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Yes, the tide is turning and we can speed it up

Posted on December 12th, 2012 Written by [Wanda Kenton Smith](#)



The theme of our recent Marine Marketers of America meeting was “The Tide is Turning,” and most of us went home further convinced that better days are indeed ahead for the boating industry.

The program featured a panel discussion organized under the able direction of my MMA colleague, Michael Sciulla, to explore the question of whether the economic climate is improving for our industry. The four industry leaders who sat on the panel made a convincing case that it is. The purpose of this column is to share their insider perspectives with people who weren’t able to attend.

The panel consisted of National Marine Manufacturers Association president Thom Dammrich, Info-Link president and founder Jack Ellis, newly appointed Beneteau America president Laurent Fabre and PassageMaker magazine editor in chief John Wooldridge.

Dammrich pointed out that before we can address the turning tide we need to understand the “shifting currents” that are causing it. He cited some powerful statistics.

First, our boating population is aging. The number of boaters in their 50s and 60s far exceeds those in their 30s and younger (a reality I have been emphasizing for years). The sailing niche has an even more pronounced graying factor. What’s more, boating’s core demographic, the formerly dominant Caucasian, has become the fastest-shrinking slice of the American pie.

Next, Dammrich informed us that the fleet of boats is aging and the number of vessels in use is declining, as reflected in boat registration lists. I was stunned to learn that the average age of a boat in use today is 21 years, compared with 16 just 15 years ago. Another challenge: The average price of a new boat in most segments has doubled in the past 10 to 15 years.

On the new-boat front, we sold 143,000 of them in 2011 — down from a high of 350,000 in 2000 and 298,000 in 2006. But here is where signs of a resurging tide appear. That 143,000-unit sales figure is actually up about 4 percent from the previous year and is expected to surge to about 10 percent for 2012. Dammrich forecasts another 10 percent growth in 2013, approaching 170,000 units. In addition, total dollars spent on boating were up 6 percent in 2011, to \$32.5 billion, with further growth anticipated this year.

Dammrich said 19 percent of U.S. households own a boat and 10 percent of households have left boating. In spite of this loss, boating participation has somehow managed to grow in five of the past six years, reaching 35 percent of adult Americans (82 million), thus inching close to the 36 percent participation levels of the 1990s. That was a shocker. So although boating has lost households, participation is on the rise. The good news: Increased participation should breed sales if we market right.

Other positive considerations include the upticks in the housing market and in consumer spending. Another powerful set of facts: Used-boat prices remain affordable and reflect a viable, healthy market. Some 83 percent of all boats sold during the past three years were pre-owned, with 80 percent of all first-time boat buyers buying pre-owned. With a shortage of late model pre-owned because of reduced production, let's hope this scenario ultimately promotes new-boat sales.

Another positive sales driver, Dammrich says, is the investment in innovative product designs by some boat manufacturers. I agree. In my experience working with multiple manufacturers in new-product launches over 30 years, boating aficionados are always interested in — and will buy — cutting-edge technology, along with enhanced design and performance.

Jack Ellis of Info-Link has his fingers on the pulse of the industry. His company follows the trends and tracks boat registrations throughout the country on a daily basis. He concurs that the tide is turning and cites a half-dozen reasons.

First he points to the steady increase in new-boat sales during the past year, averaging roughly 10 percent year-over-year growth. Pontoon boats, jetboats and the more value-based fishing boats, he says, have posted the significant higher growth.

In addition, he references the much healthier new-boat inventory level today, coupled with a huge improvement in supply chain management on the part of builders and dealers.

Ellis believes the used-boat market is recovering from the glut of distressed inventory at the height of the recession, when many people were forced to unload assets that incurred ongoing expenses such as dockage, insurance and maintenance. As distressed sales have slowed, pre-owned boat pricing has firmed up. Like Dammrich, Ellis is positive about the strength of the pre-owned boat market and the high volume of units being sold.

Ellis also reminded the audience that there are more than 10 million boat owners who demand the products and services the industry provides. Since our analysts are primarily focused on new-boat sales, we often fail to consider the millions of current boats in our universe, with owners who require a wealth of services and support. That's a good thing!

On another positive note, Ellis argues that we are leaner and more efficient today and have strengthened ourselves for the future. Recession survivors have learned to adapt to the new normal, he says, and some are even having their best year ever.

One of those companies is Beneteau America, with both power and sailboats in the product mix. New president Laurent Fabre had been sales and marketing manager of the powerboat division. He affirmed that the tide not only has turned at Beneteau, but it also has passed. It's a new day. Fabre points out that Beneteau has launched five new yachts in 12 months. Impressive.

Fabre shared an example of a new bridge design that had not been among the company's offerings. Dealers resisted the concept, he says, not convinced they would sell. Fabre packaged them with the product and shipped them to select dealers across the country. The bridge buzz translated to pure gold in

the marketplace. Says Fabre, it's all part of the new way Beneteau is doing business.

Although John Wooldridge admittedly is not an economist, his PassageMaker magazine focuses on the affluent boater who chooses power cruising as a way of life. He knows these boaters and says that although their travel has been curtailed during the past few years, a telltale sign of a turning tide is an increase in the number of boaters again planning and making expeditions. Rendezvous also are seeing more participation, he says, and owners are enthusiastically getting back in the game.

I'll close with Dammrich's promising keynote finale: "The tide is indeed turning, and if we do the right things as an industry and get some help from a growing economy, the rising tide will come more quickly than anyone expects."

Let's hope he's right. It's a message we'd all like to take to the bank.

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When Hurricane Sandy knocked on our door at the start of the Fort Lauderdale boat show, who would have guessed that she was going to spin up the coast and deliver such a crippling blow to our industry colleagues in the Northeast?

Like many Floridians I've survived countless hurricanes and suffered through many a sleepless night without power, not to mention damage to home and property, but I'm truly saddened to read about the extensive losses Sandy caused to so many of our colleagues up north.

One way to help them would be to create an online industry exchange forum to list both needs and resources. I know some manufacturers are reaching out to help their dealers, and that's great, but others might need help or like to give help. I know the NMMA and some other trade organizations are working on this, but once the communication lines are in place, let's figure out how to jump in and support our brothers and sisters in need.

Wanda Kenton Smith is an award-winning, 32-year marine industry veteran based in Gulf Breeze, Fla. She is the president of Kenton Smith Marketing (www.kentonsmithmarketing.com) and is president of the Marine Marketers of America.

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