

The State of The Wet Leisure Industry Survey Report 2011

From October 1st 2011 to January 15th 2012, Golden Coast conducted an in-depth survey of the wet leisure industry.

This was an on-line survey with all respondents recruited via the Internet.

Businesses were informed of the survey by emailed newsletters, on social media and by the inclusion of a link to the survey in on-line, wet leisure forums.

A total of 71 businesses responded to the survey with 76% completing every question.

The purpose of the survey was simple; other industries and markets have facts, figures and statistics that are available to all and they help people make better decisions and grow better businesses. We should be the same.

The results of that survey are here.

We would be the first to admit that more respondents would have given us an even clearer picture but it is possible to draw some conclusions and certainly gain some insights.

The questionnaire included both quantitative and qualitative questions - ones answered by figures or ones asking for opinions - and both aspects are reflected in the following report.

We hope that you find the findings included in this survey report interesting and helpful.

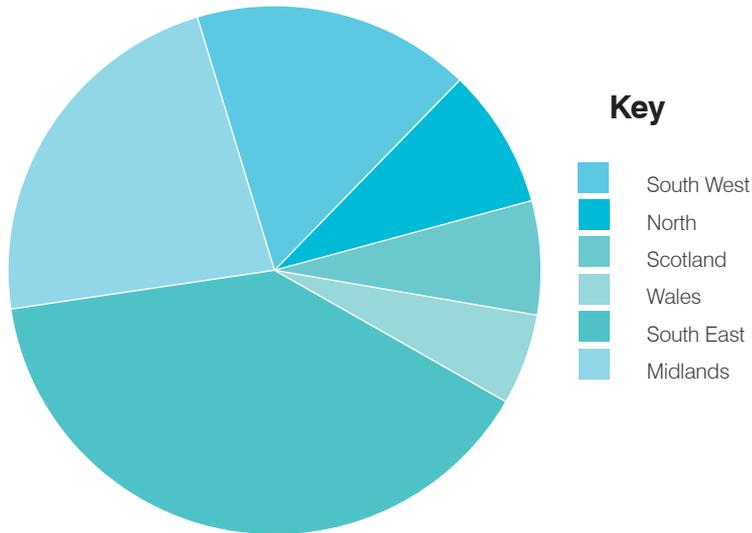
We would like to thank everyone who responded to the survey and encourage even more of you to do so in future as we intend to conduct this survey on an annual basis and continue to share the results in full with the industry as a whole.

60% of the respondents were based in South East England or the Midlands.

What sort of businesses made up the survey sample?

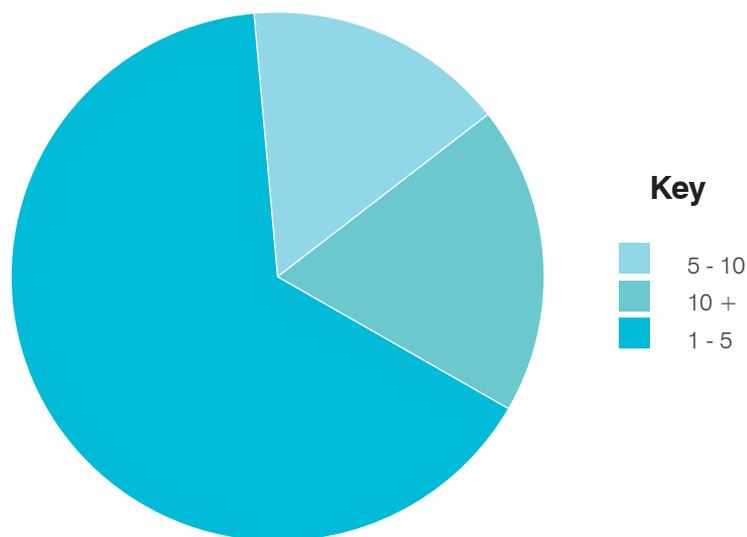
The 71 businesses that make up the survey sample in The State of the UK Wet Leisure Industry 2012 survey were all recruited via the Internet and the survey was conducted online.

Which region do you operate from?



The businesses came from England, Scotland and Wales although over 60% of the respondents were based in South East England or the Midlands.

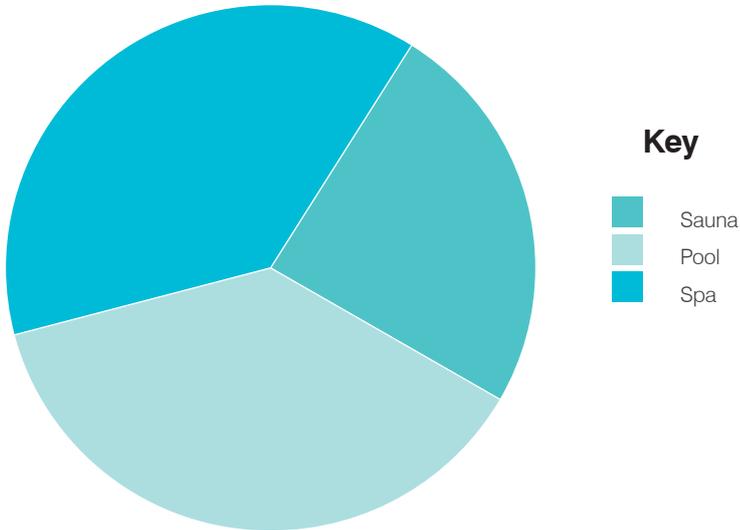
How many employees do you have?



The responding businesses ranged from one-man firms to those with 10 or more employees and they were predominantly selling to the domestic market.

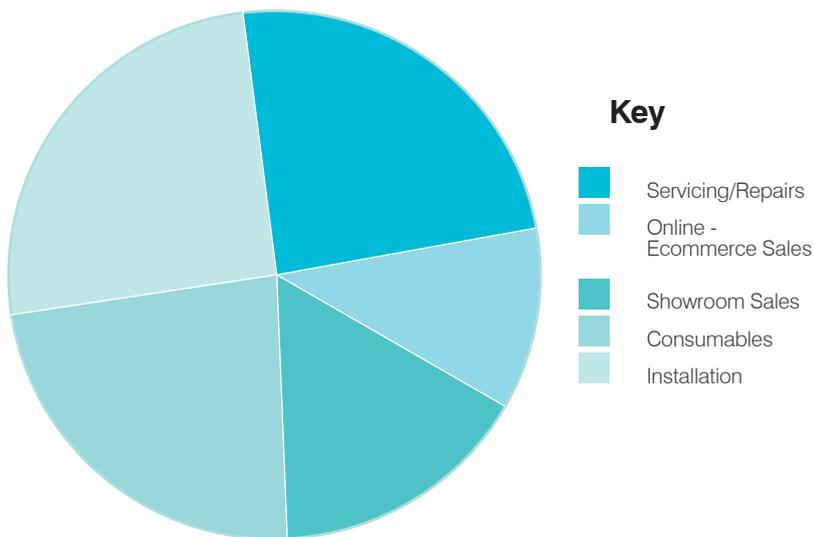
What sort of businesses made up the survey sample?

What markets do you serve? (Check all that apply)



The respondents covered the three major sectors of the wet leisure industry; pools, hot tubs and saunas with many businesses active in all three areas.

What services do you offer?



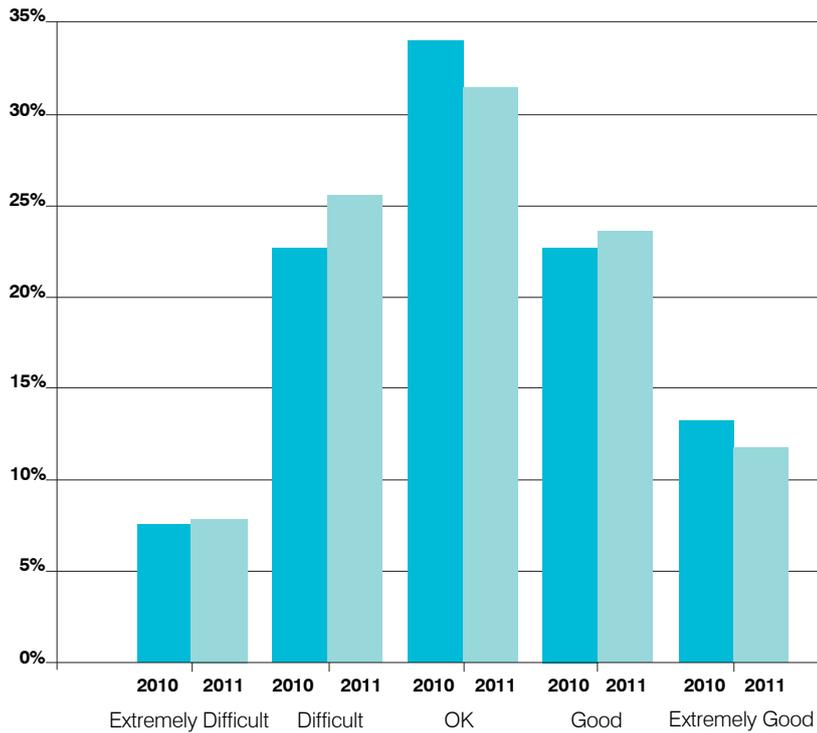
The respondents offered a variety of services but with over 80% involved in consumables, installations and servicing.

Overall trading conditions and confidence.

The survey asked respondents how they had found business to be in the previous 2 years (2010 and 2011) and how they rated their expectations for 2012.

They were asked to rate each year on a scale of 1 to 5 with 1 being 'Extremely Difficult' and 5 being 'Extremely Good'.

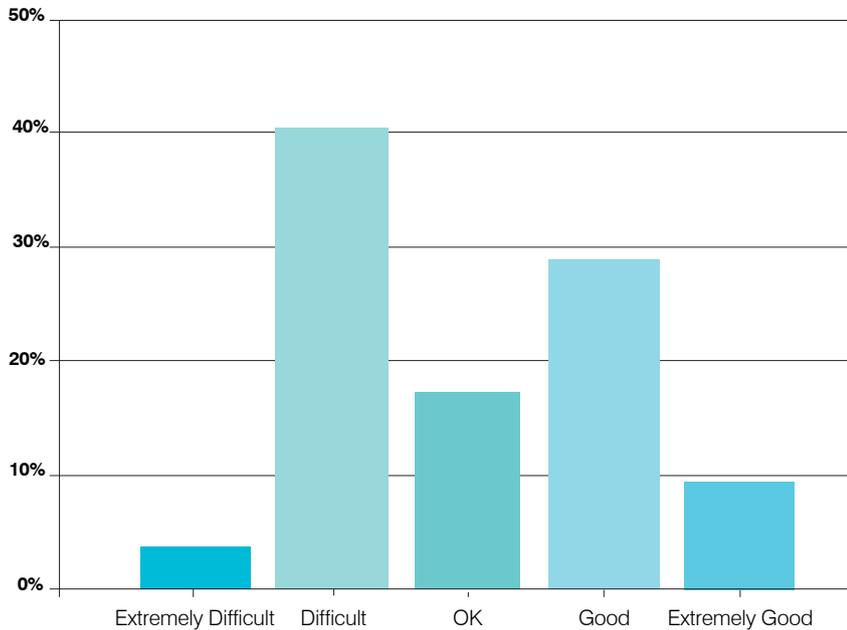
On a scale of 1 - 5, please rate how you found business in the following years:



Over the course of the 3 years, the average rating dropped from 3.11 to 3.00 showing that business experiences and business expectations have diminished. However, that average drop is not a large one and far from what you might expect to see when set against the media view of these three years.

Overall trading conditions and confidence.

On a scale of 1 - 5, please rate how you expect next year to be for your business:



There was one particular aspect of these figures that did indicate a marked difference between what had happened (2010 and 2011) and what was expected to happen in 2012.

More than a third of the respondents described the previous two years as 'OK' but when asked about 2012, that figure dropped to just 17%.

Looking at business expectations for 2012 seems to polarise opinion with most respondents deserting the middle ground and 44% seeing a difficult or extremely difficult year ahead but over 38% seeing 2012 as looking good or extremely good.

More than a third of the respondents described the previous two years as 'OK'.

Perhaps we always see the future as being bright or dark, or perhaps as many people see opportunities in the year ahead as those that see problems and challenges?

Overall trading conditions and confidence.

Expectations for 2012 by Size of Business

Size of Business	Extremely Difficult	Difficult	OK	Good	Extremely Good
1 to 5	6.10%	36.40%	21.20%	27.30%	9.10%
5 to 10	0%	40%	0%	50%	10%
10 +	0%	55.60%	22.20%	11.10%	11.10%
Average	3.80%	40.40%	17.30%	28.80%	9.60%

The above table looks at business expectations by size of business and shows that the polarisation of those views is almost entirely driven by the 5 – 10 employee business sector.

This behaviour is probably not unique to the wet leisure industry but a function of businesses that are still 'small' but do have significant fixed cost overheads and the responsibility of providing employment for a sizeable number of people.

The Internet; a threat, an opportunity or just a fact of life.

The most obvious statistic regarding this survey and the Internet is that 100% of the respondents were recruited via the web.

All 71 respondents were either using social media platforms to connect with their customers or business networks, using forums to discuss wet leisure issues or receiving email newsletters containing facts and advice regarding the wet leisure industry.

So all our respondents can see some positive aspects to the web however 33% of them listed 'the internet' as a business threat for 2012. Of course, the particular aspect that they feel threatened by is "discount internet sales", and "online cheap imports".

Nevertheless, all is not rosy for the e-commerce world and one respondent writes: *"We are online but the margins are so low we don't even bother to match some prices."*

In fact, the responses concerning their expectations for 2012 showed that businesses with online-e-commerce sales were significantly less optimistic than the norm. 52.4% seeing 2012 as 'Difficult' against the overall sample of 40.4%

Another way of looking at that is that the rating average for 2012 falls from 3.0 to 2.76 for respondents active in e-commerce.

Perhaps by putting a part of their business online they found themselves competing directly with a global market rather than purely a domestic one.

Certainly e-commerce businesses are forced to compete almost wholly on price and that is a strategy that drives down margins and is potentially unsustainable.

"We are online but the margins are so low we don't even bother to match some prices."

Testimonials v. comparison websites.

In comparison to the fall off in confidence of the e-commerce retailers there were a number of respondents who viewed 2012 as having the potential to be a successful year.

The following quotes are from 2 respondents who rated both 2010 and 2011 as being 'Extremely Good' years and expected 2012 to be the same.

"All our installations are at the very top end of the market with every one coming from recommendations via existing clients."

"If you're losing custom it's no good blaming the economy, look closer to home and how YOU can improve things, it's all in your hands! Sensible pricing and good workmanship has worked for us and the business is still growing."

If we look at other respondents who saw the future as positive then one perceived opportunity to business was, *"Opportunities are still at the top end of our industry and need to be capitalised on to high standard."*

One respondent stated the biggest business threat for the year ahead simply as, *"Apathy"*.

"If you're losing custom it's no good blaming the economy, look closer to home and how YOU can improve things, it's all in your hands!"

Sensible pricing and good workmanship has worked for us and the business is still growing."

The wet leisure industry by sector.

Although the survey was directed towards all sectors of the wet leisure industry, there were discernable differences between each of the three major market segments; pools, spas and saunas.

Pools.

Size of Business	Unit Sales	Number of Respondents	Average Unit Sales
1 to 5	128	25	5
5 to 10	37	8	5
10 +	44	5	9
Totals	209	38	6

Looking at the confidence levels for 2012 within the pool sector, we saw that 50% saw the year ahead as 'Difficult' or 'Extremely Difficult' against an overall figure of 40%.

16.7% of the pool sector expected 2012 to be 'OK' compared to an overall score of 17%.

This makes the pool sector the least optimistic market within the wet leisure industry although there were some optimistic comments, which included, *"Many people (potential customers) still have made a lot of money and will still be looking for quality individual projects."*

Another respondent said, *"There are opportunities to build smaller pools and sell more swim spas"*.

From the table above, it can be seen that the middle of the sector, businesses with 5 to 10 employees, are feeling the squeeze more than the larger companies or indeed smaller businesses.

As you can see, the average number of units sold is the same (5) for businesses in the 1 to 5 employee range as it is for businesses with 5 to 10 employees and yet those bigger businesses are carrying larger fixed overhead costs.

The wet leisure industry by sector.

Spas.

Size of Business	Unit Sales	No. Of Respondents	Average Unit Sales
1 to 5	577	24	24
5 to 10	312	9	35
10 +	599	7	86
Totals	1488	40	37

Confidence levels in the spa and hot tub sector were higher than the survey norm with 19% of respondents predicting that 2012 would be 'OK' against an average of 17%.

40.4% of spa respondents saw the year ahead as 'Good' or 'Extremely Good', and indeed none of the respondents in this sector of the industry thought that 2012 would be extremely difficult.

Quotes from this sector included: *"Opportunities are that people are not moving house but rather spending money on their homes."* And, *"The opportunity is that we are the only company in the area selling top end hot tubs."*

Sales in this sector are more evenly spread across the three different business sizes as can be seen in the table above.

One respondent did note that, *"Our industry needs to be raising the profile of the concept of (spa) ownership"*.

40.4% of spa respondents saw the year ahead as 'Good' or 'Extremely Good', and indeed none of the respondents in this sector of the industry thought that 2012 would be extremely difficult.

Saunas

Size of Business	Unit Sales	No. Of Respondents	Average Unit Sales
1 to 5	72	17	4
5 to 10	16	7	2
10 +	5	2	3
Totals	93	26	4

An impressive 44.4% of those involved in the sauna sector believed that 2012 would be 'OK'.

In fact, 29.6% thought that 2012 would be better than 'OK' and only 25.9% saw the year ahead as being a difficult one.

The sauna sector was more than averagely concerned about the threat from Internet competition.

Where to from here?

We hope that this information has been of interest to you and we hope that it can be of use to you.

Using the information in this report, you could sharpen your own business strategy by understanding the market better.

If you look at the segmented sales information, (Appendix 1 at the end of this report) either by business size or by location, that might help you assess potential sales forecasts for your own business or let you judge your performance last year against similar businesses.

The data on confidence levels is well worth considering and it can be seen that those with a more positive outlook tend to do better.

Look at the opportunity to diversify; to sell more products to existing customers by exploring other market sectors.

One thing did become clear from many of the comments that were included in responses; people in the wet leisure industry want to pull together and improve business for everyone.

Public awareness and perception of the wet leisure industry may not be as high or as positive as it should be.

“Lack of industry advertising, real gutsy advertising,” commented one respondent.

“Lets all work together to make this industry less seasonal. We have made huge strides but still suffer a few troughs in sales. It’s going to take the whole industry singing from the same hymn sheet to change public perception.”

We at Golden Coast have conducted this survey and are sharing these results with you to get that ball rolling.

There are tools available for you from Golden Coast to help your business and to help with the marketing of that business. Those tools are there to help us both to generate more profits.

If you visit wetleisure.co and register your business then that’s the first step to accessing those tools and that support.

Look out for next years survey and ensure your business data is included so that we can accurately chart the growth in the market.

Below are the individual unit sales responses and respondent location, segmented by their area of business (pool, spa or sauna) and their size (1 to 5, 5 to 10 or 10 + employees).

“Our industry need to be raising the profile of concept of ownership, now is the time to promote our industry not the time to just sit back.”

Appendix 1

Pool Businesses with 1 to 5 Employees

Area	Units Sold
South East	30
South East	20
Midlands	12
South East	11
South West	10
Midlands	7
South East	4
Wales	4
South East	4
South West	3
South West	3
South East	2
South East	2
North	2
Scotland	2
South East	2
South West	2
South West	2
Wales	2
Midlands	1
Midlands	1
South East	1
Midlands	1
South East	0
North	0

Pool Businesses with 5 to 10 Employees

Area	Units Sold
South East	8
South East	7
South East	6
South East	6
Midlands	4
Midlands	2
South West	2
South East	2

Pool Businesses with 10 + Employees

Area	Units Sold
South West	10
Midlands	10
North	8
South East	8
North	8

Appendix 1

Spa Businesses with 1 to 5 Employees

Area	Units Sold
South East	110
South West	86
Scotland	70
Midlands	40
North	35
Midlands	33
Midlands	31
South East	30
Wales	25
Midlands	25
South East	20
Wales	12
South East	10
South East	10
Wales	10
North	8
South East	4
Scotland	4
South East	3
South West	3
Midlands	3
Midlands	2
Midlands	2
South East	1

Spa Businesses with 5 to 10 Employees

Area	Units Sold
South East	108
South East	80
South East	70
South East	21
Scotland	11
South West	8
Midlands	6
South East	6
Midlands	2

Spa Businesses with 10 + Employees

Area	Units Sold
South East	566
South East	12
Midlands	10
North	8
South West	3

Appendix 1

Sauna Businesses with 1 to 5 Employees

Area	Units Sold
North	23
South East	23
South East	8
South West	5
Scotland	3
Wales	2
South East	2
Midlands	2
Midlands	2
Scotland	2
Midlands	0
South East	0
North	0
Midlands	0
South East	0
Wales	0
Wales	0

Sauna Businesses with 5 to 10 Employees

Area	Units Sold
South East	7
South East	3
South East	2
South East	2
Midlands	1
South West	1
South East	0

Sauna Businesses with 10 + Employees

Area	Units Sold
North	3
South East	2

“Lets all work together to make this industry less seasonal. We have made huge strides but still suffer a few troughs in sales. It’s going to take the whole industry singing from the same hymn sheet to change public perception.”

Survey Respondent

