

POOL NEWS

cascade
POOLS FOR THE
21st
CENTURY

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CASCADE SWIMMING POOL DEALER'S NEWSLETTER

December 2010



Is the recession over yet?

December 2010

After a couple of tough years, there's finally light at the end of the tunnel for we pool builders!

An inspection of the actual statistics of pool Building Approvals issued reveals some interesting information!

In the past seven months March to September 2010 inclusive compared with the same period March to September in 2009 total pool sales DOLLAR VALUE was down by \$2,377,390 to \$14,156,664 - a drop of 14%

But pool NUMBERS in the same seven month period decreased from 425 pools built to 396 pools built - a drop of only 29 pools, or just under 7%

The average dollar value per pool (not a very scientific approach, but I have eliminated pools under \$15,000 as being Spa or Para type Pools, and a

cutoff of \$150,000 as probably being non-residential swimming pools (but who knows?) so quite simply the AVERAGE all New Zealand sale value in 2009 was \$38,900 and the AVERAGE sale value in the same period 2010 was \$35,750 - a drop of \$3,150 per pool or 8.2% which is less than the seven month comparative numbers!

So - pools built DOWN Dollar value DOWN but pool NUMBERS only down by 29 pools or 6.8% - what does that tell us?

Pool NUMBERS are remaining fairly constant, but pool VALUES have reduced. So it seems you will still be able to sell pools, but you won't get the same dollars as when the economy was stronger.

All pretty simple stuff, really: when times get tough, the tough get going - and reduce their margins.

Incidentally, these figures are for ALL of New Zealand.

Digging into the local figures shows other interesting statistics - so starting from the top and working down the country here are the figures for the seven months I looked at:

Northland

Far North DC, Whangarei

(2009) 19 pools, average price \$38,171
(2010) 20 pools, average \$32,840 - a drop of 14% in value

Auckland Region

Auckland, North Shore, Rodney, Manukau, Franklin, Papakura, Waitakere

(2009) 144 pools, average \$46,598
(2010) 159 pools, average \$38,168
Numbers up 10.5% and value down by nearly 20%

Auckland Rodney District

Rodney District Council

(2009) 27 pools, average \$43,011
(2010) 30 pools, average \$33,640
Numbers down 10% and value down by \$9,400 or 14% or so

Waikato

Waikato DC, Hamilton, Waipa

(2009) 45 pools, average \$23,080
(2010) 56 pools, average \$33,925
Numbers up, dollar value up a whopping \$10,000 or 45%, but the sale of a couple of pools to the "Rich List" can skew the averages.

Hawkes Bay

Napier, Hastings, Wairoa

(2009) 19 pools, average \$36,900
(2010) 21 pools, average \$32,100
Numbers up slightly, value down by \$4,800 or 13%

Bay of Plenty

Tauranga, Wester Bays, Whakatane

(2009) 31 pools, average \$29,000
(2010) 38 pools, average \$29,900
Numbers up slightly, value up slightly by \$900 or 3%

Taranaki

New Plymouth District

(2009) 4 pools, average \$43,500
(2010) 6 pools, average \$56,000
Numbers up slightly, value up - this should be a good Dealership area with a 50% sales increase over last year and prices up more than 30%

Manawatu

Masterton, Palmerston North, Wanganui

(2009) 8 pools, average \$25,700
(2010) 5 pools, average \$28,200
Numbers down, value up slightly by \$2,500 or 10%

Kapiti Coast

Kapiti, Wellington, Masterton

(2009) 10 pools, average \$38,400
(2010) 8 pools, average \$36,125
Numbers down slightly, value down slightly by \$,2700 or just over 7%

Nelson/Marlborough

Tasman, Marlborough, Nelson City

(2009) 31 pools, average \$30,848
(2010) 27 pools, average \$28,868
A small drop in pools sold and a drop of \$2,000 on average just over 6% less

Canterbury/Otago

Kaikoura, Christchurch, Selwyn, Ashburton, Dunedin, Invercargil

(2009) 31 pools, average \$63,410
(2010) 26 pools, average \$44,130
Five pools less sold compared to last year, but the average price went down by more than 30%

A 50% drop in new pool sales is to be

expected in Christchurch due to the traumatic earthquake - and the situation may not recover for many years as people adjust. However, the figures for the larger Canterbury region may not be so affected, so there is hope yet - and the replacement and refurbishment business could be opening up soon as many pools were damaged in the "Big Shake"!

WHAT DO ALL THESE COMPLICATED NUMBERS MEAN TO YOU?

In the fifteen months this analysis covers (March 2009 to October 2010) just over 1,400 pools were installed - about 100 per month - with a total claimed value of \$53,336,000 (\$53.33 Million), or an average of \$37,930 per pool.

This constitutes approximately 17% less than the previous 15 months period, so we are definitely still suffering the effects of the recent Recession, but it shows that it's not all "doom and gloom" as the 1,400 new pool buyers have shown!

What is obvious is that the pool builders have met the market and lowered their prices by up to 15% to stimulate sales.

Keep this in mind when quoting pools!

REVISED COSTING METHODS

When Auckland was "booming" - or the three years leading up to 2005, we at Cascade Auckland simply punted the complete "ULTIMATE" pools at a retail price of \$1,685 per lineal meter, and in Auckland up to \$1,725 in some cases.

In the years following 2005, the influx of cheap fibreglass pools caused a re-think on how to present our pool prices, as the "glass pools" are usually quite plain, no copings or anything, and just a filter and pump. Maybe a Salt Chlorinator might be included.

This started making our ULTIMATE pools look quite expensive, as the items we included had a retail value of around \$7,500!

This spring, we have modified our approach, and now quote the "basic" ULTIMATE pool at \$1,300 per lineal, so a 3.6 x 7.2 pool is quoted as \$28,080 - quite competitive with "glass" and

included are pool copings - which the "glass" pools don't have in their price!

With a decent family size pool (the 4.2 x 8.4 Jupiter) at \$32,760 basic, you now have a chance to get your foot in the door - then use your selling skills to suggest some "upgrades" to the basic model.

On the Cascade Dealer's Pages you will find downloadable copies of the AUCKLAND METRO price list at \$1,300 pLM and the Sales HINT SHEET to guide you on the upgrade costs. Download and use them if you wish! If your "basic" pool price is less than \$1,300 pLM call me and I will tailor one specifically for your use.

DEALER THINGS:

For Franchise and "A" Dealers the pool kit price guide of \$650 pLM may need to be revised slightly after the New Year as increased prices from some suppliers are being received by Myles. Also remember that GST has increased to 15% so your RETAIL pool quotes should mirror the increased GST on retail sales.

IT'S NOT CHEAPER!

We do our best to maintain our Dealer prices at reasonable levels - and remember that it's NEVER more expensive to buy from Cascade than from the individual suppliers we use, as it's our undertaking to you to ensure it's cheaper to buy the same item from us - AND we credit you a further 5% to be used towards your Dealer Rewards!

You might notice that the Dealer Rewards Program has been extended to include the smaller Dealers, and the starting point is now 2,000 points:

The "B" DEALER REWARD

for dealers with lower sales activity like SALES AGENTS and REGIONAL DEALERS - a luxury weekend for two staying at the upmarket Auckland Waterfront HILTON HOTEL in downtown Auckland with a top quality Vinyard Wine Tour and long lunch on beautiful Waiheke Island in the Hauraki Gulf, all airfares, transfers, and meals included.

*Points needed: **2,000 POINTS** (\$40,000 of pre GST purchases) so here's your chance!*

DEALER'S WEB PAGE

You might not have checked out the Cascade Dealers web page lately, but do so as I spend a bit of time on it every now and then!

Myles has asked me to remind you to send in a copy or fax a copy of your Sale & Purchas Agreements so he can be sure of what it is that you have actually sold, and to ensure that you DATE IT so if there are any specials going on that are date sensitive (yes, we DO have specials every now and then) you are sure to get the right credits that are due.

Another item Bridget has asked me to bring up is late payments on pool kits (yes, you know who we are referring to!). The Cascade System is designed to ensure that we all use the CLIENT'S money to build his pool - not YOUR money, and certainly not CASCADE'S money!

Once you have established yourself with us, we allow a five day period from the time the Pool Kit is collected to the payment being received by us. This used to be a "post dated" cheque, but more often these days it is a Direct Credit. Unfortunately, if you are NOT with the ASB this could take several days, so MUST BE initiated so that payment is received within the specified time span. From this date on, we will be unable to order any liners from ABGAL if we have not received the money for the pool kit. We are not a Bank, and have suffered just like the rest of you in the resession, and are operating on Credit (which costs us money) just like you - so please don't expect US to carry your debt on OUR overdraft! Thanks.

NZ MASTER POOL BUILDERS Inc

We encourage you to belong to this Master Pool Builder's if not only because we are trying to engineer the issuing of Builder's Licenses before the great Government Machine comes down on the swimming pool industry and makes it impossible for you to get a Building Approval for a swimming pool unless you have a Builder's License.

The General Builder's Llcense will require you to know a great many things about general construction - much of it not related to a swimming pool - so it's in your interest to join and participate in this society of your peers.

The pictures at the right are the current CASCADE Dealer winners of the 2010 Pool Photo Competition. Some really nice pools that deserved to win a Medal!



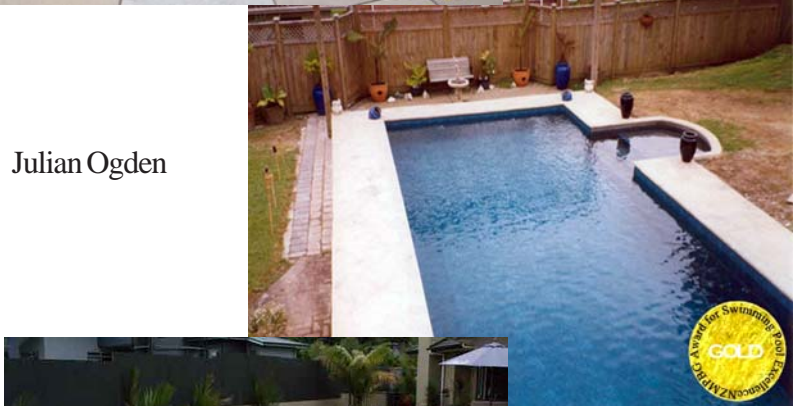
Andrew Newitt



Andrew Newitt



Darryll King



Julian Ogden



Mike Coghlan



Andrew Newitt



From the Solar Group.....

"HELIOCOL Solar Panels

"Pool Heating - Quickest

"Payback

"Case study on a 40m² outdoor pool shows that Heliocol Solar Pool Heating pays for itself three times quicker than domestic solar water heating system. The case study compared Heliocol to heat pump and gas boiler during a normal operating season of mid October to mid April.

"For Auckland conditions the required energy to keep pool temperature at approx 26°C is 21,400kWh

"Gas or Heat pump cost may be \$2,000 - \$2,500 cheaper but their seasonal running costs could be as much as \$1,400 - \$2,000

"The World's first polymeric solar collector

"How about heating your Spa Pool with solar?

"Do you wish heating up the pool to higher temp than 28°C?

"Do you have a limited roof space?

"Is you pool site windy or a cold climate zone?

"Do you require solar pool heating during May?

"The impossible became a reality...

"The Heliocol 3M **Eco Flare** Solar Collector is available now!

"Pre-Summer Special \$20,000 Pool Cash Vouchers to go

"Take advantage of this wonderful offer!
Order a Heliocol solar pool system and receive **\$200 or \$400 Pool Cash**
Vouchers are redeemable at your favourite pool shop
Terms & Conditions Apply

"Crown Loan for Public Pools Available NOW



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Larry Ogden

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What is the Dealer Rewards Program - and can I qualify?

Yes! All Cascade Franchise Dealers and Reseller Agents qualify for Rewards Points! Dealer Reward Points are a form of extra discount you can earn by reaching specified sales targets - 5% of the dollar value of purchases of Pool Kits and other qualifying pool components ordered through Cascade - for example ABGAL Liners or Filtermaster Heat Pumps or filtration equipment.

All Cascade Dealers earn Dealer Reward Points - regardless of the discount levels you are currently enjoying: the best discounts are earned by our "A+" Franchise Dealers (who purchase 12 or more pool kits per year), then "Non-Franchise A Dealers" (12 pool kits)

The next levels are Non-Franchised B+ and B Dealers, then C (one-off Trade Purchases by non-signed dealers). Points are recorded for all these purchases, and may qualify you for a "Dealer Reward" of some description!

For full details on the Dealer Rewards Scheme, go to the Cascade Dealer's web page and look in the PRIVATE section for the Dealer Logon. The PRIVATE tab is the one on the top right hand side of the tab row on the main Cascade web page.