Marketing Doctor

Marketing Check-up

Sears Canada

As of June 4, 2024

Condition: Deceased

Paying out instead of investing

Sears began in Canada in 1952 as a mail-order catalogue, and for decades its catalogue and its department stores were part of Canadian life. On January 14, 2018, its last stores closed. This check-up looks at the marketing record: a company that sold its best-known locations, changed leaders often, updated its logo instead of its offer and lost the channel it was built on.

Key takeaways

- In 2013 Sears Canada sold the leases on seven of its most visible stores, including the Toronto Eaton Centre flagship, and paid out a $509 million special dividend instead of reinvesting.
- Leadership changed several times between 2011 and 2015, so no plan had time to work.
- A new logo with a maple leaf arrived in 2016, but shoppers still lacked a reason to choose Sears. “If you want upscale you go to The Bay,” one adviser told CBC.
- The print catalogue that built the business ended in 2016. Revenue fell about 17% that year, and every store closed by January 2018.

Marketing health check

Area	Finding
Positioning	Squeezed. Shoppers who wanted upscale went to The Bay.
Store presence	Weakened. Flagship locations sold in 2013.
Leadership	Unstable. Several leaders in four years.
Identity	Cosmetic. A new logo in 2016 without a new reason to shop.
Reinvestment	Starved. Cash was paid out rather than put back into the stores.

Timeline

When	What happened
1952	Sears begins in Canada as a mail-order catalogue.
Jun 2013	Sears Canada sells its Yorkdale and Square One leases for $191 million.
Oct 2013	It agrees to sell five more, including the Toronto Eaton Centre flagship, for $400 million.
Dec 2013	A special dividend of about $509 million is paid out.
2011 to 2015	Leadership changes hands several times.
Aug 2016	A new logo adds a maple leaf, the first change in 32 years.
Late 2016	The last print catalogue is published.
Jun 2017	Sears Canada seeks creditor protection and plans to close 59 stores.
Jan 14, 2018	The last stores close, with the loss of nearly 12,000 jobs.

What happened: selling the shop windows

Big department stores in busy malls are more than shops. They are advertising: every visit to Yorkdale or the Eaton Centre reminded Canadians that Sears was there. In June 2013 Sears Canada sold its leases at Yorkdale and Square One for $191 million. In October it agreed to sell five more, including the Toronto Eaton Centre flagship, for $400 million. One credit analyst called the deal “a ‘sugar coated’ continuation of the struggling retailer’s orderly liquidation.”

The cash did not go back into the stores. In November 2013 the board declared an extraordinary dividend of about $509 million, paid that December. A brand that needed reinvestment had become a holding its owners were drawing cash from.

The diagnosis: no reason to shop

- **A squeezed position.** Mirella Pisciuneri of Richter put it plainly to CBC: "If you want upscale you go to The Bay." Sears had no clear answer to what it was for.
- **A revolving door at the top.** Leadership changed hands several times between June 2011 and July 2015, so no plan had time to show results.
- **A new logo instead of a new offer.** In August 2016 Sears Canada changed its logo for the first time in 32 years, adding a maple leaf. A new mark does little when shoppers lack a reason to choose the store behind it.
- **Name recognition masked decline.** Everyone knew Sears, which can flatter the numbers while the reason to buy erodes, the pattern behind branded search inflation.

The treatment it needed

Sears Canada needed to decide who it served better than The Bay and the discounters, then put the money from its asset sales into that answer: better stores in fewer places, a modern version of the catalogue it had built its name on and leaders who stayed long enough to see one plan through. A regular marketing audit would have shown the reason to shop wearing thin years before the numbers forced the question.

The result: the channel and the stores were gone

The print catalogue, the channel Sears had built on in Canada since 1952, was published only until the last quarter of 2016. That fiscal year revenue fell about 17%, to $2.61 billion.

On June 22, 2017, Sears Canada sought creditor protection, with plans to close 59 stores. Liquidation sales began that October, and the final stores closed on January 14, 2018, with the loss of nearly 12,000 jobs. As retail analyst Bruce Winder told CBC: "Momentum in retail takes years to gain and years to lose, but once you lose it, it's gone."

Lessons for your marketing

1. Treat your most visible locations, pages or channels as marketing, not just real estate.
2. Put cash from asset sales back into the reason customers choose you before you pay it out.
3. Keep leaders in place long enough for one plan to show results.
4. Change the offer before you change the logo. A new mark can't fix a missing reason to buy.
5. Check your brand's health on a schedule through a regular marketing audit, not only when the numbers force it.

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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8. Retail Insider, five years since Sears Canada closed (January 2023). https://retail-insider.com/retail-insider/2023/01/5-years-since-sears-canada-shut-all-stores-retrospective/

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