

Can Bed Bath & Beyond turn around its fortunes?

Article

The news: Bed Bath & Beyond rolled out a multipronged turnaround [strategy](#) that includes closing 150 stores (about 20% of its fleet), laying off about 20% of its corporate and supply chain workers (including the jobs of chief operating officer and chief stores officer), and pivoting away from the previous leadership team's push into private labels.

- The retailer had been in a precarious financial situation as its sales slowed and inventory racked up after having spent heavily on store remodels, new private labels, and stock buybacks.

- However, Bed Bath & Beyond announced it secured more than \$500 million in new financing, which should provide a temporary reprieve from questions about its financial viability.

But is it enough? Bed Bath & Beyond plans to bring back more familiar brands (some of which will offer exclusive products at the retailer), **as well as add some new direct-to-consumer brands to its mix.**

- That stands in stark contrast to former CEO **Mark Tritton's** approach, which sought to boost margins and differentiate the retailer's offerings by launching private label brands.
- Tritton also reduced Bed Bath & Beyond's in-store SKU count, which posed a **challenge** when the pandemic disrupted the global supply chain and the retailer's limited product selection left customers with fewer options when items went out of stock.
- **Bed Bath & Beyond now plans to shutter three of its nine private label brands.**
- With Bed Bath & Beyond leaning into national brands, the retailer needs to find ways to distinguish its brand from competitors.

Leaning into rewards: One way it aims to do so is via its revamped loyalty program, **Welcome Rewards**, which enables shoppers to earn points across all three of the retailer's brands, which include **buybuy Baby** and **Harmon**.

- The program, which offers both a free and paid tier, also offers free shipping on select orders, as well as early access to sales and new products.
- But for any rewards program to be effective, it needs to clearly communicate the benefits of the program.
- **Sixty-one percent of consumers would use loyalty programs more often if they automatically applied rewards and 44% would do so if they offered simpler terms and conditions**, per Salesforce.
- Bed Bath & Beyond said the program, which does not automatically apply rewards, currently has 5 million members across both tiers.

Reasons Why Consumers Worldwide Would Use Loyalty Programs More Often, Feb 2022

% of respondents



Note: ages 10-58

Source: Salesforce, "Fifth Edition State of the Connected Customer," May 13, 2022

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The big takeaway: Bed Bath & Beyond now has the means to pay its bills and ensure that vendors will feel comfortable supplying it with the items it needs to stock its shelves and warehouses.

- But it faces an uphill climb as it seeks to convince consumers to return to its stores and website.

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