

TRAVEL AND HOSPITALITY

UK luxury lobby Walpole asks government to reconsider 14-day quarantine rules

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London's Heathrow airport was amongst the busiest worldwide until the COVID-19 lockdown. Image credit: Walpole

By LUXURY DAILY NEWS SERVICE

As the United Kingdom prepares for a resumption this week of air travel to and from the European Union, the country's trade association for luxury brands has asked for a review of the 14-day quarantine rules that will hit inbound tourism and the luxury sector hard.

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In a well-reasoned letter to Rishi Sunak, U.K.'s chancellor of the exchequer, Walpole chief executive Helen Brocklebank laid out the importance of the British luxury sector to rebuilding the country's economy. She called for an urgent review of the 14-day quarantine rules.

"I am concerned by the negative impact that the 14-day quarantine regime has on the sector's ability to recover from the COVID-19 crisis," Ms. Brocklebank said in the letter.

"Retail and hospitality are the twin engines of growth for the British luxury sector," she said. "As a whole, the sector contributes 48 billion to the UK economy a significant contribution to GDP. International visitors and tourism are a crucial driver of that revenue."

Most passengers arriving in the U.K. are currently required to self-isolate for two weeks and provide details online of their self-isolation accommodation before arrival.



Helen Brocklebank is chief executive of Walpole

Here is Ms. Brocklebank's letter in its entirety:

Rt. Hon Rishi Sunak MP

Chancellor of the Exchequer

HM Treasury

1 Horse Guards Road

London SW1A 2HQ

Dear Chancellor,

IMPACTS OF THE 14-DAY QUARANTINE REGIME ON THE BRITISH LUXURY INDUSTRY

As the chief executive of Walpole, the sector body for the British luxury industry, I am concerned by the negative impact that the 14-day quarantine regime has on the sector's ability to recover from the COVID-19 crisis. Retail and hospitality are the twin engines of growth for the British luxury sector. As a whole, the sector contributes 48 billion to the UK economy a significant contribution to GDP. International visitors and tourism are a crucial driver of that revenue.

Walpole represents more than 250 member companies from the high-end creative and cultural industries with members spanning brands including Alexander McQueen, Burberry, Claridge's, Glenmorangie, Harrods, Net-A-Porter, Rolls-Royce Motor Cars, Wedgwood and numerous small and medium-sized enterprises (SMEs), which currently make up 60 percent of the sector, such as Chapel Down, Ettinger, Floris, Savoir Beds and Temperley London.

Prior to the COVID-19 lockdown, the luxury sector was growing at 9.6 percent annually, outpacing UK annual growth of 4 percent. The UK's high-end creative and cultural industries of which the luxury sector is part performed strongly with the overall contribution rising 49 percent, from 32.2 billion to 48 billion between 2013 to 2017.

The pandemic has caused on average a 60 percent decline in luxury sector revenue over the first six months of the year and it faces grave economic consequences unless all potential economic levers are used to support a return to growth. International tourism must be encouraged. The quarantine regime is harming the tourist industry and the many inter-related sectors which contribute to the British creative economy.

The rise in shopping tourism has previously been well documented by Walpole the value of sales of high-end goods to non-UK resident customers was around 4.5 billion in 2017, with tourist spend accounting for between 25 percent to 80 percent of revenues for some British luxury businesses. Tax Free Shopping data released by Global Blue shows the world's wealthiest shoppers account for 17 percent of global tax-free spend. These international elite shoppers come from the following territories and show a preference for shopping in Europe:

Greater China (40 percent)

Southeast Asia (15 percent)

Gulf Countries (14 percent)

USA (6 percent)

Russia (6 percent)

France is currently the number one destination, followed by the UK and then Italy. As the UK aims to "Build back Better" we must signal that the UK is open for business to overseas customers and we must retain our competitive edge with the rest of Europe. Now that borders are mostly open within the Schengen countries, the UK has already a competitive disadvantage which will be compounded if we do not open up to travelers from the five nations listed above.

Data released by Global Blue on 24th June, shows that Tax Free Shoppers are currently more likely to travel to APAC destinations and Germany based on perceptions of the territories' safety. APAC countries have established green corridors for travelers and because of this are set for economic recovery faster than Europe.

The international appeal of British luxury brands, hotels, restaurants and cultural experiences are highly influential in attracting visitors to the UK and our soft power. We must continue to build on that appeal and do everything to support it. Whilst online luxury sales have been a critical life support throughout the crisis in the domestic market and loyal local shoppers are undeniably important the British luxury sector's appeal will dwindle if overseas customers are not given the opportunity to visit the UK for the full brand experience which is particularly important for customers from international markets. Long-haul travelers must be encouraged to the UK.

Prior to the current crisis, British luxury has been a global success story with London recognized as being the world's leading luxury goods capital and the benefit of that global shop window spreading out across the country by nature of the tourism flows but also the regional manufacturing and employment supported by brands including Burberry (S. Yorks), Bentley (Crewe) Gleneagles, (Perthshire) and Mulberry (Somerset). The British luxury market bolsters the UK economy, supports regional growth and employment and significantly bolsters the British brand.

It is estimated that luxury global sales will fall by 35 percent this year (Bain & Co.) but this is largely an optimistic outlook and does not fully recognize the impact on smaller players who are yet to internationalize and are reliant on revenues in the UK from domestic and tourist spend. The UK must do everything possible to support luxury UK sales in order to retain its position in the global market place.

Walpole welcomes recent reports that the Government is planning "travel corridors" between a selection of European countries. However, the 14-day quarantine rules which affect international visitors, particularly elite and long-haul shoppers, will hinder the return to growth of the UK's luxury goods sector. They need to be reviewed urgently and the effect on the luxury market and in turn the wider UK economy and jobs considered.

Yours sincerely

Helen Brocklebank
Chief Executive, Walpole