

RETAIL

Will anti-government protests have a lasting effect on French luxury?

December 6, 2018



Paris ' Eiffel Tower Image credit: Atout France.

By BRIELLE JAEKEL

As one of the most prominent countries in the world for luxury retail, France's violent protests and the impact they have had on tourism could severely damage the sector.

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For the last few weeks, France has seen dramatic, violent and damaging protests over a proposed hike in diesel fuel taxes. With so much violence and chaos in the streets of France, retailers including Galeries Lafayette and Printemps have had to temporarily shut their doors.

"Paris is no stranger to terrorist attacks and protests and the last five years has witnessed the city and its luxury goods sales suffer at the hands of such ill-fated events," said Fflur Roberts, Head of Luxury Goods Research at Euromonitor. "Following the bombings that took place in 2015, Paris witnessed a decline in the number of tourists arrivals into the city.

"In turn this had a major impact on luxury sales to wealthy tourists (especially Chinese and American tourists who would have gone to Paris with the idea of luxury shopping being a prime activity)," she said. "However, these recent protests have been much wider felt and the whole country has been impacted.

"This, at such a critical time for the luxury retail landscape with the holiday season upon us, could have a detrimental effect on sales of luxury goods across the whole of the country from both domestic and international shoppers. Similarly the luxury hospitality industry will also be hit as many consumers may choose not to travel."

Impacts on luxury

In a statement made on Dec. 3, France's finance minister, Bruno Le Maire, revealed that the country's sectors revenues had fallen between 15 and 50 percent.

Men and women filled the streets of France over the last few weeks, wearing bright yellow vests that every driver must carry by law in case of vehicle trouble to represent their opposition to the gas tax hike.



Guerlain's location on Champs Elysees in Paris. Image credit: Guerlain

While their tactics were greatly damaging and even resulted in a few deaths, the protesters' words were heard. The Prime Minister of France announced Dec. 4 that the tax hike would be suspended another six months.

But with France being such an important part of the luxury retail world, forcing closures and driving out tourists during the holiday season could have a lasting impact.

In addition to Printemps' and Galeries Lafayette's closures on Saturday afternoon, France's famous Champs-lysees street, known for its luxury shopping, was hit hard with vandalism.



Galeries Lafayette Royal Quartz Paris. Image credit: Galeries Lafayette.

Both Dior and Chanel's boutiques were damaged with the windows smashed in.

"The day following the events in Paris there was a rather significant and memorable image shown on news programs on television," said Carlos Virgile, director at [Virgile & Partners](#). "The shot showed one of the luxury boutiques, specializing in wedding dresses, near the Avenue Kleber had executed an inspired knee-jerk reaction to the riots taking place in Paris.

"As cars burned and windows smashed - the retail store display was quickly adjusted to incorporate a gilet jaune," he said. "It was added to a delicate lace wedding dress. Thus proudly showing their support for the movement."

"But, was it really support for the protesters or an insurance policy against their windows getting smashed."

The unrest in France is due to the people's belief that the government, more specifically the president, is out of touch with the majority of the nation's citizens.

Luxury outlets, who often serve as a status symbol of the affluent, can become a casualty in uprisings such as these.

In addition to the damage, consumers are steering clear of areas where violent protests have taken place, with Paris hotels seeing reservations down 10 percent to 15 percent, as well as 20 to 50 percent cancellation rates.

Far reaching consequences

U.S. fashion label Ralph Lauren even saw the pitfalls of a tumultuous political climate in France, as a ceremony for its founder was pushed back.

The label's eponymous founder, Ralph Lauren, was to be decorated as an Officer of the Legion of Honor by French President Emmanuel Macron on Dec. 6. But according to *Women's Wear Daily*, antigovernment protests in France

have caused the event to be moved to 2019 as they reached the United States ([see story](#)).

Chanel also decided to cancel its "Le Rouge" exhibition that was set to take place in Paris on Dec. 11.

It is not just the French people who are hit with the tax pitfalls from President Macron. Last year, he proposed a tax on hard luxury goods for the upcoming budgetary year.

President Macron and lawmakers from his political party proposed an amendment to France's 2018 budget that would have apply a tax to the purchase of yachts, supercars and precious metals such as gold. Left-wing opponents of President Macron have accused him of being a "president of the rich," but this recent tax proposal begs to differ as the wealthy would have to pay higher prices for hard luxury goods ([see story](#)).

"Offering better on-line/digital platform and service and going the extra mile to offer exceptional customer service and rewarding loyalty,"Euromonitor's Ms. Roberts said. "Making sure that those customer who do go into the stores are welcomed and made to feel comfortable and above all safe."

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