

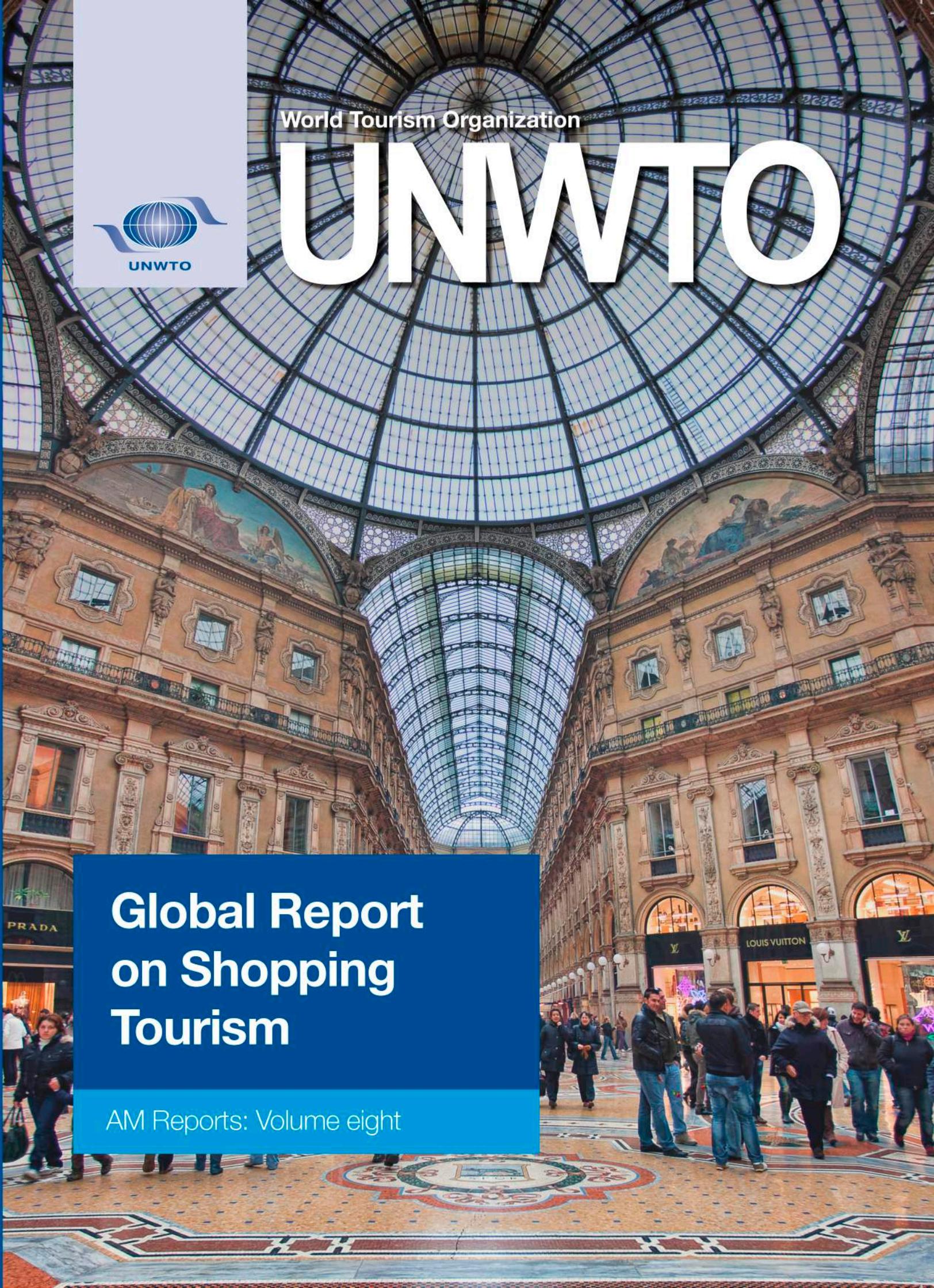
World Tourism Organization



UNWTO

Global Report on Shopping Tourism

AM Reports: Volume eight



Global Report on Shopping Tourism

World Tourism Organization (UNWTO)

Secretary-General: Taleb Rifai

Director-Executive Secretary of Member Relations: Carlos Vogeler

UNWTO Editorial team

AM Reports Management: Yolanda Perdomo, Director of the Affiliate Members Programme

Editorial Team: Peter Jordan; Addaia Arizmendi, Ocean Belcher, Dmitriy Ilin, Inés Valenzuela, UNWTO Affiliate Members Programme

Copyright © World Tourism Organization, 2014

AM Reports, Volume eight - Global Report on Shopping Tourism

Published by the World Tourism Organization (UNWTO), Madrid, Spain.

First printing: May 2014.

All rights reserved.

Printed in Spain.

The designations employed and the presentation of material in this publication do not imply the expression of any opinions whatsoever on the part of the Secretariat of the World Tourism Organization concerning the legal status of any country, territory, city or area, or of its authorities or concerning the delimitation of its frontiers or boundaries.

World Tourism Organization (UNWTO)

Calle Capitán Haya, 42

28020 Madrid Spain

Tel.: (+34) 915 678 100

Fax: (+34) 915 713 733

E-mail: omt@unwto.org

Website: www.unwto.org

Citation:

World Tourism Organization (2014), AM Reports, Volume eight – Global Report on Shopping Tourism, UNWTO, Madrid.

UNWTO publications are protected by copyright. Therefore, and unless otherwise specified, no part of an UNWTO publication may be reproduced, stored in a retrieval system or utilized in any form or by any means, electronic or mechanical, including photocopying, microfilm, scanning, without prior permission in writing. UNWTO encourages dissemination of its work and is pleased to consider permissions, licensing, and translation requests related to UNWTO publications.

Permission to photocopy UNWTO material in Spain must be obtained through:

CEDRO, Centro Español de Derechos Reprográficos

Calle Monte Esquinza, 14

28010 Madrid, Spain

Tel.: (+34) 913 086 330

Fax: (+34) 913 086 327

E-mail: cedro@cedro.org

Website: www.cedro.org

For authorization of the reproduction of UNWTO works outside of Spain, please contact one of CEDRO's partner organizations, with which bilateral agreements are in place (see: <http://www.cedro.org/en>).

For all remaining countries as well as for other permissions, requests should be addressed directly to the World Tourism Organization. For applications see: <http://publications.unwto.org/content/rights-permissions>.

Design and printing: www.detectivegrafico.com

Photos by UNWTO / dreamstime / thinkstockphotos

Cover photo: Dreamstime

CONTENTS

Foreword – Taleb Rifai, Secretary-General, UNWTO / 4

Special Greetings – Miguel Mirones, Chairman of the Board of Affiliate Members / 5

Shopping Tourism and Cities - Yolanda Perdomo, Director, UNWTO Affiliate Members Programme / 6

1. Introduction: The importance of tourism as a driver of global economic growth and development / 8

1.1 Top spenders in international tourism / 10

1.2 The contribution of shopping tourism / 11

1.3 The emergence of shopping as a motivator for travel / 12

 Commentary: Does shopping drive tourism or vice-versa? / 12

1.4 Defining shopping tourism as an emerging concept / 13

2. Shopping tourism: essential to the destination mix / 14

Case Study: This is shopping. This is New York City / 18

2.1 Partnerships - the key to success / 20

 Case Study: London's New West End Company - working in partnership to manage and market London's top attraction / 21

 Case Study: Boosting shopping tourism in Barcelona: The Barcelona Shopping Line / 22

 Case Study: The Modern Commercial Heart of the Ancient Venetian Republic / 23

2.2 High on the agenda for the world's leading destinations / 24

2.3 The visitor experience: influences on destination choice / 25

 Case Study: Benchmarking the shopping attractiveness of cities in Europe and Asia / 29

 Case Study: Shopping in 'seductive Vienna' / 30

3. Meeting the needs of the new shopping tourist: Tourist Motivations and Shopping Behaviours in the Emerging Markets / 32

3.1 Travelling and shopping the Chinese way / 34

 Case Study: Lights! Camera! Action! / 36

 Case Study: Protecting Chinese travelers at home and overseas / 37

 Commentary: Shopping tourism – an essential component of the highly interdependent visitor economy in the Asia-Pacific region / 38

 Case Study: The attraction of quality and authenticity: Shopping in Switzerland / 40

 Case Study: Driving the growth of shopping tourism through events: the case of the Malaysia Mega Sale Carnival / 41

 Case Study: The Rise and Rise of Shopping Paradise' / 42

3.2 Travelling and shopping the Brazilian way / 45

 Case Study: Shopping Tourism in the City of São Paulo / 46

 Case Study: Not just Sun and Sea: The power of the Russian shopping tourism in Rimini / 50

 Case Study: Developing First Class Retail in Australia / 52

 Case Study: Boosting tourism growth through Tax-Free shopping / 56

4. Conclusion: Maximising the benefits of shopping tourism for all stakeholders in the destination / 58

4.1 Breaking down the barriers to tourism / 60



Foreword

Taleb Rifai, Secretary-General, World Tourism Organization (UNWTO)

Shopping is becoming an increasingly relevant component of the tourism value chain. Shopping has converted into a determinant factor affecting destination choice, an important component of the overall travel experience and, in some cases the prime travel motivation. Destinations have thus an immense opportunity to leverage this new market trend by developing authentic and unique shopping experiences that add value to their touristic offer while reinforcing, and even, defining their tourism brand and positioning.

More importantly, shopping is one of the major categories of tourists' expenditure, representing a significant source of income for national economies both directly and through the many linkages to other sectors in the economy.

This Report offers an overview of the importance and latest trends in shopping tourism, particularly in the emerging markets of China and Brazil, providing practical guidelines to help destinations promote shopping tourism. The report is based on a study carried out by the UNWTO Affiliate Members Programme among the industry stakeholders and highlights the role of public-private collaboration as an essential tool to harness the large potential of shopping tourism.

I would like to sincerely thank all the Affiliate Members, and all organizations involved in the preparation of this Report, for their contribution and engagement in this project. I trust it will help further strength the understanding of the shopping tourism and the competitiveness of destinations around the world in this growing tourism market.

A handwritten signature in black ink that reads 'Taleb Rifai'.

UNWTO Secretary-General, **Taleb Rifai**



Special Greetings

Miguel Mirones, Chairman of the Board
of the UNWTO Affiliate Members



As part of the UNWTO Cities project, this text offers a thorough analysis of all the elements that converge in the subsector of shopping tourism, which serves as a reference for the tourism industry, both from strictly economic terms as well as its social and cultural derivations.

The relevance of the global report lies in the need to uncover the motivations that determine travelers' choice of destination, among which the supply of shopping products and services emerges as a key element. Thus, shopping tourism is transitioning from being a complementary factor to establishing itself as a major determinant in the tourists' decisions about their preferred destinations.

In this regard, it is of vital importance to value the public-private collaboration initiatives within the tourism sector. The Affiliate Members Programme represents an exemplary model of this, through which the reality perceived by leading tourism professionals is presented to UNWTO Member States. Consequently, problems, needs and improvement proposals stemming from the daily work of professionals can be reflected in the implementation of tourism policies developed by different countries.

The successful case studies in the report highlight the opportunities that a prominent positioning as a world-class shopping destination can represent for destinations in emerging countries. Interestingly, these same countries are also positioning themselves as major outbound markets, for which the shopping supply is essential when planning trips.

In the short and medium term, shopping tourism will be consolidated as a key segment within the tourism industry, according to its influence in local economies and contribution to the consolidation of destinations and creation of jobs. The challenge presented is the generation of new models for the shopping subsector in which constant innovation and the quality of products and services are key guiding principles.

As I have previously pointed out, it is my intention during my mandate as Chairman of the Board of the UNWTO Affiliate Members to support the models of public-private sector partnerships, as I am convinced that these initiatives result in a significant improvement of the sector, thanks to the synergies derived from joint work efforts.



Shopping Tourism and Cities

Yolanda Perdomo, Director, UNWTO
Affiliate Members

This Report comes under the umbrella of the UNWTO Affiliate Members Programme Cities Project, launched by UNWTO in 2012 in collaboration with 21 cities worldwide. The Programme set up a system of consultation on key measures that were implemented through the tourism promotion bodies of these 21 cities and created a preliminary framework for working on the common priority areas of action. These areas covered key topics, such as the strategic role of tourism in development of cities, the keys for its successful development and concepts of reference for Smart Cities. Within this framework, shopping tourism was identified as a fundamental element for city tourism, as cities are an ideal milieu for this segment.

Through the development of retail services and offerings, shopping tourism can serve as a platform for urban regeneration by adding value to areas heretofore less visited by tourists. Cities utilize shopping and retail experiences to boost the appeal of the destination, supporting economic growth and income generation. Shopping tourism and cities form a symbiotic partnership.

As a result of the Cities Project, the Affiliate Members Programme launched its first prototype, “Madrid Precious Time”, a pilot project on public-private partnership aiming to contribute to the progressive analysis of urban tourism. This prototype has progressed through interaction and exchange of experiences among companies, destinations and universities, in collaboration with more than 25 affiliate members together with sector partners from diverse areas such as technology, hospitality, arts and culture, handicrafts, fashion, retail, design and gastronomy. The shopping component, one of the core elements of the prototype, warrants analysis.

It is crucial to focus on this segment which is becoming increasingly important within the overall tourism experience. Especially so, as many communities and businesses recognize the spending potential of visitors and re-develop their retail base to complement and enhance these experiences.

Few publications have been written specifically on the contribution of shopping tourism to tourism overall and its impact on destinations. This report therefore aims to highlight this increasing contribution and its key role for consideration while designing specialized tourism products.

Through a practical approach, this new Affiliate Members publication explores the importance of shopping tourism as a driver of economic development, its emergence as a main motivation for travel, and its increasing significance as part of the overall tourism offer. Keys for the success of shopping tourism, considering both the destination’s perspective and the needs of the shopping tourist are also examined.

The report also provides a comprehensive review of the economic and socio-cultural impacts of shopping tourism, the importance of loosening restrictions on trade and working in partnerships to enhance international promotion, all illustrated by valuable case studies provided by Affiliate Member businesses, destinations and private sector organizations experienced in the field of shopping tourism.

This document aims to provide readers with best practice examples and creative insights into the resilience of the shopping tourism industry and some of the strategies that our Member organizations have utilized in order to foster both

“ *The new focus of our Member organizations offer a paradigm shift away from the previous misconception that shopping is merely an accessory to the tourism experience, now placing it as a causal factor.* ”

sustainable growth and differentiation. Their new focus offers a paradigm shift away from the previous misconception that shopping is merely an accessory to the tourism experience, now placing it as a causal factor.

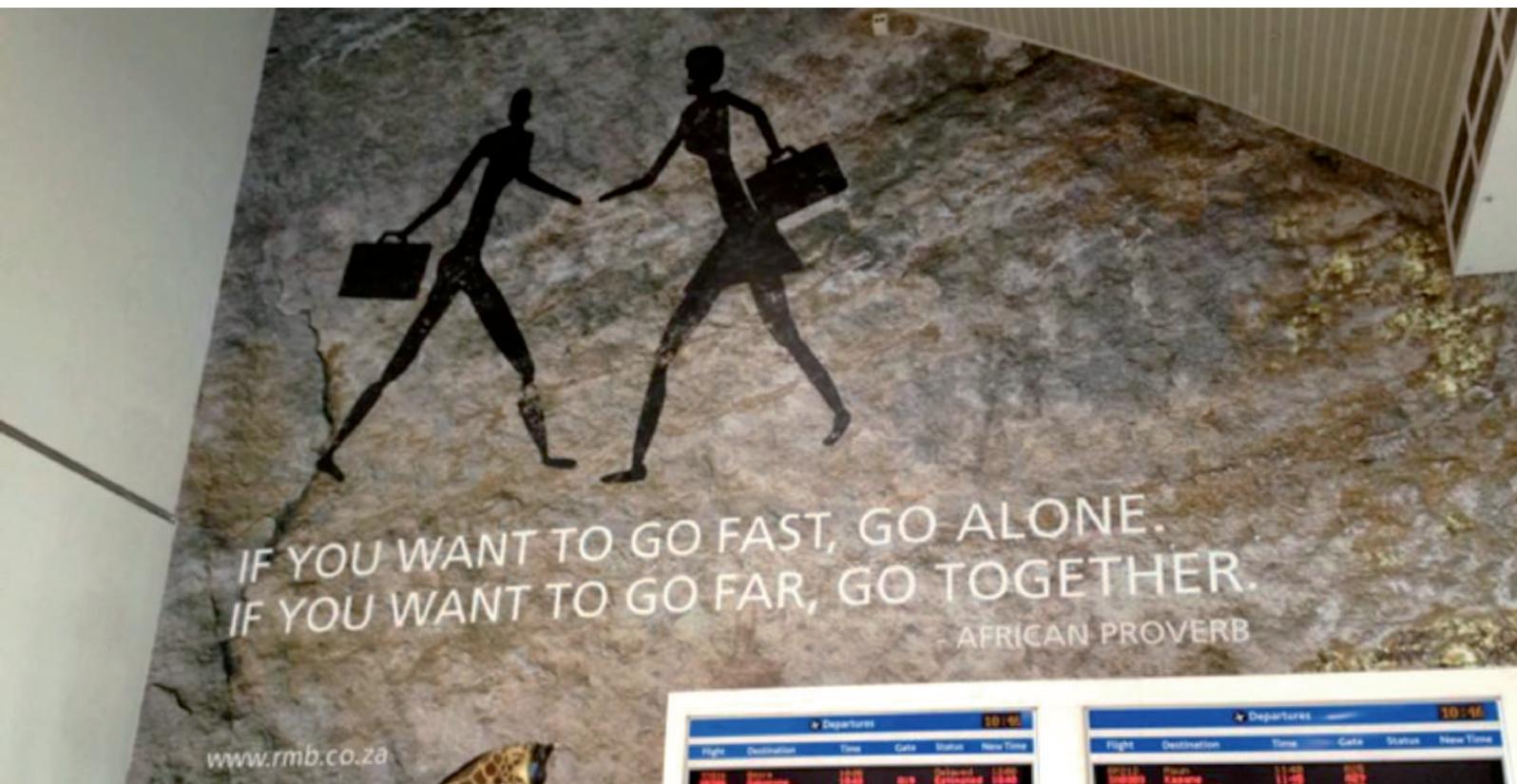
We trust that these experiences will be valuable in furthering the discussion around shopping tourism, which we are confident now represents a major opportunity for destinations worldwide for differentiating their offerings and enhancing their appeal and positioning vis-a-vis the global traveller.

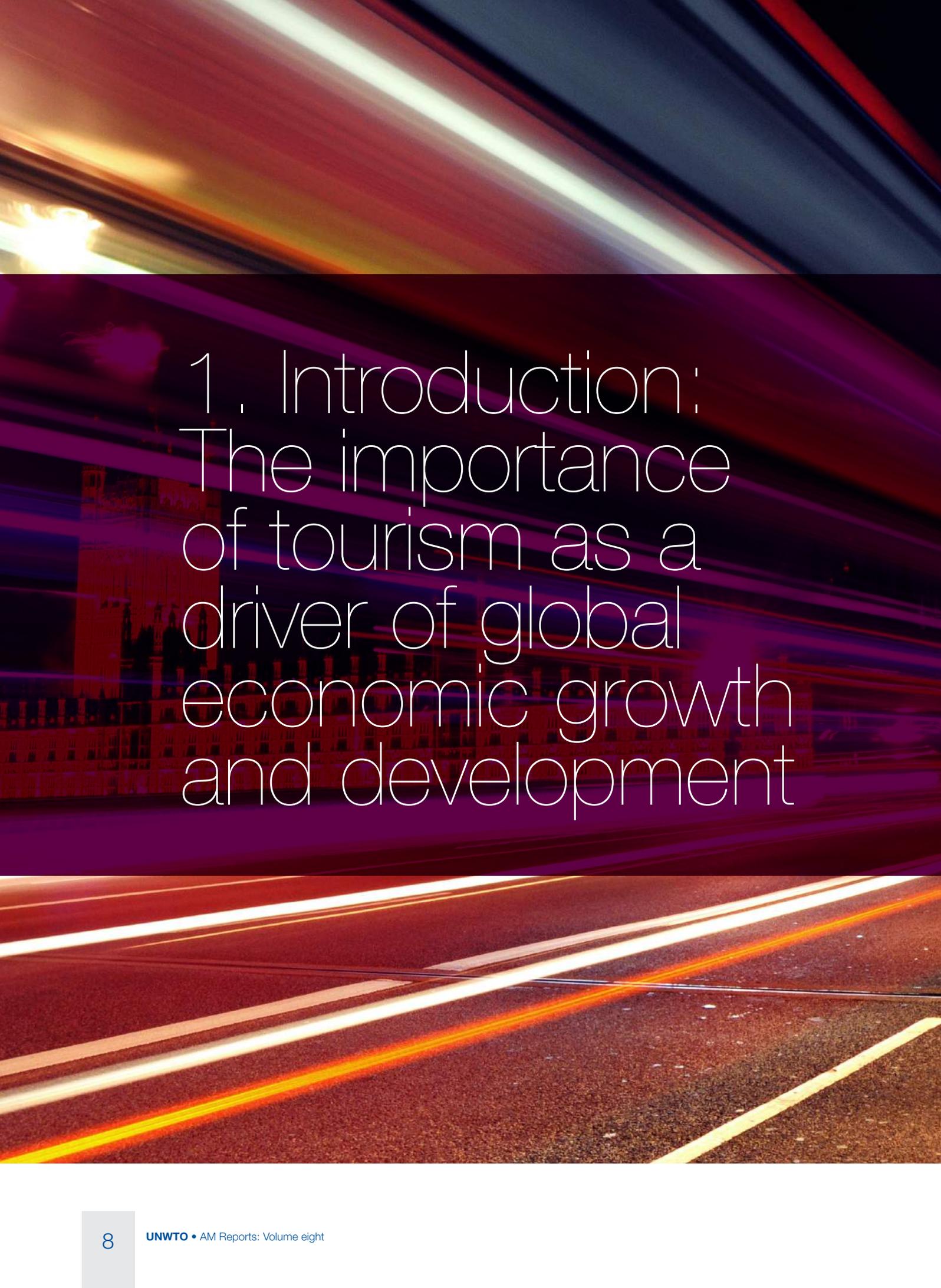
The publication includes experiences and success stories from Affiliate Members from around the world: Alma Mater Studiorum University of Bologna – Rimini Campus, Value Retail, City of Venice, European Travel Commission, Lucerne University of Applied Sciences and Art, Tourism & Transport Forum Australia, InnovaTaxfree, Vienna Tourist Board and Turisme de Barcelona. Herein we also find case studies of other relevant stakeholders such as the promotion boards of New York City and London, Global Blue, Deloitte, PATA,

Tourism of Malaysia and the Tourism Observatory of the City of São Paulo. We express our gratitude to all of them in the development of this study.

As expected in the Affiliate Members Programme, this report does not end here. Its content will be used as a reference in the city tourism prototype currently under development, as well as in the prototypes to overcome seasonality and on value chains in tourism, in an effort to apply the know-how and experiences compiled in the publication. You are all welcome to participate in these collaborative models in which we intend to join forces to find new paths in a scenario of rapid changes.

Last August, on the way to the UNWTO General Assembly held in Zambia and Zimbabwe, I particularly liked a mural in the airport at Johannesburg. It displayed an African proverb that stated the following: “If you want to go fast, go alone. If you want to go far, go together”. I think this is what the Affiliate Members Programme, and the initiatives we undertake together, are all about.





1. Introduction: The importance of tourism as a driver of global economic growth and development





Over the past six decades tourism has experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged, challenging the traditional ones of Europe and North America. Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth – from 277 million in 1980 to 528 million in 1995, and passing the 1 billion mark in December 2012. As global economic recovery took hold and departures from the emerging economies continued to show strong growth, this figure rose to 1.087 billion international arrivals in 2013.

UNWTO's long-term outlook and assessment of future tourism trends is positive. The number of international tourist arrivals worldwide is expected to increase by 3.3% a year on average from 2010 to 2030. This represents some 43 million more international tourist arrivals every year, reaching a total of 1.8 billion arrivals by 2030.

As an internationally traded service, inbound tourism has become one of the world's major trade categories. The overall export income generated by inbound tourism, including passenger transport, exceeded US\$ 1.3 trillion in 2012, accounting for as much as 9% of global GDP when we factor in its direct, indirect and induced impact. Globally, the sector provides 1 in every 11 jobs and for many developing countries it is one of the main sources of foreign exchange income, creating much needed employment and opportunities for development.

1.1 Top spenders in international tourism

The highest growth rates in expenditure on international travel in recent years have come from emerging economies, while key traditional source markets have seen a marked slowdown due to the global economic crisis. Table 1 shows the top 5 countries by expenditure on international tourism in 2013. For the purposes of this report, it is important to note the distinction that UNWTO makes between 'International Tourism Receipts' and 'Spending on International Tourism'. Receipts include visitor expenditure on accommodation, food, drink, local transport, entertainment and shopping. For some 90 countries, receipts from international tourism were over US\$ 1 billion in 2012. Spending is classed as expenditure on international tourism before departure, including contracted transport.

Ranking (2013)	Million	USD\$ (billion)	Change (%)
1	China	129	+26%
2	United States	86	+3%
3	Germany	86	+2%
4	United Kingdom	53	+25%
5	Russian Federation	53	+4%

1.2 The contribution of shopping tourism

Calculating the expenditure on shopping tourism presents a challenge, as it is difficult to differentiate between spending by tourists and non-tourists in the destination. However, one of UNWTO's leading reference documents, the International Recommendations for Tourism Statistics 2008 (IRTS 2008)¹ provides some clarification. The Recommendations state that tourism trips can be classified according to main purpose, one of these being 'shopping', from the perspective of demand, i.e. visitors making a trip with shopping in mind.

At the same time, the UNWTO's own basic glossary makes clear that tourism is an economic sector consisting of production units in different industries that provide consumption goods and services demanded by visitors.

Such industries are called tourism industries because visitor acquisition represents such a significant share of their supply that, in the absence of visitors, their production of these would cease to exist in meaningful quantity². The IRTS establishes that 'In order to be able to relate demand by visitors to the supply in the economy, it is recommended that information be collected not only on the total value of tourism expenditure, but also on the components of this total.'³

The IRTS leaves it for countries to determine which consumption goods and valuables and retail trade activities will make up the category 'country-specific tourism characteristic goods' for products, and 'Retail trade of country-specific tourism characteristic goods' for activities.

For more information on how to handle the goods that visitors acquire (e.g. shopping purchases) please refer to Tourism Satellite Account: Recommended Methodological framework 2008⁴.

Finally, credit card companies such as Visa and Mastercard are able to take some measurements from customers shopping overseas. The processing of tax refunds on purchases made by eligible non-residents has also become a booming industry and also offers indications on visitor spending. The data presented by GlobalBlue in this report offers an example of this.

Information for this section was kindly provided by the UNWTO Market Trends and Market Strategies Programme, as well as the UNWTO Statistics and Tourism Satellite Account Programme. The Statistics and Tourism Satellite Account Programme furthers knowledge of the sector, monitors progress, evaluates its impact, promotes results-focused management, and highlights strategic issues for policy objectives.

“

As an internationally traded service, inbound tourism has become one of the world's major trade categories. [...] Globally, the sector provides 1 in every 11 jobs and for many developing countries it is one of the main sources of foreign exchange income, creating much needed employment and opportunities for development.

”

¹ World Tourism Organization (2008) International Recommendations for Tourism Statistics pp.24-25 (para 3.10-3.21 and 2.1) UNWTO, Madrid (Online) available: <http://statistics.unwto.org/content/conceptual-framework-tourism-statistics-international-recommendations-tourism-statistics-200>

² <http://media.unwto.org/content/understanding-tourism-basic-glossary> pp.24-25

³ World Tourism Organization (2008) International Recommendations for Tourism Statistics pp.24-25, UNWTO, Madrid (Online) available: <http://statistics.unwto.org/content/conceptual-framework-tourism-statistics-international-recommendations-tourism-statistics-200>

⁴ United Nations (2010) Tourism Satellite Account: Recommended Methodological framework 2008, UN, UNWTO, EUROSTAT and OECD available: http://unstats.un.org/unsd/publication/Seriesf/SeriesF_80rev1e.pdf

1.3 The emergence of shopping as a motivator for travel

A weekend break to Germany's Christmas markets. Discovering the boutiques along the Avenue des Champs Elysées. Buying that special gift at the airport duty free shop. Splashing out in style in a two hundred year-old department store. Discovering the bustling night markets of downtown Hong Kong or getting lost in the Grand Bazaar of Istanbul...

Shopping for pleasure is no longer a purely incidental activity to dip into while travelling for leisure. Today, for millions of tourists

it represents the principal – or one of the principal- motivations for travelling.

With the appetite for shopping among travellers from both advanced and emerging economies on the rise, the development of shopping tourism is a phenomenon that is attracting increased attention from policy makers, academics and business leaders around the globe. As with all aspects of destination management and marketing however, balancing the interests of all stakeholders is a complex process, requiring investment, knowledge, experience and above all, partnership. This report aims to investigate the current development of shopping tourism and discuss how it could make a sustainable contribution to destination development.

Commentary: Does shopping drive tourism or vice-versa?

Lorrie King, Audit Partner,
Deloitte Canada



We have all seen the changing behaviours of today's consumer; new buying patterns are emerging, technologies are evolving and the day of consumer-driven experiences is upon us. More and more we see that no industry is immune to these changes – and that includes the tourism industry.

People used to go on vacation to sightsee. By plane, train or automobile, families set out to explore what their latest destination had to offer. From coast to coast, North America is home to some of the globe's most impressive natural sights, world-class museums and galleries, culinary experiences that could rival any others, festivals, events and more. Though these attractions are still in fact attractive, a new trend has emerged. When it comes to shopping around for their next destination, it's shopping they are looking for more than ever.

For us, the linkage between vacation planning and retail experiences is becoming more evident. If you consider the increased investment seen across North America in outlets, mega malls, and outdoor shopping complexes, it's clear to see that a day of shopping is now a highly popular activity. To attract consumers and entice them to stay, we are also seeing an associated rise in hotel construction. It appears that the

hotel industry has recognized the trend and has responded in kind. While today's traveller may be increasingly basing their vacation on shopping, accommodation remains table-stakes.

It's no secret that U.S. and Canadian residents have enjoyed cross-border shopping in the past, and with a Nexus card, travellers can more easily take advantage of what their neighbours have to offer. Between 2001 and 2012, the number of overnight visits by Canadians to the U.S. increased by 68% and spending by Canadian travellers in the U.S. increased by 97%. In 2011, there were more than 500,000 Nexus users. In 2015, membership is expected to reach 830,000 – that's a lot of potential shoppers. With a strong and, for the most part, stable exchange rate, North American tourists traveling around North America are able to get the most out of their money.

There are key indicators linking the prominence of retail with the performance of tourism to the extent that tourism boards have begun to build campaigns promoting their cities as prime shopping destinations. Are the days of enticing people with 'what to see' gone? Are travellers now looking for 'what to do'? Perhaps the answer to becoming a destination of choice now lies in the quality of its retail offerings.

Sources:

<http://www.statcan.gc.ca/tables-tableaux/sum-som/I01/cst01/arts371-eng.htm>

CBC News: 'Nexus users say border lineups are growing - Canada Border Services Agency.'



1.4 Defining Shopping Tourism as an Emerging Concept

Given the relatively recent evolution of shopping tourism as a primary motivation for travel, few solid definitions of the concept exist. As early as 1991 Jansen-Verbeke⁵ questioned how, where and when a shopping environment can function as a tourist attraction. She dismissed the notion that a shopping destination must be a 'shopping paradise', some kind of border area with a specific fiscal regime to stimulate the attractiveness of visitors for shopping. Instead, she proposed the concept of a shopping experience as the cornerstone of its own branch of tourism, including the traditional shopping areas of towns and cities, shopping centres located in peri-urban areas and centres that have been transformed from their previous uses as ports, industrial/agricultural hubs, or theme parks.

In 2004, Moscardo⁶ suggested that until 2004, '[i]f, traditionally, the consumption of tourists focused on specific goods and services (hotels, restaurants, cultural or entertainment offers), modern tourists, who often enjoy a high purchasing power, nowadays are consumers of wider goods, such as fashion, crafts or design'.⁷

When attempting to define shopping tourism, researchers have offered various answers, focusing on different elements

of the experience. Stansfield⁸ for example, has observed that an individual's shopping behavior is different when on holiday. Travelling away from home impacts tourists' shopping habits. Spending increases, more non-essential items are bought, and purchases are made on unusual days (e.g., Sundays, evenings and/or holidays). Various authors have observed that when a domestic and foreign customer are offered the same retail environment, it can be anticipated that the foreign customer will purchase more items, while also spending more per item, and at a different time or day than the domestic customer. By straying from the conventional norms of consumption, tourists demonstrate shopping as more of a leisurely activity than their average purchases at home.

On the basis of these observations, one approach may be to define shopping tourism as a contemporary form of tourism fostered by individuals for whom purchasing goods outside of their usual environment is a determining factor in their decision to travel. Leisure has always served as one of the primary motivations for travelling, as tourists seek enjoyable activities in places outside of their homes. However, it was not until recently that shopping was considered a leisurely activity, not to mention one that could be a driving force behind tourism. As Dallen Timothy has observed, 'consumption is not just about products. It is about consuming places, spaces and time'⁹. Hence the growing space that shopping occupies in the destination management agenda.

⁵ In: Tourism Management: Research - Policies - Practice. Vol. 12 (1991), No. 1. – pp. 9-14.

⁶⁻⁷ Moscardo, G., 2004, Shopping as a destination attraction: an empirical examination of the role of shopping in tourists' destination choice and experience". Journal of Vacation Marketing, 10 (4), pp.294-307.

⁸ In: Butler, R.W., 1991, West Edmonton Mall as a tourist attraction, Canadian Geographer, 35, pp.287-295

⁹ Timothy, D., 2004, Shopping Tourism, Retailing and Leisure, Aspects of Tourism vol.23 p.11



2. Shopping: essential to the destination mix





UNWTO's Practical Guide to Destination Management (2007) describes the tourism destination as:

"..a physical space in which a tourist spends at least one overnight. It includes tourism product such as support services and attractions and tourist resources within one day's return travel time. It has physical and administrative boundaries defining its management, and images and perceptions defining its marketing competitiveness. Destinations could be on any scale from a whole country (e.g. Australia), a region (such as the Spanish 'costas') or island (e.g. Bali) to a village, town or city or self-contained centre (e.g. Center Parcs or Disneyland)"¹

The coordinated management of all the elements that make up a destination (attractions, amenities, access, marketing

and pricing) is known as destination management. Performed well, destination management takes a strategic approach to link up these sometimes very separate entities for the better management of the destination and is typically led by the 'Destination Management Organization' (DMO), also known as the tourist board².

Table XX gives an overview of the different retail spaces a tourist may visit when travelling within a destination. As discussed, many independent stores, shopping districts, malls and markets around the world have become 'must-see' attractions (and occasionally destinations) in their own right. With such establishments rapidly becoming part of the mix of experiences that travellers seek to enjoy, cooperation between DMOs and retailers of all sizes becomes increasingly important. This chapter seeks to explore the scope that such partnerships may have.



¹ World Tourism Organization (2007), 'A Practical Guide to Tourism Destination Management' p.1, UNWTO, Madrid.

² Policy and Practice for Global Tourism (2011, UNWTO Madrid).



Overview of the different retail areas which tourists may visit when visiting a destination:

Type	Example
Informal	Roadside hut, farmhouse, hawker/street vendor selling fresh foods, fruit, vegetables or handicrafts
Automated retail	Vending machines, kiosks
Market (fixed)	Daily or weekly market held in a fixed location. Covered and or/outside.
Market (seasonal)	Christmas market, summer festival
Market (roaming)	Travelling market selling produce from another destination
Transport infrastructure	Shops located at airport, railway station, highway service station, ferry/cruise terminal
Urban centre	Village shops, town high street/shopping district, city centre precinct
Peripheral nucleus	Out-of-town entertainment and retail complex (ERC), outlet, retail park

This is shopping. This is New York City



“Tourism drives the NYC retail economy.” The link between tourism and shopping frequently makes the headlines in trade and general press accounts of the economic life of great urban centers, especially in a global tourism destination like New York. Home to 8.4 million people and playing host to over 53 million visitors annually, there are nearly 12,000 retail establishments among the city’s businesses, employing over one in ten of the 3.33 million working adults in the Big Apple. Great department stores, global flagship stores, unique shopping districts, small boutiques, century old establishments rooted in the city’s history, new pop-up ventures that may only last a season, merchants of literally everything that can be bought and sold; shopping is an integral and essential part of the city, of our history, of our everyday ebb and flow.

Over 10 million international visitors per year make NYC the top international destination in the US and shopping is the single most popular activity among all types of visitors. NYC & Company, the city’s official tourism marketing organization, estimates that almost 25 cents out of every dollar spent by visitors in NYC is spent on shopping. In 2012, travelers in the city spent over \$8 billion dollars in the city’s stores and shops, generating over \$750 million annually in sales taxes for the state and city.

The three kinds of shopping visitors to NYC

The city’s visitors can be sorted into three kinds of shoppers. Each tends to look for something different and each definitely comes away with a different trophy of their shopping trips.

First is the souvenir shopper, the person who wants to, or must, bring home a gift or gifts as a record of their time spent in NYC. Typically, this shopper has other more important activities to occupy their city time. As a consequence, their purchases are targeted to a few convenient locations stocked with the kinds of items they are most likely to buy. The object may be inexpensive, but almost always it is symbolic of the destination. Souvenir shops from Patagonia to the Arctic Circle sell the same merchandise with different



Donna J. Keren,
Senior Vice President,
Research & Analysis,
NYC & Company

logos and colors –bags, scarves, hats, coffee mugs, glasses, tee shirts, and more. There are also the iconic images that unquestionably represent the city. In New York City the classics include the Statue of Liberty or the skyline, licensed logos for the Fire and Police Departments (NYFD or NYPD) to food items available nowhere else. The memento, whether for oneself or to give as a gift, serves as proof of the trip itself.

Second is the more purpose-driven shopping visitor to New York City. Whether the goal is a new coat or a new camera, a wedding gown or baby's layette, the latest designer handbag or a vintage evening purse; the idea of a shopping trip to the city is a tradition that may be as old as New York itself. Whether it marks a rite of passage or coming of age trip or is part of a seasonal and regular activity, visiting the city to shop means making a list, setting aside time, choosing locations and particular stores, and embarking on this journey through the city's streets and neighborhoods. This accounts for the greatest economic impact, more dollars spent on more things, in more places by more people.

Finally, we can identify the visitors for whom the city itself is essential to the activity. Shopping means entertainment and experience. Regardless of trip purpose –business, family or vacation—shopping is woven into the human interactions of the visit. It is as much about exploration and discovery as it may be about the intended or surprise purchase at the end. For these visitors the city offers solitary delights or group activities and guided tours. Shopping is an outcome of discovering the city and for millions of visitors the activity absorbs them into the life of the city. They become part of the energy and diversity, living the aspirations, avocations and occupations that forged this port city over 400 years ago.

Marketing the city has always meant a focus on shopping. As an organization, NYC & Company informs consumers and trade about new opportunities to engage their interest, works with the retail sector to promote the idea of shopping, and creates tool kits and itineraries for visitors to use. This is shopping. This is New York City.





2.1 Partnerships – the key to success

Some factors in the Globe Shopper Index, such as the agreeability of the climate or willingness of merchants to negotiate, may be out of the local or even national government's control. However, a collection of governmental bodies (among them, that responsible for tourism) will usually have some role to play assuring quality standards in merchandise, providing transport infrastructure, regulating trading hours, among a variety of other areas.

Successful tourism destinations recognize the importance of harnessing the energies and resources of a range of partners along the destination value chain. UNWTO is committed to promoting collaboration and cooperation as vital ingredients in increasing the competitiveness of the destination and its future prosperity because:

- **Partnerships help public bodies address the problems of fragmentation in the tourism sector**
- **Partnerships encourage innovation and the sharing of information among destination stakeholders**
- **Cooperation among stakeholders involved in tourism makes the destination more visitor-focused so that the different interactions the visitor has with the destination can be enhanced and value-added³**

Given the increasing amounts of time and money that cross-border travellers are spending on shopping, retailers and DMOs are paying increasing attention to how such partnerships can work.

This report features case studies from a range of destinations that discuss how such partnerships have come about, how they are maintained and what outcomes have been achieved so far. In many cases these partnerships come about at the instigation of a collective of retailers, in others such partnerships are government-led. As destinations and retailers seek to attract a greater share of the global shopping public, the need for partnerships on areas such as external promotion, trading regulation and infrastructure management becomes clearer.

³ Policy and Practice for Global Tourism (UNWTO, 2011).

London's New West End Company - working in partnership to manage and market London's top attraction



A huge concentration and variety of high quality retailing in a compact area attracts over 200 million visits to London's West End each year. Around 50% of visits are by tourists with half of those coming from overseas. The West End is also London's top attraction generating over £7.6 billion in retail sales.

The New West End Company is a Business Improvement District that works to maintain and enhance the West End's appeal to visitors worldwide. It is an autonomous, business-led body that works in partnership with the Mayor of London and Westminster City Council, bringing strategy, funding and on-the-ground expertise to the management and promotion of the district. Under UK legislation, the New West End Company ballots all relevant retailers every five years and, if a majority vote for the bid, then all members contribute to financing and delivering the New West End Company's Business Plan. The Company is now in its third year of operation.

Marketing and management of London's West End retail space
The New West End Company's responsibilities include encouraging investment, making the streets more welcoming, clean and safe for visitors and actively marketing the district worldwide. In terms of promotion, the New West End Company creates marketing campaigns for the West End but also supports the activities of VisitBritain and the Mayor's promotion agency, and London & Partners. For example, during the Mayor's trip to China in November 2013, the London Luxury Quarter hosted

an event for Chinese high-end travel trade and media where the Mayor gave the welcome speech and London & Partners' Chief Executive promoted London.

In order to encourage high-spending international tourists the New West End Company focuses on its luxury offer, specifically the London Luxury Quarter, centered on Bond Street, with marketing campaigns in key markets worldwide. The New West End Company also works to remove barriers to high-spending international visitors, and recently this included a successful campaign to ease visa restrictions for Chinese visitors and working on improving the UK's Tax-Free shopping regime.

Working with local government

New West End Company works together with its local authorities to identify and address key issues of importance to the West End. For example, the Business Improvement District members, Mayor and Westminster City Council collectively agreed to the Oxford, Regent and Bond Street Action Plan, a programme of activities for improving the West End, and together they work to implement its recommendations. New West End Company also sits on the Westminster City Council's newly formed West End Partnership that provides strategic guidance to take the measures necessary to ensure that the West End remains one of the world's most popular districts to live, visit and shop.

Boosting shopping tourism in Barcelona: The Barcelona Shopping Line



Pere Duran i Vall-Ilossera,
Managing Director, Turisme
de Barcelona



In recent years, Barcelona has become synonymous of shopping tourism, earning a spot among the world's major shopping cities. Today, the retail offerings of Spain's most popular city destination are held in high regard by the tourists who visit the city, and this popularity is evident in social networks and among people who, without having even visited the city, have already heard about it. In short, Barcelona is currently riding high as a shopping destination.

That's the picture today; however, it wasn't always the case. The process of improving the city's image and global positioning cannot be explained without mentioning the efforts of Turisme de Barcelona to place the spotlight on the city's retail offerings. In 1999, just five years after Turisme de Barcelona was established, the organization launched the Barcelona Shopping Line.

Around 165 business establishments are part of the Barcelona Shopping Line, funding the programme through an annual fee and providing know-how based on first-hand experience of serving the millions of visitors who visit the city each year across the city's retail establishments. At Turisme de Barcelona we apply a similar model to our other programmes dedicated to other tourism segments such as meetings, gastronomy and culture, among others.

Five kilometres long and with the presence of international brands as well as local retailers that form part of the city's identity, the Barcelona Shopping Line is the tourism product that we offer to people who want to round out their visit to Barcelona with a shopping session and an exhilarating stroll through our stores. The Line starts by the sea, runs along the Rambla and its surrounding streets, and then connects with Passeig de Gràcia and Plaça de Catalunya, before finally joining part of the Diagonal. It constitutes a five-kilometre stretch of retail, with shops side-by-side, which has become an essential part of any tourism visit to the Catalan capital. As a tourism product, it also has the advantage of coinciding with the main tourism areas of the city: in Barcelona, the best shopping is located precisely on the city's streets with the greatest tourism attractions. Moreover, it shares its location with some of the most emblematic icons of Barcelona. This reinforces the attractiveness of our retail offerings, but also the overall appeal of the destination.

The programme has been an absolute hit among the seven million tourists each year staying in Barcelona's hotels. According to the survey we conduct regularly among tourists, the shopping offered by the city as a whole receives a rating of 8.4 on a scale of one to ten. This success has been achieved mainly thanks to the involvement of the shops of the city and their professionals, who have helped put Barcelona on the map of the world's greatest international shopping destinations.

The Modern Commercial Heart of the Ancient Venetian Republic



Nicola Callegaro
City of Venice



As well as being home to fairy tale scenes and priceless artistic masterpieces, Venice is home to the commercial heart of the ancient Venetian Republic. Today there is a variety of shopping options in the city, from incredible handicrafts which have been passed down through the generations –like the fascinating Murano glassmaking- to the most elegant Italian haute couture boutiques. A survey carried out in 2012 showed that about 50% of tourists in Venice come specifically for shopping as well as cultural and leisure activities. Venice's city tourism board is responsible for maintaining the city's status as a leading shopping tourism destination. It also works hard to ensure that visitors are aware of the range of shopping options available to suit their taste and budget.

Maintaining Venice's trading traditions

Venice was once the capital of European fashion. As a producer and importer of the most luxurious fabrics and precious stones, the city was a highly sophisticated and refined trading post. Thanks to artisans and traders who help to keep ancient traditions alive while still making them relevant, visitors can still find many handmade products in Venice. These range from the most traditional Venetian handicrafts (gondolas, glass, pearls, sweet desserts and fabrics) to more exotic products (Persian rugs, Middle Eastern lamps, Chinese crafts, multi-coloured art and porcelain) to more modern products (masks and costumes, cards, accessories and photos).

Sustainable shopping

In recent years there has been a growing consciousness on the part of visitors for ethical shopping and purchasing organic goods. Venice's local government supports ethical

and responsible tourism which encourages respect for and preservation of the city and this includes the choice of goods available to visitors. Today many shops offer local organic products or those from co-operative associations in the area, helping to maximise the economic contribution of shopping tourism among a wider range of local businesses.

High-end shopping

Like all big cities in the world, Venice also has a street dedicated to elegance and glitz, lined with exclusive boutiques of the most important Italian and international brands. Calle Larga XXII Marzo, close to Piazza San Marco, is the best-known shopping street in Venice. Visitors are also treated to the important Italian speciality of wine and food. Venice is home to many shops and restaurants with gastronomic specialities and excellent wine selections, helping to complement the city's offering to the shopping tourist.

Venice against forgery

In June 2013 a campaign was launched against forgery and illegal business transactions, involving many key organisations. The campaign is committed to encouraging legal behaviour and to make citizens and tourists aware of the consequences relating to forgery and the sale of counterfeit products, which has a negative effect on both the individual and the local economy. To give an example of a partner in this, the manufacturer Vetro Artistico® Murano guarantees the origin and authenticity of the Murano glass products. As such, the company protects one of the key examples of a 'Made in Italy' product, and at the same time guarantees that the consumer has a genuine article created through an age-old artistic tradition born and developed on the island of Murano.

2.2 Shopping tourism: high on the agenda for the world's leading destinations

According to UNWTO figures, in 2012 the world's top ten destinations in terms of international arrivals were France, United States, China, Spain, Italy, Turkey, Germany, United Kingdom, Russia and Malaysia. In the last ten years, as international arrivals and visitor spending have grown, each has experienced a growing interest in shopping by visitors, both domestic and international. Some have adopted specific policies to improve the shopping experience for visitors, create new shopping tourism products and promote their own unique shopping experiences to potential visitors. A selection of highlights is presented here:

France

Atout France, the French National tourism development agency has targeted specific outbound markets by promoting shopping opportunities in Paris and other large cities while partnering with large department stores and tour operators to create specific shopping products. In Paris itself, the 'Shopping By Paris' campaign for 2014 includes a package offering visitors a 10% reduction in over 270 stores for a set period. The 'Tourisme en Ville' programme also aims to draw visitors to other cities, thus lengthening visitors' stay in the country and spreading the economic impact of tourism spending beyond the capital.

United States of America

According to the US Department of Commerce and the US Travel Association 'shopping and dining' are the most

popular activities carried out by international visitors to the United States. On average 19% of international visitors' holiday budget is spent on retail, and for some specific markets, this percentage is much higher. Visitors from Singapore to the US spend 73% of their trip budget on retail; visitors from Mexico 60%, from Japan 59%, from Australia 47%, from Germany 40% and from the UK 37%. The case study from NYC & Co in this report helps to illustrate this.

Spain

Spain ranked second in the world for receipts from tourism spending in 2012 and is in the process of consolidating its image as a shopping destination, particularly with visitors from Latin America, the Middle East and Africa. City tourism and shopping were themes promoted in the latest 'I need Spain' promotion campaign. Global Blue estimates that a total of US\$1.1 billion was spent on shopping in the country by visitors from outside the EU with 48% and 31% of expenditure made in Barcelona and Madrid respectively.

Italy

ENIT, the Italian Government Tourism Board has made well-publicised efforts to promote the country's image as a shopping destination, building on Italian cities' established reputation for the fashion and design industries. FutureBrand ranked Italy third in the world for shopping opportunities in the Country Brand Index for 2012-13, and many efforts have been made to cater for the needs of visitors from emerging markets, with greater resources dedicated to visa processing and customer service training.





Turkey

Turkey has always attracted visitors for trade. Indeed, the Grand Bazaar in Istanbul has long been one of Turkey's leading visitor attractions. One of the oldest and largest covered markets in the world, the market is estimated to attract 250,000-400,000 visitors daily. Turkey has seen strong growth in retail developments attracting tourists. From 2005-2011 the Cevahir Mall, a modern shopping complex in Istanbul, was the biggest in Europe and 7th biggest in the world.

Germany and United Kingdom

In recent years both Germany and the UK have seen strong growth in international tourism spending, particularly in retail. According to Global Blue, tourism spending in Germany is highest in Frankfurt (also an important airport hub and business centre), with Chinese, Swiss and United Arab Emirates (UAE) visitors spending most among those visiting from outside the EU. Meanwhile, the case study presented in this report by the New West End Company illustrates well the recent efforts made by destinations in the UK in partnership with VisitBritain to place the UK's famous heritage brands and thriving retail sector at the heart of the UK's tourism promotion overseas.

Malaysia

Malaysia has become a major destination for shopping tourism in Southeast Asia. Kuala Lumpur is currently home to three of the seven largest shopping malls in the world, and the Ministry of Tourism of Malaysia has done much to promote shopping tourism, including the creation of the Malaysian Mega Sales Carnival (see case study).

China and Russia

China and Russia, ranked 3rd and 9th in the ranking of international tourist arrivals respectively, are perhaps currently better known as important outbound source markets for shopping tourism. At the same time, recent rapid economic growth in these countries has of course spurred domestic consumption and thus the expansion of retail complexes that are attractive to visitors, both foreign and domestic. Traditional markets and shopping districts also appeal to the increasing numbers of visitors to both countries.

This text provides only a brief snapshot of the current place of shopping tourism in a selection of leading destinations. Many retail establishments, complexes and markets worldwide have become 'must-see' attractions in their own right. For visitors hungry for unique experiences and a real 'connection' with the destination, visiting a famous store, shopping district, mall or market offers an effective way of interacting directly with a destination's culture, traditions and people.

2.3 The visitor experience: influences on destination choice

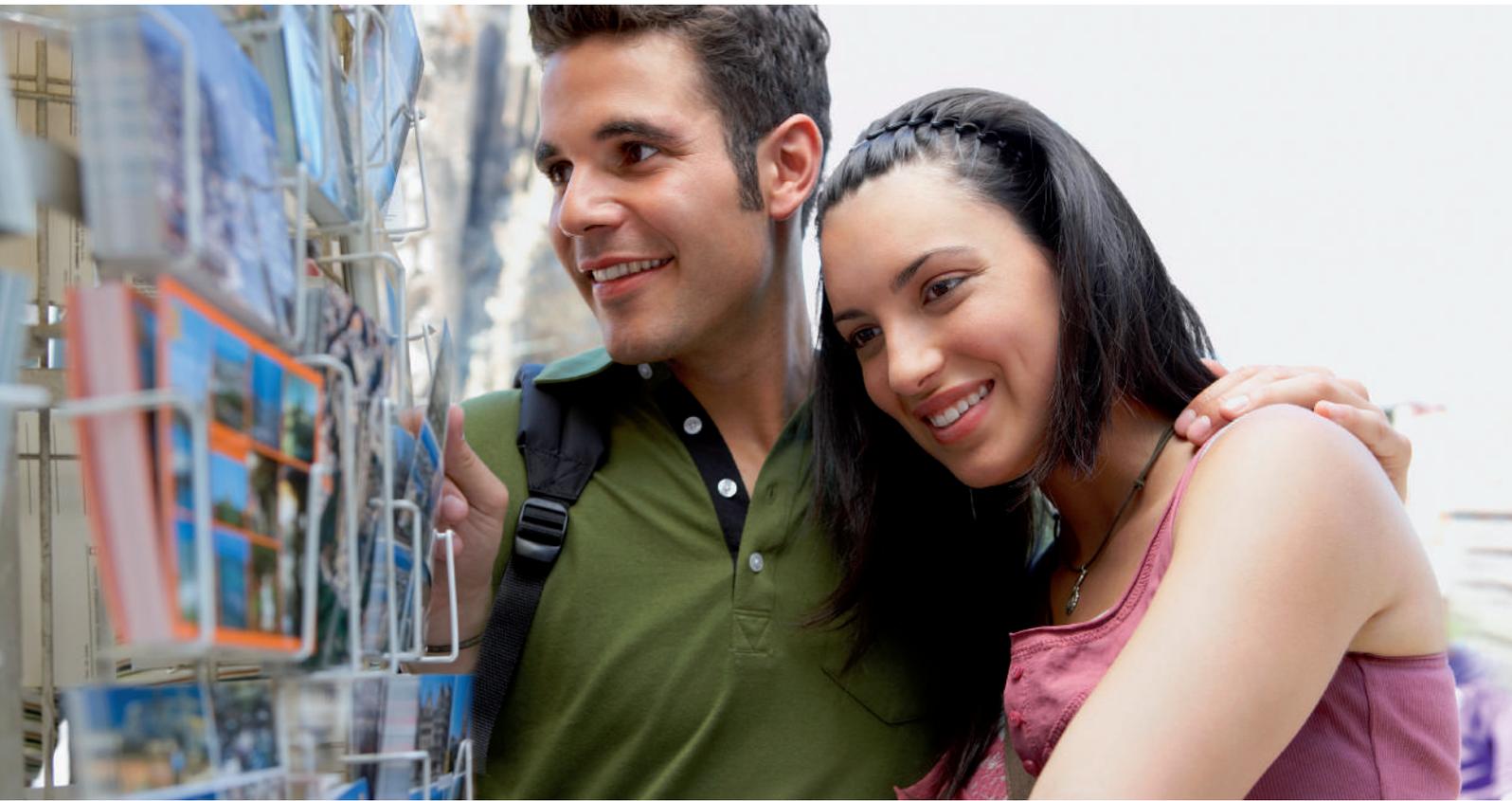
Between 2011-2012 The Economist Intelligence Unit (EIU) collected data from a variety of sources on behalf of Global Blue, a business that handles transactions between shoppers, merchants and banks. The Globe Shopper Index study aimed to evaluate cities based on their attractiveness to 'global shoppers'. The following qualitative and quantitative indicators were used in the study help to illustrate how shopping tourists' choice of destination may be influenced by many other factors beyond the pure shopping element of their visit.

Indicators used to evaluate cities in the 2011-2012 Globe Shopper Index⁴

Shop	
Malls & boutiques:	Number of shops and number of major malls within a 20-km radius of the city centre
International brands:	Number and variety of leading local and international brands
Seasonal sales:	Duration of sales seasons (in weeks per year)
Genuine (as opposed to counterfeit) goods:	Qualitative assessment of the amount of counterfeit goods in department stores, shops and markets.

Convenience / Sub-indicators	
Use of foreign languages:	Convenience of using a UN language (Arabic; Chinese; English; French; Russian; Spanish) in the principal shopping areas.
Shopping hours:	Number of hours major shops open on Sundays (or equivalent), and the average number of hours high street shops are open Monday–Saturday.
Price negotiation:	Likelihood of negotiating a discount at a department store, a boutique store and a market stall.
Safety:	Qualitative assessment of the prevalence of violence and petty crime, as well as the threat of military conflict, political unrest and terrorist attacks.





Culture & climate / Sub-indicators

Attractions & UNESCO sites:	Number of Lonely Planet © sights within the city and the number of UNESCO World Heritage sites (historical city centres receive double points) within a 30-km radius.
International cuisine:	Number and variety of restaurants.
Popular events:	Qualitative assessment of the availability of sporting and cultural events.
Strictness of visa regulations:	Score based on the number of nationalities that require a visa to enter the country, and the validity of the visa for entry to other countries in the region.
Agreeability of climate:	Score based on the number of wet, uncomfortably hot and uncomfortably cold months per year, and the average daily hours of sunshine.

Affordability / Sub-indicators	
Exchange-rate stability:	Change in value of local currency, measured against a basket of currencies (US dollar; yen; euro; renminbi; rouble) over the last two years.
Dining:	Average cost for three options: a three-course meal at a Hilton® restaurant (or equivalent); a drink at that restaurant (aggregated average price of a pint of beer, a bottle of water and a glass of wine); and a Big Mac® meal (or equivalent).
Hotels:	Average cost for two accommodation options: a room at a 4-star hotel and a room at a 2-star hotel.
Shopper favourites:	Cost of a representative sample of consumer products.
City transport:	Average cost of a taxi (initial meter charge plus one km) and a bus (single-ride ticket) in the city centre.

Hotels & transport / Sub-indicators	
Quality hotels:	Annual average hotel occupancy rate and qualitative assessment of upscale hotels within the city, based on the number of 4- and 5-star hotels, weighted by the city size.
Airports & flights:	Total number of arriving and departing flights in 2009/2010 at all airports linked to the city.
Convenient transport to city centre:	Convenience of bus and rail links and the distance to the main international airport.
Dependable city transport:	Assessment of the quality of the public transport system, based on the availability of underground transport and the frequency of night buses on weekends.



Benchmarking the shopping attractiveness of cities in Europe and Asia

www.globalblue.com



The Economist Intelligence Unit developed The Globe Shopper Index, which benchmarks cities' competitiveness in terms of their ability to attract international tourists for shopping. The benchmarking model studied 33 European and 25 Asia Pacific cities ranked in the quest to be the world's best shopping destination, and assessed 31 distinct indicators for each city. The EIU identified five themes that influence a city's attractiveness, and then proceeded to study 21 qualitative and 10 quantitative indicators for each city.

The indicator scores were normalized and then aggregated across categories to enable an overall comparison of cities. As a result, shoppers would be able to compare the relative attractiveness of cities across the world and identify the cities that objectively are the most attractive for shopping.

International and local media, policymakers and other economic development stakeholders have subsequently used the rankings to bridge existing resource gaps and drive improvements to enhance appeal to international travellers in cities.

About Global Blue

Having introduced the concept of Tax Free Shopping over thirty years ago, Global Blue now offers a wide range of services that help consumers shop and spend wisely when they are in foreign countries, and merchants and banks increase their revenues from the lucrative traveller market. Global Blue's headquarters are in Eysins, close to Geneva, Switzerland.

Shopping in 'seductive Vienna'



Vienna has graduated with flying colours to the top of the premier league of international shopping cities – and yet has lost none of its authenticity nor neglected its local heritage in the process, catching the eye of the international press: The fashion bible *Women's Wear Daily* reported on recent developments in Vienna's shopping in an article entitled "Luxury Players Waltzing in to Vienna". In the *New York Times*, international fashion journalist Suzy Menkes has enthused about the new shopping opportunities in "Seductive Vienna". In 2012 Vienna once again achieved a record with 12.3 million overnights – more than 80 percent of them by international guests.

Shopping sprees and city travel are inseparable partners. According to the ongoing visitor surveys carried out by the Vienna Tourist Board (T-Mona), 82% of visitors to the city rated shopping as one of the most important activities during their vacations putting it just behind visiting sights and attractions and enjoying the city's culinary offerings. When asked about the type of the vacation they were spending, no less than 19% of visitors mentioned shopping as their primary motivation for travelling to Vienna.

According to Global Blue, Vienna ranks as Austria's most popular and sought-after destination with respect to shopping. In 2012, 62 percent of total shopping revenue in Austria was generated in the federal capital, with 55 percent of this amount attributable to the so-called 'Golden U', the area defined by Kärntner Strasse, Graben and Kohlmarkt. The average visitor to Vienna spends about 265 euros per day on accommodation, food, shopping and visitor attractions etc, compared to the Austrian average of 181 euros. Vienna's congress delegates spend even more happily: an average of 480 euros a day.

Shopping in Vienna already offers a host of attractive, high-value offerings in every price segment, but the city is currently advancing by leaps and bounds particularly in the luxury sector, attracting a whole host of flagship stores for the major luxury brands. A number of "private shopper" concepts have appeared in recent years, a central role being played by the "Golden Quarter" that opened recently in the city centre.



Dr. Clemens Költringer
Vienna Tourist Board

This development reflects the growing interest in and increased demand for Vienna from luxury-loving visitors from Russia, the Arab countries and Asia, whose numbers have swelled in recent years. This is attributable not only to the strong economic upswing in these countries, but also to the fact that bringing home gifts is inherent in these cultures, especially in Asia. There is heavy demand for products such as watches and jewelry, as well as fashion articles. Shoppers place a heavy importance on ensuring everything they buy in Vienna is original rather than a forgery or copy and merchants work hard to ensure this. Merchants in the city are also rapidly adapting to the needs of their international guests, as reflected in the growing language skills of employees, as well as in their improved knowledge of the culture, customs and preferences of their customers.

One of the things that make Vienna unique compared to other metropolises is the fact that visitors are very often able to do their shopping in historic palaces and against the background of a rich imperial heritage. This ensures that they get an unforgettable shopping experience – one which hardly any other city can offer as intensively and extensively as Vienna. However, even outside the city center – mainly in the vicinity of the major shopping streets – a specialized retail trade has sprung up that follows contemporary trends. Traditional Viennese handicrafts and traditional Viennese firms already established for decades are also experiencing a renaissance, benefiting from Vienna's growing success as a shopping destination. They complement the range of international brands with domestic brands with global reputations that also act as ambassadors for Vienna. Very often they also achieve success abroad that in turn generates new demand for Vienna as a travel destination.





3. Meeting the needs of the new shopping tourist: Motivations and Shopping Behaviours in the Emerging Markets



3.1 Travelling and shopping the Chinese way

According to UNWTO data, in 2012 China beat yet another world record becoming the largest spender on international tourism globally, as travellers from the country spent a record of US\$ 102 billion in international tourism during that year. By early 2015, UNWTO estimates that Chinese travellers are expected to take more than 100 million overseas trips. By 2020 the figure should double to 200 million. The news network CNN has suggested that 'Chinese tourism might be the biggest phenomenon to hit the global travel industry since the invention of commercial flight'.

As ever more countries achieve 'approved destination status' and make it onto Chinese travellers' wish lists, the global travel and tourism industry is racing to understand the profile and characteristics of the new Chinese traveller. The headline figures are consistently impressive. The predicted numbers of outbound trips from China alone make Chinese travellers a point of interest for this report. However, it is the Chinese travellers' motivations for travel and their spending habits once in the destination that really call for closer examination in the context of shopping tourism.

In line with the spectacular economic growth that China has undergone in recent years, many Chinese citizens have experienced a commensurate growth in disposable income and increased possibilities to travel abroad, as more countries join the Chinese government's list of 'approved destinations'. The combined forces of globalization, modern technology and social media in particular have brought Chinese citizens into closer contact with Western companies, brands and culture, while higher salaries have brought increased expectations in terms of products, services and working conditions. Due to the sums of all these factors, travel abroad is becoming cherished as a symbol of prosperity and an outward sign of personal taste.

Recent UNWTO-ETC publications on the Chinese outbound market explain what these trends mean in terms of destination choice and spending behaviour:

Travel motivation for the Chinese is heavily status-related, especially among their fast growing middle-class. Visiting as many places as possible is important for status-oriented travellers, as well as purchasing exclusive goods. With its diversified tourism offer and its image of prestige and glamour, Europe is at the top of the Chinese wish list of travel destinations. Chinese travellers perceive Europe as a sophisticated and refined destination, where shoppers can find original products and convenient deals.

Given the relatively low cost of transport, accommodation, food and beverages in China, when travelling abroad, particularly to Europe and the US, Chinese leisure travellers tend to be very price-conscious in terms of their outlay on these items. However they are big spenders when it comes to shopping. The ETC & UNWTO Study 'The Chinese Outbound Travel Market' reveals that as much as a quarter of Chinese travellers cites shopping as the area of paramount expenditure, with approximately 30% of the total trip expenditure devoted to shopping – a much higher share of their total spending abroad than in any other market. A study by Global Blue carried out in 2012 confirms this, with 68% of respondents spending 21-50% of their total travel budget on shopping. The study goes further:

Shopping behaviour can vary greatly across Chinese travel segments. The ETC & UNWTO Study 'Understanding Chinese Outbound Tourism' outlines some of the key groups:

- **Traditionalists, the largest segment, typically travel in groups, and a trip to Europe is the achievement of a life-long dream. To them, icons, brands and recognition are**

“ The Chinese are different to general luxury travellers who generally want ‘luxury everything’. They are generally much more willing to compromise on meals, lodging and to a certain extent, flights in order to save money for shopping. This could partly be explained by the importance of being able to share gifts and have tangible things to take back as a memory of their travels ”

The Complexity of the Chinese Global Shopper, Global Blue, 2012



relevant and their shopping focuses on cheap luxury items to bring back home as gifts and souvenirs.

- **The ‘Wenyi’ tribe, a rapidly expanding group of young professionals, is characterised by the pursuit of freedom, quality of life, experience, uniqueness and self-realisation. Culture is a very important way to achieve this and it is also reflected in their shopping habits: they want to buy products that tell a story, and mostly focus on design items, books or music.**
- **‘Hedonists’ are a niche segment of wealthy young travellers, mostly students, for whom travel is all about pleasure: shopping, eating at good restaurants and having a good time in general. Scenery is unimportant to them, but being fashionable and stylish is. Travel is therefore a means to purchase original luxury goods, and the choice of the destination is dictated by shopping facilities.**

The consumption of luxury products is a common thread running through all three of these segments. A study from 2013 by the German travel group TUI estimates that in 2015 the Chinese will consume 22% of all luxury goods produced worldwide. Many Chinese travellers are motivated to purchase abroad by high taxation on luxury goods and questions over product authenticity at home and the possibility of connecting the product with the place of origin as part of the travel experience.

Issues affecting Chinese shopping tourism overseas

The trends in Chinese outbound travel outlined have exposed several issues that stakeholders in the shopping tourism industry will have to tackle in the coming years:

Sources:

ETC & UNWTO (2013), The Chinese Outbound Travel Market - 2012 Update, UNWTO, Madrid

ETC & UNWTO (2012), Understanding Chinese Outbound Tourism – What the Chinese Blogosphere is Saying about Europe, UNWTO, Madrid

Z-punkt & TUI Think Tank (2012), New Chinese Tourists in Europe from 2017, Hannover & Cologne

Global Blue Review (2012), The Top Ten Globe Shopper Nations 2012, Global Blue, Eysins

Preparedness for receiving Chinese guests

Chinese travellers value good service like everybody else. To help serve Chinese guests better, adequate signage and service in Chinese is essential, as well as an understanding of specific customs that make Chinese guests feel welcome and comfortable in their overseas surroundings.

The traveller’s freedom of choice

The rapid growth of the shopping tourism industry has given rise to a range of agents offering specialized guided shopping tours and associated providers. Unfortunately some of these have been keen to take advantage of travellers’ spending power and disorientation, engaging in corrupt practices, pressuring customers to buy certain products or visit certain stores against their will. In a move to tackle these issues, in October 2012 a new law came into force governing Chinese trips at home and abroad (see article in this report).

Visa facilitation

In 2012 around 200,000 Chinese visitors visited the UK, compared to 1.4m who visited France. Britain lies outside of the Schengen Area, a collection of countries on the European continent allowing border-free travel. The UK’s move in November 2013 to ease restrictions on Chinese travel came on the tail of a significant amount of lobbying on the part of the UK tourism sector, in partnership with retailers who were concerned that these restrictions were harming the UK’s competitiveness in attracting high-spending Chinese visitors, among others. UNWTO strongly supports improved visa facilitation measures as a means of boosting economic development and employment.

Lights! Camera! Action!



Desirée Bollier, CEO,
Value Retail Plc



Value Retail, one of the world's major shopping tourism leaders, has captured a distinctive new groundbreaking tourism experience with its ten international luxury shopping Villages.

Everything about the Villages has been planned and prepared for theatrical effect, in the same way that you would orchestrate a full-scale Broadway musical or cinema blockbuster.

Minute detail is carefully stage-managed. Every welcome, every friendly greeting honed and polished. From the optional valet parking on arrival to the design of low-rise village buildings reflecting local character and environment; the high quality boutiques offering universally recognised brands line the safe, immaculately kept streets; plus the myriad of upscale support customer services, restaurants, bars and drop-in cafes has led to the creation of an original business model 'first' in the history of shopping tourism.

The result is more like an all-inclusive luxury community experience, attracting tourists who buy into destinations synonymous with a relaxed leisure lifestyle. The Villages draw on a new kind of sophisticated, celebrity-following, fashion-conscious consumer.

Although visitors are offered price reductions of an average of 50% - or more - significantly below traditional retail, Value Retail works in partnership, advocating a respectful conservation of

the brands' full-price positioning by respecting their standing, reputation and pulling power.

Value Retail has recognised a simple but fundamental difference in this new experience: that luxury shopping is now quite different from the past, when only the very rich travelled and bought fur coats, high priced watches and handbags. New luxury retailing is about everyday luxury, a little 'thank you' or an extra motivation. Treating yourself to a cup of coffee made with care by a barista, a quality leather handbag or a prestige suitcase that publicly displays a certain cachet for the owner.

Aspiring tourists expect more of an experience, are more demanding and, because of social media, television and other medium, have a greater awareness of the latest brands. Value Retail believe that customer purchases express something about themselves and the way they live. The same applies to the complete experience from arrival to departure, the way they are treated during the visit, the staff, infrastructure and support services.

Value Retail's unique formula for a 'retailment' experience, blended with high-maintenance service, has increasingly attracted the upwardly mobile middle classes, reflecting their attitudes and values. It's customers are tourists seeking cultural symbols that reflect their own personal identity.

Protecting Chinese travellers at home and overseas



On 1 October 2013 a new law came into force in China governing the rights of citizens when travelling at home and overseas¹⁴. Article one states that the aim of the new law is "to protect the legitimate rights and interests of the tourists and tourism operators, regulate the order of the tourism market, protect and reasonably utilize tourism resources, and promote the sustained and healthy development of tourism". It has been widely acclaimed as a welcomed and necessary step towards ensuring the sustainable and responsible expansion of the tourism sector in China.

While the majority of the articles contained in the Tourism Law of the People's Republic of China refer to commercial operations and tours within Chinese territory, agents in China may be sanctioned if regulations are broken when serving Chinese travellers overseas too. Article two states that "the law applies to the tours, vacations, leisure activities and other forms of tourism activities organized within the territory of or to go beyond the territory of the People's Republic of China, and the business operations providing relevant tourism services". Further highlights from the new Tourism Law are given here:

Article 6: 'The State builds and improves tourism service standards and market rules, and prohibits industrial monopoly and regional monopoly. Tourism operators shall run business with integrity, compete fairly, and undertake their social responsibilities to provide safe, healthy, sanitary and convenient tourism services for the tourists'.

Article 9: 'Tourists shall be entitled to select tourism products and services independently and refuse coercive trade behaviors of tourism operators. Tourists have the right to get the true information on the tourism products and services

they buy. Tourists have the right to require tourism operators to provide products and services set forth in the contract'.

Article 32: 'Information issued by travel agencies for the purpose of attracting and organizing tourists must be true and accurate, and must not be false or misleading'.

Article 35: 'Travel agencies are prohibited from organizing tourism activities and luring tourists with unreasonably low prices, or getting illegitimate gains such as rebates by arranging shopping or providing tourism services that requires additional payment'.

Article 41: 'When providing services, tour guides/tour leads shall wear their tour guide certificate/tour lead certificate, observe professional ethics, respect the custom and religious beliefs of tourists, tell and explain to the tourists norms of civilized tourist behaviour, guide the tourists to travel in a healthy and civilized way, and stop behaviours which violate social morality.

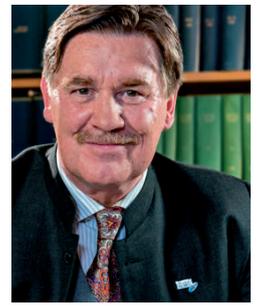
Tour guides and tour leads shall strictly follow the itinerary, shall not alter it or stop the services they are providing without permission or to ask for tips from tourists or lure, cheat, compel or force tourists in a disguised form to make purchases or participate in tourism activities that require additional payment'.

Article 51: 'Tourism operators shall not offer or take bribes when selling/buying commodities or services'

Further information on this law is available from the China National Tourism Administration: www.cnta.gov.cn

¹ Full text available at: <http://en.cnta.gov.cn/html/2013-6/2013-6-4-10-1-12844.html>

Shopping tourism - an essential component of the highly interdependent visitor economy in the Asia-Pacific region



Martin J. Craigs, CEO,
Pacific Asia Travel
Association (PATA)



For centuries, Asia has been at the crossroads of trade in spices, precious metals, fine art and almost everything in between. Travellers have been motivated to cross the world's most feared Cape, and largest ocean to discover new lands, establish trading routes and in recent times to indulge their leisure time in exotic destinations through tourism. The Pacific Asia Travel Association, since its formation 63 years ago has been committed to bringing regulators and investors big and small in the travel and tourism industry together to build the overall business.

As has been noted elsewhere in this report, destinations across the globe are racing to understand the needs, interests and desires of travellers from the emerging market economies, not least those in Asia. As well as leading the world in international

departures, Asian travellers are clearly driving a significant proportion of global tourism spending. Destinations across the globe are reporting increased visitor arrivals and sharp increases in spending by visitors, most notably among those from China.

PATA's members both across Asia and the rest of the world repeatedly cite Europe in particular as a dream destination and today increasing numbers of people from across northeast and southeast Asia are making that trip for the first time. Ensuring that they are welcomed in the proper way, protected from malpractice among tourism providers encouraged to return requires many destinations to re-orientate their tourism offer, especially towards providing shopping opportunities that offer value and outstanding service.

Since most first-time travellers tend to visit destinations within their own region first, Asia Pacific destinations are benefitting from booming visitor numbers and high visitor spending. In fact, the region boasts some of the highest visitor expenditure on shopping as a proportion of the total travel budget. For example, as data from PATA's mPower market intelligence tool indicates, in 2012 visitors to Hong Kong spent almost 60% of their travel budget on shopping. Visitors to Macau spent 49%, visitors to Korea spent 43% and visitors to Japan dedicated 32% of their travel budget to shopping purchases.

In terms of total spend on all goods and services purchased while abroad, MasterCard, a valued PATA member found that Bangkok received the greatest visitor spend in the region. According to the MasterCard Global Destination Cities Index 2013, the top ten Asia/Pacific cities by international visitors' cross-border spending were (in USD):

- | | | |
|-----------------|--------|----------------|
| 1. Bangkok | —————> | \$14.3 billion |
| 2. Singapore | —————> | \$13.5 billion |
| 3. Tokyo | —————> | \$12.7 billion |
| 4. Seoul | —————> | \$10.8 billion |
| 5. Sydney | —————> | \$10.4 billion |
| 6. Taipei | —————> | \$8.1 billion |
| 7. Kuala Lumpur | —————> | \$7.8 billion |
| 8. Shanghai | —————> | \$6.9 billion |
| 9. Hong Kong | —————> | \$6.3 billion |
| 10. Melbourne | —————> | \$5.9 billion |

For PATA, these figures demonstrate the indisputable link between visitor spend and other key sectors of the economy such as retail. PATA believes that the complete visitor economy's benign direct and indirect impacts need to be better acknowledged. That political objective also unites the Global Travel Coalition, of which PATA is a founding member. Our agenda is to make sure that travel and tourism in its entirety, that is, the complete visitor economy, gets its fair share of investment and is included at the highest levels of government decision and policy making.

In the coming months, PATA will be investing in further research with our coalition partners to better understand visitor spending patterns across Asia Pacific. Your feedback on this is encouraged and will be appreciated.

www.pata.org



The attraction of quality and authenticity: Shopping in Switzerland



Urs Wagenseil
Lucerne University of Applied Sciences and Arts



With around eight million inhabitants, Switzerland lacks the huge metropolises that could provide basis for a huge shopping tourism industry, however, in this Alpine country, the focus isn't so much on the quantity of shops as on the quality of the products available. The world famous "Swiss Quality" and "Swiss Made" labels ensure the foundation of shopping tourism in this Alpine country with Swiss made chocolate, watches, army knives and cheese almost becoming attractions in themselves. City sightseeing or visiting the countryside and the mountains goes hand in hand with shopping for traditional Swiss products and souvenirs. Good examples are the tourism destinations of Interlaken and Lucerne. These two locations are the top destinations for the increasing number of tourist groups from all over the world and in particular India and China¹ who are combining classical touring with shopping.

To illustrate the power of shopping tourism consider that Lucerne, a city of only 80,000 residents, accounts for 30-40% of all watches sold in Switzerland. In the period from June to August (high season) up to 150 coaches a day stop at the city's Schwanenplatz, a square surrounded by jewellery and souvenir stores, making it the square ranked third in the world –after Place Vendôme in Paris and Plaza 66 in Shanghai- for the value of watch sales, and demand continues to climb. In Lucerne the number of overnight stays by Chinese tourists

tripled in the five year period leading to 2012. In 2012, of the total 744,000 overnight stays in Switzerland made by Chinese tourists, 30% were spent in the region of Lucerne and another 20% in the region of Interlaken, though of course this growth was not only driven by the sales of watches and jewellery. Shopping tourism forms a part of the wider visitor attractions available in this area.

Recent innovation by watch sellers in these destinations illustrates a wider trend in Swiss shopping tourism. One of the family businesses operating in Interlaken employs 30 shop assistants who are fluent in Mandarin. It is assumed that each Chinese visitor spends on average between 2,000-5,000 Swiss Francs on watches in Switzerland during his or her short stay in the country.

As in many other destinations, local businesses and accommodation providers have examined how to increase the length of stay and broaden the economic impact of visitor spending across a range of sectors. As part of this process, in Lucerne a number of five star luxury hotels partnered with the local DMO to launch 'Lake Lucerne Luxury Hideaways' as a means of repositioning the destination to target individual, luxury tourists with high purchasing power, having impressive results.

¹ Swiss Tourism Statistics, 2011

Driving the growth of shopping tourism through events: the case of the Malaysia Mega Sale Carnival



For over twenty years the Ministry of Tourism of Malaysia has recognized the importance of shopping as a motivator for international travel. This is why, in addition to promoting Malaysia's rich cultural heritage and diverse modern city attractions, the Malaysian government has, since 1990, led from the front with the Malaysia Mega Sale Carnival.

Shopping expenditure represents the second biggest share of tourist expenditure after accommodation. In 2012 Malaysia registered 25 million international tourist arrivals and RM 60.6 billion (USD 20 billion) in international tourism receipts, with over 30% of these receipts from shopping. Impressive figures like these have helped to boost Malaysia's thriving retail economy, which received a 5.5% increase in turnover in the same year.

In recent years the Malaysian government has moved to reduce or eliminate tax on a range of items, helping to drive down prices and increase competitiveness for Malaysia's tourism and retail economy. Duty free shopping on cameras, sports equipment, footwear and jewellery (to name just a few) isn't just restricted to certain zones; it's available nationwide. Kuala Lumpur, Malaysia's capital city, ranked fourth in CNN's 2013 survey on the Top 12 Best Shopping Cities in the World, ahead of well-established shopping hubs such as Paris, Hong Kong and Dubai. We believe that KL's impressive score comes from its winning combination

of high-quality shopping, affordable prices and reliable sales. It also currently features three of the ten biggest shopping malls in the world.

However it isn't just low prices that attract visitors from around the world to choose Malaysia as their shopping tourism destination. The Malaysia Mega Sales Carnival, a government led initiative to boost tourism and shopping, held for approximately 11 weeks each year, combines discounts across a range of sectors (including retailers, hotels, visitor attractions, and restaurants), with a strong cultural offering too. The event offers an opportunity for Malaysia to show off its own thriving fashion industry with parades, shows, artistic displays and music. To coincide with the Carnival, the Ministry organizes targeted familiarization trips for tour operators, journalists and consultants, to show off the best of what the country has to offer.

In 2014 the Malaysia Mega Sale Carnival will be held from 28 June to 1 September and will form part of over 200 events being held to celebrate Visit Malaysia Year, a campaign featuring special events and programmes designed to raise the country's profile among international audiences. It should provide a major contribution to the Government's target to receive 36 million tourist arrivals and RM 168 billion in receipts by 2020.

www.tourism.gov.my

The Rise and Rise of Shopping Paradise'

Value Retail Plc



Global shopping tourism innovator, Value Retail Plc generates more revenue per square metre of sales space than any other of the world's traditional shopping malls.

Value Retail's ten luxury shopping Villages - in the UK, Italy, Germany, Ireland, Spain, France, Belgium/Netherlands and now China, featuring some of the world's most iconic fashion brands, has broken the mould with a new cutting edge concept unlike conventional retailing.

More than 31 million visits by tourists to the Villages take place every year. Research in 2013 at Bicester Village, close to London, showed an average spend per visit of €61.15¹ with 33% of visitors spending the whole day² and 25% of visitors spending more than five hours at the Village³.

Value Retail's pioneering sales methodology, combined with a total experience strategy has led to a consistent double digit gross sales growth since Bicester first opened in 1995. From 2006, all the Villages have achieved consecutive quarters of double-digit growth in tax refunded sales, generated by non EU guests.

There has been a dramatic increase in Value Retail's top ten non-EU markets visiting the Villages in 2013, compared to 2012. They are: China (+48%) ; Russia (+30%) ; Kuwait (+54%); Malaysia (+64%); Thailand(+47%); Hong Kong (+37%);Saudi Arabia (+27%); Korea (+29%, Singapore (+49%) and UAE (+42%).

As Chinese travellers become the biggest spenders with the expanding middle class spearheading the boom, Value Retail is investing in a two luxury shopping projects - Suzhou Village, close to Shanghai Nanjing and Beijing, which opened in May 2014; and Shanghai Village, situated in the Shanghai International Tourism Resorts Zone, which includes Shanghai Disney Resort, serving a catchment area of 330 million, opening in 2015.

The Villages, designed to reflect local heritage, operate more on the lines of some department stores with a strong partnership at every level between operator and top fashion and lifestyle companies selling previous seasons' merchandise at discounted prices. They have no rents, but instead pay royalties, service and maintenance fees. Agreements are short with constant churn and relocation to keep the Villages fresh and relevant.

The hybrid operating model, part retail business, part tourism business, underlines a total theatrical experience for guests, encompassing every detail of their visit. This is partly achieved through identifying exemplary pipeline talent and providing intensive skills and training via Value Retail's Academy. Ecole Hôtelière de Lausanne, the world's leading hospitality school, also source potential Value Retail staff from its network of its highly regarded certified and accredited schools.

Five key educational components cover best practice, consistent consumer excellence and, most importantly, destination differentiation. By the end of 2014, Value Retail expect to employ up to 10,500 employees directly or indirectly. The Villages play an active role in local events and initiatives, eg La Roca Village partners Barcelona Fashion Council to support and award the thriving local fashion and artisan industry in Catalan and Barcelona; there are also close links with Barcelona's fashion, arts and creative schools to promote local creative talent. La Vallée Village, which works with the world-renowned fashion school Esmod, was the only shopping destination chosen to exhibit three young designers at the first Craftsmanship Fair in Paris.

In addition to universally recognised brands, each Village reflects the inherent quality of the region with a mix of local brands eg La Roca Village is home to Catalan names such as Sita Murt, Custo Barcelona; Bicester Village features English brands such as prestigious stationers and leather goods



¹August 2012 field survey results, Bicester Village, Boston Consulting Group

²August survey field results, Bicester Village, Boston Consulting Group

³August survey field results, Bicester Village, Boston Consulting Group



company Smythson, and fashion designers Temperley London and Anya Hindmarch.

The Villages also offer local cuisine eg the delicatessen Barlumeria at Fidenza Village features regional delicacies from the Emilia Romagna region such as Parmesan cheese and Parma ham.

The Villages work with national and local DMOs, promoting destinations and providing support. La Vallée Village, Paris works with the Seine-et-Marne Department Tourism Board, Ile-de-France Regional Tourism Committee, Paris Tourism and Convention Office, Atout France, the Clefs d'Or International Union of Hotel Concierges and the International Association for Deputy Managers and Front Office Managers of Luxury Hotels; La Roca Village is the only retail partner of the Agencia de Turisme programme and has also teamed up with the Catalonia Convention Bureau, targeting the meetings and incentive market; Bicester Village is in partnership with Visit Britain, attending sales missions in source markets, endorsing the country's 'GREAT' campaign under the marketing strapline 'Shopping is GREAT'; the Village is also a founding member of the China Welcome initiative and a board member of Shakespeare's England.

Digital Global Reach

In addition to a global and regional marketing and communications campaigns, Value Retail uses its digital platform to enhance a guest's experience as well as maximize global reach.

ChicOutletShopping.com is mobile-optimised in 14 languages, including Chinese, allowing guests to plan their visit, book their travel and exclusive shopping packages, combining cultural experiences and local attractions with luxury shopping at the Villages; Chic Outlet Shopping® has more than 35,000 followers on Weibo, updated daily.

The Chic Outlet Shopping® blogs, available in nine languages and The Chic Outlet Shopping® app in five languages, also helps tourists to plan ahead, consider transport options, decide which boutiques to visit on arrival using a map of the Village, plus enjoy special offers, events, the convenient use of a currency converter and much more. The company is also launching a We Chat account for even greater real time engagement with customers.

Value Retail works with nearly 400 travel trade partners including hotels, airlines, car rental companies, tour operators, train companies, travel associations and concierge associations.

3.2 Shopping and travelling the Brazilian way

Due to a tax system with high levies on imported goods, luxury goods tend to be more expensive in Brazil than abroad. This has created a window of opportunity for international shopping destinations, as Brazilians increasingly reap the benefits of their rising incomes and relatively inexpensive shopping abroad. Europe in particular, with its multitude of luxury brands, has a great potential as a shopping destination within this market. In 2012 Brazil ranked 13th worldwide in terms of international tourism expenditure, reaching US\$ 22 billion.

Just as for Chinese visitors, travel motivation for Brazilians is heavily status-related and this helps to explain Brazilians' preferred choice of destination. The European Travel

Commission (ETC) & UNWTO study 'Understanding Brazilian Outbound Tourism' reveals that Brazilians see Europe as a top destination for shopping, followed closely by the United States. They are drawn to Europe by the refinement of European design and art, especially that found in Barcelona, London, Lisbon and Berlin. Rather than purchasing in large quantities, Brazilian travellers tend to prefer the purchase of a carefully selected artefact in a high-class shop or gallery.

Prior to travel Brazilians use social media heavily, discussing the best overseas shopping destinations and sharing recommendations, prices, and photos.

Adapted from: UNWTO (2013), Understanding Brazilian Outbound Tourism – What the Brazilian Blogosphere is Saying about Europe, UNWTO, Madrid.



Shopping Tourism in the City of São Paulo

Tourism Observatory of the City of São Paulo



The city of São Paulo has a market focused mainly on business tourism and events, demonstrated through the research of the Tourism Observatory of São Paulo Turismo (SPTuris) - the official tourism and events body for São Paulo. Visits to the city have increased in recent years and in 2013 São Paulo received an estimated 13.8 million visitors, greater than the city's own population.

To understand the demand for shopping tourism in the city, this article will discuss the findings of research coordinated by the Observatory on Tourism in the 1st half of 2013 on the Profile of São Paulo Hotel Guests:

1. Shopping tourists stay longer

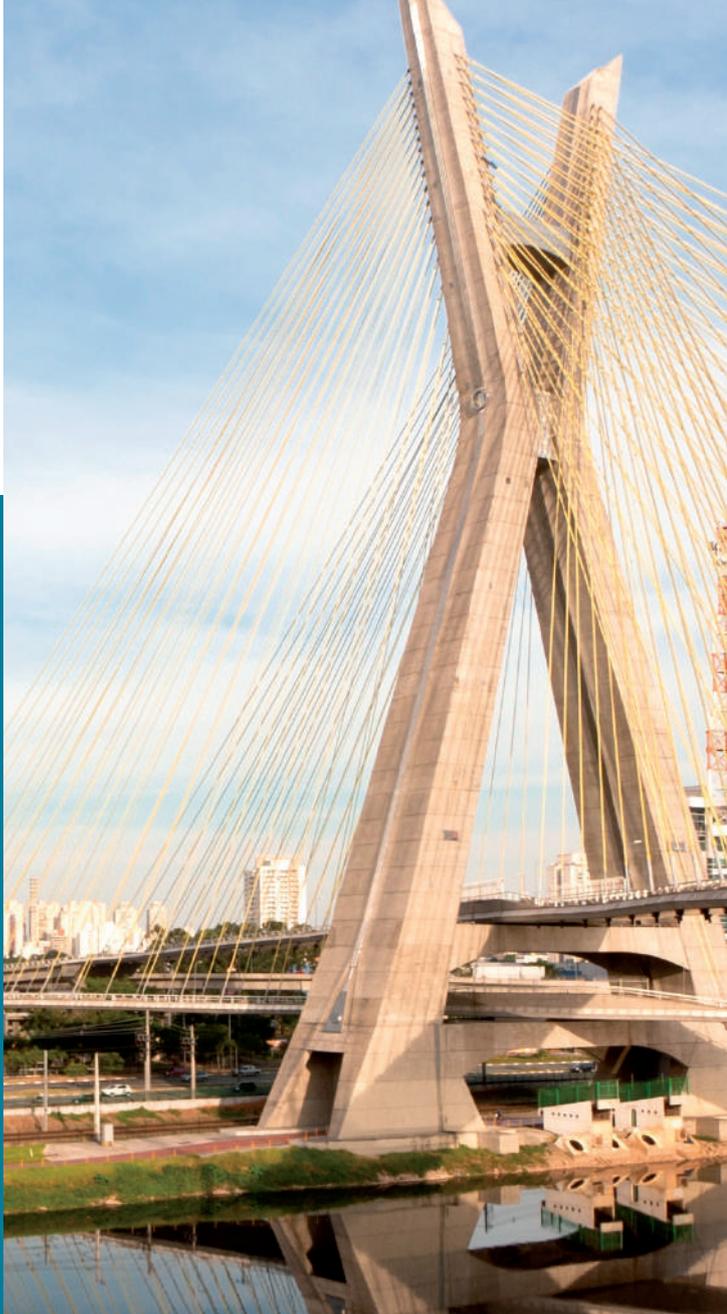
The general behavior of guests is to check in on Monday (23.1%) and check out on Friday (21.1%). However in the case of those who declare shopping as one of their main activities, guests tend to check out one day later, on Saturday, leading us to assume that the additional day is meant for shopping and other activities.

Shopping tourists - Check in Date

Monday	22,6%
Tuesday	13,1%
Wednesday	16,6%
Thursday	14,6%
Friday	12,6%
Saturday	8,5%
Sunday	12,1%

Shopping tourists - Check out Date

Monday	8,0%
Tuesday	10,6%
Wednesday	13,3%
Thursday	16,5%
Friday	16,0%
Saturday	25,5%
Sunday	10,1%



2. Higher overall expenditure among shopping tourists

Although 2013 has been a difficult economic time for many, it was observed that shopping tourists in São Paulo spent more overall, spending R\$ 2,201 compared to the average tourist spend of R\$ 1,746, highlighting a higher spending value of 26% by the shopping segment.

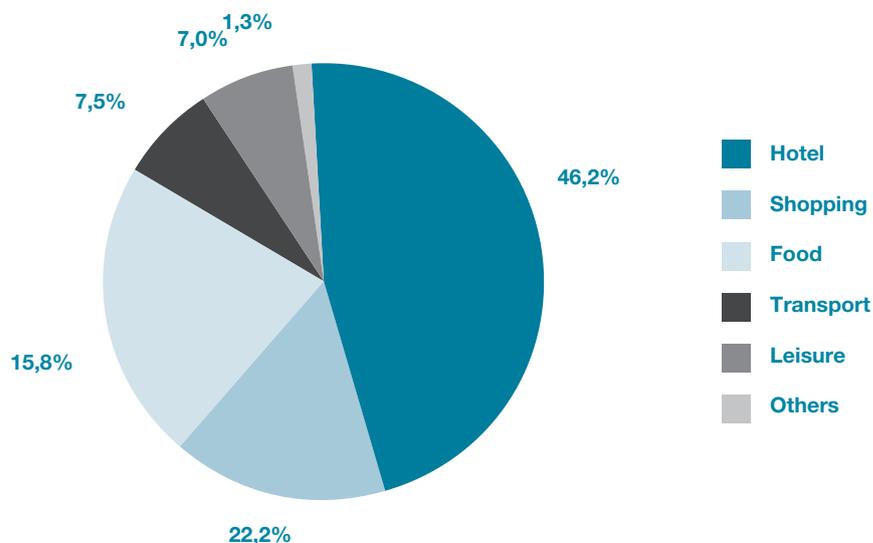
3. Shopping represents the second largest tourism expenditure.

After accommodation, which represents the largest expenditure during tourists' trips to São Paulo (46.2%), shopping purchases constitute the second largest category of spending (22.2%), even before food (15,8%) and other consumable items.

Shopping tourists - Average expenditure: US\$ 920

Shopping tourists - Average length of stay: 4.7 days

Main expenditure:





4. Accompanied visitors go shopping more

Generally tourists staying in hotels come alone (64.3%), with only 13.8% bringing along a companion. For those travelling accompanied the participation in shopping activities reaches 25.4%.

5. Shopping tourism linked to leisure visits

Despite the main motivation for travel among São Paulo hotel guests being business events (62.6%), within the shopping tourism segment there is still a notable contribution linked to an increase in leisure and entertainment (17.7%), visiting friends and relatives, and even those travelling for educational purposes.

Tourism generating regions for São Paulo

Regional São Paulo	23,4%
Rio de Janeiro	13,3%
Paraná	9,5%
Minas Gerais	9,0%
Bahia	6,0%
Rio Grande do Sul	5,8%
Santa Catarina	3,9%
Distrito Federal	3,2%
Others	25,9%

6. Demand for shopping tourism generated by surrounding cities

For the majority of the state of São Paulo, shopping tourists derive from nearby towns and even from within the capital itself. The percentage of visitors from the city and nearby towns engaging in such shopping tourism is 35.7%, higher than those travelling from further afield. Nearby cities such as Campinas, Ribeirão Preto, Bauru, São José do Rio Preto and others generate the most shopping tourism visitors. Three quarters of these visitors use air transportation when accessing the region.

Research from 2011 on tourism demand taken from passengers passing through São Paulo's Guarulhos International Airport also backs up the findings listed above. The highest ranking favorite activities as highlighted by the complete group of respondents (5,000) in the second half of 2011 were: food purchases (49.4%), shopping (38.3%), and other activities on a more moderate scale such as bars / nightclubs , parks / green areas, museums, concerts, theaters and others. For domestic tourists, their interest in shopping within São Paulo (59.1%) exceeded their interest in gastronomy, while overall, as a result of this study conducted at the main air transport gateways to São Paulo, tourists assigned top marks for shopping (48.1%), surpassed only by the food offerings in the city at 55.9%.

The Tourism Observatory of the City of São Paulo will continue to analyze the profile and characteristics of shopping tourists with much interest.

www.observatoriodoturismo.com.br



#traveldonttraffic

YOUR ACTIONS COUNT

www.bearresponsibletraveller.org

Not just Sun and Sea: Shopping Tourism in Rimini



Chiara Rabbiosi, School for Advanced Studies in Tourism Sciences, Alma Mater Studiorum University of Bologna – Rimini Campus



Since the mid-20th century Rimini, a city of 147,000 inhabitants and part of the conurbation of Riviera Romagnola stretching approximately 100 km along the Italian Adriatic coast, has been one of the most famous coastal beach resorts in Europe. A wide range of accommodation and seaside services as well as entertainment and nightlife have drawn visitors from far and wide. However many changes have occurred in the region in the last 25 years and today shopping tourism has become an issue of interest to business and policymakers given its huge potential to affect the present and future of Rimini and its surrounding area.

Shopping tourism in Rimini is widely attributed to the increase in Russian tourists to the region since the end of the Millennium. In fact, Rimini International Airport started a campaign to become the first Italian hub for charters flights from the Russian Federation as far back as 1993. By 2011 Russians had become the largest international group visiting the Province of Rimini, and their numbers increased further in 2012, representing 24.7% of the total number of foreign arrivals and 22.2% of foreign overnight visitors.

The main draw for Russian shoppers in Rimini has been 'Made in Italy' products for personal use, as gifts or for resale at home. While the city's beach and other attractions have been mostly bypassed by Russian visitors, their destinations have quickly become fashion and footwear wholesalers and outlets, which can be easily reached from Rimini. A whole range of intermediary figures and services (guides, translators, mini-van rentals) that could answer the needs of these shopping tourists has also spontaneously emerged, followed by specialized agents. Due to the volume and value of commodities travelling with these Russian tourists, Rimini International Airport has even introduced a special system for checking baggage.

Clearly Russian visitors come to Rimini prepared to spend. This suggests that there is a strong possibility of opening up the destination to Russians interested in cultural and coastal tourism. The socio-demographic composition of Russian tourists is now

quite mixed. Power-spender tourists have somewhat decreased since the Russian economic recession in 2008 but shopping tourism shopping still remains a particularly important activity among middle class visitors. According to Global Blue, Russians represent the top shopping non-EU nationality in the province of Rimini. They generated 86% of total tax-free sales in 2007 and 93% in 2012. Sales were mainly distributed between Rimini and Riccione in 2012, mainly in the area of fashion, clothing and leather accessories in Rimini (85% of sales), while watches and jewellery were also sales catalysers in Riccione (20% vs. 69%).

Nevertheless, data about Russian shopping spending is not solid. According to a survey conducted by Iscom Group for the regional tourism observatory at Rimini airport, Russian tourists spent an average of 75€ per day in summer 2012, totalling an average 600€ during a typical 7 night stay in the city.

In the same survey the minimum declared expenses for shopping were 25€ and the maximum was 10,000€. Global Blue reported that the average amount of tax-free sales in store was 388€ in 2012 but that Russian total sales in the stores had slightly decreased since 2007. In fact, the Rimini airport customs authority claims that the value of the total amount of tax-free commodities exported by individual passengers was 5,997,339€ in 2012.

In Rimini and its surrounding area, many local stakeholders have come to regard shopping tourism as a gift from heaven, as it helps to mitigate the double effect of economic crisis and destination decay. However, there is also a general awareness of the ambiguities that shopping tourism brings with it. For instance, many shopping tours only pass through the destination in which case the benefits to the destination at local level are somewhat limited. High-end factory outlet villages or clusters of fashion and leather stores on the city's edge provide strong competition while intermediaries and tour operators have been known to manipulate Russian tourist spending, collecting heavy commissions. Many retailers in Rimini's centre have complained that no effective initiative has been undertaken by policymakers to promote the link between tourism and independent shopping, suggesting that balancing the needs of all tourism stakeholders in Rimini will be a difficult course to negotiate.

¹ Total number of Rimini visitor arrivals in 2012 (domestic and international tourists): 3,198,906. Total number of Rimini overnight stays in 2012: 15,987,166. Total number of Russian arrivals: 181,492. Total number of Russian overnight stays: 891,348. Source: Osservatorio sul Turismo nella Provincia di Rimini.



Developing First Class Retail in Australia



Justin Wastnage, Director of Aviation Policy, Tourism & Transport Forum Australia



Luxury goods stores have had a slow start in Australia. Despite being one of the world's wealthiest nations, until a decade ago only a handful of global high-end boutiques had outlets in Australia. Wealthy Australians bought their luxury handbags and cashmere sweaters in Paris, Rome or New York. Tourism changed that. The Japanese boom in Australian tourism of the 1990s prompted the European luxury brands to open more sales channels in the country. Today the Chinese have replaced the Japanese as the most valuable Asian source of inbound visitors to Australia.

China is now the source of more tourists to Australian than Britain, and ranks just behind Australia's near neighbour New Zealand in terms of international tourism arrivals. Yet visitors from China outspend the British by 200% on average. Visitors

from other Asian countries also outspend Europeans, Australia's traditional source of tourists. It is partly for this reason that Australian government tourism targets are now denominated in terms of total expenditure, rather than passenger numbers.

Key to achieving this (the government wants to double the 2010 total spend by 2020) is getting the country's retail offering right. There are now 500 luxury goods stores in Australia and while Australians are now spending their wealth in these stores, roughly half of all sales come from visitors. Over three-quarters of all international visitors report shopping for pleasure to be among their key holiday activities. Australia's central marketing message of stunning natural scenery is well understood but has yet to be successfully coupled with the message that it offers first class shopping opportunities. At present only 13%



of total expenditure by visitors is on retail, with the bulk of spending dedicated to accommodation, attractions and travel. Anecdotal evidence from inbound tour operators suggests that many visitors leave wishing they could have spent more.

There are multiple barriers to this growth. Australia's national regulation, state trading laws and city ordinances all add complexity to retailers' operations. Some locales prohibit Sunday or late-night opening and wages are universally high. The country's value-added sales tax, the goods and services tax (GST), is levied on behalf of the states but collected at the uniform rate of 10% federally. This instantly places Australian retail at a disadvantage vis-à-vis competitor destinations, many of which levy a lower sales tax or none at all.

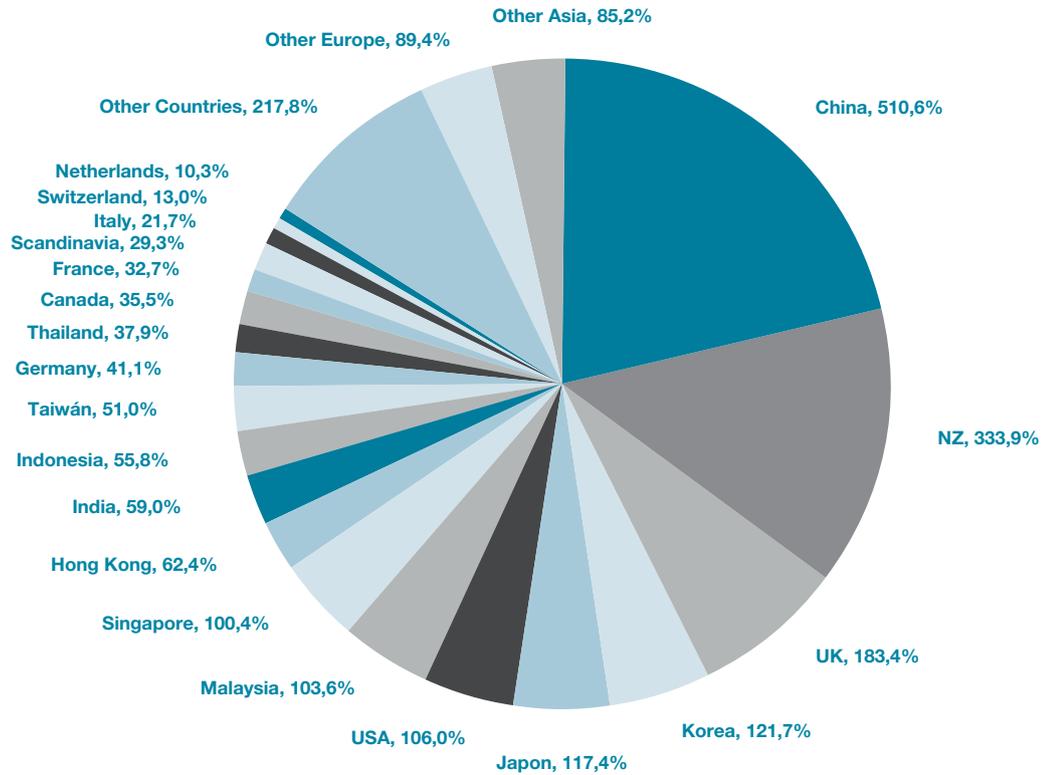
That visitors should be exempt from paying GST is a concept enshrined in Australian law, however the current Tourist Refund Scheme is cumbersome and overly restrictive. In an anomaly, it is funded and administered by government directly, rather than a private operator. The result is poor marketing to would-be shoppers. The export verification of goods purchased is lengthy and bureaucratic and tourism categories such as accommodation are not covered.

Australia is also out of step with global norms in allowing its own citizens to claim back GST on purchases taken offshore, depleting government coffers without boosting tourism. Australian airports have invested heavily in their retail experiences, with most terminals in the major cities newly refurbished and boasting excellent shopping options across international and Australian brands. Australian fashion labels have also been exporting their brands into new markets, providing greater impetus for tourists to purchase Ugg boots, Sass & Bide jeans, Orotan handbags or RM Williams apparel when holidaying in Australia.

Foreign brands have also embarked on mass expansion into Australia, with hitherto unseen global brands like Zara and Sonoma Williams now found in Australian malls. In return, the tourism industry would like it made a little easier for international visitors to spend their money in our stores.

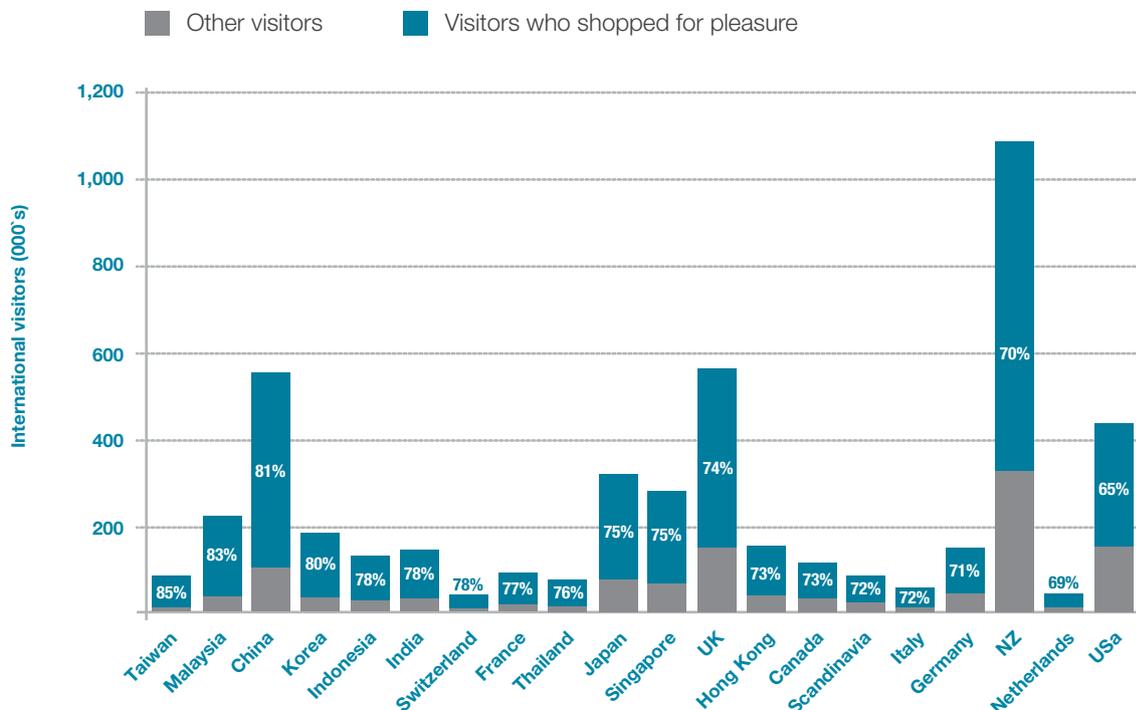


Total Visitor Expenditure on Shopping, FY 2012 (\$m)

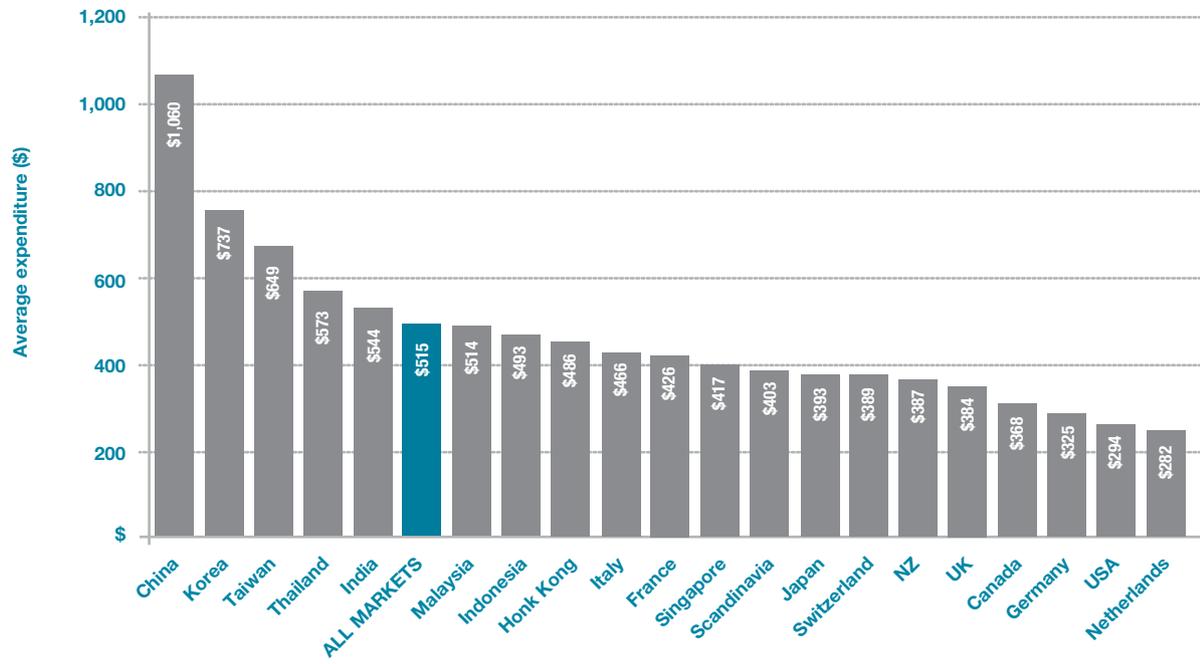


The following two graphs are displayed in Australian dollars and refer to 'in-country spend' (i.e. excluding prepaid airfares and package tours):

Visitor Propensity for Shopping, FY 2012



Average Visitor Expenditure on Shopping, FY 2012



Boosting tourism growth through Tax-Free shopping

INNOVA TAXFREE



Shopping tourism has become one of the principle economic drivers for tourism and commercial development in many countries. With the goal of encouraging this type of tourism, the tax refund for international tourists, a concept known internationally as 'Tax-Free', is a tool that has boosted this commercial and economic activity in many tourism destinations.

Tax-Free is a service that allows the reimbursement of Value Added Tax (VAT) from the purchases that international tourists make during their trip, and always under the condition that the product is exported by the same traveler when leaving the country, while also being a fiscal instrument that adds value to the appeal of tourism destinations, and a tool for promotion of shopping tourism.

The Tax-Free service provides a real attraction for the business that apply it, with the objective of raising the volume of purchases made by foreign tourists, with the consequent increase in their expenditure. The tourist receives the Tax-Free service through an operator in the country, such as Innova TaxFree Group, under the parameters of transparency, effectiveness, dynamism, quality and security, among others as it facilitates

the refund of part of the taxes paid when purchasing a product, while obtaining key data about the customer's shopping habits during his or her stay in the destination city.

The benefits of the Tax-Free system can be proved through the significant increase in international tourists arrivals (mainly business tourist, congresses, leisure and shopping) attracted by the the prospect of shopping tourism. Moreover, the increase in purchases boosts retailers' balance sheet, motivating them to join the tax system, while giving the Tax Administration having a greater insight into the retail and tourism sectors. Compliance, regulation, control, recording , collection and payments with the Tax Administration may also be enhanced. All of this is offered with an innovative service and technological system that is totally safe for carrying out the operations, reducing fraud attempts at the same time.

The national and International promotion of the Tax-Free service also provides business that are in the Tax-Free system with another reason to sell to foreign tourists, while leaving retailers' profit margins unaffected.

The system generally operates in a similar way in all countries where legislation exists, and Innova Tax-Free Group collaborates with different countries in the improvement and development of the system and the service of tax refund, or advises governments interested in developing Tax-Free legislation that allows them to boost their attractiveness as a destination.

International tourists have the right to regain part of the taxes paid when shopping when several conditions are met, such as proving to be a foreign visitor and non-resident of the country by producing their passport or other documentation, as well as not exceeding the length of stay dictated by national laws (variable, although the norm is 90 days).

Likewise, the amount of the purchases generally need to reach a minimum amount (depending on each country), and the refund may be recovered at the time of leaving the country, either in cash or on the credit card provided by the tourist himself (though our figures show that over 70% of international tourists choose the reimbursement in cash).

With the objective of potentiating the service and the incidence of the tax refund to the tourists, Innova Tax-Free Group has developed a service called “City Cash”, which allows a greater amount of taxes to be reimbursed to tourists in advance of

departure, so they can be used in the same city centre and therefore, during the tourist’s stay in the country.

Through the application of an innovative technology, the “City Cash” service allows the advanced reimbursement of the taxes from the purchases made right in the centre of the city (examples such as Milan, Paris, Barcelona, Madrid and others). According to our research, Europe concentrates 44% of global sales across only seven cities in the UK, France, Germany, Italy, Austria and Spain, where Barcelona and Madrid account for 48% and 31% of all transactions. Paris is the leading destination in volume and value of purchases made by travelers, and Chinese and Russian tourists stand out with an average expenditure of 1,499 euros and 682 euros respectively, with Chinese tourists in pole position, accounting for 26% of total spending.

A comparative study carried out by Innova Taxfree Group shows that for each euro that a European tourist spends on shopping, a tourist from outside the EU contributes four euros with his purchases in Europe, and in some cases, may even spend up to ten times more overall during his stay.

All this data confirms that shopping tourism, strengthened by Tax-Free services, is an important driver for economic growth and a fundamental resource for designing tourism policies.



A person wearing a light pink, long-sleeved dress with a delicate floral pattern is shown from the waist down. They are holding a bright yellow notepad with a green flourish on the top right corner. The background is softly blurred, suggesting an outdoor setting with greenery. A semi-transparent yellow banner is overlaid across the middle of the image, containing the main text.

4. Conclusion: Maximising the benefits of shopping tourism for all stakeholders in the destination





This report has shown how increasing numbers of people are travelling with the aim of shopping. They will be motivated by a variety of factors related to the price or the product, but the attractiveness of the destination will inevitably form part of the decision-making process when planning travel. So how can destination management organisations (DMOs) ensure an attractive offering to shopping visitors, maximise shopper spending and ensure that this benefits all stakeholders in the destination? Here we explore some issues for DMOs of all sizes to consider when looking to address these questions.

4.1 Breaking down the barriers to tourism

Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth over the past 60 years, to reach approximately 1.087 billion international arrivals in 2013. However, there is a series of overriding factors, as identified in a 2008 report by the Organization for Economic Cooperation and Development, which require the attention of policymakers at all levels if the tourism sector is to reach its full potential in contributing to social and economic development globally:

- **Investment in public services, infrastructure development and access to energy sources**
- **Properly developed financial services offering tourism businesses access to capital investment**
- **Improved workforce training and education to bring knowledge and innovation to tourism businesses and destinations**

- **Coordinated promotion and marketing at global level, with active private sector participation**
- **Elimination of anti-competitive practices such as collusion, abuse of dominant market positions and control of the tourism supply chain**
- **Liberalisation of commerce and the removal of trade barriers**

These measures are in addition to the UN Millennium Development Goals, which aim to eliminate global poverty and form part of the core objectives of all UN agencies.

Thus, the greatest barriers to the continued development of the shopping tourism industry are those which affect the tourism sector as a whole. There are, however, a series of more specific areas which destinations should consider as essential to the continued development of the shopping tourism industry.

To ensure the best possible outcome for all stakeholders in a shopping tourism destination (visitors, local residents, tourism operators & suppliers, local government & tourism organisations, regional tourism organisations, State tourism industry councils and national tourism organisations), constant, structured and meaningful dialogue is essential between all of these. This requires the establishment of public-private partnerships. The following table shows some of the areas to consider when establishing such partnerships:

Accessibility	Good air connectivity, efficient tourist visa regime
Infrastructure	Dependable and efficient local transport links, parking facilities, energy supplies to businesses
Safety	Political and social stability, security against terrorist attack, violence and petty crime
Cleanliness, attractive location	Provision and maintenance of shopping areas, street furniture etc
Marketing and destination promotio	Effective research, planning and execution of marketing programmes
Connect the tourism value chain	Bring other tourism partners to the table (accommodation, transport, visitor attractions...)
Research and development	Carry out research on visitor profiles, consumer trends, market behaviour; engage with all stakeholders and share information
Regulation	Maintain an open and flexible approach to business trading hours and taxation; ensure rigorous implementation of trading standards legislation
Training and education	Join in training and education programmes to produce a well-trained, motivated and innovative workforce



UNWTO **Elibrary**

The UNWTO Elibrary is the largest online collection of publications and statistics in the field of international tourism. It includes over 1165 UNWTO publications and 900 regularly updated tourism data sets (Tourism Factbook).

Find out how you can access this invaluable source of knowledge by visiting www.e-unwto.org or contacting elibrary@unwto.org

UNWTO ELibrary – where knowledge no longer depends on distance!



UNWTO

Affiliate Members

Enhancing public-private sector collaboration
in tourism

The UNWTO Affiliate Members offer:

- A wide range of opportunities for public-private collaboration
- An international platform to interact with governments from all over the world
- A framework to connect interest groups
- An opportunity to be part of the UN work
- A space to generate innovative products

JOIN US

UNWTO.org
affiliatemembers.unwto.org

World Tourism Organization (UNWTO)
A Specialized Agency of the United Nations

WHAT IS THE AFFILIATE MEMBERS PROGRAMME?

The Affiliate Members Programme offers a wide range of opportunities in terms of public-private collaboration between member states and private sector:

- An international platform to interact with governments from all over the world.
- A framework to connect interest groups.
- An opportunity to join the UN efforts.
- A space to generate innovative products.

WHO ARE THE AFFILIATE MEMBERS?



advanced global organizations

Because they are at the vanguard of innovation, developing new technologies, carrying out research and training the tourism professionals of the future.

1 out every 5 members operates
in all regions of the world



+ of 1 million

people are employed among
our Affiliate Members and their
partners

WHY JOIN?

- 1 To demonstrate a clear commitment to sustainable, ethical and socially responsible tourism that contributes to the world's economic and social development.
- 2 To connect to a global alliance of non-governmental organizations in world tourism that want to share their knowledge, innovation and best practices.
- 3 To benefit from UNWTO's global reach and status as well as the experience and knowledge of its Affiliate Members in order to orient companies and organizations toward improving their products and increasing competitiveness.

HOW TO JOIN?

- 1 Download and fill out the Affiliate Membership Application Form from our website:
www.unwto.org/afiliados/index.php
- 2 **Attach a letter of acceptance** to the statutes of the UNWTO.
- 3 **Attach a letter of official support from the national tourism** administration of the government of the state of residence of the applicant.
- 4 **Send the three required documents** and they will be presented at the next session of the UNWTO Executive Council for approval.

The World Tourism Organization, a United Nations specialized agency, is the leading international organization with the decisive and central role in promoting the development of responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 156 countries, 6 territories, 2 permanent observers and over 400 Affiliate Members.

UNWTO Affiliate Members bring together over 400 companies, educational & research institutions, destinations and NGOs whose activities are related to tourism and which contribute to the UNWTO their knowledge and expertise to promote the development of tourism that's responsible, sustainable and accessible for everyone. Over 80 countries are represented among the Affiliate Members, the world's premier forum for exchanging tourism knowledge.



World Tourism Organization

Capitán Haya 42, 28020 Madrid, Spain
Tel: (34) 91 567 81 00 / Fax: (34) 91 571 37 33
omt@UNWTO.org / www.UNWTO.org