

Beat: Entertainment

RadioShack to close up to 1,100 U.S. stores amid tumbling sales

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USPA News - RadioShack announced plans on Tuesday to close up to 1,100 of its stores in the United States due to reduced sales over the holidays and a widening loss during the fourth quarter. The retailer of gadgets and tech accessories reported an operating loss of \$166.1 million during the fourth quarter, compared to an operating income of \$16 million during the same period in the previous year.

The disappointing results will lead to approximately 1,100 under-performing stores to be closed. "Over the past few months, we have undertaken a comprehensive review of our portfolio from many angles - location, area demographics, lease life and financial performance - in order to consolidate our store base into fewer locations while maintaining a strong presence in each market," said RadioShack CEO Joseph Magnacca. "The result of that review is our plan to close up to 1,100 under-performing stores." The electronics dealer suffered a net loss of \$191.4 million, or \$1.90 per share, for the fourth-quarter that ended on December 31. RadioShack reported last year's full year loss as \$3.97 per share or \$400.2 million in total. RadioShack, which has lost customers to competitors such as Best Buy and Amazon, has not yet identified which of its stores will be closed, but stated that the company would remain an "unmatched presence" within the U.S. with over 4,000 remaining stores and 900 dealer franchise locations. The company does not plan to reduce store numbers any further in the coming months, and there was no indication of store closures outside the United States. Magnacca placed large emphasis on this in Tuesday's statement and expressed hope that its new business model will save other stores from possible closure. In addition to his mention of the positive consumer response to RadioShack's award-winning Super Bowl commercial and the addition of a new company leadership team, Magnacca said the entire RadioShack team would be focused on execution and performance improvement over the next year. "We have also been encouraged by the positive response to our new brand positioning around 'Do It Together,' which we kicked off with our award-winning Super Bowl commercial," he said. "Importantly, our key hires during the fourth quarter in merchandising, global sourcing, planning and allocation and, more recently, our new chief financial officer, round out our new leadership team as we continue to re-build the business."

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