


UK Leisure and Small Commercial Marine Industry

Key Performance Indicators **2006/7**

British Marine Federation

CONTENTS

This report is the second since our revised industry model that provides detailed information on the marine industry of leisure and small commercial craft. The report details a range of economic indicators, from turnover and value added to international trade and employment.

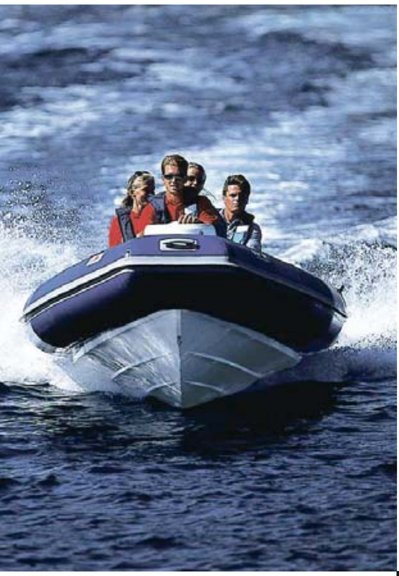
The BMF industry data model consists of two parts. The first is based directly on primary data received from BMF Member declaration forms to provide detailed information. The second is founded on a comprehensive assessment of non-member marine companies in the UK. Therefore, estimations are based on factual information about the size and structure of the industry. All of this data is held in complete confidence and access is limited to the Membership and Statistics and Market Research teams.

We are only able to complete this industry model reliably through the time dedicated by our Members in completing their forms accurately, for which we extend our thanks. This approach provides BMF with vital information, bringing the whole industry to life and increasing the level of understanding about each sector.

Each year we are enhancing our understanding of the whole of the industry to establish trends over the coming years. We launch this KPI report of the industry annually at The Collins Stewart London Boat Show to provide a benchmark of the leisure and small commercial boat sectors' performance.

For further information please call on **01784 223615**
or e-mail **research@britishmarine.co.uk**

HEADLINE FIGURES

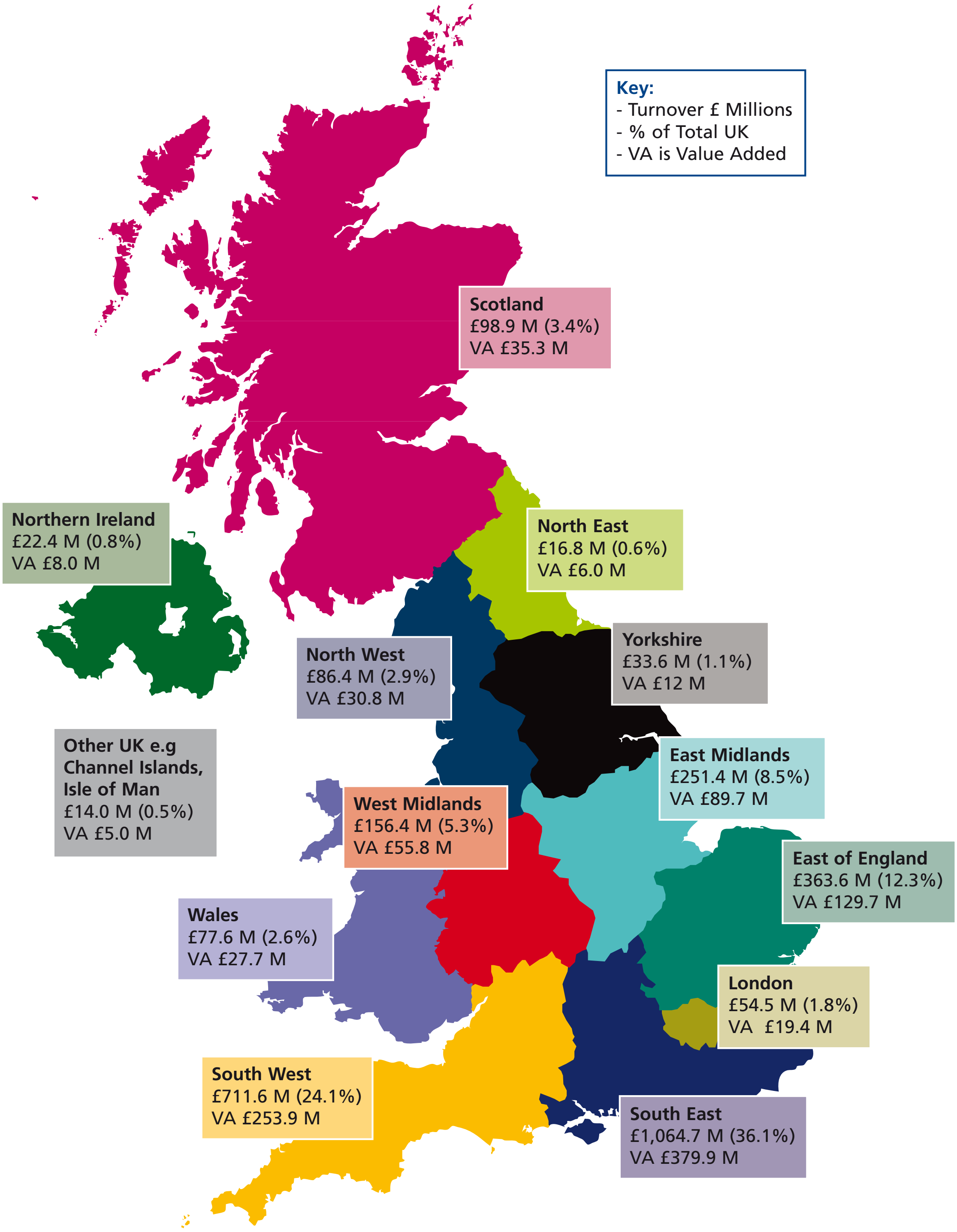


- Total turnover of the UK leisure and small commercial marine industry is £2.952 billion - an increase of 6.5% from 2005/6
- Value added contribution, the principal measure of national economic benefit, is £1.053 billion (35.7% of turnover) – value comparable to 2005/6
- International trade revenue is £1.035 billion – an uplift in value of 12.7% from 2005/6. This revenue now represents 35.1% of total turnover.
- There are around 35,680 employees across the industry (Full Time Equivalent) – an increase of 1.9% from 2005/6
- In the UK, there are around 4,300 businesses in the UK leisure & small commercial marine market

NB: Figures quoted are subject to rounding

INDUSTRY REVENUE BY RDA* REGION

Total UK £2.952 billion

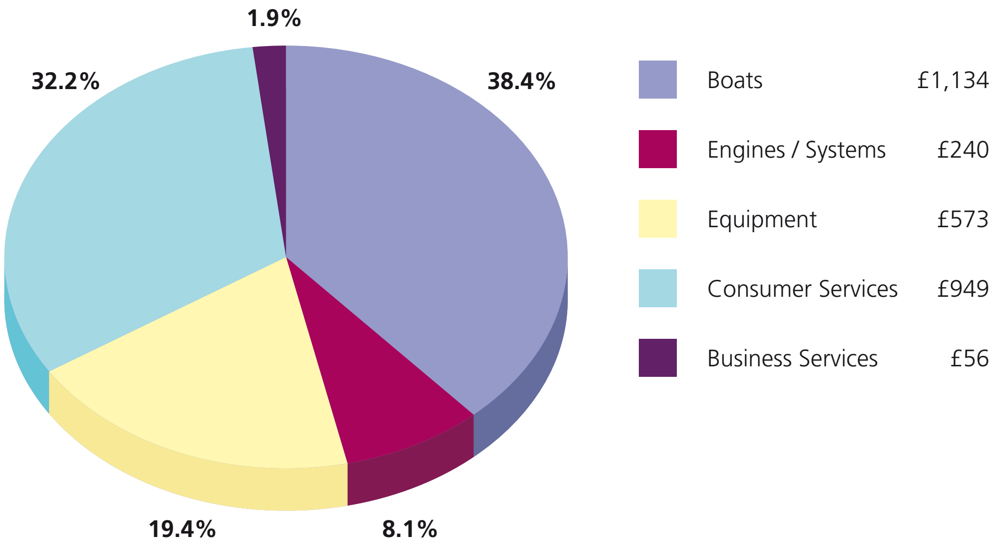


South East dominates as the region with the greatest revenue share of the marine industry (36.1%). In value terms it has grown by 5% although we have found comparison with last year reveals higher growth in the South West (+11%), East Midlands (+10%) and Scotland (+11%).

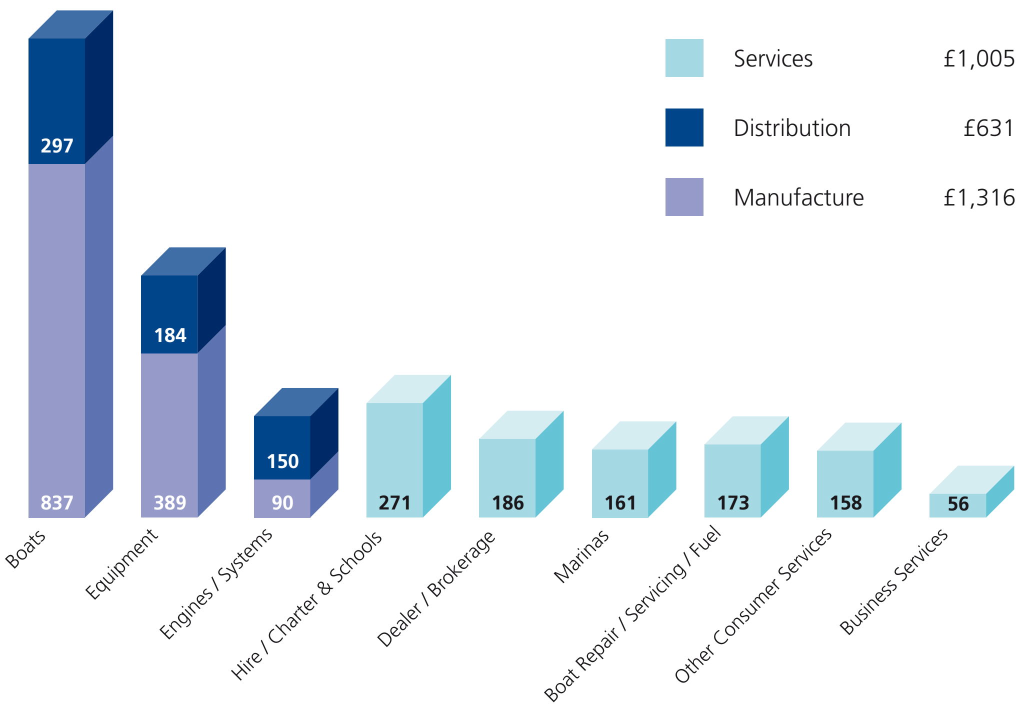
*Regional Development Agency

REVENUE AND VALUE ADDED

INDUSTRY REVENUE BY CORE SECTOR (to nearest million)



INDUSTRY REVENUE BY SECTOR (to nearest million)



The above provides clear evidence of the importance of both the service sectors and boat sector including manufacturing and distribution, each accounting for more than a third of revenue of over £1 billion each, with the remainder in engines / systems and equipment.

We have noted a significant change in revenue from manufacture to distribution within the UK compared to 2005/6. This is due to a movement towards outsourcing overseas for some companies and more accurate classification by some members.

INDUSTRY REVENUE BY DETAILED SECTOR

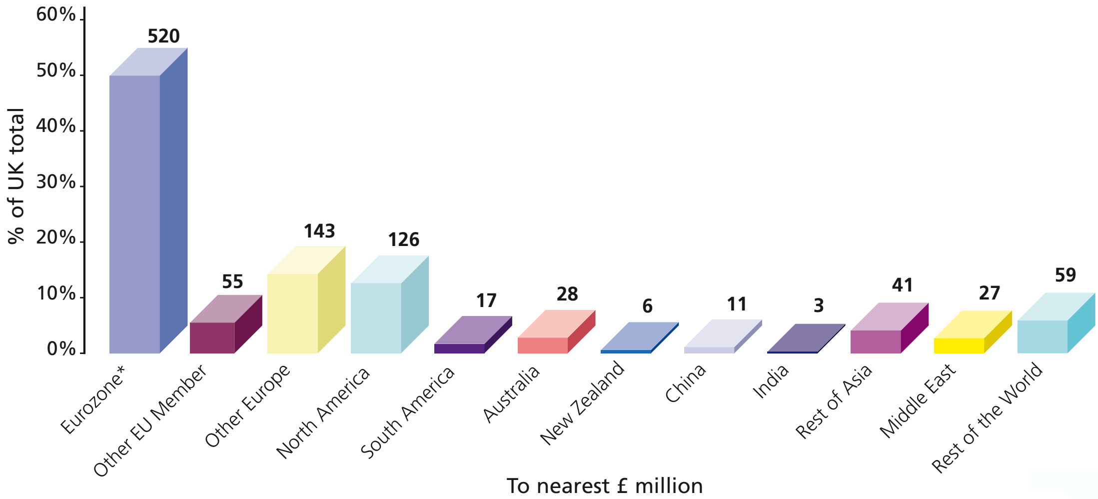
(£ millions)

		£ millions	% of UK Total
Manufacture	Power Boat Manufacture	697.07	23.6
	Sail Boat Manufacture	112.59	3.8
	Other Boat Manufacture	27.46	0.9
	Electronics Manufacture	128.06	4.3
	Deckgear / Rigging Manufacture	135.07	4.6
	Other Equipment / Accessories Manufacture	125.55	4.3
	Engines / Systems Manufacture	89.88	3.0
	Total Manufacture	**1315.67**	**44.6**
Distribution	Power Boat Distribution	194.90	6.6
	Sail Boat Distribution	84.05	2.8
	Other Boat Distribution	17.58	0.6
	Electronics Distribution	73.01	2.5
	Other Equipment / Accessories Distribution	111.36	3.8
	Engines / Systems Distribution	149.96	5.1
	Total Distribution	**630.85**	**21.4**
Consumer Services	Boat Repairs / Servicing	173.33	5.9
	Coastal / Sea Charter	121.29	4.1
	Inland Boat Hire	94.62	3.2
	Watersports Rental	24.88	0.8
	Sailing Schools	30.17	1.0
	Dealers	125.34	4.2
	Brokerage	61.06	2.1
	Chandleries / Marine Outlets	83.09	2.8
	Coastal Marinas	113.59	3.8
	Inland Marinas	47.36	1.6
	Finance / Insurance / Legal / Surveyors	24.58	0.8
	Other Services	50.13	1.7
	Total Consumer Services	**949.44**	**32.2**
Business Services	Business Consultants / Services	20.52	0.7
	Financial / Insurance / Legal	12.66	0.4
	Other Services	22.56	0.8
	Total Business Services	**55.74**	**1.9**
	Total	**2,952**	**100**

Some trends are emerging when comparing year-on-year. Total boat revenue, for manufacture and distribution, has increased by 12% from last year, engines / systems by 3% and equipment by 6%. Services as a whole are at a same size in revenue as last year, with a slight increase in business services.

INTERNATIONAL TRADE BY MARKET

(total international revenue £1.035 billion)



INTERNATIONAL v DOMESTIC TRADE BY PRODUCT / SERVICE

(to nearest £ million)

	Domestic Revenue £1.917 billion	International Revenue £1.035 billion
	%	%
Total	**64.9**	**35.1**
Boat Manufacture	42.3	57.7
Equipment Manufacture	51.8	48.2
Engines / Systems Manufacture	66.8	33.2
Boat Distribution	71.4	28.6
Equipment Distribution	72.3	27.7
Engines / Systems Distribution	92.0	8.0
Consumer Services	82.0	18.0
Business services	69.9	30.1

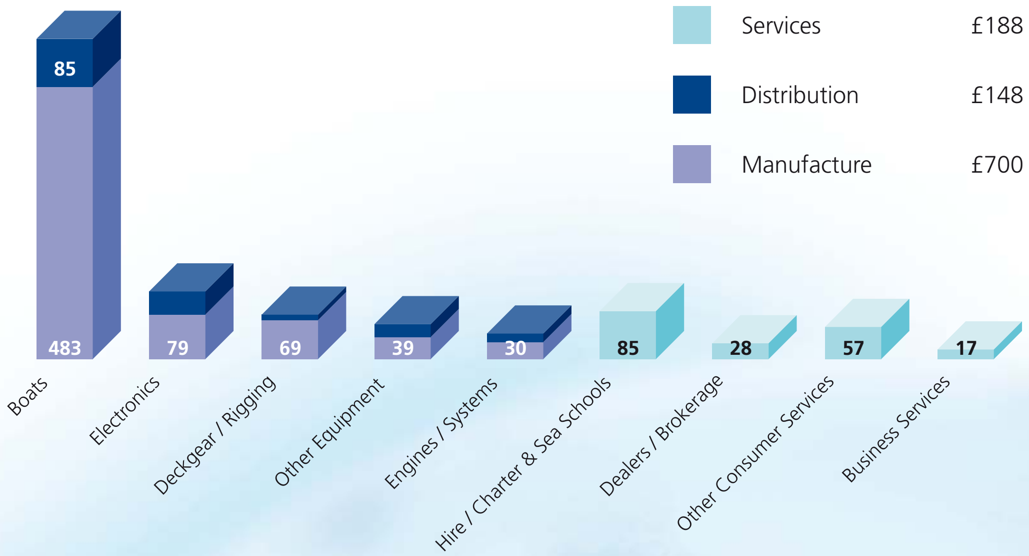
UK boat and equipment have built a worldwide reputation for quality, good design and innovation hence they are the largest markets driving international revenue more strongly relative to domestic.

International trade of the marine industry provides a significant contribution to the UK economy, particularly within Europe (69%) and North America (12%) whilst the rest of the world accounts for 19%.

*See explanatory notes for market definitions.

INTERNATIONAL TRADE BY PRODUCT / SERVICE

(to nearest £ million)



INTERNATIONAL TRADE BY PRODUCT / SERVICE AND MARKET

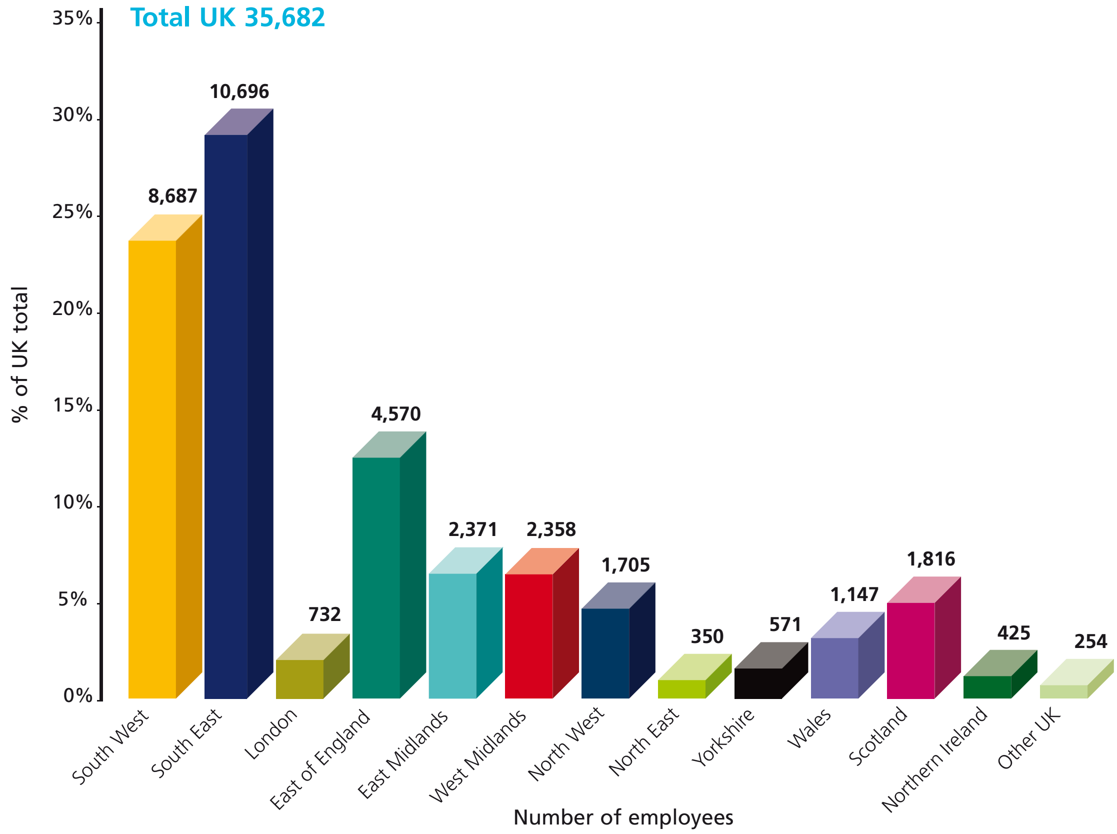
(£ million)

£ million	Total	Eurozone	Other EU Member	Other Europe	North America	Australasia	Middle East	Other
Boat Manufacture	482.83	223.78	11.88	69.87	65.81	19.46	12.39	79.65
Electronics Manufacture	79.12	47.22	10.37	5.51	2.95	6.03	1.35	5.69
Deckgear / Rigging Manufacture	69.31	37.24	3.48	2.16	20.55	1.46	0.80	3.63
Other Equipment Manufacture	38.84	21.18	2.68	2.17	7.59	1.18	1.32	2.72
Engine / Systems Manufacture	29.84	12.33	3.89	1.98	5.11	1.88	1.39	3.26
Boat Distribution	84.66	39.49	2.52	31.12	0.42	0.10	1.17	9.84
Electronics Distribution	32.98	11.51	8.81	7.53	0.73	0.23	2.49	1.68
Deckgear / Rigging Distribution	3.96	2.49	0.33	0.09	0.50	0.09	0.04	0.42
Other Equipment Distribution	14.21	9.08	1.10	1.12	1.50	0.26	0.45	0.70
Engines / Systems Distribution	12.01	8.51	0.72	0.83	0.72	0.18	0.27	0.77
Hire/Charter & Sea Schools	85.07	51.92	2.42	12.48	11.90	1.24	1.03	4.09
Dealers/Brokerage	28.35	17.30	2.13	3.36	0.86	0.13	1.38	3.19
Other Consumer Services	57.43	30.18	3.66	4.07	4.83	1.30	1.07	12.33
Business Services	16.79	7.35	0.78	0.76	2.90	0.38	1.42	3.20
Total	**1,035.42**	**519.58**	**54.77**	**143.05**	**126.36**	**33.93**	**26.56**	**131.17**

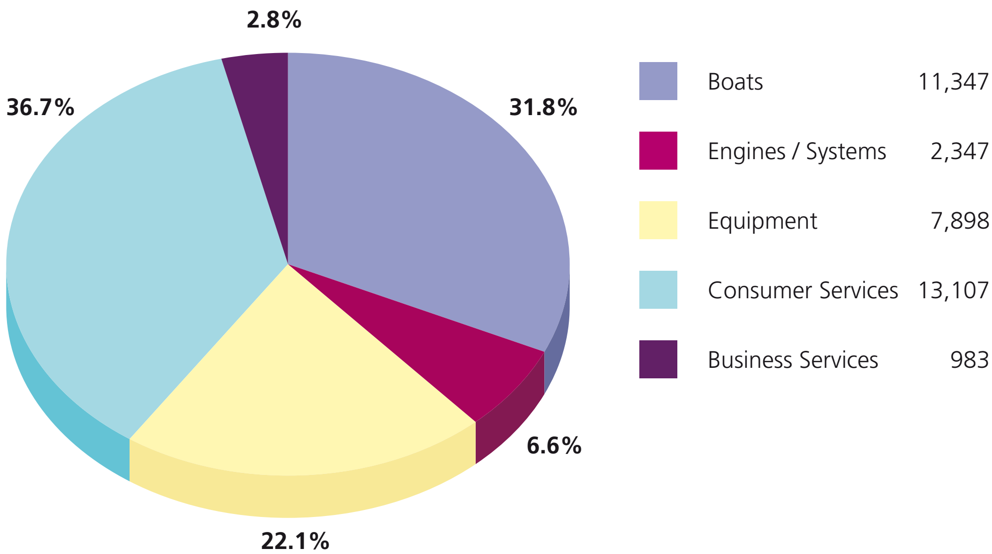
International revenue is mainly generated from UK manufacturing (68%) and dominated by boat manufacture (47%). Distribution accounts for 14% of the revenue whilst services stands at 18%, principally through charter / hire taking place in international markets, but also marinas, dealers and other services. All products and services are destined largely for the EU, with manufacturing export to North America also being significant in value terms.

EMPLOYMENT (FTE) BY RDA REGION

Total UK 35,682



EMPLOYMENT (FTE) BY CORE SECTOR



As with revenue, the employment levels in the South East and South West are the highest with 54% of the total. Employment has increased compared to last year in these Southern regions and the Midlands, whilst remaining fairly consistent in all other regions. The greatest increase in employment is evident in the equipment sector (+9%).

EMPLOYMENT BY DETAILED SECTOR

		Employees	% of Total
Manufacture	Power Boat Manufacture	8,169	22.9
	Sail Boat Manufacture	1,712	4.8
	Other Boat Manufacture	482	1.4
	Electronics Manufacture	1,233	3.5
	Deckgear / Rigging Manufacture	2,078	5.8
	Other Equipment / Accessories Manufacture	2,241	6.3
	Engines / Systems Manufacture	1,291	3.6
	Total Manufacture	**17,206**	**48.2**
Distribution	Power Boat Distribution	535	1.5
	Sail Boat Distribution	334	0.9
	Other Boat Distribution	115	0.3
	Electronics Distribution	803	2.2
	Other Equipment / Accessories Distribution	1543	4.3
	Engines / Systems Distribution	1056	3.0
	Total Distribution	**4,386**	**12.3**
Consumer Services	Boat Repairs / Servicing	2981	8.4
	Coastal / Sea charter	1593	4.5
	Inland Boat Hire	1821	5.1
	Watersports Rental	120	0.3
	Sailing Schools	664	1.9
	Dealers	626	1.8
	Brokerage	656	1.8
	Chandleries / Marine Outlets	1270	3.6
	Coastal Marinas	1588	4.5
	Inland Marinas	889	2.5
	Finance / Insurance / Legal / Surveyors	423	1.2
	Other Services	476	1.3
	Total Consumer Services	**13,107**	**36.7**
Business Services	Business Consultants / Services	385	1.1
	Financial / Insurance / Legal	227	0.6
	Other Services	371	1.0
	Total Business Services	**983**	**2.8**
	Total	**35,682**	**100**

At a combined level, manufacture, consumer and business services are each similar to last year whilst distribution has increased by 15%. The employment figures for manufacture and distribution will be affected by the change noted in the revenue section.

INDUSTRY & BMF MEMBER PROFILE

TOTAL INDUSTRY STRUCTURE

The BMF estimates the total leisure and small commercial marine industry in the UK to have the following structure and size for both members and non-members.

	Size category	No. of Businesses	Employees (FTE)	Revenue (£s millions)
Small	**<1 to 5**	3,144	7,467	479.23
	>5 to 10	595	4,459	325.89
	>10 to 25	353	5,609	412.99
Medium	**>25 to 50**	135	4,868	451.07
	>50 to 100	42	3,018	219.27
	>100 to 250	17	2,537	290.20
Large	**250 +**	11	7,725	773.05
Total		**4,297**	**35,682**	**2,952**

The industry comprises a majority of companies with 5 or less employees (73.2%) who provide 20.9% of employees and 16.2% of all revenue.

There are 70 companies with over 50 employees and these account for 37.2% of all employees and 43.5% of the total industry revenue.

BMF MEMBERS

BMF membership is highly representative of the leisure and small commercial marine industry with 75.6% of the total UK marine turnover.

The BMF Members employ 62.6% of all the marine labour force and 34% of all businesses.

The majority of larger companies in the marine industry are within BMF Membership, with an estimated 84.3% of those with over 50 FTE.

Within membership, there are an estimated 57.6% of all companies with between 5 and 50 employees and 30.3% of those with 5 or less employees.

BMF membership represents the greater majority of the leisure and small commercial marine industry with an estimated 75.6% share of the revenue. Therefore, the KPIs presented within this report for the whole industry is highly robust given it is founded on primary data collected from our members.

UK ADULT BOATING PARTICIPATION

The Industry's Customer Base

The Watersports and Leisure Participation Survey 2006 commissioned by BMF, MCA, RNLI, RYA and sponsored by Sunsail has been running for a number of years now and gives a accurate view on UK adult participation levels in the UK and overseas, the sample size being a robust 12000. The survey found up to 3.7 million adults took part in boating activities in 2006, compared to 3.5 million in 2005. More participation took place in the UK than when abroad. The table below details the boating activities included.

2006	Average % of adult population	Maximum number of adults
Any boating activity	**7.25**	**3,680,000**
Canoeing	2.21	1,171,000
Motor boating/Cruising	1.19	651,000
Small sail boat activities	1.09	602,000
Rowing	0.92	511,000
Canal boating	0.80	448,000
Power boating	0.74	420,000
Yacht cruising	0.68	386,000
Water skiing	0.67	383,000
Using personal watercraft	0.57	330,000
Windsurfing	0.54	315,000
Small sail boat racing	0.39	233,000
Yacht racing	0.23	146,000

To download a copy of the latest report please visit
www.britishmarine.co.uk/statistics

TOURISM RELATED SPEND

In addition to the revenue from the industry itself, participation in boating activities and holidays generates a range of further national, regional and local economic benefits, for example spending in supermarkets, in hotels, restaurants & pubs and on travel. BMF's Economic Benefits of the UK Boating Industry 2006 report (see page 16) found that domestic spending associated with leisure boating amounts to at least £2 billion a year, supporting up to an additional 68,000 jobs.

Programmes to encourage boating are vital for generating both industry revenue and in benefitting the wider economy through tourism related spend.

EXPLANATORY NOTES

MARINE TRADING ACTIVITIES

The UK leisure and small commercial marine industry comprises over four thousand businesses and sole traders.

The figures presented relate to the supply of all recreational craft and small commercial craft up to 50m in length (i.e not traditional ship building) and the supply of associated components, equipment and services. This includes all leisure boats personally owned, superyacht, motor, sail, narrowboat, RIB or Personal Watercraft, and those which are charter / hire fleets and small commercial workboats.

Activities represented are drawn from both the seagoing and inland sectors of the marine industry across manufacture and distribution of boats, engines and equipment, and all consumer and business services.

SAMPLE & METHODOLOGY

The methodology combines primary data from our BMF Members (circa 1,500) through completion of the Formal Declaration of Turnover form which is circulated each year.

A list of marine company details was obtained from reputable business provider, Experian. Desk research on the marine companies outside of membership was conducted to produce total UK figures. This information provided non-member company names, sizes, locations and sectors, therefore any assumptions required to build the data model have been based on fact.

INDUSTRY REVENUES

The revenue for members has been taken directly from information provided by them and this accounts for over three-quarters of the total revenue for the industry. The non-members revenue is determined via a data model which has been based on a representation of our member revenues by specific employee size.

To ensure 'double counting' is minimized the handling fees and commissions or earnings have been provided by BMF members as their revenue, where relevant. This is applicable to brokerage and agents, insurance companies and underwriters, finance houses, finance brokers and solicitors. There will be an element of double counting in boat building and distribution / dealership revenue when the boat is built in the UK then sold within the industry before selling to the end consumer. It is worth noting that this proportion of double counting is a very small percentage of total revenue and distribution / dealer revenue will also include revenue from non-UK built boats so would not be counted twice.

Therefore, the principle measure of national economic benefit has been provided to reflect the value-added contribution (i.e. the revenue the Treasury is interested in). This figure represents the absolute contribution to the economy and eliminates double counting. The value-added approach used in this model is the Output Approach (sales minus the costs of intermediate inputs), and is approximately 35.7% of the gross industry revenue.

INTERNATIONAL ACTIVITIES

Countries within Europe are grouped as follows for the purposes of international activities:

- **Eurozone:** Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain
- **Other EU Member Countries:** Cyprus, Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Sweden
- **Other European Countries:** Croatia, Channel Islands, Gibraltar, Monaco, Norway, Switzerland
- **Other geographic regions:** North America, South America, Australia, New Zealand, China/Taiwan, India, Other Asia, Middle East, Other

ACCURACY

Accurate statistics are vital to our function as the national representative body for the industry in the UK. BMF carries out random checks to verify Members declarations of their turnover via Companies House. The non-member list was investigated thoroughly to ensure all businesses included in the model are relevant, i.e. leisure and small commercial marine. Extensive quality assurance of the data model on both the source data and subsequent analysis has been conducted.

7.7% of BMF Members did not complete their turnover form and we are working with the Membership team and Management Board to try to reduce this figure further. Where data was incomplete we have provided an estimate based on previous years figures. The non-member list provider, Experian, report they have nearly all commercial companies in their database and that their employee data is 96.04% accurate within +/- 2%. It is important to note that non-member companies whose core business is not marine have not been included, our figures are a conservative estimate. Overall, we estimate a confidence level of 95% in the total marine industry figures.

DISCLAIMER

BMF takes no responsibility for decisions taken using the information provided in this report.

OTHER REPORTS

BMF's Statistics and Market Research Department has developed the following reports to help increase general and specific understanding of the leisure boating industry:

Economic Benefits of Coastal Marinas in the UK and Channel Islands 2007

Launched at the Southampton Boat Show in September 2007 in partnership with the Crown Estate and Jersey Harbours, with support from The Yacht Harbour Association (TYHA) members. The report assesses and documents the economic significance and impact of coastal marinas in the UK and Channel Islands at a country and regional level, and details contribution at a local level through a series of nine case studies, based on primary research.

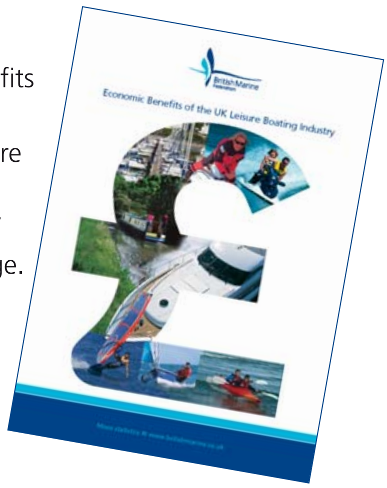
BMF Members - one complimentary copy for £30 p&p
Non-BMF Members - £300

European Overview 2004 – Leisure Marine Industry at Your Fingertips

This is a 100 page strategic report on the leisure marine industry across 30 European countries. It is primarily aimed at business people and investors and has been well received by recipients. It details ownership, participation and spending; companies, employees and revenues; domestic boat production; infrastructure and facilities; major boat shows.

BMF Members - One complimentary copy free of charge
Non-BMF Members - £495 (discounted from £895 original price)

Economic Benefits of the UK Boating Industry 2006



The report outlines the full extent of the economic benefits of the leisure boating industry to the UK, including its contribution to tourism. It covers all aspects of the leisure boating industry, including manufacturing, distribution, boat sales, hire & charter, insurance, finance, moorings / berthings & marinas, boatyard services, retail & brokerage. It also details participation and boating behaviour in relation to tourism expenditure.

BMF Members - One complimentary copy free of charge
Non-BMF Members - £250

If you have any queries on the detail within the report, please contact the Statistics & Market Research department at BMF

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