

HOLIDAY SEASON UP FOR US JEWELLERS

Retailers focused on clients, custom work and all-time bestsellers scored big, reports Deborah Yonick.

US retail sales overall rose about 3.5% during the 2013 holiday season, helped by deep discounts at malls and purchases of jewellery and children's apparel, according to MasterCard Advisors SpendingPulse. The New York City based-firm hailed sales of holiday favourite categories like clothing, electronics and luxury goods up 2.3% from November 1 through December 24 over the same period in 2012.

This uptick comes close to what the National Retail Federation predicted for the season at 3.9%. The International Council of Shopping Centers also forecasted between 3% and 4%, while ShopperTrak, the Chicago-based research firm, expects a more modest 2% increase when the holiday dust finally settles.

Overall it was a Merry Christmas for most retailers, reports Sarah Quinlan,

senior vice president at MasterCard Advisors. "You're seeing, 'It's OK for me to go out and spend.' But consumers are still being cautious, and they're picking their retailers." However, spending was not the same as in 2006-2007, she noted.

Analysts are calling the 2013 holiday season the most competitive since the recession in 2008, as many Americans battle stagnant wages, higher taxes and the impact from the government shutdown. Even though the 2013 holiday season had six fewer shopping days between Thanksgiving and Christmas, as well as bad weather that affected sales in some parts of the country, holiday business registered a clear improvement on 2012 numbers, Quinlan proclaims.

SpendingPulse cites the strongest sales in jewellery and children's apparel. Quinlan reports in *Women's Wear Daily (WWD)* that holiday jewellery sales were up in the



Gem-set rings by Pandora



Ring set with pearls and diamonds by A&Z Pearls



Bracelet by Lagos



Mark Sanders

high single digits, linking it to the decline in women's apparel. "Consumers aren't replacing their apparel as often as they used to. Apparel's performance came partially as a result of people buying things they saw as more of an investment. Consumers got a bonus earlier in the year when gas prices dropped 10%. They spent on jewellery first. That started in October and went through November and December, which tells you they weren't just buying jewellery as a gift. If you didn't buy a house or new car, you bought jewellery, and you did it as an investment."

Jewellery up

US jewellery trade press reports concur that holiday sales were up over the previous year for many jewellery retailers, with luxury jewellers hailing an especially good season. Reports from independent and small chain jewellers show modest single digit to upwards of 18% sales gains for the season. Reports cite tepid sales in general for mass merchandisers. At press time, data from major jewellery chains like Signet and Zale was pending release.

Signet's third quarter financial report released November 26 was optimistic for the holidays. Mike Barnes, chief executive officer, commented: "We're pleased with our third quarter results, led by a same

store sales increase of 5.8% at Kay." Fourth quarter expectations include same store sales to rise in the low-to-mid single-digit range. Meanwhile, Zale Corp's first fiscal quarter for 2014 released November 26 delivered positive comparable store sales for 12 consecutive quarters. "Importantly, our core national brands drove our sales performance in the first quarter with comparable store sales growth of 7.5% in Zales and 8.4% in Peoples," commented Theo Killion, CEO. "For the holidays, we've expanded our exclusive, branded product offerings, launched a new marketing campaign and improved store environment to enrich the guest experience."

Based on a random sampling of US independent jewellers, holiday bestsellers include diamond basics like stud earrings and line bracelets, bridal, designer silver, colour gemstone jewellery in mid to higher price points, Rolex watches, Pandora charms, and custom/store signature designs. The retail sweet spot is \$2,000 to \$5,000, but jewellers say affluent customers were not shy to spend big.

Despite ice, snow, rain and flooding, and six less sales days, Sissy's Log Cabin did extremely well for the holidays, comments Mark Sanders. With three (soon to be four) units, the jeweller based in Little Rock, Arkansas, the company hit all its goals and

Diamond ring by Rahaminov





Five-row pearl necklace by Honora



Pearl bracelet by Honora

expects to be about 10% up for the season. He claims branded silver, bridal and bread-and-butter diamond designs, and Rolex watches as all-time bestsellers. Regarding seasonal surprises, he cites greater pearl sales particularly branded Mikimoto and one-of-a-kind designs by A&Z Pearls.

Phyllis Weeks-Daniel, store manager for George Carter Jessop in San Diego, California also hails a prosperous holiday season and annual sales, “better than they’ve been in years!” She reports traffic to be marginally higher, but what made the season were big ticket sales, particularly for custom work, which the jeweller is known for. Overall, she could not identify one standout product or category for the holidays, but did cite more interest in slightly larger, unusual colour stone pieces.

For Aires Jewelry in Morris Plains, New Jersey the volume of sales was up, but the value of each sale dropped slightly. “Instead of six big sales, it was 15 smaller sales to make the same amount,” describes principal Ron Arrends, Sr., who notes that consumers are still concerned about their financial future and remain cautious in their spending, with a focus on quality.

“Two weeks before Christmas we had snow and torrential rains that pushed people to the very end to shop,” Arrends shares. He concurs that high end sales

made the season—not the \$70,000 to \$100,000 sales of yesteryear, more in the \$15,000 to \$30,000 price range. He cites an increase in sales for necklaces and earrings, perfect for late season shoppers, as size is not a concern. He notes that a rotation of three different local cable TV ads enticed new customers into the store, which helped his bottom line.

Known for its inventory in better colour, Aires saw greater interest in colour stones like sapphires, emeralds, tourmalines, and opals in its own signature designs. Arrends also notes strong sales for nice pearl pieces from brands like A&Z Pearls in Tahitian Black and Golden pearls with diamonds, and Honora Chinese freshwater pearl fashion designs. Diamond basics like studs and cluster earrings and solitaire pendants were also favourite no-brainer gifts.

Richard Hansen of Goldcraft West says that while traffic was not gangbusters for his Ashland, Oregon jewellery store, spend per sale was up. Next to diamond basics and Pandora charms, he cites wedding sets and custom work strong for the season.

Winning strategies

Up 30% for the season and 15% for the year, Jeff Hampton of State Street Jewelers in Geneva, Illinois says a back to basics attitude was part of his winning strategy



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Rolex

» US DIARY «

Single-strand South Sea pearl necklace by A&Z Pearls

Leather and silver charm bracelet by Pandora

Multicoloured Tahitian pearl necklace by A&Z Pearls

Designer rings by Pandora

Multiple pearl bracelets by Honora



Kate Peterson



Pam Danziger

for the year. “We’re focusing on bestselling products, customer service and working more closely with our vendors to be the most effective. In fact, what we planned for we came within .001% of our goals.” He says his business is not trying to be everything to everyone. “We’re a diamond store and we’re focused on classic diamond jewellery styles that sell.”

Retail marketing consultant Kate Peterson, president of Performance Concepts, Montgomery Village, Maryland praises retailers who understand and are focused on client management and referrals. “Jewellers who practise active customer development did really well.” Among her clients, she cites higher ticket sales, an uptick in diamond fashion, and continued strength for colour stone jewellery in higher price points.

Luxury market consultant Pam Danziger, president of Unity Marketing in Stevens, Pennsylvania, says that the secret for retailer success in the gifting business isn’t about opening more hours or offering deeper discounts, it’s about meeting the needs of the gift shopper, particularly

affluent customers who spend twice as much purchasing holiday gifts than the average consumer. And, it’s all about value in high quality products and retail experience.

Analysts forecast the US economy will grow about 2.5% to 3.5% this year. The Wells Fargo Economics Group expects a modest gain in consumer spending; stronger investment in business equipment, structures, and housing; and slight improvements in the labour market with a modest decline in unemployment to less than 7%. But notes that cuts in government spending will remain a drag on GDP, though less so than in 2013.

Jewellers say they’re “guardedly optimistic” that business will continue to strengthen in 2014. “Things are on the upswing; I think we’ve turned a corner,” says jeweller Cornelius Hollander in Scottsdale, Arizona. “People are spending, albeit not as robust as seven or eight years ago, but sales for us in the past three or four months have been very strong. We’re up 18% for the season, and up for the year over 2012.” ■