

J.C. Penney Expects Strong Holiday for Jewelry

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Source: Rapaport News

J.C. Penney's comparable jewelry sales grew in the third fiscal quarter, prompting management to predict a further increase for the holiday shopping period.

"We had a strong third quarter of positive comps [comparable sales] from fine jewelry, and we expect to see this trend continue during the holiday season," Marvin Ellison, the department-store chain's chairman and CEO, said in an investor call last week transcribed by Seeking Alpha.



J.C. Penney did not provide sales data for the jewelry division, but said group comparable sales — from stores open for at least a year — had climbed 1.7% as the retailer closed outlets and reduced inventory. Total sales slipped 1.8% to \$2.81 billion for the quarter, which ended October 28.

The company has re-branded the jewelry department and introduced a line of smart watches in a bid to achieve the desired increase in holiday sales. Earlier this month, it appointed James Starke as senior vice president and senior general merchandise manager for men's apparel, children's apparel and jewelry, reporting directly to Ellison.



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Already Li Jun, founder and chairman of the company, is planning to develop the business into an accessory chain on the lines of I.T, the fashion apparel giant in Hong Kong.

"Just like I.T, we plan to feature a unique, multi-brand and multi-layer business model that gathers many in-house and licensed global brands," Li said.

"A second store with a collection of more than 20 labels will be opened in a shopping mall in southeast Shanghai within the year, and the combination will be adjusted, according to the feedback of our consumers," he added.

By selling multi-brand jewelry in brick-and-mortar stores, the company is targeting China's young middle class professionals who demand quality and diversity. Many have traveled outside the country and have developed a passion for beautifully crafted pieces.

"Chinese people spend billions of dollars on overseas trips every year, among which about 40 percent goes on accessories, including jewelry and watches," Li said. "That opens a 600 billion yuan market for the related business sector here."

In Deloitte's Global Powers of Luxury Goods 2017, the report highlighted the significant regional price disparities within the industry.

BenchMarque revealed that US dollar-adjusted prices for equivalent items are on average more than 50 percent higher in China than in Italy and France.

Naturally, this presents an opportunity for travelers from Asia, and maintains the pre-eminence of the home markets associated with European brands, the report stated.

Li plans to change that by selling products in China at the same price as in their countries of origin.

"By lowering gross profit margins and special offerings from the brands, One Jewelry aims to sell the same items at the same price as in home markets such as the United States or Europe," he said.