

Shiseido Travel Retail hit by COVID-19 crisis in Q1



“Let us stand together with a steadfast spirit and trust that our collective resilience will carry us through the challenges ahead” - Philippe Lesne, President & CEO, Shiseido Travel Retail

Shiseido Travel Retail has reported net sales of ¥27.8 billion (US\$255.2 million) in the first quarter ending March 31, 2020, including Travel Retail Japan. This figure represents a year-on-year net sales decrease of 1.6% currency-neutral.

The beauty company said that travel retail net sales made a strong start to the year in January, but were sharply down from February due to lockdowns.

In a major challenge to the division, the number of Chinese passengers tumbled by over 90%, with international flights significantly curtailed. Most stores were closed or had reduced operating hours.

The travel retail unit's Q1 operating profit declined by 33.7% year-on-year to ¥5 billion, mainly due to lower profit margins accompanying weaker sales and unfavorable product mix.

In its Q1 financial statement, the group said that consumer purchases in the travel retail business dropped sharply from February onward, particularly in Japan and Asia. This was mostly due to large-scale suspensions of international flights, especially in Asia, and the resulting decline in the number of Chinese travelers worldwide.

While many brands saw weak performance, sales of such brands as Clé de Peau Beauté and NARS, which were sluggish in the same period of the previous fiscal year due to a shortage of some products, increased.

In a media statement, Philippe Lesne, President & CEO, Shiseido Travel Retail, said: “The COVID-19 pandemic has presented us with an unprecedented global challenge and our number one priority remains the health and safety of our employees, consumers and partners around the world.

“We are humbled to be in a position to contribute value to our society, for people in all regions. As a group, we are supporting the global fight against COVID-19 through the donation of relief supplies and the production of hand sanitizer.

“The travel retail industry has weathered its fair share of crises to emerge stronger than before. Let us stand together with a steadfast spirit and trust that our collective resilience will carry us through the challenges ahead.”