

Are U.S. motoryachts in trouble? — Page 30 | When exporting a product makes sense — Page 34

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The Global Boating Industry



In 1995, Viking established a longstanding relationship with Princess by importing its motoryachts. Other European brands have created similar versions of the business model.



Location, Location, Location

Overseas businesses find that establishing U.S. bases makes smart financial sense



CMC Marine's Alessandro Gallifuoco has been tasked with setting up a new U.S. operation that will be financially independent of its Italian parent.

By Michael Verdon

When Federico Ferrante opened Azimut's Fort Lauderdale, Fla., office in 2003, he was the first employee the yacht builder had ever sent to work outside Italy. Azimut had exported boats to the United States since 1999, but to compete with thriving American builders, the company realized it had to offer local support for its fledgling dealer network. Otherwise, it would remain a bit player among the U.S. yacht builders.

"My mission was to focus just on service," says Ferrante, whose initial contract to stay in the United States was for three years. Sixteen years later, he is president of Azimut-Benetti USA, overseeing a staff of 20 who handle sales, marketing and service for the Americas.

Azimut has not only become the biggest-selling yacht brand in the United States, but the Americas is now the largest market for the Italian builder, with about \$170 million in new-yacht sales. Its U.S. business accounts for 67 percent of total Americas sales. "The more you're present in a market, the more successful you can be as an importer," Ferrante says. "When you come to understand the specific needs of the U.S. consumer, you develop service and sales around it."

A number of other marine businesses that import products to the United States are making a similar realization — and putting down roots accordingly, with the hopes of building similar success stories in the world's largest boating market. All of their representatives say the same thing: To be physically present in a market is to know it better than the competition and lets you capitalize on all kinds of opportunities.

South Florida alone has become a beachhead for European and Asian boat and equipment brands working the North American market. The Ferretti Group and Sanlorenzo — Azimut's main competitors from Italy

PHOTOS: PRINCESS YACHTS; CMC MARINE

— also have offices in Fort Lauderdale. So does U.K. motoryacht builder Sunseeker.

Viking and U.K.-based Princess have the longest-running agreement. The New Jersey builder originally began to import Princess motoryachts in 1995 to supplement its line of convertibles.

“The relationship came about during the luxury tax years, when we were in tough financial shape,” says James Nobel, vice president of Princess Yachts America. “Our president, Tom Carroll Sr., saw the European-style cruising boat and realized there would be a market for it here. They agreed to our specifications, and then we started to import them. More than 600 boats later, the relationship with Princess is still strong.”



Scanstrut, which opened an office in Connecticut last year, is already working on a joint project with Mercury Marine.

Viking stocked parts in its New Jersey facilities and set up service partners. Nobel says the Viking-Princess agreement is unique because it's between two boatbuilders. “Nobody has been able to copy what we've done,” he says. “I think we have an advantage because beyond offering strong service, we both understand how to build boats. There has been a lot of synergy between the two companies over the last 24 years, with much sharing of ideas and information. It's been very dynamic.”

Surviving the Recession

A number of non-U.S. equipment manufacturers who set up Florida offices in the mid-2000s, and stayed through the recession, are dominating their sectors. Vitrifrigo Americas, Indel-Webasto Marine and Dometic are the top three suppliers of marine refrigeration to both the OEM and aftermarket.

Vitrifrigo established its Pompano Beach office in 2005 and three years later witnessed the crash of the global marine market. “Many manufacturers packed up and went home, but we knew the market would come back,” says Federico Tonucci, vice president of sales.

Built in Italy and imported to the United States, Vitrifrigo's product lines have helped drive new-product development for U.S. builders, as styles and refrigeration technology have changed. “We couldn't have provided that level of support from Italy,” Tonucci says.

Indel Marine had been in the U.S. market for several decades, but the company became Indel-Webasto Marine in 2008, when German automotive parts manufacturer Webasto acquired an ownership stake. “A business like ours is complex, more so than you might think,” says Dave Lerbs, manager of OEM and aftermarket sales. “Receiving products from overseas isn't just a question of popping them onto boats. It means we need to provide serious technical support to our OEM and aftermarket clients.”

Indel-Webasto's market share for the OEM business is well over 60 percent, Lerbs says, and the company has a “very robust” aftermarket business that supplies independent distributors as well as West Marine, Defender and the Brunswick Boat Group. The brand is also a preferred supplier to the American Boatbuilders Association and Independent Boat Builders Inc.

“Recently we partnered with Boston Whaler to devel-

A 'Mutually Beneficial Relationship'

When Roger Moore signed on to become a dealer for Axopar Boats two years ago, he had little idea what he was getting into. “We didn't have much awareness of the brand,” Moore says.

Two years later, he has two words to describe the experience: mind-boggling.

Moore founded Nautical Ventures in 2013 in the highly competitive South Florida market. He signed with several strong domestic brands, including Century, Blackfin and Glastron, but didn't have the luxury of cherry-picking others because many had been represented long before he opened his retail showrooms in Broward and North Palm Beach. Axopar seemed like it would be worth the risk.

The brand was established in 2013 by a group of entrepreneurs in Finland with a successful boatbuilding history. The group's previous brands, Aquador, XO Boats and Paragon, had been successful, so they decided to combine the first few letters of each name to come up with Axopar.

Axopar established itself quickly across Europe. Its 24-, 28- and 37-foot offshore models were distinctive. The center console designs were unusual for Europe, with plumb bows, stepped hulls and outboard power. To save labor costs, the company decided to build the boats in Poland at the same facility where Brunswick has its Bayliner and Sea Ray models produced for the European market. Axopar also instituted a modular approach, with lightweight parts that could be reproduced on the three models.

“Eighty percent of the components across our models are identical,” says Jan-Erik Viitala, co-founder of Axopar. “That allows us to build them quickly and efficiently. Lately, we've been producing eight 28s and seven 37s every five working days. We've built about 1,700 boats since we first started.”

Those are impressive numbers for any startup, but the owners upped the ante by setting their sights on the world's largest outboard market. They established dealers in South Florida, the Northeast and California. Moore was one of the first. “We've sold 150 boats since we started,” he says. “The problem we have now is getting enough boats to keep up with demand. I wish we could find another wagon like Axopar to hitch ourselves to.”

The United States is now Axopar's largest export market, accounting for about 270 retailed boats. Nautical Ventures has sold the lion's share. However, there have been challenges for Moore. “This has been one of the most time-consuming projects we've ever worked on,” he says. “But its success has been worth it.”



Instant success: With 270 boats sold in three years, Axopar could be the fastest-growing boat line ever imported into the United States.

Initially, the dealer and builder had differences regarding warranty payments; some dealer territories also overlapped in South Florida. Moore notes that since the boats are built in and shipped from Poland, he cannot obtain floorplan financing. Axopar also sells out of its production slots on the first day of the new model year, so dealers have to buy into slots immediately or risk losing sales. That results in a big cash outlay, but Moore says sales are have been so strong it's worth the investment.

Nautical Ventures is also the only U.S. dealer to stock the Brabus Shadow 800, a limited-edition Axopar modified by Brabus, the German engineering company that tweaks top-end auto brands such as Mercedes-Benz to gain top performance. The 800 has high-end features that include Brabus leather upholstery, a touchscreen control panel for the cabin, 400-hp Mercury Racing engines, joystick controls and a special entertainment center.

With such strong sales, Axopar could reasonably claim to be one of the most instantly successful brands ever imported into the United States. Moore says the boats' competitive price tags and low depreciation values, bolstered by high demand for scarce used products, have made Axopar his best-selling brand.

Viitala expects Axopar's U.S. growth to continue. “We can't really expand the U.S. dealer base because we have to supply our existing dealers around the world,” he says. “But we're not seeing any slowdown in demand from the dealers we do business with in the U.S.”

As sales have increased, so has Nautical Ventures' importance to Axopar. It is now the U.S. repair center for Axopar, handling warranty work and stocking parts and accessories. “We've earned each other's trust over the last few years,” Moore says. “We listen to them, and they listen to us. It feels like a mutually beneficial relationship for both sides.”

— Michael Verdon



European builders such as Princess install U.S. equipment on any boats headed to North America.



Azimut's Federico Ferrante (left) has overseen increased U.S. sales during the past 15 years. The Italian line is now the largest-selling yacht brand in the United States (Grande 35 Metri below).



op Isotherm fridges for their 320 Outrage," Lerbs says. "A lot of these products aren't something you just have in a box and send out."

Ned Trigg, executive vice president at Dometic Marine, says his company and two Italian competitors adopted new compressor technology that gave them an edge over several domestic manufacturers. "It's so much quieter," Trigg says of the tech. "We've also overseen styling changes over the years, with the adoption of more stainless-steel exteriors as product lines have gone more upscale."

Trigg says Dometic builds products that can be serviced anywhere in the world since many boats leave the U.S.

A Global Presence

Having a global presence has played a part in the success of many equipment manufacturers. Vetus, which exported its first products from the Netherlands to the United States in 1969, has a worldwide network of service partners that reduces warranty issues.

"If we're working with a U.S. boatbuilder exporting product to Europe or Australia, we can support that boatbuilder directly from here [Hanover, Md.]," says Chris DeBoy, vice president of sales and marketing. "If the boat is outside of our region, we can coordinate service with our team in the Netherlands. There is always a 24/7 customer service platform."

Vetus, which has had an office in Maryland since 1974, says sales from the Americas account for 17 percent of companywide revenues. It continues to develop new products for global applications, such as the recently introduced Bow Pro thruster series, to gain U.S. market share.

"Ten years ago, 40 percent of our sales was done in the Netherlands," says Marcel Borsboom, managing director of Vetus BV. "That number has dropped to 20 percent as we've expanded internationally."

Lumishore, the U.K.-based manufacturer of LED

lighting, is taking a different approach. "It makes no sense to say we're a big global firm," says Eifrion Evans, who founded the company in 2008. "Instead, we need to do things locally."

The U.S. market has been divided into zones, Evans says, so Lumishore can focus on boatbuilders in specific regions. "We have a strong presence in the Southeast and Northeast. And we'd like to have more business in the Midwest. But we're not really leaving the U.S. borders for other countries," he says.

Evans initially set up an office in Sarasota, Fla., in 2011 to offer stateside technical support. The company recently signed a lease for a 9,000-square-foot manufacturing facility there. "It's much bigger than our U.K. facilities," says Evans.

The U.S. market will continue to grow faster than Europe. "There used to be a point where many European builders regarded the U.S. as a bonus," says Evans. "But most of our OEM customers see the American market as being at least 50 percent of their future sales."

Scanstrut, another U.K. equipment manufacturer, moved forward last year with a new office in Connecticut. "Our U.S. distributors had done a nice job with establishing our brand in the U.S., but there is only so much you can do with a third party," says Tom Reed, CEO of Scanstrut Ltd. "We wanted more than they were able to give us."

The company hired marine industry veteran Chris Beaudry to run U.S. operations. "We're now able to offer much faster responses and carry a bigger product supply to support our U.S. customers," Reed says, noting that distribution is strong along the Northeast corridor.

Following a number of recent product launches, the company also is moving more heavily into the OEM segment. "We've got a number of projects on the go with three U.S. boatbuilders and Mercury Marine," Reed says.

CMC, an Italian manufacturer of electric stabilizers and

thrusters, recently set up an office in Fort Lauderdale to carry spare parts and offer technical support. "One of every four yachts with our products is now based in the U.S.," says Alessandro Gallifuoco, sales and aftersales manager.

The company has hired a network of service providers in Florida, with plans to install its own technicians. Step two will be selling its products to U.S. builders and refit yards.

Gallifuoco expects CMC to claim market share in the United States, much as it has done in Europe. The firm has outfitted more than 1,000 yachts since launching in 2005, including such brands as Azimut, Baglietto and Sunseeker. Eventually, the U.S. office will be self-supporting and financially independent of its Italian parent. "The only way for our company to grow is to go outside our consolidated market in Italy," says Gallifuoco.

The Only Way to Grow is Outside

Cox Powertrain, which launched a 300-hp diesel outboard last year, also recently opened a 36,000-square-foot U.S. facility, in South Florida. "The U.S. is 10 times larger than Europe in the number of outboards and moving significantly faster in the rate of adoption," says Joel Reid, global sales director. "We had to be part of the biggest outboard market in the world and find a way to offer a competitive price for our engines."

The British company has set up eight distributors across the United States. "Having a local service component is a pivotal part of our value proposition," says Reid. "We're a startup company and wouldn't have the resources to set up eight depots across the U.S."

Within 24 months, Cox plans to be building outboards in Florida, with assembly lines and test cells. "We plan to run as an independent entity from our office in the U.K.," Reid says. "We're talking to a number of boat builders now, with the goal of supplying our outboards as standard power on their boats." ■

PHOTOS: PRINCESS; AZIMUT