Marketing Doctor

Marketing Check-up

Big Lots

As of October 29, 2024

Condition: Critical

The bargain promise it let slip

Big Lots was a closeout retailer: shoppers came for the thrill of finding something good at a price that felt like a steal. Over several years it drifted toward ordinary home-goods retailing, leaned on furniture and lost the bargains that made it worth the trip. In September 2024 it filed for Chapter 11. This check-up looks at the promise, how it blurred and the late attempt to bring it back.

Key takeaways

- Between 2013 and 2018 Big Lots moved away from closeouts and extreme bargains. Its CFO said the shift "resulted in higher average product prices, diminished customer traffic and stagnating sale volume."
- It leaned on big-ticket furniture, a quarter of sales, just as shoppers cut back on large purchases.
- An analyst said other value retailers "do a far better job of delivering on low prices and compelling bargains," and that Big Lots offered too much choice and too little treasure.
- A push back to bargains, nearly 60% of sales by late 2023, narrowed the decline but came after years of weaker traffic. Big Lots filed for Chapter 11 in September 2024.

Marketing health check

Area	Finding
Brand promise	Blurred. The thrill of the find gave way to ordinary prices.
Assortment	Too much choice, too little treasure.
Category mix	Heavy in big-ticket furniture as spending tightened.
Competition	Crowded. Other value players deliver sharper bargains.
Turnaround	Late. Bargains back to nearly 60% of sales only in late 2023.

Timeline

When	What happened
2013 to 2018	Big Lots moves away from closeouts and extreme bargains.
2018	Bruce Thorn becomes chief executive.
Fiscal 2020	A record year as pandemic shoppers buy for the home.
Fiscal 2023	Comparable sales fall 13.5%.
Late 2023	Bargains reach nearly 60% of sales.
Mar 2024	The company aims to be “America’s Discount Home Store.”
2024	Targets of 75% bargains, including 50% extreme bargains. The sales decline narrows.
Sep 9, 2024	Big Lots files for Chapter 11 and agrees a sale.

What happened: the bargains went missing

Retail Dive reported that between 2013 and 2018 Big Lots refocused away from closeout products and extreme bargains. Chief financial and administrative officer Jonathan Ramsden later said in court documents that the shift “resulted in higher average product prices, diminished customer traffic and stagnating sale volume.” A retailer whose positioning rests on the thrill of a find cannot creep toward ordinary prices and keep the thrill.

It also leaned on big-ticket home goods. Furniture made up 25% of fiscal 2023 sales, and the company said economic pressure cut its customers’ spending on large furniture and seasonal

products. The pandemic gave it a record year in 2020 as people bought for their homes. When that demand faded, the weakness underneath showed.

The diagnosis: a value brand with a fuzzy value

- **The one promise blurred.** Closeout bargains were the reason to visit. Without them, Big Lots was one more home store.
- **A crowded middle.** GlobalData's Neil Saunders said Big Lots "operates in a very crowded and competitive market where other value players do a far better job of delivering on low prices and compelling bargains."
- **Too much choice, too little treasure.** A bargain hunter wants a few surprising finds, not a long, ordinary range. When shoppers compare prices closely, a blurred pricing strategy costs visits.
- **Cash instead of customers.** Selling stores and leasing them back in 2023 raised money. It did not bring shoppers back.

The treatment: back to bargains

Under Bruce Thorn, who became chief executive in 2018, Big Lots turned back toward its roots. Bargains made up nearly 60% of sales in the fourth quarter of 2023, and the company set goals of 75% bargains, including 50% extreme bargains, by the end of 2024. "Extreme bargains provide significant savings over price leaders and are working," Thorn said.

It worked, slowly: the comparable sales decline narrowed from 9.9% in the first quarter of 2024 to 5.3% in the second. But the return came after years of weaker traffic, when the business no longer had time to wait for it.

The result: fewer stores, a sale under court protection

Comparable sales fell 13.5% in fiscal 2023. In 2024 Big Lots announced the closure of 296 of its 1,389 stores, and on September 9 it filed for Chapter 11 and agreed to sell substantially all of its business to an affiliate of Nexus Capital Management.

Whoever runs it next needs to give shoppers one clear job to hire Big Lots for, and protect it.

Lessons for your marketing

1. A value brand lives on one promise. Measure it, protect it and fund it before you chase a bigger basket.
2. Don't drift toward ordinary prices and expect to keep the excitement of a bargain.
3. Watch for "too much choice, too little treasure." A focused range can be the marketing.
4. Fix the promise while you still have time. A late return to your roots is hard to finance.
5. Raising cash is not a customer strategy.

The doctor will see you now.

Book a free marketing check-up at marketingdoctor.ca/contact. We'll examine your marketing, show you what's holding growth back and prescribe what to fix first.

Sources

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