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September 28, 2008, 7:40 am

European Outlet Malls: The Future of Luxury?

On the Saturday before **Paris fashion week** took off, as the world's financial markets teetered and luxury retailers chewed their nails over recession fears, business was booming at La Vallée Village, a luxury outlet mall a half-hour outside of Paris near **Euro Disney**.

Shoppers worked through clothing racks with intensity — none of the languid browsing one sees in the full-priced boutiques along the **Avenue Montaigne**. It was elbow-to-elbow in **Armani**, **Givenchy** was being thoroughly picked through, **Polo Ralph Lauren's** clubby shelves were like a cornfield after a swarm of locusts, and even the **Chantelle** lingerie outlet was abuzz.

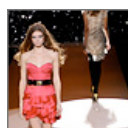
European Union outlet malls offer safer bargains than American outlets because they are more closely regulated. Brands are not permitted to manufacture special lower-quality products for the outlets. This provides a guarantee that, though you're buying last-season's leftovers, you're getting the real deal. It is even possible to find a runway look or two on some of these shelves.

Another rule requires that outlet goods be sold at a minimum discount of 33% — though the discounts can be much higher. At La Vallée's **Christian Lacroix** outlet, a cream-colored wool coat with grosgrain detailing at the pockets was marked down to 660 euros from 2,200 euros. An elaborately detailed cashmere dress was priced at 387 euros, down from 1,290 euros.

La Vallée is owned by the London-based development concern **Value Retail**, and has sister outlet malls near London, Milan, Frankfurt and Barcelona, among other gateway European cities. About 40% of La Vallée's business comes from international visitors, but this percentage is falling due to the high value of the euro, says Vanessa Guillemette, senior marketing manager for the mall. She's working hard to convince Parisians to venture out to the southeast of the city, an area that has never been considered top-notch by the couture crowd.

In addition to existing stores such as **Agnes B**, **Ferragamo**, **Longchamp**, **Vilebrequin**, the mall this year has experienced an uptick in interest from luxury brands seeking to sell off last season's unsold inventory. **Dolce & Gabbana**,

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Heard on the Runway provides news about the fashion and retail worlds, as well as fresh analysis and dispatches from the bi-annual fashion shows in New York, Milan and Paris. For complete style coverage, go to WSJ.com/Fashion.

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D&G (the Italian duo's diffusion line), **Baccarat**, and **Jimmy Choo** are just about to open shops there. Clearly, this is one path in the future of luxury.



Colin Woodhead, a Value Retail spokesman, looked jolly as he shouldered through the crowd and noted, "It doesn't look much like a recession here, does it?" —[Christina Binkley](#)

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