THE ECONOMIC IMPACT OF THE UK FASHION INDUSTRY IN 2021

05 August 2022
1. Introduction

2. Contribution to GDP

3. Contribution to employment

4. Contribution to tax revenue
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
Introduction to economic impact analysis

Channels through which the fashion sector contributes to the UK economy

Source: Oxford Economics
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

Source: Oxford Economics
Contribution to GDP
Direct impact – contribution to GDP

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

GVA £ (billion)

<table>
<thead>
<tr>
<th>Industry</th>
<th>GVA £</th>
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</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td>35.4</td>
</tr>
<tr>
<td>Legal Services</td>
<td>30.9</td>
</tr>
<tr>
<td>Fashion Industry</td>
<td>28.9</td>
</tr>
<tr>
<td>Wholesale and retail trade and repair of motor vehicles and motorcycles</td>
<td>24.0</td>
</tr>
<tr>
<td>Advertising and market research</td>
<td>16.9</td>
</tr>
</tbody>
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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.

Source: Oxford Economics
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.

Source: Oxford Economics
Total impact – contribution to GDP

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

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.

Source: Oxford Economics
Contribution to employment
## Direct impact – contribution to employment

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

<table>
<thead>
<tr>
<th>Employment (000’s jobs)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Transportation and storage</td>
<td>1,808</td>
</tr>
<tr>
<td>Financial and insurance services</td>
<td>1,102</td>
</tr>
<tr>
<td>Fashion Industry</td>
<td>819</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>628</td>
</tr>
<tr>
<td>Food products, beverages and tobacco</td>
<td>465</td>
</tr>
</tbody>
</table>

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.

Source: Oxford Economics
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.
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.

Source: Oxford Economics
Contribution to tax revenue
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.

Source: Oxford Economics
June 2023

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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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