

GUIDE

KEY ELEMENTS FOR EXPANDING RETAIL and point-of-sale formats



INDEX

1. Introduction
2. Flagship Stores
3. Concept Stores
4. Corner or Shop-in-shops
5. Stands and Displays
6. Pop-up Stores
7. New trends and the future of retail formats

INTRODUCTION

When we talk about “points of sale” we usually refer to **three formats**:



Store



Pop-up



Corner

The first format, the opening of stores, has always been an aspirational objective, while the rest have been an alternative resource when the budget or the seasonality of sales have not allowed for stores to ‘fully’ open.

In recent years, the **evolution of retail** and omnichannel retailing has forced an overhaul of the function of these points of sale. New disciplines, technologies and possibilities have brought about new business objectives associated with the opening of points of sale.

What are these business objectives?

- Analysis of business opportunities in the local market.
- Brand expansion.
- Brand positioning.
- Customer loyalty.
- Extending the commercial network to new geographies within a specified period.
- Etc.

Therefore, brands and retailers no longer use the sales spaces only as tools to generate income. By considering them within a more complex expansion strategy, immediate profitability coexists with the rest of the needs.



In this guide, we present a reflection on which point of **sale formats** retail is made up of and **how** brands and retailers from all sectors and countries use them today in their expansion strategies.

FLAGSHIP STORES

This is the most premium format.

These stores stand out for their size and how striking they look in terms of concept, design, visual merchandising, etc., but, above all, for **offering a vastly different experience to the transactional points of sale.**

Flagship stores are used to generate a great impact on the media and influencers of the sector at a minimum cost, but the main objectives they pursue are long-term and related to the brand experience:

- To reinforce their positioning and differential factor.
- To transform the relationship with their clients.
- To become a benchmark in the sector.

Economic profitability and sales are important in these objectives, but not the main variable in the decision making of the location, design or technology that make up these stores, because of the multiplier effect: a ROI on the whole brand is expected, not on the specific flagship store.

Creativity and brand and customer interaction dominate the in-store experience to build customer loyalty and serve as an emotional hook. This serves to reinforce the brand's presence in future purchase decision processes.



That is why the main briefing they work on is offering the consumer an aspirational image of the brand, **presenting its storytelling to make them become a fan of the brand beyond the product.**

This even leads to choosing their location based on a cultural strategy and not on an economic one so that the sociology of an area imbues the flagship store with more personality, creating centres of interest and even becoming tourist attractions for customers who see retail as an entertainment and cultural centre—albeit a branded one.

Therefore, flagship stores such as Nike's in New York, allow experimenting with 3D printing technologies and shoe customisation in real-time. The latest opening of Adidas in London is a complete and 100% digital immersion in each of its brand universes.



Foot District is one of the flagship stores we are most proud of. In the heart of Barcelona's Gothic Quarter, it is steeped in the indie culture that attracts trainers fans so much. Its media impact was such that it received mentions in specialised media such as Highsnobiety and achieved its goal of becoming 'the mecca of shoes' for American and Asian tourists.



CONCEPT STORES

These are traditional stores

Their objective for expansion is the consolidation of the brand in a specific geographical area and the sustainability and profitability of sales in the long term.



Does it make sense to open stores before reaching consolidation?
Perhaps.

Are there more profitable formats to consider before opening stores?
Yes, this is also true.

It is a point of sale where the consumer receives personalised service and, of course, the better the relationship and the service received, **the greater their loyalty**. However, brands and retailers establish a clear and necessary balance between the investment of time, space, and income.

Decisions on design, materials, or infrastructure, among others, also establish that balance between

the long-term durability of the shop and the sales margin. It is not necessary to choose the most striking options, but rather those that **ensure constant quality**.

In the same way, cost reduction in expansion projects is not considered in terms of the most economic choices, but in terms of project scalability, its production and installation.

FORUM SPORT asked us to refocus their sales targets. They wanted to transition from a pure product model to one focused on the consumer experience. Being a consolidated brand, they opted for a first pilot that we later replicated in the rest of their stores.



CORNERS OR SHOP-IN-SHOPS



A corner is a sales space for a brand integrated within a larger commercial area in which it will usually coexist with other brands in a similar format.



The objectives of this format in the expansion of a retail company are to take advantage of the traffic generated in the centre and to quickly penetrate new areas for the brand.

Traditionally, their main objective is to take advantage of the foot traffic in the 'host' shopping area to give visibility to the brand and its products in a shopping context.

Depending on the recognition of the multi-brand space (El Corte Inglés, Mediamarkt, etc.), the price of renting the space will vary, considering that this recognition guarantees an influx of buyers.





The **Michael Kors** expansion strategy is one of the best in retail. They skillfully combine the opening of concept stores in the capital and large cities—their business model is linked to tourism—with the geographical reach of El Corte Inglés shop-in-shops.

The complexity and cost of installation are much lower, as there is no need to search for premises, carry out sociodemographic studies or undertake renovations, and access to customers is much faster. Which is why brands with growth and consolidation strategies often use corners to measure brand acceptance and profitability in new cities as a preliminary step to opening concept stores.

Do you want to know more about how to expand your brand in multi-brand retailers?

Find the key points in our infographic:

DOWNLOAD THE INFOGRAPHIC

STANDS AND DISPLAYS

They carry out similar functions to corners in a much more cost-effective and short-term format. The aim is to highlight the brand in a multi-brand commercial area, taking advantage of the distributor's footfall.

The main difference between these and corners in terms of business objectives is that this format is used by brands that are not considering opening their own sales spaces.

This is the case of the visual communication of brands such as **Coca-Cola** in department stores such as Carrefour, Leroy Merlin, Hipercor, etc.

In an omnichannel environment, brands and retailers with digital sales channels can also use the displays as expansion campaigns to promote their sales in specific geographical areas.



THEY SEEK TO HIGHLIGHT THE PRODUCT FOR A SPECIFIC PERIOD IN THEIR USUAL SALES SPACE.

POP-UP STORES



Traditionally, they are temporary sales points in areas with a high influx of consumers with a very defined seasonality. Shopping centres at Christmas, beaches during summer holidays, food trucks at events, etc.

With a view to expansion, **the main objective of pop-up stores is to increase the opportunity for awareness for new audiences or to reinforce brand presence when it is not yet consolidated.**

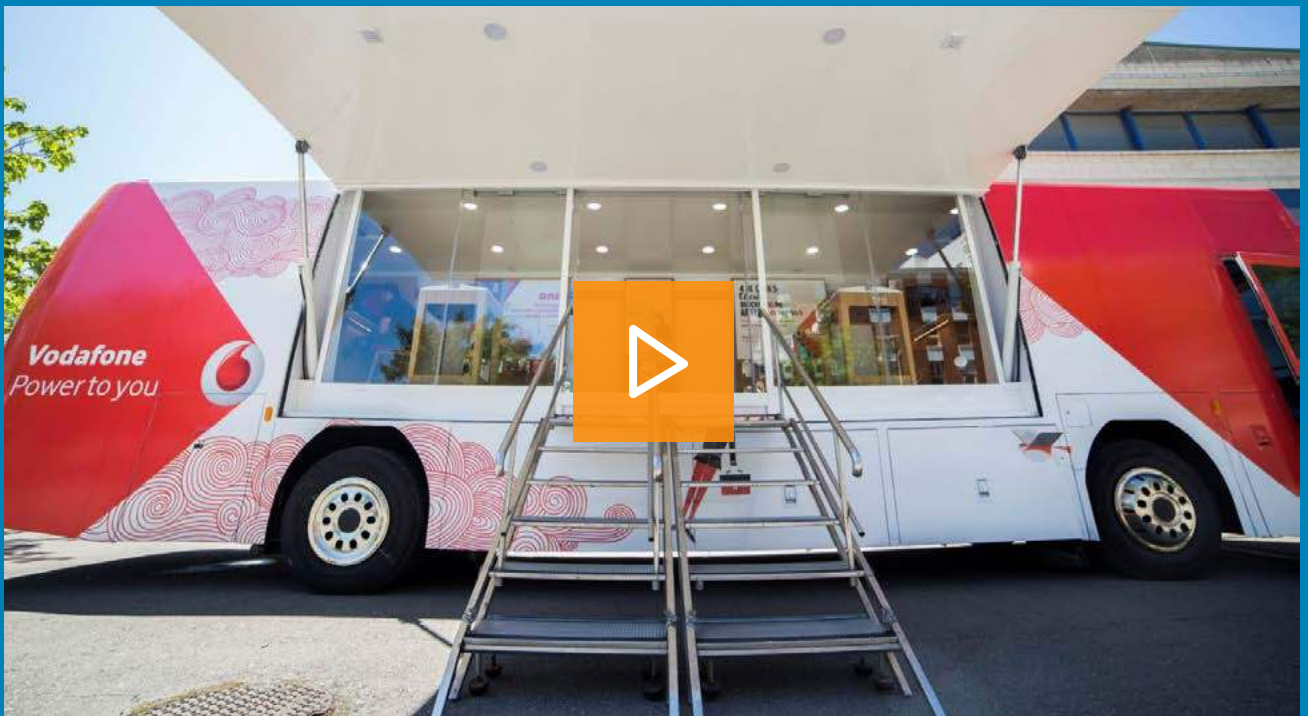
They are designed to increase the commercial profitability of a space that would otherwise not be economically exploited and, at the same time, give brands that do not have physical sales channels the opportunity to experiment with them at low cost.

Normally non-commercial, the space is an eye-catching design far removed from what is usually seen in shops, where branded sample-like products are sold to consumers.

The experience is especially important when designing a pop-up store deployment in line with an expansion strategy. The freedom of format and location allows the brand to innovate without incurring the costs of a flagship store.

In other words, pop-up stores **allow brands to build loyalty as well as sell.**

VODAFONE saw the opportunity to bring to small towns something they had rarely seen: a telephone shop. For the first time, a brand was concerned with what town residents needed without forcing them to travel to the city to get it.



NEW TRENDS and the future of retail formats

If there is one thing that is clear about the various aspects of retailing, it is that **nothing is guaranteed**.

This guide seeks to analyse the most common formats according to the business objectives they meet within an expansion strategy and complete 360° Shopfitting beyond the extension of a commercial network, although there are many more that can be adjusted to your business.

At HMY, **we consider retail a changing reality**, and if the last few years have shown us anything, it is that we are living in an era of agile, digitised and creative companies, from which new ideas are constantly emerging. Collaborative economies and digitalisation have already begun to transform retail and society and if anything, the road has only just begun.

Do you have a retail expansion project for your brand?

HMY specialises in helping brands and retailers of all sectors to grow in an organic, agile and sustainable way across any format, sales channel, and country.

Get to know some of **our projects** and **let's talk!**



HMY[®]

INNOVATION IN RETAIL