



THE ECONOMIC IMPACT OF THE UK FASHION INDUSTRY IN 2021

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Motivation

On behalf of the British Fashion Council (BFC), Oxford Economics has assessed the economic footprint of the UK fashion industry in 2021.

This is a landmark piece of research that will be critical to advocacy, securing the talent pipeline of the future, securing public and commercial funding and to ensuring the right projects are supported at the right time.

Our research sheds light on the sector's impact, measured in terms of value added, jobs created, and its contribution to tax revenue.

This presentation includes preliminary economic impact estimates. These findings are subject to change based on further analysis.



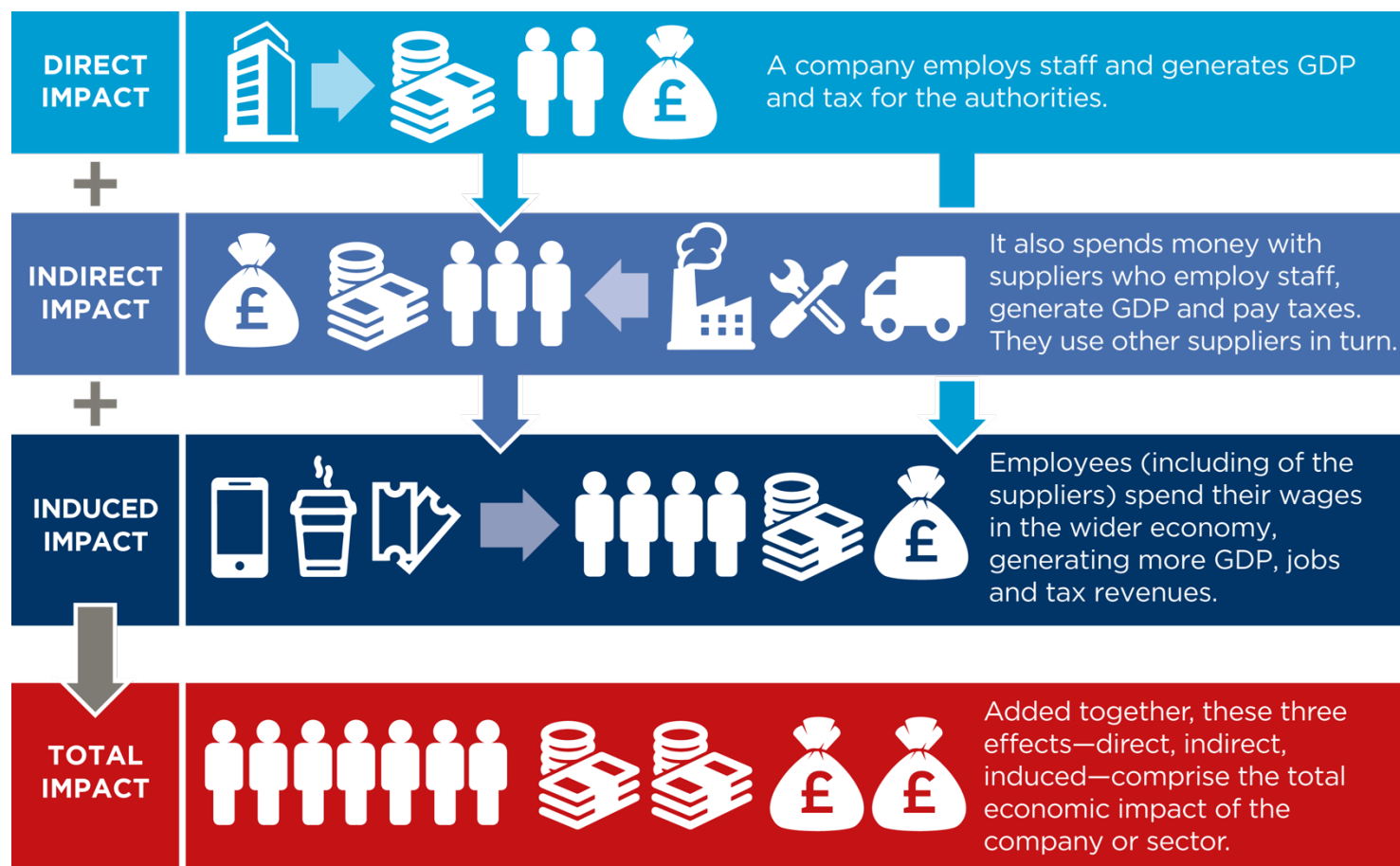
Introduction

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Introduction to economic impact analysis



Channels through which the fashion sector contributes to the UK economy

Introduction to economic impact analysis



Gross value added: This is the contribution of the UK fashion sector to UK GDP. It is the value of output sold less the value of inputs used up to create that output. It is also equivalent to the sum of profits, employee compensation, and taxes on production.

Employment: This is measured on a headcount basis for comparison with Office for National Statistics' (ONS) employment data.

Tax receipts: This is the value of taxes borne or collected. It includes corporate income tax, labour taxes, taxes on products and taxes on production.

Fashion industry definition





Contribution to GDP

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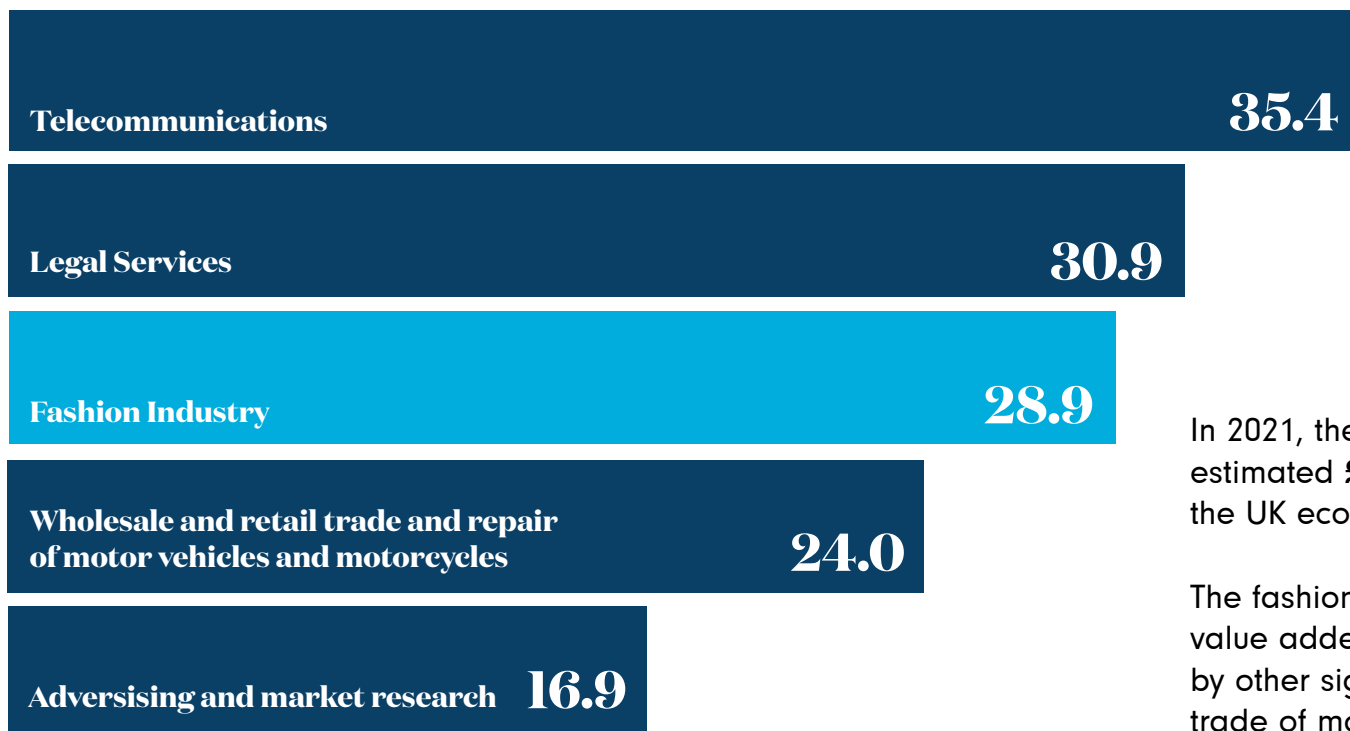


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Direct impact – contribution to GDP

The UK fashion industry made a significant direct contribution to UK GDP in 2021

GVA £ (billion)

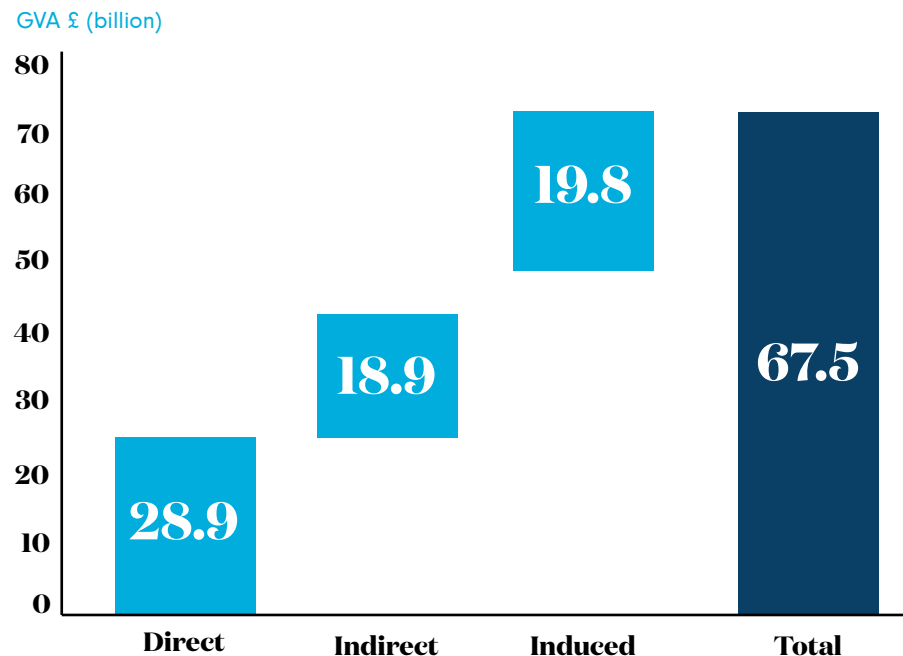


In 2021, the UK fashion industry directly generated an estimated **£28.9 billion** gross value added contribution to the UK economy.

The fashion industry's direct contribution in terms of gross value added is similar in size to the contribution made by other significant sectors such as wholesale and retail trade of motor vehicles.

Total impact – contribution to GDP

The UK fashion industry's total GVA contribution to UK GDP amounted to nearly £68 billion in 2021



On top of the **£28.9 billion** direct GVA contribution, we estimate that the UK fashion industry supported **£18.9 billion** gross value added contribution along its UK supply chain (indirect channel of impact) and **£19.8 billion** in the UK consumer economy (induced channel of impact).

In 2021, the UK fashion industry's total economic contribution equalled **3.2 percent** of UK GDP.

In other words, **£1 in every £31** of GDP generated in the UK is estimated to be created or supported by the UK fashion industry.

Total impact – contribution to GDP

The majority of the fashion industry's total GVA contribution to the UK GDP comes through retail

GVA £ (billion)



In 2021, we estimate that retail was the biggest contributor within the fashion industry. About **two-thirds** of the fashion industry's total economic impact measured as GVA was supported by retailers.

A **19 percent** of total contribution was supported by wholesale activities, followed by manufacturing with **12 percent**.

The rest of the fashion industry's total GVA contribution was supported by other sectors, such as media and advertising.



Contribution to employment

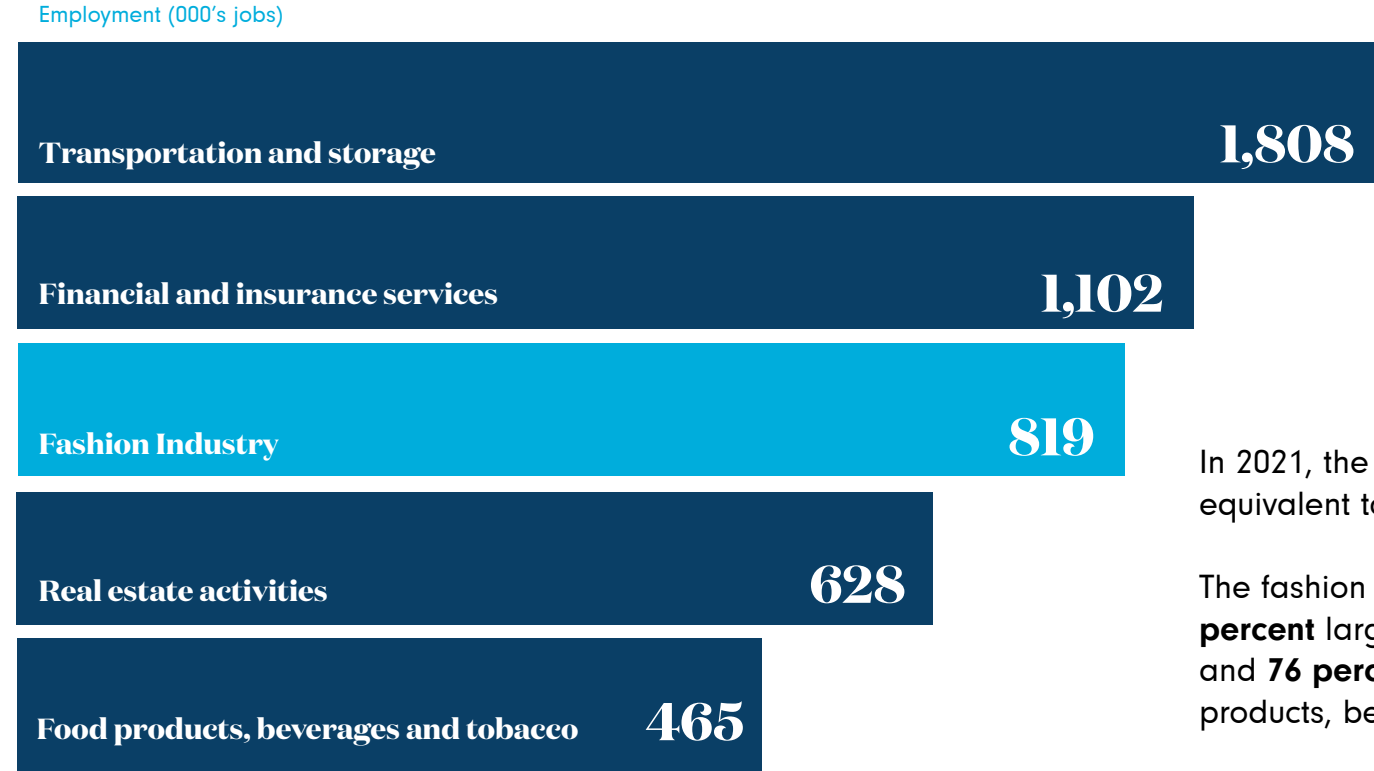
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Direct impact – contribution to employment

The UK fashion industry was directly responsible for more than 800,000 jobs in the UK in 2021

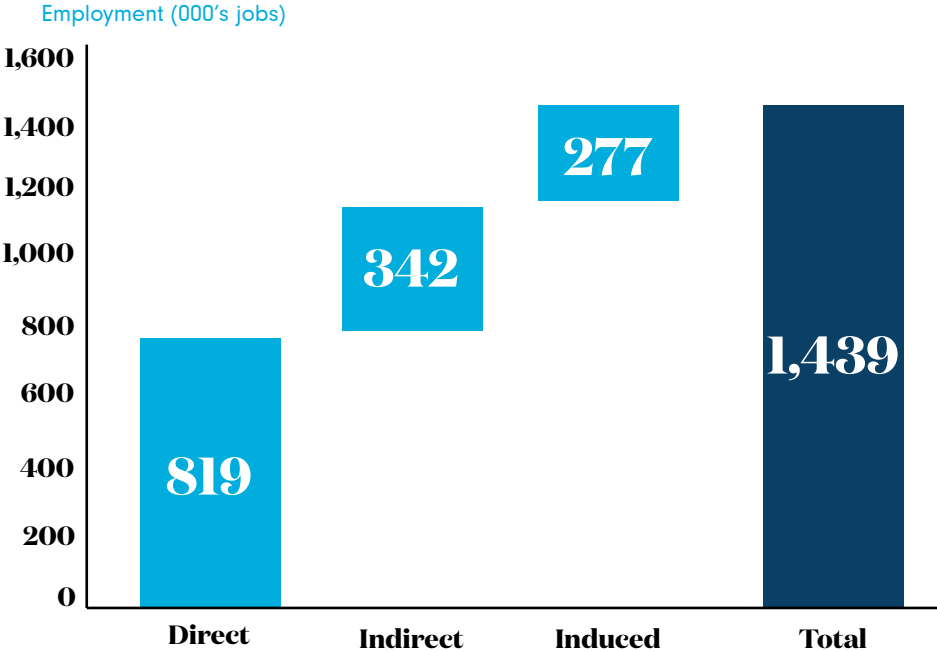


In 2021, the fashion industry’s direct employment was equivalent to **2.5 percent** of UK headcount employment.

The fashion industry’s direct employment in 2021 was **30 percent** larger than employment in retail estate activities and **76 percent larger** than employment in the food products, beverages and tobacco sector.

Total impact – contribution to employment

The UK fashion industry sustains significant amounts of jobs in the UK



We estimate that, in 2021, the UK fashion industry supported **342,000 jobs** along its supply chain (indirect channel of impact) and **277,000 jobs** in the consumer economy (induced channel of impact) in the UK.

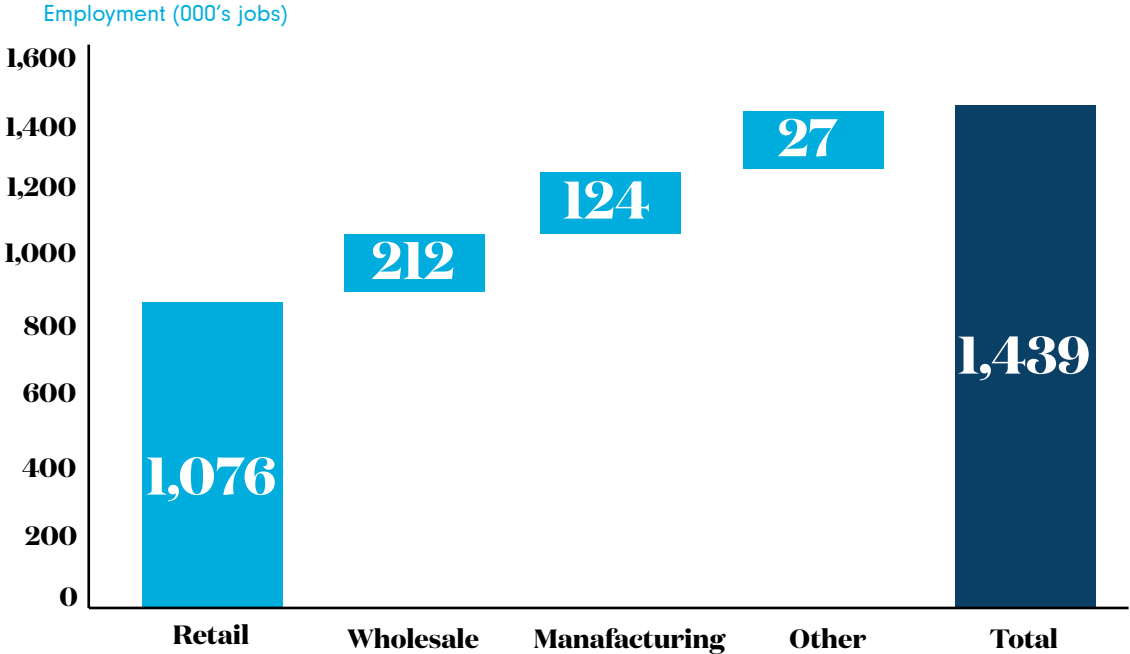
In total, the UK fashion industry supported above **1.4 million** jobs in the UK in 2021.

The sector’s total employment contribution equalled **4.4 percent** of UK employment in 2021. In other words, the number of jobs supported by the UK fashion industry is equivalent to the working population of Birmingham.

Source: Oxford Economics

Total impact – contribution to employment

The majority of the fashion industry’s total contribution to national employment comes through retail



Fashion retail is a major contributor to UK employment. In 2021, we estimate that retailers accounted for **75 percent** of the jobs supported by the UK fashion industry.

A further **15 percent** due to wholesale activity, followed by manufacturing with **9 percent**.

The rest was generated by others such as media and advertising.



Contribution to tax revenue

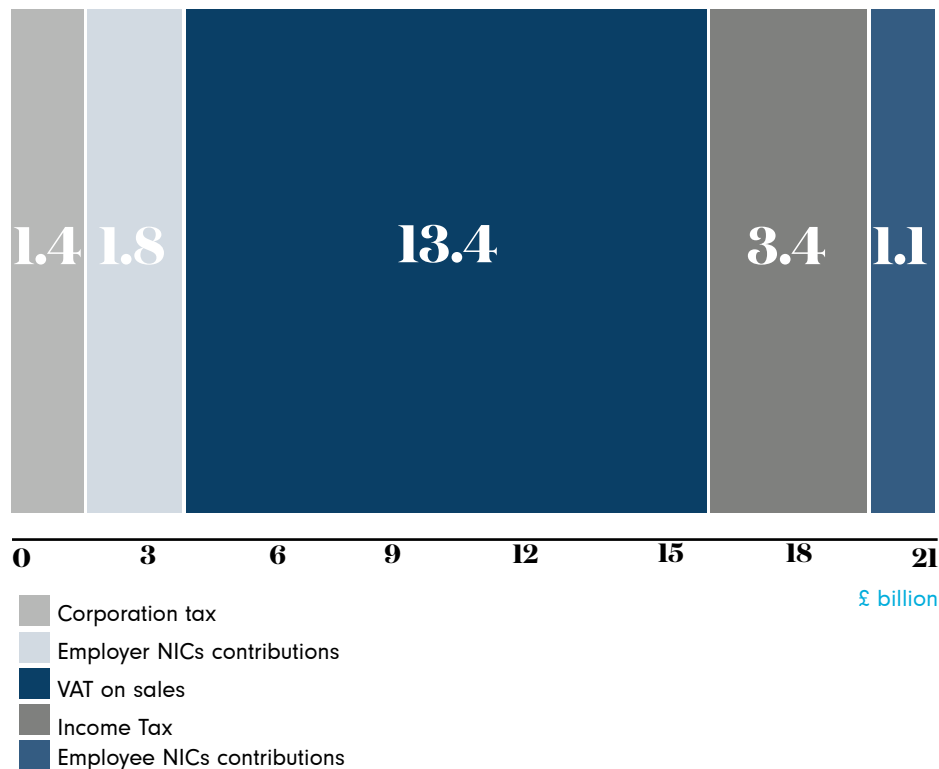
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Direct impact – contribution to tax

In 2021, the UK fashion industry directly generated tax revenues worth £21 billion

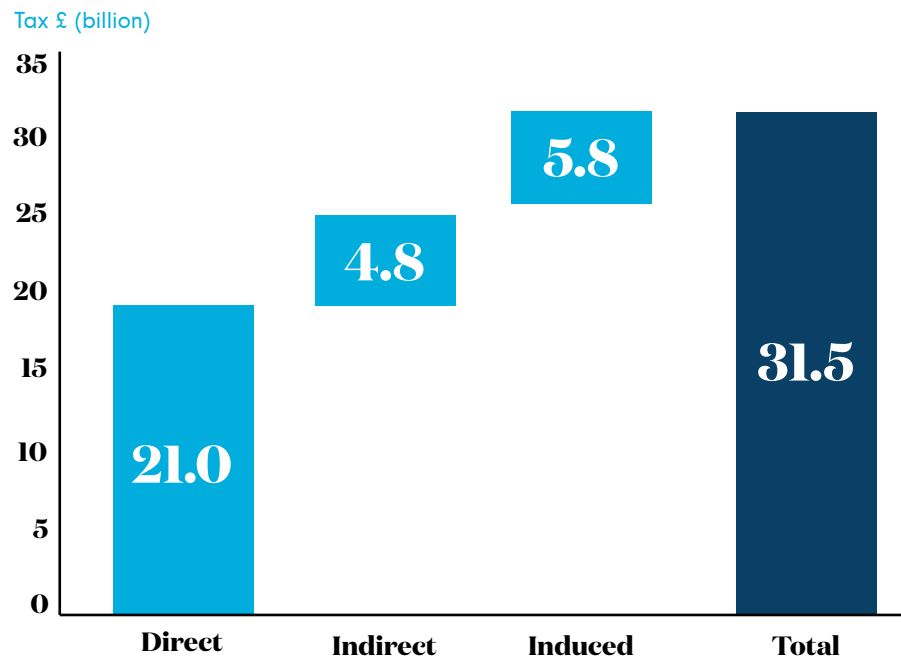


About **2.4%** of the UK government revenue in 2021 came from the fashion industry. In other words, **£1 in every £42** of government revenue in the UK is directly generated by the UK fashion industry.

The large majority of the UK fashion industry's direct tax contribution is collected as value-added tax (VAT) on sales.

Direct impact – contribution to tax

The fashion sector's total contribution to UK government budget was close to £32 billion in 2021



We estimate that the UK fashion industry sustained a further **£10.6 billion** in tax payments, along its supply chain or in the consumer economy in the UK.

The UK fashion industry's total contribution equalled **3.6 percent** of the UK government's revenue in 2021.

In other words, **£1 in every £28** of tax revenue in the UK is linked in some ways to the UK fashion industry.

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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