Party City Files For Bankruptcy: ‘Competing Against Walmart, and Target, and Amazon’

The retailer where everyone could count on a set of balloons and streamers is making a major financial move: bankruptcy.

Joe Raedle / Staff I Getty Images
Party City in Miami.
Party City, the nationwide party store, filed for Chapter 11 bankruptcy on Tuesday, according to CNBC and a filing with the

U.S. Securities and Exchange Commission.

The company has some $1.7 billion in debt.

“In the face of pandemic headwinds, a global supply chain crisis, and other macroeconomic challenges that have faced our industry, we have made significant strides in PCHI’s ongoing transformation,” said CEO Brad Weston in a release.

“Today’s action to strengthen PCHI’s balance sheet will bolster our ability to further advance our strategic priorities and continue to innovate and elevate the customer experience,” his statement added.

In the filing, the company said it had secured $150 million in funding, which it will ask the court for permission to use to pay vendors, suppliers, and employee wages and benefits. It has already secured the support for its plan to file for bankruptcy from a group (like a holding company) that “holds” more than 70% of its “first lien” debt. That is debt that must be paid off first, essentially.

The bankruptcy process for Party City — as is often the case — is to give it a chance to restructure its debt.

Party City was founded in 1947 in New York, and went public in 2015, per the *Wall Street Journal.* It saw growth up until about 2019, per CNBC, as it became a hotspot for party ephemera including streamers, balloons, and costumes.

But several factors helped take the retailer down, including the pop-up costume store Spirit Halloween, according to CNN.

As the Journal noted, the store faced cut-down parties in the pandemic, supplier issues with helium, and even inflation, which the company said brought down the demand for their products.

The helium shortage was particularly an issue for the company, which it called a “focal point of our growth strategy and are

a key driver of our differentiated brand experience," per CNN.

An analyst who followed Party City told CNBC that the company also just lost ground to changing consumer preferences and competitors.

"They're competing against Walmart, and Target and Amazon and the dollar stores and grocery stores," said Joe Feldman, an analyst at Telsey Advisory Group.

The company also kept its 800-plus stores open, even amid declining sales, and "burned cash," as the outlet wrote.

Party City's international sectors and franchised stores will remain operational as-is, the company said in its SEC filing.

"We appreciate the commitment of our team members and the continued support of our partners as we further enhance our position as the 'go to' one-stop-shop for celebrating life's special moments," Weston added in the release.

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