

TAKE FIVE

Five senior executives of US-based producers of marine engines take time out from the ongoing cut-and-thrust of domestic commercial life to talk broadly about where they feel the marine recreation business is going globally and in the longer term. Report by Michael Muth and Robert Greenwood

Roger Miller, corporate vice president, international business development, Mercury Marine, addresses the wider picture from an outboard producer's perspective:

“Regarding market trends, packaging boats with trailers is now global. A dealer need no longer make three sales (boat, engine, trailer) even in Latin America and Asia too. Looking at South America, Brazil has stabilised with inflation under better control, but the currency is down. Argentina

and Chile are doing well, but there is still room for growth. We're now setting up our own company in Brazil.

Regarding the Middle East, Kuwait has come back. And as for Asia, there's some interest in China. Asia ought to be a fantastic boating environment, but it's tough getting up to speed. It's a chicken-or-egg situation. You need shows to generate interest, but if they're not buying...?

Elsewhere, Australia and New Zealand are 'hot' countries. We're on the ground with our own local national people. Offices in Singapore and Japan service Asia, including China, and Australia.

In Europe the big issue is **emissions standards**. We have not seen any major negative impact yet. There should be a reasonable solution we can live with. We have to realise that the rest of the world is not like Europe and the on environmental issues. We're trying to come up with the right answer. It's not an adversarial thing. It's now down to executing, not rules. For our part, we've introduced new four-stroke engines and cleaner (Orbital) two-stroke technology.

Overall, the international percentage of total sales is increasing. Internationally, we always strive to do better to serve the customer through-out the chain. There is always room to improve.

Everywhere, consumers want the best in new technology no matter what. There constantly looking for new state-of-the-art playtoys, more sophisticated engines and so on. But compared with the US, our international customers are more interested in the technical side. When we make changes, we bring the parts to them so that they can look at the fit and finish.

US marine companies (the vertically-integrated corporations and the independent boat-builders) are doing better because of competition. They are now going strongly after international business. Working in the English language helps. There is more business to be had. The lion's share of imported boats come from the US. They have much style, they are priced right, and their features are appealing. All are moving in the right direction. If they need to, they'll switch gears and try again.

But the big business internationally is not the pleasureboat industry, it's the commercial marketplace, fishing, and so on. ”



Randy Gray, general manager, Marine Power Europe, views the international marine leisure business from the perspective of the world's largest producer of sterndrives, Stillwater, Oklahoma-based MerCruiser

“During recent years we have seen many changes in the marine market. These affect almost all aspects of the business: production, distribution, sales and the relationship between the major players in the industry.

Traditionally, the largest single segment of the powerboat business centred around selling a pleasureboat and an outboard engine designed around two-stroke technology. The dealer played a major role in the selection of the boat and the engine. Today, the pleasure-marine customer has more choice than ever.

New **package technologies** have made the consumers' boating power alternatives more valid. Consumers today have the choice of a 'traditional' powerboat with an outboard, a boat with a sterndrive or inboard power or even non-traditional designs, such as Sport-Jet powerboats or jet-powered watercraft for two, three or even four persons.

The concept of non-traditional boats is further expanded with the development of inflatables and particularly rigid hull inflatables which have rapidly been gaining in popularity. We have noted a trend toward larger RBs. Many of these are sized to take advantage of sterndrive or inboard power.

In most developed countries, demographics are tending toward an ageing population. As a result, the boaters' life-style is changing. This favours increased use of inboards and sterndrive power for pleasureboats and creates yet another dilemma: petrol or diesel power. We have seen a continued shift toward sterndrive petrol power in the US and Europe over the past two decades. But now, there appears to be a further move in international pleasure boating toward diesel power. Outside the US, there continues to be a shift toward diesel sterndrive power for pleasure boating. Originally, this trend was most evident in Europe in larger craft, approximately 32 ft and up. Now, we are seeing more and more boaters looking toward diesel power for medium-sized boats from 26-32ft.

In response to this MerCruiser, the inboard and sterndrive propulsion unit of Mercury

