

Holiday Season Won't Contain Retail Apocalypse

By Matt Chiappardi
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Quotes from Ted Gavin

The hype surrounding the so-called retail apocalypse describes a real phenomenon that may be worse than anticipated, with experts predicting 2018 to be the worst year for retail bankruptcies in recent memory, portending a shakeup that could spread to the larger economy.

Brands like Sears and JC Penney that were once inextricably linked to consumer culture not only seem like relics to some consumers, but are further weakened by huge leverage positions that are difficult to overcome.

"Sears has been playing a game of strip poker with its creditors for years, and needs a winning hand because it's down to just a fig leaf," said Ted Gavin of corporate restructuring firm [Gavin Solmonese LLC](#).

Gavin said the industry found the now-mercurial nature of the average consumer "immensely frustrating," especially after the Great Recession created a "great sobering up" of spending habits.

"Retail is struggling to determine what consumers want, what product mix to have and how they interact with their customers," Gavin said.

Gavin compares the distress to similar factors surrounding the casual dining sector — a close cousin to retail — also going through a bankruptcy wave, as consumers have largely abandoned such restaurants when they have a little extra money to spend. They don't necessarily go back to eating at restaurants like [Applebee's](#), preferring the newer fast-casual options like Chipotle instead, he said.

"Once people stop, they're not necessarily going to resume in the same way," Gavin said.