

SEARS SET TO CLOSE 100 TO 120 KMART AND SEARS STORES



Somewhere between 100 and 120 Sears and Kmart stores will be closing soon, says one of the retailers on Tuesday, after terrible holiday sales, during what seems to be the most crucial time of the year for retailers. Sears has yet to say which stores will be closed, but there has been a clear shift in where the retailer will devote its new resources. The company is trying to move away from its practice of propping up "marginally performing" stores in hopes that it will improve their performance. Sears says that it will now concentrate more on the cash-generating stores. "Given our performance and the difficult economic environment, especially for big-ticket items, we intend to implement a series of actions to reduce ongoing expenses, adjust our asset base, and accelerate the transformation of our business model," says the CEO Louis D'Ambrosio. "These actions will better enable us to focus our investments on serving our costumers." Sears withheld the number of how many, if any, jobs are going to be cut. Sears Holdings Corp., that is based in Hoffman Estates, Ill., said that the new store closings will generate \$140 to \$170 million in cash from the inventory sales. The retailer anticipates the proceeds from the sale or sublease of real estate holdings. The company, which also operates the Kmart stores, Sears, Roebuck and Co. and Land's End, has seen rival department stores like Macy's Inc. and discounters like Target Corp. steals their costumers away. But with the economy putting a sustained financial squeeze on its most loyal customers, those in the middle-income bracket. The retailer has recently announced numerous closings this year, but this is by far the largest group of closings to date. Same-store revenues dropped 5.3 percent to date for the quarter at both Sears and Kmart, said the company of Tuesday. This includes the critical holiday shopping period, a time that most retailers depend on for a big sales surge that will put them back in the black. Kmart's 6 percent fall in revenue at stores that open a least a year was to blame for the diminished layaways and a drop in clothing and consumer electronic sales. Sears' cited lackluster consumer electronics and home appliance sales for the 4.4 percent drop. Sears; clothing sales were dead, while the sales of Lands' End products at the Sears stores rose mid-single digits. Sears Holdings said that the falling sales, the ongoing margin pressure and rising expenses pulled its adjusted earning even lower. The company predicts that the forth-quarter consolidated adjusted earnings will be less than half of the prior-year period's \$933 million. It also anticipates a non-cash charge of \$1.6 billion to \$1.8 billion in the quarter for a valuation allowance on some of the deferred tax assets. This figure is the key gauge of a retailer's health because it excludes results from stores that were recently opened or closed. Sears Holdings said that is also plans to lower its fixed costs by \$100 million to \$200 million and trim its 2012 peak in domestic inventory by \$300 million from 2011's \$10.2 billion at the third quarter's end. Sears Holdings has more than 4,000 stores combined from U.S. and Canada.

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