



## **BREXIT, AN OPPORTUNITY WORTH AT LEAST €2.6 BILLION FOR EUROPEAN RETAILERS**

- **Following Brexit, British tourists are now eligible for Tax Free Shopping in the EU and as a result are expected to account for €1.1billion of Tax Free Shopping sales in European stores**
- **In parallel, following the abolition of the UK's Tax Free Shopping scheme in January, international shoppers who used to shop Tax Free in the UK are expected to reallocate at least €1.5billion of their shopping budget to alternative destinations such as France and Italy for their next shopping trip**

**Eysins, 11 May 2021**

In its latest quarterly 'Observatory' report, Global Blue has examined the potential impact of recent changes to Tax Free Shopping legislation in the UK on international shopper behaviour in Europe. The report includes findings of surveys amongst international shoppers<sup>1</sup> and UK travellers<sup>2</sup>.

### **With the gradual reopening of UK borders and their new eligibility to shop Tax Free in the EU, UK residents represent a new opportunity for European retailers**

With the reopening of the UK borders planned after 17<sup>th</sup> May 2021, UK tourists are eager to return to travel and spending in Europe. 65% of them intend to travel abroad this year. Affluent tourists<sup>3</sup> are the most likely to start travelling again soon, with 35% planning to travel during this summer's holidays, versus 25% on average.

For summer 2021, their preferred destinations are influenced by sanitary conditions in relation to Covid-19, and are expected<sup>4</sup> to be:

- Spain (30%), + 12pt vs 2019
- Greece (11%), + 7pt vs 2019
- Italy (9%), + 4pt vs 2019
- Portugal (9%), +5pt vs 2019
- France (6%), -5pt vs 2019

However, preferred destinations are likely to evolve now that the UK Government's 'red, amber and green lists' are now official. Portugal is on the green list, while Spain, Greece, Italy and France remain on the amber one.

<sup>1</sup> Based on a survey at the end of 2020 of ~45,000 international shoppers who have shopped in the UK since Sept. 2018

<sup>2</sup> Survey carried out in April 2021. 500+ answers collected from external panel of UK travellers and Global Blue's database of UK shoppers

<sup>3</sup> Affluent tourists are defined as those with a shopping budget of more than £1,000

<sup>4</sup> Based on traveller assumption in April 2021

As of 1<sup>st</sup> January 2021, UK tourists are no longer considered as residents of the EU and are therefore now eligible for Tax Free Shopping in European stores. With British tourists taking around 70 million trips to Europe in 2019 and representing a total spend of around £40Bn, this market offers a strong opportunity for European retailers. British residents are expected to spend approximately €1.1billion<sup>5</sup> in sales-in-store in Europe per year once post-pandemic activity has fully resumed.

Currently, only 45% of those surveyed are already aware of Tax Free Shopping, with the remaining 55% needing to be informed of their new eligibility in European stores. Overall, 60% said they are more likely to spend in shops at destination if they can claim back the VAT. They are most likely to spend on clothes and accessories (70%), wine and alcohol (45%) and perfume and cosmetics (45%).

## **Continental European shopping destinations will attract more international shoppers following the abolition of the Tax Free Shopping scheme in the UK**

A survey of 45,000 international shoppers by Global Blue showed that following the UK's abolition of Tax Free Shopping on 1<sup>st</sup> January 2021, 90% of those who have shopped Tax Free in the UK over the last two years intend to choose an alternative destination for their next shopping trip, despite a large number of them still considering visiting the UK. Indeed, international shoppers visit 2.6 countries on average when coming to Europe and therefore have a choice of where to shop.

Overall, international shoppers are expected to reallocate at least €1.5billion of their shopping budget to alternative destinations: France is expected to attract the largest portion of these shoppers (40%), followed by Italy (30%), Germany (10%) and Spain (10%).

**Mathieu Grac, VP Intelligence at Global Blue comment:** *“The new rules resulting from Brexit and the abolition of the Tax Free Shopping scheme in the UK have created a large opportunity for EU retailers to capture more business from international shoppers in the coming years. To realise this potential, it is important for the Europe’s retailers to understand the profiles of the new shoppers that will be coming into their stores and ensure that they can cater to their specific set of expectations.”*

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### **ABOUT GLOBAL BLUE**

Global Blue is a long-standing and trusted partner for retailers across the world. Its omnichannel technology and payments solutions empower its clients to improve their performance in the following areas:

- **Tax Free Shopping:** After pioneering the concept of Tax-Free Shopping more than 40 years ago, Global Blue's integrated technology solutions at 300,000 points of sale offer 13 million international shoppers a seamless and personalised experience when claiming back the VAT on goods purchased abroad.
- **Added Value Payment Solutions:** Global Blue partners with more than 50 acquirers and Payment Service Providers across the world to provide retailers and hoteliers with a best-in-class FX solution that serves 16 million travellers and online shoppers at more than 130,000 points of interaction.

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<sup>5</sup> Global Blue and consulting firm estimates

- Ecommerce returns: Global Blue offers, through its ZigZag Global brand, an enhanced, fully digital returns experience to more than 12 million domestic shoppers by connecting retailers to a network of more than 450 carrier services and 220 warehouses in 130 countries.

A unique understanding of shoppers and their shopping history enables Global Blue to provide Advisory Business Intelligence services, helping retailers to identify revenue and costs opportunities, while its Consumer Engagement solutions help retailers to capture growth opportunities.

In the financial year ending 31 March 2020, Global Blue processed 35 million Tax Free Shopping transactions with a total value of €18.5 billion sales in store, and 31 million Added-Value Payment Solutions transactions with a total value of €4.4 billion sales in store. Global Blue has almost 1,500 employees and is present in more than 50 countries.

Global Blue is listed on the New York Stock Exchange under the ticker GB. For more information: [globalblue.com/corporate](https://globalblue.com/corporate)