Prices To Rise For Prestige European Consumer Products, Making U.S. Brands More Competitive

A new 15% EU-U.S. tariff, effective Aug. 1, will significantly raise prices on a wide array of European consumer brands, including luxury goods, autos, food, and beauty products. While brands are cautious about passing on the full cost to avoid alienating consumers, this move aims to boost the competitiveness of made-in-USA brands. This could lead to slower sales for European imports as U.S. consumers may shift demand.

A "Made in France" label on red acrylic fabric indicating that product is manufactured in france and ... More representing a France map with tricolour flag featuring three vertical bands coloured blue, white, and red.
getty

Prices on a wide array of European consumer products are set to rise beginning Aug. 1, now that a EU-U.S. trade deal is in place, including a 15% tariff duty on EU exports to the United States. From food to fashion, watches to wine and autos to appliances, few product categories are spared.

What unites them is that European brands carry old-world prestige. These heritage-rich brands have long commanded a price premium, and now that premium will come with an even a higher price tag.

On the flip side, it's going to make made-in-USA brands more price competitive, all part of President Trump's America First agenda.

Depending upon how much of the 15% price premium is passed along to consumers, it could reset demand for European brands, leading to slower sales in the U.S. What's for certain is that these premium Euro brands can't take their previous high status for granted and must continue to invest in their prestige value to maintain their market position.

Tariff Blow To Luxury Fashion Brands

Many major European luxury brands learned that lesson after boosting prices on average 33% from 2019 to 2023 with no discernible improvement in quality, according to

Tous droits de reproduction réservés

UBS.

After that, Bain reports that some 50 million luxury consumers exited the market and the personal luxury market contracted 2% in 2024. It is facing up to a 5% decline this year, as well.

UBS doesn't expect luxury brands to make the same mistake twice. Luxury goods brands are expected to pass along only about a 2% price increase in the U.S. and 1% globally to avoid taking a 3% hit to earnings before interest and taxes.

"Brands are treading carefully with further price hikes to avoid alienating younger and occasional shoppers," said Digital Luxury Group's managing director Jacques Roizen.

European luxury brands hold a 70% global luxury market share and account for some 11.5% of total EU exports, according to an analysis by Bain and the European Cultural and Creative Industries Alliance.

Some of the leading EU luxury brands include LVMH-owned Louis Vuitton, Dior, TAG Heuer and Fendi, Kering's Gucci and Saint Laurent, Richemont's Cartier and Van Cleef & Arpels, Swatch Group's Omega, Longines and Harry Winston, Hermès, Chanel, Prada, Moncler, Dolce & Gabbana, Valentino and Giorgio Armani.

Further down the fashion food chain, Zara out of Spain, H&M from Sweden and Primark from Ireland are likely to be hit by tariff price increases, as are Germany-based sportswear brands Adidas and Puma.

Rejiggering Engineered Products

After pharmaceuticals, medications and other medical products, automobiles and motor vehicles are the third largest category of EU exports. And according to the latest Cars Commerce report, U.S. unit sales of new vehicles rose 3.9% from January through June as consumers picked up the pace on purchases ahead of tariff price increases.

Leading luxury automobile brands are going to take a big hit as the 15% EU tariffs take hold. According to the European Automobile Manufacturers' Association, some 22% of EU vehicle exports land here. Brands in the crosshairs include BMW, Mercedes-Benz, Volkswagen, Audi, Porsche, Fiat, Volvo and Peugeot.

These luxury auto leaders faced a global slowdown from 2023 to 2024, dropping a reported 5%. Automobiles are the luxury market's largest segment, totaling $668 billion last year compared to $419 billion in the personal luxury goods market.

Consumer appliance brands are also facing tariff challenges. Bosch, Electrolux, Miele, Philips, Braun and De'Longi are leading brands in this sector.

For example, the largest of those brands, Bosch generated some 20% of global sales in the Americas last year and it was the only market that grew, up 5%, while Asia-Pacific (31% of sales) was flat and Europe (49%) fell 5%.

Beauty Makeover

With $50 billion in sales last year, Paris-based L'Oréal is the world's leading beauty company with 37 brands in its portfolio under four divisions: consumer products (e.g. L'Oréal Paris, Maybelline, Garnier), luxe (Lancôme, Kiehl's, Aësop, IT Cosmetics), dermatological beauty (La Roche-Posay, CeraVe, SkinCeuticals) and professional products (Kératase, Redken, Matrix). And within the luxe division, it is also the beauty partner of numerous luxury brands, including Yves Saint Laurent, Armani, Ralph Lauren, Valentino, Prada and Mui Mui.

Last year, some 27% of sales were made in North America, its second largest market after Europe at 33%. In dollar terms, the 15% tariff will hit the higher-end of its range – 36% of sales are in luxe, followed by 16% in dermatological beauty and 11% professional products. However, those brands' more affluent target market may be more

Tous droits de reproduction réservés

willing to accept a price hike as compared to the 37% of sales in its more affordable consumer products range.

Other EU beauty brands under pressure include Beiersdorf (Nivia, Eucerin and La Prairie), Clarins, Yves Roche, Chanel and Dior.
Gourmands Will Pay More

American consumers, who've acquired a taste for more premium European foods, wine and spirits, are likely to suffer sticker shock the most as tariffs push prices above previous levels. Statista reports high-quality, artisanal European food imports have grown from $16.5 billion in 2021 to $20 billion in 2023, a 21% increase.

Popular EU brands include sparkling water (Evian Perrier, Pellegrino brands), chocolates (Ferrero Rocher, Lindt, Godiva, Toblerone, Nestlé), Lavazza coffee, Barilla pastas and sauces and Goya Foods. Specialty regional-specific olive oils, cheeses, wine and spirits brands will also take a hit.

LVMH's wine and spirits segment is already 8% underwater in the first half of 2025, and it can ill afford having its brands' already premium prices go up another 15% in the U.S., the business group's largest market, accounting for 35% of revenues.

The Italian Unione Italiana Vini winemaker's trade association figures the 15% tariff will cost exporters $371 million, noting that a bottle of Italian wine that previously retailed for $11.50 per bottle will cost $15 going forward.
American Consumers To Reconsider Place Of Origin

Whether Americans will be both willing and able to absorb the growing premium on European imports is an open question. What is likely is that consumer demand will cool, making the U.S. a less attractive trading partner for many brands. And with falling demand, the 15% tariff price hike will ultimately have less impact on inflation.

At the same time, with no shortage of domestic alternatives, American-based brands are well-positioned to capitalize on the change. As shoppers prioritize price/value over prestige, it could give U.S. brands a much-welcomed competitive edge and much-needed boost.

See also:
ForbesU.S. And EU Agree On Trade Deal Setting Tariffs At 15%—Stock Futures Rise
ForbesRetailers In The Crosshairs Over Tariff-Driven Price HikesBy Pamela N. Danziger
ForbesLuxury Lethargy Sets In As The Market Braces For Up To A 5% Drop In 2025By Pamela N. Danziger

Tous droits de reproduction réservés