

Sprint to set up shop as RadioShack files for bankruptcy

February 6 2015, by Anne D'innocenzio And Michelle Chapman



This Tuesday, Feb. 3, 2015 file photo shows a RadioShack store in Dallas. The electronics retailer filed for Chapter 11 bankruptcy protection on Thursday, Feb. 5, 2015. (AP Photo/Tony Gutierrez, File)

(AP)—Sprint's latest plan for luring new subscribers is to occupy the remains of RadioShack.

The long-struggling consumer electronics chain filed for [bankruptcy protection](#) Thursday. Part of its plan is for Sprint, the No. 3 U.S. wireless

carrier, to open mini-shops in as many as 1,750 of RadioShack's remaining stores.

Overland Park, Kansas-based Sprint Corp. has been aggressively trying to draw subscribers from its bigger rivals, Verizon and AT&T.

It's had some recent success, adding nearly 1 million new customers in its latest quarter. And if approved, the deal would greatly expand its presence in front of U.S. shoppers, more than doubling the number of Sprint company-owned stores.

RadioShack, which was founded nearly a century ago, said in its Chapter 11 filing that it plans to sell 1,500 to 2,400 stores to its largest shareholder, investment firm Standard General. It is seeking to close the remainder of its 4,000 U.S. stores.

Sprint has a deal with Standard General to open its mini-shops in stores Standard General is buying. It would take up about one-third of the retail space in each store, and Sprint employees would sell mobile devices and Sprint plans.

Sprint would be the primary brand on those RadioShack storefronts and marketing materials.

The deal is expected to be wrapped up in the coming months. But other parties could bid for RadioShack's stores in the bankruptcy process.

Fort Worth, Texas-based RadioShack is also in talks about selling all of its remaining overseas assets.

RadioShack Corp. introduced one of the first mass-market personal computers and used to be the go-to stop for consumers' home electronics needs. But it struggled as shoppers increasingly moved online and growth

in its wireless business slowed. It has suffered years of losses.

RadioShack had warned of a possible bankruptcy in September, but received rescue financing that kept it afloat. Still, its CEO recently cautioned the chain might not be able to find a long-term plan to stay in business.

The company worked hard on its turnaround efforts, hiring Walgreen Co. executive Joe Magnacca as its CEO and former Treasury Department adviser Harry J. Wilson as chief revitalization officer. It also developed relationships with popular brands like Beats Audio and redesigned almost half of its U.S. locations—some 2,000 stores—in an effort to entice younger shoppers.

The company, which has not turned a profit since 2011, employs about 27,500 people worldwide, according to its last annual report filed with the U.S. Securities and Exchange Commission.

It is seeking court approval to keep paying employees, honor customer programs and keep operating as it restructures.

RadioShack said Thursday that it also has more than 1,000 dealer franchise stores in 25 countries, stores operated by its Mexican subsidiary, and operations in Asia operations, which are not included in the Chapter 11 filing. It wants to sell them.

RadioShack, which was founded in Boston in 1921, started as a distributor of mail-order ship radios, ham radios and parts. In the 1950s, it entered the high-fidelity business, touting a device called the "Audio Comparator," a then-novel switching system that allowed the customer to mix and match components and speakers in the listening room.

In 1977, the chain started selling the TRS-80, known affectionately by

its users as the "Trash 80," making the RadioShack as important in microcomputers as IBM or Apple.

© 2015 The Associated Press. All rights reserved.

Citation: Sprint to set up shop as RadioShack files for bankruptcy (2015, February 6) retrieved 22 May 2024 from <https://phys.org/news/2015-02-sprint-radioshack-bankruptcy.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.