Brand Doctor

Brand Check-up

Party City

As of January 7, 2025

Status: Flatlined

A debt-heavy specialist that lost its reasons to visit to Spirit Halloween, Amazon and Target, now liquidating nearly 700 stores after a second Chapter 11.

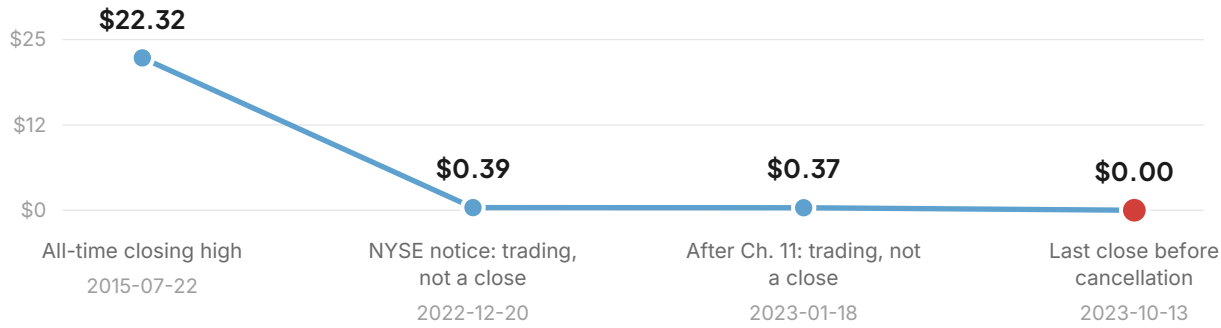
About this check-up

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 January 7, 2025. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [14, 6, 5, 15]



Share price

$0.004

Last recorded close (PRTYQ, over the counter), Oct. 13, 2023, when the old shares were cancelled; no listed shares since. Removed from the NYSE in January 2023 [14, 15, 11]

Change from peak

Down 98%

Trading price of 37 cents a share on Jan. 18, 2023, after the Chapter 11 filing (Retail Dive; not a close) vs the $22.32 closing high of July 22, 2015 [5, 14]

Latest annual revenue

$2.17 billion

Net sales, fiscal 2022 (last annual report, filed March 2024); net loss $942.6 million [1]

Comparable store sales

-9.5%

July 2023 to July 2024; consumer products division sales down 24.8% [9]

Stores at second filing

Nearly 700

December 21, 2024, all to close; about 823 (770 company-owned) at the January 2023 filing [9, 3]

Debt at second filing

About $400 million

vs about $1.45 billion of funded debt at the January 2023 filing [9, 3]

Timeline

2012	Thomas H. Lee Partners buys most of the company for $2.69 billion, with $1.5 billion of debt financing. [10]
2015-04	Party City Holdco goes public on the NYSE as PRTY at $17.00 a share, carrying $2.2 billion of debt. [16, 5, 15]
2019-05	CEO James Harrison says 45 U.S. stores will close, calling it "completely unrelated to the global helium issue." [13]
2019-08	Canadian Tire agrees to buy Party City's Canadian operations, 65 stores in seven provinces. [13]
2022-12	The NYSE notifies Party City on Dec. 15 that its average closing price has fallen below $1.00 over 30 trading days. [6]
2023-01	Party City files for Chapter 11 on Jan. 17 in the Southern District of Texas with about 823 stores and a $150 million debtor-in-possession loan; it is removed from the NYSE. [5, 3, 11]
2023-10	The company emerges on Oct. 12 after eliminating nearly $1 billion in debt; noteholders become the new shareholders and the old shares are cancelled. [4, 15]
2024-09	An effort to raise additional capital falls short. [9]
2024-12-20	CEO Barry Litwin tells corporate staff the company will wind down; headquarters layoffs begin. [11, 12]
2024-12-21	Party City files for Chapter 11 again and moves to close all of its nearly 700 stores. [9, 12]

Symptoms

- Net sales flat at $2.17 billion in 2021 and 2022, below about $2.35 billion in 2019.
- Comparable store sales down 9.5% between July 2023 and July 2024.
- Halloween City down to about 30 pop-ups in 2023, against 250 planned for 2019.

- Store count down from about 823 in January 2023 to nearly 700 in December 2024.
- Shares from a $22.32 closing high in 2015 to a trading price of 37 cents after the first bankruptcy filing.

Diagnosis

1 Debt left no margin for error

Thomas H. Lee Partners bought control in 2012 for $2.69 billion with $1.5 billion of debt financing, and debt stood at $2.2 billion at the 2015 IPO. Net interest expense was $102.6 million in 2022. The 2023 restructuring cut nearly $1 billion of debt, but net sales fell about 19% in the third quarter of 2023 and comparable store sales fell 9.5% in the year to July 2024. [10, 5, 1, 4, 2, 9]

2 Rivals took over the jobs it was built for

GlobalData's Neil Saunders pointed to Spirit Halloween's expansion and to Target and Amazon increasing their party offerings. A Jungle Scout report found 44% of consumers turn to Amazon first for Halloween shopping, while 10% start on Party City's or Spirit Halloween's websites. [9, 8]

3 Its biggest occasion shrank inside the business

In November 2021, then-CFO Todd Vogensen said Halloween had fallen to low double digits of annual performance from over 20% a few years earlier. Halloween City had about 30 pop-ups open in September 2023, while Spirit Halloween was set to run more than 1,500 seasonal locations. [8]

Diagnosis, continued

4 A signature product tied to a scarce input

Balloons depend on helium. The company told the court that a global helium shortage, driven mainly by reduced supply from producers including Russia, hurt its profits, and in May 2022 management put higher helium prices for the second quarter at an estimated $7 million headwind. Retail price increases did not fully offset higher costs. [3, 7]

Prognosis

As of January 7, 2025, Party City is in liquidation. Its company-owned U.S. stores are being closed, and letters to store staff said they would close in February. A franchisee said 29 independently owned franchise stores would stay open, and Canadian Tire agreed to buy the Canadian stores in 2019. What to watch: whether anyone bids for the brand name and other assets in the bankruptcy court, and whether a new owner can give shoppers a reason to choose the name again. The rivals that drained the chain will still be there.

Treatment

- Cut debt early and keep it low enough to fund stores, prices and marketing through weak years.
- Rebuild the reason to visit around services that mass merchants and online sellers find hard to copy, such as balloon and event help.
- Defend Halloween with a clear seasonal plan instead of letting Halloween City shrink from 250 planned pop-ups in 2019 to about 30 in 2023.
- Reduce dependence on helium with air-filled balloons and helium-reduction technology, which the company had begun to invest in.

Lessons for growing companies

Know the job you are hired for

Customers came to Party City to make an event easy. When other retailers did that job closer to hand, the trip lost its purpose.

Do not let one season carry you

A brand that depends on one occasion is exposed when a focused rival takes it over. Build reasons to visit across the year.

Keep debt in proportion

Heavy debt turns a bad year into a crisis. Keep enough room to go on investing in the brand when sales soften.

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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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