

WetLeisure



Survey Report 2016

In association with



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Wet Leisure Industry Survey Results 2016

Welcome to the sixth year of the Wet Leisure Industry Survey.

Once again, with the help and support of the BSPF, we have given the whole wet leisure industry an opportunity to have it's voice heard and to help put together some statistics and insights that can help each of us and all of us plan for an even more successful future.

As Chris Hayes of the BSPF says, "The annual Wet Leisure Survey is an excellent initiative for our industry to get a snap shot of what business owners are experiencing and to identify any trends that may be happening".

The BSPF supports this Survey to better understand how companies are thinking and feeling about the industry and to know how best to support and reflect the views contained within the Survey when lobbying at home and abroad.

As per usual the results of this survey are freely available in printed form to everyone attending SPATEX, the report can be downloaded from Golden Coast and we also have a new way of looking at not just this year's results but the reports of every year since the survey began.

If you visit wetleisure.com, each and every year's survey results are there to see and presented in a way that makes it as easy as possible to compare one year with another.

If you are reading this report, please remember to take part in the survey when it comes out in November. The more businesses take part and submit their responses, the more accurate a picture of our industry everyone has.

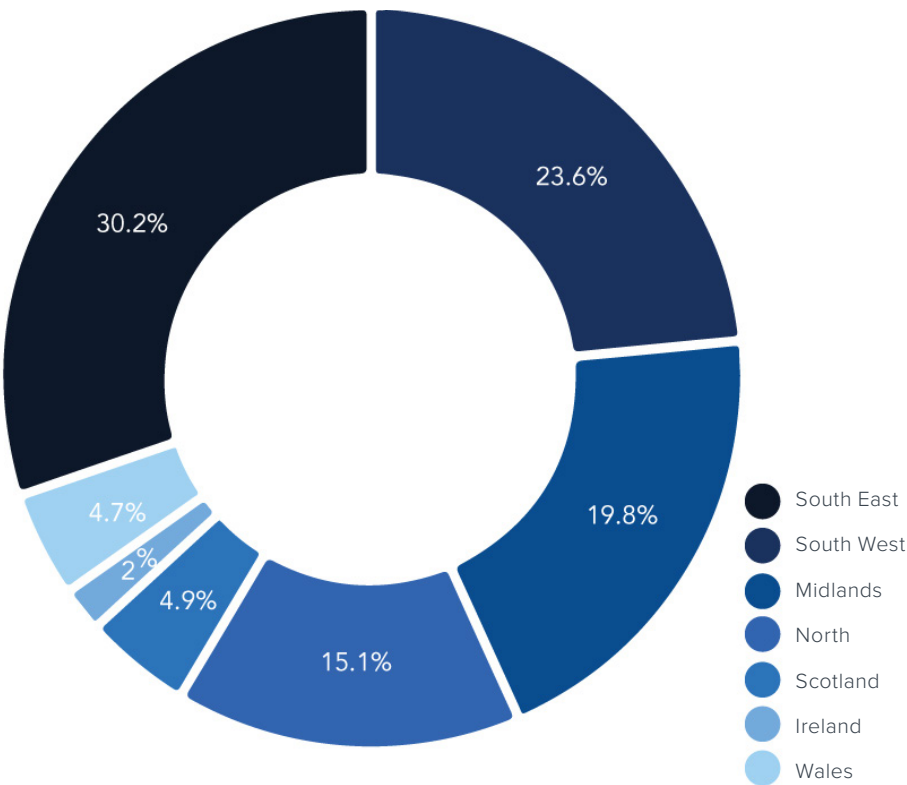
We would like to thank everyone who took part in this survey and once again thank the BSPF for its support and assistance.

What sort of businesses made up the survey sample?

In this section, we look at what sort of businesses responded to the survey and answered either the online or postal questionnaire.

The answers to these first six questions also give us a good, overall picture of the wet leisure industry in the UK.

Which region of the UK does your business operate from?



This year’s responses came in from a slightly broader area than previous years with Wales, Scotland and the North all showing an increase. In fact Scotland and the North both doubled the number of businesses that took part in the survey compared to last year. Hopefully this is a sign of industry growth in those regions.

The South East, South West and the Midlands remain the dominant regions and that, to a large extent, reflects the relative strength of the overall economy in those areas.

If we look at government figures for disposable income across the country, they make a distinction between London and the rest of the South East with the capital accounting for more than half the wealth in the whole of the region.

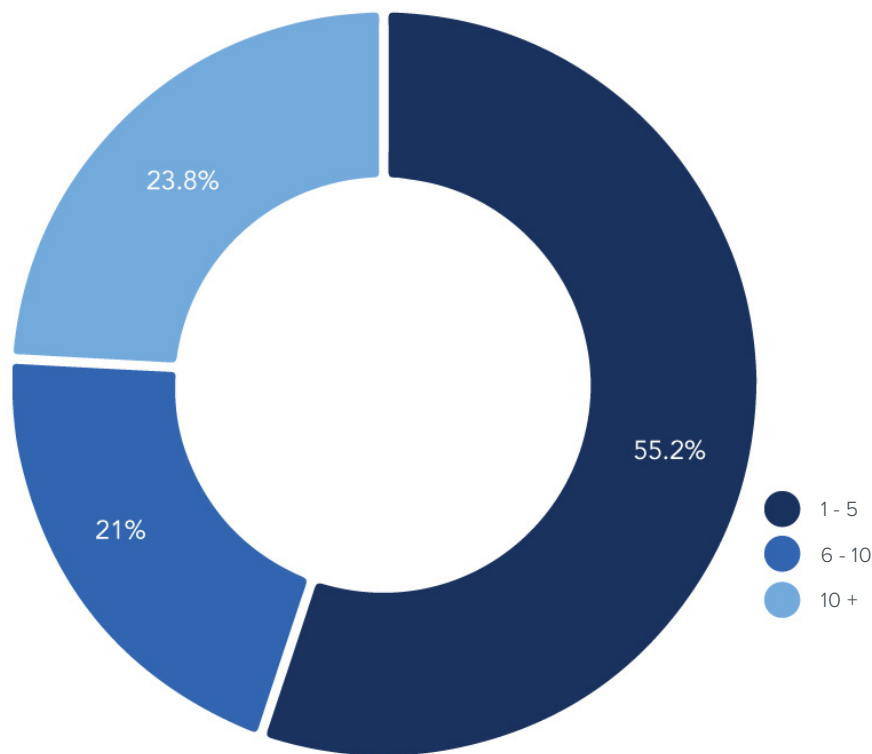
What sort of businesses made up the survey sample?

Interestingly, when we look at the responses for the South East compared to the survey average, businesses in London and the South East are building and refurbishing a far higher percentage of pools in comparison to the industry average.

When we take a closer look at the South West another interesting picture emerges. Once again, pools have a higher than average importance but wet leisure businesses in the South West, although they report a few new builds, are mostly involved in refurbishment and service and much of that business comes from the commercial sector. This seems to fit quite neatly with the importance of tourism in the South West.

The Midlands, by contrast, is the home of the spa. Spa sales dominate the business in this region.

How many employees do you have in your business?



Over the last 6 years of the survey, businesses that employ less than 5 people have accounted for between 55% and 60% of the industry sample.

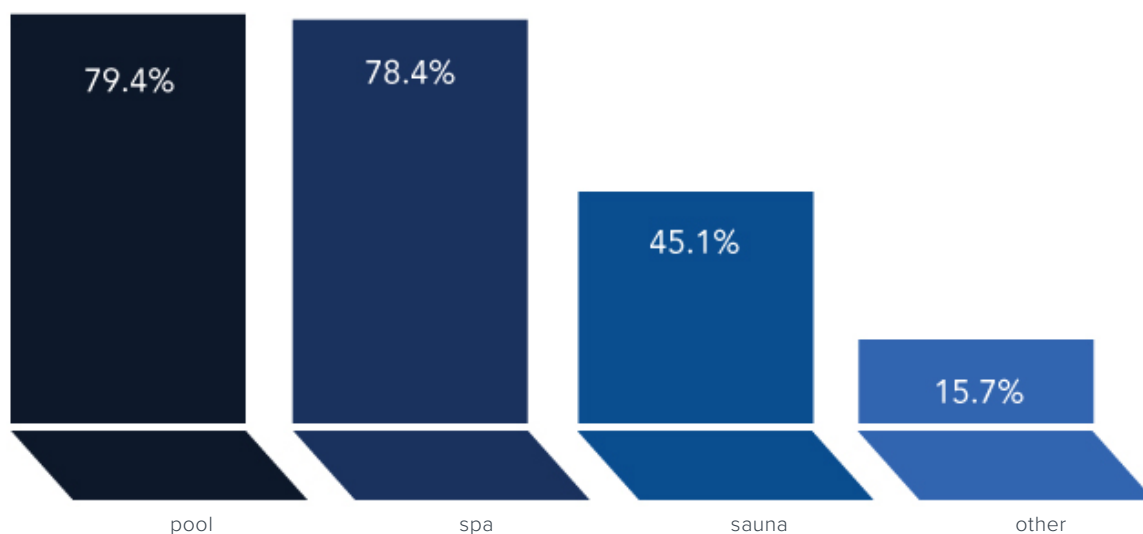
This year that figure is 55%.

When we look more closely at the bigger businesses, those employing more than 10 staff, we can see a number of areas where they differ from the industry sample average.

What sort of businesses made up the survey sample?

71% of these bigger companies offer showroom sales compared to the survey average of 52%. They are 50% more likely to be involved in e-commerce, 30% more likely to be using social media for their business and nearly twice as likely to have seen growth in the sauna market.

Which sectors of the wet leisure industry do you serve? Please check all that apply.



Over the 6 years of the survey, spas and hot tubs have slowly been inching their way up the graph until, this year as last year, they sit equally in terms of importance with pools.

Of course, what we are measuring here is a percentage of overall business and the new parity between spas and pools could just as easily be explained by a decline in the amount of business that pools generate.

Certainly there is evidence to suggest that the number of new pool builds is down and more work is to be found in the refurbishment of existing pools.

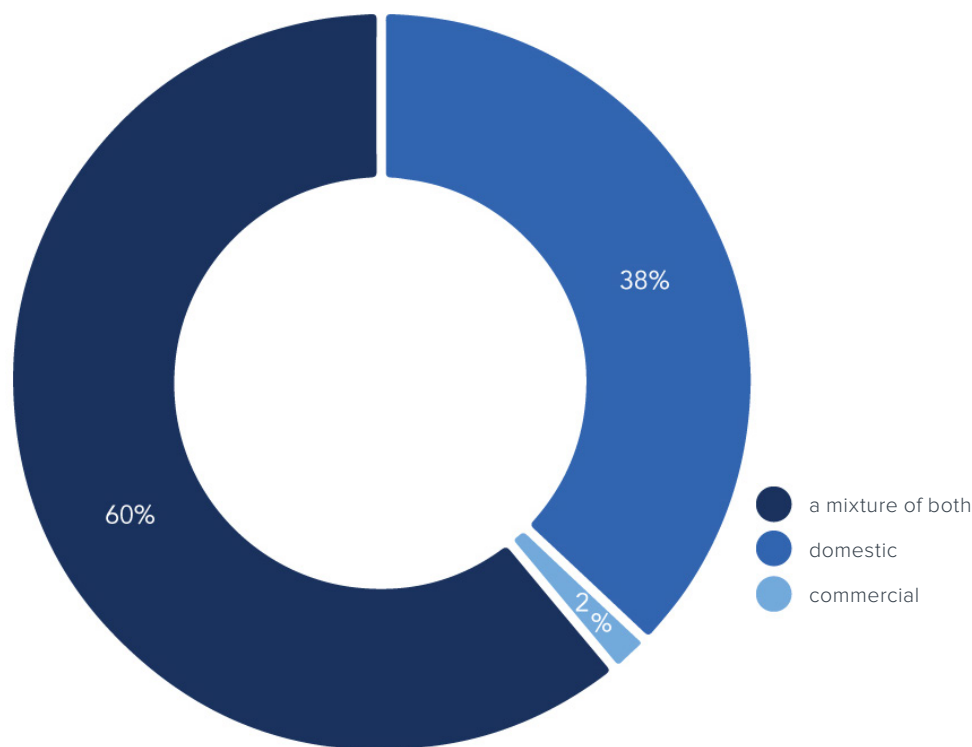
In terms of 'other' areas, responses varied from equine hydrotherapy to bathrooms but once again, steam rooms and steam showers predominated.

In the last few years we have seen a pattern of diversification across the whole wet leisure industry; so where in the past there would be pool companies and spa retailers for instance, now most businesses would offer a choice of pool, spa or sauna and steam to their customers.

This led us not to examine those individual areas but, this year, we will take a closer look at each of those sectors. Those questions are towards the end of this report.

What sort of businesses made up the survey sample?

Are your customers and clients domestic, commercial or a mixture of both?

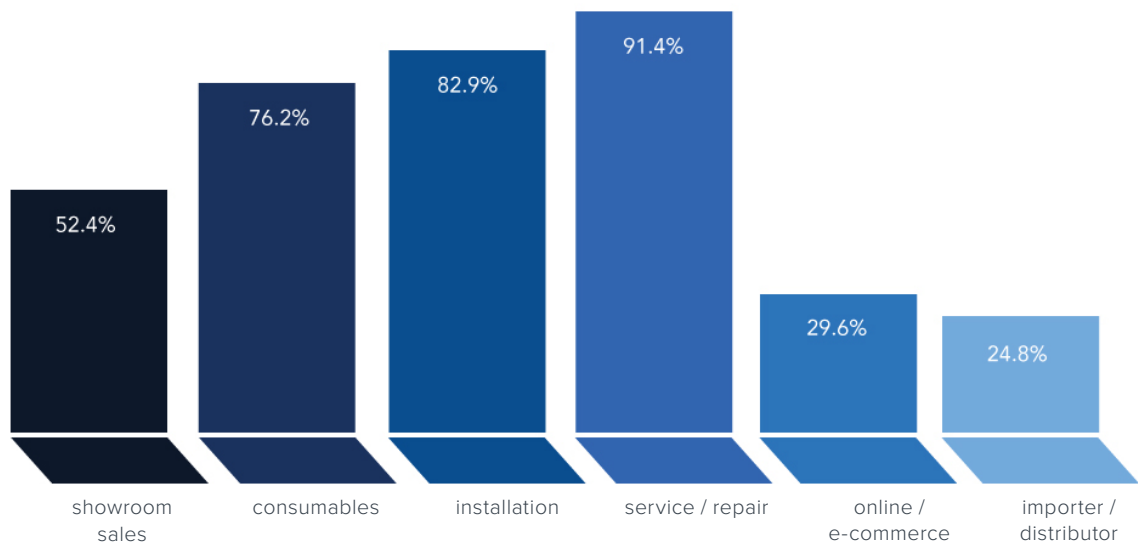


This years graph is identical to last years. We have to look all the way back to 2013 to see any difference when the purely commercial sector represented about 5% of the overall industry.

As UV water treatment and automated control systems become more common in domestic installations, LED lighting and stainless steel water features are increasingly specified for the commercial environment. Across the whole industry, the two sectors are coming closer and closer together.

What sort of businesses made up the survey sample?

What are the services that you offer your customers? Please check all that apply.



For the first year since the survey began, the number of respondents engaged in e-commerce has shown a slight increase.

Just a few percentage points up from last year’s figures and, at 29%, still a long way from the 2011 figure of almost 40%; an increase, all the same. And perhaps we shouldn’t be surprised as e-commerce as a sector across the whole UK economy is showing growth of 15% year on year.

At well over 90%, service and repairs continues to be the most important sector of the wet leisure industry.

This sector will include commercial service contracts and pool refurbishments, two growth areas that can offer good turnover to any business. Add to that the increasing complexity of modern domestic installations and the relative demise of the UK’s DIY culture and it is easy to see how this area has become so strong.

Was it a good year?

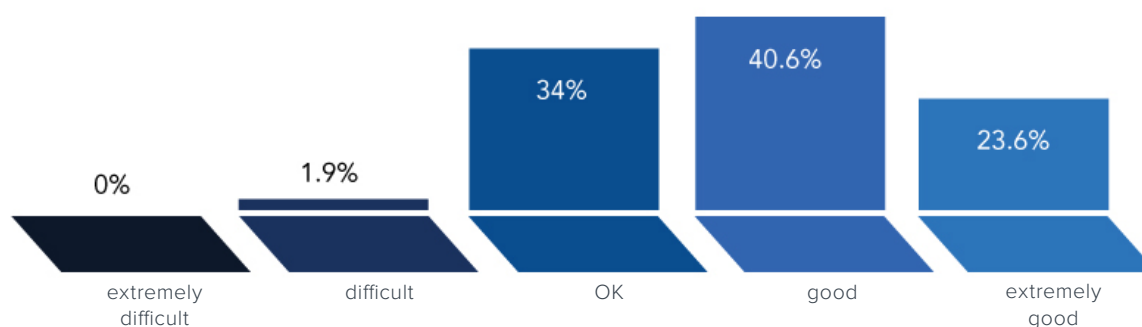
Was 2016 a good year for the wet leisure industry?

Sometimes it may seem that we are all working in hard times and that business is difficult.

It is worth remembering before we start this section that according to the survey records, in 2010 and 2011 more than 7.5% of businesses that responded to the Wet Leisure Survey reported that they had found business 'extremely difficult'.

This year, and last year, no businesses described their year in that way.

On the following scale , how did you find business conditions this year?



For 98% of the survey sample, business was 'OK', 'Good' or 'Extremely Good'.

That's 10% up on 2015 and 2014. An impressive 42% up compared to 2012.

Let's quickly look at that in terms of the UK economy as a whole. The economy has grown during the year more strongly than the experts predicted. Unemployment has fallen and real earnings growth has risen faster than inflation. The FTSE 100 closed at a record high at the end of 2016, up 14.4% over the course of the year.

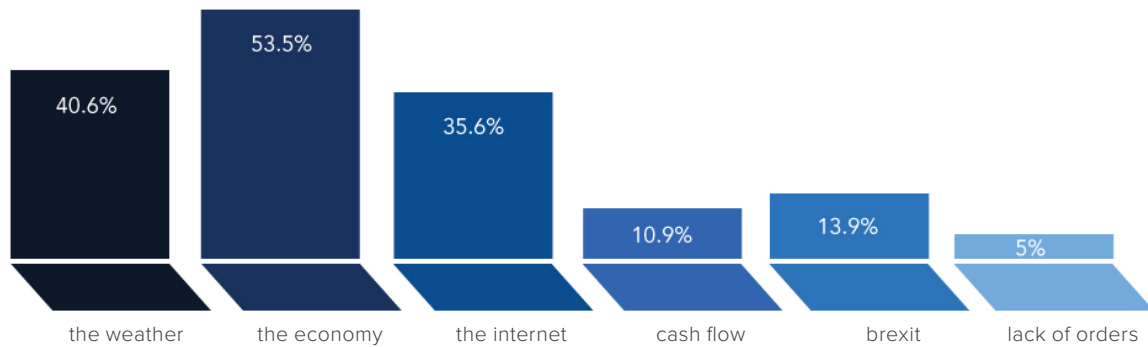
Of course, there is Brexit. Since the start of the year, fears over Brexit caused the Pound to fall and since the 24th June vote, the Pound has fallen even more.

That falling exchange rate will affect the UK economy and the wet leisure industry, but it doesn't look as if it has done so yet.

Our industry is usually far more concerned about the actual climate than the economic one, but not this year.

Was it a good year?

What would you say were the things that had the biggest influence on your business this year?



When this survey began in 2011 there was an implication that by 'biggest influence' we meant 'negative impact' and indeed a number of respondents to this year's survey were at pains to point out that the economy and the weather had been a positive influence on their business this year.

The economy we have already discussed, the summer weather in 2016 was equally sunny. It was the second warmest summer, after 2013, since 2006.

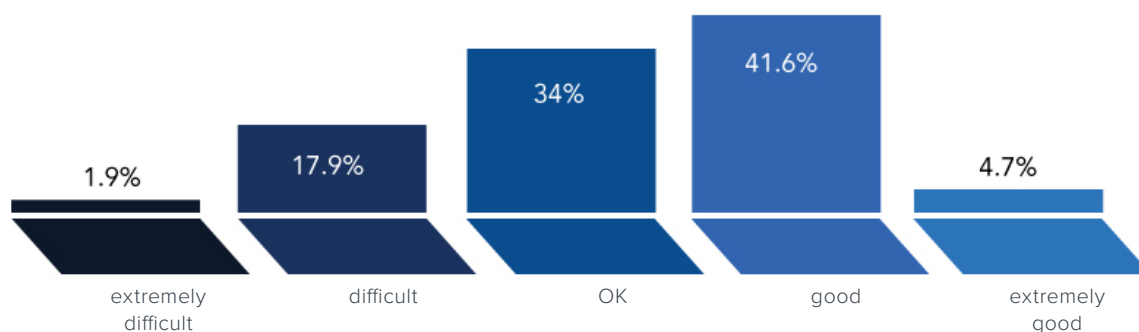
And then we come to the Internet.

Wet leisure businesses that are involved in e-commerce complain about competition that has cut their margins down to practically nil. Wet leisure businesses not selling online protest that they simply can't compete with the low prices that Internet retailers offer.

To be fair, this scenario is one that is being played out in a number of industries, most notably fashion and home electronics. It's an issue that isn't going to go away anytime soon but where the balance eventually comes to lie between e-commerce and traditional selling will be down to market forces and consumer behaviour.

Was it a good year?

On the following scale, how do you expect business conditions to be next year?



Over the course of the survey we have seen that the wet leisure industry, if they have had a good year this year, expects next year to be as good if not a bit better.

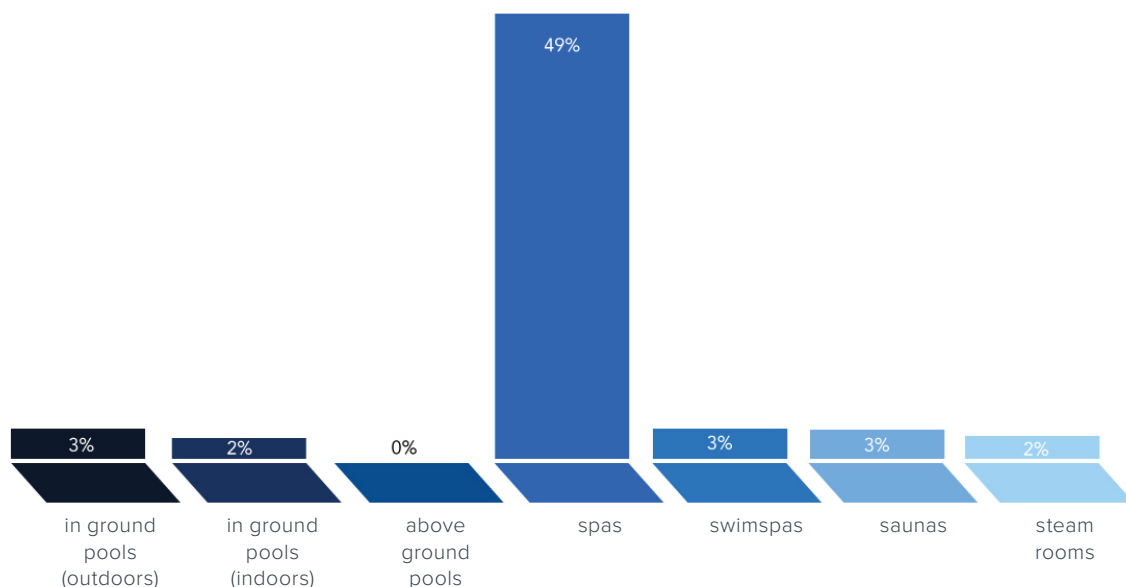
This year is an exception.

The thing most likely to be influencing their expectations is Brexit and in particular the falling Pound. The price of imports has risen due to weakness in Sterling and that rise is expected to continue for some time. Those rising prices will have a negative impact on business. They will both have to be passed on to the customer making a sale just that bit harder or they will be absorbed by the business and reduce margin. Most businesses will probably blend the two options.

It just remains to be seen the scale of that impact on the wet leisure industry as a whole.

Was it a good year?

During 2016, how many of the following products did you install?



Last year's survey sample reported a total number of 2,113 spa sales.

This year a slightly larger sample reported sales of 3,446. That is an increase of over 40%.

That does sound like a lot, but as we have seen, the wet leisure industry has had a good year. The middle of the market has seen strongest growth – in comparison to top-end or budget – and spas and hot tubs have seen increasing and more favourable media coverage over the last couple of years.

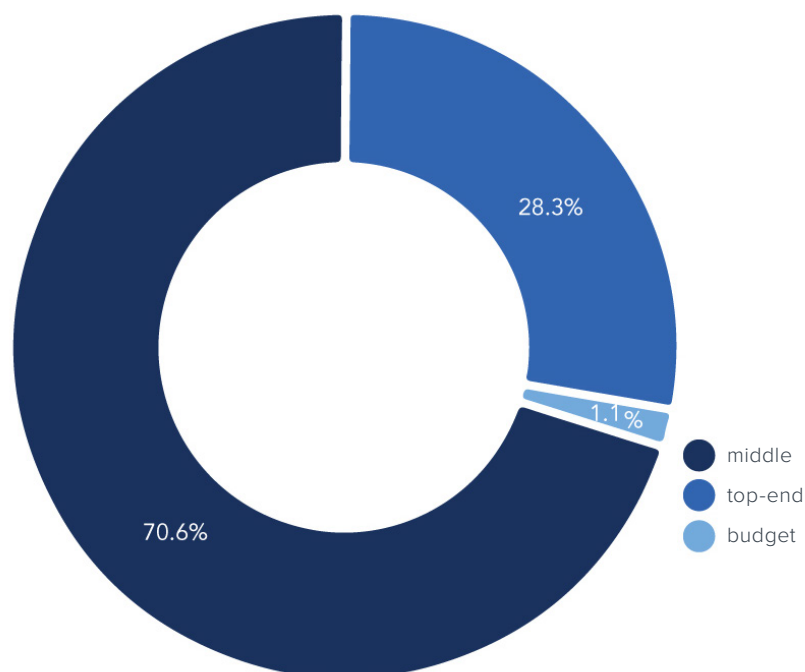
What the above graph shows is the average numbers of sales per responses so across the whole survey sample there were 12 above ground pools reported – compared to 18 last year – but the average figure is less than one so it doesn't show on the graph.

However you look at it, the traditional above ground pool is becoming a very small sector of the industry.

When we look at in-ground pools, we can clearly see that indoor and outdoor installations are running neck and neck.

Swimspas, sauna and steam have remained fairly static compared to last year's results.

Would you describe most of those sales at the top-end of the market, budget conscious or somewhere in between?



For the wet leisure businesses responding to this year's survey, the budget sector of the market has shrunk to a tiny 1%. Obviously all those 'cheap Chinese hot tubs' are getting sold somewhere but not, it seems, by us.

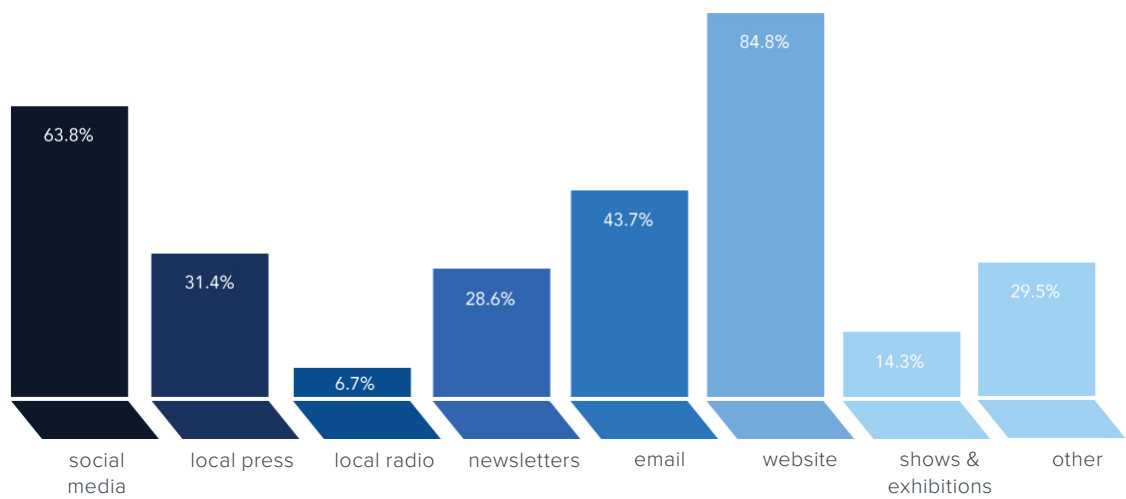
The middle sector of the market has grown again, up almost 30% on last year to over 70% as reported in this year's responses.

A strong middle sector in any market is a sign of strength. The middle sector offers businesses a chance to make reasonable margins on a good volume of sales.

Not surprisingly, the top-end of the market shows a higher number of pool installations than the survey average and of those, a significantly higher number are indoor pools.

Lets take a closer look

What marketing and advertising do you do for your business?
Please check all that apply.



Social media consolidates its position of the most important marketing channel for wet leisure businesses after their website.

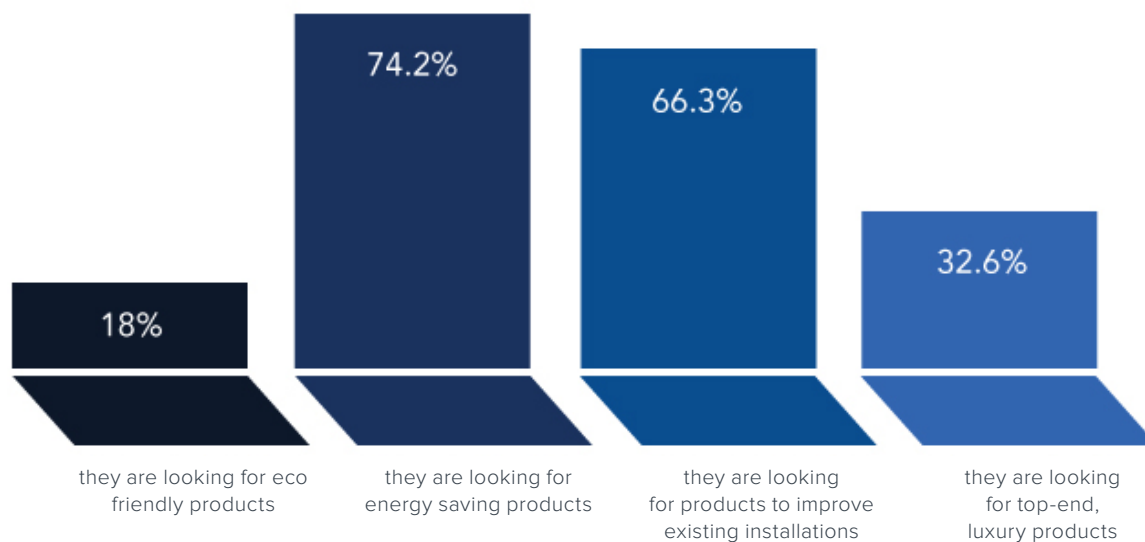
With 63% of businesses who responded to the survey using social media to promote their business and attract customers that is an increase over last year’s survey of just over 10%.

At 31% local press shows no change from last year but local radio shows a slight increase in use perhaps due to the continued growth in local, digital stations.

Newsletters and e-mails maintain their importance and we included Shows and Exhibitions as a separate category for the first time this year. From our survey, it seems that the demand for energy saving products and products to improve existing installations, such as the refurbishment of pools, are on the increase.

Lets take a closer look

Which of these market trends are your customers following?



From our survey, it seems that the demand for energy saving products and products to improve existing installations, such as the refurbishment of pools, are on the increase.

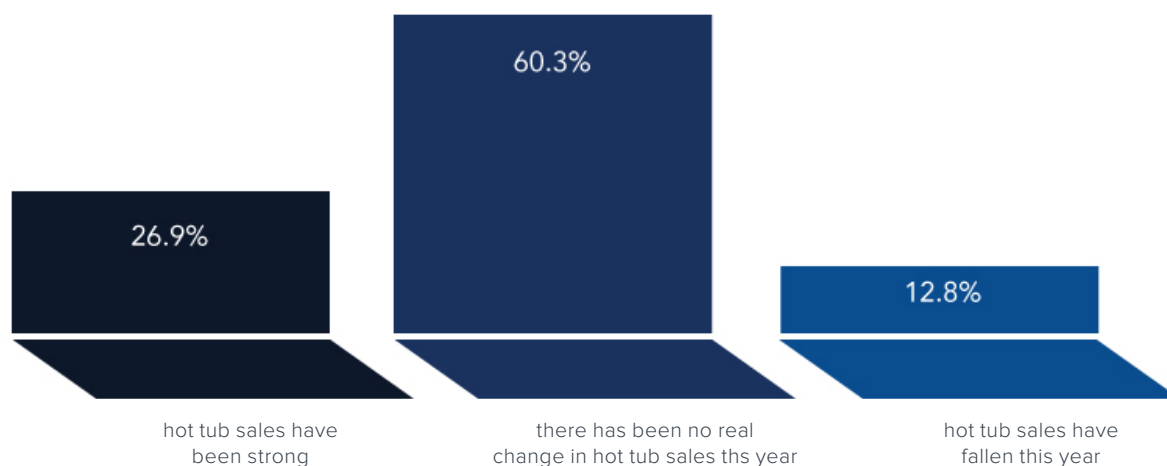
It seems likely that these two are linked in many instances with people using the opportunity of a pool refurbishment to introduce modern technology that lowers their energy bill. LED lighting, heat pumps and more efficient pool pumps and filtration methods would all fall into this category.

The demand for top-end, luxury products is consistent with last year's survey as is the number of people looking for Eco-friendly products. Of course, products that help save energy are also very often Eco-friendly so perhaps it is just terminology that separates these two categories.

We then went on to look at the three distinct main product categories of our business; spas, pools and sauna.

Lets take a closer look

The media has commented that spas and hot tubs are becoming increasingly popular. Have you seen this reflected in your business this year?



The responses to this question do seem to conflict slightly with the picture of the spa and hot tub industry that the other sections of the survey has been drawing.

Perhaps this comment has an insight into that. [“More people are looking to buy \(spas\) but a lot are buying the cheap ones on line and I think that’s where the market is growing fastest.”](#)

Certainly the big, online hot tub retailers who are offering countrywide installation are capturing a big segment of the market.

But it’s almost always possible for a specific business to buck the market trends as this comment illustrates. [“Our premium showroom was set up to push buyers more in the direction of higher end models, it’s achieved its goal quickly and easily. Our garden centre showsite was geared more towards the budget end and it has had a phenomenal year.”](#)

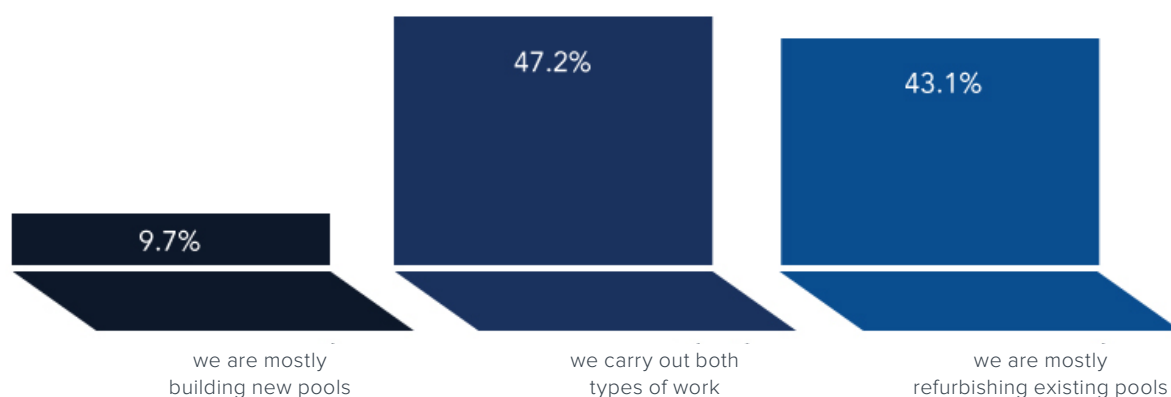
The industry has long had the concern that as the economy recovered and volume returned to the spa and hot tub business, ‘cheap imports’ would absorb a lot of that growth.

There probably is a case to be made for educating customers in terms of the warranties that they might expect from a quality spa, it’s life expectancy and features.

Another possibility is to regulate for Energy Efficiency Ratings that are common on other domestic electrical goods. Would that be good for the industry? Perhaps we should at least open the debate.

Lets take a closer look

Are people building new swimming pools or are they refurbishing existing pools?
Which aspect of the pool sector is keeping your business busy?



We have already seen that pool refurbishment is a stronger market at the moment than new pool builds.

As one comment puts it, “We have found that the pool side of our business has diminished hugely over the last 8 years. This started to take effect during the recession and has never recovered. We used to sell a huge amount of packaged in ground pools (outdoor) where we financed the whole build through personal loans with our finance houses. This market has all but disappeared.”

New technologies give customers new choices and options. “We’ve seen an increase in homeowners swapping a pool for a swimspa to reduce running costs and create space.”

From the other comments it seems very likely that of the 47% of responses that said their business carried out both new builds and refurbishments, much more than half of that volume of work was refurbishment.

So where is the UK pool industry headed?

If you want to see the heyday of the industry you need perhaps to look as far back as the late 70’s and early 80’s when British summers seemed hotter and holidays spent abroad were somewhat rarer.

In more recent times there was a relative boom in underground pools for the wealthy in London but many councils now look less favourably on requests to excavate basements and install a subterranean pool.

As we have already seen, the ‘entry level’ product, the outdoor above ground pool, is almost a thing of the past.

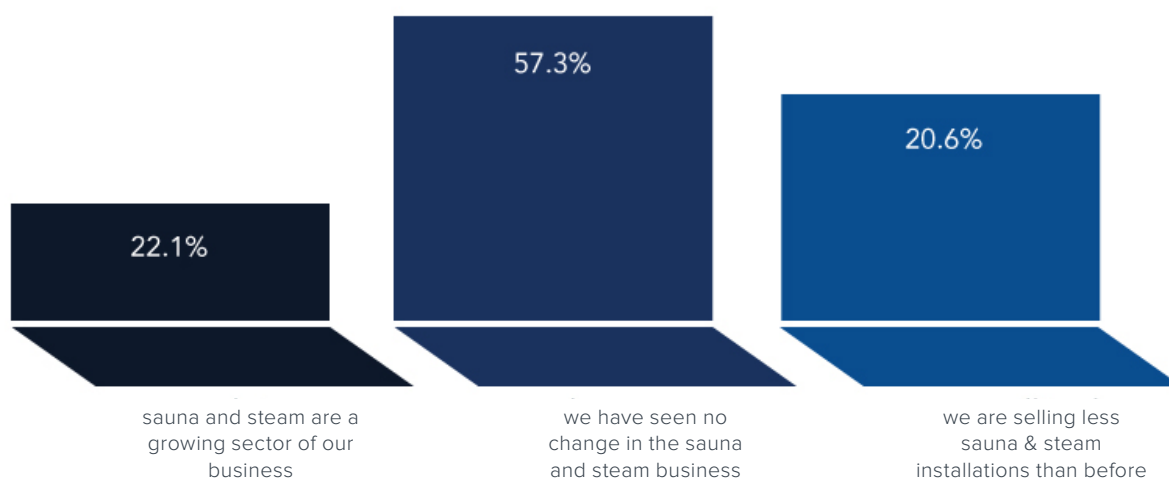
Lets take a closer look

But a pool still has enormous appeal; it still speaks to people about health, lifestyle and luxury.

Perhaps the industry as a whole needs to do more about informing consumers about all the new technologies that can reduce the running cost and environmental impact of a pool. Perhaps the industry needs to excite people about the possibilities of clever design to fit a pool into a smaller space or an awkward site.

We should talk to customers and help them re-examine their thoughts and pre-conceptions about pools? Is that another debate our industry could begin?

Only a few years ago, sauna and steam were a niche sector of the industry. Is that still the case?



“We have seen a growing demand for bespoke sauna and steam rooms from architects and designers.”

Sauna and steam are still buoyant in the market but there is still a sense that the wet leisure industry as a whole hasn't become entirely comfortable with them yet.

Looking at the responses to the survey, the sauna sector appears to be doing more than averagely well in the Midlands and the North and is stronger in the commercial sector than the domestic.

The top-end of the market has bought into sauna and steam but what those customers are buying are bespoke installations that are in home health spas or luxury en-suite bathrooms.

As one commenter puts it, “People are realising that they can have these in their house. We custom build ours so this is a growing sector.”

In Conclusion

In the main, 2016 has been a good year for the wet leisure industry, at least from the perspective of the businesses that responded to the survey.

The weather was kind and the economy was reasonably buoyant.

And then there was Brexit. That shock result and its aftermath have sent waves through the wet leisure industry that have yet to show their full affect. It is important to remember that Brexit and the exchange rate crisis that it precipitated will affect the whole of the UK economy. Our industry hasn't been singled out.

"Brexit will be a sad, surreal and exhausting process." That isn't a quote from our survey but from Guy Verhofstadt, chief Brexit negotiator for the European parliament. We have been warned.

Other challenges for many businesses remain competition from the Internet but as one respondent comments, "Some of the really low margin based companies selling on the Internet will die out over the next few years or at the very least will not be able to increase in size."

Of course, one of our industry's main growth areas is in service and maintenance and that is an area that online businesses can't compete in at all. As one respondent puts it, "Less competition from the internet as customers are seeking a good local supplier to look after their pools and spa's long term, not necessarily looking for the cheapest option above customer service."

Another issue is that as volume returns to the spa market, cheap imports make inroads into the business. Once again, one of our respondents makes a good point. "It is important that good retailers continue to promote themselves as professionals to help fight against 'fly-by-night importers'. The best way to combat this is through educating and training your staff and promoting your professional status'.

Hopefully the information in this report has been of interest and we hope that you can use it to help improve your business. We would also like to think that issues have been raised in this years survey that have the potential to benefit the whole industry.

We would like to thank everyone who took part in this survey and encourage every member of our industry to take part in the future so that an even more detailed and more accurate picture of our industry may be drawn.



“Our premium showroom was set up to push buyers more in the direction of higher end models, it’s achieved its goal quickly and easily.”

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