Pop-up stores versus Pop-out stores

THE DIFFERENCES
BRANDS THAT OPERATE IN MULTIPLE COUNTRIES ARE ON AVERAGE VALUED 35% HIGHER THAN DOMESTIC BRANDS

Goldman Sachs
EXECUTIVE SUMMARY

Pop-up stores are temporary sales spaces, often utilising reusable equipment, usually located in kiosks and open spaces. Retailers typically use pop-up stores to clear excess inventory or to trial new product lines. Numerous online pop-up marketplaces exist globally to match landlords with tenants. Once a retailer signs a pop-up lease, they are then responsible for establishing and running the pop-up store for the duration of the lease, and then they need to return the store back to the landlord in the agreed condition.

Pop-out stores are fundamentally different to pop-up stores. Pop-out stores are fully branded stores that are established and operated by Brands Abroad on behalf of leading international brands to trial in new markets. Pop-out stores look-and-feel on-brand, including fit-out, merchandising and customer service – so that they truly represent the brand and produce accurate trial results on which to base a country roll-out decision.
THE EVOLUTION FROM POP-UP TO POP-OUT

Temporary retail establishments date back to the European Christmas market tradition which started in the 1200’s. Seasonal farmer’s markets, holiday fireworks stands, and consumer expos are other examples of temporary retailing over the ages.

In 2002, US discount retailer Target took over a boat on Chelsea Piers, New York, for a two-week period over Black Friday to sell excess stock. The event was hugely popular, gained significant publicity, and is regarded as the first formalised pop-up retail location. Many retailers followed, using pop-ups to primarily clear excess inventory, however the term pop-up was not coined until 2004 with Dr. Martens opening of a temporary space in New York City. Since then, pop-ups have become very popular with retailers globally for building their brands, driving campaigns, and clearing stock.

Pop-out stores are a significant evolution from simple pop-up stores. While pop-ups are typically opportunistic, short-term locations, like kiosks, open spaces and reclaimed areas, Pop-outs are specifically sought-out store locations where a brand can properly execute its brand proposition. The “out” in Pop-out refers to outsourced – because Brands Abroad takes full responsibility for the store lease, all tenancy obligations, fitting-out, and running the Pop-out store on behalf of the brand. The brand doesn’t have any risks or obligations in respect of the Pop-out.
THE BENEFITS OF POP-OUT STORES

Pop-up stores have done a great job of making retail more interesting for consumers and more flexible for retailers. Now Pop-out stores are taking this further by giving brands a zero-risk, low-cost way to trial in new markets.

The benefits of international expansion are numerous, including the opportunity to reach more consumers, conquer new territories, increase sales, diversify to reduce single-market dependency risks, and increase size to achieve scale efficiencies and better amortise fixed costs.

According to research conducted by Goldman Sachs, Brands that operate in multiple countries are on average valued 35% higher than domestic-only brands. And now is a particularly good time to expand geographically because good store locations are more readily available, and Landlords are more reasonable with commercial terms than has been seen for several decades.
## POP-UPS AND POP-OUTS: OPERATIONAL DIFFERENCES

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THE POP-OUT STORE MODEL

The Pop-out store operating model guarantees high footfall locations. Such locations exist now across the UK, Europe and the US – to suit all store sizes and budgets.

Brands Abroad works very closely with all key landlords across the UK, Europe and the US to ensure a constant supply of ready-to-operate, attractively located, temporary stores. This relationship with landlords is crucial to secure ready-to-occupy stores to minimise the establishment costs for brands.

Brands typically run their Pop-out store for a period of 6–12 months to properly test their brand throughout the year. While the Pop-out is operating, Brands Abroad provides the brand with detailed diagnostics about customer numbers, customer behaviours, conversion rates, daily sales/stock information, category analysis, and live in-store video feeds. By the end of the trial, the brand has detailed information about how customers value their products, their sales densities, and their roll-out economics – ready to make a country roll-out decision.

Throughout the Pop-out trial period, the brand retains all profit from the Pop-out paid on a monthly basis. All store costs are agreed in advance and paid from store revenues according to actual invoices. Brands Abroad is paid a low fixed monthly management fee. No hidden costs. Most Pop-outs deliver the brand a profit. So, lots of invaluable learnings as well as an economic return.
NOT JUST FOR EXISTING PHYSICAL BRANDS

Pop-out stores are not only a zero-risk, low-cost way for existing physical brands to trial international expansion, but they are also perfect for manufacturers, wholesalers and ecommerce pure-plays wanting to trial a physical store presence – because Brands Abroad can also help with creating your store format, furniture, physical branding and communications strategy – everything you need to open your own physical store.

Whether you want one flagship store or a whole global store network, Pop-out stores by Brands Abroad is here to help you.

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In addition to establishing and managing **Pop-out stores**, Brands Abroad is also a full-service retail consulting company supporting brands to open company-owned stores across the UK, Europe and the US.

Brands Abroad is run by real retailers who have launched brands across the world – we have the know-how, the experience, and the networks to avoid the pitfalls and to deliver profitable new territories.

Brands will minimise their expansion risks and costs through utilising Brands Abroad’s wide network of service providers and extensive costing benchmarks across the UK, Europe and the US – to ensure brands pay market rates for rent, salaries, 3rd party services, and construction costs from the very first store in each country.

**Pop-out stores** are just one of Brands Abroad’s services designed to simplify and de-risk international expansion for brands globally.
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