

## Solid foundation 2008 – cautious start to 2009

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Jewellers and watch retailers are reporting only a mild setback at the beginning of 2009. The turbulence of the financial markets has reached the real economy, however, there are no signs yet of a slump, according to the **BVJ - Federal Association of Jewellers, Jewellery and Watch Retailers**. The majority of trading companies ended the year 2008 with increased revenue in jewellery and, in particular, watches, the volumes of the sector at end consumer prices grew slightly from 4.54 billion euro to 4.6 billion euro (forecast). According to the BVJ, good seasonal business contributed to this in particular.

*"Customers have failed to let themselves be influenced by the pessimism and reports of crisis. Nearly all jewellers reported good Christmas trade and there is no sign of a crisis in January,"* commented **Karl-Eugen Friedrich**, Chairman of the Board of BVJ. *"The loss of confidence in banks and credit institutions appears to have reinforced the appreciation of products in our sector. Premium jewellery and high-quality branded watches were and are the trend."* Where in the jewellery segment business fell in the second half of the year following a good first six months, further growth has been achieved for mechanical watches in the medium and upper price segments in particular over the season. Although the number of purchases before Christmas was down, the average amount of till receipts rose significantly. According to a BVJ survey, sales overall within the sector were at least equal to those of the preceding year, in the upper segment even clearly above those - with a relatively high level of fluctuation. **Friedrich:** *"Consumers today look very closely at what they are spending their money on. If they are going to spend, then they are going to spend well."*

The uncertain outlook this year, with its economy stimulus packages and elections, means that jewellers are currently planning cautiously. **BVJ Managing Director Joachim Dünkelmann:** *"Reliable forecasts of consumer behaviour are few and far between, so companies need to allow themselves room to manoeuvre. We recommend conservative planning and strict cost management, whilst at the same time entering into intensive dialogue with suppliers in order to utilise existing potential together."* The pessimistic outlook of the luxury goods industry is not shared by retail thus far, says **Dünkelmann:** *"Slim stocks and a subsequent low level of capital tie-up is the current strategy for jewellers to be able to react flexibly to future developments. However, so far the crisis has yet to truly affect the specialist jewellery and watch retailers."* According to the BVJ, the amount of sales that companies can "save" in the first six months of the year will be decisive for the annual balance in 2009.

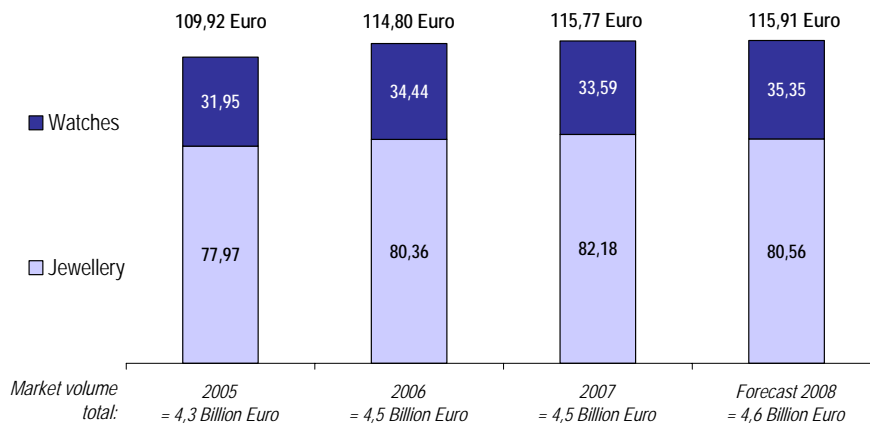
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2009 is set to be a difficult year for retail as a whole. When and how hard the economic crisis bites is not currently foreseeable. According to the estimation of the German Retail Federation (HDE) nominal retail sales (all sectors) 2009 will occupy a corridor of between zero and minus one percent in 2009. The BVJ anticipates a comparable development for retail in the jewellery and watch sector.

The association places high expectations on the trade fairs of the sector, in particular the forthcoming **inhorgenta europe** to be held in Munich from 20 to 23 February 2009. **Friedrich:** *“Against the background of capital requirement and capital tie-up in particular, we do not need any ranges dictated but comprehensive marketing concepts. The fair is the ideal platform for discussing this with the exhibitors.”* Trade fair visits are a necessary investment in order to filter out the right range for customers of jewellers from the extensive spectrum of brands and products on offer. **Friedrich:** *“Traders cannot allow themselves to experiment in situations such as these. The design and material of the range needs to hit the current trend head on.”* At the Munich trade fair around 1,200 exhibitors from 47 countries present their new products and ranges to an international audience from the trade. The BVJ and the GZ will be present at the inhorgenta europe from 20 to 23 February 2009, with the **BVJ/GZ Lounge in Hall A1 Stand 101.**



#### Spending on jewellery and watches in Germany



The **BVJ (Federal Association of Jewellers, Jewellery and Watch Retailers)** represents the political and functional interests of specialist retail in the branch in Germany. The association represents the interests of over 9,000 retail companies. The BVJ is part of the technology branch of the retail organisation and is affiliated to the German Retail Federation (HDE).

Further information at:

**Bundesverband der Juweliere, Schmuck- und Uhrenfachgeschäfte e.V.**

(BVJ - Federal Association of Jewellers, Jewellery and Watch Retailers)

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