Executive Summary

Purpose of the Study

This study, undertaken by the Dive Industry Association of British Columbia in partnership with Tourism British Columbia, Simon Fraser University, the Underwater Council of British Columbia and Scuba Schools International Canada, is an attempt to estimate the size of the recreational scuba diving industry in the province of British Columbia. The survey on which this report is based was designed to examine the products and services offered by the recreational scuba diving industry, to obtain broad demographic data about its client base and to explore the general health of the industry. In addition to these main objectives, the survey examined marketing practices, perceptions of major threats to the long-term growth of the industry and attitudes towards the creation of a province-wide dive industry association as a way to effectively address the constraints facing the industry. It was envisioned that the information collected with this survey would serve as a basis for informed marketing, business planning and product development decisions for the industry.

Methodology

This report is based on primary data from the recreational scuba diving industry collected during the months of March and April 2004. The survey questionnaire was mailed to all operators that had any clients engaging in recreational scuba diving in 2003, including operators that offered dive charters, live-aboards, recreational diving instruction, or engaged in retail, wholesale or manufacturing of scuba diving equipment. Email and telephone follow up were used to encourage participation and condensed telephone interviews were conducted with a number of the operators that did not return their survey questionnaires.

A response rate of 77% was achieved for key survey questions, which included a 50% response rate to the complete mail-out survey, and a further 53% response rate to the telephone interviews conducted with the operators who had not returned their survey questionnaires. The response rate achieved in this survey is quite high for a mail questionnaire and lends more credibility to the findings reported below, especially after statistical tests for non-response bias have been performed.

Highlights

In 2003, the dive industry in British Columbia consisted of 116 operators that offered scuba diving products and services to both tourists and local residents. Nine of these operators were equipment manufacturers, two were distributors of diving equipment, two were live-aboards and the rest were dive charters, dive shops and/or instructional centres.

Overall, gross revenues from recreational scuba diving were valued at a little over $15,000,000 with estimates varying between $15,100,000 and $15,800,000 depending on the estimation method. The contribution of equipment manufacturers to industry revenues was valued at approximately $2,950,000 ($2,400,000 – $3,500,000), and non-manufacturing operators accounted for the remaining $12,000,000 to $13,000,000. These figures reflect direct revenues from recreational scuba diving products and services and, for the most part, do not include revenues earned from accommodation or meals for the scuba divers. **Therefore, the actual economic value of the British Columbia recreational dive industry is likely to be considerably greater than estimated in this report.**

The British Columbia recreational dive industry was composed mainly of small businesses ranging from very small outfitters that provided part-time summer employment for their owners to full-fledged manufacturers with considerable revenues and over 30 employees. Just under half of all operators earned gross revenues in the range of $0 – 50,000 in 2003. Average gross revenues earned directly from scuba diving were estimated at $130,500 per operator, or in the range of $98,000 to $166,700. A conservative estimate of manufacturers' gross revenues earned in the recreational diving market valued them at $327,500 per operator or between $267,000 and $390,000. Non-manufacturing dive operators were substantially smaller with an average of $115,800 per operator or between $85,400 and $150,000 attributable to recreational scuba diving products and services.

Most dive operators had been in business for several years with an average of a little over 12 years. Only about a third of dive operators reported having started their businesses in the five years prior to 2003. On average, manufacturers had been in business for 24 years, compared to only 11 years for non-manufacturing dive operators.

Dive operators were fairly specialized with recreational scuba diving accounting for three quarters of their gross revenues on average. Just over half of dive operators (51%) earned all their revenues from recreational scuba diving products and services. Most non-manufacturing dive operators offered an integrated scuba experience with about 71% offering instruction, 77% offering dive charters, 58% engaging in equipment retail, 46% renting out equipment and 18% providing meals and/or accommodation to their clients. Other sports and activities generally offered by dive operators included various water sports (canoeing and kayaking in particular), tours to cultural sites, fishing, marine education and wildlife viewing.

In 2003 a typical dive operator employed the equivalent of three full-time workers between the months of March and October, two full-time workers for the rest of the year and one part-time worker year-round. Equipment manufacturers exhibited different hiring patterns, as they employed almost exclusively full-time workers with little seasonal variation in the number of employees. They were also substantially larger than non-manufacturing operators, averaging ten employees for every month of the year. Overall, it was estimated that recreational scuba diving operators in British Columbia provided approximately 310 full-time and 123 part-time jobs in 2003.

About 24,400 divers were estimated to have used the services of British Columbia dive charter operators in 2003 and the recreational dive charter market was valued at $2,700,000 gross revenues per year. An estimated 9,600 to 9,800 people were enrolled in recreational scuba dive courses offered by British Columbia's dive operators in 2003. The recreational diving instruction market in the province was valued at $2,450,000 per year.

Approximately 38% of dive operators had seen their revenues grow over the past 10 years or since their opening, while about 30% had experienced a decline in revenues and another 28% had remained at virtually the same revenues. Although there seemed to be a general consensus among dive operators that the industry had shrunk from its boom in the early 1990s, the majority of dive operators were optimistic about the future of their business, with well over two-thirds expecting a revenue increase over the next 5 years.

The vast majority of dive operators saw repeat guests as the main component of their client base, with marketing and advertising taking a second place as a source of clients. Although small, most dive operators (94%) used some form of marketing in 2003 to attract new clients and guests. The most popular marketing techniques involved the operator's own website, followed by brochures and posters, advertising in the yellow pages and participating in consumer and trade shows. The wide use of computers and the Internet for marketing was demonstrated also by the prominence of email promotions and advertising on other web sites, both among the top seven most frequently used marketing methods. However, only a third of dive operators were involved in some form of co-operative marketing in 2003.

The majority of dive operators' clientele came from within British Columbia (65% on average). The Northwest United States with 13%, and Alberta with 11% formed the second-biggest markets. It was estimated that approximately 70% of dive operators' clients were male and 30% female on average, although considerable variation was reported among operators. The average diver on charter was reported to be between the ages of 25 and 44 and to have traveled/gone diving as an individual, as opposed to as a member of a group of friends or a couple.

About a third (33%) of direct non-manufacturing dive industry revenues in British Columbia were attributable to tourism. The gross contribution of recreational scuba diving tourism was valued at approximately $4,300,000 in 2003.

Over two thirds of dive operators (70%) pointed to marketing difficulties as a serious constraint to the long-term growth of the industry. In addition, over half of the operators participating in the survey were worried about competition from other sports and activities (57%), travel hassles including limited air and/or ground access to visitors and travel safety concerns (56%), and price competition among dive operators (54%). Other perceived threats to dive businesses included inappropriate industry regulations, human resources concerns (including finding and retaining staff with adequate training and staff performance concerns) as well as weak local economies in British Columbia, negative media coverage and public perceptions of the industry and a general lack of interest towards the sport.

The majority of dive operators expressed their conviction that more effective marketing would be instrumental in overcoming the constraints that face their industry. They identified two main areas where marketing efforts need to be directed – increasing active divers' awareness of the British Columbia's exceptional diving environment (both in and out of the province) and expanding the client base by introducing more people to recreational scuba diving (mainly focused on the local market).

In addition, many dive operators seemed to think that they would benefit from working together as a group to pool resources and expertise to successfully market British Columbia as a dive destination. A number of operators went on to suggest particular marketing strategies, largely based on co-operative marketing, which they perceived to hold a yet untapped potential for fostering growth in the industry.

Furthermore, about half of dive operators expressed an interest in pursuing the idea of a provincial-wide dive industry association to tackle the constraints facing the industry. Some of the most frequently suggested roles for such an organization were assisting with coordinating co-operative marketing and larger-scale marketing campaigns out of province, as well as lobbying for preferential credit financing, group insurance rates and transport infrastructure improvements. However, dive operators also warned of "the competitive nature and history of [dive] shops in the province" which would make it difficult to obtain the consensus needed to confront industry problems together.