



10th BUSINESS SYMPOSIUM
LA BELLE CLASSE SUPERYACHTS

**Innovation and adaptation:
the challenges facing the yachting industry in 2018**

Wednesday 7th February 2018 – Under the aegis of its La Belle Classe Superyachts label, initiated in 2008 to unite the yachting industry, the Yacht Club de Monaco hosted 80 professionals from across the board for the 10th Business Symposium. This annual dinner-debate takes stock of the global yachting market in the past 12 months and discusses prospects for the year ahead. The evening is organised in collaboration with Credit Suisse, represented by Michel Buffat who presented his bank's forecast for 2018.

As Bernard d'Alessandri, YCM General Secretary and President of the Cluster Yachting Monaco, said in his introduction: *"It is a privilege to be in a position to welcome owners and yachting professionals round the same table to freely discuss what is happening in our industry."* Four themes emerged from the discussions.

Unite industry to communicate better with institutions and attract the new generation

Martin Redmayne, Chairman and Editor-in-Chief of the Superyacht Group kicked off the debate with a market report and trends for 2018. He stressed the industry needs to improve the way it communicates: *"It's up to professionals to promote the market in an appropriate way to make it more positive to everyone."* He believes the big challenge is how to deal with *"the obsession for 100m+ yacht when there are so many options. Yachting is the best pastime on the planet and as an industry we have a mission to get that message across."*

It was a sentiment shared by **Theo Hooning**, General Secretary SYBASS who added that the association has launched a campaign entitled "Superyacht Life", a programme chaired by experienced managers whose goal is to promote the yachting experience.

Roberto Giorgi, CEO Fraser Yachts, pointed to the booming cruise industry where companies have come together in the CLIA (Cruise Lines International Association) to communicate as one voice through intensive positive campaigns in the consumer press: *"The superyacht industry has all the elements to succeed: boatyards, logistics, bankers and crew network. It just needs to get together to promote it with one voice to achieve the same objective."*

Espen Oeino, yacht designer and Vice-President of the Cluster Yachting Monaco, observes that the industry has no international-level common body, contrary to what is now established in the Principality with the Cluster. Not only is it a tool for communication, but also and above all for raising awareness among all the different authorities concerning the impressive number of regulations and restrictions that prevent the sector from developing.

Olivier Blanchet, in charge of Yachting and Aviation at BNP Paribas, added that as a banker, he had also noted an increase in compliance laws and that *"as long as the profession does not get together as one body, it will not be able to lobby authorities, and nations will continue to ramp-up restrictions and laws."*

Michel Buffat, Director Aviation and Yacht Finance at Crédit Suisse, presented figures on luxury yachting from a creditors point of view. The most important global economies for the yachting industry are the USA, European Union, Russia, Gulf states and increasingly China. He appears quite optimistic based on the figures for growth. However, having noted a pause in 2015, the number of billionaires is on the increase, reflecting among others Asian entrepreneurship. As there is a clear correlation between the number of billionaires and that of yachts (a rise of nearly 70% since 2010, there could be a recovery in business and orders). Despite a volatile economic climate, they remain a solid client base. According to Mr Buffat, the US elections had an impact on the international market: *"Looking at order figures since Donald Trump was elected, it's clear there has been a sharp increase. Is it just a coincidence or a causal relationship?"*

Russel Barney, Catalina Yachts (Los Angeles) confirmed that there has been a "Trump effect" on the global economy, as he stimulated sales by removing taxes.

Theo Hooning notes however that the significant rise in number of millionaires over the last few years has had no impact on orders. **Olivier Blanchet** put a figure on it, saying that only 3% of HNWIs owned yachts: *“Our priority is to find out why 97% of these people do not own a yacht”*.

David Legrand - Senior Broker at Fraser Yachts, believes this breeding ground of potential is worth billions. In his opinion *“the problem is the industry continues to function as it did 25 years ago, yet we face a new generation of buyers, the millennials. They are 30-35 years old and their consumer patterns are completely different”*.

Expedition yachts the new trend

In his presentation, **Espen Oeino** compared private jets and superyachts: *“A private jet is about spending the least amount of time you can getting from A to B, whereas a yacht is where you want to spend as much time as you can. This is the message we need to get across.”* Mr Oeino sees a very promising future for yachts with a scientific vocation such as expedition yachts, as the philanthropic concept is very important.

Bernard d’Alessandri, General Secretary of the Yacht Club de Monaco, said it was to pay tribute to and promote these types of initiative that the YCM launched its Explorers Club last July.

Roberto Giorgi, CEO of Fraser Yachts compared the expedition yacht market to the luxury cruise market, citing shipbuilder Damen who is developing a small cruise yacht for this purpose. He notes a growing tendency for buyers to go for boats with the comforts of a superyacht but able to do an expedition cruise to the Galapagos or Antarctic.

Espen Oeino added that *“in the last five to ten years, there’s been a move towards simplicity in the interior design like Steve Jobs’ yacht Venus. We will continue to see these yachts, more Land Rover than Range Rover, as people realise that you don’t need opulence to enjoy nature. They are looking for space, particularly outside living areas, which also helps reduce the build price”*.

Chinese market will be worth the wait

With 20 years’ experience in China, **Laurent Debart**, CEO YPI Monaco, presented the yachting market in this region. As quarter of the world’s population live in China, the potential is considerable. If only 1% of the Chinese population bought a superyacht, the impact on the industry would be enormous.

Since the nineties, China has seen growth on every level, even the 2008 financial crisis had little impact. *“Today there are more billionaires in China than the USA,”* he said, pointing out they are no longer building family wealth. *“Millionaires and billionaires are around 50 and all are self-made, born into poverty, so the concept of holidays and leisure is foreign to them. But the new generation want a family life, leisure and a healthy lifestyle.”*

Patrick Coote, Nautiq Family Office, pointed out that for years the industry in the West has been imposing its own standards in its bid to penetrate the Asian market, *“but it’s up to us to adapt to achieve this not the other way around”*. The Yachting sector is developing in China and Asia, as evidenced by the Singapore Yacht Show and Hainan Rendez-vous. Marinas are being developed although the maximum size for the moment is around 45m. On a general note, Chinese brand Heysea has sold around a hundred yachts in ten years.

“They say the Chinese have no yachting culture, but we said the same thing 30 years ago about the Russians and Emirates,” added Laurent Debart. *“It took 20 years to persuade the Chinese to go on a cruise ship; we need to let the yachting culture develop by adapting our offer to their desires.”* The Chinese today are learning how to sail and being initiated into the yachting code.

It is with this approach that the YCM is supporting Yacht Clubs in Asia under the aegis of its label La Belle Classe Destinations and La Belle Classe Academy training centre. There is general agreement that the main obstacles to growth in this region is lack of qualified crew and legislative restrictions on navigation.

Jean Laclaverie, President L&L Group Asia, wished to end on a positive note announcing that *“on 12th January, eight countries came together in Phuket to standardise regulations. An agreement seems to have been found to facilitate boating tourism in the region,”* he said.



Innovation and training: two priority areas to attract new markets

To conclude, the very encouraging figures for 2017 offer good prospects for growth. The big challenge for the yachting industry is to innovate and adapt to the needs of emerging markets and future generations of owners.