

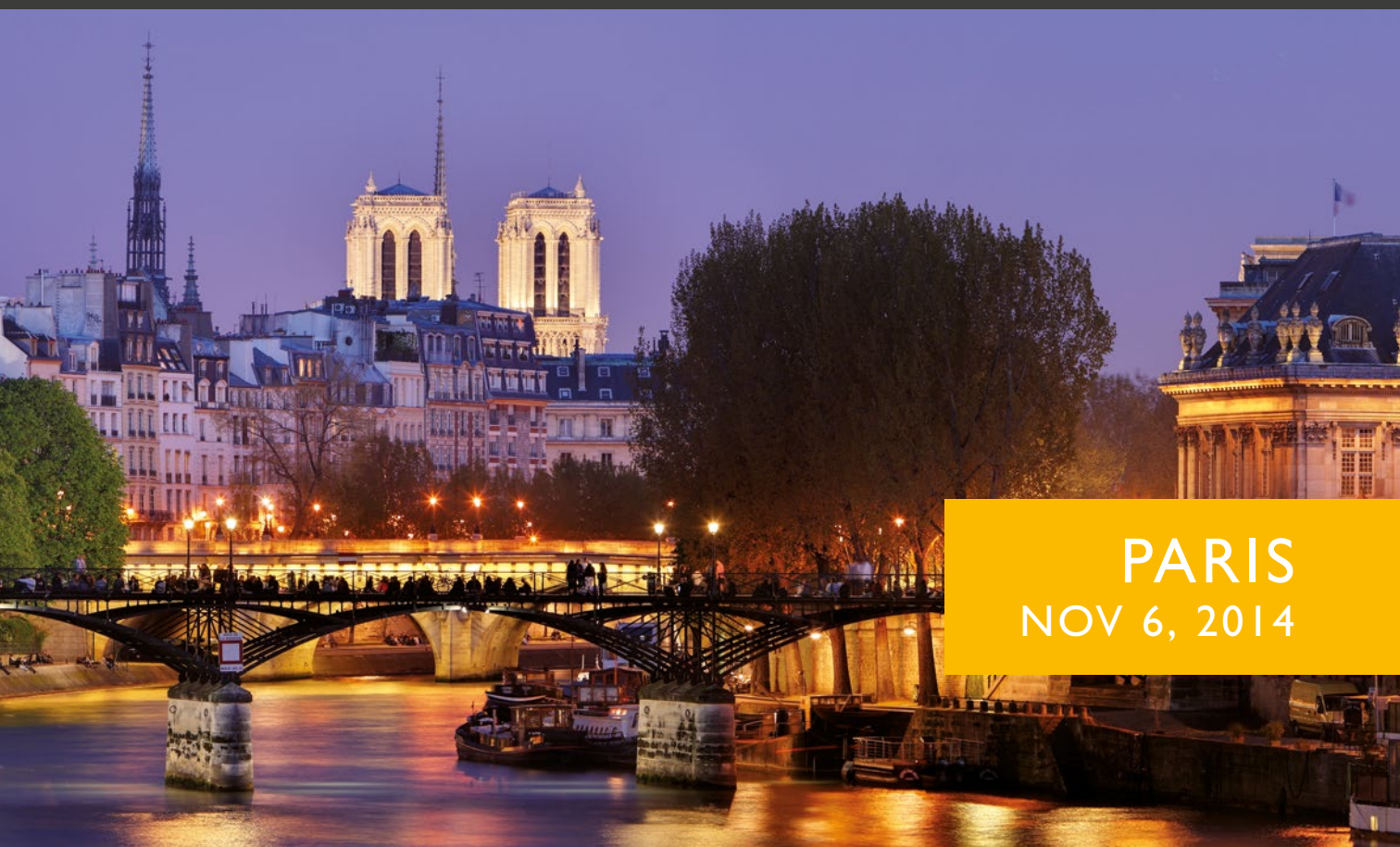
IN ASSOCIATION WITH



AN EVENT PRODUCED BY

LUXURYSOCIETY
A DIVISION OF DIGITAL LUXURY GROUP

UNDERSTANDING THE LUXURY MARKET IN FRANCE



PARIS
NOV 6, 2014

WITH THE CONTRIBUTION OF



Digital Luxury
Group.



WELCOME

Thank you for joining us today in Paris to explore the **Luxury Market in France**, in partnership with Lagardère Publicité. On the eve of Luxury Society's sixth anniversary, we are thrilled to be debuting our Keynote series of events in our home market of France, one of the most important countries for luxury production and consumption in the world.

From the palace hotels of Paris to the fine wines of Bordeaux, the perfumes of Grasse and the iconic French Riviera, consumers from all corners of the world visit France to discover and experience luxury. France continues to triumph as the most-visited country in the world, attracting over 83 million international visitors in 2013, who injected \$56.1 billion into France's economy.

Today we will explore the luxury market in France and the myriad of local and international consumer segments that fuel consumption throughout the country. Paying specific attention to traveling luxury consumers and ultra-high-net-worth individuals who generate an ever-increasing percentage of revenue, and continue to support luxury 'Made in France'.

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 www.facebook.com/luxurysociety

KEYNOTE


Luxury Society Keynote is a series of intimate events in key luxury markets, designed to connect local executives from various industry sectors and deliver concrete insights to attendees. Four times per year Luxury Society Keynote connects executives in Paris, London, New York and Hong Kong, to discuss the attitudes and behaviours of specific consumer segments and global luxury markets, such as France.


Our short-format sharply-focused afternoons feature a mix of panel discussions, business cases, participatory workshops and keynote presentations, delivering bespoke research from contributing experts, with insights from senior managers and CEO's of luxury brands. Beyond popular buzzwords, we seek to deliver actionable data to our delegates that can be used in their day-to-day activities.

Our by-invitation event is open exclusively to luxury brand professionals, engineered to facilitate meaningful networking between a qualified audience and inspire honest discussions between industry peers. We very much hope that you will participate in our discussions and leave the event with insights and tools relevant to your business.

THE DIGITAL LUXURY CONSUMER

 Thursday 27th November 2014


 Google Headquarters: Paris, France

 www.lskeynote-digital.com

IN ASSOCIATION WITH 

THE CHINESE LUXURY CONSUMER

 Thursday 11th December 2014

 KPMG Headquarters: Hong Kong

 www.lskeynote-china.com

IN ASSOCIATION WITH 

AGENDA

1:00 pm - Welcome Address	Caroline Pois , Deputy General Manager, Lagardère Publicité Pierre-Yves Poulain , President, Luxury Society
1:05 pm - The Business of Luxury in France	Fflur Roberts , Head of Luxury Goods, Euromonitor International
1:25 pm - Affluent French Women: Understanding a Key Luxury Target	Annie-Paule Quéré , Marketing Director, Press Division, Lagardère Publicité
1:45 pm - The Evolution of the Female Luxury Market	Jacques Bungert , Co-President, Courrèges Frederic Torloting , Co-President, Courrèges Brune Buonomano , Deputy Managing Director, BETC Luxe Alexandra Ruczynska , Founder & Creative Director, De Galluchat <i>Moderated by Valéria Bessolo-Llopiz</i> , International Director, ELLE
2:15 pm - Refreshments Break	
2:35 pm - Understanding Search Intentions In The French Luxury Market	David Sadigh , Founder & CEO, Digital Luxury Group
2:55 pm - France & The Traveling Luxury Consumer	Sophie Doran , Editor in Chief, Luxury Society
3:15 pm - Engaging the Traveling Luxury Consumer	Jean-Michel Bostroem , Travel Retail Director, Juliette Has A Gun Marco Comazzi , VP EMEA, Bally Ambroise Fondeur , CEO, Aelia Thierry Vannier , Director of International Clientele, Galeries Lafayette <i>Moderated by Enrique Nalda</i> , Group Publisher, RedVisitor
4:00 pm - Maximising Sales With International Clients in France	Hervé de Gouvion Saint-Cyr , Director, Luxury Attitude
4:30 pm - Refreshments Break	
4:50 pm - What I Know About French Luxury	Christophe Balaesque , Luxury Brands Director, Arjowiggins
5:10 pm - The Ultra Wealthy in France	Jean-Luc Gustave , Vice President, Wealth-X
5:30 pm - Reaching Local & International UHNW Consumers	Catherine Betsch , Director, La Première by Air France Christian Boyens , General Manager, The Ritz Paris Megha Malagatti , Corporate Strategy Director, S.T. Dupont Alexandre Moisset , Founder & CEO, Group Mobilis Candice Osenat-Boutet , Partner & Auctioneer, Osenat <i>Moderated by Sophie Doran</i> , Editor in Chief, Luxury Society
6:15 pm - Cocktail Reception	



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CONTRIBUTING EXPERTS



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www.arjowigginscreativepapers.com

Digital Luxury Group.

Digital Luxury Group (DLG) is the digital partner of forward-thinking luxury brands. With offices in Geneva, New York, Paris and Shanghai, DLG combines leading brand intelligence with bespoke digital marketing services. From creation to implementation, DLG empowers brand strategies with proprietary data and research (World Luxury Index™, WorldWatchReport™, WorldHandbagReport™).

www.digitalluxurygroup.com



Euromonitor International is the world leader in strategy research for consumer markets. Comprehensive international coverage and leading edge innovation make our products an essential resource for companies locally and worldwide. As an independent company, we offer unmatched detail and unbiased content for every region, country, category and channel.

www.euromonitor.com



Luxury Attitude is a consulting and training company founded by Erik Perey and Lionel Meyer. Their objective - make their human assets the cornerstone of the client experience and narrow the gap between the brand promise and the client's perception of the Brand.

For over 15 years, they have enabled more than 75,000 people worldwide to drive the success of their companies by adopting the Luxury Attitude, through training programs specially designed for the hospitality and luxury goods sectors.

www.luxury-attitude.com



Wealth-X is a global UHNW prospecting, intelligence and wealth due diligence firm. The Singapore-based organisation is the definitive source of intelligence on the ultra wealthy, with the world's largest collection of curated research on UHNW individuals.

Wealth-X is the first organisation to focus exclusively on UHNW intelligence, research and insights to support Luxury, Wealth Management, Educational Institutions and Philanthropy professionals.

www.wealthx.com

MODERATORS



Valéria Bessolo Llopiz, International Director, ELLE

After years working brands with iconic fashion names such as Chloé, Rochas and Ines de la Fressange, Valeria Bessolo Llopiz joined Lagardere Active in 2001, working on the ELLE brand in the Diversification Division, where she was appointed Head of Design and VP Licensing Europe & MEA.

In April 2008, she joined the *ELLE* magazines Network as International Editorial Director and was appointed ELLE International Director in June 2011, in charge of overseeing and coordinating the editions worldwide, both on publishing and editorial aspects. Today, *ELLE* reaches 21 million readers through its 45 editions around the world.

www.elle.com



Enrique Nalda, Group Publisher, RedVisitor

Enrique has been involved for over 20 years in the media, Internet and travel businesses, holding international positions with ZDNet, Expedia and more recently with Google as Head of Travel & Sales Development.

In May 2011, Enrique left Google to launch RedVisitor, a premium travel and lifestyle media group for the international high-end audience, including online, print publications and video series. Enrique graduated from the ESSEC Business School in France and is fluent in English, French and Spanish.

www.redvisitor.com

1:00 PM

WELCOME ADDRESS



Caroline Pois, Deputy General Manager, Lagardère Publicité

Caroline Pois is the Head Manager of the Air France Media division at Lagardère Publicité since March 2003. Since February 2011, she is Head Manager of *ELLE*, *ELLE Décoration*, *ELLE à Table*, *Numéro*, *Lui*, *Art & Décoration*, *Air France Magazine*, *Air France Madame*, Air France Ambient media. Between 1989 and 1990, she handled the selling and development of the *France Soir* regional publishing, and *Le Figaro* in 1991. Then, she specialized on International Inflight and managed the *Air France Madame* magazine at the RCI company.

www.lagardere-pub.com



Pierre-Yves Poulain, President, Luxury Society

Pierre-Yves Poulain is the Paris-based President of Luxury Society, and Managing Partner of Digital Luxury Group, the Geneva-based company which acquired Luxury Society in April 2014. He now supervises Luxury Society event activities and international business development.

www.luxurysociety.com

1:05 PM THE BUSINESS OF LUXURY IN FRANCE

KEYNOTE PRESENTATION (20M)

In 2013 the combined revenues of French luxury conglomerates LVMH and Kering totaled €38.9 billion. Luxury these days – and particularly French luxury – means big business, but just how big is the luxury market in France? Who is fueling consumption – locals or traveling consumers? What are the forecasts for growth? What are the key trends for the coming decade?



Fflur Roberts, Head of Luxury Goods, Euromonitor International

Fflur Roberts manages the research program for the global luxury goods industry at Euromonitor International, which she joined in June 2000. In her current post, Fflur Roberts has direct responsibility for the content and quality of Euromonitor's Luxury Goods research, which provides strategic analysis of the global market and in-depth coverage of the industry in 32 countries world-wide.

www.euromonitor.com

1:25 PM AFFLUENT FRENCH WOMEN: UNDERSTANDING A KEY LUXURY TARGET

KEYNOTE PRESENTATION (20M)

Many sectors of the luxury market are driven by sales to women, particularly in France. But who are France's affluent female luxury consumers? What is their vision of luxury? Which products do they favour? What are their lifestyle habits? How can they be segmented? But most importantly, how can they be reached?



Annie-Paule Quéré, Marketing Director, Press Division, Lagardère Publicité

Annie-Paule Quéré has been working for more than 20 years within the Lagardère Group, in a variety of research and marketing positions, for editorial and advertising branches, on the French and the international markets. She currently is the Marketing Director of the Press division at Lagardère Publicité, the Lagardère Group's leading ad sales house. She provides both in-house directors and clients with research analysis on media, trends, consumption.

www.lagardere-pub.com

1:45 PM

THE EVOLUTION OF THE FEMALE LUXURY MARKET

PANEL DISCUSSION (45M)

Women's wealth is on the rise, and overall global wealth is getting younger. The tastes and expectations of women are changing when it comes to luxury. We will ask our panel: what changes are they noticing in women's preferences in terms of products and services? What strategies are luxury brand executives using to reach, engage, serve & retain such a diverse set of women?



Jacques Bungert, Co-President, Courrèges

Frédéric Torloting & Jacques Bungert were born in the the Lorraine region of France. They met at the EM Lyon Business School. In 1989 together they established the PRO DEO agency, an event management and out-of-home advertising agency, which quickly became one of the principal organizations in the market, with important clients such as Groupe Danone.

www.courreges.com



Frederic Torloting, Co-President, Courrèges

In 1999 the duo sold PRO DEO to the Young & Rubicam group, becoming Co-Presidents of the French branch, overseeing a staff of 500. The entrepreneurial-spirited Frédéric Torloting and Jacques Bungert purchased the iconic Courrèges brand in 2011. Today they are 100% dedicated to re-launching this brand in France and throughout the world, convinced of its fantastic potential.

www.courreges.com



Brune Buonomano, Deputy Managing Director, BETC Luxe

Brune joined BETC LUXE in 2014 as deputy managing director. Since then, she has been managing global brands like Louis Vuitton and Yves Saint Laurent Beauté. In 2008, she joined the Havas group as account director at Havas Worldwide Paris where she became Chief Marketing Officer of the agency for 4 years. Brune graduated from Sciences Po Paris and Berkeley University of California.

www.betcluxe.com



Alexandra Ruczynska, Founder & Creative Director, De Galluchat

Alexandra Ruczynska is Founder and Creative Director of De Galluchat, shagreen accessories and jewellery brand. After graduating from IESEG Business School in Lille and Warsaw University, she joined advertising agency TBWA. With media arts background and stints at luxury goods distributor and furniture manufacturer Alexandra followed her instinct to launch her company, inspired by the life of French master craftsman and innovator Jean-Claude Galluchat.

www.degalluchat.com

2:35 PM

UNDERSTANDING SEARCH INTENTIONS IN THE FRENCH LUXURY MARKET

KEYNOTE PRESENTATION (20M)

It is now understood that a large population of visitors to France research the products and services they intend to consume in gross detail before they set foot on French soil. With the help of Digital Luxury Group's DemandTracker technology, here we will share exclusive data regarding the nationalities researching the most about luxury products and services in France, as well as which specific brands and products they are searching for.



David Sadigh, Founder & CEO, Digital Luxury Group

David has advised over 100 multinational companies on business-building strategies over the last 10 years on projects ranging from digital strategy, e-commerce, online advertising, business intelligence, C.R.M. and social media across Europe, the U.S. and China. Convinced that luxury brands required a completely different approach to digital marketing than consumer goods brands, David created Digital Luxury Group in 2011 to better serve the luxury industry in the realm of strategy, business intelligence and digital communications.

www.digitalluxurygroup.com

2:55 PM

FRANCE & THE TRAVELING LUXURY CONSUMER

KEYNOTE PRESENTATION (20M)

The most visited country in the world in 2013 was France, attracting 83 million international arrivals. The UNWTO suggests that shopping has become a determinant factor affecting destination choice, an important component of the overall travel experience and, in some cases the prime travel motivation. What is the value of luxury tourism to France? And what is the impact of purchases made by the Traveling Luxury Consumer?



Sophie Doran, Editor-In-Chief, Luxury Society

Sophie Doran is the Paris-based editor-in-chief of Luxury Society. Prior to joining Luxury Society, Sophie completed her MBA in Melbourne, Australia, whilst simultaneously working in management roles for several luxury retailers. She now oversees all editorial activities on Luxury Society and is responsible for the event design and content direction of Luxury Society Keynote.

www.luxurysociety.com

3:15 PM

ENGAGING THE TRAVELING LUXURY CONSUMER

PANEL DISCUSSION (45M)

1.087 billion people travelled internationally in 2013, equivalent to approximately 15% of the global population. These tourists contributed an estimated \$1159 billion to various local economies, purchasing accommodation, food and drink, local transport, entertainment and shopping in destination countries. So how are luxury brands working to engage the traveling luxury consumer?



Jean-Michel Bostroem, Travel Retail Director, Parfums Juliette Has A Gun

Jean-Michel Bostroem has a master in Economics and Marketing and worked for over 40 years in the L'Oréal Luxury Division in various positions. From administration to commercial and marketing at international level, he launched Drakkar Noir in 1982, which remained the best-selling men's perfume worldwide for many years. For the past five years he has worked as a consultant for various niche perfume brands such as Juliette has a Gun.

www.juliettehasagun.com



Marco Comazzi, VP EMEA, Bally

Marco Comazzi, with over 12 years of international experience working for Brands such as Cartier, Fendi and Harry Winston, is currently VP EMEA & Global Sales Functions at Bally. Mainly focusing on the North American and European luxury market, he successfully managed wholesale and retail teams, with his extensive commercial experience and his strong analytical skills combined with an excellent motivational spirit.

www.bally.com



Ambroise Fondeur, CEO, Aelia

Ambroise Fondeur has been with the Lagardère Services group since 1993 and is currently the CEO of Aelia, a European leader in Trade Duty-Free & Luxury retail, specialising in perfume, cosmetics, alcohol, fashion, accessories, fine food and electronics. Ambroise joined Aelia in 2000 as Director for business development and international activities and most recently served as deputy CEO in charge of Marketing, Innovation and Purchasing.

www.aelia.com



Thierry Vannier, Director of International Clientele, Galeries Lafayette

Thierry Vannier has served Director of International Clientele at Galeries Lafayette since 2008, after joining the storied French department store in 2002. In his current role Thierry is responsible for defining and implementing the marketing and communication plan for prospective foreign visitors to Galeries Lafayette. Thierry is also a member of the Executive Committee of the Haussmann Business Unit.

www.galerieslafayette.com

4:00 PM

MAXIMISING SALES WITH INTERNATIONAL CLIENTS IN FRANCE

KEYNOTE PRESENTATION (30M)

Attracting and engaging international luxury consumers visiting France is only half of the customer journey. Luxury brands must then also deliver a consistent customer experience to a range of different nationalities, age groups and cultures. Therefore what can luxury brands do to ensure the most minimal gap between brand promise and customer experience?



Hervé de Gouvion Saint-Cyr, Director, Luxury Attitude

Hervé de Gouvion Saint-Cyr is a director of Luxury Attitude, a consulting and training organization dedicated to the luxury hospitality and retail industries. Hervé began his career in the hospitality industry with Concorde Hotels Group, where he worked for nine years, both at the Hotel Lutetia Paris and then at the Hotel Ambassador as Director of Sales and Marketing.

www.luxury-attitude.com

4:50 PM

WHAT I KNOW ABOUT FRENCH LUXURY

KEYNOTE PRESENTATION (20M)

'Made in France' has become a world-renowned benchmark for quality and luxury of the highest level. Whether it comes to gastronomy, haute couture, perfume or fine jewellery, France produces some of the finest and rarest products in the world. How can this very specific approach to savoir-faire, attention to detail and immaculate craftsmanship be leveraged by all luxury brands?



Christophe Balaesque, Luxury Brands Director, Arjowiggins Creative Papers

Christophe Balaesque is the Luxury Brands & Marketing Director of Arjowiggins Creative Papers. Today, his focus is to develop relationships with Luxury Brands helping them to distinguish themselves from others by using high quality fine papers. As a Marketing Director for Arjowiggins Creative Papers, a new and innovative marketing approach has been implemented, improving relations with printers, designers and brand owners.

www.arjowigginscreativepapers.com

5:10 PM

THE ULTRA WEALTHY IN FRANCE

KEYNOTE PRESENTATION (20M)

Tax reforms have sparked much sensationalist debate about wealth in France and whether or not it is indeed attractive for the ultra wealthy to remain in the country. What are the facts? How many ultra-high-net-worth individuals live in France? Is their wealth growing or declining? How does this compare to the rest of Europe? And most importantly, how are these figures impacting luxury consumption?



Jean-Luc Gustave, Vice President, Wealth-X

Jean-Luc Gustave is the Vice-President, Business Development (Luxury) for Wealth-X. He is based in Hong Kong, joining from Thomson Reuters where he was Managing Director for their Northeast Asia business. Prior to this position, he was Country Manager of France for World-Check, a provider of risk prevention services owned by Thomson Reuters, and has previously worked for big data and intelligence leaders, including Dun & Bradstreet, SAS and Gartner.

www.wealthx.com

UHNWI'S IN FRANCE

Source: Wealth-X And UBS Billionaire Census 2014

46

BILLIONAIRES

▼
-28.1%

UHNW
POPULATION
DROP FROM
2013-2014

\$213

BILLION

AVERAGE
WORTH
IN USD

2015 BILLIONAIRE SOCIAL CALENDAR:



FEB.

FASHION
WEEK
PARIS



MAY

CANNES
FILM FESTIVAL
CANNES



JUNE

ROLAND
GARROS
PARIS

#4 PARIS
FRANCE

TOP 10 EUROPEAN
BILLIONAIRE CITIES

#9 PARIS
FRANCE

TOP 20 GLOBAL
BILLIONAIRE CITIES

#11 COUNTRY
WITH MOST
BILLIONAIRES
FRANCE

5:30 PM

REACHING LOCAL & INTERNATIONAL UHNW CONSUMERS

PANEL DISCUSSION (45M)

France continues to offer some of the world's leading rarefied luxury products and experiences that can only be afforded by the truly wealthy. So how are luxury brands working to exceed the expectations of these ultra-high-net-worth consumers? What types of products are they seeking? Which types of experiences do they crave? And most of all, how can brands keep these clients loyal?



Catherine Betsch, Director, La Premiere by Air France

Catherine Betsch has been Vice President "La Première Department" at Air France since 2013. She is in charge of the first class product including the inflight product, La Première Lounge at Charles De Gaulle and the ultra-personalised relationship with the top first class customers.

www.airfrance.com



Christian Boyens, General Manager, The Ritz Paris

Christian A. Boyens has served as the General Manager of the Ritz Paris since 2011. Previously he worked for internationally renowned hotels such as The Peninsula Beverly Hills, Hotel Casa Del Mar Santa Monica and the Kempinski Hotel Atlantic Hamburg. Mr. Boyens holds a Master's Degree from Cornell University, Ithaca, New York.

www.ritzparis.com



Megha Malagatti, Corporate Strategy Director, S.T. Dupont

After completing her MBA in Luxury Brand Marketing at ESSEC Business School, Megha Malagatti joined S.T. Dupont and is now responsible for the development of women's leather goods and the Haute Creation categories. In addition, she oversees the North American and Indian markets as Commercial Director.

www.st-dupont.com



Alexandre Moisset, Founder & CEO, Group Mobilis

Alexandre Moisset is the founder and CEO of Group Mobilis, specialised in exceptional and prestigious real estate. The group is born out of a common passion from its founders for excellence and service, holding a selection of prestigious properties in Paris, wine-growing estates near Bordeaux, and large properties and villas in the South of France, the Côte d'Azur and the Alps.

www.groupemobilis.com/en



Candice Osenat-Boutet, Partner & Auctioneer, Osenat

After eight years practicing law within international law firms, Candice Osenat-Boutet joined the family auction business. Today, as an auctioneer and partner at Osenat, she oversees seven specialized departments and 20 employees. Holding numerous records of auction, Osenat is internationally known for its sales of Napoleonic memorabilia, vintage cars and painting of the 19th century.

www.osenat.fr

INSIDE THE FRENCH LUXURY MARKET

FACTS & FIGURES





Inside France's €16.8 Billion Luxury Goods Market

BY SOPHIE DORAN

Despite economic pessimism and a controversial political situation, the outlook for France's luxury economy remains strong

France is the ninth largest economy in the world and the third biggest in Europe. With at least 79m foreign tourists per year, it is the most visited country in the world and maintains the third largest income in the world from tourism (*Ledbury Research*).

France is also arguably the home of industrialised luxury goods, which – under the direction of Bernard Arnault – has rapidly evolved from a scattered collection of craftsmen and

women, to a consolidated megalith contributing €217 billion to the global economy (*Bain & Co*).

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €29.1 billion in 2013, an increase of 4% over the previous year. Organic revenue growth was 8%. Kering has not yet released full year results, but in Q3 2013 reported €4,696 million in revenue for the nine months ending September 30.

Collectively, European brands account for at least 70% of the global luxury goods market, driven predominantly by those made in Italy and France. The output of the sector in 2010 was estimated to be over €440

billion, approximately 3% of European GDP (*Comité Colbert*).

The sector is a key exporter, with approximately 60% of output exported. Comité Colbert estimates suggest that total exports for the sector were approximately €260 billion in 2010, representing over 10% of all exports from Europe.

The European luxury sector employs approximately one million workers directly, and at least a further 500,000 workers indirectly. Key products manufactured in France include leather goods, textiles, fine wines, fine spirits and high jewellery to name but a few. The luxury hospitality sector is also a key driver of employment and revenue.

Wealth

France is also home to some of the most important – and wealthiest – names in luxury. Bernard Arnault, founder and chairman of LVMH, has rather famously remained a French citizen in the face of proposed tax reforms for the wealthy, with an estimated wealth of €21.2bn.

His extraordinary affluence is trailed by that of French nationals Bertrand Puech & the Hermès Family (*Hermès*), François Pinault & Family (*Artemis, Kering*) and Alain Wertheimer & Family (*Chanel*), according to Ledbury Research.

In 2013, France suffered one of the largest absolute drops in terms of Ultra High Net Worth (UHNW) population, for which many blamed Francois Hollande's proposed 75% marginal tax rate on those earning over €1 million.

Though the controversial plan was eventually abandoned, local real-estate agents believe that it sparked an initial exodus of France's super rich, as luxury properties flooded the market. Corporate executives complained that it weighed on their ability to attract and retain highly-paid workers (*Wall Street Journal*).

Late in 2013, pressed by opposition MPs, the ministry of finance released official emigration figures for 2011 showing that departures had doubled from the previous year to nearly 40,000. This figure is estimated to be as high as 60,000 in 2012, though official statistics have not yet been released (*Telegraph*).

At the top of the pyramid, the UHNW population (those with net assets of US\$30 million and above) dropped from 4,415 individuals to 4,100 between 2012 and 2013 (-7.1%). The collective wealth of these UHNW individuals in France also dropped by 11.2%, and now stands at \$435 billion (*Wealth X*).

Market Characteristics

A drop in local wealth has done little to dampen luxury consumption in France. In 2013, retail sales of luxury goods totalled €16.8 billion, a figure that is expected to climb to €19.8 billion by 2018. France is still ranked in the top 5 luxury markets based on spending, alone accounting for 4% of all global sales (*Euromonitor*).

According to Bain & Company, French brands command 25% of total market share when it comes to luxury goods. French conglomerates – namely LVMH and Kering – now own 29% of the market compared to 25% in 1995 (*Bain & Co*).

Despite on-going unfavourable economic context, demand for luxury goods in the country has continued to increase, though such growth is slowing. The market grew at an average rate of 4.35% from 2009 to 2011, dropping off to 2.7% in 2012 and 1.8% in 2013.

The consumption market is heavily underscored by tourism and the lure of Paris. Tourist spending currently drives 60% of revenues in France (*Bain & Co*).

France remained the Number One destination for Tax Free Shopping in the world in 2013, just ahead of the UK and Italy. The top spenders in December were of Chinese national-

ity (34% of total spend), up 11% on December 2012. Tourists from Russia, United States, Japan and Singapore round out the top five biggest spenders in the country (*Global Blue*).

“Luxury shopping is becoming increasingly important for the travel industry and is today a major reason for travelling for large numbers of tourists,” explains Fflur Roberts, Head of Luxury Goods at Euromonitor International. “France, is a favourite destination for luxury shopping, especially for BRIC travellers where product and brand availability, status and price have all been key drivers behind this trend.”

“French luxury retailers and brands have responded well to this trend by introducing China union pay terminals and employing Mandarin and Russian speaking sales staff which has helped to boost sales.”

But it is not only emerging market luxury consumers that are travelling to France. “An increasing number of wealthy tourists from developed markets are shopping for luxury in France's luxury hotspots such as Paris,” confirms Fflur.

“In 2012 luxury brand own stores and department stores continued to be the most important distribution channel for luxury goods. They attracted a great number of tourists who came to the capital to buy luxury goods.”





Shangri-La Hotel, Paris

© Shangri-La Hotels

One category in particular that is driving growth in luxury goods is menswear, as globally, men increasingly pay attention to their appearance and consequently become more disposed to purchase luxury goods. Sales of men's luxury goods has played a key role in astronomical growth in Asia, so it's perhaps unsurprising to see this trend replicated abroad as more wealthy Asians travel to France.

"This trend boosted sales of specific categories of products for men, such as men's designer tops and shirts, but also men's luxury bags, small leather goods and jewellery," explains Fflur Roberts. "In general, these categories performed better than those for women, in part because there is higher potential for growth. They were undeniably a driver for good performances of the luxury goods market."

Forecasts

In the coming five years, the luxury goods market is expected to register a similar performance compared to that of the previous five years. This stability will be enabled by the performances of several categories, namely wines & spirits, fashion and tourism (*Euromonitor*).

"Even though French people are drinking less, when they purchase alcoholic drinks they tend to prefer high quality products. As they will continue looking for pleasure, they will keep buying the best fine wines & spirits."

"Luxury goods sales are expected to continue to grow each year between 2.3% & 4.1% until 2018"

"Tourism and fashion will also boost the performances of luxury travel goods, luxury accessories, luxury jewellery and timepieces and designer apparel. Men will also continue to invest in their personal appearance with the purchase of luxury goods."

"That said, poor prospects of an improvement in the country's economic situation will continue to limit consumer spending and consequently growth of some categories, such as luxury writing instruments and stationery or super premium beauty and personal care."

Luxury electronic gadgets and luxury tobacco are also expected to witness a worsening performance, impacted by the growing penetration of smartphones for the former and the law banning tobacco in public areas for the latter (*Euromonitor*).

Challenges

As the world's most visited country, with a luxury industry that depends on tourists for more than half of its €16 billion revenues, a decline in tourism is the most obvious threat to continued prosperity in the sector. Not only for the consumption of luxury goods, but also occupancy of the city's myriad of luxury hotels.

And indeed, in 2013 there were several reports of thieves in Paris targeting Chinese and Asian tourists on the streets and the metro. The most audacious thefts occurred on the A1 motorway from the airport, where on two occasions, organised gangs attacked tourist minibuses stuck in traffic jams (*The Guardian*).

The Paris police responded by introducing 26 measures to promote the safety of tourists, with a greater police presence in areas popular with Asian

visitors. The long-term aim is to change their cash habits by promoting awareness and working with the Chinese, Japanese and South Korean embassies.

Reports also surfaced that Paris was fast losing Chinese tourism revenue to London, as UK Prime Minister David Cameron continued to improve economic ties with China. Official British statistics confirmed that Chinese visitor spending in the first half of 2013 grew by a massive 132% year on year, totalling £181 million (*Jing Daily*).

According to a survey by the Paris magazine *Challenges*, during the busy summer and autumn tourist seasons in 2013, Chinese tourist spending on luxury goods in France witnessed a decline. Though the report did attribute declining Chinese luxury spending in France mainly to watches, which potentially could have been affected by the Chinese government's on-going anti-extravagance campaign.

France's government is making moves to better facilitate Chinese tourism. Chinese visitors to France are also set to get fast-track visas, announced as part of celebrations marking the 50th anniversary of Paris establishing full diplomatic ties with Communist China. The new visa regime – under which travel requests from Chinese visitors will be processed within 48 hours – came into force on January 27 2014 (*RFI*).

The alleged 'exodus' of local wealth in Paris, due to uncertainty regarding taxation legislation could also be harming local consumption. Though this decline has been registered for quite some time, and as yet, has been offset by travelling consumers.

The biggest threat to the local economy would be a concurrent sharp decline in local consumption and tourism spending. France and Paris in particular must continue to work to remain an attractive destination for affluent travellers in both emerging and developed markets.

Conclusion

Despite economic pessimism and a controversial political situation, the outlook for France's luxury economy remains positive. Luxury goods sales are expected to continue to grow each year between 2.3% and 4.1% until 2018. Both LVMH and Kering continue to report revenues in the billions, despite a slowdown in percentage revenue growth.

The continued financial support and success of large French conglomerates looks set to protect and bolster the local manufacturing economy, as Made in France continues to represent a seal of quality in luxury around the globe.

And most importantly, the industry will always have Paris. A tourist destination in its own right but one intrinsically linked to the mythical world of luxury. Emerging market consumers will continue to favour the destination and purchase their French luxury goods in the capital.

Asian luxury hoteliers will continue to open (such as The Peninsula in 2014), following the recent introduction of Shangri-La and Mandarin Oriental. Iconic properties such as Hotel Crillon and The Ritz will re-open their doors after extensive refurbishment, bolstering the number of available palace hotel rooms in the city.

An increasing understanding of fine wines and spirits in emerging markets will continue to drive tourism to the famed regions of Champagne, Cognac and Bordeaux, just as the French Riviera will continue to lure the world's most affluent by super yacht or private jet.

Growth may be slowing but perhaps this is better described as 'normalising' after years of exponential double-digit increase. At the end of the day the industry contributes billions to the French economy, whether it be through consumption, production or even taxes, and France should be working to facilitate its prosperity and maintain the country's attractiveness as a global tourist destination. ■

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Luxury Goods Landscape: France

Key Metrics 2014

ranked out of 32 researched markets

LUXURY GOODS % VALUE SHARE

3rd

7% value share of total luxury
\$24,537 actual value US\$ mn

Luxury goods spend as % of total consumer expenditure



5th

US\$ per capita luxury goods spend



5th

Luxury goods e-commerce US\$

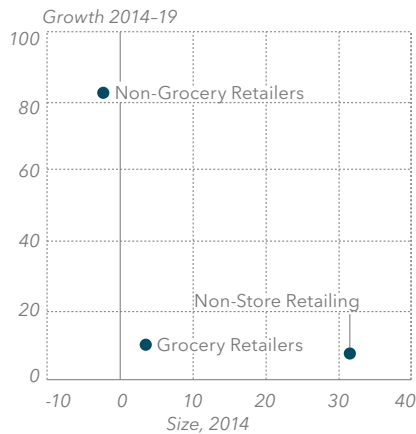


6th

Luxury Goods Retail Landscape

Distribution Channels

%, market size 2014 and growth 2014-19

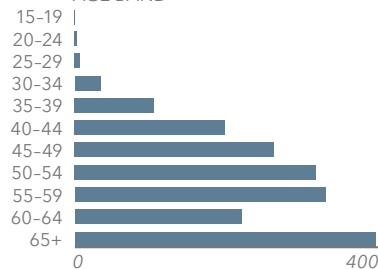


Demographic Indicators

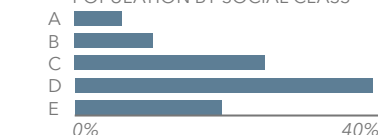
Key Target Audience For Luxury Goods

\$US150,001+ '000, income distribution by age;
% population by social class

AGE BAND

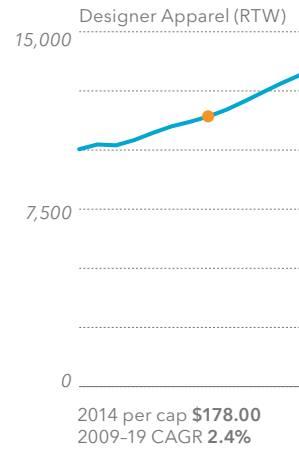


POPULATION BY SOCIAL CLASS

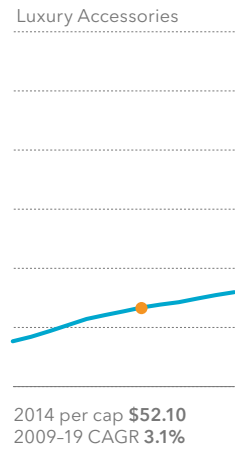


Luxury Goods Categories

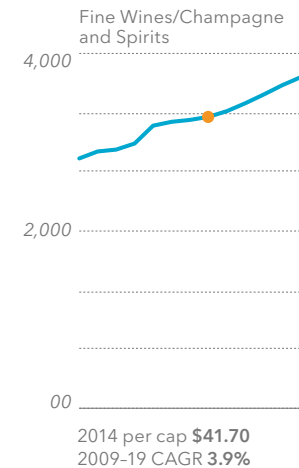
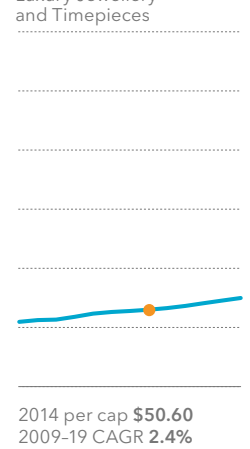
Categories Market Size
US\$ mn, 2009-2019



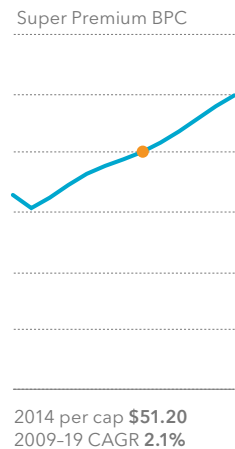
2014



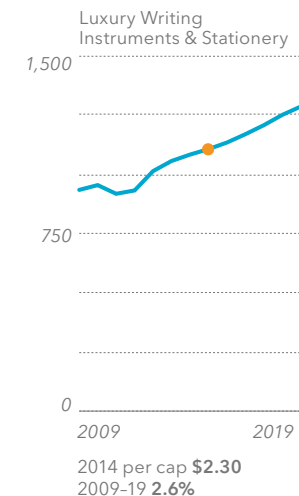
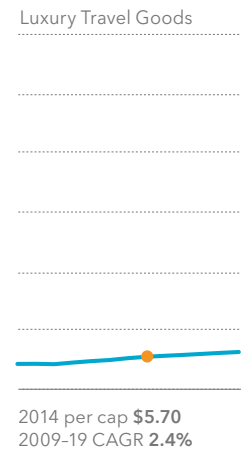
Luxury Jewellery and Timepieces



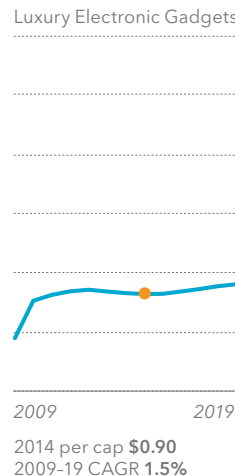
Super Premium BPC



Luxury Travel Goods



Luxury Electronic Gadgets



LUXURY GOODS IN FRANCE: KEY TRENDS AND INDUSTRY OVERVIEW

Despite France's venerable position on the global luxury and fashion scene, the French luxury market has not escaped the country's poor macroeconomic environment.

According to Euromonitor International's latest research, luxury sales in France reached just under €18 billion in 2014, making it the third biggest market in the world, behind the US and Japan, but, with a regional value share of 21%, France comes out top, ahead of neighbouring Italy and the UK.

Much in line with comparable global figures, designer clothing and footwear accounts for the lion's share of luxury value sales in France, at 46% in 2014. However, its growth is dwarfed by that of the second largest category, luxury accessories, which grew by 43% in value in the five years to 2014, making it the most dynamic category overall.

Economic Stagnation Creates Headwinds for the Luxury Market

Economic stagnation in France is acting as a drag on luxury industry growth, with domestic demand remaining weak. Against this challenging backdrop, price polarisation has become salient. While high tourist inflows have kept the luxury market afloat, domestic consumers are driving growth at the more accessible end of the market, with affordable luxury brands gaining ground.

Older age dominate domestic luxury spending

Home to an established consumer market that is synonymous with luxury spending, France has an extensive high-income population. However, luxury brands need to be mindful of the fact that, of France's total population in receipt of an annual gross income of US\$150,000+, the over 65-year-old cohort accounted for a 21% share in 2013, with the 50-54-year-old and 55-59-year-old age bands accounting for 17% and 18%, respectively

Tourist inflows also heavily support luxury sales

France's rich fashion heritage and the "Made in France" label has enabled it to maintain its position as a prime tourist magnet. The influx of tourists has become a boon for the French luxury market. It is no surprise that Paris, as one of the leading tourist destinations in the world, is where tourists are drawn to: In 2013, the city received 33 million tourists, including 18.6 million international tourists.

France is by far the most popular European destination for Chinese tourists, with departures to France from China totalling 433,000 in 2013. Additionally, expenditure by Chinese tourists in France is set to reach US\$1.0 billion by 2018, up from US\$838 million in 2013.

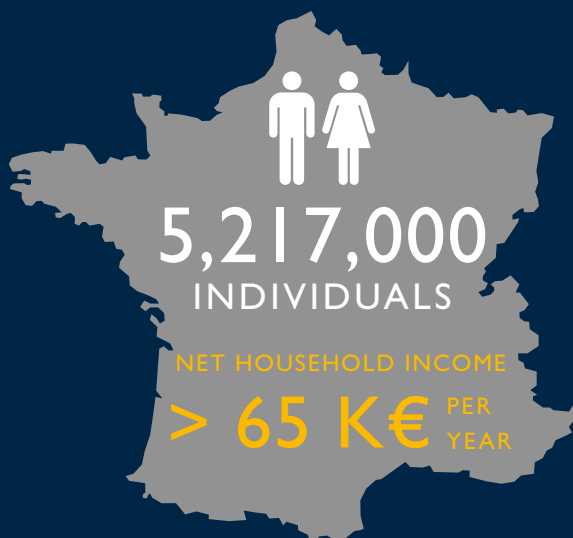
French Appetite for Luxury is on a Crescendo

France's appetite for luxury will continue to rise, buoyed mainly by wealthy tourism inflows. According to our latest research, we expect luxury sales in France to reach €19.0 billion by 2019, adding an additional real €1.2 billion to the market in the next five years.

By Fflur Roberts, Head of Luxury Goods Research

FRENCH AFFLUENT WOMEN by

TOP 8 MOST AFFLUENT FRENCH PEOPLE



TOP
8%



2,461,000

NET HOUSEHOLD INCOME > 65 K€

TOP
5%



1,514,000

NET HOUSEHOLD INCOME > 85 K€

TOP
2%



606,000

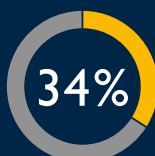
NET HOUSEHOLD INCOME > 115 K€

FOCUS ON TOP 2 MOST AFFLUENT WOMEN

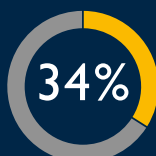
47 YEARS
OLD

46%
PARIS AREA 

81%
MARRIED OR
IN A COUPLE 



TOP
MANAGERS



NOT
WORKING



MIDDLE
MANAGERS

 85%
OWNERS

71%
WITH CHILDREN 

 33%
OWNERS

PURCHASES IN THE LAST 24 MONTHS

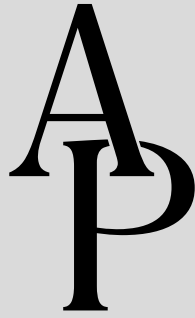
 52,3%
HANDBAG +500 €

 45,1%
JEWELS +500 €

 43,2%
COUTURE/LUXURY/
DESIGNERS CLOTHES

For a whole presentation of the results, please contact:

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