

COMMERCE

## What impact will the Paris tragedy have on tourism?

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*View from Four Seasons Paris*

By SARAH JONES

In the wake of a widespread terrorist attack in Paris, the tourism industry in the world capital is likely to feel the aftershock.

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Immediately after the tragedy, a number of tourists began canceling their trips to Paris, sending the stock of carrier Air France and a number of other travel providers tumbling. Following a weekend of mourning, Paris tourist attractions such as the Louvre are now reopened, signs of a return to normalcy, but France's president Francois Hollande has proposed an extended state of emergency for the next three months, which may keep international travelers away for the foreseeable future.

"Well I think, at least immediately, I think it will have an impact on sales in Paris," said Fflur Roberts, luxury lead at [Euromonitor](#). "It may even put people off going to other big cities, even other major luxury hotspots like Milan or London.

"It may just kind of amplify or magnify rather the situation," she said. "But I think probably to come up with any estimate on what the long-term outlook is going to be, I think it's really kind of too early to say."

### Feeling the impact

Coordinated terrorist attacks in Paris on Nov. 13 left 129 individuals dead and 350 injured. The assailants, afterwards identified as members of ISIS, targeted civilians attending everyday events such as a rock concert or enjoying time with friends at a bar or caf.

As [The New York Times](#) reported, at least five of the attacks took place in the 11th Arrondissement, an up-and-coming bourgeois neighborhood populated by locals, as opposed to tourists. This neighborhood was also hit earlier this year by terrorists targeting the satirical publication Charlie Hebdo.

While the subjects of these attacks appear to be Parisian locals rather than tourists, many international travelers are either canceling their trips or cutting back on the amount of time spent in Paris.

Peninsula Paris recognized the increased hesitation of international guests, posting on social media that travelers who had planned to stay within the next couple of days should consult with their embassy.



*Facebook post from The Peninsula Paris*

According to [Reuters](#), shares in tourism companies fell on Nov. 16 due to an anticipated drop-off in visitors. While Air France was one of the companies affected, a spokesperson said that its planes traveling to Paris remained at the same capacity.

"It is hard to predict if consumers from other nations will change their shopping habits or their travel plans for a considerable amount of time due to the recent terrorist attacks in Paris," said Rebecca Miller, CEO of [Miller & Company](#), New York.

"There will certainly be an immediate reaction to stay out of harms way," she said. "This second attack this year in Paris will undoubtedly affect tourism, airlines, hotels, restaurants, cultural sites and shopping collectively and perhaps longer than the first incident with uncertainty as to whether the attacks are viewed as a single event or the precursor of a larger campaign on the horizon.

"There is no way to forecast an individual's tolerance for personal risk."

Tourism accounts for 7 percent of France's GDP, with 83 million visitors a year spending about \$38.3 billion. With France suffering from a sluggish economic growth, this lowered tourism may be felt even harder.



*L'Avenue Paris*

Paris is a prime destination for shopping tourism, as consumers from emerging markets such as China, Brazil and Russia travel to buy luxury goods. This unease may see these tourists choosing other major luxury markets to carry out their shopping.

"If consumers really want to shop for luxury, they will find somewhere else," Ms. Roberts said. "Paris is a major shopping destination, but it's far from the only luxury shopping destination in the world. So consumers will probably shop elsewhere, whether that's London or Madrid or Milan."

Locals may not be ready to shop yet, either. Galeries Lafayette opened its doors as usual on Nov. 14, only to close them again later that day. Consumers showed mixed reactions on social media, with some criticizing the retailer for putting its associates and customers in danger, while others commended the store for displaying a lack of fear in

the face of terror.

"When people are in major shock, the last thing that people feel that they should be doing is wondering if they are going to spend 10,000 pounds on a luxury bag or not," Ms. Roberts said. "So obviously, there will be an impact but I don't think it's going to be long-term."

Going into the holiday season, this may change the way in which consumers shop and where they choose to celebrate holidays, including Christmas and the New Year.



*Promotional image for Mandarin Oriental Paris offer*

"Luxury retailers have historically relied on the fourth quarter and holiday sales to make up 20-25 percent of their annual volume," Ms. Miller said. "All disruptions wreak havoc with these projections be it stock market fluctuations, the political climate, the world economy and now terrorism."

"The luxury industry at large will also be impacted by the attacks forcing them to reassess production and forecasts as they work against shaken consumer confidence and falling stock prices."

#### Looking ahead

It is too early to tally the entire effect of this attack on Paris' luxury industry. A lot will depend on whether a feeling of threat remains, and consumers may be less likely to book far in advance.

Affluent consumers will continue to spend on luxury travel experiences in 2015 despite the fact that the number of those who identified as undecided about their travel plans has doubled since 2013, according to a new report from Unity Marketing.

Consumers surveyed increasingly reported that they will wait until the last minute to finalize their travel plans. Some of the benefits of waiting include the opportunity to research promotional offers and surf the Internet and social media for reviews and recommendations, as well as the ability to delay plans until right before the trip in case of global unrest or terrorism ([see story](#)).

Conflicts between countries, debt crises and upcoming elections could seriously deter consumers from traveling overseas and spending on luxury goods, according to a speaker at American Express Publishing's Luxury Summit 2012.

Just when countries need dollars the most, consumers are reluctant to travel. Furthermore, consumers who are worried about economic or political unrest are less likely to spend money ([see story](#)).

"In terms of what luxury retailers within Paris, or maybe even the French retailers that rely heavily on wealthy tourism in Paris, what they could do is to try to increase online spend and focus on their digital or Internet sales," Ms. Roberts said. "And investing more time in reaching consumers that way."

A multichannel approach is also a good bet for reaching consumers regardless of their comfort level surrounding Paris.

"Making up lost sales during the holiday season is never easy, but astute marketers that have carefully planned to reach their customers through multiple channels will have a distinct advantage," Ms. Miller said. "They will have factored in a way for their products to easily 'come to you' capturing 'at your service' in a manner in which customers will feel safe and valued while shopping for the holidays."

#### Final Take

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