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David's Bridal is the latest speciality retailer to struggle for survival

Article

The insight: The number of weddings is expected to return to prepandemic levels this year—2.1 million, per The Knot, as the COVID-19-induced backlog eases.

- That boom is fueling jeweler **Signet**'s **extremely bullish annual revenue target of between $9 billion and $10 billion** within the next three to five years.

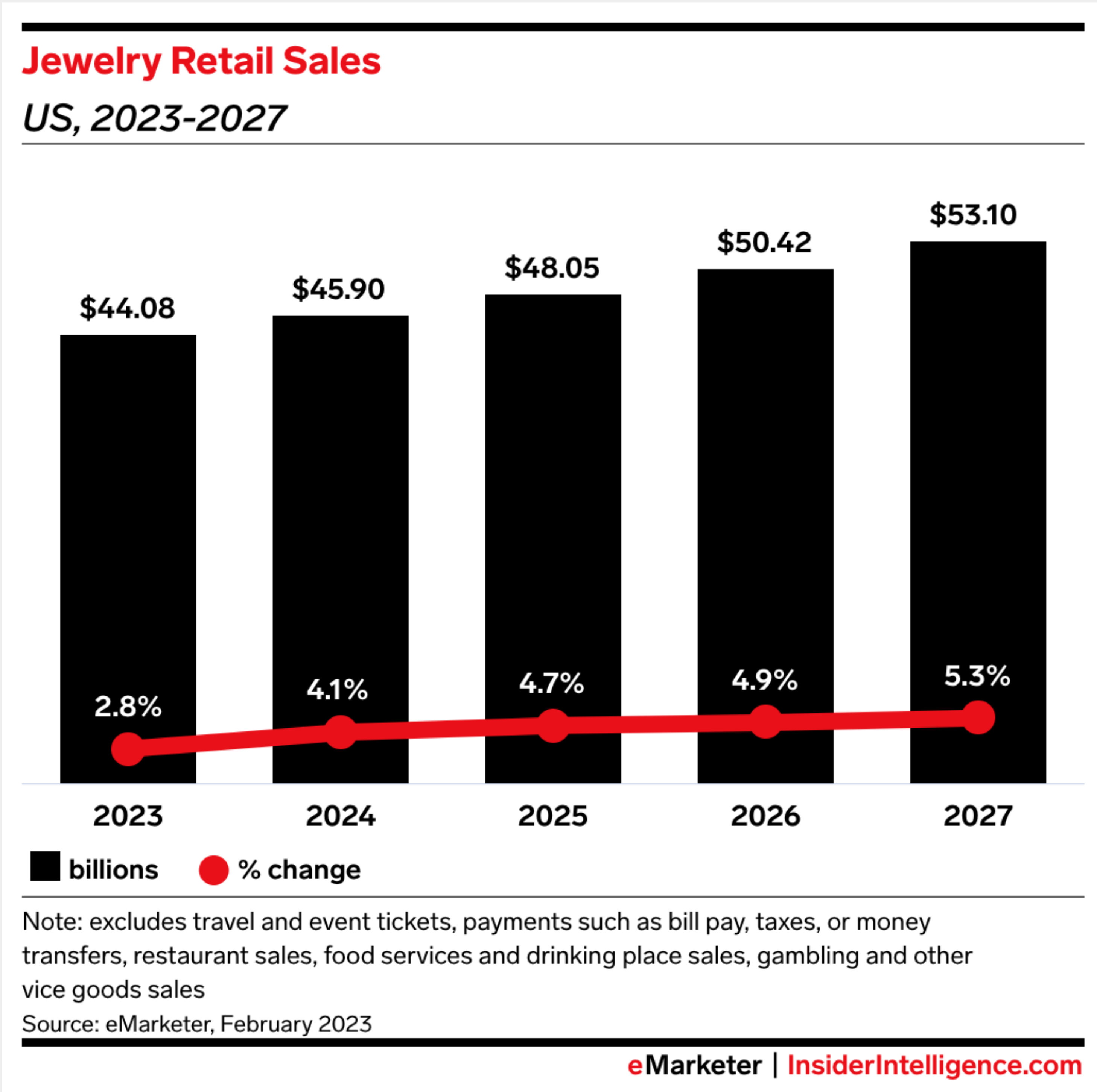
- But it may not be enough to save **David's Bridal**, as the retailer struggles with intensifying competition from mainstream clothing and online retailers and diminishing demand for formal wedding attire.

Why David's Bridal is struggling to survive: David's Bridal blamed a host of pressures for its troubles—from negative perceptions of the brand following its first bankruptcy in 2019, to inflationary pressures, to the lingering effects of the pandemic, per its bankruptcy filing.

- But the biggest hit to the company's business came from radical changes to consumer behavior, as brides turn to alternate retailers and couples opt for casual affairs over formal receptions.
- Despite boasting that one in four brides in the US wears a David's Bridal dress on their wedding day, the retailer's influence is eroding as more clothing brands look to grab a piece of the lucrative market. A growing number of online marketplaces, ranging from **Asos** and **Revolve** to luxury ecommerce sites like **Net-a-Porter** and **Farfetch**, now offer dedicated bridal edits on their sites, while brands like **Anthropologie**, **Eloquii**, and **Reformation** have launched wedding collections.
- More brides are also opting for secondhand or vintage dresses, for budgetary as well as sustainability reasons.

Why Signet is bullish: Signet's optimism is predicated on its belief that there will be **500,000 more engagements between 2024 and 2026** than prior historical trends would suggest, after a lull in engagements due to the pandemic.

- **Engagement and bridal jewelry accounts for roughly 50% of Signet's sales**, making the parent company of **Kay Jewelers**, **Blue Nile**, and **Zales** vulnerable to slowdowns in the wedding industry—but also positioning it to benefit once engagements normalize.
- Unlike David's Bridal, Signet's brands have other product lines they can lean on for growth. For example, the accessible luxury category, consisting of items priced between $1,000 and $3,000, now accounts for 30% of Signet's annual revenues, up from 22% in fiscal 2020.



The bigger picture: David's Bridal's struggles underscore the challenges of being a specialty retailer, especially in an industry where repeat purchases are few and competition from mainstream retailers is rife.

- While the company tried in recent years to diversify its assortment, grow its online presence, and deepen customer loyalty, it was ultimately slow to respond to changing trends in the bridal industry and too reliant on its brick-and-mortar presence to drive sales.
- Its potential demise opens up an even greater opportunity for the multitude of clothing brands and retailers looking to take a larger share of the market as wedding demand stabilizes.

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