

Re: Astronomy vendors and their "sales"

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On Mar 2, 11:41 am, Too_Many_Tools <too_many_to...@xxxxxxxx> wrote:

This story reminded me of astronomy vendors, their so called sales and their excuses for insignificant discounts in a severe recession while their sales continue to dry up.

No discount = No sales = Out of business

Looks like a repeat of the Post Comet Halley vendor loss is coming....

TMT

February 23, 2009 10:39 AM PST

Last days of Circuit City: Lousy bargains, rumpled salespeople

I remember when "liquidation" meant something. There was a small electronics store in my area that was closing down a few years back. Signs all over read "Liquidation Sale." In the store, I found prices slashed considerably. Some good stuff was 75 percent off. It was a fire sale, and it was fantastic. That was a going-out-of-business sale done right. What Circuit City is doing now, though, I don't get.

The company is shutting down, as we all know. But I was still shocked when I went into Circuit City this past weekend and found a store that was a shadow of its former self. The signature red shirts on employees were ditched in favor of jeans and sweatshirts; DVD sales racks that were once barely browsed were overrun by customers who couldn't help but dive in to the store's 50 percent off DVD sale. But the real bargains that Circuit City claimed we all would love weren't so sexy after all.

I need a new HDTV. Usually, I buy my HDTVs from Amazon.com because I've found it has the best prices and delivery service. But since I knew Circuit City was going out of business, I decided to make a trek down there to see if there were any hidden gems at a good price. Signs said the TVs were 30 percent off, and when I looked around, I realized the inventory wasn't picked over, as I had feared. There were some nice Sony LCDs on the shelves, as well as Panasonic plasmas.

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I was drawn to the Panasonic TH-58pz800u, which was on sale for approximately \$2,600 at the store. I own the 50-inch model of that plasma and couldn't be more pleased with its quality. So when I saw it offered at such a discount, the wheels started turning and I was thinking about how I was going to be able to fit it into the back of my SUV.

But then I checked Amazon's price. To my surprise, Amazon was offering the HDTV at an even more attractive price: \$2,372.

So I decided to find one of the Circuit City salespeople to ask if they matched pricing that online companies were offering. I searched far and wide for their signature red shirt and could find just two people wearing it. Thinking the company must have laid off some staff, I went back to examining the HDTV, when a twenty-something guy dressed in a hoodie, baggy jeans, sneakers, and a crooked Mets hat walked over to me and asked if I needed help.

At first, I didn't realize he was an employee and I looked at him without saying anything. Then he told me that he works at Circuit City, he's just not required to wear his uniform anymore ("After all, am I gonna get fired?") and that's why I didn't recognize him as a salesperson.

So I asked him if the company matched pricing and showed him my iPhone, which was displaying Amazon's price of the same Panasonic plasma. His response was short and biting: "Nope. We don't do that anymore."

You don't do that anymore? How is it possible that a company that needs to liquidate its entire inventory won't sell a product to a customer for \$200 less? It's a guaranteed sale!

Of course, explaining that to this salesperson would have fallen on deaf ears since he wasn't in a position to make any decisions and I don't think he would have cared if he could. He's there until the end of March—that's the deadline the employees have been given at this store—and after that, he's on to bigger and better things. Why should he care if Circuit City, a company that has laid him off, will be getting my money or not?

For comparison's sake, I went to Best Buy across the street to see if it had that same Panasonic plasma and to ask its salespeople if they would match the Amazon price.

After just a few minutes of browsing, a Best Buy salesperson in the signature blue shirt came up to me and asked if I needed help. When I asked her if they would match pricing, she said, "Absolutely." In no time, she asked her manager if they could match my price on the Panasonic HDTV and he came over to assure me that they could and the offer was on the table indefinitely—I didn't need to take it right

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that second if I didn't want it.

In spite of the Circuit City going-out-of-business sale across the street, the Best Buy was overrun with customers, the company's blue shirts were everywhere, and people were rushing to the checkout lines. Even in its dying days when it should be the price leader and the most willing to sell products, Circuit City still doesn't "get" it.

Under the guise of "Everything Must Go!" sales, Circuit City's liquidators are doing their best to feign value to squeeze every dime out of customers just one last time. Maybe it works (the company announced it has sold \$1 billion in merchandise over the past month), but I still think it's a sad state of affairs. Circuit City is still a wrinkled mess. Meanwhile, Best Buy is as vital as ever.

Another insight into the liquidation of excess consumer goods...including telescopes.

TMT

The Liquidation Business: Too Liquid?

By Susan Berfield Susan Berfield Fri Mar 6, 8:08 am ET

Since the economic distress took hold this autumn, liquidators have sold off some \$15 billion worth of stuff — the stuff of executives' miscalculations and failed aspirations, but for all that, just everyday stuff. Suits and sheets and college sweatshirts. Video games, GPS devices, and plasma televisions. These goods had been accumulating at troubled stores around the country, including Mervyn's, Linens 'n Things, Steve & Barry's, KB Toys, and Circuit City. And liquidators think it's possible that some 12,000 other stores, stuck with several billion dollars' worth of more stuff, may go out of business this year, too.

This abundance is providing a bit of good fortune for liquidators, who are brought in to sell a bankrupt company's inventory, and sometimes the furniture and computers, too. But it is also unexpectedly complicating their business. They have so much work that the big four among them regularly join forces just to handle it all. They can hire consultants for each project from a growing number of talented, unemployed retail executives.

For the first time, though, liquidators are also competing with some of the most respected retailers around, stores that never used to lower their prices as precipitously as they now must. Because so many Americans aren't buying anymore, merchants are desperately trying to get rid of whatever they're selling. "The work is harder," says Scott K. Carpenter, the head of retail operations at the liquidation firm Great American Group. "It's harder to predict how consumers will react. It's harder to predict our sales."

Get There Fast

Steve & Barry's, like most of these defunct retailers, came to a quick end. The chain, opened in 1985 and known for selling reasonably well-made clothes for \$24.98 or less, had been in the midst of an ambitious plan to expand its stores and refashion its brand. But poor management in a suddenly unforgiving economic environment led to the inevitable. The founders filed for bankruptcy in July, and a month later private equity firms Bay Harbour Management and York Capital Management bought part of the company for \$168 million. But they too had trouble getting financing for the retailer and had to shut it down. The bankruptcy court approved the liquidation of Steve & Barry's Thanksgiving week.

For the liquidators, speed is crucial. When they make a deal with a retailer, either they are paid a percentage of the final sales (the retailer and its creditors get the rest) or they take over the company entirely. In the case of the Steve & Barry's closeout, Great American Group and its partners were working for a cut of the proceeds. But whichever way it goes, no one wants to spend a dollar more than necessary on salaries or leases or advertising.

At Steve & Barry's, the liquidators gave themselves eight weeks to sell some \$275 million worth of clothes that were piling up in 173 stores and a warehouse. The retailer had down coats, sweatshirts, dress shirts, jeans, children's clothes, Sarah Jessica Parker's Bitten line, and the Starbury sneaker by Stephon Marbury. But mostly it had T-shirts: 5.4 million T-shirts. Getting rid of them would prove to be a challenge.

It is the consultants who manage the day-to-day business of the stores, often working in locations they've never seen with employees they don't know. Great American Group has about 300 consultants on call, 57 of them retained in the past six months. They have to be ready to start on a project with just 48 hours' notice. Among them is someone we'll call Mike Smith. Like many on this side of retail, he is an experienced executive (20 years in the business) whose own stores were closed out — in his case by Great American Group. Four months later, he was working for the liquidator. Carpenter finds a lot of good people on the job, as it were. "The ideal candidates are those who have lived through it themselves. They bring empathy and respect," he says. Smith, sensitive to the delicacy of his situation, didn't want his real name to appear in this story. "In the stores, they just call us the liquidator," he says.

The Beginning Of The End

In late November, when Smith first walked into Store 160, a 25,000-square-foot space in Menlo Park Mall in Edison, N.J., it was fully stocked with about \$1 million worth of clothes. Black Friday, the usually busy shopping day after Thanksgiving, was four days away. Although the employees were aware of the company's troubles and knew

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that some stores were closing, they still held out hope that Steve & Barry's could save itself. But when Jan Mulligan, one of the managers, saw Smith sizing up the store, she knew it was over.

"I'm Jan. I run this store. Or I used to."

"You still do."

"Well, we came in on a wing and a prayer, and I guess that's how we'll go out. I started here three years ago on Black Friday. I've been through two district managers and three store directors. I'm the survivor. Or I was."

"You are. You've got PMA (positive mental attitude)."

"We thought we were O.K. We're one of the best-performing stores in the country.... We've all worked really hard, and now it's over. That's retail."

Signs such as "Rethink: Shopping" and "I Believe Fashion Is Not a Privilege" sat near three racks of Bitten down coats that were going for \$24.98. Smith asked the employees to put up new ones: "Going Out of Business. Nothing Held Back." The plasma television hanging from the ceiling near the entrance had already gone dark, displaying just the words "No Signal." Later that day, Great American and its partners announced that Steve & Barry's was closing down.

Blue Christmas

Carpenter says it doesn't take long for new liquidators to figure out how to run a sale under such constrained, often fraught circumstances. The employees might be disenchanted, angry, at a loss, but as far as the selling goes, "it's the same concepts, just a little different mindset," he says. "What appeals to people in our business is that there is a beginning and end. You hit your sales that week, and [the next] week, and in eight weeks, it's over."

Yet in an economy as precarious as this, sales can be elusive. Carpenter and his partners had already taken into account the new frugality among consumers and lowered their expectations a bit. "If I thought a Steve & Barry's would normally bring 50 cents on the dollar, I might estimate 46 cents on the dollar in this environment," he says. While the Thanksgiving holiday didn't go quite as well as Carpenter had figured, he thought they would make up for it over Christmas. Liquidators, though, are naturally limited in how they can respond. Theirs are bare-bones operations to begin with, and lowering prices more quickly is something they contemplate only under pressure. "There is no real way for us to compensate for slow sales," says Carpenter. "Our life span is limited. And I have the merchandise I was given."

Part of the problem with Steve & Barry's was that some stores,

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including the one in Menlo Park, were overwhelmed by the arrival of an enormous amount of similar merchandise. Late in December, Store 160 was receiving 400 boxes, each holding 24 items, every day at 7 a.m. Before, it got two deliveries a week. The company had tried to sell all these clothes directly from the warehouse in Columbus, Ohio, to off-price retailers. "There was just too much of the same," says Carpenter.

Sales over the Christmas holiday were somewhat disappointing. "It's a reflection of the economy and the product they had," says Carpenter. "You can only sell so many T-shirts." The liquidators ended up discounting deeper and earlier than they expected. In January, as the eight-week deadline approached, shoppers at Steve & Barry's could buy five items for \$5. They were lined up around the store to pay. "It was chaos," says Vicky Jackson, the store director, who, with Mulligan, supervised 35 part-time employees. "There were piles of clothes everywhere, people rooting through everything. We couldn't keep up."

Local wholesalers regularly dropped in to the store, buying merchandise by the box straight from the back room. No one is sure exactly who they were, but it seems likely the clothes will end up at bazaars in South Asia and Africa. "Basically we sell to anybody with cash," says Carpenter.

A few bikinis and miniskirts were all that was left by Sunday, Jan. 11, the last day of business for Store 160. Even the signs had come down. The managers brought in pizza and a cake. They had just found out no one would be receiving any severance or vacation pay. "We stayed for our own pride, not for the company," says Mulligan. She's given up on retail for now. Jackson hasn't, but says there's not much out there.

Smith moved on to another liquidation — Circuit City, with \$1.8 billion in inventory at its 527 stores. As that sale nears its end, Carpenter says he's received 15 or so resumes from the chain's soon-to-be-unemployed managers.

These days, Great American is becoming more selective about which bankrupt companies it takes on. "When the business is so fast and furious, we have to decide where to put our resources. We will devote our time to the larger projects and pass on the smaller ones," says Carpenter. "Before we would go after every deal there was. No profit was too small."

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