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Popping the 'Pop-up' Bubble One 'Pop-share' at a Time

Think Tank guest author Jay Norris shares insights into "co-retailing" which is a real estate model that is helping to transform retail.

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Allow the following numbers to register for a second: $10,000, $100,000 and $1 million. These figures represent the costs associated with operating a **retail** "pop-up" shop in New York City today and for some bourgeoning retailers and brands the numbers don't add up.

While the **retail** industry continues to sail through rough waters, brands of all sizes, especially ones that are digitally native, still yearn to have a brick-and-mortar presence and despite the rise of e-commerce, some 90 percent of sales take place in physical spaces.

However, while the pop-up store has long seemed like the obvious solution for retailers looking to test a new product and/or increase their brand visibility, 97 percent of direct-to-consumer (DTC) brands cannot sustain the costs associated with launching a pop-up and many have no desire to actually manage a physical retail space.

Providing all brands, not simply those in the DTC space, with a platform to cost-effectively connect with new markets and introduce their respective products to new audiences via the brick-and-mortar model led me to found **Guesst** and introduce “pop-shares” to the retail industry.

Think “matchmaking” for retail. Our platform and **technology** provide scalable opportunities for “guest” brands to be placed in like-minded “host” stores and our proprietary software handles all sales transactions, payments, inventory tracking, taxes and reporting, making the operation seamless for both parties. We enable brands to test the waters without immediately swimming at the deep end of the pool.

Through our significant experience working with brands, retailers and landlords, we have found that this model of “pop-share” versus “pop-up” works much more effectively for all parties involved. Imagine if a brand could get its product into a physical retail space during the December holiday period for starting as low as $500 per month?

Here are some key reasons and examples of why and how brands should and can pop the “pop-up bubble” and play smarter at the retail game:

1. Pop-shares, or co-retailing, saves time, money and optimizes already existing retail spaces. The brands we recruit and transact with via the Guesst platform do not need to find and rent new spaces, rather they rent space and utilize the experienced sales forces of existing retailers whose stores are positioned in sought-after retail markets such as SoHo in New York City. Our **technology** allows for the automation of the sales, inventory stockkeeping units, communications and weekly payouts reducing the time and risk usually associated with brand consignment.

2. Pop-shares create a digital and physical community that empowers brands and broadens their markets. Through our platform, we have enabled retailers to more easily find new brands and move forward with writing new orders for products by allowing both parties to connect through real-time chat functions and mutually beneficial transactional terms. Once brands sign up, they can seamlessly transfer their product SKUs to various markets and regions and the host retailers can easily diversify their in-store inventory and product lines thus keeping consumers interested and engaged.

3. Pop-shares take away the barrier of low sales margins for brands to enter physical retail. DTC brands often have slim sales margins, thus making many wholesale and brick-and-mortar endeavors a challenge. An easy and low-risk consignment process via a one-stop-shop digital platform, such as Guesst offers, effectively eliminates this barrier. Guesst also functions as an automated commerce platform that streamlines and automates the normally time-consuming and unpredictable consignment process. In particular, the Guesst platform allows landlords, retailers and brands to all be paid on an automated weekly basis which helps to mitigate risk and provides consistency and stability for all parties.

4. Pop-shares allow both brands and retailers to enhance the consumer experience. More and more, we see that consumers desire experiential retail, not just the static product lined up on shelves for purchase. Through keeping a fresh rotation of inventory via a diverse selection of upscale and unique brands, both the retailers and brands create a strong lifestyle narrative for the consumer to engage with in-store. At Guesst, we have seen this work successfully with designer Steven Alan and at Michele Varian in SoHo. The easier the host retailer can change over product assortments, the more the element of discovery they can present for the customer, continually drawing them back to the store.

5. Pop-shares allow landlords to reimagine and optimize retail spaces. Retail landlords across the country are scrambling to fill space. By partnering with a digital platform such as Guesst, these landlords can be introduced to a vast array of brands that will not only keep these spaces filled but will also draw in consumers by creating a new atmosphere of engaging, experiential activations.

6. Pop-shares provide brands and retailers a more cost-effective way to win during the crucial holiday season. The average pop-up shop space commands an even higher premium during the high-demand holiday season. Brands can potentially spend hundreds of thousands of dollars on just one location while a pop-share can be set up for a mere fraction of that cost. By lowering the cost barrier, pop-shares and the accompanying technology that streamlines operations, such as offered through Guesst, allows more brands to get their products in front of the high volume of holiday shoppers.

In conclusion, like the typewriter, the pop-up method is outdated and ineffective. A pop-share can be both a short and/or long-term solution for numerous brands, retailers and landlords.

By strategically harnessing the power of holistic technology platforms such as Guesst and leveraging existing retail spaces, brands, retailers and landlords can partner and work together in a way that lowers costs, mitigates risk and provides a whole new level of enhancement to the consumer experience and consistent value to the bottom line. The pop-up has had its time — let's put it to rest and pursue a more profitable and smarter solution.

Jay Norris is founder and chief executive officer of Guesst