

\$10,000 to \$15,000 to finesse a tiny space for a 10-day run.

“Everyone wants the perfect little 1,500-sq.-ft. clean vanilla box with [immaculate] walls, lighting and HVAC, but those are few and far between,” Norsig said. “Realistically, you have to consider difficult spaces in prime locations — and then think creatively.”

**Future:** Looking ahead, Norsig believes pop-ups will come and go even faster than they do today — think Flash Mob translated into Flash Marketing via pop-ups that exist for mere hours.

Interbrand Design Forum’s Jeffrey envisions “great opportunities for the Amazons of the world” to open seasonal pop-up showrooms in vacant shops. Similar to Norsig’s strategy with eTableTop, online retailers might utilize pop-ups as an opportunity to connect with customers while maintaining their fundamental business model of displaying product to be ordered and shipped rather than running inventory through the store.

JGA’s Nisch suggested that the next opportunity to leverage real estate value might be for premium malls to dedicate two or three vanilla spaces as permanent pop-up venues, leasing them for brief periods to a diverse mix of tenants that would create buzz and excitement in an ever-changing rotation of retail.

Pop-up stores are also moving online. Flash sales site Fab.com is launching online pop-up stores with a series of themed retail “shops” inside its site. Fab is working with Fast Company on its first pop-up shop, called U.S. Design, which will showcase the work of some 76 American designers featured in Fast Company’s iPad app.

The shop, curated by Fast Company and hosted by Fab will stay open a month and will feature about 150 items. But that’s just the beginning. Fab hopes to launch about five online pop-up stores by year-end.

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## Tricks ‘n Treats of Seasonal Pop-Ups

Halloween Adventure is no newcomer to the seasonal pop-up market: It has been opening temporary stores for Halloween for 27 years. The retailer, with three permanent locations — an iconic store in New York City and two in Pennsylvania — opens an additional 50 to 60 stores each fall in markets from New England to Northern Virginia.

Four years ago, the company introduced a seasonal concept for the December holidays under the Smart Toys banner. The holiday brand “pops-up” in key malls on Nov. 1 when the company converts its Halloween stores to Smart Toys. Indeed, the holiday format has been so successful that it has remained as a permanent tenant in 18 locations. (For the most part, the permanent Smart Toys shops transition back to Halloween Adventure September and October.) This year, the company will “pop-up” 27 Smart Toys locations.

“If you want to be successful with pop-ups, the primary challenges are timing, execution and cost controls,” said Bob Schank, president of Masquerade, the Garnet Valley, Pa.-based parent company of Halloween Adventure and Smart Toys.

The company has mastered timing and execution, storing and reusing fixtures, furniture and equipment from one year to the next, and adjusting inventory each season to fit individual markets and demographics.

As for cost reductions, Schank said: “The No. 1

controllable expense is payroll.” Last year, Masquerade outsourced the recruiting and management of its seasonal staff to Headway Workforce Solutions, Raleigh, N.C.

“It worked very well to have Headway serve as Employer of Record for all our seasonal staff — reducing costs and also reducing turnover,” Schank said. “If there was turnover, it was basically transparent because Headway had back-up people available so the replacement process was seamless.”

An Employer of Record assumes responsibility for employee payroll, including withholding and payment of state and federal unemployment taxes, as well as all HR matters, including Workers Compensation Insurance, administration and claims. While each of these areas is quite costly, particularly spread over hundreds or thousands of seasonal workers, many states have dramatically increased their State Unemployment Tax Act

(SUTA) rates since 2008. For instance, from 2008 to 2010 the maximum SUTA rates increased from 9.98% to 13.55% in Pennsylvania and from 7.5% to 13.5% in Maryland.

Employers of seasonal workers are impacted because SUTA rates are applied to wages up to a defined threshold, and rarely do employees working at minimum wage or slightly above exceed the threshold during a temporary seasonal job. By outsourcing staffing to an Employer of Record, Masquerade reduced payroll costs and made the hiring process more efficient.

