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Critical success factors of temporary retail activations: A multi-actor perspective

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ABSTRACT

Temporary retail activations have been increasingly adopted by brands as an innovative experiential marketing strategy to engage existing and new customers. Through a series of in-depth interviews with multiple-actors (agency executives, brand managers, and consumers), this study identifies divergences and commonalities in defining the concept of temporary retail activation success. Further, we propose a conceptual framework of key factors that can contribute to the success of experiential-driven initiatives in retail. Four critical success factors (relational touchpoint, strategic alignment, surprise and delight, and serendipity) are discussed. We suggest that temporary retail activations should be considered as retail exchange events aimed at generating relationship-driven outcomes.

1. Introduction

The concept of leasing temporary retail space has taken the retailing world by storm over the last fifteen years (Ibrahim and Chua, 2010). Contributing to over 8 billion dollars to the US economy annually and employing over 23,000 people with a growth rate of 8.4% in the UK (Savills, 2015), marketing practitioners are increasingly developing temporary retail spaces designed to surprise and delight and act as a means to gain competitive advantage (Kim et al., 2010; Wyrley-Birch, 2014). Temporary retail activations are a multi-faceted, heterogeneous and non-traditional retail environment where brand strategies and marketing objectives are realised in various forms (Pomodoro, 2013). By offering a novel and highly engaging retail experience, temporary retail activations have proven to be an effective medium for product testing, word-of-mouth generation, increasing brand awareness, and driving sales. In the contemporary retail landscape, temporary retail activations are also developed to meet consumer demand for immediacy and engage with brands 'on-the-go' by offering products at the right time, in the right place and supported by the right service.

Whilst temporary retail activations are recognised as an innovative experiential marketing strategy providing interactive brand experiences (Russo Spena et al., 2012), marketing and retail literature is yet to identify which factors play a critical role in determining their success (Niehm et al., 2007; Picot-Coupey, 2014; Russo Spena et al., 2012). Adopting an interpretive qualitative approach, this study explores the phenomenon of temporary retail activations in order to better understand how brands can successfully implement them to improve the level

of engagement with consumers. Due to the inherit complexity of temporary retail activations, this study aims at offering a holistic understanding of the phenomenon and identify critical success factors by considering brand, agency and consumer perspectives.

2. Background

In an increasingly global retail market, socioeconomic and demographic changes are reshaping consumer behaviour, shopping patterns and retailing models (Grant, 2016). Furthermore, as online and mobile retailers capture more of the market and bricks- and-mortar retailers struggle with declining sales, the store environment has become more important than ever (Durden, 2016; Sparshott, 2016). One strategy employed by retailers to address changes in consumer behaviour and overcome threats from online retail is temporary retail activations. These activations are typically implemented as experiential marketing initiatives to create opportunities for competitive differentiation and consumer engagement (Niehm et al., 2007; Pine and Gilmore, 1998; Schmitt, 1999; Surchi, 2011), as well as a means of non-price driven points of difference (Grant, 2016).

In the context of retail, temporary activations are recognised as an innovative experiential marketing tool (Kim et al., 2010; Niehm et al., 2007; Pomodoro, 2013; Surchi, 2011) that provides interactive brand experiences (Russo Spena et al., 2012), and results in enhanced consumer engagement, generating value for both retailers and consumers (Gentile et al., 2007; Niehm et al., 2007). Hence, it is important for brands to provide retail experiences as a means of competitive

differentiation (Pine and Gilmore, 1998; Schmitt, 1999; Schmitt and Zarantonello, 2013). However, whilst academic literature acknowledges temporary retail as an established experiential marketing tool, research is yet to identify factors critical to its success (Niehm et al., 2007; Picot-Coupey, 2014; Russo Spena et al., 2012).

2.1. Defining temporary retail activations

Temporary retail activations are a multi-faceted, heterogeneous and non-traditional retail environment where brand strategies and marketing objectives are realised into a set of tangible, physical, interactive experiences which reinforce the brand (Pomodoro, 2013). These retail environments are a synthesis between communication and selling (Surchi, 2011), synonymous with novelty, exclusivity, surprise and discovery (Pomodoro, 2013; Picot-Coupey, 2014). They are intentionally open for a brief period, ranging from a few hours up to a year (Lassus and Freire, 2014; Niehm et al., 2007) and their ambience is typically perceived by consumers as fun, relaxed, trendy, pleasant and amusing (Lassus and Freire, 2014). Their limited time nature creates a unique and often unrepeatable experience, motivating consumers to participate through anxiety of exclusion, or missing out (Lassus and Freire, 2014; Pomodoro, 2013). It is not uncommon for these environments to combine brand offerings with lifestyle experiences in order to create synergies with consumers' lives (Kim et al., 2010).

When compared to traditional retail environments, elements of the temporary retail shopping experience are characteristically distinct (Picot-Coupey, 2014; Verhoef et al., 2009). The merchandise mix is often exclusive, selective and focused on a single product line (Niehm et al., 2007). Pricing strategies are either premium offerings due to exclusivity or discount prices when stock clearance is required (Surchi, 2011). The store is designed on a smaller scale and significant emphasis is placed on the creation of a favourable in-store atmosphere (Russo Spena et al., 2012). Similar to flagship stores, temporary retail activations are generally located within economically significant capital cities to increase brand appeal (Doyle et al., 2008). For retailers aiming to build brand awareness, strategically locating temporary retail activations increases the likelihood of reaching potential consumers (Surchi, 2011).

2.2. Temporary retail activations as experiential marketing

As retail has moved from a product and services oriented economy to a more experience-based economy (Pine and Gilmore, 1999), the value of the service concept increasingly lies in the experience provided to the customer (Babin and Attaway, 2000; Baker et al., 2002; Kozinets et al., 2002; Pine and Gilmore, 1999). According to Meyer and Schwager (2007), the customer experience refers to the internal and subjective response customers have regarding any contact with an organisation. As such, it has been proposed that retailers (and service providers more broadly) hold a unique and ideal position to create experiences for customers (Ailwadi and Keller, 2004) and should consider themselves as hosts, and the store (or service environment) as a theatre stage (Baron et al., 2001; Pine and Gilmore, 1999; Schmitt, 1999). This perspective has gained prominence over the past decade, with many retailers shifting investment towards engaging customers through unique experiences (Hollenbeck et al., 2008).

Within the context of the experience economy, temporary retail activations are one form of brand experience utilised as an innovative experiential marketing strategy. Such initiatives are based on surprise and exclusivity, and intended to engage consumers and reinforce brand loyalty (Niehm et al., 2007; Russo Spena et al., 2012). These activations provide an interactive, multi-sensory platform for brands and consumers to build a relationship (Russo Spena et al., 2012). Such activations have the potential to influence long-term relationships with consumers and aim to produce demand, rather than generate revenues (Marciniak and Budnarowska, 2009; Ryu, 2011; Surchi, 2011). For

emerging brands, such activations offer a cost-effective means of testing the market and gaining consumer insights, forming the basis for further marketing decisions (Ryu, 2011; Pomodoro, 2013).

Previous research has identified how temporary retail activations could potentially contribute to the achievement of a range of broader business objectives (Taube and Warnaby, 2017; Warnaby et al., 2015). Warnaby et al. (2015) identify four categories of business objectives particularly important for brands, including: communicational (e.g. brand awareness), experiential (e.g. brand engagement and brand communities), transactional (e.g. sales and market share), and testing (e.g. trailing new markets). However, for consumers the objectives achieved through temporary retail activations seem to differ, and rather focus on novelty, exclusivity, surprise and discovery (Pomodoro, 2013; Picot-Coupey, 2014). What is evident is that there are multiple actors, each with different perspectives and objectives when it comes to *experiencing* temporary retail activations.

2.3. Multiple-actors and multiple perspectives: toward a unifying framework

With the growth of experiential marketing, a proliferation of specialist agencies has resulted and given rise to an industry of organisations engaged in assisting brands to create experiences via temporary retail activations (Wood, 2009). Multiple actors are involved in the execution of experiential marketing efforts, with brand managers and agency executives often working together to execute temporary retail activations for consumers (Schmitt, 1999). Neither the consumer nor organisation perspective of temporary retail activations is sufficient in isolation to provide a holistic view of the phenomenon, while both supply and demand views are required (Kim et al., 2010; Niehm et al., 2007).

Literature acknowledges that limited attention has been paid to temporary retail activations and even fewer studies have addressed success factors of temporary retail activations as an experiential marketing tool (Marciniak and Budnarowska, 2010; Niehm et al., 2007; Picot-Coupey, 2014; Pomodoro, 2013; Ryu, 2011; Surchi, 2011). Although temporary retail activations constitute a complex phenomenon involving multiple actors, studies on this phenomenon lack a comprehensive analysis of the brand, agency, and consumer perspectives.

3. Methodology

Given the novel, contemporary and contextually-specific nature of temporary retail activations, we applied a grounded theory approach (Daymon and Holloway, 2011) to explore the subjective experiences of multiple actors, including retail brand managers, experiential agencies and consumers. The ontological assumptions of this research combine the interpretivist ideology with social constructivism, whereby a belief in multiple and relative perspectives of reality exist and subjective meanings of experiences are developed through interaction with others (Creswell, 2013; Lincoln and Guba, 1985). Originally emerged in sociology, grounded theory has been increasingly applied as a methodology to study emerging themes with significant behavioural implications in the marketing discipline, such as ethical marketing, social marketing and experiential consumption (Goulding, 2005).

Aligned with the precepts of the grounded theory methodology, our research was not guided by hypotheses; rather insights were driven by the data following a rigorous approach that forces researchers to look beyond the superficial and apply every possible interpretation before developing a final theory demonstrated by explication and data-supported evidence (Goulding, 2005). We relied on the Straussian approach to grounded theory, which prescribes that theory is to be derived from data, systematically collected and analysed and interpreted in an on-going way throughout the research (Strauss and Corbin, 1998; Gummesson, 2003). A reflexive process informed our study with researchers intimately involved with data collection, analysis and interpretation.