

Tiffany Asia sales recover

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Source: Inside Retail Hong Kong

US jeweller Tiffany & Co has reported subdued global sales for the two months to December 31. While Tiffany Asia sales showed signs of recovery after a dormant two years or so, US and Europe sales declined, combining to create a modest 1 per cent rise in group sales from \$961 million to \$966 million.

In Asia-Pacific, total sales increased 7 per cent to \$200 million and comparable store sales declined 4 per cent. On a constant-exchange-rate basis, total sales rose 9 per cent and comparable store sales declined 3 per cent, the jeweller said in a statement.

“Management noted strong growth in retail sales in China and in wholesale sales in Korea, but softness in most other markets throughout the region.”

In Japan, total sales rose 16 per cent to \$143 million and comparable store sales rose 21 per cent, which management attributed to higher spending by local customers. On a constant-exchange-rate basis, total sales increased 8 per cent and comparable store sales rose 12 per cent. Strong retail sales growth was partly offset by lower wholesale sales.

CEO Frederic Cumenal said the overall holiday period sales results were somewhat lower than anticipated, “but we continue to benefit from a favorable gross margin and prudent expense management”.

In the Americas, both total sales of \$483 million and comparable store sales were 4 per cent below the prior year. On a constant-exchange-rate basis, total sales declined 4 per cent and comparable store sales declined 3 per cent. Management attributed the lower sales to local customer spending, with a decline in US sales exacerbated by a 14 per cent decline at the Company’s Flagship store on Fifth Avenue in New York, which we attribute at least partly to post-election traffic disruptions.

In Europe, total sales of \$119 million were 10 per cent below the prior year and comparable store sales declined 11 per cent. On a constant-exchange-rate basis, total sales were equal to the prior year and comparable store sales were 4 per cent below the prior year. Management attributed the sales performance to weak demand across continental Europe tied to domestic and foreign tourist spending, and noted modest growth in local-currency sales in the United Kingdom.

Other sales of \$20 million rose 33 per cent and comparable store sales declined 7 per cent, reflecting increased wholesale sales of diamonds, offset by lower retail sales in the UAE.

As at December 31, Tiffany operated 314 stores – 125 in the Americas, 86 in Asia-Pacific, 55 in Japan, 43 in Europe, and five in the UAE, a net increase of seven, with five additions in Asia-Pacific.