



## *The Fall of Circuit City Stores, Inc.*

- 1949- Samuel Wurtzel opens Wards retail store in Richmond, VA
- 1959- Operating 4 T.V stores in Richmond
- 1970s-80s- Continued expanding and opened Sight-n-Sound and Circuit City stores
- 1981-Opened 15 stores in NYC at a cost of \$20Mil to enter the market but closed all by 1986 due to low sales
- 1984- Officially changed name to Circuit City and became listed on the NYSE
- Late 80s-90s- Became known for customer service and expertise with the slogan "Welcome to Circuit City, Where Service is State of the Art"



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## *2000s and The Decline of Circuit City*

- 2000- stopped carrying large appliances and filled space with computer accessories and software
- Redesigned stores with registers moved to the front and a self-service style
- 2003- Laid off all commissioned sales people in an effort to cut costs, offering some positions as hourly product specialists. Lost approximately 3,900 employees total
- 2004- Partnered with Verizon to exclusively sell their phones at Verizon Circuit City locations owned and staffed by Verizon
- 2007- Introduced a smaller store format for more flexibility in entering markets



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GOING OUT OF BUSINESS

### *The Fall of Circuit City*

- February 2007- Circuit City announces closing 7 retail locations and a distribution center as well as 62 Canadian locations
- February 23, 2007 CFO Michael Foss resigns representing the third senior officer to resign in 6 months and the 2nd top 5 officer to resign in a month.
- 2008- Blockbuster makes \$1Billion bid to buy Circuit City but later withdraws
- September 22, 2008 Philip Schoonover President, CEO, and Chairman of the Board announces his immediate resignation.
- November 10, 2008 files for chapter 11 bankruptcy protection
- Shares were taken off the NYSE where they were trading for less than \$1
- Unable to find a buyer by January 19, 2009 Circuit City was forced to shut its doors
- Over 30,000 employees lost their jobs as well as 45% of Verizon Circuit City staff

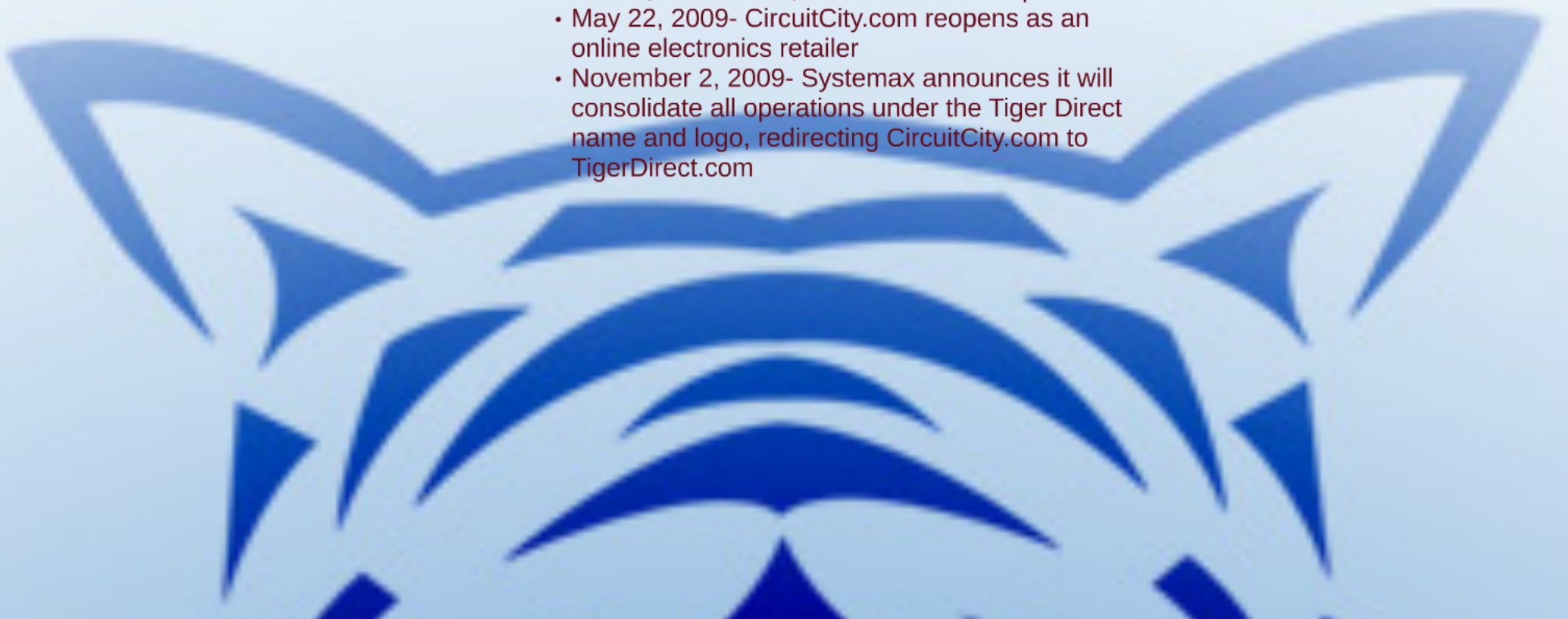


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*Purchase and Rebirth*

- 2009- Systemax purchases all Circuit City assets, trademarks, and e-commerce operations
- May 22, 2009- CircuitCity.com reopens as an online electronics retailer
- November 2, 2009- Systemax announces it will consolidate all operations under the Tiger Direct name and logo, redirecting CircuitCity.com to TigerDirect.com



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## *High Points*

- Early pioneer of the Superstore format
- 80s and 90s customer service focus made them a leader
- Was a leading appliance retailer
- Created CarMax in 1991 which was spun off in 2002 valued at 1.2Billion





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## *Low Points*

- Loss of appliance sales didn't allow them to take advantage of 2000s housing boom
- Eliminating commissioned staff eliminated most experienced staff
- Transition from showroom to big box store confused staff and customers
- Slow to update stores to compete with Best Buy

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## *Causes of Failure*

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- An inability to speed up with the pace of industry
- Loss of appliance line allowed retailers like Best Buy to surge ahead during the housing boom
- Laying off commissioned staff eliminated most experienced staff and lost Circuit City's reputation for customer service and expertise.

CIRCUIT



- Eliminated most experienced staff
- Transition from showroom to big box store confused staff and customers
- Slow to update stores to compete with Best Buy

- Buy to surge ahead during the housing boom
- Laying off commissioned staff eliminated most experienced staff and lost Circuit City's reputation for customer service and expertise.



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*What could they have done differently?*

- Transitioned from commissioned sales to hourly pay before converting to self-serve format
- Retained commissioned sales associates in big ticket departments or moved into department management or training
- Maintained their appliance line until it wasn't profitable
- Not purchase unnecessary property
- Retained CarMax to bolster profits while adjusting to non-commissioned sales.