

## Prospects for Canadian Manufacturers

In general, the market for large high-quality yachts is excellent in the short- and long-term. However, prospects over the next few years may be complicated by the glut of international manufacturers, combined with the shortage of mooring space.

Canadian manufacturers must offer very high quality products to remain competitive, and must practise patience and persistency in working with marina developers. Participation in boat shows and aggressive sales networking also facilitate market entry. Encouraging the formation of an association is another good promotional tool.

With the exception of specialized racing models, dinghies offer only limited potential.

## 5 The Motorboat Market

Since 1986, retail sales of motorboats grew annually by 20 per cent to reach a total of \$193 million by 1988.

Market expansion is due to changing buyer preferences. Recent sales statistics show that Japanese consumers are less interested in smaller motorboats having discovered larger and higher quality models.

### Japanese Production

In 1988, motorboat sales totalled nearly \$170 million. Japanese production, at \$135 million, accounted for 80 per cent. The approximately 10 per cent of domestic production exported was made up primarily of small motorboats.

From 1984 to 1988, annual Japanese production averaged 20 000 motorboats. Of these, about two-thirds were made of rubber, and one-third of FRP.

In recent years, buying preferences have undergone major changes. Prior to 1987, over 70 per cent of all new open motorboats were under 4 m and there was little or no market demand for new open motorboats over 6 m. Boats between 4 and 6 m accounted for the balance. However, by 1988, sales of smaller boats, up to and including 6 m were significantly lower, accounting for less than one half of all open motorboat sales. Approximately 55 per cent of total 1988 sales were attributed to boats over 6 m.

Similarly, over the same period, large motorized cabin boats became so popular that in 1988 boats between 4 and 10 m accounted for over 85 per cent of all motorized cabin boats sold.

## Who's Who in the Motorboat Market

Domestic manufacturers supply about 90 per cent of the Japanese market. Yamaha, the largest Japanese manufacturer, supplies 70 per cent of this market. Six other Japanese manufacturers account for the remainder.

The United States, the largest foreign supplier, accounts for over 90 per cent of all imported motorboats. Ten other countries supply the remainder.

Between 1984 and 1988, approximately 1 100 foreign motorboats were sold each year in Japan. With the exception of 1986 when a record high of 1 585 motorboats were sold, annual foreign motorboat sales have not risen above 1 000.

Excluding Taiwanese-built motorboats, foreign motorboats are significantly more expensive than those built in Japan. Premiums for an import range from 20 per cent for a small motorboat to more than 100 per cent for the large cruiser types which are usually more luxurious than Japanese models of the same size.

Motorboats are sold in various retail outlets, including large chains such as Yanase with nationwide distribution, as well as small local companies otherwise uninvolved in the marine industry. For example, Kashiyama, a Japanese suit manufacturer, imports a line of high-quality motorboats from New Zealand.

### Quality

Japanese consumers demand quality workmanship and detailing in motorboats. Performance is important, but will not compensate for mediocre quality. Motorboat professionals impose high standards on foreign motorboats, and foreign production facilities are often subject to on-site inspections. Production organization and export production capacity are also important considerations for Japanese importers and sales agents.

### Distribution

Very few good sales outlets exist, so that competition among suppliers is fierce. Sales outlets are interested in boats that sell easily. Thus, brand name, type, quality and performance are critical factors in a sales outlet's decision to offer a new line to customers.

Since penetrating an established market is difficult for a first-time supplier, new marinas should be targeted as initial sales outlets. The time to approach them is during the planning and construction phases, before decisions about product lines have been made.