

# The Superyacht

TRUTH • OPINION KNOWLEDGE • IDEAS AND EXPERT INDUSTRY ANALYSIS



# REPORT

## NATURAL SELECTION

Nautor Air, the next stage in the development of the 'pocket' explorer from Cantiere delle Marche.

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## TAKING A SEAT AT THE TABLE

The top three builders in the USA order book talk about their positioning in the new-build market.

# HAPPILY EVER AFTER?



Mentioned behind closed doors and in hushed tones, many in the industry question the kind of after-sales and customer service image we project. **Rebecca Curran** examines this hot topic.

While after-sales service is not a new subject, it has gained momentum in recent years since the GFC. At the most recent Global Superyacht Forum, there was a cry for the yachting industry to catch up with the level of after-sales care offered in the automotive industry. Henk de Vries, the CEO of Koninklijke de Vries Scheepsbouw at Feadship, said: "If you look at how automobile companies stay in business, it's because of service and the after-sales." Hence the creation of new clubs, such as the Feadship Heritage Fleet (FHF), to help restore the classics to their former glory. CEO of the FHF and classic Feadship owner Victor Muller commented to me, when I joined him at the historic Grand Prix in Monaco last month, "It's great marketing if a manufacturer stands behind its own product decades after it has left the yard."

Indeed, if the time and care shown to a client after the initial point of sale has the potential to be your strongest marketing point, not to mention a way of capitalising on your return, why are we falling short? The team at Feadship explained that "As the market for the larger sector is naturally limited, we need a healthy and well-maintained fleet across the market to ensure that the smaller assets are still attractive to new buyers." At the 2013 and 2014 editions of the Italian Superyacht Forum and Superyacht Captains' Forum, there was no shortage of complaints from captains regarding the after-sales services on offer from many of the leading shipyards. Captain Dario Savino said that more should "consider it a key feature in the relationship between us or the owner and the suppliers and yards. We'll evaluate our experience with them on two things:

pricing and assistance." If they aren't receiving the appropriate level of service from one supplier, what would stop them from going to somebody else next time?

However, it is not a one-way street of yards or suppliers simply not picking up the phone once the deal is done (although this is another common complaint from captains); it is often a question of offering a more competitive price. Savino explained: "The most substantial issue is that the after-sales care offered by many yards is priced much higher compared with the wider market. A good after-sales service, therefore, needs to be both efficient and competitive."

In fact, when the topic arises, many are quick to explain what sets them apart and how they differ from 'the rest of them'. In a small industry with such a small pool to choose from, the blame needs to fall somewhere. Director of sales and marketing at ISA Yachts Hein Velema said to me recently that "Simply addressing the topic with a headline of 'after-sales' already points out where the problem is – it's all about selling. And then what?" Maybe this is the issue: instead of looking to secure the sale with a shake of the hand, perhaps there should be a long-term strategy that runs the lifetime of the yacht to maintain a wider pool of clients. As Velema pointed out, "The essence is that we build pleasure yachts – building a yacht you can't enjoy is as bad as building a container ship that can't carry containers."

If you peel back the layers to what this industry is really about – a pleasure toy to be used in one's leisure time – is it any wonder that added headaches from poor customer service would drive owners out of the industry? If you

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were unhappy with the luxury resort you stayed in once, would you return? Probably not. Or if you purchased a high-end car that was severely lacking in its customer service and after care, chances are you won't stay with them for long and certainly would not recommend them to your UHNW friends.

Instead of constantly asking how we can bring more people into yachting, perhaps we should be asking how we can ensure those already in the industry are happy and well looked after. Not only will they be more tempted to remain a part of it, but they are also more likely to introduce others to the lifestyle as well. How many times have we heard owners say that they'd never tell their friend to buy a yacht? Being invited on board and seeing the haemorrhage

of money that can happen through maintenance and crew, and the increasing legislative constraints owners face, not to mention horror stories about issues with suppliers or yards, is it any wonder they aren't jumping in head first? As with so many things in life, the best referral you can get is from your last happy customer. In doing so, hopefully the process can come to a happy ending for everyone involved. ■

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# BROKERAGE NEWS

Sales have more than doubled year on year. **Rebecca Curran** reports.

With a string of consistent sales week on week this month, May saw over double the number of sales compared with this time last year, and an increase from last month. As a result many of the brokers that *TSR* spoke to recently are showing renewed optimism that the purple patch will continue into the summer.

A significant trend that has carried on from last year is the number of price reductions. Although slightly up this month, there has been a considerable decline since 2012, which many brokers say is a result of accurate initial pricing. "Last year, we were seeing a lot of yachts at bottom-end pricing," commented Axel Douqué, sales broker at OCEAN Independence, "whereas this year, prices have levelled out slightly and are much more solid as a result." While we have seen a slight dip in the number of new listings this month, we are seeing more yachts being picked up, alleviating some of the stress on the oversaturated resale market. "Price remains the key factor in securing a sale with this level of inventory," said Rory Trahair, head of marketing at Edmiston.

"This has resulted," he believes, "in the more eager sellers becoming increasingly competitive on price to reflect current market conditions."

With rejuvenation in the resale market, there is a knock-on effect with charter activity. Chris Cecil-Wright of Cecil Wright & Partners told us, "We are flat out on top-end charters" heading into the summer months. Trahair has noticed similar signs of improvement: "Charter bookings are up on last year and clients are clearly taking advantage of pre-season purchase opportunities".

However, it is not just Europe that is undergoing renewed growth at the moment; with the American economy strengthening, the market is seeing an increase of people with more disposable income returning to the industry. "There are still solid buyers here in Europe, but I think people are remaining slightly more cautious than the rest of the world. Conversely, as the US stock market improves, we're seeing more activity from buyers on that side of the globe as well," said Douqué. Indeed, Trahair confirmed that "We have seen a significant increase

in activity from the Americas both for sales and charter ... confidence is clearly returning and we are seeing a much faster recovery from this region." Emerging markets continue to flourish, Douqué stating that while "we're seeing a mix of clients from all over the world, parts of Asia – Singapore, Hong Kong and Australia – are seeing more buyers coming forward". ■



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## FLEET UPDATE

### Recent launches

Name/Hull Number	LOA	Type	Yard	Launch date
Black Legend	30.00m	M/Y	Sunseeker	Apr-14
Farfalla/SW 102 #03	31.78m	S/Y	Southern Wind Shipyards	May-14
Blue Berry	32.25m	M/Y	Benetti Sail Division	May-14
Foam	34.60m	M/Y	Admiral Tecnomar	May-14
460Exp	42.00m	M/Y	Sanlorenzo	May-14
Logica 147-01	44.80m	M/Y	Logica Yachts	May-14
Latiko   BV019	45.00m	M/Y	Benetti	May-14
392	46.00m	S/Y	Royal Huisman	May-14
Project Anastasia K   FB503	47.00m	M/Y	Benetti	May-14
Project Green	66.00m	M/Y	Lürssen	May-14
Yalla   CRN 132	73.00m	M/Y	CRN	Jun-14
Czar	120.00m	M/Y	Neorion	Apr-14

## ACTIVITY SUMMARY

### MAY 2014

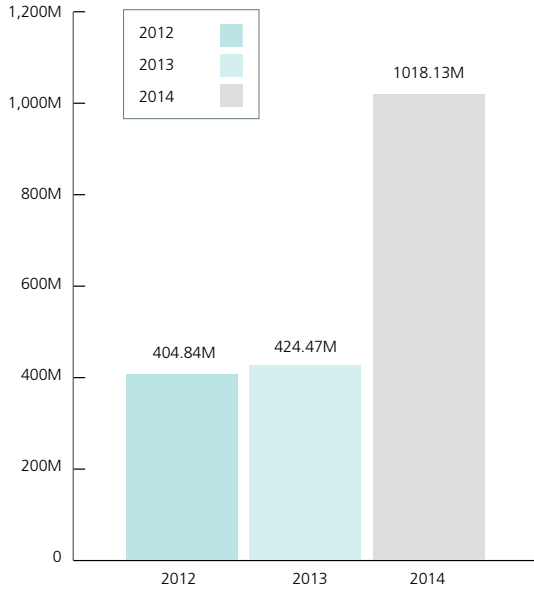
Sales: 23

Cumulative length of sales: 1,018.13m

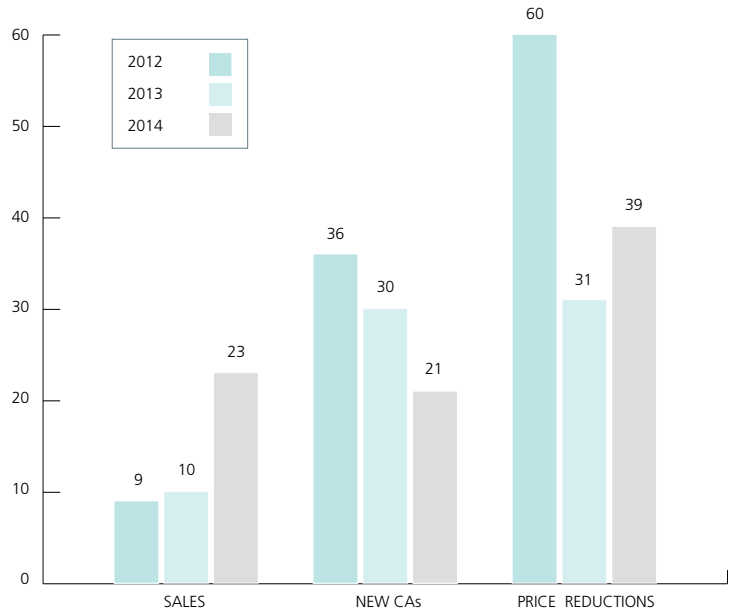
New CAs: 21

Price Reductions: 39

**COMPARISON OF SALES BY CUMULATIVE LENGTH – MAY 2012, 2013 & 2014**



**COMPARISON OF SALES, NEW CAS & PRICE REDUCTIONS – MAY 2012, 2013 & 2014**



**SALES – MAY 2014 (IN METRES)**

