

Chow Tai Fook Jewellery Group revenue hit

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Source: Inside Retail Hong Kong

Chow Tai Fook Jewellery Group has taken a 12 per cent hit in revenue for its latest financial year, dropping from HK\$64.277 billion (US\$8.277 billion) to \$56.5915 billion.

Its core operating profit was down by 24.5 per cent to \$5.05 billion following the decline in revenue and an eroded gross profit margin.

Chairman Dr Henry Cheng says the year was filled with challenges and uncertainties amid the volatile macroeconomic environment in greater China, but the group's underlying competences remained strong.

Its revenue hit was mainly attributable to continual weak consumer sentiment and the diversion of mainland tourists to other overseas travel destinations as US dollar strengthened.

Growth in the jewellery business in mainland China increased steadily to 56.3 per cent of the group's revenue, while the contribution from Hong Kong, Macau and other markets slid to 39.2 per cent.

Revenue mix from gem-set jewellery showed a gradual increase to 27.4 per cent during the year, while that from gold products grew to 55.3 per cent because of a surge in demand for gold products in July and August.

During the year, the group opened 62 points of sale, taking its total to 2319 as at March 31.

After acquiring the international diamond brand Hearts on Fire, the group expanded its presence by leveraging Chow Tai Fook's retail network, with five points of sale and 136 shop-in-shops and counter-in-shops developed in China, Hong Kong and Macau.

“Remarkable” 51.7 per cent growth in retail sales value was recorded by the group's eCommerce business in China. Average daily traffic of the group's major eCommerce channels, including Chow Tai Fook eShop, Tmall and JD.com, increased to 268,000 unique daily visitors, while the number of followers on Sina Weibo, Tencent Weibo and WeChat reached more than 2.3 million followers.

During the year under review, the group capitalised on the blockbuster movies Star Wars and Batman v Superman by launching their licensed collections.

Meanwhile, the Chow Tai Fook Membership Program grew to reach more than 1.4 million members.

The group says it remains optimistic about the long-term growth potential of its business in greater China. Outlets will continued to be consolidated in Hong Kong and Macau while there will be a more selective and targeted approach to expansion on the mainland.

Smart devices are being used instore to understand customer preferences and refine business strategies.

Listed in 2011, Chow Tai Fook Jewellery Group has become the largest jeweller listed in Hong Kong by market capitalisation. It has more than 2300 Chow Tai Fook and Hearts on Fire stores spanning more than 500 cities in China, Singapore, Malaysia, South Korea and the US.