

Tourism and retail set for 'positive' February in UK

Although some luxury retailers are expressing concerns following a marked economic slowdown in China, the devaluation of the Yuan, and stock market turbulence, intelligence from Global Blue indicates that the appetite to travel to the UK from the Chinese is still strong.



Global Blue says that the expanding Chinese middle class and dominance of Millennial travellers have no doubt had a positive impact on travel bookings, which indicate a strong demand from Chinese travellers to travel and shop in the UK.

Retail tax refund experts at Global Blue believe that evidence of this will be seen more emphatically over the coming Chinese New Year period (8-14 February 2016). However, Global Blue does warn that with the strength of the pound, UK brands must market more aggressively to capture demand over European neighbours.

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As highlighted by TRBusiness, market research firm GfK recently reported that 109m Chinese travelled abroad in 2015 – 9m more than 2014 and forecast continued growth. By 2020 this figure is set to rise to more than 200m, says GfK.

As previously reported, Global Blue Tax Free Spend Index 2015 revealed spend by Chinese shoppers in the UK slowed to just +1% YOY in 2015. Despite this, China maintained its position as the top international tax-free spending nation for the UK overall representing 24% of total spend and with individuals spending £742 per transaction, indicating their continued desire for British brands.



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Consequently, travel bookings for Chinese New Year indicate strong demand for UK experiences. Online travel service, Ctrip reports more than 60% of Chinese travel overseas for the cultural celebration while UK tour operators forecast that bookings will continue to grow throughout the first half of 2016 as the shift to summer travel becomes a trend for these visitors.

Gordon Clark, Managing Director UK and Ireland at Global Blue says: “Chinese New Year is still a key period for UK retail, proven by the rise of +72% YOY for the Chinese New Year period in 2015. The new two-year visa for Chinese visitors to the UK, which launched in January following a campaign by the UK China Visa Alliance, an initiative Global Blue joint-founded, offers a boosted incentive for shoppers to visit the UK this Lunar New Year over Paris or Milan.

“However, UK brands must not be complacent and should focus on strategies and marketing campaigns executed in China that talk about their brand heritage, location of their stores, quality of their produce range and any special services they can offer these customers. By doing so they will be able to entice this integral market to the UK to shop and stay, despite the strength of the Pound and China’s faltering consumer confidence to travel and spend abroad.”

According to experts at China Luxury Advisors, the majority of Chinese travellers are now millennials with rising income; this group cannot be ignored by UK retailers of both high street and luxury brands with their growing appetite for luxury goods and experiences and strong social media presence.

Philip Guarino, European Director at China Luxury Advisors says: “Continuing economic growth in China and the shift towards value as opposed to bling will inevitably fuel great opportunities for affordable luxury purchases. Furthermore, as Chinese tourism to the UK continues to surge amidst a more flexible visa regime and a lower British Pound, those brands that are China-ready can expect a significant boost in sales this Lunar New Year.

Kim Urbaniak, Marketing Manager of Global Blue, adds: “Luxury brands should not underestimate the fast changing behaviours and preferences of millennial travellers. UK luxury brands can look to social media to maximise engagement around Chinese New Year. Sharing on social media and partnering with key online influencers is central to any overseas travel experience for young Chinese travellers and an opportunity that luxury brands are yet to fully leverage.”