

# Boscov's shift away from electronics, large appliances is long overdue, retail analysts say



By **DIANA FISHLOCK, The Patriot-News**

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Boscov's is making a smart decision **to move away from selling electronics and large appliances**, retail analysts say.

Large appliances and electronics haven't been a big part of the stores' business, but the



chain kept selling them as a convenience to customers, Jim Boscov, vice chairman of the Reading-based department store chain, said Thursday.

The Boscov's store at Colonial Park Mall in Lower Paxton Township. *DAN GLEITER, The Patriot-News, 2009*

Boscov's plans to phase out selling electronics and large

appliances beginning this Sunday. The chain will continue to service appliances, Boscov said.

The move away from electronics isn't an indicator of any dire times at the retailer. No layoffs or store closings are planned, he said.

**Boscov's emerged from Chapter 11 bankruptcy** in September 2009, then reported several better-than-expected shopping seasons, hiring people throughout its 40 mid-Atlantic states stores.

While electronics has been a smaller part of Boscov's business, the chain's furniture sales have been growing and now will expand into oriental rugs and more casual dining and bedroom furniture. Boscov's will open Bombay & Co. mini shops within all its stores.

“We’re going to be able to offer that for 30-40 percent less. It will be a neat place to walk through,” he said.

The chain will sell modern, affordable oriental rugs starting at \$199, he said.

The shift away from electronics and large appliances was not only the right call, but one that was long overdue, retail experts agree.

“It’s a call that was made by every department store in America 20 years ago. They’re the last ones doing it,” said Howard Davidowitz, chairman of Davidowitz & Associates Inc., a national retail consultant and investment banking firm headquartered in New York.

“You can’t make a margin on those products,” Davidowitz said. “How can they possibly compete against Amazon and Best Buy? Macy’s, Penney’s, almost all the department stores threw it out 20 years ago because they all couldn’t make any money.”

Competition in large appliances and electronics have boomed, said Bob Gorland, vice president of Matthew P. Casey & Associates, which evaluates retail chains.

“Lowe’s, Home Depot, Best Buy, club stores, they are all going for the same dollars,” Gorland said.

Large appliances tie up cash flow and floor space for low profits, he said.

“It will provide them so much more space in the store in areas they feel they’re more successful in,” he said. Furniture is not nearly as cut throat, he said.

Boscov said the chain will mark down large appliances and electronics just in time for Christmas.

“It’s the right time do it. We will have some spectacular bargains,” he said.

Once those goods are out, by the end of January if not Christmas, the chain will do some remodeling to make larger space for furniture, he said.

“We have good people and we don’t want to lose them,” he said. “We know as we expand our furniture we will need good people.”

Boscov's will be opening a new store in Woodbridge, N.J. next August, he said. And the chain just opened a store in the Baltimore area last month.

There are no plans for more stores in the midstate, Boscov said.

The chain has surprised some analysts by not only surviving but thriving after coming so close to collapsing in 2008.

Four years ago, CEO Al Boscov, son of the chain's founder, spearheaded an effort to buy the chain in bankruptcy court for \$300 million.

Boscov's will continue to face stiff competition from huge department store chains, Davidowitz said.

"They are very small in a sea of giants," Davidowitz said. "Mr. Boscov, in my opinion, has performed a miracle. I don't know how many more he's got in his sleeve."