



New Business Exercise: The Pop-Up Store Project

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In this hands-on exercise, students develop and manage a successful retail pop-up store for one week in Tucson Mall in the city of Tucson. This is the final process in a two-semester project that involves the comprehensive business planning and execution process from idea generation, business planning, merchandise planning, investor pitch, vendor selection, product development, vendor selection and execution. Students work as teams to achieve maximum revenue and profits over a full week and, most importantly, develop a genuine understanding of the challenges of developing and executing a retail concept. The learning objectives of this year-long project are 1) to help students to understand how learning by doing in an ever-changing and unpredictable environment may have substantial advantages over traditional analysis, research, and business planning; 2) to find solutions for customers' wants; 3) to execute an actual business with their own innovative products; 4) to explore the trade-offs that entrepreneurs face as they start a new business or launch a product or service; 5) to build team work, communication, and leadership skills.

The instructor collects applications for the two-semester project from students in their sophomore or junior year. Student selection is based on current academic performance, interest in retail entrepreneurship, and ability to manage the self-direction nature of an independent study. The first week of the semester, the participants get together for a networking event to meet everyone. The instructor has students meet one another in a speed networking event where they get three minutes to chat with every selected student. Each student then indicates with whom they would like to work, not like to work, or have no opinion. The instructor then puts together the teams very purposefully to put students in the same team who want to work together. After providing an overview of the project and outlining some requirements as a team member, the instructor reviews in detail the various tasks and challenges that will be presented to the students. The instructor addresses the detailed learning objectives, the types of analysis that students are expected to perform, and overall course procedures and expectations. As class begins, students are told in what part of the city that the popups will be located so that their initial idea generation can be focused on that area and consumer market. For the current year, the students were assigned to the Tucson Mall. This attracts a variety of consumers from across the metropolitan area. Students are encouraged to conduct primary and secondary market research and analyze basic market data. As part of the idea generation process, each group is directed to visit the mall and understand the competitive landscape and determine the potential customer interests. Each group then brings forward a product idea and conducts a survey for "willingness to try or buy" and "willingness to pay for the product. Each group also is directed to perform a standard ring study of the demographic characteristics of the market around the Tucson Mall to decide their primary and secondary target market.

Instructor provides 5W principles to students for their pitch. 5W includes: who (the audience for the product; what (what is your group selling); where (where are your potential customer spending their

dollars— competitors); when (when will your product be ready to market including testing products, checking legal issues, developing product design); and why (why your product is different and why the market needs your products). Students are required to produce a short pitch video and presentation deck that includes company’s vision and product description, market opportunity, the problem and current solutions, competitors, the company’s solution, marketing and growth strategy, and financial analysis. These materials are presented to an investor panel that includes various local retail entrepreneurs and other related executives prior to the pitch day. Each group goes before the investor panel for a ten-minute Q&A session during which the investors examine the teams’ assumptions and analysis in their presentation and video. These questions typically involve understanding the overall product or business, risk factors, competitive advantages of the proposed product, target, cost analysis, gross margin, and sales forecasting. After the completion of the business pitches, the three judges debate the relative merits of the companies and select three of them to continue to the second phase of the project which is the execution phase. After the selection of the three teams, the instructor asks the students not among these teams to indicate their rank order preference for the three winner groups as it relates to joining one of the teams. The founders of the three winning teams, indicate their preferences for the students on the non-selected teams as well. The instructor uses this information to form new teams of eight students. All students are expected to be fully engaged on these newly formed teams.

In the 2nd semester, the instructor asks the three competing groups to develop detailed and practical sales forecasting, assortment planning, inventory planning, markdown planning, and staffing schedule to optimize revenue and profits. These plans are ultimately adjusted during the actual popup days but include adjustments in terms of foot traffic by times and days and market testing for proposing products with various price points. This process can allow students to determine an optimal solution. Each group is provided \$500 for marketing and promotional expenses. Any additional funding must come from the students’ own resources or through external fundraising. They are then reimbursed up to their group’s sales during the week. Students have seven days to operate their business using retail module units (RMUs) or kiosks in Tucson Mall. After the event, students are required to submit a brief reflection paper to share their experiences and mistakes. In this reflection, students can discuss on what they want to improve upon and their limitations. In this reflection paper, the instructor asks students questions such as: “what are the lessons as entrepreneurs for your pop-up project experience?”, “how did your product assortments and markdown plans work?”, “did your replenishment go well?”, “did your analysis yield optimal results?”, and “have you changed your plan by market demand. If any, explain to others”, and “what aspects should be improved in to shift your business in full scale business implementation from the prototype pop-up cart?”

The key benefit of the pop-up store project is that it provides students a complete view of retail entrepreneurship from idea generation to sales unlike most such courses that go up to the business plan but do not give students the opportunity to execute their ideas. Through this rapid and inexpensive prototype project that tolerates failures, students can learn from how to deal with competitive market pressure and how to adjust their merchandising plans to capture market demand. In addition, students will develop team work, communication, and leadership skills.