

TRAVEL AND HOSPITALITY

## British luxury calls for tax-free shopping to boost travel

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*The United Kingdom is struggling to entice high-spending visitors, but Walpole has a few suggestions. Image credit: Walpole*

By NORA HOWE

Since the COVID-19 pandemic and Brexit, the U.K. tourism sector has decreased in value, but luxury trade association Walpole is hoping to boost the economy by encouraging the return of tax-free shopping.

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According to [Walpole's latest report](#), "What It's Worth: Enabling the Return of the 30 Billion-pound High-End Tourism Sector," more than a third of the country's tourism value is attributed to luxury travel, defined as those staying in luxury accommodations. Walpole and its members, such as Burberry and Harrod's, suggest the VAT RES tax-free shopping program could result in retail sales of 1.2 billion pounds, or \$1.45 billion at current exchange rates, and an additional 600,000 visitors.

"To say that it has been a challenging few years for the U.K. tourism industry would be an understatement, however we are now in a position where the U.K. can open its doors to the world and welcome back international tourists," said Helen Brocklebank, CEO of [Walpole](#), in a statement.

"High-end tourists, especially, are looking to spend in our luxury hotels, restaurants, shops and cultural venues up and down the country, all the while aiding economic growth and job creation," she said. "By doing this, we can work together to make the U.K. the destination of choice for those looking to travel post-COVID and fuel the U.K.'s long-term recovery."

### Economic revival

Spending on shopping by visitors from Gulf Cooperation Council (GCC) in the EU in Q4 2021 was at 153 percent of Q4 2019 levels. In the same period, however, GCC spending on shopping in the U.K. was at just 60 percent of 2019 levels.

For U.S. visitors, in the same period, retail spend in the EU had returned to 91 percent of pre-pandemic levels, while in the U.K. it was only at 49 percent.

Before the VAT RES tax-free shopping program ended, the U.K. government found that 69 percent of international visitors cited tax-free shopping as having influenced their decision to visit the country.



*Since Brexit, travelers are less inclined to visit the U.K. as it has opted for retail taxes. Image credit: Selfridges*

Since Brexit, the U.K. has seen a noticeable shift in where European travelers are looking to spend their time, and an overwhelming number are opting for France, Italy and other EU locations.

In addition to the VAT RES scheme, Walpole believes the country's economy would benefit from visa reform, an extension of Sunday commerce hours and new collaborative marketing efforts.

According to Walpole, the U.K.'s visitor visa system has constructive potential in encouraging the return of high-spend tourists, but the current structure fails to capitalize on the opportunity.

Although they represented just 4 percent of non-EU visitors, in 2019, visitors from the GCC states accounted for 26 percent of all tax-free shopping sales. Since the decision to abolish VAT RES, 60 percent of GCC tourists have suggested that they would reduce the amount of time spent in the U.K.

With the absence of tax-free shopping, Walpole suggests, at the very least, the visitor application process be improved to that of the Schengen region.



*Tourists are taking their time returning to U.K. stores. Image credit: Harrods*

Current regulations in the U.K. also limit the opening hours of stores on Sundays, and Walpole believes it is putting Knightsbridge and the West End in London at a disadvantage.

By expanding store hours in these locations, the U.K. could remain competitive with other European shopping destinations like Paris, Milan and Madrid.

#### Selling Great Britain

Beyond shifting financial incentives of U.K. tourism, Walpole suggests the government work closely with brands and other British organizations on marketing initiatives.

Walpole has led a number of campaigns celebrating the U.K.'s tourism industry, notably the "Love Letters from Britain" campaign launched last year, which shared the untold stories of some of the United Kingdom's most renowned brands in a series of short documentary-style films.

The series featured some of the U.K.'s most recognizable luxury brands including automaker Bentley Motors, Bicester Village, dunhill, Jo Malone London, London Sock Company, Molton Brown, The Balvenie, The Lakes Distillery and the soon-to-be-opened Londoner Hotel ([see story](#)).

More recently, to celebrate The Queen's Platinum Jubilee, British brands such as Burberry, Fortnum & Mason and

McLaren Automotive honored British heritage and culture through various activations and initiatives.

In a display of creativity and sustainability, Burberry partnered with Historic Royal Palaces to support Superbloom, an immersive floral display that will surround the Tower of London.

The brand also contributed two original outdoor installations as part of its Superbloom sponsorship, including a floating meadow in the image of the Burberry logo. The zero-waste installation was made of more than 5,000 plants and is a commentary on the importance of biodiversity, including natural grasslands and marshes.

Burberry also partnered with digital artist Jon Emmony to create an art wall at the entrance of Superbloom at the Tower of London, which will be on display until September 2022 ([see story](#)).

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