VisitBritain™

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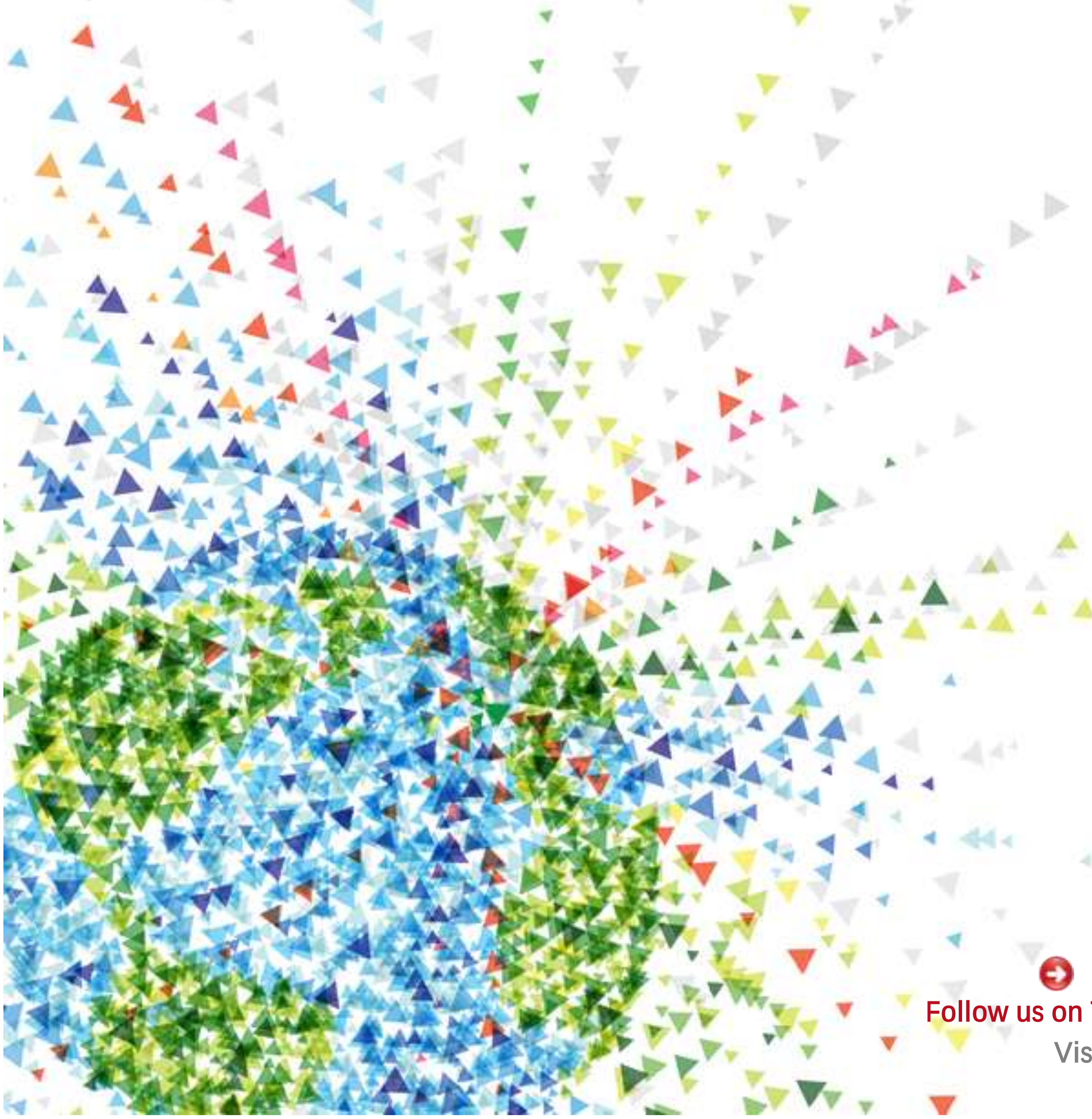

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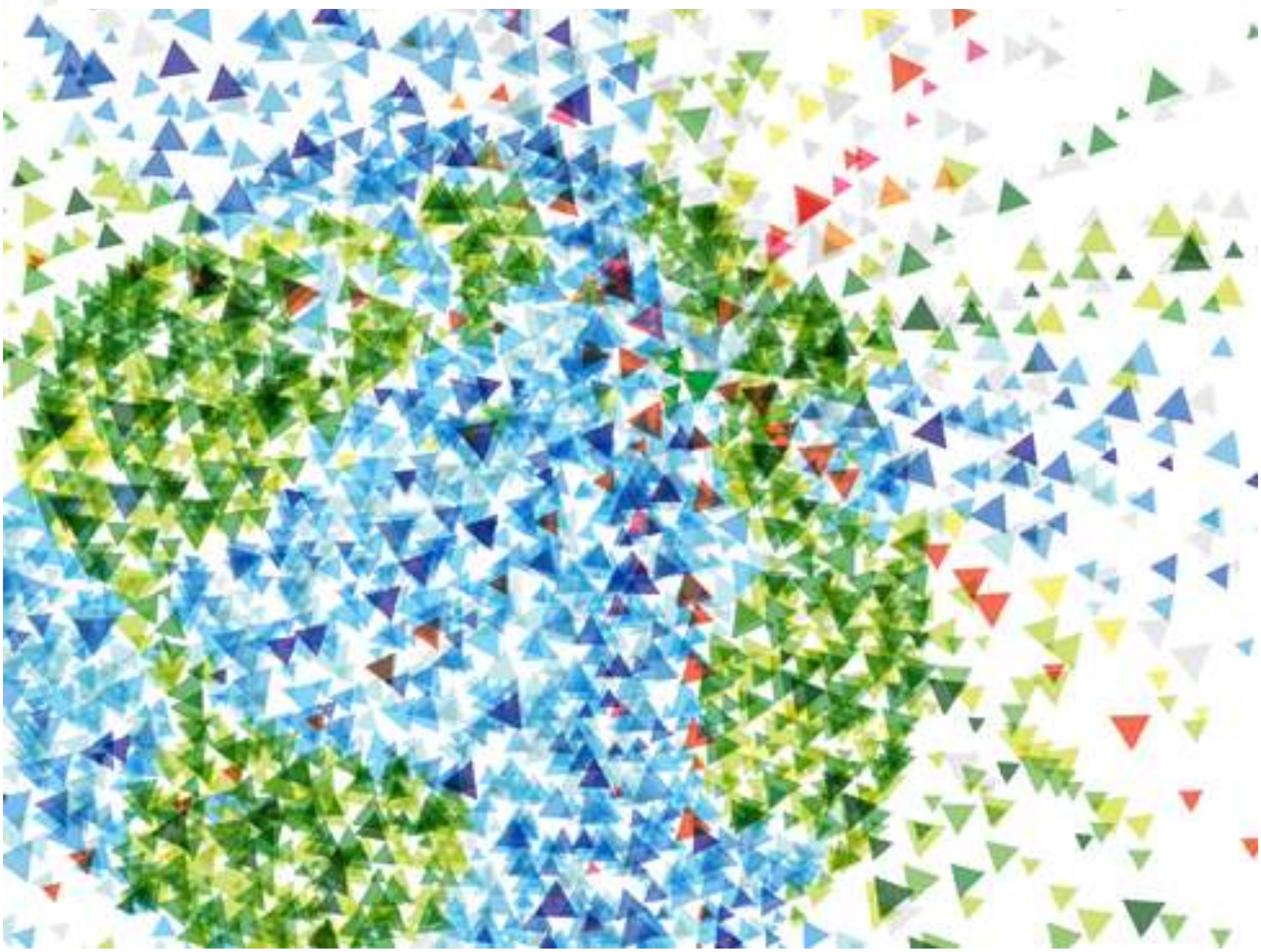
Our market intelligence products provide an unrivalled source of information on inbound tourism.
They paint a detailed picture of past, present and future inbound UK tourism trends, helping you gain an insight into how markets and segments are performing, as well as how Britain is perceived by prospective visitors.



Shopping

Fast facts

Importance of shopping to overseas visitors

- Shopping is one of the most popular activities for overseas visitors to Britain, with 58% of all visits involving shopping (increasing to around 70% amongst leisure visitors). Around 18 million visits included shopping in 2011.
- It is estimated that overseas visitors spent around £4.5 billion on shopping in the UK in 2011. USA, France and Germany are the highest spending markets in Britain whilst highest average spend per visit is seen from the Gulf States, Nigeria, China and Russia.
- Around 277,000 visits a year from overseas are primarily for 'personal shopping'. In total these visits involve spending around £168 million in the UK, with personal shoppers spending around £300 per night (on average) – this is four times more than overseas visitors in general spend per night.
- 81% of holiday visits staying only in London involve going shopping.
- Shopping is a positive experience, with many visitors across the country feeling particularly welcome in shops.
- Britain's value for money in terms of shopping is rated similarly to that of Italy and more favourably than France.
- Global Blue report that almost half of refunds for tax free shopping are by visitors from the Middle East or China.

Appeal and perceptions of Britain's shopping

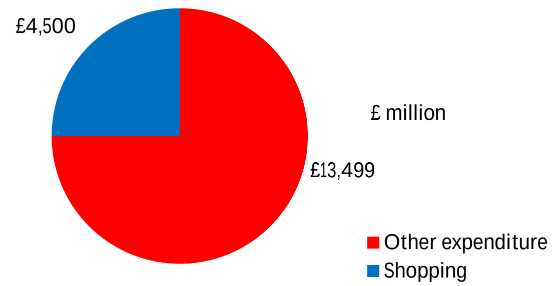
- At least half of potential visitors around the world say they would shop for clothes or accessories or for souvenirs or British made products or brands if they visited Britain.
- One in five include shopping in Harrods in their top three 'dream' activities if they visited Britain, and it's even more popular in many emerging markets.
- Britain has tough competition – the US, France and Italy are also perceived to be enjoyable places to shop, offering both a wider variety of good value shops and good for designer/luxury shopping.
- The Global Blue Globe Shopper Index rates London as the best city in Europe for shopping, based on criteria such as shops, affordability, convenience, hotels & transport, and culture & climate.

Visiting Britain for shopping

Total spend on shopping

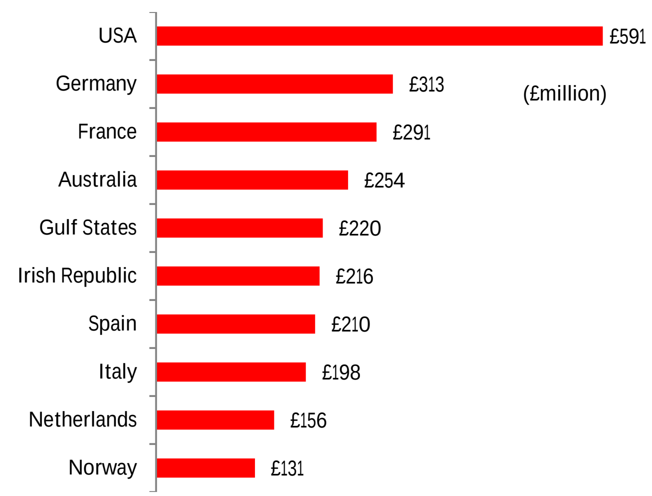
The most recent data available indicates that 25% of all expenditure by overseas visitors was on shopping, as shown in Chart 1. On this basis we can estimate that in 2011 £4.5 billion of the total £18 billion spent by overseas visitors in the UK would have been spent on shopping.

Chart 1 Estimated spend on shopping by overseas visitors (2011)



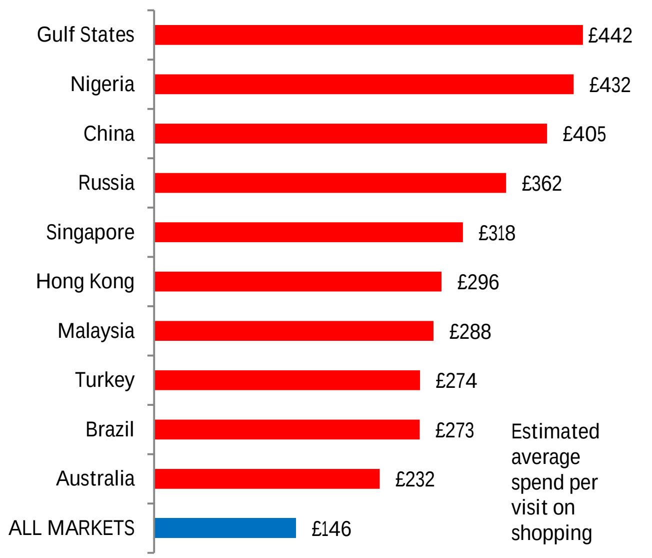
The exact amount spent on shopping by market is not available, and it would undoubtedly vary by market, however if it is assumed 25% of the total spent by visitors from each market is on shopping this would equate to £591 million being spent by visitors from the US on shopping in 2011 and over £200 million being spent by those visiting from Germany, France, Australia, the Gulf States (UAE, Saudi Arabia, Bahrain, Oman, Qatar and Kuwait), the Irish Republic and Spain, as shown on Chart 2.

Chart 2 Top ten markets for estimated total spend on shopping *(2011, assuming 25% of all spend)*



The above markets account for most spend overall (a reflection of their higher share of visits), but turning to average spend per visit (considering markets where there are at least 100,000 visits per year) other markets top the list. Again, there is no exact figure for the amount spent on shopping by these high spending visitors, but if it is assumed 25% of the total spent by visitors from each market is on shopping this would equate to on average over £400 per visit being spent on shopping by visitors from the Gulf States, Nigeria and China in 2011, as shown on Chart 3.

Chart 3 Top ten major markets by average spend per visit



The most popular type of purchase was clothes or fabric, with 13% of spending. This would have equated to around £2.3 billion in 2011 (as shown in Chart 4). Many visitors also buy souvenirs, gifts and household goods, accounting for around 9% of the total spent in the UK by overseas visitors which would work out at £1.6 billion in 2011.

Chart 4 Estimated spend on types of shopping

Types of shoppers

Overseas visitors who go shopping can be broken into two groups,

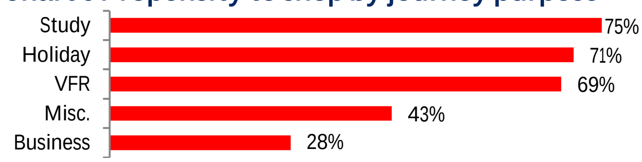
- Those who are visiting Britain for another reason (e.g. a holiday or for business) but go shopping whilst here
- Those who are visiting Britain *primarily* for shopping

The characteristics of each are discussed in turn below. The first group encompass many overseas visitors, and reflects that whilst shopping may not be the prime draw it is an important and enjoyable part of the trip for many overseas visitors. The second category encompasses a narrower group, but these are certainly here to shop and would be a prime audience for shopping specific offers, activities or marketing.

All visits which involve shopping

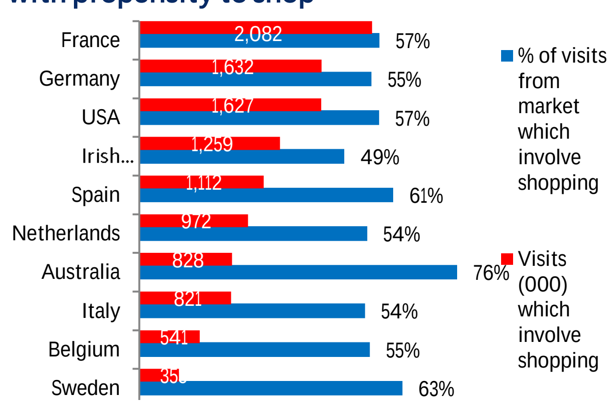
Overall 58% of overseas visits involve shopping, almost 18 million in 2011. Breaking down visits by the main reason for the trip though it is possible to see that some visitors are more likely than others to go shopping, with around seven in ten of those on holiday or visiting friends and relatives (VFR) going shopping, whilst amongst business visitors fewer than three in ten make time for shopping (as shown in Chart 5). Study visitors, who typically stay for longer, are even more likely to go shopping, with three quarters doing so.

Chart 5 Propensity to shop by journey purpose



The top ten high volume shopping markets (see red bars on Chart 6) largely reflect the overall top ten markets for visits to Britain, with the top six markets for shopping the top six overall markets for visits to the UK.

Chart 6 Top ten markets by volume for shopping, with propensity to shop

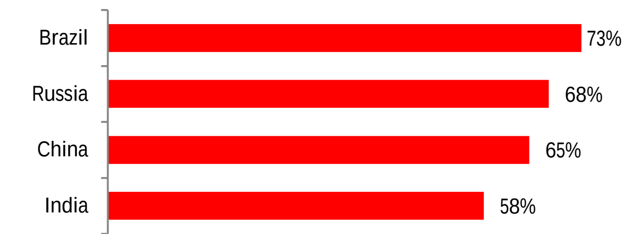


However, it is also useful to compare the 'appetite' for shopping, or propensity to go shopping regardless of the volume of visits (see blue bars, Chart 6). Amongst the top ten markets, visits from

Australia are most likely to include shopping, with over three quarters doing so – probably reflecting their usual longer stays providing more opportunity to shop. Over three in five of those visiting from Sweden and Spain also go shopping.

Looking at the emerging BRIC markets all but India is more likely than the 'norm' to go shopping whilst in Britain, as shown on Chart 7. Other smaller markets with a notably high propensity for shopping include Venezuela (86%), Chile (84%), Iran (77%) and Taiwan (77%).

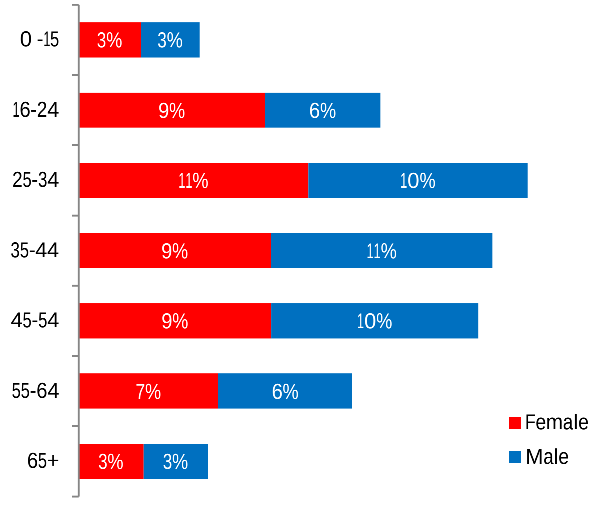
Chart 7 BRIC markets - propensity to shop



13% of those who visited and went shopping in 2011 were British nationals who live overseas.

Overall, half of male visitors went shopping, whilst up to 68% of women did. Most visitors who went shopping were aged between 25 and 54, although to some extent this reflects the overall age profile of visitors. Within each age group younger people were generally more likely to have been shopping, with 68% of 16 - 24 year olds and 58% of 25 - 34 year olds doing so compared to 51% of 35 - 44 year olds and 55% of 45 - 54 year olds.

Chart 8 All who went shopping split by age and gender

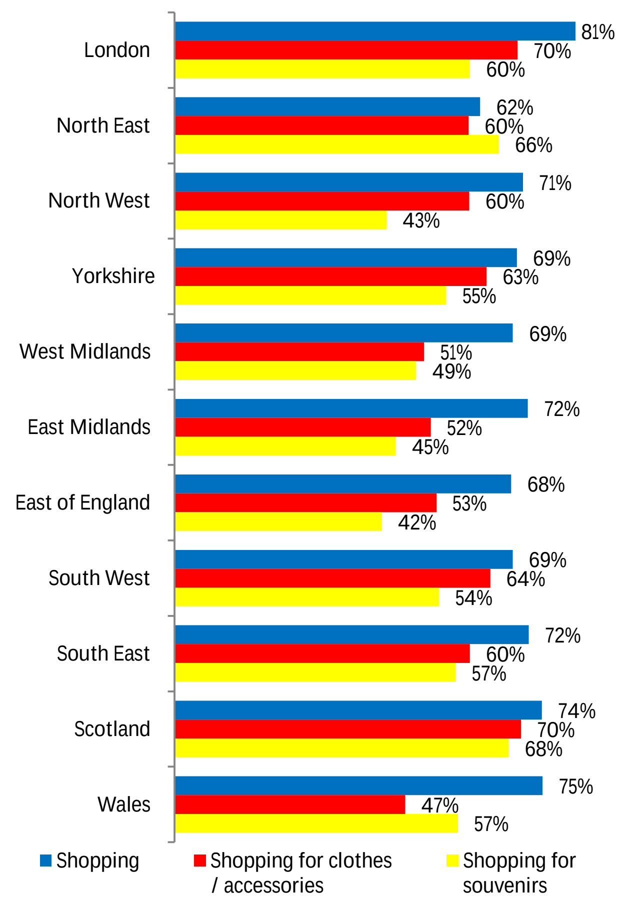


There is little seasonal difference in the likelihood of a visit to include shopping, with between 50% and 60% doing so in each quarter.

Independent travellers were less likely to report going shopping (56%) than those visiting Britain as a part of an inclusive tour or holiday where fares and accommodation cannot be separated (77%).

Looking at where in the UK visitors are most likely to go shopping, we can consider only visits which involved staying in one area (so we are sure where indeed they did go shopping). Overall holiday visitors to London only were most likely to go shopping, with 81% doing so, as shown in Chart 9. Between two thirds and three quarters of holiday visitors to most other areas also went shopping.

Chart 9 Propensity to shop by UK area stayed in (holiday visits staying in one area only)



Shopping for clothes or accessories was most common in London and Scotland, with Yorkshire and the South West also having a high propensity for visitors to go clothes shopping. All regions saw at least half their overseas holiday visitors going clothes / accessories shopping. Turning to souvenirs Scotland was the most likely to see holiday visitors shopping but all areas saw at least two in five holiday visits involving souvenir shopping.

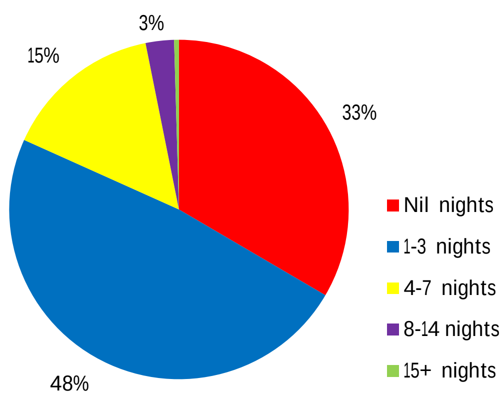
Visits primarily for personal shopping

In 2011 277,000 visits from overseas to Britain were for the main purpose of 'personal shopping'.

In total during their stay in Britain these personal shoppers spent £168 million – this is across their whole stay so including accommodation, food and other expenses as well as anything they spent on shopping.

Personal shoppers stayed in the UK for two nights on average, so much shorter than the average across all overseas visitors (eight nights). However, when comparing average spend, personal shoppers spent £300 per night, almost four times the average across all visits (£80 per night) or more than three times that of holiday visitors (£90 per night) when considering all visits.

Chart 10 Duration of visits for personal shopping



A third of visits for personal shopping are day trips, far higher than the 5% of visits from overseas for all purposes. Almost half (48%) are short breaks lasting one to three nights, with only a tiny proportion lasting over a week.

As would be expected, near European neighbours are the top markets for personal shopping visits. France, the Netherlands, Belgium, Norway, Denmark and Sweden all account for a higher proportion of personal shopping trips than they do of all visits to the UK. Chart 11 shows that the top ten personal shopping markets account for over 80% (or four in five) of personal shopping trips to the UK. Around 7% of visits are from British residents who live overseas.

Two thirds (67%) of those visiting for personal shopping are female. Personal shoppers are most likely to be aged 25 - 44, half of all personal shoppers fall within this age category. Women in these age groups account for three times the proportion of personal shoppers than men do. However, within the older age groups men are almost as likely as women to be in Britain primarily for shopping.

Chart 11 Top ten markets for personal shopping

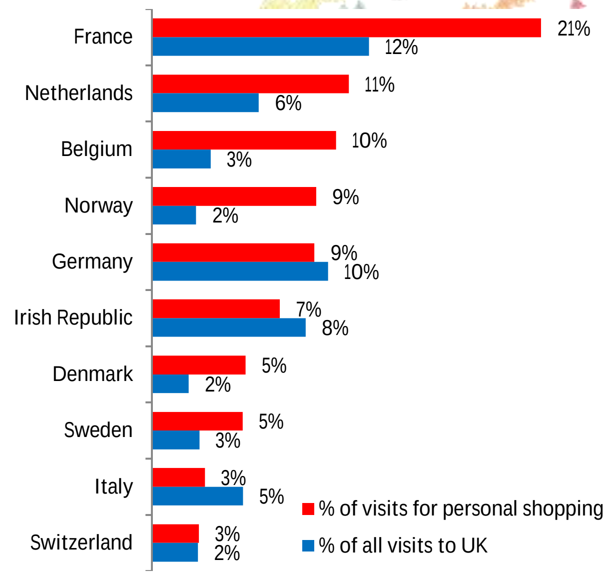
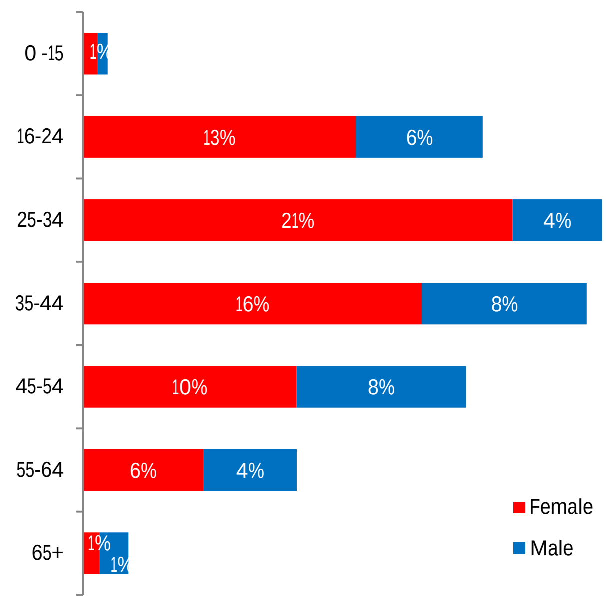
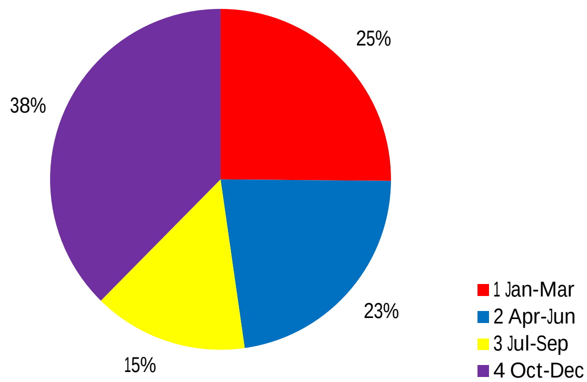


Chart 12 All personal shopping visits split by age and gender



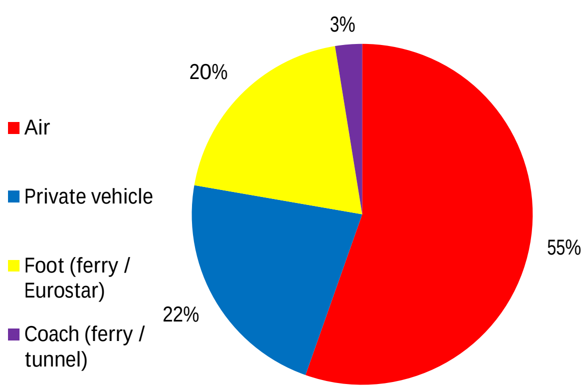
The final quarter of the year sees the highest proportion of visits for personal shopping, with overseas visitors perhaps doing their Christmas shopping and enjoying the festive season in Britain. A quarter of visits are between January and March, with visitors perhaps lured by savings on premium beauty brands and designer fashion accessories in the post-Christmas sales, a time which traditionally sees retailers up and down the country slashing prices on goods.

Chart 13 Seasonality of visits for personal shopping



Just over half of personal shopping visits involve flying to /from Britain with other visitors split almost evenly between using a private vehicle (via a ferry or Le Shuttle) or on foot (via Eurostar or a ferry), and a tiny minority travelling by coach. With around three quarters travelling on foot or by air, compact packaging of their purchases would probably be much appreciated, as would extra space on board.

Chart 14 Mode of travel for personal shopping visits



Nearly all personal shopping trips are from independent travellers, with only 8% reporting they were visiting Britain as a part of an inclusive tour or holiday where fares and accommodation cannot be separated.

Tax free shopping

Visitors from outside the European Union are able to reclaim VAT on goods they purchase to take home with them provided that:

- The goods were purchased in a shop that offers Tax Free Shopping.
- The appropriate VAT refund form is completed and signed in the presence of the shop assistant.
- The goods are taken out of the European Union within three months from the day of purchase – tax cannot be reclaimed on goods wholly or partly used (for example perfume) while within the EU.
- A minimum purchase amount may be applicable depending on the company being used to administer the tax refund.
- In most cases the shop or refund company will charge a fee for using Tax Free Shopping.

Global Blue has the world's largest network of Tax Free Shopping refund points. According to their figures for refunds for UK transactions in 2012, the largest spenders are visitors from the Middle East, followed by China.

Table 1 Tax Free spend in UK (Global Blue, 2012)

Market	% of UK sales	% of UK transactions
Middle East	26%	20%
China	20%	17%
Russia	5%	5%
Nigeria	5%	6%
USA	4%	4%
Thailand	5%	3%
Malaysia	3%	3%
Hong Kong	3%	3%
Brazil	2%	3%
Singapore	2%	2%
Other	25%	32%

Chinese shoppers

China — along with the high spending Gulf States — is a high yielding target market for Britain, with great potential over the coming years, particularly as visa improvements come into effect. While 2012 is expected to have seen a record number of inbound visitors from China (overtaking the record 149,000 in 2011), VisitBritain has an ambition to welcome 382,000 Chinese visitors by 2020, meaning greater opportunities await the sector

It's no secret that shopping is one of the top priorities for Chinese visitors, something which retailers and tourism businesses across Britain have quickly recognised. Looking to tap into the huge potential of Chinese visitors, annual trade missions led by VisitBritain are continuing to boost Britain's shopping credentials to the high spending Chinese, with retailers making up one of the largest contingents travelling to Shanghai last year. This includes the likes of Harrods, Bicester Village, McArthurGlen Designer Outlets, Selfridges, Westfield, Burlington Arcade and John Lewis.

To help cater for the increasing number of Chinese visitors heading to the UK:

- China UnionPay (CUP) terminals have been installed in dozens of stores across the country in an effort to make the shopping experience easier for this burgeoning market. The availability of these terminals is denoted by displaying the UnionPay logo alongside those of other payment methods. CUP has had a representative office in Britain since 2006 and its customers can withdraw cash in Britain via 99% of ATMs.

- A number of British stores have recruited Mandarin-speaking staff in order to better interact with their Chinese clients. These include Harrods, Selfridges and Bicester Village.
- Harrods launched a Chinese language app in Mandarin in 2012, offering shoppers functions such as an interactive store guide, restaurant menus and event details. An official Harrods Weibo (Chinese equivalent of Twitter) account was also launched.
- A study by the World Luxury Association found that Chinese luxury shoppers are 15 years younger on average than their European counterparts and 25 years younger than their US counterparts, with the youngest age dropping from 35 in 2007 to 25 now.
- According to the Hurun Report, shopping is the third most important travel activity among Chinese high-net-worth individuals (HNWIs), after sightseeing and relaxation. Shopping is the third-top reason for travel by Chinese HNWIs after holiday and business, cited by 19% of those with assets of over $1m.
- One of the key attractions of shopping overseas is the high duty levied on imported goods in China. The topic of tax cuts is occasionally raised in the Chinese press, with a view to boosting domestic demand.

Experiences of Britain's shopping

Welcome

VisitBritain also tracks how welcome visitors felt during their visit to the UK (by sponsoring questions on the CAA's survey of departing overseas passengers at the main UK airports).

In 2011, when asked where they felt most welcome during their trip, almost one in three (32%) visitors mentioned shops – only slightly behind restaurants (38%) and pubs/ bars (35%). Only a tiny proportion (3%) indicated Britain's shops had been the place they had felt least welcome.

New West End Company provides a good example of improving welcome to international shoppers, with a number of initiatives currently in place, such as the 'West End Red Caps' who share street-specific information, as welcome ambassadors, the 'Clean Team' (who provide cleaning services in addition to those offered by the council) and a dedicated shopping 'app' and private tours to navigate high spend shoppers around London's Luxury Quarter (Oxford, Bond and Regent Streets).

Figures from the New West End Company indicate that 50% of international visitors to the area are going there to shop, highlighting the great importance on continuing to provide a pleasant and welcoming environment.

Reports in both the British and Gulf press also suggest that British respect for different cultures and religions may be benefiting retailers, especially since the French ban on the burqa came into effect, London in particular seems to have become a strong substitute destination for some high-spending visitors from the Gulf States who had previously favoured Paris. The July - September period is traditionally one of the busiest times for visitors from this high spending market - in 2011, 43% of visits from the Gulf were during this period, accounting for 52% of holiday visits.

Value for money

In 2012 VisitBritain commissioned a detailed study into how recent holiday visitors rated Britain for expense and value for money, comparing views with those who had visited France or Italy. This found that shopping in Britain was rated the same as Italy in terms of value for money, and as better than in France. Visitors from long haul markets were especially positive about the value for money of shopping in London compared to France.

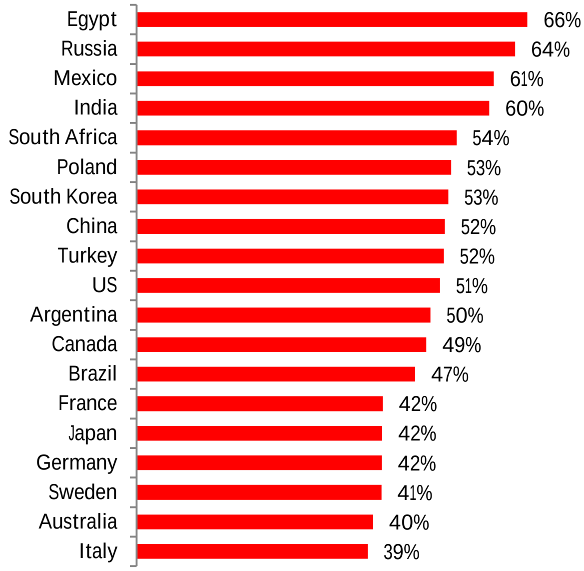
Perceptions of Britain's shopping offer

Importance of Britain's shopping in attracting visitors

VisitBritain has also studied the appeal of shopping to potential visitors. A representative group of people in 19 countries around the world were asked if they would 'take the opportunity to shop for British brands' if they came to Britain – these respondents have not necessarily visited Britain but of course are potential visitors. Half of all these visitors confirmed they would indeed do this. Those in emerging markets including Russia, India, and China were generally more likely to find shopping for British brands appealing, as shown in Chart 15.

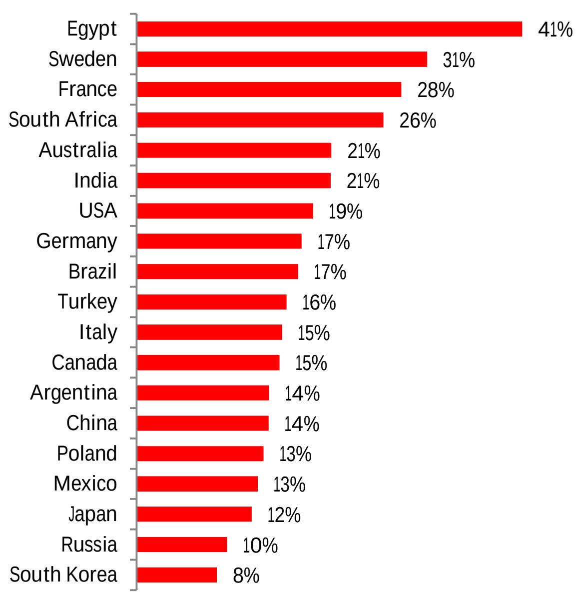
Similarly people were asked if they would be very likely to go shopping for different types of items if they visited Britain. Overall 59% said they would be very likely to go shopping for fashion (clothes or accessories) if they visited Britain, and amongst those who had earlier indicated they would actually be likely to visit Britain this increased to 65%. Overall 56% said they would be very likely to go shopping for souvenirs and British made products, increasing to 62% amongst those who had earlier indicated they would actually be likely to visit Britain.

Chart 15 Proportion of those in each market who would shop for British brands if they visited



Respondents from 19 countries around the world were asked to choose their top three 'only in Britain' dream holiday activities, one of which was 'shopping in Harrods'. Out of a total of 18 options which included the headline draw of Britain's heritage in the form of castles and Buckingham Palace and contemporary culture for example watching a Premier League match or visiting places associated with the Beatles or Harry Potter films, shopping in Harrods was chosen as a top activity by almost one in five (19%) – coming only behind visiting castles, Buckingham Palace or Stonehenge, as shown in Chart 16.

Chart 16 Proportion of those in each market who chose 'shopping in Harrods' as one of their top 'dream' Britain activities

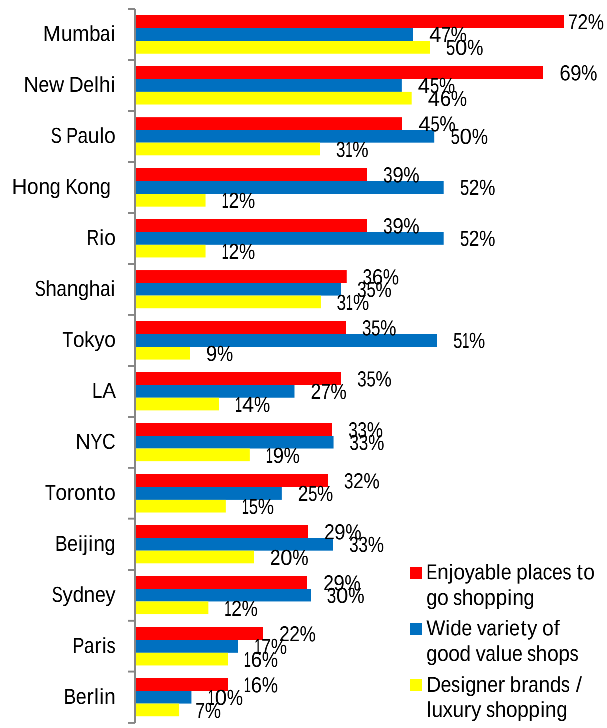


Those in Egypt were particularly keen to visit Harrods, and over a fifth of those in Sweden, France, South Africa, Australia and India also placed shopping in Harrods as one of their top activities if they were to visit Britain.

Amongst women almost a quarter (24%) selected shopping at Harrods and it appealed broadly across all age ranges.

In 2012 recent international travellers in 14 cities in nine key inbound tourism markets (which have seen VisitBritain's GREAT image advertising campaign in the last year) were asked to rate the importance of shopping when they were choosing their holiday destination, as shown in Chart 17. In general those in emerging markets were most likely to say shopping was an important consideration in their destination choice.

Chart 17 Proportion of international travellers who rate shopping aspects important when choosing a holiday destination



In many cities (Mumbai, Delhi, LA, Toronto, Paris and Berlin) 'enjoyable places to go shopping' is the most important consideration – the experience being paramount.

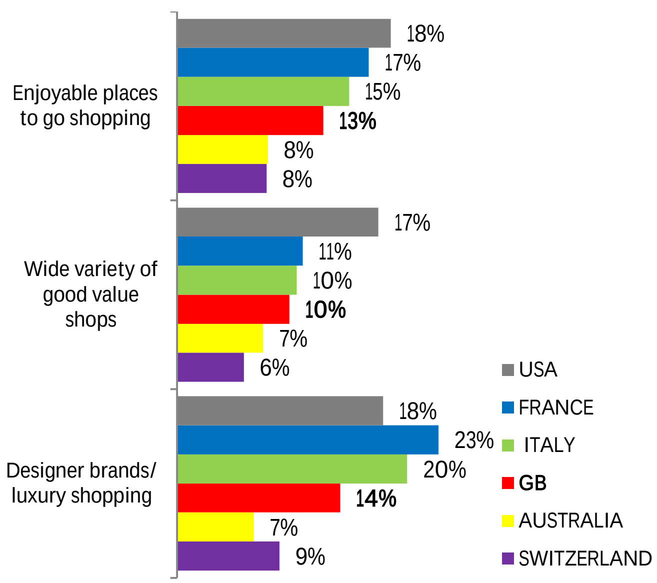
A destination being good for designer brands or luxury shopping is most important in cities in emerging markets, such as Mumbai, Delhi, Shanghai, Sao Paulo and Beijing. In most cities, the destination having a 'wide variety of good value shops' is more important than it being 'good for designer brands or luxury shopping'. However, those in the Indian cities placed more importance on designer brands. Of course designer or luxury shopping may appeal more strongly to a particular group within the broader group of all international travellers.

Perceptions of Britain's shopping compared to competitors

Whilst shopping in Britain may appeal to overseas visitors, so too does shopping in other destinations. As part of the same study above which tracked the relative importance of shopping respondents in 14 key cities for inbound tourism were also asked whether they strongly associated each element with Britain and other major holiday destinations.

On average across all the cities, Britain is strongly associated with 'enjoyable places to shop' by 13% (or almost one in eight) of recent international travellers, whilst the USA, France and Italy are slightly more strongly associated (18%, 17% and 15% respectively).

Chart 18 International travellers who strongly associate shopping attributes with Britain and other destinations



Britain comes top for having 'enjoyable places to go shopping' in Delhi, while in Paris it was ranked only one percentage point behind the US. In the Brazilian cities the US clearly dominates for shopping whilst in the US itself France and Italy are strongly rated but Britain follows closely behind.

Turning to perceptions of destinations offering a wide range of good value shops, there is a similar pattern. The US sees strongest associations but Britain is as likely as France or Italy to be strongly associated with this. In Delhi, Britain is the most likely destination to be strongly associated with a wide range of good value shops and is ranked very closely with all destinations by those in Mumbai and Hong Kong. Travellers in Sydney rank GB second, behind USA.

In terms of being good for designers/luxury shopping, France and Italy are most strongly associated, but Britain is only a little less likely to be associated with it than the USA, and more so than Australia or Switzerland. In Delhi, Britain is the most likely destination to be strongly associated with designer/luxury shopping and is ranked very closely with all destinations by those in Mumbai.

The GREAT campaign

Britain is undoubtedly one of world's most sought after destinations for international shoppers and is at the leading edge of international fashion. In an effort to stimulate further interest in the UK as a destination for international visitors, VisitBritain has been highlighting shopping as one the core key drivers for travel to Britain as part of the GREAT campaign underway in key markets around the world. This promotes Britain as one of the best places to visit, study, work, and invest in.

The campaign has been highly impactful. An esteemed group of British fashion industry insiders launched a "GREAT" Britain branded subway train in New York. Victoria Beckham was joined by the likes of Anna Wintour, Tamara Mellon, Marcus Wainwright and Jourdan Dunn to draw attention to Britain's world-renowned fashion designers, the magnificent range of shopping on offer and our distinctive British style. In Dubai, Harvey Nichols launched a month long 'Fashion is GREAT Britain' promotion, demonstrating how Britain leads the world when it comes to fashion.

The fashion capital for men

London is fast becoming recognised as the global capital for men's fashion, recently hosting its second "men-only" fashion week and looking to cement its position ahead of the likes of Milan, New York and Paris. This year's London Collections: Men, featured over 60 top menswear designers to press and buyers from more than 45 countries.

Menswear is big business for Britain's economy, worth £9.9bn in 2011, almost half of the £21bn total for the UK fashion and luxury apparel market (Mintel). Several retailers have been reporting buoyancy in this market: Selfridges recently opened what it says is the world's biggest men's shoe department, with more than 72,000 pairs from over 250 brands, and Harvey Nichols says that men spend on average 25% more each visit than their female counterparts, while menswear sales have grown by 55% in the last two years.

This sector of the economy also allows for a variety of tie-ins with the tourism industry, such as press trips for consumer/travel journalists, marketing of men's trips to Britain for sport and fashion, design and shopping packages with the travel trade, and promotion of leading exhibitions such as David Bowie at the V&A

and Paul Smith at the Design Museum.

Further information and research

VisitBritain makes International Passenger Survey data available to download from our website, inbound visitor statistics.

The appeal of shopping, and perceptions of Britain's offer are also discussed in previous editions of Foresight, see index

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