Brand Doctor

Brand Check-up

Big Lots

As of October 29, 2024

Status: Bleeding

Big Lots drifted from the closeout bargains that built its traffic, leaned on big-ticket home goods, and lost ground while sharper value rivals did bargains better.

About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on October 29, 2024. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [12, 15, 14, 13, 3]



Share price

$0.068

Over-the-counter close (BIGGQ), Oct. 29, 2024; the NYSE suspended trading on Sept. 9 [13, 3]

Change from peak

Down 99.9%

$0.068 vs the $72.31 all-time closing high of June 8, 2021 [12, 15, 13]

Latest annual revenue

$4.72B

Net sales, fiscal 2023 (year to Feb. 3, 2024), down from $5.47B in fiscal 2022 [6]

Fiscal 2023 net loss

$481.9M

GAAP net loss, year to Feb. 3, 2024 [6]

Comparable sales

Down 5.3%

Quarter to Aug. 3, 2024, after down 13.5% in fiscal 2023 and down 9.9% in Q1 2024 [4, 7, 9]

Stores

1,389

At Aug. 3, 2024; closure of 296 stores announced in the third quarter of 2024 [4]

Timeline

2001 The company, founded in 1967, consolidates under the Big Lots name. [5]

2013 Big Lots begins a 2013–2018 shift away from closeout products and extreme bargains, which its CFO later said raised average prices and cut traffic. [5]

2018-08 Bruce Thorn is named president and CEO, effective at the end of September; Big Lots has 1,416 stores in 47 states. [10]

2021-03 Big Lots reports record fiscal 2020 net sales of $6.2 billion, with comparable sales up 16.1%. [11]

2021-06 The shares close at an all-time high of $72.31 on June 8. [12, 15]

2023 Big Lots sells a distribution centre and 23 owned stores in sale and leaseback deals for $305.7 million. [7]

2024-03 Fiscal 2023 results: net sales of $4.72 billion, comparable sales down 13.5% and a net loss of $481.9 million. [6, 7]

2024-06 First-quarter comparable sales fall 9.9% and the quarterly net loss is $205.0 million. [9]

2024-09 Big Lots files for Chapter 11 on September 9 with a Nexus affiliate as stalking horse bidder and $707.5 million in financing commitments; the NYSE suspends trading the same day. [1, 3]

2024-09 The second-quarter report shows comparable sales down 5.3%, 1,389 stores and the closure of 296 stores announced in the third quarter. [4]

Symptoms

- Net sales fell from a record $6.2 billion in fiscal 2020 to $4.72 billion in fiscal 2023.
- Comparable sales fell 13.5% in fiscal 2023, 9.9% in the first quarter of 2024 and 5.3% in the second.
- Net losses of $481.9 million in fiscal 2023 and $443.5 million in the first half of 2024.

- Lenders raised permitted store closings from 150 to 315, and the company announced 296 closures in the third quarter of 2024.
- The share price fell from a $72.31 closing high in June 2021 to an average below $1, drawing an NYSE notice days before the filing.

Diagnosis

1 Drifted away from bargains

Between 2013 and 2018 Big Lots moved away from closeout products and extreme bargains. Its chief financial officer, Jonathan Ramsden, said the shift resulted in higher average product prices, diminished customer traffic and stagnating sale volume. Bargains reached nearly 60% of sales only in the fourth quarter of 2023. [5, 8]

2 Leaned on big-ticket home goods

Furniture was 25.0% of fiscal 2023 net sales, and the company said economic pressure cut discretionary spending, particularly on large-ticket furniture and seasonal products. Ramsden said furniture units were down more than sales against 2019 because average unit prices were higher. [7, 8]

3 Lost the value contest in a crowded middle

The annual report names general merchandise, discount, home, food and furniture retailers, among others, as competitors. GlobalData's Neil Saunders said other value players do a far better job on low prices and bargains, that Big Lots is not always the best value, and that its assortment offers too much choice and too little treasure. [7, 5]

Diagnosis, continued

4 Bought time with property and debt

In 2023 Big Lots sold a distribution centre and 23 owned stores in sale and leaseback deals for $305.7 million. The September 2024 filing accelerated about $556.1 million of debt, and the company's quarterly report said conditions raised substantial doubt about its ability to continue as a going concern. [7, 2, 4]

Prognosis

As of October 29, 2024, Big Lots stores and its website remain open under Chapter 11. A Nexus affiliate is the stalking horse bidder, the sale still needs court approval, and the company expects a deal to close in the fourth quarter if Nexus wins. The company has also said its common shares will likely be cancelled. We are watching three things: how many of the 1,389 stores the buyer keeps, whether the bargain push keeps narrowing the sales decline through the holidays, and whether the new owner gives Big Lots one clear value promise.

Treatment

- Make bargains the whole brand, with prices visibly below the price leaders on every trip, as the extreme bargain push began to do.
- Close unprofitable stores quickly and give the remaining floor space to closeouts and treasure-hunt finds rather than broad everyday assortments.
- Cut the assortment to fewer, sharper deals so each visit offers a find, answering the too-much-choice problem analysts raised.
- Under a new owner, state one value promise in every channel and track price perception and store traffic against it.

Lessons for growing companies

Keep the promise that built you

Big Lots moved away from closeouts, and its own CFO linked that shift to higher prices and less traffic. If customers come to you for one reason, protect it before you chase a bigger basket.

A record year is not a baseline

Big Lots called fiscal 2020 the strongest year in its history, then net sales fell about 24% in three years. Plan costs and debt for a normal year, not the boom.

Property deals buy time, not customers

Sale and leasebacks raised cash but did not bring shoppers back. Fix the reason to visit while you still have the money to do it.

Sources

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

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