

Dressbarn to close all its stores as US “retail apocalypse” exceeds 2018 closures

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Last week, parent company Ascena Retail Group, which also owns Ann Taylor, Loft and Lane Bryant stores, announced the closure of all 650 of its Dressbarn retail stores. Ascena also recently sold its Maurices clothing chain for a sale price of \$200 million cash to the UK-based private equity firm OpCapita, portending further closures.

In a statement last Monday, Steven Taylor, the chief financial officer of Dressbarn, said that the chain had “not been operating at an acceptable level of profitability in today’s retail environment,” alluding to the increasing dominance of online marketing and retail. Although a final date has not been set for the store closures, Taylor said that the company will finish operations within the next 6 to 12 months.

Competition from online giants like Amazon has fed into mass store closures, putting pressure on major retailers to shift from already low paying jobs to more labor-intensive and exploitative distribution center jobs.

Approximately 6,800 workers will be thrown out of work by the liquidation of Dressbarn, all of whom the company insists will be offered timely information about their store closings and options for financial support.

However, the reality for the vast majority of these workers is that the store closures mean that they will be either unemployed or forced to take even lower paying work to meet their basic needs as clothing retailers like Ascena Retail Group look for ways to compete with major corporations like Amazon and Walmart.

Retail workers are already among the lowest paid workers in the United States. According to reports by employees to indeed.com, associates at Dressbarn earn as little as \$8.95 an hour to \$12 an hour for an assistant store manager. Meanwhile Ascena CEO Gary Muto’s total compensation was nearly \$6 million in 2018,

including a base pay of more than \$1 million.

The recent wave of retail closures, dubbed the “retail apocalypse,” has intensified this year with the number of closings exceeding 7000 before Dressbarn’s announcement, surpassing the number of closures in all of 2018. According to Coresight Research, there were 5864 retail closures in 2018, which included all of the remaining Toys R Us stores, along with other major retail stores like Sears and Kmart. The record for number store closures announced in a single year was 2017 with 8,139.

These closures have hit areas in the Midwest and Northeast US particularly hard. According to data from the Bureau of Labor Statistics, retail employment in these areas has fallen by more than ten percent between January 2007 and February 2019.

Along with Dressbarn, other major retail chains that have announced large closures across the United States in 2019 include:

- * Payless ShoeSource announced that it will close all 2589 of its stores after a second bankruptcy filing, including 248 stores in Canada.

- * Gymboree Group, which owns both Gymboree and Crazy 8 stores, announced in January that it would close all 800 of its stores and shut down its website.

- * Foot Locker, despite reporting a record earnings report, announced that it will close 165 stores.

- * Gap announced that it will close 200 stores this year to focus more on its online store, which now accounts for 40 percent of its revenue.

- * Charlotte Russe has announced that it will close all 500 of its stores after it announced the closure of 94 of its stores and could not find a buyer for those that remained open.

- * Dollar Tree which, owns the Family Dollar chain, announced that it will shut down about 390 Family

Dollar stores.

* Sears announced in February that it would downsize its stores by 1275, keeping 425 stores in operation after filing for bankruptcy.

At the rate retail store closures have been announced, this year will soon surpass the record set in 2017. Since the 2008 financial crisis, major retail companies have been subject to buyouts, acquisitions and mergers as retailers have been forced into bankruptcy by Wall Street. According to the real estate services firm Cushman & Wakefield, more than 9,000 stores are predicted to close in 2019 and 12,000 will follow in 2020.



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