

FRAGRANCE AND PERSONAL CARE

Inter Parfums finds legacy scents drive ROI

May 10, 2017



Campaign for Jimmy Choo's L'eau

By STAFF REPORTS

Fragrance and beauty licensee Inter Parfums' sales were up 28.3 percent in the first quarter of 2017, but the company is not expecting the strong growth to be a year-long trend.

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The maker of cosmetics and perfumes under names such as Jimmy Choo and Boucheron reported net sales of \$143.1 million for the quarter ended March 31, attributing the growth over the previous year to less negative affects of currency exchange. The company expects its total sales for the year to fall between \$550-560 million, given that the dollar retains its rate.

Olfactory outlook

Inter Parfums' sales tied to its European operations grew 29.9 percent during the quarter, while its U.S. sales grew 20.4 percent. The company's European business is far larger, at \$119.7 million for the quarter compared to the U.S.' \$23.4 million.

Following a tax settlement in the first quarter of 2016 that resulted in a 45 percent tax rate for the period, Inter Parfums' operating income rose this year by 49.3 percent.

Gift with purchase promotions ate into Inter Parfums' gross profit margin in Europe, as did the product mix. In this market, however, sales growth outweighed any rise in expenses.



Inter Parfums fragrances

"While new fragrance launches are critical to our growth strategy, when it comes to return on investment, there is

nothing more satisfying than recurring sales and profits generated by our best performing legacy scents," said Jean Madar, chairman/CEO of Inter Parfums, Inc., in a statement. "We experienced both in the first quarter of 2017.

"As we reported, there was a 57 percent increase in Jimmy Choo brand sales with both legacy fragrances and new scents driving growth," he said. "Our Jimmy Choo signature scent for women, which debuted in 2011, and Jimmy Choo Man which launched in 2014, have enjoyed remarkable staying power. Building on these very strong fragrance family trees, we successfully launched Jimmy Choo L'Eau for women and Jimmy Choo Man Ice during the current first quarter.

"Lanvin brand sales rebounded, increasing 46 percent, which was also attributable to both legacy and new scents, with Lanvin's star performer, clat d'Arpge, resuming a growth trend, coupled with the international launch of Modern Princess. Montblanc brand sales declined 10 percent in the current first quarter because of a difficult comparison with the same period one year earlier when there was a 29 percent increase in sales owing in great part to the highly successful launch and rollout of Montblanc Legend Spirit. With the introduction of Montblanc Legend Night planned for the end of the year, we would anticipate an upswing in brand sales."

In the pipeline this year are a multi-scent collection for Boucheron, a fragrance pair for Karl Lagerfeld and an addition to Van Cleef & Arpels' Collection Extraordinaire.

Similarly to Inter Parfums, LVMH also saw strong growth in the first quarter, tied to difficulties the previous year.

Luxury conglomerate LVMH Mot Hennessy Louis Vuitton's revenue was up 15 percent in the first quarter of 2017.

All of LVMH's categories saw a sales bump of at least 14 percent over 2016's figures, when Europe was still reeling from the 2015 Paris terror attacks and sales took a hit. While the group's sales were trending up, it is not projecting similar sales growth over the full year ([see story](#)).

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