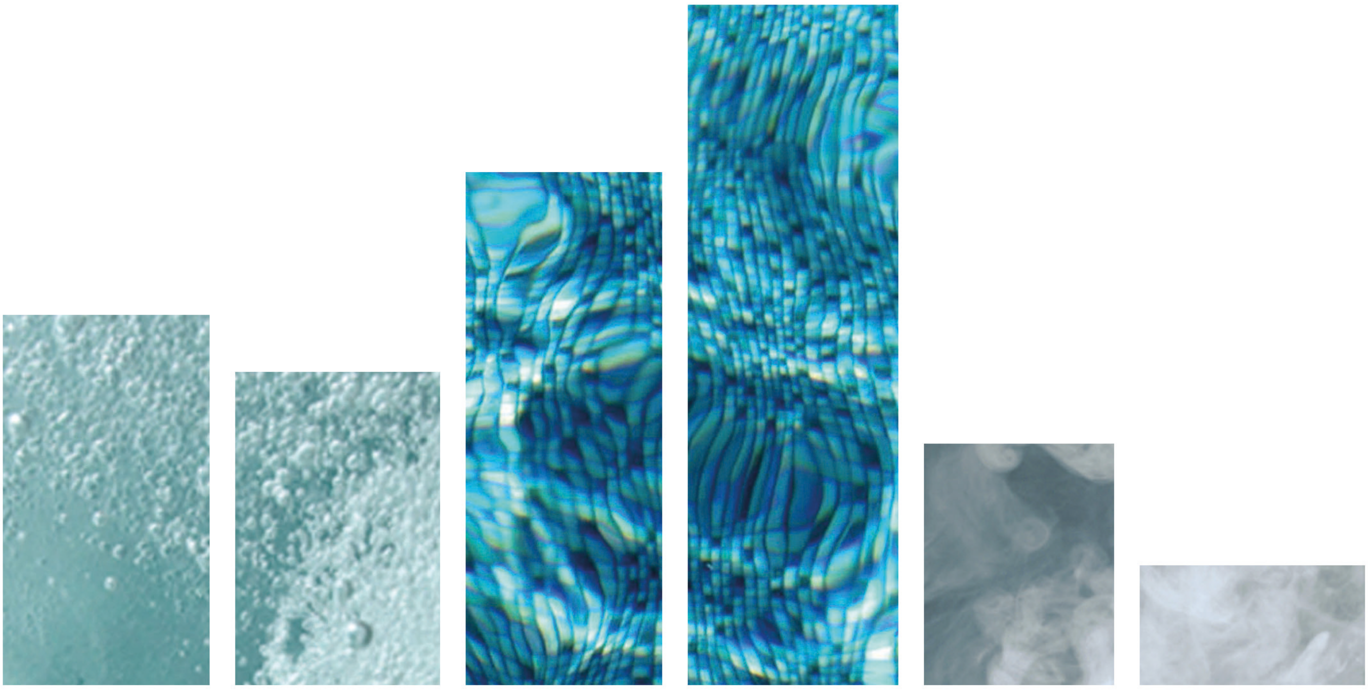
The Wet Leisure Survey Report 2014



In association with

BSPF
'promoting pools, spas & allied leisure'

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Wet Leisure Industry Survey Results 2014

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

Once again, with the help and support of BSPF, we have asked industry members to fill in a simple questionnaire so that we can pull together some statistics and insights that give us all a better picture of the industry that we work in.

The first statistic is a rather encouraging one. Once again we received more responses this year than the year before. In fact, the number of businesses that have taken the time to fill in the survey has increased by over 75% since the survey began.

The survey also allows people to share their own views of the industry in their own words.

This year, one respondent wrote, “I look forward to reading the results which I find are becoming a valuable indicator of the mood and direction of our industry.”

Of course, all of the responses are completely anonymous, but we hope that you share that particular individuals view and that you will find the analysed results of the survey interesting and helpful.

We would like to thank everyone who responded to the survey and once again thank BSPF for their support and assistance.

What sort of businesses made up the survey sample?

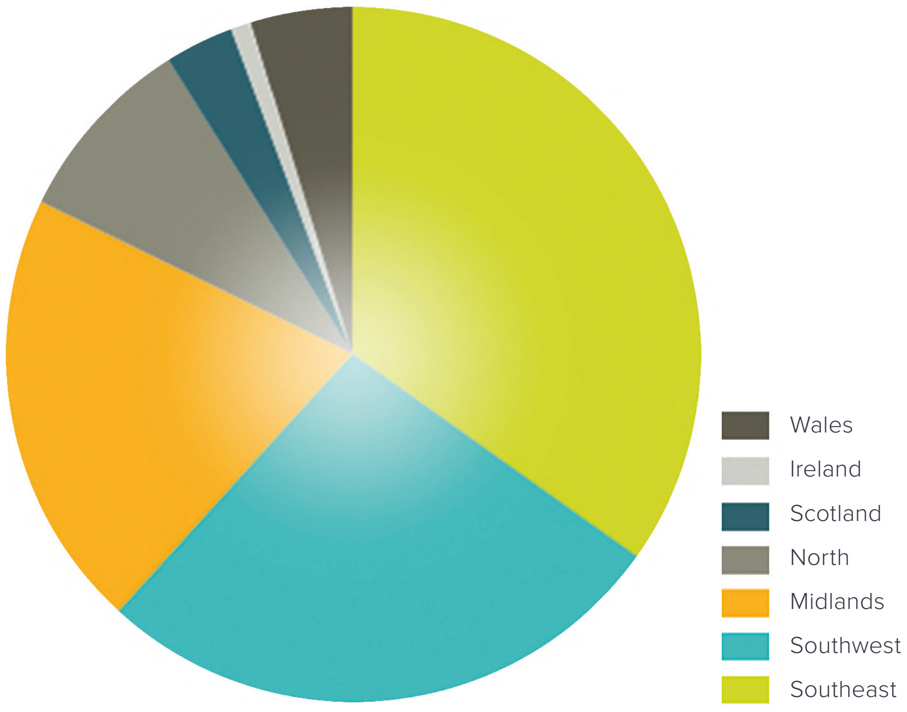
The more businesses that take part in the survey, the more accurate the picture that we can draw and share.

Businesses have the opportunity to submit their responses either via an on-line form or by filling in a postal questionnaire. All responses are completely anonymous.

The number of responses has grown year on year and so the insights that this survey can draw become more meaningful, our understanding of the industry grows in scope and accuracy and the value of those results becomes greater to everyone who works in our industry.

This year's results were gathered between October 2014 and January 2015.

Which region of the UK does your business operate from?



Not surprisingly, the South East, South West and the Midlands remain the 'big three' and that corresponds to their relative strength within the UK's economy as a whole.

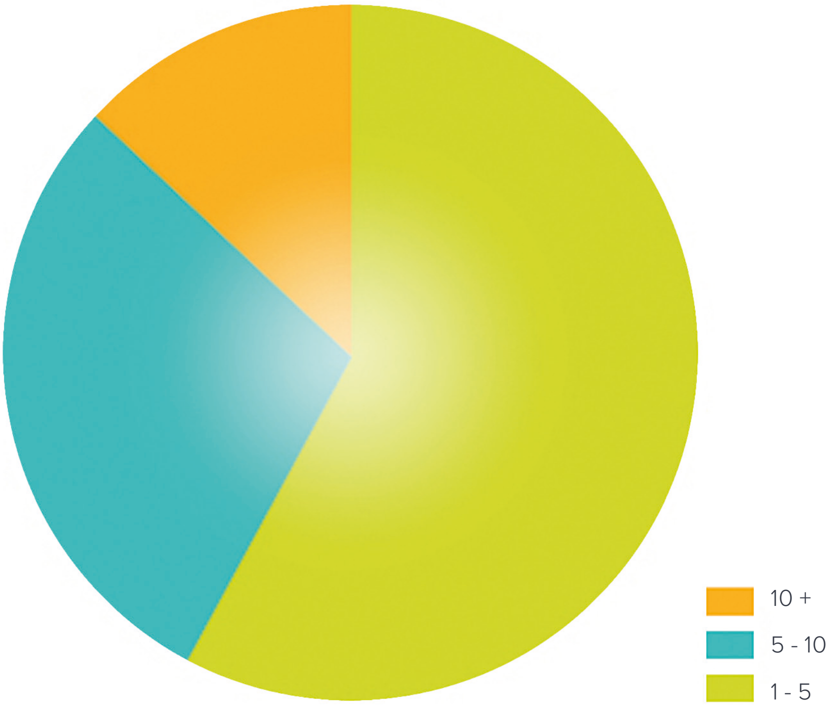
Looked at in those terms, Scotland remains under-represented by wet leisure businesses in comparison to the strength of its economy and the amount of disposable income that government surveys suggest lies within the country.

What sort of businesses made up the survey sample?

In fact, when we looked more closely, businesses in Scotland were much less likely to be operating in the pool sector than the survey average and were reporting very few customers from what was described as the 'top end' of the market.

The South West has shown consistent growth and now represents 27% of respondents compared to 17% in 2011.

How many employees do you have in your business?

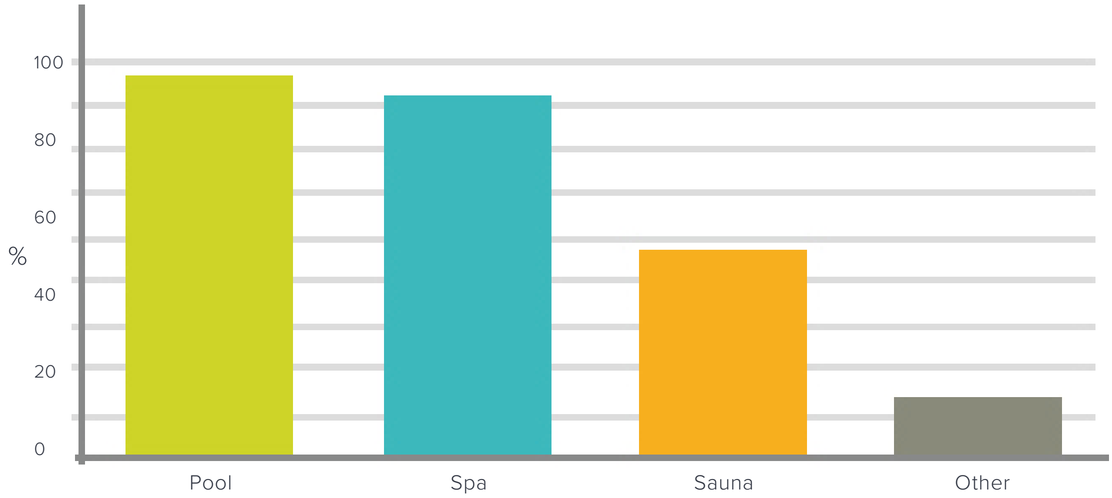


The relative proportions of business size ranked by employee numbers have stayed roughly similar from last year to this.

However, if we look back to 2011, the percentage of businesses employing 5 – 10 people has doubled from 15% to 30% while the number of larger businesses employing 10 or more staff has stayed roughly the same.

What sort of businesses made up the survey sample?

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



Although broadly similar to last year's results, the graph above shows a very slight drop in the relative number of businesses operating in the sauna sector.

Respondents were however given the opportunity to add more detail if they ticked the 'other' box and these responses point to a new area of growth.

Steam.

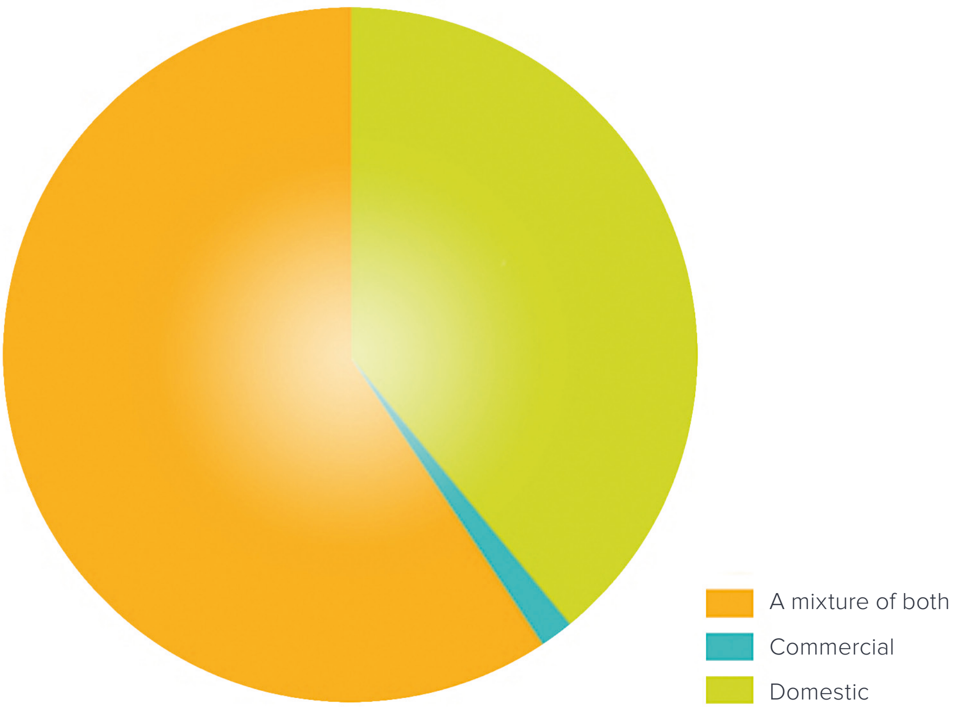
Almost 50% of businesses that ticked 'other' clarified their response by saying that they were installing steam rooms and steam showers.

The wet leisure business seems to be more and more influenced by our customer's interest in health and desire for 'wellbeing'. Perhaps we should all challenge the 'traditional' view of what constitutes the wet leisure industry.

"Experience showers, underwater treadmills, steam rooms, hyperboric chambers, Wellness in general."

What sort of businesses made up the survey sample?

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

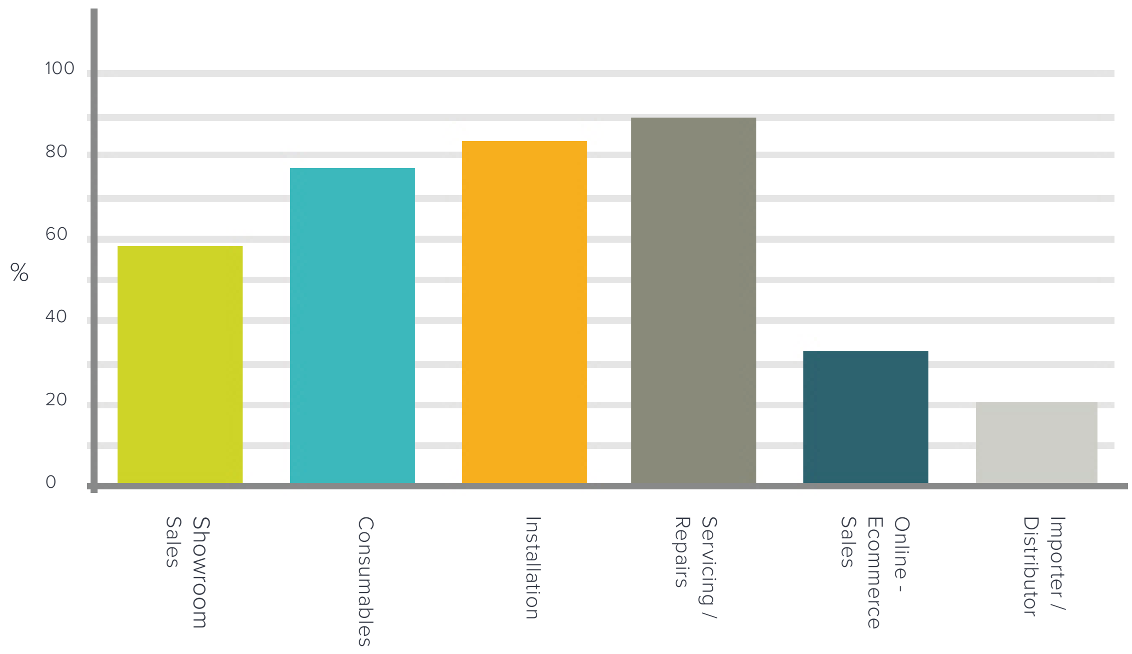


Businesses working in a mixture of both the domestic and commercial sectors remain the most common type of business in the wet leisure industry.

The number of businesses working purely in the commercial sector has shown a steady decline. Government spending cuts affecting municipal pools and leisure centres may well have contributed to this trend.

What sort of businesses made up the survey sample?

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



Very little change compared to last year, but if we look back to 2011 we would see an industry where installation was the biggest service offering with service and repairs coming a close second.

As installations become more complicated, as time becomes more and more of a precious commodity to our customers, they are more likely to call in service professionals.

This graph shows that service engineers are perhaps the face of the wet leisure industry that our customers are most likely to see and so points out their importance in terms of customer satisfaction and as people who need to be involved in sales of retrofit products or of new, improved installations.

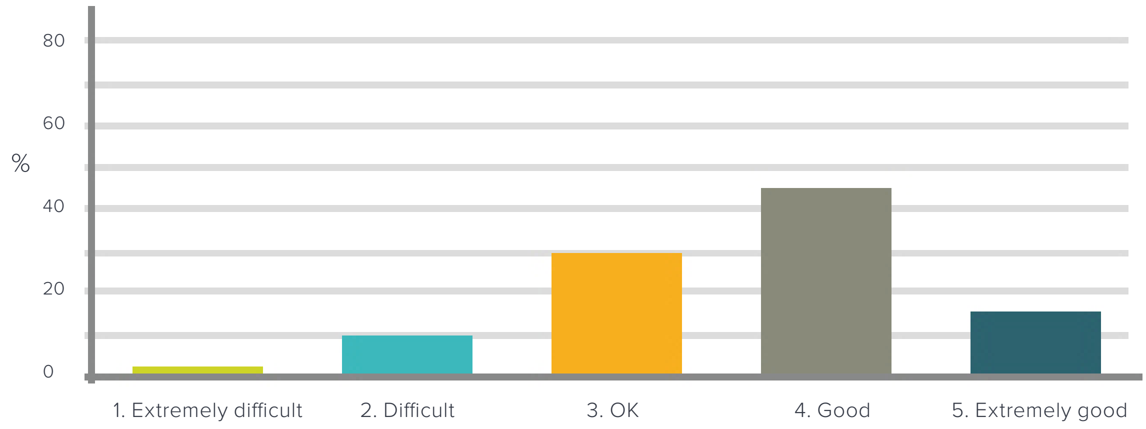
"We have survived this recession on refurbishment, service, repair, chemical supply and upgrades of equipment. We all need to keep looking for the add-on's we can sell to our existing customers."

Was it a good year?

The responses to the first five questions give us a good, broad view of the UK wet leisure industry. We have seen continued growth in the South West, a reduction in businesses relying solely on commercial work and a broadening of what defines the wet leisure industry to, once again, show an increase in the importance of health and wellbeing.

Of course, what we all want to know is, how are those businesses doing?

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



74% of businesses described their year as ‘OK’ or ‘Good’. Over 15% said 2014 was ‘Extremely Good’ and less than 1% reported a year that was ‘Extremely Difficult’.

Across the board, 2014 was seen to be a better year than 2013; and the results of last year’s survey showed an industry that described itself as being in better health than it had been for some time.

And this against a background of almost constant media reporting of budget cuts and austerity measures. Having said that, taken as a whole the UK’s economy is now 3.4% above its pre-crisis peak in the first quarter of 2008 and in fact, the UK’s economy grew by 2.6% last year, the fastest pace since 2007.

Without going into too much economic speculation or detail, there does appear to be more disposable income available to many households in the UK and our industry seems to be attracting its share of that spending.

“Very buoyant market, lots of people with cash to spare!”

Was it a good year?

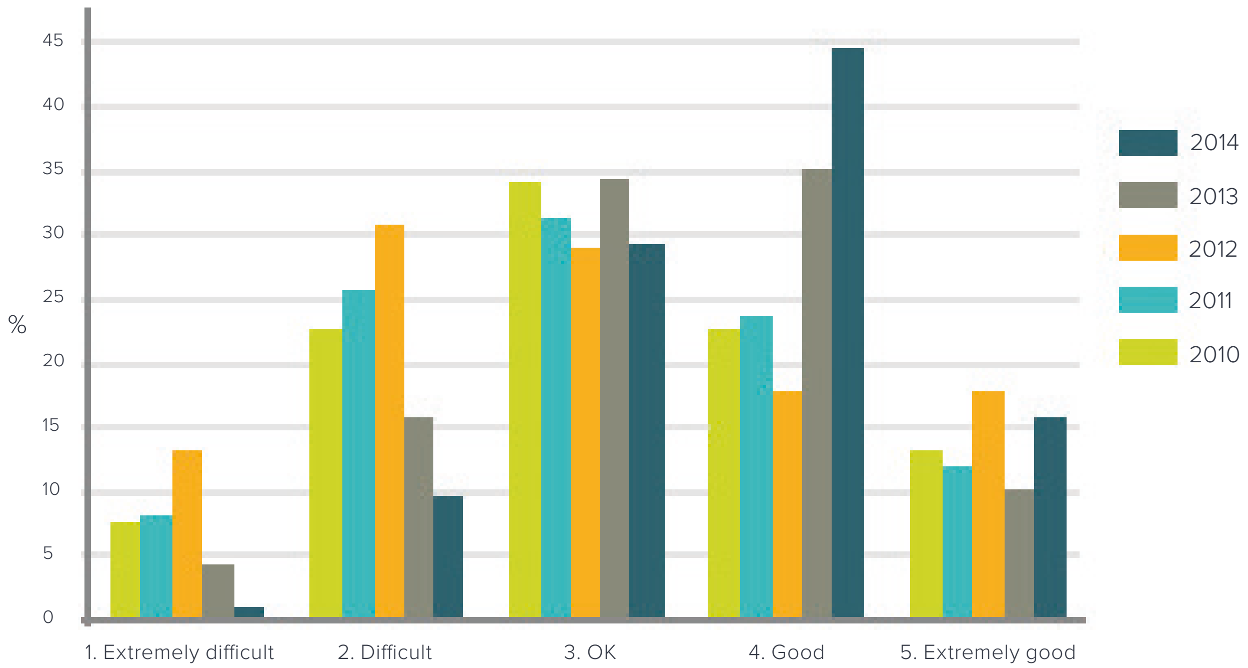
Of course, the other great influence on the wet leisure industry is our summer weather.

Summer 2014 saw several spells of fine, settled weather in both June and July but no major heat-waves. There were some heavy summer downpours but in the main it was a warm, dry summer. In fact we were back to what might be described as an 'average' summer. Not as warm and dry as 2013, but really not that bad.

"Best summer in 4 years!"

So it would appear that when not suffering at the hands of the economy or the vagaries of the weather, the UK wet leisure industry is a robust one.

We have data going back to 2010, so how do the last five years actually look?

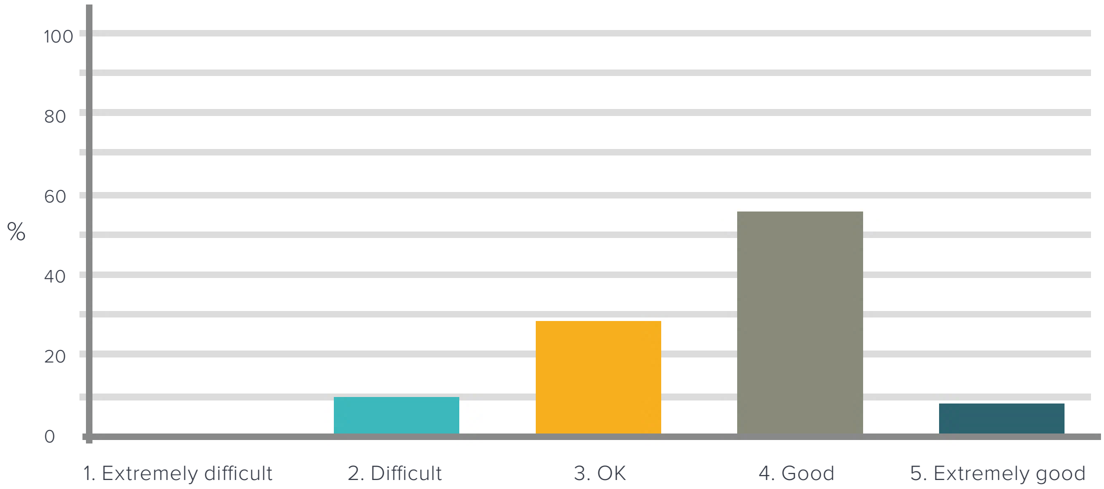


As we pointed out last year, the summer weather in 2010, 2011 and 2012 was not only poor, it got progressively worse over those years.

But as we can see, another decent summer and a slowly improving economy have benefitted the whole industry. Do we expect that to continue?

Was it a good year?

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



With over 90% of respondents looking forward to a year that will be ‘OK’, ‘Good’ or ‘Extremely Good’, it is safe to say that we do.

> ***“2014 was a much better than expected year and there are very good indicators for 2015. Consumer confidence is growing fast and the growth of the economy, no matter how slow, is going to increase this confidence further.”***

Of course, the purpose of this survey is to help us all make better informed business decisions.

In order to do that, we need to take a closer look at some of the groups, trends and behaviours that the survey identifies.

Lets take a closer look

It seems only natural to first of all want to look at those respondents who described 2014 as being an ‘extremely good’ year. That group has grown to 15.5% of the respondents in this year’s survey; up from 10.8% in 2013.

These businesses predominantly operate in the South East, South West and the Midlands but Wales and the North are also represented. In terms of staff numbers they conform closely to the survey average, so size as represented by employee numbers doesn’t seem to be a factor.

They are slightly more likely to operate in the spa and sauna sectors than the survey average and they put equal emphasis on installation, consumables, service and repairs suggesting that they give a more ‘rounded’ service than the industry norm.

If we look at the numbers of products they sold, we see the first real difference from the survey average results. They sold a lot of spas; over twice as many per business as the industry average.

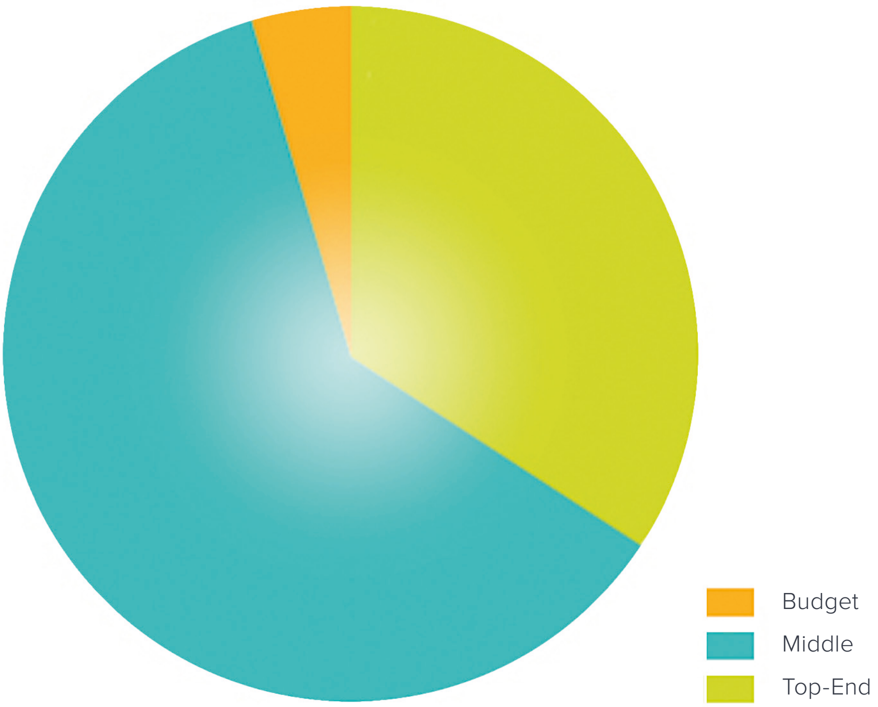
In terms of marketing and advertising, they were very much more likely to be using social media than the rest of the industry.

And do they have concerns about next year? Yes, they do. Like many of us they worry about the future of the economy and the weather forecast. They are also concerned about being able to recruit staff of a high enough quality. Perhaps it is that focus on having the best possible employees that has helped lead to their success?

Interestingly, they define their sales as an exact 50/50 split between top-end and middle market. Perhaps we should look more closely at that?

Lets take a closer look

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



In previous surveys we have seen, and commented on the fact, that the top-end of the market has remained relatively strong throughout a period of recession.

This year seems to show something of a resurgence of the middle market so we examined some of the similarities and differences between those two groups.

In terms of UK region, top-end sales are concentrated in the South East and the South West with almost 67% of that business being reported in those two areas. Sales in the middle of the market are distributed much more evenly around the country.

Businesses dealing with more top-end sales tend to employ more people than the industry norm, perhaps due to increased size and complexity of the projects.

Lets take a closer look

When we look at those projects, we see a huge difference.

Sales those respondents describe as being middle-market are predominantly spas. Over 75% of spa sales in the UK that the survey records are in this category. And really, that should come as no surprise.

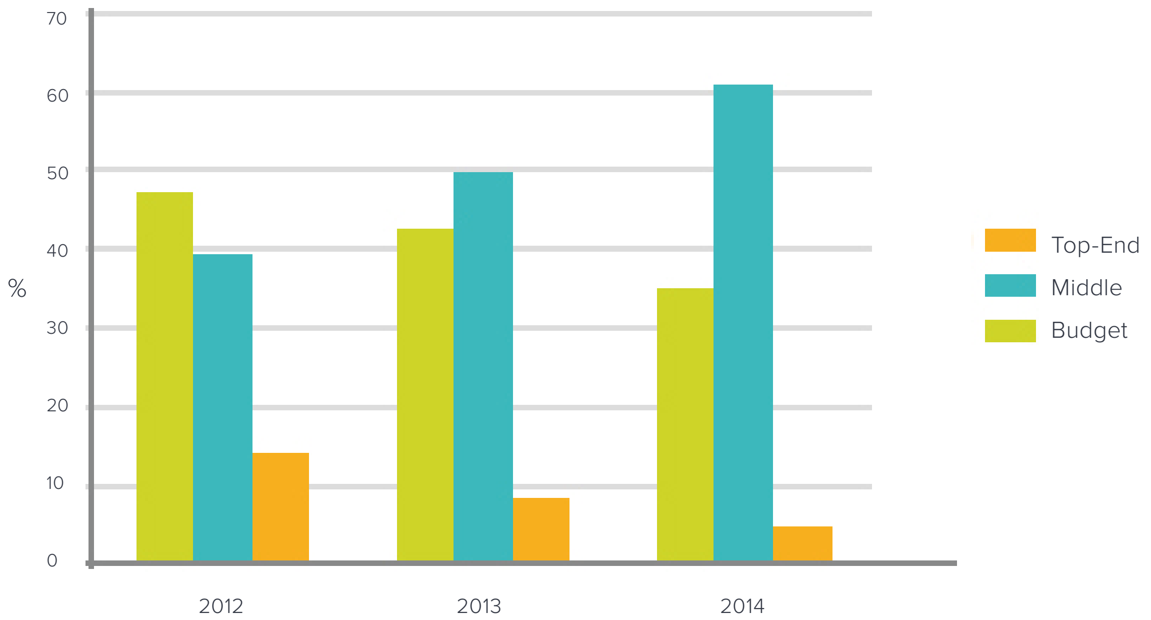
> ***"There seems to be a lot more consumer confidence in the Hot Tub sector and more disposable income available allowing for more £7-10k sales."***

By the same token, top-end sales cover the whole wet leisure spectrum, from in ground pools to saunas and steam rooms. They do, however, seem to let slip the opportunity to sell consumables and service contracts, being mostly focused on installation.

Other than that, the groups are broadly similar, with the top-end segment being marginally more confident in regard to business conditions next year.

Lets take a closer look

What is interesting, however, is how that middle sector has grown over the last few years.



The number of survey respondents has increased over the three years so what we are seeing is a change in the relative strength of these three sectors; however, even taking that into account, we are seeing clear growth.

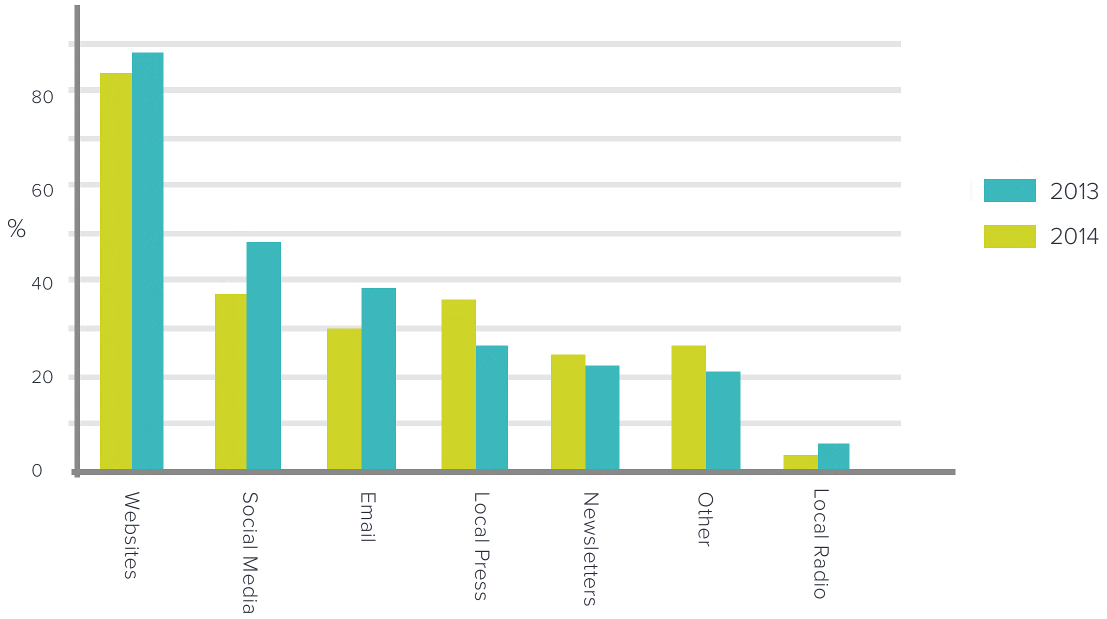
The crash of 2008 and the subsequent recession hit the middle market hard. It seems that they are on the road to recovery.

That is obviously good news for the whole industry although some respondents sounded a note of caution. A greater volume of sales in this middle sector, and particularly of spas and hot tubs, could encourage cheaper foreign imports to the UK and businesses should use social media and marketing to inform customers of the potential problems there.

> ***"The Internet selling cheap Chinese tubs for £2,500 is stopping it from being an incredible year and is giving hot tubs a bad name."***

Lets take a closer look

And that brings us to look at what forms of marketing our survey respondents are using.



The above chart clearly shows that the wet leisure industry is increasingly turning to digital marketing.

Almost 90% of businesses have their own website. Almost 50% of respondents are using social media.

Social media seems to be particularly important to businesses in the spa sector, and that makes sense. Social media is about sharing and what do we like to share? We share images and stories about having fun, about socialising with friends and relaxing.

"Facebook is our best form of continual marketing."

We also gave respondents the opportunity to comment on which form of marketing they preferred and 'word of mouth' and 'recommendation' came out as clear favourites but in many ways, social media is just a digital form of word-of-mouth.

"Doing a good job professionally is the most beneficial marketing tool."

2014 The year at a glance

2014 was a good year. The survey showed a strong and confident industry.

"Best year since 1981"

It was a particularly good year for the spa and hot tub sector and that growth came from customers looking to buy products in the middle of the price range.

The year showed continued growth of that middle market sector.

2014 showed continued demand for energy saving products.

"Energy efficiency is very 'fashionable' in this day and age so customers are keen to get involved."

The number of businesses serving purely the commercial market has shrunk to almost nil.

Digital marketing has taken over from traditional media across the industry.

"I think the reputable companies in the industry are now better equipped with the help of social media to fend off the 'cowboys' that will naturally try and jump on the bandwagon as popularity of hot tubs increases further."

Where people had concerns for the future they were most likely to be regarding the effect that the coming election may have on the economy, their ability to recruit skilled staff and, of course, the possibility of poor summer weather.

This report can't foretell the future nor would it pretend to be able to.

In conclusion

What it can do though, is to put the opportunities and challenges that your own business faces into perspective.

It is sometimes hard to see the wood from the trees and what the report aims to do is to provide an overview of the whole industry; a picture of the whole forest, if you like.

We hope that the information in this report has been of interest to you and we hope that you can use it to help focus your business strategy by understanding the market better.

We would like to thank everyone who took part in the survey and encourage every member of our industry to take part in next years survey so that this pool of shared information can grow in size and accuracy.

“2014 was a much better than expected year and there are very good indicators for 2015. Consumer confidence is growing fast and the growth of the economy, no matter how slow, is going to increase this confidence further.”

Survey Respondent

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