

RETAIL APOCALYPSE

For well over a year, analysts, journalists and retail observers have stated that the retail apocalypse is upon us. Big name retailers are scaling back physical operations, closing stores, reorganizing debt and filing for bankruptcy. In 2017 alone, Toys R Us, Payless, Gymboree, and many others sought protection through Chapter 11 bankruptcy including 26 major retailers with more than \$50 million in liabilities. With the Amazon effect and an oversupply of retail space, many retailers may face their demise if no action is taken to reassess their business.

What is causing retailers to shutter in the middle of an economic recovery?



Ecommerce continues to be one of the biggest threats to retail. Amazon, has been the main culprit and continues to dominate online shopping with convenient and easy purchasing and returns.

Amazon's sales in North America quintupled from \$16 billion to \$80 billion between 2010 & 2016.

The overabundance of malls and large mall anchor retailers closing their doors has significantly decreased mall foot traffic. As a result, this triggers a downward spiral for smaller retailers leaving them in financial distress and in danger of going out of business. According to real-estate research firm, Cushman and Wakefield, mall visits declined 50% between 2010 and 2013 and have continued to decline each year since.



25% of U.S. malls will close by 2022, according to a report from Credit Suisse.



Americans spending habits have shifted from material possessions to dining and entertainment. Throughout the 1990s, retail grew drastically with people buying homes, furniture, cars and clothes. Today, clothing sales are down, travel is booming and food service and drinking places have grown twice as fast as all other retail spending.

In 2016, for the first time, Americans spent more money in restaurants & bars than at grocery stores.

RETAIL REMEDY

Corporate renewal may help revive your retail business. Resolute has tremendous experience with creating and implementing strategies to enhance turnaround value and offers the following services:

- Distressed Asset Consulting
- Liquidating Trustee
- Financial Management Consulting
- Interim & Crisis Management
- Financial Restructuring
- Financial Review & Oversight
- Franchise Management & Compliance

Contact Resolute today to learn more about our Corporate Renewal services.

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SOURCES
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