

JEWELRY

Lowered tourist spend dents Tiffany's holiday sales

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Zoe Kravitz for Tiffany's holiday campaign. Image courtesy of Tiffany & Co.

By STAFF REPORTS

Despite double-digit growth in mainland China during the holiday season, U.S. jeweler Tiffany & Co.'s global sales declined during the important shopping period.

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Tiffany's net worldwide sales for the two months ended Dec. 31 were down 1 percent from 2017 to \$1.04 billion. The jeweler attributes the dip to lower local American and European demand, as well as reduced shopping from Chinese tourists.

"With continued strong sales growth in mainland China – by a double-digit percentage, solid results in Japan and healthy growth in global ecommerce sales, overall holiday sales results came in short of our expectations, which had called for modest year-over-year growth," said Alessandro Bogliolo, CEO of Tiffany, in a statement. "We attribute the difference partly to lower sales to foreign — primarily Chinese – tourists globally, and to softening demand attributed to local customers in the Americas and Europe, which we believe may have been influenced more than expected by external events, uncertainties and market volatilities."

Holiday results

When compared on a constant currency basis, Tiffany's sales for this latest holiday season were equal to those from the same period of 2017.

Tiffany's comparable sales in the Americas were equal to the previous year. However, the company reported a 1 percent drop in sales in the region.

Asia-Pacific also saw its sales fall 3 percent. Japan saw sales growth of 4 percent as more locals shopped with Tiffany for the holidays.

The Americas, certain areas of Asia-Pacific and Europe were hit by reduced tourist spending.

Tiffany saw a 2 percent sales increase for its jewelry collections. Meanwhile, its engagement jewelry sales fell 3 percent and its designer jewelry sales decreased 8 percent.



Tiffany's engagement jewelry sales dropped. Image credit: Tiffany & Co.

For the 2018 fiscal year, Tiffany expects that its sales will increase between 6 to 7 percent. Looking ahead, it is anticipating a more modest low single digit sales growth for fiscal 2019.

“As I reflect on 2018, we accomplished what we set out to achieve,” Mr. Bogliolo said. “By increasing the levels of strategic investment spending in certain areas, we recovered lost ground from several years of soft sales trends and we expect to report record levels of net sales and net earnings in fiscal 2018.

“Now the focus is to grow to new heights,” he said. “To this purpose, we will continue to pursue the six key strategic priorities we introduced earlier in 2018...which will require our on-going effort and commitment for years to come,” he said.

“We are excited about making further meaningful progress on this journey in 2019, with plans for new product launches, an evolved marketing message, store expansions and Web site enhancements. We acknowledge that external pressures, difficult year-over-year sales comparisons and annualized internal spending are expected to have some negative effects on fiscal 2019 results, mostly in the first half of the year, but we believe that Tiffany is on a solid path for improved sales, margins, earnings and cash flow generation over the long-term.”

Tiffany started out the new year by taking its commitment to sustainable sourcing a step further, disclosing the origins of its newly sourced diamonds to customers.

The jeweler's Diamond Source Initiative will let customers know the country where their stones were mined, with plans to allow consumers to trace the production journey of the diamonds from mine to retail by 2020. While Tiffany has long been committed to conflict-free diamonds, this effort is aimed at providing greater transparency around its practices ([see story](#)).

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