Week 1 Memo — Pandora A/S

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A. Executive overview

Pandora is a Danish jewellery company that sells products through stores and online. Its main products are bracelets, charms, rings and necklaces. Customers often buy Pandora jewellery as gifts or for themselves. One important part of its business is that customers can collect different charms and add them to their bracelets over time. This gives customers a reason to return and buy more products. Pandora operates in many countries and has a well-known brand. I believe Pandora has a **Narrow moat** because its brand and large production scale give it an advantage over smaller competitors.

B. Revenue and margins

Segment	Revenue (DKK million)	Per DKK 100 of sales	Gross margin
Core	24,235	74,46	77,9%
Fuel with more	8,314	24,54	82,8%
Total	32,549	100.00	79,1%

Region	Revenue (DKK million)	Per DKK 100 of sales
Europe, Middle East and Africa	16,149	49,61
North America	11,762	36,14
Latin America	2,129	6,54
Asia Pacific	2,509	7,71
Total	32,549	100.00

Core matters most for profit because it made about 73% of gross profit. Regional margins and segment operating margins are not disclosed.

C. Competitive moat

- **Network effects :Absent. More buyers don’t make a charm more useful.**
- **Switching costs :Unclear. People may stick with Pandora charms, but switching costs aren’t reported.**
- **Cost advantages :Present. Making 112 million pieces in 2025 helped spread out factory costs.**

- **Intangible assets :Present. Pandora reports the highest unaided brand awareness in the jewellery industry.**
- **Efficient scale :Absent. The market supports many jewellery sellers.**

Narrow. Pandora's brand and production scale take time to match. A well-funded rival could still win some customers within two or three years by selling different designs online.

D. Industry dynamics

Main market : Affordable jewellery, especially charms and bracelets.

- Supplier power: Medium. Metals are widely traded, but price increases raise costs.
- Buyer power : Medium. Shoppers have plenty of options but little room to negotiate.
- Substitutes : High. People can choose other gifts.
- New entrants :Medium. Selling online is easy, but building a brand takes time.
- Rivalry :High. There is many shops selling similar jewellery.

Headwinds

- Silver and gold prices can rise.
- People may spend less on jewellery when money is tight.
- Other brands compete for shoppers' attention.

Tailwinds

- Charm collectors can come back for more.
- Birthdays and holidays give people a reason to buy gifts.
- People already recognise the Pandora brand.

Source

Pandora Annual Report 2025, pp. 19–24, 28–29 and Note 2.1, pp. 110–111.