

Wayfair says auf wiedersehen to Germany

Article

The news: Wayfair is pulling out of the German market, which will affect about 730 jobs or about 3% of its global workforce.

About half of those employees will have the option to relocate to London, Boston, or other cities where Wayfair has a presence.

The context: Wayfair's latest layoffs—the fourth round since 2022—are less about cutting costs and more about reallocating resources to profitable initiatives, CFO **Kate Gulliver** told CNBC.

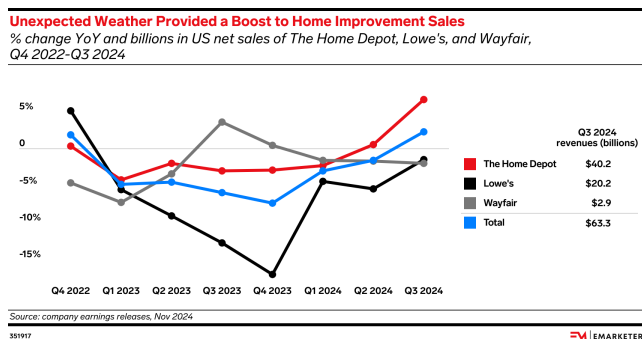
- Despite a presence in Germany for the past 15 years, the country makes up a “low single-digit percentage” of Wayfair’s revenues, customers, and orders, she said.
- The retailer determined that “growth in Germany ... remained a long and costly endeavor, and one that is increasingly lagging the potential return we see in other areas,” CEO Niraj Shah wrote in a letter posted on the retailer’s website.
- That stems in part from the rough shape of the German economy; analysts expect the country to report a 0.2% drop in GDP last year, which would be the second straight year of economic contraction and a sharp contrast with the 0.8% gain across the eurozone, per Bloomberg.

Wayfair plans to reinvest savings from the restructuring across several key initiatives, including investing in its remaining international markets—Canada, the UK, and Ireland—and doubling down on physical retail.

- Since the retailer opened its first physical store last year outside Chicago, online sales to customers who live near the store have increased.
- Wayfair now plans to open another US store or two “in short order” and expand its brick-and-mortar model to international markets like Canada and the UK, Gulliver said.

Our take: Layoffs are tough, but Wayfair is making the necessary moves to drive growth.

Go further: Read how Wayfair and other housing-related retailers performed in our [Retail & Ecommerce Earnings Q3 2024](#) report.



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