

Pop Art

How to Navigate the Operational and Legal Challenges of 'Pop-Up' Concepts

By Howard Riell



Pop-up restaurants are trendy, exciting, attention-getting and fun, and sidestep the financial and operational burdens and risks of a long-term commitment. They also present many of the same operational issues with which conventional restaurants must grapple.

Pop-up restaurant concepts operate, by definition, for a limited time, in low-cost or existing locations. Fueled largely by the social media phenomenon, pop-up concepts provide appeal to diners seeking an exclusive dining experience that provides an opportunity to experiment with something new.

The appeal of pop-ups lies largely in their ability to generate an exclusive, underground feel that millennials in particular seem to value. They offer reduced start-up costs to chefs and restaurateurs as opposed to their more permanent counterparts.

“Pop-ups are popular with millennials who seek a dining adventure with a limited-time offer,” says Arlene Spiegel, FCSI, president of Arlene Spiegel & Associates in New York City. “Pop-ups are typically not profitable, but for the owner, making money is not the primary goal. Often it’s a low-risk way of getting their food/brand in front of the public to get noticed and create buzz.” Marketing strategies typically rely heavily on social media,

storefront signage and word of mouth, Spiegel says. “Traditional print advertising is no longer ‘cool’ and doesn’t get attention.”

The reality, however, is that pop-ups rarely lead to permanent brick-and-mortar concepts unless lightning strikes in the form of a serious investor who takes notice and is willing to bet on the concept and/or chef.

Operators – both hosts and visitors – risk miscues if they focus exclusively on the excitement they hope to generate and ignore the more mundane aspects of operating a dining establishment, such as local and state laws that highly regulate the operation of all food outlets. For instance, the local board of health, buildings department, liquor authorities, bureau of finance and taxation and even landlords are all in the regulatory mix and must be accounted for.

The phenomenon then is a two-edged sword, and both sides need to approach the proposition with caution.

RS&G