JCP closing 130 to 140 stores

posts first full-year profit since 2010

Department store chain JCPenney is to close 130 to 140 stores and sever distribution operations at two facilities to better align its store and online operations and better compete with online players. The news came as the retailer posted its first full-year profit since 2010, earning $1 million for the fiscal year ended Jan. 28 vs. a $513 million loss for the same period a year ago. Fourth quarter net income was $192 million or 61 cents per share, compared to a loss of $131 million, or 43 cents per share for the fourth quarter last year.

Same-store sales for the quarter were off 0.7%. In a release, the company said the planned store closing over the next few months "will help align the company's brick-and-mortar presence with its omnichannel network, thereby redirecting capital resources to invest in locations and initiatives that offer the greatest revenue potential."

JCPenney operates more than 1,000 stores. During 2016, "it became evident the stores that could fully execute the company's growth initiatives of beauty, home refresh and special sizes generated significantly higher sales, and a more vibrant in-store shopping environment," said Marvin Ellison, JCPenney chairman and CEO. "We believe the relevance of our brick-and-mortar portfolio will be driven by the implementation of these initiatives consistently to a larger percent of our stores." The move will allow the retailer to raise its "brand standard" and allocate capital more efficiently, he said. Closing stores "will also allow us to adjust our business to effectively compete against the growing threat of online retailers," he said, adding that its large remaining store base also "gives us a competitive advantage in the evolving retail landscape since our physical stores are a destination for personalised beauty offerings, a broad array of special sizes, affordable private brands and quality home goods and services." In addition to the stores, JCPenney will close its Lakeland, Fla., distribution center in early June and is selling its supply chain facility in Buena Park, Calif. ■ *Source : Furniture Today*

www.myloanassocham.com

MSME portal facilitates loans

ASSOCHAM has announced a loan facility for micro and small enterprises through www.myloanassocham.com. This online portal was launched on 7th January in Hyderabad with a prime objective to connect lending institutions and borrowers in a seamless manner. The portal has the following modules to enable lending, activity online and sanctioning of loans well in time to entrepreneurs : User Module; Analyst Module; Bankers Module; and Admin Module.

NRF looks for 3.7%-4.2% retail sales growth

fueled in part by sharp rise in e-commerce sales

The National Retail Federation is projecting growth in retail sales between 3.7% and 4.2% this year over 2016, fueled in part by continuing sharp rise in e-commerce sales. Online and other non-store/online sales, which are included in the overall numbers, are expected to increase 8% to 12%, the organisation said. The numbers exclude automobiles, gasoline stations and restaurant revenues. Beyond the non-store/online category, NRF does not break down its forecast by sector. In Furniture Today USA's 2017 Economic Forecast report in January, PBM Strategic Insights projected that in 2017 furniture and bedding will increase 3.2% to $10.8 billion.

"The economy is on firm ground as we head into 2017 and is expected to build on the momentum we saw late last year," NRF said. With jobs and income growing and debt relatively low, the fundamentals are in place and the consumer is in the driver's seat. It added, while consumers have strength they haven't had in the past, they will remain hesitant to spend until they have more certainty about policy changes on taxes, trade and other issues being debated in Congress. So, lawmakers should take note and stand firm against any policies, rules or regulations that would increase the cost of everyday goods for American consumers. "Our forecast represents a baseline for the year, but potential fiscal policy changes could impact consumers and the economy," NRF Chief Economist Jack Kleinhenz said in the release. "It seems unlikely that businesses will notably increase investment until tax reform and trade policies are well-defined." NRF also said it expects the economy to gain an average of about 160,000 jobs a month this year, down from 2016 and unemployment to drop to 4.6% by the end of the year. ■ *Source : NRF*

BIRA advises UK retail rate reforms

The British Independent Retailers Association urges UK Government to listen to its solution to business rates reform

The long-delayed revaluation coming into effect on April 1, 2017, threatens the future of thousands of small retail businesses across the UK.This comes at the worst possible time with business uncertainty due to Brexit, National Living Wage and the depreciation of the pound, all affecting small retail businesses in UK.The national association representing UK independent retailers, the British Independent Retailers Association, (BIRA) has offered the Chancellor a three-point plan solution to help the High Street and create a system fit for modern retailing.

With retail paying 22 per cent of all the rates collected but contributing only five per cent of the UK's gross value added, there is a huge imbalance. BIRA's solution gives independent retailers - the backbone of Britain - a fairer deal. BIRA is recommending the Government takes immediate action on business rates to genuinely help our Great British High Street in the challenging and uncertain trading climate. bira recommends the following three points:

1. Government to issue an immediate retail-specific business rate relief of £1500 as seen in Wales. bira believes that the £12,000 threshold is too low, and a relief of £1500 would give an immediate relief, matching what Government have done for the past two years whilst something more radical is debated.
2. Change the £12,000 threshold to a £12,000 allowance, for all retail businesses. Prior to this revaluation, the average retail rate was £27,290. A cut off at £12,000 and a small amount of taper to £15,000 doesn't help the majority of small retail businesses.This would redress the current imbalance and benefit smaller retail businesses with a reduction in their bill, which could be the difference between closing or surviving in 2017 and beyond.
3. A fundamental reform of the rating system creating a completely new and fair rating structure for modern retailing. A fundamental review was promised by the last Chancellor in 2014.

Alan Hawkins, CEO at BIRA says:"In 2014 the Chancellor announced a full structural review of business rates– all that has happened is a change to the appeals system and sticking plasters to the antiquated and unfair structure. We need fundamental reform and quick.The Government have clearly stated their support of the Great British High Street in these tumultuous times but now they have to demonstrate it. Small retail businesses are already paying more on the high street than their larger competitors. Our research found that for every £1 per square metre on the high street, a multiple retailer pays 41p. Giving all retail businesses £12,000 off their business rates, would give small businesses a reduction in their bill, which could be the difference between closing or surviving the already difficult trading situation they find themselves in. A retail specific rates relief, as actioned by the Welsh Assembly would be a quick fix to help thousands of retailers who have been negatively affected by the revaluation, but we believe it is full reform is what is needed to redress the balance and create a fairer system for all." ■ *Source : Tableware International*

US Toy Industry predictions for holiday 2017

Spring is in the air, but it's also an opportune time for toy industry players to begin planning for the next holiday season. If 2016 is any indication, a fresh strategy will be even more essential for Holiday 2017. From January through November 2016, US toy sales grew a healthy 5.5%, positioning December for potentially high single-digit growth. But, December toy sales were less than expected, growing only 3% and actually bringing annual 2016 growth down to about 5%.

There were several factors contributing to the toy industry's slowdown in December. However, the most significant area of concern was Week 51, the week before Christmas and Hanukkah, which had explosive growth of 28%. With the week before Christmas offering two additional shopping days, one being a Saturday, consumers waited until the last minute to shop. As a result, week 51 was the largest sales-generating week of the year by ½ billion dollars over the previous top week and grew to represent 10% of all toy sales for the entire year. This happened in lieu of consumers spreading their shopping visits over several weeks. When there are fewer shopping visits, there is less cumulative spending.

The situation is even more critical this year, as Christmas falls on a Monday. Warm weather aside, to be in the best shape possible in 2017, toy retailers and manufacturers need to figure out how to create more excitement and generate additional shopping visits throughout the holiday season—not just the weekend before Christmas. ■ *Source : NPD*