

Tax free shopping at all leading destinations dropped in the second quarter for the first time since the aftermath of the global financial crisis in 2009 according to Tax refund specialist Global Blue.

The data from the Switzerland-based group – based on refund transactions from travellers and not on direct duty free and travel retail sales – suggest that from April to June total sales dropped by -3% in value.

Spending by Russians fell by -18% in the period, with this year's **fall in the rouble** (which was had begun in 2013 due to a weak economy) being exacerbated by the crisis in Ukraine **and sanctions**.

Spending from Indonesia fell by -14%, Thailand has crashed by -22%, and Japan was down by -16% in the quarter, year-on-year. "This was mainly due to the depreciation of their home currencies against those in their destinations, primarily the Singapore dollar and euro," says Global Blue.

## CHINA STAYS RESILIENT

China was the only leading outbound tourist nation not to record a drop in total spending during Q2 2014 when compared to the same period last year.

Chinese globe shoppers remain, by far, the most valuable group for retailers. They managed to record an increase in total spending of +9% in comparison to the previous year. However, this is well below the +30-50% increases in spending that Global Blue has recorded in recent years "so it's clear that even the Chinese are beginning to enter a new phase of more moderate growth" says the group.

## TOP FIVE DESTINATIONS TAKE A KNOCK

The spending decline means that the top five nations for tax free sales [they receive around 75% of total

Tax free sales fall: first time since 2009 financial crisis aftermath

global spending by foreign customers] have all been hit with Singapore faring worst and the UK least affected (see below).

The drops are not due to a reduction in tourist numbers, but a decrease in average spend per transaction. The Chinese, have also been spending less per transaction this year than in recent years.

Tax Free spend by destination (Apr - Jun 2014) vs same period in 2013

Country	Spending change
France	-5.2%
Italy	-1.9%
UK	-0.2%
Germany	-4.5%
Singapore	-10.8%

Source: Global Blue