

EXECUTIVE SUMMARY

The Study

The British Marine Federation (BMF) commissioned GHK to undertake an assessment of the economic benefits of the leisure boating industry to the UK economy, including the economic impact because of its contribution to tourism.

The objectives of the study were to:

- Review existing information on the economic impact of the industry on the UK national, regional and local economies
- Quantify the economic benefits of the leisure boating industry
- Quantify the economic benefits of the main major sectors within the total leisure boating industry
- Quantify participation by consumers and organisations in leisure boating
- Quantify the economic impact of the industry on tourism

For the purposes of the study, the economic benefits of the UK leisure boating industry comprise the added value of leisure boating goods and services, taxes paid, the value of net exports, the total level of employment and associated wages, and the retention of tourism spend.

The Approach

The approach to the analysis separated the assessment of the industry benefits from related tourism effects, avoiding the risk of double counting, and recognising the different economic evidence.

The assessment is based on a reconciliation of national and regional data available for the industry and associated tourism from official sources and from the industry, supported by a range of consultations with industry representatives and trade associations. For example, industry statistics were provided by the BMF Industry Bulletin and its membership database¹, official data was collated from the Annual Business Inquiry and HM Customs & Excise UKTradeInfo database. Tourism data sources included the day visit surveys carried out by the Countryside Agency and British Waterways, the UK Tourism Survey by the UK Tourist Boards, and the Watersports Survey published by BMF, RYA and Sunsail.

This work has not included new primary research. However the results are in part based on primary data from BMF surveys of their members from the leisure boating industry.

¹ Subject to a confidentiality agreement

1. The Leisure Boating Industry

The leisure boating industry is both an area of UK manufacturing strength and the foundation of a popular recreational activity. It has grown significantly in recent years; present BMF statistics suggest that leisure boating sector is en route to becoming a £2 billion gross turnover industry, a significant source of export revenues and supporting up to 30,000 jobs.

2. The Economic Benefits of the Industry

The assessment indicates that the added value of the leisure boating industry in the UK, the principal measure of national economic benefit, was approximately £700 million in 2003 (although depending on assumptions made, the benefit may be higher, up to £850 million). This is similar to the economic contribution of the call centre sector and the recycling industry.

Other economic benefits of the industry include:

- Around 30,000 jobs in some 5,000 businesses
- A yield of £230 million per year in tax revenues
- Annual net exports (i.e. a balance of trade of exports less imports) estimated at £150 million per year, but possibly as high as £230 million
- Significant contributions to economic development in the South West, with high levels of leisure boating activity and associated industry in South East, the Midlands and the East of England
- Significant potential to develop the industry elsewhere in the UK, with projects currently being developed in North West and Wales to respond to market interest.

3. The Economic Benefits of the Main Sectors in the Industry

The main sectors of the leisure boating industry are Manufacturing, Distribution, Retail (of boats and boating equipment), Marinas, Moorings and Boatyard Services, and Charters and Sea Schools. Other Services (Insurance, Financial and Legal) have an important role to play and hence their contribution has also been considered.

Manufacturing is the largest sector in the industry and accounts for 50% to 60% of the economic benefits of the industry. The sector generates £340 million of value added pa, approximately 15,000 jobs in 1,300 businesses and provides £133 million in tax contributions per year. Three quarters of sales are exports, worth £700m per year.

Distribution generates approximately £37 million in value added, 1,800 jobs in 360 businesses and £10 million in tax contributions per year.

Retail and Brokerage generates approximately £70 million in value added. It employs around 2,400 people in 780 businesses and contributes £29 million in taxes per year.

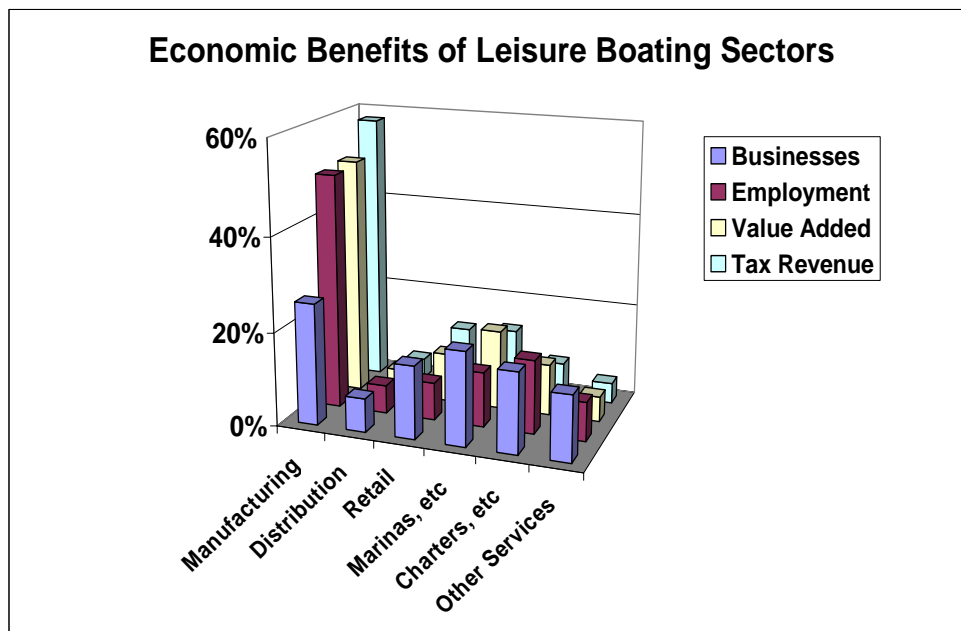
The **Marina, Moorings and Boatyard Services** sector is the second largest sector and accounts for around 15% of economic benefits. It contributes about £113 million of

value added to the national economy, with approximately 3,500 people employed in 1,000 businesses and provides £31 million in tax contributions per year.

Charters and Sea Schools generate approximately £73 million of value added, employ 4,700 people in 860 businesses, and contribute about £17 million in taxes per year.

Other Services (Insurance, Financial and Legal) generate about £36 million of value added, 2,500 jobs in 700 businesses and £10 million in tax contributions per year.

The relative sizes (shown as percentage of the total industry) of the economic benefits of the sectors in 2003 are illustrated in the chart below.



4. The Participation of Individuals and Organisations in Leisure Boating

Leisure boating is an extremely popular recreational activity:

- There are 450,000-500,000 boats in the UK (excluding small boats less than 2.5 metres and canoes and kayaks). Including the use of inflatable boats, the number increases to 2 million.
- 6-7% of the adult population participate in leisure boating activities, representing around 4 million people. As a comparison, overall participation in sports stands at slightly over 65%, with swimming the most popular activity at 35%.

5. The Economic Impact of the Industry on Tourism Activity

Tourism activity associated with leisure boating includes the use of privately owned boats as well the use of hire and charter services and training centres, whilst marinas, moorings, slipways and clubs are the focus of many activities.

In addition to the economic benefits that result from the supply of boats and related boating services estimated in the industry analysis, the participation of residents and visitors in leisure boating generates a range of further national, regional and local economic benefits. These benefits derive from non-boating² expenditure, for example at supermarkets, in hotels, restaurants & pubs and on travel. The expenditure is attributable because it results from participation in leisure boating.

The assessment of the impacts of leisure boating on tourism activity indicates that:

- Approximately 24 million day visits and up to 16 million overnight trips involving leisure boating activities are undertaken per year.
- Domestic tourism spending related to leisure boating (excluding industry-related expenditure, e.g. on boat hire) is estimated at £1.8-2.2 billion in the UK.
- Overseas tourists, who represent on average about 10%³ of the total share of all visitors, are estimated to account for about £200 million of the total leisure boating related tourism spending – the net additional national economic impact.
- The total spending associated with leisure boating supports between 57,000 and 68,000 tourism jobs in the UK; of which approximately 10% are supported by expenditure from overseas visitors (6,000 jobs) – net additional benefits, although this figure is an average and there will be regional variations in the number of jobs supported

Recommendations

The findings summarised above are based on a detailed analyses of the data held by the industry, available market research and official statistics.

Primary research with businesses in the industry would complement the analysis already undertaken with a focus on confirming net sales, employment and profitability and addressing gaps in the information in relation to technological innovation and the aftermarket.

Conclusions

The work demonstrates the economic benefit of the leisure boating industry, and reveals that the industry plays an important role in the UK economy, with a large manufacturing base and strong export performance. There is technological innovation in many areas, and supply chain development improving industry competitiveness. The industry also supports tourism activity in the UK worth around £2 billion a year, generating up to 70,000 jobs.

The industry is facing a number of key challenges. One of the most important to address is the constraint on provision of marinas and moorings, with evidence that this is constraining growth in the domestic market for leisure boats and related services.

² Note that boating specific expenditure pays for the supply of boating and related services, included in the industry assessment. It is excluded from the tourism assessment to avoid double-counting of economic benefits

³ Between 4 and 17% depending on region and activity

This in turn will limit growth in related tourism, reduce demand for new boats (annual domestic sales of some £200 million), and demand for marinas and moorings, charter companies, inland hire business and sea schools, which together employ 6,000 people and account for an estimated £180 million of value added to the economy. Hence, constraints on supply have important knock-on consequences both for manufacturing and the wider economy.

Investment in inland waterways, by the Navigation Authorities has allowed part of the maintenance backlog to be addressed and this has been absolutely crucial to maintaining the waterways. Maintenance, including the requirement for dredging, is an ongoing challenge, to preserve the quality of infrastructure and facilities.

Changes to the UK Planning Regime and the implementation of the Water Framework Directive are also placing more emphasis on understanding the economic contribution of the industry to enable better informed regional spatial planning and river basin management.

Against this background, opportunities provided by government initiatives to support sporting excellence, tourism and competitiveness will become increasingly important.