

COMMERCE

## Conflict in France could cost luxury brands in Q3

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*New market analysis points to possible sales shifts that could result from ongoing riots. Image credit: Shutterstock*

By LUXURY DAILY NEWS SERVICE

Companies based in global capitals across Europe may face future fiscal troubles at the hands of ongoing discord in a key luxury hub.

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New market analysis is pointing to possible sales shifts that could result from ongoing riots in France. Experts from U.S. global asset management firm **AllianceBernstein**'s research division are warning of the potential impact of socioeconomic disruptions throughout the country, which boasts a dominant share of duty-free spending and welcomes high volumes of American and Chinese tourists.

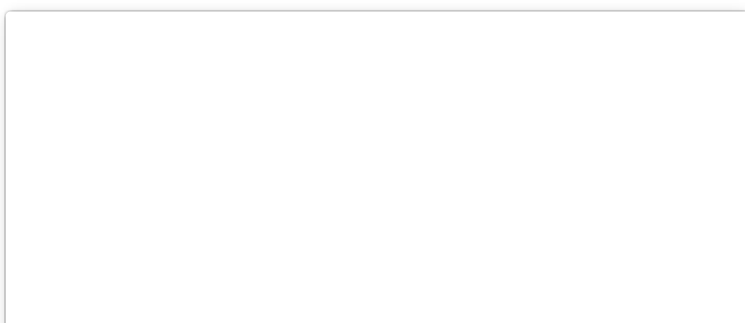
Experts weigh in on emergency

As riots regarding a fatal shooting in France rage on, a ripple effect is bound to occur, slowing visits from those seeking high-end goods and services.

The state of geopolitical play could wage war on the travel industry and many adjacent fields such as fashion and food, each of which rely on the seasonal funds that flow from out-of-state visitors.

"The magnitude of this impact will depend on the length of the events," said the report.

"We understand that high-end tourists might be tempted to avoid taking more cancellation or security risks and change their summer destination to more peaceful places in Europe."



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*Initially slated for June 2, French fashion house Celine cancels the brand's spring 2024 men's show in light of civil unrest*

According to a research note released by top equity research and brokerage firm Bernstein Research on Tuesday, France enjoys more than 50 percent of the global duty-free spending share as a top luxury shopping destination for travelers from the U.S. and China, with duty-free sales throughout the country reaching a rate 1.5 percent higher than pre-pandemic levels in May, as originally reported by [WWD](#).

In-store shopping accounted for 85 percent of tax-free purchases during that time, thus highlighting the gravity of the "material impact" that riots could impart on luxury markets.

"Besides luxury watches and jewelry, high-end Parisian fashion Louis Vuitton, Dior and Chanel is a major draw for overseas shoppers who are willing to travel long distances to indulge in the city's fashion scene," the report said.

Of note, analysts stated that a round of protests which took place throughout the nation in 2005 led to the cancellation of one in three trips to the region.

Statistics out of Paris' Office of Tourism suggest the industry is currently nearing that threshold, with 20 to 25 percent of tourists having canceled trips within the first week of the riots.

Bernstein noted that similar protests in France in 2005 lasted three weeks and resulted in a 30 percent cancellation rate. Across the board, markets are also still recovering from COVID-19-related disturbances, though set for growth ([see story](#)).

The firm's research arm, which holds offices in New York, London and Hong Kong, is eyeing third-quarter revenues as the sector's executives brace for a bumpy road ahead.

"Clearly, luxury businesses are equipped to accommodate tourists everywhere, but if the unrest continues in France, this will put a damper on the 3Q23E update, at least for France," the report said.

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