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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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LUC KHALEDOUN

“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). Azimut have sold between 20 and 30 yachts of 60-100ft (18.3-30.5m). China was 45ft (13.7m), but within the last two years there have been 100 visiting superyachts a year and many of them have been available for charter.

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, though, most superyacht charters undertaken by Asian clients tend to happen in Europe.” 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 to charter yet and spend 48 hours in Portofino, for example.”

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FLORENCE XING

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“We need to manage these charters in a completely different way.”

SEONAIL THOMAS

“Asians are still cautious about showing their wealth locally.”

CAPTAIN NICK COOMBES

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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 motor yachts – 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 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 motor yachts.

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 Khalidoun. “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.”