover (Doyle and Moore, 2004; Marciniak and Budnarowska, 2009). By creating brand momentum, they are an appropriate means to disseminate brands internationally (Surchi, 2011). More precisely, this FOM is described as appropriate to tease consumers and influencers at the pre-entry stage of the retail company in a foreign market. “We were arriving with a concept which created a break with existing codes. We wanted to express we were coming directly from Japan with something terribly new. (...) We hoped to create a group of Q ambassadors in advance of the launch later in 2010” (interview with Q). It is also effective to educate foreign consumers and potential partners to the retail concept. The misinterpretation of a concept represents a main risk in an international context (Dupuis et Prime, 1996; Goldman, 2001) and pop-up stores
could help facing it by working on various dimensions (history, product assortment, storytelling). “It was a valuable learning ground by capturing their interest and interacting with them. We could deliver a very consistent, very clear and very distinctive message to European consumers” (interview with S). Finally, it is appropriate to sustain brand awareness and update retail brand recognition by the target market: “the question was how to rejuvenate a tired brand positioning in this market with energetic outreach?” (interview with M). The findings highlight the fact that, when expanding internationally, developing a distinctive retail brand image is essential (Burt and Carralero-Encinas, 2000) and the ability of a FOM to help shape it in the mind of the targets is a strong determinant of the choice (Doherty, 2000; Moore et al., 2010).

**Motive 3: developing relationships networks with stakeholders in foreign markets**

A motive for the choice of a pop-up store as a FOM lies in the opportunity it gives to connect with various stakeholders to the development of the retail brand in a foreign market: consumers via immersive experiences and relationship approaches; local authorities and landlords via the temporary commercial leases; trendsetters and journalists via promotion operations, social media activity and temporary websites. In an international pop-up store, foreign consumers experience a brand via in-store themed events. “The store went beyond the products to offer an interactive experience; they hosted workshops to show people how to tie the scarf in original manners” (interview with N). In-store themed events help differentiate the brand from competition in the mind of stakeholders by offering them uniquely enriching experiences (Sands et al., 2009). Relationship networks – especially foreign media which is a primary target audience for pop-up stores – facilitate access to and further development in a foreign market. “We check where press offices and offices of fashion journals are and we locate our pop-up stores nearby. We need to be as nearer as possible of, of… So they notice us, they connect with us (...) It is essential to have their support to get known in the country”
(interview with A). They are chosen for the opportunity to connect and interact with a foreign market and its specific culture and, as such, play an efficient role in the internationalization process. This result is consistent with previous research which highlighted the pivotal role played by relationships networks in the internationalisation of a retail company (Uusitalo and Rökman, 2003; Elg et al., 2008; Author).

Management of international pop-up stores

The research results reveal a dynamic approach in the management of pop-up stores as FOMs: given their temporary character, mode development over time is a strategic issue for the retail managers interviewed. The way pop-up stores are managed varies from mode switch at the entry stage to mode combination at the further expansion stages.

At the entry stage, a pop-up store is a FOM used in isolation. It is a full market entry mode, relevant for control and resources considerations. “We needed a controlled presence to observe, to... to have a feeling of the market but clearly we could not afford long term company-owned stores from scratch” (interview with A). It helps evaluating which post-entry mode and strategy could be best suited. “Whether we experience high or low success with the operation, it is a tool to decide future development” (interview with Z). Thereby, international pop-up stores allow assessing feasibility of future store openings: it is possible to withdraw easily from a foreign market or to initiate the international development. “We can know very quickly if it is interesting for us to settle there and, this without taking too much risk neither spend too much” (interview with Z). The flexibility and the resource commitment dimensions of a pop-up store are important criteria considered in the choice. Mode switching is then planed, with organised procedures, confirming previous research on monde shift (Welch et al., 2007). In two cases – Z and P – pop-up stores became permanent ones as they were intentionally used as a means to showcase and speed future store opening: “P wanted to pursue its international expansion but faced an obstacle: once the retail space chosen, it had
to be opened as quickly as possible to secure a return on! We had the idea of a temporary concept. It is “walk in progress” stores (…). We create a temporary interactive design, with recycled furniture and only white walls on which consumers can write on the future they imagine, to open the store while waiting the final design and merchandising (…) The idea is as efficient as funny as it allows a full interaction between our customers and the brand” (interview with P). For small brands, a pop-up store as a FOM at the entry stage is crucial to limit the investment and reach a rapid return on it. “Rough and ready” concepts can be developed without shocking the consumer; immediate revenue can be generated, thereby helping financing the future international expansion. “With a limited budget, it is immediately operational and, above all, it attracts the eyes of the clients as it denotes in its environment (interview with O). The advantage of this FOM in terms of limited resources commitment is crucial. Moreover, international pop-up stores help managing the market expansion strategy, especially the strategic sequencing of foreign-market entries. A sprinkler approach, rather than a waterfall one, was possible: “we had at the same time pop-up stores in China and in London as we had high internationalisation objectives. Clearly it would not have been possible with permanent company-owned stores” (interview with G). International pop-up store speeded internationalisation as simultaneous entries were possible.

At the expansion stage, a pop-up store is a FOM used in combination. Primary mode(s) exist(s), with which it is associated: a mode package is developed, in a search of appropriate mode configuration (Benito et al., 2009). Retail networks are made up of company-owned stores in the form of permanent stores, flagship stores or pop-up stores, franchised stores or/and shop-in-shops. Such combinations of retail FOMs create synergies: retailers try to benefit from the association of these different FOMs. A key objective is to give the international development a boost with the pop-up stores driving attention on the brand and on other on-line or physical stores: “it’s tiny compared to the flagship but is meant to whet the
appetite of Parisians for the anime-inspired T-shirts which is one of our blockbuster but less known in France (…) and it should drive traffic in the other outlets” (interview with Q). Such a management of combined modes to support and enhance each other’s corresponds to what Benito et al. (2011) have typified complementary modes. This FOM also brings “agility and reactivity to a network that is otherwise static (…) it is possible to be specifically active on a period of time” (interview with M). It is a means to follow the mobile customers: with seasonal pop-up stores, a retail network expands in a given foreign market efficiently. It is also a means to develop brand loyalty among consumers at the expansion stage: “we organize events to strengthen the relationships with our best customers so that they come back on the website or to their usual outlet with a special relation with us” (interview with N). In summary, according to our results, pop-up stores help address some challenges of a retail internationalisation process in terms of (i) market study and market selection strategy; (ii) market expansion strategy.

Discussion and implications

Research on international pop-up stores was nearly inexistent. Therefore, the purpose of the article was to explore retailers’ assessment of pop-up stores as a FOM thanks to a qualitative study. It thus provides insights and theoretical contributions into the characteristics, the motives and the management of international pop-up stores.

Firstly, according to the research results, an international pop-up store differs in several ways from the other FOMs operated by retailers. It is characterised by no restriction in location and innovativeness and creativity in merchandising. Its success is less dependent on the amount of resources invested in the operation than on how merchandising innovation comes to something different that attract the attention of the stakeholders in the foreign market. The retailing mix of a pop-up store is reconsidered for one context to deliver obvious relevance to
the target(s). A key factor of success for an international retailer lies in its ability to adjust the retail marketing mix elements to specific market conditions (Goldman, 2001). Hence, the choice of a pop-up store format drives the retailing mix towards flexibility. This FOM allows offering diversity in an offer otherwise perceived as relatively standardised by consumers.

Secondly, in terms of motives for its choice, the findings indicate that an international pop-up store is analysed both in a logic of understanding consumers’ preferences and in the one of an increasing search for efficiency in the management of an international store image. First of all, the findings support the results of pop-up stores used to test a new market (Surchi, 2011; Ryu, 2011). Then, the findings show that a pop-up store is at once a FOM and a part of the retail brand’s promotional mix. It is as a kind of sounding board for a retail brand. Such findings support previous works acknowledging the critical role of store image in positioning overseas (Burt and Carralero-Encinas, 2000). Finally, the study recognises that the development of relationship networks with the various stakeholders to the internationalisation process is a determinant behind the choice of pop-up stores as FOMs, confirming previous results on the importance of such relationships in the retail internationalisation process and FOM choice (Bianchi and Ostale, 2006; Elg et al., 2008).

Thirdly, in terms of management, the research highlights that an international pop-up store can be a cost-effective way to enter a new foreign market. At the expansion stage, it can be an efficient mode to enhance other modes used. It provides agility to a retail network and helps develop local solutions in a given foreign market. It is a consistent part of a retail brand internationalisation strategy as long as its roles are clearly defined in combination with other FOMs. More generally, this choice of pop-up stores as a FOM reflects the relative importance assigned to three key dimensions, the ones of resource commitment, control and flexibility confirming previous research results on retail FOM choice (Treadgold and Davies, 1988).
Our research provides important guidelines for retailers who consider choosing pop-up stores as a FOM. A key factor of success of an international pop-up store lies in its creativity. There are opportunities for merchandising innovation in order to be perceived as relevant by the target in the foreign market. Managerial implications are also stimulating for landlords: welcoming pop-up stores from foreign retailers is a way to attract new concept, thus introducing retail diversity, and generating surprise and interest. It is a very effective marketing strategy to bring consumer in spaces otherwise vacant.

Limitations and directions for future research

Results from this research should be interpreted relative to its inherent limitations. Whilst the data was collected from different sectors, the study sample only includes speciality retailers. Mass retailers have notable differences in their internationalisation process (Lowe and Wrigley, 2009); future research is therefore required to further test the findings of this study in this context of mass retailers. As another more general avenue emerging from the present findings, future research could examine the dynamic of FOM choice over time in retailing, especially how and why (i) retail companies shift from one FOM to another and (ii) different FOMs are used in combination. Additional issues warranting further investigation also include exploring how and why the concept of international pop-up store will evolve overtime. Actually, ephemeral appears more and more as a structural principle (Lipovetsky, 1987). A culture of the ephemeral is developing, leading to a situation where temporary concepts – such as the temporary exhibitions in museum – attract better than the permanent ones – the permanent art collections (Decorp, 2008). Such evolutions for store concepts deserve particular attention. These extensions would improve our understanding of pop-up stores as a FOM.
References

Author


<table>
<thead>
<tr>
<th>Table 1 – Retail foreign operation modes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign operation mode</strong></td>
</tr>
<tr>
<td>Export modes</td>
</tr>
</tbody>
</table>
| - Export & wholesaling  
- International internet sales | Test of the market  
Low cost and low risk entry mode  
For Internet, develop direct relationships with consumers | Generate sales, especially from smaller locations where it is difficult to maintain physical stores | No internationalisation of the physical stores |
| Agent | Test of the market, means of knowledge of the market | Generate sales in distant or less attractive countries | No internationalization of the retail concept, difficulties in recruiting and managing the agent |
| Shop-in-Shop | Test of the market  
A means of retail brand positioning in its competitive environment | Brand image development, generate sales in distant or difficult-to-enter countries, commercial location with specific consumer targets | Control on the retail space dependent on the operation contract of the shop-in-shop |
| Licensing | Access to hard or closed markets | No commitment in the foreign market | Use of the licensing contract outside the framework of the contract |
| Concession | Very limited commitment as it is put in charge to a partner | Simple daily management | Distributor as a barrier between the foreign market and the retailer; difficulty in writing the contract to impose the marketing policy |
| Management contract | Support on a local partner | Fast market development | Cohesion of the retail network to ensure |
| Contractual modes | | | |
| Franchising  
- Direct franchising  
- Master franchising | Direct management of the activity  
Unique contact to whom the responsibility of the retail network development is given | Close contacts between franchisor and franchisees;  
Fast internationalization with a limited investment | Difficulty in managing numerous foreign franchisees,  
Difficulty in managing respective interests of the master-franchisee and of the franchisor |
| Franchisees participation  
Minority stake participation | | Strategy and management implemented by managers well aware of the market characteristics | Limited influence on the decisions |
| Joint-venture | Resources complementarity; helps avoiding bureaucratic pitfalls | Fast market development, mutual knowledge | Dissemination of knowledge or of specific assets; difficulty in communication; risk of conflicts of interest |
| Merger and acquisition | Provide a minimum size to enter the market, generate immediate cash flows. | A means of strengthening a market position, acquisition of commercial locations | Difficulty in managing the operations |
| Organic growth  
- Flagship stores  
- Company-owned stores | Showcase and build the brand image  
Test of the concept, means of knowledge and adaptation to the market | A means to manage retail brand image (relational marketing)  
Control and management of the concept | Cost of nº1 locations; cost of the projects  
Significant cost, extensive time to develop an important network. |
### Table 2 – A synthesis of the literature on pop-up stores

<table>
<thead>
<tr>
<th>Authors (Date)</th>
<th>Research purpose</th>
<th>International perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doyle and Moore (2004)</td>
<td>Analysis of the use of guerrilla store as a method of international market development, with a case study of the Japanese retail brand <em>Comme des Garçons</em></td>
<td>Yes</td>
</tr>
<tr>
<td>Kim, Fiore, Niehm and Jeong (2010)</td>
<td>Analysis of the consumers’ psychographic characteristics affecting beliefs, attitude and patronage intentions toward pop-up retail</td>
<td>No</td>
</tr>
<tr>
<td>Marciniak and Budnarowska (2009)</td>
<td>Theoretical exploration of the use of pop-up stores in relation with mobile technologies and Internet</td>
<td>No</td>
</tr>
<tr>
<td>Niehm, Fiore, Jeong and Kim (2007)</td>
<td>Analysis of American consumers’ perceptions of and receptivity to pop-up retail as an experiential marketing strategy, according to their demographic characteristics</td>
<td>No</td>
</tr>
<tr>
<td>Russo Spena, Caridà, Colurcio and Melia (2012)</td>
<td>Analysis of the temporary shop phenomenon in Italy and investigation of its value co-creation potentials</td>
<td>No</td>
</tr>
<tr>
<td>Ryu (2011)</td>
<td>Analysis of consumer attitudes and shopping intentions toward pop-up fashion stores</td>
<td>No</td>
</tr>
<tr>
<td>Surchi (2011)</td>
<td>Analysis of the reasons behind the choice of pop-up stores as a marketing tool, in the context of fashion retailing in Italy</td>
<td>No</td>
</tr>
</tbody>
</table>
Table 3 – Pop-up store format: main characteristics

| Merchandise mix | - Narrow compared to the traditional store format  
|                 | - Focused on one product line |
| Store design and atmosphere | Pronounced in-store atmosphere, architecture and design to create a favourable and long-lasting experience |
| Sale space - size | Small compared to the permanent retail store format |
| Price positioning | - Premium price in comparison to the price structure of the retailer  
|                  | - Discount price when positioned as a discount or stock clearance store |
| Store location | Four different results  
|                 | - Innovative location  
|                  | - High traffic shopping location  
|                  | - Fashionable and economically significant cities  
|                  | - Radical and little known location |
| Promotion | Based on social networking and word-of-mouth |

Source: Doyle and Moore (2004); Kim et al. (2010); Marciniak and Budnarowska (2009); Niehm et al. (2007); Russo-Spena et al. (2012); Surchi (2011)
<table>
<thead>
<tr>
<th>Company name</th>
<th>Turnover (M€) [% foreign markets] (2009)</th>
<th>Established retail brand</th>
<th>Operation mode in the domestic market</th>
<th>Start of international expansion</th>
<th>Number of foreign markets</th>
<th>Foreign operation modes (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[O]</td>
<td>Non disclosed [20%]</td>
<td>No</td>
<td>25 company-owned stores</td>
<td>90s</td>
<td>39</td>
<td>40 concessions, 20 shop-in-shops</td>
</tr>
<tr>
<td>[A]</td>
<td>520 [18%]</td>
<td>Yes</td>
<td>2 flagship stores, 138 franchised stores</td>
<td>1997</td>
<td>60</td>
<td>5 flagship stores, 145 franchised stores, 300 shop-in-shops</td>
</tr>
<tr>
<td>[N]</td>
<td>2200 [80%]</td>
<td>Yes</td>
<td>1 flagship store, 14 company-owned stores, 13 shop-in-shops</td>
<td>1900s</td>
<td>50</td>
<td>9 flagship stores, 305 company-owned stores</td>
</tr>
<tr>
<td>[B]</td>
<td>440 [50%]</td>
<td>Yes</td>
<td>150 company-owned stores, 56 factory outlet stores, wholesaling</td>
<td>80s</td>
<td>30</td>
<td>75 company-owned stores, 47 franchised stores, 38 factory outlet stores</td>
</tr>
<tr>
<td>[G]</td>
<td>140 [60%]</td>
<td>No</td>
<td>28 company-owned stores, 4 franchised stores, 89 shop-in-shops</td>
<td>2000s</td>
<td>10</td>
<td>6 company-owned stores, 160 franchised stores, 30 shop-in-shops</td>
</tr>
<tr>
<td>[M]</td>
<td>Non disclosed [70%]</td>
<td>No</td>
<td>1 flagship store, 162 company-owned stores, 31 concessions</td>
<td>1990s</td>
<td>19</td>
<td>2700 company-owned stores, 147 franchised stores</td>
</tr>
<tr>
<td>[T]</td>
<td>Non disclosed [25%]</td>
<td>No</td>
<td>6 company-owned stores, 5 shop-in-shops</td>
<td>1990</td>
<td>5</td>
<td>11 company-owned stores, 3 shop-in-shops</td>
</tr>
<tr>
<td>[D]</td>
<td>1420 [80%]</td>
<td>Yes</td>
<td>31 company-owned stores, 3 franchised stores</td>
<td>1998</td>
<td>10</td>
<td>13 flagship stores, 167 company-owned stores, 24 franchised stores</td>
</tr>
<tr>
<td>[C]</td>
<td>120 [22%]</td>
<td>Yes</td>
<td>7 company-owned stores, 22 franchised stores, 10 shop-in-shops</td>
<td>1981</td>
<td>8</td>
<td>7 flagship stores, 12 shop-in-shops</td>
</tr>
<tr>
<td>[Q]</td>
<td>43000 [10%]</td>
<td>Yes</td>
<td>823 company-owned stores, 21 franchised stores</td>
<td>1998</td>
<td>10</td>
<td>6 flagship stores, 112 company-owned stores, 59 shop-in-shops</td>
</tr>
<tr>
<td>[S]</td>
<td>Non disclosed [40%]</td>
<td>No</td>
<td>3 company-owned stores, Wholesaling</td>
<td>1980s</td>
<td>20</td>
<td>7 company-owned stores, wholesaling</td>
</tr>
<tr>
<td>[P]</td>
<td>Non disclosed [50%]</td>
<td>No</td>
<td>60 company-owned stores, Wholesaling</td>
<td>1992</td>
<td>70</td>
<td>110 company-owned stores, 50 franchised stores, wholesaling</td>
</tr>
</tbody>
</table>

\(2\) Foreign operation mode used in combination with international online stores except for Q.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Motives for the choice</th>
<th>Stage of the internationalization process</th>
</tr>
</thead>
<tbody>
<tr>
<td>[O]</td>
<td>Development of the international retail network. Immediate profitability of the store; with a limited budget is immediately operational</td>
<td>Expansion stage</td>
</tr>
<tr>
<td>[A]</td>
<td>- Test of a foreign market (observation of consumer behaviour and needs); - Promotion of brand values (temporary flagships stores)</td>
<td>- Entry stage - Expansion stage</td>
</tr>
<tr>
<td>[N]</td>
<td>Enhancement and promotion of brand values: exclusivity, scarcity</td>
<td>Expansion stage</td>
</tr>
<tr>
<td>[B]</td>
<td>Original and creative mode to claim a brand positioning to consumers who are unfamiliar with</td>
<td></td>
</tr>
<tr>
<td>[G]</td>
<td>Context: objective to increase its presence in Asian markets while upgrading its positioning. Used as temporary flagship store to express its values to consumers</td>
<td>Expansion stage</td>
</tr>
<tr>
<td>[M]</td>
<td>Seasonal pop-up stores to follow mobile consumers</td>
<td>Expansion stage</td>
</tr>
<tr>
<td>[Z]</td>
<td>Test of foreign market and observation of countries and cultures</td>
<td>Entry stage</td>
</tr>
<tr>
<td>[T]</td>
<td>- Test of foreign markets - Seasonal pop-up stores to optimize sales</td>
<td>- Entry stage - Expansion stage</td>
</tr>
<tr>
<td>[D]</td>
<td>Creation of a very original and luxury sale space to keep contact with actual consumers and recruit potential ones; considered as a temporary flagship store</td>
<td>Expansion stage</td>
</tr>
<tr>
<td>[C]</td>
<td>- Test of a foreign market for future opening in a foreign city - Promotion of brand values via little-known location</td>
<td>- Entry stage - Expansion stage</td>
</tr>
<tr>
<td>[Q]</td>
<td>- Teasing before the opening of the 1st store in a foreign market to reach the media, the connoisseurs and the early adopters and expressing a country of origin - Sustaining brand image (values of innovation, quality and COO)</td>
<td>- Entry stage - Expansion stage</td>
</tr>
<tr>
<td>[S]</td>
<td>Expressing brand values and promoting an image that corresponds to the one of the product</td>
<td></td>
</tr>
<tr>
<td>[P]</td>
<td>Thanks to store design and atmosphere, expressing brand values and interacting with consumers whilst having a store immediately operational</td>
<td>Entry or expansion stage</td>
</tr>
</tbody>
</table>