



Economic Benefits of the UK Motor Cycle Industry 2014

26 January 2015



This page is intentionally blank



Economic Benefits of the UK Motor Cycle Industry 2014

A report submitted by [ICF Consulting Services](#)

Date: 26 January 2015

Job Number 30260122

[Andy White](#)
Senior Consultant
Andy.White@icfi.com

ICF
Floor 2
3 The Crescent
Plymouth
PL1 3AB

T +44 (0) 1752 262 244
F +44 (0) 1752 262 299
www.icfi.com



Document Control

Document Title	Economic Benefits of the UK Motor Cycle Industry 2014
Job number	30260122
Prepared by	Andy White
Checked by	Matt Rayment
Date	26 January 2015

This report is the copyright of the Motor Cycle Industry Association and has been prepared by ICF Consulting Services Ltd under contract to the Motor Cycle Industry Association. The contents of this report may not be reproduced in whole or in part, nor passed to any other organisation or person without the specific prior written permission of the Motor Cycle Industry Association.

ICF has used reasonable skill and care in checking the accuracy and completeness of information supplied by the client and/or third parties in the course of this project. ICF is however unable to warrant either the accuracy or completeness of client and/or third party information nor that it is fit for any purpose. ICF does not accept responsibility for any legal, commercial or other consequences that may arise directly or indirectly as a result of the use by ICF of inaccurate or incomplete client and/or third party information in the course of this project or its inclusion in project outcomes.

Contents

Executive summary	i
Context.....	i
The Economic Significance of the UK Motorcycle Industry.....	i
Tourism Impacts.....	ii
Wider Benefits.....	ii
1 Introduction	1
1.1 This Report.....	1
1.2 Study Aims and Objectives.....	1
1.3 Report Structure.....	1
2 Analytical Framework	3
2.1 Introduction.....	3
2.2 The UK Motorcycling Industry.....	3
2.3 Assessing Economic Significance.....	4
2.4 Methodological Issues.....	5
2.5 The Study Approach.....	7
3 The UK Motorcycling Industry	8
3.1 Introduction.....	8
3.2 The UK Market for Motorcycling.....	8
3.3 Business Numbers.....	8
3.4 Turnover.....	9
3.5 Exports.....	10
3.6 Employment and Wages.....	10
3.7 Profitability.....	11
3.8 Value Added.....	11
3.9 Taxes.....	12
3.10 Supply Chain Effects.....	13
3.11 Summary Findings.....	13
4 Sector Assessment	15
4.1 Motorcycle Manufacturing.....	15
4.2 Motorcycle Distribution and Retail.....	19
4.3 Motorcycle Repair, Servicing and Maintenance.....	21
4.4 Motorcycle Sport and Leisure.....	22
4.5 Other Support Services.....	26
5 Tourism Assessment	36
5.1 Introduction.....	36
5.2 Tourism Days.....	37
5.3 Tourism Expenditure.....	37
5.4 Domestic and Overseas Trips and Visitors.....	38
5.5 Employment Impact of Tourism Spending.....	38
6 Economic Trends, Drivers and Development Issues	40
6.1 Introduction.....	40
6.2 Industry characteristics and trends.....	40
6.3 Issues and Constraints.....	44
6.4 Current and Future Opportunities.....	46
7 Conclusions	51
Annex 1 References	54
Annex 2 Detailed sector analysis	56
Annex 3 Analysis of tourism impacts	72

Executive summary

The Motor Cycle Industry Association (MCIA) commissioned ICF International (ICF) to provide an update to the 2010 study of the economic contribution and significance of the UK motorcycle industry, its subsectors, and associated tourism expenditures and impacts.

The analysis has been based largely on existing documents and data, supported by 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).

It is estimated that there are approximately 1.5 million motorcycles and 1.2 million motorcyclists in the UK. These figures have declined slightly since the previous study as sales of new motorcycles and the overall stock of motorcycles have suffered as a result of the economic downturn.

The total stock of UK motorcycles has experienced significant growth over the last 20 years, almost doubling in size, and peaked in 2009. It declined slightly in 2010 and remained stable in 2011 and 2012 before increasing to 1.5 million in 2013. There are also signs that sales of new motorcycles and the overall stock of motorcycles are continuing to grow in 2014. 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 approximately £5.3 billion and has a significant impact on the UK economy, generating added value of more than £2 billion per annum. For comparison, this adds more value to the UK economy than each of the following sectors: agriculture, forestry and fishing activities; the performing arts; nurseries and other child day care activities; call centre activities; PR and communications activities; veterinary activities; the activities of news agencies; passenger and freight water transport activities; retailers of jewellery and watches; and retailers of automotive fuels, lubricants and cooling products in the UK.

The industry directly employs more than 58,500 people in 5,700 businesses, which is more than each of the following: agriculture, forestry and fishing activities; the manufacture of pharmaceuticals; the manufacture of textiles; retailers of jewellery and watches; retailers of automotive fuels, lubricants and cooling products; veterinaries; performing arts; the market research sector; and taxi driving.

	Total UK Motorcycle Industry	Manufacturing	Distribution & Retail	Repair, Servicing & Maintenance	Sport & Leisure	Other Support Services
Turnover (£m)	6,094	601	2,780	269	440	2,004
Purchases (£m)	4,033	448	2,188	151	233	1,013
GVA (£m)	2,066	154	594	118	207	993
Wages (£m)	1,194	76	260	76	159	623
Profits (£m)	607	60	275	27	44	201
Exports (£m)	444	433	n/a	n/a	11	Minimal
Imports (£m)	839	807	n/a	n/a	32	Minimal
Taxes * (£m)	1,021	60	390	45	84	382
Employment	58,530	2,915	16,080	3,500	8,685	27,350
Businesses	5,700	350	1,410	1,240	640	2,060

* 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 £20,400 across the whole industry, £22,800 in the support services and £26,100 in manufacturing sectors;
- A significant and increasing contribution to exports of £450 million per annum; and
- Supply chain impacts support an additional £860 million of GVA and 16,400 FTE jobs in the UK economy.

In total, the industry is estimated to support £2.9 billion of GVA and 75,000 jobs in the UK economy, directly within the industry and indirectly through purchases of goods and services from other UK industries.

The overall GVA of the motorcycle industry has increased since 2008 in nominal terms but has decreased by 3% in real terms, due to the economic downturn, which is similar to the recent performance across the UK economy as a whole. Sales in the industry have declined in real terms and sales growth has been insufficient to keep pace with rising costs. This has squeezed wages and profits in the industry and many businesses have had to reduce the size of their workforce. The overall effect has been a decline in employment and the value added by the motorcycle industry in real terms.

The largest declines have been experienced in the distribution and retail sub-sectors, which is also the case across the wider economy. However, much of the UK motorcycle industry has demonstrated resilience despite the difficult economic conditions. UK motorcycle manufacturers, for example, have shown particular resilience and UK exports of motorcycles have continued to increase despite a slight decline in UK production.

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 £562 million annually and supports 13,200 tourism jobs; and
- Motorcycling tourists from overseas spend £28 million on trips to the UK, supporting approximately 650 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 continued to grow despite the economic downturn and has recently achieved sales of more than 50,000 bikes for the first time since being taken over by John Bloor 30 years ago. Triumph has also continued to increase its global market share and is currently exporting more than 85% of its finished motorcycles.

The UK motorcycle industry is also investing heavily in R&D and innovating to drive the future of the industry. For example:

- The UK motorcycle industry is researching and developing clean technologies to reduce carbon emissions. For example, Agility Global has developed an electric high performance motorcycle, while Intelligent Energy of Loughborough University is working with Suzuki to accelerate the commercialisation of hydrogen powered scooters.
- The UK motorcycle industry is improving the safety of motorcyclists and other road users through the development of safety innovations for motorcycles (such as Mira's research into collision detection and other safety systems for motorbikes) and motorcycle clothing (such as the technical fabrics used by UK manufacturers including Forcefield Body Armour, Planet Knox and Hood Jeans).

- Motorcycle manufacturers are supporting the ongoing development of advanced engineering capabilities and expertise in the UK. There are many examples of UK manufacturers designing and developing high quality motorcycles and components for road and race teams, including eBaracus, Harris Performance Products and Translogic Systems.
- Motorcycles and scooters are being used to support social inclusion in rural areas through the provision of low cost transport solutions. For example, the Wheels to Work and Wheels to Learning schemes provide affordable transport to individuals who are unable to access training, employment or education, due to a lack of suitable public or private transport.

1 Introduction

1.1 This Report

ICF International (ICF) was commissioned by the Motor Cycle Industry Association (MCIA) to provide an update to the 2010 study of the economic contribution and significance of the UK motorcycle industry^{1 2}.

This report updates the previous study and presents renewed and revised evidence of the current definition, scale and economic significance of the UK motorcycle industry and its interactions with the tourism industry. It provides a discussion of the challenges faced by the industry as a result of the economic downturn and provides examples of the resilience and innovative nature of the industry in overcoming these issues.

1.2 Study Aims and Objectives

Policy and investment decisions are influenced by the economic value that they generate. Investment decisions relating to sectors whose economic value is not readily obtainable from standard economic statistics (such as the UK motorcycle industry) are therefore made without a full understanding of the economic scale and significance of the sector.

The MCIA is currently undertaking work to increase awareness and understanding amongst policy-makers, the media and the general public of the current scale, significance and future potential contribution of the UK motorcycle industry to UK economic growth and a rebalanced economy.

The purpose of this research study was to update estimates of the significance of the motorcycle industry to the UK economy and provide an analysis of changes since the previous study, in terms of the scale of the sector, and the impacts of the economic downturn. The more specific objectives of the study include:

- Reviewing current information on the economic significance of the industry to the total UK economy;
- Providing updated estimates of the economic contribution of major subsectors and the motorcycle industry as a whole;
- Producing updated estimates of tourism expenditures and economic impacts that can be attributed to motorcycling in the UK;
- Updating estimates of the number of consumers and organisations participating in the industry;
- Identifying examples of the challenges faced by the UK motorcycle industry as a result of the economic downturn, and the resilience of the industry in overcoming these issues; and
- Identifying new examples of high value added and/or innovative activities to provide further evidence of 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;

¹ GHK Consulting, The Economic Significance of the UK Motor Cycle Industry, 2010

² GHK Consulting was acquired by, and became part of, ICF International in 2012



- Chapter 4 presents the assessment of the five core sectors of the UK motorcycle industry;
- 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 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 provide an updated assessment of the economic significance of the UK motorcycle industry, i.e. its total economic contribution to the UK economy. This assessment updates a previous study of the economic contribution and significance of the UK motorcycle industry, which was undertaken in 2010³.

2.2 The UK Motorcycling Industry

This study has used the same definition of the UK motorcycling 'industry', which 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 range of different motorcycling goods and services provided to consumers by businesses operating in these sectors are listed in Table 2.1.

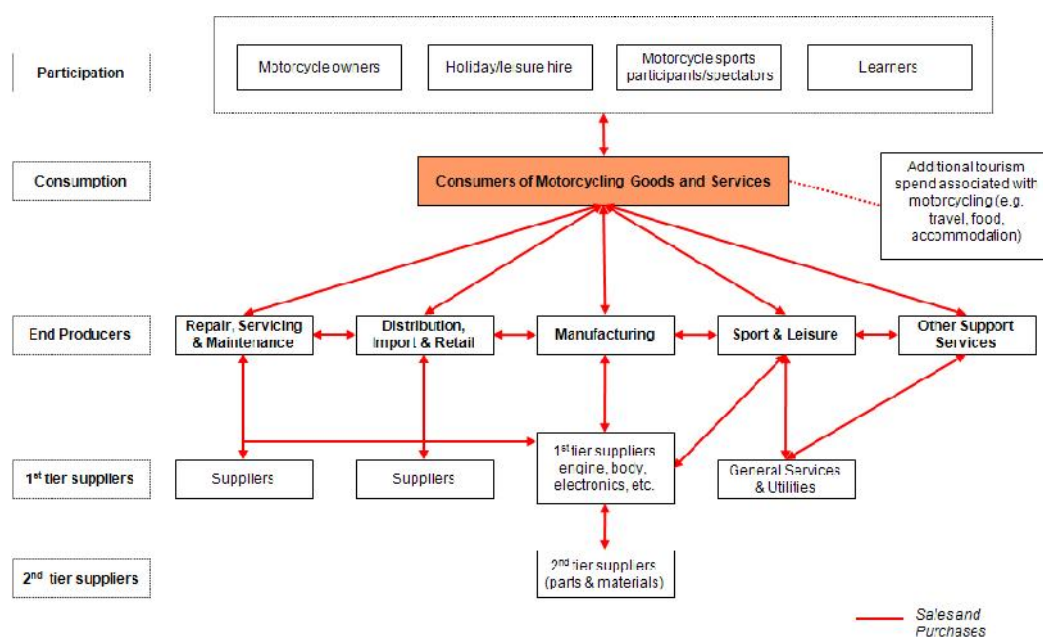
Table 2.1 Goods and Services Provided by the UK Motorcycle Industry

Core product/service groups	Examples of specific goods and services
Goods – Motorcycles	<ul style="list-style-type: none"> ■ Motorbikes and scooters ■ New and second-hand ■ For use on and off road
Goods – Motorcycle Components, Clothing, Accessories and Fuel	<ul style="list-style-type: none"> ■ Engines ■ Bodywork ■ Electrical components ■ Tyres ■ Fuel ■ Helmets ■ Clothing ■ Boots ■ Gloves ■ Wide range of other products
Services	<ul style="list-style-type: none"> ■ 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)

³ GHK Consulting, The Economic Significance of the UK Motor Cycle Industry, 2010

The UK motorcycle industry has therefore been 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 associated support services. The linkages between these five sub-sectors and their consumers and supply chains are presented as a value chain in Figure 2.1. The economic significance of the overall industry has been estimated by assessing the size and scale and expenditures associated with these individual sub-sectors and their respective consumers and suppliers and this is described in more detail below.

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; total sales; taxes; net exports; employment; and its contribution to 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 (i.e. GVA is the total additional value generated by all relevant suppliers in a particular sector or economy);
- 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**; and
- Motorcycle-related **tourism expenditures** and the number of UK tourism jobs supported.

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 involves 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). There are two potential approaches to estimating the value added by suppliers:
 - The ‘output approach’ which involves 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.
 - The ‘income approach’, which involves estimating the total income received as wages, profits and rents by those involved 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 that are 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 are 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 and income based measures (using SIC defined sectors) and expenditure-based measures to determine the economic significance of the various motorcycle sub-sectors and the overall UK 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 Survey (ABS), Business Register and Employment Survey (BRES), the Annual Survey of Hours and Earnings (ASHE) and other sources, existing data from the MCIA and other industry organisations, supplemented by consultations with industry representatives, including surveys of motorcycle businesses undertaken as part of this study and the previous study in 2010. 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 analysis can be found in Annexes.

As in the previous study, the 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 2012, 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 and sub-sector are presented in Chapter 4, while more detailed analysis can be found in Annex II. An analysis of wider tourism impacts is presented in Chapter 5.

3.2 The UK Market for Motorcycling

Official data sources suggest that there are currently around 1.5 million licensed motorcycles in the UK⁴. The number of motorcycles increased significantly during the 1990s and 2000s to a peak of just over 1.5 million in 2009. However, growth then stalled as a result of the economic downturn, and the number of licensed motorcycles fell slightly in 2010 before recovering to the current total of 1.5 million in 2013. The latest data suggest that this figure is increasing again and heading back towards pre-recession levels.

New purchases of motorcycles have also declined as a result of the economic downturn and new motorcycle registrations fell by around 30% between 2008 and 2010. New registrations remained stable between 2010 and 2013, although the latest data show that new registrations of motorcycles have recovered well in 2014, increasing by 10% from 2013. This is discussed in greater detail in Chapter 6.

In terms of individual ‘motorcyclists’, we estimate that there are approximately 1.2 million active motorcyclists in the UK⁵, representing around 2.3% of the UK adult population⁶. There are approximately 3.7 million motorcycle licence holders in the UK⁷, which suggests that there are around 2.5 million licence holders who are not currently active motorcyclists. This suggests there is significant potential for further growth in the number of UK motorcyclists, particularly as motorcycle ownership rates in the UK are amongst the lowest in Europe, at approximately 20 motorcycles per 1,000 people⁸.

3.3 Business Numbers

The UK motorcycle industry is estimated to consist of approximately 5,700 businesses. This is 10% lower than the 2008 estimate and suggests that there is likely to have been consolidation in the industry and business closures as a result of the economic downturn.

Table 3.1 Number of Businesses in the UK Motorcycle Industry, 2012

	Businesses Number	Businesses % of Industry Total
Manufacturing	350	6.1%

⁴ Based on data from the Society of Motor Manufacturers and Traders (SMMT) and the Driver and Vehicle Agency (DVA) in Northern Ireland

⁵ Honda UK, <http://newsroom.honda.co.uk/en/motorcyclenewsdetail?id=4022> (accessed 06/11/14)

⁶ ONS, Mid-Year Population Estimates, 2012

⁷ Data from DVLA Freedom of Information (FoI) release (provided by MCIA)

⁸ European Commission, EU transport in figures – Statistical pocketbook, 2014

	Businesses Number	Businesses % of Industry Total
Distribution & Retail	1,410	24.7%
Repair, Servicing & Maintenance	1,240	21.8%
Sport & Leisure	640	11.2%
Other Support Services*	2,060	36.1%
Total UK Motorcycle Industry	5,700	100%

Source: ICF estimates

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

3.4 Turnover

The sum of all sales in the UK motorcycle industry in 2012 was estimated at £6.1 billion. Turnover is estimated to have increased slightly since 2008 in nominal terms but has declined by around 4% in real terms as a result of the economic downturn. Turnover has increased in real terms in manufacturing and other support services, but has decreased in all other sub-sectors.

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 motorcycle products in the UK despite falling sales in this sector.

Table 3.2 Turnover (Gross Sales) of Motorcycles, Motorcycle Equipment and Services, 2012 (£ million)

	Motorcycles £ million	Components £ million	Clothing / Accessories £ million	Fuel £ million	Services £ million	Total Sector £ million
Manufacturing	351		158	92		601 (9.9%)
Distribution & Retail	1,379	223	1,100	78		2,780 (45.6%)
Repair, Servicing & Maintenance					269	269 (4.4%)
Sport & Leisure					440	440 (7.2%)
Other Support Services					2,004	2,004 (32.9%)
Total UK Motorcycle Industry	1,953		1,258	170	2,713	6,094

Source: ICF estimates

It should be noted that the gross sales of £6.1 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 turnover of UK motorcycle manufacturers double-counts the value of products and services that it has purchased from UK businesses operating in other motorcycle sectors, such as motorcycle marketing services. Responses to the surveys of motorcycle businesses, undertaken to inform this study, suggest that around 20% of expenditures on goods and services are purchases from other UK motorcycle businesses, totalling approximately £815 million. Subtracting these purchases to avoid double counting, suggests that net sales in the UK motorcycle industry are worth approximately £5.3 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. GVA includes only the wages, profits and rents involved in relevant economic activities, and excludes purchases from other businesses.

3.5 Exports

The UK motorcycle industry is a net importer of goods and services to an estimated value of approximately £400 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.

ICF estimates that motorcycle-related exports have increased by approximately 12% in real terms since 2008. The increasing turnover and exports provide evidence of the resilience of UK motorcycle manufacturers despite the difficult economic conditions. Imports are estimated to have fallen by 8% in real terms since 2008. The UK motorcycle sector remains a net importer of goods and services although the value of exports and imports has been converging in recent years.

Table 3.3 Net Exports by Type of Product, 2012

	Motorcycles £ million	Components £ million	Clothing / Accessories £ million	Fuel £ million	Services £ million	Total Sector £ million
Exports	270		124	39	11	444
Imports	531		239	37	32	839
Net Exports	-261		-115	2	-21	-395

Source: ICF estimates

3.6 Employment and Wages

Employment and wages have been greatly affected by the economic downturn. ICF estimates suggest that the UK motorcycle industry employed a total of 58,500 people in 2012 and paid £1.2 billion in wages, as presented in Table 3.4. This suggests that employment in the industry has declined by 11% since 2008. Total real wages have declined in line with the fall in employment, falling by almost 10% over the same period.

Average wages in the industry have increased slightly to £20,400 but remain relatively low compared to the 2012 UK average of £23,900⁹. This is due to the high proportion of retail jobs, which are relatively low value jobs. Jobs in motorcycle manufacturing, repair, servicing, maintenance and other motorcycle-related services earn a higher average wage.

Table 3.4 Employment and Wages by Sector, 2012

	Employment Number	Wages £ million	Average Wage £
Manufacturing	2,915	76	26,100
Distribution & Retail	16,080	260	16,100

⁹ Annual Business Inquiry (ABI), Total employment costs divided by total employment for all sectors (excluding financial services), 2012

	Employment Number	Wages £ million	Average Wage £
Repair, Servicing & Maintenance	3,500	76	21,700
Sport & Leisure	8,685	159	18,300
Other Support Services	27,350	623	22,800
Total UK Motorcycle Industry	58,530	1,194	20,400

Source: ICF estimates

3.7 Profitability

Industry consultation and survey responses have 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. This assumption appeared to significantly underestimate profits of the financial services sectors, so an assumption of 20% of turnover was used for financial services.

Using these ratios of profits to gross sales provides an estimate of the total value of profit in the UK motorcycle industry of around £610 million in 2012, as presented in Table 3.5. Profits in the motorcycle industry are estimated to have fallen by around 10% (in real terms) since 2008 as a result of the economic downturn.

Table 3.5 Profits of the UK Motorcycle Industry, 2012

	Profit £ million	Profit % of Industry Total
Manufacturing	60	9.9%
Distribution & Retail	275	45.3%
Repair, Servicing & Maintenance	27	4.4%
Sport & Leisure	44	7.2%
Other Support Services	201	33.1%
Total UK Motorcycle Industry	607	100%

Source: ICF 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;
- estimating the total value of goods and services produced by the industry and subtracting the costs of purchasing intermediate goods and services; and
- 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 was £2.1 billion in 2012. This is similar to the estimate in 2008 but has decreased by 7% in real terms, as a result of the economic downturn.

GVA per employee is estimated to be £35,300. This has increased by 4% in real terms since 2008 but remains below the average of £43,000 across the economy as a whole. However, the figures also highlight the high productivity of the UK motorcycle manufacturing sector, which generated almost £53,000 of GVA per employee in 2012.

Table 3.6 Value Added of the UK Motorcycle Industry, 2012

	GVA £ million and % of total	GVA per employee £
Manufacturing	154 (7.5%)	£52,800
Distribution & Retail	594 (28.8%)	£36,900
Repair, Servicing & Maintenance	118 (5.7%)	£33,700
Sport & Leisure	207 (10.0%)	£23,800
Other Support Services	993 (48.1%)	£36,300
Total UK Motorcycle Industry	2,066	£35,300

Source: ICF 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 rates¹⁰). These provide an indication of the total tax contributions of the industry, based on the above estimates of output and income. VAT contributions and fuel excise duty have increased since 2008, although this has been offset by lower contributions for income tax and corporation tax.

The total tax contribution of the UK motorcycle industry is therefore relatively unchanged from 2008 and is estimated to be more than £1 billion, although it has fallen by 5% in real terms. Table 3.7 presents the contributions by type of tax and industry sector.

Table 3.7 Tax Contributions from the UK Motorcycle Industry, 2012

	VAT £ million	Income Tax £ million	Corporation Tax £ million	Fuel Excise Duty £ million	Vehicle Excise Duty £ million	Total Tax Contribution £ million
Manufacturing	31	15	14			60
Distribution & Retail	144	52	66	128		390
Repair, Servicing & Maintenance	24	15	6			45
Sport & Leisure	41	32	11			84
Other Support Services	199	125	58			382
Licensed motorcycles ¹¹					60	60
Total UK Motorcycle Industry	439	239	155	128	60	1,021

Source: ICF estimates

¹⁰ VAT: 20% of net output; Income Tax: 20% of wages; Corporation Tax: 24% of profits; Fuel Excise Duty: 57.95 pence per litre +VAT; Vehicle Excise Duty: see footnote below.

¹¹ 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 in 2012. The resulting tax payments by engine size are then summed to provide total industry vehicle tax contributions of £56 million (i.e. 0-150cc: 394,000 motorcycles x £16 = £5.9 million, 151-400cc: 129,000 motorcycles x £36 = £4.3 million, 401-600cc: 193,000 motorcycles x £55 = £11.7 million, 600cc+: 508,000 motorcycles x £76 = £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); and
- 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 industries¹². It shows that the UK motorcycle industry purchased an estimated £1.7 billion of goods and services from other UK industries, which will support additional incomes and jobs. Using ratios calculated from the Government's National Accounts (the Blue Book), this expenditure is estimated to support a further 16,400 full time equivalent (FTE) jobs¹³ and £860 million of GVA¹⁴ across the UK economy. These supply chain effects have increased slightly since 2008 because the value of purchases made by the motorcycle industry has increased, both in absolute terms and as a share of turnover.

Table 3.8 Goods and Services Purchased by the UK Motorcycle Industry, 2012

	Purchases from other UK motorcycle businesses £ million	Purchases from overseas £ million	Purchases from other UK industries £ million	Total Purchased Good and Services £ million
Manufacturing	45 (10%)	45 (10%)	358 (80%)	448
Distribution & Retail	438 (20%)	1,312 (60%)	438 (20%)	2,188
Repair, Servicing & Maintenance	106 (70%)	15 (10%)	30 (20%)	151
Sport & Leisure	23 (10%)	23 (10%)	187 (80%)	233
Other Support Services	203 (20%)	101 (10%)	709 (70%)	1,013
Total UK Motorcycle Industry	815 (20%)	1,496 (37%)	1,722 (43%)	4,033

Source: ICF estimates

3.11 Summary Findings

The UK motorcycle industry has been estimated to directly add value of more than £2 billion to the UK economy each year and support additional GVA of £860 million in other

¹² Estimates are based on information provided by the industry as responses to the surveys of motorcycle businesses undertaken in 2010 and 2014

¹³ ONS, UK National Accounts (Blue Book): Gross output per FTE across the economy as a whole is estimated to be approximately £105,000 (assuming 1 job = 0.85 FTE). Therefore £1.72 billion of expenditure will support around 16,400 jobs in other UK sectors.

¹⁴ ONS, UK National Accounts (Blue Book): £0.50 of GVA per £1 of gross output across the economy as a whole. Therefore £1.72 billion of expenditure will support £860 million of GVA in other UK sectors.

UK sectors through the purchase of goods and services. The other key economic contributions of the industry include:

- The provision of around 58,500 jobs in some 5,700 businesses in the UK motorcycle industry, as well as supporting a further 16,400 jobs in other UK sectors;
- A yield of more than £1 billion of tax contribution per year; and
- Exports of approximately £450 million per annum.

The overall impact of the motorcycle industry has increased since 2008 in nominal terms but has decreased by 3% in real terms, due to the economic downturn. While the overall turnover of the industry has increased, the costs of purchased goods and services have increased even more rapidly. This has squeezed wages and profits in the industry and many businesses have had to reduce the size of their workforce. The overall effect has been a decline in employment and the value added by the motorcycle industry in real terms.

The decline of 3% in real terms is broadly in line with the economy as a whole, as total GVA declined by 2.5% in real terms between 2008 and 2012, according to the National Accounts, and by 4.1% (excluding financial services), according to ABS data.

Table 3.9 provides headline figures for the total industry and the five main sectors. The performance of individual sectors and sub-sectors is summarised in Chapter 4, while full data and analysis are provided in Annex II.

Table 3.9 Overview of the Economic Significance of the UK Motorcycle Industry, 2012

Estimates	Total UK Motorcycle Industry	Manufacturing	Distribution & Retail	Repair, Servicing & Maintenance	Sport & Leisure	Other Support Services
Turnover £ Million	6,094	601	2,780	269	440	2,004
Purchases £ Million	4,033	448	2,188	151	233	1,013
GVA £ million	2,066	154	594	118	207	993
Wages £ Million	1,194	76	260	76	159	623
Profits £ million	607	60	275	27	44	201
Exports £ million	444	433	n/a	n/a	11	Minimal
Imports £ Million	839	807	n/a	n/a	32	Minimal
Taxes * £ Million	1,021	60	390	45	84	382
Employment Numbers	58,530	2,915	16,080	3,500	8,685	27,350
Businesses Number	5,700	350	1,410	1,240	640	2,060

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

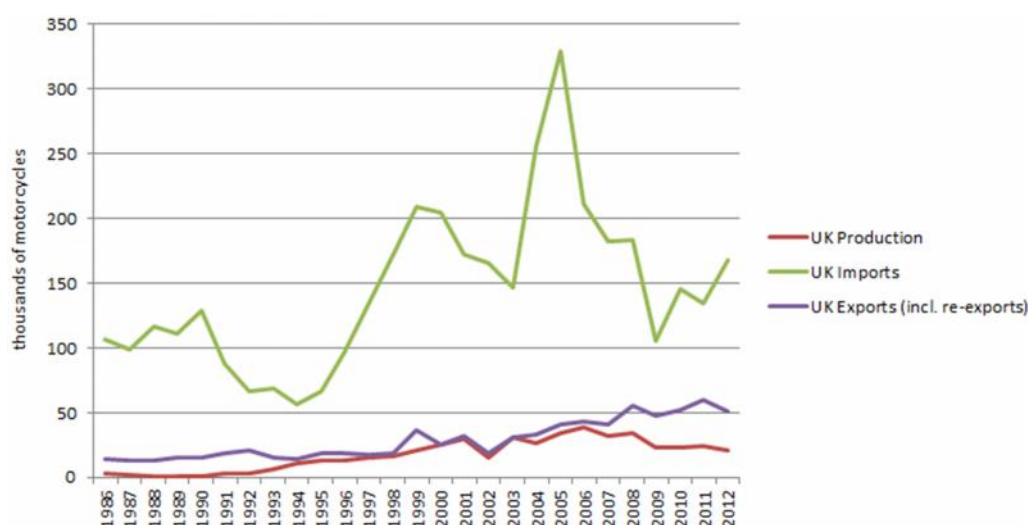
4 Sector Assessment

4.1 Motorcycle Manufacturing

4.1.1 Sector Overview

The manufacturing sector includes the manufacture of motorcycles, components, clothing and accessories, and fuel. The most significant activity in the sector is the manufacture of motorcycles. Figure 4.1 shows that the UK production of motorcycles had been increasing significantly and consistently over time to a peak of more than 38,000 motorcycles in 2006. However, UK production of motorcycles has declined since 2008 as a result of the economic downturn, although UK exports (including re-exports) have continued to grow. Figure 4.1 also shows the relatively high levels of imports, which have also fallen since 2008 but remain significantly higher than levels of UK production.

Figure 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 of producing motorcycles with classic designs and a distinctive character.

Triumph initially produced bicycles before the first Triumph motorcycle was produced in 1902. 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. The 1970s and early 80s proved a difficult time for Triumph and a lack of capital and increased competition from Japan eventually led to the closure of the Triumph factory in 1983.

Triumph was bought out of liquidation by English property developer, John Bloor, who 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.

Today, Triumph remains “committed to developing unique motorcycles that are distinctive in looks, design and performance”, something which has remained true across the history of the company. The range of Triumph motorcycles is developing and expanding over time. Seven new bikes were launched in 2011, which is the largest number in any single year for Triumph, while additional models were added in 2012 to celebrate 110 years of motorcycle manufacturing at Triumph.

The company continues to achieve strong growth, selling more than 52,000 bikes in 2013, which is the first year that Triumph has surpassed 50,000 sales since being taken over by John Bloor 30 years ago. Overall turnover increased by 7.6% to £369 million for the year to June 2013. The company currently holds a 20% share of the UK market for 500cc+ motorcycles and has increased its global market share to 6.2%. Triumph is a large employer with a global workforce of more than 2,000 people including more than 800 employees in the UK. The company also spent £25.3 million on R&D investments in 2013, which had increased from £24 million in 2012¹⁵.

Overseas expansion has played an important role in Triumph’s recent growth. The production of motorcycles and engines is shared by the Hinckley site and factories in Thailand, which now account for 39% and 61% of total output respectively. Demand from overseas markets continues to grow and approximately 86% of Triumph motorcycles are now exported to more than 50 countries across Europe, North and South America, Australasia, Africa and Asia. Recent developments have included the opening of assembly plants in Brazil and India and the introduction of exports to Argentina, Columbia, the Czech Republic, Hungary, Russia and Slovakia. In Brazil, Triumph opened an assembly plant, a subsidiary office and a large retail store in Sao Paulo and achieved a 3.4% share of the 500cc+ market in its first year. Triumph also has plans to enter more emerging markets in the near future, including China and Indonesia¹⁶.

A number of UK businesses are also involved in the development and manufacture of electrical and other low carbon motorcycles. Examples include Agility Global, which has developed an electric motorcycle, and Intelligent Energy (based at Loughborough University), which has been working with Suzuki to develop the first fuel cell vehicle to achieve the EU Whole Vehicle Type Approval (WVTA). These are examples of high value engineering, with significant R&D investment and link closely to the government’s environmental technologies and innovation agendas.

The UK motorcycle industry also includes a number of smaller manufacturers producing high value, high performance motorcycles, including road, off-road and racing motorcycles. Examples include Norton, CCM, Metisse and some ‘cottage industry’ manufacturing activities. Norton Motorcycles has a long history of producing high quality motorcycles and has re-established itself as a manufacturer of road and race bikes in the UK. It is described in more detail the box below.

Norton Motorcycles – 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. After fifteen years of US ownership, the rights to the Norton brand were purchased in 2008 by Stuart Garner, UK businessman and owner of Norton Racing Ltd and operations were moved to Donington Park in Leicestershire. The new owners aimed to “re-establish Norton as a premier motorcycling brand across the world”. Under US ownership, almost \$10 million was spent on the design and

¹⁵ <http://www.motorcyclenews.com/mcn/news/newsresults/general-news/2013/december/dec1313-triump-announces-2013-financial-results/> (accessed 06/11/14)

¹⁶ <http://www.triumphmotorcycles.co.uk/> (accessed 06/11/14)

development of a new Commando road bike for the US market. The project continued under the new ownership and Norton returned to production with the Commando 961SE, the first of which was delivered in 2010.

In 2013, Norton acquired Donington Hall and Hastings House as its new corporate headquarters and manufacturing facility. Hastings House is a 45,000 sq ft facility which accommodates all aspects of Norton's design, build, testing and dispatch activities. The facility offers a larger space and improved layout to enable production volumes to increase whilst also increasing quality control procedures. This has enabled Norton to increase production for domestic and export markets. Exports are particularly strong and now represent more than 80% of total sales. Norton has already started exporting to the US, Canada and Japan and expects to export to Australia in the near future.

Norton also has a successful race history and racing activities have also been revived under the new ownership. In 2009 CEO Stuart Garner set the world speed record for a rotary powered motorcycle after recording 173mph for a timed mile on a Norton NRV588. The Norton Factory Racing team has also developed a race bike and returned to race in the 2012 Isle of Man TT with the SG1 bike. Norton also raced in the 2013 and 2014 TTs with the SG2 and SG3 bikes.

In 2014, Stuart Garner launched the British Motorcycle Manufacturing Academy (BMMA). The BMMA will deliver a new programme of apprenticeships to young people who will be taught and supported within the Norton factory to learn about the motorcycle manufacturing industry. The aim of the BMMA is to support the development of the next generation of skilled motorcycle engineers and create a sustainable future that will support the long term growth plans for the Norton brand and the British motorcycle manufacturing industry as a whole.

The UK also has considerable strengths and experience of designing, developing and manufacturing high quality, high performance components for motorcycles. There are a large number of companies producing styling and performance components to customise modern bikes, provide parts for classic motorcycles, and support motorsport teams in the UK and internationally in developing new products and technologies. These companies range in size from small 'cottage' businesses to SMEs, and several examples have been included below:

- **Oberon Performance**, based in Hampshire, was formed in 1987 to produce fine tolerance parts for the marine and hose fitting industries. Their focus has since shifted to the motorcycle industry and they design, manufacture and market a wide range of motorcycle parts and accessories from their workshops in Havant¹⁷.
- **Works Racing Motor Cycles**, based in Warwickshire, was established in 2008 to manufacture engines and spare parts for race and road-going Manx Norton bikes. They employ the latest methods in manufacturing technology and quality assurance processes to ensure ultimate precision and accuracy to maximise performance and reliability¹⁸.
- **Central Wheel Components**, based in Birmingham, was established in 1900 and has steadily grown to become Europe's largest supplier of motorcycle wheel components, most of which are manufactured at its Coleshill factory¹⁹.
- **SRM Engineering**, based in Wales, which has specialised in the restoration of classic motorcycles (particularly BSA, Triumph and Norton bikes) since the early 1980s. They consider themselves to be R&D specialists using their in-house development team, CAD design and CNC machines to design, fabricate and prototype a wide range of products²⁰.

¹⁷ <http://www.oberon-performance.co.uk/> (accessed 06/11/14)

¹⁸ <http://www.worksracing.co.uk/> (accessed 06/11/14)

¹⁹ <http://www.central-wheel.co.uk/> (accessed 06/11/14)

²⁰ <http://www.srmclassicbikes.com/> (accessed 06/11/14)

The other major 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. Some of these clothing products are highly innovative and involve the development of technical fabrics and body protection systems, such as those developed by Forcefield Body Armour, Planet Knox and Hood Jeans, which are described in more detail in Section 6. Other examples of businesses manufacturing high quality motorcycle clothing and accessories in the UK include:

- **Davida**, which is the only helmet manufacturer in the UK. It produces hand-built, high quality 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.
- **Hideout**, based in Essex, which is a UK manufacturer of race and touring motorcycle leathers, including leather motorcycle jackets, leather motorcycle suits and leather motorcycle trousers for men and women²¹.
- **Scott Leathers**, which manufactures motorcycle safety clothing from its factory in County Durham including made-to-measure and off-the-peg lines²²; and
- **Lewis Leathers**, based in Central London, which was established in 1892 and is Britain's oldest motorcycle clothing company²³.

Other UK motorcycle clothing brands design and develop products in the UK but manufacture the majority of these items overseas. Notable examples include:

- **Arc On Racing Equipment**, which was established in 2008 and specialises in high quality motorcycle clothing. Their products are designed and developed in-house in London and manufactured in China and Pakistan. They work with Forcefield Body Armour to incorporate the latest protection systems into their products²⁴.
- **Wolf**, which was established in 1969 and designs and develops motorcycle clothing from Derbyshire, using a range of materials including leather, 'Outlast' (a thermal regulating technology developed for and used by NASA), and 'Superfabric' (a highly abrasion resistant material)²⁵.

4.1.2 Summary Findings

Table 4.1 provides estimates of the economic significance of manufacturing activities within the UK motorcycling industry. The data suggest that UK motorcycle-related manufacturing has a total turnover of £600 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	601	351	158	92
Purchases £ Million	448	271	96	81

²¹ <http://www.hideout-leather.co.uk/> (accessed 06/11/14)

²² <http://www.scottleathers.co.uk/> (accessed 06/11/14)

²³ <http://www.lewisleathers.com/> (accessed 06/11/14)

²⁴ <http://arc-on.co.uk/> (accessed 06/11/14)

²⁵ <http://www.wolf-moto.com/> (accessed 06/11/14)

Estimates	Total Manufacturing	... of Motorcycles and Components	... of Clothing & Accessories	... of Fuel
GVA £ million	154	80	63	11
Wages £ Million	76	39	35	2
Profits £ million	60	35	16	9
Exports £ million	433	270	124	39
Imports £ Million	807	531	239	37
Taxes * £ Million	60	32	23	5
Employment Numbers	2,915	1,100	1,800	15
Businesses Number	350	70	280	<1

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

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. It remains the most significant sector of the UK motorcycle industry in terms of its economic contribution through GVA and employment, despite suffering significant negative impacts from the economic downturn, as a result of declining disposable incomes and consumer expenditures on motorcycles and associated products.

The sector has close links to UK manufacturers, although the market for motorcycles and motorcycling products is dominated by imports, particularly from the Japanese manufacturers of Honda, Suzuki, Yamaha and Kawasaki and European manufacturers 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.

Oxford Products is an example of a successful UK supplier and distributor of motorcycle accessories that has achieved strong growth in recent years and is described in the box below.

Oxford Products Ltd – Supplier and distributor of motorcycle accessories

Oxford Products is the company behind Oxford Essential Rider Equipment and is the UK's leading supplier of motorcycle and bicycle accessories. The business was founded in 1973 and is based in Witney in Oxfordshire. It sells exclusively to trade customers (retailers and wholesalers) in the UK and successfully exports to more than 50 countries across the world.

The business has been growing rapidly, through organic growth, acquisitions and diversification into new markets. It provides a good example of resilience in the UK motorcycle industry as it has tripled

its turnover since 2007, despite the economic downturn. Oxford Products currently employs 85 people and was expected to turnover approximately £23 million in 2014. It has recently acquired the Motrax brand of motorcycle accessories, has also invested in a German retail chain to increase sales in Germany and has opened a US headquarters and warehousing facility in Jacksonville, Florida. Exports are also growing and now account for 25% of total sales, with the biggest markets in Australia, Germany, Benelux, Poland and Canada²⁶.

The Prime Minister recently visited Oxford Products to open an expansion of the head office and distribution centre at its 6-acre site in Oxfordshire. The new facilities have doubled the size of its UK warehousing capacity to 90,000 sq ft and also include 10,000 sq ft of offices and showrooms. The Prime Minister said that: "The company's continued success is a fantastic example of what can be achieved in a difficult economic climate... Businesses like Oxford Products are of real benefit to the economy and I am proud to have them in my own constituency."

The business also recently won the 2014 Business of the Year award, while managing director Andrew Hammond won 2014 Business Person of the Year, in the Oxfordshire Business Awards²⁷.

4.2.2 Summary Findings

The motorcycle distribution and retail sector provides a significant contribution to the UK economy. The sector has a turnover of £2.8 billion and while the proportion of GVA is relatively low at around 21% of turnover, it still represents significant value added of almost £600 million. The sector also employs more than 16,000 people and provides £390 million in tax contributions.

Table 4.2 Distribution and Retail Sector Assessment (2012)

Estimates	Total Distribution and Retail	... of Motorcycles	... of Components	... of Clothing & Accessories	... of Fuel
Turnover £ Million	2,780	1,379	223	1,100	78
Purchases £ Million	2,188	1,170	152	794	72
GVA £ million	594	209	71	307	7
Wages £ Million	260	71	37	149	2.5
Profits £ million	275	138	22	110	4.5
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	390	89	27	118	157
Employment Numbers	16,080	3,300	1,700	10,900	180
Businesses Number	1,410	710	280	405	16

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

The full sector analysis is provided in Annex II

²⁶ http://www.cotswoldlife.co.uk/home/ceo_interview_andrew_hammond_of_oxford_products_1_3757336 (accessed 06/11/14)

²⁷ <http://www.oxprod.com/> (accessed 06/11/14)

4.3 Motorcycle Repair, Servicing and Maintenance

4.3.1 Sector Overview

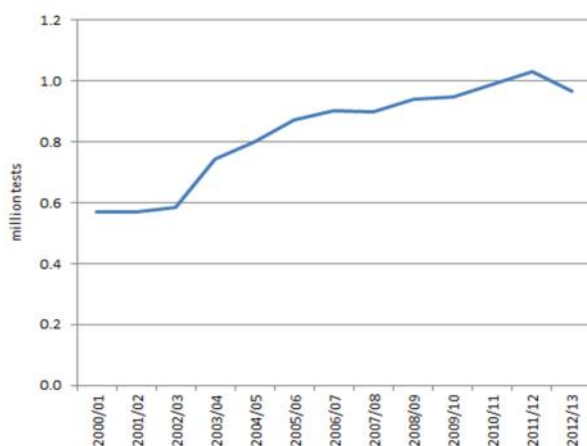
The motorcycle repair, servicing and maintenance sub-sector includes activities associated with motorcycle mechanics and garages. This includes a wide range of different activities such as: mechanical, electrical or electronic repairs; standard servicing; MOTs; repairs to bodywork and screens; painting 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 ten years from 9.4 years in 2003 to 12.5 years in 2012 and 13.1 years in 2013²⁸. The data also show that 65% of licensed motorcycles are now more than six years old.

MOT data from the Vehicle and Operator Services Agency (VOSA) are presented in Figure 4.2 below. The data show significant growth in the number of motorcycle MOTs over time, except for a slight decline in the latest year as a result of a fall in the stock of motorcycles in the UK. However, the longer term trend shows that the number of motorcycle MOTs has almost doubled over the period from 568,000 MOTs in 2000/01 and 2001/02 to more than one million MOTs in 2011/12. The pass rate has remained relatively 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.

Figure 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 £270 million, which equates to expenditure of just under £200 per UK motorcyclist per annum. GVA is estimated to be around 44% of turnover at approximately £120 million, while the sector provides direct employment for some 3,500 people. The sector is also estimated to contribute £45 million in tax contributions per annum.

²⁸ DVLA/DfT, Licensed motorcycles by years since first registration, 2014

Table 4.3 Motorcycle Repair, Servicing and Maintenance Sector Assessment (2012)

Estimates	Motorcycle Repair, Servicing & Maintenance
Turnover £ Million	269
Purchases £ Million	151
GVA £ million	118
Wages £ Million	76
Profits £ million	27
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	45
Employment Numbers	3,500
Businesses Number	1,240

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

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.

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 including: motocross, enduro, trials, speedway, grasstrack, supercross, and supermoto. Off-road events may not be of the scale of some of the large road-racing competitions, but they still attract many riders, support teams and spectators on a regular basis across the UK and therefore also generate significant economic impacts.

The economic contribution of this sector is described in greater detail in Annex II, and has been assessed using estimates of expenditures at motorcycle sport events but also events with a stronger leisure focus such as organised rides, rallies, motorcycle exhibitions and shows (including 'Motorcycle Live' at the NEC, the London Motorcycle Show, the Scottish Motorcycle Show, etc.).

The economic contribution and impact of these events is significant and is generated from the expenditures of spectators/visitors, competitors, support teams, exhibitors, organisers and media. The estimates focus on expenditure at the events themselves and exclude wider tourism expenditures on accommodation, etc. which are included in

the tourism assessment (see Section 5). The sports competitors and teams not only spend money at each event but also 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 the North West 200, and are described in greater detail below, although these studies also include wider tourism expenditures associated with attendance at the events.

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 many of the world's top manufacturers including Honda, Yamaha, Ducati, Kawasaki, Suzuki, Aprilia and BMW (although some manufacturers have chosen to support private teams rather than participate as full factory teams, with some citing the need to cut costs due to the global economic downturn).

The first British MotoGPs took place at Silverstone between 1977 and 1986. The event then moved to Donington Park for 23 years from 1987 before returning to Silverstone from 2010 to 2014. The 2015 event will take place at Donington Park before moving to the new £315 million Circuit of Wales race track in Blaenau Gwent from 2016²⁹. The new Circuit of Wales track is estimated to attract 500,000 visitors per annum, a large proportion of whom are expected to attend MotoGP, World Superbikes, World Motocross and other motorcycle events. It is estimated that the operational and tourism impacts of the site will support £32 million of GVA and 1,500 FTE jobs in the Welsh economy³⁰.

The British MotoGP is a three day event comprising practice, qualifying and racing sessions for the MotoGP and other motorcycle disciplines. The British MotoGP is well attended and attracts international as well as domestic visitors (spectators, media and teams) and has a significant economic impact at the UK, regional and local level. A study of the economic impact of the British MotoGP was undertaken in 2004. It found that 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 the Donington Park site.

These expenditures were estimated to have 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 was 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 were 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 jobs³¹.

Attendance at the British MotoGP has increased since the study in 2004, reaching 146,000 in 2012, making it the tenth best attended UK sporting event in 2012 (excluding the Olympics/Paralympics)³². Recalculating the visitor expenditures in the 2004 study to account for the revised attendances, and updating the figures to 2012 prices, provides estimates that the 2012 British MotoGP supported approximately £5 million of GVA and 300 jobs in the local area, and £750,000 of GVA and 40 jobs at the national level.

²⁹ <http://www.circuitofwales.com/#!Dorna-Sports-and-Circuit-of-Wales-sign-historic-MotoGP%E2%84%A2-agreement/cb87/E5084DDB-4B84-4F74-B3BF-193F34E2A5F6> (accessed 06 November 2014)

³⁰ Heads of the Valleys Development Company, Circuit of Wales, Rassau: Environmental Statement Addendum (Chapter 8: Community and socio-economic), 2013

³¹ SQW and McKenzie Wilson, 2004 Cinzano British Motorcycle Grand Prix – Economic Impact Study, September 2004

³² <http://www.telegraph.co.uk/sport/picturegalleries/9755637/Top-10-attended-sporting-events-in-the-UK-in-2012-...-without-the-Olympics-and-Paralympics-in-pictures.html> (accessed 06 November 2014)

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. Motorcycle events include the TT Races, Pre TT Classic, Billown TT Races, Southern 100, and the Isle of Man Festival of Motorcycling which takes place in August and September and comprises the Manx Grand Prix, Classic TT Manx National 2 Day Trial, the Manx Classic Weekend Trial, VMCC Rally and the Festival of Jurby.

The Isle of Man Government has undertaken research to assess the significant contribution of these events to the island economy. The research included:

- A survey of visitors to the TT in 2013, which found that almost 40,000 visitors attended the event (an increase of more than 25% since 2010), with the average visitor staying on the island for 6.5 nights and spending £668 on the trip. Overall expenditures totalled £26.2 million and were estimated to have added £18.9 million of value to the island economy³³.
- A survey of visitors to the Isle of Man Festival of Motorcycling in 2013, which found that 13,400 visitors attended the Festival. The average visitor stayed for 7 nights and spent £624 on the trip. Overall visitor expenditures were estimated to total £8.4 million and generate £6 million in value added³⁴.

North West 200

The North West 200 is an annual motorcycle race held in Northern Ireland during May. The event first took place in 1929 and has since grown to become the largest sporting event in Ireland. The race was originally run over two hundred miles, before changing to its current format of several separate races, each running between four and six laps. The event takes place over a week with practice sessions on Tuesdays and Thursdays and races on Saturdays. The practice sessions and races are held on closed roads but all riders compete together, rather than the time-trial format of other road events like the Isle of Man TT races. The course is a street circuit, made up of public roads running between the towns of Portstewart, Coleraine and Portrush and is one of the fastest in the world, with riders achieving speeds in excess of 200 mph.

The organisers of the North West 200 commissioned an economic impact assessment of the 2010 event. The research estimated that 90,000 spectators attended the event, more than 10% of whom had travelled from outside Northern Ireland. The 2010 event was estimated to have added value of £7.8 million and supported 150 jobs in the Northern Ireland economy³⁵.

Motorcycle Leisure

The motorcycle leisure sector is closely linked to the wider tourism sector. However, this analysis focuses on the organised leisure tour activities that are specific to the motorcycle industry. The income generated and the jobs supported in delivering these leisure activities are therefore directly related to the UK motorcycle industry. The tourism expenditures of motorcyclists (on accommodation, food and drink, etc.) whilst participating in the tours is excluded from this analysis but is included in the tourism assessment (see Section 5) as these expenditures support income and employment in other sectors.

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, flights/ferries, insurance, etc.

³³ Isle of Man Government, TT Survey 2013, September 2013

³⁴ Isle of Man Government, Isle of Man Festival of Motorcycling Survey 2013, October 2013

³⁵ http://www.northwest200.org/news_article_name/nw200-major-contribution-ni-economy.aspx (accessed 06/11/14)

UK based tours are typically focused on the more rural and scenic areas of the UK, such as Cornwall, the Lake District, Wales and Scotland. Overseas tours have traditionally focused on destinations in Europe and the US, although the sector is experiencing significant growth and new destinations have expanded to meet demand for tours to Africa, South America, Asia, Australasia and other destinations. One business helping to drive growth in the motorcycle leisure sector is HC Travel, which is described in the box below.

HC Travel – Provider of International Motorcycle Tours

HC Travel was founded in 1994 and is the most established UK operator of international motorcycle tours. The business claims to be the market leader in the UK and offers guided road, adventure and off-road, self-guided and custom tours, along with motorcycle rentals, in North America, South America, Europe, Asia, Africa and Australasia. HC Travel currently employs a core team of six people at its offices in Hampshire as well as supporting additional employment amongst partners, tour guides and support teams. It has a turnover of £1.5 million per annum³⁶.

The HC Travel team has been leading the development of motorcycle tours for UK riders and was the first UK operator to:

- Offer a programme of long-haul motorcycle tours and hire;
- Offer the UK's first motorcycle tours to Bhutan, Tibet, the Philippines, Kerala (India) and Chile, and the world's first motorcycle tour to Libya;
- Offer the first ever self-guided tour programmes in French Canada, the USA and New Zealand and;
- Be granted an ATOL license and become professionally recognised by the travel industry, by obtaining membership of the Travel Trust Association (TTA)³⁷.

HC Travel was also the first motorcycle tour operator in the UK to win a national travel award, when it was awarded the 2007 TTA Award for Enterprise. The business has also received support from the GrowthAccelerator programme to help the business to access professional advice and develop its online services. GrowthAccelerator is 'a government-backed service that helps ambitious businesses to grow through coaching, workshops, masterclasses and match funding'. It is 'exclusively targeted at high growth businesses who want to enter their next growth phase and have the potential and determination to get there.'³⁸

4.4.2 Summary Findings

This analysis suggests that the total turnover associated with the motorcycle sport and leisure sector is £440 million. GVA is estimated to be almost 50% of turnover at £210 million, while the sector also provides tax contributions of more than £80 million. The delivery of motorcycle sport and leisure activities is also estimated to support the employment of approximately 8,700 people in the UK.

Table 4.4 Motorcycle Sport and Leisure Sector Assessment (2012)

Estimates	Motorcycle Sport and Leisure	Motorcycle Sport	Motorcycle Leisure
Turnover £ Million	440	370	70
Purchases	233	183	50

³⁶ <http://support2business.co.uk/hc-travel/> (accessed 06/11/14)

³⁷ <http://www.hctravel.com/> (accessed 06/11/14)

³⁸ <http://www.growthaccelerator.com/> (accessed 06/11/14)

Estimates	Motorcycle Sport and Leisure	Motorcycle Sport	Motorcycle Leisure
£ Million			
GVA £ million	207	187	20
Wages £ Million	159	150	9
Profits £ million	44	37	7
Exports £ million	11	4	7
Imports £ Million	32	4	28
Taxes * £ Million	84	76	7
Employment Numbers	8,685	8,230	455
Businesses Number	640	510	130

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

4.5 Other Support Services

The 'other support services' sector contains a wide range of motorcycle-related services that do not fit appropriately in any of the other 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 the individual sub-sectors, which are then described in more detail in the following sections.

Table 4.5 Other Support Services Sector Assessment (2012)

Estimates	All Other Support Services	Training & Testing	Insurance & Finance	Couriers	Hire & Leasing	Marketing & Publishing
Turnover £ Million	2,004	279	403	1,085	68	169
Purchases £ Million	1,013	124	202	571	29	87
GVA £ million	993	155	202	514	40	82
Wages £ Million	623	97	64	405	18	39
Profits £ million	201	28	81	109	7	17
Exports	Minimal	n/a	n/a	n/a	n/a	Minimal

Estimates	All Other Support Services	Training & Testing	Insurance & Finance	Couriers	Hire & Leasing	Marketing & Publishing
£ million						
Imports £ Million	Minimal	n/a	n/a	n/a	n/a	Minimal
Taxes * £ Million	382	57	73	210	13	28
Employment Numbers	27,350	3,500	2,000	20,000	680	1,170
Businesses Number	2,060	635	Unknown	1,230	68	123

* 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 associated activities of the Driver and Vehicle Standards Agency (DVSA)³⁹ in administering and delivering motorcycle tests.

DVSA data suggest that there were around 3,000 registered instructors of motorcyclist training on the statutory register in 2012⁴⁰ and around 275 individuals registered as post-test motorcycle trainers⁴¹. While the majority of instructors are involved in pre-test training, 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.

The Government has recently cut the cost of car and motorcycle theory tests from £31 to £25 and plans to cut the cost to £23 from October 2015. The costs for the practical tests remain unchanged at £15.50 for Module 1 and £75 for Module 2 (increasing to £88.50 on evenings, weekends and bank holidays). CBT training and testing typically costs more than £100, while many learners also purchase additional training in preparation for the tests. Post-test training costs are typically even higher, ranging from between £200 and £500 for a training day. Expenditures on motorcyclist training and testing services can therefore be significant.

The motorcyclist training and testing sector has experienced significant change in recent years. In 2009, the motorcycle testing process in the UK was revised in response to the EU 2nd Driving Licence Directive. The aim of the changes was to improve motorcycle safety through more intensive testing of new motorcyclists. As a result, the practical motorcycle test was extended to comprise two modules: Module 1, which 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 'on-road' elements of the test (i.e. the eyesight test, road safety questions, and at least 30 minutes of on-road riding).

³⁹ The Driving Standards Agency (DSA) and Vehicle and Operator Services Agency (VOSA) merged in April 2014 to form the Driver and Vehicle Standards Agency (DVSA).

⁴⁰ Department for Transport, Driver and Rider Test and Instructor Statistics, Great Britain: October to December 2012

⁴¹ <https://www.gov.uk/government/publications/enhanced-rider-scheme-and-post-test-motorcycle-trainers/enhanced-rider-scheme-and-post-test-motorcycle-trainers>

Further changes to the motorcycle licence and testing process were introduced in January 2013 as part of implementing the EU 3rd Driving Licence Directive. New categories of motorcycle licence have been introduced alongside a new system of 'progressive access', which places restrictions on access to higher capacity motorcycles in order to further improve the safety of motorcycling. There are minimum age restrictions and learners must have at least 2 years of experience on a lower powered motorcycle before taking the practical riding test on a more powerful motorcycle. The revised categories of motorcycle licence are presented in Table 4.6 below.

Table 4.6 Revised motorcycle licences

Type of licence	Motorcycle capacity/power restrictions	Age restrictions
AM	Mopeds up to 50cc	At least 16 years old
A1	Motorcycles up to 125cc / 11kW / 15 BHP	At least 17 years old
A2	Motorcycles up to 35kW / 47 BHP	At least 19 years old
A	No restrictions	At least 24 years old for direct access or 2 years' experience of A2 licence

Source: DVSA, *The routes to your motorcycle licence, 2013*

Despite the lower cost of motorcycle theory tests, these revisions to licencing and testing processes have increased costs for learners due to: the increased costs of the two module test; the need for younger riders to take additional tests as they progress through the different licences; and increased spending on training in preparation for the new aspects of the test. Furthermore, the additional 'off-road' space requirements of Module 1 have restricted delivery to a smaller number of sites, which is likely to result in additional costs to the learner of having to travel further to access a testing site. There are concerns within the industry that these changes and increased costs will put off and restrict the number of new entrants to motorcycling.

Department for Transport data show that the number of practical motorcycle tests fell significantly in 2009/10 following the introduction of the EU 2nd Driving Licence Directive. The number of Module 1 tests then recovered slightly from 51,000 tests in 2009 to 66,000 tests in 2012/13, while the number of Module 2 tests increased from 38,000 to 65,000 tests over the same period. However, the number of tests has fallen again in 2013/14 to 46,000 Module 1 tests and 43,000 Module 2 tests, following the implementation of the EU 3rd Driving Licence Directive. These figures are significantly lower than the average of around 83,000 tests taken per annum in the ten years to 2008/09⁴².

Pass rates appear to have been less affected by the changes and have fluctuated around the long term average of 64-68% between 1998 and 2009. The pass rate for Module 1 initially declined to 61% in 2009/10 (following the introduction of the EU 2nd Driving Licence Directive) before recovering to 70.5% in 2012/13 and then falling back to 69% in 2013/14 (following the implementation of the EU 3rd Driving Licence Directive). The pass rates for Module 2 have remained relatively constant between 2009/10 and 2013/14 at 69-70%.

Summary Findings

Table 4.7 shows that the motorcyclist training and testing sub-sector is estimated to have an annual turnover of approximately £280 million. The sector is also estimated to generate GVA of £155 million per annum, provide employment for approximately 3,500 people and provide £57 million in tax contributions.

⁴² Department for Transport, Driving Test and Instructor Statistics, 2013/14

Table 4.7 Motorcyclist Training and Testing Sub-Sector Assessment (2012)

Estimates	Training & Testing
Turnover £ Million	279
Purchases £ Million	124
GVA £ million	155
Wages £ Million	97
Profits £ million	28
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	57
Employment Numbers	3,500
Businesses Number	635

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

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 1.2 million motorcyclists in the UK 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, employing more than 300 people and insuring around 240,000 motorcycles and scooters in addition to classic and performance cars, campervans, motorhomes and military vehicles⁴³.
- Bennetts is the second largest broker in the UK, providing insurance cover for more than 200,000 motorcyclists per year⁴⁴. It employs approximately 300 people in Coventry and provides quotes to more than 600,000 motorcyclists per year.
- Devitt delivers motorcycle insurance to around 130,000 policyholders each year and employs more than 150 people in offices in Essex and Suffolk⁴⁵.

More generally, motorcycle dealers and manufacturers have traditionally been a key route to market for motorcycle insurance.

⁴³ <http://www.carolenash.com/about-us> (accessed 06/11/14)

⁴⁴ <http://www.bennetts.co.uk/about-bennetts/> (accessed 06/11/14)

⁴⁵ <http://www.thebikeinsurer.co.uk/broker/devitt-insurance/> (accessed 06/11/14)

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 sub-sectors suggests that the total motorcycle financial services sector has a turnover of £400 million per annum. The sector is also estimated to generate GVA of approximately £200 million and provide employment for 2,000 people. It also provides an estimated £73 million in tax contributions per annum.

Table 4.8 Motorcycle Insurance and Finance Sub-Sector Assessment (2012)

Estimates	Insurance & Finance
Turnover £ Million	403
Purchases £ Million	202
GVA £ million	202
Wages £ Million	64
Profits £ million	81
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	73
Employment Numbers	2,000
Businesses Number	Unknown

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

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 for 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 economic downturn.

It has been estimated that there currently 20,000 motorcycle couriers operating in the UK, around half of which are employed in London⁴⁶. Motorcycle couriers tend to be concentrated around large and 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 £1.1 billion, generate GVA of more than £500 million and provide employment for 20,000 people. It is also estimated to provide a tax contribution of £210 million per annum.

Table 4.9 Motorcycle Couriers Sub-Sector Assessment (2012)

Estimates	Motorcycle Couriers
Turnover £ Million	1,085
Purchases £ Million	571
GVA £ million	514
Wages £ Million	405
Profits £ million	109
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	210
Employment Numbers	20,000
Businesses Number	1,230

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

The above economic benefits are based on the activities of courier businesses and self-employed motorcycle couriers and will therefore exclude economic benefits associated with the many motorcycle couriers who volunteer to transport emergency medical supplies. Additional information on these activities is provided in the box below.

The Nationwide Association of Blood Bikes

Motorcycles provide a valuable service delivering medical specimens, blood, notes, x-rays, scans and other medical equipment between hospitals and other medical facilities across the UK. Most hospitals operate an internal courier service to move these types of items during office hours. However, hospitals need to make alternative provision for items that need to be transported urgently in the evenings and at weekends. This often requires the use of taxis and can result in significant

⁴⁶ <http://growingambitions.tes.co.uk/printpdf/2707> (accessed 06/11/14)

costs for the NHS.

The first 'Blood Bike' service was established in 1969 to serve hospitals in Hertfordshire and Bedfordshire. The riders carried blood, drugs, plasma, specimens and body parts, delivered urgent letters and delivered milk to the special care baby unit at the local maternity hospital.

The number of 'Blood Bike' groups has grown significantly in recent years and there are currently around 25 'Blood Bike' groups operating in different areas of the UK. Most are part of the wider 'Freewheelers', 'Service by Emergency Rider Volunteers (SERV)' or 'Blood Bikes' groups. The Nationwide Association of Blood Bikes (NABB) was officially formed in 2010, and aims to: provide support to new and existing 'Blood Bike' groups; ensure common standards across groups through self-regulation to deliver a professional service; and represent the individual 'Blood Bike' groups through a single entity and work to raise awareness, recognition and sponsorship across the UK.

'Blood Bike' services are funded exclusively through charitable donations, and are delivered by hundreds of motorcyclists and support teams who freely volunteer their time. These services deliver significant benefits, which include:

- saving lives;
- saving money for the NHS; and
- promoting a positive image of motorcyclists to the public.

It is difficult to estimate the value of these economic benefits. However, the NABB states that a single member group made 2,500 deliveries in 2010 and travelled over 100,000 miles at a cost of around £25,000 (funded through donations). If the NHS had used taxis for the same journeys it would have cost more than £120,000. This suggests that the combined services of all NABB members in the UK are likely to save the NHS several million pounds per annum⁴⁷.

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 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 motorcycle hire and lease sub-sector is estimated to generate an annual turnover of almost £70 million and GVA of £40 million. It is estimated to provide employment for around 680 people and contribute £13 million in taxes per annum.

Table 4.10 Motorcycle Hire and Leasing Sub-Sector Assessment (2012)

Estimates	Motorcycle Hire & Leasing
Turnover	68

⁴⁷ <http://www.thenabb.org.uk/> (accessed 06/11/14)

Estimates	Motorcycle Hire & Leasing
£ Million	
Purchases £ Million	29
GVA £ million	40
Wages £ Million	18
Profits £ million	7
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	13
Employment Numbers	680
Businesses Number	68

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

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

Motorcycle Management

Motorcycle Management leases motorcycles for business and public sector users. It 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.

Motorcycle Management supplies motorcycles to a wide range of markets and customers, as well as supplying Police Specification Motorcycles to many constabularies and paramedic motorcycles to ambulance services across the UK. Other examples include:

- Outdoor advertising specialist, JC Decaux, has increased staff productivity by using motorcycles to reduce the time lost to traffic congestion in UK cities. Technicians are able to visit an additional 20 sites per day by using motorcycles;
- 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 motorcycles to help address 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 provide greater access across railway property and enable response teams to react more quickly to incidents; and

- Wiltshire Ambulance uses 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.⁴⁸

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 motorcycles.

There is considerable activity within the motorcycle industry 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, the Motorcycle Experience 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 27 different motorcycle magazines published in the UK, ranging from weekly to annual publications. The most popular titles include the weekly MCN (Motor Cycle News) and monthly magazines such as Bike, Ride, Scootering, Classic Bike, the Classic Motorcycle, the Classic Bike Guide, Classic Motorcycle Mechanics, and Superbike. However, motorcycle publishing will also include the publishing of books, websites and other media relating to motorcycles, which have not been included in this analysis.

Summary Findings

The motorcycle marketing and publishing sector is estimated to have a total turnover of approximately £170 million, more than 70% of which is generated by motorcycle marketing activities. The sector is estimated to generate GVA of £82 million and a tax contribution of £28 million. It is also estimated to employ 1,170 people in more than 120 businesses.

Table 4.11 Motorcycle Marketing and Publishing Sub-Sector Assessment (2012)

Estimates	Total Marketing & Publishing	Motorcycle Marketing	Motorcycle Publishing
Turnover £ Million	169	123	46
Purchases £ Million	87	71	16
GVA £ million	82	52	30
Wages	39	25	14

⁴⁸ <http://www.motorcyclemanagement.co.uk/> (accessed 06/11/14)

Estimates	Total Marketing & Publishing	Motorcycle Marketing	Motorcycle Publishing
£ Million			
Profits £ million	17	12	5
Exports £ million	Minimal	Minimal	Minimal
Imports £ Million	Minimal	Minimal	Minimal
Taxes * £ Million	28	18	10
Employment Numbers	1,170	820	350
Businesses Number	123	100	23

* Includes VAT, income and corporation tax

The full sector analysis is provided in Annex II

5 Tourism Assessment

5.1 Introduction

This section presents estimates of the economic impact of motorcycle-related activities on levels of tourism activity 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. The analysis in this section therefore focuses on the contribution of motorcycling activities to levels of tourism expenditures in the UK, excluding the specific sports and leisure services mentioned above. It has sought to estimate the levels of expenditure of motorcyclists on non-motorcycling goods and services, such as accommodation, food and drink, and travel, which can be attributed to their participation in motorcycle-related activities.

The tourism expenditures included in this section relate to motorcycle-related events and trips undertaken by individuals 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 different motorcycle manufacturers.

In summary, we estimate that:

- There are about 1.5 million motorcycles in the UK⁴⁹;
- Approximately 2.7% of households own motorbikes⁵⁰, equating to around 660,000 households in the UK;
- There are 1.2 million active motorcyclists in the UK⁵¹ (around 2.3% of the adult population);
- The average motorcyclist in the UK undertakes at least 4.4 leisure day trips and 2.1 overnight stays per annum, equating to 5.3 million day trips and overnight trips of 2.5 million nights each year⁵²;
- Around 109,000 riders from the UK take tourism-related motorcycling trips abroad each year, compared to 46,000 international riders visiting the UK⁵³;
- Domestic tourism spending relating to motorcycling (excluding expenditure relating to the motorcycle sports and leisure sub-sector) is estimated to be £562 million in the UK (2012 prices)⁵⁴;
- Overseas motorcycling tourists are estimated to account for £28 million⁵⁵ of expenditures in the UK – which gives rise to an 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); and
- The total tourism spending associated with motorcycling is estimated to support 13,200 FTE tourism jobs in the UK, of which approximately 650 are supported by expenditure from overseas ‘motorcycling’ visitors⁵⁶.

⁴⁹ Society of Motor Manufacturers and Traders (SMMT) and Driver and Vehicle Agency Northern Ireland Vehicle Information System (NIVIS)

⁵⁰ DfT, National Travel Survey, 2013

⁵¹ Honda UK, <http://newsroom.honda.co.uk/en/motorcyclenewsdetail/?id=4022> (accessed 06/11/14)

⁵² ICF analysis

⁵³ DfT, Transport Statistics Great Britain, 2011

⁵⁴ ICF Analysis, 2014

⁵⁵ ICF Analysis, 2014

⁵⁶ ICF Analysis, 2014

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

5.2 Tourism Days

The MCIA undertook a survey in 2005, which explored attitudes towards, and experiences of, motorcycling amongst 1,250 motorcyclists and 800 non-motorcyclists in the UK⁵⁷. The survey asked respondents how often they used motorcycles for holidays, short-breaks and day trips per year and found that only 44% of motorcyclists in the sample used their motorcycles to undertake tourism trips. This is the most appropriate evidence available to estimate motorcycle-related tourism trips and has been applied as a conservative assumption.

A smaller but more recent survey was undertaken in 2012 with 156 motorcyclists in Wales who use their motorcycles for tourism trips⁵⁸. The findings suggested that riders who use their motorcycles for tourism trips undertake an average of 10 day trips and 4.7 overnight stays per annum. However, the above assumption that only 44% of riders use their motorcycles to undertake tourism trips means that the average motorcyclist in the UK uses their motorcycle to undertake 4.4 leisure day trips and 2.1 overnight stays per annum. The 1.2 million motorcyclists in the UK are therefore estimated to undertake a total of 5.3 million day trips and overnight trips of 2.5 million nights each year.

5.3 Tourism Expenditure

The statutory tourist boards for England, Scotland and Wales collect data on visitor expenditures through the Great Britain Day Visits Survey, the Great Britain Tourism Survey and the International Passenger Survey. The data suggest that the average domestic visitor spent £34 per day⁵⁹ and £62 per night⁶⁰, while the average overseas visitor spent £85 per night⁶¹ in 2013. The survey findings show significant variation in expenditures depending on the activities undertaken by the visitor, but unfortunately the surveys do not provide expenditure data for motorcycle-related activities. However, there are a number of sources of evidence relating to the tourism expenditures of motorcyclists and these are explored below:

- The MCIA survey also asked respondents about tourism expenditures on accommodation, food, etc. and whether average daily expenditures were less than £50, between £51 and £100, between £101 and £200, or more than £200. Analysis of these figures, again using rather conservative assumptions, suggests an average motorcycle-related tourism expenditure of £74.50 per day (inflated to 2012 prices). Multiplying this figure by the total 7.8 million motorcyclist tourism days from the above analysis suggests that motorcycle-related tourism expenditures totalled £582 million in 2012 (i.e. an average annual expenditure of around £485 per motorcyclist).
- The Welsh survey of motorcyclists found average expenditures of £51 per day visit and £99 per night for overnight stays. Applying these average expenditures by the respective numbers of day visits and overnight stays provides a slightly lower

⁵⁷ MCIA, Tickbox Survey, 2005

⁵⁸ C. Cater (Aberystwyth University), Motorcycle Tourism in Ceredigion, 2012

⁵⁹ Visit England, Visit Scotland, Visit Wales, The GB Day Visitor – Statistics 2013, 2014

⁶⁰ Visit England, Visit Scotland, Visit Wales, The GB Tourist – Statistics 2013, 2014

⁶¹ ONS, International Passenger Survey, 2014

estimate of motorcycle-related tourism expenditures of £518 million in 2012 (i.e. an average annual expenditure of around £430 per motorcyclist).

- Another alternative source of tourism expenditures is the Broughton survey⁶², which provides estimates of motorcyclist expenditures across a number of broad areas including 'motorcycle-related accommodation'. As in the previous study, the findings of the Broughton survey have been re-estimated with more conservative assumptions to provide consistency with the other estimates. This approach estimates average annual motorcycle-related expenditures on accommodation to be around £290 per motorcyclist per annum (inflated to 2012 prices). Doubling this figure to reflect other tourism purchases⁶³ and multiplying by the 1.2 million motorcyclists in the UK, produces a higher estimate of motorcycle-related tourism expenditures of £696 million (i.e. average annual expenditures of around £580 per motorcyclist).

The above analysis estimates motorcycle-related tourism expenditures of between £518 million and £696 million. Our best estimate of these tourism expenditures is the average of these three approaches, which equates to £600 million per annum. This assumes an average tourism expenditure of £500 per motorcyclist per annum.

5.4 Domestic and Overseas Trips and Visitors

The above estimates of tourism expenditures need to be adjusted to take account of overseas travel and visitors. The International Passenger Survey (IPS) suggests that the number of overseas riders visiting the UK has increased significantly since 2008, although it remains lower than the number of UK riders travelling abroad on their motorcycles. Data from the IPS suggest that 109,000 riders from the UK travelled abroad (with their motorcycles) by ferry or the Channel Tunnel, compared to 46,000 overseas residents who visited the UK with their motorcycles⁶⁴. The 2012 IPS suggests that the average duration of overseas visits was 7.4 nights and estimated the average expenditure to be £81 per night⁶⁵. Applying these assumptions suggests that:

- UK motorcyclists spent £65.3 million on trips outside of the UK; and
- Overseas motorcyclists spent £27.6 million on visits to the UK in 2012.

This suggests a net loss of £38 million of tourism expenditure from the UK each year, representing around 6% of the above estimates of tourism expenditure. Therefore, it is estimated that motorcycle-related tourism expenditures in the UK range from £480 million to £658 million, with a best estimate of £562 million, after accounting for overseas trips and visitors.

5.5 Employment Impact of Tourism Spending

This section estimates the employment supported by motorcycle-related tourism expenditures. These estimates are in addition to the employment supported within the motorcycling industry, which was presented previously.

⁶² Paul Broughton, Linda Walker, *Motorcycling and Leisure: Understanding the Recreational PTW Rider*, 2009

⁶³ 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'.

⁶⁴ DfT, *Transport Statistics Great Britain*, 2011 (Data for 2012 does not provide data for passengers travelling with motorcycles)

⁶⁵ Office for National Statistics, *International Passenger Survey*, 2012



A recent study by Deloitte and Oxford Economics⁶⁶ suggests that approximately £42,500 of tourism spending was required to support one full-time job in 2012, including direct, indirect and induced effects. Using this assumption suggests that motorcycle-related tourism expenditures of between £480 million and £658 million would support between 11,300 and 15,500 FTE jobs in the UK, including all direct, indirect and induced effects, with a best estimate of 13,200 FTE jobs.

⁶⁶ Deloitte and Oxford Economics, Tourism: jobs and growth - The economic contribution of the tourism economy in the UK, 2013

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 and the findings of a survey of motorcycle businesses undertaken as part of this study.

6.2 Industry characteristics and trends

6.2.1 Total stock of motorcycles

The Society of Motor Manufacturers and Traders (SMMT) provides data on the total number of motorcycles in use in Great Britain. The data are presented in Table 6.1 and suggest that the number of motorcycles in use in Great Britain has grown over the last ten years, having increased rapidly between 2004 and 2008 to 1.49 million. The number of motorcycles fell slightly in 2010 and then remained stable in 2011 and 2012, as a result of the economic downturn, before increasing back above 1.47 million in 2013.

The growth over the last ten years has been driven by increasing numbers of larger motorcycles of more than 900cc and smaller motorcycles of 101-125cc. This has offset the declining numbers of the smallest motorcycles of up to 100cc, while the numbers of mid-sized motorcycles (of 126-900cc) have remained relatively stable over the period.

Table 6.1 Motorcycles in use in Great Britain (Parc): by Engine Size ('000s)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
0-100cc	242	232	219	222	205	197	183	179	172	161
101-125cc	174	185	193	221	230	244	248	261	276	285
126-500cc	222	222	210	219	214	215	213	213	213	220
501-700cc	269	275	290	296	291	297	290	284	278	275
701-900cc	154	154	152	158	155	157	155	155	154	156
>900cc	277	298	313	350	357	376	378	377	374	378
Total Motorcycles	1,338	1,367	1,376	1,467	1,452	1,486	1,468	1,469	1,467	1,473

Source: Society of Motor Manufacturers and Traders (SMMT) December Census, 2014

The latest estimates for 2013 provide initial signs that the number of motorcycles is starting to increase again. The number of motorcycles in use in Great Britain in 2013 was the highest annual total since 2009.

Data for Northern Ireland is provided by the Driver and Vehicle Agency, which estimates that there were 24,000 licensed motorcycles in Northern Ireland at the end of 2013⁶⁷. Summing the data for Great Britain and Northern Ireland suggests that there were 1.5 million motorcycles in use in the UK in 2013.

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 from 134,000 in 2004 to a peak of almost 145,000 in 2007. However, the number of new registrations then declined by

⁶⁷ Northern Ireland Vehicle Information System (NIVIS), Driver and Vehicle Agency Vehicle Licensing

more than 30% to around 92,000 in 2013 as fewer people were buying and registering new motorcycles after the economic downturn. The number of new registrations had declined for all engine sizes between 2007 and 2013 but was most significant for motorcycles with engines of 401-600cc, 801-1,000cc and the smallest engines of up to 50cc.

However, the number of new motorcycle registrations has recovered in 2014 to more than 101,000 new registrations. This suggests an increase of 10% from 2013 to 2014, which has been driven by increasing registrations of larger motorcycles of more than 600cc, while registrations of smaller motorcycles of 51-400cc have also increased.

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

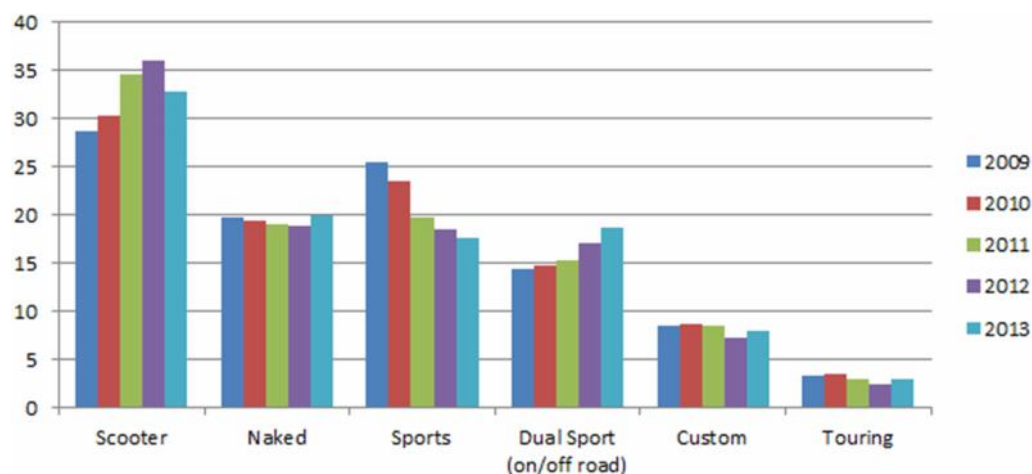
Year	0-50cc	51-150cc	151-400cc	401-600cc	601-800cc	801-1000cc	>1000cc	Total
2004	27.7	32.8	6.1	17.0	13.9	20.3	16.2	133.9
2005	24.8	34.4	6.2	14.2	15.8	18.4	19.0	132.8
2006	23.6	37.6	6.2	13.2	17.3	17.3	17.8	133.1
2007	24.7	42.0	7.2	14.4	16.2	17.9	22.1	144.5
2008	25.3	40.4	7.6	12.3	16.2	17.5	20.5	139.7
2009	16.7	30.1	5.9	9.1	16.0	14.8	18.9	111.5
2010	14.6	28.1	4.8	6.8	11.5	11.1	18.9	95.9
2011	14.6	32.8	4.8	4.9	11.4	9.2	16.1	93.8
2012	13.5	35.7	5.3	3.8	12.5	7.6	15.3	93.7
2013	10.8	34.4	6.4	4.6	11.4	8.0	16.3	91.9
2014	10.7	38.1	6.8	4.0	13.2	10.0	18.5	101.3

Source: MCI, Motorcycle Registration Information System (MCRIS), 2014

UK manufacturer, Triumph, has continued to grow its share of the UK market and was the third ranked manufacturer in 2014 with more than 8,100 new registrations in the UK. This was behind only Honda (18,100) and Yamaha (13,000). BMW was ranked in fourth place with approximately 7,000 new registrations. Other major brands registered in the UK in 2014 included the other large Japanese brands of Kawasaki and Suzuki, European brands Piaggio and KTM, Harley-Davidson from the US and the Chinese manufacturer Lexmoto.

Figure 6.1 shows the distribution of new motorcycle registrations by style of motorcycle. The data suggest that scooters have become increasingly popular in recent years and accounted for around a third of all new motorcycle registrations in the UK in 2013. Scooters are followed by naked, sports and dual sport styles, each of which accounted for 18-20% of new registrations in 2013. Sports-style motorcycles have declined between 2009 and 2013, in terms of their share of new registrations, while dual sport motorcycles (for use on and off road) have increased their share.

Figure 6.1 New UK motorcycle registrations by style, 2009-2013



Source: DVLA/DfT, *Vehicle Licensing Statistics, 2014 (based on MCIA data)*

6.2.3 Motorcycle Ownership

The latest National Travel Survey suggests that the proportion of English households that own at least one motorcycle has fallen from a peak of 3.1% in 2008 to 2.7% in 2012 and 2.3% in 2013⁶⁸. Assuming that England is representative of the rest of the UK, this suggests that there are around 620,000 UK households⁶⁹ that own at least one motorcycle.

There are also reported to be approximately 3.7 million holders of motorcycle licences in the UK⁷⁰, although there is a lack of data relating to the number of 'active' motorcyclists. Honda suggests that there are around 1.2 million active motorcyclists in the UK⁷¹, representing around 2.3% of the UK adult population⁷². This is lower than the total stock of motorcycles in the UK as some people own more than one motorcycle. The data suggest that there are approximately 2.5 million 'inactive' holders of motorcycle licences in the UK.

EU transport data from the European Commission shows that motorcycle ownership is relatively low in the UK compared to the rest of the EU. The data are presented in Figure 6.2 and suggest that there were approximately 20 motorcycles per 1,000 people in the UK in 2012⁷³ (down from 22 motorcycles in 2008). This is less than 30% of the average across the EU-28 of 68 motorcycles per 1,000 people and is lower than all EU countries except Bulgaria, Hungary, the Slovak Republic, Ireland and Romania. It is also lower than ownership rates in the US, China and Japan.

The relatively low levels of motorcycle ownership in the UK, combined with the large number of 'inactive' motorcyclists, suggest that there is significant potential to increase motorcycle ownership and the stock of motorcycles in the UK.

⁶⁸ DfT, National Travel Survey, 2013

⁶⁹ DCLG, Household projections, 2013

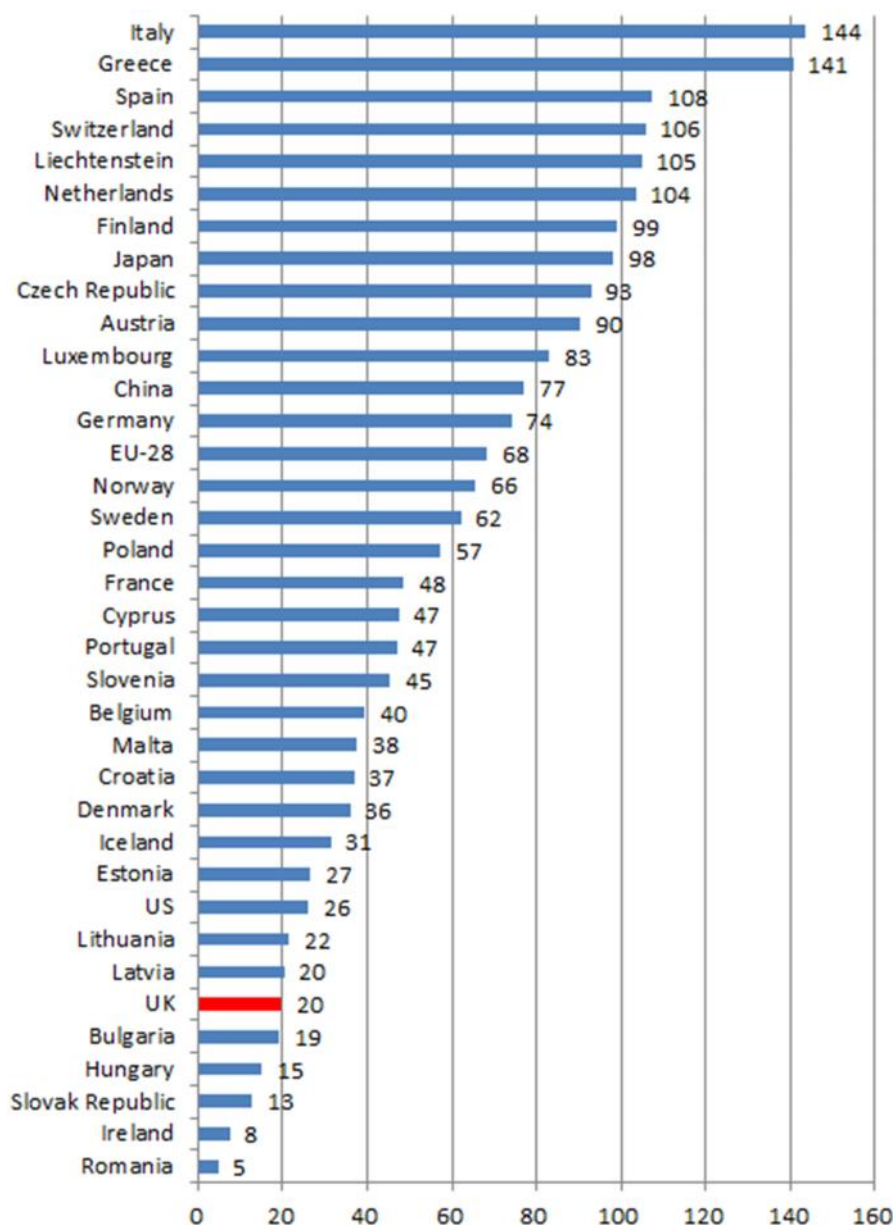
⁷⁰ MCIA, *The Policy Framework for Motorcycling (Second Edition)*, December 2013

⁷¹ <http://newsroom.honda.co.uk/en/motorcyclenewsdetail/?id=4022>

⁷² ONS, Mid-Year Population Estimates, 2012

⁷³ European Commission, *EU transport in figures – Statistical pocketbook, 2014*

Figure 6.2 Motorcycle Ownership: Number of Motorcycles Owned per 1,000 people in 2012



Sources: European Commission, *EU transport in figures – Statistical pocketbook 2014*; MCIA data for Japan and US (<http://www.mcia.co.uk/About/News/Article/Report-from-MCIACPO-Road-Safety-Conference.aspx>); China data from World Health Organisation, *Global status report on road safety, 2013*

6.2.4 Motorcycle Usage

The latest DfT transport statistics state that motorcycle traffic covered a distance of 4.9 billion passenger km in Great Britain in 2012⁷⁴, most of which was split evenly between commuting and leisure trips⁷⁵. This is 17% lower than the recent peak in 2007, although distances have remained stable since 2010 and are higher than those recorded in the 1990s. Motorcycle use has, however, fallen relative to other forms of transport, as the use of road transport as a whole declined by only 4% over the same period from 2007 to 2012.

⁷⁴ DfT traffic estimates, National Travel Survey, 2013

⁷⁵ DfT, National Travel Survey, 2013

6.3 Issues and Constraints

The UK motorcycle industry continues to face a number of issues and barriers to growth. The responses to the business survey, undertaken as part of this study, highlighted a number of issues including the challenging and ongoing economic conditions, negative perceptions of motorcycling, barriers to entry for new motorcyclists, as well as government and policy issues, all of which are discussed below.

6.3.1 Economic factors

The economic downturn has had 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 since 2008 and motorcycle businesses surveyed during the course of this study have reported falling disposable incomes as being a key factor for the decrease in demand.

At the same time, motorcycle businesses reported increasing costs of materials and other goods and services, which have squeezed profit margins, as businesses have been reluctant to pass on the increased costs to their consumers. Many businesses within the industry have had to reduce their output and workforce and the resulting declines in capacity utilisation have also affected profitability and the value added by the industry. Some of the smaller loss-making businesses have had to exit the industry, while there has also been consolidation elsewhere, resulting in a smaller number of businesses operating in the industry. Some of the responses to the business survey reported having to “reduce overheads to survive” and the importance of team building and staff motivation to “maintain pre-recession service levels with fewer staff”.

However, there are initial signs of recovery in the latest data, which suggest that demand for new motorcycles is beginning to increase again.

6.3.2 Barriers to entry for new motorcyclists

The responses to the survey raised concerns about the recent changes to motorcyclist testing processes which have been introduced in the UK as a result of the EU 2nd and 3rd Driving Licence Directives, as described above in section 4.5.1. Motorcycle businesses expressed concerns that these changes will increase the time, cost and difficulty of obtaining a motorcycle licence which is likely to create additional barriers to entry for new motorcyclists. These barriers risk reducing the overall number of motorcyclists in the UK and thereby further reduce the demand for goods and services provided by the UK motorcycle industry. There are also concerns of the potential emergence of a ‘permanent learner’ class that could lead to unintended and negative consequences for road safety.

One respondent to the business survey suggested that more should also be done to improve entry points to motorcycling and ensure motorcycle trainers and dealers are more welcoming and approachable for potential new entrants to motorcycling and are able to provide information that is easy to understand. One approach that aims to address some of these barriers to entry and encourage greater numbers of new motorcyclists in the UK is the ‘Get On’ scheme, which is described in the box below.

‘Get On’ Scheme

The ‘Get On’ scheme was introduced in 2009 with the aim of supporting and encouraging new entrants to motorcycling. The campaign offers new riders the opportunity to book a free trial session with a local motorcycle trainer to try out a motorcycle or scooter, learn the basics and receive a fun and informative introduction to motorcycling. The website also acts as a one stop portal for all the

information a new rider might need, including information on bikes and accessories, licencing, finance, insurance, dealers, training, etc⁷⁶.

The scheme is a project involving manufacturers, dealers and other companies involved in the UK motorcycle 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 and providing access to clear information and advice about the key aspects of motorcycling. The scheme and website are playing an important role at a time when the demand for motorcycling has fallen due to the economic downturn and changes to the testing process and it is hoped that this experience will provide an opportunity to help people decide whether motorcycling is of interest to them. The MCIA states that the campaign has had more than one million unique visits and has encouraged 65,000 people to book a free ride on a motorcycle or scooter⁷⁷.

6.3.3 Negative Perceptions of Motorcycling

The responses to the business survey also suggested that demand for motorcycling is affected by the negative perceptions of some, and adverse publicity reporting 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 R&D and innovation within the industry to increase the safety of motorcycles, helmets and clothing, while the changes to testing and training developments aim to improve riding skills and ensure motorcyclists are better prepared to avoid accidents. Casualty rates have been falling over time as a result of these changes and have fallen by 50% since the early 1990s⁷⁸.

However, there is also a lack of awareness of the benefits of motorcycling as a valid and relevant transport solution. For example, while carbon emissions from motorcycles vary significantly depending on engine capacity, the majority of motorcycles produce much lower levels of CO₂ than average petrol and diesel cars, whilst delivering additional carbon savings by reducing overall congestion on UK roads.

One business suggested that the UK motorcycle industry needs to project a more responsible, realistic and risk-aware image in order to maximise growth opportunities.

6.3.4 Political Issues

The responses to the business survey also suggested that the industry would benefit from greater support from the Government, particularly through encouraging and promoting motorcycle use as part of holistic transport strategies and plans.

Increased motorcycle use could deliver some key government objectives, such as supporting economic growth, rebalancing the economy, reducing carbon emissions, supporting social inclusion, reducing road congestion and helping to resolve parking issues. However, recognition of the motorcycle industry's current and potential contribution to Government policy objectives and to society as a whole is still seen by some industry members as largely unrecognised across much of the UK Government.

It was suggested that the motorcycle industry should be included in current and future policies and programmes which aim to directly support the automotive industry and assist consumer choice. An example is the exclusion of motorcycles from the electric vehicle (plug-in) grants that are currently available from the UK Government to incentivise the purchase of low emission cars and vans.

⁷⁶ <http://www.mcia.co.uk/> (accessed 06/11/14)

⁷⁷ Figures provided by the MCIA

⁷⁸ Department for Transport, National Road Traffic Survey, 2014

6.4 Current and Future Opportunities

The UK motorcycle industry has significant opportunities for further growth and to support the recovery and rebalancing of the UK economy. 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, efficient 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 for both individuals and businesses.
- Social inclusion – Motorcycles can provide an important role in offering an affordable transport solution for people living in rural areas where public transport links are scarce or inadequate.

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 Mira (formerly known as the Motor Industry Research Association). 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. A recent example is the Saferider research project, which is an EU collaborative project that aims to enhance the safety and comfort of motorcycles by applying unique Advanced Rider Information Systems and On Board Information Systems. Mira is involved in research testing ways of adding these collision detection and other safety systems to motorbikes and how best to alert riders to dangers on the road. The project has involved the use of forward facing sensors to gather data on the road ahead which is adjusted based on a high accuracy inertial measurement system. A touchscreen navigation unit contains a digital map of the road and provides a visual interface for warning the rider, while the helmet and gloves can also provide vibrating and audible warnings⁷⁹.

Across the industry, there are many current examples 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

Forcefield Body Armour is an example of a successful UK business that has been innovating in the area of motorcycle safety. The company specialises in developing and producing innovative products relating to impact protection and high performance clothing systems. The company has a long history of working in the motorcycle industry since it started developing body armour for Speedway riders in the 1980s. The latest body armour uses Soft Armour Technology that is

⁷⁹ <http://www.mira.co.uk/research/saferider> (accessed 06/11/14)

protective and exceeds European safety requirements but is also comfortable and can be used for racing, touring and off-road motorcycling. It has been developed by the in-house team of technicians and engineers, who have significant experience in materials technology and product engineering. 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.

Another example is **Planet Knox**, which also specialises in the design and manufacture of innovative impact protective equipment and performance layering systems. The company was established in 1981 and launched the first commercially available back protector in 1982. This was followed in 1998 by the first motorcycle jacket with built-in protectors in the elbows, shoulders and back. Knox has continued driving innovation in the sector and has created the Knox Body Armour and Original Equipment, Hand Armour, Cold Killers and Dry Inside brands. More recently Knox has been developing 'Hand Armour' and patented the SPS (scaphoid protection system) which has been built into gloves to protect riders' hands in the event of an accident. The company employs around 28 staff in the Lake District where it has its own in-house impact test equipment and R&D facility. The company has also expanded from focusing on motorcycle sector to develop products for mountain biking, skiing, snowboarding and equestrian markets⁸⁰.

Another UK innovator in motorcycle safety is **Hood Jeans**, which is one of the world's leading specialists of reinforced motorcycle jeans. The small, family company is based in Norfolk and was established in 1998. It produces British-made motorcycle jeans and jackets, and has been at the forefront of the market for reinforced jeans for many years. Hood jeans are lined inside with K-tech Para-aramid, a military grade fibre which, weight for weight, is five times stronger than steel. Most recently Hood Jeans has been working with another innovative UK business, D3O™, which specialises in impact protection solutions and licenses a range of patented smart materials⁸¹. D3O™ material is used in impact protection due to its energy absorptive properties. In its raw state it flows freely when moved slowly, but on shock, locks together to absorb and disperse energy, before instantly returning to its flexible state. This characteristic provides enhanced protection, as well as material flexibility, and is being used in Hood Jeans and Jackets to provide armour for knees, hips, backs, elbows and shoulders⁸².

- 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

An example of UK innovation relating to convenience is provided by **Scottoiler**, the designer and manufacturer of motorcycle chain lubrication systems, which enable the chain on a motorcycle to be cleaned and lubricated whilst in operation. Scottoiler systems are designed to remove the messy and time consuming task of cleaning and lubricating chains whilst offering increased chain life by reducing wear and tear and delivering improved performance through improved fuel economy. Scottoiler exports across Europe and has developed a co-branded chain oiler with BMW Motorrad, which is available through the BMW Motorrad worldwide dealer network. Scottoiler is one of only three companies in the world to have dual branding with BMW Motorrad⁸³.

Another example is **Translogic Systems**, which is based in Dorset and has been involved in developing aftermarket race performance accessories for 17 years. They have pioneered a range of gear shift systems and digital gauges for road and race bikes. These include: Powershifter, the world's smallest and lightest push button gear shifter system, which helps to make riding safer and easier; and the Intellishift Quickshifter, which offers adaptive shift technology that adapts to your riding style and provides faster and smoother gear shifts⁸⁴.

⁸⁰ <http://www.planet-knox.com/> (accessed 06/11/14)

⁸¹ <http://www.d3o.com/> (accessed 06/11/14)

⁸² <http://www.hoodjeans.co.uk/> (accessed 06/11/14)

⁸³ <http://www.scottoiler.com/> (accessed 06/11/14)

⁸⁴ <http://www.translogicuk.com/> (accessed 06/11/14)

- 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

Harris Performance Products is based in Hertfordshire and has more than 30 years’ experience of designing, developing, manufacturing and marketing a wide range of road and racing motorcycle chassis and components for the UK and export markets. They have the facilities and expertise to develop products from a variety of materials including ferrous and non-ferrous metals, fiberglass and carbon-fibre. They have been commissioned by Yamaha and Suzuki to design, develop and manufacture race bikes for Moto GP and World Superbike championships and also act as consultants and manufacturers for other companies both in and out of the motorcycle industry. Many of the products that they have developed for road bikes have benefited from their experiences of developing products for race teams and the company states that all of their products are ‘race proven’.

- 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

Transport is a major source of greenhouse gases. Around a quarter of domestic carbon dioxide (CO₂) and other greenhouse gas emissions in the UK come from transport. The Government’s long term aim is that by 2050, almost all road vehicles will be ultra-low emission vehicles (ULEVs). To achieve this aim almost all new vehicles sold by 2040 will need to have near-zero emissions, although the Government sees ULEVs as a priority and an opportunity for ‘easy wins’ in cutting emissions from transport over the next decade⁸⁵. The development of electric vehicles is therefore vital to achieving this vision and 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, 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 (the ENV). This was further developed in partnership with Suzuki and the Crosscage concept fuel cell motorcycle was unveiled in 2007, powered by an air cooled fuel cell power system and rechargeable lithium batteries.

Intelligent Energy has also been working with Suzuki to develop the Suzuki Burgman Fuel Cell scooter. The scooter is powered by Intelligent Energy’s fuel cell engine and became the world’s first fuel cell vehicle to achieve European Whole Vehicle Type Approval (WVTA) in 2011. The scooter has demonstrated a range of approximately 220 miles, with a refuelling time of less than 5 minutes. Suzuki and Intelligent Energy also formed a joint venture (SMILE FC System Corporation) in 2013 with the aim of accelerating the commercialisation of Suzuki’s fuel cell vehicles, particularly the scooters.

eBaracus

eBaracus specialises in supplying zero carbon technology to the electric motorsports industry, producing a wide range of quality components and products and providing engineering services to

⁸⁵ Office for Low Emission Vehicles (OLEV), Driving the Future Today – A strategy for ultra-low emission vehicles in the UK, September 2013

support customers in building prototypes. The company was established to support teams that wished to enter the eGrandPrix (TTXGP) and produced a prototype all-electric bike (the TTX01) in November 2008 as an exemplar of the technology available to competitors in the eGrandPrix. The TTXGP launched as part of the Isle of Man TT races in 2009 and became the world's first zero carbon motorsport event. From 2010 the TTXGP developed into a world series of races in North America and Europe, while Australia was added in 2011.

At the end of 2009, eBaracus launched the TTX02, the world's first production electric superbike. The TTX02 was based on the winning bike from the 2009 TTXGP and was developed to provide an affordable and competitive platform to teams entering the 2010 World Series. eBaracus has assisted many teams competing in the TTXGP World Series through the delivery of complete bikes, support, track side assistance, and access to advanced transport technologies and components. eBaracus continues to expand its product range and supply chain and is starting to develop products for other markets such as electric racing cars and speed boats⁸⁶.

Agility Global

Agility Global is another innovative UK company, specialising in the design and manufacture of electric urban sports motorcycles. The company aims to 'make sustainable transport exciting, empowering, radically effective and universally available'. Its flagship bike, the Sietta R, is a high performance motorcycle that will go from 0-60mph in three seconds, has a top speed of 105mph and an extended range of 120 miles. It is available to purchase now for around £20,000⁸⁷.

The company aims to accelerate sales of its electric motorbikes and was approached by many firms looking to take a stake in the business during a recent trade mission to Colorado, which was organised by the Technology Strategy Board. Agility Global is also developing navigation software and is in discussions with Transport for London about creating induction zones in roads to allow electric vehicles to recharge on the move⁸⁸.

- Social inclusion – Motorcycles offer an important opportunity to offer an affordable transport solution for people living in rural areas. This issue is currently being targeted by the Wheels to Work and Wheels to Learning programmes, which are operating across the UK and are described in more detail below.

Social inclusion

'Wheels to work' or 'wheels to learning' schemes provide affordable transport to individuals who are unable to access training, employment or education, due to a lack of suitable public or private transport. There are currently around 40 schemes operating across the UK, although there were as many as 60 schemes operating in the early 2000s. The schemes provide eligible people with access to mopeds, scooters or, in some cases, bicycles, typically charging around £20 per week for a moped.

The schemes are generally aimed at young unemployed people who have received firm offer of a job or training placement but do not have an appropriate means of travelling to the place of work or training. However, some schemes have extended eligibility to include:

- people who are already employed but require transport assistance in order to sustain their existing employment;
- people who require transport assistance in the search for work which could include the loan of power assisted bikes to clients looking for work; and
- people wishing to access post-16 education opportunities.

These schemes can be particularly important for people living in isolated rural communities where

⁸⁶ <http://www.ebaracus.com/> (accessed 06/11/14)

⁸⁷ <http://www.agilitymotors.com/> (accessed 06/11/14)

⁸⁸ <http://www.telegraph.co.uk/finance/newsbysector/transport/10717835/Agility-to-accelerate-electric-superbike-sales.html> (accessed 06/11/14)

public transport is scarce or inadequate. Limited access to personal and public transport can be a barrier to the labour market for young people and these schemes aim to overcome this barrier by loaning mopeds, scooters and bicycles for a short period until a longer-term transport solution can be found. The schemes can therefore increase opportunities for training, education and employment amongst young people, thereby enhancing prospects for individuals and helping to increase economic activity, particularly in rural areas.

In 2012, the Department for Transport awarded a grant for the MCIA to establish a national 'Wheels to Work' Association that will represent all schemes throughout the country and facilitate a national network. The association promotes the sharing of 'best practice' between schemes, advises on the setting up of new schemes and assists schemes with business modelling and procurement strategies, to help them to become self-sustaining. The schemes offer an important service and former Defra Minister Richard Benyon described them as a "mainstream solution for transport problems in rural areas" at the launch of the 'Wheels to Work' Association in 2013⁸⁹.

⁸⁹ <http://www.wheels2workassociation.org/> (accessed 06/11/14)

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 an online survey of motorcycle businesses.

The assessment suggests that the UK motorcycle industry continues to have a significant impact on the UK economy. The UK motorcycle industry is of considerable size with net annual sales of approximately £5.3 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 each of the following sectors: agriculture, forestry and fishing activities (£ 1.4 billion); the performing arts (£1.5 billion); nurseries and other child day care activities (£2.1 billion); call centre activities (£1.4 billion); PR and communications activities (£1.3 billion); veterinary activities (£1.6 billion); the activities of news agencies (£1.8 billion); passenger and freight water transport activities (£2 billion); retailers of jewellery and watches (£1.6 billion); and retailers of automotive fuels, lubricants and cooling products in the UK (£1.2 billion).

The UK motorcycle industry also provides direct employment for more than 58,500 people in 5,700 businesses. It therefore provides more jobs than each of the following: agriculture, forestry and fishing activities (46,000); manufacturers of pharmaceuticals (50,000); manufacturers of textiles (54,000); retailers of jewellery and watches (45,000); retailers of automotive fuels, lubricants and cooling products (28,000); veterinarians (52,000); the performing arts (47,000); the market research sector (49,000); and taxi driving (36,000).

The other key economic benefits of the industry include:

- Tax contributions of more than £1 billion per year;
- Average wages of £20,400 across the whole industry, £22,800 in the support services and £26,100 in manufacturing sectors;
- A significant and increasing contribution to exports of £450 million per annum; and
- Supply chain impacts generated by UK motorcycle businesses purchasing goods and services from other UK sectors. These expenditures are estimated to support an additional £860 million of GVA and 16,400 FTE jobs in the UK economy.

In total, the industry is estimated to support £2.9 billion of GVA and 75,000 jobs in the UK economy, directly within the industry and indirectly through purchases of goods and services from other UK industries.

The overall impact of the motorcycle industry has increased since 2008 in nominal terms but has decreased by 3% in real terms, due to the economic downturn, which is similar to the recent performance of value added across the UK economy as a whole. Sales in the industry have declined in real terms and sales growth has been insufficient to keep pace with rising costs. This has squeezed wages and profits in the industry and many businesses have had to reduce the size of their workforce. The overall effect has been a decline in employment and the value added by the motorcycle industry in real terms.

The largest declines have been experienced in the distribution and retail sub-sectors, which is also the case across the wider economy. However, much of the UK motorcycle industry has demonstrated resilience despite the difficult economic conditions. UK motorcycle manufacturers, for example, have shown particular resilience and UK exports of motorcycles have continued to increase despite a slight decline in UK production.

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

- There are estimated to be about 1.5 million motorcycles and 1.2 million motorcyclists in the UK (2.3% of the adult population);
- Motorcycle-related tourism spend in the UK (excluding expenditure relating to the motorcycle sports and leisure sub-sector) is £562 million;
- Overseas motorcycling tourists spend £28 million on UK trips,
- Motorcycle-related tourism expenditure supports 13,200 tourism jobs in the UK, of which approximately 650 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, successes and resilience to the economic downturn. 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 continued to achieve strong growth, while Norton production has recently moved to larger premises in the UK, and both companies are exporting increasing numbers of motorcycles to an increasing number of overseas markets.

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 and innovation activity links closely with government objectives 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; to further develop advanced engineering capabilities and expertise in the UK; and support social inclusion in rural areas through the provision of low cost transport solutions.



ANNEXES

Annex 1 References

Name of publication	Author	Date
EU transport in figures – Statistical pocketbook	European Commission	2014
The GB Day Visitor – Statistics 2013	Visit England, Visit Scotland, Visit Wales	2014
The GB Tourist – Statistics 2013	Visit England, Visit Scotland, Visit Wales	2014
International Passenger Survey	ONS	2014
The routes to your motorcycle licence	Driver and Vehicle Standards Agency	2013
TT Survey 2013	Isle of Man Government	2013
Isle of Man Festival of Motorcycling Survey 2013	Isle of Man Government	2013
Tourism: jobs and growth - The economic contribution of the tourism economy in the UK	Deloitte and Oxford Economics	2013
Global status report on road safety	World Health Organisation	2013
UK National Accounts - Blue Book 2013	ONS	2013
The Policy Framework for Motorcycling (Second Edition)	MCIA	2013
Driving the Future Today – A strategy for ultra-low emission vehicles in the UK	Office for Low Emission Vehicles (OLEV)	2013
Circuit of Wales, Rassau: Environmental Statement Addendum (Chapter 8: Community and socio-economic)	Heads of the Valleys Development Company	2013
Statistical Review 2013	UK Petroleum Industry Association (UKPIA)	2013
Used Car Market Report	British Car Auctions (BCA)	2013
Used Car Market Report	British Car Auctions (BCA)	2012
Motorcycle Tourism in Ceredigion	C. Cater (Aberystwyth University)	2012
UK Motorcycle Insurance	Datamonitor	2012
The UK Motorcycle Industry - Manufacturing, Public Policy, The Economy and Growth	MCIA	2012
The Economic Significance of the UK Motor Cycle Industry	GHK Consulting	2010
Motorcycling and Leisure: Understanding the Recreational PTW Rider	Paul Broughton and Linda Walker	2009
UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007) – Structure and Explanatory Notes	Office for National Statistics (ONS)	2009

Name of publication	Author	Date
Statistical Review 2009	UK Petroleum Industry Association (UKPIA)	2009
Final Tickbox Survey Report	MCIA	2005
The Government's Motorcycling Strategy	DfT	2005
2004 Cinzano British Motorcycle Grand Prix - Economic Impact Study	SQW and McKenzie Wilson	2004

Data Sources

Annual Business Survey (ABS)	
Business Register and Employment Survey (BRES)	
Northern Ireland Census of Employment	
Annual Survey of Hours and Earnings (ASHE)	
Business and Trade Statistics	
UK Trade Info	HM Revenue and Customs
Eurostat	European Commission
Vehicle Registration and Licensing Statistics	DVLA/DfT
Vehicle Excise Duty Evasion Estimates	DfT
Transport Statistics Great Britain	DfT
Driving Test and Instructor Statistics	DfT
National Travel Survey	DfT
National Road Traffic Survey	DfT
Motorcycle MOT Data	VOSA
Vehicle Register	DVLA
Northern Ireland Vehicle Information System (NIVIS)	Driver and Vehicle Agency (DVA) Northern Ireland
Weekly Fuel Prices	ONS
International Passenger Survey	ONS
Motorcycle Registration Information System (MCRIS)	MCIA
Sub-National Road Transport Fuel Consumption	DECC
Household Projections	DCLG
Mid-Year Population Estimates	ONS

Annex 2 Detailed sector analysis

A2.1 Motorcycle Manufacturing – Sector Analysis

A2.1.1 Manufacture of Motorcycles and Components

The standard industrial classification (SIC) provides a good match with the manufacture of motorcycles and components. The manufacture of motorcycles sector (SIC 30.91) includes the manufacture of engines, sidecars and other parts and accessories for motorcycles as well as the manufacture of motorcycles themselves. The 2012 Annual Business Survey (ABS) and Business Register and Employment Survey (BRES) provide useful data to estimate turnover, GVA, employment, wages and business numbers in the sector.

The latest estimate of GVA for the sector has been suppressed in the ABS in 2012, although 2011 data suggest that it has fallen since 2008. Purchases of goods and services have been estimated to be £271 million in 2012 based on their average share of turnover for the last five years. Subtracting this figure from turnover provides an estimated GVA of £80 million from the manufacture of motorcycles and components in 2012.

BRES data states that 1,055 people were employed in the manufacture of motorcycles and components in Great Britain in 2012. The Northern Ireland Census of Employment suggests that around 500 people were employed in the manufacture of ships, boats, rolling stock, motorcycles, bicycles and other transport equipment, which suggests that motorcycle-related employment in Northern Ireland is likely to be low. It is therefore estimated that employment in the manufacture of motorcycles and components in 2012 was likely to be around 1,100 across the UK as a whole.

As in the previous report, the ABS data appears to underestimate wages for the sector. An alternative estimate has therefore been produced by multiplying the above estimate of employment by the median wage in the manufacture of other transport equipment sector, provided by the annual survey of hours and earnings (ASHE), which suggests total wages of £39 million in 2012. Profits have been estimated to average 10% of turnover based on consultations with the sector.

Table A2.1 Motorcycle and Component Manufacturing Sub-Sector Assessment

Estimates	Manufacture of Motorcycles and Components (SIC 30.91)
Turnover £ Million	351
Purchases £ Million	271
GVA £ million	80
Wages £ Million	39
Profits £ million	35
Exports £ million	270
Imports £ Million	531
Taxes * £ Million	32
Employment Numbers	1,100
Businesses Number	70

* Includes VAT, income and corporation tax

A2.1.2 Manufacture of Clothing and Accessories

Data for the clothing and accessories manufacturing sub-sector is less well matched with the SIC sector structure since motorcycling-related clothing and accessories are included within the much broader clothing and accessories markets of:

- 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.

The 2010 report estimated that the manufacture of motorcycle clothing and accessories accounted for 3.8% of the wider clothing and accessory manufacturing sectors. Given the lack of data relating to this sub-sector, this ratio has been used again to estimate the other economic variables included in the table below, using 2012 employment data from the BRES and the Northern Ireland Census of Employment, and 2012 data for other economic indicators from the ABS.

The market for motorcycle clothing and accessories shares a number of similarities with the market for motorcycles and components. Both markets 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. Ratios of UK imports and exports of motorcycles and components relative to UK production, have been applied to generate estimates of UK imports and exports of motorcycle clothing and accessories.

Table A2.2 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	4,159	158	3.8%
Purchases £ Million	2,526	96	3.8%
GVA £ million	1,661	63	3.8%
Wages £ Million	917	35	3.8%
Profits £ million	-	16	-
Exports £ million	-	124	-
Imports £ Million	-	239	-
Taxes * £ Million	-	23	-
Employment Numbers	47,345	1,800	3.8%
Businesses Number	7,269	280	3.8%

* Includes VAT, income and corporation tax

A2.1.3 Manufacture of Fuel for Motorcycles

The UK petroleum industry extracts and refines oil products for use as fuel for motor vehicles including motorcycles. The UK Petroleum Industry Association (UKPIA) reports that sales of road

fuels in the UK fell to 44 billion litres in 2012⁹⁰. Demand for road fuels peaked in 2007 at almost 50 billion litres and has since been declining due to a combination of higher prices, driven by the cost of crude oil, and the economic downturn. Sales of road fuels are currently around 6% lower than the 47 billion litres sold in 2008⁹¹.

The decline is being driven by falling sales of petrol, as sales of diesel have continued to grow over time, due to the increasing proportion of diesel vehicles in the UK. The UKPIA states that diesel accounted for 59% of total road fuel sales in 2012, suggesting that 26 billion litres of diesel and 18 billion litres of petrol were sold in the UK in 2012. Multiplying these quantities by the corresponding average prices of petrol and diesel per litre⁹² provides estimates of consumer expenditure of £24.5 billion for petrol and £37 billion for diesel in 2008, totalling £61.5 billion. The UKPIA also states that the ex-refinery price was 30% of the final retail value in 2012⁹³ and therefore totalled £18.5 billion.

The next task is to estimate the proportion of these fuel sales that is attributable to motorcycle use. DECC provides detailed data on annual fuel consumption, which is disaggregated by the different modes of road transport (motorcycles, cars, buses, LGVs and HGVs)⁹⁴. The data suggest that motorcycles accounted for 0.5% of all road transport fuel consumed in the UK in 2012 and are therefore estimated to account for £92 million of the ex-refinery value.

The turnover of the manufacture of fuel for motorcycles sector is therefore estimated to be £92 million. This figure is approximately 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, which provides a more realistic representation of the likely economic significance of the sector.

The Digest of UK Energy Statistics reports that the UK produced 64 million tonnes of oil products in 2012, exported 27 million tonnes and imported 26 million tonnes. These ratios have been used to estimate exports and imports in the table below. The analysis also uses employment data from the BRES and the Northern Ireland Census of Employment and data for other economic indicators from the ABS.

Table A2.3 Motorcycling 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	53,691	92	0.2%
Purchases £ Million	40,564	81	0.2%
GVA £ million	2,036	11	0.5%
Wages £ Million	345	2	0.2%
Profits £ million	-	9	-
Exports £ million	-	39	-
Imports £ Million	-	37	-

⁹⁰ UK Petroleum Industry Association (UKPIA), Statistical Review 2013

⁹¹ UK Petroleum Industry Association (UKPIA), Statistical Review 2009

⁹² Based on average fuel prices for 2012 131.9 pence per litre for petrol and 139.8 pence per litre for diesel, according to the UKPIA Statistical Review 2013

⁹³ UK Petroleum Industry Association (UKPIA), Statistical Review 2013

⁹⁴ DECC, Sub-national road transport fuel consumption, 2014

Estimates	Total Manufacture of Refined Petroleum Products (SIC 19.2)	Manufacture of Fuel for Motorcycle Use	Motorcycling % of Wider Sector
Taxes * £ Million	-	5	-
Employment Numbers	7,700	15	0.2%
Businesses Number	148	<1	0.2%

* Includes VAT, income and corporation tax

A2.2 Motorcycle Distribution and Retail – Sector Analysis

A2.2.1 Distribution and Retail of Motorcycles and Components

The ABS provides useful data on the wholesale and retail of motorcycles and components, although SIC codes do combine this sector with the 'repair, servicing and maintenance' of motorcycles, which is covered in a later section. It is therefore necessary to split the sector into the respective 'distribution and retail' and 'repair, servicing and maintenance' sub-sectors in order to provide an analysis of each sub-sector. This has been achieved using ratios from the car industry, which is separated into constituent parts in the SIC codes.

The ABS data for the car industry was used to determine the proportion of turnover, GVA, purchases of goods and services, 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 relevant ABS data to provide similar estimates for the motorcycle sub-sectors.

Employment estimates were based on BRES estimates for GB and Census of Employment estimates for Northern Ireland, which were disaggregated in the same way. Wages for each sub-sector were estimated using the median wage for SIC 45.4 (sale, maintenance and repair of motorcycles and related parts and accessories) from the ASHE.

This analysis suggests that the total turnover associated with the distribution and retail of finished motorcycles is approximately £1.4 billion, and £223 million for motorcycle components, generating GVA of £209 million and £71 million respectively.

Table A2.4 Distribution and Retail of Motorcycles and Components Sector Assessment

Estimates	Distribution and Retail of Motorcycles	Distribution and Retail of Components
Turnover £ Million	1,379	223
Purchases £ Million	1,170	152
GVA £ million	209	71
Wages £ Million	71	37
Profits £ million	138	22
Exports £ million	n/a	n/a
Imports £ Million	n/a	n/a
Taxes * £ Million	89	27
Employment Numbers	3,300	1,700

Estimates	Distribution and Retail of Motorcycles	Distribution and Retail of Components
Businesses Number	710	280

* Includes VAT, income and corporation tax

A2.2.2 Distribution and Retail of Clothing and Accessories

The distribution and retail of motorcycle clothing and accessories is much more difficult to define in terms of SIC codes since these products represent a relatively small proportion of the overall markets for clothing and other products, and it is difficult to accurately estimate the proportion that can be attributed 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 motorcyclist expenditures across a number of broad areas: bike and bike kit; consumables; bike related accommodation; spending at bike events; and other bike related expenditures. The results of the Broughton survey were used in the previous study and remain the best available estimates of motorcyclist expenditures. Inflating the Broughton survey results to 2012 prices suggests that the average motorcyclist spends £2,230 per annum on 'bikes and bike kit'. Multiplying this average by the estimated 1.2 million active motorcyclists in the UK, suggests that around £2.7 billion was spent on motorcycles, components, clothing and accessories in 2012. Subtracting the £1.6 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 1.9% of the turnover of the wider clothing and accessory manufacturing sectors listed below and in Table A3.5 (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.

ABS data has been used for the analysis because BRES data appear to underestimate employment levels in some of these sub-sectors.

Table A2.5 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	58,663	1,100	1.9%
Purchases £ Million	42,356	794	1.9%
GVA £ million	16,372	307	1.9%
Wages £ Million	7,922	149	1.9%
Profits £ million	-	110	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes *	-	118	-

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
£ Million			
Employment Numbers	582,000	10,900	1.9%
Businesses Number	21,606	405	1.9%

* Includes VAT, income and corporation tax

A2.2.3 Distribution and Retail of Fuel for Motorcycles

There is good data available relating to the demand and supply of automotive fuels in the UK. The estimate of expenditure on automotive fuel of £61.5 billion in 2012 (as described above in section A3.1.3) is significantly higher than the corresponding ABS estimate of turnover in the retail of automotive fuel sector (SIC 47.3) of £15.7 billion because the ABS data already excludes VAT and excise duty. Employment estimates are based on BRES data for GB and Census of Employment data for Northern Ireland, which suggest that a total of 36,000 people were employed in the automotive fuel retail sector in the UK in 2012.

Since motorcycles account for just 0.5% of road 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 which is attributable to motorcycle use. It is important to note that this assumption has also been applied to the number of businesses and employees in the sector in order 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 other modes of transport.

The profit estimate is assumed to be 6% of turnover (compared to the standard assumption of 10%), since this was the estimated retailer margin on petrol sold in the UK in 2012. 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 0.5% of the 44 billion litres of fuel used on UK roads in 2012 (i.e. the proportion attributable to motorcycles), multiplied by the corresponding rate of fuel excise duty (58 pence per litre) and provides an estimate of £128 million. VAT is then charged on the full price, including the fuel duty. The tax figure of £157 million also includes estimates of income and corporation tax in line with all other sectors.

Table A2.6 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	15,656	78	0.5%
Purchases £ Million	14,418	72	0.5%
GVA £ million	1,159	7	0.6%
Wages £ Million	502	2.5	0.5%
Profits £ million	-	4.7	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes *	-	157	-

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
£ Million			
Employment Numbers	36,065	180	0.5%
Businesses Number	3,196	16	0.5%

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

A2.3 Motorcycle Repair, Servicing and Maintenance – Sector Analysis

SIC codes provide a reasonable match with the 'repair, servicing and maintenance' of motorcycles although this sector is also 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, purchases of goods and services, employment and businesses associated with the repair, servicing and maintenance of motorcycles (as described above in section A3.2.1).

However, it should be noted that estimates based on 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. This is because 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 A2.7 Motorcycle Repair, Servicing and Maintenance Sector Assessment

Estimates	Motorcycle Repair, Servicing & Maintenance
Turnover £ Million	269
Purchases £ Million	151
GVA £ million	118
Wages £ Million	76
Profits £ million	27
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	45
Employment Numbers	3,500
Businesses Number	1,240

* Includes VAT, income and corporation tax

A2.4 Motorcycle Sport and Leisure – Sector Analysis

A2.4.1 Motorcycle Sport

Motorcycle sport events also 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 motorcycle sport events.

The Broughton (2009) study suggests that motorcyclists spend an average of £230 per annum on motorcycle events (inflated to 2012 prices). This will include not only motorcycle sport events but also leisure events such as motorcycle shows and rallies. This estimate focuses on expenditure at the events themselves and excludes wider tourism expenditures on accommodation, etc. Multiplying this estimate of expenditure by the estimated 1.2 million UK motorcyclists suggests that motorcyclists spent a total of £276 million at motorcycle events in the UK in 2012.

However, this does not include provision for expenditure from non-motorcyclists and there is a lack of recent evidence relating to the attendance of non-riders at motorcycle events. The 2005 MCIA Tickbox Survey explored attitudes towards, and experiences of, motorcycling amongst motorcyclists and non-motorcyclists. This survey asked respondents about their attendance at motorcycle events and found that motorcyclists were around four times as likely to have previously attended a motorcycle event compared to non-riders. This analysis therefore uses the same assumption as the previous report that the expenditures of non-riders are likely to account for an additional 20% of expenditures on average, which produces an estimate of overall spectator expenditures of approximately £330 million.

As in the previous study, discussions with industry representatives and a review of relevant 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 an additional £40 million. Therefore the total turnover of motorcycle sport and leisure events is estimated to be in the region of £370 million.

This estimate of turnover represents 2.7% of the wider sports sector based on the following sectors listed in Table A3.8:

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

It has therefore been assumed that the motorcycle sport sector also accounts for 2.7% of the total employment, wages and businesses in the wider sports sector. GVA has then been estimated to as the sum of wages and profits, and purchases of goods and services have been estimated as the difference between turnover and GVA.

The economic impact assessment of the British Moto GP estimated that overseas visitors 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 the Moto GP is likely to attract many more overseas visitors than most other events). 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 A2.8 Motorcycling Sport Sector Assessment

Estimates	Wider Sports Sectors (SIC 93.11, 93.12, 93.19)	Motorcycle Sport	Motorcycling % of Wider Sector
Turnover £ Million	13,931	370	2.7%
Purchases £ Million	8,390	183	2.2%
GVA £ million	5,842	187	3.2%
Wages £ Million	5,660	150	2.7%
Profits £ million	-	37	-

Estimates	Wider Sports Sectors (SIC 93.11, 93.12, 93.19)	Motorcycle Sport	Motorcycling % of Wider Sector
Exports £ million	-	4	-
Imports £ Million	-	4	-
Taxes * £ Million	-	76	-
Employment Numbers	310,000	8,230	2.7%
Businesses Number	19,266	510	2.7%

* Includes VAT, income and corporation tax

A2.4.2 Motorcycle Leisure

The motorcycle leisure sector is particularly fragmented with a large number of relatively small businesses delivering motorcycle leisure tours. SIC codes do not provide a good fit for this sub-sector as motorcycle leisure tours are combined with all other travel agencies and tour operators.

Given the limited information available on the motorcycle leisure sector, online business directories have been used to help determine the proportion of activity within this sector that is associated with motorcycles. This analysis identified 130 businesses in the UK that were offering motorcycle leisure tours, which represents 2.3% of the businesses operating in the wider travel agency and tour operator sector.

Interviews with industry representatives and responses to the survey of motorcycle businesses have confirmed the relatively small nature of businesses in this sector and suggested that the larger businesses are also likely to have a relatively small number of core employees, which are supplemented to meet demand through access to a larger bank of freelance and support riders. Since the sector also includes a large proportion of small family businesses, total employment in the sector is estimated to be 455 based on an average of 3.5 employees in each of the 130 businesses.

The total turnover of the sector is estimated to be £70 million based on an assumed turnover of £153,000 per employee. This is the average turnover per employee across the whole economy (excluding financial services) rather than the average in the wider 'travel agency and tour operator activities' sector of £425,000 per employee, which was deemed unrealistic for the motorcycle leisure sector. A similar approach was used to estimate GVA. GVA per employee is £87,000 in the wider sector and was again considered too high. The GVA estimate of £20 million for the motorcycle leisure sector is based on GVA of £43,000 per employee, which is the figure for the total economy (excluding financial services) according to ABS data. Wages in the sector are estimated to total £9 million based on the median wage for the wider 'travel agency and tour operator activities' sector.

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 responses to the business survey. 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 (this is discussed further in the analysis of tourism expenditures).

Table A2.9 Motorcycle Leisure Sector Assessment

Estimates	Total Travel Agency and Tour Operator Activities (SIC 79.1)	Motorcycle Leisure	Motorcycling % of Wider Sector
-----------	--	--------------------	-----------------------------------

Estimates	Total Travel Agency and Tour Operator Activities (SIC 79.1)	Motorcycle Leisure	Motorcycling % of Wider Sector
Turnover £ Million	35,354	70	0.2%
Purchases £ Million	28,140	50	0.2%
GVA £ million	7,220	20	0.3%
Wages £ Million	2,378	9	0.4%
Profits £ million	-	7	-
Exports £ million	-	7	-
Imports £ Million	-	28	-
Taxes * £ Million	-	7	-
Employment Numbers	83,000	455	0.5%
Businesses Number	5,574	130	2.3%

* Includes VAT, income and corporation tax

A2.5 Other Support Services – Sector Analysis

A2.5.1 Motorcyclist Training and Testing

Motorcyclist training and testing is a particularly fragmented sector with a large number of small and self-employed businesses.

The Driver and Vehicle Standards Agency (DVSA) replaced the Driving Standards Agency (DSA) in April 2014 and is responsible for (amongst other things): all driving and riding standards; maintaining registers of driving instructors; carrying out driving tests for all types of vehicle; and approving training bodies and instructors to provide compulsory basic training and direct access scheme courses for motorcyclists. In October 2012, there were 633 Approved Training Bodies (ATBs) authorised by the DVSA to deliver motorcycle training⁹⁵. DVSA data reports that there were 2,965 riding instructors on the statutory register and 1,315 approved CBT sites at the end of 2012⁹⁶. There were also 275 individuals registered as post-test motorcycle trainers at the end of 2012⁹⁷.

However, this excludes DVSA 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 employed approximately 3,500 people in 635 organisations and businesses in 2012.

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 ABS data significantly underestimates the size of this sector. However, ratios of turnover per employee (£79,600), GVA per employee (£44,400) and average wages (£27,800) in the wider sector appear reasonable and have been

⁹⁵95 <http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm121106/text/121106w0001.htm>

⁹⁶96 Department for Transport, Driver and Rider Test and Instructor Statistics, Great Britain: October to December 2012

⁹⁷97 <https://www.gov.uk/government/publications/enhanced-rider-scheme-and-post-test-motorcycle-trainers/enhanced-rider-scheme-and-post-test-motorcycle-trainers>

applied to the estimated 3,500 employees in the motorcycle training and testing sub-sector to generate turnover, GVA and wage estimates of £279 million, £155 million and £97 million respectively.

Table A2.10 Motorcyclist Training and Testing Sub-Sector Assessment

Estimates	Motorcyclist Training & Testing
Turnover £ Million	279
Purchases £ Million	124
GVA £ million	155
Wages £ Million	97
Profits £ million	28
Exports £ million	n/a
Imports £ Million	n/a
Taxes * £ Million	57
Employment Numbers	3,500
Businesses Number	635

* Includes VAT, income and corporation tax

A2.5.2 Motorcycle Insurance and Financial Services

Motorcycle Insurance

ABS data is not provided for financial services sectors and so cannot be used for this analysis. However, a recent Datamonitor report suggests that the UK motorcycle insurance market was worth £180 million in 2011⁹⁸. Inflating this to 2012 prices, provides an estimate of around £183 million in 2012.

The size of the market can also be estimated using research published by the price comparison website, confused.com, which suggested that the average motorcycle insurance premium was £142.43 in 2011⁹⁹. Inflating this figure to 2012 prices provides an estimated premium of approximately £145 per annum. Multiplying this average annual premium by the estimated 1.5 million motorcycles in the UK provides an estimated motorcycle insurance premium income of £218 million. This provides support for the above turnover estimate of £183 million since turnover in the sector is based on net premiums collected (i.e. the gross premiums received less the reinsurance premiums paid to reinsurers).

Using average ratios for the 'financial and insurance' sector from the Blue Book 2013 suggests that 50% of turnover is spent on purchased goods and services, while GVA is estimated to be 50% of turnover. Applying these ratios to the motorcycle insurance market provides a GVA estimate of £92 million per annum in 2012.

⁹⁸ Datamonitor, UK Motorcycle Insurance, 2012

⁹⁹ <http://www.visordown.com/motorcycle-news--general-news/average-car-insurance-is-500-more-than-motorcycles/17277.html>

Employment in the sector is estimated to be 900, based on a national GVA per head ratio for the whole finance and insurance sector of £103,000¹⁰⁰. Total wage costs of £27 million are estimated based on employment of 900 multiplied by the median annual pay of £30,200 in the insurance sector¹⁰¹.

Finally, average profits in the insurance sector are likely to be higher than other sub-sectors and are assumed to be 20% of turnover (compared to a 10% assumption for other sectors), generating profits of £37 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 motorcycle finance based on estimates of motorcycle running costs produced by the RAC in conjunction with vehicle management consultants, Emmerson Hill Associates. The 2012/13 motorcycle running costs suggest that the average cost of financial charges per motorcycle ranged from £65 per annum for smaller motorcycles of up to 100cc, up to £250 per annum for larger motorcycles of more than 1,000cc. Multiplying these costs by the stock of UK motorcycles at each size band provides an estimate of financial charges for motorcycles of £220 million in 2012/13.

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 £33,800 per employee.

Table A2.11 Motorcycle Insurance and Finance Sub-Sector Assessment

Estimates	Insurance & Finance	Insurance	Finance
Turnover £ Million	403	183	220
Purchases £ Million	202	92	110
GVA £ million	202	92	110
Wages £ Million	64	27	37
Profits £ million	81	37	44
Exports £ million	n/a	n/a	n/a
Imports £ Million	n/a	n/a	n/a
Taxes * £ Million	73	33	40
Employment Numbers	2,000	900	1,100
Businesses Number	Unknown	Unknown	Unknown

* Includes VAT, income and corporation tax

A2.5.2.2 Motorcycle Couriers

Motorcycle couriers are included alongside other couriers and wider postal activities in terms of SIC codes, which makes it difficult to estimate the scale of activities associated with motorcycle couriers only. As in the previous study, it has been estimated that there are 20,000 motorcycle

¹⁰⁰ Based on the ONS GVA estimate of £116 billion for the finance and insurance sector in 2011, divided by the corresponding 2011 employment estimate for the sector of 1.13 million.

¹⁰¹ Annual Survey of Hours and Earnings, Median Annual Pay for the Insurance Sector, 2012 (including gross wages and incentives)

couriers operating in the UK, around half of which are employed in London¹⁰². Many motorcycle couriers are self-employed and will usually negotiate rates of pay with the despatch company. However, the National Careers Service reports that average salaries for experienced couriers are typically between £15,000 and £20,000 per annum, and slightly higher in London at around £23,000 per annum¹⁰³. It is therefore possible to use this information to produce an estimate of total wages for motorcycle couriers of £405 million¹⁰⁴.

This estimate of wages for motorcycle couriers accounts for 4.9% of the total wages in the wider 'postal and courier services' sector, according to ABS data. This ratio has been applied to ABS turnover data for the wider sector in order to estimate turnover of almost £1.1 million for motorcycle couriers, which will generate profits of £109 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 the sum of wages and profits, totalling £514 million (47% of turnover). This leaves 53% of turnover for the purchases of goods and services, which (for motorcycle couriers) will include motorcycles, components, 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 to be relatively high and has been estimated by doubling the ratio for turnover and wages to provide an estimate of 1,230 motorcycle courier businesses (9.8% of the wider sector).

Table A2.12 Motorcyle Couriers Sub-Sector Assessment

Estimates	Total Postal and Courier Activities (SIC 53)	Motorcycle Couriers	Motorcycling % of Wider Sector
Turnover £ Million	22,152	1,085	4.9%
Purchases £ Million	11,215	571	5.1%
GVA £ million	11,216	514	4.6%
Wages £ Million	8,269	405	4.9%
Profits £ million	-	109	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	210	-
Employment Numbers	241,000	20,000	8.3%
Businesses Number	12,545	1,230	9.8%

* Includes VAT, income and corporation tax

¹⁰² <http://growingambitions.tes.co.uk/printpdf/2707>

¹⁰³ National Careers Service – Job Profile: Courier
(<https://nationalcareersservice.direct.gov.uk/advice/planning/jobprofiles/Pages/courier.aspx>)

¹⁰⁴ The wage estimate of £405 million assumes there are 10,000 London-based couriers, each earning wages of £23,000 per annum, and 10,000 other couriers, each earning an average wage of £17,500 per annum.

A2.5.3 Motorcycle Hire

Motorcycle hire and lease services are included 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.

Given limited information on the motorcycle hire and lease sector, online business directories have been used to help determine the proportion of activity within this sector that is associated with motorcycles. This analysis identified 68 businesses in the UK that were associated with the hire and lease of motorcycles, which represents 1.7% of the businesses in the wider sector. This is realistic as the wider sector is likely to be dominated by the hire of trucks, trailers, containers, caravans, etc.

The data for the wider sector suggests that businesses in the sector generate an average turnover of 1.7 million per annum. This figure is likely to be inflated by some large businesses in the wider sector, since most motorcycle hire and lease businesses are likely to be significantly smaller in terms of turnover. However, motorcycle businesses are expected to be more labour intensive than much of the wider sector (such as the hire of trucks, trailers and containers). The below estimates are therefore based on an assumption that motorcycle hire and lease businesses account for 1.7% of the businesses, employment and wages in the wider sector, and 1% of the turnover, GVA and purchases of goods and services.

Table A2.13 Motorcycle Hire and Leasing Sub-Sector Assessment

Estimates	Total renting and leasing of other machinery, equipment and tangible goods (SIC 77.39)	Motorcycle Hire and Leasing	Motorcycling % of Wider Sector
Turnover £ Million	6,807	68	1.0%
Purchases £ Million	2,920	29	1.0%
GVA £ million	3,980	40	1.0%
Wages £ Million	1,086	18	1.7%
Profits £ million	-	7	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	13	-
Employment Numbers	41,000	680	1.7%
Businesses Number	4,102	68	1.7%

* Includes VAT, income and corporation tax

A2.5.4 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). An analysis of MCIA membership data and responses to the business surveys, undertaken as part of the original study and this updated 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 £123 million is based on 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 £52 million per annum and provide employment for around 820 people in 100 businesses.

Table A2.14 Motorcycle Marketing Sub-Sector Assessment

Estimates	Total Advertising and Market Research (SIC 73)	Motorcycle Marketing	Motorcycling % of Wider Sector
Turnover £ Million	25,044	123	0.5%
Purchases £ Million	14,497	71	0.5%
GVA £ million	10,527	52	0.5%
Wages £ Million	5,072	25	0.5%
Profits £ million	-	12	-
Exports £ million	-	n/a	-
Imports £ Million	-	n/a	-
Taxes * £ Million	-	18	-
Employment Numbers	167,000	820	0.5%
Businesses Number	21,273	100	0.5%

* Includes VAT, income and corporation tax

Publishing

This analysis focuses on the publishing of motorcycle magazines, given limited data relating to the publishing of motorcycle websites and books. The main motorcycle magazine titles in the UK were identified and researched to collect information about prices, frequencies of publication and the scale of their circulation. This data was then used to estimate the total sales turnover relating to each individual magazine and the sector as a whole. The research suggested that there were 27 different motorcycle magazines from seven different publishers in the UK. Consumers were estimated to have purchased more than 14.5 million of these magazines per annum (including purchases of printed and digital magazines), resulting in sales of £46 million.

This £46 million estimate of turnover represents 0.8% 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 £30 million per annum and supports 350 jobs.

Table A2.15 Motorcycle Publishing Sub-Sector Assessment

Estimates	Total Publishing of Journals and Periodicals (SIC 58.14)	Motorcycle Publishing	Motorcycling % of Wider Sector
Turnover £ Million	6,003	46	0.8%
Purchases £ Million	2,084	16	0.8%

Estimates	Total Publishing of Journals and Periodicals (SIC 58.14)	Motorcycle Publishing	Motorcycling % of Wider Sector
GVA £ million	3,958	30	0.8%
Wages £ Million	1,767	14	0.8%
Profits £ million	-	5	-
Exports £ million	-	Minimal	-
Imports £ Million	-	Minimal	-
Taxes * £ Million	-	10	-
Employment Numbers	45,000	350	0.8%
Businesses Number	2,985	23	0.8%

* Includes VAT, income and corporation tax

Annex 3 Analysis of tourism impacts

The previous study provided conservative estimates of the impacts of motorcycle-related tourism. These estimates were based primarily on the results of a survey undertaken by the MCIA in 2005. The MCIA survey explored attitudes towards, and experiences of, motorcycling and received responses from more than 2,000 people (including around 1,250 motorcyclists and 800 non-motorcyclists). While this survey still provides valuable evidence relating to motorcycle tourism, the following analysis has supplemented the findings of the MCIA survey with more recent evidence to enhance the estimates of motorcycle-related tourism.

It is important to state that purchases of goods and services associated with motorcycle sports and leisure events have already been captured elsewhere as direct impacts for the motorcycle industry and have been excluded from this analysis.

A3.1 Tourism Days

The MCIA survey asked respondents how often they used motorcycles for holidays, short-breaks and day trips per year and still remains the best source of data to help estimate the percentage of UK motorcyclists using their motorcycles for tourism trips. The survey found that only 44% of riders in the sample used their motorcycles to undertake tourism trips. It also provided data on the frequency and duration of trips but the ability to generate accurate estimates of trip frequency and duration was limited by the broad categories used (e.g. the survey simply asked respondents whether they undertook less than or more than 10 day visits per annum).

However, a more recent survey was undertaken in 2012 with 156 motorcyclists in Wales who use their motorcycles for tourism trips¹⁰⁵. The findings suggested that riders who use their motorcycles for tourism trips undertake an average of 10 day trips and 4.7 overnight stays per annum. The assumption that 56% of motorcyclists do not use their motorcycles for any tourism trips at all, means that the average motorcyclist in the UK undertakes 4.4 leisure day trips and 2.1 overnight stays per annum. Therefore, the 1.2 million motorcyclists in the UK are estimated to undertake a total of 5.3 million day trips and overnight trips involving 2.5 million nights per annum, as shown in Table A4.1.

Table A3.1 Analysis of tourism days associated with motorcycling

		Those using motorcycles for tourism trips	Those not using motorcycles for tourism trips	Total motorcyclists
No. of motorcyclists	Number	531,600	668,400	1,200,000
	%	44.3%	55.7%	
Leisure day trips per annum	Average days	10	-	4.4
	Total days	5,316,000	-	5,316,000
Overnight trip nights per annum	Average nights	4.7	-	2.1
	Total nights	2,498,520	-	2,498,520

Sources: MCIA, *Tickbox Survey, 2005* and C. Cater (Aberystwyth University), *Motorcycle Tourism in Ceredigion, 2012*

A3.2 Tourism Expenditure

The above estimates of day trips and overnight stays can be combined with average expenditures to provide overall estimates of motorcycle-related tourism expenditures. The statutory tourist boards for England, Scotland and Wales collect visitor expenditure data through the Great Britain Day Visits Survey, the Great Britain Tourism Survey and the International Passenger Survey. The

¹⁰⁵ C. Cater (Aberystwyth University), *Motorcycle Tourism in Ceredigion, 2012*

data suggest that the average domestic visitor spent £34 per day¹⁰⁶ and £62 per night¹⁰⁷, while the average overseas visitor spent £85 per night¹⁰⁸ in 2013. The survey findings show significant variation in expenditures depending on the activities undertaken by the visitor, but unfortunately the surveys do not provide expenditure data for motorcycle-related activities. However, there are a number of sources of evidence relating to the tourism expenditures of motorcyclists and these are explored below and presented in Table A4.2:

- The MCIA survey asked whether average daily expenditures were less than £50, between £51 and £100, between £101 and £200, or more than £200. Conservative assumptions were applied where minimum values were used as assumptions for “more than” responses and middle values were used for the “banded” responses. The findings suggest an average motorcycle-related tourism expenditure of £74.50 per day (inflated to 2012 prices). Multiplying this figure by the total 7.8 million motorcyclist tourism days from the above analysis¹⁰⁹ suggests that motorcycle-related tourism expenditures totalled £582 million in 2012 (i.e. average annual expenditures of around £485 per motorcyclist).
- The Welsh survey of motorcyclists found average expenditures of £51 per day visit and £99 per night for overnight stays. Applying these average expenditures by the respective numbers of day visits and overnight stays provides an alternative estimate of motorcycle-related tourism expenditures of £518 million in 2012 (i.e. average annual expenditures of around £430 per motorcyclist).
- The Broughton survey¹¹⁰ provides higher estimates of motorcycle-related tourism expenditures. As in the previous study, the findings of the Broughton survey have been re-estimated (i.e. using mid-points rather than maximum values as the average within ranges) to provide consistency with the other estimates. This estimates average annual motorcycle-related expenditures on accommodation to be around £290 per motorcyclist per annum (inflated to 2012 prices). Doubling this figure to reflect other tourism purchases¹¹¹ and multiplying by the 1.2 million motorcyclists in the UK, produces an alternative motorcycle-related tourism expenditure of £696 million (i.e. average annual expenditures of around £580 per motorcyclist).

The above analysis estimates motorcycle-related tourism expenditures of between £518 million and £696 million. Our best estimate of these tourism expenditures is the average of these three approaches, which equates to £600 million per annum. This assumes an average tourism expenditure of £500 per motorcyclist per annum.

Table A3.2 Analysis of tourism expenditures associated with motorcycling (2012 prices)

	Day trips	'Overnight trip' nights	Total
No. of tourism days/nights	5,316,000	2,498,520	7,814,520
	Expenditure per day	-	£74.50
MCIA Survey	Total expenditure	-	£582,000,000
	Annual expenditure per motorcyclist	-	£485
Welsh Survey	Expenditure per day	£51	£99
			£66

¹⁰⁶ Visit England, Visit Scotland, Visit Wales, The GB Day Visitor – Statistics 2013, 2014

¹⁰⁷ Visit England, Visit Scotland, Visit Wales, The GB Tourist – Statistics 2013, 2014

¹⁰⁸ ONS, International Passenger Survey, 2014

¹⁰⁹ 5.3 million day visits and 2.5 million overnight stays

¹¹⁰ Paul Broughton and Linda Walker, Motorcycling and Leisure: Understanding the Recreational PTW Rider, 2009

¹¹¹ 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'.

	Day trips	'Overnight trip' nights	Total
Total expenditure	£271,000,000	£247,000,000	£518,000,000
Annual expenditure per motorcyclist	£225	£205	£430
Expenditure per day	-	-	£89
Broughton Survey			
Total expenditure	-	-	£696,000,000
Annual expenditure per motorcyclist	-	-	£580

Sources: MCIA, Tickbox Survey, 2005, Paul Broughton and Linda Walker, *Motorcycling and Leisure: Understanding the Recreational PTW Rider*, 2009 and C. Cater (Aberystwyth University), *Motorcycle Tourism in Ceredigion*, 2012

A3.2.2 Domestic and Overseas Trips and Visitors

None of the above sources provide information about whether expenditures are associated with domestic or overseas trips. Nor do they account for the expenditures of overseas riders visiting the UK. The previous report stated that the number of overseas riders visiting the UK was relatively low and was viewed by the MCIA as a missed opportunity for the UK.

The International Passenger Survey suggests that the number of overseas riders visiting the UK has increased significantly, although it remains lower than the number of UK riders travelling abroad on their motorcycles. Unfortunately the most recent Transport Statistics, published by the Department for Transport, no longer provide separate data for motorcycles, although the 2011 edition reported that 109,000 riders from the UK travelled abroad (with their motorcycles) by ferry or the Channel Tunnel, compared to 46,000 overseas residents who visited the UK with their motorcycles¹¹².

The 2012 International Passenger Survey found that the average duration of overseas visits was 7.4 nights and estimated the average expenditure to be £81 per night. Applying these assumptions suggests that the 46,000 overseas motorcyclists would have spent a total of 340,000 nights in the UK in 2012 and spent £27.6 million. Applying the same assumptions to the 109,000 overseas trips made by UK motorcyclists suggests that these trips involved 807,000 nights and tourism expenditures of £65.3 million.

This analysis suggests a net loss of £38 million of tourism expenditure from the UK each year, representing around 6% of the above estimate of tourism expenditure. Therefore, it is estimated that motorcycle related tourism expenditures in the UK range from £480 million to £658 million, with a best estimate of £562 million, after accounting for overseas trips and visitors.

A3.2.3 Employment Impact of Tourism Spending

This section estimates the employment supported by motorcycle related tourism expenditures. These estimates are in addition to the employment supported within the motorcycling industry, which was presented in the earlier sections.

The employment impact of this motorcycle related tourism expenditure can be estimated using appropriate ratios. The latest ABS data for 'accommodation and food service activities' suggests that turnover per employee totalled approximately £38,900 in 2012. However, these statistics do not capture the whole tourism sector, nor do they account for the wider indirect impacts of tourism expenditure. A recent study by Deloitte and Oxford Economics¹¹³ estimates that tourism was worth £161 billion to the UK economy in 2012, providing employment for 3.79 million people, including direct, indirect and induced impacts. This suggests that approximately £42,500 of tourism spending is required to support one full-time job, including direct, indirect and induced effects.

¹¹² DfT, Transport Statistics Great Britain, 2011

¹¹³ Deloitte and Oxford Economics (2013) *Tourism: jobs and growth - The economic contribution of the tourism economy in the UK*



Using this assumption suggests that motorcycle-related tourism expenditures of between £480 million and £658 million would support between 11,300 and 15,500 FTE jobs in the UK, including all direct, indirect and induced effects, with a best estimate of 13,200 FTE jobs.