MOORINGS MARKET BRIEFING NOTES ON BW's WATERWAYS

NOTE: THIS REPORT IS BEING CONTINUOUSLY UPDATED

Introduction and objectives

This report gathers some core intelligence on BW's moorings market. It is divided up as follows:

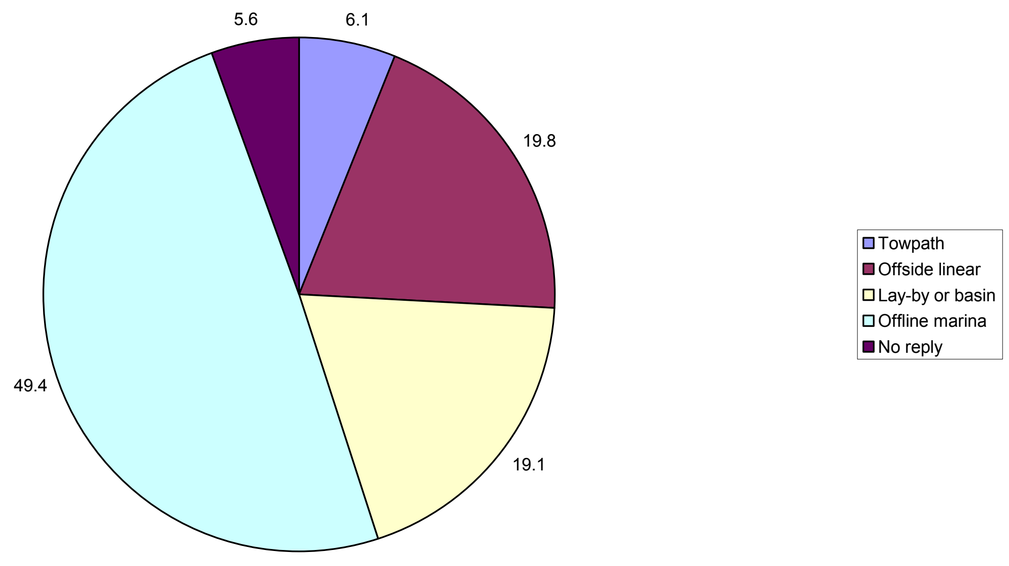
1. **General mooring preferences: what do customers look for?**
2. **Distance of mooring from home analysis**
3. **Boat worth analysis**

The source data for this report comes from one of the question areas in the annual Boat Owners Survey commisioned by British Waterways. Please contact us for further information on the research methodology or any other queries.

1. General mooring preferences: what do customers look for?

This section probes the key question of what drives consumers' choice of mooring. A number of cross-tabulations from the survey were computed to build up a picture and the findings are surprisingly consistent. The core question analysed was survey question 13F: If you could choose any type of mooring, which would you prefer? This yielded the following pie chart overall:

Which type of mooring do you prefer? (% of sample)



The total sample is 1429 of which 27.7% are BW customers. Nevertheless it is still striking that 49.4% would prefer being in an offline marina, all other factors being equal. A later finding confirms that the perceived higher security level found offline is a key factor in explaining this.

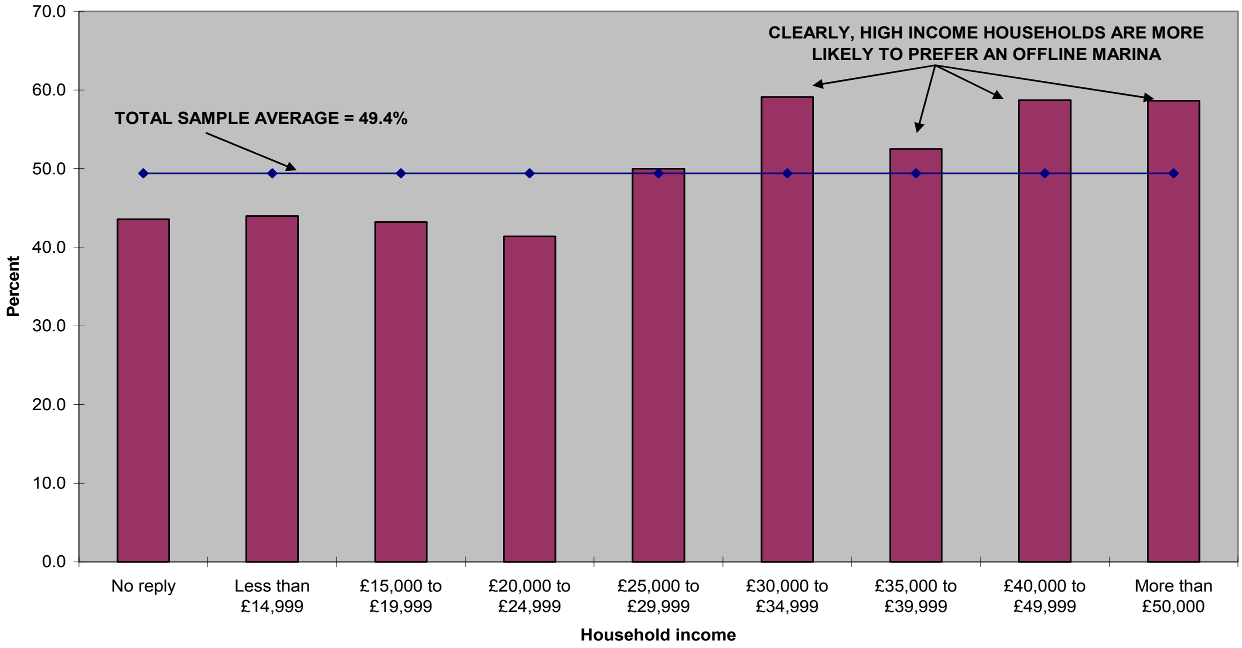
Since the emphasis of this report is offline marinas we put a magnifying glass to customer profile and preference for this mooring type. Although 49% say they prefer an offline marina there is a wide discrepancy between different groups as shown below (row is highlighted in red in the following table):

Type of mooring preferred (%)…	**Residential Boaters**	**BW Clients**	**Non-BW Clients**	**TOTAL Sample**
…Towpath	10.7%	13.1%	3.4%	6.1%
…Offside linear	32.1%	35.4%	13.8%	19.8%
…Lay-by	16.8%	20.5%	18.6%	19.1%
…Offline marina	31.3%	26.0%	58.4%	49.4%
...No reply	9.2%	5.1%	5.8%	5.6%

We can hypothesise that the segments least attracted to offline marinas – residential boaters and BW clients (predominantly online) – probably see boating more as lifestyle than leisure. On the other hand, the majority of those who are not BW clients seem to prefer the convenience, security and services offered by offline marinas.

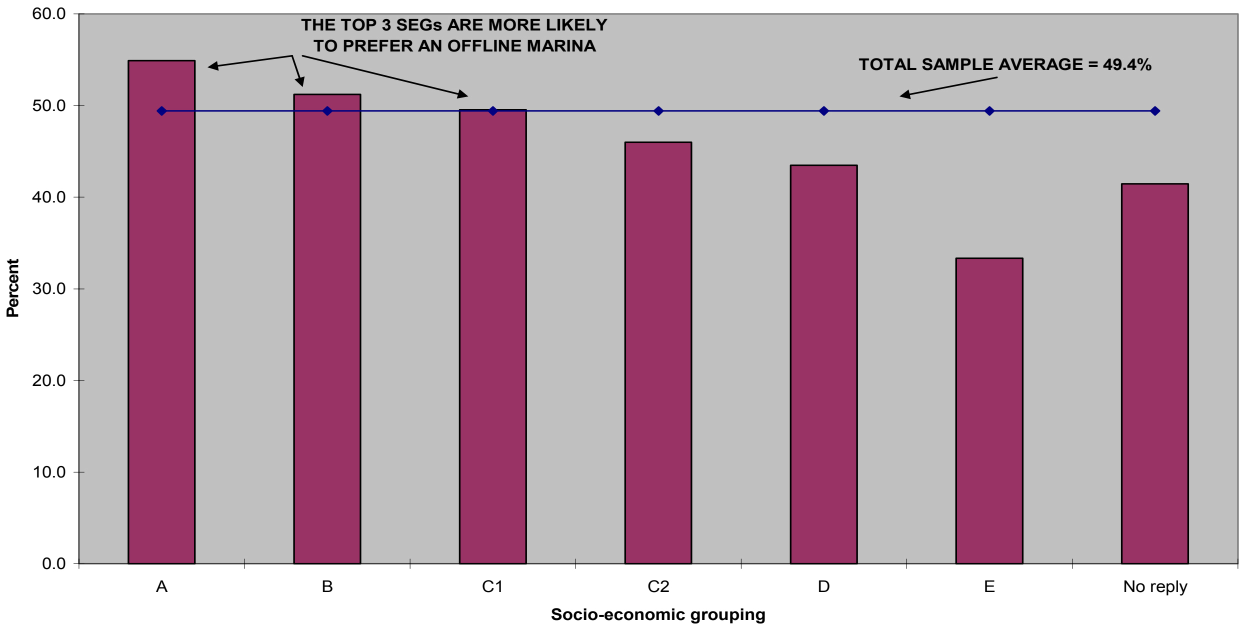
We have also collected data on household income and social group to segment moorers further. The following chart indicates that high income households are generally more likely to choose an offline marina:

Percent who prefer an offline marina, by household income (%)



Looking at this in terms of socio-economic profiling (chart below) reinforces the finding that those in the "prime" groups are the best audience for offline marina developers. This tallies closely with the profile of holiday boaters (revealed by another BW survey).

Percent who prefer an offline marina, by socio-economic grouping (%)



To complete this in-depth look at mooring type preference we also cross-tabulated against some other variables. In line with the findings above it is not surprising that those with the most expensive boats (i.e. worth £50,000 or more) are more attracted to offline marinas than any other group: 55.3% versus 49.4% for the total sample. On the other hand, there was no correlation found between the amount of boating done (whether measured in terms of days cruised or numbers of trips) and the type of mooring preferred.

Finally, it was found that 57.1% (versus the 49.4% average once again) of those who consider the waterways to be overcrowded would also prefer mooring in an offline marina. Whether this is down to a search for tranquil spots or a desire to positively impact the traffic problem, this could also make for an interesting target group.

In summary then, offline marina developers need to target their marketing resources to reach those who seem naturally more attracted to offline marinas, namely:

- Holiday boaters rather than "lifestyle" or residential boaters.
- Those on higher household incomes.
- Those belonging to higher socio-economic group as revealed by newspapers read and other data.
- Those with boats worth greater than £50,000.
- Those who do their boating in relatively congested parts of the waterway.

2. Distance of mooring from home analysis

How far are boat owners willing to travel to reach their mooring? This is another critical question for marina developers as they project demand for a particular site and decide on its ideal "catchment". The survey asks a number of questions on this theme and some of the key findings are presented in this section. Here are some initial findings. For the total sample around half live 10 miles or less from their mooring site with the remainder fairly equally dispersed as follows:

Distance from Mooring (%)…	Private Operator Clients	BW Mooring Clients	Boat Club Clients	"Evaders"	TOTAL Sample
…0 to 10 miles	30.8%	45.4%	39.5%	78.9%	50.5%
…11 to 20 miles	14.8%	15.2%	25.0%	0	12.6%
…21 to 40 miles	17.8%	17.2%	18.4%	5.3%	13.5%
…41 to 100 miles	22.1%	15.0%	11.8%	0%	14.7%
...101 plus miles	14.5%	7.2%	5.3%	15.8%	8.8%

The above suggests that clients of private operators generally have a higher propensity to travel from home than the norm: this is not surprising as the average level of facility is likely to be worth travelling for. This is heartening for new marina developers as it suggests that their potential market should not be restricted to those who live in the immediate vicinity of the site. Those who belong to a boat club on the other hand seem less willing than the overall sample to travel to their mooring, with 17.1% living more than 40 miles from their mooring versus 23.5% for the whole sample. The vast majority of BW moorers also live within 40 miles. Amongst "evaders" (the few who admitted that they don't pay for their mooring) it seems the rule is that they either live very close or very far from their mooring site!

What more can we learn about those willing to travel further to their mooring and can this information help us to market to them? Various other cross-tabs were run and some interesting patterns identified:

- Number of months mooring rented: we might expect those who rent for the whole 12 months to be more likely to be mooring close to home. In fact the opposite is borne out by the data: only 36.8% of year-round moorers live within 10 miles of their mooring versus 50.4% for the total sample. This is hard to explain and requires further investigation.

- There was no significant correlation between the number of days cruised and any lesser or greater propensity to travel to their mooring.

- There was however an interesting pattern relating annual household income and the distance between home and mooring as illustrated in the following table:

Distance from Mooring (%)…	Household income under £15,000	Household income over £50,000	TOTAL Sample
…0 to 10 miles	57.7%	49.4%	50.5%
…11 to 20 miles	14.1%	9.6%	12.6%
…21 to 40 miles	11.4%	10.0%	13.5%
…41 to 100 miles	11.4%	19.2%	14.7%
...101 plus miles	5.5%	11.8%	8.8%

This shows that boaters on high incomes are significantly more willing than the general sample to travel distances over 40 miles to their mooring (31% of them are willing versus 23.5% for the sample). Consistent with this, low-income boating households disproportionately tend to live close to their mooring (71.8% within 20 miles versus 63.1% for the sample). This means that marina operators could progressively target wealthier households as they market further from their immediate vicinity.

- A further interesting pattern emerges when we examine size of household against distance of mooring from home: it seems that both large families (defined as households of four or more) and single people (households of 1) are the least willing to travel to their mooring. Indeed single people are the category with the highest percentage who moor within 10 miles of their home (66.4% versus 50.5% for the sample). On the other hand, households of 3 people seem the most open-minded about travelling a long distance to their mooring (29.4% of such households are more than 40 miles away versus 23.5% overall).

All the above suggests that there are segments of boat owners who are more willing to travel large distances to their mooring. These are typically households of 2 or 3 people on much higher than average incomes; they are also likely to demand marinas with the highest level of facilities provision.

3. Boat worth analysis

This analysis was based on asking boaters the current estimated value of their boat (not how much they paid for it) and seeing how far this factor influenced their view. Some interesting patterns emerged.

Homing in on boaters with the most valuable boats of £51,000 or above it was clear that:

- They are largely concentrated within the 50-59 age group – 44.1% of them as opposed to 36.9% for the total sample.

- They are more likely to have internet access - 78.1% versus 72.2% for the total sample.

- They are significantly more likely to cruise for longer: 44% of expensive boat owners cruised for 61 days or more versus 32% for the sample.

- They are *less* likely to take out a 12 month mooring contract – 70.6% versus 76.2% for the total sample. Indeed 25.5% of them say they have no mooring contract at all (20.9% for total sample) – this group are likely to be continuous cruisers who have invested heavily in their boat as a home.

- 28.2% of this group consider the boat as their primary residence as opposed to 17.6% for the sample. Indeed there is generally a straight-line positive correlation between the value of the boat and the likelihood of the boat-owner using it as their home.

At the other end of the spectrum owners of the cheapest boats (less than £1000) are least likely to use it as their home, very unlikely to take out a 12 month mooring contract (22.7% versus 76.2% for the sample) and far more likely to cruise short distances (64% cruising 20 days or less versus 20% for the sample).

All of this suggests scope for moorings operators and investors to emphasise owners of mid-range boats (£10,000 to £30,000) as an attractive target group: these boaters have good disposable income, an enthusiasm for boating and a stronger inclination to sign 12 month mooring contracts than those at the upper or lower "extremes" of boat value. Though having said this, those with more expensive boats definitely have a preference for offline marinas, as one would expect for the obvious security benefits.