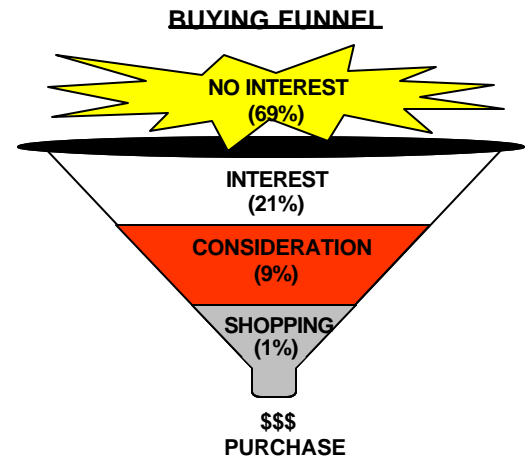


Understanding Barriers to Boat Sales

Research pinpoints the reasons why some people choose not to buy

What do RVs, golf equipment, exercise machines, vacations and in-home theaters have in common? These are all things that have been commonly hypothesized as major competitors to boat ownership. However, if you ask interested consumers why they have not yet purchased a boat, these items are rarely mentioned.

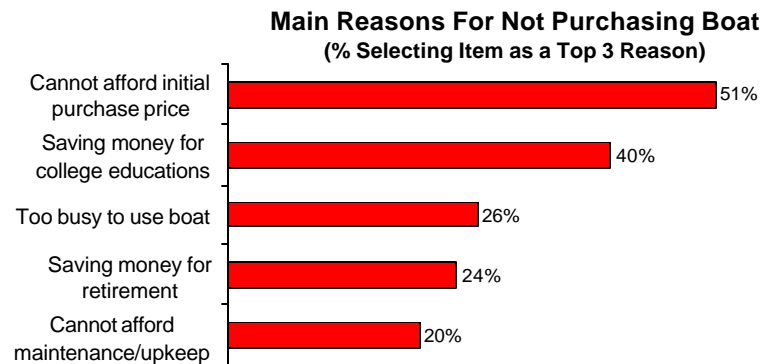
During the Grow Boating campaign launch meeting in Miami recently, I had the privilege of sharing some of the background research that has helped shape the program's direction. One topic that was discussed was the buying funnel for boating. Essentially, the buying funnel is a framework for determining where prospective customers are in the purchase consideration cycle. Knowing this can help marketers pinpoint where the breakdowns occur in the buying process.



For boating, a surprisingly large percentage of target consumers have rejected the idea of owning a boat outright (69%). As an industry, we have clearly not been as effective as we could be in selling the dream and this is something that the Grow Boating marketing campaign will be addressing in the years ahead.

On a more encouraging note, we found that approximately 21% of target consumers do, in fact, have interest in owning a boat someday, 9% are seriously considering buying one in the next three years, and 1% are actively shopping. However, it is likely that many of these people who are "in the funnel" will never complete the dream of owning a boat. The obvious question is why not?

In 2004, a "barriers" study was commissioned to find the answers to this very question. In the study, respondents interested in owning a boat were asked why they had not yet purchased one. Out of nearly three dozen reasons identified, three inter-related factors were most prevalent: other financial priorities, affordability, and time.



- **Other financial priorities:** Saving money for college is a huge impediment to boat ownership. Forty percent of respondents listed this as one of their top three reasons for not buying a boat. This is not altogether surprising considering the fact that since 1985, the cost for tuition and fees for a public four-year college has increased nearly four-fold even after adjusting for inflation. Needless to say, saving money for college greatly cuts into a family's discretionary income. However, it is my belief that boating is disproportionately affected vs. eating out, joining a health club, going golfing and many other recreational activities simply because the purchase price of a boat is more comparable to that of a college education and therefore more likely to be viewed as a trade-off.

Besides college, saving money for retirement is another financial priority that often gets in the way of boat ownership albeit to a lesser degree.

- **Affordability:** "Cannot afford the initial purchase price" was the #1 reason mentioned for not purchasing a boat. It is important to note that the target consumers surveyed were those who had incomes of \$50K or above. When we examined the "affordability" issue further, many consumers told us that they did, in fact, have enough money to buy a boat but have chosen not to do so because of other financial priorities. Others stated that buying a boat would not be a good value since they probably would not be able to use it often enough. This leads us to the final major barrier – time.
- **Time:** "Too busy to use a boat" was another key barrier to ownership. When asked how many times they would minimally need to use a boat to justify owning one, the average response was 15 times per year. For many households with kids and two wage earners, finding 15 occasions to use a boat could be difficult – even with perfect weather.

What Are the Implications of These Findings?

First, it would be inappropriate to suggest that things like RVs and in-home theaters don't compete with boating – they do, at least in an indirect fashion. Unless your name is Bill Gates, most Americans have limited financial resources. Consumer spending on these big ticket items has a particularly detrimental impact on other discretionary products for the simple reason that they "drain" the discretionary income pool quicker than most other purchases.

Second, the impact of other financial priorities such as college education doesn't mean that our challenge for the Grow Boating initiative is to try to convince families to invest in a boat rather than in their child's future. Saving money for college is clearly a "must do" and we would obviously lose this battle. Instead, we need to *recognize the influence* of these other financial priorities on consumer spending behavior and then make the most of the opportunities that are presented.

So what are those opportunities? Here are some possibilities...

- **Shoot the Gap.** This is in reference to targeting individuals in their twenties who have completed college and started their careers but do not yet have kids. The idea is to bring these individuals into the boating lifestyle *before* the concern of saving for college takes hold.
- **Married without Children.** Households with kids represent the largest opportunity for boating and are rightfully the primary target for the Grow Boating initiative. However, married couples without kids are another viable target since this group is likely to have additional discretionary time and money.
- **Stay Top of Mind.** The reality is that many families need to grapple with major financial priorities such as college education and retirement before they can justify spending money on a boat. However, we need to continually remind and reinforce the dream of owning a boat so that *when their financial circumstances are right*, a high proportion of families purchase a boat instead of a hot tub , Caribbean cruise or camper.
- **Low Priced Options:** Knowing the financial hurdles that many families face, offering economical boat packages could enable some to “squeeze in” the purchase of a boat while simultaneously saving for college or retirement. The introduction of quality “starter boat” packages in the \$10,000 price range in recent years has likely helped many young families attain the dream of owning a boat.

Yes, the challenge of bringing more people into boating is difficult but not insurmountable. Knowing the barriers that we are up against can help us to gradually navigate more consumers into the boating lifestyle.

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