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Wet Leisure Industry Survey Results 2015

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

Between mid-November 2015 and the first week of January 2016, with the help and support of BSPF, we asked industry members to fill in a simple questionnaire. All of the responses were completely anonymous.

This year there were 19 questions; the most in-depth of the surveys so far.

Some of the survey questions have remained the same since 2011 so that we can chart long-term trends and see, in broad terms, how the industry is changing.

Some questions have been unique to a specific year and are designed to explore issues that might be hot-topics for our industry at that particular moment.

This year, for instance, we looked at three trends in UK business as a whole and asked respondents if they saw them as being true for our industry as well.

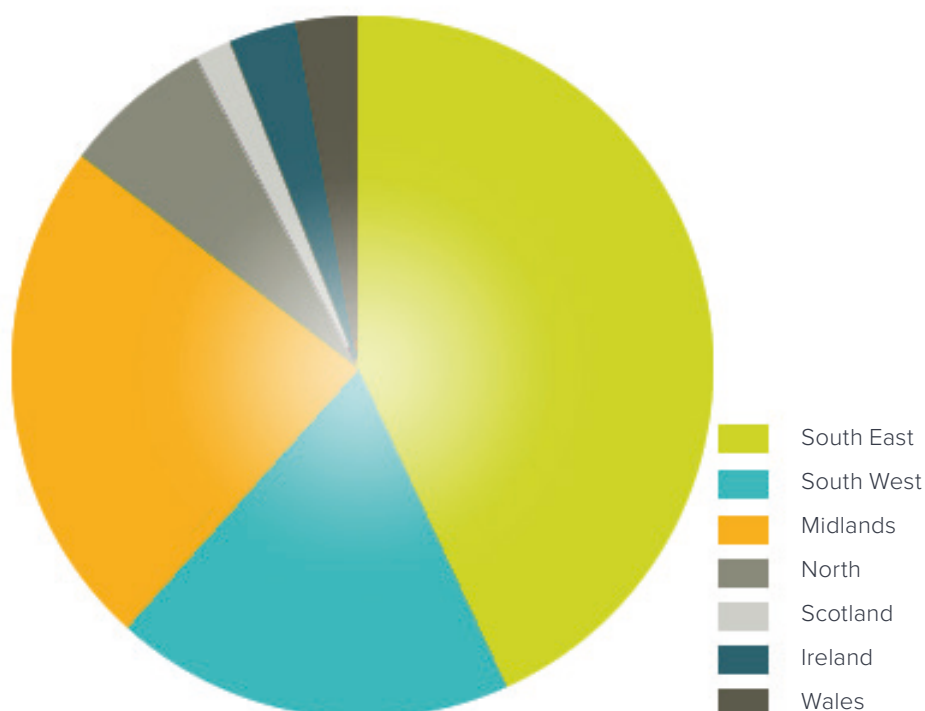
The purpose of the whole process is to produce something that can benefit anyone in our industry when it comes to seeing how their business is doing compared to the industry as a whole. We would hope that it was also useful in planning for the future by spotting growing sectors of the wet leisure industry and highlighting new consumer trends.

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

What sort of businesses made up the survey sample?

The first 6 questions are designed to give an idea of what sort of businesses answered the survey. In doing so, they also give a good, overall picture of the wet leisure industry.

Which region of the UK does your business operate from?



The South East, Midlands and the South West remain the most strongly represented regions. Over the course of the last five years they have accounted for 85% of the survey responses.

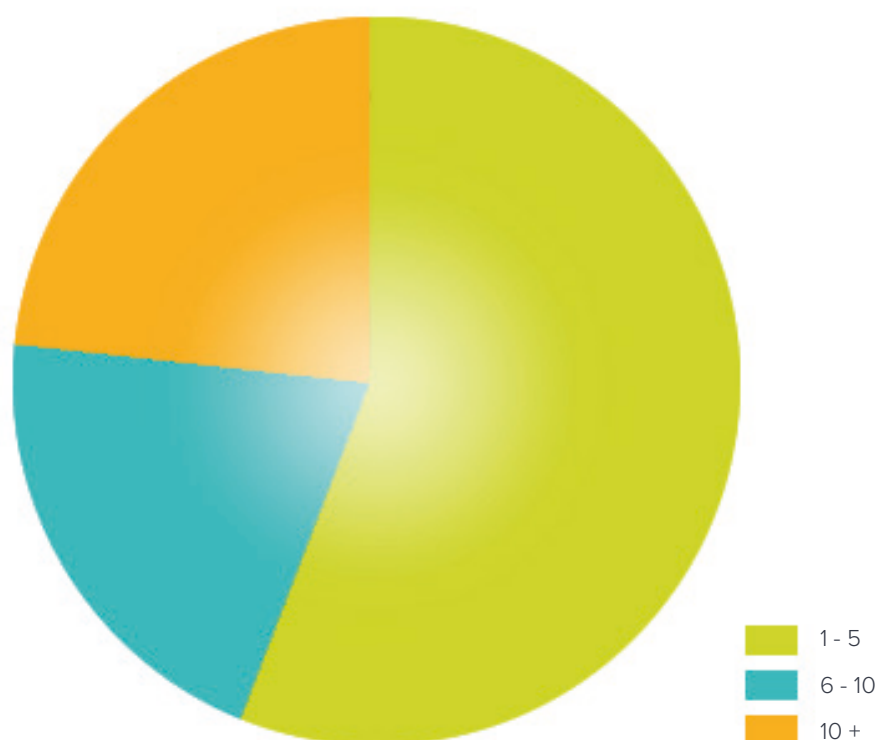
If that is put in context of the UK economy, it comes as no surprise. These three regions are the most economically powerful. Government surveys regularly show that they have the highest levels of disposable income and the most buoyant house prices.

Having said that, Scotland has a strong economy and good levels of disposable income and yet, over the 5 years, has never accounted for more than 5% of the survey responses.

There is some evidence to suggest that the tourism and leisure industry in Scotland may be starting to spread the popularity of wet leisure products in the country with more and more hotels, health clubs and holiday rental properties installing pools, saunas and, particularly, spas.

What sort of businesses made up the survey sample?

How many employees do you have in your business?



Businesses that have between 1 and 5 people working in them remain the mainstay of the wet leisure industry. Over the 5 years of the Wet Leisure Survey they have accounted for between 55% and 60% of the respondents.

This year that figure is 56%.

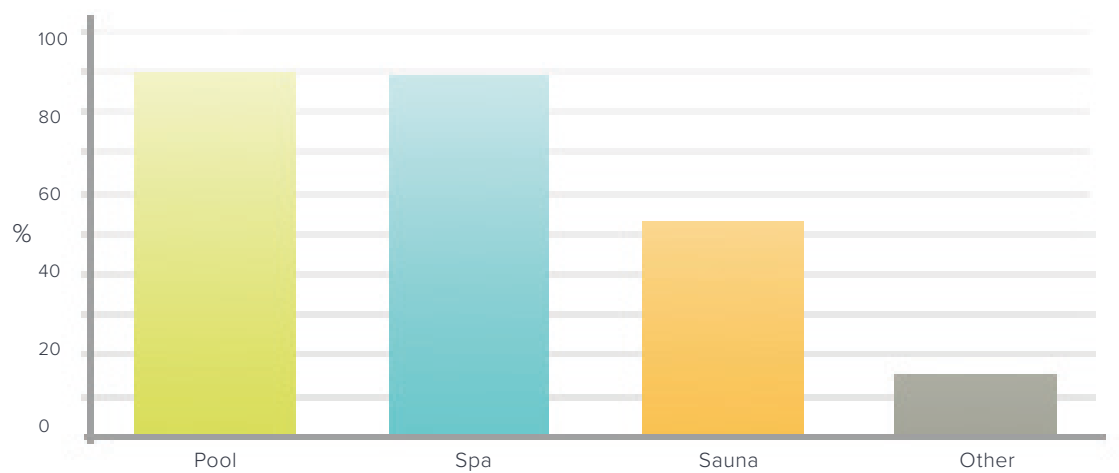
Looking at the other two segments over the 5-year period a picture does seem to emerge.

It appears to show that businesses were growing and putting on staff until the economic downturn of 2012. At that point many businesses were forced to downsize and they have only returned to growing staff numbers as the UK economy has slowly improved. This year the larger (10+ staff) businesses represent 23%, which is their highest figure since 2012.

If the number of staff is an indication of business growth, then the wet leisure industry does appear to be slowly returning back to health.

What sort of businesses made up the survey sample?

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



2015 showed strong growth in the popularity of spas and hot tubs.

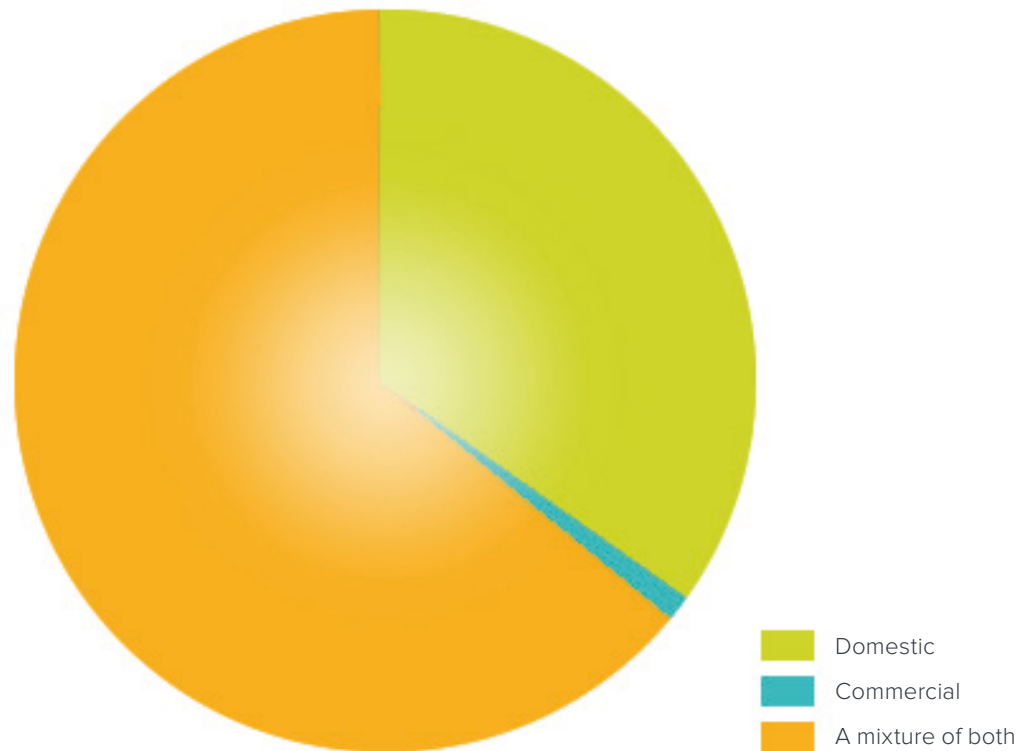
What might be driving that is impossible to tell from this survey, however, it does seem that hot tubs have been getting more and better coverage in the mainstream media recently.

Newspaper articles have talked about spas in regard to how lottery winners might spend their money, luxury items that people most aspire to and what you might expect to find at your perfect holiday cottage. That will certainly all have helped.

As they did last year, almost 50% of businesses that ticked 'other' clarified their response by saying that they were installing steam rooms and steam showers.

What sort of businesses made up the survey sample?

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



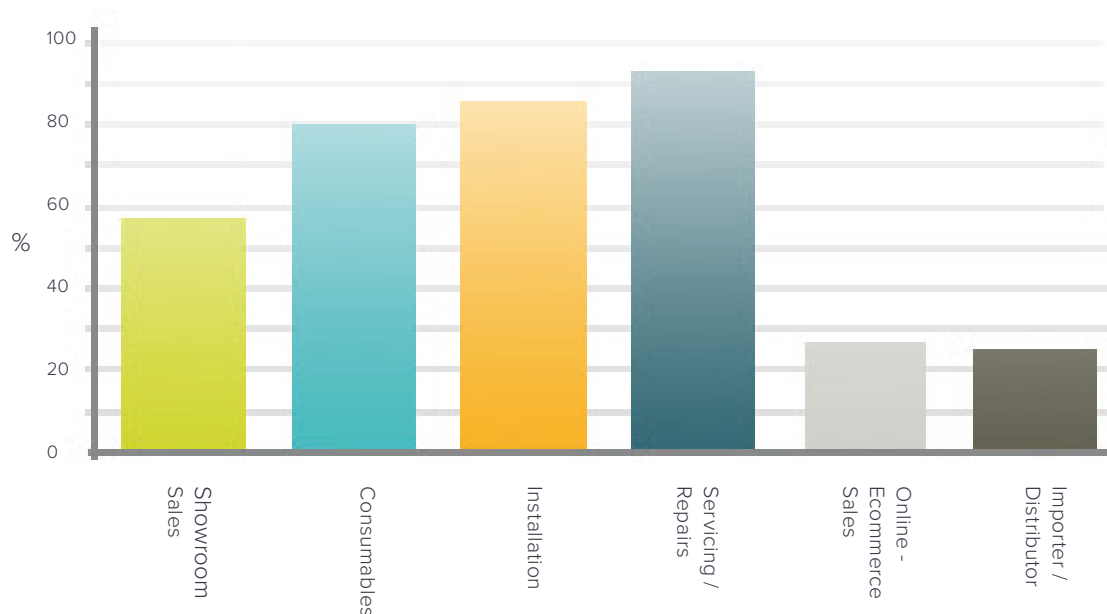
The number of businesses that work mainly on commercial projects has shrunk steadily over the last 5 years.

From 4.5% in 2011, we now see less than 1% of respondents describing their customer base as predominantly commercial.

Of course, commercial contracts are still extremely important to the wet leisure industry although they are now much more likely to come from hotels, health clubs and holiday rental properties than from local councils.

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 third year running, Servicing and Repairs has scored the highest when businesses are asked what services they offer their customers.

Reasons for this from the customer's point of view might be that they are 'cash rich and time poor'. It might be that installations are becoming more complicated or that people are becoming less practical. In part it might reflect growth in the hotel, leisure and holiday rental market.

There are strong reasons to promote this service from the businesses perspective. Servicing provides them with a regular income. It keeps them in touch with their clients so that they can sell retrofit products to upgrade existing pools and it ensures that they are top-of-mind as and when a new installation is looked for.

The responses to this question over the 5 years of the survey also show another trend. The number of respondents offering Online / Ecommerce has shrunk steadily every year.

From 39.7% in 2011 to 27% in this year's survey, doing business online has obviously proved to be a challenge.

As everyone is well aware, most online businesses compete on price. As customers become more and more adept at price comparison, online retailers are forced to shave their margins thinner and thinner.

Was it a good year?

At the same time, as the online market becomes increasingly competitive, the costs of digital marketing and website technology increase.

There will always be a sector of the wet leisure industry that trades online predominantly in consumables and spas, however we are likely to see that market become dominated by a smaller number of larger businesses.

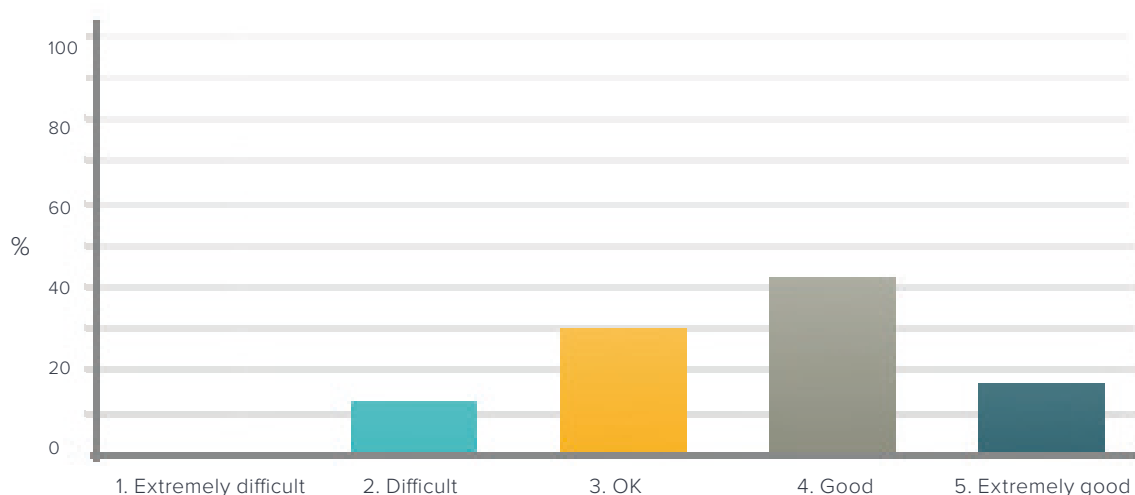
“The pool industry is struggling where it tries to compete on price only. Internet based businesses will continue to struggle because their business model is flawed.”

So in broad terms the industry that these first few questions describes hasn't changed significantly over the course of the last 5 years and that surely comes as no surprise.

And now we begin to look at developments and trends in a little more detail.

Of course, the question that everyone wants to know the answer to is, 'Was it a good year?' and from the graph below, we can quickly see that for most respondents it was.

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



71.5% of businesses described their year as being 'OK' or 'Good'. That is a little down on last year, but only by 2.5%, which is hardly statistically relevant. In fact, this graph has been basically the same shape for the last 3 years; a curve showing more businesses on the 'Good' side of 'OK' than the 'Difficult' one.

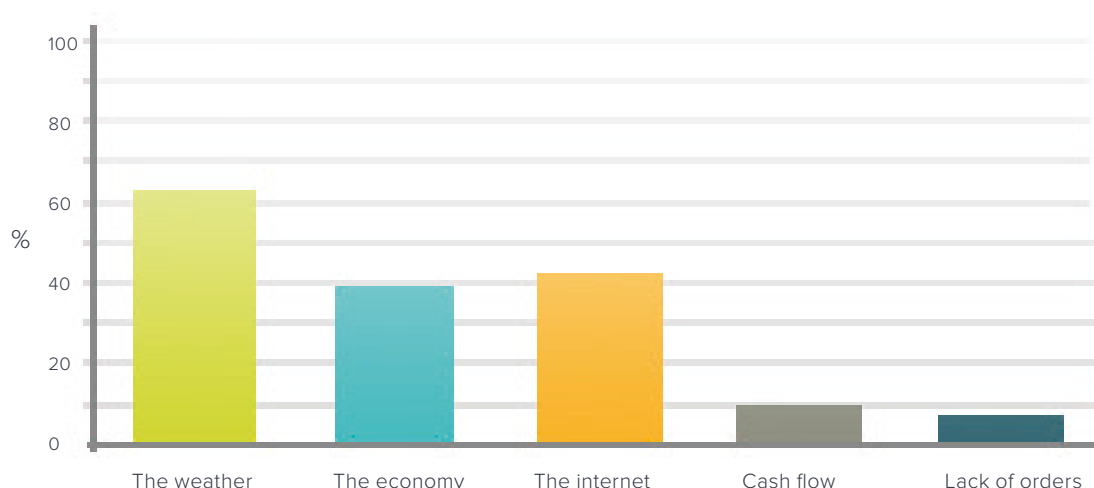
Was it a good year?

Look back to 2012 and the trend leans the other way with most businesses having a hard time, but of course the UK economy in 2012 was very troubled and the summer weather was appalling.

Which leads us to an interesting question. What does have the biggest influence on the wet leisure industry?

“A very good year in general with increased growth over last year. 2015 will be a year of ‘what could have been’ had we had a better Spring/Summer.”

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



We would all agree, the 2015 season started well in terms of the weather and we were all optimistic for a good year, and then the weather broke.

2015 gave us the coldest and wettest summer in 3 years. It's no surprise therefore that 63% of respondents thought that it had the biggest influence on their business last year.

“We had a really good year, however, where we expected peaks in sales we did not see them due to the lack of good weather. A very good year WOULD have been a fantastic year if summer showed up this year.”

In fact, over the course of the surveys, the weather has always been seen as having the biggest impact on the wet leisure industry.

Was it a good year?

Where that point is really emphasised is in 2012 where we suffered both an economic downturn that threatened to put us back into recession and a particularly wet summer. 25% more businesses blamed the rain for their troubles than the economy.

The next trend that we see emerging from this question is the influence of the internet over business.

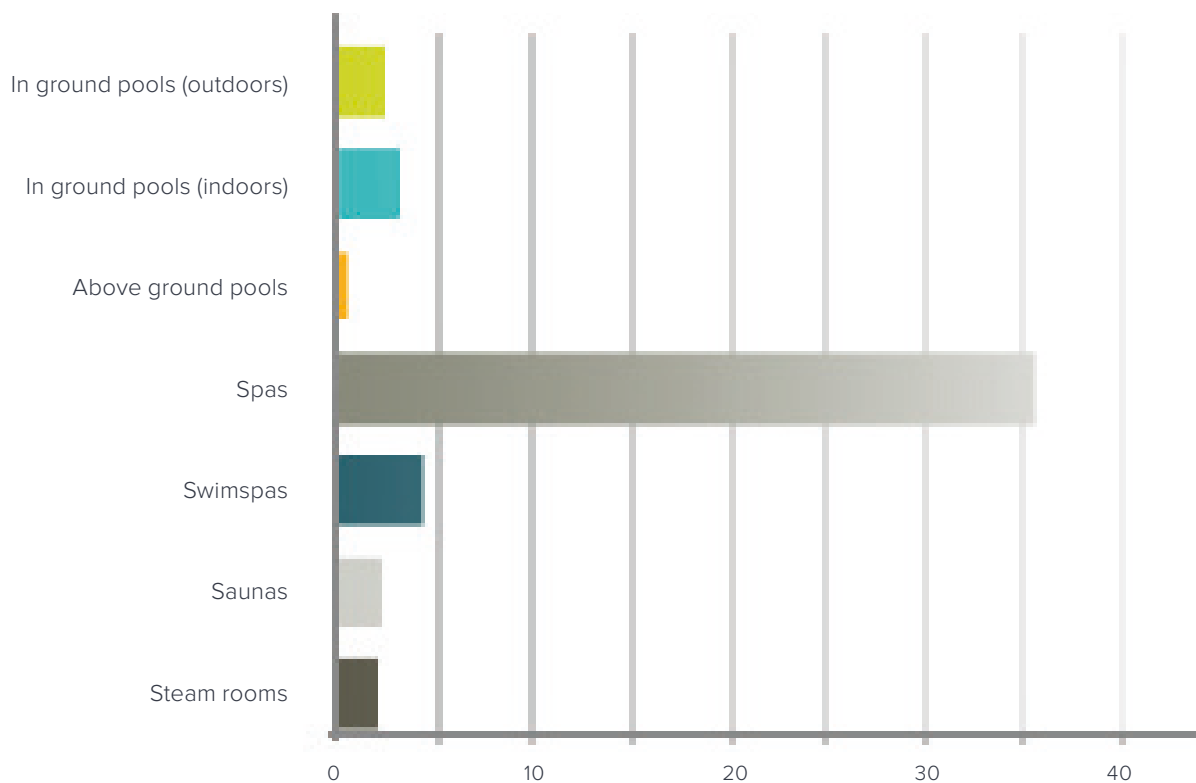
We have already seen a year on year drop in wet leisure businesses who describe themselves as trading in the Ecommerce market, but here we see a year on year increase in the influence that the web has on business; from 24% in 2012 to 42% in this year's survey.

Of course, the truth is that the internet is making a massive difference to all retail business in the UK and not just in terms of straightforward competition. Customers research prices online and then expect traditional sellers to match them. Customers go to showrooms and stores seeking advice about the best products for them, and then go away to buy that product online at the lowest possible price.

Woolworths, Comet, HMV and many more traditional retailers have fallen to the affects of the internet. It is no surprise that the wet leisure industry is experiencing some of the same issues.

Lets take a closer look

During 2015, how many of the following products did you install?



The spa will probably always be the wet leisure industry's highest volume product but this year's figures are impressive.

The average number of spas sold by respondents is 20% up on last year's figures. The spa will probably always be the wet leisure industry's highest volume product but this year's figures are impressive.

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Will this trend continue? We'll have to wait and see.

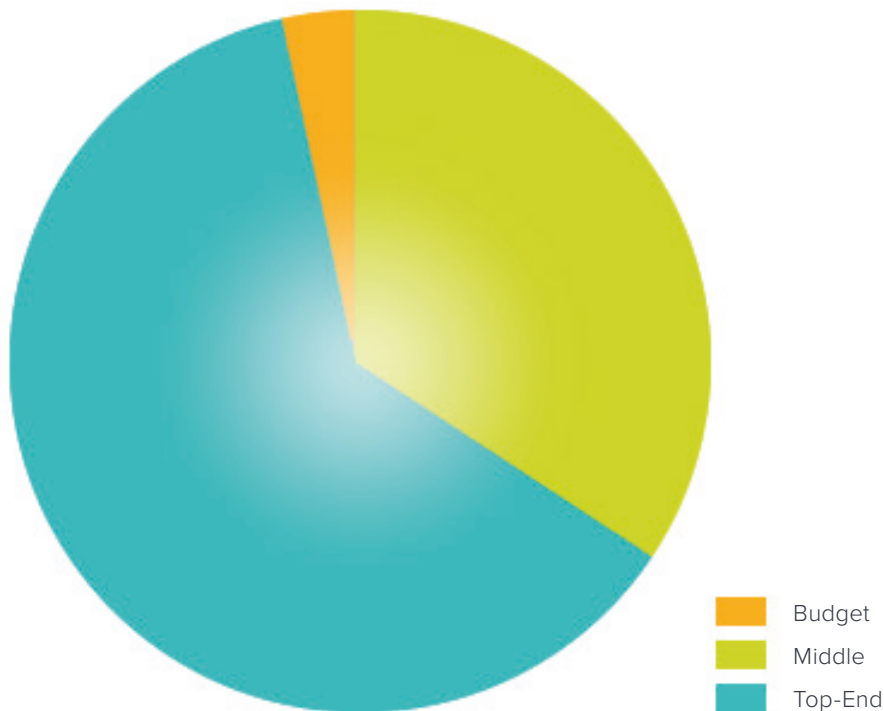
While spa sales have steadily increased over the last few years, the number of above-ground pool installations has gone down. Perhaps we need a few good summers to get them back on to people's shopping lists.

Respondents have also always been asked whether most of their sales come from the top-end, middle or budget sectors of the market.

Seeing changes in the responses to this question can be particularly helpful for a business to position itself and promote itself successfully in a dynamic market.

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?



Probably the most significant trend that we have seen here is that the 'Budget' sector has fallen from 14% in 2012 to 3.5% in the 2015 survey. This has been a steady decline over the years.

As the budget sector has shrunk, it is the middle of the market that appears to have expanded in volume.

For the industry as a whole, that is probably a very positive picture. The top-end will tend to offer a higher margin, but the volume of business will generally be lower. However, a strong top-end to any industry drives customer aspirations and that consumer demand will filter down to the middle price bracket.

The middle sector of any market should be where the majority of sales are found and it should be possible to preserve reasonable margins on those sales.

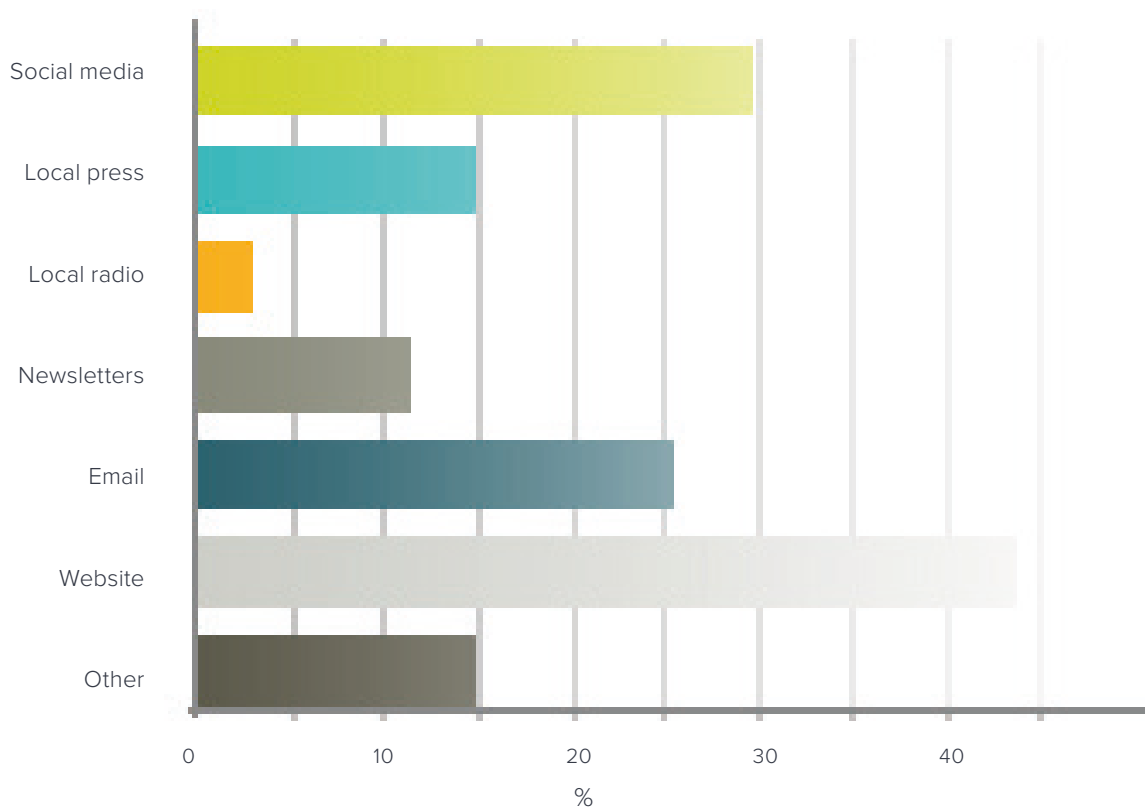
“The trickle-down effect of city bonuses is not to be underestimated.

Without it the pool industry would still be in the 1980's.”

When it comes to marketing and promoting their business respondents are taking advantage of a wide range of options.

Lets take a closer look

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



As in most industries and areas of business these days, having a website is a prerequisite. 90% of the respondents have one and that figure has remained basically unchanged over the course of the 5 years.

What we have seen change though is the growing importance of social media. Looking at the figures over the 5 years, it appears that many businesses jumped on the social bandwagon in 2011/12. In the early days, social media may have promised more than it could deliver and, in 2013 those figures dipped.

However, using social media for advertising and marketing has matured in the possibilities that are available and the importance of social media as a marketing tool has gradually increased to it's present level of just over 59% making it second only to the website as a marketing tool.

The other area in growth over that same time period is local radio moving from just 1% up to 6% in 2015.

This trend isn't specific to the wet leisure industry. In fact, growth in digital stations has bolstered a revival of commercial radio at a local level with advertising spend being moved from dwindling local newspapers to this broadcast media.

Lets take a closer look

When asked, 'What form of marketing works best for your business?' word-of-mouth and recommendations clearly came out as the top answer back in 2011 and 2012. The answers to the same question in this year's survey are much more varied with social and digital marketing having an equal importance to referrals and reputation.

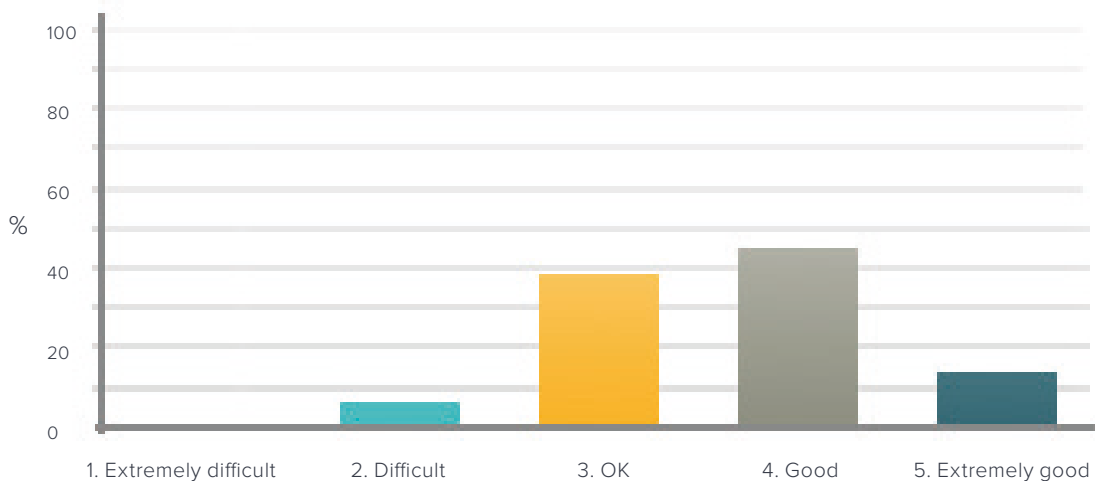
“Social media is widespread and definitely a positive way to get the company out there, but it’s so constantly evolving and needs to be managed correctly.”

“Taking our exhibition trailer out to events helps, as it puts us in front of most people and people feel they can come and talk to us and ask questions where they may not have responded to printed adverts.”

“Online - most people go online before buying.”

Lets take a closer look

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



With almost 60% of the respondents saying that they were expecting next year to be Good or Extremely Good, this chart shows a very positive industry. Back in 2012, only 18% of respondents were as confident.

The other trend over the last 5 years is that respondents expecting a difficult year ahead have dropped year on year from about 40% in 2011 to just 6% in 2015. There hasn't really been a change in the economy, and certainly not in the weather, that can account for this continual increase in optimism.

Perhaps as businesses diversify into sauna and steam, as they gather more of their income from regular service and maintenance contracts and as they make more of the advantage that modern marketing techniques can give them, they become better able to weather economic storms and actual ones.

Whatever the reasons may be, it certainly is a good sign for the wet leisure industry in general.

Respondents were also asked what they considered to be the biggest challenges that they would face in 2016 and whereas this list included the usual concerns about the weather, the economy and stiff price competition, there were also many of the challenges that a healthy and growing industry would expect to face.

“Managing a growing business.”

“Recruiting more staff. Maintaining the current pace with the staffing levels we have will be difficult.”

Lets take a closer look

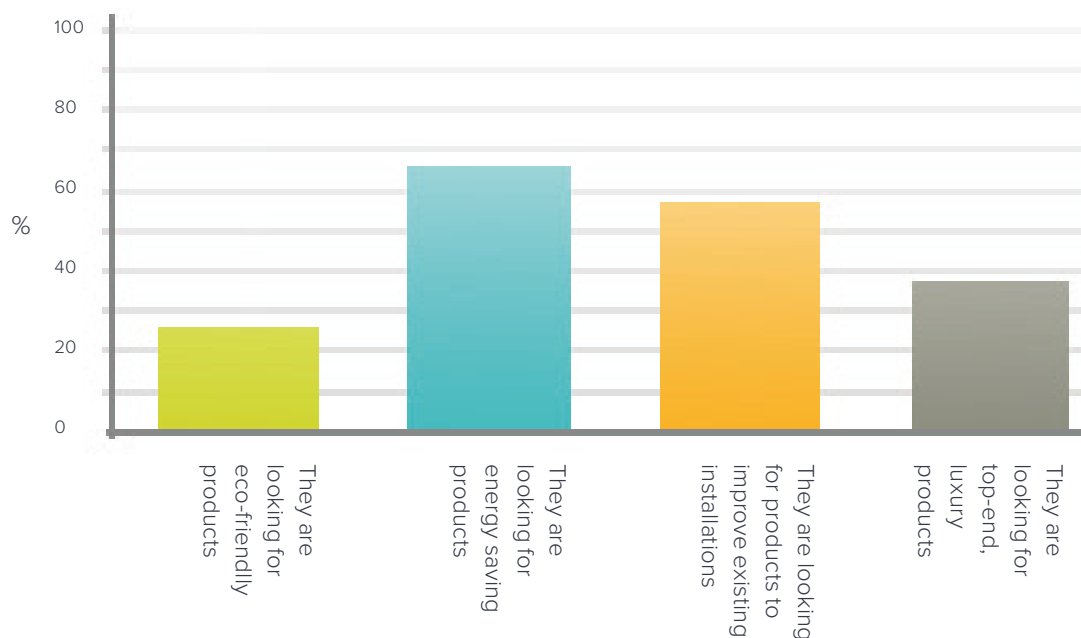
“Marketing to create more of a brand awareness and in-house organisation to get closer to our lean efficient ideals.”

“Lack of skilled and knowledgeable operatives to expand business.”

We would particularly like to thank, and applaud, the respondent who answered **“Old age,”** and in fact has done every year since the survey began.

Lets take a closer look

Which of these market trends are your customers following?



This question was first included in the survey in 2013 and energy saving products have consistently come out on top with the retrofit market a close second.

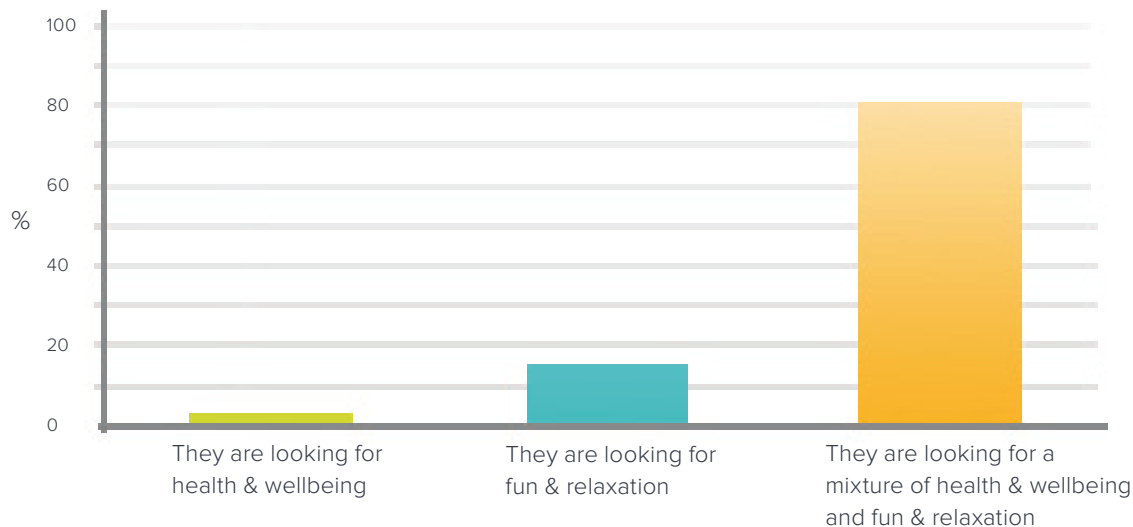
When respondents were asked for further comments, then price came out as a strong issue.

“They are looking for value for money, not always the cheapest but they want a ‘deal’.”

The last three questions in this year’s survey were designed to explore trends that appeared to be making a significant impact on business in the UK in general and seeing if that impact was reflected in the wet leisure industry.

Lets take a closer look

We hear a lot about the growth of the health market. Do your customers come looking mostly for health benefits or fun and relaxation?



According to almost every UK survey, health and wellbeing is driving business growth across sectors from food to general retail, from leisure to fashion.

The wet leisure industry should be ideally placed to take advantage of this important trend in consumer desires, but are we doing so?

It seems that what consumers see in what our industry has to offer is a powerful mix of health values and fun and relaxation. Demonstrating that mix in marketing, advertising and sales pitches seems likely to generate the most positive response from customers.

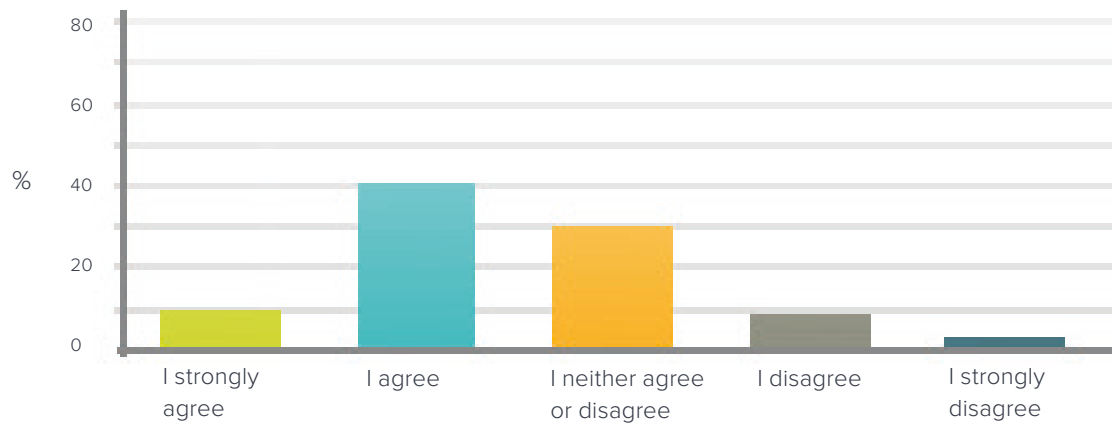
“Consumers are becoming more educated on health benefits but there is still a lot to do on the education process.”

“A lot of customers are looking to purchase a hydrotherapy spa or swim spa often to help with chronic pain and back pain.”

“We always ask the question when pitching for a spa sale, I would suggest 80% of our leads are looking for a social experience rather than specific hydrotherapy.”

Lets take a closer look

The web has gone mobile. Are your customers finding you with their smartphones? Are you ordering spares and parts when on a service call by phone or tablet? Do your customers want more control of their pool, spa or sauna via a tablet or smartphone? Mobile is having a big affect.



We have already seen the impact that the web is having on business – in both positive and negative terms but the biggest change that is happening to the web is driven by smartphones and mobile devices.

Smartphones have overtaken laptops as the UK internet users' number one device. Superfast 4G is encouraging people to spend an average of 2 hours a day online on their phones.

66% of UK adults own a smartphone and although 90% of 16 - 24 year olds own one it isn't just a trend of the young. 50% of 55 - 64 year olds are browsing the web via smartphones.

A mobile friendly website has become essential but there are other ways that mobile devices may come to impact on the wet leisure business.

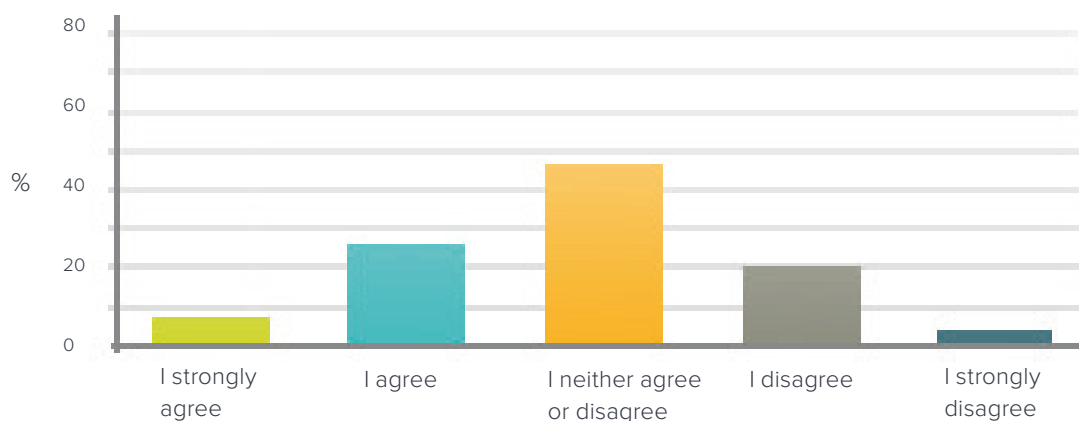
“We’re using the access to mobile tech to our advantage with the service engineers. Such things as Dropbox and our lotus database allows information to be shared and completed quickly improving all aspects of the service process.”

“Yes for finding us on smartphones and we are ordering spares by phone.”

“Smartphones and tablets are the future of supporting retail products, however large goods will continue to see customers wanting to physically see what they are buying.”

Lets take a closer look

The ‘grey pound’. Pension draw downs, PPI payments and increasing property values have made people in their 60’s and 70’s cash rich. In fact, they are among our most important customers.



According to a government survey from December 2014, “The UK’s aging workforce is also influencing the retail environment. Over the next decade it is expected that over two-thirds of retail spend growth will come from the over 55 year olds. These consumers are more demanding and expect improved shopping environments and a better service, as well as high quality products.”

And the business media is full of similar stories. “The rate of spending among the Saga generation is predicted to rise faster than in any other group in a further sign of the growing power of the “grey pound”, researchers report.”

Whether the growing economic importance of this population group is having a big impact on the wet leisure industry yet is unclear but it seems certain that it is destined to do so.

“I would say my customers are generally between 30 - 55 but we do have a good few 55+.”

“A lot of these people in this age bracket are selling their big houses with pools, gardens and large up-keep costs. A lot of refurbishments have been completed because new blood has moved into houses with existing pools.”

And the above question marked the end of this year’s survey.

In conclusion

With data now going back to 2011, we have found it more interesting, and hopefully useful to you, to look at more long-term trends in this year's report than we normally do.

However, there is one group in every year's report that it always seems productive to look at in more depth; the businesses that reported an extremely good year.

Almost 20% of the respondents said that 2015 had been an extremely good year for their business. Do they share common trends? How do they stand out from the industry average?

The regional spread is not that different from the overall survey sample. It seems that wherever you are based in the country, you can have a highly successful business.

They tend to be slightly larger businesses with almost 70% having 6 or more employees. Of course, this could be just as much an affect of their success as a cause.

Although the industry as a whole has seen growth in the spa market, this top 20% are slightly more likely to be dealing with pools and saunas than the survey average.

They are slightly less likely to be purely involved in the domestic market and they put even more importance on service and maintenance than the survey average. Perhaps those two things are connected with commercial service contracts providing a steady income stream.

Unlike the rest of the industry, they see the economy as having a far greater influence on their business than the weather and, across the 5 years of survey results, this is the first time this group has felt that way. Perhaps they have finally discovered how to 'weather proof' their businesses.

In conclusion

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.

“Social media is widespread and definitely a positive way to get the company out there, but it’s so constantly evolving and needs to be managed correctly.”

Survey Respondent

