VERDICT

THINK **RETAIL** THINK **VERDICT**

Global Jewellery Retailing 2008

Asia Pacific switches on to brands

Published: July 2008
Reference Code: DMVT0450
Report Price: £2,495/€3,610/$4,795

About Verdict Research

Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

> **"Verdict are the company of choice for any research analysis and insight into retailing"**
>
> **Sir Stuart Rose**
>
> Chief Executive of Marks & Spencer

Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

Global, European and UK analysis across nine core sectors...

Verdict Research reports covers nine core sectors, five year forecasts, strategic issues, key locations, How Britain Shops consumer surveys and the main European retail markets. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.

Over 20 years of experience...

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

A key source for independent analysis and comment...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.

Global Jewellery Retailing 2008

Shift to new markets and luxury brands set to fuel growth...

Despite challenging economic conditions in the largest single market, the US, global jewellery and watch expenditure is set to increase by more than a third over the next 5 years due to strong growth in the Asia Pacific region and with the success of luxury brands. Due to this slow growth, Asia-Pacific will grab the top slot, going from 29% in 2008 to 35% share by 2013 widening the gap to 3.7 points.

This new report applies Verdict's expertise in analysing retail markets, issues and trends to the jewellery and watch sector. It contains global data on consumer five years trends, forecasts to 2013 and profiles of 10 key industry operators. It provides invaluable information for all participants in the jewellery sector, enabling them to understand the challenges they face and develop winning strategies with confidence.

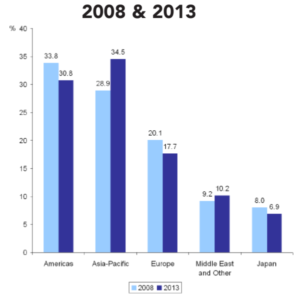
10 Key Companies Profiled

Bulgari	Swatch Group
Finlay	Signet Group
Gitanjali Group	Tiffany & Co
LVMH	Tsutsumi
Richemont	Zale Corporation

Identify growth opportunities and understand key issues and challenges in the jewellery and watch sector with this new report...

Japan's slow growth will lead it to be demoted to the role of smallest regional market by 2013...

Global jewellery expenditure % share per region 2008 & 2013



Source: Global Jewellery Retailing 2008

"...as it is overtaken by the Middle East and the rest of the world. Japan's generational attitude shift towards different spending patterns and priorities and a less conspicuously label-led retail culture is likely to contribute to lower rates of expansion. Japan's ageing population will also reinforce this situation by restraining overall consumer spending levels..."

- **Identify growth trends and potential markets** with this report's market dara detailing regional market sizes, shares and growth rates, both historical and forecast.
- **Minimise risk and maximise growth potential by understanding market and regional dynamics** with this report's comprehensive analysis of regional, segmental and category trends.
- **Benchmark key industry players performance and strategies** using the trading records, key operating statistics, market shares and the strategic analysis of 10 leading operators contained in this report.
- **Create more effective strategic plans** based on this report's actionable recommendations for winning share in the luxury segment.

Global Jewellery Retailing 2008

This report answers key questions including...

- What is global expenditure on both jewellery & watches since 2003?
- Which will be the largest market in 2013?
- How much will it grow by over the next 5 years and what is the share of growth?
- What are the factors behind growth in both the jewellery and watch segments?
- Which groups have the leading market shares and why?
- How are operators expanding into new markets?
- Where are the major growth opportunities for mass market retailers?

Key Market Data

10 year's data of total global expenditure on jewellery & watches 2003-13

Expenditure by region, market segment & category 2003-13

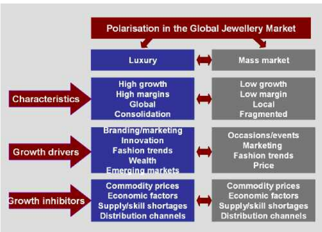
5 year trading record of 10 key operators including operating profits & margin comparisons

Global market shares of key operators

Key issues examined in this report...

Over the next 5 years the luxury segment will continue to outperform the mass market, doubling in size...

Polarisation in global jewellery retailing 2008



Source: Global Jewellery Retailing 2008

"...and increasing its share of the global jewellery market from 19.9% to 29.6%. Not only does the luxury segment enjoy high growth but also operators benefit from much higher margins than mass market retailers despite suffering from the same kind of problems of high commodity prices and limited capacity and skills in the supply chain..."

- **Branding.** This plays a particularly important part in building aspirational status and conveying value that exceeds the actual commodity costs of similar products. Innovation and fashion is more prevalent in luxury brands and create more frequent reasons to purchase, whereas mass market jewellery is largely dependent on events such as marriages and anniversaries to drive demand.
- **Controlled retail.** The trend towards brands opening their own stores where previously they might have sold on a wholesale basis through other retailers has continued. In an upturn, this integration of retail is an advantage, with rising turnover from stores more than compensating for the additional costs to which the company is exposed. Richemont, which has gained 13.8% points in operating margin in the past 5 years is one successful example.
- **Value chain integration.** The most successful retailers in this report are principally the ones that have the greatest level of value chain integration, often taking the product through from raw material stage (in the case of diamonds) to sale to the final consumer.

Chapter 2: Signet Group - Sales Performance

- The company announced in January 2008 that it would review its primary listing and domicile in the UK in the light of the growth of US shareholders on its register. After consulting with its shareholders, the board subsequently announced that it believed shareholders, on balance, would support a move of the primary listing to New York and a change of domicile to Bermuda. A proposal is expected to be put to shareholders during the summer of 2008.

- The year to 2 February 2008 was a more difficult one than 2006/07, with sales rising 3.2% on a comparable basis (there were 53 weeks in 2006/07) to $3,665.3m. Group like-for-like sales fell 0.7%, the first annual decline since 1992/93, while operating profits fell 15.6% to $351.3m.

Table 39: Signet Group trading record in $ 2003-2008

Year to end January	2003	2004	2005	2006	* 2007	2008
Group Sales $m	2,446	2,697	3,005	3,154	3,559	3,665
Y-o-Y Change %	-	10.3	11.4	5	12.8	3
Group Operating Profit $m	297	341	395	375	416	351
Group Operating Margin %	12.1	12.7	13.2	11.9	11.7	9.6

* 53 weeks Note: Signet is registered as a plc in the UK. The above results are translated into $ reporting

Source: Global Jewellery Retailing 2008

- The US business was hit by a particularly weak fourth quarter the most important as it provides the highest share of sales in the year, around 40.0%. In Q4 2007/08 like-for-like sales were down 8.6% against a rise of 2.7% over the previous nine months.

- Total US sales were up 4.0% against the same 52-week period the year before, but fell by 1.7% like-for-like on the same basis. Operating profits fell 19.6% on a 52-week basis, to $262.2m, with operating margins falling from 12.3% to 9.7%. A lower level of sales, promotional activity and higher raw material costs all contributed to lower operating margins.

- The UK business fared better, despite slower growth in sales at constant exchange rates and on a 52-week basis of 2.0% to $959.6m. Operating profits were down just 1.3% on a comparable basis, to $105.1m, while operating margin fell from 11.4% to 10.9%. Ernest Jones performed best, with like-for-like sales on a comparable basis up 2.9%. As with the US, the fourth quarter was difficult, with UK like-for-like sales down 1.7%.

Current Trading

- Results for the first quarter of 2008/09 to 3 May showed another contrast in perfomance between the US and the UK. Group sales rose 1.0% to $822.5m, while operating profit fell 18.9% to $43.8m, hit by deteriorating operating margin in the US. In the US, like-for-like sales declined by 4.7% and fell 0.2% in total to $630.9m, despite new space and a reasonable Valentine's Day period (due to better weather than in 2007). Operating margin fell to 7.2% from 9.5%.

Table of contents

Global Jewellery Retailing 2008: Asia Pacific switches on to brands

Table of contents

Global Jewellery Retailing 2008: Asia Pacific switches on to brands

Fax to: +44 20 7900 6688
or scan and email to marketing@verdict.co.uk

VERDICT

www.verdict.co.uk

THINK **RETAIL** THINK **VERDICT**

*Please refer to our website www.verdict.co.uk for up-to-date prices

I would like to order the following report(s):

Please enter the title of the report(s) below*

Please circle your currency

______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________
______________________	(£/€/$)	________

Complete your contact details:

Title: Mr/Mrs/Ms First Name ________

Last Name ________

Job Title ________

Company ________

Address ________

____

____

City ________ State/Province ________

Country ________ Post Code/ZIP ________

Email Address ________

Telephone Number ________

Fax Number ________

ALL FORMS MUST HAVE A SIGNATURE TO CONFIRM YOUR ORDER:

Signature ________

Complete your payment details:

Please indicate your preferred currency option: ☐ UK£ ☐ EUR€ ☐ US$

Total value of my order is ________

☐ I will forward a check payable to Verdict Research Limited

☐ Please invoice my company (please complete invoice address below)

☐ I would like to pay by bank transfer (email address required)

☐ Please debit my credit/charge card: Amex Visa Mastercard

Cardholder/invoice address________

____

____

____

Cardholder Name ________

Card No ________

Expiry Date ________ / ________

Cardholder/invoicee Signature ________

EU companies (except UK) must supply VAT / BTW / MOMS / MWST / IVA / FPA number :

____

Purchase Order Number (if required) ________

How to contact us:

Web Order

Verdict Research Limited, 119 Farringdon Road, London, EC1R 3DA, United Kingdom.

marketing@verdict.co.uk

+44 (0) 20 7551 9750

By completing this form you agree that the data in the form will be used for the purpose of processing your order. We may also use your data to keep you informed of Verdicts' products and services. As an international organization, Verdict may need to process your data internationally, including in countries which do not have data protection laws, or which have standards lower than the European Union. Verdict, however, seeks to protect your personal data. You have a right to see and correct your data by writing to us. Sometimes a fee is payable. For queries about this contact retail@verdict.co.uk.
Please tick the relevant box(es) if you would not like Verdict to contact you by:

☐ Post ☐ Email ☐ Fax ☐ Phone

Occasionally, our client list is made available to other companies for carefully selected correspondence. Please check here if you do not wish to receive such correspondence by:

☐ Post ☐ Email

This order is subject to our standard terms and conditions, a copy of which is available on request.