

Walpole

Luxury in the *Making*

HOW A CREATIVE WORKFORCE
DELIVERS £81 BILLION FOR BRITAIN



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The UK's luxury sector has performed strongly with combined turnover rising by 69% from £48bn to £81bn in the period from 2017 to 2022

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2	FOREWORDS	
4	EXECUTIVE SUMMARY	
9	THE LUXURY BUSINESS MODEL	
9	A business model built on creativity	
9	Where creativity, craft and quality service converge	
10	Innovation and protecting intellectual property	
11	A focus on sustainability	
11	Selective distribution	
13	An export-oriented sector with international appeal	
13	Digital expertise	
13	The aura of luxury	
15	ECONOMIC PERFORMANCE	
15	Combined sector turnover	
16	Gross value added	
18	A buoyant performance for exports and trade	
20	Value to the Exchequer	
20	Employment figures make significant gains	
20	Forecasts	
23	JOB AND CAREERS IN THE LUXURY SECTOR	
25	Characteristics of luxury sector roles	
25	Potential for life-long careers	
28	Luxury's regional impact and skills clusters	
30	Playing a role in brand stories	
30	Recruiting and rewarding talent	
34	Supporting employees	
35	The Outsiders Perspective and Walpole	
37	Future-proofing luxury	
37	<i>Investment</i>	
39	<i>Technology</i>	
39	<i>Sustainability</i>	
40	<i>Diversity, Equity and Inclusion</i>	
40	Making room for growth	
41	The luxury of time	
41	Skills	
42	Investing in and preserving skills	
45	POLICY RECOMMENDATIONS	
45	Improved geographical indicator regime to protect skills and crafts	
46	Reform the apprentice levy	
48	Invest in teaching modern foreign languages	
48	Ensure access to talent and recognise the highly skilled nature of luxury careers	
49	A tax and regulatory system that supports high-quality employment	
50	MEET THE MAKERS	
52	Bentley	
56	Bremont	
60	Edward Green	
64	Gusbourne	
68	Kathryn Sargent	
72	Richard Brendon	
76	Savoir	
81	METHODOLOGY	
82	ABOUT WALPOLE	
82	ABOUT FRONTIER ECONOMICS	
82	THANKS	



Forewords



Michael Ward
Chairman, Walpole
Managing Director,
Harrods

Since Walpole's last economic impact assessment, published in 2019, the sector has faced many challenges: from the effects of lockdown in the UK and globally, establishing new trading relationships with the EU, greater fragmentation in global trade and, at the time of writing, the loss of tax-free shopping – about which many column inches have been devoted. Despite this, I am immensely proud that Walpole, with this comprehensive report, has demonstrated that the UK's luxury sector is a critical part of Britain's economic and cultural life. But more than that, is one of the most vibrant and high-growth industries of the future: a turnover of £81bn in the last year, up from £48bn in 2017, it is a sector that can compete with the UK's brightest and best, be that legal services, life sciences or entertainment and media. As a sector it is a Great British success story.

In my role not only as Chairman of Walpole, but as Managing Director of Harrods, I see on a daily basis how the UK's unique approach to design and craftsmanship ensures British brands stand shoulder to shoulder alongside global luxury icons. This report examines those skills and the vital need to preserve them, but for the first time quantifies the link between commercial success and beneficial employment across the country.



Helen Brocklebank
Chief Executive,
Walpole

Walpole's important study, examining the intricate relationship between craft, materials, employment, supply chains and brands, unquestionably demonstrates the singular strength of the UK's luxury sector. What's more, British luxury is on a trajectory that, with the right support and policies, will only grow further. We have quantified for the first time the significant employment offered by the sector, at the heart of which is skilled work across hospitality, retail and manufacturing, accounting for 219,000 direct and 235,300 indirect jobs. Whilst the UK luxury sector is always focused on the future, both in innovation and growth, its foundation is rooted in its rich history, and brands are custodians of crafts and skills with an important heritage.

As Walpole's Chief Executive I'm here to champion the people whose skills drive growth, from weavers in Scottish textile mills, leather specialists supplying our luxury automotive brands or the young people training in high-end hospitality: just a handful of the roles in a sector that accounted for more than one in ten jobs created in the UK between 2017 and 2022. This heritage, innovation and a relentless dedication to excellence give the British luxury sector international appeal, and in turn drive growth and employment.



Opposite: Craftsperson
at Harris Tweed Hebrides

The people behind the brands are the Olympic athletes of UK PLC yet without proper support for our sector, some defining industries will struggle to survive. We can't let that happen. We all have a part to play in ensuring this high-growth sector continues to thrive. To that end, based on the findings of this report, we have proposed solutions to protect jobs, grow our economy, and continue selling the very best of our country to the rest of the world.

Key Figures

£81bn

2022 TURNOVER

11%

COMPOUND ANNUAL
GROWTH RATE 2017-2022

219k

DIRECT EMPLOYMENT

235.3k

INDIRECT EMPLOYMENT
(TOTAL 454.3K^[1])

£105-135bn

2028 TURNOVER FORECAST^[3]

Executive summary

Renowned for the quality, craftsmanship and creativity associated with the goods it produces and the services it offers, the luxury sector is a global ambassador for the UK. With a turnover of £81bn in 2022, it is a significant contributor to the country's economy, a major employer, and has grown from £48bn since 2017 when the last report was produced. It is also a major contributor to the Exchequer, contributing £14.6bn. At the end of 2022, the sector accounted for 219,000 direct and 235,300 indirect jobs, which together amounts to around 1.5% of people in employment across the UK – or one in every 66 jobs.

These are the key findings from Walpole, the UK's official sector body for luxury, latest report, *Luxury in the Making*, produced in association with Frontier Economics. For this report, Walpole identified and tracked 12 sectors: the largest contributors being the automotive, food and drink, and fashion and accessories sectors, which overall accounted for over two-thirds of the total market.

In addition to an updated economic impact review, this report examines the jobs and skills the luxury sector provides the UK, how the industry benefits the people it employs and impacts the broader UK economy.

Behind every exquisitely tailored Savile Row suit, every expertly distilled Scottish whisky, every stay in a five-star hotel and every luxury automobile are the people who brought them to life, often involving skills that have been honed in the UK over decades and a network of artisans, specialist suppliers and producers. As such the report explores for the first time the valuable interplay between direct employment, which accounts for 219,000 jobs at high-end and luxury brands across the country, and indirect employment, suppliers and specialist producers which are either wholly or partially supported by the sector, and accounts for 235,300 jobs. With a combined total employment of 454,300, the split demonstrates the important role of both the luxury brands and their supply chains to employment in the UK.

Through this report, Walpole also examines and defines the characteristics of the luxury sector and the vast array of career opportunities it offers, which

range from roles in design, artificial intelligence (AI) and finance to bartending, handweaving and glassblowing. Highly skills-oriented, the industry invests heavily in training and equipping its employees with skills, while also focusing on building a more diverse and inclusive workforce. Through interviews with 30 Walpole members, the report explores luxury brands' approaches to recruitment, retention and training, as well as the regional impact of luxury industries. We also examine the skills being maintained and kept alive in the UK as a result of luxury's focus on crafts. Finally, we look at the ways in which the industry is preparing for the future through innovation and investments in digital, while also focusing on embedding sustainable business practices. This report for the first time quantifies the significant challenges the sector faces in keeping heritage skills alive, and what support the sector could benefit from to ensure future growth.

Finally the report tells the stories of how some of the highly skilled makers entered the sector, and casts a light on the people behind the products.

THE LUXURY SECTOR AT A GLANCE

The UK's luxury industry is thriving, growing by 69% between 2017 and 2022, and registering a Compound Annual Growth Rate (CAGR) of 11% in the period. This performance is particularly striking given the challenges faced by the industry in that time, including:

- Impacts related to the UK's withdrawal from the European Union
- Greater fragmentation in global trade
- The COVID-19 pandemic
- The loss of tax-free shopping for international visitors to the UK
- Rising energy costs

Despite these very significant headwinds, in 2022, the luxury industry contributed £21.6bn in Gross Value Added^[4] (GVA) to the UK economy, roughly the same as the pharmaceutical sector. Meanwhile, the financial contributions made by the high-end industries to the Exchequer^[5] hit £14.6bn. When indirect employment is included, luxury's contribution to the Exchequer raises to £25.5bn.

FORECAST

As evidenced in luxury's 2022 performance, the sector is resilient. It is also expected to continue its upward trajectory during the next five years. In nominal terms, a lower-case scenario would see the sector growing to between £105bn and £110bn by 2028, while a higher-case scenario could see that figure rise to between £125bn and £135bn.

Despite this outlook, threats to the sector's long-term prosperity, and the value it can deliver for the country, remain. We have identified areas where Government policy change would set the luxury industry on a trajectory to

The UK luxury sector is forecast to continue its *rapid growth in the medium term*. Forecast value of sales for 2028 is between *£105bn and £135bn*

FINANCIAL PERFORMANCE INDICATOR	2017	2022
Overall turnover for the sectors	£48 billion	£81 billion
Turnover as a proportion of UK GDP	2.4%	3.7%
Sector GVA as a share of UK overall GDP	n/a	1%
Rate of growth (CAGR)	9.6%	11.0%
Estimated direct employment	156,000	219,000
Total (including indirect) employment	n/a	454,300
Total exports	£38.5 billion	£56 billion
Contributions to Exchequer, excluding indirect employment	£7.4 billion	£14.6 billion
Contributions to Exchequer, including indirect employment	n/a	£25.5 billion

Figure 1: The Economic Impact of the UK luxury sector in 2017 and 2022

The financial indicators are reported in the table above, which also provides where applicable a comparison to the data presented in Walpole's 2019 report which used 2017 data

deliver further growth in good quality, rewarding employment, while driving economic growth and protecting the UK's world-class industrial crafts and the communities they serve.

These include:

- **Improved Geographical Indicator regime to protect skills and crafts:** the UK's Geographical Indicator (GI) regime currently applies to food and drinks. If the scheme was extended to include non-produce-based craft products, such as Savile Row tailoring or Staffordshire pottery, this would be a boost to the protection not only of the industries themselves, but the skills they rely upon and in turn the communities they support.
- **Reform the apprentice levy:** by relaxing stringent rules surrounding the Apprenticeship Levy businesses would be better able to invest in their workforce's skills and training.
- **Invest in teaching modern foreign languages:** the UK is well positioned to cater to high-end visitors from overseas, with its favourable geography, historic links across the

world and open, tolerant and welcoming environment. Being able to speak to international consumers in their first language is a considerable benefit, both for retail and hospitality workers, as well as offering wider commercial benefits.

- **Ensure access to talent and recognise the highly skilled nature of luxury careers:** being able to move staff between the EU and UK is important for businesses and for the training and development of UK employees. Government recognition of the highly skilled nature of high-end retail and hospitality jobs would facilitate access to visas.
- **A tax and regulatory system that supports high quality employment:** a new, digital tax-free shopping scheme across the UK would enable a tourist boom that would drive employment and growth across the UK. The Government should also examine the efficacy of other tax changes to encourage visitors to our high-end industries and help support high-end British retail, manufacturing and hospitality businesses, as well as the jobs that depend upon them.



The luxury *business model*

A BUSINESS MODEL BUILT ON CREATIVITY

The industry's business model is based on a combination of tangible and intangible characteristics. This differentiates luxury brands and services from their mid- and mass-market peers and includes a dedication to creativity, craft and innovation. Luxury brands employ highly skilled workforces and deliver exceptional customer service while following a carefully managed distribution model, or, in the case of dining and hospitality, occupying prestigious venues and locations.

The label "luxury" has a connection to quality in the minds of consumers. This connection is made real thanks to products created to last and services that deliver experiences that endure in the minds of customers. As such, the industry takes a long-term approach to strategy with brands focusing on consistent success over short-term profit. They do this by embedding sustainability into their businesses, protecting their highly valuable intellectual property (IP) and investing in extensive training for employees. The allure or "aura" of luxury – an allusion to quality, craft and creativity – is shared by prestige brands, while British luxury's creativity is fuelled by a combination of rich cultural heritage, a spirit of innovation and experimentation, collaboration, cultural diversity, education and training, as well as an unwavering commitment to craftsmanship and quality.

WHERE CREATIVITY, CRAFT AND QUALITY SERVICE CONVERGE

The aura of luxury is driven by creativity and innovation, and sustained by the provision of expertly crafted product marketing and customer service that is tailored to exceed customer expectations. The industry relies on a highly creative and skilled workforce to do this, and invests in training to further develop its people's skillsets. For instance, following an intensive two-year apprenticeship course, it can take up to eight years to train an upholsterer to become a qualified "deep-buttoner" making Fleming & Howland furniture. Likewise, even seemingly straightforward tasks, such as making a bed, when done to the standards expected of a five-star hotel, requires training, thought, care and skill.



Left: Craftsperson
at Halfpenny London

The UK luxury sector is *growing at a rate of 11%*, outperforming domestic growth in the last five years

“Everything we do involves great craftsmanship, operationally in particular. To make a bed, for example, for it to look pristine and immaculate is a skill and we go to great lengths to perfect. We love quality and excellence, and we’re very proud to give our guests a sense of this through a beautiful bouquet of flowers, by creating a delicious pastry or with how we serve a bottle of fine wine. It may sound romantic, but to us it’s of the utmost importance and we’re passionate about how we do these things. Making the guests happy is our mission.” *Hotel Café Royal*

While scarcity and exclusivity play into the aura of luxury, scales of production can vary vastly. A high-end whisky distillery may, by necessity of its scale, produce only a small volume of spirits annually, for instance, while a luxury perfumer with a global presence might deliver a significantly greater volume of fragrance. What unites these two approaches is that luxury manufacturers share an approach to production which favours craft, quality ingredients and, frequently, a hands-on or human touch to achieve the final product.

To attract and retain creative talents, innovators, skilled workers and artisans, luxury brands invest in formal training, apprenticeships and qualifications, while also developing partnerships with educational institutions to ensure uninterrupted talent pipelines. They also invest in bespoke training for their people to deliver the high-quality experiences that are essential to the luxury business model. In addition, to secure efficient supply chains, luxury brands invest in cutting-edge domestic manufacturing facilities and partner with a network of trusted suppliers close to home. Luxury is one of the only sectors in the British economy for which domestic manufacturing and investment in craft-led skills is customer critical.

As consistency in product quality is a priority for luxury goods manufacturers, many enter into long-term partnerships with suppliers. These affiliations can span decades and mean that suppliers, many of them small

or medium-sized businesses, have the long-term perspective required to invest in innovation and the passing on of knowledge and skills to younger generations of craftspeople.

INNOVATION AND PROTECTING INTELLECTUAL PROPERTY

Many British luxury brands can boast of legacies of innovation within their respective fields. In luxury ready-to-wear, for instance, in 1879 Thomas Burberry invented gabardine, a weather-resistant fabric, which revolutionised outerwear and is still used by the brand today. Sunspel manufactured some of the world’s earliest luxury T-shirts using Sea Island cotton in the early 1900s.

Willing to pay a premium for goods and services, luxury customers have high expectations with respect to quality, craft and creativity. Brands often maintain a steady stream of innovation to satisfy their existing customer bases and appeal to new generations of consumers. Investments in innovation can span developments in new materials, methods of production, product design, marketing and communications, as well as environmental and social sustainability practices.

Benefit to the customer through creativity or improvements in the end product is always a driver of innovation for high-end brands and critical to maintaining their market-leading position. Investment in this area is protected through IP, which encompasses product development and design, particular skills and methods of production, brand identity and communications. Investment in innovation and quality of design and production is protected by the company being able to enforce its IP rights, and therefore provides British luxury brands with legal recourse against counterfeiters, infringers and unauthorised distributors. This in turn protects brands’ long-term commercial and creative success, as well as being part of the basis for the sector’s significant contribution to employment. In short, the value of luxury brands is inextricably linked to their intellectual property.



Clockwise from above:
Hotel Café Royal,
Ettinger and Heirlooms

A FOCUS ON SUSTAINABILITY

Safeguarding the environment and natural resources is vital to all industries, but resonates particularly with luxury brands given their long-term strategies: the quality raw materials required to manufacture high-end goods and the heirloom quality of luxury pieces, which are designed to last, and are often passed from one generation to the next. In addition, luxury brands and their suppliers frequently have innate links to the environment and their local communities. For example, Harris Tweed is the only hand-woven textile produced in commercial quantities anywhere in the world, and is made solely from Cheviot and Black Faced sheep farmed in Scotland.

Premium hospitality venues located in countryside settings often include environmental conservation into their business models, like Gleneagles' commitment to land and water stewardship and woodland conversation projects in Scotland

and Ramsbury Estate's farming and education scheme for local school children in Wiltshire.

Across all industries, consumers, employees, investors, regulators, media and pressure groups are demanding action on the environment and sustainable business practices. Luxury brands are playing their part in driving that change. They are also communicating their commitment to sustainability by seeking recognised standards, including certified organic status, sustainable building certificates and B-Corp certification.

SELECTIVE DISTRIBUTION

The retail journey is one of the most important aspects of the luxury experience for customers, and the principle of selective distribution allows high-end brands to create a network of carefully selected retail partners (both brick-and-mortar and online) that can provide the appropriate

setting for high-end brands' product ranges, and importantly ensure unparalleled levels of customer service both at purchase and after-sale.

Luxury consumers have high expectations with respect to high-end retail, and brands respond by creating luxurious environments in prestigious locations, developing compelling storytelling through innovative store design and product displays, investing in immersive digital experiences, and ensuring sales associates are highly trained and have in-depth brand and product knowledge.

To enable luxury brands to deliver these valuable experiences, brands strategically develop and make

long-term investments in retail networks, which may include physical locations and/or digital infrastructures. They can also enter distribution and retail partnerships, relationships that frequently span decades. Brands' retail networks often comprise directly owned or managed stores, multi-brand digital retailers and world-famous department stores, as well as distributors and boutiques in key locations around the world. Luxury brands' ability to choose the most appropriate locations and partners to distribute their products is underpinned by the principle of selective distribution. This enables brands to carefully select and invest in a network of partners, which is appropriate for their products and delivers retail experiences that are in line with or exceed their customers' expectations.



Clockwise from above:
Morris & Co. production at Sanderson
Design Group, clay modellers at
Range Rover, and craftspeople
at Savoir's Bedwork in Wales

AN EXPORT-ORIENTED SECTOR WITH INTERNATIONAL APPEAL

The UK's high-end sector has long drawn on the creativity, provenance, craft and quality associated with British design and manufacturing to export and invest in developing global markets for its products and services. In recent years the sector has grown strongly in markets such as the US, China, Japan and rapidly expanding in markets including South Korea and across the Gulf.

While exporting to both established and emerging markets has been key to the long-term growth of the sector, luxury businesses are also a huge driver of shopping tourism. A substantial proportion of luxury product sales occur as a result of customers choosing to invest in luxury brands while travelling, and seeing this as an integral part of their travel experience. In the London Luxury Survey, Bond Street was placed by 67% of our respondents in their top three luxury streets in the world. (Source: Walpole's *State of London Luxury* report 2023.) Shopping tourism in the UK has, however, been impacted since the Government withdrew the VAT Retail Export Scheme (VAT RES) on 1st January 2021. Under the scheme, tourists from outside the European Union had been entitled to purchase eligible goods tax-free – the far reaching economic consequences and impact of this change is explored in depth in Walpole's *What It's Worth* report, published in 2022.

On the international stage, the UK luxury industry's export strength is supported by the soft power of the brands it represents. Brands boasting stories rich in innovation or centuries-old heritage (or a combination of both), with deep cultural and trade relationships, act as global ambassadors for Britain and for the nation's creativity, entrepreneurial flair, dynamism and craft.

DIGITAL EXPERTISE

Developments in digital underpin the business models of many luxury brands, and some high-end players are present primarily online. The luxury sector invests heavily in digital expertise to support its operations, facilitate the customer retail journey and as a marketing and communications tool. This is to ensure brands can provide outstanding, individually-focused customer experiences no matter which channel customers choose to engage with them.

As well as making products available for purchase, digital channels provide opportunities for brands to elevate their

customer service, to connect with new and existing audiences around the world at their convenience, and to enhance their brand image through online content that underscores the quality, creativity and provenance of their products.

To give additional dimension to the retail journey, some luxury brands create smartphone apps, which allow shoppers or guests to interact with and access additional information about their products while shopping in store or staying at one of their hotels. As well as allowing guests to manage their reservations, The Londoner has an app for guests, which can be used to facilitate keyless entry, order room service and communicate with staff, for instance. It also uses AI to respond to guest queries, something also seen at Harrods, which has also invested in AI to better serve customers at the iconic London department store.

THE AURA OF LUXURY

Playing a major role in determining desirability, the aura of luxury relates to the quality of a product or service, its exclusivity and associated perception of status among people who shop for luxury goods, as well as the wider public.

A luxury positioning implies goods are made with materials of exceptional quality to the highest possible standards using cutting-edge technical expertise, traditional craft or a combination of both. Cultural and traditional heritage can also play a role in building an aura of luxury and informing provenance. Similarly, in prestige hospitality, the location and grandeur of a venue, the variety of services on offer, such as spas and sporting facilities, as well as high levels of customer service, contribute to luxury aura.

Marketing plays a role in developing a product's luxury aura by increasing or maintaining desirability through branding, packaging and communicating a sense of rarity and/or exclusivity. In addition, exemplary customer service creates personalised experiences and builds connection between brands and their customers. Carefully managed distribution also plays a critical role in elevating a brand's aura of luxury by ensuring appropriate brand adjacencies and high standards of customer service.

Distinguishing the luxury industry from other sectors, luxury aura communicates to customers that they have special access to products and services of exceptional quality, with perceptible and perceived added value.



Economic *performance*

An economic powerhouse, the UK's luxury goods sector registered impressive growth since Walpole's last economic performance review published in 2019, with increases in turnover, and the number of people employed within its industries increasing by 69% and 40% respectively.

The characteristics that set luxury businesses apart, including a focus on craft, creativity and quality married with exceptional service and the aura of luxury, continued to underpin sector growth in the period. Brands are leaning into those differentiators while continuing to invest in their people, digital innovation and strategies to future-proof their businesses and connect with new generations of consumers.

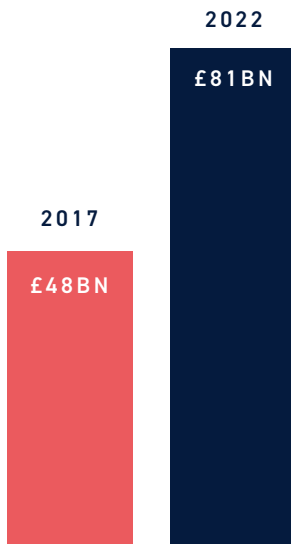


Figure 2:
Growth in turnover,
billions, £, 2017–2022

Left: Bentley

COMBINED SECTOR TURNOVER

The UK's high-end sector generated turnover of just under £81bn in 2022, representing an increase of 69% over £48bn in 2017.^[6] Viewed in comparison to UK GDP, 2022's turnover figure equates to around 3.7% of UK GDP, up from 2.4% of UK GDP in 2017.^[7]

While changes in research techniques and methodologies may account for a small increase in turnover,^[8] gains reflect growth, either through increased sales by established businesses or the entry and expansion of new businesses. Drivers behind this robust performance include strong strategic leadership in a period of considerable global uncertainty, a growing and diversified customer base, continued development of international markets with high-spending luxury consumers, and a major investment in digital technologies, enabling brands to reach new and growing luxury oriented demographics including Gen Y and Gen Z.^[9]

The luxury industry grew at a faster rate between 2017 and 2022 than during the previous five years to 2017. In nominal terms, compound annual growth rate (CAGR) was over 11%, compared to 9.6% previously. This is notable given that in the period since 2017, the industry faced very significant headwinds, including uncertainty relating to Brexit and establishing a new trading relationship with the EU, which represents the sector's largest export

market. In addition, greater fragmentation in global trade, the scrapping of the VAT RES scheme in the UK, the impact of the COVID-19 pandemic and, most recently, rising energy costs as a result of the conflict in Ukraine, all contributed to creating challenging market conditions for the sector.

Despite these unprecedented challenges, the industry outpaced Walpole's previous growth forecasts published in 2019, which had an "optimistic" projection in nominal terms of turnover reaching between £65bn and £74bn by 2024. This performance demonstrates the resilience of the sector and its strong fundamentals for future growth. ("Optimistic" referred to favourable developments in international trade.)

Looking at the breakdown of combined turnover by subsector, the UK's luxury automotive industry, which counts renowned names including Aston Martin, Bentley Motors, Jaguar Land Rover and Rolls-Royce Motor Cars, accounted for 41% of high-end sector sales in 2022 (see Figure 3), and luxury automobiles accounted for 54% of turnover generated by total automotive manufacturing in the UK in the same period. The high-end food and drink (15%) and luxury fashion and accessories (12%) categories

were the second and third biggest luxury sectors by turnover in 2022 (see Figure 3).

GROSS VALUE ADDED

In the review period, the luxury industry contributed about £21.6bn per year to the UK economy in Gross Value Added (GVA), which is around 1% of UK GDP. A measure of economic contribution, GVA is the value businesses add to goods and services before selling them to customers. This is calculated by deducting the cost of the raw materials and overheads (not including some costs, such as salaries and taxes) required to deliver an end product from the price paid by the consumer for that product.

To put this contribution in perspective, it is about the same as that of the pharmaceutical manufacturing sector and more than twice that of the Premier League.

Several key characteristics of luxury brands (see section *The luxury business model*) contributed to the sector's GVA performance, including creativity, a focus on quality and the aura of luxury, as well as the skills and know-how required to deliver products and services to the highest standards.

LUXURY SUBSECTOR	TURNOVER OVER IN 2022 (£MN)
Automotive	32,927.90
Food & Drink	12,021.50
Fashion & Accessories	9,930.86
Retailers & Etailers	8,661.44
Media	4,393.78
Beauty, Wellness & Grooming	3,375.17
Jewellery, Watches & Precious Metals	3,129.99
Hospitality & Services	2,832.96
Culture	1,572.72
Interior Design, Home & Craftsmanship	916.02
Aviation & Yachting	866.48
Property & Estate	142.17
TOTAL	£81 BN

Figure 3:
Turnover of luxury subsectors, millions of £

Source: Frontier Economics calculations based on Companies House data, AI-driven research, and publicly available company data

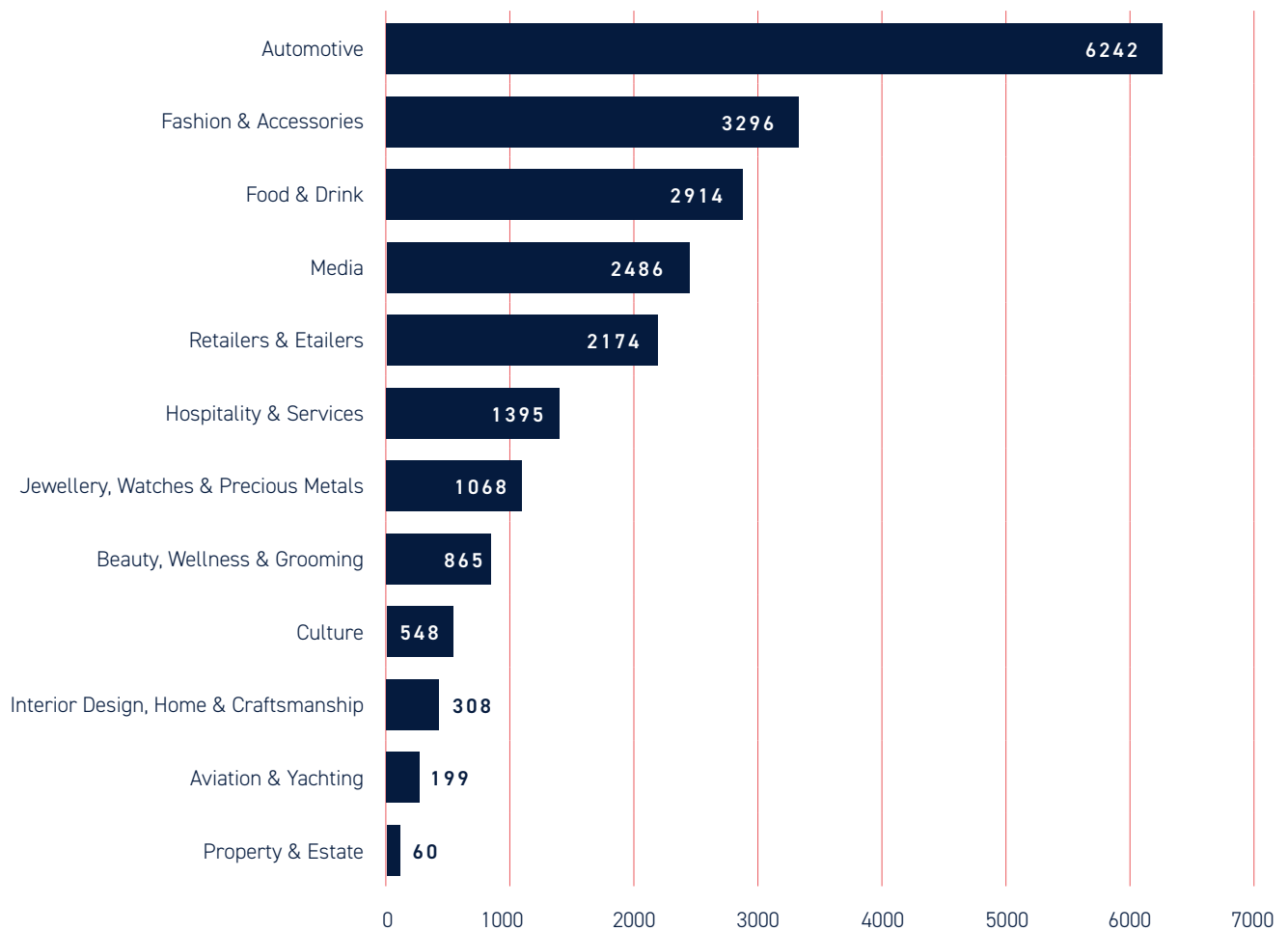


Figure 4:
Gross Value Added, luxury sector
by subsector, millions of £
Source: Frontier Economics analysis, ONS

The UK's luxury sector has
performed strongly with
combined turnover rising
by *69% from £48bn to £81bn*
in the period from 2017 to 2022

A BUOYANT PERFORMANCE FOR EXPORTS AND TRADE

The UK's luxury industry is an export success story and highly oriented to international markets, with 2022 exports totalling £56bn, which represents a 45% increase over export sales of £38.5bn in 2017.

Approximately two-thirds of UK-manufactured high-end products are exported, with the EU, North America, the Gulf and China being among the highest value markets (see Figures 7 & 8).

If we exclude components that are primarily services, high-end exports were around 12% of the UK's merchandise exports, which is an increase over the share reported for 2017 of 9%. If we include services elements, we find the high-end sectors account for around 7% of total UK trade.

High-end automotive was the top exporter within the sector, accounting for half of total export turnover, or £27.7bn. The food and drink category was second at 17% (£9.4bn) and fashion and accessories was third at 15% (approximately £8.6bn) (see Figure 6).

By export market, the EU/European Economic Area (EEA) including Switzerland remains the UK luxury sector's biggest market. At 32% of export sales, this share represents a reduction since 2017, when 42% of the sector's exports

were destined for the European market. As Walpole explored in our *Trading with Europe* report, businesses in the sector have found workarounds to ensure that EU trade continues, however, this has come at an additional cost and often with administrative burden that at times can be considerable, particularly for small-to-medium sized businesses. Nevertheless, brands continue to invest in European distribution owing to the market's centrality to the luxury ecosystem, and the importance of both domestic European consumers and international shoppers visiting Europe.

The trade frictions caused by the withdrawal of the UK from the EU have resulted in rapid growth in investment in other markets where demand has also grown (see Figure 7).

North America remains the second largest export market for UK luxury goods, accounting for 24% of total exports and representing the largest market for high-end automobiles. Between 2017 and 2022, the Gulf region increased its share to 14% and overtook China (11%) as the third largest export destination for UK luxury goods. The Gulf is a particularly strong market for exports of jewellery, watches and precious metals, as well as aviation and yachting. In the "rest of the world" category, Australia and New Zealand account for around 2% of the total, and Central and Southern America and the Caribbean account for just under 1%. Asia, excluding the countries listed in the chart but including India, Indonesia, Taiwan and The Association of Southeast Asian Nations (ASEAN), accounts for around 6.5% of exports.

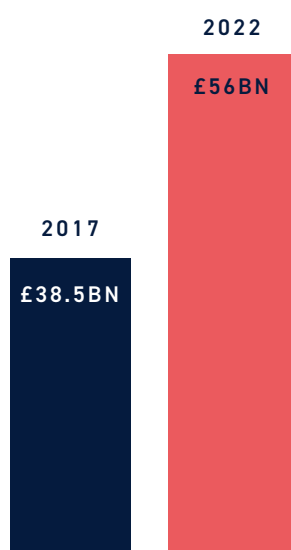


Figure 5:
Value of luxury sector exports
in billions, £ in 2017 and 2022

LUXURY SUBSECTOR	VALUE OF EXPORTS IN 2022 (£MNS)
Automotive	27,715.04
Food & Drink	9,391.72
Fashion & Accessories	8,557.44
Jewellery, Watches & Precious Metals	2,800.51
Beauty, Wellness & Grooming	2,207.08
Media	1,960.19
Hospitality & Services	1,263.19
Culture	701.64
Interior Design, Home & Craftsmanship	599.00
Aviation & Yachting	386.56
TOTAL	£56BN

Figure 6:
Value of exports by subsector, millions, £

Source: Frontier Economics analysis, based on COMTRADE, ONS, ITPD-E, and Bain

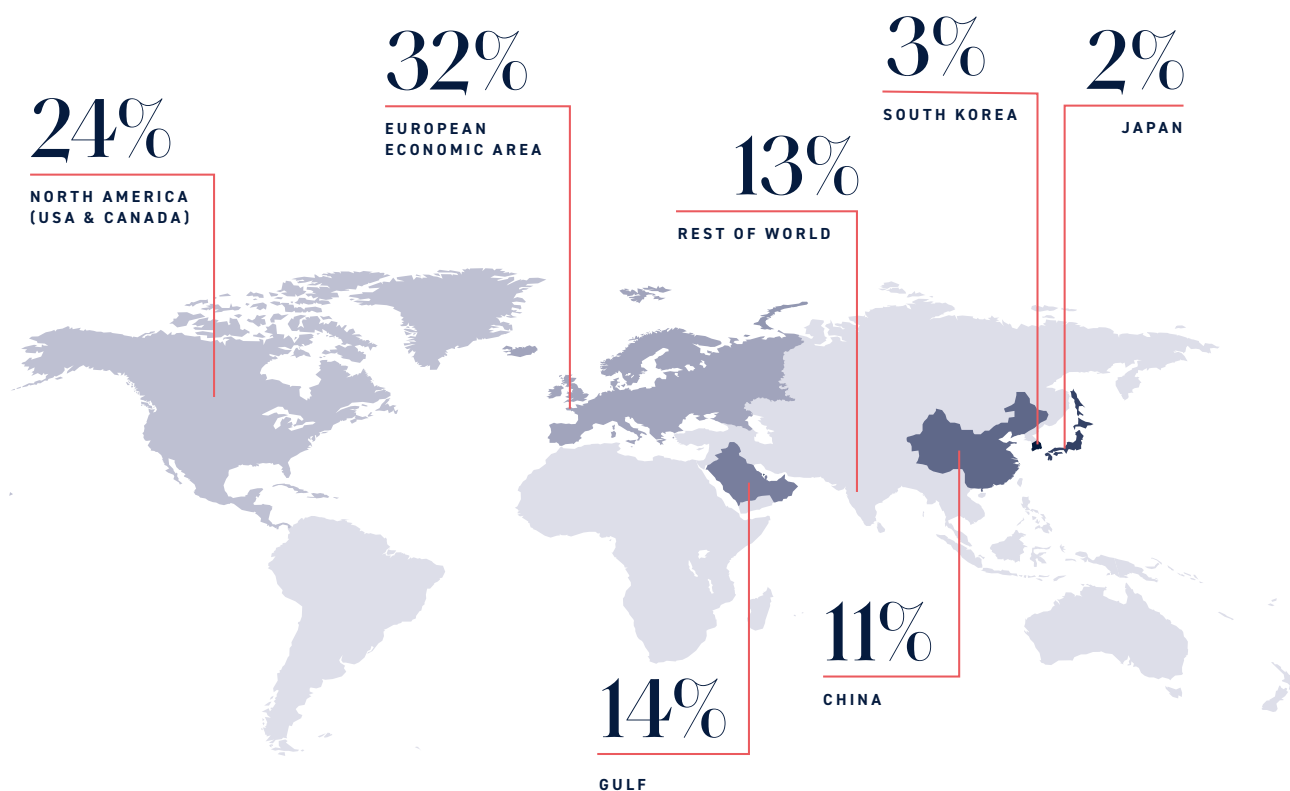


Figure 7:
Total exports by major market

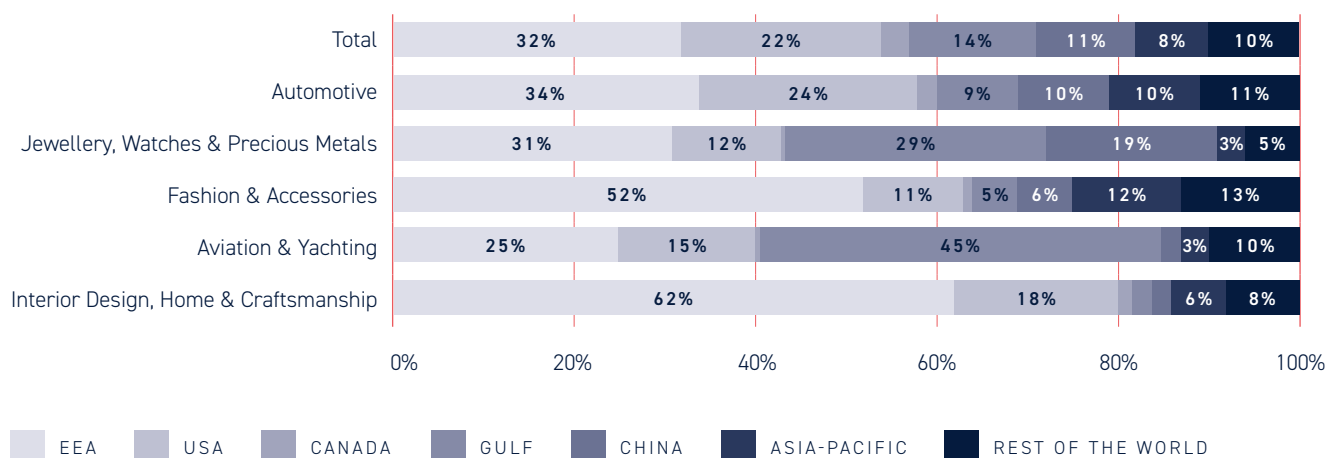


Figure 8:
Distribution of exports by subsector and major export market

Source: Frontier Economics analysis, based on COMTRADE, ONS, ITPD-E, and Bain. Note: share for Canada is 1.6%

VALUE TO THE EXCHEQUER

The financial contributions made by the high-end industries to the Exchequer reached £14.6bn in 2022, consisting of tax and National Insurance payments and savings in the form of unemployment benefits not paid as a result of employment created by the sector, as detailed in Figure 9. The figure of £14.6bn represents an increase of 96% on 2017's total of £7.4bn, and reflects growth in turnover, changes to tax rates (notably Corporation Tax) and nominal growth in wages. When indirect employment is included, luxury's contribution to the Exchequer raises to £25.5bn.^[10]

CATEGORY	VALUE IN (£ MILLIONS) 2022 DIRECT EMPLOYMENT
Corporation Tax	5,000
National Insurance Contributions	1,000
Income Tax Revenue	1,500
Savings from avoided benefit payments	7,100
TOTAL	14,600

Figure 9:
Financial Contributions to the Exchequer^[11]

EMPLOYMENT FIGURES MAKE SIGNIFICANT GAINS

The UK luxury sector is a major UK employer, directly employing 219,000 people.^[12] This represents an increase of 40% compared to 2017 (as highlighted in Figure 10) or approximately 63,000 jobs. Roughly 11% of the UK's increase in total employment between 2017 and 2022 is attributable to core high-end jobs.

As detailed in Figure 11, the luxury automotive industry accounted for close to a quarter of jobs within luxury, with fashion and accessories – and food and drink – following at 16% and 13%, respectively.

Beyond the core employment figure, high-end sectors have broader linkages, for example through supply chains, including purchases of raw material inputs,

or specialist services, such as professional and legal services, architecture and advertising. Linkages can be within the same sector or across sectors, and have broader impacts on employment.^[13] As such, indirect employment within the luxury sector accounted for around 235,300 jobs in 2022, which takes total employment associated within the high-end sector to around 454,300 employees.^[14] That amounts to approximately 1.5% of people in employment in the UK at the end of 2022.

FORECASTS

Despite significant challenges, the UK's luxury industry proved extremely resilient between 2017 and 2022, and is expected to continue its upward trajectory over the next five years (see Figure 12).

The projected ranges for growth in overall turnover of the sectors between 2023 and 2028, in nominal terms, between £105bn and £110bn on a lower-case basis and between £125bn and £135bn on a higher-case basis.

The lower-case projection is based on expected average world growth. Typically, the high-end sectors grow at much faster rate. The CAGR for the sector since 2010 has been around 8%. Assuming that the lower-case takes into account a more adverse climate for the sectors (for example, trade and geopolitical tensions affect demand and supply chains), we assume a slower rate of growth equivalent to a CAGR of around 6%.

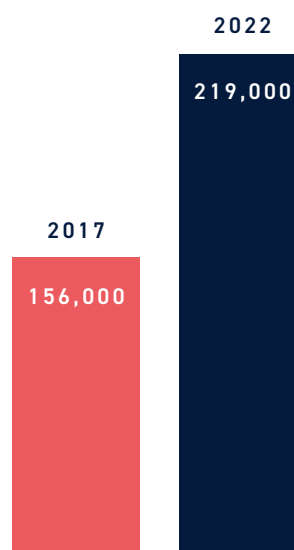


Figure 10:
Growth in direct employment

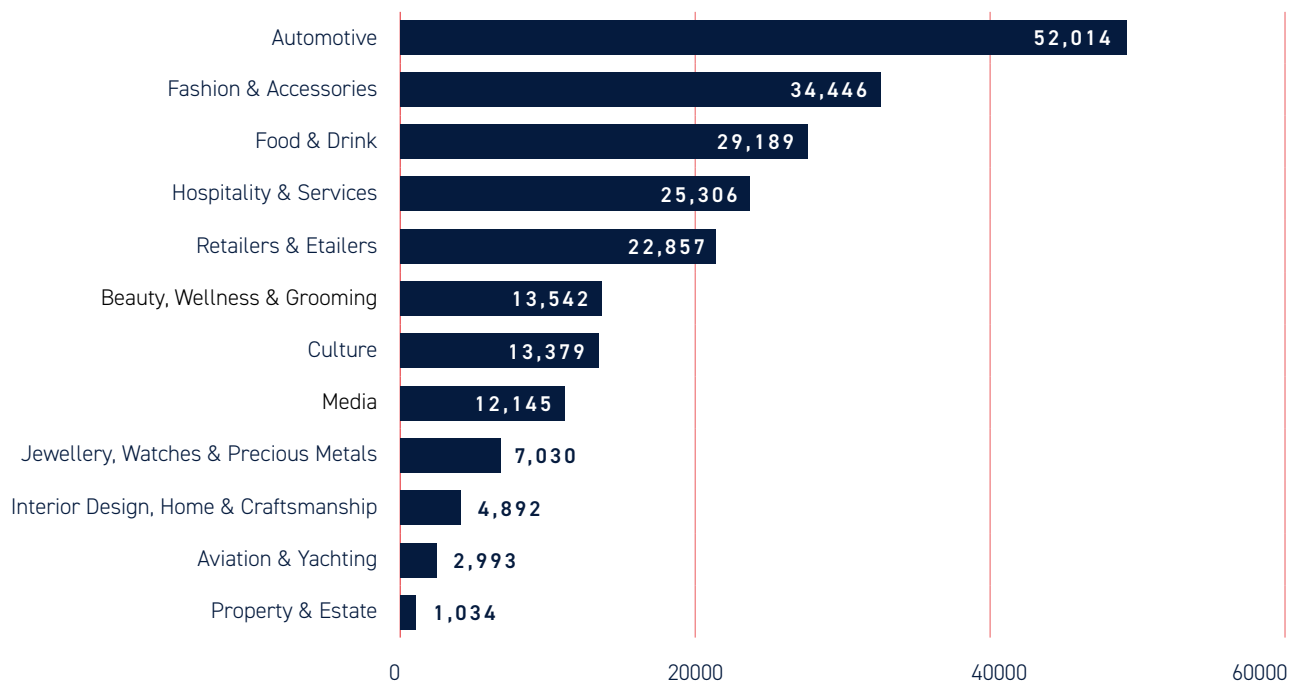


Figure 11:
Employment numbers by high-end subsector

Source: Frontier Economics calculations based on Companies House data, AI-driven research, and publicly available company data

The higher-case reflects an increment on past observed CAGR, with a projected CAGR of around 10% (which is still lower than the CAGR estimated for 2017-2022). The higher-case projection assumes that the prime drivers of growth are the United States (and less in Europe where growth is expected to be weaker) and emerging markets, reflecting trends in export market share.

Both the lower and higher projections take into account projected trends in the sector and developments in key markets. For instance, growth within the high-end automotive industry, luxury's largest sector, will be impacted by the extent to which it is able to adapt to the low-carbon transition and the progressive phase-out of standard internal combustion engines. Sectoral developments also include luxury industries' ability to reach new markets through a variety of channels as well as the extent to which geopolitical tensions may spill over into trade. Overall growth projections for the medium term are, according to the International Monetary Fund (IMF), expected to be stable and slow. Emerging markets, including the Gulf region, for example, which present key growth opportunities for the high-end sectors, are forecast to grow more quickly.

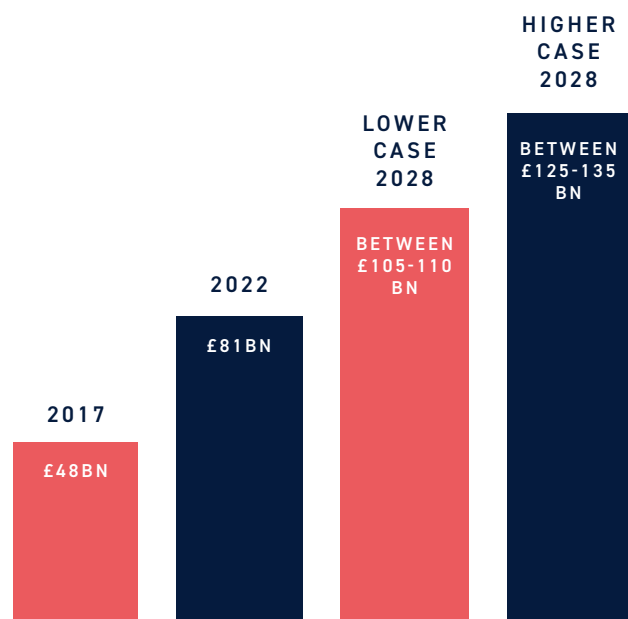


Figure 12:
Forecast performance to 2028, billions, £



Jobs and careers *in the luxury sector*

Behind every luxury business delivering exceptional goods and services of the highest quality are the people who are keeping their brand's distinctive point of view alive, and ensuring its relevance to today's consumers. At the end of 2022, the luxury sector directly and indirectly provided jobs for about 1.5% of the employed UK population. Luxury businesses directly employ 219,000 people, while indirect employment accounts for another 235,300 jobs. Mirroring the varied nature of luxury businesses, these employees include craftspeople using skills that were first developed hundreds of years ago, and technical innovators elevating the luxury experience for digital-savvy shoppers.

The luxury industry spans a number of sectors, including high-tech heavy manufacturing, such as automotive and yacht building; traditional human-scale, craft-oriented production, including textile weaving and whisky distilleries; service-oriented fields, like tourism, retail and hospitality; and cultural institutions and businesses related to art, music and publishing.

Roles within each sector are as varied as the luxury industry is wide ranging. In a luxury hospitality venue, for instance, employees can include housekeepers, groundskeepers, sommeliers and social media managers, while high-end fashion roles can include designers, store managers, raw material sourcing experts, as well as legal, human resources and accounting functions. The automotive industry offers jobs in engineering, leatherworking and customer relations, to name but a few, while in the textiles industry chemical engineers, weavers and machinery technicians are among a plethora of roles involved in delivering the end product.

"We've got about 1,200 employees in the company as a whole and there are about 350 job titles because there are so many different elements in the work that we do. Having skills in each of those areas is really important; no one person in our organisation can know it all because it's such an extended supply chain under one roof." *Johnstons of Elgin*



Left: Boodles



Clockwise from above:
Hotel Café Royal, calligrapher
at Fortnum & Mason and Johnstons
of Elgin **Opposite:** handcrafted
assembly at Aston Martin Lagonda

Whether the end luxury product is a cashmere scarf or a stay at a five-star hotel, what unites employees in the industry are opportunities to excel, to perform their craft at its highest level, to learn from experts in their chosen field and to work with the highest quality raw materials, often within exceptional environments. This applies just as much to those businesses creating experiences as it does products. Ultimately the aura of luxury relates to experience, whether it's a night in a five-star hotel, or the feeling of owning a piece of bespoke jewellery.

"There's a level of mastery in terms of knowledge and learning a skill. And there's passion; our people love what they're doing, and they want to share that knowledge with our guests. I think there is a sense of pride that comes out in their job and being part of the brand story." *Fortnum & Mason*

Luxury brand stories can be steeped in heritage; Fortnum & Mason was established in 1707 by a footman to Queen Anne, and his landlord. Working in the industry can play a role in keeping institutions and skills alive for future generations, and contributing to Britain's cultural fabric.

In their day-to-day work at The Carnegie Club at Skibo Castle, for example, specialist masons preserve stonework dating back to the 1800s. Whisky makers at The Glenturret Distillery are continuing the story of Scotland's oldest distillery, the origins of which can be traced back to 1763. Balancing heritage and innovation, people working within the luxury industry are leaving their imprint on the future, too.

“We’re at an interesting intersection between innovation and being very forward looking, but we’ve also got a lot of heritage that we’re drawing on; that heritage echoes into our forward innovation.” *Aston Martin*

At many of these businesses, employees work to uphold a legacy dating back decades. Even to this day, one colleague at Aston Martin completes the final inspection of the car and that person’s name is inscribed onto an engine plate which is fixed to the car’s engine, while some pairs of Northamptonshire made shoes are to be repaired by the same craftsman who made them many years previously.

CHARACTERISTICS OF LUXURY SECTOR ROLES

Working within the luxury industry combines commitment to excellence and attention to detail with what one Walpole member described as “intangible magic.” From a painstakingly handwoven throw, to a perfectly set dining table to a car door that shuts with a satisfying click, the UK luxury industry offers an opportunity to turn personal passion into a career. In a field where the exceptional is rewarded, employees develop their skills alongside experts, and become experts themselves.

“One thing that differentiates the luxury sector is the attention to detail and the quality of the people you get to work with; people at The Savoy are incredibly passionate about what they do and are dedicated to the care and experience we provide for our guests.” *The Savoy*

Attention to detail is perhaps the most important skill when creating luxury products and experiences, and every person involved in a luxury brand plays an important role in the overall outcome. A fine dining experience will fail to live up to expectations if every detail has not been considered and elevated, so everyone from the kitchen porter to the head chef plays a role in delivering the experience.

This makes it an inclusive workplace where everyone, from management, to creative, to frontline staff work together to deliver an outstanding customer experience.

“Collaboration is central in terms of how we go about our work. All the way through from design to procurement to engineering, every function has a role to play in terms of what is ultimately created at the end. This collaborative, cross-functional working is part of our DNA. It’s why we are proud to say that ‘no one builds an Aston Martin on their own’.” *Aston Martin*

Even in situations where traditional manufacturing methods are used to create craft-oriented products, mechanical, IT and engineering skills are often vital to the production process. At Johnstons of Elgin, for instance, finishing and yarn manufacturing machines containing wooden parts which are prized for their gentle treatment of cashmere, sit next to high-tech computer systems, which capture data and monitor progress.

Likewise, these traditional jobs are not at risk from complete automation. For environmental reasons, The Glenturret Distillery recently put a system in place to mechanise part of its centuries-old distilling process. Previously the process of removing sugars from malted barley had been done by hand. After much consideration, a mechanical mashtun has now been installed which takes out the manual handling aspect of mashing. It has been carefully designed to allow the operator to be in full control of the process. This ensures their skills and knowledge are the main factor in reaching the high standards required.

“Technical roles are just as much part of the craftsmanship of what we make as the person hand sewing a label or creating intricate embroidery.” *Johnstons of Elgin*

POTENTIAL FOR LIFE-LONG CAREERS

Due to the high standards associated with luxury, the industry relies heavily on the expertise of its workforce, which is often garnered over decades via hands-on experience. Businesses and individuals in the sector are known to teach skills, share expertise and give a wider appreciation of craftsmanship to newcomers.



Between 2017 and 2022, the luxury sector accounted for more than one in ten jobs created in the UK

The value placed on skills, coupled with prestige brands' commitment to making quality products that last, can mean that an employee who develops such skills and expertise can potentially secure a job for life, a rarity in many other industries. Of Johnstons of Elgin's 1,200 employees, 120 have been with the business for more than 20 years, for example. While in 2024, Michael Lynch celebrated 45 years as an employee at Claridge's, having joined at the age of 20 as a room service waiter and working his way to becoming a Butler. He was recently awarded the Long Service Award at the *Mayfair Times* Community Awards.

On the other end of the spectrum, the industry offers a wide range of opportunities to people entering the world of work, including school leavers through training programmes and apprenticeships.

"I was an apprentice, so I'm passionate about providing these opportunities for others. And while I went into an apprenticeship straight from school, we know that's not the only route and encourage people of all ages and backgrounds to join us: each brings their own individual skillset and experiences to enhance our team."

The Carnegie Club

For young people, the luxury industry is an attractive career proposition, too. According to a survey commissioned by Walpole of students at Walpole member, the Fashion Retail Academy, 80% of respondents are considering a career in luxury or wish to secure one. Top motivators include career progression, high pay and a focus on creativity. However, there are perceived barriers to entry, with respondents feeling that a lack of experience, living too far from luxury retail neighbourhoods and not having the correct qualifications impact their chances of securing roles.

Many luxury firms already offer apprenticeship schemes and in-house training programmes. Aston Martin, for instance, has an annual apprenticeship intake and collaborates with schools, colleges and universities to facilitate entry into the luxury automotive industry. The firm has also worked with The Prince's Trust to widen opportunities still further, helping young people living with significant challenges. In February 2024, Bentley opened 38 apprenticeship roles, with opportunities across manufacturing, engineering, quality, purchasing, human resources, information technology and finance. Johnstons of Elgin is an accredited Scottish Qualification Agency Assessment Centre, and more than 100 of the company's employees have qualified through Modern Apprenticeships. Meanwhile, Fortnum & Mason has seen its apprenticeship programme increase in size annually since it launched the programme in 2016, and in 2006 Mulberry started its apprenticeship programme in Leather Goods Manufacturing at its Somerset factories, in partnership with Bridgwater & Taunton College.

Advantages of hands-on training within the industry include training by those who are the best in their field. The furniture brand Matthew Cox, for instance, holds team briefings for each commission. These encourage furniture makers and finishers to work collaboratively from the start of the project and refine their approach together. At regular "open mic" sessions the makers share insights into the challenges they have encountered and the solutions they used to overcome them.

Left: Wood craftspeople at The Carnegie Club



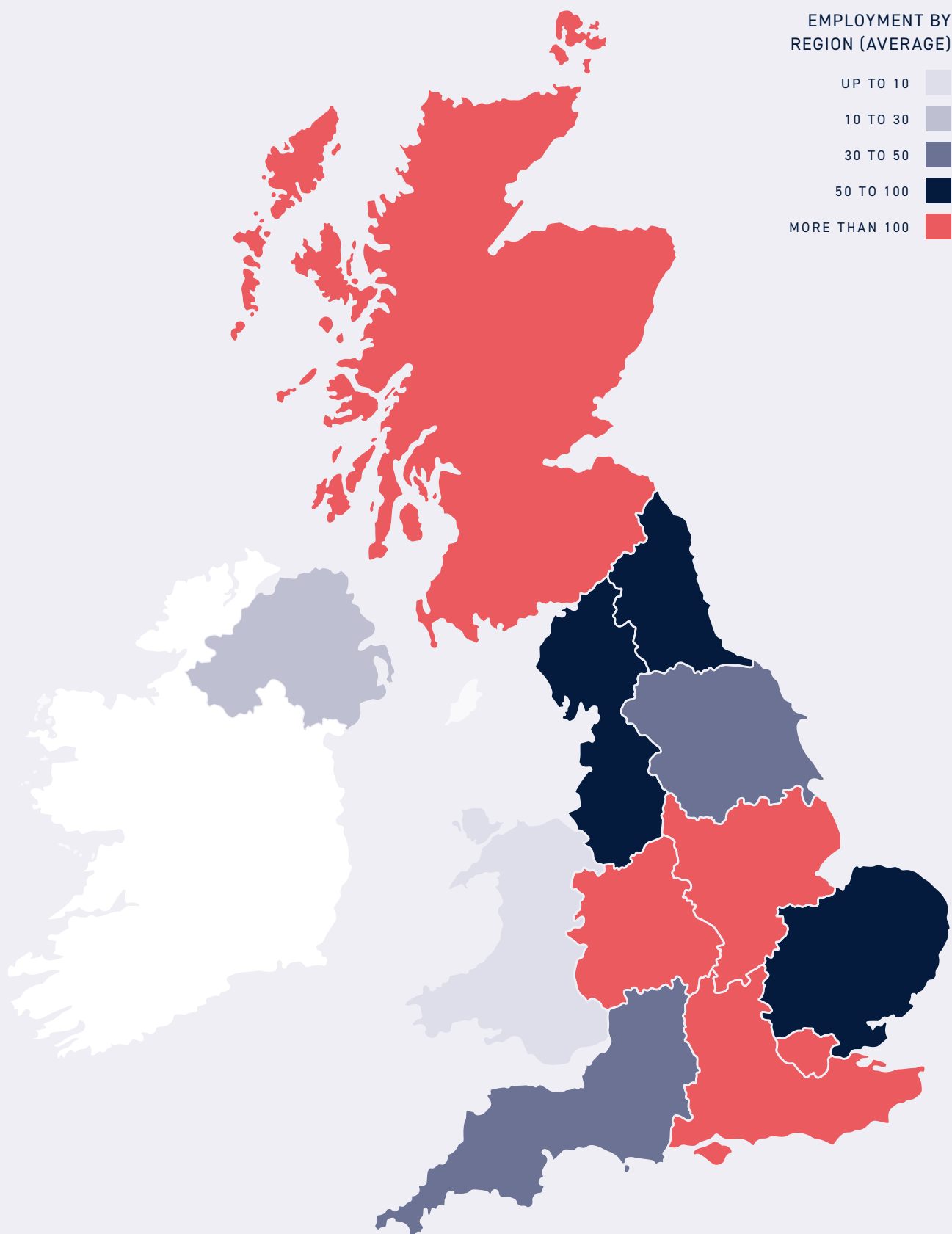


Figure 13:
Average numbers of employees
per business, regional patterns

This contact can mean that people new to the industry can pick up skills at fast pace, allowing them to take on new responsibilities, which build confidence and job satisfaction. At Oyster Yachts, experienced apprentices may be called upon to do quality checks, while Matthew Cox has a ranking system for furniture making tasks, such as sanding and oiling, so apprentices at every level can build experience of client work early in their careers. Their designs vary in complexity allowing makers to 'graduate' to more complex designs and finishers to progress to increasingly challenging techniques.

"It's very much seen as a positive way to do a lot of training, including government legislated training, so employees can study at their own speed and log in when they're comfortable rather than having to sit in a staggered classroom setting. It's a massive win and a very sensible way of progressing." *Rocco Forte Hotels*

LUXURY'S REGIONAL IMPACT AND SKILLS CLUSTERS

Over decades and in some cases centuries, businesses have clustered together, creating regional hubs of excellence and expertise in the UK. For example, weaving has strong ties to Scotland and textile mills are traditionally located in the North of England, while Northampton is known for shoemaking and Stoke-on-Trent for ceramics. London's Savile Row is a centre for bespoke suit-making and Scotland is known the world over as the home of the finest whisky distilleries. The emergence of English sparkling wine producers over the past 20 years has put Kent and West Sussex on the map as centres for winemaking excellence on a par with the finest vineyards of France or Italy. All British luxury automotive manufacturing is regional with key sites in Crewe, Gaydon, Solihull and Chichester. Figure 13 highlights the regional distribution and average number of employees by business across the UK.

With suppliers locating themselves close to these sites, knowledge and skills are concentrated in these areas, creating value locally both in terms of employment and regional development while providing intellectual capital for the UK. The supply chains and export orientation associated with high-end businesses connect these regions and their companies to the global economy. This in turn drives tourism to these regions, creating a "halo effect" of employment in wider businesses where luxury brands produce their goods.

Over the years, many mid- and mass-market UK businesses have moved manufacturing overseas, but for luxury brands,

making in the UK is part of their DNA and customer offer. In some communities the high-end sector is the last surviving part of these historic trades, which remain a source of great local pride. The internationally focused, quality-driven business model is often the only one that can continue to thrive despite these global changes.

"Our factory is in Walsall, which is the leather town of England, or used to be. It used to employ 30,000 to 40,000 people in the leather trades, making everything from saddles to suitcases to wallets and purses. Now there are just a few hundred people left working with leather there. Leather manufacturing there has almost gone and it's a great pity. This has happened to many manufacturing trades in this country. We've got to hang on to what we've got." *Ettinger*

Heritage luxury businesses often have deep and longstanding connections to where their brands originated or to key production sites, as is the case for Burberry with Yorkshire where it manufactures its heritage trench coats in Castleford and weaves gabardine fabric in Keighley. Axminster Carpets' links to Axminster date back to 1755, and Harris Tweed has been handwoven in the Outer Hebrides since 1840. Ettinger's Walsall factory, which it purchased in 1999, has been manufacturing leather goods on site since 1890.

In such locations, luxury brands can be an important or main source of employment for local communities, as well as contributing to the wider social life of the region through partnerships with educational and cultural institutions and other work with the community.

"Our environment, and the people who take care of it and produce our wines, are at the heart of what makes Gusbourne the business it is today. Approximately 80% of our employees live near our work sites, many from the villages next door, and we are seeing increased job applications from locals, cementing our presence in the community as an established employer." *Gusbourne*

"Peter Reed started in 1861 and has been running since then in Lancashire. It's part of our story, our history, our legacy. I would never go offshore as we would lose who we are – we would lose part of our story." *Peter Reed*

As well as offering employment, the sector looks to integrate itself into the local communities where it is based.

As well as supporting local initiatives, The Carnegie Club hosts career open days so people living in the vicinity can learn about the varied opportunities available to them at the private members' club, while Cumbria Crystal created a viewing platform for visitors to observe the glassmaking process. Bespoke packaging manufacturer and luxury papermaker James Cropper operates in partnership with local community energy company Burnside Community Energy Ltd. to run a community energy scheme that jointly benefits both the Mill and the local community of Burnside. Energy generated by BCE powers the papermaking process with zero-carbon electricity, with all profits from this operation put back into the local community for good causes.

PLAYING A ROLE IN BRAND STORIES

The allure of luxury and storytelling are vital aspects of high-end goods and services, which help to underscore brand value and, to an extent, explain elevated pricing for customers. According to the survey of Fashion Retail Academy students for Walpole, 88% of respondents associated luxury with "high quality," while 96% consider luxury to be "aspirational."

For employees, working within the luxury sector can mean having an opportunity to play a role in brands' stories, which are often steeped in heritage, tradition, innovation, exceptionalism and creativity. Employees can see themselves as custodians of cultural assets and legacies, some dating back centuries, and as playing a unique part in ensuring their future. Across the sector the sense of personal pride in both the job and the company is evident.

"It's deeper than just a job: it's not simply transactional. Our employees understand the part they play in preserving this incredible site. We're in a building made of sandstone, with marble throughout: materials that will long outlast us. The work we undertake together will be appreciated by generations to come." *The Carnegie Club*

*You don't have to be from
luxury to work in luxury.
It's a mindset of wanting
to be the best at what you do*

Within the luxury sector, authenticity and personality are attributes frequently prized by employers, too. Within luxury hospitality, for instance, staff are encouraged to be authentic and to allow their personalities to shine alongside their professional persona. In a sector where bespoke practices and a focus on the individual are paramount, these personal touches ensure a great experience for guests while allowing those who work in hospitality to express themselves in a genuine way.

RECRUITING AND REWARDING TALENT

With such a wide variety of businesses operating within the luxury sector, approaches to recruitment differ greatly and can include hiring via Jobcentres, internal referral schemes, apprenticeship and traineeship programmes, connections with educational institutions and talent scouting, as well as the most widespread practice, open applications. Given the varying size of businesses, reward plans vary, too.

Many say that while salary isn't always the top consideration for prospective employees, it is nonetheless a vital part of what attracts people to the luxury sector. Opportunities for career progression, skills acquisition, flexible working conditions and company values are also top of mind.

"Pay is important. It's a need because people have to pay their bills, but people do want more than that. We try to stay on trend with benefits, but the biggest thing for us is personal learning and growth." *The Londoner, Edwardian Hotels*

"Through the process of doing the pay reviews, we've been more creative on packages: not just remuneration, but also the benefits we offer to our people." *Hotel Café Royal*

Accommodating employees' personal and professional needs and preferences play a key role in retention, too, so many employers offer career development opportunities, skills training and are open to employees moving between roles.

Like other industries, many luxury firms are offering compressed hours and, where possible, working-from-home options, as well as morale-enhancing benefits such as staff events and discounts, as well as moments to highlight and celebrate employee achievements.

"Our company values are excellence, passion, integrity, and family. The Oyster 'family' is very important to us." *Oyster Yachts*

For *craftspeople passionate about their field*, be it weaving, fine dining, wood turning, masonry or leatherwork, being able to *exercise their trade at its highest possible level* and be part of an institution *renowned for quality execution offers myriad opportunities for job satisfaction*

Below: The printing process of Sanderson Design Group's handcrafted wallpaper





From left to right:
The Londoner, Araminta
Campbell and The Savoy

Many companies are open to finding ways to work around employees' personal circumstances. At Hotel Café Royal, for instance, shift times are arranged to accommodate parents dropping children to school or day care. In addition, some brands are making efforts to ensure the luxury industry is seen as an option for prospective employees who may not previously have considered the sector.

Fortnum & Mason, for example, has engaged with local councils and partnered with the Hotel School and The Clink Charity, which help open opportunities for the vulnerable, homeless, and previous offenders. However, obstacles to recruitment remain. According to Walpole's survey of members, 68% of respondents indicated there were challenges in the recruitment process. Chief among

them are location, lack of the right skill set and salary expectations.

For Araminta Campbell, a weaver based outside of South Queensferry, Scotland, a rural location means access to public services, family and cultural hubs is limited, which is potentially a negative for prospective employees. Additionally, childcare costs and availability can put pressure on parents wishing to return to work, particularly if they don't have family support in rural environments.

In addition, the normalisation of working from home as a result of the COVID-19 pandemic can make roles where people are required to work on site a difficult sell. However, luxury brands are addressing this issue by incentivising

employees to come into work with benefits such as social events. Others recruit people with alternative experience such as Bremont, which employs ex-military personnel who wish to retrain and want to work in its state-of-the-art manufacturing centre in Henley-on-Thames. While luxury brands invest in training to equip employees with the skills they require to deliver goods and services to luxury standard, recruiting young employees can present challenges.

To connect with young prospective employees, luxury brands forge links with educational institutions, which can include welcoming secondary school children on work experience and offering work placements to students in colleges and universities. Walpole, for example, has a partnership with Chelsea Academy on Lots Road in London offering a programme of careers talks, as well as supporting a British luxury careers week, which includes tours, site visits and meetings with representatives from Walpole's member businesses.

Johnstons of Elgin invites secondary school students from the Elgin area to tour the mill, participate in mock interviews and build practical employment skills, while high school students are invited to presentations at the firm's mill in Hawick. Similarly, Aston Martin connects with schools and colleges around its Warwickshire headquarters, and at its production site in St Athan, Wales, to invite students to consider career opportunities within the automotive industry.

This approach continues further along the academic pathway, too. Cumbria Crystal has partnerships with the Royal College of Art, collaborating with its Ceramics & Glass MA and PhD students, for instance. The collaboration offers training and knowledge sharing, which helps artisans to see their designs enter the commercial market.

Burberry offers creative arts scholarships, including to the Royal College of Art and UAL: Central Saint Martins, with the intention of supporting the next generation of creative talent. It also has a partnership with The BRIT School as the principal partner of the school's Fashion, Styling and Textile course.

"Gen Z is now coming into the workforce, so we have to make ourselves attractive to young generations, and not just to fill jobs while they're studying. We want them to see hospitality as a career." *The Londoner, Edwardian Hotels*

**To achieve the levels of
*quality associated with
luxury goods and services,*
high-end businesses
*focus on the training and
development of their highly
skilled workforces***

Burberry, for example, established a training facility at its manufacturing site in Castleford designed to nurture talent and protect the traditional skills that underpin Yorkshire's textile industry. It is supported by a 12-week training programme, which gives both employees and new hires the opportunity to develop their skills and officially train in Burberry production operations. Since it was first introduced in February 2020, it has helped provide more than 10,000 hours of practical skills training to 227 individuals, including 182 new hires and 45 existing team members.

Edwardian Academy Online is Edwardian Hotels' online staff learning platform. Featuring over 1,000 learning resources, the platform was designed to offer career development and learning opportunities.

Meanwhile in retail businesses, new hires at Fortnum & Mason take part in its Exceptional Service Programme, which focuses on skills associated with excellence in luxury retail. Among several training programmes offered by Harrods are two six-month mentoring programmes: one connects high-potential colleagues with senior leaders, and the second is a reverse mentoring programme connecting colleagues across Harrods with the aim of sharing insights and differing perspectives.



Above: Employees from The Savoy

Access to skills training is hugely important to prospective employees. As well as responding with training opportunities, brands within the industry sector are flexible about upskilling and moving people within suitable posts. In some cases this may mean creating new roles to keep valuable employees rather than risk losing them.

SUPPORTING EMPLOYEES

Beyond compensation packages, which many Walpole members note are competitive, brands strive to create working conditions and offer benefits to make employees feel valued.

“Our philosophy is to treat our colleagues with the same kindness and thoughtfulness that we treat our guests.”

The Savoy

The Peter Reed factory in Lancashire provides comfort-enhancing amenities for staff, for example, while several brands aim to support employees by offering advice and

resources relating to issues including menopause and mental health. As is the case for other industries, some luxury brands have taken steps to support employees through the cost-of-living crisis. One luxury hotel provides groceries and household goods at cost-price to staff, while another offers staff housing at accessibly priced rent.

Often deeply embedded in their localities, luxury brands give back to their people through involvement with their communities, too. This can range from large-scale fundraising for international causes to support for local charities and events.

Estée Lauder Companies is one of many luxury firms that allocates volunteering days to its employees, who can choose to support causes of interest to them. Araminta Campbell supports fundraising efforts at local school events, while management at Peter Reed works with Lancashire Council on plans to help people in the region acquire skills for employment.

The Outsiders Perspective *and Walpole*



Walpole is proud to be partnering with The Outsiders Perspective (TOP), an organisation focused on increasing representation in the fashion, luxury, and beauty industries.

Founded by Jamie Gill in September 2022, The Outsiders Perspective is a not-for-profit that sources highly skilled professional people of colour from alternate industries and provides a robust incubation programme which supports their transition from outside of industry into roles at leading UK brand head offices.

Fashion, luxury and beauty has a distinct lack of diversity in head office roles* and so often hiring managers seek comfort in hiring from within the industry. The Outsiders Perspective works to unpick the biases, supports candidate transition into the industry through their incubator programme, and develops a pathway that means talented people of colour are being given greater opportunities and access to the sector.

The incubator programme draws on Gill's own non-linear career journey, from architect to fashion executive, and provides candidates with accelerated insights into the luxury, fashion and beauty industries, as well as opportunities for networking with prospective employers. As such the programme helps to accelerate the industry forward by bringing in new talent with fresh perspectives, with the goal of promoting greater diversity in the industry. The Outsiders Perspective's brand partners include Alexander McQueen, Anya Hindmarch, ASOS, Business of Fashion, Burberry, British Fashion Council (BFC), Chanel, Dazed Media, dunhill, Karla Otto, Lululemon, Mayor of London, Mulberry, Tiffany & Co., Wales Bonner and Zalando.

In January 2024, in collaboration with the BFC, the (Fashion) Minority Report and with the support of McKinsey & Company, The Outsiders Perspective launched the first UK *Fashion DEI Report*. The report

sets out the current state of play in the UK fashion industry, before highlighting the business case for diversity - specifically for industry - and presenting the guidance and tools on how to capitalise on the opportunity to drive a more diverse, innovative and profitable sector. TOP is expanding its service offerings into active search and learning & development in order to accelerate change for 2024 and beyond.

Walpole recognises the importance and opportunity for British luxury to truly embrace diversity, equity and inclusion. The argument to ensure we have a representative, agile and resilient workforce to seek new market opportunities and challenge the status quo is now an imperative for success. The Outsiders Perspective is presenting a solution for how to increase diversity whilst bringing new skills into British luxury brands, and we are excited to work with them and to utilise their tools and expertise for the Walpole network.



Jamie Gill
Founder,
The Outsiders Perspective

*The UK Fashion DEI Report 2024

6:26



ROEMHELD
HEBEN & SENKEN

FUTURE-PROOFING LUXURY

INVESTMENT

The UK's luxury industry is constantly evolving and working to become more diverse and inclusive to better reflect society, and to future-proof businesses by benefitting from advances in new technology, driving efficiencies, investing in working practices and enhancing sustainability credentials.

For instance, as part of its Beyond 100 strategy, Bentley is investing €3bn euros (£2.56bn) to convert its product lineup to fully electric by 2030. At the luxury automobile firm's production facility in Crewe, Cheshire, it is creating a next-generation factory designed to ensure that its cars and production processes do not have a negative impact on the environment. Bentley's manufacturing has been carbon neutral for five years, and it aims for its global retailer network to be carbon neutral by 2025.

This is being delivered by training new and existing staff in cutting-edge technology and manufacturing skills.

"The automotive industry is going through a bigger, faster transformation arguably than any other part of luxury. In nine years, we are having to change the propulsion of a car, package in new electric batteries and comply with legislation that's constantly changing in all the 62 markets across the world. We've got new cyber security rules coming in as cars start to become more autonomous and talk to each other. We currently have very low staff turnover, which is great, but we also need to attract new people to the company. By encouraging diversity of thought and creativity, we can address these changes and make sure we remain competitive." *Bentley*

Meanwhile, Jaguar Land Rover plans to recruit 300 new technicians at Solihull, Gaydon and Whitley to support increased Range Rover production and the testing and maintenance of new electric vehicles. This follows investment of more than £200mn in a new automated body production facility comprising 700 robots at Solihull as part of a five-year

£15bn investment plan. Tata, which owns Jaguar Land Rover, has also announced plans to build a £4bn gigafactory in Somerset to produce electric vehicle (EV) batteries.

Harris Tweed Hebrides is taking a different tack when it comes to innovation. Working with a unique governance structure that protects how Harris Tweed is manufactured, The Harris Tweed Act 1993 states that the fabric can be made only with yarn dyed and spun in Scotland's Outer Hebrides and handwoven by crofters in their homes. Innovation comes in the form of finding efficiencies in improving how resources like energy are used and mill processes, which have been largely unchanged for decades, as well as ensuring dyes used are environmentally friendly.

"We look at innovation in a slightly different way from a company not operating in such a specific heritage sector. We have a £2mn investment programme at the mill for 2024, with further plans to innovate over the next three to four years. That investment programme is about ensuring we have the best technology and the best efficiencies in place to support our sustainability potential as a luxury manufacturer. We're looking at ways to innovate that do not change the making process because that's what's kept us special over these years, and that's where we see the value of our luxury fabric."



Left: Bentley

Right: Harris Tweed Hebrides



Clockwise from top:
 Christys' London,
 Araminta Campbell,
 Christys' London and
 Heirlooms

“Because we have so much heritage and history, we have to be careful to embrace modernity as well. The way that we do that culturally is that we often think about the fact that our founder in 1797, Alexander Johnston, was the most entrepreneurial, innovative, experimental person of his generation. He was right on the cutting-edge of the Industrial Revolution, which was the biggest change that mankind has potentially ever had, so we remember that we respond to innovation. We can’t stand still and become a museum – we have to always strive for improvement, because that’s why we’re still here.” *Johnstons of Elgin*

TECHNOLOGY

Technology is increasingly being incorporated in luxury brands from machine learning to the gamification of luxury – particularly fashion, with games such as DREST or Burberry’s partnership with Minecraft – to create new opportunities for customers to engage with brands, products and services digitally. New digital technologies, such as biometric payments and the use of AI to enhance both customer experience and to protect brands (including for diamond traceability and counterfeit protection), are either in development or being used by luxury businesses. All of which create new roles, require different skills sets and expand employment opportunities for those looking to enter the sector.

New digital technologies also improve accessibility to luxury goods, too. In 2023, The Estée Lauder Companies launched an AI-powered first-of-its-kind app that is working to put independent make-up application into the hands of the visually impaired community. It is called the Voice-Enabled Makeup Assistant. It was created in collaboration with the blind and low vision communities and was informed by in-depth research conducted to understand these communities’ daily beauty routines and ways beauty could be made more accessible.

SUSTAINABILITY

Sustainability is core to future-proofing businesses, and over the past decade plus, the luxury sector has invested significantly in developing and expanding its sustainability teams, by upskilling existing team members through

training, bringing in dedicated experts and developing cross-functional working groups to accelerate the pace of change.

According to a survey of Walpole members, in the past four years, 58% of Walpole members have newly appointed executives reporting to the Chief Executive Officer (CEO) or Board with responsibility for sustainability, and 42% have set up cross-functional working groups focused on driving sustainability transformation. Treating the environment and local communities responsibly is not only necessary to satisfy regulations but is expected by customers, employees and shareholders, too. Not only does ethical business drive growth, it also drives employee attraction and retention.

“We have a responsibility to be transparent and to provide a product that has correct values in place. It’s 100% part of the values people buy into.”

Christys’ London

Traceability, which is increasingly becoming a regulatory requirement, is often a cornerstone of luxury brands’ storytelling given their focus on high quality raw materials. Being able to trace products’ component parts and ingredients, sometimes down to the cask a whisky has been stored in, for instance, can be a key selling point for luxury goods, as is product longevity. This makes training employees to understand the holistic production process and the supply chain essential to success, but also ensures a more satisfied workforce, who see the whole value of their work.

“Our products last. We have a repair service, so we can repair a purse or a wallet or a belt after 20 years, and we’re doing that more and more. We get products back and we will restitch, recover them and repair them so they last another 20 years. Now that’s sustainable.”

Ettinger

“Sustainability should be a huge part of luxury. I can tell you the name of the alpaca that a piece has come from and you can meet the person who has woven that piece. I know the individual people at the mills we work with by name.” *Araminta Campbell*



DIVERSITY, EQUITY AND INCLUSION

As for other industries, diversity, equity and inclusion (DE&I) is an area of focus for luxury. For a sector that prides itself on creativity, taking a meaningful approach to DE&I increases access to a greater range of creative voices.

Among approaches companies are taking is hosting employee resource groups, which bring together employees with a common bond to share ideas and provide mutual support with respect to career and personal development.

The Estée Lauder Companies, Burberry, Bentley and Aston Martin are among many companies where such networks are in place.

“We have a raft of different networks to make sure everyone feels included. We are open to everybody and all types of backgrounds, and we are committed to being a Disability Confident employer.” *Aston Martin*

“We have always been open, but we can always do better. This year we’re focusing our efforts on people with disabilities, among them neurodivergent groups. Some of our locations are mandated by government, in France and in Italy, for example, to have at least 6% to 7% of their workforce be people with disabilities. For us I think it’s a good place to start to ask other locations to do the same. It’s about education, communication and expanding our resources, partnering with organisations to include more people who are less represented.”

Dorchester Collection

MAKING ROOM FOR GROWTH

From manufacturing to retail, design, services and technology, the breadth of jobs within the luxury industry is vast. Entry paths are numerous, from apprenticeships and traineeships through to management talent scouting, and Walpole members stress that once employees have acquired skills and know-how, opportunities to move within posts and within the industry are manifold.

“There are a variety of career paths allowing for development and growth. A lot of our people have been with us for many years, they have completed apprenticeship/trainee programmes and have developed to become a master craftsman.” *Oyster Yachts*

Sometimes, that can mean working towards reaching top management positions, too. Jonathan Akeroyd, Burberry’s CEO, began his career in luxury as a retail manager at Harrods, and 24 years before her appointment as CEO of Jimmy Choo, Hannah Colman was a store manager at the luxury footwear brand’s first boutique.

“If you’ve got the right attitude and a passion for your job and you buy into and understand the brand, you can go from Marketing Executive to Marketing Manager and end up Managing Director. It’s up to you.” *Peter Reed*

THE LUXURY OF TIME

Throughout the sector, there is an understanding that quality takes time; it takes time to design and build a car or yacht to the highest specifications, to prepare an exquisite meal to the highest standards, or to offer retail experiences that transport customers away from day-to-day life. Customers understand this “slow luxury” approach, as do employers and employees.

It also takes considerable time to acquire the skills necessary to deliver high-end goods and services. This makes training a necessity, and focusing on training and allowing staff time to fully hone their skills is essential to any luxury business. In some companies this may mean producing in smaller volumes or training in narrower fields of specialisation at first.

For example, it takes a year for specialist tailors to learn how to sew the 180 stitches required to create the fluid curve of a Burberry trench coat collar, for instance. At Peter Reed, machinists are not put under pressure to move quickly when sewing the brand’s luxury linen products, as the focus is on quality rather than quantity.

“We don’t try to persuade people to go too fast and we don’t give production bonuses, as the end product has to be perfect.” *Peter Reed*

“Crafting a single piece of luxury crystal is a painstaking process that spans a minimum of ten days. Each piece passes through the hands of nearly every team member, undergoing rigorous quality checks to ensure it attains the level of perfection demanded by our standard collections.”

Cumbria Crystal

SKILLS

Luxury brands’ links to their heritage mean that many continue to manufacture in the UK and so are responsible for preserving skills for the future.

Every aspect of the British luxury industry comes with its own unique and varied set of skills, some of which – including hand weaving, leatherworking, automotive design and culinary arts – have been honed over decades and transferred from one generation to another. High-tech skills, including incorporating AI and augmented reality tools into the luxury experiences and operations, are evolving at pace.

These highly skilled production techniques contribute not only economically, but also bolster the UK’s soft power.

“We have 251 years of history and we’re still using original 100-year-old plus machines and making hats in the same way. History and heritage are gold dust when you are building a brand and business with international customers.”

Christys’ London

“A product made in England looks different from a leather product made in Italy or France or anywhere else in the world. It has a sort of Britishness about it. A British-made shoe from Northampton is a good solid shoe for the British weather. It’s something we couldn’t make to look the same if we were to make it anywhere else. It’s so important that we keep manufacturing in this country and not just be reliant on the rest of the world.” *Ettinger*

“When something is very specialised and very sought after and geographically bound, we need to make sure we develop these skills ourselves. For example, for skills like gilding, hand painting or model making – anything that’s related to creating the physical product – I couldn’t hire someone in London and have them commute or hire someone abroad, and you don’t come out of school ready for those jobs. We need to have these skills locally. We need to develop long-term programmes to make these jobs attractive to people, train them over years and retain them. It’s a very slow and long-term process.” *Wedgwood, Fiskars Group*

At Johnstons of Elgin, precision and attention to detail goes as far as having an employee on hand to touch cashmere as it works its way through the mill, to ensure it attains the correct level of softness.

"It's a sensory experience when dealing with cashmere. We like to say we have 1,200 quality controllers, as employees at every step are checking their own work and making sure it's fit for purpose and passing it on to the next person. We have formal quality control as well that steps outside the process doing double checks, but the people responsible for quality are fundamentally the craftspeople who work in our business, whether they're maintaining a machine or touching the products themselves. Quality is embedded in everything we do." *Johnstons of Elgin*

See *Meet the makers* (from page 50) for further examples.

INVESTING IN AND PRESERVING SKILLS

People are the luxury industry's greatest asset. Upskilling and multiskilling employees are essential to ensuring businesses can be responsive to changing consumer patterns.

The UK luxury industry is also responsible for maintaining skills, which could otherwise risk being consigned to history books. Christys' London, for instance, is one of only a few hat making factories in the UK manufacturing felt Fedoras, Trilbies and Panama hats, all using traditional methods. In a similar vein, Araminta Campbell employs handweavers who not only continue the hand weaving tradition, but also raise awareness of the skill by inviting visitors to come and witness weaving in action. When the opportunity arose in 2022 for The Carnegie Club to purchase a local stonemasonry business and bring its talent into the Skibo fold, it didn't hesitate. Not only does the acquisition mean that the Club's rolling programme of stone preservation, restoration and sensitive replacement is now based in-house, but vital jobs and skills have been retained in the local area. Similarly, the Club consciously brought in craftspeople with the skills to care for the castle's historic woodwork.

"The castle was built more than 800 years ago, and will be around for many hundreds more. If the expertise required to care for historic buildings is not passed from one

generation to the next and is lost, the damage to Scotland's built heritage will be immeasurable. The Carnegie Club wants to play our part in ensuring these essential skills are not only retained but championed." *The Carnegie Club*

Burberry's training facility in Yorkshire is protecting the traditional skills that underpin its local textile industry. Through Mulliner, its personal commissioning division, Bentley began a programme of remaking cars dating from the 1920s and 1930s, so that employees with extensive experience can pass on their skills and expertise to younger generations.

"We're conscious of not losing skills when colleagues move on or retire. The cars are hand built, with older colleagues teaching our younger colleagues how to work on these older products. It's about keeping old skills alive." *Bentley*

The luxury industry has also been responsible for reviving trades and skills that had been lost. When Bremont launched its line of luxury watches in 2007, for instance, it reinvigorated the UK's watchmaking industry. While an early innovator in watchmaking, producing half of the world's watches in 1800, the UK lost ground to Switzerland and the United States.

In 2021 Bremont released its own ENG300 movement series, which was a landmark for the business and the UK watchmaking industry as a whole. It is the first time in 50 years that mechanical movements have been built at scale in the UK. By training its watchmakers through an apprenticeship scheme and manufacturing watches in the UK, Bremont is breathing new life into the industry.

"By nurturing and mentoring the craftspeople and artisans of the next generation, we are contributing to the development of British skills and preserving our rich heritage." *Cumbria Crystal*

"We feel a responsibility to provide jobs for people, to pay fairly and keep skills and crafts going, because once skills and crafts are lost – and many have been in this country – they're gone forever. Once you lose people who have the ability to teach young and new people the trade, then it's gone, and you'd just have to buy abroad where the skills are still there." *Ettinger*



Clockwise from top:
The Carnegie Club,
Halfpenny London,
Johnstons of Elgin and
Araminta Campbell



Policy *recommendations*

While the British luxury sector continues to be a high-growth industry, there are still threats to its long-term prosperity, and therefore the value it can deliver for the country. It will be possible for businesses within the sector to mitigate some of these threats, and in other cases there are clear policy changes that, if enacted, could deliver better outcomes for both brands and employees.

The sector is highly entrepreneurial and committed to solving as many of its problems as possible independently of the Government. While the majority of these recommendations are aimed at the Government because we have identified them as areas where progress is deliverable only through policy change, there are also several areas where the sector is actively taking further steps to develop, protecting the growth of businesses and workforces by steps including implementing DE&I programmes, investing in partnerships with educational providers to deliver training, and developing new approaches to recruitment.

If enacted, these recommendations would set the sector on a trajectory to deliver further growth in good quality, rewarding employment, while driving economic growth and protecting the UK's world-class industrial crafts and the communities they serve.

IMPROVED GEOGRAPHICAL INDICATOR REGIME TO PROTECT SKILLS AND CRAFTS

At the heart of British luxury are its craftspeople, without whom it would be impossible to deliver the extraordinary products and service that define our sector. A significant part of the appeal of our products is the method of production, which often includes skilled, handmade, bespoke processes.

The UK's Geographical Indicator (GI) regime currently applies to food and drinks, and includes the method of production as a defining feature of a protected product. For instance, English quality sparkling wines are protected by a GI, which includes the bottle method of production.



Left: Craftsperson
at Christys' London

If enacted, these recommendations would set the sector on a trajectory to *deliver further growth in good quality, rewarding employment*, while driving economic growth and protecting the UK's *world-class industrial crafts*

Likewise, the GI for Scotch whisky explicitly states that one of the three things that distinguishes Scotch whisky from other whiskies is “the skills and know-how of the distiller and the blender.”

The skills that support these methods of production across the luxury sector are vital to its commercial success. However, these kinds of skills extend well beyond food and drink, which are the limit of the current GI regime.

If the scheme was extended to include non-produce-based craft products, such as Northamptonshire shoemaking, Savile Row tailoring or Staffordshire pottery, this would be a boost to the protection not only of the industries themselves, but the skills they rely on and, in turn, the communities they support.

There is precedent for taking this step from overseas and within the UK. In 2023, the European Parliament almost universally agreed to extend GI protection to locally renowned craft and industrial products. Likewise in the UK, the Harris Tweed Act 1993 provides protection for the nature of the handwoven process of production and therefore the skills that involves.

The local communities that these businesses have served, in many cases for generations, are rightly proud of these brands, which not only provide good-quality, long-term employment, but also make towns like Northampton and Stoke globally famous for the high-quality goods they produce.

Not only is this a source of local pride, it also drives inbound tourism to these regions from high-end visitors who want to see the manufacturing first hand and meet the makers.

This is why Wedgwood in Staffordshire created the World of Wedgwood museum and visitor centre to cater to this international interest in high-quality British industrial craft. The visitor spending that this generates is not only beneficial to the businesses themselves but produces a halo effect that supports local hotels, restaurants and shops.

The extension of the GI regime on a similar model to the EU would not only deliver greater protections for the high-quality jobs in communities across the UK, but also allow local communities to attract more high-spending international visitors and further promote local skills to the world.

REFORM THE APPRENTICE LEVY

Our members – and the sector as a whole – are firmly committed to investing in developing their highly skilled workforce. The Apprenticeship Scheme helps deliver this by creating a pipeline of highly skilled workers who are passionate about their industry and are central to the on-going growth and success of the businesses where they train and are employed.

Such an investment is in the interests of our businesses and the wider sector. However, were the stringent rules surrounding the Apprenticeship Levy relaxed, businesses would be better able to invest in their workforce's skills and training. For instance, greater flexibility on how to leverage the levy so that it can be used to part-pay apprentice salaries, as well as offering training, would be welcome.

Furthermore, allowing businesses to buy training modules with their levy funds, not just full qualifications, would be welcome too. Likewise, we would support greater flexibility on the overall types of training supported by the levy.



Clockwise from top:
Hamilton & Inches,
Johnstons of Elgin,
Bentley and Heirlooms

Alongside this, ensuring the quality of the educational component of apprenticeships is essential to ensuring well-trained members of staff. At the highest level of training, for instance those making Savile Row suits, apprentices spend the week learning from masters of the craft, and if that learning is then paired with less expert in-class teaching, it creates incentives to deliver training outside of the apprenticeship framework.

As such we would recommend that education providers work more closely with businesses to ensure the education element of the training is well suited to the apprentice's needs, with a focus on quality production. Furthermore, we would recommend that in designing and funding future qualifications, the Department for Education refer to and work with sectors with high projections for future growth.

There remains a challenge with uptake of apprenticeships among SMEs, especially those small businesses that are not yet at the scale to have a formal HR function. The Government should introduce flexibility to ensure that groups of employers can act collectively, without an agency intermediary, to secure training for apprentices where a full-time role may not exist within one business, but the employee could be employed across several small businesses.

Finally, we would be supportive of any measure of flexibility that would allow employers to use the levy to deliver "top-up" learning, rather than restricting levy spend to full apprenticeship courses.

INVEST IN TEACHING MODERN FOREIGN LANGUAGES

At its heart, luxury is about delivering seamless, personal, high-quality experiences. Being able to speak to international consumers in their first language is a considerable benefit for both retail and hospitality workers, as well as having wider commercial benefits.

In 2018, research found that 32% of UK 15-30 year olds felt confident reading and writing in two or more languages, compared to 79% in France, 91% in Germany, and 80% on average across EU member states.

Likewise, the number of students studying modern foreign languages at GCSE and A-Level has declined considerably over recent decades.

We welcome the recent expansion of the Mandarin Excellence Programme, but further investment is necessary across a range of languages. The creation of an Arabic Excellence Programme would be a good next step.

The UK is well positioned to cater to high-end visitors from overseas, with its favourable geography, historic links across the world and open, tolerant and welcoming environment. However, ensuring that customer needs can be met is crucial, and greater emphasis on teaching modern foreign languages, including Chinese and Arabic alongside European languages, is essential.

ENSURE ACCESS TO TALENT AND RECOGNISE THE HIGHLY SKILLED NATURE OF LUXURY CAREERS

While the luxury sector invests considerably in domestic skills, the Anglo-European nature of the luxury sector means that, for many businesses, being able to move staff between the EU and UK is important both for business needs and also for the training and development of UK-based employees, who learn from European colleagues in the UK and from working in Europe.

This is especially true in areas like hospitality. In some EU markets, hospitality is seen as a life-long career, and hotels across the world, including the UK, value employees joining from the highly respected hospitality schools in, for instance, Switzerland.

Likewise, the fashion and accessories sector has longstanding links to fashion colleges in London, such as UAL: Central Saint Martins. Many European students come to study at these colleges, but owing to our immigration regime, many of these students return to their home countries after their courses, benefitting European brands rather than British ones.

This report has outlined how roles in both these sectors are highly skilled and offer opportunities for progression, development and growth. Therefore, the Government must

recognise that the nature of high-end retail and hospitality jobs are highly skilled.

Formal recognition from the Government of these roles as highly skilled would not only address some of the challenges around access to visas, but it would also be a welcome step towards changing public perceptions about working in retail or hospitality.

Changing these perceptions is a long-term goal, but in the meantime, striking agreements with France, Spain and other European countries to restart the Youth Mobility Scheme would enable hospitality and retail businesses to expand and grow while it further develops its UK talent pipeline.

However, the risk of a shortage of workers is much more pronounced in the high-end part of these sectors, as our customer-to-staff ratios are smaller and the level of training – and customer expectations – are higher.

The UK luxury business model is highly integrated with the wider European luxury sector, with personnel, goods and ideas flowing across the Channel in both directions. As such, plans in April 2024 to raise the salary threshold for the Skilled Worker Visa from £26,200 to £38,700 represent a serious limit to brands bringing highly skilled early career professionals to the UK. This in turn will hamper the development and growth of UK professionals, who otherwise would learn and benefit from working alongside the best new global talent in their sector.

A TAX AND REGULATORY SYSTEM THAT SUPPORTS HIGH-QUALITY EMPLOYMENT

The success of the luxury sector is built on our international appeal and competitiveness, which drive investment. Our consumer base is global, and attracting those customers is vital to ensuring the success of British brands.

This pull factor in part comes from the strength of the brands themselves, but it also comes from wider economic and policy decisions that enable high-spending consumers to come to the UK. Our recent report, *What It's Worth: Enabling the Return of the £30bn High-End Tourism Sector*, highlighted many of the facets of this consumer attraction.

It is our success in attracting these consumers that the growth in employment in the sector is based on. Without those high-end visitors, demand plummets and while retail is hit first, the entire ecosystem suffers.

As we have seen from the loss of tax-free shopping, hospitality and manufacturing jobs relied on the scheme as much as retail. That the sector has remained profitable despite this loss is a sign of the sector's resilience. However, failure to introduce a new scheme would cause the UK to miss out on potential growth, tax receipts and employment opportunities.

Furthermore, the international appeal of the UK's luxury brands is also a source of foreign direct investment into the UK. Decisions like this are made years in advance, and therefore there remains a risk of a decline in investment now the long-term absence of the scheme is being noticed.

The Government must introduce a new, digital tax-free shopping scheme across the UK, to enable a tourist boom that would drive employment and growth across the UK.

Likewise, it should examine the efficacy of other tax changes to encourage visitors to our high-end industries. For instance, the introduction of cellar door relief for vineyards and distilleries would drive tourism to the frequently rural areas where iconic British products, such as English sparkling wine, are produced. A scheme like this would not only be a spur to direct employment in our sector's businesses, but also would have knock-on impacts on hospitality and other businesses in the wider area around such businesses.

More broadly, there are tax changes that could help support high-end British businesses, and the jobs that depend on them. The business rates regime makes it hard for many luxury businesses to expand and thrive. Likewise, the welcome introduction of full expensing has allowed businesses to invest more in domestic production and expand their employment base as a result. If full expensing were extended to second-hand plant and machinery, it would go even further in supporting investment in machinery, and therefore employment, in a manner that is both sustainable and suits parts of the luxury sector's often heritage manufacturing approach.



Meet the makers

In a series of essays and images commissioned by Walpole, *we celebrate the people behind some of the exceptional luxury products made in the UK every day*. From the intricacies of watchmaking to the teamwork that goes into every high-end car, we speak with some of the *highly skilled individuals who pour their passion into their respective crafts*

WORDS BY MARK HOOPER
IMAGES BY SAM WALTON



Bentley

To get an appreciation of the complexity that goes into building a luxury car brand, one only has to see the sheer size of the plant at Bentley. It's so vast it has swallowed up what was once a public road, with hangar-sized buildings dedicated to specific roles that seem alien to the world of car manufacture.

"It's quite unique in the high-end luxury automotive field," says Paul Fisher. "People don't expect you to say you work in the woodshop!" It is here that the bespoke wooden veneers are created, shaped and moulded, with customers often coming in not only to choose their preferred material and design but having a hand in the making process, too. As Master Trainer, Paul is ideally placed to walk them through the various stages. In more than 20 years since he joined Bentley, he has trained several generations of skilled craftspeople. "It's very rewarding. Over the past eight years I've had 25 apprenticeships coming through the workshop."

What's notable is that, in this traditionally male-dominated industry, there is a dedicated outreach programme to showcase the opportunities that Bentley offers, regardless of gender. "We're attracting more women into the business," says Paul. "We're making it more inclusive, letting people know what's available, and what careers there are here."

"If you'd told me back when I was at school that I'd be working on cars, I'd probably have laughed at you, but here we are!" says April Tasker. Having finished her apprenticeship at the start of 2023, she is now a Paint Technician. Her role involves applying paint and protective materials to the bodywork, using specialised equipment, in a variety of colours and finishes according to customers' personal tastes and choices.

"I didn't know anyone here or that Bentley offered apprenticeships," she says. "I just happened to see an advert and I thought that sounds really interesting. I'd always loved cars, so the passion was already there. There were different options – specialisms in woodshop, mechatronics, manufacturing, electrical and paint. I'd looked at doing fashion at university, but I ended up going down the business and commercial route. So I hadn't had the chance to develop the creative side that I had at school."

April is proof of the changing demographic at Bentley and enthuses about the atmosphere she's found there. "In my interview there was one other girl, so it wasn't quite so daunting. But once I got through and we had our first apprenticeship day, we were put in quite small groups, so you didn't feel so intimidated and you had to work as a team, which of course you have to do for the job anyway, everything



“Nothing beats seeing
the end product and the
impact you’ve had.”

CAMERON ACKROYD



is very team based. They’re my best friends out there now, we get on so well, it’s one of the positives of the job. It’s like a close-knit family.”

Just as the roles in automotive manufacture include traditional crafts such as woodwork, they also embrace the fast-changing technological world of digital and IT. Cameron Ackroyd joined Bentley in 2019 through its graduate apprenticeship scheme and is now an R&D Workshops Engineer, where he helps to build simulators and early prototypes for new models, taking donor vehicles apart completely and rebuilding them with new features. His role within the technical support team means he has to have an overview of the whole process. “There’s no point in me giving

someone information on the electrical build unless I know how to build it myself, so I spent most of the first two years with the electrical technicians,” explains Cameron.

His knowledge has also been bolstered after stepping into the production line to fill gaps during the pandemic, and he’s now keen to be a mentor himself, having led Prince’s Trust workshops, running mock interviews and CV classes and become Chair of Bentley’s early careers committee for outreach work. “There are always opportunities to do more if you want,” he says – and the fact he’s already inspiring the next generation at Bentley is proof of that. And, whether it comes to building cars or training people, he says, “Nothing beats seeing the end product and the impact you’ve had.”





“I just happened to see an advert
and I thought that sounds really
interesting. I’d always loved cars,
so the passion was already there.”

APRIL TASKER



Bremont

Sometimes, qualifications and industry experience count for less than initiative and determination – as is ably demonstrated by Sufyaan Collymore, Assembly Manager at Bremont's impressive new state-of-the-art HQ, known as The Wing, which opened in 2021 in Henley-on-Thames.

Having first gained an interest from collecting “£20 watches you could buy on a part-time salary”, Sufyaan’s career as a watchmaker began on the coffee table in his mother’s house with broken pocket watches he’d bought from eBay. (“I tell you: it’s very easy to take something apart... but when you don’t know what you’re doing, putting them back together again can be very difficult!”) Teaching himself from YouTube videos, he soon amassed a makeshift tool kit – “a cheap pair of tweezers, screwdrivers... my own little eye loupe”. It hadn’t even occurred to him that his after-work hobby could become a career – indeed, he had no idea that luxury watchmaking even existed in the UK until he chanced across Bremont on Google (“everything else was all Swiss, Swiss, Swiss”). When he saw that Bremont was advertising for an Assembly Technician, he sent off his CV together with a covering letter. “I’m not the best writer,” he says, “so I thought I should just get my personality across.”

It impressed the hiring team at Bremont, but their invitation to come in for a bench test went unopened in his inbox until the day after the test. “I was 19 at this stage, so checking emails wasn’t on the top of my list,” he says sheepishly. It took a while, but after plenty of back-and-forth messages, he was finally booked in for a bench test later in the year when more positions became available – and was promptly offered a place on the watchmaking team, picking up skills on the job, working closely with the head watchmaker right at the start. “He’d show us every step of the way – how to build a



watch, how things worked – and eventually I progressed to the main workshop with the other assemblers,” Sufyaan says. As he built up his knowledge and developed a good skill base, he found he enjoyed helping the newer members of staff as they joined the team. “It got to the point that they needed someone to take over, so two years ago I became the manager of the department.”

Sufyaan’s story is typical of many at Bremont, not only because it is a relatively new brand (it was founded by brothers Nick and Giles English in 2002), but also because, with a few notable exceptions, luxury watchmaking was virtually non-existent in the UK before Bremont emerged. Consequently, unlike other industries, there is no long-established route into British watchmaking – no tradition of following in your grandfather’s footsteps, no national apprenticeship schemes and few courses for gaining the relevant skills and experience.

Instead of expecting candidates to arrive with industry-standard credentials already in place, Bremont emphasises the importance of enthusiasm and an aptitude for learning (Sufyaan suggests that the assembly job suits the mechanically minded, particularly those who work well as part of a team).

In terms of further qualifications, the brand help to sponsor the prestigious British School of Watchmaking in Manchester and can put forward one member of staff for one of only eight places on the sought-after, one-year, 1,800-hour course.

And for anyone wishing to join the Bremont team, Sufyaan suggests taking your cue from his own story. “When I’m looking to hire, the CVs can be very samey, but the cover letter is the chance to get their personalities across; so long as they have the passion, we can train them to learn these skills.”



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Edward *Green*



In Northampton, the traditional home of the shoemaking industry in the UK, on-site, hands-on training has proven to be of more value to local businesses than external apprenticeship schemes and courses.

"It's desperately important for us to find a space for training," says Euan Denholm, Head of Brand at Edward Green. "But we've found it's best not to have that more structured, part college-based route." Edward Green has spearheaded its own training programme, inspired by Julie Smart, the company's Closing Manager, who previously taught at Northampton College. Taking eight staff at a time over 12 Fridays, she walks them through the process of making their own pair of shoes from start to finish. Needless to say, the end results are exceptional. They are being taught by the best in the business after all. The course also gives them a better appreciation of everybody's role within the business, while learning to multiskill so they can do several of the tasks to the level that Edward Green demands.

From the initial design, via clicking (the precise cutting of the leather patterns) and closing (where the leather pieces are sewed together) to lasting (shape forming) and finishing, every stage requires an outstanding level of expertise. And it's clear that the programme is instilling not just skills but enthusiasm and confidence in the staff. "We've got one lady, Carleen [Holmes] – wow, she just flew through everything," says Julie. "And because she's a machinist, she found that in the lasting room, the motion of her hands is the same. So she's transferred her skills. And that's lovely to see."





Carleen herself reveals that her previous employer sent her on the Northampton College shoemaking course – where Julie taught her before. “I’ve been making shoes for 27 years,” she says. “But in the past nine months working here, I’ve learnt more jobs than I had in all those years. I think it’s really opened the door now for more general roles to be swapped over. And why not? Everybody’s capable of doing different things, so long as you’re taught properly.”

It has also proven effective at breaking down the traditional gender barriers that still tend to exist in the industry, as Stephen Wright, Quality Manager, attests. “If we’re short on individual staff for whatever reason, Julie might say, ‘Oh we’ve got a lady here who’s always keen to learn, do you want her to come in and help out?’ And the answer’s always yes! So we can multitask across the factory, which is great.”

There is also a healthy influx of staff – often slightly older, with existing making skills from their first careers – such as Marcus

Buckland, who works in Top Drawer [“which is basically training to do everything”], who trained as a picture framer, or his friend Dan Battison, a Slipper Operative, who had been in a band with Marcus and retrained from his job as an architectural model maker. Or, less likely perhaps, Lyndsey Robinson, who was previously a fraud analyst for Lloyds. “I was looking through jobs and this particular advert said: ‘Trainee shoemaker, must have neat handwriting’, and I thought, I’ve got nice handwriting, I’ll give it a shot. I didn’t know anything about shoes, it was totally alien to me.” Now, every finished pair of Edward Green shoes bears her exquisite writing – the final stamp of quality.

The same sense of pride pervades the building at Edward Green – as summarised by Technical Manager & Product Developer, Carlos Iaconianni. “There’s a sense of achieving something here. We are makers. We put our hands and minds and hearts into the product.”



EDWARD
GREEN

“There’s a sense of achieving something here. We are makers. We put our hands and minds and hearts into the product.”

CARLOS IACONIANNI





Gusbourne

There's a group on Facebook called Travelling Winemakers – Living the Dream. For those inclined, it offers a tantalising way of life, earning your living (or at least funding your adventure) by following the wine harvests across the world, from Australia to Europe to California. "They're often quite young, lots of them are doing 'hemisphere hopping', so they might come over here after a full-on Australian harvest," says Mary Bridges. "You look at them and think, 'You have a great life!' And they bring good experience because they're making wine in all those different styles."

By "here", Mary is referring to a small corner of Kent, where she is Head Winemaker at Gusbourne, having joined when someone dropped out of the harvest crew on the vineyard. She could also be describing herself – living the dream by playing a major part in helping to establish English wine as a serious proposition on the international stage. Having found her calling in the winery side of the business, her role involves a meticulous process of "tasting, testing, crafting and perfecting", employing everything from cold data to natural palate and personal taste to create the perfect blend.

"We will assess the wines to work out on paper where things fit, and then you put together a trial blend, using a little bit from various

different tanks, and taste it, and then you'll think, yeah this is really good but it needs a bit of this... It's such a fun process," she says. "Once we've set on what the blends will be and we start working on the physical processes of putting them together, filtering them and getting them ready to bottle, there's a new energy. And then four years come round and they're released. I just love it."

Jon Pollard, Chief Vineyard Manager, knows all about the patience required to develop the product from the vine to the bottle, having joined as "employee number one" when the vineyard was first planted in 2004. "We didn't have our first harvest until 2006," he recalls. "That's then made into wine and bottled and four years later we're ready to sell it. So that's quite a long journey. Our first vintage year was 2006, and it's only then you're truly working in partnership between the vineyard and the winery. Before then you're making fruit and waving goodbye to it. You can be reactive in some ways, but it's a very slow burn. I suppose that's my excuse for taking time to make decisions. Good things do take time."

Jon's approach is a case study in letting nature be the ultimate guide – working with the land and encouraging biodiversity through complementary planting and sustainable practices.

“The excitement you feel within the industry is great. And it’s nice that people are seeing that from the outside and picking up on it.”

MARY BRIDGES



A gentleman’s agreement with a neighbouring sheep farmer means “the shepherd gets the benefit of grazing in our vineyard and we get the benefit of weed control and the manure input!”

The beauty of such a young industry is the fact that the learning curve on all sides is constantly evolving. “Even if we’re doing something well I like to ask, why is this blend so great?” says Mary. “You start to pick that apart and pinpoint what’s important to our process. The excitement you feel within the industry is great – it really is there. And it’s nice that people are seeing that from the outside and picking up on it.”

“There’s always been something very exciting just around the corner at Gusbourne,” Jon adds. “The new vineyard being planted, the winery coming on line... then the potential in the coming years to plant more vineyards. It’s never stood still.”





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JON POLLARD



Kathryn *Sargent*



In the traditionally male-dominated world of Savile Row tailoring, Kathryn Sargent has made the journey from apprentice to having her name above the door of her own bespoke brand – and is the world's first female Master Tailor.

Kathryn grew up in Yorkshire and studied for a fashion degree in London, specialising in menswear, with work experience at a Savile Row tailor during her final year. "I was really into tailoring – I used to dress in jackets and suits myself and I wanted to learn how to make garments like that."

Her final collection – in Harris Tweed – won her an award from the British Wool Marketing Board during Graduate Fashion Week in 1996, and on graduating she landed an apprenticeship at Gieves & Hawkes at its famous No.1 Savile Row address.

"The tailors I did work experience with suggested I go with a larger company to learn as much as possible," she says. "Before I even graduated, I expressed an interest in doing an apprenticeship there, because I just fell in love with the craftsmanship of Savile Row tailoring. I was used to buying suits from charity shops, taking them apart and altering them myself, but I'd never seen suits like they had on those mannequins. There was such a mystique about it, so I was very much romanced by the idea of it."

Kathryn worked in the bespoke department at Gieves & Hawkes for 15 years, specialising in pattern cutting and fitting, and was made Head Cutter in 2009, the first time there had ever been a female Head Cutter in any of the Savile Row houses.

"I grew up in that building," she says. "Not just in years but also in confidence and skill. Having gone from a university setting to



“There were a lot of people to learn from and to get help and support from, who took you under their wing.”

KATHRYN SARGENT



a workplace with different age groups and backgrounds was quite a contrast. There were a lot of people to learn from and to get help and support from, who took you under their wing.”

But after a couple of years as Head Cutter, Kathryn made the bold step to set up her own business in order to offer tailoring for women alongside men, having noticed a growing demand for bespoke garments among her female friends who were “accelerating in their careers but struggling with what to wear”.

“I went on a part-time business start-up course at Central Saint Martins,” she says. “It was very basic. I downloaded a business plan template from the internet and worked through it. I looked at what I needed to live on and how I could make it work. I didn’t have this big ambition for it. I had the best time at Gieves & Hawkes, but I’d got to the point in my life where I needed to do something fresh and new.”

Having been established as a brand for 12 years, a new Kathryn Sargent atelier has recently opened in Edinburgh, overseen by her former apprentice, Alistair Nimmo. “It’s a lovely way to grow my business and do something new,” she says. “There’s a lot you have to learn to get to this point, all the aspects of running a business – not just cutting a suit and fitting it, but also thinking about branding and marketing and the whole package. Plus employing people and sharing my knowledge, training them myself, just as I have been trained. I really love doing that.”

Kathryn now sits on the board of the Savile Row Bespoke Association, which has helped to establish a more formal apprenticeship system with its own industry-recognised qualifications. “It’s lovely to have a voice in the industry. When I joined there weren’t so many of us around, but now there are lots of young women in the industry learning the craft.”





“Before I even graduated, I expressed an interest in doing an apprenticeship there, because I just fell in love with the craftsmanship of Savile Row tailoring.”

KATHRYN SARGENT



Richard *Brendon*

If anyone epitomises the generations of expertise that has made Stoke-on-Trent's pottery industry world famous, it's Steve Barker, a Caster at Pollyanna Fine Bone China, which manufactures handmade bone china products for Richard Brendon. From the age of 17, Steve has worked all of his adult life in the business, first at Royal Doulton – for 25 years – then at Wedgwood, and now at Pollyanna.

Steve's task at Pollyanna is to make Richard Brendon's beautiful, delicate designs a reality, applying skills that date back at least to the 17th century. The process involves pouring liquid clay 'body slip' into plaster moulds, ready for casting. At least, that's the simple explanation. The slip first has to be made to an exact level of purity and viscosity before it reaches this stage, during which Steve has to ensure he coats the moulds by a precise amount, which can vary depending on each design, ranging from crockery such as plates and cups as well as teapots to more elaborate figurative designs – the area in which Steve first trained with Royal Doulton.

"A lot of the work now is done by machine, not like this," he says. "You've got to watch the time and see how thick it gets. You can't just take it when you want; the longer you leave it, the thicker it is. You get a knack for it."

Watching the skill and speed with which he works as he talks, Steve perfectly demonstrates the importance Richard Brendon puts on the fact that every product made has passed through several pairs of hands. "A lot of brands just want machines, they don't want hand skills," Steve says. "But then you lose the quality and the knowledge." As an example of this innate expertise, Steve describes how he might pick up on obvious design flaws that would be missed in mechanised production. "People assume you can't cast anything solid, but that's a myth. Sometimes I'll say, if you don't make that bit solid, some of the hot water will go up the spout and then you'll burn your hands! There's no one between the designer and the machines to say, 'That's not going to work'. It's all about communication."

Once the clay pieces are carefully removed from their moulds, they go through fettling (the removal of any seams, raw edges or excess clay) before being hand-painted. Each stage requires fine craftsmanship, something that Richard himself is dedicated to keeping alive. "There's always been incredible creativity in the UK," he says. "What we can do in Stoke-on-Trent – still – is exceptional. It really is the best quality bone china anywhere in the world. Talking to manufacturers, some say we can't afford to have apprentices – but you also can't afford not to have them, because your workforce



is pretty much all going to retire within the next ten to 15 years. So the question is how do we support these incredibly high-quality manufacturers that are small businesses so they can start to bring in apprentices?’

Richard feels that a pooling of resources and ideas both within the industry and across the wider luxury sector could be key to sharing best practice. Richard says, “One of our investors was the Chairman of Church’s shoes. Its factory has skill grades, so you work your way up. It’s pretty basic stuff but it’s incredibly difficult for small businesses to figure this out on their own. You could probably put a really good structure in place for them, and then you need funding to make it affordable because, if you’re a small factory, your revenue and profit margins are relatively small. But they are absolutely the right people to be doing the training if you want to get people up to the absolute highest skill level.”

Steve, as ever, sees the bigger picture with disarming simplicity. “The solution is you’ve got to have the Government and industry working together on everything, from the smallest manufacturers. If it’s cheap and nasty, it falls apart. People will pay a little extra for quality, because it lasts.”





“A lot of brands just want machines, they don’t want hand skills, but then you lose the quality and the knowledge.”

STEVE BARKER





Savoir

There are now almost 100 people at the company with over 50 craftspeople involved in making beds by hand in the traditional way, using only natural materials

At the Savoir Bedworks factory in northwest London Arjoon, the Works Foreman, has just started on his next mattress remake. Examining the label on the exquisite mattress he is working on, he recognises his own initials. "That's definitely mine," he says. "That's my handwriting; that's the way I do my fours!" Arjoon first made this (a No 4) mattress in 1998, the year after The Savoy Bedworks – founded in 1905 to supply bespoke beds to the famous London hotel – was acquired by current owners Alistair Hughes and Stephen Winston, prompting the name change to Savoir Beds.

"When Savoir took over there were only three of us," says Arjoon. Now he is the last of the original Savoy craftsmen still working here. But he's far from alone in this bustling, cheerful, diverse workplace. "We started taking on more staff," he says. "And I've trained nearly all of them!" There are now almost 100 people at the company, with over 50 craftspeople involved in making beds by hand in the traditional way, using only natural materials. These include horsetail, cashmere, sheep's wool, cotton and even Mongolian yak hair for the toppers; wooden canes attached to box springs with old-style oiled-flax cord, as used by archers at the Battle of Agincourt.

Arjoon ("It's just Arjoon – I'm from Mauritius, and in the workplace everyone calls you by your surname, so I've always been Arjoon") was 23 when he joined in 1987. While the company has grown significantly since then, Savoir takes pride in making fewer than 1,000 beds per year, ensuring it takes the time on each job to maximise the quality without cutting corners.




Training typically takes at least a year to teach an apprentice the techniques necessary for making a bed base, three years if you include mattresses and headboards. "We train everyone on preparation first – cutting the material, so they get to know all the different components that go in a mattress," says Arjoon. "From there we move them on. They can choose to specialise in making the topper, the mattress or the bases. Some people have a real knowledge of stitching or tying the knots on the base already, so they pick it up quicker." Because of this, there is no set demographic that Savoir looks for in its workforce. "Any age can do it – and it's good if they have some experience. Look at TJ, he joined in his late fifties."

TJ Brown joined in 2000, fed up with the music industry (he was previously a professional keyboardist, touring the world with his band). He had also taught himself to be a tailor and still makes his own clothes, so when he saw an advertisement in the local Jobcentre for people with sewing skills, he applied and got the job at Savoir. "After a while Alistair, the Managing Director, said, 'TJ do you want to do

something else?' So he put me on making springs. Then I moved on to making bed bases and then mattresses. I'm a jack of all trades."

And, it should be added, a Master Mattress Maker. Part of his role involves demonstrating his craft at various industry fairs and Savoir events. "I just think I'm very good at it," he says. "If they want someone to elaborate on the process, I'm the man they come to, because I can talk! And I present myself well. They see the way I dress – I make everything I wear myself – and they can see that I put care and attention into what I do, just the same as making beds."



“There is no set demographic that Savoir looks for in its workforce. Any age can do it – and it’s good if they have some experience – TJ joined in his late fifties.”

ARJOON





Methodology

In order to estimate the activities of UK's high-end sectors and their economic contribution, Frontier Economics used a research strategy that combined a number of data sources. Some initial high-level estimates for the UK high-end sectors were available through Bain consulting. To obtain a more granular understanding of the sectors, we employed an AI-driven search strategy that enabled us to better identify the network of businesses operating in high-end sectors. In particular, through a mix of information published by businesses and data available via Companies House, we were able to obtain estimates of turnover and employment. We drew on ONS national accounts data to infer Gross Value Added and indirect employment numbers. Data on export performance were inferred from a variety of sources: industry sources reported by Bain, UN Comtrade data, data from the International Database for Production and Estimation; and for a range of experiential sectors, ONS data on domestic and inbound tourism expenditure.

Contributions to the Exchequer are based on estimates and assumptions about company profit margins which in turn are based on published financial statements and industry reports. Income-tax revenue and NIC contributions are based on assumptions regarding average wages for the sector, drawing on Office for National Statistics data.

In addition to this, Walpole conducted an in-depth survey of its member brands, alongside conducting interviews, roundtable discussions and site visits. Walpole also surveyed member businesses and the wider luxury community on their sustainability strategies and progress against Walpole's *Sustainability Manifesto*. Walpole also worked with the Fashion Retail Academy to survey its students focused on young people's perceptions of working in the luxury sector. The findings here are the result of this survey which had 229 respondents – over 15% of FRA's student body.

^[1] Includes both direct and indirect jobs.

^[2] Includes indirect jobs.

^[3] In nominal terms a lower-case scenario would see the sector growing to between £105bn and £110bn by 2028, while a higher-case scenario could see that figure rise to between £125bn and £135bn.

^[4] GVA is the value businesses add to goods and services before selling them to customers. This is calculated by deducting the cost of the raw materials and overheads (not including some costs, such as salaries and taxes) required to deliver an end product from the price paid by the consumer for that product. It is a measure of economic contribution.

^[5] Comprising tax and National Insurance payments and savings in the form of unemployment benefits not paid as a result of employment created by the sector.

^[6] Walpole's 2019 *High-End Cultural & Creative Industries* report. (Walpole's most recent economic impact report was published in 2019 and included data for the five-year period to 2017.)

^[7] GDP is a value-added concept, whereas turnover for any sector represents the monetary magnitude of sales. Therefore, while sales are presented in relation to GDP as a means of understanding their relative magnitude, this should not be understood to mean that the sectors accounted for or contributed to 3.7% of GDP.

^[8] Frontier Economics updated its research techniques and methodologies since Walpole's 2019 *High-End Cultural & Creative Industries* report, which included a combined luxury sector turnover figure for 2017 of £48bn. Access to additional data may have resulted in a larger range of businesses within the luxury sector being included in its 2022 turnover figure of £81bn.

^[9] See, for example, the Bain/Altgamma (2023) report, *Renaissance in Uncertainty: Luxury Builds on its Rebound*.

^[10] Income and corporation tax estimates were calculated on the basis of rates prevailing at the end of 2023, while corporation tax calculations were based on assumptions about company profit margins, which in turn were based on published financial statements and industry reports. Income tax revenue is based on assumptions regarding average

wages for the sector, drawing on Office for National Statistics (ONS) data. National Insurance contributions also rely on estimates of average wages. The figures for avoided benefit payments rely on assumptions about the duration of unemployment faced by employees in high-end creative and cultural sectors should they lose their jobs. Probabilities regarding the duration of unemployment are based on findings made by the Organisation for Economic Co-Operation and Development (OECD). These probabilities were adjusted downward to reflect the fact that OECD numbers were averages, and that employees in high-end cultural and creative industries were more likely, compared to the average employee, to find employment given their skills and training.

^[11] The assumptions on savings from avoided benefits payments are from direct employment only.

^[12] Frontier Economics estimate employment numbers for the sectors from information retrieved by its AI-drive search method. Numbers are sourced from Companies House and web resources (notably LinkedIn) and are for employment based in the UK. The employment figures capture some supply chain linkages, in that they capture businesses that specialise in providing inputs into the high-end sector, usually on a B2B basis, and self-designate as high-end businesses. We describe this as "core employment" figures.

^[13] These linkages have broader employment effects. To estimate these indirect effects, Frontier Economics uses employment multipliers. These are estimated by the ONS on the basis of input-output linkages across the economy. The main caveat to take into account is that they are estimated for sectors at a broader level of definition than the high-end sectors (for example, automobiles as a whole).

^[14] Note that multipliers based on input-output tables help us estimate the employment footprint associated with a particular sector. They do not necessarily imply that employment is causally connected to the sector. This is because if the sector shrank or disappeared, it is likely that some proportion of people employed would find work in other activities.

About *Walpole*

Walpole is the sector body for the British luxury industry which is worth £81bn to the UK economy, supports over 450,000 jobs and contributes 3.7% of the UK's GDP. A not-for-profit organisation, Walpole speaks on behalf of more than 250 of Britain's finest brands including Alexander McQueen, Aston Martin, Burberry, Claridge's, Fortnum & Mason, Glenfiddich, Harrods, Rolls-Royce Motor Cars and Wedgwood, and is recognised in both Westminster and Brussels.

With a mission to promote, protect and develop the business of luxury in the UK, Walpole brings its members together to collaborate and connect. Key events include the annual Walpole British Luxury Summit and the Walpole British Luxury Awards. It also provides a collective voice for luxury on key topics, commissions industry-leading research and works with government on issues affecting the sector.

Walpole runs the flagship 'Brands of Tomorrow' programme to develop new British luxury brands – alumni include Bremont, Emilia Wickstead, Nyetimber and Orlebar Brown – and works with the London Business School MBA programme to help develop the talent of the future with 'Luxury Leaders of Tomorrow'. Walpole also spearheads the British Luxury Sustainability Manifesto, with the vision of making British luxury the global benchmark for luxury sustainability.

thewalpole.co.uk

About *Frontier Economics*

Frontier Economics is one of Europe's largest economic consultancies, with offices in London, Dublin, Brussels, Paris, Cologne, Berlin and Madrid. Its 400+ economists tackle some of the most pressing and challenging questions faced by decision-makers, whether in sectors such as financial services, creative industries, digital media or aviation, or in relation to policy questions such as climate change, trade policy, education and health.

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