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Under attack in the mobile category, Radio Shack struggles to find its place with today's consumers.

Its deal with 1500+ Target stores (the store-within-a-store that sells mainly postpaid wireless sales and limited higher margin accessory sales) created a loss of $25.4 million in Q3 and $38.2 million so far this year. The company said it may pull out of Target stores if its contract terms aren’t renegotiated.

But that won't fix the bigger problem. RadioShack's Q3 loss of $47 million (versus a profit of $300,000 a year ago) came as

total sales fell from $1.03 billion to $1 billion. Same-store sales declined 1.6%.

The "Signature" segment accounts for about 30% of sales, which includes accessories (including mobile-related products such as headphones) and power and technical products and generates healthy margins. Sales growth is in the low single digits.

The Consumer Electronics segment (20% of sales) is fighting against online sales. RadioShack's smaller footprint doesnot allow it to carry the breadth of products versus Best Buy and online channels so it's expected to remain under significant pressure, with sales down 20% in 2011 and 24% year to date.

Mobility as a category continues to grow in importance at RadioShack; now more than 50% of Radio Shacks' sales in 4700 stores. 2012 was the first year that RadioShack offered the iPhone from the three major US carriers.

Best Buy is the most aggressive competitor in mobile, now rolling out stand-alone Best Buy mobile in the US malls where RadioShack once dominated.

Yet as more and more of the company's mobile business comes from Apple iPhone and the Target mobile business, the more the Radio Shack margin declines.

Apple offers lower margins than comparable phones so while the iPhone and iPad brand may drive sales, they cripple the retail margin.

Perhaps the problem at Radio Shack is the pursuit of the mobile phone business. Is selling a iPhone in Radio Shack any different than selling a high end audio product? And certainly Radio Shack found its niche against audio dealers by avoiding the high end and selling modest products. Radio Shack learned to specialize not in brand but in either hard-to-find Signature products or budget products.

Radio Shack's strength has been its inventory of bits and gadgets that you couldn't get elsewhere. You go to a Radio Shack because you know they will the cable or power converter you need.

Riding into the headwind of major competition just because it's a hot category works for only so long.

That's why it's time for a new CEO for Radio Shack. Meanwhile, Jim Gooch, who agreed to leave in September, gets a $5.6 million severance package for stepping down.

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