

WHITE PAPER

Temporary Retail Environments

Where You Need Them. When You Need Them.



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SOURCE: OPTO INTERNATIONAL, INC.



Introduction

SOURCE: OPTO INTERNATIONAL, INC.



DESIGNING A RETAIL ENVIRONMENT is an evolving strategic process. While Retailers and designers must be able to address operational and structural constraints, designs must alleviate barriers and shopper pain points to be able to maximize customer experience.

And as retailers increasingly blur the lines between physical and digital shopping experiences, in-store marketing and store environments must adapt. Part of this evolution are the alternative retail channels popping up all over the world. These often offer a specialized product and/or limited lifespan.

Retail landlords seek to foster these unique environments at their centers by collaborating with their retailers. These efforts can include sharing data with retailers to improve marketing, taking equity stakes in start-up tenants in exchange for defraying their occupancy costs, or landlords setting aside space for pop-up shops that might eventually become permanent tenants. The following are common examples of temporary retail environments. These will be explored in detail later in this white paper.

INCUBATOR POP-UP RETAIL

A permanent structure typically found in a marketplace or retail hub that is built specifically to accommodate local brands or clicks-to-bricks retailers on a temporary, rotating basis.

STADIUM/EVENT RETAIL

A temporary retail sales environment open during promotional events like sports, festivals, or corporate gatherings. Often meant to augment a larger, more comprehensive team or event store, providing additional, more immediate selling opportunities during the event.

AIRPORT/TRANSIT RETAIL

A pop-up shop or kiosk where commuters and air travelers can efficiently purchase merchandise or a service. Transit retail is rapidly evolving, and now encompasses a wide variety of products, from grab-and-go to travel necessities to high-end gifts.

STAND-ALONE POP-UP RETAIL

A single branded shop or department within a department store, e.g., Chanel Cosmetics within Saks Fifth Avenue or Timberland PRO within Ritz Safety.

Pop-Up Industry Snapshot

VALUE¹

\$50 billion
IN 2016



STRUCTURE²

Rogue Retailing: A model that requires more flexibility on the behalf of both landlords and retailers in order to account for greater risk when setting up shop in the market.

¹Pop Up Republic
²CBRE, 2017 Outlook Report

In order to fit into these unique environments, pop-up or portable retail must be adaptable to accommodate shapes and sizes of all varieties. They must also be easy to assemble, display, and pack.

ADVANTAGES OF POP-UP SHOPS

Pop-up shops offer many advantages to conventional retail environments. They are comprehensive, modular systems that create a customized brand environment with full merchandise display flexibility, easy brand communication, and inviting customer interface. This flexibility and easy assembly significantly reduces construction time. Clients generally have the ability to amplify their brand on both the interior and exterior of the structure with graphics and signage.

- **Quick Assembly—permanent feel to a temporary need**
- **Secured Environment**
- **Full Window & Wall Merchandise Flexibility**
- **Easy Brand and/or Tech Integration**
- **Modular Design Approach for Varied Footprints**
- **Storage Opportunity, Easy Interchangeable Signage**
- **POS/Electrical Access**

To help retailers and brands with this endeavor, this white paper will demonstrate how portable retail solutions:

1. Allow brands to push the envelope to deliver unique retail experiences that engage the consumer, build brand advocates, and sustain brand loyalty.
2. Allow brands and retailers to affordably curate merchandise selections with local relevance to test markets and interest in new product offerings.
3. Reduce construction cost and time to open more opportunity for all size businesses, brands, and startups to open physical stores.
4. Provide retailers and brands flexibility to reach new markets fast without long-term leases or commitments in a fun, spontaneous fashion with minimal risk.
5. Greatly increase speed to market for clicks-to-bricks retailers and upstart brands.

Incubator Pop-Up Retail



SOURCE: OPTO INTERNATIONAL, INC

AS CONSUMER SHOPPING habits change, retail-center investors are enhancing their properties by improving their customer experience, be it through design, decor, events, tenant mix, or customer-service initiatives. Particularly in B-grade centers needing to take dramatic steps, this can involve adding non-traditional tenants such as entertainment uses and non-retail tenants such as fitness and healthcare operators. Innovative pop-up retailing is also being added.

Malls, marketplaces, and other retail meccas often have pre-existing structures, or incubators, that are ready and waiting for a retail presence. These locations are always looking for ways to keep locals coming back to immerse themselves in the latest experiential retail. These are perfect low-risk opportunities for e-commerce retailers to test brick-and-mortar waters with the freedom of a short-term lease, or for established and newcomer brands alike to expand their reach into the immediacy and spontaneity of concourses.

Companies like Washington Prime are constructing permanent structures like Tangible in select properties in secondary and tertiary markets. These modular spaces are rented out to up-and-coming online brands to give them a chance to reach a broader marketplace and give their existing followers a chance to experience the brand.

“Our goals are straightforward; to bring new and exciting brands to shoppers and do it in a way that you can experience these brands. It is a deeper, richer shopping experience than online only”

– Charlie Adams, Vice President, Washington Prime

Washington Prime offers their tenants a variety of fixtures that are always within this space. Many of them are customizable. The elements can transfer in and out of the Tangible structure for more customization between brands. Essentially each brand has their own dedicated space within the 300-square-foot tangible unit.

“The strategic objective is a very high churn of brands. If we are having six to 10 brands, we are changing each brand out every three to four months. We are changing multiple brands a month”

– Charlie Adams, Vice President, Washington Prime

Freestanding displays are ideal for this type of retail environment. They are designed for easy portability and quick setups. These displays let brands/retailers take advantage of vertical space, optimize floor space, and yet remain able to reconfigure it all at a moment’s notice or when the next merchandise refresh occurs.

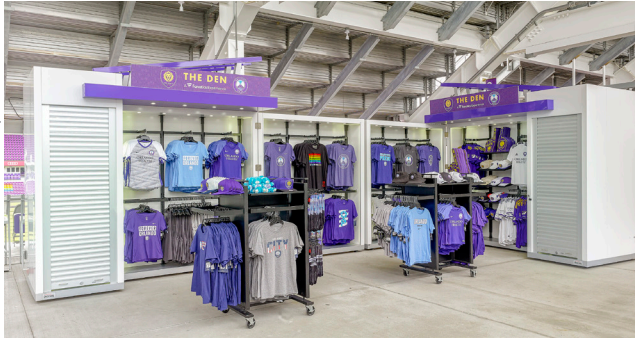


SOURCE: OPTO INTERNATIONAL, INC

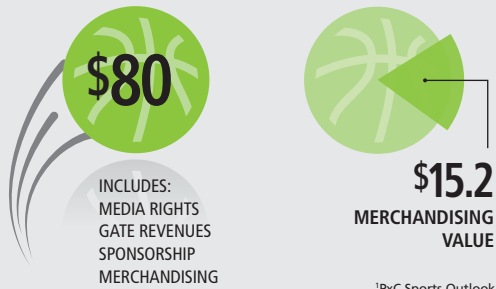
A freestanding retail display can help change the flow of foot traffic in the store. Boost sales by giving customers reasons to stop and really see all of the products in the best light. This type of display can be used to highlight sales items, important products brands are trying to move, or complementary items near a high-ticket item (such as camera cases and tripods near the cameras). They are also handy for seasonal items that may need to be moved around the store to determine the best possible location to encourage sales conversions.

Stadium/Event Retail

SOURCE: OPTO INTERNATIONAL, INC



2022 NA Sporting Industry Value¹ (in billions of US dollars)



THE GREATEST THREATS TO THE SPORTS INDUSTRY include shift in consumer behavior of younger generations (71.8%) and access to alternative entertainment formats (other than sports (54.2%). These threats to the sporting industry will only perpetuate the slowing gate revenue, which in turn will affect merchandise sales at the stadiums. Because of this, teams need to get their merchandise out in front of the fans any way and in any place they can.

According to Jeff Newman, Vice President of Venue Implementation at Fanatics, Inc. the extended pop-up areas around the stadium concourse are incremental points of sale in the stadium. A stadium cannot survive on flagship destination retail only. A team needs the secondary and tertiary points of sale. Some might be walk-in, some may be walk-up locations, and others might be walk-up or walk-in softscape portable locations.

The footprints are smaller in these retail spaces. They are typically 16 to 20 linear feet of space, and the goal is to process as many guests in as

SOURCE: OPTO INTERNATIONAL, INC



short a period of time as possible. These areas are generally focused on high velocity, grab-and-go items. They are not meant to deliver the same experience as that of a physical store.

Accessibility. Durability. Security. That's how you maximize your retail presence. Clamshells are a perfect way for a Team to add secondary and tertiary points of sale. They are portable retail solutions that allow brands and retailers to affordably curate merchandise selections. They are also great to provide that local relevance to test markets and interest in new product offerings.



SOURCE: OPTO INTERNATIONAL, INC

The clamshells can close and collapse into a smaller footprint, and are easily moved around to other areas, or become locked, self-contained storage units when not in use. They can also be relocated at a moment's notice to different areas inside or outside of any space. They also allow fans to shop for their keepsake, while still remaining immersed in the game's action and the stadium's energy.



These units easily secure at the end of the day by either folding closed, or vertical gates are easily drawn from the tops of the units, providing maximum security until they are needed again.

SOURCE: OPTO INTERNATIONAL, INC



Airport/Transit Retail

SOURCE: OPTO INTERNATIONAL, INC



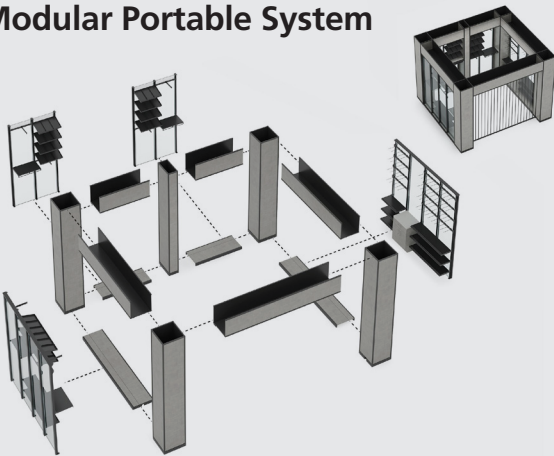
THE EVER-CHANGING TECH SAVVY CONSUMER and their desire for meaningful experience, ability to purchase anytime, anyplace, anywhere, and influence by peers has also affected how travelers shop at airports.

Airport shoppers are looking for convenience to shop for the items they forgot or need for their trip (or their time at the airport). They are also looking for unique services/products, localized assortments, along with optimal pricing.

Pop-up retail is a great opportunity for airports to address these needs, while being more dynamic and introducing fresh brands and ideas. Airports may view it as logistically too complicated, but forward-thinking airports could learn from this development.

SOURCE: OPTO INTERNATIONAL, INC

Modular Portable System



The pop-up retail system can be a series of walls, columns, bases, and soffits that easily link together to create limitless configurations.

This inherited flexibility and easy assembly significantly reduce installation time and cost. Modular construction of portable systems has unlimited configuration capabilities with numerous features including:

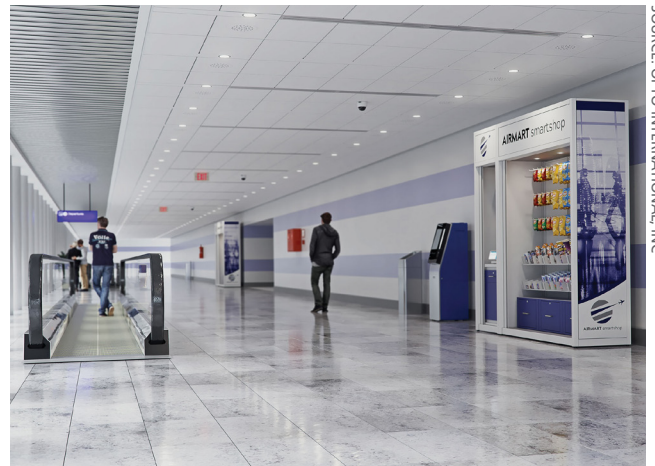
✓ INTEGRATED LIGHTING	✓ INTEGRATED LOCKING GATES	✓ STORAGE OPTIONS	✓ BUILT IN POS
✓ MULTIPLE PANEL OPTIONS	✓ MODULAR ACCESSORIES	✓ VARIOUS HEIGHT OPTIONS	✓ UNLIMITED COLOR OPTIONS

Travel Retail Snapshot¹

(in billions of US dollars)



The Mobile Kiosk is another ideal solution for airport corridor retail. Most airports consist of long, barren hallways and corridors that connect terminals and gates. Convert this wasted square footage into a valuable selling opportunity.



SOURCE: OPTO INTERNATIONAL, INC

Like the stadium clamshell, the airport kiosk contains an integrated wall system with accessory flexibility, a transactional station with lockable drawers and cabinets, and integrated lighting to highlight merchandise in dimly lit corridors. Once business hours close, simply pull the lockable security gates from above. Mobile kiosks and merchandise are safe and secure until the next day.



SOURCE: OPTO INTERNATIONAL, INC

Stand-Alone Pop-Up Retail

SOURCE: OPTO INTERNATIONAL, INC



STAND-ALONE POP-UP SHOPS often appear or occur suddenly and unexpectedly. This type of retail is a temporary use of physical space to create a long term, lasting impression with potential customers. Shoppers want to be surprised and delighted. And according to Brian Shafley, CEO, Chute Gerdeman, brands and retailers are finding ways to do just that. Pop-ups should offer something that's different than the online experience. Pop-ups can occur at events or in different types of physical facilities such as warehouses, on the street, or even in traveling museum exhibits.

SOURCE: OPTO INTERNATIONAL, INC



When Brian Weltman, CEO/Creative Director & Founder, RETAIL+HABITATS needed a retail shop for the traveling King Tut exhibit, he knew he needed a durable, modular and easy to assemble pop-up shop that would make setup and teardown simple. He needed floor fixtures, wall systems, and transaction tables that could be built, broken down, and transported from location to location swiftly and efficiently with no tools needed. Durability was also a priority, as the shop would be put up and taken down all over the world. Finally, designing the store optimally for visitor flow was essential, especially when reconfiguration was needed to adjust for new or non-selling items.

“There is a kind of science as [visitors are] walking through an exhibit and exiting through the Gift Shop, and how to get them past all the merchandise. You’re creating a flow for them so they are having to walk past everything.”

– Brian Weltman, CEO | Creative Director & Founder, RETAIL+HABITATS

“I think one of the true values of temporary retail or pop-up retail is introducing new brands, whether they are a company that you’ve never heard of or maybe it’s a new product launched by an established company who wants to introduce a new brand or a product.”

– Brian Shafley, CEO, Chute Gerdeman

SOURCE: OPTO INTERNATIONAL, INC

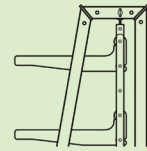


IMPORTANT FIXTURING CONSIDERATIONS

when working with portable and temporary retail.



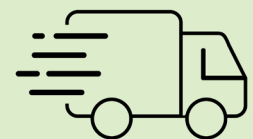
Installation in minutes; no tools required.



Shelving options for virtually any merchandise type



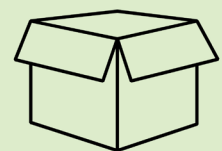
Availability in a variety of colors and materials



Quick Lead Time



Reusable, durable design.



Convenient crating and security options available.

SOURCE: OPTO INTERNATIONAL, INC

Key Takeaways

RETAIL IS NO LONGER DEFINED by four walls and a long-term lease. With temporary retail and pop-up shops on the rise, there are more opportunities to create consumer transaction experiences.

The key to maximizing the power of temporary retail is recognizing the areas where retail has perhaps been absent or underutilized in a space. There are no rules any longer. A customer's continuous engagement with merchandise is now expected and essential to truly harness its potential.

Take a space, any space. An empty storefront, an incubator in a mall space for short-term rent, a nook or cranny in an airport or stadium concourse. Any area where consumers walk, there is an opportunity to make a sale.

Portable retail systems:

- must be adaptable to the limitless shapes and sizes of potential spaces out there. They are solutions tailored specifically to the areas that brands and retailers are looking to outfit.
- allow brands to push the envelope to deliver unique retail experiences that engage the consumer, build brand advocates, and sustain brand loyalty.
- allow brands and retailers to affordably curate merchandise selections with local relevance to test markets and interest in new product offerings.
- reduce construction cost and time to open more opportunity for all sized businesses, brands, and startups to open physical stores.



SOURCE: OPTO INTERNATIONAL, INC

- provide retailers and brands with flexibility to reach new markets fast without long-term leases or commitments in a fun, spontaneous fashion with minimal risk.
- increase speed to market for clicks-to-bricks retailers and upstart brands.

"It's a good way to test the market. It's a good way to get the brand awareness out there. And it's an alternative route to get that customer loyalty that can be difficult to accomplish just through online transactions. We have to meet our customers and potential customers halfway to become more personally acquainted and connected with them."

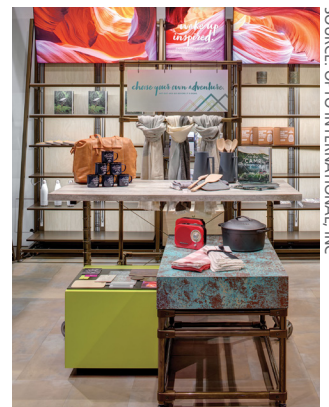
– Brian Weltman, CEO | Creative Director & Founder, RETAIL+HABITATS



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Brian Shafley, CEO, Chute Gerdeman

Brian Weltman, CEO | Creative Director & Founder, RETAIL+HABITATS

Carmen Buffalini, Designer, Architectural Design, Chute Gerdeman

Charlie Adams - Vice President, Strategic Analysis & Ventures, Washington Prime

Erin Urbanek - Ventures Associate, Washington Prime

Jeff Newman, Vice President - Venue Implementation, Fanatics, Inc.

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About OPTO International, Inc.

For the past 35 years OPTO has manufactured retail display systems and designed exceptional spaces to adapt to trends and look to the future of retail. Regardless of function, style, color, client, or merchandise type, one thing remains constant: authentic fixture designs manufactured with the consistent principles of quality, durability, flexibility, innovation, all with industry leading speed, execution, and experience.



About Shop!

Shop! (www.shopassociation.org) is the global trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 1,500-member companies worldwide from 30 countries. The association brings value to the global retail marketplace through our industry leadership, research programs, industry certification, education and networking events. Shop! produces the award-winning magazine, *Retail Environments*, offering business-focused content to retailers, brands, designers and suppliers throughout the industry.



SOURCE: OPTO INTERNATIONAL, INC

For additional questions about the information contained in this white paper, please contact us at: mbaumgartner@shopassociation.org or call us at 312-863-2917.



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