Sears announces the closing of 43 more stores in the US and Canada

Anthony del Olmo
8 July 2017

On Friday US retailer Sears announced that it was closing 43 more stores in the United States on top of the 265 closings that had been announced earlier in the year. The new announcement includes 35 Kmart stores and eight Sears stores.

Sears Holdings had announced last week that the company would be closing 20 more stores nationwide by mid-September, including 18 Sears stores and two Kmart stores. Earlier this year the company announced that it would be closing 150 stores by April.

The closings will bring Sears' total store count down to 1,140, from its 2,073 store count five years ago. Just prior to the recent five-year period, nearly 1,500 stores were closed in 2011 alone.

Underscoring the widespread character of the assault on jobs, at the same time as the Sears announcement, computer giant Microsoft said that it would slash thousands of jobs, 3,000 employees by some reports, though management would not confirm that number.

The cuts at Microsoft will largely impact the company's sales force. The layoffs come as the business plans to reconfigure its sales organizations, focusing more on its cloud computing products. Most of the job losses will be outside the US.

On top of the store closures by Sears, the company plans to eliminate 400 management positions at its corporate offices to reach its goal of $1.25 billion in cost reductions. The cuts are aimed at adding on to the profits the company earned in the first quarter of the year, profits that followed two years of consecutive quarterly losses.

Sears' reported profits of $244 million at the end of last quarter had little to do with retail sales. Rather, it was largely a product of the asset stripping carried out by Sears Holdings' CEO, and hedge fund manager, Eddie Lampert, as part of the company's predatory "cost reduction" measures that have resulted in mass closures, asset sales and layoffs.

These ruthless efforts aside, sales are down nearly 37 percent since early 2013.

Sears, a former giant in the retail industry, is still projected to lose $1 billion in revenue every year and has a debt of $1.6 billion that is still growing. Nevertheless, Sears Holdings shareholders, include Lampert, who has owns 49 percent of shares and has a net worth of $2.2 billion, can expect to profit handsomely from the virtual liquidation of Sears at the expense of its employees.

Meanwhile, Sears workers have also recently been stripped of their employee discount that gave them 10 to 20 percent off Sears and Kmart merchandise. Instead it has been replaced with a system that awards 20 percent back in "points" that can only be used on future purchases within 60 days.

Sears Canada, an independent spin-off of the American company, has also recently announced the closure of 59 of its 225 stores, laying off some 2,900 workers according to the Canadian Global News. Significantly, the company is not required to issue severance pay to the laid off employees and the pensions for retirees are continually underfunded. Despite receiving $450 million in a court-supervised restructuring plan, the money is only to be used to maintain operations, since under the Companies' Creditors Arrangement Act, companies receiving government aid are explicitly protected against paying severance.

The store closures and layoffs at Sears are reflective of the shake-up in the retail industry as a whole, which has seen considerable profit losses in recent years.

Already, retailers have announced more than 3,200 store closures this year, with analysts expecting that to grow to more than 8,600, breaking the record for 6,163 store closures during the 2008 financial crisis. In 2016, Kohls closed 18 stores and laid off over 1,500 workers. Target Canada ceased operations in early 2015 as it was projected to lose $2 billion annually, forcing over 17,000 workers out of a job over the course of the year. In this year alone Target stock values have fallen 28 percent.

As of last May, retail stores had slashed nearly 89,000 jobs since October 2016 according to data from the US Bureau of Labor Statistics. Since 2001, that number is a staggering 500,000.

The crisis in the retail industry is highlighted by its lackluster performance during last year's holiday season, a historically important sales period. For Kmart and Sears in particular, sales had decreased by up to 13 percent compared to 2015.

A major contributor to the fall in retail sales has been Amazon's emergence as a provider of cheap products and convenient online shopping. During the same holiday season, Amazon reported shipping a total of 1 billion items worldwide, accounting for 38 percent of all internet sales.

Amazon's recent bid for the acquisition of Whole Foods adds additional pressure on retail companies, particularly large discount retailers like Walmart and Target, which have also attempted to become major grocers. The application of Amazon's delivery service to include groceries or expedited drive-thru purchases would likely exacerbate the already falling numbers of walk-in customers and shopping mall visitors.

Workers at Whole Foods will soon face the same brutal regime that Amazon inflicts on its warehouse workers. In order to squeeze the most out of its workers, Amazon imposes high productivity demands and makes workers walk between seven and 15 miles on every shift, all while paying wages of less than $12.00 an hour.

The slow death of brick and mortar retail is also an expression of the stagnant and declining wages in the United States. Consumer spending is at its lowest in three years, increasing by a scant 0.3 percent rate in the first quarter, the slowest pace since 2009 during the depths of the recession.

Currently over 32 million workers in the US are employed in the retail industry, and it is estimated by the US Bureau of Labor Statistics that these workers are paid on average $10.87 per hour and $9.69 per hour for cashiers. As the retail industry continues to contract, these conditions will only worsen as the companies attempt to offload their crisis onto the backs of their workforce.