

YACHT BROKERAGE

INTRODUCTION

There are 4,372 Yacht Brokerage firms around the globe. It is a highly developed business yet not as one would think.

That is to say, it is not widespread and homogeneously distributed on seaside spots – as you would expect – due to the fact that ‘location’ is one of the many strategical decisions that have to be made in order to run a Yacht Brokerage agency or to be a Yacht Broker.

A broker is an agent for the owner of the boat – selling party’s agent.

SELLING

What can be sold?

- An insurance for the boat
- Registration (flag)
- New/used boats
- Maintenance services

The broker works as consultant and time-saver during these occasions. The owner/company does not have to ring insurance companies to get the best deal. It is done by the broker who gets the best deal and if the same insurance is purchased over the years he/she grants his/herself a yearly commission only for that. This example can be extended to registration or maintenance.

In order to sell a broker has to find sellers and try to have the exclusive dealership for the boat as sole selling agent.

Finding sellers requires a highly developed network of contacts (local & abroad), participation to main yacht-related events (e.g. MYBA charter show, annually held in Genoa).

STRATEGICAL DECISIONS

Selecting the location

- Austria has 10 brokerage firms which is more than Brazil (1), China(4), Egypt(1), Indonesia(2) and Qatar(1) altogether. The reason is that Austria provides registration solutions for boat owners from Russia.

Focusing on

- 360° broker: selling used boats, chartering them, finding insurance/ registration solutions, expanding network, assistance for re-fit issues.
- Targeted broker: choosing what service to develop and sell.

CHALLENGES

Reputation:

Building a reputation is a difficult task for any company or individual. When dealing with products that are worth millions of dollars/euros it is essential to create an atmosphere of trust and reliability around you.

Right because the commissions can be very high people might be driven solely by money without focusing on customer satisfaction and thus losing on returning customers.

The ultimate goal should be to create a brand out of the individual or brokerage firm that transmits certain values and ethics (professionalism, commitment etc) in order to establish a number of customers that become loyal to the broker/firm.

Market crisis:

If sales drop due to an economic crisis (as we have seen), selling boats becomes a challenge as the demand decreases. However most people would in that occasion put their yachts on sale and that can be used as an opportunity to expand one's network coverage and to test markets that might have been less influenced by the crisis

MARKET OVERVIEW

Even though the deliveries over 30m in 2009 were of 213 and in 2010 the dropped to 195, the total value of these vessels was of 500m€ higher.

The statistics is explained by the fact that there is an increase in the average LOA - and therefore value per yacht - of the vessels delivered in 2010 by almost 4 metres compared to 2009.

Out of 195 superyachts 174 were motoryachts and 21 sailing yachts.