

The Superyacht

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REPORT

THE WAITING GAME

Reporting from the Hainan Rendezvous on the campaign to bring superyachting to Asia.

Page 24

NOT JUST AN *ILLUSION*

The team behind 88m *Illusion* shows what can be achieved in the Chinese new build sector.

Page 38

THE AWLGRIP STORY

Reviewing the past, present and future of this leading paint company in their 40th anniversary year.

Page 60

INTERIOR BUILDERS

What they would like to see change in their sector and the latest innovations they are developing to improve builds.

Page 84

Asian Charter Habits

Home to some of the world's fastest developing markets and financial powerhouses, according to a study by Capgemini and RBC Wealth Management conducted in September 2012, Asia overtook North America two years ago as home to the most millionaires. For the superyacht industry this means an ever-growing pool of potential owners, but, unlike in the west, there is little yachting tradition in the region. Appealing to this new market will depend on adapting to and understanding their culture. Since charter is commonly known to be the best way to entice new blood to the industry, **Angela Audretsch** spoke to some leading charter brokers about regional charter habits, particularly in China, as they stand and how we as an industry can attract this new demographic.





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CAPTAIN NICK COOMBES



“We find most of our Asian clients, who are new to charter, want to travel to well-known yachting destinations.”

TAMSIN PRIESTLEY

“Quite honestly, they do not have habits yet,” Luc Khaldoun of Edmiston told *TSR*. “We are in virgin territory here and it is a bit tricky, regardless of whether we are talking about charter or sales.” The feeling from all the brokers is the same: superyachts and Asia is a very new combination. “The Asians are discovering the power of wealth,” said Khaldoun.

The Asian market still makes up a very small percentage of the overall charter business for most brokerage houses, but of this sector, the majority tends to be from China and Hong Kong. “Over the last three years there has been a serious, growing interest in yachting in general as a luxury hobby among the Chinese in particular,” said Florence Xing, a charter broker for Fraser Yachts, who has been working with the Asian market for about eight years. She told us that in 2006 the biggest yacht in China was 45ft (13.7m), but within the last five years Sunseeker and Azimut have sold between 20 and 30 yachts of 60-100ft (18.3-30.5m). A significant leap, yes, but for Xing the key is that these new owners still don’t know how to maximise their enjoyment through the use of their yachts.

“They don’t have a cruising culture,” Xing explained. “Most of the larger yachts are owned by entrepreneurs and most of the time they are simply not used.” The nurturing of any kind of yachting culture is significantly hindered by China’s current regulations regarding yachts. The secondhand brokerage market, for example, is almost at a standstill because buying a yacht that was built abroad over a year ago is not permitted. Getting visiting superyachts into the country is not easy either. “We used to be able to get boats in under the six-month renewable visiting permit,” said Simon Turner, director at Northrop and Johnson. “Now this is down to three months, plus the owner has to put up a bond equivalent to the value of the yacht just to come in a charter.” Add to this laws requiring itineraries be submitted well in advance as well as confused regulations for captains and licensing, the result is that the number of yachts available for charter in China specifically is very small.

Captain Nick Coombes of Asia Pacific Superyachts told us that as a consequence the Chinese charter market is focused around Hong Kong where there is much more of a yachting culture and semblance of infrastructure. “We always say that

you don’t need to teach people from Hong Kong what yachting is,” agreed Xing. “People from here are well acquainted with yachting culture and people from mainland China come here to charter too.” She explained that clients tend to do weekend chartering, anchoring somewhere for lunch or dinner, possibly staying the night somewhere or coming back to the marina.

Across Asia, this concept of day charters on smaller yachts is extremely popular, particularly day charters for corporate use. From formal boardroom meetings on board to more relaxed dining experiences or karaoke evenings. Turner said that he has seen every type of corporate charter you can think of and feels that it is a great way into chartering. He believes that the industry should capitalise on the trend for day charters and use them as a marketing tool for attracting this new client base. “For many Asian families the prospect of being on a boat for a week makes them nervous because they think they might get seasick, sunburnt or not have enough to do,” said Turner. “An overnight charter can be the perfect way to show them what an unforgettable experience yachting can be.”

Wooing this new market, as with wooing any emerging market, will come down to understanding the unique cultural preferences in order to offer tailored charter experiences rather than just textbook itineraries that are popular in the west. “With the Chinese in particular, the prospect of sitting on a boat with nothing planned in detail is not appealing,” said Turner. “I have had to provide hour-by-hour itineraries for clients before.” This means stipulating everything from what time they get up, what time they should be at breakfast, what time they should be ready to leave for any excursions and even what shoes and clothing they should wear. “They really look for detailed, precise and well-planned itineraries in advance,” Seonaid Thomas, a charter broker with Burgess, agreed. “There is no ‘We’ll see where the wind takes us’ attitude.” Turner explained that it is not that they stick to the plans rigidly, but if they can’t see detailed plans of activities they will assume that nothing is happening. “They will often sit on the boat doing nothing and then complain that they didn’t have a good time because nothing happened,” said Turner. “We therefore need to manage these charters in a completely different way.”

The feeling among many brokers is that their role needs to evolve into something more of a luxury travel agent and concierge service than just a charter broker. “We need to act as the end-to-end travel agent,” Turner said. “Say, for example, they are chartering out of Phuket for 10 days, two or three days might be all the time that is actually spent on the boat. We need to enable specific activities on land, organising private shopping experiences and book hotels or restaurants.”

In terms of destinations, you would assume that with some of the world’s most stunning cruising destinations on their doorsteps, charter clients from China, Singapore and Malaysia would be tempted to cruise close to home, but according to brokers, the Asian clients who are chartering for holidays tend to do so in Europe. Captain Coombes argued that this is partly because Asians are still cautious about showing their wealth locally, but for Xing the preference for European charters stems from many wealthy Asians still viewing Thailand and Malaysia as middle-class destinations. “I think south-east Asia will grow in popularity eventually, though,” she said. “At the moment, Singapore is quite a popular destination in the region for UHNWIs because of its

shopping, banking and business, so it is only natural that yachts will one day move from here into Malaysia and Thailand.” In fact, Turner told us that five years ago Singapore had 20 visiting superyachts and nearly all of those were very private yachts that no one else could experience, but over the last two years there have been 100 visiting superyachts a year and many of them have been available for charter.

At the moment, though, most superyacht charters undertaken by Asian clients tend to happen in Europe. “We find most of our Asian clients, who are new to charter, want to travel to well-known yachting destinations,” said Tamsin Priestley, of YCO’s yacht charter division. “The south of France, northern Sardinia and Amalfi are most popular, with clients keen to visit key ports such as St Tropez, Monaco and Porto Cervo, and experience all that they have to offer.”

However, it is still an education process. “The Chinese in particular are still discovering Europe as a destination,” said Khaldoun. “Traditionally, Chinese tourists travel great distances in Europe in short spaces of time, so it is difficult to tell them that a charter will spend 48 hours in Portofino, for example.”



Another barrier to enticing more Chinese charterers to Europe is the pre-planning required. “The Chinese are not a planning people and they don’t like to organise things in advance,” said Xing. “Visa requirements mean that they need to go in person to the visa office up to three weeks before any travel and this really discourages many of them. If today Chinese people could go abroad as easily as European nationalities could, then we would probably have significantly more Chinese clients chartering yachts.”

Sailing might prove to be one of the keys to attracting many UHNW Asians to the superyacht lifestyle. “We have been in this market for 10 years and one thing we have noticed is that there are a great number of people who really want to get into sailing,” said Turner. “The idea of an activity is much more appealing to them than the concept of just sitting on a motorboat.” Xing told us about a small group of around 40 sailors with yachts from 15m to 25m in length who get together and do small-scale regattas, cruise around south-east Asia and the south Pacific and some have even been around the world. “They are all very well educated, have large fortunes and can afford much bigger boats,” she said. “I believe that this group has the potential to upgrade to much bigger sailing yachts or even motoryachts – so chartering first and then purchasing.”

Xing was keen to emphasise that not all who charter sailing yachts are interested in sailing, though – often it is about the image. “I have some

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clients who charter 45m+ Perini Navis, as many think that while they are younger they should charter sailing boats since it has more of a youthful image,” she said. “They often charter for a certain image – what they do is a little bit like the Russians in the early stages – they spend a lot of money on food and wine, follow the coast very closely, rarely sailing, but instead motoring from port to port, going on shore for shopping and restaurants.” Turner also noted that sailing catamarans are popular, but are also often used only as motoryachts.

So, how is the industry reaching out to this market currently and how can it do so in future? Boat shows have always been a way to market the industry in Europe, but what about Asia? “I am afraid to say that a lot of the region’s shows are appalling,” said Turner. Run by yacht clubs that are trying to do something for their members rather than attract new clients and put on a professional

yacht show, yacht shows in Asia have traditionally been rather confused affairs. However, Turner is confident that the region’s shows can only improve after this year’s successful Singapore Yacht Show. “This year they got it right,” he told us. “There was an excellent line-up of superyachts, traffic was tremendous and the quality of visitors was great. For the first time it felt like a real show was happening in Asia. Hopefully, other shows in Asia will follow suit and this will bring in new charter clients across the region.”

For Xing, it is all about building personal relationships and trust with her Chinese clients. “It is such a unique and niche market that I am actually targeting potential clients individually at the moment,” said Xing. “Building relationships with them is a good way to make the first steps. Word of mouth is an important factor to take into account too. Our clients who have had good experiences chartering will come back and recommend it to their friends.”

Edmiston is really focusing on developing its client base in China too and is opening up an office in Shanghai: “We want to ensure that the day this market wakes up to the possibilities of yachting, we are there and ready.”

“A good reference point for the development of this region is the Russians about 15 years ago when they started getting into yachting, chartering and then owning,” said Khaldoun. “Their tastes have really evolved and now they know what they want, are knowledgeable and demanding clients. The Asian market will definitely go this way too over the next few years.” ■

Opening image of Singapore Yacht Show courtesy of SuperyachtTimes.com

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