

The limited popularity of marine sports and pleasure boating is due to:

- Limited leisure time: the Japanese work long hours and take short holidays.
- Limited storage space: the Japanese, who pay the world's highest mooring costs, are turning to group purchasing and time-sharing of boats.
- High after-sales costs: annual maintenance costs for a \$50 000 4.5 m (18 ft.) motorboat are about \$23 000, based on 10 outings per year, 3 000 L annual fuel consumption and inspection fees every three years.

Notwithstanding the foregoing, the industry has excellent growth prospects. The Japan Boat Industry Association anticipate pleasure-boat ownership will increase from 250 000 boats in 1988 to about 400 000 boats by 1995. This represents an average annual growth rate of just under 10 per cent over a seven-year period.

### The Market

Although domestic manufacturers dominate the Japanese pleasure-boat market, foreign suppliers who are flexible, patient and creative in marketing are successful.

Certain general market characteristics should be considered:

- Tokyo and Osaka are the main centres;
- mooring space limits large boat sales;
- domestic and foreign manufacturer competition is fierce;
- the majority of boat owners/users are male, with little boating experience; and
- the most physical marine sports, such as scuba diving, are experiencing the greatest market expansion.

Interpersonal relationships are important in the marine sports and pleasure-boat market. Consumers often buy from colleagues, relatives or friends. Networking can be equally valuable for a supplier establishing distribution channels and partners.

Foreign products in the industry are expected to be of superior quality. Workmanship, quality materials and finish are more important than performance. Packaging is a significant aspect of perceived quality; the Japanese are inclined to find flaws in imported products. Appearance therefore, is important.

In 1988, the national government attempted to reduce Japan's trade imbalance with other countries by lifting the 30 per cent entry tax on motorboats and yachts. Other market areas may receive similar tax treatment. The national government is also encouraging marina development by regional governments, which may allow the latter more say in allocating mooring space.

The Japanese are keen to translate the country's increased wealth into a higher quality lifestyle for themselves. Goals are more affordable housing, better living conditions, less overcrowding in cities and more leisure time. This outlook suggests that the market for marine sports and pleasure-boat products should continue its rapid growth.

### The Competition

Yamaha and Taiwanese boat manufacturers employ two different strategies.

Yamaha dominates Japan's marine sports and pleasure-boat industry with 70 to 75 per cent of the entire market. Its marine division has 2 000 employees and generates ¥369.7 billion (\$3.3 billion)\* in sales. In 1988, it produced over 15 000 boats in five factories. The marine line includes 76 models of 46 brands of motorboats, 28 models of 15 brands of sailboats and 34 variations of 4 imported brands including Trojan, Formula and Jenneau.

Yamaha focuses its marketing strategy on promotion of the overall marine sports and pleasure-boat industry. It sponsors and operates boat schools and clubs throughout Japan. The schools, aimed at 8- to 20-year-olds, teach scuba diving, windsurfing, jet skiing, and basic yachting, and offer boat licence courses. The clubs provide boat rentals, social events and race programs.

Yamaha's major strength is its sales force. It has eight subsidiary marketing companies that manage 500 Yamaha-operated, franchised and licensed sales outlets. Another 500 outlets sell Yamaha among other lines and an additional 1 000 marine stores sell Yamaha products. Many outlets have factory-trained service personnel.

Yamaha publishes detailed product manuals, has technically knowledgeable dealers and offers each buyer on-site training.

Taiwanese boat manufacturers' low labour and material costs enable them to offer large, high-quality boats at the same price as domestic and other imported models.

\* The dollar to yen exchange rate here is C\$1=¥112.