At the Global Superyacht Forum (GSF) in Amsterdam last November, Milton Pedraza, CEO of the Luxury Institute, presented his seven steps to reinventing the superyacht industry in the 21st century:

“It seems to me that yacht marketing today is still primarily about the product attributes; it is still about the yacht and the features and ‘benefits’ of the yacht,” said Pedreza in his opening statement. “But as we know, clients care deeply about people and about experiences. I think this is a wonderful opportunity for us to educate the client about what a wonderful experience making your loved ones feel special on a unique and exciting yachting vacation can be.”

SYD invited key industry representatives to discuss this and other issues raised during the session.
How can yacht designers help to translate “product attributes” into “wonderful experiences”?  

Richard Beattie  
Aquos Yachts/yacht owner  
The most important element of a successful yacht project is the designer. If the interchange of ideas between a client, his project team and the designer is not stimulating, painstaking challenging and actually entertaining, the end result will be just another yacht. I am always surprised by owners who spend vast sums of money—and designers who help direct the spending of those resources—on reinventing the same old wheel. Designing a yacht able to provide wonderful experiences needs to start with a full understanding of the experiences the owner wishes to have with his yacht, so the design must be driven by function first. Once the functionality of the envelope is determined, then the aesthetics can be worked on by the various departments and finishes to suit the owner’s personal tastes. My 45-metre Big Fish, for example, began with the pre-requisites for long-distance cruising, seaworthiness and the ability to carry a very large, comfortable entourage. Those attributes largely determined the shape, construction materials and even the length of the vessel.

Bodo Kuhnhenn  
Metrica INTERIOR  
Designers are the link between the owner’s expectations and needs and a stunning and unique design. But they are also involved in the technical realisation of this process. This means they are involved in the ongoing communication between the shipyard, the interior design department and finally the owner. When the project is completed, there is currently little incentive for potential owners to commission the construction of a new yacht. This is unlikely to change until the economy improves and the pre-owned market has stabilised with prices that reflect the true value of the yacht.

Gareth Twist  
Edmiston Yacht Management  
In my opinion, owners are looking more than ever at ensuring they receive value for money, but their expectations in terms of quality are the same as usual. However, in a post-crisis world we need to focus on new markets, where the expectations will also change. More than ever, luxury is not about ‘show’, but it is always about ingrained quality.

Bodo Kuhnhenn  
Metrica INTERIOR  
As long as owners request that the yacht is to be used and enjoyed. It is not just about how many features the yacht has. What is the point of a sauna that is not used and is just an additional storage cabinet for towels? Or three formal dining areas when in reality such dining rarely happens? I have heard designers in the past say that after a yacht is sold, it will sell as well as having been designed by the designer. Some designers seemed obsessed with their own ego and legacy, and their owners should be focusing on making the yacht usable and enjoyable for the client that pays for it.

Sonay Günay  
777 Yacht Group  
Superyachts are deemed the ultimate luxury item, and most owners, permanently altered the face of yachting. The last three years have demonstrated that many vessels bought pre-crisis excesses are a thing of the past. Pre-crisis excesses are a thing of the past. Pre-crisis excesses are a thing of the past. Pre-crisis excesses are a thing of the past.

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Surveys show that owning or chartering a yacht is not high on the list of priorities for very wealthy people—why not and what can be done?

Richard Beattie, Aquis Yachts/yacht owner

I think it is critical that the yacht industry begins stressing and promoting the quality of experience over the quality of the yacht. With its focus on luxury and the stuff, predictable ‘yachting lifestyle’, the industry has successfully turned off many potential buyers who are not interested in their father’s yacht, or in spending their money merely for the sake of conspicuous consumption. Like the wider tourism industry, this new generation of clients want peak experiences—sporting, naturalistic, cultural, geographical, historical, scientific—more than they want a floating palace. Often these experiences are only available off the beaten track in the more remote regions of the globe. They still expect luxury, of course, but not at the expense of the end experiences they are seeking. I believe there is a rapidly growing group of people who want a yacht to do things that are off-limits to those without similar resources. They want to surf the biggest waves and strongest winds, dive the most pristine reefs, visit still-untouched corners of the world, meet diverse peoples and see rare wildlife. The last generation of yachts captured the imagination of people wishing to invest in luxury for luxury’s sake, design for design’s sake, and quality for the sake of it. The new generation, I believe, will value a yacht more in terms of how that quality and luxury can provide the peak experiences they seek for themselves, their families and their friends.

Sean Ewing, Pinmar

It is not being sold. It has been advertised and promoted—but not sold. In addition, there is no medium to attract the ‘potentials’ (new charterers, if you like). There are 81 million people globally with more than a million dollars in disposable cash. Affordable and more realistic charter rates would help pull these people towards the yachting experience and help liquidity return to the industry. In time, these people are likely to become buyers and growing affluence will ensure the market can grow.

Jacqueline Lyne, Edmiston Yacht Management

Many potential clients are extremely busy business owners with little free time. If they want to take a luxury break, there are many exclusive resorts, private islands and other unique holiday destinations, which are better known, more accessible and more easily understood. For potential clients with no prior experience with boats, the superyacht industry may appear as a ‘closed book’. In the current economic climate, ownership of a luxury yacht is viewed by the general public as a visible example of excessive consumption. Added to this is the fact that yacht ownership is not a business—even for the most successful charter yachts, the charter income does no more than cover operating costs. What can be done about this? We can only keep our industry viable and growing if we can attract new charterers and owners. Clearly, charter holidays and/or invitations from yacht-owning friends, are key, as they provide a way to ‘try before you buy’. Superlative yacht holidays encourage re-bookings, and combined with word-of-mouth recommendations from friends who are enjoying yacht ownership, are one of the most promising routes to attract new owners into the industry. It has been estimated that 70 per cent of new owners started their superyacht experience by taking a charter holiday. This means that in addition to targeted marketing campaigns, charter brokers need to ensure that all expectations of the charter holiday are fulfilled.

Bodo Kuhnenn, Metrica INTERIOR

In a new famous quote, Antoine de Saint Exupéry once wrote: “If you want to build a ship, don’t herd people together to collect wood and don’t assign them tasks and work, but rather teach them to long for the endless immensity of the sea.” I suggest that those people who have never explored beyond their customary lifestyles and enjoyed the compelling results of their choices have never experienced the importance of the sea. These moments in the company of others, their families and their friends must be one of the most enjoyable experiences they are seeking. I believe there is a rapidly growing group of people who want a yacht to do things that are off-limits to those without similar resources. They want to surf the biggest waves and strongest winds, dive the most pristine reefs, visit still-untouched corners of the world, meet diverse peoples and see rare wildlife. The last generation of yachts captured the imagination of people wishing to invest in luxury for luxury’s sake, design for design’s sake, and quality for the sake of it. The new generation, I believe, will value a yacht more in terms of how that quality and luxury can provide the peak experiences they seek for themselves, their families and their friends.

Sonay Güney, 777 Yacht Group

There is no law that says the wealthy should be interested in yachting or own a yacht. Even those who are interested sometimes avoid such expenses because morally they cannot justify spending that much on a ‘toy’, while others see yachting as super expenses in winter and stay in. They see too many people taking money without adding value. On the other hand, I do not always understand the general approach of owners. They don’t, for example, ask a close friend to choose their cars; equally they should not rely totally on the reports presented by their captain or representative for a yacht. Potential owners are too disconnected from the industry and we should help them see things for themselves. The designer, broker, captain, etc, working for him can provide valuable opinions, but the owner is the most important person in the process and we sometimes have to remind ourselves of that. To be honest, many potential owners simply don’t trust the industry. Take away the mystery and you make things clear, and if we make things clear yachting may just move up the priority list for the wealthy.

Gareth Twist, Twist Solutions

Owning a yacht may not be high on the priority list, but sharing a memorable experience is. A superyacht offers those things to the wealthy that most of them currently don’t have enough off-time, privacy and shared experiences with loved ones. As an industry we need to promote these experiences with inspirational marketing campaigns. We need to try and get out to new markets by capturing the imagination of people who have never considered this type of holiday experience before. We should be promoting the benefits of chartering a yacht by creating packages around special occasions and tap into their emotions by offering them something to cherish. This is the perfect holiday that offers something for everyone—sun, sand, adventure, quality, family time, fabulous food, water sports, relaxation—all in one place and tailored to your needs and away from the crowds. The superyacht industry also needs to think laterally, maybe by looking to the travel and leisure industry and forging strategic alliances with different companies in order to reach new clients.
Many luxury brands rate and review their products based on client experience – should the charter industry do the same and publish the results?

Richard Beattie
Aquos Yachts/yacht owner

I think the charter industry can play a major role in changing the public’s perception of yachts and yachting and a standardised, independent rating program would help promote chartering to new clients. The industry can and should encourage owners to take their yachts to different parts of the world. I’ve never understood why St Martin or Antilles are full of yachts that compete for a smaller and smaller market, when excellent cruising grounds in the South Pacific, Southeast Asia, the high and low latitudes are virtually despoiled of charter yachts. During the maiden polar circumnavigation voyage of Big Fish, we have found numerous eager clients for Tahiti, Antarctica and South America, and this coming summer for Northern Europe and the Northeast Passage. Our voyage is intended to prove not only the seaworthiness and reliability of our yachts, but also to prove to future clients that there is a significant, untapped market for their vessel should they wish to charter it during the times they can’t be on board. I think the industry can take this as evidence that the market is looking to us to provide them with yachts capable of delivering experiences best enjoyed from the deck of a luxury yacht.

Sean Ewing
Pinnar

Everything helps. However, there is a critical need to attract the ‘potential’. To do this we need to exploit a new approach, through new mediums and alternative means. Part of that is understanding the quality of the product and the wishes of the buyer. But just as important is understanding that simple supply and demand is price driven. The charter price needs to meet the market.

Jacqueline Lyne
Edmiston Yacht Management

I believe that this would be a good initiative for the charter industry, provided there is a means of objectively reviewing the feedback received from charter clients. It would drive up service standards in the industry, expose those yachts that are offering a mediocre experience and would provide a standard that brokerage companies would be able to refer to when recommending a yacht for charter. To gain industry-wide acceptance, this would have to be a transparent and honest process with input from all the reputable brokerage companies. Charter brokers are vulnerable, because the product they are selling is dependent on many different variables over which they have no real control. Brokers making pre-season visits to yachts obtain only snapshot impressions of the overall appearance, facilities, maintenance and attitude of the crew. However, they have no real control over how these factors develop and change during a busy charter season. In particular, it is the quality of the service provided by the captain and crew to the charter guests that is of paramount importance. Charter guests are often willing to accept some imperfections in the yacht, the weather, the destination, etc. if they feel that the crew are doing their best to ensure they are having a wonderful holiday. When brokers have a choice of two very similar yachts to propose to their clients, they will invariably choose the one that they know offers the best service, in order to fulfil their clients’ expectations and to increase the chance of repeat bookings. This review could be a vital tool in this process.

Sonay Günay
777 Yacht Group

Again, I don’t understand why we are having a problem with transparency. I consider knowledge as power, and it seems charter brokers are afraid of sharing that knowledge and power. We need to learn how to communicate, discuss and share. We should not be afraid of the truth. It has worked for the general travel industry—it can work for us too.

Gareth Twist
Yacht Solutions

Yes, we should be encouraging feedback from guests at every opportunity in order to improve the experience and encourage repeat bookings. The superyacht business needs to be more focused on customer service, rather than just selling a product. Our clients are smart people, they know about the best products, what they want is the best possible service. Offering an initiative such as Trip Advisor for the charter world would make the business more transparent and would ease potential customer’s concerns and actually promote what fantastic holidays are to be had. The Internet is a fantastic tool with global reach, so a well-promoted guest feedback website would help to make chartering more accessible to all wealthy people. Trip Advisor for chartering would provide would-be clients with much-needed information, good and bad, from like-minded people. It would also highlight the merits of chartering as a unique, hassle-free, turn-key vacation. By publishing such results, clients can share experiences, attract new customers and encourage repeat customers, thus ensuring transparency and expanding the superyacht business as a whole.