

RETAIL

Q&A: Walpole CEO Helen Brocklebank on COVID-19, tourism and the future of British luxury

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U.K. luxury retailers and hoteliers are eagerly awaiting the return of big-spending foreign tourists. Image credit: Shutterstock

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With more than 270 members, including Burberry, Rolls-Royce and Harrods, industry organization **Walpole** aims to promote, protect and develop British luxury, a sector that contributes some 48 billion (\$66 billion) to the United Kingdom economy.

Founded in 1992, the nonprofit group fosters growth in the industry through initiatives such as its annual trade mission and press showcase in the United States, an annual mentoring program (**Brands of Tomorrow**) and a **program in luxury management** at London Business School.

The past year has been difficult for luxury brands and retailers worldwide, but the virtual freeze on international tourism has presented a particular challenge for the U.K.

Among Walpole members, tourist spending accounts for an average of one-third of their U.K. revenues surpassing 80 percent for some brands and tourist-shoppers from China, Middle East and the U.S. are crucial to the bottom line.

Jing Daily recently caught up with Walpole CEO Helen Brocklebank to discuss the current state of British luxury, the impact of COVID-19 and Brexit on luxury marketing and innovation, and how the British luxury market may bounce back in the months and years ahead.



Helen Brocklebank is chief executive of Walpole

A topic with major implications for the U.K. and globally is obviously COVID-19, but several things compounded for the British luxury industry over the past year, such as Brexit and the scrapping of the tax-free refund scheme. Can you give us a level-set of where things are at for Walpole and your members right now?

Sure, it was kind of a perfect storm of very challenging things like COVID-19 and Brexit and suddenly, this benign climate for luxury in the U.K. that was thriving suddenly had lots of things to talk about. But one of the things that I saw very quickly was that the CEOs in the sector just took it head-on, and very, very quickly innovated.

What we saw in the first lockdown was the closure of luxury and hospitality, which led to those businesses very quickly digitizing and innovating.

That's a signature in British luxury, going back to the days of Wedgwood, of that entrepreneurial and creative spirit. If you knock them down they get back up again.

So we saw enormous amounts of digitization very quickly, and real resilience among luxury CEOs.

Making sure the product really hits right, and figuring out what's going to work and what was not, rather than just putting money into opening up a new Paris boutique.

By the time the Brexit deal was finalized, you saw businesses that were stable and had been doing a lot of work in the supply chain being more resilient.

The export business has also been very strong, with the U.S. and Southeast Asia and Greater China really firm. You can see this in the results of some of the listed companies.

Still, a lot of the British luxury business is still here in the U.K., because of its enormous allure with overseas visitors. What you've also seen is a shift towards focusing on a very local customer, who is somebody who really appreciates buying sustainably.

When we launched our **British Luxury Sustainability Manifesto** last January, we saw that sustainability was a top-five priority for most luxury companies. I think that's really come up to the top three now in the U.K.

Chinese tourists are a key driver for the U.K. luxury market, and obviously brands and retailers have faced the challenge of not having that buyer base over the last year. At the moment, how is the China market, in general, for British luxury?

If you're a British luxury brand that is well established for export in China, you're on the whole doing really, really well. But there is also the Chinese expat or second-generation Chinese communities in the U.K., which are very strong on luxury.

You've also seen Harrods create a beautiful **member's experience** in Shanghai. There has been a great deal of work going on to ensure the allure of British luxury continues to be strong for the visiting Chinese customer.

You just have to start thinking, how do I prepare for the reopening? And what I'm seeing from British luxury CEOs and the brands is a real focus on what's unique, what's special, what is particularly interesting, what you can't get anywhere else.

In a global world where anybody can get anything, and where your phone is your window onto everything, what you want as a luxury customer is something that when you go back home, other people aren't going to have.

So I see businesses looking at creating things that will only go into [certain] stores.

Harrods will have the only Herms womenswear boutique in the whole world when they reopen. And that's a reason to visit, even to buy French luxury in the U.K. Or look at the incredible work going on in the distilleries in Scotland, all those very fine and rare whiskeys. You go into the [Macallan distillery in Speyside](#), an incredibly beautiful place, and you've got something that's automatically a unique memory just for you. There's a product there that you can't get just through export.

I think that's where the focus is. How do I make what I've got to offer unique and distinctive, particularly alluring? And also how do I make it really, really British? Because if you've made the effort to come and visit the U.K., you want something that is only available here or, even better, only made here.

So I think elevation and hyper-localization are the two things I'm really, really seeing from British luxury brands right now.

I'm curious how this has impacted the work that you are doing at Walpole, and what you're encouraging your members to do to try to revitalize the luxury market in the U.K. How has it shifted your strategic mindset, both for brands and your organization?

As the body that represents British luxury, with 270 members now, I think our work has more than quadrupled over the last year.

The challenges for the sector are so much greater. I mean, it was a sector that was worth 48 billion pre-pandemic. It was growing nearly 10 percent every year. Eighty percent of it was exports. So overnight that disappears.

As an organization, we have to think about how to bring all of the CEOs of those brands together, so they can use the community they've got within Walpole to share problems, take collective action, and work out what needs to happen next.

And also from there, with Britain leaving the E.U., there are challenges for the sector that didn't really exist before.

So as an organization, we represent business interests, we need to be really on top of a legislative framework that is very different from how it's been over the last 10 years. This is an interesting pivot point, isn't it? Because certainly in the U.K., everything has changed.

So it just means that we have to redouble our efforts. If the government's talking about new trade deals, because the U.K. has its own independent trade policy for the first time in more than 45 years, in 50 years, how do we as an organization make sure that there's a win there for luxury when these brands are exporting? Can we make it easier?

On sustainability, we've got a very big ambition for British luxury to be the global benchmark for luxury sustainability. How to use our convening power to talk about the fact that some brands are way ahead of the U.K. government's net-zero ambitions, and use the experience of the big brands to really accelerate those who may not be.

We also have a big campaign with the BBC coming up, using the power of the BBC to create content, beautiful films about British luxury businesses that will go out at the end of this year.

Obviously the digital move has been out of necessity as much as anything, but do you feel like you're going to keep that going even after all this is over? Do you feel this is maybe here to stay in terms of being a more digital organization?

I mean, 100 percent. Luxury is about the human touch, isn't it? It's about emotion, it's about creativity. So we will still have these beautiful face-to-face events like the British Luxury Awards when we can, but we'll also have the digital ability to communicate with our members who are in the Outer Hebrides and also in Cornwall.

I mean comparatively, Britain is a small country, but when you've got members throughout the length and breadth of the British Isles, it's important to be able to bring them together and talk about big issues like trade and sustainability very, very quickly.

I want to ask you a little bit about Gen Z and millennials. More luxury brands and retailers have been using things like livestreaming and high-quality brand films, or brand-funded content like television shows or films to spread their message. Is that something that you've been looking at or your members have been talking about? How do you really feel about getting that younger customer excited about British luxury?

It's something super important because you're always looking at the next generation.

We have a program called **Brands of Tomorrow** where we help elevate and accelerate the progress of the next generation of brands. But I think it's important with customers too, because how do you make sure that luxury is future-proof?

You want these brands on the radar of people at a young age, and then it's a whole lifetime journey. So I'm really excited by brands like Burberry, which is always an innovator, with its **social retail project in Shenzhen** or even just simple things like streaming a show on Twitch.

I think being where the customer is is important. I love all the things that are going on with gamification. We've seen that in the Burberry **B Bounce game**, and you've got a great British startup called **Drest**, which is making things accessible to a whole new audience.

What we've also seen is a new interest in analog among Gen Z. Possibly because we've been living in such an intense digital world, where the most exciting thing you can do in the U.K. right now is to go for a walk.

You know, the British weather being what it is, you can see why trench coats, cardigans and Wellington boots are such important British luxury goods. But after that, the interest is in what can I have? What's my luxury?

For Gen Z, often that means a kind of interest in analog, something around discovery, craftsmanship, how an item is put together. That impetus is quite new, and I'm very interested to see how that will go.

I'm blown away at how 16-year-olds are interested in seeing how a very formal Oxford shoe is constructed, from the last to the soles and the hole of the shoelace. That's a new thing, and I think that augurs well for the future of luxury.

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