

Subject: Cline's Diving Industry 4th Quarter 2013 Survey Results for William Cline

Date: Wednesday, February 5, 2014 at 4:35:03 AM Central Standard Time

From: William Cline <research@clinegroup.net>

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William Cline's Quarterly Scuba industry Survey! Free to the industry for over 5 years!



Sales overall were up for retailers in the 4th quarter of 2013. However, optimism is strongest in the Eastern US:

> Overall, retailers responded as follows for a projected INCREASE in their 1st quarter '14 outlook for gross revenues:

Eastern US: increase

Central US: increase/same

Mountain US: increase

Pacific US: n/a

> Independent Instructors posted another loss this last quarter, showing a -4.0% decrease in certification numbers for the 4th quarter and are also not expecting any gains in the 1st quarter of 2014.

Summary:

> Globally, businesses by region responded their 4th quarter gross revenues were as follows in comparison to the same period last year:

Caribbean & Mexico: -7.8%

This email sent to: William Cline at william@williamcline.com

Cline's Diving Industry Survey Results

Fourth Quarter 2013 Dive Business Survey

Cline's fourth quarter 2013 Dive Industry Survey is completed and a total of 137 dive businesses responded to this survey and indicated the following results:

1. All dive businesses saw, on average, a -0.3% decrease in their gross revenues for the 4th quarter of 2013 versus the same period in 2012.
2. In contrast to all the responses, retailers were up, reporting a +5.4% increase in their overall gross revenues in the 4th quarter of this year.
3. New certifications for retailers were down however, posting a -4.0% decrease in certifications. Independent instructors also posted a loss as well of -5.4% in certifications.
4. In contrast, just like last quarter, retailers posted very strong dive travel sales increase of +7.0% in the 4th quarter.
5. Dive equipment sales for retailers were also up showing a +5.0% increase in sales last quarter.
6. Dive Manufacturers, were up last quarter, as 4 companies responded with a +15.0% increase in sales for the 4th quarter. (Note the number responding is so low, the error rate makes this number a reference only and may not indicate all within this classification of course.)
7. Combined travel sellers. liveboards and dive operations in resort areas posted a loss of -2.1%, contrasting retailers last quarter.
8. Specifically resorts and tropical dive operations were up slightly +0.6% in sales for the quarter.
9. Dive liveboards, although a small number responding (3), posted a loss of -9.0% for the same period. (Note the number responding is so low, the error rate makes this number a reference only and may not indicate all within this classification of course.)
10. 72.3% of the retailer respondents were from the USA.
11. 96.4% of the retailer respondents were the facility owner or manager.

Each business category responded as follows for their Gross Income change in the 4th quarter 2013 versus the same period in 2012: (for categories over 4 respondents):

(outlook for 4th Q: decrease)

S. America: n/a (outlook for 4th Q: decrease)

USA & Canada: -0.6% (outlook for 4th Q: decrease)

South Pacific/Asia/Indo: +8.5%* (outlook for 4th Q: increase)

Europe & Other: n/a (outlook for 4th Q: increase)

> When looking at a combined response of the travel sector (resorts, wholesalers & liveaboards), the average company was down in compared to the 3rd quarter, as they posted a -2.1% decrease, a contrast to the 3rd quarter of 2013.

These same travel operator's believe their 1st quarter 2014 projections will be the same as last year in terms of gross sales.

Cline Group's Projects:

- > Launched Scuba Diving Magazine for Rodale Press (1990)
 - > Created The 1st Diving Industry Financial Studies (1991, '94 & 2011)
 - > Created The Scuba Tour (1998, now owned by DEMA and called the "Be A Diver Pool")
- Strategic Branding, Research & Marketing For:
- > The Bahamas Ministry of Tourism
 - > Bonaire's Tourism Board
 - > Barbados's Tourism Board
 - > Grenada Board of Tourism

Gross Revenues Table

| Business Classification | 4th Q '13 % Change | Number Reporting | % of Whole |
|--|--------------------|------------------|-------------|
| Dive Retailers | +5.4% | 55 | 40.2% |
| Independent Dive Instructors (# certs) | -5.4% | 38 | 27.7% |
| Dive Resort or Resort-Based Dive Operators | +0.6% | 11 | 8.0% |
| Dive Wholesaler/Agent or US Booking Office | -5.0%* | 6 | 4.4% |
| Dive Related Manufacturers | +15.0%* | 4 | 2.9% |
| Dive Liveaboard Boat or Charter Boat | -9.0%* | 3 | 2.2% |
| Dive Related Media, Publication, Website | n/a* | 1 | .7% |
| Dive Training Agency | n/a* | 1 | 0.7% |
| All Other Industry Professionals | <u>+14.2%</u> | <u>18</u> | 13.1% |
| <i>All Averaged/Total Respondents</i> | <i>-0.3%*</i> | <i>137*</i> | <i>100%</i> |

* Totals include companies that declined to disclose their industry status, thus total may be larger than sum. Above overall reported averages are adjusted averages for all business classifications, including those classifications indicated as 'n/a' (a classification in which the responses are too low to calculate accurate category averages but applied to the overall averages and totals). Any tabulation with a total count of less than 10 has a large degree of error rates possible, so view data accordingly.

Dive Retailer's 4th Quarter Gross by Time Zones (Americas):

> **Retailers were again, mostly up with Gross sales. Notably Travel was very strong in the central USA last quarter:**

| Retailer Income Table Retailers' Time Zone (shows counts) | 4th Q '13 Gross Revenues | New Certs. | Travel Revenues | Equipment Revenues |
|--|--------------------------|------------|-----------------|--------------------|
| Eastern Time Zone (26) | +1.7% | -5.5% | -4.9% | +0.6% |
| Central Time Zone (18) | +3.4% | -4.9% | +12.7% | +8.9% |
| Mountain Time Zone (4)* | n/a | n/a | n/a | n/a |
| Pacific Time Zone (3)* | n/a | n/a | n/a | n/a |

* Caution should be exercised when interpreting data from fewer than 10 retailers. Mountain and Pacific Time Zones specifically has a very low count, making the probability of high error rates likely.

Dive Retailer's 1st Quarter 2014 Revenues Projections:

> **Retailers in general are positive about the 1st quarter of this year. However Certifications and Travel are anticipated to stay the same:**

| Retailers' 1st Q '14 Forecasts | 1st Q Increase | 1st Q Same | 1st Q Decrease |
|--------------------------------|----------------|------------|----------------|
| Gross Revenues | 40.4% | 22.8% | 29.8% |
| Dive Certification Numbers | 31.6% | 38.6% | 22.8% |
| Dive Travel Revenues | 23.8% | 33.3% | 26.3% |
| Equipment Sales Revenues | 35.1% | 28.1% | 29.8% |

Error Rates: Data presented is calculated to have an average error rates of 5.6% at 90% confidence level. In other words, if this survey was executed 100 times, 90 times out of 100 the data presented will be within 5.6% of what is shown on this survey.

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- > Bonaire Hotel & Tourism Assoc.
- > Bahamas Diving Association
- > Cayman Islands Watersports Assoc.
- > Fort Lauderdale Convention and Visitors Bureau (CVB)

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I hope you will read each one, send me questions or challenges. Thanks again for subscribing, and I look forward to hearing your comments from time-to-time.

I saw many of you last week at the DEMA show in Orlando. If not, I hope to see you at next year's show. Thanks again for your support of this free study for our industry

Best Regards,
William Cline
President
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