UK Leisure and Small Commercial Marine Industry

Key Performance Indicators 2007/8

British Marine Federation

Contents

Introduction

This report details a range of economic indicators within the marine industry of leisure and small commercial craft, from turnover and value added to international trade and employment. The data is presented at a total UK level, by region and by sector.

The BMF industry model providing this data consists of two parts. The first is based directly on primary data received from BMF Member declaration forms on their last annual business performance up to April 2008. 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.

Each year we continue to enhance knowledge of the industry and identify trends over time. We launch this Key Perfomance Indicators (KPI) report annually at our London International Boat Show in January.

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. All data is held in complete confidence and access is limited to the Membership and Statistics and Market Research teams.

Headline Figures

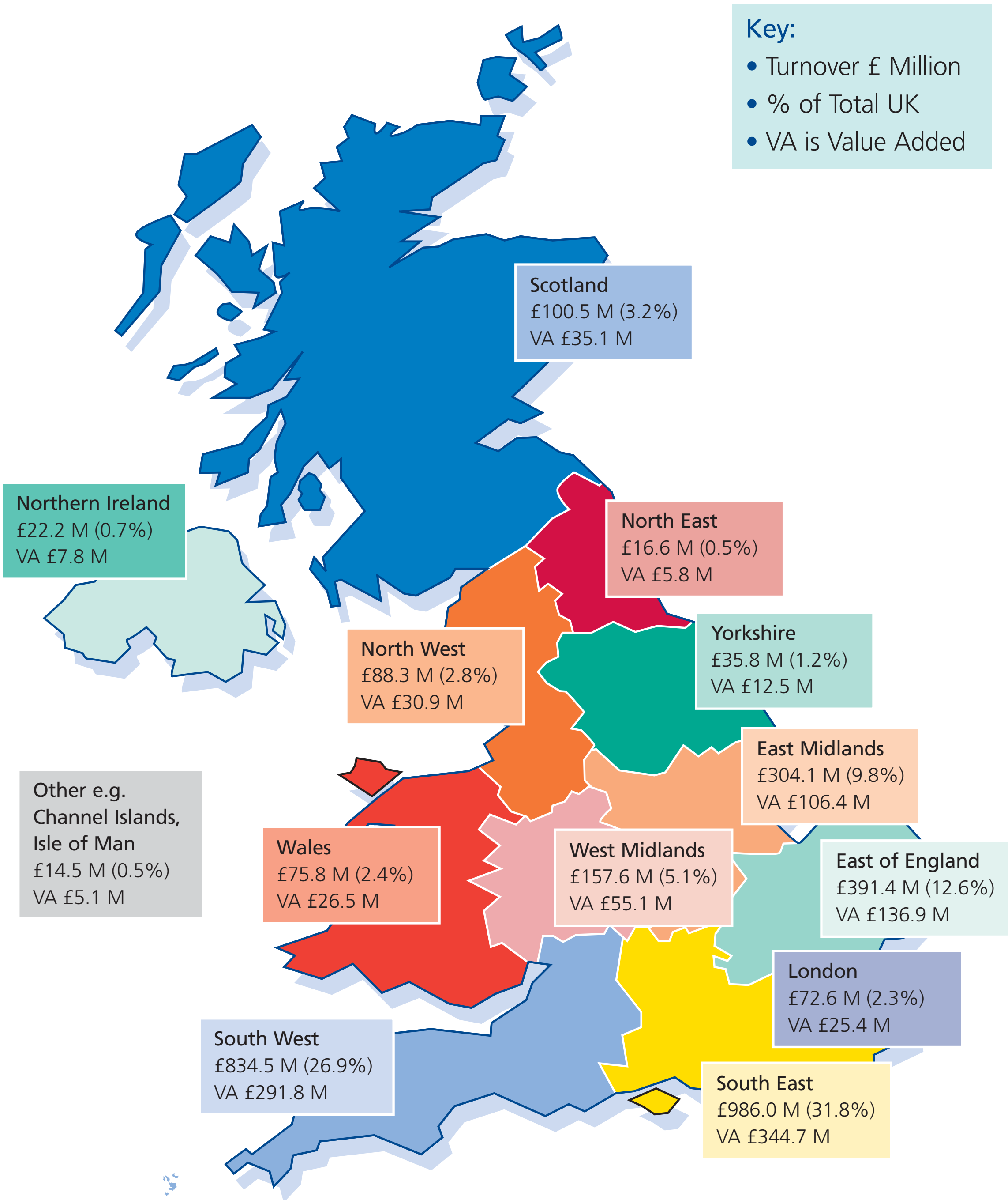
- Total revenue of the UK leisure & small commercial marine industry is £3.1 billion (+5% from 2006/7)
- Value added contribution, the principal measure of national economic benefit, is £1.084 billion, 35% of turnover (similar % as 2006/7)
- International trade is £1.098 billion, 35.4% of total turnover (+6% from 2006/7)
- Full time equivalent employees (FTE) c. 35,200 across the industry (-1.4% from 2006/7)
- UK businesses in the leisure & small commercial marine market c. 4,300

NB: Figures quoted are subject to rounding

Revenue and Value Added

UK Total Industry Revenue £3.1 billion

Industry Revenue by RDA* Region



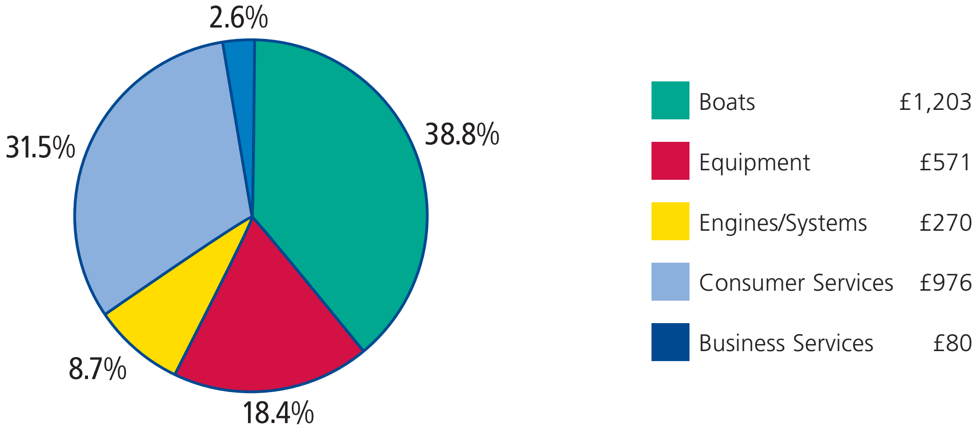
The revenue of the South West has increased the most compared to 2006/7 (+£195 m) whilst the East Midlands, East of England and Scotland are also increasing at a higher rate than the average. The most significant region for marine revenue is still the South East, though by a slightly smaller margin than previously.

** Regional Development Agency*

Revenue and Value Added

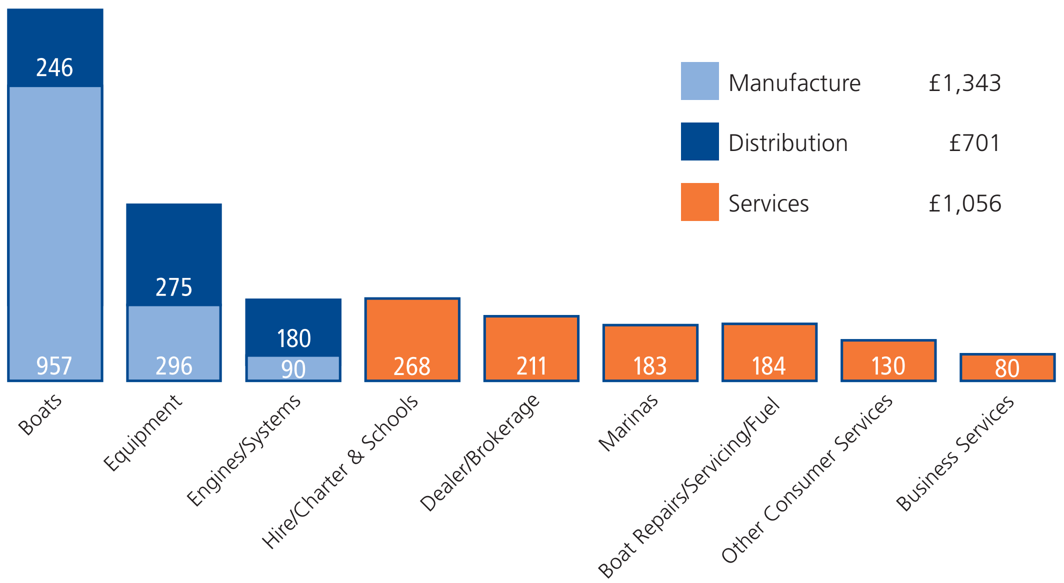
Industry Revenue by Core Sector

(to nearest £ million)



Industry Revenue by Sector

(to nearest £ million)



Boat manufacture and distribution is the largest sector within the marine industry, accounting for 39% of the UK revenue, though this is closely followed by consumer and business services at 34%. Manufacture and distribution of equipment and engines/systems is 27% of the total revenue. Compared to 2006/7, industry revenue for boats is +6%, equipment and engines/systems is +3% and services is +5%.

Revenue and Value Added

Industry Revenue by Detailed Sector

(£ million)

	£ million	% of UK total
Manufacture		
Motor/Power Boat Manufacture	806.62	26.0
Sail Boat Manufacture	122.20	3.9
Other Boat Manufacture	28.49	0.9
Electronics Manufacture	25.31	0.8
Deckgear/Rigging Manufacture	150.22	4.8
Other Equipment/Accessories Manufacture	120.27	3.9
Engines/Systems Manufacture	89.55	2.9
Total Manufacture	**1,342.67**	**43.3**
Distribution		
Motor/Power Boat Distribution	153.80	5.0
Sail Boat Distribution	77.35	2.5
Other Boat Distribution	14.93	0.5
Electronics Distribution	132.81	4.3
Deckgear/Rigging Distribution	27.15	0.9
Other Equipment/Accessories Distribution	115.06	3.7
Engines/Systems Distribution	180.26	5.8
Total Distribution	**701.37**	**22.6**
Consumer Services		
Boat Repairs/Servicing	183.72	5.9
Coastal/Sea Charter	132.97	4.3
Inland Boat Hire	88.46	2.9
Watersports Rental	17.68	0.6
Sailing Schools	29.18	0.9
Dealers	147.35	4.8
Brokerage	63.32	2.0
Chandleries/Marine Outlets	80.49	2.6
Coastal Marinas	127.44	4.1
Inland Marinas	55.90	1.8
Finance/Insurance/Legal/Surveyors	30.13	1.0
Other Services	19.72	0.6
Total Consumer Services	**976.36**	**31.5**
Business Services		
Business Consultants	23.13	0.7
Financial/Insurance/Legal	11.47	0.4
Other Services	44.97	1.5
Total Business Services	**79.56**	**2.6**
Total	**3,099.96**	**100.0**

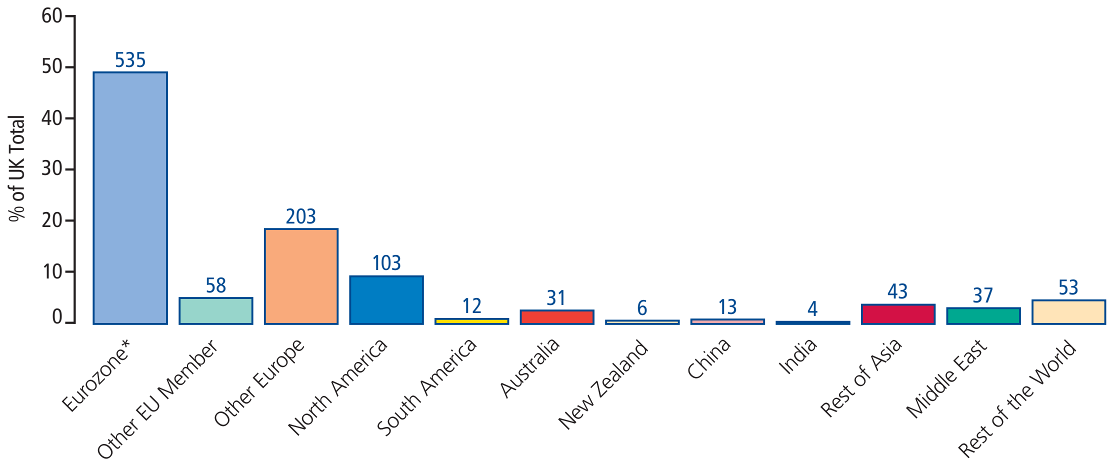
In 2007/8 boat manufacture has increased the most in revenue from 2006/7 (+£120m) whilst distribution has decreased slightly (-£50m). The reverse has occurred for equipment which is largely due to a movement towards outsourcing manufacture overseas within electronics. Engine distribution has also increased. Consumer services have highest revenue uplifts for coastal marinas, charter, dealers and boat repairs/servicing.

International Trade

Total International Revenue £1,098 billion

International Trade by Market

(to nearest £ million)



Proportion of International Versus Domestic Trade

	Domestic Trade	International Trade
Boat Manufacture	40.1%	59.9%
Equipment Manufacture	60.6%	39.4%
Engines/Systems Manufacture	62.2%	37.8%
Boat Distribution	58.7%	41.3%
Equipment Distribution	82.7%	17.3%
Engines/Systems Distribution	94.0%	6.0%
Consumer Services	87.7%	12.3%
Business Services	55.6%	44.4%
Total	**64.6%**	**35.4%**

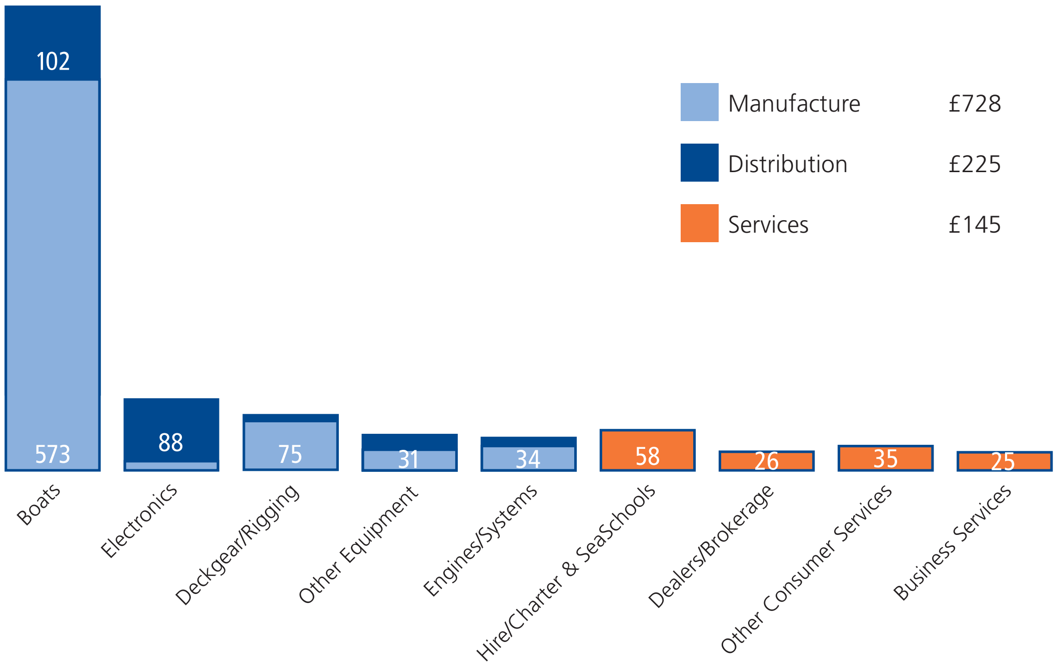
The greatest contribution of international trade is to Europe (72%) with an increase to countries outside of the EU over recent years. There has also been an increase in international trade to the Middle East and a slight decrease to North America from 2006/7. UK marine manufacturing continues to be recognised internationally with 54% of its total revenue exported out of the UK, dominated by boat manufacture at 59.9%.

** see explanatory notes for market definitions*

International Trade

International Trade by Product/Service

(to nearest £ million)



International Trade by Product/Service and Market

(£ million)

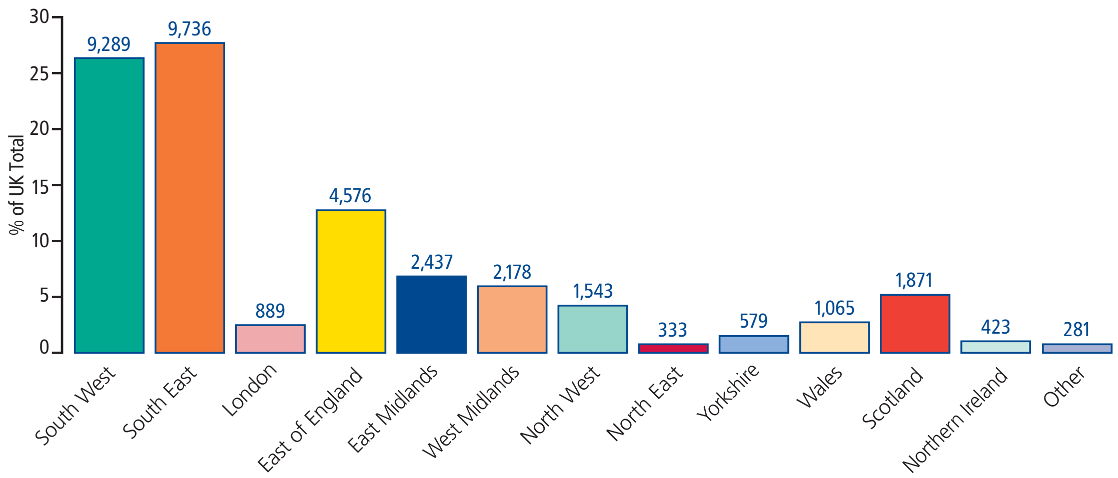
	Total	Eurozone	Other EU Member	Other Europe	North America	South America	Aus/ N.Zea	Middle East	Asia	Rest of World
Boats Manufacture	573.42	256.66	35.65	116.07	45.12	10.86	18.41	20.58	46.85	23.22
Electronics Manufacture	14.05	5.94	0.86	1.76	2.41	0.02	0.46	0.29	1.66	0.65
Manufacture Deckgear/Rigging	75.35	40.27	4.23	3.07	19.68	0.63	1.88	1.60	2.52	1.47
Other Equipment Manufacture	31.26	17.43	1.72	2.15	4.97	0.17	0.82	1.51	0.65	1.85
Engine/Systems Manufacture	33.85	9.63	1.37	9.46	4.41	0.11	1.45	1.11	4.76	1.55
Boats Distribution	101.60	49.03	0.64	39.02	0.28	0.01	0.03	0.61	0.33	11.66
Electronics Distribution	88.26	60.88	6.44	4.82	0.93	0.06	9.63	4.79	0.39	0.31
Deckgear/Rigging Distribution	4.59	2.66	0.82	0.17	0.24	0.02	0.04	0.10	0.32	0.22
Other Equipment Distribution	19.96	13.52	0.70	1.43	1.52	0.12	0.88	0.59	0.25	0.95
Engine/Systems Distribution	10.76	7.76	0.56	0.79	0.51	0.04	0.16	0.30	0.23	0.40
Hire/Charter & Sea Schools	58.22	22.93	1.27	16.86	12.09	0.14	0.69	1.08	0.84	2.32
Dealers/Brokerage	26.16	17.19	0.53	2.42	1.10	0.04	0.29	1.39	0.17	3.01
Other Consumer Services	35.30	22.30	1.89	2.88	4.73	0.13	0.65	0.79	0.52	1.41
Business Services	24.97	8.84	0.76	2.11	5.19	0.09	1.75	2.00	0.63	3.60
Total	1,097.75	535.04	57.45	202.99	103.19	12.44	37.14	36.72	60.11	52.65

The greatest increase in international trade from 2006/7 is for boat manufacture and distribution (+19%) whilst electronics have been affected by the change from manufacture to distribution as noted on page 05. There has been a decrease in consumer services taking place abroad whilst business services have increased. Overall manufacture accounts for 66% of the international revenue, distribution 21% and services 13%.

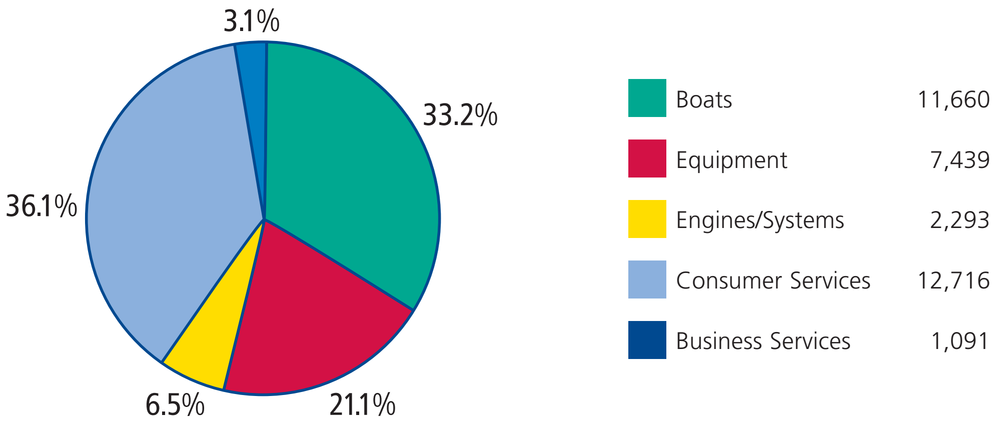
Employment

UK Total Employment (FTE) 35,200

Employment (FTE) by RDA Region



Employment (FTE) by Core Sector



Overall, employment has decreased slightly from 2006/7 (-1.3%), however there have been increases in the South West (+601), London (+157), East Midlands (+67) and Scotland (+56). There have been decreases in employment within some regions, most notably in the South East (-961) which is largely due to changes within a few companies only, and also in West Midlands (-180) and the North West (-162).

Employment

Employment by Detailed Sector

	Employees	% of UK total
Manufacture		
Motor/Power Boat Manufacture	8,614	24.5
Sail Boat Manufacture	1,623	4.6
Other Boat Manufacture	521	1.5
Electronics Manufacture	315	0.9
Deckgear/Rigging Manufacture	2,172	6.2
Other Equipment/Accessories Manufacture	2,214	6.3
Engines/Systems Manufacture	1,167	3.3
Total Manufacture	**16,627**	**47.2**
Distribution		
Motor/Power Boat Distribution	525	1.5
Sail Boat Distribution	274	0.8
Other Boat Distribution	103	0.3
Electronics Distribution	1,013	2.9
Deckgear/Rigging Distribution	275	0.8
Other Equipment/Accessories Distribution	1,450	4.1
Engines/Systems Distribution	1,127	3.2
Total Distribution	**4,766**	**13.5**
Consumer Services		
Boat Repairs/Servicing	2,772	7.9
Coastal/Sea charter	1,594	4.5
Inland Boat Hire	1,702	4.8
Watersports Rental	94	0.3
Sailing Schools	655	1.9
Dealers	640	1.8
Brokerage	636	1.8
Chandleries/Marine Outlets	1,241	3.5
Coastal Marinas	1,624	4.6
Inland Marinas	867	2.5
Finance/Insurance/Legal/Surveyors	460	1.3
Other Services	430	1.2
Total Consumer Services	**12,716**	**36.1**
Business Services		
Business Consultants	310	0.9
Financial/Insurance/Legal	291	0.8
Other Services	490	1.4
Total Business Services	**1,091**	**3.1**
Total	**35,200**	**100.0**

Employment for motor/power boat manufacture has risen compared to 2006/7 and employment within distribution has also increased significantly. This is partly due to the affect of the change in electronics manufacture and distribution noted in the revenue section but also other equipment distribution has increased. Within consumer services, there have been decreases in employment for boat repairs/servicing and inland hire. Employment in business services has increased slightly.

Industry and BMF Membership Profile

Employees (FTE) and Revenue (£'s million)

The BMF estimate the total UK 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	3,133	7,428	483.18
	>5 to 10	578	4,368	353.79
	>10 to 25	350	5,593	454.08
Medium	>25 to 50	139	4,946	430.44
	>50 to 100	41	2,868	320.49
	>100 to 250	17	2,297	204.79
Large	250 +	10	7,701	853.20
Total		**4,268**	**35,200**	**3,100**

The industry comprises a majority of companies with 5 or less employees (73.4%) who provide 21.1% of employees and 15.6% of all revenue.

There are 68 companies with over 50 employees and these account for 36.5% of all employees and 44.5% of the total industry revenue.

BMF Membership

The BMF Member base is highly representative of the leisure and small commercial marine industry with 75.7% of the total UK marine turnover.

The BMF Members employ 61.4% of all the marine labour force and accounts for 33.4% of all businesses.

The majority of larger companies in the marine industry are BMF Members with an estimated 80.9% of those with over 50 FTE.

Within membership, there are an estimated 46.3% of all companies with between 5 and 50 employees and 28.6% of those with 5 or less employees.

UK Adult Boating Participation

The Watersports & Leisure Participation 2007 survey commissioned by BMF, MCA, RNLI, RYA sponsored by Sunsail has been running for a number of years. It gives an accurate view on the UK adult participation levels in the UK and overseas; the sample size being a robust 12,000.

The survey found up to 4 million adults took part in boating activities in 2007, compared to 3.7 million in 2006. The table below details the boating activities included.

2007	Average % of UK adult population	Maximum number of adults
Any boating activity	7.84	4,003,000
Canoeing	2.16	1,155,000
Motor boating/Cruising	1.42	776,000
Small sail boat activities	1.16	639,000
Canal boating	1.01	562,000
Power boating	0.72	410,000
Yacht cruising	0.82	465,000
Water skiing	0.78	444,000
Rowing	0.68	391,000
Using personal watercraft	0.56	326,000
Windsurfing	0.48	285,000
Small sail boat racing	0.48	284,000
Yacht racing	0.32	196,000

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Explanatory Notes

Marine Trading Activities

The UK leisure and small commercial marine industry comprises c. 4,300 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 including 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/systems and equipment, and all consumer and business services.

Sample & Methodology

The methodology combines primary data from our BMF Members through completion of the Formal Declaration of Turnover form which is circulated each year in April 2008. This data on their last annual business performance is provided by company headquarters where there are multiple sites.

To determine the remaining marine companies outside of membership, a list of marine companies was obtained from reputable business list provider, Experian. Desk research was conducted on each company to ensure they were relevant i.e. leisure and small commercial marine and not shipping, naval etc. This provided non-member company names, sizes, locations and sectors.

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 combines the factual information provided by Experian on their company structure and size with revenue assumptions from comparable members.

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. Distribution/dealers revenue will also include non-UK built boats which would not be counted twice. However, all double counting has been eliminated by measuring the value added contribution of the marine industry. This is the principle measure of national economic benefit i.e. the revenue the Treasury is interested in, as it is the absolute contribution to the economy. The value-added approach used in this model is the Output Approach (sales minus the costs of intermediate inputs i.e. goods and services), and is approximately 35% of the gross industry revenue.

Explanatory Notes

International Trade Activities

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

- **Eurozone:** Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Slovenia, Spain
- **Other EU Member Countries:** Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Sweden
- **Other European Countries:** Channel Islands, Croatia, Gibraltar, Monaco, Norway, Switzerland, Turkey
- **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.

Only 6.7% of BMF members did not complete their turnover form so we have provided an estimate based on their previous years' figures. The business list provider, Experian, report they have nearly all commercial companies in their database and that their employee data is 96.04% accurate within +/- 2%. Revenue for the non-member companies have been based on a model by company size. It is important to note that as non-member companies whose core business is not marine have not been included, therefore our figures are a conservative estimate. Overall, we estimate a confidence level of c. 95% in the total marine industry figures.

Disclaimer

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

Other Reports Available

Economic Benefits of Inland Marinas 2008

Launched by BMF in partnership with British Waterways and the Environment Agency, with support from The Broads Authority and TYHA members. The report assesses and documents the economic significance and impact of inland marinas in the UK at a national and regional level, and details contribution at a local level through a series of sixteen case studies, based on primary research.

BMF members - £30
Non-BMF Members - £300

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

Launched by BMF in partnership with The Crown Estate and Jersey Harbours, with support from TYHA members. The report assesses and documents the economic significance and impact of coastal marinas in the UK and Channel Islands at a national and regional level, and details contribution at a local level through a series of nine case studies, based on primary research.

BMF members - £30
Non-BMF Members - £300

Economic Benefits of the UK Boating Industry 2006

This BMF report outlines the full extent of the economic benefits of the leisure boating industry to the UK. It covers all aspects of the leisure boating industry as well as the tourism related expenditure through boating participation.

BMF Members - £30
Non-BMF Members - £250

For more information visit **www.britishmarine.co.uk**

Other Reports Available

ICOMIA's Boating Industry Statistics Book 2007

A new scheme has been offered by ICOMIA (International Council of Marine Industry Associations) which enables Marine Industry Associations (MIA's) to purchase the publishing rights to this report. The report details information on individual international countries received by participation MIA's. BMF has taken up this offer to benefit its members.

BMF Members - one complimentary copy (previously 300 euros each)
Non-MIA Members - 600 euros directly from ICOMIA

BMF members can download the report by logging into the Members area on the website or request a CD copy to research@britishmarine.co.uk. Non-members to visit www.icomia.com for further details.

Free BMF downloads on www.britishmarine.co.uk include:

- Bi-Annual Marine Industry Trends reports
- Annual Watersports & Leisure Participation report
- Superyacht UK Industry report 2007/8
- Boat park and production estimates

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