



# MK 322 Retail Management

## Chapter 7: Retail Locations Part II

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# Nontraditional Locations



# Pop-Up Stores and Other Temporary Locations

- Pop-up stores are temporary locations that focus on new products or limited group of products
- Pop-up stores are particularly attractive to retailers with high seasonal sales such as Toys "R" Us.
- In 2009, Toys "R" Us had 90 "Express" pop-up store and in 2010 increase dramatically to 600

# Pop-Up Stores and Other Temporary Locations



This Kate Spade pop-up store is an attractive temporary location for the high-fashion retailer/designer.

# Store-within-a-Store

- Store-within-a-store locations involve an agreement in which a retailer rents a part of the retail space in a store operated by another independent retailer
- The host retailer sublets the space
- The store-within retailer manages the assortment, inventory, personnel, and systems and delivers a percentage of sales or profits to the host
- For example-Department stores, in China the Modern Plaza
- Benefits include enhancing brand image in high traffic areas like JC Penny and Sephora

# Store-within-a-Store



JCPenny has partnership with Sephora using a store-within-a-store strategy.

# Merchandise Kiosks

- Merchandise kiosks are small selling spaces, typically located in the walkways of enclosed malls, airports, college campuses, or office buildings
- For example, Apple kiosks sell iPods and other high volume Apple products

# Merchandise Kiosks



# Airports

- A high-Pedestrian area has become very popular with national chains
- Passengers waiting time to shop and enjoy a quick meal at the restaurant
- The best-selling products are those that make good gifts, necessities and easy-to-pack items
- Duty-free for international airports, for example King Power

# Airports



# Locations and Retail Strategy



# Shopping Behavior of Consumers in Retailer's Target Market

- A first and critical factor affecting the type of location that consumers select to visit is the shopping situation in which they are involved
- **Three types of shopping situations are convenience shopping, comparison shopping and speciality shopping**

# Convenience Shopping

## **Consumers engaged in convenience shopping are**

1. Concerned about minimizing effort to get the product and service they want
2. Insensitive about price and indifferent about brands they buy
3. Not spending time evaluating different brands or retailers
4. Examples include, cup of coffee during work break, buying gas for a car, or buying milk for breakfast in the morning

# Convenience Shopping

- Retailers targeting customers involved in convenience shopping such as quick service restaurants, convenience stores, and gas stations, usually locate their stores close to where their customers and are easily accessible
- Convenience stores, drugstores, fastfood restaurants, full-line discount stores are located in neighborhood strip centers and freestanding locations

# Convenience Shopping



# Comparison Shopping

## **Consumers involved in comparison shopping are**

1. More involved in the purchase decision
2. They have a general idea about the type of product or service they want, but do not have a well-developed preference for brand or model
3. They seek information and are willing to spend effort to compare alternatives
4. Examples are buying furniture, appliances, apparel, consumer electronics and hand tools

# Comparison Shopping

- Furniture retailers locate next to one another to create a "furniture row"
- Enclosed malls offer the same benefits to consumers interested in comparison shopping for fashion apparel
- Category specialists offer the same benefit of comparison shopping as a collection of co-located speciality stores

# Comparison Shopping

- Category specialists are destination stores, places where consumers will go even if it is inconvenient
- Just like enclosed malls are destination locations for fashionable-apparel comparison shopping
- Category specialists locate in power centers, primarily to reduce costs and create awareness of their location, and secondarily to benefit from multiple retailers that attract more consumers and the resulting potential for cross-shopping
- Power centers, are a collection of destination stores

# Comparison Shopping



# Speciality Shopping

## **Consumers who go speciality shopping**

1. Know what they want and will not accept a substitute
2. Are brand and/or retailer loyal and will pay a premium and spend extra effort, if necessary get exactly what they want
3. Examples include buying organic vegetables, a luxury automobile, or high-end road or mountain bike

# Speciality Shopping

- Thus consumers are willing to travel to inconvenient location
- Having location is not as important for retailers selling unique merchandise or services



# Density of Target Market

- A second factor affecting retailer's choice of location is the density of the retailer's target market in relation to the location
- A good location has many people in the target market who are drawn to it
- For example, a convenience store located near a CBD can be sustained by customers living or working close

# Uniqueness of Retail Offering

- The last factor is uniqueness of offering
- Convenience of locations are less important for retailers with unique, differentiated offerings
- For example Brass Pro Shops provide unique merchandise assortment and store atmosphere
- Customers will travel to wherever the store is located and its location will become a destination





**That's All Folks**