



## **Retail Apocalypse: 75,000 Stores Will Shutter By 2026**

Online shopping behemoths like Amazon are completely disrupting brick-and-mortar retail. As personal shopping data is harvested and analyzed, it is weaponized and turned against you to manipulate further buying decisions. □ TN Editor

Widespread closures have roiled the retail industry, but many more stores are likely to shut down in coming years to keep up with a shift to online shopping, according to a report by investment firm UBS.

An estimated 75,000 stores that sell clothing, electronics and furniture will close by 2026, when online shopping is expected to make up 25% of retail sales, according to UBS. Roughly 16% of overall sales are made online.

Analysts said the closures would affect a broad variety of retailers, affecting an estimated 21,000 apparel stores, 10,000 consumer electronics stores and 8,000 home furnishing stores.

Already this year, retailers have announced plans to close thousands of stores as they keep up with changing consumer habits. Payless ShoeSource, which filed for Chapter 8 bankruptcy protection in February, is closing all 2,100 of its U.S. stores, while Gymboree is shuttering its 800 locations. Sears, which has closed 1,300 Kmart and Sears stores since 2013, is scrapping an additional 80 locations. A number of other retailers, including Gap, have hinted that store closures are on the horizon.

The main reason for the shift, analysts say, is simple: Americans are increasingly shopping online. The average U.S. household spent \$5,200 online last year, up nearly 50 percent from five years earlier.

“This is a healthy cleansing for the retail industry,” said John D. Morris, senior brand apparel analyst for financial services firm D.A. Davidson. “We’re in the middle of a multiyear retail purge. Companies are finding that when it comes to stores, less is more.”

Overall, retailers have closed more than 15,000 stores since 2017, according to UBS. Among them: Radio Shack (which closed 1,470 stores), Toys R Us (735 stores), and Mattress Firm and GNC (700 stores each).

“Retailers have been hanging on too long to their bricks-and-mortar stores,” Morris said.

After a decade of steady retail closures – enough to coin the term “retail apocalypse” – analysts said in-store sales ticked up in 2018, in part because of tax cuts for some Americans. But those gains are likely to be reversed this year, said UBS analysts Jay Sole and Michael Lasser.

“This pace of store productivity improvement is unlikely to be sustained in 2019 as the boost from fiscal stimulus fades,” they wrote in a note to clients on Tuesday. “This will likely lead to an acceleration in physical store closures in the upcoming year.”

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