



The study found that not as many people are jumping into boating as they did in the past.

# New study focuses on first-time boat buyers



To appeal to a younger audience, the industry needs to sell the boating experience.

## Grow Boating's research identifies six types of buyers, how to target them

**T**here are a million fewer first-time boat buyers today than a decade ago — a loss of \$138 billion in lifetime value to the marine industry — with a 30 percent decline in first-time used-boat buyers and a 54-percent drop in first-time new-boat buyers.

This type of bleak data prompted Grow Boating's study of first-time boat buyers. It didn't uncover any more promising data, but it did seek to understand first-time buyers, as well as lapsed shoppers, to help retailers and manufacturers.

"Our industry is at a crossroads," the study states. "We can choose the easy path: continue to hope that repeat buyers will come to us. Or we can choose the road that secures our future: We can invest in the first-time boat buyer."

Only 2 percent of potential first-time shoppers actually made a purchase, and only 10 percent of serious shoppers ultimately bought boats, according to data gleaned from the study performed with Olsen, a firm that surveyed and studied 2,000 first-time boat buyers, as well as 550 recent first-time owners and 250 lapsed first-time shoppers.

Overall, 66 percent of lapsed shoppers said they did not have a helpful experience at the dealership, and 64 percent said they weren't confident that they knew enough about boats to buy one. Of lapsed buyers, 42 percent said they were deterred by costs they didn't anticipate — "all of the hidden costs," as one put it.

"That's why a lot of people left the process: There was not enough transparency about helping them understand hidden or surprise costs," says Carl Blackwell, president of Discover Boating and Grow Boating. "Let's just talk about the 800-pound gorilla in the room, stop dancing around it and tackle it head-on. There are ways to help them save money on all those different costs, but if we don't address them, we're not helping consumers get over that hurdle they have regarding affordability."

That thinking reflects a major theme seen at the Marine Dealer Conference & Expo held in December: Instead of meeting consumers where they are, the marine industry is still waiting for them to behave the way they once did.

"We need to adapt to the way people want to shop and purchase boats — not how we want them to do so," the study states. "And the responsibility doesn't fall on just one group. Discover Boating, boat brands and dealers must work together if we're to be successful."

Grow Boating, the industrywide campaign designed to draw more people into boating, had an underwhelming response to the study, even though it's the first of its kind.

"I think you'll find there's a lot of good takeaways," says Thom

Dammrich, president of the National Marine Manufacturers Association. "Not nearly enough people are reading it. Everybody should be reading it. I think it provides some insight to help dealers be more helpful to first-time boat buyers, and I think it provides some guidance to the industry of some things we need to do differently to keep first-time boaters in the industry all the way through the sales funnel — including being transparent about cost of ownership."

### Forgetting retail trends of the past

Traditional leads will soon be extinct, the study cautions; only two-thirds of first-time boat buyers said they'd only give out personal information at the point of purchase. That means dealers should stop expecting a return to the old days of lead generation and follow-up.

Additionally, the study found that it takes on-water experiences to ignite anyone's passion to buy a boat, and a dwindling number of boat owners means that's less and less likely to occur via a traditional ownership model.

The journey to ownership for the first-time boat buyer is different than for someone buying a second or third boat, the study states. It's a process that can take decades, and it breaks down into five stages: development, which is life experience that can occur over years; desire, a spark to ignite the wish to purchase; dream, when potential owners imagine themselves with their own boat; decide, when first-time owners get hit with the realities of ownership; and last, the purchase phase.

Although 21 percent move from the develop phase to the desire phase, only 2 percent of first-time boat buyers make it to the purchase phase.

The desire phase was where some potential first-time buyers stopped shopping — about 45 percent make it from desire to dream — because, unlike in other industries, there is no Zillow or Kelley Blue Book for boats. NADA Guides ([www.nadaguides.com](http://www.nadaguides.com)) can be used to find used boat values. Today's shoppers expect to be able to comparison-shop online, and they become frustrated when the tools aren't there. And 70 percent say they don't have a trusted person for seeking advice.

"Maybe we need to take a page from a similar playbook" and provide a resource such as the ones offered in the real-estate and automotive industries, says Meredith Engelen, senior brand strategist with Olsen. "After all, that simplicity and clarity is what they've been trained to expect from every other industry, ours included."

The decision phase was another big area of attrition. Many stop shopping after a bad experience with a dealer, and this is where the hidden-costs complaint crept in. Affordability on its own was another challenge: 35 percent of lapsed shoppers said they couldn't find a boat in their price range. Many also said they felt too intimi-

dated to ask a dealer questions, but still worried that they didn't know enough to buy a boat.

### Aging industry

In 2000, there were about 800,000 boat owners in the 35- to 39-year-old age range. By 2015, that figure had dropped to fewer than 400,000. Over 10 years the industry attracted about 4.4 million boaters, but lost an estimated 5.5 million. The change is attributable to a combination of factors, says Peter Houseworth, director of client services at Florida-based Info-Link, a firm that tracks new- and used-boat registration data.

"We're continuing to market to the same people; they're just getting older," Houseworth says. "And there's a bigger separation between the haves and have-nots. There's some behavioral differences and economic differences. Real wages are not rising, and student debt is out of control."

The industry has not yet felt the full effect of the aging problem, in part because the age when people leave boating has risen to about 85, Houseworth says: "We've had a buffer. Things could be a lot worse if today's consumer were not continuing to boat much later in life than they used to. We've lost 400,000 on one side, but we've gained the benefit of 200,000 on the other side as boaters continue to boat later in life."

"The millennial generation is operating differently than others in the past," he adds. "We need to make our peace with this and figure out how to market our sport to those people in the way they want to consume it. However, if this situation continues and does not change, these projections — which are basically population projections — and these adoption rates stay the

swers can help build trust and help shoppers understand what they're entering into.

"Say you're shopping and left the Discover Boating website and landed on a manufacturer's site," Blackwell says. "We're hoping more manufacturers will create specific landing pages that are more customized to those people. That's where the manufacturer can start to answer the questions consumers have about pricing and cost, and frankly, the cost isn't just the cost of a boat."

Shoppers want to learn about storage, maintenance, insurance and other details — such as whether they'll need a new car to tow a boat — online and much earlier in the process. Getting these details at the dealership is off-putting because suddenly the experience is not what the shopper expected or envisioned, Blackwell says.

"I think everybody could answer more questions more honestly and without a sales approach — be transparent, be forthright," he says. "If you don't, you wind up losing them."

### Ostrich marketing

When his company was in trouble, Sheridan put a post on his website to shed light on fiberglass pool pricing, which traditionally had been unavailable unless a customer was talking with a salesperson. He didn't offer numbers in the post, but he did explain the complexity that goes into construction, pricing and the differences among tiers and options so customers had more information.

"One of the first questions potential pool owners want to know when they call our company is, 'How much does a fiberglass pool cost?'" he says on the website. "Although this is a very difficult question to answer, I will do my best here to explain some general pricing guidelines."

means giving it to them the way they want to receive it, Blackwell says. Grow Boating is learning this lesson.

"There's so much information to consume out there in general," Blackwell says. "Dealers run lean, manufacturers run lean, so that's why we did the chapters and shorter versions of the study using video — so they could go in and consume it quickly, in bite-sized chunks."

The drumbeat of video was prevalent at MDCE, but that was just a facet of the overall content discussion.

"Why is Instagram as big as it is? Because people are consuming content differently than they used to," Blackwell says. "They're not reading newspapers as much anymore. They don't sit down in front of a TV at 7 p.m. to watch a TV show; they do it on their own time. The same is true for how people are learning. There's so much stimulation, so many pieces of information. We need to make sure that even in our industry communications, we're thinking about how consumers are consuming that. So we [at Discover and Grow Boating] are learning too."

For example, the groups will stop sending out long emails. "Sometimes we try to teach too much, so we have to pull back to be effective," Blackwell says. "And then do another bite-sized chunk of learning. Whether it's focused at the consumer or the industry, things are changing."

Sheridan used content to draw people into his company's website and made sure to have more available for people looking to have questions answered. His company found that of the customers who filled out online lead forms, those who read 30 or more pages of content bought pools from the company 80 percent of the time.



Fishing remains the number one activity for boaters.

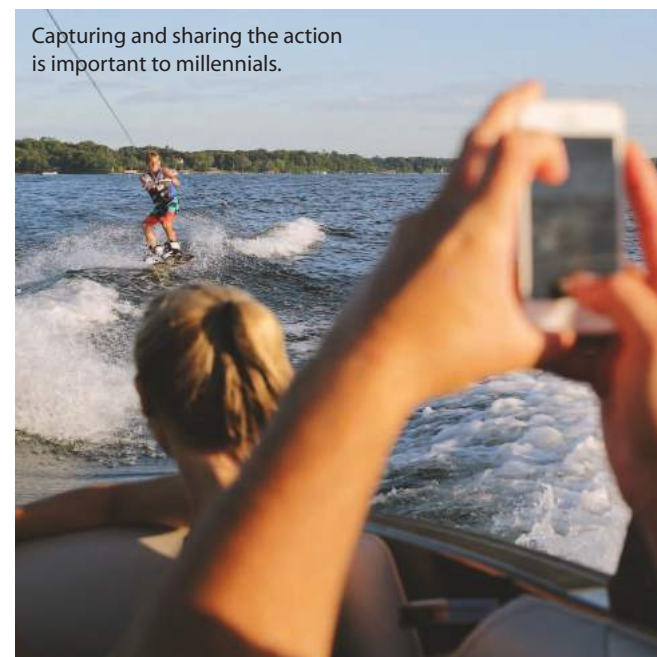


Because they appeal to families, pontoon boats remain popular.



PWC appeal to a younger crowd.

Happy boaters are the ultimate goal.



Capturing and sharing the action is important to millennials.



There's still nothing better than loading up the boat and heading out for a day on the water.

same, what's going to happen is the average boater by 2020 is going to be 70 years old. That's average. That's only three years away, and that's up there."

Retention was also a problem, with 20 percent of new-boat buyers exiting the industry within the first two years, regardless of market conditions, Houseworth says. In a study Info-Link did of year 2005 first-time buyers, 71 percent sold their boat, 27 percent purchased another boat and 73 percent left boating.

"Knowing the road to get there isn't that easy, to give up that easily just doesn't seem to make sense," Houseworth says.

### Transparency

Attrition is a topic that will get attention in future studies, Blackwell says, but this one focused on how first-time buyers shop and where they got hung up in the boat-buying process. In many cases, the problem was a simple matter of access to information.

Blackwell hopes more boatbuilders and dealers will answer questions frankly online. Providing basic an-

That post drove so much traffic to his site that he made more than 200 appointments that resulted in \$4.5 million in sales.

By contrast, most marine businesses adhere to what Sheridan calls ostrich marketing, but in the age of information, he says, establishing trust should be paramount.

"Consumer ignorance is no longer a viable sales-and-marketing strategy," Sheridan says. "It's gone. Even the uninformed will eventually become the informed."

On River Pools and Construction's website today is a blog post about concrete versus fiberglass pools. The teaser is: "Time for a radical statement: fiberglass pools aren't for everyone. I know! Contain your shock! River Pools manufactures and sells them, but our priority is one thing: customer satisfaction. We want you to be informed so you can make the best decision for you and your family ... even if that means not choosing us."

### Marketing for the future

Giving consumers the information they need also

### Creepy, but effective

Blackwell also hopes that manufacturers, in addition to the landing page for those who wind up on their sites from the Discover Boating website, will stop waiting for those leads to fill out lead-generation forms. "If you give them information up front, you have a better chance to convert them into owners," he says.

Discover Boating is generating a lot of Web referrals — there were 3.2 million consumer visits to its site last year — but manufacturers are waiting for them to fill out lead forms, something that rarely happens anymore, Blackwell says.

"We're generating a lot of Web referrals and we want people to take that information, even though it doesn't have a lead form attached, and use it," Blackwell says. "You've got to develop the pipeline of potential buyers earlier in the process and then retarget them."

Though perhaps unfamiliar with the term retargeting, we've all experienced it. Ogle a new piece of fishing gear online, and it follows you for days or even weeks — pop-

ping up as a Facebook ad or a pop-up, enticing us to click on it again. If we do, the ad is likely to make our rotation for a month or more.

"There are privacy laws, but there are ways companies can track your behaviors," Blackwell says. "There are companies in our industry that are good at that," such as ARI Marine Dealer and Lighthouse Media Solutions.

"You can hire other companies that help try to nurture consumers before they're willing to give that personal information out," Blackwell says. "If you're not doing that, then you're missing out. If you wait for a person to fill out a lead form, you might be missing an opportunity. This is where marketing comes in, versus sales. You have to give the consumer the information they're seeking, and then you really have to follow them around."

Retargeting works, said MDCE opening keynote speaker Tim Sanders. The website has a retargeting pixel — a snippet of code — that can be put on a company's home page and across product pages. A company can then purchase ads that will be shown only to those who have visited that page.

"In the beginning it was creepy," said Sanders, a best-selling author who is known as an Internet pioneer. "But by 2013, we got over it. In 2015 it's about 50 percent of all lead generation. With retargeting, all you need to do is put those little pixels on a page, and when you buy ads, you only target people who look at your website. You have increased your ROI 1,000 percent."

### Types of buyers

The study found six types of first-time boat buyers, and it not only defined each of them, but it also explained

made up 16 percent of first-time boat buyers. They likely have children, but the group does include millennials. They are more pragmatic and care about the practical side of ownership: storage, insurance, financing, for example.

"Help them make memories and simplify practical considerations" to make them comfortable with the costs, the study suggests. With this group, it's especially important to define the peripheral costs of ownership.

The luxurious leisuers group, which was 18 percent of first-time buyers and 68 percent male, is the image-conscious crew. Dealers can see them coming from the car they're driving and what they're wearing.

"They're not going to know a lot about the boat they want to buy," the study states. "Their expectations are a bit inflated; their eyes are larger than their wallets." It's important to celebrate the specialness of the purchase with this group, the study advises. "Educate but don't overwhelm," it urges. "Focus on making the dream attainable."

Water weekenders made up the biggest segment, or 23 percent of new-boat buyers, had far fewer millennials than other groups and was 56 percent male. This group did not grow up boating, but loves spending time on the water. Members spearhead boat outings and tend to like traditional activities, such as fishing, cruising or water sports, the study found.

"They're relatively recent boaters, but that does not diminish their love for it," it states. Many of them have experienced boating via boat clubs, rentals or charters. Dealers should get members of this camp excited, potentially offer discounts on toys and show that owning might be a better option if they're renting frequently.

Seclusion seekers, comprising 12 percent of first-

moved them from being enthusiasts to launching their boat-owning journey. With a dwindling number of boaters, the industry needs to find more ways to get non-boat owners out on the water.

"We need to find more ways for more participation because that's what leads ultimately to boat ownership," Houseworth says. "And accepting that in the future the way people boat may look different than what we've had historically. I think every industry is struggling with this. But the way people do things has changed."

The marine industry has, by and large, viewed boat clubs as competition, but that is beginning to shift.

"Clubs provide somebody with the ability to participate without traditional ownership," Houseworth says. "Consumers are smart. They're going to figure out how to do things in a way that makes sense for them" or move on to something else. "If that's their way of doing it, so be it. As an industry, we need to embrace that."

Operations such as Freedom Boat Club offer unlimited classes in a hands-on situation until new boaters feel confident enough to captain their own boats, helping to address the lapsed shoppers who did not feel confident or safe enough to buy. Freedom CEO John Giglio says he loses 20 percent of his customers because they decide to buy boats, Blackwell says.

"I think that is an outstanding model," Blackwell says. "I'm a big believer in boat clubs. That research does support the notion of boat clubs helping people get out on the water. It's a steppingstone. But I also think ... clubs are also stopping some from exiting by offering services to keep them in."

As dealers continue to understand that on-water experi-

ences are crucial for drawing new-boat buyers, Blackwell thinks more will pursue ownership alternatives. He hopes studies like this one will help the industry make that shift.

"What's going to convince you more as a salesperson or dealer: someone's opinion or a research study that reflects 2,000 people's opinions?" he asks. "That study is more convincing, which is why we want to do more research. We want to change behaviors. The more research that stakeholders can apply to their businesses, then they learn from us, they see more value in what we're doing."

"Listen, there are fewer and fewer people coming into this industry," Blackwell adds. "A lot of it has to do with the fact that younger generations are postponing major purchases, but they still need to have and crave those experiences. So we need to embrace that need or we're going to lose them. That's why it's important for us to embrace charter captains, charter companies, boat clubs and peer-to-peer models. We have to keep them connected to boating so when they're ready to buy that boat, they have all those memories to build off of." ■

### Boat clubs

One basically universal truth was that all first-time buyers could point to one experience on the water that