



Report on the transfer of the pop-up shop practice to Melgaço

July 2019

Our partner Melgaço officially launched their pop-up shop initiative on 27th of July 2019. This early adoption of the practice is the result of energetic development work by the ULG Co-ordinator José Lopes and the unwavering support from Melgaço's Mayor Manoel Batista. Although the ReGrow City network followed the developments in Melgaço in detail we were taken by surprise when the video clips from the launch were published on Facebook (<https://www.facebook.com/melgacotempopup/videos/2419945331399448/>). This short report is intended to show exactly how the pop-up shop initiative was developed in regard to securing premises, the rental agreement that was developed, how the initiative was promoted and how entrepreneurs will be selected.

Securing retail premises

The Melgaço ULG includes business people who have strong roots in the town, NGO representatives with an interest in activating retail premises, officials who are needed for the administrative and contractual side of the initiative and of course the mayor who leads the political as well as administrative developments in the town. Following a survey of vacant retail premises their owners could be quickly identified through the networks of ULG members. ULG members decided to make personal contact with shop owners because this was seen as the most effective way of winning support. Over 20 owners or their family relatives were initially contacted, requesting an opportunity for a personal presentation of the pop-up idea by the ULG coordinator. A priority list was agreed and José contacted and visited these shop owners in person. To everyone's surprise the owners needed little persuasion - or maybe José was very persuasive – but property owners accepted that they have some responsibility for the poor state of the town centre in Melgaço and freely offered their support to revitalise the town. By mid July three premises were confirmed as being available free of charge to the municipality for the pop-up shop initiative and, at the time of writing this report, two are still to be confirmed. Of the three confirmed premises the largest one will become the 'anchor shop' where all events and meetings associated with the pop-up initiative will take place. The 'achor shop' will also accommodate smaller pop-up ideas that are perhaps not robust enough to take up a whole shop on their own.

Designing the rental agreement

The Altena rental agreement provided the blueprint for the rental agreement that was designed in Melgaço, but the ULG made extensive changes to reflect distinctive local circumstances. One of the principles that was adopted from Altena was that there is one agreement between the property owner and the municipality, and one for the entrepreneur and the municipality. They are asked to make their premises available from October 2019 to December 2020 and have agreed to do this free of charge. If at any point the property is to be sold or commercially let the owner needs to give one month notice to exit the pop-up agreement. There are no insurance implications because the owners have to insure their premises anyway, regardless of whether they are occupied or not. The owners also have no



obligations to pay for connections to water, sewerage, electricity or internet because these have to be made directly by the entrepreneur using the premises.

The agreement between the entrepreneur and the municipality is based on a renewable contract of between 1 – 3 months. During the first three months the entrepreneur uses the premises free of charge, apart from paying for connections to utility services and insurance policies that are relevant to their trading activity. After three months the entrepreneur can apply for an extension of up to three months. A condition to have an application for extension considered is a self-evaluation in which the entrepreneur explains why the retail activity is successful and how the scheme could be improved. The ULG will approve all applications and the decisions will be published in the ULG meeting minutes and the project's Facebook page. Transparency is considered to be of the highest importance because much of the initial development work was reliant on personal contacts, but decisions about shop allocations must be made on the merit of the proposal only. Should an extension be requested and approved the entrepreneur pays a symbolic rent of 1 Euro per square metre per month to the municipality. It is not fully agreed what will happen to these payments but one suggestion is to pass this on to the property owners who will have to pay some national taxes because their property was occupied for the pop-up period, despite these occupations not generating any commercial income for them. However, it is agreed that once six months have been reached the entrepreneur has to leave the premises or enter into a commercial agreement with the property owner.

Preparing the premises

At the time of writing this report the anchor shop, which was used to launch the pop-up initiative, had been painted in preparation of the launch. This work was undertaken by the municipal workforce and the only direct cost incurred was 75 Euros for the paint. The other shops may require similar work or different small scale improvements, such as fitting locks. Small costs will be borne by the municipality as a voluntary investment and a gesture to property owners who have kindly made their premises available free of charge. However, should a shop require major investment before it is fit for purpose it will not be included in the pop-up initiative. Entrepreneurs will not receive financial assistance for fitting out their shop.

Promoting the initiative

Agreeing the logo emerged as one of the most difficult element of the whole development process. The proto-type was designed by Isabel Martins and José Lopes, but there were so many suggestions for changes that they asked ULG members to come up with a final design (which was very similar to the original idea). This logo was used for posters that were put up in the first three shops that had been secured, to print information leaflets that were distributed to local businesses and organisations, as a background on social network pages and public internet sites as well as for press releases.

The marketing strategy used all the communication channels available to the ULG. This included press releases to the local papers; an announcement on the local radio; the Chamber of Commerce distributing leaflets to their members; and personal contacts of ULG members. Any local business that displays the logo in their shop window is given 'supporter status' which gives them access to the social networks and digital platforms the ULG is connected with. This provides not only information but also publicity space for traders who are supporting the pop-up initiative. It is also a way of including businesses who might feel



threatened by the pop-u concept. The pop-up idea was presented as a community initiative that aims to improve the quality of life in Melgaço and to date there have been no explicit objection from local entrepreneurs to the pop-up initiative. This marketing activity was undertaken over a period of two weeks and required Isabel to work every day for several hours on communicating the project to target audiences. The turn-out at the launch was very good with around 100 people attending. The music and dance groups performed free of charge, refreshments were provided by the wine makers and the whole event could be managed entirely free of cash expenditure to the municipality.

Recruiting and selecting entrepreneurs

During the launch event 13 expressions of interest for a pop-up shop space were made by local entrepreneurs. The full application form is quite substantial and requires applicants to show the value of their business idea, how it is innovative and different from traditional commercial practice and how the applicant imagines to animate the shop premises. This is expected to be a demanding process because the ideas put forward might also not be considered suitable and premises might not be available when entrepreneurs most want them, particularly before the Christmas period. However, applicants can modify and re-submit their application and there will be a rolling programme of approvals with all available spaces advertised on the ULG webpages and social media platforms. Taken together these rigorous procedures which will ensure fairness and transparency but they might also be seen by some as bureaucratic hurdles and some potential entrepreneurs might be lost to the initiative. However, a rigorous evaluation of applications is considered essential to maintain accountability to the local business community. It is anticipated that the first decisions on space allocations will be made in September when the pop-up initiative in Melgaço begins for real.

Hans Schlappa and José Lopes
9th September 2019