

Seven Secrets of Pop-ups for Profit

Last week we talked about pop up businesses in general and discussed some examples. Hopefully, last week's conversation had our listeners on the lookout for the amazing constellation of pop up businesses we saw over this past Mother's Day weekend. Mostly centered on flowers, the studious shopper could also find small gifts, treats and discount specials at restaurants and salons.

It was almost like we planned our pop up shows on either side of a prolific pop up weekend! Now that we have the general idea, today we'll cover the seven secrets of pop up profits in detail.

1. An urgent pain, need or gap that must be resolved in a limited time, like... you forgot it was Mother's Day!

Marketing math: Urgency equals intensity of need multiplied by time constraint! A generic definition might be, "things customers will need to fully enjoy the expected experience during the limited time available."

- We've talked about food at sporting events, firewood at a camp-outs, and flowers for Mother's and Valentine's Day
- How about pet supplies near a dog park; seasonal goods like flip flops, sun hats (or sweatshirts in our area!) and kite supplies at a local beach; or even tourist themed screen printed goods, like the old shopping mall kiosk
- Food carts can be a bit of a project, but a packaged goods food pop up can be super simple to set up. We have a number of food deserts here and, like Todd has observed, a pop up could lead to a lucrative full time business in the right location
- Last week, we also discussed services and experiences - valet parking at festivals, walking tours at tourist destinations, renting e-bikes on the Olympic Discovery Trail, selling umbrellas all year long :-)

2. Customers large in number with similar needs and time constraints

- Forgetful husbands driving home on a main thoroughfare on Valentine's Day

Seven Secrets of Pop-ups for Profit

- Summer campers arriving on 101
- Beach visitors who forgot flip flops and sun hats

3. Inventory opportunities with fast turns and value driven margins

The fast turns come from more marketing math: Urgency times the number of potential customers equals potential inventory turns.

The margin opportunity comes from what you are really selling, or better, what the customer thinks they are buying. ***The value proposition of what you are really selling and defines the difference between a 'rip-off' and a life saver.*** I'd like to discuss this in detail because entrepreneurs are good people and few want to be known as predatory sellers.

First, let's talk about what you are really selling: If you are selling flowers from a roadside stand on Valentine's day, **the forgetful husband is buying a ticket to a peaceful evening at home.**

When I was selling foul weather gear, toiletries, and grab and go groceries on the beach in Bristol Bay during the six week Sockeye salmon season, **my customers were buying time in the fishery.**

When a visiting camper buys a small bundle of wood at a roadside stand on the way to the Hoh rainforest, **the customer is buying the family campfire and everything that goes with it.**

This is where non-monetary discount and value proposition come in: Non-monetary price discounts times urgency equals price elasticity. Price elasticity means that you are getting what you want, so you are less sensitive about price

The last time you went through the drive through, did you look at the receipt? This is why a convenience store can charge more for milk than a grocer.

Seven Secrets of Pop-ups for Profit

When spouse A calls spouse B (see what I did there?) and says “pick up a gallon of milk on the way home, spouse B has two options

Option 1

1. Find the grocery store
2. Find a parking place
3. Walk through the parking lot
4. Find the milk
5. Wait in line
6. Walk back to the car
7. Find the way home from the store

Option 2

1. Stop at the gas station on the corner
2. Get the milk
3. Go home

The four additional steps missing from option 2 are seen by spouse b as a non monetary discount, causing him to be happily willing to pay a higher monetary price. If you present the appropriate value proposition, the customer will perceive the non monetary price discounts and become price elastic.

Price theory in one sentence: Charge for what the customer is buying, not for what you are selling!

4. A small, flexible delivery model with low overhead

The second most important factor in this fourth secret is keeping it simple and inexpensive. Pop ups are ‘minimum viable form’ taken to the ultimate extent. The fastest possible pop up execution comes from entrepreneurs using resources already in hand.

Your frontage on 101, your awning and tables from your last garage sale, the back of your pickup or utility trailer. Virtual pop ups are also possible, as the 1-800-FLOWERS and Chocolate Covered Strawberry digital media campaigns demonstrate.

Seven Secrets of Pop-ups for Profit

But, I said keeping it simple was the second most important factor. What's the most important factor? Code compliance! Code compliance can be easy and painless if you do your research first. Code compliance can lead to a startup wipeout if you don't put code compliance on the very top of your to-do list. Keep it simple but keep it legal, first and foremost.

It is likely that code compliance will knock a few of your ideas right off the table and that's OK. You're an entrepreneur and you'll think of a new idea. A pop up startup is a journey, not a destination! Remember, if you perfect the formula, you can open three pop ups next season and **multiple units is where the real money is made.**

5. Promotion

Publicity - here comes the personal business network again! You'll want to really focus on building out the outreach component of your personal business network.

Leverage your network, local media, social media and any and every other way you can use to make sure customers know how to patronize you.

Leverage mindset - in the case of my store, rickety little shore stores were a tradition in Bristol Bay, wherever there was a fish terminal. All I had to do was say "I'm here and I'm open"

Flower stands are similar. When we saw the Mother's Day stands going up around the county last weekend, we knew exactly what was going on. Any camper who has been up here before will expect to see roadside firewood stands on 101. Walk-about vendors are *expected* at big sports events.

Ideally, there will be some potential customer expectation you can leverage to boost publicity for your popup.

6. Specific market period

Seven Secrets of Pop-ups for Profit

We remember that a popup is a *temporary* entrepreneurial response. A tight timeline is essential to drive the urgency that underpins your margins. Mother's and Valentine's days are basically two day events, so the margins are very well supported. The Irrigation and Lavender festivals go a little longer and our mass appeal tourist season is at the other end of the scale at about ninety days.

7. A crisp finish - done and run

Time is the enemy here. You don't want closing costs to eat into your profits because the inflows are over. How? Begin with the end in mind!

Flower sellers fold up the awning and go home. The last few bouquets are likely discounted. The firewood seller just doesn't put out any more product until next year, although I'm hearing that our peak season is pushing our shoulder season into our off season. The time might come when we have, as football coach *Bill Belichick* once infamously said, "*No days off!*"

Either way, you want to be able to clear the decks, close out the operating costs and go home and count your money.

So remember, find a big need with a tight time frame and plenty of customers, earn a good margin, be code compliant, promote like crazy and , code compliance and try to find a pathway to multiple pop ups to maximize your revenue.

Next week, we'll review some totally free business research resources to help you discover and vet business opportunities here in Clallam County.