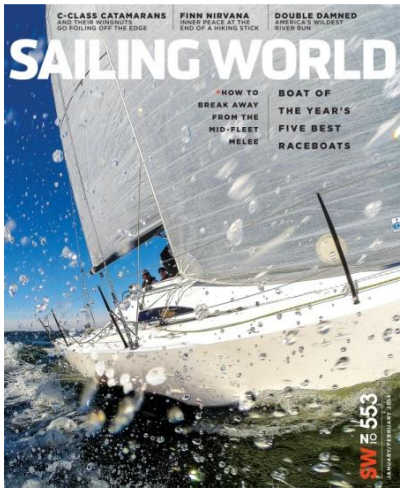
The Sailing Market 2014

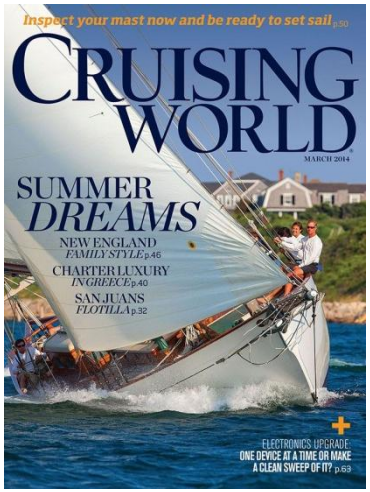
STATE OF THE INDUSTRY

February 2014

THE SAILING COMPANY
Cruising World • Sailing World

WHO WE ARE....





We are the sailing division of the Bonnier Marine Group, offering multi channel marketing solutions for the sailing industry.

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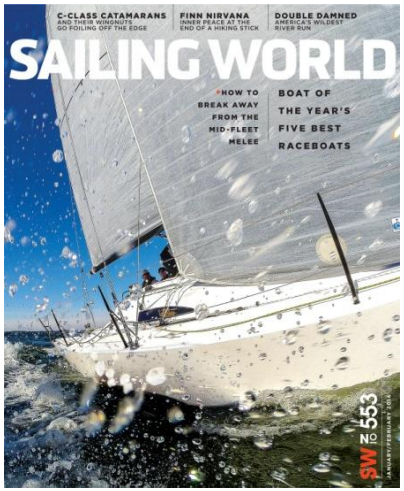
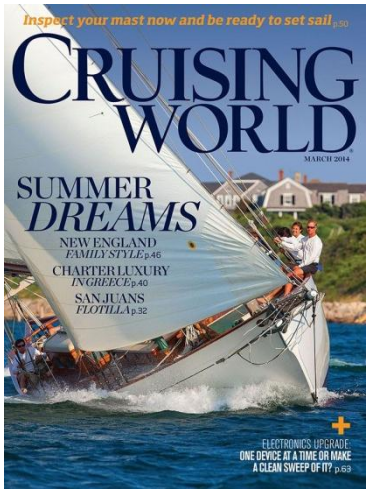
WHY WE DO THIS....





We invest in this annual study of the sailboat industry in North America as a service to the industry.

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THANK YOU!

Without your support -- the participation of over 200 boat builders, importers and charter companies -- we would have no data to share, no way to benchmark our industry. Thank you all!

And special thanks to Rick Walters, for his years of support and friendship.

What Is Great About Sailing

Inspiration from one of sailing's greatest cheerleaders, Alistair Murray !

What Is Great About Sailing

- It is always an **Adventure**, whether participating in adrenaline filled racing or being independent in a quiet cove.
- It is Beautiful in every respect; boats, places and people.
- Craftsmanship skills are developed; it is a hands on activity.
- People with Disabilities can sail .... and win gold medals even.
- It is Environmentally friendly.
- **Fresh air, Freedom, Families and Fun. Yes, I overdid it a bit with the F words!**
- Generations can sail together, including grand parents and grand children.
- Humility. Nature is more powerful than we are.

What Is Great About Sailing

- It is **Inexpensive** if you want it to be. Of course if you fund an America's Cup campaign it might not be.
- It is Joyful.
- You develop your Knowledge of such topics as weather, navigation, charts, compasses, tactics, practical skills, etc, etc.
- You develop Leadership skills.
- It tests you **Mentally**; a thinking person's game with a lot of strategy.
- You meet New and interesting people, all the time.
- Organisations are there to support you, such as yacht clubs.
- It is Physical. Great exercise.

What Is Great About Sailing

- You spend **Quality** time with family and friends.
- You can go Racing, or cruising, or whatever.
- It is Safe. I have had a lot more injuries bike riding than sailing!
- It Takes you outside your comfort zone. We all need that.
- You Unwind, relax, recharge your batteries.
- There is such a Variety of boats, places, people, ages, skill levels.
- It opens up the **World** to you.
- It has that X factor!
- Young kids can do it .... and old kids.

What Is Great About Sailing

- **Zzzzzzzzz**. You enjoy a great sleep after a big day on the water!

Agenda

- 2013 Bareboat Charter Industry Study
- 2013 Brokerage Data
- Marketing Intel/Food for Thought
- 2013 North American Import Sailboat Report
- 2013 North American Sailing Industry Study

The Sailing Market 2014

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2013 Bareboat Charter Industry Study

18th Annual Survey

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Methodology

- Study conducted by independent researcher:
  Diane Chase, Market Research Associates
- Charter results reflect September 2012- August 2013
- Mail/Phone/Email Survey
  - 58 active Bareboat Charter companies from our database
  - 76% response rate including all market leaders

Source: 2013 Bareboat Charter Industry Study

Basic Facts & Figures About Bareboat Chartering

	Number of Boats
2013	2,839
2012	3,122
2011	2,700
2010	2,672
2009	2,710

9% decrease vs. 2012 fleet

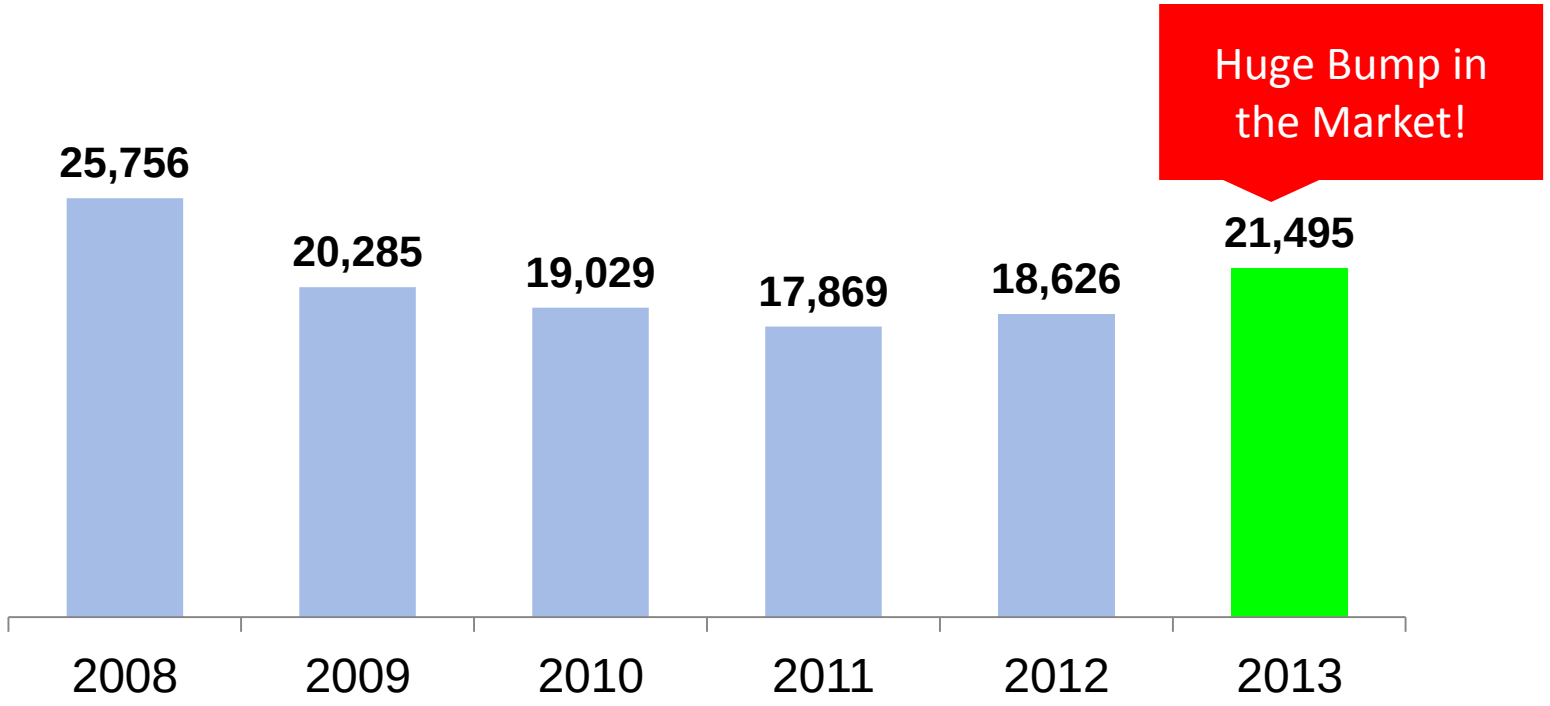
- World wide charter fleet tightens up, down 283 boats
- Multihulls constitute 35% of the boats reported, up from 24% last year

Source: 2013 Bareboat Charter Industry Study

The Charter Industry Has a Secret Weapon

I’m sure this poor guy in the blizzard is calling his favorite charter company to book a sailing vacation someplace nice and tropical!

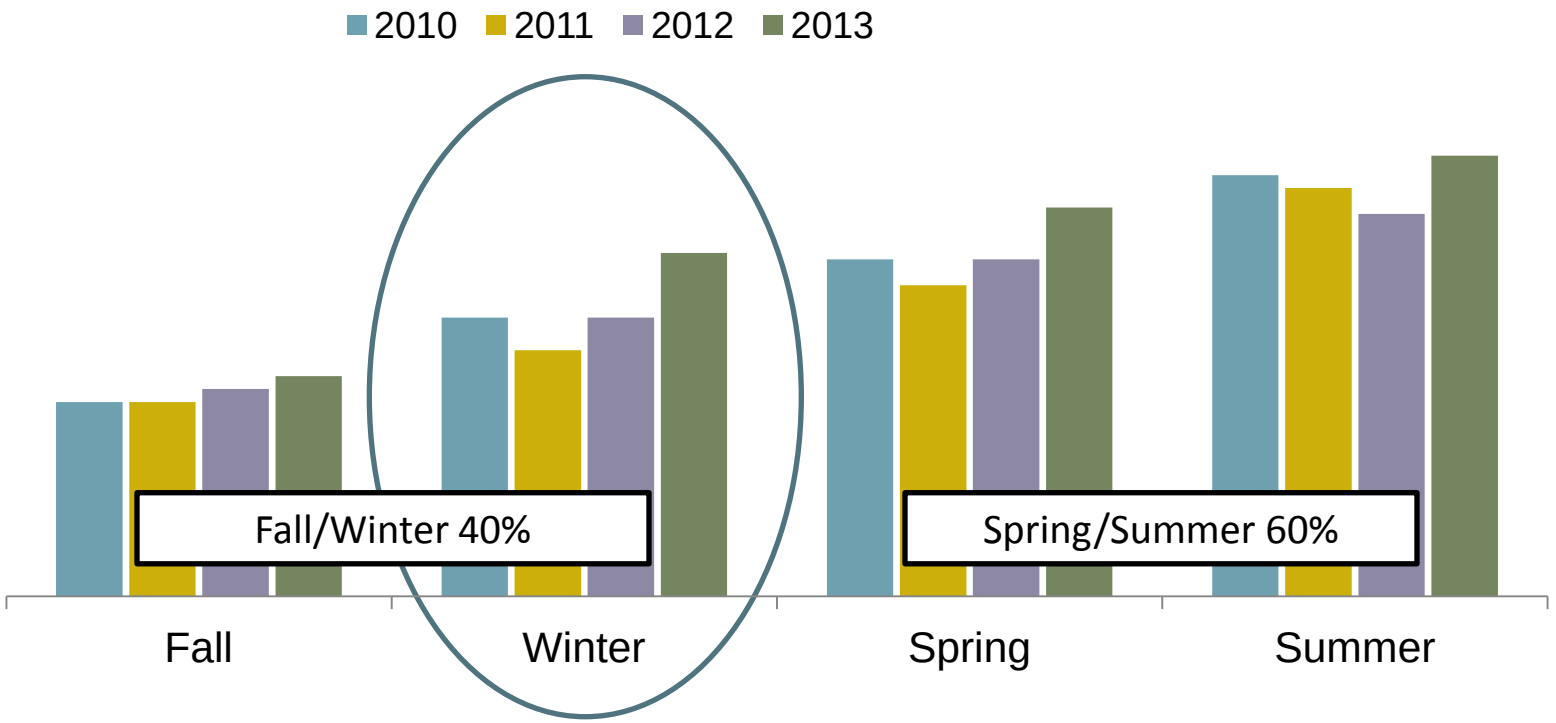
Bareboat Chartering Gains 15.4% Vs. Last Year



- 2869 More Charter Weeks Booked Out of North American Source Market

Source: 2013 Bareboat Charter Industry Study

Winter Season Leads The Way, Gaining Most Weeks



- All seasons see increased business, but winter is the big winner up 23%

Source: 2013 Bareboat Charter Industry Study

North American Sailors Sail Abroad Again, at the Expense of Domestic Destinations

(000) Weeks

	2009	2010	2011	2012	2013	'12-'13 % Chg
Bahamas/ Caribbean	12.6	12.1	10.9	12.0	15.0	+25%
USA/Canada	6.4	5.9	6.1	5.4	4.3	-20%
Other	1.3	1.0	.9	1.2	2.2	+82%

- Caribbean destinations enjoy 25% increase in charter weeks
- Overseas, the "other" destinations bounce back strongly to pre 9-11 levels

Source: 2013 Bareboat Charter Industry Study

The Caribbean Moves to A Record High of 70% Market Share, US Destinations Take the Hit

(%) Destination Market Share

	2009	2010	2011	2012	2013	'12-'13 Pts Chg
Caribbean	62	63	61	65	70	+5 pts
USA/Canada	32	31	34	29	21	-8 pts
Other	6	6	5	6	9	+3 pt

- North American charterers want to go to the Caribbean and other tropical destinations – given this winter – who can blame them???

Source: 2013 Bareboat Charter Industry Study

Bareboat Charter Weeks Year over Year by Region

	2012	2013
Northeast/other North America	328	419
Chesapeake & NC	761	535
Great & Inland Lakes	873	776
Pacific NW & CA	3,098	2,325
FL & Gulf Coast	350	231
Pacific Islands/Australia/New Zealand/Indian Ocean	461	669
Bahamas	545	1,157
Virgin Islands & PR	9,270	12,301
Leeward Islands	1,009	675
Windward Islands	1,224	1,026
Mediterranean	487	1,030
Mexico/Other	197	351

Source: 2013 Bareboat Charter Industry Study

Estimated Value of Bareboat Charter Fees for 2013 Up 30%

Estimated $84.9 million dollars in basic bareboat charter fees in 2013 vs. $65 million in 2012 (not including the extras!)

- # of Charter Weeks x Average Price $3950 Week = 2013 Market Value

Source: 2013 Bareboat Charter Industry Study

Key Charter Market Findings

- Bareboat chartering was up a hefty 15% in 2013 over 2012.
- 21,495 bareboat charter weeks were reported booked out of the North American market between September ‘12 and August ’13.
- The winter season gained the most – up 23% and over 1000 more weeks.
- North American destinations lost market share in 2013 as consumers ventured further afield to tropical and international waters.
- The Virgin Islands and Puerto Rico hit a record high in market share with 70%, representing 12,301 weeks.
- Estimated base bareboat fees in 2013 were $84.9 million dollars, reflecting increasing prices and more cats in the fleets.

Source: 2013 Bareboat Charter Industry Study

The Sailing Market 2014

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Sailboat Brokerage Data 2013

Provided by YachtWorld and Dominion Marine Media

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Sailboat Brokerage Sales 2013 vs. 2012, Methodology

- Data provided by YachtWorld, compiled from reports of YachtWorld member brokerages in SoldBoats.com.
- US sales data for calendar 2012 and 2013.
- Our thanks to YachtWorld and Dominion Marine Media for sharing this data with us.

YACHTWORLD.COM®

DOMINION MARINE MEDIA

Sailboat Brokerage Sales in the US, in Units

	<26’	26’-35’	36’-45’	46’-55’	56’-79’	80’+	Total
2012	595	2603	1924	279	51	4	5456
2013	521	2714	2111	337	52	10	5745
Change 2013 - 2012	-12%	4%	10%	21%	2%	150%	5%

Source: YachtWorld

YACHTWORLD .COM

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- Healthy increase in the heart of the market, 36’-55’

Source: YachtWorld

YACHTWORLD.COM

Sailboat Brokerage Sales in the US, Average Days to Sale

	<26’	26’-35’	36’-45’	46’-55’	56’-79’	80’+	All Sizes
2012	249	270	313	467	650	873	297
2013	233	261	317	389	666	313	290
Change 2013 - 2012	-6%	-3%	1%	-17%	2%	-64%	-2%

Source: YachtWorld

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2013	233	261	317	389	666	313	290
Change 2013 - 2012	-6%	-3%	1%	-17%	2%	-64%	-2%

- Significant decrease in time on market for 46'-55'

Source: YachtWorld

YACHTWORLD.COM

Sailboat Brokerage Sales in the US, Value of Boats Sold

	2012	2013	% Change YoY
<26’	$7,853,095	$7,011,295	-11%
26’-35’	$97,575,773	$103,885,410	6%
36’-45’	$203,178,971	$227,234,173	12%
46’-55’	$66,987,845	$76,741,635	15%
56’-79’	$25,198,760	$21,479,400	-15%
80’+	$10,550,000	$47,997,410	355%
Total	$411,344,444	$484,349,323	18%

Source: YachtWorld

YACHTWORLD.COM

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80’+	$10,550,000	$47,997,410	355%
Total	$411,344,444	$484,349,323	18%

- Solid gains in value for 26’-55’
- Dollars skewed over 80’ by large # superyachts sold in 2013

Source: YachtWorld

Key Brokerage Data Findings

- US sailboat brokerage sales increased 5%, from 5456 units in 2012 to 5745 units in 2013.
- Average # of days to sale decreased a modest 2% from 2012 to 2013.
- Total value of brokerage sailboats sold increased 18% year over year.
- Solid gains in all aspects for heart of the market, sailboats 26’ to 55’.

Source: YachtWorld

The Sailing Market 2014

STATE OF THE INDUSTRY

Marketing Intel

Interesting demographic and psychographic information about sailors

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The Sailing Market is Small But Mighty!

2013 Participation	Affluent Adults
Golfers	13.1 million
Power Boaters	7.1 million
Sailors	**1.9 million**
Snow Skiers/Boarders	6.9 million
Tennis players	6.7 million

All of these affluent recreation choices saw growth in 2013 – except power boating. Sailing was up a modest 2% after a 15% increase in 2012.

Base: The IPSOS Mendelsohn Affluent Survey – 2013; actively participated in during the past year

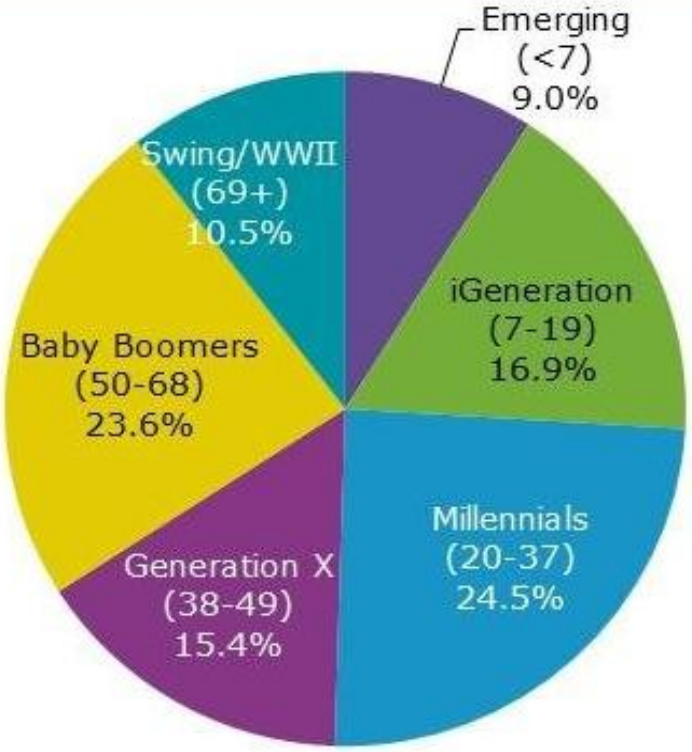
Who Are Our Customers?

Active Customers:
Boomers

Target Customers:
Millennials

Who Are the Boomers and Who Are the Millennials?

Figure 9: US population, by generation share, 2014



Data may not equal totals due to rounding.

Source: US Census Bureau, interim population projections released 2012 and annual population estimates/Mintel

The Fundamental Stats

	Affluent Millennials	Affluent Boomers
Audience	12.6 Million	24.2 Million
Age Range	20 - 37	50 - 68
Male/Female	52/48	53/47
Married	23%	83%
College +	94%	88%
Prof/Managerial	37.3%	49%

Source: The Ipsos Mendelson Affluent Survey 2013

Millennials Have Attitude!

- Consider Themselves Opinion Leaders
- Are Usually The First To Try New Things
- Prefer Designer and Luxury Brands
- Research Products Before Buying
- Like To Offer Advice to Others

Base: The IPSOS Mendelsohn Affluent Survey – 2013

Boomers Aren't Lacking Attitude Either!

- Are Optimistic
- Feel Environmentally Responsible
- Look for Superior Service
- Research Products Before Buying
- Set Family as Their Top Priority

Source: The IPSOS Mendelsohn Affluent Survey – 2013

Both Generations Like Boating and Sailing

	Affluent Millennials	Affluent Boomers
Enjoy Boating/Sailing	32.2%	29.5%
Attended a Boat Show	4.1%	7.2%
1+ Days Powerboating	10.2%	11.6%
1+ Days Sailing Past Year	4.5%	2.8%

Top 3 Purchase Influencers

	Millennials	Boomers
Apparel	Word of Mouth	Online Shopping Sites
	Online Shopping Sites	Advertising
	Search Engine	Salesperson Recommendation
Financial Products	Word of Mouth	Word of Mouth
	Company Website	Advertising
	Search Engine	Company Website

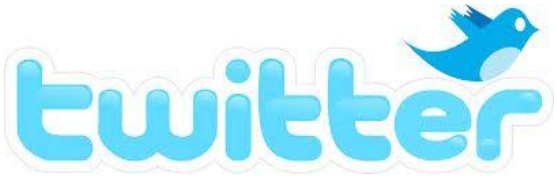
Top 3 Purchase Influencers

	Millennials	Boomers
Big Ticket Purchases	Word of Mouth	Word of Mouth
	Search Engine	Company Website
	Advertising	Advertising

Which Group Do You Think Uses Twitter More?

Millennials?

Boomers?



Base: The IPSOS Mendelsohn Affluent Survey – 2013 based on percent composition

"Who's Who" at the Bar? What are their Favorites?

Millennials

Mount Gay

Ketel One

Patron

Veuve Cliquot

Boomers

Mount Gay

Ketel One

Jameson

Patron

► FUN FACT = Sailors drank 2,287,100 glasses of rum, gin and tequila in the last 7 days.

Base: The IPSOS Medelsohn Affluent Survey – 2013; based on percent composition

The Sailing Market 2014

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2013 North American Import Sailboat Report

14th Annual Survey

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Survey of Imported Sailboats to North America

Mail / Phone / Email Survey

- Data reported for 48 active importers
- 83% participation
- Major importers included in results

* Also includes importers who did not import any sailboats in 2013 but reported importing sailboats in previous years

Source: 2013 North American Import Sailboat Report

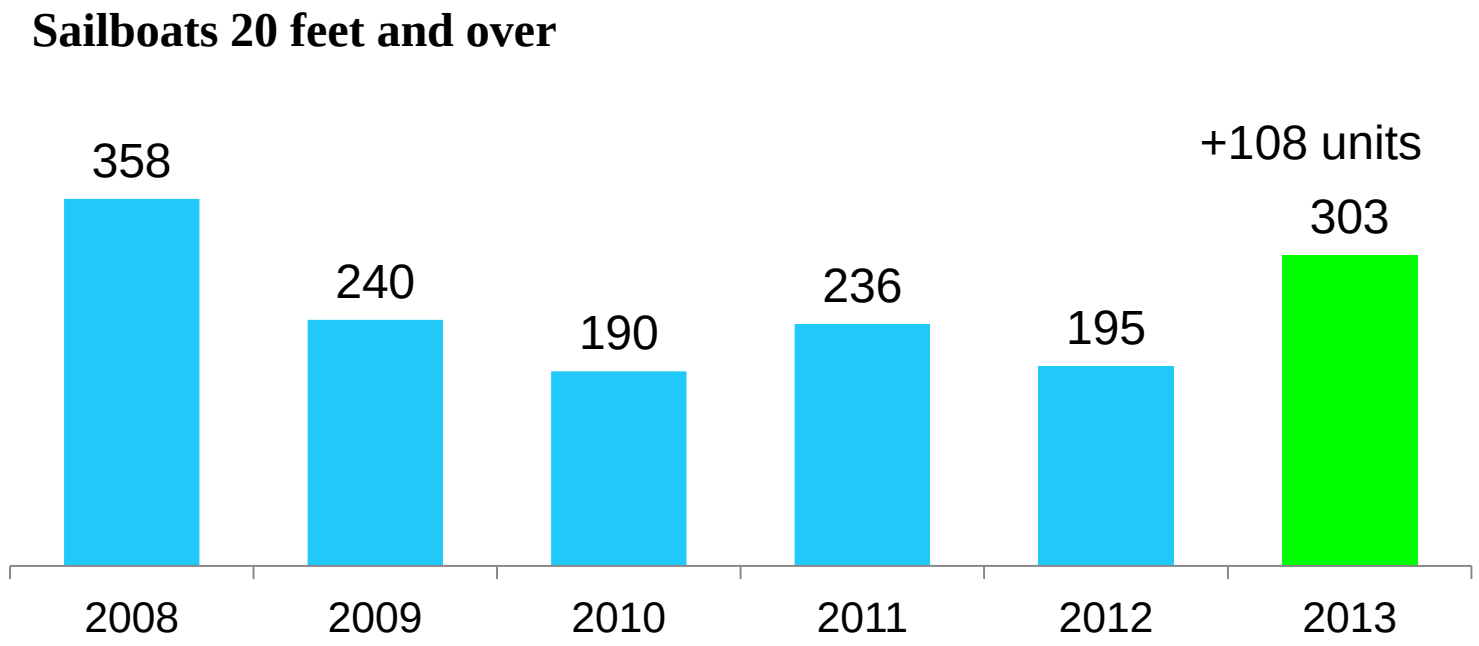
Sailboat Manufacturing is Truly a Global Phenomenon

2013 IMPORTS CAME FROM 13+ COUNTRIES

- France
- Argentina
- Finland
- Germany
- Sweden
- United Kingdom
- Poland
- Denmark
- Taiwan
- South Africa
- Italy
- China
- Australia

Source: 2013 North American Import Sailboat Report

Imports Into North America Rebound Strongly In 2013 – Up 55%



- Importers cash in on the economic recovery!

Source: 2013 North American Import Sailboat Report

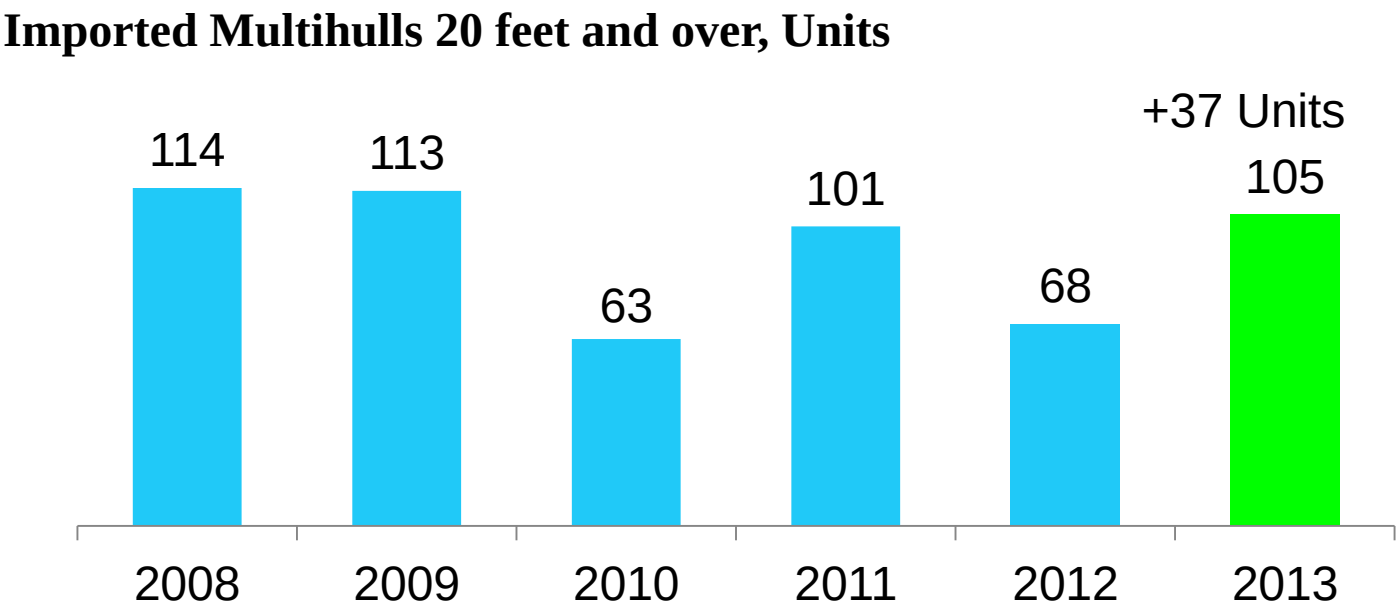
Biggest Gains for Small and Large Imports in 2013, Midrange Stays Virtually Flat

Units	2009	2010	2011	2012	2013	Unit Change vs. '12
20'- 35'	22	24	55	32	101	+70
36'- 45'	143	107	109	89	93	+4
46' or more	75	59	72	74	109	+35

- Huge growth for imports 35' and under, up 218%

Source: 2013 North American Import Sailboat Report

Multihulls Shared Evenly in the Growth 2013 vs. 2012



- Multihulls Represented 35% of All Imports in 2013, Same % as 2012
- Multihulls Were at a High with 48% of All Imports in 2011

Source: 2013 North American Import Sailboat Report

Importers Forecast Continued Growth in 2014 With an Increase of 23%

	2013 Actual	2014 Forecast	Unit Change
20' - 35'	101	133	+32
36‘ - 45’	93	106	+13
46' or more	109	134	+25
Total	303	373	+70

Source: 2013 North American Import Sailboat Report

The Sailing Market 2014

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2013 North American Sailing Industry Study

25th Annual Survey

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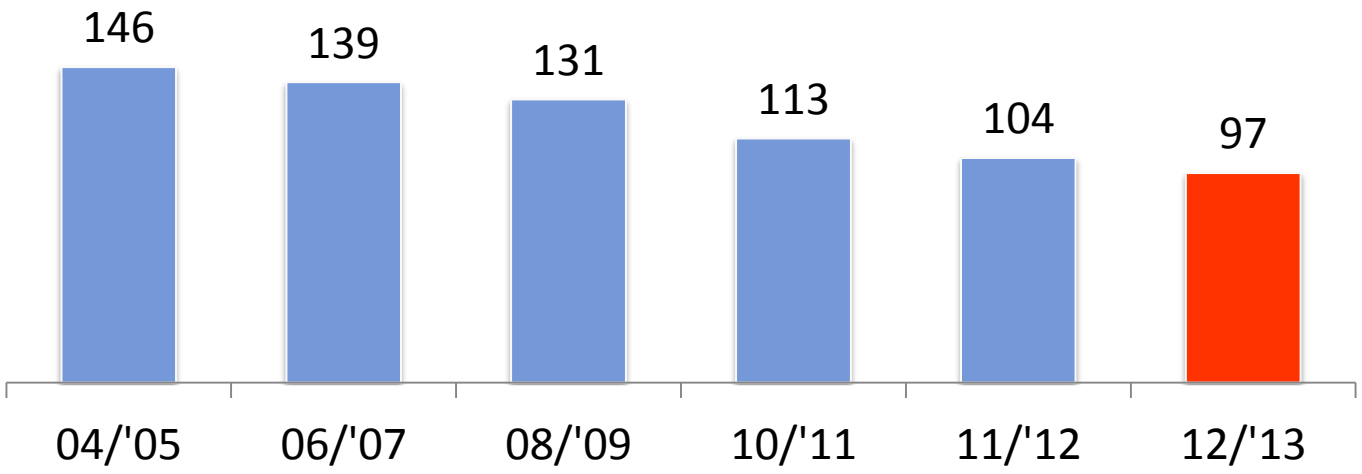
Methodology & History

- Mail/Phone/Email Survey
  - 1988 – 1993 — International Marine Industries
  - 1994 – 1997 — The Sailing Company, New York Times Magazine Group
  - 1998 to 2012 — The Sailing Company, Rick Walter Market Research Associates
  - 2013 — The Sailing Company, Diane Chase, Market Research Consulting
- 100 out of 110 North American builders that were contacted responded and provided their production data; including market leaders; 91% response rate

Source: 2013 North American Sailing Industry Study

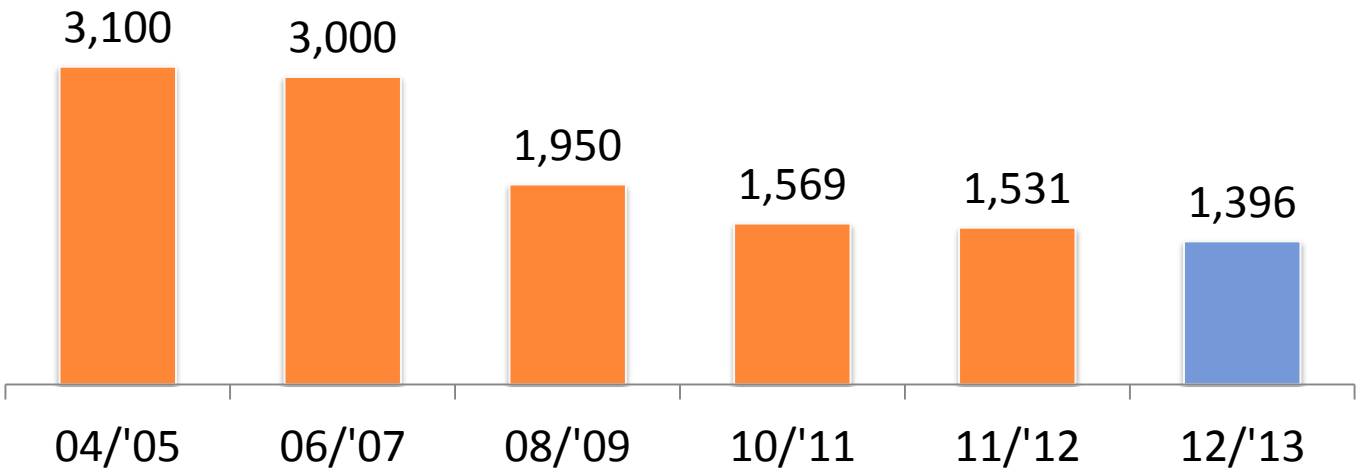
Market Pressures Continue to Force North American Sailboat Builders Out of The Business



- A number of builders survive by offering repair and refit services, or by switching to power, but reported no new sailboat builds in 2013

Source: 2013 North American Sailing Industry Study

Number of Fulltime Employees Building Sailboats Continues to Decline, Off an Additional 9% in 2013

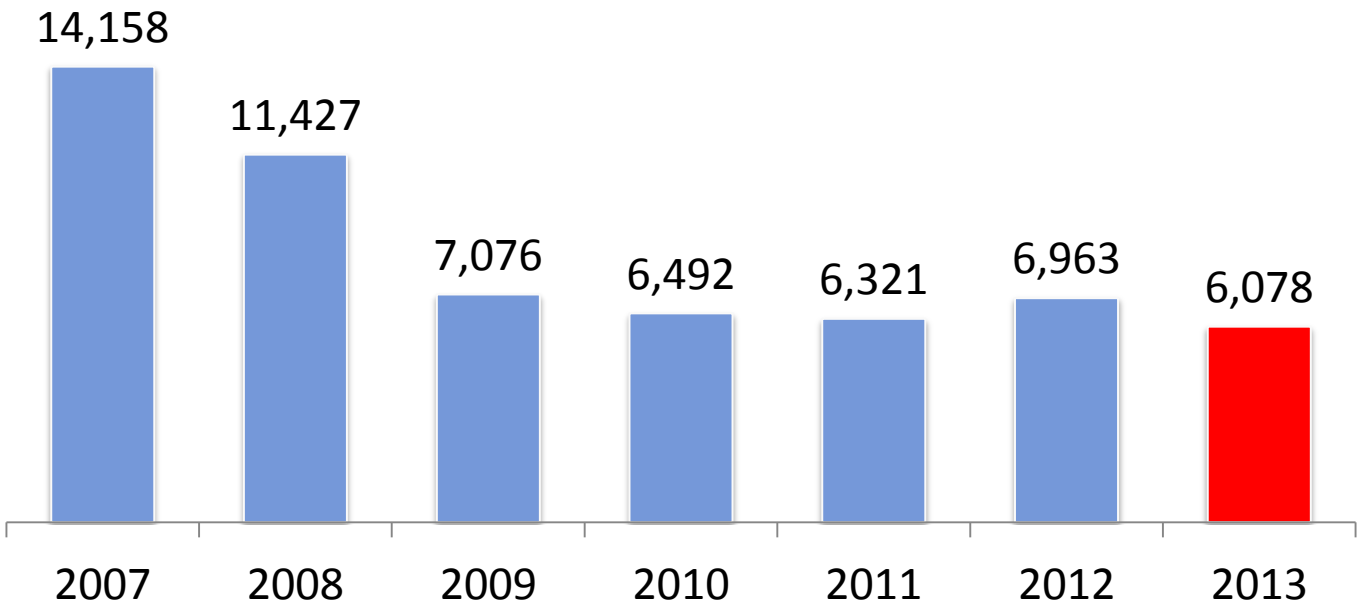


Company Size in 2013:

- 79% have 25 or less employees
- 21% have more than 25 employees

Source: 2013 North American Sailing Industry Study

Sailboat Production Gives Up 2012 Gains, Retreats 13% Down to 6078 Units in 2013



- Total North American production decreases by 885 units

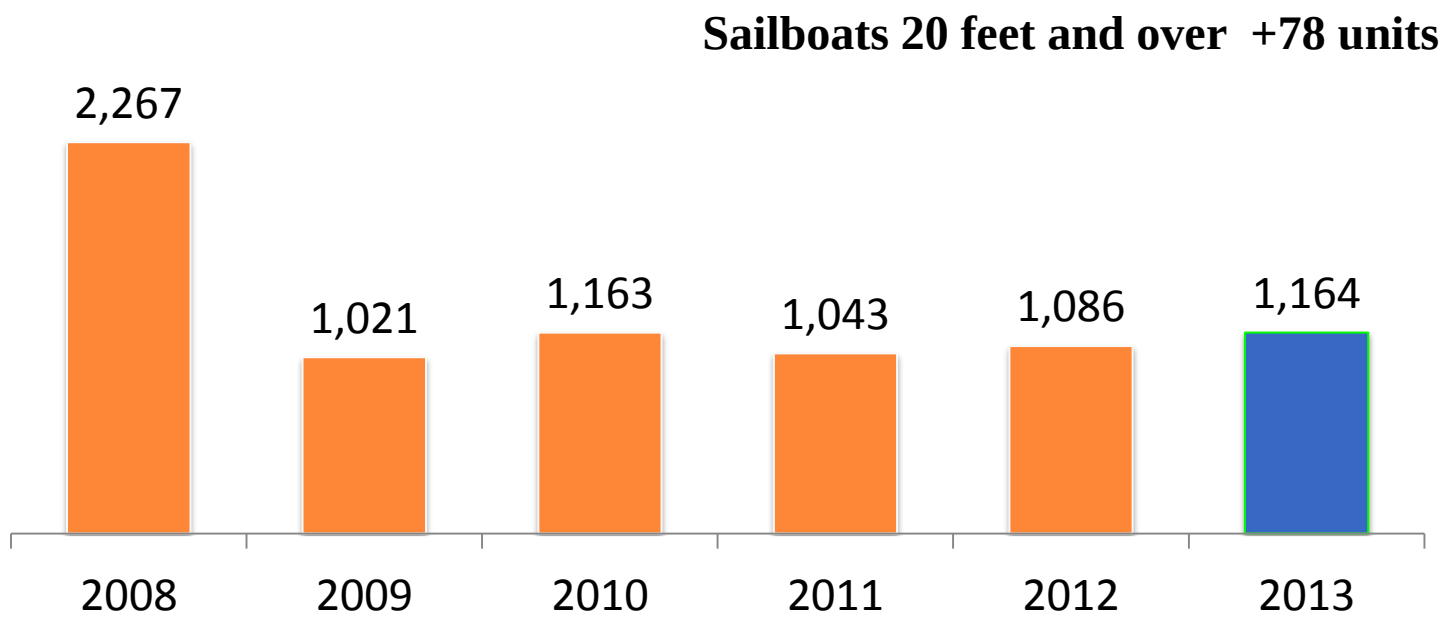
Source: 2013 North American Sailing Industry Study

Last Year Sailboats Under 20' Led the Way With 11% Growth; In 2013 This Segment Drives the Decline - Off 16%

Small Sailboats	2011	2012	'11-'12 % Change	2012	2013	'12-'13 % Change
11' and under	1,377	1,661	+21%	1,661	1,150	-31%
12' - 19'	3,901	4,216	+8%	4,216	3,764	-11%
Boats under 20'	5,278	5,877	+11%	5,877	4,914	-16%

Source: 2013 North American Sailing Industry Study

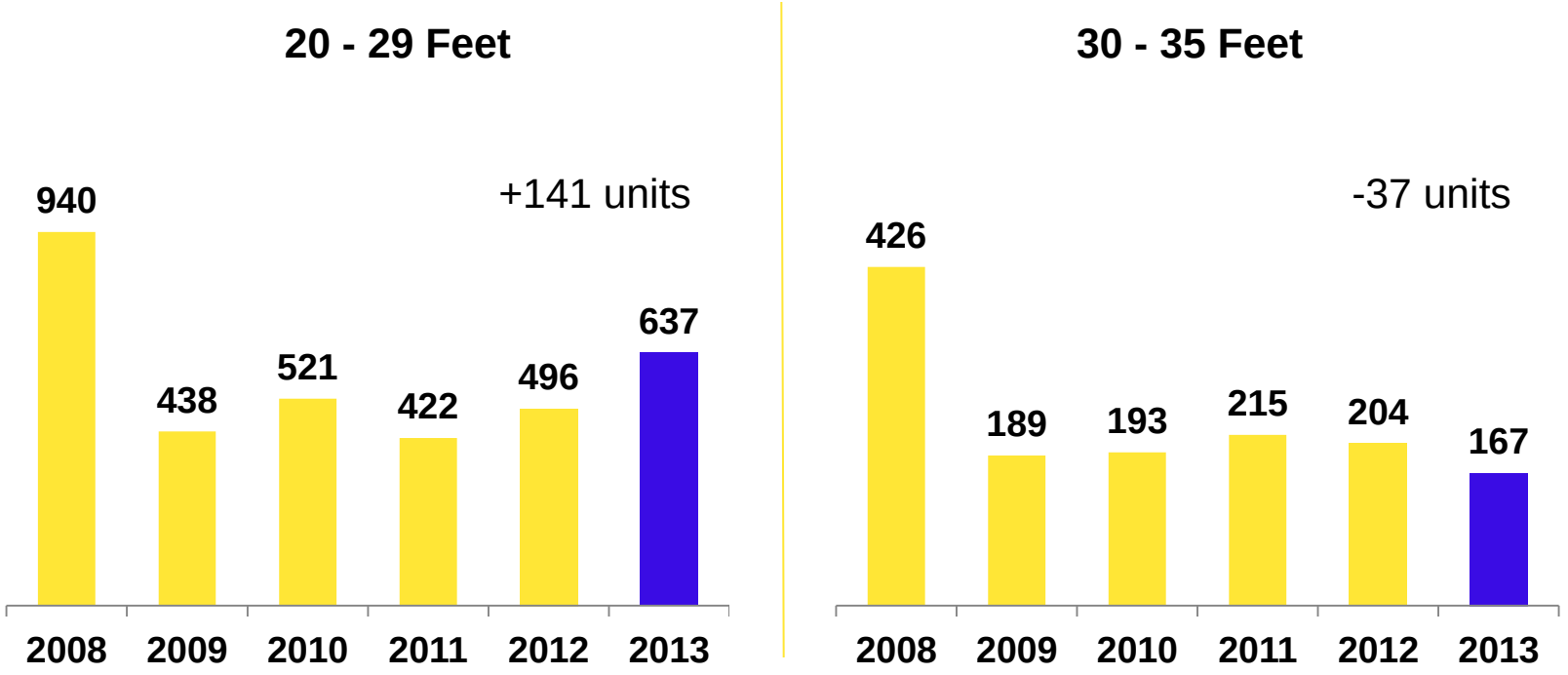
Sailboats Over 20' Gained Ground in 2013, Up 7%



- Larger boats solidify their position over the 1000 unit threshold.

Source: 2013 North American Sailing Industry Study

Entry Cruisers Were Up a Healthy 28% , with the Next Largest Segment Losing a Significant 18%.



- Both cruiser segments still running well below pre-recession levels

Source: 2013 North American Sailing Industry Study

Big Boats Still Trending Downward, with Largest Boats Over 46' Down 25%

	2008	2009	2010	2011	2012	2013	'12 -'13 % Chg
36' – 45'	695	303	360	348	338	324	-4%
46' or more	206	91	89	59	48	36	-25%

- North American builders face tough competition from imports in larger size segments.

Source: 2013 North American Sailing Industry Study

Breaking Out The Segments Over 30'

Cruising Sailboats	2009	2010	2011	2012	2013	'12-'13 % Chg
30'-35'	189	193	215	204	167	-18%
36'-40'	185	256	273	184	178	-3%
41'-45'	118	104	75	154	146	-5%
46'-59'	79	81	52	41	28	-32%
Boats 60'+	2	8	7	7	8	+14%

Source: 2013 North American Sailing Industry Study

Domestic Multihull Production Surges Over 30' – Under 30' Virtually Flat

Multihulls	2011	2012	2013	'12 -'13 % Chg
Under 30'	1,139	1,210	1,177	-3%
Over 30'	42	18	49	+172%

- Multihulls represented 20% of overall domestic production in 2013, up from 18% of all domestic production in 2012.
- Multihulls comprised 21% of production under 30' in 2013, and 9% of production over 30'.

Source: 2013 North American Sailing Industry Study

Estimated Value of 2013 North American Sailboat Production is $278 Million, Up 9% From 2012

Category	Est. Value	# of Boats	$ Millions
11 feet or under	$3,900	1,150	$4.5
12’ - 19’	$11,500	3,764	$43
20’- 29’	$55,000	637	$35
30’ - 35’	$215,000	167	$36
36’ - 40’	$299,000	178	$53
41’ - 45’	$450,000	146	$66
46’ or more	$1,100,000	36	$40

- Estimated Retail Value Increases Due to Rising Prices, Change in the Mix

Source: 2013 North American Sailing Industry Study

Builders Are Modestly Optimistic, Predicting a Total of 8% Growth in 2014 – But They Are Very Bullish About Boats Over 36'

	2013 Actual	2014 Forecast	% Change
0' - 19'	4,914	5,441	+11%
20' - 35'	804	677	-16%
36' or more	360	464	+29%
Total	**6,078**	**6,582**	**+8%**

Notably, production in the 20' to 35' category seems to be headed for a correction next year.

Source: 2013 North American Sailing Industry Study

Study Observations

Imports

- Imports into North America rebound with a vengeance, up 55% to 303 sailboats over 20’
- Best performances came from 20’-35’ segment and imports over 46’. Mid range of 36’-45’ virtually flat.
- Multihulls represented 35% of all imports in 2013, the same percentage as in 2012.
- Importers are forecasting another good year in 2014, expecting to be up 23% across all market segments and sizes.

Study Observations

North American Production

- After experiencing our first increase in over a decade last year, North American sailboat production gave up its 2012 gains and retreated 13%.
- Production was reported to be 6078 units, down from 6963 in 2012.
- As always, small boats under 20’ drive overall market performance. This segment declined 16%, down 963 units year over year.
- Boats over 20’ were actually up in 2013, gaining 7% and 78 units. .
- Big boats in the 46’ to 59’ segment didn’t share in the wealth, down 25% from 48 to 36 units, while the largest size category over 60’ did record a single unit gain.

Source: 2012 North American Sailing Industry Study

Study Observations

North American Production

- Multihulls comprised one out of every five boats built in North America in 2013, following a consistent historical level.
- Some good news for larger domestic multihulls is a resurgence of US builders who contributed 172% growth in multihulls over 30', increasing to 49 units in 2013 from 18 units in 2012.
- Despite the drop in unit production, we estimate that the total retail value of sailboats built in North America in 2013 increased 9% to $278 million, based on rising prices and a change in the mix.
- As always, North American sailboat builders are optimistic, predicting +8% growth in 2014. They are most bullish about the two ends of the market – under 20' and over 36'.

Source: 2012 North American Sailing Industry Study

The Sailing Market 2013

STATE OF THE INDUSTRY

Looking to 2014

Where are we headed?

2014 Sailing Outlook

Challenges

- Economy
- Consumer confidence still cautious
- Congress still playing games
- Housing market moving in the right direction, but slow!

Opportunities

- Positive trends all around us
- Volvo Ocean Race will keep sailing in the spotlight
- Sailors are still the “Alpha Affluents”
- Sailing has more to offer than ever – and the Millennials know it!

If we can sustain the market and work together to grow the sailing lifestyle we can ride the positive trends into a bigger and better future!

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http://www.slideshare.net/craphammer/passion-economy

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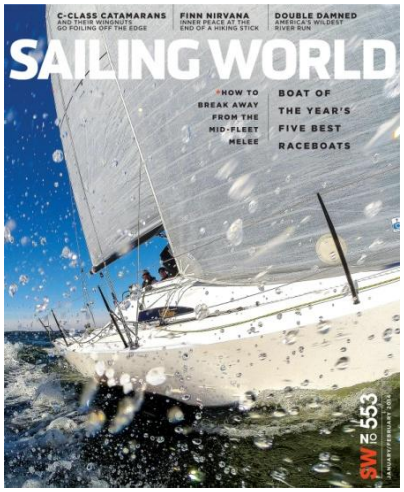

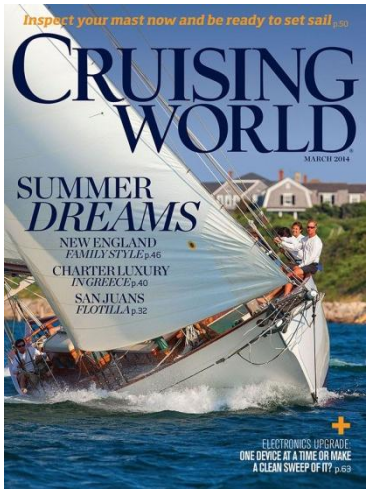

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