

A Tough, Developed Market

A newcomer to this market must offer a clear advantage in terms of price, performance and image in order to be successful. A good racing reputation is essential.

User trends suggest that better safety features are sought. Also, since more women are discovering the market, manufacturers might give more consideration to women's design and colour preferences. Once these qualifications are met, the manufacturer must find an import agent who understands his product line and is willing to promote it aggressively.

9 The Potential of Inflatables

The "Dead in the Water" Market

Sales of domestic and imported inflatables are declining. In 1988, total sales reached an estimated \$24 million but 13 981 fewer inflatable boats were produced than in 1987.

Little growth is foreseen in this market, except for cheap seaside inflatables and rowing boats for fishing. Inflatable motorboats designed for low maintenance and cost between \$2 800 and \$4 500, are selling well. These are equipped with 5 to 10 hp engines and can carry four people.

The Product

Among rowing boats, 2 to 3 m (6.6 to 9.8 ft.) boats are preferred most by fishermen, 50 per cent of whom use inflatables. This market is stable and growing slowly.

Rubber is favoured for rowing boats, while Hypalon is preferred for motorboats. Rubber rowing boats have a high-quality, long-lasting image, whereas Hypalon motorboats are considered a low priced product.

The Buyers

In addition to fishermen, young, affluent, outdoor-oriented families buy inflatables for their children to use.

With power boats, performance and quality are important, although word-of-mouth and shop recommendations also influence buyers. In a rowing boat purchase, material quality is important; however, because product and price differ little, advice of the salesperson usually closes a sale.

Manufacturers of Inflatables

Most rubber boats in Japan are made by Achilles, Okamoto and Toyo Rubber. Each company offers between 20 and 30 models of motorboats or rowing boats, in rubber or in Hypalon. Achilles handles more than 80 per cent of the market, as well as a profitable export business. It offers a five-year product warranty supported by strong customer service. Okamoto offers similar advantages but at a lower price.

As for imports, the low end of the market offers cheap imports from South Korea and Taiwan, while the upper end supplies high-quality, high-performance craft from Europe and North America.

The most serious problem for imports is that all boats must pass rigorous material, strength and balance inspection tests before being sold in Japan.

Market Opportunities for Canadians

The market for inflatables is small and growing slowly. Inspection and user licence requirements are deterrents. However, manufacturers who can meet inspection standards and set up a dealer network that can provide full service, may find market potential worth pursuing, since with the exception of Achilles, domestic manufacturers are unable to offer adequate service due to financial restraints.

The most popular motorized inflatables cost between \$2 700 and \$4 500. They are 3 to 4 m (10 to 13 ft.) with 5 to 10 hp engines. Rowing boat inflatables are usually between 2 to 3 m (6.6 to 9.8 ft.) and are designed specifically for fishermen.

10 Scuba Diving

Scuba diving sales are expected to reach \$700 million by the end of 1989. This represents an annual growth rate of 200 per cent over the last two years. Such a rate of expansion is expected to continue into the early 1990s.

In 1989, the market for diving shops, schools, tours and other services was estimated to be \$454 million; for equipment about \$90 million; and for diving wear about \$145 million.