

'Golden Week' winner is UK as Chinese seek best FX rates

This October's Golden Week retail performance - from a tax free sales perspective - was driven by Chinese globe shoppers seeking out favourable currency exchange (FX) rates which led to valuable extra footfall in key European markets - especially in the UK - according to tax refund specialist, Global Blue.

A survey conducted by the China Tourism Academy and online travel giant, Ctrip, of over 1.7bn Ctrip app users put the Chinese Golden Week exodus at 6m, well ahead of last year's 4m trippers. But among the top six favoured destinations the UK in sixth place was the only one in Europe.

Commenting on the retail benefits - which should also have fed into duty free and travel retail sales - Global Blue says: "Driven by the softer British pound - and increased arrivals due to dedicated promotions on travel website Ctrip - Chinese tax free spending in the UK during Golden Week was up by +58% year-on-year." [Last week, Ctrip bought Skyscanner, the UK-based online travel price-checker, for £1.4bn/\$1.74bn.]

The number of UK transactions from the Chinese also grew by +30% versus the same period last year. This was on the back of a strong summer: the tax refund company had previously reported a +37% year-on-year surge in UK international tax free shopping in August, outperforming the rest of Europe.



This month VisitBritain hosted its largest ever tourism mission to China.



Aside of the UK and Spain, Chinese tax free sales values decreased in European markets in October.

NOT AN EASY WEEK AS VALUE SALES FALL

While the UK is reaping the rewards of a weak currency, this year's autumn Golden Week holiday overall was not a hit in all markets. Chinese tax free sales were up +24% globally for October 2015 yoy, but this year (including Golden Week), those sales in Europe were down -3% yoy (vs -17% in September) according to Global Blue data, driven by changes in spending per head.

Information from major tour operators last month also predicted that forward bookings for Golden Week holiday packages to Europe were down compared to last year, as destinations have diversified.

Global Blue's top five European markets: the UK, Italy, Germany, France and Spain, all registered increased transactions during Golden Week, but only the UK and Spain saw increased sales values of +58% and +16%.

In Asia, less affluent Chinese travellers during Golden Week have led to a steep decline in the number of tax free shopping transactions in Singapore, leading to a sales dip of -31% and average spend decline of -6% for October yoy. Global Blue says this is possibly due to "ongoing concerns of the Zika virus in

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Singapore, plus the increasing popularity of outlet malls in nearby Malaysia, which is driving spending away from Singapore".

In Japan and Korea, the company says that tax free spend growth "continues to be limited by a strong decrease in average spending, in line with a new traveller mix of less affluent Chinese arriving from second- or third-tier cities, and less favourable currency FX opportunities".

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