

FRENCH TOURISM NEGATIVELY AFFECTED BY YELLOW VESTS



French tourism businesses feel the impact of the recent demonstrations. After the mixed results of Christmas, French hoteliers reported only partly booked rooms for the New Year, as foreign tourists, especially those with strong purchasing power, were deterred by images of violent demonstrations linked to yellow vests.

"The impact is threefold: cancellations in the short term, a slowdown in bookings, and then also the effect on the image of the French destination", sums up Jean-Virgile Crance, president of the national association of hotel chains (Mercure, Ibis, Sofitel, Balladins, Kyriad, etc.).

He estimated that during December there were about 20% to 25% fewer bookings due to the unrests.

For New Year's Eve alone, despite the 250,000 people (including 200 yellow vests waving their balloons of the same color) on the Champs Elysées, "we had 30% cancellations, including 35% from French customers," says Mr. Crance, who highlights the negative effect abroad: "Very violent images of the demonstrations and the use of the terms civil war or state of siege in the media definitely harm French tourism image".

In high-end hotels more specifically, the number of visitors recorded for Christmas in Paris was "between 15 and 20% less than expected. This is clearly attributed to the impact of the events broadcasted worldwide, which frightened many customers," added Christophe Laure, President of the "Prestige" branch of Umih, the main professional organization in the hotel industry.

He points out that in some luxury establishments, popular with foreign visitors with strong purchasing power, the occupancy rate "did not exceed 40 or 45%". However, he points out that the New Year will have done better, with "5 to 10% smaller occupancy rate".

"It is harmful especially to luxury hotels," confirms Didier Chenet, president of the employers' association of self-employed people in the hotel and restaurant industry, the GNI.

The rest of the hotel sector reported a decrease of 10% in occupancy rate. According to the GNI, **the loss for the entire hotel and catering sector generated by the "yellow vests" movement amounts to 250 million euros:** "It is enormous, and behind all this, there are also jobs".

The concern is also about the coming months, because the level of bookings for January and February remains poor.

On the catering side, for New Year's Eve, there are slightly lower figures, however, this has been rather a trend for several years, restaurants are no longer really popular that evening.

If restaurant activity in major French cities has plunged on Saturdays at noon and evening in recent weeks during the "yellow vests" demonstrations, the December 31st New Year's Eve was not too much affected.

For its part, the Moulin Rouge, the legendary cabaret in Montmartre, which offers a dinner show for New Year's Eve for between 500 and 1,000 euros, was sold out on the evening of 31 December and welcomed more than 700 people, even if it reports a "slowdown" in its reservations for early 2019.

According to a recent report by Deloitte, the volume of hotel investment transactions in Europe increased by 5.8% over 12 months in the second quarter 2018, driven by increasing market liquidity and increasing investor demand. Nearly 50% of the hoteliers surveyed believe that the United Kingdom is at the top of the investment cycle, while 25% already perceive a slowdown, particularly related to the threat of Brexit, says Joanne Dreyfus. Greece, Spain as well as France are seen as growing markets with respect to hotel industry. **The Olympics of 2024 should attract many investors.** Paris is also cited as the third most attractive city for investors behind London (2nd) and Amsterdam, which ranks first. However, it remains to be seen what long-term impact of the movement of yellow vests will have as well as the bombing of Strasbourg.

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