

Sandy Reports

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WORLDWIDE RETAIL SALES ROUND-UP

Dear Subscriber,

After a winter that presented the international industry with mild weather in the key-selling months of November and December, and sub-freezing temperatures in late March, retail sales globally proved to be just as erratic.

Retailers worldwide (and/or their respective country's trade associations) were surveyed for this report on a series of issues including: how the retail season shaped up in terms of sales for the 2016/17 season, how those sales compared to those of 2015/16, noteworthy trends that have emerged and any significant new marketing efforts that proved successful. Retailers shared their information under the condition of anonymity.

Following are highlights of those findings by country . . .

The U.S. The majority of retailers surveyed from a range of markets nationwide indicated less than stellar sales. "Fair" was the term used most often. Those with increases reported they were marginal as compared to 2015. But with that year down from 2014, it's all relative. A handful of retailers, mostly in the northeast, reported increases of approximately 10%. For the most part, price points were lower, thereby necessitating the need to sell more units.

Some key aspects that resonated throughout the US markets:

➤ **Leading fashion trends**

- Sheared mink was the overall standout followed by long-hair mink;
- Cashmere with fur trim;
- Shearling for men and women;
- Reversibles in both sheared and long-haired furs;
- Silhouettes - capes, ponchos, vests, knee-length, accessories including scarfs, wraps and hats;
- An increase in the sale of high-end furs – sable, better mink and chinchilla;

➤ **Service business**

- Cleaning services declined significantly due to mild weather and consumers' decreased amount of wearing;
- Restyling increased both from younger consumers restyling an older coat from a grandmother or the consumer wanting 'a fresher look' and not ready to spend on a new fur;
- Storage on par with last year, but no additional services requested.

The U.K. Retailers in the U.K. reported "predominantly good" sales this season. According to the British Fur Trade Association, estimates were that 2016 sales doubled from what they were five years prior.

Key trends that emerged included:

➤ **Fashion**

- Fur trims and fur trimmed hoods (Canada Goose coats);
- Accessories – hats, wraps, scarfs

➤ **Retail stores**

- An increased number of specialty store and boutiques are now carrying fur and fur accessories;

➤ **Demographics**

- An increased number of younger women are wearing fur than ever before.

Russia. Sales in Russia decreased 10 – 15% for the past 2016/17 season. Factors effecting this decrease included the introduction of a mandatory fur labeling system, the ongoing economic crisis and a mild winter. As previously reported, there were increased numbers of Russian buyers attending the international fur fairs as well as playing an active role at the recent fur auctions. This is expected to lead to a stronger upcoming season. From a fashion perspective, the main fur trend was colorful fur outerwear for the younger generation along with fur and fabric combinations. Interestingly, there was no interest in grey and black, considered a staple in most markets.

Germany. With stronger numbers of retailers attending the international trade fairs, sales were better than the previous season. The frigid temperatures in January gave fur sales an immediate bump throughout Germany. Fashion trends reflected a strong surge of foxes, wild furs as well as fur and fabric combinations.

Japan. Overall fur retail sales were down 10% from the previous season. It was reported that fur accessories – hats, wraps, scarves were most popular, thereby showing, once again, that since these price points are lower than those of fur garments, an increased number of units need to be sold.

Canada. The more positive reports came from the Canadians. The majority of companies surveyed were very pleased with their sales, reporting their sales this year were “good”, “better than 2015” and “doubled from last year”. Those firms indicated a strong focus on classic silhouettes in mink and an emphasis on accessories. Several other firms called the season a “roller coaster”, as erratic as the weather. Mild weather in October and November gave the season a lackluster start, but with the cold December, it was reported that sales bounced back. Even with that strong month, some stores reported sales down 10% - 20% from the previous season, which was also down from 2014/15 when sales were way up to due to that year’s long, cold winter.

Key trends emerging from Canada:

➤ **Fashion**

- **Classic silhouettes** still dominate. Strongest furs included shearling, sheared beaver and mink – both reversible - and a major emphasis on accessories.

➤ **Service business**

- Strong increase in remodels – from young women bringing in older coats to have them modernized to consumers who see the benefits of reinvesting in the furs they own.

➤ **Diversification**

- A select number of retailers noted how diversifying their product mix reaped strong sales results. With fur being seen by many as a ‘seasonal’ purchase, these firms started to include products such as leather handbags, shoes and scarfs – all accessories complimenting a fur purchase and all of which give the consumer a reason to visit the store throughout the year. This enables retailers the opportunity to continually tempt their consumers with new fur collections on an on-going basis.

ITALY. The past season was described as one of the most difficult years in terms of economics that Italy has ever experienced. Price points of what was sold are lower with accessories being a strong category. From an export wholesale perspective, Italian exports decreased to 246 million Euros, compared with 260 million Euros in 2015, a decrease of 5.3%.

According to the Associazione Italiana Pellicceria, this negative result was influenced by the difficult situation in international markets, especially the Russian and CIS area market, where the devaluation of the ruble and economic sanctions has led to a 42% decrease in Italian exports of fur products over the last two years.

Promotions promote. It was universally agreed that when clever and strategic marketing efforts were coordinated, the results were positive. Targeting new/different demographics with a direct consumer ad campaign styled to reflect the lifestyle of that specific group proved to be successful in attracting that new clientele.

- **Websites** are a strong marketing tool as long as photography and imagery are kept fresh and new. Many retailers utilize *Google AdWords* to direct traffic to their sites.
- **Billboard and local newspaper advertising**, including hotel magazines is a standard, but when executed in creative ways, continues to drive traffic.
- **And most important ... Social Media platforms**, when used effectively, can reach a *huge* and untapped audience that can now be in the retailers' avid and devoted 'followers'. Make 'share', 'like' and 'tag' your most used words and your audience – and potential fur customers - can expand in the most staggering ways!

Regards,

Sandy Blye

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