

Conducted by
 Golden Coast

Results

WetLeisure
Industry
Survey
2019

in association with



Hot Tub & Swim Spa
Scene



Swimming Pool
Scene

What Spa?
MEDIA GROUP

Wet Leisure Survey Results 2019

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

This year the survey has had the support once again of the BSPF, Swimming Pool News, ISPE, Swimming Pool Scene, Hot Tub and Swim Spa Scene, SPATA, BISHTA and WhatSpa.

The most important contribution however has come from the people who have responded to the survey. Without their answers to the questionnaire none of this would be possible.

The idea of the Survey is simply to gather facts, figures and statistics about our industry and make them freely available to anyone. With this knowledge businesses can make better decisions, they can prosper and our industry as a whole can grow.

The Survey Results lets you compare your business and your trading year to similar businesses in the industry. It lets you spot trends and perhaps encourages you to move into potential growth areas that you might not have otherwise considered.

The Wet Leisure Survey Results 2019 in printed form is available to everyone at SPATEX and the digital report is available for download at Golden Coast's website, www.goldenc.com, and this year's report as well as all previous years can be viewed online at www.wetleisure.com.

Please remember to take part in next year's survey when it comes out in October. The more businesses that take part and submit their responses, the more accurate a picture of our industry everyone has.

All the best,

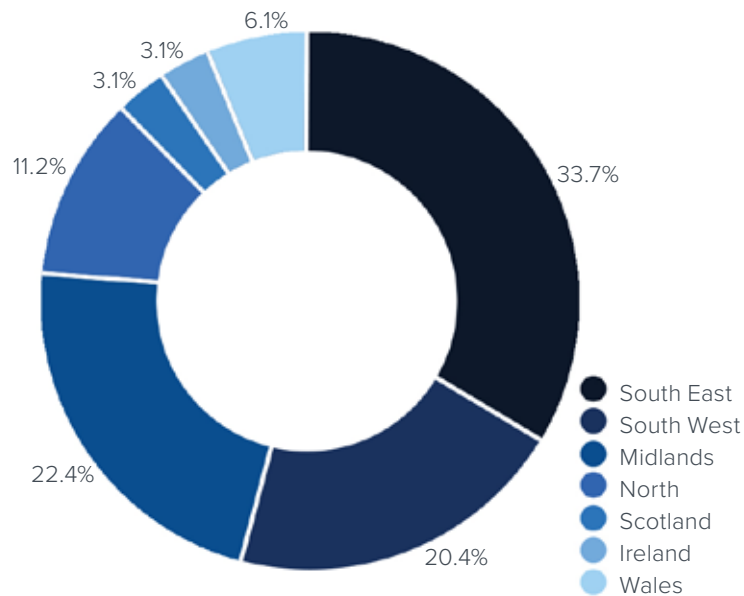
Jamie Adams

Managing Director. Golden Coast

What sort of businesses made up the survey sample?

The questions in this section are designed to show what sort of businesses answered the survey and they also give a good overall picture of the wet leisure industry.

Which region of the UK does your business operate from?



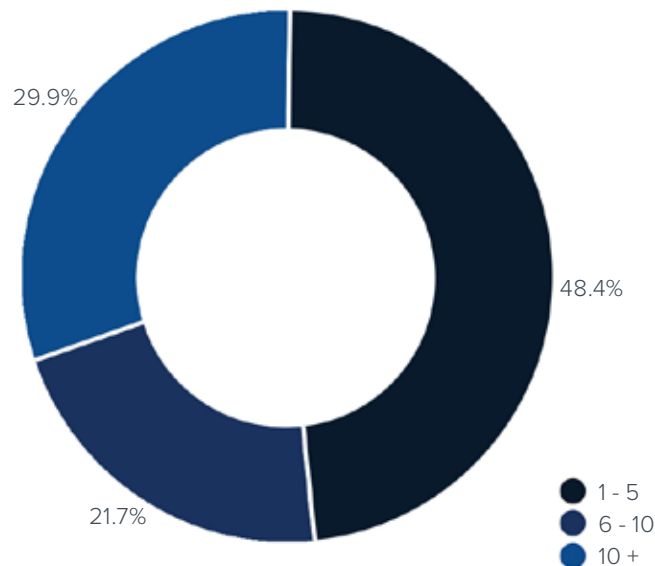
Broadly speaking, the geographical spread of the Survey respondents across the UK has remained the same since the Survey began in 2011.

To a large extent, it simply reflects the relative economic importance of each of these regions across the country with one significant outlier: Scotland. The Scottish economy is strong and growing. London and the Thames Valley may be two of the richest areas in Europe but Edinburgh is also one of Europe's largest financial centres and yet our industry is grossly under represented in Scotland.



What sort of businesses made up the survey sample?

How many employees do you have in your business?



The wet leisure industry is predominantly made up of smaller businesses with between 1 and 5 employees. Businesses of that size make up almost 50% of the sample this year and that has been approximately the case over the whole history of the Wet Leisure Industry Survey.

Where we see a significant change in this year's results is in the growth of larger, 10+ employee businesses to almost 30% of the survey respondents. The biggest that sector has been since our records began.

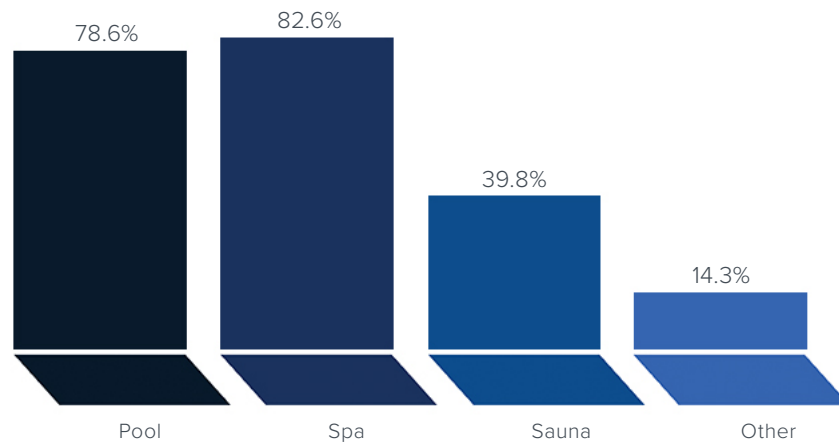
To put that in perspective, 96% of businesses in the UK have less than 10 employees in 2018; about 5.4million businesses.

The growth in the larger businesses could be an anomaly of this year's sample or it could reflect a broader change in the industry as businesses change their structure to respond to changes in customer demands such as the growth in service contracts.

One piece of data doesn't represent a trend. It will be interesting to see if this growth is continued next year.

What sort of businesses made up the survey sample?

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

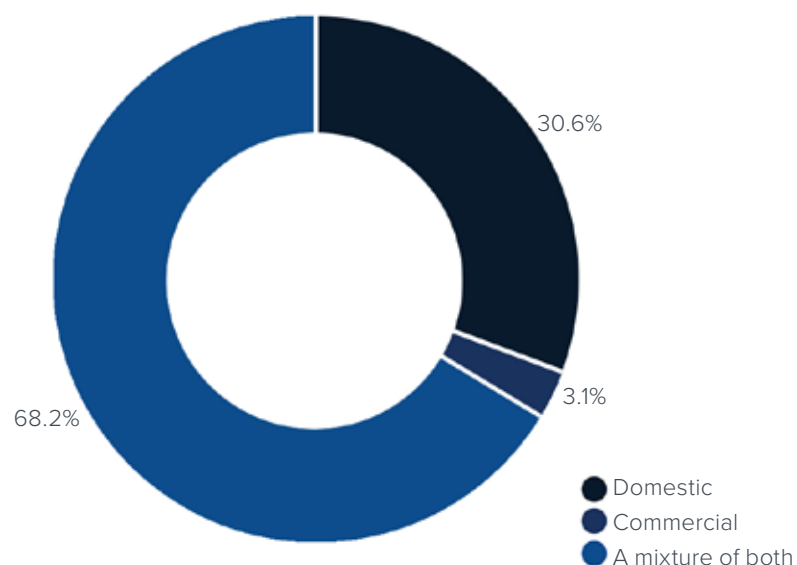


Pools and spas continue to run a neck and neck race for the top slot. They have actually taken it in turns over the last three years. This year, spas inch ahead by a few percent.

The sauna market has stayed relatively stable over the last few years and one sector that is showing real, year on year growth is steam. The majority of people who ticked the 'other' box went on to say that they were installing steam rooms and steam showers.

“There seems to be a growing awareness with customers on the benefits of sauna and steam which has helped sales plus the wellness sector continues to flourish meaning we are seeing a growth in some of our larger and higher value products.”

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



What sort of businesses made up the survey sample?

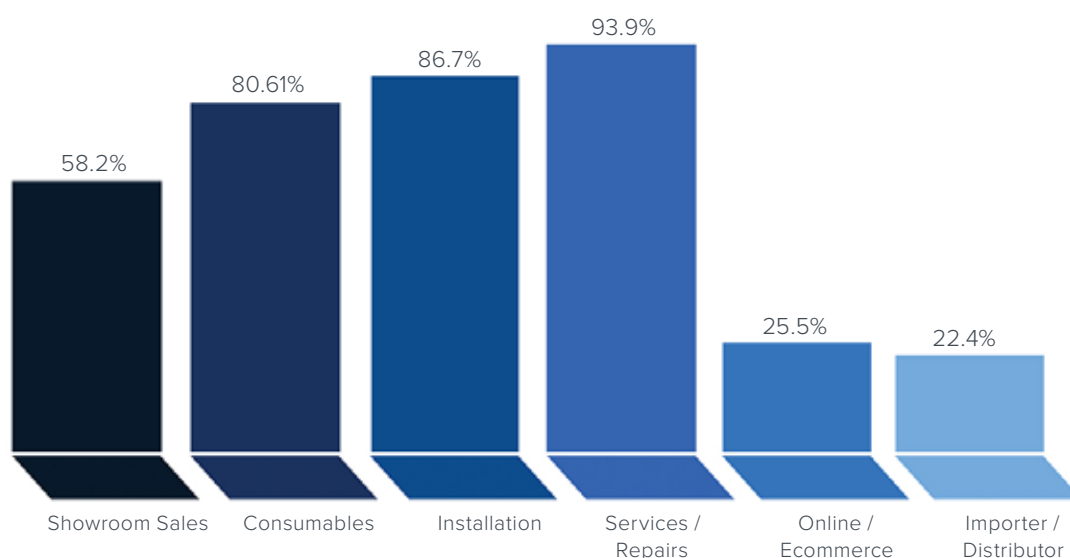
Three or four years ago, the purely domestic sector of the industry accounted for 40% of respondents. That has now reduced down to 30% in this year's survey.

This is almost certainly due to the relative increase in the popularity of spas and saunas to the holiday accommodation market. As one respondent said last year,

“There is a growing need for recognising the growth in holiday rental maintenance and guest change over services.”

Apart from representing an area of growth, the technology and skills necessary for this market are much more akin to those that are relevant to domestic installations and so make it much easier for a business to have a foot in both camps.

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



For the last 6 years, Service and Repairs has been the largest category of services that respondents have offered. The growing commercial maintenance sector and strong growth in refurbishment and upgrading existing installations helps put it at the top of the list.

Upgrading existing pools and spas has benefitted hugely from new technologies that we can offer customers that reduce their energy usage and their demand for chemicals while at the same time often improving their bather experience.

In the commercial sector, pool operators are looking to these same new technologies to reduce their running costs and offer a 'state of the art' bather experience. Programmable LED lighting, UVwater treatment and automation are just some of the ways that commercial pools are being upgraded to match customer expectations.

What sort of businesses made up the survey sample?

In summary.

The survey was open from October 2019 to January 2020. During that time we had the challenges of Brexit and the media storm that surrounded a winter general election.

Having said that, this first section of the Survey results shows an industry that seems to be weathering those storms and demonstrating a stability that was lacking when this Survey began in 2011.



Was 2019 a good year for the Wet Leisure Industry?

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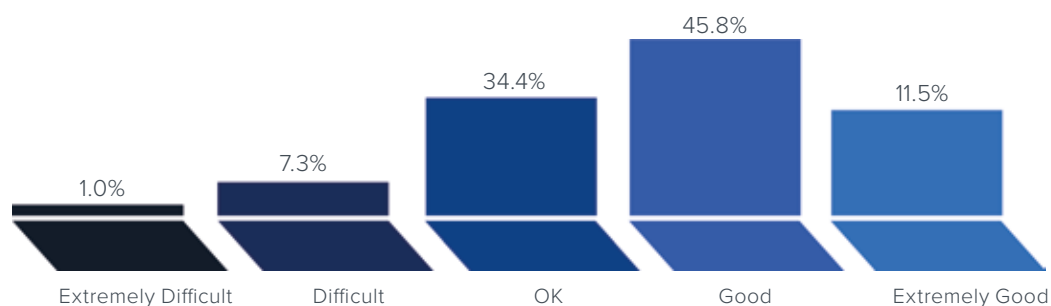
July 2019 saw the highest temperature ever recorded in the UK – 38.7C - but the summer wasn't all about heat, heavy rainfall was a significant talking point too, particularly across parts of northern England.

It has long been accepted that the wet leisure industry appears to be solar powered – when the sun shines, business is good. Having said that, rainfall plays an important part too and over the course of the Survey, some of the worst years appear to have been more affected by too much rain than too little sun.

3 years on from the EU referendum, it feels as if an impending BREXIT has become a familiar part of the British economic landscape rather than something new and unsettling.

How did these issues, and others, affect the wet leisure industry?

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



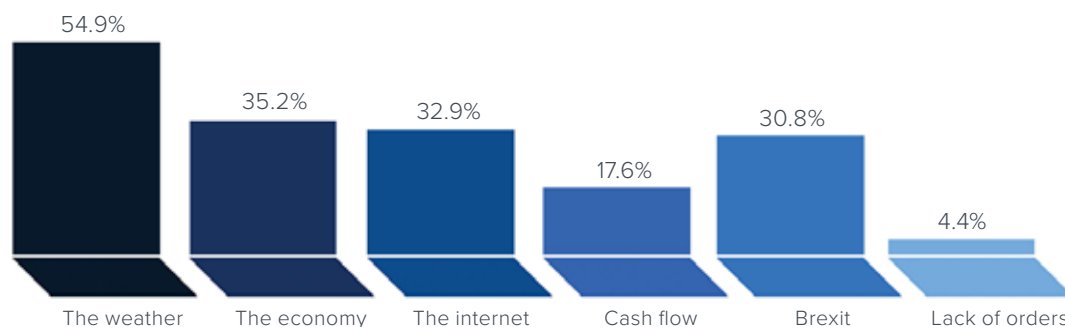
92% of respondents described their year as being OK or better with almost 12% having had an Extremely Good year.

To put that in context, Britain's economy has grown at the slowest annual rate in almost a decade, according to official figures. An official recession has been avoided by economic growth in the final quarter but a sluggish economy is bound to impact on our industry at some point.



Was 2019 a good year for the Wet Leisure Industry?

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



The weather remains the dominant factor but this year the spectre of BREXIT has risen in importance to 30% from just 8% last year. However, in the comments section it is clear that the issue here is uncertainty and that is one aspect of the BREXIT debate that has now gone away.

“Due to the uncertainty of Brexit many local councils have put a hold on spending on leisure facilities. Many foreign investors are also holding back on investing in the UK hotels and high-end residencies in London.”

“The continued uncertainty of Brexit has delayed the purchase of hot tubs for many consumers and continues to do so.”

“Uncertainty over Brexit has delayed work refurbishments and new build orders.”

“The uncertainty over Brexit is still putting people off spending any spare money.”

Another major issue that refuses to go away is the influence of the Internet. The ability of online retailers to undercut the prices of bricks and mortar businesses has been a bitter thorn in some people’s sides for the last nine years, and probably much longer.

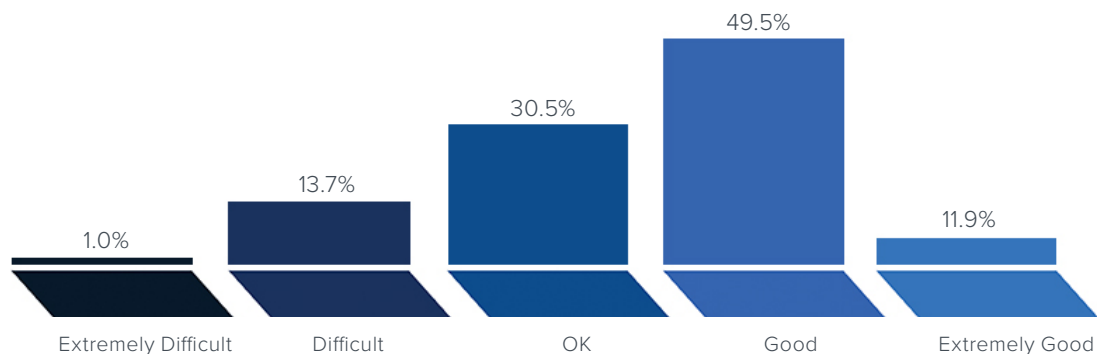
The business-to-consumer ecommerce turnover in the UK is expected to reach over 76 billion pounds by the end of 2019. That would mean about 18 percent of the retail market. It is growing steadily.

Amazon sells pumps, filter cartridges, chlorine granules and just about everything else that you might think of as a wet leisure product. What they can’t offer is advice, knowledge and customer service.

The Internet is a factor of modern business but as countless businesses from HMV and Jessops to Mothercare have discovered, cutting margin is not a successful way of fighting back. Even big names that have survived so far have often closed hundreds and hundreds of stores.

Was 2019 a good year for the Wet Leisure Industry?

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



Even in the face of these challenging issues, 55% of respondents expect next year to be Good or Extremely Good; that is roughly the same proportion as last year.

There are concerns about a post-BREXIT economy particularly in the light of how many wet leisure products are imported from Europe. There are concerns about a skilled labour shortage and there are more general concerns about consumer confidence.

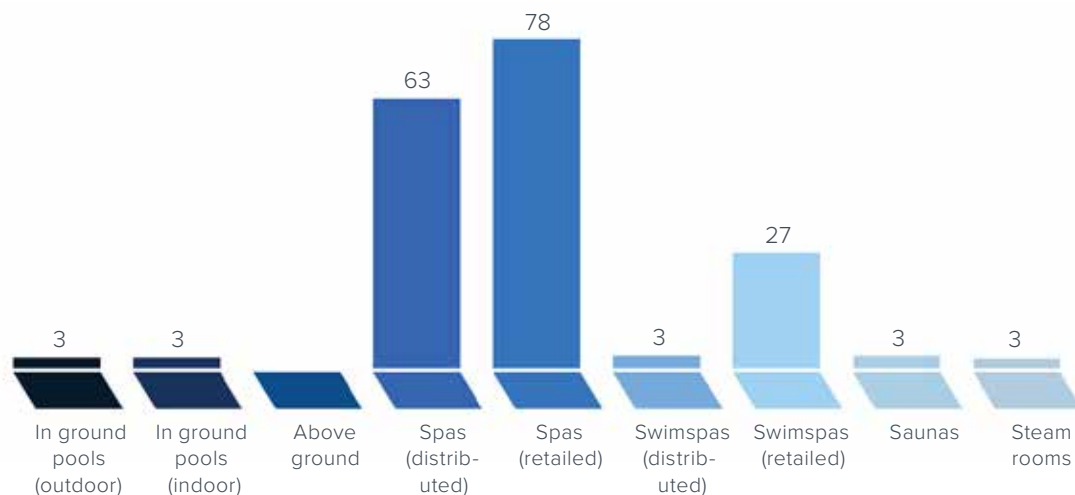
“2020 will see the same challenges of 2019 with continuing uncertainty around Brexit and the outcome of Brexit. Consumer confidence is expected to be low with suppliers aplenty; so all suppliers will have to work hard for the sales.”

“Retaining competent site staff and managing customer expectation regarding engineer lead time for site work. Price competition from on-line retailers; customers expect premises they can visit, installation and full traditional service but want to pay on-line price only.”



Was 2019 a good year for the Wet Leisure Industry?

During 2019, how many of the following products did you sell?



Looking at this graph from left to right and in comparison to last years, we can see a number of changes.

Indoor pools are catching up with outdoor installations and both have shown some small increase on last year's numbers while at the same time, the number of above ground pools has reduced.

We had seen last year as a bumper year for spas but this year we see a significant increase. The number of spas retailed has gone from 2,309 to 4,430. Of course, that doesn't represent an industry figure; it is the figure our respondents have logged.

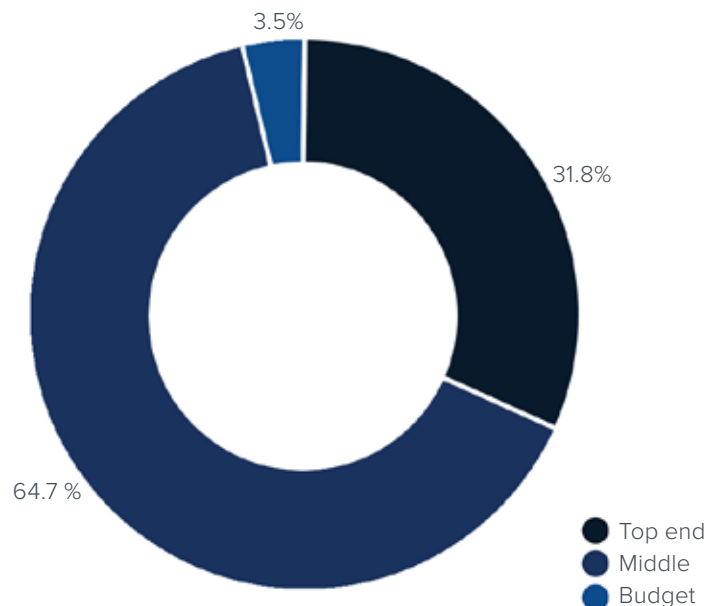
Another area of massive growth is in swim spas where the retailed figure has grown from 108 to over 400.

Saunas have remained fairly static but sales of steam rooms have grown.



Was 2019 a good year for the Wet Leisure Industry?

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



The largest number of sales reported from our respondents is from the middle price sector and that is how it should be, but let's look closer at the other two groups.

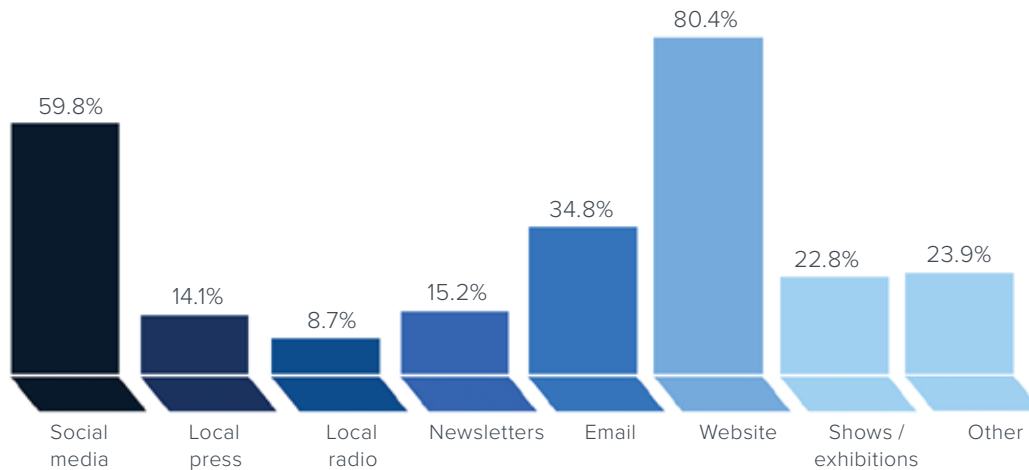
Budget sales were reported only in the Midlands, the South East and South West and spas were the most important sector here.

Top end sales were spread more evenly across the UK, including Scotland. Once again, the size of business by number of employees doesn't seem to affect inclusion in this group. Pools become the most important sector and this group of businesses were more affected by Brexit than the weather. Recommendations and word of mouth were by far their most popular form of marketing.



What trends do we see in the industry?

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



Apart from a steady rise in the use of social media as an advertising channel – up another 4% this year – this graph has stayed pretty much the same for the last nine years.

Businesses are creatures of habit and tend to stick to the tried and trusted media when it comes to marketing and advertising.

Of course, what this graph shows is what media are used, whereas the quality of the marketing message when it comes to attracting attention, gaining interest and motivating people to make an enquiry, or better yet a purchase, is even more important.

Over the course of the wet leisure survey it does seem as if respondents have come to appreciate the need for advertising and marketing to promote and grow their business but, and perhaps rightly, word-of-mouth remains the most popular advertising medium.

“Word of mouth plus the vans being sign written.”

“Google and word of mouth.”

“Word of mouth recommendations. Reputation is key!”

“Most people find us on-line, am considering dropping all printed advertising.”

“Being lucky enough that all of our commercial works comes from being on main contractor supplier databases and word of mouth or previous experience for domestic work.”

What trends do we see in the industry?

“Word of mouth personal recommendation - look after your customers and they will look after you!”

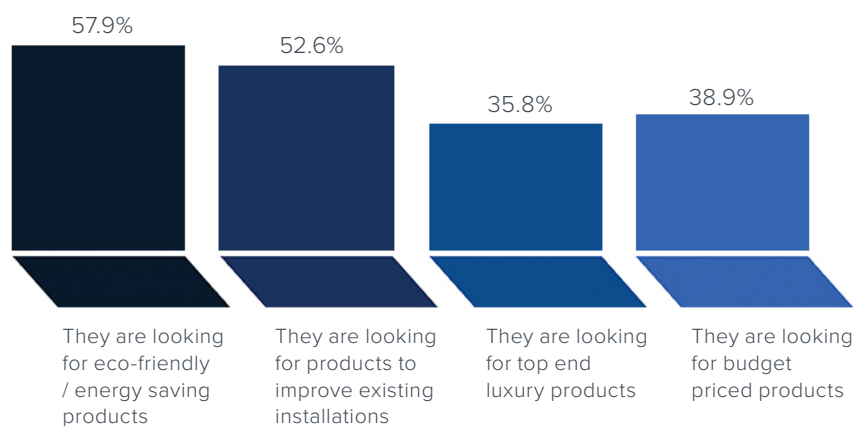
“Yell.com and word of mouth.”

“We find that the website is good for getting new leads for pools but nothing works better than word of mouth.”

“Local radio and Facebook combined marketing works well for us in a rural area. Rather than promoting the spas and offers, promoting our company and services which gives consumers confidence in visiting our showrooms.”

“Word of mouth.”

Which of these market trends are your customers following?



Saving energy and improving existing installations stay at the top of this chart so no real surprises there although there were some interesting points made in the comments section.

“Something different to make their investment more unique and attractive.”

“Heat pumps rather than boilers.”

“More are becoming Eco aware but still far too many don’t spend any money.”

“Wellness definitely a factor.”

Pools, Spas, Saunas and the regions.

Spas and hot tubs.

“Summer is here and us Brits love nothing more than soaking up the sunshine outdoors while we can. While decent weather is never guaranteed, that hasn’t stopped eager shoppers from snapping up a slightly more unconventional garden accessory - the luxurious hot tub.” So said The Mirror newspaper in July 2019.

The article went on to list half a dozen inflatable spas, all of them selling for a few hundred pounds. These may well be entry-level hot tubs, but they are called ‘entry level’ for a reason.

Hot tubs and spas have become mainstream. They are on display in out of town supermarkets and easy to find on the Internet. What was a little quirky is now something that people are comfortable with. For reasons of fashion, fun or wellbeing, the hot tub experience is something more and more people want a part of.

What is interesting is that the majority of the public see a spa as a commodity. That is, they talk about hot tubs and spas, not about for instance, Caldera, Master Spas or Hydro-pool. (Jacuzzi has become a generic term for the public.) From a consumer’s point of view, strong brands give people more confidence, particularly with high-ticket sales, and they act as a barrier to ‘cheap imports.’

“Most people buy from the internet, we don’t even get a chance to quote. We get asked after they’ve purchased to install or repair, which we decline.”

Swimming pools.

This years Survey showed growth in new builds, indoor pools in particular, and this against an economic background where people were delaying big purchases and investments due to uncertainty over BREXIT.

Austerity and uncertainty have certainly had an influence on commercial pools as well and hopefully next year will see that sector begin to show growth once again.

From an upgrade and refurbishment point of view, the range of products available to make installations more energy efficient, more eco friendly - in terms of chemicals and consumables - and to reduce the amount of time owners have to invest in pool maintenance and upkeep is constantly growing and as the public becomes aware of these options, the maintenance and refurbishment side of the pool business will surely continue to increase.

“Our turnover is mainly servicing and refurbishments with new build maybe 30% of turnover but 2019 turnover for new build was 80%.”

Pools, Spas, Saunas and the regions.

Sauna and steam.

Swim spas have been this year's dark horse showing strong growth in sales.

Steam showers and steam rooms have shown a similar increase in popularity while saunas have remained at roughly the same level as last year.

“There seems to be a growing awareness with customers on the benefits of sauna and steam which has helped sales plus the wellness sector continues to flourish meaning we are seeing a growth in some of our larger and higher value products.”

Breakdown by region:

South East.

33% of respondents operate in the South East.

They are more likely to employ 10 or more staff than the survey average and significantly more likely to be building and refurbishing pools. They fared better than most over the last year with 65% reporting a Good year.

South West.

20% of respondents operate in the South West.

There are more smaller businesses in the South West with 65% of respondents employing 5 staff or less. Swimming pools are a very important sector in this region and commercial business is more than usually common.

Midlands.

22% of respondents operate in the Midlands.

Bigger businesses are much more common in this region with more than half the respondents employing 10 people or more. Customers and clients in the Midlands are overwhelmingly a mixture of both commercial and domestic - 82% compared to the national average of 66%.

Business in 2019 was much harder in the Midlands with 24% of businesses having a difficult year.

Pools, Spas, Saunas and the regions.

North.

11% of respondents operate in the North.

Businesses in the North are smaller than the Survey average with over 80% employing less than 5 people. Almost half their business is domestic compared to the third, which is the Survey average.

Hot tub sales appear to have been growing in this region almost twice as strongly as the UK average and all the sales were reported to be either top-end or in the middle of the price range.

Scotland.

3% of the survey responses are from businesses operating in Scotland.

None of these businesses employed more than 10 people, none of them reported their business to be purely domestic; it was all a mixture of domestic and commercial customers.

Ireland.

3% of the survey respondents operate in Ireland.

They are smaller businesses working predominantly in the spa and sauna sectors. Sauna has traditionally been strong in Ireland.

Wales.

6% of the survey respondents operate in Wales.

All the businesses operating in this region worked with a mixture of both domestic and commercial clients with middle price spas being the strongest part of their business.

In Conclusion.

Last year almost 90% of respondents expected 2019 to be at least OK and possibly extremely good. In this year's Survey, 85% of respondents posted exactly that.

2019 was a year when the summer weather was good but not great, when we had seemingly endless political turmoil and the uncertainty of BREXIT was yet to be resolved. All that being said, the wet leisure industry, in the main, enjoyed a good year.

Looking forward, BREXIT remains as the biggest question mark on the horizon. Whether you see it as a problem or an opportunity, it's true to say that no one really knows what the affect might be.

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 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 accurate picture of our industry may be drawn.

And we would like to wish you all the best for the year ahead.



