Hundreds of Big Lots and Party City stores to close, as jobs bloodbath in retail accelerates

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Party City, a retail chain specializing in party goods founded in 1986 in Hanover, New Jersey, is soon to be out of business having filed for Chapter 11 bankruptcy protection on December 21 and announced the immediate layoff of all headquarter staff, as well as distribution center workers the day before. The announcement follows on the heels of retail chain Big Lots' announcement that it will close more than 400 of its 900 stores after filing for Chapter 11 bankruptcy in September. Big Lots, founded in 1967 in Columbus, Ohio, as Consolidated Stores and later renamed in 2000, joins the ranks of dozens of retail outlets going out of business.

The majority of the 700 Party City stores in North America are set to close by February 28, excluding the 29 franchisee stores. The vast majority of the 6,400 full-time and 10,100 part-time Party City workers will suddenly be out of a job. Corporate employees were left without severance pay and with an immediate termination of benefits.

Stores outside the continental US which are not operated by Party City HoldCo will reportedly continue to operate.

The shuttering of these businesses is taking place amid a slaughter in the retail sector, including such well known chains as Macy's, which is itself part of a broader assault on jobs. Recently hundreds of Stellantis Jeep autoworkers in Toledo, Ohio, were given layoff notices, part of 11,506 auto sector layoffs in November.

The shakeout in the retail sector is also part of a wider assault on jobs. Almost 46,000 auto layoffs in total were recorded in 2024, according to job placement firm Challenger, Gray & Christmas, including continuing layoffs at Ford, GM, Stellantis and Volkswagen Group.

Meanwhile, the tech sector worldwide saw over 150,000 layoffs among 539 tech companies this year. These layoffs contradict the claims of a "strong economy." In reality, the US financial system is increasingly divorced from the real economy, with Wall Street kept afloat by an inflow of international investments. The situation is comparable to that preceding the stock market crash of 1929, with one *Financial Times* commentator calling it the "mother of all bubbles."

A recording of the announcement of the "winding down" of Party City made by CEO Barry Litwin was posted to Tik Tok by a former employee. The closing was greeted with anger as shown in the Tik Tok comments. Some of the representative examples are listed below:

* "My daughter worked for Party City for 10 years, totally unacceptable. No severance pay or nothing, now she has to move out of her apartment and find a new career. She gave them so much how?"

* "'You can get COBRA' is like saying 'You can move into a big loft in NYC'—that's a pipe dream, it costs a fortune"

* "Worked at party city for 7 years ... found out Thursday right after clocking in. I really feel bad for all my managers most been there for 15+ and it's their only source of income ?"

* "the CEO of Party City made $2,658,334 in total compensation. This included: $1,050,000 in salary, $1,561,368 in bonus, and $46,966 in other compensation…"

Party City, like many now shuttered retail chains, was a victim of financial parasitism, being taken over by private equity firms and saddled with debt. In 2012, private equity firm Thomas H. Lee Partners acquired majority control through a leveraged buyout, which involves a company buying out another using debt, which is then piled onto the purchased company. This "leveraging" no doubt played a role in the insolvency of Party City, with the company being forced to pay a significant amount of its profits towards debt repayments instead of investment in operating the business.

Big Lots cited high interest rates and inflation, which negatively affected sales, as a factor in its bankruptcy. A deal was reached with Gordon Brothers Retail Partners, which may stop at least 200 to 400 of the stores from closing and transfer the Big Lots brand to Variety Wholesalers. This would still result in the vast majority of its 1,300 remaining stores in 48 states closing, and the laying off of a corresponding—or greater—proportion of its 27,700 workers. This year 400 stores have already been closed before the decision to liquidate was announced.

Several creditors have already filed objections to the terms of the most recent deal, presented in bankruptcy court Monday. This follows the collapse of another deal to sell to Nexus Capital Management after it demanded more equity financing, i.e., the selling of parts of its ownership to investors for cash and $20 million in savings.

The company completed its Chapter 11 bankruptcy process last year, converting $1 billion out of its $1.7 billion in debt to equity shares to be owned by its lenders. Between 2022 and today, 80 stores were already closed.

According to data from research firm CoreSight, US retailers have announced more than 7,100 store closures through the end of November 2024, representing a 69 percent jump from the same period last year. The number of closings outnumbered the 5,900 openings of stores.

The chief executive of Coresight Research, Deborah Weinswig, stated that this "is the highest number of store closures seen since 2020, when the pandemic shutdown of physical stores and the resulting fallout caused mass closures."

As CBS News reported in an article on the closings, some retailers report that while Walmart is able to find ways to appeal to financially strapped shoppers, "inflation-weary shoppers are cutting back or becoming more choosy in searching for sales and deals."

"There is not enough growth in the retail market for every player to do well, which is why we are seeing polarized results," said Neil Saunders, an analyst with GlobalData in a comment to CBS MoneyWatch on the closures.

In addition to a lack of sufficient growth in the retail market, the increasing dominance of e-commerce over the retail goods market has played a role in the downfall of brick-and-mortar stores.

"A lot of the store closures occurring this year are the result of companies like Shein, Temu and Amazon snapping up consumer dollars by making shopping easier and more affordable," Weinswig said, adding that inflation has hit consumers hard.