



TURNING LISBON INTO A TOURISM AND LUXURY SHOPPING DESTINATION FOR CHINESE TRAVELLERS

Masters Work Project | Branding Lab | January 2015

Ana Rute Ferreira Valente, #1571

Maria Teresa Lopes Cardoso de Melo Ataíde, #1492

Susana Pereira Mateus, #1710

Work project under the supervision of Professor Catherine da Silveira
Nova School of Business and Economics | Masters in Management

Acknowledgements

OUR PARTNERS FOR THIS PROJECT

GLOBAL BLUE



Global Blue

- World's biggest and most trusted **tax-free shopping operator**, number one in Portugal (market share of 89%)
- Tax free process in Portugal: considering the net VAT in Portugal of 18,7% (gross VAT: 23%), consumers from non-European nationalities may get a maximum refund on purchases of 15%, whereas Global Blue shares the leftover percentage of 3,7% with the retailer which made the sale. See appendix 1 for further information.

Especial gratitude to **André Pedro**, marketing sales manager, and to the key accounts **Daniel Gomes** and **Patrícia Fogaça**

COTRI

- Represented in Portugal by Edeluc, the Chinese Outbound Tourism Research Institute is the world's leading **independent research institute for the Chinese outbound tourism market**, providing information, training, quality assessment, research and consultancy.



Especial gratitude to **Mafalda Valério**, Edeluc consultant

FURTHER ACKNOWLEDGMENTS:

To **Professor Catherine da Silveira**,

To **Professor Jorge Velosa**,

To **Ms. Cláudia Miguel**, trade relations of Asian markets of Turismo de Portugal,

To **Mr. David Kolinski**, manager of Tempus Group (owner of Boutique dos Relógios),

To the store managers and staff of **Gucci**, **Louis Vuitton**, **Boutique dos Relógios Plus** and **Fashion Clinic**,

To the **Chinese Travel Agency** (name anonymous),

And to **Professor António Graça de Abreu**, expert in Chinese matters.

Table of Contents



1. INTRODUCTION

Preliminary note.....	2
Executive summary	4
Methodology.....	6
Limitations of study.....	9

2. CONTEXT

Chinese outbound tourism: overview.....	11
Chinese outbound tourism: a growing trend.....	12
Characterization of Chinese travellers.....	13
Segmentation of Chinese travellers in Europe.....	14
Trip to Europe: facts.....	15
Favourite locations to visit.....	16

3. THE BEHAVIOUR OF CHINESE TRAVELLERS AS TOURISTS

Trip to Portugal: facts.....	18
Segments of travellers.....	19
Motivations to visit Portugal.....	19
Satisfaction with Portugal and advocacy.....	20
"The Chinese traveller journey" as tourist.....	21

4. THE BEHAVIOUR OF CHINESE TRAVELLERS AS GLOBE SHOPPERS

Chinese globe shoppers in Portugal: facts.....	23
The behaviour of Chinese globe shoppers in stores.....	24
Profiles of Chinese globe shoppers in Portugal.....	27

Approach in store for Chinese globe shoppers.....	29
---	----

5. HOW DO CHINESE TRAVELLERS POSITION LISBON

Focus in Lisbon.....	31
Image Chinese travellers have of Portugal/Lisbon as a place for tourism.....	32
Image Chinese travellers have of Portugal/Lisbon as a place for luxury shopping.....	33
Lisbon's competitors.....	34
Points of difference.....	35
Points of parity.....	36

6. PROBLEM IDENTIFICATION

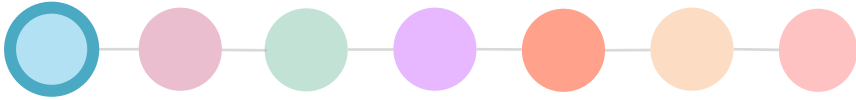
Problem: context.....	39
Problem: dependence on Spanish travel agencies.....	40
Problem: key issues.....	41

7. RECOMMENDATIONS

Scope and final objectives.....	45
A. Recommendations for tourism.....	46
B. Recommendations for luxury hopping.....	57
Impact on key issues.....	62
New future Points of Difference of Lisbon.....	63
Future positioning of Lisbon.....	64

References

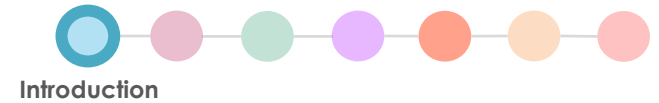
Introduction



In this chapter we present the executive summary and other introductory information regarding this project, namely its scope and purpose, methodology used and limitations faced.



Preliminary note (1/2)



The **scope** of this project is the study of the **behaviour of the Chinese travellers in Portugal and Lisbon in the dimensions of tourism and luxury shopping.**

Although investigators have been exploring the topic of the growing number of these travellers in Europe, this is the **first study** particularly about their behaviour in Portugal.

Focusing in Lisbon, the **MAIN PURPOSE** of this project is to turn **Lisbon into a tourism and luxury shopping destination** – rather than a location - **for Chinese travellers.** This objective is explicit in the title of the present report.

However the **initial purpose** of this project was to focus in the behaviour of Chinese travellers as globe shoppers only, we found that it is not possible to look at this dimension individually, disregarding their behaviour as tourists. These are mutually connected.

Definition of key concepts:

- “**Chinese traveller**” is someone with Chinese nationality, residing in Mainland China, Hong Kong or Macau, who goes out of the country as a tourist and as a globe shopper.
- “**Chinese globe shopper**” is a Chinese traveller who does luxury shopping in foreign countries when travelling internationally.
- “**Location**” is an existing physical place.
- “**Destination**” is a physical place that people desire to visit.

Additionally, the **key concepts of Marketing and Branding** evoked in this report are defined in the **Glossary.**

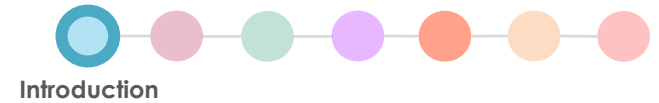
Preliminary note (2/2)



- This project started with a **research** phase in order to understand the Chinese culture and the behaviour of Chinese travellers as tourists and as globe shoppers in Portugal. Besides having consulted secondary data, we ran a **qualitative research** (primary data) based in speed interviews to Chinese travellers, observation of luxury stores, observation of a tax refund office and informal conversations. However, we found some limitations which will be explained further.
- In a second phase, we **diagnosed** the current scenario of Lisbon as a location for tourism and luxury shopping and as a brand. We analysed the experience it is providing to Chinese travellers, the image they have about Portugal/Lisbon and how do they position this location in their minds.
- Finally, the third phase of this project consisted in defining and describing **recommendations for tourism and luxury shopping** to turn Lisbon into a destination, rather than a location, increasing its attractiveness among Chinese travellers. Our recommendations specifically aim to increase the number of incoming Chinese travellers in Lisbon; to increase the number of days these travellers spend visiting this city; and to increase their level of consumption with tourism and luxury shopping.
- A list of these recommendations constitute the **final output** of this project.

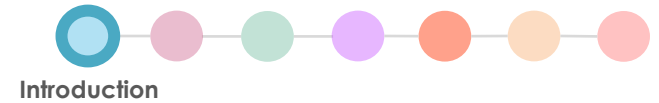
We recommend the reader to follow a **pair wise reading** of this report alongside **with the appendices**

Executive summary (1/2)



- The **purpose of this project** is to turn Lisbon into a tourism and a luxury shopping destination, rather than a location, for Chinese travellers.
- Hence, we conducted a study that passed through **three phases**: 1) research of primary and secondary data, 2) diagnosis of the current scenario of Lisbon as a location and as a brand and 3) definition of recommendations related with tourism and luxury shopping. During the process, we have faced some limitations, especially in finding studies about the Chinese travellers' behaviour in Portugal and in interviewing them.
- Hence, this project is divided in **seven chapters**: 1) Introduction, 2) Context, 3) The behaviour of Chinese travellers as tourists in Portugal, 4) The behaviour of Chinese travellers as globe shoppers in Portugal, 5) How do Chinese travellers position Lisbon, 6) Problem Identification and 7) Recommendations.
- China is increasingly the world's most important tourism source market. Indeed, **Europe receives millions of Chinese travellers** every year, however **only 1,23% visit Portugal** – Lisbon mainly. Chinese travellers are typically **young, rich, educated, time limited, glamorous and demanding, status seekers and always connected**. The majority who visit Portugal come independently (without a tour guide), being their second or third time in Europe, so they are considered as **“new repeats”**. They usually come **from Madrid or Barcelona** due to the proximity to Portugal, with the motivation of visiting **multiple locations**. Nonetheless, there are other dimensions that attract these tourist to visit Lisbon, such as the culture and history, affordability, safety, weather and food. Chinese tourists normally have a positive image about Portugal before their visit, and their **satisfaction is often very positive**.
- In the breaks of sightseeing, Chinese travellers do luxury shopping, which they believe is beneficial in European cities than at home. Analysing their behaviour as globe shoppers, two distinct profiles were identified: 1) the **casual shoppers**, who represent the great **majority**: are consumers whose main motivation to visit Lisbon is to **do tourism but who end up buying luxury goods**; and 2) the **savvy shoppers**: extremely informed consumers who seek mostly (if not only) luxury shopping at discounted prices. Their **behaviour differ** and luxury retailers in Portugal have adopted some specific measures to approach Chinese shoppers.

Executive summary (2/2)



- We found that **Madrid and Barcelona are the cities that most compete with Lisbon** in the minds of Chinese travellers, and that **Lisbon's points of difference are not strong enough**. Four key issues were identified: Lisbon is **not attracting many** Chinese travellers, it is **not making them staying more time**, it is not making them **spending as much money** as they do in Madrid and Barcelona and it is **not providing them the highest level of satisfaction** to make them greater advocates.
- Consequently, we have outlined tourism and luxury shopping recommendations in order to increase Lisbon's attractiveness to Chinese travellers (as tourists and as globe shoppers), and to turn it into a destination.
- Taking into consideration the **tourism related recommendations**, we have divided them in three sequential phases: **1) recommendations to improve existing products/services**, adapting them to Chinese tourists, e.g. to translate tourism information into Chinese, to have free Wi-Fi in the main tourism areas, and others; **2) recommendations to build tourism reputation**, e.g. by positioning Torre de Belém as an iconic landmark and by creating a testimonial base cycle through promotional videos, recommendations from Chinese key opinion leaders, among others; and finally, **3) recommendations to give substance to the reputation built**, e.g. through creating a football museum and thematic tourism tours.
- **Luxury shopping related** recommendations are also organized in two sequential phases: **1) recommendations to improve existing products/services** related with luxury shopping, e.g. to develop luxury shopping brochures in Chinese and to expand the opening hours of luxury stores, among others; and **2) recommendations to develop Lisbon's reputation as a luxury shopping destination**, e.g. we suggest to open a tax-refund office/kiosk in Avenida da Liberdade (Av. da Liberdade) and to create luxury shopping event exclusive for Chinese shoppers.
- Overall, these are potential measures that we consider **crucial to solve the main issues identified**: attracting more Chinese travellers and making them stay longer, while leveraging consumption and increasing their level of satisfaction. Further, we also consider these measures will make travellers greater advocates of Lisbon and Portugal, meaning they will voluntary promote and recommend more this destination to their friends and family.

This research is based in **information collected and observed directly by the group** (primary data) – from a **qualitative research** through observation, interviewing and informal conversations – and in **information sourced in papers, reports, websites, articles and acquired in training programs** (secondary data).

PRIMARY DATA *(continues)*

2014

OBSERVATION IN LUXURY STORES

- **17 observations** (18 Sep – 17 Nov): observation of Chinese **globe shoppers'** behaviour in luxury stores in Av. da Liberdade, Lisbon, and observation of the **stores** (observation grid in appendix 2). Location of observations:
 - Gucci (3 visits - 7 observations)
 - Louis Vuitton (5 visits - 9 observations)
 - Fashion Clinic (1 visit - no observations)
 - Boutique dos Relógios Plus (2 visits - 1 observation)



SPEED INTERVIEWS TO CHINESE TRAVELLERS

- **28 qualitative interviews** (01 Oct – 01 Dec): short interviews to Chinese travellers in Lisbon about their motivations to visit Lisbon, satisfaction, image before and after the visit, among others (interview guides in appendices 3 and 4). Location of interviews:
 - Av. da Liberdade (3 visits – 8 interviews)
 - City Center, Baixa Pombalina (2 visits – 5 interviews)
 - Lisbon's airport (3 visits – 15 interviews)
- **Sample characterization:** the travellers we interviewed (n=28) were male and female Chinese people, young, with an average level of English, travelling in Lisbon in small groups.

Note: The conclusions taken from primary data are often referred to as being from the group's "Own research"

PRIMARY DATA *(continuation)*

2014

INFORMAL CONVERSATIONS

- With the **staff of luxury stores and with the stores' managers** (18 Sep – 17 Nov), during the observations: about their experience dealing with the Chinese globe shoppers and their preferences.
- With the **staff of Global Blue working in the tax refund office** in the airport (06 Nov): about the service and the behaviour of Chinese travellers when claiming the refund.
- With **Global Blue's marketing sales manager, André Pedro** (meetings* on 28 Aug, 29 Aug, 17 Oct + phone calls): to collect information about the project's requirements, information about the Chinese globe shoppers and the approach in store made by luxury retailers.
- With Edeluc's consultant (representing **Cotri**), **Mafalda Valério** (meetings* on 04 Sep, 03 Oct, 07 Oct and 28 Nov): to collect information about the Chinese culture and the Chinese travellers in Europe and Portugal.
- With the staff of a **Chinese travel agency in Portugal** (name anonymous) (meeting on 28 Oct): discussion about the behaviour of Chinese travellers in Portugal and about the image they have about Portugal – appendix 6.
- With **Boutique dos Relógios's manager, David Kolinski** (phone call on 01 Dec): discussion about Chinese travellers' behaviour as globe shoppers, about the dependency of Spanish travel agencies and about means of attracting more Chinese travellers.
- With **Turismo de Portugal's trade relations of Asian markets, Cláudia Miguel** – (meeting on 02 Dec): insights of Turismo de Portugal about Chinese travellers, presentation of what has been done towards this target and discussion of limitations.

*Furthermore, these partners were also helpful and crucial in other moments and dimensions of this project

SECONDARY DATA 2010-2014

MATERIALS PROVIDED BY GLOBAL BLUE

- Global Blue China Dossier (2011) and Global Blue Reviews (2011 – 2013)
- Global Blue transactional information
- Global Blue websites
- Training program (e-learning) about Chinese shoppers designed to the staff working in luxury stores (28 Aug)

OTHER CONSULTED PAPERS, ARTICLES AND WEBSITES

- Hotels.com
- Hurun
- Euromonitor
- KPMG
- BCG
- + others (please go to “References” to further information)

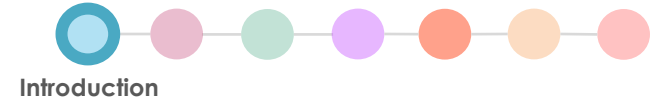
MATERIALS PROVIDED BY COTRI

- China Global Webinar (24 Dec)
- Training program (in person) about Chinese tourists (03 Dec and 04 Dec)

Note: Cotri also provided materials from other authors. They are enlisted as “other consulted papers, articles and websites”



Limitations of study



The group has faced some limitations to the research:

- **IN FINDING STUDIES AND PAPERS ABOUT THE CHINESE TRAVELLERS' BEHAVIOUR IN PORTUGAL:**

As this is the first research about the Chinese travellers' behaviour in Portugal, we **did not find any published report addressing directly** the topic of this thesis. To counteract this situation, some assumptions were undertaken from the existing studies and papers about the Chinese travellers in Europe, to make conclusions **about their behaviour in Portugal**. Further, in order to validate the assumptions, the group presented and **discussed these findings with the partners of the project** and other entities involved in this research. Given their relevance and knowledge about the Chinese travellers in Portugal, we could prove the assumptions to be true. In addition, the qualitative research we ran also contributed to validate them.

- **IN CONTACTING AND INTERVIEWING CHINESE TRAVELLERS IN THE STREET:**

With the aim of getting "first hand" insights from the target of this study and to complement the research, the group performed speed interviews to Chinese travellers visiting Lisbon. Although we would have liked to run formal and deep interviews to a greater number of travellers and to execute a quantitative research, we realized that it would not be possible. The reasons behind this limitation were **language barriers, cultural constraints** and giving the fact these travellers are always **in a rush**. The majority of Chinese travellers do not speak English and felt suspicious when we tried to approach them in the street, being afraid we were sales people trying to sell them something. As example, when we tried to interact with them, they stepped back, they said "no, no, no", or even "I do not speak English", some others had just ignored us. To counteract this limitation, the group did a qualitative research only: **speed interviews**, using **different moments for interviewing, approaching younger people** and the **group leaders**, since these are generally the ones who speak English. Moreover, we realized the conclusions we were taking from the interviews were generally similar, matching our assumptions. So, we strongly believe that the sample for this research is representative of the population of Chinese travellers who visit Portugal.

Context

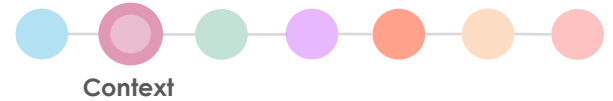


In this chapter, we start exposing our research by presenting some key numbers of the Chinese outbound tourism market and important steps by the Chinese Government towards it.

Additionally, we introduce the different segments and characteristics of Chinese travellers and expose key facts about them as visitors of European countries.



Chinese outbound tourism: overview



1.355.692.544 Chinese people in Mainland China (*Geoba, 2014*)

130.000.000 Chinese people from the class A (upper middle) and B (middle), with the financial possibility to travel (*Sic, 2014*)

102.000.000 Chinese outbound travellers, i.e. residents in Mainland China visiting other locations, including Hong Kong and Macau (*Forbes, 2014*)

60.000.000 Chinese outbound travellers, i.e. residents in Mainland China visiting other locations, excluding Hong Kong and Macau (*Global Blue, 2014*)

6.000.000 Chinese travellers arriving to EUROPE (*Global Blue, 2014*)
Average duration of visit: 1-2 weeks

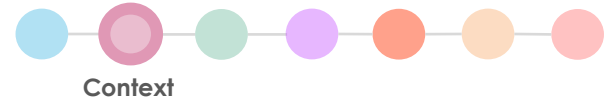
74.000 Chinese travellers staying* in **PORTUGAL, +232%** since 2009 (*Público, 2013*)
Average duration of visit: 2 days



1,23%
ONLY

*Number of Chinese travellers staying in Portuguese hotels in 2013. There is no accurate number of visitors from this nationality, as there are no records of the number of arrivals to Portugal. This will be further explained.

Chinese outbound tourism: a growing trend



China is the **most populous country in the world**. Being a big and diverse country, it is difficult to make general statements about China: **it is rather a continent than a country** (appendix 7) (Cotri, 2014).

China is passing through a “**reform and opening**” process, which has contributed to the increase of living standards for the majority of Chinese people (Cotri, 2014)

Before the 1990s, **outbound tourism was considered unwelcomed** by the Government. Only in 2013 it was created an outbound tourism law. Nowadays (since 2009), the **Chinese Government strongly supports outbound tourism** (Cotri, 2014).

China is now the most important tourism source market in the world: both in the number of border crossings and in amount spent (appendix 8) (Cotri, 2014).



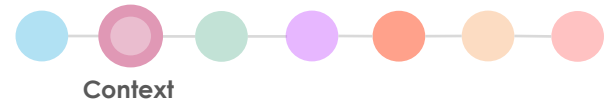
The number of Chinese travellers all over the world has been **increasing and it is expected to keep rising** in the future.

However, there is still a lot to grow, as **only less than 10%** of the Mainland Chinese have ever crossed a border (Cotri, 2014).

Social gifting is very important in the Chinese culture, especially in business and politics.

However, due to the corruption involved, in 2012 the Government created **laws of anti-corruption and anti-wastefulness** that restrain people from “giving away” luxury goods (appendix 9) (Observador, 2014).

Chinese travellers are young, rich, educated, time limited, glamorous and demanding, status seekers and always connected



(Global Blue, 2011)

Characterization of Chinese travellers



YOUNG: 60% of them are aged between 25-45 years



RICH: they belong to high social classes and spend an average of €1000/day on vacation - tourism and shopping, excluding accommodation (appendix 10)
(CNBC, 2014)



EDUCATED: the vast majority has a degree



TIME LIMITED: they are normally in a rush, as they have a tight travelling schedule and plans to see the maximum attractions possible



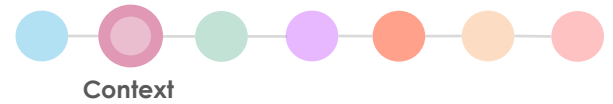
GLAMOROUS AND DEMANDING: they demand exclusivity and uniqueness, and like to show they have the power to acquire high quality goods and services: they are **STATUS SEEKERS**



CONNECTED: they are the no. 1 country in internet usage (*Internet Live Stats, 2014*) and great fans of social media (appendix 11): where they share the experience of their trips

>> **MONEY RICH, TIME POOR** <<

There are four segments of Chinese travellers, depending on their travelling intention and on the number of visits to Europe



(Cotri, 2014)

Segmentation of Chinese travellers in Europe

Newcomers



- Travelling to Europe for the first time
- Travel in a package tour, with big groups led by a tour guide. Why?
 - Better value for money – there are discounted prices for big groups
 - It is easier to obtain the Schengen visa if travelling with a group with guide
 - More security and orientation, as guides already know Europe (Cotri, 2014; Global Blue, 2011)

Businessmen



- Objective: to do business
- Take the opportunity to buy luxury goods
- More demanding

NEW REPEATS



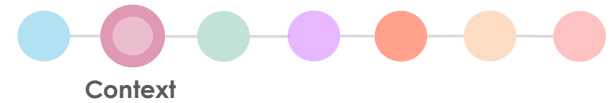
- Have been in Europe already
- Independent travellers (without a tour guide)
- Objective: to meet new cultures and to do luxury shopping

Family visitors



- Visiting family living in Europe
- Independent travellers
- Book the trip by their own

Chinese travellers aim to experience the culture of European countries and to shop luxury goods



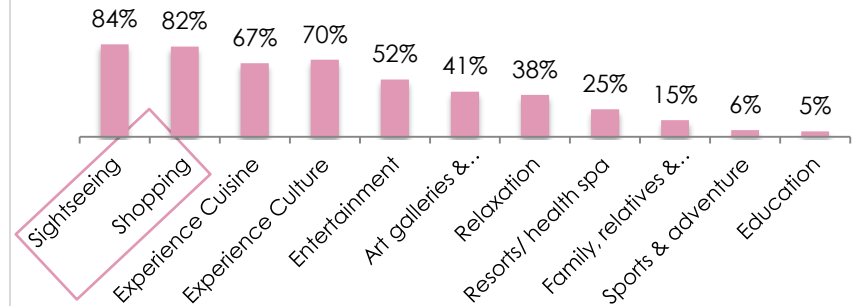
Trip to Europe: facts

- Europe is Chinese travellers' **favourite destination** to travel abroad (*Global Blue, 2014*)
- Average duration of visit: **1 to 2 weeks** (*Global Blue, 2014*)
- Highest season: **Golden Week**, in October (appendix 12) (*Global Blue, 2014*)
- They want to visit **multiple locations** rather than just one, making the most out of each trip (*Global Blue, 2011*)
- The **Schengen Visa** and the rising number of **direct flights** from China have been facilitating the incoming number of Chinese travellers in Europe (appendix 13) (*Own research, 2014*)
- **Sightseeing and [luxury] shopping** are their preferred activities when travelling
- Though they appreciate to get knowledge and contact with different cultures, they **do not want to experience foreign cultures at their most**. E.g. they like to taste international food but they also go to Chinese restaurants when travelling



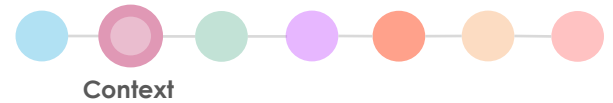
Information sources and booking channels used by Chinese travellers– appendix 15

Preferred activities of Chinese travellers (2013)



(*Global Blue, 2013*)

In a first time in Europe, they visit France or Italy. Portugal is not a top desired country to visit



(Global Blue, 2011)
(Cotri, 2014)

Favourite locations to visit



In a first time in Europe:

- France
- Italy
- United Kingdom
- Germany
- ...

FIRST TIER COUNTRIES

Locations that are most desired to visit by Chinese travellers when visiting Europe for the first time, i.e. the top choice countries. As they have globally known attractions, they provide status to the travellers who have been there.

So, these are the locations chosen by:
NEWCOMERS

In a second or third time in Europe:

- Spain
- The Netherlands
- Czech Republic
- **PORTUGAL**
- ...

Second/third tier countries

Locations that are considered to visit by Chinese travellers in a second or third trip to Europe. Once they have “checked” the most reputational locations in this continent, they choose alternative countries. These locations also provide them status, although not as much as first tiers' do.

So, these are the locations chosen by:
NEW REPEATS

They arrive by plane - from Madrid or Barcelona - stay 2 days in Lisbon, in 4/5 star hotels, and only visit the main attractions



Trip to Portugal: facts

Chinese travellers stay on average **2 DAYS IN PORTUGAL**: 75% of travellers stay in **Lisbon** (Cotri, 2014)



COMING FROM SPAIN - Madrid and Barcelona – where they stay 1 to 2 weeks, in the **beginning or in the middle** of the trip. Sometimes they decide to visit Portugal only in Spain (Own research, 2014)

So, they choose **Spain as the main location** of that trip → if Spain is a second tier location, Portugal will be a third tier* (Own research, 2014)

	Chinese travellers staying in Portuguese Hotels in 2013 74.000
	Sleeping nights by Chinese travellers in Portuguese hotels in 2013 140.000 (Cotri, 2014)

There are **no records of the accurate number of Chinese travellers who visit Portugal**: we know that, in 2013, 74.000 Chinese travellers stayed in Portuguese hotels. However, there are also the **floating travellers**, i.e. **travellers who spend only 1 day in Lisbon** and do not stay overnight (Cotri, 2014)

Most popular **means of transportation to Lisbon**:

→ **Plane** and cruise

Hotel preferences:

→ **4/5 star hotels**, e.g. Hotel Fénix, Epic Sana Hotel, Dom Pedro Hotel

→ In the city center (e.g. Amoreiras) but **not downtown** (e.g. Av. Liberdade, Baixa Pombalina)

Tourism attractions they visit in Lisbon:

Normally they only visit the **main attractions**: Baixa Pombalina, Alfama, Belém, Cristo Rei. In addition, they may also visit Sintra's village, Cascais and Cabo da Roca (appendix 16) (Own research, 2014)

*Nevertheless, Portugal may also be chosen by travellers as main location to visit in a second time in Europe (not so common).

Portugal receives new repeats of travellers in small groups, attracted by the Spanish agencies due to proximity



Segments of travellers

As a second/third tier location, Portugal receives mostly **NEW REPEATS**, especially:

- **Young couples;**
- **Small groups of friends and family,** composed by 4 to 6 people.



Nevertheless, there is a **minority** of:

- **Newcomer travellers or elderly people** that prefer to travel with a guide;
- **Businessmen** that are doing business with Portuguese companies;
- **Family visitors** – this segment is expected to grow with the rising number of Chinese students in Portuguese universities.

(Own research, 2014)

Motivation to visit Portugal

- With the **desire of visiting multiple locations** in Europe, and choosing Spain as main destination, Chinese travellers are attracted to visit Portugal due to **proximity**. Besides being geographically closed countries, there are cheap and fast connections between Spain and Portugal.
- Furthermore, it is in the **interest of Spanish travel agencies** to add Portugal to the package tour. As it is a location with lower reputation (Barcelona and Madrid have a higher value), the Spanish agencies know that Chinese travellers will not stay as much time and spend as much money as they do in Spain. In this sense, the agency plans the itinerary in order for them to spend only a few days in Lisbon.
- **Additionally**, as Chinese travellers are very informed, they are aware of the richness of the Portuguese culture and history. They know Portugal is an affordable, friendly and safe country, with warm weather conditions and a relaxed environment. As an European country, they also know it is possible to do tax-free luxury shopping. *(Cotri, 2014; Own research, 2014)*

Satisfied Chinese travellers become advocates, by sharing their travelling experience in Lisbon - through online and offline word of mouth



Satisfaction with Portugal and advocacy

According to a brand advocacy framework (appendix 17), travellers can become advocates of a location they have visited. This means that - if their satisfaction with the location is high – they will share photos and posts in social media and will further recommend friends and family to go on the same trip, without being paid to do so (appendix 11).



So, **satisfied Chinese travellers are considered advocates of Portugal/Lisbon** when they use online and offline word of mouth to recommend it to their networks. The more satisfied they are, the more positive feedback they will provide.

Satisfaction level:

Chinese travellers who visit Portugal are **highly satisfied** after their trip, with an average **level of satisfaction of 8 out of 10** (appendix 18). Comparing their satisfaction with their previous expectations (on average, 6.8 out of 10), they normally **get surprised with Portugal/Lisbon**.

Note: Tourism satisfaction involves a multitude of dimensions (appendix 19). For Chinese travellers in particular, if there is a small incident during the trip, satisfaction can decrease substantially (and the other way around).

Recommendations of Portugal:

All the travellers we interviewed said they would recommend Lisbon to a friend/family member, as a **unique destination in Europe** with a unique historical centre.

Analysing the content about Portugal in Chinese social media platforms (appendix 20), we concluded this to be true.

Reasons why word of mouth is so powerful in China – appendix 21

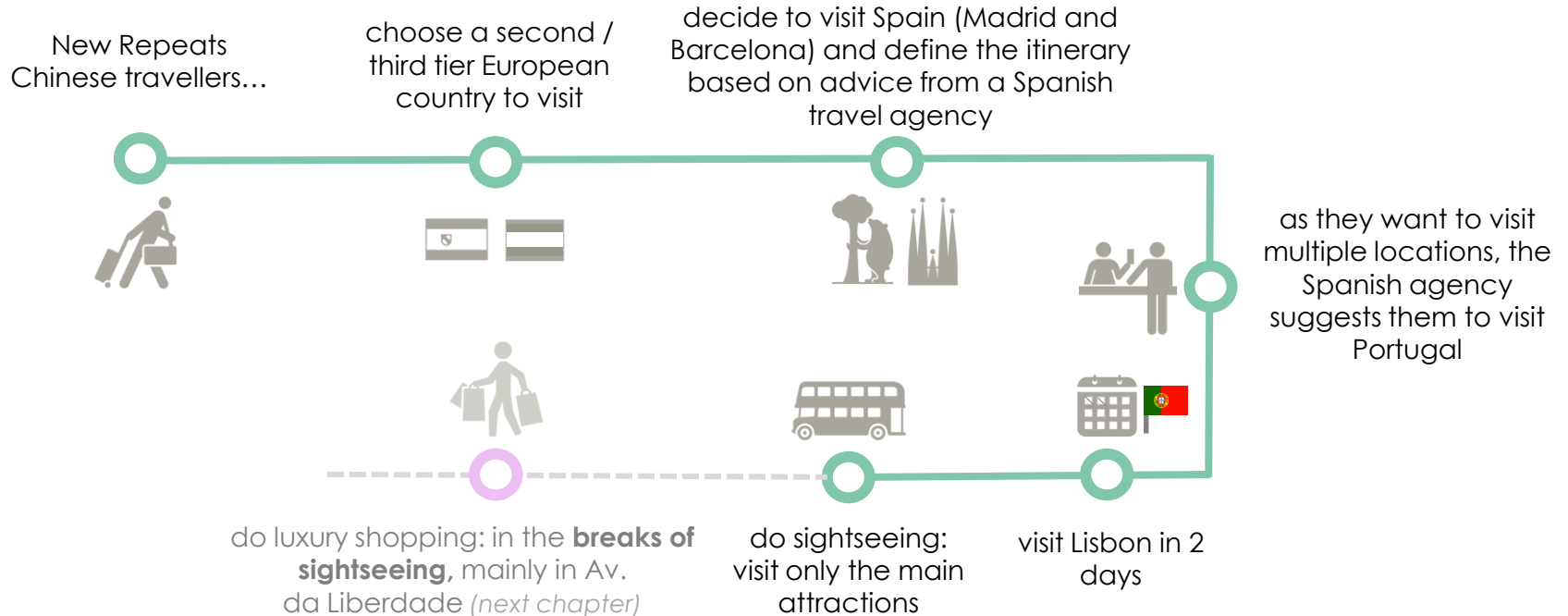
We can summarize the “Chinese traveller journey as a tourist” in Portugal in a map



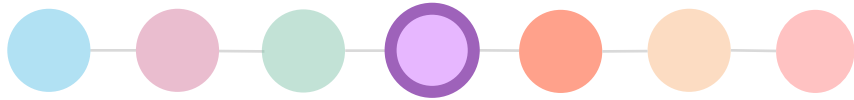
Behaviour of Chinese travellers as
TOURISTS in Portugal

(Own research, 2014)

The “Chinese traveller journey” as a tourist



Behaviour of Chinese travellers as GLOBE SHOPPERS in Portugal



In this chapter we present facts about the behaviour of Chinese travellers as globe shoppers in Portugal, how they act inside the stores and who influences their decisions. We identify two different profiles of globe shoppers: the casual and the savvy. In addition, some methods used in luxury stores to approach Chinese globe shoppers will be presented.



They do luxury shopping in the breaks of sightseeing, mainly in Av. da Liberdade, where they are one of the top spenders' nationalities



Chinese globe shoppers in Portugal: facts

Chinese travellers visit Portugal with the main purpose of sightseeing. However, they also **do luxury shopping in its breaks.**

Chinese travellers are already in the top of luxury shopping spenders in Lisbon's luxury stores. (*Global Blue, 2014*)

- HIGH WEEK DAYS AND TIMINGS FOR LUXURY SHOPPING: **Mondays, Fridays and Saturdays**, mainly in the **morning** and **late afternoon**, are when Chinese travellers shop the most
- SHOPPING BUDDIES: **same companions** they do sightseeing with. If groups are big, they may split into smaller groups. It is uncommon to see a Chinese traveller shopping alone
- SHOPPING CENTERS: mainly in **Av. da Liberdade** (appendix 22), but also in shopping malls, like: Colombo, Amoreiras, Freeport and El Corte Inglés (*Global Blue, 2014*)
- TRANSPORTATION: they are **dropped off by a van** from the hotel or travel agency in the shopping area, and visit the stores by foot

→ Although there are western luxury brands available in China, Chinese travellers **prefer to shop luxury goods in European countries** due to:

- Authenticity of products - most of luxury brands are European
- Lower prices - through a combination of tax-free shopping and the inexistence of importation taxes and duties
- Broader choice and exclusivity
- Status – items bought in Europe provide more status than items bought in China (*Global Blue, 2013*)

Average amount spent by a Chinese globe shopper in luxury shopping in Portugal (*Global Blue, 2014*): **1.000€**

Percentage of salary Chinese travellers save just to do luxury shopping (*Global Blue, 2014*): **30%**

Top selling brands in Europe and Portugal – appendix 23
Top purchased categories – appendix 24

Chinese globe shoppers plan lists of items to purchase and visit several stores. They buy luxury goods for themselves, on behalf of others and gifts for others



The behaviour of Chinese globe shoppers in stores

PLANNING:

- Chinese globe shoppers are **informed and demanding** – prior to the trip, they read their favourite brands' catalogues and know all the details of the new collections
- They know exactly what items they desire to buy. So, they prepare lists of goods – **“to buy” lists** -, sets of pictures which they show in their smartphones and tablets to the staff in luxury stores.



VISITING STORES:

- Chinese globe shoppers **visit a great number** of luxury stores, if necessary several times
- They are normally in a **rush and excited**



BUYING ON BEHALF OF OTHERS:

- Chinese globe shoppers buy luxury goods not only for **themselves** (60%), but also **on behalf of others** who did not have the opportunity to travel (21%) and to offer to others as **gifts** (19%) (*Global Blue, 2011*)



GIFTING:

- They buy luxury goods to **offer as gifts to their friends, family members, bosses**, etc.. In the Chinese culture there is the belief that the people who can travel are very lucky. Bringing back gifts is a way of sharing that luck and of ensuring good fate for the future.
- **Red wine, imported spirits, jewellery and clothing** are the preferred items for gifting



Curiosities about Chinese globe shoppers' behaviour – appendix 25

They seek the classic models of accessories and group members may all buy the same item. They appreciate to get discounts and always ask the price



SEEKING MODELS (accessories):

- Regarding **accessories** – **one of the categories they buy the most** -, they prefer the **classic models and sizes/dimensions**, preferably with the **brand's logo** stamped: e.g. a brown handbag of Louis Vuitton with its logo used as pattern. These are the models they know that will be recognized by the society as being from specific luxury brands.
- Nowadays, a younger generation is starting to buy alternative models, that provide them a “trendy” status



PURCHASING:

- Sometimes, when a member of the group buys something (especially when this person is the leader of the group), the rest of the people will follow and buy too - this phenomenon is called **repeated purchases**
- Chinese shoppers do not like to take home an item that has been displayed in the store; they may refuse to pay for it



NEGOTIATING:

- The art of negotiation is in the soul of Chinese people, even when they are travelling in Europe. Some globe shoppers **try to get discounts in luxury stores**, and consider this is a way for retailers to show their **appreciation**.



CLAIMING THE TAX-FREE SERVICE:

- Chinese globe shoppers **always ask the price of goods**, usually for the **price tax discounted**. This is one of the first things they do when analysing a product.
- They **know which luxury stores are covered by the tax-free service**, even though some of them do not have a stamp of the service provider (e.g. Global Blue) in their window



They prefer to pay with Chinese bank cards and like to carry shopping bags. Their behaviour may be influenced by guides and group leaders



PAYING:

- They always try to pay with their **Chinese bank cards** which they use at home - **Union Pay or Alipay**. However, as they know the cards may not be accepted in some establishments, they generally bring an alternative, e.g. American Express card



CARRYING THE BAGS:

- They like to show off their power in the street by carrying a luxury brand's bag in their hand
- Regarding the services provided by luxury retailers, they do not normally request any of them



INFLUENCERS

THE GUIDE (normally the tourism guide, but may also be a guide specific for shopping; can come with the group from China or can join in Europe):

- Shows and gives some advice to Chinese globe shoppers about which stores to visit
- Facilitates the communication with the staff – they speak Mandarin and English, sometimes Portuguese
- The guides often have a protocol with luxury retailers and receive a commission fee as a reward for bringing a group of tourists to the store and by making them buy (commission is over of 10% of sales). They may also be compensated with assortment from the brand. *(Global Blue, 2014)*



THE GROUP LEADER:

- There is always a leader - someone who emerged as a leader by hierarchy (the father, the boss), or by being the one who has more ability to speak English.
- The leader is connected with every group member and has the power to influence others' ideas

We identified two distinct profiles of Chinese globe shoppers – the casual and the savvy. The casual do luxury shopping in Lisbon occasionally



Profiles of Chinese globe shoppers in Portugal

So far, we have been referring to the Chinese globe shoppers as shoppers with common characteristics and behaviours. However, it is possible to divide them in **two distinct profiles** according to their behaviour:

(1) Casual Chinese globe shoppers

>> As globe shoppers, the **majority of Chinese travellers in Portugal are of the casual type** (Global Blue, 2014) <<

- Chinese casual shoppers are travellers who, being travellers doing sightseeing in Lisbon, end up also doing luxury shopping **occasionally, without having previously planned**. These travellers aim to buy luxury goods in their trip to Europe, but they do not have a specific motivation to do that in Lisbon.
- Lisbon will not be the only location where they will do shopping: **the majority of their purchases will be done in Madrid or Barcelona**. Nevertheless, they will purchase luxury goods in Lisbon if there is something that they want to buy and have not done it yet, or if they perceive the tax refund will be higher in Portugal. In addition, as they usually bring gifts they may end buying them here.
- When **planning their list of goods to purchase abroad**, casual shoppers do it for Europe in general, making a “to buy” list **not specific to Portugal**. They list the items from international brands they desire to acquire to be bought in Madrid, Barcelona, Lisbon, or somewhere else.
- If they do not find what they want to purchase in the luxury stores in Lisbon, they **will try again in another store** of the same brand in Madrid or Barcelona.



Savvy shoppers visit Portugal with the main purpose of buying luxury goods at discounted prices



Profiles of Chinese globe shoppers in Portugal

(2) Savvy Chinese globe shoppers

- Chinese savvy shoppers are travellers who come to Portugal with the main (if not only) **purpose of buying luxury goods at discounted prices**. Knowing that Portugal has a low inflation and one of the highest VAT rates of Europe (appendix 26), they seek for the best value for money. They plan all their travelling agenda according to the intention of doing luxury shopping in Portugal.
- The **percentage of the Chinese savvy globe shoppers in Portugal is uncertain and unknown**, however it is considerably lower than the one of the casual profile. *(Global Blue, 2014)*
- Savvy globe shoppers do even **more research** about shopping than others: they are even more informed about the existing stores in Lisbon, and know in advance where they will be likely to negotiate and get discounts. They plan the shopping activity in much more detail than the casual shoppers, preparing **specific “to buy” lists for Lisbon**.
- Instead of requesting the tax-free shopping service, these shoppers ask for an **export invoice** in the luxury stores. This invoice allows them to be refunded at the total net VAT (18,7% versus a maximum of 15%). These shoppers are aware of this possibility due to the deep research they do before the trip. However, by not using the tax-free service, savvy shoppers will need to deal with a lot of **bureaucracy which may take long**. *(Global Blue, 2014)*



Luxury stores in Lisbon have hospitable staff trained to serve Chinese shoppers and other specific measures



Approach in store for Chinese globe shoppers

Being aware of the importance of the Chinese globe shoppers to the growth of the business, some luxury retailers in Lisbon have adopted specific methods for approaching them:

1. Staff

The staff of luxury stores receives **training specifically about the Chinese globe shoppers** and their culture. Global Blue and Cotri provide programs designed particularly for them. *(Global Blue, 2014; Cotri, 2014)*

2. Greetings

The staff of Louis Vuitton and Boutique dos Relógios Plus greets the Chinese globe shoppers by **reclining their heads** towards them, while saying “Ni Hao” (meaning “hello”) or “Hello”. Hospitality has a great significance in China.



3. Communication

Louis Vuitton and Boutique dos Relógios Plus have **staff speaking Mandarin** and **staff with Chinese appearance**. This is important because Chinese people tend to be suspicious about western looking people. Boutique dos Relógios Plus is also an example for having **informational signs** about their products in Chinese*.

4. Product disposition and colours

Louis Vuitton changes the disposition of the products in the store to the appeal of the Chinese globe shoppers in the Golden Week. As red is their favourite colour, they place **red products in strategic areas** of the store.

5. Stock inventory

Knowing that Chinese shoppers may do repeated purchases and that they do not like to purchase items that have been displayed in the store, luxury retailers try to have **enough stock available of every item** to cover their demand.

6. Gifts

As a way of suggesting products for Chinese shoppers to offer as gifts, Boutique dos Relógios Plus has a section in the store in Av. da Liberdade where shoppers can find **gifting products original from Portugal**.

* The language spoken in China is Mandarin, but written is Chinese.

How do Chinese travellers position Lisbon



This chapter is focused on how Chinese travellers perceive and position Lisbon in their minds.

We expose the image they have before and after visiting the city and how do they classify it in relation to other cities of the world, Europe and Iberian Peninsula. This comparison is based in an analysis of the points of difference and points of parity of Lisbon and of its competitors.



The further analysis is mainly focused in Lisbon



How do Chinese travellers
position Lisbon

Focus in Lisbon

The further analysis is mainly **focused in Lisbon** (appendix 27). This decision was taken after analysing the different ways Chinese travellers position in their minds:

- Lisbon
- Portugal (appendix 28)
- Luxury retailers operating in Portugal managed internationally and locally (appendix 29)
- Global Blue in Portugal among retailers and among Chinese travellers (appendix 30)

Although the brand Portugal is more famous (appendix 31), when Chinese travellers think in Portugal, they **think LISBON**, as it is the capital of the country and the most visited city in Portugal by these travellers. Hence, the group decided to analyse how Chinese travellers position Lisbon in more detail.

We also analysed the tourism and shopping offering of Lisbon to travellers (appendix 32).



The image Chinese travellers have of Portugal and Lisbon - as touristic locations - before the trip is enriched after the visit (appendix 33)



Image Chinese travellers have of Portugal/Lisbon as a place for tourism

BEFORE THE TRIP		AFTER THE TRIP	
MAIN IDEA	QUOTATION	ASSOCIATIONS THAT REMAIN	Safety, far away, healthier air and blue sky, Cristiano Ronaldo, monuments, landscapes, tram, ocean, weather
MACAU	"(...) due to its historic connection with Portugal." (Male, 23, Av. da Liberdade)		
SAFETY	"Portugal is one of the safest European capitals." (Female, 50, Lisbon's Airport)		
FAR AWAY	"Portugal is in the tail of Europe." (Female, 30, Av. da Liberdade)		
HEALTHIER AIR AND BLUE SKY	"I am used to a high level of pollution, here everything is healthier." (Female, 50, Lisbon's Airport)		
CRISTIANO RONALDO	"Portugal is football and Cristiano Ronaldo." (Male, 20, Av. da Liberdade)		
MONUMENTS	"(...) a city with great historical significance and monuments." (Male, 23, Av. da Liberdade)		
LANDSCAPES	"(...) a really captivating city of landscapes." (Female, 40, Av. da Liberdade)		
TRAM	"I was really excited for the ride in the yellow tram." (Male, 23, Av. da Liberdade)		
OCEAN	"Lisbon is the city of the oceans." (Female, 40, Av. da Liberdade)		
WEATHER	"The weather in Lisbon is really good." (Male, 30, Av. da Liberdade)		
			IN ADDITION:
MAIN IDEA	QUOTATION	NICE PEOPLE	"Portuguese people are friendly, very hospitable and loving" (Male, 30, Av. da Liberdade)
		FOOD/ SEAFOOD	"Food has great quality and I felt in love with the Portuguese seafood." (Female, 25, Lisbon's Airport)
		FACILITY OF COMMUNICATION	"In Portugal it is easier to communicate." (Male, 40, Av. da Liberdade)
		RELAXED ENVIRONMENT	"Lisbon is less messy and overcrowded." (Male, 40, Av. da Liberdade)
		FRIENDLY CITY	"Lisbon is a friendly city with a cosmopolitan population." (Male, 40, Av. da Liberdade)
		LOWER PRICES	"Living cost is relatively lower compared with others cities." (Female, 20, Av. da Liberdade)
		BEAUTIFUL AND CLEAN CITY	"It is an old and shabby chic place." (Female, 25, Lisbon's Airport)

The majority of Chinese travellers do not have a preconceived image of Lisbon as a luxury shopping location (appendix 34)



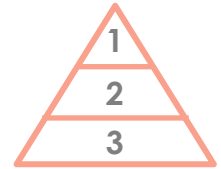
Image Chinese travellers have of Portugal/Lisbon as a place for luxury shopping

BEFORE THE TRIP		AFTER THE TRIP	
SHOPPER PROFILE	DESCRIPTION	MAIN IDEA	QUOTATION
CASUAL CHINESE GLOBE SHOPPERS	Casual shoppers do not have a preconceived idea about Lisbon as a location to do luxury shopping	MANAGEABLE	<i>"All the stores are located in the same street (Av. da Liberdade) making it easy to visit them all by foot." (Female, 35, Av. da Liberdade)</i>
SAVVY CHINESE GLOBE SHOPPERS	<ul style="list-style-type: none"> Some luxury brands are represented in Lisbon and there are several shopping centers The prices are lower and the shopping refund is higher 	LOWER PRICES	<i>"[Compared with other cities in Europe] Lisbon is where I can shop at lower prices." (Female, 25, Av. da Liberdade)</i>
		HIGHER TAX REFUND	<i>"In Portugal I can get a higher refund." (higher VAT rate) (Male, 35, Lisbon's Airport)</i>
		LACK OF DIVERSITY AND SUPPLY	<i>"There are few stores and some brands are not present in Portugal." (Male, 30, Lisbon's Airport)</i>

Lisbon's most direct competitor locations are Madrid and Barcelona



Lisbon's competitors (cities that also receive Chinese travellers)



1. Product type level

Iberian Peninsula's main cities – the most direct competition that Lisbon faces: **Madrid and Barcelona**. This is mainly because, in the minds of Chinese travellers, Portugal and Spain are connected: due to proximity (they share borders), similar culture, both countries are second or third tier locations for Chinese travellers. In addition, regarding luxury shopping, we know that these travellers buy more in Madrid and Barcelona than in Lisbon.

2. Product category level

European's main cities – this level is broader, including the main cities from Europe that Lisbon competes with. These are first tier European locations, others from the second and third tier, and cities from other tiers (fourth, fifth...): **London, Paris, Rome, Amsterdam, Prague**, among others. This segment comprises difficulties for Lisbon in terms of competitive strengths.

3. Product class level

World's main cities – this level is even wider, encountering all the world's main cities: **New York, Sydney, Paris, London, Hong Kong, Macau**, among others. This segment has to be considered because Chinese travellers can choose whatever location outside China for tourism and shopping, although those differ in terms of type of tourism and end benefit for travellers.

Benefit level: social status – Chinese people travel because they feel empowered by doing so. They feel they can be better recognized in the society because they can afford to travel and to visit the most iconic places in the world and to shop there. By that, in this level, Lisbon is competing not only with the previously mentioned cities, but also with other kind of offerings that provide social status, like **luxury goods** (watches, accessories, clothing), **luxury experiences**, etc.

The main points that differentiate Lisbon are that this city is safer, has cheaper prices, is located by the ocean and unique attractions



Points of difference (dimensions that positively evaluate Lisbon)

Compared with Madrid and Barcelona (Product type level)

- **Cheaper:** it has a higher VAT rate, refundable in shopping
- **Climate:** the weather is less extreme, having pleasant temperatures during the whole year. Madrid is extremely hot in the summer and cold in the winter (chance of snowing), as it is in an inner region (appendix 35).
- **Attractions and variety of landscapes that allow to take unique photos:** Tagus River and the bridges 25 de Abril and Vasco da Gama in Lisbon; Sintra is located in a mountain, Cascais and Estoril are windows to the Atlantic
- **Location:** the westernmost location of Portugal and Europe is near Lisbon (Cabo da Roca)

Compared with London, Paris, Rome, Amsterdam, Prague, etc. (Product category level)

- **Sea and sun scenario:** that is very appreciated by Chinese travellers (*FT, 2014*)
- **People:** Portuguese people are considered especially warm and welcoming
- **Affordability:** Lisbon is considered to be one of the least expensive capitals in Europe (*Lisbon Tourist Guide, 2009*)
- **Safety:** Lisbon is one of the safest capitals of Europe (*Go Lisbon, 2012*)

Compared with New York, Sydney, Paris, Hong Kong, Macau, etc. (Product class level)

- **Richness of history:** spanned back thousands of years and immortalized through its monuments, ranging from Roman Lisbon, Moorish Lisbon and the echoes of Imperial Lisbon (*Visit Lisbon, 2014*)
- **Size:** it is truly manageable and tourists can visit the whole city by foot
- **Gastronomy:** great and varied gastronomy and confectionery

Note: The points of difference enlisted in the third level of competition (product class level) also belong to the second and first levels. The same applies to the second level of competition in relation to the first.

What these locations have in common is the possibility of receiving travellers and characteristic attractions



How do Chinese travellers
position Lisbon

(Own research, 2014)

Points of parity (dimensions that are not unique in Lisbon but shared with other cities)

Compared with Madrid and Barcelona (Product type level)

- **Main cities in the Iberian Peninsula:** Madrid, Barcelona and Lisbon are the most important cities in this Peninsula
- **Similar characteristics of tourism:** particularly in terms of the country's development level and tourism offering, as well as tourism demand (Deloitte, 2010)
- **Similar culture:**
 - Food habits
 - Music initiatives
 - People
 - Nightlife
 - Associations with artistic celebrities (Fernando Pessoa in Lisbon and Gaudí in Barcelona)

Compared with London, Paris, Rome, Amsterdam, Prague, etc. (Product category level)

- **Similar architecture:** in general, the structure of the buildings and of the streets is similar
- **Same currency:** Euro is the currency used in the majority of the cities

Compared with New York, Sydney, Paris, Hong Kong, Macau, etc. (Product class level)

- **Tourism:** they all offer the possibility for travellers to do tourism - to meet new and different cultures
- **Monuments and landscapes:** all the cities in the world have their own characteristic monuments and landscapes

Note: The points of parity enlisted in the third level of competition (product class level) also belong to the second and first levels. The same applies to the second level of competition in relation to the first.

This is a summary of how Chinese travellers position Lisbon in their minds



How do Chinese travellers
position Lisbon

(Own research, 2014)

For Chinese travellers,

Lisbon is a location in the Iberian Peninsula (near Spain) [frame of reference],

That allows to get to know Europe better and to “navigate in the past” in an affordable and safe way [points of difference / promise or consumer benefits],

Because it is the Europe’s oldest capital and it is considered to be one of the least expensive and safest capitals of this continent [reasons to believe].



Problem Identification



This chapter focus on the problem identification. We identified four key issues regarding the behaviour of Chinese travellers in Portugal as tourists and globe shoppers. We expose a description of each issue as a part of a general problem.



Lisbon's points of difference are not strong enough compared to Madrid and Barcelona



Problem identification

(Own research, 2014)

Problem: context

Lisbon has a lot of differentiator points from its competitors – but quantity is not quality.

LISBON'S POINTS OF DIFFERENCE ARE NOT SUFFICIENT: it is not being capable of providing a greater experience and it is not delivering its full potential to Chinese travellers.

Furthermore, something stronger is missing to become more attractive to this target.

Madrid and Barcelona have stronger differentiator points that are contributing to “rob” Chinese travellers from Lisbon:

Iconic attractions that are a “must go” and a “must photo with” for Chinese travellers (e.g. “La Sagrada Família”)

Spain has **direct flights** from China, which facilitates the connections between the two countries

Madrid and Barcelona have generally **more reputation** for tourism and luxury shopping, increased by the fact that they have more affluence of international tourists

Better ranking position: Lisbon has an overall score of 62/100 (appendix 35), whereas Madrid and Barcelona are ranked 67/100 (*Global Blue, 2014*)

There is **more investment** from the Spanish Government for **tourism promotion** (*Chinese agency, 2014*)

Factors associated with the situation of Portugal/Lisbon that may be beneficial in the future - appendix 38

Chinese travellers are too dependent on the itinerary designed by Spanish travel agencies



Problem identification

(Own research, 2014)

Problem: dependence on Spanish travel agencies

Chinese travellers are extremely **dependent on the pack arrangement designed by Spanish agencies** and it is hard for Portugal to influence the dates of their visit dates and the itinerary:

- Chinese travellers generally want to visit more than one country. By travelling to Spain, they also visit Portugal because they prepare the itinerary with a Spanish travel agency
- They come to Portugal often in the **beginning or in the middle of the week in Spain**. As these travellers shop mostly at the end of the trip, they will do it in Spain

This limitation is **not expected to change** in the short term



Regarding the behaviour of Chinese travellers in Portugal/Lisbon, four key issues were identified



Problem identification

(Own research, 2014)

Problem: key issues

ISSUE 1

Among the Chinese travellers who visit Europe,
only 1,23% come to Portugal (Lisbon)

ISSUE 2

On average, Chinese travellers stay
only 2 days in Lisbon

ISSUE 3

Chinese travellers are **not spending as much money** on tourism and luxury shopping in Lisbon **as they do in Madrid and Barcelona**

ISSUE 4

The satisfaction of Chinese travellers with Lisbon is not the highest possible. **Satisfaction can be improved**, making them even more advocates of Lisbon



Lisbon is not attracting many Chinese travellers and it is not making them staying longer than 2 days



Problem identification

(Own research, 2014)

1

WHY ARE NOT THERE **MORE** CHINESE TRAVELLERS **VISITING** LISBON?

- **There are no direct flights** from China to Portugal
- There is a “psychological” distance associated with the destination: Chinese travellers feel that Lisbon is **too far away**
- Lisbon's **reputation**: it is not an iconic location (i.e. it is not a destination) and is not associated with an iconic landmark (e.g. The Eiffel Tower/La Sagrada Família versus Torre de Belém)
- **Lack of tourism promotion** of Lisbon and Portugal in China. Lisbon has a lower volume of investment in tourism promotion in general - 11.5 million Euro -, well below the investment made in Barcelona - 28.6 million Euro – and Madrid – 18 million Euro (*Deloitte, 2010*) (appendix 37).
- Turismo de Portugal just **started to activate the Chinese target two years ago** (appendix 38) (*Turismo de Portugal, 2014*)

2

WHY ARE NOT CHINESE TRAVELLERS **STAYING LONGER** IN LISBON?

- Chinese travellers are **too dependent on the pre-arranged itinerary designed by the Spanish travel agencies**
- **Institutions and people who advise** travellers **tell them 2 days are enough** to cover the city's main areas
- When coming to Europe, **they are in a rush**
- There are **no incentives from hotels** to make these travellers stay more nights in Lisbon

Lisbon is not encouraging Chinese travellers to consume more in tourism and luxury shopping and they are not becoming more satisfied and advocates



Problem identification

(Own research, 2014)

3 WHY ARE NOT CHINESE TRAVELLERS **SPENDING MORE** IN TOURISM AND LUXURY SHOPPING?

- Lisbon is perceived as a place with a **low prestige and authenticity** for shopping luxury goods, lower than Paris, Milan, Madrid, Barcelona, etc.
- Several Chinese shoppers are not aware that the **prices in Portugal are lower than in other European countries** and that they can get a **higher shopping tax refund** if they shop here
- In the majority of times, Lisbon is **not the last city** that they visit
- Chinese travellers think that the **tax-free process in Portugal is complicated** (*Turismo de Portugal, 2014*).
- There are **no brochures with information about luxury shopping written in Chinese**
- Some luxury retailers in Lisbon **do not have the most recent collections** of goods in the stores
- **Stores** in Av. da Liberdade **close too early** for travellers who visit Lisbon in such a short period of time

4 WHY ARE NOT CHINESE TRAVELLERS **MORE SATISFIED** WITH LISBON?

- Lisbon **is not offering products and services adapted to the needs of Chinese travellers** that they value in international trips
- The new generation of affluent Chinese outbound travellers is very mature, increasingly well informed. They want to **discover new experiences** off the beaten tracks (*Pierre Gervois, 2014*). **Lisbon is not yet providing** new and unique experiences - beyond sightseeing – specifically tailored to their needs.
- They feel **that visiting Lisbon does not give them enough reputation** for telling friends “I have been in Lisbon”, not as much as Paris, Rome, Barcelona or Madrid do

Recommendations

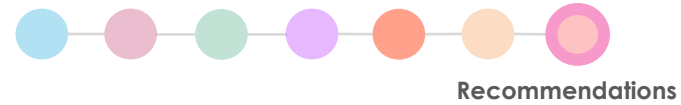


Giving the findings of this research and the issues identified, in this chapter we expose recommendations for tourism and for luxury shopping. By implementing these recommendations, we believe Lisbon will become more attractive to Chinese travellers, and will be positioned in their minds as a destination in Europe, rather than a location in Iberian Peninsula and near Spain.

However recommendations are divided in tourism and luxury shopping, they will both impact the future behaviour of Chinese travellers as tourists and as globe shoppers, as these dimensions are mutually connected.



We make recommendations for tourism and luxury shopping, to turn Lisbon into a destination for Chinese travellers



Scope and final objective

SCOPE OF OUR RECOMMENDATIONS:

- **Lisbon** mainly, but with impact in Portugal also (especially in the long term)
- **Chinese travellers**, but with potential impact in travellers from other nationalities

FINAL OBJECTIVE OF OUR RECOMMENDATIONS:

To turn Lisbon into a destination for Chinese travellers, i.e. making it more valuable and attractive to their “eyes”

RECOMMENDATIONS BASED ON:

- Our market study
- Analysis of trends (appendix 39)



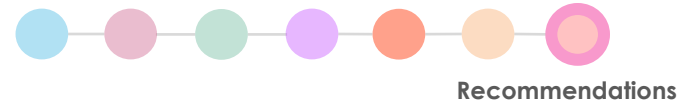
RECOMMENDATIONS FOR:

A.
TOURISM

B.
LUXURY
SHOPPING



Recommendations for tourism are organized in three sequential phases, according to different objectives and timeline of implementation



A. Recommendations for Tourism

These recommendations are related with tourism and are organized in **3 sequential phases**, according to different objectives and timeline of implementation. We suggest these recommendations to be implemented with the **order we present** to have the ideal relevance and impact. Moreover, **COTRI** can be a key partner in helping leveraging the implementation of these recommendations.

The timeline for the implementation of these recommendations can be found in appendix 40.

1

TO IMPROVE EXISTING PRODUCTS/SERVICES

Short term (1 year) measures to improve/correct some specificities, by **adapting products and services** to better welcome Chinese tourists, according to their needs and preferences

2

TO BUILD TOURISM REPUTATION

Medium term (2-3 years) measures to **increase Lisbon's reputation in tourism**, turning the city into a "social statement", i.e. as an attractive status destination

3

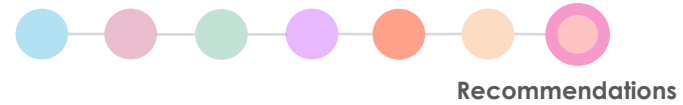
TO GROUND TOURISM REPUTATION

Long term (4+ years) measures to give **more relevance to the tourism reputation** that was built (in this phase Lisbon is already a social statement)



Note: We identify the impact of each recommendation in the brand Lisbon according to a branding theoretical framework. Please see appendix 41.

In a first phase, we recommend measures to adapt existing products/services to Chinese tourists' needs and preferences (1/3)



A. Recommendations for Tourism

1 TO IMPROVE EXISTING PRODUCTS/SERVICES

1.1) When making communications and promoting Lisbon, **endorse the top attributes Chinese travellers enjoy the most**, which are safety, blue sky, kind people, gastronomy (seafood, pastry, etc.), football, variety of shopping centres (in street and malls), etc.

→ IMPACT: brand knowledge (brand associations and awareness)



1.2) To **translate tourism information into Chinese** in official maps, guides and brochures to be distributed in tourism offices and hotels. We also recommend to **translate touristic signs** in museums and monuments into Chinese. Having tourism materials in their original language was appointed as one of the most important services by Chinese people when travelling – appendix 42. (*Hotels.com, 2014*)

→ IMPACT: satisfaction and brand advocacy

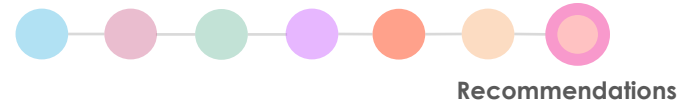


1.3) To create mechanisms to **allow payments with Union Pay and Alipay bank cards** in luxury stores, hotels and restaurants. These are Chinese travellers' preferred ways of payment, and so it should not constitute a barrier. This would make the purchasing process easier.

→ IMPACT: satisfaction and brand advocacy



In a first phase, we recommend measures to adapt existing products/services to Chinese tourists' needs and preferences (2/3)



A. Recommendations for Tourism

1.4) To have **Mandarin speaking staff in hotels and in all luxury stores** that can better welcome and understand Chinese guests/customers. Chinese people consider this service as the third most important when travelling abroad (*Hotels.com, 2014*) – appendix 42. Moreover, the implementation of this recommendation would also ease the purchasing process.

→ IMPACT: satisfaction and brand advocacy



1.5) To increase the internet connection in Lisbon, by providing **free Wi-Fi access in touristic open areas** (e.g as in Belém, Terreiro do Paço) and in **luxury shopping zones** (in Av. da Liberdade). This would allow Chinese travellers to be constantly connected to their networks, making it easier to share photos of their experience in Lisbon. Free Wi-Fi was reported as the most important service on an international trip for Chinese travellers – appendix 42 (*Hotels.com, 2014*).

→ IMPACT: satisfaction and brand advocacy

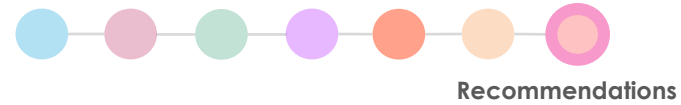


1.6) To have an **official “voice” of Portugal present in Chinese social media platforms**. This voice should have its own page in these platforms and develop a follow-up plan of the Chinese travellers advocates of Portugal/Lisbon that share and post about this destination. The plan should include identifying what travellers are writing about our country, *liking* their posts and writing a “thank you” message to each one. Additionally, in order to encourage advocates to spread more positive word of mouth and to increase their advocacy, this voice should also *repost/share* the posts in its own official page. Global Blue already has a page in Chinese social media (appendix 43).

→ IMPACT: brand advocacy



In a first phase, we recommend measures to adapt existing products/services to Chinese tourists' needs and preferences (3/3)



A. Recommendations for Tourism

1.7) To **add and update** the **information about Portugal and Lisbon in Dao Dao** (Chinese Trip Advisor), regarding tourism attractions and luxury shopping. This platform is a great source of information for travellers planning their trip, and there is a lack of data about Portugal and Lisbon [appendix 20 (5/5)].



→ IMPACT: access to the brand and brand advocacy

1.8) To **translate websites and web portals** (of tourism, hotels, restaurants and luxury stores) into Chinese – like the VisitPortugal website (appendix 44) -, and **adjusting the website IP address** to allow access in China. There are some websites which IP addresses are out of reach in that country, making information unreachable for Chinese travellers planning and booking their trip (Cotri, 2014).



→ IMPACT: access to the brand and satisfaction

1.9) To provide **training to those on the front line** dealing with Chinese travellers – taxi drivers, staff in luxury stores, hotels, restaurants, staff in tourism offices - about **Chinese cultural norms**, and even about **some words in Mandarin** (like “hello” and “thank you”). Chinese tend to distrust foreigners and if their welcoming is more appropriate they may feel more comfortable in Portugal.



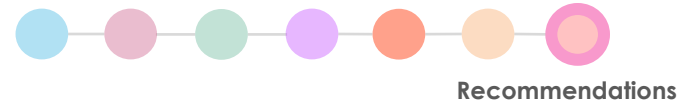
→ IMPACT: satisfaction and brand advocacy

1.10) To **open a third facility and a dedicated application centre to issue Schengen visa to Portugal** in China. Spain has these representations, which makes the process easier [appendix 13 (3/4)].



→ IMPACT: brand knowledge (brand associations and awareness) and satisfaction

In a second phase, we recommend measures to increase Lisbon's reputation as a status destination for tourism (1/4)



A. Recommendations for Tourism

2

TO BUILD TOURISM REPUTATION

2.1) Torre de Belém as a landmark: In order to make Lisbon as an iconic destination, the city needs to have an iconic landmark, with the same relevance The Eiffel Tower has to Paris. So, we recommend to turn **Torre de Belém into an iconic monument and landmark, the ex-libris of Lisbon and Portugal.** This would make Chinese tourists think "I can't miss the opportunity to visit Lisbon to see and to take a photo with the Belém Tower!"

→ IMPACT: brand equity (brand knowledge and financial value of brand)

It characterizes Portugal - the Portuguese Discoveries, the sea culture, the sun reflecting in the river. Furthermore, it has an amazing view with the 25 de Abril bridge and the Tagus river as scenario.

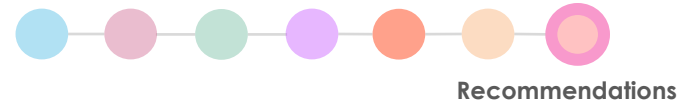
Torre de Belém is an UNESCO World Heritage site, and Chinese people love to follow all those landmarks and to share the joy of knowing these spots (*Turismo de Portugal, 2014*)



This tower is already one of the most "shared" elements in social networks among Chinese travellers (appendix 20 (5/5))

Torre de Belém is already one of the fastest associations with Portugal, as observed in social media (appendix 20 (5/5)). There is even a tourism campaign in China endorsed by a photo of Cristiano Ronaldo in front of this monument (appendix 45)

In a second phase, we recommend measures to increase Lisbon's reputation as a status destination for tourism (2/4)



A. Recommendations for Tourism

To effectively turn Torre de Belém into an iconic landmark and to create buzz around it, the tower would **need to be present everywhere** and should have **elements to enhance its “iconization”**:

2.1.1) A picture of the monument should **be present in the first page of all Portuguese tourism websites and in all communications** related with Portugal as a destination country and Lisbon as a destination city.

→ IMPACT: brand awareness



2.1.2) A **miniature of the tower should be placed in the miniature monument theme park of China** “Window of the World” (appendix 46), as a representation of our country. This park has about 130 reproductions of some of the most famous tourist attractions in the world and Portugal is not yet represented, whereas Spain has two representations [appendix 46 (2/2)] (*Daily Mail*, 2010).

→ IMPACT: brand awareness

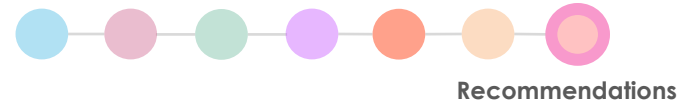


2.1.3) To **invite Chinese key opinion leaders (KOL)** to visit Lisbon and to be photographed near the tower. KOLs and celebrities have the ability to influence a lot of Chinese people within their communities in the internet. For instance, Angela Baby (appendix 47), a star from Hong Kong, had massive amounts of comments on Weibo when revealed her visit to France (*Olivier*, 2012); The Chinese actress Yaochen (appendix 47) created buzz by posting photos of her holidays in New Zealand, increasing the tourism demand of this country like never seen before (*Gentleman Marketing Agency*, 2014).

→ IMPACT: brand awareness



In a second phase, we recommend measures to increase Lisbon's reputation as a status destination for tourism (3/4)



A. Recommendations for Tourism

2.2) Other measures:

2.2.1) To create a **statue with the words “Portugal” written in several languages** (Chinese included) – “Portugal 葡萄牙” - similar to the statue “I amsterdam” in Amsterdam (appendix 48). It could be placed in Jardins da Torre de Belém in Lisbon, to create a great scenario for Chinese travellers to take a photo with. Besides medium term impact, this would also be beneficial for the reputation of Portugal in the long term.



Portugal
葡萄牙

→ IMPACT: brand awareness (recognition and recall)

2.2.2) To **add testimonials to the existing tourism and luxury shopping promotional video of Lisbon** (by Turismo de Portugal) to the Chinese travellers' target (appendix 49). The **Chinese advocates of Portugal** could be used as testimonies, speaking about their experience in Portugal and how they liked it here, providing credibility to the statements made in the video. By providing them a “proof”, they would feel less suspicious about this “emerging” destination. So, testimonials would serve as a reliable source to sustain the touristic and the luxury shopping offer. Recommendations from others are very powerful in China (appendix 11 (2/4)).



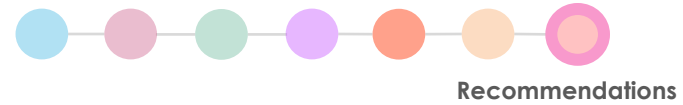
→ IMPACT: credibility and awareness

2.2.3) To invite a Chinese artist/director to **shoot a video clip/part of a soap opera in Lisbon**. This would create buzz among Chinese people and increase their desire to visit Portugal, as it happened with Cappadocia (Turkey) when a Brazilian soap opera took place there (appendix 50).



→ IMPACT: brand awareness (recognition and recall)

In a second phase, we recommend measures to increase Lisbon's reputation as a status destination for tourism (4/4)



A. Recommendations for Tourism

2.2.4) To create **discount vouchers for attractions and services in Lisbon**, such as “stay two nights in the hotel X, get one night free”, “50% discount in the Restaurant Y”, “1 free entrance in Torre de Belém, if you buy 3 tickets”. This could be made in partnerships between service providers and travel agencies in China. As Chinese people love to get free gifts and discounts, this would leverage consumption and would incite travellers to stay longer in Lisbon.



→ IMPACT: satisfaction

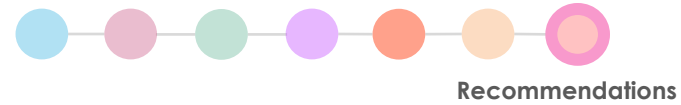
2.2.5) To open a **franchising pastry of Pastéis de Nata in China**, in a tier one city (e.g. Beijing, Shanghai, Hong Kong, Macau). The store could be decorated with products typical from Portugal (tiles, porcelain pieces, “xailles”, Portuguese guitars, photos of Portugal and of Torre de Belém, etc.) and could have Portuguese music playing. In addition, thematic events could be hosted in the pastry, about the Portuguese culture (Fado concerts, conferences, book launches, autograph sessions of famous football players, etc.) to educate Chinese people about our culture and to create buzz about this destination. The retailer “Nata Lisboa” could be the one expanding to China (appendix 51).



→ IMPACT: brand awareness (recognition and recall)



In a third phase, given the reputation that was built, we recommend further measures to make it more relevant (1/3)



A. Recommendations for Tourism

3 TO GROUND TOURISM REPUTATION

3.1) Football related:

3.1.1) To create a **football museum in Lisbon**, taking advantage of the popularity - of football, of Cristiano Ronaldo and of other players - in China. Cristiano is the greatest football idol of Chinese people at the moment, and a symbol that they associate with Portugal. However there is already a museum of Cristiano Ronaldo in Funchal (Madeira), this one differs for being in Lisbon and for including more players. In that way, Lisbon should be promoted as a destination through football, providing travellers the opportunity of being closer to famous players. The museum should be built in an **iconic building and with advanced technology** in order to create an **exclusive and interactive experience** for visitors. Players could donate some material they wore in games, such as t-shirts, football boots, etc.. Visiting the museum would be a “must do” for Chinese fans of football.

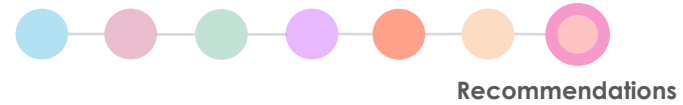
→ IMPACT: brand awareness (recognition and recall) and equity (brand knowledge and financial value of brand)

3.1.2) To build a **statue of Cristiano Ronaldo in wax** (or in a more resistant material) in a strategic touristic location in the centre of Lisbon (e.g. Terreiro do Paço, Belém). The statue should allow taking the “perfect photo” for Chinese travellers to share on social media platforms, with a landscape that identifies Lisbon. This would provide status to Chinese travellers, as the photo would be taken in the authentic origin country of the player, as it happened in Paris with Maria Sharapova (appendix 52). Moreover, a statue of the player was recently built in Funchal (Madeira), where he is from originally (appendix 53), which proves it has the potential to create awareness.

→ IMPACT: brand awareness (recognition and recall)



In a third phase, given the reputation that was built, we recommend further measures to make it more relevant (2/3)



A. Recommendations for Tourism

3.1.3) To invite a **Chinese football player** to play in a famous **football team from Lisbon** (e.g. Benfica or Sporting). For this recommendation to succeed it would only be necessary for the player to play in short periods of time or in friendly games. This would make Chinese fans to become even more aware of Portuguese football and of Portugal. It would create and increase the desirability to visit this destination with the purpose of watching the games, increasing the likelihood of Portugal to be their next destination choice in Europe.



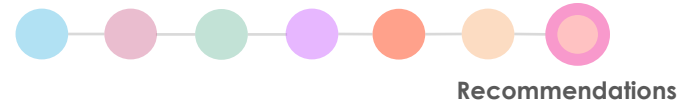
→ IMPACT: brand awareness (recognition and recall)

3.1.4) To encourage the Portuguese official national football team to take **training camps in China**, as the location varies (e.g. for the World Cup of 2014 in Brazil, the team trained in Princeton University in the USA). The first camp in China should take place even before the World Cup of 2018. A huge buzz would emerge during these days in China, and Portugal would be a lot talked about and mentioned online and offline by people.



→ IMPACT: brand awareness (recognition and recall)

In a third phase, given the reputation that was built, we recommend further measures to make it more relevant (3/3)



A. Recommendations for Tourism

3.2) Tourism related:

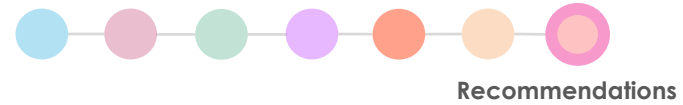
3.2.1) To create **thematic tours** to promote different sites of Portugal, i.e. organized itineraries exploring specific topics. The tours would have Mandarin speaking guides, that could work alone or eventually in collaboration with the Chinese guide coming with a group from China. The tours could be promoted in Chinese travel agencies and in social media. Itineraries should be designed in order for the tour to end up in Portugal, as it is in the end of the trip when tourists mostly shop. This would incite Chinese travellers to see more in Portugal, becoming more interested in our country and culture and enjoying it better (Cotri, 2014), making them staying longer at the same time. For instance, some tours could be:



- **The Unesco Tour** – exploring the Portuguese Unesco sites (Douro, Porto, Guimarães, Tomar, Sintra, Lisboa, Évora, etc.);
- **The Wine Tour** - in France, Spain and Portugal; or just in Portugal, exploring the different wine regions;
- **The Catholic Tour** – visiting the Vatican (Italy), Lourdes (France), Santiago de Compostela (Spain) and Fátima (Portugal);
- **The Football Tour / the Cristiano Ronaldo Tour** – visiting the most important stadiums of Portugal / the sites that marked Cristiano Ronaldo's career (Manchester United, Real Madrid, Madeira and Sporting);
- **The Gastronomy Tour** – a package that covers specific restaurants in Portugal, that allows to taste the variety of our gastronomy, especially seafood.

→ IMPACT: brand awareness (recognition and recall) and satisfaction

Recommendations for luxury shopping are organized in two sequential phases, according to different objectives and timeline of implementation



B. Recommendations for Luxury Shopping

These recommendations are related with luxury shopping and are organized in **2 sequential phases**, according to different objectives and timeline of implementation. We suggest these recommendations to be implemented with the **order we present** to have the ideal relevance and impact. Moreover, **COTRI** can be a key partner in helping leveraging the implementation of these recommendations.

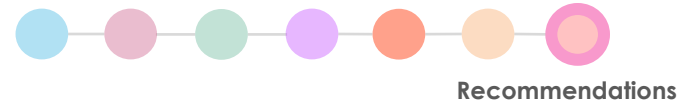
Assuming Global Blue as our main “client” for this project, the following recommendations are considered crucial for the company’s growth among Chinese globe shoppers. Hence, a description of how to implement these measures can be found in appendix 54, as well as the timeline for their implementation, in appendix 55.

- 1 TO IMPROVE EXISTING PRODUCTS/SERVICES**
Short term (1 year) measures to improve/correct some specificities, by **adapting products and services** to better welcome Chinese shoppers according to their needs and preferences
- 2 TO DEVELOP LUXURY SHOPPING REPUTATION**
Medium term (2-3 years) measures to increase and give relevance to **Lisbon’s reputation as a luxury shopping destination**, i.e. as an attractive status destination to do luxury shopping



Note: We identify the impact of each recommendation in the brand Lisbon, according to a branding theoretical framework. Please see appendix 41.

In a first phase, we recommend measures to adapt existing products/services to Chinese shoppers' needs and preferences (1/2)



B. Recommendations for Luxury Shopping

1 TO IMPROVE EXISTING PRODUCTS/SERVICES

1.1) To **provide brochures specifically about luxury shopping in Chinese**, with information about where to shop, stores available and opening hours, adapting the existing one of Global Blue (appendix 56). It should also include a statement about why should they shop in Lisbon. In addition, the brochure could also have contacts of luxury shopping advisors speaking Mandarin. The brochures could be distributed in tourism information offices in the airports and also in hotels where Chinese travellers use to stay.

→ IMPACT: satisfaction and brand advocacy

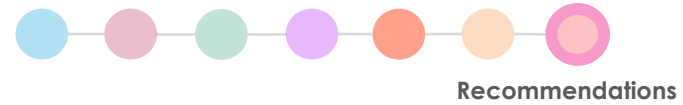


1.2) To encourage luxury retailers in Av. da Liberdade to **expand opening hours during the week and to be open on Sundays**. It would enhance the opportunity to shop, increasing the sales volume. Chinese travellers demand flexibility as they are visiting Lisbon on a short period time (money rich, time poor). They actually get frustrated because they do not understand why stores are closed when they have money to spend. Hence, if stores are not open the full week, they will not have the means to shop in Portugal, leaving this activity to another location. Moreover, most of the luxury stores in Madrid and Barcelona are open until later (20:30 and 21:00 versus 19:30), which is a point of difference of Spain that is negative for Lisbon. Plus, luxury stores in Spain are also not open on Sundays, being this a potential opportunity to make travellers prefer to shop in Lisbon.

→ IMPACT: satisfaction and brand advocacy



In a first phase, we recommend measures to adapt existing products/services to Chinese shoppers' needs and preferences (2/2)



B. Recommendations for Luxury Shopping

1.3) To **promote and give emphasis to the financial advantage provided by the high Portuguese VAT in websites** related with luxury shopping in Portugal, especially in the one of Global Blue (appendix 58). This would make Chinese travellers more aware of the advantages and points of difference of doing luxury shopping in Portugal, encouraging them to choose Lisbon as a destination for buying luxury goods.

→ IMPACT: Brand awareness (recognition and recall)



1.4) To provide a **higher tax refund to Chinese shoppers during the Golden Week**, incentivizing travellers to shop in Portugal (rather than in Madrid or Barcelona) and rewarding them (financially) for doing so, while generating sales. Focusing on the Golden Week - at least at first – would be a way of reaching more Chinese travellers, as it is the highest season of their visit to Portugal.

→ IMPACT: satisfaction and brand advocacy

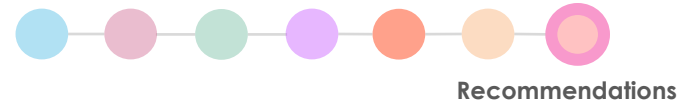


1.5) To encourage luxury retailers to have **stock from most recent collections** of goods, in order to satisfy Chinese shoppers' demand. We also suggest luxury retailers to **adopt some additional measures to better approach Chinese travellers**: to have price tags in Yuan, to have the Chinese equivalent scale of clothing in tags, to offer hot water/tea, to have information about the products and collections in Chinese, among others.

→ IMPACT: satisfaction and brand advocacy



In a second phase, we recommend measures to develop the brand Lisbon as luxury shopping destination (1/2)



B. Recommendations for Luxury Shopping

2

TO DEVELOP LUXURY SHOPPING REPUTATION

2.1) To install a tax refund **office/kiosk in Av. da Liberdade** that provides **tourism and luxury shopping advisory**, ideally of Global Blue. This space should offer brochures of luxury shopping and tourism materials in Chinese - such as maps of Lisbon high lightening the most famous monuments, landscapes and thematic tours. In addition, this office could also do tax refund, the same way it works in Freeport and in other shopping malls. Staff working in this office should be trained about Chinese culture, norms and language (some words), being prepared to answer questions related with tourism, luxury shopping and tax-free shopping. This would increase the proximity with consumers, while facilitating communication of the tax free process. At the same time, having the tourism facet, it would contribute to welcoming Chinese travellers, helping them organizing their visit efficiently.



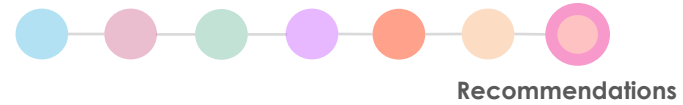
→ IMPACT: satisfaction and brand advocacy

2.2) To create a **luxury shopping event** in Av. da Liberdade for Chinese shoppers happening in the Golden Week, in October. Luxury stores would create a more attractive scenario for these consumers, adjusting store **decoration**, offering **pricing discounts** (and a higher tax refund) and giving **free gifts**. This opportunity would be exclusive for Chinese shoppers and strongly promoted in China only, among travel agencies and in social media. The name of the event could be "**Rayli luxury shopping event Lisbon (瑞丽购物活动里斯本)**", given after Chinese **Rayli magazine** - the number one fashion magazine in China (appendix 59) (*Statista, 2012*). This could be the foremost partner of the event, however other key partnerships could be established for this purpose.



(continues)

In a second phase, we recommend measures to develop the brand Lisbon as luxury shopping destination (2/2)



B. Recommendations for Luxury Shopping

(continuation)

Chinese models (e.g. Angela Baby or Yaochen) could be invited to come to attend the event, making small fashion shows and exhibitions of some brands to encourage consumption. Moreover, they could write on Rayli magazine, becoming the hosts of the event in Lisbon. In addition, **Cao Bei** – Chinese singer of Fado that sings in Chinese and Portuguese and lives in Portugal (appendix 60) – could be invited to give a show in Av. da Liberdade, open to public. In addition, in order to promote Portuguese fashion and products, fashion shows of Portuguese stylists could be held in Av. da Liberdade. Chinese shoppers would love to take a photo with them and the models in the show. Furthermore, in order to avoid jeopardy to consumers of different nationalities, this event could happen during one or two days only during the afternoon. This would attract more Chinese shoppers to Lisbon for luxury shopping purposes. They would prefer to shop more in Lisbon (rather than in Madrid or Barcelona) in this week, increasing the sales volume in luxury stores in Portugal. Inviting the models and the singer would increase the event awareness and reliability, leveraging Chinese shoppers' motivation to attend the event, while educating them about the Portuguese culture and about similarities between the countries.



→ IMPACT: brand equity (financial value of brand and brand knowledge), satisfaction, brand advocacy and awareness (recognition and recall)



All the recommendations we suggest have an impact on the issues that were identified previously



Recommendations

Impact on key issues

	1. More tourists	2. Stay longer	3. Spend more	4. More satisfied
A. RECOMMENDATIONS FOR TOURISM				
1. TO IMPROVE				
1.1 Communicate top attributes	✓	✓		
1.2 Tourism info in Chinese				✓
1.3 AliPay and UnionPay			✓	✓
1.4 Mandarin speaking staff			✓	✓
1.5 Free Wi-Fi			✓	✓
1.6 Presence in social media	✓			
1.7 Update Information in Dao Dao	✓			
1.8 Websites in Mandarin	✓			✓
1.9 Training to frontline workers				✓
1.10 Schengen visa facility	✓			
2. TO BUILD REPUTATION				
2.1 Torre de Belém as a landmark				
2.1.2 Usage of T. Belém's image	✓			
2.1.1 Miniature Parks	✓			
2.1.4 Invite KOL	✓			
2.2 Other measures				
2.1.3 Statue "Portugal 葡萄牙"	✓			
2.2.2 Include testimonials in video	✓			
2.2.1 Videoclip/Soap opera	✓	✓	✓	✓
2.2.3 Discount vouchers	✓	✓	✓	✓

	1. More tourists	2. Stay longer	3. Spend more	4. More satisfied
3. TO GROUND REPUTATION				
3.1 Football Related				
3.1.1 Football Museum	✓			✓
3.1.2 C. Ronaldo Wax Statue				✓
3.1.3 Chinese player in PT team	✓			
3.1.4 Training camps in China	✓			
3.2 Tourism related				
3.2.1 Thematic Tours	✓	✓	✓	✓
3.2.2 Pastéis de Nata pastry	✓			
	1. More tourists	2. Stay longer	3. Spend more	4. More satisfied
B. RECOMM. LUXURY SHOPPING				
1. TO IMPROVE				
1.1 Shopping brochures			✓	✓
1.2 Stores opening hours			✓	✓
1.3 Promotion of VAT in website	✓		✓	✓
1.4. Higher tax refund in Golden Week	✓	✓	✓	✓
1.5 Recent collections and approach			✓	✓
2. TO DEVELOP REPUTATION				
2.1 Kiosk in Av. da Liberdade			✓	✓
2.2 Rayli shopping event	✓	✓	✓	✓

In sum, these will be the new points of difference Lisbon will have in the future



Recommendations

(Own research, 2014)

New future points of difference of Lisbon

- **Welcoming:** Lisbon provides a more welcoming experience to Chinese travellers with adapted products and services: information materials of tourism and luxury shopping in Chinese, trained staff, staff speaking Mandarin, and allows payments with Chinese bank cards, etc.
- **Attractions:** Torre de Belém, Belém (with the “Portugal 葡萄牙” statue and the one of Cristiano Ronaldo), plus others which offer a perfect and unique landscape to take photos.
- **Football environment:** Football Museum and Cristiano Ronaldo statue offer a unique football experience and a perfect scenario to take photos.
- **Thematic Tours:** arranged tours that allow to go into deep in several themes, e.g. Unesco, wine, football, gastronomy.
- **Shopping:** luxury stores with the most recent collections, located in a famous and status Avenue, where shoppers can claim their shopping refunds directly.
- **Buzz:** besides present in social networks, Lisbon is recommended in Dao Dao, in promotional videos and shared by key opinion leaders.
- **Connected with China:** with a Chinese football player in a Portuguese football team, training camps of the official national Portuguese team happening in China and a “Pastel de Nata” pastry in China. Additionally through scenes of a Chinese soap opera shot in Portugal.
- **Cheaper:** Lisbon is one of the cheapest destinations and offers a more affordable trip through higher tax refund in high seasons and discount vouchers.

>> LISBON WILL BECOME A DESTINATION CITY <<

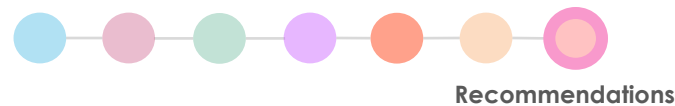
ATTRACTING MORE CHINESE TRAVELLERS PER SE AND ESPECIALLY IN THE END OF THEIR TRIP IN EUROPE

THAT WILL STAY MORE TIME IN LISBON

SPEND MORE IN TOURISM AND LUXURY SHOPPING

AND BECOME GREATER ADVOCATES SPREADING MORE POSITIVE ONLINE AND OFFLINE WORD OF MOUTH

Given our recommendations, the future positioning of Lisbon will be stronger in points of difference and in reasons to believe



Future positioning of Lisbon **POSITIONING STATEMENT**



For Chinese travellers [target],

Lisbon is an European destination city [frame of reference],

That offers a unique sightseeing and luxury shopping experience in a welcoming and affordable environment [points of difference / promise or consumer benefits],

Because of its iconic sights such as Torre de Belém and statues like the one of Cristiano Ronaldo, good food, warm people, infrastructures and materials addressing the Chinese travellers' needs and favourite activities, plus recommendations by reliable testimonials [reasons to believe].

References



MATERIALS
PROVIDED BY
GLOBAL BLUE

Global Blue, 2014:
Meetings with Global Blue
Global Blue transactions information
Global Blue E-learning
Global Blue websites

Global Blue, 2013:
Global Blue Reviews 2012

Global Blue, 2012:
Global Blue Reviews 2012

Global Blue, 2011:
Global Blue China Dossier
Global Blue Reviews 2011

Cotri, 2014:
Meetings with Cotri
Cotri Global Webinar
Chinese Tourist Welcome Training Programme

Chinese agency, 2014:
Confidential source

David Kolinski, 2014:
Voice call meeting: 1/12

Turismo de Portugal, 2014:
Meeting with Cláudia Miguel from Turismo de Portugal: 2/12



OBSERVATION IN LUXURY STORES

Observations of Chinese globe shoppers' behaviour in luxury stores in Av. da Liberdade, such as: Louis Vuitton, Gucci, Fashion Clinic and Boutique dos Relógios Plus.

17 observations – between 18 Sep and 17 Nov

Informal conversations with the staff of the stores and with the stores' managers.

SPEED INTERVIEWS

Short interviews, to Chinese travellers in Av. da Liberdade, Baixa Pombalina and in Lisbon's airport, about their motivations to visit Lisbon, satisfaction, image before and after the visit, among others.

- 28 qualitative interviews – all travelling as singular traveller or in a small group



OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Brandeo, 2014)
<http://www.brandeo.com/reason%20to%20believe>
- (Business Dictionary, 2014)
<http://www.businessdictionary.com/definition/word-of-mouth-marketing.html#ixzz3Nzb2dxbn>
<http://www.businessdictionary.com/definition/market-segmentation.html>
<http://www.businessdictionary.com/definition/value-for-money-VFM.html#ixzz3NzfkD5hl>
<http://www.businessdictionary.com/definition/franchising.html>
- (Chichaku Marketing, 2014)
<http://www.chichakumarketing.com/5-trends-outbound-china-travel-market-2014/>
- (China Travel Trends, 2014)
<http://www.chinatraveltrendsbook.com/dragon-edition/articles/#adecadeoftraveltrends>
- (CML, 2014)
<http://www.cm-lisboa.pt/investir/investimento/lisboa-em-numeros>
- (CNBC, 2014)
<http://www.cnbc.com/id/101843609>
- (Dailymail, 2014)
<http://www.dailymail.co.uk/sport/football/article-2582123/Cristiano-Ronaldo-best-time-says-Real-Madrid-teammate-Karim-Benzema.html>
- (Department of foreign affairs and trade, 2014)
https://www.dfat.gov.au/geo/macau/macau_brief.html
- (Diário de Notícias, 2014)
http://www.dn.pt/politica/interior.aspx?content_id=3859588
- (Dinheiro Vivo, 2014)
http://www.dinheirovivo.pt/graficos/interior.aspx?content_id=3909409

OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Euronews, 2014)
<http://pt.euronews.com/2014/12/22/emocionado-cristiano-ronaldo-inaugura-estatua-na-madeira/>
- (Expresso, 2014)
<http://expresso.sapo.pt/chineses-estudam-linha-aerea-direta-com-lisboa=f8698422>
- (Forbes, 2014)
<http://www.forbes.com/sites/profdrwolfganggartl/2014/06/15/china-outbound-tourism-first-time-more-than-100-million-border-crossings-in-12-months/>
- (Forbes, 2014)
<http://www.forbes.com/sites/kenrapoza/2014/07/30/the-four-trends-driving-chinas-future-growth/>
- (Gentleman marketing agency, 2014)
<http://chinesetouristagency.com/attract-chinese-tourists-digital/>
- (Geoba, 2014)
<http://www.geoba.se/population.php?pc=world>
- (Globe Shopper Index, 2014)
<http://globeshopperindex.com/en/destinations/europe/Lisbon>
- (Go Lisbon, 2014)
<http://www.golisbon.com>
- (Internet Live Stats, 2014)
<http://www.internetlivestats.com/internet-users/china/>
- (Jornal de notícias, 2014)
http://www.jornaldenegocios.pt/economia/detalhe/vistos_gold_antonio_figueiredo_tera_manda_do_apagar_provas_de_corrupcao.html

OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Lifestyle, 2014)
<http://lifestyle.sapo.pt/casa-e-lazer/noticias-casa-e-lazer/artigos/cristiano-ronaldo-e-o-ponta-de-lanca-do-turismo-de-portugal-na-china>
- (Mais Futebol, 2014)
<http://www.maisfutebol.iol.pt/cristiano-ronaldo-ronaldo-cr7-topnews/5385f5690cf207525fc3501b.html>
- (Observador, 2014)
<http://observador.pt/2014/10/24/vendas-da-marca-gucci-estao-estagnar-o-luxo-nao-esta-na-moda/>
- (OECD, 2014)
<http://stats.oecd.org/glossary/detail.asp?ID=1964>
- (Pierre Gervois, 2014)
<http://chinesetouristsinamerica.com/>
- (Portugal Global, 2014)
<http://www.portugalglobal.pt/PT/PortugalNews/Paginas/NewDetail.aspx?newId=%7B9FC252B9-DBFB-4963-A799-B01638067909%7D>
- (Qyer, 2014)
<http://plan.qyer.com/trip/V2UJZIFkBzNTZVI/>
- (Sapo, 2014)
http://economico.sapo.pt/noticias/voos-directos-da-tap-para-a-china-so-em-2017_193202.html
- (Schengen Visa info, 2014)
<http://www.schengenvisainfo.com/>
- (Sic, 2014)
<http://sicnoticias.sapo.pt/economia/2014-10-08-Portugal-na-Semana-do-Design-de-Pequim>

OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Skyscanner.com, 2014)
<http://www.skyscanner.com>
- (Sticky Media, 2014)
<http://www.stickymedia.com/blog/2012-2013-social-media-and-tourism-industry-statistics>
- (Tech in Asia, 2013)
<https://www.techinasia.com/2013-china-top-10-social-sites-infographic/>
- (Travel News Digest, 2014)
<http://www.travelnewsdigest.in/?p=16607>
- (The Economist, 2014)
<http://www.economist.com/blogs/economist-explains/2014/04/economist-explains-17#sthash.rugVFHMw.dpuf>
- (The Portugal News, 2014)
<http://theportugalnews.com/news/number-of-big-spending-tourists-from-china-triples-in-four-years/31930>
- (Visão, 2014)
<http://visao.sapo.pt/vistos-gold-detidas-11-pessoas-por-corrupcao-e-branqueamento=f801442#ixzz3KxdU6qk6>
- (Visit Lisboa, 2014)
<http://www.visitlisboa.com/Conteudos/Menu-Principal/Aonde-Ir/Shopping.aspx?lang=en-GB>
- (Visit Portugal, 2014)
<https://www.visitportugal.com/pt-pt>
- (Wikitravel, 2014)
<http://wikitravel.org/en/Portugal>

OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Weibo, 2014)
<http://s.weibo.com/weibo/%25E9%2587%258C%25E6%2596%25AF%25E6%259C%25AC?topnav=1&wvr=6&b=1>
- (Window of the World, 2014)
http://www.szwwco.com/world/list_149.html
- (Word of Mouth Marketing Association, 2014)
<http://www.womma.org/posts/2013/03/whyauthentic-advocacy-is-a-game-changer-in-china>,
- (Câmara do Comércio, 2013)
<http://www.ccilc.pt/pt/gastos-de-turistas-chineses-em-portugal-aumentaram-1957-de-janeiro-novembro-de-2013>
- (CCILC, 2013)
<http://www.ccilc.pt/pt/news/institutional/welcoming-china-curso>
- (Fashionbi, 2013)
<http://fashionbi.com/insights/marketing-analysis/anti-gifting-policy-in-china-how-are-luxury-brands-affected>
- (Today's Zaman, 2013)
<http://www.todayszaman.com/op-ed-the-brazilian-soap-opera-educating-the-masses-by-zeynep-zileli-rabanea-325606.html>
- (TTGAsia, 2013)
http://www.ttgasia.com/article.php?article_id=21763
- (CNN, 2012)
<http://travel.cnn.com/explorations/life/demystifying-chinese-travelers-890623>
- (Fashionbi, 2012)
<http://fashionbi.com/newspaper/next-wave-in-the-expansion-of-china-s-luxury-fashion-industry>

OTHER PAPERS,
ARTICLES AND
WEBSITES

- (Olivier, 2012)
<http://marketingtochina.com/how-to-attract-chinese-tourists/>
- (Statista, 2012)
<http://www.statista.com/statistics/274304/leading-fashion-magazines-in-china-by-average-reach/>
- (The Portugal News, 2012)
<http://theportugalnews.com/news/lisbon-is-tax-free-heaven-for-global-shoppers/26462>
- (Cao Bei canta fado " Lágrima " na TVI, 2011)
https://www.youtube.com/watch?v=-3TEReB_eoI
- (Euromonitor International, 2011)
<http://www.euromonitor.com/how-global-is-the-global-luxury-goods-market/report>
- (The Guardian, 2011)
<http://www.theguardian.com/travel/2011/nov/30/lisbon-shopping-guide>
- (The National, 2011)
<http://www.thenational.ae/sport/football/arrogant-cristiano-ronaldo-disappoints-chinese-fans-on-real-madrid-tour#ixzz3K5gwdQH>
- (Lisbon Tourist Guide, 2009)
<http://www.lisbon-tourist-guide.com/>

OTHER PAPERS,
ARTICLES AND
WEBSITES

- *(CNNIC, 2014)*
CNNIC, China Internet Network Information Center. "Statistical Report on Internet Development in China"; July 2014
- *(Hotels.com, 2014)*
Chan, Zoe, Couper, Alison, Peppard, Lizann, Bonanati, Yvonne, Hopcraft, Kate, and Cole, Taylor. "Chinese International Travel Monitor 2014"; Hotels.com, 2014
- *(Hurun 2014)*
"The Chinese Luxury Traveler". Hurun Report, ILTM Asia, 2014
- *(JLL, 2014)*
Lancastre, Pedro, Araújo, Patrícia and Empis, Maria. "Lisbon Street Shopping - A afirmação do Comércio de Rua em Lisboa"; JLL, 2014
- *(MEC Media Agency, 2014)*
MEC Media Agency. "China Consumption Trends"; 2014
- *(Prof. Catherine da Silveira, 2014)*
Prof. Catherine da Silveira. "Introduction to the main branding concepts"; Brand Management Classes;, 2014, slide 21
- *(We are social, 2014)*
We are social. "China Digital Landscape"; 2014
- *(The Hong Kong Polytechnic University, School of Hotel & Tourism Management, 2013)*
The Hong Kong Polytechnic University, School of Hotel & Tourism Management. "The Hong Kong Polytechnic University Tourist Satisfaction Index and Tourism Service Quality Index 2013"; 2013
- *(Visit Helsinki, 2013)*
Wonderful Copenhagen Research & Development. "Review of China's Outbound Travel Market - Perspectives for Scandinavian city tourism"; 2013

OTHER PAPERS,
ARTICLES AND
WEBSITES

- *(Euromonitor, 2012)*

Bremner, Caroline, and Nelson, Paul. "World Travel Market - Global Trends Report 2012"; Euromonitor International, 2012

- *(Fuggetta, 2012)*

Fuggetta, Rob. "Brand Advocates: Turning Enthusiastic Customers into a Powerful Marketing Force"; Hoboken, New Jersey: John, Wiley & Sons, 2012

- *(Marketing Research, 2012)*

Malhotra, Naresh K., and Birks, David F.. 2012, *Marketing Research an Applied Approach*. 4th edition: Pearson

- *(Kapferer, 2012)*

Kapferer, Jean-Noël. 2012, *The New Strategic Brand Management*. 5th edition: Kogan Page

- *(Kotler & Keller, 2012)*

Kotler, P., and Keller, K. L.. 2012, *Marketing Management*. 14th Edition: Upper Saddle River, NJ: Prentice Hall

- *(BCG - The New World of Luxury, 2010)*

Bellaïche, Jean-Marc, Mei-Pochtler, Antonella, and Hanisch, Dorit. "The New World of Luxury - Caught Between Growing Momentum and Lasting Change"; BCG, 2010

- *(Deloitte, 2010)*

Associação de Turismo de Lisboa – Plano Estratégico 2011-2014. "Getting ready for the future? - Present decisions future impacts"; Deloitte, September 2010

- *(The Brand Ascension Group, 2010)*

Chapman, Carol; "The Real Value of a Brand Advocate: Build and leverage advocates for your brand to boost sales exponentially!"; The Brand Ascension Group, LLC, 2010

OTHER PAPERS,
ARTICLES AND
WEBSITES

- *(António Azevedo, 2004)*
Azevedo, António, "Cities as Brands: The Role of Communication Strategy in Place Marketing Context"; Universidade Fernando Pessoa, 2004

