GHK

The Economic Significance of the UK Motor Cycle Industry

THE MOTOR CYCLE INDUSTRY ASSOCIATION

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The Motor Cycle Industry Association

A final report submitted by GHK

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EXECUTIVE SUMMARY

The Motor Cycle Industry Association commissioned GHK Consulting Ltd to undertake a study to assess the economic significance of the UK motorcycle industry. The main objectives of the study were to quantify the economic contribution of the industry and its subsectors, and associated tourism expenditures and impacts,

The analysis has been based largely on existing documents and data, supported by consultations with industry representatives and a survey of motorcycle businesses.

Context

The UK motorcycle industry is defined, for the purposes of this study, as comprising the five key sectors of: manufacturing; distribution and retail; repair, servicing and maintenance; sports and leisure; and other support services (training and testing, financial services, motorcycle couriers, motorcycle hire, marketing and publishing).

There are approximately 1.4 million motorcycles and 1.5 million motorcyclists in the UK and the industry has experienced significant growth in recent years. The number of licensed motorcycles has increased by 50% since 1999 and 100% since the mid 1990s.

However, sales of new motorcycles fell by around 20% in 2009, due to the recession, although UK manufacturers have performed better than most and UK motorcycle production has continued to increase during these difficult times. There is also significant potential for further growth as levels of motorcycle ownership in the UK are amongst the lowest in Europe.

The Economic Significance of the UK Motorcycle Industry

The UK motorcycle industry is of considerable size with net annual sales of almost £5.2 billion and has a significant impact on the UK economy, generating added value of more than £2 billion per annum. For comparison, this is more than gambling and betting activities and the production, distribution and promotion of all film, video, TV and music in the UK.

The industry directly employs 65,500 people in more than 6,350 businesses, which is more than each of the following: UK call centres; the market research sector; taxi driving; and libraries, museums and other cultural activities.

	Total UK Motorcycle Industry	Manufacturing	Distribution & Retail	Repair, Servicing & Maintenance	Sport & Leisure	Other Support Services
Turnover (£m)	5,933	495	3,073	292	483	1,590
Purchases (£m)	3,865	341	2,439	190	245	650
GVA (£m)	2,068	154	634	102	238	940
Wages (£m)	1,232	82	289	66	188	607
Profits (£m)	632	50	304	29	48	201
Exports (£m)	368	359	n/a	n/a	9	Minimal
Imports (£m)	853	828	n/a	n/a	25	Minimal
Taxes * (£m)	1,004	60	391	41	97	359
Employment	65,530	2,870	20,380	4,000	10,210	28,070
Businesses	6,346	353	1,775	1,327	800	2,091

* Includes VAT, income and corporation tax, fuel and vehicle excise duties

Other key economic benefits include:

- Tax contributions of more than £1 billion per year,
- Average wages of £18,800 across the whole industry, £21,600 in the support services and £28,600 in manufacturing sectors.
- A significant and increasing contribution to exports of £370 million per annum,
- Supply chain impacts support an additional £750 million of GVA and 16,000 FTE jobs in the UK economy.

In total, the industry supports £2.8 billion of GVA and 81,500 jobs in the UK economy, directly within the industry and indirectly through purchases from other UK industries.

Tourism Impacts

The UK motorcycle industry also generates associated tourism impacts as a result of motorcycle-related expenditures on accommodation, food and drink, etc. We estimate that:

- Motorcycle-related tourism spending in the UK totals £570 million and supports more than 13,000 tourism jobs,
- Motorcycling tourists from overseas spend £17 million on UK trips, supporting approximately 400 tourism jobs,

Wider Benefits

The UK motorcycle industry includes many high value, innovative businesses that together make an important contribution to economic development in the UK and whose products are exported around the world. Examples of UK strengths and success stories are given in the case studies in the main report. For example, Triumph has increased its turnover by almost 300% over the last ten years and exports more than 80% of its finished motorcycles.

UK motorcycle manufacturers are also investing heavily in R&D and innovating to drive the future of the industry. This includes activity to:

- Develop clean technologies and reduce carbon emissions. For example, Intelligent Energy of Loughborough University is working with Suzuki to develop hydrogen powered motorcycles, while the UK is also driving the development of electric race bikes and has established the eGrandPrix championship.
- Improve the safety of motorcyclists and other road users, through the delivery of training (e.g. California Superbike School) and safety developments relating to helmets (e.g. Davida) and motorcycle clothing (e.g. Forcefield Body Armour),
- Further develop advanced engineering capabilities and expertise in the UK (E.g. Scion Sprays' fuel injection and engine management technologies to improve performance and deliver economic and environmental benefits).

Future Opportunities

The UK motorcycle industry has significant opportunities for future growth by increasing demand for motorcycle goods and services amongst existing and new riders. This demand can be enhanced through further R&D and innovations, particularly around increased safety and convenience, and technological and low carbon advances. The industry argues that motorcycles should be included in sustainable transport plans that aim to reduce congestion, carbon emissions and parking issues.

1 INTRODUCTION

1.1 This Report

GHK Consulting Ltd (GHK) was commissioned by the Motor Cycle Industry Association (MCIA) to undertake a study of the economic contribution and significance of the UK motorcycle industry. This report presents evidence of the current definition, scale and economic significance of the UK motorcycle industry and its interactions with the tourism industry and uses case studies to demonstrate specific examples of high value-added, high technology and highly innovative activities within the industry.

1.2 Study Aims and Objectives

The overall aim of the study was to assess and document the significance of the motorcycle industry to the UK economy. More specifically, the study aimed to:

- Review existing information on the economic significance of the industry,
- Quantify the economic contribution of major subsectors and the total motorcycle industry,
- Quantify tourism expenditure and economic impact as well as the total business benefits attributable to motorcycling,
- Identify how many consumers and organisations participate in the industry,
- Provide case studies of high value added and/or innovative activities to help illustrate the value of the UK motorcycle industry.

1.3 Report Structure

The remainder of this report is structured as follows:

- Chapter 2 presents the analytical framework adopted for the study;
- Chapter 3 provides an assessment of the total UK motorcycle industry;
- Chapter 4 presents the assessment of the five core sectors;
- Chapter 5 assesses the impact of the industry on tourism in the UK;
- Chapter 6 discusses wider economic trends, issues and opportunities;
- Chapter 7 presents the conclusions of the study;
- Supporting information is provided in a set of annexes, including a list of people consulted as part of the study, a list of references, a more detailed analysis of the economic significance of each sector of the UK motorcycle industry, and an analysis of tourism impacts.

2 ANALYTICAL FRAMEWORK

2.1 Introduction

The purpose of the study was to undertake an assessment of the economic significance of the UK motorcycle industry, i.e. its total economic contribution to the UK economy.

2.2 The UK Motorcycling Industry

The UK motorcycling ‘industry’ comprises a range of subsectors or ‘activities’ including:

- manufacturing of motorcycles, components, fuel, clothing and other accessories,
- distribution and retail of the above products,
- repair, maintenance and servicing of motorcycles,
- motorcycle sports and leisure activities,
- other services (motorcyclist training and testing, finance, insurance, motorcycle couriers, motorcycle hire, marketing, publishing, etc.).

Examples of the goods and services provided to consumers by businesses operating in these sectors are listed in Table 2.1.

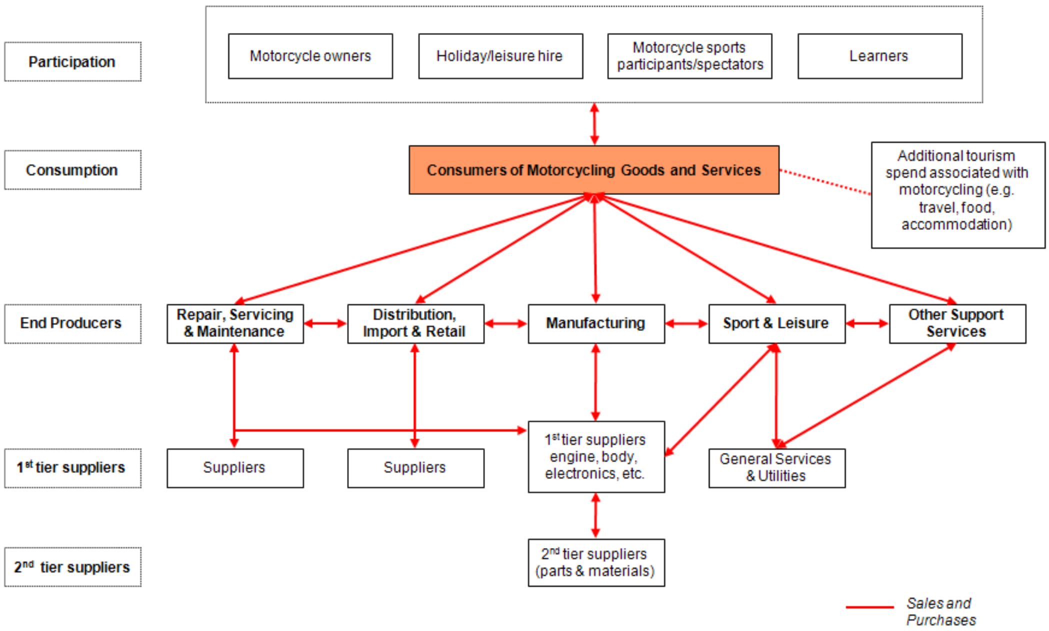
Table 2.1: Goods and Services Provided by the UK Motorcycle Industry

Goods – Motorcycles	Motorbikes and scooters New and second-hand For use on and off road
Goods – Motorcycle Components, Clothing, Accessories and Fuel	Engines Bodywork Electrical components Tyres Fuel Helmets Clothing Boots Gloves Wide range of other products
Services	Distribution and retail of motorcycles, components, clothing, accessories and fuel Maintenance, repairs and servicing Motorcyclist training and testing Insurance and other financial services Motorcycle couriers Motorcycle hire and lease Motorcycle marketing and publishing Sports and leisure activities (including general goods and services provided to tourists as well as more specialist services)

A useful starting point for considering the economic significance of an industry is in relation to a value chain. Based on the above activities, goods and services, the UK motorcycle industry is defined, for the purposes of this study, as comprising the key sectors of: manufacturing; distribution and retail; repair, servicing and maintenance; sport and leisure; and suppliers of associated support services.

These five main sub-sectors comprise the basic building blocks for the economic analysis and an indication of the linkages between these sectors is shown in Figure 2.1.

Figure 2.1: Motorcycle Industry Sector Map and Value Chain



2.3 Assessing Economic Significance

The economic significance of the UK motorcycle industry is derived from the production of, and spending on, motorcycle related goods and services in the UK. The scale of this contribution to the UK economy can be assessed using a range of indicators that represent the national economic significance of the industry in a number of different ways and include: gross value added; sales; taxes; net exports; employment; and tourism. For the purpose of this study, the economic significance of the UK motorcycle industry comprises:

- ***Estimates of added value*** of motorcycling goods and services;
- The ***tax contribution*** of motorcycling activities (i.e. VAT, corporation tax, income tax, fuel and vehicle excise duties);
- The value of ***net exports*** of motorcycles and components (taking account of imports) – as a contribution to the balance of trade;
- The total ***level of employment*** and average ***wages***;
- Motorcycle-related ***tourism spend*** and the number of UK tourism jobs supported.

Gross Domestic Product (GDP) and Gross Value Added (GVA) are the main measures of the overall scale of economic activity. GDP is defined in the National Accounting Framework as the sum of all incomes earned by the production of goods and services on UK economic territory, wherever the earner of the income may reside, while GVA represents the total additional value generated by all producer units in a region or country.

The sector map in Figure 2.1 shows how consumers purchase goods and services from the individual sectors of the motorcycle industry, while these sectors will also purchase inputs, both from other motorcycling sectors and from other sectors outside of the motorcycle industry. Estimates of the industry can be derived using:

- Estimates of the expenditures of participants in the motorcycling industry (i.e. estimates from the demand side). This will involve estimating the expenditures of motorcyclists (e.g. spend on motorcycles, components, clothing, fuel, repairs, sport and tourism) and then breaking it down in terms of value added by the specialist motorcycle sectors and spend from other sectors (i.e. materials, food and drink, fuel, etc.)

and/or

- Estimates of the value added from the production of motorcycle goods and services (i.e. estimates from the supply side). This will involve estimating the total value of goods and services produced by the industry and subtracting the costs of purchasing intermediate goods and services, within each of the five key motorcycling sectors. (An alternative supply side approach is the 'income approach', which estimates the total income received as wages, profits and rents in producing the goods and services).

2.4 Methodological Issues

The motorcycle industry comprises a broad range of different economic sectors and activities and does not fit neatly with conventional industry definitions, such as the Standard Industrial Classification (SIC), which are typically used to measure the economic significance of economic activity.

The different activities of the industry are included under a wide range of SIC headings, alongside other non-related activities in many cases, so that data relating to the whole of the UK motorcycling industry cannot be identified clearly using official data. The following table includes a list of activities, defined at the 4 digit SIC level, that are considered to provide the closest match for the UK motorcycle industry (although this list will also include a significant number of additional activities not related to motorcycling).

Table 2.2: The UK Motorcycling Industry using Standard Industrial Classification

SIC 2007 Sector - Code and Descriptor	Relevance to Motorcycle Industry	Relevant Industry Sub-sector
30.91 - Manufacture of motorcycles	Includes the manufacture of motorcycle engines, sidecars, parts and accessories for motorcycles	Manufacturing – Motorcycles and Components
14.11 - Manufacture of leather clothes	Includes (among other things) manufacture of leather clothing for motorcycling	Manufacturing – Clothing and Other Accessories
14.19 - Manufacture of other wearing apparel & accessories n.e.c.	Includes (among other things) manufacture of motorcycling gloves	Manufacturing – Clothing and Other Accessories
15.20 - Manufacture of footwear	Includes (among other things) manufacture of motorcycling footwear	Manufacturing – Clothing and Other Accessories
32.30 - Manufacture of sports goods	Includes (among other things) manufacture of leather sport gloves and sports headgear for motorcycling	Manufacturing – Clothing and Other Accessories
32.99 - Other manufacturing n.e.c.	Includes (among other things) manufacture of plastic and metal safety headgear, protective safety clothing / equipment for motorcycling	Manufacturing – Clothing and Other Accessories
06.10 - Extraction of crude petroleum	Includes (among other things) extraction of crude petroleum for motorcycle use	Manufacturing - Fuel
19.20 - Manufacture of refined petroleum products	Includes (among other things) production of motor fuel, lubricating oils and greases for motorcycle use	Manufacturing - Fuel

SIC 2007 Sector - Code and Descriptor	Relevance to Motorcycle Industry	Relevant Industry Sub-sector
45.40 - Sale, maintenance & repair of motorcycles & related parts & accessories	Comprises activities relating to the wholesale and retail sale of motorcycles and related parts and accessories, and to the repair and maintenance of motorcycles	Distribution and Retail – Motorcycles and Components Repair, Maintenance and Servicing
46.71 - Wholesale of solid, liquid & gaseous fuels & related products	Includes (among other things) wholesale of fuels, greases, oils and lubricants for motorcycles	Distribution and Retail – Fuel
47.30 - Retail sale of automotive fuel in specialised stores	Includes (among other things) retail of fuel, lubricating and cooling products for motorcycles	Distribution and Retail – Fuel
46.42 - Wholesale of clothing & footwear	Includes (among other things) wholesale of motorcycle clothing	Distribution and Retail – Clothing and Accessories
47.71 - Retail sale of clothing in specialised stores	Includes (among other things) retail of motorcycle clothing	Distribution and Retail – Clothing and Accessories
47.72 - Retail sale of footwear & leather goods in specialised stores	Includes (among other things) retail of motorcycle footwear and leather goods	Distribution and Retail – Clothing and Accessories
47.64 - Retail sale of sporting equipment in specialised stores	Includes (among other things) retail of motorcycle sports equipment	Distribution and Retail – Clothing and Accessories
93.11 - Operation of sports facilities	Includes (among other things) racetracks used for motorcycle races / events	Motorcycle Sport and Leisure – Motorcycle Sport
93.12 - Activities of sports clubs	Includes (among other things) activities of motorcycle sports clubs	Motorcycle Sport and Leisure – Motorcycle Sport
93.19 - Other sports activities	Includes (among other things) producers and promoters of motorcycle sport events, motorcycle race teams and riders, motorcycle sporting leagues, regulating bodies, officials and referees	Motorcycle Sport and Leisure – Motorcycle Sport
79.10 - Travel agency & tour operator activities	Includes (among other things) organisers of motorcycling holidays, leisure trips and motorcycle tour operators	Motorcycle Sport and Leisure – Leisure Tours
85.53 - Driving school activities	Includes (among other things) motorcyclist training and testing	Other Services – Motorcyclist Training and Testing
65.12 - Non-life insurance	Includes (among other things) motorcycle insurance	Other Services – Motorcycle Insurance
66.22 - Activities of insurance agents & brokers	Includes (among other things) motorcycle insurance agents / brokers	Other Services – Motorcycle Insurance
64.19 - Other monetary intermediation	Includes (among other things) banks and building societies providing credit for purchases relating to motorcycling	Other Services – Motorcycle Finance
64.92 - Other credit granting	Includes (among other things) credit granted by other sources for purchases relating to motorcycling	Other Services – Motorcycle Finance
53.20 - Other postal & courier activities	Includes (among other things) motorcycle couriers	Other Services – Motorcycle Couriers
77.39 - Renting and leasing of other machinery, equipment & goods n.e.c.	Includes (among other things) renting of motorcycles	Other Services – Motorcycle Hire
73.00 - Advertising & market research	Includes (among other things) advertising and marketing campaigns, market research and consultancy for the motorcycle industry	Other Services – Motorcycle Marketing and Publishing
58.14 - Publishing of journals & periodicals	Includes (among other things) publishing of motorcycle magazines	Other Services – Motorcycle Marketing and Publishing

This table shows that official industry data defined by SIC sectors does provide a close match with some of the sectors comprising the UK motorcycle industry (e.g. the manufacture of motorcycles), and will provide relevant information in these cases. However, for other sectors (e.g. motorcycle sport) the SIC sector definitions are much less relevant and additional data and information will be required to estimate the economic significance of these specific motorcycle sectors.

2.5 The Study Approach

To overcome the above issues, the study uses a combination of output based measures (using SIC defined sectors) and expenditure based measures to determine the economic significance of the motorcycle industry. The approach used for each sector very much depends upon the quality and appropriateness of the different data sources available.

The overall approach to the industry analysis has been to use a combination of official statistics from the Annual Business Inquiry (ABI) and other sources, existing data from the MCIA and other industry organisations, supplemented by consultations with industry representatives, including a survey of MCIA members and motorcycle dealers undertaken as part of this study. The research has extracted as much value as possible from existing data and, where possible, reconciled official industry data with that produced by the MCIA and other industry sources, and supplemented this with primary data collected as part of this study. More details on the references and organisations consulted as part of this study can be found in Annexes.

The study approach also separates the assessment of the economic significance of the industry from the related tourism impacts (based on the assessment of participants, visitors and their related expenditures).

In summary, this approach provides:

- An analysis of the significance of the industry and associated tourism impacts,
- An analysis of the economic contribution of the five different industry sub-sectors,
- An analysis of industry strengths, trends and constraints.

It should also be noted that most data presented throughout the report refers to 2008, unless otherwise stated.

3 THE UK MOTORCYCLING INDUSTRY

3.1 Introduction

The UK motorcycle industry covers a wide and diverse range of goods, services, activities, businesses and markets, as described above. This section presents the findings of the assessment of the economic significance of the overall motorcycle industry, based on individual assessments of the five main sectors of: manufacturing; distribution and retail; repair, servicing and maintenance; sport and leisure; and other support services. These sectors are strongly interlinked through the value chain of sales of motorcycles and motorcycle equipment, as presented in Figure 2.1. Summaries of each individual sector are presented in Chapter 4, while more detailed analysis can be found in Annex III. Finally, an analysis of the associated, wider tourism impacts is presented in Chapter 5.

3.2 The UK Market for Motorcycling

Official data sources suggest that the number of licensed motorcycles has been increasing over time and there are currently more than 1.3 million licensed motorcycles in the UK (including Northern Ireland)[1]. It is also reported that 3.6% of the 'active' motorcycle stock in the UK was thought to be unlicensed in 2008, suggesting that there are likely to be closer to 1.4 million motorcycles in the UK.

New purchases of motorcycles have been growing in recent years, but have experienced declines of around 20% in 2009 as a result of the recession, which is discussed in greater detail in Chapter 6.

In terms of individual 'motorcyclists', the MCIA suggests that there are approximately 1.5 million active motorcyclists in the UK[2], representing around 3% of the UK adult population[3]. Ownership rates suggest there are approximately 22 motorcycles per 1,000 people, which places the UK amongst the lowest in Europe, and suggests there is significant potential for further growth.

3.3 Business Numbers

The industry is estimated to consist of approximately 6,350 businesses, primarily based on official government statistics and specific industry data.

Table 3.1: Number of Businesses in the UK Motorcycle Industry, 2008

	Businesses Number	Businesses % of Industry Total
Manufacturing	353	5.6%
Distribution & Retail	1.775	28.0%
Repair, Servicing & Maintenance	1,327	20.9%
Sport & Leisure	800	12.6%
Other Support Services*	2,091	32.9%
Total UK Motorcycle Industry	**6,346**	**100%**

Source: GHK estimates

** excludes financial services companies (many providers of motorcycle finance and insurance operate across multiple sectors, preventing accurate estimates of business numbers)*

[1] Based on data from the Driver and Vehicle Licensing Agency (DVLA), the Department for Transport (DfT) and the Driver and Vehicle Agency (DVA) in Northern Ireland

[2] MCIA, Consumer Survey – Non-Riders Attitudes to Motorcycling http://www.mcia.co.uk/downloads_temp/e9749e02-208a-41c5-89ad-57cc3f05a093_Imported_File.PDF

[3] ONS, Mid Year Population Estimates, 2008

3.4 Turnover

The sum of all sales in the UK motorcycle industry in 2008 was estimated at £5.9 billion. Table 3.2 presents turnover data by sector and type of product and service. It shows the particular significance of the distribution and retail of motorcycling products in the UK.

Table 3.2: Turnover (Gross Sales) of Motorcycles, Motorcycle Equipment and Services, 2008 (£ million)

	Motorcycles £ million	Components £ million	Clothing / Accessories £ million	Fuel £ million	Services £ million	Total Sector £ million
Manufacturing	289		141	65		495 (8.3%)
Distribution & Retail	1,643	255	1,100	75		3,073 (51.8%)
Repair, Servicing & Maintenance					292	292 (4.9%)
Sport & Leisure					483	483 (8.1%)
Other Support Services					1,590	1,590 (26.8%)
Total UK Motorcycle Industry	**2,187**		**1,241**	**140**	**2,365**	**5,933**

Source: GHK estimates

It should be noted that the gross sales of £5.9 billion include sales from one industry sub-sector to another, and therefore double count the goods and services purchased from within the industry. For example, the retail figures will double count the value of motorcycling goods manufactured in the UK. The findings of the survey of MCIA members and motorcycle dealers suggest that around 20% of expenditures on goods and services are purchases from other UK motorcycle businesses, totalling approximately £750 million. Subtracting these purchases to avoid double counting, suggests that net sales in the UK motorcycle industry are worth almost £5.2 billion.

However, this figure also overstates the true 'value' of the industry, given the large number of imported goods sold in the UK. Therefore GVA, which estimates the value added by each industry sub-sector, provides a better measure of the economic significance of the sectors and the industry as a whole.

3.5 Exports

The UK motorcycle industry is a net importer of goods and services to an estimated value of £485 million. The UK imports significant numbers of motorcycles and related products, particularly from Europe and Japan, but also the US and increasingly from China. However, UK manufacturers and some service providers also generate significant revenue from exports as presented in Table 3.3 below.

Table 3.3: Net Exports by Type of Product, 2008

	Motorcycles £ million	Components £ million	Clothing / Accessories £ million	Fuel £ million	Services £ million	Total £ million
Exports	234		115	10	9	368
Imports	555		273	0	25	853
Net Exports	**-321**		**-158**	**10**	**-16**	**-485**

Source: GHK estimates

3.6 Employment and Wages

GHK estimates suggest that the UK motorcycle industry employed a total of 65,500 people in 2008 and paid more than £1.2 billion in wages at an average of £18,800 per employee, as presented in Table 3.4. The average wage is relatively low compared to the 2008 UK average of £20,200[4]. This is due to the high proportion of retail jobs, which are low value jobs earning an average wage of £12,650 per annum across the total UK retail sector[5]. Motorcycle manufacturing and other services jobs earn a much higher average wage.

Table 3.4: Employment and Wages by Sector, 2008

	Employment Number	Wages £ million	Average Wage £
Manufacturing	2,870	82	28,570
Distribution & Retail	20,380	289	14,180
Repair, Servicing & Maintenance	4,000	66	16,500
Sport & Leisure	10,210	188	18,410
Other Support Services	28,070	607	21,600
Total UK Motorcycle Industry	**65,530**	**1,232**	**18,800**

Source: GHK estimates

3.7 Profitability

Industry consultation and survey responses suggested that net profits represent around 10% of turnover across much of the industry, although this average masks potentially significant variations between different sectors and firms. For example, this assumption appeared to significantly underestimate profits of the financial services sectors, so an assumption of 20% was used in these cases.

Using these ratios of profits to gross sales provides an estimate of the total value of profit in the UK motorcycle industry of around £630 million, as presented in Table 3.5.

Table 3.5: Profits of the UK Motorcycle Industry, 2008

	Profit £ million	Profit % of Industry Total
Manufacturing	50	7.9%
Distribution & Retail	304	48.1%
Repair, Servicing & Maintenance	29	4.6%
Sport & Leisure	48	7.6%
Other Support Services	201	31.8%
Total UK Motorcycle Industry	**632**	**100%**

Source: GHK estimates

3.8 Value Added

GVA provides a robust measure of the economic significance of the sectors and the industry as a whole. The GVA estimates in this study have typically been derived by:

- estimating the expenditures of participants in the industry, broken down in terms of value added by the specialist motorcycle sectors and spend from other sectors,

[4] Annual Business Inquiry (ABI), Total employment costs divided by total employment for all sectors, 2008

[5] ABI, Total employment costs divided by total employment for the whole retail sector (SIC 47), 2008

- estimating the total value of goods and services produced by the industry and subtracting the costs of purchasing intermediate goods and services,
- estimating the total income received by each sector as wages, profits and rents.

Based on these assessments, we estimate that the value added of the UK motorcycle industry is more than £2 billion. The GVA per employee estimate of £31,600 is slightly below the average of £34,600 across the economy as a whole. However, the figures also highlight the high productivity of the UK motorcycle manufacturing sector, which generates almost £54,000 of GVA per employee.

Table 3.6: Value Added of the UK Motorcycle Industry, 2008

	GVA £ million and % of total	GVA per employee £
Manufacturing	154 (7.4%)	£53,700
Distribution & Retail	634 (30.7%)	£31,100
Repair, Servicing & Maintenance	102 (4.9%)	£25,500
Sport & Leisure	238 (11.5%)	£23,300
Other Support Services	940 (45.5%)	£33,500
Total UK Motorcycle Industry	**2,068**	**£31,600**

Source: GHK estimates

3.9 Taxes

Tax contributions have been based on estimates of value added tax (VAT), income tax, corporation tax and, where appropriate, vehicle and fuel excise duties (using the relevant tax rates[6]). These provide an indication of total tax contributions, based on estimates of output and income. The total tax contribution of the UK motorcycle industry is estimated to be more than £1 billion, as presented in Table 3.7 by type of tax and industry sector.

Table 3.7: Tax Contributions from the UK Motorcycle Industry, 2008

	VAT £ million	Income Tax £ million	Corporation Tax £ million	Fuel Excise Duty £ million	Vehicle Excise Duty £ million	Total Tax Contribution £ million
Manufacturing	27	18	15			60
Distribution & Retail	130	64	91	106		391
Repair, Servicing & Maintenance	18	14	9			41
Sport & Leisure	42	41	14			97
Other Support Services	165	134	60			359
Licensed motorcycles [7]					56	56
Total UK Motorcycle Industry	**382**	**271**	**189**	**106**	**56**	**1,004**

Source: GHK estimates

[6] VAT: 17.5% of net output; Income Tax: 22% of wages; Corporation Tax: 30% of profits; Fuel Excise Duty: 56.19 pence per litre +VAT; Vehicle Excise Duty: see footnote below.

[7] Motorcycle vehicle tax is estimated as the number of motorcycles registered in each class of engine size, multiplied by the corresponding 12 month rate of vehicle tax. The resulting tax payments by engine size are then summed to provide total industry vehicle tax contributions of £56 million (i.e. 0-150cc: 396,000 motorcycles x £15 = £5.9 million, 151-400cc: 130,000 motorcycles x £33 = £4.3 million, 401-600cc: 244,000 motorcycles x £48 = £11.7 million, 600cc+: 521,000 motorcycles x £66 = £34.4 million)

3.10 Supply Chain Effects

The UK motorcycle industry also supports further incomes and employment, through purchases of goods and services from other UK sectors. The turnover of the industry can be broken down into four parts:

- GVA (the value added by each industry sub-sector),
- Goods and services purchased from other businesses in the UK motorcycle industry,
- Goods and services imported from overseas businesses (i.e. expenditure lost from the UK economy),
- Goods and services purchased from other UK industries (e.g. raw materials, utilities, office supplies, accounting services, etc.), which support additional incomes and jobs in the UK economy.

GVA estimates were presented in section 3.8, while Table 3.8 below shows how purchases of goods and services are split between the UK motorcycle industry, imports from overseas, and other (non-motorcycle related) UK industries[8].

Table 3.8: Goods and Services Purchased by the UK Motorcycle Industry, 2008

	Purchases from other UK motorcycle businesses £ million	Purchases from overseas £ million	Purchases from other UK industries £ million	Total Purchased Good and Services £ million
Manufacturing	34 (10%)	34 (10%)	273 (80%)	341
Distribution & Retail	488 (20%)	1,463 (60%)	488 (20%)	2,439
Repair, Servicing & Maintenance	133 (70%)	19 (10%)	38 (20%)	190
Sport & Leisure	25 (10%)	25 (10%)	196 (80%)	245
Other Support Services	65 (10%)	65 (10%)	520 (80%)	650
Total UK Motorcycle Industry	**744 (19%)**	**1,606 (42%)**	**1,515 (39%)**	**3,865**

Source: GHK estimates

The £1.5 billion of goods and services purchased by the UK motorcycling industry from other UK industries will support additional income and jobs. Using ratios calculated from the Government's National Accounts (the Blue Book), this expenditure is estimated to support approximately 16,000 full time equivalent (FTE) jobs[9] and £750 million of GVA[10] across the UK economy.

[8] Estimates are based on information provided by the industry as responses to the survey of MCIA members and motorcycle dealers

[9] ONS, UK National Accounts (Blue Book): Gross output per FTE across the economy as a whole is estimated to be approximately £94,000. Therefore £1.5 billion of expenditure will support around 16,000 jobs in other UK sectors.

[10] ONS, UK National Accounts (Blue Book): £0.50 of GVA per £1 of gross output across the economy as a whole. Therefore £1.5 billion of expenditure will support £750 million of GVA in other UK sectors.

3.11 Summary Findings

The UK motorcycle industry, focusing on the five main sectors as defined for the purposes of this study, has been estimated to directly add value of more than £2 billion to the UK economy each year and support additional GVA of £750 million in other UK sectors through the purchase of goods and services. The other key economic contributions of the industry include:

- The provision of around 65,500 jobs in some 6,350 businesses in the UK motorcycle industry, as well as supporting a further 16,000 jobs in other UK sectors,
- A yield of more than £1 billion of tax contribution per year,
- Exports of £370 million per annum.

Table 3.9 provides headline figures for the total industry and the five main sectors, which are summarised in Chapter 4, while full data and analysis are provided in Annex III.

Table 3.9: Overview of the Economic Significance of the UK Motorcycle Industry, 2008

Estimates	Total UK Motorcycle Industry	Manufacturing	Distribution & Retail	Repair, Servicing & Maintenance	Sport & Leisure	Other Support Services
Turnover £ Million	5,933	495	3,073	292	483	1,590
Purchases £ Million	3,865	341	2,439	190	245	650
GVA £ million	2,068	154	634	102	238	940
Wages £ Million	1,232	82	289	66	188	607
Profits £ million	632	50	304	29	48	201
Exports £ million	368	359	n/a	n/a	9	Minimal
Imports £ Million	853	828	n/a	n/a	25	Minimal
Taxes * £ Million	1,004	60	391	41	97	359
Employment Numbers	65,530	2,870	20,380	4,000	10,210	28,070
Businesses Number	6,346	353	1,775	1,327	800	2,091

* Includes VAT, income and corporation tax, fuel and vehicle excise duties

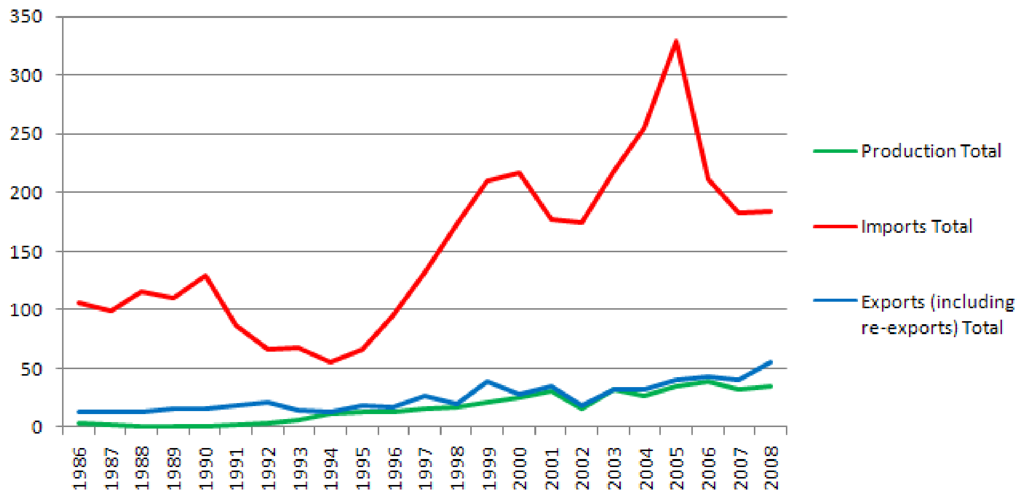
4 SECTOR ASSESSMENT

4.1 Motorcycle Manufacturing

4.1.1 Sector Overview

The manufacturing sector includes the manufacture of motorcycles, components, clothing and accessories, and fuel. The manufacture of motorcycles is the most significant activity and chart 4.1 shows that the UK production of motorcycles has increased significantly and consistently over time. Levels of production were very low in the mid to late 1980s and have since increased to around 34,000 motorcycles in 2008, most of which are exported to the US and European countries. The chart also shows the high levels of imports, which are some four times larger than 2008 levels of production, although these are likely to have fallen in 2009 as a result of the recession and the low value of the Pound in particular.

Chart 4.1: UK Production, Imports and Exports of Motorcycles



Source: Business and Trade Statistics

The UK is currently developing considerable strengths in the manufacture of motorcycles and related products. The most significant manufacturer, currently accounting for the majority of UK production and driving the growth of the sector, is Triumph Motorcycles. This well-known and well respected UK manufacturer and exporter is described in more detail in the box below.

Triumph – Manufacturer of Motorcycles, Components, Clothing and Accessories

Triumph is a privately-owned British company with a long history, spanning more than 120 years, of producing motorcycles with classic designs and a distinctive character.

A brief history

Triumph initially produced bicycles before the first Triumph motorcycle was produced in 1902[11]. The company also played a significant role during the first and second world wars, supplying motorcycles to the military. Triumph was quick to develop export opportunities and by 1950, was selling more motorcycles in the US than any other market, including the UK[12]. The 1970s and early 80s proved a difficult time for Triumph, along with much of the British motorcycle industry, which led to the decision for Triumph to merge with Norton. However, the lack of capital and increased competition from Japan eventually led to the closure of the Triumph factory in 1983.

[11] Triumph Motorcycle History http://www.motorcycle.com/manufacturer/history-triumph-motorcycle.html

[12] Triumph Motorcycle History http://www.motorcycle.com/manufacturer/history-triumph-motorcycle.html

Fortunately, an English property developer, John Bloor, bought the site and began to rebuild the business. Around $60 million was invested in a new factory with mass-production capabilities and tools in Hinckley, Leicestershire. The first new Triumph motorcycle was produced in 1987 and by 1990, a range of new models was unveiled. The Hinckley plant was severely damaged by a fire in 2002, but was redeveloped with new technologies, while the undamaged design and R&D workshops allowed new bike development to continue.

Triumph Today

Today, Triumph remains "committed to developing unique motorcycles that are distinctive in looks, design and performance"[13], something which has remained true across the history of the company. The company currently holds a 12.5% share of the UK market for 500cc+ motorcycles, which is a large increase from around 9% at the end of 2008. It continues to export large quantities and has a global market share of around 4.2%[14].

Operations are still focused at the Hinckley site, currently employing around 630 people[15], excluding the 53 Triumph dealers in the UK, which employ a further 200 people. The Triumph design and R&D functions are all UK based, employing around 150 engineers (most of whom are university educated) in the development of modern, high technology motorcycles which are recognised as being among the best in the world.

The company has an annual turnover of some £250 million[16], which has increased significantly from £86 million in 1999. This growth has been driven by increasing sales of motorcycles alongside a strategic objective to develop clothing and accessory markets, both of which have doubled in size in the last 5 years with current turnover of £7.5 million for clothing and £19 million for accessories[17]. Production capacity was also increased in 2008 with the opening of a new Triumph factory in Thailand. The production of motorcycles and engines now takes place at both the Hinckley and Thai factories with a 55:45 split between the UK and Thailand[18].

Despite the current economic climate, Triumph is reported to be one of the only motorcycle manufacturers in Europe to have grown in 2009[19]. UK registration statistics show that Triumph sold 7,166 new motorcycles in the UK in the first 11 months of 2009 compared to 5,711 in the same period in 2008[20].

The Future of Triumph

In 2010, the firm plans to produce 45,000 motorcycles (25,000 of which will be built in the UK), around 86% of which will be exported to 30 countries across Europe, North and South America, Australia, South Africa and Japan. Growth is also expected in clothing and accessory markets, with around 80% exported to a similar range of countries. The company will also continue to invest heavily in R&D activity in the UK relating to the development of new and existing technologies. For instance, Triumph is currently researching the development of motorcycles that can run on 100% ethanol, rather than the current capability of 25% ethanol content.

A number of UK businesses are also beginning to produce electrical and other low carbon motorcycles. This is an example of high value engineering, with significant R&D investment and links closely to the government's environmental technologies and innovation agendas. The industry also includes a number of smaller manufacturers providing lower quantities and bespoke orders of high value, high performance motorcycles, including road and racing motorcycles. One such example is provided by Norton, which has a long history of producing high quality motorcycles in the UK and is

[13] Triumph Motorcycles UK 2009 http://www.triumph.co.uk/uk/11690.aspx

[14] Informal discussion with Steve Cooper, Triumph UK dealer and development manager, 30th November 2009.

[15] GHK correspondence with Simon Warburton, Product Manager at Triumph Motorcycles

[16] Fame data for Triumph Motorcycles Ltd

[17] GHK correspondence with Simon Warburton, Product Manager at Triumph Motorcycles

[18] GHK correspondence with Simon Warburton, Product Manager at Triumph Motorcycles

[19] "Triumph on a Roll in 2009" December 2009 http://www.webbikeworld.com/Motorcycle-news/statistics/motorcycle-sales-statistics.htm

[20] GHK correspondence with Simon Warburton, Product Manager at Triumph Motorcycles

currently in the process of revitalising its UK manufacturing base. The case of Norton is described in the box below.

Norton – Motorcycle Manufacturer

Norton is a quintessential British brand with a long history of producing hand built, quality motorcycles since it was founded in the West Midlands more than 100 years ago. However, between 1993 and 2008 Norton had US owners. That was until Stuart Garner, a British entrepreneur and motorcycle enthusiast, in partnership with Spondon Engineering, purchased the rights to the brand in 2008 and moved operations to Donington Park in Leicestershire[21]. This recent development aims to ensure the brand remains an inherent part of the UK motorcycle industry.

Norton motorcycles are hand built and consequently high value, and are renowned for their quality and value. The new owners are planning to overcome the financial issues that have affected the company in the past and aim to "re-establish Norton as a premier motorcycling brand across the world"[22].

Under US ownership, almost $10 million was spent on the design and development of a new Commando road bike for the US market, as part of a new global development project 'Commando 961'[23]. This project will continue under the new ownership and has already commenced with the production of 200 Commando motorcycles[24]. The new owners also aim to create a new "state of the art" road bike as well as components and clothing, which it hopes will create up to 100 new jobs[25].

The UK has considerable strengths and experience in terms of producing high quality, high performance and high value motorcycles for the road, track and off-road. This includes a large number of UK manufacturers supplying high performance motorcycles and components for motorsport teams in the UK and internationally. For example, many UK manufacturers are involved with the big Japanese manufacturers and race teams to design, develop and manufacture new products that will deliver results on the track or in off-road disciplines. One example of a UK component manufacturer with a long history of supplying and working with the motorcycle motorsport sector is Harris Performance Products, which is described in the box below.

Harris Performance Products – Motorcycle Components Manufacturer and Race Team Partner

Harris Performance Products designs, develops, manufactures and markets road and racing motorcycle chassis and components for the UK and export markets[26]. It was established in Hertford in 1972, where the company's workshops have the facilities and expertise to work with ferrous and non ferrous metals and design, develop and manufacture fibreglass and carbon fibre products.

The company has an annual turnover of more than £2 million and employs a workforce of around 30 people[27]. It has developed a varied and extensive range of motorcycle components and accessories (including some complete motorcycles) for both road and racing bikes and is committed to the ongoing development and improvement of those products. This product development is facilitated by the company's involvement with motorcycle racing as many technological developments in road bikes stem from innovations in motorcycle racing.

[21] Motorcycle.com, July 2009 http://www.motorcycle.com/news/norton-to-expand-distribution-network-88583.html

[22] http://www.nortonracing.com/press/Norton-comes-home.html

[23] http://www.nortonracing.com/press/Norton-comes-home.html

[24] Motorcycle.com, July 2009 http://www.motorcycle.com/news/norton-to-expand-distribution-network-88583.html

[25] http://www.thisisderbyshire.co.uk/news/New-factory-means-Norton-s-bikes-Britain/article-406743-detail/article.html

[26] "Harris Performance: About Us" https://www.harris-performance.com/website/frameset.htm?aboutus.htm

[27] Fame data for Harris Performance Products Limited.

Harris machines have enjoyed success in all classes of road racing including the Grand Prix, World Superbike, World Championship Endurance, Isle of Man and top Irish Road Races. The company has also provided components and equipment to many other international racing teams including:

- In 1991, Harris was one of only two companies in the world to be licensed by Yamaha Japan to install Yamaha race engines in Harris designed and built chassis for the 500cc Grand Prix World Championship class.
- In 1995, the company was asked by Suzuki to create, organise and manage the official Suzuki World Superbike team, race the latest Suzuki flagship bike, and distribute race kit components to Suzuki Superbike customers across the world.
- In 1999, Harris was involved with the Kawasaki Motors UK Superbike Team before forming and managing the Harris Honda Britain Superbike Team in 2000.
- In 2001, Harris was invited by Sauber Petronas Engineering to join them as chassis partner in the development of a new Grand Prix race bike.

More recently, Harris has focused on developing and expanding its core business of product design and development, which has necessitated a move to new, larger premises. The company also acts as consultants and manufacturer for other companies, both within and outside the motorcycle industry. It also continues to provide support to racing teams including the Virgin Aiwa Yamaha Team, the Crescent Racing Rizla Suzuki Team, the Yamaha UK Supermoto team and has partnered World Championship Motorsport (WCM) to build new 'Harris WCM' racing bikes.

The other area of motorcycle manufacturing is the production of clothing and accessories. Again, this sector is highly dependent upon imported goods from Japan, the US and Europe, although there are high value examples of UK firms innovating and providing high quality, high performance products, including Davida helmets and Forcefield Body Armour as described below. Another example of a highly regarded, innovative and successful UK manufacturer and exporter is provided by Frank Thomas, described in the box below.

Frank Thomas – Motorcycle Clothing and Accessories Manufacturer and Exporter

Frank Thomas was established in 1981 and has become a leading, international manufacturer of motorcycle clothing and accessories, including helmets, jackets, boots and gloves[28]. The company is based in Northamptonshire and continues the local tradition of craftsmanship associated with leather, boots and shoes. It has developed a reputation for well designed, functional and fashionable products and for driving innovation and change within the industry. For example, Frank Thomas:

- created the first motorcycle racing boot in the early 1980s,
- introduced one of the first waterproof motorcycle gloves as well as waterproof motorcycle clothing in a range of colours in 1986 (rather than the traditional black biking attire),
- designed a range specifically for women in 1987.

Following significant success and growth in the UK in the 1980s, the company began exporting products in the 1990s. By 1994, markets had been established, with sales and distribution networks, in all European countries as well as Canada, Australia and the US. In 1999 Frank Thomas acquired Motrax (a supplier of fashionable motorcycle accessories, helmets and luggage) and formed the Frank Thomas Group. The group has since expanded further with the formation of a sister company called Lewis, which provides mass market and 'value for money' clothing and accessories, and the acquisition of Linkey, a supplier of motorcycle replacements parts.

The Group continues to grow and at the end of 2007, Frank Thomas had an annual turnover of more than £19 million and employed 63 people[29]. It has developed a diverse range of companies, each with a distinct identity and offer, which enables Frank Thomas Group to remain the UK market leader.

[28] Frank Thomas http://www.frank-thomas.co.uk/

[29] Fame data for Frank Thomas

4.1.2 Summary Findings

Table 4.1 provides estimates of the economic significance of UK manufacturing activities within the motorcycling industry. The data suggest that UK motorcycle-related manufacturing currently has a total turnover of almost £500 million, more than £150 million of which is added value for the UK economy. The sector also provides employment for almost 3,000 people.

Table 4.1: Manufacturing Sector Assessment

Estimates	Total Manufacturing	... of Motorcycles and Components	... of Clothing & Accessories	... of Fuel
Turnover £ Million	495	289	141	65
Purchases £ Million	341	201	85	55
GVA £ million	154	88	56	10
Wages £ Million	82	49	32	1
Profits £ million	50	29	14	7
Exports £ million	359	234	115	10
Imports £ Million	828	555	273	0
Taxes * £ Million	60	35	21	4
Employment Numbers	2,870	1,210	1,640	20
Businesses Number	353	89	263	1

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

4.2 Motorcycle Distribution and Retail

4.2.1 Sector Overview

The distribution and retail sector includes wholesale and retail activities relating to the sale of motorcycles, components, clothing, accessories and fuel. A significant number of products are imported into the UK, and the sector has been under considerable pressure as a result of the low value of the Pound, as well as the declining consumer demand, as a result of the recession.

However, the motorcycle distribution and retail sector remains the most significant sector of the UK motorcycle industry in terms of its economic contribution through GVA and employment. The sector has close links to UK manufacturers, although the market for motorcycles and motorcycling products is dominated by the large Japanese motorcycle manufacturers of Honda, Suzuki, Yamaha and Kawasaki. These companies offer extensive product ranges across all types of motorcycles, engine sizes and price points, compared to the smaller UK manufacturers that tend to have more focused, specialist markets.

The UK motorcycle market also provides imported goods from a large number of manufacturers across Europe including BMW, Piaggio, Aprilia, Ducati and Peugeot as well as many manufacturers of motorcycle clothing and accessories. Imports of motorcycles and other related products from China and Taiwan are also increasing and are offering UK consumers greater choice, particularly at lower prices.

4.2.2 Summary Findings

The motorcycle distribution and retail sector is the most significant in terms of its economic contribution. The sector has a turnover in excess of £3 billion and while the proportion of GVA is relatively low at around 21% of turnover, it still represents significant value added of £634 million. The sector also employs more than 20,000 people and provides £391 million in tax contributions.

Table 4.2: Distribution and Retail Sector Assessment

Estimates	Total Distribution and Retail	... of Motorcycles	... of Components	... of Clothing & Accessories	... of Fuel
Turnover £ Million	3,073	1,643	255	1,100	75
Purchases £ Million	2,439	1,393	194	784	68
GVA £ million	634	250	61	316	7
Wages £ Million	289	86	36	165	2
Profits £ million	304	164	25	110	5
Exports £ million	n/a	n/a	n/a	n/a	n/a
Imports £ Million	n/a	n/a	n/a	n/a	n/a
Taxes * £ Million	391	112	26	125	128
Employment Numbers	20,380	4,800	2,200	13,200	180
Businesses Number	1,775	870	330	560	15

* Includes VAT, income and corporation tax (and excise duty for fuel)

The full sector analysis is provided in Annex III

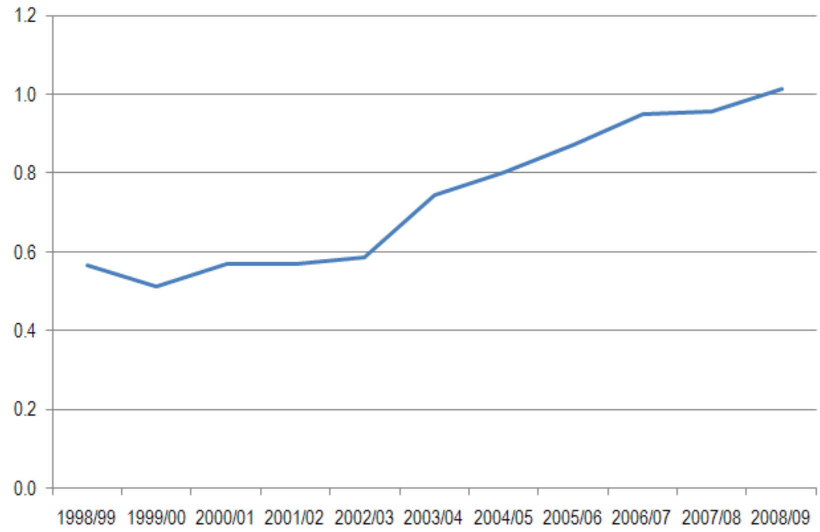
4.3 Motorcycle Repair, Servicing and Maintenance

4.3.1 Sector Overview

The motorcycle repair, servicing and maintenance sub-sector includes activities associated with motorcycle mechanics and garages. This includes a wide range of different activities such as: mechanical, electrical or electronic repairs; standard servicing; MOTs; repairs to bodywork and screens; painting and artwork; tyre, brake and exhaust repair, fitting and replacement; and the general installation of parts and accessories.

DVLA vehicle licensing statistics show that the average age of the licensed stock of motorcycles in the UK is rising and has increased in each of the last five years from 9.4 years in 2003 to 10.4 years in 2008. The data also shows that the majority of motorcycles are now more than six years old. MOT data from the Vehicle and Operator Services Agency (VOSA) is presented in Chart 4.2 above and shows the significant and consistent growth in the number of MOTs over time. The number of motorcycle MOTs has almost doubled over the last ten years from 514,000 in 1999/2000 to more than one million in 2008/09. The pass rate has remained stable at around 80%. The increasing age of motorcycles and increasing number of MOTs suggests a growing market for the repair, servicing and maintenance of motorcycles in the UK.

Chart 4.2: Motorcycle MOT Tests in the UK (million tests per annum)



Source: VOSA Motorcycle MOT Data

4.3.2 *Summary Findings*

The total turnover associated with the repair, maintenance and servicing of motorcycles is estimated to be almost £300 million, which equates to expenditure of just under £200 per UK motorcyclist per annum. GVA is estimated to be around 35% of turnover at approximately £100 million, while the sector provides direct employment for some 4,000 people. The sector also contributes £41 million in tax contributions per annum.

Table 4.3: Motorcycle Repair, Servicing and Maintenance Sector Assessment

Estimates	Motorcycle Repair, Servicing & Maintenance
Turnover £ Million	292
Purchases £ Million	190
GVA £ million	102
Wages £ Million	66
Profits £ million	29
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	41
Employment Numbers	4,000
Businesses Number	1,327

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

4.4 Motorcycle Sport and Leisure

4.4.1 Sector Overview

The motorcycle sport and leisure sector covers a wide range of activities enjoyed by, and involving the participation of, large numbers of motorcyclists and non-riders alike.

Motorcycle Sport

The motorcycle sport sector includes a number of different disciplines relating to road racing and off-road sport. Motorcycle road racing disciplines and activities taking place in the UK are extensive and the largest events include: the British MotoGP; the UK round of the World Superbikes Championship; the 12 round British Superbikes Championship which takes place at tracks across the UK; and the Isle of Man TT Races.

The off-road racing sector comprises a large number of different disciplines, which may not involve events on the scale of some of the large road-racing competitions, but still attract many riders, support teams and spectators on a regular basis across the UK, which also generate significant impacts. Off-road disciplines include: motocross, enduro, trials, speedway, grasstrack, supercross, and supermoto events.

The economic contribution of this sector is described in greater detail in Annex III, and has been assessed using estimates of expenditures at motorcycle sport events and leisure events such as the Thundersprint in Northwich as well as other motorcycle exhibitions and shows (such as the International Motorcycle and Scooter Show at the NEC, London Motorcycle Show, Scottish Motorcycle Show, etc).

The economic contribution and impact of these events will be significant and involve expenditures of spectators/visitors, competitors, support teams, exhibitors, organisers and media. The sports competitors and teams not only spend money at each event but purchase motorcycles, components, clothing, accessories and fuel, and may invest heavily in R&D. A number of studies have been undertaken to look at the economic impact of specific events such as the British Moto GP, the Isle of Man TT, and other events including the Thundersprint, which are all described in greater detail below.

Motorcycle Events in the UK

British MotoGP

The British MotoGP is one of 18 rounds of the MotoGP world championship and is an annual event. It is the pinnacle of motorcycle road racing and involves the world's top manufacturers including Honda, Yamaha, Suzuki, Ducati, Kawasaki, Aprilia and KTM[30]. The first British MotoGPs took place at Silverstone between 1977 and 1986, before moving to Donington for the past 23 years, but the event is now set to return to Silverstone from 2010.

The three day event includes practice, qualifying and racing sessions for the MotoGP and other motorcycle disciplines. These events are well attended and attract international visitors (spectators, media and teams) as well as visitors from the UK and have a significant economic impact at the UK, regional and local level. In 2004, there were almost 120,000 attendances over the whole weekend and the gross expenditures associated with the event totalled £16.6 million in the UK, of which £14.6 million (88%) was spent within 25 miles of Donington Park.

This has a significant impact on the local area, generating net additional expenditure of £9.9 million within a 25 mile radius. The net additional expenditure at the national level is more modest, although still significant, at £875,000, mainly as a result of the expenditures of overseas racing teams, media, tournament organisers and spectators (1% of all spectators were overseas visitors). These net additional expenditures are estimated to generate GVA of £3.5 million for the local area, supporting 242 jobs, and GVA of just over £500,000 at the national level, supporting 34 jobs[31].

[30] MotoGP The Basics http://www.motogp.com/en/MotoGP+Basics

[31] SQW (2004) "2004 Cinzano British Motorcycle Grand Prix Economic Impact Study" http://www.emda.org.uk/documents/doclist.asp?action=display&filevar=162 Accessed 05/01/10

Motorcycle Racing on the Isle of Man

The Isle of Man is renowned across the world for its motorsport events which have been attracting visitors for more than 100 years[32]. Events include the TT Races, Pre TT Classic, Southern 100, Billown TT Races, Manx National 2 Day Trial, Manx Grand Prix, the Manx Classic Weekend Trial, the VMCC Rally and, more recently, the TTXGP. The TT races have been running since 1907, when the Isle of Man was chosen due to its seemingly lax laws on racing on public highways compared to mainland Great Britain[33]. The events remain popular and the 2007 event attracted some 60,000 visitors and is estimated to have contributed £48 million to the Isle of Man economy[34].

The Isle of Man Government is currently undertaking research to provide an up to date assessment of the contribution of motorsport to the island economy. To date, the only findings relate to the 2009 Manx Grand Prix, which attracted more than 8,000 visitors (some from as far as Australia), each of whom spent around £550 during a week-long visit to the island on average, contributing £4.4 million to the local island economy[35].

Thundersprint

The annual Thundersprint event takes place on the May Bank Holiday weekend in Northwich in Cheshire and is one of the largest motorcycle events in Europe[36]. This free event started in 2002 and provides an opportunity for attendees to see classic, custom and race bikes, meet the stars of the racing world, purchase motorcycle products, attend seminars and gain information on everything related to motorcycling. The event aims to widen the reach of motorcycling, offering free admission and a family friendly environment.

A study undertaken by the North West Development Agency (NWDA) suggests that the 2009 Thundersprint event attracted 145,000 visitors, more than 75% of whom were from outside Cheshire, while visitors from outside the North West region accounted for almost 25%. The research estimated average expenditures associated with the event to be around £37.50 for visitors and more than £108 for participants. The total net economic impact for the region was estimated to be approximately £4.4 million.

Motorcycle Leisure

The motorcycle leisure sector is closely linked to the wider tourism sector. However, in the context of this analysis, it relates to the organised leisure tour activities that are specific to the motorcycle industry. Therefore the income generated and the jobs supported in delivering those leisure activities are directly related to the UK motorcycle industry, rather than in the tourism assessment, which relates to expenditures of motorcyclists supporting income and employment in other sectors, such as accommodation, food and drink, retail and recreation providers.

The activities of motorcycle tour operators involve the provision of organised tours both within the UK and, more commonly, to overseas destinations. The sector is dominated by a large number of small and family businesses, many of which employ additional riders on a part-time basis to provide support during the tours. The tour providers offer a range of services to motorcyclists including expedition guides and support teams, bike hire/freight, hotels and bed and breakfast accommodation, food and drink, etc.

UK based tours are typically focused on the more rural and scenic areas of the UK, including Cornwall, the Lake District, Wales and particularly Scotland. Most overseas tours have traditionally focused on destinations in Europe and the US, although there has been significant recent growth in tours to Northern Africa, South America, Asia and

32 Isle of Man Motorsport http://www.visitisleofman.com/attractions/ViewAttractions.aspx?mode=index&startpage=0&category=motorsport

33 Isle of Man TT History http://www.iomtt.com/History.aspx

34 "Isle of Man TT earns $96m for local economy" (2007) http://www.sponsorpr.com/sponsordigest.htm

35 http://www.manxgrandprix.org/News/news48.html

36 http://www.thundersprint.com/first_timers_guide.html

Australasia. The sector is experiencing significant levels of growth and many motorcyclists are reported to have been inspired by the 'Long Way Round' and 'Long Way Down' television series, which involved substantial motorcycle tours across Europe, Asia, America and Africa. One business helping to drive the recent growth in motorcycle leisure tours is GlobeBusters, which is described in the box below.

GlobeBusters – Provider of Adventure Motorcycle Expeditions

GlobeBusters was founded in 2002 by Kevin and Julia Sanders when they set a new world record for circumnavigating the world by motorcycle in just 19½ days. This was followed in 2003 by a second world record for riding from Alaska across North, Central and South America to the south of Argentina in 35 days. This 'Trans Americas' route was then repeated in 2005 as the first GlobeBusters motorcycle tour, taking a 'more leisurely' 19 weeks.

A successful business has since been built around organising and delivering tours to many destinations across the world, including Africa, Asia, and the Americas. It has achieved significant growth and has a current turnover of £500,000. It employs three full-time staff at its base in South Wales and another six freelance and support riders and staff to help deliver the tours as required.

GlobeBusters delivers a range of tours involving different locations and durations, from ten days to 20 weeks, and typically accommodates groups of between 8 and 18 riders. These substantial trips are usually booked a year or two in advance, can cost up to £20,000 per rider, and current levels of demand project significant future growth. Initial expectations that these were likely to be 'once in a lifetime' trips appear to have underestimated demand as repeat business is strong and 25% of customers have already toured with GlobeBusters.

4.4.2 *Summary Findings*

This analysis suggests that the total turnover associated with the motorcycle sport and leisure sector is almost £500 million. GVA is estimated to be approximately 50% of turnover at £238 million, while the sector also provides tax contributions of almost £100 million. Finally, more than 10,000 people are estimated to be employed in the delivery of motorcycle sport and leisure activities.

Table 4.4: Motorcycle Sport and Leisure Sector Assessment

Estimates	Motorcycle Sport and Leisure	Motorcycle Sport	Motorcycle Leisure
Turnover £ Million	483	430	53
Purchases £ Million	245	205	40
GVA £ million	238	225	13
Wages £ Million	188	181	7
Profits £ million	48	43	5
Exports £ million	9	4	5
Imports £ Million	25	4	21
Taxes * £ Million	97	92	5
Employment Numbers	10,210	9,860	350
Businesses Number	800	700	100

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

4.5 Other Support Services

The 'other support services' sector contains a wide range of sub-sectors that do not fit appropriately in any of the previous sector groups. These sub-sectors are described and analysed individually below and comprise:

- Motorcyclist training and testing
- Motorcycle insurance and finance
- Motorcycle couriers
- Motorcycle hire
- Motorcycle marketing and publishing.

The table below presents the headline data for the total 'other support services' sector, broken down by each individual sub-sector, which are then described in more detail in the following sections.

Table 4.5: Other Support Services Sector Assessment

Estimates	All Other Support Services	Training & Testing	Insurance & Finance	Couriers	Hire & Leasing	Marketing & Publishing
Turnover £ Million	1,590	172	422	794	38	164
Purchases £ Million	650	59	169	314	18	90
GVA £ million	940	113	253	480	20	74
Wages £ Million	607	79	77	400	10	41
Profits £ million	201	17	85	79	4	16
Exports £ million	Minimal	n/a	n/a	n/a	n/a	Minimal
Imports £ Million	Minimal	n/a	n/a	n/a	n/a	Minimal
Taxes * £ Million	359	42	87	196	7	27
Employment Numbers	28,070	4,000	2,700	20,000	310	1,060
Businesses Number	2,091	650	Unknown	1,330	16	95

* Includes VAT, income and corporation tax

4.5.1 Motorcyclist Training and Testing

Sector Overview

The motorcyclist training and testing sector is a particularly fragmented market with many small and self-employed businesses. It includes the provision of motorcycle training (both pre and post test training) as well as the activities of the Driving Standards Agency (DSA) in administering and delivering motorcycle tests (comprising the theory test, CBT – compulsory basic training – and Modules 1 and 2 of the new practical test).

DSA data suggest that there are currently around 3,500 registered instructors of motorcyclist training in the UK. The majority of these are involved in pre-test training although the market for post-test training is experiencing significant growth as a result of an increased training culture and a greater understanding of the importance of additional training amongst motorcyclists. An example of a successful UK provider of post-test training is provided in the box below.

Motorcyclist expenditures on training and testing services can be significant. The current cost of tests includes £31 for the theory test and £90.50 for the practical test (£15.50 for Module 1 and £75 for Module 2), while CBT training and testing typically costs more than £100. Many learners will also purchase additional training in preparation for the tests. Post-test training costs are typically even higher, ranging from between £200 and £400 for a training day.

California Superbike School – Post-Test Motorcyclist Training

The California Superbike School has been delivering post-test training to motorcyclists across the world for more than 25 years. The UK business has been operating for 16 years and licences the training from the parent company in the US. The full-day training courses aim to improve cornering skills to increase the confidence, enjoyment and safety of motorcyclists on roads and the race track.

Post-test training is a growing market in the UK and the California Superbike School has grown by around 60% over the last five years. Latest figures show that the UK business delivered training to some 2,000 people in 2009 and achieved a turnover of £1.2 million. This was the most successful year to date despite the recession. The UK business also employs 47 people including 38 instructors, which it hopes to increase to 45 instructors to meet current levels of demand.

Global coverage is increasing all the time and UK expertise is being exported across the world to countries across Europe, Africa, the Middle East and elsewhere. For example, UK instructors are travelling to India in February 2010 to deliver training to motorcyclists in India for the first time.

The motorcyclist training and testing sector is currently undergoing significant change. The Second European Driving Licence Directive (2DLD) required changes to the motorcycle testing process, which were introduced in April 2009 in the UK. These changes aim to improve motorcycle safety by testing in greater depth the ability of new motorcyclists to control and manoeuvre a motorcycle and to avoid potential hazards on the road. The practical motorcycle test now comprises two modules: Module 1 involves a series of 'off-road' exercises to provide more comprehensive testing of motorcycle control and hazard avoidance; and must be passed before undertaking Module 2, which involves the existing elements of the test (i.e. the eyesight test, road safety questions and at least 30 minutes of road riding).

The new test is therefore more thorough, takes longer and, because of the additional space requirements, can only be delivered from a smaller number of sites across the country. Not only has this increased the costs of the test itself (from £60 in early 2008 to a current figure of more than £90[37]), it is likely to result in additional costs to the learner of having to travel further to access a testing site, and spend more money on training in preparation for the new aspects of the test. There are concerns within the industry that this will put off and reduce the number of new entrants to motorcycling.

It is still very early to see the true impact of these recent changes on the number of motorcycle tests undertaken and pass rates. The number of tests taken since April 2009 may have been affected by the new testing process but would also have been expected to fall back naturally, purely as a result of the relatively large number of tests taken immediately before the changes came into force. More than 105,000 tests were undertaken in 2008/09 compared to an average of around 83,000 during the previous ten years, which suggests that many learners tried to obtain a motorcycle licence before the new legislation was introduced.

The latest DSA data shows that around 40,000 Module 1 tests and around 29,000 Module 2 tests were taken during the eight months between April and November 2009.

[37] The Motorcycle Industry Trainers Association (MCITA), February 2010

This suggests that the number of tests has fallen significantly from the previous year and an equivalent figure of more than 70,000 tests (assuming 8/12ths of the 2008/09 annual total). The number of tests is also lower than the equivalent average number of tests taken over the previous ten years of 55,000 (again assuming 8/12ths of the annual totals).

Pass rates have also fallen, which can be attributed to the new testing process. Pass rates for the new test (between April and November 2009) were 60% for Module 1 and 68% for Module 2. Since Module 1 must be passed before Module 2 can be taken, the data suggest that approximately 20,000 motorcyclists passed both modules, representing 50% of the 40,000 Module 1 tests that were taken. This is significantly lower than the pass rates achieved between 1998 and 2009, all of which fall between 64 and 68%. However, the changes to the test only appear to have affected the practical motorcycle tests with no impact on CBT tests.

The Third European Driving Licence Directive (3DLD) proposes further changes for the sector and has recently undergone a process of consultation. The forthcoming changes propose ‘progressive access’ to motorcycle licenses in order to improve the safety of motorcycling. The proposals intend to place age and experience restrictions on the most powerful motorcycles and require additional training or testing before providing licences for these bikes.

Summary Findings

The data in Table 4.6 estimate that the motorcyclist training and testing sub-sector has an annual turnover of £172 million. The sector is estimated to generate GVA of £113 million per annum and provide employment for approximately 4,000 people. It is also estimated to provide £42 million in tax contributions.

Table 4.6: Motorcyclist Training and Testing Sub-Sector Assessment

Estimates	Training & Testing
Turnover £ Million	172
Purchases £ Million	59
GVA £ million	113
Wages £ Million	79
Profits £ million	17
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	42
Employment Numbers	4,000
Businesses Number	650

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

4.5.2 Motorcycle Insurance and Financial Services

Sector Overview

The UK motorcycle industry also includes a significant financial services sector delivering insurance and other financial services to motorcyclists in the UK.

Motorcycle insurance is compulsory under the 1988 Road Traffic Act, as is the case for all motor vehicles, and this analysis is based on the assumption that all 1.5 million motorcyclists purchase motorcycle insurance each year. The motorcycle insurance market comprises a large number of brokers and agents, many of which operate across the wider motor and other insurance sectors, although the market is dominated by specialist motorcycle brokers such as Carole Nash, Bennetts and Devitt.

Carole Nash is the UK's largest motorcycle insurance broker with more than 230,000 policyholders and is also a specialist in the classic car sector. It was purchased by Groupama in December 2006 as a means of gaining access and securing a strong presence in this important, although relatively niche, sector. Bennetts is the second largest broker in the UK, providing insurance cover for more than 200,000 motorcyclists per year. Devitt delivers motorcycle insurance to around 130,000 policyholders each year and employs more than 220 people in offices in Essex and Suffolk. It was purchased by the Royal Bank of Scotland Group in 2003 and focuses on distributing insurance through motorcycle dealers. More generally, motorcycle dealers and manufacturers have traditionally been a key route to market for motorcycle insurance.

The motorcycle finance sector shares a number of similarities with the insurance sector, in that it comprises both providers of general finance (e.g. the Black Horse Motorcycle Finance arm of the Lloyds Banking Group) as well as specific motorcycle specialists (e.g. Biker Loans). It includes providers of secured and unsecured loans and the sector has close links to motorcycle dealers, manufacturers and retailers, all of whom will look to offer finance deals to encourage purchases. Motorcyclists frequently use these financial services when purchasing new or second-hand motorcycles, or specific components, clothing and accessories.

Summary Findings

Adding together the motorcycle insurance and finance sectors suggests that the overall motorcycle financial services sector has a total turnover in excess of £420 million per annum. The sector generates high levels of GVA of more than £250 million (some 60% of turnover) and provides employment for an estimated 2,700 people. It also provides an estimated £87 million in tax contributions.

Table 4.7: Motorcycle Insurance and Finance Sub-Sector Assessment

Estimates	Insurance & Finance
Turnover £ Million	422
Purchases £ Million	169
GVA £ million	253
Wages £ Million	77
Profits £ million	85
Exports £ million	n/a
Imports £ Million	n/a

Taxes * £ Million	87
Employment Numbers	2,700
Businesses Number	Unknown

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

4.5.3 Motorcycle Couriers

Sector Overview

Motorcycle couriers provide a valuable service transporting items that require urgent, safe or discreet delivery such as financial, legal or contractual papers and documents, fragile items, pizzas and other foods, or medical supplies, samples, blood and organs. They typically provide a same-day delivery service, or even quicker for source and destination locations within the same city or medical emergencies.

The first motorcycle courier businesses were established in London in the late 1960s and the sector grew rapidly in the UK before reaching its peak in the 1980s. However, the sector has since suffered as a result of the significant growth in electronic communication and more recently, as a result of the recession.

There are currently around 100,000 people involved in courier work in the UK, 20,000 of which are estimated to be motorcycle couriers[38]. Motorcycle couriers are concentrated around London and other heavily congested urban areas, where motorcycles offer customers a rapid and low cost courier solution relative to other modes of transport. The UK motorcycle courier services sector is a very fragmented market. Many motorcycle couriers are self-employed and either work independently or under contract for despatch companies, while others are directly employed by the despatch companies.

Summary Findings

The motorcycle courier sector is estimated to have an annual turnover of almost £800 million, generate GVA of £480 million and provide employment for 20,000 people. It is also estimated to provide a tax contribution of almost £200 million.

Table 4.8: Motorcycle Couriers Sub-Sector Assessment

Estimates	Motorcycle Couriers
Turnover £ Million	794
Purchases £ Million	314
GVA £ million	480
Wages £ Million	400
Profits £ million	79
Exports £ million	n/a
Imports £ Million	n/a

[38] Connexions Direct: Careers Database – (http://www.connexions-direct.com/jobs4u/index.cfm?pid=64&catalogueContentID=699&render=detailedArticle)

Taxes * £ Million	196
Employment Numbers	20,000
Businesses Number	1,330

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

However, these economic benefits will exclude the many motorcycle couriers who volunteer to transport emergency medical supplies as described in the box below.

The Service by Emergency Rider Volunteers

The Service by Emergency Rider Volunteers (SERV) was set up in Surrey in 1981 to supply a rapid, low cost and reliable means of transporting emergency blood and blood products to hospitals and medical facilities at night. The SERV motorcycle 'blood-runners' volunteer their services and provide this little-known service that helps to save many lives. The service has undertaken more than 16,000 'runs' to date and its geographical coverage continues to grow over time, currently operating across Surrey, London, Sussex, Kent, Hampshire, Oxfordshire, Buckinghamshire, Hertfordshire, Essex, Bedfordshire and Northamptonshire. The SERV Blood-runners currently respond to 2,000 calls per year, saving the Health Service an estimated £300,000 per annum.

4.5.4 Motorcycle Hire

Sector Overview

The motorcycle hire sector comprises the hire and lease of motorcycles for business or recreational purposes. The lease and contract hire sector provides motorcycle rentals for business use and fleet lease management services. Motorcycle leases are popular with many businesses as the rental is tax deductible and provides employees with a mode of transport that is cheap to run, is less affected by congestion and can avoid congestion charges.

Other motorcycle hire companies provide motorcycles for recreational purposes. This service enables motorcyclists to enjoy the excitement and pleasure of riding a motorcycle without having to worry about the outlay or storage of a bike that may not be used regularly as a main mode of transport. Motorcycles can be hired by the day, for weekend tours, holidays or over longer periods. Other businesses in the sector offer services for learner motorcyclists, such as hiring out motorcycles with small engines so that learners can gain further experience between taking their CBT and full bike tests.

Summary Findings

The summary findings for the motorcycle hire and lease sub-sector are presented in Table 4.9 below. The analysis suggests that this relatively small sub-sector has an annual turnover of around £38 million, just over half of which is estimated to be GVA (£20 million). It is estimated to provide employment for around 310 people, although the estimate of only 16 businesses is likely to be an underestimate.

Table 4.9: Motorcycle Hire and Leasing Sub-Sector Assessment

Estimates	Motorcycle Hire and Leasing
Turnover £ Million	38
Purchases £ Million	18

GVA £ million	20
Wages £ Million	10
Profits £ million	4
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	7
Employment Numbers	310
Businesses Number	16

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

'Motorcycle Management Ltd' is one specialist motorcycle leasing company. It provides another example where the overall economic benefits will significantly exceed the GVA and employment of the specific businesses in the sector, as described in the box below.

Motorcycle Management

Motorcycle Management states that *"the motorcycle has become an integral part of the contemporary transport solution ... offering organisations increased efficiency combined with lower costs".* The business offers corporate travel solutions to clients for whom motorcycles have the potential to increase business efficiency and productivity by overcoming time lost to traffic congestion, parking issues, etc. For example:

- Motorcycle Management has been working with outdoor advertising specialists, JC Decaux, to increase the productivity of their advertising maintenance staff by using motorcycles to reduce the time lost to traffic congestion in UK cities. As a result, motorcycling technicians are now able to visit 20 more sites per day to install advertisements, remove graffiti and fly posters, etc.
- Britvic, the soft drinks manufacturer, is another example where motorcycles are now being used for technical staff in London (particularly in the vending sector) to increase response times and enable greater productivity as well as reducing time spent commuting.
- Pullman Fleet Services are using motorcycles to provide a rapid response facility for the service and repair of Carrier Transicold refrigeration units. Motorcycle Management leases specially designed motorcycles capable of carrying a 3.8 metre ladder to enable the rider to access the refrigeration units.
- Network Rail and the British Transport Police are leasing fast response motorcycles from Motorcycle Management to help them crack down on railway crime and protect railway lines from trespassers and vandals. Railway crime is estimated to cost £150 million every year, excluding the cost of delays to trains and passengers. Motorcycles enable the rapid response teams to react more quickly to incidents and provide greater access across railway property.
- Wiltshire Ambulance uses special motorcycles as part of its emergency response fleet, which can save vital time in life-threatening situations. The bikes are adapted to paramedic requirements and are capable of carrying the oxygen, defibrillators and medical equipment needed for emergency treatment whilst an assessment is made as to whether an ambulance is required. The motorcycles are reportedly helping the county achieve government targets of reaching 75% of Category A emergencies within eight minutes.

4.5.5 *Motorcycle Marketing and Publishing*

Sector Overview

There are other support services that have not been covered by the above sub-sectors. These include marketing and publishing activities relating to the motorcycle sector.

There is considerable activity within the motorcycling sector relating to marketing. The whole industry including manufacturers, importers, distributors, retailers, repair and servicing businesses, sport and leisure businesses, motorcycle trainers, providers of financial services, couriers, motorcycle hire companies and publishers of motorcycle media, is involved in marketing activities and the recruitment of marketing and PR agencies. The activities of this sector include the activities of marketing departments within larger organisations in the motorcycle industry as well as specific providers of marketing services, some of which offer specialist motorcycling marketing (such as Revolution Motorcycle Marketing and the Fabulous Biker Boys), while others offer general marketing services to all industries.

The motorcycle publishing industry also has a significant presence in the UK. A large number of motorcycle magazines are printed, published and sold in the UK on a regular basis. The sector analysis identified at least 25 different motorcycle magazines published in the UK, ranging from weekly to quarterly publishing. The most popular titles include the weekly MCN (Motor Cycle News) and monthly magazines such as Bike, Ride, Scootering, the Classic Motorcycle, the Classic Bike Guide, Visordown and Superbike. However, motorcycle publishing will also include the publishing of books, websites and other media relating to motorcycles.

Summary Findings

The total marketing and publishing subsector is estimated to have a total turnover of £164 million, 70% of which involves motorcycle marketing activity. The sector is estimated to generate GVA of £74 million and a tax contribution of £27 million. It is also estimated to employ 1,060 people in almost 100 businesses.

Table 4.10: Motorcycle Marketing and Publishing Sub-Sector Assessment

Estimates	Total Marketing & Publishing	Motorcycle Marketing	Motorcycle Publishing
Turnover £ Million	164	114	50
Purchases £ Million	90	66	24
GVA £ million	74	48	26
Wages £ Million	41	26	15
Profits £ million	16	11	5
Exports £ million	Minimal	Minimal	Minimal
Imports £ Million	Minimal	Minimal	Minimal
Taxes * £ Million	27	18	9
Employment Numbers	1,060	660	400
Businesses Number	95	75	20

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex III

5 TOURISM ASSESSMENT

5.1 Introduction

This section presents estimates of the economic impact of the motorcycling industry and related activities on levels of tourism in the UK. Some of the tourism-related benefits of the industry have already been captured above through analysis of the specific motorcycle sports and leisure sub-sector and assessed as income to the industry.

This section therefore focuses on the contribution of motorcycling activities to levels of tourism in the UK and at a regional level, excluding the specific sports and leisure services mentioned above, and has sought to estimate the levels of expenditure of motorcyclists on non-motorcycling goods and services, such as accommodation, food and drink, and travel, attributable to their participation in motorcycling.

The tourism expenditures included in this section therefore relate to motorcycle events and trips undertaken by individuals and small groups as well as those arranged by clubs and societies. There are a large number of UK organisations that arrange motorcycle shows, rallies, rides and other tourism activities including: the British Motorcyclists Federation (BMF); the Motorcycle Action Group (MAG); and many national and regional owners and riders clubs associated with the different motorcycle manufacturers.

In summary, we estimate that:

- There are about 1.4 million motorcycles in the UK[39].
- Approximately 2.8% of households own motorbikes[40], equating to around 700,000 households in the UK, while the MCIA suggests there are 1.5 million motorcyclists in the UK[41] (around 3.1% of the adult population).
- The average motorcyclist in the UK spends at least 4.5 days per annum taking tourism-related motorcycling trips, equating to 6.7 million tourism days in total[42].
- Around 100,000 independent riders from the UK take tourism-related motorcycling trips abroad each year, compared to 23,000 international riders visiting the UK[43].
- Domestic tourism spending relating to motorcycling (excluding expenditure relating to the motorcycle sports and leisure sub-sector) is estimated to be approximately £570 million in the UK (2008 prices)[44].
- Overseas motorcycling tourists are estimated to account for £17 million (i.e. the mid-point between £12 and £22 million) of motorcycling-related tourism (2008 prices)[45] – which gives rise to an additional net additional economic impact at the national level. This excludes expenditures of overseas visitors at UK sports and leisure events (included as part of the motorcycle sports and leisure sub-sector).
- The total tourism spending associated with motorcycling supports more than 13,000 tourism jobs in the UK, of which approximately 400 are supported by expenditure from overseas 'motorcycling' visitors[46].

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[39] DVLA/DfT Vehicle Licensing Statistics 2008

[40] DfT, National Travel Survey

[41] MCIA, Consumer Survey – Non-Riders Attitudes to Motorcycling

[42] GHK Analysis of 2005 MCIA Final Tickbox Survey Report

[43] DfT, Transport Statistics Great Britain, 2008

[44] GHK Analysis, 2010

[45] GHK Analysis, 2010

[46] GHK Analysis, 2010

The tourism assessment has drawn together information and data from a wide range of sources, including trade associations, transport and tourism agencies. The assessment has been based on available survey data at the national level for tourism participation, visitor numbers and related expenditure. The remainder of this Chapter presents a summary of the tourism impacts, while the full analysis can be found in Annex IV.

5.2 Tourism Days

The MCIA undertook a large-scale survey of attitudes towards, and experiences of, motorcycling in 2005, receiving responses from more than 2,000 people (comprising around 1,250 motorcyclists and 800 non-motorcyclists). More than half of the motorcyclists suggested that they do not use their motorcycles for any form of tourism activity. A third use their motorcycles for day trips, 22% reported using motorcycles for short (weekend) breaks, while 10% use their motorcycles to take longer holidays.

Analysis of these figures, based on somewhat conservative assumptions (so as not to overestimate the value of motorcycle tourism), provides an estimate of 4.5 tourism days per motorcyclist (including those riders who do not take any trips). Multiplying this figure by the estimated 1.5 million motorcyclists in the UK, suggests that motorcycle related tourism totals almost 6.7 million tourism days each year.

5.3 Tourism Expenditure

The MCIA survey also asked about tourist spending, whilst on the above trips, breaks and holidays. The vast majority of motorcyclist responses suggested spending levels of less than £100 per person per day. Analysis of these figures, again using rather conservative assumptions, suggests an average motorcycle-related tourism expenditure of £67.82 per day (inflated to 2008 prices for consistency).

The 6.7 million tourism days are therefore estimated to generate motorcycle-related tourism expenditures of more than £450 million per annum. This represents an average annual motorcycle-related tourism expenditure of around £300 per motorcyclist (although please note this is an average across all motorcyclists and allows for those that do not participate in motorcycle-related tourism).

5.4 Domestic and Overseas Trips and Visitors

The above estimate of tourism expenditure needs to be adjusted to take account of overseas travel and visitors. The DfT suggests that around 100,000 independent UK bikers travel abroad by motorcycle each year, while only 23,000 European riders visit the UK[47]. The 2008 International Passenger Survey suggests the average duration of visits is 7.7 days. Using these assumptions with the above expenditure figures, suggests that:

- UK motorcyclists spend £52.2 million of the above expenditure outside of the UK,
- Overseas motorcyclists visiting the UK spend £12 million per year.

This suggests a net loss of £44 million of tourism expenditure from the UK each year, or around 10% of the above estimate of tourism expenditure. The adjusted estimate of motorcycle related tourism expenditures in the UK therefore totals £409 million.

5.5 Employment Impact of Tourism Spending

This section estimates the employment supported by motorcycle related tourism expenditures, which is separate to employment provided by the motorcycling industry businesses presented previously. A recent Deloitte study[48] suggests that approximately £43,000 of tourism spending is required to support one full-time job, including direct, indirect and induced effects. Using this assumption suggests that motorcycle related tourism expenditure of £409 million would support around 9,500 jobs in the UK.

[47] DfT, Transport Statistics Great Britain, 2008

[48] Deloitte, The Economic Contribution of the Visitor Economy, 2008

5.6 Alternative Estimates

The above analysis represents a conservative estimate of motorcycle-related tourism expenditures and impacts. However, it is possible that the average motorcyclist spends more than £300 per annum on accommodation, food and drink, and other services bought on motorcycling trips (although it is important to remember that expenditures associated with motorcycle sports and leisure events have already been captured).

An alternative source of tourism expenditures is the Broughton survey[49], which provides much higher estimates and suggests motorcyclists spend £430 per year just on motorcycle related accommodation. However, these estimates use more bullish assumptions. Applying more conservative assumptions, as used above, suggest that average annual expenditure on motorcycle-related accommodation would be £270.

Doubling this figure to reflect other tourism purchases and multiplying by the 1.5 million motorcyclists, before reducing by 10% for the expenditures lost to the UK, produces an alternative motorcycle-related tourism expenditure of £729 million. This would support 17,000 jobs and provides a useful higher estimate of tourism expenditures and impacts associated with motorcycling, based on average annual expenditure of almost £500.

5.7 Best Estimate of Motorcycle-Related Tourism Impacts

The above analysis estimates motorcycle-related tourism expenditures in the UK of between £409 million and £729 million, supporting between 9,500 and 17,000 tourism jobs. Our best estimate of these tourism impacts is the mid-point of the respective ranges. Therefore, GHK estimates motorcycle-related tourism expenditure in the UK of £569 million, supporting approximately 13,250 tourism jobs. This assumes average tourism spending of £380 per motorcyclist per annum.

5.8 Regional Impacts

Estimates of the regional impacts of this tourism expenditure and the employment impacts are presented in Table 5.1 below and have been distributed between regions according to estimates of regional tourism expenditures taken from the 2008 UK Tourism Survey. This suggests that the South West, Scotland, North West, London and the South East are likely to benefit most from motorcycle-related tourism expenditures.

Table 5.1: Estimating Regional Impacts

	Region/Country % Share of UK Tourism Spend	Tourism Expenditure £ million	Employment Impact
West Midlands	5.5%	£31 m	730
East of England	6.5%	£37 m	860
East Midlands	5.0%	£28 m	670
London	11.2%	£64 m	1,490
North West	11.1%	£63 m	1,470
North East	3.3%	£19 m	440
South East	11.2%	£64 m	1,480
South West	17.3%	£99 m	2,290
Yorkshire & the Humber	6.6%	£38 m	880
England	77.8%	£443 m	10,310
Scotland	13.4%	£76 m	1,770
Wales	6.7%	£38 m	890
Northern Ireland	2.1%	£12 m	280
UK	100%	£569 m	13,250

Source: GHK, regional/country share based on tourism expenditures from the UK Tourism Survey 2008

[49] Paul Broughton, Linda Walker, Motorcycling and Leisure: Understanding the Recreational PTW Rider, 2009

6 ECONOMIC TRENDS, DRIVERS AND DEVELOPMENT ISSUES

6.1 Introduction

This Chapter provides an analysis of past trends, which need to be considered in the context of the recent poor economic climate in the UK, and highlights a series of issues and opportunities in the industry. The information is based on a broad literature review, some interviews with key representatives of the industry and the findings of a survey of MCIA members and motorcycle dealers undertaken as part of this study.

6.2 Industry Characteristics and Trends

6.2.1 Total Stock of UK Motorcycles

The DVLA and DfT provide detailed statistics relating to the total stock of licensed vehicles[50]. The data presented in Table 6.1 show that there has been significant growth in the number of licensed motorcycles in Great Britain. The 1.3 million licensed motorcycles in 2008 is some 45% higher than in 1999 and has more than doubled the numbers licensed in the mid 1990s[51]. This strong growth is being driven by the larger motorcycles of more than 600cc and the smaller 51-150cc motorcycles. The smallest motorcycles, of less than 50cc, are the only area of the market where numbers have fallen slightly in recent years.

Table 6.1: Motorcycle Stock in Great Britain: Licensed Stock by Engine Size ('000s)

Year	1-50cc	51-150cc	151-400cc	401-600cc	601-800cc	801-1000cc	>1000cc	Total
1999	128	165	136	178	110	98	75	889
2000	152	177	133	190	115	105	82	954
2001	165	190	129	200	120	114	92	1,010
2002	166	195	133	222	127	124	104	1,070
2003	170	201	135	241	135	136	116	1,134
2004	172	209	135	249	144	151	130	1,191
2005	163	213	132	249	150	158	142	1,206
2006	154	220	129	247	157	165	152	1,224
2007	150	234	129	247	164	173	166	1,263
2008	149	247	130	244	170	176	175	1,291

Source: DVLA/DfT Vehicle Licensing Statistics

Latest quarterly estimates from the DVLA Vehicle Register suggest the number of licensed motorcycles has since increased to 1.35 million at 30 September 2009, although it is normal for the number of licensed motorcycles to increase in summer months and fall back by the year end. Nevertheless, the September 2009 figure remains slightly higher (0.5%) than the number of registered motorcycles in the same period in 2008[52]. Adding Northern Ireland data from the Driver and Vehicle Agency (32,000 licensed motorcycles) and including estimates of unlicensed motorcycles (3.6% of the UK 'active' motorcycle stock[53]) suggests that the total number of motorcycles in the UK was around 1,372,000 at the end of 2008, and 1,432,000 at the end of September 2009.

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[50] Including vehicles that are known to be exempt from excise duty as well as vehicles for which excise duty has been paid

[51] DfT, The Government's Motorcycling Strategy, 2005

[52] DVLA Vehicle Register (DfT, Vehicle Registration and Licensing Statistics, November 2009)

[53] DfT, Transport Statistics Bulletin: Compendium of Motorcycling Statistics, 2009

6.2.2 *New Registrations*

Data on new registrations provides a useful indication of the strength of the market for new motorcycles and the wider industry. The data presented in Table 6.2 show that the number of new motorcycle registrations increased between 2004 and 2008, and is again being driven by increasing registrations of motorcycles with larger engines and the smaller 51 to 150cc engines.

Table 6.2: New Motorcycle Registrations in Great Britain by Engine Size ('000s)

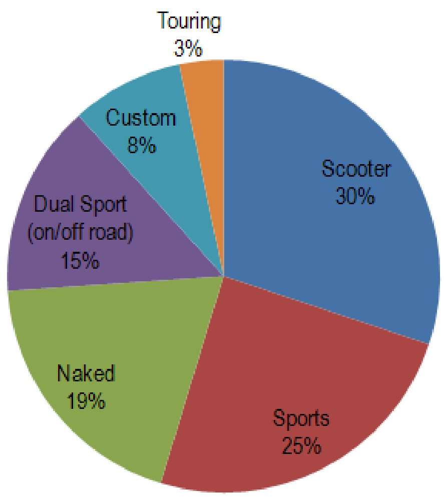
Year	1-50cc	51-150cc	151-400cc	401-600cc	601-800cc	801-1000cc	>1000cc	Total
2004	27	33	9	17	14	20	16	137
2005	24	35	8	15	16	18	19	136
2006	23	38	8	13	17	17	18	135
2007	24	42	9	15	16	18	22	146
2008	25	41	9	13	16	17	21	142
2009								112

Source: DVLA/DfT Vehicle Licensing Statistics, MCIA

However, the latest vehicle licensing data from the MCIA shows that the economic downturn and low value of the Pound has affected purchases (and registrations) of new motorcycles. The number of new registrations in 2009 has fallen to 112,000, which is approximately 20% lower than 2008. Monthly data shows that the number of new registrations has now fallen, in relation to the corresponding month in the previous year, for 14 consecutive months.

Chart 6.1 shows the distribution of the 2009 new motorcycle registrations by type of motorcycle. Scooters accounted for around 30% of all new registrations, with sports-style motorcycles accounting for another quarter. The most common motorcycle brands were the four major Japanese brands of Yamaha, Honda, Suzuki and Kawasaki, which together accounted for around half of all new registrations in the UK in 2009. Triumph achieved the fifth highest number of registrations, accounting for around 7% of the UK total. Other major brands registered in 2009 included European brands Piaggio, BMW and Aprilia and Harley-Davidson from the US.

Chart 6.1: New UK Motorcycle Registrations by Style, 2009



Source: DVLA/DfT Vehicle Licensing Statistics

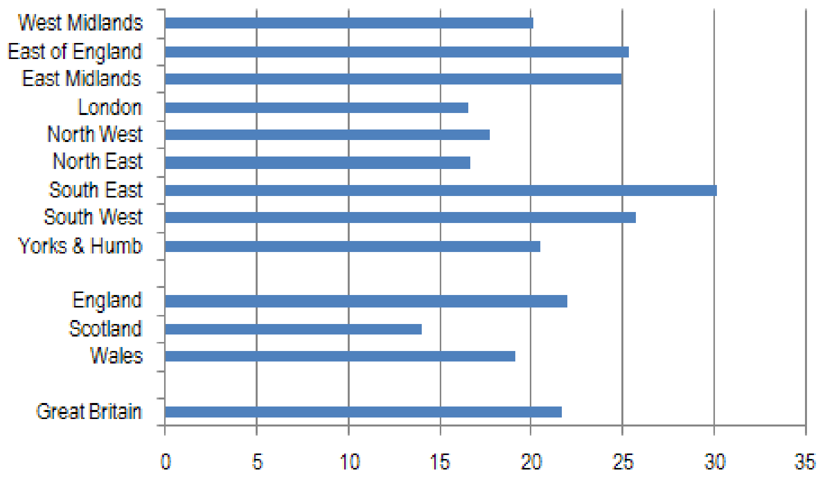
6.2.3 *Motorcycle Ownership*

The latest National Travel Survey suggests that 2.8% of UK households (around 700,000) own at least one motorcycle, while the MCIA suggests that there are approximately 1.5 million active motorcyclists in the UK[54], representing around 3% of the UK adult population[55]. Most motorcyclists are male and 85% of all motorcycle tests are taken by men[56], while almost 50% of motorcyclists are aged between 35 and 49[57].

The DfT estimates there are approximately 22 motorcycles per 1,000 people in the UK. This is slightly lower than the US figure of almost 24 motorcycles per 1,000 people and significantly lower than most European countries, where the highest rates are recorded in Italy with around 157 motorcycles per 1,000 people. Of all European countries, only Ireland and some of the Eastern European countries have a lower rate of motorcycle ownership than the UK.

Within the UK, ownership rates are highest in the South East where there are more than 30 motorcycles per 1,000 people, followed by the South West, East of England and East Midlands regions, as shown in Chart 6.2. The overall stock of motorcycles follows a similar trend but is highest in the South West where there are 215,000 licensed motorcycles, followed by the South East (157,000) and East of England (145,000).

Chart 6.2: Motorcycle Ownership: Number of Motorcycles Owned per 1,000 people



Source: DVLA/DfT Vehicle Licensing Statistics

6.2.4 *Motorcycle Usage*

DfT data states that motorcycle traffic covered a distance of more than 5.1 billion km in 2008, most of which involved commuting for work, business and education[58]. This is more than 25% higher than 1998 but relatively low compared to the levels recorded over the last five years. Motorcycle usage is also very seasonal and is twice as high between May and August as it is between December and February. This is likely to be because it is more enjoyable and safer to ride during good weather conditions, but is also likely to be indicative of the strong links between motorcycling and tourism.

[54] MCIA, Consumer Survey – Non-Riders Attitudes to Motorcycling http://www.mcia.co.uk/downloads_temp/e9749e02-208a-41c5-89ad-57cc3f05a093_Imported_File.PDF

[55] ONS, Mid Year Population Estimates, 2008

[56] DfT, Transport Statistics Bulletin: Compendium of Motorcycling Statistics, 2009

[57] DfT, National Travel Survey, 2008

[58] DfT, National Travel Survey, 2008

6.3 Issues and Constraints

The UK motorcycle industry faces a number of issues and barriers to growth including the current economic climate, negative perceptions of motorcycling as well as government and policy issues, all of which are discussed below.

6.3.1 Economic Factors

The current recession is having a significant impact on the whole UK economy including the motorcycle industry, where manufacturers, importers, distributors, retailers, and other service providers have all been affected. Demand for new motorcycles and associated products has declined and registrations of new motorcycles recently fell for the 14th successive month. Demand has also been affected by increased costs of borrowing, leading the industry to try and maintain demand by offering more 0% finance deals.

Another major economic issue has been the low value of the Pound, particularly for importers of motorcycle products. For example, a major importer of Japanese motorcycles and accessories stated that the cost of importing goods from Japan has increased by 30%, while only a fraction can be passed on to consumers, because of reduced demand.

6.3.2 Negative Perceptions of Motorcycling

Demand for motorcycling may be affected by the negative perceptions of some, and adverse publicity painting motorcycling as noisy, unsafe and harmful to the environment. The industry is making efforts to overcome some of these perceptions. For example, there has been considerable research and development (R&D) and innovation within the industry to increase the safety of motorcycles, helmets and clothing, while testing and training developments are improving riding skills and ensuring motorcyclists are better prepared to avoid accidents, and casualty rates have been falling as a result. Furthermore, while carbon emissions from motorcycles vary significantly depending on engine capacity, the majority of motorcycles produce lower levels of CO_2 than average petrol and diesel cars, whilst delivering additional carbon savings in terms of reduced congestion.

6.3.3 Political Issues

Representatives of the UK motorcycle industry suggest that the industry would benefit from greater support from national, regional and local government, particularly in terms of encouraging and promoting motorcycle use as part of holistic transport strategies and plans. Increased motorcycle use could also deliver some key government objectives, such as reducing carbon emissions, road congestion and parking issues.

Another policy issue for the industry regards the recent and forthcoming changes in the motorcycle testing process, as described above in section 4.5.1. Industry representatives are concerned that these changes could have an adverse impact on the number of new motorcyclists by increasing costs for the learner and reducing the number of test sites, which has affected availability and access.

'Get On' Scheme

The 'Get On' scheme has been introduced in order to support and encourage new entrants to motorcycling during a time of recession and changes to the testing process. The scheme is a project involving manufacturers, dealers and other companies involved in the UK motorcycling industry. The main objective of the scheme is to promote the positives of motorcycling and increase the number of new motorcyclists entering the market (and previous riders re-entering the market) by offering a (free of charge) riding experience[59].

[59] http://www.geton.co.uk/content/about-us

The session allows people to experience motorcycling at a convenient location and time and benefit from the experience and advice of the training team. The hour session can be booked through the website, which also provides advice and information on safety issues, training and testing procedures and criteria to consider in purchasing a motorcycle. It is hoped that this experience will provide a new opportunity to help people decide whether motorcycling is of interest to them.

6.4 Current and Future Opportunities

The UK motorcycle industry also has significant opportunities for further growth. The industry needs to promote the benefits and raise awareness of the significance of motorcycling to overcome negative perceptions and attract new motorcyclists as well as encourage political support and the inclusion of motorcycles as part of transport strategies that aim to reduce congestion, carbon emissions and parking issues. There are a number of opportunities to promote the benefits of motorcycles and motorcycling, including:

- Low cost transport – Motorcycles are typically cheaper to purchase, run, maintain and repair than cars and therefore offer a relatively low cost transport solution, particularly for commuters and during a period of recession.
- Carbon savings – Motorcycles produce lower carbon emissions than cars, presenting opportunities to promote motorcycling as a way of reducing carbon emissions.
- Convenience – Road congestion is increasing and motorcycles offer a convenient form of transport that can alleviate congestion impacts for riders (and especially commuters). Motorcycles are also easier to park, saving time and money.

There are also significant opportunities for industry growth through further R&D and innovation. There is already considerable motorcycle R&D activity taking place in the UK, including projects undertaken by the Motor Industry Research Association (MIRA). MIRA has sites in Warwickshire and Essex and has helped to design, test and develop motorcycles and components for some of the world's leading manufacturers. Recent motorcycling R&D projects have focused on: aerodynamics and its impact on performance, handling and safety; materials and component engineering; optimised engine cooling; and designing new electrical and electronic systems for motorcycles.

Across the industry, there are many current and future opportunities for further R&D relating to:

- Safety – There is significant ongoing R&D to increase the safety of motorcycles, helmets and clothing. Examples include developing scooters with two front wheels to improve stability and road-holding, advances in helmet and clothing technologies, and other safety equipment. Some examples of safety-related R&D and innovation in the UK motorcycle industry are provided in the box below.

Safety R&D and Innovations

Davida is the only helmet manufacturer remaining in the UK. It produces hand-built helmets from its site in Liverpool. Davida is continually improving the safety of its helmets, through a highly technical design process involving computer aided design, anthropometric data and crash testing in order to meet the latest safety standards in the UK and around the world.

Another example involves Forcefield Performance, which produces a range of protective clothing and products for motorcyclists including Forcefield Body Armour, a durable, ‘multi-strike’ but soft armour technology. The in-house team of technicians and engineers has significant experience in materials technology and product engineering, and works in collaboration with the leading test facilities, academics, medical experts and technical advisors to deliver products that exceed the European safety requirements. The successes achieved by the company have seen it expand from its motorcycling base to develop products for other areas of motorsport and other contact sports.

- Convenience – Motorcycle and component manufacturers are also developing innovative solutions to increase convenience for riders, such as the development of motorcycles with automatic and semi-automatic gear shifting.

Convenience Innovations

One interesting example of UK innovation relating to convenience is the Scottoiler chain lubrication system, which enables the chain on a motorcycle to be cleaned and lubricated whilst in operation, reducing wear and tear and the need to remove chains for cleaning. This Scottish business exports products across the world to countries including Germany, Sweden, Norway, Denmark and New Zealand. Strong growth has required the business to relocate to larger premises and expand its R&D function to develop future products.

- Technological advances – The UK motorcycle sport sector is at the forefront of innovative and technological advances. Many of these innovations are then further developed for mainstream use on standard 'road' motorcycles. Examples of innovations that originated in motorcycle racing include ABS brakes and engine management systems.

Technological Advances

Another example of technological advances involves Scion Sprays. The Norfolk-based business has developed new fuel injection and engine management technologies specifically for the engines used in motorcycles with engines capacities of less than 250cc. The engine management system is reported to be around half the cost of a conventional system and is easy to engineer onto the engine or vehicle. It meets existing and upcoming emissions legislation and delivers better fuel consumption, starting and driveability compared to existing carburettor engines.

- Low carbon – There are significant opportunities for low carbon innovations in the motorcycle sector, as there are for all forms of transport. Recent developments and future opportunities are discussed in more detail below.

Emerging Low Carbon Markets

The government expects around 20% of the cuts in UK carbon emissions between now and 2020 to be achieved by cleaning up the way people travel in the UK[60]. The long term aim is that by 2050, road and rail transport will be largely decarbonised. The development of electric vehicles provides opportunities to achieve these targets. A number of UK based companies are actively developing electric-powered scooters and motorcycles, some of which are described below.

Intelligent Energy and Suzuki

Intelligent Energy (IE), based at Loughborough University, is a leading player in the provision of cleaner power and low carbon technologies and has developed a range of leading fuel cell and hydrogen generation technologies. It launched the world's first purpose built hydrogen fuel cell motorcycle in 2005[61]. The ENV (pronounced en-vee) is virtually silent and emits only water vapour. This was further developed in partnership with Suzuki and the Crosscage concept fuel cell motorcycle was unveiled in 2007, powered by an IE air cooled fuel cell power system and rechargeable lithium batteries.

In October 2009, the Suzuki Burgman Fuel Cell Scooter was added to the range. The zero-emissions scooter uses the latest version of IE's fuel cell engine and is fitted with a hydrogen fuel tank which delivers quick refueling, good riding range and a robust frame for increased safety. The partnership between IE and Suzuki is bringing mass produced hydrogen powered motorcycles closer to reality.

Ecolve

Ecolve is a new London-based company developing electric scooters. A new prototype, "the Bolt", is currently being developed and will be powered by a 15kw water cooled AC motor and a 90 volt

[60] "How will the UK meet C02 emissions targets" July 2009 http://www.direct.gov.uk/en/Nl1/Newsroom/DG_179190

[61] http://www.intelligent-energy.com/index_article.asp?SecID=5&secondlevel=76&artid=3955

Lithium battery pack. The scooter could be on sale by May 2010 and is reported to have a range of up to 125 miles.

The eGrandPrix: TTXGP

The eGrandPrix represents the next generation of motorcycle racing; zero carbon, clean emission racing. The Time Trials Extreme GP (TTXGP) was launched in 2008 with the world's first zero carbon emission motorcycle race, held at the Isle of Man TT in June 2009[62]. It involved 16 motorcycles from 6 countries including USA, India, Germany, Austria, UK and the Isle of Man.

This is to be extended in 2010 to become a UK championship with races planned at Cadwell Park in Lincolnshire, Snetterton in Norfolk, Castle Combe in Wiltshire and Brands Hatch in Kent between July and October. The championship is endorsed by the Auto Cycle Union (ACU), with support from the British Motorcyclists Federation (BMF), and it is hoped that this innovative and new branch of motorcycling will secure the future of the sport over the next 100 years[63]. Similar championships are being set up in North America and Italy with other races and demonstrations planned for Spain, France and the Isle of Man.

The zero carbon championships will raise awareness and promote the capabilities of UK companies in developing low carbon motorcycles. One such company is Mavizen, which produced a prototype bike (the TTX01) in November 2008 as an exemplar of the technology available to competitors in the eGrandPrix. Mavizen has since teamed up with an Indian company, Agni Motors, to produce the TTX02 which is the world's first production 'zero carbon',superbike[64]. The company will also provide the components required to make the bikes road legal and is also producing a "kit" bike which will allow the basic elements to be purchased for £10,000. It is also offering consultancy and advisory services to help competitors to prepare and participate in the eGrandPrix championship[65].

[62] http://www.egrandprix.com/index.php

[63] David Luscombe, ACU (2009) http://www.egrandprix.com/news.php?id=16

[64] http://www.egrandprix.com/index.php

[65] http://www.mavizen.com/About_Us.html

7 CONCLUSIONS

This report has provided an assessment of the economic significance of the UK motorcycle industry, defined as comprising the five main sectors of: manufacturing; distribution and retail; repair, servicing and maintenance; sports and leisure; and other support services. The analysis has been based largely on existing publications and data, supported by a number of consultations with industry representatives and a survey of MCIA members and motorcycle dealers.

The assessment has found the UK motorcycle industry to have a significant impact on the UK economy. The industry is of considerable size with net sales of almost £5.2 billion. While a significant proportion of these sales are goods imported from overseas, the UK motorcycle industry itself generates significant added value of more than £2 billion per annum. The motorcycle industry therefore generates more added value than gambling and betting activities (£1.8 billion) and more than the production, distribution and promotion of all film, video, TV and music in the UK (£1.9 billion).

The UK motorcycle industry also provides direct employment for 65,500 people in 6,350 businesses. It therefore provides more jobs than UK call centres (56,000), the market research sector (65,000), taxi driving (45,000), and libraries, museums and other cultural activities (51,000).

The other key economic benefits of the industry include:

- Tax contributions of more than £1 billion per year,
- Despite the concentration of retail and distribution jobs (31% of the total), average wages are £18,800 across the whole industry and are significantly higher in the support services (£21,600) and manufacturing (£28,600) sectors.
- A significant and increasing contribution to exports from motorcycle, component, clothing and accessory manufacturers of £370 million per annum,
- Supply chain impacts generated by UK motorcycle businesses purchasing goods and services from other UK sectors. These expenditures are estimated to support an additional £750 million of GVA and 16,000 FTE jobs in the UK economy.

In total, the industry supports £2.8 billion of GVA and 81,500 jobs in the UK economy, directly within the industry and indirectly through purchases of goods and services from other sectors in the UK.

The UK motorcycle industry also generates associated tourism impacts relating to tourism expenditures such as accommodation, food and drink, etc. For example:

- There are 1.5 million motorcyclists in the UK (3.1% of the adult population),
- Motorcycle-related tourism spend in the UK (excluding expenditure relating to the motorcycle sports and leisure sub-sector) is £570 million,
- Overseas motorcycling tourists spend £17 million on UK trips,
- Motorcycle-related tourism expenditure supports more than 13,000 tourism jobs in the UK, of which approximately 400 are supported by the expenditures of overseas 'motorcycling' visitors.

The benefits go beyond the significant scale of the industry and the jobs it provides, and the case studies in this report provide specific examples of UK strengths and successes. Much of the industry is internationally recognised for delivering high quality, high value activities, which are exported around the world, while many businesses have been growing during the recent period of global economic decline. For example, Triumph has achieved significant recent growth, while Norton production has recently returned to the UK.

There are also many examples and considerable evidence of UK manufacturers in the UK motorcycle industry investing heavily in R&D and innovating to drive the future of the industry, not just in the UK but globally. Much of the current R&D activity links closely with government objectives (e.g. the ‘New Industry New Jobs’ agenda) to develop clean technologies and reduce carbon emissions (such as through electric and hydrogen powered motorcycles), improve the safety of motorcyclists and other road users, and to further develop advanced engineering capabilities and expertise in the UK.

ANNEXES

ANNEX I: LIST OF CONSULTEES

Name	Position	Organisation
Sheila Rainger	Director of Communications and Research	MCIA
Sandra Cole	Membership Marketing and Relationship Manager	MCIA
Heather Brown	Senior Statistical Services Officer	MCIA
Stephen Latham	Senior Operations Manager, Commercial Vehicle & Motorcycle Divisions	Retail Motor Industry Federation (RMIF)
Nich Brown	General Secretary	Motorcycle Action Group (MAG)
Craig Carey-Clinch	Managing Director Director / Trustee Chairman, Transport Policy Committee Former Director	Rowan Public Affairs Motorcycle Outreach ACEM – The Motorcycle Industry in Europe MCIA and MAG
Peter Laidlow	North West Region Chairman and Member Services Director	British Motorcyclists Federation (BMF)
Simon Warburton	Product Manager	Triumph Motorcycles
Steve Cooper	UK Dealer Development Manager	Triumph Motorcycles
Chris Walker	Sales Manager	Norton Motorcycles
Caroline		Norton Motorcycles
Ian Austin	On-Road Motorcycles Product Co-ordinator	Suzuki Motorcycles
Simon Belton	Marketing and PR Manager	Yamaha Motor UK
Mike Pedler	Sales and Marketing Manager	Victory
Adam Offenbach	Company Director	Ecolve
Michaela		E-City Wheels
Andy Ibbott	Director	California Superbike School
Julia Sanders	Co-Founder	GlobeBusters
Driving Standards Agency Representatives at the 2009 International Motor Cycle and Scooter Show at the NEC		

ANNEX II: REFERENCES

Name of publication	**Author**	**Date**
Transport Statistics Bulletin: Compendium of Motorcycling Statistics	Department for Transport (DfT)	2009
Motorcycling and Leisure: Understanding the Recreational PTW Rider	Paul Broughton and Linda Walker	2009
Industrial Change and Prospects for the Motorcycle Industry in Europe – Working Document	European Economic and Social Committee	2009
Driver Testing, Training, Examining and Licensing: Implementing New European Union Requirements (Directive 2006/126/EC – the third Directive on driving licences)	DfT	2009
UK Car Finance 2009	Mintel	2009
Used Car Market Report	British Car Auctions (BCA)	2009
UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) – Structure and Explanatory Notes	Office for National Statistics (ONS)	2009
National Travel Survey	DfT	2008
Product Sales and Trade – PRA 35410 - Motorcycles	National Statistics	2008
The Economic Case for the Visitor Economy	Deloitte	2008
The Government's Motorcycling Strategy: Revised Action Plan	DfT	2008
The Wales Transport Strategy	Welsh Assembly Government	2008
The UK Tourist – Statistics 2008	Visit Britain, Visit Scotland, Visit Wales, Northern Ireland Tourist Board	2008
Risk and Enjoyment in Powered Two Wheeler Use	Paul Broughton, Napier University	2007
Motorcycle Users' Survey Report	The National Motorcycle Council	2007
The Government’s Motorcycling Strategy: Government Response to the Committee’s Fifth Report of Session 2006–07	House of Commons Transport Committee	2007
Understanding Road Safety Issues for Courier and Food Delivery Riders – Quantitative Research Report	Synovate (for Transport for London)	2007
Consumer Survey – Non-Riders Attitudes to Motorcycling	MCIA	

UK Motorcycle Insurance 2006	Datamonitor	2006
Final Tickbox Survey Report	MCIA	2005
The Government's Motorcycling Strategy	DfT	2005
2004 Cinzano British Motorcycle Grand Prix - Economic Impact Study	SQW	2004
Advisory Group on Motorcycling: Final Report to Government	Advisory Group on Motorcycling	2004
Data Sources		
Annual Business Inquiry		
FAME (Financial Analysis Made Easy) Database		
Business and Trade Statistics		
UK National Accounts - Blue Book 2009	ONS	2009
UK Trade Info	HM Revenue and Customs	
Eurostat	European Commission	
Vehicle Licensing Statistics	DVLA/DfT	
Vehicle Register	DVLA	
Vehicle Registration Statistics	Driver and Vehicle Agency (DVA) Northern Ireland	
Motorcycle Registrations Data	MCIA	
Vehicle Registration and Licensing Statistics	DfT	2009
Transport Statistics Great Britain	DfT	2008
UK Tourism Survey 2008	Visit Britain, Visit Scotland, Visit Wales, Northern Ireland Tourist Board	2008
Mid-Year Population Estimates	ONS	2008

ANNEX III: DETAILED SECTOR ANALYSIS

A3.1 Motorcycle Manufacturing – Sector Analysis

A3.1.1 Manufacture of Motorcycles and Components

There is good data available relating to the economic significance of motorcycle and components manufacturing sub-sectors. The 2008 Annual Business Inquiry (ABI) provides useful data relating to turnover, GVA, employment, wages and business numbers. The manufacture of motorcycles sector (SIC 30.91) includes the manufacture of sidecars, engines and other parts and accessories for motorcycles as well as the manufacture of the motorcycles themselves. It therefore provides a good match with the motorcycle and component manufacturing sub-sector.

However, the ABI estimate of GVA is significantly larger than the estimates of wages and profits. Analysis of the figures suggests that the motorcycle manufacturing sector spends as much on rent as it does on wages, which seems unlikely. In the overall manufacturing sector, wages account for 56% of GVA, a 10% profit margin would add a further 35%, which estimates rents to be just 9%. Therefore the wages estimate for the motorcycle manufacturing sector has been increased to £49 million. This is more in line with the overall manufacturing sector as wages now account for 56% of GVA, profits account for 33%, while rents account for the remaining 11% (£10 million).

Table A3.1: Motorcycle and Component Manufacturing Sub-Sector Assessment

Estimates	Manufacture of Motorcycles and Components (SIC 30.91)
Turnover £ Million	289
Purchases £ Million	201
GVA £ million	88
Wages £ Million	49
Profits £ million	29
Exports £ million	234
Imports £ Million	555
Taxes * £ Million	35
Employment Numbers	1,210
Businesses Number	89

* Includes VAT, income and corporation tax

A3.1.2 Manufacture of Clothing and Accessories

The data for the clothing and accessories manufacturing sub-sector is less appropriate since motorcycling-related clothing and accessories are included within much wider and more general clothing and accessories markets as part of the SIC sector structure.

However, the market for motorcycle clothing and accessories shares a number of similarities with the market for motorcycle and components. For instance, both are dominated by imports, with domestic manufacturers focusing on premium, higher value, niche and/or more innovative products, rather than trying to compete with large scale production from overseas. Since the data for the motorcycles and components markets are more tightly focused on motorcycling activities, ratios from these markets have been used to help provide estimates of clothing and accessory manufacture.

Data for motorcycles and components suggests that UK production is equivalent to 18% of goods purchased by the distribution and retail sector. Applying this ratio to the estimate of motorcycle clothing and accessory products purchased by the distribution and retail sector, provides an equivalent UK production estimate of £141 million. Similar ratios have been used to estimate UK exports of motorcycle clothing and accessories.

The £141 million turnover estimate accounts for 3.8% of the turnover of the wider clothing and accessory manufacturing sectors listed in Table 2.2:

- SIC 14.11 – Manufacture of leather clothes
- SIC 14.19 – Manufacture of other wearing apparel and accessories
- SIC 15.20 – Manufacture of footwear
- SIC 32.30 – Manufacture of sports goods
- SIC 32.99 – Other manufacturing n.e.c.

This ratio has been used to estimate the other economic variables included in the table below.

Table A3.2: Motorcycle Clothing and Accessories Sub-Sector Assessment

Estimates	Wider Clothing and Accessory Sectors (SIC 14.11, 14.19, 15.20, 32.30, 32.99)	Manufacture of Motorcycle Clothing & Accessories	Motorcycling % of Wider Sector
Turnover £ Million	3,723	141	3.8%
Purchases £ Million	2,340	85	3.6%
GVA £ million	1,473	56	3.8%
Wages £ Million	833	32	3.8%
Profits £ million	-	14	-
Exports £ million	-	115	-
Imports £ Million	-	273	-
Taxes * £ Million	-	21	-
Employment Numbers	43,000	1,640	3.8%
Businesses Number	6,889	263	3.8%

* Includes VAT, income and corporation tax

A3.1.3 Manufacture of Fuel for Motorcycles

The UK petroleum industry extracts and refines oil products for use as fuel for motor vehicles including motorcycles. The Department for Energy and Climate Change (DECC) reports that 47 billion litres of automotive fuel were sold in the UK in 2008, supplied by the UK petroleum industry. The UK is also a net exporter of oil products, exporting around 15% of automotive fuels, most of which are exports of petrol to the US.

The 47 billion litres comprise 22.5 billion litres of petrol and 24.5 billion litres of diesel. Multiplying these quantities by the corresponding average prices of petrol and diesel per litre[66] provides estimated consumer expenditure of £24.1 billion for petrol and £29 billion for diesel in 2008, totalling £53.1 billion. The UK Petroleum Industry Association (UKPIA) states that the ex-refinery price is 31% of the final retail value[67] and totals £16.5 billion.

The next task is to estimate the proportion of these fuel sales that is attributable to motorcycle use. A detailed breakdown of fuel consumption statistics was produced by the former Department for Business Enterprise and Regulatory Reform (BERR) in 2008[68]. This uses 2006 data to break down fuel consumption by the different modes of transport (motorcycles, cars, buses, LGVs and HGVs). The data suggest that motorcycles accounted for 0.4% of fuel consumed in Great Britain in 2006 and are therefore estimated to account for £65 million of the ex-refinery value. (It is worth noting that this figure corresponds with the analysis of the distribution and retail of fuel in the following section, which suggests that the sub-sector purchases goods and services of £70 million, the vast majority of which will be purchases of petrol from UK refineries).

The turnover of the manufacture of fuel for motorcycles sector is therefore estimated to be £65 million. This figure is less than 0.2% of the turnover of the total ‘manufacture of refined petroleum products’ sector and this ratio has been used to estimate the other economic variables included in the table below. GVA has then been re-calculated as the difference between total turnover and the purchases of goods and services since it provides a more realistic representation of the likely economic significance of the sector. This rather laborious approach is required because the refined petroleum products sector extends beyond the production of automotive fuels.

Table A3.3: Motorcycle Fuel Sub-Sector Assessment

Estimates	Total Manufacture of Refined Petroleum Products (SIC 19.2)	Manufacture of Fuel for Motorcycle Use	Motorcycling % of Wider Sector
Turnover £ Million	40,337	65	0.2%
Purchases £ Million	27,460	55	0.2%
GVA £ million	1,982	10	0.5%
Wages £ Million	565	1	0.2%
Profits £ million	-	7	-
Exports £ million	-	10	-
Imports £ Million	-	0	-
Taxes * £ Million	-	4	-
Employment Numbers	10,000	20	0.2%
Businesses Number	246	1	0.4%

* Includes VAT, income and corporation tax

[66] Based on 2008 Automobile Association (AA) data of 107.5 pence per litre for petrol and 118 pence per litre for diesel.

[67] UK Petroleum Industry Association (UKPIA), Statistical Review 2009

[68] BERR, Regional and Local Authority Road Transport Consumption Statistics, 2008

A3.2 Motorcycle Distribution and Retail – Sector Analysis

A3.2.1 Distribution and Retail of Motorcycles and Components

The ABI provides useful data on the wholesale and retail of motorcycles and components, although the SIC codes do combine this sector with the 'repair, servicing and maintenance' of motorcycles, which is covered in a later section. While this sector definition is useful for the overall industry analysis, it would be useful for the more detailed analysis to split the sector into the respective 'distribution and retail' and 'repair, servicing and maintenance' sub-sectors. This has been achieved using ratios from the car industry, which is separated into constituent parts in the ABI data.

For the economic variables included in the summary table below, the ABI data for the car industry was used to determine the proportion of turnover, GVA, employment and business numbers associated with the distribution and retail of finished vehicles and components, and the repair, servicing and maintenance of vehicles. These ratios were then applied to the motorcycle-related ABI data to provide the data presented in the summary table below.

The distribution of wages has been amended slightly since this was too heavily biased towards the distribution and retail of motorcycles and components based on the above assumptions (with estimated wages and profits exceeding GVA) and too low in the motorcycle repair, servicing and maintenance sector. Therefore the total wages in these sectors have been reduced such that wages and profits are equal to the level of GVA.

This analysis suggests that the total turnover associated with the distribution and retail of finished motorcycles is more than £1.6 billion, and £255 million for motorcycle components, generating GVA of £250 million and £61 million respectively.

Table A3.4: Distribution and Retail of Motorcycles and Components Sector Assessment

Estimates	Distribution and Retail of Motorcycles	Distribution and Retail of Components
Turnover £ Million	1,643	255
Purchases £ Million	1,393	194
GVA £ million	250	61
Wages £ Million	86	36
Profits £ million	164	25
Exports £ million	n/a	n/a
Imports £ Million	n/a	n/a
Taxes * £ Million	112	26
Employment Numbers	4,800	2,200
Businesses Number	870	330

* Includes VAT, income and corporation tax

A3.2.2 Distribution and Retail of Clothing and Accessories

The distribution and retail of motorcycle clothing and accessories is more difficult to assess using supply-side data such as ABI data, since these products represent a relatively small proportion of the total markets for clothing and other products, and it is difficult to accurately estimate the proportion attributable to motorcycling.

An alternative approach is to estimate from the demand-side, using data relating to consumer expenditure on motorcycle products. Broughton (2009) provides estimates of average motorcyclist expenditures across a number of broad areas: bike and bike kit; consumables; bike related accommodation; spending at bike events; and other bike related expenditure. Although the bike and bike kit category is rather broadly defined (comprising motorcycles, components, clothing and accessories), it is possible to estimate the expenditure on clothing and accessories by subtracting the above estimates of turnover in the motorcycle and components sub-sectors, from the overall estimate of expenditure on bike and bike kit provided by the Broughton survey.

Broughton (2009) reports that the average annual expenditure on ‘bikes and bike kit’ was £2,032 amongst the 101 responses received from the sample. Multiplying this average by the estimated 1.5 million motorcyclists in the UK, suggests that around £3 billion is spent on motorcycles, components, clothing and accessories. Subtracting the £1.9 billion combined gross sales of the motorcycles and components sub-sectors, leaves an estimated £1.1 billion of gross sales for the clothing and accessories market.

The £1.1 billion turnover estimate accounts for 2.2% of the turnover of the wider clothing and accessory manufacturing sectors listed below and in Table 2.2 (and this ratio has been used to estimate the other economic variables):

- SIC 46.42 – Wholesale of clothing and footwear
- SIC 47.71 – Retail sale of clothing in specialised stores
- SIC 47.72 – Retail sale of footwear and leather goods in specialised stores
- SIC 47.64 – Retail sale of sporting equipment in specialised stores.

Table A3.5: Clothing and Accessory Distribution and Retail Sector Assessment

Estimates	Wider Clothing and Accessory Sectors (SIC 46.42, 47.71, 47.72, 47.64)	Distribution and Retail of Motorcycle Clothing and Accessories	Motorcycling % of Wider Sector
Turnover £ Million	50,393	1,100	2.2%
Purchases £ Million	36,234	784	2.2%
GVA £ million	14,461	316	2.2%
Wages £ Million	7,358	165	2.2%
Profits £ million	-	110	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	125	-
Employment Numbers	605,000	13,200	2.2%
Businesses Number	25,829	560	2.2%

* Includes VAT, income and corporation tax

A3.2.3 Distribution and Retail of Fuel for Motorcycles

There is good availability of data relating to the demand and supply of automotive fuels in the UK. The estimate of expenditure on automotive fuel of £53.1 billion (as described above) is significantly higher than the corresponding 2008 ABI estimated turnover in the retail of automotive fuel sector (SIC 47.3) of £18.8 billion. This is because the ABI data already excludes the VAT and excise duty on automotive fuel, which for petrol accounts for 62% of the final retail price[69]. Excluding the excise duty and VAT from the above estimate of expenditure on automotive fuel, provides an estimate of £20.2 billion, which is broadly in line with the ABI figure.

Since motorcycles account for just 0.4% of fuel consumed in Great Britain, this percentage has been applied to the relevant economic variables in the summary table below to estimate the proportion of the sector attributable to motorcycle use. It has even been applied to the number of businesses and employees in the sector to show the number supported by motorcycle use, although clearly the same number of businesses (petrol stations) and employees are available to serve motorcyclists as there are for any other mode of transport.

The profit estimate is assumed to be 7% of turnover (compared to the standard assumption of 10%), since this is the retailer margin on petrol sold in the UK. The GVA estimate has been increased slightly to equal the sum of wages and profits.

The estimate for taxes related to fuel is relatively high because it includes fuel excise duty. This has been calculated as 0.4% of the 47 billion litres of fuel used on UK roads (i.e. the proportion attributable to motorcycles), multiplied by the current rate of fuel excise duty (56.19 pence per litre) and provides an estimate of £106 million. VAT is then charged on the full price, including the fuel duty. The tax figure of £128 million also includes estimates of income and corporation tax in line with all other sectors.

Table A3.6: Motorcycle Fuel Distribution and Retail Sector Assessment

Estimates	Total Retail Sale of Automotive Fuel in Specialised Stores (SIC 47.30)	Distribution and Retail of Fuel for Motorcycle Use	Motorcycling % of Wider Sector
Turnover £ Million	18,801	75	0.4%
Purchases £ Million	17,395	68	0.4%
GVA £ million	1,309	7	0.5%
Wages £ Million	533	2	0.4%
Profits £ million	-	5	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	128	-
Employment Numbers	46,000	180	0.4%
Businesses Number	3,802	15	0.4%

* Includes VAT, income and corporation tax (and excise duty for fuel)

[69] UK Petroleum Industry Association (UKPIA), Statistical Review 2009

A3.3 Motorcycle Repair, Servicing and Maintenance – Sector Analysis

The ABI provides useful data on the 'repair, servicing and maintenance' of motorcycles although this is combined with the 'wholesale and retail of motorcycles and components'. The car industry has again been used as a proxy with which to estimate the proportion of turnover, GVA, employment and businesses associated with the repair, servicing and maintenance of motorcycles. As described above, the wages estimate has been increased to account for the wage reduction in the distribution and retail sectors as this provides more realistic estimates across each respective sector, while the overall significance of the industry remains unchanged.

It should be noted that using ratios from the motor vehicles sector could potentially inflate the share of motorcycle repair and maintenance activities, relative to the motorcycle wholesale and retail sector. Interviews undertaken as part of this study have suggested that motorcycle owners are more likely to have both the wherewithal and the inclination to undertake their own repairs and maintenance compared to a typical car owner, rather than paying to use the services of professional mechanics and garages.

Table A3.7: Motorcycle Repair, Servicing and Maintenance Sector Assessment

Estimates	Motorcycle Repair, Servicing & Maintenance
Turnover £ Million	292
Purchases £ Million	183
GVA £ million	109
Wages £ Million	80
Profits £ million	29
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	41
Employment Numbers	4,000
Businesses Number	1,327

* Includes VAT, income and corporation tax

A3.4 Motorcycle Sport and Leisure – Sector Analysis

A3.4.1 Motorcycle Sport

Motorcycle sport events have a significant economic impact. The expenditure on motorcycles, components, clothing, accessories and fuel has been included within the previous sections. Therefore to avoid double-counting, this section focuses on the provision of services for participants and spectators associated with the events.

The Broughton (2009) study suggests that motorcyclists spend an average of £216 per annum on motorcycle events. This will include not only motorcycle sport events but also events with more of a leisure focus such as the Thundersprint event in Northwich and the large motorcycle shows. Multiplying this figure by the estimated 1.5 million UK motorcyclists suggests that motorcyclists spend £324 million on and at motorcycle events each year.

This will undoubtedly include the majority of expenditure at these events, but does not include provision for expenditure from non-motorcyclists, which GHK estimate is likely to account for an additional 20% of expenditures on average. Large-scale events such as the Moto GP are likely to attract a much larger proportion of non-riders although the more specialist and modest events are likely to attract a greater proportion of motorcyclists. The 2005 MCIA Tickbox Survey provides some evidence to support this assumption as it found motorcyclists were around four times as likely to have previously attended a motorcycle event compared to non-riders. Therefore the additional 20% of expenditure for non-riders provides a new estimate of total spectator expenditures of approximately £390 million.

Discussions with industry representatives with knowledge of the motorcycle sport sub-sector, and a review of reports such as the Moto GP economic impact study, would suggest that the additional expenditures associated with the competitors, support teams and media are likely to add a further £40 million. Therefore the total turnover of motorcycle sport and leisure events is estimated to be in the region of £430 million.

The other economic variables for the sector have been estimated based on the assumption that motorcycle sport represents 3.7% of the wider sports sector based on the following sectors listed in Table 2.2:

- SIC 93.11 – Operation of sports facilities
- SIC 93.12 – Activities of sport clubs
- SIC 93.19 – Other sports activities

The Moto GP economic impact assessment estimated overseas visitors to account for 5% of total expenditures. It therefore seems realistic to assume that overseas visitors will account for 1% of all motorcycle sports expenditure in the UK (since most other events will attract fewer overseas visitors than the Moto GP). It is also likely that UK teams, media and spectators will spend a similar amount at overseas motorcycle events, hence imports and exports are both assumed to be £4 million per year (1% of turnover).

Table A3.8: Motorcycle Sport Sector Assessment

Estimates	Wider Sports Sectors (SIC 93.11, 93.12, 93.19)	Motorcycle Sport	Motorcycling % of Wider Sector
Turnover £ Million	11,774	430	3.7%
Purchases £ Million	5,623	205	3.7%
GVA £ million	6,166	225	3.7%
Wages £ Million	4,953	181	3.7%
Profits £ million	-	43	-
Exports £ million	-	4	-
Imports £ Million	-	4	-
Taxes * £ Million	-	92	-
Employment Numbers	270,000	9,860	3.7%
Businesses Number	19,163	700	3.7%

* Includes VAT, income and corporation tax

A3.4.2 *Motorcycle Leisure*

The motorcycle leisure sector is particularly fragmented with a large number of small businesses delivering motorcycle leisure tours. Interviews with industry representatives and information provided in survey responses suggest that there are likely to be at least 100 such businesses operating in the UK. This figure appears valid as an initial search of online directories and websites quickly found around 70 motorcycle leisure tour operators based in the UK. The study also found that even the larger businesses in the sector are likely to have a relatively small number of core employees but access a larger bank of freelance and support riders to meet demand. Since the sector also includes a large proportion of small family businesses, total employment in the sector is estimated to be 350 based on an average of 3.5 employees in each of the 100 businesses.

The total turnover of the sector is estimated to be £53 million based on an assumption of £150,000 turnover per employee. This ratio is significantly lower than the average in the wider 'travel agency and tour operator activities' sector of £380,000 per employee, as this was deemed unrealistic for the motorcycle leisure sector. The turnover estimate is more in line with the average across the whole economy of £120,000 per employee. A similar approach was used to estimate GVA. GVA per employee is £47,000 in the wider sector and again appears too high. The GVA estimate of £13 million is based on £37,500 GVA per employee, which is more in line with the total economy average of £34,600 according to ABI data. Wages in the sector are estimated to total £7 million based on the total economy average of £20,000 per employee.

The majority of companies in the sector specialise in the provision of overseas motorcycle leisure tours, which involve significant expenditures on overseas goods and services (such as hotels, food and drink and fuel). Imports are assumed to be 40% of turnover to account for these overseas purchases, based on information provided by industry representatives and survey responses. Exports are assumed to be 10% of turnover to account for overseas tourists using UK tour operators to book motorcycle leisure tours. The export figure is lower to allow for the fact that more UK motorcycle tourists travel abroad compared to the number of overseas motorcyclists visiting the UK.

Table A3.9: Motorcycle Leisure Sector Assessment

Estimates	Total Travel Agency and Tour Operator Activities (SIC 79.1)	Motorcycle Leisure	Motorcycling % of Wider Sector
Turnover £ Million	35,056	53	0.2%
Purchases £ Million	30,749	40	0.2%
GVA £ million	4,326	13	0.3%
Wages £ Million	2,340	7	0.3%
Profits £ million	-	5	-
Exports £ million	-	5	-
Imports £ Million	-	21	-
Taxes * £ Million	-	5	-
Employment Numbers	92,000	350	0.4%
Businesses Number	5,805	100	2%

* Includes VAT, income and corporation tax

A3.5 Other Support Services – Sector Analysis

A3.5.1 Motorcyclist Training and Testing

As mentioned above, this is a particularly fragmented sector with a large number of small and self-employed businesses. The latest DSA data (May 2009) suggest that there are approximately 650 Approved Training Bodies (ATBs), authorised by the DSA to deliver motorcycle training. These training providers include 3,250 registered pre-test instructors and almost 290 post-test instructors (included on the Register of Post-Test Motorcycle Trainers). However, this excludes DSA employees (motorcycle examiners and administrative staff) and other people employed in the management and administration of the motorcycle training providers. It has therefore been assumed that the motorcycle training and testing sector employs approximately 4,000 people in 650 organisations and businesses.

Since this accounts for more than half of the employees and businesses in the wider ‘driving school activities’ sector (SIC 85.53, which also includes non-commercial training and testing for drivers of cars, boats and aeroplanes), it appears that the ABI data significantly underestimates the size of this sector. However, ratios of turnover per employee (£43,000) and GVA per employee (£28,150) in the wider sector look valid and have been applied to the estimated 4,000 employees to generate turnover and GVA estimates of £172 million and £113 million respectively.

Profits for the sector are estimated to be £17 million (15% of GVA) and, given the labour intensive nature of the sector, it is assumed that rents are also £17 million (15% of GVA), such that wages in the industry total £79 million (70% of GVA).

Table A3.10: Motorcyclist Training and Testing Sub-Sector Assessment

Estimates	Motorcyclist Training & Testing
Turnover £ Million	172
Purchases £ Million	59
GVA £ million	113
Wages £ Million	79
Profits £ million	17
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	42
Employment Numbers	4,000
Businesses Number	650

* Includes VAT, income and corporation tax

A3.5.2 Motorcycle Insurance and Financial Services

Motorcycle Insurance

ABI data is not provided for financial services sectors and so cannot be used as a base for this analysis. However, the 2007 Broughton survey of motorcyclists asked about annual motor insurance premiums. The survey findings suggest that the 535 respondents spent an average of £290 on motorcycle insurance each year. Inflating this figure to 2008 prices provides a more up to date estimate of £299 per annum. Multiplying this average annual premium by the 1.5 million motorcyclists in the UK provides an estimated motorcycle insurance premium income of £449 million.

Insurance turnover is then based on net premiums collected (i.e. the gross premiums received less the reinsurance premiums paid to reinsurers). The turnover of the motorcycle insurance industry was estimated to be £187 million in 2005[70]. Inflating this to 2008 prices, equates to a turnover estimate of around £203 million.

Using average ratios for the 'Business Services and Finance' sector from the Blue Book 2009 suggests that 40% of turnover is spent on purchased goods and services, while GVA is estimated to be 60% of turnover. Applying these ratios to the motorcycle insurance market provides a GVA estimate of £122 million per annum.

Employment in the sector is estimated to be 1,300, based on a national GVA per head ratio for the whole finance sector of £94,000[71]. Total wage costs of £38 million are estimated based on employment of 1,300 multiplied by the median annual pay of £29,000 in the insurance sector[72].

Finally, average profits in the insurance sector are likely to be higher than other sub-sectors and are assumed to be 20% (compared to a 10% assumption for other sectors), generating profits of £41 million.

Motorcycle Finance

There is limited information available relating to the economic significance of the UK motorcycle finance sector. However, it is possible to produce estimates of gross loan value based on ratios calculated for the car finance sector and apply these to data relating to the UK sales of new and used motorcycles.

For instance, the 2009 Mintel report on the 'UK Car Finance' market suggests car loans total £21.9 billion. Data on new and used car sales in the UK is provided by the 2009 British Car Auctions (BCA) Used Car Market Report, which suggests that the value of new car sales fell by almost 15% in 2008 to £28.1 billion, while the value of used car sales fell by almost 7% in 2008 to £24 billion. These statistics suggest that 42% of car sales (new and used) of £52.1 billion are purchased using car finance.

The total value of the 142,000 new motorcycles registered in the UK in 2008, assuming an average price of £5,200, was £738 million in 2008. In terms of used cars, statistics on the www.motorcycle.co.uk website suggest that 450,000 used motorcycles change hands each year, while Broughton (2009) suggests that the average motorcycle value, amongst a sample of 535 motorcyclists, was approximately £3,000. These figures can be multiplied to provide an estimated value of the UK used motorcycle market of £1.35 billion per annum.

Total UK motorcycle sales (new and used) are therefore estimated to be around £2.1 billion per annum. Applying the same ratio as the car industry would suggest that the gross value of loans used to purchase motorcycles is estimated to be £877 million (i.e. 42% of the total sales value of £2.1 billion).

The income for motorcycle finance providers is the difference between total loan repayments and the gross loan value. However, a brief review of the motorcycle finance market reveals a broad range of finance deals, from 0% APR (annual percentage rate)

70 Datamonitor, UK Motorcycle Insurance, 2006

71 Based on the ONS GVA estimate of £102 billion for the finance sector in 2007, divided by the corresponding 2007 NOMIS employment estimate for the sector of 1.07 million.

72 Annual Survey of Hours and Earnings, Median Annual Pay for the Insurance Sector, 2008

deals to around 30% APR. It has therefore been assumed that the turnover for motorcycle finance companies is 25% of the gross loan value (£219 million per annum).

The same assumptions have then been used for the finance sector, as were described above for the motorcycle insurance sector. The only exception is the average wage assumption, which is specific to the financial services sector (excluding insurance), of £28,000 per employee.

Table A3.11: Motorcycle Insurance and Finance Sub-Sector Assessment

Estimates	Insurance & Finance	Insurance	Finance
Turnover £ Million	422	203	219
Purchases £ Million	169	81	88
GVA £ million	253	122	131
Wages £ Million	77	38	39
Profits £ million	85	41	44
Exports £ million	n/a	n/a	n/a
Imports £ Million	n/a	n/a	n/a
Taxes * £ Million	87	42	45
Employment Numbers	2,700	1,300	1,400
Businesses Number	Unknown	Unknown	Unknown

* Includes VAT, income and corporation tax

A3.5.3 Motorcycle Couriers

There are estimated to be 20,000 motorcycle couriers in the UK, many of which are self-employed. For the self-employed motorcycle couriers, rates of pay are usually negotiated with the despatch company, although average salaries for motorcycle couriers are reported to be around £20,000 and perhaps slightly higher in London[73]. The total wages estimate of £400 million is based on 20,000 couriers earning average wages of £20,000.

The table below shows that wages of £400 million account for 5.4% of the wider 'postal and courier services' sector. This same ratio has been applied in order to estimate turnover of almost £800 million, which will generate profits of £79 million (based on the standard assumption of 10% of sales). GVA for the sector has been estimated using the income method of summing wages, profits and rents. Since motorcycle couriers are unlikely to have significant rents, GVA is assumed to be £480 million (60% of turnover). This leaves 40% of turnover for the purchases of goods and services, which (for motorcycle couriers) will include motorcycles, fuel, clothing and the costs of running, taxing, insuring and maintaining their motorcycles.

Finally, given the large number of self-employed motorcycle couriers, it has been assumed that the number of motorcycle courier businesses is likely be relatively high

[73] Careers Advice Service – Job Profile: Courier (http://careersadvice.direct.gov.uk/helpwithyourcareer/jobprofiles/JobProfile?code=321196117&jobprofileid=181&jobprofilename=Courier)

and has been estimated by doubling the ratio for turnover and wages to provide an estimate of 1,330 motorcycle courier businesses (10.8% of the wider sector).

Table A3.12: Motorcycle Couriers Sub-Sector Assessment

Estimates	Total Postal and Courier Activities (SIC 53)	Motorcycle Couriers	Motorcycling % of Wider Sector
Turnover £ Million	14,719	794	5.4%
Purchases £ Million	6,156	314	5.1%
GVA £ million	8,626	480	5.6%
Wages £ Million	7,412	400	5.4%
Profits £ million	-	79	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	196	-
Employment Numbers	272,000	20,000	7.4%
Businesses Number	12,292	1,330	10.8%

* Includes VAT, income and corporation tax

A3.5.4 Motorcycle Hire

2007 ABI data includes motorcycle hire and lease within a very broad sector (SIC 77.39 - renting and leasing of other machinery, equipment and tangible goods n.e.c.), which also includes the hire and lease of: a wide range of scientific, commercial and industrial machinery, tools and equipment; as well as caravans and campers and railway vehicles. It also includes the renting of: accommodation or office containers; animals (e.g. herds, race horses); containers and pallets. The earlier 2003 SIC sector definitions provided a more specific definition of the sector, including the motorcycle lease and hire sub-sector as part of the (2003 SIC 71.21) 'renting of other land transport equipment' sector, alongside the rent and lease of railway vehicles, caravans and campers, trucks, trailers, containers and pallets.

Given limited information on the motorcycle hire and lease sector, the FAME database has been used to determine the proportion of activity within this sector associated with motorcycles. The FAME (Financial Analysis Made Easy) database holds information relating to 3.4 million companies located in the UK and Ireland. It is an online database providing basic company details (address, telephone numbers, SIC codes, etc.) together with up to five years of financial information, derived from Companies House.

The FAME database contains details for 768 businesses registered in the 'renting of other land transport equipment' (2003 SIC 71.21), which is almost two-thirds of the ABI data estimate of 1,200. A detailed search of these 768 businesses suggests that only around ten businesses (1.3%) appear likely to be associated with the hire and lease of motorcycles. This is realistic as the sector is likely to be dominated by the hire of trucks, trailers and containers and caravans.

Therefore the estimates of economic variables for this sector are based on a 1.3% share of the wider 'renting of other land transport equipment' sector (2003 SIC definition), while this assumption is doubled to 2.6% for employment and wages since the sector is typically more labour intensive than much of the wider sector (such as the hire of trucks, trailers and containers). Since this data uses 2003 SIC data for 2007, the figures have been inflated to 2008 prices for consistency with the other sector estimates.

Table A3.13: Motorcycle Hire and Leasing Sub-Sector Assessment

Estimates	Total Renting of Other Land Transport Equipment (2003 SIC 71.21) – 2008 Prices	Motorcycle Hire and Leasing	Motorcycling % of Wider Sector
Turnover £ Million	2,893	38	1.3%
Purchases £ Million	1,361	18	1.3%
GVA £ million	1,564	20	1.3%
Wages £ Million	399	10	2.6%
Profits £ million	-	4	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	7	-
Employment Numbers	12,000	310	2.6%
Businesses Number	1,201	16	1.3%

* Includes VAT, income and corporation tax

A3.5.5 Motorcycle Marketing and Publishing

Marketing

There are no specific figures on the scale of the UK motorcycle marketing sector. The sub-sector falls within the wider ‘advertising and market research’ sector (SIC 73). The analysis of MCIA membership data, supplemented by responses to the survey of MCIA members and motorcycle dealers undertaken as part of this study, suggests that motorcycle marketing activities and expenditures account for around 2% of the total turnover of motorcycle companies. Therefore the estimated motorcycle marketing turnover of £114 million is assumed to be 2% of the combined turnover of the motorcycle manufacturing, distribution and retail, repair, servicing and maintenance, sports and leisure, and other support service provider businesses. Appropriate ratios have been calculated from the wider ‘advertising and market research’ sector to estimate the other economic indicators. The motorcycle marketing subsector is therefore estimated to generate GVA of £48 million per annum and provide employment for around 660 people in 75 businesses.

Table A3.14: Motorcycle Marketing Sub-Sector Assessment

Estimates	Total Advertising and Market Research (SIC 73)	Motorcycle Marketing	Motorcycling % of Wider Sector
Turnover £ Million	26,121	114	0.4%
Purchases £ Million	15,022	66	0.4%
GVA £ million	11,048	48	0.4%

Wages £ Million	5,937	26	0.4%
Profits £ million	-	11	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	18	-
Employment Numbers	152,000	660	0.4%
Businesses Number	16,877	75	0.4%

* Includes VAT, income and corporation tax

Publishing

For the purposes of this analysis, it has only been possible to consider magazines within the motorcycle publishing sector, given insufficient data relating to the publishing of motorcycle websites and books. The main motorcycle magazine titles were identified and researched to collect information about current prices, frequencies and circulations. This data was then used to estimate the total sales turnover relating to each individual magazine and the sector as a whole. The data suggest that the 25 magazines cover seven different publishers and generate sales of £50 million from more than 17 million motorcycle magazine purchases per annum.

This £50 million estimate of turnover represents 0.7% of the wider 'publishing of journals and periodicals' sector (SIC 58.14) and this ratio has been applied to provide estimates of the other economic indicators. These estimates suggest the motorcycle publishing subsector generates GVA of £26 million per annum and supports 400 jobs.

Table A3.15: Motorcycle Publishing Sub-Sector Assessment

Estimates	Total Publishing of Journals and Periodicals (SIC 58.14)	Motorcycle Publishing	Motorcycling % of Wider Sector
Turnover £ Million	6,978	50	0.7%
Purchases £ Million	3,417	24	0.7%
GVA £ million	3,581	26	0.7%
Wages £ Million	2,115	15	0.7%
Profits £ million	-	5	-
Exports £ million	-	Minimal	-
Imports £ Million	-	Minimal	-
Taxes * £ Million	-	9	-
Employment Numbers	54,000	400	0.7%
Businesses Number	2,420	20	0.8%

* Includes VAT, income and corporation tax

ANNEX IV: ANALYSIS OF TOURISM IMPACTS

Tourism Days

The MCIA undertook a large-scale survey of attitudes towards, and experiences of, motorcycling. The survey was undertaken in 2005 and received responses from more than 2,000 people (including around 1,250 motorcyclists and 800 non-motorcyclists). One of the survey questions asked how often motorcycles are used for holidays, short-breaks and day trips per year, the results of which are presented and analysed in Table A4.1 below.

Surprisingly, more than half (56%) of the motorcyclists amongst the sample, suggested that they do not use their motorcycles for any form of tourism activity. Just over a third of motorcyclists (34%) use their motorcycles to undertake tourism day trips and these were split relatively evenly between those taking fewer than ten day trips per year and those taking more than ten. 22% of the motorcyclists, reported using motorcycles for short (weekend) breaks, with the majority taking fewer than three of these trips per year. Finally, 10% of motorcyclists use their motorcycle to take longer holidays, with 7.5% taking up to two weeks and 2.5% taking more than two weeks.

In order to calculate an estimate for the number of days, conservative assumptions have been made so as not to overestimate the value of motorcycle tourism. Minimum values have been used for the ‘more than’ responses (i.e. it is assumed that all people taking more than ten day trips per year, only take ten days trips per year), while middle values have been assumed for the ‘fewer than’ responses (i.e. it is assumed that all people taking fewer than ten day trips per year, will each take an average of five day trips per year).

Table A4.1: Analysis of Tourism Days Associated with Motorcycling

	Total	Non-Riders	Riders	Riders	Average Trip Duration[1]	Total Tourism Days for Riders in Sample
Base Sizes	2073	816	1257	No. of Respondents	Average No. of Days	
Not at all	71.0%	94.6%	55.7%	700	0	-
Day trips - More than 10 separate days	11.9%	1.0%	18.9%	238	10	2,376
Day trips - Fewer than 10 separate days	10.1%	2.0%	15.4%	194	5	968
Short break - Fewer than 3 weekends	8.8%	0.9%	13.9%	175	3	524
Short break - More than 3 weekends	5.4%	0.7%	8.4%	106	6	634
Holiday - Up to 2 weeks	5.2%	1.6%	7.5%	94	7	660
Holiday - More than 2 weeks	1.8%	0.7%	2.5%	31	14	440
					Total Tourism Days in Sample	**5,601**
					Total Riders in Sample	**1,257**
					Average Tourism Days per Rider	**4.5**
					Total Rider Population	**1,500,000**
					Annual Motorcyclist Tourism Days	**6,684,000**

Source: GHK Analysis of 2005 MCIA Final Tickbox Survey Report
Notes: (1) Conservative assumptions for 'Average Trip Duration', using minimum values for 'more than' responses and middle values for 'less than' responses

Multiplying these assumptions by the corresponding number of respondents suggests that this sample takes tourism trips totalling 5,600 days per year. Dividing by the total number of riders in the sample provides an estimate of 4.5 tourism days per motorcyclist (including the 56% of riders who do not take any trips). Multiplying this figure by the estimated 1.5 million motorcyclists in the UK, suggests that motorcycle related tourism totals almost 6.7 million tourism days.

Tourism Expenditure

The survey also asked about tourist spending, whilst on the above trips, breaks and holidays, the results of which are analysed and presented in Table A4.2 below. The survey asked whether average daily expenditures were less than £50, between £51 and £100, between £101 and £200, or more than £200. The vast majority of motorcyclist responses suggested spending levels of less than £100 per person per day, evenly split between those of less than £50 and those of more than £50 per day. Conservative assumptions were used again where minimum values were used as assumptions for "more than" responses and middle values were used for the "banded" responses.

Multiplying the value assumptions by the corresponding number of respondents and dividing by the number of riders taking tourism trips, suggests an average motorcycle-related tourism expenditure of £67.82 per day (inflated to 2008 prices for consistency). Multiplying this figure by the estimated 6.7 million motorcyclist tourism days from the above analysis, suggests that motorcycle related tourism expenditures total more than £450 million per annum. This represents an average annual motorcycle-related tourism expenditure of around £300 per motorcyclist (although please note this is an average across all motorcyclists and needs to allow for those that do not participate in motorcycle-related tourism, which the MCIA survey findings suggest are of significant number and more than half of the total).

Table A4.2: Analysis of Tourism Expenditures Associated with Motorcycling

	Total	Non-Riders	Riders	Riders	Average Spend in Range[1]	Daily Expenditure for Riders in Sample
Base Sizes	2073	816	1257	No. of Respondents	£ 2005	
Not applicable	72.3%	93.0%	58.8%	739	£0	£0
Under £50	11.4%	2.5%	17.2%	216	£25	£5,405
£51-£100	12.1%	2.8%	18.1%	228	£75	£17,064
£101-£200	3.0%	1.1%	4.3%	54	£150	£8,108
Over £200	1.3%	0.6%	1.7%	21	£200	£4,274
					Total Daily Expenditure in Sample	**£34,850**
					Total Riders Taking Trips in Sample[2]	**557**
					Average Daily Tourism Expenditure per Rider (£ 2005)	**£62.57**
					Average Daily Tourism Expenditure per Rider (£ 2009)	**£67.82**
					Annual Motorcyclist Tourism Days	**6,684,000**
					Total Motorcycling Tourism Spend (£ 2005)	**£418,203,900**
					Total Motorcycling Tourism Spend (£ 2008)[3]	**£453,333,028**

Source: GHK Analysis of 2005 MCIA Final Tickbox Survey Report and Consumer Price Index (CPI) data from the ONS
Notes: (1) Conservative assumptions for 'Average Spend', using minimum values for 'more than' responses and middle values for 'banded' responses.
(2) Total riders taking leisure trips (557) calculated from total riders in sample (1,257) less the riders not taking any leisure trips (700)
(3) Converted to 2008 prices using ONS Consumer Price Index (CPI) historic data

Domestic and Overseas Trips and Visitors

The MCIA survey does not establish whether this expenditure is on domestic or overseas trips. Nor does it account for the expenditures of overseas riders visiting the UK. However, the MCIA does suggest that the number of overseas riders visiting the UK is relatively low and currently represents a missed opportunity. In fact, the DfT suggests that around 100,000 independent bikers from the UK travel abroad by ferry or the channel tunnel each year, while only 23,000 European riders visit the UK[74].

The 2008 International Passenger Survey suggests the duration of overseas visits averages 7.7 days. Applying this assumption suggests that the 100,000 overseas trips made by UK motorcyclists account for 770,000 days. Applying the average expenditure of £68 per day estimates that £52.2 million of the above expenditure is spent outside of the UK. However, applying the same assumptions to overseas visitors to the UK suggests that the 23,000 overseas motorcyclists spend a total of 177,100 days in the UK and spend £12 million. Combining the two suggests a net loss of £44 million of tourism expenditure from the UK each year, or slightly less than 10% of the above estimate of tourism expenditure.

Therefore, it is estimated that motorcycle related tourism expenditures in the UK total £409 million using the analysis of the MCIA survey responses.

Employment Impact of Tourism Spending

This section estimates the employment supported by motorcycle related tourism expenditures, which is separate to employment provided by the motorcycling industry businesses presented in earlier sections.

The employment impact of this motorcycle related tourism expenditure can be estimated using appropriate ratios. The latest ABI data for 'accommodation and food service

[74] DfT, Transport Statistics Great Britain, 2008

activities' suggests that turnover per employee totalled approximately £34,400 in 2008. However, these statistics do not capture the whole tourism sector, nor do they account for the wider indirect impacts of tourism expenditure. A recent Deloitte study 'The Economic Contribution of the Visitor Economy' suggests that tourism was worth £114 billion to the UK economy in 2007, providing employment for 2.7 million people, including direct and indirect impacts. This suggests that approximately £43,000 of tourism spending is required to support one full-time job, including direct, indirect and induced effects.

Using this assumption suggests that motorcycle related tourism expenditure of £409 million would support around 9,500 jobs in the UK.

Alternative Estimates

The above analysis provides a conservative estimate of motorcycle-related tourism expenditures and impacts, although this might also mean that these estimates are on the low side. For example, it is possible that the average motorcyclist spends more than £300 per annum on accommodation, food and drink, and other services purchased on motorcycling trips, although it is important to remember that purchases of goods and services associated with motorcycle sports and leisure events have already been captured as direct impacts for the motorcycle industry.

One possible alternative estimate would be to use the findings of the Broughton survey. These estimates are significantly higher as Broughton (2009) suggests motorcyclists spend an average of £430 per year just on motorcycle related accommodation[75]. It is difficult to determine a total figure for motorcycle-related tourism expenditure from the Broughton data, since tourism expenditure is likely to span a number of different categories of expenditure including consumables (where food and drink is included with fuel purchases), spending at/on bike events (which will double count consumer expenditures in the motorcycle sports and leisure sector), and the broad category of 'other bike-related expenditure'.

On closer inspection, the Broughton estimates use more bullish assumptions for tourism expenditures (i.e. using maximum values rather than mid-points as the average within ranges). Re-estimating the accommodation expenditure (from the Broughton survey findings) using the same conservative assumptions as used by GHK above, suggests that average annual expenditure on motorcycle-related accommodation would be around £270 per motorcyclist per annum. Doubling this figure to reflect other tourism purchases and multiplying by the 1.5 million motorcyclists, before reducing by 10% for the expenditures lost to the UK, produces an alternative motorcycle-related tourism expenditure of £730 using the Broughton findings. This would support 17,000 jobs in the UK and is considered by GHK to provide a useful higher estimate of the tourism expenditures and impacts associated with motorcycling. This suggests an average motorcycle-related tourism expenditure of almost £500 per annum per motorcyclist.

[75] Paul Broughton and Linda Walker, Motorcycling and Leisure: Understanding the Recreational PTW Rider, 2009