

1 Foreword

This report, prepared in 1989, is based on more than 50 interviews with opinion leaders and industry representatives in Japan as well as on published information and statistics analysed in their original Japanese form.

The Japanese research team was headed by Robert Bracey, a Canadian university lecturer and management consultant, who has lived in Japan since 1986.

2 Highlights

The Japanese marine sports and pleasure-boat industry is growing steadily. Total new boat sales in 1989 are expected to exceed C\$420 million. The prospects for sustained future growth are excellent and offer Canadian manufacturers significant new business opportunities.

There is serious competition from other foreign suppliers, many of whom recognized the potential of the Japanese market several years ago and have already established themselves in the market.

This study profiles and analyses the following marine sports and pleasure-boat markets:

- Motorboat and yachting sales suffer from a severe shortage of mooring space but plans to build large marinas are under way. The motorboat market has grown by 20 per cent in each of the past two years and is valued at ¥21.3 billion (\$193 million)* at the retail level. About 20 per cent of the market is supplied by foreign manufacturers.
- Total sailboat sales, growing at an annual rate of 10 per cent, reached \$90 million in 1988.
- Kayak sales increased by 250 per cent in 1988 to \$8.4 million. Domestic production cannot keep pace with demand.
- Marine bike sales doubled from 1988 to 1989, reaching \$32 million. Such explosive growth is expected to continue in the short-term.
- About 200 000 inflatable boats are sold each year, of which 95 per cent are locally produced rowing craft.

- The scuba diving market had 1989 sales of \$689 million, of which \$454 million was spent on diving shops, schools, tours, and services; \$90 million on diving equipment; and \$145 million on diving wear. This represents an annual growth rate of 200 per cent in each of the last two years. This growth rate should continue until 1991, thereafter it is expected to decline to 20 per cent per year.
- Sailboard sales peaked five years ago, declined until 1987, and currently are growing at an annual rate of 3 per cent. In 1988, total sales reached \$26.6 million, of which 90 per cent were imported.
- The rowboat market is stagnant. In 1988, 40 000 rowboats were sold for a total of \$30 million.

3 The Japanese Marine Sports and Pleasure-Boat Industry

Marine sports and pleasure boating are a significant part of Japan's underdeveloped but growing leisure industry. In 1988, the leisure industry, with sales of \$535 billion, had an 8.9 per cent growth rate. The sports leisure market grew from \$31 billion in 1985 to \$38.5 billion in 1988. The sporting goods market, with estimated 1988 sales of \$14 billion, included \$400 million in pleasure-boat sales. This represents approximately 3 per cent of Japan's total sporting goods market. In terms of magnitude, ski and golf equipment sales each exceed pleasure-boat sales by a 7 to 1 ratio.

Pleasure Boats

The five categories of pleasure boats are motorboats, sailboats, rowboats, marine bikes and sailboards.

Based on 1988 industry sales figures, motorboats account for about one half of all pleasure-boat sales. Sailboats follow with approximately 23 per cent of total sales. Rowboats bring in about 10 per cent and marine bikes and sailboards each account for 6 per cent of total sales.

Pleasure-Boat Ownership in Japan

Until the mid-1980s, boating was not very popular in Japan. In a country of 122 million people, only one quarter of a million (.002 per cent of the population) own boats. However, more than 15 times as many Japanese (3.75 million people) regularly participate in boating sports. This means a total national market of 4 million people either own or rent pleasure boats.

* All dollar amounts are Canadian.