

# Best Buy reports weak holiday shopping results, outlook

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This undated file photo displays a Best Buy sign on a store in Miami, Fla. Best Buy's shares sank Thursday, Jan. 14, 2016, after the nation's largest consumer electronics chain reduced its sales outlook for the fourth-quarter as it reported weak holiday business in mobile phone and personal devices. (AP Photo/J Pat Carter, File)

Best Buy's shares sank Thursday after the nation's largest consumer electronics chain reduced its sales outlook for the fourth-quarter as it reported weak holiday business in mobile phones and personal devices.

The Minneapolis-based company said it now expects a larger drop in fourth-quarter revenue, though the company improved its outlook for

operating income. Best Buy shares tumbled almost 12 percent in morning trading.

The disappointing results underscore the challenges for Best Buy as it tries to re-energize sales growth that has been inconsistent.

Best Buy said that domestic same-store-sales, a key measure of a retailer's health, fell 1.2 percent in the nine-week period ended Jan. 2 compared with growth of 3.4 percent during the same period a year prior. Online revenue rose 12.6 percent, compared with growth of 13.4 percent a year ago. Looking ahead, the company expects a 1.5 percent decline for its domestic business, compared with its previous expectations for a nearly flat performance.

During the nine-week period, computing and mobile phones fell 7.2 percent, but appliances rose 13.4 percent and consumer electronics rose 4.3 percent.

Best Buy's domestic revenue declined 0.8 percent, but the company said that was better than the broader [consumer electronics](#) industry, which experienced deeper declines.

During an conference call with the media Thursday, Hubert Joly, Best Buy's chairman and CEO , said that he had expected that sales of mobile devices would be weak as fewer customers upgraded their devices because of a lack of new technology. But he said sales were softer than expected and the declines more than offset sales growth in home theater, major appliances and wearable tech items like smart watches. Excluding mobile phones, domestic revenue increased year over year.

Joly said technology innovations are expanding into other categories like clothing, and he expects Best Buy to embrace that.

"You almost have an expanding universe," Joly said. But he noted Best Buy doesn't want to just sell technology products but rather solve a need.

Under Joly, who took the helm in 2012, Best Buy has been cutting costs, revamping stores and boosting training for its sales help as it fights off competition from online leader Amazon and big discounters like Wal-Mart. It's also been rolling out services like shipping goods from all its stores, which means speedier deliveries. Meanwhile, Best Buy has been improving the shopping experience at the stores. It's also been working with big suppliers like Samsung to develop home theaters. It has also been catering to shoppers' increasing interest in "smart home" technology— the ability to turn down the heater remotely, for example.

This holiday season, the chain dropped all restrictions for free shipping. The company typically requires customers to spend at least \$35 in order to receipt free shipping.

Best Buy Co. shares dropped \$2,81, or 9.6 percent, to \$26.44 in midday trading Thursday. Its shares have fallen 34 percent since a year ago.

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