The Globe Shopper Index
Asia-Pacific

We rank 25 Asia-Pacific cities in their quest to be the world's best shopping destination

globeshopperindex.com

Global Blue

Contents

Introduction and key findings	2
Overall results	6
A city for shoppers	8
Delivering value for money	11
The rising stars	14
Low costs do not mean low prices	19
Conclusion	22
Appendix: Methodology	23

Introduction and key findings

A growing market

Tourism is growing worldwide and the Asia-Pacific region is no exception. According to the World Tourism Organisation (WTO), tourists accounted for 980m international trips in 2011, of which 216m were to Asia-Pacific destinations.

Although comprehensive data are difficult to obtain, everything suggests that shopping plays an integral part in Asian tourism. In Taiwan, for example, a 2008 study found that the most common activity for inbound tourists was shopping (conducted by 85%), and the second most common was sightseeing at night markets (67%). In Hong Kong, the latest data show that 87% of tourists go shopping. In Singapore, meanwhile, 20% of all tourist spending in 2011 was on shopping.

The importance of shopping has not been lost on tourism authorities. National sales in countries like Singapore and Malaysia are used to entice foreign spending. These are not limited to geographically small countries: South Korea held its second annual nationwide sale this year. At the same time, tourism strategies in the region frequently seek to increase visitor spending in stores. To cite just one example, Thailand's "Amazing Thailand" tourism advertising campaign included an "Amazing Thailand Shopping Paradise" stream and, of course, an "Amazing Thailand Grand Sale" that this year will last for two months.

87%

of tourists in Hong Kong go shopping.

Tourists accounted for 980m international trips in 2011, of which 216m were to Asia-Pacific destinations.

Which cities lead the way?

Indeed, "shopping paradise" is a term that numerous Asia-Pacific locations are seeking to claim for themselves, some with much more justification than others. The *Globe Shopper Index: Asia-Pacific*, an Economist Intelligence Unit research project, sponsored by Global Blue, seeks to discover which of 25 Asia-Pacific cities perform best in providing the relevant infrastructure and opportunities that are attractive to shopping tourists. Another key reason that the EIU produced the Index and associated materials (including an interactive website: globeshopperindex.com) is to help international shoppers to decide which cities will offer them the best experience depending on their priorities, whether price, convenience, city ambience, or other factors. The Index is unique among shopping destination rankings for its comprehensive set of criteria, the strength of its methodology, and its interactive features.

The Index evaluates cities in five categories: transport and accommodation; how convenient it is to shop in a given city; cultural attractions, such as the cuisine and sights, combined with the weather; the types of goods and stores in each city; and, finally, prices and costs, both of common products and for the trip as a whole. *For a detailed explanation of the methodology, please see the Appendix.*

"Shopping paradise" is a term that numerous Asia-Pacific locations are seeking to claim for themselves.

Here are the key findings from the Index:

Hong Kong leads the pack

Hong Kong finishes top in the Index. Its wide range of shopping venues—it scores 83.3 out of 100 in the shops category, nearly twice the Index average of 43.6—provides goods at reasonable prices. Moreover, visitors can enjoy a large variety of attractions and highly varied cuisine. The difficulty is finding a place to stay: Hong Kong's hotels have some of the highest occupancy rates in the Index, leading to some of the highest accommodation prices.

Kuala Lumpur provides solid value across the board

Kuala Lumpur rarely finishes first on individual Index indicators and its best category score is second. Although seldom leading, it is consistently strong, being the only city to finish in the top ten in every category. The city's specific strength is the ability to combine low prices with a good range of products in a large number of stores, including three of the world's ten biggest shopping malls. These air-conditioned venues help to overcome Kuala Lumpur's big weakness: it finishes 23rd of 25 for agreeability of climate.

Kuala Lumpur's specific strength is the ability to combine low prices with a good range of products in a large number of stores.

Shanghai and Beijing are becoming shopping locations in their own right

The two major mainland China cities fare surprisingly well in the Index, surpassing Singapore with its noted reputation as a shopping tourism destination. Shanghai and Beijing are both particularly strong in tourism infrastructure and things to do—coming second and third respectively in the hotels and transport category, as well as seventh and fourth for culture and climate, even though Shanghai suffers from below-average weather. The difficulty for shopping tourists, however, is the cost of what they want to buy, driven in part by substantial sales taxes: Shanghai has the highest prices for the Index's basket of goods for any of the 25 cities, and Beijing has the second-highest prices.

The types of costs travellers face vary markedly by city

With few exceptions, low-cost cities in the Index tend to perform relatively badly in the other categories, such as hotel quality or even personal safety. Before adventurous shoppers head off the beaten track in search of bargains, they should look closely at how they spend while on the road. Most low-cost cities actually have relatively high prices for the Index shopping basket: hotel, food and other expenses can make up for the difference. Those looking for bargains should either seek out low-cost accommodation, transport and food in higher-cost cities, or be prepared to pay a premium on goods in low-cost destinations.

Shanghai and Beijing are both particularly strong in tourism infrastructure and things to do.

Overall results

All scores 0-100, where 100=best shopping environment

Overall score		
1	Hong Kong	68.5
2	Kuala Lumpur	65.1
3	Shanghai	63.1
4	Beijing	60.7
5	Singapore	60.2
6	Sydney	58.4
7	Bangkok	57.1
8	Tokyo	56.4
9	Seoul	54.8
10	Delhi	52.8
11	Manila	51.5
12	Taipei	51.2
13	Auckland	50.0
14	Bangalore	49.6
15	Guangzhou	48.4
16	Mumbai	48.3
17	Jakarta	45.7
18	Osaka	45.1
19	Ho Chi Minh City	44.9
20	Busan	44.8
21	Nagoya	38.2
22	Colombo	36.2
23	Dhaka	35.7
24	Karachi	34.1
25	Yangon	29.9

Hotels & Transport		
1	Tokyo	91.8
2	Shanghai	84.0
3	Beijing	79.0
4	Sydney	75.5
5	Hong Kong	72.3
6	Singapore	70.8
7	Seoul	65.5
8	Kuala Lumpur	61.4
9	Bangkok	61.1
10	Osaka	58.4
11	Delhi	57.3
12	Taipei	55.7
13	Auckland	54.4
14	Guangzhou	54.2
15	Busan	50.2
16	Manila	49.7
17	Bangalore	49.0
18	Jakarta	46.3
=19	Nagoya	44.0
=19	Mumbai	44.0
21	Ho Chi Minh City	35.9
22	Karachi	25.0
23	Dhaka	21.2
24	Colombo	20.5
25	Yangon	19.2

Convenience		
1	Shanghai	65.0
2	Hong Kong	64.2
3	Busan	62.9
4	Kuala Lumpur	62.6
5	Guangzhou	62.5
6	Bangalore	61.3
=7	Singapore	61.0
=7	Beijing	61.0
9	Taipei	59.2
=10	Mumbai	58.4
=10	Manila	58.4
12	Delhi	57.6
13	Seoul	56.7
14	Colombo	52.5
15	Sydney	51.6
16	Bangkok	50.4
17	Osaka	50.1
18	Auckland	46.7
19	Nagoya	46.1
20	Ho Chi Minh City	45.4
21	Tokyo	44.7
22	Jakarta	44.2
23	Dhaka	42.9
24	Karachi	42.3
25	Yangon	41.8

All scores 0-100, where 100=best shopping environment

Culture & Climate

1	Sydney	71.4
2	Hong Kong	65.4
3	Tokyo	64.5
4	Beijing	56.8
5	Singapore	56.3
6	Seoul	55.2
=7	Shanghai	50.1
=7	Bangkok	50.1
9	Kuala Lumpur	49.8
10	Osaka	49.6
11	Manila	46.7
12	Delhi	46.4
13	Auckland	45.1
14	Mumbai	38.3
15	Nagoya	35.8
16	Taipei	31.3
=17	Busan	30.6
=17	Bangalore	30.6
19	Ho Chi Minh City	30.1
20	Colombo	27.3
21	Jakarta	26.1
22	Karachi	23.6
23	Guangzhou	22.2
24	Dhaka	21.8
25	Yangon	10.0

Shops

1	Hong Kong	83.3
2	Kuala Lumpur	76.2
3	Singapore	63.0
4	Tokyo	61.5
5	Sydney	60.1
6	Shanghai	57.4
7	Bangkok	54.6
8	Seoul	53.5
9	Beijing	49.1
10	Taipei	48.9
11	Auckland	47.3
12	Guangzhou	42.6
13	Osaka	40.8
14	Delhi	40.1
15	Nagoya	39.2
16	Jakarta	38.0
17	Bangalore	36.9
18	Manila	36.3
19	Mumbai	34.5
20	Busan	33.8
21	Ho Chi Minh City	30.3
22	Colombo	18.9
23	Karachi	16.7
24	Dhaka	15.6
25	Yangon	12.6

Affordability

1	Ho Chi Minh City	82.5
2	Dhaka	77.0
3	Kuala Lumpur	75.3
4	Jakarta	74.0
5	Bangalore	70.1
6	Bangkok	69.1
7	Mumbai	66.5
8	Manila	66.1
9	Yangon	65.8
10	Karachi	62.9
11	Delhi	62.6
12	Colombo	61.8
13	Taipei	60.8
14	Guangzhou	60.3
15	Shanghai	58.8
16	Hong Kong	57.5
17	Beijing	57.4
18	Auckland	56.3
19	Singapore	49.9
20	Busan	46.4
21	Seoul	43.0
22	Sydney	33.7
23	Osaka	26.7
24	Nagoya	26.0
25	Tokyo	19.5

A city for shoppers

Hong Kong tops the Index for its variety of goods and shops, but it can be tricky to find accommodation.

Hong Kong's first place in the Index—comfortably ahead of other cities—is unsurprising. Built on commerce, shopping and tourism are even more closely intertwined in Hong Kong than in most places. Shopping itself is one of the major attractions, if not the main attraction. In 2011, of the top seven tourist spots, two were open air markets—the Ladies Market and the Temple Market—and one was the shop-filled Tsim Sha Tsui area. Overall, 87% of visitors to the city last year engaged in shopping, which accounted for about 60% of all tourism outlay. In absolute terms, the spend on shopping came to over HK$500 per visitor, or about HK$12.7bn. If anything, the importance of shopping is increasing: the fastest-growing group of visitors are mainland Chinese, who tend to shop—and spend—significantly more than average, frequently seeking to avoid substantial sales taxes back home.

HK$500

the spend on shopping per visitor in Hong Kong.

The city's strengths as a shopping tourism destination are those most directly related to shopping itself. It fares particularly well in the shops category, with a score of 83 that leaves second-placed Kuala Lumpur (76) well behind and Singapore (63) a distant third.

Hong Kong leads

Top ten cities for shops	
1	Hong Kong
2	Kuala Lumpur
3	Singapore
4	Tokyo
5	Sydney
6	Shanghai
7	Bangkok
8	Seoul
9	Beijing
10	Taipei

The call of the mall

Given Hong Kong's space limitations, it does not have a large number of big malls, although it has a respectable four that stretch to over 100,000 sq metres. These include the 700-shop Harbour City and the relatively new K11, which—with HK$20m in permanent artworks on display and 19 exhibition panels that change every few months—claims to be the world's first art mall.

More typical of Hong Kong, however, are the numerous individual stores and markets. The city scores joint first in the number of shops of interest and finishes first in international brand diversity. The range is impressive, from the high-end boutiques of the Central District around Chater Street to the trendy shops of the Causeway area and the stalls of the city's large number of markets. Frequently, stores providing similar products stand close together. The well-known Jade Market is one such location, but other areas cater to those looking for business cards, goldfish and accoutrements for keeping birds. The prices of the goods themselves, given the level of competition, are also reasonable. For the Index shopping basket, Hong Kong comes a very respectable third and 76% of shopping tourists expressed above-average satisfaction on value for money in 2011, with an additional 21% saying it was average.

Hong Kong also makes shopping convenient, scoring particularly well in the ability of stores to conduct business in foreign languages and in the category of personal safety in the city. It does less well on opening hours—coming a surprisingly low 21st—but late openings in some malls and the night market at Temple Street provide at least some scope for those wishing to shop later in the day.

The 2012 Michelin Guide awards stars to 62 restaurants in Hong Kong.

Hong Kong's other traditional strength is its dining, and this is reflected in the Index. It ties for first place on the range of cuisine available, from noodle stands to pubs and bars—since 1991 Canton Road has held an annual Oktoberfest—and to high-end restaurants. The 2012 Michelin Guide, for example, awards stars to 62 restaurants and its recommendations cover establishments that provide 39 different types of national or regional cooking. In addition to the high scores for the number of sites of interest and the climate, Hong Kong without doubt provides an agreeable environment for retail tourism.

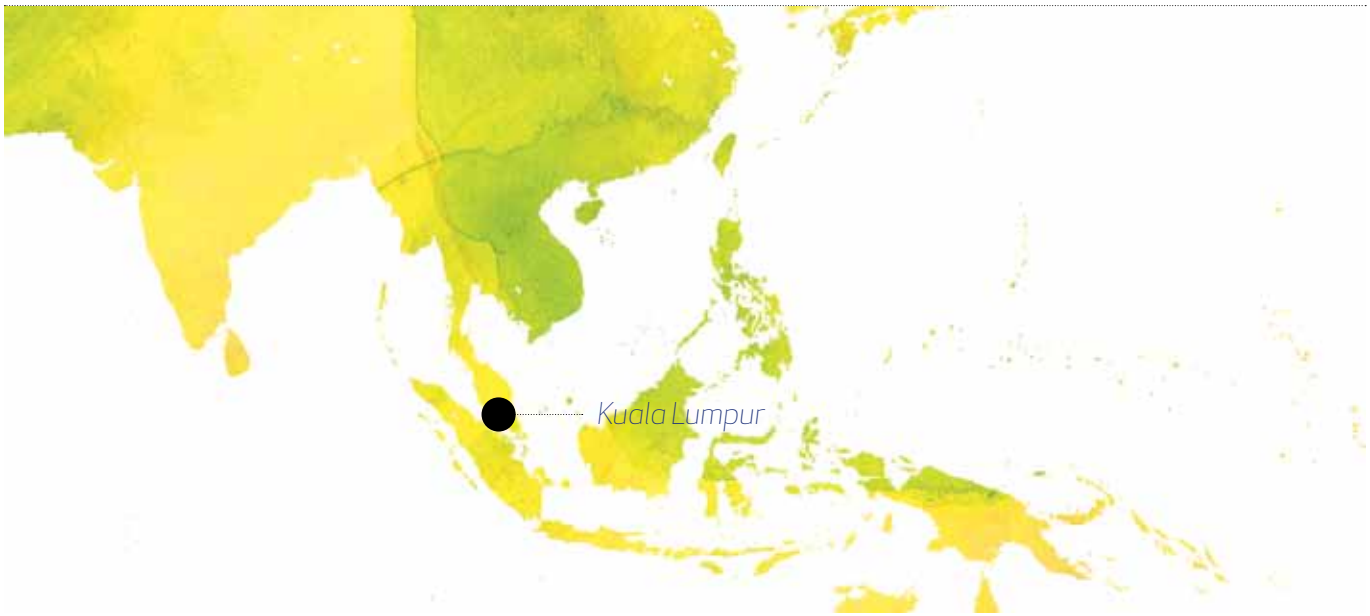
Where the city is weak compared to others in the Index, however, is accommodation. Although Hong Kong has a reasonable number of high-quality hotels, its average occupancy rate of over 80% makes it the third-hardest city in the Index to get a room. This is reflected in the prices for accommodation: the average 4-star room costs nearly €200 per night (second worst in the Index) and even the average 2-star goes for over €70 (the sixth worst). Add in the city's relatively expensive transport costs, and it comes in 16th place in the Index in terms of costs. If hotels were excluded, it would be placed just ninth.

Hong Kong therefore has much to offer almost every kind of shopper, especially if it is possible to arrange accommodation that does not cost so much as to negate the benefits of bargain goods.

Bargain hunters beware

City affordability rankings		Score / 100
1	Ho Chi Minh City	82.5
2	Dhaka	77.0
3	Kuala Lumpur	75.3
4	Jakarta	74.0
5	Bangalore	70.1
6	Bangkok	69.1
7	Mumbai	66.5
8	Manila	66.1
9	Yangon	65.8
10	Karachi	62.9
11	Delhi	62.6
12	Colombo	61.8
13	Taipei	60.8
14	Guangzhou	60.3
15	Shanghai	58.8
16	Hong Kong	57.5
17	Beijing	57.4
18	Auckland	56.3
19	Singapore	49.9
20	Busan	46.4
21	Seoul	43.0
22	Sydney	33.7
23	Osaka	26.7
24	Nagoya	26.0
25	Tokyo	19.5

Delivering value for money



Kuala Lumpur shows consistently strong performances across a range of categories.

Kuala Lumpur's high finish in the Index may surprise some, but shopping tourism has received a lot of attention from Malaysian authorities for well over a decade. In 2000, for example, the Ministry of Tourism began co-ordinating Malaysian Mega Sales, in which shops across the country are encouraged to hold simultaneous sales for a number of weeks in order to encourage travellers to come to the country.

Currently, the ministry's Shopping Secretariat organises several of these each year. Since 2000, the proportion of tourist spending devoted to retail has risen from 23% to 32% for international visitors, second only to accommodation. This represents a contribution of over US$6bn to the country's economy.

US$6bn

Tourists spending in retail contribution to Kuala Lupur's economy.

Easy on the wallet

Kuala Lumpur's main strength as a shopping location is its low total cost combined with an ability to deliver a shopping experience of a relatively high quality. It finishes third in the Index for affordability, including being tied for the lowest cost for the Index shopping basket and the second-lowest dining and hotel costs of any city. Unlike other low-cost cities, however, which tend to perform poorly in several other categories, Kuala Lumpur delivers consistently in almost every area of the Index. It is the only city to finish among the top half in every category. Looking more closely at the 38 sub-indicators on which the Index is based, although Kuala Lumpur finishes first just three times—all in cost-related areas—it falls into the bottom half of cities only six times. Moreover, of the latter, three are weather-related, about which it is difficult to do much.

Weather forecast

Climate rankings		Score / 100
1	Karachi	82.8
2	Delhi	74.7
3	Sydney	68.6
4	Bangalore	64.7
5	Mumbai	61.7
=6	Busan	59.3
=6	Hong Kong	59.3
8	Bangkok	59.2
9	Auckland	58.6
10	Dhaka	56.8
11	Beijing	55.9
12	Nagoya	53.2
13	Tokyo	52.9
14	Manila	52.3
15	Jakarta	52.1
16	Osaka	51.6
17	Colombo	50.7
18	Taipei	50.3
19	Yangon	50.1
20	Shanghai	49.5
21	Seoul	49.0
22	Guangzhou	47.5
23	Kuala Lumpur	38.9
24	Singapore	37.6
25	Ho Chi Minh City	33.5

After cost, the city's main strengths are those directly related to shopping. Its extensive sale seasons are collectively almost as long as those of Hong Kong's and it has a reasonable variety of international brands, coming seventh in the Index. Malls are a central part of the shopping experience in the city, with indoor, air-conditioned spaces allowing buyers to escape the hot, wet climate. Although it comes third in the Index for the number of malls with over 100,000 sq metres in floor space, Kuala Lumpur benefits from three of the ten largest shopping malls in the world. These include 1 Utama—the world's fourth largest—which boasts its own rainforest with 100 varieties of flora and fauna, and the Sunway Pyramid, the eclectic attractions of which include ancient Egyptian-themed architecture, a faux Moroccan market and an ice rink. More broadly, there are over 100 malls in the area around Kuala Lumpur, and Bukit Bintang, one of the two central, trendy shopping areas, contains ten on its own.

Kuala Lumpur is the only city to finish among the top half in every category.

Malls are not, however, the only choice for shoppers: those searching for bargains are likely to head for the market stalls of Petaling Street, which is open well into the night, or the nearby Central Market, both of which are tourist attractions in their own right.

Retail therapy

Top ten cities for malls and boutiques		Score / 100
1	Sydney	81.3
=2	Hong Kong	75.0
=2	Kuala Lumpur	75.0
4	Seoul	62.5
=5	Shanghai	56.3
=5	Tokyo	56.3
=7	Bangkok	50.0
=7	Singapore	50.0
=9	Guangzhou	43.8
=9	Manila	43.8

Increasing infrastructure

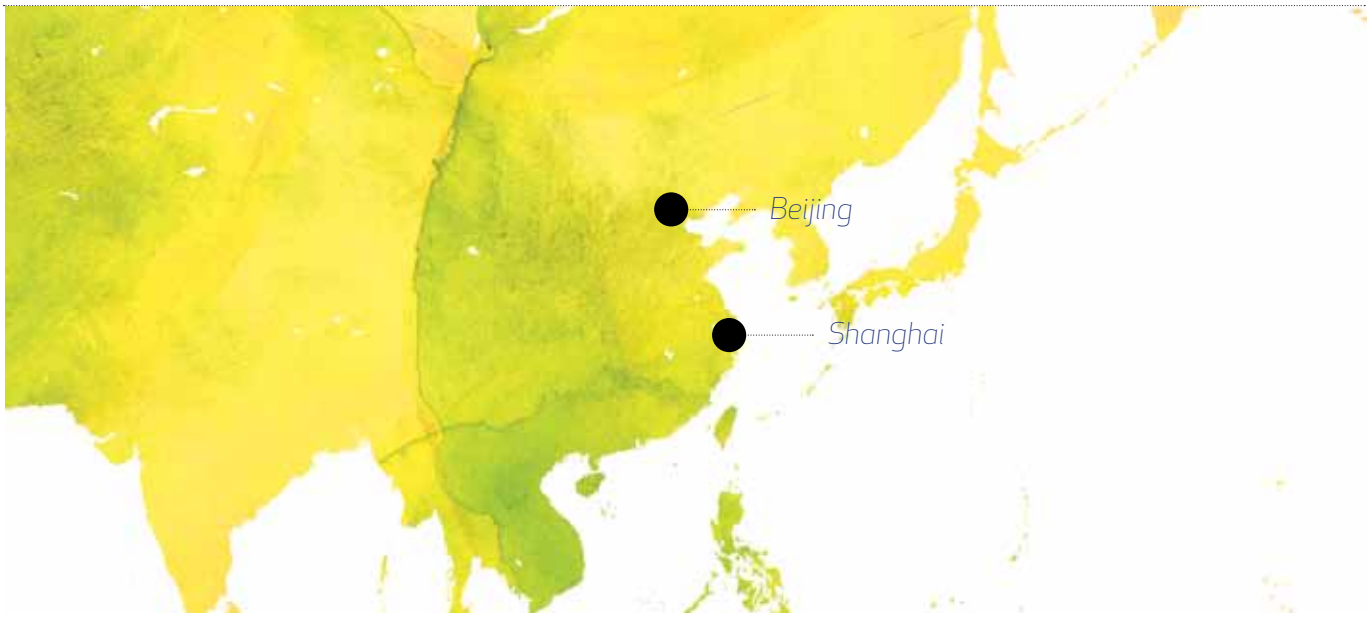
When it comes to the wider shopping environment, Kuala Lumpur is above average compared to other Index cities but does not excel. Its cuisine is good—coming in fifth—but the city has relatively few attractions compared to large capitals such as Tokyo, Delhi or Beijing. International languages are widely spoken, especially English, but, given the importance of mall shopping which tends to involve less opportunity for price negotiation, there is only a moderate chance of haggling for a bargain. Finally, as noted above, the climate can be oppressive (the city finished third from the bottom in this area).

Looking ahead, however, Kuala Lumpur may well do better in a future Index. Retail tourism is now an explicit part of the country's development plan. As part of this effort, the government aims to cut import duties on goods frequently purchased by tourists, thereby reducing shop prices further. More important for the city, the government is investing over US$40m in infrastructure to link the two major downtown shopping areas—Kuala Lumpur City Centre and Bukit Bintang—to form "the premier shopping precinct in Malaysia", according to the development plan. This will involve the creation of pedestrian walkways and the holding of numerous festivals and events to make the area a desirable location. In September 2011, the public-private Bukit Bintang-KLCC Tourism Association was established to take this plan forward.

Kuala Lumpur offers solid, consistent draws for shoppers at a reasonable price. This, rather than any particular, unique asset is its strength, although with the attention being paid to shopping tourism its attractions may develop further.

Retail tourism is now an explicit part of the country's development plan.

The rising stars



Shanghai and Beijing are the surprise performers thanks to improving infrastructure, but they can be expensive locations to buy goods.

Probably the biggest surprise of the Index is the relatively high ranking of Shanghai and Beijing. In third and fourth place respectively, they are placed just ahead of Singapore, which has a much bigger reputation as a shopping destination. The results of the leading mainland Chinese cities, however, are in some ways a predictable development. Chinese tourists are gaining a global reputation as shoppers (see page 17) and it makes sense for domestic locations to try to tap into that market as well.

Chinese tourists are gaining a global reputation as shoppers.

Garnering attention

Beijing and Shanghai have certainly been trying to do so, with some success. In 2011 total spending by 200m domestic and 5m foreign tourists reached nearly US$50bn in Beijing, a rise of 16% on the previous year. These visitors accounted for about one-quarter of all shopping and restaurant consumption in the city last year. Shanghai is also working to increase total tourist spending by 70% between the record-setting 2010—in which visitors, many drawn by the Expo, paid out US$46.5bn—and 2015.

Although the strengths of the two cities are not identical, they have much in common. In particular, the Index ranks them highly on tourism infrastructure, but shows that they are expensive locations in which to buy goods.

Infrastructure

Top ten cities for hotels and transport		Score / 100
1	Tokyo	91.8
2	Shanghai	84.0
3	Beijing	79.0
4	Sydney	75.5
5	Hong Kong	72.3
6	Singapore	70.8
7	Seoul	65.5
8	Kuala Lumpur	61.4
9	Bangkok	61.1
10	Osaka	58.4

The two cities fare particularly well in the hotels and transport category, with Shanghai coming second and Beijing third. They both mix a good number of high-quality hotels with some of the lowest occupancy rates in the Index, and have the first- and third-largest number of airline connections as well. Their public transport is already of reasonably high quality—the cities tie for seventh place in the Index in this category—and improvements are likely. Shanghai, for example, had the largest Metro in the world in terms of distance covered by 2010, and it plans to double the system's size to 22 lines with 877 km of track by 2020.

Shanghai also comes first in terms of convenience, while Beijing trails slightly at seventh place. Although both are average for the Index in terms of using foreign languages, tied for 12th place with Guangzhou, they score highly on the ability of buyers to obtain discount, tied for second, and on Sunday opening hours, in joint first place. The only real difference between them is that Shanghai shops on average are open over 11 hours per weekday, while those in Beijing are open for a still respectable ten hours.

The easy life

Top ten cities for convenience		Score / 100
1	Shanghai	65.0
2	Hong Kong	64.2
3	Busan	62.9
4	Kuala Lumpur	62.6
5	Guangzhou	62.5
6	Bangalore	61.3
=7	Beijing	61.0
=7	Singapore	61.0
9	Taipei	59.2

The two cities are also important cultural centres with many attractions. Beijing's impressive list of treasures begins with the Forbidden City, the Summer Palace and Tiananmen Square, to name a few of the more prominent, and with a short trip they include the Great Wall. Although perhaps less famous, Shanghai's central waterfront, the Bund, as well as attractions like the Yu Yuan Gardens and the modern buildings of the financial district provide much to see. Both cities are also placed in the top third of the Index for restaurants

16%

rise in total spending by tourists in Beijing in 2011.

and events of interest. On the downside, neither has a particularly agreeable climate, with Beijing in 11th place and humidity and monsoons putting Shanghai in 20th. Moreover, China's visa restrictions are higher than those of most of its neighbours, with the two mainland cities tying for 19th place.

Tourists, at least those with enough money, can also obtain the goods they wish to buy in these cities without any great difficulty. Beijing comes second, after Hong Kong, for presence and variety of leading brands, while Shanghai is tied for third place with Tokyo. Both Chinese cities also have a respectably high number of large malls close to the city centre: there are five in Shanghai and four in Beijing. Shanghai, in particular, also has a significant number of shops of interest, coming sixth overall. Its famous shopping districts include Nanjing Lu, part of which is a 24-hour pedestrian zone; the upmarket Huaihai Zonglu; and the more traditional Yuyuan Commercial Town. Visitors to the city's Century Square will even find statues based on the theme of shopping and tourism. Beijing scores less well on shops, at tenth in the Index, but still boasts areas such as Wangfujing Street with its high-end shops; the historical Dashilan district with stores that have been operating for centuries; and the stalls of the Panjiayuan Market.

The high life

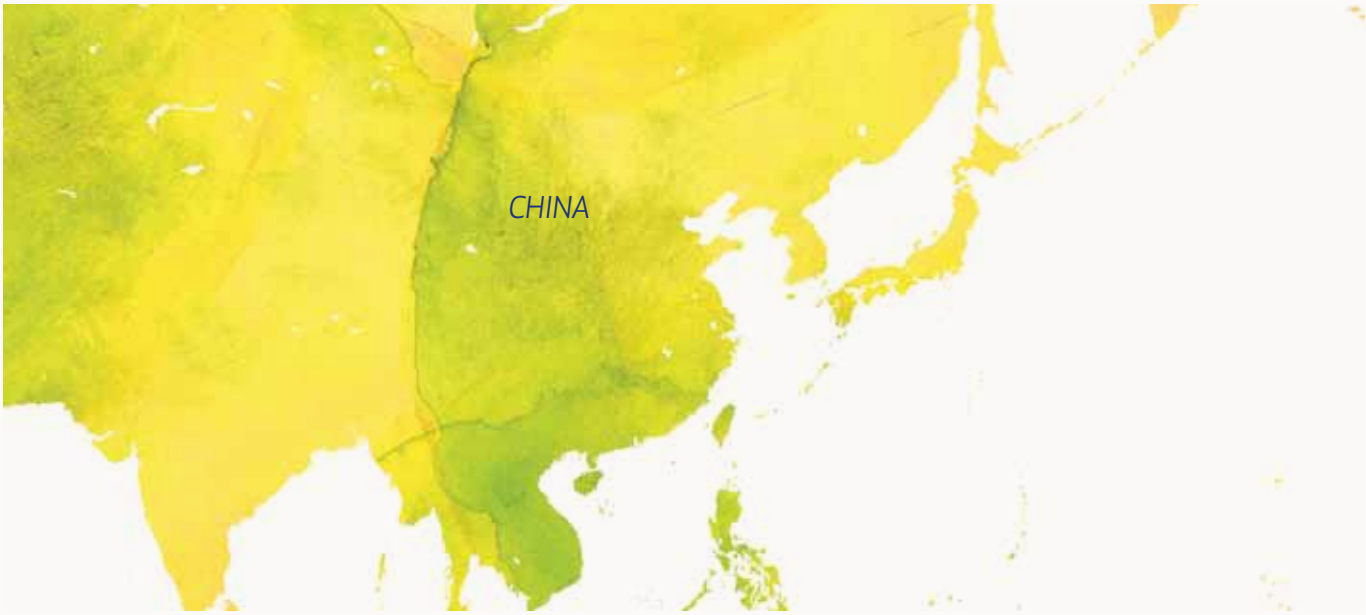
The difficulty in both cites is the cost. The problem is not travel-related expense: the two cities score reasonably well on food, transport and hotels, although even with their low occupancy rates they manage to come in only sixth (Shanghai) and eighth (Beijing) in the Index for accommodation prices. The goods in the Index shopping basket, however, are very expensive, driven in part by high sales and luxury taxes. A Rolex Datejust watch, for example, which retails for between US$5,000 and US$6,000 in Japanese Index cities, will set back a buyer over US$9,000 in Shanghai and US$10,000 in Beijing.

Nor does timing help much: at eight and five weeks respectively, the Shanghai and Beijing sale seasons are both shorter than the Index average of nine weeks. Shanghai is looking at an application to allow visitors to obtain tax refunds on goods bought in the city, similar to one already granted to the island of Hainan, but for now obstacle remains.

Beijing and Shanghai already have much to recommend them as tourist destinations. If they can find a way to improve prices, they might do even better in a future Index.

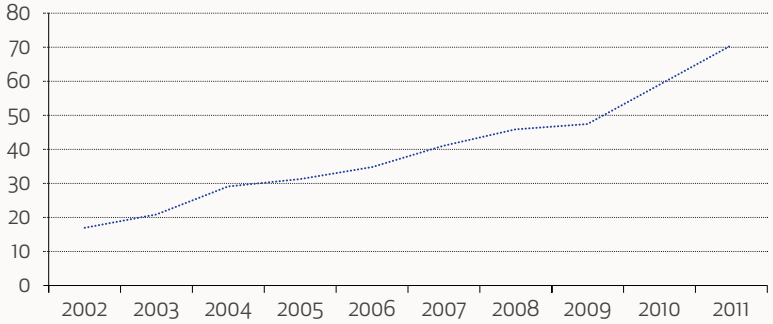
Visitors to the Shanghai's Century Square will even find statues based on the theme of shopping and tourism.

China: A nation of bargain hunters



Chinese outbound tourism has grown rapidly in recent years: it has more than quadrupled in the last decade to 70m foreign trips in 2011, making the country the world's third-largest source of foreign visitors. Most of these stay relatively close to home—90% visited Asian destinations last year—but the impact is increasingly global, with Chinese-language brochures an ever more common sight at European tourist venues.

Chinese outbound trips



Source: China National Tourism Administration

Chinese travellers are also developing a reputation as keen shoppers. As a recent analysis by Chinese academics puts it, "Chinese outbound travellers have earned the name of big spenders throughout the world. In many overseas destinations, Chinese tourists... [top] the list when it comes to shopping expenditures. Almost all the Chinese outbound tourists will shop during their trip, some even go to Hong Kong, Singapore, South Korea or Japan for shopping purposely."[1] According to the China Outbound Tourism Research Institute, 27% of Chinese tourists abroad spend more on shopping than on anything else.

The interest of Chinese purchasers in high-end products further skews upward the total amount of Chinese spending on retail. The China Outbound Tourism Year Book 2011 estimates that in most global regions between 70% and 80% of Chinese outbound tourist expenditure was on shopping. This can have pronounced local effects. The World Luxury Association, for example, estimates that an astonishing 62% of all luxury goods sold in Europe in 2011 were purchased by Chinese visitors. If anything, shopping by Chinese tourists looks set to rise: while 2011 saw an increase in outbound travellers from the country of 22%, overall spending rose by 38% according to the WTO. If current trends continue, tourists from the country will spend more than those from Germany and the United States, the only two countries with a greater outlay in 2011.

Although Chinese travellers have many reasons to spend, including a tradition of bringing gifts to those at home upon their return, one particular issue is high taxes on goods of interest to tourists, notably purchases deemed to be luxury goods. Depending on the product, the government imposes a luxury import duty of between 10% and 60%, to which value-added tax (VAT) is added as well. A Chinese Ministry of Commerce survey found that prices for luxury goods are 72% higher in mainland China than in France—a favourite European shopping destination for the Chinese—and 45% higher than in Hong Kong—where many of the visitors come specifically to obtain goods cheaply.

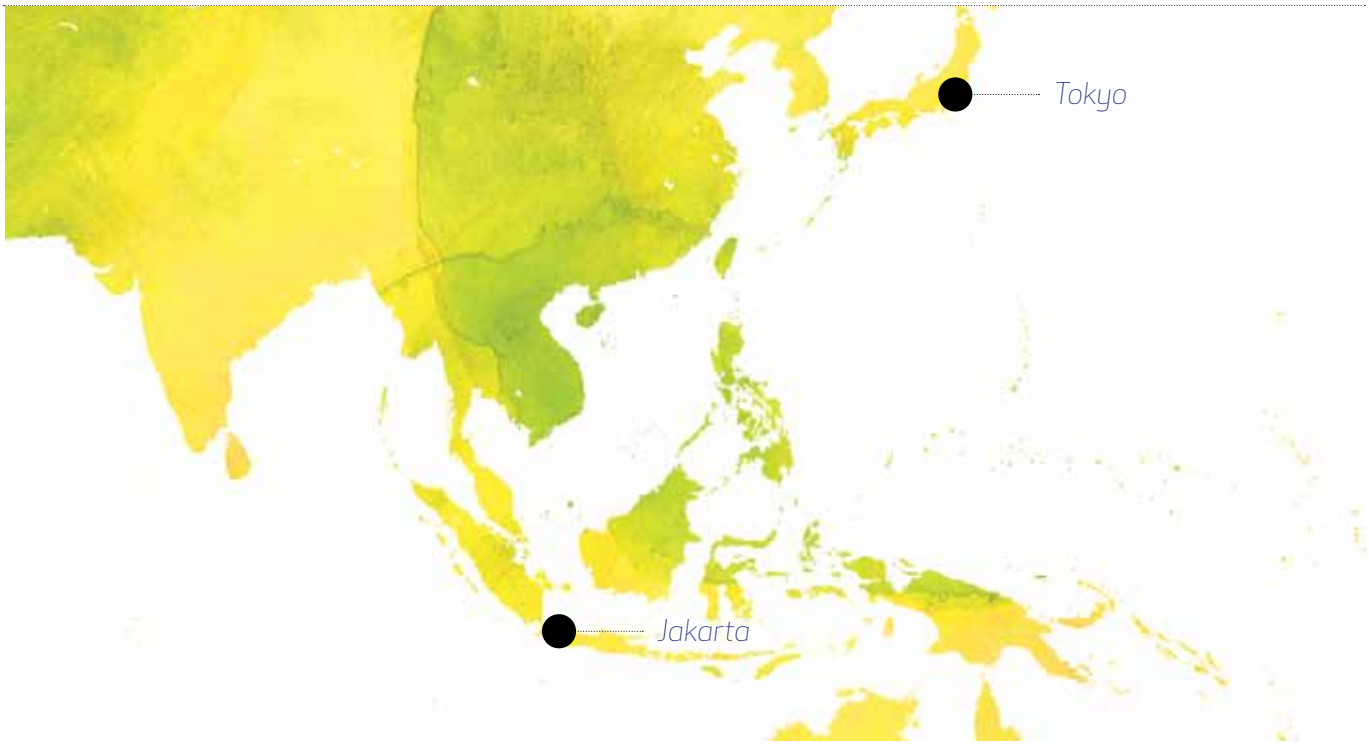
Such variations help to drive the shopping behaviour of China's outbound tourists. In January 2012, which included the traditionally high-spending Chinese Spring Festival, Chinese tourists spent US$7.2bn on luxury goods abroad, but spending on such products at home came in at only about US$1.75bn. Officials are doing the sums. National government ministries are reviewing the level of consumption and luxury taxes. The impact of such a move is unclear: Chinese citizens will certainly continue to want to see the world as their incomes rise, and shopping abroad may start to become an acquired taste. Nevertheless, lower prices might lead some to buy more at home and spend their time abroad on other activities.

62%

of all luxury goods sold in Europe in 2011 were purchased by Chinese visitors.

[1] Wang, James et Linda Wei, "An Overview of Features and Characteristics of China's Outbound Tourism", International Academy of Culture, Tourism, and Hospitality Research, 2011. http://iscthlr.turismo.wuwien.ac.at/files/papers/p84%20fullpaper.pdf

Low costs do not mean low prices



Why Jakarta beats Tokyo on affordability

The Index figures suggest that, with a few exceptions, the old adage "you get what you pay for" applies when choosing a shopping destination in Asia. As noted above, Kuala Lumpur is able to mix low costs with excellent shops and convenience. The other cities that rank at the top of the affordability category are a very different story. For example, of the other three in the top four—Ho Chi Minh City, Dhaka and Jakarta—the first two finish in the bottom third of every other Index category and Jakarta is able to escape this outcome only once, barely reaching 16th in the shops category. Dhaka is a particularly striking example of this tendency: it comes second on affordability but never finishes higher than 23rd for anything else. More broadly, affordability seems to be inversely related to the quality of the shopping infrastructure: ten of the top 12 cities for affordability finish in the bottom 12 of the Index's shops category. Safety is also an issue. Again, with the exception of Kuala Lumpur, the rest of the most affordable dozen cities make up the 11 that score worst for crime and political threats.

In numbers

Safety rankings		Score / 100
=1	Auckland	95.0
=1	Hong Kong	95.0
=1	Singapore	95.0
=4	Nagoya	90.0
=4	Osaka	90.0
=4	Sydney	90.0
=4	Tokyo	90.0
=8	Busan	85.0
=8	Taipei	85.0
=10	Beijing	80.0
=10	Guangzhou	80.0
=10	Kuala Lumpur	80.0
=10	Seoul	80.0
=10	Shanghai	80.0
=15	Manila	60.0
=15	Mumbai	60.0
=17	Bangalore	55.0
=17	Delhi	55.0
=17	Ho Chi Minh City	55.0
=20	Bangkok	50.0
=20	Dhaka	50.0
=20	Jakarta	50.0
=23	Colombo	45.0
=23	Yangon	45.0
25	Karachi	20.0

On the other hand, affordability is the Achilles heel of several high-income cities. Were this category not in the Index, Tokyo, for example—the least affordable city—would come in second instead of eighth for the Index as a whole. Similarly, Sydney, which scores 22nd for affordability, would rise from sixth to third place.

Affordability is the Achilles heel of several high-income cities.

Open to confusion

Thus, on the surface it would seem that those hunting for real value need to be willing to leave the beaten path and perhaps take some travel risks. For certain types of individual this would be part of the attraction of shopping tourism, especially for those described by sociologists as adventure shoppers—who are motivated by the change of routine and stimulation the activity provides—and value shoppers—who crave the rush of searching out, and finding, bargains.

If shoppers head to some of the most affordable locations in the Index, however, they will end up suffering from sticker shock. Digging deeper into the Index data shows that often the most affordable cities may have very high prices for the range of goods in our shopping basket. Ho Chi Minh City, the most affordable overall, comes ninth on prices. The most striking change is for Manila, which is in eighth place for total costs but 21st for the goods basket, and Karachi, which is ranked tenth and 23rd respectively. More broadly, nine of the top dozen affordable cities rank lower on the shopping basket score than for total affordability. On average, the drop is about nine places.

Conversely, the less affordable locations are where goods themselves can be much cheaper. This is particularly true for the Japanese cities in the Index. Osaka, Nagoya and Tokyo are the three least affordable cities for shopping tourism, but all have goods baskets that come in the top ten. Tokyo can be particularly easy on the wallet, with the fourth-cheapest shopping, including the least expensive digital camera.

This disparity between cost and good prices, although common, is not universal. The Korean Index cities are expensive across the board. Meanwhile, low-cost Yangon—the ninth most affordable city overall—combines the cheapest shopping cart with the worst score in every other major Index category. This makes it the ultimate location for an adventurous shopper, who can come back with a very cheap Rolex, presuming they find a real one—the city has the worst score for counterfeiting as well.

Many Asian cities seem to have a disconnect between shop prices and those relating to the rest of the tourist experience, such as hotels, restaurants and transport. The implication for bargain hunters is to be aware of total cost. Those who enjoy the idea of going to the traditional shopping magnets of Asia, such as Hong Kong, Tokyo and even Singapore, might find it more profitable to search for bargain accommodation before setting out, as low prices will be relatively easy to uncover once on the ground. On the other hand, those going off the beaten track should be aware that part of what they save in travel costs will be eaten up by higher prices.

For cities seeking to become a "shopping paradise" for visitors, the message is to remember that shopping tourism includes tourism. The city-wide sales so common in parts of Asia may be addressing the wrong problem, be it high costs for other parts of the tourist experience or low quality.

Tokyo can be particularly easy on the wallet, with the fourth-cheapest shopping, including the least expensive digital camera.

Conclusion

A world of choice

There is an inherent dichotomy at the heart of shopping tourism revealed by the two elements of the term. Shopping, on the one hand, for all the activities associated with it, is fundamentally about the acquisition of goods or services—in the context of this piece typically the former. Tourism, on the other hand, is about obtaining experiences. Shopping tourism, then, to put it at its most basic, is about what you get and how it feels to get it.

The Index and accompanying research makes clear that, even when focused on a similar basket of popular goods and brands, cities of the Asia-Pacific region provide a wide variety of experiences to accompany their acquisition. This goes beyond costs, infrastructure and convenience. The sights, smells and feel of the markets of Hong Kong differ from those of Kuala Lumpur's mega-malls, and both in turn are distinct from visiting a shop that has been selling hats for 200 years or traditional medicines for nearly 400 in Beijing's Dashilan district. Even in last-place Yangon, the Bogyoke Aung San Market has its fans among visitors.

How individual tourists will value different aspects of the travel experience will inevitably vary. This Index will help them to make a more informed choice.

Appendix: Methodology

The Globe Shopper Index – Asia-Pacific measures the attractiveness of 25 major Asia-Pacific cities for international travel shopping. It is composed of 22 indicators, aggregated into five categories: shops; affordability; convenience; hotels and transport; culture and climate. Eleven of the 22 indicators are based on quantitative data, eight indicators are based on qualitative scores, and three indicators are based on both quantitative data and qualitative assessments. The Economist Intelligence Unit (EIU) developed the indicators and categories independently.

Selecting cities

The cities were selected with a view to having the widest possible geographical diversity. First, the EIU chose cities in Asia-Pacific countries with a GDP of more than €50bn. Each country with GDP of more than €1tn was then represented by two cities. Those countries with over €2tn in GDP were represented by three cities, and those with over €4tn by four cities. Finally, the EIU selected the capital cities in each country, followed by the next prominent or largest in terms of population.

Indicator selection

The EIU's goal in selecting indicators for the Index was to establish overall criteria to help international travel shoppers select their ideal destination. Initial questions included: How easy is it to fly to the city? How easy is it to move around once there? Is the city safe? How is the climate? Are there other attractions beyond shopping? How expensive is it?

Based on this set of questions, the EIU chose objective quantitative and qualitative indicators, and grouped them according to themes, such as the quality of hotels and transport, convenience, cultural attractiveness, variety of shops and products, and prices. Examples of measures used to construct quantitative indicators included the number of flights in and out of the cities' airports, the average number of opening hours of main shops or the number of United Nations Educational, Scientific and Cultural (UNESCO) World Heritage sites within a 20-mile radius. Qualitative assessments were used, for example, to score cities on public transport quality, the ease of using a foreign language in stores, or restaurant availability and variety.

Calculating scores

In order to make indicators directly comparable across all cities, all values were turned into standardised scores on a 0 to 100 scale. In the case of quantitative indicators, the city with the best value scored 100 points and the city with the worst value scored zero points. All other cities received a score between 0 and 100, reflecting the distance of the value to the best and worst values. Most qualitative indicators were scored on a scale of 1 to 5. Those scores were then normalised on a scale of 0 to 100, to make them comparable with the quantitative indicators. The exception is the indicator on the use of foreign languages. In this case, the EIU used a scoring system that assessed the economic importance of the language and the likelihood of the language being spoken by a shopkeeper in the city centre. Economic importance was calculated using the aggregated GDP (at purchasing power parity) of countries officially using a particular language. The EIU considered the six official UN languages: Arabic, Chinese, English, French, Russian and Spanish. Language skills were assessed by the EIU's global network of contributors and analysts, using a scoring system based on bands of 20%, that is 0-20% (of shopkeepers who use one of the languages), 20-40%, 40-60%, 60-80% and 80-100%.

Once all indicator scores were calculated, they were aggregated into their respective category scores. The category scores were then aggregated to determine the overall score. In each of these steps, scores were aggregated according to an assigned weighting for each indicator. The default weight for each indicator and category is an equal weight. The user can, however, change the weightings and recalculate scores according to personal preferences through the online tool that accompanies this report.

Sourcing data

The EIU collected data for the Index between January and February 2012. Wherever possible, the EIU used publicly available data from official sources. Primary sources included data from city tourism bureaus, city airports and other official city sources. EIU contributors collected data on prices by visiting shopping establishments. The EIU also used travel guides where relevant. For example, in order to assess the availability and variety of restaurants, analysts combined in-city contributor assessments with travel guide listings.

List of categories, indicators and their weightings

	Indicator	Type	Weighting	Description	Sources
Shops					
	Malls & boutiques	Quantitative	25%	Composite score based on the number of shops, as listed by Lonely Planet, and on the number of malls with over 100,000 square metres of retail space within a 20-km radius of city centre.	City tourism bureaus, Google Earth, Lonely Planet, EIU
	International brands	Qualitative	25%	Score on the presence and variety of leading local and international brands, as published by CB Richard Ellis.	CBRE
	Seasonal sales	Quantitative	25%	Duration of sales seasons (in weeks per year).	City tourism bureaus, city sources
	Genuine as opposed to counterfeit goods	Qualitative	25%	Qualitative assessment of the prevalence of counterfeit goods in department stores, shops and markets.	EIU
Affordability					
	Exchange-rate stability	Quantitative	20%	Change in value of local currency, measured against a basket of currencies (US dollar, yen, euro, renminbi, rouble) over the last 2 years. A devaluation scores positively.	EIU
	Dining	Quantitative	20%	Composite score based on the average cost of a three-course meal at the Hilton hotel restaurant (or equivalent), the average cost of a Big Mac meal and on the average cost of a drink (based on the combined price of a pint of beer, bottle of water and glass of wine) at the Hilton hotel restaurant (or equivalent).	EIU
	Hotels	Quantitative	20%	Composite score based on the average cost of a room at a 4-star hotel and on the average cost of a room at a 2-star hotel .	EIU, Lonely Planet, Expedia

	Indicator	Type	Weighting	Description	Sources
	Shopper favourites	Quantitative	20%	Composite score based on the cost of a pair of Zara women's skinny jeans, cost of a The Hour/Sharp5 (ref 50219894) suit by Boss Black, average cost of a Rolex Oyster Perpetual Datejust (116233, steel and yellow gold), average cost of a Canon EOS 600D (body only), and on the average cost of a Chanel No. 5 perfume (7.5ml/0.25oz flask). Proxies were used where the exact products were not available.	EIU
	City transport	Quantitative	20%	Composite score based on the cost of initial meter charge and an additional km in a taxi and on cost of a single ride bus ticket within city centre.	EIU
Convenience					
	Use of foreign languages	Qualitative	25%	Ease of using a UN language (Arabic, Chinese, English, French, Russian, Spanish) in main shopping areas, based on qualitative assessments. The languages are weighted according to their share of global GDP in PPP terms, measured on the basis of the GDP of the countries that officially use the respective language.	EIU
	Shopping hours	Mixed	25%	Composite score based on a qualitative assessment on whether major shops open on Sundays and public holidays, and on the average number of hours high street shops open per week (Mon-Sat).	EIU, City tourism bureaus, city sources
	Price negotiation	Qualitative	25%	Qualitative assessment of the likelihood of obtaining a discount at a department store, a boutique store and a market stall.	EIU
	Safety	Qualitative	25%	Qualitative assessment of the prevalence of violence and petty crime, as well as the threat of military conflict, political unrest and terrorist attacks.	EIU

	Indicator	Type	Weighting	Description	Sources
Hotels & transport					
	Quality hotels	Mixed	25%	Composite score based on the annual average hotel occupancy rate and on a qualitative assessment of quality hotels within the city, based on the number of 4-and 5-star hotels as well as the city size.	STR Global, EIU
	Airports & flights	Quantitative	25%	Total number of arriving and departing flights in 2010 at all airports linked to the city.	City airports, Innovata LLC
	Convenient transport to city centre	Mixed	25%	Composite score based on a qualitative assessment of the ease of accessing the city centre using public transport, based on the availability and frequency of bus and rail links, and on the distance to main international airport - determined by the number of flights - from city centre, measured as the crow flies using Google Earth.	City sources, city airports, Google Earth, EIU
	Dependable city transport	Qualitative	25%	Qualitative assessment of the quality of the public transport system, based on the availability of underground transport and on the frequency of night buses on weekends.	City sources, EIU

	Indicator	Type	Weighting	Description	Sources
Culture & climate					
	Attractions & UNESCO sights	Quantitative	20%	Composite score based on the number of sights within city, as listed by Lonely Planet, and on the number of UNESCO World Heritage sites within 20-mile radius of city centre.	Lonely Planet, UNESCO, Google Earth, EIU
	International cuisine	Qualitative	20%	Qualitative assessment of the availability of restaurants, based on the respective number and variety of restaurants listed by Lonely Planet.	Lonely Planet, EIU
	Popular events	Qualitative	20%	Qualitative assessment of the availability of sports and cultural events.	EIU
	Strictness of visa regulations	Quantitative	20%	Composite score based on the number of countries whose citizens require a visa for entry into the country as well as on the usability of the visa for entry into other countries.	Country sources, EIU
	Agreeability of climate	Quantitative	20%	Composite score based on the number of wet days (+0.1 mm) per year, number of uncomfortably hot months per year scored based on the National Weather Service's Heat Index, the cities' respective average maximum temperatures and average afternoon humidity, number of uncomfortably cold months per year scored based on the National Weather Service's Chill Index and the cities' respective average maximum temperatures and average wind strength, and on the average daily hours of sunshine.	BBC, city sources, National Weather Service, EIU

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