

LUXURY MEMO SPECIAL REPORTS

## Yachts – Luxury Memo special report

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Royal Yacht Charters

By STAFF REPORTS

Yachts are inherently luxurious, but appealing to the changing consumer and adhering to evolving demands puts pressure on an industry previously held as fundamentally prestigious.

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Every brand, regardless of industry, has become environmentally conscious, but as an industry that operates solely in 70 percent of the planet's surface, yacht makers are feeling a greater push to reduce carbon dioxide emissions in every ship. In addition, the increase in high-net-worth individuals, and the change in the demographics of these persons have placed a pressure on yacht brands to adapt to their new audience.

"Guests and yacht owners expect greater transparency and more choice from the market," said John Mitchell, marketing director of [Ahoy Club](#), London.

"Both guests and yacht owners value their time and desire a faster resolution to charter enquiries," he said.

### Top 5 trends in luxury yacht marketing

- Trending to the younger generation

The Uber and Airbnb models have infiltrated several industries, and yachts have not escaped the industry changing company concept. Yacht chartering and renting have become increasingly common for consumers.

- Environmental friendly

The larger the boat, the greater the carbon dioxide emissions, but some brands are looking to more eco-friendly options in the creation of their new vessels.

- Consumer-focused

With the number of billionaires rising and more and more women as high-net-worth consumers, it is pertinent for yacht brands to cater to the new potential owners in the creation of their new yachts.

- The experience matters

Consumers are looking for the best theme, the best onboard options and the best experiences possible when

choosing which yacht to purchase, charter or rent.

- A whole new world

Brexit, and the current political environment elsewhere in the world has caused effects across industries, and yacht brands are not excluded. The upcoming exit of U.K. from the European Union has actually had a positive impact on sales, but brands and consumers are wary about other regulations that come with political moves.

Everyone wants to know about Brexit

The common worry across every international industry is what will happen when the U.K. leaves the European Union. For yachts, the worry has been put at ease by the increase in sales among British-based companies. However, questions still lie with the crew and ports.

Currently, E.U. yachts are entitled to be in any E.U. waters, however, U.K. yachts will no longer be within that category, leaving both yacht brands and consumers concerned about the areas in which British yachts will be allowed to charter.



*Brexit: The ayes have it*

Another issue lies with the insurance on the yachts. Currently, insurance is accepted across all E.U. countries regardless of the country of origin, but British-based insurers may not be given the same privilege post Brexit.

However, one thing that has been clear is that the decline in the British pound after the vote to leave the E.U. created an increase in retail sales of yachts.

Boats! Boats! Boats!

Every company dreams of being the next big thing. In yachts that cutting-edge idea comes from onboard amenities and the ways in which yachts are offered to consumers.

AvYachts recently brought inspiration from the sharing economy to the world of yacht ownership with its new project: "Instant Yachtification."

Under this new initiative, AvYachts customers are able to commit to as little as 10 percent ownership of a yacht while being guaranteed three weeks on board per year. This move, inspired by the likes of Airbnb and other sharing economy startups, will allow even more customers to experience shared yacht ownership, lowering the bar of entry to begin yachting.

The sharing economy in 2014 was valued at \$14 billion but is expected to be at \$335 billion by 2025, according to the Brookings Institute.

Now, AvYachts is seeking to bring some of that innovation to how yachting is performed by today's wealthy. While yachts have long been a mainstay of the wealthiest class, their prohibitive price has made them the domain of only the topmost percentiles of the affluent ([see story](#)).



*The deal is designed for people who only have a limited amount of time to go yachting each year. Image credit: AvYachts*

Renting a boat for the day is not a foreign concept to vacationers, but renting a yacht for just a few hours is not a common occurrence. Boatsetter allows consumers to rent a boat and captain in more than 300 locations around the world.

Another option for those looking to experience a yacht without the high costs is Ahoy Club. This digital platform allows users to instantly book yachts for their trips by contacting the owner.

Another feature allows owners to trade cruising time across yachts. Ahoy Club leaves the control of chartering in the hands of the owner, allowing them to rent when they chose to.

"Just as they can in other markets, the unique Ahoy Club platform allows guests to book charters in minutes, generates legally binding contracts and allows guests to pay the deposit by credit card, ensuring everything is secured and protected," Ahoy Club's Mr. Mitchell said.

Another luxury travel company Immidia launched an application in 2016 with the promise to be Uber for yachts.

Immidia allows consumers to hail a yacht to charter for private use, with delivery promised in no more than a couple hours. The new digital economy has encouraged a consumer mindset based around immediately fulfilling wants and needs, and the app represents a further step in the direction of on-demand luxury ([see story](#)).

Other companies entered the sharing economy with collaborations. For example, AvYachts expanded its move into the travel sharing economy through a partnership with vacation home exchange program Elite Alliance.

Via this new agreement, owners of AvYachts' vessels can trade a week on their time-shared boat for a three-week stay in an Elite Alliance property. This partnership furthers AvYachts' mission to open up luxury seafaring to a wider affluent audience ([see story](#)).

Another technological trends that has infiltrated many industries is chatbots. Entering this digital trend, Yacht Harbour brought a new type of intelligence to the high-end vessel sales market.

Brook, billed as "Siri for yachts," is an artificial intelligence program that helps an interested consumer find the yacht that best fits her demands. The yacht market can be daunting and difficult to navigate, but Brook will serve usefully as a roadmap to purchase.

"This open chat technology shifts the yacht buying market in a very fundamental way because it gives more power to the buyer," said Dimitri Semenikhin, founder of [Yacht Harbour](#), to Luxury Daily at the time of Brook's launch. "Before, users were limited by very basic search experiences even though most yacht buyers have a very specific idea of what they're looking for.

"That's what Brook is all about, giving those users immediate access to the information they want," he said. "We have a fair amount of data on how users behave while searching for yachts and we could see that, often, having to complete multiple inputs was not only annoying to them but also much less time efficient. That's how we saw the need for Brook, to remove this friction" ([see story](#)).

Keeping up with digital trends and consumer behavior is essential for all yacht brands, especially with the changing nature of the super wealthy and the upcoming generations who are more accustomed to technology options in both sales and use of a product.

The elite of the elite

Superyacht owners make up an elite portion of the ultra-affluent, as the 4,476 of these vessels average \$10 million at resale, according to Wealth-X. The researcher's ultra-high-net-worth threshold begins at \$30 million, meaning many of the 212,000 wealthy individuals who qualify as UHNW cannot afford superyachts.

As detailed in Camper & Nicholsons' and Wealth-X's "The State of Wealth, Luxury and Yachting" report, superyacht ownership is concentrated foremost in the United States. The U.S. comprises 33 percent, followed by the United Kingdom at 11 percent and Italy, Australia and Russia at 5, 4 and 3 percent, respectively.



*SeaDream*

The good news for the industry is that the fastest growing segment of the UHNW population is the billionaire segment, and yacht sales are very closely correlated with the billionaire population. An extra 600 billionaires are expected by 2020 ([see story](#)).

Within the UHNW population, there is an increase in wealth among women. In 2016, women controlled \$11.2 trillion of investable assets, which amounts to almost 40 percent of total assets in the U.S.

In addition women will create \$18 trillion in additional wealth by 2021. However, only 6 percent of women in the U.S. identify as the primary decision maker of their households assets.



*AvYachts makes owning a yacht more affordable. Image credit: AvYachts*

But this situation is out of touch with the reality of women's place in society today. A third of married women make more than their husbands today and women represent more than half of all college graduates and graduate school graduates.

These factors are causing women to increasingly become the financial heads of their households. Women tend to have a longer life expectancy than men, the divorce rate is incredibly high at this moment and women are more educated, all leading to women's growing financial independence ([see story](#)).

This increase in female wealth was evident in Lidia Bersani's yacht created for women millionaires. The 262-foot yacht was designed to appeal to specifically a female buyer, a concept that is rare in yacht sales.

Green yachts

A big concern in the yachting industry is the carbon footprint left behind by each boat. The emissions are directly entering the ocean and the atmosphere, causing pollution in the waters.

U.S. boat manufacturer Hinckley has unveiled the Dasher, the world's first fully electric yacht.

The yacht, which is set to be available this summer, is built to be completely powered by electricity, forgoing traditional fossil fuels entirely. For a luxury-buying community that is increasingly concerned about their impact on the environment, Hinckley is targeting a more eco-conscious consumer.



*Dasher*

Dasher, as the new boat is called, is powered by German automaker BMW's lithium-ion batteries and is constructed from lightweight materials to get the most power out of its electric propulsion. Hinckley claims it is the lightest boat the company has ever made ([see story](#)).

The focus on sustainability is in line with trends visible across all industries. Many fashion brands have moved away from the use of fur in their clothing and are looking for more sustainable modes of manufacture and production, while hotels are organizing volunteer-oriented programs and making efforts to conserve water.

Sustainability initiatives within the yacht industry are not pushed quite as commonly, but marine biologists have long been expressing concern over the ocean's ecosystem related to overfishing. Bringing relevant organizations, including the International SeaKeepers Society, to the attention of yacht owners rather than hoping that owners will learn about the organizations independently is a step in the right direction.

Another yacht brand WOW Yachts is hyping its series with a promise to "inspire, educate and evolve" consumers.



*WOWyacht*

WOW Yachts, which made its official debut at the Sunset Harbor Yacht Club in Miami Beach, FL during the 2016 Miami Boat Show, entered the market by emphasizing sustainability and education. Carefully designed yachts are plentiful, but standout hooks and a clear demonstration of values could help WOW make a successful entry into the

crowded field ([see story](#)).

## Toys on boats

Another trend seen in the yacht industry has been the amenities on board. Having a basic yacht with rooms for the family and a pool is no longer acceptable to the consumer looking for the next big thing.

"Today's buyers want to travel with their families," said Diane Byrne, editor of [Mega Yacht News](#). "We're increasingly seeing younger owners coming into the market—in their early 50s, and some even in their early 40s.

"It's a big change in attitude from about 25 years ago, when the buyers were in their 60s, with grown kids out of the house," she said. "Back then, the attitude was more along the lines of, 'I'm saving my money for retirement and will buy the yacht then.'" Currently, the attitude is, "I have the money now, so I want to buy the yacht now to enjoy more time with my family."

Some brands have decided to create themed boats, as seen with the yacht designed for women. This was also seen in a yacht that was themed around James Bond.

Super yacht brokerage Burgess Yachts' 40th anniversary celebration was enhanced with a new brokerage of a boat that recalled James Bond's presence in the Bahamas ([see story](#)).



*Sea pool attached to yacht Image courtesy of Superyachts & tender toys*

Other options on board include inflatables to tow behind the boat or extend off the side, such as a sea pool, a water slide or a jetski dock.

Some of the toys available focus on fitness, offering owners a chance to exercise while afloat in the ocean. These options include The Manta5 Hydrofoiler XE1, which allows consumers to bike on top of the water, or FunAir's Big Air Blob that allows guests to launch into the water.



*FunAir's Big Air Blob. Image credit: FunAir*

"Over the last three to five years there has been a real increase in the variety and number of inflatable water toys in the market," Ahoy Club's Mr. Mitchell said. "From climbing walls and slides, to beach club extensions and netted swimming pools these are some that are connected to the yacht let alone the range of towable inflatables typically found in the garages."

## Best practice for yacht marketers

- John Mitchell, marketing director of Ahoy Club
  - "Service. Service. Service."

- "Simply put, yachting/chartering is literally a luxury. If the service isn't there, the brand is nothing and the marketing around it means nothing. We're a people industry built on relationships. So you could add knowledge, integrity and credibility to this, too. It's also why we're keen to explain that we have a full concierge team behind us to support charterers at every step. We're the only truly bespoke yacht charter company in the market."
  - Diane Byrne, editor of Mega Yacht News
    - "Family focus: buyers are all about family time. Marketers are increasingly depicting parents with their kids onboard, and multiple generations relaxing and having fun together: jumping off the swim platform, eating breakfast out on deck, etc."
    - "Adventure: whether a builder is targeting expedition yacht buyers or traditional buyers, they're trying to pique interest in setting off for farther horizons."
    - "Dreams: speak with any yacht builder or designer, and they'll tell you they love turning dreams into reality. This has been a constant theme in marketing. It never gets old."
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