

Some Jewelers Still Expanding in Struggling Economy

While some jewelry chains and brands are closing or struggling to stay open, some are expanding. Tiffany & Company is opening 24 new stores across the world this year with the expectation that the brand will come out of the recession better positioned. Sales from stores across the US are down six percent this year, although tourists buoyed sales at the New York City flagship shop and other locations such as Honolulu, which is popular with Japanese visitors. International sales were a bright spot as Asia-Pacific is up seven percent and Europe 29 percent. Tiffany's anticipates overall sales to rise nine percent this year.

Christofle Silver, a branch of the Paris-based luxury company, recently announced plans to open new boutiques in Boston, Atlanta and Las Vegas in 2009. The brand is extensively renovating current stores and is enjoying an enviable 21 percent rate in growth this year. De Beers recently opened retail stores in Naples, Costa Mesa, and Bal Harbour, bring the total in the United States to ten.

Online retailer Blue Nile had better than expected earnings in the second quarter, with net sales of \$73.7 million, up from \$72.1 from the same period in 2007, but overall profits were still lower. The company began shipping to almost 30 countries, up from only four a year ago. International sales grew 189 percent in the second quarter to \$8.1 million, however they only account for 11 percent of revenue. Blue Nile is bracing for weak sales during the holidays due to the credit crisis and nervous consumers.

2008 was particularly bad for Zales Corp, the largest jeweler in North America, operating over 2000 retail stores and kiosks. Sales were down ten percent for the 2007 holiday season and the company closed 105 underperforming stores in the spring. Staff at the headquarters was reduced by 20 percent and inventory was cut by \$100 million. Signet Group, which operates Kay Jewelers, had losses of more than five percent in the second quarter.

The National Retail Federation released its 2008 holiday forecast recently and projected only 2% sales gains for November and December, significantly down from the average gain of 4.4% per year.

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