

RETAIL

## Louis Vuitton reducing retail presence in Hong Kong

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Louis Vuitton is closing one of its Hong Kong stores. Image credit: Louis Vuitton

By STAFF REPORTS

French fashion label Louis Vuitton is shuttering one of its Hong Kong outposts, making it the first luxury retail casualty of prolonged protests in the region.

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Louis Vuitton will close its store in the Times Square mall, located within the Causeway Bay shopping district, as first reported by the *South China Morning Post*. Since early June, protests in Hong Kong have impacted the local economy, from retail to tourism, leading to a fall in luxury spending.

### Trouble in Hong Kong

Louis Vuitton has seven other existing stores in Hong Kong, and the brand had previously announced plans to open a space at Hong Kong International Airport in 2021.

According to the *South China Morning Post*, Louis Vuitton had attempted to negotiate a lower rent for its Times Square location, but the mall's owner declined the request.



Louis Vuitton recently opened a new store in Seoul. Image credit: Louis Vuitton

Mainland China and Hong Kong are both crucial luxury markets. UBS estimates that Hong Kong is responsible for about 5 percent of luxury sales, with above average profitability.

Hong Kong had long been essential to luxury brands, as mainland Chinese consumers flocked there to purchase high-end goods. Since customs tariffs are not imposed on imported goods in Hong Kong, luxury shoppers ultimately enjoyed lower prices there.

Protests against a planned extradition law with mainland China began in Hong Kong in June, with activists accusing China of restricting the city's autonomy. Reports of luxury stores closing during the demonstrations were the first indication that brands are likely to lose some revenues.

Before the start of protests, French luxury groups LVMH and Kering made between 6 and 8 percent of their sales in Hong Kong ([see story](#)).

Several LVMH brands have a prominent presence in Hong Kong, including at the Times Square mall, but the conglomerate has been reprioritizing other markets in Asia, including mainland China and South Korea.

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