

JEWELRY

Tiffany & Co.'s worldwide net sales dip 7pc in Q1

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Tiffany mood board for holiday 2015

By STAFF REPORTS

U.S. jeweler Tiffany & Co.'s worldwide net sales were lower than the year-ago first quarter, reflecting a decline in all regional markets except Japan.

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Tiffany's management attributes the decline to "softness" in spending by local consumers and tourists. Also, due to a decline in the operating margin, the jeweler's net earnings were lower than the year prior and an improved gross margin was offset by a lack of sales leveraged on operating expenses.

The blues

For the first quarter of 2016, Tiffany's worldwide net sales declined 7 percent to \$891 million, with a comparable store sales decline of 9 percent.

The jeweler's net earnings for the quarter total \$87 million, or .69 cents per diluted share.

In the Americas, Tiffany saw total sales of \$403 million, 9 percent lower than 2015's first quarter and comparable store sales declined by 10 percent. The decline is thought to be due to the lax spending by U.S. consumers and foreign tourists.



Image courtesy of Tiffany

The Asia-Pacific region's sales were 8 percent below the year-ago with a comparable store sales decline of 15 percent. The region's total sales were recorded as \$238 million for the quarter.

While Tiffany did see sales growth in China and South Korea, it was offset by a decline in Hong Kong.

In comparison, Japan saw a total sales amount of \$131 million, 8 percent above the 2015's first quarter results. Unlike the U.S. market, Tiffany attributed the results to higher spend by local consumers.



Tiffany & Co. Fifth Avenue flagship

Tiffany's European sales total \$97 million and were 9 percent lower than the year prior. The decline was led by France mainly because of lower foreign tourist spending.

Elsewhere, other sales declined 30 percent to \$22 million with comparable store sales declining 21 percent. This was reflected in lower retail sales in the United Arab Emirates and wholesalers in other markets.

"As expected, this was a difficult quarter in terms of both sales and earnings growth," said Frederic Cumenal, CEO of Tiffany in a statement. "We faced numerous challenges, including continued pressure from foreign tourist spending in Europe, the U.S. and Asia, particularly in Hong Kong.

"However, we are continuing to take actions that are intended to strengthen sales growth with local customers in the U.S. and around the world," he said. "From a strategic perspective, we believe that our initiatives will enhance our ability to provide our customers with extraordinary products and experiences and ultimately contribute to improved financial results.

"We remain focused on generating sustainable long-term sales and earnings growth."

Despite declining results, Tiffany opened two boutiques in Europe and closed one in Japan during the first quarter. As of April 30, Tiffany operated 308 boutiques compared with 298 storefronts a year ago.

In April as well, Tiffany selected Net-A-Porter as its exclusive ecommerce partner, allowing its jewelry to be sold on the retailer's site for a limited time.

Beginning April 27, consumers have the opportunity to purchase select Tiffany designs from Net-A-Porter. The partnership is unprecedented for Tiffany, with Net-A-Porter becoming the only authorized online seller beyond the jeweler's monobrand Web site ([see story](#)).