The economic & social impact of asos

A report for ASOS by Oxford Economics


asos

The economic and social impact of ASOS

About Oxford Economics

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Mat Dunn, Chief Operating Officer, ASOS

Since it was founded as 'As Seen on Screen' in London in 2000, ASOS has been proud to be a British business with a global outlook, operating at the heart of the UK fashion industry. In two decades, we have grown from a tech start-up with just a handful of employees to become a truly global business, directly employing over 3,000 people. Time flies when you're growing fast and every day our people are focused on delivering for our fashion-loving 20-something customers. So, to celebrate our 21st birthday, it seemed a good time to briefly pause, stand back and take a moment to think about the broader impact ASOS has on the economy and society both here at home and around the world.

It's no understatement to say that the changes we've seen in society and the economy have been seismic. Online fashion, an emerging and relatively niche sector back in 2000, is now an important sector in the UK and global fashion industry. And the British ecommerce sector has become one of the most innovative and high-growth areas of the UK economy, as fast, direct access to consumers make it easier for new businesses to launch, grow and thrive, creating jobs and delivering innovative new consumer benefits.

Customer behaviour and preferences have been core to the transformation we've seen in society. Consumers have grown accustomed to frictionless convenience and tech-led services. All retailers have had to adapt to these trends, whether by investing in technology, proposition, or in developing experiential retail spaces that bridge the gap between online and offline channels. As an online fashion destination that offers both our own products and those of our third-party brand partners, including many from the High Street, ASOS has witnessed these changes first-hand. We've been fortunate to be a valuable long-term partner of the UK High Street, offering another route to market and our customers for several well-known brands in a space where competition is fierce.

Our economic footprint extends into other areas of the UK economy beyond retail, too: from our significant investment in transportation, warehousing, and logistics to our spend with technology and services partners and product suppliers within the UK. In fact, as this report by Oxford Economics shows, in our 2020 financial year UK suppliers accounted for about a third of all our procurement spend, with around a quarter spent in the most deprived parts of the country.

This is a significant proportion given our wide international supply chain, with roots in Asia, Africa and Eastern Europe, and our international fulfilment centres in Atlanta in the US and outside Berlin in Germany. While we're a UK-headquartered and tax-domiciled business, our mindset and customer base are global, and we export to more than 200 countries and markets around the world from our UK fulfilment centres.

As a result, the economic contribution made by ASOS is a broad one: with direct impacts in the UK, and indirect and induced impacts around the world. For every £1 in GDP generated directly by ASOS in the UK, for example, we create £2.80 in other parts of the UK economy and add £9 to the global economy. And for every person directly employed by ASOS, we supported 7.7 jobs elsewhere in the UK and 44 jobs around the world. Not bad for a business that little over 20 years ago could count its team on less than two hands.

Of course, it's not just about our economic contribution but about people too. As well as investing in developing our people and upgrading their skills, we also support more apprentices than the UK and industry average. Through the ASOS Foundation, our charity partnerships, and our purpose to give our customers the confidence to be whoever they want to be, we help young people in the UK and all over the world. And through Fashion with Integrity and the ambitious 2030 sustainability goals we've set ourselves, we work hard to deliver positive benefits for people and minimise our impact on the planet in everything we do.

I'm incredibly proud of the positive impact ASOS has on society and the economy at home in the UK and across the world. This is testament to the skill, dedication, and hard work of the ASOS team. Not just our brilliant direct employees, but also the thousands of people we consider part of the ASOS family. As we look to the future, we have a clear plan to deliver £7bn of annual revenue within the next three to four years by accelerating our international growth and investing in our business, our products, and our platform. I'm pleased to share this report with more detail on the full breadth of the contribution ASOS makes today, and I look forward to seeing our contribution grow further in the years ahead.

ASOS is a global leader in online fashion. From almost any country in the world, you can buy more than 90,000 products from ASOS' own collections and other third-party brands, making an important economic and social contribution in the United Kingdom and globally.

This report explores the jobs, GDP, and payments to governments that ASOS supported in the year to 31 August 2020 ('2019-20'), looking at ASOS' own operations, its spending with suppliers, its payment of wages to employees, and its social investment programmes.

A summary of the key findings of the report

£1.8 billion

Total UK GDP supported by ASOS' activities in 2019-20.

31,660 jobs

Total number of jobs associated with that GDP.

£825 million

Annual UK tax revenues, sufficient to fund the pay of 20,100 secondary school teachers.

Ravaged by the pandemic, the UK economy last financial year suffered its steepest fall in GDP in more than three centuries. However, over the same period, **ASOS' contribution to the UK economy grew by 2.3% in 2019-20 relative to 2018-19 levels, to £1.8 billion**. This provided crucial support for the UK economy across all regions of the economy. The activity was associated with 31,660 jobs in that year, and generated UK tax revenues worth £825 million, sufficient to fund the full-time pay of 20,100 secondary school teachers, 23,700 nurses, or 39,600 care workers.

The total UK GDP 'footprint' is made up of three 'channels of impact'. The direct impact reflects the work undertaken by ASOS' own workforce, and the profits generated as a result. This was £464 million in 2019-20, supporting an average of 3,650 jobs in the business, and £399 million of UK tax revenues (including gross VAT on UK sales and employee taxes).

The **indirect GDP impact** of £771 million relates to the economic activity supported throughout ASOS' UK-based supply chain, as a result of its purchases of stocks, and non-stock supplies of all kinds. This was associated with 16,430 jobs and £220 million in taxes.

Finally, the **induced GDP impact** of £551 million reflects the activity supported across the wider UK consumer-facing economy, as a result of ASOS and its suppliers paying wages to their staff, who then spend the proceeds in retail, leisure, and other outlets. This supported a further 11,580 jobs and £205 million in taxes (including VAT and other taxes on the employees' expenditure).

As an innovative, hi-tech business, **ASOS' employees are highly productive** relative to other UK high-street and online retailers. The already-high level of productivity increased sharply between 2018-19 and 2019-20, helped by strong sales growth. Having highly productive employees also helps to address the UK's historic productivity gap relative to the other G7 economies.

At the local level, ASOS supports a significant number of jobs in the London Borough of Camden and in Three Rivers District in Hertfordshire, mainly due to employees based at its London headquarters and at its offices in Leavesden. It also supports significant employment in Barnsley, Selby, and Doncaster, mainly as a result of outsourced logistics and fulfilment work undertaken in those localities. Through its partners, ASOS is the largest single private employer in the Barnsley metropolitan region, supporting local economic prosperity. ASOS has also recently opened a new fulfilment centre in Lichfield in the UK, which will create 2,000 jobs over the next three years and benefit that area also.

ASOS' purchases of UK-sourced supplies are spread widely across the country, ensuring that 'disadvantaged' areas benefit, along with others."

165,000 jobs

Total number of jobs supported around the globe by ASOS' expenditure, many of them in the developing world.

ASOS' procurement contributes to the levelling up agenda, with stock and non-stock suppliers spread widely across the country. Indeed, across Britain, c. 21% of supplies are sourced from localities in the government's highest-priority group for the Levelling Up Fund. Using the more longstanding official 'deprivation indices', c. 25% of ASOS' procurement from businesses based in England is from suppliers located in the 40 most deprived local authority areas (out of 317). This reflects its purchases from suppliers in locations such as Barnsley, Bradford, Manchester, Leicester, and Tower Hamlets.

ASOS Marketplace supports UK entrepreneurs by providing a platform to grow their fashion retail businesses, with close to 1,400 global sellers currently using ASOS Marketplace, double the number of sellers just a few years ago.

ASOS also raises the skill levels of young people in the UK through its participation in the UK Government's Apprenticeship Scheme, and its partnerships with UK universities. For instance, there are currently 187 apprentices in ASOS, equivalent to 59 apprentices per 1,000 employees, 40% higher than the industry average.

ASOS' support to young people also extends to its corporate responsibility programmes. ASOS supports initiatives that enable young adults to overcome social and economic barriers and promote inclusivity, through its work via the ASOS Foundation and ASOS.com partnerships.

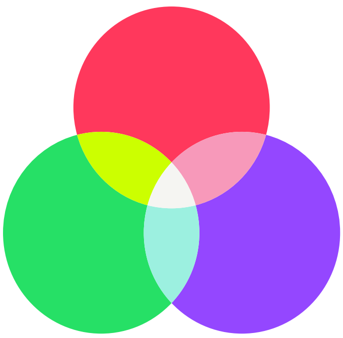
In addition to this contribution to the UK economy and society, **ASOS supports a significant volume of economic activity overseas**, as 70% of its total supplies by value are sourced from abroad. This generates GDP and tax revenues globally, and provides jobs across the EU, US, Asia and beyond. Taking the UK and international impacts together, ASOS' activities supported a total of £4.7 billion of GDP, 165,000 jobs, and £1.7 billion of tax revenues, in 2019-20.

1.0 Introduction

This report examines the economic and social contribution of the British global online fashion retailer, ASOS, in the UK and globally.

This includes a set of standard 'economic impact assessments', to estimate the support provided to economic production, employment, and tax revenues, in the UK and global economies, and in select local economies within the UK. As well as the value generated by the activities of ASOS' own workforce, this takes into account production supported in both the business supply chain and the wider consumer-facing economy, as a result of ASOS' spending on stocks for resale (fashion, apparel and beauty products), other business supplies, and wages.

The study also covers ASOS' additional economic and social contributions. This includes its corporate responsibility activities (CR) in the UK and overseas.



Introduction to ASOS

ASOS was founded in the UK in 2000, when it was known as 'As Seen On Screen'. Since then, it has expanded its activities significantly, with the introduction of ASOS' own-label brands, the building of dedicated platforms for several overseas markets, the opening of an expanded fulfilment centre in Barnsley, and the acquisition of a number of high-profile brands including Topshop and Miss Selfridge.

Fulfilment centres have also been opened in recent years in Germany and the US, but the vast majority of ASOS' direct employees continue to be located in the UK. In November 2021, an additional fulfilment centre formally opened in Lichfield creating 2,000 jobs over the next three years. ASOS has also announced plans to create a new tech hub in Belfast creating a further 184 jobs over the next three years.

A fuller picture of ASOS' history is set out in the timeline in Fig. 1. This illustrates how ASOS is an innovator in technology, logistics, fashion and retail, and how the business has supported High Street names and the wider fashion industry by providing a convenient additional route to market.

Most of the numerical estimates in this report relate to the two ASOS financial years ending in August 2019 and August 2020, referred to as 2018-19 and 2019-20 respectively. At the end of the latter year, the business directly employed just over 3,150 UK-based staff at four locations: the Greater London House corporate headquarters in Camden, in London; an office in Leavesden (near Watford), in Hertfordshire; the large fulfilment centre at Barnsley, in South Yorkshire; and a technology hub in Birmingham.

Almost two thirds of all UK-based directly-employed employees have recently been based in Camden, with most of the remainder in Leavesden, and more modest numbers in Barnsley and Birmingham. However, a large number of partner company staff, working solely on ASOS-related activities, are also based at the Barnsley fulfilment centre.

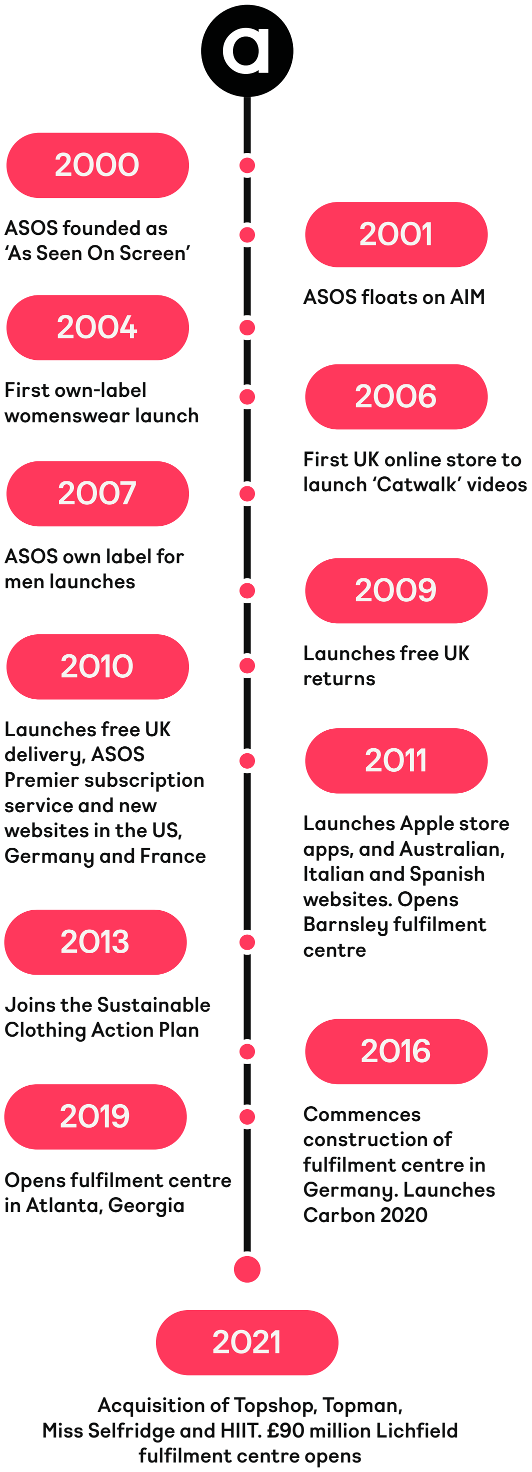


Fig. 1. Timeline showing the history of ASOS

Introduction to national economic impact assessment

The total 'economic footprint' of ASOS' activities in the UK is assessed in Chapters 2 and 3 of this report, using a standard means of analysis called an economic impact assessment. This quantifies the impact of three categories of expenditure undertaken by the business, as also illustrated in Fig. 2:

- The **direct impact** relates to the employment and capital costs borne by ASOS in the course of running its activities, and the net profits generated by that work, at its workplaces across the UK.
- The **indirect impact** refers to the economic production stimulated along the UK supply chain, by ASOS' purchases of goods and services from third party suppliers. This includes stocks for resale, construction work and other items of a capital nature, and other goods and services used in the day-to-day running of the business.
- The **induced impact** reflects the wider economic benefits that arise in the UK due to the payment of wages by ASOS, and by firms in its UK supply chain, which employees can then spend in retail, leisure, and other outlets. It also includes the economic activity stimulated in these outlets' supply chains, and that supported by further 'rounds' of wage-funded spending by people in the consumer-facing sectors.

ASOS' '**total economic footprint**' in the UK is simply the sum of these three impacts.[1] The analysis focuses on three dimensions of that footprint:

- The contribution to GDP (the standard measure of the value of goods and services produced in a country or region in a given time period).
- Employment, measured on a headcount basis and including self-employed people as well as employees.
- Taxes of all kinds paid to national, devolved and local authorities.

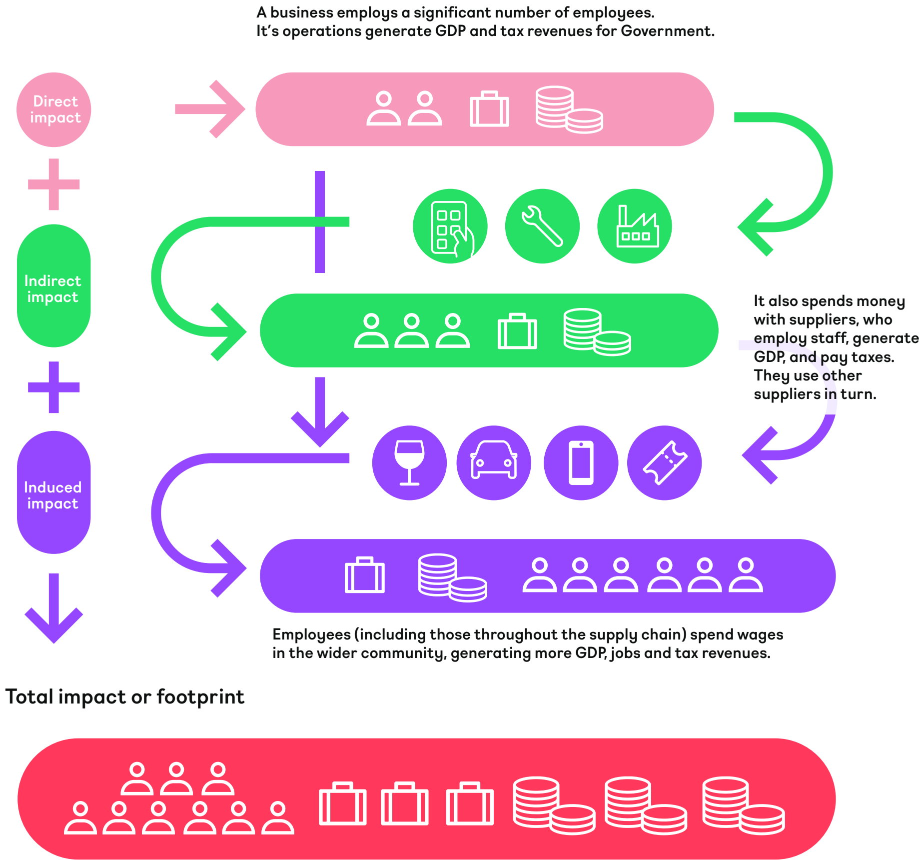
[1] The sum of the direct, indirect, and induced impacts is often referred to as the 'total economic impact'. But this total excludes a range of other contributions to the economy, such as (in this particular case) the provision of apprenticeships, and the availability of the ASOS Marketplace online selling platform.

Additional report coverage

The economic impact on select UK local authority areas is estimated on the same basis, but taking only the relevant local activity, and purchases from local suppliers, into account. And ASOS' contribution to the economy across the rest of the world is assessed in essentially the same manner, using the value and pattern of purchases of goods and services sourced from outside the UK as the starting point. (In this case, the direct impact is relatively insignificant, so only the indirect and consequent induced effects are modelled.)

The local economy estimates are set out in Chapter 4, and those for the global economy in Chapter 7. In between, Chapters 5 and 6 deal in a more qualitative way with the benefits for UK employees and businesses of ASOS' skills-related activities, and those of the ASOS' Marketplace platform. Chapter 8 examines the impact of ASOS' corporate responsibility activities, both in the UK and around the world.

Fig. 2. A 'standard economic impact assessment' for a business



Added together, these three effects– direct, indirect, induced – comprise the total economic impact or footprint of the business.

2.0

ASOS’ direct economic impact in the UK

ASOS makes an important direct economic contribution to the UK economy,

£464 million

ASOS' direct contribution to UK GDP in 2019-20. This generated £399 million in tax revenues for the UK exchequer.

3,654 jobs

Average number of directly-employed staff during that year.

4x

ASOS' labour productivity (direct GDP per job) is four times the UK retail sector average

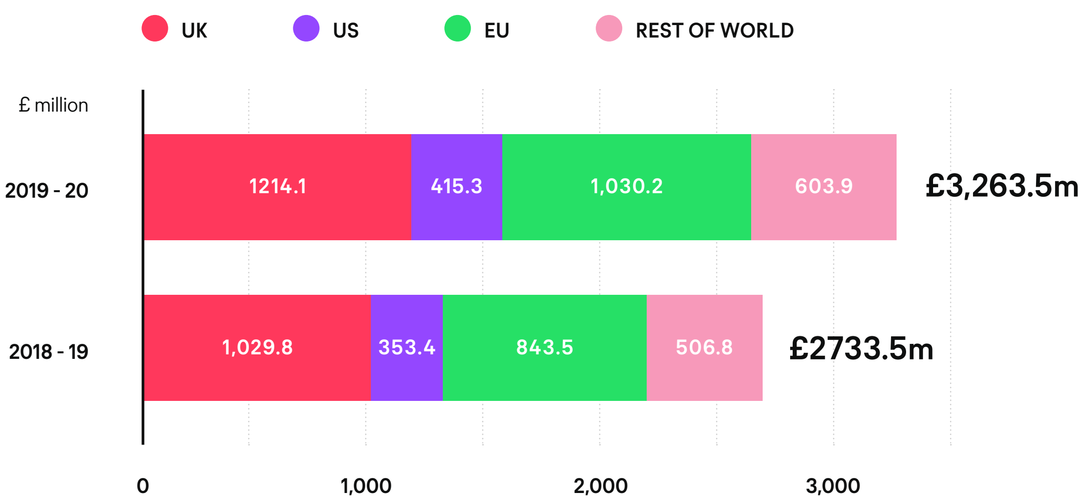
assessed through the amount added to the value of national production by the business's own activities, and the employment and tax revenues directly associated with that.

The key findings are that, in the year to August 2020 (2019-20), ASOS directly contributed £464 million to UK GDP, supporting 3,654 direct jobs on average, and generating £399 million in business, employee, and customer taxes for the UK exchequer. Although employment was lower than in the previous year, GDP rose sharply, and direct taxes also increased. As a result, ASOS' GDP per job–its labour productivity–increased to a very high level, some four times the UK retail average.

Business revenues

ASOS delivered a strong financial performance 2019-20, as it navigated the unprecedented challenges that arose from the pandemic. Total revenues from sales in UK and export markets amounted to almost £3.3 billion (see Fig. 3), which was 19% higher than in 2018-19. The proportionate increase between the two years was similar in each of four market segments, with sales to UK customers continuing to account for around 37% of all revenues. Sales to US customers accounted for 13% of the total in 2019-20, those to EU customers for 32%, and those to purchasers in the Rest of the World for the remaining 19%.

Fig. 3. ASOS' revenues by global market segment



Source: Oxford Economics

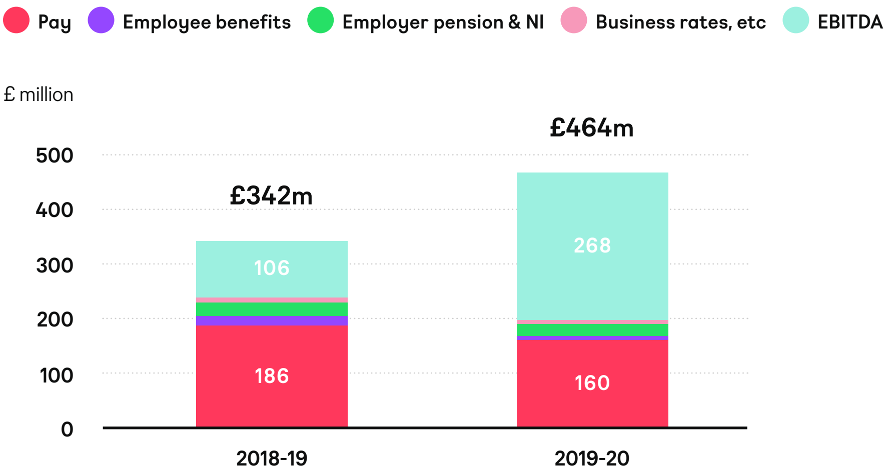
This turnover was used to cover a range of costs. Of these, the most significant categories were purchases of stocks of goods for resale (mainly from outside of the UK), purchases of other goods and services from external sources in order to run the business (a majority from within the UK), and direct employment costs (almost exclusively incurred in the UK). As costs increased by less than turnover, gross accounting profits increased between the two years. These cost and profits components form the starting point for our estimates of the business's direct, indirect, and induced GDP contribution.

Direct GDP impact

The direct GDP impact is calculated as the sum of ASOS' total employment costs in the UK, including wages, other employee benefits, and employers' pension and national insurance contributions (NICs), together with UK 'taxes on production', and the gross accounting profits measure EBITDA.[2] This is broadly equivalent to the difference between the company's total revenues, and its total purchases of goods and services from other entities.[3]

As shown in Fig. 4, ASOS' direct GDP amounted to £342 million in 2018-19, rising to £464 million in 2019-20. The wage bill and EBITDA account for the vast majority of direct GDP, as is the case for most businesses. The strong increase in the value of sales between the two years, coupled with other factors including Covid-19 related benefits and action to contain costs, boosted EBITDA significantly, ensuring that ASOS' direct GDP grew strongly.

Fig. 4. ASOS' direct UK GDP by income component



Source: ASOS; Oxford Economics

To put this in context, the 2019-20 value of £464 million is equivalent to 3.2% of the 2019 GDP of retail stores specialising in the sale of similar goods.[4]

[2] 'Taxes on production' mainly comprise business rates, the apprenticeship levy, and vehicle excise duty paid by businesses. EBITDA refers to earnings before interest, taxes (on profits), depreciation and amortisation. As the GDP contribution of a business or industry is measured net of VAT and other taxes on products, it is technically known as 'gross value added at basic prices', or 'GVA'. It therefore differs a little to the 'headline' or 'market price' measure of GDP, used for national economies, which includes those taxes.

[3] Purchases excluding capital expenditure.

[4] This comparison is with the total 'approximate gross value added' of specialised retail stores selling clothing, footwear and leather goods, and cosmetics and toilet articles. Source: ONS Annual Business Survey ('ABS').

Please note wage figures included here are different from reported figures for FY19 and FY20. This is because the data set used in this report looks only at UK employee data and doesn't capture additional expenditure on international employees, contractors or freelancers.

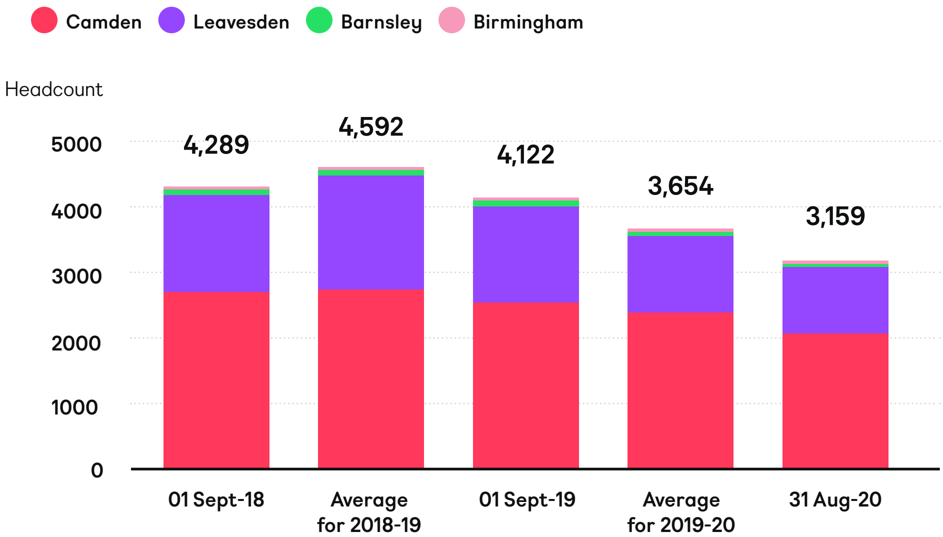
More detail on ASOS' performance and financial results, including the full impact of Covid-19, in its 19-20 financial year are available at asosplc.com.

Direct jobs impact

ASOS' direct employee headcount averaged 4,592 in 2018-19, and 3,654 in 2019-20 (see Fig. 5), explaining the fall in the wage bill between those two years.[5] To better serve the company's international customers, in 2019 and 2020 ASOS undertook a restructuring of its customer care function in Leavesden, to make it a centre of excellence, supported by international customer care partners around the world, including in other parts of the UK (primarily Gateshead and Bangor).

By the end of the latter financial year, the number of directly-employed staff stood at 3,159, from 4,289 two years earlier. However, as shown in Chapter 3, the total number of jobs supported by ASOS across the direct and indirect (supply chain) channels did not decline, with logistics and fulfilment work undertaken for ASOS by key suppliers increasing.

Fig. 5. ASOS' direct employment in the UK by workplace location



Source: Oxford Economics

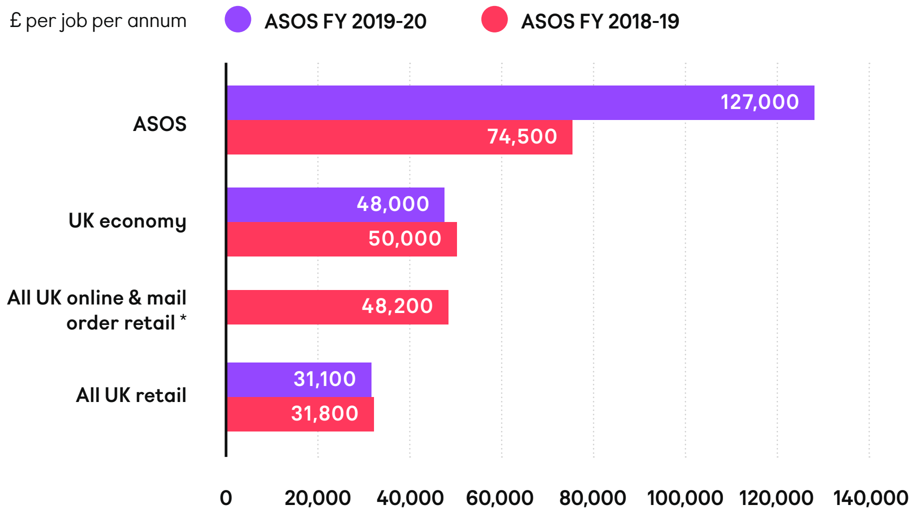
[5] Average employment is worked out by aggregating the number of days on the payroll across all employees, and dividing by 365 (or 366), so that, for example, a job lasting for three months is counted as a quarter of a job.

Labour productivity

The fall in direct employment, greater efficiency, and rising sales helped push ASOS' 'headline' labour productivity (direct GDP per job) to a level four times that seen across the UK retail sector as a whole.[6] As Fig. 6 shows, ASOS' GDP per job was already high in 2018-19, both compared with the economy as a whole and, even more clearly, with the UK retail sector. However in 2019-20, ASOS' labour productivity, or direct GDP per job, rose to £127,000, a 70% rise on 2018-19, and four times the labour productivity of the UK retail sector.

This high and rising level of GDP per job should be seen as beneficial for the company's stakeholders, the UK exchequer and the wider UK economy. Higher productivity makes it possible to increase pay per employee, reduce prices per item sold, and boost gross profits, all at the same time. It can therefore benefit customers and employees, while raising the funds available to cover past capital costs, and potentially reinvest in the business.

Fig. 6. ASOS' UK labour productivity (direct GDP per job) in context



*Calendar year 2019. 2020 not yet available.

Source: ASOS; Oxford Economics; ONS

This in turn can create a 'virtuous circle', with higher wages making it easier to attract skilled personnel, and higher capital investment further reinforcing the capacity to generate increased sales per employee. Government and society also stand to gain, as taxes typically increase disproportionately in response to higher pay per head.

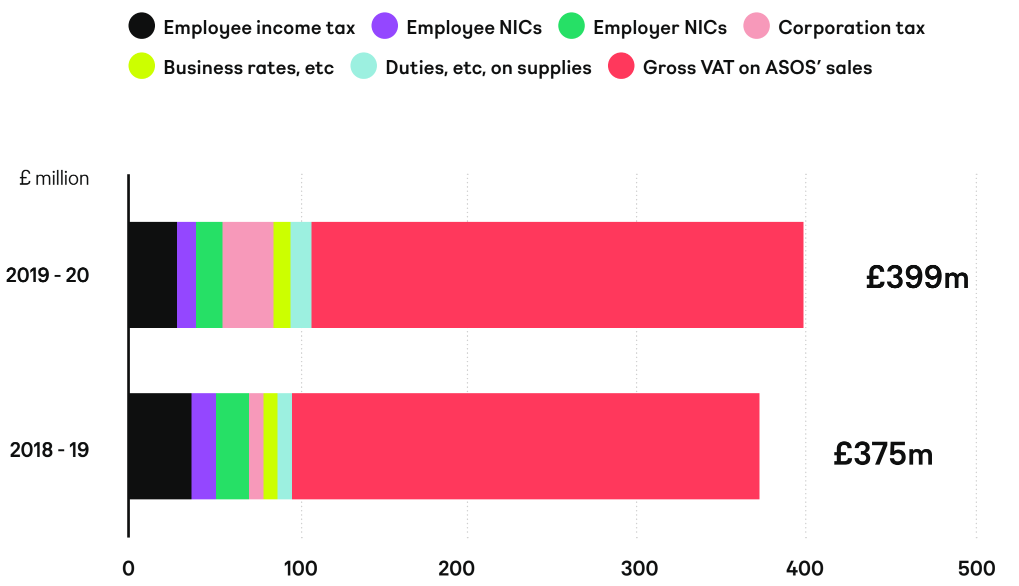
[6] Had ASOS' direct employment been held at 2018-19 levels, with employment costs holding up and EBITDA rising by less as a result, direct GDP per job would have been £100,500 in 2019-20.

Direct tax impact

For the purposes of this study, ASOS' direct tax impact includes taxes borne by the business itself, on its profits, employment, property, and purchases, together with taxes paid by its employees, and the gross VAT paid by ASOS' UK customers on their purchases from the business.

As shown in Fig. 7, total payments across these tax categories amounted to £399 million in 2019-20, up from £375 million in 2018-19. Here, 'business rates, etc' means all 'taxes on production', and also includes the apprenticeship levy. Duties on supplies' only include customs duties and stamp duties paid directly to the authorities by ASOS.[7]

Fig. 7. ASOS' direct UK tax contribution by type of tax



Source: ASOS; Oxford Economics

Between those two years, employees' income tax and NICs fell in tandem with the wage bill, to account for 10% of the overall direct tax impact. But the sharp increase in sales and associated profits resulted in significant increases in VAT and corporation tax. Gross VAT on sales to customers in the UK therefore accounted for 73% of the total direct tax impact in 2019-20, and the various business and employer taxes borne by ASOS itself, for 17%.

The rise in corporation tax between 2018-19 and 2019-20, of some 225%, reflects the strong bounce back in profits in the latest year. In 2018-19, these had been low by the standards of the previous six financial years, and equated to just 1.2% of revenues. But this ratio recovered to 4.4% in 2019-20 due to progress against ASOS' business strategy and increased operational grip and rigour.

[7] Duties and other levies built into the cost of ASOS' domestic supplies are counted in the indirect tax impact.

3.0

ASOS' wider economic 'footprint' in the UK

ASOS' wider economic 'footprint' in the UK

£1.8 billion

Total UK GDP supported by ASOS' activities in 2019-20.

31,660 jobs

Total number of jobs associated with that GDP.

£825 million

Consequent annual UK tax revenues, sufficient to fund the pay of 20,100 secondary school teachers.

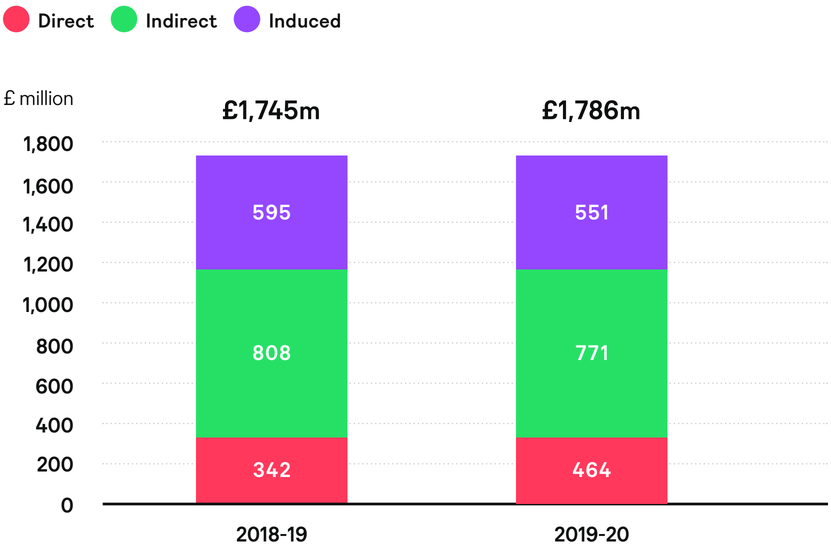
This chapter describes the wider economic 'footprint' of ASOS in the UK. This comprises the company's direct economic impact, described in Chapter 2, together with the indirect (supply chain) and induced (wage-funded expenditure) effects.
The first section below gives an overview of the total economic footprint. We then look at the indirect and induced impacts briefly, before examining total economic impacts in more detail.

The main conclusion is that, in 2019-20, ASOS supported nearly £1.8 billion of UK GDP, taking these knock-on expenditure effects into account. This was associated with 31,660 jobs, and £825 million in taxation, which would have been sufficient to fund the average full-time pay of 20,100 secondary school teachers. These total UK GDP, employment, and tax impacts were all higher than in the previous year, with additional jobs in the supply chain (including ASOS-specific logistics and fulfilment work) outweighing the fall in direct employment.

Overview of the total economic footprint

Fig. 8 summarises the total GDP footprint in the two years. This amounted to £1.79 billion in 2019-20, having increased from £1.75 billion in the previous financial year. There were modest declines in the indirect and induced GDP contributions, but these were outweighed by the increase in direct GDP as described in Chapter 2.

Fig. 8. Total UK GDP footprint by channel of impact



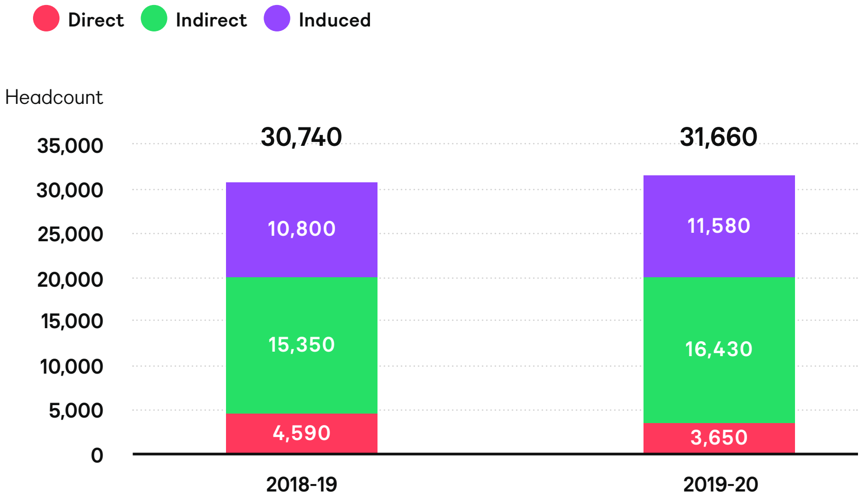
Source: Oxford Economics

As the total economic impact in 2019-20 is 3.8 times the direct impact alone, we can say ASOS' 'UK GDP multiplier' is 3.8. Or put another way, for every £1 of GDP generated by ASOS itself, a further £2.80 of GDP is supported in other parts of the UK economy, as a result of supply chain linkages and wage-funded spending effects.

Meanwhile, the total employment impact was 31,660 in 2019-20, which was up slightly on the previous year's level (see Fig. 9). [8] In this case, the pattern of change was the opposite to that for the GDP effects, where the direct GDP impact increased while indirect and induced GDP fell. In contrast, direct employment declined, while the indirect and induced jobs impacts increased. The rise in indirect jobs includes an increase in ASOS-related logistics and fulfilment work undertaken by key partner companies.

[8] All jobs numbers in this Chapter have been rounded to the nearest 10. Unrounded numbers are given in the more detailed tables in Appendix 1.

Fig. 9. Total UK employment footprint by channel of impact



Source: Oxford Economics

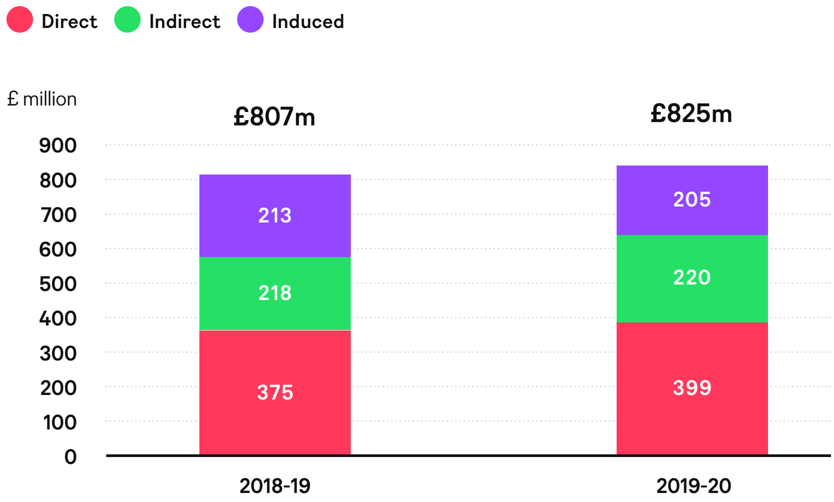
As the total employment impact is 8.7 times the direct employment impact alone, the 'UK jobs multiplier' is 8.7. So every job in ASOS itself supports an additional 7.7 jobs in other UK businesses, due to supply chain linkages and wage-funded expenditure effects.

Meanwhile, the total tax impact is £825 million in 2019-20, up from £807 million in 2019 (see Fig. 10). Here, all taxes borne by businesses, and by employees in relation to their earnings, are allocated to the channel of the supplier or employer. All taxes on employees' wage-funded spending (mainly VAT and excise duties) are allocated to the induced channel, while all VAT on ASOS' sales to UK resident consumers is allocated to the direct channel.

The total tax impact of £825 million in 2019-20 would have funded the full-time wages of 20,100 secondary school teachers, 22,500 fire fighters, 23,700 nurses, or 39,600 care workers.[9]

[9] Based on the mean annual pay of full-time UK employees in these occupations in April 2020, from ONS ASHE.

Fig. 10. Total UK tax footprint by channel of impact



Source: Oxford Economics

Indirect economic impact

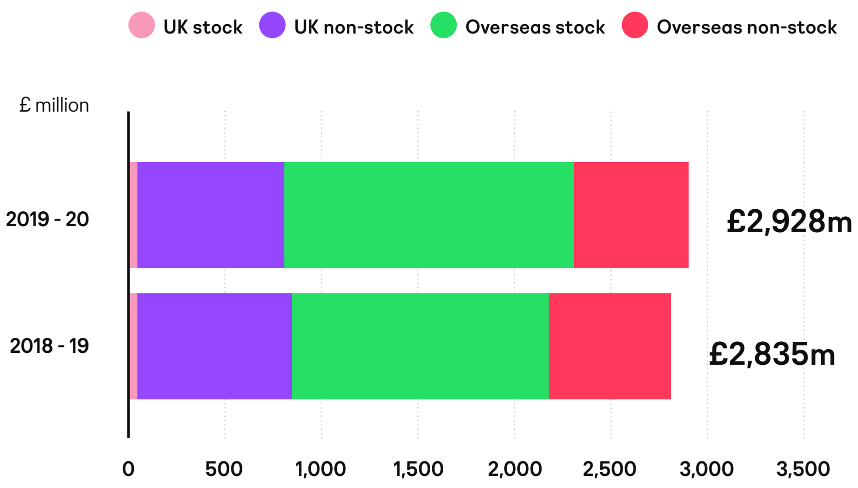
The indirect impact reflects activity throughout the UK-based supply chain supported by ASOS' purchases of goods and services from third party businesses. This includes purchases of stocks for resale, and non-stock items – including construction work and other items of a capital nature, as well as goods and services used in the day-to-day running of the business.

The starting point for these estimates is ASOS' purchases of goods and services from UK-based suppliers. As indicated in Fig. 11, UK-sourced stocks account for a relatively modest 3-4% of all ASOS' purchases of stocks from around the globe. However, that still compares favourably with the 1.4% share of UK-sourced supplies to the global market as a whole.[10]

But taking non-stock supplies of goods and (much more importantly) services into account as well, UK-based suppliers provide broadly 30% of all ASOS' business supplies by value, with the rest coming from overseas.

The indirect impact is dominated by the transport and storage, or logistics, sector, which includes warehousing activities, freight transport, and courier services. Some 70% of all of ASOS' purchases from third party businesses in the UK fell into this category in 2019-20, and after taking transactions further up the supply chain into account, that sector contributed 50% to the £771 million indirect GDP effect. Most of the remainder was accounted for by professional and business services, information and communication services, finance and real estate, and manufacturing.[11]

Fig. 11. ASOS' procurement by location of supplier: UK and non-UK



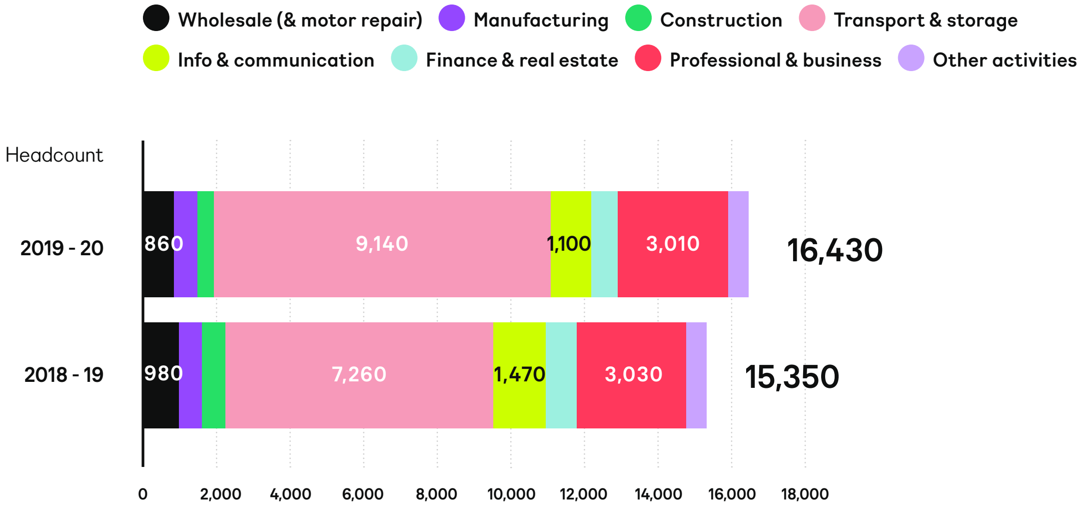
Source: Oxford Economics

[10] This figure is based on UK suppliers' share of global household consumption of textiles, clothing, and leather products, valued at the price received by the manufacturer, from the OECD 'Inter-Country Input-Output Table'.

[11] Details of the economic impacts on an industry-by-industry basis, and descriptions of those industries, can be found in Appendix 1.

Taking into account differences in labour productivity between sectors, logistics accounted for 56% of the 16,430 indirect jobs supported by ASOS' expenditure, with much of the remainder accounted for by professional and business services, and information and communication services (see Fig. 12).

Fig. 12. Indirect employment by industry of supplier



Source: Oxford Economics

Taxes in the indirect channel amounted to £218 million in 2018-19, and edged up to £220 million in 2019-20. These were split fairly evenly between taxes paid by businesses, and those paid by employees.

Induced economic impact

Induced impacts reflect the way in which ASOS' employees, and people in ASOS' supply chain, spend most of their after-tax wages on goods and services, many of which are produced in the UK. [12] This supports GDP and jobs in shops, restaurants, hotels, leisure outlets, and other establishments, and in their UK-based supply chains. And people in the consumer-facing industries also spend their resulting earnings, buoying the induced impact still further.

Taking all of these transactions into account, the induced GDP impact works out at £551 million in 2019-20. This was spread over a wider range of sectors than the indirect impact, with important contributions from finance and real estate (including property rental), retail, and leisure activities including hotels, catering, entertainment, and culture. Retail and leisure activities made an even more important contribution to the 11,580 induced jobs impact in that year.

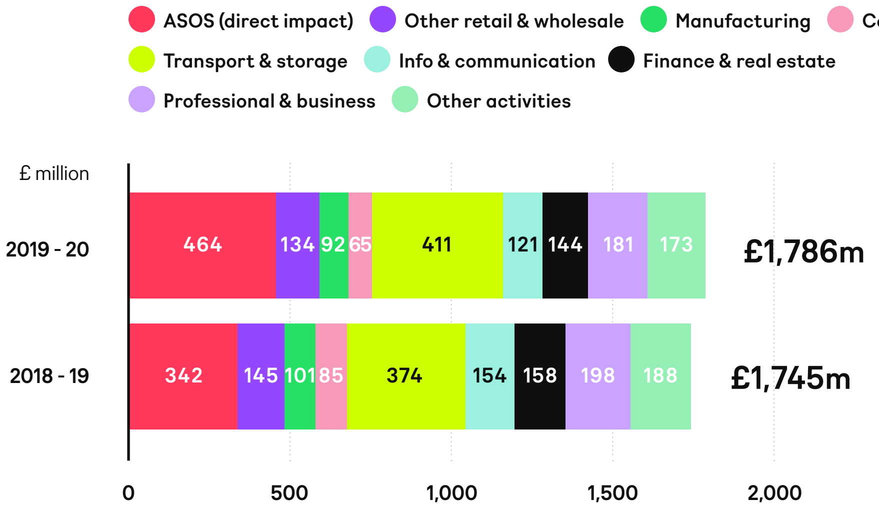
Out of the induced tax impact of £205 million in 2019-20, VAT and excise duties on individuals' spending accounted for £83 million, employee taxes for £48 million, and taxes on employers and businesses for £73 million.

[12] All references in this report to 'wage-funded spending' and similar phrases should be taken to also include spending by self-employed people, out of their ASOS-derived earnings.

Total economic footprint in detail

Across the direct, indirect and induced impacts, the total GDP footprint increased from £1.75 billion in 2018-19, to £1.79 billion in 2019-20, a 2.3% increase. As set out earlier, the total GDP impact was almost four times the direct impact alone, so as indicated in Fig. 13, ASOS' own GDP accounted for 26% of the total GDP supported one way or another by the firm's activity and spending. Some 23% was accounted for by transport and storage services, with the rest spread across a variety of (mainly service-based) activity.

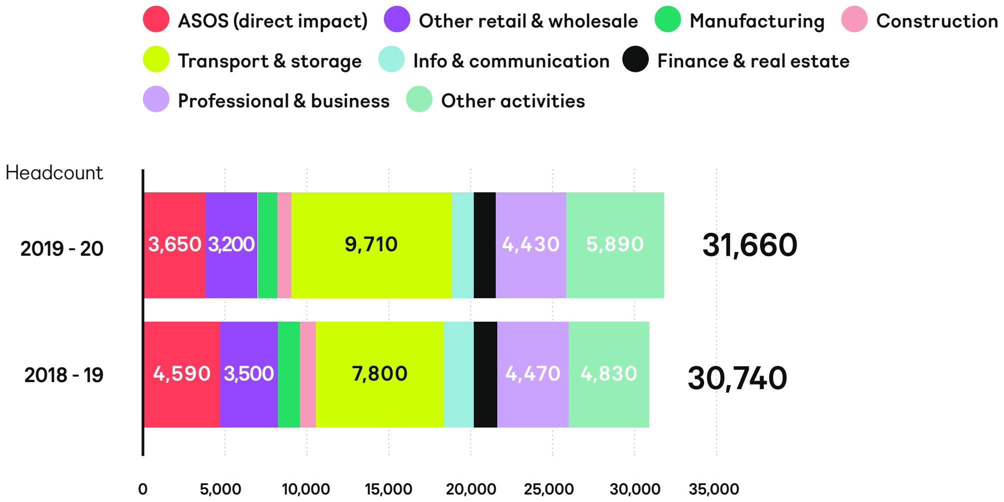
Fig. 13. Total GDP footprint by industry of supplier



Source: Oxford Economics

The total employment footprint also increased between the two years, from 30,740 jobs to just under 31,660 (see Fig. 14). But here, the by-industry pattern was very different to that of the total GDP footprint, with transport and warehousing activities accounting for 31% of the total headcount, and ASOS itself for 12% (based on the average headcount during the year). The 'other' (mainly consumer-facing) activities grouping accounted for 19% of the total jobs effect, professional and business services for 14%, and retail and wholesale services (other than ASOS) for 10%.

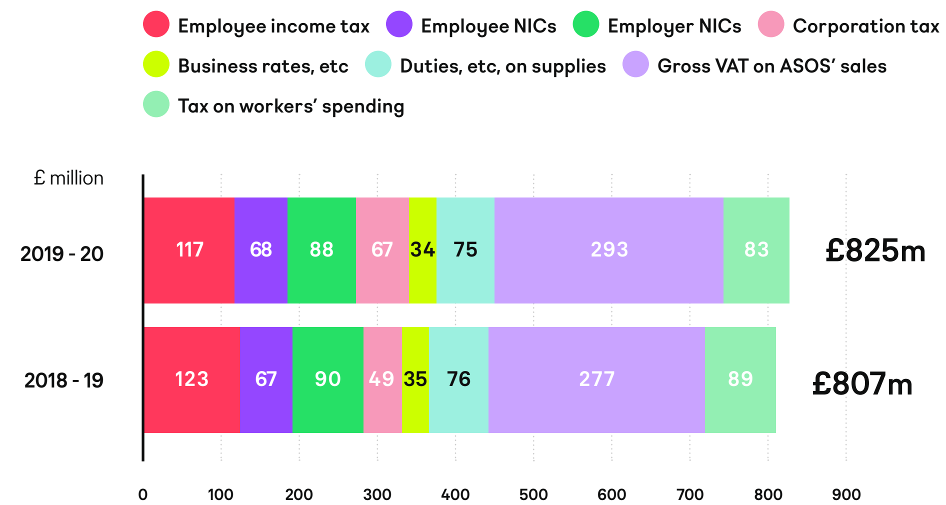
Fig. 14. Total employment footprint by industry of supplier



Source: Oxford Economics

Finally, Fig. 15 brings together the various tax effects. ASOS' overall UK tax contribution increased from £807m to £825m from 2018-19 to 2019-20. Taxes paid by employees edged down between the two years, with the slight fall in ASOS' own workforce headcount and associated taxes partially offset by extra jobs and associated taxes in the indirect and induced channels. In aggregate however, business and employer taxes edged up due to the significant rise in ASOS' own corporation tax bill. VAT and other taxes on household consumption increased on balance, with the effect of the rise in ASOS' sales to UK customers outweighing that of the fall in spending by people employed in the direct, indirect, and induced channels.

Fig. 15. Total tax footprint by type of tax



Source: Oxford Economics

4.0

ASOS' local economic impacts

ASOS' local economic impacts

4,389 jobs

Number of jobs supported in Barnsley, where ASOS- related logistics and fulfilment workers exceed the number employed by any other local business.

"ASOS' purchases of UK-sourced supplies are spread widely across the country, ensuring that 'disadvantaged' areas benefit, along with others."

c. 25%

Share of ASOS' procurement from suppliers in England sourced from the 40 most 'deprived' local authority areas. This is out of 317 areas in total.

This chapter explores the way in which ASOS' activities affect local economies. We start by examining the geographical distribution of ASOS' direct employment impacts, and associated wage income. We then look at how the total GDP and jobs impacts are important for select local economies, taking into account not just ASOS' own work but also the significant amount of logistics and fulfilment work undertaken on its behalf by key suppliers. Finally, we look at how other ASOS suppliers are spread right across the UK, with localities of all types–including disadvantaged areas–benefitting.

We describe how most of ASOS' direct economic activity is undertaken in Camden, and at Leavesden in Three Rivers, Hertfordshire, with small numbers of direct ASOS employees located in Barnsley and Birmingham. But taking supply chain work and induced impacts into account too, the number of jobs supported is highest in the borough of Barnsley (4,389), where ASOS-related logistics and fulfilment employees appear to exceed the total number of people employed by any other single private sector employer in Barnsley. The indirect benefits of ASOS' spending are spread widely across the UK, with 'disadvantaged' areas benefiting amongst others. In fact c. 25% of ASOS' procurement from suppliers in England is sourced from the 40 most deprived local authority areas (out of 317).

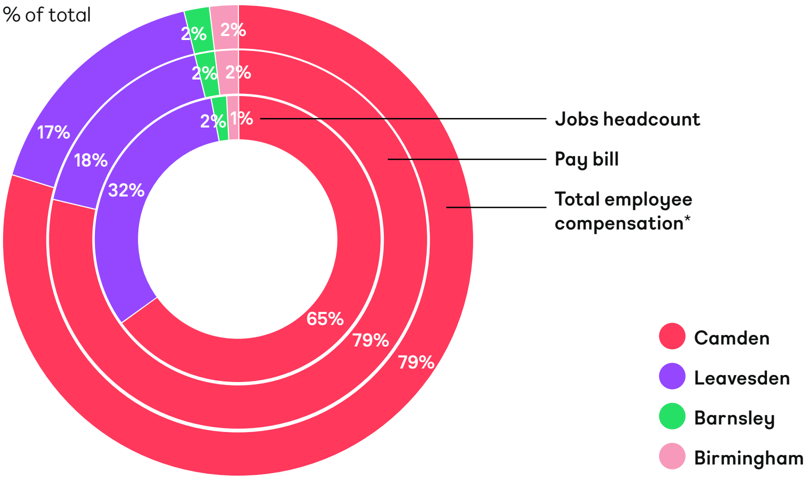
ASOS' direct employment and pay bill by location

ASOS directly employed people at four sites in 2018-19 and 2019-20. In the latter year, 64% of these employees (2,387 on average) were based at the company's headquarters in Camden, London, and 32% (1,155) at the customer care centre in Leavesden, near Watford, in the Three Rivers local authority area in Hertfordshire (see Fig. 16). The remaining 3% were split between the fulfilment centre at Barnsley (60), in South Yorkshire, and the technology hub in Birmingham (52). However, most logistics and fulfilment work in Barnsley is undertaken by employees of key partner and supplier GXO Logistics (see Section 4.2 below).

As the chart also shows, 79% of the total pay bill was accounted for by the London headquarters operations, and 18% by the customer care staff at Leavesden. The remainder was split between Barnsley and Birmingham. The distribution of total employee compensation, including employee benefits and employers' NIC and pension contributions as well as pay, was similar to that of the pay bill.

Turning to the geographical distribution of ASOS' employees by residence, as opposed to workplace, Fig. 17 shows the approximate location of all those employed at some point during 2019-20 by parliamentary constituency.[13] It can be seen how this spreads well beyond the four localities in which the workplaces themselves are based.

Fig. 16. ASOS' direct jobs and pay by location in 2019-20

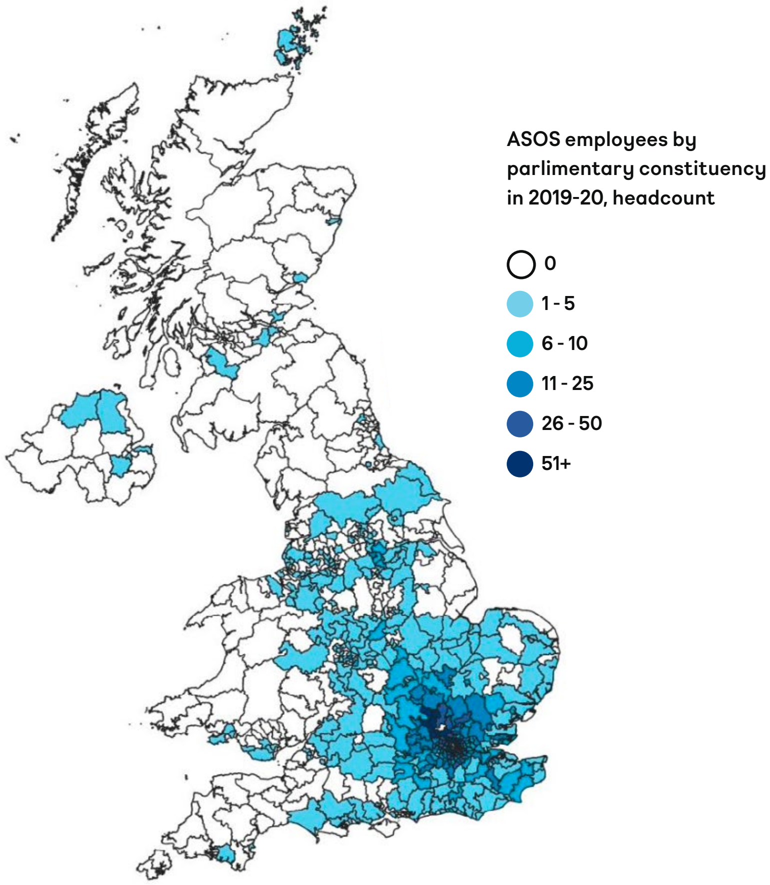


*Pay, employee share rewards and benefits in kind, employer pension contributions and employer NICs.

Source: Oxford Economics

[13] The distribution is approximate as only the first half of the postcode (i.e. the post town) could be provided for this analysis.

Fig. 17. ASOS' employees by parliamentary constituency of residence



Indeed, 89% or 4,274 of ASOS' employees are based outside of the four constituencies of ASOS' workplaces, and within this 333 employees (7%) are based in Hemel Hempstead, with 90 employees (2%) residing in South West Bedfordshire, and 86 staff members (2%) in St Albans. The most popular constituency, however, is Watford, with 9% or 426 employees. This is also the location of ASOS' Leavesden customer care centre. Finally, in London, Vauxhall and Tottenham are the most popular areas to live, with 76 employees or 2% of the workforce based in each of those constituencies.

ASOS' total economic footprint in select local areas

ASOS has a particularly significant impact on the economies of five local authority areas. As set out above, most of the direct GDP and jobs impacts benefit the Borough of Camden and Three Rivers District. But in addition, GXO Logistics carries out a significant amount of logistics and fulfilment work for ASOS at locations in the Metropolitan Borough of Barnsley and Metropolitan Borough of Doncaster. And Clipper Logistics carries out logistics and fulfilment work for ASOS in Selby District.

Impacts have also been calculated for Birmingham, where ASOS has a further office, and are included in the results tables in Appendix 1. For the most part, these impacts are more modest than those of the five local authority areas illustrated here, and so have not been included in detail in this analysis.

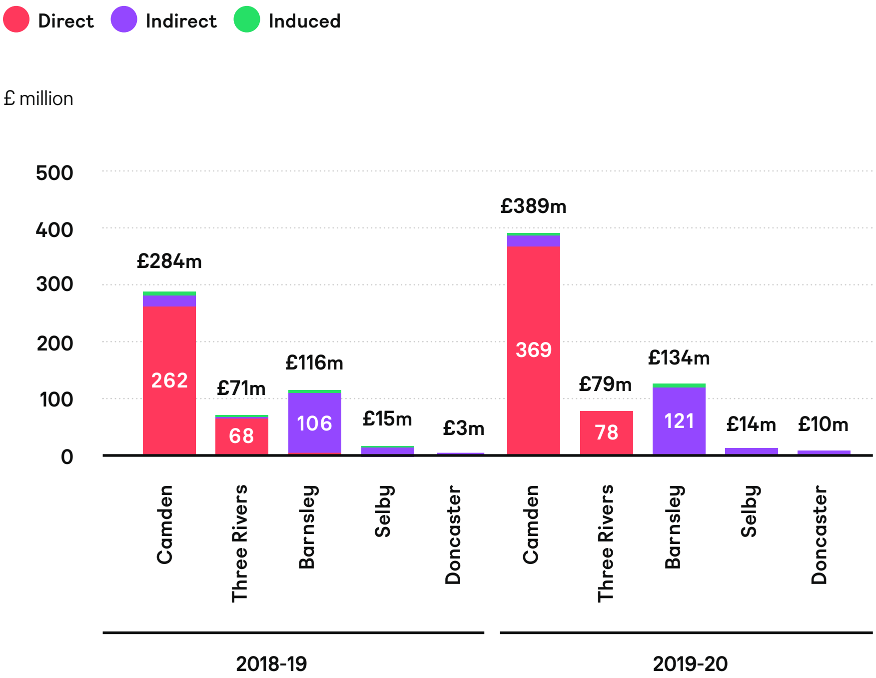
The direct, indirect, and induced GDP and employment footprints for each of these five local authority areas have been estimated with the help of Oxford Economics' bespoke UK local economic impact model. As well as the logistics and fulfilment work cited above, the indirect impact takes into account all other supplies made to ASOS by firms based in the areas concerned[14], and the impact of subsequent local-business-to-local-business transactions.

However, these additional indirect impacts are typically very modest, as ASOS' non-logistics and fulfilment suppliers are spread widely across the UK, and as only a small share of business procurement is typically sourced locally. Induced impacts are also comparatively modest, reflecting the fact that many employees live outside of their workplace's locality, and the fact that typically 60-70% of household spending benefits suppliers outside of the individual's local area.

The total GDP (direct, indirect, and induced) impacts are shown in Fig. 18. The total footprint in 2019-20 was £389 million in Camden, and £79 million in Three Rivers, with the direct impact dominating there. Indirect impacts (mainly the logistics and fulfilment work undertaken for ASOS by key suppliers) dominate in Barnsley, Selby and Doncaster, where the total GDP impact is put at £134 million, £14 million, and £10 million, respectively. The total GDP footprint across these five areas, of c. £625 million, accounts for 35% of the overall UK-wide value.

[14] Aside from logistics and fulfilment and customer care work, the distribution of supplies by supplier location is based on the address for invoicing purposes. This may not always be the same as the location of the relevant activity.

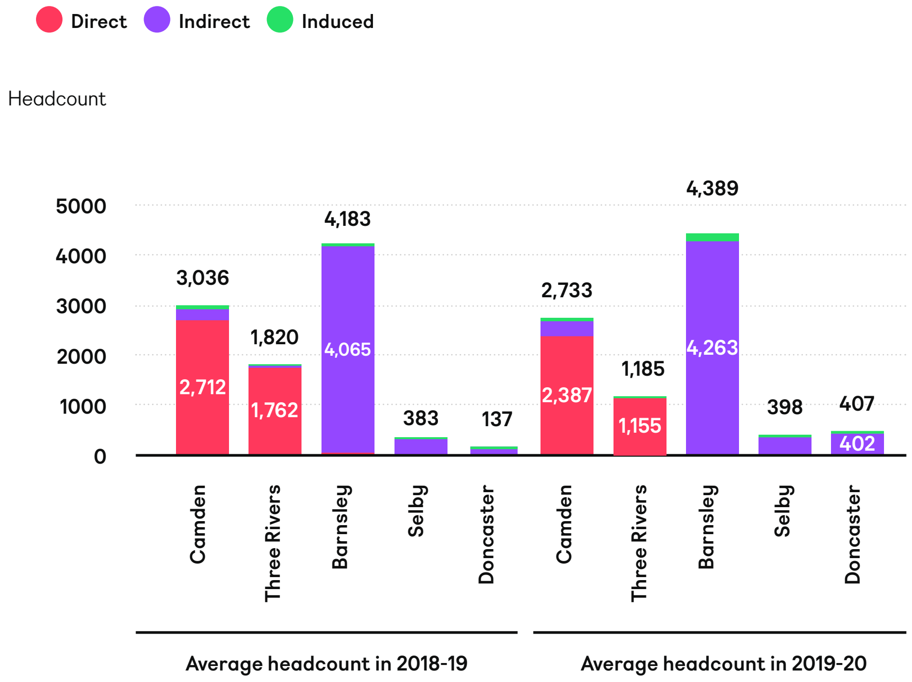
Fig. 18. GDP impacts in select local authority areas



Source: Oxford Economics

The associated employment impacts are shown in Fig. 19. The number of jobs supported in Camden, in 2019-20, was 2,733, while 1,185 jobs were supported in Three Rivers. The figures for Barnsley, Selby, and Doncaster are 4,389, 398, and 407, respectively. The total employment footprint across these five areas, of 9,112, accounts for 29% of the UK-wide equivalent.

Fig. 19. Employment impacts in select local authority areas



Source: Oxford Economics

This means that ASOS supports 4.5% of all jobs in Barnsley, as well as 1.3% of all jobs in Three Rivers, 0.9% of all jobs in Selby, 0.7% of all jobs in Camden, and 0.3% of all jobs in Doncaster. The total number of GXO, ASOS, and agency employees at the fulfilment centre in Barnsley looks to be greater than the number employed by any other private sector employer at workplaces in that borough.[15]

[15] This total (4,257) is higher than the number of employees in any refined-level industrial sector in Barnsley (source: ONS BRES). It is exceeded by some combinations of sectors, but only hospitals plus other health services, and primary plus secondary education, are good candidates in terms of provision by a single employer.

Other UK localities benefiting from ASOS' expenditure

The distribution of ASOS' UK-sourced procurement by postal area is shown in Fig. 20. It can be seen that these supplies are purchased from many parts of the country, although with some concentration of supplies by value in the Sheffield postal area (which includes the logistics and fulfilment work at Barnsley), as well as the Bristol and Reading areas, and, to a lesser extent, the areas around York (including Selby) and Ipswich.

The way in which ASOS' procurement is spread across the country means that communities of all kinds benefit, including disadvantaged areas.

To help determine the distribution of the Government's Levelling Up Fund, local authority areas in Great Britain (i.e. England, Scotland, and Wales) have been classified into three 'priority groups', depending on their identified needs. One third of these areas, accounting for 28% of GDP across Great Britain, have been allocated to the highest-priority group ('category 1').

Based on postcode information supplied to Oxford Economics, some c. 21% of ASOS' procurement from suppliers in Great Britain is sourced from localities in this grouping. This includes purchases from suppliers in Leeds (8.6% of procurement), Peterborough (2.2%), Bradford (2.1%), Manchester (2.0%), Leicester (1.9%), and Doncaster (1.2%). Purchases totalling over £1 million were made from a further eight category 1 areas, including Gateshead.

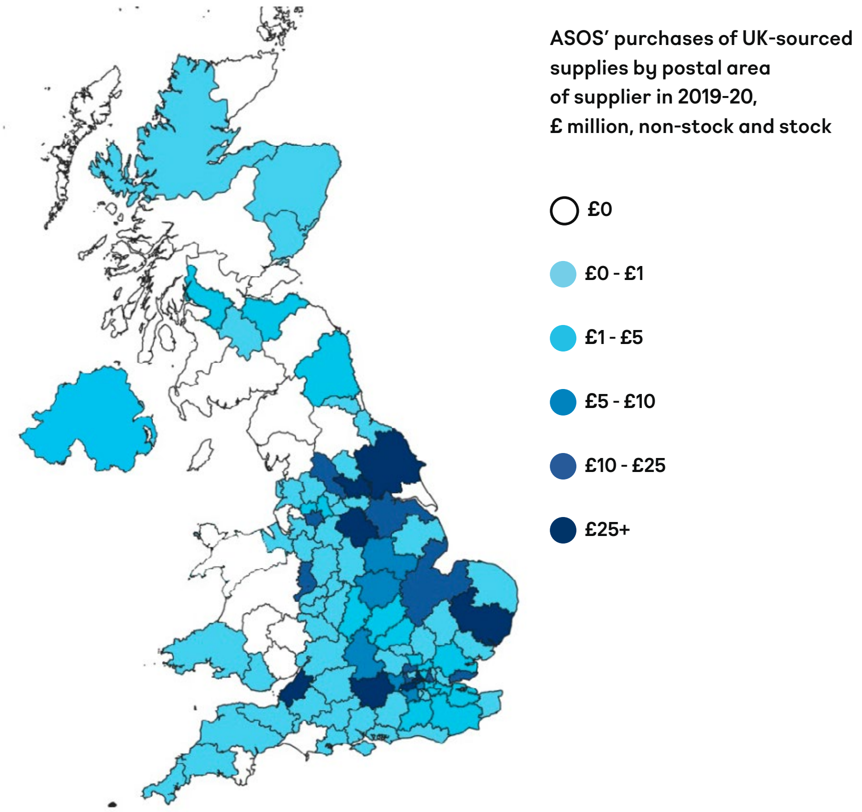
ASOS' spending in Gateshead, of over £4 million in 2019-20, is largely accounted for by outsourced customer care work, which employed over 100 individuals in that borough in 2019-20. The other major ASOS outsourced customer care operation in that year was at Bangor, in Northern Ireland. This involved an outlay of over £2 million, and supported close to 100 jobs. However, as locations in Northern Ireland are excluded from the Levelling Up fund, it does not feature in the c. 21% figure cited above.

Turning to the more longstanding Indices of Deprivation, some c. 25% of ASOS' procurement from businesses based in England is from suppliers located in the 40 most deprived local authority areas (out of 317). [16] This includes ASOS' purchases from Barnsley (14.9% of the relevant spending total), which is not counted as a priority area for Levelling Up Fund purposes. Other important boroughs here are Bradford (2.1% of relevant spending), Manchester (2.0%), Leicester (1.9%), and Tower Hamlets (1.0%).

Procurement worth more than £1 million was sourced from a further six of the 40 most deprived local areas during 2019-20. This includes Liverpool and Rochdale.

[16] Ministry of Housing, Communities & Local Government, The English Indices of Deprivation 2019. The Ministry publishes three different rankings, and the one used here is the 'Rank of Average Rank'.

Fig. 20. ASOS' UK-sourced procurement by postal area in 2019-20



Source: Oxford Economics

5.0

ASOS' contribution to the UK skills and knowledge base

ASOS contribution to the UK skills and knowledge base

187

Number of ASOS apprentices in August 2021. This exceeds the average relative to total headcount for UK firms.

90%

Proportion of ASOS apprentices engaged in 'higher' level courses ('Levels 4-7').

The equivalent ratio for all UK apprentices is 32%.

This chapter assesses ASOS' contribution to the UK skills and knowledge base, and therefore to the UK economy's underlying potential to grow and support ever-improving living standards in the future. It looks firstly at ASOS' contribution to the UK's Apprenticeship Scheme, and then at the online training facilities made available to employees more generally.

In August 2021, ASOS employed 187 apprentices. At 59 per 1,000 employees, this is higher than the average for all UK firms involved in the apprenticeship scheme, of 47 per 1,000. Some 90% of ASOS' apprentices were undertaking 'higher' level courses ('Levels 4-7'), compared with 32% for all UK apprentices. In addition, ASOS offers online platform learning to its staff engaged in roles of all kinds.

The ASOS apprenticeship scheme

ASOS recognises that its employees are crucial to the future of the company. As part of its efforts to groom the talents and skills of the next generation, ASOS has been offering suitable recruits places in its apprenticeship programme, providing them with the opportunity to attend training courses, and then apply what they have learnt in a real-world business setting.

As of August 2021, there were 187 individuals working in ASOS as a part of its apprenticeship scheme. Based on a government-commissioned report, the average number of apprentices per 1,000 employees in the UK, across all businesses with apprentices, is 47.[17] For the wholesale and retail sector specifically, that figure is 42 per 1,000. ASOS exceeds both benchmarks, with 59 current apprentices per 1,000 employees[18], some 40% and 25% higher than the industry and national averages, respectively.

For these current ASOS apprentices, a total of £1.5m has been or will be invested in their training, or some £8,020 per apprentice on average. This is 14% above the median cost of £7,058, based on a recent study[19].

Being a relatively large company, ASOS has the resources and ability to offer a spectrum of levels and apprenticeship training, enabling them to accommodate individuals with different interests and levels. More than half of the current apprentices are enrolled in Level 5 training courses, with 90% in total enrolled in 'higher' level courses (Levels 4-7) (see Fig. 21).

This is significantly above the UK-wide share of 'higher' apprenticeship starts for the academic year 2020-21, of 32%.[20] Across all levels, more than a third of ASOS' current apprentices are enrolled in 'operations' or 'departmental manager' training courses, with many others enrolled on courses concerned with other human resource subjects, and staff coaching topics.

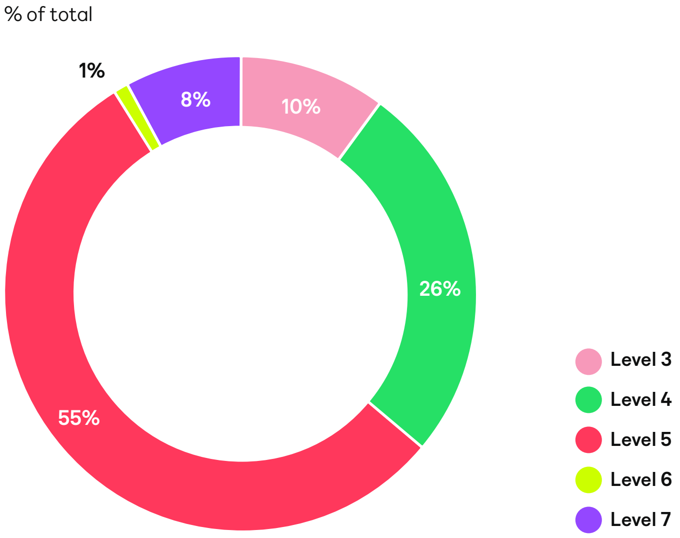
[17] IFF Research for the Department for Education, Employer Skills Survey 2019: Apprenticeships and Traineeships, 2020

[18] Based on the latest available direct employee headcount figure of 3,159.

[19] The actual costs of delivering apprenticeships, fenews.co.uk, February 2020

[20] Apprenticeships and traineeships, Academic Year 2020/21 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

Fig. 21. ASOS apprenticeships being undertaken in August 2021, by Level

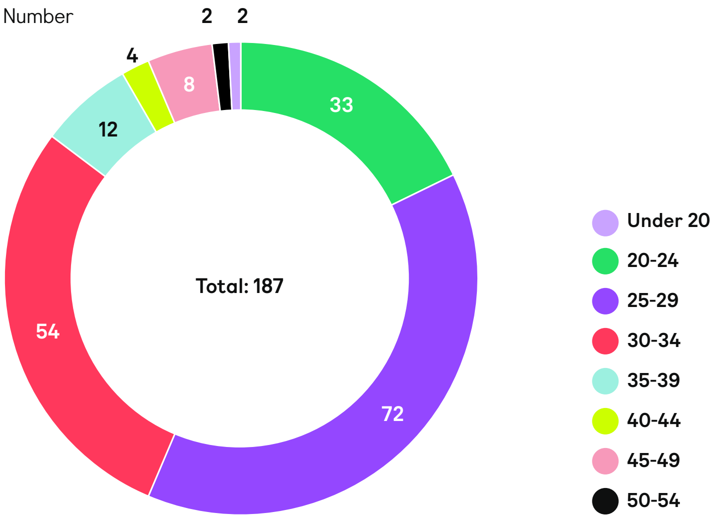


Source: ASOS

ASOS offers apprenticeships to individuals across a fairly wide age range, although two thirds fall into the 25-34 band (see Fig. 22). Some 19% are younger than that, and 14% older. Compared with the national picture, this age profile is somewhat on the high side, with the clear majority aged 25 or older, and no apprentices aged under 19. Across all UK businesses, in the academic year 2020-21, just under a half of apprentices were 25 or over, with some 16% aged below 19.[21]

[21] https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2020-21#dataDownloads-1

Fig. 22. ASOS' apprentices in August 2021, by age group



Source: ASOS

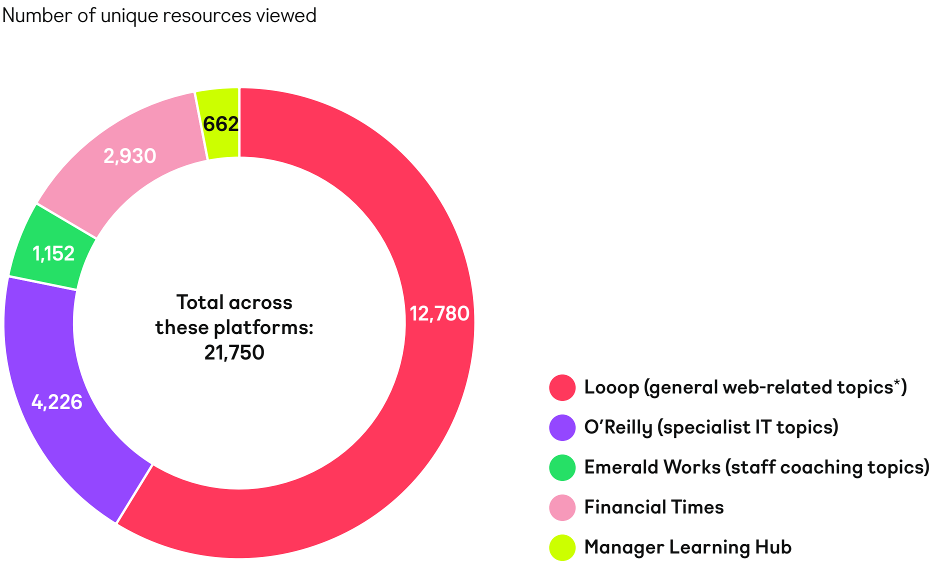
On top of those currently enrolled in the programme, 27 others successfully completed their apprenticeships in the year to August 2021. A further 62 staff members either stopped or paused their training in the year prior to August 2021.

Online training for ASOS employees

In addition to its apprenticeship offer, ASOS facilitates access for its staff to a number of external online training platforms, as well as the in-house Manager Learning Hub. More precisely, as of July 2021, online platforms provided by five external providers were used.

Fig. 23, which is confined to the latest month of June, provides a snapshot of the variety of topics accessed by staff via four of the platforms, plus the learning hub. The most important single topics were 'keeping yourself safe', 'data privacy', and 'cyber security', viewed over 1,000 times each. These and other topics of general interest, aimed at ASOS staff in roles of all kinds, are provided by Looop. Not captured in the chart is the specialist computer programming site Pluralsight, where 64 hours of staff learning were completed in the month.

Fig. 23. Online learning site access by ASOS staff in June 2021



* E.g. keeping safe, data privacy, cyber security.

Source: ASOS

CASE STUDY

DATA SCIENCE AT ASOS

One example of ASOS' partnerships with academic institutions is in ASOS' Data Science team.

The Data Science team actively collaborates with academia and is involved in several initiatives aimed at teaching data science and raising awareness around the challenges and opportunities of artificial intelligence in the fashion industry.

It works with several schools and universities around the country, boosting the skills of young people during their studies.

For instance, it currently partners with University College London's Centres for Doctoral Training programme—mentoring and supporting three MSc and two PhD students. This partnership is looking at the use of chatbot technology and supporting new areas of technology for ASOS, while helping the students gain commercial experience in data science.

Feedback from students about the programme has been good with one student responding positively about the opportunity to harness "cutting-edge technology", adding that the "supervision was fantastic—very knowledgeable and helpful throughout".

Three students from this programme have accepted permanent job offers from ASOS, demonstrating the role ASOS plays in providing high-skilled and high-wage jobs to young people in tech.

6.0

ASOS Marketplace as a vehicle for SME growth

ASOS Marketplace as a vehicle for SME growth

1,400

Number of sellers using ASOS Marketplace in May 2021, up from 711 in September 2018.

+40%

Increase in sellers between March and August 2020.

Demonstrating the platform's value to users at the height of the pandemic lockdown.

> ***"ASOS' Marketplace has been great for me and was what got the brand off the ground in the early days."***

ASOS Marketplace is a unique online sales platform benefiting small brands, giving them an online space to sell vintage and independent fashion as well as access to ASOS' extensive global customer base of fashion-loving twenty somethings. The economic benefits of ASOS Marketplace are not captured in the direct, indirect, and induced economic impacts set out in the previous chapters. This Chapter therefore quantifies the activities of ASOS Marketplace in the ASOS financial years 2018-19 and 2019-20 and describes developments over a longer time period including the most recent trends.

The number of boutiques using ASOS Marketplace stood close to 1,400 in May 2021, up from 711 in September 2018. That number increased by 40% between March and August 2020, demonstrating the importance of the platform to sellers (and buyers) at the height of the pandemic lockdown. In 2019-20, the UK accounted for 78% of sales by value, by location of the seller, but boutiques in another 50 countries also benefited from the facility.

Charity boutiques can also be hosted on ASOS Marketplace, and this dimension of the platform's impact is explored separately in Section 8.3.

The ASOS Marketplace platform

ASOS Marketplace enables small boutiques, retailers, and budding fashion entrepreneurs, both in the UK and overseas, to easily take their products to a global market. Curated by ASOS, ASOS Marketplace sellers offer high calibre, unique, independent, and vintage fashion items from all over the world. Customers are able to enjoy a wide variety of fashion items to suit their individualised style.

The platform helps to significantly reduce the barriers and risks involved with entry into the fashion industry. Providing its sellers with a customisable digital storefront that is always open to consumers, ASOS Marketplace removes the need to invest large sums of capital in a physical shop, or to set up and maintain a personal site, significantly lowering the fixed costs involved.

Sellers are also able to tap into the large global customer base that ASOS has established over the years, providing an opportunity to grow global brand recognition. Furthermore, ASOS also markets the best ASOS Marketplace boutiques to consumers around the world, via the main ASOS website, social media channels, and email newsletters, thereby assisting sellers in their journey of creating an online presence and brand legacy.

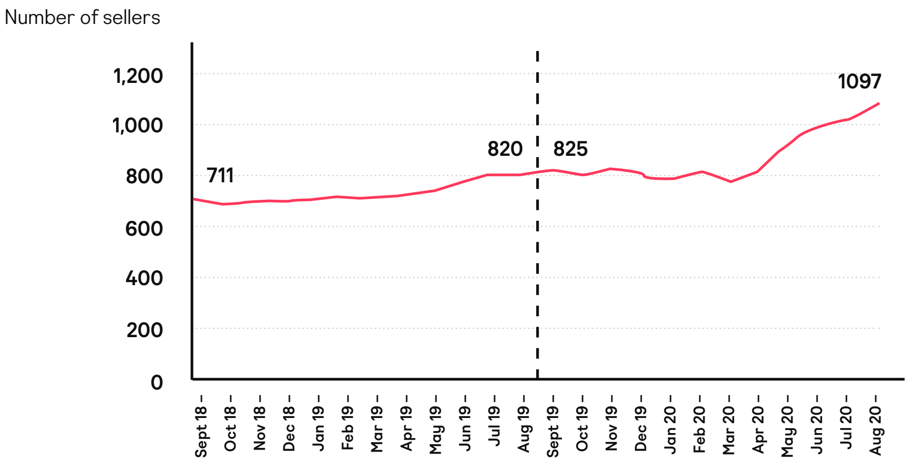
Due to the highly competitive and fast-paced nature of the fashion industry, small brands might experience difficulties in finding their footing. ASOS Marketplace helps alleviate these problems by providing a personal account manager to each seller, and access to a seller support team able to provide attested advice to guide the boutiques to success.

Sales performance over time

ASOS Marketplace was launched in the 2009-10 financial year with just 20 sellers engaging in clothing resale. Its focus shifted to business-to-consumer ('B2C') activity in 2013-14.

The number of sellers has continued to increase, growing from 711 in September 2018 to 1,097 in August 2020–an increase of 54% (see Fig. 24). The growth in the number of sellers accelerated since then, to reach around 1,400 as of May 2021.

Fig. 24. Number of sellers on ASOS Marketplace, 2018-19 and 2019-20



Source: ASOS

Comparing the first month of 2019-20 to a year earlier, the number of sellers grew 16%. However, there was significant growth from March 2020 onwards, which coincides with the period where a spate of lockdowns was implemented in ASOS' core markets in the UK and Europe. Compared to August 2019, the number of sellers grew by 34%, slightly more than twice the growth rate seen at the beginning of the financial year.

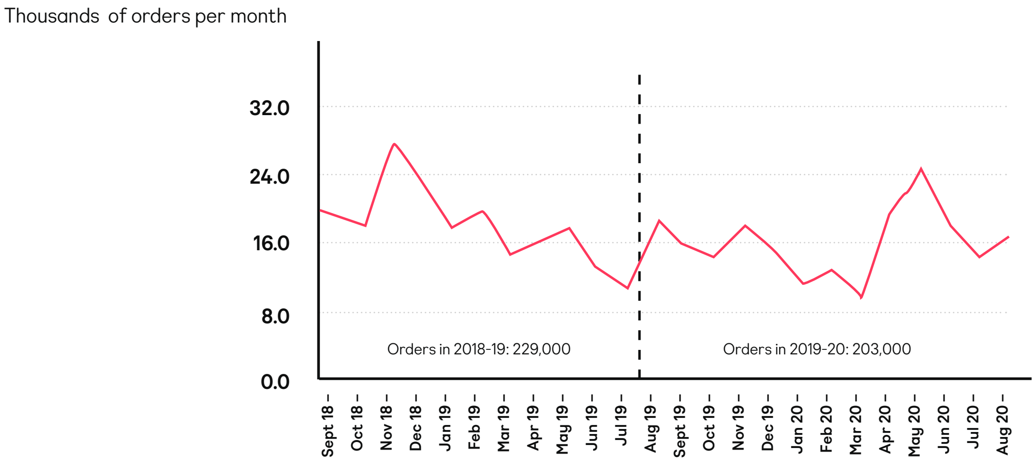
This increase in ASOS Marketplace sellers aligns with the more general increase in e-commerce adoption by smaller firms around that time. With mandatory shop closures and consumers avoiding shopping physically in stores, customers turned to e-commerce to fulfil their shopping needs, raising the online share of global retail trade from 14% in 2019 to 17% in 2020[22]. To adapt to this change in consumer behaviour, many businesses adopted e-commerce for the first time.[23]

Collectively, the small retailers on ASOS Marketplace recorded over 400,000 orders over the two years 2018-19 and 2019-20 (see Fig. 25).

[22] How COVID-19 triggered the digital and e-commerce turning point | UNCTAD, March 2021

[23] Many businesses turn to e-commerce for the first time due to the pandemic | Fortune, July 2020

Fig. 25. Number of orders placed via the ASOS Marketplace platform



Source: Oxford Economics

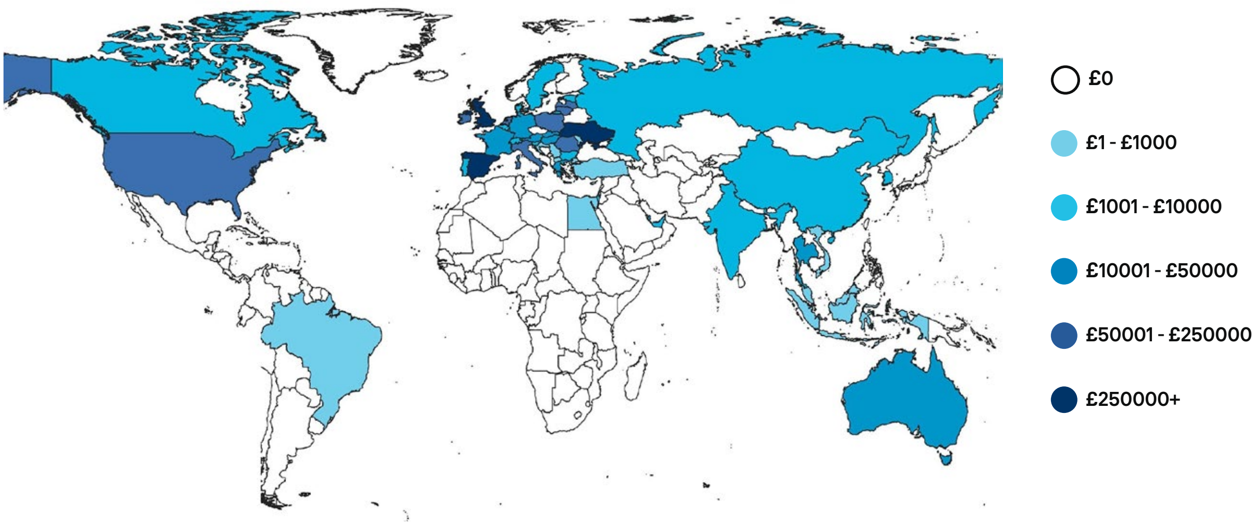
Due to the Covid-19 pandemic and accompanying economic downturn, overall global consumption spending took a hit. Associated with this, the number of orders and gross value of sales on ASOS Marketplace were slightly muted in 2019-20, compared to the year before, with declines of 11% and 9% respectively.

However, following this initial period of economic disruption and uncertainty, the ASOS Marketplace platform came into its own. By the end of the financial year, in August, the number of orders was 67% higher than at the low-point in March, and the gross value of sales 70% higher.

Activity by country of seller

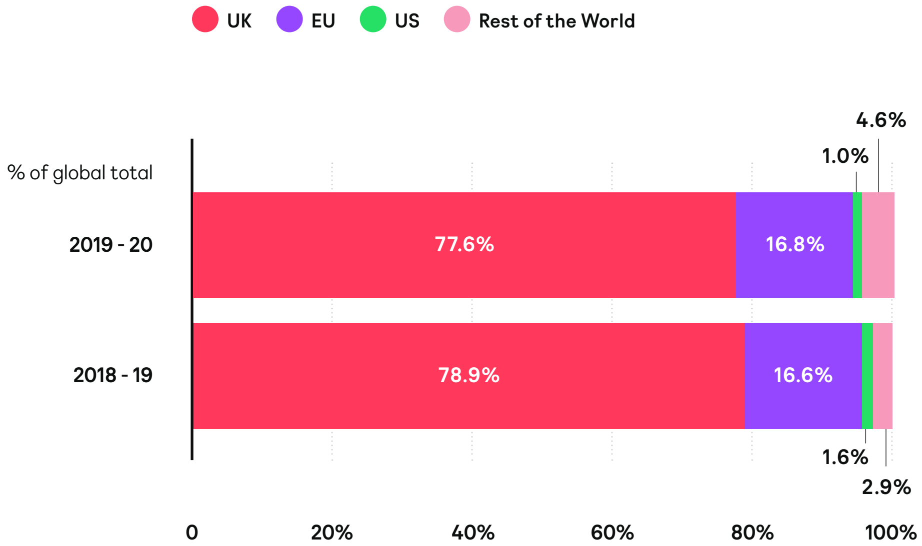
Most of ASOS Marketplace's sellers are based in the UK, which is home to around four out of five. However, the platform's global footprint is growing, and increasingly diversifying around the world. During 2019-20, it hosted sellers from 50 countries other than the UK (see Fig. 26). And by May 2021, that number had grown to 55, illustrating ASOS Marketplace's ability to connect a spectrum of sellers from across the world, to consumers across the world.

Fig. 26. Global orders by country of supplier by sales value, 2019-20



The share of Marketplace sales values outside accounted for by non-UK retailers grew slightly in 2019-2020, to reach 22% of the total (see Fig. 27). The EU took the lion's share, accounting for 16% of all sales worldwide, while the US took 1%, and the Rest of the World, 5%. In 2019-20, three EU countries, namely Spain, Lithuania, and Latvia, accounted for half the EU total, or 8% of all global orders by value. Outside of the EU, order amounts received by sellers in the Ukraine grew by 63% in 2019-20, to account for 3% of the global total.

Fig. 27. Share of gross sales values by region of seller



Source: Oxford Economics

CASE STUDY

DREAM BUT DO NOT SLEEP

Max (Creative Director and Founder) left college to start his own streetwear clothing brand; Dream But Do Not Sleep. The brand takes inspiration from geometric patterns and colourful California-style graphics.

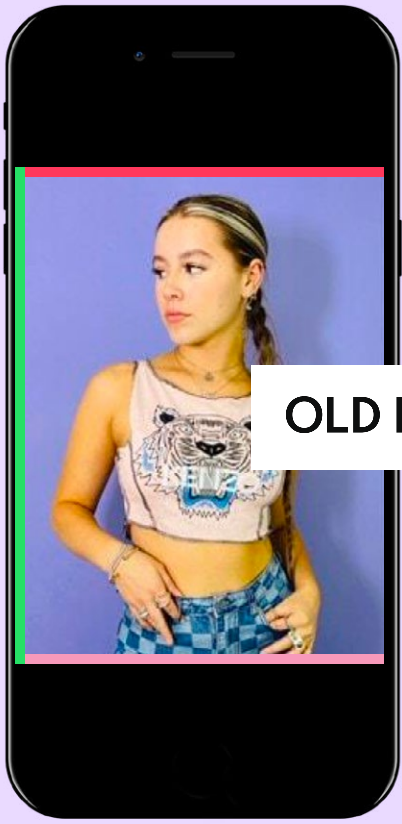
When buying clothing from Dream But Do Not Sleep, customers aren't just buying clothing, but they're buying in to the lifestyle they represent – having a good time with good friends listening to great music.

The brand prints and embroiders in its South East London Studio, and outsources production of some of its clothing to suppliers spread around the UK, supporting economic activity in other small businesses. Dream But Do Not Sleep also partners with universities from De Montfort in Leicester to Goldsmiths around the corner in South East London, providing paid internships.

Dream But Do Not Sleep has been on the ASOS Marketplace since 2012.

Max Birtles, Creative Director and Founder of Dream But Do Not Sleep said: "ASOS Marketplace has been great for me and was what got the brand off the ground in the early days. Having support from my ASOS account manager at the time helped a huge amount with product direction, what style of photography works best on site and connecting me with models and photographers to set up our shoots".

Currently, around one-third of Dream But Do Not Sleep's online sales are through ASOS Marketplace, with most of the rest coming from the brand's own website. ASOS Marketplace also helps connect the brand to new markets, with around half of its ASOS Marketplace sales overseas – with sales notably strong in Germany, Denmark, Australia and the United States.



CASE STUDY

OLD BUT GOLD VINTAGE

Old But Gold Vintage's ethos is around sustainable fashion and upcycling and reusing unwanted clothes. This ultimately contributes to reducing the environmental footprint of the fashion industry.

They sell hand-picked vintage clothing, which would otherwise go to landfill. For instance, they choose unwanted polyester and plastic materials that won't break down, and repurpose them to give them new life by turning these into new fashion items.

Old But Gold Vintage is based in Pembrokeshire, South Wales, a priority area for the Government's Levelling Up Fund. Old But Gold Vintage currently employs six people, including two paid internships, which helps raise the skill levels of young creatives looking to gain experience in retail, in an area of the UK where retail job opportunities are fairly limited. It also works with recycling factories around the country from which it purchases disused clothes that would otherwise go to landfill.

On joining ASOS Marketplace, Old But Gold Vintage saw its turnover double overnight, enabling the business to hire more people. ASOS Marketplace allows Old But Gold Vintage to reach a larger audience, ultimately boosting sales. ASOS Marketplace's international audience also allows Old But Gold Vintage to sell its seasonal clothing all year round, for instance selling its summer stock to warmer countries such as Australia, shielding it from seasonality.

During the pandemic, Old But Gold Vintage had its best year yet, boosted by the shift to online shopping over this period. ASOS Marketplace also provided welcome relief to Old But Gold Vintage, and all other ASOS Marketplace sellers, by not charging commission or small boutique 'rental fees' from mid-November 2020 to the end of that year. This helped with cash flow during one of the busiest periods of the year for Old But Gold Vintage, and allowed them to give their staff an extra Christmas bonus.

7.0

ASOS' impact on the global economy

ASOS' impact on the global economy

£4.7 billion

ASOS' total contribution to global GDP, through the direct, indirect, and induced channels, in 2019-20.

165,000 jobs

Total number of jobs supported around the globe by ASOS' expenditure, many of them in the developing world.

£1.8 billion

ASOS' total contribution to global tax revenues in 2019-20.

As shown at the start of Section 3.2, some 70% of ASOS' total stock and non-stock supplies are sourced from outside the UK, meaning that ASOS supports a considerable amount of economic activity across the globe.

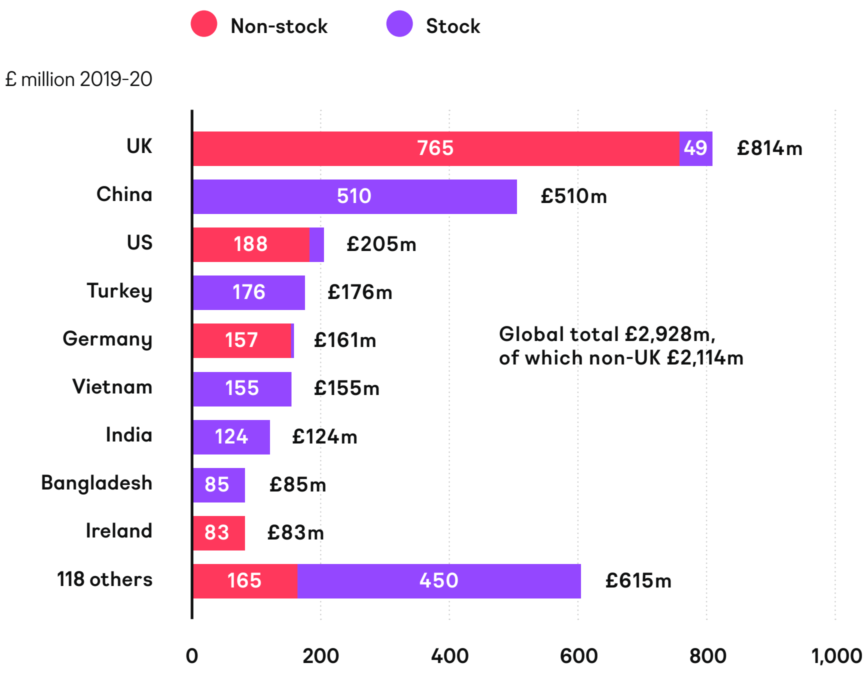
Overall, we find that ASOS supported £4.7 billion of global GDP in 2019-2020, associated with 165,000 jobs around the world (many in developing countries), and generating £1.8 billion of tax revenues. All of these values were higher than in the year before, despite the Covid pandemic depressing global activity in the second half of the 2019-20 ASOS financial year.

ASOS' spending around the world

As Fig. 28 illustrates, ASOS purchased more than £2.9 billion worth of business supplies in 2019-20, of which just over £2.1 billion were sourced from outside of the UK. This included significant stocks of clothing, and other items for resale, from particular countries such as China, Turkey, Vietnam, India, and Bangladesh, and significant purchases of non-stock goods and services (relating to the running costs of the business) from countries such as the US, Germany, and Ireland.

Business supplies of one kind or another were also purchased from 118 other countries in that year, and Fig. 29 illustrates how ASOS' total procurement was spread very widely across the globe as a result.

Fig. 28. ASOS purchases of supplies by country of supplier, 2019-20



Source: ASOS; Oxford Economics

These purchases supported GDP and employment in ASOS' global supply chain, mostly in the supplying countries but also in others, due to cross-border transactions further 'up' the chain. And that will have provided wage income for employees around the world, much of which they will have spent, in turn supporting activity and employment in ASOS' global induced channel.

Fig. 29. ASOS' purchases of supplies by country of supplier, in £ millions, 2019-20

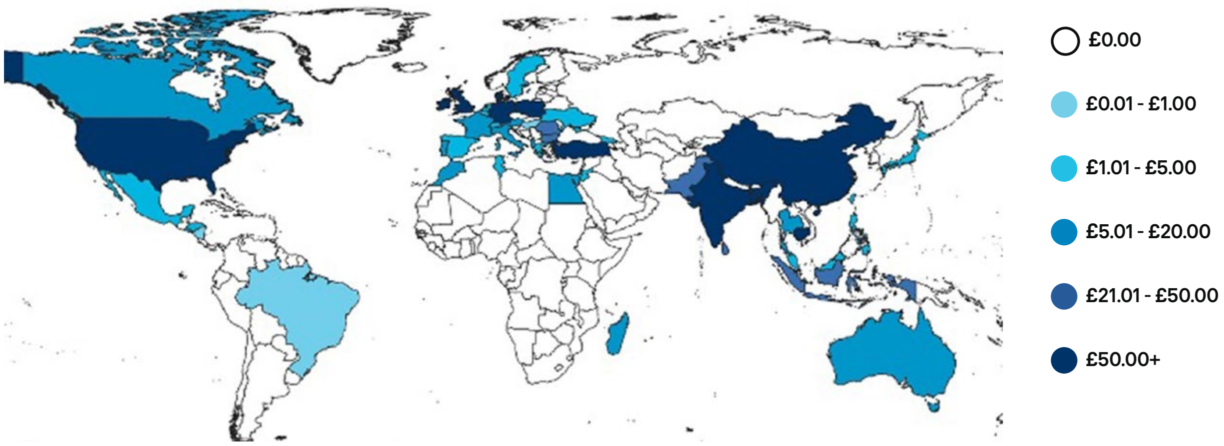
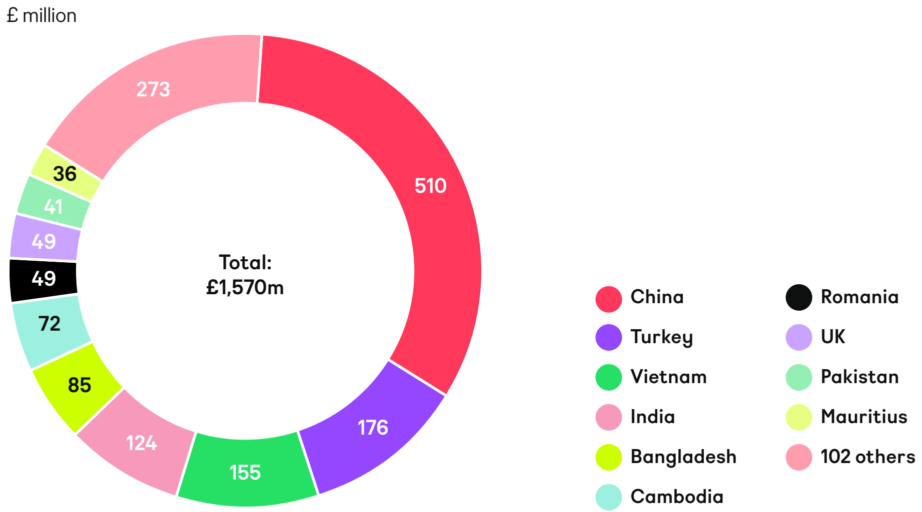


Fig. 30 shows the pattern of supplies for stocks, in 2019-20. China was the source of 32% of stocks in that year, broadly in line with that country's estimated 30% share of all supplies to the global fashion market.[24] Turkey (11%), Vietnam (10%) and India (8%) were the next most important source countries, with a further six accounting for 21%, and 102 other states and territories for the remaining 17%.

Fig. 30. Purchases of stocks for resale in 2019-20, by country of supplier

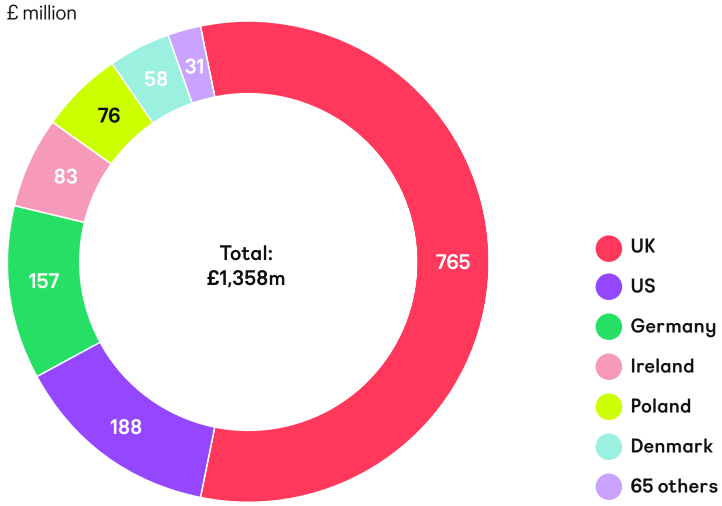


Source: Oxford Economics

[24] Based on Chinese suppliers' share of global household consumption of textiles, clothing, and leather products, valued at the price received by the manufacturer, from the OECD 'Inter-Country Input-Output Table'.

By contrast, just six countries accounted for 98% of the value of purchases of non-stock supplies, led by the three countries where ASOS has fulfilment centres; the UK (56%), US (14%), and Germany (12%) (see Fig. 31). Ireland, Poland, and Denmark accounted for 16% of the total between them, and 65 other countries for the remaining 2%.

Fig. 31. Purchases of non-stock supplies in 2019-20, by country of supplier



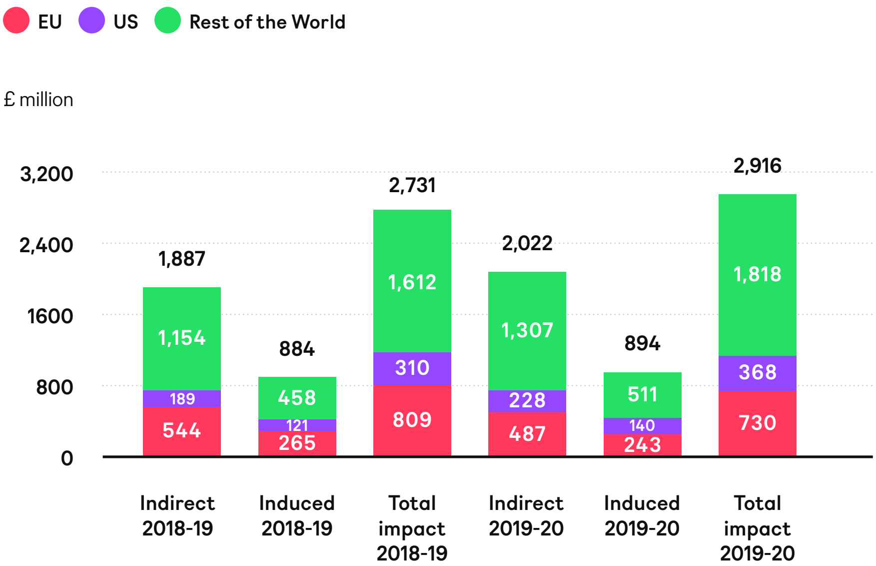
Source: ASOS; Oxford Economics

Economic impacts outside the UK

The resulting international GDP footprint outside of the UK is illustrated in Fig. 32, for both 2018-19 and 2019-20. In the latter year, the indirect GDP impact is estimated at just over £2.0 billion, up from £1.9 billion in 2018-19. This falls short of the £2.1 billion of initial expenditure due only to taxes (such as excise duties) on transactions in the supply chain, which are excluded from this GDP measure, plus a small amount of 'leakage' due to net imports from the UK.[25]

The consequent induced GDP impact is almost £0.9 billion, taking ASOS' global GDP impact to £2.9 billion in 2019-20, compared with just over £2.7 billion the year before.[26] The chart also shows how this breaks down by global region, with the EU accounting for 25% of the total GDP impact outside of the UK, the US for 13%, and the Rest of the World for 62%. Within the last grouping, China accounted for 34% of the total.

Fig. 32. International GDP footprint by region (excluding the UK)



Source: Oxford Economics

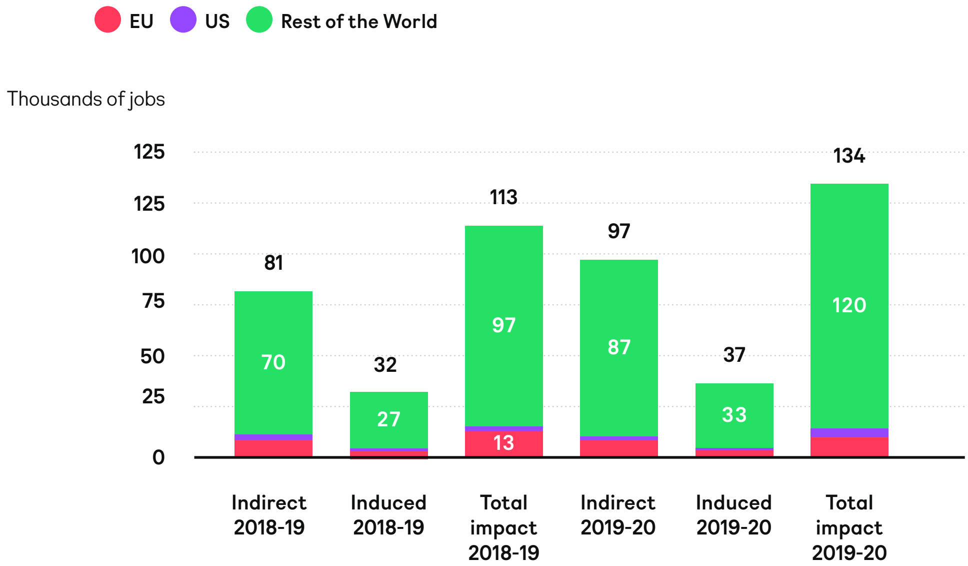
The consequent international employment footprint is shown in Fig. 33. It can be seen that, in total, ASOS supported 134,000 jobs around the world, outside of the UK, in 2019-20. That was up from 113,000 in 2018-19. The geographical pattern of the employment impact was markedly different from that of the GDP impact, reflecting sharp differences in labour productivity between developed and emerging economies.

Consequently, the EU accounted for 9% of employment, and the US for only 2%, versus those regions' respective 25% and 13% shares of GDP. By contrast, the Rest of the World, which includes China and other significant Asian suppliers, accounted for 90% of the total employment impact outside of the UK, compared with the 62% share of GDP.

[25] There is no other 'leakage' in the form of imports, as this analysis covers the 'non-UK world' as a whole. The Oxford Economics Global Economic Impact Model, used here, was developed in order to capture the full economic impact of global supply chains that cross international boundaries many times.

[26] No direct GDP or employment impact has been calculated as, although ASOS does directly employ a few staff in countries such as the US, the amounts involved will be insignificant on this scale.

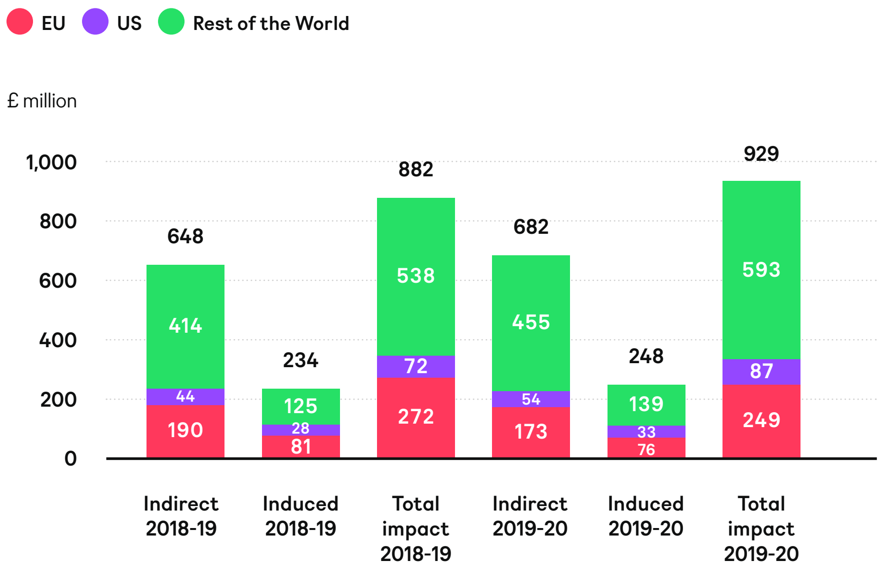
Fig. 33. International employment footprint by region (excluding the UK)



Source: Oxford Economics

Tax impacts are shown in Fig. 34. [27] Total non-UK taxes across the indirect and induced channels amounted to £929 million in 2019-20, compared with £882 million the year before. In this case, the EU accounted for 27% of the total impact, the US for 9%, and the Rest of the World for 64%.

Fig. 34. International tax footprint by region (excluding the UK)



Source: Oxford Economics

Germany accounted for 30% of the EU's total GDP impact, for 18% of the bloc's total employment impact, and for 40% of that region's total tax impact.

[27] The missing direct tax impacts, most notably sales taxes in ASOS' overseas markets, will be more significant than the missing direct GDP and employment impacts, but will still be much less important than the indirect and induced tax effects.

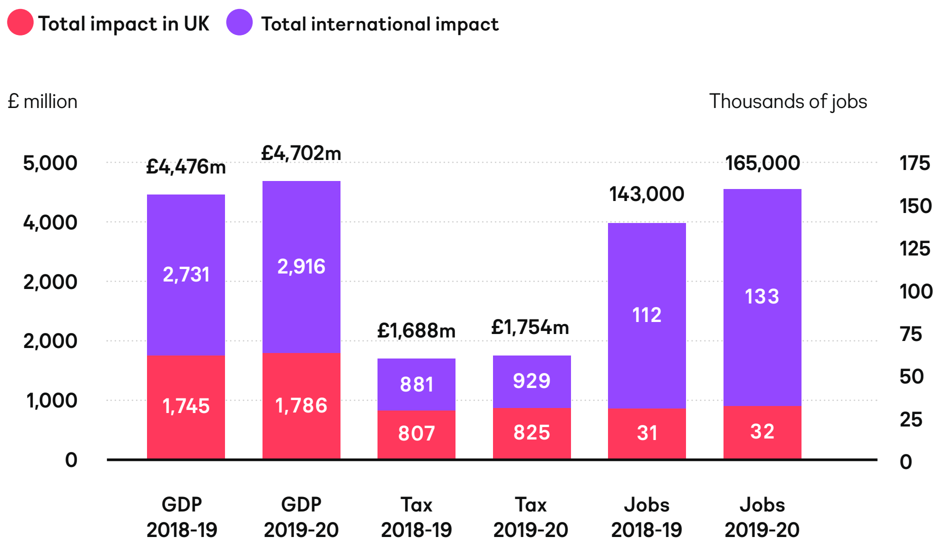
Global economic impacts

Summing up over the UK and international economic impacts, we find that ASOS supported £4.7 billion of global GDP in 2019-2020, associated with 165,000 jobs around the world, and generating close to £1.8bn of tax revenues (see Fig. 35 and Fig. 36). All of these values were higher than in the year before, despite the Covid pandemic depressing global activity in the second half of the 2019-20 ASOS financial year.

Across the globe, ASOS' total GDP impact, taking into account the direct, indirect (supply chain) and induced (wage-funded expenditure) effects, is 10 times that of its direct GDP alone. So the global GDP multiplier is 10, with every £1 of ASOS' own GDP supporting a further £9 of GDP in other parts of the world economy, as a result of the knock-on effects of its spending on supplies and wages.

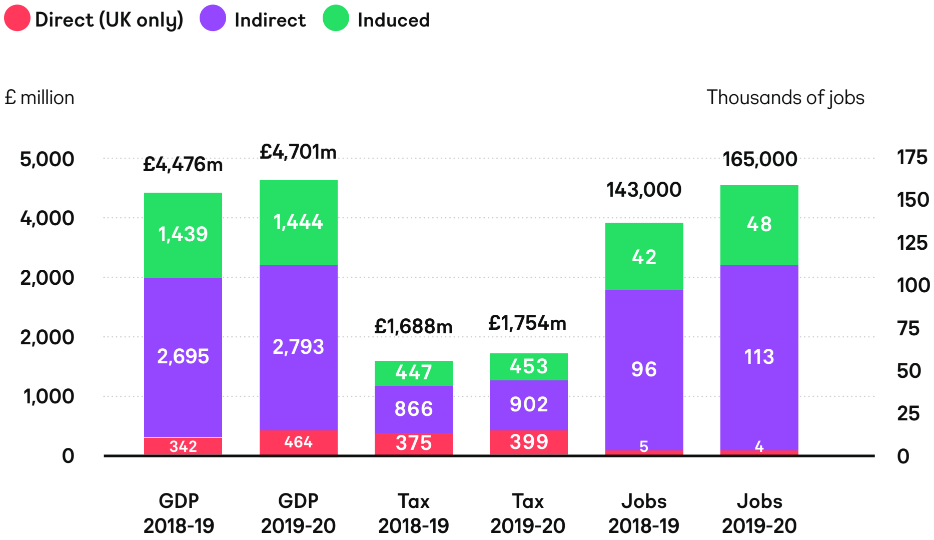
The associated global employment multiplier is especially high, at 45. So every direct ASOS job supports a further 44 jobs across the rest of the global economy, as a consequence of the company's spending. This includes an additional 7.7 jobs in the UK (as set out in Chapter 3), and another 36 overseas, mainly in the developing world.

Fig. 35. Global economic footprint: UK and international



Source: Oxford Economics

Fig. 36. Global economic footprint by channel of impact



Source: Oxford Economics

On the basis shown, UK tax revenues accounted for 47% of the total worldwide tax impact captured in 2019-20. However, this ratio is distorted by the fact that the UK total includes VAT paid by ASOS' UK resident customers, whereas sales taxes applied overseas have not been captured in this analysis. If UK VAT is excluded too, then the UK accounted for a still-significant 36% of the company's total global tax impact.

8.0

ASOS' work in corporate responsibility

ASOS' work in corporate responsibility

The ASOS Foundation provides education, support, infrastructure, and training to enable socially or economically disadvantaged young people to...progress towards economic independence."

£1.1 million

Raised for The Prince's Trust as of the 2019-20 financial year, helping over 650 young people.

ASOS.com partnerships... ensure ASOS' brand is representative and inclusive of its customers and that ASOS has a positive impact on the communities in which they operate."

This chapter looks at ASOS' positive impact on young people, supporting initiatives to enable young adults to overcome social and economic barriers, and promoting inclusivity through its work via the ASOS Foundation and ASOS.com partnerships. This chapter also covers ASOS' work to support charity retail through ASOS Marketplace.

Alongside the case studies included in this chapter, ASOS undertakes a wide range of activity to support and enhance the lives of people in its supply chain. Examples include providing funding for the ongoing operation of a Migrant Resource Centre in Mauritius, supporting workers in the fashion supply chain in the country and educating them on their rights; and ongoing work with IndustriALL Global Union which has seen the publication of a workers' rights handbook in Bulgaria and the launch of a workers' rights app in Turkey.

ASOS Foundation

The ASOS Foundation provides education, support, infrastructure, and training to enable socially or economically disadvantaged young people to overcome barriers and progress towards economic independence.

The work is carried out in the UK, India, and Kenya. In the UK, the ASOS Foundation works with its partners to support unemployed or homeless young people, who are or who have underachieved in education or who are leaving care, as well as young offenders and ex-offenders. We cover two of the partnerships below: The Prince's Trust and Centrepoint.

#1

THE PRINCE'S TRUST

#2

CENTREPOINT

#1

CASE STUDY → THE PRINCE'S TRUST

The ASOS Foundation has worked with The Prince's Trust for more than 10 years.

Many of the young people helped by The Prince's Trust are in or leaving care, facing issues such as homelessness or mental health problems, or have been in trouble with the law. As of the 2019-20 financial year, ASOS has raised £1.1 million with the Prince's Trust, helped over 650 young people, and engaged with almost 50,000 young people through digital content. The partnership helps young people aged 11 to 30 who are either unemployed or struggling at school and at risk of exclusion.

This partnership provides crucial support to young people given the higher UK unemployment rate for young adults relative to the rest of the working age population. The Prince's Trust programmes funded by the ASOS Foundation give young people the practical and financial support they need to stabilise their lives. This includes helping to develop key skills, confidence, and motivation, and enabling young people to move into work, education, or training.

One example of a local initiative supported by this partnership is the "Get Started with Web Design" course ran in Birmingham, which supported 12 young people to build their confidence and skills.

#2

CASE STUDY → CENTREPOINT

Another partnership the ASOS Foundation has is with Centrepoint, the UK's leading youth homelessness charity. It focusses on improving the lives of homeless young people, with a mission to prevent and eradicate youth homelessness.

The ASOS Foundation began working with Centrepoint in 2016, when ASOS recognised that homelessness was a significant barrier for young people in the UK. It came about from ASOS' work with young people experiencing housing difficulties in the Prince's Trust.

In 2017 the National Youth Homelessness Helpline was launched, which provides vulnerable young people with the information and support they need to try to prevent them from becoming homeless. Since its launch and up to the 2019-20 financial year the Centrepoint Helpline has supported more than 15,000 people, with over a third of this support in the last financial year due to the significant increase in need during the Covid-19 pandemic.

The ASOS Foundation also supports Centrepoint's mental health and wellbeing programmes, funding key roles in delivering services to young homeless people in London and Barnsley, including a national clinical lead for psychotherapy, a volunteering officer, and a skills trainer. In the 2019-20 financial year, Therapy & Healthy Relationship Services based in Barnsley worked with 92 young people with one-to-one support, 78% of which achieved a clinical change and reduction of their symptoms.

ASOS.com partnerships

The purpose of ASOS.com partnerships is to ensure ASOS' brand is representative and inclusive of its customers and that ASOS has a positive impact on the communities in which they operate. Each partnership aims to support the brand's purpose of giving customers the confidence to be whoever they want to be and express themselves authentically, while also having a meaningful impact on the development and success of young people.

We cover three partnerships overleaf:

#1

EXIST LOUDLY

#2

LOVE MUSIC HATE RACISM

#3

DITCH THE LABEL

#1

CASE STUDY

EXIST LOUDLY

Exist Loudly is a London-based community interest company focused on creating a community for Black LGBTQ+ youth, championing Black LGBTQ+ talent, and supporting the most vulnerable in the community. ASOS has partnered with Exist Loudly since December 2020, and in this time has supported the development of emerging young creatives and provided a platform for their work, talent, and stories.

One of ASOS's fashion-led own-brands COLLUSION created a bespoke Pride range influenced by the Progress flag which honours the most underrepresented groups of the LGBTQ+ community. COLLUSION marketing teams delivered a COLLUSION X Exist Loudly Pride campaign featuring this range, focusing on the stories of Black LGBTQ+ young people. To ensure the authenticity of the campaign, it was creatively directed and delivered by Black LGBTQ+ talent from the Exist Loudly community, including junior talent, with the campaign boosting the skills of emerging young creatives.

On behalf of COLLUSION, ASOS donated £38,000 to Exist Loudly which will fund a 12-week programme for Black LGBTQ+ young people who are not in education, employment, or training (NEET). The programme will nurture their development and creative talent whilst offering them a safe community and new network. They will also receive weekly masterclasses led by high profile advocates and creatives from the Black LGBTQ+ community.

The campaign created a steppingstone for the talent to progress their careers, with one person achieving their goal of being signed by a modelling agency, showing how this campaign is helping boost economic opportunity for Black LGBTQ+ creatives.

ASOS will continue to partner with Exist Loudly, to further support the personal and professional development of the Black LGBTQ+ community.

#2

CASE STUDY

LOVE MUSIC HATE RACISM

Love Music Hate Racism is a UK-based anti-racist campaign which uses music to unite different communities and cultures behind the message of racial equality through gigs, school education, radio shows, organised marches, festivals, and other events. ASOS has partnered with Love Music Hate Racism since December 2020.

Through ASOS' partnership, ASOS' retail division has created a four-piece product range with bespoke ASOS and Love Music Hate Racism designs. ASOS will be donating 50% of the sales profit (£25,000) to Love Music Hate Racism.

This donation will fund a one year long resident artists' programme to provide 24 young artists across the UK with a platform through gigs and promotion so they can showcase and develop their talent, expand their network, and get involved in the message of anti-racism. This helps advance the development of young creatives and spread economic opportunity across different groups of society. The donation will also fund the Love Music Hate Racism: #speakupthursday radio show, which hosts conversations about racism, and uses music and collaborations to promote racial unity and support young emerging artists.

#3

CASE STUDY

DITCH THE LABEL

Ditch the Label is an anti-bullying charity, dedicated to promoting equality and providing support to young people who have been negatively affected by bullying and prejudice. ASOS has partnered with the charity since March 2020.

ASOS donated £25,000 to Ditch the Label to fund a globally accessible #StopAsianHate hub as a way to tackle the rise in Asian discrimination. The hub is created by psychotherapists, racial equality advocates, and influencers —all from the Asian community to ensure authenticity of the content. The hub aims to educate people on Asian discrimination and racism and encourage people to address their own unconscious biases, as well as supporting the Asian community with their mental health.

Ditch the Label also launched a campaign in April 2021 to raise awareness of the hub, which was made available to download as a teaching resource for schools across the UK. Since the campaign launched, the articles on the website have had more than 16,000 views. Over 83% of these viewers were new to the Ditch the Label website, showing the campaign reached an audience that did not typically see content from Ditch the Label. The estimated reach across social media—mainly Twitter and Instagram—was 2.5 million views.

ASOS Marketplace charity boutiques

ASOS also works with charities that feature on ASOS Marketplace. In Autumn/Winter 2020, ASOS Marketplace added two new charity boutiques to its roster, Cancer Research UK and Royal Trinity Hospice, while Oxfam Festival Shop, Save the Children, and British Red Cross returned following the previous year's collaboration.

Each charity boutique released a series of trend-led products for sale on ASOS Marketplace, initially focusing on coats, jackets, jumpers, and outwear and transitioning to gifting, accessories, and designer pieces in the run-up to the festive season.

All proceeds from sales went directly to each charity, with no commission paid to ASOS Marketplace.

The launch followed the unexpected boost to donations that many charities experienced when reopening in the summer, following lockdown wardrobe clear-outs across the country. One charity experienced a week's worth of donations every day in the first week of reopening, while another saw a national donation increase of 31% compared with last year.

9.0 Conclusion

Final thoughts

£1.8 billion

Total UK GDP supported by ASOS' activities in 2019-20.

31,660 jobs

Total number of jobs associated with that GDP.

£825 million

Annual UK tax revenues, sufficient to fund the pay of 20,100 secondary school teachers.

ASOS is an innovative British global fashion retailer that also provides important routes to market for the British fashion and retail industry, including micro and small businesses. It employed an average of 3,650 individuals in the UK in 2019-20, and although the company's activities are expanding around the globe, its continued commitment to the UK is underlined by its £90 million investment in a new fulfilment centre at Lichfield, in Staffordshire, and a new tech hub in Belfast.

The company also funds a substantial amount of activity through third party providers in the UK, in logistics and fulfilment and customer care, and buys many other non-stock supplies from producers and service providers across the country. These outlays help to support additional economic activity across the nation, through the so-called indirect (supply chain) and induced (wage-funded expenditure) impacts.

Taking the direct, indirect and induced impacts altogether, ASOS' total GDP footprint in the UK amounted to almost £1.8 billion in 2018-19, providing crucial support for the UK economy across all regions of the economy. This supported 31,660 jobs in total. The associated total tax impact of £825 million in 2019-20 would have funded the full-time wages of 20,100 secondary school teachers, 23,700 nurses, or 39,600 care employees.

The strong rise in revenues in 2019-20 helped to boost ASOS' labour productivity (GDP per job) substantially, from a level that was already higher than that seen in the 'computer programming, consultancy and related activities' sector. This high and rising productivity in turn allows ASOS to pay wages that are on average considerably higher than that for UK retailers.

But ASOS' contribution to the UK does not end there. The company provides apprenticeships and partners with universities, benefiting both young people in the UK and the future UK tax base. Its purchases from UK suppliers are spread right around the country, so that areas of all kinds benefit, including Levelling Up Fund 'priority' areas. And its corporate responsibility activity embraces many causes in the UK, as well as overseas.

ASOS also provides support to the international economy, with a significant number of jobs in developing countries ultimately dependent on ASOS' activities. As a result, ASOS' worldwide GDP footprint is estimated to have reached £4.7 billion in 2019-20, supporting 165,000 jobs and generating £1.8 billion in global tax revenues.

10.0 Appendix

Appendix 1: Results tables

(A) Impacts on the national UK economy

Industry groupings used to illustrate the indirect and induced UK impacts

Industry group in charts	Industry in tables	Section code in UK Standard Industry Classification (SIC 2007), with clarification.
Retail & wholesale	Retail & wholesale	G. Includes sale and repair of motor vehicles.
Manufacturing	Manufacturing	C. Includes repair of machinery (except vehicles).
Construction	Construction	F.
Transport & storage	Transport & storage	H. Includes warehousing, and postal and courier services.
Info & communication	Info & communication	J. Publishing, filming, recording, broadcasting, telecommunications, computer-related services, and information services.
Finance & real estate	Financial services	K. Includes insurance.
	Real estate including rent	L. While actual rent is included, no imputed owner-occupied rent is counted.
Professional & business	Professional services	M. Legal, accountancy, consultancy, architecture, research, advertising, and design services.
	Business support services	N. Equipment rental, employment agencies, travel and reservation agencies, cleaning of buildings, security, and office support services.
Other: utilities; health, etc	Agriculture	A. Agriculture, forestry & fishing.
	Mining including oil	B.
	Electricity & gas	D.
	Water & waste services	E.
	Public administration	O. Charged-for services only. No taxpayer-funded services are captured in the indirect and induced channels.
	Education & training	P. Private services only.
	Health & care	Q. Private services only.
Other: leisure, etc	Hotels & catering	I.
	Arts & entertainment	R. Arts, entertainment, libraries, museums, gambling, sports, and recreational activities.
	Other services	S. Membership organisations, repair of household goods, miscellaneous personal services such as hairdressing and dry-cleaning.
	Households as employers	T.

Direct, indirect and induced GDP impacts in the UK, by industry, 2018-2019

£ million	Direct	Indirect	Induced	Total
Asos	342.1	-	-	342.1
Other retail & wholesale	-	41.6	103.7	145.3
Manufacturing	-	50.2	51.3	101.5
Construction	-	55.1	29.4	84.5
Transport & storage	-	344.7	28.8	373.5
Info & communication	-	116.5	37.8	154.3
Financial services	-	22.6	47.0	69.7
Real estate including rent	-	25.5	62.9	88.4
Professional services	-	46.5	39.0	85.5
Business support services	-	77.7	34.8	112.5
Agriculture	-	0.8	6.4	7.2
Mining including oil	-	0.7	1.2	1.9
Electricity & gas	-	4.3	15.0	19.3
Water & waste services	-	2.6	9.4	12.0
Public administration	-	7.3	6.1	13.5
Education & training	-	3.8	17.6	21.3
Health & care	-	0.3	16.5	16.8
Hotels & catering	-	5.3	46.6	51.9
Arts & entertainment	-	0.7	16.1	16.8
Other services	-	1.9	21.0	22.9
Households as employers	-	0.0	4.4	4.4
Total	342.1	808.1	594.9	1,745.2

Direct, indirect and induced GDP impacts in the UK, by industry, 2019-2020

£ million	Direct	Indirect	Induced	Total
Asos	464.0	-	-	464.0
Other retail & wholesale	-	37.0	96.5	133.5
Manufacturing	-	44.0	47.7	91.7
Construction	-	37.8	27.4	65.2
Transport & storage	-	384.2	26.8	411.1
Info & communication	-	86.3	35.2	121.5
Financial services	-	22.3	43.8	66.1
Real estate including rent	-	22.8	55.4	78.2
Professional services	-	37.9	36.3	74.2
Business support services	-	74.4	32.4	106.8
Agriculture	-	0.8	5.9	6.7
Mining including oil	-	0.6	1.1	1.7
Electricity & gas	-	4.5	14.0	18.5
Water & waste services	-	2.6	8.7	11.3
Public administration	-	6.5	5.7	12.2
Education & training	-	2.9	16.3	19.2
Health & care	-	0.4	15.4	15.8
Hotels & catering	-	4.2	43.4	47.5
Arts & entertainment	-	0.3	15.0	15.3
Other services	-	1.2	19.5	20.8
Households as employers	-	0.0	4.1	4.1
Total	464.0	770.8	550.7	1,785.5

Direct, indirect and induced UK employment impacts, by industry, by type of tax, 2018-2019

£ million	Direct	Indirect	Induced	Total
Asos	4,592	-	-	4,592
Other retail & wholesale	-	981	2,520	3,501
Manufacturing	-	630	710	1,340
Construction	-	660	353	1,013
Transport & storage	-	7,260	545	7,805
Info & communication	-	1,472	345	1,817
Financial services	-	181	311	492
Real estate including rent	-	602	280	883
Professional services	-	778	660	1,438
Business support services	-	2,248	783	3,031
Agriculture	-	29	233	262
Mining including oil	-	4	4	8
Electricity & gas	-	22	79	100
Water & waste services	-	22	49	71
Public administration	-	101	85	186
Education & training	-	89	416	505
Health & care	-	8	512	520
Hotels & catering	-	199	2,105	2,303
Arts & entertainment	-	12	389	401
Other services	-	48	383	431
Households as employers	-	0	39	39
Total	4,592	15,346	10,801	30,739

Direct, indirect and induced employment impacts in the UK, by industry, 2019-2020

£ million	Direct	Indirect	Induced	Total
Asos	3,654	-	-	3,654
Other retail & wholesale	-	858	2,340	3,198
Manufacturing	-	587	675	1,262
Construction	-	476	344	820
Transport & storage	-	9,140	572	9,712
Info & communication	-	1,104	329	1,433
Financial services	-	176	283	459
Real estate including rent	-	533	264	798
Professional services	-	660	623	1,283
Business support services	-	2,352	799	3,151
Agriculture	-	28	205	233
Mining including oil	-	3	4	7
Electricity & gas	-	23	74	98
Water & waste services	-	21	43	64
Public administration	-	86	75	161
Education & training	-	75	428	503
Health & care	-	15	532	547
Hotels & catering	-	247	3,088	3,335
Arts & entertainment	-	8	443	451
Other services	-	37	420	457
Households as employers	-	0	39	39
Total	3,654	16,429	11,581	31,665

Direct, indirect and induced impacts in select local authority areas, 2018-19

£ million	Camden	Three Rivers	Barnsley	Selby	Doncaster	Birmingham
Local GVA impacts						
Direct GVA	262.3	68.1	5.8	-	-	5.9
Indirect GVA	18.2	1.3	105.7	13.1	3.1	0.1
Induced GVA	3.6	1.5	4.1	2.0	0.1	0.2
Total GVA impact	284.1	70.8	115.6	15.1	3.2	6.3

Direct, indirect and induced impacts in select local authority areas, 2019-20

£ million	Camden	Three Rivers	Barnsley	Selby	Doncaster	Birmingham
Local GVA impacts						
Direct GVA	368.6	78.0	7.7	-	-	9.7
Indirect GVA	16.6	0.3	121.3	12.0	10.1	0.2
Induced GVA	3.4	0.9	4.7	1.9	0.3	0.2
Total GVA impact	388.6	79.2	133.7	13.8	10.4	10.1

(C) International impacts

£ million	Direct	Indirect	Induced	Total
EU	-	544	265	809
Of which: Germany	-	167	69	236
US	-	190	121	310
Rest of World	-	1,154	458	1,612
Total excluding UK	-	1,887	844	2,731
UK	342	808	595	1,745
Total World	342	2,695	1,439	4,476

Direct, indirect and induced GDP impacts internationally, by global region, 2019-20

£ million	Direct	Indirect	Induced	Total
EU	-	487	243	730
Of which: Germany	-	156	66	222
US	-	228	140	368
Rest of World	-	1,307	511	1,818
Total excluding UK	-	2,023	893	2,916
UK	464	771	551	1,786
Total World	464	2,793	1,444	4,701

Direct, indirect and induced jobs impacts internationally, by global region, 2018-19

£ million	Direct	Indirect	Induced	Total
EU	-	9,637	3,554	13,191
Of which: Germany	-	1,597	609	2,206
US	-	1,190	750	1,940
Rest of World	-	69,996	27,416	97,411
Total excluding UK	-	80,822	31,720	112,542
UK	4,592	15,346	10,801	30,739
Total World	4,592	96,168	42,521	143,281

Direct, indirect and induced jobs impacts internationally, by global region, 2019-20

£ million	Direct	Indirect	Induced	Total
EU	-	8,481	3,202	11,683
Of which: Germany	-	1,525	587	2,112
US	-	1,400	847	2,247
Rest of World	-	87,125	32,571	119,696
Total excluding UK	-	97,006	36,620	133,626
UK	3,654	16,429	11,581	31,665
Total World	3,654	113,436	48,201	165,291

Direct, indirect and induced tax impacts internationally, by global region, 2018-19

£ million	Direct	Indirect	Induced	Total
EU	-	190	81	271
Of which: Germany	-	73	31	103
US	-	44	28	72
Rest of World	-	413	125	538
Total excluding UK	-	648	234	882
UK	375	218	213	807
Total World	375	866	447	1,688

Direct, indirect and induced tax impacts internationally, by global region, 2019-20

£ million	Direct	Indirect	Induced	Total
EU	-	173	76	249
Of which: Germany	-	70	30	100
US	-	54	33	87
Rest of World	-	455	139	593
Total excluding UK	-	682	248	929
UK	399	220	205	825
Total World	399	902	452	1,754

Appendix 2: Methodology

Direct economic impacts in the UK

ASOS provided Oxford Economics with information, for its financial years ending in August 2019 (2018-19) and August 2020 (2019-20), on its UK employment headcount, UK employment costs by sub-category, gross accounting profits (EBITDA), purchases of stocks of goods and other supplies by type of product and location of supplier, and payments of UK taxes by type of tax (including taxes paid by its employees, and VAT paid by its customers).

The direct contribution to UK GDP was then calculated as the sum of gross wages, employee share rewards and benefits in kind, employers' national insurance and pension contributions, EBITDA, and 'taxes on production' (business rates and apprenticeship levy in this case). The direct employment contribution is simply the average number of staff directly employed by ASOS during the year concerned (i.e. excluding agency staff, and individuals working on 'outsourced' activities, who are counted in the indirect channel).

ASOS' direct GDP per job, and average wages per job, were derived from these calculations.

The direct tax impact was taken as the sum of employers' national insurance contributions (NICs), corporation tax, taxes on production, stamp duties, and customs duties (taxes on imported products) borne by ASOS itself, together with employees' income tax and NICs, and the gross VAT paid by ASOS' customers on their purchases.

Indirect impacts

Oxford Economics has built a model of the UK economy, based around the most up-to-date UK 'input-output table' published by the ONS. This shows the value of transactions between different sectors of UK industry, as well as each sector's imports of supplies, GDP by income component, and sales to final users by type of expenditure (mainly UK household consumption, UK government consumption, UK capital investment, and exports).

The data provided on purchases of stocks and other supplies were split between UK and overseas suppliers, and domestic supplies were mapped by Oxford Economic onto the industry of supplier, guided by the reported product types, and the more detailed pattern of retail sector non-stock purchases as found in the input-output table. Small adjustments were made to reflect the amounts received by suppliers, with taxes on domestic products netted off, and spending on goods split between the estimated net value received by the original producer, and the 'gross margin' accruing to the wholesaler.

This spending data was then fed into the model, to arrive at the total value of transactions ('output') throughout the UK-based supply chain. Indirect GDP was derived from there, using the GDP-to-output ratios found in the input-output-based model, for each industry of supplier separately, and indirect employment from there, using GDP-to-jobs ratios on a sector-by-sector basis, as estimated by Oxford Economics on the basis of official data for GDP and employment by industry.

Within the model, the output of each industry of supplier was split into its components (procurement, wages, profits, etc). A set of tax-to-spending and tax-to-income ratios, derived from various official sources, was then applied, to arrive at the indirect tax impact.

Induced impacts

Induced impacts were effectively estimated in two parts. Activity supported by the spending of employees in ASOS' supply chain was derived alongside the indirect impact. Here, employees' spending power was derived from the indirect GDP estimates for each industry, and this expenditure was spread across UK supplying industries, imported products, and taxes on household spending, in proportion to the split for UK households in aggregate. Induced output, GDP, employment, and taxes, were derived from there, in the same way that the indirect impacts were derived from ASOS' purchases of business supplies. In this case, the effect of further 'rounds' of household spending, by employees in the induced channel itself, was also captured.

Induced impacts supported by the spending of ASOS' own employees were estimated in parallel, starting with their spending power which was derived from the data on wages and employee taxes.

Total national economic footprint

The total economic footprint in the UK is simply the sum of the direct, indirect, and induced impacts.

Local economic impacts

ASOS provided details of employment headcount and employment costs, on a location-by-location basis. This enabled Oxford Economics to illustrate the geographical spread of the direct employment impact and wage bill across the four locations where ASOS' direct employees were based in the years concerned. Local direct GDP impacts were also estimated by allocating relevant non-employment costs and profits in proportion to employment costs.

ASOS' procurement by local authority area of supplier could be estimated, as ASOS provided data on the spread of its supplies across the UK, in terms of the invoicing address for the supplier. This was taken to be the location of the supplying activity concerned, except that:

- Separate figures were provided on the employment and employment costs of GXO logistics, for work undertaken exclusively for ASOS at logistics and fulfilments in Barnsley and Doncaster. ASOS' payments to GXO were therefore re-allocated between Barnsley and Doncaster, in proportion to the split in those employment costs.
- ASOS' payments to Clipper Logistics were reallocated to Selby, where work undertaken by that company for ASOS is known to take place.
- ASOS' payments to customer cares were reallocated to Gateshead and Ards and North Down (for Bangor).

Oxford Economics has built a bespoke model enabling it to derive total local output from locally-supplied procurement, for any named UK local authority area, in the same way that the main UK economic impact model derives total output across the UK-wide supply chain from total UK-sourced procurement. It also works out local induced output impacts, including that supported by the spending of local supply chain employees, and that supported by the spending of local ASOS staff. For these purposes, ASOS supplied information on employees' residence by postcode district (e.g. SW1P).

For Camden, Three Rivers, and Barnsley, two 'expenditure shocks' were fed into the bespoke model for each area:

- ASOS' purchases from local businesses, other than GXO Logistics, based on the invoicing addresses, as adjusted slightly to allow for taxes on products.
- Spending by ASOS' staff residing in the local area, based on their reported take-home pay. This was scaled down to reflect the proportion of household spending benefiting suppliers based in the same local authority area, as found in the Oxford Economics local economy model (typically in the 30-40% range), and scaled down further to reflect VAT and other taxes, to arrive at the net amounts actually received by the supplier.

The model then returned values for output throughout the local supply chain, on a broad industry-by-industry basis. The local GVA impact was worked out from there, based on national GVA-to-output ratios for each industry, and the local employment impact from there, based on the appropriate regional GVA-to-jobs ratios for each industry.

Additional impacts in Barnsley, and separate impacts in Doncaster and Selby, relating to the activity of GXO Logistics and Clipper Logistics, were then worked out using a combination of reported data, bespoke modelling of that data, and local area impact model. None of this activity is counted as 'direct', but the indirect impact in these cases can include the activity of any or all of these suppliers:

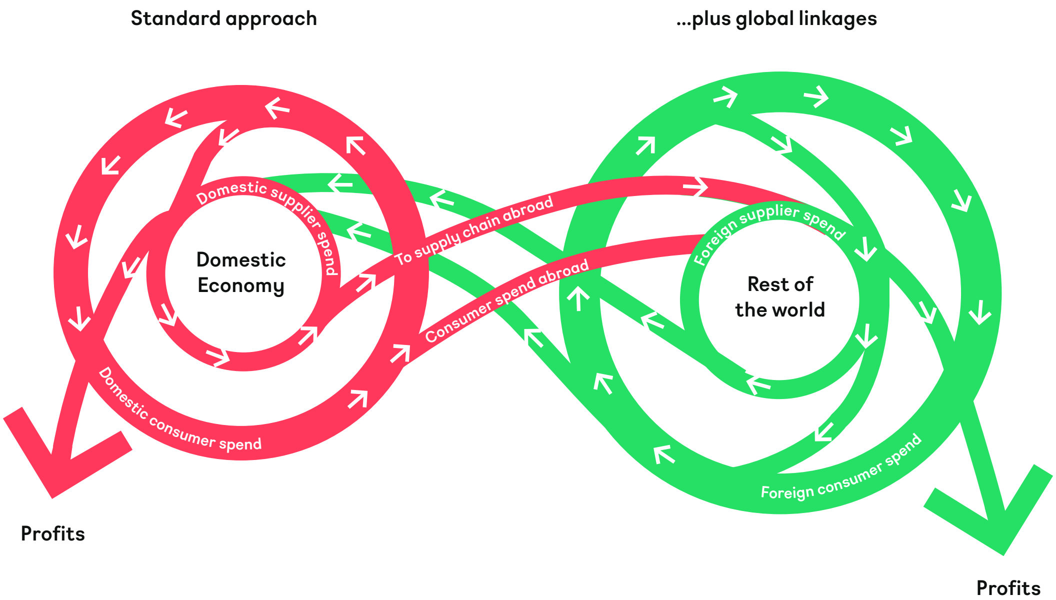
- GXO Logistics or Clipper Logistics
- Local employment agencies providing agency employees
- Other local suppliers to GXO or Clipper
- Other local suppliers to ASOS
- The local supply chains for all of the above

International economic impacts

Oxford Economics has also built the Global Economic Impact Model, based on transactions between 36 industries, both within the same country and between countries. The model presently includes 92 countries plus a 'rest of the world' grouping. This enables the indirect impact, and the induced impact supported by the spending supply chain employees, to be estimated from a business's procurement, where that can be split by the country and industry of supplier.

The results returned show indirect and induced output, GDP, and employment, by country and industry of producer, and indirect and induced taxation by country of government recipient. In this model, transactions between countries do not result in import-related 'leakage', but simply spread the global GDP impact across countries, as illustrated in Fig. 37.

Fig. 37. The Oxford Economics Global Economic Impact Model



Oxford Economics therefore took the data provided by ASOS on its global purchases by country and industry of supplier, and fed that into the model to arrive at indirect and induced results for countries other than the UK. Direct GDP and employment impacts were not added to this as they would be insignificant on this scale. Direct taxes, most notably taxes on ASOS' sales, will be a little more significant, but were not be estimated due to the difficulty of collecting the data required.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