Brand Doctor

Brand Check-up

Forever 21

As of April 8, 2025

Status: Bleeding

Forever 21 built its brand on low prices in big mall stores, and when cheaper online rivals arrived it had no other reason to be chosen.

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 April 8, 2025. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Last deal price

$81 million

No listed shares; a deal price, not a market value. Court-approved sale to Simon, Brookfield and Authentic Brands, February 13, 2020 [6]

Revenue

About $2 billion

Fiscal 2021, latest figure in the 2025 court declaration; peak annual sales were $4.1 billion [2, 8]

Fiscal 2024 loss

About $150 million

More than $400 million lost over the last three fiscal years [2]

Funded debt at filing

$1.58 billion

F21 OpCo Chapter 11 filing, March 16, 2025 [2, 3]

U.S. stores

354

At the March 2025 filing, down from about 413 after the 2020 sale [2]

Symptoms

- Revenue of about $2 billion in fiscal 2021, roughly half the peak
- More than $400 million lost over three fiscal years
- U.S. stores down from about 413 after the 2020 sale to 354
- About $1.58 billion in funded debt at the 2025 filing
- Its owner's CEO calling the purchase probably his biggest mistake

Timeline

1984	Do Won Chang and Jin Sook Chang found Forever 21 in Los Angeles. [8, 4]
2015	The international network reaches 251 stores in 40 countries. [8]
2016	Forever 21 runs about 800 stores worldwide, 500 of them in the U.S. [4]
2019-09	First Chapter 11 filing, with plans to close up to 350 of 800 stores worldwide, including 178 in the U.S. [7, 8]
2020-02	Court approves an $81 million sale to Simon Property Group, Brookfield and Authentic Brands Group. [6]
2021	Revenue of about $2 billion and EBITDA of $165 million; Brookfield sells its stake in the U.S. operator to SPARC Group. [2]
2023-08	Shein strikes a deal for about a one-third stake in SPARC Group, with SPARC to take a minority stake in Shein. [9]
2024-01	Authentic CEO Jamie Salter calls the Forever 21 purchase "probably the biggest mistake I made." [10]
2025-03	On March 16, F21 OpCo files for Chapter 11 with about $1.58 billion in funded debt and plans to wind down its 354 U.S. stores. [1, 2, 3]
2025-04	On April 2, the White House orders de minimis treatment to end for goods from China and Hong Kong from May 2. [11]

Diagnosis

1 Low price was its only promise

Forever 21 competed on current styles at low prices. From 2021, inflation raised its costs for inventory, distribution, transportation and wages, and in our view it had no other reason to be chosen that would support higher prices. [2]

Diagnosis, continued

2 Cheaper rivals with a duty-free route

The company says foreign fast-fashion rivals used the de minimis exemption for goods valued under $800 to undercut it on pricing and margin, and its filing names Temu and Shein. Nearly 1.4 billion packages entered the U.S. duty-free last year, about 60% of them from China, Reuters reported in April 2025. [1, 2, 11]

3 A store base built for another era

The 2019 bankruptcy followed what the 2025 declaration calls an aggressive foreign expansion campaign, which the 2019 restructuring officer said strained a single supply chain. At the 2025 filing, about 123 of 354 U.S. stores were in malls and 55 in outlet centres, and GlobalData's Neil Saunders said the stores were too big for current needs and sat in malls without enough foot traffic. [2, 5, 8]

4 Partnering with the rival instead of standing apart

In August 2023 Shein struck a deal for about a one-third stake in SPARC Group, and Forever 21 went on sale on Shein's site. Authentic CEO Jamie Salter said, "We cannot beat them. Their supply chain is too good." The 2025 declaration says the partnership had not stemmed the company's losses. [9, 10, 2]

Prognosis

In its March 16 filing, F21 OpCo said it would seek a buyer for some or all of its assets while running closing sales, and wind the business down if no deal emerged. The brand itself is not bankrupt: Authentic Brands Group owns the name, and licensees run stores outside the U.S. The end of de minimis treatment for goods from China and Hong Kong on May 2 may narrow one price gap, but it does not give shoppers a new reason to choose Forever 21. Watch whether any buyer steps in, who takes the U.S. licence, and what promise they make to customers.

Treatment

- Define a target customer and a reason to buy that does not depend on being the cheapest, such as trend speed shoppers can see and try on in person.
- Rebuild any U.S. store presence small, with fewer and smaller shops in places with steady traffic and online sales leading.
- Set clear price, quality and design standards for any new U.S. licensee so the name means the same thing in every channel.
- Treat marketplace deals such as the Shein partnership as distribution, and keep the brand's own customer relationships and data.

Lessons for growing companies

Own more than price

A low-price promise lasts only until a rival with lower costs arrives. Build a second reason to be chosen while you are still growing.

Grow your footprint to fit demand

Forever 21's first bankruptcy followed a fast foreign expansion that strained one supply chain. Add stores and markets only as fast as your operations and customers can carry them.

A deal with a rival is not a strategy

Selling through a stronger competitor can add reach. It does not fix the reason customers left.

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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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