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Some selected highlights from the 2013 Review of UK's Motorsport Valley Business Cluster

Motorsport Engineering and Services

Full Review is available to download from 3:15pm on Thursday 9th January at a cost of £50.00 for MIA members and £75.00 for non-members.

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Highlights from the 2013 Review of UK Motorsport Valley Business Cluster

A 'jewel in the crown' of UK engineering… Growing, investing in R&D, exporting, and attracting investment

- In 2012, the UK motorsport engineering and services industry had a turnover of £9 billion, nearly doubling sales from £4.6 billion in 2000[1]. Some 4300 businesses employed 41,000 people, compared to 38,500 in 2000.
- The UK motorsport industry remains healthy. Following a recessionary dip, motorsport companies have enjoyed continuous sales growth between 2009 and 2012, reaching the highest level of sales in its history. Whilst employment growth has been modest, growing sales turnover has delivered an increase in productivity.
- The industry has strong focus on research and development (R&D) with 15% of all firms surveyed spending more than 25% of their annual sales on R&D.
- The industry has a strong international flavour: 87% of firms export their products or services, and 55% are confident exports will increase during the next five years. Amongst companies who declared that motorsport accounted for over 50% of their sales, exports grew from 25% of sales in 2006 to 34% in 2012.
- Nearly 90% of the total £9 billion of sales is earned by companies who generate more than 50% of their sales from 'motorsport'.
- High-spending international Formula One teams continue to locate within the Motorsport Valley® community (in 2013, 8 of the 11 teams - 73%). When linked to other F1-related UK businesses, sales turnover of this important sub-set of the industry was over £2 billion in 2012, nearly 25% of the entire sector sales value, and employed some 5200 highly skilled, well-rewarded people (12% of the total employed) .

At the forefront of UK industrial futures

- During the period of this review, 2006-12, this UK business community has:
  - broadened its core motorsport activity and expanded sales to other adjacent technology and R&D intensive industries – especially automotive and defence (e.g. in 2012, 31% of businesses made sales into the automotive sector)
  - seen growing integration of engineering with services - 45% being engaged in high-performance motorsport engineering, 31% in non-engineering services and 24% in both high-performance motorsport engineering and non-engineering services
  - expanded activity in energy efficient, low carbon technologies
  - increased its global geography of exports, including the BRIC economies
  - expanded apprenticeship employment

Optimistic about the future

[1] Figures not inflation adjusted

- These UK businesses are optimistic about future growth. 66% said that ‘global motorsport’ remains a key growth area, whilst 40% identified mainstream automotive as a source of future growth, and 18% included aerospace and defence.

- Most motorsport engineering firms (53%) believe energy-efficient, low-carbon technologies will be at the heart of future growth. Many indicate an increasing opportunity, to exploit their motorsport engineering capabilities, to efficiently bridge the gap between rapid response, specialist prototyping and mainstream commercialisation of low-carbon technologies by the automotive, defence and aerospace industries.

- SME development will gain further benefits from recently increased engagement between the UK motorsport community and government industrial and technology policies, typified by links to Automotive Council UK and the Defence Growth Partnership.

- Export markets with the most potential for increased sales over the next five years are the USA, Germany and France. Amongst ‘emerging economies’, those with the best potential for increased motorsport sales, over a longer period, are China, Brazil and Russia.

Barriers to growth

- Main constraints on growth come from a continued wariness about demand levels, access to finance for investment and the quality and capacity of the supply chain to meet demand.

- During the summer of 2013, 36% of motorsport engineering firms had an unfilled vacancy and the recruitment of engineers and technicians remains difficult.

- Future growth in the industry will be impacted by a variety of significant influences – sporting and governmental regulatory regimes, engagement with automotive original equipment manufacturers (OEMs) and the changing global audience for motorsport activities.

- On a broad level, there is likely to be increased corporate consolidation, a greater focus on differentiating between products and services offered, a shift in sales towards emerging economies, and further increases in the speed of change and diffusion of knowledge.

These highlights were prepared by the Motorsport Industry Association (MIA) and were taken from the “*Review of the Evidence Base of Britain’s Motorsport Valley 2013*” produced by Motorsport Research Associates, published January 2014, available from www.the-mia.com