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FRAGRANCE AND PERSONAL CARE

Inter Parfums' Jimmy Choo fragrance sales top $100M in 2017

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Campaign for Jimmy Choo's L'eau. Image credit: Jimmy Choo

By STAFF REPORTS

Fragrance group Inter Parfums Inc. is putting the focus on its prestige labels, with plans to cease production of some of its more mass-market lines.

The company's largest licensesMontblanc, Jimmy Choo and Lanvinall reported growth in 2017, contributing to Inter Parfums' total 13.5 percent net sales increase for the year. Looking ahead, Inter Parfums is planning line extensions and product launches for Lanvin, dunhill and Oscar de la Renta coming out this year.

"For many years, our focus has been on growing our prestige fragrance business and brand portfolio; therefore during the fourth quarter of 2017, we set in motion a plan to discontinue several of our small mass-market product lines over the next few years," said Russell Greenberg, executive vice president and chief financial officer of Inter Parfums, in a statement.

Fragrance focus

Fragrance and beauty licensee Inter Parfums saw net sales increase 11 percent in the last quarter of 2017, compared to the previous year.

Inter Parfum's revenue was up from $134.8 million to $149.5 million by the end of December (see story).

In 2017, Jimmy Choo fragrance sales surpassed $100 million for the first time. The brand recently renewed its licensing deal with Inter Parfums' Paris-based subsidiary Interparfums, extending the relationship for 12 years (see story).

Along with licensed labels that have been in Inter Parfums' portfolio for years, new additions also saw growth. Sales of Coach fragrances were up by 149 percent, while Rochas sales grew 34 percent in 2017.

As of 2017, North America is Inter Parfums' largest market. Last year, sales in the region were up 19 percent year-over-year.

Lanvin's Modern Princess. Image credit: Lanvin

Europe, representing the second largest market for the company, saw sales growth of 8 percent.

Inter Parfums' Paris-based subsidiary Interparfums increased its marketing budget by 20 percent in 2017.

"Supported by a marketing and advertising investment budget of 100 million euros ($124 million) for 2018, we intend to maintain our long-term focus on building our brands," said Philippe Santi, executive vice president and chief financial officer of Interparfums, in a statement. "In this context, we are expecting an annual operating margin for 2018 of between 13 percent and 13.5 percent."

Other companies have sought to make their operations more luxury focused through strategic moves.

French conglomerate Kering Group has proposed to distribute approximately 70 percent of its shares in athletic brand Puma to focus more heavily on luxury goods.

Kering currently owns 86.3 percent of Puma shares, but is looking to offload the majority of its holdings to free up the group, allowing for more focus on its status as a leading pure player in luxury. Post transaction, Kering would retain about 16 percent of Puma shares (see story).