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Tourism Seen Adding \$850 Billion With Obama's New Visas: Retail
2012-01-31 05:00:01.6 GMT

By Ashley Lutz

Jan. 31 (Bloomberg) -- Bloomingdale's Chief Executive Officer Michael Gould is a fan of President Barack Obama's efforts to speed up tourist visas for Chinese and Brazilian shoppers.

Doing so would create an "immediate" surge in retail sales as foreign shoppers clamor for Marc Jacobs and Kate Spade designs, Gould said in a telephone interview Jan. 27. The department store chain is preparing for a potential boom by tailoring merchandise assortments to Brazilian and Chinese tastes and advertising outside of the U.S. for the first time.

"We're expecting an enormous uptick in growth," Gould said from the Bloomingdale's New York headquarters. "We have the kind of brands that are highly respected by these visitors, and the faster they can get here the better."

Obama signed an executive order Jan. 19 giving the Department of Homeland Security and Department of State 60 days to come up with a plan to process visa applications from China and Brazil more quickly. The order recommends shortening the process to three weeks from four months. Visa processing capacity in China and Brazil must be increased by 40 percent in the next year, according to the order.

The resulting increase in U.S. tourism could create 1.3 million jobs and add \$850 billion to the economy by 2020, the National Retail Federation said in a Jan. 19 report, citing the U.S. Travel Association.

The Washington-based Federation for American Immigration Reform said Obama's order, which calls for less stringent screening, increases potential for "terrorism and visa overstays," the group, which advocates tougher border patrol, said in a statement on its website.

Cautious Spending

Americans are spending cautiously amid slow wage growth, limited job gains and depressed real estate values. Consumer spending stalled in December, with purchases little changed after rising 0.1 percent the prior month, Commerce Department figures showed.

For years, retailers from Saks Inc. to Macy's Inc.'s Bloomingdale's have watched as Chinese and Brazilian shoppers traveled to cities such as Paris and Rome, where the wait time for a visa is about 10 days.

"It's really stupefying to see the number of Chinese tourists in Paris," Gould said. "We find it frustrating to see business going elsewhere."

From 2000 to 2010, the U.S. Share of global tourism fell to 11 percent from 17 percent, spurred by stricter security following the Sept. 11 terrorist attacks, said David French, head of government relations at the Washington-based NRF.

Sagging Dollar

Obama's plan could help U.S. gain back its share of the global tourism market, Stephen Sadove, chief executive officer at Saks Inc., said in an emailed statement. The New York-based luxury department store could see quick surges in business at its gateway city locations such as New York, San Francisco and Chicago locations, he said.

“Currently, the process is very difficult for citizens from countries such as China, Brazil and India to obtain tourist visas,” Sadove said. “Additional tourists in the U.S. would lead to increased revenues in retailing and hospitality.”

The sagging dollar has also attracted foreign tourists to the U.S. as they seek to buy clothing and jewelry on the cheap, French said.

“Demand for U.S. visas from Brazil, China and India have spiked immensely as these economies boom,” French said in a telephone interview. “This is a winning situation for retailers because a key reason overseas visitors want to come is to shop.”

Lobbying Congress

The NRF has spent the past year lobbying Congress to support loosening the visa wait time. NRF President Matthew Shay visited U.S. officials in Beijing in October to ask for their help in making travel to the U.S. easier for Chinese tourists.

“Speeding up the visa process is one of the quickest ways to boost the U.S. economy,” Shay said in the Jan. 19 report.

To appeal to overseas tourists, Bloomingdale’s is preparing to tailor assortments to include flashier name brands and logos, Gould said. Many tourists prefer prominent logos on iconic American brands. Bloomingdale’s is currently planning its overseas marketing campaign.

“We mainly advertise at airports and through concierge services at various cities,” Gould said. “But we’re planning ways to also advertise overseas.”

Visa applications in China went up 34 percent in 2011 from a year earlier, while Brazil’s requests went up 42 percent, Obama said.

Flashy Logos

U.S. brands including Tiffany & Co., Coach Inc., and Abercrombie & Fitch Co., with flashy logos and luxury appeal, could benefit from the boost in tourism, Omar Saad, analyst at International Strategy and Investment Group, wrote in a report Jan. 20.

Mall of America, the biggest shopping center in the U.S. with 520 stores, attracts about 3 million international tourists annually, said Doug Killian, director of tourism marketing.

The average receipt for a foreign tourist is 2.5 times higher than a domestic visitor’s, Killian said in a telephone interview from Minneapolis, where the mall is located.

With the current increase in Chinese visitors, Mall of America has focused on opening stores for luxury brands including Michael Kors, Armani and Hugo Boss, Killian said. The mall has also hired staff with language fluency in Chinese, Japanese and Spanish.

Killian said the mall has also successfully worked with airlines to offer more flights from China and Japan.

“We’re seeing real increases from China and Brazil, which would only be higher if the U.S. were to ease visas,” Killian said. “We’re prepared to see a big boom in business if that happens.”

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