

## Relaxation factor sold boats in the past, and it will again

Written by Tom Weslager  
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Lately we've seen a flurry of trade articles on OEMs, dealer operations, new-boat sales and profitability. Some revolve around top executives of large boatbuilders such as Brunswick and Genmar. Other articles center on the dealers themselves, who are really the ones on the firing line. But one thing is for sure — in this economy, it's no longer business as usual in the marine industry.

Do you remember the turmoil in the boating business in the early 1990s when Washington levied a 10 percent "luxury tax" on certain boats? I do. My local Carver dealer convinced me to order a new boat right in the middle of it. It was scary.

Since I live in Wisconsin, the first mate and I decided to visit Carver's factory (this was before Genmar) in Pulaski where the boat was under construction. As we waited for the sales manager to greet us in the lobby, the driver of a semi carrying a load of new engines arrived and checked in with the receptionist. To my amazement, the driver announced he needed a certified check for the engines before his truck could be unloaded.

A major boatbuilder on COD? Yikes. Things must be bad! "No cash, no splash," as the saying goes.

Of course that was 18 years ago, and Carver Yachts is now at the top of its game. My point is: How was that dealer able to sell me a new boat when we both knew the luxury tax would tack on another \$15K to my purchase? I've pondered that question for years, and I think I may have the answer.

Did he discount the boat to cover my tax liability? No, I paid sticker price. Did he throw in some free options? Nope, the add-ons were all billed separately. The dealer sold me an expensive boat in a severe buyer's market merely by treating me as a customer expects to be treated. It's that simple.

I won't bore readers with a long discussion on customer service. We all know how important it

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is. But let's face it: Until times began to get really tough, how many dealers actually gave their customers more service than they asked for? My guess is just a handful. Nowadays, boat dealers bend over backward to give their customers the best possible service, a lesson well learned from our friends in the auto industry.

Plus, everyone knows it takes seven times the effort to land a new customer than it takes to retain an existing one.

The bottom line is simple: Does outstanding customer service provide enough incentive for a buyer to ignore the high cost of fuel for his or her new boat? The obvious answer is no. But it could be a tiebreaker. An expensive fill-up at the dock is no different than paying \$500 greens fees at Pebble Beach — they both reflect today's high price of recreation.

I worked with marine PR icon Jerry Martin for a number of years. Many of you probably knew Martin. He was often blunt, but no one ever questioned his lifelong devotion to the marine industry. For years, he was an outspoken advocate of dealer rights — long before many boatbuilders began providing their dealers with the support they deserved.

Martin said 40 years ago that buyers cared less about whittling their dealer down on price and more about merely having fun on the water. "The relaxation of boating is what attracts buyers," he said. Granted, fuel was 30 cents a gallon in 1968, and you could do a lot of boating for \$5. But the relaxation factor hasn't changed.

What can we do to help? Unless you have the drilling rights to the Arctic National Wildlife Refuge, probably not much. But the silver lining in today's slowdown is that some long-overdue changes have occurred, and continue to occur, in the marine industry.

Engine OEMs have developed technical breakthroughs that raise fuel economy and engine reliability while reducing emissions. Gone are the days of gas-guzzling carburetors. Accessory manufacturers such as electronics suppliers improved their products. Marine associations such as the NMMA represent our interests in Washington and launch campaigns such as "Grow Boating." Last, and certainly not least, boatbuilders have adopted more effective manufacturing techniques and established better partnerships with their dealers.

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I share Irwin Jacobs' opinion that boating eventually will be back, stronger than ever. As Martin said, the relaxation of boating shared by all those on the water will not change — nor will their expectation of a good product and outstanding customer support.

The lead paragraph in a Trade Only column I wrote in December 2006 read, "Think the right thoughts ... you'll do the right things." If it means downsizing to save your business, a decision many unfortunately have faced, then it's the right thing to do. Hopefully, employees can be rehired later. If you're a dealer, maybe it's the right thing to take on a new line or even new products.

But, strange as it may sound, the right thing to do is to vote in November. Examine the candidates and their records on oil exploration, energy alternatives, fuel prices and other factors affecting our industry. Our problems won't go away without Washington's help.

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