

1,669 U.S. Jewelry Businesses Closed in 2016, JBT Says Despite appearances, this was not the worst year ever for closures

February 1, 2017
Source: JCK Online.com

Last year, 1,669 jewelry businesses ceased operations in the United States, a 50 percent jump from 2015, according to the Jewelers Board of Trade.

The numbers reflect a readjustment from the JBT, which has found that more businesses have closed year-to-date than previously thought. They also show that 413 businesses closed during the fourth quarter, an unexpectedly large number for the final quarter of the year.

Breaking the numbers down, 1,269 U.S. retailers shut down in 2016 (319 in fourth quarter), 250 wholesalers (60 in fourth quarter), and 150 manufacturers (34 in the fourth quarter).

In addition, 275 new jewelry businesses were created in the United States, 58 in the fourth quarter. That number is on par with prior years.

Despite appearances, this was not the worst year ever for business closures. Over 2,000 jewelry businesses closed in 2009—and a lot more of those were bankruptcies, says JBT president Anthony Capuano.

By contrast, this year there were only 33 bankruptcies. Most of the closures appear to be retirements, Capuano says.

“I don’t think we are seeing anywhere near recessionary conditions,” he says. “These businesses are not leaving unpaid obligations. It’s mostly businesses without succession plans, or the owners’ kids don’t want to come in the business.”

Still, he believes the ongoing consolidation trend has not yet run its course.

“I see no reason to believe the number of jewelers will not continue to decrease,” he says. “I would hope that if we have better years, maybe the rate of decrease will abate a bit. But I think the trend will continue.

“I don’t know what the perfect number [of jewelry businesses] is,” he continues. “But it is probably somewhat lower than it is today.”

And he adds that the industry shouldn’t look at these numbers as all negative.

“I always point to the opportunity,” he says. “If there were five businesses in town, there is presumably more business for the four that are left. Because jewelry is such a personal purchase, it will always favor the existence of brick-and-mortar.”

Capuano says the feedback from the holiday he’s gotten has been mixed but good, though he believes larger independents did better than small ones.