Beat: News

Office-supply retailer Staples to shut 225 stores in North America

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USPA News - Office supplies retailer Staples plans to close 225 stores in the United States and Canada by 2015 as part of a $500 million cost-cutting program, the company announced on Thursday after it saw another decline in sales. Competition from online sales companies like Amazon has made the Massachusetts-based company rethink the business model they have had in place for years.

It has led the largest U.S. office-supply retailer to decide to cut the cost of maintaining a physical footprint in favor of the increasingly popular route - online sales. "A year ago, we announced a plan to fundamentally reinvent our company," said Ron Sargent, Staples` chairman and chief executive officer. "With nearly half of our sales generated online today, we?re meeting the changing needs of business customers and taking aggressive action to reduce costs and improve efficiency." The announcement to close 12 percent of the company?s stores in North America came as Staples reported fourth-quarter in-store and online sales of $2.9 billion in 2013, a decrease of 12 percent compared to the same period in the previous year. Shares of Staples, Inc. dropped by approximately 15 percent after Thursday`s announcement. Staples.com, however, saw a sales increase of 10 percent during the fourth quarter of 2013, reflecting increased customer traffic and improved customer conversion. On Tuesday, gadgets and tech accessories retailer RadioShack announced similar plans to close 1,100 stores in the United States in an attempt to cut costs due to poor fourth-quarter sales and a poor holiday season.

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